Daily Fixed-Income Insights

August 19, 2022 (market close)
Daily Trends in Yields, Equity Returns, FX

Cumulative MSCI Equity Return in USD (%)

10-Yr US Government Yield (%)

Equity Return (%)

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 August 19
**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 (%)

19-Aug 2022  28-Feb 2022  31-Aug 2021

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

10-Yr BBB OAS (bps)
- Option Adjusted Spread
- MSCI USA

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

10-Yr BBB OAS (bps)
- Option Adjusted Spread
- MSCI USA

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

*As of August 19
**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 August 19

***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 as of August 19

**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
**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 range from -4.00% to 10.00%

- **US CPI vs Breakeven Inflation Yields (%):**
  - CPI all items inflation (yoy) 8.5% as of Jul 2022
  - PCE ex food/energy inflation (yoy) 4.8% as of Jun 2022

- **US CPI (%):**
  - CPI all items
  - CPI ex food/energy

- **US Inflation: CPI vs PCE (%):**
  - PCE ex food/energy

**Data Sources:**
- See Appendix for data sources

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*CPI all items inflation (yoy) 8.5% as of Jul 2022
*PCE ex food/energy inflation (yoy) 4.8% as of Jun 2022
US Govt Yield Drilldown: Nominal, Real and BEI

10-Yr US Government Yields (%)

10-Yr Yields: Cumulative Change (bps)

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 (%)**

***See Appendix for data sources

**As of August 19. Equity return in USD

**China inflation (yoy) 2.7% as of Jul 2022
Inflation measured by All Items CPI includes food and energy prices

**MSCI China Equity Return in USD

*As of August 19. Equity return in USD
Long-Run Trends in Yields and Inflation

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

- US
- Germany
- UK
- Japan

**Realized Inflation (12-Month, in %)**

- US
- Eurozone
- UK
- Japan

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

- US
- Germany
- UK*
- Japan

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

- US
- Germany
- UK*
- Japan

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*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**
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 August 19
***See Appendix for data sources

**Realized volatility using exponential time decay with half life of 18-weeks
US GDP (%)

*Most recent quarterly GDP: -0.2

Eurozone GDP (%)

*Most recent quarterly GDP: 0.6

China GDP (%)

*Most recent quarterly GDP: -2.6

Japan GDP (%)

*Most recent quarterly GDP: 0.5

UK GDP (%)

*Most recent quarterly GDP: -0.1

Germany GDP (%)

*Most recent quarterly GDP: -0.0

**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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