Global Investment Research
Market Maps

FTSE RUSSELL
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Fixed Income Insights

MONTHLY REPORT | **JULY 2025**

EUROPE
EUROZONE & UK EDITION

Euro strength paves way for policy easing

Dollar weakness dominated returns across fixed income in Q2, and YTD, in a trend reversal of the period since Covid, allowing European central banks to ease further. Shorter Bunds & gilts led returns, with European credits also favoured. Long gilts and Treasuries stabilised in June, as strong relative value versus equities suggests high yields are drawing LDI support.

Macro and policy backdrop – Monetary policy divergences widen

Noisy economic data and tariff uncertainties keep the Fed on hold, as European central banks exploit benign inflation data and currency strength to ease further. (pages 2-4)

Yields, curves & spreads – Curve steepening stalls but trend remains intact

Long yields stabilised but curve steepening and wider US spreads remain the key narratives. Short inflation breakevens fell on benign data. EM spreads resume downtrend. (pages 5-6)

IG credit & MBS – Tariff crisis, what crisis? Credit spreads largely unwind April spike

Short-dated IG credits continue to outperform. Weak dollar boosts UK & Euro credits. (page 7)

High yield credit analysis – CCC returns rebound strongly, as risk appetite returns

Helped by equities, HY credits show little overall impact from tariff turbulence in Q2. (page 8)

SI bond analysis – Duration and sector weights drive SI Corp relative performance

Duration largely explains divergent relative performance between Choice/ExFFe and PAB; for Green Corp, it was the underweight in industrials and overweight in electric utilities. (page 9)

Performance – Dollar weakness dominates Q2 and YTD returns, as Bunds outperform

Q2 returns driven by FX moves and weak USD. Longs underperformed on steeper curves, particularly Treasuries, Tips and JGBs. Credit recovers quickly from tariff woes. (pages 9-10)

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

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Chart 1: Despite positive rate differentials, the dollar weakened further in Q2, with the Euro and sterling major beneficiaries, easing import prices and allowing more monetary easing in Europe, led by the ECB.

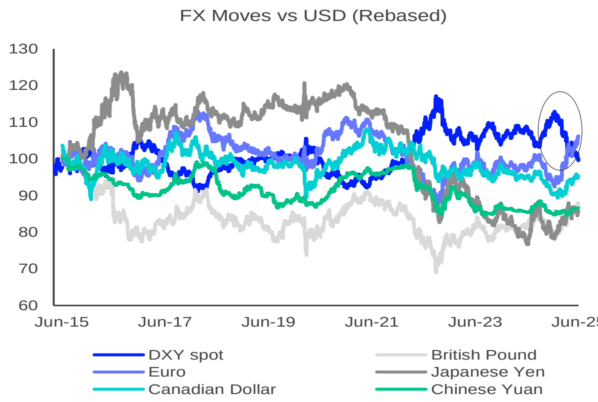
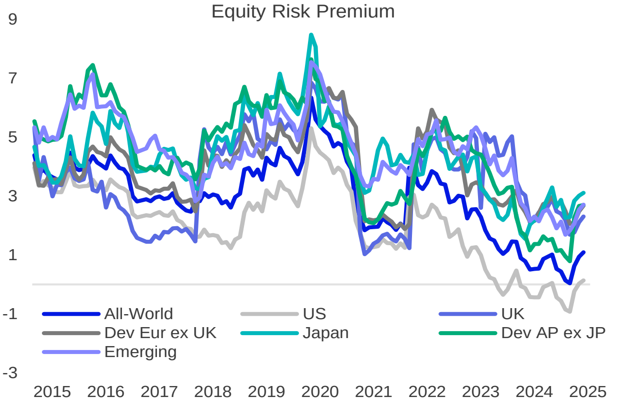


Chart 2: US equities trade on a risk premium close to zero vs Treasuries – a significantly higher rating than other equity markets. This shows the relative value in Treasuries with yields above 4% in 10 yrs and beyond.



Source: FTSE Russell and LSEG. All data as of June 30, 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 – Global growth and Inflation Expectations

Disentangling underlying G7 growth from distorted GDP data is another central bank challenge, alongside sticky inflation above target. There are signs of labour hoarding in the US, as levels of unemployment remain subdued, despite the fall in job openings since 2022. UK inflation expectations fell across all maturities, since the peak of tariff turbulence 3M ago.

Growth forecasts project convergence in US and European growth, mainly due to a sharp US slowdown, after negative GDP growth in Q1 on the pre-tariff surge in imports. The Atlanta Fed's Nowcast projects 2.9% Q2 growth, with a collapse in inventories (-2.2%) offset by strong net exports (+3.5%). Consumer spending may give a better idea of underlying growth.

Inflation data has been replaced by growth as the main focus of European central banks, unlike the US where tariffs will have a broader impact, pending final outcomes on levels. May inflation data was benign, with tariff effects absent on apparel and autos and lower fuel prices, leaving US CPI at 2.3% y/y, and the core PCE deflator at 2.6%, well above the 2% target. May data may reflect companies pricing off pre-tariff inventory. Much depends on US consumer demand and how far service inflation is affected.

The number of job openings in the US labour market has dropped sharply since 2023, as Chart 3 shows, but unlike earlier business cycles, there has been no accompanying spike in the unemployment rate. There may be some evidence of labour hoarding in this, since unemployment has risen sharply in earlier cycles as soon as job openings began to decline.

There remains little pressure on global supply chains for tradeable goods, despite potential tariff impact on supply chains, increased geo-political tensions in the middle east, higher oil prices and concerns about closure of the Straits of Hormuz (Chart 4). The surge in trade in Q1 in advance of the tariff increases may delay the impact on supply chains, should there be subsequent re-routing.

Chart 1: Growth forecasts carry higher uncertainty than normal, with final tariff levels still unresolved. Overall, the shape remains slower US growth converging towards UK & Eurozone growth, but without recessions.

Latest Consensus Real GDP Forecasts (Median, %, June 2025)			
	2024	**2025**	**2026**
US	2.8	**1.4**	**1.5**
UK	0.9	**1.0**	**1.2**
Eurozone	0.7	**1.0**	**1.1**
Japan	0.8	**0.5**	**0.7**
China	4.9	**4.5**	**4.2**
Canada	1.3	**1.2**	**0.9**

Chart 2: May US inflation data showed the impact of lower energy prices, but it could also reflect companies pricing goods off pre-tariff inventory. Stronger currencies are squeezing import prices in Europe.

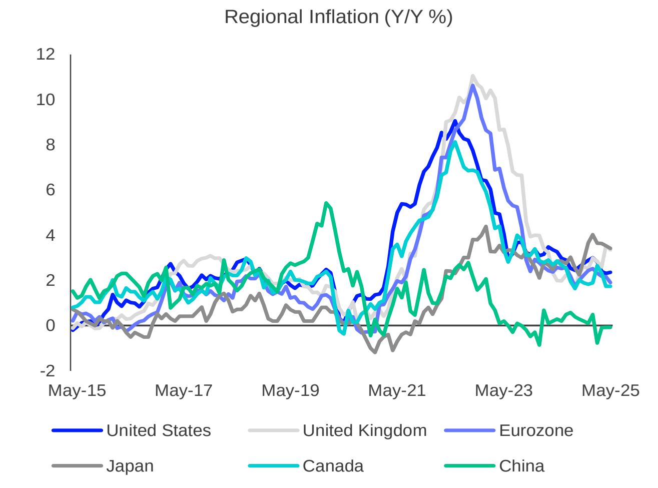
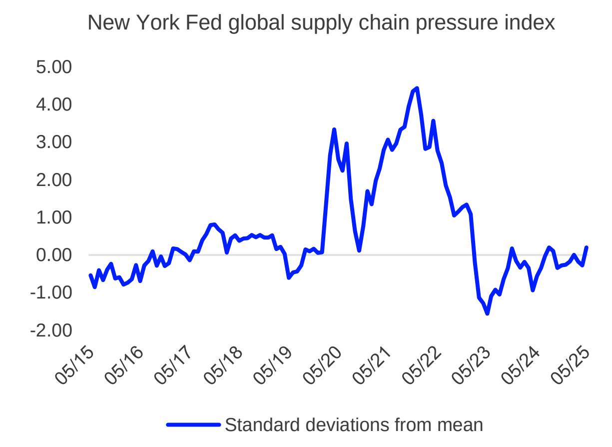


Chart 3: Despite the sharp drop in job openings since March 2022, when Fed tightening began, unemployment has risen more slowly than previous cycles. This may be evidence of labour hoarding by employers.

Chart 4: Global supply chains show little impact to date of rising geo-political tensions in the middle east, despite June increases in oil prices. Thus, the NY Fed measure remains near its long-term mean.



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Macroeconomic and Financial Backdrop – Europe

ECB President Lagarde cautioned on a more volatile pricing environment, due to the impact of tariff uncertainty on future inflation levels. To date, the ECB has successfully reigned in inflation, with the latest figure in June showing it firmly within the 2% ECB target. However, wage inflation remains high, not least because labour shortages are keeping unemployment at low levels, especially in the hospitality and construction sectors. Q2 fund flows clearly show appetite for risk as money market flows waned.

Increased tariff uncertainty may be impacting trade flows. EU trade with China shows a marked decline since Q4 2024 but is being offset by higher imports/exports from other non-EU countries, as Chart 1 shows. ECB President Christine Lagarde cautioned on tariff uncertainty making inflation more volatile, as regular supply disruptions lead to more frequent price adjustments.

EU inflation stayed firmly within the ECB target of 2% in June, thanks in part to lower energy prices and a stronger Euro offsetting higher services inflation. German inflation modestly eased in June (2.0% y/y), while Spanish and French CPI rose a little (Chart 2). The ECB is expected to pause easing at its next meeting in July as it nears the end of its monetary policy cycle.

As Chart 3 shows, EU wage growth is still high but slowing, with corporate profits helping to absorb cost pressures. EU unemployment remains low, having flatlined close to 6.2% since Q4 2024 and is projected to fall further by 2026. Among the bloc's largest economies, Germany (3.7%) and the Netherlands (3.8%) reported the lowest unemployment rates, while Spain (10.8%), France (7.1%), and Italy (6.5%) continued to post higher levels.

Despite the tariff-led, sell-off in April and brief mini-flight to safety in June, risk appetite rebounded overall in Q2. European investors switched out of risk-free money market funds in search of higher yielding Euro corporate bond funds or Euro ex UK equity funds (Chart 4).

Chart 1: EU trade with China has decreased, notably EU exports, which has dropped significantly in 2024. This has been substituted by an increase in trade with other non-EU countries as the chart shows.

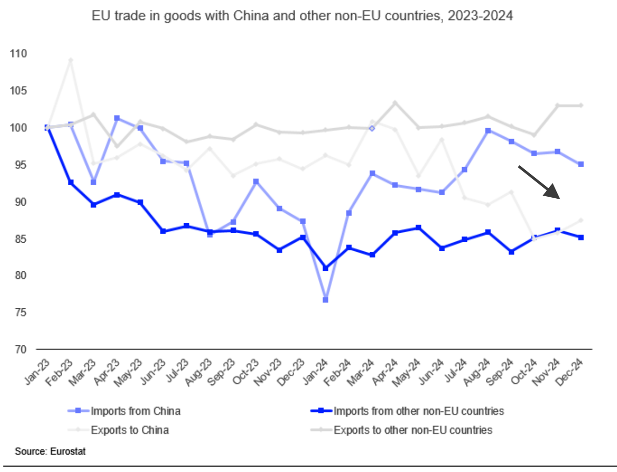


Chart 2: Despite trade uncertainty, EU inflation stayed within its 2% y/y target in June. Higher services and/or food prices contributed to the uptick in Spain (to 2.2%) and France (0.9%), while German CPI fell to 2%.

