FTSE RUSSELL
An LSEG Business

Fixed Income Insights

MONTHLY REPORT – **NOVEMBER 2023 | UK EDITION**

FOR PROFESSIONAL INVESTORS ONLY

BoE pauses tightening but disinflation stall prevents pivot to easing

Wide dispersion of growth and inflation rates within the G7 shows little sign of ending, with stronger US growth driving US sovereign spreads wider. The BoE's policy pause confirmed no early pivot to easing, given the disinflation stall and tight UK labour market. Only China and EM escaped October weakness at the long end.

Macro and policy backdrop – Higher yields tightened conditions for the Fed and BoE in Q4, allowing policy pauses
Strong US in Q3, but weaker European and Asian growth predominate. UK disinflation stalls. (pages 2-3)

Yields, curves and spreads – Signs of capitulation in long Treasury sell-off, as US sovereign spreads widen
Longer Treasuries led gilt yields higher in October, reflecting stronger US growth, with little safe haven buying (pages 4-5)

Credit and MBS analysis – US IG and RMBS spreads widened, led by financials. European IG spreads more stable
Weaker US equities and risk appetite drove US sector spreads wider. UK and Eurozone IG spreads more resilient. (page 6)

Sovereign and climate bonds – US underperformance narrowed performance gap between climate WGBI and WGBI
Treasury weakness counterbalanced losses in JGBs, causing climate WGBI to close performance gap (page 7)

Performance – Another weak month for longs in October led by the US, gilts and JGBs. HY credit also falls back
Long Treasuries lost 6.4% in October, as the curve disinverted. China and EM remained safe havens (pages 9-10)

Appendix (from page 11)

Global bond market returns, historical bond yields, bond market durations and market values and foreign exchange returns.

Chart 1: Both US nominal and real yields rose sharply in October as growth surged, driving spreads wider. Breakevens moved modestly.

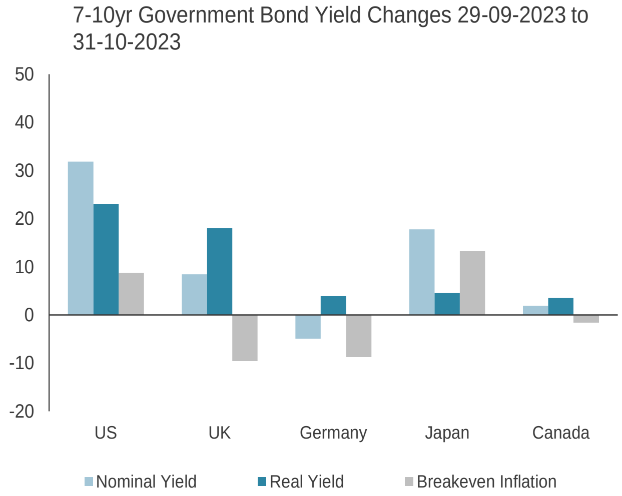
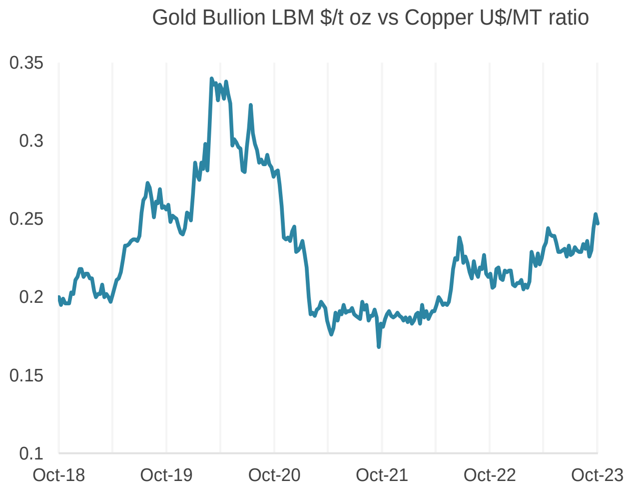


Chart 2: There was a modest safe haven effect in the gold price increasing relative to copper, in October, but the move was modest.



Source: FTSE Russell. All data as of October 31, 2023. 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 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 reflect the dispersion in GDP growth globally, with stronger US growth in Q3 driven by strong consumer spending, and UK growth for 2023 remaining sub-1%. Disinflation has stalled in the UK, but outright deflation fears continue in China. The US economy remains near full employment, despite the Fed's 525bp of tightening. Evidence of global economic and geo-political fragmentation may be a factor in dispersion of growth and inflation rates.

Overall, stronger North American growth but weaker European and Asian growth continued in Q3, due to the greater severity of the 2022-23 energy shock in Europe, particularly. Latest IMF forecasts reflect this (Chart 1). The latest Chinese PMI remains weak, despite major policy support. US GDP growth of 4.9% in Q3 was driven by private consumption and inventory build, though Canadian consumer spending slowed in Q3. Both the UK and Eurozone remain close to recession, as higher rates bite.

G7 September inflation data was mixed, with disinflation stalling in the US and UK, but resuming elsewhere. Chinese inflation of zero y/y remains too low for the PBOC (Chart 2). US and UK inflation remained at 3.7% and 6.7% y/y, respectively. Lower US used car and medical services inflation was notable. The disinflation stall since Q2 shows the impact of higher energy prices, and tight labour markets, and the risk of much weaker US growth and output recessions being required to achieve inflation targets of 2% yy.

The BoE has made clear that 2nd round inflation effects from higher wage inflation remain an ongoing threat to restoring inflation to the 2% target sustainably. Wage inflation is now more than 1% above the CPI y/y, as Chart 3 shows. With unemployment edging higher, to 4.3%, there are some signs of the labour market cooling, and the ONS has sought to refine its labour market surveys to capture this, after a big drop in responses to the previous survey.

Globalisation has stalled since the GFC, defined as import shares in global GDP, as Chart 4 shows, after a period of rapid growth between 1990 and 2008, helped by trade tariff reductions and EM economies supplying cheaper tradeable goods. Forecasts of a rapid decline in global trade post-Covid have not materialized, but evidence of policy-induced global economic fragmentation (eg, Brexit, Ukraine war) may be a factor in the higher dispersion of growth and inflation rates in this cycle.

Chart 1: The IMF's October growth forecasts upgraded the US outlook, after the consumer's resilience. There is little change to European forecasts, which remain sub-1% GDP growth, or China's, near 5%.

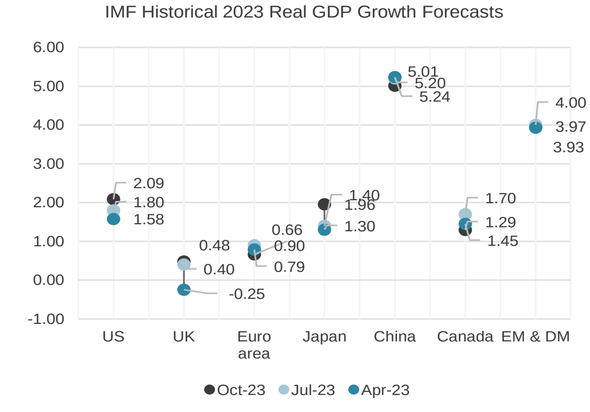


Chart 2: US and European disinflation has stalled, as consumer demand remained robust, notably in the US, However, disinflation resumed in Asia, amidst Chinese deflation fears.

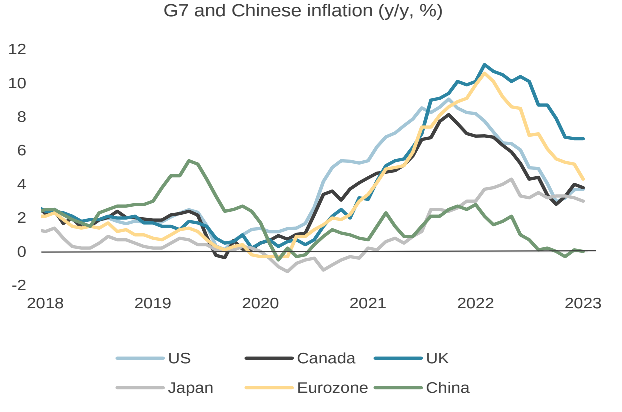


Chart 3: UK disnflation has stalled at 6.7% y/y and wage inflation has now climbed to 7.8% y/y, leaving positive real wage growth. Slightly higher unemployment may dampen wage pressure but the BoE remains cautious.

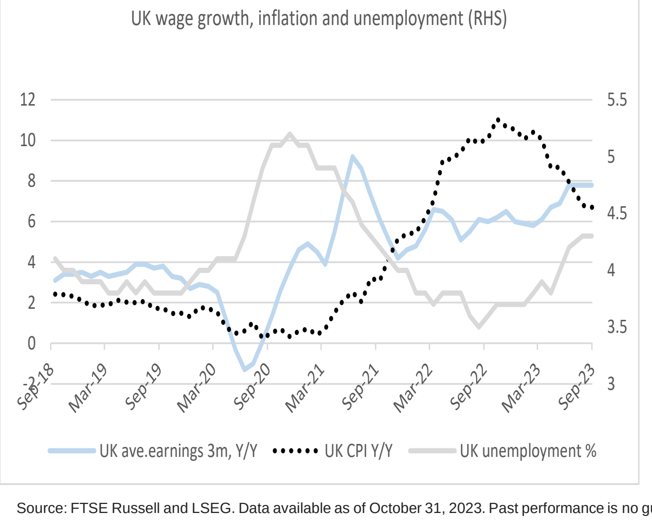
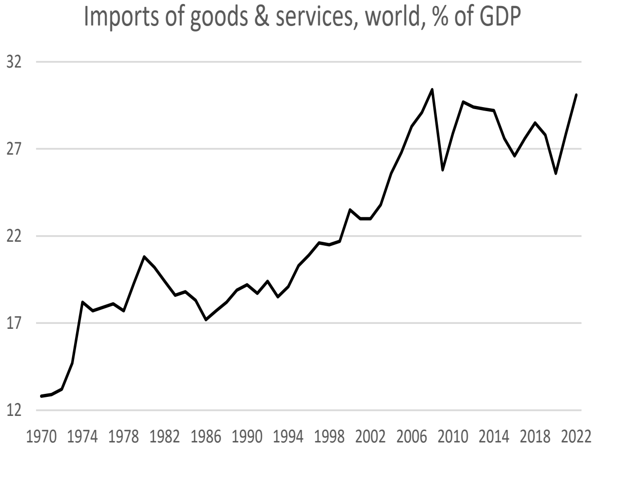


Chart 4: A golden era for globalization, helped by trade deals, ended in the GFC, when growth collapsed. More recent economic fragmentation may have contributed to higher dispersion in growth rates and inflation



Source: FTSE Russell and LSEG. Data available as of October 31, 2023. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of indices used for each market. For professional investors only.

Financial Conditions and Monetary Policy Settings

Central bank policy pauses in the UK and US in November reflect the steep rise in yields since the last tightening moves in July, while UK M2 growth weakness reflects the stalling economy, and impact of policy tightening. The US dollar stabilised after Q3's rally, though sterling has fallen back since the BoE paused policy. Foreign holdings of US Treasuries increased in 2023, to about the same level as gilt foreign holdings, despite fears of a buyer's strike.

