

Fixed Income Insights

MONTHLY REPORT – JANUARY 2023 | CHINA EDITION

FOR PROFESSIONAL INVESTORS ONLY

Covid surge and low inflation leave PBoC room to ease further, if needed

Chinese govt yields fell in 2022, helped by easier PBoC policies, during lockdowns. Post-lockdown, the uncertain outlook and low inflation give scope to ease again, if required. Chinese \$ HY credit lost 30% in 2022, led by property, though easing of Covid restrictions and property sector support drove a strong Q4 rally.

Macroeconomic backdrop – G7 slowdown but US rebounds in Q4; sticky inflation is key for central banks

China's covid cases surged, after restrictions were eased. The PBoC has room to ease further in 2023, under less inflation pressure than other major central banks. (page 2)

Chinese bonds – Government curve mostly bear flattened in Q4; green spreads widened

Covid surge concerns drove further yield curve flattening. Green spreads widened in market stress-test. (page 3)

Chinese and Asian bonds – Great curve flattener and inversion continued in Asia; Chinese spreads remained volatile

Asian 10s/2s curves flattened in H2, tracking the US, except China. Chinese sovereign spreads were negative in Q4 vs the US and UK. Chinese \$ HY spreads eased significantly in Q4. (page 4)

Performance – Malaysian and Singaporean govts led 2022 gains in RMB; Bunds and JGBs lagged

Malaysian and Singaporean sovereigns outperformed in 2022, helped by a Q4 rally. Bunds and JGBs remained the worst performers of major markets throughout the year. Chinese \$ HY down 30% again in 2022. (pages 5-6)

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

Chart 1: Inflation eased in November, including China, helped by lower energy prices. However, Japan inflation rose to a multi-year high.

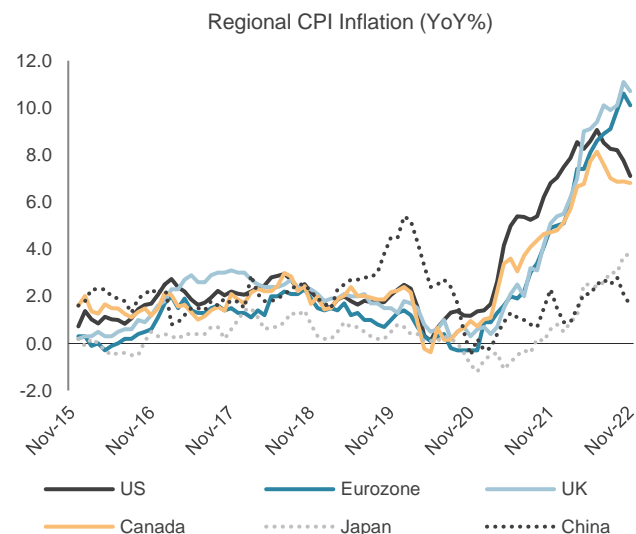
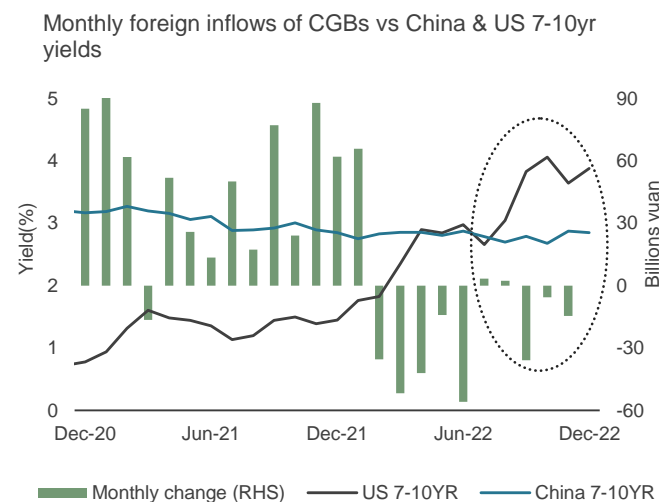


Chart 2: Foreign outflows lost momentum in H2, and China's low correlation to G7 returns increases diversification attraction.



Source: FTSE Russell. All data as of December 31, 2022. 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

2023 growth forecasts reflect the monetary squeeze and energy price shock in Europe particularly, even if energy prices eased in Q4. Regional dispersion in inflation remains a key feature, driving divergent policy settings. The fall-out from releasing Covid lockdowns creates an uncertain Chinese outlook, and low inflation gives the PBoC more policy freedom.

Consensus estimates show very weak G7 growth in 2023, after the 2022 policy tightening, and energy shock. The most uncertain outlook is in China, where a surge in Covid cases has already followed the lifting of restrictions (Chart 1).

Lower shelter and core service sector inflation remain key priorities for Fed Chairman Powell, but base effects at least turn more favourable in Q1, 2023. Lower inflation gives the PBoC more scope to provide policy stimulus, if the post-Covid restrictions period sees a big dip in growth (Chart 2).

Chinese M2 YoY growth accelerated to 12.4% in November, a rate last seen in April 2016 (12.8%). However, the widening gap in M1 and M2 growth rates suggest increased precautionary savings, or idle cash balances, during Covid may have driven the M2 increase, reducing M2's effectiveness as a leading indicator of nominal GDP growth (Chart 3).

The Chinese renminbi rallied to just above 7 versus the US dollar by year-end, after a highly volatile Q4, as the dollar index fell to 103.5, from the peak of 114 in Q3. From a longer term perspective, the Chinese renminbi has held up well since July 2020 (when it was last at the 7 level versus the US dollar), with the US dollar index gaining largely against other currencies (Chart 4).

Chart 1: A rebound in Chinese growth requires the lifting of restrictions not to be overwhelmed by surging Covid cases. G7 recessions may be hard to achieve if inflation is to return to target.

Latest Consensus GDP Forecasts (% December 2022)			
	2021	2022	2023
US	5.6	1.9	0.3
UK	7.2	4.4	-0.9
Eurozone	5.2	3.2	-0.1
Japan	1.6	1.6	1.1
China	8.1	3.2	5.0
Canada	4.7	3.2	0.8

Chart 2: Inflation forecasts for G7 countries remain well above target. Japan inflation forecast edged up in December, following a multi-year high reading in November.

Consensus Inflation Forecasts (% December 2022)				
	2022	Change Since Jan-22 (Bps)	2023	Change Since Jan-22 (Bps)
US	8.1	340	4.1	170
UK	9.1	460	7.4	520
Eurozone	8.5	550	6.0	430
Japan	2.8	190	1.8	110
China	2.2	0	2.3	20
Canada	6.8	330	3.6	140

Chart 3: YoY M2 growth reached 12.4% in November, a 6-year plus high since April 2016 (12.8%), most likely boosted by savings deposits from residents due to a slowing in M1.

