Fixed Income Insights

EUROPE
EUROZONE & UK EDITION

MONTHLY REPORT | **MAY 2025**

Easing prospects help Bunds & gilts

Gold remains a major beneficiary, and the US dollar the main casualty, of policy uncertainty, despite a suspension of US tariffs. Bund and gilt curves bull steepened as European central banks switched focus to weak growth. Lower rates and strong currencies drove the strongest returns in short European govts. Credit largely unscathed from equity weakness.

Macro and policy backdrop – Fed awaits tariffs, but ECB & BoE growth concerns rise

Fed caution remains, as global growth downgrades are led by the IMF. Growth fears supersede inflation fears in Europe, despite tariff risks on inflation. (pages 2-3)

Yields, curves & spreads – G7 curve steepening continues driven by policy easing

The trend to steeper G7 curves continues, as shorts benefit from policy easing, and longs face issuance and tariff-driven inflation fears. (pages 4-5)

IG credit & MBS – Market reaction to tariffs muted, as spreads re-tighten in late-April

Banks led a robust IG credit performance post tariffs, even if some widening remains in place in selected credits. Shorter duration since Covid helped UK IG credits. (page 6)

High yield credit – Sentiment stabilised in late-April, with main tariff impact in CCCs

Credit markets withstood early tariff effects well overall, versus previous shocks. (page 7-8)

SI bond analysis – Green bonds' USD underweight a key theme Higher green bond issuance in Europe means indices have a low weight in USD vs EUR-denominated bonds – a key theme for green bond relative returns. (page 8)

Performance – US dollar weakness, and Euro and yen strength dominate returns

More ECB easing helped Bunds and Euro credits, as the dollar failed to prove a safe haven. China govt bonds fell back on the weak renminbi. (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: Nominal yields fell in April, pulling real yields lower ex Canada and the US, where central banks are on hold. Inflation b/evens fell, helped by lower energy prices and a 90-day tariff pause.

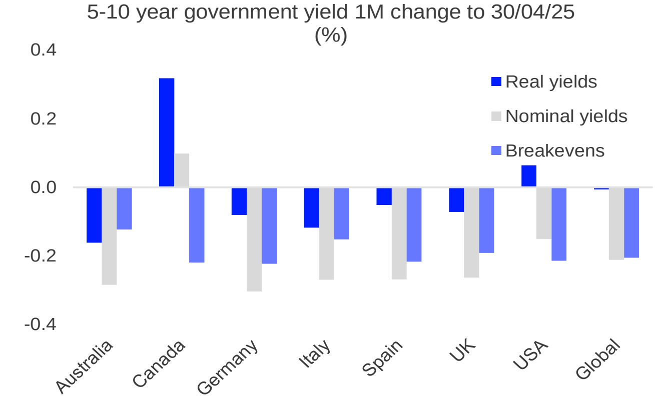
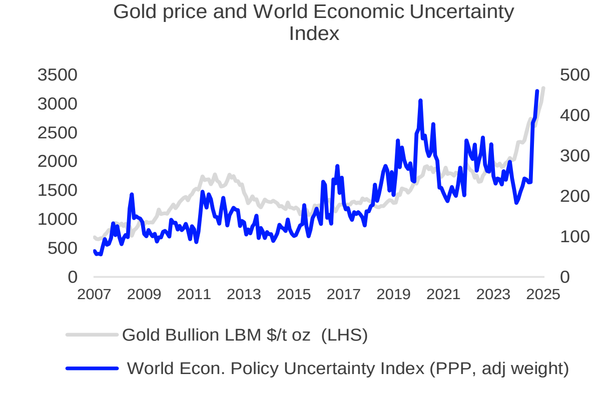


Chart 2: Correlation does not imply causation, but the gold price has shown quite high correlation with directional moves in Economic Uncertainty Indexes since Covid, as the chart shows.



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

Macroeconomic Backdrop – Growth and Inflation Expectations

IMF forecasts show major growth downgrades for 2025 on tariff effects, both on weaker business confidence and the direct trade impact, with largest downgrades to the US and major trading partners. Growth fears have now supplanted inflation fears in the Eurozone particularly, but also the UK, with stronger exchange rates also squeezing growth.

IMF forecasts show sharp revisions lower to 2025 growth, with the US revised down to 1.83%, as Chart 1 shows. Countries with high trade exposure to the US are subject to bigger revisions, like Canada and China. Forecasts are subject to higher risk than normal, given uncertainty around the delivery, supply chains and the impact on capex but risks are skewed to the low side.

Weaker energy prices subdued inflation rates in March, with China falling into outright deflation again, as Chart 2 shows. But Q2 is likely to show some initial tariff effects, though the precise timing is uncertain. US inflation dipped to 2.4% y/y in March, the lowest since September, and services inflation to 3.7% y/y, but this is pre-tariff increase data. Eurozone inflation fell to 2.2% y/y, and risks of a second wave of inflation in 2025 appear to be receding.

The US Fed remains cautious about easing again in May, awaiting tariff increases in Q2. Fed Chairman Powell stressed the need for more data before adjusting policy again. Similarly, the BoC held policy steady in April. But with inflation fears receding, and growth fears increasing, the ECB eased on April 17, and a June move is expected. A BoE May rate cut is also discounted.

The US dollar has failed to show safe haven characteristics in 2025 and fell across the board YTD, but the moves are not uniform with the Euro and yen strengthening most, as Chart 2 shows. The Euro has gained despite further ECB easing and the yen has done well as a safe-haven during previous risk-off episodes, also gaining from expectations of higher rates. The Canadian dollar gained less, partly because of weaker energy prices, but also due to the high trade share with the US, and tariff impact.

Chart 1: IMF forecasts for 2025 show sizeable revisions lower, led by the US. China and Canada were subject to big downgrades. Forecasts carry high uncertainty, but growth risks are skewed to the downside.

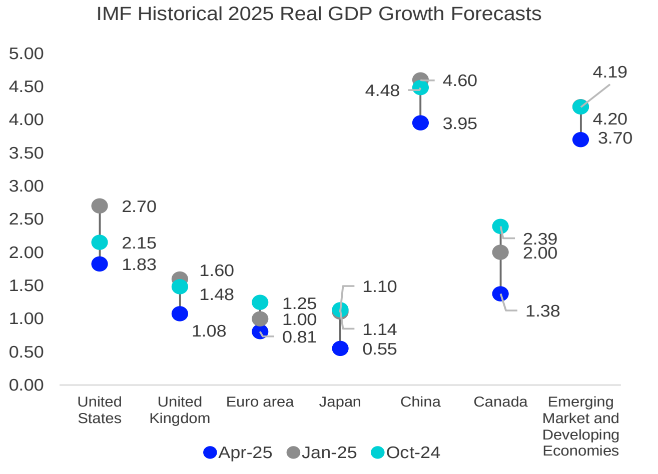


Chart 2 March inflation data was dominated by weak energy prices and showed inflation falling back towards 2%, but Q2 data will show the first signs of tariff effects.

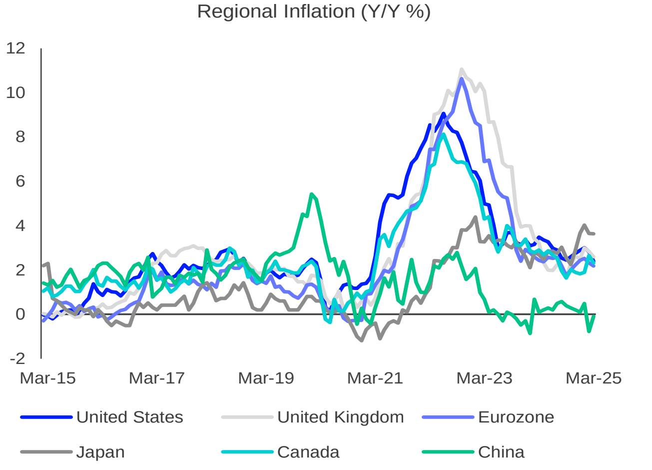


Chart 3: More rate cuts are expected from the ECB and BoE in May/June, though the Fed has signalled a need for more data showing the impact of tariffs before easing again, making a June rate cut more likely than May 7.

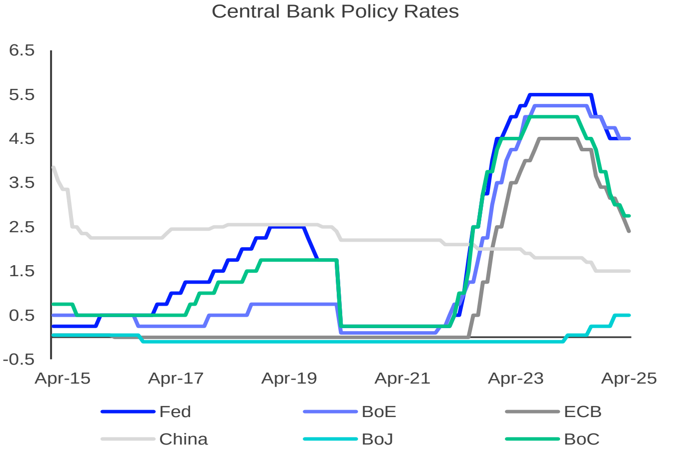
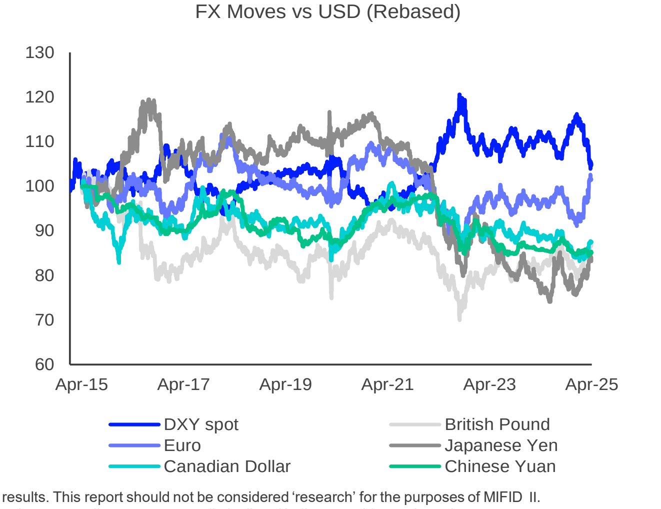


Chart 2: With the dollar losing its lustre as a safe haven, the Euro and yen have gained nearly 10% YTD. Lower rates and tariff exposure has curbed Canadian dollar and Renminbi appreciation.



Macroeconomic and Political Backdrop – Europe

IMF EU growth projections are not expected to improve until 2026, and even then, growth is expected to be modest. EU household savings as a share of disposable income are high by international standards, reflecting weak business and consumer sentiment, notably in Germany. Euro govt bonds have seen recent outflows, especially in credits, with modest flows returning into European ex-UK equities, following significant outflows earlier in the year.

The IMF downgraded its latest growth projections for the Euro area, with 2026 growth forecasts only modestly higher than 2025. Spain is the odd one out, with GDP expected to decline sharply, but from a much higher level, having been one of the fastest growing EU countries since 2022. Spain contributes about 9% of total EU growth (Chart 1).

