

Fixed Income Insights

MONTHLY REPORT | **SEPTEMBER 2024**

CANADA EDITION

Canadian real return bonds underperform in August

Long real return bonds underperformed in August and Canadian nominal gov't bonds were flat, as the bout of risk aversion in August proved short-lived. Falling inflation, and a less overheated labour market, gave scope for further BoC easing in September. Currency moves were key to August returns, as the USD fell on lower US rate expectations, and yen rallied.

Macro and policy backdrop – Soft landing prospects A less overheated labour market and falling inflation provided room for the BoC to ease again with a third cut of 0.25% to 4.25% in Sept, while Consensus forecasts project stronger 2025 growth in Canada. (page 2)

Canadian gov'ts – The dis-inversion of the Canadian yield curve remained a feature The Canadian 10/2s and 20/2s curve continued to 'normalise' in August, with greater steepening seen in the 20/2s. (page 3)

Canadian credit – Renewed risk appetite drives BBBs and Canadian HY performance Credit escaped largely unscathed from August's brief bout of risk aversion. (pages 4-5)

Global yields and spreads – Nominals outperformed as curves mainly bull steepened Yields fell modestly in August, after a brief bout of risk-off, as breakevens fell. (pages 6)

Sovereign and climate bonds – ESG EMGBIC shows lower duration than non-ESG parent ESG EMGBIC has outperformed on 12M, due to European overweights. (page 7)

Performance – Australasian, Japanese and Swedish bonds strongest in August JGBs gained but Australasian long bonds proved strongest performers in August, as easing broadened out globally. Strength in Asian currencies lifted investment returns. (pages 8-10)

Appendix (from page 11) Canadian & Global bond market returns, historical bond yields, durations and market values and foreign exchange returns.

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Chart 1: Canadian inflation breakevens have been stable since 2021, easing the path to lower rates. Nominal yields have tracked real yields lower recently during the Bank of Canada easing.

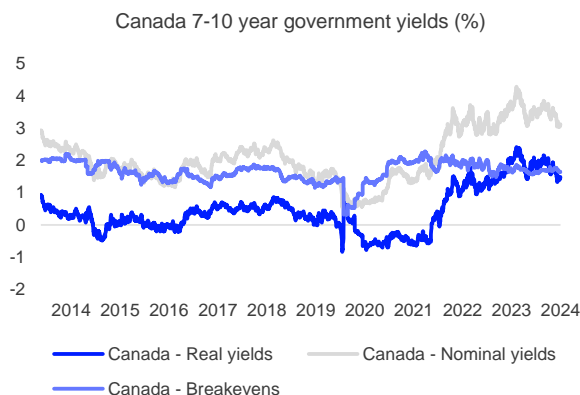
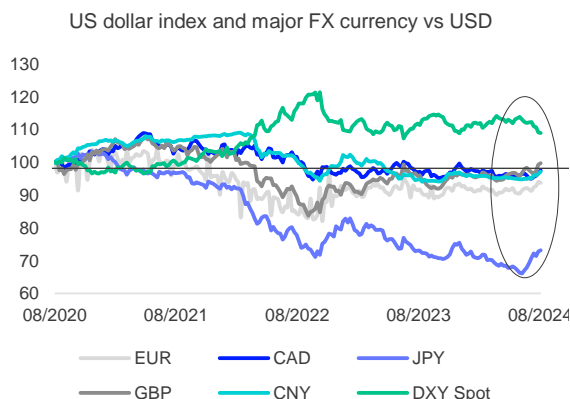


Chart 2: The US dollar depreciated in August, following a more dovish economic outlook and expectations of aggressive rate cuts by the Fed by end-year. The yen rally continued as int.rate differentials narrowed.



Source: FTSE Russell and LSEG. All data as of August 31, 2024. 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 of the report 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

The Consensus growth estimates for Canada, China and the UK were revised upward in August, after a stronger than expected first half of 2024. After much speculation on the timing of a rate cut and market declines in early August, resulting in the unwinding of the yen carry trade, the US Fed Chair Jerome Powell confirmed its intention to pivot policy at the September FOMC meeting. Softer labour markets and wage growth suggest the BoC may have room to ease again before December, following a third cut of 0.25% to 4.25% in September.

The Canadian economy is forecast to grow by 1.0% in 2024, according to Consensus forecasts, close to the BoC's 1.2% estimate. Forecasts have been revised up since the 0.8% real GDP previously forecast by Consensus in June after the service sector remained strong in the first half of 2024. Both China and the UK also saw revisions to their 2024 estimates (Chart 1), the former having benefited from stimulus to boost consumption, and the UK benefitting from stronger services growth.

Lower inflation in G7 economies (see Chart 2) mean central banks should have scope to ease further before the end of 2024. Subdued growth, less overheated labour markets and falling inflation have increased the likelihood of extra rate cuts in Canada, following a third 0.25% cut to 4.25% in September. Inflation in the Euro area fell to 2.2% y/y in August, with the HCPI in Germany, France and Italy now at sub-2% levels. The US Fed has signalled a rate cut is probable in September after the chair Jerome Powell grew in "confidence that inflation is on a sustainable path back to 2%".

The Canadian unemployment rate stayed unchanged at 6.4% in July from June, after rising steadily from historical lows since 2023. While higher, the recent level is in line with the jobless rates seen before the Covid shock. Labour costs have also stabilised, and together with lower inflation, suggest that the BoC is likely to ease again before December.

Weaker retail sales and rising unemployment suggest lower consumer confidence may have caused the sharp rise in the Canadian household savings rate in Q1 2024 as Chart 4 shows, even if higher interest rates have also boosted savings.

Chart 1: Consensus forecasts higher growth in 2024 for Canada, the UK and China. Canada and the UK are expected to grow at about 1%, unlike subdued growth forecast in the Eurozone and Japan.

Latest Consensus Real GDP Forecasts (Median, %, August 2024)			
	2023	2024	2025
US	2.5	2.5	1.8
UK	0.1	1.1	1.3
Eurozone	0.5	0.7	1.3
Japan	1.3	0.6	1.1
China	5.2	5.0	4.5
Canada	1.1	1.0	1.8

Chart 3: The Canadian labour market is less overheated after the unemployment rate rose from historical lows, returning to pre-Covid averages, while wage growth have also stabilised.



