Global Investment Research
Market Maps

FTSE RUSSELL
An LSEG Business

Fixed Income Insights

US EDITION

MONTHLY REPORT | **AUGUST 2025**

Curves steepen but 4-5% govt yields attractive?

G7 govt bonds were stable in July but longer Treasuries and gilts are near 15-year yield highs, attracting LDI flows. Gold retains its 2025 gains, despite lower uncertainty, due to a broader portfolio role*. Stagflation complicates Fed and BoE policy, but weaker growth may force easing. European rate cuts & the weak USD dominate performance returns.

Macro and policy backdrop – Stagflation complexity for Fed vs policy freedom for ECB

Weakening US labour market is an issue for Fed, as growth slowed in H1 on tariff effects. But stagflation risks complicates policy for Fed & BoE. Strong Euro helps ECB easing. (pages 2-3)

Yields, curves & spreads – Steepening trend intact. US sovereign spreads stabilise

US spreads tightened a little, but mainly due to higher JGB and Canadian yields. (pages 4-5).

IG credit & MBS – Yield per unit of duration risk still attractive in IG

Lower duration in credit and higher yields are an attractive combination. (page 6)

High yield credit analysis – Risk rally and improved credit quality offer support

Share of BB in HY market has increased. Only CCC issues have not fully unwound tariff-related spike in spreads. Yield per unit of duration risk also attractive in HY. (page 7)

SI bond analysis – OAS spreads tightened for green bond indices, to a 5-year low

Since widening in April on tariff effects, green spreads have tightened steadily. (page 8)

Performance – Shorter dated Bunds, gilts & climate-WGBI lead YTD returns in USD

Despite July's USD rally, dollar weakness and European rate cuts still dominate performance returns, led by short Bunds. (pages 9-10)

Appendix (from page 11) Global bond market returns, historical bond yields, bond market durations and market values and foreign exchange returns.

*See [Gold in a fragmented world: Safe haven and strategic asset | LSEG]

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Chart 1: Longer dated US breakevens remained above 2% since 2022's inflation shock, not helped by persistent inflation > 2%. Nominal & real yields have found support at 5% and 2% respectively from LDI flows.

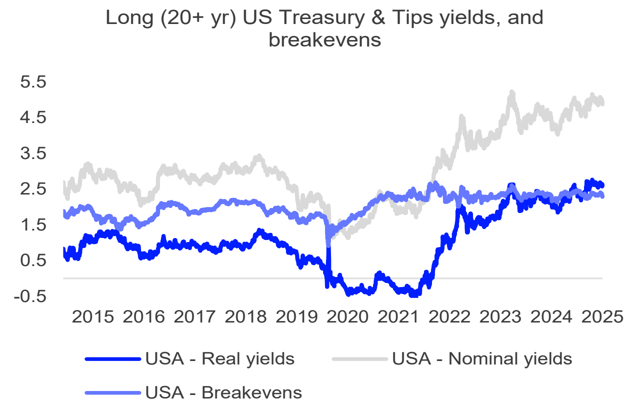
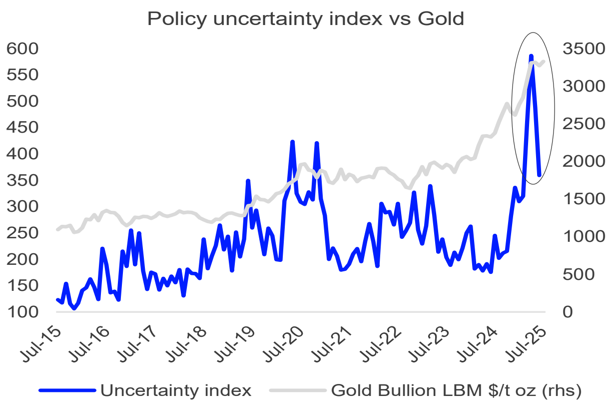


Chart 2: Despite a dip in policy uncertainty, as tariff deals were struck in July, gold largely held on to the price gains from earlier in 2025. This suggests recent price gains are not purely due to gold's safe haven role.



Source: FTSE Russell and Datastream. Other data as of July 31, 2025. 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 of the report 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

Much weaker US payrolls for July and revisions lower to Q2 data, suggest some tariff effects, as employers become more cautious, while tariff effects also emerged in June inflation data. US growth recovered to 3.0% as net exports rebounded but slowed to 1.25% in H1. The rebound in short-dated inflation breakevens reflects the stagflation risks facing the Fed.

Consensus growth forecasts reflect the view lower ECB rates and fiscal stimulus will overpower tariff effects on Eurozone and UK growth, while higher rates and tariffs may restrict US growth in 2025, causing some convergence in growth (Chart 1). US GDP growth recovered to 3% in Q2, but only 1.25% in H1, with the three-month average employment gain falling to only 35,000 in July (see Chart 3). Tariff outcomes around 15% appear unlikely to derail recoveries but may slow them.

Inflation remains stubbornly above target in the US, and the UK, with evidence of less favourable growth/inflation trade-offs (Chart 2). Evidence tariff increases are reaching final consumer prices emerged in tariff-sensitive goods, like autos, in June data (2.7% y/y). This followed subdued April and May data, helped by goods being priced off pre-tariff inventories and lower energy prices.

Chart 3 shows the demand for labour has fallen – with US July payrolls showing employment growth of only 73,000 and revisions lower of 258,000 to May and June data. Unemployment also increased to 4.2%, as signs of tariff effects emerged. Excess demand for labour that arose in 2022-23, is long gone, and the sharp May to July slowdown makes a September Fed move more likely.

US 1-3 yr inflation expectations remain well above the Fed's inflation target of 2%, reflecting the persistence of inflation above 2% (Chart 4). Evidence of tariff effects emerging in the June inflation data may have driven the latest increase. Short dated expectations are consistently more volatile but can lead medium and longer dated expectations, so need to be monitored closely.

Chart 1: Consensus forecasts show some convergence at lower growth rates in 2025 and 2026, but this would reverse recent performance, with faster US growth. China remains exposed to weak domestic demand.

Latest Consensus Real GDP Forecasts (Median, %, July 2025)

	2024	2025	2026
US	2.8	1.5	1.6
UK	0.9	1.1	1.2
Eurozone	0.7	1.0	1.2
Japan	0.8	0.4	0.7
China	4.9	4.6	4.2
Canada	1.3	1.3	1.3

Chart 2: A return to inflation target levels in Europe and Canada has given central banks more options to ease quickly. Tariff effects emerged in June US inflation data, notably in autos and household goods.

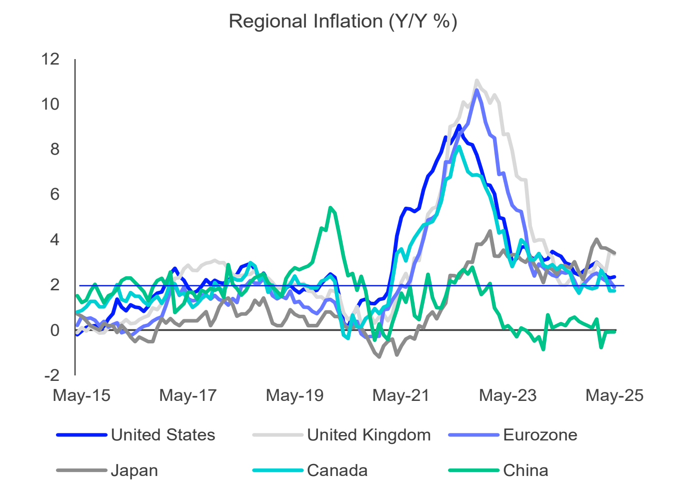
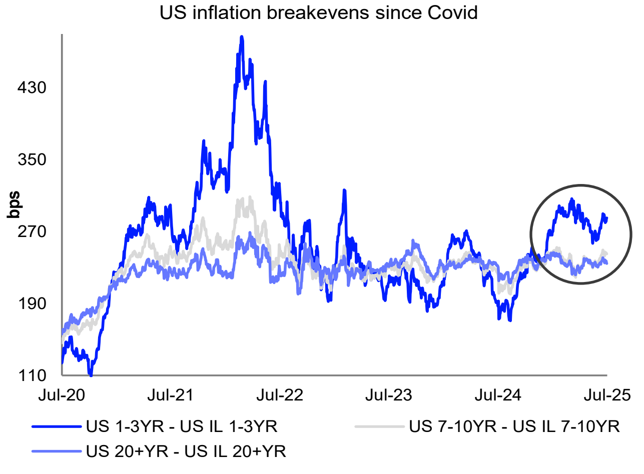


Chart 3: Excess demand for labour and unfilled openings reached 4.7m jobs in October 2022, putting upward pressure on wages. But the labour market has weakened in 2025, with signs in July payrolls of tariff effects.

Chart 4: Short dated US breakevens have remained above longer dated breakevens of late, as they did during the 2021-22 inflation shock. Relative stability of longer breakevens will be welcome to the Fed.



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Financial Conditions and Monetary Policy Settings

Loosening in financial conditions (FCs) indicators which accord credit and equity larger weights reduces pressure on the Fed to ease interest rates further. This helped the US dollar to rally modestly in July, though it remains much weaker YTD. Funding of defined benefit (DB) pension schemes has improved dramatically with higher discount rates on liabilities, and given modest holdings of bonds vs equities, may drive further flows into Treasuries, with yields close to 5%.

Some financial conditions (FCs) indicators – notably those which give high weights to equity, credit and risk variables, like the Chicago Fed index – show FCs have loosened to levels last seen in 2022, when the Fed began raising rates, as Chart 1 shows. None of these indicators is a perfect guide to FCs, since structural and regulatory change may correct weights. However, evidence like this suggests the transmission mechanism of monetary policy is working smoothly, reducing pressure to ease further.

After pronounced weakness in Q2, the dollar rallied modestly in July, drawing some support from improved interest rate differentials, but is still down about 7-16% YTD against Europe and Latam currencies (Chart 2). The renminbi remains relatively weak as the PBoC mulls further policy easing, while European currencies remain the main beneficiaries of US dollar weakness.

Divergence dominates G7 monetary policy (Chart 3), with the challenge of tariff uncertainty giving central banks an opportunity to delay policy changes in July. An average 15% US tariff increase would add about 1.5% to inflation, in a worst-case scenario, assuming full pass-through, and a 10% imported goods share in GDP, helping explain Fed caution, particularly after Congress passed further fiscal stimulus measures. Central banks face growth challenges elsewhere, which could drive further easing in Q3.

Higher bond yields and discount rates on defined benefit (DB) pension schemes have transformed DB funding, and pushed many DB schemes into surplus. The more favourable funding position, and high relative yields on bonds, enables these schemes to de-risk by locking in higher bond yields to match future liabilities.

Chart 1: Financial conditions indicators with high credit and risk weightings show FCs are now at levels last seen in early 2022, when the Fed began raising rates. This may help explain Fed caution on rates.

