Daily Fixed-Income Insights

December 03, 2021 (market close)
Daily Trends in Yields, Equity Returns, FX

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

Equity Return (%)

Cumulative MSCI Equity Return in USD (%)

10-Yr Government Yield: Cumulative Change (bps)

Strength of USD

*As of December 3
**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)

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**As of December 3**

**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 December 3

***See Appendix for data sources

MSCI Europe

Italy

France

Spain

Option Adjusted Spread

MSCI Europe

Italy

France

Spain

Equity Return (%)
Spread Term Structure: BBB Corporates & Sovereigns

- **US BBB OAS (bps)**
- **Euro BBB OAS (bps)**
- **Euro Sovereign OAS (bps)**
- **Italy Sovereign OAS (bps)**

*Spread to German government curve as of December 03
**See Appendix for data sources
Trends in Government Yields and Actual 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 (%)**

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

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

*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

MSCI
Inflation: US Market Implied (BEI) and Actual CPI / PCE

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

- 03-Dec 2021
- 30-Jun 2021
- 31-Dec 2020

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

*CPI ex food/energy inflation (yoy) 4.6% as of Oct 2021

**US CPI (%)**

- CPI all items
- CPI ex food/energy

*CPI all items inflation (yoy) 6.2% as of Oct 2021

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

- PCE ex food/energy
- CPI ex food/energy

*PCE ex food/energy inflation (yoy) 4.1% as of Oct 2021

**See Appendix for data sources**
US Govt Yield Drilldown: Nominal, Real and BEI

10-Yr US Government Yields (%)

10-Yr Yields: Cumulative Change (bps)

*See Appendix for data sources
China Government Bond Drilldown

China Sovereign (CNY) Yield Curve (%)

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

Realized Inflation (%)**

*As of December 3. Equity return in USD

**China inflation (yoy) 1.5% as of Oct 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

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

*Spread to German government curve

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*

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

FX Forward Curve: Strength of US Dollar*

FX Volatility (%)**

*As of December 03
***See Appendix for data sources

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

- **US GDP (%):**
  - Most recent quarterly GDP: 0.5
  
- **Eurozone GDP (%):**
  - Most recent quarterly GDP: 2.2

- **China GDP (%):**
  - Most recent quarterly GDP: 0.2

- **Japan GDP (%):**
  - Most recent quarterly GDP: -0.8

- **UK GDP (%):**
  - Most recent quarterly GDP: 1.3

- **Germany GDP (%):**
  - Most recent quarterly GDP: 1.7

*See Appendix for data sources*
Appendix
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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