

Fixed Income Insights

MONTHLY REPORT – March 2023 | CHINA EDITION

FOR PROFESSIONAL INVESTORS ONLY

PBoC liquidity stabilises Chinese yields, as post-Covid recovery signs emerge

Chinese sovereign spreads fell back, as G7 yields surged. The PBoC used open market operations to meet increased cash demands, as activity recovered, avoiding more rate cuts. Corporates outperformed govts and agencies. China HY credit retreated in February, as concern about the real estate sector re-surfaced.

Macroeconomic backdrop – Is a post-Covid recovery underway in China?

Stronger January data cast doubt on a US soft landing, as IMF revised up 2023 growth forecasts. Early post-Lockdown data suggests Q4 2022 may have been a cyclical low for Chinese growth. (page 2)

Chinese bonds – PBOC liquidity injection helped stabilise Chinese yields, as Green spreads tightened

Chinese yields barely moved, despite the February sell-off in US Treasuries. Domestic credit spreads tightened in February, including Green spreads, but Chinese HY dollar credits gave up ground. (page 3)

Chinese and Asian bonds – Chinese and Indian yield curves retain low correlation with G7 curves

Asian and Chinese spreads fell versus the US and G7 in February, reflecting more subdued inflation in Asia. Chinese and Indian curves remained upward sloping versus inversions in Singapore and Korea. (page 4)

Performance – Global governments retreated in February as inflation fears re-surfaced, including APAC bonds

Australasian and Korean bonds gave up most of their January gains, while Indian and Indonesian bonds outperformed, with positive returns in RMB terms. (pages 5-6)

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

Chart 1: Foreign capital outflows resumed in January, and increased, as yield differentials have become a headwind for Chinese bonds.

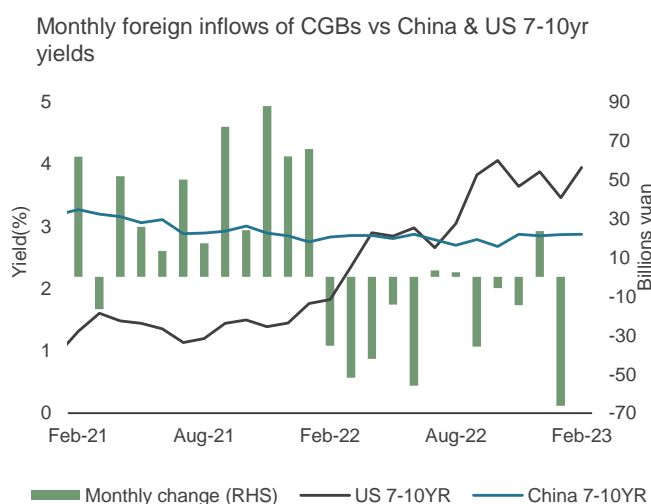
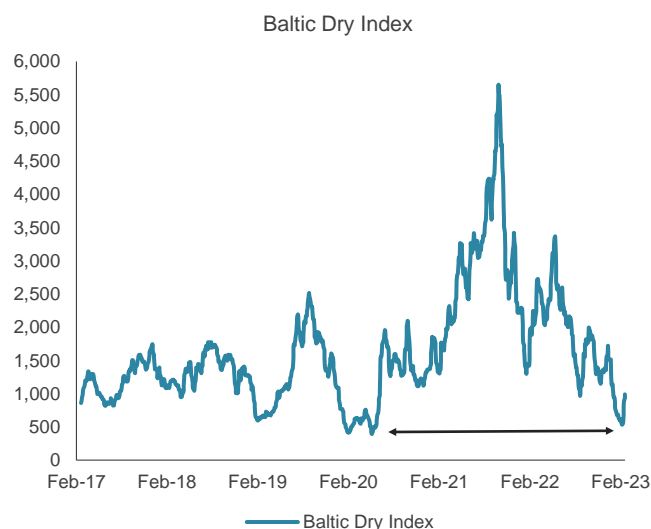


Chart 2: The Baltic Dry index for shipping costs returned to 2020 levels, suggesting global supply-chain pressures have eased.



Source: FTSE Russell. All data as of February 28, 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

Stronger January data caused some second thoughts on a US soft landing. The IMF forecasts Chinese growth of above 5% in 2023, and spill-over effects may help a broader recovery in Asia, given China's strong regional ties in trade and tourism. Chinese inflation is subdued versus global peers, despite a January uptick, leaving scope for policy easing if required.

The IMF projects Chinese GDP growth at 5.2% in 2023, revised up from previous forecasts, as Chart 1 shows, but domestic demand will need to replace weak external demand as the main engine for growth. Uncertainty remains over post-lockdown consumer behaviour, but the Covid peak may have passed, with companies reporting most staff returning by end-Jan.

Inflation rates fell, but only marginally in January, as fuel prices rebounded, and strong food price inflation remains a factor throughout the G7. Chinese inflation rose a little to 2.1% y/y in January (from 1.8%), with higher food prices a strong contributor. Low inflation gives policymakers room to boost demand growth further in 2023.

Recovering activity after China's reopening drove RMB loan demand higher to 11.5% y/y growth in January, the highest in the last year. The PBoC responded in February by injecting liquidity via 7-day reverse repo and MLF operations to meet loan demand in short and medium terms respectively. The PBOC can supplement liquidity injections by easing rates if required.

Chart 2 shows the dollar's previous negative correlation with energy and commodity prices, broke down in 2022-23. The positive correlation of a strong dollar with high energy prices in 2022-23 increased inflation pressures in Europe and Japan, complicating inflation control, though subdued inflation in China made this less of a policy issue.

Chart 1: Apart from Canada (unchanged.) and a revision down to the UK, all IMF growth forecasts for 2023 show modest revisions higher, including for China, with the Chinese consumer being key.

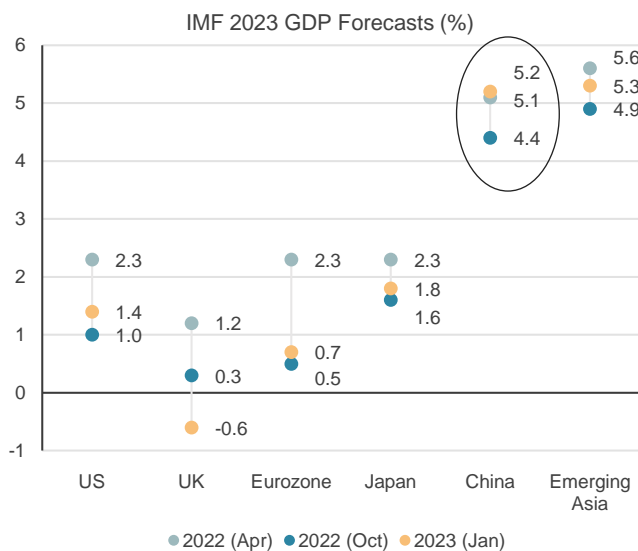


Chart 2: Subdued Chinese inflation is the consensus forecast for 2023, with mean reversion in US and Canadian inflation to pre-Covid levels. Forecast adjustments for 2024 are more modest.

