FTSE RUSSELL
An LSEG Business

Fixed Income Insights

MONTHLY REPORT – **MAY 2024 | JAPAN EDITION**

FOR PROFESSIONAL INVESTORS ONLY

Higher JGB yields reflect BoJ inflation forecast and weaker yen

Economic growth and sustainable inflation remain the BoJ's key focus, with the high debt-to-GDP ratio a constraint on hiking rates aggressively. JGB yields rose a little after the 10 bps increase in short rates, though the move was well discounted, and yen weakness continues on the "higher for longer" US policy outlook.

Chart 1: Higher inflation dragged yields higher in April, led by the US and UK. Breakevens also edged up. Lower inflation meant Bunds moved less.

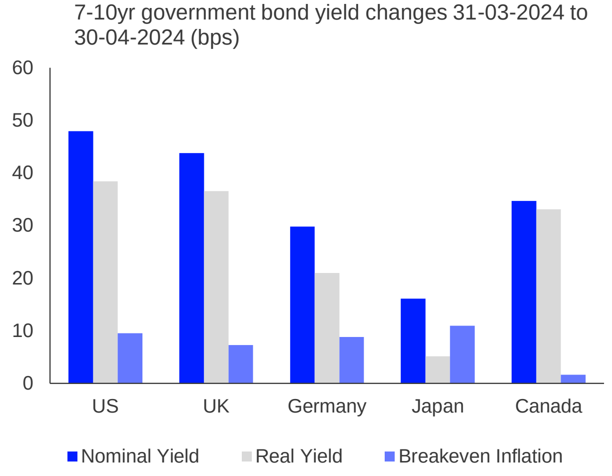
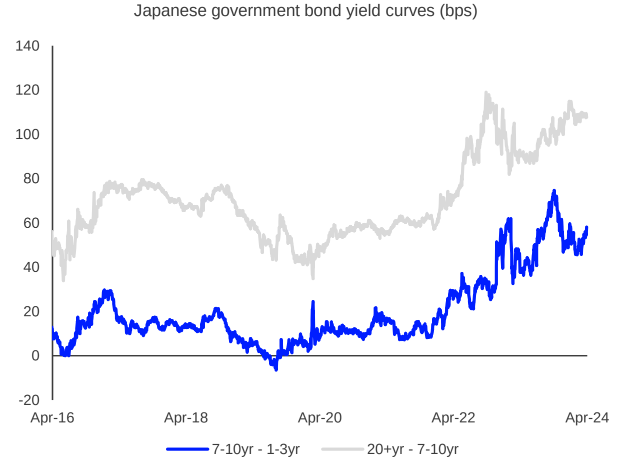


Chart 2: JGB yield curve movements reflect the end of curve control, driven by faster rises in 7-10yr yields. But yield moves were modest overall.



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.

Macroeconomic Backdrop – Growth and Inflation Expectations

The US is still a growth outlier in the G7, and final sales still grew 2% in Q1, even if headline GDP growth slowed to 1.6%. The BoJ reduced its 2024 GDP growth forecast, due to expectations of weaker consumption. Wage growth data has not yet shown the effect of the higher, 2024 wage round, but the tight labour market bodes well for higher wage inflation. Goods inflation picked up again recently, but sustainably higher inflation may require higher services sector inflation.

The BoJ reduced its fiscal 2024 real GDP growth forecast in April, on prospects of lower private consumption, which has been resilient. But a virtuous cycle from income to spending, combined with accommodative financial conditions should underpin Japan's economy. Improved corporate profits and business sentiment are supportive of economic growth, although exports and industrial production stalled recently, partly due to slower auto exports.

Japan's core CPI (less fresh food) y/y growth fell to 2.6% in March, from 2.8% in February, due to slower growth in food prices. The "core core" CPI (less fresh food and energy) also fell in March, to 2.9%, the lowest in 16 months. Despite the pass-through effects of higher import prices waning, the recent rise in crude oil prices is expected to support price increases through fiscal 2025. The BoJ raised its core CPI forecasts for fiscal 2024 to 2.5-3% from 2.2-2.5% in January.

Japan's unemployment rate was unchanged at 2.6% in March (Chart 3), as Japan's labour market remained relatively tight. This was also evidenced by a higher active job openings-to-applicants ratio. Total cash earnings increased 1.4% y/y in February, slower than January's growth of 2%, and real wages remained in a downward trend, which may dampen consumption. Faster wage growth should be observed after the Shunto 2024 wage negotiation takes effect in fiscal 2024, when the data emerges.

Rapid disinflation in the tradeable goods sector stalled in Japan, as Chart 4 shows, with goods inflation staying at 3.3% for two months. Services sector inflation edged lower to 2.1% in March. While sticky services inflation may have stalled disinflation in other major G7 countries, it is likely to be more welcome in Japan as it signals increasing demand for services and may help the transition to a demand-pull inflation from a cost-push one.

Chart 1: IMF forecasts show a notable revision higher, to 2.7% US growth from 2.1%. Forecasts for other regions have been tracking close to January forecasts, with little change in policy settings since January.

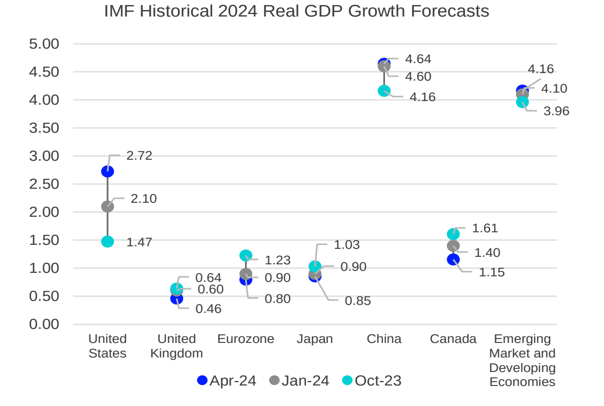


Chart 2: US inflation ticked above UK in March (3.5% v 3.2% y/y), for the first time in this cycle, mainly due to higher US services inflation, notably housing rents & UK base effects. Japan's inflation stayed above 2%.

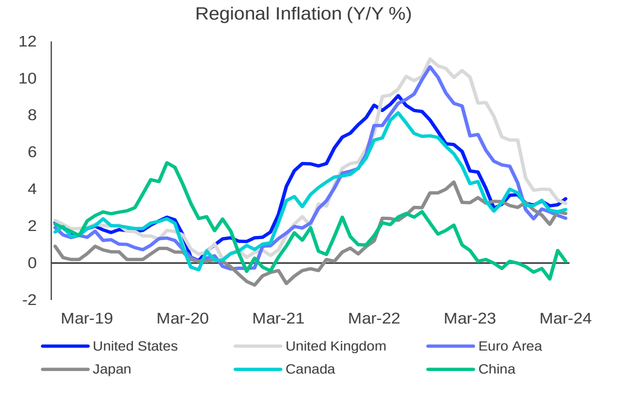


Chart 3: Japan's unemployment rate has stayed below 3% since 2021, implying a tight labour market. Cash earnings growth fell to 1.4% y/y in February, two months before the Shunto 2024 results become effective.

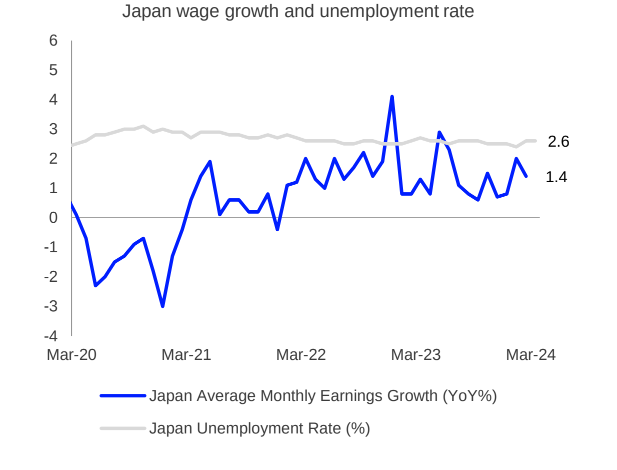
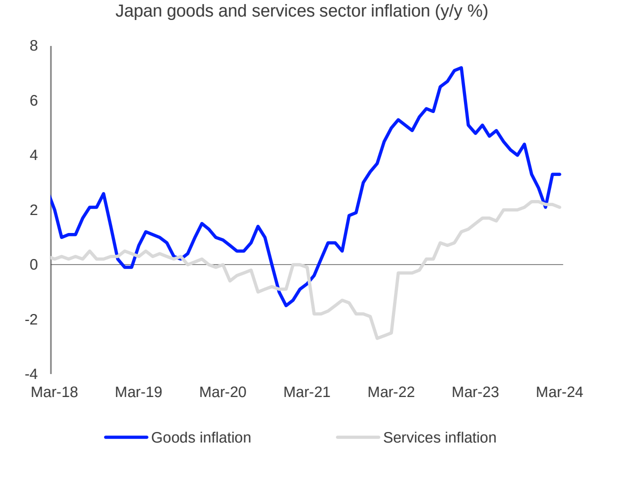


Chart 4: Tradeable goods inflation rebounded to 3.3% y/y from 2.1% in January, as services inflation remained above 2%. Inflation in services sector may help Japan achieve a demand-pull sustainable inflation.



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.

Financial Conditions and Monetary Policy Settings

Improved rate differentials continue to support the US dollar, and weaken the yen, with the BoJ anxious to sustain higher Japanese inflation, and reluctant to support the yen. An extremely high debt-to-GDP ratio makes it more difficult for the BoJ to raise rates aggressively, due to potentially higher debt service costs, and the negative impact on growth. Thus, the BoJ continued to purchase JGBs to maintain its accommodative stance and prevent yields rising rapidly.

