Global Investment Research
Market Maps

Fixed Income Insights

EUROPE
EUROZONE & UK EDITION

MONTHLY REPORT | **JUNE 2025**

Risk rallies from tariff woes as curves steepen again

The relief rally in equities, tighter spreads and European rate cuts eased financial conditions in May, even if the Fed held rates. Signs of tariff fatigue and a switch to focus on fundamentals emerged, as lower rates drove curves steeper, with JGBs' bear steepening. Long US & UK yields near 5% are attractive for asset/liability matchers and income investors.

Macro and policy backdrop – European central banks remain focussed on growth

Easier financial conditions reduce pressure for more Fed easing, as market focus on tariffs dwindled. European and APAC central banks ease on growth risks. (pages 2-4)

Yields, curves & spreads – Steepening, led by JGBs, and long end sell-off dominate

The long end backs up further. 5% plus yields are historically high and attract more LDI flows, as the net funding positions for pension funds and life insurers improves. (pages 5-6)

IG credit & MBS – A rapid recovery from tariff spread widening ensues

Credit spreads stabilised, though May risk rally helped IG issues less than HY. (page 7)

High yield credit analysis – Tariff shock proves more modest than Covid or GFC

Aided by correlation to equities, HY credit rebounded quickly from tariff woes. (page 8)

SI bond analysis – ESG WGBI has higher quality/ESG scores than WGBI

The ESG WGBI has a clear quality bias vs WGBI, suggesting more developed, lower risk sovereigns are likely to have higher ESG scores than less developed counterparts. (page 9)

Performance – Dollar stabilises in May. Long end and JGBs still weakest performers

Only short China, EM govt and short gilts show positive returns in May, as risk rally weighed on govt bonds, despite policy easing. Losses mainly in longs, led by JGBs. (pages 10-12)

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: Yield changes in May show the risk rally in equities weighed on govt bonds, particularly in Japan, US and UK. Further ECB easing cushioned the impact on Eurozone bonds, with Italian yields falling.

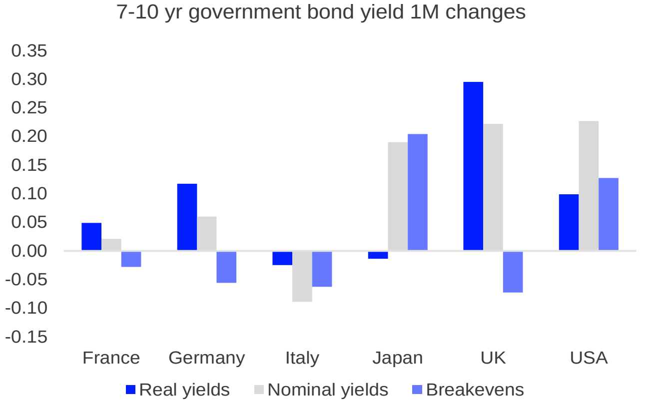
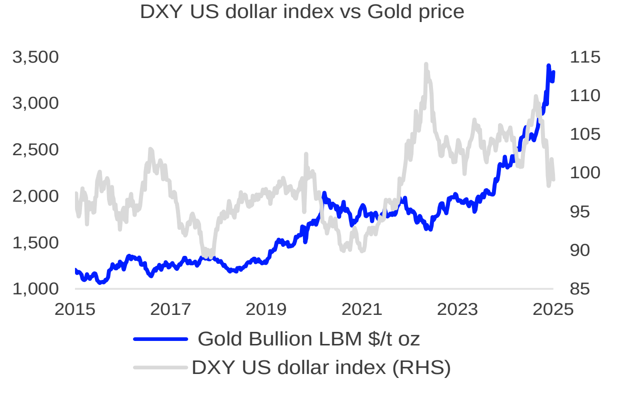


Chart 2: Gold has proved the global safe haven of choice during recent tariff woes, unlike the US dollar, which fell by 7-12% against major currencies in the last 3 months, despite favourable interest rate support.



Macroeconomic Backdrop – Global growth and Inflation Expectations

Consensus forecasts have tracked IMF growth forecasts lower since tariff uncertainty began, despite offsets from lower rates. Early Fed estimates suggest a pass-through of about 54% of tariff increases to US consumer prices. Divergent growth and inflation risks drive multi-speed easing cycles, while inflation expectations fell since the tariff shock began.

Consensus growth forecasts have been reduced sharply since tariff turbulence began in March/April, with US growth forecast to halve in 2025, from 2.8% to 1.4%, and with only a modest pick-up in 2026 (Chart 1). Growth is forecast to remain near 1% in Europe, as lower rates offset weaker export growth to the US. Uncertainty remains high, particularly until tariff levels are resolved.

April inflation data generally showed easing towards target levels, excluding the UK, with the US core PCE deflator at 2.5% y/y, and CPI at 2.3% y/y. Neither the final tariff increases, nor the extent of pass-through to consumer prices is yet known. Early Fed estimates* suggest the extent of pass-through was around 0.54 of the tariff increase for Chinese goods imports in Q1, which is less than the pass-through in 2018-19, when price adjustments were less frequent. This will be a key factor for Fed policy in 2025-26.

Divergent risks from tariffs on inflation and growth are reflected in central bank policy moves as Chart 3 shows. The Fed faces the broadest inflation risks from tariffs, while growth risks are higher for countries with high GDP trade shares (Europe, China, Canada).

US inflation expectations can be tracked by looking at the inflation breakeven curve (Chart 4). Short-run breakevens eased since the early tariff announcements in Q1 but are above longer breakevens. Longer breakevens show similar volatility to short-dated, but this may be due to other factors, like growth expectations, monetary and fiscal policy, wage inflation, raw material costs, etc.

*See "Detecting Tariff effects on consumer prices in real time", R. Minton and M. Somale, Feds Notes, May 2025.

Chart 1: Consensus forecasts for 2025 show sizeable revisions lower, led by the US, though a big downgrade is also projected in China. Forecasts carry high uncertainty, but growth risks are skewed to the downside.

Latest Consensus Real GDP Forecasts (Median, %, May 2025)			
	2024	**2025**	**2026**
US	2.8	**1.4**	**1.5**
UK	0.9	**1.0**	**1.2**
Eurozone	0.7	**0.8**	**1.2**
Japan	0.8	**0.5**	**0.6**
China	4.9	**4.5**	**4.2**
Canada	1.3	**1.2**	**1.1**

Chart 2: April inflation data showed some easing towards 2% target levels in the US, but the Commerce Dept stated tariff effects were not yet evident. Only UK inflation spiked sharply.

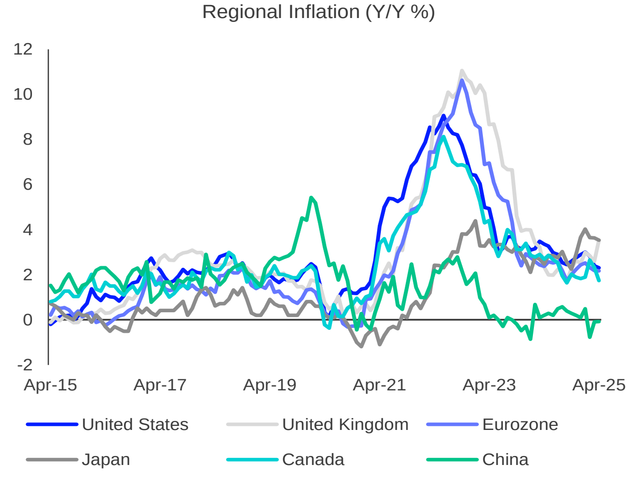


Chart 3: As expected, the BoE and PBoC reduced rates in May, but the Fed did not, confirming divergent risks from tariffs and inflation. The European central banks and the PBoC are more focused on growth risks.

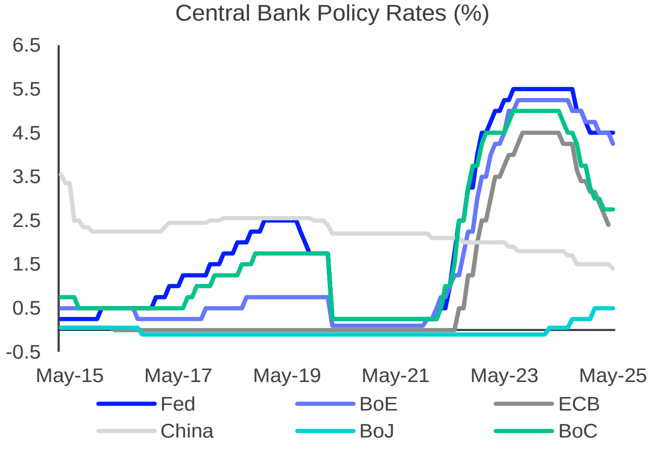
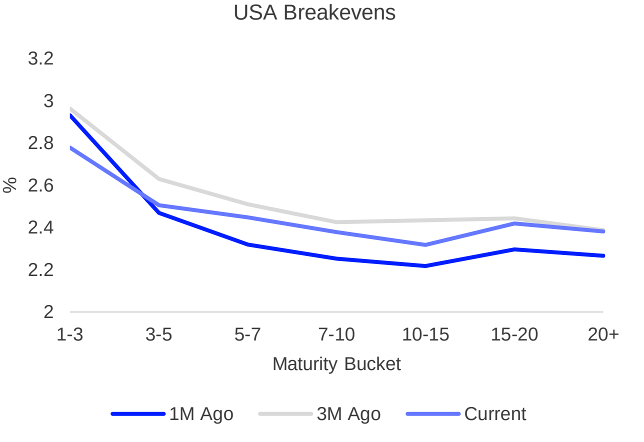


Chart 4: US inflation breakevens show short-run inflation expectations have eased since US tariff increases were first announced in March/April, but still remain elevated, versus longer run expectations.



Source: FTSE Russell and LSEG,IMF and US Federal Reserve. All data as of May 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 and Financial Backdrop – Europe

The EU intra-trade with other EU members is much higher than outside the Eurozone. Eurozone services inflation eased in May but is expected to remain higher than pre-Covid levels due to tight labour markets. Better wage growth bodes well for Eurozone consumption growth, as household income is expected to improve, thanks also to lower rates and inflation. May also saw renewed inflows into Euro credit.

Chart 1 shows most EU countries' trade is with other EU countries, except in Ireland, which has a higher trade with the US and UK. Intra-EU export trade was valued at €4,025 billion in 2024, 56% higher than the level of EU goods exported to non-EU member countries of €2,584bn (extra-EU trade). But in terms of external EU trade, the US accounted for the highest share in 2024, with a total of 21%, followed by the UK (13% of the EU trade total) and China (8%). China was the largest EU supplier of goods (20%). Within the Eurozone, Germany had by far the highest share of external EU trade, contributing to 27% of EU's total goods exported, and 19% of EU imports.

Eurozone goods inflation has flatlined since 2024, suggesting demand is improving, with EU economic activity projected to improve modestly in 2025, underpinned by stronger consumption and a rebound in investment. Services inflation eased in May to 3.2% y/y after rising in April, though the level is still high compared to pre-Covid figures (Chart 2).

According to the EU's Spring 2025 Economic Forecasts, inflation is expected to stay within the ECB 2% target (1.9% y/y in May), as disinflationary factors are expected to outweigh higher good/food prices due to tariff disruptions, helped by moderation in wage inflation. The EU projects growth in nominal compensation per employee to slow to 3.9% in 2025, and 3.0% in 2026 (from 5.3% in 2024), as employment expands more modestly.

Finally, Lipper fund flows analysis of Euro-denominated bonds shows a strong revival of inflows into credit in May. Flows in both investment grade and high yield increased sharply in the second half of the month, following a general sell-off of Euro bond funds in April, including money market funds (Chart 4).