European household savings are considerably higher than in the US, where personal savings as a percentage of disposable income has fallen to about 4.5%. Portugal has the lowest savings ratio within the EU, at about 7%, having declined from 12% in 2005. But savings ratios in France, Spain, the Netherlands, Italy and Germany have all increased over the last 10 years, including recently, but markedly after Covid. Germany has the highest savings ratio of 20% (Chart 2).

EU unemployment is edging higher from its historical lows, with levels rising in most major EU countries. After declining since 2021, Spain’s jobless rate has reversed and has now ticked back up to 11%, even if the level remains much lower than 10 years ago. German unemployment was unchanged at 6.3% in April but has risen from its low of 5.9% 12 month ago. Labour costs have fallen materially since 2023 but are still higher than pre-Covid levels (Chart 3).

Flows into EUR bond funds have declined in March and April, especially in Euro Investment grade corporates and in Euro high yield since November 2024, with more significant outflows visible in April 2025. Flows into euro government bonds have been modest but positive, as were those into Europe ex UK equities, though the latter saw significant outflows in January and February this year (Chart 4).

Chart 1: Spain has been outgrowing most of other EU nations, though IMF projects a rapidly cooling down in 2025 and 2026. GDP in France, Germany and Italy is expected to remain tepid in 2025.

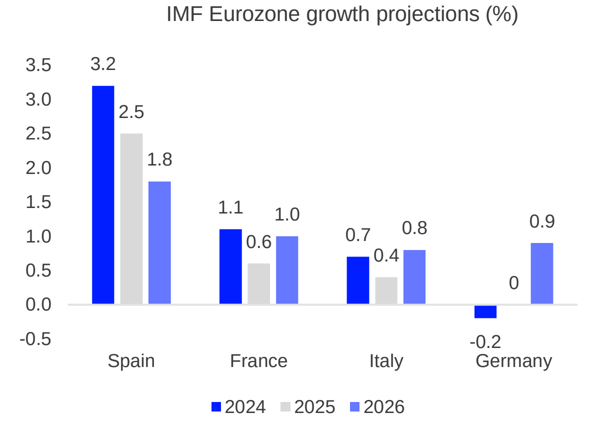


Chart 2: Germany stands out for its very high household savings ratio (20%), with savings per disposable income rising sharply to high single and double digits compared to 4.5% in the US.

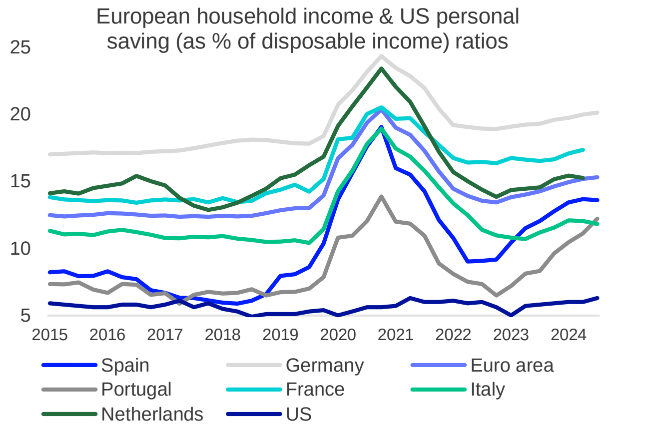


Chart 3: EU unemployment remains at historical lows of 6.2% but is rising modestly in Germany and Spain, as tariffs uncertainty hit both business and consumer sentiment. Labour costs is still high but easing.

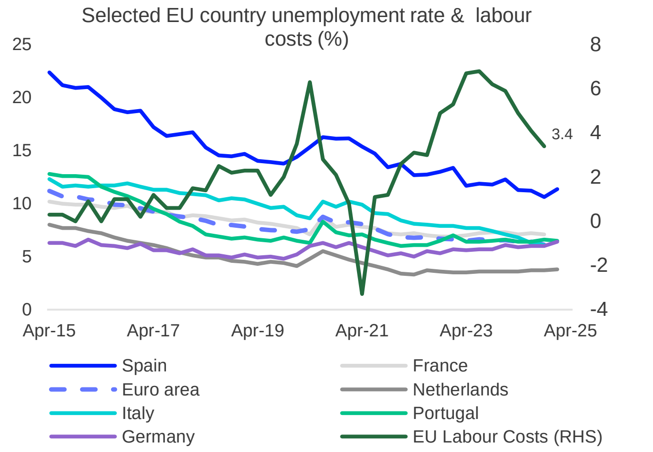
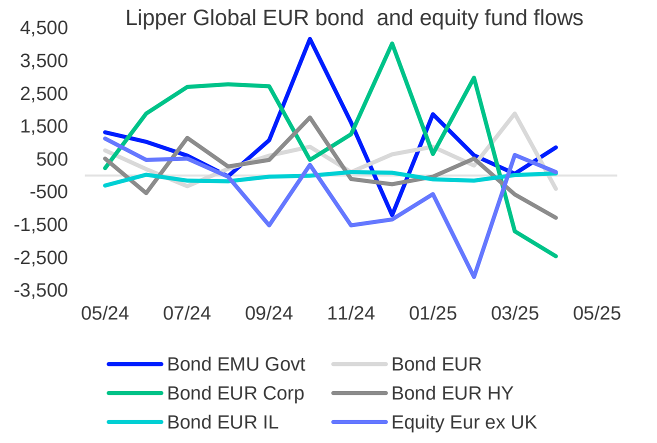


Chart 4: Investors have switched out of Euro corporate bonds recently, with government flows ticking up modestly with uncertainty. Euro ex UK equities have also ticked up since news of increased fiscal spending.



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Macroeconomic and Political Backdrop – UK

UK wage inflation near 6% y/y is a major challenge for achieving the 2% inflation target, but a May rate cut is expected from the BoE, given tariff risks to growth. The BoE's QT programme may strain money market liquidity, and offset the impact of easing rates. Curve steepening in longs has left 30 year yields above 5%, increasing the attraction of LDI.

UK average earnings growth remains near 6% y/y, despite unemployment grinding higher to 4.4% from the cycle low of 3.6%, as Chart 1 shows. Wage gains are broad-based in the private sector, with only finance and business services below 5%, and higher awards have pushed public sector wage growth back up to 5.7% y/y. Wage inflation of 6% y/y is at odds with a 2% inflation target.

Services inflation eased to 4.7% in March (Chart 3), but the decline to 2.6% y/y in CPÍ comes in advance of utility and council tax increases in April. The BoE forecasts a 2025 peak of 3.7% y/y, before inflation falls back but the 2% target remains elusive.

The BoE aims to reduce gilt holdings to £558bn by September 2026, as it seeks to shrink its balance sheet, and to pass back the principle risk on gilts it has been running since the QE programme began in March 2009 (see Chart 3). Quantitative Tightening at this pace could strain money market liquidity, and may offset the impact of easing rates. The BoE has suggested a "steady state" balance sheet size of between £345bn and £495bn, but increased use of its repo facility suggests the higher end of that range.

Yield curve steepening continues at the long end of the gilt market, particularly, despite the reduced issuance in longs for 2025-26. The gradient of the yield curve in longs versus shorts has now returned to pre-Covid levels, of nearly 150bp, as Chart 2 shows, with 30-year yields comfortably above 5%. Recent steepening reflects expectations the BoE will ease rates again in May, and possibly some stagflation concerns in longs, even though long end issuance is planned to be sharply lower in 2025-26.

Chart 1: Wage inflation, ex bonuses, remains at 5.9% y/y, with the fastest growth in the service sector, notably wholesaling, retailing and hospitality. Wage gains overall are not responding much to higher unemployment.

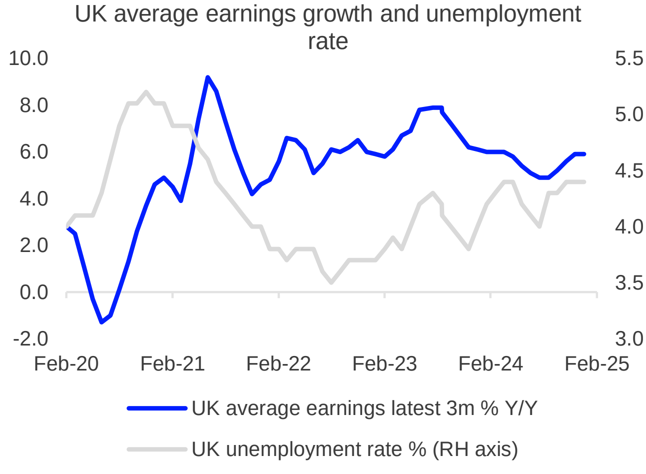


Chart 2: UK goods inflation fell back to 0.6% y/y in February and services inflation to 4.7% y/y. But a series of price increases in April are likely to drive yy rates higher, notably utility prices & council taxes.

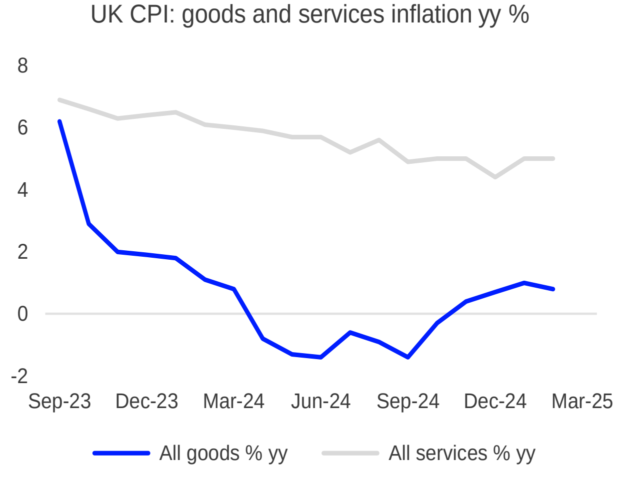


Chart 3: The BoE is targeting a reduction in gilt holdings of £100bn in Sept 2024-25, to a total of £558bn. But there are some risks that this pace of run-off, with active sales, will strain money market liquidity.

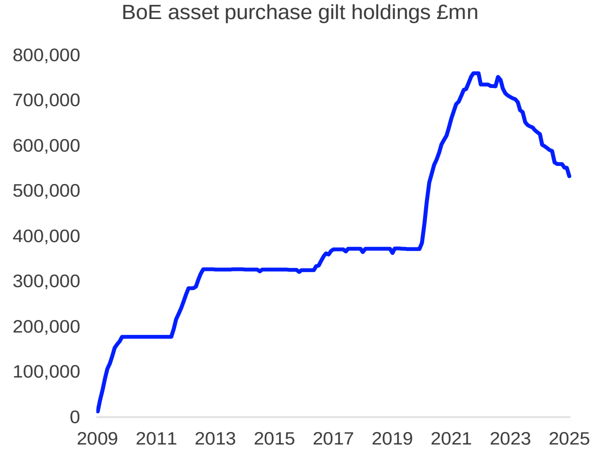
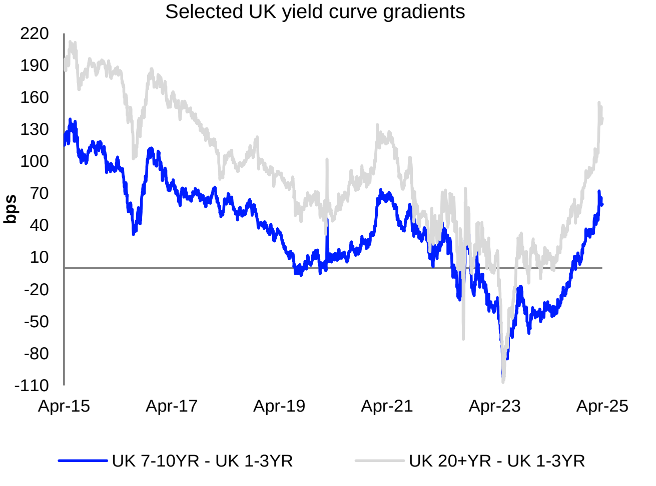


Chart 4: Curve steepening continues in gilts, as shorts price in lower UK rates. The time series shows the long end yield pick-up is back at pre-Covid levels, and helps explain why LDI flows are picking up.