Japan has the highest debt-to-GDP ratio in the world, and the IMF forecasts it will top 250% by 2024, as Chart 1 shows. The extremely heavy debt burden on Japan's government complicates monetary policy for the central bank, as higher rates mean higher interest payments on the debt borrowed, as well as the negative impact on GDP growth.

Exchange rate moves were led by the higher for longer narrative on US policy rates, and the revision higher to US short rate expectations (Chart 2), driving rate differentials further in favour of the dollar. The yen remains particularly weak, after only a marginal increase in BoJ short rates at end-March. The carry trade out of yen and into US dollars has continued to work well, with ongoing yen weakness in 2023-24. Similarly, policy easing in China has pushed the RMB to 2024 lows in April.

The Bank of Japan held its short-term policy interest rate unchanged at a range of 0 to 0.1% in April (Chart 3). Despite the "significant impact" exchange rate volatility may have on the country's economy and prices, the BoJ's Governor confirmed its monetary policy is driven by the country's economic conditions and inflation principally, rather than exchange rate.

Only the BoJ's balance sheet is not contracting, while Quantitative Tightening (QT) continues elsewhere (Chart 4). With the BoJ not committed to curve control, the balance sheet may now stabilise somewhat. JGBs yields rose moderately, avoiding a rapid surge, helped by the BoJ's JGB purchases.

Chart 1: High debt-to-GDP ratio in Japan may help prevent a rapid and substantial interest rate hike by the BoJ, as higher rates would add to the heavy weight burden.

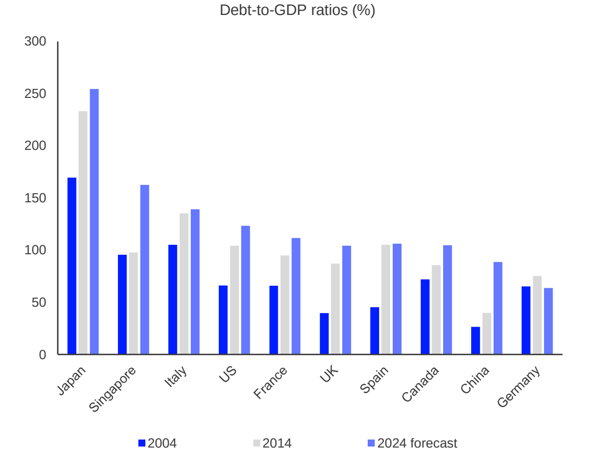


Chart 2: Interest rate differentials moved in favour of the US dollar in April helping the currency gain, particularly versus the yen. The Euro drifted lower after softer inflation data, but sterling drew support from sticky UK inflation.

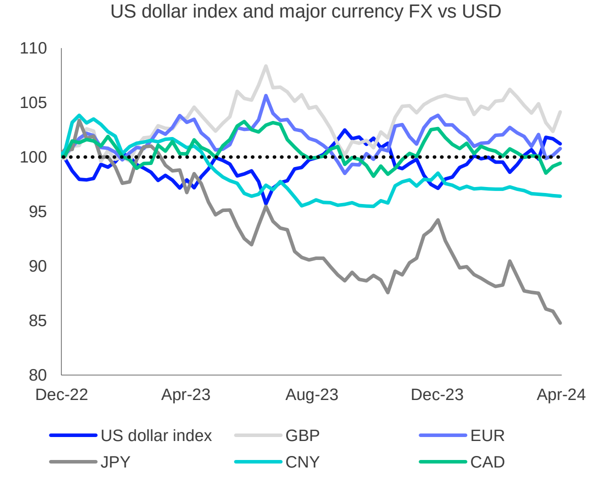


Chart 3: Prospects for an ECB rate cut improved after lower inflation, but the US inflation uptick has kept the Fed on hold. Sticky UK services inflation reduces the prospects for a BoE move.

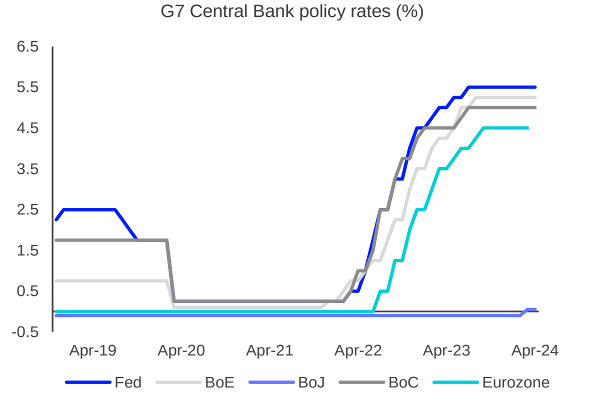
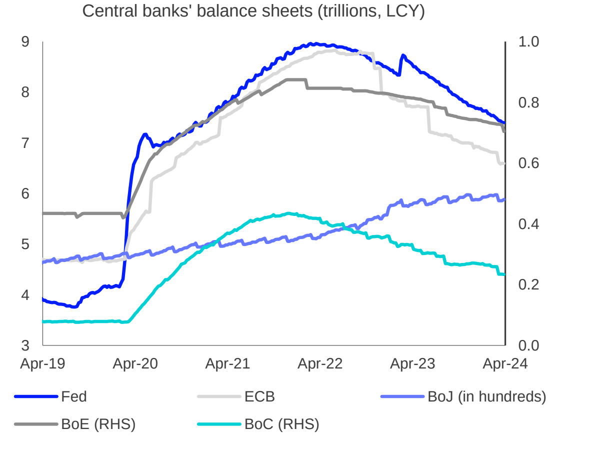


Chart 4: The BoJ stayed firmly on hold with the JGB purchases, keeping committed to accommodative monetary conditions. The size of balance sheets in other G7 central banks has fallen sharply in last two years.



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.

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.

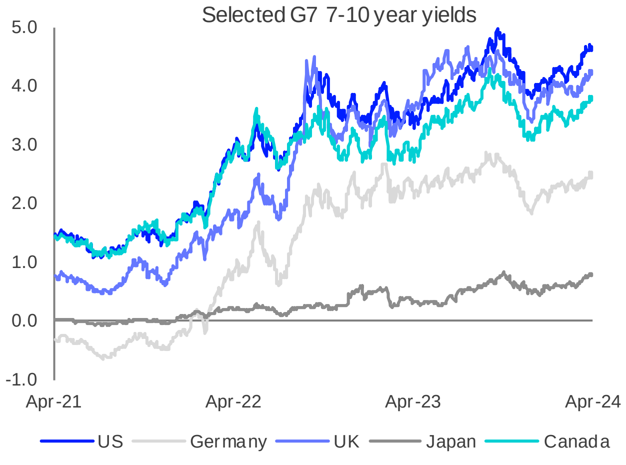


Chart 2: Real yields were led higher by US Tips in April, as real US growth remained buoyant. Real yields elsewhere moved higher, as markets adjusted rate expectations to receding prospects of early easing.

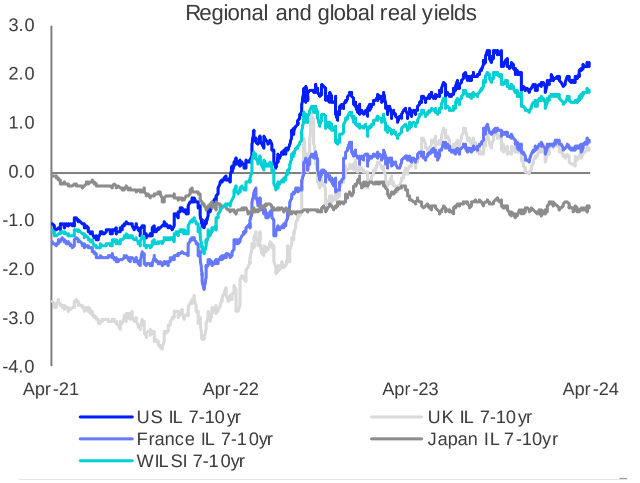


Chart 3: Yield curves dis-inverted a little further as longer dated yields backed up in April. The JGB curve reacted only modestly to the end of BoJ curve control, but the 10s/2s yield curve did steepen a little.

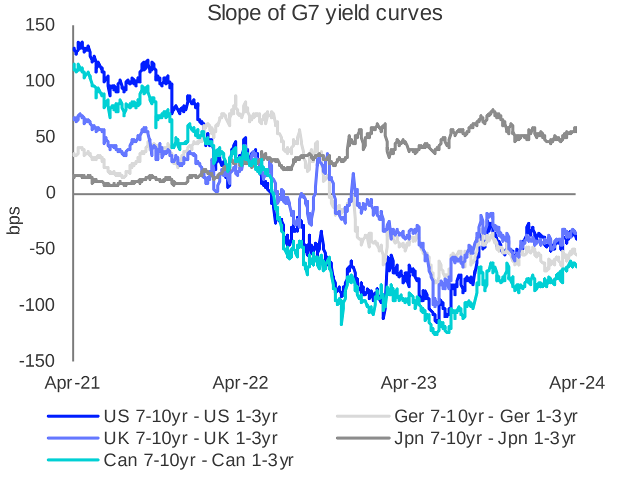


Chart 4: Long end yields backed up further, as the higher for longer narrative dominated most govt bond markets. However, better German inflation data restricted the dis-inversion of the long Bund curve.