Chart 1: EU Intra trade matters, with most EU countries trading more within the EU internal market than with countries outside the EU in 2024 as the chart shows. Ireland is an exception.

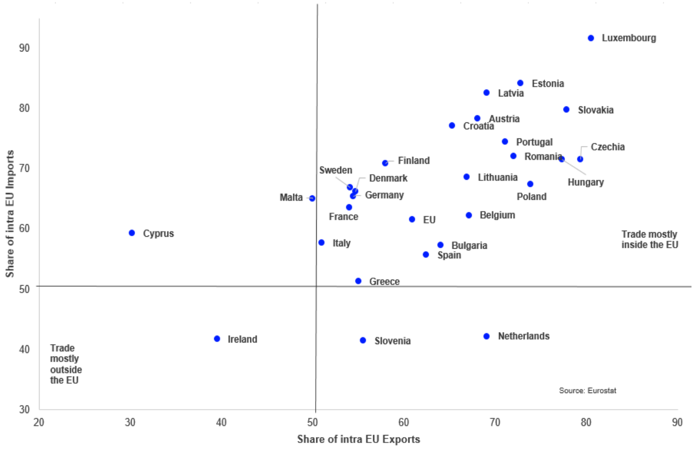


Chart 2: EU goods inflation may have reached a low, having flatlined in Q2, while after ticking up in April, services inflation moderated to 3.2% in May, with levels underpinned by tight labour markets.

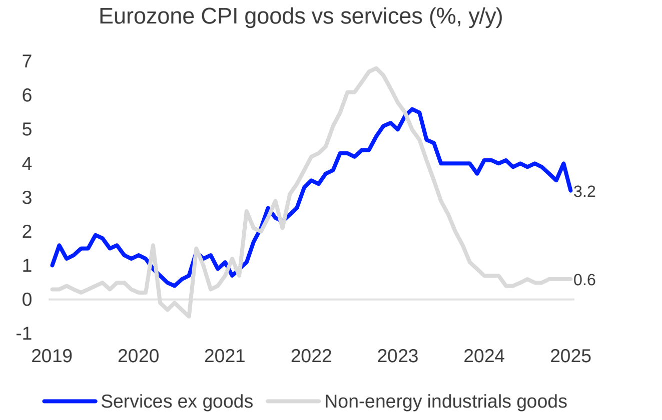


Chart 3: EU unemployment has flatlined to a low of 6.2% since Q4 2024 and is projected to fall further by 2026, with labour costs also easing, despite continued shortfalls in sectors like healthcare and construction.

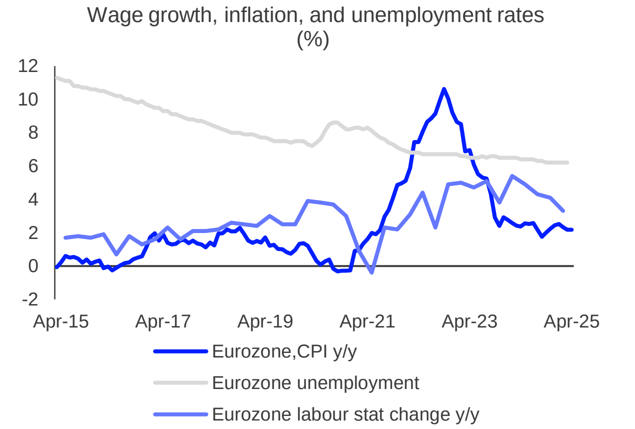
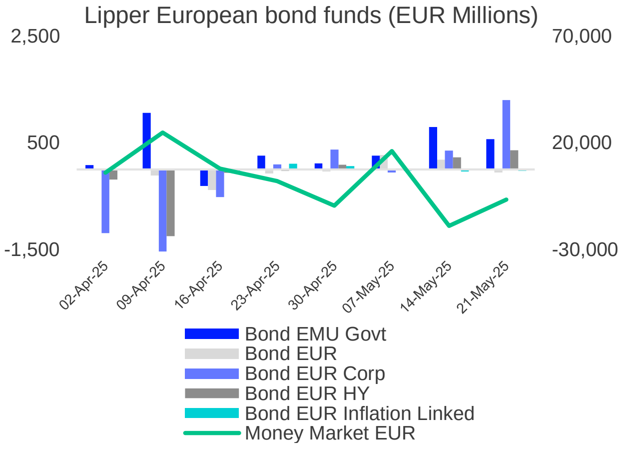


Chart 4: Both Euro investment grade and high yield corporates have returned into favour in May, with fund flows up significantly, after investors sold out of these funds in April.



Macroeconomic and Financial Backdrop – UK

Longer dated gilt yields have increased in line with other G7 markets in Q2, taking yields to post-GFC highs and increasing the cost of capital for corporates. But higher yields increase discount rates, reducing future liabilities for DB pension funds, which in turn increases the appeal of LDI to de-risk schemes. Gilt holdings of UK insurers and pension funds may show early signs of increased LDI flows, after declining since 2022.

Recent increases in long govt yields – including gilts – are shown in Chart 1. A very weak 20 year JGB auction drove the spike in JGB yields amidst reduced demand, and unrealized losses, from Japan life companies. But these companies have longer liabilities than assets, so increases in long yields improve net solvency, even if increasing unrealized JGB losses. So, this differs from 2023's duration mismatch at US regional banks or self-feeding spiral in gilt yields in 2022, as pension funds de-leveraged.

Also note long bond yields of 5% and above are attracting LDI flows in the US and UK notably, as defined benefit pension funds move into funding surpluses, as shown in Chart 2. Higher gilt and corporate bond yields since 2023 reduced the value of future liabilities as discount rates rose (even if they have also reduced the value of scheme assets held in gilts). Lower rates and higher inflation could reverse these surpluses, so LDI strategies to protect pension schemes may attract more interest at these yields.

Although data is released with a lag, Q4 data on gilt holdings shows little evidence of a fall in overseas holdings, which increased in Q4 2024 (Chart 3). There is also some stabilisation in UK insurance companies and pension fund holdings, which had fallen sharply since 2022. This may be early evidence of increased LDI flows into gilts in response to the increase in longer dated yields.

UK inflation expectations can be tracked via breakevens, like the US, and tell a slightly different story (Chart 4). Short-run breakevens have eased since the early tariff announcements in Q1 but are above levels of a month ago. And with wage inflation still at 5.6% y/y, and an inflation target at 2%, the challenge of achieving the 2% inflation target remains significant.

Chart 1:Trouble with the curve? Long yields rose sharply in recent months, v 7-10 year yields, led by JGBs and gilts. Very flat long end curves may be ending, though higher long end yields are attracting LDI flows.

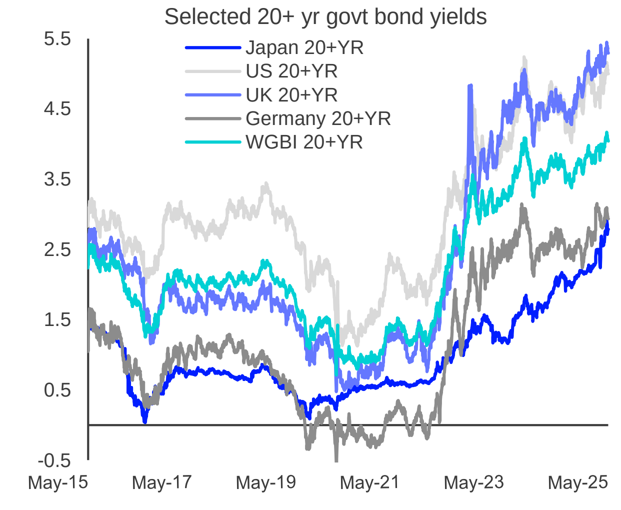


Chart 2: UK defined benefit (DB) pension schemes are now in funding surplus, with assets exceeding future liabilities, due to higher yields reducing the valuation of future liabilities more than asset values.

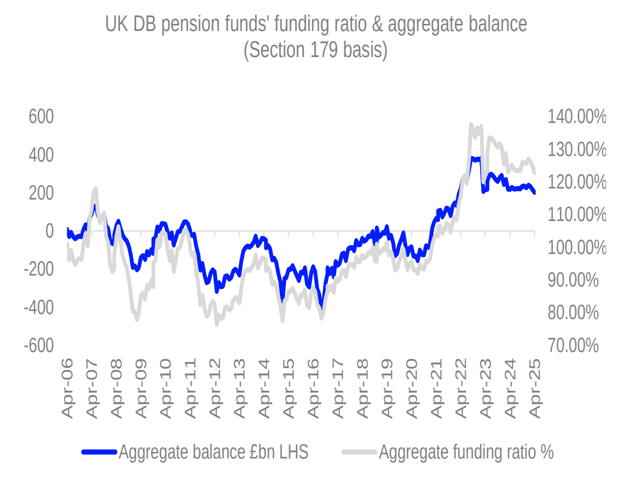


Chart 3: Overseas residents increased holdings in Q4, despite fears to the contrary. The fall in holdings by UK insurance companies & pension funds since 2022 stabilised – possible evidence of increased LDI flows.

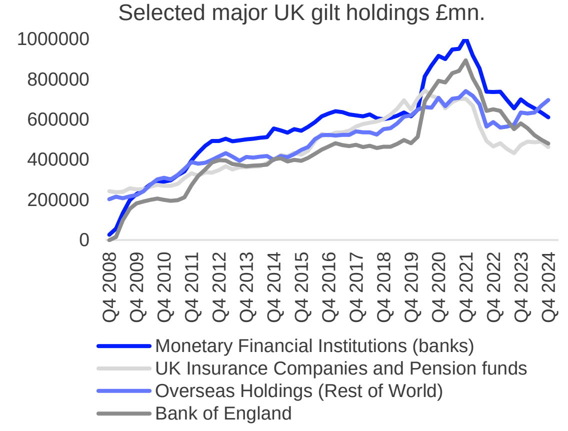
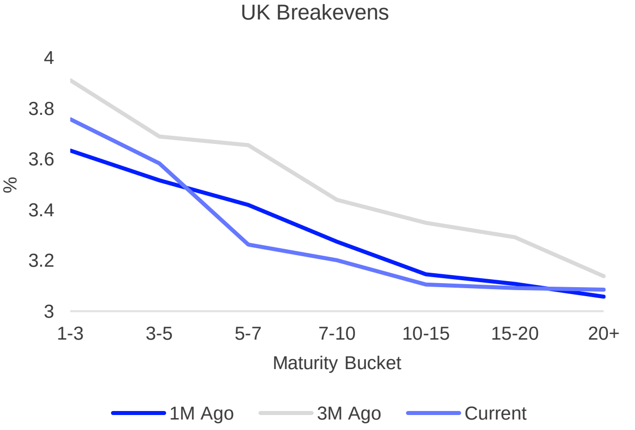


Chart 4: UK breakevens show short-run inflation expectations have eased since US tariff increases were first announced in March/April, but above the levels a month ago, after higher April inflation data..



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Global Yields, Curves and Breakevens

Chart 1: Yields drifted marginally higher in May, with Bunds the most volatile. Further policy easing in Europe helped cap the rise in 7-10 year yields, though the sell-off in longs did not help 7-10 year JGBs.

