

Fixed Income Insights

MONTHLY REPORT – APRIL 2023 | CHINA EDITION

FOR PROFESSIONAL INVESTORS ONLY

Sweet spot for China IG credit and government bonds created by low inflation

Although Chinese spreads widened versus the G7 in March, as G7 yields fell more, Chinese yields also fell, as the PBoC eased reserve requirements, and sought to boost growth. IG credits outperformed HY globally, as investor risk-appetite weakened on US bank woes. Indonesian govts proved best Q1 and 12M performers.

Macroeconomic backdrop – US banking woes reinforce G7 recession risks

Global banking stresses reinforce case for domestic-led growth in China, and further PBoC easing, given low inflation. (page 2)

Chinese bonds – PBoC reserve requirement cut helps government bonds rally, led by longs

Domestic credit spreads, including green spreads, tightened further in March, with economic recovery on track. (page 3)

Chinese and Asian bonds – Asian govts joined the global govt bond rally on the flight to quality, HY underperformed

Asian government bond spreads generally widened versus Treasuries, including China, as US Treasury yields fell faster in March, but yields still fell. Chinese high yield spreads in US dollars widened as risk-appetite fell. (page 4)

Performance – Indonesian and Australian governments were strongest performers in Q1

Korean, Singaporean and Japanese government bonds performed best in March, reversing February losses, though Indonesia was the strongest performers in Q1, in both dollars and renminbi, followed by Australia, Bunds and climate-WGBI. (pages 5-6)

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

Chart 1: Inflows into global money market funds, out of bonds, equities and bank deposits, show the impact of US regional banking woes.

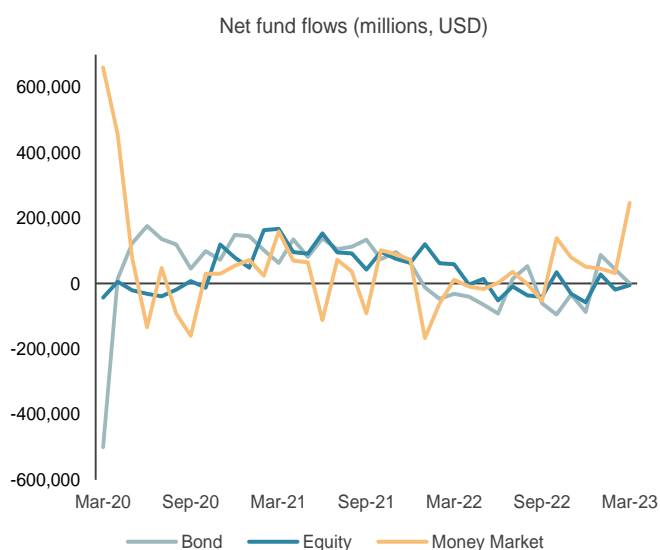
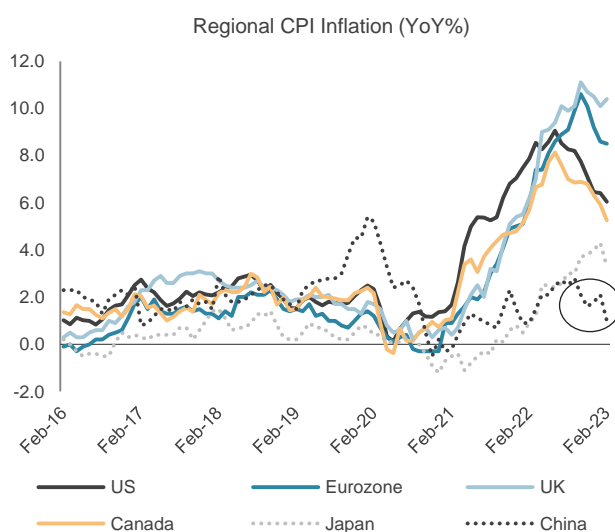


Chart 2: Chinese inflation dropped to 1% in February, helped by base effects, giving the central bank more room to ease.



Source: FTSE Russell. All data as of March 31, 2023. *ChinaBond. 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

Global focus shifted to US and European banking woes in March, although forecasts have yet to be downgraded, and there may be an offset from less G7 tightening. G7 banking strains reinforce the need for China to switch to domestic-led growth, explaining recent PBoC easing moves. Fund flows show the risk-aversion ushered in by the banking crisis.

Although the IMF projects Chinese GDP growth at 5.2% in 2023, Consensus forecasts are below 5.0%, as Chart 1 shows, and the IMF notes the need for structural reforms to facilitate the switch to domestic consumption as the main engine for growth, given the shrinking labour force and diminishing returns to capex. This helps explain recent PBoC easing.

Chinese inflation fell sharply in February to 1.0% y/y (from 2.1%), with lower food prices, notably pork, a strong contributor, and falling house prices another factor. Base effects, due to different timing of the Lunar New Year versus last year, should also be noted. Chinese inflation at these levels gives policymakers room to boost demand growth further in 2023.

China's RMB loans continued to grow strongly in February, with y/y growth reaching 11.5%, a level last seen in January 2022. The PBoC cut the reserve requirement ratio (RRR) for most banks to support the economic recovery. Long-term liquidity was provided to the banking system in this move, following the short and medium-term liquidity injection in February.

March saw sizeable capital flows into global money market funds, and out of bonds, equities, and most importantly, bank deposits, though the flows are small, compared to Covid. Central banks moved quickly to increase US dollar liquidity (March 19), offering daily dollar swaps from March 20, to ease funding strains in global markets, and prevent tightening in credit conditions (Chart 4).

Chart 1: GDP forecasts do not yet show downgrades for the tightening in credit conditions in March. This increases downside risks, and the dependence of Chinese growth on the consumer.

Latest Consensus Real GDP Forecasts (% , March 2023)			
	2022	2023	2024
US	2.1	1.0	1.0
UK	4.1	-0.5	0.8
Eurozone	3.3	0.5	1.2
Japan	1.6	1.0	1.1
China	3.0	4.9	5.0
Canada	3.5	0.5	1.5

Chart 3: YoY growth in money supply rose to a new high of 12.9% in February, as the aggregate financing need in the real economy recovered, reflected by the RMB loan YoY growth hitting 11.5%.

