

Fixed Income Insights

QUARTERLY REPORT | JULY 2026

EUROPE

EUROZONE & UK EDITION

Possible regime change but valuation still matters

Government bond yields fell modestly in Q2, as oil prices fell, but rate hikes from the ECB and BoJ, and Fed caution on rates, limited gains. The BoE held rates but continues significant QT in gilts. US capex boom and higher real yields may imply a regime shift away from the savings glut and weak productivity of the 2010s, led by the US. Higher real yields in Europe suggest a rise in real term premia. Re-rating of credit continues. Our empirical work indicates starting valuations are strongly correlated with future returns in fixed income.

Macro & policy backdrop – ECB rate increased but much lower risk of a 2022-23 cycle

The ECB's rate increase in June was well discounted and unlikely to prove the first of a cycle. BoE balance sheet contraction continues while sticky inflation delays any easing.

Spotlight on AI and real yields – Possible regime change underway?

AI + end of zero rates may boost productivity- evidence of correlation with real yields

FX – Yen weakened to 1986 levels versus USD driven by broad-base dollar strength

Commodity-based currencies fell back with oil prices in Q2. JPY fell to 40yr lows vs USD.

Eurozone govt bonds & credit – Real yields near multi-year highs, led by longs

There is evidence of an increase in the real term premia, particularly on French linkers. But credit continues to benefit from a structural re-rating, helped by high weight of financials.

UK gilts and credit – Long gilt yields exceed 2022 highs, despite lower issuance

Both long nominal and real yields continue to show evidence of higher term premia. UK credit benefits from attractive carry.

Performance – Credit outperforms in Q2, as risk appetite recovers. Linkers lagged.

Weaker oil prices drove gains in Q2, led by credit. Linkers lagged conventionals but both markets stabilised after the March sell-off. YTD returns were led by China and EM.

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Chart 1: Increases in real yields remain an ongoing feature in the US and UK, with nominal yields remaining more stable, or falling modestly, helped by the unwind of the surge in energy prices in June.

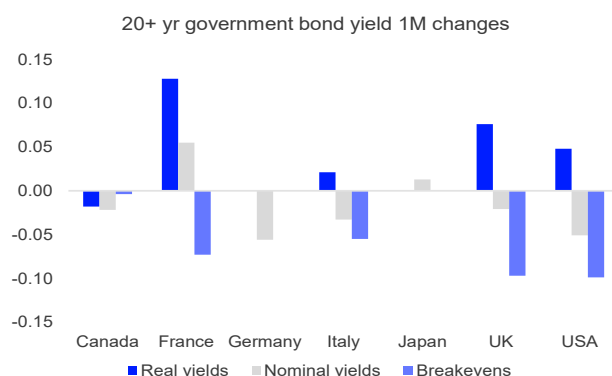
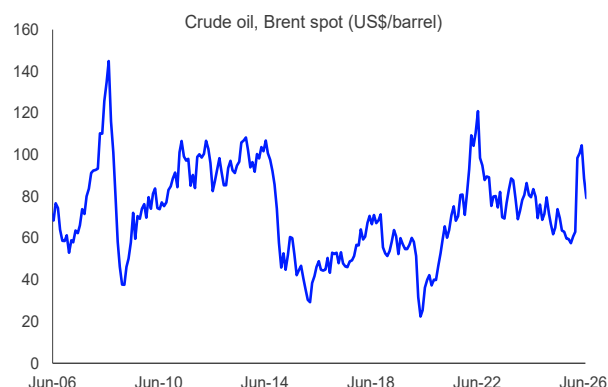


Chart 2: Structural changes in the oil market mean supply elasticity is much higher, particularly after geo-political shocks, with production widely spread geographically. So there are some risks of a 2026-27 glut.



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Eurozone macroeconomic & policy conditions – June tightening not the first of many?

Eurozone growth has held up well since the energy shock, helped by Spanish growth particularly – with forecasts of 2% growth in 2026 - even if German and French growth remains weaker. After 2 years of recession from 2022-24, Germany still faces ongoing competitive pressures from China, US tariffs and higher energy costs. Nor is there much evidence of German or French consumers becoming less cautious, with savings ratios stuck around 10% in Germany, and 18% in France (Charts 1 & 2). There may be some Ricardian equivalence in this, whereby consumers are reluctant to spend after an easing in fiscal policy for fear of future tax increases to finance the easing - as in Japan during the great deflation of 1990 – 2010. But Germany is better placed than other G7 members to launch significant fiscal stimulus, both cyclically, and structurally, with a debt/GDP ratio near 60% and well below trading partners (Chart 3).

The ECB stressed the main reason for the June rate increase was the energy shock, prospect of 3% Eurozone inflation, and the impact on inflation expectations. But with energy prices turning down, and relatively stable inflation breakevens, the June move to 2.25% rates is unlikely to prove the start of a major monetary tightening cycle (Charts 4 & 5), against a weak growth backdrop.

Chart 2: Savings ratios show only the US below pre-Covid levels, whereas France and UK are above pre-Covid levels, Germany and Italy close to pre-Covid levels. Ratio reflects weaker European income growth.

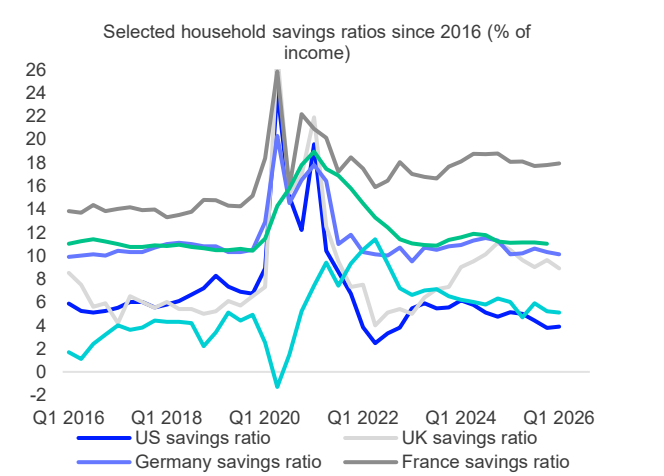
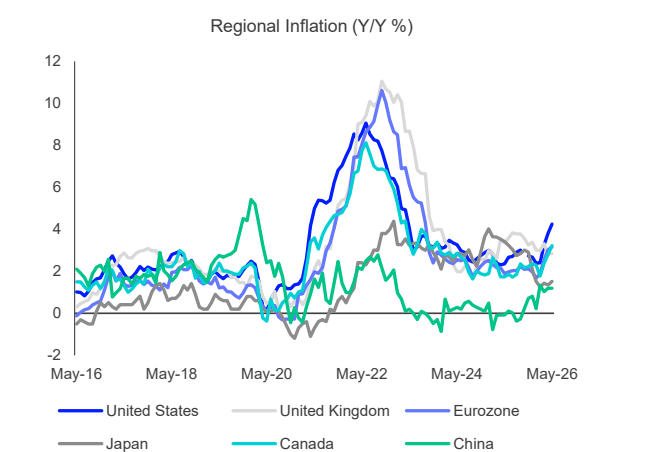


Chart 4: Headline inflation shows the impact of the oil shock, led by the US, at 4.2% y/y in May. Eurozone inflation has also increased, to 2.8% y/y in June. The ECB projects a return to the 2% target in 2028.



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Chart 1: Growth forecasts for 2025 continue to reflect the stagflation impact of the oil shock, though US growth is supported by the Capex boom. Eurozone growth is also resilient, helped by German fiscal stimulus.

Latest Consensus Real GDP Forecasts (Median, %, June 2026)			
	2024	2025	2026
US	2.8	2.2	2.1
UK	0.9	1.4	1.0
Eurozone	0.7	1.5	0.7
Japan	0.8	0.8	0.6
China	4.9	4.9	4.6
Canada	1.3	1.7	1.2

Chart 3: Germany has the greatest scope to expand general govt debt/GDP and Japan the least. Italy has succeeded in reducing debt/GDP the most since Covid, but this reflects higher inflation in 2021-22.

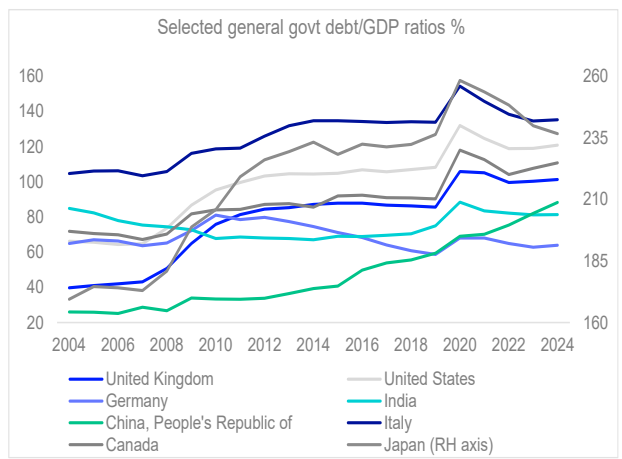
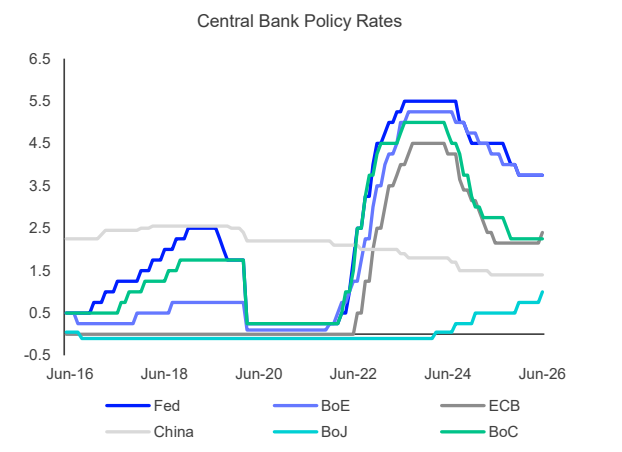


Chart 5: The ECB and BoJ raised rates in June: the ECB on concerns about pass-through to inflation of the oil shock, and from an easy policy setting (at 2%). The Fed struck a hawkish tone at the June FOMC.



