

Fixed Income Insights

MONTHLY REPORT – OCTOBER 2023 | CHINA EDITION

FOR PROFESSIONAL INVESTORS ONLY

Some signs of recovery after PBoC stimulus, but property risks remain

Chinese bond yields rose on higher growth and inflation expectations, but the PBoC retains easy policy settings, in contrast to G7 policies. Little evidence of improvement in the property sector and exports adds to growth downgrade risks. Chinese \$ HY bond losses deepened in Q3, despite a weak September recovery.

Macroeconomic backdrop – Early signs of liquidity and financial support boosting credit and monetary growth

Credit and money supply growth has picked up, but growth forecast downgrades and low inflation remain a feature. (page 2)

Chinese bonds – Onshore bond yields rose a little in September, led by shorts, and 10s/2s continued to flatten

Shorts led Chinese onshore yields a little higher, flattening curve. Offshore yields increased for RMB & USD bonds. (page 3)

Chinese and Asian bonds – Asian sovereign spreads vs US fell further, as yields rose less than US Treasuries

Asian yields rose with US Treasuries, including China, but spreads versus US continued to fall. (page 4)

Performance – Asian bond returns suffered from currency weaknesses in Q3. China and India bonds outperformed

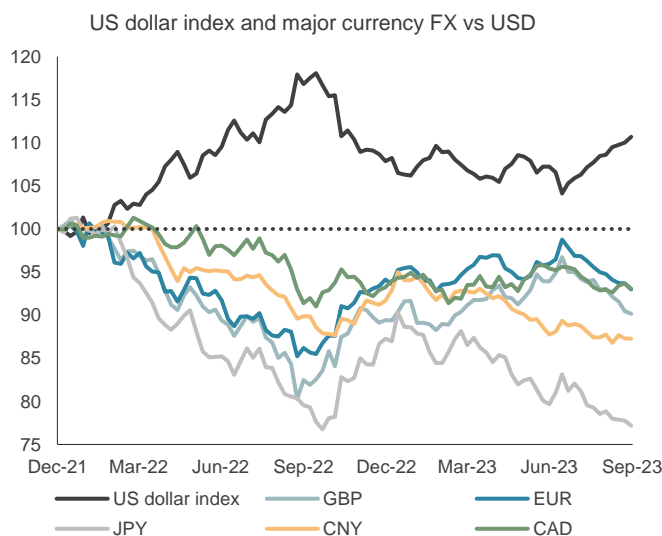
Weaker currencies squeezed Asian bond returns in USD terms. Indonesia was a top performer YTD, after Q3 retreats. (pages 5-6)

Appendix – Global bond market returns, historical bond yields, duration and market value, foreign exchange returns.

Chart 1: China's manufacturing PMI rose to 50.2 in September, a six month high. Non-manufacturing activities also improved.



Chart 2: Major currencies broadly fell against the US dollar in September, including the RMB, which settled at 7.3+ per US dollar.



Macroeconomic Backdrop – Growth and Inflation Expectations

G7 growth generally remains weak, after the policy tightening in 2022-23, although robust consumers and high levels of employment have enabled soft landings to date. Chinese growth forecasts remain higher than peers, despite downgrade risks. Financial support provided a spur to the real economy, with credit and M2 growth showing signs of recovery.

IMF growth forecasts have been upgraded modestly in 2022/23, largely due to consumer spending, as consumers ran down Covid windfalls, led by the US (Chart 1). But higher rates, the rebound in oil prices, de-globalisation and weak Chinese growth are major headwinds for global growth post-Covid. China's international trade and property sector still remain weak as August data shows.

Chinese headline CPI returned to positive y/y growth in August, up by just 0.1% (Chart 2), helped by a stronger service sector during summer holidays, and recovered pork and gasoline prices over the month. Deflationary risks eased from July (CPI at -0.3% y/y), but demand for goods remains weak. Overall food prices decreased by 0.5% y/y, while service prices increased.

The PBoC cut reserve requirement ratio (RRR) by 25bps, in order to provide more liquidity and to boost sentiment, as China has been struggling with a weaker-than-expected post-Covid recovery. After over 500bp of tightening, a policy pause from the Fed was no surprise in September, though the BoE surprised markets by pausing, particularly after strong UK wage inflation data.

Easing monetary policy measures may have boosted credit growth, evidenced by China's social financing y/y growth rebounding to 9% in August, as Chart 4 shows, driven by fast-growing RMB loans (although loan growth y/y was suppressed by base effect). The real economy may benefit from this increasing financial support. M2 growth of 10.6% is above long-term averages.

Chart 1: IMF growth forecasts have edged higher, despite more policy tightening. A further upgrade is possible in Q4, with China, a likely exception. Weaker Eurozone & UK GDP is also a feature.

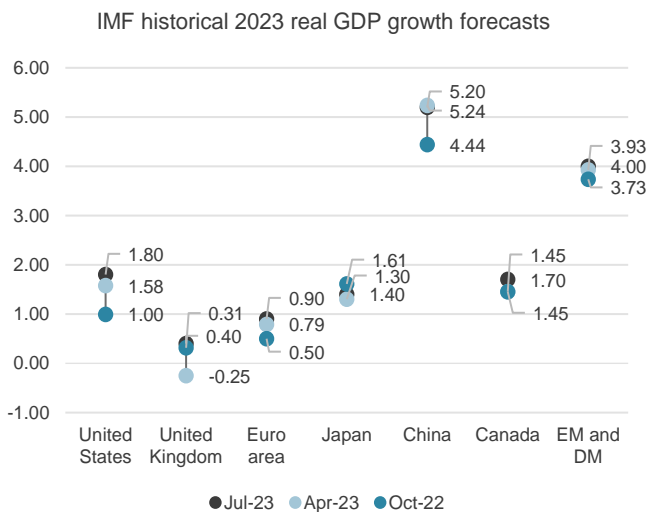


Chart 2: August inflation data was mixed, but higher energy prices and base effects caused higher inflation in the US. China's deflation pressures eased in August, but weak demand persists.

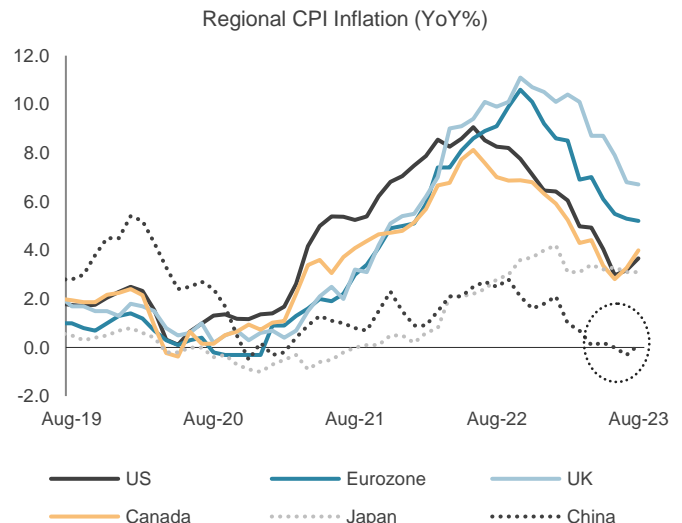


Chart 3: The PBoC cut RRR again in September, aiming to inject liquidity to support the economic recovery. The Fed and the BoE held policy rates unchanged, without ruling out further moves.