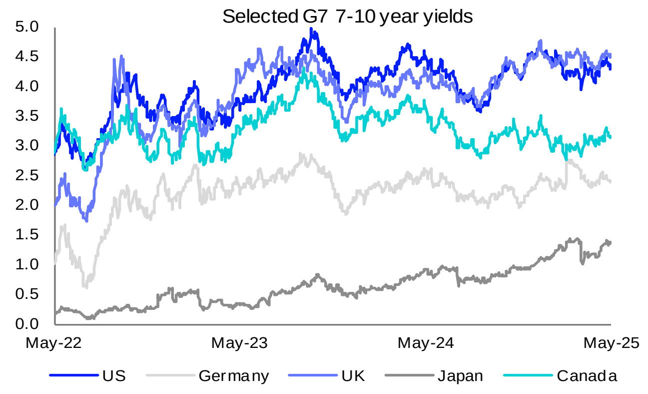


Chart 2: Real yields largely tracked nominals (with breakevens stable). UK real yields remain close to the 2022 highs, despite the BoE rate cut in May. The stickiness of UK inflation may be bearing on this.

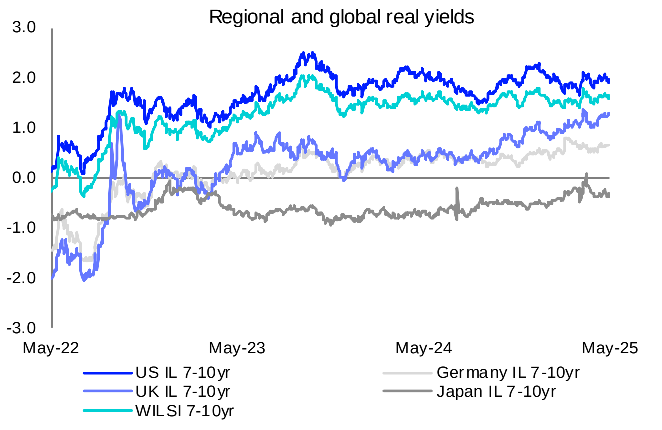


Chart 3: Yield curves are still in a steepening trend, although the Fed's decision to hold rates in May caused some counter-trend flattening. The JGB 10s/2s curve is slowly steepening but less so than in the longs.

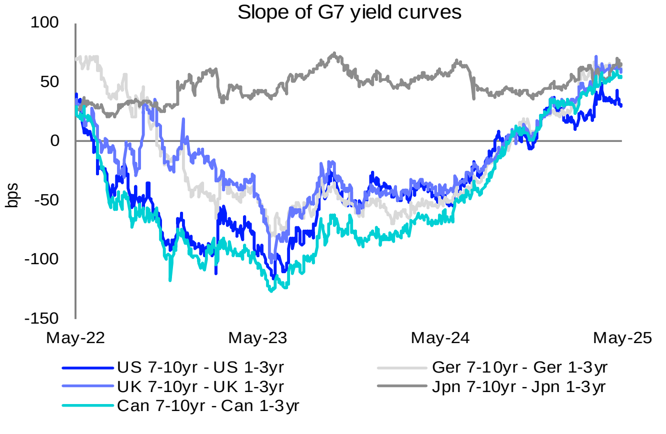


Chart 4: Curve steepening in long JGBs is more pronounced than in other markets, accelerating in May, after a weak 20 yr auction. Overall, G7 curve steepening is greater in longs than in 10s/2s since 2024.

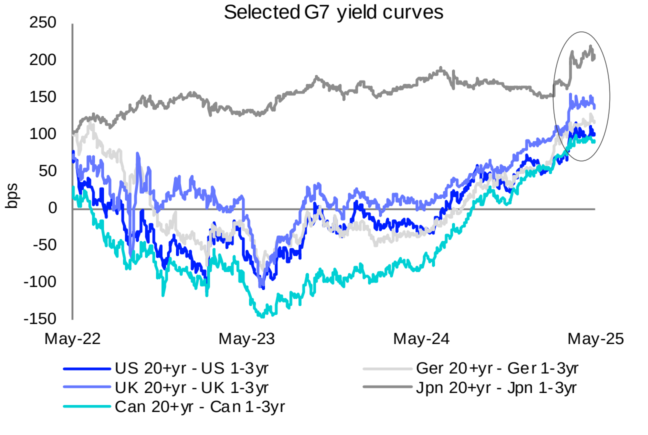


Chart 5: Inflation breakevens were fairly stable in May, helped by lower energy prices. Eurozone breakevens drifted lower with inflation back to target. UK breakevens reacted little to higher UK inflation data.

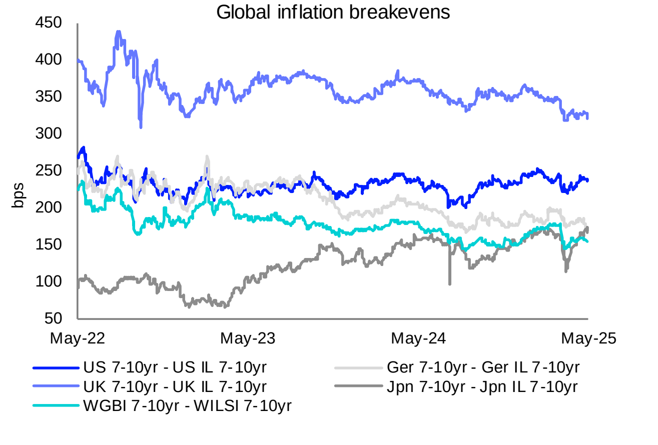
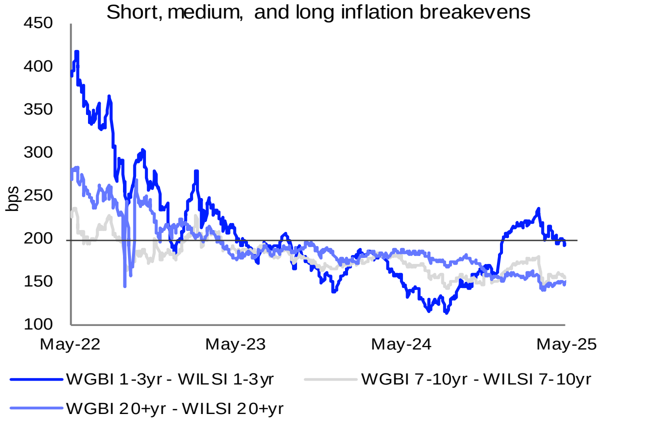


Chart 6: Global inflation breakevens show short-dated breakevens falling back to below 2% again, helped by tariff delays and the prospect of weaker growth, particularly in export-led economies.



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Yield Spreads and Credit Spread Analysis

Chart 1: US spreads widened again in May, after the Fed held rates and other central banks cut them (apart from the BoC). Failure of US spreads to tighten since the Fed began cutting rates is very unusual.

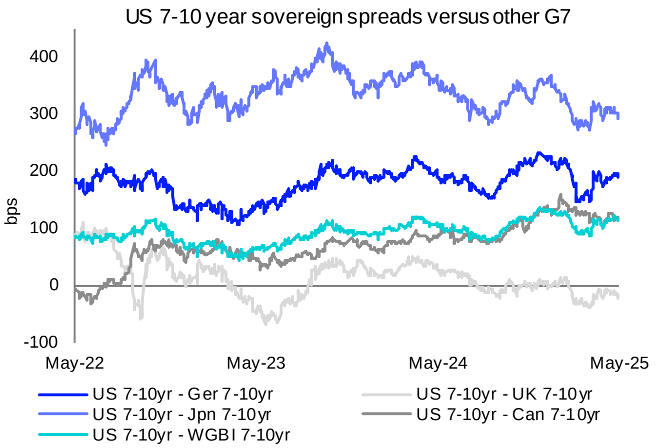


Chart 2: Peripheral Eurozone markets gained from ECB policy easing since the tariff shock emerged in April. Concerns about Bund issuance after easing of debt rules may have also helped spreads tighten v core.

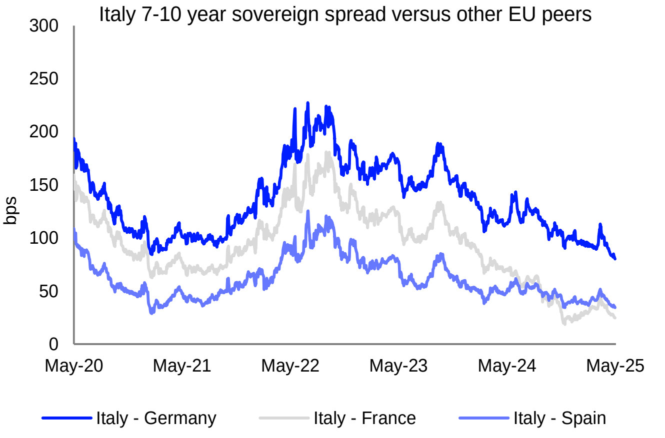


Chart 3: EM spreads resumed their decline versus the G7 in May, and are at, or near, cycle lows. Unlike previous cycles, EM spreads did not widen when the Fed tightened, showing greater maturity as an asset class.

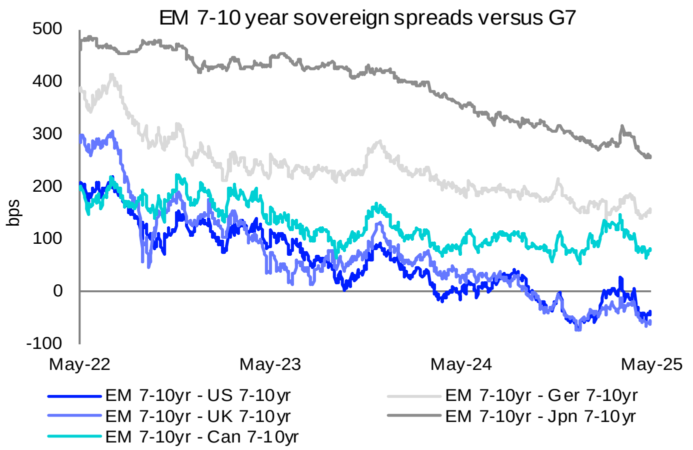


Chart 4: Only JGB yields are below Chinese 7-10 yr govt yields, and this may not be for much longer. PBoC easing in May helped pull Chinese yields lower. Further easing is likely if domestic demand remains weak.

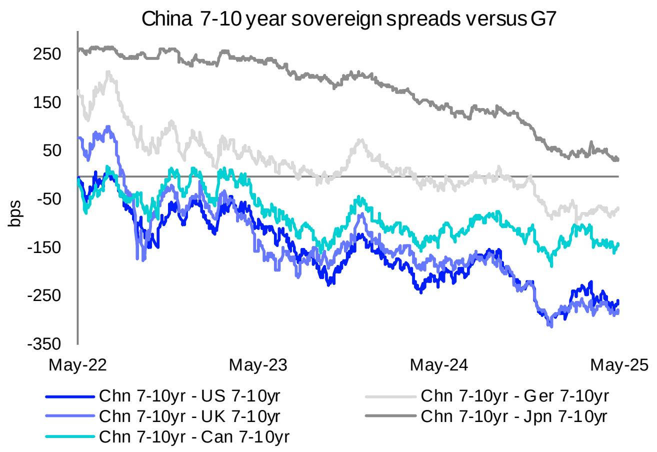


Chart 5: High yield credit spreads reversed much of the April spike in May, on tariff delays and the recovery in equities. IG spreads have been more stable, but also tightened in May, as risk appetite recovered.

