

Global Bond Yields Fret Inflation & Deficits

For those worried about the impact of deficits and inflation on US bond yields, it's worth taking a trip around the world to get a better picture. Global bond yields for many of the world's ten largest economies are behaving similarly. Across the Globe, the US, Germany, Japan, France, Italy, and Brazil- seven of the ten largest economies- saw both benchmark government bond yields and inflation rates rise simultaneously. [2013266080](#);

The 10-year Treasury yield has climbed roughly 52 basis points over the past year to 4.42%, while inflation has run near 3.5%, up from 2.9%. UK gilts moved even further, up 68 basis points to 4.68%, with inflation holding near 3.8%. Japan's yields remain relatively low, but the jump in yields stands out most starkly in percentage terms, more than doubling from roughly 1.05% to 1.85%. [2013266080](#);

India is the clear outlier, the one major global economy where both bond yields and inflation eased. Indian yields have fallen by roughly 35 basis points as inflation cooled from around 5% to 4%. Russian yields have fallen slightly but remain well above all the other countries listed.

Debt loads and deficits add another layer of complexity to the global rising-yield story. Japan's debt exceeds 237% of GDP, and every additional basis-point increase in yields raises that country's financing costs, as it does in the US and other countries. The table below shares global deficit and inflation data, as well as yield changes, to show that what is happening in the US bond markets is generally occurring around the world's most developed economies.

Top 10 Economies: Bond Yields, Debt-to-GDP & Inflation

2026, ranked by nominal GDP

Real Investment Advice

#	Country	10Y Yield, Now	10Y Yield, 1Yr Ago	Yield Δ (bps)	Debt/GDP	Inflation, Now	Inflation, 1Yr Ago	Inflation Δ (ppts)
1	United States	4.42%	3.90%	+52	124-126%	~3.5%	~2.9%	+0.6
2	China	~1.90%	~2.15%	-25	84-90%	~0.5%	~0.3%	+0.2
3	Germany	~2.75%	~2.30%	+45	~65%	~2.6%	2.17%	+0.4
4	Japan	~1.85%	~1.05%	+80	237-256%	~3.3%	3.2%	+0.1
5	United Kingdom	4.68%	4.00%	+68	94-104%	~3.8%	3.84%	~0.0
6	India	~6.60%	~6.95%	-35	~82%	~4.0%	~5.0%	-1.0
7	France	~3.55%	~2.95%	+60	118.4%	~1.3%	0.94%	+0.4
8	Italy	3.72%	~3.60%	+12	~138%	~1.8%	1.53%	+0.3
9	Russia	~15.0%	~16.5%	-150	~20%	~9.0%	~8.5%	+0.5
10	Brazil	~13.5%	~11.8%	+170	~87%	~5.0%	~4.5%	+0.5

Sources: IMF World Economic Outlook, OECD Consumer Prices Database, Statista (G7 2025 inflation), Trading Economics, World Government Bonds, BusinessToday India. Columns show 10-year sovereign yields, not 5-year, consistent 5-year data was not available across all ten countries. Germany, Italy, France, UK, and Japan 2025 inflation figures are OECD/Statista-confirmed; current 2026 readings and all other countries' figures (US, China, India, Russia, Brazil) are approximate, compiled from partial and sometimes conflicting sources rather than a single verified feed per country. Debt-to-GDP also varies by measure and source; ranges reflect that disagreement. Treat this table as directionally useful for spotting broad patterns, not as basis-point-precise data for publication without independent verification.

What To Watch Today

Earnings

Company (Ticker)	Timing	EPS est.	Rev. est.
DocuSign (DOCU)	After close	~\$0.92*	~\$867M*