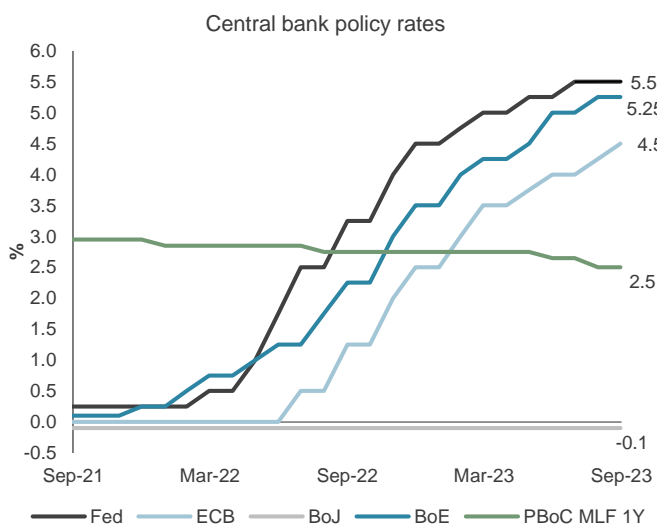
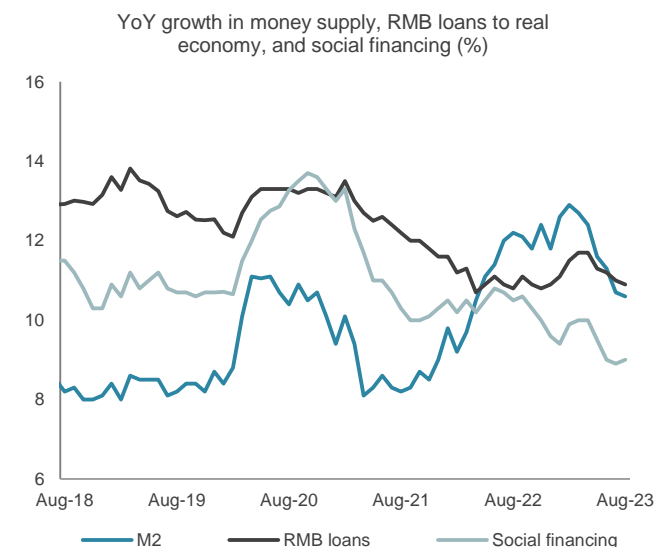


Chart 4: August data shows resilience in China's total social financing, including RMB loans, and money supply growth. The real economy is expected to benefit from financial supports.



Source: FTSE Russell and Refinitiv, China unemployment rate data from National Bureau of Statistics of China. All data as of September 30, 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.

Chinese Government and Corporate Bonds

Chart 1: Chinese govt yields ticked up in September across the curve, led by short-dated bonds. But the increases may be short-lived, given easy monetary policy and a weak economic recovery.

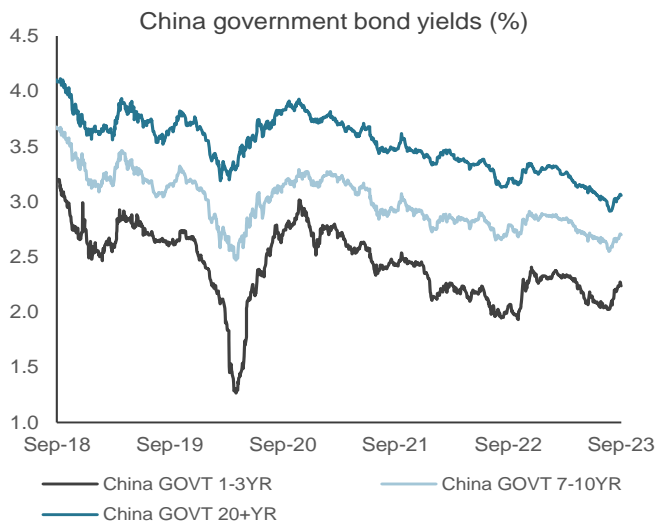


Chart 2: The Chinese 10s/2s curve has flattened since August, mainly driven by higher short yields. Surging 10-yr Treasury yields led to a dis-inverted US curve — a level last seen in the mid-2022.

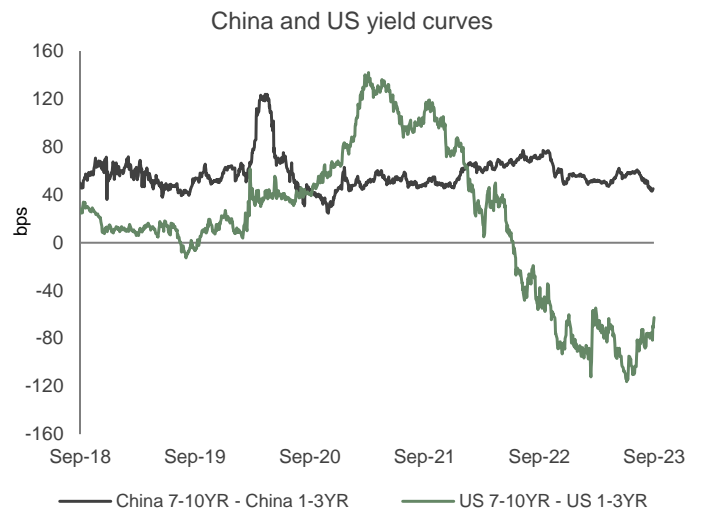


Chart 3: Policy bank spreads stabilised at levels lower than pre-Covid, but regional government spreads have widened modestly. Onshore corporate yields rose, driven by higher benchmark yields.

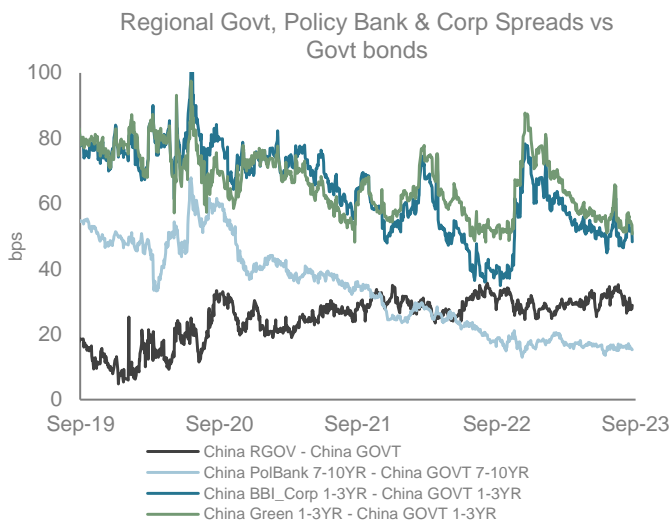


Chart 4: Chinese onshore and DIMSUM yields rose modestly in September, and remain significantly lower than IG dollar bond yields, which tracked Treasury yields higher.

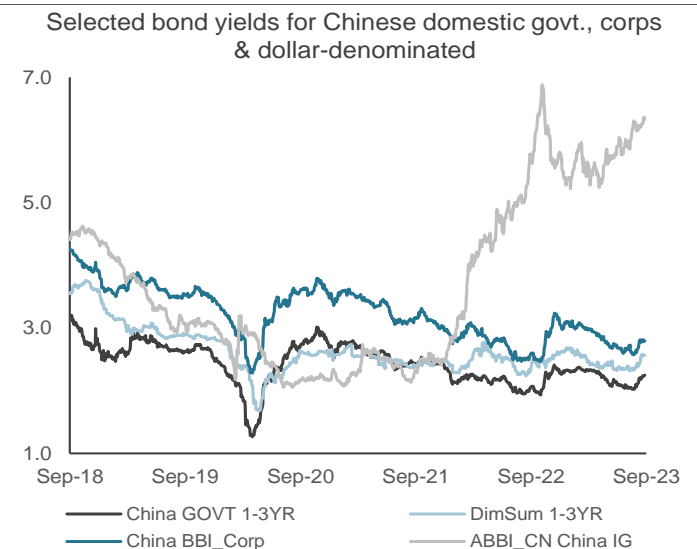


Chart 5: Foreign holdings of Chinese government bonds show no signs of a long-lasting recovery, as surging US Treasury yields and a higher US dollar drove investors away from lower-yielding CGBs.