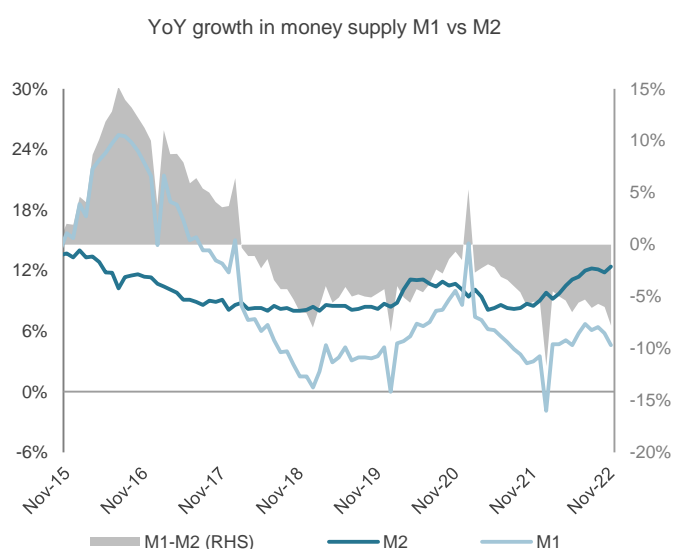
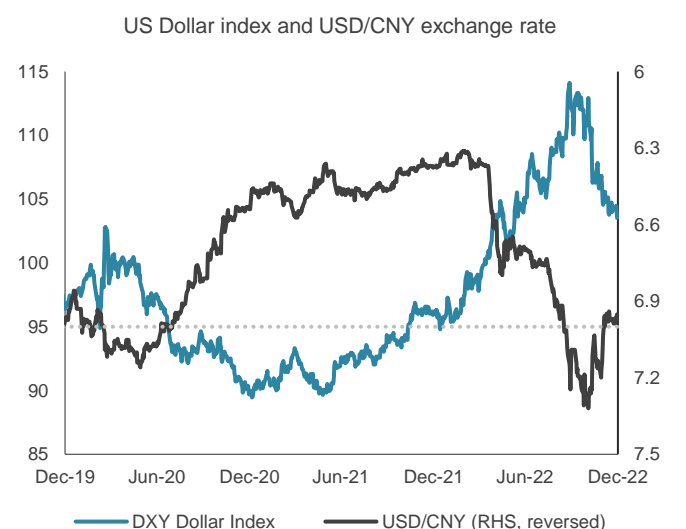


Chart 4: The renminbi finished the year slightly above the key psychological level of 7-per-dollar, after dipping to as low as 7.32 in early November.



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Chinese Government and Corporate Bonds

Chart 1: Government yields rose in Q4, led by shorts, after the lifting of Covid restrictions raised growth expectations and the fiscal deficit widened. But the Covid surge creates growth uncertainty.

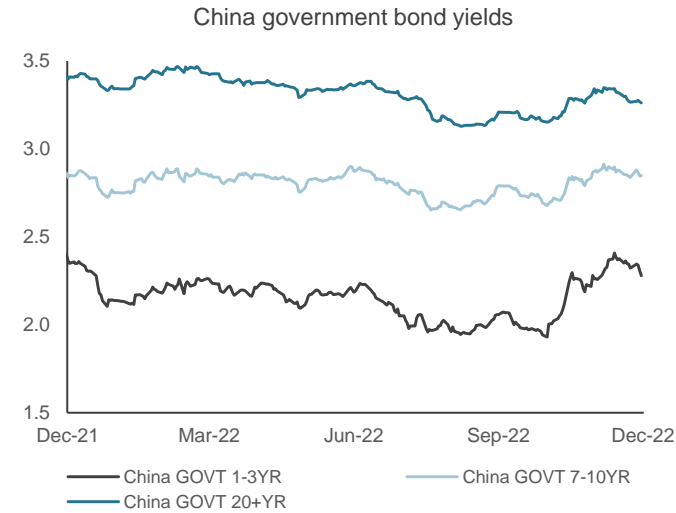


Chart 2: US 10s/2s curve inversion reached a new cycle high of near 100bp in December. Covid surge concerns caused some curve flattening but it remains largely uncorrelated with Treasuries.

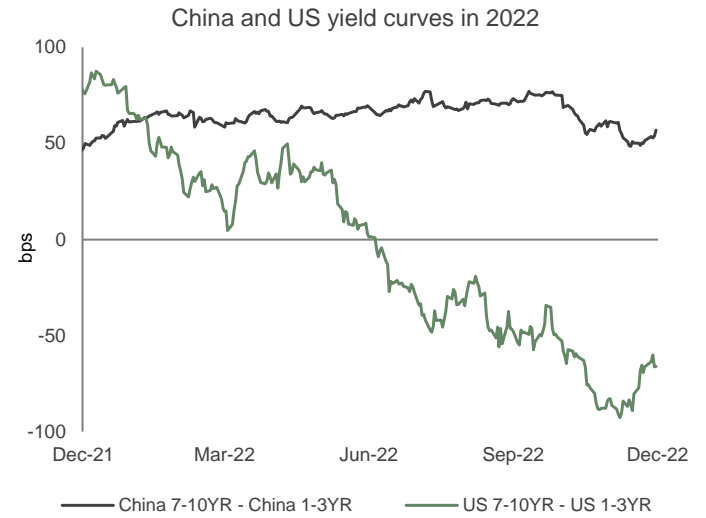


Chart 3: Green spread widening remains a feature in Chinese credit, as the market's liquidity is stress-tested after heavy issuance, and investors become more sensitive to green-washing.



Chart 4: But the back-up in Green yields is modest compared with Chinese \$ denominated credit moves in 2022, as the property market fell & the Fed tightened. A Ukraine effect is also observable.

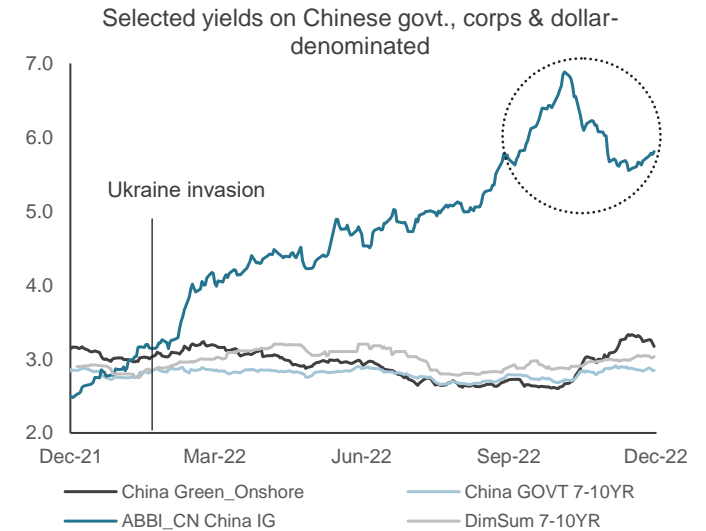


Chart 5: Foreign investors withdrew one-third of their 2021 inflows to Chinese govts in 2022, as G7 yields surged. Divergent policies continue to pose risks, despite foreign outflows slowing in H2.