Chart 2: G7 inflation rates are converging close to 2%, as economic activity softens, with US CPI now below 3% and expected to "sustainably return back to 2%". Japan's CPI stayed unchanged at 2.8%.

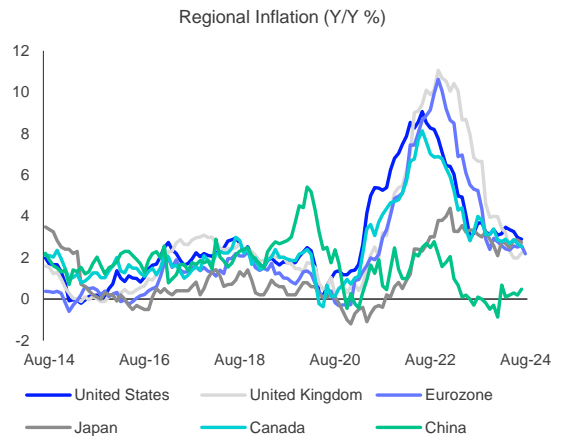
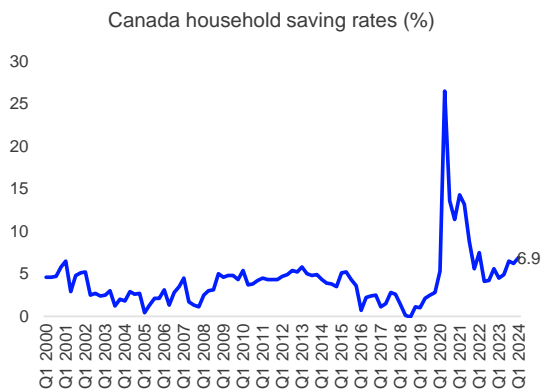


Chart 4: Canadian household saving rates have risen to their highest levels since 2000, highlighting waning consumer confidence from weaker economic activity and rising unemployment.



Source: FTSE Russell, LSEG and US Federal Reserve. All data as of August 31, 2024. 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 of the report for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix for list of indices used for each market.

Canadian Governments, Provinces and Municipalities

Chart 1: The dis-inversion of the Canadian yield curve remained a feature during August, as the curve continued to 'normalise'. The 20/2s yield curve is closer than 10/2s to returning positive.

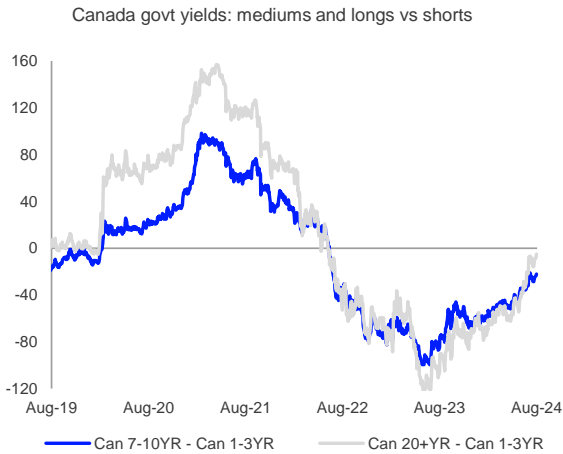


Chart 3: Long Canadian nominal yields have mirrored the significant drop in 20Y+ real return yields since January, following lower inflation and interest rate cuts, with breakevens stable.

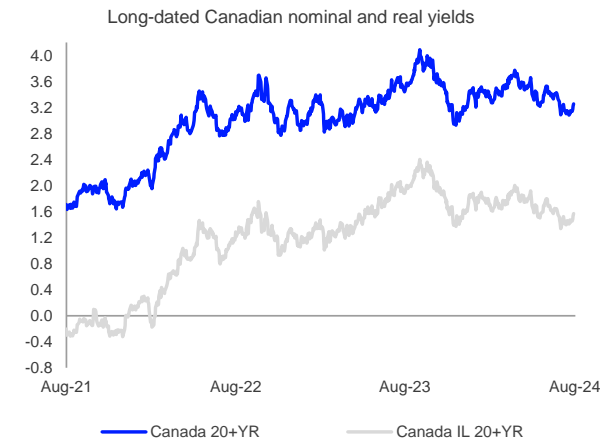


Chart 5: Decoupling develops! Alberta spreads fell sharply as the Province is expected to finish the fiscal year with one of the lowest debt per GDP ratios of 9.3% in 2024-25, followed by 7.7% in 2026-27.

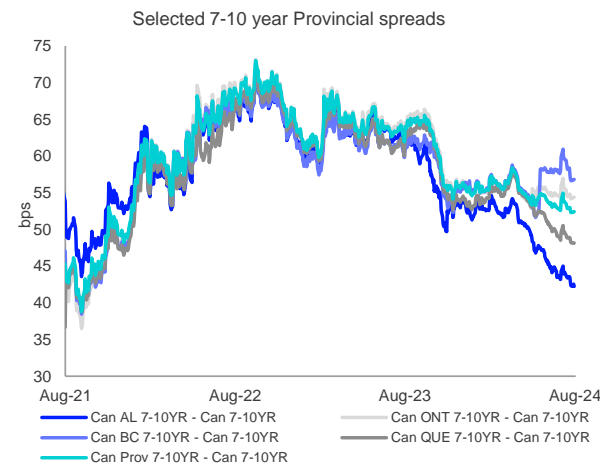


Chart 2: Canadian 7-10-year sovereign spreads versus the UK and US have converged close to minus 80-90bp in August, while they have tightened sharply vs JGBs due to divergent monetary policies.

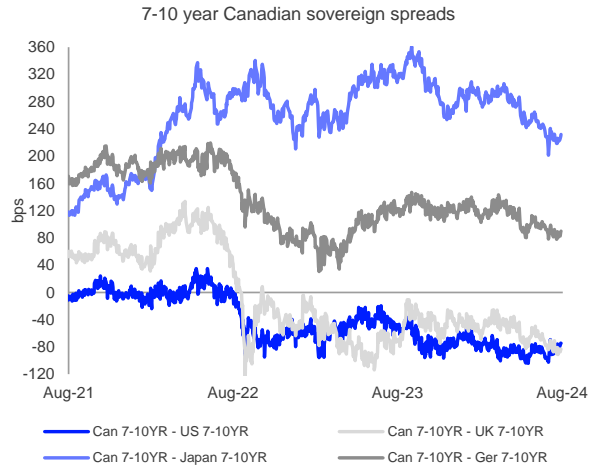


Chart 4: Inflation breakevens are lower in Canada, the UK, US and Germany, but are still above pre-Covid levels. The fact they never moved much above 2% has cleared the path for central bank easing.