UK macroeconomic and policy conditions – Financial Conditions normalise

There is little evidence of an oil shock in FTSE Russell financial conditions (FCs) indicators, which show UK FCs near the longer-term mean, helped by financial markets rallying, and credit spreads tightening in Q2. Indeed, only the post-Covid monetary tightening and Ukraine shock in 2022 drove UK FCs much tighter than the long-term mean (Chart 1). This eases the pressure on the BoE to move rates.

The reduction in the Bank’s gilt holdings at a pace of £70 bn per annum, until September 2026, is tightening policy anyway, even if base rates are the main policy variable, which have not moved since Dec-2025 (Charts 2 & 3). Measuring the BoE’s balance sheet size is now a key issue, given BoE gilt holdings are about £400bn in nominal terms, but in APF accounting values near £528 bn. at end-April, based on purchase prices. An additional £128bn of gilt sales, or run-offs, could exert more upward pressure on term premia, though some of this may be discounted, given the BoE modus operandi. The BoE is not expecting UK CPI to return to target sustainably until 2028-29 after the oil shock, though much depends on oil prices. At least supply-chain indices are already showing some signs of mean reversion (Charts 5).

Chart 1: FTSE Russell financial conditions indicators show little impact of an oil shock, and normalised in Q2. UK FCs are near the long-term mean, helped by a modest Q2 gilt rally and tighter credit spreads.

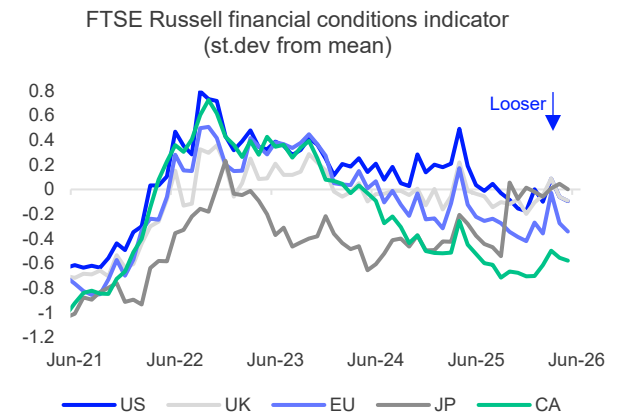


Chart 3: As well as the fall in the BoE’s holdings to about £400bn (nominal), there has been a big fall in insurance companies and pension fund holdings since 2022, so overseas holdings are now the largest.

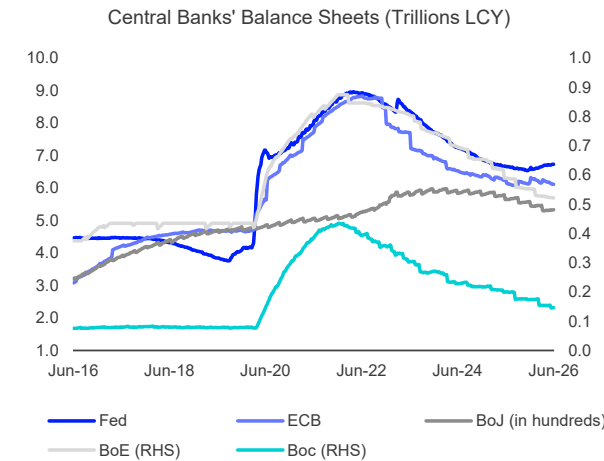
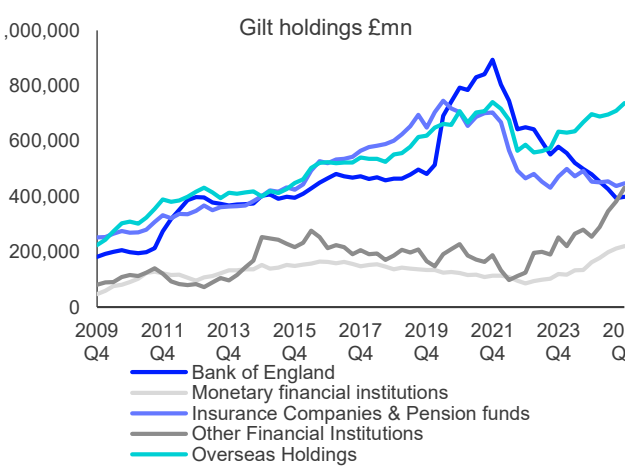
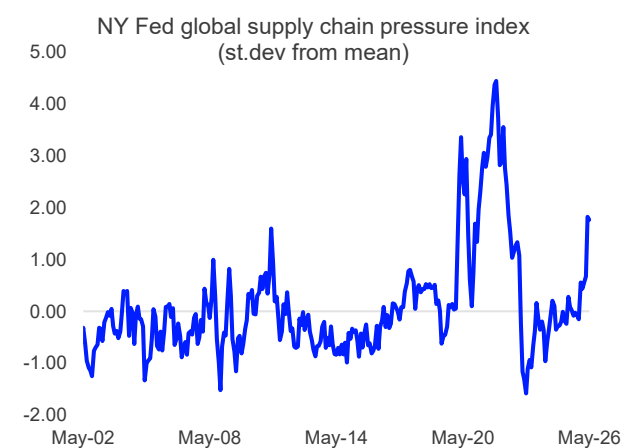


Chart 5: Global supply chain pressure indices briefly spiked in March as the US/Iran war quickly put pressure on Gulf oil supplies. But this is already unwinding. Supply chains have not been disrupted like 2022.



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Spotlight on AI and real yields – A regime change?

The US AI boom, surge in debt issuance and easing in fiscal policy have driven a surge in the demand for capital, despite real yield levels. The shift away from a global savings surplus and disinflation pressures of the post-GFC era have boosted model-based estimates of the Fed's neutral real rate (Charts 1 & 2).

In [AI and govt bond yields – onwards and upwards? \(2024\)](#), we pointed out a long period of very weak productivity growth, from 2007 – 2020, and low yields were correlated, as zero rates “zombified” economies, and may have pushed the cost of capital below the marginal product of capital, distorting the allocation of capital, and allowing unprofitable companies to survive. So AI plus the end of zero rates could boost productivity, and there is some evidence of correlation with real yields. But real yields have also risen in other economies, with no capex boom, notably long real yields (Charts 3 & 4). Why?

Inflation uncertainty and the real term premia have risen in these economies, given recent inflation shocks, and the prospect of more debt issuance (i.e., Japan, UK, Germany). In 2022-23 the real term premium rose sharply during an inflation shock, due to the extra duration risk linkers carry, and again in 2026 (Chart 5).

Chart 1: Demand for capital has surged in the US, partly driven by the AI boom and data centre demand, and higher govt borrowing. A higher cost of capital as real yields increased has not yet reduced demand.

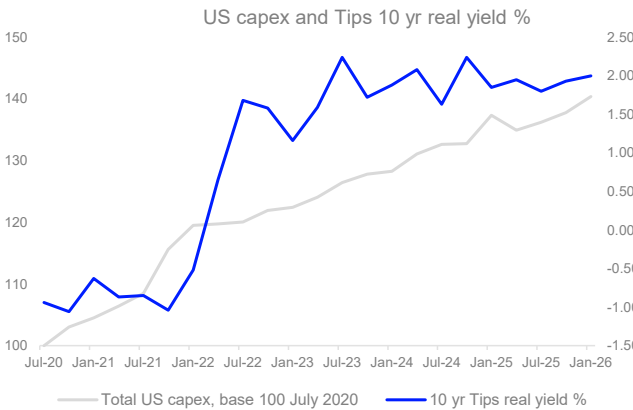


Chart 3: There is some evidence of correlation between US real yields and productivity growth since 2004, though the GFC and Covid shocks caused high volatility in productivity, as employment oscillated widely.

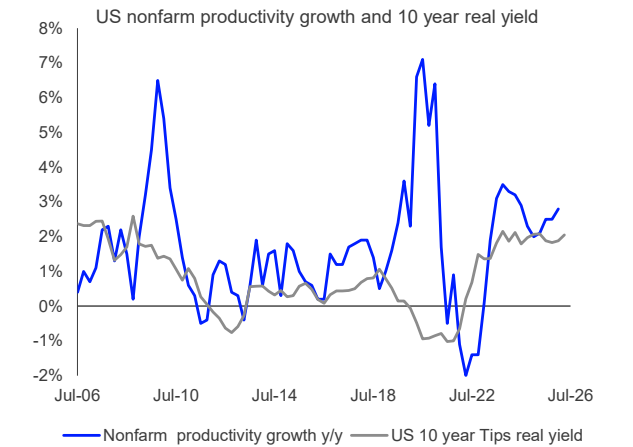


Chart 5: Inflation breakevens do not mechanically indicate lower inflation expectations, since they fall if real yields rise more than nominal yields, as well as when inflation expectations fall (as in 2022-23 & now in 2026).

