Daily Fixed-Income Insights

July 27, 2021 (market close)
Daily 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

*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 July 27
**See Appendix for data sources
Government Nominal Yield Curves

*See Appendix for data sources*
10-Yr BBB OAS (bps)  

Equity Return (%)  

10-Yr Corporate OAS: Cumulative Change (bps)  

10-Yr BBB OAS (bps)  

Equity Return (%)  

10-Yr Corporate OAS: Cumulative Change (bps)  

*As of July 27  
**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 expressed in USD

**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

**Equity Return (%)**

- 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 July 27**

***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

*Spread to German government curve as of July 27

**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 US Corporate OAS (bps)*

10-Yr Euro Sovereign OAS (bps)*

10-Yr Euro Sovereign OAS (bps)*

10-Yr Emerging Markets Sovereign OAS (bps)*

0 50 100 150 200 250 300 350 400 0 50 100 150 200 250 300 350 400 0 50 100 150 200 250 300 350 400 0 50 100 150 200 250 300 350 400


BBB A AA

Italy France Spain

BBB A AA

Mexico Brazil Turkey Indonesia

*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 (%)**

- 27-Jul 2021
- 31-Jan 2021
- 31-Jul 2020

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

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

**US CPI (%)**

- CPI all items
- CPI ex food/energy

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

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

*CPI all items inflation (yoy) 5.4% as of Jun 2021

**See Appendix for data sources

*CPI ex food/energy inflation (yoy) 4.5% as of Jun 2021

**PCE ex food/energy inflation (yoy) 3.4% as of May 2021
US Govt Yield Drilldown: Nominal, Real and BEI

10-Yr US Government Yields (%)

10-Yr US Government Yields (%)

10-Yr Yields: Cumulative Change (bps)

10-Yr Yields: Cumulative Change (bps)

*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
Long-Run Trends in Spreads

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
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**

- 2017 Aug
- 2018 Jul
- 2019 Jan
- 2020 Jul
- 2021 Jan

- 90
- 95
- 100
- 105
- 110
- 115

**Strength of US Dollar**

- 2017 Aug
- 2018 Jul
- 2019 Jan
- 2020 Jul
- 2021 Jan

- 100
- 105
- 110
- 115
- 120
- 125
- 130

**FX Forward Curve: Strength of US Dollar***

- 2017 Aug
- 2018 Jul
- 2019 Jan
- 2020 Jul
- 2021 Jan

- 92
- 94
- 96
- 98
- 100
- 102

**FX Volatility (%)**

- 2017 Aug
- 2018 Jul
- 2019 Jan
- 2020 Jul
- 2021 Jan

- 0
- 5
- 10
- 15

*As of July 27

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

***See Appendix for data sources
GDP

US GDP (%)

Eurozone GDP (%)

China GDP (%)

Japan GDP (%)

UK GDP (%)

Germany GDP (%)

*Most recent quarterly GDP: 1.6

*Most recent quarterly GDP: -0.3

*Most recent quarterly GDP: 1.3

*Most recent quarterly GDP: -1.0

**See Appendix for data sources

*Most recent quarterly GDP: -1.6

*Most recent quarterly GDP: -1.8
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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