Fixed Income Insights

MONTHLY REPORT – **AUGUST 2023 | CHINA EDITION**   FOR PROFESSIONAL INVESTORS ONLY

Chinese bonds stabilise awaiting Politburo guidance on fiscal policy

Chinese regional government bonds outperformed YTD, with more issuance underway. China IG credit matched YTD performance of US peers, but HY fell again in July on default concerns. Foreign investors made largest net buying since January, as yuan strengthened. Stimulative measures boosted optimism.

Macroeconomic backdrop − China proposes measure to boost consumption and the property market
NDRC unveiled 20 measures to boost consumption, which contributed 77% to H1 growth. 11.3% growth in money supply reduces deflation risks. Mooted Chinese fiscal stimulus measures suggest shift in monetary/fiscal policy balance. (page 2)

Chinese bonds − Onshore bond yields edged lower, and curve remains upward sloped, as foreign investors returned
Chinese government bond yields trended towards Covid-low levels, led by longer dated. Chinese 10s/2s yield curve remains upward-sloping versus the deep US curve inversion. Foreign investors made largest inflows to CGBs since January. (page 3)

Chinese and Asian bonds − Asian government spreads at or near one-year lows, as US Treasury yields rose
Asian yield curves remained much flatter versus 18 months ago, tracking the US curve, except in China. Chinese spreads versus G7 remained near October lows. (page 4)

Performance − Malaysian, Korean and Thai bonds led gains in July; JGBs lost in USD terms despite a stronger yen
Top YTD performers Indonesian and Indian bonds underperformed most Asian and global peers in July, which gained up to 3.9%. JGBs and NZ bonds lagged YTD. (pages 5-6)

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

Chart 1: China's factory activity remains in contraction (PMI=49.3). Services show a weaker expansion, posing risks for the recovery.
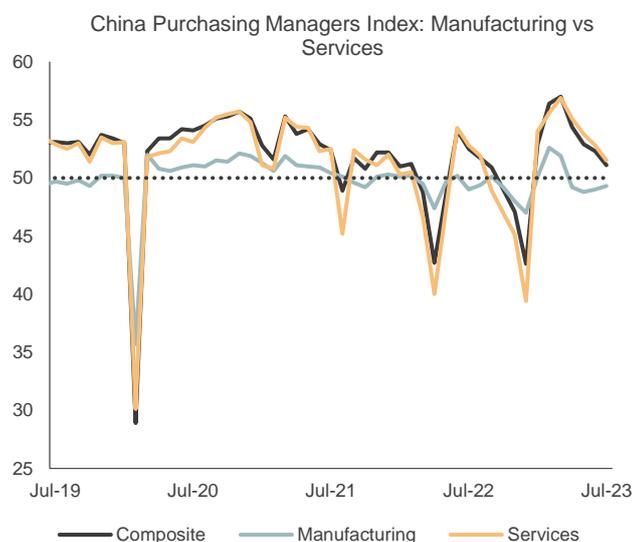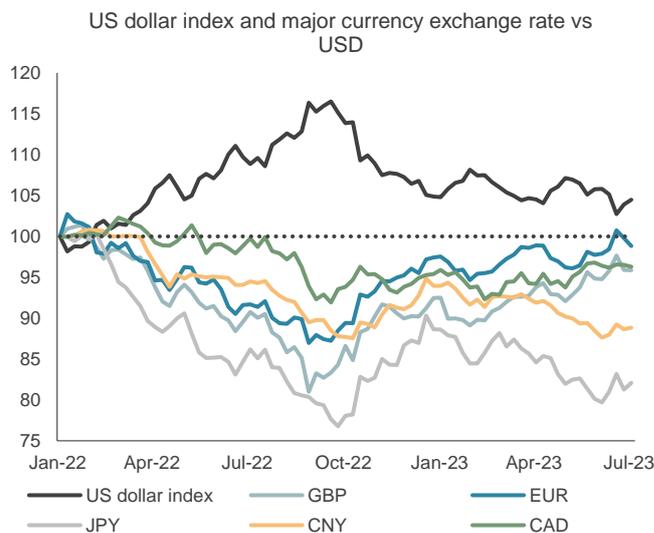
Chart 2: RMB recovered to 7.1+ against the US dollar in July, from an eight-month low. Major currencies strengthened vs USD.

China Purchasing Managers Index: Manufacturing vs Services

— Composite   — Manufacturing   — Services

US dollar index and major currency exchange rate vs USD

— US dollar index   — GBP   — EUR
— JPY   — CNY   — CAD

Macroeconomic Backdrop – Growth and Inflation Expectations

A de-synchronised global economic cycle is manifest in divergent growth and inflation, due to different Covid lockdown policies and impacts from higher energy prices. Service sectors are more robust than manufacturing and tradeable goods, particularly in China and Japan. Politburo sets out plans for H2, including measures on monetary and fiscal policies.

China's GDP growth of 6.3% y/y in Q2 was mainly driven by consumer spending (a contribution of 77%), as shown in Chart 1, accompanied by a base effect. H1 growth of 5.5% y/y was higher than the three year average of 4.5%, with services (6.4%) outpacing overall growth. China's weaker exports and imports in June reflect weakening demand domestically and globally.

Chinese headline CPI was zero y/y in June (Chart 2), driven by lower pork and energy prices, together with a base effect. Overall food prices increased 2.3% y/y, while non-food prices declined 0.6%. Concerns about deflation risks mounted, though base effects from energy prices falling in 2023, after the sharp increases in 2022, may overstate the risks.

The Chinese authorities acknowledged the loss of momentum in growth in Q2 after a strong Q1 rebound. Measures on local govt debt, a commitment to further capital market reforms and property market support were discussed in the Politburo. The PBoC held policy unchanged (Chart 3). A key issue is whether the balance between monetary and fiscal policy stimulus changes in H2 2023.

China's money supply y/y growth remained strong at 11.3% in June, despite a downward trend in Q2 due to base effects. This reduces deflation risks. China's relatively high M2/GDP ratio reflects the high share of bank finance for economic activity. RMB loans (taking up about 63% of total social financing) increased 11.2% y/y, implying stable credit growth (Chart 4).

