Daily Fixed-Income Insights

September 10, 2021 (market close)
Daily Trends in Yields, Equity Returns, FX

10-Yr US Government Yield (%) vs Equity Return (%)

Cumulative MSCI Equity Return in USD (%)

10-Yr Government Yield: Cumulative Change (bps)

Strength of USD

*See Appendix for data sources
Monthly Trends in Yields, Equity Returns, FX

Cumulative MSCI Equity Return in USD (%)

10-Yr US Government Yield (%)  Equity Return (%)

10-Yr Government Yield: Cumulative Change (bps)

Strength of USD

*As of September 10
**See Appendix for data sources
Government Nominal Yield Curves

US Government Yield Curve (%)

Germany Government Yield Curve (%)

UK Government Yield Curve (%)

Japan Government Yield Curve (%)

*See Appendix for data sources
**Daily & Monthly US Corporate Spreads vs Equities**

- **10-Yr BBB OAS (bps)**
  - As of September 10
  - See Appendix for data sources

- **Equity Return (%)**
  - As of September 10
  - See Appendix for data sources

- **10-Yr Corporate OAS: Cumulative Change (bps)**
  - As of September 10
  - See Appendix for data sources

*As of September 10
**See Appendix for data sources*
Euro Corporate and Sovereign Spreads vs Equities

10-Yr BBB OAS (bps)*

Equity Return (%)*

10-Yr Sovereign OAS (bps)*

Equity Return (%)*

10-Yr Corporate OAS: Cumulative Change (bps)

10-Yr Sovereign OAS: Cumulative Change (bps)

**As of September 10
***See Appendix for data sources
Spread Term Structure: BBB Corporates & Sovereigns

US BBB OAS (bps)

- **10-Sep 2021**
- **31-Mar 2021**
- **30-Sep 2020**

Euro BBB OAS (bps)*

- **10-Sep 2021**
- **31-Mar 2021**
- **30-Sep 2020**

*Spread to German government curve

Euro Sovereign OAS (bps)*

- **10-Sep 2021**
- **31-Mar 2021**
- **30-Sep 2020**

Italy Sovereign OAS (bps)*

- **10-Sep 2021**
- **31-Mar 2021**
- **30-Sep 2020**

*Spread to German government curve as of September 10

**See Appendix for data sources
Trends in Government Yields and Actual Inflation

10-Yr Government Nominal Yields (%)

10-Yr Government Breakeven Inflation Yields (%)

10-Yr Government Real Yields (%)

Realized Inflation (12-Month, in %)

-2.00
-1.00
0.00
1.00
2.00
3.00
4.00

-2.00
-1.00
0.00
1.00
2.00
3.00
4.00

-2.00
-1.00
0.00
1.00
2.00
3.00
4.00

-2.50
-2.00
-1.50
-1.00
-0.50
0.00
0.50
1.00
1.50

Oct
2017
Jul
'18
Jan
'19
Jul
'19
Jan
'20
Jul
'20
Jan
'21
Jul
'21

US
Germany
UK
Japan

US
Eurozone
UK
Japan

*US: PCE ex food/energy; Eurozone: HICP ex food/energy/alcohol/tobacco
UK: CPIH ex food/energy/alcohol/tobacco; Japan: CPI ex food/energy

*UK breakeven inflation and real yields are adjusted to reflect historical differences between the Retail Price Index (RPI) and the Consumer Price Index (CPI)

**See Appendix for data sources
Spreads on Corporates & Euro / EM Sovereigns

10-Yr US Corporate OAS (bps)

10-Yr Euro Sovereign OAS (bps)*

*Spread to German government curve

10-Yr Euro OAS (bps)*

10-Yr Emerging Markets Sovereign OAS (bps)*

*Spread to US Treasury curve

**See Appendix for data sources
Inflation: US Market Implied (BEI) and Actual CPI / PCE

**US Government Breakeven Inflation Yield Curve (%)**

- Maturity (years): 1 3 5 7 10 15 20 30
- 10-Sep 2021, 31-Mar 2021, 30-Sep 2020

**US CPI vs Breakeven Inflation Yields (%)**

- Maturity (years): 2017 '18 '19 '20 '21
- CPI ex food/energy, 2-yr, 5-yr, 10-yr

**US CPI (%)**

- Maturity (years): Oct '17 Jul '18 Jan '19 Jul '19 Jan '20 Jul '20 Jan '21 Jul '21
- CPI all items, CPI ex food/energy

**US Inflation: CPI vs PCE (%)**

- Maturity (years): Oct '17 Jul '18 Jan '19 Jul '19 Jan '20 Jul '20 Jan '21 Jul '21
- PCE ex food/energy, CPI ex food/energy