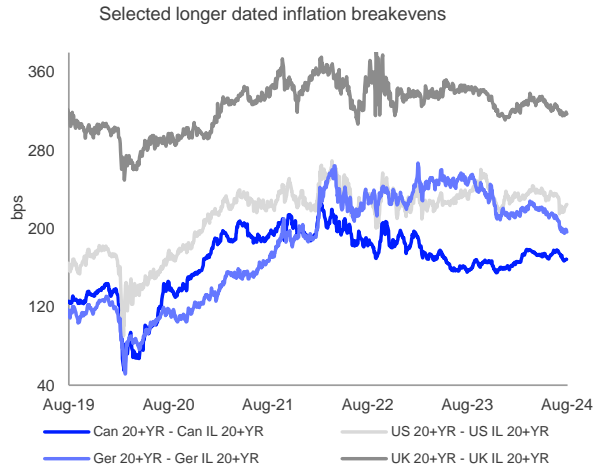
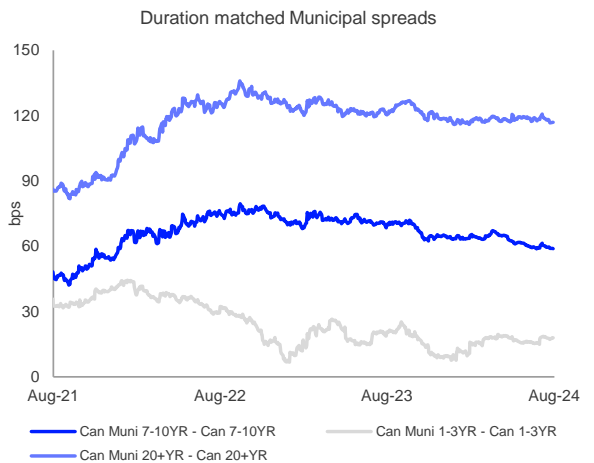


Chart 6: Canadian short, medium and long municipal spreads have been relatively stable, despite two rate cuts in June and July and the prospect of further easing by December.



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Canadian Investment Grade Credit Analysis

Chart 1: Canadian dollar investment grade corporate bonds have performed strongly since 2022, with gains accelerating in the risk rally since Q2 2024.

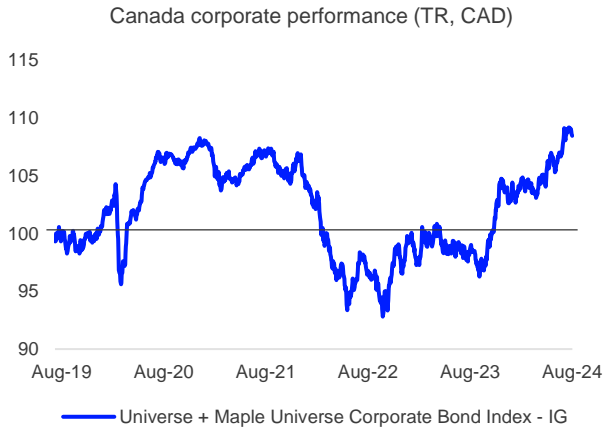


Chart 2: Strong performance in Canadian IG credit since 2019 has come from the lowest quality BBB credits. AAs have also outperformed As, which remain laggards.

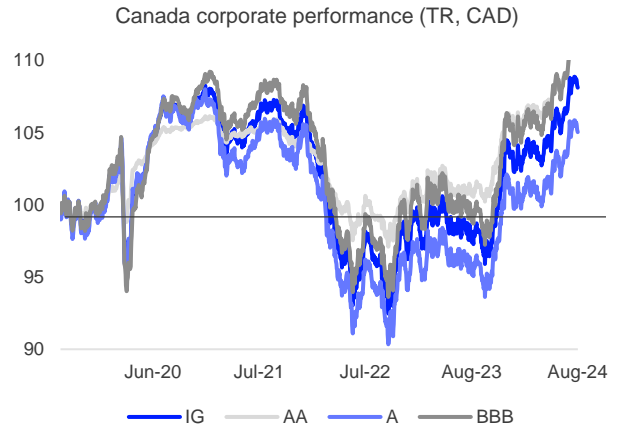


Chart 3: Canadian spreads in AAA/AAs have tightened the most and decoupled from As since 2022. A and BBB corporate spreads have been relatively stable since Q2 2024.

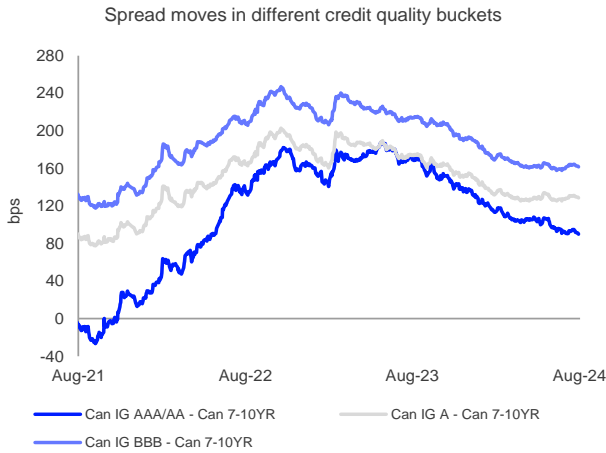


Chart 4: A-rated Canadian credit duration has fallen the most since 2019. AA duration has stayed stable at about 3.5 years.

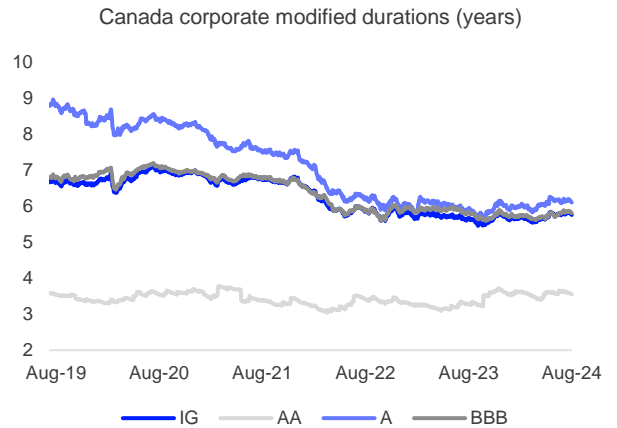


Chart 5: Canadian Real Estate corporates have experienced the most tightening over the last year, benefiting mainly from lower rate expectations. Energy and Infrastructure spreads widened in August.

