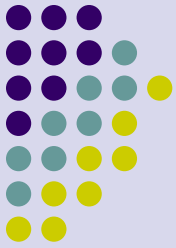


Outlook sul mondo obbligazionario: correlazioni, volatilità e premi per il rischio

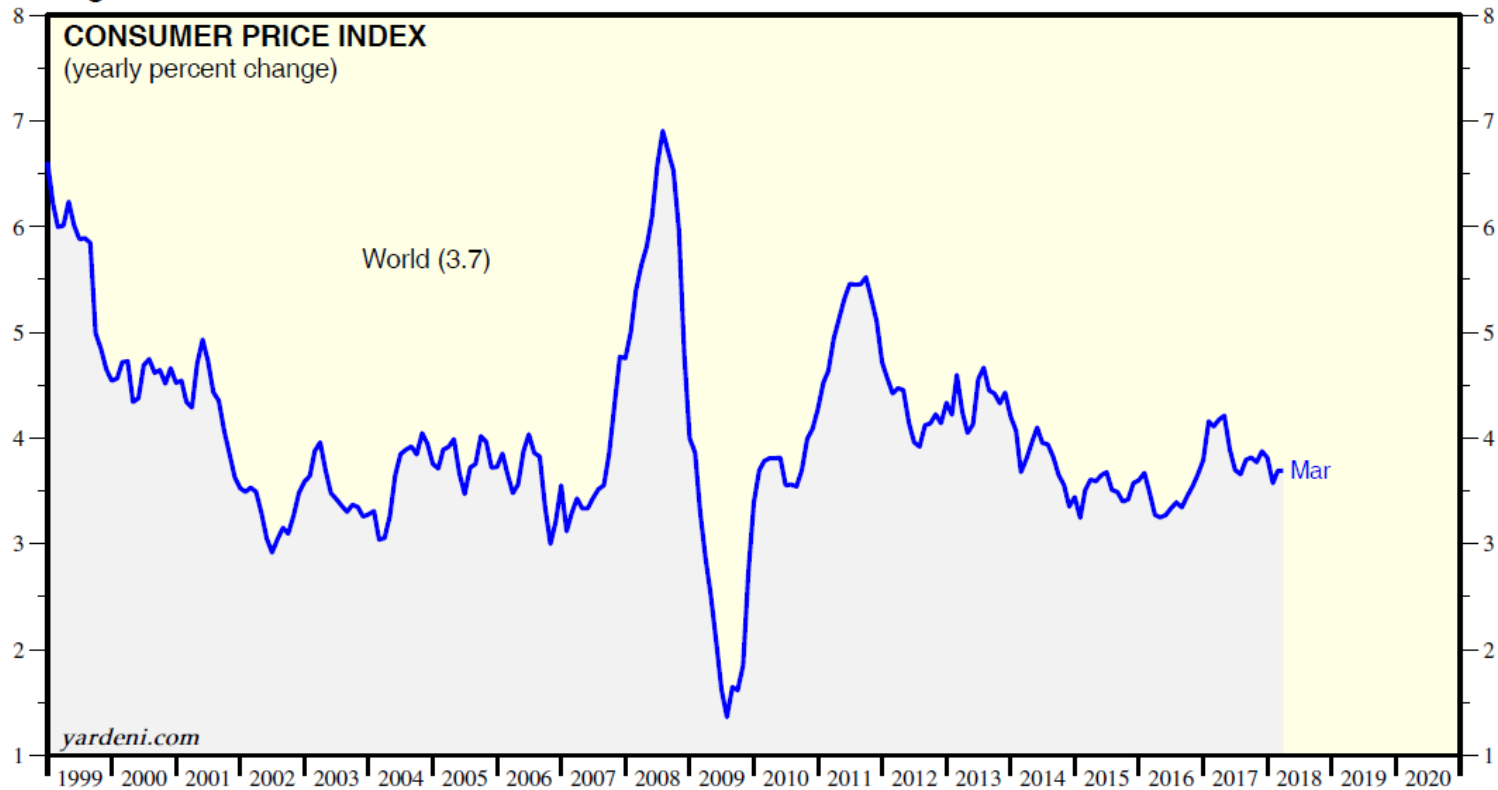
Presented by
Prof. Luca Bagato
Università Cattolica di Piacenza
Head of Italy Fixed Income Sales,
LSE Group



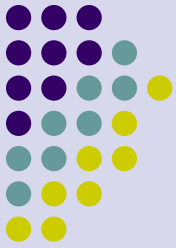
Global CPI Trend

Global Inflation Rates

Figure 1.

