

# Fixed Income Insights

MONTHLY REPORT – MAY 2024 | EUROZONE EDITION

FOR PROFESSIONAL INVESTORS ONLY

## Bunds remain trapped by higher Treasury yields, despite inflation near target

US final sales still grew at 2% in Q1, despite GDP slowing to 1.6%. Higher US inflation also surprised markets, driving US yields higher, led by long bonds, as investors revised up rate expectations. Bund yields rose despite Eurozone services inflation stabilising, and inflation near target, giving the ECB more scope to pivot than others.

### Macro and policy backdrop – Resilient US growth diverges with the rest of the world, but for how long?

Unlike the US Fed, the ECB has the most scope to pivot policy, after inflation fell close to the 2% target in April. (pages 2-3)

### Yields, curves and spreads – G7 long end yields backed up further on higher for longer narrative

The better German inflation data capped the rise in Bund yields and disinversion of the long end in April. (pages 4-5)

### Credit analysis – Higher govt yields restricted the move in spreads

Euro HY spreads moved out in April, as the equity rally reversed, after the narrowing in 2023-24. (page 6-7)

### Sovereign and climate bonds – PAB continues to underperform Choice and ex fossil fuels indices

Performance variation has largely been driven by duration, and bank weights, as yields have continued to climb. (page 8)

### Performance – Credit held up better but lost some ground, as the risk rally reversed

High yield outperformed investment grade corporates in April, as it has since January. (pages 9-11)

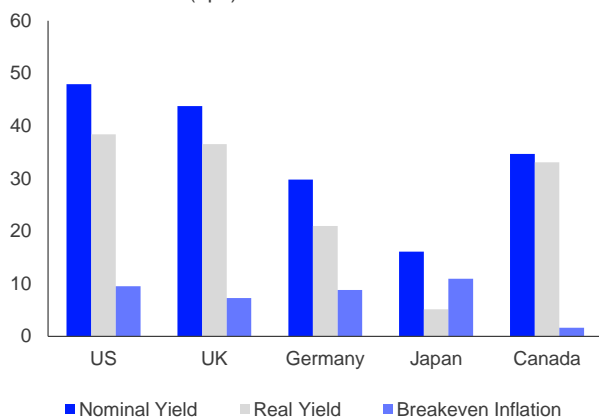
### Appendix (from page 12)

Global bond market returns, historical bond yields, bond market durations and market values and foreign exchange returns.

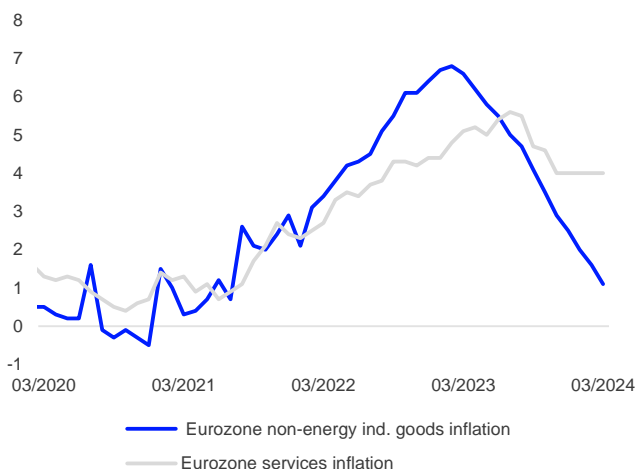
Chart 1: Yields rose in April, led by the US and UK. Breakevens also edged up. Lower inflation meant Bund yields moved less than Treasuries or gilts.

Chart 2: Services inflation has stabilised, as consumption and consumer confidence softens, while weak goods inflation continues.

7-10yr government bond yield changes 31-03-2024 to 30-04-2024 (bps)



Goods and services inflation (Y/Y, %)



Source: FTSE Russel and LSEG. All data as of April 30, 2024. Past performance is no guarantee of future results. This report should not be considered 'research' for the purposes of MIFID II. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix for list of indices used for each market.

# Macroeconomic Backdrop – Growth and Inflation Expectations

The IMF upgraded US real growth forecasts for 2024 in April, unlike the rest of the G7 economies. A pick-up in US inflation increased uncertainty over the timing of US rate cuts, contrasting with lower Eurozone inflation. European labour costs eased a little, while unemployment stabilised at historical lows. Manufacturing sentiment improved, with PMIs showing signs of recovery. The Eurozone reading still shows net contraction, but more optimism on future output.

The IMF revised upward its growth estimate for the US in April, highlighting stronger US growth versus other G7 economies, where estimates were downgraded, including the Eurozone (Chart 1). After growth stagnation in 2023-24, there are some signs of European growth recovering marginally, helped by lower inflation boosting real incomes but the lack of fiscal stimulus remains a constraint on demand. Further fiscal stimulus continues in China, as the authorities attempt the transition to demand-led growth.

Chart 2 shows inflation levels have flatlined in most regions, except in the US, where shelter inflation contributed to the higher CPI of 3.5% y/y in March, and services inflation remains well above 2% in most of the G7. In the Euro area, CPI was unchanged in April, after dipping to 2.4% y/y March on food prices, while core inflation fell to 2.7% y/y (from 2.9% y/y). Note that apart from Spain with inflation above 3% y/y, CPI has now dropped in Germany and France to 2.2% y/y, and Italy to 0.9% y/y.

Unemployment in the Eurozone has stabilised, easing the pressure on wage inflation, which fell a little in Q1 (see Chart 3), after the round of wage increases took hourly labour costs higher by 4.8% between 2022 and 2023.

Green shoots of recovery? G7 manufacturing PMI has improved in most regions, as some readings moved above 50, and the diffusion indices signal growth in the sector. Canada's PMI saw the biggest rebound in business sentiment, while the Eurozone reading remained below 50, with a fall in incoming orders, but was less negative on improved optimism over future output.

Chart 1: The US shows itself as an outlier, with real IMF growth forecasts for 2024 significantly upgraded in April, unlike other economies, where revisions were modest, and lower in the Eurozone.

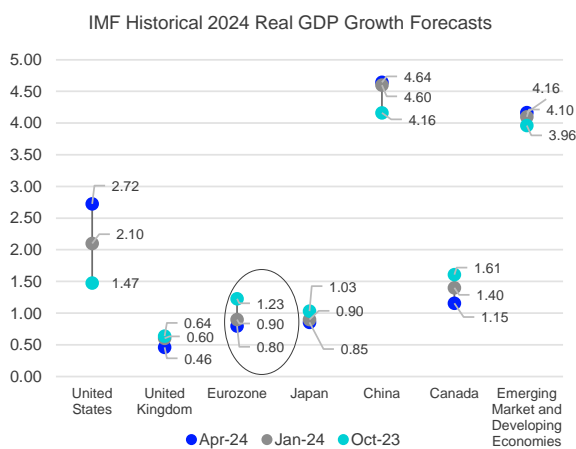


Chart 2: Outside the US, G7 inflation remained mostly unchanged, with the April inflation data showing the Eurozone being the closest to the target. The ECB reiterated the need for sustainable inflation before easing.

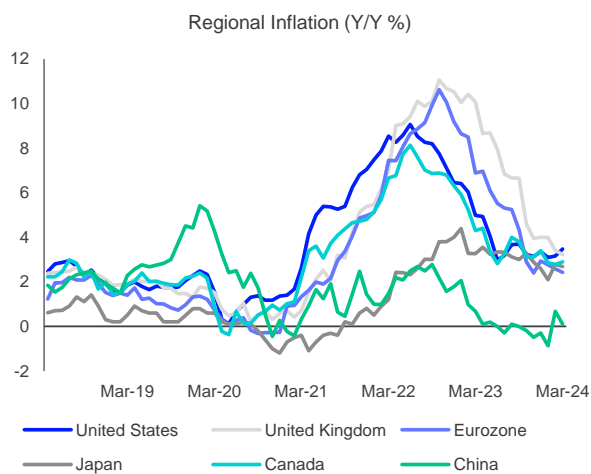
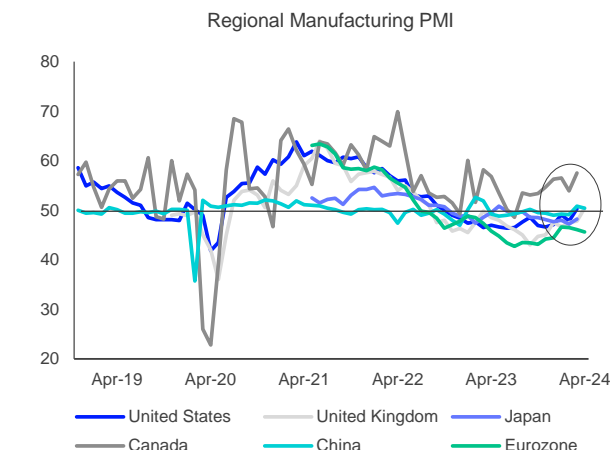
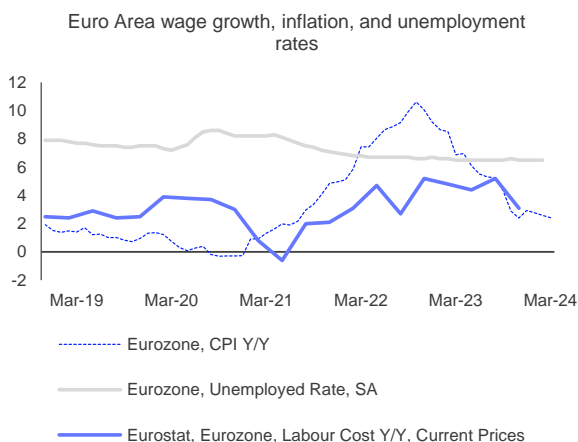


Chart 3: Eurozone labour costs have eased since January, after the round of wage rises took the hourly cost higher by 4.8% y/y in 2023. Employment remains full, but stable, easing pressure on wage inflation.

Chart 4: Manufacturing PMI are turning more positive across regions, notably in Canada. The Eurozone is an outlier, with a reading below 50, though sentiment has modestly improved recently.



Source: FTSE Russell and LSEG. Latest data available as of April 30, 2024. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of indices used for each market. For professional investors only.

# Financial Conditions and Monetary Policy Settings

G7 central banks kept policy unchanged in April, highlighting the need for “sustainable” inflation at target levels as the reason for their decisions. Improved rate differentials continue to support the US dollar, and weaken the yen, with the BoJ anxious to sustain higher Japanese inflation. Lower eurozone inflation makes a June rate cut plausible. The BoC has normalised its balance sheet faster than other G7 central banks.

Chart 1 shows most countries are still heavily indebted, with Japan continuing to have the highest debt-to-GDP ratio and expected to top 250% by 2024 by the IMF. Within the euro area, Italy remains a concern, having one of the highest debt per GDP ratios.

Interest rate differentials moved in favour of the dollar in April, helping the currency gain, particularly versus the yen. The Euro weakened, after inflation fell to near the ECB’s 2% target. Sterling rebounded after the dip in Q1 as UK inflation fell less than expected in March.

The US Fed noted the rise in US inflation and continued robust data, at the May FOMC meeting, in explaining the policy pause. Other G7 central banks echoed the need for inflation to be sustained at, or below, the 2% target, before easing, with the recent strength of the US dollar, and its potential impact in raising inflation, a concern. Even so, the Eurozone is the region closest to meeting the 2% target, making a rate cut from June more plausible, than elsewhere.

