

Fixed Income Insights

MONTHLY REPORT – February 2023 | CHINA EDITION

FOR PROFESSIONAL INVESTORS ONLY

PBoC awaits post-lockdown evidence, as China government bonds decouple further

Chinese government bond yields edged higher in January, after Covid restrictions were lifted in Q4, and a much wider fiscal deficit was announced. The PBoC is in no hurry to ease further, awaiting post-lockdown evidence first. China HY credits continued to rally in January, though 12-month returns are down 14%.

Macroeconomic backdrop – China’s lifting of Covid and housing curbs boosts 2023 outlook

Evidence of a soft landing for US inflation increases, but European inflation is stickier, and tight labour markets remain a challenge for central banks. China’s Covid policy pivot and easing for the property sector boosted 2023 outlook. (page 2).

Chinese bonds – Government curve bear flattened further in January as disconnect with G7 markets deepened

A wider Chinese fiscal deficit in Q4, and some hopes of a growth rebound post-Covid restrictions drove yields marginally higher. The widening in Green spreads remains a feature in Chinese credits. (page 3).

Chinese and Asian bonds – Chinese and Indian government bonds have resisted a full inversion of 10/2s

Only Chinese and Indian government curves resisted the full inversion of the 10s/2s curve, and only Indian and Indonesian yields now stand above US Treasury yields in Asian markets. Chinese \$ HY spreads eased further in January. (page 4).

Performance – Australasian and Korean government bonds led APAC bonds rally in January

Australasian and Korean bonds outperformed in January, followed by Emerging Asian government bonds. (pages 5-6).

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

Chart 1: December’s foreign inflows to Chinese govt bonds (RMB 23bn) reversed some of the 2022 outflows, and were the highest since January 2022, helped by wider yield differentials vs the G7.

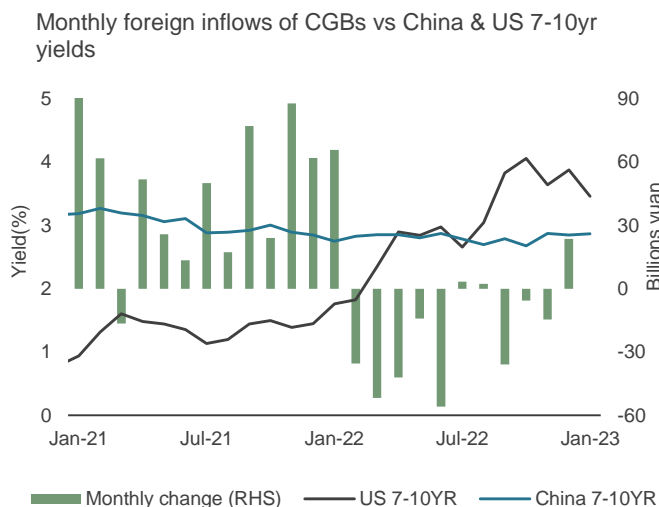
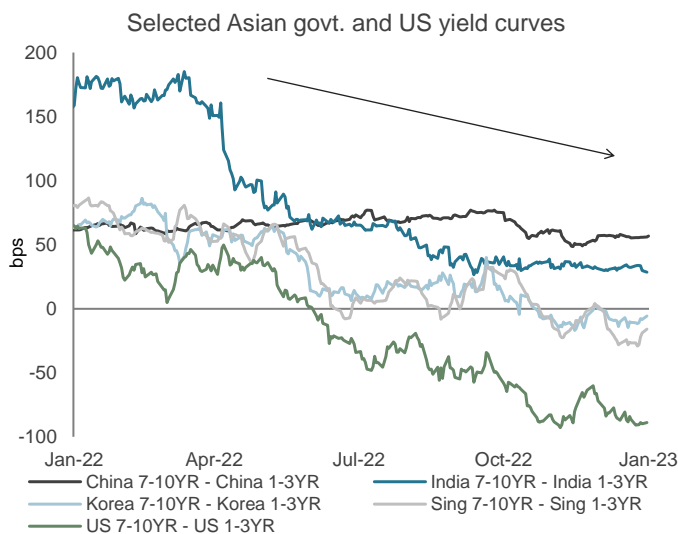


Chart 2: Singaporean and Korean 10s/2s curves tracked US curve inversion in January. Only Chinese and Indian curves have not fully inverted in 10s/2s of major Asian markets.



Source: FTSE Russell. All data as of January 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

Consensus forecasts show G7 economies suffering mild recessions at worst in 2023, with Europe the worst hit by the 2022 energy shock and monetary tightening. Chinese growth is forecast to remain near 5%, given the Covid infections peak may have passed, and more state support provided to the weak property sector. Chinese inflation remains subdued.

GDP growth forecasts for 2023 project a soft landing for the G7, helped by lower energy and commodity prices, with contraction only in the UK (Chart 1). Chinese growth is forecast to track 2022 near 5.0%, helped by a faster-than-expected reopening and state support in property sector expected to continue in 2023.

US CPI eased further in December to 6.5% y/y, and 5.7% (ex food and energy), and the Fed raised rates by only 25bp at the February FOMC as a result. Chinese inflation fell in Q4 as demand weakened. The 2023 outlook is dominated domestically by Covid fallout, after restrictions ended, but weak export demand and the stronger RMB may also keep inflation subdued relative to the G7.

Chinese M2 YoY growth remained comparatively high at 11.8% in December, despite falling back from 12.4% in November, providing ample liquidity for post-Covid economic recovery. But Chinese lending growth of 10.9% stayed at a lower level than two years ago, reflecting property sector weakness (Chart 3).

Chart 4 shows the US dollar retreating further from its 2022 highs, as markets price in lower US interest rates, and risk appetite recovers. The BoJ did not widen the 10-year JGB yield band further in January, but markets still expect curve control to be eased again, supporting the yen. The Canadian dollar fell back with lower energy prices and after the BoC's policy pause signal.

Chart 1: Consensus forecasts show a sharp slowdowns but soft landings for G7 growth, apart from the UK. A fast reopening, and state support in property sector, helped with China's 2023 outlook.