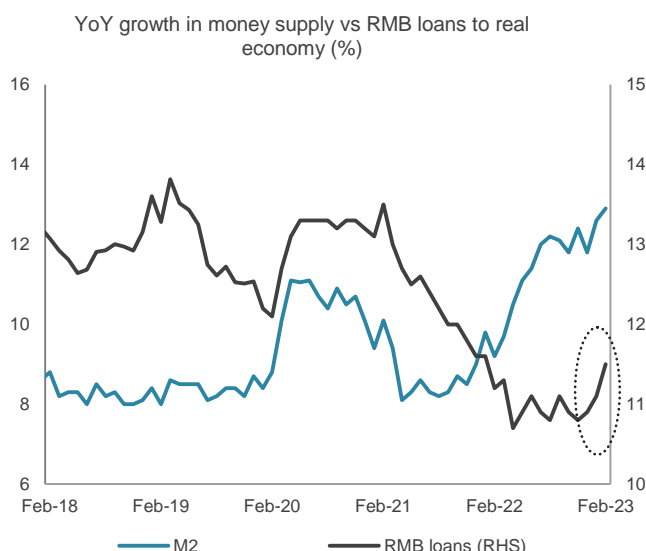
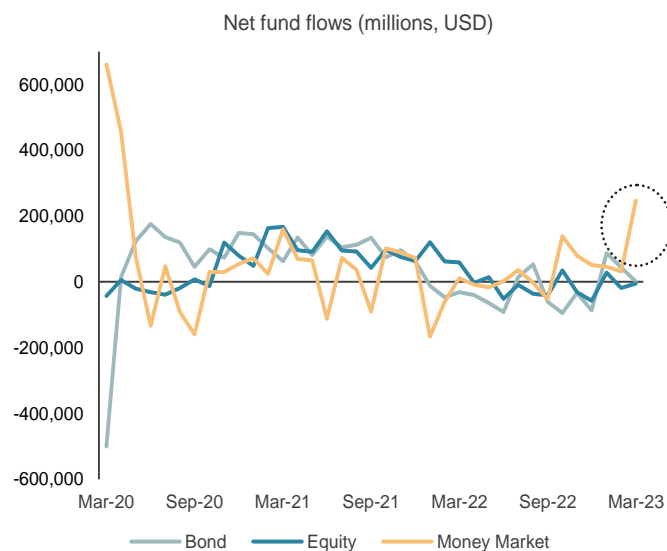


Chart 2: Chinese inflation dropped to a 12-month low of 1.0% y/y in February. US and Canadian inflation is falling, but slowly, near pre-Covid levels. Forecast adjustments for 2024 are more modest.

Consensus Inflation Forecasts (% , March 2023)				
	2023	Change Since Jan-23 (Bps)	2024	Change Since Jan-23 (Bps)
US	4.1	40	2.5	0
UK	6.6	-40	2.4	-10
Eurozone	5.8	-20	2.5	0
Japan	2.1	30	1.3	0
China	2.3	0	2.3	0
Canada	3.7	0	2.2	0

Chart 4: Inflows into global money market funds, out of bonds, equities and bank deposits, show the impact of US regional banking woes. Flows to date are modest by Covid standards.



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Chinese Government and Corporate Bonds

Chart 1: Chinese government yields fell in March, led by the long end, helped by the PBoC's long-term liquidity support through the RRR cut. Lower inflation gives PBOC room to ease rates also.

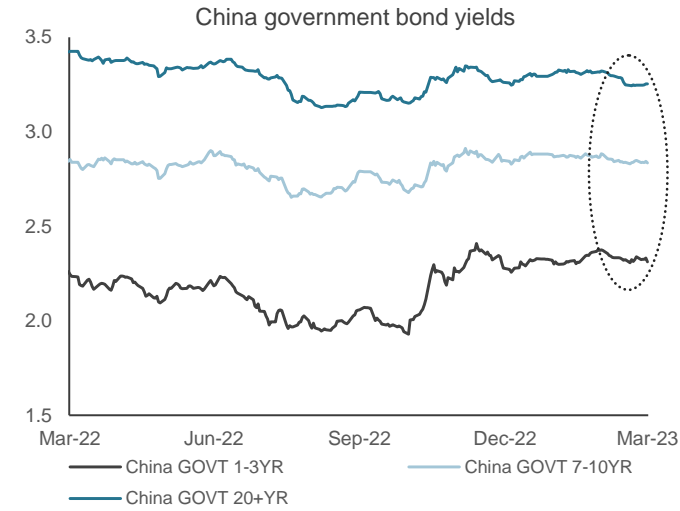


Chart 2: The US 10s/2s curve ended March inverted by 70bps, after a sharp fall in 2yr yields, on bank woes, caused some disinversion. The Chinese curve remains stable with PBoC rates on hold.



Chart 3: Domestic credit spreads, including green spreads, tightened further in March, with economic recovery on track. Only regional government spreads widened, as issuance remained high.

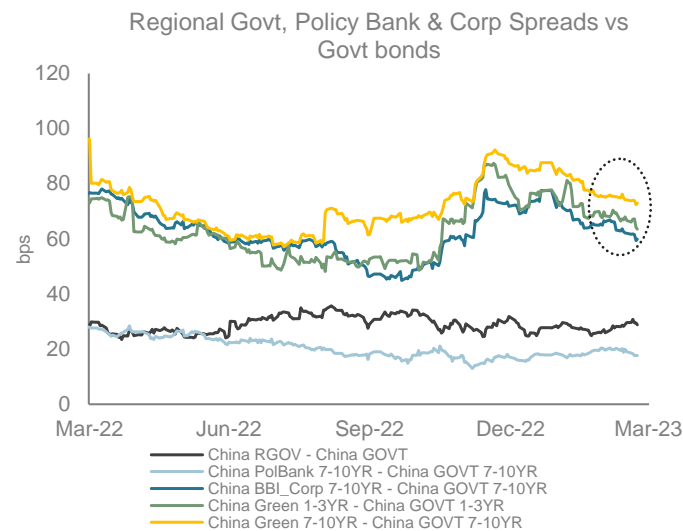


Chart 4: Chinese \$ corporate yields fell in March, tracking Treasuries, but remained significantly higher than onshore and offshore government yields.

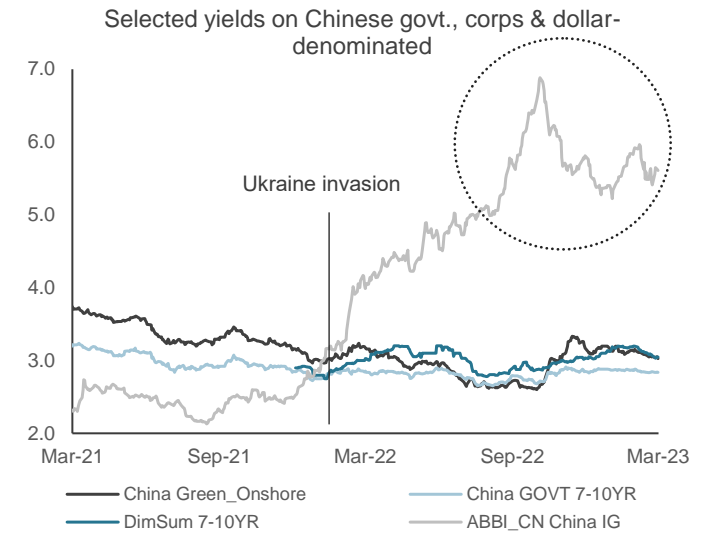


Chart 5: Foreign investors withdrew another RMB 66bn from Chinese govt bonds in February, as the yield differentials remain a headwind. Foreign ownership of CGBs remains below 10%.

