Global Investment Research
**Market Maps**

# Fixed Income Insights

MONTHLY REPORT | **JUNE 2025**

**US EDITION**

## Curves steepen with longs at post-GFC yield highs

The relief rally in equities and tighter spreads eased financial conditions in May, even if the Fed did not match European moves. Some signs of a switch to focus on earnings growth & fundamentals emerged, as lower rates drove curves steeper, led by JGBs. Long yields near 5% are attractive historically for asset/liability matchers and income investors.

**Macro and policy backdrop – Relief rally reduces pressure on Fed to ease**

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 2-3)

**Yields, curves & spreads – Mixture of bull and bear curve steepening, led by JGBs**

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 4-5)

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

Credit returns boosted in Europe by currency effects for a dollar-based investor. (page 6)

**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 7)

**SI bond analysis – ESG WGBI has a higher quality bias vs WGBI**

The ESG WGBI has a clear quality bias vs WGBI, suggesting they have higher ESG scores than less developed counterparts. (page 8)

**Performance – Dollar stabilizes 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 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: 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.

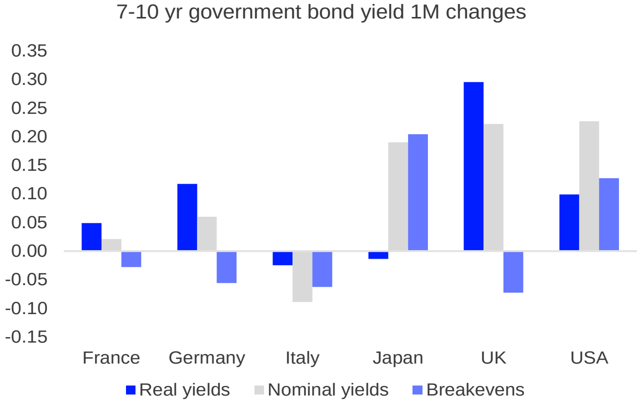
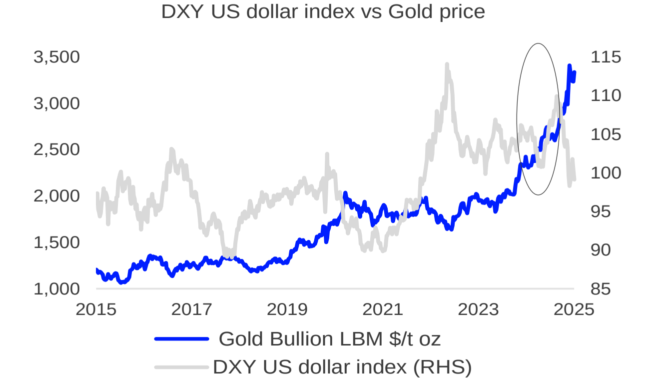



Chart 2: Gold has proved the global safe haven of choice during recent tariff woes, unlike the US dollar, which fell by 7-12% against major currencies in the last 3 months, despite favourable interest rate support.




Source: FTSE Russell and Datastream. Other 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 Backdrop – Global growth and Inflation Expectations

**Consensus forecasts have tracked IMF growth forecasts lower since tariff uncertainty began, despite offsets from lower policy rates. Early Fed estimates suggest a pass-through of about 54% of tariff increases to consumer prices. A stable US labor market persists but it is a lagging indicator. US inflation expectations have stabilized since the initial tariff spike.**

Consensus growth forecasts have been reduced sharply since the tariff turbulence began in March/April, with US growth forecast to halve in 2025, from 2.8% to 1.4%, and 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.

Chart 3 shows the US labor market is stable with unemployment near 4%, and payroll growth averaging 152k monthly (year to April 2025). Although a lagging indicator, the Fed's mandate includes maximizing employment levels, so this remains a key variable.

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.

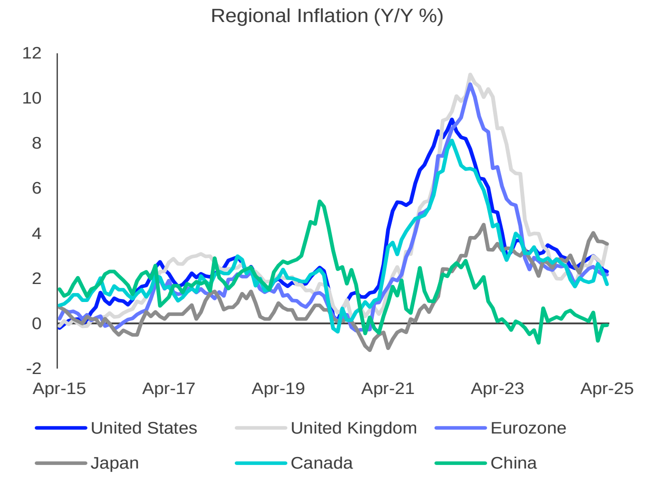



Chart 3: The US labor market has not yet shown recessionary strain but it is a lagging indicator of economic activity. Payroll growth has been sufficient to stabilise the unemployment rate near 4% in recent months.

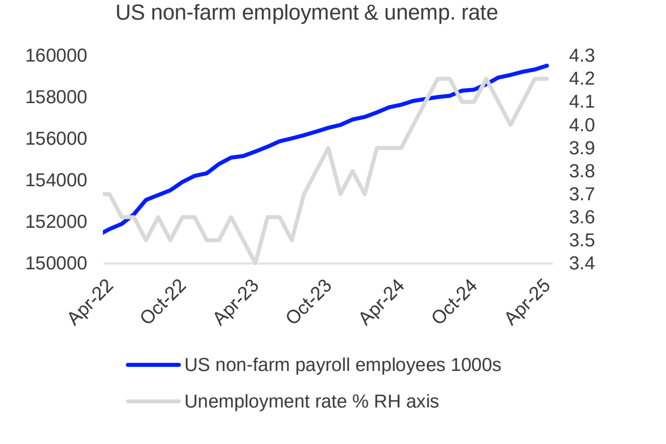
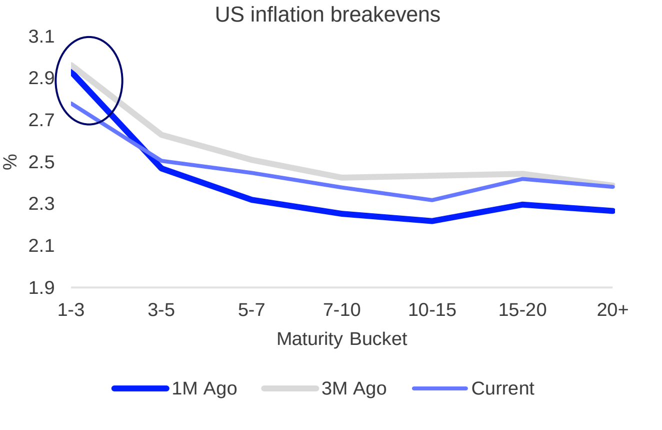



Chart 4: US inflation breakevens show short-run inflation expectations have eased since US tariff increases were first announced in March/April, but still remain elevated, versus longer run expectations.

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## Financial Conditions and Monetary Policy Settings

**Sharp increases in long yields were led by JGBs, though Treasuries followed, and the era of flat curves may be over. Long yields above 5% are attracting LDI flows, and reduce liabilities for DB pension funds and life companies. Stronger equities eased financial conditions, and pressure on the Fed to cut rates again. The dollar stabilized but is it a safe haven now?**

Recent increases in long government yields −JGBs particularly − are shown in Chart 1. A very weak 20 year JGB auction drove the spike amid 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 end yields above 5% are attracting LDI flows in the US and UK notably, as pension funds move into funding surpluses.

The US dollar stabilized helped by the equity market rally in April/May, though it still remains down 8-10% since the tariff turbulence emerged in Q1, as Chart 2 shows. The dollar's de-coupling from US Treasury yields and reduced safe haven role is a radical change from performance during the GFC and Covid shocks, with gold emerging as a default global safe-haven.

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 financial conditions have eased, helped by stronger equities and tighter credit spreads (Chart 4). Improved risk appetite suggests markets now take a more sanguine view of tariff outcomes, after the initial collapse in confidence in April. This reduces pressure on the Fed to ease again, though much depends on final tariffs, pass-through to final prices and supply-chain impact.

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

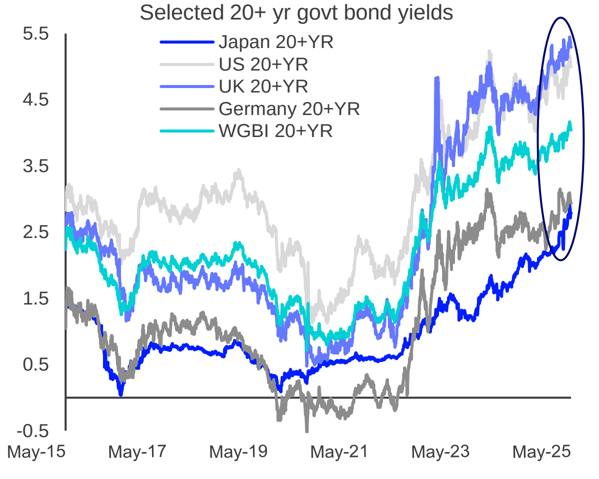



Chart 2: The US dollar stabilized in May, as risk assets rallied, led by equities. Recent weakness during the tariff turbulence, despite positive rate differentials raises doubts about the dollar's safe haven role.

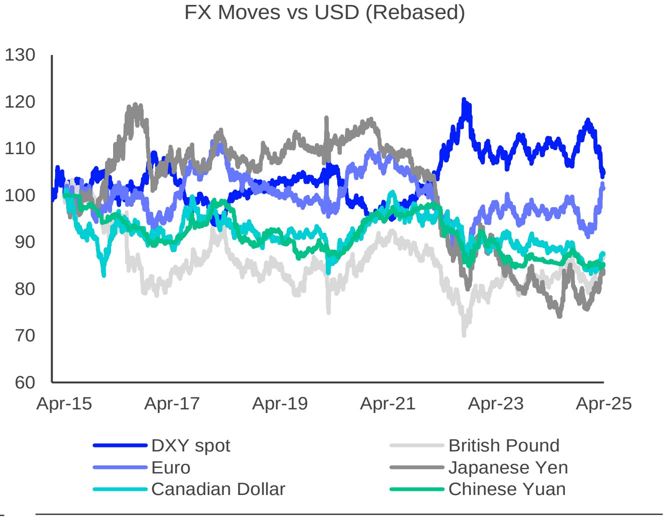



Chart 3: As expected, the BoE and PBoC reduced rates in May, but the Fed did not, confirming divergent risks from tariffs and inflation. The European central banks and the PBoC are more focused on growth risks.

