Global Investment Research
Market Maps

FTSE RUSSELL
An LSEG Business

Fixed Income Insights

MONTHLY REPORT – **APRIL 2024 | EUROZONE EDITION**

FOR PROFESSIONAL INVESTORS ONLY

High yield outperforms again in Q1, as risk rally continues

Euro high yield credit tracked equities higher in Q1, as investors switched to riskier assets, though Euro high yield underperformed high yield peers. The ECB cautioned on early easing, despite near-target inflation and some easing in wage costs. Long government bonds were affected by the "higher for longer" narrative.

Macro and policy backdrop – Lower inflation provides scope for an ECB pivot, but not yet
Eurozone inflation closed in on the BoC 2% target, after CPI fell to 2.4% y/y in March. (pages 2-3)

Yields, curves and spreads – G7 yield curves remain deeply inverted as "higher for longer" narrative returns
G7 yield curves remained deeply negative, as markets scaled back easing expectations once again. (pages 4-5)

Credit analysis – European investors turned to risk assets for returns
Euro high yields tracked equities higher in Q1, despite rising default rates. (page 6-7)

Sovereign and climate bonds – Regional weighting differences drive Green WGBI vs WGBI relative performance
The higher European sovereign weight in Green WGBI relative to WGBI drove the outperformance in 2023-24. (page 8)

Performance – Long government bonds underperformed the most in Q1
Long government bonds were negative in euros, after rates stayed unchanged, while the weak yen also eroded returns for euro investors. (pages 9-11)

Appendix (from page 12)
Global bond market returns, historical bond yields, bond market durations and market values and foreign exchange returns.

Chart 1: Breakeven inflation remains positive in most economies in March, except in the US, and contrasts falls in real yields, which have led nominal yields lower.

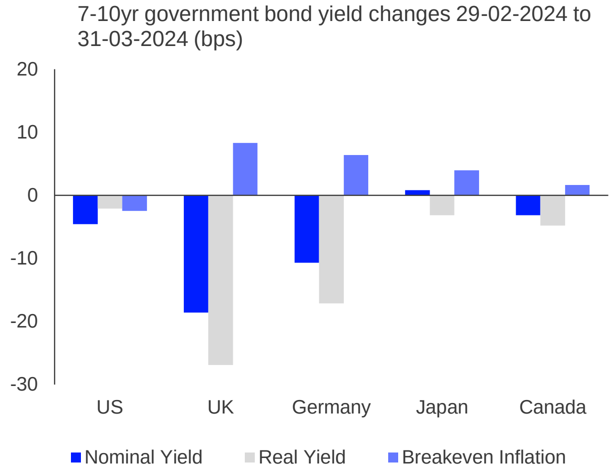
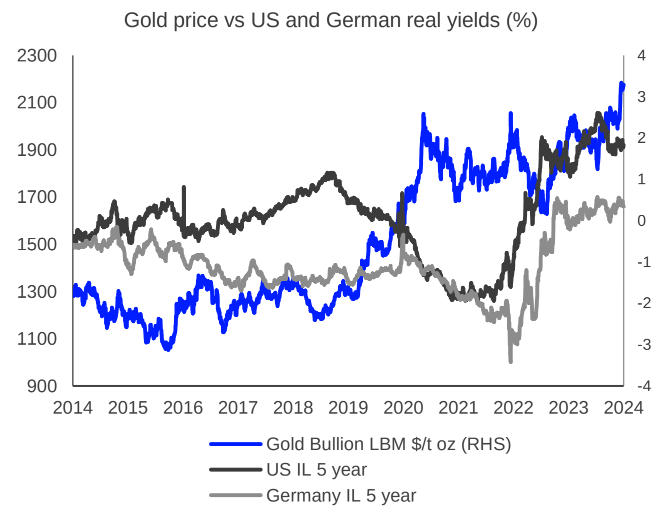


Chart 2: The gold price has reached new highs in 2023-24, despite the rise in US (and to a lesser extend German) real yields, and the negative correlation of the pre & Covid era has broken down.



Source: FTSE Russell and LSEG. All data as of March 31, 2024. Past performance is no guarantee of future results. This report should not be considered 'research' for the purposes of MIFID II. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix for list of indices used for each market.

Macroeconomic Backdrop – Growth and Inflation Expectations

Europe and Canada are expected to avoid a recession, and grow very modestly in 2024, according to Consensus forecasts, in contrast to robust US growth. Recent declines show G7 inflation converging closer to 2%, especially in the Euro area. Eurozone labour costs have eased, despite historically low unemployment. The German household savings ratio has stayed high compared to peers, as consumer caution prevails, while that of the US is close to its all-time low.

Consensus forecasts recognise the resilience of the US to higher rates, with sizeable growth differentials forecast with Europe and Canada. The Eurozone and UK are expected to skirt recession in 2024, with growth staying weak after technical recessions, though recession risks in Europe remain, the longer the ECB leaves rates unchanged. China is exposed to the global slowdown, with weakness in the property sector also weighing on the broader economic recovery.

G7 disinflation continues to be mixed but is mainly confined to lower tradeable goods inflation. The Eurozone CPI is closest to the 2% target, after the CPI fell to 2.4% y/y in March, especially in Germany (2.2% y/y), France (2.3% y/y) and Italy (1.8% y/y), providing scope for the ECB to ease. Despite falling to 3.4% (from 4.0%) in February, UK CPI continues to be among the highest versus peers, along with the US, where disinflation stalled. Japan bucked the trend, after CPI jumped by 0.6% to 2.8% y/y, though much was due to base effect from a subsidy for utility costs introduced in February 2023. China moved out of deflation, after benefiting from strong Lunar New Year activity in February (Chart 2).

The jobless rate in the Euro area remains at historic lows, helped by fiscal stimulus, furlough schemes and demographic change, though Chart 3 suggests a lagged effect between inflation and labour costs.

The German household savings ratio has remained relatively high and stable, in line with pre-Covid levels, unlike US savings, which have fallen sharply since Covid, with the ratio reaching new post Covid lows. Canadian and UK savings ratios have remained relatively high since 2022, reflecting uncertainty and households taking advantage of higher rates (Chart 4).

Chart 1: Consensus forecasts weak growth across Europe and Canada in 2024, unlike the US, which has remained resilient despite higher rates. 2025 sees a rebound, except in the US and China.

Consensus Real GDP Forecasts (Avg., %, March 2024)

	2023	**2024**	**2025**
US	2.5	**2.1**	**1.7**
UK	0.1	**0.3**	**1.2**
Eurozone	0.5	**0.5**	**1.3**
Japan	1.9	**0.7**	**1.0**
China	5.2	**4.6**	**4.5**
Canada	1.1	**0.5**	**2.0**

Chart 2: China saw the highest surge in inflation in February, due to a strong Lunar New Year rebound. Elsewhere, G7 inflation is converging closer to the 2% target, especially in the Eurozone.

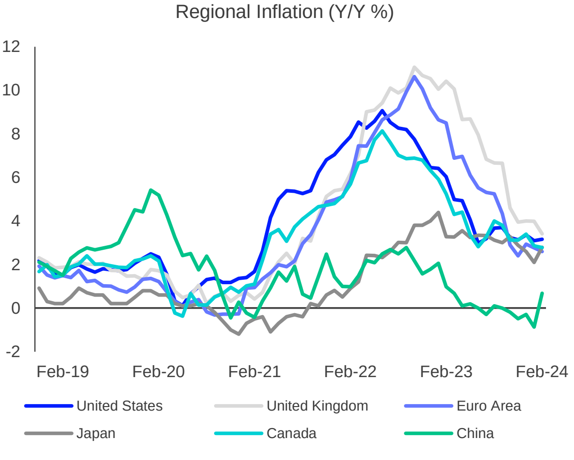


Chart 3: There are few signs, so far, of lower labour costs impacting the labour market within the Eurozone, but unemployment is already at historic lows, and growth weak, which may explain slower hiring.

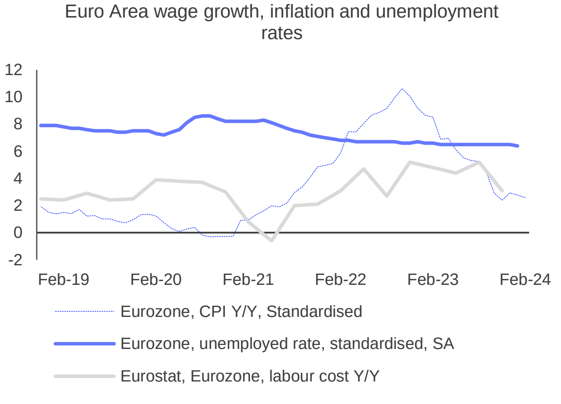
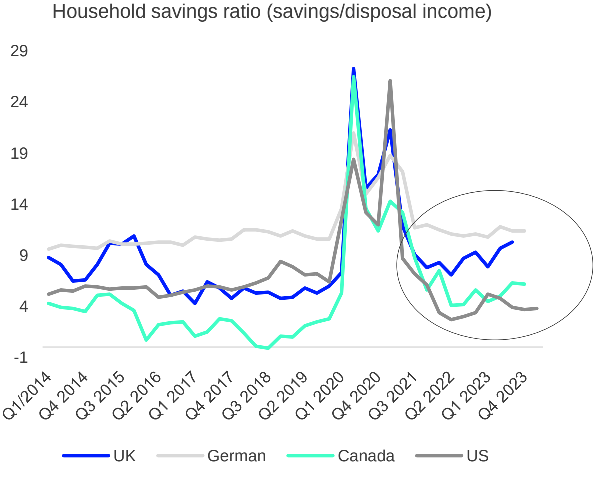


Chart 4: The German savings ratio has remained stable, and high, vs peers, with UK and Canadian households capitalising on higher rates. The US ratio has recovered a little but is low versus pre-Covid levels.



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Financial Conditions and Monetary Policy Settings

Financial conditions in the Eurozone eased in the risk rally, as the cost of capital fell, offsetting the impact of higher for longer rates and QT, but M2 growth remains weak. The BoJ finally raised rates marginally, though yen weakness suggests markets discounted the move, and further asset purchases are not excluded. Other G7 central banks kept rates unchanged.

Chart 1 shows money supply has continued to contract sharply in the Eurozone, with a deceleration in lending growth, as interest rates remain at post-GFC highs and quantitative tightening continue. The high savings ratios also signals consumer reluctance to borrow at higher rates, after rates moved from minus 0.5% to 4.5%.

Diminishing prospects of early Fed easing and buoyant US growth helped the US dollar rally in the second half of March, with a renewed break above the Y150 level, prompting speculation about possible currency intervention (Chart 2).

Despite lower inflation (page 2) and weak growth, the ECB left rates unchanged in March (the sixth time since September), but hinted at lowering rates in June, after President Christine Lagarde suggested they will “know a lot more in June”. With buoyant US growth and prospects of delayed cuts as a result, the ECB could ease before the Fed, though the strength in the labour markets remains key to the decision. Elsewhere, the BoJ ended years of negative interest rates, following persistently above-target inflation (Chart 3).

The ECB’s balance sheet has shrunk sharply since 2022, but remains several trillions above its pre-Covid levels, despite ending bond purchase activity via net asset purchase under APP and limiting reinvestments of maturing securities. Caution around not squeezing liquidity too much, and therefore threatening financial stability, has been raised by the ECB as a reason for gradualism in reducing its balance sheet.

Chart 1: Evidence of tight Eurozone financial conditions is found in money supply falling sharply since 2022 due to the ECB maintaining higher rates for longer and withdrawing further liquidity via its QT programme.