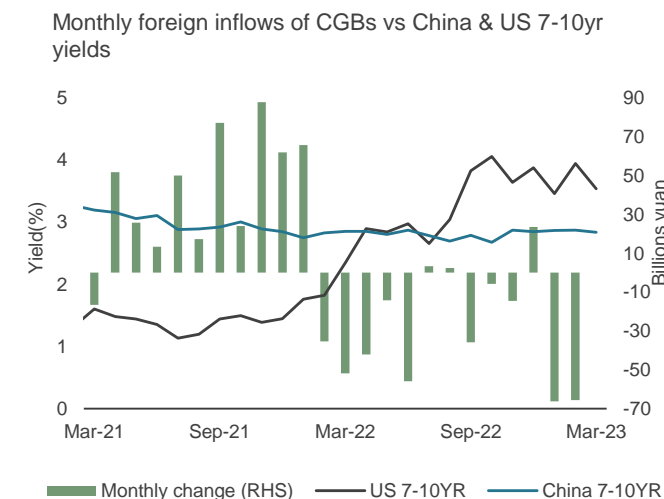
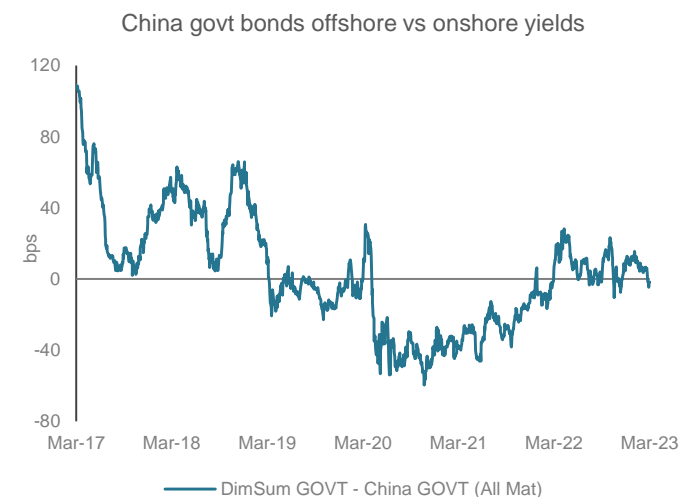


Chart 6: Offshore Dimsum spreads vs domestic govt bonds fell in March but upward pressure from US Treasury yields has been greater on Dim Sum bonds since Fed tightening began in Q1 2022.



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China and Asian Bonds in Global Context

Chart 1: Korean yields tracked US yields lower in March. Other Asian government bond yields also decreased, including Indonesia and Malaysia, which held policy rates steady.

Chart 2: The Korean 10s/2s curve has remained slightly inverted, tracking US inversion. Indian and Indonesian yield curves have resisted a full inversion, although flattened significantly on 12M.

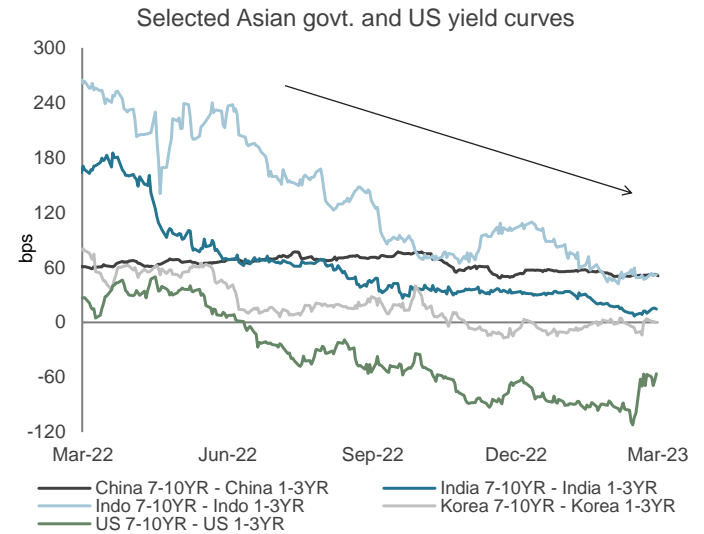
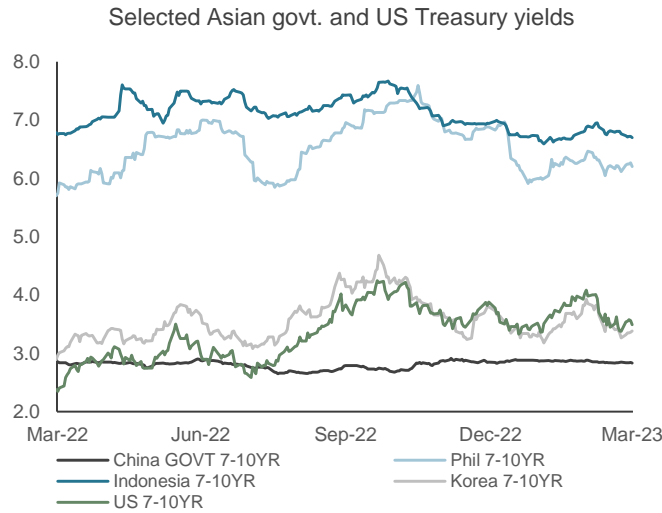


Chart 3: China government spreads increased in March, as G7 yields fell sharply in the rally on bank woes. Spreads vs Japan ticked up, with Japan yields decreasing in the global rally.

Chart 4: Asian spreads vs US backed up in March, due to a sharper fall in US Treasury yields, led by India, Indonesia and China. But Singapore and China still trade well through US Treasuries.