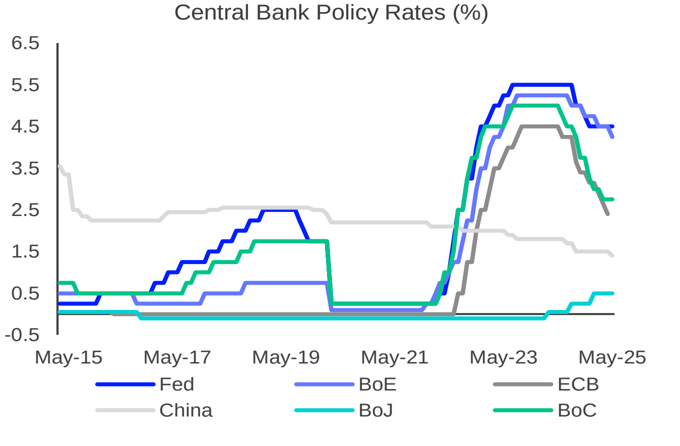
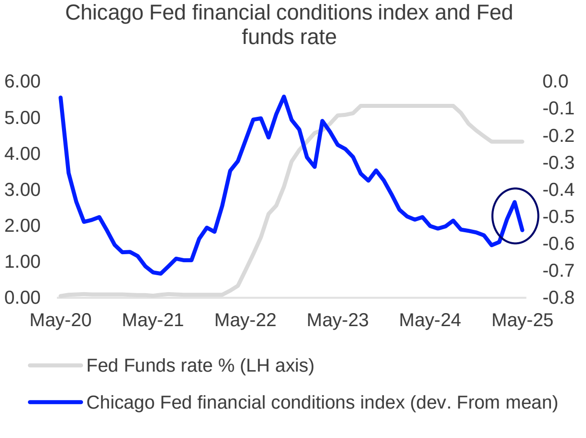



Chart 4: Tariff crisis, what crisis? The rally in US equities in April/May means financial conditions indexes quickly loosened after the earlier spike, reducing pressure on the Fed to ease policy again.

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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.

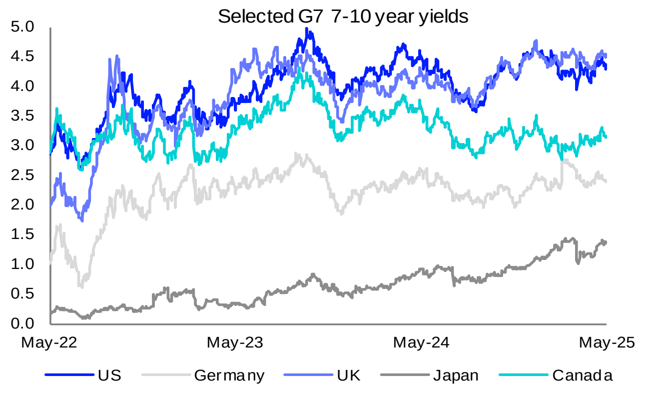



Chart 2: Real yields largely tracked nominals (with breakevens stable). UK real yields remain close to the 2022 highs, despite the BoE rate cut in May. The stickiness of UK inflation may be bearing on this.

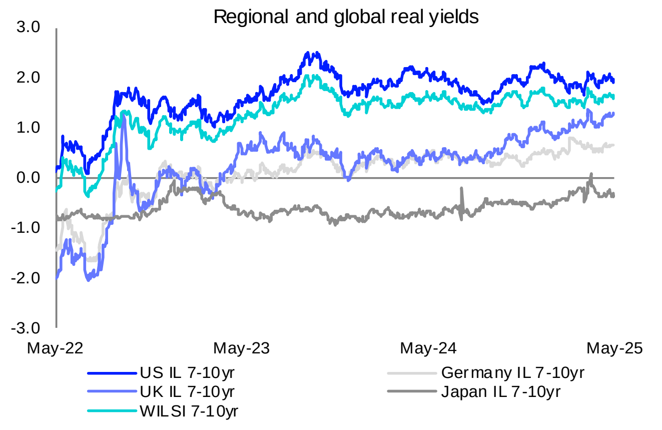



Chart 3: Yield curves are still in a steepening trend, although the Fed's decision to hold rates in May caused some counter-trend flattening. The JGB 10s/2s curve is slowly steepening but less so than in the longs.

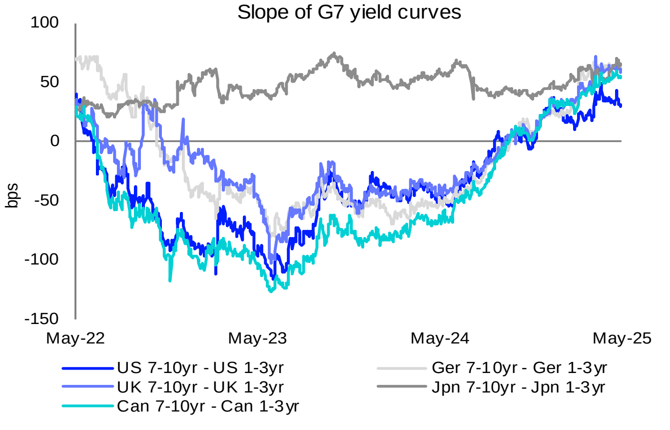



Chart 4: Curve steepening in long JGBs is more pronounced than in other markets, accelerating in May, after a weak 20 yr auction. Overall, G7 curve steepening is greater in longs than in 10s/2s since 2024.

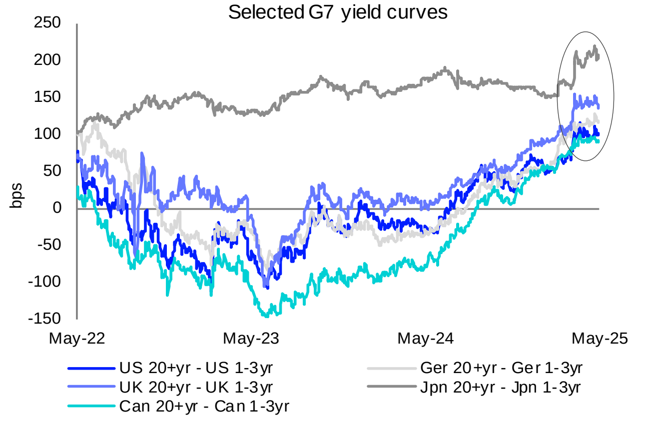



Chart 5: Inflation breakevens were fairly stable in May, helped by lower energy prices. Eurozone breakevens drifted lower with inflation back to target. UK breakevens reacted little to higher UK inflation data.

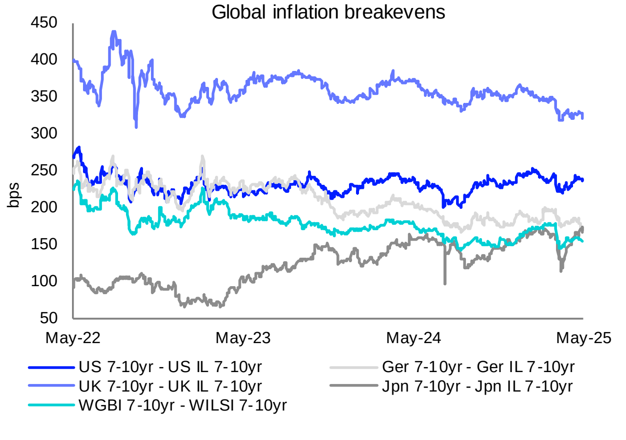
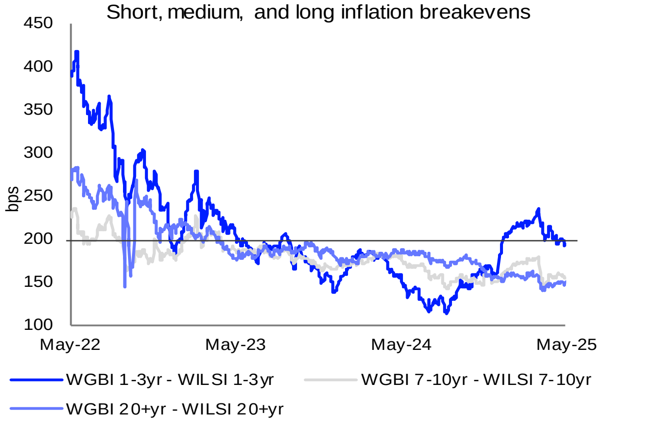



Chart 6: Global inflation breakevens show short-dated breakevens falling back to below 2% again, helped by tariff delays and the prospect of weaker growth, particularly in export-led economies.

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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.

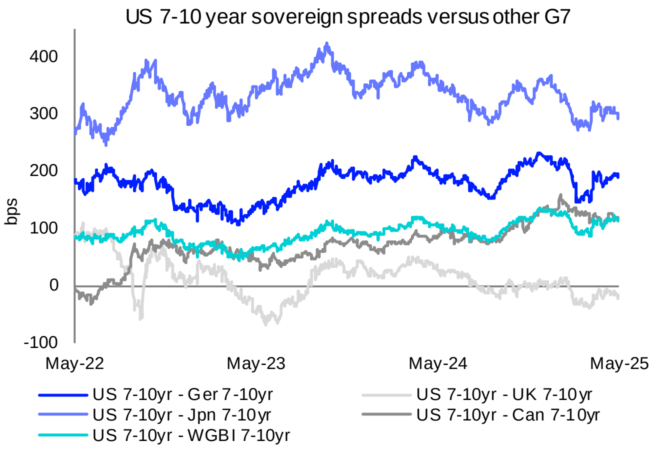



Chart 2: Peripheral Eurozone markets gained from ECB policy easing since the tariff shock emerged in April. Concerns about Bund issuance after easing of debt rules may have also helped spreads tighten v core.