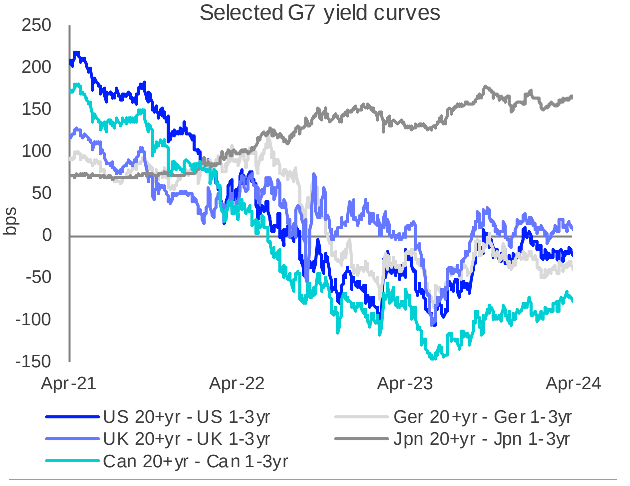


Chart 5: Inflation breakevens were driven higher in April, following the inflation uptick in the March data. This was the pattern throughout the G7 and the BoJ will welcome Japanese breakevens near cycle highs.

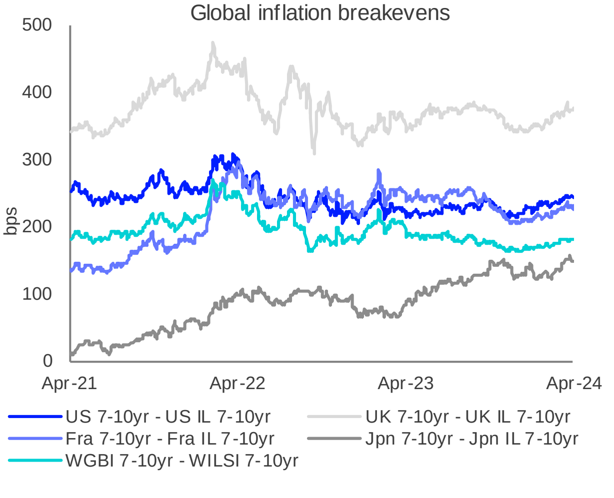
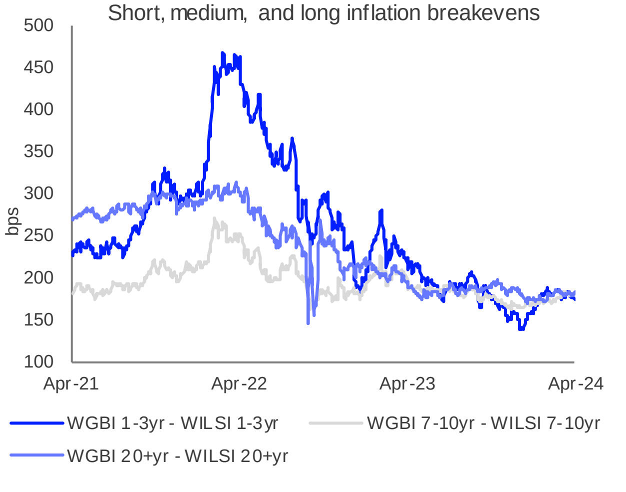


Chart 6: There is not much sign of the Q1 inflation uptick affecting global inflation breakevens, which remain stable around 2%. Short dated breakevens remain most sensitive to spot inflation rates.



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.

Yield Spread 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.

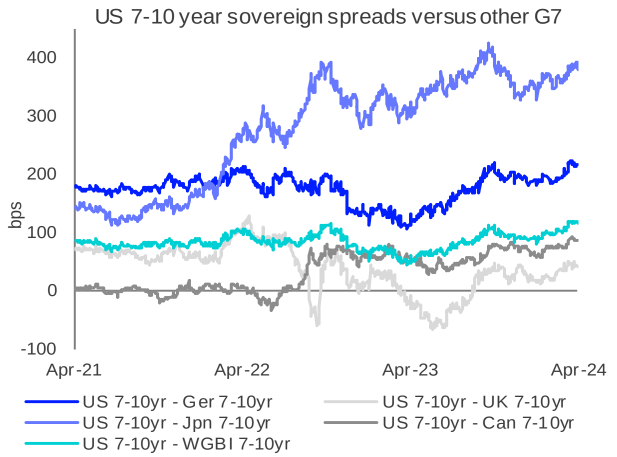


Chart 2: Italian sovereign spreads edged back out in April as the Q1 risk rally showed signs of reversing. However, the moves were modest, after the pronounced narrowing in spreads over the last 12 months.

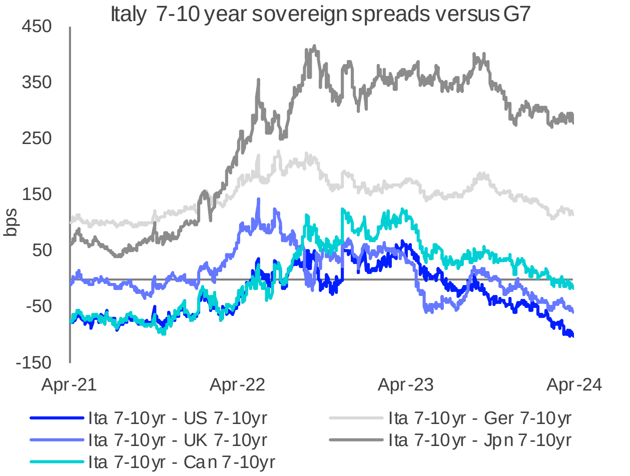


Chart 3: Helped by the decline in Chinese 7-10 year bond yields, EM 7-10 year spreads narrowed further, to new cycle lows versus the US, Germany and Japan, after the ending of curve control.

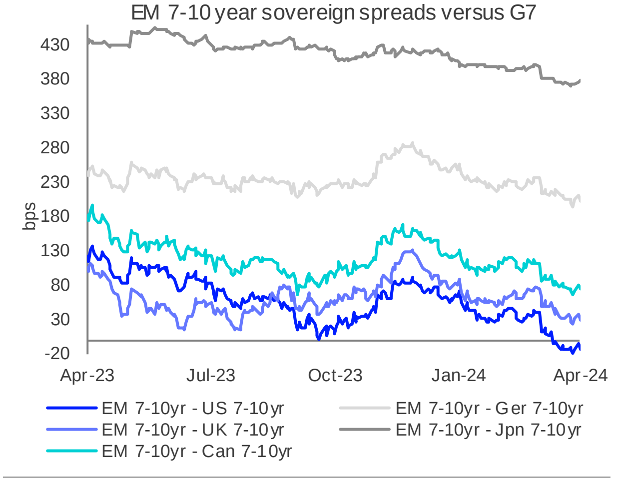


Chart 4: Chinese spreads tighter further versus the G7, partly on higher G7 yields, and partly on lower Chinese yields, as monetary easing continued. Sovereign spreads are either at, or very close to, cycle lows.

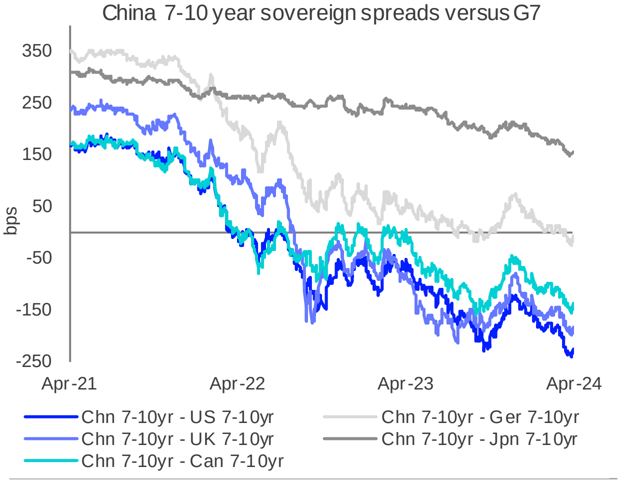


Chart 5: Credit spreads broadly went sideways in April, as the risk rally stalled. The increase in govt yields prevented a significant move in spreads. Euro HY spreads moved back out the most, after the narrowing in 2023-24.

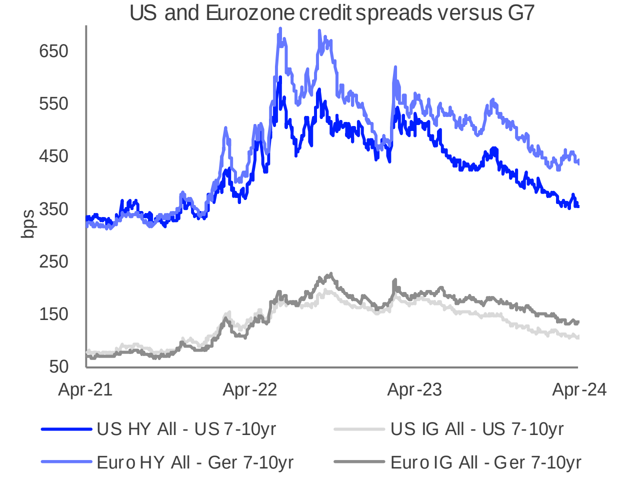
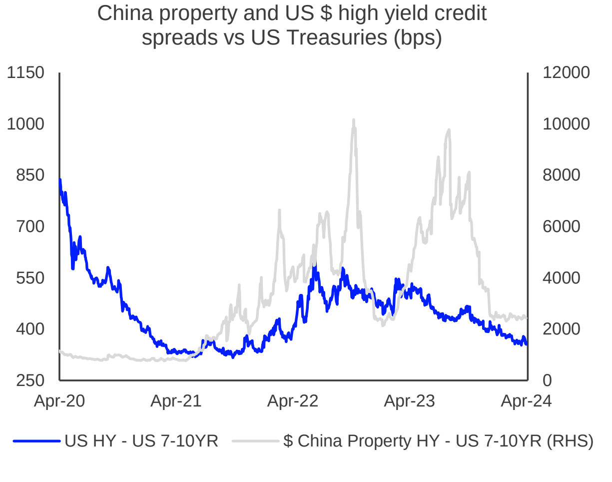


Chart 6: Recent spread tightening for both US and Chinese $ HY stalled in April, as Treasury yields returned to levels last seen in November. China's property bond spreads stabilized at about 2400bps.



