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
Government Nominal Yield Curves

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

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

- **Equity Return (%)**
  - 2.00  
  - 1.00  
  - 0.00  
  - -1.00  
  - -2.00  
  - -3.00  

- **10-Yr Corporate OAS: Cumulative Change (bps)**
  - 25  
  - 20  
  - 15  
  - 10  
  - 5  
  - 0  
  - -5  

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

- **Equity Return (%)**
  - 8.00  
  - 6.00  
  - 4.00  
  - 2.00  
  - 0.00  
  - -2.00  
  - -4.00  

- **10-Yr Corporate OAS: Cumulative Change (bps)**
  - 20  
  - 15  
  - 10  
  - 5  
  - 0  
  - -5  
  - -10  

*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)

**As of December 3

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

<table>
<thead>
<tr>
<th>Maturity (years)</th>
<th>US BBB OAS (bps)</th>
<th>Euro BBB OAS (bps)*</th>
<th>Euro Sovereign OAS (bps)*</th>
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*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 (%)

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
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): 1, 3, 5, 7, 10, 15, 20, 30
- Yields: -4.00, -2.00, 0.00, 2.00, 4.00, 6.00, 8.00
- 03-Dec 2021, 30-Jun 2021, 31-Dec 2020

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

- CPI all items inflation (yoy): 6.2% as of Oct 2021
- CPI ex food/energy inflation (yoy): 4.6% as of Oct 2021
- 2-yr, 5-yr, 10-yr

**US CPI (%)**

- CPI all items
- CPI ex food/energy

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

- 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 (%)

US Nominal  US BEI  US Real

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 (%)**

MSCI China

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

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

0.00  0.50  1.00  1.50  2.00  2.50  3.00  3.50  4.00
2.25  2.50  2.75  3.00  3.25  3.50  3.75  4.00  4.25

Maturity (years)

1  3  5  7  10  15  20  25  30

China inflation (yoy) 1.5% as of Oct 2021
Inflation measured by All Items CPI includes food and energy prices

*As of December 3. Equity return in USD

**See Appendix for data sources

***See Appendix for data sources

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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)*

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)*

03-Dec 2021 25-Jun 2021 25-Dec 2020

10-Yr US Yield Volatility (bps)*

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

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

*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

- Dec 2017
- Jul '18
- Jan '19
- Jul '19
- Jan '20
- Jul '20
- Jan '21
- Jul '21

- 90
- 95
- 100
- 105
- 110
- 115
- 120

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

- As of December 03

**FX Volatility (%)**

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

- Jan 2018
- Jul '18
- Jan '19
- Jul '19
- Jan '20
- Jul '20
- Jan '21
- Jul '21

- 0
- 5
- 10
- 15

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**Notes:**

- *As of December 03

- See Appendix for data sources

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

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**MSCI**
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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