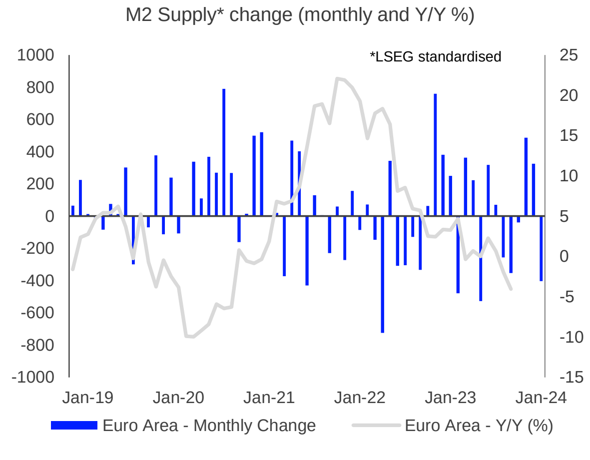


Chart 2: The US dollar rallied in March as markets scaled back easing expectations, due to economic resilience. Sharp yen weakness after the BoJ reversed monetary policy raised the possibility of currency intervention.

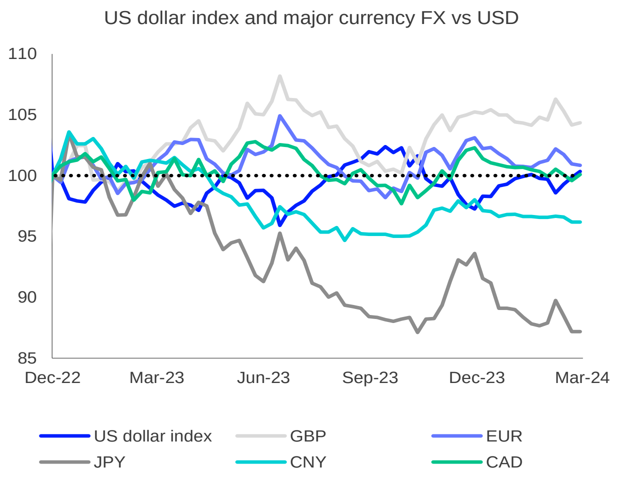


Chart 3: The BoJ ended years of negative interest rates and formal curve control on March 19, while other central banks kept rates unchanged. Prospects of early US easing faded, as economic growth remains buoyant.

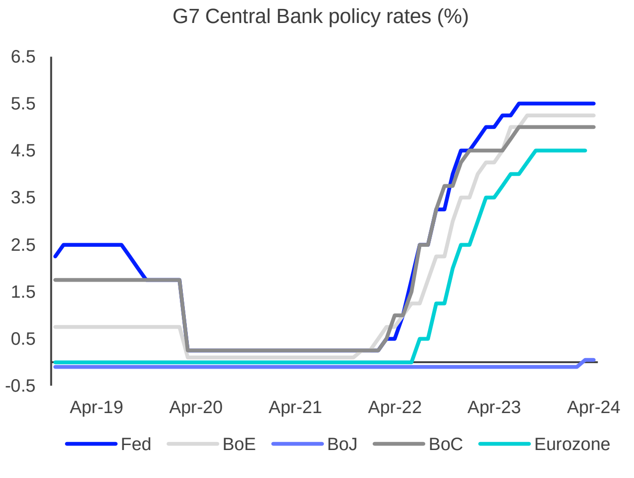
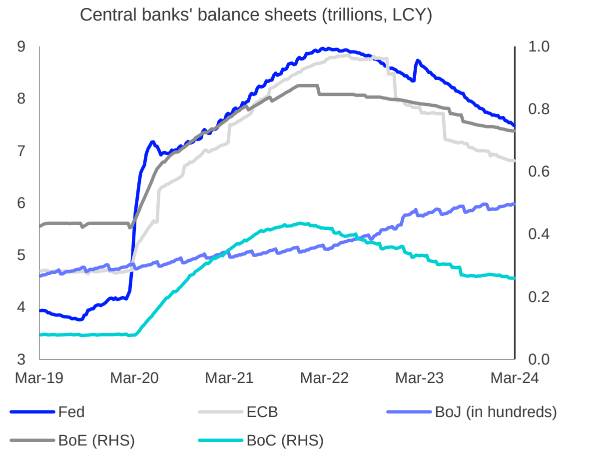


Chart 4: Central banks’ balance sheets are steadily declining as central banks do not re-invest asset maturities. The winding down of the ECB’s APP programme at the end of 2024 could see the pace slowdown.



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Global Yields, Curves and Breakevens

Chart 1: G7 7-10 year yields were rangebound in March, but higher in Q1, as the market re-priced central bank easing prospects. Bunds and US Treasury yields backed up more in Q1, after falling sharply in Q4.

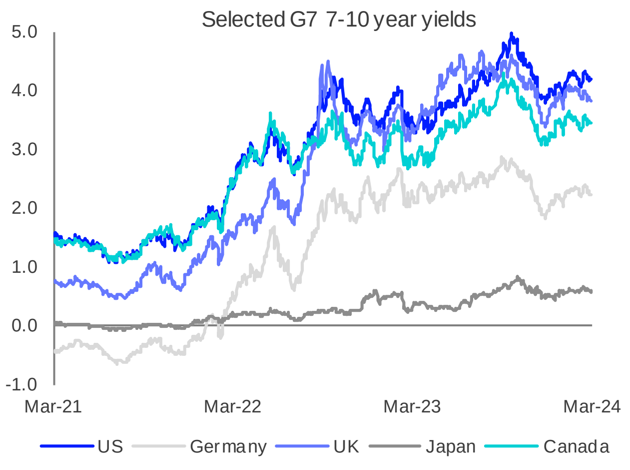


Chart 2: Real yields broadly tracked nominals in Q1, with inflation breakevens remaining stable. Stronger US growth data pushed Tips real yields higher, while Bund equivalents eased on lower inflation.

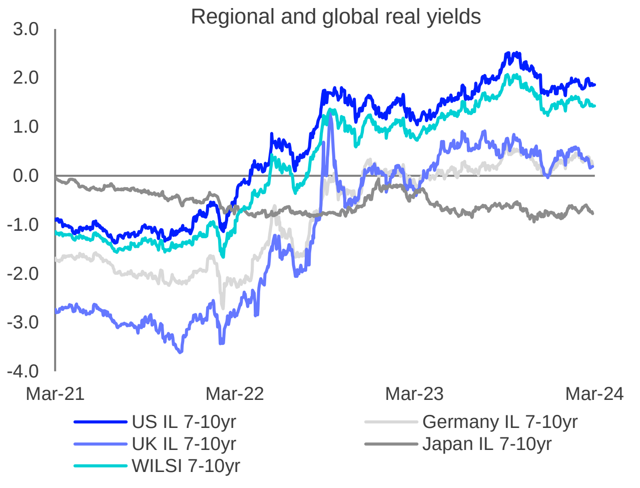


Chart 3: "Higher for longer" returned as the dominant G7 fixed income narrative, and curves remained deeply inverted, as markets scaled back easing expectations. JGBs reacted little to the end of curve control.

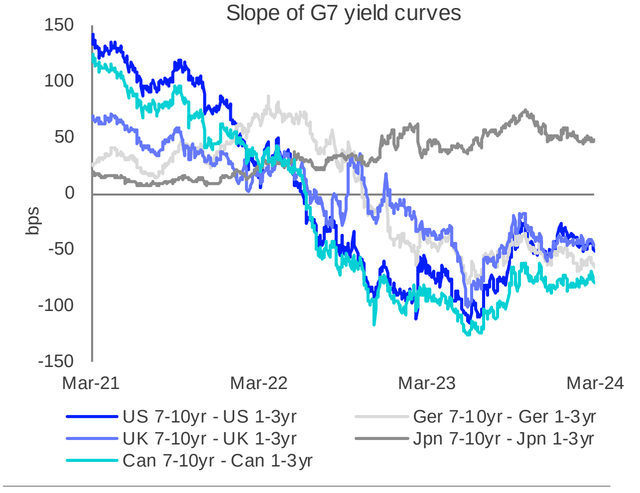


Chart 4: Longer dated curves are less inverted than 10s/2s, with the exception of Canada, and UK longs now show a tiny yield pick-up over 1-3 yrs. Re-investment risk may have kept curves flat in 2023-24.

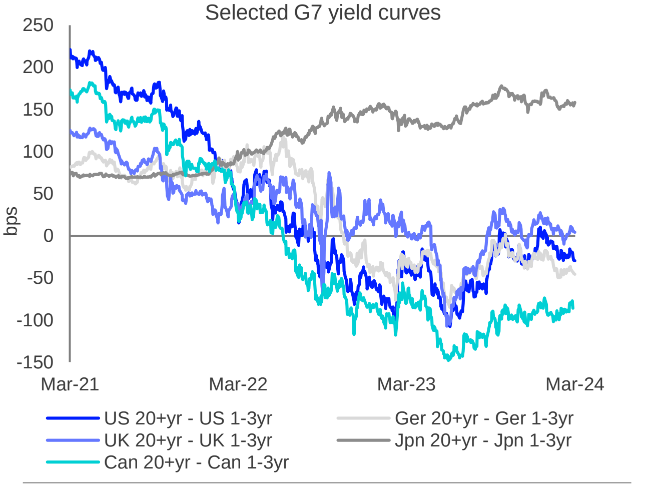


Chart 5: G7 7-10 year inflation breakevens backed up modestly in Q1, after dipping in Q4 2023. This is the normal pro-cyclical pattern whereby breakevens rise when yields rise, and vice versa.

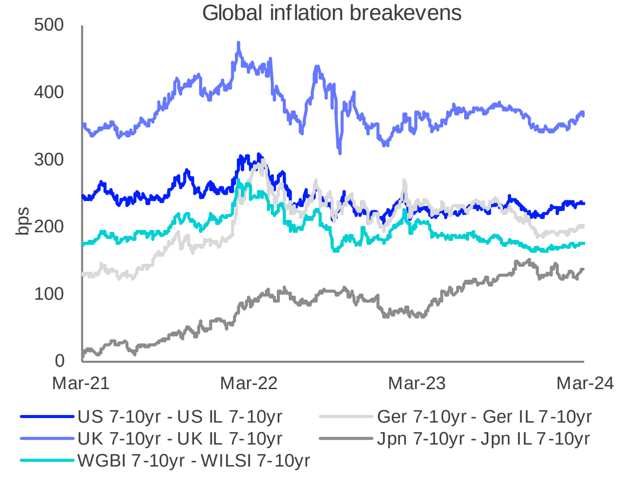
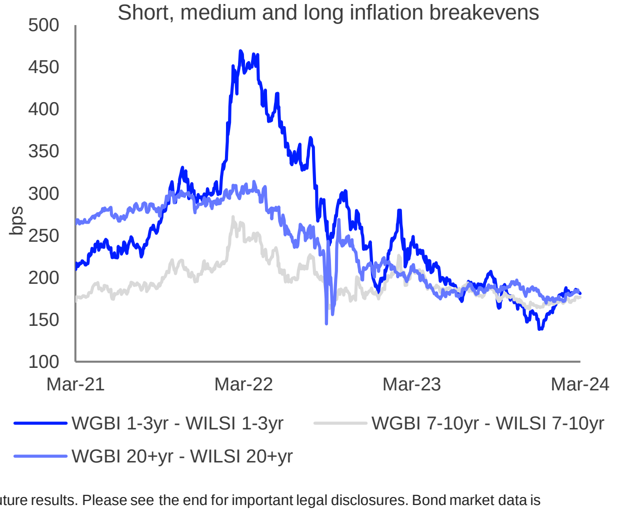


Chart 6: Inflation breakevens of all maturities have converged just below 2%, globally, which is strong evidence that inflation expectations have not de-stabilised and entered a new and higher regime.



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Yield Spread and Credit Spread Analysis

Chart 1: US sovereign spreads remain cyclical, rising sharply during the Fed tightening cycle in 2022-23, but falling since the Fed pivot in December. Recent doubts about Fed easing pushed spreads a bit wider.