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Global Yields, Curves and Breakevens

Chart 1: 7-10 year yields were mixed in April, although Bund yields fell on lower inflation and ECB easing, and Treasury yields edged lower. Canadian yields increased a little after the BoC left policy unchanged.

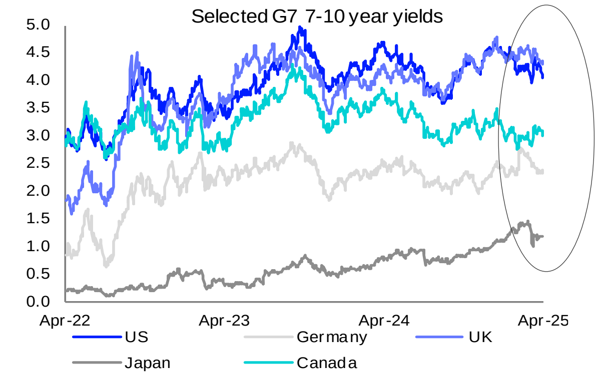


Chart 2: Real yields were also mixed, as markets grappled with policy uncertainty but real Bund yields fell, after the ECB eased policy. US real yields reversed some of Q1's decline, after Fed caution on rates.

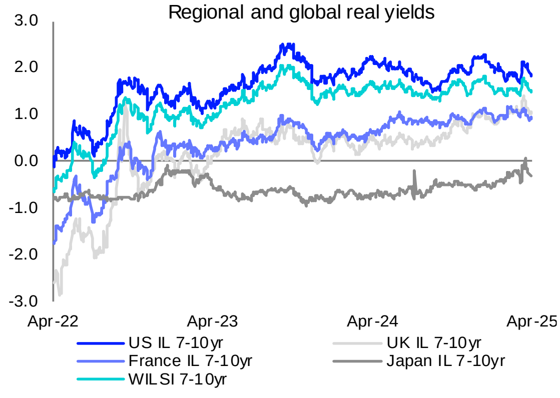


Chart 3: Yield curves continue to steepen, with further policy easing from the ECB in April, and more discounted by markets for May and June in the UK and US. Tariff effects on growth are the main driver.

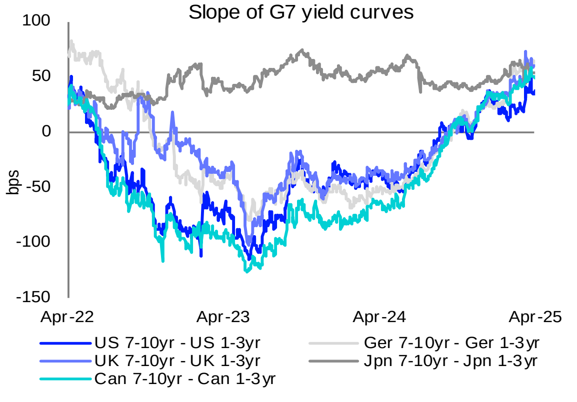


Chart 4: Curves also steepened in longer maturities as markets priced in more easing in shorts, and higher inflation fears from tariff increases drove some long yields higher.

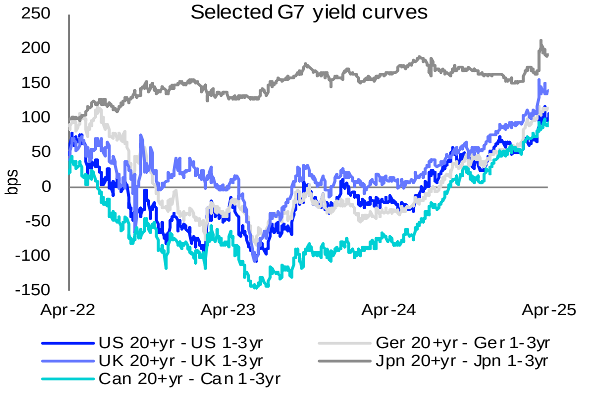


Chart 5: Inflation breakevens fell a little, helped by lower energy prices and inflation data for March, and the 90 day delay to tariff increases, though the prospect of higher Q2/Q3 inflation restricted the decline.

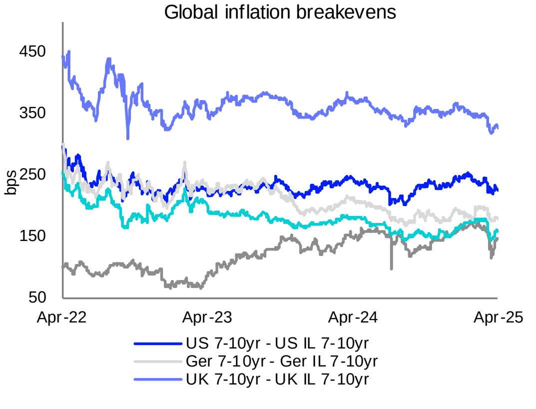
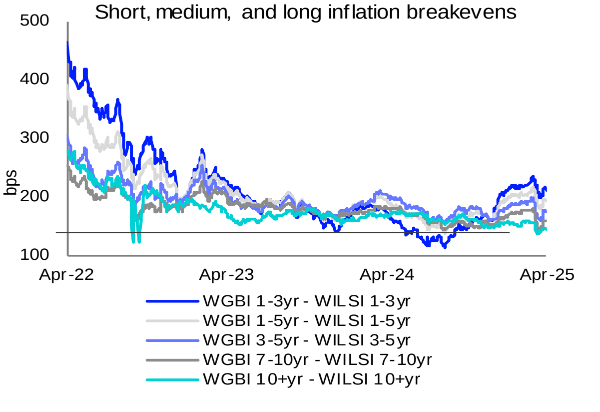


Chart 6: Inflation breakevens fell in all maturities, led by short b/evens, after delays to tariff implementation. Markets may also be focussing on the negative growth impact of tariffs, beyond the one-off price effects.



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Yield Spreads and Credit Spread Analysis

Chart 1: US sovereign spreads remain volatile but above the levels when the Fed began easing in September 2024, which is most unusual – US spreads tightened sharply in previous Fed easing cycles.

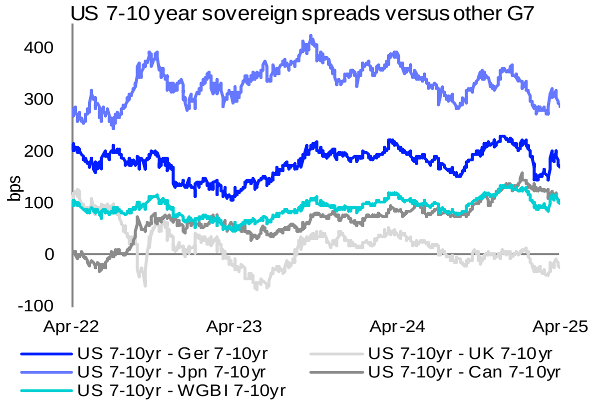


Chart 2: Italian spreads have remained stable during the risk-off phase of late. Spreads remain near 4 year lows vs Bunds, after Germany's commitment to increase issuance to finance defence spending.

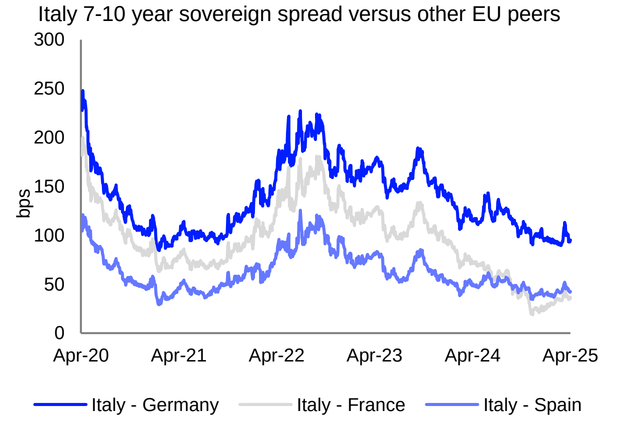


Chart 3: EM spreads generally remain near cycle, and historic lows, though G7 policy easing in recent months has stabilised spreads, and caused some reversal. A weaker dollar may drive spreads tighter again.

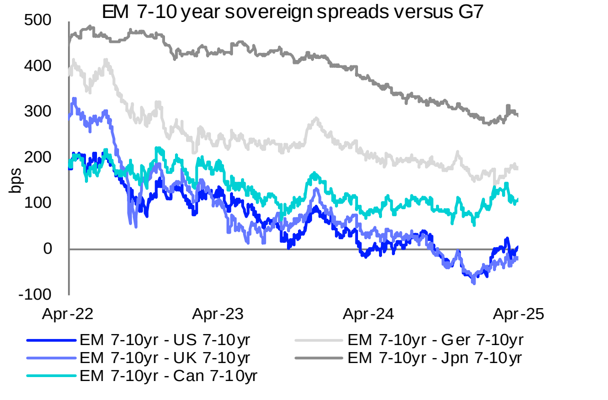


Chart 4: The PBoC's suspension of bond purchases in January has caused Chinese govt bond spreads to widen a little, but they generally remain close to their lows versus the G7, reflecting very low inflation.

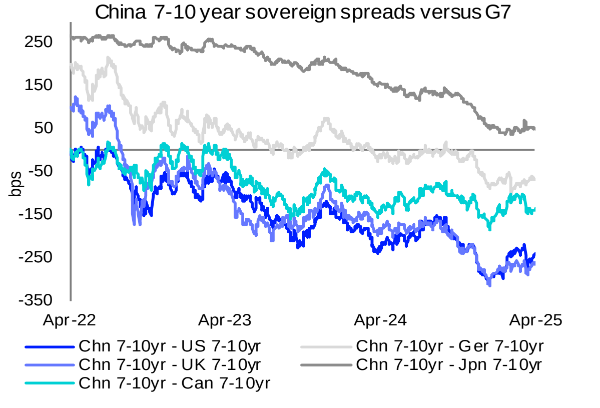


Chart 5: Credit spreads widened during the risk-off phase in markets, led by HY. Short duration means HY spreads are more volatile. The 90 day suspension of tariffs reversed some of the recent spread widening..