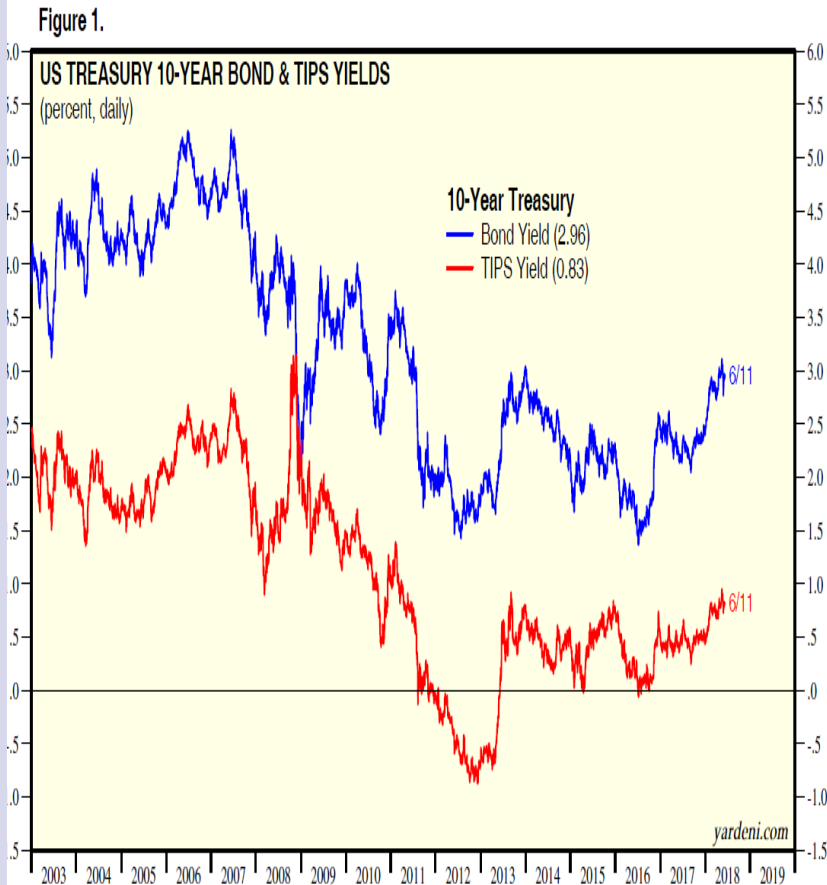


Source: International Monetary Fund (IMF).