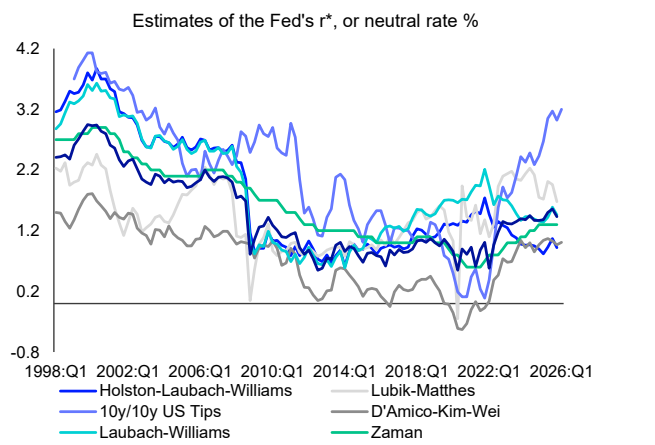
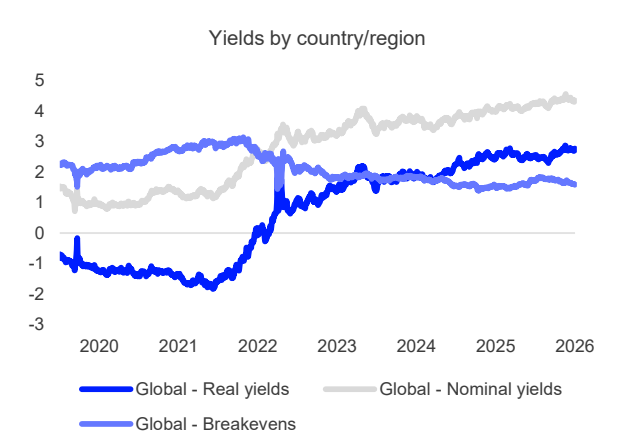
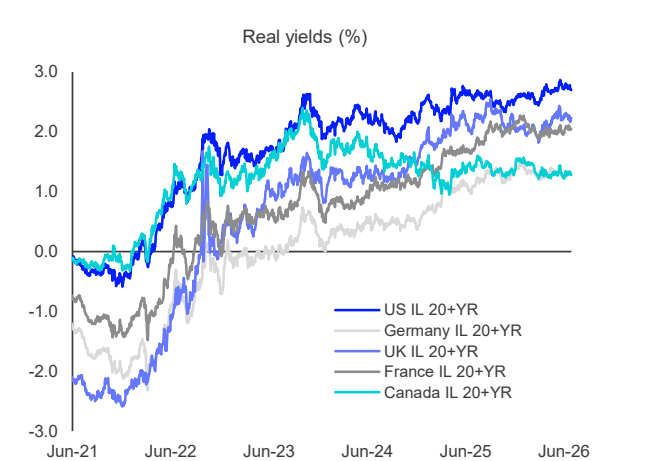


Chart 4: Longer dated real yields rose on all inflation linked bonds since 2022-23, apart from Canada. This may be driven by a Capex boom in the US, but may also reflect higher real term premia since the inflation shock.



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FX – A stronger USD extends JPY weakness despite reduced rate differentials

The dollar strengthened further in Q2 given a more hawkish Fed tone. A stronger USD has driven most G7 currencies weaker (Chart 1). Commodity-based currencies, such as NOK and CAD, fell alongside the decline in oil prices.

Chart 4 shows the yen continued to lag most major currencies in Q2, with JPY falling 2.7% vs GBP. In fact, the yen has extended its softness since 2025, and fallen to its weakest levels since 1986 vs USD despite higher JGB yields and a narrower US-JP rate differentials (Chart 2). The yen weakness seen in 3Q25 and 1Q26 can be attributed to uncertainty around the fiscal policy path, the energy shock's impact on growth and inflation outlook, and the attractive FX carry trade yield. The yield gain for the USD/JPY carry trade remained at 2.8-2.9% as of end-June, making JPY still a relatively attractive funding currency versus other currency pairs. Also, rising import price pressure, due to FX weakness, higher energy prices and AI-led inflation, continue to weigh on Japan's inflation outlook (Chart 3). Meanwhile, planned fiscal stimulus together with uncertainty on the BoJ's rate hike outlook have weighed on JPY. With the fundamental outlook largely unchanged, a stronger USD therefore has driven further JPY weakness.

Chart 2: JPY fell to 40-year lows vs the USD despite narrower interest rate differentials between USD and JPY. The broad-base USD strength drove JPY weakness, while JPY remains an attractive funding currency.

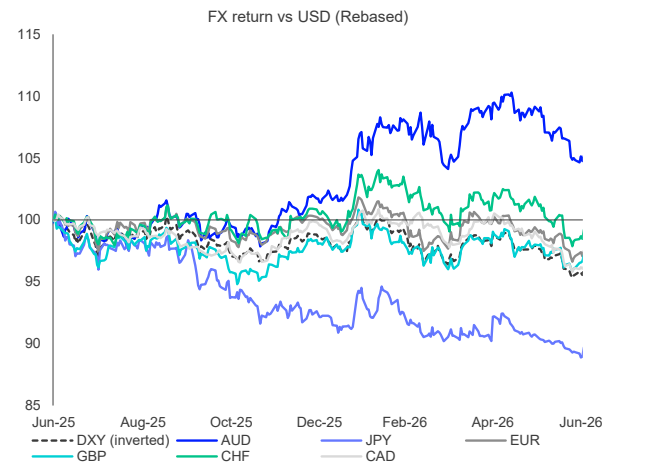


Chart 4: GBP strengthened against most major currencies in 2Q, with GBP/USD move largely tracking DXY. Commodity-based currencies were relatively weak over 3M due to a fallback in oil prices.

Chart 1: The DXY index strengthened 1.2% in Q2, driving most G7 currencies weaker. The Japanese yen continued to underperform other G7 currencies.

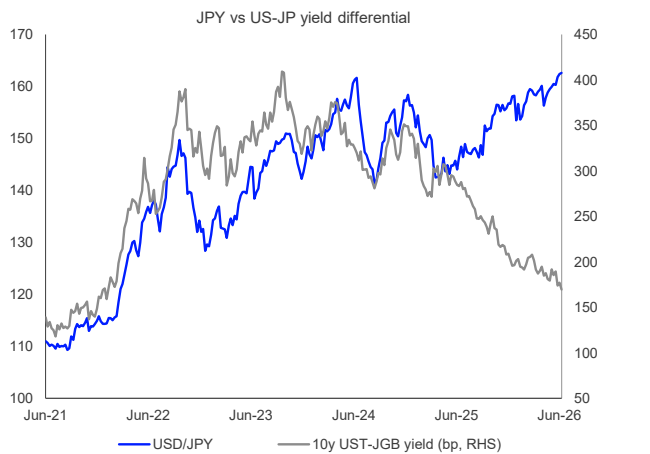


Chart 3: Rising import prices, driven by a weak FX, higher oil prices and AI-chip-led inflation, have clouded Japan's inflation and growth outlook, weighing on JPY.

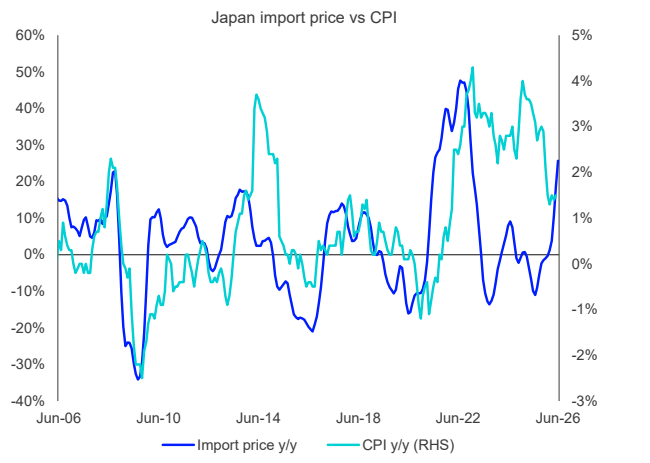
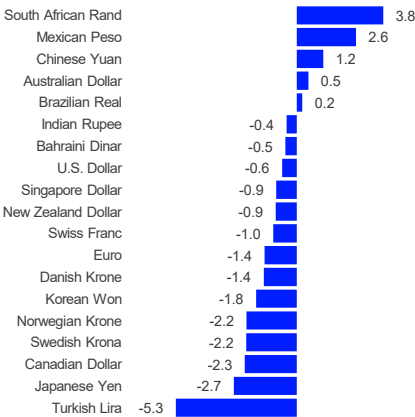
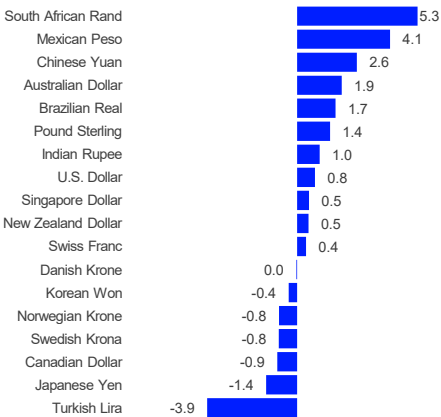


Chart 5: USD strengthened 0.8% against the euro on the back of hawkish Fed tone. MXN has been strong, due to remittance inflows and positive global risk sentiment.

FX Moves vs GBP – 3M



FX Moves vs EUR – 3M



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Eurozone govt bond analysis – Attractive valuations but higher real term premia ?

Our research on initial valuations and their impact on future returns shows the importance of starting yields for investors in govt bonds*. So splitting starting yields into 5 yield quintiles, higher starting yields have delivered stronger returns since 2000 in G7 sovereigns, including Germany (Chart 1). This also reflects the tendency of yields to mean revert over longer investment horizons, so duration or price effects tend to wash out over time and leave carry and roll-down as the main drivers of returns.