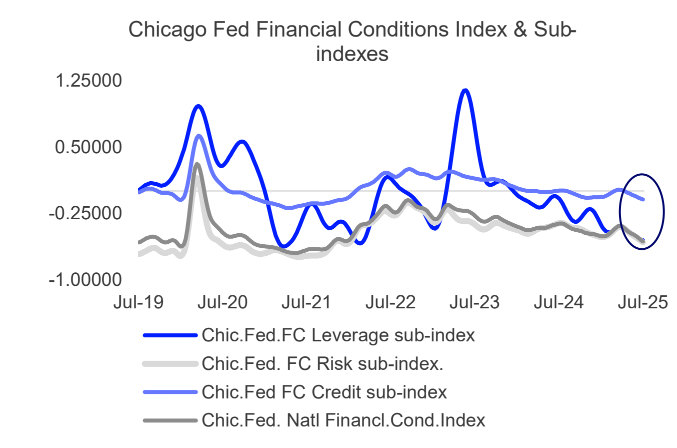


Chart 2: The US dollar managed a modest rally in July, as markets priced in a slightly higher profile for US rates, but the US dollar remains about 8% lower YTD.

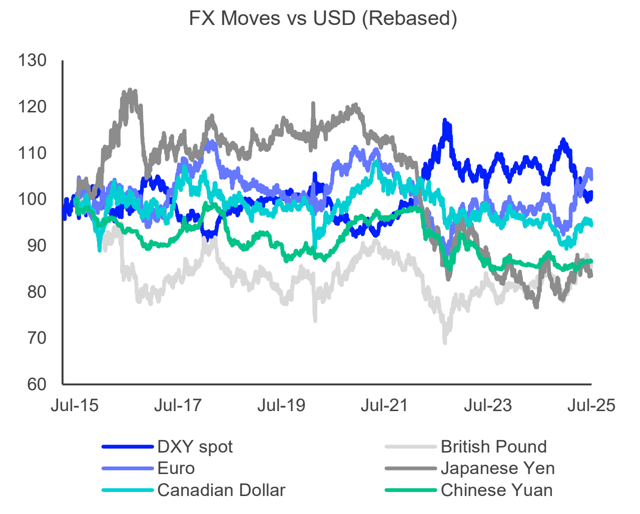


Chart 3. The Fed's higher for longer policy stance remains intact, reinforced by the economy's rebound in Q2, and signs inflation is being impacted by tariff increases. Higher UK inflation makes an August rate cut less clearcut.

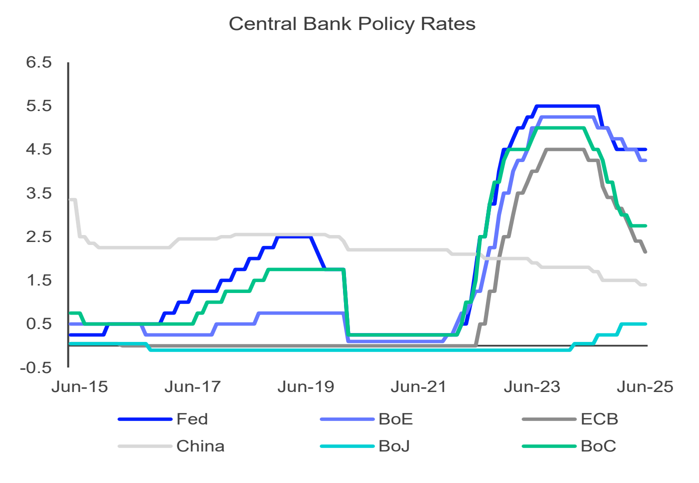
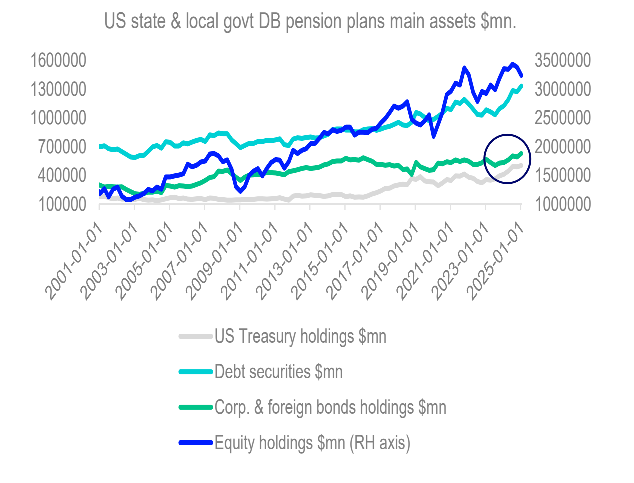


Chart 4: With US DB pension schemes now in funding surplus, a low share of bonds in overall assets versus equities, and high relative yields on bonds, there are some signs of bond holdings increasing.



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Global Yields, Curves and Breakevens

Chart 1: 7-10 year yields backed up in Canada and Japan but mostly traded sideways in July elsewhere in the G7, as central banks held policy unchanged, and awaited US tariff negotiation outcomes.

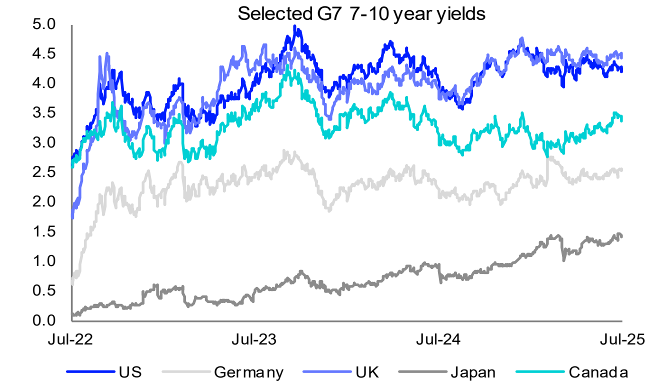


Chart 2: 7-10 yr real yields broadly matched nominal yield moves,and held near end-Q2 levels. UK real yields edged towards post-Covid highs, after higher inflation dimmed prospects for an August rate cut.

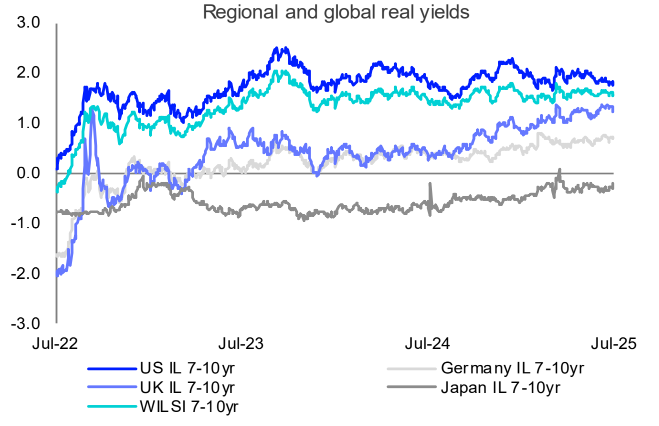


Chart 3: The curve steepening trend in 10s/2s remains intact, although Fed caution on easing has caused US steepening to stall. Eurozone and UK markets have shown more steepening this year, as short rates eased.

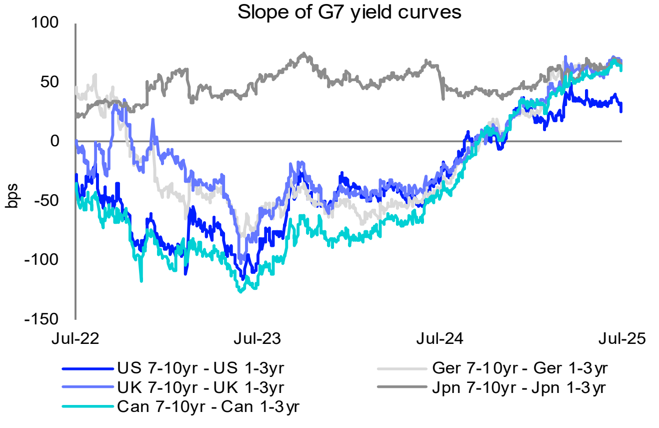


Chart 4: Long end curve steepening is more pronounced than in the 7-10 year area, and more of a bear steepening (yields rising more in longs than shorts). This reflects increased debt issuance fears.

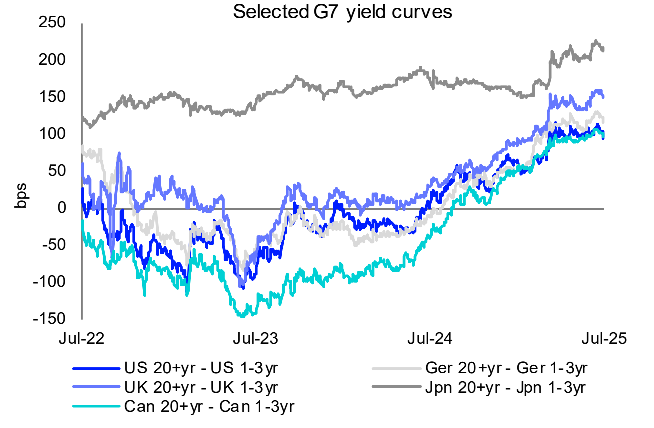


Chart 5: 7-10 yr inflation breakevens remain stable, and under 2% globally, as the WGBI versus WILSI shows. US breakevens remain above 2% (reflecting sticky US inflation), which the Fed monitors closely.

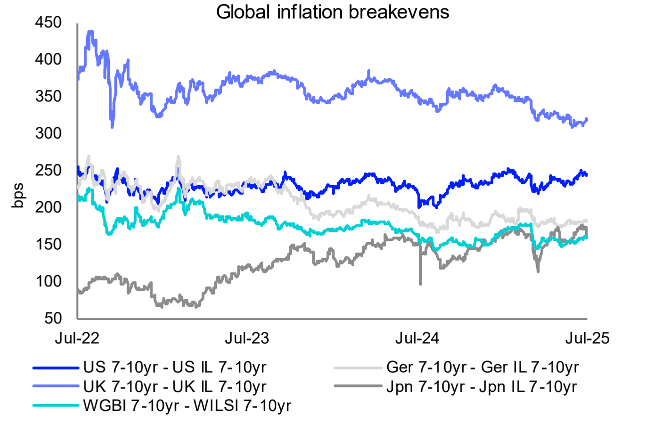
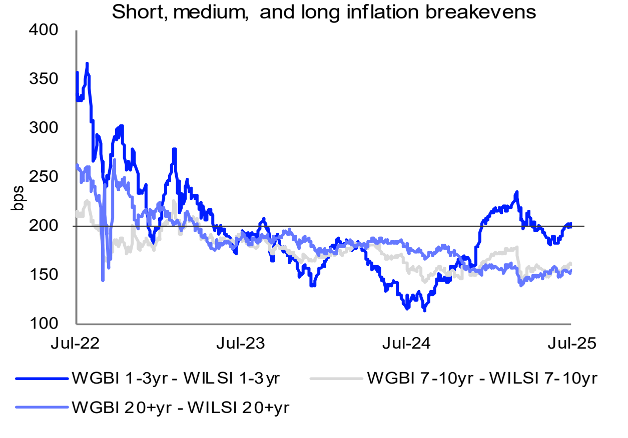


Chart 6: The tariff spike in short-dated inflation breakevens has largely unwound, and longer dated breakevens remain stable, as in the inflation spike in 2022, giving a flat breakeven curve.