	2023	Change Since Jan-23 (Bps)	2024	Change Since Jan-23 (Bps)
US	3.8	10	2.5	0
UK	7.0	0	2.6	10
Eurozone	5.6	-40	2.5	0
Japan	2.0	20	1.4	10
China	2.3	0	2.3	0
Canada	3.7	0	2.2	0

Chart 3: YoY growths in both money supply and loan demand were higher in January, as economic activity rebounded after China's faster-than-expected reopening.

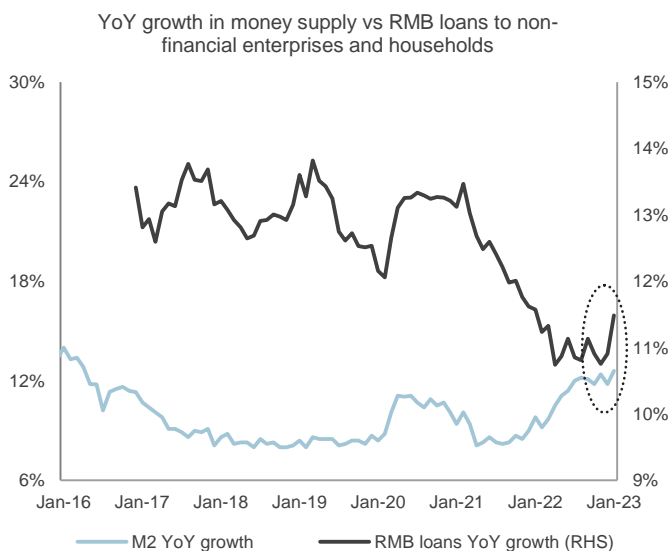
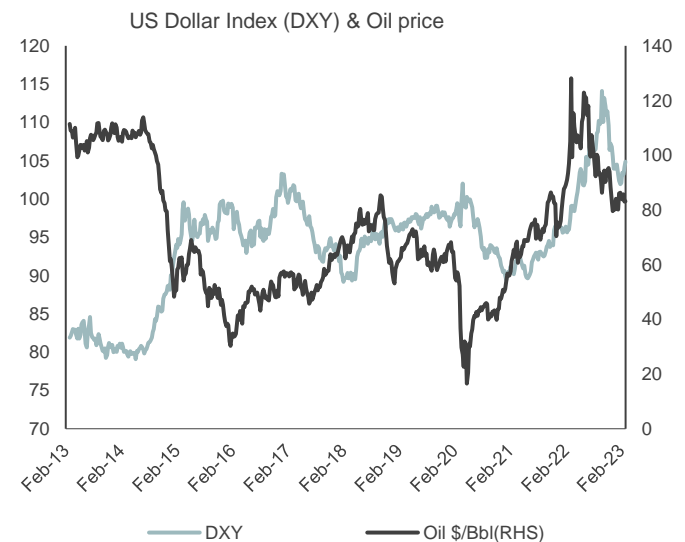


Chart 4: The US dollar's negative correlation with the oil price has weakened. The positive correlation of strong energy prices and US dollar reinforced inflation pressures on Europe and Japan in 2022.



Source: FTSE Russell and Refinitiv. All data as of February 28, 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 bond yields have risen modestly since January, led by the short end, after the easing of Covid curbs raised growth expectations and the fiscal deficit widened sharply.

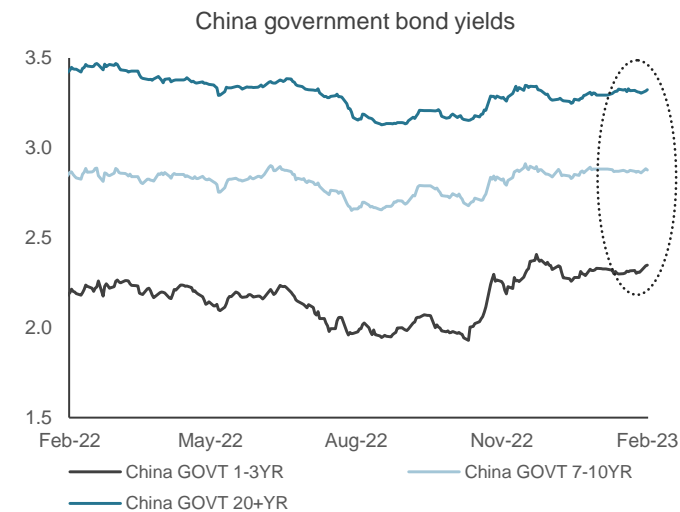


Chart 2: US 10s/2s curve inversion retreated from the peak inversion of -100bp in February. The Chinese yield curve remains positively sloped and largely uncorrelated with US Treasuries.

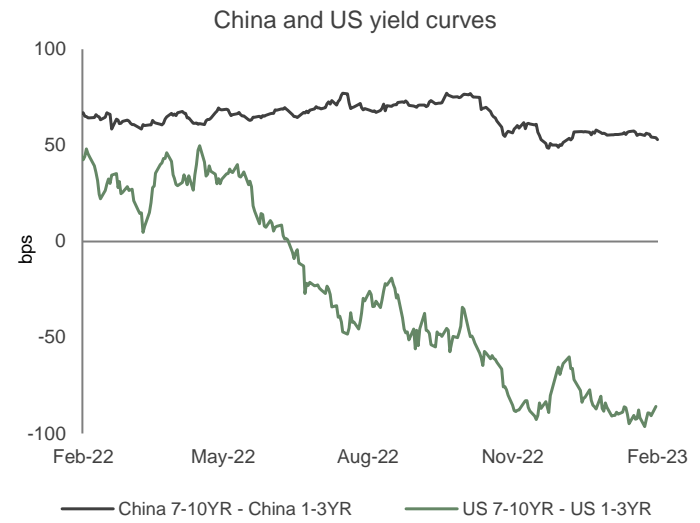


Chart 3: Domestic credit spreads, including green spreads, tightened in February, as investor confidence in a recovery resumed. Only policy bank spreads widened.