Yield curves bear flattened in Q2, before rallying on lower oil prices, but there are signs the term premium in French govt bonds continues to increase, particularly the real term premium in inflation linked. A decline in inflation breakevens driven by a larger increase in real yields, than nominal, suggests markets are re-pricing the real term premium. Long inflation linked have more duration risk than nominals of the same maturity (Charts 2 & 3). The re-structuring of Eurozone govt spreads continues, with Spanish spreads falling again in Q2 after a brief Q1 spike.

*See [What a carry-on: starting yields as a valuation tool for sovereign bonds](#)

Chart 2: There has been some curve flattening in Q2 on higher ECB rate expectations, which drove 1-3 yr yields sharply higher, and 7-10 yr yields fell a little on weaker oil prices.

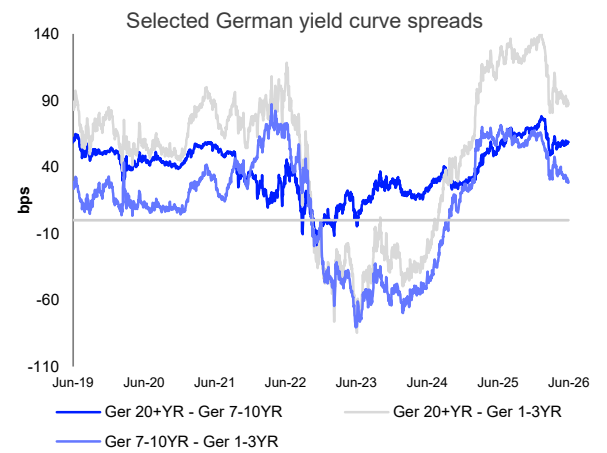
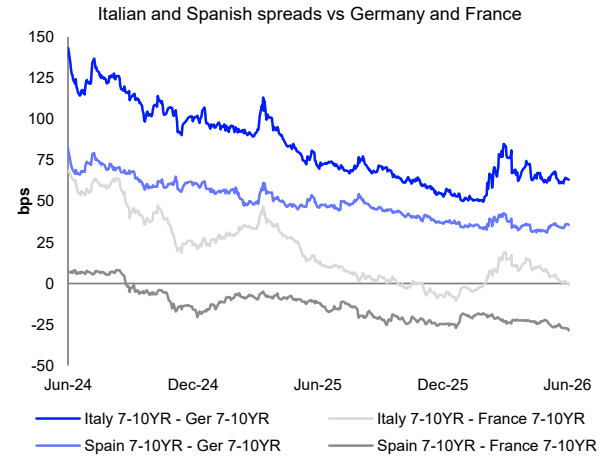


Chart 4: Spanish and Italian spreads have quickly resumed their tightening against Bunds and French OATs, though Spain has tightened more. This is a major structural change in the Eurozone.



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Chart 1: As in other govt bonds, higher starting yields in 7-10 yr Bunds have shown stronger returns over a 10yr investment horizon since 2000, showing the importance of roll-down and carry in returns.

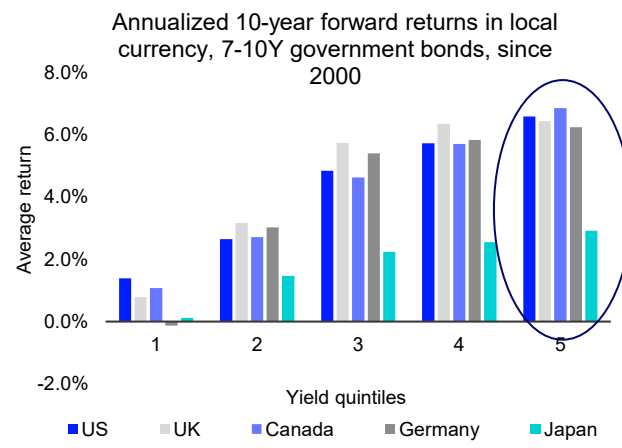


Chart 3: Long French real yields have increased more than nominal yields, and long inflation breakevens have fallen, since 2023. This is deceptive, since it indicates the term premium investors require increased.

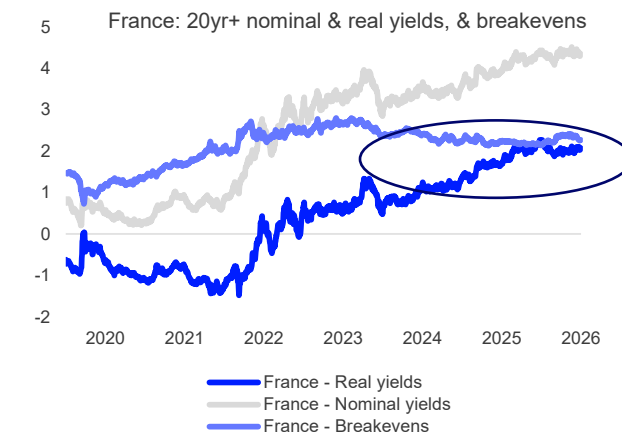
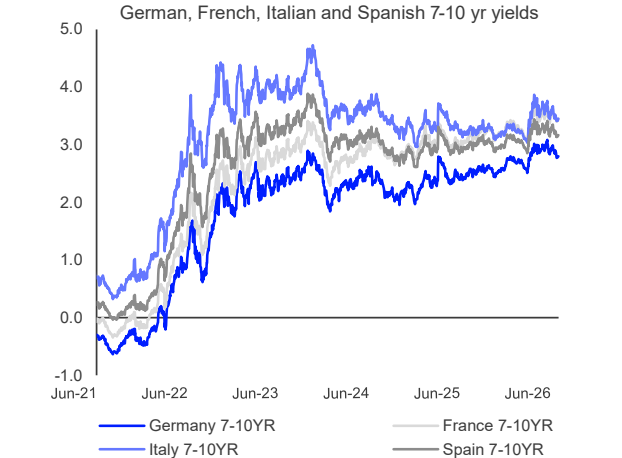


Chart 5: Bund yields have risen steadily since June 2024, even when the ECB cut rates. Abandonment of fiscal orthodoxy in Germany and commitment to 3%+ budget deficits means greater ongoing debt issuance.



Eurozone IG and HY credit – Swift recovery from oil shock, helped by strong carry

Eurozone credit has quickly shaken off the Q1 energy shock, even if geopolitical risks remain in the Middle East. The ECB's rate increase in June was well discounted, and in contrast to the long tightening cycle of 2022-23 unlikely to prove the first of a series. Europe is still a large net energy importer so sustained higher oil prices could still have significant stagflation effects. But the fact European governments have not pursued fiscal austerity since the 2022 energy shock has helped credit markets rally steadily and outperform Bunds (Charts 1 & 2).

Stronger carry since pre-Covid days and natural Eurozone institutional buyers have also been key factors in driving strong returns, particularly for IG credit. The high weighting of banks and insurers has also meant that higher rates have improved net interest margins, even if it also means Euro credit has higher beta to macro shocks, like the UK, as was seen in 2022-23 (Charts 4 & 5). Unlike the developing US AI boom and surge in hyperscaler issuance, which may become an issue for US credit, supply in Eurozone credit markets remains manageable, given natural demand from pension funds and insurers.

Chart 1: Spread convergence is intact, particularly in both Euro IG and HY credit vs Bunds, as risk appetite quickly returned after the initial energy spike in Q1. The broad re-rating of Eurozone credits since 2022 continues.

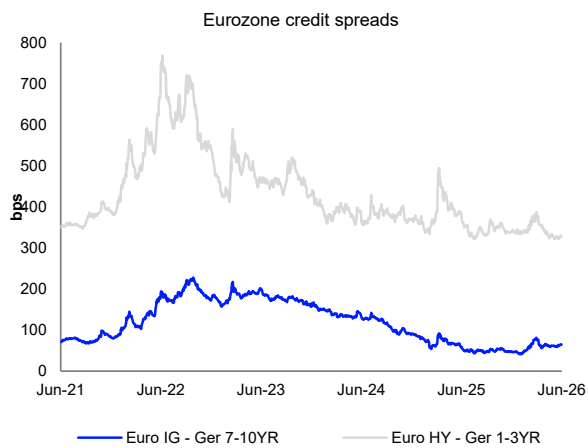


Chart 2: Helped by fiscal stimulus, low default rates and natural demand for credit from insurers and pension funds, Eurozone credit yields have fallen versus Bunds. The feared austerity post-Covid never materialised.

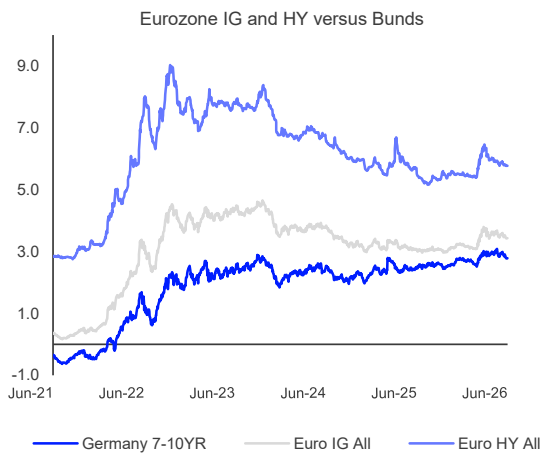


Chart 3: The high weighting of banks in Eurozone credits means macro shocks can have substantial impact on IG credit indices. But improved capitalisation since the GFC and higher rates have been key supports.