Chart 1: Consumption expenditures contributed 77% to real GDP growth by Q2 23, helped by base effects, but net exports lagged. China is committed to promoting a domestic demand-led growth.
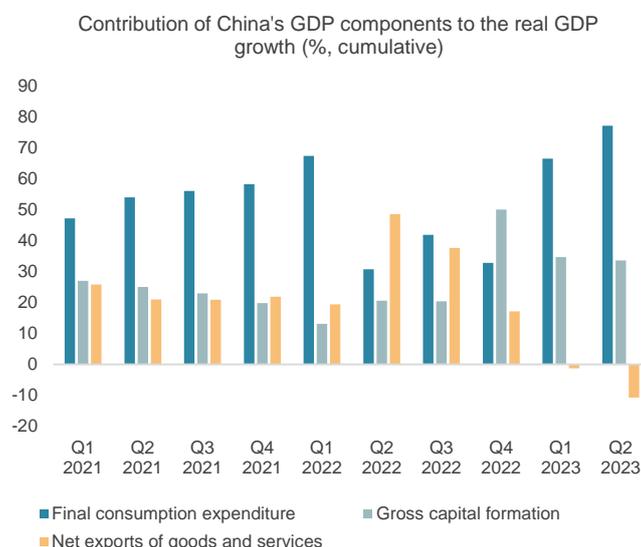
Chart 2: Headline US inflation continues to fall, though core inflation is stickier at around 5%, reflecting shelter costs, which have scope to fall further. China's CPI was flat y/y in June.
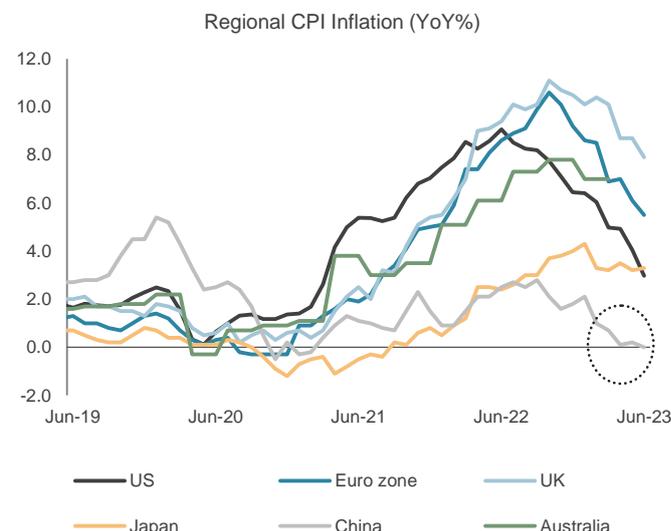
Chart 3: The Fed resumed rate hikes, widening rate differentials with China, where the PBoC held policy rates steady, awaiting guidelines for fiscal policy for H2 2023, from the Politburo.
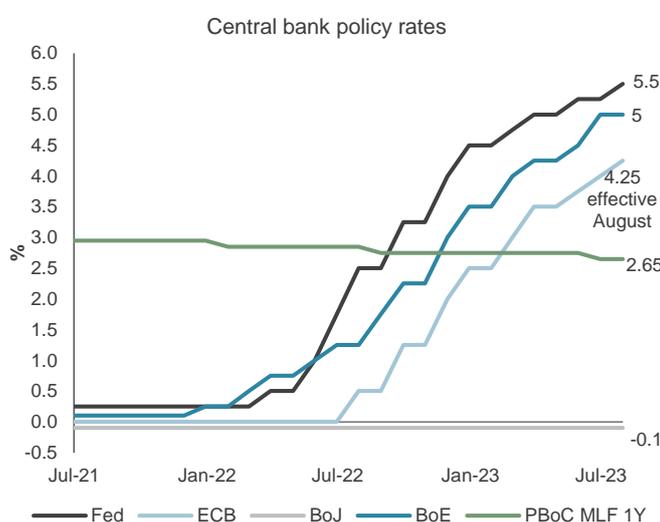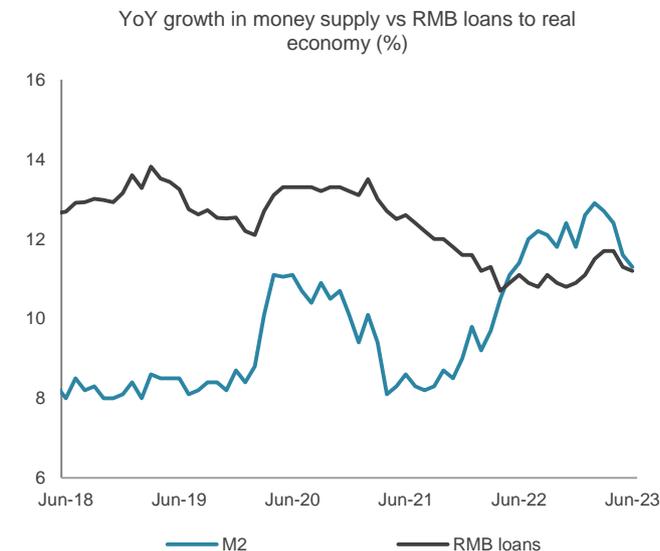
Chart 4: China's M2 growth of 11.3% reduces deflation risks, though (narrower) M1 growth is much weaker at 3.1% y/y. Credit growth remains healthy, with RMB loans up 11.2% y/y.

Chinese Government and Corporate Bonds

Chart 1: Medium and long-dated Chinese govt yields are near Covid lows, with steepest falls in the longer-end. Unchanged PBoC policy may suggest a shift towards fiscal policy to boost growth.

China government bond yields (%)

- China GOVT 1-3YR
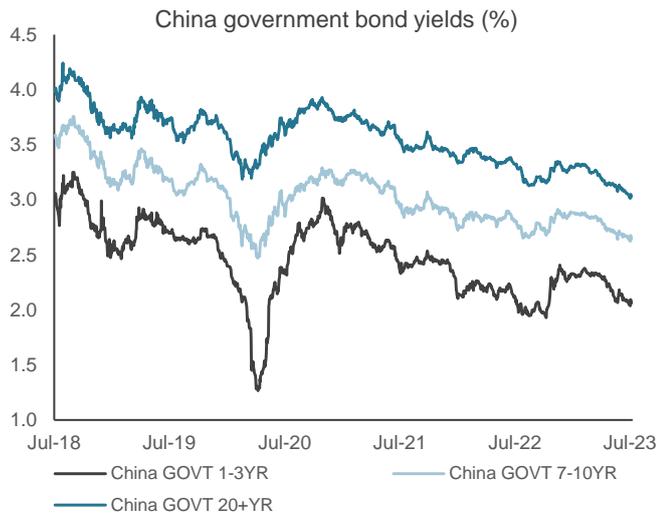- China GOVT 7-10YR
- China GOVT 20+YR

Chart 2: The Chinese 10s/2s curve has been much less volatile in recent years (except a Covid steepening) than the US curve, which flattened sharply before staying inverted for more than a year.

China and US yield curves

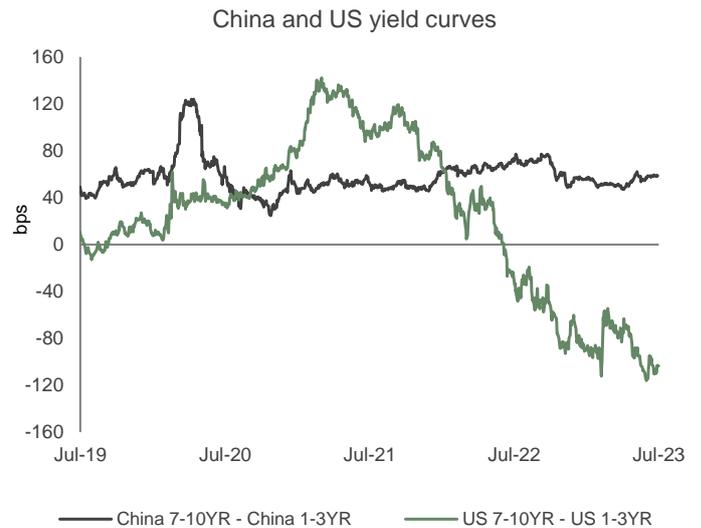

- China 7-10YR - China 1-3YR
- US 7-10YR - US 1-3YR

Chart 3: Regional spreads tightened in late July as the Politburo meeting unveiled a basket of plans to boost growth. Total and net issuance is expected to recover after a delay in July.