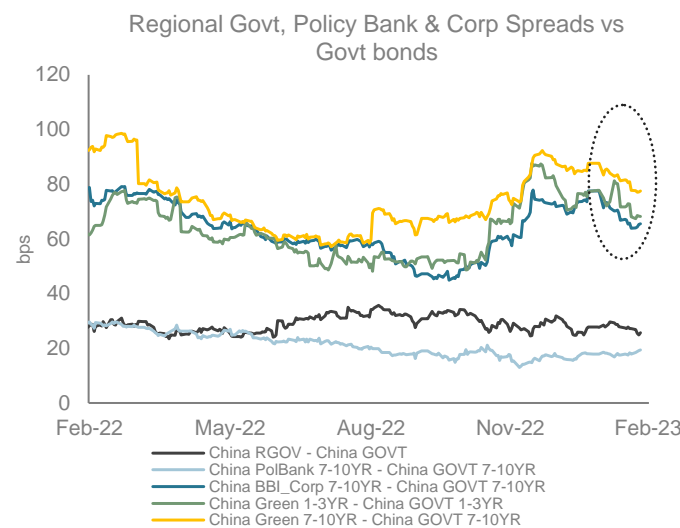


Chart 4: Chinese \$ corporate yields moved back up in February, as uncertainty about the fragile real estate sector returned. A Ukraine effect was also evident in 2022.



Chart 5: Foreign capital outflows resumed in January, and increased, as the yield differentials have become a headwind for Chinese bonds, after the sizeable G7 tightening moves in 2022.

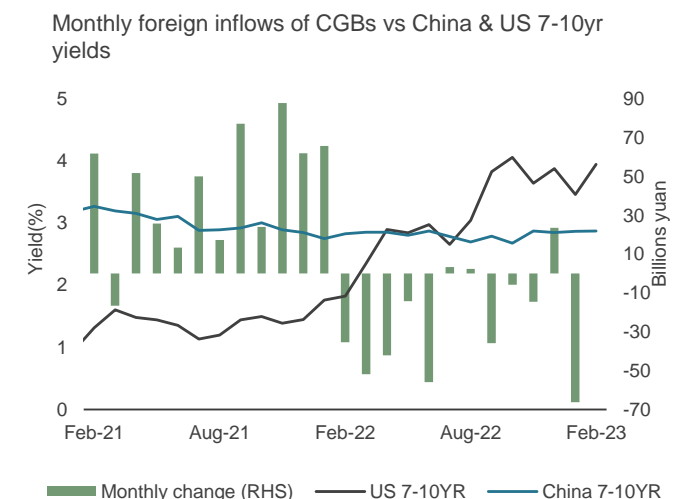


Chart 6: Different dynamics drive offshore Dimsum versus onshore bonds, notably the interest rate differentials between the Fed and PBoC. The level of offshore issuance is another driver of spreads.



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China and Asian Bonds in Global Context

Chart 1: Korean yields backed up further in February, tracking US yields higher, as expectations of an early BoK pivot were dashed this month. Indonesian yields continue to trade well through India.

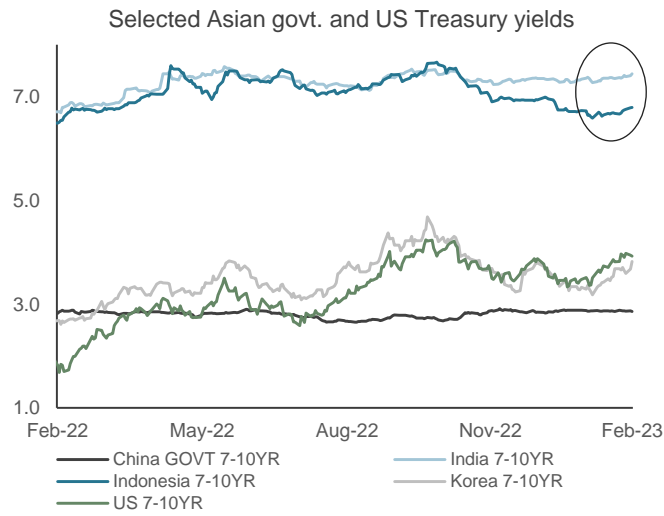


Chart 2: Developed Asian 10s/2s curves have remained slightly inverted or flat, tracking US inversions. While Emerging Asian yield curves (i.e., China & India) have resisted a full inversion in 10s/2s.

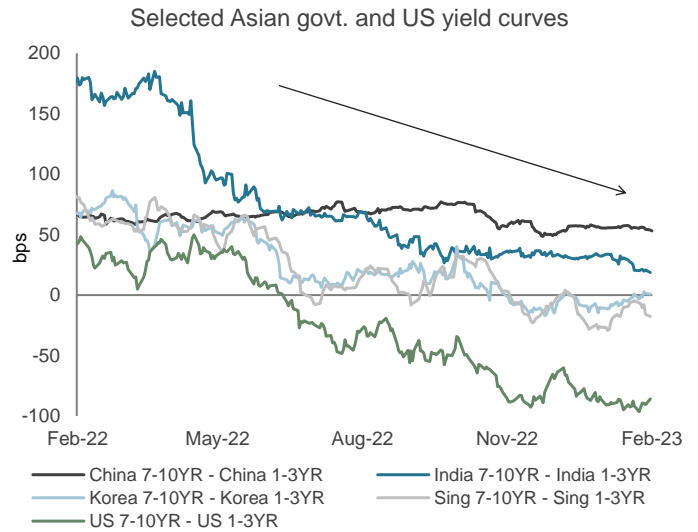


Chart 3: China government spreads reverted in February to end-Dec levels, as G7 yields surged broadly. But spreads held up well vs Japan, where curve control in 10 year limited yield volatility.

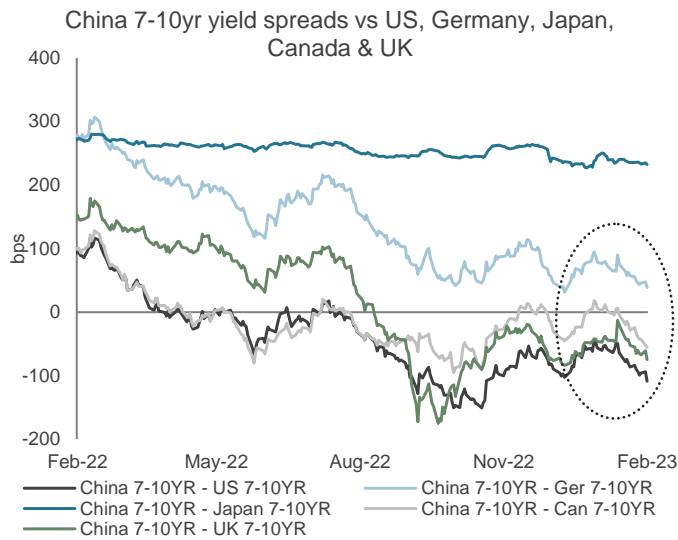


Chart 4: Asian spreads vs US fell across the region, led by India, Indonesia and China. Korea, Singapore and China now trade well through US Treasuries after the back-up in US yields in February.