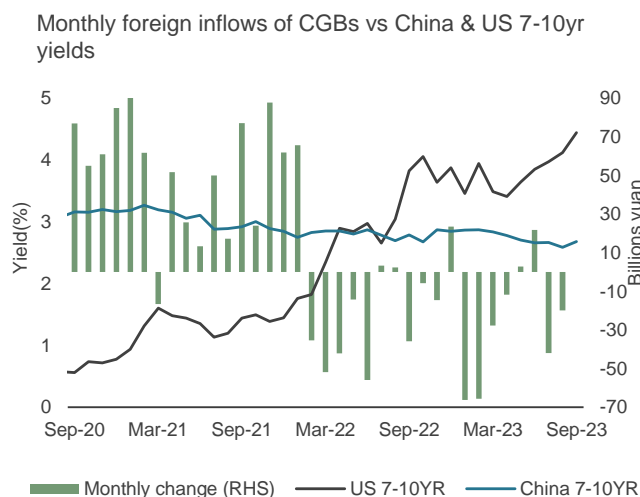
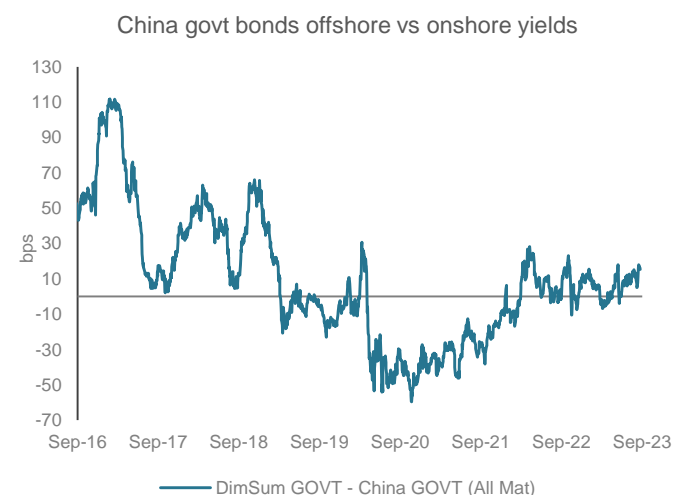


Chart 6: Offshore RMB government bond yield spreads vs onshore remained positive in September. Higher issuance may have supported the yield differentials.



Source: FTSE Russell and Refinitiv, *China Bond. All data as of September 30, 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.

China and Asian Bonds in Global Context

Chart 1: Asian 7-10yr yields rose with higher US yields, including in China. Indian yields increased the least, as India's inclusion in EM bond indices attracted Indian government bond buying.

Chart 2: The Thai and Malaysian 10s/2s yield curves steepened in September, as yields rose more at the long end. The Chinese curve flattened and Indian yield curve ran into a greater risk of inversion.

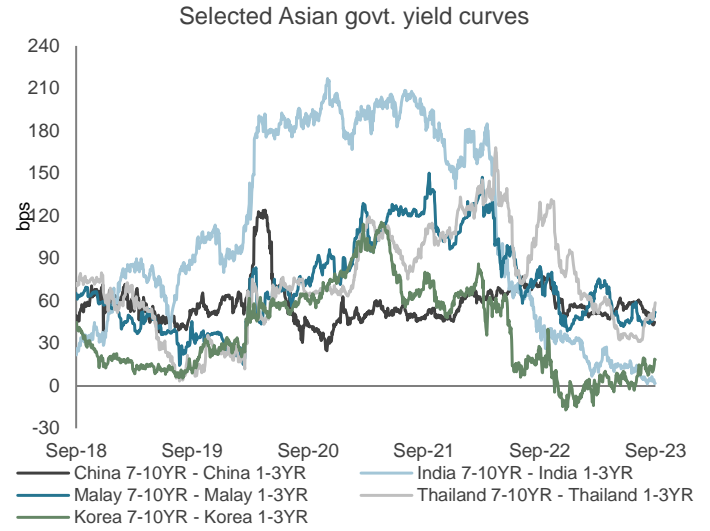
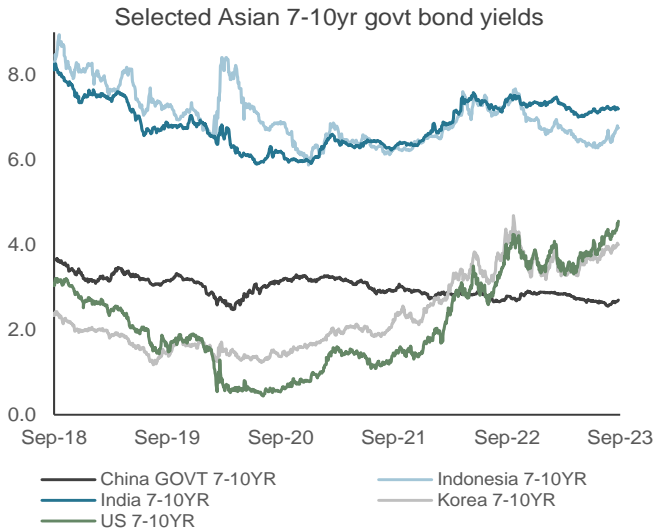


Chart 3: China 7-10 year spreads vs G7 fell to new lows, led by US and Germany, as G7 yields rose more in September. Spreads vs the UK narrowed as gilt yields rose least.

Chart 4: Asian 7-10yr spreads versus the US continued to fall as US yields surged. Only Thai sovereign spreads failed to decline, though they remain one of the lowest within the region.

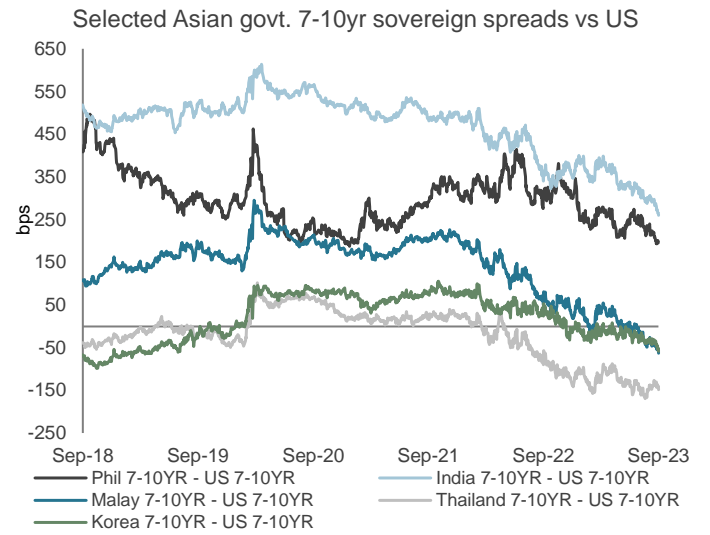
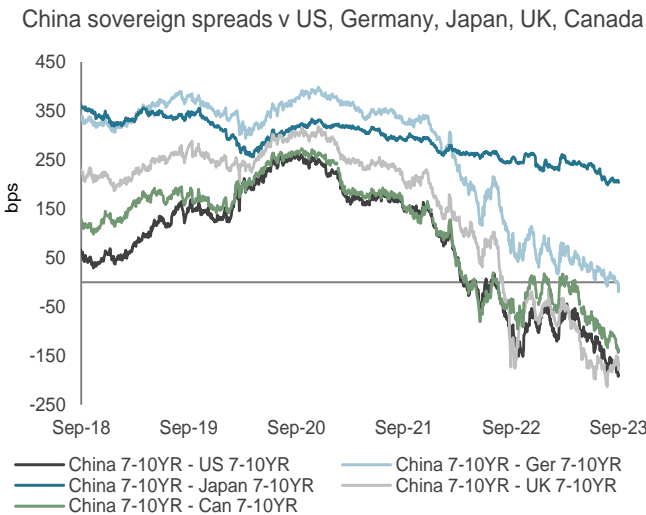
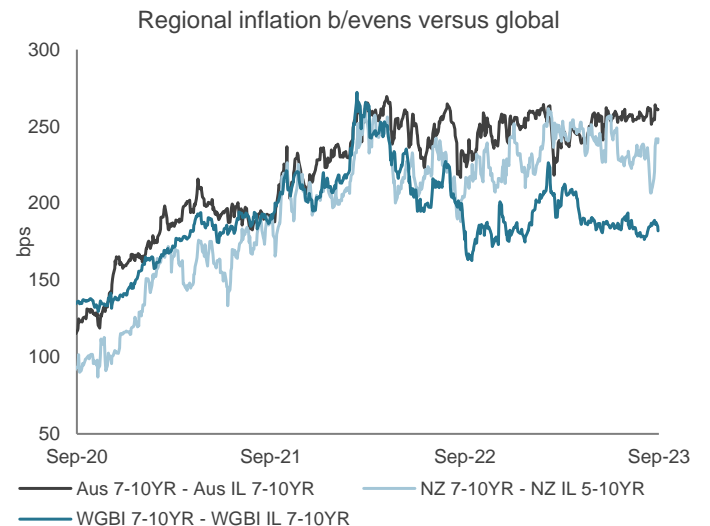