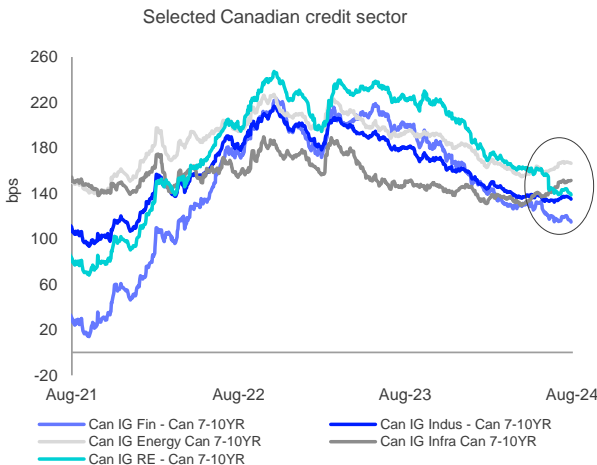
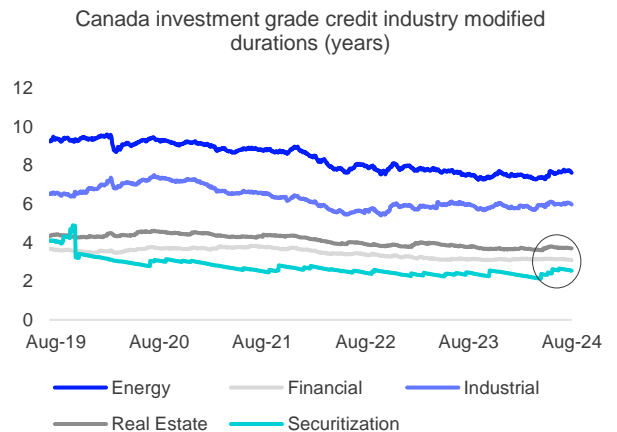


Chart 6: Duration in Canadian IG Energy is higher than other industries and rose in Q3 as did the duration of Industrials. Rate-related sectors have the lowest duration.



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Canadian High Yield Credit Analysis

Chart 1: US HY and IG yields have fallen more sharply than their Canadian peers after Fed Chair Powell signalled a Fed easing is likely in September, prompting rallies in August.

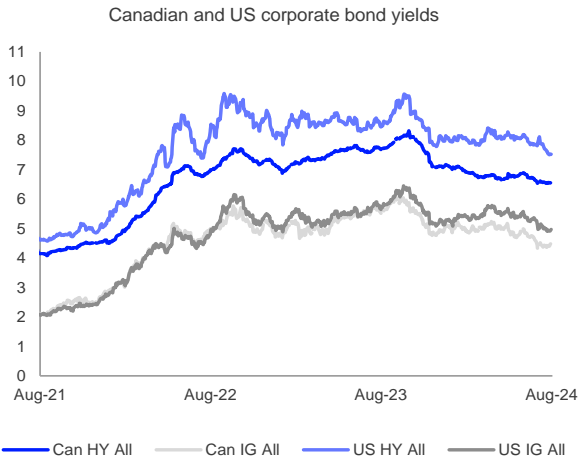


Chart 2: The severe risk aversion seen in early August has barely manifested itself in Canadian HY spreads, contrasting with a sharp spike in US high yield spreads.

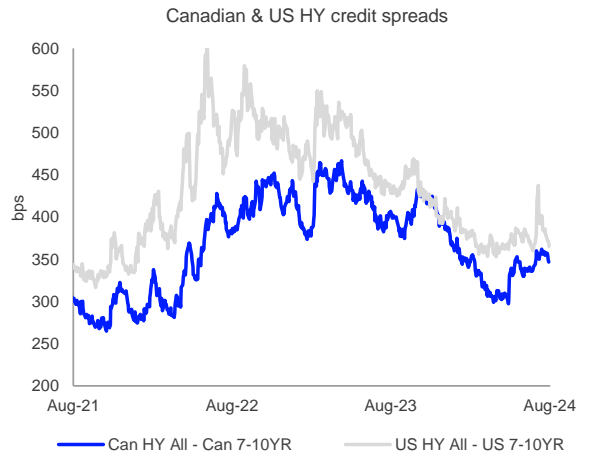


Chart 3: Canadian HY Financials (+36%) have performed strongly, benefiting from high interest rates. The Financials weighting is very small vs the dominant Energy sector, which has also gained 36%.

Canada high yield credit industry performance (TR, CAD)

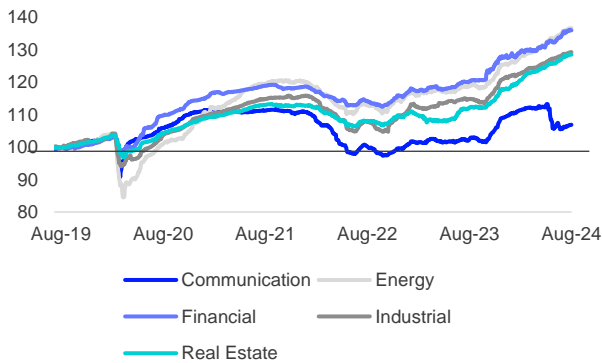


Chart 4: The Canadian HY universe is dominated by Energy, with a weight of 44%. The Financial industry only represents less than 3% of the universe (but has a much higher weighting in investment grade).

Canada high yield credit industry weights

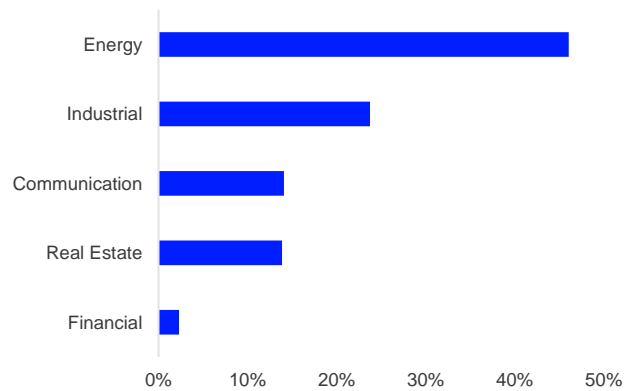


Chart 5: Financials and Energy yields have fallen the most in the risk rally, despite the volatility in early August. Yields in Communication have stayed close to 9.3% since the Corus downgrade.