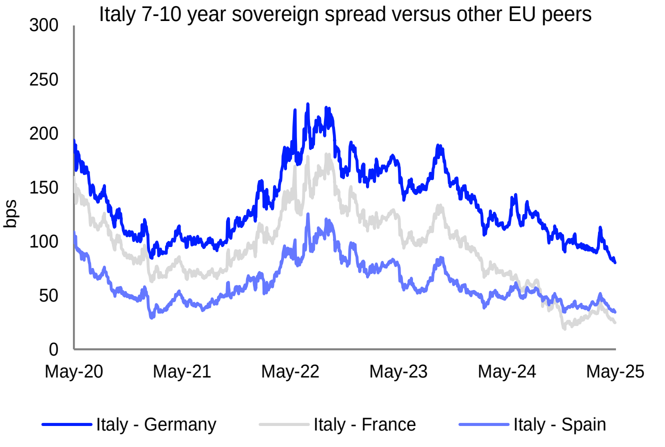



Chart 3: EM spreads resumed their decline versus the G7 in May, and are at, or near, cycle lows. Unlike previous cycles, EM spreads did not widen when the Fed tightened, showing greater maturity as an asset class.

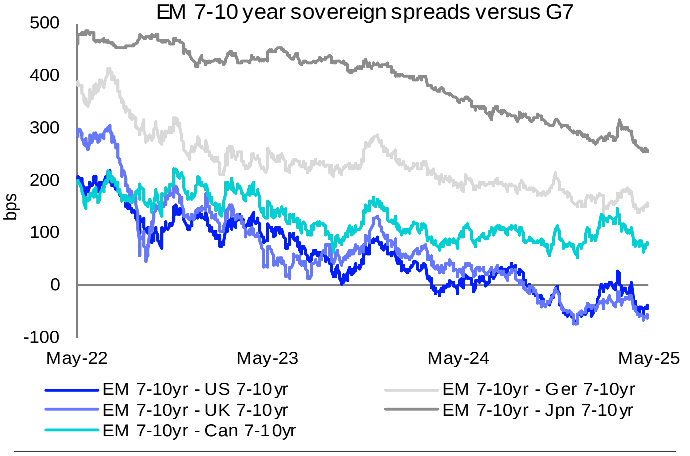



Chart 4: Only JGB yields are below Chinese 7-10 yr govt yields, and this may not be for much longer. PBoC easing in May helped pull Chinese yields lower. Further easing is likely if domestic demand remains weak.

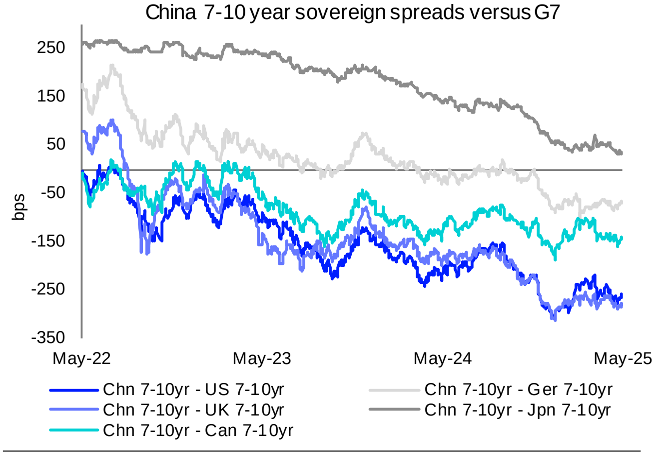



Chart 5: High yield credit spreads reversed much of the April spike in May, on tariff delays and the recovery in equities. IG spreads have been more stable, but also tightened in May, as risk appetite recovered.

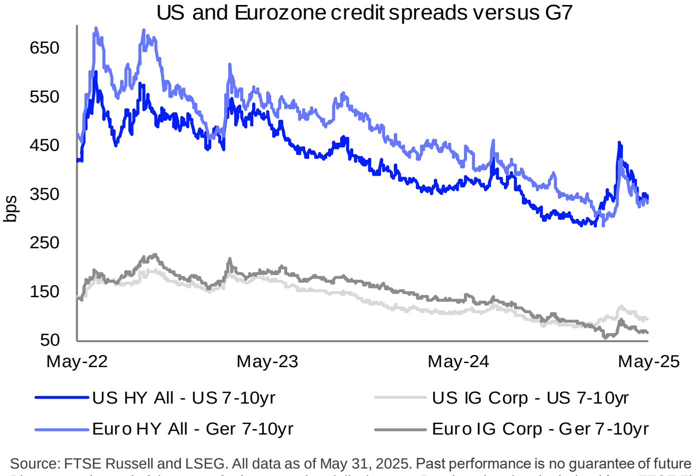
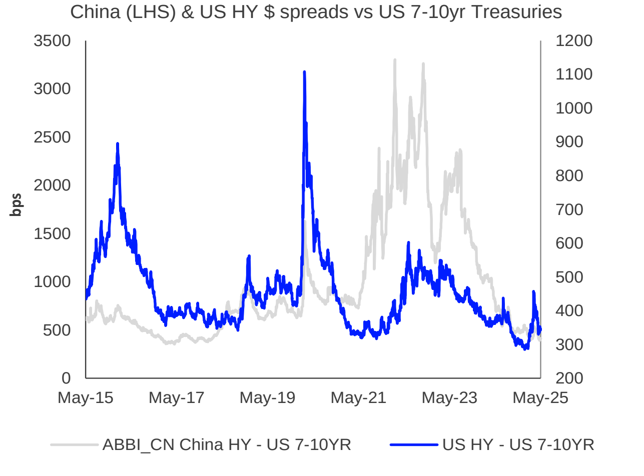



Chart 6: As in other HY dollar markets, Chinese spreads tightened in May. Chinese property market support measures have helped this tightening process with spreads now back to pre-Covid levels.

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# Investment Grade Credit and RMBS analysis

Chart 1: A tariff effect on IG credit yields is now barely discernible, in comparison to the spike for the Ukraine shock in February 2022. Note that Chinese credit now has much lower yields than US or UK.

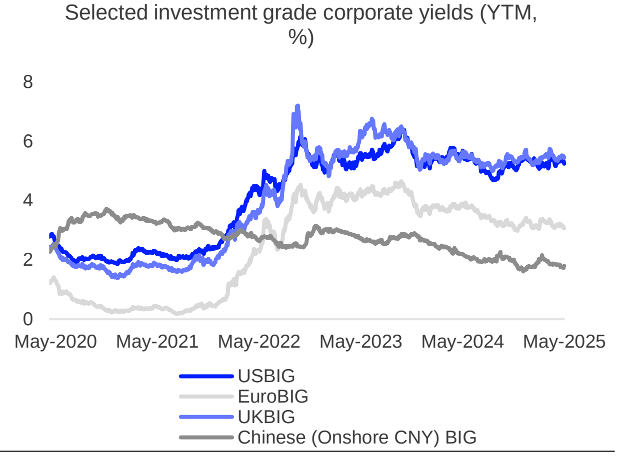



Chart 2: BBB remains the strongest performing credit bucket, and has withstood the tariff related dip very well. In fact, BBB also out-performed early in Covid, helped by the Fed's QE program.

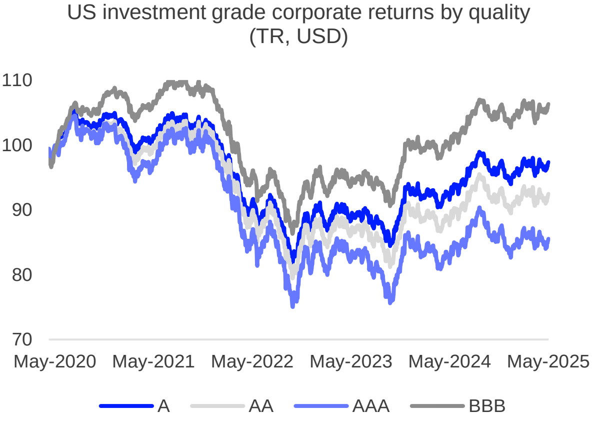



Chart 3: The energy sector retains its longer term performance lead but banks continue to show strong performance, particularly since the Fed started raising rates in March 2022, boosting bank net interest income.

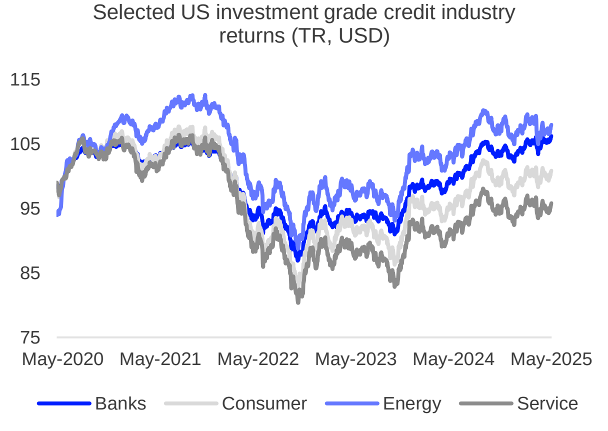



Chart 4: Duration has not benefitted investors in credit since the early days of Covid. The steepening of the curve in 2024-25 has weighed on longer dated credits, with shorter credits outperforming.

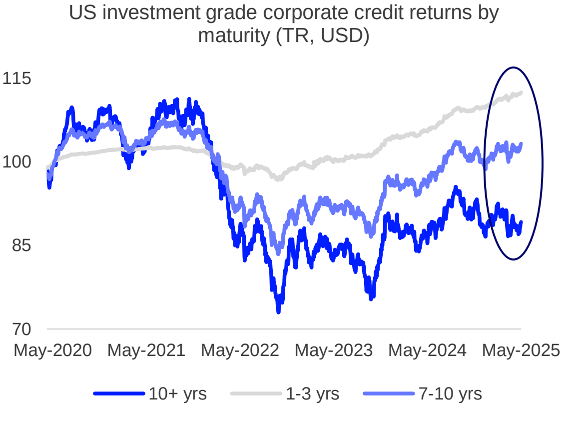



Chart 5: After a brief dip below IG credit during the tariff turbulence, agency-MBS yields have moved above IG credit yields, despite agency support. This is rare but may reflect reduced Fed MBS support.

