Rising Japanese Rates Are a Ticking Time Bomb for Global Markets

For years, global markets have been floating on a quiet, invisible force: ultra-low Japanese interest rates.

That era is ending.

Japanese rates are now rising — and while it may sound like a distant, technical story, it could slam global markets with little warning.

Here's why.

For decades, hedge funds and speculative traders have used the Japanese Yen as the funding engine for what's known as the **carry trade**. They borrow Yen at dirt-cheap rates… convert it into dollars or other currencies… and plow that borrowed money into stocks, tech, crypto, emerging markets, and other high-octane bets.

Then they add leverage.

Sometimes, there is a lot of leverage.

As long as Japanese rates stayed near zero and the Yen drifted lower, this was easy money. Calm. Profitable. Comfortable.

But now the ground is shifting.

When Japanese rates rise, borrowing costs increase. That squeezes profits. And when profits get squeezed in heavily leveraged trades, positions don't get trimmed politely — they get dumped.

Fast.

Take a look at the chart below. The rise in 10-Year rates is parabolic.

Right now, the Yen is still trending down, which gives traders a false sense of security. It makes everything look stable… even safe.

As the chart below shows, the Yen has continued to weaken (the upward line indicates it's getting weaker).

The problem is that this could reverse at any moment in time.

And that’s when the fun ends and the blood and guts begin.

Markets don’t unwind slowly when crowded trades reverse. They snap.

When the Yen finally turns — and rising rates make that more likely — traders around the world may rush to unwind the same positions at the same time. That means selling pressure across multiple markets simultaneously. Stocks. Bonds. Risk assets of all kinds.

That's how a quiet currency move can turn into a sudden spike in volatility… and a sharp, seemingly "out of nowhere" market drop.

The problem is, by the time the headlines explain what happened, the damage is already done.

<u>We need to monitor this situation closely!</u>

That's precisely why I built the ***Simple Retirement System***, which is included with a FAST Profits subscription.

Instead of guessing or reacting to news, this model tracks **relationships between major markets** to determine whether conditions favor a **risk-on** or **risk-off** stance. When the environment shifts, the signals shift. It's a disciplined framework designed to help investors sidestep significant drawdowns and participate when conditions are favorable.

These models aren't pulled from textbooks or copied from Wall Street research.

They're the result of decades I've spent in quantitative research and managing hedge fund portfolios for wealthy families — where risk control wasn't optional, and "hope" was never a strategy.

Even if you never trade every signal, *knowing* whether the model is in risk-on or risk-off mode can completely change how you think about your portfolio when markets get shaky.

Rising Japanese rates may seem like a small story today. But if the carry trade starts to unwind, it could become the story — very quickly.

Now is the time to have a plan that doesn't rely on luck.

FAST Profits is built for exactly this kind of market

That's why a ***FAST Profits*** subscription matters right now. It gives you access to *the Simple Retirement System* each month — a disciplined, rules-based framework designed to tell you when risk is rising *before* the crowd realizes it. In markets shaped by leverage, crowded trades, and sudden reversals, having objective signals can mean the difference between reacting in panic… and acting with confidence. If rising Japanese rates trigger the kind of shock history suggests they can, this is exactly the kind of guidance you'll want on your side.

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