Chart 5: Chinese \$ HY spreads eased from record highs, but rose to near 8000bps into the month. Easier mortgage policies may have helped a bit with narrower spreads.

Chart 6: Australasian breakevens remain elevated, on a par with or above their global peers, only lower than the UK. World inflation expectations are well below the Ukraine war peak in 2022.



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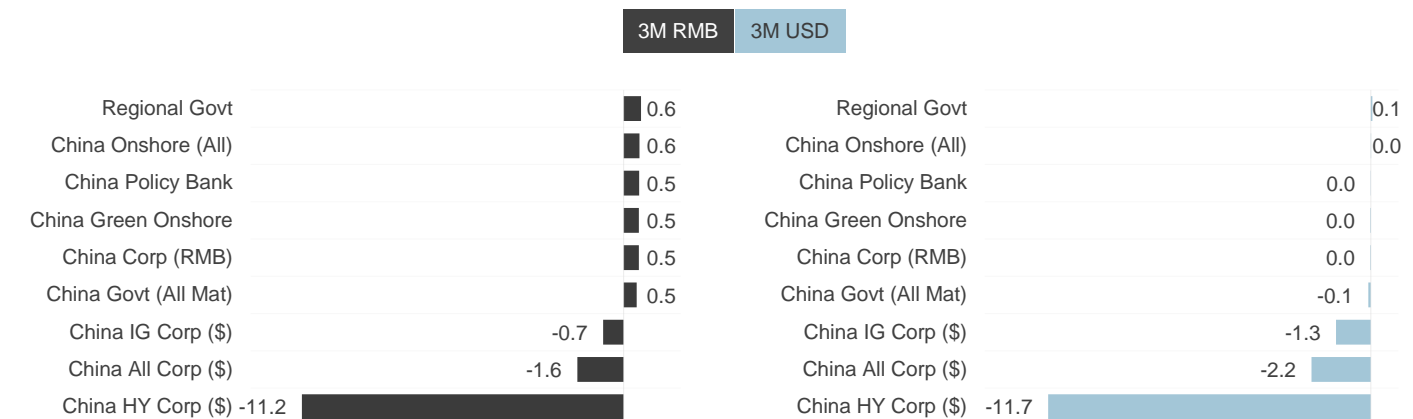
China Bond Market Returns – 3M & YTD in RMB & USD (TR) as of September 30, 2023

Onshore bonds gained about 0.5% in Q3 in RMB terms, led by regional governments, reflecting easing monetary policy (though yields rebounded a little in September). A stronger US dollar reduced returns in USD terms, but the currency effects were lower in Q3. Offshore RMB bonds returns closely matched onshore returns, with access to offshore bond markets improved for onshore investors. Chinese \$ HY credit fell further in Q3, but recovered, up 1.2% in September.

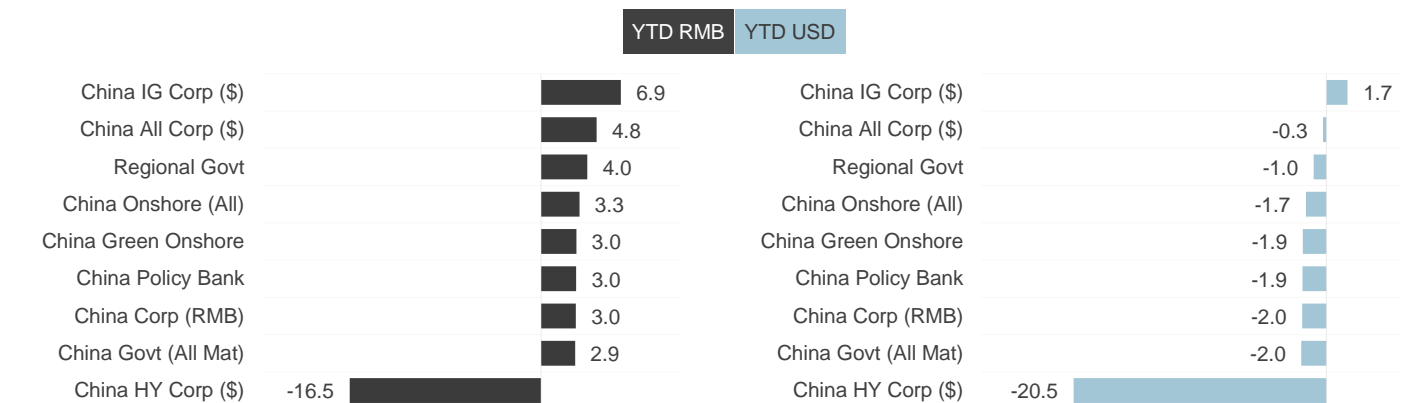
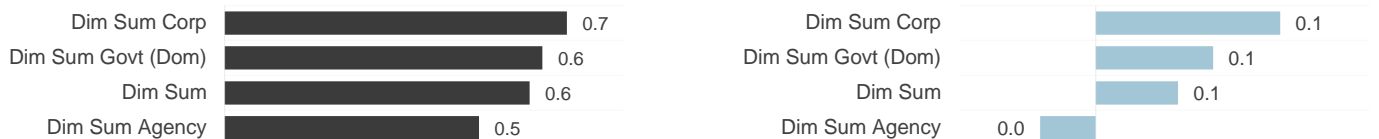
Chinese onshore bonds gained 0.5-0.6% in RMB terms in Q3, but bond returns in US dollar terms were almost flat. A strong US dollar remained a negative factor for dollar investors investing in Chinese assets, although currency effects were much weaker in Q3 vs Q2. Regional govt bonds outperformed in Q3 and year-to-date, but lagged in September as bond issuance picked up.

DimSum bonds slightly underperformed onshore peers in Q3 and YTD, except for corporates. Bond Connect southbound trading may have helped narrow bond pricing differentials of onshore vs offshore, driving convergence in bond returns.

Chinese \$ HY corporates lost 11.7% in Q3, despite modest gains of 1.2% in September driven by financial bonds. YTD, Chinese bonds offered positive returns of 2.9-6.9% for RMB investors, apart from dollar bonds in high-yield credit. But for US dollar investors, only Chinese IG credit gained YTD (by 1.7%), despite setbacks in Q3 as yields rose further with US Treasuries.



OFFSHORE BONDS



OFFSHORE BONDS



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Global Bond Market Returns – 3M & YTD RMB & USD (TR) as of September 30, 2023

Higher US yields and a stronger US dollar drove APAC government bond losses of up to 7.3% in Q3. Indonesian bonds remained top YTD performers, despite the Q3 fall. Indian bonds were helped by foreign investor buying. JGBs Q3 performance (-7.3%) contributed to a deeper YTD loss of 12%, as yields rose and the yen fell sharply.