Economy

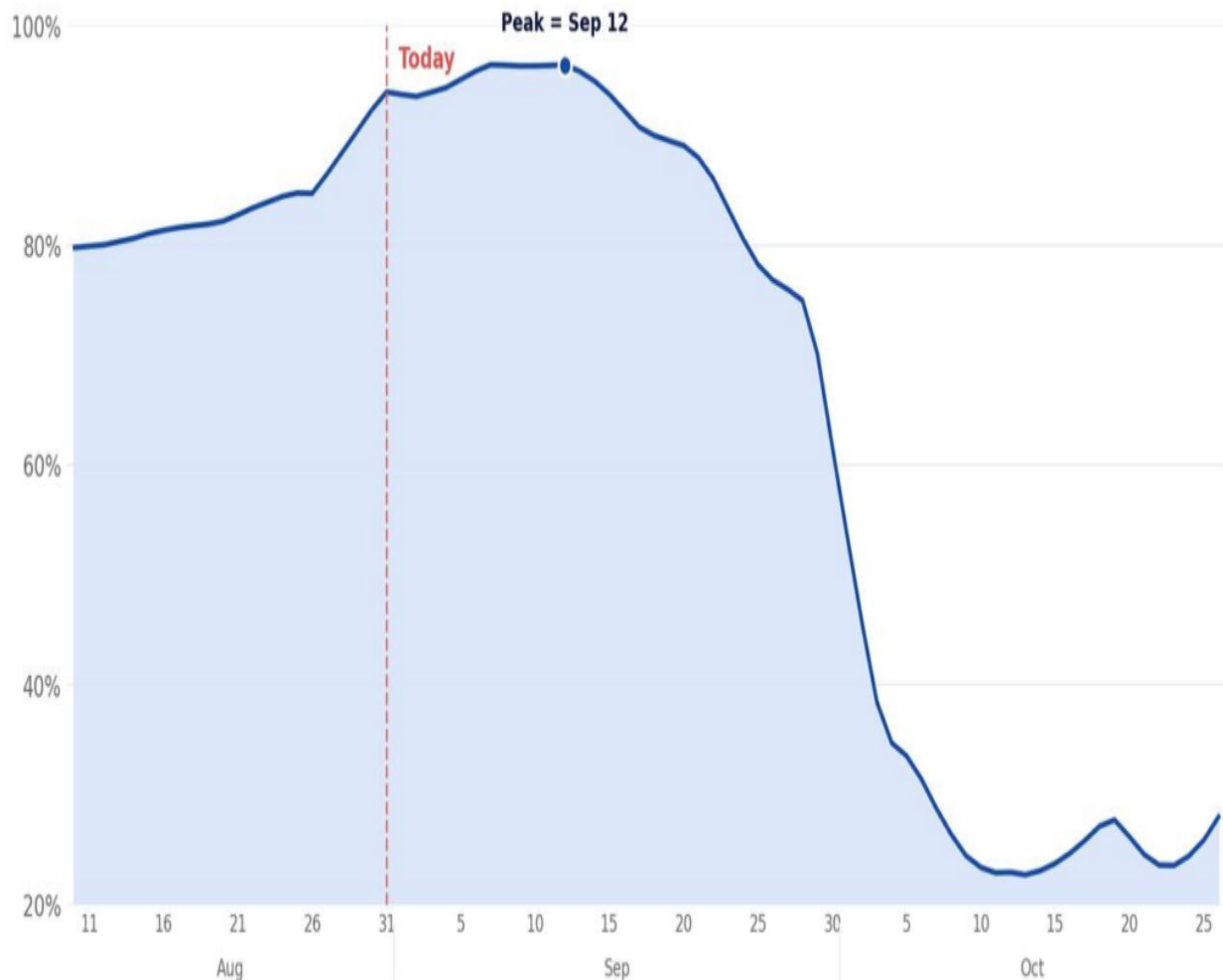
Time	Release (period)	Prior	Consensus	Forecast
8:30 AM	Initial Jobless Claims (weekly)	–	–	–
8:30 AM	Trade Balance (Jul)	-\$73.3B	-\$71.2B	-\$71.2B
8:30 AM	Nonfarm Productivity (Q2, final)	–	+0.3%	+0.3%
8:30 AM	Unit Labor Costs (Q2, final)	–	+1.8%	+1.8%
10:00 AM	ISM Services PMI (Aug)	54.1	54.5	54.5

The bigger number is tomorrow. Thursday is the appetizer before Friday's August jobs report (Sep 4, 8:30 AM ET), after which the market closes Monday, Sep 7, for Labor Day. ISM Services is the day's marquee print.