Central bank balance sheets continue to contract, except the BoJ. Since 2022, the size of the ECB balance sheet has declined as banks repay the TLTRO loans and the ECB gradually run down the monetary policy bond portfolio, with PEPP reinvestments to end in December. The BoC has moved faster than others to normalise its balance sheet, having reduced about 40% (i.e., C\$180bn) of its asset holdings since April 2022 (Chart 4).

Chart 1: Most countries have become heavily indebted after the GFC and Covid, with Japan continuing to have the highest debt-to-GDP ratio by far, and Italy among the highest within the Eurozone.

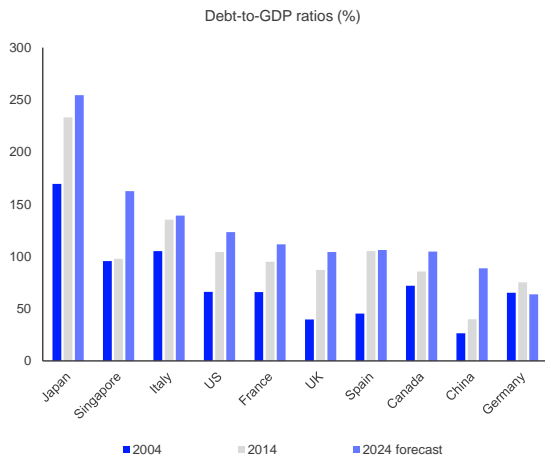


Chart 2: Interest rate differentials moved in favour of the US dollar in April, helping the currency gain, particularly versus the yen. The Euro drifted lower, after softer inflation data, but sterling drew support from sticky UK inflation.

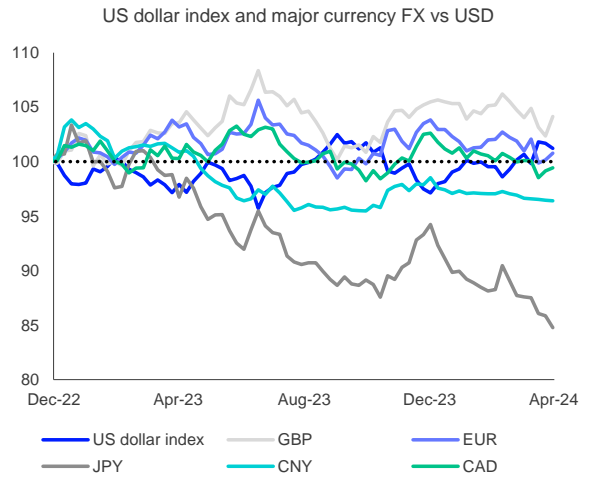
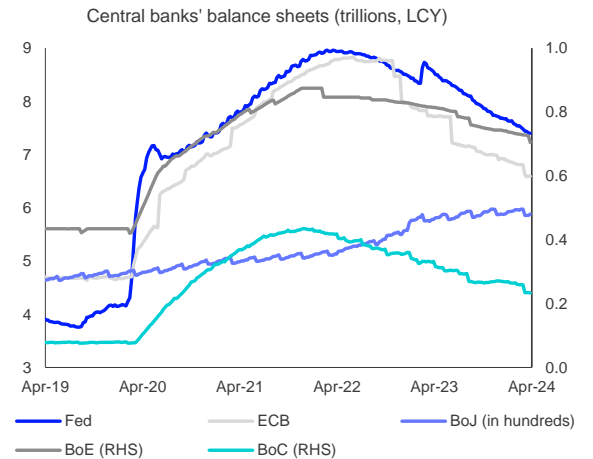
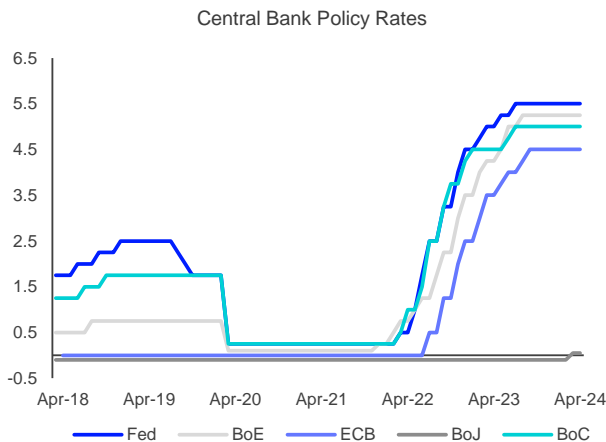


Chart 3: G7 central banks retained policy pauses in April, with rate cuts not expected now before H2, 2024. The US is an outlier, where the market is now raising the possibility of no cuts at all, and even a rise, in 2024.

Chart 4: Central bank balance sheets contracted again in April, except the BoJ. The ECB plans to continue PEPP reinvesting until December, while the BoC has moved faster than others to normalise its balance sheet.



Source: FTSE Russell and LSEG. Latest data available as of April 30, 2024. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of indices used for each market. For professional investors only.

# Global Yields, Curves and Breakevens

Chart 1: 7-10 year yields generally backed up further in April, led by the US, after the inflation uptick in March. Better Eurozone inflation numbers restricted the rise in Bund yields. JGB yields edged higher.

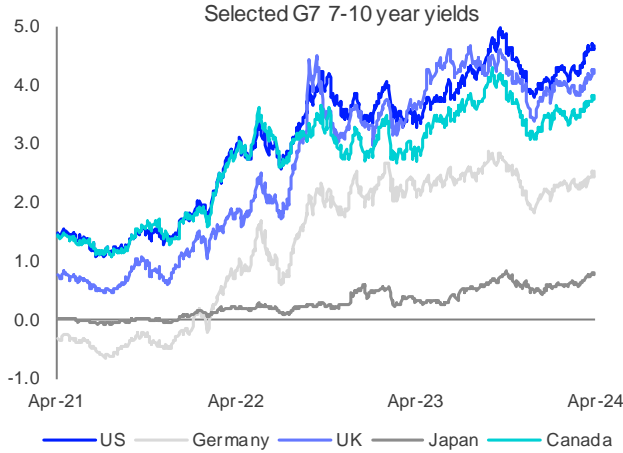


Chart 2: Real yields were led higher by US TIPS in April, as real US growth remained buoyant. Real yields elsewhere moved higher, as markets adjusted rate expectations to receding prospects of early easing.

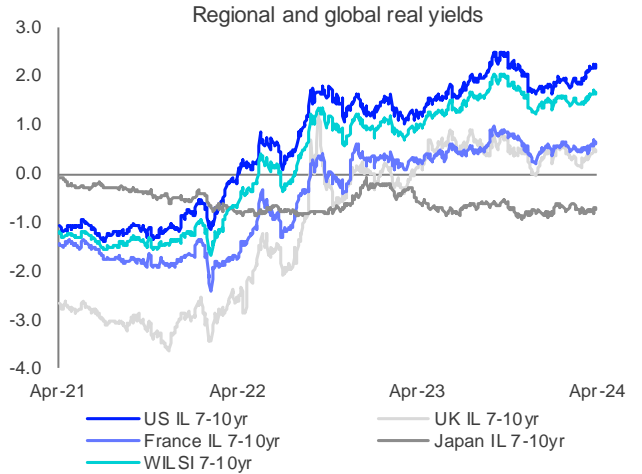


Chart 3: Yield curves disinverted a little further as longer dated yields backed up in April. The JGB curve reacted only modestly to the end of BoJ curve control, but the 10s/2s yield curve did steepen a little.

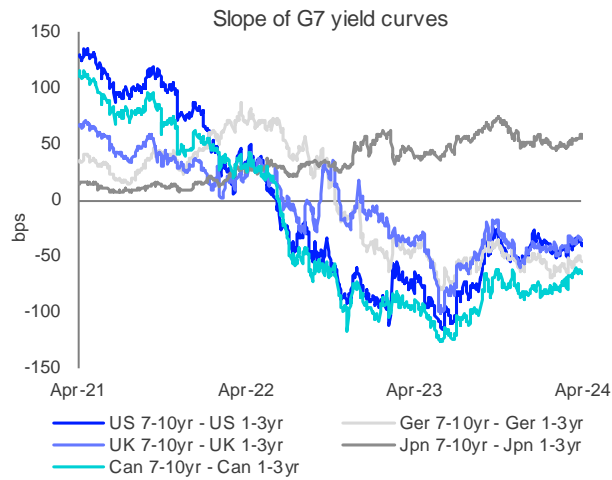


Chart 4: Long end yields backed up further, as the higher for longer narrative dominated most gov bond markets. However, better German inflation data restricted the dis-inversion of the long Bund curve.

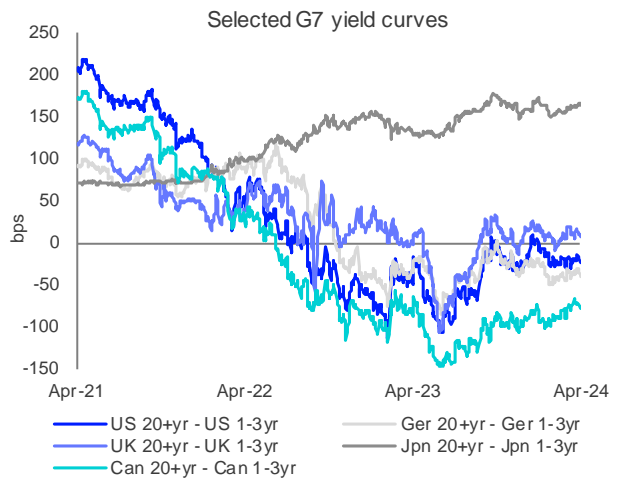


Chart 5: Inflation breakevens were driven higher in April, following the inflation uptick in March data. This was the pattern in most of the G7 and the BoJ will welcome the new cycle high in Japanese breakevens.

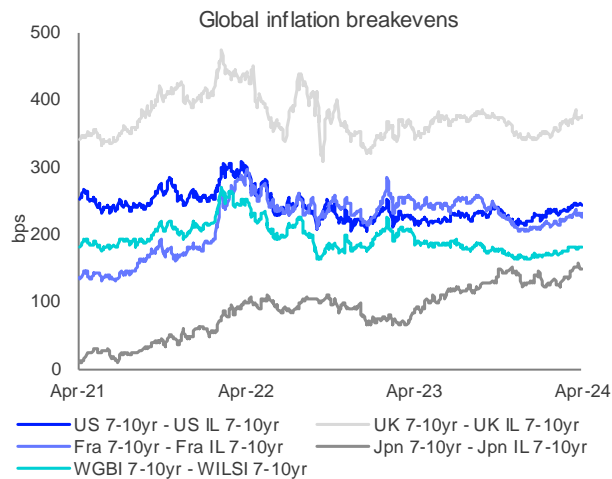
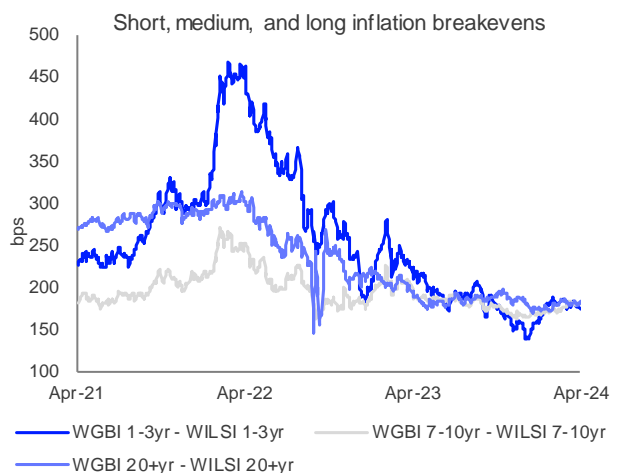


Chart 6: There is not much sign of the inflation uptick in Q1 affecting global inflation breakevens, which remain stable around 2%. Short dated breakevens remain most sensitive to spot inflation rates.