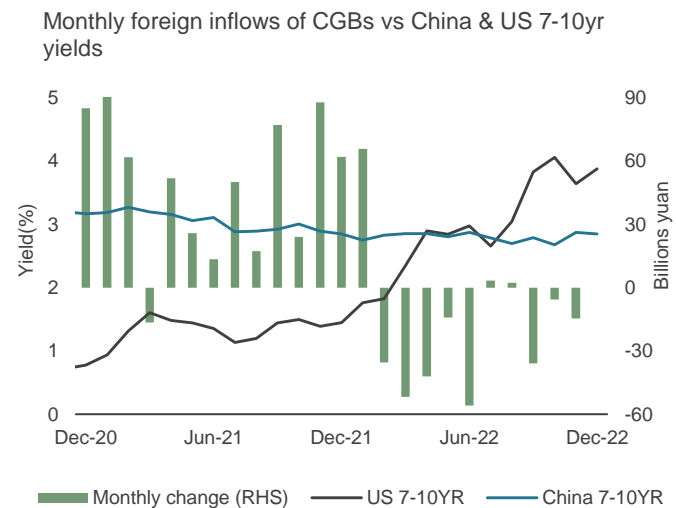


Chart 6: Different dynamics drive offshore Dimsum bonds versus onshore, notably the Fed tightening cycle versus the PBoC's. Thus relative yields rose on Dimsum bonds in 2022 until the Q4 rally.



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China and Asian Bonds in Global Context

Chart 1: Korean yields dipped below US Treasuries after the Bank of Korea's hint at a policy pivot. Indonesian yields are below Indian gov't bond yields. China shows low correlation with other markets.

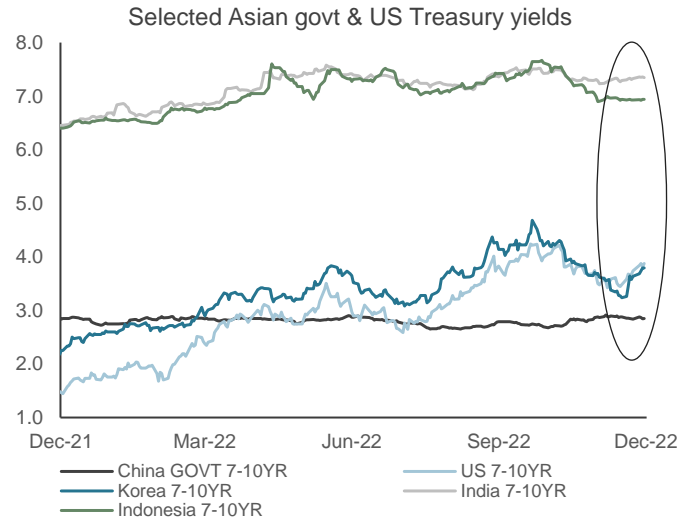


Chart 2: The "great flattener" comes to Asia. A major flattening of the 10s/2s curve has developed in H2 2022, led by the US. Only China failed to follow this move, as the PBoC eschewed tightening.

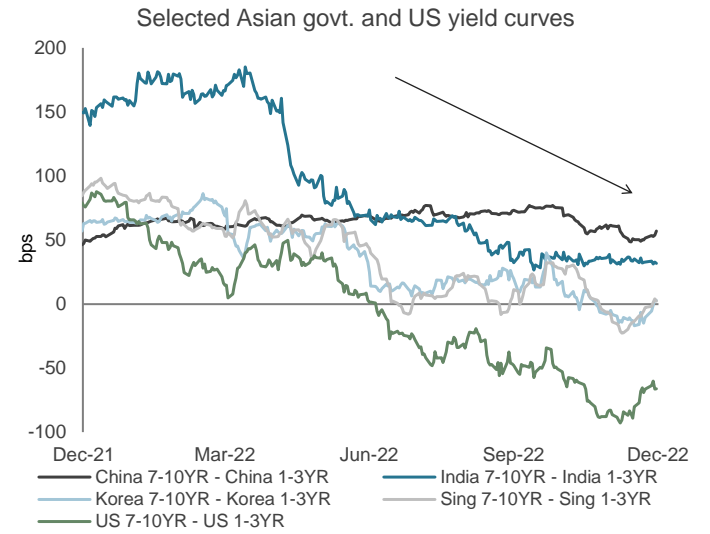


Chart 3: China sovereign spreads converged but remained volatile versus the G7, apart from Japan, where the BoJ adopted curve control. China's correlation to the G7 financial cycle remains low.

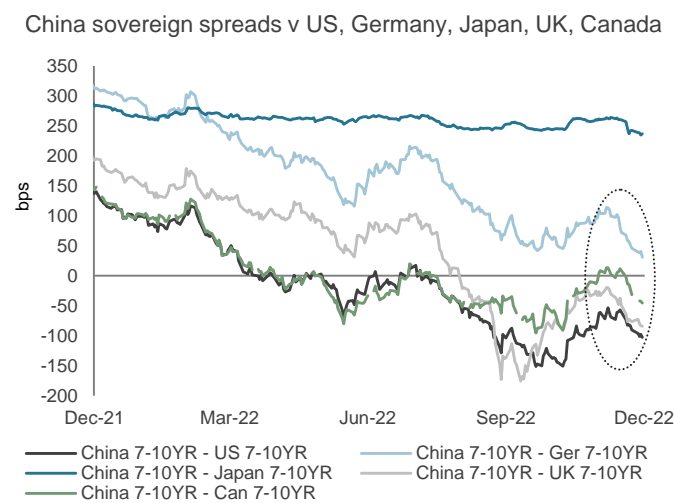


Chart 4: Sovereign spreads converged towards, or through, US yields throughout Asia in 2022. China moved most as policy divergence widened. Korean gov'ts trade on parity with the US now.