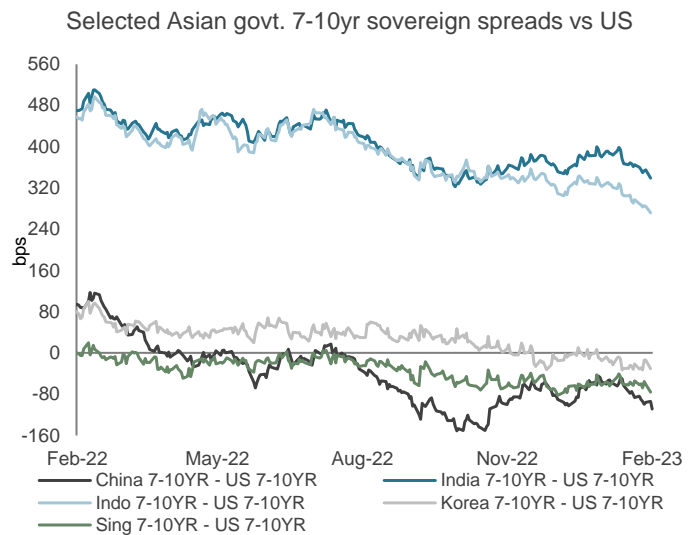


Chart 5: The sharp fall in Chinese \$ HY spreads stabilised in February, as investors mulled over property fundamentals and risk appetite fell back on US inflation concerns.

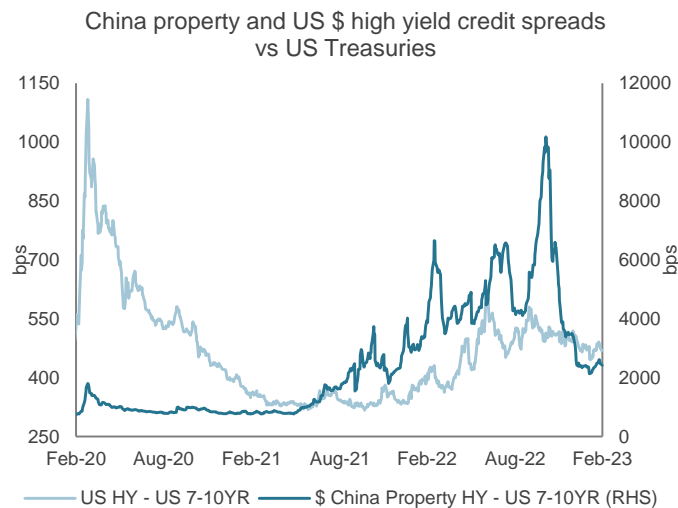
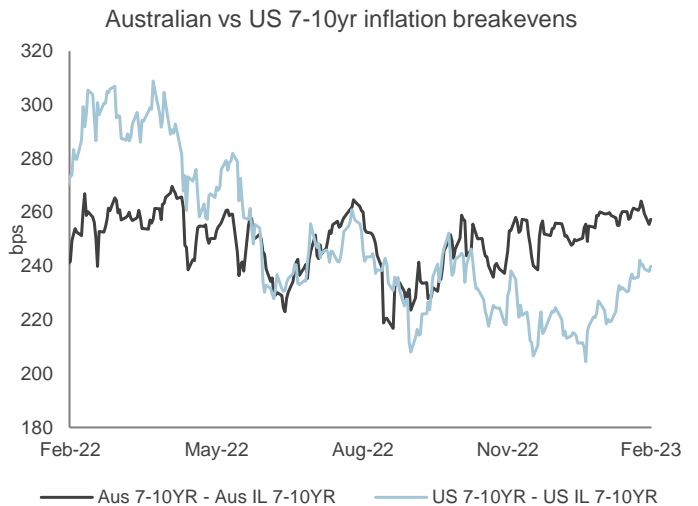


Chart 6: US inflation breakevens backed up in February to 240bp, a level last seen in November. Australian breakevens remain above pre-Ukraine levels, despite lower energy prices.



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China Bond Market Returns – 1M & 12M RMB & USD (TR) as of February 28, 2023

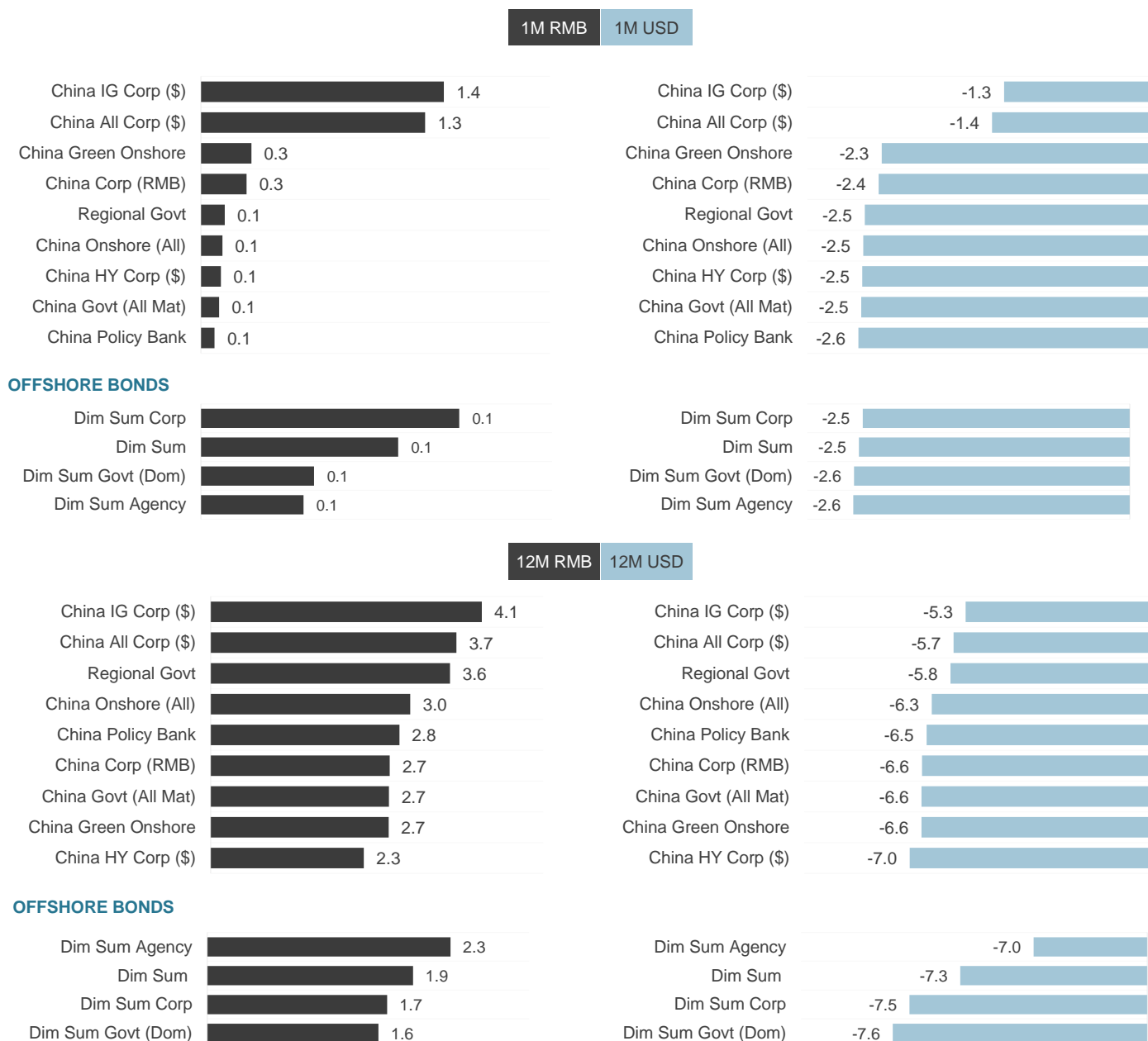
Chinese \$ HY credits posted negative returns of -2.5% in February, reversing some of the recent gains and about in line with onshore government bond losses in dollar terms. Investment grade corporates outperformed high yield credits. Over the last 12M, RMB bonds, onshore and offshore gained 1.6-3.6% in RMB terms.