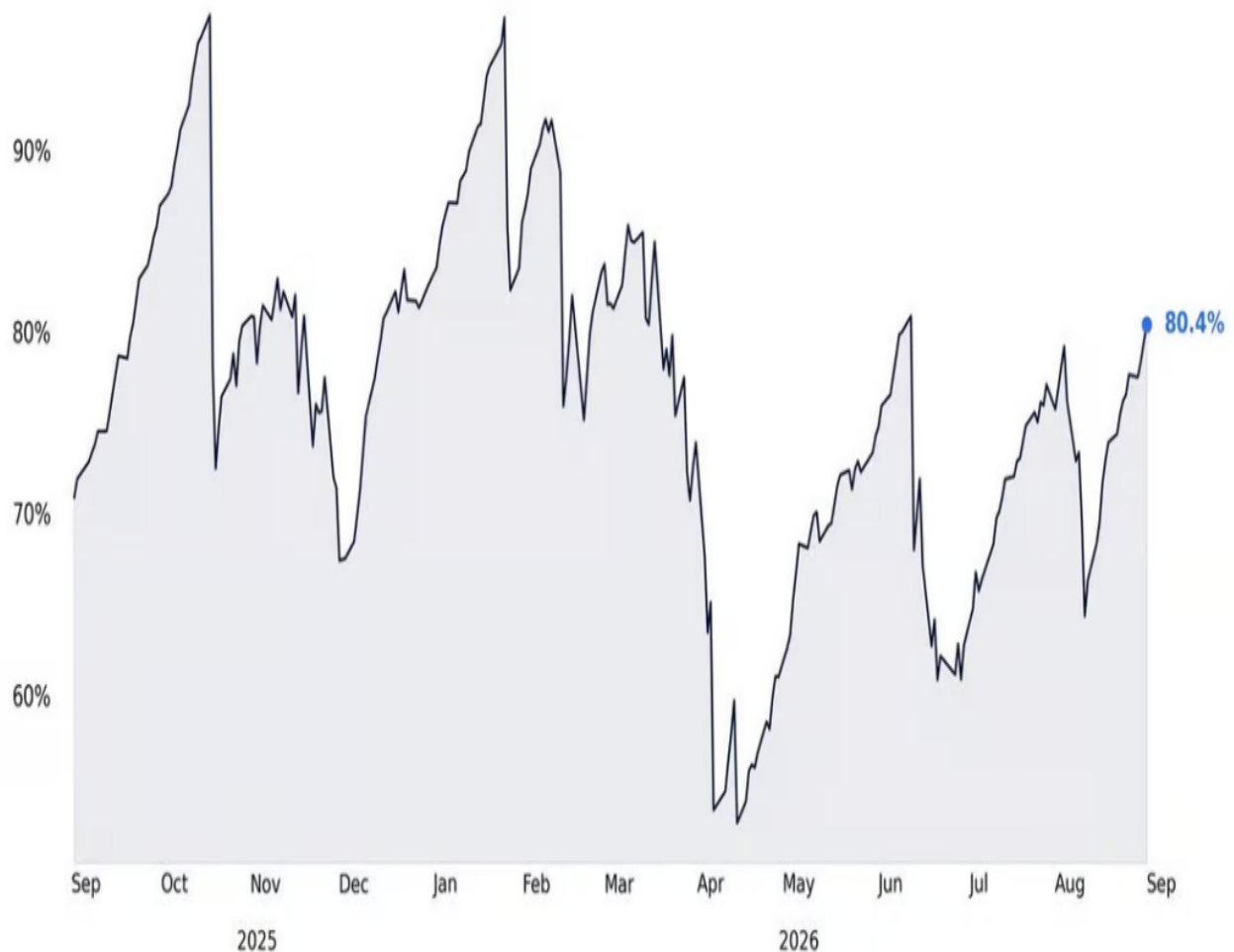
Market Trading Update

Yesterday, we covered the market's [testing support as September seasonality, buyback blackouts, and quarter-end repositioning lined up against it](#). Today, I want to go one level deeper, into why this September downside window carries more teeth than the calendar alone suggests. [Scott Rubner at Citadel Securities](#) laid out the case this week, and it is worth your attention.

His point is not that the bull market is over. It is the setup that carried August that is fading cohort by cohort. Retail stays a buyer but historically slows more in September than in any other month. The corporate bid, worth more than \$1.1 trillion in fresh buyback authorizations, starts going dark around September 12 as blackouts return ahead of Q3 reporting.



