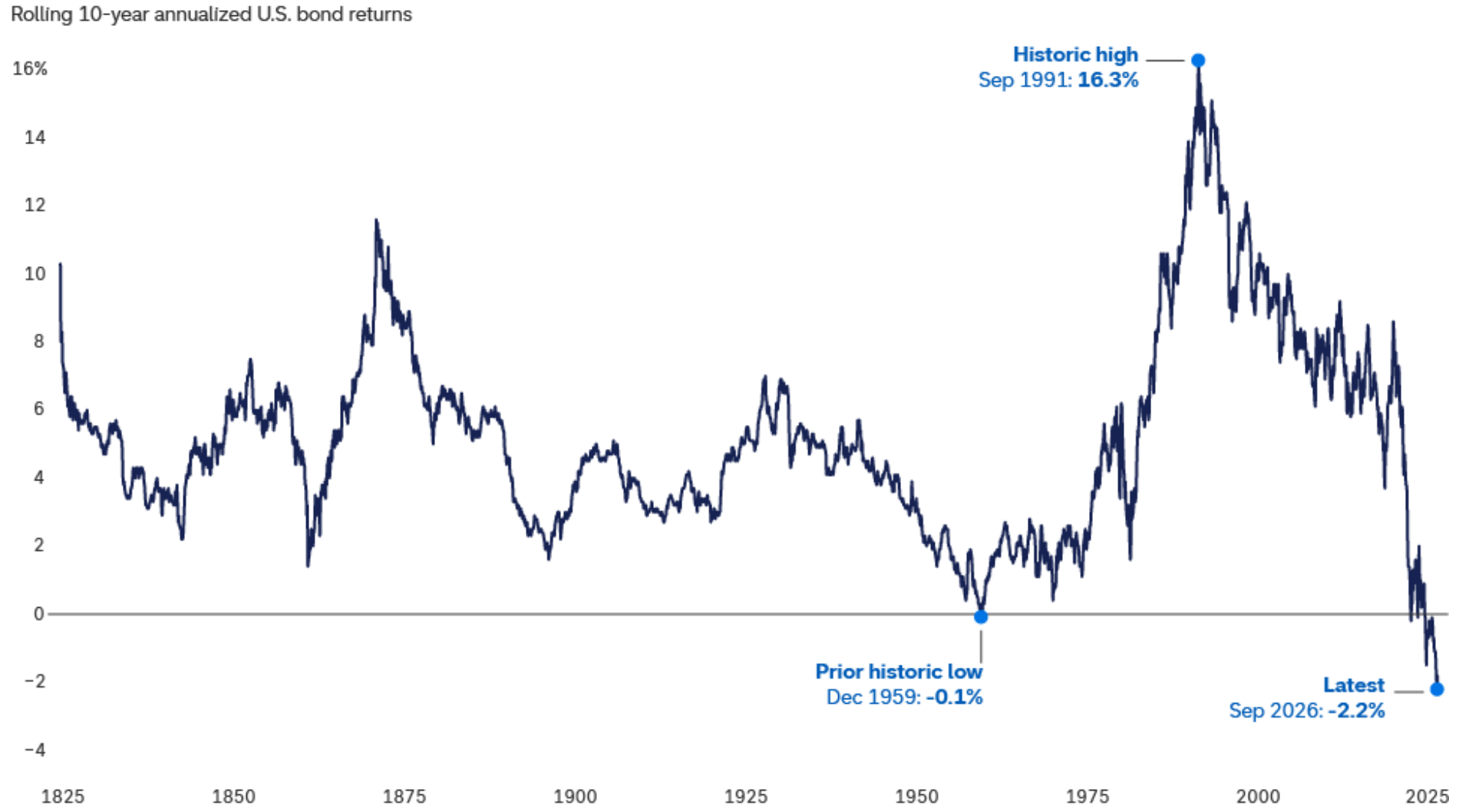
Buy low? Now may be the time to own bonds

CAPITAL GROUP®

10-year Treasury returns hit record lows, but higher yields may support future returns



Sources: Capital Group, Bloomberg, Edward McQuarrie, Santa Clara University. Data from 1825 to 2024 are from Edward McQuarrie. Data from 2024 to 2026 are from the Bloomberg U.S. Treasury: Long Index. Rolling return calculations are based on monthly figures. As of September 30, 2026. Past results are not predictive of results in future periods.

Investments are not FDIC insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.

Key takeaways

The yield on the 10-year U.S. Treasury surged above 5.25% in early October, a level not seen since 2002. The move has been painful for bondholders and pushed borrowing costs higher for companies and consumers.

While there is no way to call the top of interest rates, now may be an opportune time to rethink the risk-reward calculation of investing in bonds. Higher-yielding bonds offer investors strong return potential with fewer risks than stocks.

In the long arc of history, periods of weak returns for Treasuries have generally been followed by stronger returns in the years ahead. When investors buy bonds at higher starting yields, they have the potential to receive more income and have a larger cushion against future market volatility compared to bonds with lower yields, improving the potential for attractive long-term returns.

Footnote(s)/Important information

The market indexes are unmanaged and, therefore, have no expenses. Investors cannot invest directly in an index.

Bloomberg U.S. Treasury: Long Index measures U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury with 10 years or more to maturity.

BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). Bloomberg or Bloomberg's licensors own all proprietary rights in the Bloomberg Indices. Neither Bloomberg nor Bloomberg's licensors approves or endorses this material, or guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, neither shall have any liability or responsibility for injury or damages arising in connection therewith.

All Capital Group trademarks mentioned are owned by The Capital Group Companies, Inc., an affiliated company or fund. All other company and product names mentioned are the property of their respective companies.

Capital Client Group, Inc.

This content, developed by Capital Group, home of American Funds, should not be used as a primary basis for investment decisions and is not intended to serve as impartial investment or fiduciary advice.

Visit capitalgroup.com/chartstories for the latest charts.

Lit. No. MFGEOS-477-1026P Printed in USA CGD/TM/10788-S115734 ©2026 Capital Group. All rights reserved.