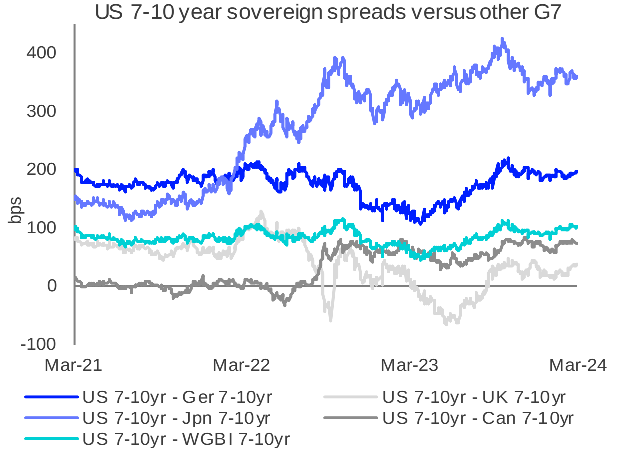


Chart 2: The ECB's TPI (transmission protection instrument) helped stabilise Italian spreads in 2022, which peaked around 200bp vs Bunds. The risk rally has also helped BTP spreads tighten in 2023-24.

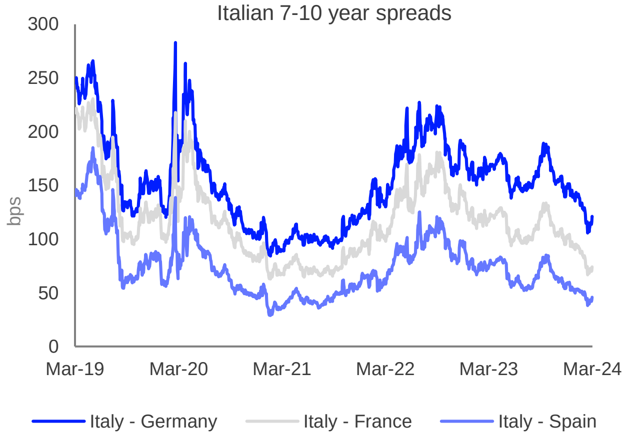


Chart 3: EM spreads widened during the Q4 rally in G7 govt bonds but the back-up in yields in Q1 has caused spreads to tighten again. 2022-24 has proved the G7 tightening cycle in which EM spreads have fallen the most.

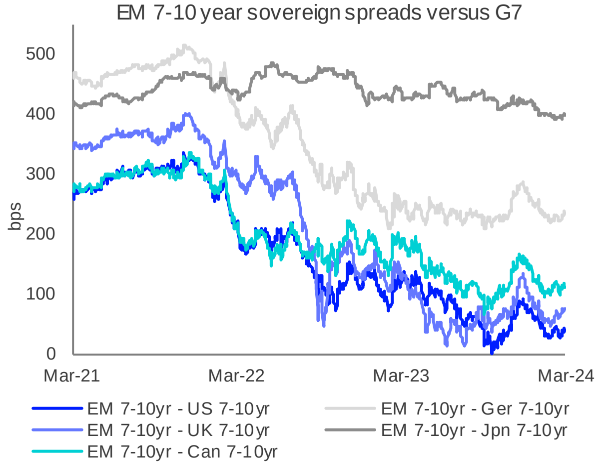


Chart 4: Chinese spreads remain near multi-decade lows versus the G7, after the PBoC eased rates during the period of rising G7 rates. Spreads have moved less versus JGBs, reflecting curve control in Japan.

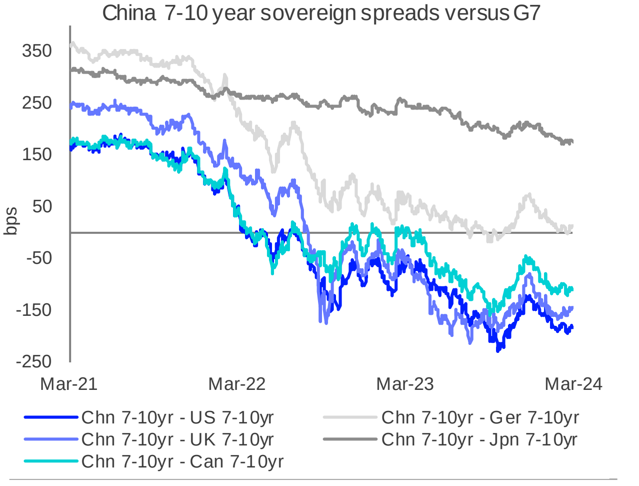


Chart 5: High yield (HY) spreads have tightened by over 200 bp since 2022, driven by the risk rally, with US HY spreads now close to pre-Ukraine shock levels. Eurozone spreads narrowed less after a bigger energy shock.

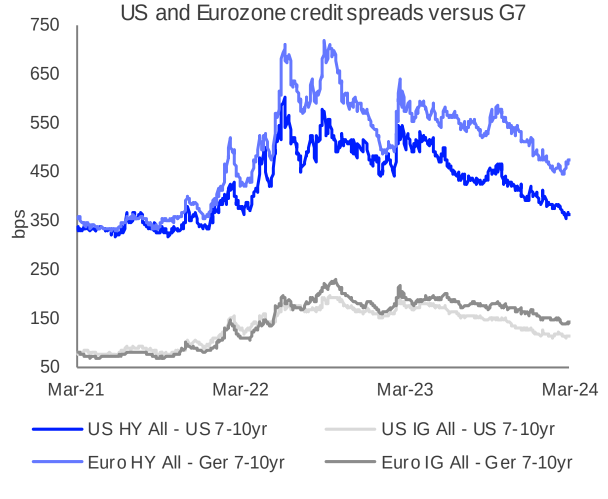
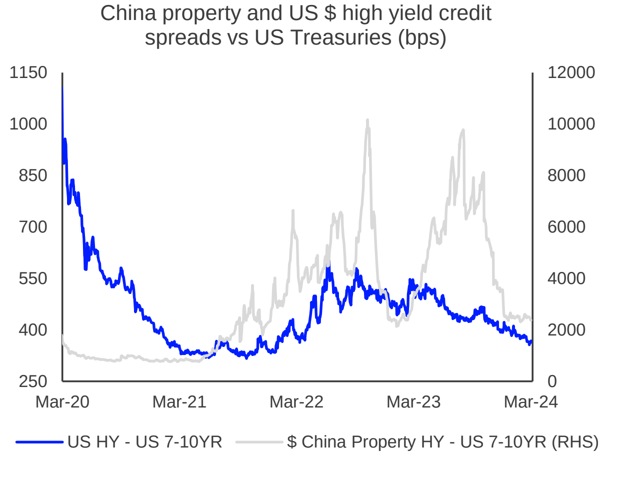


Chart 6: Both US and Chinese $ HY spreads have tightened sharply since January, but unavoidable structural decline, with construction expected to be severely reduced, could limit the impact of government stimulus?



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Credit sector and MBS analysis

Chart 1: Eurozone spreads tightened again, though the Q1 move was driven by the back-up in Bund yields, with IG yields mostly unchanged. The insurance sector has unwound the 2022 Ukraine spike in spreads.

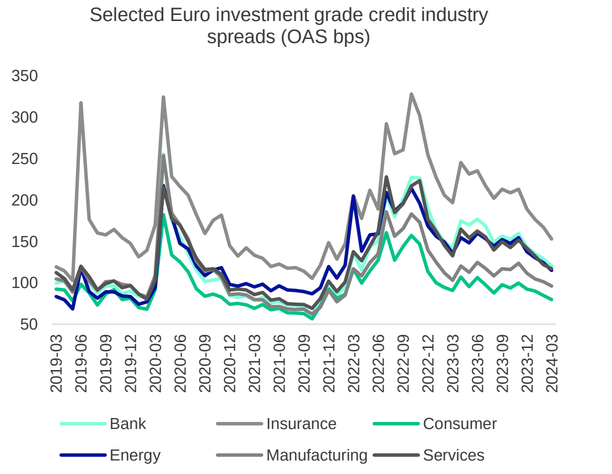


Chart 2: UK IG credit spreads have normalised at pre-Covid levels, though absolute yields are much higher. Spread tightening was largely uniform across sectors, helped by the risk rally.

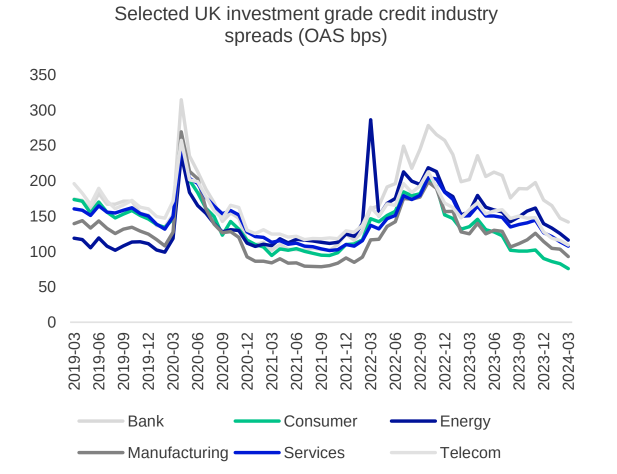


Chart 3: As the risk rally continued in March, US IG spreads narrowed again, though partly due to a modest back-up in US Treasury yields, with most sectors close to converging.

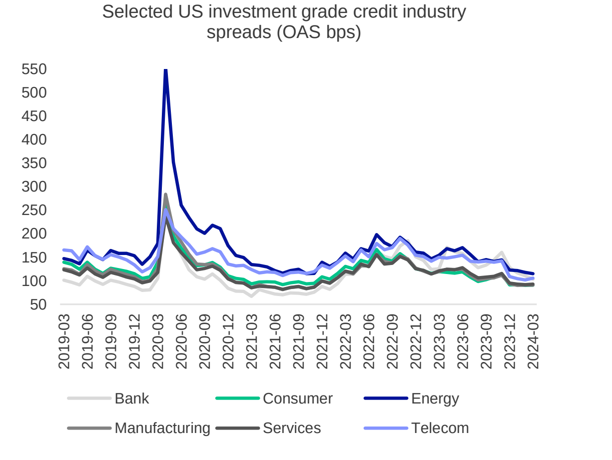


Chart 4: US real estate and financial spreads have been tightening since mid-2023, helped by a slightly steeper yield curve, receding recession risk and low mortgage defaults (helped by high employment).

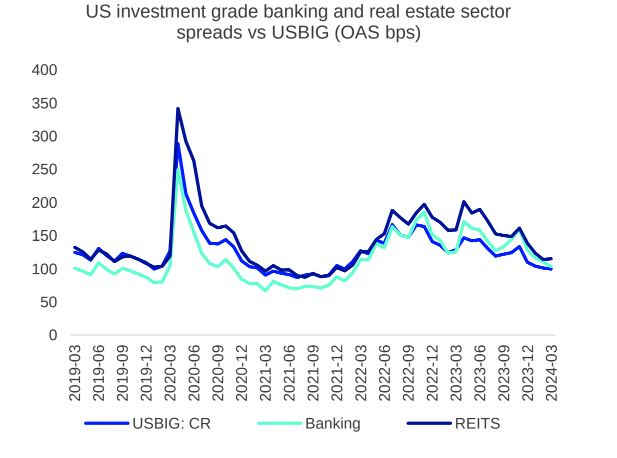


Chart 5:IG credit yields have fallen sharply since Q4 2023. Insurance has been the most volatile sector over the last 5 years, with yields stabilising more recently and converging with other sectors.

