Daily Fixed-Income Insights

April 01, 2022 (market close)
Daily Trends in Yields, Equity Returns, FX

10-Yr US Government Yield (%) - Nominal Yield and MSCI USA
Equity Return (%)
Cumulative MSCI Equity Return in USD (%)
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 (%) vs Equity Return (%)

Cumulative MSCI Equity Return in USD (%)

10-Yr Government Yield: Cumulative Change (bps)

Strength of USD

*As of April 1
**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)

Equity Return (%)

10-Yr Corporate OAS: Cumulative Change (bps)

*As of April 1
**See Appendix for data sources
Spread Term Structure: BBB Corporates & Sovereigns

**US BBB OAS (bps)**

- 01-Apr 2022
- 31-Oct 2021
- 30-Apr 2021

**Euro BBB OAS (bps)**

- 01-Apr 2022
- 31-Oct 2021
- 30-Apr 2021

*Spread to German government curve

**Euro Sovereign OAS (bps)**

- Italy
- Spain
- France

*Spread to German government curve

**Italy Sovereign OAS (bps)**

- 01-Apr 2022
- 31-Oct 2021
- 30-Apr 2021

*Spread to German government curve

**See Appendix for data sources**
Trends in Government Yields and Actual Inflation

10-Yr Government Nominal Yields (%)

-2.00 -1.00 0.00 1.00 2.00 3.00 4.00 5.00 6.00

Policy Target

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 6.00

*US: PCE ex food/energy; Eurozone: HICP ex food/energy/alcohol/tobacco
UK: CPIH ex food/energy/alcohol/tobacco; Japan: CPI ex food/energy

10-Yr Government Breakeven Inflation Yields (%)

-2.00 -1.00 0.00 1.00 2.00 3.00 4.00 5.00 6.00

*UK breakeven inflation and real yields are adjusted to reflect historical differences between the Retail Price Index (RPI) and the Consumer Price Index (CPI)

10-Yr Government Real Yields (%)

-3.00 -2.00 -1.00 0.00 1.00 2.00 3.00

**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

MSCI
Inflation: US Market Implied (BEI) and Actual CPI / PCE

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

-3.00 -2.00 -1.00 0.00 1.00 2.00 3.00 4.00 5.00 6.00 7.00 8.00

Maturity (years)

-0.00 0.00 1.00 2.00 3.00 4.00 5.00 6.00 7.00 8.00

-1.00 -2.00 -3.00 -4.00

01-Apr 2022 31-Oct 2021 30-Apr 2021

**US CPI (%)**

-3.00 -2.00 -1.00 0.00 1.00 2.00 3.00 4.00 5.00 6.00 7.00 8.00

Apr 2018 Jan '19 Jul '19 Jan '20 Jul '20 Jan '21 Jul '21 Jan '22

-0.00 0.00 1.00 2.00 3.00 4.00 5.00 6.00 7.00 8.00

-1.00 -2.00 -3.00 -4.00

CPI all items CPI ex food/energy

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

-3.00 -2.00 -1.00 0.00 1.00 2.00 3.00 4.00 5.00 6.00 7.00 8.00

Apr 2018 Jan '19 Jul '19 Jan '20 Jul '20 Jan '21 Jul '21 Jan '22

-0.00 0.00 1.00 2.00 3.00 4.00 5.00 6.00 7.00 8.00

-1.00 -2.00 -3.00 -4.00

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

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

-3.00 -2.00 -1.00 0.00 1.00 2.00 3.00 4.00 5.00 6.00 7.00 8.00

Apr 2018 Jan '19 Jul '19 Jan '20 Jul '20 Jan '21 Jul '21 Jan '22

-0.00 0.00 1.00 2.00 3.00 4.00 5.00 6.00 7.00 8.00

-1.00 -2.00 -3.00 -4.00

PCE ex food/energy CPI ex food/energy

*CPI all items inflation (yoy) 7.9% as of Feb 2022

**See Appendix for data sources

*CPI ex food/energy inflation (yoy) 6.4% as of Feb 2022

*PCE ex food/energy inflation (yoy) 5.4% as of Feb 2022
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 (%)

10-Yr Yields (%)

10-Yr China Sovereign Yield (%)

Equity Return (%)*

Realized Inflation (%)**

**China inflation (yoy) 0.9% as of Feb 2022

Inflation measured by All Items CPI includes food and energy prices

***See Appendix for data sources

*As of April 1. Equity return in USD

MSCI China

Yield (CNY)

US AA Corporate (USD)

US Treasury (USD)

China Sovereign (USD)

China Sovereign (CNY)

***See Appendix for data sources
Long-Run Trends in Yields and Inflation

10-Yr Government Nominal Yields (%)

10-Yr Government Breakeven Inflation Yields (%)

10-Yr Government Real Yields (%)

Realized Inflation (12-Month, in %)

*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 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

*Spread to US Treasury curve

MSCI
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***

- **MSCI USA** vs. 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**

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*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 April 01
***See Appendix for data sources

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

*Most recent quarterly GDP: 1.7

**Eurozone GDP (%)**

*Most recent quarterly GDP: 0.3

**China GDP (%)**

*Most recent quarterly GDP: 1.6

**Japan GDP (%)**

*Most recent quarterly GDP: 1.1

**UK GDP (%)**

*Most recent quarterly GDP: 1.3

**Germany GDP (%)**

*Most recent quarterly GDP: -0.3

**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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