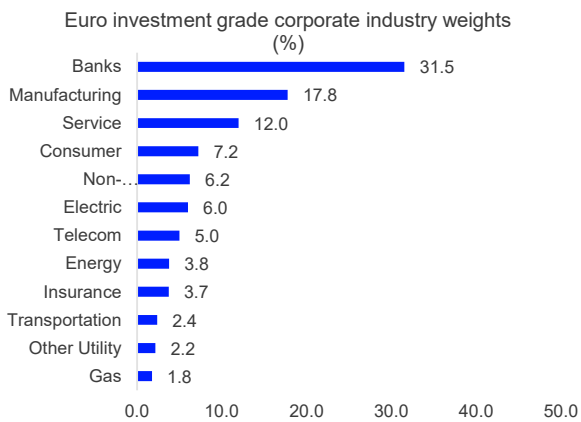


Chart 4: Spread compression and higher carry have driven strong Eurozone IG returns. A reduced energy risk premium in Europe since 2022-23, partly due to govt subsidies, has been another key driver.

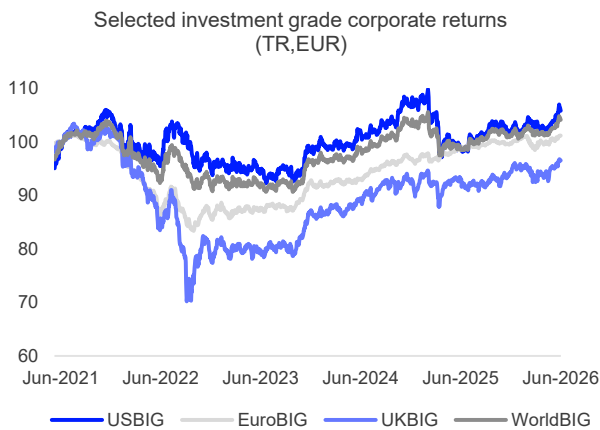
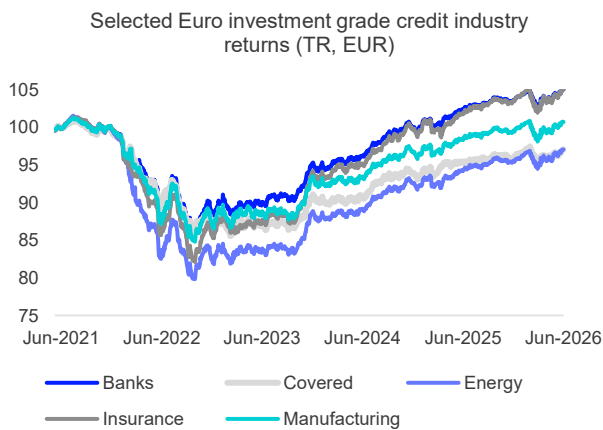


Chart 5: Banks and insurers have led returns since 2022-23, helped by improved net interest margins, as rates have increased. Energy returns have been more volatile and covered bonds predictably more stable.



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UK govt bond analysis – Long yields now exceed 2022 highs, despite lower issuance

Like the US real yields, UK real yields are now at multi-year highs, and above 2022 crisis levels (also see page 4). This has occurred despite lower issuance of linkers, but may reflect increased uncertainty about inflation after the inflation shocks of recent years, which exceeded those in other G7 economies. So the decline in inflation breakevens should be set in context. Evidence of a higher longer-term premium for UK inflation may be found in breakevens remaining above 3% right down the curve, and the steepening yield curve in longs (Charts 1, 2 & 3). This is despite inflation linked accruals switching to UK CPI from 2030 onwards and a 2% inflation target. It may also be due to longer term concerns about debt financing.

With the curve steepening and UK inflation accruals in the 3-4% region for index linked, DMO long and index linked issuance is falling (Chart 4). Indeed, for 2026-27, planned issuance in shorts and mediums is 70% of total. This has already shortened the average maturity of gilt market debt to about 14 yrs from 16 yrs pre-Covid. Gilt market spreads widened steadily since Covid, with biggest moves versus Japan, despite recent JGB moves. Higher UK inflation and high debt issuance are two key drivers.

Chart 1: Long yields increased further in 2026, exceeding 2022 crisis highs. This is less likely a savings/investment imbalance story in the UK, but suggests higher term premia in longs, given large fiscal deficits.

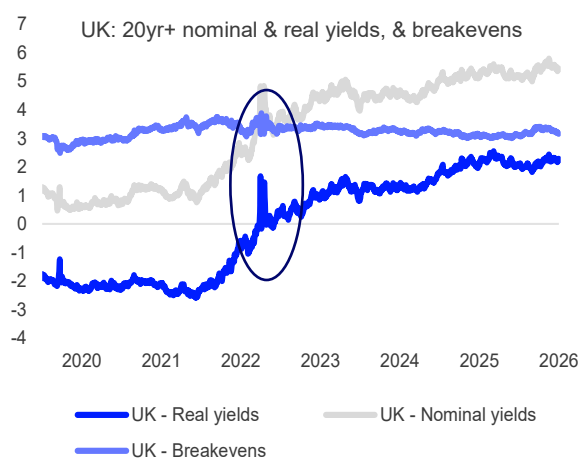


Chart 2: UK inflation breakevens have stabilised since the energy shock spike in March. Longer dated breakevens carry a premium of more than 1% over the 2% inflation target, despite the move to CPI accruals in 2030.

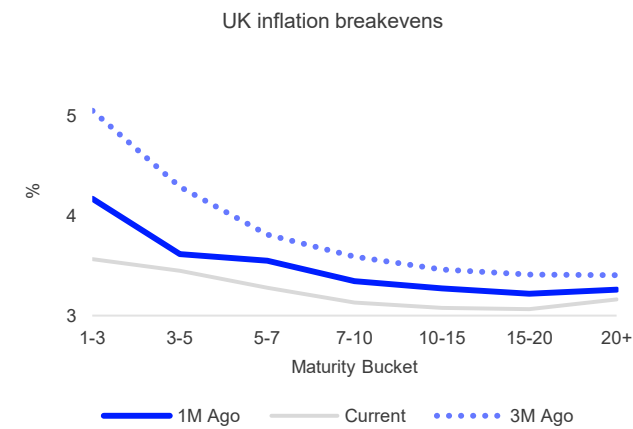


Chart 3: Focus on the 10s/2s yield curve can miss signals in long gilts, long end yields have risen sharply relative to 1-3 yrs, and 7-10 yrs. This higher term premium may reflect long run fears about debt financing.

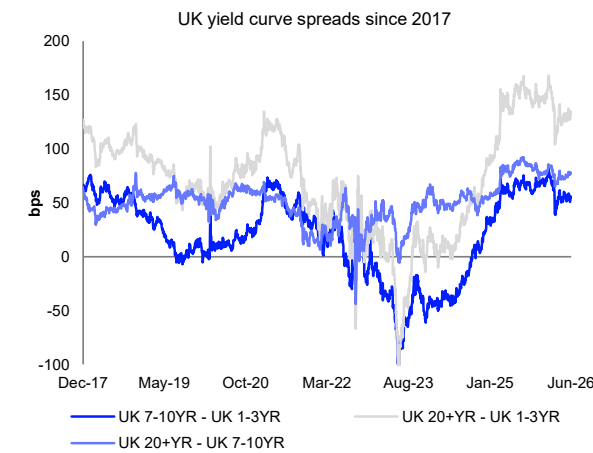


Chart 4: Post-Covid, the UK's Debt Management Office has reduced long dated and index-linked gilt issuance relative to long and medium dated. Shorts & mediums are planned to comprise 70% of 2026-27 issuance.

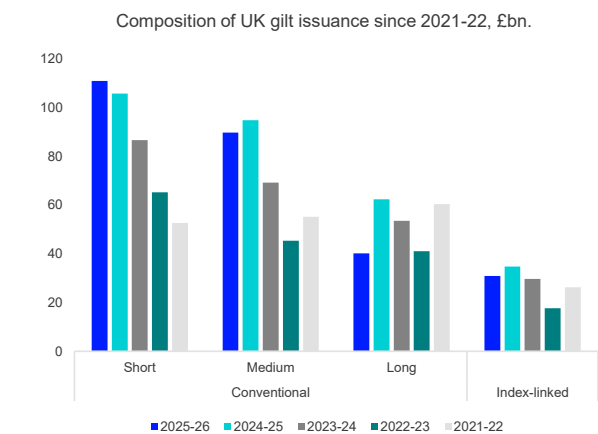
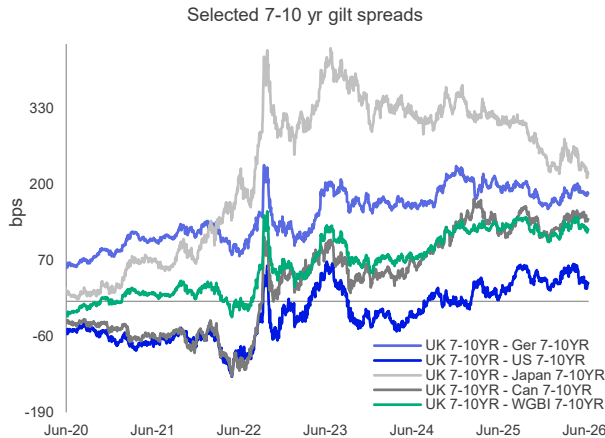


Chart 5: 7-10yr gilt spreads have widened versus other major markets since Covid, by up to 200 bp, with spreads vs Japan widening most. Widening in spreads has not caused overseas to reduce holdings.



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UK IG and HY credit analysis – Oil shock, what oil shock?

UK credit spreads tightened quickly after the initial energy shock in March, helped by the high weight in financials, and relatively low supply, compared to the AI-driven surge in US issuance. The relief rally in risk assets, as initial fears of a major stagflation shock faded, was a big macro driver, and returns have soon recovered. Compared with 2022, this has been a modest correction to date. Financials have high betas to macro shocks via their central role in the transmission mechanism, and rate exposure (Charts 1 & 2).