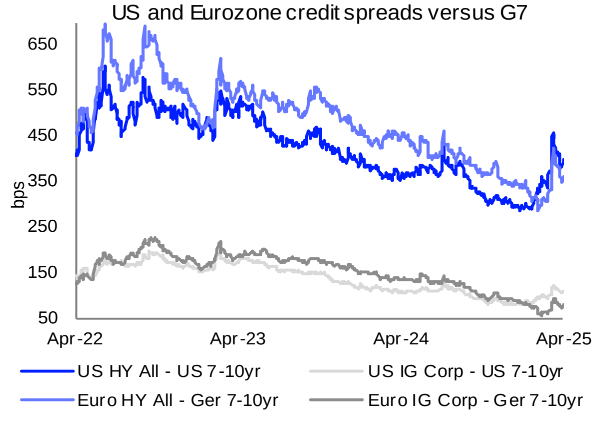
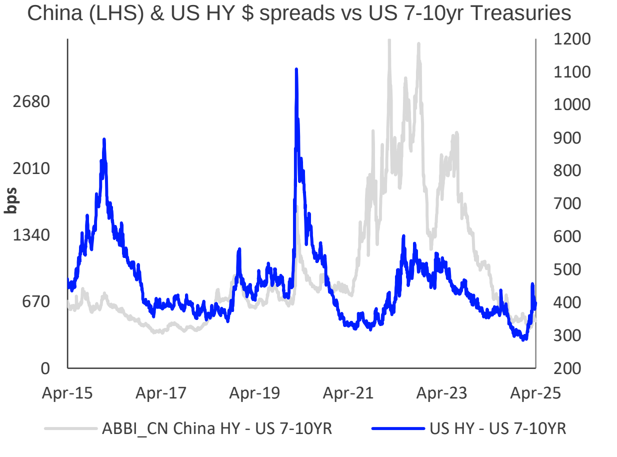


Chart 6: China HY spreads widened a little with the US during the tariff and trade discussions, but the moves are very modest compared to the property crash spread widening in 2022-23.



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European Credit Analysis

Chart 1: Euro IG returns were outperformed by Canada and the US until recently, when US and Canadian dollar weakness hit unhedged US credit returns hard for a Euro investor.

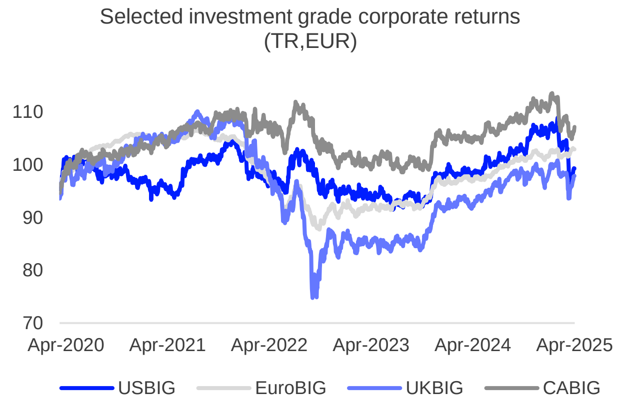


Chart 2: The credit sell-off in April is visible from the spike in OAS spreads, as credits reacted to US tariffs uncertainty. But credit spreads re-traced somewhat by month-end.

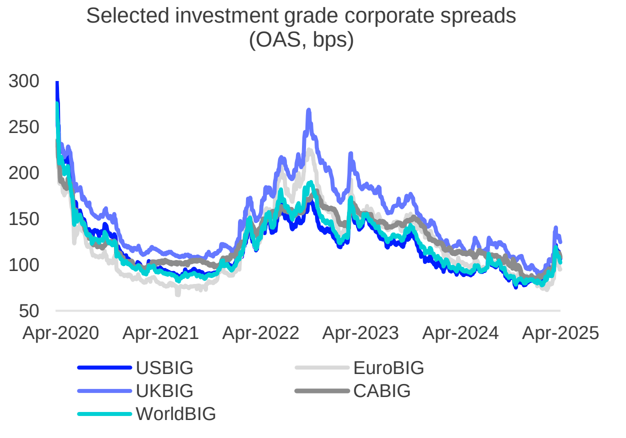


Chart 3: Lowest quality Euro investment grade corporate bonds have outperformed since 2020, with BBBs driving performance, while AA/AAAs have lagged and registered negative returns.

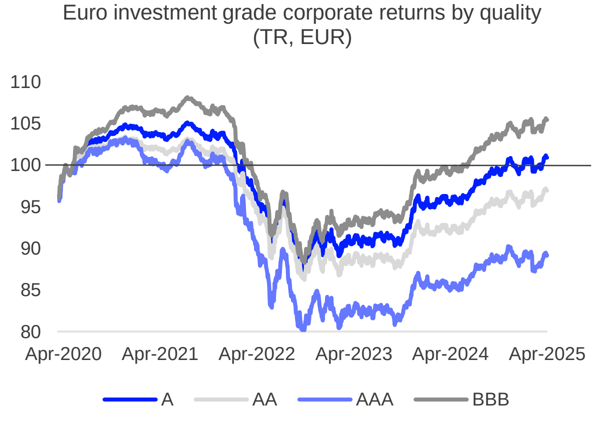


Chart 4: Euro investment grade corporate bond spreads widened in April, in line with Euro corporate bond outflows (page 2, Chart 4), as risk aversion increased in April, but sentiment improved in late April.

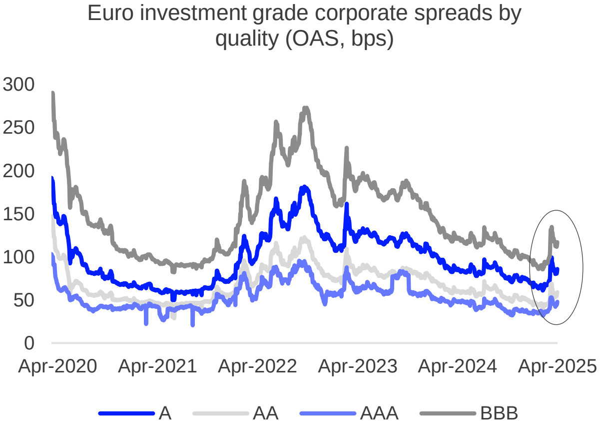


Chart 5: The see-saw moves from the April tariffs are most visible in the lowest quality CCC performance as would be expected, with another steep (recovery) move post the 90-day tariffs pause.

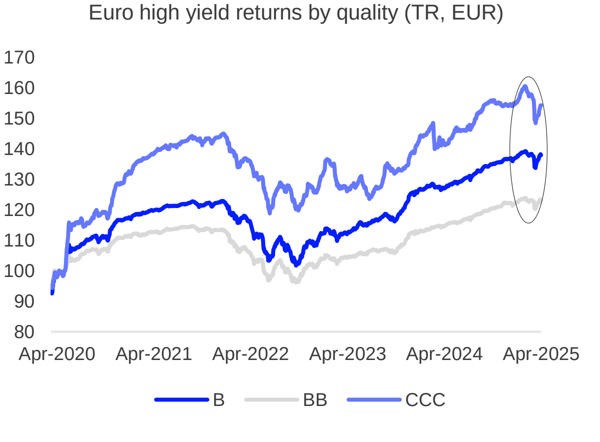
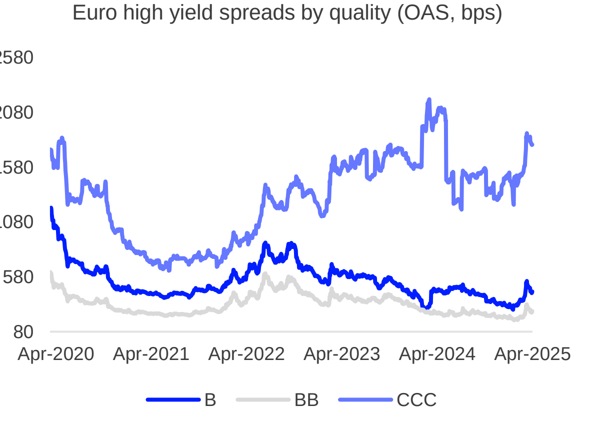


Chart 6: OAS spread moves in the higher quality BBs and Bs were modest compared to the volatility seen in CCCs, after spreads widened by about 200bp.



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UK Credit Analysis

Chart 1: Financials continue to outperform other IG credit, led by Banks, helped by better capitalisation in this cycle, higher rates and net interest income. Telecoms recovered but other utilities lagged.

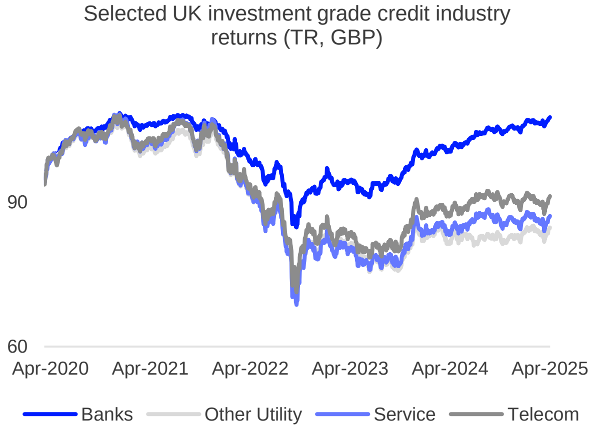


Chart 2: The duration of UK IG credit has fallen sharply relative to other credit markets, and particularly versus the US. Other credit markets have shown a more stable pattern in duration .

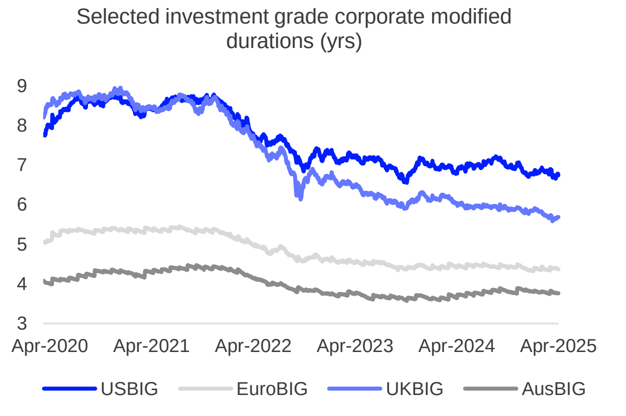


Chart 3: As in the US, the share of A credits has risen sharply since the early Covid, when the share of BBBs initially spiked. This is due to improving credit quality. Shares of AAA and AA remain stable.

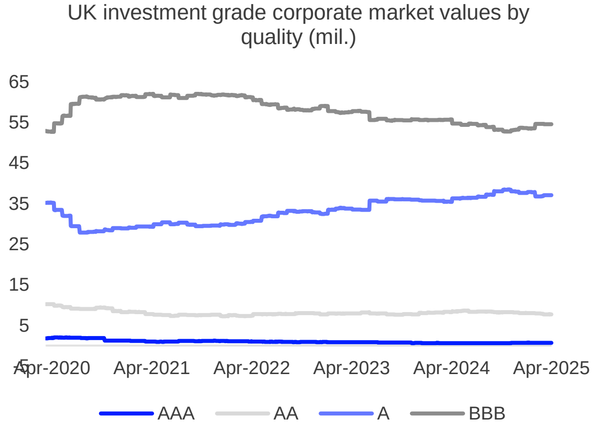


Chart 4: Unlike the sterling IG index, banks have a very low weighting in sterling high yield, though other finance is larger at 14%. Energy is also much lower than in the US, where it is over 10%.