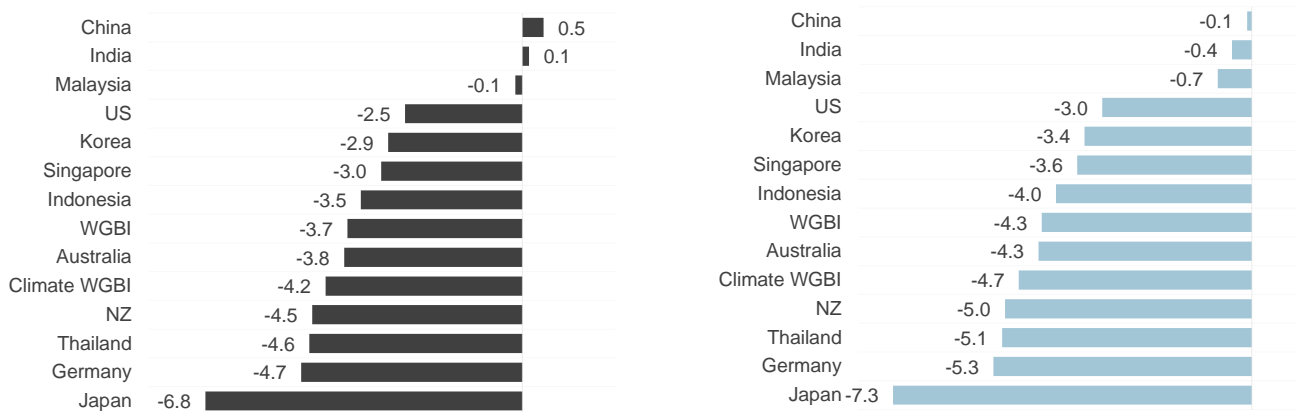
Indian and Chinese bonds outperformed in Q3, with modest gains (0.1-0.5%) in RMB terms, but lost 0.1-0.4%, in USD terms. Indian bonds' inclusion in global indices helped bond and rupee performance. Japanese government bonds lost 6.8-7.3% in Q3, as the BoJ relaxed the 1% yield cap by conducting fewer JGBs purchases. A weak yen further reduced overseas-based returns.

YTD, only high yielding Indonesian and Indian bonds delivered positive returns in US dollar terms (5.5-6.5%), as the rupiah and rupee avoided large losses against the US dollar. Chinese and Malaysian bond yields, which are now lower than Treasuries, lost 2-2.6% in USD terms. Japanese, New Zealand and Korean bonds remained among the worst performers YTD.

In credit, US HY outperformed in Q3 and YTD, as risk rallied on higher-than-expected US growth. Chinese HY corporates lost 20% year-to-date, reflecting weak confidence in a rapid property sector recovery and disappointment on the scale of stimulus measures to date. Within the IG space, Chinese credit gained 1.7% YTD, outperforming US corporates and US Treasuries.

3M RMB 3M USD

CONVENTIONAL GOVT BONDS

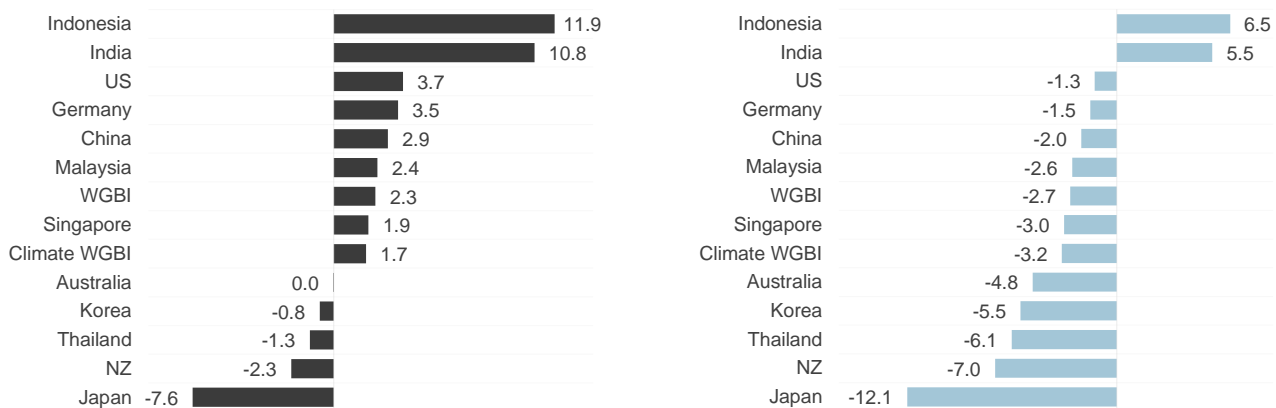


CORPORATE BONDS



YTD RMB YTD USD

CONVENTIONAL GOVT BONDS



CORPORATE BONDS



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Appendix – Global Bond Market Returns % (RMB vs USD, TR), September 30, 2023

