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Sommario/riassunto	This paper explores the determinants of long-term government bond yields in the Group of Seven (G-7) economies and analyzes the factors that could explain the conundrum of very low rates in the face of a variety of adverse factors in recent years. In particular, the paper focuses on the deteriorating fiscal position in the G-7 economies and enquires which factors could have offset their impact on long-term interest rates, and how sustainable they are likely to be. A model of interest rate determination is elaborated and estimated for the G-7, with explicit emphasis on capital flows and public savings. The results suggest a high likelihood of a substantial impact of the weaker budgetary positions in the G-7 on global interest rates when the offsetting unprecedented capital flows slow down.