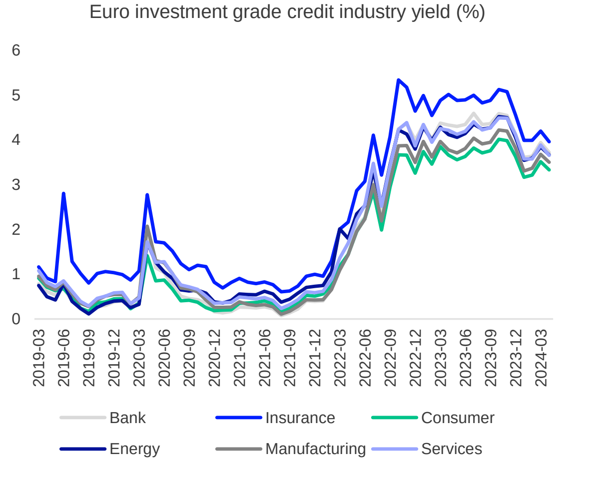
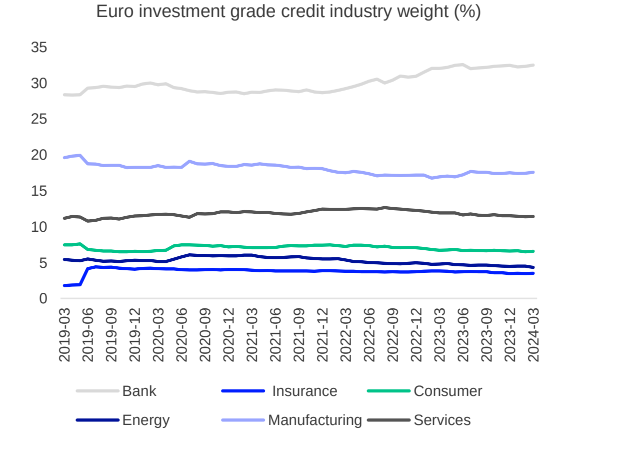


Chart 6: The biggest change in weight in the Euro IG corporates over the last five years came from banks, which is higher, representing 32% of the universe versus 28% in 2019.



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High Yield Credit Analysis

Chart 1: HY yields have continued to fall in Q1, reflecting increased risk appetite, with US yields catching up with Euro yields. A similar trend is observed in IG, where US IG yields have fallen further than Euro yields.

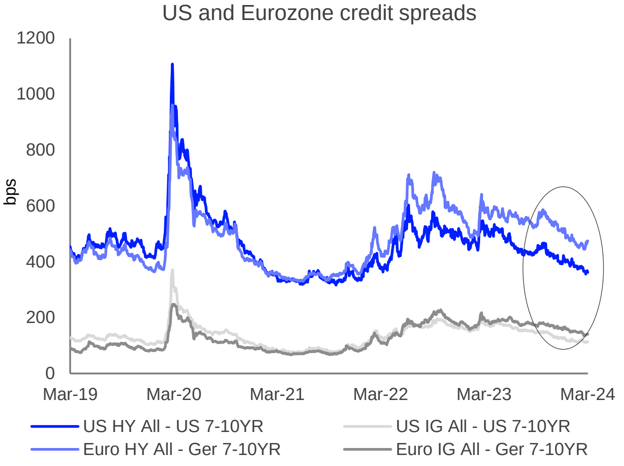


Chart 2: Transportation spreads have tightened the most since March 2020, after decoupling over the last year, on the recovery and improved supply chains. Non-bank financials spreads also narrowed in Q1.

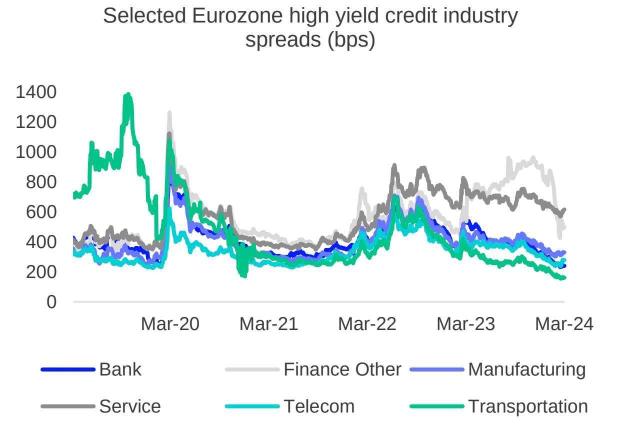


Chart 3: Consumer was the top performing sector, benefiting from the post Covid recovery as did manufacturing, while banks gained from increased lending and higher rates.

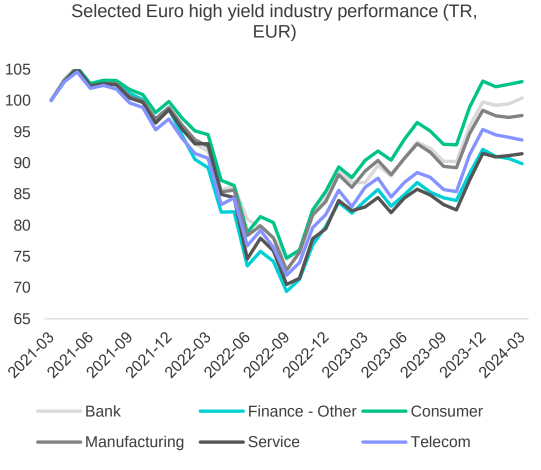


Chart 4: Service, manufacturing, telecom and bank sectors make up the bulk of the Euro high yield credit universe, with very little high yield insurance issuers.

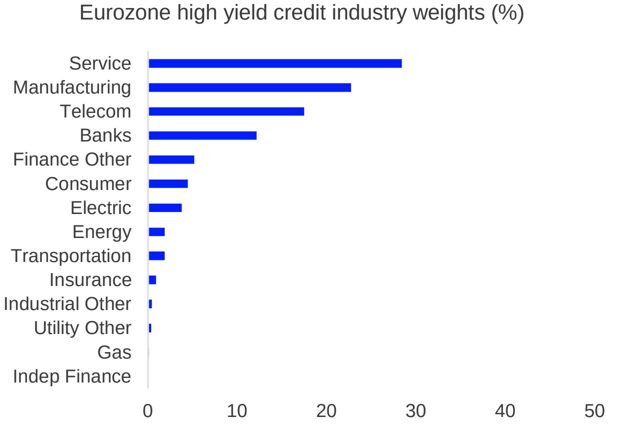


Chart 5: CCCs have dominated performance by some margin in the Euro high yield universe, though with high volatility, as risk appetite improved, though note recent setbacks with valuations now high.

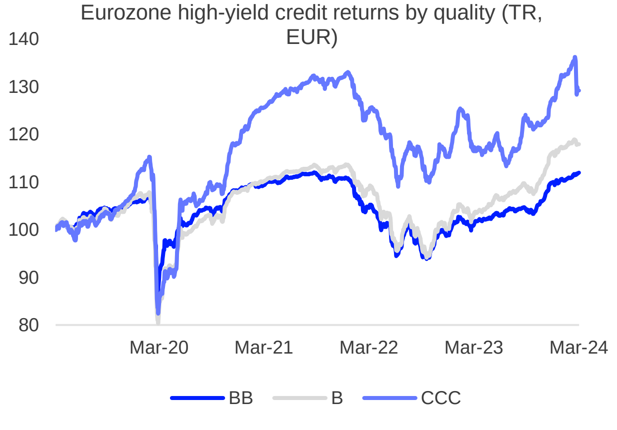
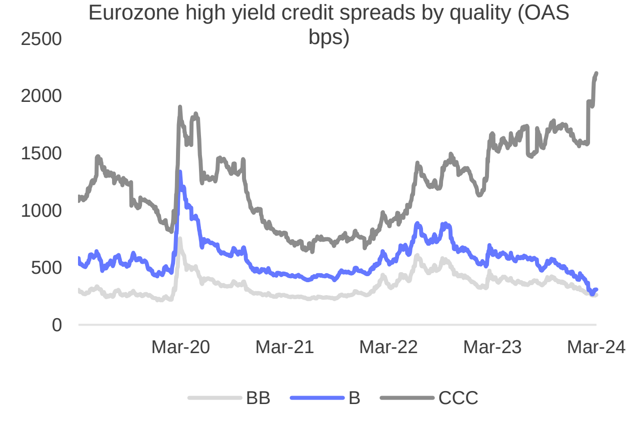


Chart 6: CCC spreads widened sharply in Q1, with default rates on the rise due to “higher for longer” rates, though B and BB-rated issues were largely unaffected, with spreads contracting further.



Source: FTSE Russell and LSEG. Data as of March 29, 2024, except HY performance data as of March 31, 2024. 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.

Sovereign and Climate Bonds Analysis

Chart 1: SI sovereign performance shows the extra duration in the ESGWGBI, over the last 5 years, when yields backed up in 2022-23. Heavy weightings in Europe drove climate WGBI outperformance in 2023.

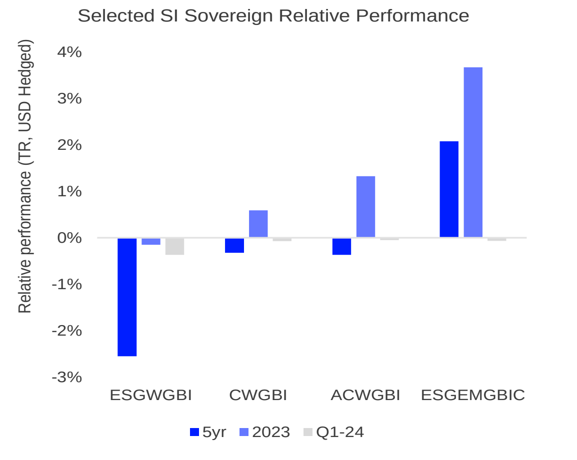


Chart 2: Compared to sovereign bonds, SI corporates outperformed a little in Q1. The Green WBIG showed a modest 0.2% relative gain, though the PAB (Paris aligned benchmark) lost 0.1%.

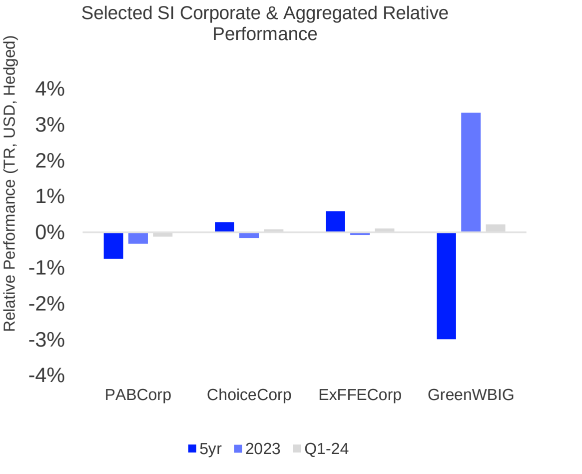


Chart 3: The most striking SI outperformer in 2023-24 has been the EM index, reflecting high weightings of Poland (25%), Hungary (10%) and Malaysia (9%). Longer duration drove underperformance of ESGWGBI.

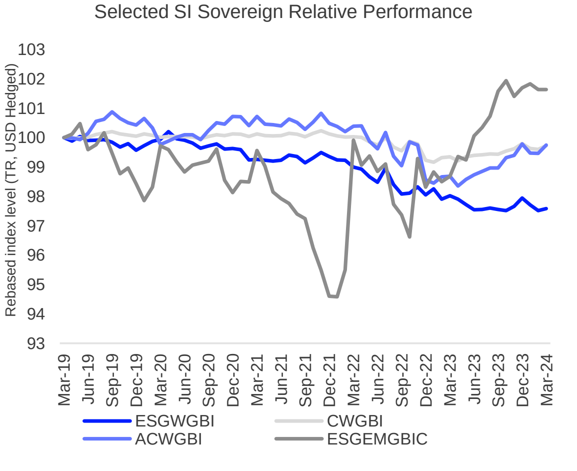


Chart 4:The Green WBÍG index fell sharply in the 2022-23 bond sell-off, due to its extra duration versus parent WBIG. But the higher European sovereign weighting drove outperformance in 2023-24.

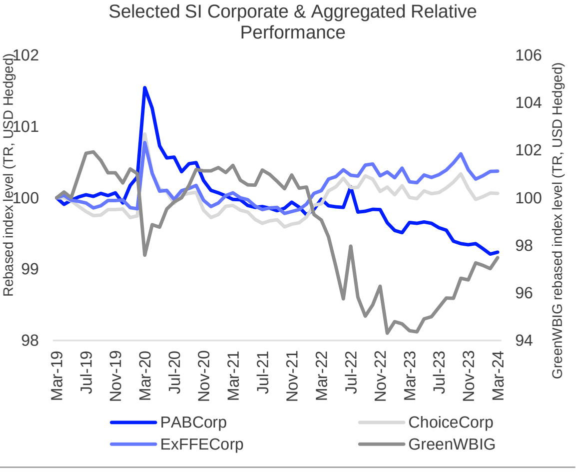


Chart 5: Recent outperformance by the EM ESG index is reflected in spreads as well. Yields fell in the climate WGBI relative to WGBI partly because of the high European weighting, which increased in Q1 2022.