Duration of UK IG credit has fallen sharply since the 2021 peaks near 9 yrs to less than 6 yrs (Chart 3). This reflects much higher risk-free yields on gilts, but also a reluctance to issue long-dated paper in the higher rate regime prevailing since 2022. Natural ageing of bonds issued during Covid and before is another factor, particularly when these bonds are not being replaced by new issues of similar duration at maturity. Meanwhile, UK HY carries much higher yield reward for investors relative to other markets. This reflects a risk re-assessment by investors particularly of illiquid structures in infrastructure. But this has not prevented UK HY delivering strong returns since 2022, helped by the carry and coupon effect and low starting valuations (Charts 4 & 5).

Chart 1: Oil shock, what oil shock ? Financials still lead UK IG credit returns, and soon recovered from the general risk-off moves in March, as stagflation and recession fears faded, and the BoE held rates unchanged.

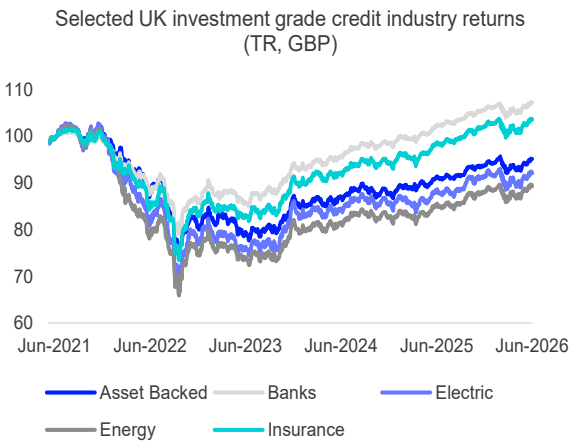


Chart 3: Duration of US IG credits has risen versus the UK, which has shortened most since the 2021 high near 9 yrs. Ageing of all the UK bonds issued in 2021, higher gilt yields and shorter issuance all contributed.

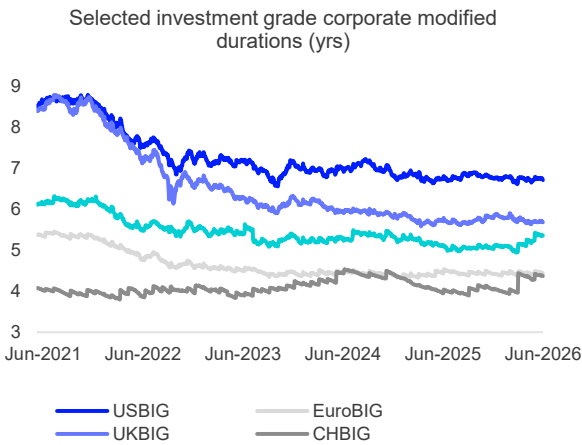


Chart 5: But note the high yields and carry on UK HY credit have helped deliver strong returns since the 2022-23 sell-off. This is another example of how low starting valuations can deliver strong returns in fixed income.

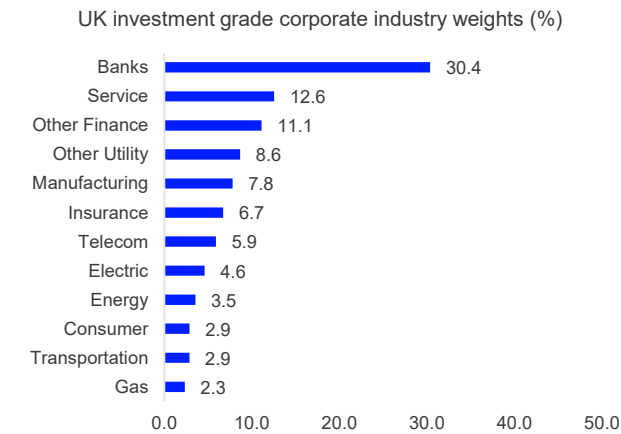
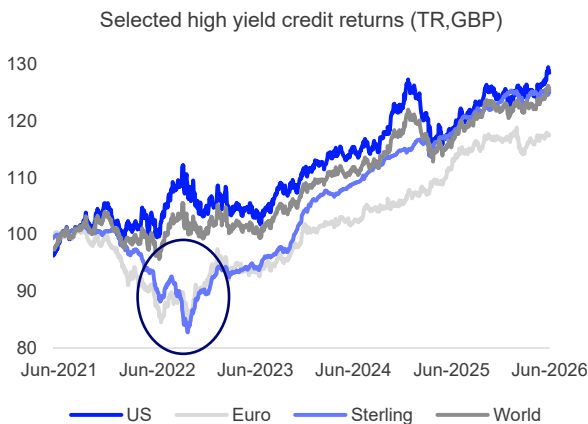
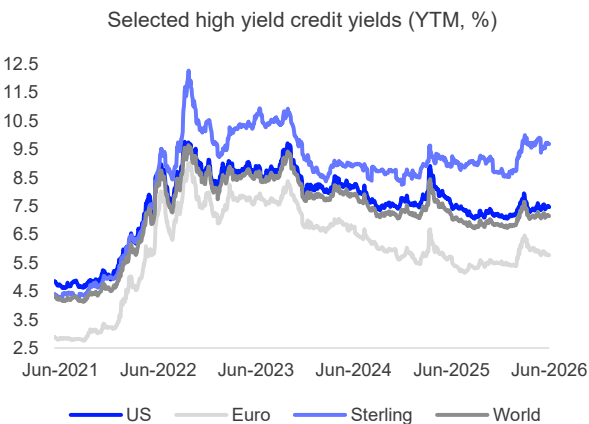


Chart 4: Yields on UK HY credit are not far below the 2022-23 levels, and trade on wider spreads than US credits. Prior to 2022, investors were less concerned about illiquid bonds and high UK utility exposure.



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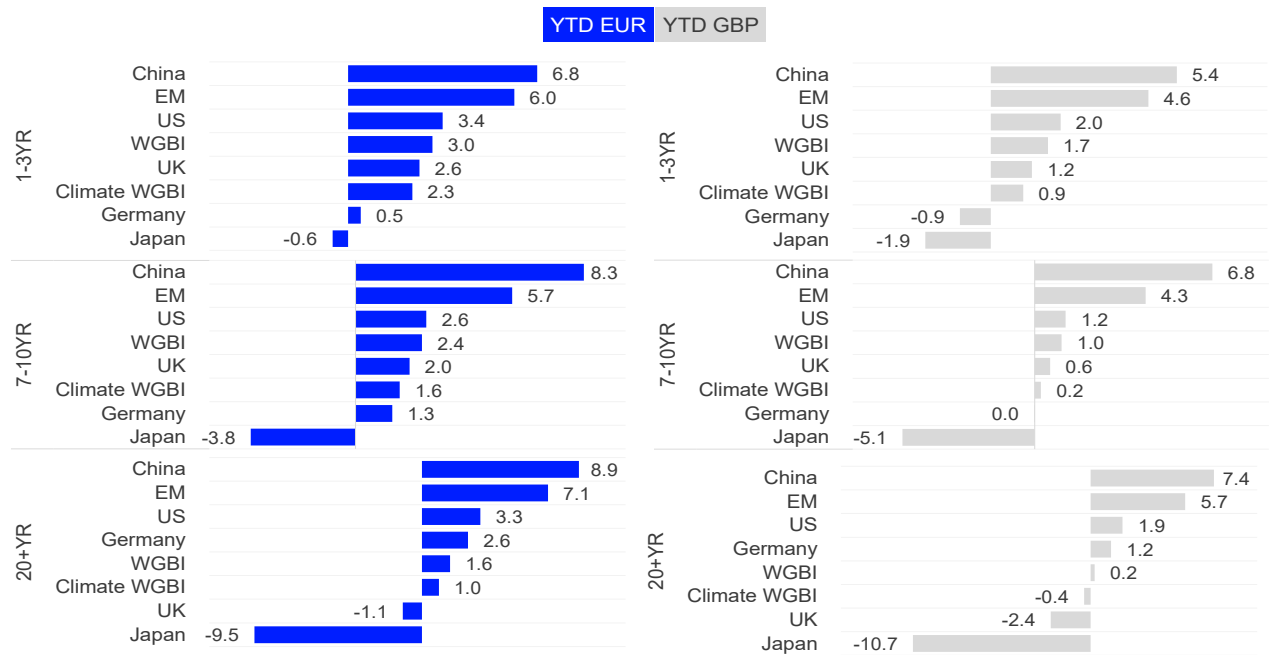
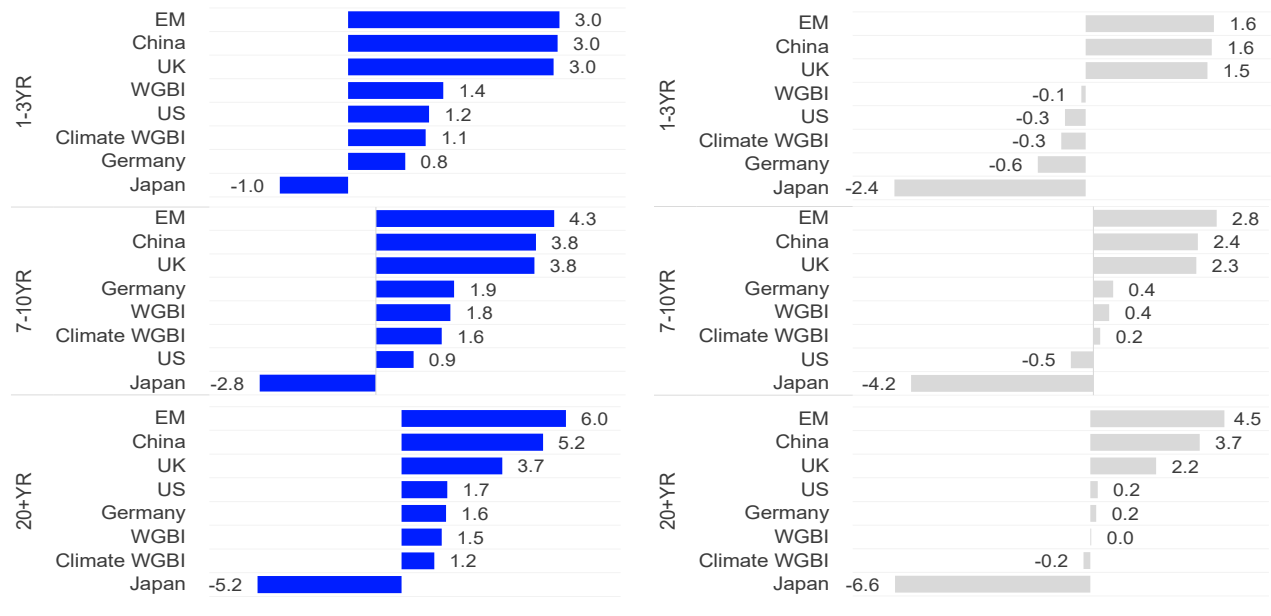
Conventional Government Bond Returns – 3M & YTD % (EUR, GBP, TR)

