Glossary:Bond yields

Statistics Explained

Bond yields are the return an investor gets on a bond. They are calculated by multiplying the price paid for a bond by its coupon, which is the interest the issuer promises to pay. Bond yields are used in the calculation of one of the convergence criteria for economic and monetary union (EMU) , namely the long-term interest rate , as laid out in the Treaty on European Union (Maastricht Treaty).

Selection guidelines for EMU require that the data on long-term interest rates be based on central government bond yields on the secondary market, gross of tax, with a residual maturity of around 10 years. The long-term interest rate must not more than 2 percentage points above the rate of the three best performing Member States in terms of price stability.

Further information

- European Commission - The euro - Who can join and when?

Related concepts

- Convergence criteria
- Interest rate