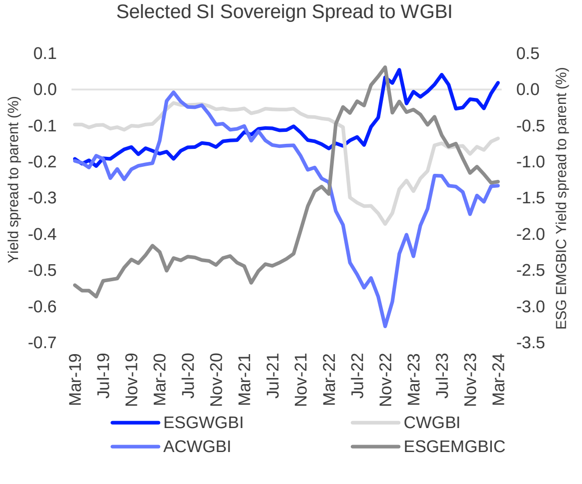
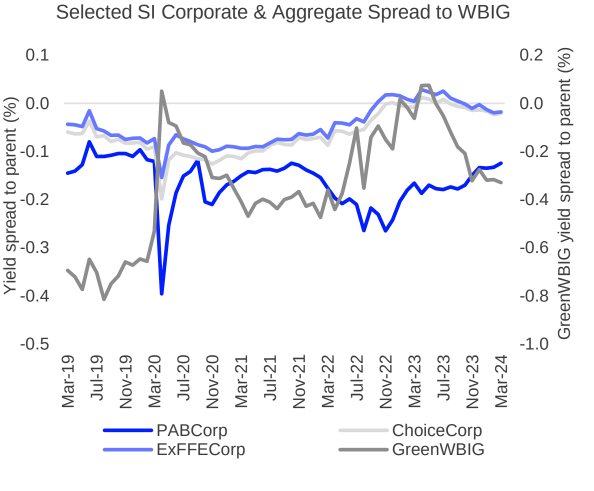


Chart 6: Heavy issuance as yields rose removed the "greenium" spread in 2022 in Green WBIG, but this returned in 2023-24. Yield spreads may not map precisely to performance because of index duration differences.



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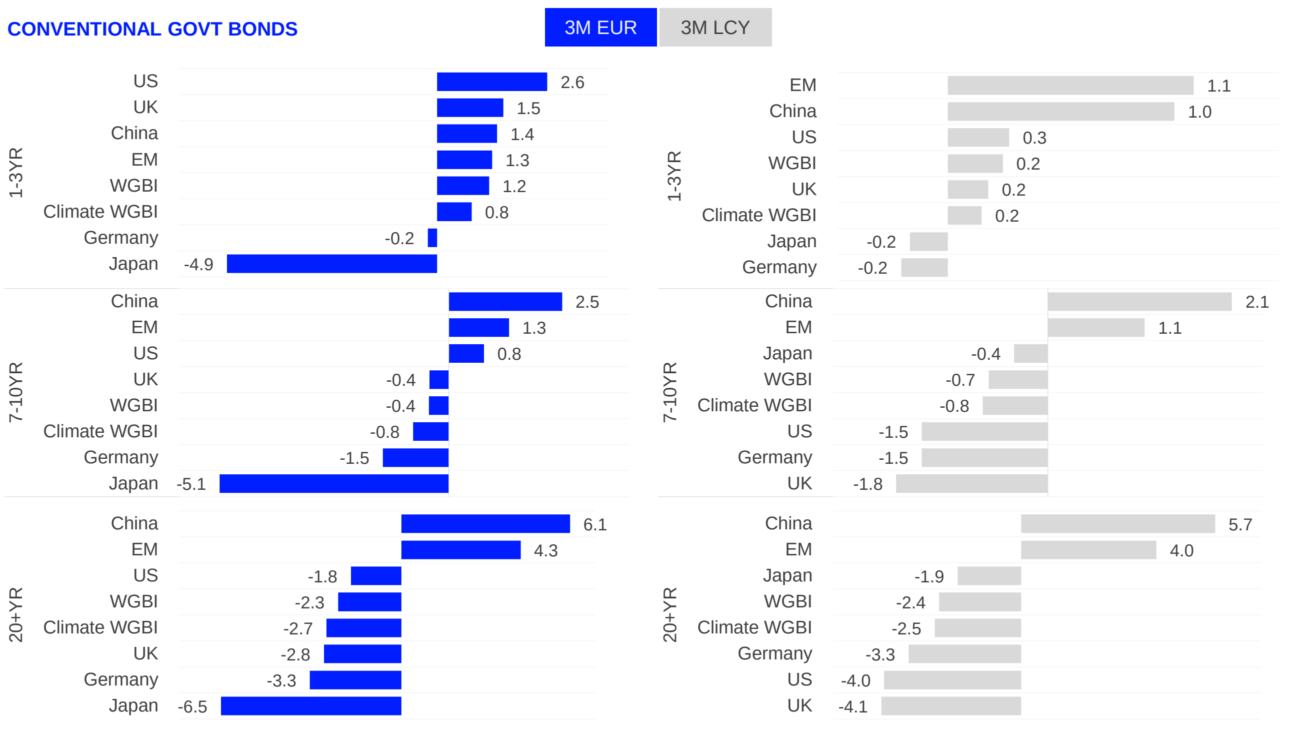
Global Bond Market Returns − 3M & 12M % (EUR, LC, TR)

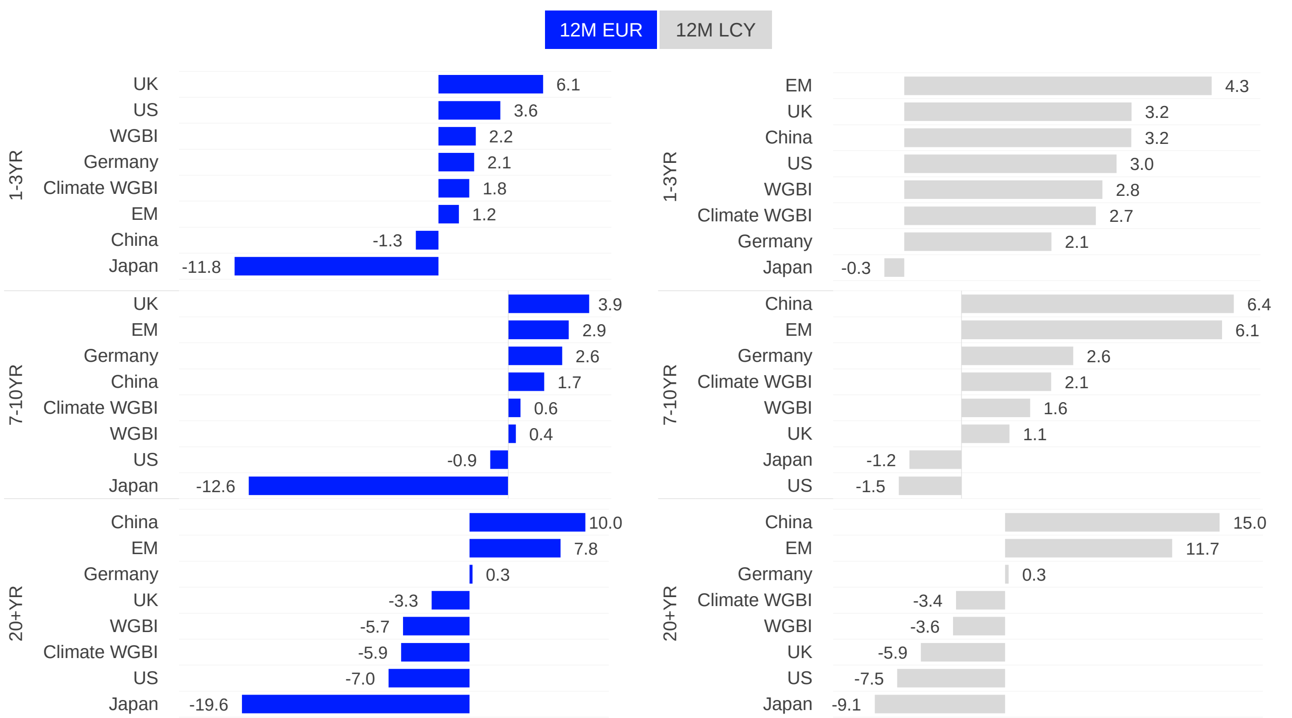
Returns for conventional government bonds were mostly negative in Q1, especially for long bonds, while China and EM outperformed. Stronger economic data and a stall in disinflation caused a re-assessment of policy easing prospects. Short bonds also showed modest positive returns both on 3M and 12M. In contrast, JGBs were hit hard by yen weakness.

G7 sovereign bonds stabilised in March, though still showed losses in Q1 overall, led by JGB losses of 5-7%, with the yen falling below Y150 versus the US dollar. The BoJ decision to raise rates (March 19) was well discounted and failed to spark a yen rally. Elsewhere, China and EM sovereigns outperformed in mid to long maturities.

Over the last twelve months, Japanese government bonds have underperformed due to significant yen weakness, which eroded returns for euro-based investors, with JGBs losing 12-20% in euro terms.

CONVENTIONAL GOVT BONDS





Source: FTSE Russell. All data as of March 31, 2024. 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.

Global Inflation-Linked Bond Returns − 3M & 12M % (EUR, LC, TR)

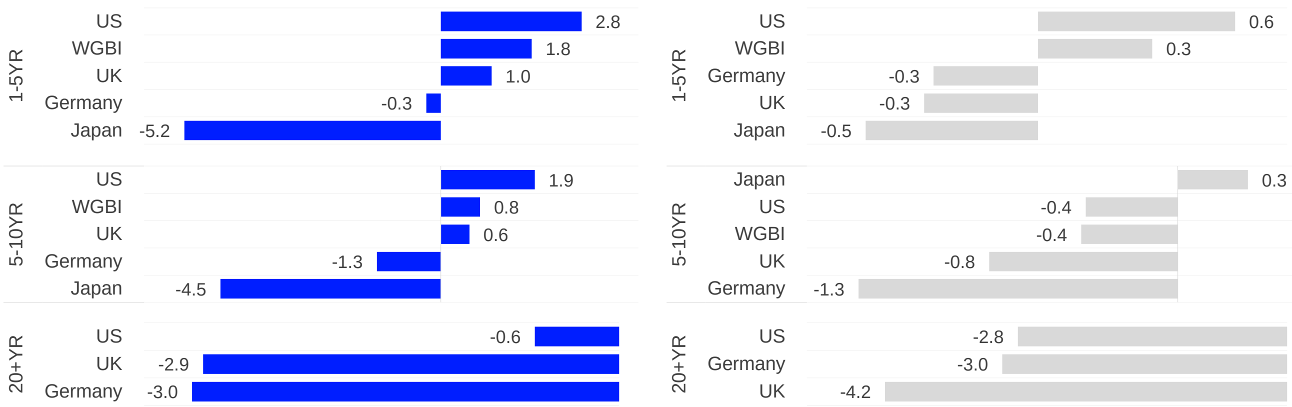
Long inflation linked bonds fell with conventionals in Q1, as euphoria over early rate cuts faded, and economic data improved. Longs gave up 1-3% in euros on 3M. JGBs were squeezed hard by yen weakness, losing 5-10% on 3M and 12M. Credit outperformed, notably on 12M, with HY gains of 11-12% in euros, benefiting from the risk rally and strong equities.

Short US Tips and UK linkers showed positive returns in Q1. Extra duration meant longs lost more ground, led by Bunds on 3M and inflation linked gilts on 12M. JGB inflation-linked losses, were mostly due to yen weakness.