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.

Investment Grade Credit and RMBS analysis

Chart 1: Short dated IG credits have outperformed in the years since Covid in 2020, even if they missed the QE boom in 2020-21. Longer credits were dragged lower by Treasuries since the Fed raised rates in 2022.

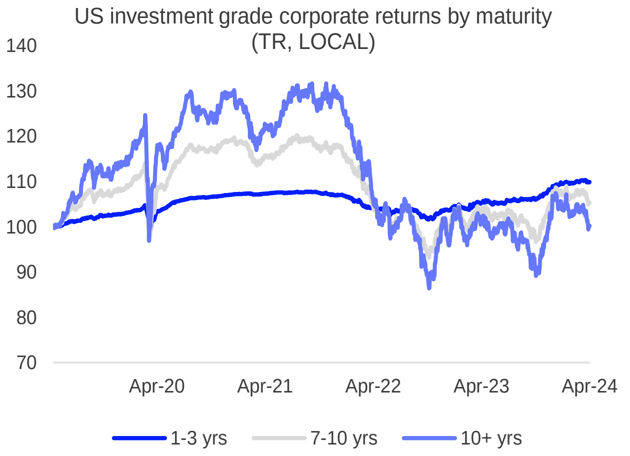


Chart 2: Pre-Covid, there were fears of a large cliff-edge effect in BBB credits, if a high share of these bonds slipped below IG. But BBB credits outperformed, also proving less sensitive to higher US Treasury yields.

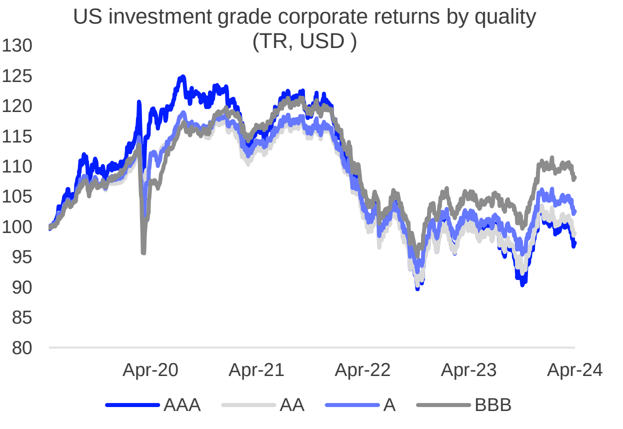


Chart 3: Globally, credit spreads are back near pre-Covid levels, but the absolute level of yields is much higher. Europe suffered more spread widening after the Ukraine shock in 2022, but this has largely unwound.

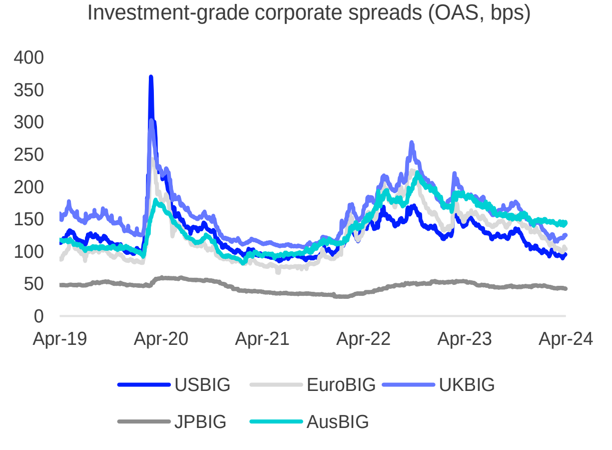


Chart 4: US IG credit spreads have normalized at pre-Covid levels, though absolute yields are much higher. Spread tightening was largely uniform across sectors, helped by slightly higher US Treasury yields YTD.

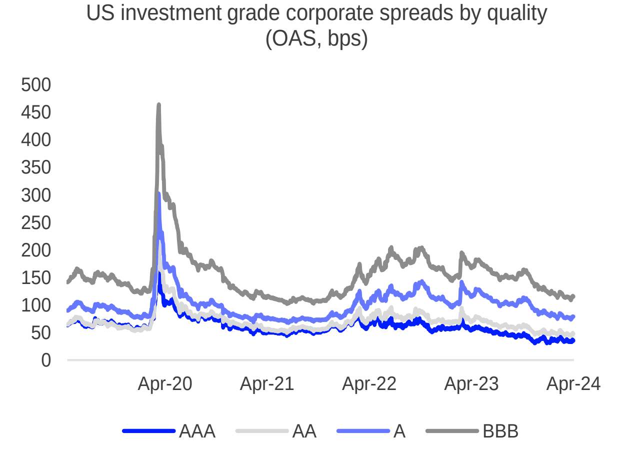


Chart 5: Mind the gap! Credit spreads between agency-RMBS and IG credits (versus Treasuries) are almost equal. The Fed rundown of RMBS holdings and risk rally driving in IG spreads have mainly driven these spreads moves.

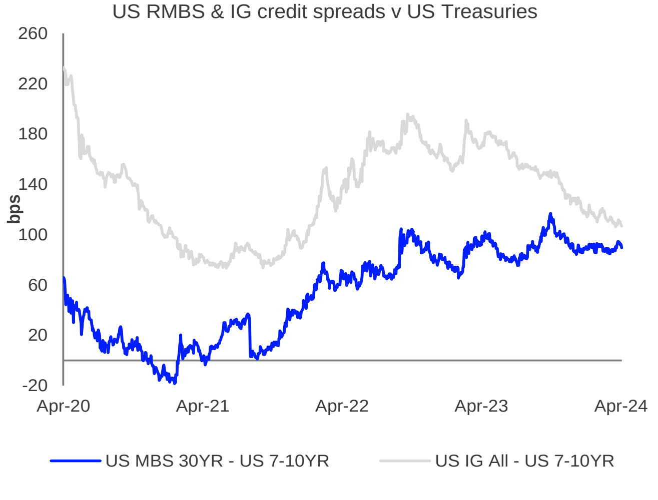
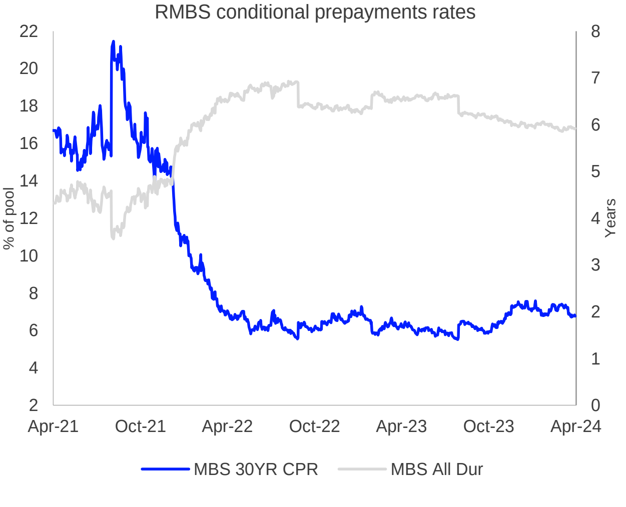


Chart 6: Evidence of a frozen US housing market can be found in the very low levels of mortgage refis and prepayments, due to mortgage rates now standing so far above coupon rates on older mortgages.



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.

High Yield Credit Analysis

Chart 1: Transportation has been the strongest US HY sector performer, and gas has recovered. Banks suffered during the Covid and Ukraine shocks, but have rallied during the period of higher rates.

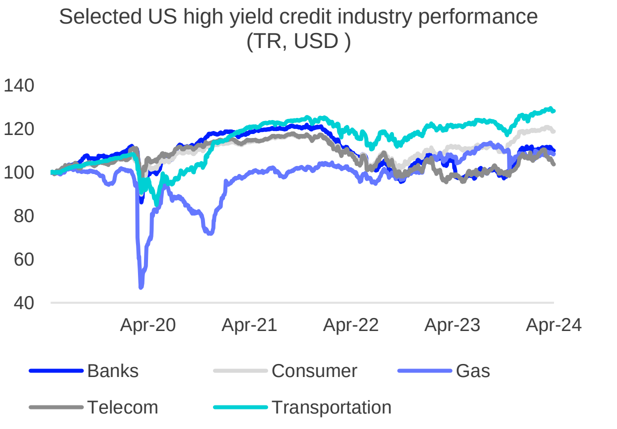


Chart 2: Banks have been strong performers in sterling high yield, helped by higher for longer rates and net interest income. Like US HY, sterling HY has low duration and rate sensitivity, and has gained from the risk rally.