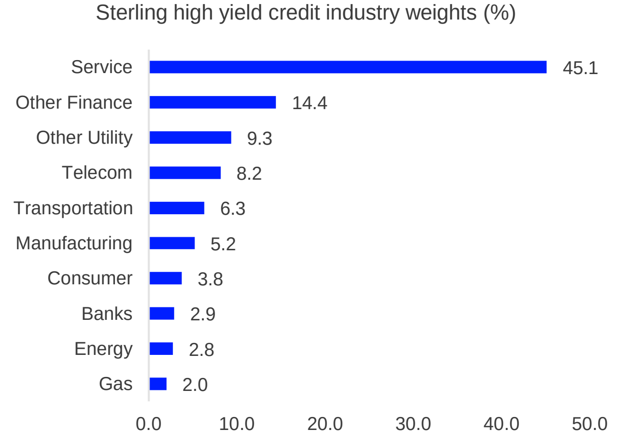


Chart 5: Un-hedged returns have dipped sharply for a sterling-based investor in US HY, while Euro returns have been enhanced. Sterling HY returns are more volatile but recovered well since the 2022 shocks.

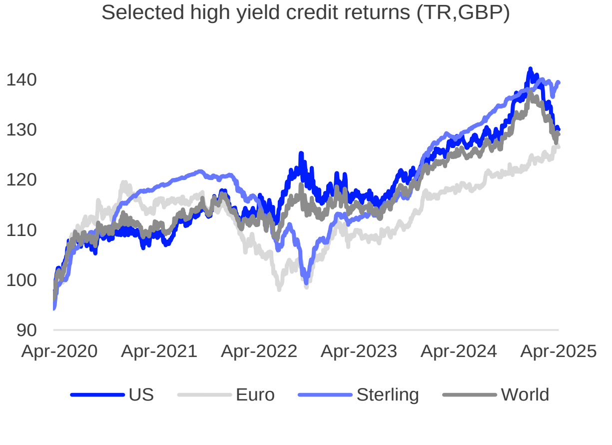
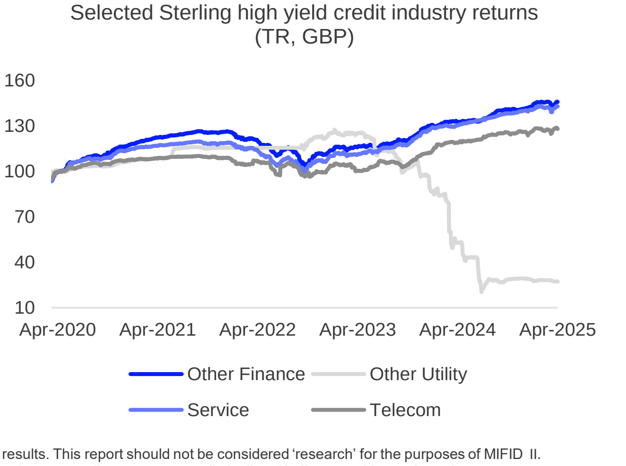


Chart 6: The other utility sector was hit hard by the default on some water sector bonds in 2023-24, raising the CCC sector weight to 20%, though these have now stabilised. Other sectors continue to show solid returns.



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

SI Sovereign Bond Analysis

Chart 1: Green bond performance has been positive in the last twelve months. Over 3M, all three green bond indices have also seen positive returns as index-level yields have fallen across the broad.

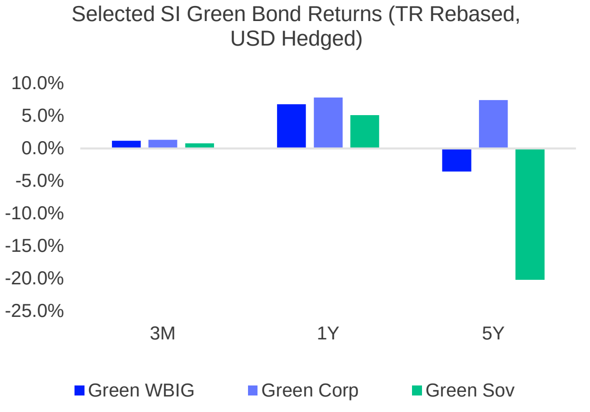


Chart 2: Green corporates have outperformed over 5Y and green sovereigns lagged. Over 3M, green corporates benefitted from less spread widening, while Sov weakened as US yields fell more vs Europe.

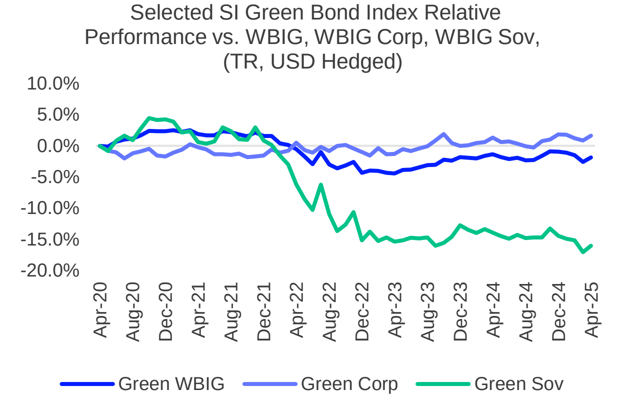


Chart 3: Due to the large amount of green bond issuance in Europe, green bond indices are heavily underweight USD in favour of EUR-denominated bonds - a key theme for green bond relative performance.

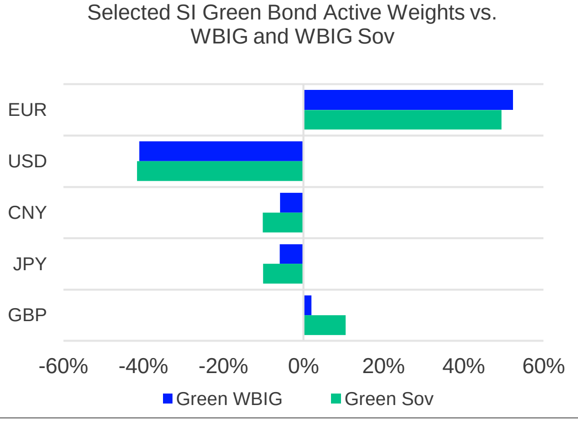


Chart 4: Compared with the broader WorldBIG corporate bond index, Green Corporates tend to hold lower quality credits, evidenced by the smaller AAA, AA and A exposure versus BBB-rated bonds.

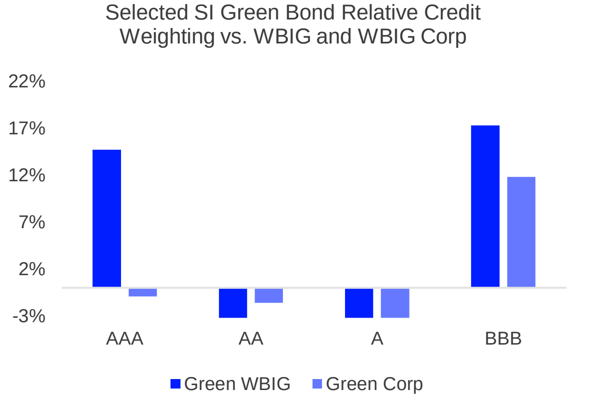


Chart 5: Green corporate's weights have stayed largely unchanged over 3M. Electric Utilities and Banks remain the largest overweights, both of which have performed well over the last 6 months.

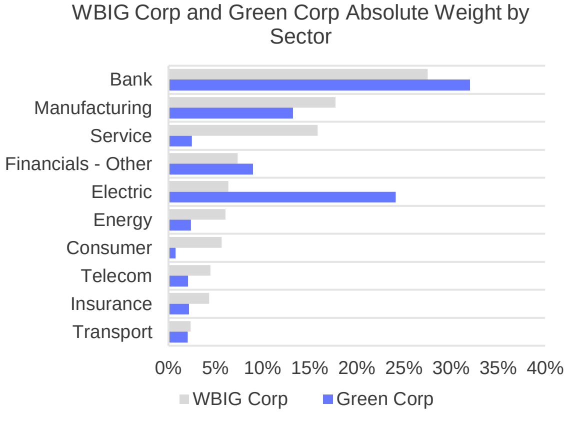
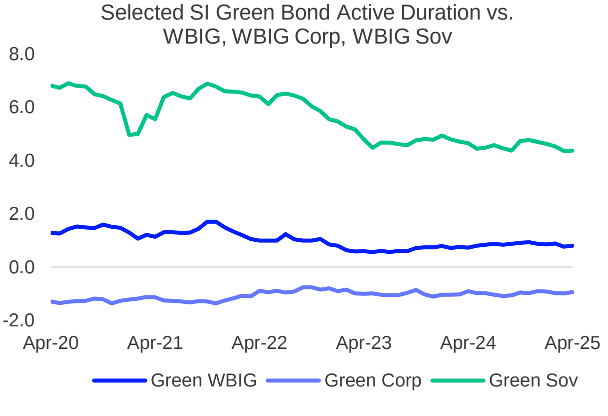


Chart 6: Despite trending lower, Green Sov. still exhibit significant positive active duration. By contrast, corporate green bonds have seen consistently a lower duration than their non-green bond counterparts.