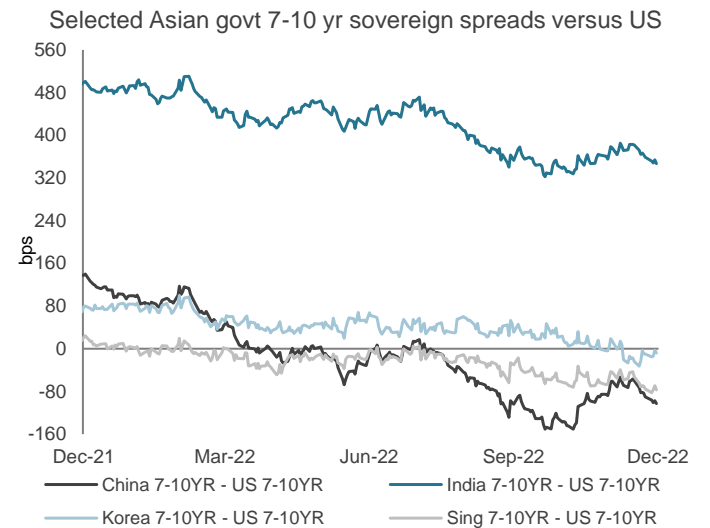


Chart 5: Chinese \$ HY spreads tightened sharply vs Treasuries from the Nov peak, after support measures for the property sector, and the rally in US HY, but are much higher than pre-Covid levels.

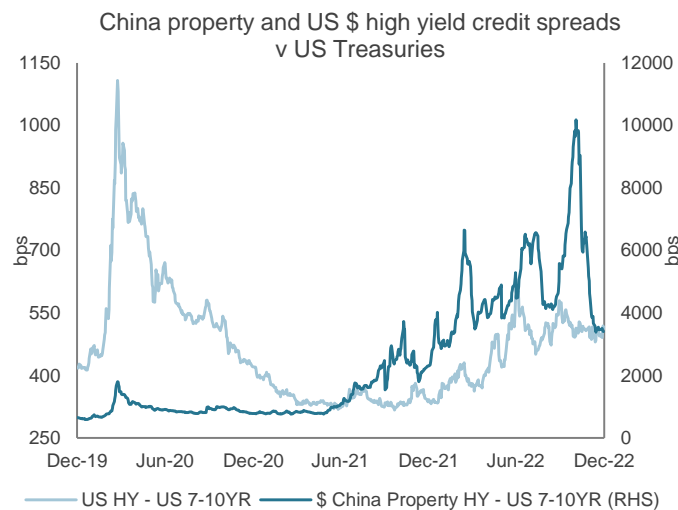
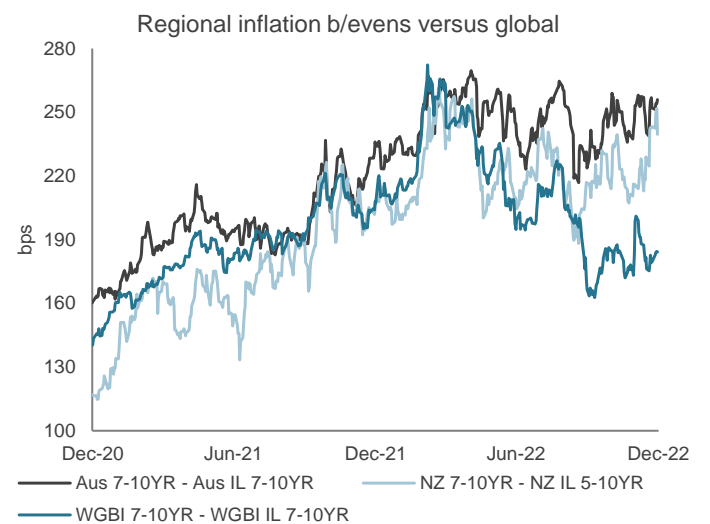


Chart 6: Australasian inflation breakevens have exceeded those globally in Q4, and remained close to cycle highs, despite G7 breakevens anticipating lower inflation in 2023.



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China Bond Market Returns – 3M & YTD RMB & USD (TR) as of December 31, 2022

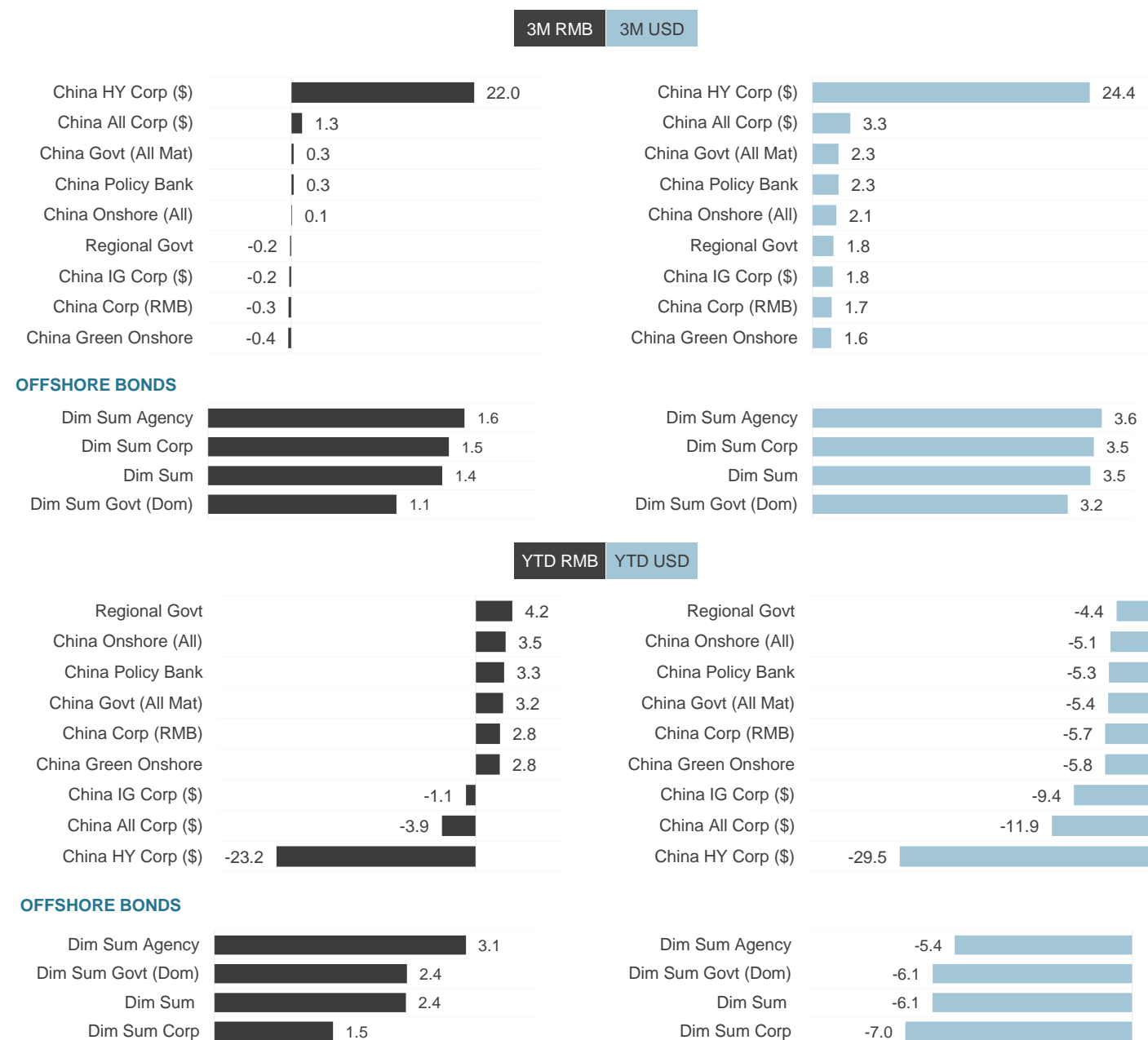
Chinese HY credit made further gains in December, with returns of 24% in dollar terms in Q4, though YTD returns remained down 30%. Measures to support the Chinese property sector and the US HY rally were key drivers. IG credit and govt bonds all rallied as well in Q4. Chinese bond returns YTD remained negative in dollar terms but positive in RMB.