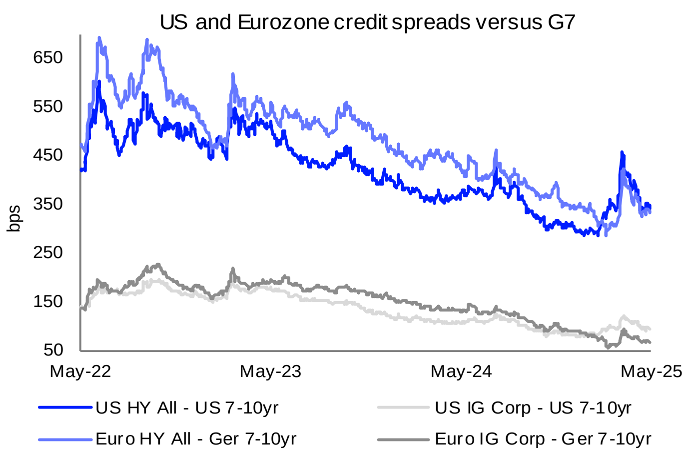
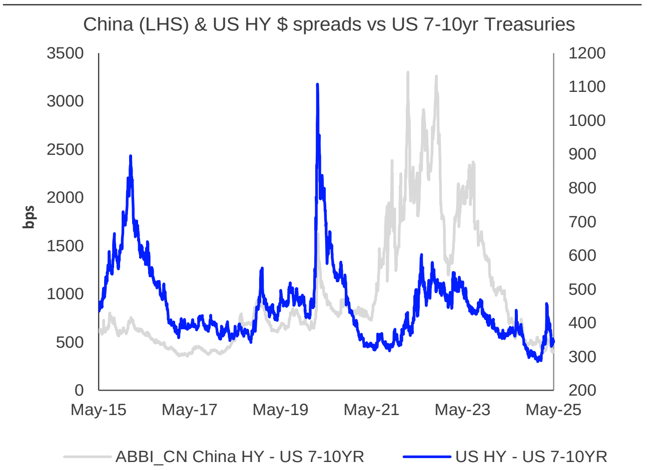


Chart 6: As in other HY dollar markets, Chinese spreads tightened in May. Chinese property market support measures have helped this tightening process with spreads now back to pre-Covid levels.



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European Credit Analysis

Chart 1: Investors capitalised on the higher OAS spreads in April to buy back investment grade corporates in May, prompting spreads to decline and return close to their post-Covid lows.

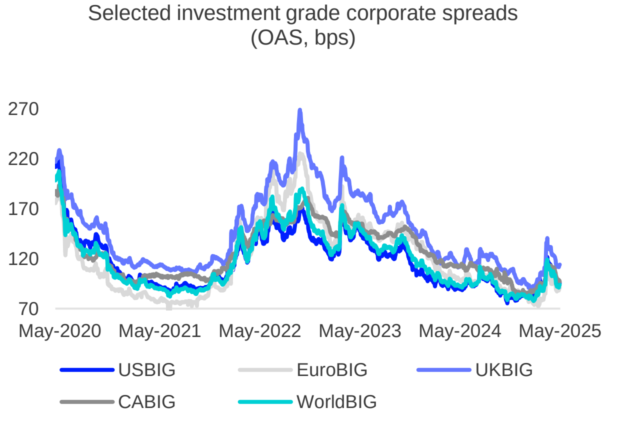


Chart 2: Similarly in high yields, OAS spreads have also fallen sharply in May, though the move in sterling high yield credit has been more muted.

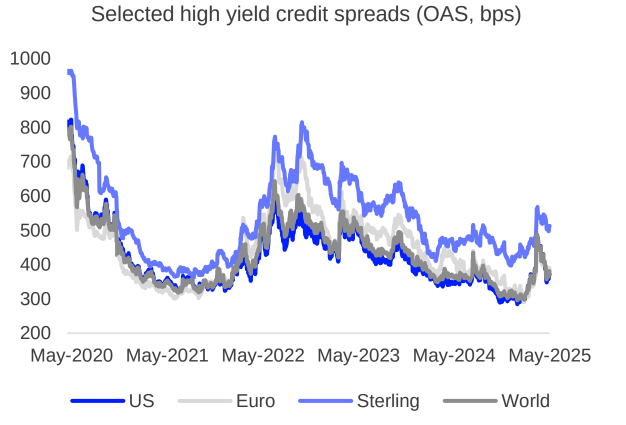


Chart 3: Euro investment grade corporate bonds continue to offer attractive yields, with BBBs the highest, close to 3.5%, while benefitting from easing, with ECB expected to cut again in June.

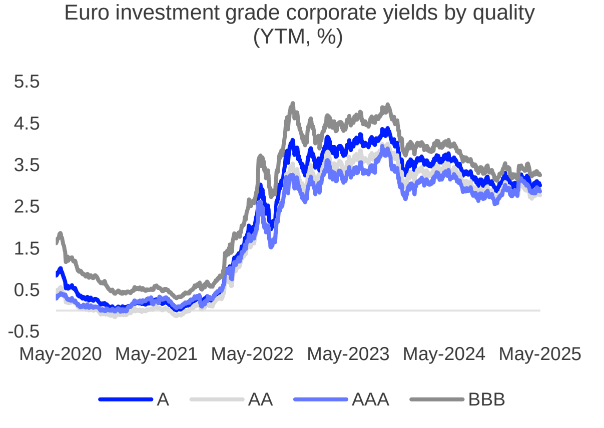


Chart 4: Similarly, Euro high yield credit offers investors yields close to 4.5% in BBs and 6.5% in Bs. CCC yields have remained high, at 17%, even if lower rates and better growth reduce default prospects.

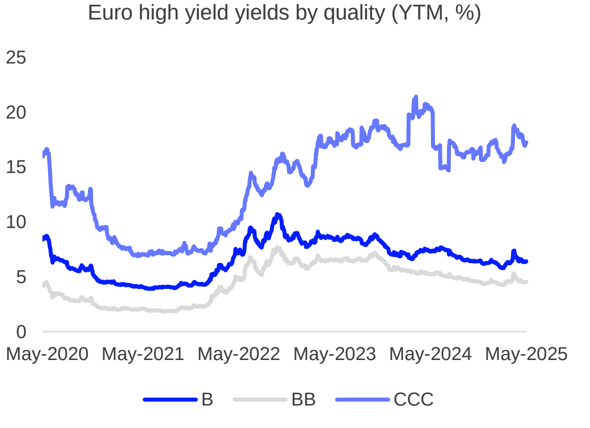


Chart 5: Euro investment grade corporate spreads tightening was modest, down 5-10bp, in May. CCC spreads tightened the most, by some 10bp, after the sharp rise in April following tariff shocks.

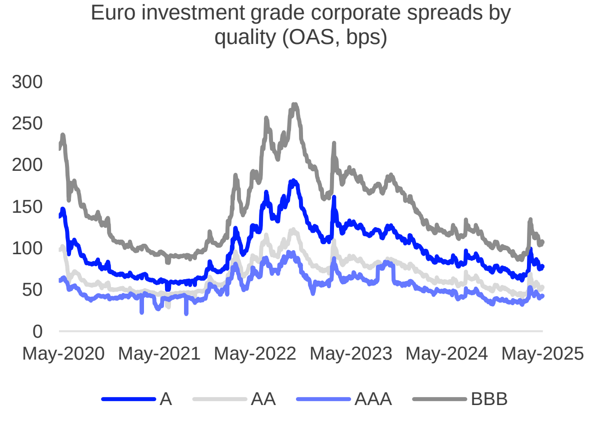
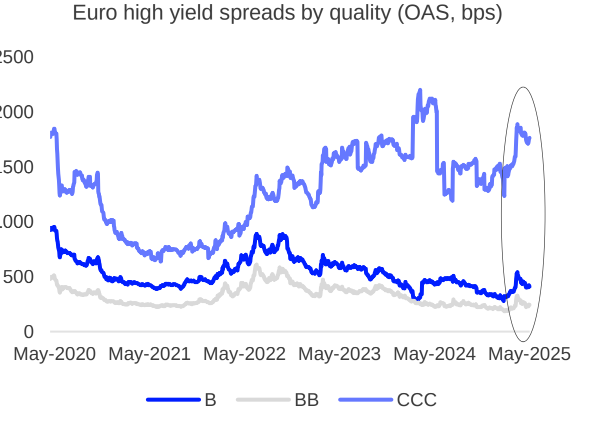


Chart 6: B-rated Euro high yield spreads have tightened the most over 1M, down by about 40bp in May, compared to more modest tightening in CCCs and BBs (20-25bp).



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UK Credit Analysis

Chart 1:Like the US, UK credits have some of the highest yields in IG, with Chinese IG credit trading well through other markets since tightening began in 2022. ECB easing is pulling Euro yields lower.

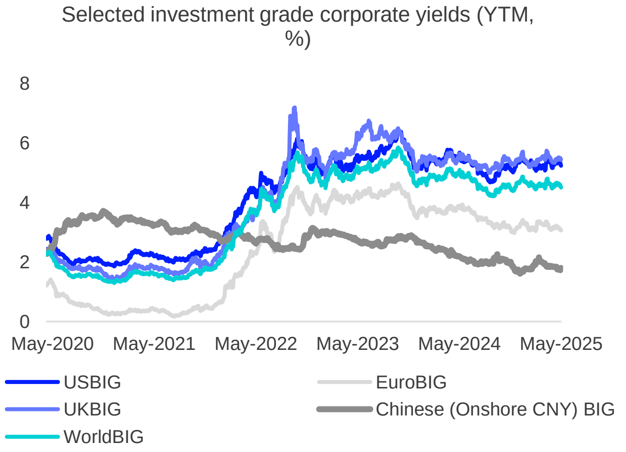


Chart 2: UK financials continue to outperform other IG credit, led by banks, helped by better capitalisation in this cycle, higher rates and net interest income. Bank credit and equities have also become lower beta.

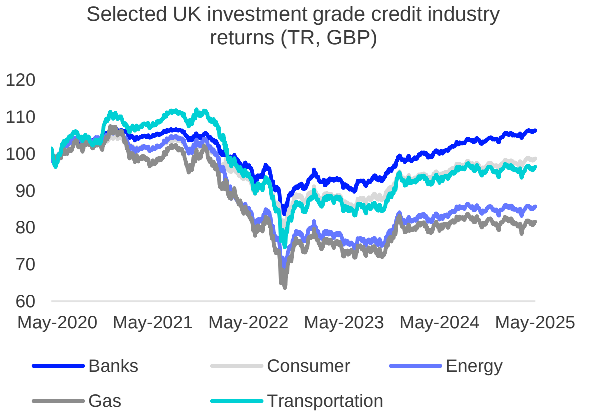


Chart 3: There has been some deterioration in credit quality in the sterling HY market, mainly due to downgrades/defaults in the other utility sector (notably water issues). So the share of BB issues fell.

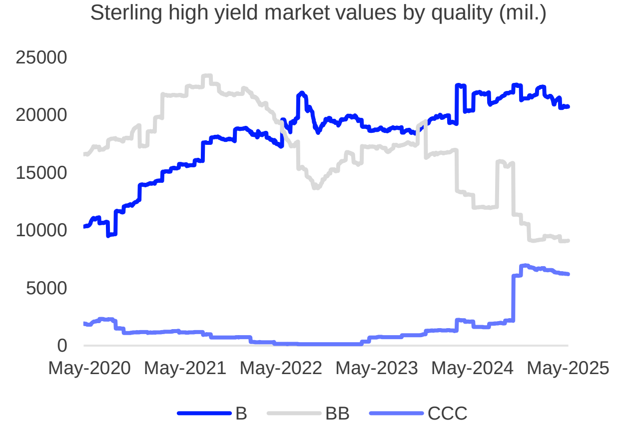


Chart 4: The duration of UK IG issues has shortened relative to the US since 2022. This is partly an effect of lower prices but may also reflect issuance strategy, given the relatively high level of yields.

