The decline in bond yields and the first upside-down in 12 years on Wednesday in a key part of the U.S. Treasury yield curve suggest that bond market investors are much more pessimistic about the United States and the global economy than the Federal Reserve.

"The interest rate market is rarely deceptive, and globally, it's like predicting the day of the final trial is coming," said Tom di Galoma, managing director of Seaport Global Holdings.

At the same time, more and more people are worried that not only is the Federal Reserve too late to cut interest rates, but also that central banks have no licence to stimulate the economy. Efforts by countries to promote growth through fiscal easing offset each other.

The worsening economic data, weakening inflationary pressures, escalating trade war between the United States and China, and rising tensions between Hong Kong demonstrators and the Chinese government have all boosted demand for safe-haven bonds. Many European bond yields have plunged further into negative regions, and long-term U.S. bond yields have fallen to record lows.

The inversion of key parts of the U.S. Treasury yield curve is often a reliable indicator of impending recession.

On Wednesday, 10-year Treasury yields were 2.1 basis points lower than two-year Treasury yields for the first time since 2007, according to Lufford data.