Losses of 2.3-2.6% in onshore bonds in US dollar terms were driven by a weaker yuan in February, despite modest positive returns in RMB terms. Domestic corporates outperformed sovereigns and agencies as confidence in an economic recovery resumed.

Offshore Dimsum RMB bonds lagged onshore peers in the last 12M, with investment appeal reduced by yuan weakness. Increased issuance in 2022 was another factor, driven by borrowing interest rate differentials in RMB vs USD and other major currencies.

Chinese \$ high yield bonds lost 2.5% in February, erasing some of their gains from the rally since November, despite rebounding towards the month end. Concerns about housing sector fundamentals may have driven the pull-back during the month, as the short-lived optimism cooled.

Chinese government bond yields have remained in narrow yield ranges during the last 12 months, reflecting relatively stable PBoC policy. But the strong dollar dragged 12M returns down by 6.6% in US dollar terms.



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Global Bond Market Returns – 1M & 12M RMB & USD (TR) as of February 28, 2023

Asian and global govt bonds fell back in February, led by Korea, Thailand and Australasia. US Treasuries were broadly flat for an RMB investor, with currency gains offsetting yield increases. Only Indian and Indonesian bonds outperformed US Treasuries. Asian govt bonds outperformed on 12M, led by Indonesia and Malaysia, despite weaker currencies vs the USD.

Australasian government bonds lost 6.1% in US dollar terms in February, driven by weaker currencies. The RBNZ's 50bp rate move was more substantial than the RBA's 25bps, but both reflect concerns about persistent inflation.

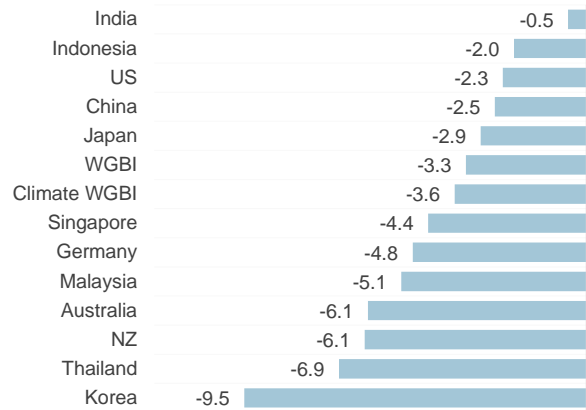
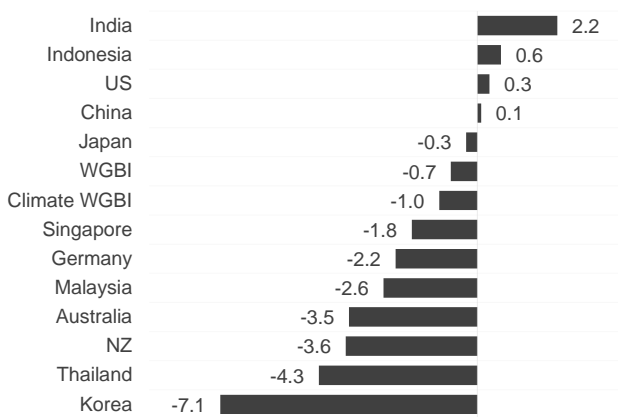
JGBs benefited from the BoJ's bond buying to sustain yield curve control, but investors still expect an end of yield curve control with a new BoJ Governor taking office in April. The weaker yen sent returns negative by 0.3-2.9% in RMB and USD terms.

Bunds and JGBs fell by up to 21% in US dollar terms and the weakest performers over 12 months.

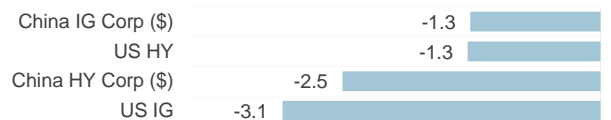
Chinese IG and HY dollar corporate bonds lost 1.3-2.5% in February, as investor concerns about more Fed tightening re-surfaced and investors demanded higher yields for holding dollar corporate bonds.

1M RMB 1M USD

CONVENTIONAL GOVT BONDS

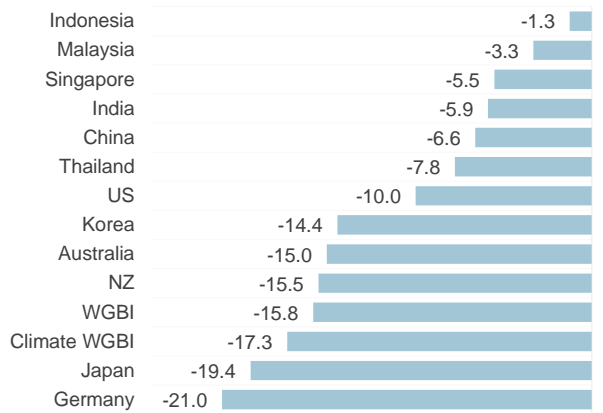
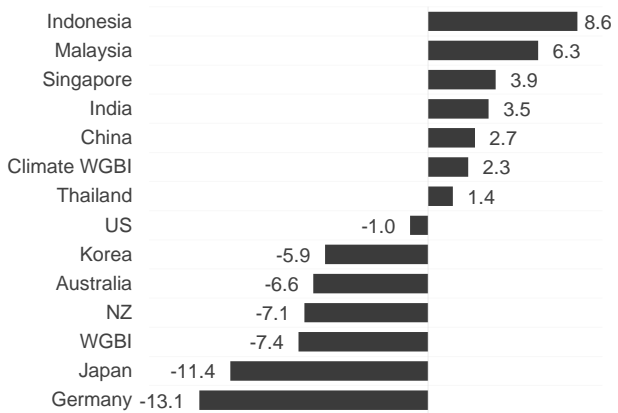