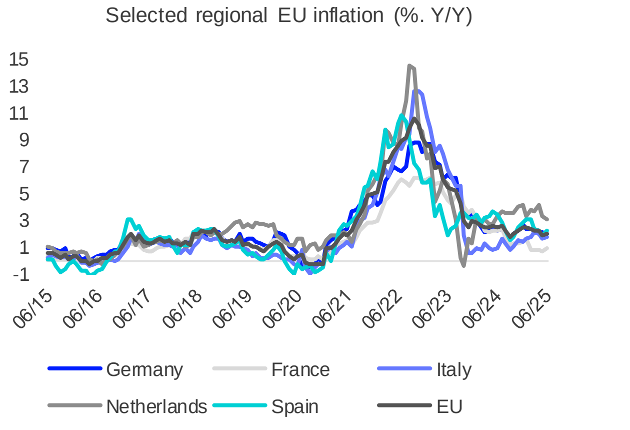


Chart 3: EU unemployment has stayed close to its low of 6.2% since Q4 2024 and is projected to fall further by 2026, putting pressure on labour costs in sectors with the highest shortfalls (i.e., healthcare/construction).

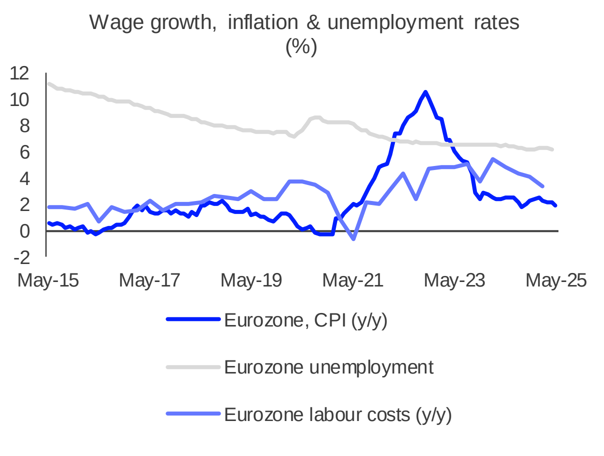
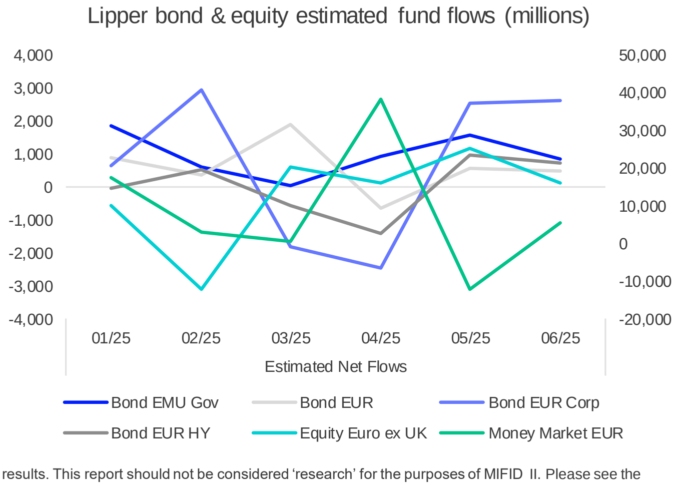


Chart 4: Flows into Euro Corporates came back strongly in Q2 as were flows in Euro high yield bonds and European ex UK equities, as investors mostly turned towards riskier assets in Q2.



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Macroeconomic and Financial Backdrop – UK

The post-Covid boomlet in house prices was reversed by UK and US rate increases in 2022-23. Lower house prices are not helping transmit monetary policy easing to final demand. Short-dated inflation breakevens have normalised during the tariff pause, helping short gilt yields decline, but longs remain pressurised by issuance fears and above target inflation.

Chart 1 shows real housing price growth has slowed, including the UK, following the post-Covid boomlet. High mortgage rates have reduced housing affordability sharply in the UK and US particularly, compounded by tightening in underwriting standards. China remains in a sustained bear market, after the over-build in 2017-19. UK house prices recovered from recent lows, in real terms, but helped by the fall in inflation from 2022 highs. Nominal price series in the UK remain static, as buyers await lower mortgage rates.

Chart 2 shows UK inflation breakevens have fallen by almost 1% in short dates since the peak of tariff turbulence 3 months ago. There is still some risk UK breakevens increase again if tariff outcomes are not as expected, but breakevens have not increased in recent months, despite the jump in the UK CPI to 3.5% y/y in Q2. This leaves the BoE more room to ease policy again in August.

The two-way pull on gilt yields from stagflation pressures is shown in Chart 3. Short yields have been driven lower by weak growth in 2024-25, and the decline in BoE policy rates, while longer dated yields have increased in response to market concerns about above target inflation, more stimulative fiscal policy, and the ongoing levels of issuance (also see Chart 4 on page 5).

Gilt redemptions in 2025-26, and 2026-27, are sizeable. Even if duration of the gilt market is longer than the US (8.5 yrs and 14.4 years in linkers), it has shortened, increasing the sensitivity of debt service to short rates. Redemptions are projected at £168.2bn in 2025-26 (DMO), so gross issuance of about £300bn is planned, but only 10% in long conventionals after recent curve steepening.

Chart 1: Real house prices fell since the post-Covid surge, reflecting the impact of higher rates and lower affordability. But reduced housing supply in the US and UK is preventing the chronic price weakness seen in China.

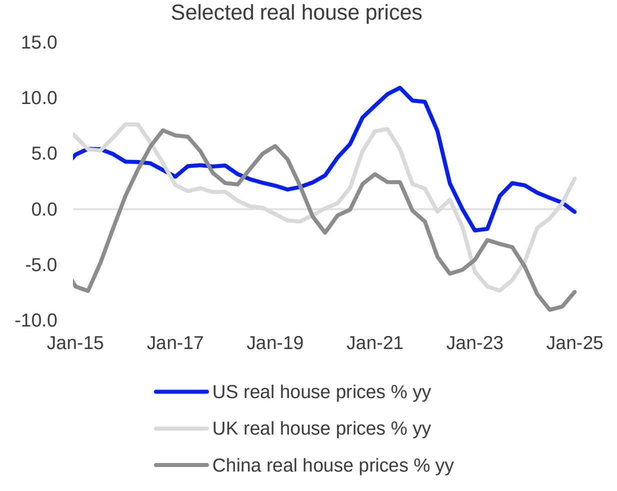

Chart 2: UK inflation breakevens have fallen in all maturities since the peak of the tariff turbulence 3 months ago, and compared to 12M ago. This leaves the BoE better placed to reduced base rates further.

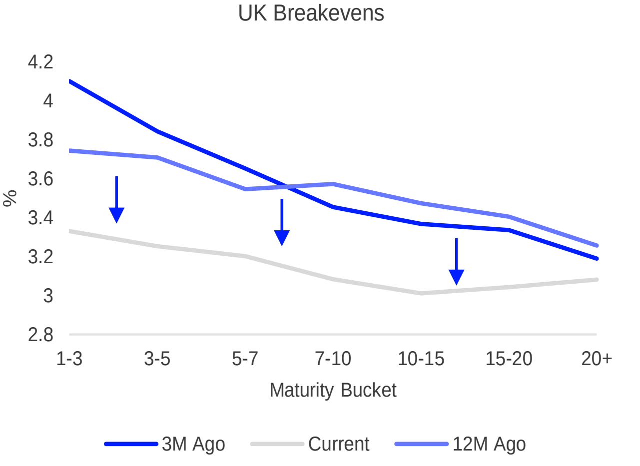

Chart 3: Parting of the ways? Short gilt yields have been pulled lower by the BoE's interest rate cuts, while long-dated yields have increased due to issuance fears, and inability to achieve the 2% inflation target.

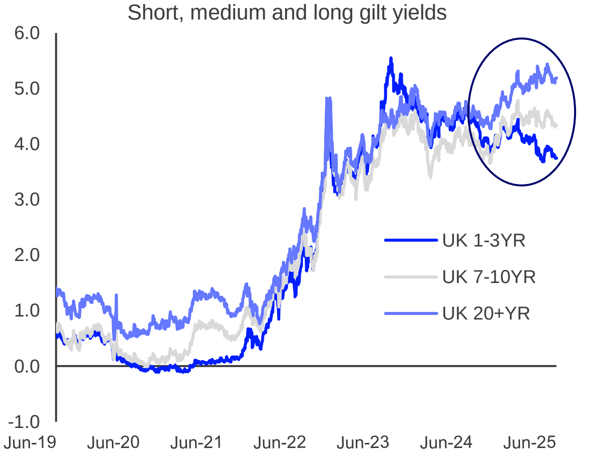

Chart 4: UK gilt redemptions are substantial in the next two fiscal years, reflecting the heavy issuance in 2020-21 related to Covid. Note that the gilt market overall has shorter duration than pre-Covid.

Gilt	Redemption* (£ million nominal)	Redemption date
2% Gilt 2025	40,343	Sept 7 2025
3½% Gilt 2025	36,016	Oct 22 2025
0 1/8% Gilt 2026	41,178	Jan 30 2026
01/8% Index-linked 2026	20,955	March 22 2026
Financial year 2025-26*	168.200	
1½% Gilt 2026	44,674	July 22 2026
0 3/8% Gilt 2026	33,661	Oct. 22 2026
4 1/8% Gilt 2027	33,031	Jan 29 2027
3¾% Gilt 2027	37,353	March 7 2027
Financial year 2026-27*	148,719	

* Exact redemption amounts will depend on inflation accruals in index-linked

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Global Yields, Curves and Breakevens

Chart 1: Yields fell from key resistance levels in June, as geopolitical tensions drove a mini-flight to safety, despite higher oil prices. Further ECB easing helped Bunds. JGBs recovered a little after May's sell-off.

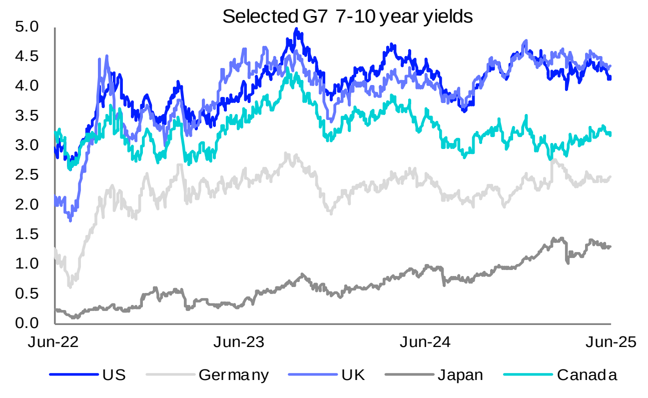


Chart 2: 7-10yr real yields have stabilised, and are in the 1-2% range, apart from Japan, where they are negative. Real yields at these levels may attract more LDI flows from DB pension schemes in surplus.

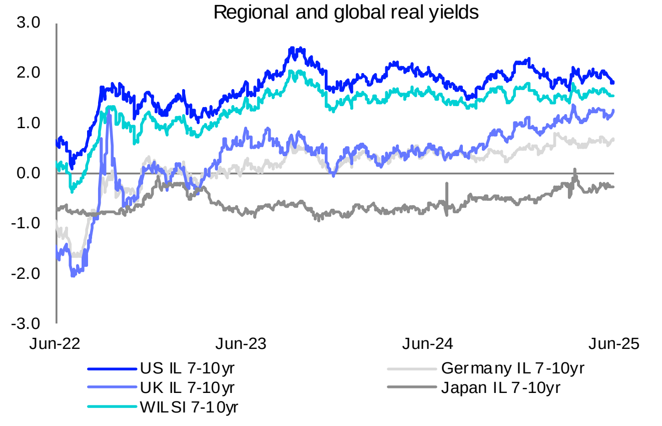


Chart 3: Curves stabilised in June, as central banks paused policy easing, ex ECB, and 10 year yields fell a little over the month. The US curve steepened less than others in 2025, due to the Fed holding rates.