Regional Govt, Policy Bank & Corp Spreads vs Govt bonds

- China RGOV - China GOVT
- China PolBank 7-10YR - China GOVT 7-10YR
- China BBI_Corp 1-3YR - China GOVT 1-3YR
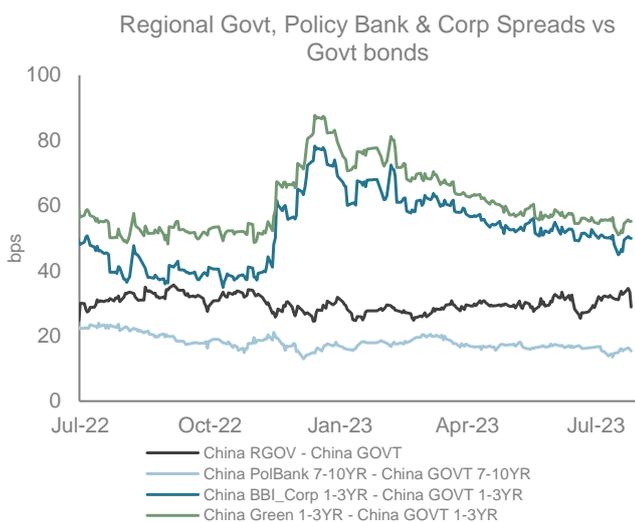- China Green 1-3YR - China GOVT 1-3YR

Chart 4: Chinese green yields are moving closer towards overall corporates in the recent year. Offshore 1-3yr govt yields are higher vs onshore, with a wider gap compared with two years ago.

Selected yields on Chinese govt., corps & green bonds

- China Green_Onshore
- DimSum 1-3YR
- China GOVT 1-3YR
- China BBI_Corp
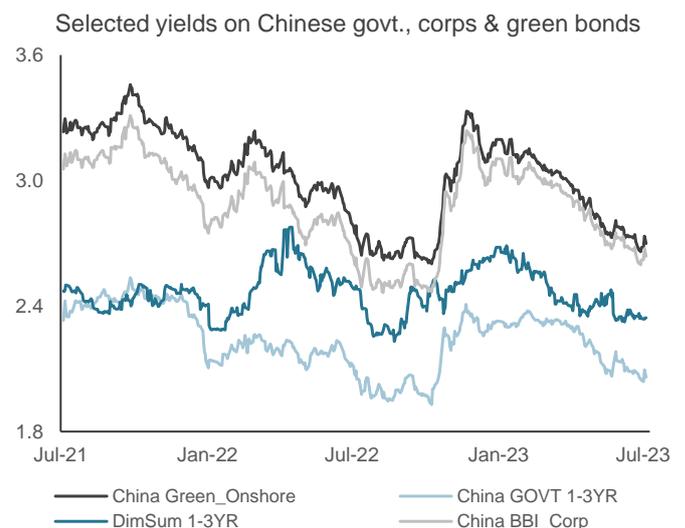
Chart 5: Foreign investors bought a net RMB 22 billion of Chinese govt bonds in June, marking the largest inflows in six months, on expectations of more rate cuts by the PBoC and a Fed policy pivot.

Monthly foreign inflows of CGBs vs China & US 7-10yr yields

- Monthly change (RHS)
- US 7-10YR
- China 7-10YR

Chart 6: Offshore RMB government bonds have been offering higher yields than onshore peers in the recent year, unlike during 2020-22, despite their shorter average lives (3+yr vs 7+yr).

China govt bonds offshore vs onshore yields

- DimSum GOVT - China GOVT (All Mat)

China and Asian Bonds in Global Context

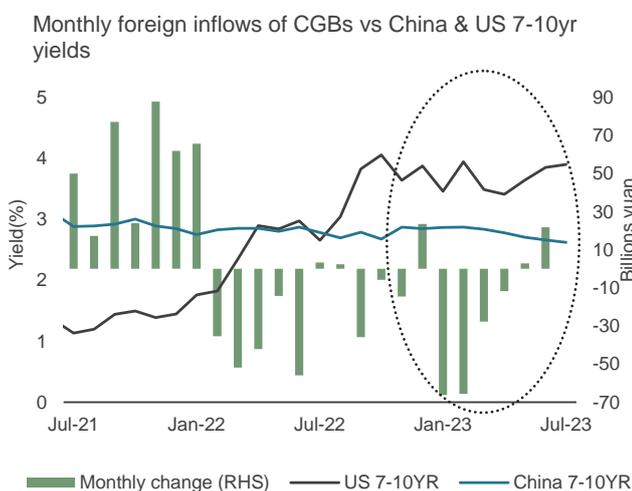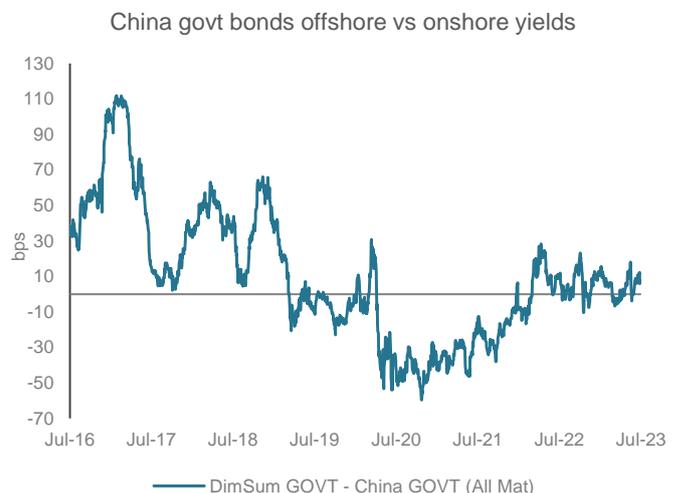**Chart 1:** Asian 1-3 year yields have been surpassed by surging US Treasury yields in the past 18 months, including both DMs such as Korea and Singapore, and EMs, i.e., China, Malaysia & Thailand.
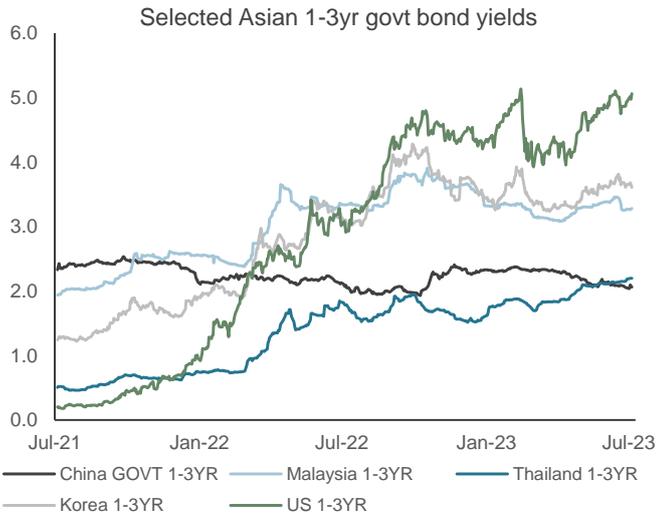
Selected Asian 1-3yr govt bond yields