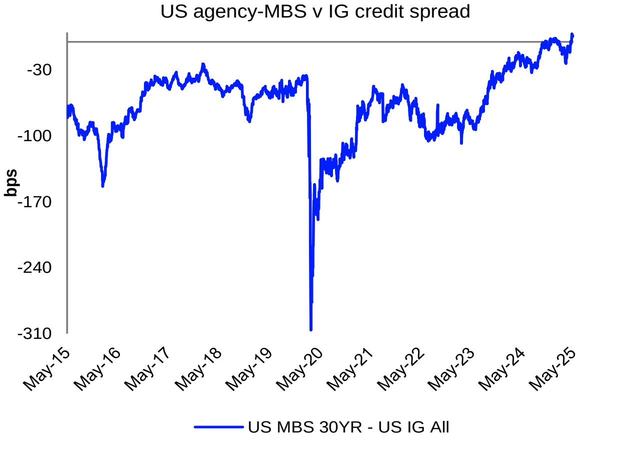
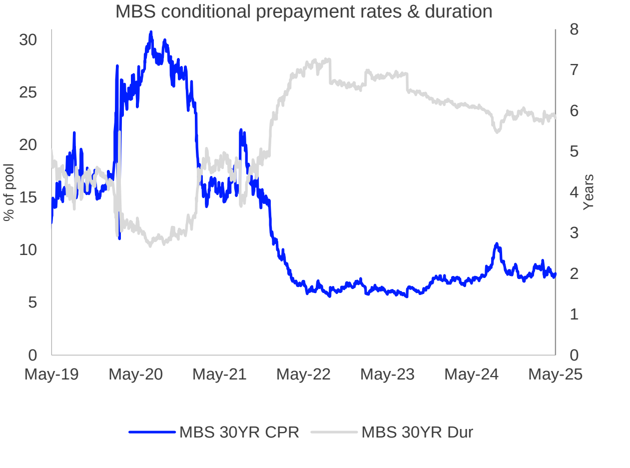



Chart 6: There is little change to low refi and prepayment rates, with the Fed on hold, awaiting tariff effects, and mortgage rates well above the vast bulk of mortgage coupons.

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# High Yield Credit Analysis

Chart 1: The impact of recent dollar weakness on HY returns is shown in the Chart, with the strongest returns in sterling HY, for a US dollar-based investor. Euro returns also recovered strongly v US HY.

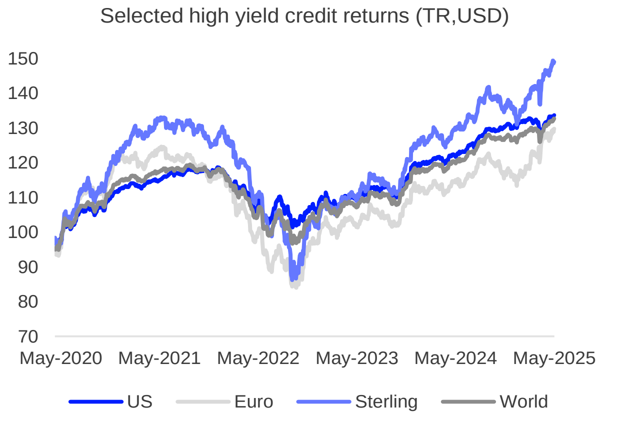



Chart 2: The tariff dip in CCC-rated HY credits has almost disappeared, as HY rallied with equities in April/May. BB returns have been less volatile, and BB is the largest US HY sector (52.6% of the index).

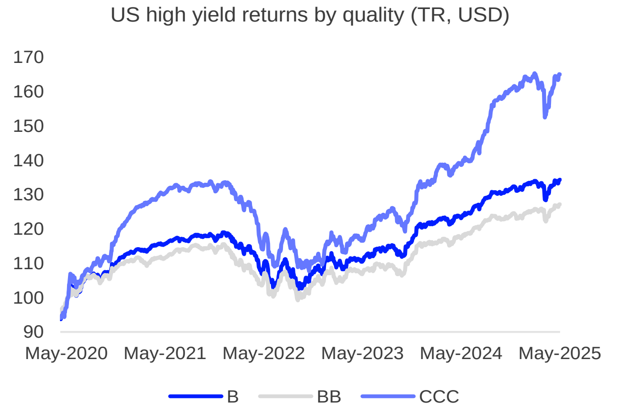



Chart 3: CCC credits show more pronounced spread widening on tariffs but a bigger recovery since, though shorter duration in CCC causes more OAS volatility, and CCC has only a 10.7% weight in the HY index.

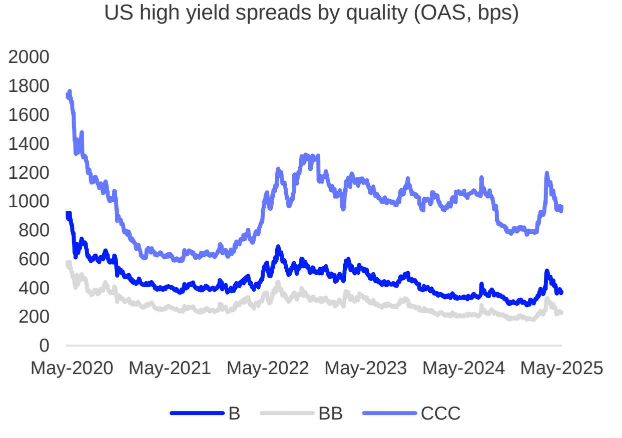



Chart 4: Energy – with an 11% weight – retains its performance lead in US HY, followed by insurance. Telecom has recovered as a sector, helped by fast growth in data technology centers and AI.

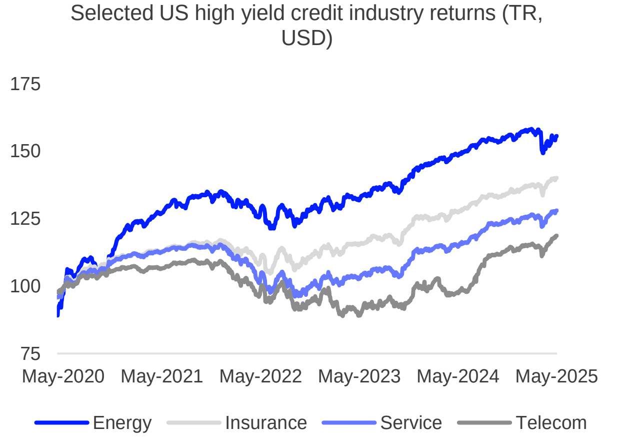



Chart 5: Partly due to outperformance by single B, the overall share of BB has fallen since Covid, though there has been some recovery in the market share of BB in 2024-25. Default rates remain low overall in HY.

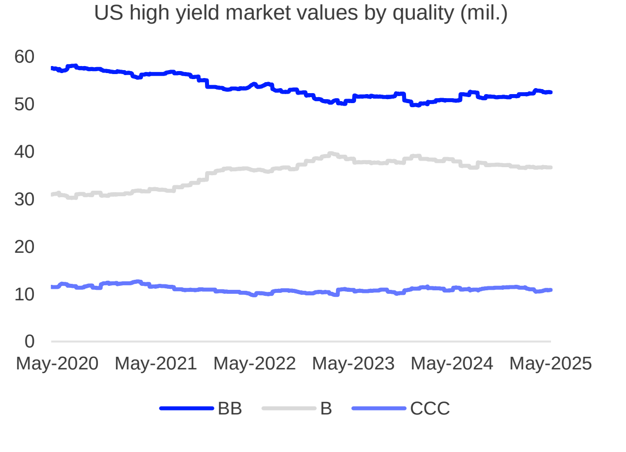
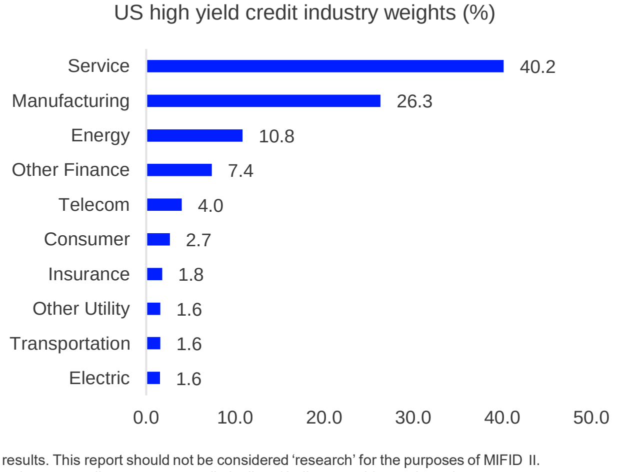



Chart 6: Service and manufacturing issues dominate the US HY market, with energy the 3rd largest sector. Finance issues have much lower weight than in IG, where banks are the largest sector weight (23%).

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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.

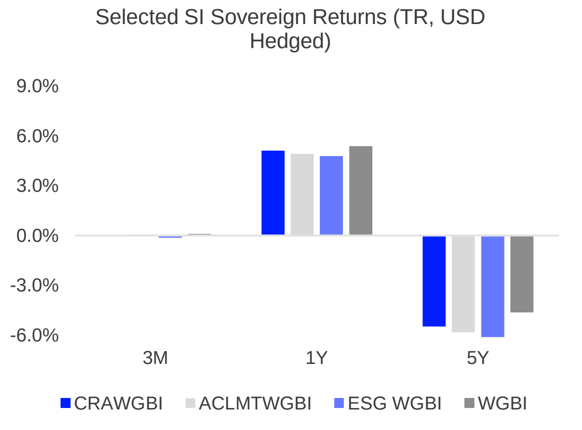



Chart 2: Relative CRAWGBI performance has been largely flat over 3M and 12M, unlike ESG WGBI, which has continued its 5-year decline. ESG WGBI's US overweight explains the underperformance over 2 yrs.

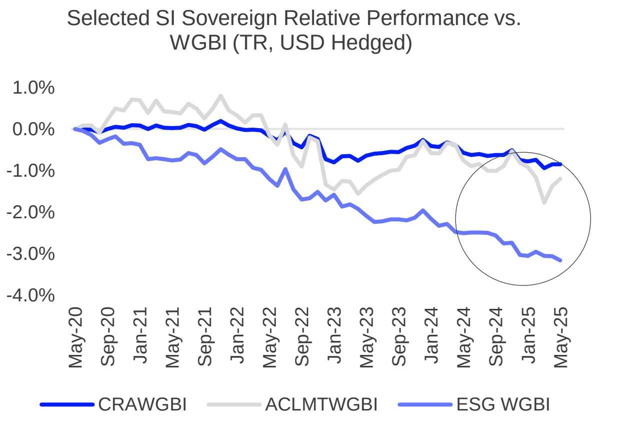



Chart 3: While ESG WGBI has a slight US overweight, the climate indices are both underweight selected European sovereigns. Divergent rate paths could result in country allocation being important to returns.