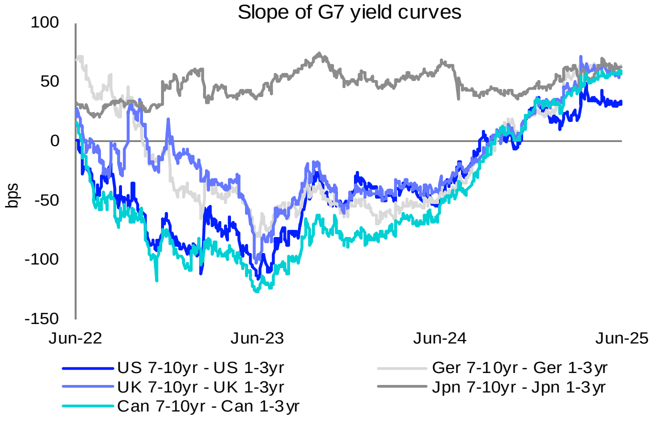


Chart 4: Long end curve steepening also stabilised somewhat in June, even in JGBs, after the sharp sell-off in May. But curve steepening in longs is more marked than in mediums on fears over debt sustainability.

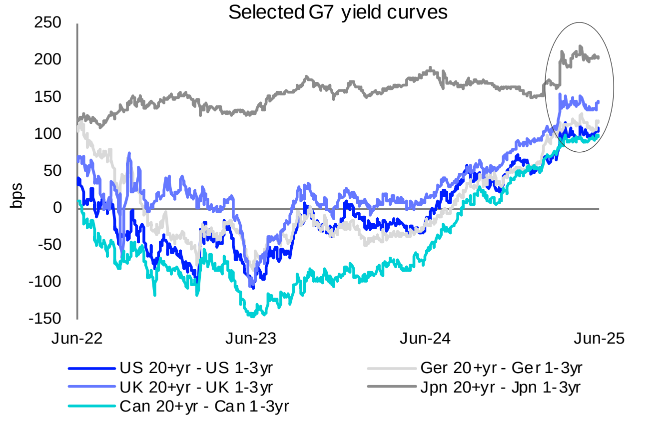


Chart 5: Inflation breakevens are broadly stable globally and fell with inflation in Japan in June. Lower energy prices helped inflation rates fall back for May, though this may be reversed in June data.

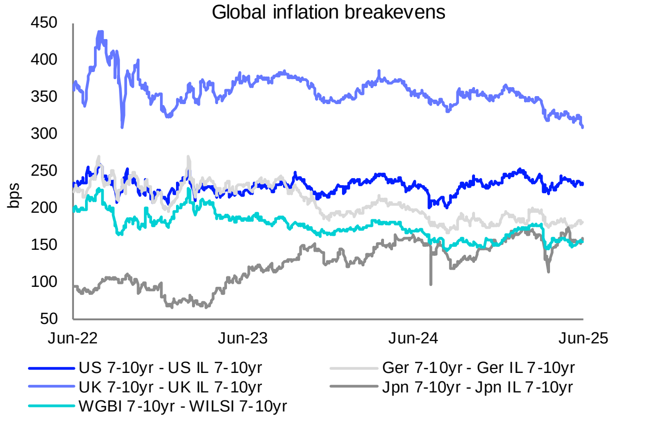
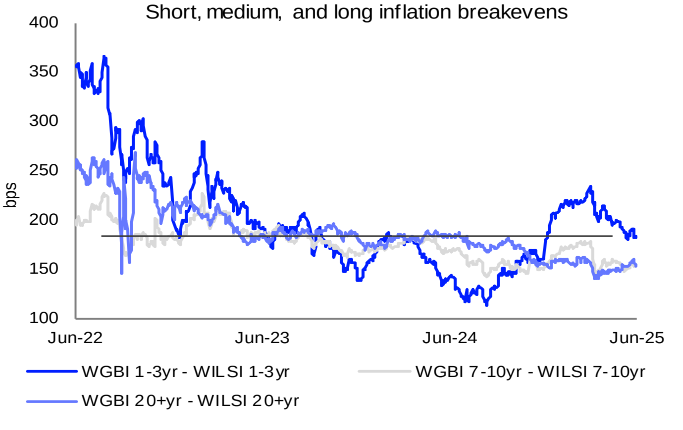


Chart 6: The Q1 tariff-related spike in short-dated breakevens has unwound during the tariff pause, helped by lower oil prices. Medium and longer dated breakevens remain stable at, or below, the 2% level.



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Yield Spreads and Credit Spread Analysis

Chart 1: US sovereign spreads edged lower late in June, as geopolitical tensions rose sharply, but widened a little overall in Q2, after the Fed failed to match easing moves elsewhere, particularly versus Europe.

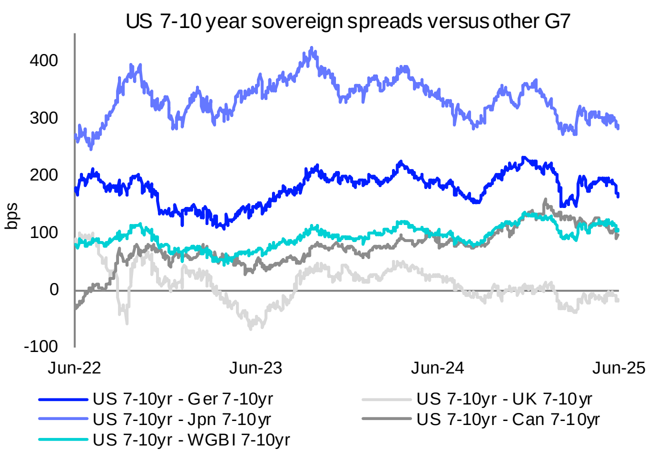

Chart 2: Italian spreads resumed their convergence as tariff fears eased and equities rallied since April, and made new lows versus Bunds and Spain in June, after the latest ECB rate cut to 2.0% (deposit rate).

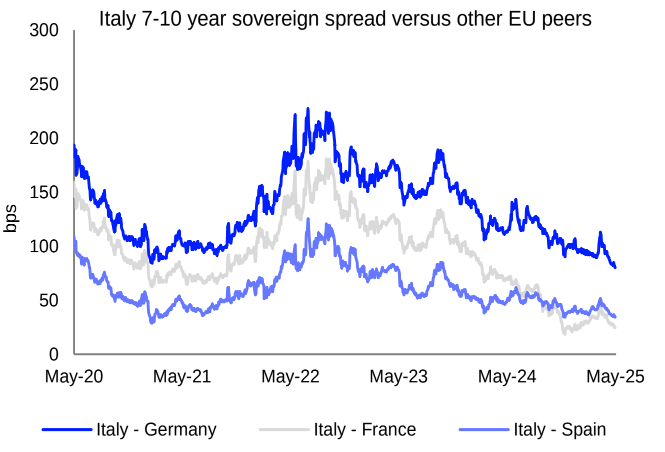

Chart 3: The trend to tighter EM spreads vs DM remains largely intact, with spreads close to lows in many cases & negative vs the US and UK. Spreads held near lows despite the G7 switch to easing since June 2024.

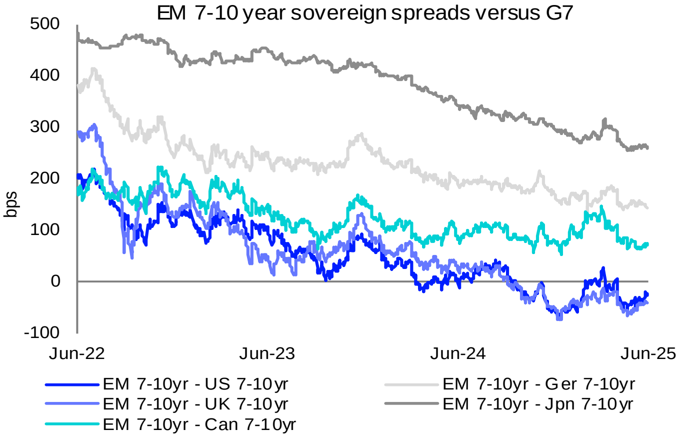

Chart 4: Chinese 7-10 year spreads remained near lows vs Japan and Germany, after PBoC eased in May. Spreads are negative against all major markets apart from JGBs, and near historic lows in some cases.

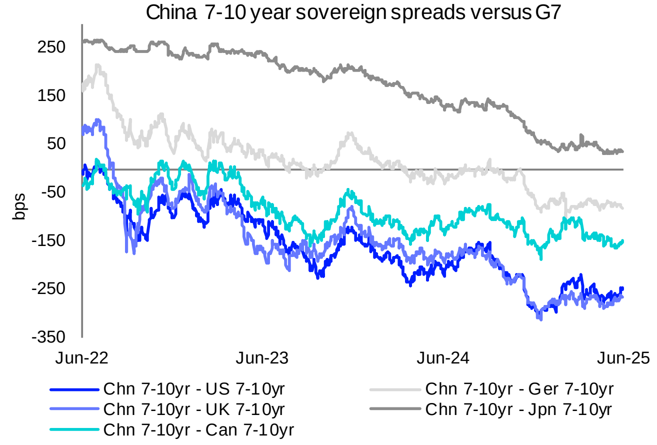

Chart 5:The tariff-related spike in credit spreads proved short-lived, and spreads are near the lows reached in Q1. The strong equity market and risk rally since April were the main drivers, despite tariff risks continuing.

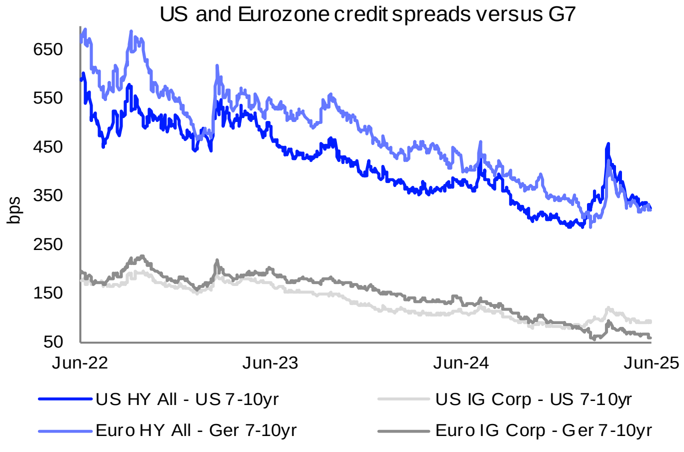

Chart 6: China HY spreads tightened with US HY, in US dollars, as the tariff-related spike unwound, and equities rallied. PBoC easing in May helped, given the high property share in Chinese HY issuance.

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European Credit Analysis

Chart 1: Canadian IG corporate bonds have outperformed G7 peers since 2020, followed closely by EuroBIG, all in US dollar terms. USBIG has lagged with a flat performance during the same period.

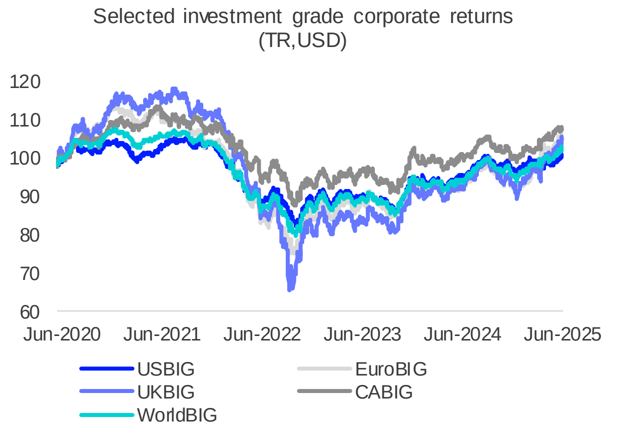


Chart 2: Corporate bond duration has fallen sharply in the last five years, notably in the UK and US. At 4.4 years, EuroBIG IG duration is the shortest vs peers, and below the 5.8 years of the WorldBIG.