Government bond returns

Top 15% Bottom 15%

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

| | | 1M | | 3M | | 6M | | 12M | |
|------------------------|--------|--------|-------|--------|--------|--------|--------|--------|-------|
| | | USD | RMB | USD | RMB | USD | RMB | USD | RMB |
| US | 1-3YR | -0.01 | 0.18 | 0.73 | 1.29 | 0.17 | 6.47 | 2.49 | 5.57 |
| | 7-10YR | -3.10 | -2.92 | -4.42 | -3.89 | -6.17 | -0.27 | -1.90 | 1.04 |
| | 20+YR | -7.90 | -7.72 | -12.97 | -12.49 | -15.01 | -9.67 | -10.69 | -8.01 |
| | IG All | -2.51 | -2.33 | -2.84 | -2.30 | -3.10 | 3.00 | 3.75 | 6.87 |
| | HY All | -1.06 | -0.87 | 0.66 | 1.21 | 2.48 | 8.92 | 10.47 | 13.79 |
| China | 1-3YR | -0.30 | -0.11 | -0.20 | 0.35 | -4.59 | 1.41 | -0.73 | 2.24 |
| | 7-10YR | -0.82 | -0.63 | -0.18 | 0.37 | -3.64 | 2.42 | 0.58 | 3.60 |
| | 20+YR | -2.06 | -1.87 | 0.62 | 1.18 | -1.17 | 5.05 | 2.75 | 5.84 |
| | All | -0.69 | -0.50 | -0.09 | 0.46 | -3.80 | 2.25 | 0.21 | 3.21 |
| China Policy Bank | | -0.48 | -0.29 | 0.00 | 0.55 | -3.75 | 2.30 | 0.29 | 3.30 |
| Regional Govt | | -0.76 | -0.57 | 0.06 | 0.61 | -3.12 | 2.97 | 0.79 | 3.82 |
| China Corp (LC) | | -0.30 | -0.11 | -0.02 | 0.53 | -4.10 | 1.93 | -0.33 | 2.67 |
| China Onshore (All) | | -0.62 | -0.43 | 0.00 | 0.55 | -3.59 | 2.47 | 0.38 | 3.40 |
| China Green Onshore | | -0.28 | -0.09 | -0.02 | 0.53 | -4.09 | 1.95 | -0.31 | 2.68 |
| China All Corp (\$) | | -0.73 | -0.54 | -2.15 | -1.61 | -2.65 | 3.47 | 3.05 | 6.14 |
| China IG Corp (\$) | | -0.89 | -0.70 | -1.26 | -0.72 | -0.75 | 5.49 | 3.52 | 6.63 |
| China HY Corp (\$) | | 1.24 | 1.43 | -11.70 | -11.22 | -21.83 | -16.91 | -1.10 | 1.87 |
| Offshore Govt (DimSum) | | -0.38 | -0.19 | 0.09 | 0.64 | -4.45 | 1.56 | 0.21 | 3.21 |
| Asia-Pac | 1-3YR | -0.68 | -0.49 | -0.65 | -0.10 | -4.07 | 1.96 | 1.86 | 4.92 |
| | 7-10YR | -1.99 | -1.80 | -2.17 | -1.63 | -4.99 | 0.98 | 3.83 | 6.94 |
| | 20+YR | -3.31 | -3.13 | -2.45 | -1.91 | -5.75 | 0.18 | 5.74 | 8.91 |
| | All | -1.62 | -1.43 | -1.60 | -1.06 | -4.71 | 1.28 | 3.38 | 6.48 |
| Australia | 1-3YR | -0.54 | -0.36 | -2.01 | -1.47 | -4.09 | 1.94 | 2.41 | 5.48 |
| | 7-10YR | -3.32 | -3.13 | -5.02 | -4.50 | -10.04 | -4.38 | 0.01 | 3.01 |
| | 20+YR | -7.24 | -7.06 | -10.15 | -9.66 | -18.05 | -12.89 | -8.39 | -5.64 |
| | All | -2.69 | -2.50 | -4.34 | -3.81 | -8.77 | -3.03 | 0.34 | 3.36 |
| India | 1-3YR | 0.15 | 0.34 | 0.13 | 0.68 | 2.27 | 8.70 | 4.82 | 7.97 |
| | 7-10YR | -0.27 | -0.08 | -0.40 | 0.15 | 2.51 | 8.95 | 5.71 | 8.88 |
| | 20+YR | -0.81 | -0.62 | -0.67 | -0.12 | 2.23 | 8.66 | 6.23 | 9.42 |
| | All | -0.33 | -0.14 | -0.40 | 0.15 | 2.37 | 8.81 | 5.72 | 8.90 |
| Indonesia | 1-3YR | -1.21 | -1.02 | -2.55 | -2.01 | -0.37 | 5.89 | 5.09 | 8.24 |
| | 7-10YR | -3.65 | -3.47 | -4.50 | -3.98 | -0.76 | 5.48 | 9.17 | 12.45 |
| | 20+YR | -3.14 | -2.96 | -2.84 | -2.30 | 2.42 | 8.86 | 11.88 | 15.24 |
| | All | -2.96 | -2.77 | -3.98 | -3.45 | -0.01 | 6.28 | 8.67 | 11.93 |
| Japan | 1-3YR | -2.48 | -2.29 | -3.33 | -2.80 | -10.97 | -5.37 | -3.13 | -0.22 |
| | 7-10YR | -3.40 | -3.21 | -5.65 | -5.13 | -12.90 | -7.42 | -5.14 | -2.29 |
| | 20+YR | -3.60 | -3.42 | -11.52 | -11.03 | -17.91 | -12.75 | -8.42 | -5.67 |
| | All | -3.31 | -3.13 | -7.29 | -6.78 | -14.20 | -8.80 | -6.01 | -3.18 |
| Korea | 1-3YR | -1.98 | -1.80 | -1.67 | -1.13 | -2.73 | 3.39 | 10.40 | 13.72 |
| | 7-10YR | -3.18 | -3.00 | -3.54 | -3.01 | -6.27 | -0.38 | 10.82 | 14.14 |
| | 20+YR | -4.71 | -4.53 | -5.06 | -4.54 | -10.93 | -5.33 | 9.88 | 13.18 |
| | All | -3.26 | -3.08 | -3.40 | -2.87 | -6.67 | -0.81 | 10.42 | 13.73 |
| Malaysia | 1-3YR | -1.06 | -0.88 | 0.19 | 0.75 | -4.86 | 1.12 | 2.89 | 5.98 |
| | 7-10YR | -1.72 | -1.54 | -0.48 | 0.06 | -4.53 | 1.48 | 6.66 | 9.86 |
| | 20+YR | -3.17 | -2.98 | -2.65 | -2.12 | -4.62 | 1.38 | 11.95 | 15.31 |
| | All | -1.82 | -1.63 | -0.69 | -0.15 | -4.70 | 1.30 | 6.46 | 9.66 |
| New Zealand | 1-3YR | 0.66 | 0.85 | -1.80 | -1.26 | -3.97 | 2.07 | 7.58 | 10.81 |
| | 7-10YR | -1.95 | -1.76 | -5.95 | -5.44 | -9.51 | -3.82 | 2.75 | 5.83 |
| | 20+YR | -6.22 | -6.05 | -12.58 | -12.10 | -19.32 | -14.25 | -4.78 | -1.92 |
| | All | -1.37 | -1.18 | -5.02 | -4.50 | -8.45 | -2.69 | 3.91 | 7.03 |
| Singapore | 1-3YR | -1.13 | -0.94 | -0.28 | 0.27 | -2.08 | 4.08 | 7.99 | 11.23 |
| | 7-10YR | -2.52 | -2.33 | -2.24 | -1.70 | -4.16 | 1.87 | 9.63 | 12.92 |
| | 20+YR | -2.17 | -1.98 | -12.27 | -11.79 | -11.46 | -5.89 | 11.51 | 14.86 |
| | All | -1.96 | -1.77 | -3.55 | -3.02 | -4.82 | 1.17 | 9.46 | 12.75 |
| Thailand | 1-3YR | -4.05 | -3.87 | -2.72 | -2.19 | -6.25 | -0.35 | 4.67 | 7.81 |
| | 7-10YR | -6.29 | -6.12 | -6.52 | -6.00 | -10.31 | -4.67 | 6.53 | 9.72 |
| | 20+YR | -10.09 | -9.92 | -8.57 | -8.07 | -14.30 | -8.91 | 13.95 | 17.37 |
| | All | -5.80 | -5.62 | -5.08 | -4.56 | -9.08 | -3.36 | 6.84 | 10.05 |

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Appendix – Global Bond Market Yields %, September 30, 2023

