

Fixed Income Insights

MONTHLY REPORT – NOVEMBER 2023 | CHINA EDITION

FOR PROFESSIONAL INVESTORS ONLY

China's 2023 outlook constrained by property woes, but fiscal stimulus resumes

Falling property investments in China drove a downgrade to growth projections, despite a rebound in exports. October's manufacturing PMI confirmed growth uncertainty. Increased issuance may weigh on sovereign bonds in Q4. Chinese and US dollar HY credit underperformed \$ IG, but China sovereigns outperformed G7.

Macroeconomic backdrop – Resilient Chinese growth in Q3, followed by long-anticipated fiscal stimulus in Q4

China's Q3 growth of 4.9% beat expectations, even if 2023 growth forecasts were downgraded. Additional sovereign bond issuance is scheduled for Q4, for disaster prevention and flood relief projects and to boost the economy. (page 2)

Chinese bonds – Chinese sovereign bond yields increased in shorts and longs, while decreased in mid-terms

The Chinese 10s/2s curve flattened, driven by higher short yields. Lower borrowing costs in RMB vs USD may have attracted bond issuers into the offshore RMB bond market, driven by higher Fed policy rates. (page 3)

Chinese and Asian bonds – Asian sovereign spreads vs US dipped further, as US Treasury yields rose sharply

Chinese sovereign spreads fell the most vs US and Japan. Other Asian spreads vs US Treasuries fell to new lows. (page 4)

Performance – Currency effects drove outperformance by Thai bonds and underperformance by Indonesian bonds

Only Thai and Chinese bonds avoided losses in October. Indonesian returns were hit hard by October retreats. (pages 5-6)

Appendix – Global bond market returns, historical bond yields, duration and market value, foreign exchange returns.

Chart 1: China's growth in Q3 (4.9% y/y) outperformed expectations helped by improving net exports. Property remains a drag.

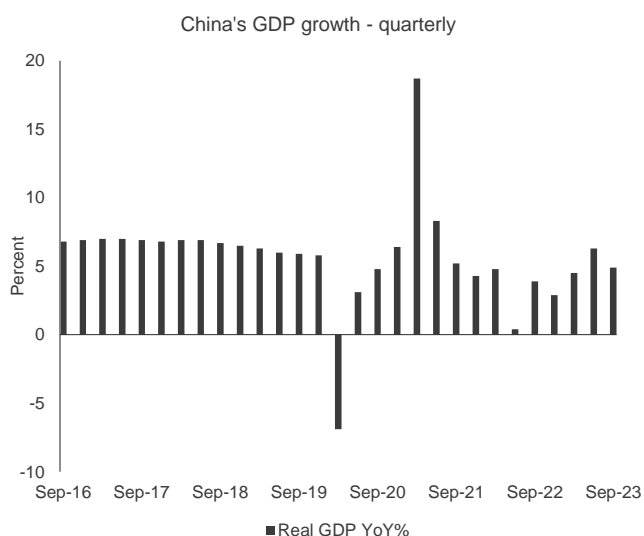
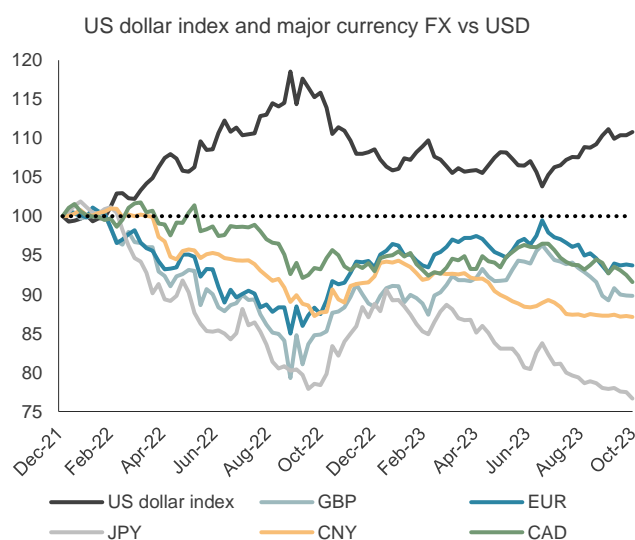


Chart 2: The US dollar stabilized in October, after the Q3 rally. Lower inflation and interest rates weighed on the yen and renminbi.



Macroeconomic Backdrop – Growth and Inflation Expectations

G7 growth generally remains weak, after the policy tightening in 2022-23, but robust consumer spending drove strong US growth in Q3, and high levels of employment prevented recessions. Chinese growth forecasts remain around 5%, despite downgrade risks. Financial support has helped the real economy, with credit and M2 growth showing signs of recovery.

Overall, stronger North American growth but weaker European and Asian growth continued in Q3, due to the greater severity of the 2022-23 energy shock in Europe, particularly. Latest IMF forecasts reflect this (Chart 1). Chinese 2023 growth forecast was revised downward by the IMF to 5% from 5.2%, largely due to lower investment in the property market.

G7 September inflation data was again mixed, with disinflation stalling in the US and UK, but resuming elsewhere. US and UK inflation remained at 3.7% and 6.7% y/y, respectively. Chinese headline CPI was flat again in September (Chart 2), dragged down by prices of food and transportations, although price increases in education and entertainment activities remain strong.

China's Ministry of Finance unveiled a plan to issue additional sovereign bonds of one trillion yuan in Q4, in an effort to support the rebuilding of disaster-hit areas. This long-awaited fiscal stimulus came after rounds of monetary policy measures (Chart 3), and is expected to boost the economy, with raised funds being transferred to regional governments.

China's social financing y/y growth stayed at 9%, although RMB loans growth fell marginally to 10.7%. But their m/m growth kept rising, suggesting recovering credit growth (Chart 4). Money supply y/y growth slowed further to 10.3%, in line with weak demand. Overall the data is tracking close to the central bank's target of aligning the growth rates of GDP, M2 and social financing.

Chart 1: The IMF's October growth forecasts upgraded the US outlook, after the consumer's resilience. China's outlook was downgraded on weak property, despite a 4.9% y/y growth in Q3.

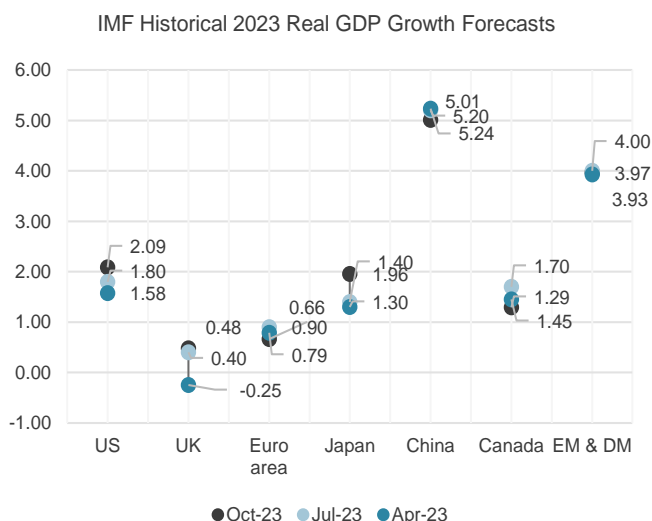


Chart 2: US and European disinflation has stalled, as consumer demand remained robust, notably in the US. However, disinflation resumed in Asia, including in Japan, amidst China deflation fears.