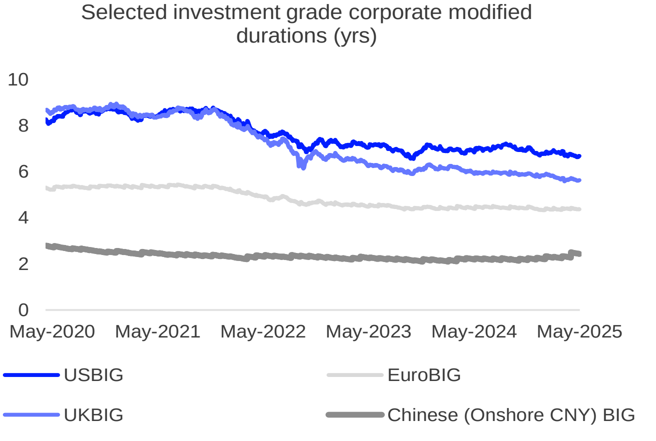


Chart 5: Sterling HY credits have higher yields than the peer group, partly reflecting the defaults in the water sector in 2022-23, but also the high level of UK policy rates. Lower Euro yields reflect lower ECB rates.

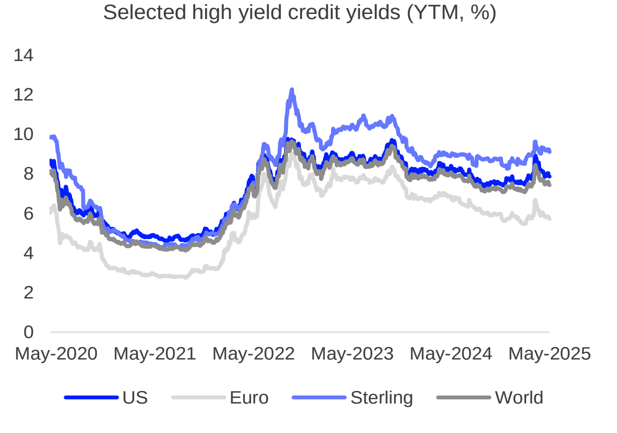
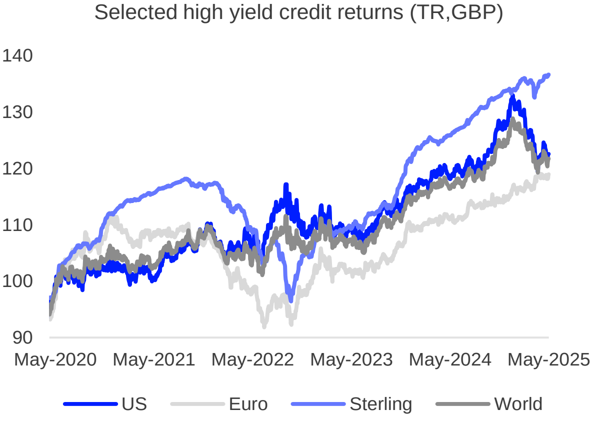


Chart 6: A sterling-based investor in US HY has suffered significant exchange rate losses in 2025, while Euro returns were enhanced. Sterling HY returns are more volatile but recovered well since the 2022 shocks .



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SI Sovereign Bond Analysis

Chart 1: Absolute returns for the SI Sovereign indices have been solid over 1 year, even if slightly lagged WGBI. 3M returns are flat on higher volatility due to policy uncertainty and its implication on monetary policy.

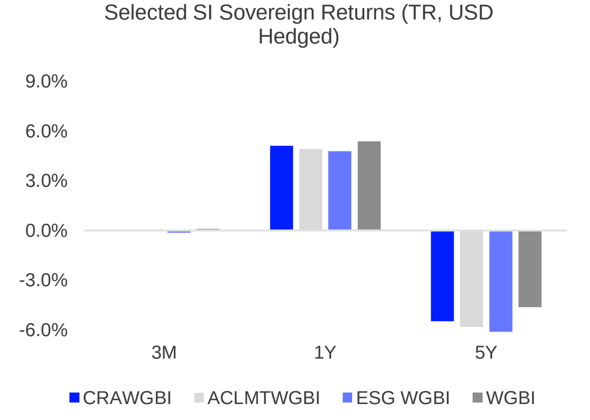


Chart 2: Relative CRAWGBI performance has been largely flat over 3M and 12M, unlike ESG WGBI, which has continued its 5-year decline. ESG WGBI's US overweight explains the underperformance over 2 yrs.

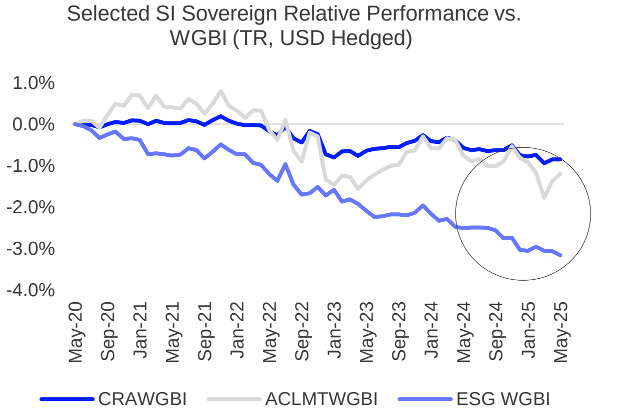


Chart 3: While ESG WGBI has a slight US overweight, the climate indices are both underweight selected European sovereigns. Divergent rate paths could result in country allocation being important to returns.

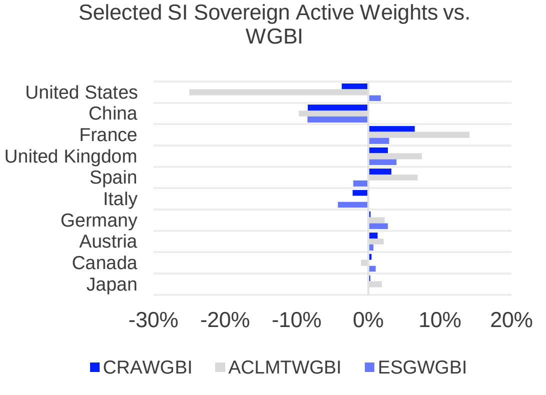


Chart 4: Relative to WGBI, the ESG WGBI has a clear quality bias, implying that more developed, lower risk sovereigns are likely to have higher ESG scores than their less developed counterparts.

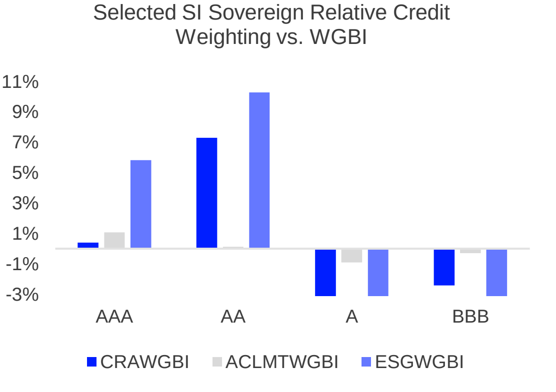


Chart 5: SI sovereign yields have risen vs WGBI over the last 2 years. Advanced Climate yields vs WGBI have more volatile, with the US underweight leading to a consistently lower yield.

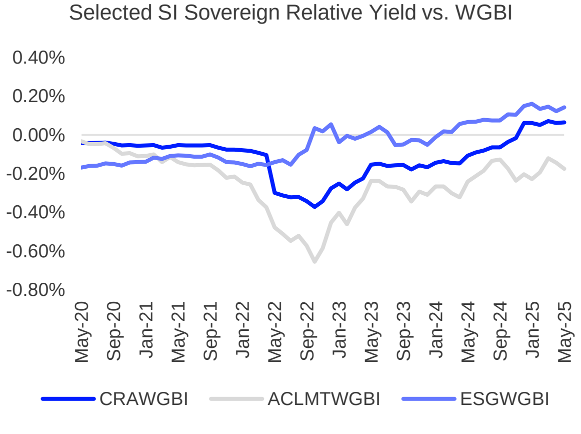
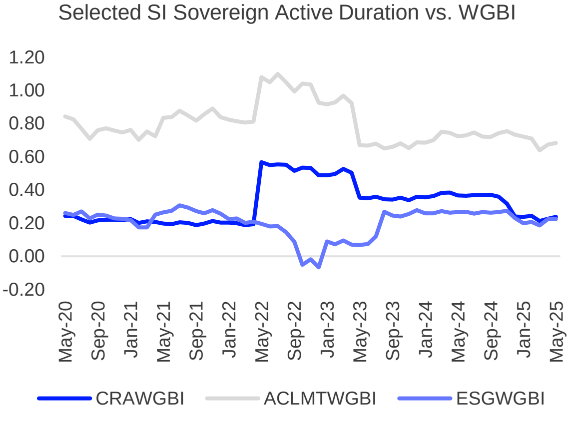


Chart 6: Active duration remains positive in all three SI sovereign indices versus WGBI. Advanced Climate has the highest duration, with its higher active duration partially responsible for the higher volatility.



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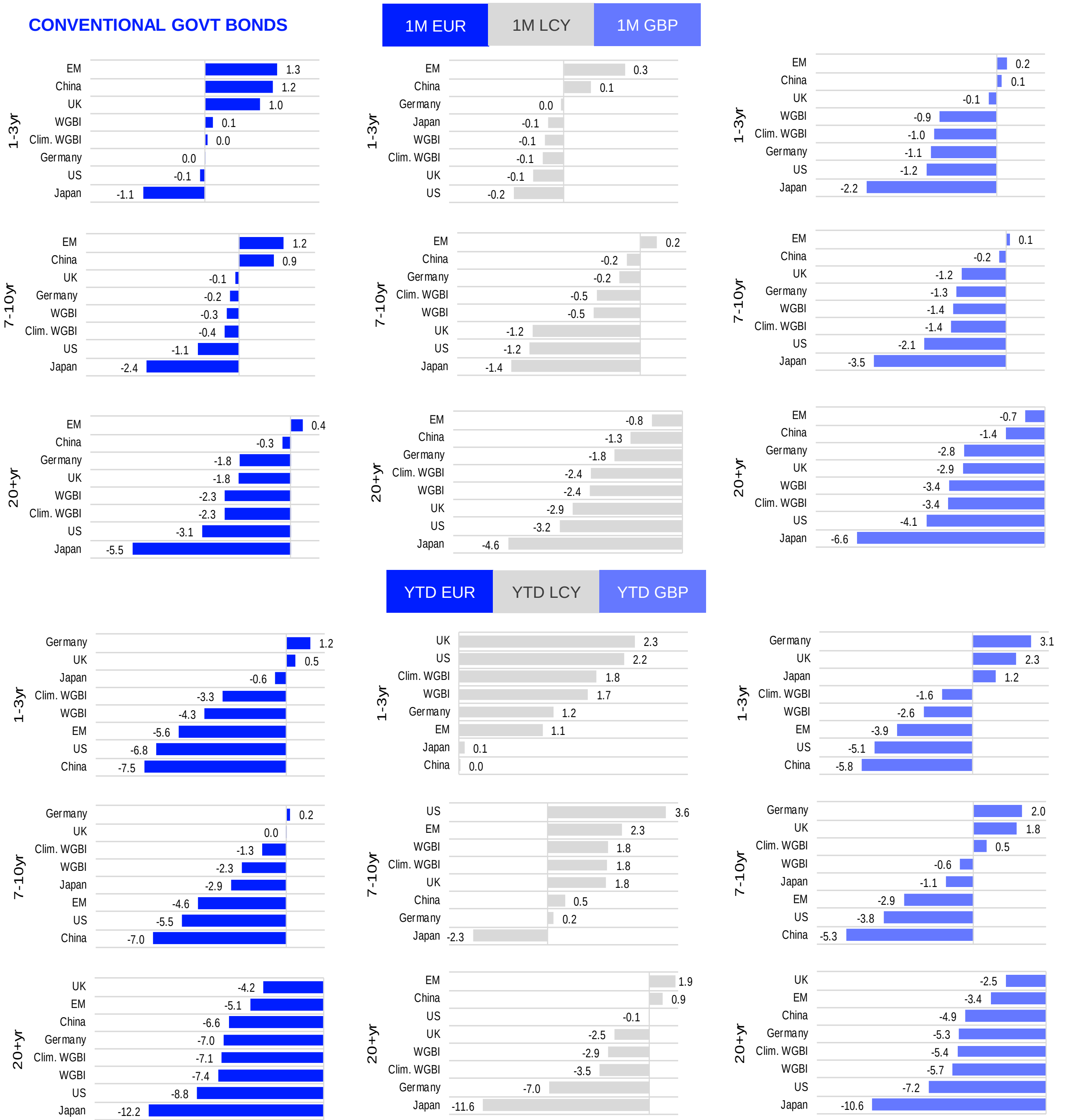
Conventional Government Bond Returns − 1M & YTD % (EUR, GBP, LC, TR)

Long govts. fell as risk rallied and curves steepened in May, led by JGBs. The dollar stabilised, so currencies had less impact on returns in May, but YTD returns show the weak US dollar and renminbi driving losses for both Euro and sterling-based investors, in US and China govt bonds, with losses of 4-8%. But long JGBs show the biggest losses of 11-12% YTD.