China sovereign spreads vs US, Germany, Japan, UK, Canada

Selected Asian govt. 7-10yr sovereign spreads vs US

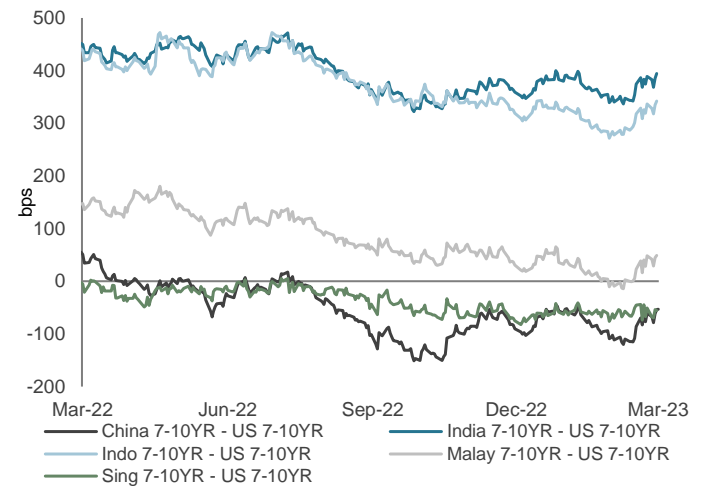
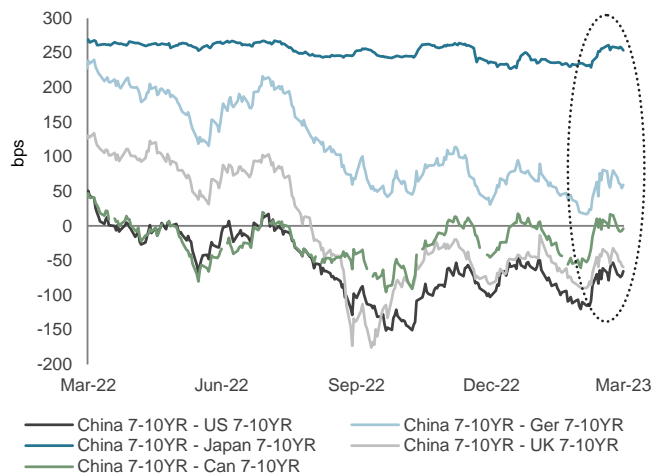
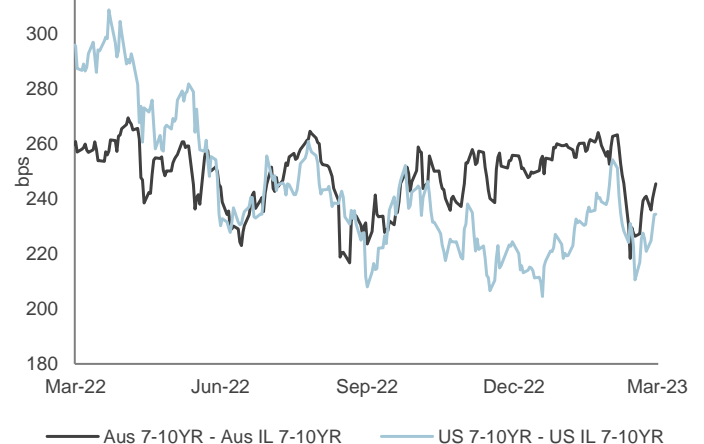
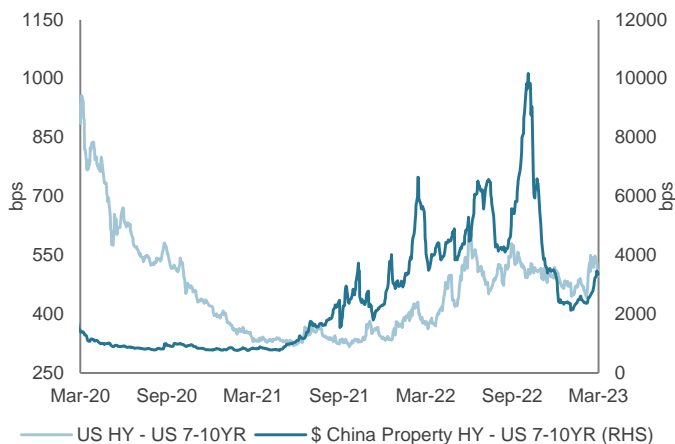


Chart 5: Chinese \$ HY spreads rose above 3000bps, tracking the widening spreads of US HY in March, as the flight-to-safety drove investors from risky HY bonds to the safety of Treasuries.

Chart 6: US inflation breakevens dropped sharply on banking woes mid-month, before recovering later in March. Australian breakevens were also pulled lower, as banking fears globalised.

China property and US \$ high yield credit spreads vs US Treasuries

Australian vs US 7-10yr inflation breakevens



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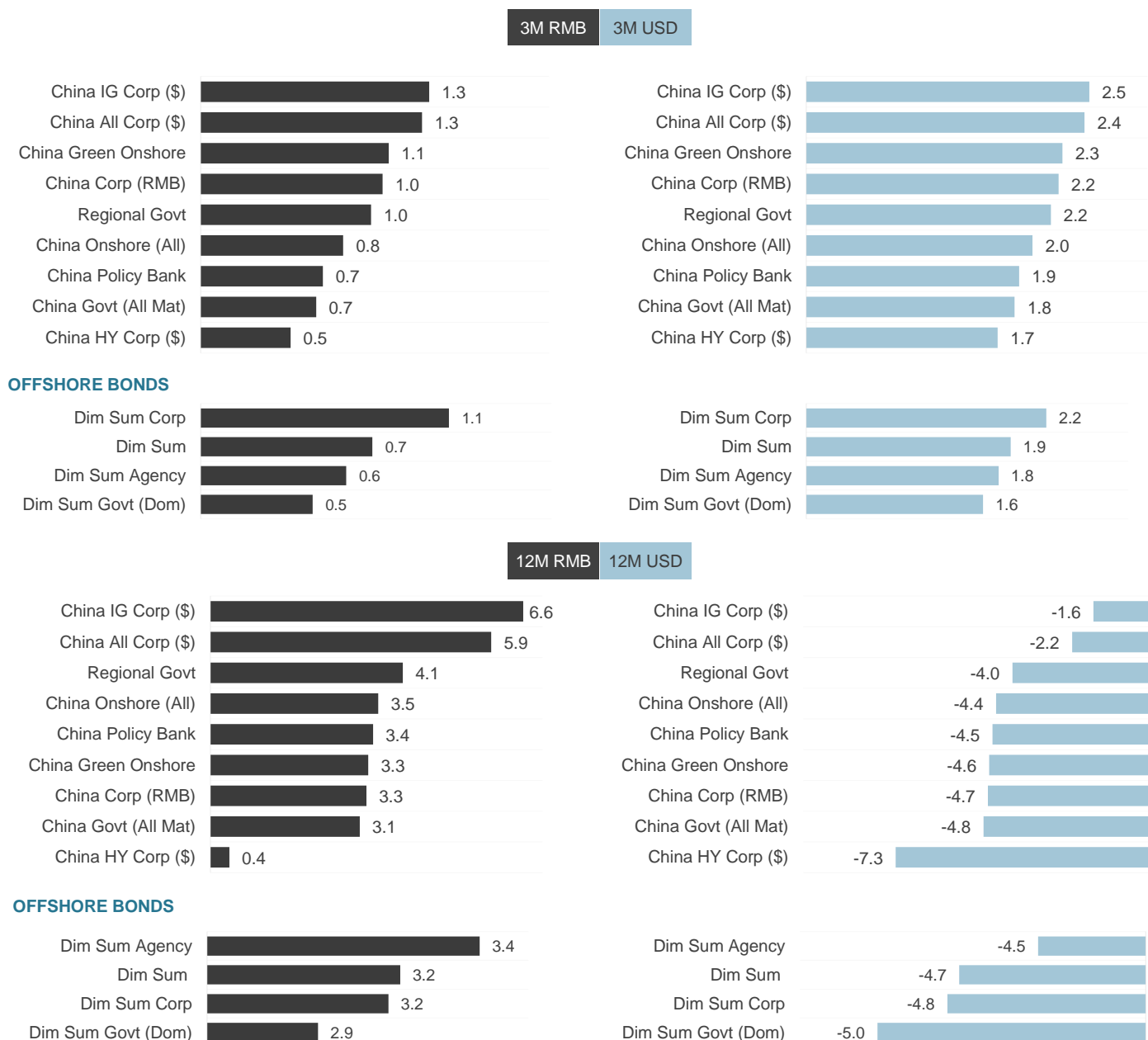
China Bond Market Returns – 3M & 12M in RMB & USD (TR) as of March 31, 2023

Onshore bond returns were positive in both RMB and US dollar terms in Q1. Investment grade corporates outperformed high yield credits as investors shifted away from riskier assets, on financial stability fears globally. Onshore and offshore RMB bonds gained 1.6-2.3% in US dollar terms on 3M, but 12M US dollar returns remained negative.