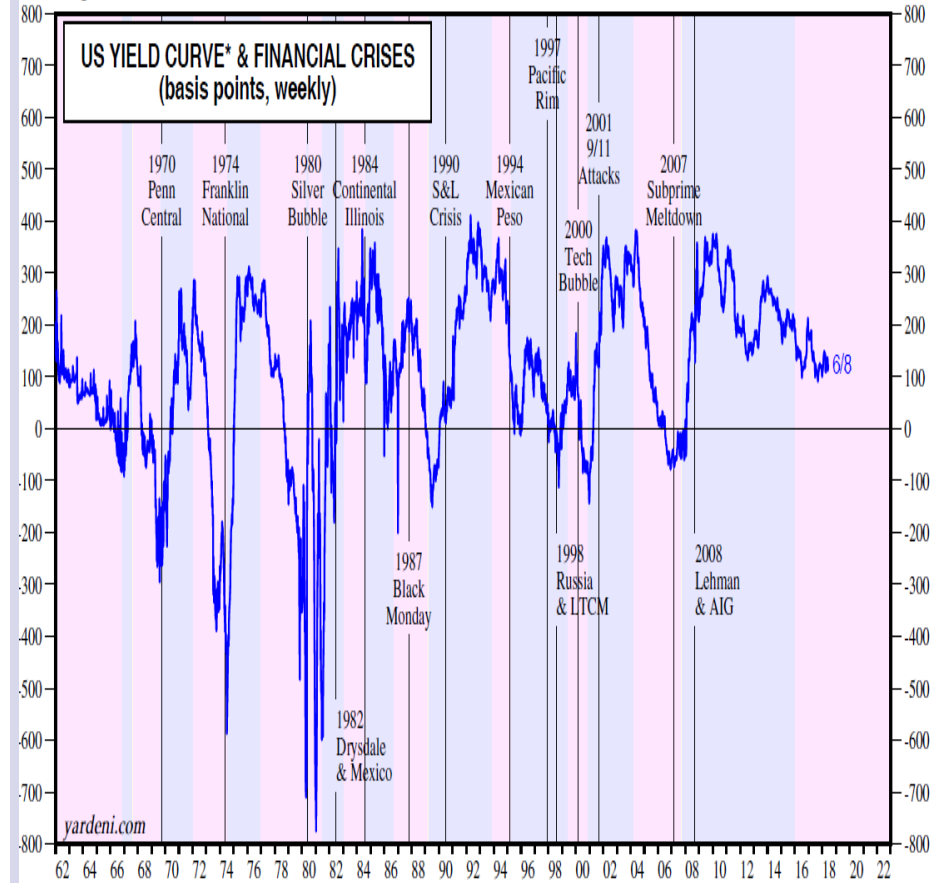
US Term Premium and Inflation Risk Premium

Nominal & Real Yields



Source: Federal Reserve Board.

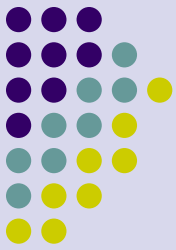
Figure 2.



* 10-year US Treasury yield less federal funds rate.