Legend: China GOVT 1-3YR, Malaysia 1-3YR, Thailand 1-3YR, Korea 1-3YR, US 1-3YR

Chart 2: The Korean and Indian 10s/2s yield curves are almost flat, while US Treasuries remained deeply inverted. The Chinese 10s/2s curve remains an outlier with a stable, and positive gradient.
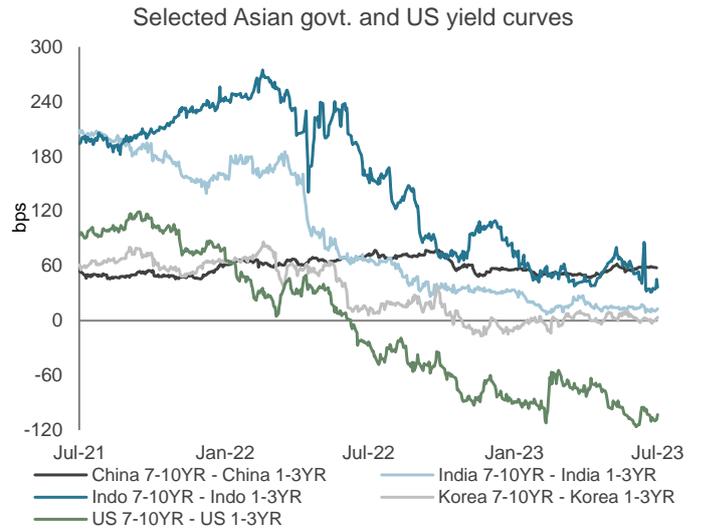
Selected Asian govt. and US yield curves

Legend: China 7-10YR - China 1-3YR, India 7-10YR - India 1-3YR, Indo 7-10YR - Indo 1-3YR, Korea 7-10YR - Korea 1-3YR, US 7-10YR - US 1-3YR

Chart 3: China 7-10 year sovereign spreads vs G7 swung towards October lows, particularly vs the UK. Spreads vs Japan also narrowed over the year, by a much smaller degree of 30bps.
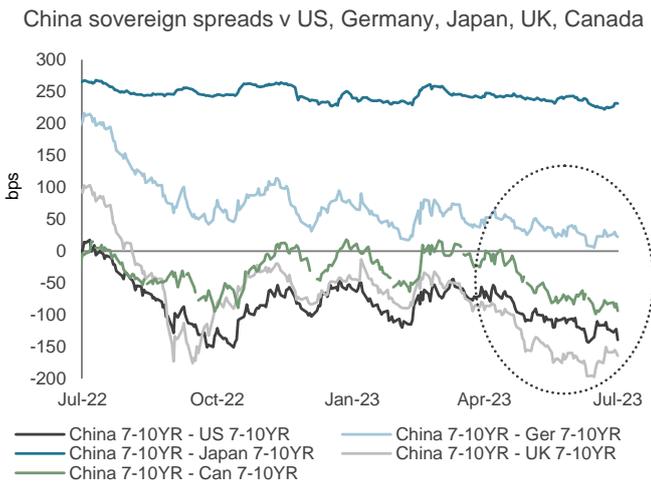
China sovereign spreads v US, Germany, Japan, UK, Canada

Legend: China 7-10YR - US 7-10YR, China 7-10YR - Ger 7-10YR, China 7-10YR - Japan 7-10YR, China 7-10YR - UK 7-10YR, China 7-10YR - Can 7-10YR

Chart 4: Asian spreads versus the US stabilised, until US Treasury yields rose on the BoJ decision to flex YCC. Korean spreads remained negative, but much less so than Chinese spreads.

Selected Asian govt. 7-10yr sovereign spreads vs US

Legend: China 7-10YR - US 7-10YR, India 7-10YR - US 7-10YR, Indo 7-10YR - US 7-10YR, Korea 7-10YR - US 7-10YR, Phil 7-10YR - US 7-10YR
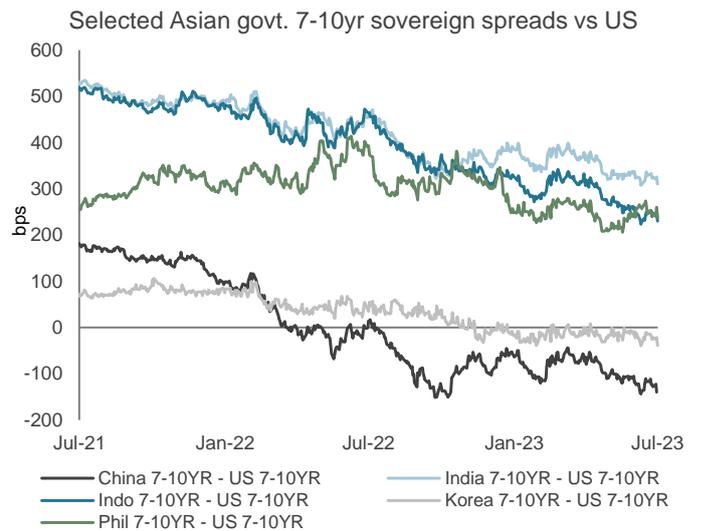
Chart 5: Chinese $ HY spreads widened above 8000 bps in July, as investors digested Evergrande's delayed financial results and its debt restructuring. US HY spreads narrowed.

China property and US $ high yield credit spreads vs US Treasuries

Legend: US HY - US 7-10YR, $ China Property HY - US 7-10YR (RHS)

Chart 6: Australian breakevens stayed around 2.5%, as Australian inflation eased modestly to 6%. US breakevens have fallen by about 100bp since the Ukraine shock in 2022, as inflation fell.

Australian vs US 7-10yr inflation breakevens

Legend: Aus 7-10YR - Aus IL 7-10YR, US 7-10YR - US IL 7-10YR

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

Onshore bonds gained modestly in July in RMB terms, led by sovereigns, but a stronger yuan drove returns higher in US 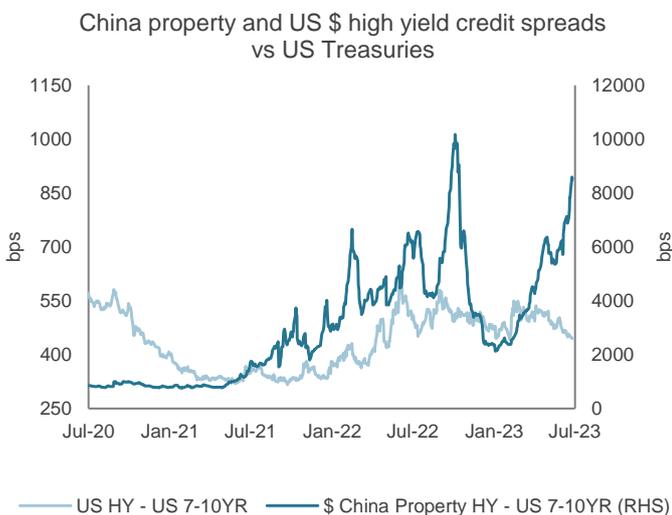dollar terms to 1.9%. Offshore RMB bonds underperformed onshore YTD, except corporates. Chinese dollar HY credit fell further in July on default concerns, following a recovery in June.

Chinese onshore bonds edged higher in RMB terms in July, while US dollar returns of 1.9% were boosted by a stronger yuan. Onshore bonds traded in narrow ranges as investors considered new policy measures and guidelines in the July Politburo meeting. Focus on reducing risk for regional government debt was highlighted, helping regional debt advance a little YTD.

DimSum bonds slightly outperformed onshore peers with returns of 0.4-2.1% over the month. Corporates outperformed government bonds in the offshore RMB market YTD, in contrast to the onshore market.