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# Yield and Credit Spread Analysis

Chart 1: The US position as a stronger growth outlier in 2023-24 has caused US sovereign spreads in 7-10 years to trend wider, with spreads moving close to post-Covid highs versus WGBI in April.

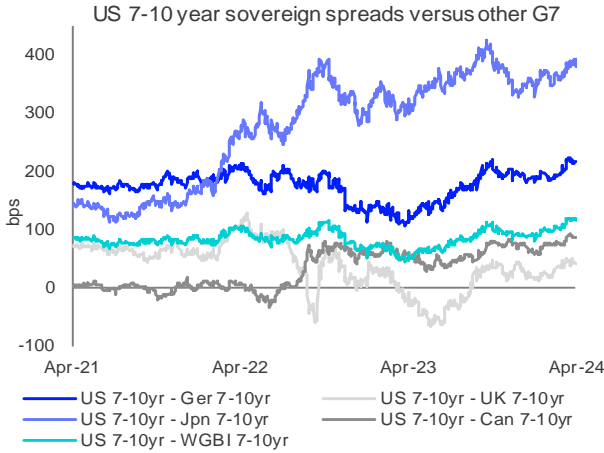


Chart 2: Italian sovereign spreads edged back out in April as the Q1 risk rally showed signs of reversing. However, the moves were modest, after the pronounced narrowing in spreads over the last 12 months.

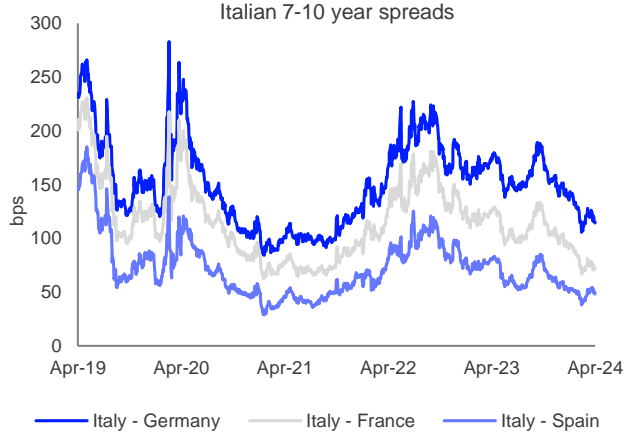


Chart 3: Helped by the decline in Chinese 7-10 year bond yields, EM 7-10 year spreads narrowed further, to new cycle lows versus the US, Germany and Japan, after the ending of curve control.

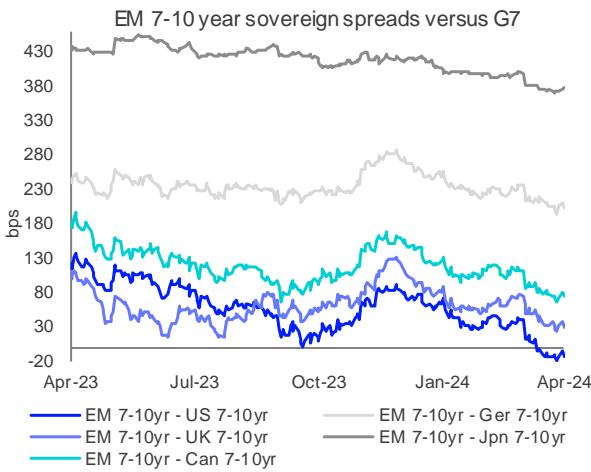


Chart 4: Chinese spreads tighter further versus the G7, partly on higher G7 yields, and partly on lower Chinese yields, as monetary easing continued. Sovereign spreads are either at, or very close to, cycle lows.

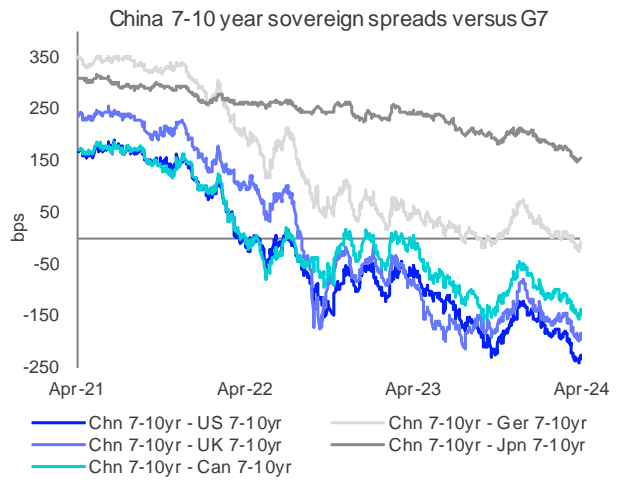


Chart 5: Significantly wide yield differentials between Chinese USD and RMB corporates have been a key feature since the Fed hikes. Domestic corporate and regional govt yields have converged, despite their duration difference.

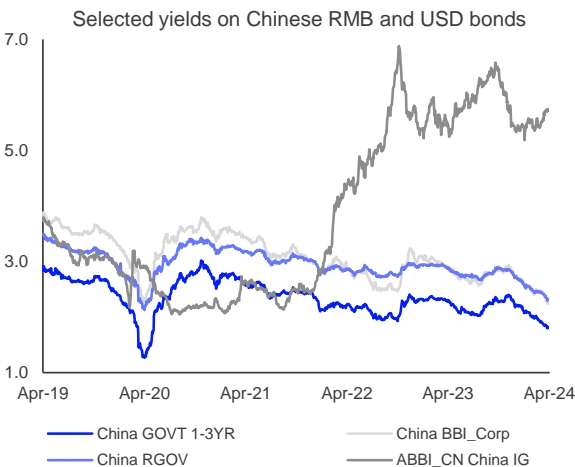
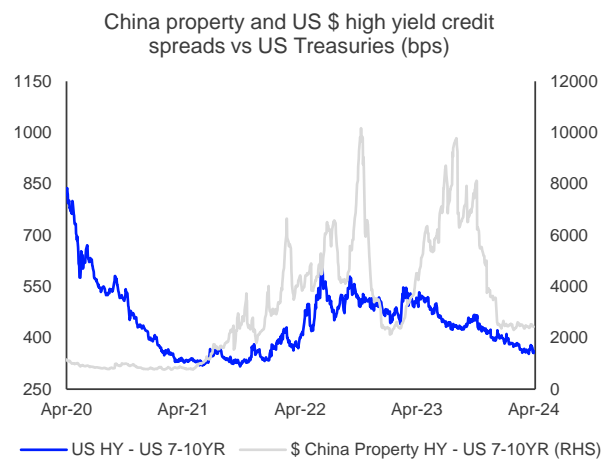


Chart 6: Recent spread tightening for both US and Chinese \$ HY stalled in April, as Treasury yields returned to levels last seen in November. China's property bond spreads stabilised at about 2400bps.



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# Credit sector analysis

Chart 1: The consumer sector has the tightest IG spreads. Bank spreads, which have the largest representation (see Chart 2) in the universe, have recovered, with spreads falling to pre-Covid levels.

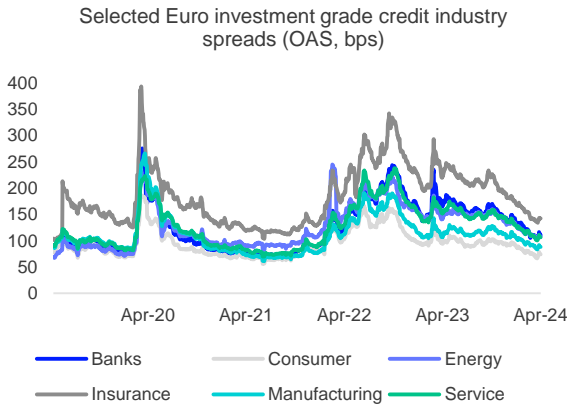


Chart 2: Banks make up the largest sector in the Euro investment grade universe with a weighting of 32%, followed by manufacturing, 18%, and services 12%. Consumer is 7% of the index.

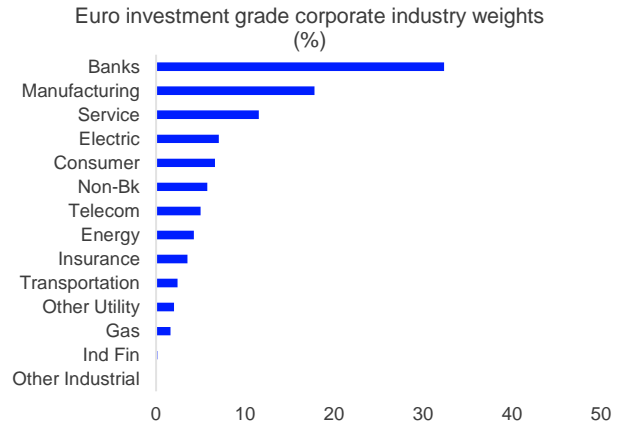


Chart 3: UK IG consumer and manufacturing spreads are lower than pre-Covid, having tightened the most, while banks/other finance were the most volatile, with spreads (about 135bp in April), only marginally tighter.

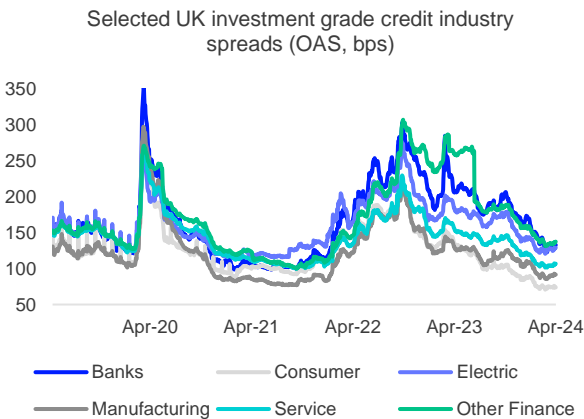


Chart 4: Financials, including banks and other finance, represent a total weight of about 42% in the UK investment grade universe, with services a distant second, at about 12%.

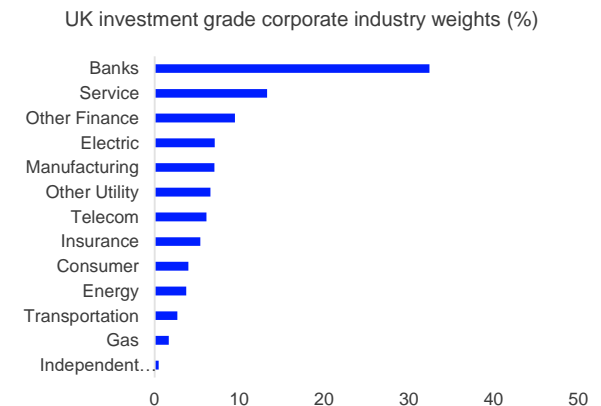


Chart 5: US IG industry spreads have converged to around 100bp in April. Energy spreads have narrowed the most and are the widest at about 110bp.