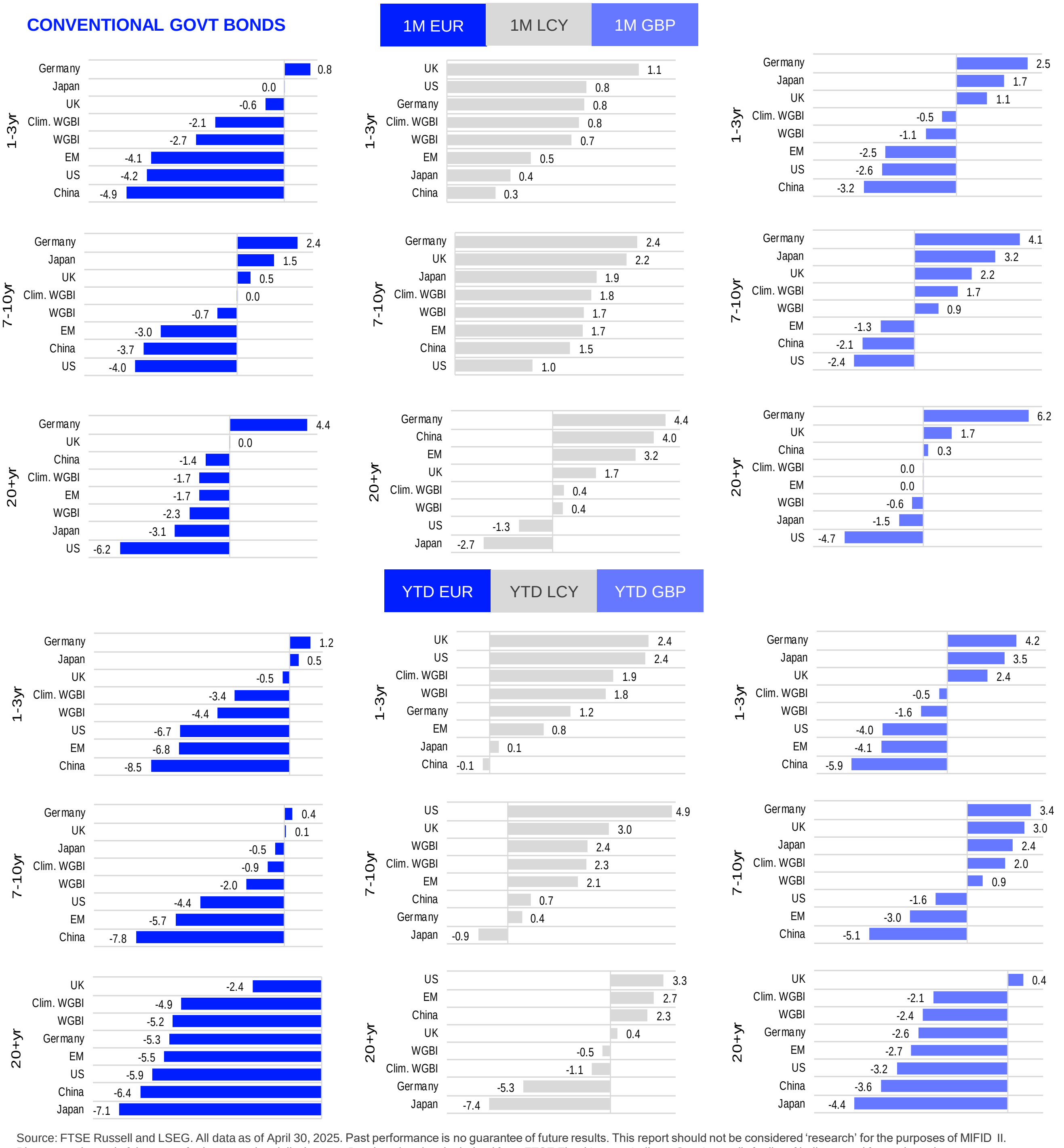
Source: FTSE Russell and LSEG. All data as of 30 April 2025.Past performance is no guarantee of future results. This report should not be considered 'research' for the purposes of MIFID II. Please see the end of the report for important legal disclosures. Bond market data is derived from FTSE Fixed Income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

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

Bunds led govt bond returns after rallying in April, following the weak performance in Q1 on higher issuance fears, but still remain lower YTD, with losses of 5.3% in longs. The Euro and sterling rallied versus the weaker US dollar and renminbi, which depressed Treasury and China govt bond returns for a Euro or sterling based investor in April and YTD.

Currency moves drove govt bond returns in April, mainly USD weakness, and Euro and yen strength. There was little evidence of safe haven benefits in US Treasuries and the dollar either in April, or YTD, with Bunds, JGBs and gilts all out-performing. Longer duration was only of real benefit in Bunds to April, helped by lower inflation. Treasuries lost 2-6% for euro and sterling-based investors in April.

Chinese bonds have stalled since the PBoC suspended purchases, with losses of 4-9% YTD in euro and sterling terms, mainly on the weak renminbi. But the stronger yen made returns positive in short JGBs, even if long JGBs lost nearly 7% YTD in local currency.



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

Like US Treasuries, Tips returns were squeezed hard by US dollar weakness in euro and sterling terms, with losses of 3-8%, led by longs, in April. Short Tips gained 1% in local currency terms. YTD returns tell a similar story, with Tips losing 1-7%. Duration was also the investor’s foe in long Bund and UK linkers with losses of 4-7% YTD.

Corporate credits moved little overall in April, despite equity market weakness, so returns were dominated by currency moves, with US credit down 5% in Euros, and 3% in sterling terms. EM credits also lost 3-6% on the weak renminbi, with HY weakest.

YTD, only short and medium Bund and short JGB linkers show positive returns in Euros, and also led returns in sterling with gains of 3-4%. Short and medium Tips gains of 4-5% in USD were turned into losses of 4-5% by dollar weakness (page 17).

With yield curves steepening and normalising, long duration markets, like UK and Bund linkers, showed the weakest performance in local currency, in contrast to long US Tips, which gained 2% in US dollars, as real yields moved lower on the real growth slowdown. Issuance fears in both Bunds and gilts have weighed on returns in longs.

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

The rally in longer dated Bunds and Eurozone govt bonds made them the top performers in April, with gains of 2-4% in Euros, and 4-6% in sterling terms. The strong Swedish krone, and sizeable Riksbank rate cuts meant shorter Swedish govt bonds gave the strongest 12M returns, with gains of 10-12% in both Euros and sterling. Long China govt bonds also returned 8-9% on 12M, though renminbi weakness in April meant short China govts lost 3-5% in April.

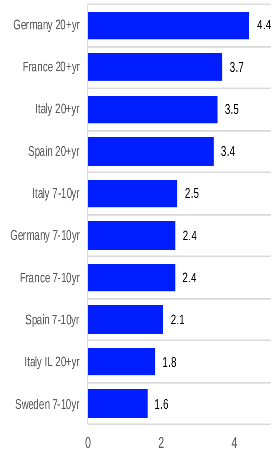
Dollar weakness helped drive losses of 5-8% in long Tips and Treasuries in April, in euros and sterling terms, with US and EM credits also losing 3-5%.

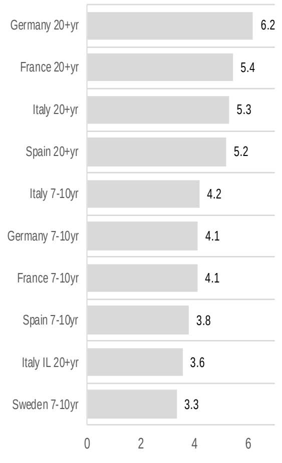
On 12M however, long dated linkers and conventional govts were the worst performers, as curve steepening and duration weighed hard on returns. Long Australian, EM, French and UK linkers, and long JGBs lost 9-16% in euro and sterling terms.

Weak currencies also impacted returns, with the Mexican peso and real losing 14-18% against both euro and sterling (see also page 17).