Chinese $ IG held up well in July, adding to YTD gains of 3.3%. Chinese HY corporates lost 5.9%, led by property bonds of Country Garden and Sino-Ocean Land Treasure. Further re-pricing and re-structurings of property debt may be required to clear excess supply, and the property sector remains a drag on GDP growth, given very weak investment.

1M RMB | 1M USD

	1M RMB		1M USD
China Govt (All Mat)	0.3	China Govt (All Mat)	1.9
China Onshore (All)	0.3	China Onshore (All)	1.9
Regional Govt	0.2	Regional Govt	1.9
China Corp (RMB)	0.2	China Corp (RMB)	1.9
China Green Onshore	0.2	China Green Onshore	1.9
China Policy Bank	0.2	China Policy Bank	1.9
China IG Corp ($)	-1.3	China IG Corp ($)	0.3
China All Corp ($)	-1.9	China All Corp ($)	-0.2
China HY Corp ($)	-7.4	China HY Corp ($)	-5.9

OFFSHORE BONDS

	1M RMB		1M USD
Dim Sum Agency	0.5	Dim Sum Agency	2.1
Dim Sum Corp	0.5	Dim Sum Corp	2.1
Dim Sum	0.4	Dim Sum	2.1
Dim Sum Govt (Dom)	0.4	Dim Sum Govt (Dom)	2.0

YTD RMB | YTD USD

	YTD RMB		YTD USD
China IG Corp ($)	6.2	China IG Corp ($)	3.3
China All Corp ($)	4.5	China All Corp ($)	1.7
Regional Govt	3.6	Regional Govt	0.8
China Onshore (All)	3.0	China Onshore (All)	0.2
China Govt (All Mat)	2.8	China Govt (All Mat)	0.0
China Green Onshore	2.7	China Green Onshore	-0.1
China Corp (RMB)	2.7	China Corp (RMB)	-0.1
China Policy Bank	2.7	China Policy Bank	-0.1
China HY Corp ($)	-12.9	China HY Corp ($)	-15.3

OFFSHORE BONDS

	YTD RMB		YTD USD
Dim Sum Corp	2.9	Dim Sum Corp	0.1
Dim Sum	2.4	Dim Sum	-0.4
Dim Sum Agency	2.2	Dim Sum Agency	-0.6
Dim Sum Govt (Dom)	1.8	Dim Sum Govt (Dom)	-1.0

Source: FTSE Russell. All data as of July 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.

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

Malaysian, Korean and Thai government bonds outperformed in July, helped by strong currencies. Australasian bonds and currencies were also higher. A weaker dollar in July drove bond returns in USD broadly higher, with APAC govt bonds outperforming global peers. A stronger yen against the dollar reduced Japanese govt bonds losses in USD terms.
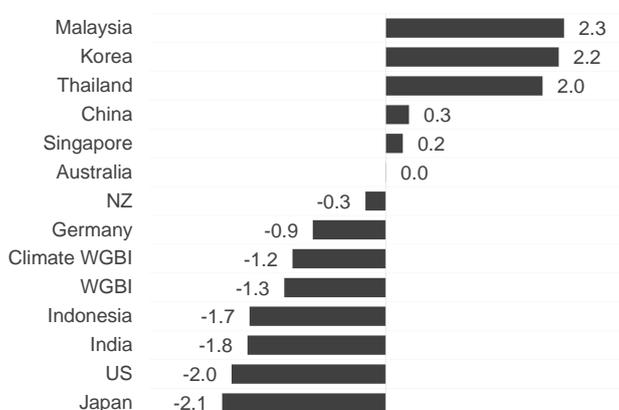
Malaysian, Korean and Thai bonds led gains in both RMB and US dollar terms in July, up by 2-4%. Korean bonds benefited from a stable monetary policy, which stopped rate hikes since January, and the inflation easing through June.

Australian bond returns of 1.6% were driven by the stronger Australian dollar, while the RBA paused rate hikes, allowing time to reflect on the economy and outlook. The Australian dollar rose against the US dollar but depreciated against the RMB in July.

Chinese HY corporates fell by another 5.9% in July, underperforming US HY returns of 1.5% during the risk rallies. US and Chinese investment grade corporates, more sensitive to interest rate changes than high yield credits, were muted in July. US HY (up by 7.1%) has led corporate performance since January.

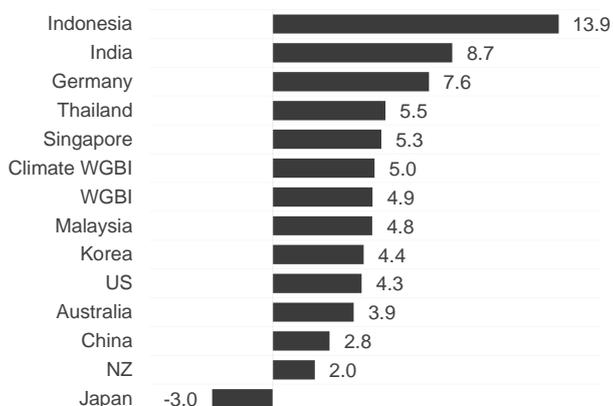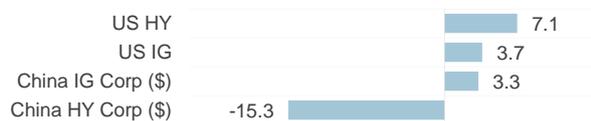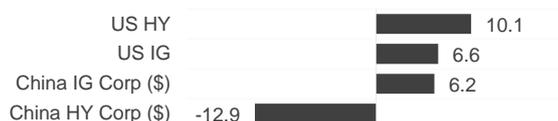## 1M RMB | 1M USD

CONVENTIONAL GOVT BONDS

1M RMB		1M USD	
Malaysia	2.3	Malaysia	3.9
Korea	2.2	Korea	3.9
Thailand	2.0	Thailand	3.7
China	0.3	China	1.9
Singapore	0.2	Singapore	1.9
Australia	0.0	Australia	1.6
NZ	-0.3	NZ	1.4
Germany	-0.9	Germany	0.7
Climate WGBI	-1.2	Climate WGBI	0.4
WGBI	-1.3	WGBI	0.3
Indonesia	-1.7	Indonesia	-0.1
India	-1.8	India	-0.1
US	-2.0	US	-0.3
Japan	-2.1	Japan	-0.5

CORPORATE BONDS

1M RMB		1M USD	
US HY	-0.2	US HY	1.5
US IG	-1.2	US IG	0.4
China IG Corp ($)	-1.3	China IG Corp ($)	0.3
China HY Corp ($)	-7.4	China HY Corp ($)	-5.9

YTD RMB | YTD USD

CONVENTIONAL GOVT BONDS

YTD RMB		YTD USD	
Indonesia	13.9	Indonesia	10.8
India	8.7	India	5.8
Germany	7.6	Germany	4.7
Thailand	5.5	Thailand	2.6
Singapore	5.3	Singapore	2.4
Climate WGBI	5.0	Climate WGBI	2.1
WGBI	4.9	WGBI	2.0
Malaysia	4.8	Malaysia	2.0
Korea	4.4	Korea	1.6
US	4.3	US	1.5
Australia	3.9	Australia	1.1
China	2.8	China	0.0
NZ	2.0	NZ	-0.7
Japan	-3.0	Japan	-5.6