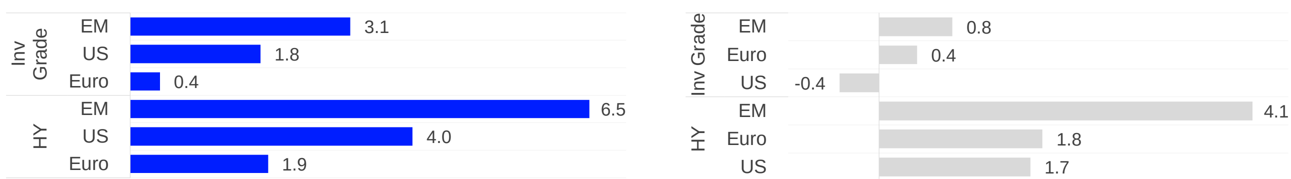
EM HY credit gained 7% in Q1, eclipsing Euro HY returns of 2%, but on 12M, US and Euro HY benefitted most from the global risk rally.

INFLATION LINKED BONDS

3M EUR | 3M LCY

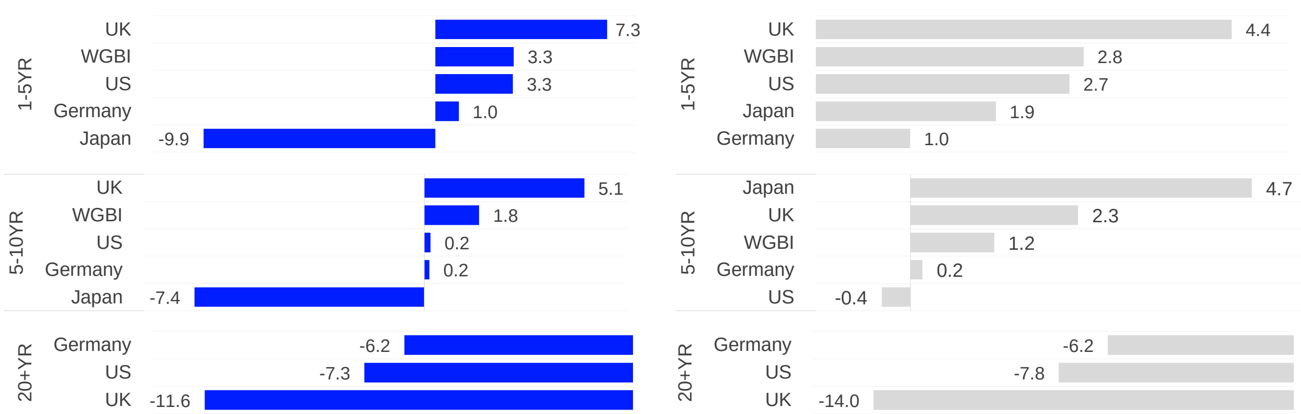


CORPORATE BONDS



INFLATION LINKED BONDS

12M EUR | 12M LCY



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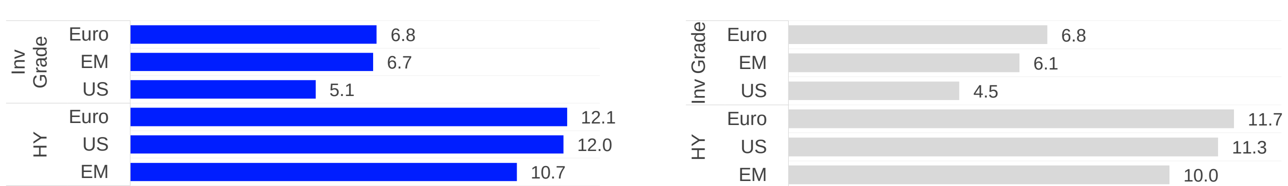


Source: FTSE Russell. All data as of March 31, 2024. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of Indices used for each market. For professional investors only.

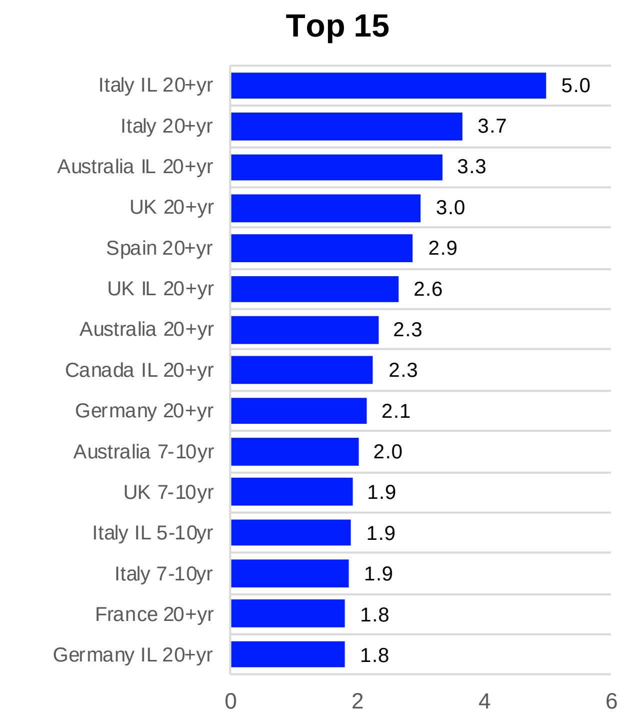
Top and Bottom Bond Returns − 1M & 12M % (EUR, TR)

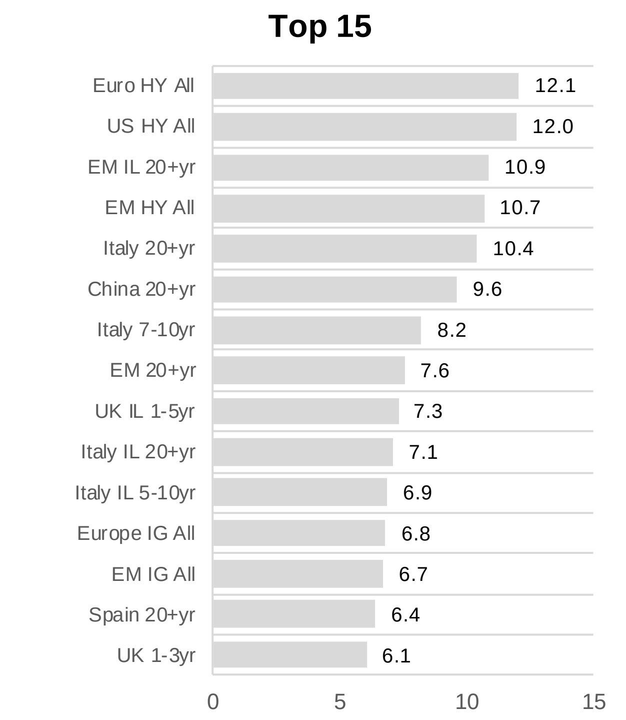
March saw some selective gains in bonds, with modest returns from long government Australian, UK and European peripheral bonds, all up 2-5% in euros. Swedish government bonds and JGB fell on weak currencies. Over 12M, HY credits continued to dominate the performance table, while returns for JGBs were negatively impacted by the weak yen.

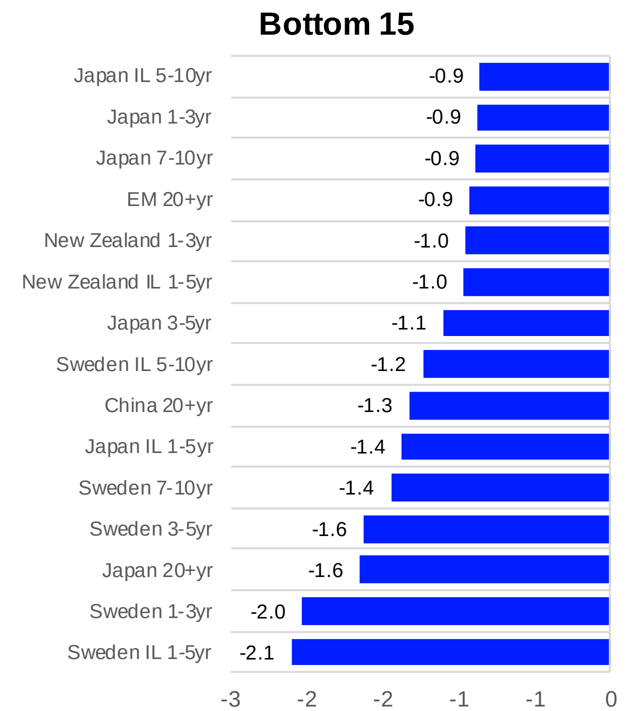
The ECB's transmission protection instrument (introduced in 2022) and the risk rally have helped peripheral Eurozone bonds deliver strong returns on both 3M and 12M, with both BTPs and Spanish government bonds outperforming Bunds. JGBs showed little reaction to the end of formal BoJ curve control in March, while returns continued to be eroded by yen weakness.

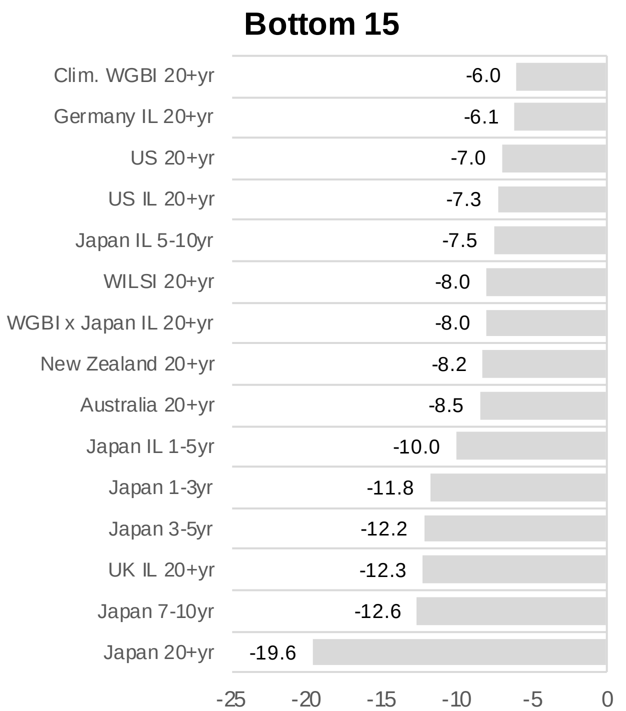
High yield credits have dominated the performance table in the last twelve months, with Euro and US HY gaining 12% in euros.

1M EUR | 12M EUR









Source: FTSE Russell. All data as of March 31, 2024. This analysis is taken from 100+ FTSE Russell sub-indices. 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.