Note: Blue shaded areas denote periods of monetary easing between cyclical peaks and troughs in the federal funds rate. Red shaded areas denote monetary tightening periods.

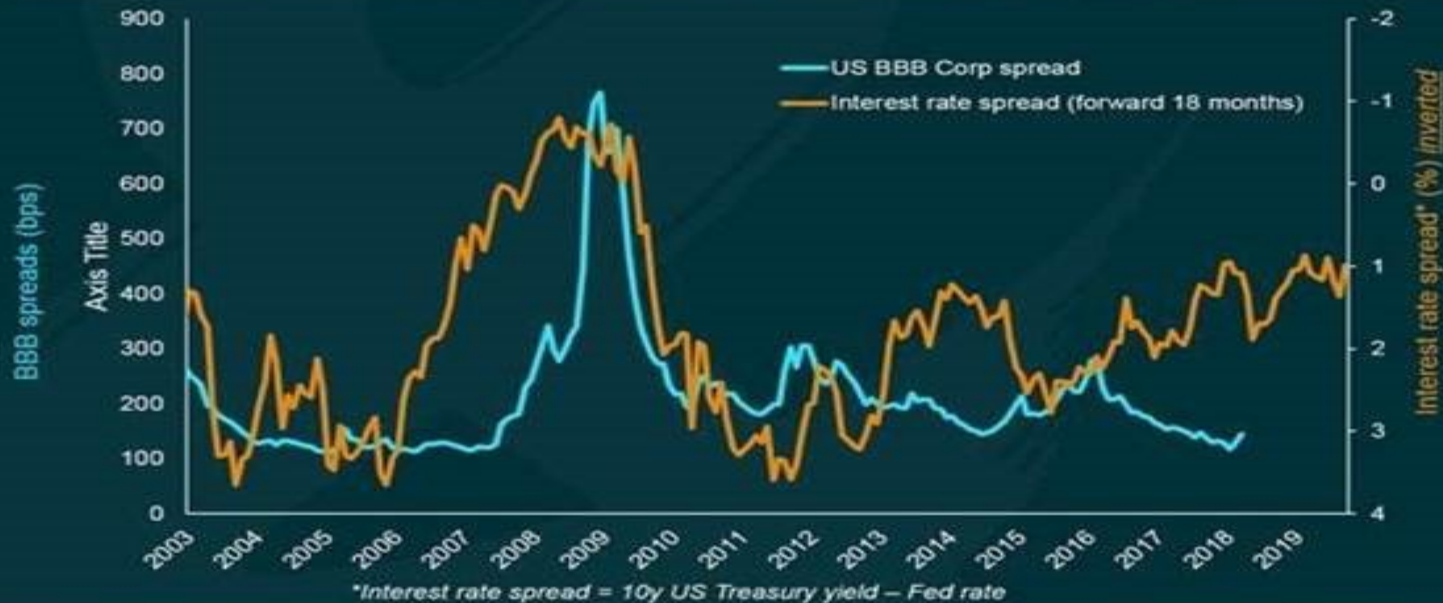
Source: Federal Reserve Board.