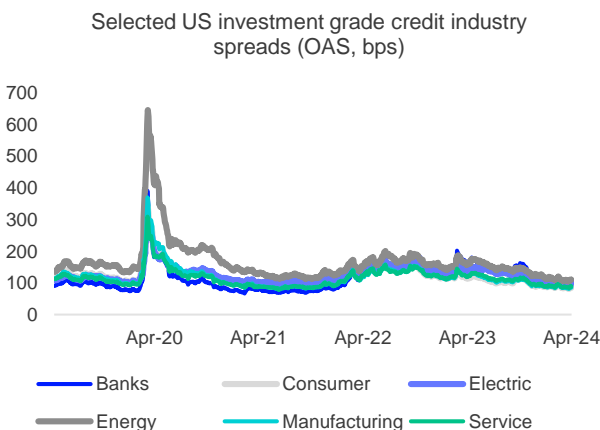
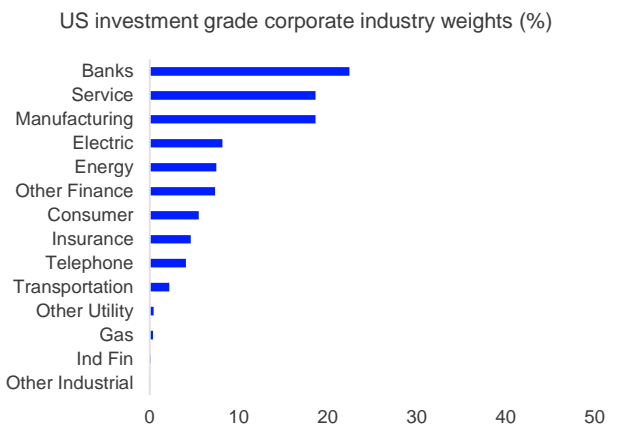


Chart 6: The US investment grade universe is more balanced than its Euro and UK peers, with banks and other financials representing about 30%, followed by about 19% for services and manufacturing each.



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# High Yield Credit Analysis

Chart 1: Credit spreads broadly went sideways in April, as the risk rally stalled. The increase in gov't yields offset the back-up in credit yields. Euro HY spreads moved back out the most, after the narrowing in 2023-24.

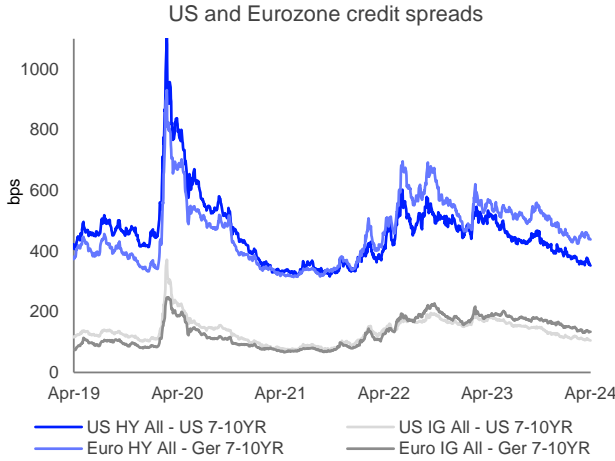


Chart 3: Banks have been strong performers in Euro high yield, helped by higher for longer rates and net interest income. Low duration and rate sensitivity also helped reduce the sensitivity to higher gov't yields.

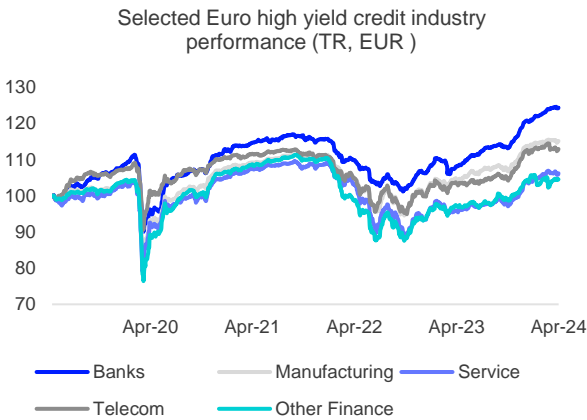


Chart 5: Service spreads have been the most stable over the last year, and relatively unchanged after widening with rate hikes in 2022, while transportation spreads have fallen the most.

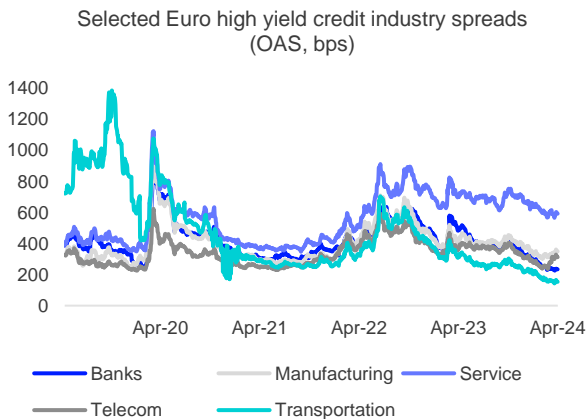


Chart 2: Euro-based fund flows over the last 12M show an acceleration into euro IG and euro HY credit since October 2023, with the former overtaking flows into gov't bonds. Flows waned in April but were still positive.

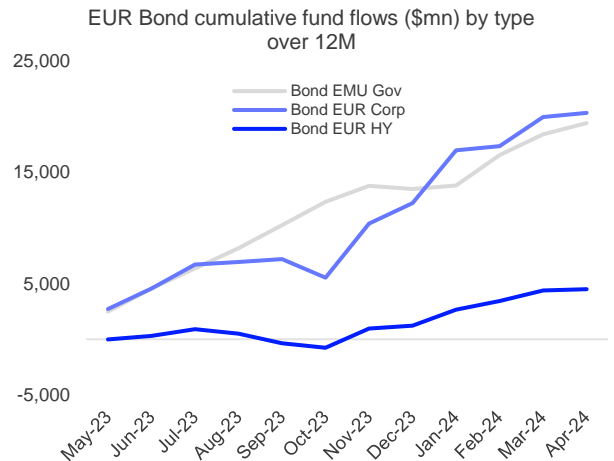


Chart 4: Telecom duration has declined the most and nearly converged with other sectors, especially in the last year, with banks duration now below 3 years and in line with manufacturing.

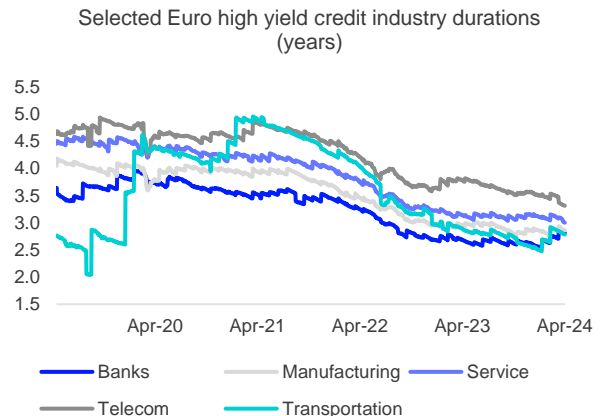
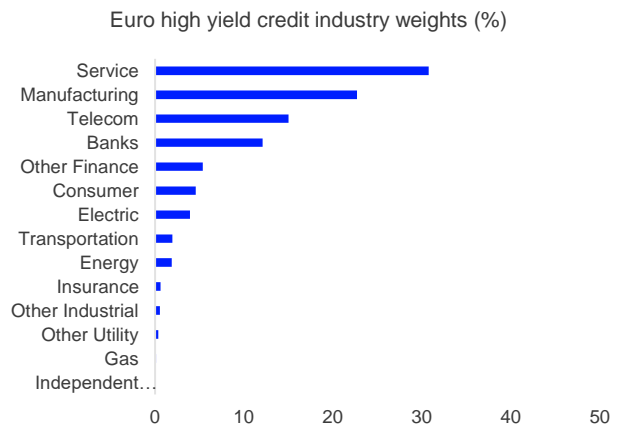


Chart 6: At 30%, the service industry represents the largest segment of the Euro HY, making the universe relatively concentrated at 80%, when including manufacturing, telecoms and banks.



Source: FTSE Russell and LSEG. Data as of April 30, 2024. Chart 2 based on Lipper data. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of indices used for each market. For professional investors only.

# SI Corporate Bond Analysis

Chart 1: SI corporate returns were all negative over 3 months, with PAB (Paris aligned benchmark) weakest, losing near 2%. However, returns for the indices remain positive over 1-year and 5-year periods.

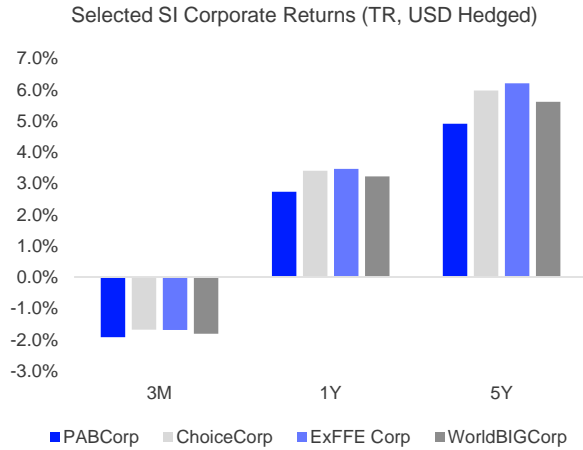


Chart 2: On a relative basis, PAB has underperformed WorldBIG Corp post-Covid, while Ex FFE and Choice outperformed. Performance variation has largely been driven by duration as yields have continued to rise.

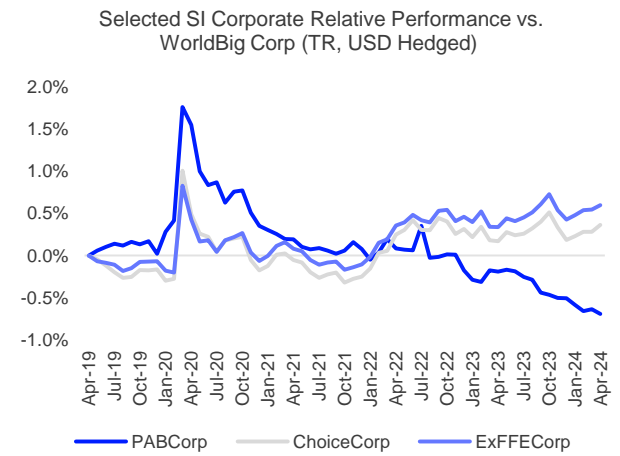


Chart 3: Also contributing to the divergence in performance was the PAB underweight in Banks - a strong performer over 12M, following the US banking crisis in 2023, and helped by higher rates.

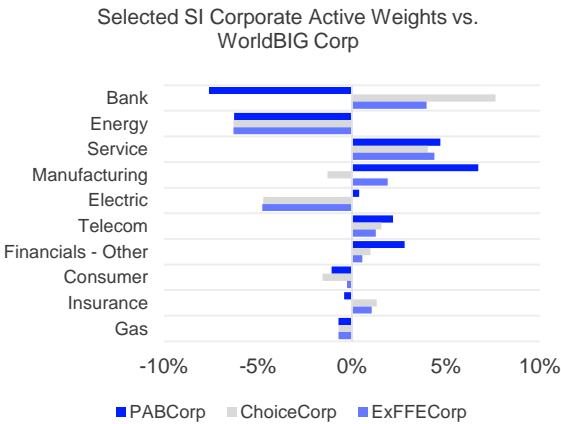


Chart 4: SI Indices have a lower BBB exposure vs WorldBIG in favour of AAAs and AAs. PAB shows the highest credit quality, resulting in an underperformance, as lower grade credit has outperformed.