Canada high yield credit industry yields (%)

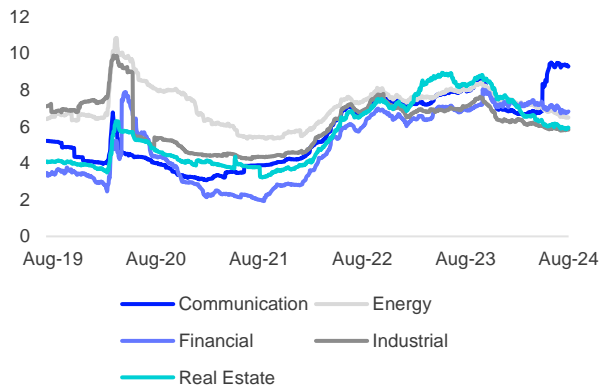
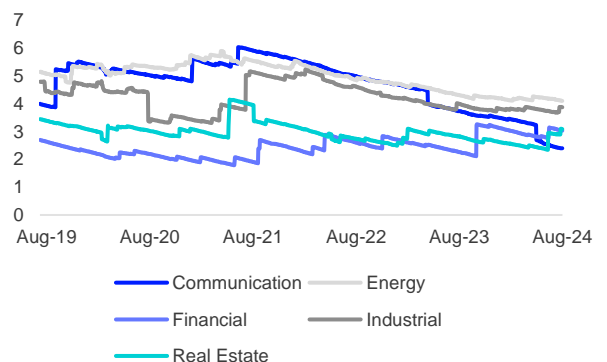


Chart 6: Duration in Canadian HY energy has fallen modestly since 2019 but remains highest in the high yield universe (4.9 years). Duration in high yield has less impact on performance than in IG, or govt bonds.

Canada high yield credit industry modified durations (years)



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Global Yields, Curves and Breakevens

Chart 1: 7-10 year yields edged lower again in August, after a bout of risk-off, and lower inflation. Markets also moved to price in more central bank easing over the rest of 2024.

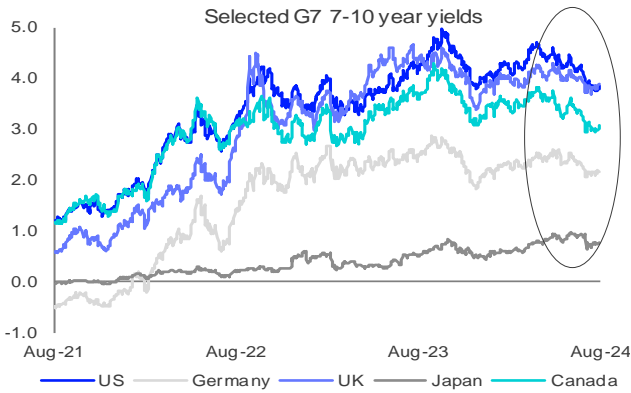


Chart 2: Real yields also fell but less than nominals, in 7-10 years, as inflation fell. Conventional bonds proved the bigger beneficiary of risk-off early in August - the normal pattern in risk-off phases.

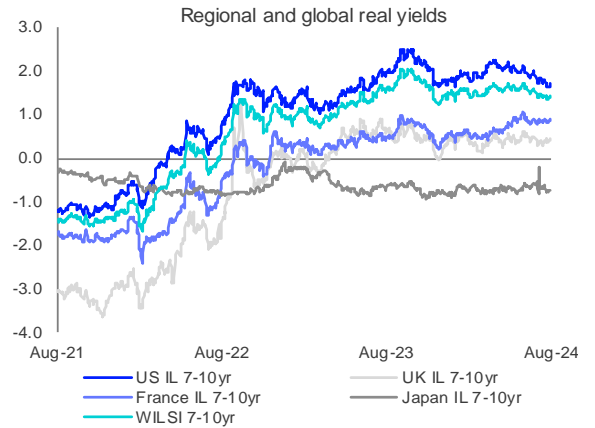


Chart 3: Bull steepening of curves developed in Q3, except in Japan, where BoJ policy is tightening, not loosening. Market discounting of central bank rate cuts caused short yields to drop more than medium.

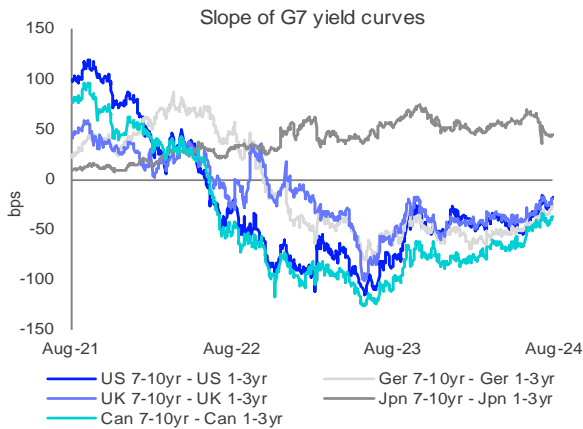


Chart 4: Yield curves steepened in longs in August, as shorter yields fell more, giving curves positive gradients in all markets exc. Canada. JGBs steepened less, on prospects of higher short rates.

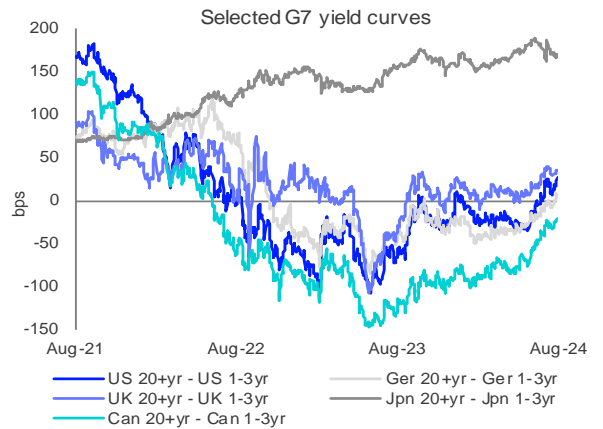


Chart 5: Inflation breakevens fell back, as nominal yields fell more, notably in the bout of risk-off in early August. Stable breakevens at, or below, 2% remain a key support for central bank easing.