UK M2 growth remains weak, even if the BoE is more focused on wage inflation and further 2nd round inflation effects from the labour market. Distressed borrowing often props up credit growth during periods of very weak growth, but high employment and wage growth prevented major consumer distress to date. Fixed rate mortgage re-sets present a major threat to UK consumers in 2024-25, given a high proportion of UK fixed rate mortgages of 2-3 yr maturity, unlike the US, where the 30 yr mortgage dominates.

After the surge in Q3, the US dollar stabilised in October, even if the yen and RMB remained close to 2023 lows, as inflation weakened and rate differentials remained adverse. Higher ECB rates in September may have also helped the Euro. Sterling's rally in H1, 2023 has reversed in Q3/4, after the BoE paused tightening and stagflation risks weigh on the currency.

The BoE stressed that although rates were left unchanged in November, it still has a bias to tighten again, with inflation risks skewed to the upside. The Fed also left rates unchanged on November 1, despite strong Q3 growth, after a 100bp increase in bond yields since the July tightening move, so markets have tightened for the Fed, with a weaker equity market as well in Q3.

Foreign holdings of US Treasuries increased in 2022-23, despite fears higher US Treasury yields reflect overseas selling (Chart 4). Declines in Chinese and Japanese holdings may be due to dollar sales to support the yen and RMB. Increases in European holdings are marked since Covid, and may reflect yield differentials in favour of US Treasuries (also see Chart 1, page 5).

Chart 1: UK M2 growth collapsed in 2023, reflecting much higher rates and weaker loan demand. UK consumption held up well, but mortgage re-sets to higher rates in 2024-25 will squeeze incomes again.

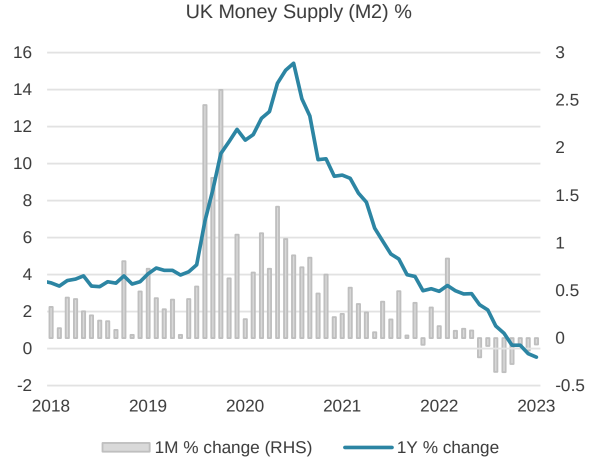


Chart 2: The US dollar stabilised in October, after Q3's rally, but remains near 2023 highs. Lower inflation weighed on the yen and renminbi, while sterling slipped back after the BoE paused policy tightening.

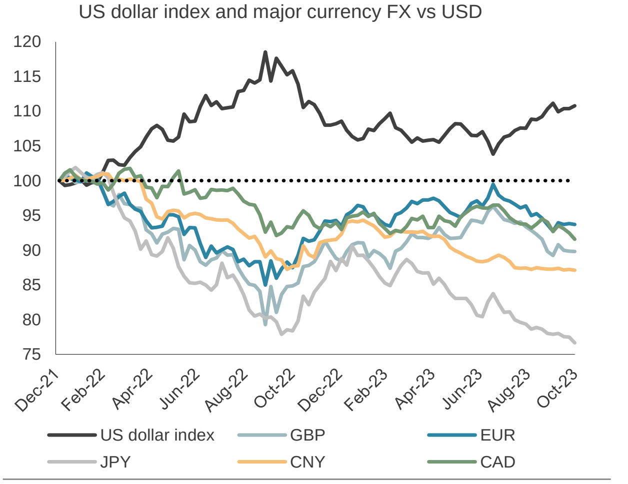


Chart 3:.The FOMC decision to leave rates unchanged reflects the steep rise in bond yields since Q2 and weaker equities. With growth near zero, the BoE also paused, but the BoJ loosened curve control a little further.

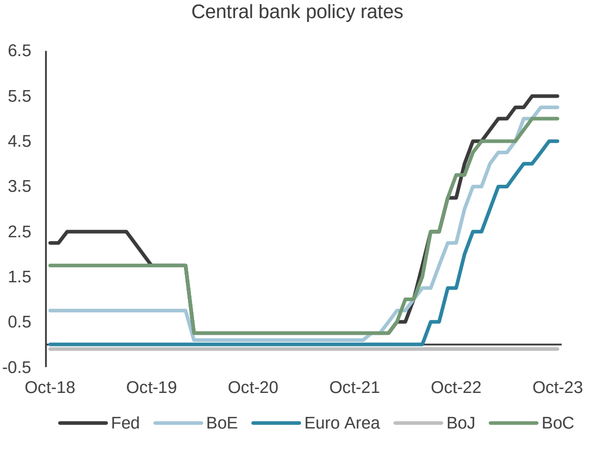
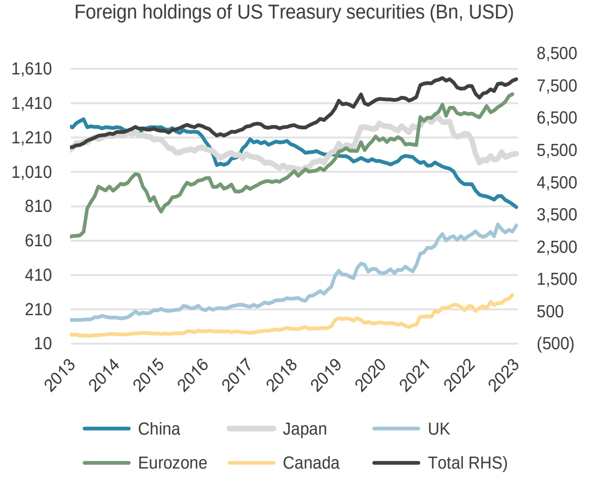


Chart 4: Foreign holdings of US Treasuries increased overall in 2022-23 with total foreign holdings now about 33% of issuance. Chinese holdings fell sharply suggesting official sales to support the RMB.



Source: FTSE Russell and LSEG. Data available as of October 31, 2023. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of indices used for each market. For professional investors only.

Global Yields, Curves and Breakevens

Chart 1: The US led yields higher in October, with the 10 yr trading briefly above 5%, in signs of capitulation, with little evidence of safe haven buying of govts, despite the middle east conflict.

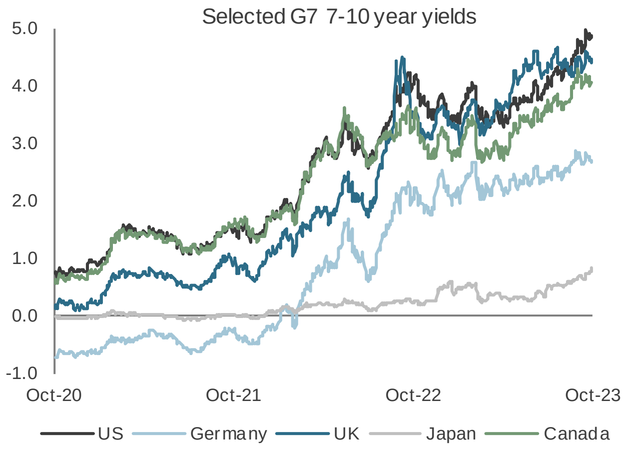


Chart 2: US Tips led other real yields higher, though US moves were greater. Japanese yields largely resisted upward pressure as the BoJ retained yield curve control UK linkers range traded.

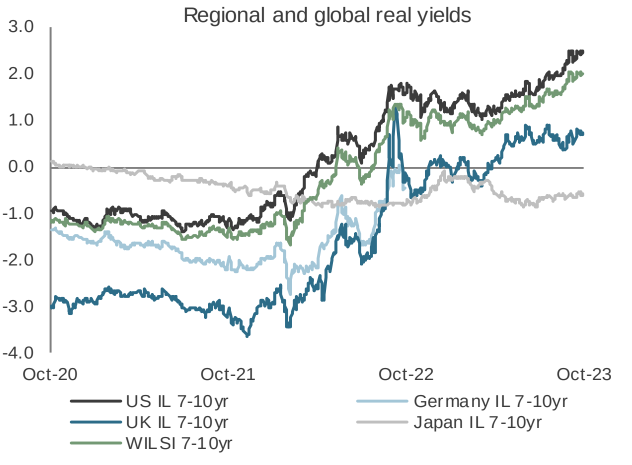


Chart 3: Curves oscillated, awaiting central bank policy decisions, with a bias to dis-invert, as 7-10 yr yields rose in October. The JGB curve steepened as markets mulled the end of curve control.

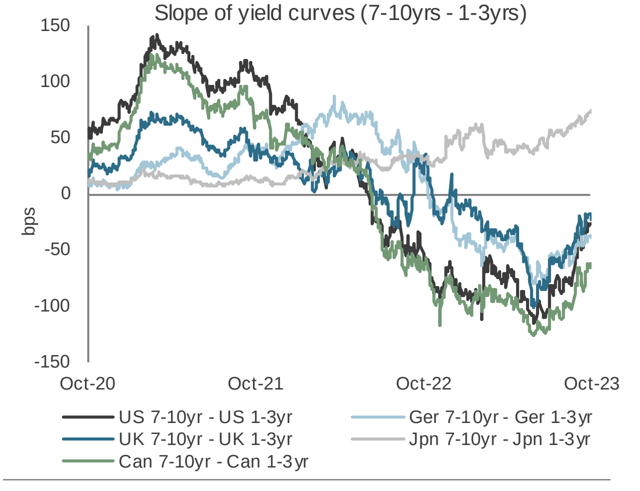


Chart 4: Apart from Canada, long yields have risen steadily versus short in recent months, as the higher for longer narrative has take a grip of markets, and re-investment concerns have eased.

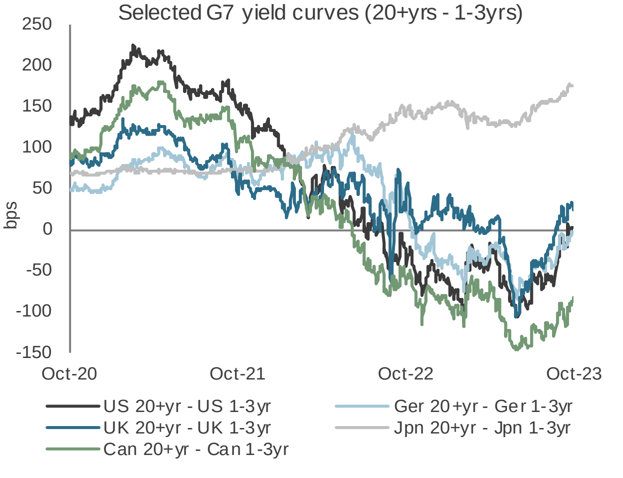


Chart 5: Breakevens edged higher in some markets in Q4, though moves are modest compared to the Ukraine spike in 2022. JGB breakevens are at post-Covid highs, but well below the 2% inflation target.

