Daily Fixed-Income Insights

March 08, 2022 (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 (%)

10-Yr BBB OAS (bps)

Equity Return (%)

10-Yr Corporate OAS: Cumulative Change (bps)

10-Yr Corporate OAS: Cumulative Change (bps)

*As of March 8
**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 March 8
***See Appendix for data sources
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
**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 (%)

*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
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

*Spread to US Treasury curve

**See Appendix for data sources
### Inflation: US Market Implied (BEI) and Actual CPI / PCE

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

<table>
<thead>
<tr>
<th>Maturity (years)</th>
<th>08-Mar 2022</th>
<th>30-Sep 2021</th>
<th>31-Mar 2021</th>
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<td>1</td>
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<td>30</td>
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**US CPI vs Breakeven Inflation Yields (%)**

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

**US CPI (%)**

<table>
<thead>
<tr>
<th>Year</th>
<th>CPI all items</th>
<th>CPI ex food/energy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apr 2018</td>
<td></td>
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<tr>
<td>Jan '19</td>
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<td>Jul '19</td>
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<td>Jan '20</td>
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<td>Jul '20</td>
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<td>Jan '21</td>
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<td>Jul '21</td>
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<tr>
<td>Jan '22</td>
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</tbody>
</table>

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

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

**PCE ex food/energy inflation (yoy) 5.2% as of Jan 2022**

*CPI all items inflation (yoy) 7.5% as of Jan 2022

**See Appendix for data sources**

*CPI ex food/energy inflation (yoy) 6.0% as of Jan 2022

*CPI all items inflation (yoy) 7.5% as of Jan 2022

**See Appendix for data sources**

*CPI ex food/energy inflation (yoy) 6.0% as of Jan 2022

**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 Sovereign (CNY) Yield Curve (%)

10-Yr China Sovereign Yield (%)

Realized Inflation (%)**

**China inflation (yoy) 0.9% as of Jan 2022
Inflation measured by All Items CPI includes food and energy prices

***See Appendix for data sources

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**Equity Return (%)***

*As of March 8. Equity return in USD

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[Appendix for data sources]
Long-Run Trends in Yields and Inflation

10-Yr Government Nominal Yields (%)

-1.00 0.00 1.00 2.00 3.00 4.00 5.00 6.00

Jun 97 Jan '01 Jan '04 Jan '07 Jan '10 Jan '13 Jan '16 Jan '19 Jan '22
 US Germany UK Japan

Realized Inflation (12-Month, in %)

-2.00 -1.00 0.00 1.00 2.00 3.00 4.00 5.00

Jun 97 Jan '01 Jan '04 Jan '07 Jan '10 Jan '13 Jan '16 Jan '19 Jan '22
 US Eurozone UK Japan

10-Yr Government Breakeven Inflation Yields (%)

-3.00 -2.00 -1.00 0.00 1.00 2.00 3.00 4.00

Jun 97 Jan '01 Jan '04 Jan '07 Jan '10 Jan '13 Jan '16 Jan '19 Jan '22
 US Germany UK* Japan

10-Yr Government Real Yields (%)

-3.00 -2.00 -1.00 0.00 1.00 2.00 3.00 4.00

Jun 97 Jan '01 Jan '04 Jan '07 Jan '10 Jan '13 Jan '16 Jan '19 Jan '22
 US Germany UK* Japan

*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)*

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***

*As of March 08

***See Appendix for data sources

**FX Volatility (%)**

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

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MSCI
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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