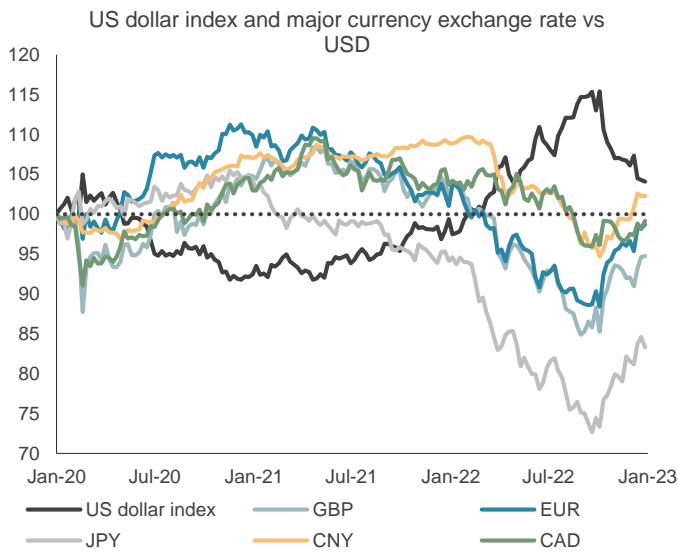
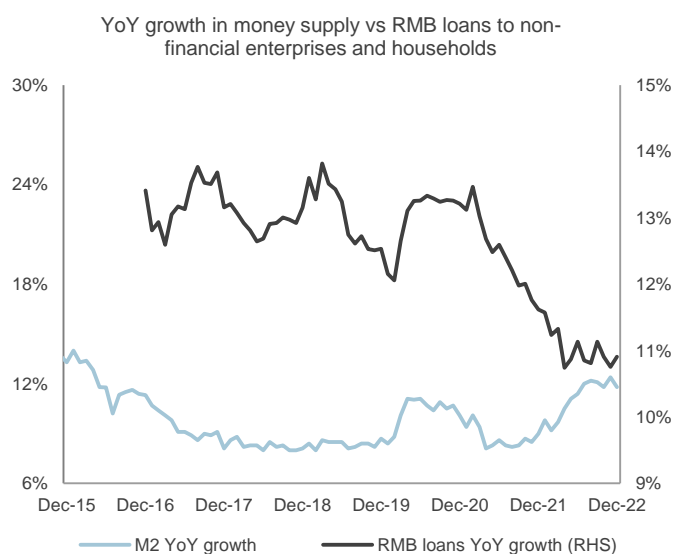
Latest Consensus Real GDP Forecasts (% January 2023)			
	2022	2023	2024
US	2.1	0.5	1.3
UK	4.1	-0.9	0.8
Eurozone	3.3	0.1	1.3
Japan	1.6	1.1	1.1
China	3.0	4.9	5.0
Canada	3.5	0.5	1.5

Chart 2: Subdued Chinese inflation is the consensus forecast for 2023, with mean reversion in US and Canadian inflation to pre-Covid levels. Forecast adjustments for 2024 are more modest.

Consensus Inflation Forecasts (% January 2023)				
	2023	Change Since Jan-22 (Bps)	2024	Change Since Jan-22 (Bps)
US	3.7	130	2.5	20
UK	7.0	480	2.5	40
Eurozone	6.0	430	2.5	70
Japan	1.8	110	1.3	80
China	2.3	20	2.3	30
Canada	3.7	150	2.2	0

Chart 3: YoY M2 growth settled at 11.8% in December, near the November's 6-year high of 12.4%. But low consumption and property loan demand drove weaker loan growth.

Chart 4: The dip in the US dollar, from the Q4 highs, reflects the revision down to Fed tightening expectations as US inflation fell. The Renminbi rallied on the ending of Covid restrictions.



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

Chinese Government and Corporate Bonds

Chart 1: Chinese government yields edged higher in January, led by the front end, after the easing of Covid curbs raised Chinese growth expectations and the fiscal deficit widened sharply.

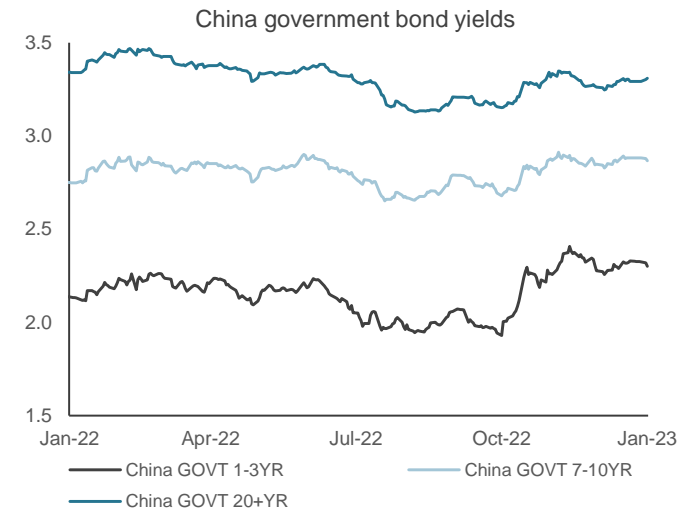


Chart 2: US 10s/2s curve inversion revisited the cycle high near 100bp in January. The Chinese yield curve stabilised and remains largely uncorrelated with US Treasuries.

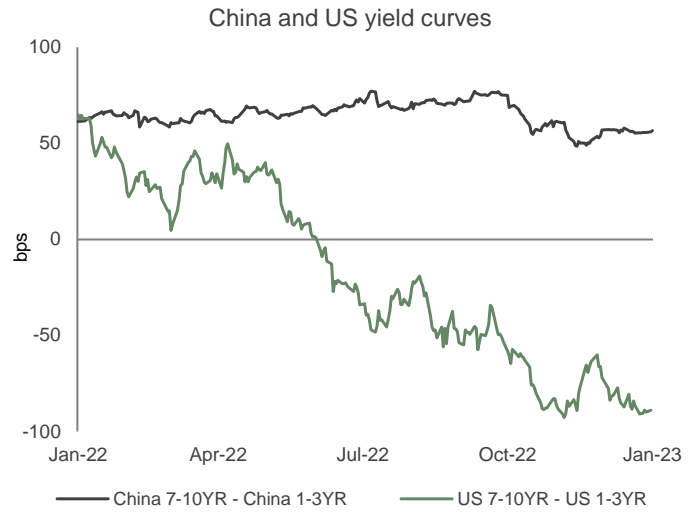


Chart 3: Higher green spreads are a feature in Chinese credit, widening modestly with corporates in January. Regional spreads remain wider than policy banks.

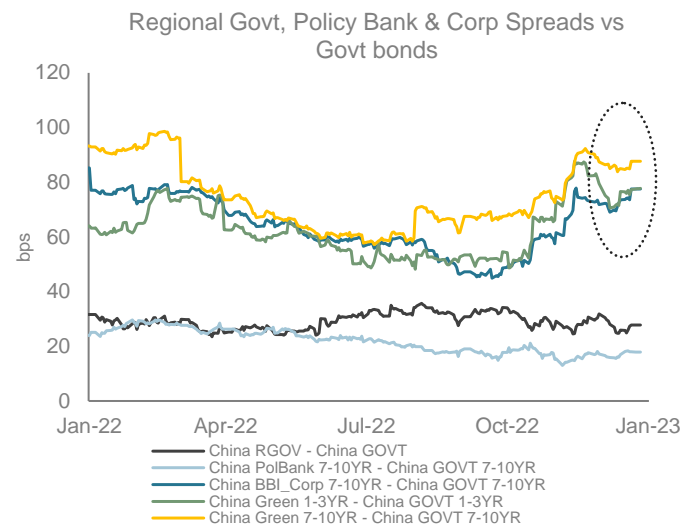


Chart 4: Chinese \$ corporate yields eased extensively from the November peak, helped by property sector support. A Ukraine effect was evident in 2022 as yields are above pre-Ukraine levels.