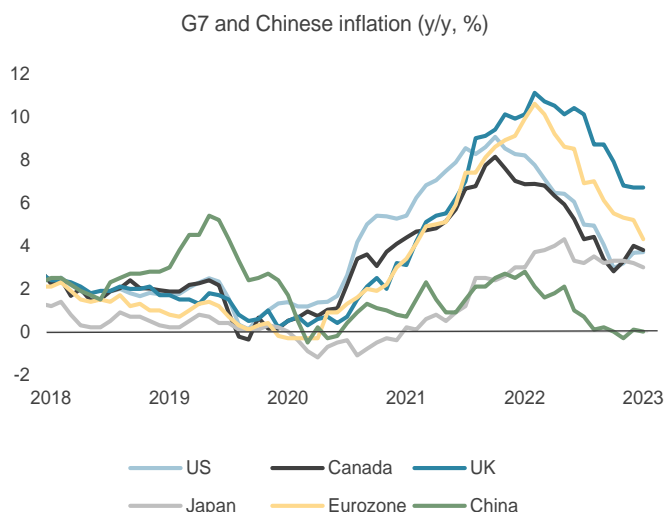


Chart 3: China has been taking monetary policy measures to boost post-Covid growth, while cautious with fiscal stimulus. The Fed and BoE kept rates unchanged at their November meetings.

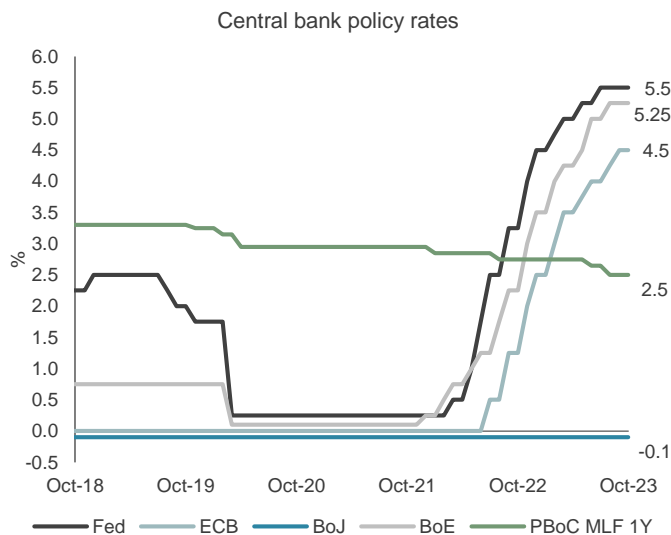
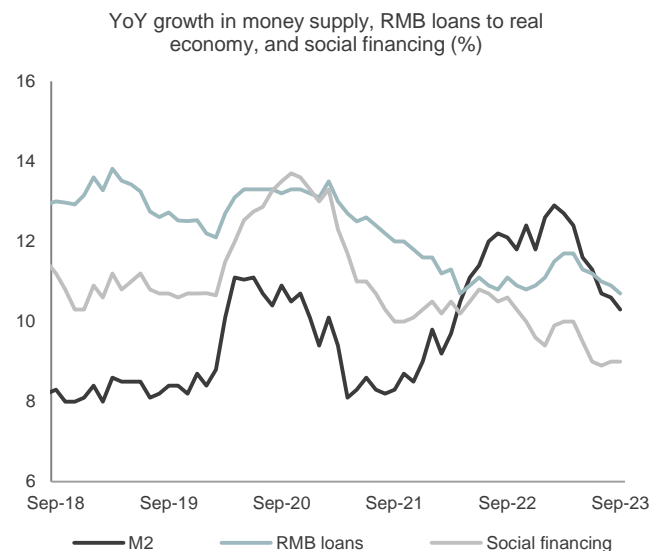


Chart 4: September data shows resilience in China's total social financing, despite slower growth in RMB loans. M2 growth was down y/y, but m/m growth has improved since July weakness.



Source: FTSE Russell and Refinitiv. All data as of October 31, 2023. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of Indices used for each market. For professional investors only.

Chinese Government and Corporate Bonds

Chart 1: Chinese govt yields edged higher in shorts and longs but medium maturities moved less. Extra sovereign bond sales in Q4 - to finance a budget stimulus - may put pressure on bond yields.

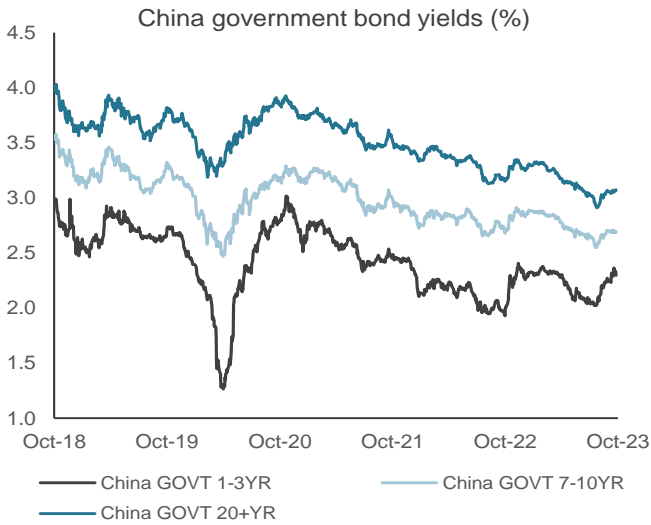


Chart 2: The Chinese 10s/2s curve continued to flatten in October, driven by higher short yields. US curve dis-inverted to -20 bps from -120 bps, as 10-year Treasury yields rose much faster than shorts.



Chart 3: Chinese onshore spreads broadly widened in October, led by regional govts and corporates. Regional gov and policy bank spreads remain narrower than corporates, despite longer durations.

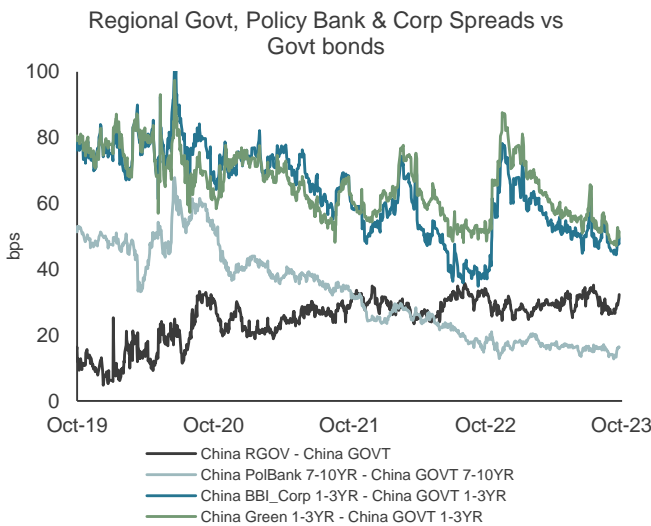


Chart 4: Chinese dollar IG bonds offer more than double the yield on domestic bonds, although lower than their November highs. This yield gap may persist with the "higher for longer" policy by the Fed.

