Daily Fixed-Income Insights

September 10, 2021 (market close)
Daily Trends in Yields, Equity Returns, FX

*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 (%)**

**10-Yr Government Yield: Cumulative Change (bps)**
- US
- Germany
- UK
- Japan

**Strength of USD**
- vs EUR
- vs GBP
- vs JPY
- vs CNY

*As of September 10

**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 (%)

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

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

10-Yr BBB OAS (bps)

Equity Return (%)

10-Yr Corporate OAS: Cumulative Change (bps)

*As of September 10

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

10-Yr BBB OAS (bps)*

Option Adjusted Spread

MSCI Europe

*Option Adjusted Spread in basis points to German government curve.

Equity Return (%)*

10-Yr Sovereign OAS (bps)*

Italy
France
Spain
MSCI Europe

*Option Adjusted Spread in basis points to German government curve.

Equity return expressed in USD

10-Yr Corporate OAS: Cumulative Change (bps)

BBB
A
AA

10-Yr Sovereign OAS: Cumulative Change (bps)

Italy
France
Spain

**As of September 10

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

US BBB OAS (bps) vs. Maturity (years)

Euro BBB OAS (bps)* vs. Maturity (years)

Euro Sovereign OAS (bps)* vs. Maturity (years)

Italy Sovereign OAS (bps)* vs. Maturity (years)

*Spread to German government curve as of September 10
**See Appendix for data sources
Trends in Government Yields and Actual Inflation

10-Yr Government Nominal Yields (%)

Realized Inflation (12-Month, in %)

Policy Target

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)*

*Spread to German government curve

10-Yr Euro OAS (bps)*

10-Yr Emerging Markets Sovereign OAS (bps)*

*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 (%)**

- CPI all items inflation (yoy) 5.4% as of Jul 2021
- CPI ex food/energy inflation (yoy) 4.3% as of Jul 2021

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

- PCE ex food/energy inflation (yoy) 3.6% as of Jul 2021

**US CPI (%)**

- CPI all items
- CPI ex food/energy

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

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

*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 Government Bond Drilldown

**China Sovereign (CNY) Yield Curve (%)**

- Maturity (years): 1 3 5 7 10 15 20 30
- Yields: 2.25% to 4.25%

**10-Yr China Sovereign Yield (%)**

- As of September 10
- Equity return in USD

**Realized Inflation (%)**

- As of September 10
- Inflation measured by All Items CPI includes food and energy prices

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***See Appendix for data sources***

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**MSCI China**

- Feb 2021 to Jul 2021
- Equity Return (%)*

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***China inflation (yoy) 1.0% as of Jul 2021***

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**China**

- US

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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)

- BBB
- A
- AA

10-Yr Euro Sovereign OAS (bps)*

- Italy
- France
- Spain

*Spread to German government curve

10-Yr Euro OAS (bps)*

- BBB
- A
- AA

10-Yr Emerging Markets Sovereign OAS (bps)*

- Mexico
- Brazil
- Turkey
- Indonesia

*Spread to US Treasury 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)*

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*

*As of September 10

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

***See Appendix for data sources
The image contains graphs and tables comparing GDP growth for different countries over various quarters from 2019 to '21.

**US GDP (%)**
- GDP growth from 2019 to 2020 with a slight improvement in Q4 2020 and Q1 '21.
- *Most recent quarterly GDP: 1.6*

**Eurozone GDP (%)**
- GDP growth with a notable dip in Q4 2020 followed by slight recovery in Q1 '21.
- *Most recent quarterly GDP: 2.2*

**China GDP (%)**
- GDP growth showing a positive trend from Q4 2020 to Q1 '21.
- *Most recent quarterly GDP: 1.3*

**Japan GDP (%)**
- GDP growth with slight improvement from Q4 2020 to Q1 '21.
- *Most recent quarterly GDP: 0.5*

**UK GDP (%)**
- GDP growth showing a slight dip in Q4 2020 followed by recovery in Q1 '21.
- *Most recent quarterly GDP: 4.8*

**Germany GDP (%)**
- GDP growth showing a positive trend from Q4 2020 to Q1 '21.
- *Most recent quarterly GDP: 1.6*

*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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* = toll free

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