

# Japan's Economic Crisis: A Global Alarm

Japan's PM states economy is worse than Greece's. Bond yields surge to 3.148%, highest since 2007. This crisis signals a broader global credit collapse.

by Naveen Prabhu 



## Disclaimer

Seems you had come across similar article from a newspaper ? blog ? or a fin-influencer ?

Yes, this blog provides a consolidated summary of insights from various reputable newspapers and articles, organized for clarity and ease of understanding.

And more importantly first one from the house of [Enrich Wealth](#).

# PM Ishiba's Stark Warning: Credit Truth

## Debt Levels

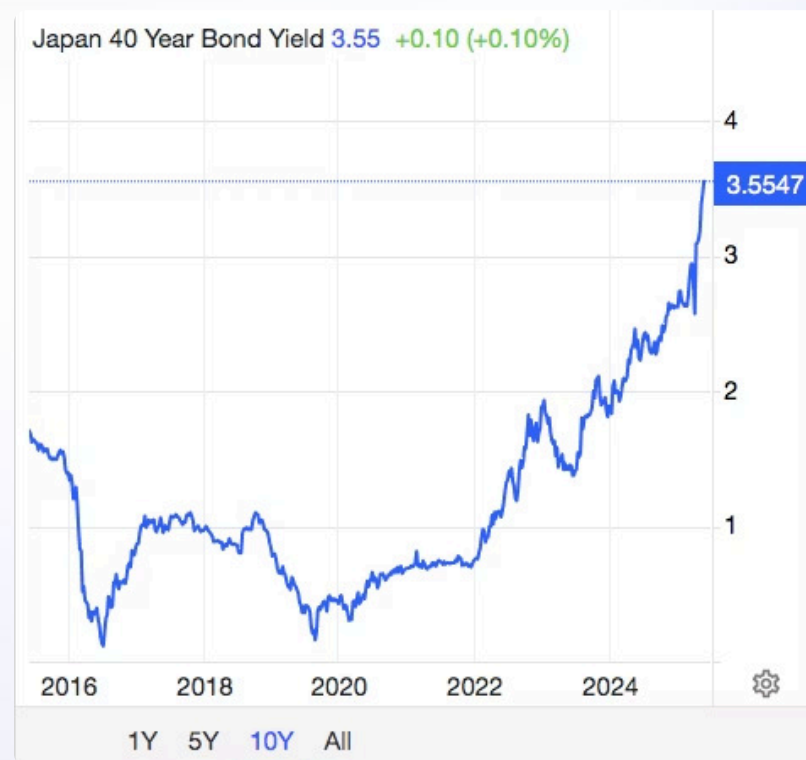
Japan's debt-to-GDP at 260%  
vs. Greece's 180%

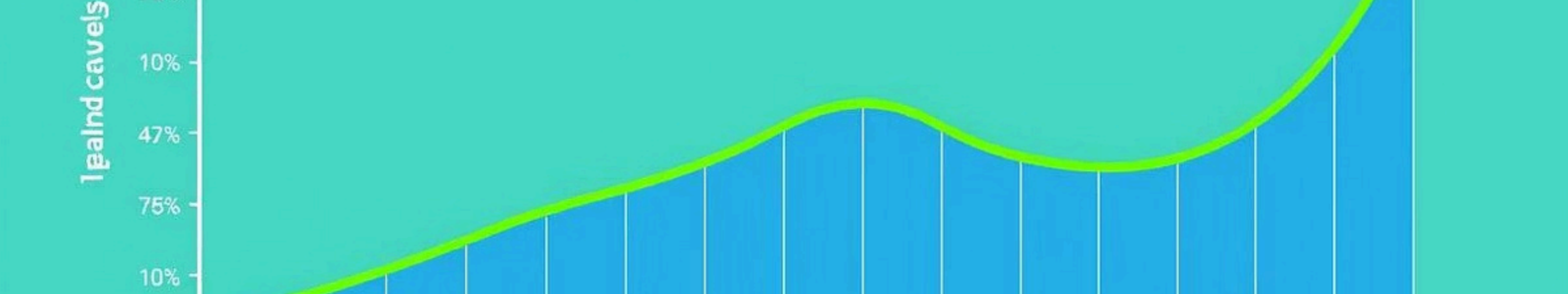
## Assets

Japan holds \$1.3T in global  
assets, mainly US bonds

## Default Risk

Unlikely despite record-high yields





## Japan's 40-Year Bond Yield Surge: Monetary Collapse

↑ **3.148% Yield May 2025**

🕒 **18 Months Growth**

From 0.6% to 3.148%

⚠️ **Monetary Regime Collapse**

This is not a transient market move

# Japan: A Global Macro Anchor

## Top 3 Global Rankings

- Trade power
- Foreign exchange reserves
- Sovereign debt market size

## US Treasury Holdings

~\$1.1 trillion held by Japan



## Yield Explosion: Staggering Market Impact



### 1-Month Yield Change

+26.5 basis points



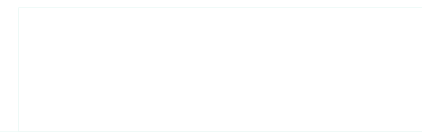
### 6-Month Yield Change

+60 basis points



### 1-Year Yield Change

+94.9 basis points



# Japan Faces Stagflation: Real Economic Decline

## GDP Shrinkage Q1 2025

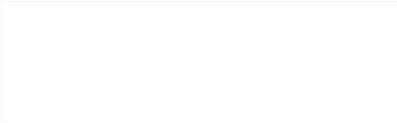
- -0.2% quarter on quarter
- -0.7% annualized

## Inflation & Stagflation

Rising inflation with economic contraction

## Q2 Forecast

Marginal growth at +0.3%



# Macro Storm Crippling Japan's Economy

1

## US Tariffs

Exports crushed by trade barriers

2

## Domestic Demand

Internal consumption weakening

3

## Political Gridlock

Policy paralysis blocks solutions

4

## Aging Population

Demographic decline reduces workforce

5

## Global Trade Slowdown

Cross-border commerce stalling



# Global Risks: The Yen Carry Trade Cracking

## 1 — Decades of Yen Borrowing

Near-zero rates fueled carry trade

## 2 — Yields Spike & Volatility

Triggering unwinding of positions

## 3 — Global Impact

- US Treasuries exposed
- Chinese exports hit
- EU bond spreads widen
- Korean exports stressed



# What does it mean for Indian investors?

Despite the global volatility, India's debt market has remained stable, supported by strong macroeconomic fundamentals.

The Indian bond market rallied with yields trading around 6.20% for new benchmark 10-year government bonds, adding that the market is primarily reacting to domestic factors rather than external shocks.

India's economic environment remains favorable, with headline inflation at 3.16% in April 2025, its lowest level since July 2019, and surplus liquidity in the banking system, providing headroom for further interest rate cuts (the recent dividend from RBI 2.7L Crore keep indian credit system super strong) .

**Thanks for taking your time !**