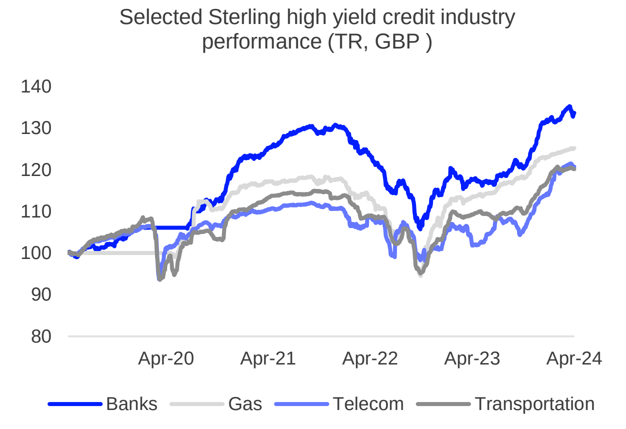


Chart 3: Single B outperformed both BB and CCC credits since Covid, risk-adjusted, though CCC has rallied strongly since the initial Covid and Ukraine shocks. BB credits have been less volatile than B or CCC.

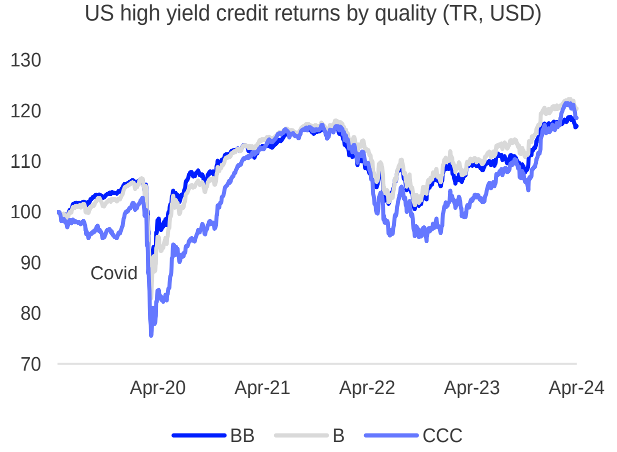


Chart 4: CCC spreads have widened relative to B, as default rates have risen in 2023-24, but spreads remain almost 1000bp below Covid peaks, which proved short-lived. BB spreads have returned to pre-Covid levels.

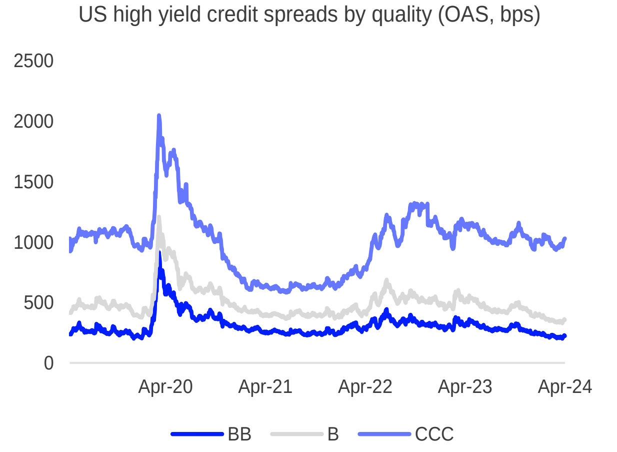


Chart 5: HY credit has held up well during the back-up in US Treasury yields. Growth expectations and the strong correlation to equities have overpowered the impact of higher Treasury yields on HY credit pricing,

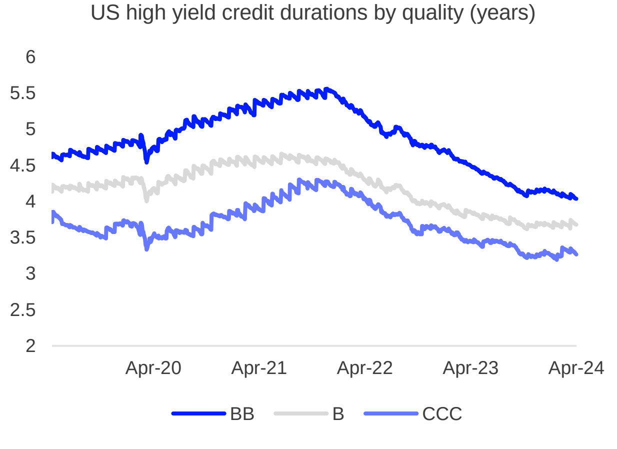
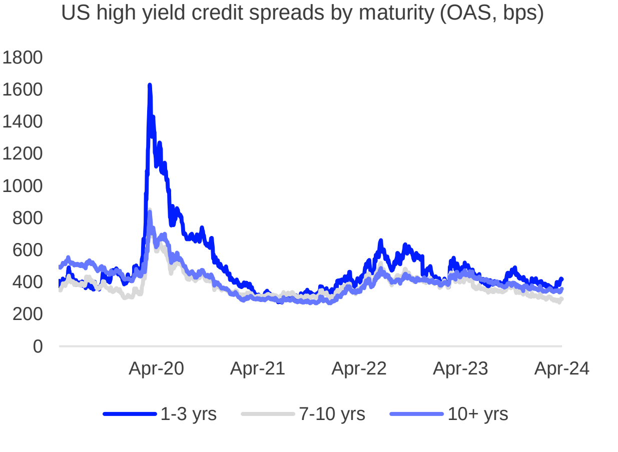


Chart 6: Credit spreads returned to pre-Covid levels in HY, reflecting the strong relative performance, versus IG. Short spreads are more volatile, in line with the greater yield sensitivity to price changes in short duration bonds.



SI Corporate Bond Analysis

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

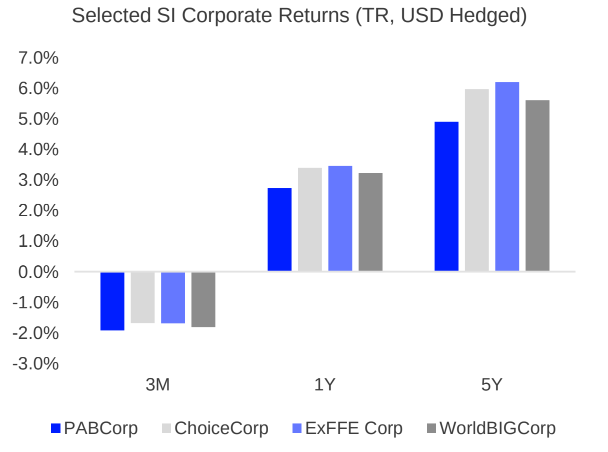


Chart 2: On a relative basis, PAB has underperformed WorldBIG Corp post-Covid, while Ex FFE and Choice outperformed. Performance variation has largely been driven by duration as yields have continued to climb.

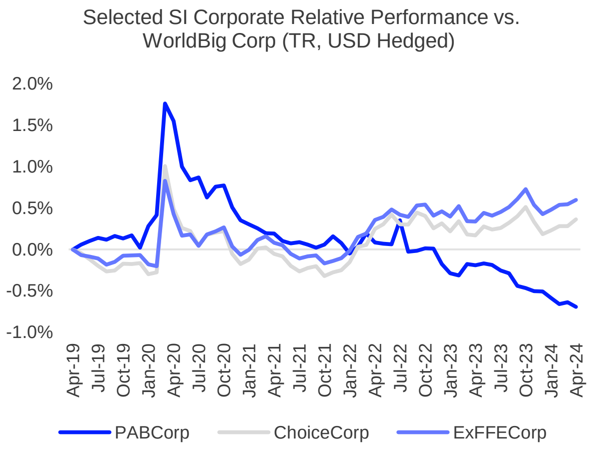


Chart 3: Also contributing to the divergence in performance was the PAB underweight in Banks - a strong performer over the past 12 months following the US banking crisis in 2023, and helped by higher rates.

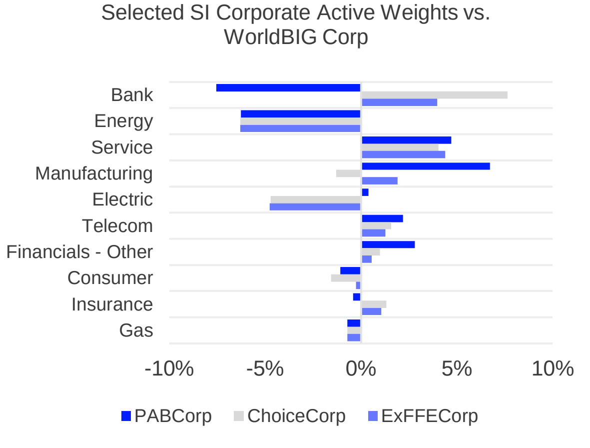


Chart 4: Relative to WorldBIG Corp, SI Indices exhibit lower BBB exposure in favor of AAA and AA. PAB shows the highest credit quality, resulting in underperformance as lower grade credit has outperformed.

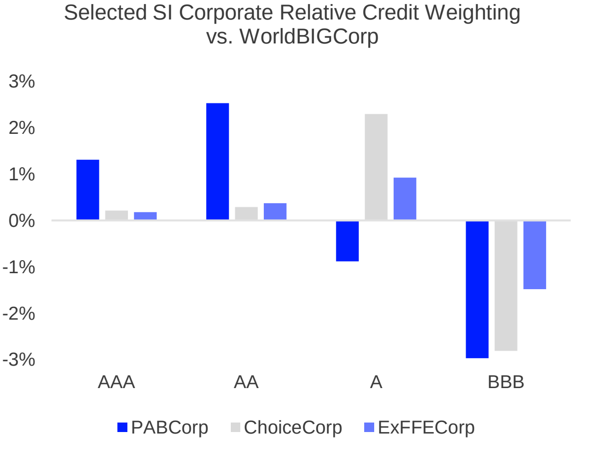


Chart 5: Spread tightening in recent months has occurred despite yields at high levels. Dislocation between spreads and yields suggests spread tightening has driven a large share of recent performance.