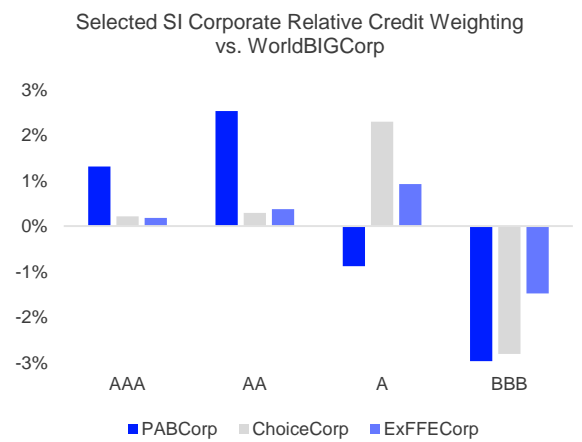


Chart 5: Spread tightening in recent months has occurred despite yields at high levels. Dislocation between spreads and yields suggests spread tightening has driven a large share of recent performance.

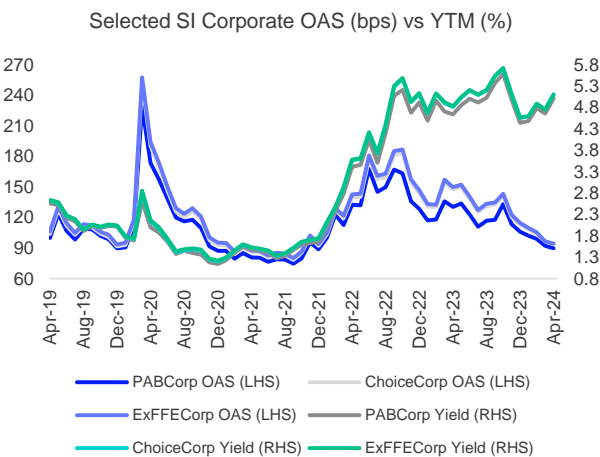
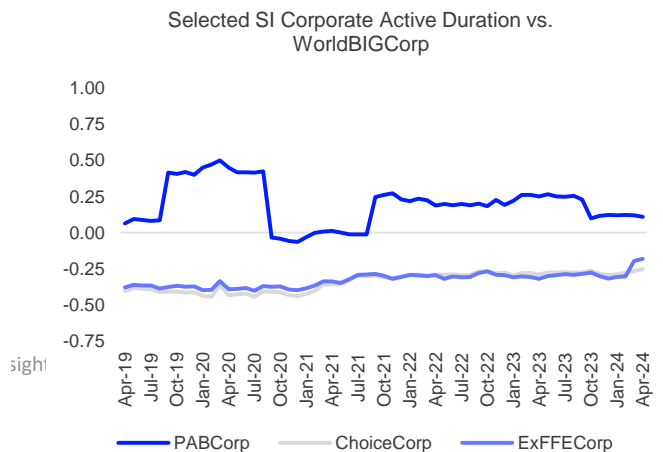


Chart 6: Active duration for PAB has been mostly positive in the past 5 years, despite some volatility. In contrast, Choice and Ex FFE show low vol and consistently negative active duration versus WorldBig Corp.



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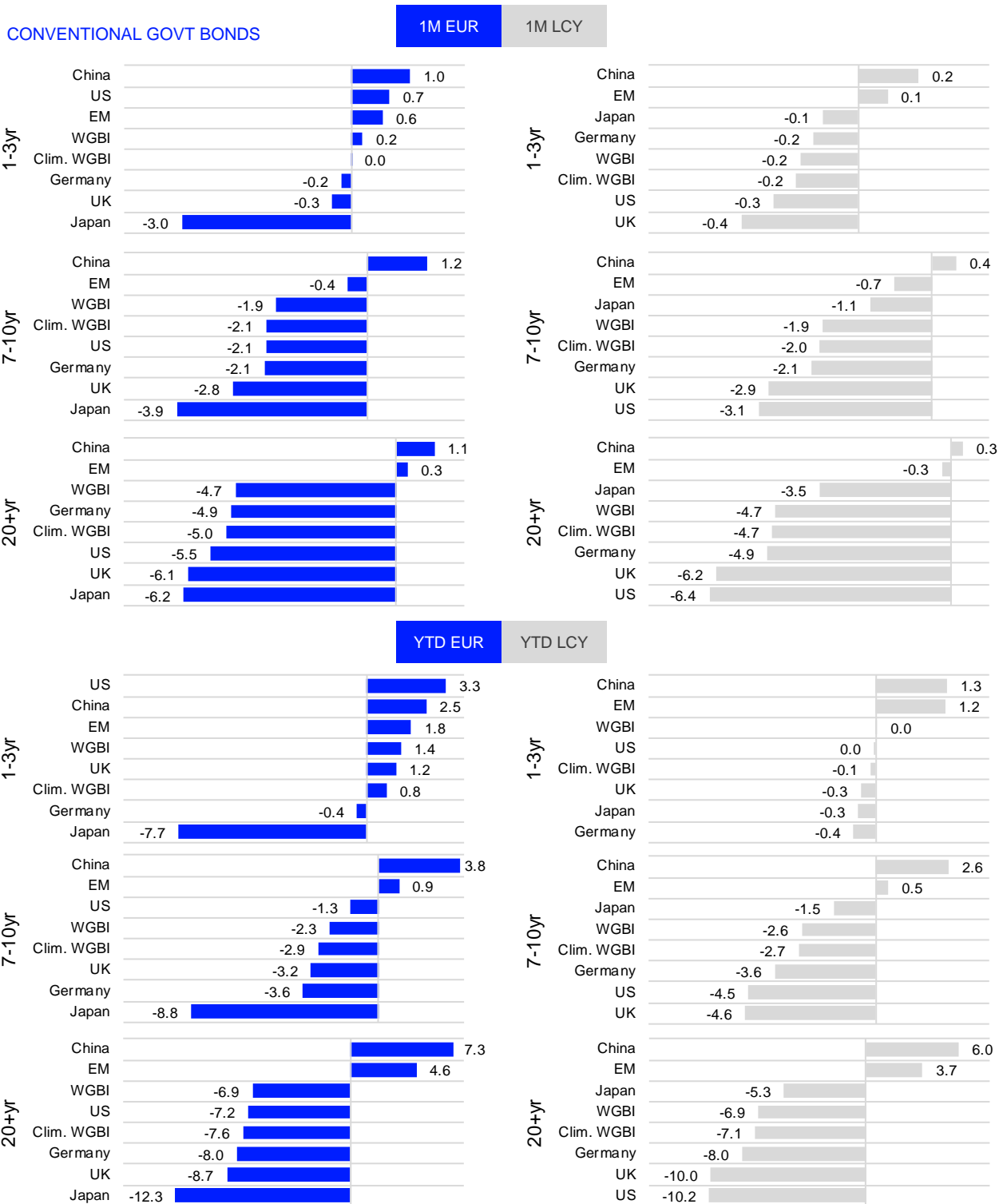


# Global Bond Market Returns – 1M & YTD % (EUR, LC, TR)

Government bonds fell back in April, led by longer maturities and JGBs in euro terms. The “higher for longer” narrative still predominates, and negative carry has become more of a factor. Currency weakness depressed JGB returns, and long gilts suffered from extra duration, but long Bunds and Treasuries also lost 5-6% in April. YTD returns show a similar profile.

Only China and EM bonds escaped further losses in April. JGBs underperformed, due to the weak yen, with losses of 3-6% across the curve in euro terms.

YTD returns pick up more severe yen weakness, with JGBs losing 8-12% in euro terms. But duration also took its toll on long gilts, Treasuries, WGBI and Bunds, with losses of 7-9%, while China and EM bonds showed gains of 3-8% in euro terms.



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# Global Inflation-Linked Bond Returns – 1M & YTD % (EUR, LC, TR)

Inflation linked (IL) bonds followed conventional bonds lower in April. The strong dollar improved US returns when converted to euros. Short IL bonds barely moved locally, but longs lost up to 7% in euros. Credit held up better but lost some ground, as the risk rally reversed. High yield outperformed, as it has YTD. Long IL bonds lost up to 10% YTD, reversing Q4 2023 gains.

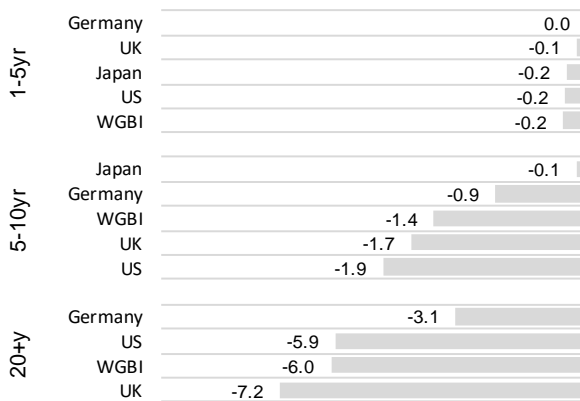
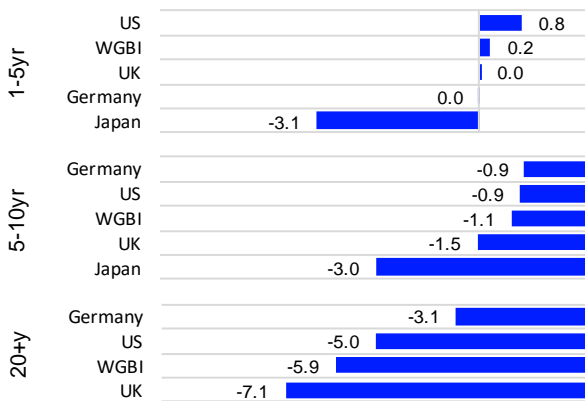
Duration again took its toll on longer inflation linked in April, and YTD. Short JGBs were hit by further yen weakness. Long inflation linked Bunds were down 3% but outperformed WGBI linkers, which fell 6% in euro terms.

Credit markets reflected weakness in equities in April, as the risk rally faltered, but high yield credits held up well and remain up YTD.

