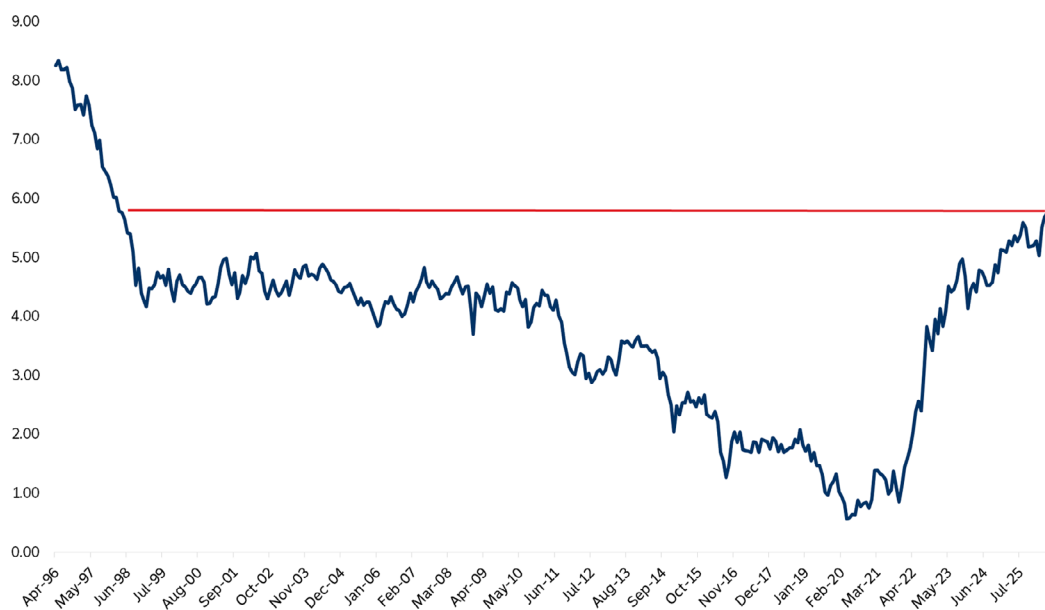


30-Year UK Gilt yields back to levels last seen in 1998

Charles Thomson



Source: Bloomberg Finance L.P., data to 15 May 2026.

What do the charts show?

The chart above shows the dramatic rise in 30-year UK Gilt yields, back to levels not seen since the 1990s.

Why this is important

The move in 30-year Gilt yields to 5.8%, the highest level since 1998, reflects a materially more challenging macro backdrop for the UK. The inflation outlook has deteriorated sharply as the Iran war has driven energy prices higher and raised fears of renewed second-round inflationary pressures across the economy. Against this backdrop, near-term Bank of England rate cuts are effectively off the table and, if inflation expectations become less well anchored, further rate rises may ultimately be required. At the same time, domestic politics remains unsettled, with a material possibility of a change in Prime Minister and the risk that any incoming administration could pursue policies viewed negatively by the Gilt market, particularly around fiscal credibility and borrowing. Nevertheless, governments cannot ignore the discipline imposed by sovereign bond markets indefinitely, and over time tighter financial conditions should help restore lower inflation and lower real yields, although the adjustment process may still have some way to run.



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