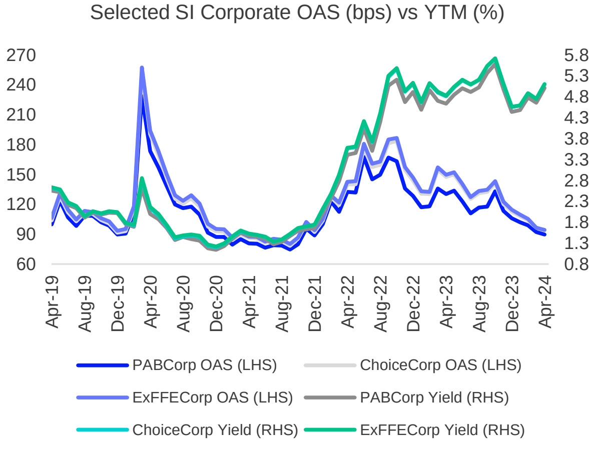
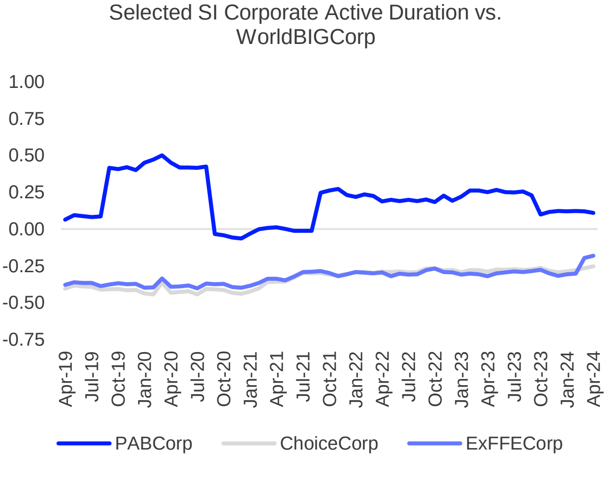


Chart 6: Active duration for PAB has been mostly positive in the last five years, despite some volatility. In contrast, Choice and Ex FFE show low vol and consistently negative active duration versus WorldBIG Corp.



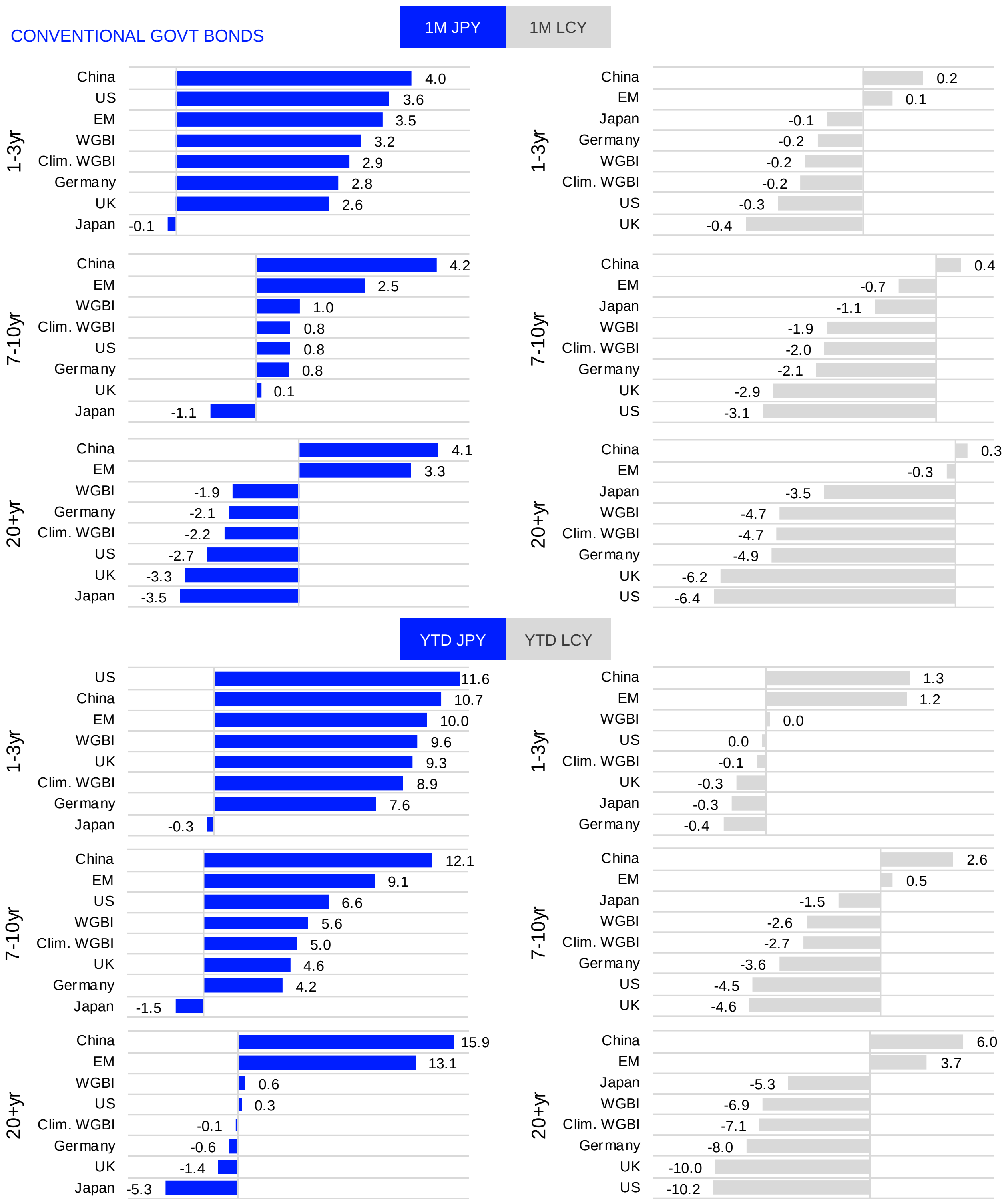
Source: FTSE Russell and LSEG. All data as of April 30, 2024. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of indices used for each market. For professional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

Global Sovereign Bond Returns − 1M and YTD % (JPY & LC, TR)

Conventional bonds fell back further in April, led by longs and JGBs in both local currency and yen terms. The higher for longer narrative still predominates, and negative carry has become more of a factor. Yen weakness shows no signs of ending but returns for long dated govts were still negative in yen terms, except for China and EM. YTD returns show a similar profile.

Longer G7 sovereign bonds lost most in April, led by Treasuries and gilts. A weaker yen boosted bond returns in yen terms, but longer bonds still showed losses of up to 3.5% except for Chinese and EM bonds.

Shorter govt bonds broadly gained YTD, with returns of 7.6-11.6% in yen terms, driven by stronger currencies, which dominated returns for a yen investor. Only Chinese and EM bonds showed positive returns in local currencies YTD, helped by the PBoC’s easing policy.



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.

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

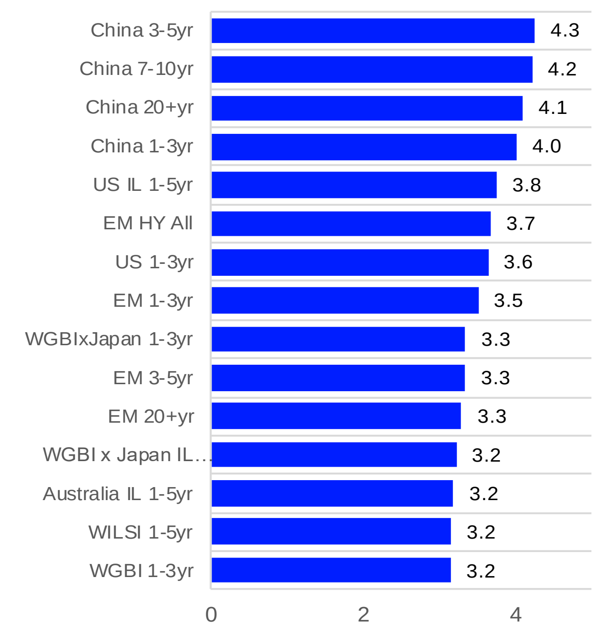
Chinese government bonds led gains in April, in yen terms, helped by lower yields and, more importantly, a stronger yuan vs the yen. Short government bonds outperformed longs, except longer EM. On 12M, HY credit was the best performer, globally, including long China and EM govts. Top 12M performers also reflect yen weakness.

Duration again proved the investor's foe in April, apart from longer China and EM bonds, which escaped unscathed. Only long JGBs are on the Bottom 15 list in April, not shorts. All Bottom 15 performers were longs on 1M, as they were largely on 12M.

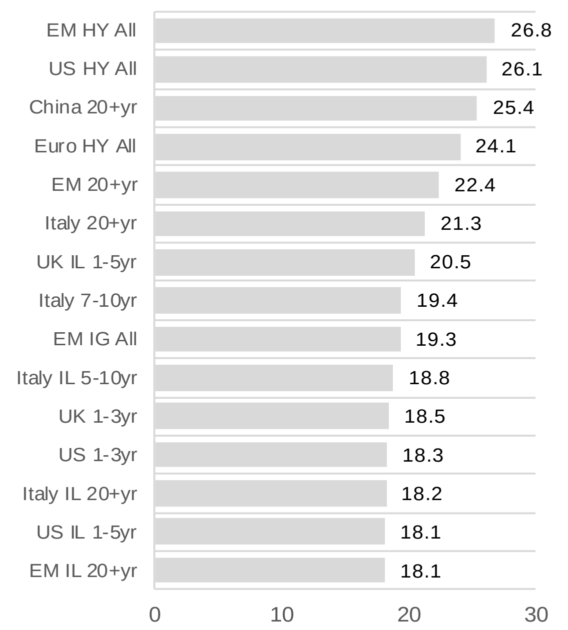
High yield credit continued to outperform IG credits, boosted by the risk rally, with returns of 24-27% on 12M, led by EM and US HY.