Chinese onshore bonds gained 0.7-2.3% (0.3%-1.5% in March) in RMB and US dollars in Q1, as the stronger yuan drove higher returns for USD investors. March gains boosted 3M returns, although 12M returns in USD remained negative due to currency effects. Foreign participation in the onshore bond market fell with further outflows, as adverse rate differentials remain a feature.

Chinese \$ corporates outperformed onshore bonds year-to-date in USD terms, with returns of 2.4%, although high yield dollar bonds lost 5.9% in March, in line with the global trend. The flight-to-safety helped IG gain 1.5% in March, outperforming riskier HY bonds.

Chinese government bond yields have remained in narrow yield ranges in the last 12M, reflecting stable PBoC policy. Liquidity support from the PBoC in Q1, such as the reverse repo and MLF operations in February, and the RRR cut in March, helped prevent Chinese bond yields increasing.



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Global Bond Market Returns – 3M & 12M RMB & USD (TR) as of March 31, 2023

Asian bonds joined the global government bond rally in March, led by developed markets such as Korea, Singapore, and Japan. Indonesian, Australian, and German bonds led 3M returns in RMB and USD. Indonesian and Singaporean bonds are the best 12M performers. US credit outperformed Chinese credit, and particularly HY, as property woes hit Chinese HY.

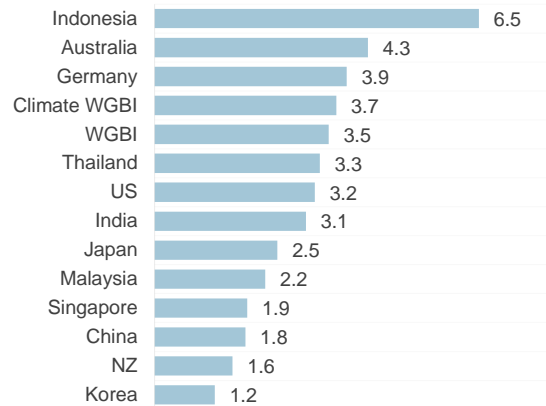
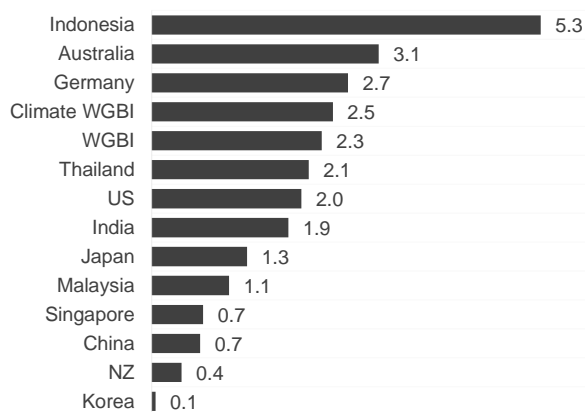
JGBs gained 3.5-4.5% in RMB and USD terms in March, benefitting from the strong yen during recent banking woes, and yield declines. But JGBs remained weak performers, particularly on 12M, due to yen weakness. Bunds, Australian governments, and JGBs fell by up to 13.8% in US dollars and were the weakest performers over 12M, as rate differentials drove the US dollar higher.

Australian government bonds rose in March, and gained 3.1% in RMB terms in Q1, only bettered by Indonesia's 5.3% returns, despite another 25bps RBA rate hike. Australian inflation slowed in February, raising hopes the RBA could pause rate hikes soon.

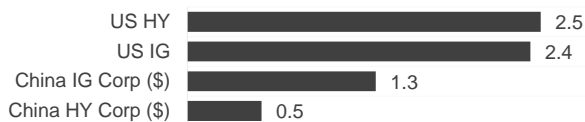
Dollar corporate bonds in the US gained 3.6% year-to-date, outperforming Chinese dollar corporates. But Chinese \$ IG led on a 12M basis, with small losses of 1.6%.

3M RMB 3M USD

CONVENTIONAL GOVT BONDS

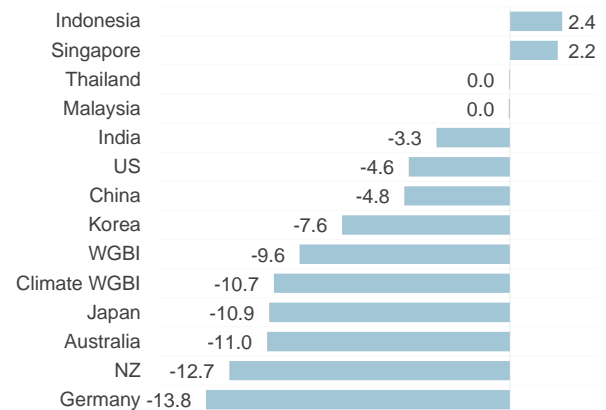


CORPORATE BONDS

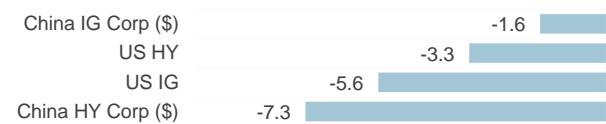
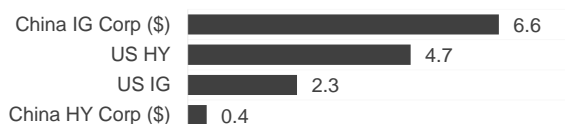