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Yield Spreads and Credit Spread Analysis

Chart 1: US spreads edged in against 7-10 year JGBs and Canada, mainly on yields rising more in Japan and Canada, after hawkish signals from the BoJ particularly. Spreads vs WGBI edged out a little.

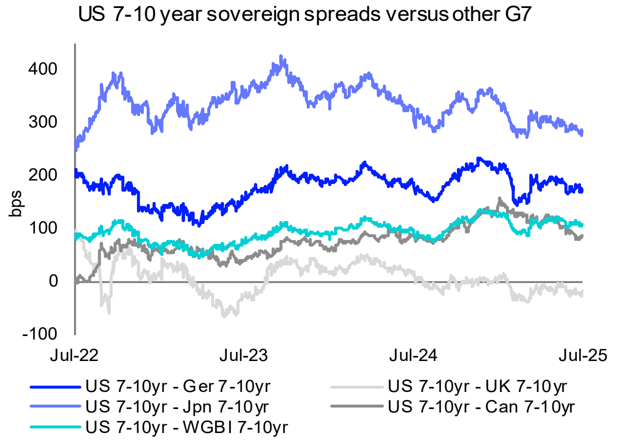


Chart 2: The prospect of more fiscal stability in Italy, with a deficit target of 2.8% within 2 years, has driven spread convergence, notably versus France & Germany, where there is more doubt on fiscal consolidation.

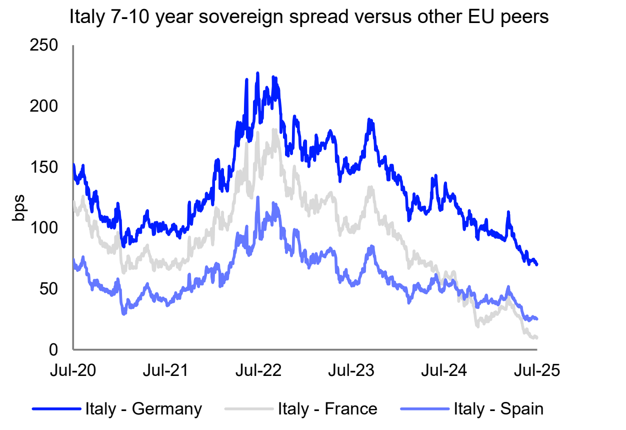


Chart 3: 7-10 yr sovereign spreads have stabilised at multi-year lows, but show no signs of reversing, reflecting higher debt issuance in the G7, and the prospect of more policy easing in China, versus tightening in Japan.

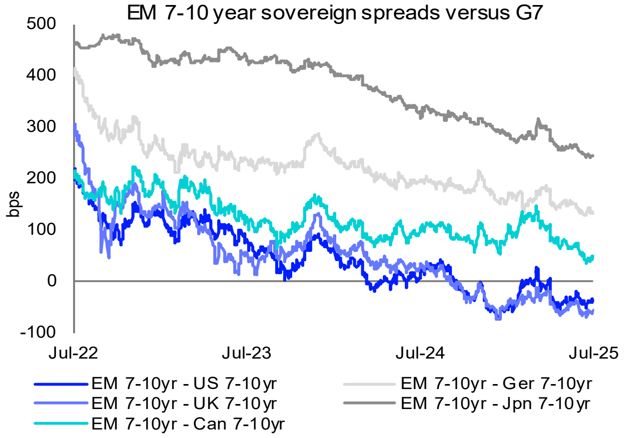


Chart 4: China 7-10 yr yields now trade through most G7 markets apart from Japan. Although the PBoC is reluctant to cut rates too far, for fear of igniting another property bubble, deflation risks point to more easing.

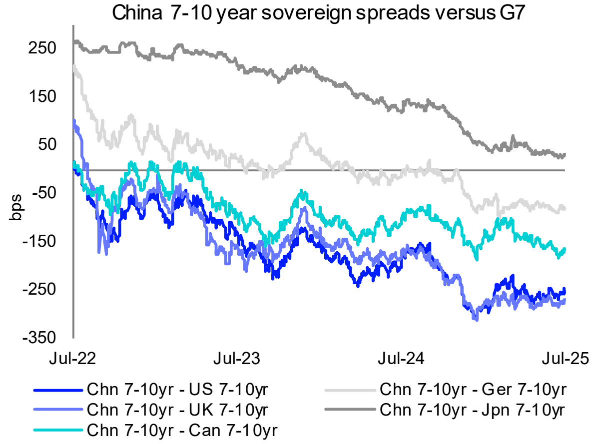


Chart 5: Higher govt debt issuance and improved financial metrics have combined to drive credit spreads to 10 yr lows in the US and Eurozone. The risk rally also helped HY, given the strong correlation to equities.

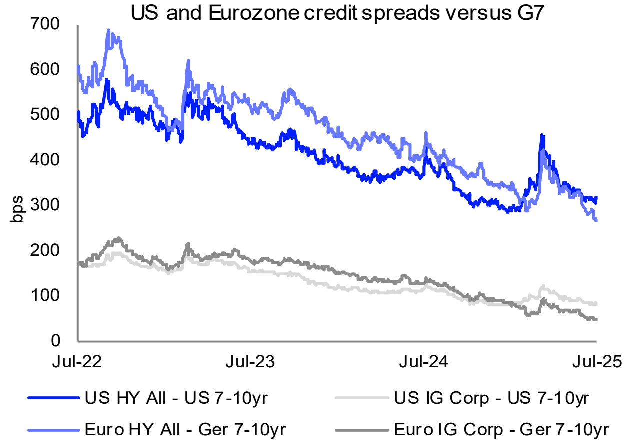
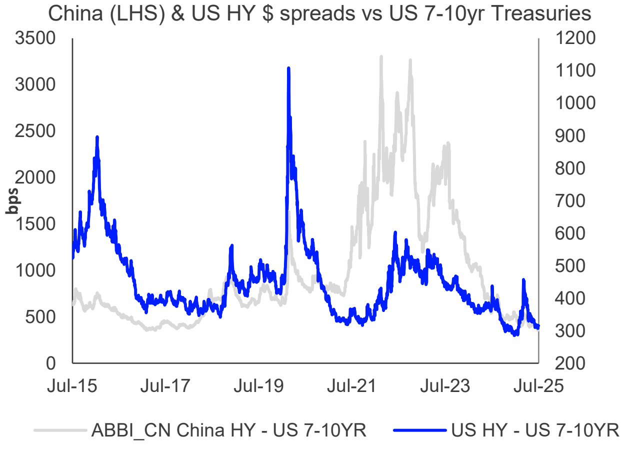


Chart 6: Credit spreads continue to test 10 year lows in China HY dollar issues, with the property sector benefitting from targeted support measures, including "white list" real estate project loans.



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Investment Grade Credit and RMBS analysis

Chart 1: US and UK have become the stand-out higher yield IG markets, reflecting the slower policy easing in the US and UK. Absolute yields remain well above pre-Covid levels in all major credit markets.

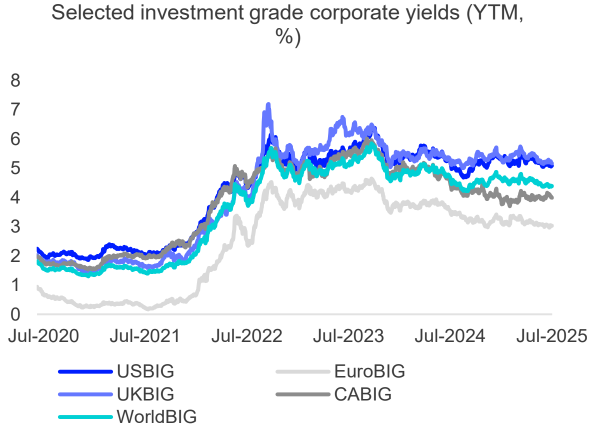


Chart 2: Yield per unit of duration risk is much higher than pre-Covid, thanks to the combination of higher yields and lower duration, which has shortened across all major markets, partly due to lower prices.

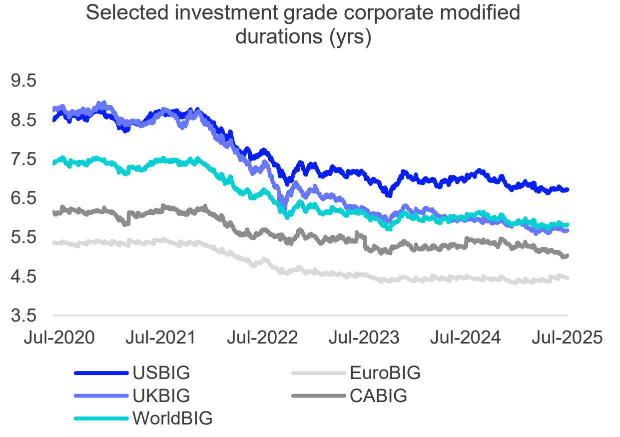


Chart 3: Asset-backed (ABS) has made strong risk-adjusted returns in 2002-25, although bank returns narrowed the performance gap in 2025, helped by higher rates & curve steepening boosting net interest income.

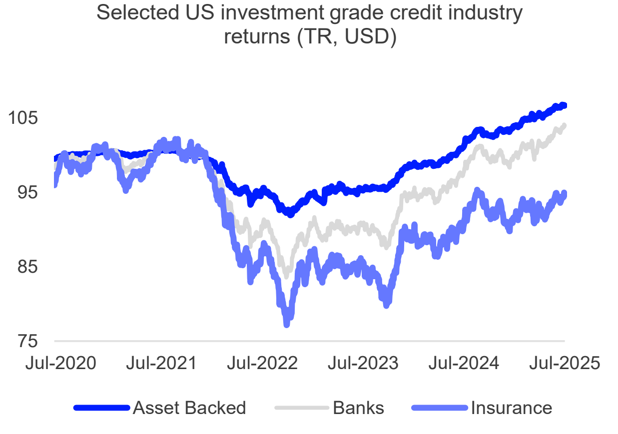


Chart 4: Also note that ABS have shorter duration than other credit sectors, reflecting the short-term nature of the underlying loan pools, like auto-loans, which are typically 3-5 year deals.