And the systematic crowd, the CTAs and vol-control funds that reloaded off the July lows, has already spent most of its dry powder. When I run the cohorts, the pool of natural buyers is simply smaller than it was a month ago.



Here is what makes it dangerous: protection is dirt cheap right into the noisiest part of the calendar. The VIX sits near 16, up from the 14.4 close on August 28 that Rubner flags as the second-lowest since December, and puts skew ranks in the first percentile. A garden-variety three-day dip already popped volatility two full points. That tells you how little cushion was priced in.

Anchor it in the tape. The S&P 500 trades near 7,670 as I write, up about half a percent on Wednesday and snapping a three-day skid, yet it sits only 1.4% above its 50-day average near 7,570, and the 14-day RSI reads 52. Neutral. NOWHERE near oversold.

S&P 500 (SPY) · DAILY

Testing the 50-day after three down days. RSI neutral, nowhere near oversold.

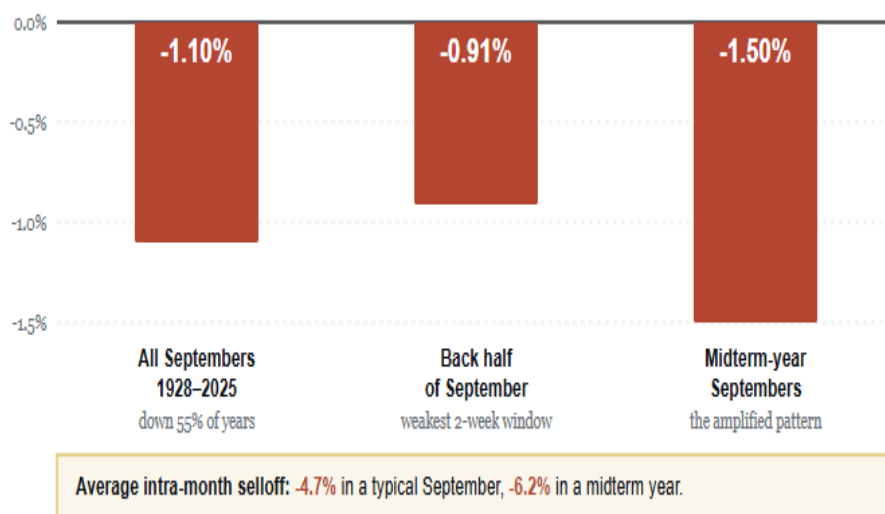


Source: RIA Advisors. Price via Massive Market Data (SPY, the S&P 500 tracker; index $\approx$ SPY $\times$ 10.022). As of Sep 2, 2026, intraday, market open.

Now the history. Since 1928, September is the only month that closes lower more often than higher, down 1.1% on average and 1.5% in midterm-election years, with the back half the weakest two-week stretch of the year.

