Daily Fixed-Income Insights

May 07, 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 (%)

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 May 7
**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 (%)

Maturity (years)

-1.00
-0.50
0.00
0.50
1.00
1.50
2.00
2.50

Maturity (years)

-1.00
-0.50
0.00
0.50
1.00
1.50
2.00
2.50

Maturity (years)

-1.00
-0.50
0.00
0.50
1.00
1.50
2.00
2.50

Maturity (years)

-1.00
-0.50
0.00
0.50
1.00
1.50
2.00
2.50

07-May 2021
07-May 2021
07-May 2021
07-May 2021

30-Nov 2020
30-Nov 2020
30-Nov 2020
30-Nov 2020

31-May 2020
31-May 2020
31-May 2020
31-May 2020

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

10-Yr BBB OAS (bps)

Option Adjusted Spread

MSCI USA

Equity Return (%)

10-Yr Corporate OAS: Cumulative Change (bps)

*As of May 7
**See Appendix for data sources
Euro Corporate and Sovereign Spreads vs Equities

10-Yr BBB OAS (bps)*

Option Adjusted Spread
MSCI Europe

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

10-Yr Sovereign OAS (bps)*

Italy
France
Spain
MSCI Europe

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

10-Yr Corporate OAS: Cumulative Change (bps)

BBB
A
AA

**As of May 7
***See Appendix for data sources

10-Yr Sovereign OAS: Cumulative Change (bps)

Italy
France
Spain

**As of May 7
***See Appendix for data sources
Spread Term Structure: BBB Corporates & Sovereigns

US BBB OAS (bps)

Euro BBB OAS (bps)*

*Spread to German government curve

Euro Sovereign OAS (bps)*

Italy Sovereign OAS (bps)*

*Spread to German government curve as of May 07
**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 (%)

Policy Target

*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

*Spread to US Treasury curve
Inflation: US Market Implied (BEI) and Actual CPI / PCE

US Government Breakeven Inflation Yield Curve (%)

Maturity (years)

-3.00 -2.00 -1.00 0.00 1.00 2.00 3.00

07-May 2021 30-Nov 2020 31-May 2020

US CPI vs Breakeven Inflation Yields (%)

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

CPI ex food/energy 2-yr 5-yr 10-yr

*CPI ex food/energy inflation (yoy) 1.6% as of Mar 2021

US CPI (%)

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

CPI all items CPI ex food/energy

*CPI all items inflation (yoy) 2.6% as of Mar 2021

US Inflation: CPI vs PCE (%)

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

PCE ex food/energy CPI ex food/energy

*PCE ex food/energy inflation (yoy) 1.8% as of Mar 2021

See Appendix for data sources
China Government Bond Drilldown

China Sovereign (CNY) Yield Curve (%)

10-Yr China Sovereign Yield (%)

Equity Return (%)*

10-Yr Yields (%)

MSCI China

Realized Inflation (%)**

***See Appendix for data sources

*As of May 7. Equity return in USD

**China inflation (yoy) 0.4% as of Mar 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 (%)**

**10-Yr Government Breakeven Inflation Yields (%)**

**10-Yr Government Real Yields (%)**

**Realized Inflation (%)**

*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)*

10-Yr Euro OAS (bps)*

10-Yr Emerging Markets Sovereign OAS (bps)*

*Spread to German government 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)*

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

*As of May 07

***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**
**GDP**

**US GDP (%)**

- 2019 Q4: -20.0%
- 2020 Q1*: -15.0%
- 2020 Q2: 0.0%
- 2020 Q3: 5.0%
- 2020 Q4: 10.0%

*Most recent quarterly GDP: 1.6%

**Eurozone GDP (%)**

- 2019 Q4: -20.0%
- 2020 Q1*: -15.0%
- 2020 Q2: 0.0%
- 2020 Q3: 5.0%
- 2020 Q4: 10.0%

*Most recent quarterly GDP: -0.6%

**China GDP (%)**

- 2019 Q4: -20.0%
- 2020 Q1*: -15.0%
- 2020 Q2: 0.0%
- 2020 Q3: 5.0%
- 2020 Q4: 10.0%

*Most recent quarterly GDP: 0.6%

**Japan GDP (%)**

- 2019 Q4: -20.0%
- 2020 Q1*: -15.0%
- 2020 Q2: 0.0%
- 2020 Q3: 5.0%
- 2020 Q4: 10.0%

*Most recent quarterly GDP: 2.8%

**UK GDP (%)**

- 2019 Q4: -20.0%
- 2020 Q1*: -15.0%
- 2020 Q2: 0.0%
- 2020 Q3: 5.0%
- 2020 Q4: 10.0%

*Most recent quarterly GDP: 1.3%

**Germany GDP (%)**

- 2019 Q4: -20.0%
- 2020 Q1*: -15.0%
- 2020 Q2: 0.0%
- 2020 Q3: 5.0%
- 2020 Q4: 10.0%

*Most recent quarterly GDP: -1.7%

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*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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