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

Top 15% 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 | 5.16 | 4.71 | 4.59 | 4.82 | 2.72 | 2.29 | 2.37 | 6.06 | 9.05 |
| | 3M Ago | 5.01 | 4.31 | 3.85 | 3.95 | 2.45 | 1.72 | 1.68 | 5.53 | 8.75 |
| | 6M Ago | 4.20 | 3.72 | 3.49 | 3.76 | 1.44 | 1.17 | 1.53 | 5.25 | 8.58 |
| | 12M Ago | 4.31 | 4.18 | 3.83 | 3.95 | 2.11 | 1.82 | 1.95 | 5.72 | 9.73 |
| UK | Current | 4.73 | 4.46 | 4.35 | 4.81 | 0.55 | 0.53 | 1.39 | | |
| | 3M Ago | 5.36 | 5.04 | 4.38 | 4.35 | 1.78 | 0.72 | 0.90 | | |
| | 6M Ago | 3.79 | 3.55 | 3.43 | 3.80 | 0.00 | -0.27 | 0.35 | | |
| | 12M Ago | 4.39 | 4.36 | 4.22 | 4.29 | -0.37 | 0.48 | 0.54 | | |
| Japan | Current | 0.01 | 0.21 | 0.66 | 1.61 | -1.75 | -0.70 | | | |
| | 3M Ago | -0.10 | -0.01 | 0.29 | 1.21 | -1.64 | -0.87 | | | |
| | 6M Ago | -0.09 | 0.02 | 0.30 | 1.22 | -1.30 | -0.51 | | | |
| | 12M Ago | -0.07 | 0.02 | 0.26 | 1.34 | -1.35 | -0.77 | | | |
| China | Current | 2.24 | 2.42 | 2.70 | 3.06 | | | | | |
| | 3M Ago | 2.09 | 2.33 | 2.66 | 3.08 | | | | | |
| | 6M Ago | 2.31 | 2.56 | 2.84 | 3.25 | | | | | |
| | 12M Ago | 2.06 | 2.35 | 2.73 | 3.17 | | | | | |
| EM | Current | 3.58 | 4.52 | 5.05 | 4.51 | 3.27 | 4.48 | 5.32 | 6.43 | |
| | 3M Ago | 3.67 | 4.04 | 4.79 | 4.42 | 4.15 | 4.07 | 4.86 | 5.95 | |
| | 6M Ago | 3.62 | 4.37 | 4.69 | 4.52 | 2.59 | 3.67 | 5.15 | 5.77 | |
| | 12M Ago | 3.70 | 4.42 | 5.07 | 4.79 | 1.96 | 3.35 | 5.28 | 6.09 | |
| Germany | Current | 3.21 | 2.78 | 2.75 | 2.97 | 0.87 | 0.44 | 0.52 | | |
| | 3M Ago | 3.17 | 2.66 | 2.37 | 2.36 | 0.96 | 0.19 | -0.06 | | |
| | 6M Ago | 2.69 | 2.36 | 2.24 | 2.33 | -0.02 | -0.12 | -0.15 | | |
| | 12M Ago | 1.66 | 1.90 | 2.00 | 2.12 | -0.78 | -0.43 | -0.29 | | |
| Italy | Current | 3.94 | 4.03 | 4.50 | 5.02 | 1.68 | 2.31 | 2.43 | | |
| | 3M Ago | 3.79 | 3.71 | 3.87 | 4.25 | 1.74 | 1.78 | 1.70 | | |
| | 6M Ago | 3.27 | 3.43 | 3.88 | 4.34 | 0.45 | 1.50 | 1.74 | | |
| | 12M Ago | 2.87 | 3.41 | 4.05 | 4.43 | 0.23 | 1.71 | 1.89 | | |
| France | Current | 3.33 | 3.14 | 3.26 | 3.79 | 0.82 | 0.75 | 1.12 | | |
| | 3M Ago | 3.21 | 2.94 | 2.85 | 3.19 | 0.88 | 0.47 | 0.55 | | |
| | 6M Ago | 2.83 | 2.66 | 2.70 | 3.17 | -0.29 | 0.05 | 0.53 | | |
| | 12M Ago | 1.91 | 2.32 | 2.50 | 2.95 | -0.97 | -0.20 | 0.38 | | |
| Sweden | Current | 3.50 | 3.18 | 2.98 | | 1.42 | 1.28 | | | |
| | 3M Ago | 3.43 | 2.94 | 2.61 | | 1.18 | 0.91 | | | |
| | 6M Ago | 2.85 | 2.56 | 2.25 | | 0.09 | 0.32 | | | |
| | 12M Ago | 2.31 | 2.28 | 2.08 | | -0.48 | -0.23 | | | |
| Australia | Current | 4.14 | 4.10 | 4.43 | 4.86 | 1.30 | 1.78 | 2.24 | | |
| | 3M Ago | 4.17 | 3.99 | 4.02 | 4.36 | 1.04 | 1.47 | 1.85 | | |
| | 6M Ago | 3.03 | 3.00 | 3.27 | 3.82 | 0.01 | 0.82 | 1.43 | | |
| | 12M Ago | 3.44 | 3.27 | 3.54 | 4.01 | -0.12 | 1.06 | 1.71 | | |
| NZ | Current | 5.63 | 5.35 | 5.32 | 5.54 | 2.50 | 2.89 | | | |
| | 3M Ago | 5.08 | 4.67 | 4.61 | 4.77 | 1.53 | 2.15 | | | |
| | 6M Ago | 4.78 | 4.37 | 4.23 | 4.37 | 1.04 | 1.72 | | | |
| | 12M Ago | 4.20 | 4.46 | 4.16 | 4.34 | 1.56 | 2.05 | | | |
| Canada | Current | 4.70 | | 4.07 | 3.88 | | | 2.22 | 5.90 | |
| | 3M Ago | 4.34 | | 3.34 | 3.13 | | | 1.54 | 5.36 | |
| | 6M Ago | 3.58 | | 2.87 | 3.03 | | | 1.28 | 5.00 | |
| | 12M Ago | 3.65 | | 3.19 | 3.13 | | | 1.43 | 5.20 | |

Source: FTSE Russell. All data as of September 30, 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.

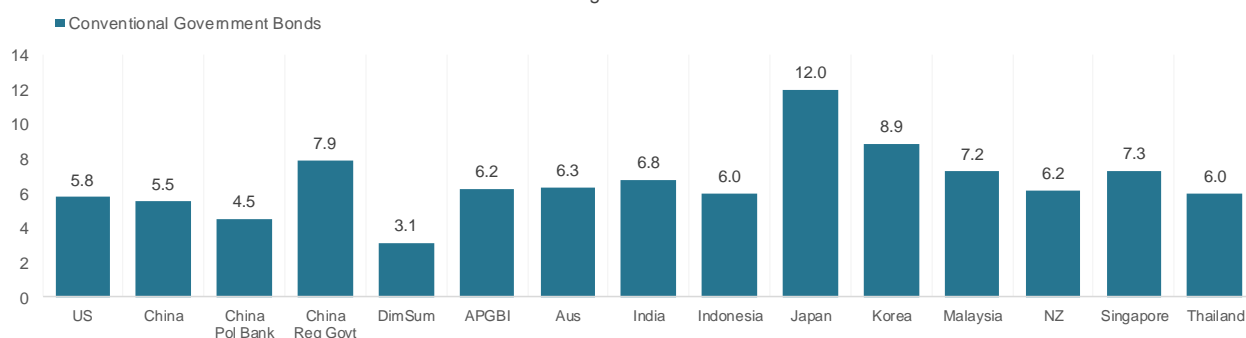
Appendix – Duration and Market Value (USD, Bn), September 30, 2023

| Conventional Government Bonds | | | | | | | | |
|-------------------------------|----------|--------|-------|---------|--------------|---------|---------|----------|
| | Duration | | | | Market Value | | | |
| | 3-5YR | 7-10YR | 20+YR | Overall | 3-5YR | 7-10YR | 20+YR | Total |
| US | 3.7 | 7.4 | 16.6 | 5.8 | 2,336.3 | 1,016.5 | 1,147.5 | 10,110.2 |
| China | 3.7 | 7.5 | 17.6 | 5.5 | 450.8 | 347.6 | 252.7 | 2,207.1 |
| China Pol Bank | | | | 4.5 | | | | 2,703.3 |
| China Reg Govt | | | | 7.9 | | | | 2,063.0 |
| DimSum | 0.0 | | | 3.1 | 0.0 | | | 7.9 |
| APGBI | 3.7 | 7.2 | 17.7 | 6.2 | 723.3 | 673.9 | 470.7 | 3,824.1 |
| Aus | 3.4 | 7.6 | 17.1 | 6.3 | 49.8 | 83.6 | 13.6 | 310.3 |
| India | 3.2 | 6.1 | 11.7 | 6.8 | 137.6 | 183.1 | 246.3 | 1,063.4 |
| Indonesia | 3.3 | 6.1 | 11.4 | 6.0 | 39.3 | 66.3 | 11.1 | 221.8 |
| Japan | 3.9 | 8.0 | 23.7 | 12.0 | 347.2 | 333.9 | 626.2 | 2,901.5 |
| Korea | 3.6 | 7.0 | 18.7 | 8.9 | 86.0 | 86.4 | 157.4 | 592.7 |
| Malaysia | 3.6 | 7.1 | 14.8 | 7.2 | 22.2 | 13.6 | 15.1 | 111.8 |
| NZ | 3.7 | 7.5 | 16.1 | 6.2 | 9.7 | 13.1 | 2.2 | 48.0 |
| Singapore | 3.5 | 6.9 | 19.4 | 7.3 | 20.0 | 13.7 | 12.7 | 94.8 |
| Thailand | 3.7 | 7.4 | 16.7 | 6.0 | 27.3 | 26.4 | 5.9 | 134.7 |