Selected bond yields for Chinese domestic govt., corps & dollar-denominated (%)

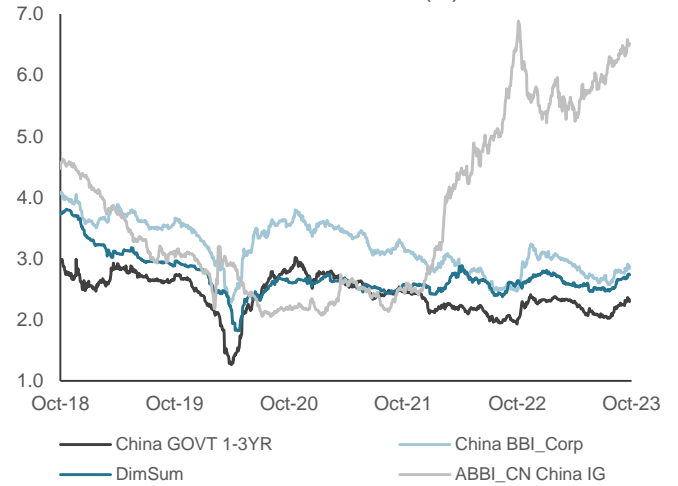


Chart 5: Foreign holdings of Chinese govt bonds returned to a level last seen in Q1 2021 (2.07 trillion RMB), after continuing outflows. Surging US Treasury yields may extend the recovery process.

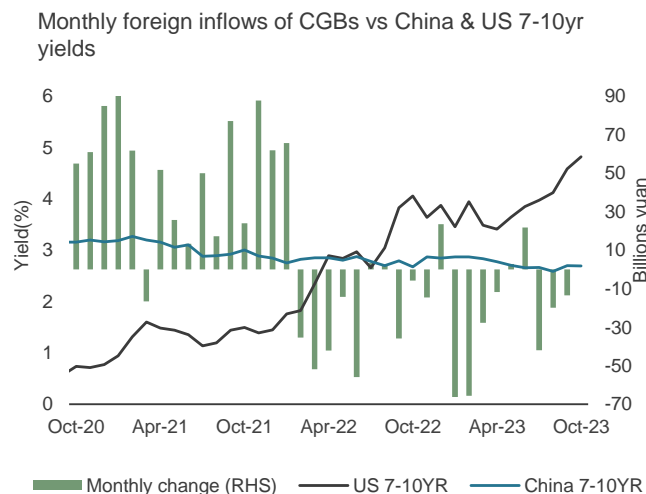


Chart 6: The offshore RMB bond market expanded rapidly. Market share of China issuers remains the largest (>50%), but the share of foreign issuers is growing due to lower borrowing costs in RMB.



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China and Asian Bonds in Global Context

Chart 1: APAC 7-10yr yields rose with surging US yields, including Australia, which has closely tracked Treasuries. Indonesian yields also rose in October, but remain below their 2020 highs.

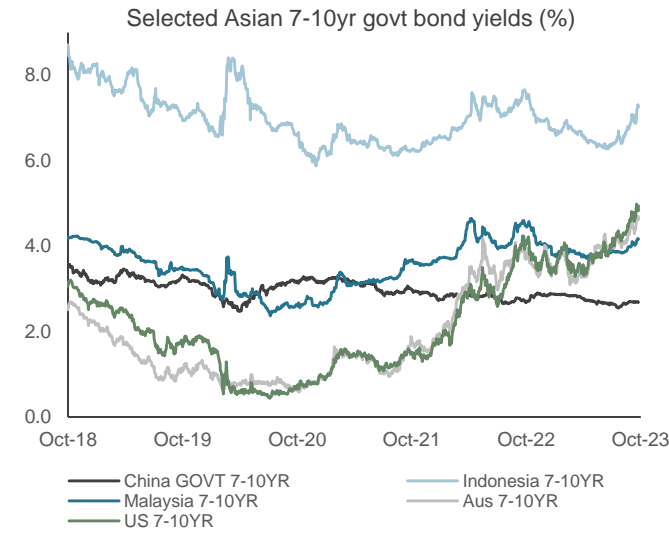


Chart 2: Most Asian 10s/2s yield curves steepened in October, as US curves dis-inverted. The Indonesian curve flattened sharply after the short rate rise by the central bank - to support the rupiah.

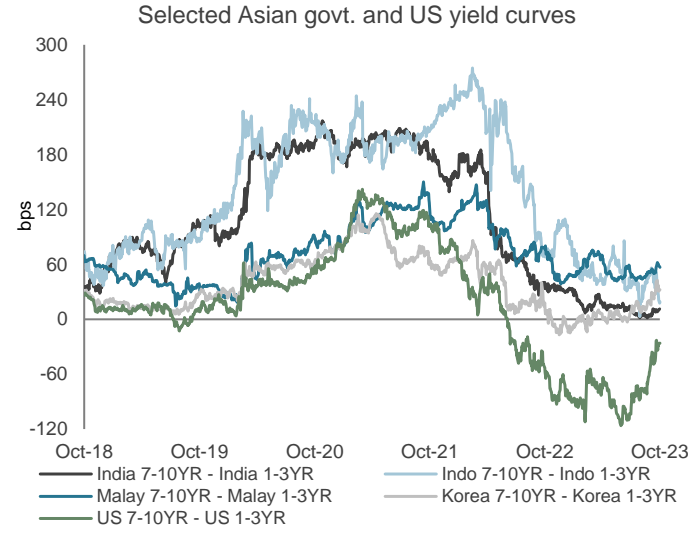


Chart 3: China 7-10 year spreads vs G7 fell further, led by US and Japan, as yields of Treasuries and JGBs increased most. Spreads vs Germany stabilized as Bunds yields moved less.

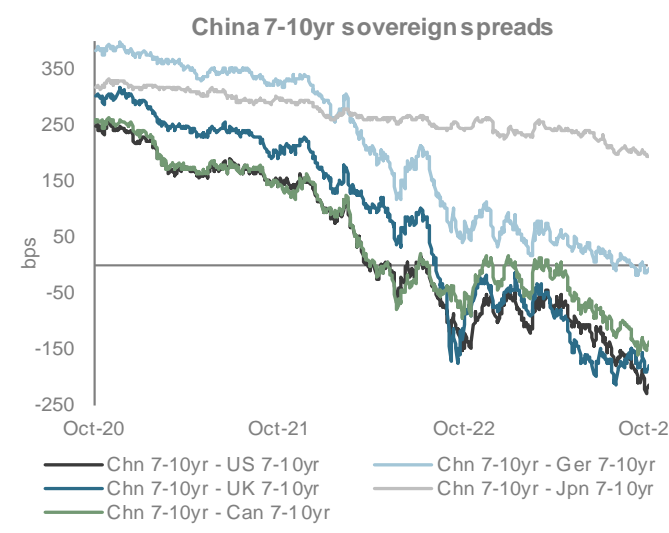


Chart 4: Asian 7-10yr spreads versus the US fell to new lows as US yields rose faster. Malaysian spreads declined faster than Korean since June, and both are at around -80bps levels by end-October.