CORPORATE BONDS

YTD RMB		YTD USD	
US HY	10.1	US HY	7.1
US IG	6.6	US IG	3.7
China IG Corp ($)	6.2	China IG Corp ($)	3.3
China HY Corp ($)	-12.9	China HY Corp ($)	-15.3

Appendix − Global Bond Market Returns % (RMB vs USD, TR), July 31, 2023

Government bond returns

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	-1.27	-0.47	2.66	0.64	6.45	0.16	6.25
	7-10YR	-0.62	-2.22	-3.29	-0.24	-2.10	3.55	-6.52	-0.84
	20+YR	-2.44	-4.02	-5.15	-2.16	-5.06	0.41	-12.19	-6.85
	IG All	0.39	-1.23	-0.75	2.38	-0.43	5.32	-1.18	4.83
	HY All	1.48	-0.15	2.33	5.56	3.12	9.07	4.22	10.55
China	1-3YR	1.88	0.24	-2.08	1.01	-3.86	1.68	-3.33	2.55
	7-10YR	1.84	0.19	-1.54	1.56	-2.65	2.97	-2.16	3.79
	20+YR	2.66	1.00	0.01	3.17	0.62	6.43	1.78	7.97
	All	1.94	0.30	-1.61	1.50	-2.89	2.72	-2.26	3.68
China Policy Bank		1.86	0.21	-1.67	1.43	-2.94	2.66	-2.28	3.66
Regional Govt		1.89	0.25	-1.36	1.75	-2.32	3.32	-1.49	4.49
China Corp (LC)		1.87	0.22	-1.92	1.17	-3.23	2.36	-3.03	2.87
China Onshore (All)		1.90	0.26	-1.57	1.53	-2.74	2.87	-2.08	3.87
China Green Onshore		1.86	0.22	-1.92	1.17	-3.17	2.42	-3.04	2.85
China All Corp ($)		-0.25	-1.86	-1.15	1.97	-1.58	4.10	1.70	7.88
China IG Corp ($)		0.28	-1.33	-0.20	2.94	0.75	6.57	1.71	7.89
China HY Corp ($)		-5.87	-7.39	-10.58	-7.76	-24.28	-19.91	3.68	9.98
Offshore Govt (Dim Sum)		2.05	0.40	-2.03	1.06	-3.32	2.26	-2.58	3.34
Asia-Pac	1-3YR	2.17	0.52	-0.60	2.53	-3.29	2.29	-1.17	4.83
	7-10YR	1.85	0.21	-0.75	2.38	-2.78	2.83	-0.61	5.44
	20+YR	3.11	1.45	-0.05	3.11	-2.57	3.05	-0.55	5.50
	All	2.18	0.53	-0.60	2.53	-2.93	2.67	-0.58	5.46
Australia	1-3YR	1.86	0.21	0.95	4.14	-4.49	1.02	-3.25	2.63
	7-10YR	1.50	-0.14	-2.58	0.49	-6.35	-0.95	-7.28	-1.64
	20+YR	0.82	-0.81	-6.04	-3.07	-9.81	-4.61	-15.51	-10.37
	All	1.64	0.00	-1.69	1.42	-5.96	-0.53	-6.67	-1.00
India	1-3YR	0.18	-1.44	0.95	4.13	3.18	9.13	2.59	8.83
	7-10YR	-0.17	-1.78	0.83	4.01	4.24	10.26	4.09	10.42
	20+YR	-0.32	-1.93	0.05	3.20	4.50	10.53	7.18	13.69
	All	-0.14	-1.76	0.71	3.88	4.20	10.22	4.64	11.00
Indonesia	1-3YR	-0.50	-2.11	-1.01	2.11	2.48	8.39	3.95	10.27
	7-10YR	-0.26	-1.87	0.27	3.43	4.46	10.48	10.94	17.69
	20+YR	0.84	-0.79	2.67	5.90	7.68	13.89	14.18	21.12
	All	-0.12	-1.73	0.63	3.80	4.71	10.75	10.12	16.81
Japan	1-3YR	1.62	-0.03	-4.24	-1.21	-8.46	-3.18	-6.05	-0.34
	7-10YR	0.26	-1.36	-5.37	-2.38	-7.76	-2.44	-7.98	-2.39
	20+YR	-2.65	-4.22	-8.11	-5.21	-4.46	1.05	-10.77	-5.34
	All	-0.47	-2.08	-6.08	-3.12	-6.55	-1.16	-8.50	-2.93
Korea	1-3YR	3.77	2.09	5.26	8.58	-2.23	3.41	4.43	10.78
	7-10YR	3.52	1.85	3.20	6.46	-4.46	1.05	0.82	6.95
	20+YR	4.39	2.71	0.67	3.84	-7.68	-2.36	-5.52	0.23
	All	3.87	2.20	2.98	6.23	-4.77	0.72	0.03	6.12
Malaysia	1-3YR	3.88	2.21	-0.63	2.50	-3.81	1.74	2.44	8.67
	7-10YR	3.83	2.15	-0.57	2.56	-3.77	1.78	3.77	10.08
	20+YR	3.88	2.20	-0.20	2.95	-2.05	3.60	8.71	15.32
	All	3.94	2.26	-0.54	2.60	-3.31	2.27	4.46	10.81
New Zealand	1-3YR	1.73	0.08	0.47	3.64	-3.14	2.45	-0.74	5.30
	7-10YR	1.29	-0.35	-2.75	0.32	-5.90	-0.47	-6.66	-0.99
	20+YR	0.26	-1.36	-8.88	-6.00	-9.18	-3.94	-15.16	-10.01
	All	1.38	-0.26	-2.15	0.93	-5.06	0.41	-5.19	0.57
Singapore	1-3YR	2.41	0.76	0.70	3.88	0.01	5.77	5.61	12.03
	7-10YR	2.63	0.97	-0.42	2.72	0.26	6.05	4.51	10.86
	20+YR	-0.67	-2.28	-2.96	0.10	2.11	8.00	12.39	19.22
	All	1.86	0.22	-0.72	2.41	0.60	6.40	6.37	12.83
Thailand	1-3YR	3.62	1.94	-0.28	2.87	-3.36	2.22	8.90	15.52
	7-10YR	3.32	1.65	0.00	3.15	-3.05	2.54	10.52	17.24
	20+YR	4.96	3.27	-0.75	2.38	-1.29	4.41	21.29	28.67
	All	3.67	1.99	-0.30	2.84	-3.08	2.51	11.06	17.81

Source: FTSE Russell. All data as of July 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.
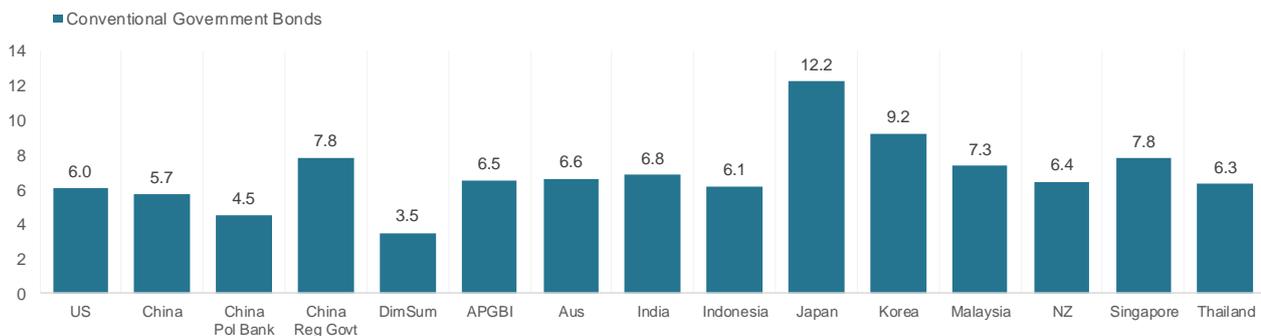
Appendix − Global Bond Market Yields %, July 31, 2023