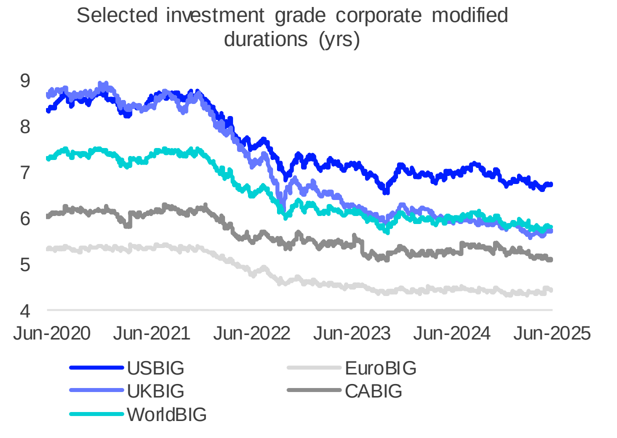


Chart 3: The three largest industries, banks, manufacturing and services in the Euro IG Corp have led performance over the last five years, with the former benefitting from steeper yield curves.

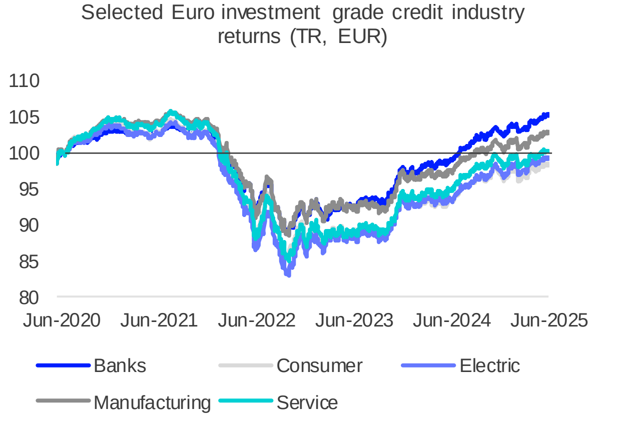


Chart 4: The banking and manufacturing sectors represent about 50% of the Euro corporate bond market, with services another large sector accounting for about 10% of the universe.

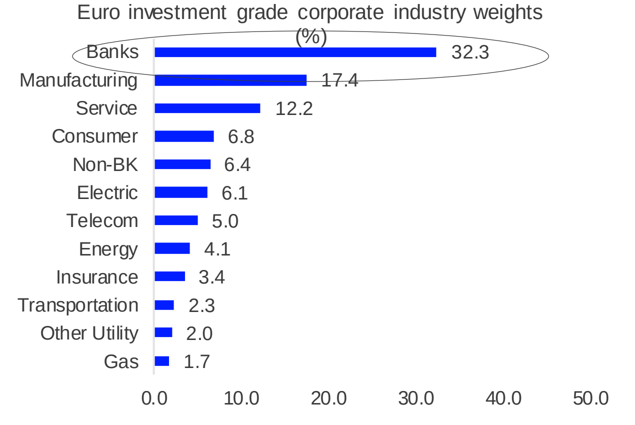


Chart 5: Similarly to Euro IG Corp, banks and manufacturing also drove performance in Euro high yield credit over five years, though services held up better in Euro HY than in Euro IG equivalents.

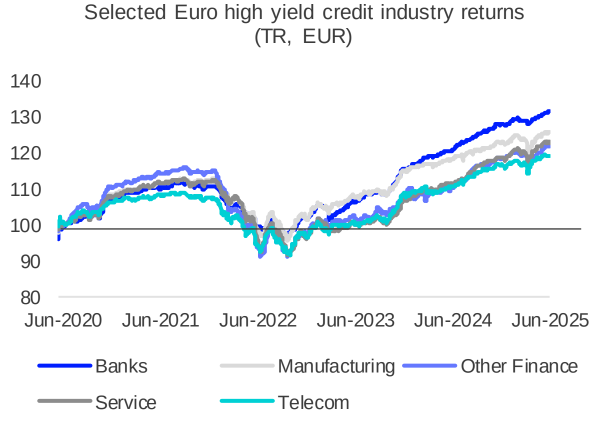
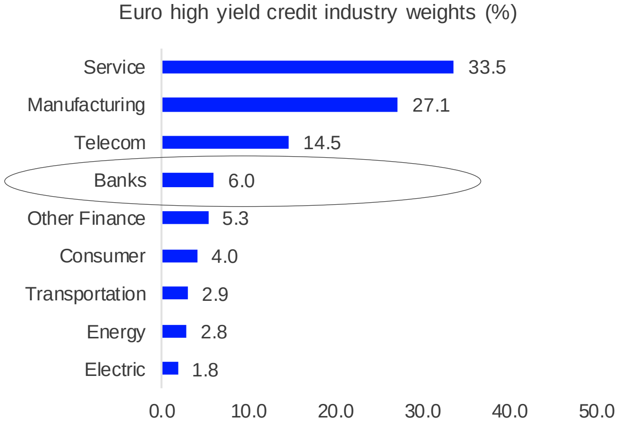


Chart 6: There are major industry weight differences between Euro IG and HY credits: The bank weight is much smaller in Euro Corp, while services, manufacturing and telecoms are more prominent in Euro HY.



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UK Credit Analysis

Chart 1: IG credits show little impact from the tariff turbulence in Q2, with yields unwinding the brief spike in all markets. UK and US yield differentials have increased after further easing by ECB and PBoC.

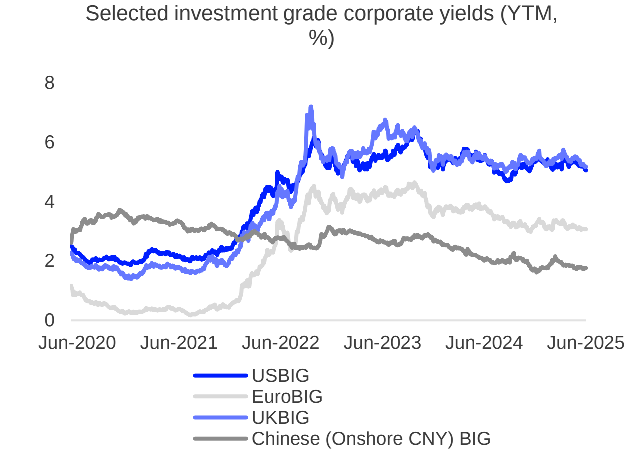


Chart 2: Dollar and RMB weakness mean that US and China IG credit now show losses YTD for a sterling-based investor, unhedged, whereas Euro IG credit shows positive returns, as does sterling IG credit.

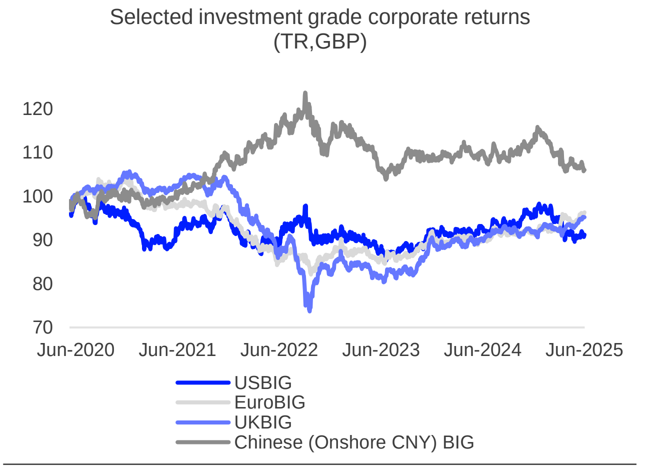


Chart 3: UK financials continue to outperform other IG credit, led by banks, helped by better capitalisation in this cycle, higher rates & net interest income. Bank credit & equities have also become lower beta.

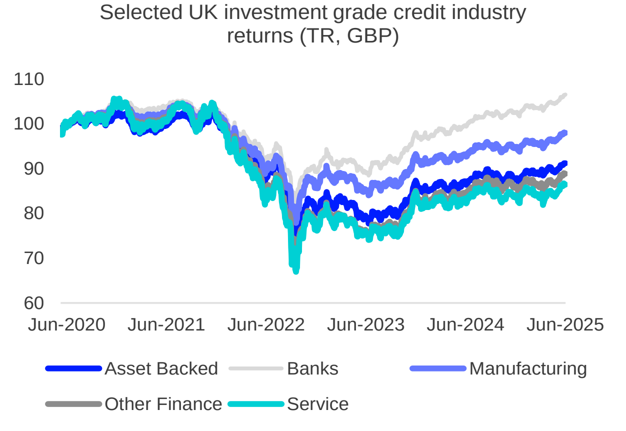


Chart 4: Financials carry substantial weight in UK IG credit indices. Banks, other finance and insurance amount to about 50% in total. In comparison, the consumer and transportation industries are small.

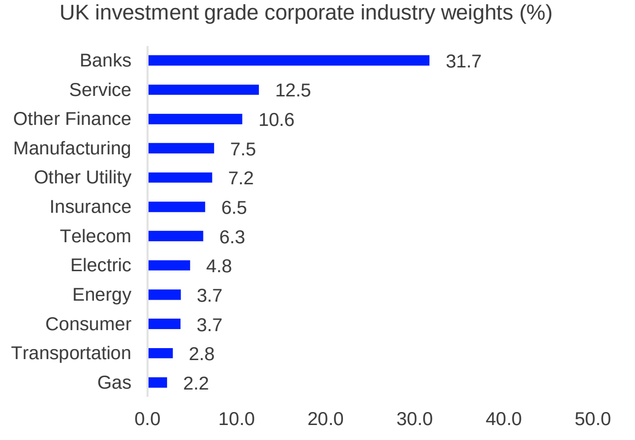


Chart 5: The 4 largest industries in the sterling HY market are shown below, with the defaults in the water sector crushing returns in other utility. Other utility has a weighting of 9%, so the impact was material.

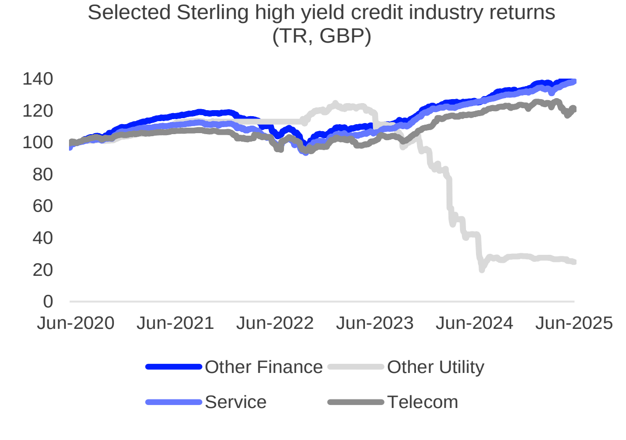
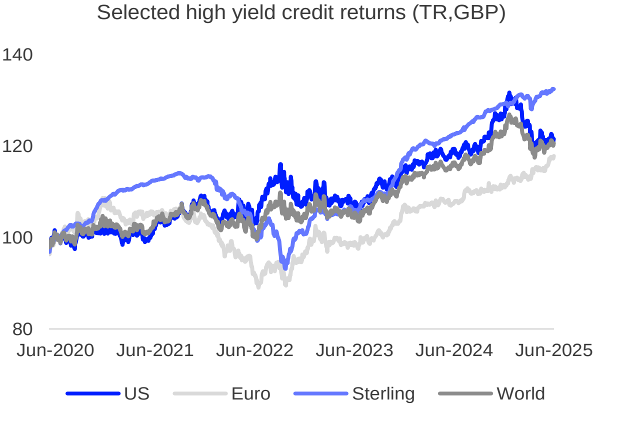


Chart 6: The impact of dollar weakness is clear in the underperformance of US high yield and the world HY index, in sterling in 2025. In contrast, sterling & Euro high yield have shown favourable returns in sterling terms.



