

Macro Roundup Article

Headline: [Surging Bond Yields Still Aren't Breaking Anything Yet](#)

Article Link: <https://www.bloomberg.com/opinion/articles/2023-10-03/bond-yields-keep-spiking-while-luxury-bets-on-china-lose-luster>

Author(s)	John Authers
Publication	Bloomberg
Publication Date	October 03, 2023

Tweet: The weakening of the yen relative to the dollar will likely force an intervention that will put additional upward pressure on yields. @johnauthers

Summary: In currencies, the US dollar continued its recent rampaging strength, with the yen coming within a whisker of dropping below the level of Y150/\$, at which many assume the Japanese authorities would feel obliged to step in to prop up the currency, as they did when it briefly topped that level a year ago. Any intervention by Japanese authorities would likely send yields further upward, so this is a reason for caution about betting on them to fall in short order. The logic is that the Federal Reserve will be happy for yields to rise until they “break something,” at which point bonds’ prices would rise as their yields fell. That makes sense, but if the first thing to break is the patience of the Ministry of Finance in Tokyo, then such a bet on buying bonds would lose money.

Related Articles: BOJ Shock Has Wall Street Gaming Out the Global Spillovers and Why Are Long Rates Going Up? and Raising Anchor

Primary Topic: Financial Markets

Topics: Financial Markets, GDP, Op-Ed/Blog Post

Permalink: <https://www.edwardconard.com/macro-roundup/the-weakening-of-the-yen-relative-to-the-dollar-will-likely-force-an-intervention-that-will-put-additional-upward-pressure-on-yields-johnauthers?view=detail>

Featured Image

Link: <https://www.edwardconard.com/wp-content/uploads/2023/10/weakening-of-the-yen.png>