



INCOME INVESTING

# European Bond Markets Gyrate; U.S. Bond Markets Closed

By Amey Stone

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U.S. bond markets were closed Wednesday for Veteran's Day, even though stock markets remain open (it's the only holiday observed by bond traders, but not stock traders). European bourses were open and rates markets there have been volatile.

European Central Bank president Mario Draghi spoke Wednesday, but [didn't say anything about monetary policy](#), which caused bund yields to move higher after two days of steep declines.

The yield on the 10-year German bund jumped to a recent high of .7% last Friday, then fell to a low of .62% Monday and got as low as .59% early Wednesday morning. After Draghi's speech, the yield rose to .619%.

"Yellen appears to be running in one direction and the other 32 central banks in the world are going in the other direction," **observes John Petrides, a portfolio manager with Point View Wealth Management.**

Bill Witherell, chief global economist for Cumberland Advisors points out Europe is growing and exchange-traded funds that take out the impact of a stronger dollar could be a good bet. He writes in a Wednesday morning note:

The solid growth of 1.8% for the zone should be assured by the expected expansion by the European Central Bank (ECB) of its quantitative easing in December. Corporate profits are likely to strengthen, helped by a weaker euro and improving bank credit conditions, and this should help the recovery of investment.

He offers a couple of ETF ideas, including the iShares Currency Hedged MSC EMU ETF ([HEZU](#)) and the WisdomTree Europe Hedged Equity ETF ([HEDJ](#)), which owns dividend-paying firms that get at least 50% of their sales from exports outside Europe.