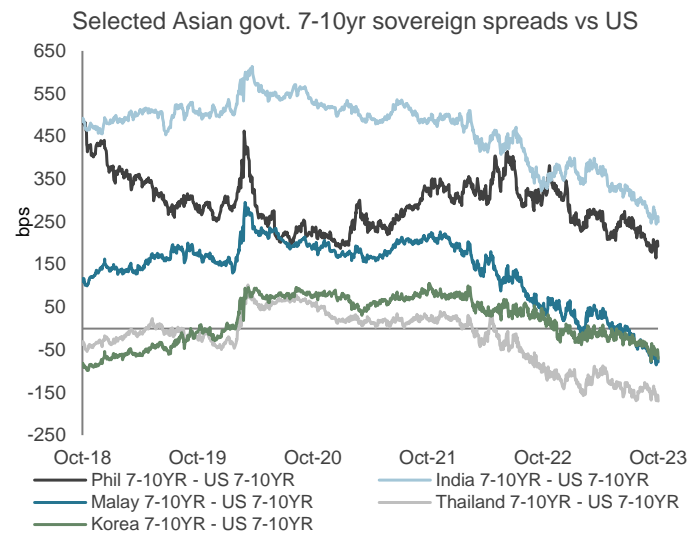


Chart 5: Asian \$ HY spreads eased to 900bps by end-October, although remaining much wider and more volatile than US HY spreads post-Covid.

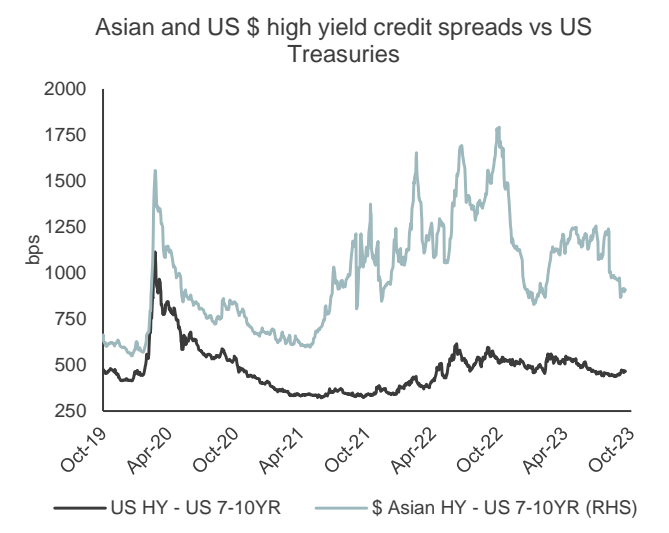
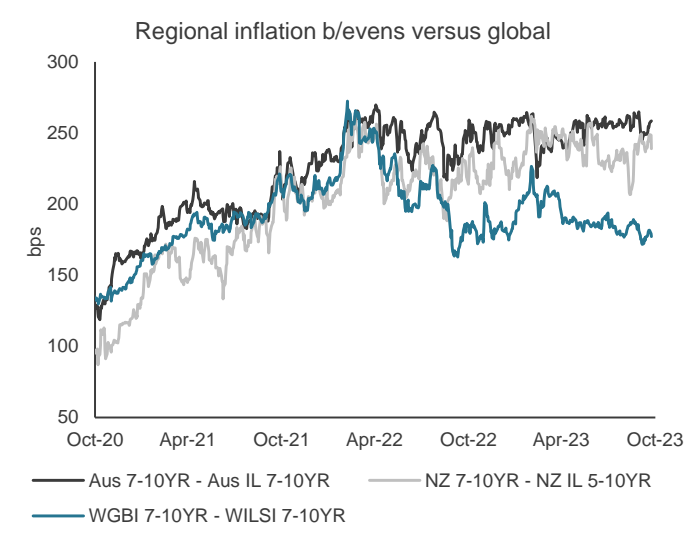


Chart 6: Australasian breakevens failed to follow global breakevens lower, as inflation remained high in Q3, within the region (5.4-5.6%). The risk of an interest rate hike from the RBA rose as a result.



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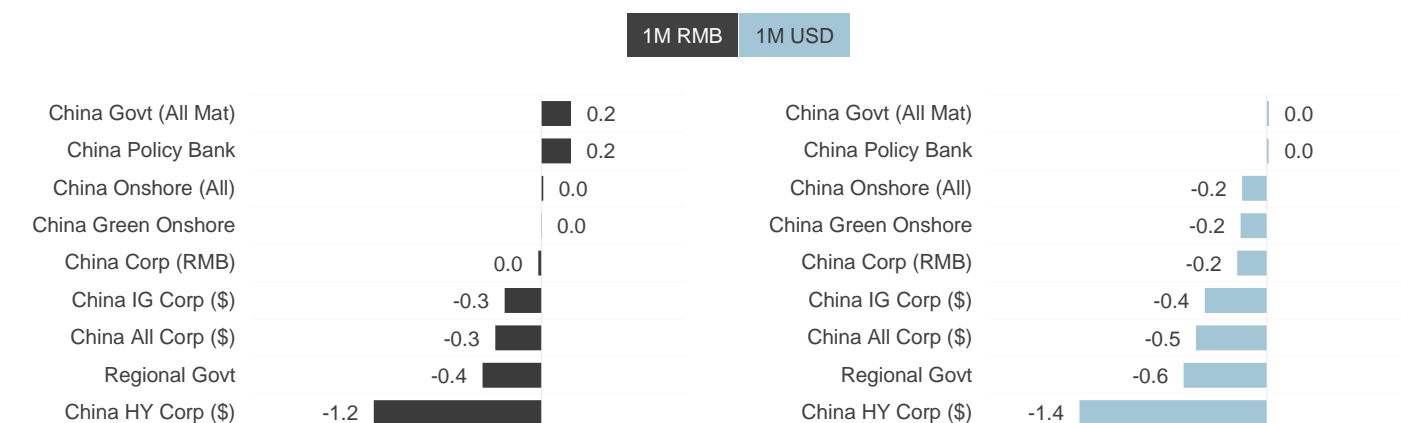
China Bond Market Returns – 1M & YTD in RMB & USD (TR) as of October 31, 2023

Chinese sovereign and policy bank bonds outperformed in October, while regional governments lost 0.4%. A stronger US dollar again reduced returns in USD terms, but the currency effects were weaker than in Q3. Chinese \$ HY credits fell by 1.4%, underperforming Chinese IG credit in dollars, which lost 0.4% on higher Treasury yields.

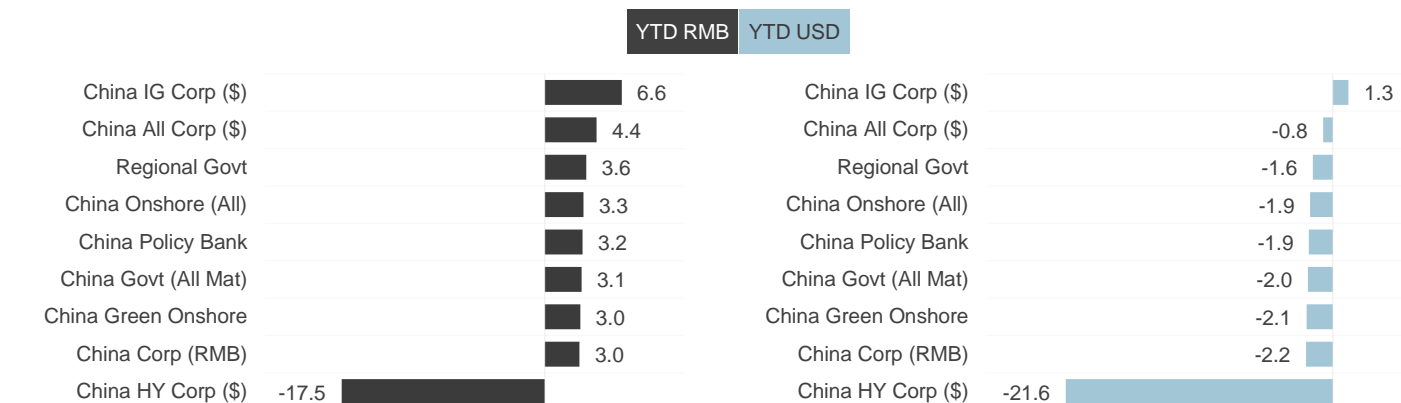
Chinese onshore bonds delivered modest returns of up to 0.2% in RMB terms in October. Regional governments underperformed with negative returns of -0.4%, but remain the top YTD performers (3.6%). An unexpected budget stimulus from the Chinese authorities - requiring an additional issuance of sovereign bonds worth 1 trillion yuan - may weigh on sovereign bonds in Q4.