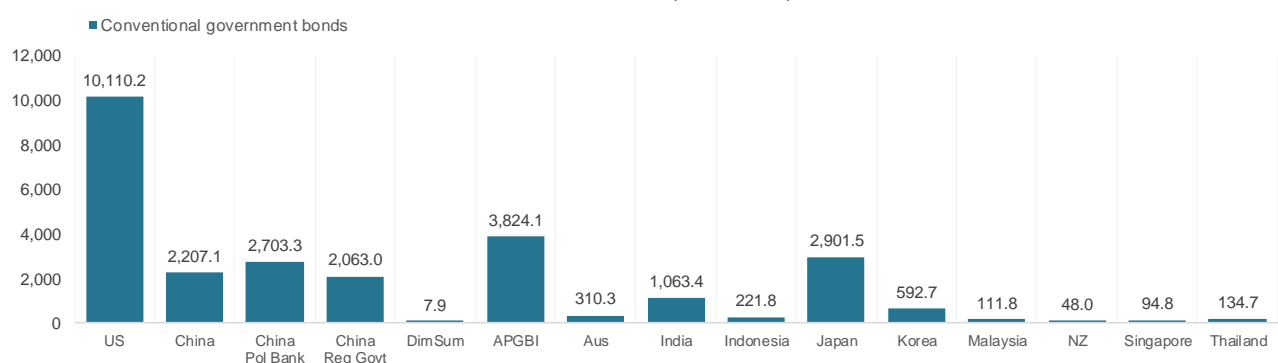
| Corporate Bonds | | | | | | |
|---------------------|-----------|------------|---------|--------------|------------|---------|
| | Duration | | | Market Value | | |
| | Inv Grade | High Yield | Overall | Inv Grade | High Yield | Overall |
| US | 6.8 | 0.0 | | 6,229.3 | 0.0 | |
| China Corp (LC) | | | 2.3 | | | 552.3 |
| China Green Onshore | | | 2.3 | | | 149.3 |
| China Corp (\$) | 3.8 | 2.3 | 7.9 | 238.6 | 19.4 | 258.0 |
| DimSum | | | 2.1 | | | 10.7 |
| EM | 4.9 | 3.3 | 4.5 | 573.4 | 183.7 | 757.1 |
| EUxUK | 4.4 | 3.0 | | 2,717.6 | 405.7 | |

| Other Sectors | | | | | | |
|-------------------|----------|--------|---------|--------------|--------|---------|
| | Duration | | | Market Value | | |
| | Supra | Agency | Corp NR | Supra | Agency | Corp NR |
| Offshore (DimSum) | 2.1 | 2.4 | | 1.4 | 5.6 | |

Average Duration



Total Market Value (USD Billions)

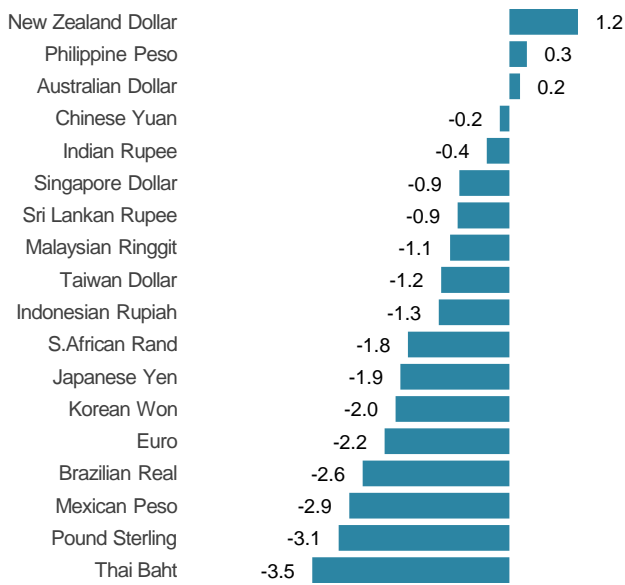


Data as of 2023-09-29

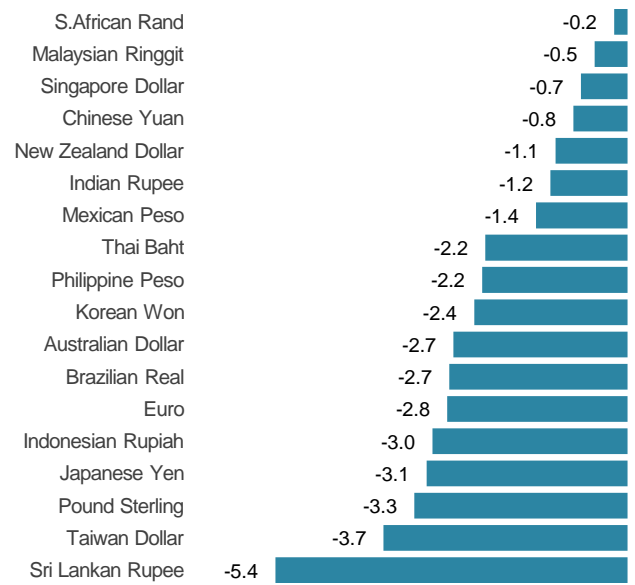
Source: FTSE Russell. All data as of September 30, 2023. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of Indices used for each market. For professional investors only.

Appendix – Foreign Exchange Returns % as of September 30, 2023

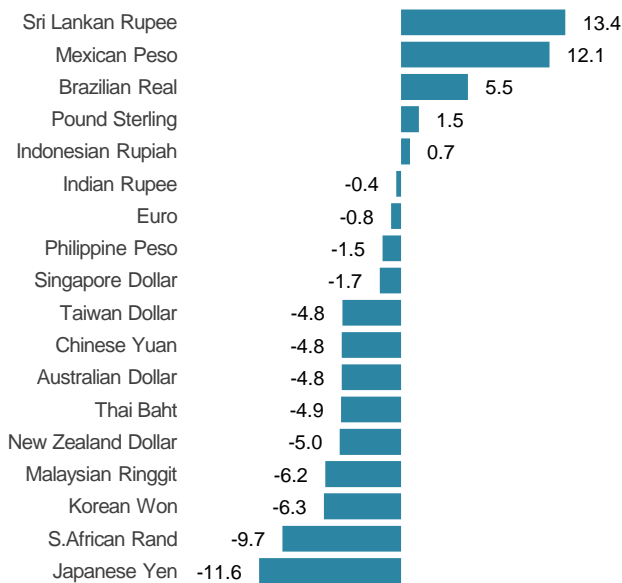
FX Moves vs USD - 1M



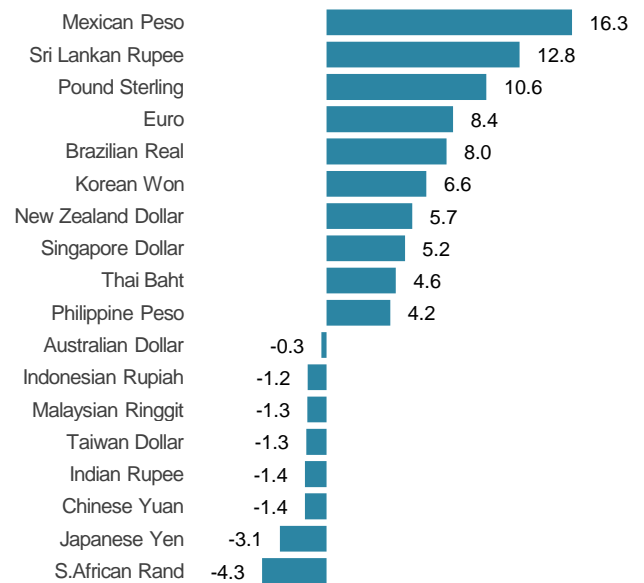
FX Moves vs USD - 3M



FX Moves vs USD - YTD



FX Moves vs USD - 12M



Source: FTSE Russell and Refinitiv. All data as of September 30, 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.

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

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

Total Returns

Historical Yields

Growth/Inflation

Financial Conditions

Curves

Spreads

Credit/Equities

MBS

Appendix



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