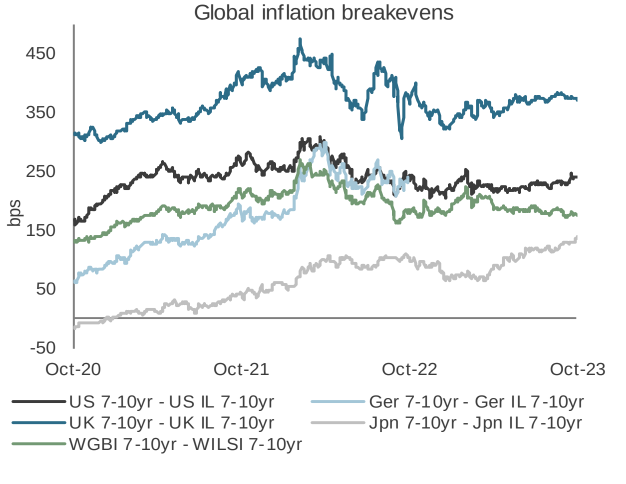
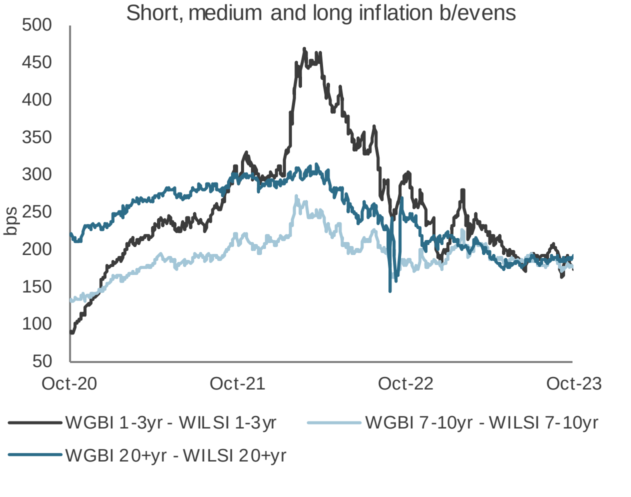


Chart 6: Global inflation breakevens of all tenors remain stable at around 2%. Neither the rebound in oil prices in Q3 nor the recent conflagration in the middle east de-stabilised inflation expectations.



Source: FTSE Russell and LSEG. All data as of October 31, 2023. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of indices. For professional investors only.

Yield Spread and Credit Spread Analysis

Chart 1: The spike in Treasury yields in October, caused sovereign spreads to widen, as other markets moved less. US Treasuries trade above gilt yields again, as they did in most of the post-GFC period..

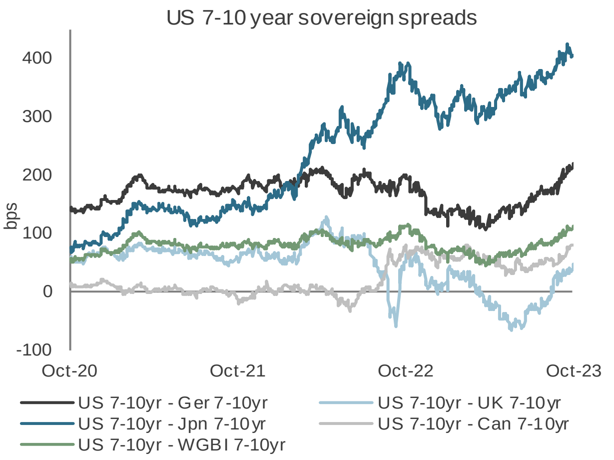


Chart 2: 7-10-year Italian sovereigns now trade through Treasuries again, after the US yield spike in October, but spreads moved out versus Bunds and other markets, showing the normal pro-cylicality.

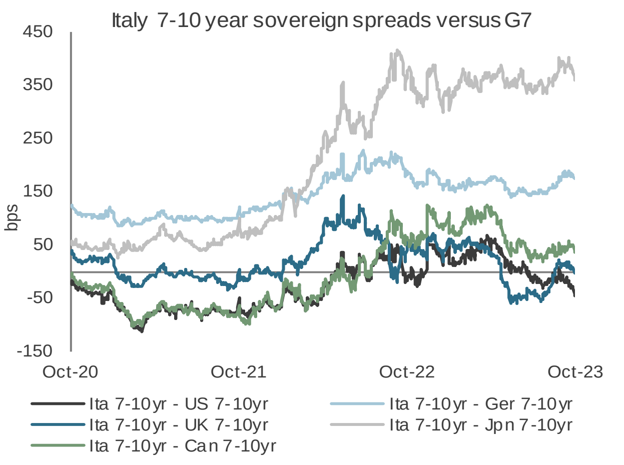


Chart 3: Helped by lower Chinese spreads, EM spreads remain at, or near post-Covid lows, benefitting from earlier counter-inflation policy than the G7. EM 7-10 yr spreads versus the US are now close to zero.

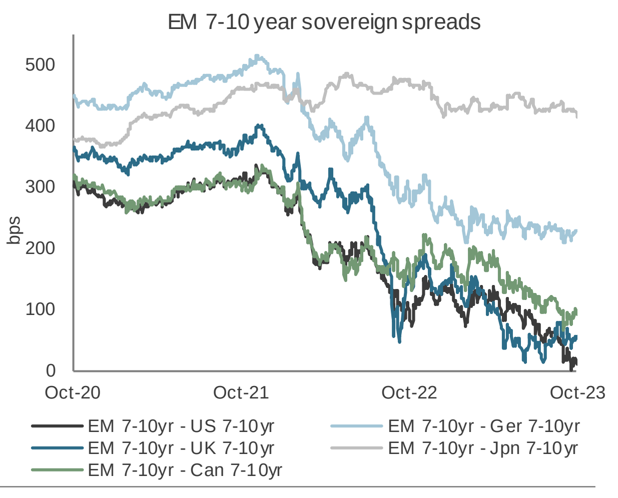


Chart 4: Chinese govt bonds now trade well through Treasuries and other G7 markets, apart from JGBs and Bunds. Divergence in policy rates and inflation performance are the main drivers.

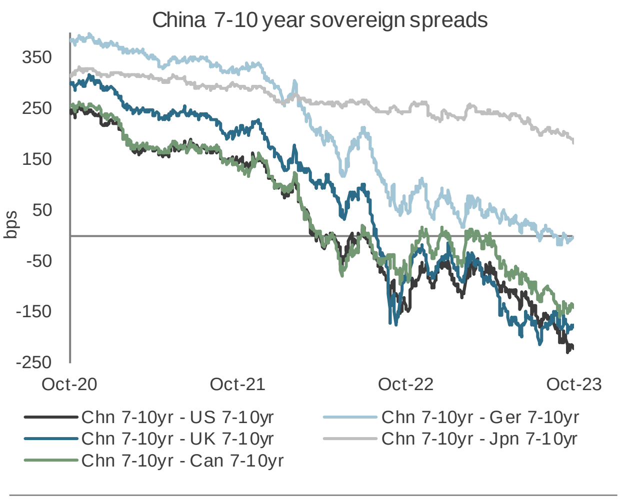


Chart 5: After a long period of tightening, HY spreads moved higher in October, with Eurozone HY spreads moving more. IG spreads moved less in October, and remain relatively cheaper.

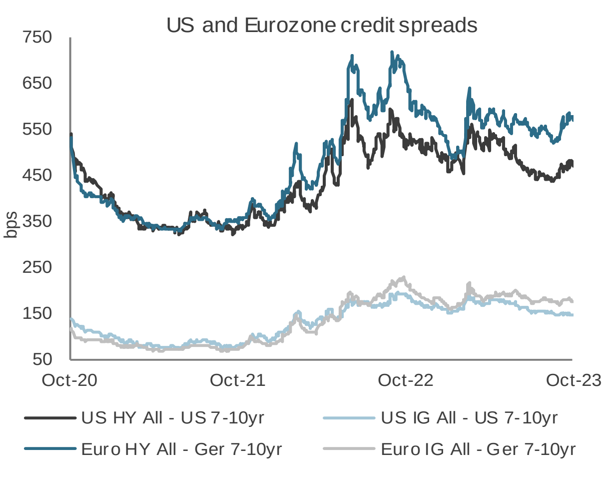
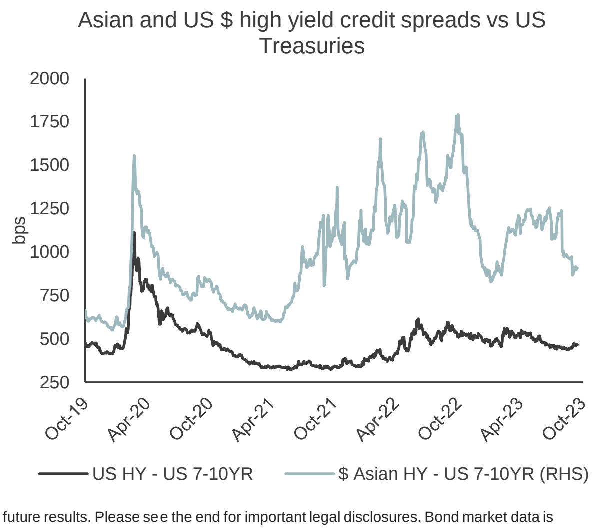


Chart 6: Asian dollar HY spreads largely reflect developments in the Chinese property sector, given the high proportion of property sector issuers.US dollar HY spreads remain much more stable.



Source: FTSE Russell and LSEG. All data as of October 31, 2023. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of indices. For professional investors only.

Credit sector and MBS analysis

Chart 1: UK IG credit spreads rose with gilt yields in 2022, but unwound some of this in 2023, as has the spike in insurance sector spreads on the Ukraine war. Consumer credits trended lower in 2023.

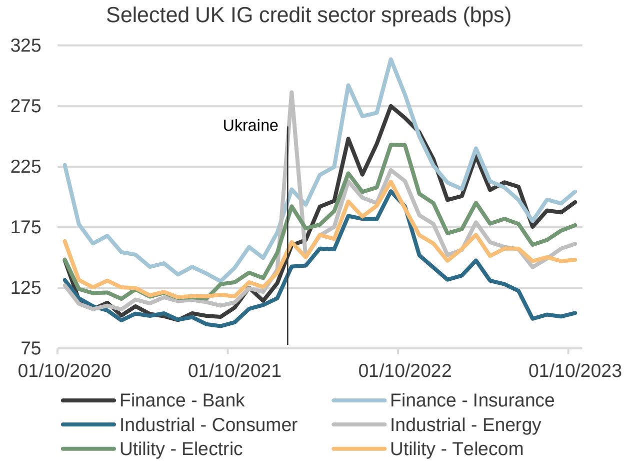


Chart 2: US credit sector spreads show signs of a recovery in commercial real estate, since the Q1 banking crisis, and technology outperformance on AI. Industrials benefited from the growth pick-up.

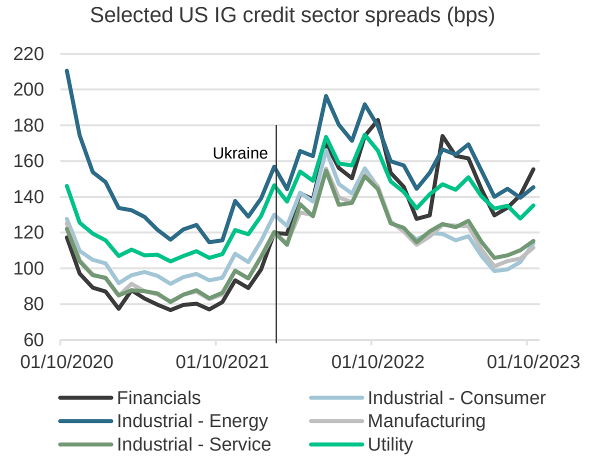


Chart 3: Euro credit sector spreads show the impact of the Ukraine war on the insurance sector. Consumer credits have outperformed, and bank spreads have narrowed on higher rates.