CORPORATE BONDS

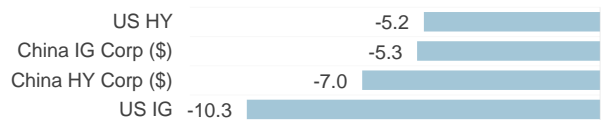


12M RMB 12M USD

CONVENTIONAL GOVT BONDS



CORPORATE BONDS



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Appendix – Global Bond Market Returns % (RMB vs USD, TR), February 28, 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	-0.73	1.95	0.17	-2.68	-0.44	0.22	-2.71	6.98
	7-10YR	-3.21	-0.59	-1.23	-4.04	-3.89	-3.26	-12.66	-3.96
	20+YR	-4.88	-2.31	-0.25	-3.09	-7.94	-7.33	-25.34	-17.91
	IG All	-3.10	-0.49	0.45	-2.41	-1.17	-0.52	-10.33	-1.41
	HY All	-1.30	1.37	1.75	-1.15	1.95	2.62	-5.15	4.29
China	1-3YR	-2.57	0.06	3.35	0.40	-0.13	0.53	-7.09	2.16
	7-10YR	-2.37	0.26	3.86	0.90	-0.63	0.02	-6.71	2.58
	20+YR	-2.53	0.10	4.18	1.21	-1.86	-1.21	-4.52	4.98
	All	-2.53	0.10	3.60	0.65	-0.52	0.14	-6.62	2.68
China Policy Bank		-2.55	0.08	3.41	0.46	-0.42	0.23	-6.47	2.84
Regional Govt		-2.50	0.14	3.41	0.47	-0.28	0.38	-5.78	3.60
China Corp (LC)		-2.37	0.26	3.44	0.49	-0.39	0.27	-6.60	2.69
China Onshore (All)		-2.51	0.12	3.49	0.54	-0.41	0.24	-6.32	3.00
China Green Onshore		-2.35	0.29	3.43	0.49	-0.43	0.22	-6.62	2.68
China All Corp (\$)		-1.38	1.28	4.11	1.15	2.02	2.69	-5.69	3.70
China IG Corp (\$)		-1.27	1.39	2.32	-0.59	0.56	1.23	-5.35	4.08
China HY Corp (\$)		-2.52	0.11	27.20	23.57	20.31	21.10	-6.96	2.30
Offshore Govt (DimSum)		-2.57	0.06	2.09	-0.82	-0.52	0.14	-7.60	1.60
Asia-Pac	1-3YR	-3.57	-0.96	2.59	-0.33	0.52	1.19	-7.15	2.09
	7-10YR	-4.36	-1.78	2.65	-0.27	0.42	1.08	-9.10	-0.05
	20+YR	-6.10	-3.56	3.35	0.40	0.33	0.99	-12.19	-3.45
	All	-4.32	-1.74	2.74	-0.19	0.52	1.18	-8.60	0.50
Australia	1-3YR	-4.94	-2.37	0.51	-2.36	-1.05	-0.40	-8.57	0.53
	7-10YR	-6.39	-3.86	-0.97	-3.79	-1.84	-1.19	-15.78	-7.39
	20+YR	-7.99	-5.50	-3.24	-6.00	-5.83	-5.21	-27.86	-20.68
	All	-6.06	-3.52	-0.66	-3.49	-1.86	-1.21	-15.04	-6.59
India	1-3YR	-0.71	1.97	-0.37	-3.21	-1.50	-0.85	-6.09	3.26
	7-10YR	-0.73	1.95	-0.53	-3.36	-1.72	-1.07	-6.32	3.01
	20+YR	0.03	2.73	0.01	-2.84	0.68	1.34	-5.12	4.33
	All	-0.49	2.19	-0.34	-3.18	-1.05	-0.40	-5.90	3.46
Indonesia	1-3YR	-1.75	0.91	4.68	1.69	-0.32	0.34	-3.39	6.22
	7-10YR	-2.12	0.52	6.14	3.11	2.75	3.43	-0.60	9.29
	20+YR	-1.35	1.31	6.88	3.83	3.12	3.80	0.84	10.88
	All	-2.00	0.65	5.96	2.94	1.92	2.59	-1.27	8.56
Japan	1-3YR	-4.49	-1.92	2.47	-0.45	1.68	2.35	-15.44	-7.02
	7-10YR	-4.45	-1.87	0.70	-2.17	-0.50	0.16	-17.65	-9.45
	20+YR	0.16	2.86	4.36	1.38	-2.90	-2.26	-24.35	-16.81
	All	-2.93	-0.31	2.01	-0.90	-1.16	-0.51	-19.38	-11.35
Korea	1-3YR	-7.30	-4.80	0.51	-2.36	2.82	3.49	-8.51	0.60
	7-10YR	-9.75	-7.31	-0.45	-3.29	2.44	3.12	-13.59	-4.98
	20+YR	-11.46	-9.07	2.39	-0.52	2.48	3.16	-21.75	-13.96
	All	-9.50	-7.05	0.71	-2.16	2.62	3.29	-14.44	-5.92
Malaysia	1-3YR	-4.69	-2.11	0.68	-2.19	1.62	2.29	-4.07	5.49
	7-10YR	-5.34	-2.79	2.07	-0.84	2.53	3.20	-3.84	5.74
	20+YR	-5.46	-2.91	2.84	-0.10	4.87	5.56	-1.26	8.57
	All	-5.13	-2.57	1.79	-1.11	2.63	3.30	-3.32	6.31
New Zealand	1-3YR	-4.41	-1.83	0.29	-2.57	1.08	1.75	-9.13	-0.09
	7-10YR	-7.21	-4.70	-2.72	-5.49	-1.64	-0.99	-17.05	-8.80
	20+YR	-8.19	-5.71	-5.85	-8.53	-2.75	-2.11	-28.86	-21.78
	All	-6.15	-3.61	-1.78	-4.58	-0.68	-0.02	-15.51	-7.10
Singapore	1-3YR	-3.13	-0.51	1.54	-1.35	3.44	4.12	-0.84	9.04
	7-10YR	-4.76	-2.19	0.68	-2.19	2.10	2.78	-6.84	2.43
	20+YR	-5.29	-2.74	2.07	-0.84	7.97	8.68	-9.52	-0.51
	All	-4.38	-1.80	0.99	-1.88	3.51	4.19	-5.53	3.88
Thailand	1-3YR	-6.66	-4.14	-0.01	-2.86	3.50	4.18	-7.70	1.49
	7-10YR	-6.81	-4.29	1.51	-1.38	4.62	5.31	-7.51	1.70
	20+YR	-7.17	-4.66	12.97	9.76	10.17	10.90	-7.06	2.19
	All	-6.86	-4.35	2.02	-0.89	4.83	5.53	-7.77	1.41