Easing of China's zero-Covid rules (November 11), the 16-point relief package for the property sector and the recovery in US dollar HY, continued to drive strong December returns in HY. The high property weighting in HY indices also helped returns.

Investment grade corporates rallied but far less than high yield credits, reflecting the lower property weight in IG indices. Chinese government and policy bank bonds recovered a little in December as the Covid surge increased uncertainty on the growth outlook.

Offshore RMB bonds outperformed onshore bonds in Q4, but YTD returns lagged in US dollars.

The renminbi rallied in December, but only a little, as the Fed signaled its counter-inflation resolve. Thus Chinese government bonds have lost 5.4% in dollar terms YTD, despite being up 3.2% in renminbi terms.



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Global Bond Market Returns – 3M & YTD RMB & USD (TR) as of December 31, 2022

Korean government bonds outperformed in Q4, in both RMB and USD terms, as the weaker growth outlook, lower US yields and signs of a BoK policy pivot attracted buyers. Chinese \$ HY corporates, led by property, surged. Several Asian govt markets, including Malaysia, Singapore and China, were able to deliver positive returns in 2022, for an RMB based investor.

Korean government bonds gained 16.9% in US dollar terms in Q4, helped by the stronger won vs US dollar, although Korea still underperformed most of its Asian peers year-to-date, of which Malaysia, Singapore and Indonesia were the strongest performers.

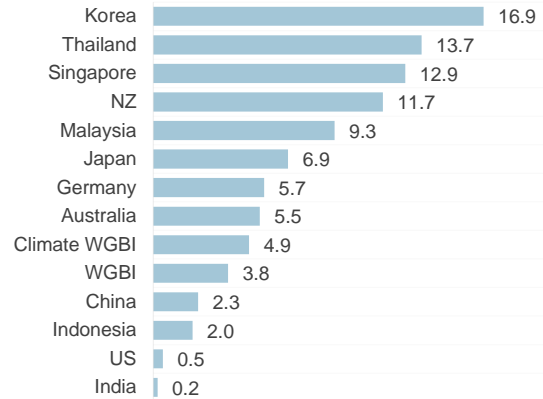
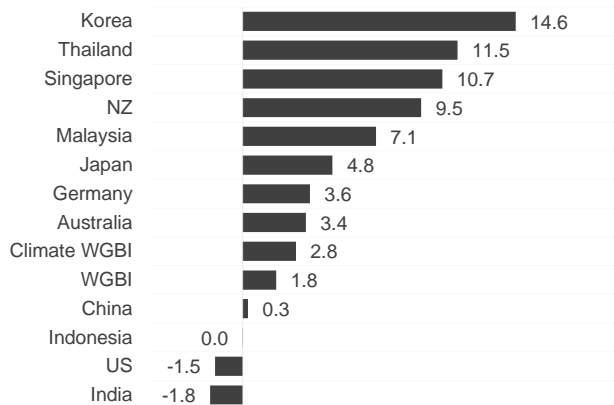
Australasian and Indian government bond returns finished Q4 on a positive note, after the strong November rallies.

Chinese government bonds stabilized after the November sell-off, as the growth outlook became more uncertain with the Covid surge and they still gained 3.2% in 2022, though lost 5.4% in US dollar terms, due to dollar strength. Quarterly performance in Q4 proved to be the weakest in RMB, but the strongest in US dollar terms.

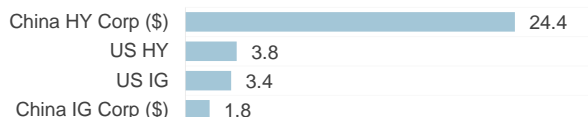
JGBs delivered strong US dollar returns of 6.9% in Q4, helped by the yen recovery, but JGBs' and Bund YTD returns remained the worst of major markets, with losses of 12-23% in RMB and dollar terms.

3M RMB 3M USD

CONVENTIONAL GOVT BONDS

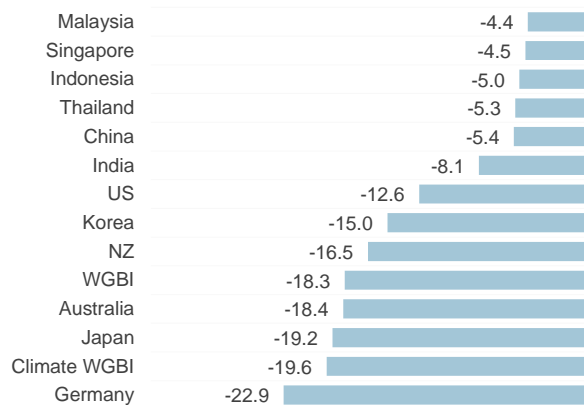


CORPORATE BONDS

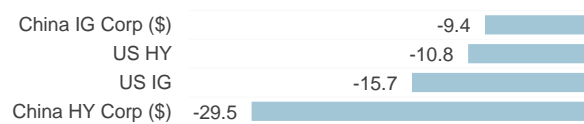


YTD RMB YTD USD

CONVENTIONAL GOVT BONDS



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Appendix – Global Bond Market Returns % (RMB vs USD, TR), December 31, 2022