Short China and EM gov showed flat returns in local currency, with losses mainly confined to longer conventionals, which lost about 1%, led by JGBs. Long JGBs fell sharply after a very weak 20 year auction, with the lowest bid-to-cover ratio for over a decade.

Long end curve steepening remains a dominant theme in the G7, with 10s/2s more stable, even if central bank easing has pulled short yields lower, led by the ECB. Fears of global contagion from the sell-off in long JGBs may have fed into weakness in longs, as parallels were drawn with the duration mis-match in US banks in 2023, and self-feeding spiral lower in gilts in 2022.



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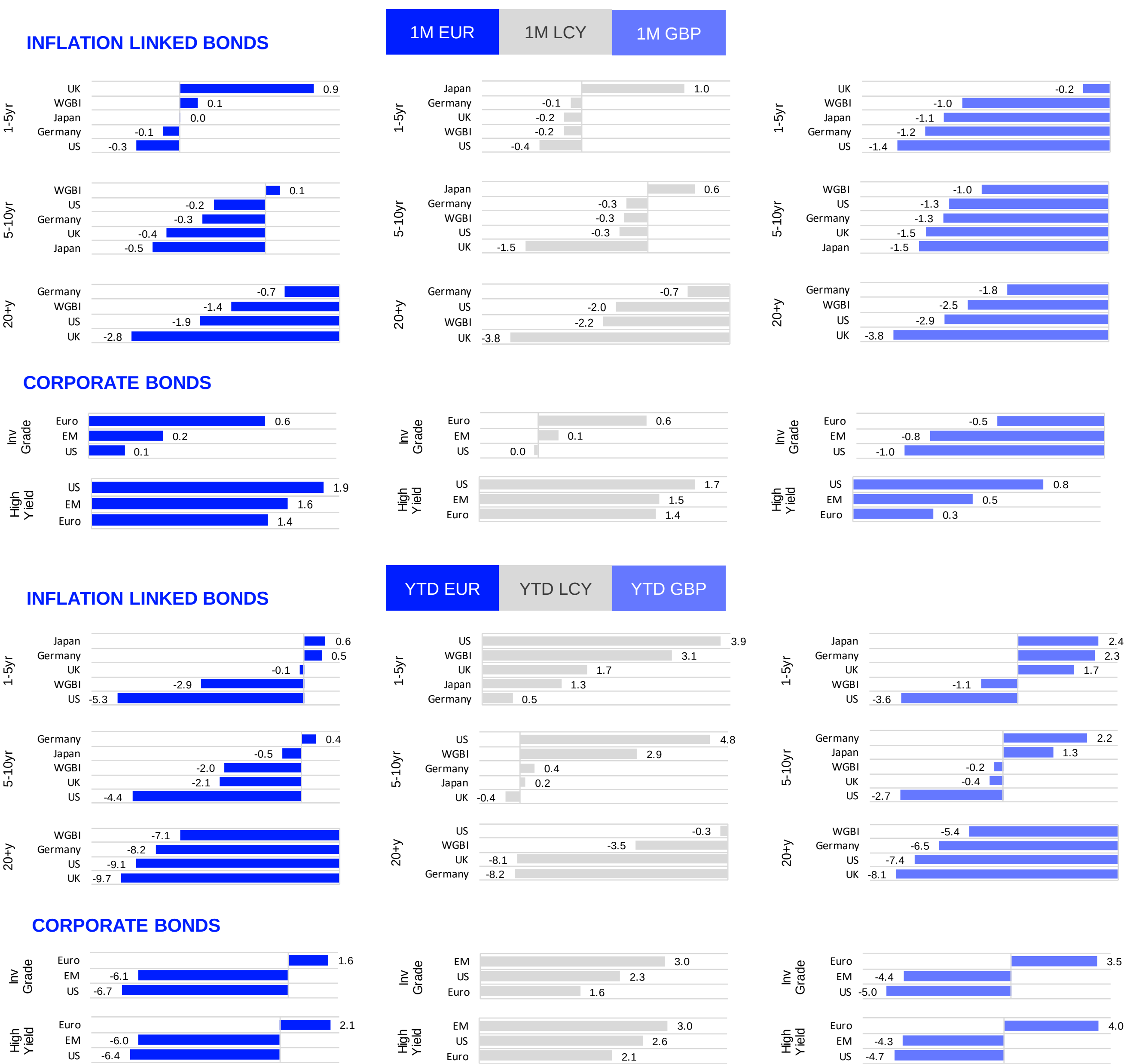
Global Inflation-Linked Bond Returns – 1M & YTD % (EUR, GBP, LC, TR)

- **Like conventionals, long inflation-linked returns drifted lower, led by UK linkers and Tips, with losses of 2-4% in euro/sterling terms. Credit rallied, helped by tariff delays, and the rally in risk assets, led by equities. YTD returns show dollar weakness has turned positive US Tips returns into negative 3-5% in euro/sterling terms.**

Euro IG and HY credit remain the strongest performers YTD, with gains of 2-4% in euro/sterling terms. US and EM credits also gained 2-3% YTD in local terms, with low default rates and lower central bank rates both helping.

US Tips have been the strongest performers YTD in local currency terms, with gains of 4-5% in shorts and mediums, as real yields fell on weaker growth and some (modest) Fed easing, but currency effects drove stronger gains in overseas markets.

Long linkers underperformers overall, with Bund and gilt linkers down 8% in local currency terms. Reduced issuance of long UK index linked bonds and gilts in 2025-26 did not prevent further losses.



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

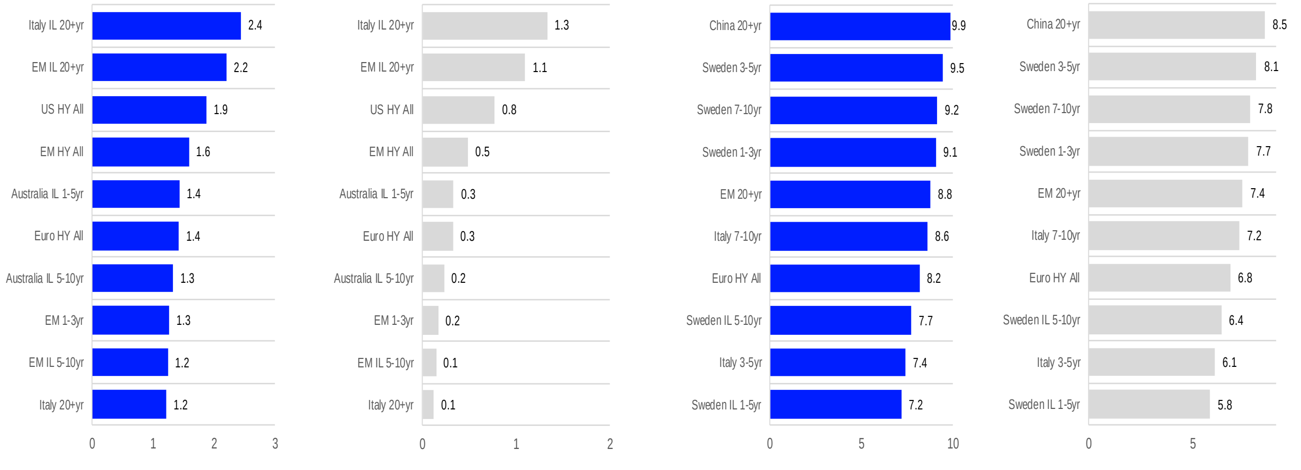
Currency effects were less dominant in May, as the dollar stabilised, though EM bonds were helped by currency gains. Long Italian bonds benefitted from lower inflation and ECB easing in May. Long JGBs were the worst performers in May, after a very weak auction, with losses of near 6-7% in euro/sterling terms. 12M returns are led by long China and Swedish government bonds.

Substantial Riksbank easing of 175bp since May 2024 has driven returns of 6-12% in euro/sterling terms in Swedish government bonds, on 12M, aided by gains in the Swedish krona (see page 17). Long China and EM bonds also gained 9-10% in euro/sterling terms, boosted by PBoC easing and purchases in 2024.

Apart from China and EM, most of the bigger gains were in shorter dated bonds, and Euro credit on 12M, with cuts in policy rates boosting returns. All 15 weakest performers were longer dated bonds, led by long UK and Australian inflation linked bonds, with losses of 14-17% in euro/sterling terms.