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

Top 15% | Bottom 15%

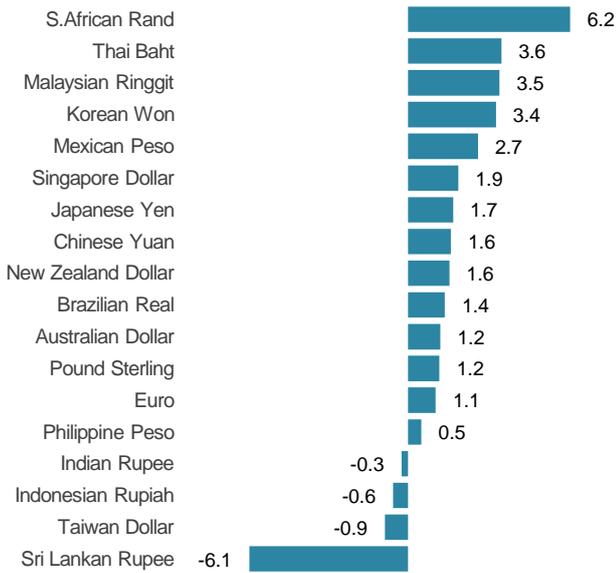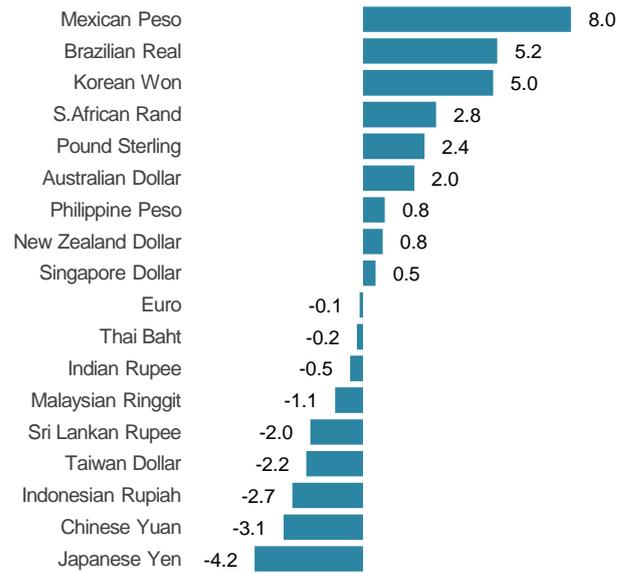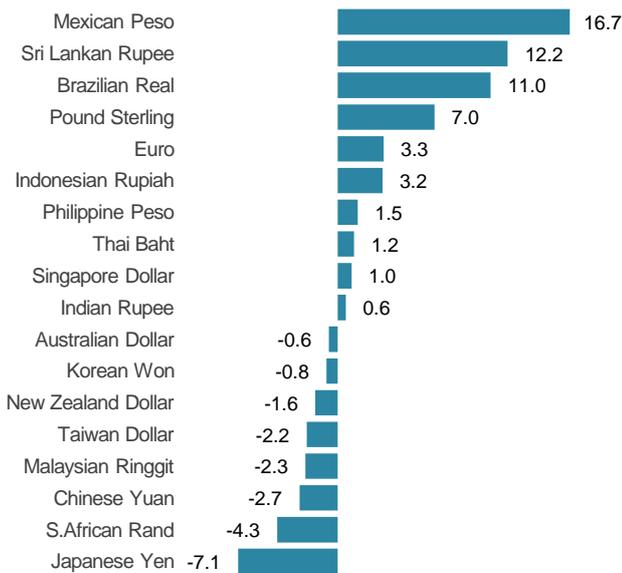|		Conventional government bonds				Inflation-linked bonds			Inv Grade	High Yld
		1-3YR	3-5YR	7-10YR	20+YR	1-5YR	5-10YR	20+YR	All Mat	All Mat
US	Current	5.01	4.33	3.97	4.11	2.44	1.72	1.80	5.50	8.36
	3M Ago	4.24	3.62	3.41	3.75	1.68	1.23	1.58	5.15	8.50
	6M Ago	4.35	3.74	3.46	3.71	1.85	1.32	1.54	5.01	8.23
	12M Ago	2.93	2.78	2.66	3.19	-0.23	0.06	0.87	4.39	7.63
UK	Current	5.04	4.69	4.25	4.39	1.86	0.65	1.00		
	3M Ago	4.05	3.77	3.64	4.02	0.39	0.14	0.63		
	6M Ago	3.42	3.26	3.33	3.70	0.31	0.00	0.30		
	12M Ago	1.78	1.76	1.83	2.25	-3.27	-2.17	-1.01		
Japan	Current	-0.04	0.08	0.50	1.40	-1.70	-0.74			
	3M Ago	-0.07	0.02	0.30	1.20	-1.31	-0.63			
	6M Ago	-0.02	0.11	0.52	1.55	-1.33	-0.34			
	12M Ago	-0.11	-0.05	0.12	1.02	-1.06	-0.73			
China	Current	2.08	2.34	2.66	3.04					
	3M Ago	2.28	2.51	2.78	3.17					
	6M Ago	2.30	2.57	2.87	3.31					
	12M Ago	2.05	2.30	2.68	3.22					
EM	Current	3.58	4.17	4.80	4.41	3.05	4.07	4.88	5.93	
	3M Ago	3.74	4.37	4.66	4.46	3.84	4.04	5.15	5.61	
	6M Ago	3.59	4.30	4.76	4.57	3.11	3.37	5.25	5.52	
	12M Ago	3.45	4.13	4.71	4.63	2.31	3.43	5.12	4.99	
Germany	Current	3.09	2.60	2.41	2.53	0.60	0.07	0.01		
	3M Ago	2.72	2.35	2.25	2.37	0.16	-0.06	-0.11		
	6M Ago	2.59	2.31	2.21	2.22	0.38	0.13	-0.09		
	12M Ago	0.20	1.03	1.25	1.52	-2.09	-1.34	-0.84		
Italy	Current	3.60	3.55	3.86	4.35	1.30	1.64	1.69		
	3M Ago	3.36	3.49	3.97	4.45	0.80	1.65	1.83		
	6M Ago	3.17	3.42	3.92	4.29	1.18	1.87	1.85		
	12M Ago	1.37	2.85	3.62	4.03	-1.72	1.17	1.80		
France	Current	3.15	2.90	2.90	3.35	0.58	0.37	0.60		
	3M Ago	2.84	2.66	2.73	3.23	-0.06	0.17	0.58		
	6M Ago	2.71	2.58	2.64	3.01	0.24	0.30	0.52		
	12M Ago	0.40	1.46	1.87	2.52	-1.44	-0.53	0.15		
Sweden	Current	3.33	2.83	2.57		0.96	0.74			
	3M Ago	2.89	2.59	2.31		0.71	0.73			
	6M Ago	2.50	2.27	2.05		-0.17	0.14			
	12M Ago	1.71	2.27	2.01		-1.11	-0.83			
Australia	Current	4.02	3.86	4.03	4.40	1.03	1.47	1.79		
	3M Ago	3.13	3.05	3.30	3.88	0.09	0.84	1.50		
	6M Ago	3.17	3.24	3.51	3.96	0.23	0.92	1.37		
	12M Ago	2.56	3.45	3.65	3.98	0.76	1.31	1.88		
NZ	Current	5.21	4.80	4.70	4.87	1.94	2.39			
	3M Ago	4.89	4.15	4.08	4.23	0.95	1.61			
	6M Ago	4.67	4.18	4.11	4.41	1.28	1.79			
	12M Ago	3.28	4.14	4.15	4.45	1.07	2.10			
Canada	Current	4.55		3.58	3.34			1.78	5.49	
	3M Ago	3.55		2.83	2.94			1.26	4.84	
	6M Ago	3.68		2.91	3.00			1.20	4.83	
	12M Ago	2.87		2.60	2.77			0.80	4.44	