DimSum bonds fell 0.5-0.8% across the board in October. Year-to-date performance divergences in RMB (gains of up to 2.7%) and USD terms (losses of up to 3.6%) remain a feature, as a stronger US dollar persists.

Chinese \$ corporates declined 0.4-1.4%, amid Country Garden's official default on its debt repayment in October and with the Evergrande debt restructuring plan still pending. Chinese \$ IG credit YTD returns decreased to 1.3% in USD terms, as Treasury yields continued to rise.



OFFSHORE BONDS



OFFSHORE BONDS



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Global Bond Market Returns – 1M & YTD RMB & USD (TR) as of October 31, 2023

Thai, Chinese bonds, and Bunds outperformed in RMB and USD terms in October. Indonesian bonds lost most, with a weaker rupiah and higher bond yields. Australasian bonds were also among the worst performers due to currency weakness. Chinese \$ IG corporates outperformed US peers, but Chinese \$ HY lagged on the weak property sector.

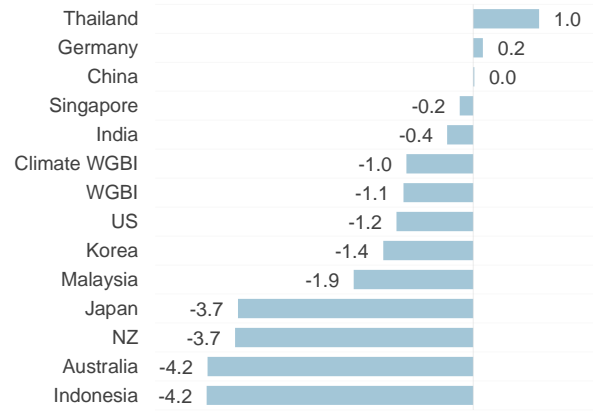
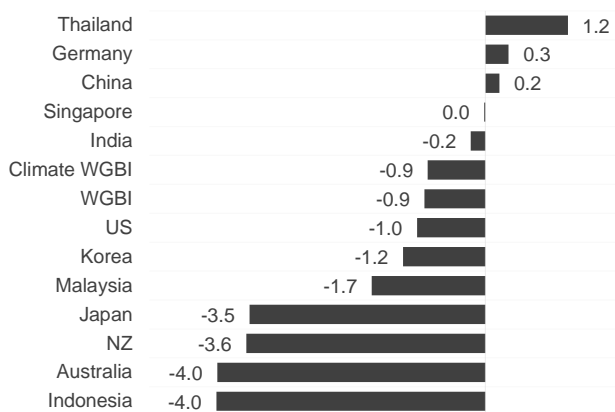
Thai government bonds outperformed Asian and global peers in October, helped by a stronger Thai baht. Chinese bonds and Bunds also gained, with returns of up to 0.3% in RMB terms.

Indonesia bonds lost 4.2% in USD terms, as the rupiah depreciated about 2.7% against the US dollar. Bank Indonesia unexpectedly raised its policy rate in October, to support its currency, driving bond yields higher. Japanese, Australasian and Korean bonds remained among the worst performers YTD (down by 2-15.3%), after October losses of 3.5-4.2%.

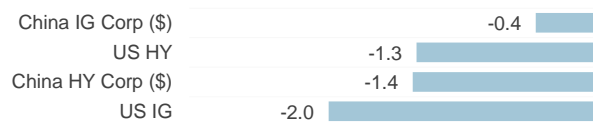
In HY credit, both Chinese and US bonds lost about 1.4% in October. Chinese HY corporates YTD losses deepened to 21.6%, as property sector sales and investments kept trending down in China, and this fall is expected to continue in 2024. Chinese IG credit lost 0.4% amid the October Treasury sell-offs, vs US IG losses of 2%.

1M RMB 1M USD

CONVENTIONAL GOVT BONDS

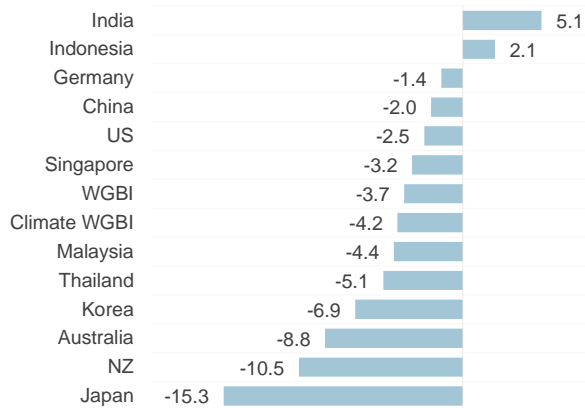
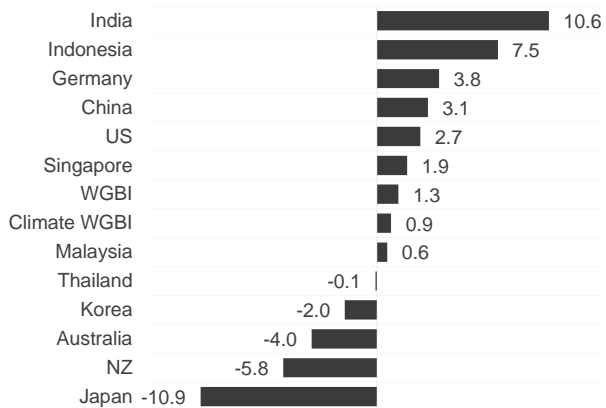


CORPORATE BONDS

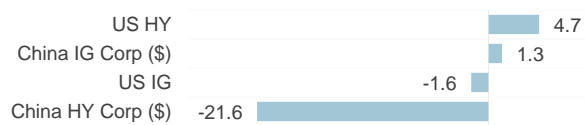


YTD RMB YTD USD

CONVENTIONAL GOVT BONDS



CORPORATE BONDS



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Appendix – Global Bond Market Returns % (RMB vs USD, TR), October 31, 2023

Government bond returns

Top 15% Bottom 15%

Green highlight indicates highest 15%, red indicates lowest 15%.