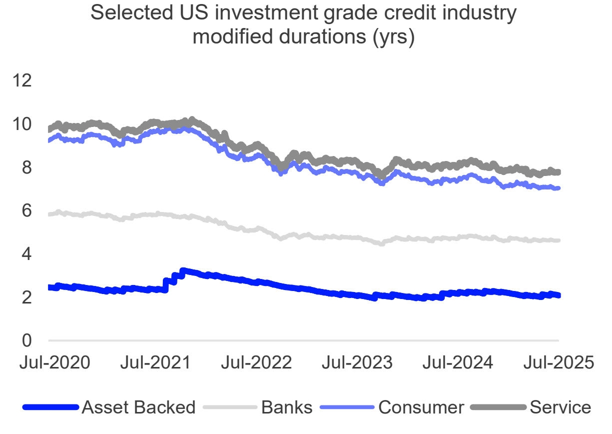


Chart 5: Convergence in credit spreads continues, helped by improved credit quality. The tariff spike in spreads was short-lived as markets concluded 15% tariffs are manageable, even if margins get squeezed.

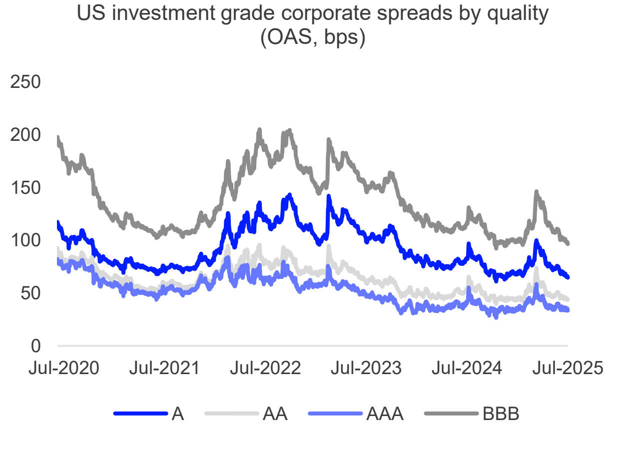
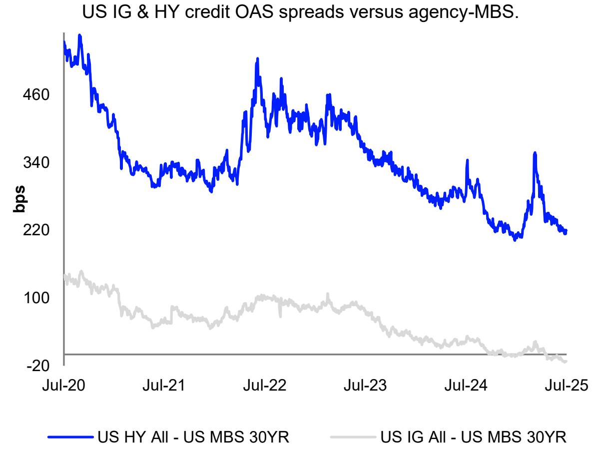


Chart 6: Agency-MBS remain cheap historically against both IG and HY credits. OAS spreads are at, or near multi-year lows, and IG credit trades through MBS, despite the MBS agency-wrapper.



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High Yield Credit Analysis

Chart 1: Sterling HY returns exceed US returns, helped by sterling FX gains for a US dollar-based investor, even if the dollar rallied modestly in July. Euro returns also rallied strongly on currency effects in 2025.

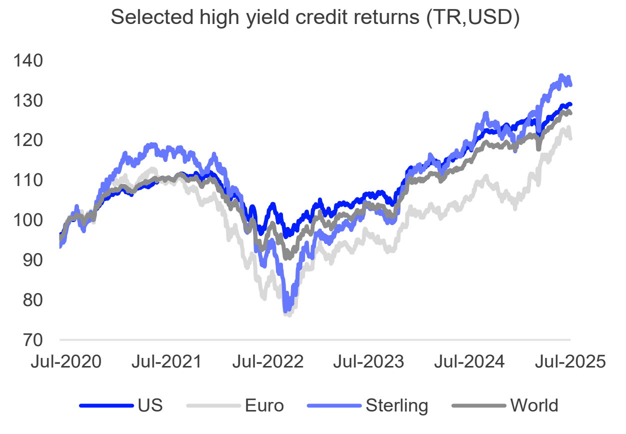


Chart 2: Credit stress on tariffs proved short-lived as the NY Fed market distress index shows. Higher for longer rates affected short duration HY issues less than the IG market, with its high correlation to Treasuries.

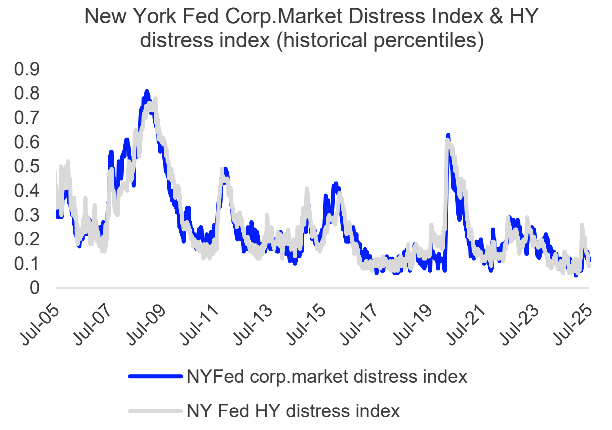


Chart 3: Telecom issues attracted support in recent months, driving yields lower, helped by lower rates, and retail price increases. Yields generally converged at lower levels, helped by the equity market rally.

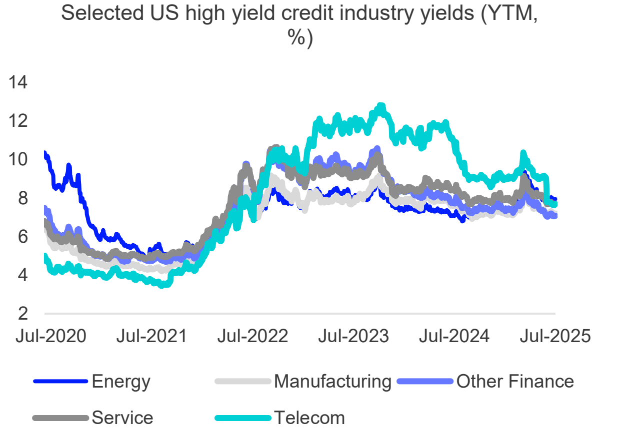


Chart 4: Performance returns show financial issues continue to perform well, alongside energy. Telecoms recovered after suffering from higher interest rates during the capex cycle for transition to fibre.

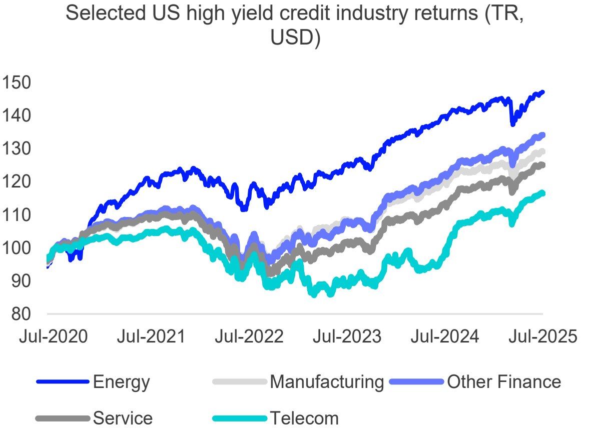


Chart 5: CCC spreads have not unwound the tariff-related spike in April, though B and BB both have. CCC borrowers are more sensitive to risk appetite, with less access to pools of capital & higher default rates.

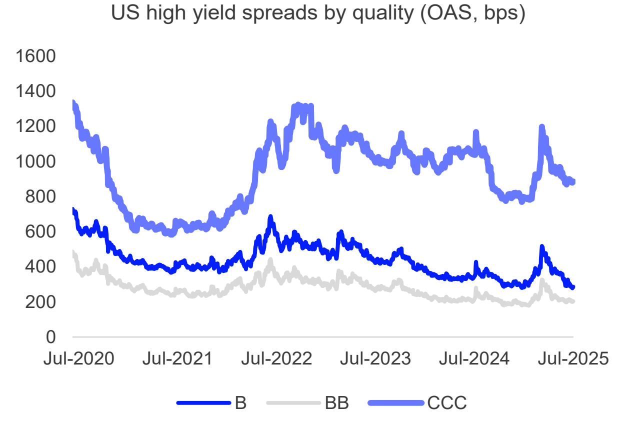
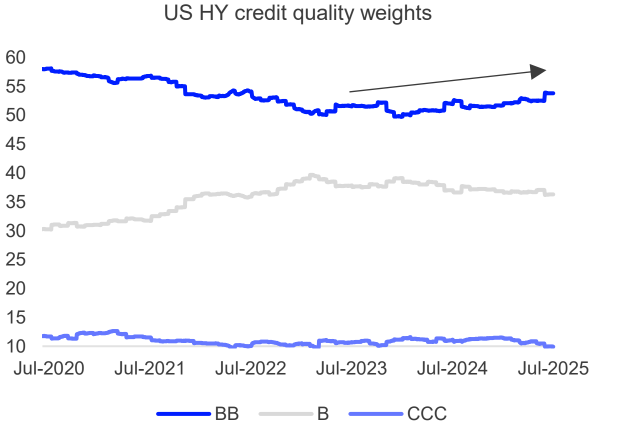


Chart 6: BB remains the biggest quality bucket in the HY market, and the share of the index has increased in recent months, reflecting improved credit quality. CCC issues are barely 10% of the overall HY index.



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SI Sovereign and Corporate Bond Analysis

Chart 1: Despite some volatility, green bond performance has been positive over 3M and 1Y, but negative over 5Y for green sovereigns. Over 3M green corp (~1.9%) have led sovereigns (~0.5%).

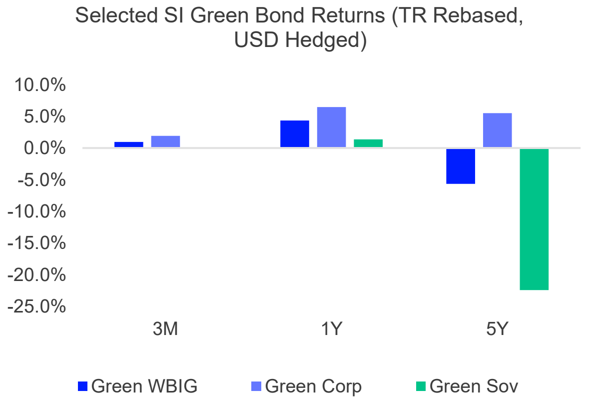


Chart 2: Both green corps and green sovereigns vs WGBI performed broadly in-line with their non-green peers. Over 5Y, green sov have underperformed, with performance more stable since 2023.

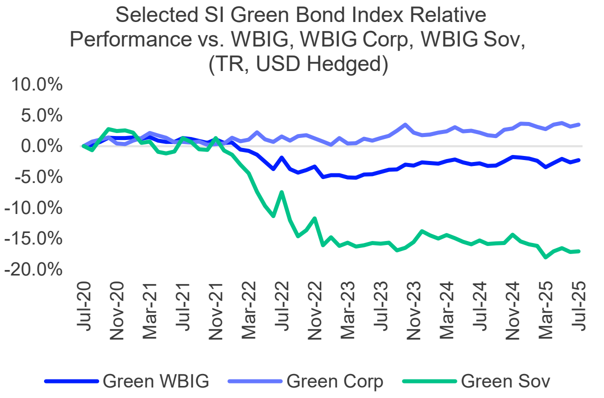


Chart 3: Currency exposure remains heavily weighted towards EUR and sterling in green sovereign bonds due to the issuance in Europe, and a lack of sovereign green bond issuance in the US.