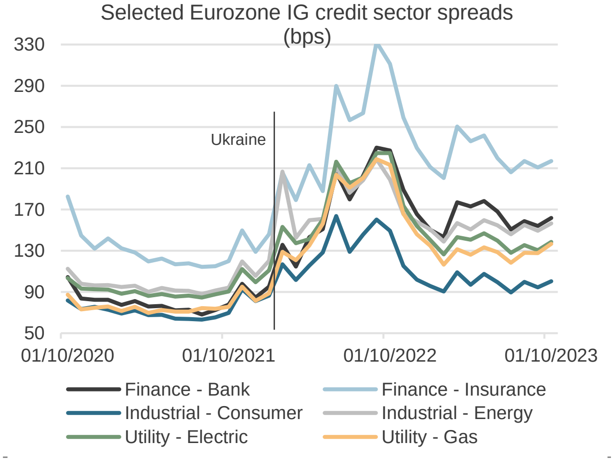


Chart 4: US agency-MBS traded through 7-10-yr Treasuries in the early Covid period, driven by aggressive Fed QE. Negative convexity in MBS and higher Fed rates have caused MBS spreads to rise.

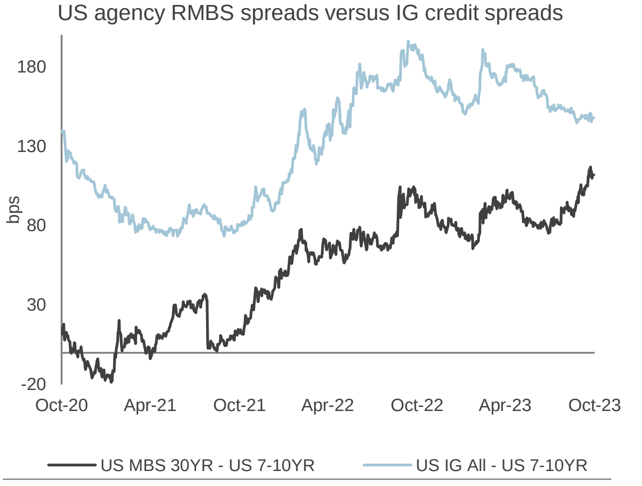


Chart 5: Mortgage refinancings and prepayments have collapsed in 2022-23, as the Fed raised rates steadily, leaving mortgage holders on lower borrowing rates little incentive to refinance mortgages.

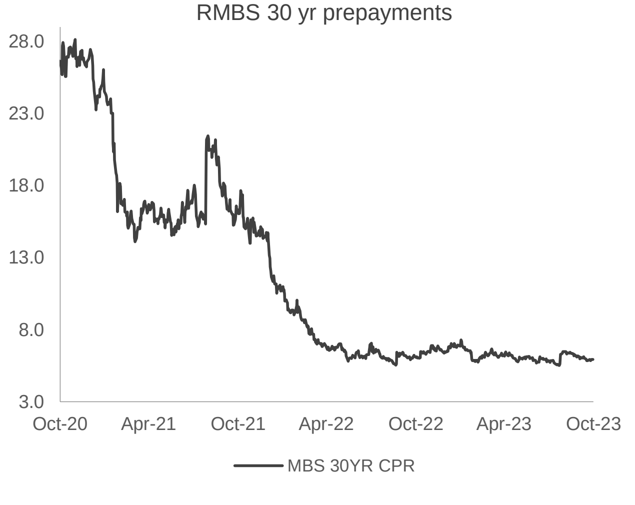
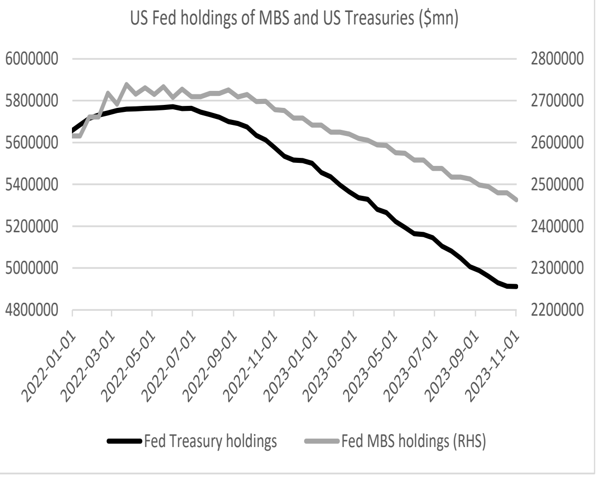


Chart 6: Fed holdings of MBS have fallen at a slower pace than US Treasuries, since QT began in 2022, in line with the Fed's projected balance sheet contraction.



Source: FTSE Russell and LSEG. All data as of October 31, 2023. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of indices. For professional investors only.

Sovereign and Climate Bonds Analysis

Chart 1: Since the bear market in bonds developed in early 2022, climate WGBI has underperformed WGBI, due to the extra duration US underperformance of late has narrowed the performance gap..

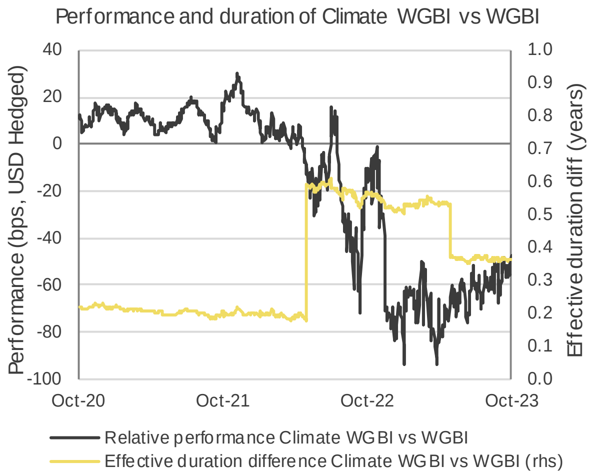


Chart 2: US underweight in the Climate WGBI fell in July's re-weighting, reducing the duration difference vs WGBI. China's 15% underweight prevented lower Chinese yields impacting Climate-WGBI significantly.

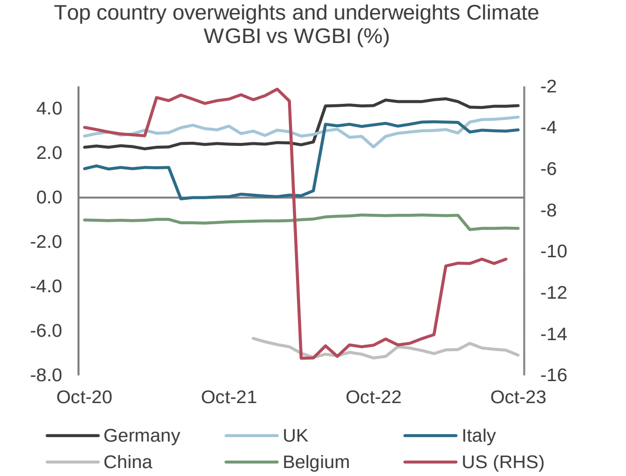


Chart 3: The increase in JGB yields in 2023 and high Japan country weight drove Climate-WGBI yields higher, versus WGBI, though climate-WBI yields remain lower, even if the 'greenium' is modest.

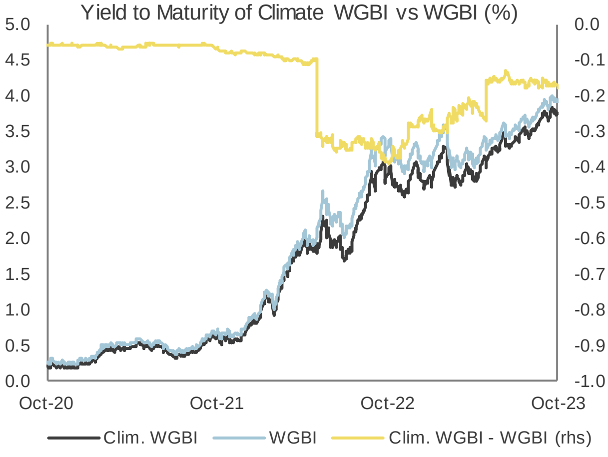


Chart 4: Climate WGBI's higher weighting in the Eurozone gives the index higher AAA weight, with Bunds rated AAA, but the lower US weighting in climate WGBI means the AA weight is notably lower.

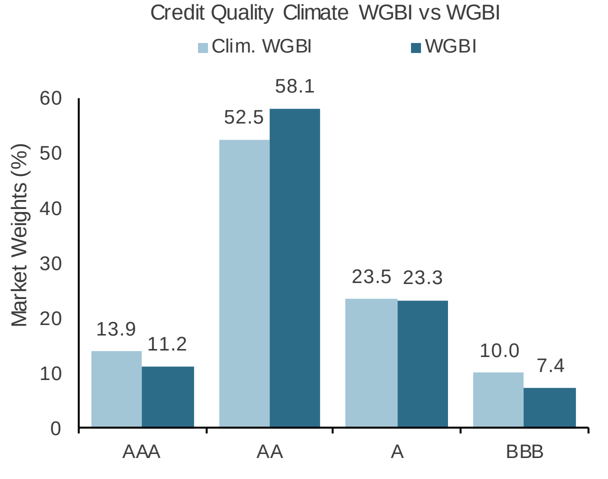


Chart 5: Yield curves in climate WGBI and WGBI remain extremely flat, with yields converging at about 3.5% for both medium maturities and longs, squeezing out most of the 'greenium' in Climate WGBI.

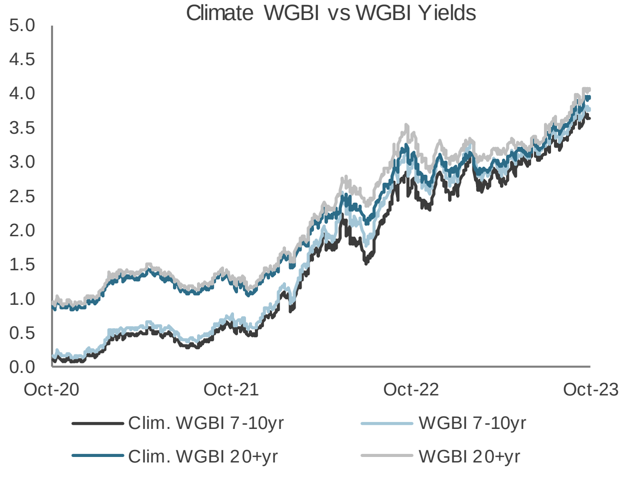
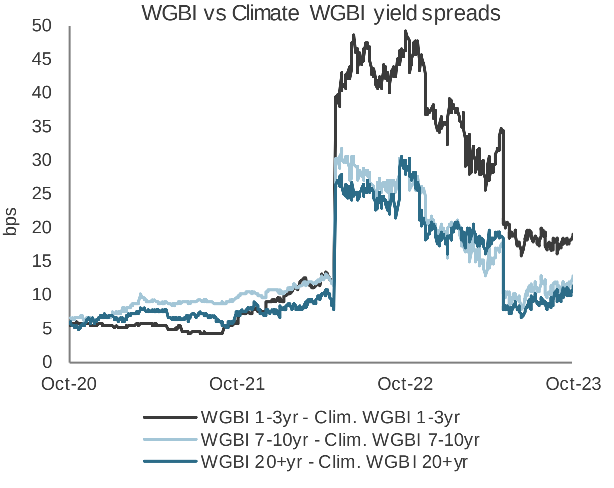


Chart 6: Unlike mediums and longs, where spreads are tight, WGBI short yields are further above the climate WGBI, reflecting Japan's zero rate policy and high weighting in the climate WGBI.