1M JPY	12M JPY

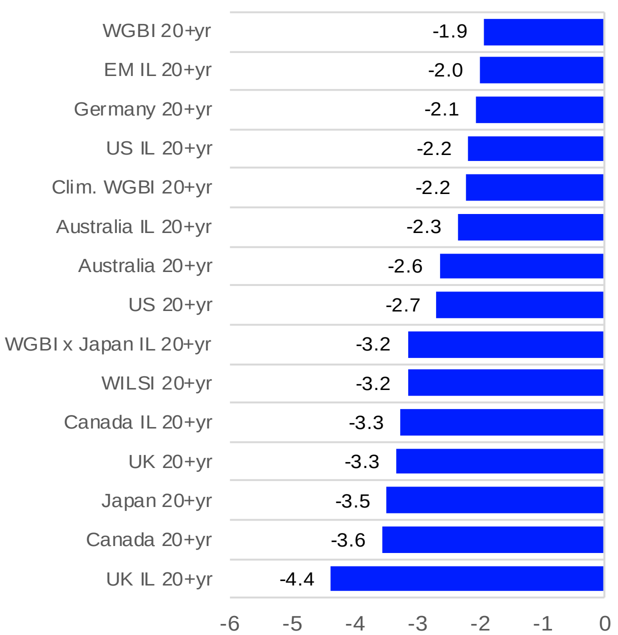
Top 15



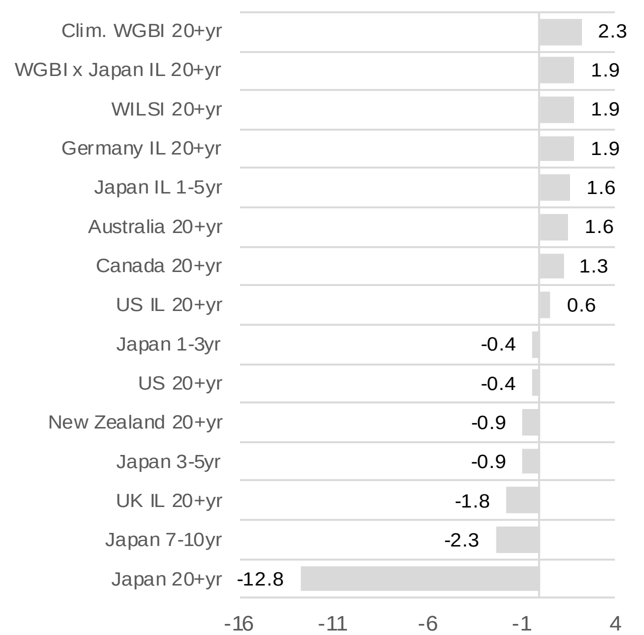
Top 15



Bottom 15



Bottom 15



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 – Global Bond Market Returns % (JPY & LC, TR) – April 30, 2024

Government Bond Returns

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

Top 15% | Bottom 15%

		3M		6M		YTD		12M	
		Local	JPY	Local	JPY	Local	JPY	Local	JPY
US	1-3yr	-0.41	7.22	2.12	6.11	-0.05	11.57	2.38	18.32
	7-10yr	-4.36	2.96	3.82	7.87	-4.48	6.62	-5.30	9.44
	20+yr	-7.64	-0.57	7.75	11.97	-10.15	0.29	-13.82	-0.40
	IG All	-2.79	4.65	7.40	11.60	-2.80	8.49	1.13	16.88
	HY All	0.61	8.31	9.07	13.33	0.64	12.34	9.12	26.11
UK	1-3yr	-0.12	5.72	1.83	9.19	-0.26	9.35	2.89	18.46
	7-10yr	-2.84	2.85	3.30	10.76	-4.59	4.61	-0.50	14.56
	20+yr	-4.78	0.79	5.71	13.35	-10.04	-1.37	-8.16	5.74
Euro	IG All	-0.56	5.38	4.68	10.03	-0.44	7.57	5.17	17.72
	HY All	0.74	6.76	7.73	13.24	1.67	9.85	10.83	24.05
Japan	1-3yr	-0.26	-0.26	-0.12	-0.12	-0.31	-0.31	-0.40	-0.40
	7-10yr	-0.99	-0.99	1.30	1.30	-1.48	-1.48	-2.35	-2.35
	20+yr	-2.52	-2.52	0.03	0.03	-5.28	-5.28	-12.76	-12.76
China	1-3yr	0.87	7.66	1.83	6.93	1.26	10.70	3.13	14.03
	7-10yr	1.47	8.30	3.85	9.05	2.58	12.14	6.12	17.34
	20+yr	2.10	8.97	9.93	15.44	6.00	15.88	13.45	25.44
EM	1-3yr	0.76	7.20	2.26	7.21	1.23	10.04	4.13	15.81
	7-10yr	-0.15	6.21	4.20	8.95	0.45	9.06	4.86	16.35
	20+yr	0.91	7.65	8.50	13.83	3.69	13.07	9.94	22.41
	IG All	-0.79	6.81	6.77	10.94	-0.76	10.78	3.27	19.34
	HY All	2.29	10.12	10.13	14.43	3.83	15.89	9.75	26.84
Germany	1-3yr	-0.38	5.57	1.15	6.32	-0.38	7.63	1.73	13.87
	7-10yr	-3.03	2.76	2.48	7.72	-3.56	4.20	0.32	12.29
	20+yr	-5.55	0.08	9.20	14.78	-7.99	-0.59	-3.87	7.60
Italy	1-3yr	-0.21	5.75	2.05	7.27	-0.01	8.04	3.12	15.42
	7-10yr	-0.53	5.41	7.90	13.42	-0.31	7.71	6.70	19.43
	20+yr	0.57	6.58	16.58	22.55	0.28	8.35	8.38	21.32
Spain	1-3yr	-0.15	5.81	1.68	6.88	0.01	8.05	2.48	14.71
	7-10yr	-1.13	4.77	5.76	11.17	-1.49	6.44	3.92	16.31
	20+yr	-0.83	5.09	14.51	20.36	-2.59	5.25	4.71	17.21
France	1-3yr	-0.53	5.41	1.27	6.44	-0.56	7.44	1.89	14.05
	7-10yr	-2.55	3.27	3.78	9.08	-3.04	4.76	1.50	13.61
	20+yr	-4.19	1.53	12.34	18.08	-6.47	1.06	0.23	12.19
Sweden	1-3yr	-0.15	1.19	1.58	7.44	-0.17	2.32	2.22	10.40
	7-10yr	-1.88	-0.56	4.84	10.89	-3.02	-0.60	1.06	9.14
Australia	1-3yr	0.11	5.86	2.63	9.37	0.47	6.72	1.74	15.54
	7-10yr	-1.89	3.75	6.25	13.23	-1.95	4.15	-3.69	9.37
	20+yr	-4.35	1.15	12.35	19.73	-5.87	-0.01	-10.57	1.55
New Zealand	1-3yr	0.78	4.30	3.28	9.18	0.87	5.23	3.69	14.81
	7-10yr	-1.00	2.46	7.91	14.07	-2.37	1.85	-1.04	9.57
	20+yr	-3.58	-0.21	11.71	18.09	-7.44	-3.44	-10.51	-0.92
Canada	1-3yr	0.42	5.14	2.31	7.42	0.31	7.47	2.62	17.09
	7-10yr	-2.56	2.02	3.68	8.86	-4.13	2.71	-4.27	9.22
	20+yr	-6.97	-2.61	5.27	10.53	-11.22	-4.88	-11.25	1.25

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 – Historical Bond Yields % as of April 30, 2024

Global Bond Yields

Top 15% Bottom 15%

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

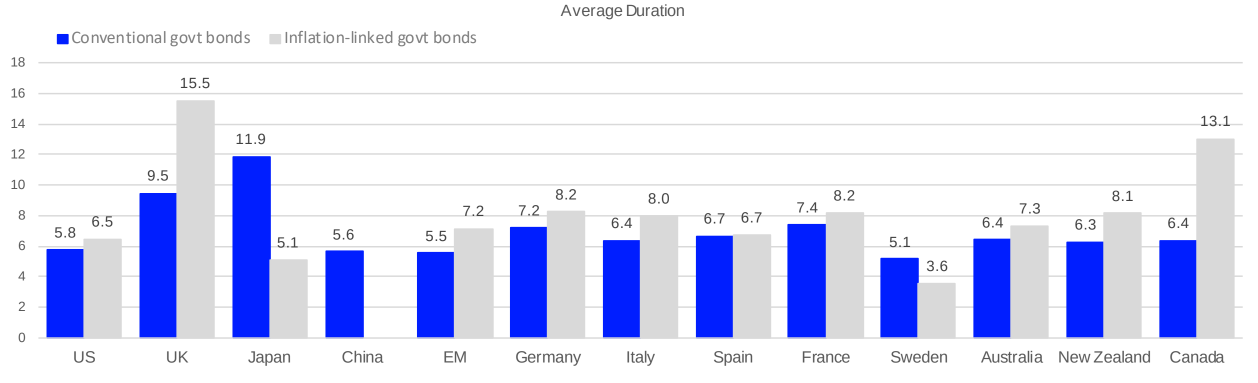
		Conventional government bonds				Inflation-linked bonds			Inv Grade	High Yld
		1-3YR	3-5YR	7-10YR	20+YR	1-5YR	5-10YR	20+YR	All Mat	All Mat
US	Current	5.09	4.80	4.69	4.85	2.41	2.24	2.44	5.75	8.22
	3M Ago	4.33	3.93	3.93	4.31	1.98	1.64	2.01	5.14	7.97
	6M Ago	5.17	4.87	4.90	5.19	2.82	2.50	2.64	6.38	9.46
	12M Ago	4.24	3.62	3.41	3.75	1.68	1.23	1.58	5.15	8.47
UK	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		
Japan	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			
China	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					
EM	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
Germany	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		
Italy	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		
France	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		
Sweden	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			
Australia	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		
New Zealand	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			
Canada	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		