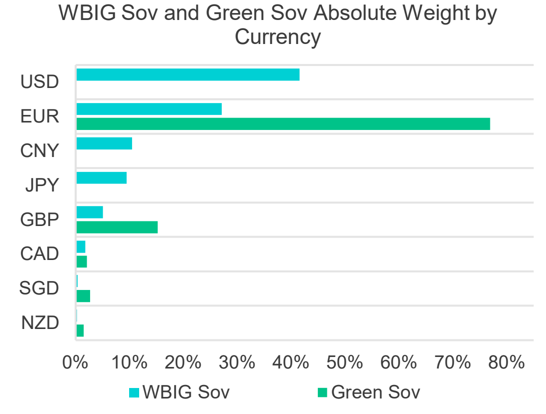


Chart 4: Green corporate's weights have been largely unchanged over 3M, but the index saw a slight increase in its weight in Banks and fall in Electric Utilities – both remain the two largest sector overweights.

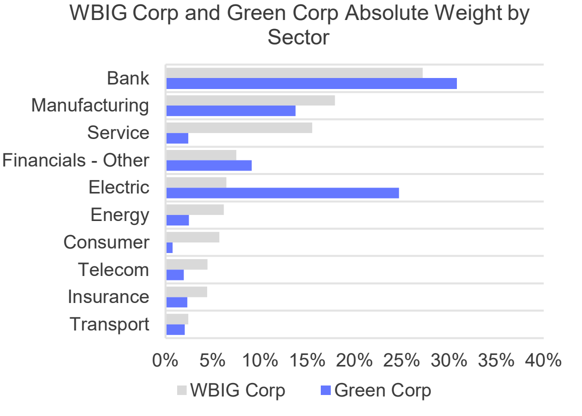


Chart 5: Since widening in April, following the US liberation day tariffs, OAS spreads have continued to narrow for green and non-green-bond indices. Green corp spreads are at a 5-year low.

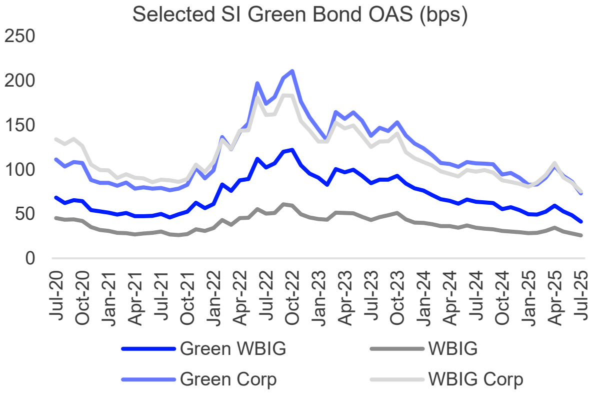
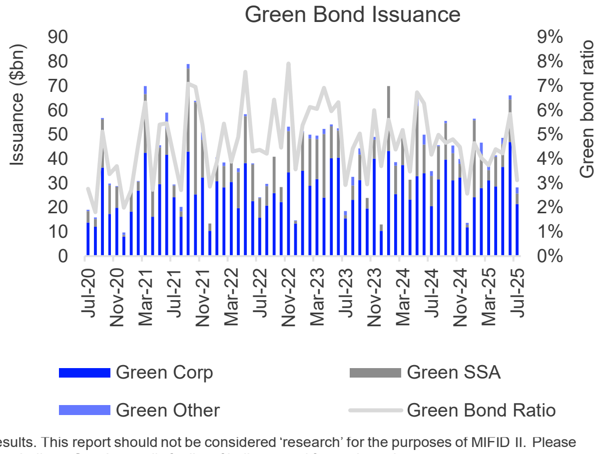


Chart 6: Absolute green bond issuance rose over 3M (vs. the prior 3M), as did the green bond ratio, which reached 5.8% in June – the highest level in 12M, before declining to lower-than-average levels in July.



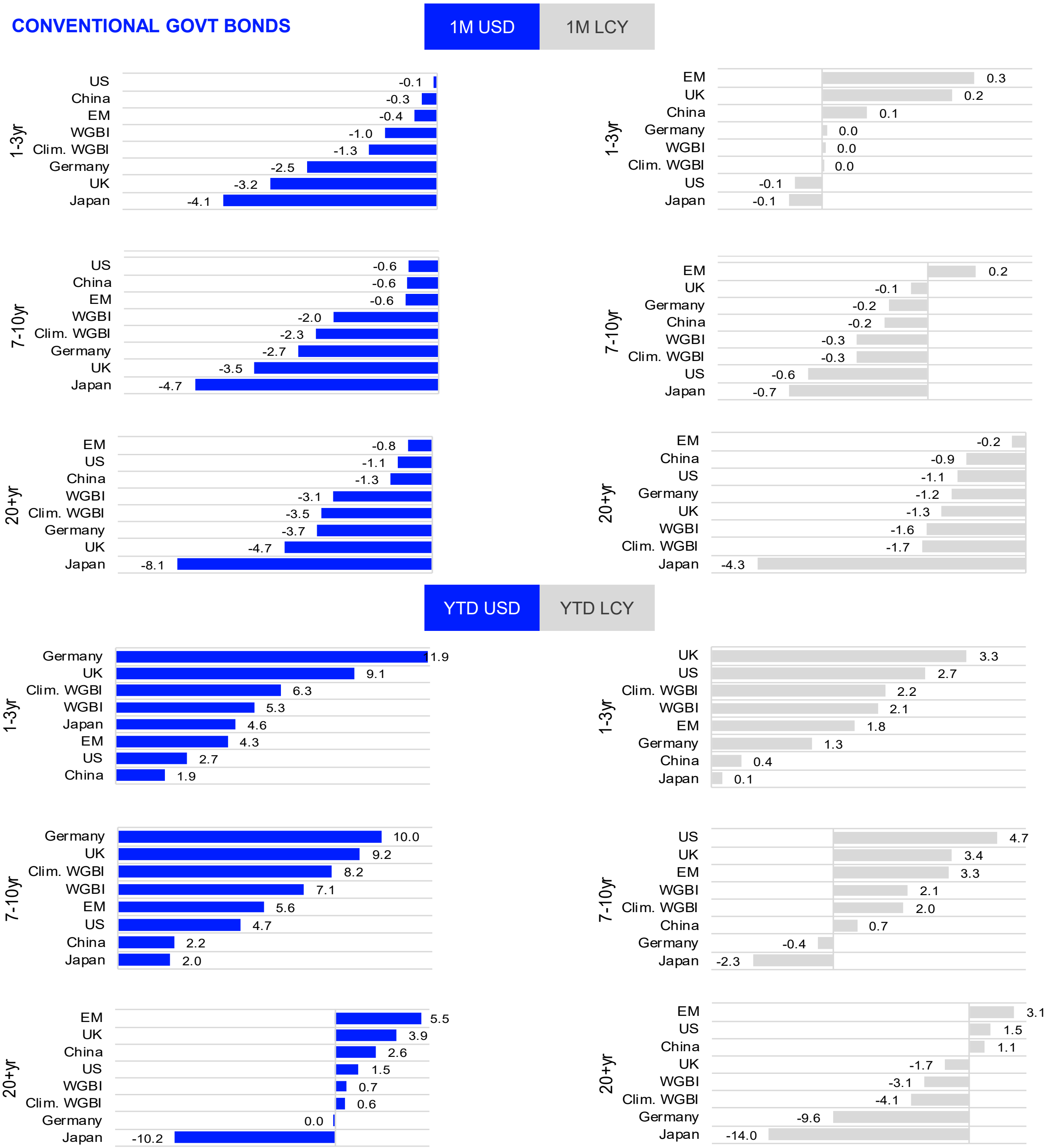
Source: FTSE Russell and LSEG. All data as of July 31, 2025. Past performance is no guarantee of future results. This report should not be considered 'research' for the purposes of MIFID II. Please see the end of the report for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix for list of indices used for each market.

Conventional Government Bond Returns – 1M and YTD % (USD & LC, TR)

A modest US dollar rally in July squeezed overseas bond returns for a dollar-based investor, but dollar weakness dominates YTD returns, with gains of 6-12% in shorter dated Bunds, gilts and climate-WGBI, in dollar terms. Longs fell back, led by JGBs on both 1M and YTD, as curves bear steepened on issuance and higher interest rate fears in Japan. EM and China governments outperformed on 1M but underperformed YTD, with more modest gains of 2-6% in USD.

JGBs lost further ground, led by longs, with losses of 4-8% in July, after the ruling LDP lost its majority in the Upper House in the July elections, increasing fears of tax cuts and more debt issuance, driven by Opposition parties. The BoJ left rates unchanged on July 31, but raised its 2025 inflation forecast to 2.7% from 2.2%, and hinted at an October rate increase, should yen weakness continue.

Treasuries were broadly stable in July, despite the passage of further US fiscal stimulus measures through Congress. The first signs of a tariff inflation effect, in June data, did not unnerve sentiment, though longs drifted lower with gilts and Bunds, losing 1%.