Source: FTSE Russell and LSEG. All data as of June 30, 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.

SI Sovereign Bond Analysis

Chart 1: Despite higher volatility, SI Sovereign performance was positive across the board in Q2 as sovereign yields fell on lower growth expectations and softer inflation. 1-year performance was also positive.

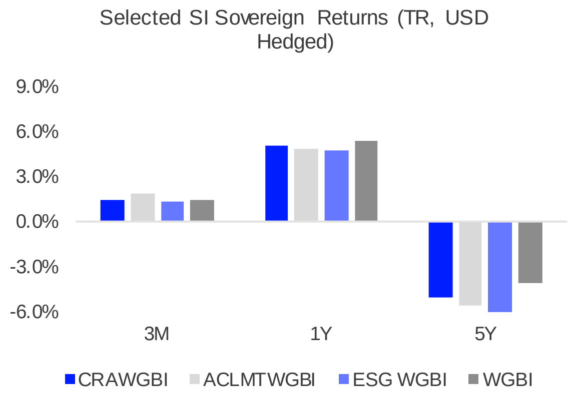


Chart 2: SI corporate performance was also positive in Q2 and, despite widening in April, spreads have narrowed in May and June. SI corporates have now outperformed SI sovereigns over 3M, 1Y and 5Y.

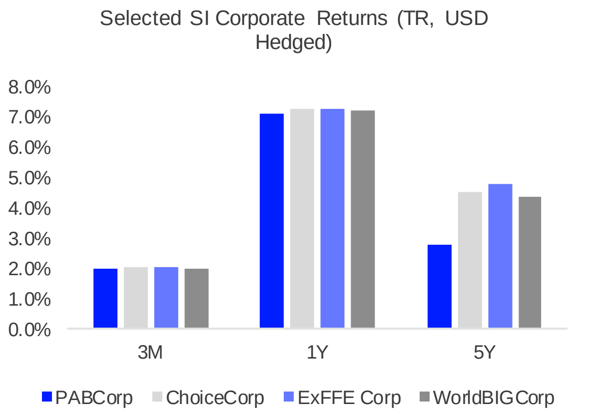


Chart 3: SI sovereigns have underperformed WGBI over 5Y, initially due to their higher duration, as sov yields rose, but more recently due to SI sov yields declining by less vs WGBI. ESG WGBI underperformed.

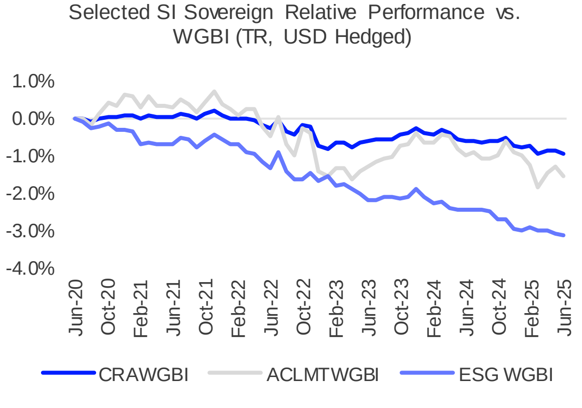


Chart 4: Within SI corporates, duration largely explains divergent relative performance between Choice/ExFFe and PAB. For Green Corp, it was due to an underweight in industrials and overweight in electric utilities.

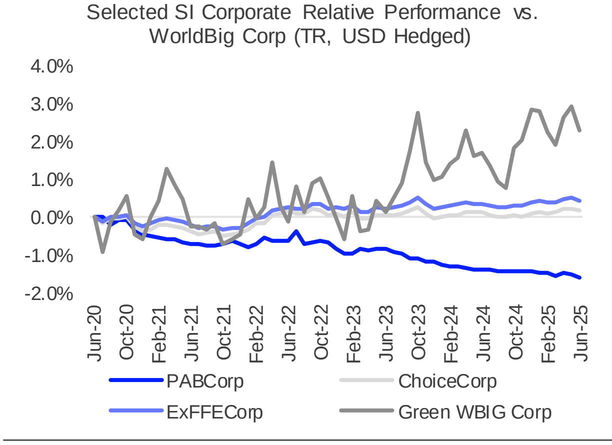


Chart 5: Diverging monetary policies meant yields for Adv Climate, Climate Risk-Adjusted WGBI and ESG WGBI have been higher vs WGBI. Since Dec 2024, only Adv Climate yield has been lower.

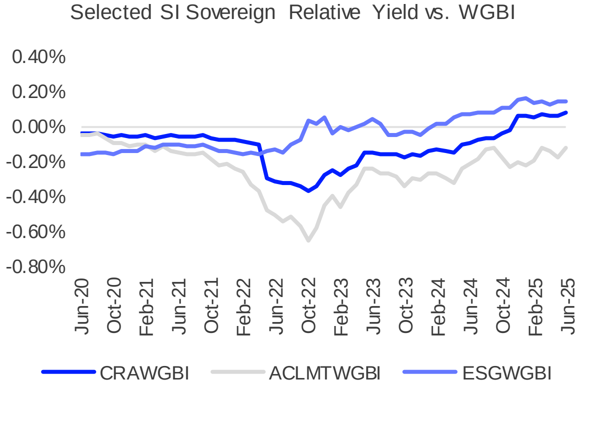
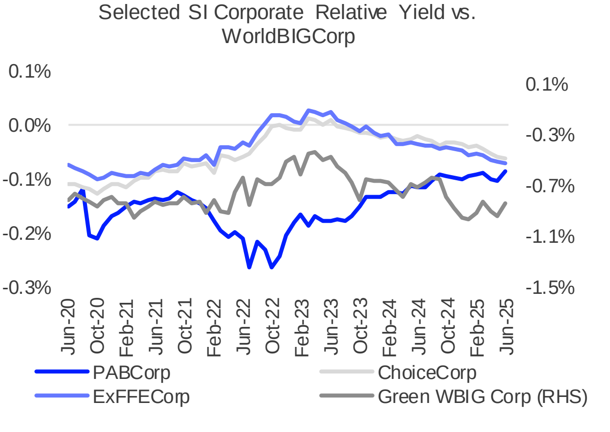


Chart 6: Except PAB Corp, SI corporates have seen their yields fall vs WorldBIG Corp since Q2 2024. PAB Corp's positive active duration suggests it has benefitted from a higher term premium since 2023.



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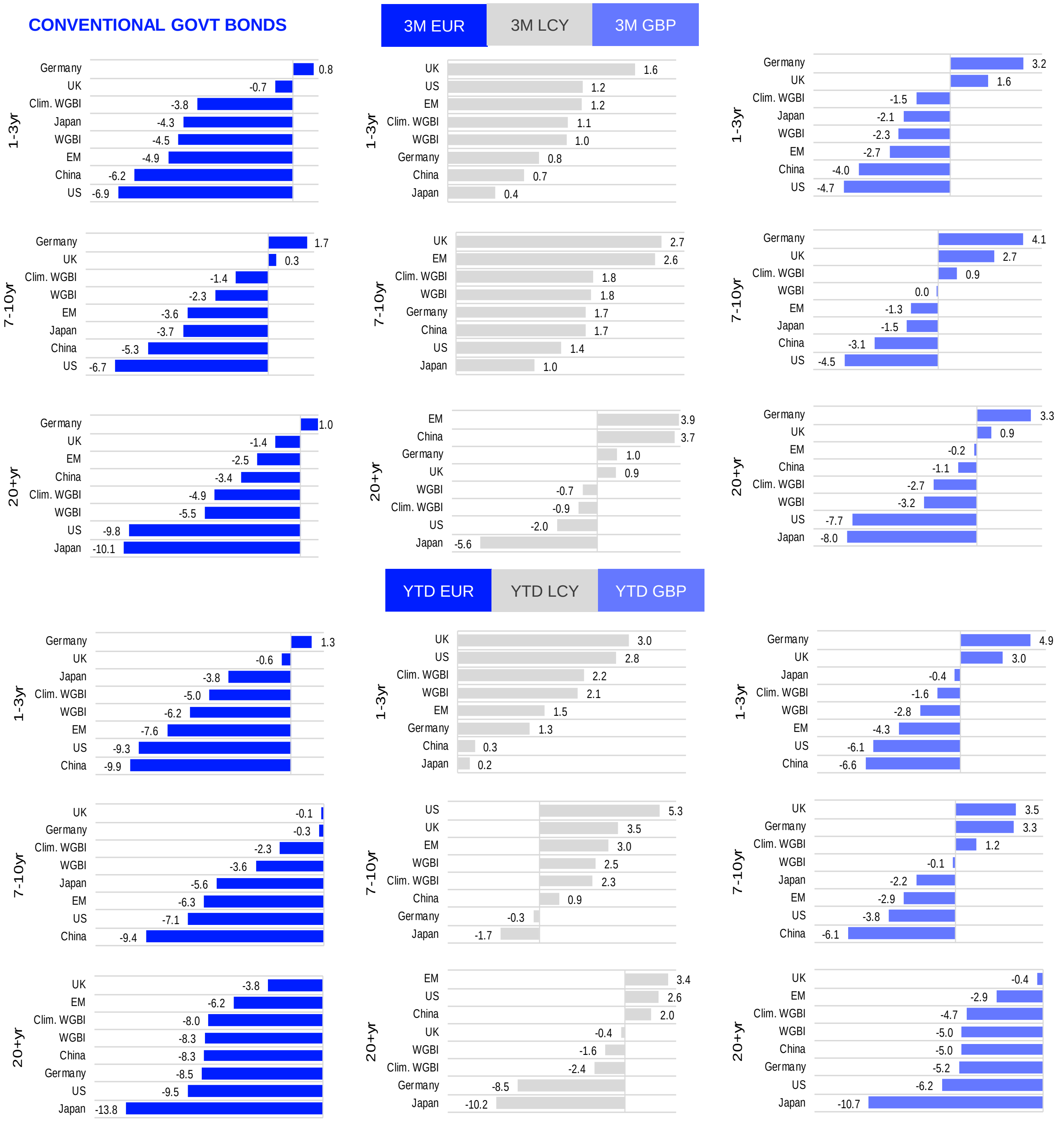
Conventional Government Bond Returns − 3M & YTD % (EUR, GBP, LC, TR)

Dollar weakness and Euro and sterling strength dominated Q2 and YTD returns, with FX moves overpowering yield changes. Returns were negative in all overseas markets in Euro-terms in Q2 & YTD, apart from medium gilts and Bunds, with losses of 10% in long JGBs and US Treasuries. Only Bunds and gilts showed positive returns in sterling terms in Q2.

Although most government bonds showed modest gains in local currency terms in Q2, of up to 4%, these were exceeded by currency losses for Euro, and sterling-based investors, particularly in US Treasuries and China government bonds, which lost up to 10%.

Long JGBs fell further in local currency terms, as the curve steepened, and with the yen losing ground as well, Q2 losses were 8-10% in sterling and Euro. It is a similar story YTD, with losses of 11-14%, though the yen is unchanged against sterling YTD.

YTD, WGBI returns particularly were dampened by the high weighting of US Treasuries (45%) and the weak dollar.