Treasury Yield Curve Spread and Corporate Bond Spread

The yield curve is also a good predictor of corporate spreads

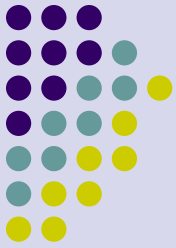
US BBB rated corporate bond spreads vs interest rate spread



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Source: M&G, Bloomberg, 31 March 2018



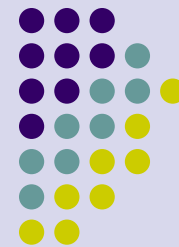


Euro Term Risk Premium

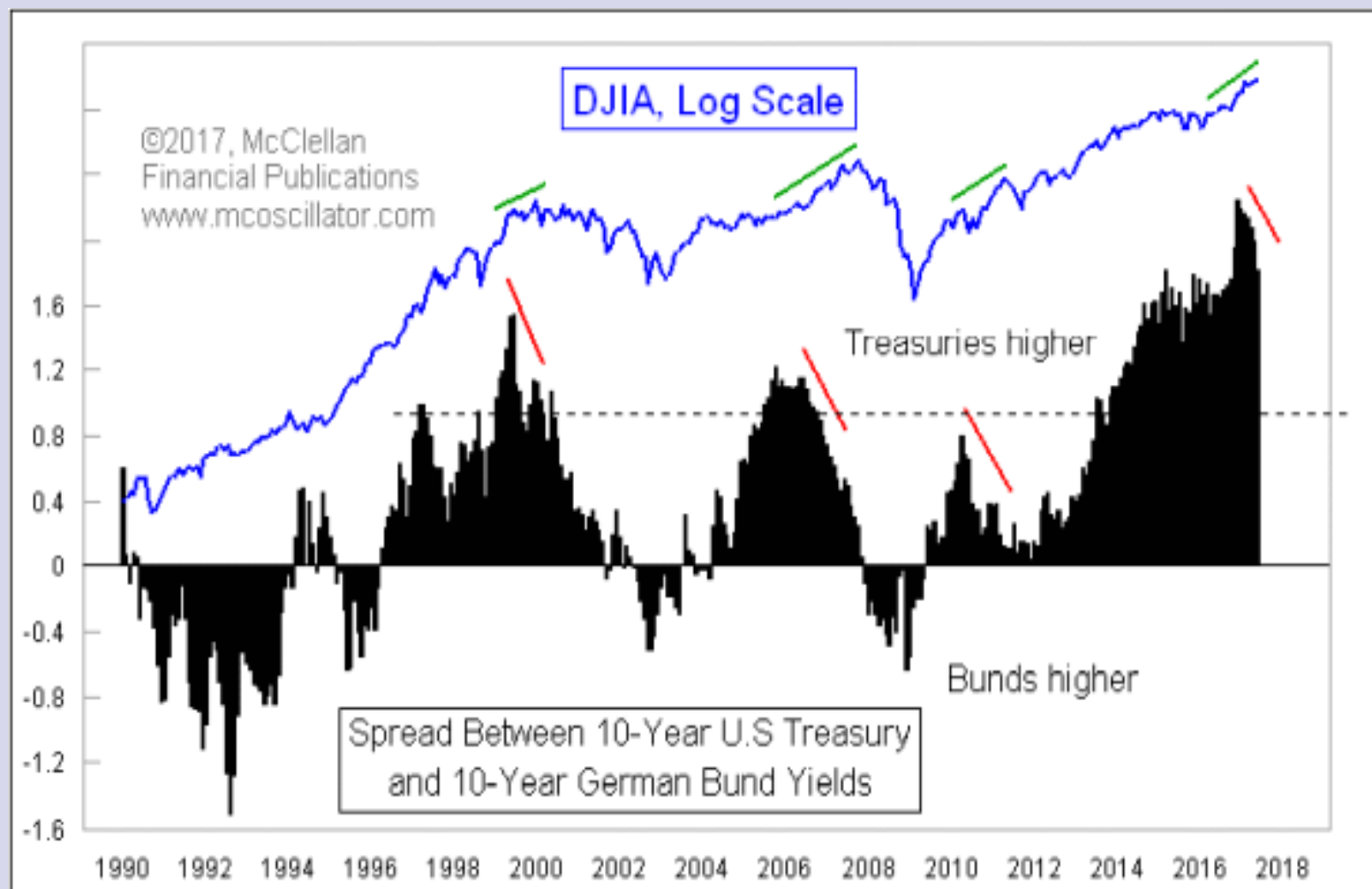


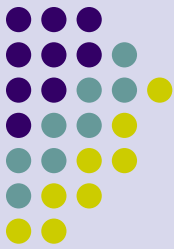
Germany Markets	Last
Currency	1.18
Stock Market	12768.95
Government Bond 10Y	0.48
30 Year Bond Yield	1.13
2 Year Note Yield	-0.68
5 Year Note Yield	-0.20
52 Week Bill Yield	-0.67

German 2/10 at 116bps is
70bps more steep than in US



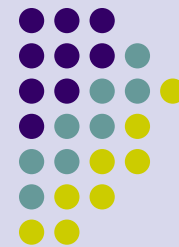
Correlation between Treasury/Bund spread and Equity trend