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	0.16	-2.52	0.69	-1.29	-0.88	2.93	-3.74	5.00
	7-10YR	-1.45	-4.09	0.61	-1.37	-5.22	-1.57	-15.22	-7.52
	20+YR	-2.56	-5.17	-2.02	-3.94	-12.60	-9.24	-31.54	-25.33
	IG All	-0.46	-3.13	3.37	1.34	-1.78	1.99	-15.68	-8.03
	HY All	-0.76	-3.41	3.80	1.76	3.32	7.29	-10.83	-2.74
China	1-3YR	2.97	0.21	2.31	0.30	-2.59	1.16	-5.89	2.65
	7-10YR	3.32	0.55	2.36	0.35	-2.16	1.61	-5.73	2.82
	20+YR	4.47	1.67	1.84	-0.16	-0.56	3.26	-3.03	5.77
	All	3.26	0.50	2.29	0.28	-2.13	1.63	-5.41	3.17
China Policy Bank		3.13	0.37	2.29	0.27	-2.03	1.73	-5.31	3.29
Regional Govt		2.81	0.05	1.84	-0.16	-1.99	1.78	-4.44	4.24
China Corp (LC)		2.66	-0.09	1.68	-0.32	-2.86	0.88	-5.75	2.80
China Onshore (All)		3.05	0.29	2.10	0.09	-2.12	1.65	-5.14	3.47
China Green Onshore		2.65	-0.10	1.64	-0.36	-2.87	0.86	-5.76	2.79
China All Corp (\$)		2.19	-0.54	3.33	1.30	-0.77	3.05	-11.94	-3.95
China IG Corp (\$)		1.08	-1.63	1.77	-0.23	-1.54	2.25	-9.37	-1.14
China HY Corp (\$)		16.59	13.47	24.41	21.97	10.06	14.29	-29.54	-23.15
Offshore Govt (DimSum)		2.30	-0.44	3.18	1.15	-2.01	1.76	-6.12	2.40
Asia-Pac	1-3YR	2.94	0.19	4.81	2.75	-1.06	2.75	-6.11	2.41
	7-10YR	2.34	-0.40	6.02	3.93	-0.39	3.44	-10.13	-1.98
	20+YR	4.07	1.28	8.48	6.35	0.53	4.40	-13.82	-6.00
	All	2.83	0.07	5.90	3.81	-0.38	3.45	-8.92	-0.65
Australia	1-3YR	0.90	-1.80	6.37	4.28	-0.83	2.98	-9.07	-0.82
	7-10YR	-2.46	-5.07	5.23	3.16	-2.55	1.19	-20.02	-12.76
	20+YR	-6.35	-8.86	1.50	-0.50	-8.21	-4.68	-33.32	-27.27
	All	-1.64	-4.27	5.45	3.38	-2.35	1.41	-18.39	-10.98
India	1-3YR	-1.12	-3.77	0.16	-1.81	-1.64	2.15	-7.22	1.20
	7-10YR	-1.20	-3.84	0.22	-1.76	-0.57	3.25	-8.59	-0.29
	20+YR	-1.60	-4.23	0.41	-1.57	1.59	5.50	-7.99	0.36
	All	-1.32	-3.97	0.22	-1.75	-0.22	3.62	-8.06	0.28
Indonesia	1-3YR	2.14	-0.60	0.38	-1.59	-2.61	1.14	-5.96	2.57
	7-10YR	1.93	-0.80	2.60	0.58	1.31	5.20	-4.84	3.80
	20+YR	1.81	-0.92	1.33	-0.66	1.30	5.20	-3.65	5.09
	All	2.16	-0.58	2.01	0.00	0.49	4.35	-5.00	3.62
Japan	1-3YR	5.64	2.81	9.52	7.36	2.77	6.72	-12.92	-5.02
	7-10YR	4.11	1.32	7.96	5.83	1.26	5.16	-15.60	-7.94
	20+YR	3.38	0.61	4.65	2.59	-4.93	-1.28	-28.15	-21.63
	All	4.03	1.24	6.90	4.79	-0.64	3.18	-19.21	-11.87
Korea	1-3YR	4.56	1.76	14.93	12.67	4.26	8.27	-6.22	2.29
	7-10YR	3.77	0.99	17.10	14.80	3.45	7.43	-13.48	-5.63
	20+YR	4.49	1.69	18.25	15.92	0.53	4.39	-25.83	-19.10
	All	4.33	1.53	16.89	14.59	2.99	6.95	-15.03	-7.32
Malaysia	1-3YR	1.39	-1.32	6.45	4.35	1.48	5.38	-3.51	5.24
	7-10YR	2.17	-0.57	9.57	7.41	3.90	7.90	-4.90	3.73
	20+YR	1.04	-1.67	13.29	11.06	8.35	12.52	-5.40	3.19
	All	1.73	-0.99	9.27	7.12	4.45	8.47	-4.35	4.33
New Zealand	1-3YR	1.67	-1.05	11.49	9.30	1.03	4.91	-9.25	-1.02
	7-10YR	-0.56	-3.23	11.55	9.35	-0.98	2.83	-18.50	-11.11
	20+YR	-2.28	-4.90	14.58	12.32	-2.74	1.00	-29.57	-23.18
	All	0.10	-2.58	11.74	9.54	-0.57	3.26	-16.51	-8.93
Singapore	1-3YR	2.57	-0.17	8.52	6.39	4.32	8.33	-0.95	8.04
	7-10YR	2.48	-0.26	11.28	9.09	4.03	8.03	-7.03	1.41
	20+YR	8.76	5.84	24.76	22.31	16.69	21.18	-5.10	3.51
	All	3.76	0.98	12.89	10.67	6.71	10.81	-4.54	4.12
Thailand	1-3YR	2.29	-0.45	10.16	7.99	3.51	7.49	-3.50	5.26
	7-10YR	3.04	0.28	14.87	12.61	6.41	10.50	-5.48	3.10
	20+YR	8.42	5.52	18.07	15.75	12.10	16.41	-11.18	-3.12
	All	3.47	0.70	13.72	11.49	6.16	10.25	-5.31	3.28

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Appendix – Global Bond Market Yields %, December 31, 2022