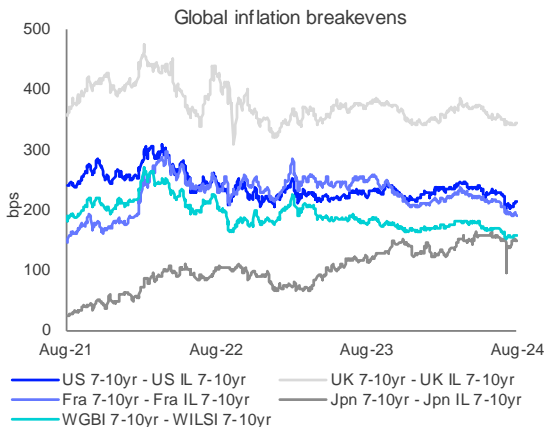
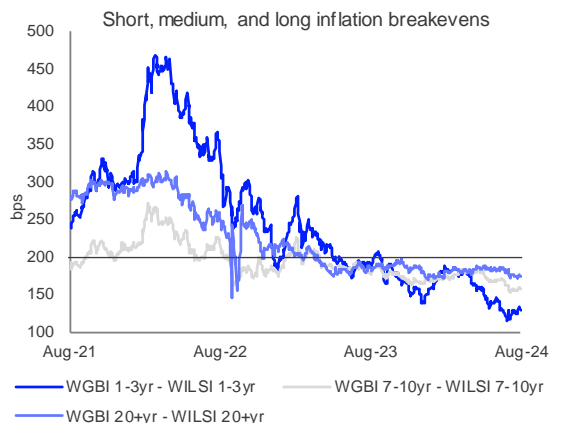


Chart 6: Longer breakevens reacted less to the risk-off in August, but short breakevens dropped steeply, before recovering as markets stabilised. Lower energy prices also helped reduce short b/evens.



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SI Sovereign Bond Analysis

Chart 1: Like its non-ESG counterpart, the FTSE EM Govt Bond Index (ESG EMGBIC) showed positive returns over 3M, 1Y and 5Y periods. EM returns drew strength over 12M from an improved int.rate outlook.

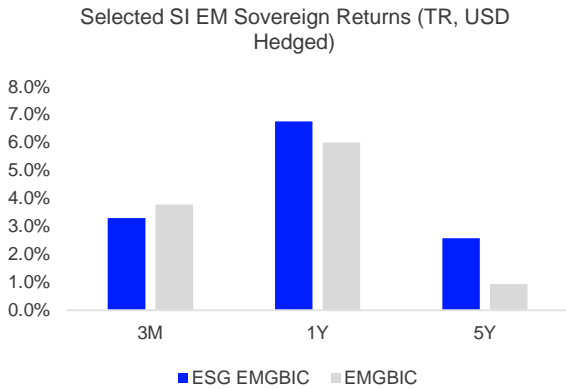


Chart 2: On a relative basis, ESG EMGBIC outperformed over 12M, largely due to European overweights, like Poland, Hungary and Romania, which enjoyed an earlier pause in interest rate hikes vs other EMs.

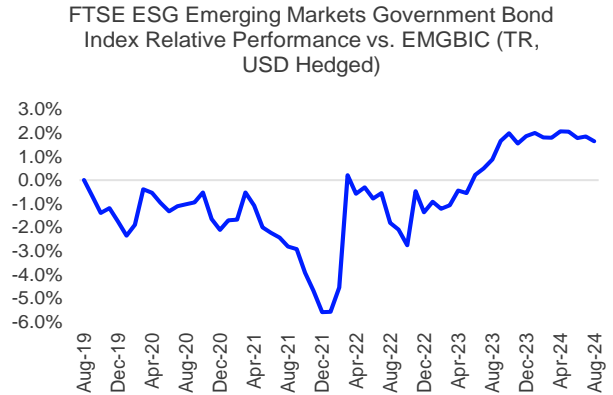


Chart 3: Compared to its non-ESG counterpart, the FTSE ESG EMGBI has a slight bias towards both European sovereigns and higher income countries in Asia and the Americas.

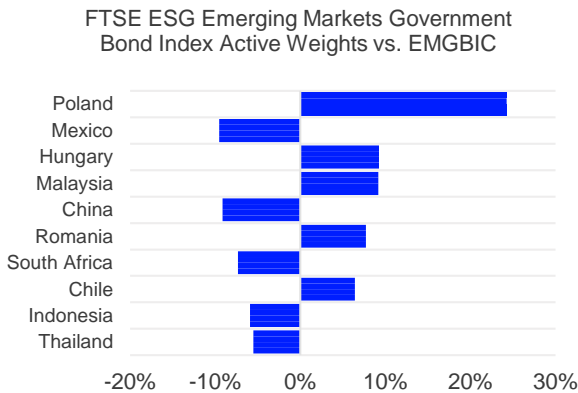


Chart 4: ESG EMGBIC shows clear improvement in credit quality, with a rise in A weighting. This implies more developed, lower risk sovereigns are more likely to have higher ESG scores.

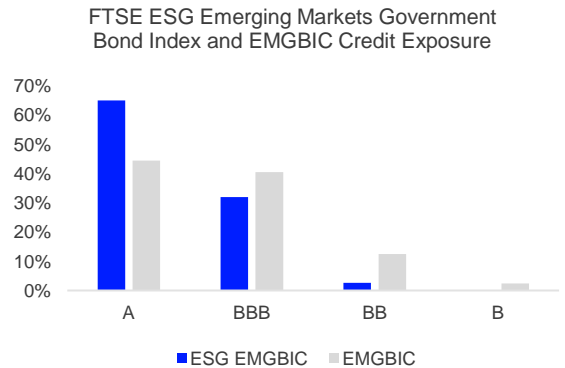


Chart 5: During 2021-22, yields in overweight ESG EMGBIC countries rose on a relative basis, surpassing the yield of EMGBIC. The move has partially reversed since 2023.