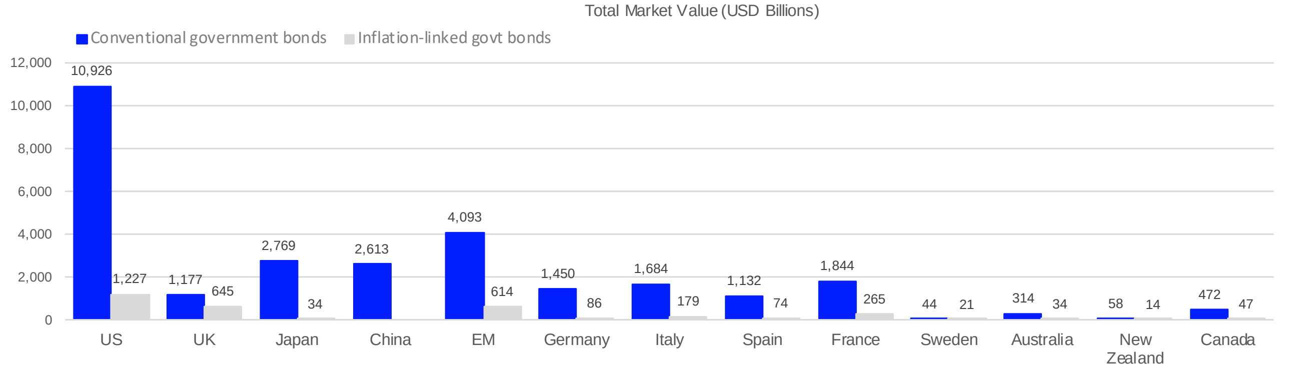
Source: FTSE Russell and LSEG. All data as of April 30, 2024. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of indices used for each market. For professional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

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

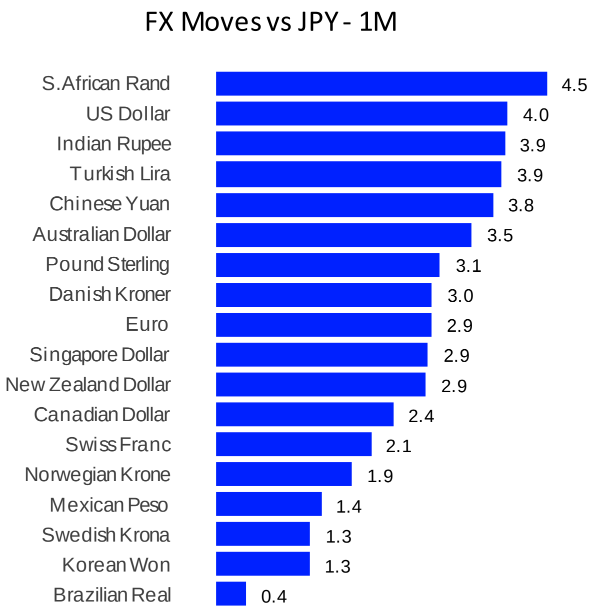
	Conventional government bonds								Inflation-linked government bonds					
	Duration				Market Value				Duration			Market Value		
	3-5YR	7-10YR	20+YR	Overall	3-5YR	7-10YR	20+YR	Total	5-10YR	20+YR	Overall	5-10YR	20+YR	Total
US	3.7	7.2	16.3	**5.8**	2,616.2	1,102.1	1,256.2	**10,925.6**	7.0	21.5	**6.5**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

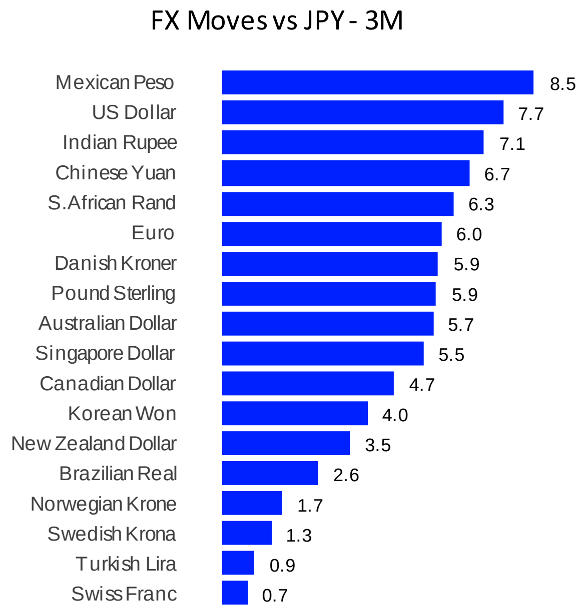
	Investment grade bonds										High Yield	
	Duration					Market Value					Duration	MktVal
	AAA	AA	A	BBB	Overall	AAA	AA	A	BBB	Overall		
US	10.2	8.1	6.9	6.4	6.8	70.1	441.0	2701.8	3432.8	6645.6	3.8	1040.9
Europe	5.2	4.8	4.6	4.2	4.4	11.6	214.4	1205.8	1531.0	2962.9		
EM		6.6	5.1	5.3	5.3		36.0	214.7	275.0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

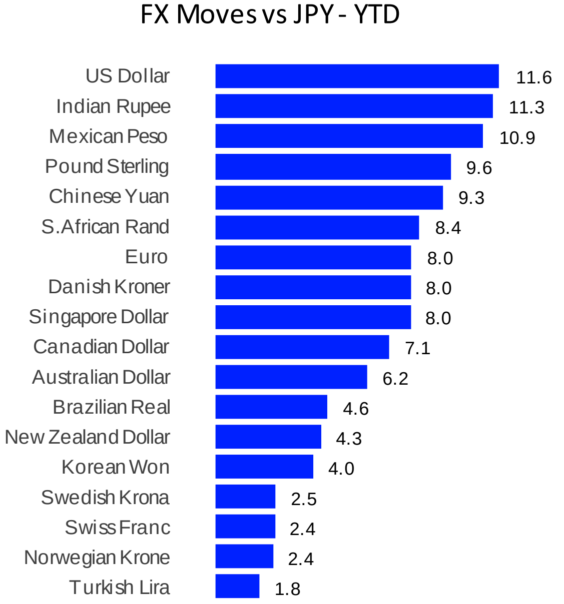


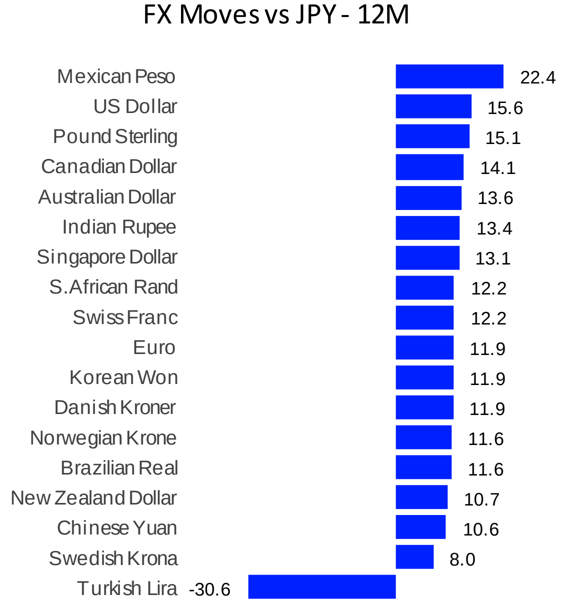


Source: FTSE Russell and LSEG. All data as of April 30, 2024. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of indices used for each market. For professional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









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

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

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.

FTSE RUSSELL
An LSEG Business

ABOUT FTSE RUSSELL

FTSE Russell is a leading global provider of index and benchmark solutions, spanning diverse asset classes and investment objectives. As a trusted investment partner we help investors make better-informed investment decisions, manage risk, and seize opportunities.

Market participants look to us for our expertise in developing and managing global index solutions across asset classes. Asset owners, asset managers, ETF providers and investment banks choose FTSE Russell solutions to benchmark their investment performance and create investment funds, ETFs, structured products, and index-based derivatives. Our clients use our solutions for asset allocation, investment strategy analysis and risk management, and value us for our robust governance process and operational integrity.

For over 35 years we have been at the forefront of driving change for the investor, always innovating to shape the next generation of benchmarks and investment solutions that open up new opportunities for the global investment community.

CONTACT US

To learn more, visit lseg.com/ftse-russell; email info@ftserussell.com; or call your regional Client Service team office:

EMEA +44 (0) 20 7866 1810
North America +1 877 503 6437

Asia-Pacific
Hong Kong +852 2164 3333
Tokyo +81 3 6441 1430
Sydney +61 (0) 2 7228 5659