12M RMB 12M USD

CONVENTIONAL GOVT BONDS



CORPORATE BONDS



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Appendix – Global Bond Market Returns % (RMB vs USD, TR), March 31, 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	1.60	0.61	1.61	0.45	2.32	-0.84	0.20	8.55
	7-10YR	3.68	2.67	3.92	2.72	4.55	1.32	-5.71	2.15
	20+YR	4.76	3.74	7.25	6.01	5.08	1.83	-17.67	-10.80
	IG All	2.63	1.63	3.58	2.39	7.07	3.76	-5.56	2.32
	HY All	1.09	0.11	3.65	2.46	7.58	4.26	-3.34	4.72
China	1-3YR	1.31	0.33	1.69	0.52	4.05	0.83	-5.46	2.42
	7-10YR	1.44	0.45	1.97	0.80	4.38	1.15	-4.91	3.02
	20+YR	2.38	1.38	2.09	0.91	3.96	0.75	-1.94	6.23
	All	1.50	0.51	1.83	0.66	4.17	0.94	-4.79	3.15
China Policy Bank		1.60	0.61	1.87	0.70	4.20	0.98	-4.53	3.43
Regional Govt		1.55	0.56	2.15	0.98	4.03	0.82	-3.95	4.05
China Corp (LC)		1.45	0.46	2.22	1.04	3.93	0.72	-4.66	3.29
China Onshore (All)		1.56	0.57	1.99	0.82	4.13	0.91	-4.43	3.54
China Green Onshore		1.48	0.49	2.25	1.08	3.93	0.72	-4.62	3.33
China All Corp (\$)		0.56	-0.42	2.45	1.27	5.86	2.58	-2.23	5.92
China IG Corp (\$)		1.24	0.26	2.49	1.31	4.31	1.08	-1.61	6.59
China HY Corp (\$)		-6.79	-7.70	1.68	0.52	26.51	22.59	-7.33	0.40
Offshore Govt (DimSum)		1.86	0.86	1.65	0.48	4.88	1.63	-4.98	2.95
Asia-Pac	1-3YR	1.66	0.68	1.31	0.15	6.18	2.90	-5.21	2.69
	7-10YR	2.77	1.77	3.08	1.89	9.28	5.90	-5.28	2.62
	20+YR	4.14	3.13	3.42	2.23	12.19	8.72	-5.86	1.99
	All	2.54	1.54	2.45	1.27	8.49	5.14	-5.08	2.84
Australia	1-3YR	0.78	-0.20	0.38	-0.77	6.78	3.47	-9.95	-2.45
	7-10YR	4.06	3.04	5.65	4.43	11.17	7.73	-10.85	-3.42
	20+YR	6.58	5.55	10.13	8.86	11.78	8.32	-16.35	-9.37
	All	3.27	2.27	4.30	3.10	9.99	6.59	-11.03	-3.62
India	1-3YR	1.57	0.58	2.34	1.17	2.50	-0.67	-4.13	3.86
	7-10YR	2.21	1.21	2.90	1.72	3.12	-0.07	-3.53	4.51
	20+YR	1.82	0.83	3.49	2.30	3.91	0.69	-2.37	5.76
	All	2.03	1.04	3.05	1.87	3.28	0.08	-3.34	4.72
Indonesia	1-3YR	2.54	1.54	5.08	3.88	5.48	2.22	-1.08	7.17
	7-10YR	2.97	1.96	7.21	5.98	10.00	6.60	3.31	11.92
	20+YR	2.69	1.69	7.80	6.56	9.24	5.86	5.30	14.07
	All	2.72	1.72	6.54	5.32	8.68	5.31	2.37	10.91
Japan	1-3YR	2.42	1.43	-0.65	-1.79	8.81	5.44	-8.74	-1.13
	7-10YR	4.30	3.29	0.89	-0.27	8.91	5.55	-9.20	-1.63
	20+YR	5.61	4.58	6.60	5.38	11.56	8.11	-15.16	-8.09
	All	4.51	3.49	2.48	1.30	9.55	6.16	-10.93	-3.51
Korea	1-3YR	2.74	1.74	-1.24	-2.38	13.50	9.99	-4.97	2.95
	7-10YR	5.25	4.22	0.97	-0.19	18.23	14.58	-6.53	1.27
	20+YR	6.46	5.42	4.33	3.13	23.36	19.55	-12.47	-5.17
	All	4.85	3.83	1.22	0.05	18.31	14.65	-7.63	0.07
Malaysia	1-3YR	2.32	1.32	1.60	0.43	8.15	4.81	-1.73	6.47
	7-10YR	2.06	1.07	1.96	0.79	11.72	8.26	-0.55	7.74
	20+YR	1.79	0.80	3.61	2.42	17.38	13.75	2.44	10.98
	All	2.17	1.18	2.23	1.06	11.71	8.25	-0.04	8.29
New Zealand	1-3YR	1.87	0.88	0.48	-0.67	12.03	8.57	-9.39	-1.84
	7-10YR	4.06	3.04	1.80	0.63	13.55	10.04	-13.28	-6.06
	20+YR	6.91	5.87	3.01	1.83	18.03	14.37	-21.12	-14.55
	All	3.52	2.51	1.57	0.41	13.50	9.99	-12.75	-5.48
Singapore	1-3YR	2.65	1.65	1.62	0.45	10.28	6.87	2.48	11.02
	7-10YR	4.63	3.61	2.79	1.60	14.38	10.84	0.27	8.63
	20+YR	7.56	6.51	0.95	-0.21	25.94	22.05	5.28	14.06
	All	4.66	3.64	1.87	0.70	15.01	11.45	2.17	10.69
Thailand	1-3YR	3.68	2.67	1.34	0.18	11.64	8.19	-2.33	5.82
	7-10YR	4.95	3.93	3.40	2.21	18.77	15.10	-0.06	8.27
	20+YR	8.07	7.02	12.61	11.32	32.96	28.85	9.38	18.49
	All	4.80	3.78	3.33	2.15	17.51	13.88	-0.04	8.30