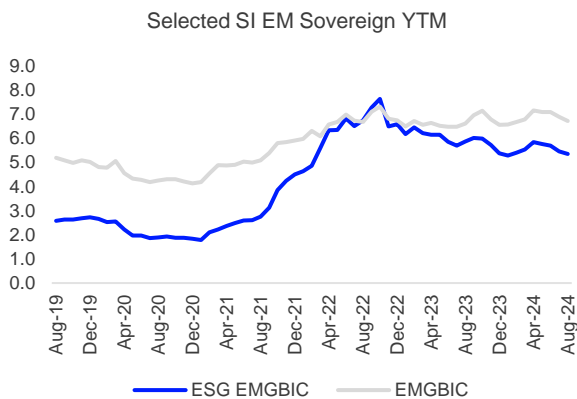
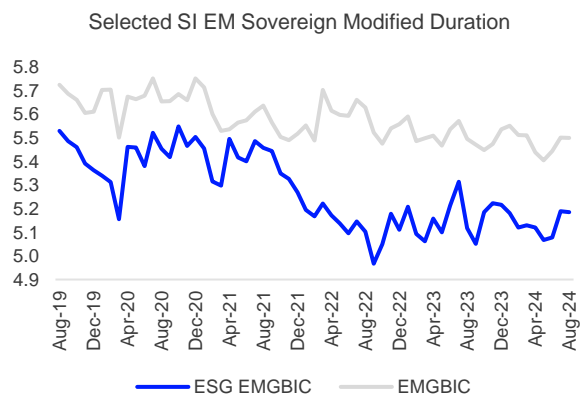


Chart 6: Despite volatility in duration, ESG EMGBIC has shown lower duration than its non-ESG counterpart. This is a contrast to other SI sovereign indices, which have typically seen positive active duration.



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Global Bond Market Returns – 1M & YTD % (CAD, LC, TR)

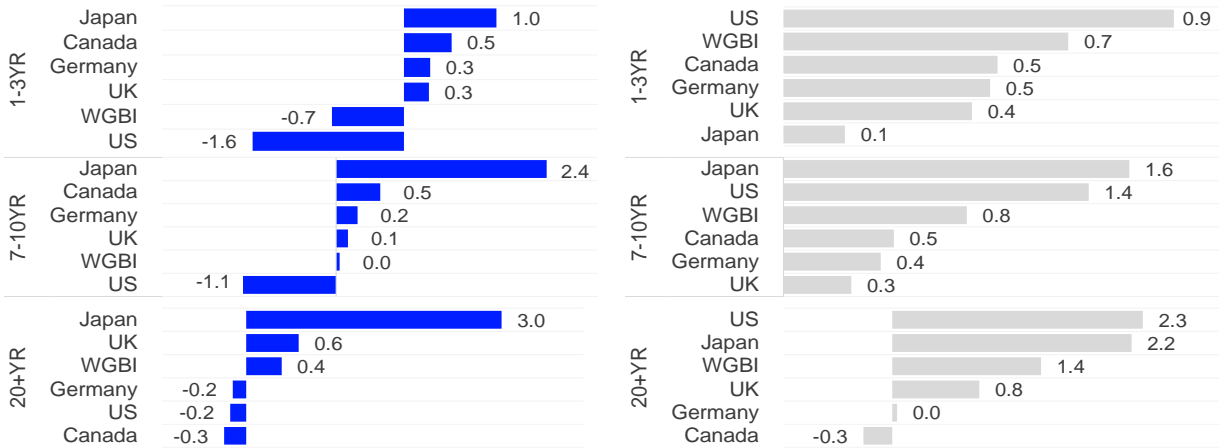
Yields fell a little further across the curve in August, notably in longs, which outperformed. Yen strength, underpinned by some unwinding of the carry trade in early August, propelled JGBs to the top of the performance table for Canadian-based investors. YTD, US Treasuries and UK gilts have led performance, helped by stronger currencies.

Global government returns benefited from lower rate cut expectations and risk aversion in early August, after equity markets dipped on concerns over the possibility of a hard landing in the US economy. Higher rate expectations in Japan also caused some unwinding of the yen carry trade vs the USD, reinforced by the Fed signalling an easing move is likely in September. JGBs gained 2-3%, while US Treasuries fell by up to 2%. Canadian conventionals were flat but long real return bonds were down 1.3%.

Gilts and Treasuries gained 1-8% YTD, both benefiting from currency strength, but JGB returns fell by 1-9% on yen weakness.