		1M		3M		6M		12M	
		USD	RMB	USD	RMB	USD	RMB	USD	RMB
US	1-3YR	0.35	0.54	0.73	3.15	0.25	5.90	2.94	3.22
	7-10YR	-1.93	-1.74	-5.68	-3.42	-8.78	-3.65	-2.40	-2.14
	20+YR	-5.48	-5.30	-15.68	-13.66	-20.02	-15.52	-9.95	-9.71
	IG All	-1.97	-1.79	-5.13	-2.86	-5.84	-0.54	2.80	3.07
	HY All	-1.40	-1.21	-2.17	0.17	-0.04	5.59	5.66	5.94
China	1-3YR	-0.04	0.16	-2.08	0.27	-4.12	1.28	1.71	1.98
	7-10YR	0.24	0.43	-1.74	0.62	-3.26	2.19	2.69	2.97
	20+YR	-0.33	-0.13	-2.31	0.03	-2.30	3.20	4.09	4.36
	All	0.01	0.21	-1.98	0.37	-3.56	1.87	2.38	2.65
	China Policy Bank	0.01	0.21	-1.81	0.54	-3.45	1.98	2.44	2.71
	Regional Govt	-0.60	-0.41	-2.39	-0.05	-3.72	1.70	2.42	2.69
	China Corp (LC)	-0.21	-0.02	-2.06	0.28	-3.95	1.46	1.82	2.09
	China Onshore (All)	-0.18	0.01	-2.04	0.31	-3.58	1.85	2.39	2.66
	China Green Onshore	-0.19	0.00	-2.03	0.32	-3.91	1.49	1.85	2.13
	China All Corp (\$)	-0.51	-0.32	-2.41	-0.07	-3.53	1.90	6.98	7.26
China IG Corp (\$)	-0.45	-0.26	-1.98	0.37	-2.18	3.33	6.40	6.68	
China HY Corp (\$)	-1.35	-1.16	-7.47	-5.25	-17.26	-12.61	18.20	18.52	
Offshore Govt (DimSum)	-0.77	-0.58	-2.68	-0.35	-4.66	0.71	2.12	2.39	
Asia-Pac	1-3YR	-0.28	-0.09	-3.03	-0.70	-3.62	1.81	3.22	3.49
	7-10YR	-1.17	-0.98	-5.07	-2.79	-5.78	-0.48	3.73	4.01
	20+YR	-1.60	-1.41	-6.91	-4.68	-6.95	-1.71	6.27	6.55
	All	-0.92	-0.73	-4.58	-2.29	-5.16	0.18	3.93	4.20
Australia	1-3YR	-2.20	-2.02	-5.92	-3.66	-5.02	0.32	-0.04	0.22
	7-10YR	-4.72	-4.54	-10.85	-8.71	-13.15	-8.26	-5.70	-5.44
	20+YR	-8.93	-8.76	-18.84	-16.90	-23.74	-19.45	-16.40	-16.17
	All	-4.18	-3.99	-9.82	-7.65	-11.34	-6.35	-4.54	-4.29
India	1-3YR	0.17	0.36	0.13	2.53	1.08	6.77	6.28	6.57
	7-10YR	-0.57	-0.38	-0.80	1.58	0.02	5.65	6.78	7.07
	20+YR	-0.58	-0.38	-0.92	1.45	-0.88	4.70	7.52	7.81
	All	-0.41	-0.22	-0.67	1.72	0.03	5.66	6.97	7.25
Indonesia	1-3YR	-3.44	-3.26	-5.43	-3.17	-6.39	-1.12	4.01	4.28
	7-10YR	-4.08	-3.90	-8.16	-5.96	-7.92	-2.73	7.70	7.99
	20+YR	-5.20	-5.01	-8.65	-6.46	-6.22	-0.94	9.14	9.43
	All	-4.19	-4.00	-7.90	-5.69	-7.32	-2.10	7.20	7.49
Japan	1-3YR	-1.58	-1.39	-6.37	-4.13	-10.34	-5.29	-2.08	-1.82
	7-10YR	-2.68	-2.49	-8.42	-6.22	-13.33	-8.45	-5.41	-5.15
	20+YR	-6.10	-5.92	-14.66	-12.61	-21.58	-17.17	-11.22	-10.99
	All	-3.70	-3.51	-10.30	-8.15	-15.75	-11.01	-6.90	-6.65
Korea	1-3YR	0.04	0.23	-5.21	-2.93	-0.23	5.39	9.71	10.01
	7-10YR	-1.54	-1.35	-8.25	-6.06	-5.32	0.01	9.44	9.73
	20+YR	-2.71	-2.52	-11.52	-9.40	-10.93	-5.92	11.09	11.38
	All	-1.42	-1.23	-8.32	-6.12	-5.58	-0.27	9.88	10.17
Malaysia	1-3YR	-1.31	-1.12	-4.81	-2.53	-5.41	-0.09	3.20	3.48
	7-10YR	-2.03	-1.84	-6.10	-3.84	-6.63	-1.38	6.19	6.47
	20+YR	-2.18	-1.99	-8.33	-6.13	-8.51	-3.36	10.88	11.18
	All	-1.88	-1.69	-6.26	-4.01	-6.76	-1.51	6.18	6.46
New Zealand	1-3YR	-2.52	-2.33	-5.89	-3.64	-5.46	-0.13	1.96	2.23
	7-10YR	-4.36	-4.18	-11.20	-9.07	-13.64	-8.78	-5.54	-5.28
	20+YR	-5.05	-4.87	-17.21	-15.22	-24.56	-20.31	-14.95	-14.72
	All	-3.74	-3.56	-9.82	-7.65	-11.76	-6.79	-3.59	-3.33
Singapore	1-3YR	0.03	0.23	-2.60	-0.26	-1.91	3.61	5.71	5.99
	7-10YR	0.04	0.24	-4.70	-2.42	-5.11	0.23	7.09	7.38
	20+YR	-1.00	-0.81	-12.56	-10.46	-15.15	-10.37	5.30	5.58
	All	-0.21	-0.02	-5.51	-3.25	-6.20	-0.92	6.23	6.51
Thailand	1-3YR	1.52	1.71	-4.70	-2.41	-4.96	0.39	6.90	7.18
	7-10YR	1.16	1.36	-8.47	-6.27	-8.47	-3.32	8.93	9.22
	20+YR	-1.06	-0.87	-13.81	-11.75	-14.46	-9.64	16.24	16.55
	All	1.03	1.23	-7.49	-5.27	-7.77	-2.58	8.85	9.14

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Appendix – Global Bond Market Yields %, October 31, 2023

Green highlight indicates highest 15%, red indicates lowest 15%.