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Appendix – Global Bond Market Yields %, March 31, 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	4.20	3.72	3.49	3.76	1.44	1.17	1.53	5.25	8.45
	3M Ago	4.54	4.13	3.88	4.11	2.09	1.68	1.82	5.50	9.00
	6M Ago	4.31	4.18	3.83	3.95	2.11	1.82	1.95	5.72	9.55
	12M Ago	2.20	2.49	2.35	2.54	-1.68	-0.66	0.01	3.64	6.10
UK	Current	3.79	3.55	3.43	3.80	0.00	-0.27	0.35		
	3M Ago	3.50	3.65	3.69	3.92	-0.68	0.15	0.49		
	6M Ago	4.39	4.44	4.16	3.72	-0.88	0.08	-0.16		
	12M Ago	1.38	1.52	1.66	1.80	-4.36	-2.98	-1.84		
Japan	Current	-0.09	0.02	0.30	1.22	-1.30	-0.51			
	3M Ago	0.03	0.15	0.48	1.50	-1.22	-0.54			
	6M Ago	-0.07	0.01	0.26	1.27	-1.37	-0.78			
	12M Ago	-0.06	-0.01	0.21	0.94	-1.22	-0.74			
China	Current	2.31	2.56	2.84	3.25					
	3M Ago	2.28	2.53	2.85	3.26					
	6M Ago	2.06	2.42	2.79	3.21					
	12M Ago	2.24	2.50	2.86	3.40					
EM	Current	3.62	4.37	4.69	4.52	2.59	3.67	5.15	5.77	11.18
	3M Ago	3.78	4.38	4.95	4.61	2.79	3.04	5.15	5.92	11.40
	6M Ago	3.70	4.31	5.05	4.78	2.51	3.42	5.19	6.09	13.35
	12M Ago	3.39	4.16	4.63	4.91	2.28	2.91	4.93	4.09	10.46
Germany	Current	2.69	2.36	2.24	2.33	-0.02	-0.12	-0.15		
	3M Ago	2.56	2.53	2.54	2.51	0.40	0.34	0.18		
	6M Ago	1.66	1.82	2.03	2.11	-0.52	-0.10	-0.07		
	12M Ago	-0.17	0.52	0.81	1.00	-4.17	-2.12	-1.62		
Italy	Current	3.27	3.43	3.88	4.34	0.45	1.50	1.74		
	3M Ago	3.34	3.72	4.38	4.72	1.16	2.19	2.18		
	6M Ago	2.87	3.45	4.16	4.37	-0.14	2.02	2.10		
	12M Ago	0.31	1.84	2.68	3.19	-3.37	-0.33	0.78		
France	Current	2.83	2.66	2.70	3.17	-0.29	0.05	0.53		
	3M Ago	2.85	2.82	2.97	3.30	0.15	0.44	0.77		
	6M Ago	1.91	2.12	2.46	2.99	-0.58	0.21	0.63		
	12M Ago	-0.08	0.77	1.32	1.93	-3.64	-1.60	-0.47		
Sweden	Current	2.85	2.56	2.25		0.09	0.32			
	3M Ago	2.80	2.65	2.37		-0.24	0.25			
	6M Ago	2.31	2.41	2.22		-0.72	-0.23			
	12M Ago	0.70	1.59	1.72		-1.55	-1.08			
Australia	Current	3.03	3.00	3.27	3.82	0.01	0.82	1.43		
	3M Ago	3.43	3.62	4.01	4.37	0.60	1.45	1.88		
	6M Ago	3.44	3.64	3.87	4.10	0.80	1.58	2.01		
	12M Ago	1.66	2.97	3.27	3.72	-0.38	0.63	1.30		
NZ	Current	4.78	4.37	4.23	4.37	1.04	1.72			
	3M Ago	5.00	4.62	4.46	4.54	1.54	2.06			
	6M Ago	4.20	4.25	4.30	4.62	1.21	2.13			
	12M Ago	2.68	3.39	3.47	3.85	0.35	1.41			
Canada	Current	3.58		2.87	3.03			1.28	5.00	7.37
	3M Ago	3.90		3.30	3.31			1.33	5.27	7.34
	6M Ago	3.65		3.19	3.13			1.43	5.20	7.38
	12M Ago	2.24		2.38	2.40			0.34	3.76	5.39

Source: FTSE Russell. All data as of March 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.

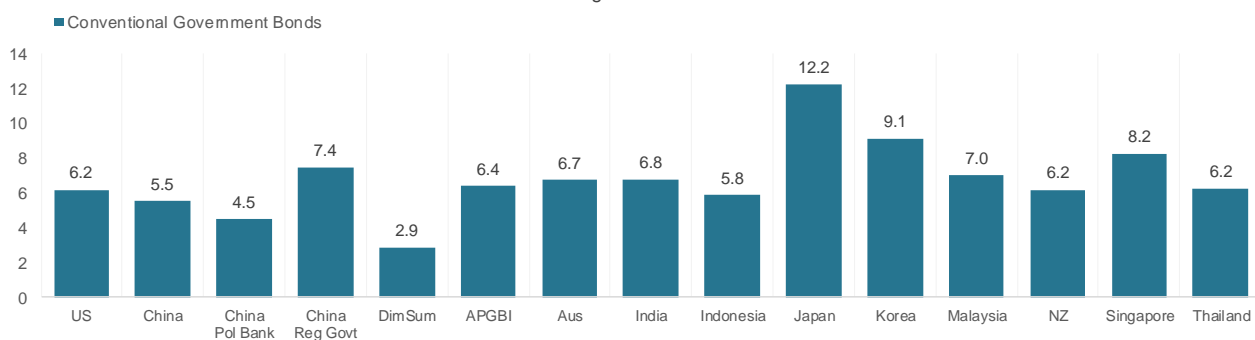
Appendix – Duration and Market Value (USD, Bn), March 31, 2023

Conventional Government Bonds								
	Duration				Market Value			
	3-5YR	7-10YR	20+YR	Overall	3-5YR	7-10YR	20+YR	Total
US	3.7	7.6	17.7	6.2	2,245.2	1,053.2	1,303.1	10,351.1
China	3.6	7.4	17.5	5.5	467.4	330.4	239.6	2,064.5
China Pol Bank				4.5				2,662.4
China Reg Govt				7.4				1,943.7
DimSum	3.6			2.9	1.7			7.4
APGBI	3.5	7.3	18.0	6.4	734.2	660.5	462.5	3,730.4
Aus	3.5	7.8	18.2	6.7	56.6	90.6	16.4	331.8
India	3.2	6.0	11.7	6.8	153.1	203.5	224.8	1,009.6
Indonesia	3.2	6.2	11.2	5.8	36.2	60.0	12.2	232.9
Japan	3.9	7.9	24.0	12.2	367.3	402.5	753.5	3,370.8
Korea	3.5	7.2	19.5	9.1	87.7	96.0	155.1	602.9
Malaysia	3.5	6.8	14.8	7.0	22.9	14.6	13.6	116.3
NZ	3.4	7.7	17.6	6.2	8.9	6.6	2.4	46.9
Singapore	3.5	7.3	20.3	8.2	18.5	14.5	14.6	91.2
Thailand	3.7	7.6	16.8	6.2	23.9	24.0	8.7	144.2