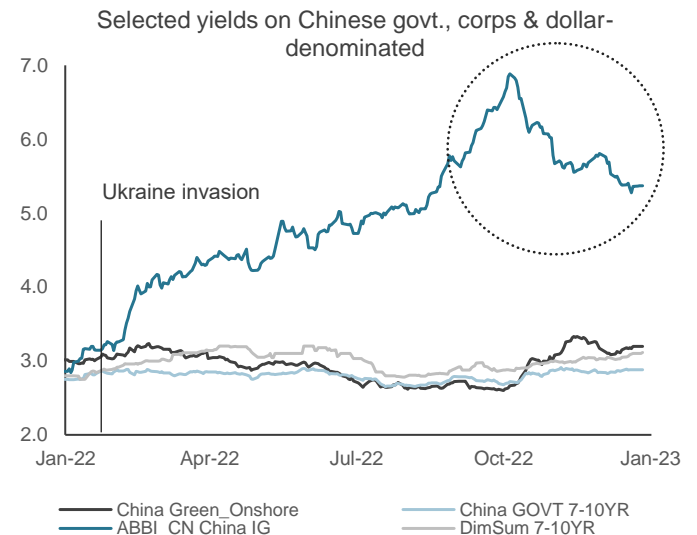


Chart 5: December's foreign inflows to Chinese govt bonds (RMB 23bn) reversed some of the 2022 outflows, and were the highest since Jan 2022*, helped by wider yield differentials versus the G7.

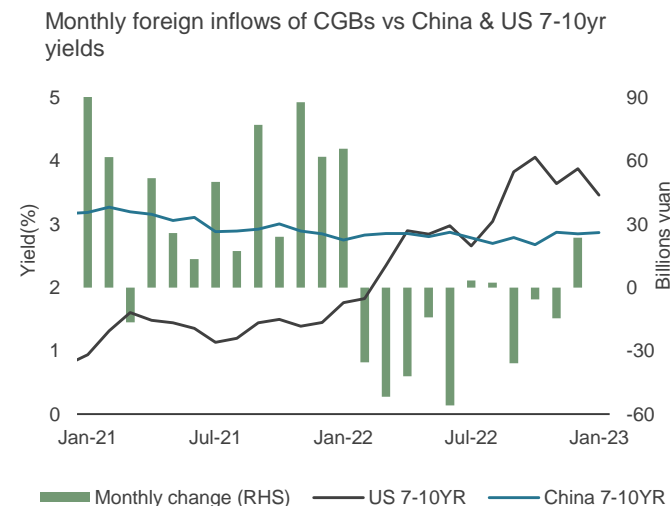


Chart 6: Different dynamics drive offshore Dimsum bonds versus onshore, notably the Fed tightening cycle versus the PBoC's. The recovery of offshore issuance recently may be another driver.



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China and Asian Bonds in Global Context

Chart 1: Korean yields fell as markets project an end to tightening. Indonesian govts traded further through India. Chinese yields rose vs other Asian markets since Q4, and has not joined the US rally.

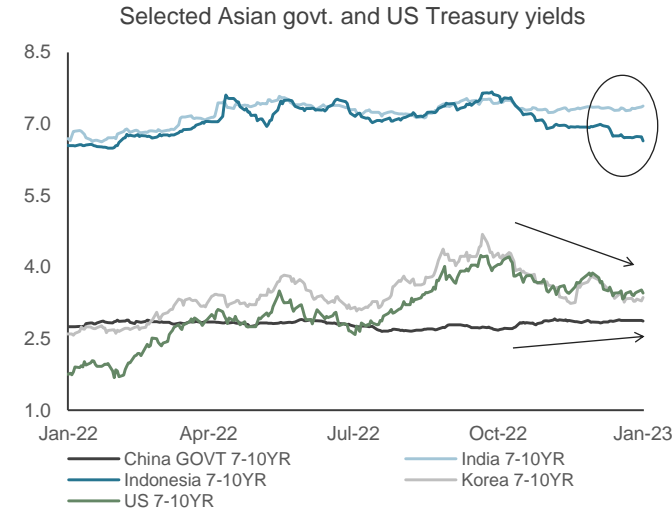


Chart 2: Singaporean and Korean 10s/2s curves tracked the US curve inversion in January. Only Chinese and Indian yield curves have resisted full inversion in 10s/2s of the major Asian markets.

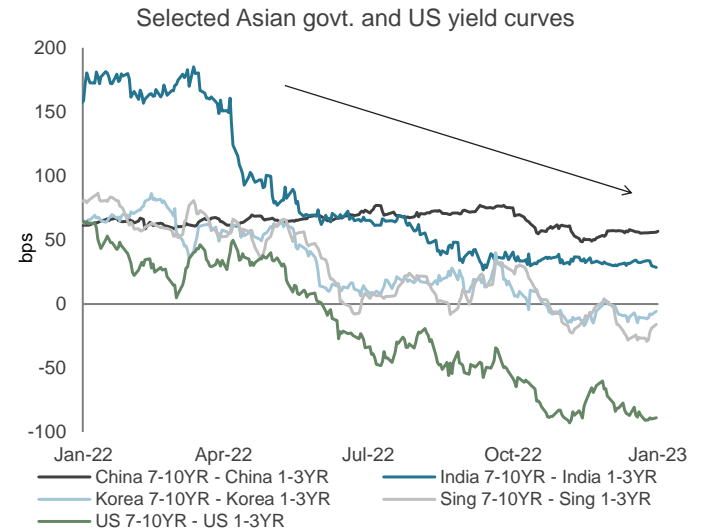


Chart 3: China govt spreads vs G7 remain volatile, apart from Japan, where curve control limited yield volatility in 10yrs. Chinese spreads have widened a little since the G7 rally began in Q4 2022.

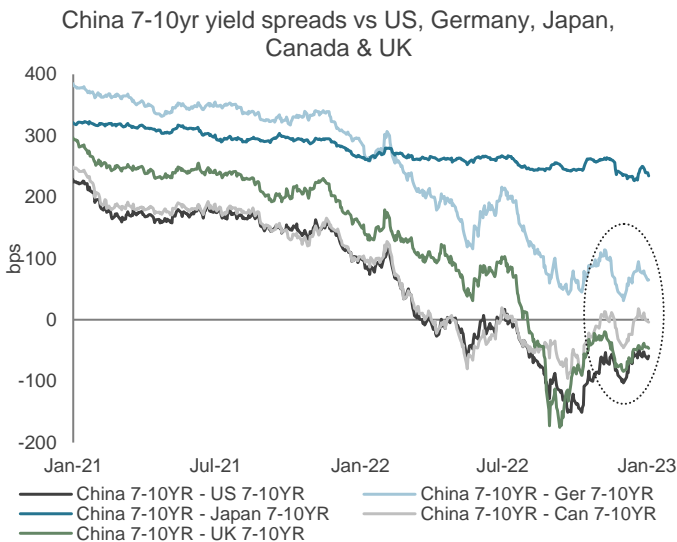


Chart 4: Sovereign spreads converged towards, or through, US yields throughout Asia in 2022. Only Indian & Indonesian yields now stand above US yields. Korean govts trade on parity with the US.

