Daily Fixed-Income Insights

December 27, 2023 (market close)
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 27  
**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)

*As of December 27
**See Appendix for data sources
Euro Corporate and Sovereign Spreads vs Equities

10-Yr BBB OAS (bps)*

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10-Yr Sovereign OAS (bps)*

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Equity Return (%)*

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10-Yr Corporate OAS: Cumulative Change (bps)

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10-Yr Sovereign OAS: Cumulative Change (bps)

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

**As of December 27

***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 Dec 26 to Dec 27

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

*Change from Dec 20 to Dec 27

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

US Change (bps)

Germany Change (bps)

UK Change (bps)

Japan Change (bps)

*Change from Nov 27 to Dec 27

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

USD SOFR Futures (SP) (%)

EUR ESTR OIS (SP) (%)

GBP SONIA OIS (SP) (%)

USD Fed Funds OIS (SP) (%)

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

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

- 27-Dec 2023
- 30-Jun 2023
- 31-Dec 2022

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

- CPI ex Food/Energy
- 2-yr
- 5-yr
- 10-yr

**US Government Real Yield Curve (%)**

- 27-Dec 2023
- 30-Jun 2023
- 31-Dec 2022

**US Real Yields (%)**

- 2-yr
- 5-yr
- 10-yr

**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

*US: PCE ex Food/Energy; Eurozone: HICP ex Food/Energy/Alcohol/Tobacco
UK: CPIH ex Food/Energy/Alcohol/Tobacco; Japan: CPI ex Food/Energy
Drilldown: Credit
Spread Term Structure: BBB Corporates & Sovereigns

**US BBB OAS (bps)**

- 27-Dec 2023
- 30-Jun 2023
- 31-Dec 2022

**Euro BBB OAS (bps)**

*Spread to German government curve

**Euro Sovereign OAS (bps)**

*Spread to German government curve

**Italy Sovereign OAS (bps)**

*Spread to German government curve

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**Notes:**

*Spread to German government curve as of December 27

**See Appendix for data sources**
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
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

*MSCI

19
China Government Bond Drilldown

China Sovereign (CNY) Yield Curve (%)

10-Yr Yields (%)

Realized Inflation (%)**

Equity Return (%)*

***See Appendix for data sources

**China inflation (yoy) -0.5% as of Nov 2023
Inflation measured by All Items CPI includes food and energy prices

*As of December 27. Equity return in USD
Volatilities, Correlations, FX
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*

10-Yr Nominal vs: MSCI USA, MSCI World ex USA, MSCI Emerging Markets

Return Correlations: US Equity & 10-Yr US Real, BEI*

MSCI USA vs: 10-Yr Government BEI, 10-Yr Government Real

Yield Correlations: 10-Yr US Government*

10-Yr Nominal vs: 10-Yr BEI, 10-Yr Real

Yield Curve Slope: 10-Yr less 3-Month (bps)

US, Germany, UK, Japan

*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 December 27

***See Appendix for data sources

FX Volatility (%)**

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

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

††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 (%)**

- **ex Food/Energy**
- **All Items**

*As of Nov 2023: 4.0 for ex Food/Energy and 3.1 for All Items

**CPI 1-Month (%)**

- **ex Food/Energy**
- **All Items**

*As of Nov 2023: 0.3 for ex Food/Energy and 0.1 for All Items

**PCE 1-Year (%)**

- **ex Food/Energy**
- **All Items**

*As of Nov 2023: 3.2 for ex Food/Energy and 2.6 for All Items

**PCE 1-Month (%)**

- **ex Food/Energy**
- **All Items**

*As of Nov 2023: 0.1 for ex Food/Energy and -0.1 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 (%)**
- 2021: -2.0%
- 2022 Q1: 0.0%
- 2022 Q2: 2.0%
- 2023 Q1: 4.0%
- 2023 Q2: 6.0%
- 2023 Q3*: 8.0%

*Most recent quarterly GDP: 1.2%

**Eurozone GDP (%)**
- 2021: -2.0%
- 2022 Q1: 0.0%
- 2022 Q2: 2.0%
- 2023 Q1: 4.0%
- 2023 Q2: 6.0%
- 2023 Q3*: 8.0%

*Most recent quarterly GDP: -0.1%

**China GDP (%)**
- 2021: -2.0%
- 2022 Q1: 0.0%
- 2022 Q2: 2.0%
- 2023 Q1: 4.0%
- 2023 Q2: 6.0%
- 2023 Q3*: 8.0%

*Most recent quarterly GDP: 1.3%

**Japan GDP (%)**
- 2021: -2.0%
- 2022 Q1: 0.0%
- 2022 Q2: 2.0%
- 2023 Q1: 4.0%
- 2023 Q2: 6.0%
- 2023 Q3*: 8.0%

*Most recent quarterly GDP: -0.7%

**UK GDP (%)**
- 2021: -2.0%
- 2022 Q1: 0.0%
- 2022 Q2: 2.0%
- 2023 Q1: 4.0%
- 2023 Q2: 6.0%
- 2023 Q3*: 8.0%

*Most recent quarterly GDP: -0.1%

**Germany GDP (%)**
- 2021: -2.0%
- 2022 Q1: 0.0%
- 2022 Q2: 2.0%
- 2023 Q1: 4.0%
- 2023 Q2: 6.0%
- 2023 Q3*: 8.0%

*Most recent quarterly GDP: -0.1%

**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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