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## Bonds matter



Almost everyone understands what it means when stock prices rise or fall, but bonds are a completely different animal. The very nature of bonds makes them confusing. When bond prices fall, their yields rise, because buyers are less willing to accept the risk and require a greater return. The public was relieved when depositors at Silicon Valley Bank and Signature Bank were made whole, and the initial reaction was the same after UBS agreed yesterday to buy Credit Suisse. What is less clear is how the public will react to the news from the [financial press](#) that holders of \$17bn in additional tier-one (AT1) Credit Suisse bonds will have their investment wiped out. [Ex-CNB Gov. Jiří Rusnok](#) told Czech TV on Fri. night that the bank failures are a "marginal issue" for the European and Czech markets. [CNB Vice Gov. Jan Frait](#) said something similar in HN today. That was before bonds entered the picture.

Rusnok, Frait and other experts will have to weigh their words more carefully now.

*Read this later today in [Czech](#)*



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