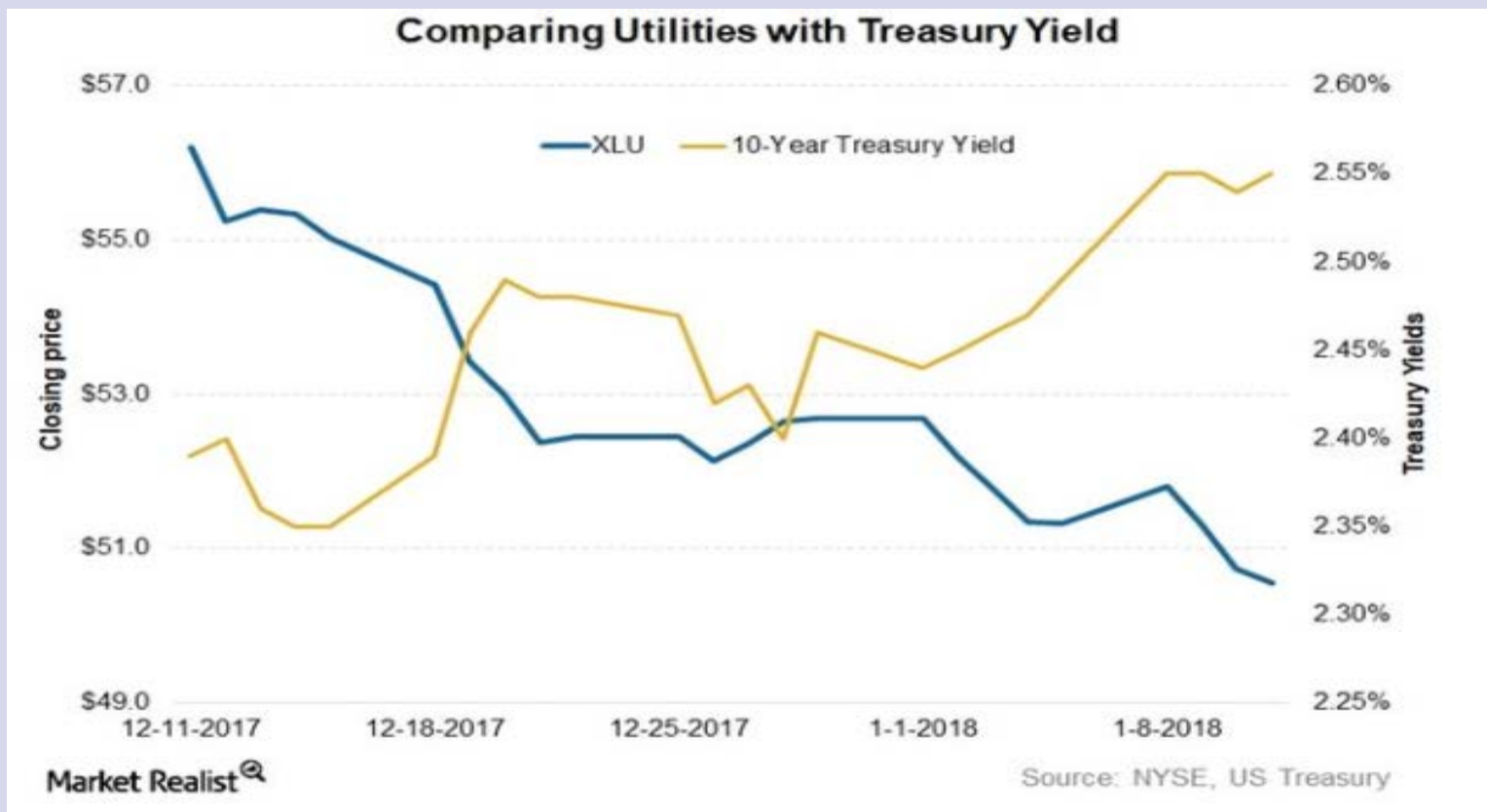


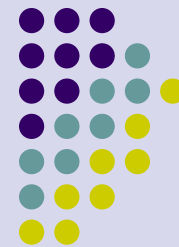
Volatility on T-Bond and on S&P500: TYVIX vs VIX