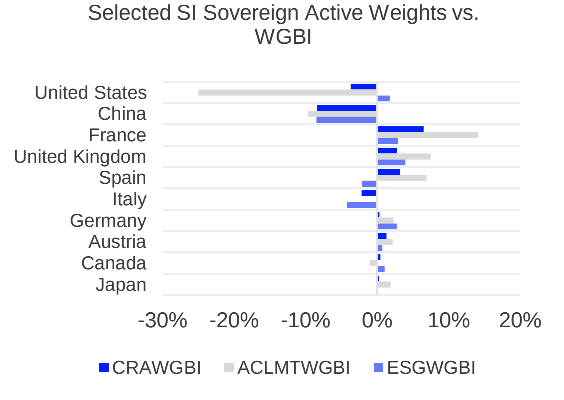



Chart 4: Relative to WGBI, the ESG WGBI has a clear quality bias, implying that more developed, lower risk sovereigns are likely to have higher ESG scores than their less developed counterparts.

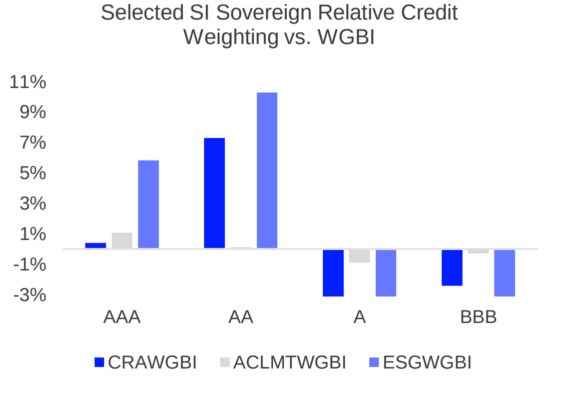



Chart 5: SI sovereign yields have risen vs WGBI over the last 2 years. Advanced Climate yields vs WGBI have more volatile, with the US underweight leading to a consistently lower yield.

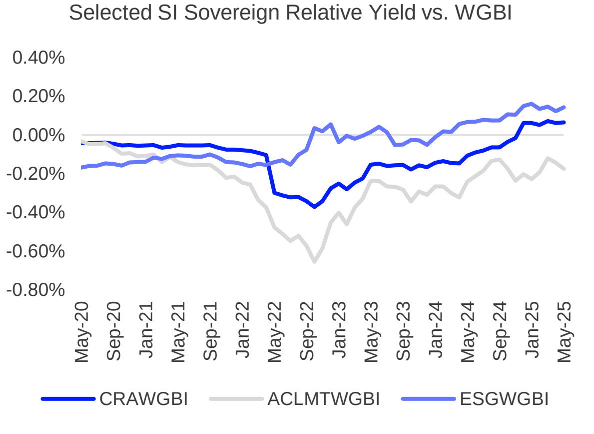
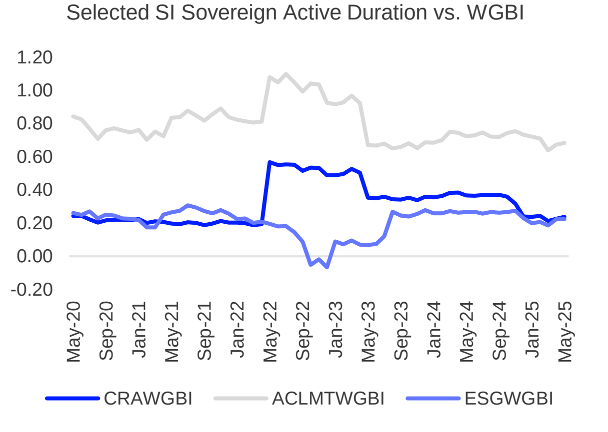



Chart 6: Active duration remains positive in all three SI sovereign indices versus WGBI. Advanced Climate has the highest duration, with its higher active duration partially responsible for the higher volatility.




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.

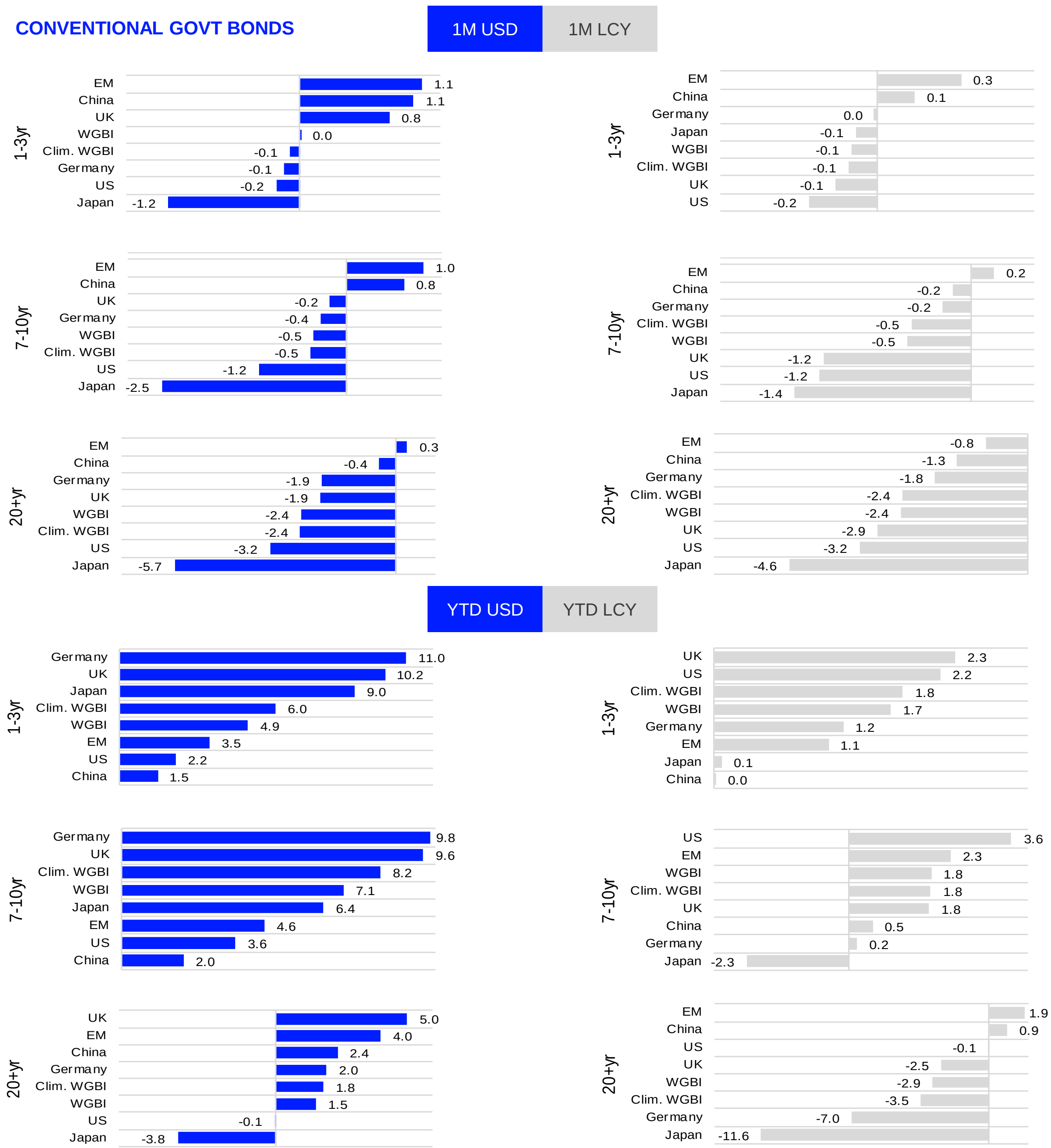
# Conventional Government Bond Returns – 1M and YTD % (USD & LC, TR)

**Longs fell back as curves steepened in May, led by JGBs. The US dollar stabilised, so currencies had less impact on dollar-based returns in the month, but YTD returns show the weak dollar lifting overseas returns strongly for a dollar-based investor, with gains of 10-11% in short and medium Bunds and gilts, though long JGB returns were still negative.**

Only short China, EM government and gilts showed positive returns in May, of 1%, though losses were mainly confined to longs, which lost up to 6%, led by JGBs. Long JGBs fell sharply after a very weak 20 yr 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 be contributing to 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 (but please see page 3).

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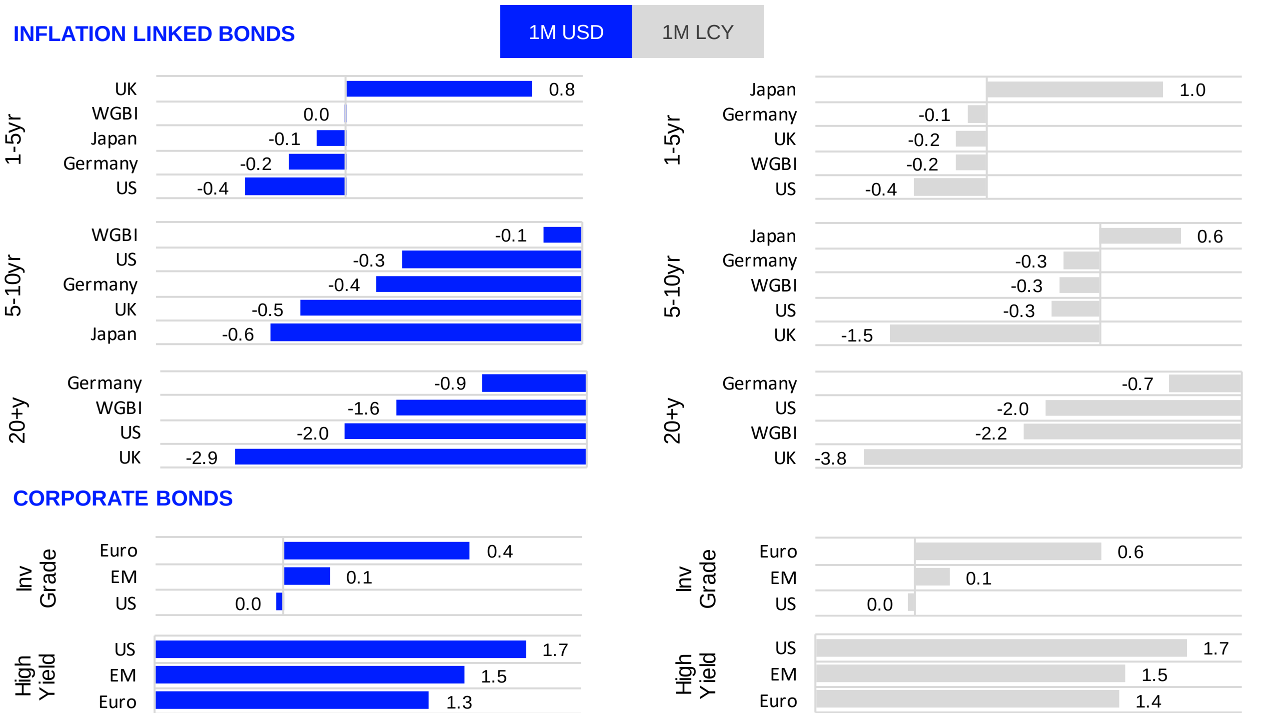
## Global Inflation-Linked Bond Returns – 1M & YTD % (USD, LC, TR)