S&P 500 SEPTEMBER SEASONALITY

Since 1928, the only month that closes lower more often than higher

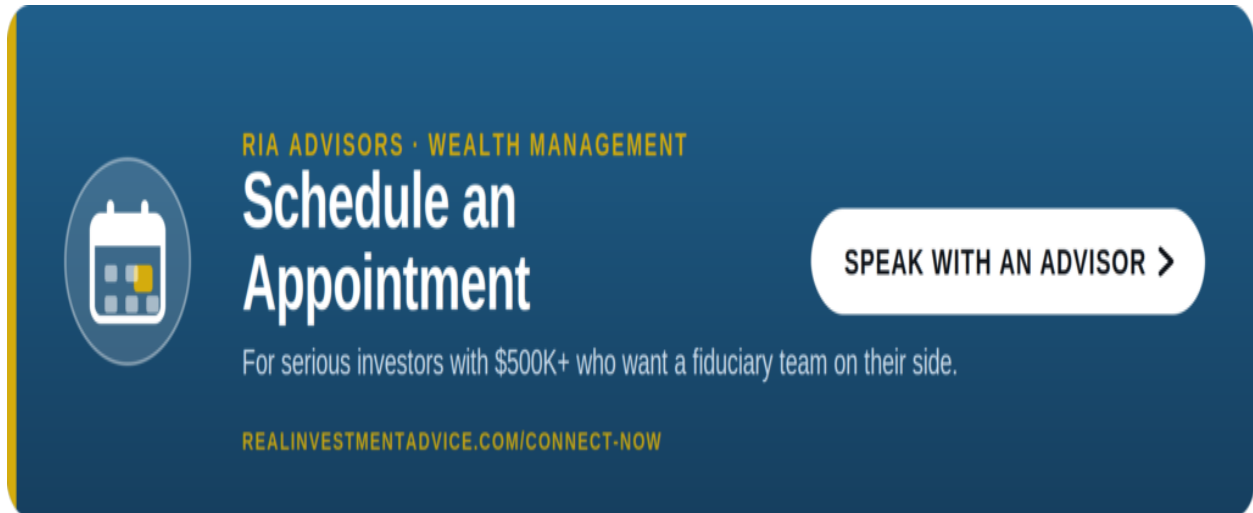


Source: RIA Advisors. Data: Bloomberg, Citadel Securities (Scott Rubner), as of Aug 30, 2026.

September is the only month the S&P 500 closes lower more often than higher since 1928. Source figures: Bloomberg, Citadel Securities (Scott Rubner).

Do the math on Rubner's numbers. His average September selloff of 4.7% carries the index to roughly 7,310, right through the 50-day. The 6.2% midterm version lands near 7,200, on top of the rising 200-day at 7,127. Neither breaks the bull. Both punish anyone who bought the last leg unhedged.

The market is short-term oversold, so use bounces to rebalance risk and raise cash levels as needed. **This is a tactical reset, not a bearish turn.** Capital preservation buys the option to be aggressive later. September rarely hands that option out for free.

A blue banner with a yellow vertical bar on the left. On the left is a white calendar icon with a yellow square. To its right, the text "RIA ADVISORS · WEALTH MANAGEMENT" is in yellow. Below that, "Schedule an Appointment" is in large white font. Underneath is the text "For serious investors with \$500K+ who want a fiduciary team on their side." in white. At the bottom is the URL "REALINVESTMENTADVICE.COM/CONNECT-NOW" in yellow. On the right is a white button with the text "SPEAK WITH AN ADVISOR >" in blue.

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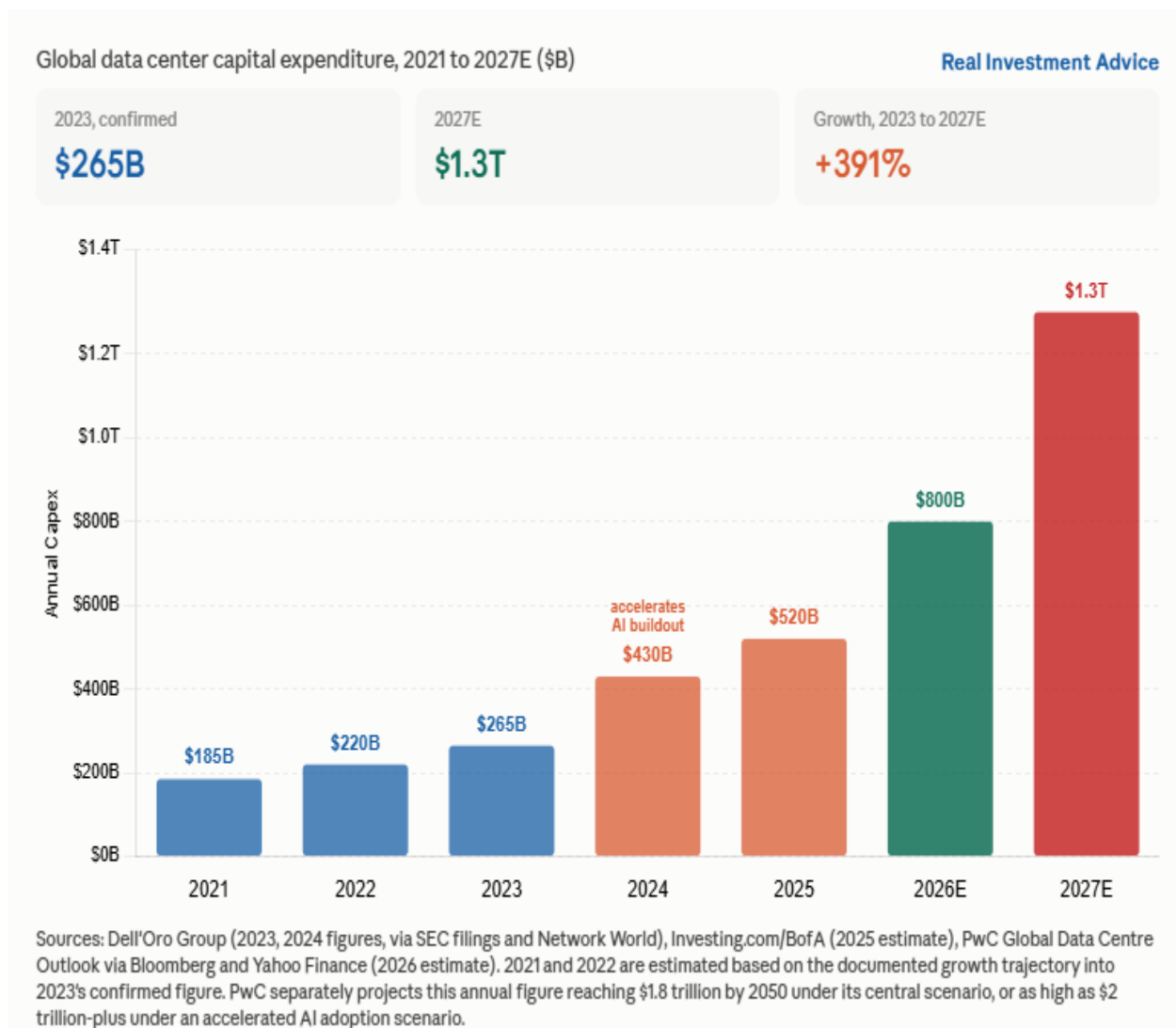
PwC Data Center Estimates Ignore An Important Caveat