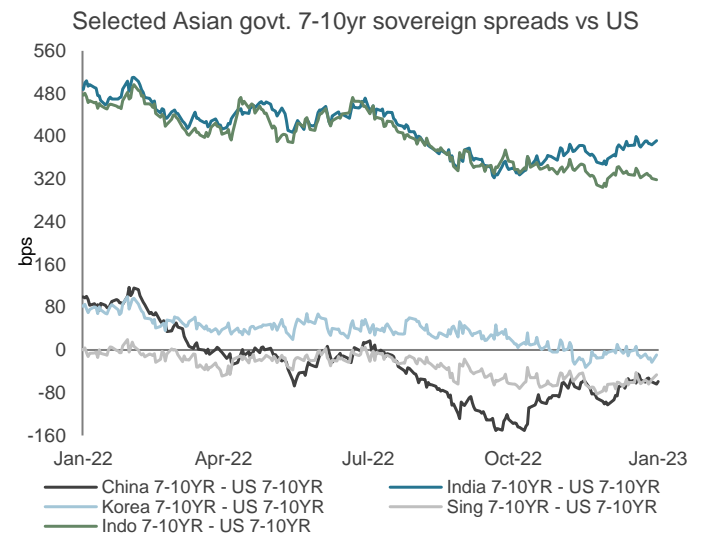
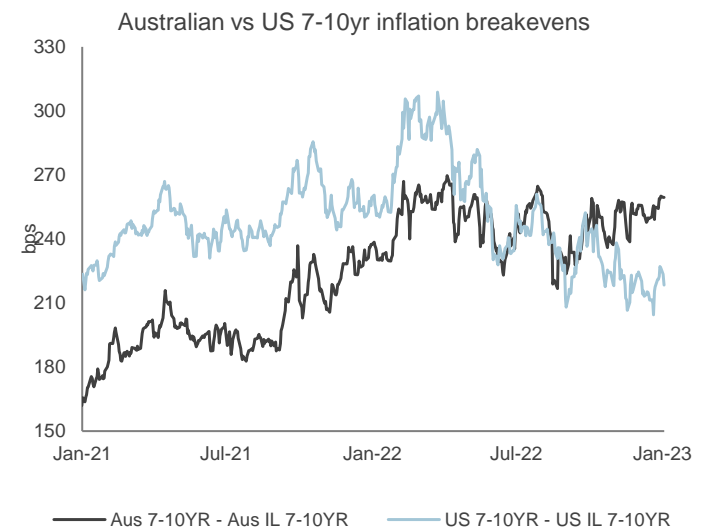


Chart 5: Chinese \$ HY spreads tightened further vs Treasuries in January, to about 2300bps (last seen pre-Ukraine), helped by support measures for the property sector, and the US HY rally.



Chart 6: The decline in US breakevens, since the initial Covid spike, has not been matched in some Asian economies, most notably Australia, where 7-10-year breakevens remain close to cycle highs.



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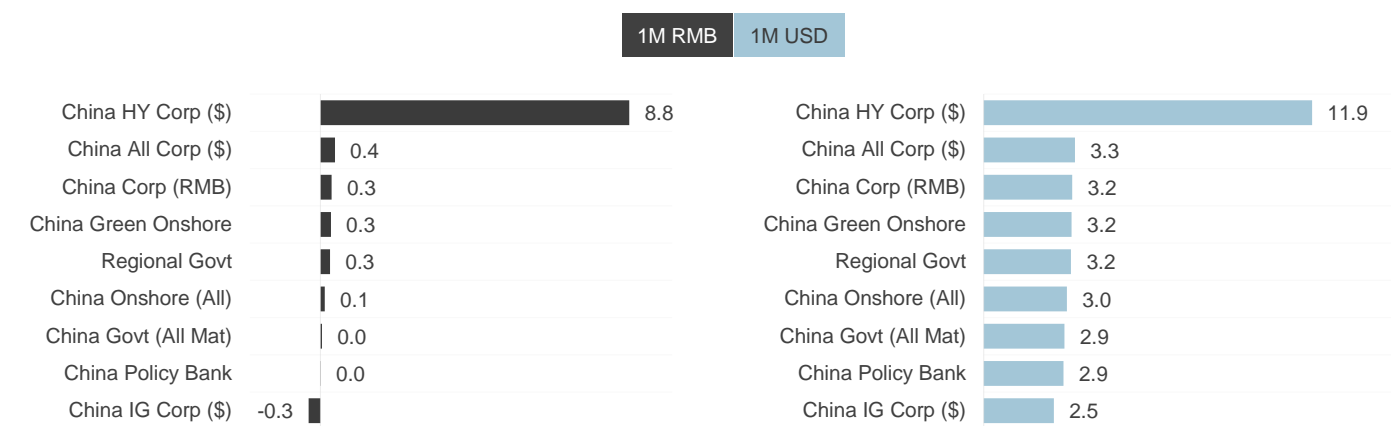
China Bond Market Returns – 1M & 12M RMB & USD (TR) as of January 31, 2023

Chinese HY credit made further strong gains in January, posting returns of 11.9% in dollar terms, but 12M returns are still down 14% (and 8.7% in RMB terms), after the brutal sell-off in H1 2022. Measures to support the property sector in late 2022, prospects of more to come in 2023, and the continued US HY rally have been key drivers in the rally.