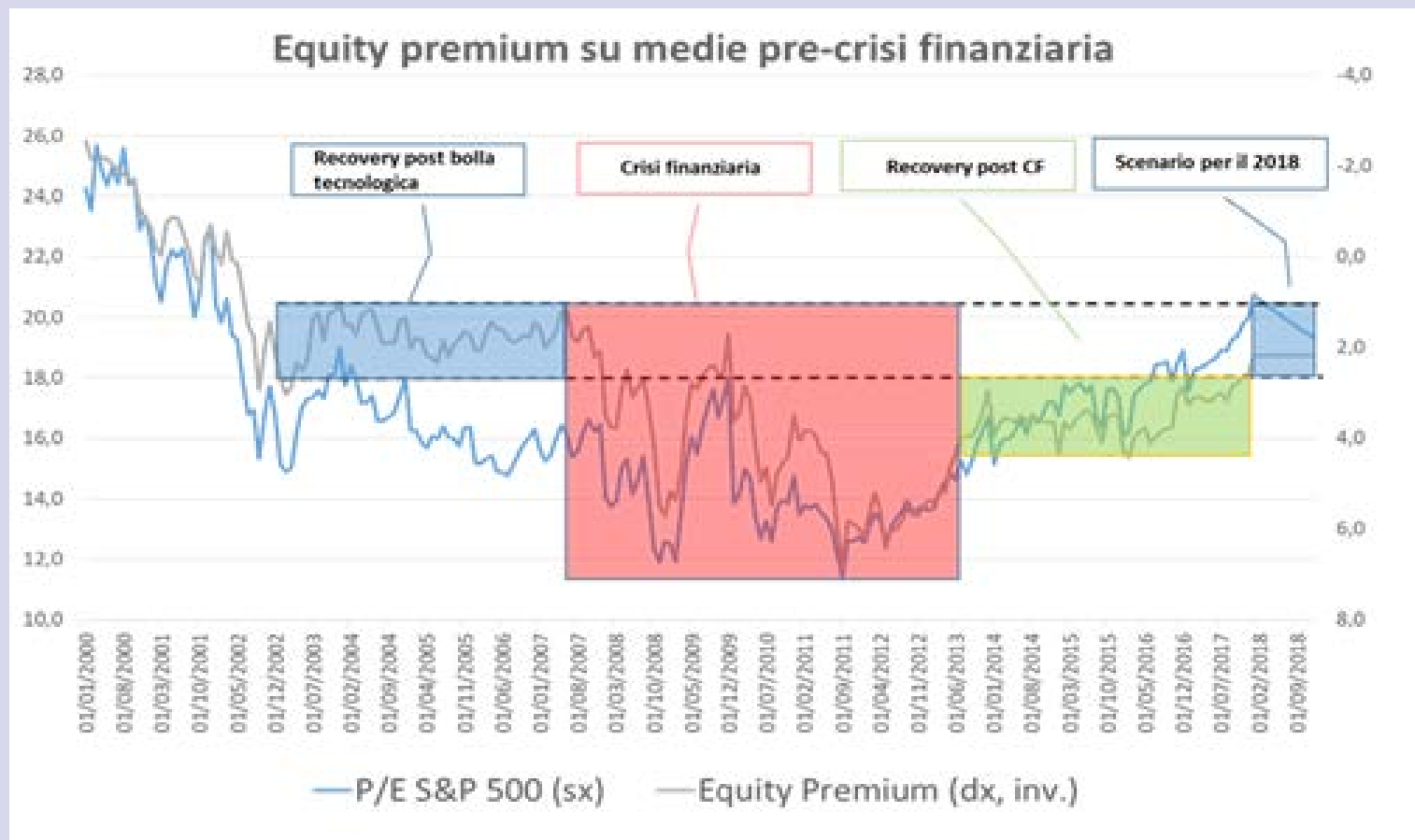


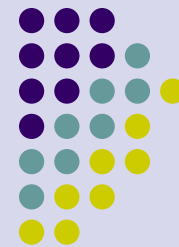
Correlation between 10yr Treasury and Equity Sector





Equity Risk Premium





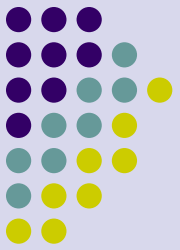
Equity Risk Premium

Modello Fed Unicatt Aula Trading , PC

EQUITY RISK PREMIUM (FED MODEL)

date	BBEA	30-May	average					
30-May	EPS	38.98	\$	2017	2017	15-Jun	274	
	yearly	155.92	\$	267.4		10-Aug	304	
	S&P500	2717	index	2018		25-Aug	317	
	ROI	573.87	bps	194.88	-72.53	6-Oct	277	
10yrfwd-->	10yrTreasury	3.55	fwd12mo			18-Dec	165	
	10yrTreasury	355			2018	24-Jan	142	
	ERP	218.87				2-Feb	162	
current	2yr	2.4				5-Feb	200	
	10yr	2.85				1-Mar	196	
bps	2s10s	45	-21bps	16/05		16-Apr	198	
						2-May	238	
						16-May	204	
						30-May	219	
1yr fwd			ns forecast dal 16/05					
	2yr	2.75	5	decrease				
	2s10s	80	10	decrease				
	10yr	3.55						

Outlook sul mondo obbligazionario: correlazioni, volatilità e premi per il rischio



The End