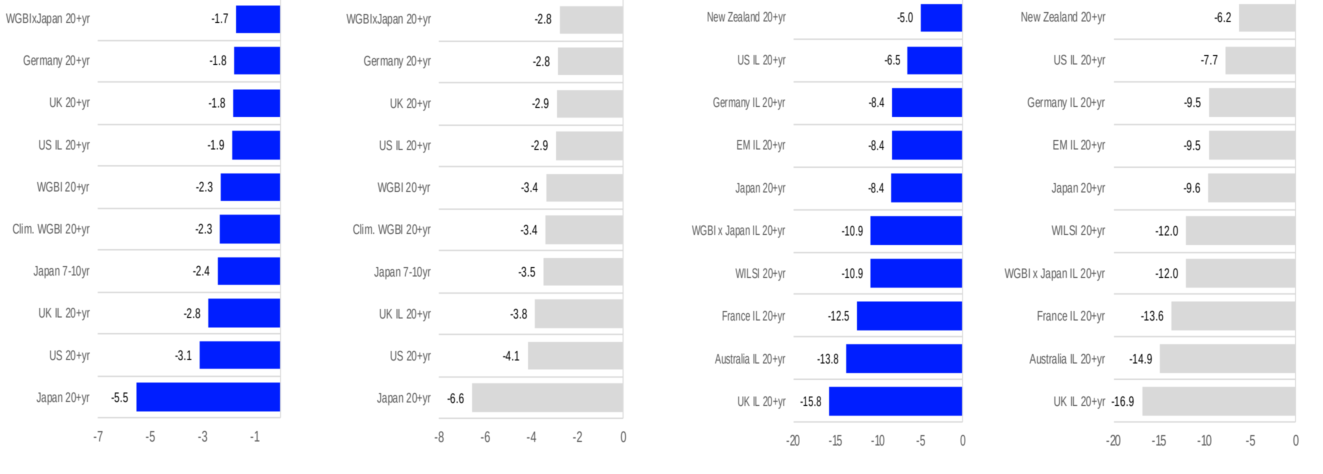
TOP 10

1M EUR | 1M GBP | 12M EUR | 12M GBP



BOTTOM 10

1M EUR | 1M GBP | 12M EUR | 12M GBP



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Appendix − Global Bond Market Returns % (EUR, GBP & LC, TR) – May 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	1.04	-5.66	-7.44	2.16	-5.12	-6.81	5.66	-0.24	1.04
	7-10YR	0.17	-6.47	-8.24	3.64	-3.75	-5.47	5.92	0.01	1.29
	20+YR	-5.68	-11.94	-13.60	-0.05	-7.18	-8.83	-0.60	-6.15	-4.95
	IG All	-0.40	-7.00	-8.75	2.26	-5.03	-6.73	5.67	-0.23	1.05
	HY All	0.64	-6.03	-7.81	2.64	-4.68	-6.38	9.48	3.37	4.70
UK	1-3YR	1.19	1.19	-0.72	2.31	2.31	0.48	5.24	5.24	6.59
	7-10YR	0.31	0.31	-1.58	1.80	1.80	-0.02	2.76	2.76	4.08
	20+YR	-4.41	-4.41	-6.21	-2.45	-2.45	-4.19	-5.76	-5.76	-4.55
EUR	IG All	0.51	2.45	0.51	1.61	3.45	1.61	6.48	5.13	6.48
	HY All	0.55	2.49	0.55	2.14	4.00	2.14	8.17	6.80	8.17
Japan	1-3YR	0.33	-2.16	-4.01	0.08	1.23	-0.58	0.06	2.88	4.21
	7-10YR	-0.37	-2.85	-4.68	-2.27	-1.15	-2.91	-1.62	1.16	2.46
	20+YR	-9.91	-12.15	-13.81	-11.64	-10.63	-12.22	-12.05	-9.57	-8.41
China	1-3YR	0.43	-5.09	-6.88	0.02	-5.78	-7.46	2.26	-2.81	-1.56
	7-10YR	0.84	-4.70	-6.50	0.53	-5.29	-6.98	7.02	1.72	3.03
	20+YR	1.19	-4.37	-6.17	0.91	-4.94	-6.63	14.12	8.47	9.86
EM	1-3YR	0.86	-4.04	-5.85	1.09	-3.92	-5.64	3.95	-1.59	-0.32
	7-10YR	1.43	-3.57	-5.38	2.28	-2.90	-4.63	8.07	2.82	4.14
	20+YR	1.29	-3.84	-5.65	1.86	-3.40	-5.12	13.26	7.40	8.78
	IG All	0.31	-6.34	-8.10	2.98	-4.37	-6.07	6.51	0.56	1.85
	HY All	0.32	-6.33	-8.10	3.04	-4.31	-6.01	9.13	3.04	4.36
Germany	1-3YR	0.84	2.78	0.84	1.24	3.08	1.24	4.26	2.94	4.26
	7-10YR	-0.06	1.86	-0.06	0.19	2.01	0.19	4.35	3.03	4.35
	20+YR	-5.49	-3.67	-5.49	-7.00	-5.32	-7.00	-1.24	-2.49	-1.24
Italy	1-3YR	1.13	3.07	1.13	1.76	3.61	1.76	5.35	4.01	5.35
	7-10YR	1.50	3.46	1.50	2.49	4.35	2.49	8.62	7.24	8.62
	20+YR	-1.07	0.83	-1.07	-1.22	0.57	-1.22	7.05	5.69	7.05
Spain	1-3YR	0.99	2.94	0.99	1.50	3.35	1.50	4.84	3.51	4.84
	7-10YR	0.87	2.81	0.87	1.45	3.29	1.45	6.21	4.86	6.21
	20+YR	-2.39	-0.51	-2.39	-3.15	-1.39	-3.15	3.71	2.39	3.71
France	1-3YR	0.96	2.90	0.96	1.55	3.39	1.55	4.76	3.43	4.76
	7-10YR	0.78	2.72	0.78	2.14	3.99	2.14	4.21	2.89	4.21
	20+YR	-3.24	-1.38	-3.24	-2.85	-1.08	-2.85	-3.40	-4.63	-3.40
Sweden	1-3YR	0.74	5.13	3.15	1.14	8.05	6.12	4.16	7.68	9.07
	7-10YR	1.37	5.79	3.79	1.94	8.90	6.96	4.24	7.77	9.15
Australia	1-3YR	1.62	-1.80	-3.65	2.48	-1.08	-2.84	5.28	-3.82	-2.58
	7-10YR	2.17	-1.28	-3.14	3.74	0.14	-1.65	6.85	-2.38	-1.13
	20+YR	0.19	-3.19	-5.01	1.37	-2.15	-3.89	2.76	-6.12	-4.91
NZ	1-3YR	1.12	0.60	-1.30	1.71	0.66	-1.13	6.89	-1.93	-0.67
	7-10YR	0.74	0.22	-1.67	1.43	0.39	-1.40	7.57	-1.30	-0.03
Canada	1-3YR	0.35	-1.83	-3.69	1.60	-1.30	-3.06	5.76	-1.01	0.26
	7-10YR	-0.99	-3.14	-4.97	1.79	-1.11	-2.88	7.18	0.32	1.61
	20+YR	-5.03	-7.10	-8.85	-0.82	-3.66	-5.37	3.86	-2.78	-1.53

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Appendix − Global Bond Market Returns % (EUR, GBP, LC, TR) – May 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	1.50	-5.23	-7.02	3.85	-3.55	-5.27	6.99	1.01	2.31
	5-10YR	0.73	-5.94	-7.72	4.77	-2.70	-4.44	6.57	0.61	1.91
	20+YR	-7.10	-13.26	-14.90	-0.29	-7.40	-9.05	-2.20	-7.66	-6.48
UK	1-5YR	0.65	0.65	-1.24	1.69	1.69	-0.13	3.32	3.32	4.64
	5-10YR	-1.34	-1.34	-3.20	-0.36	-0.36	-2.13	-1.18	-1.18	0.09
	20+YR	-8.25	-8.25	-9.98	-8.06	-8.06	-9.70	-16.87	-16.87	-15.80
EUxUK	1-5YR	0.20	2.12	0.20	0.49	2.31	0.49	3.30	1.99	3.30
	5-10YR	0.14	2.07	0.14	0.38	2.20	0.38	2.80	1.50	2.80
	20+YR	-6.18	-4.38	-6.18	-8.17	-6.50	-8.17	-8.35	-9.52	-8.35
Japan	1-5YR	0.50	-2.00	-3.85	1.27	2.44	0.61	2.32	5.20	6.56
	5-10YR	0.30	-2.20	-4.04	0.15	1.30	-0.50	1.34	4.20	5.54
EM	1-5YR	3.80	-1.52	-3.38	6.71	3.81	1.96	12.88	-3.85	-2.61
	5-10YR	4.17	-0.41	-2.29	6.67	4.26	2.40	10.29	-4.33	-3.10
	20+YR	5.60	1.79	-0.13	7.87	7.24	5.33	4.34	-9.55	-8.38
Germany	1-5YR	0.20	2.12	0.20	0.49	2.31	0.49	3.30	1.99	3.30
	5-10YR	0.14	2.07	0.14	0.38	2.20	0.38	2.80	1.50	2.80
	20+YR	-6.18	-4.38	-6.18	-8.17	-6.50	-8.17	-8.35	-9.52	-8.35
Italy	1-5YR	1.00	2.94	1.00	1.86	3.71	1.86	5.59	4.25	5.59
	5-10YR	1.45	3.40	1.45	2.64	4.51	2.64	6.78	5.42	6.78
	20+YR	-2.92	-1.06	-2.92	-4.72	-2.99	-4.72	-1.24	-2.50	-1.24
Spain	1-5YR	0.93	2.87	0.93	1.48	3.33	1.48	4.51	3.19	4.51
	5-10YR	0.56	2.49	0.56	1.21	3.05	1.21	3.86	2.54	3.86
France	1-5YR	0.82	2.75	0.82	1.36	3.20	1.36	3.37	2.06	3.37
	5-10YR	0.64	2.58	0.64	1.74	3.59	1.74	2.04	0.74	2.04
	20+YR	-5.24	-3.42	-5.24	-5.72	-4.01	-5.72	-12.52	-13.63	-12.52
Sweden	1-5YR	-0.14	4.21	2.25	0.08	6.92	5.02	2.37	5.83	7.19
	5-10YR	0.50	4.88	2.90	0.61	7.48	5.56	2.89	6.37	7.73
Australia	1-5YR	1.90	-1.54	-3.39	2.85	-0.72	-2.49	4.80	-4.25	-3.02
	5-10YR	1.63	-1.80	-3.65	2.63	-0.93	-2.70	5.01	-4.06	-2.83
	20+YR	-3.40	-6.66	-8.42	-4.20	-7.53	-9.18	-6.84	-14.89	-13.79
NZ	5-10YR	1.09	0.57	-1.33	2.11	1.06	-0.74	5.09	-3.59	-2.35
	20+YR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Canada	20+YR	-2.07	-4.20	-6.00	1.71	-1.20	-2.96	7.89	0.99	2.29