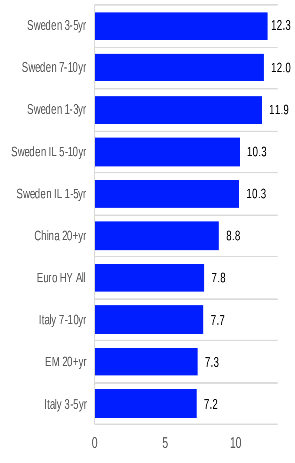
TOP 10

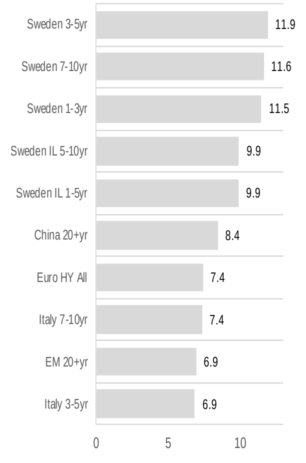
1M EUR | 1M GBP





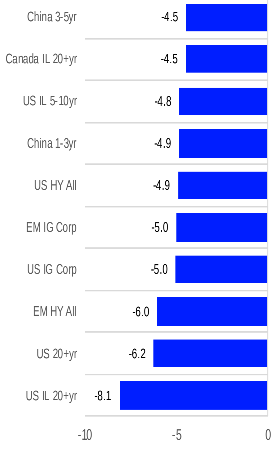
12M EUR | 12M GBP



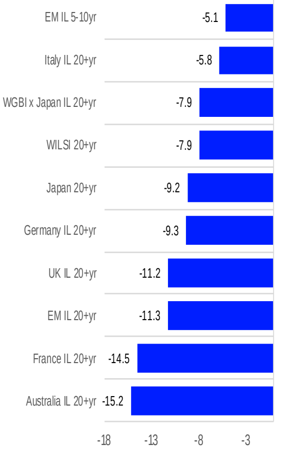


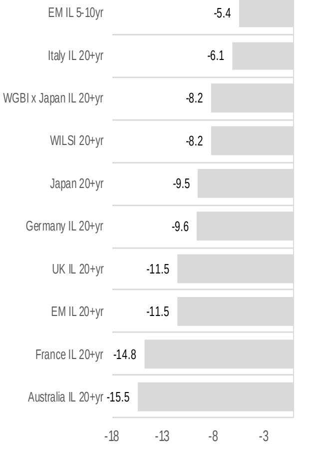
BOTTOM 10

1M EUR | 1M GBP



12M EUR | 12M GBP





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Appendix − Global Bond Market Returns % (EUR, GBP & LC, TR) – April 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	1.96	-5.15	-6.75	2.39	-4.00	-6.73	6.62	-0.05	0.29
	7-10YR	4.27	-3.01	-4.65	4.91	-1.64	-4.44	9.15	2.32	2.67
	20+YR	2.96	-4.22	-5.84	3.28	-3.16	-5.92	5.72	-0.89	-0.56
	IG All	1.71	-5.39	-6.99	2.27	-4.10	-6.84	7.64	0.91	1.25
	HY All	-0.57	-7.51	-9.08	0.88	-5.41	-8.10	8.68	1.89	2.23
UK	1-3YR	1.76	1.76	0.04	2.44	2.44	-0.48	5.88	5.88	6.24
	7-10YR	2.31	2.31	0.58	3.01	3.01	0.08	4.77	4.77	5.12
	20+YR	-0.46	-0.46	-2.15	0.43	0.43	-2.43	-1.80	-1.80	-1.47
EUR	IG All	0.57	2.31	0.57	1.03	3.99	1.03	6.16	5.80	6.16
	HY All	0.16	1.89	0.16	0.71	3.66	0.71	7.78	7.42	7.78
Japan	1-3YR	0.31	1.31	-0.41	0.14	3.46	0.51	-0.07	3.35	3.70
	7-10YR	0.10	1.09	-0.62	-0.88	2.40	-0.51	-1.48	1.89	2.24
	20+YR	-6.72	-5.80	-7.40	-7.42	-4.35	-7.08	-12.47	-9.48	-9.17
China	1-3YR	0.08	-6.87	-8.45	-0.10	-5.86	-8.54	2.51	-4.19	-3.86
	7-10YR	0.21	-6.76	-8.34	0.69	-5.12	-7.82	7.61	0.58	0.92
	20+YR	1.04	-5.98	-7.58	2.29	-3.61	-6.36	16.03	8.45	8.82
EM	1-3YR	0.65	-5.57	-7.18	0.82	-4.08	-6.81	4.20	-2.76	-2.43
	7-10YR	1.28	-5.03	-6.64	2.09	-2.98	-5.74	8.75	1.99	2.34
	20+YR	1.49	-5.19	-6.80	2.68	-2.74	-5.51	14.74	6.94	7.30
	IG All	2.22	-4.91	-6.52	2.86	-3.55	-6.30	8.05	1.30	1.64
	HY All	0.27	-6.72	-8.30	1.57	-4.77	-7.48	9.44	2.59	2.94
Germany	1-3YR	1.18	2.92	1.18	1.25	4.22	1.25	4.47	4.11	4.47
	7-10YR	0.86	2.60	0.86	0.42	3.37	0.42	4.37	4.01	4.37
	20+YR	-2.80	-1.12	-2.80	-5.33	-2.55	-5.33	-0.88	-1.22	-0.88
Italy	1-3YR	1.36	3.11	1.36	1.60	4.58	1.60	5.46	5.10	5.46
	7-10YR	1.46	3.21	1.46	1.61	4.58	1.61	7.72	7.36	7.72
	20+YR	-1.49	0.20	-1.49	-2.41	0.45	-2.41	5.09	4.74	5.09
Spain	1-3YR	1.25	3.00	1.25	1.42	4.39	1.42	4.98	4.63	4.98
	7-10YR	1.01	2.75	1.01	1.09	4.05	1.09	5.96	5.60	5.96
	20+YR	-2.43	-0.75	-2.43	-3.46	-0.63	-3.46	3.07	2.73	3.07
France	1-3YR	1.33	3.08	1.33	1.49	4.47	1.49	4.92	4.57	4.92
	7-10YR	1.69	3.44	1.69	1.88	4.87	1.88	3.77	3.42	3.77
	20+YR	-1.53	0.16	-1.53	-2.37	0.49	-2.37	-3.87	-4.19	-3.87
Sweden	1-3YR	0.49	7.19	5.37	1.04	8.53	5.44	4.51	11.50	11.87
	7-10YR	0.27	6.96	5.15	1.84	9.39	6.27	4.65	11.65	12.03
Australia	1-3YR	1.74	-2.92	-4.56	2.19	-0.97	-3.80	5.31	-2.73	-2.40
	7-10YR	3.55	-1.18	-2.86	3.85	0.62	-2.24	7.46	-0.73	-0.40
	20+YR	3.94	-0.81	-2.49	2.96	-0.23	-3.07	4.11	-3.83	-3.51
NZ	1-3YR	1.48	-0.91	-2.59	1.66	0.97	-1.91	7.34	0.92	1.26
	7-10YR	2.21	-0.19	-1.88	2.02	1.32	-1.56	9.27	2.72	3.07
Canada	1-3YR	0.88	-1.60	-3.27	1.70	-0.71	-3.54	6.69	-0.53	-0.19
	7-10YR	0.92	-1.56	-3.23	2.41	-0.03	-2.87	9.51	2.11	2.45
	20+YR	-1.84	-4.26	-5.89	-0.01	-2.38	-5.16	8.36	1.03	1.37

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Appendix − Global Bond Market Returns % (EUR, GBP, LC, TR) – April 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	3.24	-3.96	-5.59	4.29	-2.21	-5.00	8.58	1.78	2.13
	5-10YR	3.59	-3.64	-5.27	5.12	-1.43	-4.24	8.99	2.17	2.51
	20+YR	-0.18	-7.14	-8.72	1.72	-4.62	-7.34	3.72	-2.76	-2.44
UK	1-5YR	0.64	0.64	-1.06	1.86	1.86	-1.04	4.08	4.08	4.43
	5-10YR	-0.16	-0.16	-1.85	1.14	1.14	-1.74	1.18	1.18	1.52
	20+YR	-5.35	-5.35	-6.96	-4.41	-4.41	-7.13	-11.54	-11.54	-11.24
EUxUK	1-5YR	0.43	2.16	0.43	0.60	3.55	0.60	3.66	3.31	3.66
	5-10YR	0.62	2.35	0.62	0.64	3.59	0.64	2.90	2.55	2.90
	20+YR	-5.42	-3.79	-5.42	-7.50	-4.79	-7.50	-9.29	-9.59	-9.29
Japan	1-5YR	-0.22	0.76	-0.94	0.23	3.55	0.60	1.34	4.81	5.16
	5-10YR	-0.35	0.63	-1.07	-0.41	2.88	-0.05	0.37	3.80	4.16
EM	1-5YR	4.03	-1.33	-3.00	5.89	4.45	1.47	13.11	-4.41	-4.08
	5-10YR	4.23	-0.71	-2.40	5.66	4.11	1.14	10.23	-5.43	-5.11
	20+YR	5.28	1.24	-0.47	5.70	6.08	3.06	3.49	-11.55	-11.25
Germany	1-5YR	0.43	2.16	0.43	0.60	3.55	0.60	3.66	3.31	3.66
	5-10YR	0.62	2.35	0.62	0.64	3.59	0.64	2.90	2.55	2.90
	20+YR	-5.42	-3.79	-5.42	-7.50	-4.79	-7.50	-9.29	-9.59	-9.29
Italy	1-5YR	0.95	2.70	0.95	1.55	4.52	1.55	5.37	5.02	5.37
	5-10YR	0.97	2.71	0.97	1.83	4.82	1.83	5.88	5.52	5.88
	20+YR	-6.03	-4.41	-6.03	-6.99	-4.27	-6.99	-5.76	-6.08	-5.76
Spain	1-5YR	0.98	2.72	0.98	1.40	4.37	1.40	4.48	4.13	4.48
	5-10YR	0.16	1.89	0.16	0.80	3.75	0.80	3.53	3.18	3.53
France	1-5YR	1.10	2.85	1.10	1.29	4.25	1.29	3.30	2.95	3.30
	5-10YR	0.85	2.59	0.85	1.48	4.45	1.48	1.53	1.19	1.53
	20+YR	-5.41	-3.78	-5.41	-6.12	-3.36	-6.12	-14.53	-14.82	-14.53
Sweden	1-5YR	0.30	6.99	5.18	0.69	8.16	5.07	3.01	9.89	10.26
	5-10YR	0.11	6.79	4.98	1.00	8.49	5.40	3.04	9.93	10.30
Australia	1-5YR	1.57	-3.07	-4.71	2.12	-1.05	-3.87	4.03	-3.90	-3.58
	5-10YR	1.64	-3.00	-4.65	2.00	-1.16	-3.98	4.21	-3.74	-3.41
	20+YR	-1.30	-5.81	-7.41	-3.98	-6.96	-9.61	-8.49	-15.47	-15.19
NZ	5-10YR	2.87	0.45	-1.25	3.25	2.54	-0.38	8.07	1.60	1.95
	20+YR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Canada	20+YR	-1.16	-3.59	-5.23	1.44	-0.97	-3.79	11.02	3.51	3.86

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

Global Bond Yields

Top 15% | Bottom 15%

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

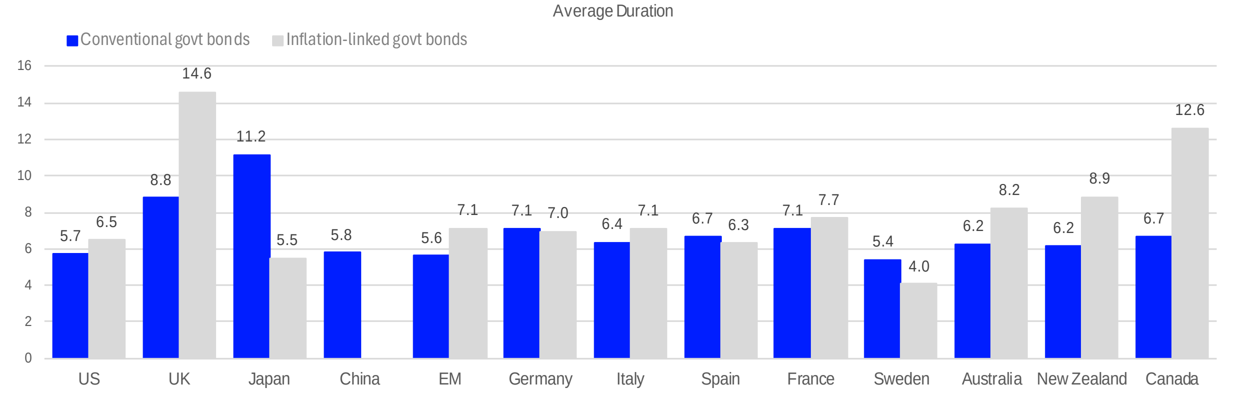
		Conventional government bonds				Inflation-linked bonds			Inv Grade	High Yld
		1-3YR	3-5YR	7-10YR	20+YR	1-5YR	5-10YR	20+YR	All Mat	All Mat
US	Current	3.69	3.65	4.06	4.77	0.98	1.70	2.50		8.05
	3M Ago	4.23	4.30	4.51	4.88	1.60	1.96	2.42		7.40
	6M Ago	4.21	4.16	4.26	4.57	1.86	1.88	2.19		7.48
	12M Ago	5.09	4.80	4.69	4.85	2.41	2.24	2.44		8.22
UK	Current	3.70	3.76	4.29	5.10	0.18	0.90	2.04		
	3M Ago	4.06	4.11	4.43	5.01	0.06	0.70	1.77		
	6M Ago	4.38	4.23	4.37	4.80	0.58	0.70	1.46		
	12M Ago	4.64	4.31	4.28	4.72	0.30	0.49	1.38		
Japan	Current	0.64	0.81	1.17	2.56	-0.99	-0.35			
	3M Ago	0.67	0.84	1.12	2.22	-1.25	-0.47			
	6M Ago	0.39	0.50	0.80	2.12	-1.08	-0.57			
	12M Ago	0.21	0.39	0.76	1.86	-1.21	-0.76			
China	Current	1.43	1.47	1.66	1.91					
	3M Ago	1.27	1.39	1.63	1.94					
	6M Ago	1.49	1.72	2.12	2.37					
	12M Ago	1.89	2.06	2.34	2.61					
EM	Current	3.12	3.30	4.11	3.50	6.43	5.66	6.13		8.27
	3M Ago	3.10	3.25	3.96	3.44	6.27	5.79	6.31		7.91
	6M Ago	3.21	3.43	4.04	3.77	6.04	5.46	5.91		7.71
	12M Ago	3.42	3.86	4.56	3.94	5.65	5.21	5.67		9.15
Germany	Current	1.70	1.86	2.33	2.84	0.82	0.39	1.03		
	3M Ago	2.08	2.12	2.35	2.67	0.63	0.41	0.73		
	6M Ago	2.29	2.16	2.32	2.57	1.32	0.50	0.55		
	12M Ago	3.08	2.67	2.53	2.69	1.12	0.46	0.43		
Italy	Current	1.95	2.36	3.28	4.19	0.51	1.24	2.18		
	3M Ago	2.37	2.68	3.31	4.04	0.63	1.29	1.90		
	6M Ago	2.71	2.86	3.40	4.05	1.27	1.52	1.86		
	12M Ago	3.45	3.38	3.68	4.24	1.25	1.54	1.79		
France	Current	1.90	2.23	2.92	3.78	0.43	0.81	1.65		
	3M Ago	2.30	2.56	3.05	3.65	0.56	0.84	1.38		
	6M Ago	2.48	2.64	2.96	3.50	0.94	0.94	1.20		
	12M Ago	3.17	2.93	2.96	3.39	0.72	0.65	0.86		
Sweden	Current	1.83	1.93	2.19		1.27	0.70			
	3M Ago	1.85	1.94	2.15		0.93	0.60			
	6M Ago	1.84	1.89	2.07		0.71	0.42			
	12M Ago	3.14	2.68	2.50		1.60	0.85			
Australia	Current	3.34	3.39	4.00	4.79	1.38	1.78	2.70		
	3M Ago	3.81	3.87	4.34	4.95	1.71	1.92	2.60		
	6M Ago	4.06	4.04	4.42	4.97	1.81	1.97	2.46		
	12M Ago	4.16	4.05	4.36	4.75	1.40	1.71	2.06		
New Zealand	Current	3.25	3.55	4.26	5.15		1.94			
	3M Ago	3.64	3.85	4.43	5.14		2.29			
	6M Ago	3.81	3.91	4.41	5.01		2.42			
	12M Ago	5.16	4.77	4.85	5.17	2.29	2.51			
Canada	Current	2.49	2.62	3.00	3.42	0.30	0.96	1.60		
	3M Ago	2.66	2.72	3.01	3.22	0.77	1.00	1.35		
	6M Ago	3.11	3.01	3.21	3.29	1.36	1.41	1.56		
	12M Ago	4.47	3.92	3.82	3.70	1.97	1.98	1.90		

