Daily Fixed-Income Insights

June 25, 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

10-Yr US Government Yield (%):
- Nominal Yield
- MSCI USA

Equity Return (%): 0.72 to 1.88

Cumulative MSCI Equity Return in USD (%):
- USA
- World ex USA
- Emerging Markets

10-Yr Government Yield: Cumulative Change (bps):
- US
- Germany
- UK
- Japan

Strength of USD:
- vs EUR
- vs GBP
- vs JPY
- vs CNY

*As of June 25
**See Appendix for data sources
Government Nominal Yield Curves

US Government Yield Curve (%)

-1.00 0.00 1.00 2.00 3.00
0.00 0.25 0.50 0.75 1.00 1.25 1.50 1.75 2.00
Maturity (years)
25-Jun 2021 31-Dec 2020 30-Jun 2020

Germany Government Yield Curve (%)

-1.00 0.00 1.00 2.00 3.00
0.00 0.25 0.50 0.75 1.00 1.25 1.50 1.75 2.00
Maturity (years)
25-Jun 2021 31-Dec 2020 30-Jun 2020

UK Government Yield Curve (%)

-1.00 0.00 1.00 2.00 3.00
0.00 0.25 0.50 0.75 1.00 1.25 1.50 1.75 2.00
Maturity (years)
25-Jun 2021 31-Dec 2020 30-Jun 2020

Japan Government Yield Curve (%)

-1.00 0.00 1.00 2.00 3.00
0.00 0.25 0.50 0.75 1.00 1.25 1.50 1.75 2.00
Maturity (years)
25-Jun 2021 31-Dec 2020 30-Jun 2020

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

10-Yr BBB OAS (bps)

Equity Return (%)

10-Yr Corporate OAS: Cumulative Change (bps)

*As of June 25

**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)

*Option Adjusted Spread in basis points to German government curve. Equity return expressed in USD

**As of June 25

***See Appendix for data sources
Spread Term Structure: BBB Corporates & Sovereigns

US BBB OAS (bps)

- Maturity (years)
- 25-Jun 2021
- 31-Dec 2020
- 30-Jun 2020

Euro BBB OAS (bps)*

- Maturity (years)
- 25-Jun 2021
- 31-Dec 2020
- 30-Jun 2020
*Spread to German government curve

Euro Sovereign OAS (bps)*

- Maturity (years)
- Italy
- Spain
- France
*Spread to German government curve as of June 25
**See Appendix for data sources

Italy Sovereign OAS (bps)*

- Maturity (years)
- 25-Jun 2021
- 31-Dec 2020
- 30-Jun 2020
*Spread to German government curve
Trends in Government Yields and Actual Inflation

10-Yr Government Nominal Yields (%)

Realized Inflation (12-Month, in %)

10-Yr Government Breakeven Inflation Yields (%)

10-Yr Government Real Yields (%)

*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)*

10-Yr Euro OAS (bps)*

10-Yr Emerging Markets Sovereign OAS (bps)*

*Spread to German government curve
**See Appendix for data sources
Inflation: US Market Implied (BEI) and Actual CPI / PCE

- **US Government Breakeven Inflation Yield Curve (%)**
  - Maturity (years)
  - Dashed line represents 25-Jun 2021, solid line represents 31-Dec 2020, dotted line represents 30-Jun 2020

- **US CPI (%)**
  - CPI all items
  - CPI ex food/energy
  - *CPI all items inflation (yoy) 5.0% as of May 2021
  - **See Appendix for data sources**

- **US CPI vs Breakeven Inflation Yields (%)**
  - CPI ex food/energy
  - 2-yr
  - 5-yr
  - 10-yr
  - *CPI ex food/energy inflation (yoy) 3.8% as of May 2021

- **US Inflation: CPI vs PCE (%)**
  - PCE ex food/energy
  - CPI ex food/energy
  - *PCE ex food/energy inflation (yoy) 3.4% as of May 2021

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*CPI ex food/energy inflation (yoy) 3.4% as of May 2021*
US Govt Yield Drilldown: Nominal, Real and BEI

*See Appendix for data sources
China Government Bond Drilldown

China Sovereign (CNY) Yield Curve (%)

10-Yr China Sovereign Yield (%)  
Equity Return (%)*

10-Yr Yields (%)

Realized Inflation (%)**

*As of June 25. Equity return in USD  
**China inflation (yoy) 1.3% as of May 2021  
Inflation measured by All Items CPI includes food and energy prices

***See Appendix for data sources
Long-Run Trends in Yields and Inflation

10-Yr Government Nominal Yields (%)

Realized Inflation (12-Month, in %)

10-Yr Government Breakeven Inflation Yields (%)

10-Yr Government Real Yields (%)

*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)*

10-Yr US Yield Volatility (bps)*

US 10-Yr Nominal
MSCI USA
MSCI World ex USA
MSCI Emerging Markets

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*

Return Correlations: US Equity & 10-Yr US Real, BEI*

Yield Correlations: 10-Yr US Government*

Yield Curve Slope: 10-Yr less 3-Month (bps)

*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

**FX Volatility (%)**

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

*As of June 25

***See Appendix for data sources

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

US GDP (%)

Eurozone GDP (%)

China GDP (%)

Japan GDP (%)

UK GDP (%)

Germany GDP (%)

*Most recent quarterly GDP: 1.6
*Most recent quarterly GDP: -0.3
*Most recent quarterly GDP: 0.6
*Most recent quarterly GDP: -1.0
*Most recent quarterly GDP: -1.5
*Most recent quarterly GDP: -1.8

**See Appendix for data sources
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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