Top 15% Bottom 15%

		Conventional government bonds				Inflation-linked bonds			Inv Grade	High Yld
		1-3YR	3-5YR	7-10YR	20+YR	1-5YR	5-10YR	20+YR	All Mat	All Mat
US	Current	5.17	4.87	4.90	5.19	2.82	2.50	2.64	6.38	9.46
	3M Ago	5.01	4.33	3.97	4.11	2.44	1.72	1.80	5.50	8.34
	6M Ago	4.24	3.62	3.41	3.75	1.68	1.23	1.58	5.15	8.49
	12M Ago	4.58	4.37	4.05	4.34	1.76	1.65	1.84	5.97	8.97
UK	Current	4.67	4.45	4.43	4.91	0.65	0.71	1.51		
	3M Ago	5.04	4.69	4.25	4.39	1.86	0.65	1.00		
	6M Ago	4.05	3.77	3.64	4.02	0.39	0.14	0.63		
	12M Ago	3.38	3.35	3.53	3.74	-2.60	-0.37	0.19		
Japan	Current	0.09	0.34	0.83	1.82	-1.55	-0.65			
	3M Ago	-0.04	0.08	0.50	1.40	-1.70	-0.74			
	6M Ago	-0.07	0.02	0.30	1.20	-1.31	-0.63			
	12M Ago	-0.06	0.00	0.24	1.40	-1.43	-0.85			
China	Current	2.27	2.42	2.67	3.08					
	3M Ago	2.08	2.34	2.66	3.04					
	6M Ago	2.28	2.51	2.78	3.17					
	12M Ago	1.93	2.57	2.84	3.29					
EM	Current	3.71	4.43	5.00	4.55	4.20	4.73	5.46	6.68	
	3M Ago	3.58	4.17	4.80	4.41	3.05	4.07	4.88	5.93	
	6M Ago	3.74	4.37	4.66	4.46	3.84	4.04	5.15	5.61	
	12M Ago	3.67	4.53	4.89	4.84	2.40	3.25	5.36	6.70	
Germany	Current	3.09	2.66	2.70	3.05	0.90	0.45	0.65		
	3M Ago	3.09	2.60	2.41	2.53	0.60	0.07	0.01		
	6M Ago	2.72	2.35	2.25	2.37	0.16	-0.06	-0.11		
	12M Ago	1.94	1.99	1.95	1.87	-0.46	-0.31	-0.43		
Italy	Current	3.77	3.88	4.45	5.06	1.77	2.35	2.53		
	3M Ago	3.60	3.55	3.86	4.35	1.30	1.64	1.69		
	6M Ago	3.36	3.49	3.97	4.45	0.80	1.65	1.83		
	12M Ago	2.82	2.98	3.52	3.79	-0.02	1.17	1.23		
France	Current	3.21	3.01	3.23	3.88	0.93	0.78	1.28		
	3M Ago	3.15	2.90	2.90	3.35	0.58	0.37	0.60		
	6M Ago	2.84	2.66	2.73	3.23	-0.06	0.17	0.58		
	12M Ago	2.15	2.06	2.15	2.46	-0.97	-0.50	-0.04		
Sweden	Current	3.43	3.05	2.94		1.34	1.30			
	3M Ago	3.33	2.83	2.57		0.96	0.74			
	6M Ago	2.89	2.59	2.31		0.71	0.73			
	12M Ago	2.34	2.03	1.71		-0.78	-0.37			
Australia	Current	4.49	4.48	4.87	5.33	1.47	2.04	2.53		
	3M Ago	4.02	3.86	4.03	4.40	1.03	1.47	1.79		
	6M Ago	3.13	3.05	3.30	3.88	0.09	0.84	1.50		
	12M Ago	3.21	3.35	3.67	4.08	0.36	1.16	1.58		
NZ	Current	5.49	5.37	5.55	5.69	2.47	3.05			
	3M Ago	5.21	4.80	4.70	4.87	1.94	2.39			
	6M Ago	4.89	4.15	4.08	4.23	0.95	1.61			
	12M Ago	4.31	4.54	4.34	4.52	1.42	1.91			
Canada	Current	4.55		4.08	3.93			0.00	5.88	
	3M Ago	4.55		3.58	3.34			1.78	5.49	
	6M Ago	3.55		2.83	2.94			1.26	4.84	
	12M Ago	3.81		3.29	3.35			1.38	5.42	

Source: FTSE Russell. All data as of October 31, 2023. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of Indices used for each market. For professional investors only.

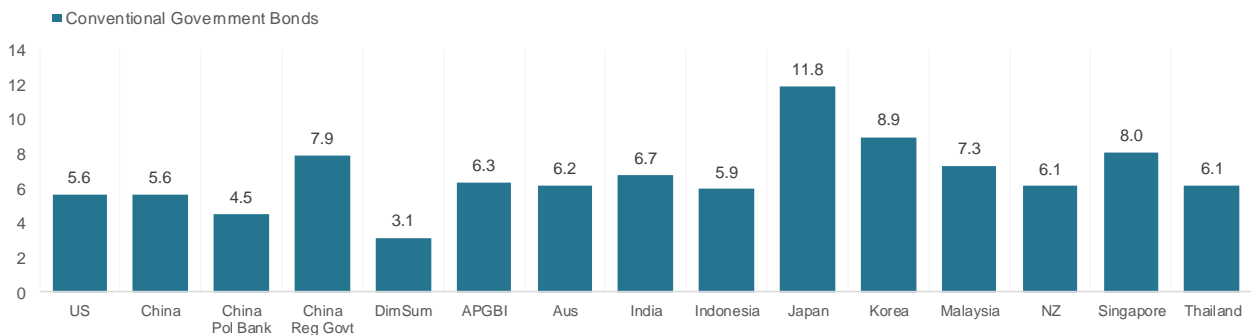
Appendix – Duration and Market Value (USD, Bn), October 31, 2023

Conventional Government Bonds								
	Duration				Market Value			
	3-5YR	7-10YR	20+YR	Overall	3-5YR	7-10YR	20+YR	Total
US	3.7	7.3	16.1	5.6	2,348.7	1,029.4	1,101.9	10,044.9
China	3.7	7.5	17.6	5.6	479.1	364.1	253.0	2,202.3
China Pol Bank				4.5				2,737.2
China Reg Govt				7.9				2,092.3
DimSum	0.0			3.1	0.0			7.6
APGBI	3.7	7.2	17.7	6.3	720.4	672.9	471.8	3,768.8
Aus	3.6	7.5	16.6	6.2	33.9	79.3	12.3	297.1
India	3.2	6.0	11.6	6.7	129.2	187.7	250.9	1,076.7
Indonesia	3.4	6.1	11.1	5.9	29.9	52.6	10.8	212.5
Japan	3.9	8.1	23.6	11.8	338.1	332.8	581.6	2,788.9
Korea	3.6	7.0	18.4	8.9	79.9	86.9	157.4	575.4
Malaysia	3.5	7.0	14.7	7.3	21.8	13.2	15.8	111.1
NZ	3.7	7.4	15.9	6.1	9.5	12.8	2.1	46.7
Singapore	3.5	7.8	20.1	8.0	19.9	13.8	14.6	90.6
Thailand	3.6	7.3	16.5	6.1	28.4	27.4	5.8	131.0

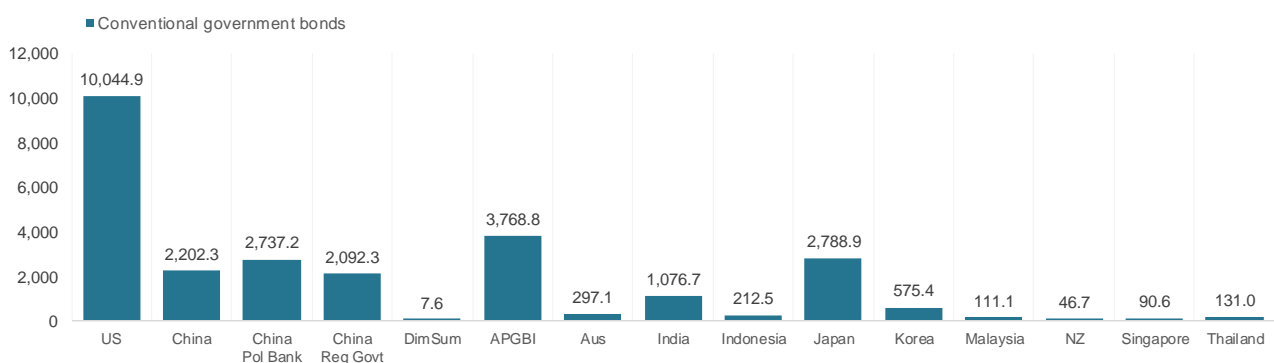
Corporate Bonds						
	Duration			Market Value		
	Inv Grade	High Yield	Overall	Inv Grade	High Yield	Overall
US	6.6	3.8		6,100.0	994.9	
China Corp (LC)			2.3			558.1
China Green Onshore			2.3			145.7
China Corp (\$)	3.8	2.3	7.9	231.1	17.5	248.6
DimSum			2.1			11.5
EM	4.7	3.2	4.4	561.7	178.9	740.6
EUxUK	4.4	3.0		2,737.2	408.7	