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Appendix – Global Bond Market Yields %, February 28, 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	4.90	4.34	3.93	4.01	1.82	1.57	1.65	5.55	8.62
	3M Ago	4.47	3.97	3.64	3.95	1.76	1.40	1.59	5.38	8.81
	6M Ago	3.49	3.44	3.19	3.46	0.87	0.75	1.14	4.86	8.37
	12M Ago	1.38	1.71	1.82	2.26	-2.12	-1.01	-0.09	3.13	5.77
UK	Current	3.95	3.79	3.72	4.07	0.45	0.18	0.67		
	3M Ago	3.36	3.26	3.20	3.39	-1.95	-0.58	0.10		
	6M Ago	3.04	2.82	2.77	3.06	-3.47	-1.62	-0.45		
	12M Ago	1.02	1.01	1.11	1.41	-4.71	-3.55	-2.18		
Japan	Current	-0.04	0.11	0.53	1.35	-1.25	-0.36			
	3M Ago	-0.04	0.05	0.28	1.40	-1.44	-0.76			
	6M Ago	-0.10	-0.04	0.20	1.10	-1.23	-0.83			
	12M Ago	-0.04	0.00	0.11	0.80	-1.11	-0.83			
China	Current	2.38	2.62	2.86	3.32					
	3M Ago	2.26	2.54	2.87	3.34					
	6M Ago	1.96	2.30	2.68	3.16					
	12M Ago	2.18	2.49	2.86	3.45					
EM	Current	3.71	4.48	4.88	4.57	1.46	3.33	5.35	5.95	10.85
	3M Ago	3.72	4.51	4.89	4.89	2.45	3.14	5.10	6.08	12.18
	6M Ago	3.49	4.16	4.76	4.65	2.45	3.50	5.09	5.25	11.65
	12M Ago	3.39	4.03	4.58	4.90	2.17	3.01	4.91	4.00	10.39
Germany	Current	3.09	2.78	2.59	2.57	0.22	0.08	0.03		
	3M Ago	2.04	1.95	1.91	1.81	-0.59	-0.41	-0.54		
	6M Ago	0.97	1.25	1.41	1.62	-1.62	-0.97	-0.68		
	12M Ago	-0.57	0.23	0.48	0.60	-4.13	-2.15	-1.83		
Italy	Current	3.65	3.81	4.18	4.55	0.84	1.69	1.90		
	3M Ago	2.73	3.09	3.59	3.86	0.12	1.32	1.35		
	6M Ago	2.11	2.78	3.53	3.93	-1.97	1.08	1.73		
	12M Ago	-0.01	1.12	1.87	2.52	-3.56	-0.84	0.26		
France	Current	3.18	3.03	3.01	3.37	-0.05	0.24	0.69		
	3M Ago	2.25	2.19	2.27	2.59	-0.94	-0.39	0.09		
	6M Ago	1.21	1.53	1.88	2.52	-1.84	-0.60	0.15		
	12M Ago	-0.46	0.61	1.01	1.62	-3.85	-2.03	-0.92		
Sweden	Current	3.18	2.96	2.65		0.64	0.72			
	3M Ago	2.52	2.21	1.93		-0.29	-0.26			
	6M Ago	2.24	2.22	1.96		-1.11	-0.90			
	12M Ago	-0.05	1.26	1.45		-2.05	-1.61			
Australia	Current	3.66	3.65	3.83	4.19	0.50	1.26	1.78		
	3M Ago	3.12	3.22	3.49	3.92	-0.08	0.90	1.43		
	6M Ago	3.11	3.30	3.56	3.84	-0.19	0.81	1.56		
	12M Ago	1.05	2.60	3.00	3.50	-0.46	0.31	1.01		
NZ	Current	5.06	4.68	4.57	4.67	1.40	2.07			
	3M Ago	4.67	4.39	4.12	4.28	1.49	1.97			
	6M Ago	3.85	3.87	3.97	4.33	0.72	1.84			
	12M Ago	2.16	3.43	3.57	3.81	0.32	1.13			
Canada	Current	4.04		3.35	3.26			1.34	5.16	7.19
	3M Ago	3.70		2.96	3.02			1.20	5.07	7.37
	6M Ago	3.56		3.14	3.06			1.23	4.96	6.97
	12M Ago	1.44		1.79	2.12			0.07	3.13	4.93

Source: FTSE Russell. All data as of February 28, 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.

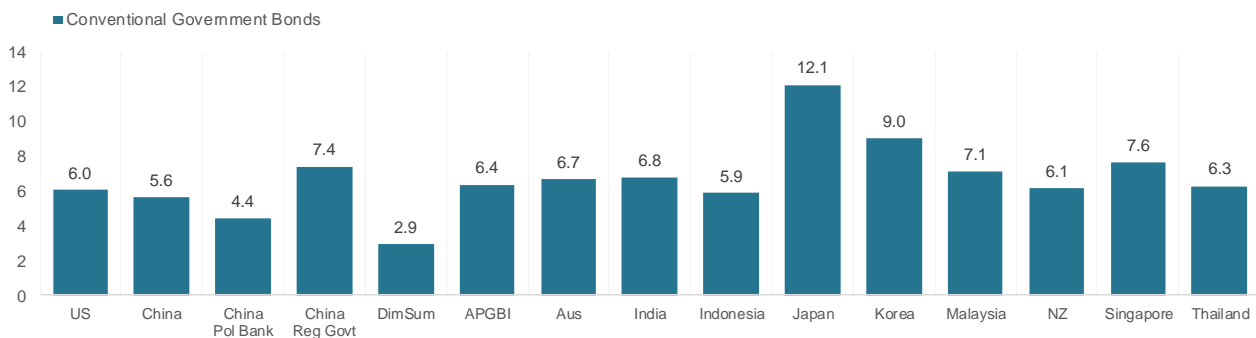
Appendix – Duration and Market Value (USD, Bn), February 28, 2023

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	17.5	6.0	2,171.5	1,031.7	1,240.4	10,052.7
China	3.6	7.5	17.3	5.6	462.0	326.1	232.2	1,997.0
China Pol Bank				4.4				2,647.8
China Reg Govt				7.4				1,897.6
DimSum	3.7			2.9	1.7			7.3
APGBI	3.6	7.4	17.8	6.4	723.9	631.4	442.0	3,593.0
Aus	3.6	7.8	17.8	6.7	55.2	87.1	15.4	318.6
India	3.3	6.1	11.6	6.8	149.2	197.5	218.1	981.3
Indonesia	3.1	6.1	11.2	5.9	36.6	52.3	11.7	225.9
Japan	3.9	7.9	23.8	12.1	357.0	383.5	705.7	3,227.8
Korea	3.5	7.3	19.1	9.0	84.0	89.5	145.6	570.9
Malaysia	3.6	7.0	14.8	7.1	21.1	13.1	13.4	111.7
NZ	3.4	7.8	17.3	6.1	8.5	6.4	2.2	44.4
Singapore	3.5	7.2	20.0	7.6	17.9	11.7	13.6	91.7
Thailand	3.8	7.7	16.8	6.3	22.1	22.8	7.9	136.4