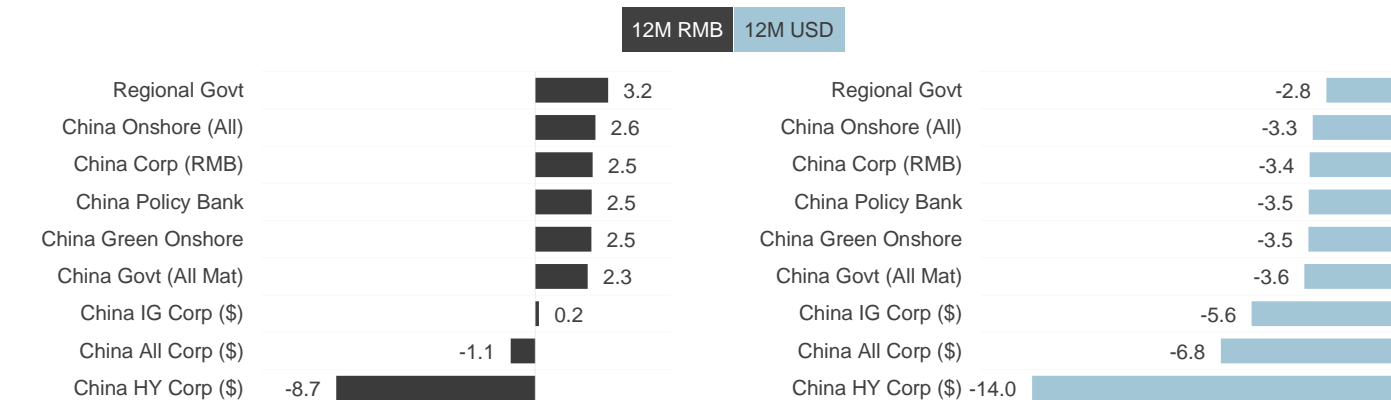
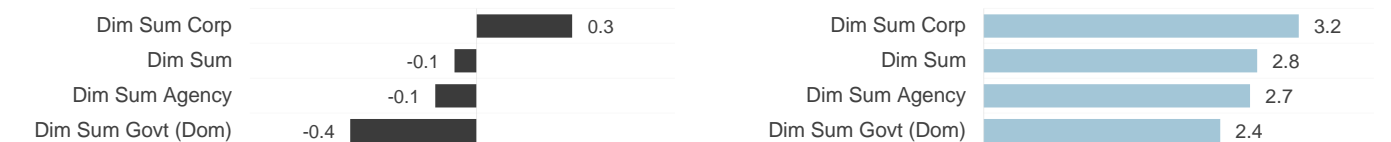
Chinese onshore bond yields moved little in January, dominated by the Lunar New Year, following the Covid surge in December and the Fed signalling its counter-inflation resolve. The stronger yuan drove returns of 2.9-3.2% for US dollar investors in January.

Dimsum corporates outperformed governments modestly in January, with positive returns of 0.3%. Onshore sovereign government RMB bonds outperformed offshore RMB governments, for both 1M and 12M returns.

Apart from the huge yield swings on HY credits in dollars, Chinese government bond yields have remained in narrow ranges on 12M, reflecting relatively stable PBoC policy. But the strong dollar meant 12M returns were negative in dollar terms by 2.8-3.6%.



OFFSHORE BONDS



OFFSHORE BONDS



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Global Bond Market Returns – 1M & 12M RMB & USD (TR) as of January 31, 2023

Asian and global govt bonds rallied in January, with currencies boosting dollar returns. Emerging Asia led the rally, as foreign EM bond holdings recovered, including Malaysia. Optimism about EM growth helped returns, after China eased Covid restrictions. Emerging Asia govt bonds did well on 12M, aided by currencies, led by Malaysia, Indonesia & Thailand.

Australasian government bonds gained 4.6-7.5% in US dollar terms in January, helped by the currency effect.

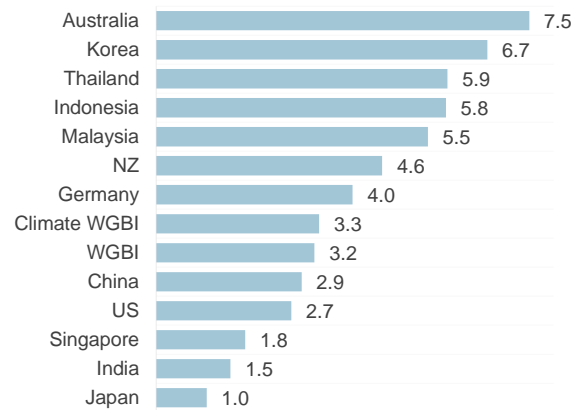
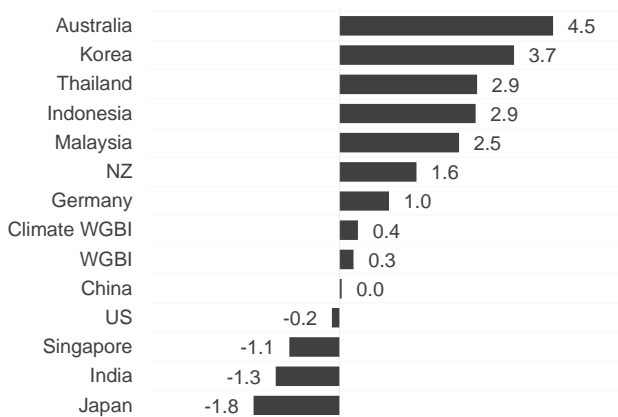
Korean government bonds showed returns of 6.7% in January, as the market priced in an end to monetary tightening.

However, JGBs lagged in January, as investor concerns about the end of yield curve control caused selling beyond 10 years. But the stronger yen turned dollar returns positive by 1.0%. US IG and HY corporates rose 3.9-4.2%, as risk appetite recovered.

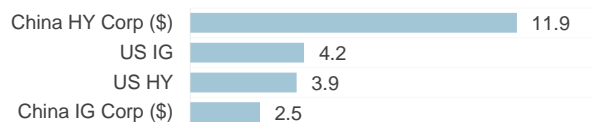
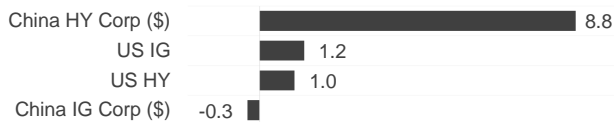
12M returns are still very weak, however, with low yielding, high duration Bunds, JGBs and Climate WGBI down 15-18%, in US dollars, and 9-13% in RMB, after the big policy reversals by G7 central banks in the US, Canada and Europe.

1M RMB 1M USD

CONVENTIONAL GOVT BONDS

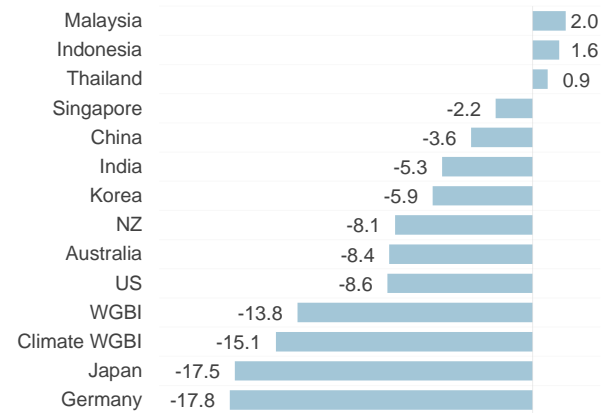
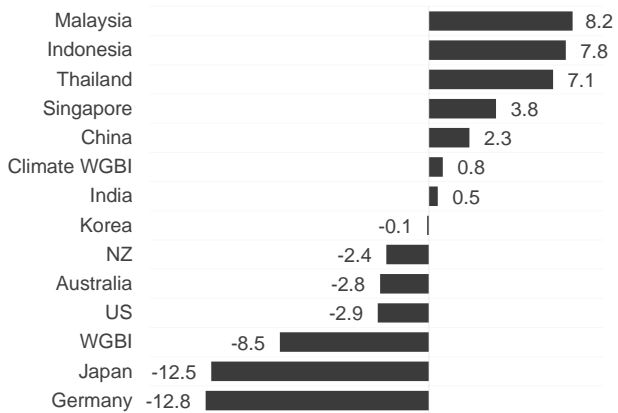