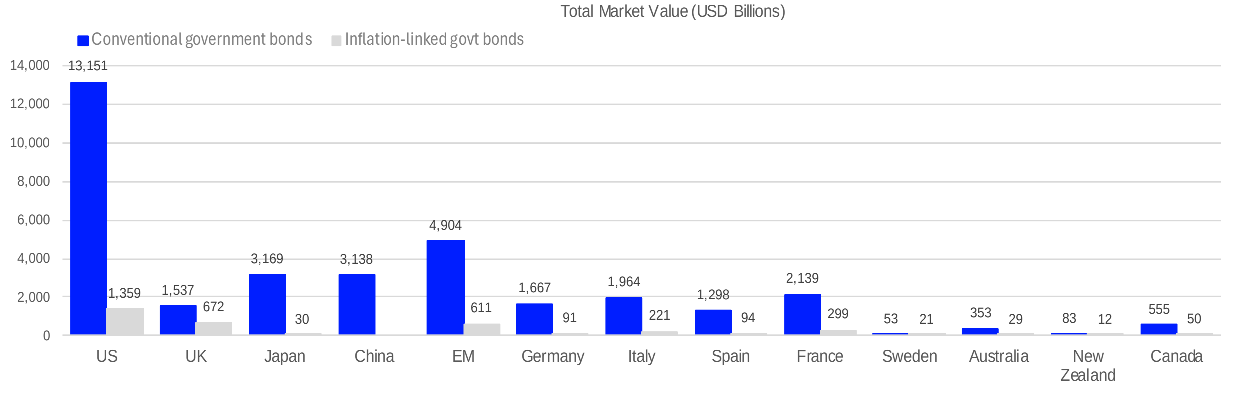
Source: FTSE Russell and LSEG. All data as of April 30, 2025. Past performance is no guarantee of future results. This report should not be considered 'research' for the purposes of MIFID II. Please see the end of the report for important legal disclosures. Bond market data is derived from FTSE Fixed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

Appendix − Duration and Market Value (USD, Bn) as of April 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	16.1	**5.7**	2,994.8	1,280.3	1,458.9	**13,150.7**	7.0	21.2	**6.5**	456.1	106.2	**1,359.4**
UK	3.6	7.2	17.6	**8.8**	210.0	246.5	324.1	**1,537.0**	7.4	26.2	**14.6**	160.5	212.0	**672.2**
Japan	3.9	8.2	22.5	**11.2**	383.6	497.2	604.6	**3,169.3**	8.0		**5.5**	14.7		**29.8**
China	3.7	7.6	18.4	**5.8**	769.8	526.5	364.6	**3,137.7**						
EM	3.6	7.0	16.5	**5.6**	1,148.0	891.1	487.6	**4,903.5**	5.6	12.7	**7.1**	121.4	157.0	**611.4**
Germany	3.7	7.5	20.5	**7.1**	341.9	259.7	189.2	**1,666.9**	5.7	20.1	**7.0**	46.6	17.2	**91.4**
Italy	3.7	7.2	16.5	**6.4**	358.1	294.7	171.0	**1,964.1**	6.6	24.8	**7.1**	66.0	5.6	**221.3**
Spain	3.6	7.0	18.1	**6.7**	256.1	235.3	106.2	**1,298.1**	6.8		**6.3**	55.4		**94.1**
France	3.7	7.2	18.4	**7.1**	449.5	365.8	262.5	**2,139.0**	6.2	23.2	**7.7**	90.0	21.2	**298.6**
Sweden	3.7	7.1		**5.4**	16.6	11.6		**52.5**	6.0		**4.0**	6.4		**21.3**
Australia	3.6	7.1	16.2	**6.2**	55.4	99.2	19.9	**353.3**	5.8	20.9	**8.2**	11.0	2.5	**29.0**
New Zealand	3.3	6.8	15.4	**6.2**	15.4	19.5	5.3	**82.5**	4.9		**8.9**	3.4		**12.0**
Canada	3.8	7.3	19.0	**6.7**	101.5	120.0	78.9	**555.1**	5.7	21.6	**12.6**	8.4	13.1	**50.3**

	Investment grade bonds										High Yield	
	Duration					Market Value					Duration	MktVal
	AAA	AA	A	BBB	Overall	AAA	AA	A	BBB	Overall		
US	9.9	8.1	6.8	6.5	6.7	75.3	453.9	2920.3	3642.5	7092.0	3.7	1112.5
Europe	6.7	4.6	4.6	4.1	4.4	23.3	223.9	1345.7	1709.2	3302.2	3.1	377.0
EM		6.1	5.3	5.3	5.4		72.3	174.1	243.5	490.0	3.6	187.6

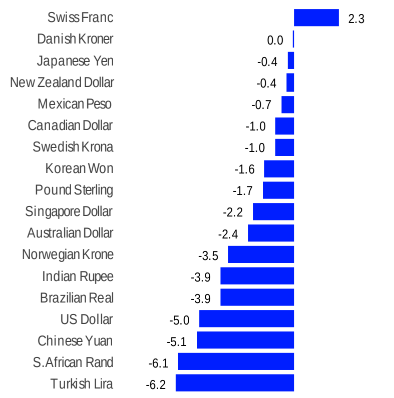




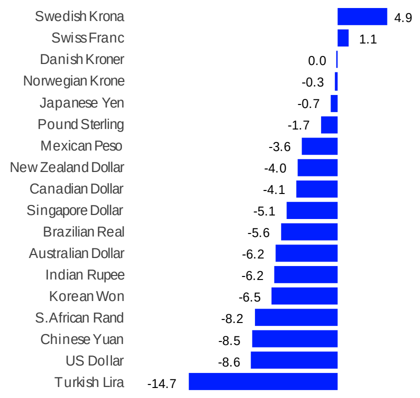
Source: FTSE Russell and LSEG. All data as of April 30, 2025. Past performance is no guarantee of future results. This report should not be considered 'research' for the purposes of MIFID II. Please see the end of the report for important legal disclosures. Bond market data is derived from FTSE Fixed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

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

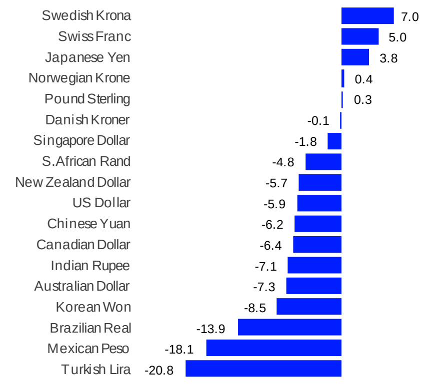
1M vs EUR



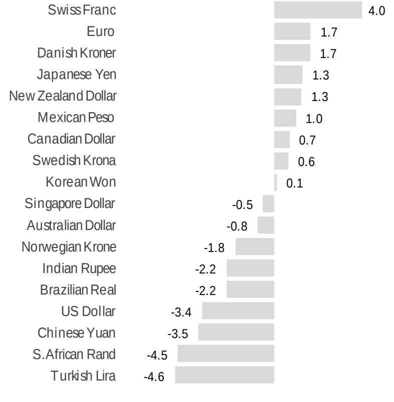
3M vs EUR



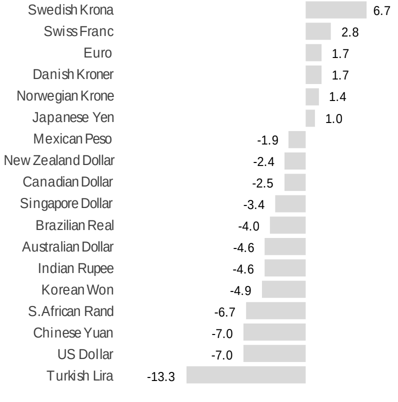
12M vs EUR



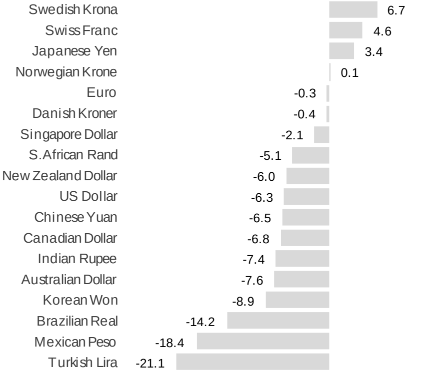
1M vs GBP



3M vs GBP



12M vs GBP



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Appendix − Glossary

Bond markets are based on the following indices:

FTSE World Government Bond Index (WGBI) for all global government bond markets

FTSE World Inflation-Linked Securities Index (WorldILSI) for all global inflation linked bond markets

FTSE US Broad Investment Grade Bond Index (USBIG®) for the US corporate bond market

FTSE US High-Yield Market Index for the US high yield bond market

FTSE Euro Broad Investment Grade Bond Index (EuroBIG ®) for the Euro denominated corporate bond market

FTSE European High Yield Market Index for the European high yield market

FTSE Chinese Government and Policy Bank Bond Index (CNGPBI) for the Chinese government bond market

FTSE Emerging Markets Inflation-Linked Securities Index (EMILSI) for the emerging markets inflation linked bond market

FTSE Emerging Markets Government Bond Index (EMGBI) for the emerging markets government bond market. Please note that over 50% of this index is invested in China

FTSE Emerging Markets Broad Bond Index (EMUSDBBI) for the emerging markets corporate bond market

FTSE ESG World Government Bond Index for the global government bond markets with an ESG tilt

FTSE Climate Risk Adjusted World Government Bond Index (Climate WGBI) and FTSE Advanced Climate Risk Adjusted World Government Bond Index (Advanced Climate WGBI) for each country's relative exposure to climate risk, with respect to resilience and preparedness to the risks of climate change

List of Abbreviations used in charts:

IL = Inflation-linked bonds
IG = Investment-grade bonds
HY = High-yield bonds
BPS = Basis points
EM = Emerging market
LC = Local currency

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