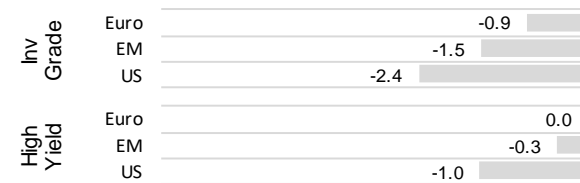
## INFLATION LINKED BONDS

1M EUR

1M LCY



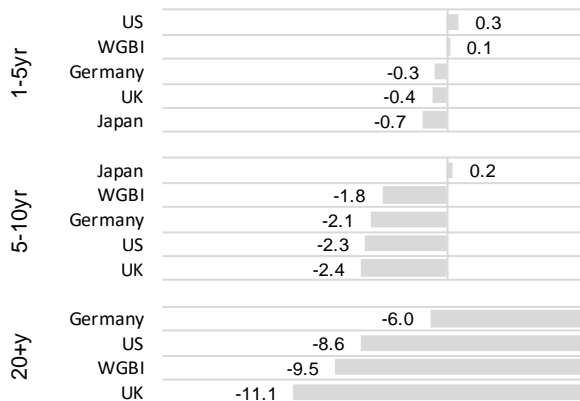
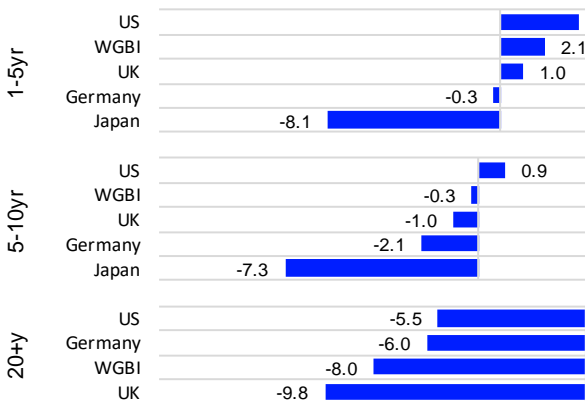
## CORPORATE BONDS



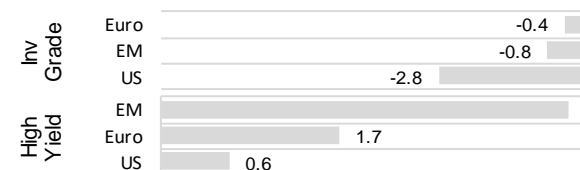
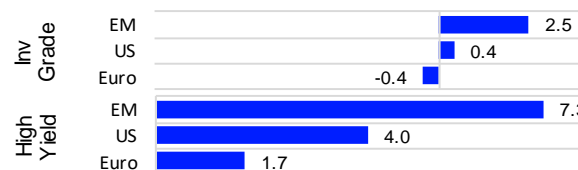
## INFLATION LINKED BONDS

YTD EUR

YTD LCY



## CORPORATE BONDS



Source: FTSE Russell. All data as of April 30, 2024. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of Indices used for each market. For professional investors only.

# Top and Bottom Bond Returns – 1M & 12M % (EUR, TR)

The back-up in yields in April affected most long duration bonds, which remained in the bottom 15 of the performance table, as in Q1. China, EM and short duration bonds showed their resilience, with modest gains. Over 12 months, high yield credits dominate the Top 15 performers as do Italian government bonds and long Chinese debt.

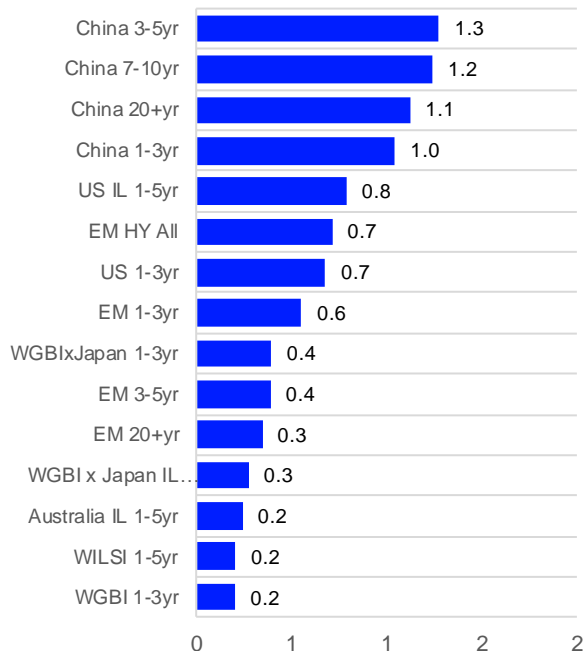
Duration again proved the investor's foe in April, apart from longer China and EM bonds, which escaped largely unscathed. The bottom 15 performers on 1M were all long dated bonds. Yen weakness put JGBs at the bottom of the performance table on 12M, with losses of up to 22% for JGB with long maturities.

HY credit continued to outperform IG, boosted by the risk rally, with returns of 11-13% on 12M in euros, led by EM US and Euro HY.

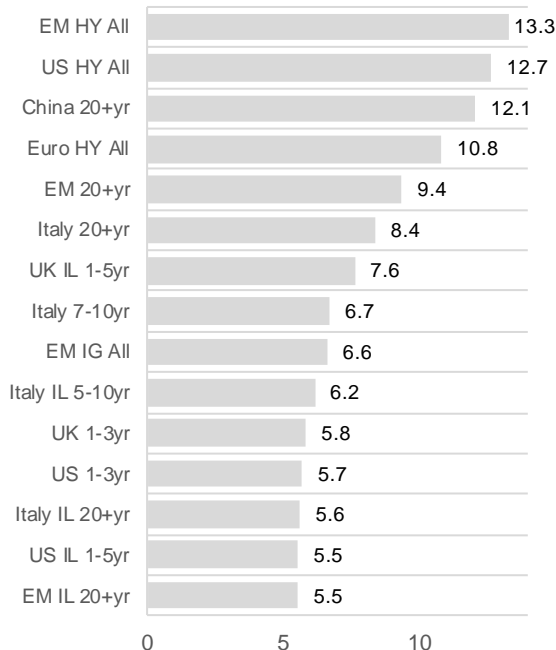
1M EUR

12M EUR

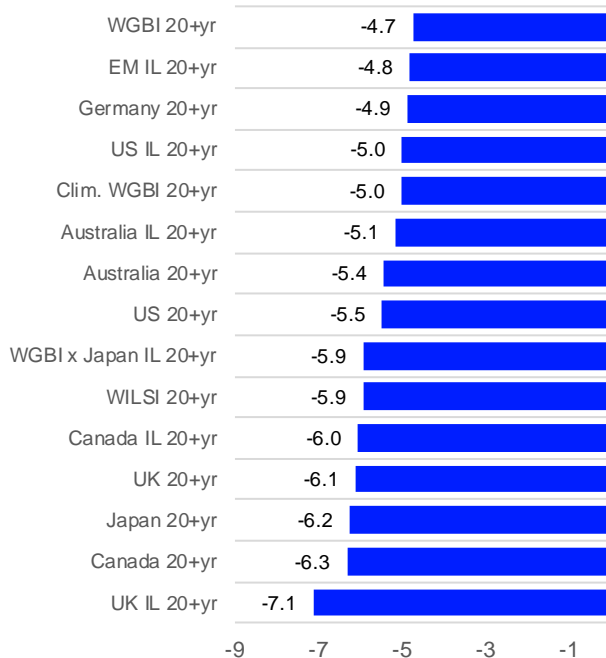
## Top 15



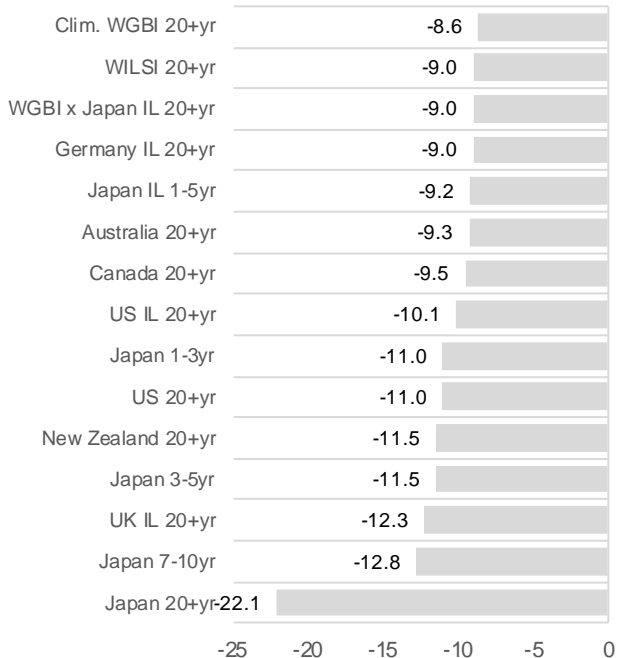
## Top 15



## Bottom 15



## Bottom 15



Source: FTSE Russell. All data as of April 30, 2024. This analysis is taken from 100+ FTSE Russell sub-indices. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of Indices used for each market. For professional investors only.

## Appendix – Global Bond Market Returns % (EUR & LC, TR) – April 30, 2024

### Government Bond Returns

Top 15% Bottom 15%

Green highlight indicates highest 15%, red indicates lowest 15%

		3M		6M		YTD		12M	
		Local	EUR	Local	EUR	Local	EUR	Local	EUR
<b>US</b>	1-3yr	-0.41	1.18	2.12	0.95	-0.05	3.26	2.38	5.70
	7-10yr	-4.36	-2.84	3.82	2.63	-4.48	-1.32	-5.30	-2.22
	20+yr	-7.64	-6.17	7.75	6.52	-10.15	-7.18	-13.82	-11.02
	IG All	-2.79	-1.24	7.40	6.17	-2.80	0.42	1.13	4.42
	HY All	0.61	2.21	9.07	7.82	0.64	3.97	9.12	12.67
<b>UK</b>	1-3yr	-0.12	-0.23	1.83	3.88	-0.26	1.21	2.89	5.84
	7-10yr	-2.84	-2.95	3.30	5.38	-4.59	-3.18	-0.50	2.35
	20+yr	-4.78	-4.88	5.71	7.83	-10.04	-8.72	-8.16	-5.53
<b>Euro</b>	IG All	-0.56	-0.56	4.68	4.68	-0.44	-0.44	5.17	5.17
	HY All	0.74	0.74	7.73	7.73	1.67	1.67	10.83	10.83
<b>Japan</b>	1-3yr	-0.26	-5.88	-0.12	-4.98	-0.31	-7.73	-0.40	-11.01
	7-10yr	-0.99	-6.57	1.30	-3.62	-1.48	-8.81	-2.35	-12.76
	20+yr	-2.52	-8.02	0.03	-4.84	-5.28	-12.33	-12.76	-22.06
<b>China</b>	1-3yr	0.87	1.60	1.83	1.73	1.26	2.46	3.13	1.88
	7-10yr	1.47	2.20	3.85	3.75	2.58	3.79	6.12	4.83
	20+yr	2.10	2.83	9.93	9.82	6.00	7.25	13.45	12.07
<b>EM</b>	1-3yr	0.76	1.16	2.26	2.00	1.23	1.84	4.13	3.47
	7-10yr	-0.15	0.22	4.20	3.65	0.45	0.94	4.86	3.95
	20+yr	0.91	1.59	8.50	8.30	3.69	4.65	9.94	9.36
	IG All	-0.79	0.79	6.77	5.54	-0.76	2.53	3.27	6.62
	HY All	2.29	3.92	10.13	8.87	3.83	7.26	9.75	13.32
<b>Germany</b>	1-3yr	-0.38	-0.38	1.15	1.15	-0.38	-0.38	1.73	1.73
	7-10yr	-3.03	-3.03	2.48	2.48	-3.56	-3.56	0.32	0.32
	20+yr	-5.55	-5.55	9.20	9.20	-7.99	-7.99	-3.87	-3.87
<b>Italy</b>	1-3yr	-0.21	-0.21	2.05	2.05	-0.01	-0.01	3.12	3.12
	7-10yr	-0.53	-0.53	7.90	7.90	-0.31	-0.31	6.70	6.70
	20+yr	0.57	0.57	16.58	16.58	0.28	0.28	8.38	8.38
<b>Spain</b>	1-3yr	-0.15	-0.15	1.68	1.68	0.01	0.01	2.48	2.48
	7-10yr	-1.13	-1.13	5.76	5.76	-1.49	-1.49	3.92	3.92
	20+yr	-0.83	-0.83	14.51	14.51	-2.59	-2.59	4.71	4.71
<b>France</b>	1-3yr	-0.53	-0.53	1.27	1.27	-0.56	-0.56	1.89	1.89
	7-10yr	-2.55	-2.55	3.78	3.78	-3.04	-3.04	1.50	1.50
	20+yr	-4.19	-4.19	12.34	12.34	-6.47	-6.47	0.23	0.23
<b>Sweden</b>	1-3yr	-0.15	-4.51	1.58	2.21	-0.17	-5.30	2.22	-1.36
	7-10yr	-1.88	-6.16	4.84	5.50	-3.02	-8.00	1.06	-2.49
<b>Australia</b>	1-3yr	0.11	-0.10	2.63	4.05	0.47	-1.23	1.74	3.22
	7-10yr	-1.89	-2.09	6.25	7.72	-1.95	-3.61	-3.69	-2.29
	20+yr	-4.35	-4.55	12.35	13.91	-5.87	-7.45	-10.57	-9.27
<b>New Zealand</b>	1-3yr	0.78	-1.57	3.28	3.87	0.87	-2.60	3.69	2.57
	7-10yr	-1.00	-3.31	7.91	8.52	-2.37	-5.73	-1.04	-2.11
	20+yr	-3.58	-5.83	11.71	12.34	-7.44	-10.63	-10.51	-11.48
<b>Canada</b>	1-3yr	0.42	-0.79	2.31	2.20	0.31	-0.54	2.62	4.61
	7-10yr	-2.56	-3.73	3.68	3.57	-4.13	-4.94	-4.27	-2.42
	20+yr	-6.97	-8.09	5.27	5.16	-11.22	-11.97	-11.25	-9.54

Source: FTSE Russell and Refinitiv. All data as of August 31, 2022. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indexes. See Appendix Glossary for list of indexes used for each market. For professional investors only.