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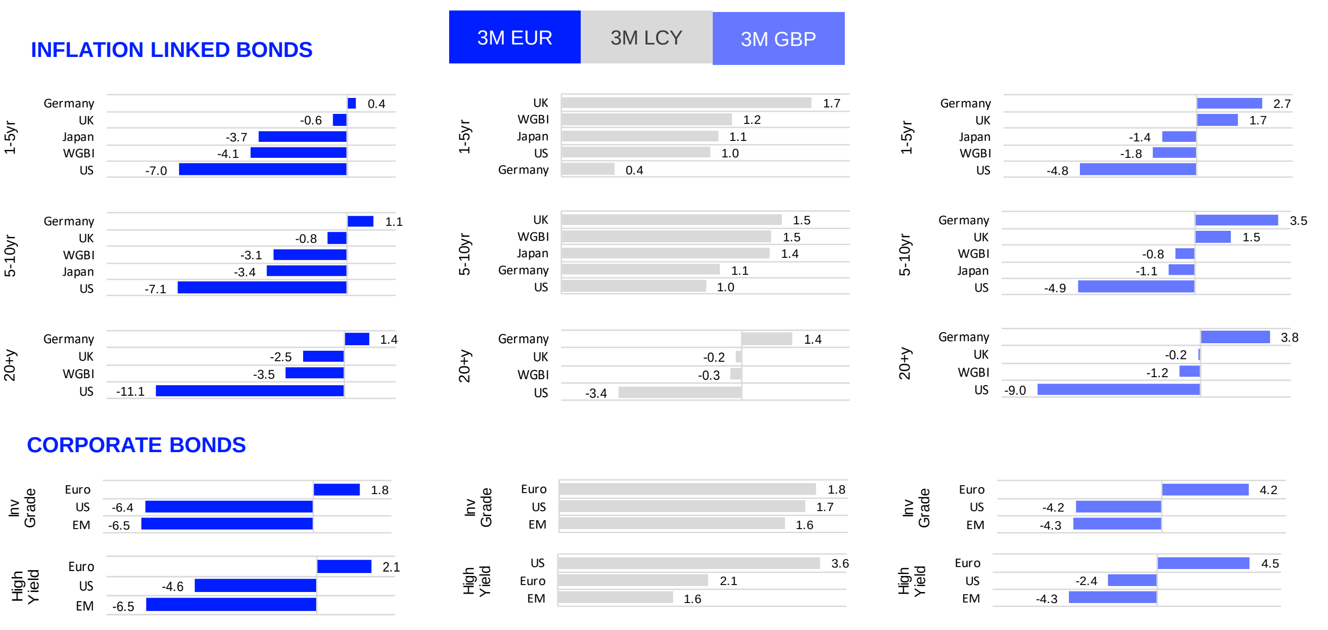
Global Inflation-Linked Bond Returns − 3M & YTD % (EUR, GBP, LC, TR)

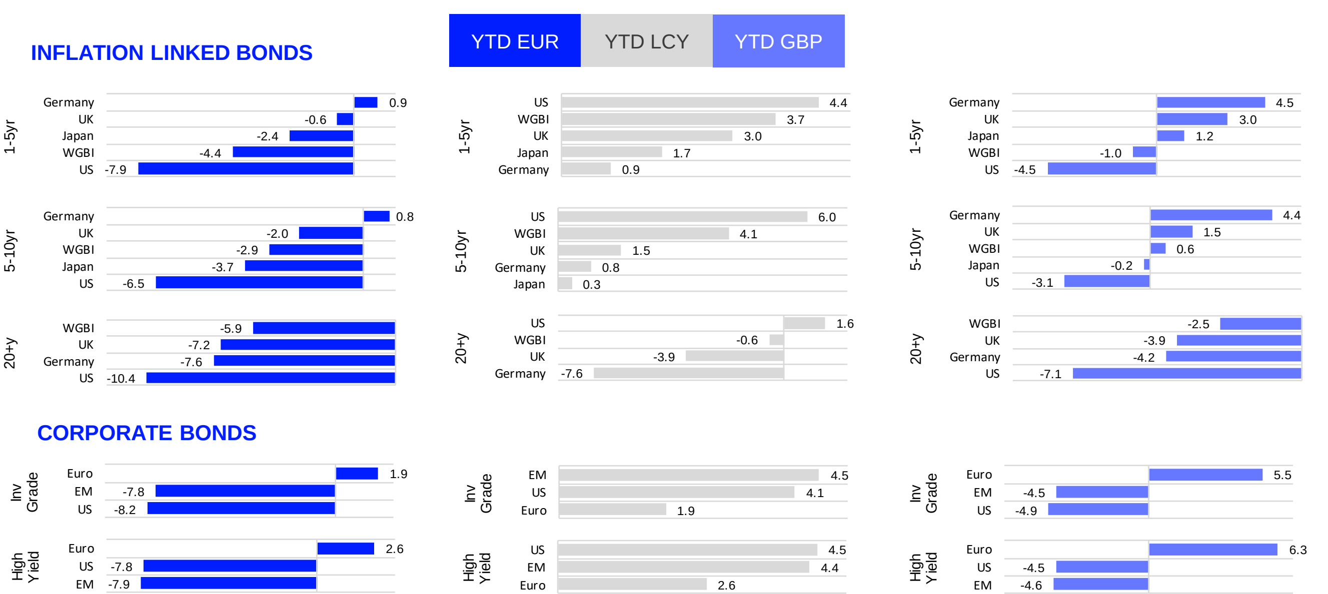
As with conventionals, dollar weakness and Euro and sterling strength dominated Q2 and YTD returns in inflation linked bonds, with FX moves overpowering yield changes. Returns were negative in all overseas markets in Euro terms in Q2 and YTD, with losses of 7-11% in US Tips in Euros. Similarly, only Bunds and gilts showed positive returns in sterling terms in Q2. Both IG and HY credit shrugged off tariff-related woes and finished with modest gains in Q2.

Although most short and medium dated linkers, and IG and HY credit, showed modest gains in local currency terms in Q2 and YTD, of up to 6%, these were more than offset by currency losses for euro, and sterling-based investors.

Credit recovered from the tariff-related sell-off in April, with small gains of 2-4% in local currencies in Q2, and 2-5% YTD, but this translated into losses of 2-7% in US and EM credits in sterling and euro terms. HY credits were helped by the strong correlation to equity market performance and the rally in Q2. Only Euro credits made positive Q2 returns.

Long linkers again underperformed in Q2 and YTD. Long Bund linkers recovered in Q2, but are still down 8% YTD in Euros, and 4% in sterling.





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Top and Bottom Bond Returns − 3M & 12M % (EUR, GBP, TR)

Further convergence in Eurozone peripheral yields meant Italian and Spanish bonds delivered the strongest returns on 3M, with gains of 7-9% in Euros and sterling. In fact, Italian governments were strongest performers on 12M, gaining 6-11% in Euros and sterling, closely followed by Euro IG credits. Long Tips, Treasuries and JGBs lost 8-11% on 3M.

Eurozone government bonds plus Euro credits dominated the Top 10 returns on 3M and YTD, in Euros and sterling, reflecting the strong exchange rate, and further ECB interest rate cuts (also see page 16 on FX moves).

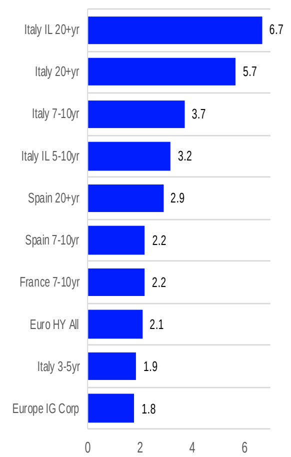
Unsurprisingly, most of the weakest performers were either US Treasuries and Tips, with the impact of currency losses on 3M, or long dated bonds on 12M, which suffered from both yield curve steepening and exchange rate losses.

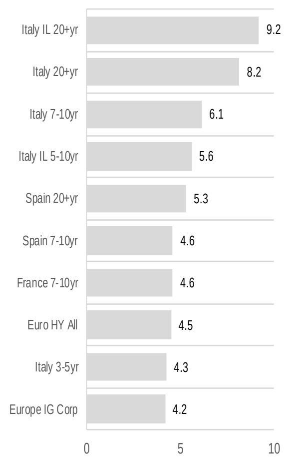
Thus, long UK inflation linked, WILSI and Australian linkers lost 9-17% in sterling and Euro terms on 12M as a result, with the Australian dollar losing 10% against both sterling and Euro. Both WILSI and WGBI ex Japan suffered from high USD weights.

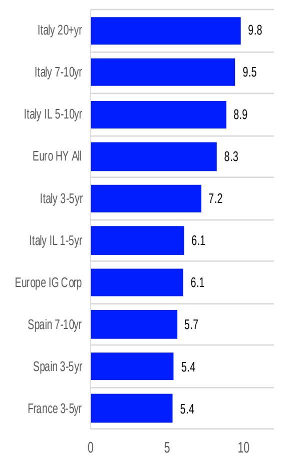
TOP 10

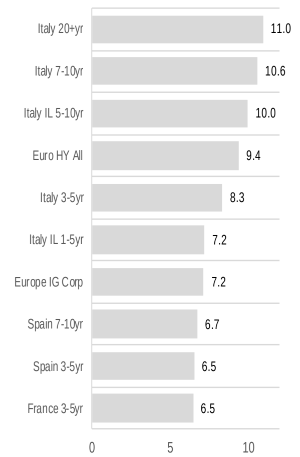
3M EUR | 3M GBP

12M EUR | 12M GBP





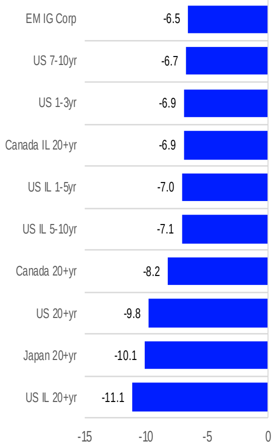


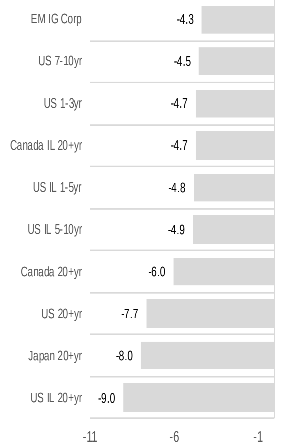


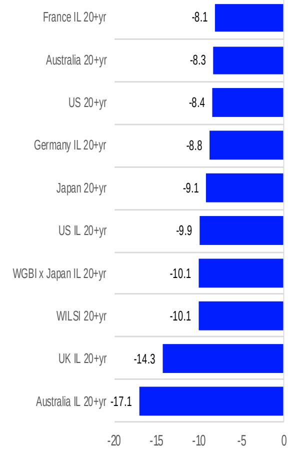
BOTTOM 10

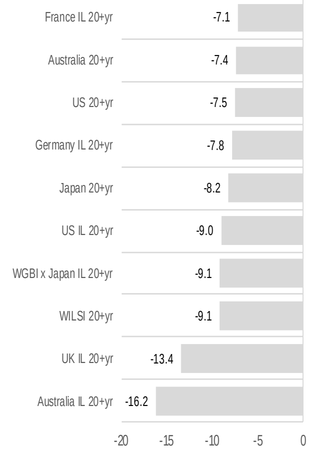
3M EUR | 3M GBP

12M EUR | 12M GBP









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Appendix − Global Bond Market Returns % (EUR, GBP & LC, TR) – Jun 30, 2025