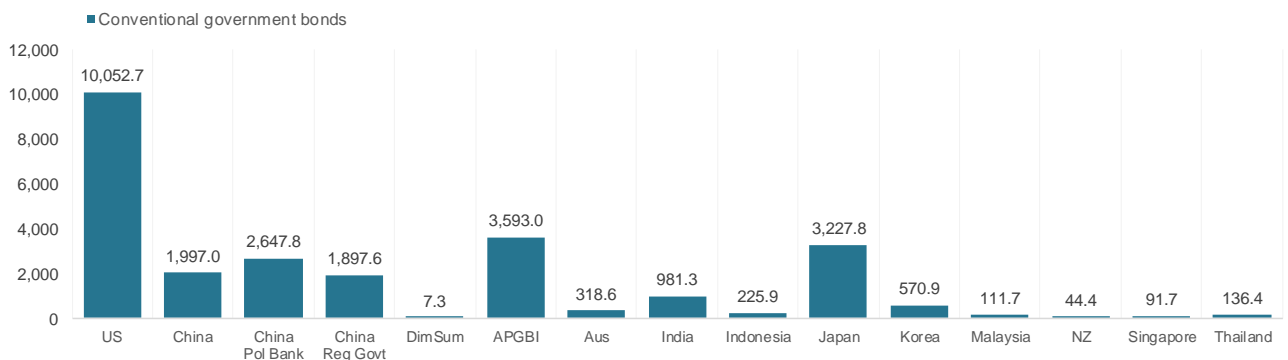
Corporate Bonds						
	Duration			Market Value		
	Inv Grade	High Yield	Overall	Inv Grade	High Yield	Overall
US	7.1	4.2		6,156.8	1,001.8	
China Corp (LC)			2.3			546.0
China Green Onshore			2.5			131.6
China Corp (\$)	4.0	2.3	7.4	281.8	25.6	307.4
DimSum	2.2		2.2	10.1		11.7
EM	5.0	3.6	4.6	604.7	203.6	808.3
EUxUK	4.5	3.1		2,646.1	422.3	

Other Sectors						
	Duration			Market Value		
	Supra	Agency	Corp NR	Supra	Agency	Corp NR
Offshore (DimSum)	1.8	2.5	2.1	2.0	6.9	1.7

Average Duration



Total Market Value (USD Billions)

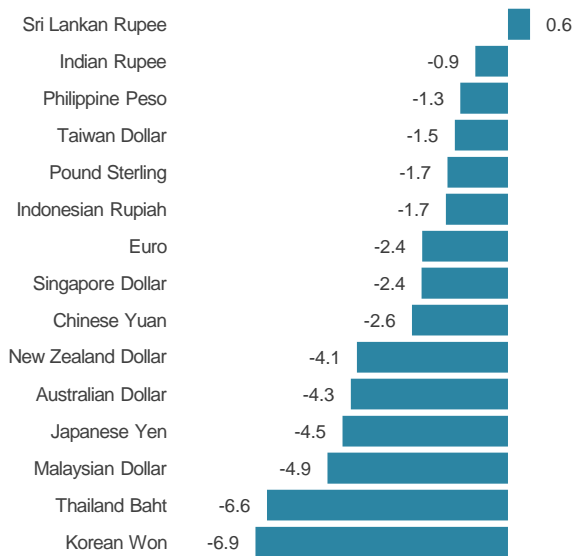


Data as of 2023-02-28

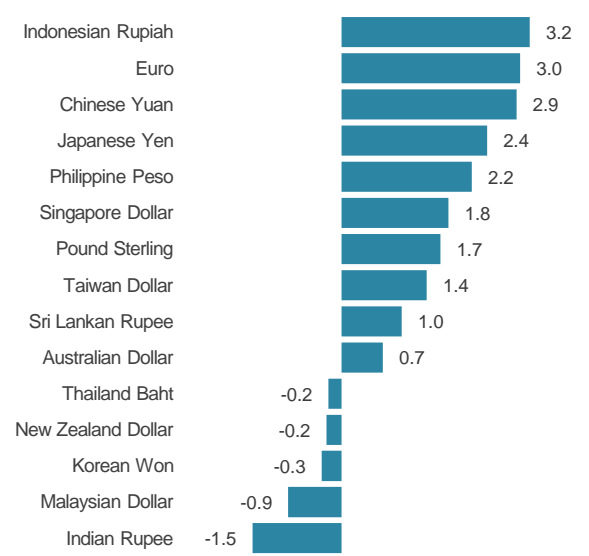
Source: FTSE Russell. All data as of February 28, 2023. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of Indices used for each market. For professional investors only.

Appendix – Foreign Exchange Returns % as of February 28, 2023

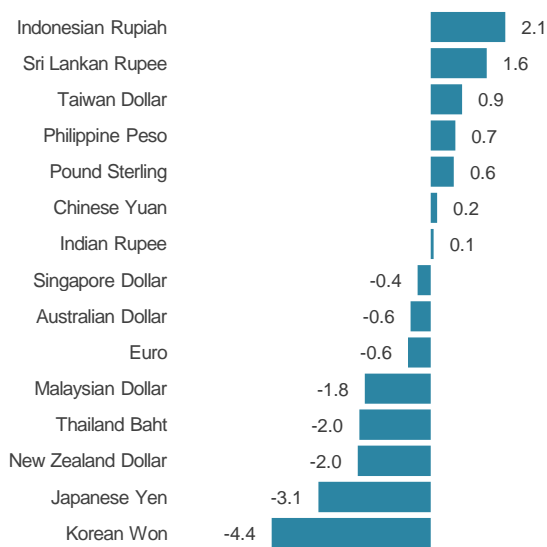
FX Moves vs USD - 1M



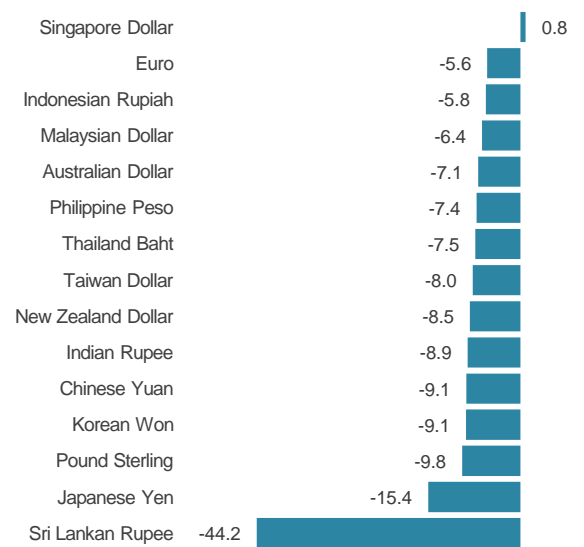
FX Moves vs USD - 3M



FX Moves vs USD - YTD



FX Moves vs USD - 12M



Source: FTSE Russell and Refinitiv. All data as of February 28, 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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