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	4.54	4.13	3.88	4.11	2.09	1.68	1.82	5.50	9.00
	3M Ago	4.31	4.18	3.83	3.95	2.11	1.82	1.95	5.72	9.55
	6M Ago	2.96	3.03	2.97	3.28	-0.04	0.64	1.14	4.74	8.86
	12M Ago	0.69	1.14	1.45	1.91	-2.21	-1.30	-0.45	2.41	4.87
UK	Current	3.50	3.65	3.69	3.92	-0.68	0.15	0.49		
	3M Ago	4.39	4.44	4.16	3.72	-0.88	0.08	-0.16		
	6M Ago	1.94	1.91	2.15	2.57	-2.66	-1.56	-0.70		
	12M Ago	0.60	0.89	1.10	1.25	-3.49	-2.94	-2.18		
Japan	Current	0.03	0.15	0.48	1.50	-1.22	-0.54			
	3M Ago	-0.07	0.01	0.26	1.27	-1.37	-0.78			
	6M Ago	-0.09	-0.02	0.24	1.12	-1.29	-0.73			
	12M Ago	-0.09	-0.06	0.06	0.65	-0.63	-0.61			
China	Current	2.28	2.53	2.85	3.26					
	3M Ago	2.06	2.42	2.79	3.21					
	6M Ago	2.19	2.53	2.87	3.36					
	12M Ago	2.35	2.43	2.79	3.39					
EM	Current	3.78	4.38	4.95	4.61	2.79	3.04	5.15	5.92	11.40
	3M Ago	3.70	4.31	5.05	4.78	2.51	3.42	5.19	6.09	13.35
	6M Ago	3.64	4.45	5.07	4.92	2.79	3.28	5.25	5.08	12.30
	12M Ago	3.39	3.73	4.69	4.70	3.13	3.41	4.79	2.71	7.95
Germany	Current	2.56	2.53	2.54	2.51	0.40	0.34	0.18		
	3M Ago	1.66	1.82	2.03	2.11	-0.52	-0.10	-0.07		
	6M Ago	0.56	0.93	1.26	1.61	-1.62	-0.95	-0.59		
	12M Ago	-0.65	-0.44	-0.18	0.12	-2.54	-1.94	-1.79		
Italy	Current	3.34	3.72	4.38	4.72	1.16	2.19	2.18		
	3M Ago	2.87	3.45	4.16	4.37	-0.14	2.02	2.10		
	6M Ago	1.34	2.12	3.04	3.60	-1.94	0.78	1.49		
	12M Ago	-0.16	0.67	1.38	2.21	-1.99	-0.44	0.48		
France	Current	2.85	2.82	2.97	3.30	0.15	0.44	0.77		
	3M Ago	1.91	2.12	2.46	2.99	-0.58	0.21	0.63		
	6M Ago	0.81	1.23	1.76	2.49	-2.85	-0.79	0.17		
	12M Ago	-0.57	0.05	0.47	1.12	-2.53	-1.52	-0.90		
Sweden	Current	2.80	2.65	2.37		-0.24	0.25			
	3M Ago	2.31	2.41	2.22		-0.72	-0.23			
	6M Ago	1.74	1.82	1.75		-1.30	-1.01			
	12M Ago	-0.18	0.43	0.65		-1.73	-1.51			
Australia	Current	3.43	3.62	4.01	4.37	0.60	1.45	1.88		
	3M Ago	3.44	3.64	3.87	4.10	0.80	1.58	2.01		
	6M Ago	2.92	3.30	3.62	3.86	-0.46	0.97	1.65		
	12M Ago	0.66	1.79	2.18	2.78	-1.06	-0.28	0.63		
NZ	Current	5.00	4.62	4.46	4.54	1.54	2.06			
	3M Ago	4.20	4.25	4.30	4.62	1.21	2.13			
	6M Ago	3.54	3.67	3.87	4.17	0.81	1.78			
	12M Ago	1.78	2.61	2.79	3.13	-0.13	0.60			
Canada	Current	3.90		3.30	3.31			1.33	5.27	7.34
	3M Ago	3.65		3.19	3.13			1.43	5.20	7.38
	6M Ago	3.08		3.21	3.18			1.23	4.83	6.98
	12M Ago	1.01		1.37	1.67			-0.32	2.45	4.49

Source: FTSE Russell. All data as of December 31, 2022. 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.

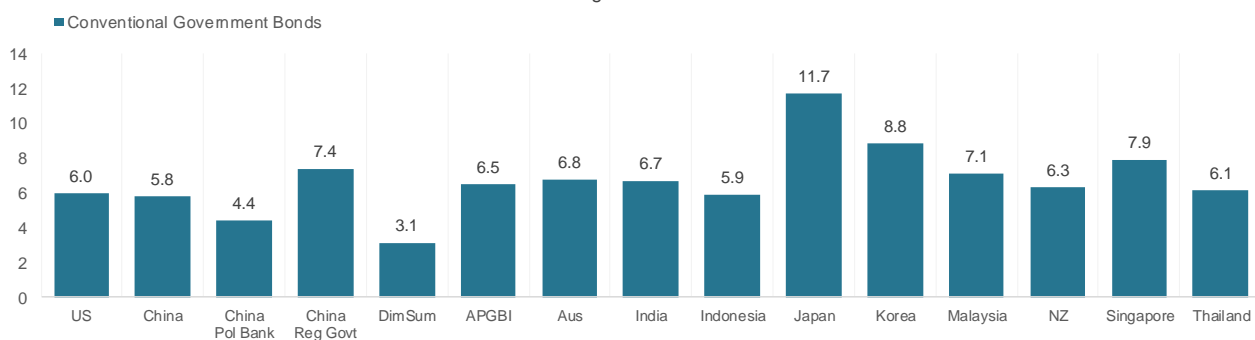
Appendix – Duration and Market Value (USD, Bn), December 31, 2022

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	17.4	6.0	2,144.7	1,003.3	1,185.5	9,981.6
China	3.6	7.6	17.5	5.8	424.1	295.4	227.4	1,865.1
China Pol Bank				4.4				2,640.0
China Reg Govt				7.4				1,860.7
DimSum	3.7			3.1	1.8			6.6
APGBI	3.6	7.4	17.8	6.5	693.1	622.7	448.4	3,459.6
Aus	3.7	8.0	17.8	6.8	54.9	85.3	14.7	312.5
India	3.3	6.0	11.6	6.7	146.7	203.9	219.0	965.8
Indonesia	3.3	6.2	11.1	5.9	35.8	50.9	10.4	214.7
Japan	3.9	7.9	23.7	11.7	387.1	498.9	685.1	3,445.7
Korea	3.5	7.2	18.7	8.8	87.8	110.3	158.7	592.3
Malaysia	3.8	7.0	14.7	7.1	21.2	12.2	13.3	109.7
NZ	3.6	7.9	17.6	6.3	8.4	6.3	2.2	44.2
Singapore	3.7	7.3	20.2	7.9	18.5	12.0	14.6	95.0
Thailand	3.7	7.6	16.8	6.1	25.3	28.9	7.2	137.9