Source: FTSE Russell and LSEG. All data as of October 31, 2023. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of indices used for each market. For professional investors only.

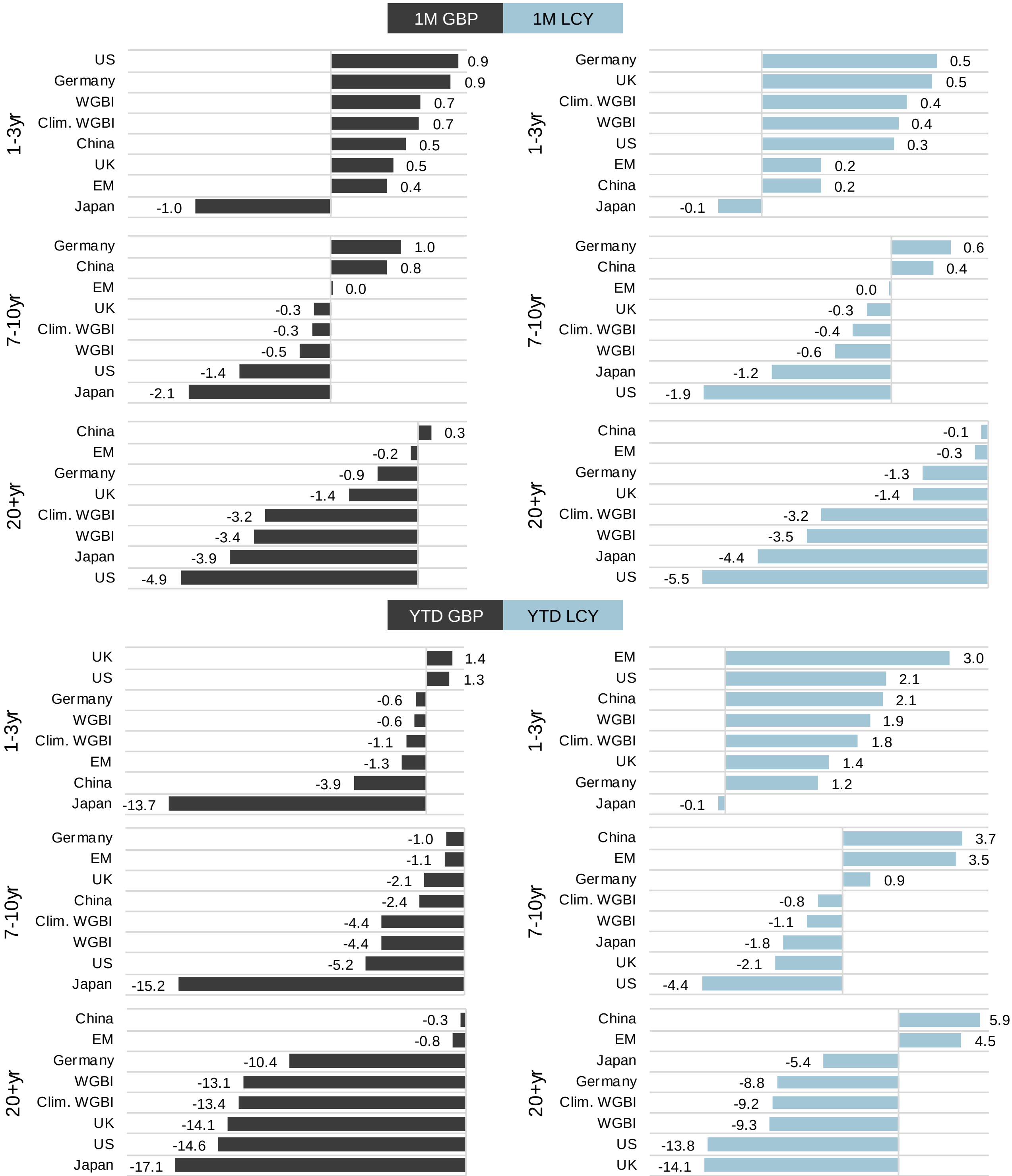
Global Bond Market Returns – 1M & YTD % (GBP, LC, TR)

Longer maturity governments bore the brunt of the October sell-off, led by US Treasuries, gilts and JGBs, where losses reached 5%, for a sterling investor. Speculation about looser BoJ curve control hit long JGBs. Chinese and EM bonds proved safe havens, and currencies stabilized versus the dollar. YTD, long gilts, Treasuries and JGBs have lost 14-17%.

Signs of a capitulation trade emerged in US Treasuries at one point in October, as 10 year yields spiked above 5%, though the market rallied, to leave 7-10 yr losses at 1.4% for the month, for a sterling investor, less than the 2% losses in JGBs..

Only short Treasuries and short gilts,have managed small positive returns of 1%, YTD, in sterling terms. Higher running yields have bolstered short dated returns. JGBs losses dwarf all other markets, YTD, apart from long gilts and Treasuries.

CONVENTIONAL GOVT BONDS



Source: FTSE Russell and LSEG. All data as of October 31, 2023. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indexes. See Appendix Glossary for list of indexes used for each market. For professional investors only.

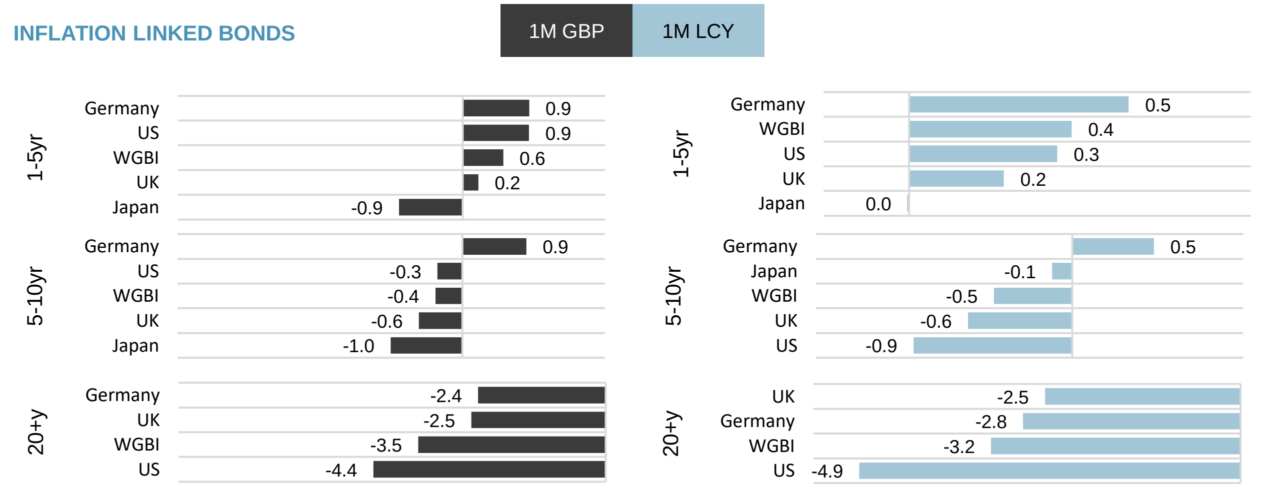
Global Inflation-Linked Bond Returns − 1M & YTD % (GBP, LC, TR)

Longer inflation-linked fell further in October, with losses of 2-4% in sterling terms in Bunds, Tips and UK linkers. Short maturities were broadly stable. Like 2022, duration has been the investor's enemy in 2023, and UK linkers lost 20%. Credit also lost ground in October, but strongly outperformed linkers YTD, with HY gaining up to 5% in Euro HY in sterling.

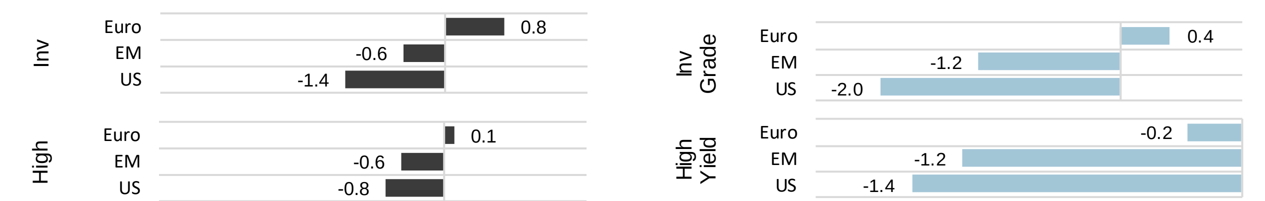
Only short Tips avoided losses in October, amidst signs of capitulation in longs to the higher for longer rates narrative, as central banks left further tightening options open. Credits lost 1-1.4%, with high yield largely matching IG losses, despite shorter duration.

YTD yen weakness drove losses of 11% in shorter JGB linkers, in dollar terms, though losses in longer Tips reached 13% YTD.

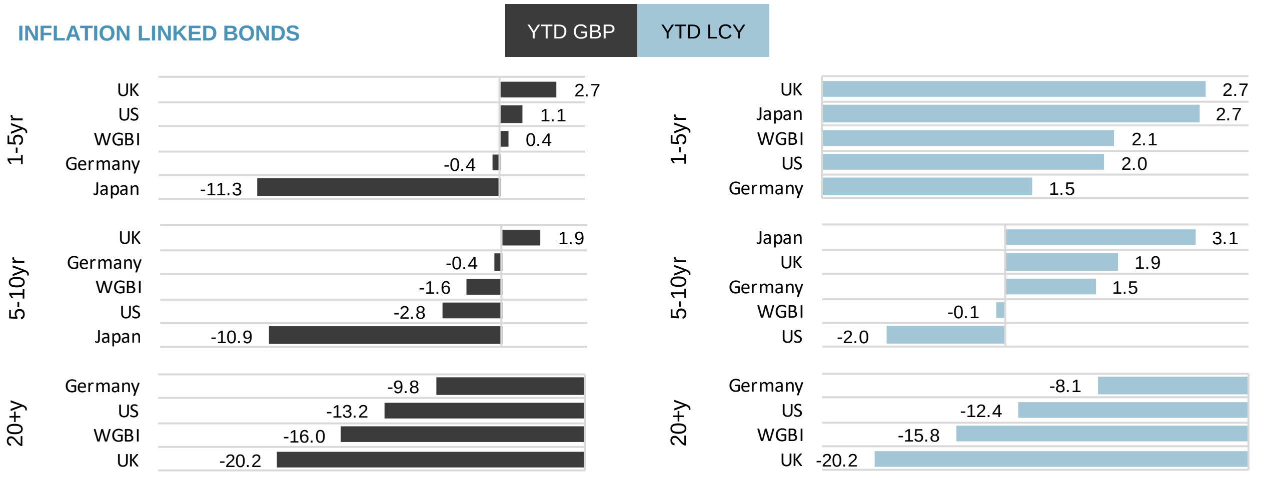
INFLATION LINKED BONDS



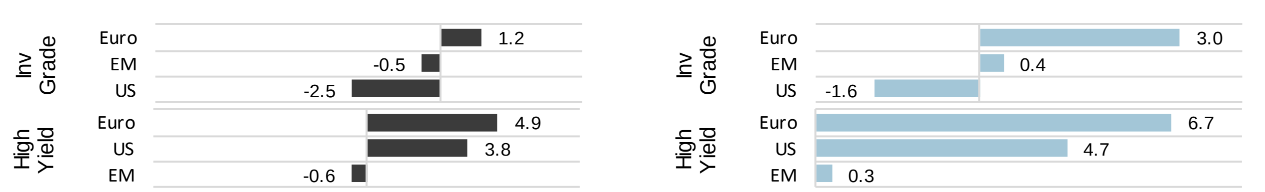
CORPORATE BONDS



INFLATION LINKED BONDS



CORPORATE BONDS



Source: FTSE Russell and LSEG. All data as of October 31, 2023. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indexes. See Appendix Glossary for list of indexes used for each market. For professional investors only.

