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FOR Communication 3/2020: Negative profitability: nothing to brag about

- At the beginning of the year, Poland issued euro-denominated bonds with negative yields two times. For government figures, these issues have become proof of the quality of the excellent economic policy of the Law and Justice party.
- In fact, these were not the first issues of Polish bonds with negative yields. Poland issued such bonds for the first time as early as April 2015 (i.e. under the PO-PSL government). It placed three-year bonds with a nominal value of CHF 580 million and a yield of -0.2%.
- The environment of negative interest rates allows negative interest-bearing liabilities to be incurred also for debtors with lower credibility (such as Poland). Negative interest-bearing liabilities in EUR are incurred not only by the most reliable countries such as Germany, but also by the largest corporations and even governments of countries such as Greece and Bulgaria. In August 2019, the value of investment bonds with negative yields amounted to USD 16 trillion - at that time they accounted for over 30% of the value of listed investment bonds.