Q2 showed modest positive govt bond returns, led by longs, and driven mainly by lower oil prices, an easing of geopolitical tensions, and lower inflation expectations. UK gilts were volatile amidst political uncertainty but gained 3% in GBP, and 1.5% in Euros on lower energy costs, easing inflation concerns and lower interest rate expectations in 2026.

In contrast, JGBs fell again as markets adjusted to the prospect of the BoJ’s policy normalization and looser fiscal policy. Fears of further rate hikes and concerns over the rundown of BoJ holdings pushed yields higher. Long JGBs lost 5-7% in Q2, and 10-11% YTD, in GBP and EUR terms, while the yen remained weak despite FX intervention by the BoJ.

But China and EM bonds have led returns YTD with gains of 5-9%, in GBP and EUR. Chinese government bonds benefited from low inflation, weak domestic demand, and expectations of continued accommodative monetary policy.

CONVENTIONAL GOVT BONDS



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Global Inflation-Linked and Credit Returns – 3M & YTD % (EUR, GBP, TR)

Inflation-linked bonds rebounded to small positive returns in Q2, though underperforming conventionals. Lower energy prices eased concerns of a major tightening cycle (even if the BoJ and ECB both raised rates in June). A stronger dollar helped Tips gain 1-3% in Euros in Q2. However, weaker energy prices favoured conventionals over linkers by lowering inflation expectations. Credit again outperformed, helped by increased risk appetite in May/June as oil prices fell back.

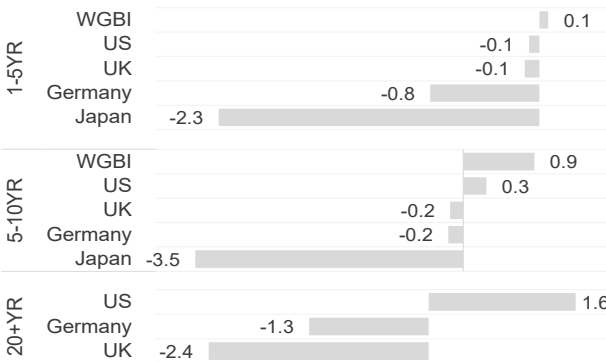
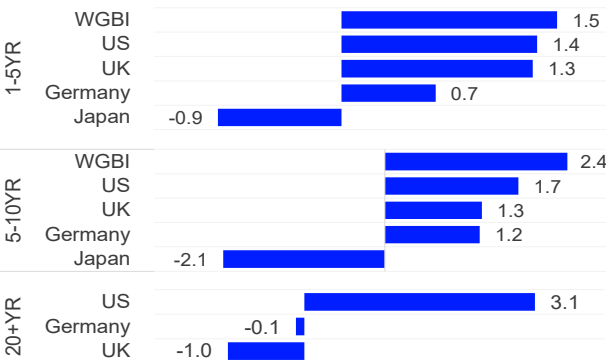
JGB linkers fell in EUR and GBP terms, as yen weakness and the BoJ's June rate increase squeezed returns, with losses of 1-4% in EUR and GBP terms in Q2, and 2-4% YTD.

Credit remains a star performer within fixed income in 2025-26, taking spreads to 10yr lows, helped by low default rates and strong equities, and despite a sharp increase in AI-related issuance in US IG. EM credits gained up to 5% in Euros in Q2, led by HY. YTD returns are even stronger, capturing the gains before the energy shock, and again led by HY, which gained 6-8% in GBP and EUR.

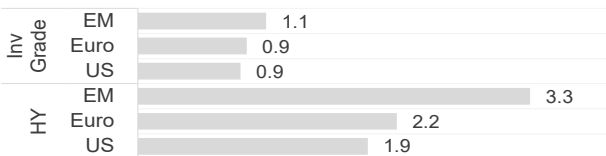
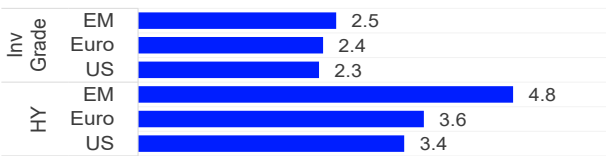
INFLATION LINKED BONDS

3M EUR

3M GBP



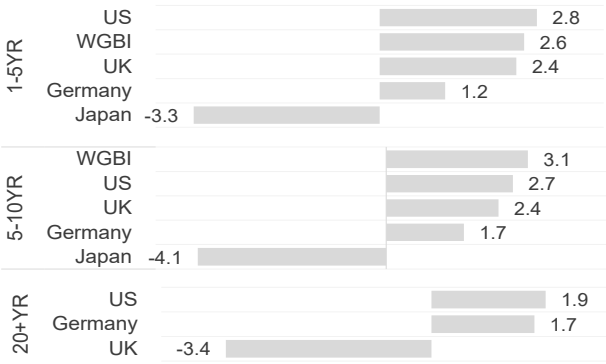
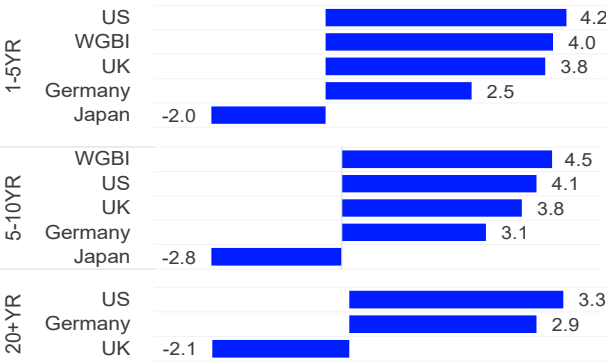
CORPORATE BONDS



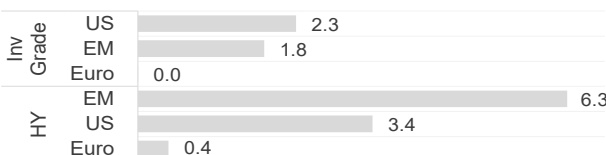
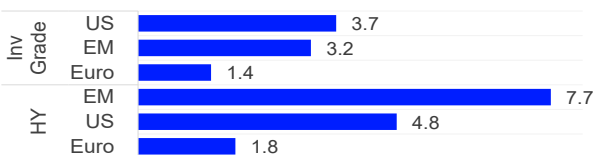
INFLATION LINKED BONDS