CORPORATE BONDS

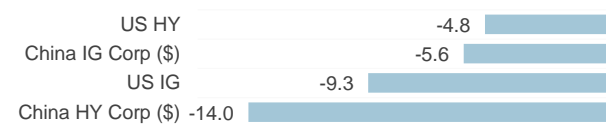


12M RMB 12M USD

CONVENTIONAL GOVT BONDS



CORPORATE BONDS



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Appendix – Global Bond Market Returns % (RMB vs USD, TR), January 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	0.75	-2.07	1.54	-5.99	-0.47	-0.18	-2.37	3.64
	7-10YR	3.55	0.65	5.70	-2.15	-4.52	-4.24	-10.11	-4.58
	20+YR	7.62	4.61	12.49	4.14	-7.50	-7.23	-23.21	-18.49
	IG All	4.15	1.23	8.82	0.75	-0.75	-0.46	-9.35	-3.77
	HY All	3.88	0.97	4.53	-3.23	1.06	1.36	-4.80	1.05
China	1-3YR	3.02	0.14	8.04	0.02	0.56	0.85	-3.73	2.19
	7-10YR	2.97	0.08	7.35	-0.61	0.50	0.79	-3.96	1.95
	20+YR	2.31	-0.56	5.89	-1.97	1.15	1.45	-2.32	3.69
	All	2.93	0.05	7.55	-0.43	0.65	0.94	-3.61	2.31
China Policy Bank		2.89	0.01	7.48	-0.49	0.67	0.97	-3.46	2.48
Regional Govt		3.17	0.28	7.41	-0.56	0.84	1.14	-2.78	3.21
China Corp (LC)		3.21	0.32	7.43	-0.54	0.21	0.50	-3.41	2.53
China Onshore (All)		3.01	0.13	7.47	-0.51	0.68	0.97	-3.30	2.65
China Green Onshore		3.19	0.30	7.37	-0.60	0.13	0.42	-3.47	2.47
China All Corp (\$)		3.30	0.41	11.38	3.12	3.33	3.64	-6.81	-1.08
China IG Corp (\$)		2.54	-0.34	7.74	-0.26	0.95	1.24	-5.64	0.17
China HY Corp (\$)		11.92	8.78	68.70	56.18	36.92	37.32	-14.02	-8.73
Offshore Govt (DimSum)		2.42	-0.45	8.53	0.48	0.76	1.06	-4.14	1.76
Asia-Pac	1-3YR	3.34	0.44	10.06	1.89	2.19	2.49	-2.87	3.11
	7-10YR	4.87	1.94	12.40	4.06	2.24	2.54	-4.55	1.32
	20+YR	5.76	2.79	17.16	8.47	2.08	2.38	-7.21	-1.50
	All	4.42	1.50	12.20	3.87	2.42	2.72	-4.07	1.83
Australia	1-3YR	4.78	1.85	11.24	2.98	1.29	1.59	-1.34	4.73
	7-10YR	8.46	5.42	12.95	4.57	-0.99	-0.70	-9.19	-3.61
	20+YR	12.29	9.14	14.22	5.75	-6.32	-6.04	-21.86	-17.06
	All	7.51	4.50	12.55	4.20	-0.76	-0.47	-8.44	-2.81
India	1-3YR	1.48	-1.36	2.88	-4.76	-0.57	-0.28	-5.59	0.22
	7-10YR	1.42	-1.42	3.26	-4.40	-0.15	0.15	-6.07	-0.29
	20+YR	1.60	-1.25	3.85	-3.85	2.56	2.86	-3.82	2.10
	All	1.50	-1.35	3.34	-4.33	0.42	0.72	-5.33	0.50
Indonesia	1-3YR	4.30	1.38	7.32	-0.65	1.43	1.73	-1.14	4.94
	7-10YR	6.39	3.41	12.27	3.94	6.21	6.52	2.48	8.79
	20+YR	6.42	3.44	10.96	2.73	6.03	6.34	3.26	9.62
	All	5.83	2.87	11.15	2.90	5.16	5.47	1.58	7.83
Japan	1-3YR	1.57	-1.28	14.25	5.77	2.63	2.93	-11.45	-6.00
	7-10YR	1.23	-1.61	11.98	3.67	-0.24	0.05	-13.88	-8.58
	20+YR	0.78	-2.04	8.89	0.81	-6.60	-6.32	-26.11	-21.56
	All	1.02	-1.81	11.06	2.82	-2.08	-1.80	-17.53	-12.46
Korea	1-3YR	3.69	0.79	18.38	9.60	6.82	7.13	-0.93	5.16
	7-10YR	6.29	3.32	24.85	15.58	5.53	5.84	-4.44	1.43
	20+YR	10.68	7.58	36.00	25.90	2.35	2.65	-13.14	-7.79
	All	6.66	3.68	25.86	16.52	5.05	5.36	-5.89	-0.10
Malaysia	1-3YR	4.18	1.26	12.70	4.34	6.50	6.81	0.72	6.92
	7-10YR	5.54	2.59	17.51	8.79	7.84	8.15	1.65	7.90
	20+YR	7.66	4.65	23.49	14.33	10.99	11.31	3.99	10.39
	All	5.47	2.52	17.15	8.45	8.04	8.35	1.96	8.23
New Zealand	1-3YR	3.19	0.30	11.85	3.55	2.48	2.78	-2.23	3.78
	7-10YR	5.43	2.48	13.05	4.66	-0.81	-0.52	-8.87	-3.26
	20+YR	4.94	2.00	13.12	4.73	-6.59	-6.31	-21.80	-16.99
	All	4.55	1.62	12.61	4.25	-0.13	0.16	-8.09	-2.44
Singapore	1-3YR	2.19	-0.67	8.52	0.47	5.61	5.92	1.77	8.03
	7-10YR	3.15	0.26	12.08	3.77	4.23	4.54	-3.30	2.65
	20+YR	-0.90	-3.68	17.94	9.19	10.07	10.39	-5.78	0.01
	All	1.79	-1.06	11.75	3.46	5.73	6.04	-2.17	3.84
Thailand	1-3YR	4.72	1.79	16.06	7.45	12.68	13.01	0.78	6.98
	7-10YR	5.72	2.75	22.75	13.64	14.00	14.33	0.96	7.18
	20+YR	12.24	9.10	36.63	26.49	22.88	23.24	1.91	8.18
	All	5.86	2.90	21.40	12.39	14.59	14.92	0.90	7.11