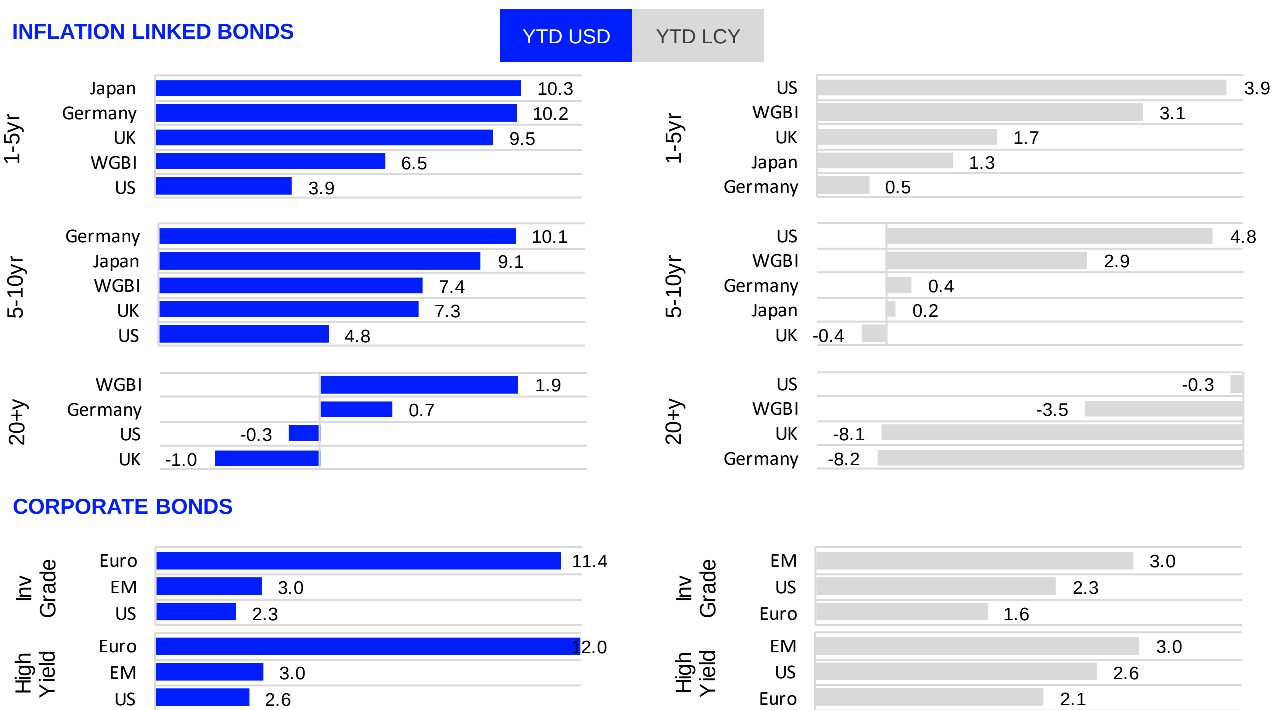
**Like conventionals, inflation-linked returns in USD were less affected by currencies in May, as the dollar stabilized. Longs drifted lower, led by UK linkers and Tips, with losses of 2-3%. Credit rallied, helped by tariff delays, and equity recoveries. YTD returns remain dominated by dollar weakness with gains of 7-10% in short and medium JGBs, UK and Bund linkers.**

Euro IG and HY credit remain the strongest performers YTD, with gains of 11-12% in US dollar terms, boosted by the Euro gaining 8% versus the dollar. US and EM credits also gained 2-3% YTD, 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 back on weaker growth and some (modest) Fed easing, but currency effects drove stronger gains in overseas markets.

Reduced issuance of long UK linkers and gilts in 2025-26 did not prevent further losses in long linkers of 3% in USD terms in May.

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

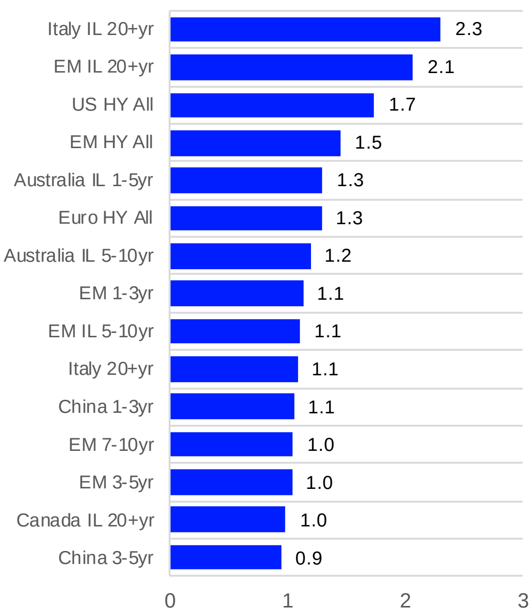
**Currency effects were less dominant in May, as the dollar stabilized, though EM bonds were helped by currency gains. Long Italian bonds benefitted from lower inflation and ECB easing in May. Long JGBs were worst performers in May, after a very weak auction with losses of near 6% in USD terms. 12M returns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

Substantial Riksbank easing of 175bp since May 2024 has driven returns of 12-15% in Swedish government bonds, on 12M, aided by Swedish krona gains. Long China and EM bonds also gained 14-15%, boosted by PBoC easing and purchases in 2024.

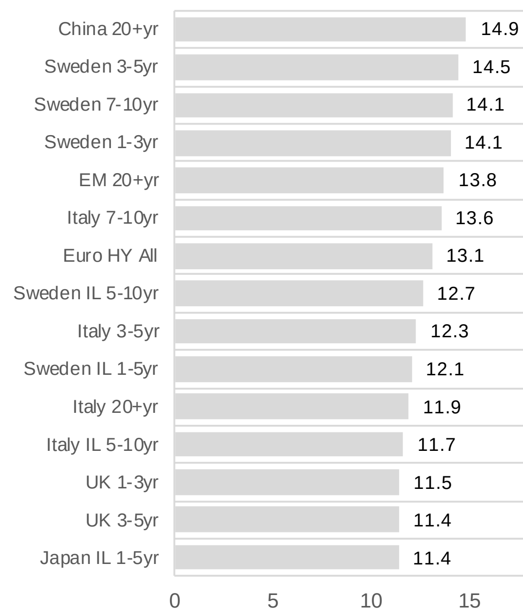
Apart from China and EM, most of the bigger gains were in shorter dated bonds, and credit on 12M, with positive currency effects and cuts in policy rates boosting returns in Europe, the UK. The yen recovery helped short JGB linkers return 11% in dollar terms. All 15 weakest performers were longer dated bonds, led by long UK and Australian linkers with losses of 10-12%.

1M USD | 12M USD

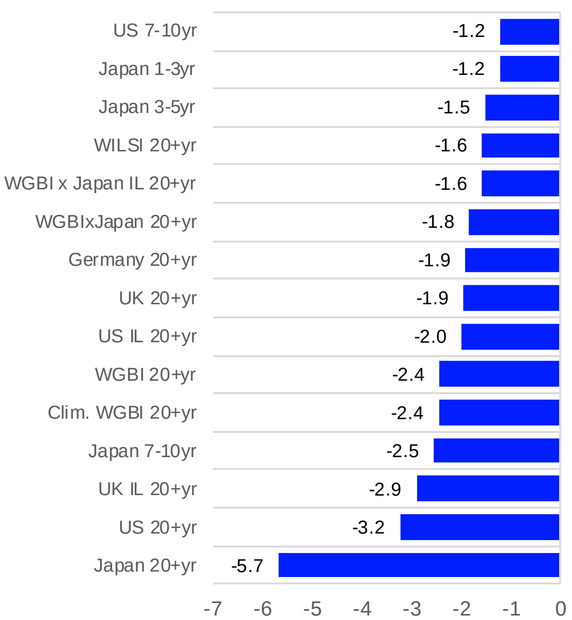
### Top 15



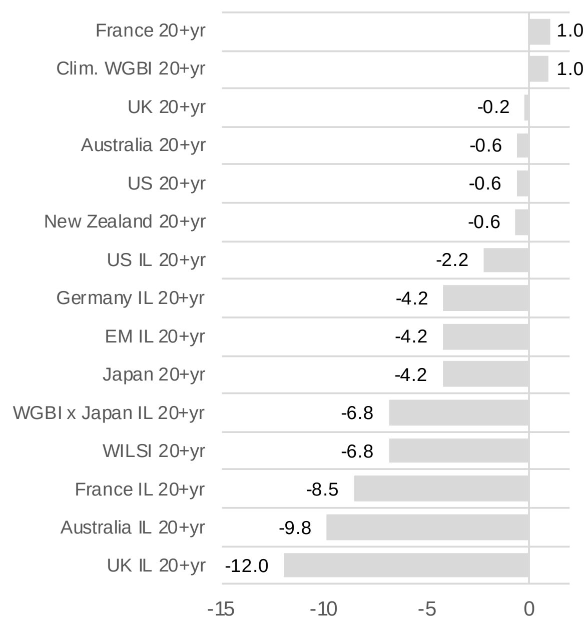

### Top 15




### Bottom 15




### Bottom 15

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# Appendix − Global Bond Market Returns % (USD & LC, TR) – May 30, 2025