*CPI all items inflation (yoy) 5.4% as of Jul 2021

**See Appendix for data sources**

*CPI ex food/energy inflation (yoy) 3.6% as of Jul 2021**
US Govt Yield Drilldown: Nominal, Real and BEI

10-Yr US Government Yields (%)

-1.50
-1.00
-0.50
0.00
0.50
1.00
1.50
2.00
2.50
3.00

10-Yr US Government Yields (%)

US Nominal
US BEI
US Real

10-Yr Yields: Cumulative Change (bps)

-8
-6
-4
-2
0
2
4
6
8
10

10-Yr Yields: Cumulative Change (bps)

US Nominal
US BEI
US Real

*See Appendix for data sources
China Government Bond Drilldown

China Sovereign (CNY) Yield Curve (%)

10-Yr China Sovereign Yield (%)

Equity Return (%)*

Realized Inflation (%)**

***See Appendix for data sources

**China inflation (yoy) 1.0% as of Jul 2021
Inflation measured by All Items CPI includes food and energy prices
Long-Run Trends in Yields and Inflation

**10-Yr Government Nominal Yields (%):**
- US
- Germany
- UK
- Japan

**Realized Inflation (12-Month, in %):**
- US: PCE ex food/energy
- Eurozone: HICP ex food/energy/alcohol/tobacco
- UK: CPIH ex food/energy/alcohol/tobacco
- Japan: CPI ex food/energy

**10-Yr Government Breakeven Inflation Yields (%):**
- US
- Germany
- UK
- Japan

**10-Yr Government Real Yields (%):**
- US
- Germany
- UK
- Japan

*UK breakeven inflation and real yields are adjusted to reflect historical differences between the Retail Price Index (RPI) and the Consumer Price Index (CPI)*

**See Appendix for data sources**
Long-Run Trends in Spreads

10-Yr US Corporate OAS (bps)

10-Yr Euro Sovereign OAS (bps)*

*Spread to German government curve

10-Yr Euro OAS (bps)*

10-Yr Emerging Markets Sovereign OAS (bps)*

*Spread to US Treasury curve

**See Appendix for data sources
Trends in Yield and Return Volatilities

10-Yr Government Nominal Yield Volatility (bps)*

US Nominal Yield Volatility Curve (bps)*

Equity and 10-Yr US Government Return Volatility (%)*

*Realized volatility using exponential time decay with half life of 18-weeks
**See Appendix for data sources
Trends in Correlations and Yield Curve Slope

**Return Correlations: Equities & 10-Yr US Government***
- MSCI USA
- MSCI World ex USA
- MSCI Emerging Markets

**Return Correlations: US Equity & 10-Yr US Real, BEI***
- MSCI USA vs: 10-Yr Government BEI
- MSCI USA vs: 10-Yr Government Real

**Yield Correlations: 10-Yr US Government***
- 10-Yr Nominal vs: 10-Yr BEI
- 10-Yr Nominal vs: 10-Yr Real

**Yield Curve Slope: 10-Yr less 3-Month (bps)**
- US
- Germany
- UK
- Japan

*Realized correlation using exponential time decay with half life of 2-years
**See Appendix for data sources
**FX Trends**

**Strength of US Dollar**

- vs EUR
- vs GBP
- vs JPY
- vs CNY

**FX Forward Curve: Strength of US Dollar***

- vs EUR
- vs GBP
- vs JPY

*As of September 10

***See Appendix for data sources

**Strength of US Dollar**

- vs MXN
- vs BRL
- vs CAD
- vs KRW

**FX Volatility (%)**

- USD/EUR
- USD/GBP
- USD/JPY
- USD/CNY

**Realized volatility using exponential time decay with half life of 18-weeks**

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**Maturity (years)**

- 0
- 1
- 2
- 3
- 4
- 5

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GDP

US GDP (%)

Eurozone GDP (%)

China GDP (%)

Japan GDP (%)

UK GDP (%)

Germany GDP (%)

*Most recent quarterly GDP: 1.6

*Most recent quarterly GDP: 2.2

*Most recent quarterly GDP: 1.3

*Most recent quarterly GDP: 0.5

**See Appendix for data sources

*Most recent quarterly GDP: 4.8

*Most recent quarterly GDP: 1.6
Data Sources

Yields and Spreads
MSCI zero coupon yield and spread curves

Indexes
MSCI USA Index, MSCI World ex USA Index, MSCI Europe Index, MSCI China, MSCI Emerging Market Index

Relative Strength of Currencies
MSCI

Inflation and GDP
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