Government bond returns

Top 15% | Bottom 15%

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

		3M			YTD			12M		
		Local	GBP	EUR	Local	GBP	EUR	Local	GBP	EUR
US	1-3YR	1.18	-4.70	-6.89	2.78	-6.07	-9.33	5.69	-2.50	-3.50
	7-10YR	1.38	-4.50	-6.70	5.28	-3.78	-7.13	6.25	-1.99	-2.99
	20+YR	-1.96	-7.65	-9.78	2.63	-6.20	-9.47	0.29	-7.48	-8.43
	IG All	1.70	-4.20	-6.41	4.09	-4.87	-8.18	6.94	-1.35	-2.36
	HY All	3.64	-2.38	-4.63	4.49	-4.50	-7.82	10.36	1.80	0.76
UK	1-3YR	1.64	1.64	-0.70	3.00	3.00	-0.58	5.32	5.32	4.24
	7-10YR	2.70	2.70	0.33	3.47	3.47	-0.13	3.11	3.11	2.05
	20+YR	0.89	0.89	-1.43	-0.36	-0.36	-3.82	-5.63	-5.63	-6.60
EUR	IG All	1.78	4.18	1.78	1.85	5.52	1.85	6.06	7.16	6.06
	HY All	2.09	4.50	2.09	2.58	6.27	2.58	8.26	9.38	8.26
Japan	1-3YR	0.42	-2.08	-4.33	0.20	-0.36	-3.83	0.04	2.77	1.72
	7-10YR	1.03	-1.48	-3.75	-1.67	-2.23	-5.63	-1.29	1.41	0.37
	20+YR	-5.62	-7.97	-10.09	-10.18	-10.68	-13.79	-10.63	-8.19	-9.13
China	1-3YR	0.67	-4.04	-6.25	0.30	-6.63	-9.87	2.14	-4.46	-5.43
	7-10YR	1.70	-3.06	-5.29	0.87	-6.09	-9.36	6.26	-0.60	-1.62
	20+YR	3.71	-1.14	-3.41	2.04	-5.00	-8.30	12.13	4.89	3.81
EM	1-3YR	1.18	-2.68	-4.92	1.52	-4.29	-7.62	3.91	-2.30	-3.30
	7-10YR	2.61	-1.28	-3.55	3.04	-2.91	-6.29	7.80	1.83	0.79
	20+YR	3.92	-0.17	-2.47	3.35	-2.86	-6.24	12.05	5.22	4.15
	IG All	1.56	-4.34	-6.54	4.51	-4.48	-7.81	7.22	-1.09	-2.10
	HY All	1.59	-4.31	-6.51	4.36	-4.62	-7.94	9.24	0.77	-0.27
Germany	1-3YR	0.80	3.18	0.80	1.27	4.92	1.27	3.66	4.73	3.66
	7-10YR	1.70	4.10	1.70	-0.25	3.34	-0.25	2.33	3.38	2.33
	20+YR	0.96	3.34	0.96	-8.47	-5.17	-8.47	-5.03	-4.04	-5.03
Italy	1-3YR	0.95	3.33	0.95	1.83	5.50	1.83	5.06	6.15	5.06
	7-10YR	3.70	6.15	3.70	2.85	6.55	2.85	9.47	10.60	9.47
	20+YR	5.66	8.15	5.66	-0.41	3.18	-0.41	9.82	10.96	9.82
Spain	1-3YR	0.87	3.25	0.87	1.59	5.25	1.59	4.51	5.60	4.51
	7-10YR	2.19	4.60	2.19	1.22	4.86	1.22	5.65	6.75	5.65
	20+YR	2.89	5.32	2.89	-3.97	-0.51	-3.97	3.15	4.22	3.15
France	1-3YR	0.90	3.28	0.90	1.63	5.29	1.63	4.52	5.60	4.52
	7-10YR	2.18	4.59	2.18	1.69	5.35	1.69	4.42	5.50	4.42
	20+YR	1.46	3.85	1.46	-4.46	-1.01	-4.46	-2.23	-1.22	-2.23
Sweden	1-3YR	1.29	0.56	-1.75	1.62	7.68	3.93	3.50	6.09	5.00
	7-10YR	3.39	2.64	0.28	2.54	8.65	4.87	2.51	5.08	4.00
Australia	1-3YR	1.60	0.64	-1.67	2.89	-0.47	-3.93	5.44	-4.55	-5.53
	7-10YR	3.23	2.26	-0.09	4.76	1.34	-2.18	6.81	-3.31	-4.30
	20+YR	3.70	2.72	0.36	3.25	-0.12	-3.60	2.34	-7.36	-8.31
NZ	1-3YR	1.35	2.33	-0.03	2.29	1.29	-2.23	6.97	-1.70	-2.71
	7-10YR	1.57	2.54	0.18	2.08	1.09	-2.43	6.72	-1.92	-2.93
Canada	1-3YR	0.19	-0.46	-2.75	1.78	-1.96	-5.37	5.21	-2.68	-3.67
	7-10YR	-0.93	-1.57	-3.84	1.78	-1.96	-5.37	5.90	-2.04	-3.04
	20+YR	-4.71	-5.33	-7.51	-2.06	-5.65	-8.94	0.86	-6.70	-7.65

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Appendix − Global Bond Market Returns % (EUR, GBP, LC, TR) – June 30, 2025

Inflation-Linked Bond Returns

Top 15% | Bottom 15%

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

		3M			YTD			12M		
		Local	GBP	EUR	Local	GBP	EUR	Local	GBP	EUR
US	1-5YR	1.03	-4.84	-7.03	4.44	-4.55	-7.87	6.84	-1.44	-2.45
	5-10YR	1.00	-4.87	-7.06	6.02	-3.10	-6.47	6.89	-1.40	-2.41
	20+YR	-3.42	-9.03	-11.12	1.61	-7.13	-10.36	-1.36	-9.01	-9.94
UK	1-5YR	1.74	1.74	-0.61	2.97	2.97	-0.61	4.52	4.52	3.45
	5-10YR	1.53	1.53	-0.81	1.53	1.53	-2.00	0.60	0.60	-0.43
	20+YR	-0.15	-0.15	-2.45	-3.90	-3.90	-7.25	-13.42	-13.42	-14.31
EUxUK	1-5YR	0.37	2.74	0.37	0.86	4.49	0.86	3.13	4.20	3.13
	5-10YR	1.10	3.48	1.10	0.80	4.43	0.80	2.15	3.21	2.15
	20+YR	1.42	3.81	1.42	-7.56	-4.23	-7.56	-8.75	-7.81	-8.75
Japan	1-5YR	1.09	-1.43	-3.70	1.74	1.16	-2.35	2.21	5.00	3.93
	5-10YR	1.45	-1.08	-3.35	0.34	-0.23	-3.70	0.58	3.32	2.27
EM	1-5YR	2.77	0.72	-1.60	7.11	5.85	2.16	12.50	1.58	0.54
	5-10YR	3.24	2.06	-0.29	7.41	6.81	3.10	10.83	1.45	0.41
	20+YR	4.71	3.93	1.54	9.07	10.45	6.61	6.52	-1.64	-2.65
Germany	1-5YR	0.37	2.74	0.37	0.86	4.49	0.86	3.13	4.20	3.13
	5-10YR	1.10	3.48	1.10	0.80	4.43	0.80	2.15	3.21	2.15
	20+YR	1.42	3.81	1.42	-7.56	-4.23	-7.56	-8.75	-7.81	-8.75
Italy	1-5YR	1.26	3.64	1.26	2.45	6.14	2.45	6.12	7.21	6.12
	5-10YR	3.17	5.61	3.17	3.69	7.43	3.69	8.86	9.99	8.86
	20+YR	6.68	9.20	6.68	-2.57	0.94	-2.57	5.12	6.21	5.12
Spain	1-5YR	1.00	3.38	1.00	2.05	5.73	2.05	4.86	5.95	4.86
	5-10YR	1.72	4.11	1.72	1.62	5.28	1.62	4.41	5.49	4.41
France	1-5YR	0.95	3.33	0.95	1.85	5.52	1.85	4.00	5.08	4.00
	5-10YR	1.61	4.00	1.61	2.06	5.73	2.06	3.26	4.33	3.26
	20+YR	1.23	3.62	1.23	-6.00	-2.61	-6.00	-8.09	-7.14	-8.09
Sweden	1-5YR	0.30	-0.42	-2.71	0.60	6.59	2.88	1.71	4.26	3.19
	5-10YR	1.55	0.82	-1.50	1.19	7.22	3.49	1.84	4.39	3.32
Australia	1-5YR	2.03	1.07	-1.26	3.34	-0.03	-3.51	5.03	-4.92	-5.90
	5-10YR	2.64	1.67	-0.67	3.45	0.08	-3.40	5.32	-4.66	-5.64
	20+YR	2.39	1.43	-0.91	-3.68	-6.83	-10.07	-7.42	-16.20	-17.06
NZ	5-10YR	2.07	3.05	0.67	3.53	2.53	-1.04	6.13	-2.47	-3.47
	20+YR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Canada	20+YR	-2.26	-2.90	-5.13	1.04	-2.67	-6.05	5.50	-2.40	-3.40

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Appendix − Historical Bond Yields % as of June 30, 2025