Government Bond Returns

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

Top 15% | Bottom 15%

		3M		6M		YTD		12M	
		Local	EUR	Local	EUR	Local	EUR	Local	EUR
US	1-3yr	0.28	2.57	2.81	0.78	0.28	2.57	2.98	3.59
	7-10yr	-1.47	0.78	5.02	2.95	-1.47	0.78	-1.46	-0.87
	20+yr	-4.01	-1.82	8.81	6.67	-4.01	-1.82	-7.52	-6.97
	IG All	-0.43	1.84	7.85	5.72	-0.43	1.84	4.51	5.13
	HY All	1.66	3.99	8.72	6.58	1.66	3.99	11.33	11.99
UK	1-3yr	0.18	1.54	2.75	4.25	0.18	1.54	3.19	6.06
	7-10yr	-1.77	-0.43	6.09	7.64	-1.77	-0.43	1.13	3.93
	20+yr	-4.09	-2.79	11.07	12.70	-4.09	-2.79	-5.87	-3.26
Euro	IG All	0.42	0.42	6.02	6.02	0.42	0.42	6.82	6.82
	HY All	1.80	1.95	7.72	7.91	1.80	1.95	11.75	12.10
Japan	1-3yr	-0.17	-4.89	-0.10	-3.44	-0.17	-4.89	-0.28	-11.79
	7-10yr	-0.39	-5.10	1.16	-2.22	-0.39	-5.10	-1.21	-12.61
	20+yr	-1.86	-6.50	-1.24	-4.54	-1.86	-6.50	-9.10	-19.59
China	1-3yr	1.03	1.40	1.76	0.81	1.03	1.40	3.19	-1.30
	7-10yr	2.14	2.52	3.86	2.89	2.14	2.52	6.37	1.74
	20+yr	5.57	5.75	9.34	8.10	5.57	5.75	14.86	9.64
EM	1-3yr	1.12	1.28	2.31	1.43	1.12	1.28	4.31	1.19
	7-10yr	1.13	1.34	4.87	3.64	1.13	1.34	6.10	2.94
	20+yr	3.84	4.03	8.38	7.04	3.84	4.03	11.55	7.57
	IG All	0.81	3.11	6.79	4.69	0.81	3.11	6.09	6.72
	HY All	4.11	6.48	9.40	7.24	4.11	6.48	10.05	10.71
Germany	1-3yr	-0.21	-0.21	1.79	1.79	-0.21	-0.21	2.06	2.06
	7-10yr	-1.47	-1.47	5.33	5.33	-1.47	-1.47	2.62	2.62
	20+yr	-3.29	-3.29	13.32	13.32	-3.29	-3.29	0.26	0.26
Italy	1-3yr	0.18	0.18	2.90	2.90	0.18	0.18	3.44	3.44
	7-10yr	1.36	1.36	10.65	10.65	1.36	1.36	8.24	8.24
	20+yr	3.63	3.63	20.23	20.23	3.63	3.63	10.44	10.44
Spain	1-3yr	0.13	0.13	2.41	2.41	0.13	0.13	2.65	2.65
	7-10yr	-0.06	-0.06	8.13	8.13	-0.06	-0.06	5.31	5.31
	20+yr	0.38	0.38	17.41	17.41	0.38	0.38	6.42	6.42
France	1-3yr	-0.28	-0.28	2.07	2.07	-0.28	-0.28	2.33	2.33
	7-10yr	-1.39	-1.39	6.07	6.07	-1.39	-1.39	3.28	3.28
	20+yr	-2.60	-2.60	15.21	15.21	-2.60	-2.60	3.31	3.31
Sweden	1-3yr	0.00	-3.04	2.14	2.33	0.00	-3.04	2.56	0.63
	7-10yr	-2.08	-5.06	6.41	6.60	-2.08	-5.06	1.73	-0.18
Australia	1-3yr	0.87	-1.35	2.73	1.80	0.87	-1.35	2.24	0.19
	7-10yr	0.96	-1.27	6.26	5.30	0.96	-1.27	-0.80	-2.80
	20+yr	-0.66	-3.04	10.06	8.86	-0.66	-3.04	-6.40	-8.45
New Zealand	1-3yr	0.78	-2.50	3.91	1.53	0.78	-2.50	3.91	0.05
	7-10yr	-0.69	-3.93	8.43	5.95	-0.69	-3.93	2.17	-1.62
	20+yr	-4.16	-7.28	13.44	10.84	-4.16	-7.28	-4.70	-8.24
Canada	1-3yr	0.38	0.04	3.04	0.91	0.38	0.04	2.97	3.60
	7-10yr	-1.94	-2.27	6.25	4.06	-1.94	-2.27	-1.36	-0.77
	20+yr	-5.60	-6.48	11.54	8.59	-5.60	-6.48	-3.05	-3.05

Source: FTSE Russell and Refinitiv. All data as of August 31, 2022. 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 Indexes. See Appendix Glossary for list of indexes used for each market. For professional investors only.

Inflation-Linked Bond Returns

Top 15% | Bottom 15%

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

		3M		6M		YTD		12M	
		Local	JPY	Local	JPY	Local	JPY	Local	JPY
US	1-5yr	0.55	2.85	3.40	1.36	0.55	2.85	2.68	3.29
	5-10yr	-0.37	1.90	4.90	2.84	-0.37	1.90	-0.40	0.20
	20+yr	-2.80	-0.59	7.29	5.18	-2.80	-0.59	-7.83	-7.27
UK	1-5yr	-0.32	1.03	2.94	4.45	-0.32	1.03	4.40	7.30
	5-10yr	-1.01	0.12	3.89	5.19	-1.01	0.12	2.05	4.66
	20+yr	-4.71	-3.63	9.93	11.30	-4.71	-3.63	-14.46	-12.27
Japan	1-5yr	-0.49	-5.39	0.12	-3.43	-0.49	-5.39	1.90	-10.05
	5-10yr	0.32	-4.61	2.05	-1.57	0.32	-4.61	4.74	-7.54
EM	1-5yr	2.29	1.95	4.96	1.80	2.29	1.95	9.80	5.01
	5-10yr	0.47	0.11	5.63	2.95	0.47	0.11	8.56	5.80
	20+yr	-3.54	-2.91	5.93	5.18	-3.54	-2.91	8.06	10.90
Germany	1-5yr	-0.27	-0.27	0.79	0.79	-0.27	-0.27	1.02	1.02
	5-10yr	-1.40	-1.40	1.70	1.70	-1.40	-1.40	0.06	0.06
	20+yr	-2.87	-2.87	6.49	6.49	-2.87	-2.87	-6.10	-6.10
Italy	1-5yr	0.29	0.29	3.60	3.60	0.29	0.29	4.01	4.01
	5-10yr	1.70	1.70	8.73	8.73	1.70	1.70	6.88	6.88
	20+yr	6.13	6.13	24.36	24.36	6.13	6.13	7.11	7.11
Spain	1-5yr	-0.24	-0.24	1.74	1.74	-0.24	-0.24	1.76	1.76
	5-10yr	0.38	0.38	5.07	5.07	0.38	0.38	3.28	3.28
France	1-5yr	-0.54	-0.54	1.39	1.39	-0.54	-0.54	1.10	1.10
	5-10yr	-1.17	-1.17	2.74	2.74	-1.17	-1.17	0.87	0.87
	20+yr	-2.41	-2.41	11.31	11.31	-2.41	-2.41	-1.24	-1.24
Sweden	1-5yr	-0.19	-3.23	2.00	2.19	-0.19	-3.23	2.18	0.26
	5-10yr	-1.39	-4.39	3.95	4.14	-1.39	-4.39	1.72	-0.19
Australia	1-5yr	0.60	-1.81	3.29	2.17	0.60	-1.81	3.27	1.00
	5-10yr	0.46	-1.94	5.80	4.65	0.46	-1.94	2.56	0.31
	20+yr	-2.78	-5.11	13.95	12.71	-2.78	-5.11	-1.40	-3.56
New Zealand	5-10yr	0.78	-2.51	7.63	5.16	0.78	-2.51	4.03	0.17
Canada	20+yr	-1.67	-2.59	12.84	9.85	-1.67	-2.59	-0.33	-0.33

Source: FTSE Russell. All data as of March 31, 2024. 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 – Historical Bond Yields % as of March 29, 2024

Global Bond Yields

Top 15% | Bottom 15%

Green highlight indicates highest 15%, red indicates lowest 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	4.73	4.32	4.21	4.43	2.08	1.86	2.12	5.35	7.83
	3M Ago	4.37	3.92	3.87	4.14	2.20	1.72	1.96	5.11	7.79
	6M Ago	5.16	4.71	4.59	4.82	2.72	2.29	2.37	6.06	8.91
	12M Ago	4.20	3.72	3.49	3.76	1.44	1.17	1.53	5.25	8.43
UK	Current	4.31	3.88	3.85	4.35	0.08	0.14	1.07		
	3M Ago	3.94	3.45	3.46	4.07	-0.02	-0.02	0.91		
	6M Ago	4.73	4.46	4.35	4.81	0.55	0.53	1.39		
	12M Ago	3.79	3.55	3.43	3.80	0.00	-0.27	0.35		
Japan	Current	0.12	0.27	0.60	1.70	-1.43	-0.84			
	3M Ago	0.00	0.13	0.50	1.60	-1.67	-0.81			
	6M Ago	0.01	0.21	0.66	1.61	-1.75	-0.70			
	12M Ago	-0.09	0.02	0.30	1.22	-1.30	-0.51			
China	Current	1.90	2.13	2.38	2.62					
	3M Ago	2.18	2.33	2.58	2.90					
	6M Ago	2.24	2.42	2.70	3.06					
	12M Ago	2.31	2.56	2.84	3.25					
EM	Current	3.30	3.91	4.60	3.90	4.92	4.70	5.38	5.66	8.81
	3M Ago	3.44	3.95	4.70	4.34	4.27	4.23	4.82	5.57	10.03
	6M Ago	3.58	4.52	5.05	4.51	3.27	4.48	5.32	6.43	11.01
	12M Ago	3.62	4.37	4.69	4.52	2.59	3.67	5.15	5.77	11.18
Germany	Current	2.89	2.38	2.23	2.43	0.78	0.24	0.26		
	3M Ago	2.48	1.97	1.96	2.25	0.92	0.16	0.16		
	6M Ago	3.21	2.78	2.75	2.97	0.87	0.44	0.52		
	12M Ago	2.69	2.36	2.24	2.33	-0.02	-0.12	-0.15		
Italy	Current	3.27	3.12	3.44	4.05	1.00	1.39	1.70		
	3M Ago	2.99	2.88	3.45	4.17	1.23	1.62	1.88		
	6M Ago	3.94	4.03	4.50	5.02	1.68	2.31	2.43		
	12M Ago	3.27	3.43	3.88	4.34	0.45	1.50	1.74		
France	Current	2.98	2.65	2.70	3.18	0.57	0.42	0.73		
	3M Ago	2.49	2.23	2.43	3.00	0.56	0.32	0.64		
	6M Ago	3.33	3.14	3.26	3.79	0.82	0.75	1.12		
	12M Ago	2.83	2.66	2.70	3.17	-0.29	0.05	0.53		
Sweden	Current	2.93	2.40	2.33		1.55	0.88			
	3M Ago	2.59	2.04	2.01		1.12	0.59			
	6M Ago	3.50	3.18	2.98		1.42	1.28			
	12M Ago	2.85	2.56	2.25		0.09	0.32			
Australia	Current	3.75	3.61	3.92	4.36	1.11	1.37	1.78		
	3M Ago	3.71	3.63	3.90	4.30	0.85	1.27	1.61		
	6M Ago	4.14	4.10	4.43	4.86	1.30	1.78	2.24		
	12M Ago	3.03	3.00	3.27	3.82	0.01	0.82	1.43		
New Zealand	Current	4.91	4.41	4.53	4.91	1.87	2.29			
	3M Ago	4.71	4.24	4.31	4.60	1.45	2.12			
	6M Ago	5.63	5.35	5.32	5.54	2.50	2.89			
	12M Ago	4.78	4.37	4.23	4.37	1.04	1.72			
Canada	Current	4.28	3.64	3.48	3.37	1.66	1.65	1.61		
	3M Ago	3.94	3.26	3.10	3.04	1.31	1.35	1.51		
	6M Ago	4.88	4.37	4.07	3.85	2.35	2.29	2.13		
	12M Ago	3.85	3.19	2.89	3.05	1.11	1.08	1.37		

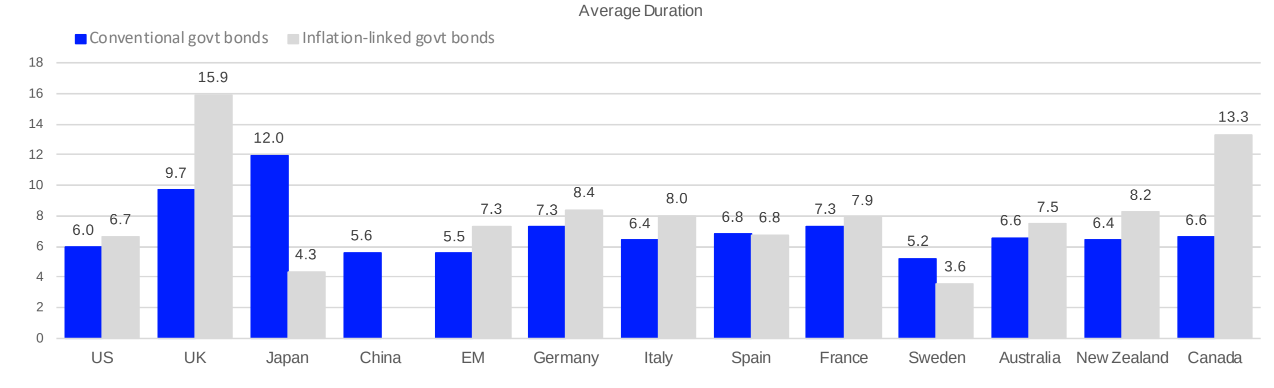
Source: FTSE Russell. All data as of March 31, 2024. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of indices used for each market. For professional investors only.