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Appendix – Global Bond Market Yields %, January 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	4.35	3.74	3.46	3.71	1.85	1.32	1.54	5.01	8.23
	3M Ago	4.58	4.37	4.05	4.34	1.76	1.65	1.84	5.97	8.97
	6M Ago	2.93	2.78	2.66	3.19	-0.23	0.06	0.87	4.39	7.63
	12M Ago	1.10	1.52	1.76	2.13	-1.84	-0.94	-0.13	2.83	5.55
UK	Current	3.42	3.26	3.33	3.70	0.31	0.00	0.30		
	3M Ago	3.38	3.55	3.56	3.62	-2.33	-0.13	0.24		
	6M Ago	1.78	1.66	1.79	2.39	-3.22	-2.08	-0.92		
	12M Ago	1.00	1.27	1.36	1.46	-3.26	-2.78	-2.05		
Japan	Current	-0.02	0.11	0.52	1.55	-1.33	-0.34			
	3M Ago	-0.06	0.02	0.24	1.31	-1.37	-0.81			
	6M Ago	-0.11	-0.07	0.11	1.09	-1.17	-0.80			
	12M Ago	-0.06	0.00	0.16	0.80	-0.54	-0.43			
China	Current	2.30	2.57	2.87	3.31					
	3M Ago	1.93	2.30	2.68	3.15					
	6M Ago	2.05	2.42	2.78	3.30					
	12M Ago	2.14	2.44	2.81	3.40					
EM	Current	3.59	4.30	4.76	4.57	3.11	3.37	5.25	5.52	10.25
	3M Ago	3.67	4.37	5.03	4.77	1.66	3.00	5.23	6.70	13.96
	6M Ago	3.45	4.27	4.77	4.77	3.54	3.65	5.21	4.99	12.42
	12M Ago	3.37	3.95	4.68	4.79	3.02	3.34	4.85	3.14	8.81
Germany	Current	2.59	2.31	2.21	2.22	0.38	0.13	-0.09		
	3M Ago	1.94	1.95	2.07	2.22	-0.76	-0.35	-0.17		
	6M Ago	0.20	0.36	0.67	1.04	-2.37	-1.60	-1.16		
	12M Ago	-0.58	-0.28	0.03	0.32	-3.33	-2.07	-1.69		
Italy	Current	3.17	3.42	3.92	4.29	1.18	1.87	1.85		
	3M Ago	2.82	3.30	3.95	4.36	0.25	1.64	1.84		
	6M Ago	1.37	2.00	2.80	3.35	-2.34	0.45	1.23		
	12M Ago	-0.14	0.46	1.26	2.18	-3.53	-1.23	0.14		
France	Current	2.71	2.58	2.64	3.01	0.24	0.30	0.52		
	3M Ago	2.15	2.20	2.44	3.02	-0.91	-0.16	0.46		
	6M Ago	0.40	0.67	1.13	1.95	-3.30	-1.52	-0.38		
	12M Ago	-0.50	0.12	0.50	1.24	-3.49	-2.08	-1.06		
Sweden	Current	2.50	2.27	2.05		-0.17	0.14			
	3M Ago	2.34	2.38	2.25		-0.59	-0.17			
	6M Ago	1.71	1.57	1.39		-1.66	-1.45			
	12M Ago	-0.06	0.69	0.83		-2.26	-1.91			
Australia	Current	3.17	3.24	3.51	3.96	0.23	0.92	1.37		
	3M Ago	3.21	3.35	3.70	4.10	-0.01	1.05	1.67		
	6M Ago	2.56	2.76	3.03	3.44	-0.75	0.40	1.24		
	12M Ago	0.86	2.31	2.68	3.16	-0.81	-0.02	0.87		
NZ	Current	4.67	4.18	4.11	4.41	1.28	1.79			
	3M Ago	4.31	4.28	4.18	4.44	1.43	2.04			
	6M Ago	3.28	3.28	3.40	3.75	0.07	1.03			
	12M Ago	1.96	3.07	3.33	3.56	0.06	0.82			
Canada	Current	3.68		2.91	3.00			1.20	4.83	6.99
	3M Ago	3.81		3.29	3.35			1.38	5.42	7.60
	6M Ago	2.87		2.60	2.77			0.80	4.44	6.84
	12M Ago	1.34		1.73	2.05			0.12	2.93	4.55

Source: FTSE Russell. All data as of January 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.

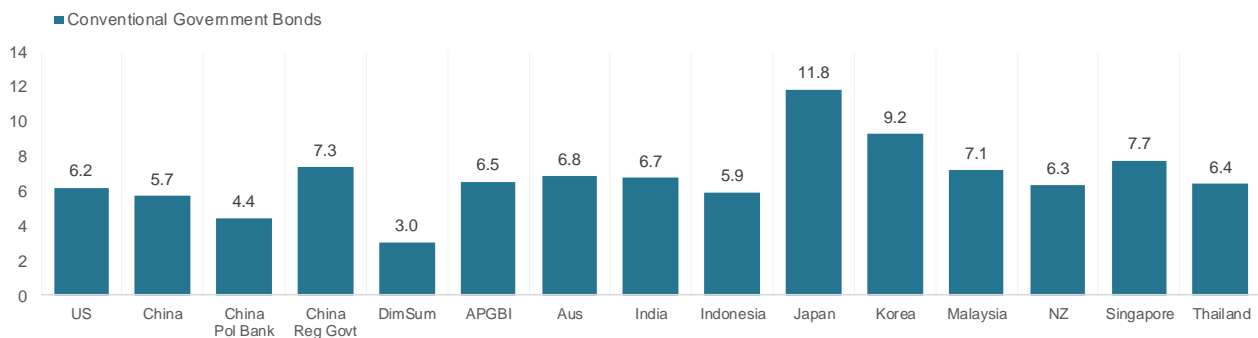
Appendix – Duration and Market Value (USD, Bn), January 31, 2023

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	2,197.8	1,036.7	1,295.4	10,189.6
China	3.7	7.5	17.4	5.7	462.2	322.3	234.9	1,976.0
China Pol Bank				4.4				2,744.4
China Reg Govt				7.3				1,921.8
DimSum	3.7			3.0	1.7			7.5
APGBI	3.6	7.4	18.0	6.5	741.5	646.1	463.4	3,665.3
Aus	3.7	7.9	18.1	6.8	58.4	93.0	16.7	339.1
India	3.2	6.0	11.5	6.7	149.6	194.5	226.9	979.0
Indonesia	3.2	6.1	11.1	5.9	37.5	54.0	11.7	229.2
Japan	4.0	8.0	23.7	11.8	388.7	462.8	700.8	3,420.7
Korea	3.6	7.4	19.4	9.2	91.9	96.7	160.5	622.0
Malaysia	3.7	7.1	15.0	7.1	22.2	13.9	14.2	116.4
NZ	3.5	7.9	17.7	6.3	9.0	6.8	2.4	47.1
Singapore	3.6	7.3	20.1	7.7	18.8	12.4	14.5	96.5
Thailand	3.9	7.8	16.9	6.4	23.1	24.5	8.5	144.0