Other Sectors						
	Duration			Market Value		
	Supra	Agency	Corp NR	Supra	Agency	Corp NR
Offshore (DimSum)	2.1	2.5		1.5	6.8	

Average Duration



Total Market Value (USD Billions)

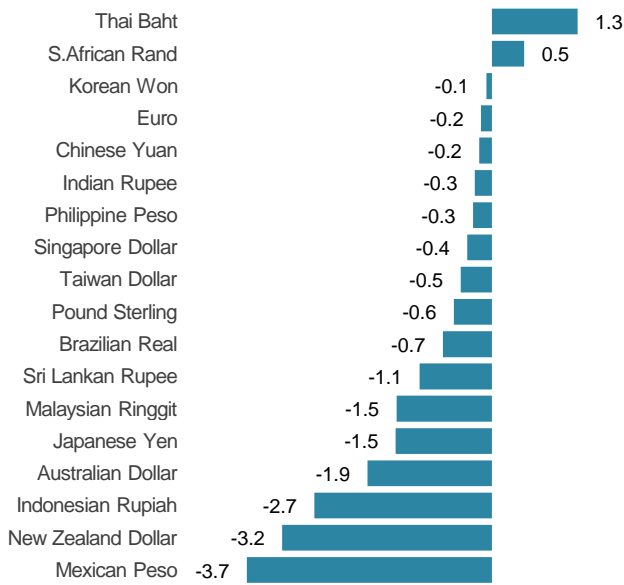


Data as of 2023-10-31

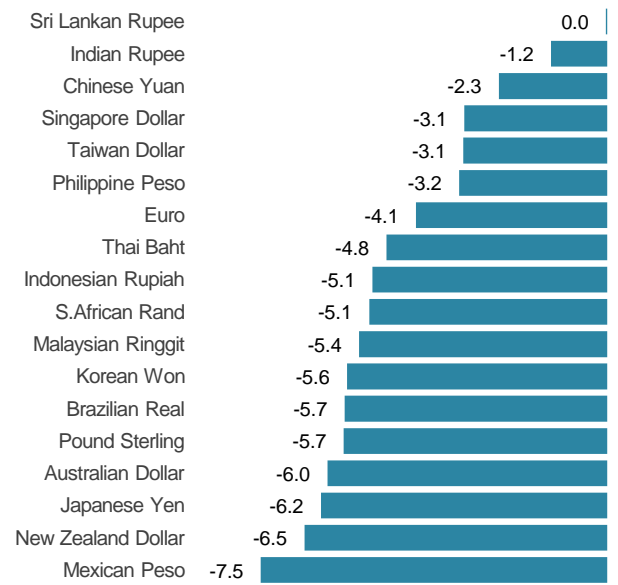
Source: FTSE Russell. All data as of October 31, 2023. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of Indices used for each market. For professional investors only.

Appendix – Foreign Exchange Returns % as of October 31, 2023

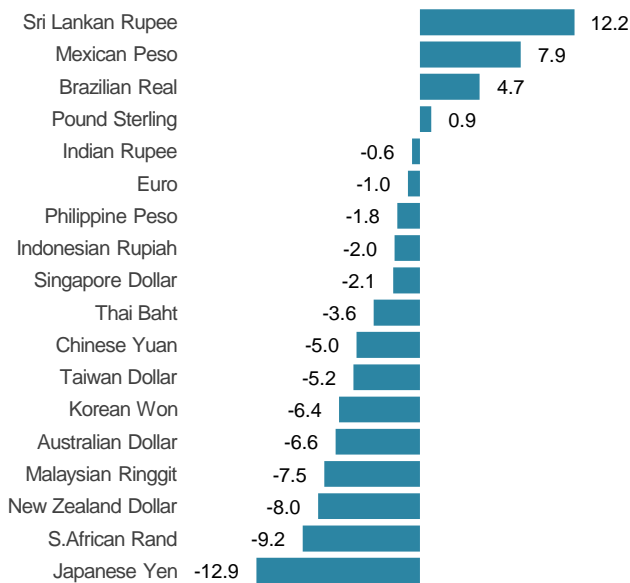
FX Moves vs USD - 1M



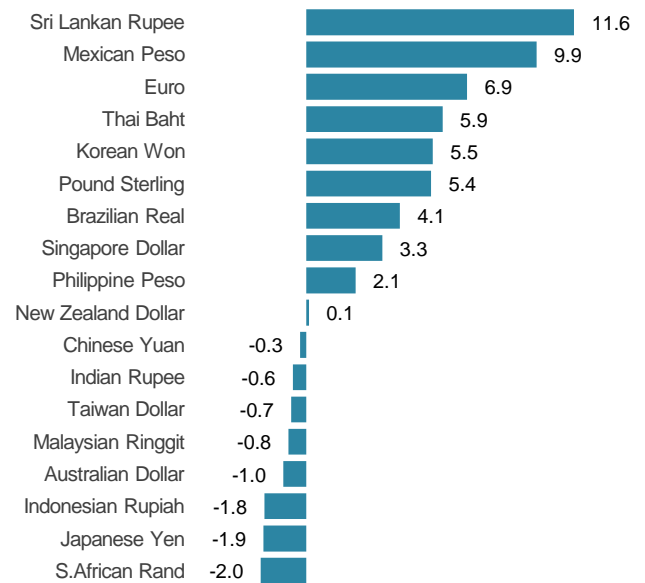
FX Moves vs USD - 3M



FX Moves vs USD - YTD



FX Moves vs USD - 12M



Source: FTSE Russell and Refinitiv. All data as of October 31, 2023. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of Indices used for each market. For professional investors only.

Appendix – Glossary

Bond markets are based on the following Indices:

FTSE World Government Bond Index (WGBI) for all global government bond markets

FTSE World Inflation-Linked Securities Index (WorldILSI) for all global inflation-linked bond markets

FTSE US Broad Investment-Grade Bond Index (USBIG®) for the US corporate bond market

FTSE US High-Yield Market Index for the US high yield bond market

FTSE Euro Broad Investment-Grade Bond Index (EuroBIG®) for the Euro-denominated corporate bond market

FTSE European High-Yield Market Index for the European high yield market

FTSE Chinese Government and Policy Bank Bond Index (CNGPBI) for the Chinese government bond market

FTSE Emerging Markets Inflation-Linked Securities Index (EMILSI) for the emerging markets inflation-linked bond market

FTSE Emerging Markets Government Bond Index (EMGBI) for the emerging markets government bond market. Please note that over 50% of this index is invested in China.

FTSE Emerging Markets Broad Bond Index (EMUSDBBI) for the emerging markets corporate bond market

List of Abbreviations used in charts:

IL = Inflation-linked bonds

IG = Investment-grade bonds

HY = High-yield bonds

BPS = Basis points

EM = Emerging market

LC = Local currency

Total Returns

Historical Yields

Growth/Inflation

Financial Conditions

Curves

Spreads

Credit/Equities

MBS

Appendix

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