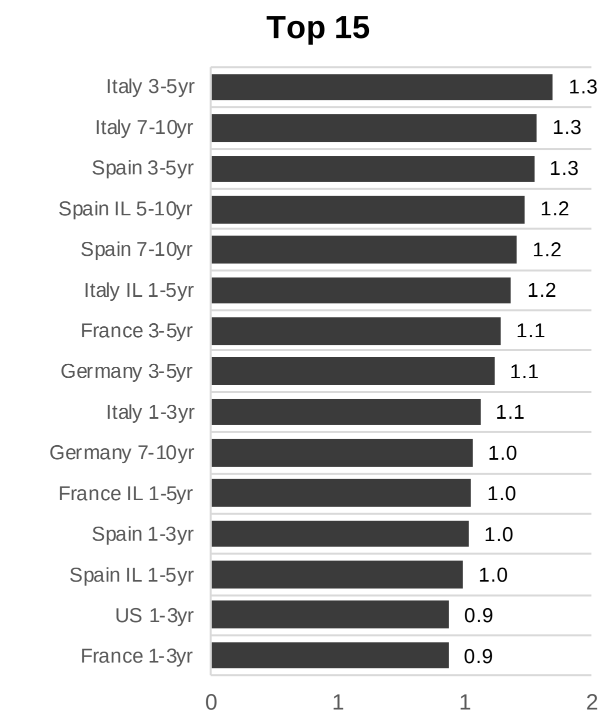
Top and Bottom Bond Returns – 1M & 12M % (GBP, TR)

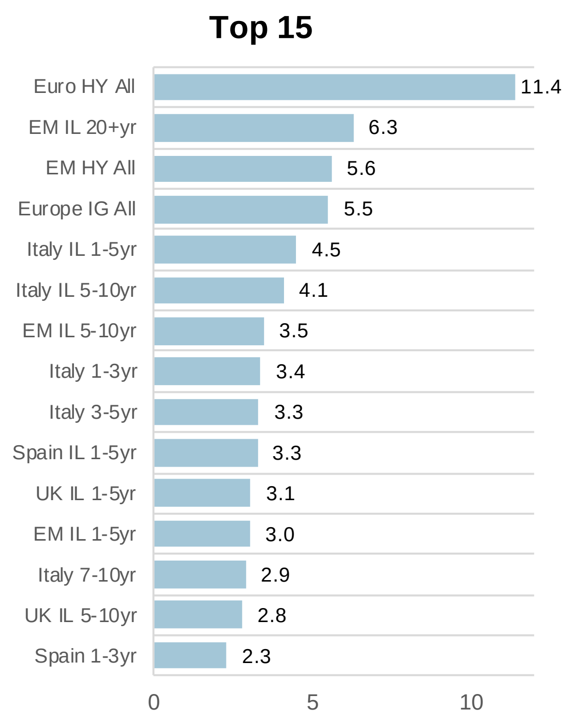
Shorter dated Euro govts, linkers, and Treasuries escaped the sell-off in longs in October and showed small gains for a sterling investor. 12 month returns capture a recovery in the Euro, with the dollar peaking in October 2022, and strong performance of Euro HY and EM linkers, but long UK and Australasian bonds fell further in 2023, with losses of 19-24%.

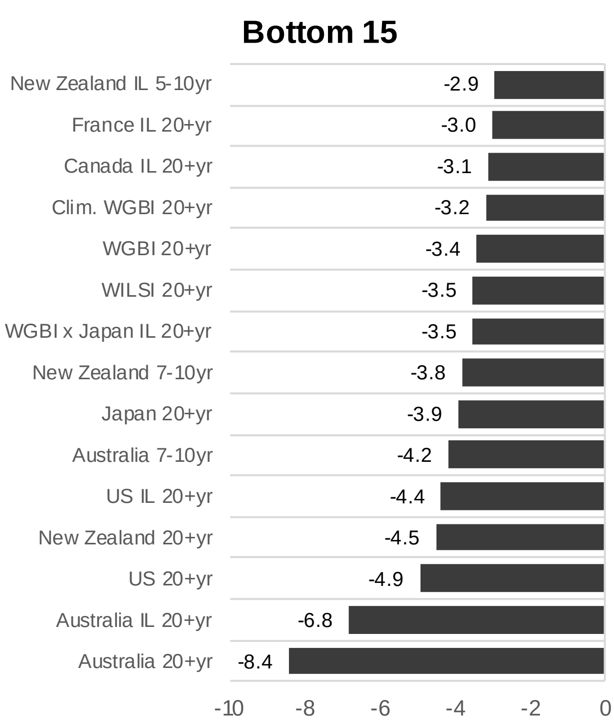
The de-coupling of credit, particularly HY, from losses in govt bonds over the last 12M is shown in the top 15, with EM and Euro HY gaining 6-11% in sterling terms. All bottom 15 performers are 20+ yr government issues.

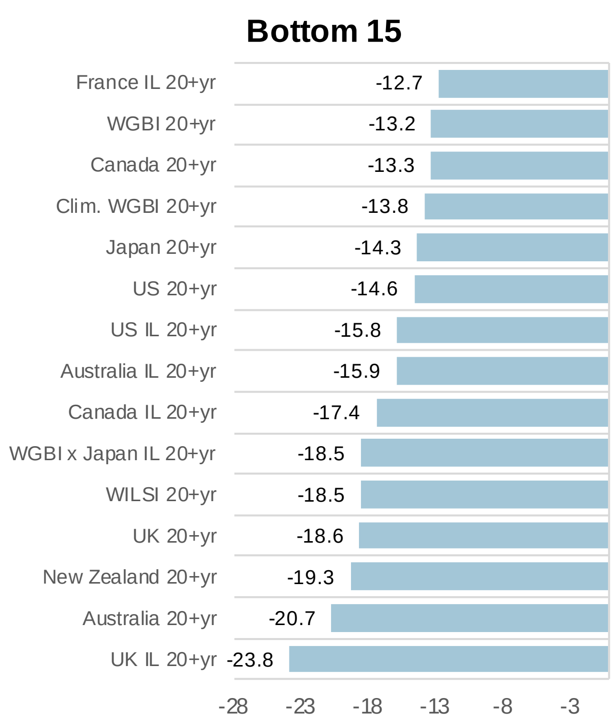
Long Australasian bonds were weak on 1M and 12M, with the curve dis-inverting in Australia particularly and long yields rising.

1M GBP | 12M GBP









Source: FTSE Russell and LSEG. All data as of October 31, 2023. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indexes. See Appendix Glossary for list of indexes used for each market. For professional investors only.

Appendix − Global Bond Market Returns % (GBP & LC, TR) – October 31, 2023

Government Bond Returns

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

		3M		6M		YTD		12M	
		Local	GBP	Local	GBP	Local	GBP	Local	GBP
Australia	1-3yr	0.13	-0.24	-0.87	-1.62	0.85	-6.66	0.95	-5.16
	7-10yr	-5.12	-5.47	-9.35	-10.04	-3.01	-10.23	-4.76	-10.52
	20+yr	-13.63	-13.95	-20.40	-21.01	-11.97	-18.53	-15.56	-20.67
Canada	1-3yr	1.14	1.68	0.31	1.51	1.90	-1.41	2.41	-4.52
	7-10yr	-3.02	-2.50	-7.67	-6.57	-3.36	-6.50	-2.71	-9.30
	20+yr	-9.36	-8.87	-15.70	-14.69	-8.89	-11.85	-7.00	-13.30
China	1-3yr	0.27	3.83	1.28	-0.69	2.10	-3.86	1.98	-3.50
	7-10yr	0.62	4.19	2.19	0.21	3.69	-2.36	2.97	-2.56
	20+yr	0.03	3.59	3.20	1.20	5.87	-0.31	4.36	-1.24
Germany	1-3yr	0.63	2.29	0.57	-0.26	1.24	-0.60	0.46	1.94
	7-10yr	-1.49	0.14	-2.10	-2.92	0.86	-0.97	-2.32	-0.88
	20+yr	-9.55	-8.06	-11.97	-12.70	-8.76	-10.42	-13.86	-12.59
Spain	1-3yr	0.76	2.43	0.79	-0.05	1.71	-0.14	0.81	2.30
	7-10yr	-1.62	0.01	-1.74	-2.56	1.39	-0.46	-1.44	0.01
	20+yr	-8.45	-6.93	-8.55	-9.31	-5.85	-7.56	-10.00	-8.67
France	1-3yr	0.68	2.35	0.62	-0.21	1.61	-0.24	0.58	2.07
	7-10yr	-1.72	-0.09	-2.19	-3.00	0.68	-1.15	-2.72	-1.29
	20+yr	-9.32	-7.82	-10.78	-11.52	-8.61	-10.28	-13.29	-12.02
UK	1-3yr	1.79	1.79	1.04	1.04	1.39	1.39	1.67	1.67
	7-10yr	-0.23	-0.23	-3.68	-3.68	-2.10	-2.10	-2.53	-2.53
	20+yr	-8.04	-8.04	-13.12	-13.12	-14.07	-14.07	-18.59	-18.59
Italy	1-3yr	0.57	2.23	1.04	0.20	2.24	0.38	1.87	3.37
	7-10yr	-3.00	-1.40	-1.11	-1.93	3.78	1.89	1.40	2.89
	20+yr	-9.50	-8.01	-7.03	-7.80	-1.27	-3.07	-6.16	-4.78
Japan	1-3yr	-0.20	-0.72	-0.27	-7.13	-0.08	-13.71	-0.23	-7.09
	7-10yr	-2.38	-2.89	-3.61	-10.23	-1.85	-15.23	-3.62	-10.25
	20+yr	-8.77	-7.93	-12.53	-17.35	-5.41	-17.12	-9.28	-14.29
New Zealand	1-3yr	0.69	-0.22	0.40	-2.07	2.28	-6.75	1.84	-3.26
	7-10yr	-4.99	-5.84	-8.29	-10.55	-4.21	-12.67	-5.65	-10.37
	20+yr	-11.42	-12.21	-19.89	-21.86	-14.20	-21.78	-15.05	-19.30
Sweden	1-3yr	0.67	0.39	0.64	-4.30	1.39	-6.27	0.82	-5.39
	7-10yr	-2.20	-2.48	-3.61	-8.34	-2.39	-9.77	-3.53	-9.47
US	1-3yr	0.73	6.81	0.25	3.84	2.14	1.25	2.94	-2.33
	7-10yr	-5.68	0.01	-8.78	-5.51	-4.38	-5.21	-2.40	-7.39
	20+yr	-15.68	-10.59	-20.02	-17.16	-13.85	-14.60	-9.95	-14.56
	IG All	-5.13	0.59	-5.84	-2.47	-1.61	-2.47	2.80	-2.46
	HY All	-2.17	3.73	-0.04	3.54	4.71	3.80	5.66	0.25
Euro	IG All	-0.30	1.34	0.47	-0.36	3.05	1.17	3.98	5.51
	HY All	0.51	1.98	3.03	2.27	6.67	4.94	9.95	11.41
EM	1-3yr	0.20	6.25	0.57	4.17	2.79	1.89	7.27	1.78
	7-10yr	-5.25	0.47	-4.54	-1.12	-2.40	-3.25	7.08	1.60
	HY All	-1.95	3.97	-0.57	2.99	0.31	-0.56	11.30	5.60
	IG All	-3.25	2.58	-2.90	0.57	0.36	-0.51	6.09	0.66

Source: FTSE Russell and LSEG. All data as of October 31, 2023. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indexes. See Appendix Glossary for list of indexes used for each market. For professional investors only.