Appendix – Duration and Market Value (USD, Bn) as of March 31, 2024

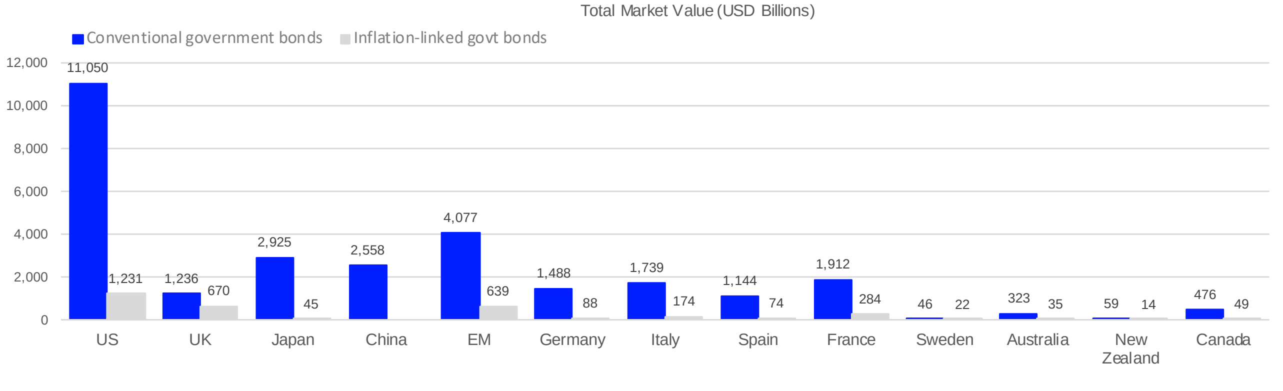
	Conventional government bonds								Inflation-linked government bonds					
	Duration				Market Value				Duration			Market Value		
	3-5YR	7-10YR	20+YR	Overall	3-5YR	7-10YR	20+YR	Total	5-10YR	20+YR	Overall	5-10YR	20+YR	Total
US	3.7	7.3	16.8	**6.0**	2,611.1	1,098.3	1,320.3	**11,050.4**	7.1	21.7	**6.7**	396.7	112.3	**1,231.5**
UK	3.8	7.5	18.6	**9.7**	174.8	191.5	321.2	**1,235.8**	6.8	26.9	**15.9**	117.6	255.4	**670.1**
Japan	3.8	8.1	23.6	**12.0**	345.2	369.6	627.7	**2,924.9**	7.1		**4.3**	19.7		**44.8**
China	3.7	7.5	17.9	**5.6**	569.0	388.9	297.9	**2,558.5**						
EM	3.5	6.9	16.4	**5.5**	858.3	709.4	390.0	**4,077.4**	6.0	13.4	**7.3**	105.7	163.0	**638.8**
Germany	3.8	7.8	20.5	**7.3**	344.6	193.0	186.8	**1,487.7**	6.7	21.2	**8.4**	43.7	18.6	**87.7**
Italy	3.7	7.1	16.7	**6.4**	318.3	282.0	161.7	**1,739.4**	7.2	25.9	**8.0**	64.5	5.8	**174.0**
Spain	3.7	7.4	17.8	**6.8**	224.6	203.2	113.8	**1,144.5**	7.7		**6.8**	47.8		**74.2**
France	3.8	7.4	19.6	**7.3**	336.2	316.4	245.6	**1,911.6**	6.1	24.1	**7.9**	111.2	21.6	**283.5**
Sweden	3.9	7.6		**5.2**	6.6	13.2		**45.7**	6.6		**3.6**	5.3		**21.5**
Australia	3.5	7.4	17.0	**6.6**	47.6	92.3	20.6	**323.2**	6.7	22.0	**7.5**	10.3	2.8	**34.6**
New Zealand	3.3	7.2	16.0	**6.4**	11.1	15.9	5.2	**58.7**	5.8		**8.2**	3.2		**13.9**
Canada	3.5	7.3	19.5	**6.6**	58.9	110.6	67.4	**475.6**	6.5	20.5	**13.3**	8.2	20.1	**49.0**

	Investment grade bonds										High Yield	
	Duration					Market Value					Duration	MktVal
	AAA	AA	A	BBB	Overall	AAA	AA	A	BBB	Overall		
US	10.7	8.3	7.1	6.5	7.0	72.3	458.7	2767.5	3473.8	6772.4	3.8	1061.1
Europe	5.5	4.9	4.6	4.2	4.4	10.8	221.7	1227.3	1545.0	3004.8		
EM		5.8	4.8	5.2	5.1		38.9	220.4	305.5	564.8	3.4	179.0

Average Duration

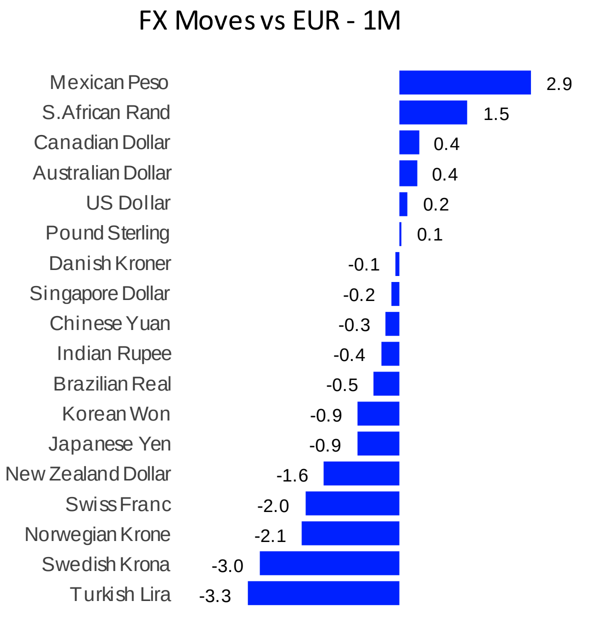


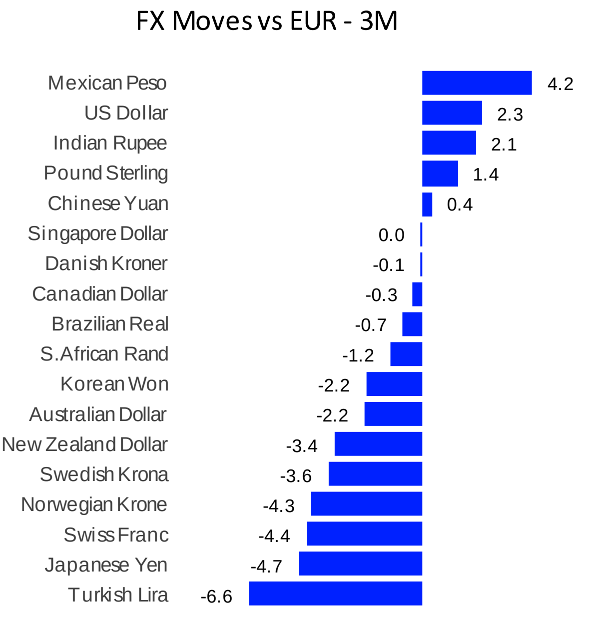
Total Market Value (USD Billions)

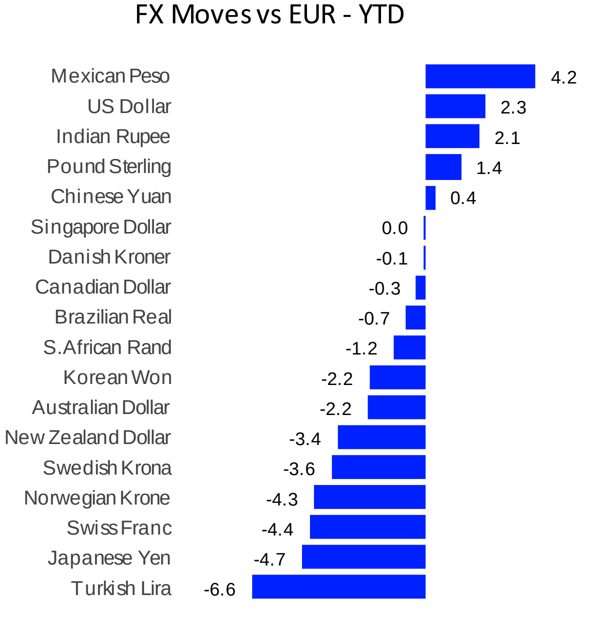


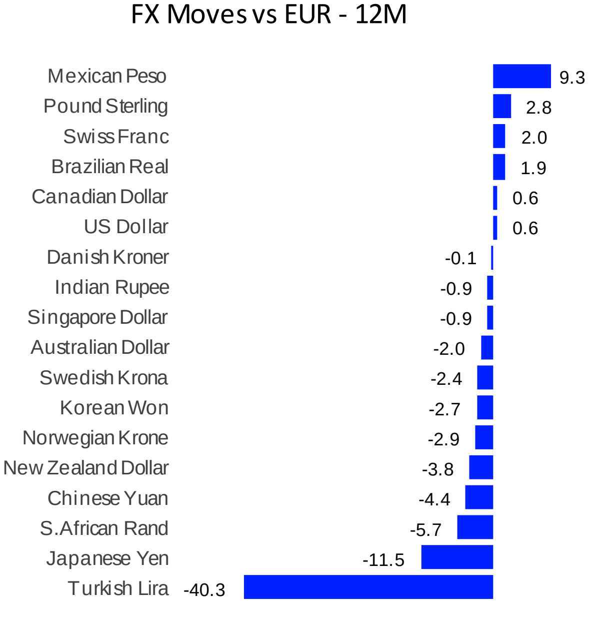
Source: FTSE Russell. All data as of March 31, 2024. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of indices used for each market. For professional investors only.

Appendix – Foreign Exchange Returns % as of March 31, 2024









Source: FTSE Russell and LSEG. All data as of March 31, 2024. 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

FTSE ESG World Government Bond Index for the global government bond markets with an ESG tilt

FTSE Climate Risk-Adjusted World Government Bond Index (Climate WGBI) and FTSE Advanced Climate Risk-Adjusted World Government Bond Index (Advanced Climate WGBI) for each country's relative exposure to climate risk, with respect to resilience and preparedness to the risks of climate change

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

ABOUT FTSE RUSSELL

FTSE Russell is a leading global provider of index and benchmark solutions, spanning diverse asset classes and investment objectives. As a trusted investment partner we help investors make better-informed investment decisions, manage risk, and seize opportunities.

Market participants look to us for our expertise in developing and managing global index solutions across asset classes. Asset owners, asset managers, ETF providers and investment banks choose FTSE Russell solutions to benchmark their investment performance and create investment funds, ETFs, structured products, and index-based derivatives. Our clients use our solutions for asset allocation, investment strategy analysis and risk management, and value us for our robust governance process and operational integrity.

For over 35 years we have been at the forefront of driving change for the investor, always innovating to shape the next generation of benchmarks and investment solutions that open up new opportunities for the global investment community.

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To learn more, visit lseg.com/ftse-russell; email info@ftserussell.com; or call your regional Client Service team office:

EMEA +44 (0) 20 7866 1810
North America +1 877 503 6437

Asia-Pacific
Hong Kong +852 2164 3333
Tokyo +81 3 6441 1430
Sydney +61 (0) 2 7228 5659