China Bond Returns | Global Returns | Financial Conditions | Curves/Spreads | Appendix

Appendix − Duration and Market Value (USD, Bn), July 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	7.4	17.2	6.0	2,305.7	1,077.6	1,277.3	10,376.1
China	3.7	7.5	17.6	5.7	474.9	329.7	252.5	2,121.6
China Pol Bank				4.5				2,763.3
China Reg Govt				7.8				2,032.8
DimSum	3.5			3.5	1.9			6.2
APGBI	3.7	7.3	17.9	6.5	748.9	671.5	490.4	3,813.3
Aus	3.6	7.7	17.5	6.6	51.7	88.9	15.2	326.4
India	3.2	6.1	11.7	6.8	146.8	193.4	238.8	1,050.2
Indonesia	3.3	6.1	11.5	6.1	34.8	71.2	11.3	230.0
Japan	4.0	8.1	23.9	12.2	353.4	357.0	677.2	3,085.2
Korea	3.7	7.2	18.8	9.2	89.1	88.4	172.1	626.1
Malaysia	3.6	7.2	15.0	7.3	26.1	14.2	15.5	116.5
NZ	3.9	7.6	17.0	6.4	9.7	10.9	2.4	46.4
Singapore	3.6	7.0	20.0	7.8	19.2	14.5	14.6	97.3
Thailand	3.8	7.6	17.2	6.3	29.7	28.5	6.7	143.2

Corporate Bonds

	Duration			Market Value		
	Inv Grade	High Yield	Overall	Inv Grade	High Yield	Overall
US	7.1	4.0		6,442.3	1,036.7	
China Corp (LC)			2.3			553.6
China Green Onshore			2.4			154.8
China Corp ($)	4.0	2.3	7.8	248.0	21.8	269.9
DimSum	2.2		2.2	9.6		10.4
EM	5.1	3.3	4.7	592.7	190.1	782.8
EUxUK	4.5	3.1		2,859.9	426.3	

Other Sectors

	Duration			Market Value		
	Supra	Agency	Corp NR	Supra	Agency	Corp NR
Offshore (DimSum)	2.2	2.5	2.5	1.5	5.8	0.8

Average Duration

Total Market Value (USD Billions)
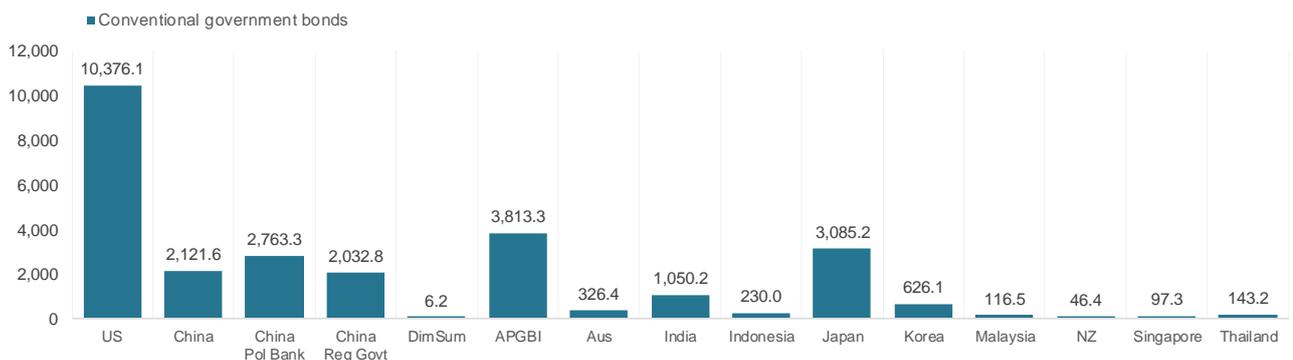
Data as of 2023-07-31

China Bond Returns

Global Returns

Financial Conditions

Curves/Spreads

Appendix

Appendix − Foreign Exchange Returns % as of July 31, 2023

FX Moves vs USD - 1M

Currency	%
S.African Rand	6.2
Thai Baht	3.6
Malaysian Ringgit	3.5
Korean Won	3.4
Mexican Peso	2.7
Singapore Dollar	1.9
Japanese Yen	1.7
Chinese Yuan	1.6
New Zealand Dollar	1.6
Brazilian Real	1.4
Australian Dollar	1.2
Pound Sterling	1.2
Euro	1.1
Philippine Peso	0.5
Indian Rupee	-0.3
Indonesian Rupiah	-0.6
Taiwan Dollar	-0.9
Sri Lankan Rupee	-6.1

FX Moves vs USD - 3M

Currency	%
Mexican Peso	8.0
Brazilian Real	5.2
Korean Won	5.0
S.African Rand	2.8
Pound Sterling	2.4
Australian Dollar	2.0
Philippine Peso	0.8
New Zealand Dollar	0.8
Singapore Dollar	0.5
Euro	-0.1
Thai Baht	-0.2
Indian Rupee	-0.5
Malaysian Ringgit	-1.1
Sri Lankan Rupee	-2.0
Taiwan Dollar	-2.2
Indonesian Rupiah	-2.7
Chinese Yuan	-3.1
Japanese Yen	-4.2

FX Moves vs USD - YTD

Currency	%
Mexican Peso	16.7
Sri Lankan Rupee	12.2
Brazilian Real	11.0
Pound Sterling	7.0
Euro	3.3
Indonesian Rupiah	3.2
Philippine Peso	1.5
Thai Baht	1.2
Singapore Dollar	1.0
Indian Rupee	0.6
Australian Dollar	-0.6
Korean Won	-0.8
New Zealand Dollar	-1.6
Taiwan Dollar	-2.2
Malaysian Ringgit	-2.3
Chinese Yuan	-2.7
S.African Rand	-4.3
Japanese Yen	-7.1

FX Moves vs USD - 12M

Currency	%
Mexican Peso	21.9
Sri Lankan Rupee	10.8
Brazilian Real	9.3
Euro	8.1
Thai Baht	7.5
Pound Sterling	5.7
Singapore Dollar	4.1
Korean Won	1.9
Philippine Peso	0.4
New Zealand Dollar	-0.7
Malaysian Ringgit	-1.3
Indonesian Rupiah	-1.6
Australian Dollar	-3.4
Indian Rupee	-3.6
Taiwan Dollar	-4.7
Chinese Yuan	-5.7
Japanese Yen	-5.9
S.African Rand	-6.3

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