Inflation-Linked Bond Returns

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

		3M		6M		YTD		12M	
		Local	JPY	Local	JPY	Local	JPY	Local	JPY
US	1-5yr	0.09	6.13	-0.58	2.98	1.99	1.10	2.16	-3.06
	5-10yr	-4.26	1.52	-6.10	-2.74	-1.95	-2.81	-1.29	-6.35
	20+yr	-15.27	-10.16	-17.98	-15.05	-12.44	-13.20	-11.25	-15.79
UK	1-5yr	1.93	1.93	1.98	1.98	2.70	2.70	3.06	3.06
	5-10yr	-0.25	-0.25	-0.62	-0.62	1.86	1.86	2.78	2.78
	20+yr	-12.87	-12.87	-18.92	-18.92	-20.20	-20.20	-23.80	-23.80
Japan	1-5yr	0.33	-0.19	1.72	-5.26	2.65	-11.34	2.83	-4.24
	5-10yr	0.06	-0.47	1.77	-5.22	3.13	-10.93	2.03	-4.98
EM	1-5yr	0.55	0.34	5.90	3.39	9.49	6.10	10.13	3.04
	5-10yr	-2.02	-3.01	2.79	1.54	6.30	4.32	8.85	3.47
	20+yr	-5.71	-6.25	-0.26	2.04	3.88	6.91	6.18	6.29
Germany	1-5yr	0.09	1.74	0.49	-0.34	1.48	-0.37	0.24	1.71
	5-10yr	-2.08	-0.46	-1.44	-2.26	1.49	-0.36	-0.83	0.63
	20+yr	-13.26	-11.82	-14.19	-14.90	-8.13	-9.80	-13.06	-11.78
Italy	1-5yr	-0.16	1.49	1.10	0.27	2.60	0.73	2.98	4.50
	5-10yr	-4.39	-2.81	-1.21	-2.03	3.32	1.44	2.58	4.10
	20+yr	-19.19	-17.85	-14.23	-14.94	-4.93	-6.66	-10.68	-9.36
Spain	1-5yr	0.04	1.70	0.59	-0.24	1.81	-0.05	1.76	3.26
	5-10yr	-1.93	-0.31	-0.70	-1.53	1.80	-0.05	0.37	1.85
France	1-5yr	-0.11	1.54	-0.08	-0.91	1.20	-0.64	0.32	1.80
	5-10yr	-1.89	-0.27	-1.63	-2.45	1.42	-0.43	-1.05	0.41
	20+yr	-14.96	-13.55	-13.99	-14.71	-9.50	-11.15	-13.97	-12.70
Sweden	1-5yr	0.35	0.07	1.30	-3.67	1.89	-5.81	2.46	-3.85
	5-10yr	-2.04	-2.32	-0.46	-5.35	-0.38	-7.90	-1.29	-7.37
Australia	1-5yr	0.39	0.01	-0.41	-1.17	3.92	-3.82	4.20	-2.10
	5-10yr	-2.35	-2.71	-4.84	-5.56	2.53	-5.11	1.94	-4.23
	20+yr	-13.79	-14.11	-17.60	-18.23	-7.22	-14.13	-10.44	-15.86
New Zealand	5-10yr	-2.17	-3.05	-5.05	-7.38	0.99	-7.93	2.40	-2.72
Canada	20+yr	-8.92	-8.43	-14.09	-13.06	-15.98	-18.70	-11.37	-17.38

Appendix – Historical Bond Yields % as of October 31, 2023

Global Bond Yields

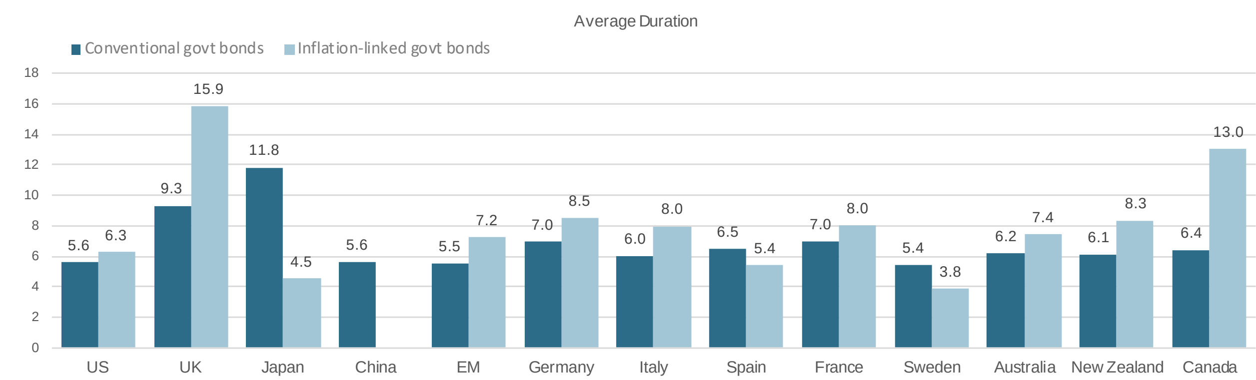
Green highlight indicates highest 15%, red indicates lowest 15%

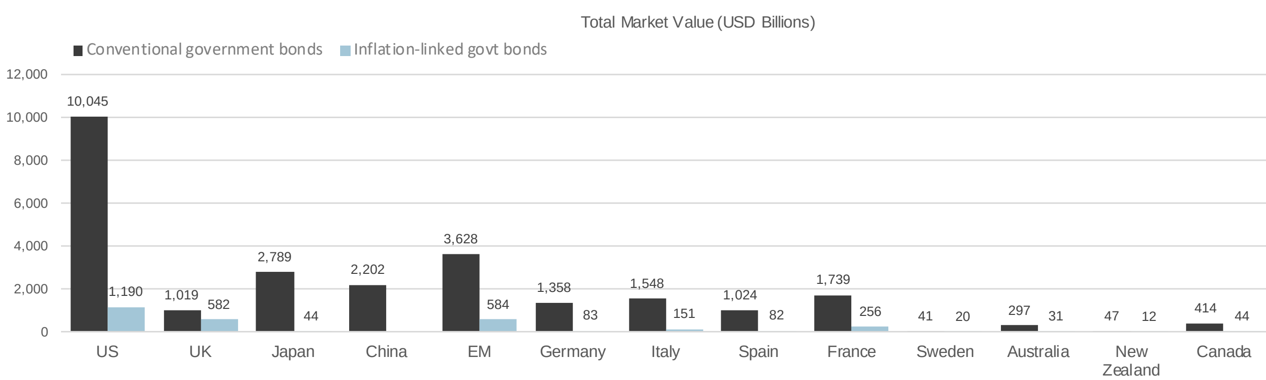
		Conventional government bonds				Inflation-linked bonds			Inv Grade	High Yld
		1-3YR	3-5YR	7-10YR	20+YR	1-5YR	5-10YR	20+YR	All Mat	All Mat
US	Current	5.17	4.87	4.90	5.19	2.82	2.50	2.64	6.38	9.62
	3M Ago	5.01	4.33	3.97	4.11	2.44	1.72	1.80	5.50	8.51
	6M Ago	4.24	3.62	3.41	3.75	1.68	1.23	1.58	5.15	8.63
	12M Ago	4.58	4.37	4.05	4.34	1.76	1.65	1.84	5.97	9.17
UK	Current	4.67	4.45	4.43	4.91	0.65	0.71	1.51		
	3M Ago	5.04	4.69	4.25	4.39	1.86	0.65	1.00		
	6M Ago	4.05	3.77	3.64	4.02	0.39	0.14	0.63		
	12M Ago	3.38	3.55	3.56	3.62	-2.33	-0.13	0.24		
Japan	Current	0.09	0.34	0.83	1.81	-1.55	-0.65			
	3M Ago	-0.04	0.08	0.50	1.40	-1.70	-0.74			
	6M Ago	-0.07	0.02	0.30	1.20	-1.31	-0.63			
	12M Ago	-0.06	0.02	0.24	1.31	-1.37	-0.81			
China	Current	2.27	2.42	2.67	3.08					
	3M Ago	2.08	2.34	2.66	3.04					
	6M Ago	2.28	2.51	2.78	3.17					
	12M Ago	1.93	2.30	2.68	3.15					
EM	Current	8.36	7.47	7.52		4.20	4.73	5.46	6.68	11.30
	3M Ago	8.62	6.78	6.47		3.05	4.07	4.88	5.93	11.51
	6M Ago	8.03	6.85	6.44		3.84	4.04	5.15	5.61	11.71
	12M Ago	9.53	8.48	7.72		1.66	3.00	5.23	6.70	13.96
Germany	Current	3.09	2.66	2.70	3.05	0.90	0.45	0.68		
	3M Ago	3.09	2.60	2.41	2.53	0.60	0.07	0.01		
	6M Ago	2.72	2.35	2.25	2.37	0.16	-0.06	-0.11		
	12M Ago	1.94	1.95	2.07	2.22	-0.76	-0.35	-0.17		
Italy	Current	3.77	3.88	4.45	5.06	1.77	2.35	2.53		
	3M Ago	3.60	3.55	3.86	4.35	1.30	1.64	1.69		
	6M Ago	3.36	3.49	3.97	4.45	0.80	1.65	1.83		
	12M Ago	2.82	3.30	3.95	4.36	0.25	1.64	1.84		
France	Current	3.21	3.01	3.23	3.88	0.93	0.78	1.28		
	3M Ago	3.15	2.90	2.90	3.35	0.58	0.37	0.60		
	6M Ago	2.84	2.66	2.73	3.23	-0.06	0.17	0.58		
	12M Ago	2.15	2.20	2.44	3.02	-0.91	-0.16	0.46		
Sweden	Current	3.43	3.05	2.94		1.34	1.30			
	3M Ago	3.33	2.83	2.57		0.96	0.74			
	6M Ago	2.89	2.59	2.31		0.71	0.73			
	12M Ago	2.34	2.38	2.25		-0.59	-0.17			
Australia	Current	4.49	4.48	4.87	5.33	1.47	2.04	2.53		
	3M Ago	4.02	3.86	4.03	4.40	1.03	1.47	1.79		
	6M Ago	3.13	3.05	3.30	3.88	0.09	0.84	1.50		
	12M Ago	3.21	3.35	3.70	4.10	-0.01	1.05	1.67		
New Zealand	Current	5.49	5.37	5.55	5.69	2.47	3.05			
	3M Ago	5.21	4.80	4.70	4.87	1.94	2.39			
	6M Ago	4.89	4.15	4.08	4.23	0.95	1.61			
	12M Ago	4.31	4.28	4.18	4.44	1.43	2.04			
Canada	Current	4.70	4.18	4.09	3.88	2.25	2.32	2.21		
	3M Ago	4.76	4.02	3.56	3.33	2.11	1.80	1.69		
	6M Ago	3.81	3.09	2.82	2.93	1.12	1.06	1.32		
	12M Ago	3.95	3.56	3.29	3.34	1.43	1.32	1.38		