## Appendix – Global Bond Market Returns % (EUR & LC, TR) – April 30, 2024

### Inflation-Linked Bond Returns

Top 15% Bottom 15%

Green highlight indicates highest 15%, red indicates lowest 15%

		3M		6M		YTD		12M	
		Local	JPY	Local	JPY	Local	JPY	Local	JPY
<b>US</b>	1-5yr	-0.10	1.49	2.82	1.64	0.34	3.66	2.23	5.55
	5-10yr	-2.75	-1.20	3.85	2.66	-2.29	0.95	-2.48	0.69
	20+yr	-7.54	-6.07	6.14	4.93	-8.56	-5.53	-12.95	-10.12
<b>UK</b>	1-5yr	0.33	0.22	2.61	4.67	-0.42	1.05	4.64	7.63
	5-10yr	-0.81	-0.91	3.05	5.12	-2.41	-0.97	2.41	5.34
	20+yr	-2.36	-2.46	5.21	7.33	-11.10	-9.79	-14.69	-12.25
<b>Japan</b>	1-5yr	-0.72	-6.31	-0.08	-4.94	-0.69	-8.08	1.65	-9.19
	5-10yr	-0.13	-5.76	2.02	-2.95	0.17	-7.28	3.82	-7.25
<b>EM</b>	1-5yr	0.93	-0.89	4.56	1.02	1.87	-0.23	10.73	5.32
	5-10yr	-1.58	-2.61	3.76	2.02	-1.61	-2.97	6.65	4.46
	20+yr	-4.78	-5.80	3.93	2.57	-6.38	-7.62	3.66	5.55
<b>Germany</b>	1-5yr	-0.07	-0.07	0.22	0.22	-0.32	-0.32	0.72	0.72
	5-10yr	-1.35	-1.35	0.45	0.45	-2.15	-2.15	-1.00	-1.00
	20+yr	-3.05	-3.05	5.41	5.41	-5.97	-5.97	-8.99	-8.99
<b>Italy</b>	1-5yr	0.13	0.13	2.66	2.66	0.14	0.14	3.79	3.79
	5-10yr	1.07	1.07	7.45	7.45	0.90	0.90	6.15	6.15
	20+yr	4.97	4.97	23.15	23.15	2.97	2.97	5.62	5.62
<b>Spain</b>	1-5yr	0.07	0.07	1.21	1.21	-0.19	-0.19	1.81	1.81
	5-10yr	0.54	0.54	3.81	3.81	-0.02	-0.02	3.08	3.08
<b>France</b>	1-5yr	-0.78	-0.78	0.38	0.38	-0.94	-0.94	0.30	0.30
	5-10yr	-1.16	-1.16	1.47	1.47	-1.93	-1.93	-0.19	-0.19
	20+yr	-1.43	-1.43	11.76	11.76	-5.33	-5.33	-3.88	-3.88
<b>Sweden</b>	1-5yr	0.31	-4.07	1.75	2.38	-0.07	-5.21	3.07	-0.55
	5-10yr	0.39	-3.99	4.34	4.99	-1.02	-6.11	3.86	0.21
<b>Australia</b>	1-5yr	0.38	0.17	3.01	4.44	0.33	-1.37	2.58	4.08
	5-10yr	-0.84	-1.05	5.43	6.89	-1.24	-2.90	0.33	1.79
	20+yr	-4.00	-4.20	14.39	15.97	-7.83	-9.39	-5.75	-4.38
<b>New Zealand</b>	5-10yr	1.14	-1.22	7.36	7.97	0.22	-3.23	1.93	0.83
<b>Canada</b>	20+yr	-3.32	-4.48	7.60	7.48	-7.25	-8.04	-7.56	-5.77

Source: FTSE Russell. All data as of April 30, 2024. Past performance is no guarantee of future results. Please see the end for important legal disclosures. All market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of indices used for each market. For professional investors only.

## Appendix – Historical Bond Yields % as of April 30, 2024

### Global Bond Yields

Top 15% Bottom 15%

Green highlight indicates highest 15%, red indicates lowest 15%

		Conventional government bonds				Inflation-linked bonds			Inv Grade	High Yld
		1-3YR	3-5YR	7-10YR	20+YR	1-5YR	5-10YR	20+YR	All Mat	All Mat
<b>US</b>	Current	5.09	4.80	4.69	4.85	2.41	2.24	2.44	5.75	8.22
	3M Ago	4.33	3.93	3.93	4.31	1.98	1.64	2.01	5.14	7.97
	6M Ago	5.17	4.87	4.90	5.19	2.82	2.50	2.64	6.38	9.46
	12M Ago	4.24	3.62	3.41	3.75	1.68	1.23	1.58	5.15	8.47
<b>UK</b>	Current	4.64	4.31	4.28	4.72	0.30	0.49	1.38		
	3M Ago	4.21	3.73	3.75	4.39	0.16	0.21	1.25		
	6M Ago	4.67	4.45	4.43	4.91	0.65	0.71	1.51		
	12M Ago	4.05	3.77	3.64	4.02	0.39	0.14	0.63		
<b>Japan</b>	Current	0.21	0.39	0.76	1.86	-1.21	-0.76			
	3M Ago	0.04	0.20	0.59	1.73	-1.65	-0.83			
	6M Ago	0.09	0.34	0.83	1.82	-1.55	-0.65			
	12M Ago	-0.07	0.02	0.30	1.20	-1.31	-0.63			
<b>China</b>	Current	1.89	2.06	2.34	2.61					
	3M Ago	2.07	2.22	2.46	2.70					
	6M Ago	2.27	2.42	2.67	3.08					
	12M Ago	2.28	2.51	2.78	3.17					
<b>EM</b>	Current	3.42	3.86	4.56	3.94	5.65	5.21	5.67	6.01	9.15
	3M Ago	3.34	3.81	4.64	4.17	4.38	4.41	5.03	5.58	9.35
	6M Ago	3.71	4.43	5.00	4.55	4.20	4.73	5.46	6.71	11.34
	12M Ago	3.74	4.37	4.66	4.46	3.84	4.04	5.15	5.60	11.79
<b>Germany</b>	Current	3.08	2.67	2.53	2.69	1.12	0.46	0.43		
	3M Ago	2.57	2.07	2.06	2.38	0.81	0.20	0.27		
	6M Ago	3.09	2.66	2.70	3.05	0.90	0.45	0.65		
	12M Ago	2.72	2.35	2.25	2.37	0.16	-0.06	-0.11		
<b>Italy</b>	Current	3.45	3.38	3.68	4.24	1.25	1.54	1.79		
	3M Ago	2.96	2.93	3.47	4.21	1.08	1.58	1.94		
	6M Ago	3.77	3.88	4.45	5.06	1.77	2.35	2.53		
	12M Ago	3.36	3.49	3.97	4.45	0.80	1.65	1.83		
<b>France</b>	Current	3.17	2.93	2.96	3.39	0.72	0.65	0.86		
	3M Ago	2.62	2.34	2.52	3.13	0.44	0.37	0.78		
	6M Ago	3.21	3.01	3.23	3.88	0.93	0.78	1.28		
	12M Ago	2.84	2.66	2.73	3.23	-0.06	0.17	0.58		
<b>Sweden</b>	Current	3.14	2.68	2.50		1.60	0.85			
	3M Ago	2.68	2.21	2.18		1.26	0.76			
	6M Ago	3.43	3.05	2.94		1.34	1.30			
	12M Ago	2.89	2.59	2.31		0.71	0.73			
<b>Australia</b>	Current	4.16	4.05	4.36	4.75	1.40	1.71	2.06		
	3M Ago	3.69	3.60	3.97	4.42	1.04	1.39	1.81		
	6M Ago	4.49	4.48	4.87	5.33	1.47	2.04	2.53		
	12M Ago	3.13	3.05	3.30	3.88	0.09	0.84	1.50		
<b>New Zealand</b>	Current	5.16	4.77	4.85	5.17	2.29	2.51			
	3M Ago	4.89	4.44	4.55	4.87	1.72	2.39			
	6M Ago	5.49	5.37	5.55	5.69	2.47	3.05			
	12M Ago	4.89	4.15	4.08	4.23	0.95	1.61			
<b>Canada</b>	Current	4.47	3.92	3.82	3.70	1.97	1.98	1.90		
	3M Ago	4.21	3.50	3.36	3.28	1.55	1.60	1.72		
	6M Ago	4.70	4.18	4.09	3.88	2.25	2.32	2.21		
	12M Ago	3.81	3.09	2.82	2.93	1.12	1.06	1.32		

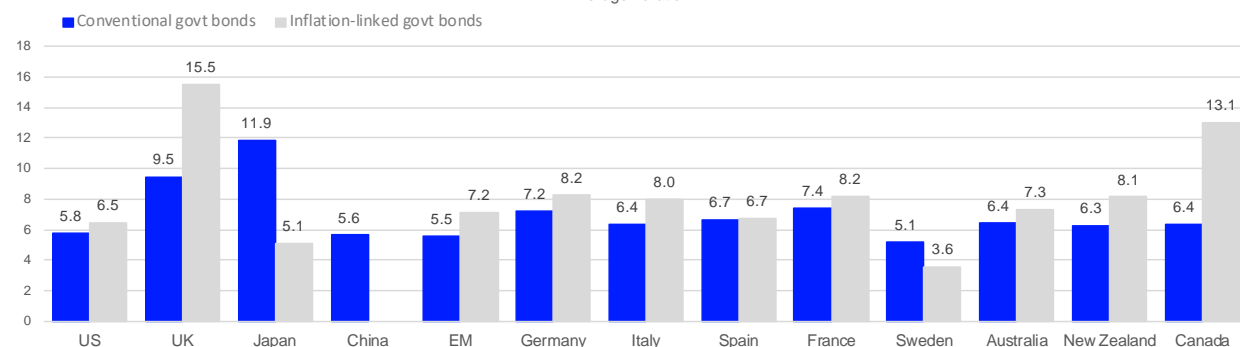
Source: FTSE Russell. All data as of April 30, 2024. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of indices used for each market. For professional investors only.