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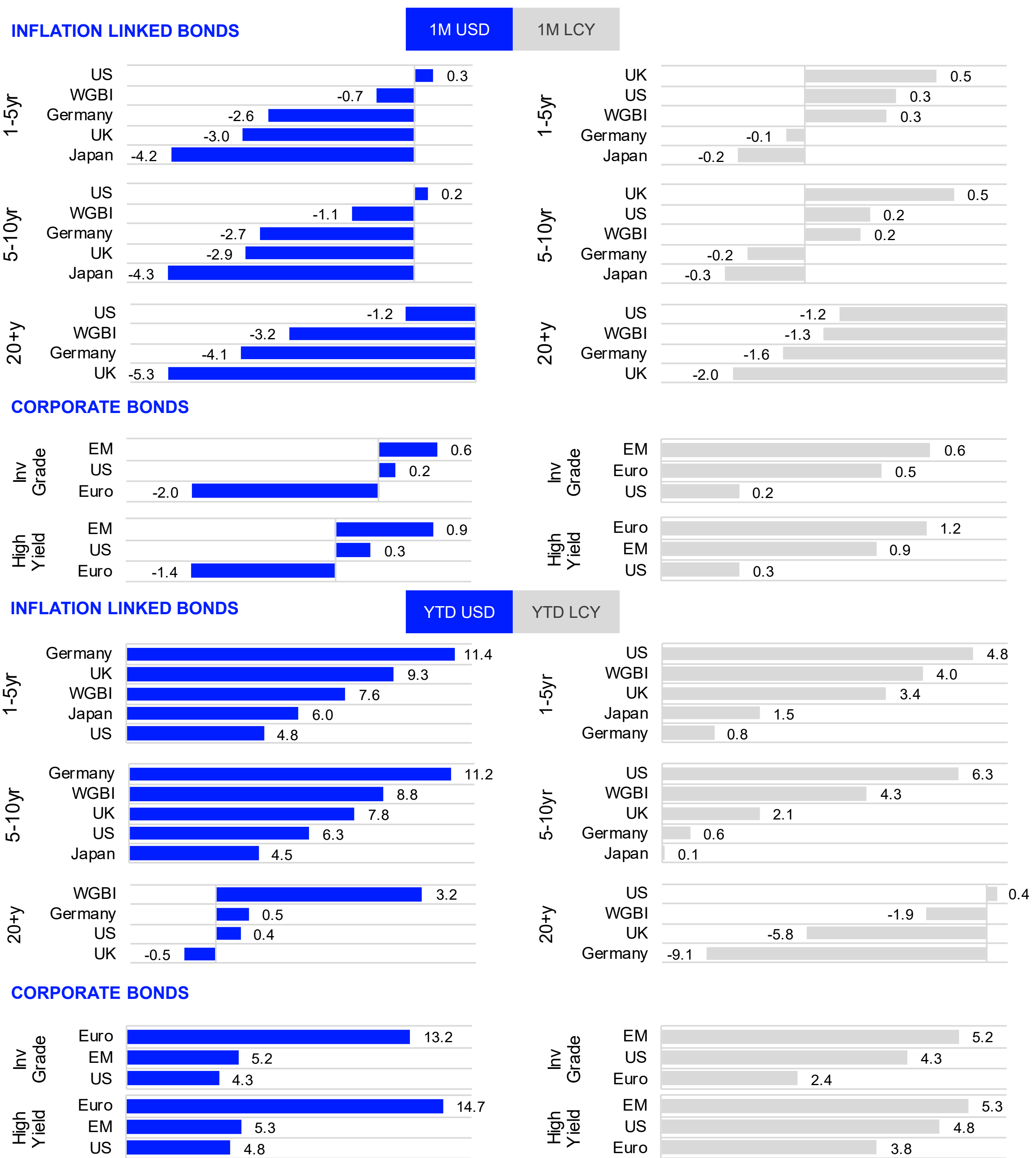
Global Inflation-Linked Bond Returns – 1M & YTD % (USD, LC, TR)

Inflation-linked returns show a similar pattern to conventionals in July, with longs underperforming, and overseas returns squeezed by the dollar rally, for a dollar-based investor. Long UK, Bund and WILSI linkers lost 3-5% in USD. Credit was broadly stable in July, but shows solid gains YTD, led by Euro gains of 13-15%, and boosted by the strong Euro.

Short Bund and UK linkers lead YTD returns, mainly on currency gains, though policy easing also helped drive gains of 9-11%. Short and medium Tips also gained 5-6% YTD and managed positive returns in July, despite the Fed holding rates unchanged.

Credit barely moved on 1M, although equity gains caused HY to outperform marginally. Apart from Euro credits, short and medium linkers outperformed IG credit, YTD. Long linkers lagged, with modest gains of up to 3% only in USD, despite the weak USD.



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Top and Bottom Bond Returns – 1M & 12M % (USD, TR)

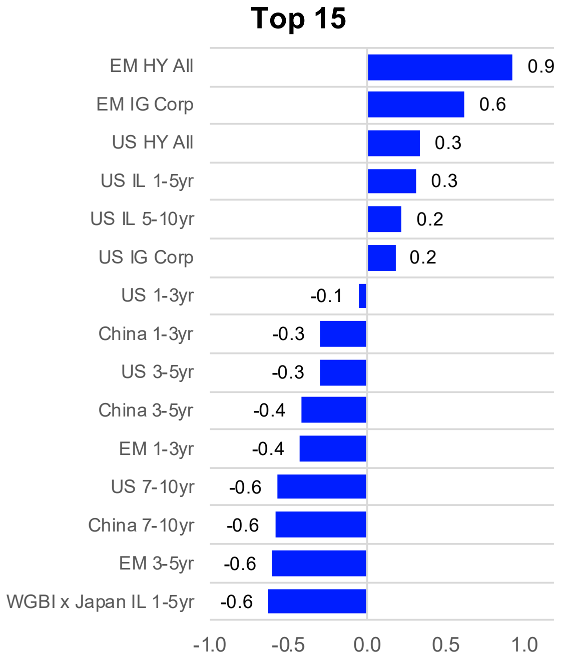
Longs again underperformed in July, with 10 of the 15 bottom performers in 20+ year maturities, and the other 5 all JGBs. Few markets showed positive returns in USD in July, as the dollar rallied, apart from modest credit gains. On 12M, it is a different story, with USD weakness and sizeable European rate cuts dominating returns and gains of 12-17% in USD, in the Top 15, led by Euro HY and short Swedish bonds. The latter benefitted from rate cuts of 200bp, and a strong krone.

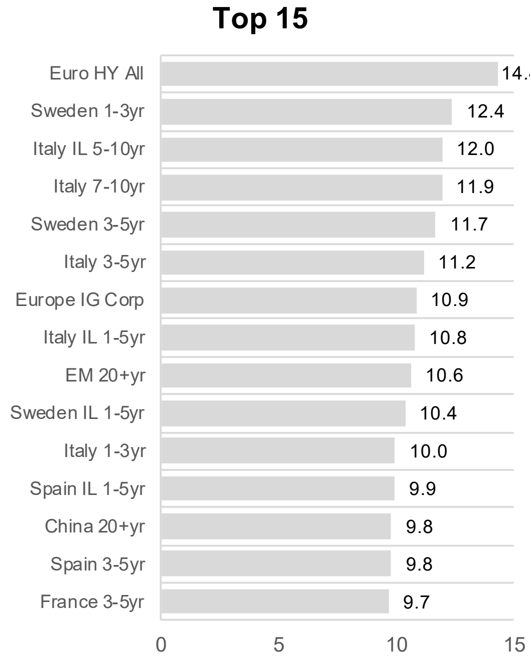
Long UK and Australian inflation-linked, and conventional JGBs, led losses on 12M in USD, as yield curves bear steepened, and the BoJ moved towards higher rates. Fears of more fiscal stimulus and higher debt issuance did not help sentiment either on JGBs.

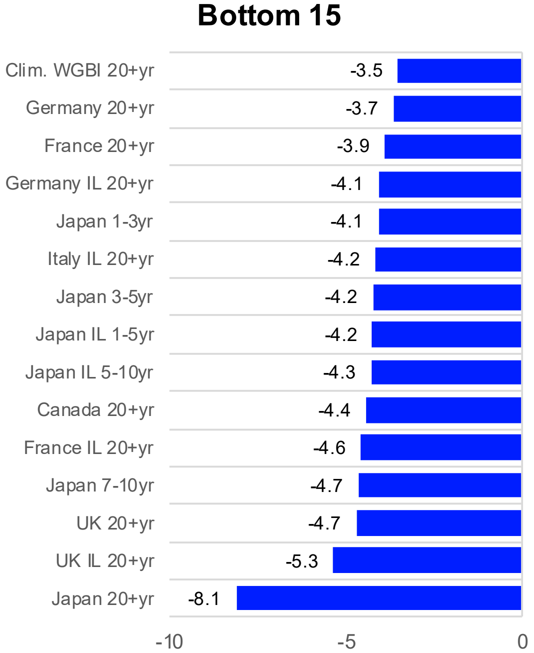
Yield convergence in the Eurozone, driven by a recovery in risk appetite, and deterioration in Germany's sovereign fiscal metrics, as well as a strong Euro, boosted Italian and Spanish bond returns, with gains of 12-14% in USD, in short and mediums on 12M.

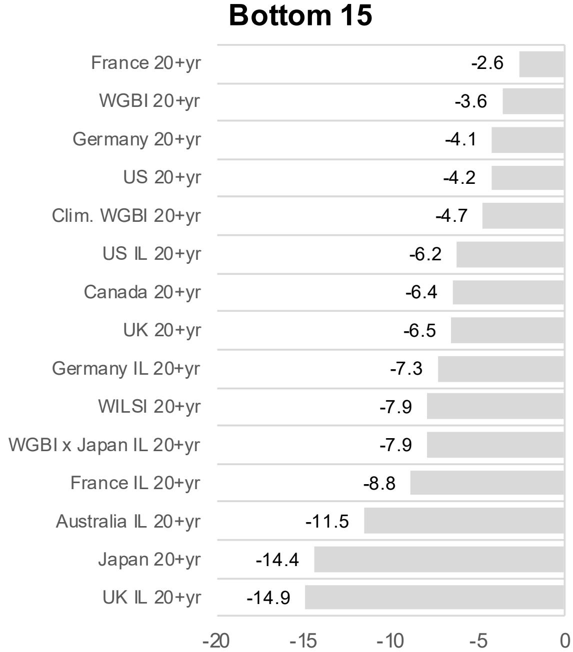
Credit survived the tariff turmoil, boosted by the continuing equity market rally, as regional equity leadership switched to Europe.

1M USD | 12M USD









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Appendix − Global Bond Market Returns % (USD & LC, TR) – July 31, 2025