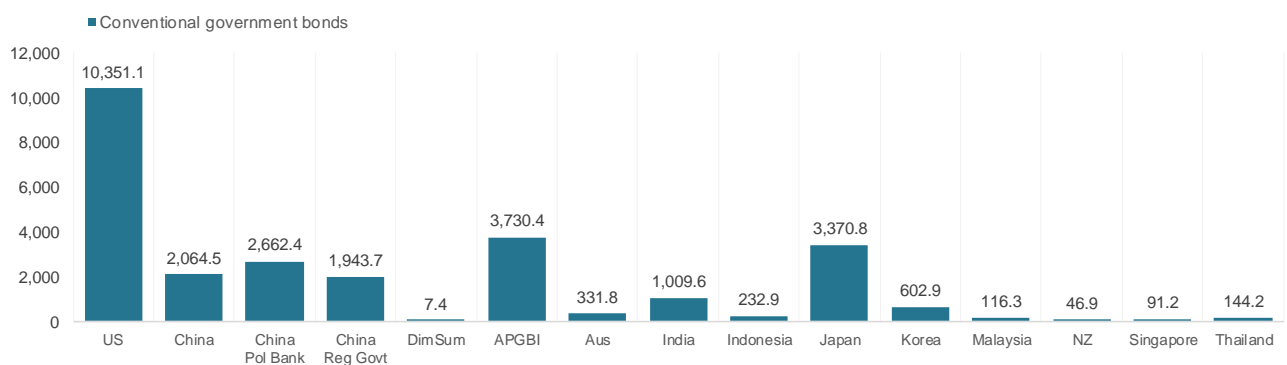
Corporate Bonds						
	Duration			Market Value		
	Inv Grade	High Yield	Overall	Inv Grade	High Yield	Overall
US	7.2	4.2		6,329.3	1,019.8	
China Corp (LC)			2.3			545.7
China Green Onshore			2.5			131.7
China Corp (\$)	4.0	2.3	7.4	280.3	23.9	304.2
DimSum	2.2		2.2	10.4		11.8
EM	5.0	3.5	4.6	608.1	203.3	811.5
EUxUK	4.5	3.1		2,739.4	426.1	

Other Sectors						
	Duration			Market Value		
	Supra	Agency	Corp NR	Supra	Agency	Corp NR
Offshore (DimSum)	1.9	2.6	2.1	2.3	6.7	1.4

Average Duration



Total Market Value (USD Billions)

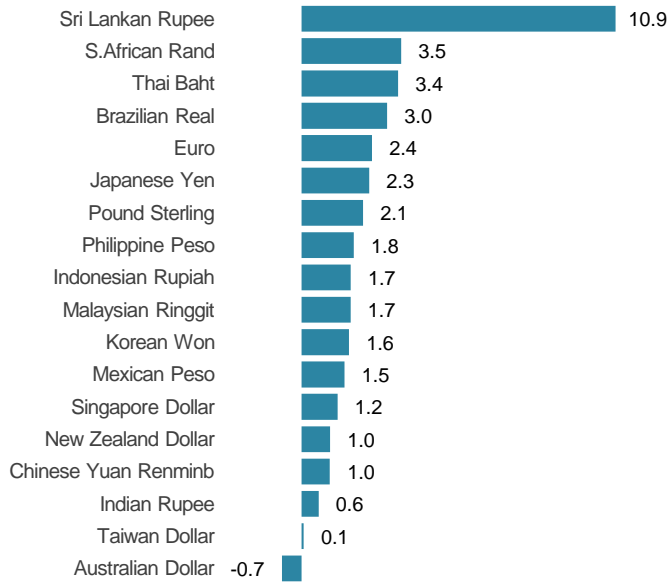


Data as of 2023-03-31

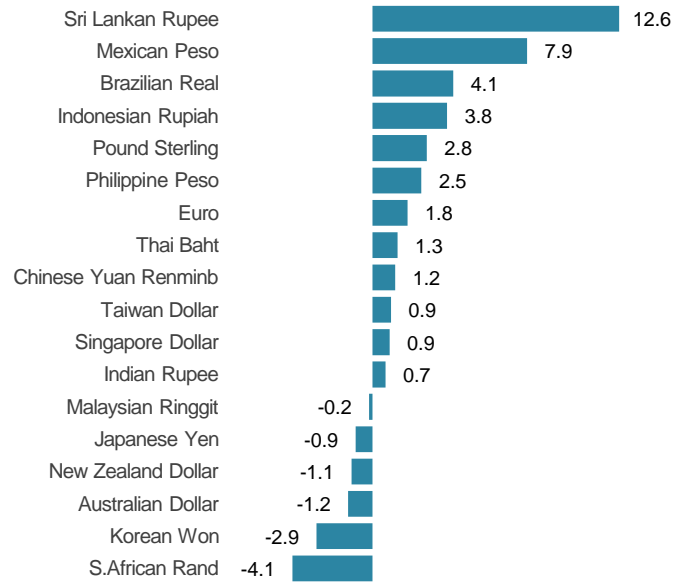
Source: FTSE Russell. All data as of March 31, 2023. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of Indices used for each market. For professional investors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

Appendix – Foreign Exchange Returns % as of March 31, 2023

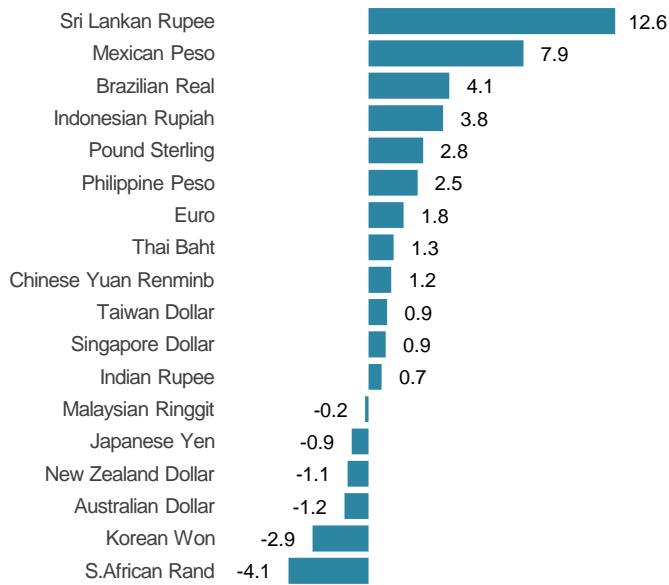
FX Moves vs USD - 1M



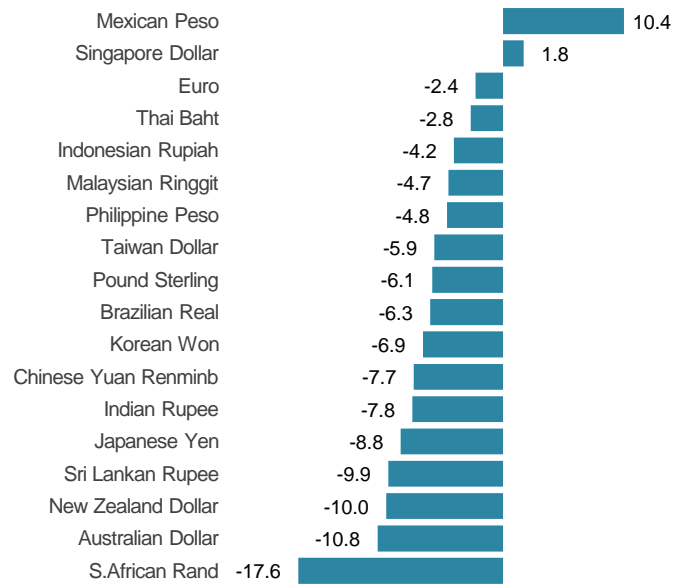
FX Moves vs USD - 3M



FX Moves vs USD - YTD



FX Moves vs USD - 12M



Source: FTSE Russell and Refinitiv. All data as of March 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.

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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