**Government Bond Returns**

Top 15% | Bottom 15%

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

| | | 1M | | 3M | | YTD | | 12M | |
|---|---|---|---|---|---|---|---|---|---|
| | | Local | USD | Local | USD | Local | USD | Local | USD |
| **US** | 1-3yr | -0.22 | -0.22 | 1.04 | 1.04 | 2.16 | 2.16 | 5.66 | 5.66 |
| | 7-10yr | -1.21 | -1.21 | 0.17 | 0.17 | 3.64 | 3.64 | 5.92 | 5.92 |
| | 20+yr | -3.22 | -3.22 | -5.68 | -5.68 | -0.05 | -0.05 | -0.60 | -0.60 |
| | IG Corp | -0.02 | -0.02 | -0.40 | -0.40 | 2.26 | 2.26 | 5.67 | 5.67 |
| | HY All | 1.74 | 1.74 | 0.64 | 0.64 | 2.64 | 2.64 | 9.48 | 9.48 |
| **UK** | 1-3yr | -0.13 | 0.83 | 1.19 | 8.37 | 2.31 | 10.16 | 5.24 | 11.46 |
| | 7-10yr | -1.18 | -0.23 | 0.31 | 7.44 | 1.80 | 9.62 | 2.76 | 8.84 |
| | 20+yr | -2.87 | -1.94 | -4.41 | 2.38 | -2.45 | 5.04 | -5.76 | -0.19 |
| **Euro** | IG Corp | 0.57 | 0.44 | 0.51 | 9.72 | 1.61 | 11.39 | 6.48 | 11.35 |
| | HY All | 1.42 | 1.29 | 0.55 | 9.76 | 2.14 | 11.98 | 8.17 | 13.12 |
| **Japan** | 1-3yr | -0.07 | -1.21 | 0.33 | 4.78 | 0.08 | 9.00 | 0.06 | 8.97 |
| | 7-10yr | -1.41 | -2.54 | -0.37 | 4.05 | -2.27 | 6.44 | -1.62 | 7.15 |
| | 20+yr | -4.56 | -5.66 | -9.91 | -5.92 | -11.64 | -3.76 | -12.05 | -4.22 |
| **China** | 1-3yr | 0.12 | 1.05 | 0.43 | 1.65 | 0.02 | 1.46 | 2.26 | 2.94 |
| | 7-10yr | -0.15 | 0.78 | 0.84 | 2.07 | 0.53 | 1.98 | 7.02 | 7.74 |
| | 20+yr | -1.35 | -0.43 | 1.19 | 2.42 | 0.91 | 2.36 | 14.12 | 14.88 |
| **EM** | 1-3yr | 0.27 | 1.13 | 0.86 | 2.77 | 1.09 | 3.45 | 3.95 | 4.23 |
| | 7-10yr | 0.18 | 1.05 | 1.43 | 3.28 | 2.28 | 4.56 | 8.07 | 8.91 |
| | 20+yr | -0.81 | 0.28 | 1.29 | 2.99 | 1.86 | 4.02 | 13.26 | 13.75 |
| | IG Corp | 0.11 | 0.11 | 0.31 | 0.31 | 2.98 | 2.98 | 6.51 | 6.51 |
| | HY All | 1.45 | 1.45 | 0.32 | 0.32 | 3.04 | 3.04 | 9.13 | 9.13 |
| **Germany** | 1-3yr | -0.01 | -0.14 | 0.84 | 10.08 | 1.24 | 10.99 | 4.26 | 9.03 |
| | 7-10yr | -0.23 | -0.36 | -0.06 | 9.09 | 0.19 | 9.85 | 4.35 | 9.12 |
| | 20+yr | -1.77 | -1.90 | -5.49 | 3.17 | -7.00 | 1.95 | -1.24 | 3.28 |
| **Italy** | 1-3yr | 0.16 | 0.03 | 1.13 | 10.39 | 1.76 | 11.56 | 5.35 | 10.17 |
| | 7-10yr | 0.87 | 0.73 | 1.50 | 10.80 | 2.49 | 12.36 | 8.62 | 13.59 |
| | 20+yr | 1.22 | 1.08 | -1.07 | 7.99 | -1.22 | 8.29 | 7.05 | 11.94 |
| **Spain** | 1-3yr | 0.09 | -0.04 | 0.99 | 10.24 | 1.50 | 11.28 | 4.84 | 9.63 |
| | 7-10yr | 0.35 | 0.22 | 0.87 | 10.11 | 1.45 | 11.22 | 6.21 | 11.07 |
| | 20+yr | 0.32 | 0.19 | -2.39 | 6.55 | -3.15 | 6.18 | 3.71 | 8.45 |
| **France** | 1-3yr | 0.05 | -0.08 | 0.96 | 10.21 | 1.55 | 11.33 | 4.76 | 9.55 |
| | 7-10yr | 0.25 | 0.12 | 0.78 | 10.01 | 2.14 | 11.98 | 4.21 | 8.98 |
| | 20+yr | -0.49 | -0.62 | -3.24 | 5.63 | -2.85 | 6.51 | -3.40 | 1.02 |
| **Sweden** | 1-3yr | 0.10 | 0.51 | 0.74 | 12.59 | 1.14 | 16.35 | 4.16 | 14.06 |
| | 7-10yr | 0.10 | 0.51 | 1.37 | 13.30 | 1.94 | 17.26 | 4.24 | 14.14 |
| **Australia** | 1-3yr | 0.28 | 0.86 | 1.62 | 5.17 | 2.48 | 6.51 | 5.28 | 1.87 |
| | 7-10yr | -0.11 | 0.47 | 2.17 | 5.73 | 3.74 | 7.82 | 6.85 | 3.40 |
| | 20+yr | -1.54 | -0.97 | 0.19 | 3.69 | 1.37 | 5.37 | 2.76 | -0.56 |
| **New Zealand** | 1-3yr | 0.05 | 0.66 | 1.12 | 7.74 | 1.71 | 8.39 | 6.89 | 3.88 |
| | 7-10yr | -0.57 | 0.03 | 0.74 | 7.34 | 1.43 | 8.10 | 7.57 | 4.54 |
| | 20+yr | -1.22 | -0.62 | -1.47 | 4.98 | -0.12 | 6.44 | 2.25 | -0.64 |
| **Canada** | 1-3yr | 0.05 | 0.52 | 0.61 | 5.41 | 1.57 | 6.25 | 5.42 | 4.51 |
| | 7-10yr | -0.68 | -0.22 | -1.31 | 3.39 | 1.79 | 6.47 | 7.36 | 6.44 |
| | 20+yr | -0.86 | -0.40 | -5.95 | -1.46 | -1.46 | 3.07 | 3.80 | 2.91 |

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## Appendix − Global Bond Market Returns % (USD & LC, TR) – May 30, 2025

### Inflation-Linked Bond Returns

Top 15% | Bottom 15%

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

| | | 1M | | 3M | | YTD | | 12M | |
|---|---|---|---|---|---|---|---|---|---|
| | | Local | USD | Local | USD | Local | USD | Local | USD |
| **US** | 1-5yr | -0.42 | -0.42 | 1.50 | 1.50 | 3.85 | 3.85 | 6.99 | 6.99 |
| | 5-10yr | -0.34 | -0.34 | 0.73 | 0.73 | 4.77 | 4.77 | 6.57 | 6.57 |
| | 20+yr | -1.98 | -1.98 | -7.10 | -7.10 | -0.29 | -0.29 | -2.20 | -2.20 |
| **UK** | 1-5yr | -0.17 | 0.79 | 0.65 | 7.80 | 1.69 | 9.49 | 3.32 | 9.43 |
| | 5-10yr | -1.48 | -0.53 | -1.34 | 5.66 | -0.36 | 7.29 | -1.18 | 4.67 |
| | 20+yr | -3.82 | -2.89 | -8.25 | -1.73 | -8.06 | -1.00 | -16.87 | -11.95 |
| **Japan** | 1-5yr | 1.04 | -0.12 | 0.50 | 4.96 | 1.27 | 10.30 | 2.32 | 11.43 |
| | 5-10yr | 0.57 | -0.58 | 0.30 | 4.75 | 0.15 | 9.08 | 1.34 | 10.37 |
| **EM** | 1-5yr | 0.78 | 0.35 | 3.80 | 5.47 | 6.71 | 11.78 | 12.88 | 1.84 |
| | 5-10yr | 0.96 | 1.11 | 4.17 | 6.66 | 6.67 | 12.26 | 10.29 | 1.33 |
| | 20+yr | 2.05 | 2.07 | 5.60 | 9.01 | 7.87 | 15.48 | 4.34 | -4.19 |
| **Germany** | 1-5yr | -0.11 | -0.24 | 0.20 | 9.37 | 0.49 | 10.17 | 3.30 | 8.03 |
| | 5-10yr | -0.25 | -0.39 | 0.14 | 9.32 | 0.38 | 10.05 | 2.80 | 7.50 |
| | 20+yr | -0.72 | -0.86 | -6.18 | 2.41 | -8.17 | 0.68 | -8.35 | -4.16 |
| **Italy** | 1-5yr | 0.31 | 0.18 | 1.00 | 10.25 | 1.86 | 11.68 | 5.59 | 10.42 |
| | 5-10yr | 0.79 | 0.66 | 1.45 | 10.75 | 2.64 | 12.53 | 6.78 | 11.66 |
| | 20+yr | 2.44 | 2.30 | -2.92 | 5.97 | -4.72 | 4.45 | -1.24 | 3.27 |
| **Spain** | 1-5yr | 0.08 | -0.05 | 0.93 | 10.18 | 1.48 | 11.26 | 4.51 | 9.29 |
| | 5-10yr | 0.41 | 0.28 | 0.56 | 9.77 | 1.21 | 10.96 | 3.86 | 8.60 |
| **France** | 1-5yr | 0.08 | -0.06 | 0.82 | 10.05 | 1.36 | 11.13 | 3.37 | 8.10 |
| | 5-10yr | 0.26 | 0.13 | 0.64 | 9.86 | 1.74 | 11.54 | 2.04 | 6.70 |
| | 20+yr | 0.42 | 0.29 | -5.24 | 3.44 | -5.72 | 3.36 | -12.52 | -8.52 |
| **Sweden** | 1-5yr | -0.60 | -0.19 | -0.14 | 11.61 | 0.08 | 15.13 | 2.37 | 12.09 |
| | 5-10yr | -0.39 | 0.02 | 0.50 | 12.33 | 0.61 | 15.73 | 2.89 | 12.66 |
| **Australia** | 1-5yr | 0.72 | 1.30 | 1.90 | 5.45 | 2.85 | 6.90 | 4.80 | 1.42 |
| | 5-10yr | 0.61 | 1.19 | 1.63 | 5.17 | 2.63 | 6.67 | 5.01 | 1.61 |
| | 20+yr | -0.23 | 0.35 | -3.40 | -0.03 | -4.20 | -0.43 | -6.84 | -9.85 |
| **New Zealand** | 5-10yr | -1.10 | -0.50 | 1.09 | 7.71 | 2.11 | 8.82 | 5.09 | 2.12 |
| **Canada** | 20+yr | 0.52 | 0.99 | -5.02 | -0.49 | 0.00 | 4.60 | 6.53 | 5.62 |