Global Bond Yields

Top 15% | Bottom 15%

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

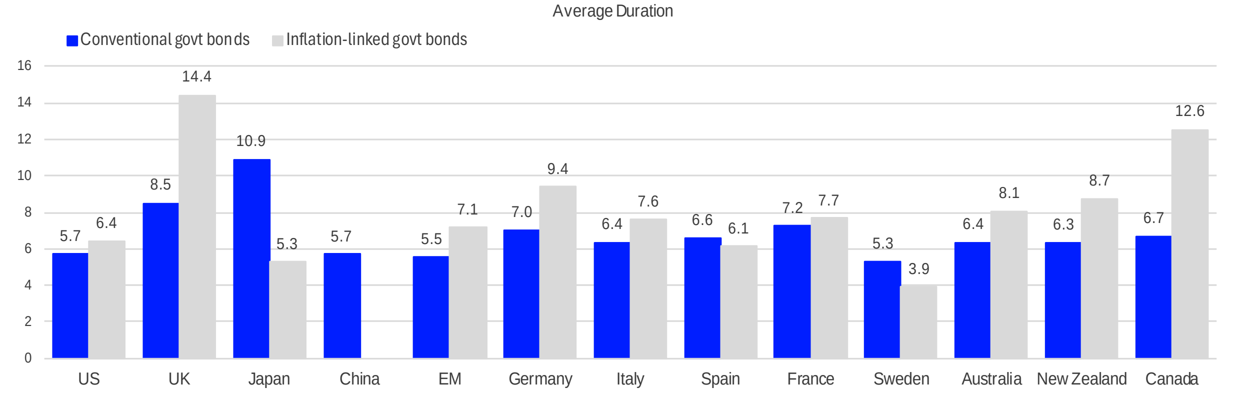
		Conventional government bonds				Inflation-linked bonds			Inv Grade	High Yld
		1-3YR	3-5YR	7-10YR	20+YR	1-5YR	5-10YR	20+YR	All Mat	All Mat
US	Current	3.81	3.74	4.13	4.86	1.26	1.71	2.55	5.04	7.37
	3M Ago	3.95	3.92	4.16	4.66	1.11	1.64	2.32	5.16	7.90
	6M Ago	4.25	4.34	4.54	4.88	1.95	2.16	2.50	5.35	7.61
	12M Ago	4.82	4.43	4.37	4.62	2.34	2.04	2.28	5.51	8.09
UK	Current	3.74	3.81	4.34	5.19	0.50	1.14	2.11		
	3M Ago	4.07	4.13	4.54	5.17	0.13	0.97	1.98		
	6M Ago	4.24	4.22	4.47	5.03	0.48	0.86	1.80		
	12M Ago	4.48	4.10	4.10	4.59	0.46	0.52	1.33		
Japan	Current	0.67	0.89	1.31	2.72	-1.31	-0.35			
	3M Ago	0.76	1.01	1.37	2.43	-1.15	-0.26			
	6M Ago	0.53	0.67	0.98	2.18	-1.20	-0.57			
	12M Ago	0.27	0.48	0.91	2.10	-1.32	-0.79			
China	Current	1.34	1.45	1.67	1.94					
	3M Ago	1.50	1.61	1.84	2.12					
	6M Ago	1.10	1.32	1.68	2.00					
	12M Ago	1.64	1.86	2.21	2.46					
EM	Current	2.97	3.30	3.91	3.55	7.06	6.07	5.85	5.18	7.81
	3M Ago	3.12	3.59	4.22	3.64	6.46	5.91	6.18	5.24	7.86
	6M Ago	2.99	3.20	3.98	3.49	6.51	5.83	6.25	5.55	8.05
	12M Ago	3.22	3.66	4.34	3.80	5.77	5.36	5.75	5.69	8.48
Germany	Current	1.85	2.03	2.49	3.02	0.53	0.68	1.10		
	3M Ago	2.03	2.19	2.61	3.03	0.47	0.47	1.08		
	6M Ago	2.04	2.05	2.27	2.54	0.97	0.47	0.64		
	12M Ago	2.87	2.49	2.42	2.66	1.54	0.54	0.53		
Italy	Current	2.01	2.38	3.19	4.12	0.79	1.32	2.18		
	3M Ago	2.23	2.66	3.54	4.38	0.43	1.36	2.23		
	6M Ago	2.37	2.65	3.28	3.96	0.99	1.44	1.86		
	12M Ago	3.43	3.42	3.85	4.43	1.76	1.91	2.09		
France	Current	2.03	2.39	3.07	3.95	0.63	0.93	1.70		
	3M Ago	2.20	2.56	3.21	3.96	0.36	0.90	1.67		
	6M Ago	2.28	2.54	3.04	3.59	0.73	0.97	1.36		
	12M Ago	3.12	3.02	3.16	3.62	1.18	1.03	1.21		
Sweden	Current	1.71	1.82	2.19		1.18	0.59			
	3M Ago	2.19	2.30	2.53		1.03	0.82			
	6M Ago	2.07	2.14	2.33		0.92	0.69			
	12M Ago	2.42	2.23	2.19		1.41	0.74			
Australia	Current	3.24	3.38	4.00	4.82	1.10	1.62	2.73		
	3M Ago	3.70	3.74	4.27	4.97	1.62	1.94	2.79		
	6M Ago	3.88	3.89	4.32	4.87	1.77	1.92	2.45		
	12M Ago	4.16	4.08	4.27	4.67	1.71	1.79	2.14		
New Zealand	Current	3.43	3.79	4.45	5.21		2.04			
	3M Ago	3.54	3.81	4.43	5.18		2.22			
	6M Ago	3.58	3.70	4.35	5.11		2.29			
	12M Ago	4.78	4.56	4.65	5.00	2.51	2.33			
Canada	Current	2.60	2.76	3.17	3.56	0.58	1.08	1.65		
	3M Ago	2.48	2.57	2.91	3.22	-0.01	0.64	1.38		
	6M Ago	2.93	2.94	3.17	3.33	1.07	1.26	1.53		
	12M Ago	4.07	3.56	3.51	3.42	1.70	1.72	1.68		

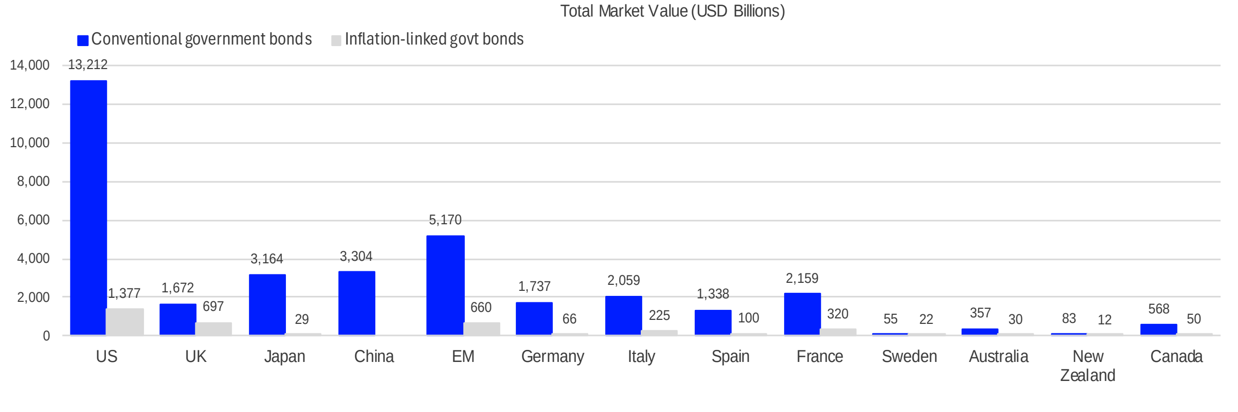
Source: FTSE Russell and LSEG. All data as of June 30, 2025. Past performance is no guarantee of future results. This report should not be considered 'research' for the purposes of MIFID II. Please see the end of the report for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix for list of indices used for each market.

Appendix – Duration and Market Value (USD, Bn) as of June 30, 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	7.1	16.0	**5.7**	3,012.7	1,259.6	1,469.1	**13,212.0**	6.9	21.0	**6.4**	478.0	105.8	**1,376.6**
UK	3.5	7.0	17.3	**8.5**	234.9	269.8	343.1	**1,671.6**	7.2	26.0	**14.4**	164.9	219.4	**696.8**
Japan	3.8	8.2	22.2	**10.9**	400.4	502.8	589.1	**3,163.8**	7.8		**5.3**	14.1		**28.7**
China	3.7	7.7	18.2	**5.7**	730.8	563.3	372.5	**3,304.0**						
EM	3.6	7.1	16.3	**5.5**	1,107.4	919.6	505.8	**5,170.0**	5.8	13.3	**7.1**	176.1	147.8	**659.8**
Germany	3.7	7.5	20.2	**7.0**	356.1	307.4	200.1	**1,737.3**	7.6	19.9	**9.4**	14.7	17.7	**65.9**
Italy	3.6	7.1	16.5	**6.4**	384.2	338.5	169.5	**2,059.3**	7.3	23.3	**7.6**	46.9	9.8	**224.8**
Spain	3.6	7.0	17.8	**6.6**	275.0	245.5	111.1	**1,337.9**	6.6		**6.1**	59.6		**99.9**
France	3.8	7.3	19.0	**7.2**	476.4	428.2	234.9	**2,158.5**	6.0	23.1	**7.7**	97.2	22.7	**319.8**
Sweden	4.2	7.6		**5.3**	9.1	17.3		**55.3**	5.9		**3.9**	6.6		**21.6**
Australia	3.9	7.2	16.2	**6.4**	63.4	87.2	20.3	**357.1**	5.7	20.8	**8.1**	11.6	2.6	**30.3**
New Zealand	3.9	7.2	15.5	**6.3**	16.9	21.8	5.3	**83.2**	4.8		**8.7**	3.5		**12.3**
Canada	3.7	7.2	19.0	**6.7**	102.4	118.9	81.4	**568.2**	5.7	21.5	**12.6**	8.4	13.1	**50.2**

	Investment grade bonds										High Yield	
	Duration					Market Value					Duration	MktVal
	AAA	AA	A	BBB	Overall	AAA	AA	A	BBB	Overall		
US	9.7	8.2	6.9	6.4	6.7	78.2	460.7	2997.0	3698.5	7234.5	3.7	1157.1
Europe	6.3	4.9	4.6	4.2	4.4	26.3	248.7	1407.9	1760.9	3443.9	3.1	388.5
EM		6.1	5.4	5.4	5.5		73.2	179.4	244.3	496.8	3.6	187.1

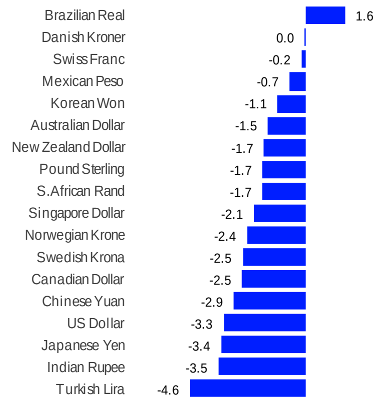




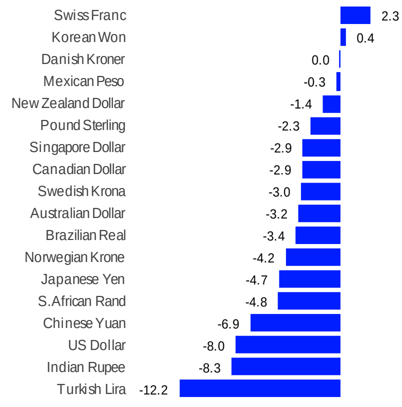
Source: FTSE Russell and LSEG. All data as of June 30, 2025. Past performance is no guarantee of future results. This report should not be considered 'research' for the purposes of MIFID II. Please see the end of the report for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix for list of indices used for each market.

Appendix − Foreign Exchange Returns % as of June 30, 2025

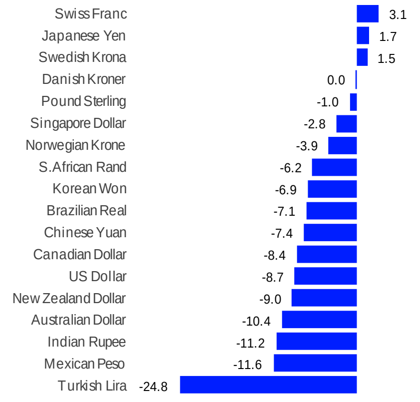
1M vs EUR



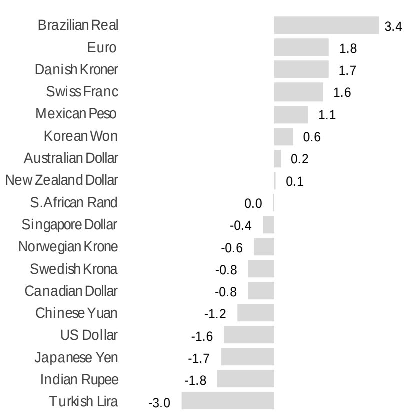
3M vs EUR



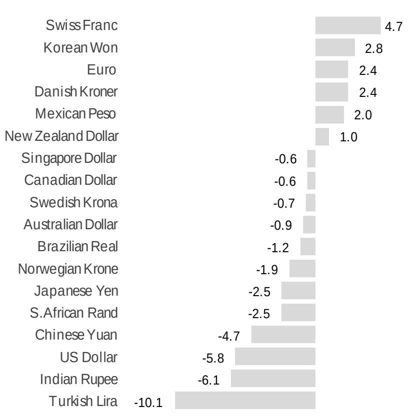
12M vs EUR



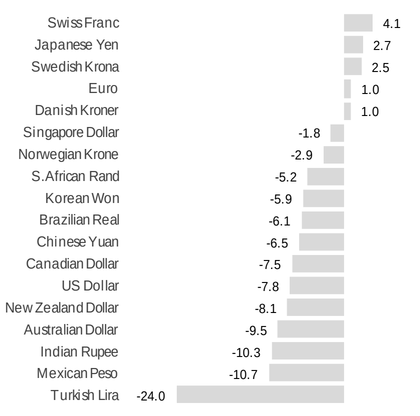
1M vs GBP



3M vs GBP



12M vs GBP



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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

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