YTD EUR

YTD GBP



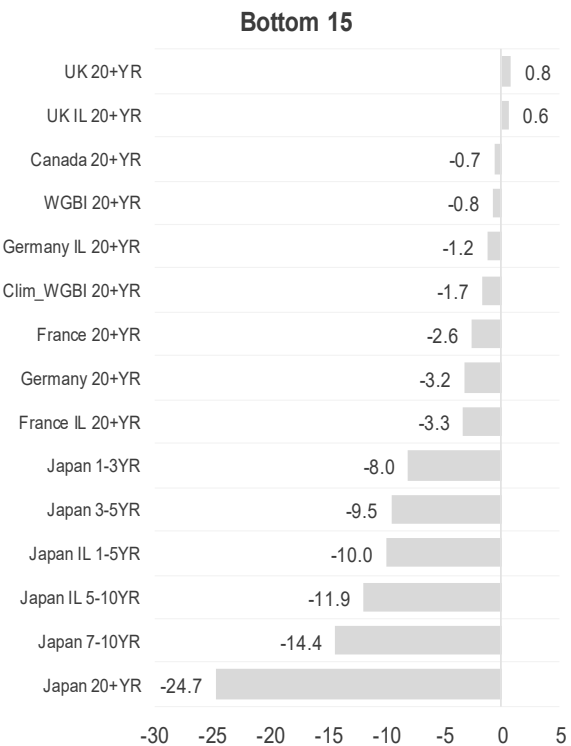
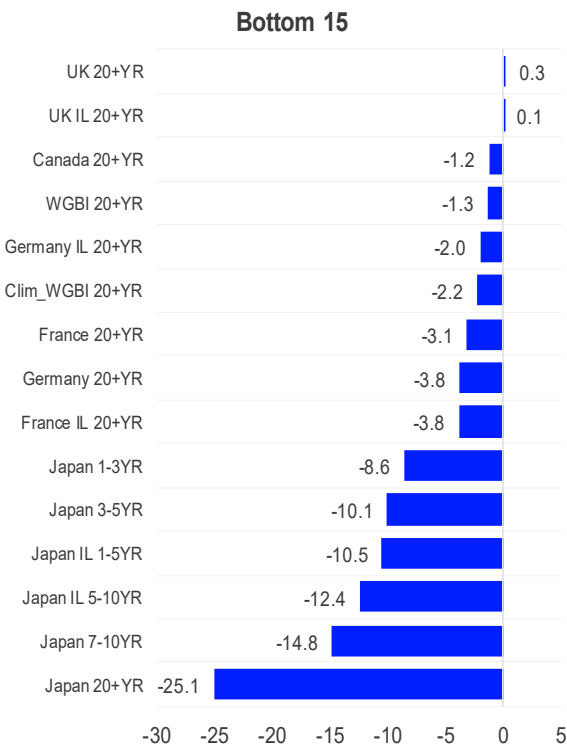
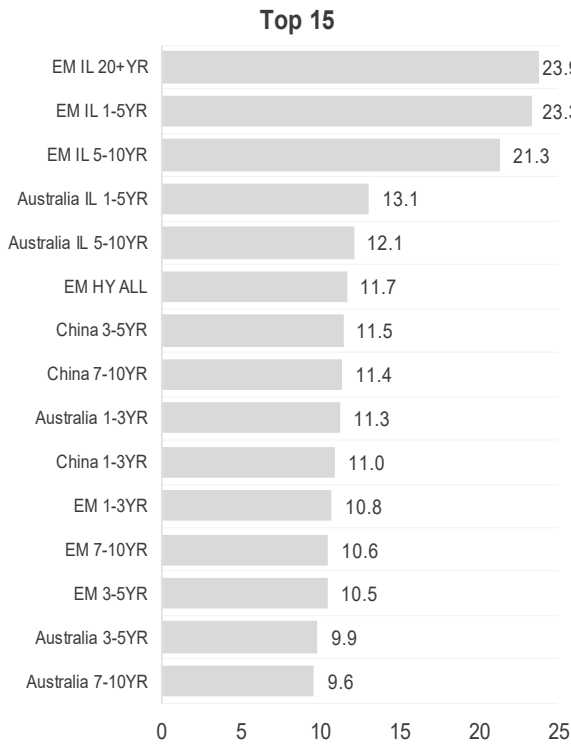
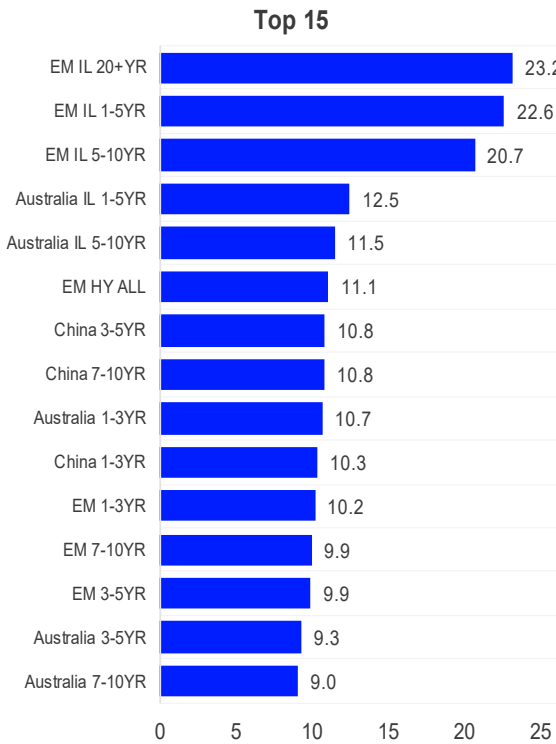
CORPORATE BONDS



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Appendix – Top and Bottom Bond Returns – 12M % (EUR, GBP, TR)

12M EUR12M GBP

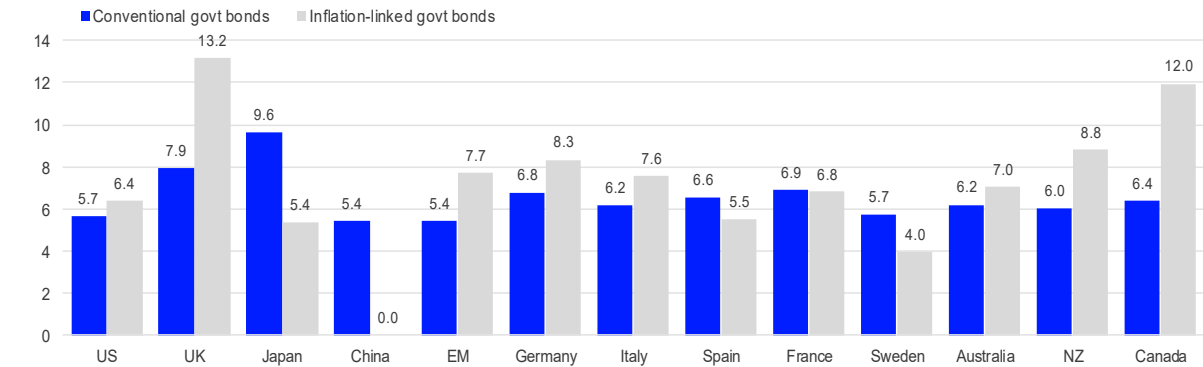


Appendix – Duration and Market Value (USD, Bn) as of June 30, 2026

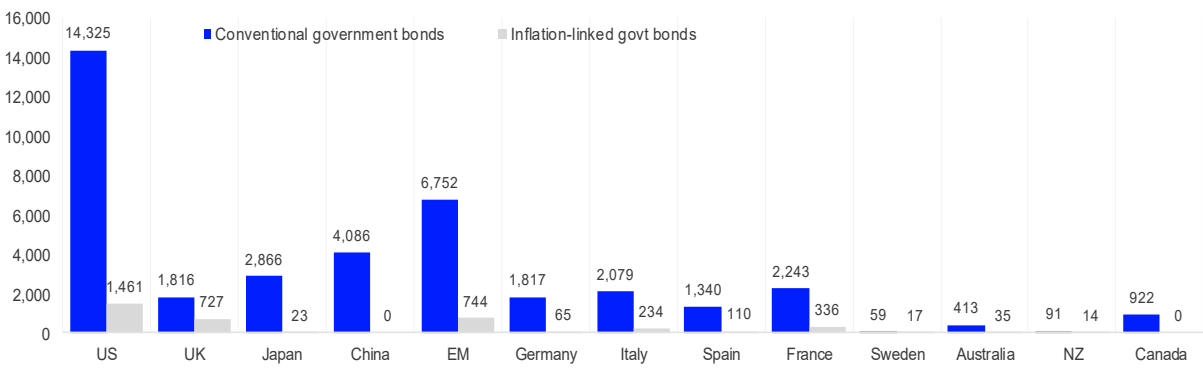
Conventional government bonds									Inflation-linked government bonds					
Duration					Market Value				Duration			Market Value		
	3-5YR	7-10YR	20+YR	Overall	3-5YR	7-10YR	20+YR	Total	5-10YR	20+YR	Overall	5-10YR	20+YR	Total
US	3.6	6.9	15.6	5.7	3,134.7	1,347.7	1,642.3	14,324.6	6.8	20.5	6.4	525.0	111.8	1460.7
UK	3.5	7.0	16.7	7.9	239.4	321.8	321.5	1,816.4	6.8	25.5	13.2	175.2	197.4	727.3
Japan	3.8	7.9	20.6	9.6	424.5	540.0	460.2	2,866.1	7.4		5.4	14.1		23.2
China	3.8	7.8	17.7	5.4	914.1	692.0	396.0	4,086.1						
EM	3.6	7.1	15.1	5.4	1489.99	1228.61	652.64	6,751.8	6.0	13.4	7.7	193.5	190.8	744.3
Germany	3.7	7.5	18.9	6.8	376.25	323.72	224.85	1,817.3	6.6		8.3	14.6		65.2
Italy	3.6	7.1	16.1	6.2	463.86	304.50	170.19	2,079.2	7.1	22.3	7.6	106.9	11.1	234.4
Spain	3.6	7.2	17.4	6.6	238.90	232.65	122.08	1,339.8	7.0		5.5	31.6		110.3
France	3.9	7.4	18.0	6.9	422.61	423.17	241.28	2,242.5	6.3	22.2	6.8	92.8	23.0	335.7
Sweden	3.9	7.4		5.7	16.67	15.22		58.7	5.8		4.0	3.5		16.5
Australia	3.7	7.2	15.4	6.2	54.59	111.62	22.34	413.1	7.4	19.9	7.0	12.4	2.7	35.1
NZ	4.0	7.3	15.4	6.0	21.31	24.22	5.61	91.0	8.2	16.7	8.8	5.5	1.2	13.8
Canada		6.8	17.7	6.4		332.45	130.89	921.7		12.0	12.0		69.8	

Investment grade bonds										High Yield	
Duration					Market Value					Duration	MktVal
	AAA	AA	A	BBB	Overall	AAA	AA	A	BBB	Overall	
US	10.3	8.3	6.7	6.4	6.7	67.4	625.3	3,205.9	3,756.0	7,654.7	3.7
Euro	6.6	5.3	4.5	4.2	4.4	21.2	278.5	1,475.4	1,719.6	3,494.6	3.3
EM		5.8	5.8	5.2	5.5		75.64	159.03	248.9	483.6	3.6

Average Duration



Total Market Value (USD Billions)



Data as of 2026-06-30

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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