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# Appendix − Global Bond Market Returns % (USD & LC, TR) – May 30, 2025

## Global Bond Yields

Top 15% | Bottom 15%

Green highlight indicates top 15%, red indicates bottom 15%.

| | | Conventional government bonds | | | | Inflation-linked bonds | | | Inv Grade | High Yld |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 1-3YR | 3-5YR | 7-10YR | 20+YR | 1-5YR | 5-10YR | 20+YR | All Mat | All Mat |
| **US** | Current | 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 | | |

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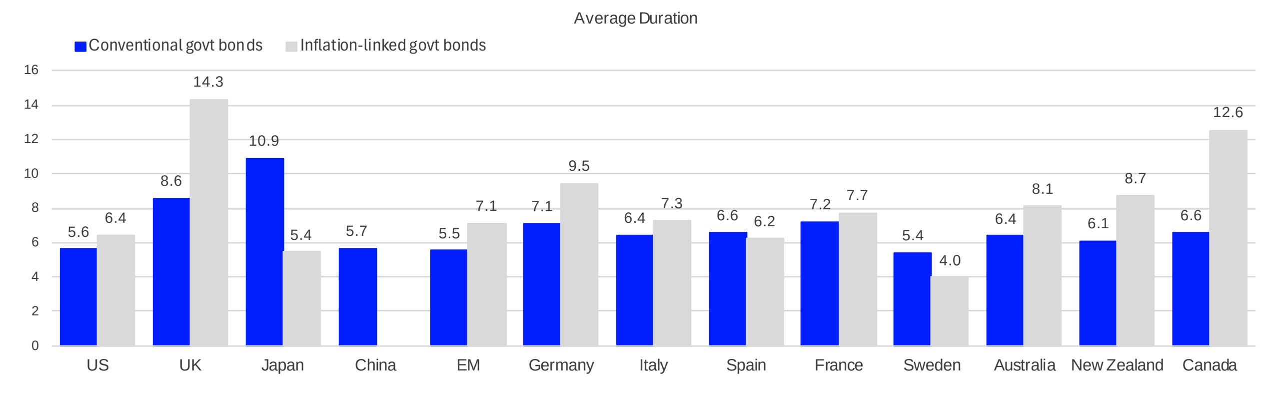
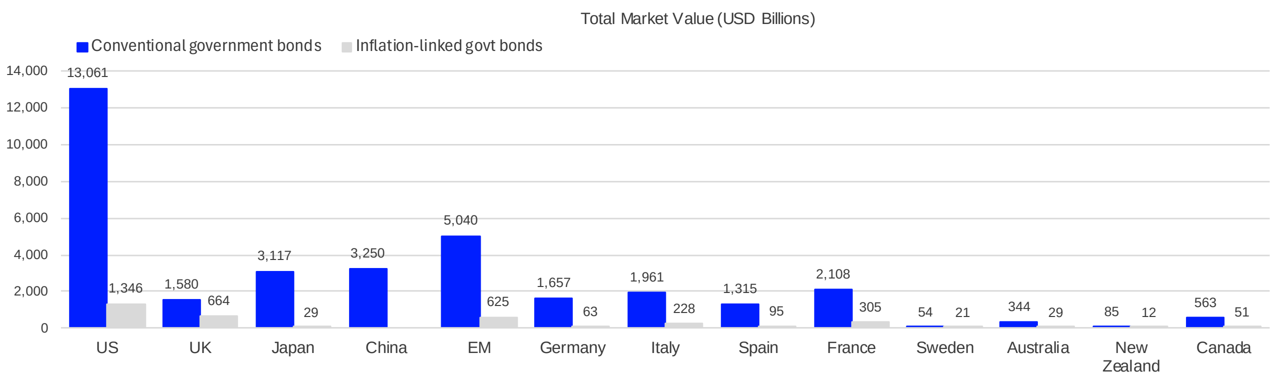
# Appendix – Duration and Market Value (USD, Bn) as of May 30, 2025

| | 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** |

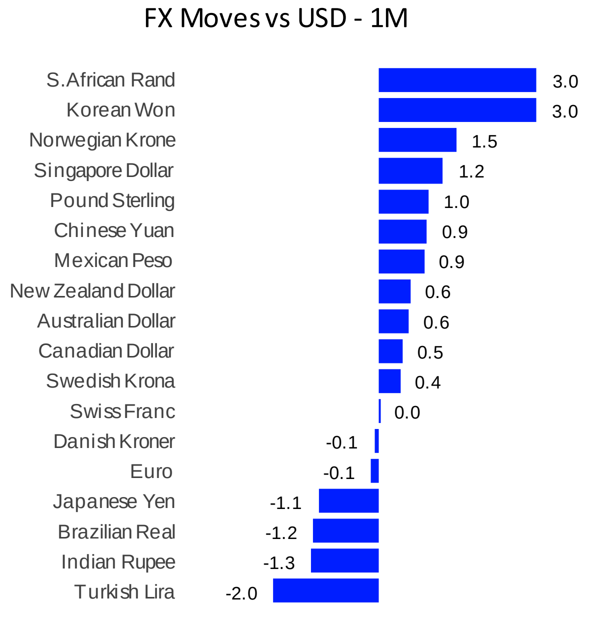
| | Investment grade bonds | | | | | | | | | | High Yield | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Duration | | | | | Market Value | | | | | Duration | MktVal |
| | AAA | AA | A | BBB | Overall | AAA | AA | A | BBB | Overall | | |
| **US** | 9.7 | 8.0 | 6.8 | 6.4 | 6.7 | 7079.2 | 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 |

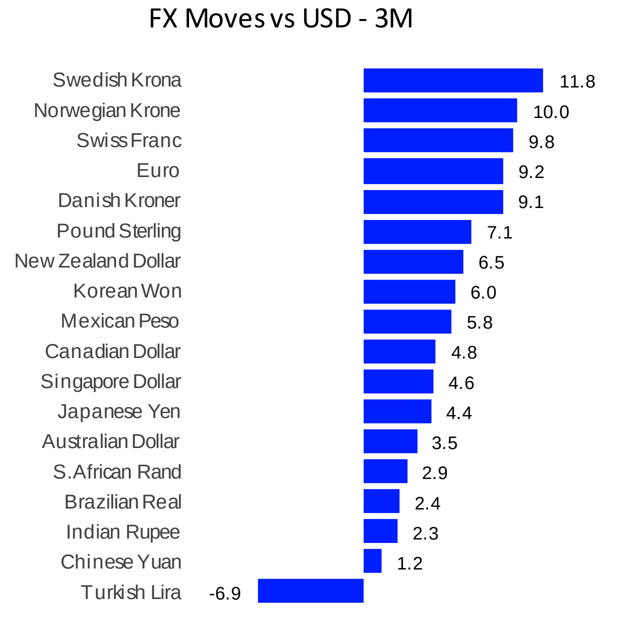


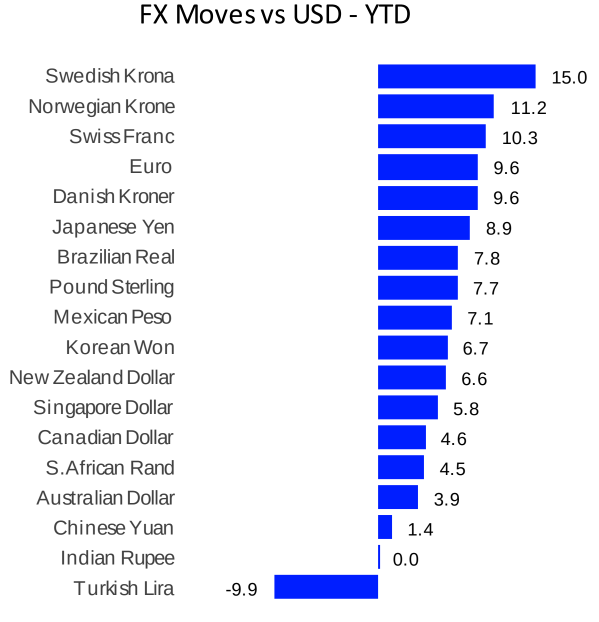



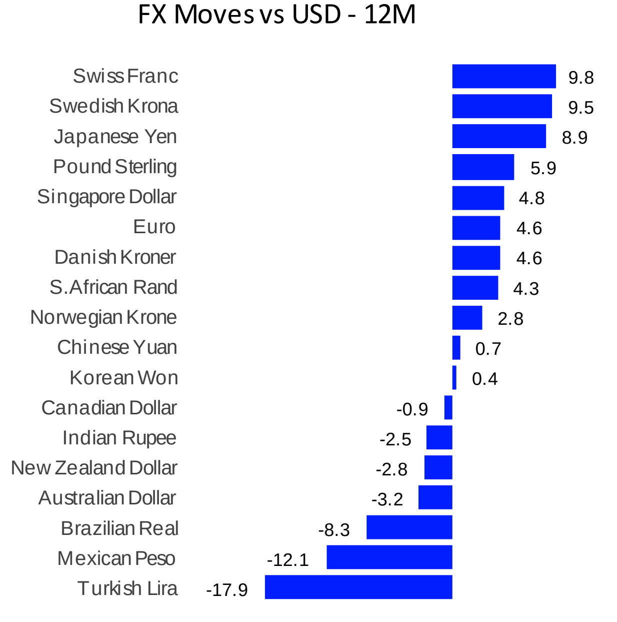

Source: FTSE Russell and LSEG. All data as of May 31, 2025. Past performance is no guarantee of future results. This report should not be considered 'research' for the purposes of MIFID II. Please see the end of the report for important legal disclosures. Bond market data is derived from FTSE Fixed Income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

## Appendix – Foreign Exchange Returns % as of May 30, 2025




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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For over 40 years we have been at the forefront of driving change for the investor, always innovating to shape the next generation of benchmarks and investment solutions that open up new opportunities for the global investment community.

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