Daily Fixed-Income Insights

November 02, 2023 (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
**Daily & Monthly US Corporate Spreads vs Equities**

10-Yr BBB OAS (bps) vs Equity Return (%)

- **10-Yr Corporate OAS: Cumulative Change (bps)**
  - BBB
  - A
  - AA

- **Option Adjusted Spread** vs **MSCI USA**

*As of November 2*

**See Appendix for data sources**
Euro Corporate and Sovereign Spreads vs Equities

**10-Yr BBB OAS (bps)**

- April: 174
- May: 180
- June: 186
- July: 193
- August: 199
- September: 205
- October: 212

**Equity Return (%)**

- April: 6.00
- May: 4.00
- June: 2.00
- July: 0.00
- August: -2.00
- September: -4.00
- October: -6.00

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

**10-Yr Sovereign OAS (bps)**

- Italy: 43
- France: 73
- Spain: 102
- MSCI Europe: 132

**Equity Return (%)**

- Italy: 6.00
- France: 4.00
- Spain: 2.00
- MSCI Europe: 0.00

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

**Notes:**
- **As of November 2**
- **See Appendix for data sources**
Drilldown: G4 Government Bonds and Rates
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
Government Yields: 1-Day Changes (Nominal)*

*Change from Nov 01 to Nov 02
**See Appendix for data sources.
Government Yields: 1-Week Changes (Nominal)*

*Change from Oct 26 to Nov 02

**See Appendix for data sources
Government Yields: 1-Month Changes (Nominal)*

*Change from Oct 02 to Nov 02

**See Appendix for data sources
1-Month Forward Rates on Futures and Overnight Index Swaps

USD SOFR Futures (SP) (%)

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*See Appendix for data sources
US Breakeven Inflation and Real Yields

**See Appendix for data sources**
US Government Yields: Nominal, Real and BEI

10-Yr US Government Yields (%)

10-Yr Yields: Cumulative Change (bps)

*See Appendix for data sources
4-Year Trends in Government Yields and Inflation

10-Yr Government Nominal Yields (%)

Realized Inflation (12-Month, in %)

10-Yr Government Breakeven Inflation Yields (%)

10-Yr Government Real Yields (%)

*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
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
Drilldown: Credit
4-Year Spread Trends 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

Mexico Brazil Turkey Indonesia

[Graphs showing trends in OAS for different credit ratings and countries over time]
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
China Government Bond Drilldown

China Sovereign (CNY) Yield Curve (%)

- 02-Nov 2023
- 31-May 2023
- 30-Nov 2022

10-Yr Yields (%)

- China Sovereign (CNY)
- US AA Corporate (USD)
- US Treasury (USD)
- China Sovereign (USD)

10-Yr China Sovereign Yield (%)

- Equity Return (%)*

- Realized Inflation (%)**

**China inflation (yoy) 0.0% as of Sep 2023
Inflation measured by All Items CPI includes food and energy prices

***See Appendix for data sources
Volatilities, Correlations, FX
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

FX Forward Curve: Strength of US Dollar*

FX Volatility (%)**

*As of November 02
***See Appendix for data sources

**Realized volatility using exponential time decay with half life of 18-weeks
Historical Inflation and GDP
US Inflation: Annual and Monthly (CPI and PCE)

CPI 1-Year (%)

- As of Sep 2023: 4.1 for ex Food/Energy and 3.7 for All Items

CPI 1-Month (%)

- As of Sep 2023: 0.3 for ex Food/Energy and 0.4 for All Items

PCE 1-Year (%)

- As of Sep 2023: 3.7 for ex Food/Energy and 3.4 for All Items

PCE 1-Month (%)

- As of Sep 2023: 0.3 for ex Food/Energy and 0.4 for All Items

**See Appendix for data sources**
Global Inflation: Annual

US CPI (%)

Eurozone HICP (%)

China CPI (%)

Japan CPI (%)

UK CPIH (%)

Germany HICP (%)

*Also excludes Alcohol and Tobacco

**See Appendix for data sources
GDP

US GDP (%)

Eurozone GDP (%)

China GDP (%)

Japan GDP (%)

UK GDP (%)

Germany GDP (%)

*Most recent quarterly GDP: 1.2
*Most recent quarterly GDP: -0.1
*Most recent quarterly GDP: 1.3

**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
OECD, Eurostat, UK Office of National Statistics, Cabinet Office of Japan,
National Bureau of Statistics China
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