Per PwC, global data center spending is set to reach \$31.6 trillion through 2050. Even more optimistically, they note that if AI adoption accelerates beyond their base scenario, spending could rise as high as \$50 trillion. That works out to about \$1.3 to \$2.0 trillion a year. For context, estimates for 2027 AI-related capex sit between \$1.2 and \$1.3 trillion. While the \$31.6 trillion in spending is large in aggregate, it basically assumes today's massive spending will continue for nearly 25 years. Their forecast is possible, but we think it's worth asking whether today's data center infrastructure will be relevant in five years, let alone 25 years. The answer may not affect total spending, but it could strongly influence how that spending is allocated.

Obsolescence risk is the danger that a data center's physical infrastructure becomes technologically outdated or economically unviable. In this case, smaller, more efficient data centers will likely replace the current ones. This is already occurring. For instance, rack densities have jumped from 8-15 kilowatts historically to 50-100 kilowatts or more for AI workloads, and infrastructure built even five years ago is often no longer fit for high-density AI clusters.

Hyperscalers face a risk of obsolescence, called "obsolescence debt." Debt may remain outstanding to fund a data center that no longer fits their needs. In such a case, a football-field-sized data center built today for today's chip generation may require an expensive retrofit or replacement.

None of this means the \$32 trillion figure is a poor estimate, but it likely understates how much of that money will be spent tearing out and rebuilding infrastructure that's already obsolete, rather than adding new capacity.



Market Valuation: Expensive CAPE Or Cheap PEG?

The S&P 500's Shiller CAPE ratio just hit 41. Since 1881, the market valuation has been more expensive under CAPE only once. That was during the final months of the dot-com bubble. At the same time the CAPE is ringing warning bells, the PEG ratio, which measures price relative to expected earnings growth, is at its lowest level in at least three decades, possibly its cheapest reading ever.

One market valuation says run for cover while another says bargain. Both market valuation tools use data from the same 500 S&P companies but interpret the market completely differently.

Shiller PE Ratio



Figure 4 S&P 500 VALUATION: PEG RATIO



Confusing, yes, but the disagreement between the two charts comes down to one question: **Is the past a better predictor of the future than the wisdom of Wall Street?**

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Private employers posted their slowest pace of job creation since January.

"Pay can tell us a lot about today's choppy hiring. To understand hiring patterns, you have to look deeply into where pay growth is accelerating, where it's slowing, and for whom. Once-predictable wage growth has been overtaken by the complexities of demographic change, persistent inflation, and AI's effects on jobs." ADP economist Nela Richardson



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