# Negative yields:
# Investment Chiefs weigh in on a potential bond bubble

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## Question: Is there a bubble in the bond market?

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| **Rick Rieder**<br>Global CIO Fixed Income<br>**Blackrock** | **No bubble at all.** Demand for bonds has dramatically outstripped supply due to demographic shifts and the rising need for income from pension funds and insurers. |
| **Bob Michele**<br>CIO<br>**JP Morgan Asset Management** | **No**. We are witnessing the deployment of new central bank policies designed to combat deep declines in inflation exptectations. |
| **Sonja Laud**<br>CIO **Legal & General Investment Management** | **No**. Negative yields are uncomfortable but we see little evidence of the exuberance associated with a bubble, other than high inflows from US retail investors. |
| **Stefan Isaacs**<br>Deputy Head of Wholesale Fixed Income<br>**M&G Investments** | Government bond **valuations are stretched** across developed economies. Current pricing has gone too far but it may be some time before this phenomenon is challenged. |
| **Dan Ivascyn**<br>Group CIO<br>**Pimco** | **Not in a traditional sense** of prices being driven up by euphoria and herding behaviour by investors. There is a scarcity of high quality bonds and central banks are contributing to that through their purchasing programmes. The bullish sentiment in the market, however, increases the risk of a sharper sell-off should there be a positive economic surprise. |
| **Rick Lacaille**<br>Global CIO<br>**State Street Global Advisors** | **No**. Bonds trading at negative yields are not a bubble in the making. But neither are they an attractive longterm investment opportunity. |
| **John Hollyer**<br>Global Head Fixed Income<br>**Vanguard** | **No**. Recent declines in interest rates reflect myriad global and US domestic economic factors as well as a hunt for yield. |
| **Vincent Mortier**<br>Deputy CIO<br>**Amundi** | Valuations are really excessive so **this can be seen as a bubble**. Negative rates are not sustainable in the long run. |