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

Global Bond Yields

Top 15% | Bottom 15%

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

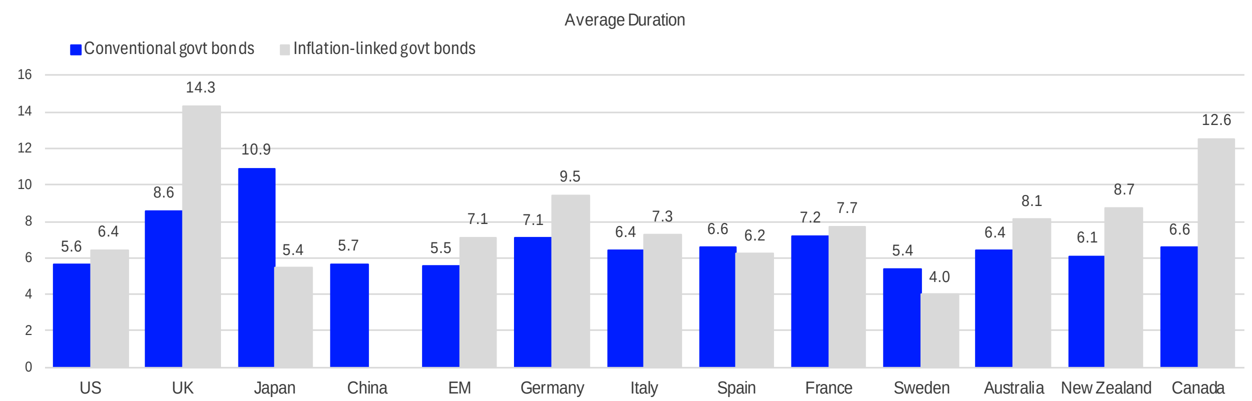
		Conventional government bonds				Inflation-linked bonds			Inv Grade	High Yld
		1-3YR	3-5YR	7-10YR	20+YR	1-5YR	5-10YR	20+YR	All Mat	All Mat
US	Current	3.98	3.91	4.29	5.00	1.30	1.81	2.62	5.24	7.77
	3M Ago	4.03	4.00	4.16	4.57	1.22	1.67	2.18	5.09	7.35
	6M Ago	4.24	4.12	4.18	4.48	1.81	1.86	2.17	5.08	7.36
	12M Ago	4.94	4.58	4.50	4.70	2.35	2.08	2.30	5.55	8.21
UK	Current	3.93	4.02	4.52	5.29	0.34	1.22	2.21		
	3M Ago	4.04	4.04	4.37	4.96	0.24	0.82	1.82		
	6M Ago	4.13	4.01	4.17	4.67	0.27	0.57	1.46		
	12M Ago	4.60	4.26	4.23	4.68	0.31	0.46	1.32		
Japan	Current	0.71	0.93	1.36	2.78	-1.32	-0.39			
	3M Ago	0.75	0.93	1.25	2.29	-1.26	-0.43			
	6M Ago	0.55	0.67	0.93	2.18	-1.06	-0.58			
	12M Ago	0.34	0.55	0.93	2.09	-1.19	-0.69			
China	Current	1.44	1.50	1.70	1.99					
	3M Ago	1.45	1.58	1.75	2.04					
	6M Ago	1.38	1.58	1.99	2.24					
	12M Ago	1.77	1.99	2.31	2.61					
EM	Current	3.09	3.34	3.93	3.60	6.59	5.69	6.02	5.36	8.05
	3M Ago	3.15	3.45	4.05	3.53	6.30	5.81	6.23	5.22	7.64
	6M Ago	3.09	3.36	3.99	3.70	6.09	5.50	5.95	5.34	7.83
	12M Ago	3.30	3.83	4.47	3.96	5.69	5.26	5.63	5.81	8.79
Germany	Current	1.78	1.96	2.39	2.94	0.48	0.66	1.10		
	3M Ago	2.00	2.03	2.28	2.63	0.87	0.44	0.75		
	6M Ago	1.94	1.85	2.02	2.29	0.72	0.19	0.39		
	12M Ago	3.07	2.72	2.59	2.77	1.45	0.60	0.55		
Italy	Current	1.96	2.35	3.19	4.14	0.73	1.24	2.24		
	3M Ago	2.25	2.55	3.23	4.01	0.69	1.30	1.95		
	6M Ago	2.29	2.46	3.04	3.76	0.76	1.18	1.67		
	12M Ago	3.46	3.42	3.73	4.30	1.54	1.68	1.91		
France	Current	1.96	2.28	2.94	3.83	0.58	0.87	1.66		
	3M Ago	2.17	2.40	2.93	3.60	0.58	0.83	1.39		
	6M Ago	2.20	2.39	2.74	3.32	0.55	0.72	1.11		
	12M Ago	3.20	2.99	3.02	3.45	0.94	0.79	0.97		
Sweden	Current	1.87	1.92	2.20		1.35	0.67			
	3M Ago	2.03	2.09	2.31		1.03	0.74			
	6M Ago	1.64	1.66	1.87		0.48	0.25			
	12M Ago	3.04	2.60	2.46		1.69	0.92			
Australia	Current	3.30	3.40	4.06	4.91	1.18	1.72	2.73		
	3M Ago	3.76	3.79	4.22	4.84	1.67	1.87	2.52		
	6M Ago	3.99	3.92	4.25	4.79	1.76	1.82	2.29		
	12M Ago	4.11	4.08	4.35	4.79	1.67	1.80	2.17		
New Zealand	Current	3.39	3.72	4.39	5.25		2.24			
	3M Ago	3.56	3.80	4.35	5.07		2.23			
	6M Ago	3.81	3.90	4.35	4.97		2.25			
	12M Ago	4.82	4.67	4.77	5.07	2.33	2.32			
Canada	Current	2.59	2.75	3.13	3.48	0.59	1.08	1.59		
	3M Ago	2.60	2.58	2.85	3.12	0.59	0.80	1.28		
	6M Ago	3.08	2.96	3.10	3.16	1.18	1.21	1.43		
	12M Ago	4.26	3.73	3.64	3.50	1.85	1.81	1.74		

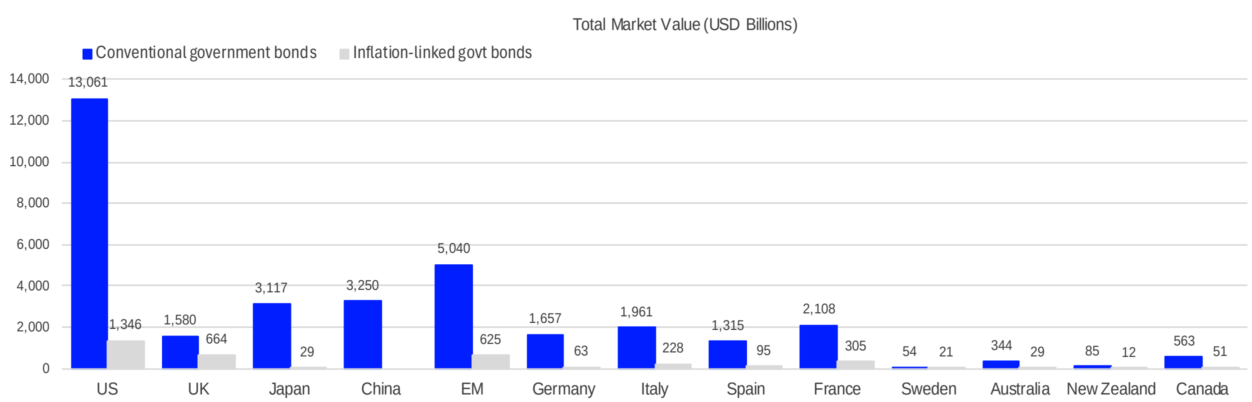
Source: FTSE Russell and LSEG. All data as of May 31, 2025. Past performance is no guarantee of future results. This report should not be considered 'research' for the purposes of MIFID II. Please see the end of the report for important legal disclosures. Bond market data is derived from FTSE Fixed Income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

Appendix – Duration and Market Value (USD, Bn) as of May 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	7.0	16.0	**5.6**	2,972.6	1,292.3	1,417.5	**13,061.4**	6.9	21.1	**6.4**	454.1	103.8	**1,345.8**
UK	3.5	7.1	17.3	**8.6**	220.0	254.7	325.1	**1,579.5**	7.3	25.9	**14.3**	159.3	205.4	**663.7**
Japan	3.9	8.2	22.2	**10.9**	388.3	498.5	577.8	**3,116.9**	7.9		**5.4**	14.6		**29.2**
China	3.6	7.6	18.3	**5.7**	737.1	551.4	366.8	**3,250.1**						
EM	3.5	7.1	16.4	**5.5**	1,102.3	889.6	493.8	**5,040.2**	5.7	12.8	**7.1**	132.6	160.6	**624.7**
Germany	3.8	7.4	20.3	**7.1**	339.6	268.5	188.4	**1,656.9**	7.7	20.0	**9.5**	14.1	17.0	**63.5**
Italy	3.7	7.1	16.5	**6.4**	365.6	306.9	172.8	**1,960.9**	6.5	23.4	**7.3**	66.4	9.3	**228.1**
Spain	3.5	6.9	18.0	**6.6**	263.4	238.1	106.4	**1,315.2**	6.7		**6.2**	56.4		**95.2**
France	3.6	7.3	18.6	**7.2**	453.3	420.0	260.1	**2,108.1**	6.1	23.1	**7.7**	91.4	21.6	**305.1**
Sweden	3.6	7.1		**5.4**	16.9	11.7		**53.5**	5.9		**4.0**	6.4		**21.3**
Australia	3.5	7.1	16.0	**6.4**	56.4	101.1	19.7	**344.0**	5.8	20.9	**8.1**	11.2	2.5	**29.4**
New Zealand	3.2	6.8	15.6	**6.1**	15.9	21.5	5.1	**84.8**	4.8		**8.7**	3.4		**11.9**
Canada	3.7	7.2	18.9	**6.6**	101.7	119.7	78.6	**562.7**	5.7	21.5	**12.6**	8.4	13.2	**50.6**

	Investment grade bonds										High Yield	
	Duration					Market Value					Duration	MktVal
	AAA	AA	A	BBB	Overall	AAA	AA	A	BBB	Overall		
US	9.7	8.0	6.8	6.4	6.7	7079.2	447.7	2928.0	3629.0	7079.2	3.7	1122.7
Europe	6.4	4.7	4.6	4.1	4.4	25.0	225.2	1342.8	1698.9	3291.8	3.1	370.2
EM		6.1	5.3	5.3	5.4		71.7	178.5	235.7	485.8	3.6	186.6

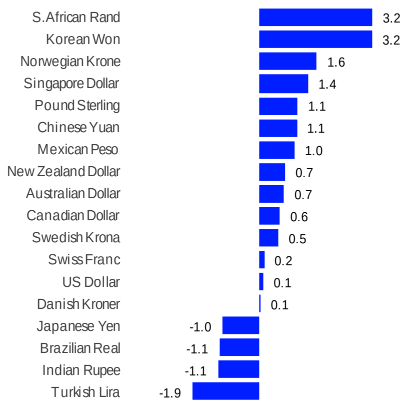




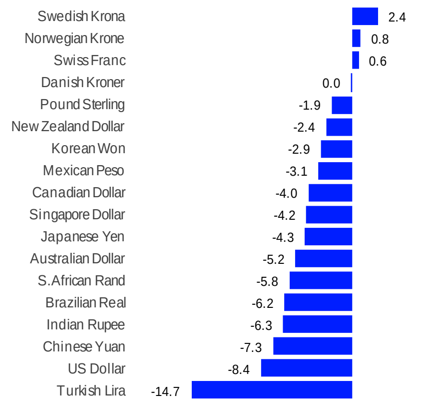
Source: FTSE Russell and LSEG. All data as of May 31, 2025. Past performance is no guarantee of future results. This report should not be considered 'research' for the purposes of MIFID II. Please see the end of the report for important legal disclosures. Bond market data is derived from FTSE Fixed Income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

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

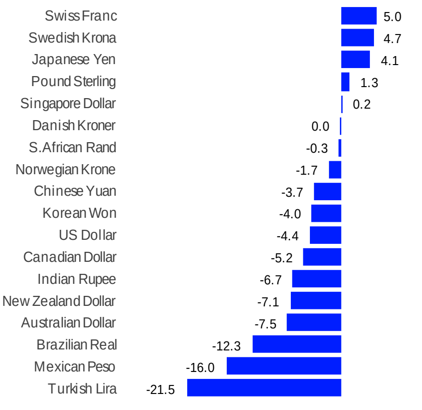
1M vs EUR



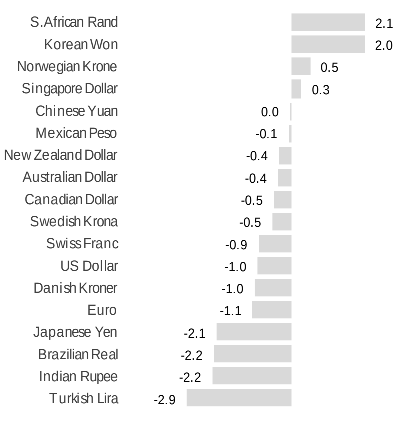
3M vs EUR



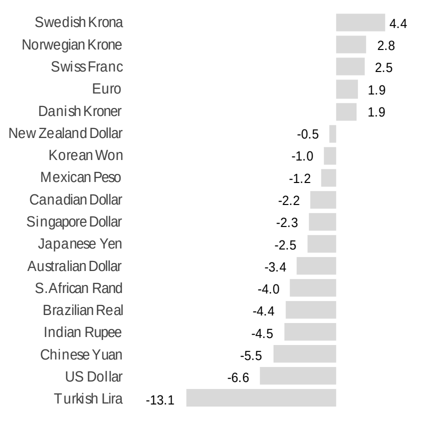
12M vs EUR



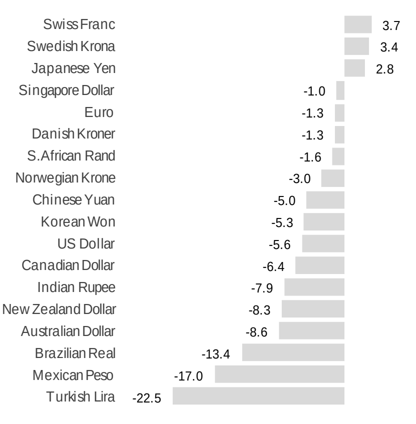
1M vs GBP



3M vs GBP



12M vs GBP



Source: FTSE Russell and LSEG. All data as of May 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

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