## Appendix – Duration and Market Value (USD, Bn) as of April 30, 2024

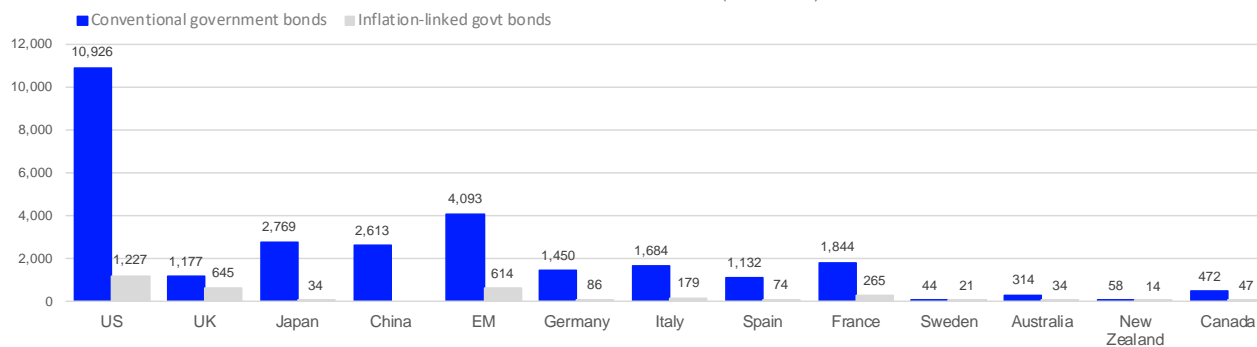
	Conventional government bonds								Inflation-linked government bonds					
	Duration				Market Value				Duration			Market Value		
	3-5YR	7-10YR	20+YR	Overall	3-5YR	7-10YR	20+YR	Total	5-10YR	20+YR	Overall	5-10YR	20+YR	Total
<b>US</b>	3.7	7.2	16.3	<b>5.8</b>	2,616.2	1,102.1	1,256.2	<b>10,925.6</b>	7.0	21.5	<b>6.5</b>	404.3	105.6	<b>1,226.6</b>
<b>UK</b>	3.8	7.4	18.2	<b>9.5</b>	160.5	190.7	298.0	<b>1,176.6</b>	7.9	27.4	<b>15.5</b>	114.6	215.7	<b>644.7</b>
<b>Japan</b>	4.0	8.2	23.5	<b>11.9</b>	325.3	351.8	575.8	<b>2,769.1</b>	8.1		<b>5.1</b>	12.3		<b>33.6</b>
<b>China</b>	3.7	7.6	18.0	<b>5.6</b>	614.4	420.5	300.0	<b>2,613.4</b>						
<b>EM</b>	3.6	7.0	16.4	<b>5.5</b>	889.6	733.2	390.4	<b>4,093.2</b>	5.9	13.1	<b>7.2</b>	103.2	154.6	<b>614.5</b>
<b>Germany</b>	3.7	7.7	20.2	<b>7.2</b>	337.4	191.8	182.7	<b>1,449.7</b>	6.6	21.1	<b>8.2</b>	42.8	17.8	<b>85.7</b>
<b>Italy</b>	3.6	7.1	16.5	<b>6.4</b>	312.6	299.0	155.4	<b>1,684.1</b>	7.1	25.7	<b>8.0</b>	64.9	5.6	<b>178.9</b>
<b>Spain</b>	3.6	7.3	17.5	<b>6.7</b>	223.3	201.7	109.6	<b>1,131.8</b>	7.6		<b>6.7</b>	47.2		<b>74.1</b>
<b>France</b>	3.7	7.3	19.4	<b>7.4</b>	340.7	317.3	242.1	<b>1,844.1</b>	6.3	23.9	<b>8.2</b>	87.3	20.9	<b>265.0</b>
<b>Sweden</b>	3.9	7.5		<b>5.1</b>	6.4	13.0		<b>44.4</b>	6.6		<b>3.6</b>	5.3		<b>21.1</b>
<b>Australia</b>	3.4	7.3	16.6	<b>6.4</b>	46.5	88.9	19.3	<b>313.8</b>	6.6	21.8	<b>7.3</b>	10.1	2.7	<b>34.0</b>
<b>New Zealand</b>	3.3	7.1	15.7	<b>6.3</b>	11.3	15.8	5.0	<b>57.7</b>	5.7		<b>8.1</b>	3.1		<b>13.6</b>
<b>Canada</b>	3.8	7.3	19.1	<b>6.4</b>	66.5	109.3	64.0	<b>472.0</b>	6.4	20.3	<b>13.1</b>	7.9	18.7	<b>46.6</b>

	Investment grade bonds										High Yield	
	Duration					Market Value					Duration	MktVal
	AAA	AA	A	BBB	Overall	AAA	AA	A	BBB	Overall		
<b>US</b>	10.2	8.1	6.9	6.4	6.8	70.1	441.0	2701.8	3432.8	6645.6	3.8	1040.9
<b>Europe</b>	5.2	4.8	4.6	4.2	4.4	11.6	214.4	1205.8	1531.0	2962.9		
<b>EM</b>		6.6	5.1	5.3	5.3		36.0	214.7	275.0	525.7	3.3	170.6

Average Duration



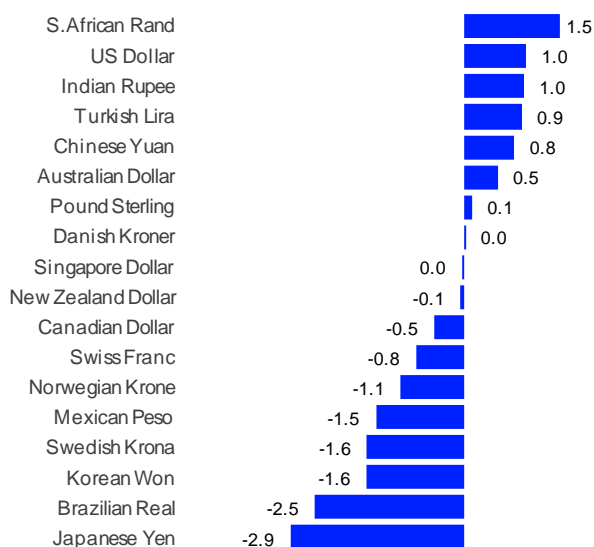
Total Market Value (USD Billions)



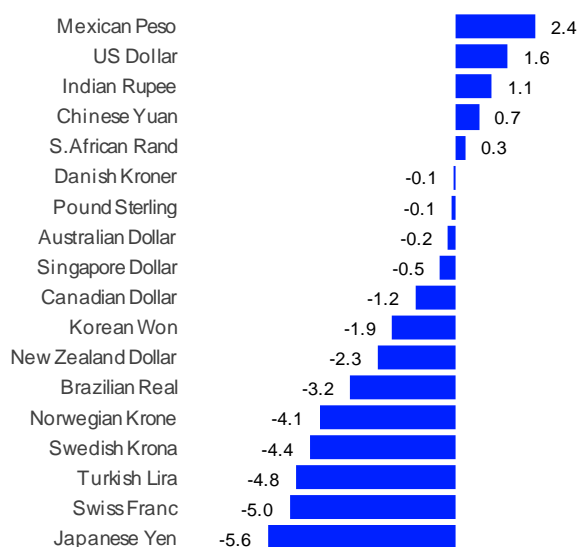
Source: FTSE Russell. All data as of April 30, 2024. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of indices used for each market. For professional investors only.

## Appendix – Foreign Exchange Returns % as of April 30, 2024

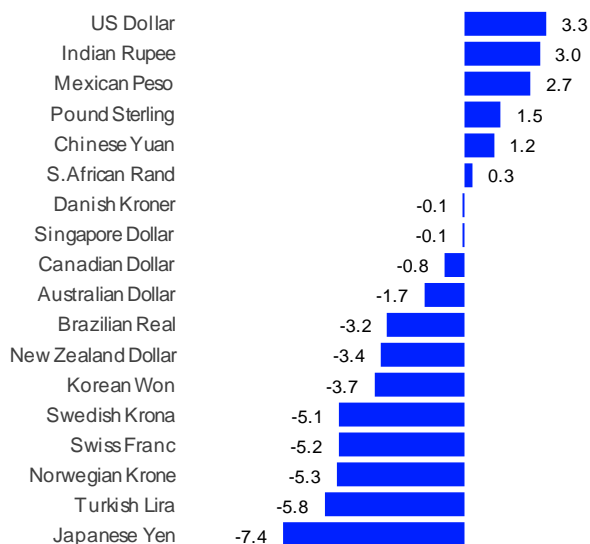
### FX Moves vs EUR - 1M



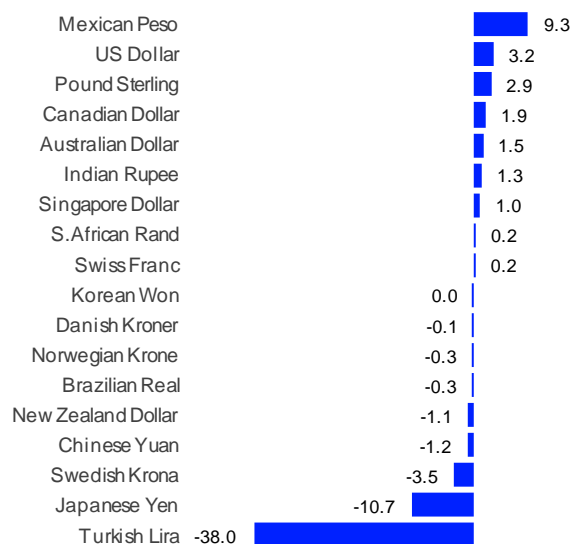
### FX Moves vs EUR - 3M



### FX Moves vs EUR - YTD



### FX Moves vs EUR - 12M



Source: FTSE Russell and LSEG. All data as of April 30, 2024. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of indices used for each market. For professional investors only.



## Appendix - Glossary

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### **Bond markets are based on the following indices:**

FTSE World Government Bond Index (WGBI) for all global government bond markets

FTSE World Inflation-Linked Securities Index (WorldILSI) for all global inflation-linked bond markets

FTSE US Broad Investment-Grade Bond Index (USBIG®) for the US corporate bond market

FTSE US High-Yield Market Index for the US high yield bond market

FTSE Euro Broad Investment-Grade Bond Index (EuroBIG®) for the Euro-denominated corporate bond market

FTSE European High-Yield Market Index for the European high yield market

FTSE Chinese Government and Policy Bank Bond Index (CNGPBI) for the Chinese government bond market

FTSE Emerging Markets Inflation-Linked Securities Index (EMILSI) for the emerging markets inflation-linked bond market

FTSE Emerging Markets Government Bond Index (EMGBI) for the emerging markets government bond market. Please note that over 50% of this index is invested in China

FTSE Emerging Markets Broad Bond Index (EMUSDBBI) for the emerging markets corporate bond market

FTSE ESG World Government Bond Index for the global government bond markets with an ESG tilt

FTSE Climate Risk-Adjusted World Government Bond Index (Climate WGBI) and FTSE Advanced Climate Risk-Adjusted World Government Bond Index (Advanced Climate WGBI) for each country's relative exposure to climate risk, with respect to resilience and preparedness to the risks of climate change

### **List of Abbreviations used in charts:**

IL = Inflation-linked bonds

IG = Investment-grade bonds

HY = High-yield bonds

BPS = Basis points

EM = Emerging market

LC = Local currency



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