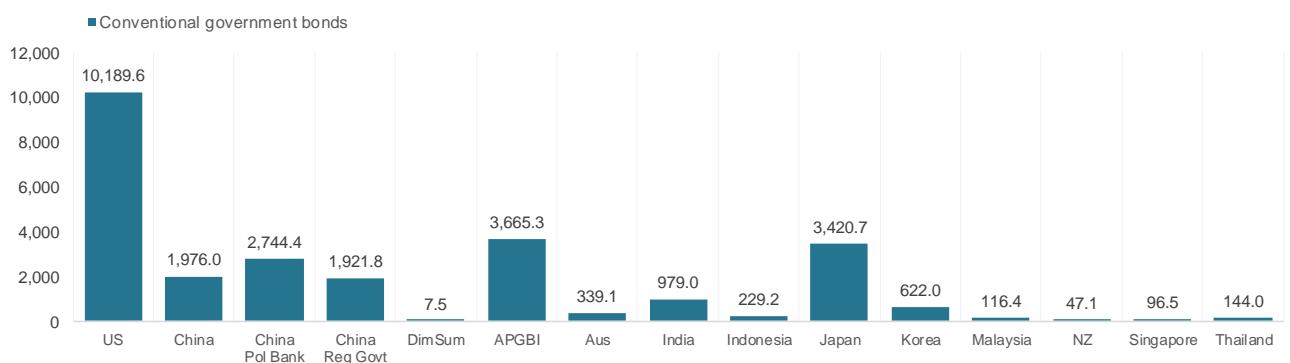
Corporate Bonds						
	Duration			Market Value		
	Inv Grade	High Yield	Overall	Inv Grade	High Yield	Overall
US	7.3	4.3		6,313.9	1,012.6	
China Corp (LC)			2.4			577.4
China Green Onshore			2.6			135.4
China Corp (\$)	4.1	2.4	7.3	287.1	27.7	314.8
DimSum	2.3		2.3	9.1		10.5
EM	5.1	3.6	4.7	615.3	213.1	828.3
EUxUK	4.6	3.2		2,700.8	435.8	

Other Sectors						
	Duration			Market Value		
	Supra	Agency	Corp NR	Supra	Agency	Corp NR
Offshore (DimSum)	1.6	2.6	2.2	1.6	6.7	1.4

Average Duration



Total Market Value (USD Billions)

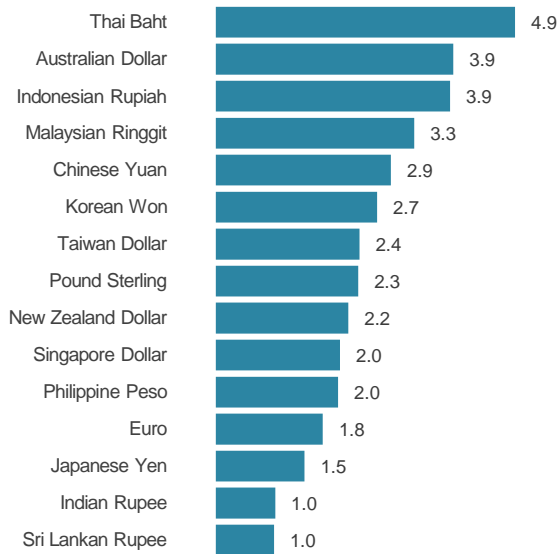


Data as of 2023-01-31

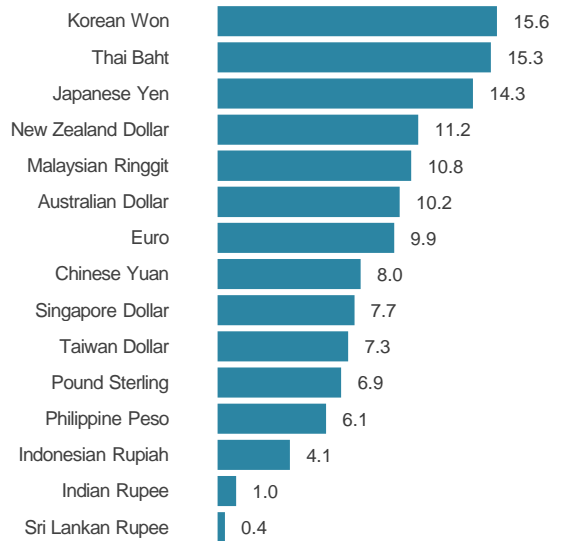
Source: FTSE Russell. All data as of January 31, 2023. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of Indices used for each market. For professional investors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

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

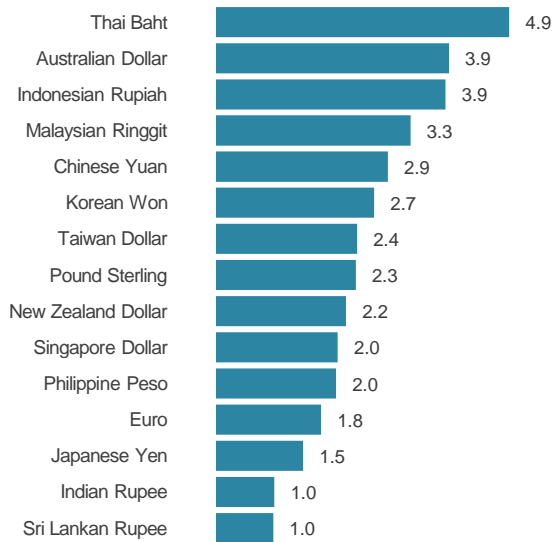
FX Moves vs USD - 1M



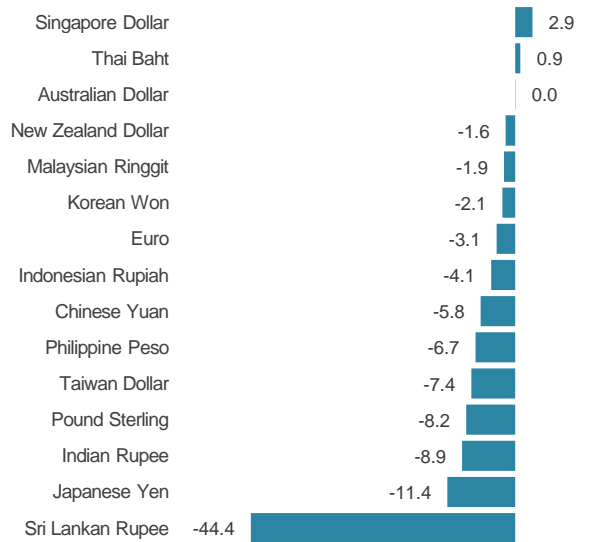
FX Moves vs USD - 3M



FX Moves vs USD - YTD



FX Moves vs USD - 12M



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