Government Bond Returns

Top 15% | Bottom 15%

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

		1M		3M		YTD		12M	
		Local	USD	Local	USD	Local	USD	Local	USD
US	1-3yr	-0.05	-0.05	0.33	0.33	2.72	2.72	4.44	4.44
	7-10yr	-0.57	-0.57	-0.21	-0.21	4.68	4.68	2.68	2.68
	20+yr	-1.10	-1.10	-1.72	-1.72	1.50	1.50	-4.24	-4.24
	IG Corp	0.18	0.18	1.96	1.96	4.27	4.27	4.55	4.55
	HY All	0.34	0.34	3.93	3.93	4.85	4.85	8.56	8.56
UK	1-3yr	0.25	-3.19	0.79	-0.14	3.25	9.10	4.66	7.82
	7-10yr	-0.08	-3.51	0.36	-0.57	3.38	9.24	1.13	4.19
	20+yr	-1.33	-4.72	-2.11	-3.02	-1.69	3.88	-9.27	-6.52
Euro	IG Corp	0.51	-2.00	1.33	2.02	2.37	13.15	4.81	10.85
	HY All	1.15	-1.37	3.03	3.73	3.76	14.68	8.12	14.36
Japan	1-3yr	-0.06	-4.08	-0.01	-5.23	0.14	4.57	0.09	0.07
	7-10yr	-0.66	-4.65	-1.46	-6.61	-2.32	2.00	-1.95	-1.98
	20+yr	-4.27	-8.12	-7.12	-11.97	-14.01	-10.21	-14.35	-14.37
China	1-3yr	0.09	-0.30	0.48	1.46	0.38	1.87	1.86	2.34
	7-10yr	-0.21	-0.59	-0.02	0.95	0.66	2.15	5.00	5.50
	20+yr	-0.94	-1.32	-1.18	-0.22	1.08	2.58	9.29	9.81
EM	1-3yr	0.29	-0.43	0.98	1.93	1.82	4.28	3.64	4.34
	7-10yr	0.23	-0.63	1.16	2.02	3.28	5.56	6.54	7.45
	20+yr	-0.21	-0.78	0.44	1.66	3.13	5.46	9.87	10.64
	IG Corp	0.62	0.62	2.23	2.23	5.16	5.16	6.08	6.08
	HY All	0.93	0.93	3.71	3.71	5.34	5.34	8.51	8.51
Germany	1-3yr	0.01	-2.49	0.03	0.71	1.28	11.94	3.01	8.96
	7-10yr	-0.19	-2.68	-0.86	-0.18	-0.44	10.05	0.28	6.07
	20+yr	-1.18	-3.65	-4.46	-3.80	-9.55	-0.02	-9.37	-4.14
Italy	1-3yr	0.01	-2.48	0.24	0.93	1.84	12.56	3.97	9.97
	7-10yr	-0.03	-2.52	1.19	1.89	2.82	13.65	5.83	11.94
	20+yr	-0.47	-2.95	1.57	2.27	-0.88	9.56	3.33	9.29
Spain	1-3yr	-0.01	-2.51	0.16	0.85	1.58	12.28	3.59	9.57
	7-10yr	-0.06	-2.55	0.07	0.76	1.16	11.81	2.97	8.92
	20+yr	-0.54	-3.02	-1.07	-0.39	-4.49	5.57	-2.06	3.59
France	1-3yr	0.05	-2.45	0.18	0.87	1.68	12.39	3.62	9.60
	7-10yr	-0.29	-2.77	-0.48	0.20	1.40	12.07	1.53	7.39
	20+yr	-1.44	-3.90	-3.55	-2.88	-5.83	4.09	-7.94	-2.63
Sweden	1-3yr	-0.32	-2.66	0.26	-0.92	1.30	14.68	2.35	12.39
	7-10yr	-1.00	-3.33	-0.32	-1.49	1.51	14.92	-0.33	9.46
Australia	1-3yr	0.05	-1.70	0.73	1.36	2.94	7.05	4.51	3.05
	7-10yr	-0.34	-2.09	0.54	1.17	4.40	8.57	4.42	2.96
	20+yr	-1.60	-3.32	-1.32	-0.71	1.60	5.65	-0.63	-2.02
New Zealand	1-3yr	0.42	-2.34	1.05	0.52	2.72	8.24	5.68	5.04
	7-10yr	0.58	-2.19	0.64	0.12	2.67	8.19	4.28	3.64
	20+yr	0.23	-2.53	0.13	-0.40	1.24	6.67	-1.42	-2.01
Canada	1-3yr	-0.06	-1.36	0.19	0.10	1.71	5.81	3.91	3.82
	7-10yr	-1.05	-2.34	-1.76	-1.85	0.68	4.73	1.81	1.73
	20+yr	-3.16	-4.43	-5.14	-5.23	-5.72	-1.92	-6.33	-6.41

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Appendix − Global Bond Market Returns % (USD & LC, TR) – July 31, 2025

Inflation-Linked Bond Returns

Top 15% Bottom 15%

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

		1M		3M		YTD		12M	
		Local	USD	Local	USD	Local	USD	Local	USD
US	1-5yr	0.32	0.32	0.46	0.46	4.77	4.77	6.06	6.06
	5-10yr	0.22	0.22	1.08	1.08	6.26	6.26	4.80	4.80
	20+yr	-1.21	-1.21	-1.32	-1.32	0.38	0.38	-6.18	-6.18
UK	1-5yr	0.46	-2.99	1.54	0.60	3.44	9.30	3.84	6.98
	5-10yr	0.52	-2.93	0.91	-0.03	2.06	7.84	-0.40	2.62
	20+yr	-1.99	-5.35	-1.47	-2.38	-5.81	-0.48	-17.40	-14.89
Japan	1-5yr	-0.23	-4.24	1.26	-4.02	1.50	5.99	2.14	2.11
	5-10yr	-0.28	-4.29	0.47	-4.77	0.05	4.48	1.58	1.55
EM	1-5yr	0.98	-0.86	2.15	3.07	8.17	14.82	12.24	9.27
	5-10yr	0.25	-1.76	1.91	3.41	7.67	14.81	9.05	7.29
	20+yr	0.06	-1.40	3.25	5.33	9.14	19.16	4.87	4.91
Germany	1-5yr	-0.07	-2.56	0.19	0.88	0.79	11.40	2.73	8.66
	5-10yr	-0.20	-2.69	-0.05	0.64	0.59	11.18	0.77	6.59
	20+yr	-1.62	-4.07	-1.69	-1.01	-9.06	0.52	-12.34	-7.28
Italy	1-5yr	0.05	-2.44	0.94	1.63	2.50	13.30	4.75	10.79
	5-10yr	0.01	-2.48	1.83	2.53	3.70	14.62	5.85	11.96
	20+yr	-1.72	-4.17	2.96	3.67	-4.24	5.85	-2.85	2.75
Spain	1-5yr	0.08	-2.42	0.72	1.41	2.13	12.89	3.94	9.94
	5-10yr	0.00	-2.49	0.82	1.51	1.62	12.32	2.51	8.43
France	1-5yr	0.07	-2.43	0.62	1.31	1.92	12.65	3.09	9.04
	5-10yr	-0.22	-2.71	0.35	1.04	1.83	12.56	1.35	7.20
	20+yr	-2.13	-4.57	-2.01	-1.33	-8.00	1.69	-13.80	-8.82
Sweden	1-5yr	-0.27	-2.62	-0.36	-1.54	0.32	13.58	0.52	10.38
	5-10yr	-0.59	-2.93	-0.40	-1.57	0.59	13.88	-0.53	9.23
Australia	1-5yr	0.08	-1.68	1.28	1.91	3.42	7.55	3.92	2.46
	5-10yr	0.00	-1.75	1.42	2.06	3.46	7.58	3.35	1.90
	20+yr	-0.44	-2.19	-0.14	0.49	-4.11	-0.29	-10.26	-11.52
New Zealand	5-10yr	0.55	-2.22	0.83	0.31	4.10	9.70	5.54	4.90
Canada	20+yr	-1.68	-2.97	-2.23	-2.32	-2.74	1.18	-2.31	-2.39

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Appendix – Global Bond Market Returns % (USD & LC, TR) – July 31, 2025

Global Bond Yields

Top 15% | Bottom 15%

Green highlight indicates top 15%, red indicates 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	4.01	3.92	4.26	4.95	1.27	1.73	2.63	5.09	7.43
	3M Ago	3.69	3.65	4.06	4.77	0.98	1.70	2.50	5.17	8.05
	6M Ago	4.23	4.30	4.51	4.88	1.60	1.96	2.42	5.32	7.40
	12M Ago	4.38	3.99	4.02	4.42	2.13	1.77	2.12	5.16	7.81
UK	Current	3.79	3.86	4.44	5.30	0.44	1.12	2.20		
	3M Ago	3.70	3.76	4.29	5.10	0.18	0.90	2.04		
	6M Ago	4.06	4.11	4.43	5.01	0.06	0.70	1.77		
	12M Ago	4.19	3.82	3.89	4.47	0.27	0.37	1.25		
Japan	Current	0.76	0.99	1.42	2.93	-1.10	-0.26			
	3M Ago	0.64	0.81	1.17	2.56	-0.99	-0.35			
	6M Ago	0.67	0.84	1.12	2.22	-1.25	-0.47			
	12M Ago	0.37	0.57	0.94	2.11	-1.19	-0.59			
China	Current	1.37	1.49	1.72	2.00					
	3M Ago	1.43	1.47	1.66	1.91					
	6M Ago	1.27	1.39	1.63	1.94					
	12M Ago	1.53	1.76	2.10	2.38					
EM	Current	3.02	3.30	3.87	3.61	15.27	12.45	10.83	5.17	7.73
	3M Ago	3.12	3.30	4.11	3.50	15.02	12.66	11.14	5.27	8.27
	6M Ago	3.10	3.25	3.96	3.44	15.87	13.59	11.02	5.49	7.91
	12M Ago	3.19	3.48	4.18	3.73	17.52	15.91	10.54	5.41	7.93
Germany	Current	1.92	2.11	2.54	3.10	0.55	0.71	1.19		
	3M Ago	1.70	1.86	2.33	2.84	0.82	0.39	1.03		
	6M Ago	2.08	2.12	2.35	2.67	0.63	0.41	0.73		
	12M Ago	2.62	2.25	2.21	2.50	1.57	0.40	0.43		
Italy	Current	2.11	2.48	3.24	4.17	0.77	1.32	2.26		
	3M Ago	1.95	2.36	3.28	4.19	0.51	1.24	2.18		
	6M Ago	2.37	2.68	3.31	4.04	0.63	1.29	1.90		
	12M Ago	2.99	2.97	3.43	4.10	1.45	1.58	1.87		
France	Current	2.09	2.46	3.14	4.04	0.60	0.97	1.80		
	3M Ago	1.90	2.23	2.92	3.78	0.43	0.81	1.65		
	6M Ago	2.30	2.56	3.05	3.65	0.56	0.84	1.38		
	12M Ago	2.78	2.68	2.87	3.40	0.98	0.81	1.05		
Sweden	Current	1.95	2.05	2.38		0.89	0.62			
	3M Ago	1.83	1.93	2.19		1.27	0.70			
	6M Ago	1.85	1.94	2.15		0.93	0.60			
	12M Ago	2.15	1.96	1.98		0.95	0.51			
Australia	Current	3.36	3.50	4.12	4.94	1.19	1.68	2.77		
	3M Ago	3.34	3.39	4.00	4.79	1.38	1.78	2.70		
	6M Ago	3.81	3.87	4.34	4.95	1.71	1.92	2.60		
	12M Ago	3.86	3.76	4.07	4.62	1.38	1.56	2.04		
New Zealand	Current	3.38	3.75	4.42	5.22		2.01			
	3M Ago	3.25	3.55	4.26	5.15		1.94			
	6M Ago	3.64	3.85	4.43	5.14		2.29			
	12M Ago	4.21	4.04	4.31	4.81	2.47	2.21			
Canada	Current	2.78	2.97	3.38	3.75	0.73	1.22	1.76		
	3M Ago	2.49	2.62	3.00	3.42	0.30	0.96	1.60		
	6M Ago	2.66	2.72	3.01	3.22	0.77	1.00	1.35		
	12M Ago	3.64	3.11	3.15	3.23	1.41	1.34	1.52		