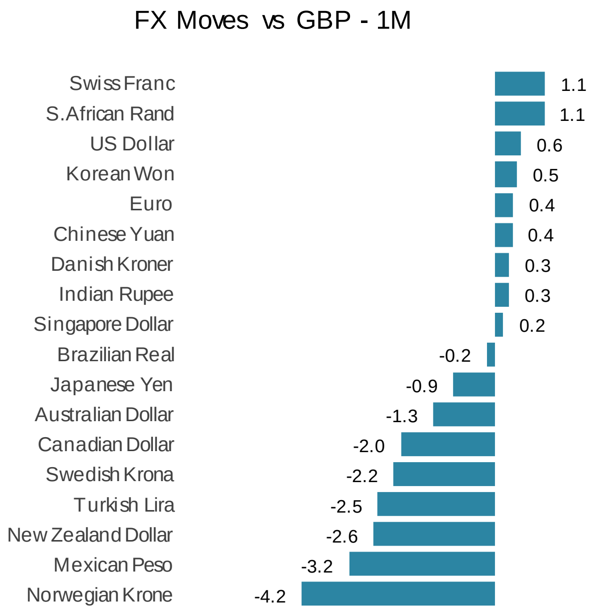
Appendix – Duration and Market Value (USD, Bn) as of October 31, 2023

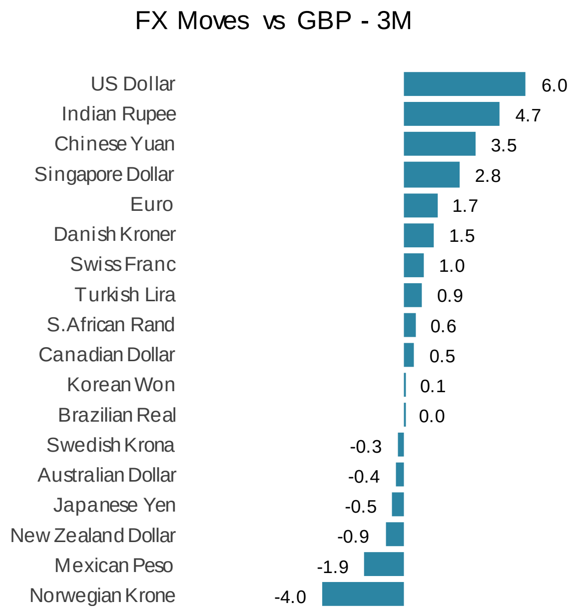
	Conventional government bonds								Inflation-linked government bonds					
	Duration				Market Value				Duration			Market Value		
	3-5YR	**7-10YR**	**20+YR**	**Overall**	**3-5YR**	**7-10YR**	**20+YR**	**Total**	**5-10YR**	**20+YR**	**Overall**	**5-10YR**	**20+YR**	**Total**
US	3.7	7.3	16.1	**5.6**	2,348.7	1,029.4	1,101.9	**10,044.9**	7.0	21.0	**6.3**	384.3	109.1	**1,190.4**
UK	3.4	7.4	17.7	**9.3**	135.3	182.2	274.1	**1,019.0**	6.8	27.0	**15.9**	96.1	214.7	**582.4**
Japan	3.9	8.1	23.6	**11.8**	338.1	332.8	592.8	**2,788.9**	7.2		**4.5**	18.3		**43.6**
China	3.7	7.5	17.6	**5.6**	479.1	364.1	253.0	**2,202.3**						
EM	3.5	6.9	15.9	**5.5**	754.1	655.5	345.6	**3,628.4**	5.7	13.2	**7.2**	104.9	156.9	**584.2**
Germany	3.7	7.5	20.2	**7.0**	299.9	210.3	144.9	**1,358.1**	7.0	21.5	**8.5**	41.8	16.4	**83.0**
Italy	3.7	7.2	15.8	**6.0**	298.3	251.5	126.5	**1,548.0**	7.7	26.0	**8.0**	54.8	4.5	**151.2**
Spain	3.7	7.5	17.2	**6.5**	199.2	175.2	86.9	**1,023.8**	6.6		**5.4**	22.3		**81.7**
France	3.7	7.5	19.2	**7.0**	281.5	308.8	189.1	**1,739.1**	6.5	24.1	**8.0**	100.9	17.9	**256.4**
Sweden	3.5	7.4		**5.4**	13.1	8.3		**41.2**	5.6		**3.8**	9.2		**19.9**
Australia	3.6	7.5	16.6	**6.2**	33.9	79.3	12.3	**297.1**	7.0	21.9	**7.4**	9.1	2.2	**30.9**
New Zealand	3.7	7.4	15.9	**6.1**	9.5	12.8	2.1	**46.7**	6.1		**8.3**	2.9		**12.4**
Canada	3.8	7.4	19.0	**6.4**	56.2	104.3	55.9	**414.0**	6.7	20.3	**13.0**	7.7	17.3	**44.4**

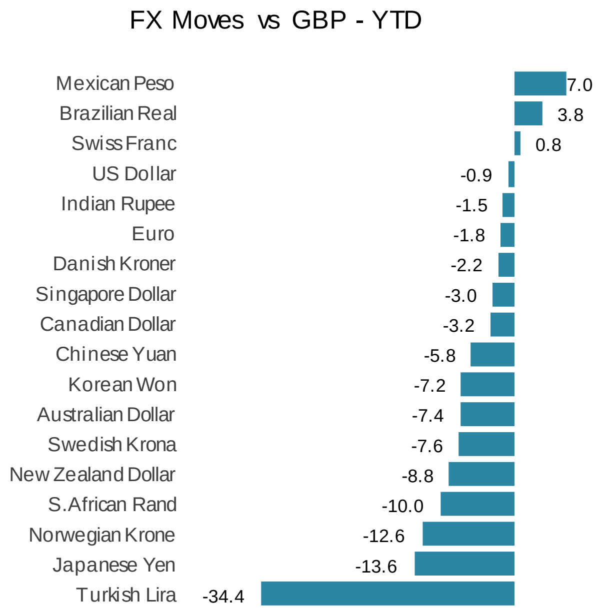
	Investment grade bonds										High Yield	
	Duration					Market Value					Duration	MktVal
	AAA	**AA**	**A**	**BBB**	**Overall**	**AAA**	**AA**	**A**	**BBB**	**Overall**		
US	9.8	7.8	6.7	6.2	6.6	66.5	419.2	2458.4	3156.0	6100.0	3.8	1130.4
Europe	5.4	4.7	4.5	4.2	4.4	12.2	179.1	1147.6	1398.3	2737.2		
EM		5.3	4.5	4.8	4.7		44.5	212.6	304.6	561.7	3.2	178.9

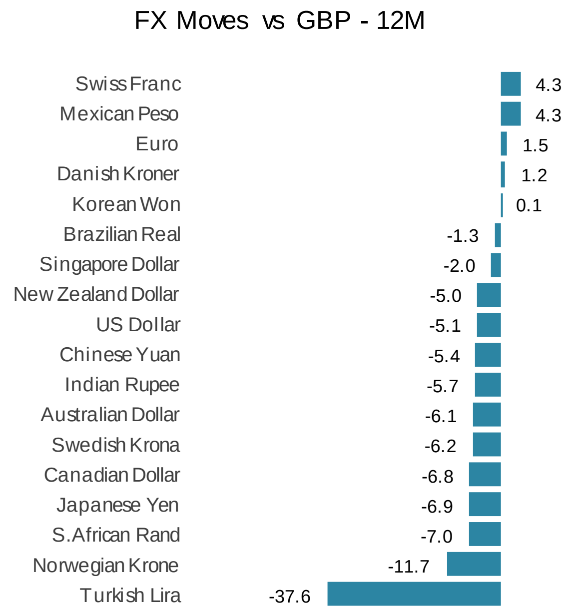





FX Moves vs GBP - 1M
Swiss Franc 1.1
S.African Rand 1.1
US Dollar 0.6
Korean Won 0.5
Euro 0.4
Chinese Yuan 0.4
Danish Kroner 0.3
Indian Rupee 0.3
Singapore Dollar 0.2
Brazilian Real -0.2
Japanese Yen -0.9
Australian Dollar -1.3
Canadian Dollar -2.0
Swedish Krona -2.2
Turkish Lira -2.5
New Zealand Dollar -2.6
Mexican Peso -3.2
Norwegian Krone -4.2


FX Moves vs GBP - 3M
US Dollar 6.0
Indian Rupee 4.7
Chinese Yuan 3.5
Singapore Dollar 2.8
Euro 1.7
Danish Kroner 1.5
Swiss Franc 1.0
Turkish Lira 0.9
S.African Rand 0.6
Canadian Dollar 0.5
Korean Won 0.1
Brazilian Real 0.0
Swedish Krona -0.3
Australian Dollar -0.4
Japanese Yen -0.5
New Zealand Dollar -0.9
Mexican Peso -1.9
Norwegian Krone -4.0


FX Moves vs GBP - YTD
Mexican Peso 7.0
Brazilian Real 3.8
Swiss Franc 0.8
US Dollar -0.9
Indian Rupee -1.5
Euro -1.8
Danish Kroner -2.2
Singapore Dollar -3.0
Canadian Dollar -3.2
Chinese Yuan -5.8
Korean Won -7.2
Australian Dollar -7.4
Swedish Krona -7.6
New Zealand Dollar -8.8
S.African Rand -10.0
Norwegian Krone -12.6
Japanese Yen -13.6
Turkish Lira -34.4


FX Moves vs GBP - 12M
Swiss Franc 4.3
Mexican Peso 4.3
Euro 1.5
Danish Kroner 1.2
Korean Won 0.1
Brazilian Real -1.3
Singapore Dollar -2.0
New Zealand Dollar -5.0
US Dollar -5.1
Chinese Yuan -5.4
Indian Rupee -5.7
Australian Dollar -6.1
Swedish Krona -6.2
Canadian Dollar -6.8
Japanese Yen -6.9
S.African Rand -7.0
Norwegian Krone -11.7
Turkish Lira -37.6

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

ABOUT FTSE RUSSELL

FTSE Russell is a leading global provider of index and benchmark solutions, spanning diverse asset classes and investment objectives. As a trusted investment partner we help investors make better-informed investment decisions, manage risk, and seize opportunities.

Market participants look to us for our expertise in developing and managing global index solutions across asset classes. Asset owners, asset managers, ETF providers and investment banks choose FTSE Russell solutions to benchmark their investment performance and create investment funds, ETFs, structured products, and index-based derivatives. Our clients use our solutions for asset allocation, investment strategy analysis and risk management, and value us for our robust governance process and operational integrity.

For over 35 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.

CONTACT US

To learn more, visit lseg.com/ftse-russell; email info@ftserussell.com; or call your regional Client Service team office:

EMEA +44 (0) 20 7866 1810
North America +1 877 503 6437

Asia-Pacific
Hong Kong +852 2164 3333
Tokyo +81 3 6441 1430
Sydney +61 (0) 2 7228 5659