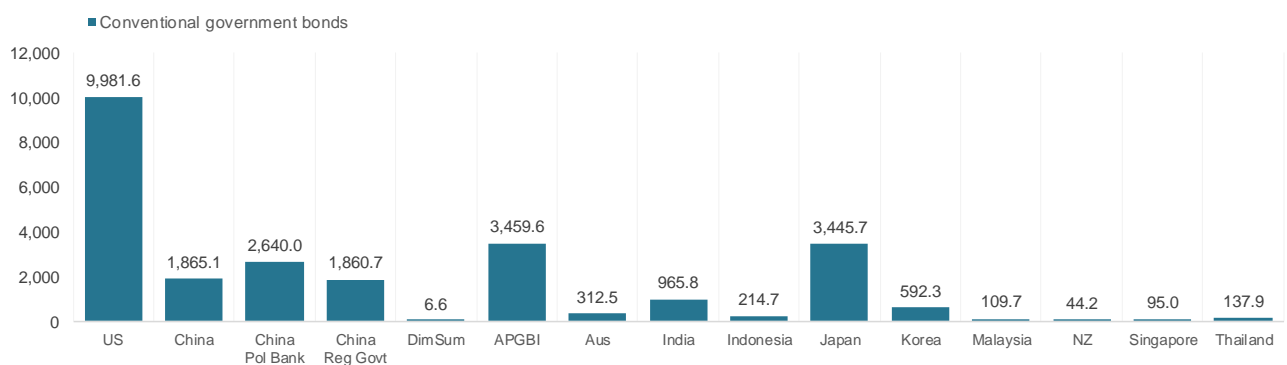
Corporate Bonds						
	Duration			Market Value		
	Inv Grade	High Yield	Overall	Inv Grade	High Yield	Overall
US	7.1	4.3		6,084.3	981.3	
China Corp (LC)			2.4			540.4
China Green Onshore			2.6			121.2
China Corp (\$)	4.1	2.4	7.4	280.9	25.1	306.0
DimSum	2.4		2.3	8.8		10.3
EM	5.0	3.6	4.7	601.7	209.1	810.9
EUxUK	4.6	3.2		2,581.9	413.7	

Other Sectors						
	Duration			Market Value		
	Supra	Agency	Corp NR	Supra	Agency	Corp NR
Offshore (DimSum)	1.7	2.7	2.3	1.4	6.5	1.5

Average Duration



Total Market Value (USD Billions)

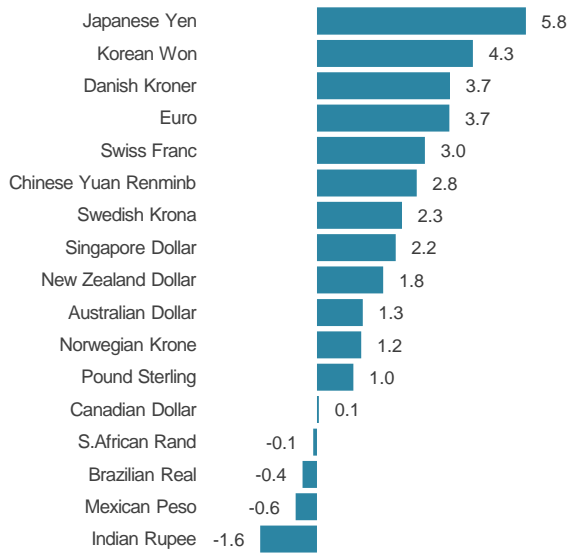


Data as of 2022-12-30

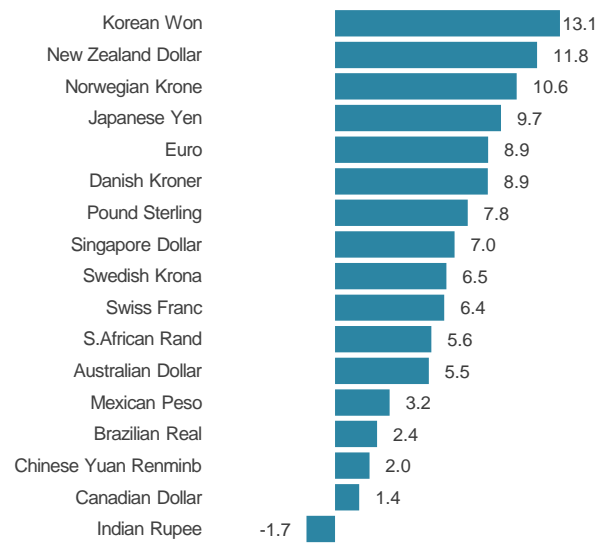
Source: FTSE Russell. All data as of December 31, 2022. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of Indices used for each market. For professional investors only.

Appendix – Foreign Exchange Returns % as of December 31, 2022

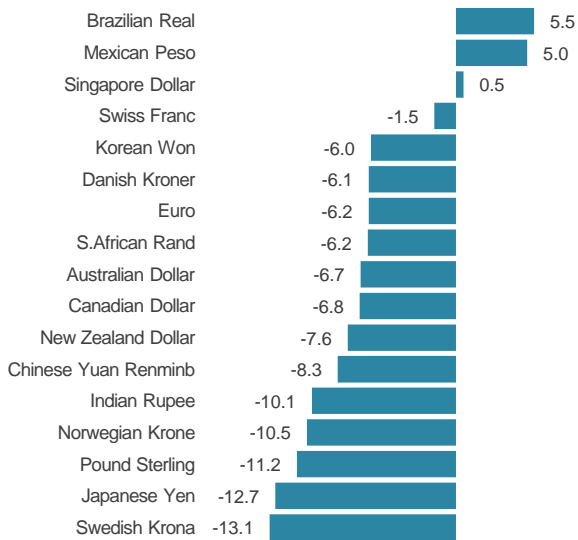
FX Moves vs USD - 1M



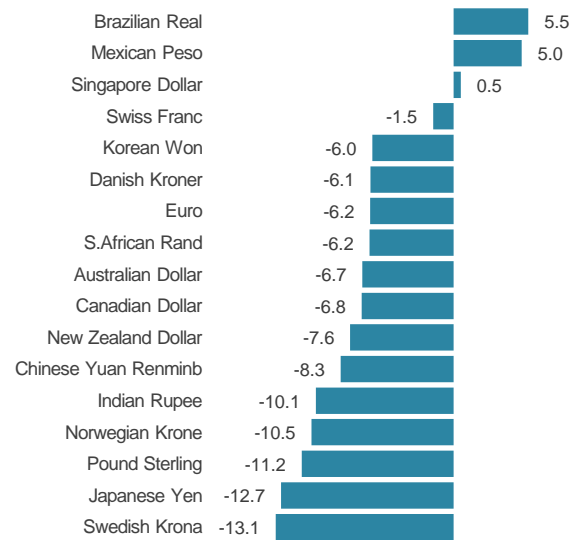
FX Moves vs USD - 3M



FX Moves vs USD - YTD



FX Moves vs USD - 12M



Source: FTSE Russell and Refinitiv. All data as of December 31, 2022. 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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