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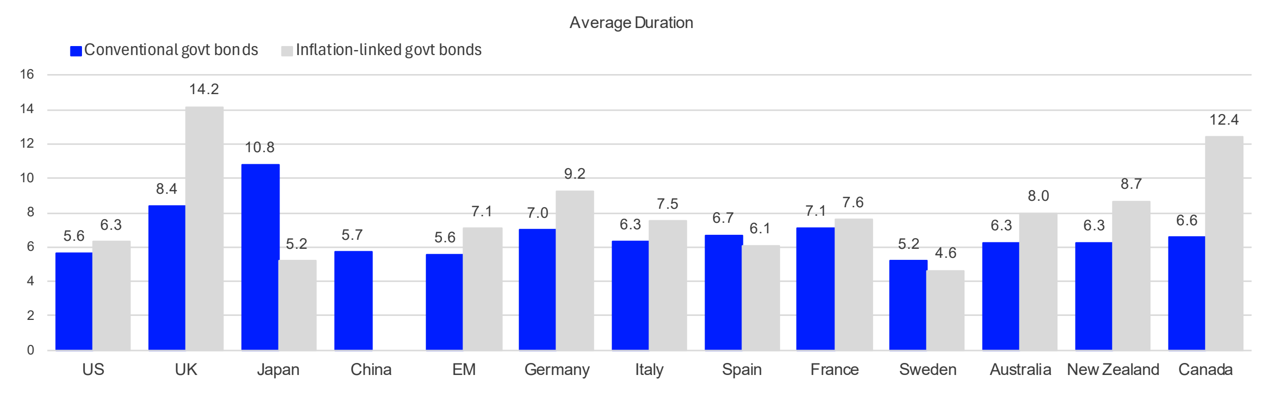
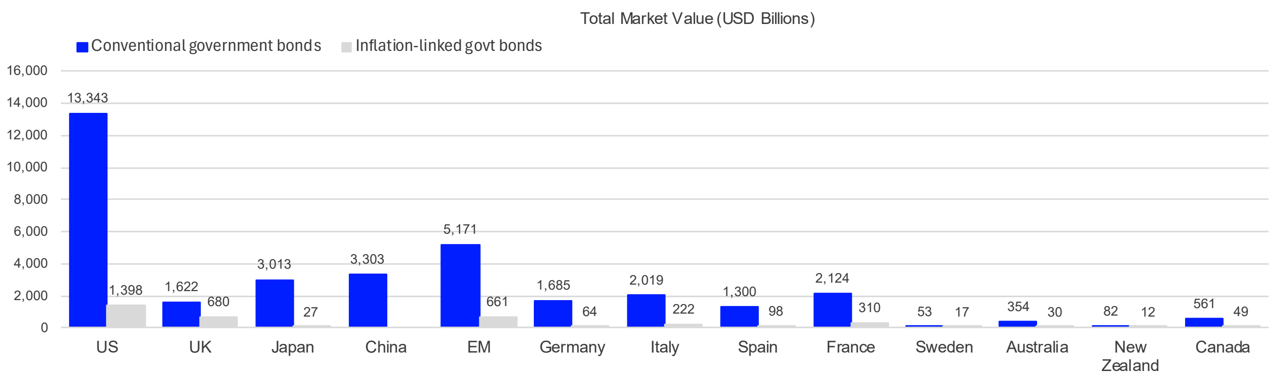
Appendix – Duration and Market Value (USD, Bn) as of July 31, 2025

	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	3.6	7.0	15.9	**5.6**	3,003.2	1,290.4	1,473.2	**13,342.8**	6.9	20.9	**6.3**	476.6	104.5	**1,398.2**
UK	3.6	7.2	17.3	**8.4**	186.1	235.4	324.8	**1,622.4**	7.1	25.8	**14.2**	161.7	207.7	**680.4**
Japan	3.9	8.2	22.0	**10.8**	372.9	489.5	546.1	**3,013.4**	7.7		**5.2**	13.1		**27.1**
China	3.7	7.7	18.1	**5.7**	790.2	597.5	366.8	**3,302.7**						
EM	3.6	7.1	16.3	**5.6**	1,153.2	957.5	498.1	**5,171.1**	5.7	13.2	**7.1**	178.1	147.7	**660.8**
Germany	3.6	7.5	20.0	**7.0**	351.9	301.8	195.4	**1,684.6**	7.5	19.8	**9.2**	14.3	17.0	**64.0**
Italy	3.6	7.1	16.3	**6.3**	377.9	310.3	166.0	**2,019.2**	7.2	23.2	**7.5**	47.4	9.4	**222.1**
Spain	3.6	7.0	17.7	**6.7**	256.4	238.6	107.1	**1,300.1**	6.5		**6.1**	58.1		**98.3**
France	3.7	7.2	18.8	**7.1**	474.2	424.0	228.7	**2,123.8**	6.1	23.0	**7.6**	94.6	21.6	**310.0**
Sweden	4.1	8.0		**5.2**	8.8	11.1		**52.9**	6.7		**4.6**	3.5		**16.5**
Australia	3.8	7.3	16.0	**6.3**	62.2	101.2	19.9	**354.2**	5.6	20.7	**8.0**	11.6	2.5	**29.9**
New Zealand	3.9	7.1	15.5	**6.3**	17.0	21.5	5.2	**82.4**	4.7		**8.7**	3.4		**12.1**
Canada	3.8	7.5	18.7	**6.6**	117.3	124.2	77.8	**560.5**	5.6	21.4	**12.4**	8.2	12.7	**49.2**

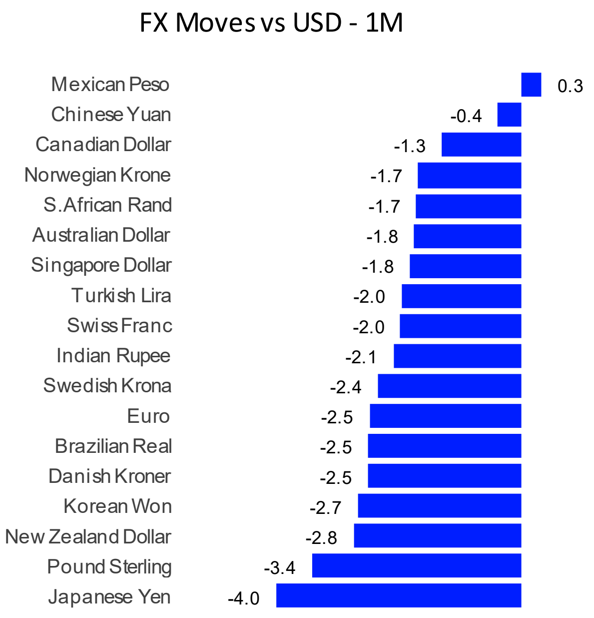
	Investment grade bonds										High Yield	
	Duration					Market Value					Duration	MktVal
	AAA	AA	A	BBB	Overall	AAA	AA	A	BBB	Overall		
US	9.6	8.1	6.8	6.4	6.7	78.0	462.9	3003.4	3658.1	7202.4	3.7	1174.0
Europe	6.2	5.0	4.6	4.2	4.5	26.3	244.0	1381.6	1723.2	3375.2	3.2	387.4
EM		6.3	5.5	5.4	5.5		71.8	176.1	244.0	491.8	3.6	187.2

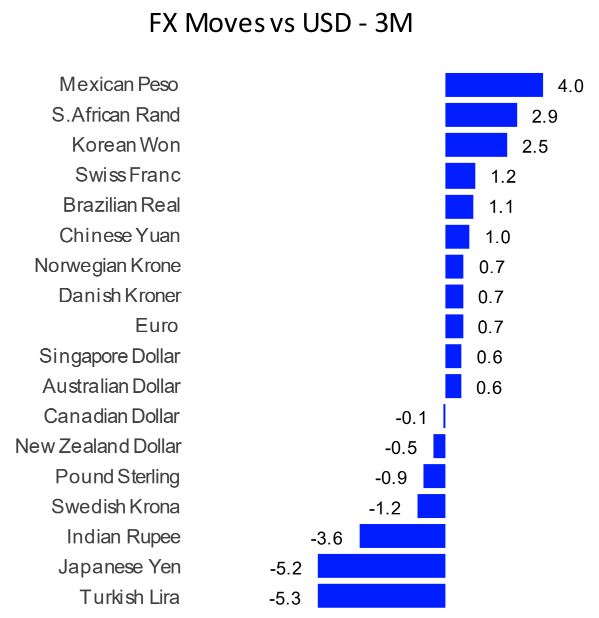


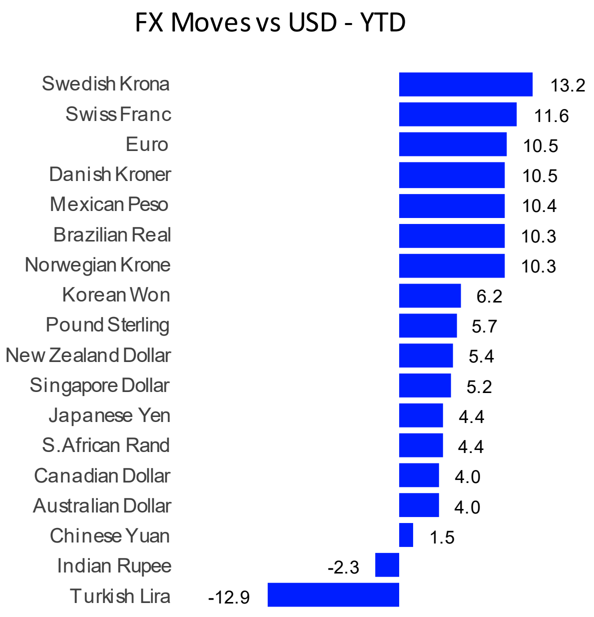


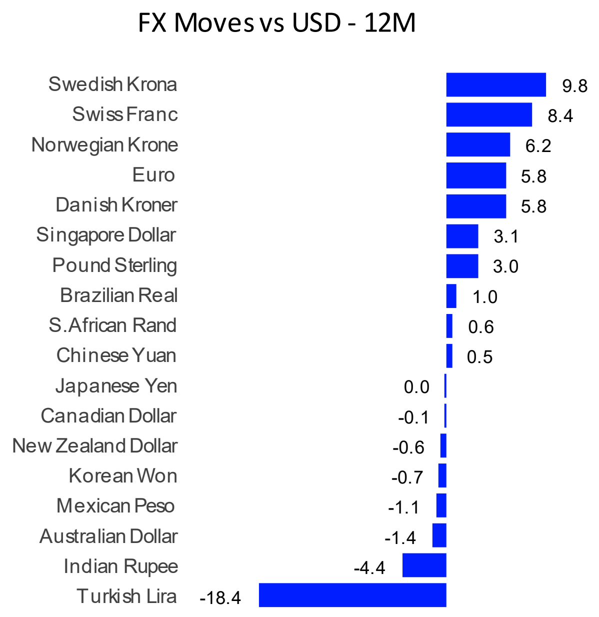
Source: FTSE Russell and LSEG. All data as of July 31, 2025. Past performance is no guarantee of future results. This report should not be considered 'research' for the purposes of MIFID II. Please see the end of the report for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix for list of indices used for each market.

Appendix – Foreign Exchange Returns % as of July 31, 2025









Source: FTSE Russell and LSEG. All data as of July 31, 2025. 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 of the report for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix for list of indices used for each market.

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

Source: FTSE Russell. All data as of July 31, 2025. 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

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