CONVENTIONAL BONDS

1M CAD 1M LCY

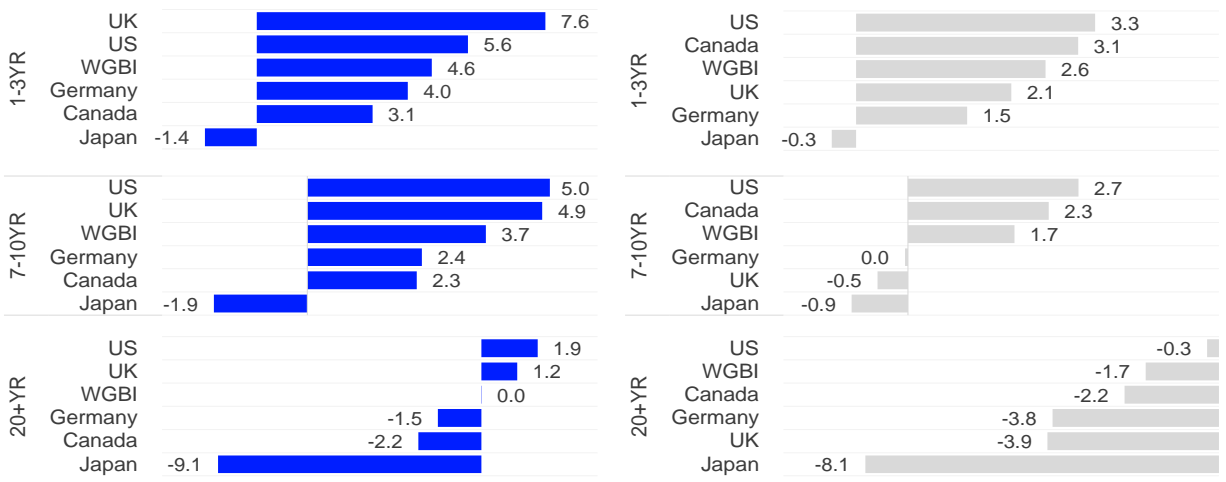


INFLATION LINKED



CONVENTIONAL BONDS

YTD CAD YTD LCY



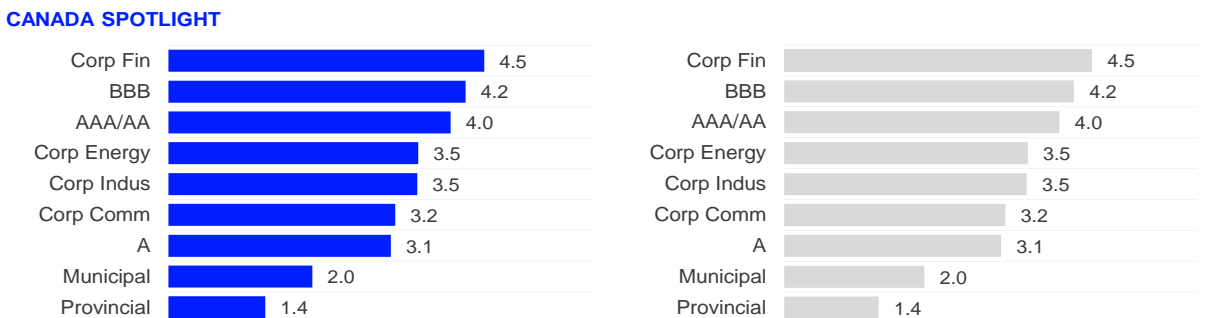
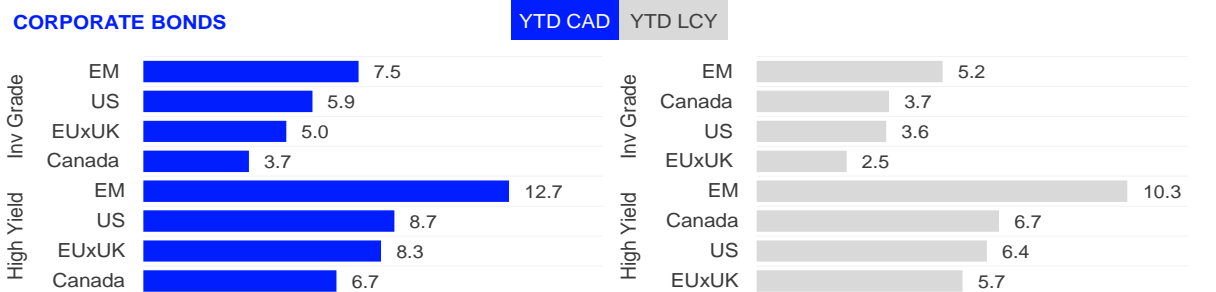
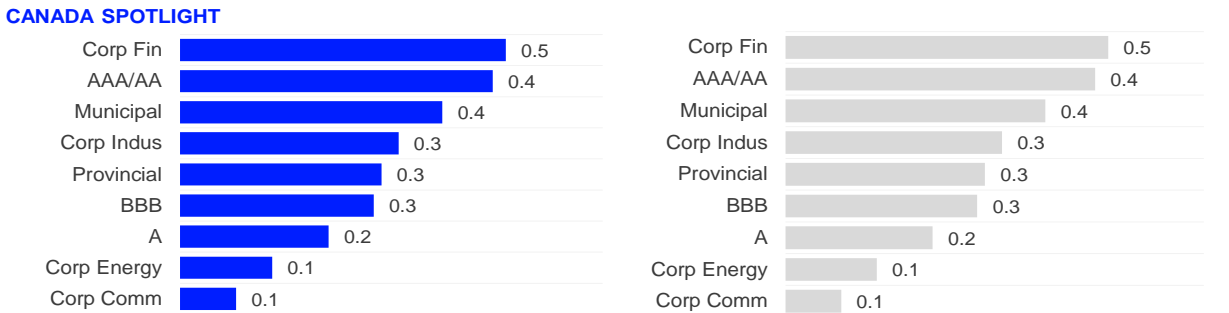
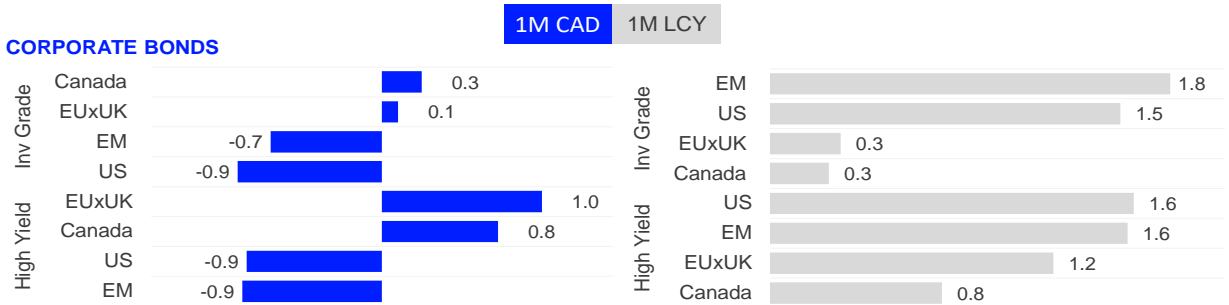
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Canadian and Corporate Bond Returns – 1M & YTD % (CAD, LC, TR)

Canadian and Euro credits recovered from the sharp market decline in early August and outperformed on the month. Currency weakness in the US and emerging markets, including in the Chinese yuan, turned positive returns negative in Canadian dollar terms. Canadian corporates showed modest gains in August, helped by the lower rate outlook.

Currency moves were key to August returns, as the USD fell on lower US rate expectations, and the yuan on weak economic growth versus the Canadian dollar. Canadian and Euro IG credit returns were flat in Canadian dollar terms, and high yield equivalents (up by about 1%) outperformed investment grade corporates, despite the early August risk-off phase.

YTD credit outperformance continued, boosted by the 2023-24 risk rally, and correlation to equities, with HY showing gains of 7-13% in Canadian dollars. Provis and munis had the lowest returns of 1-3%, while riskier BBB corporates were up by 4%.



Indices used: FTSE Canada Corporate Bond Index (AAA/AA, A, BBB, Financial, Communication, Industrial, Energy, Overall), FTSE Canada High Yield Bond Index, FTSE Canada Provincial Bond Index, FTSE Canada Municipal Bond Index

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Top and Bottom Bond Returns – 1M & 12M % (CAD, TR)

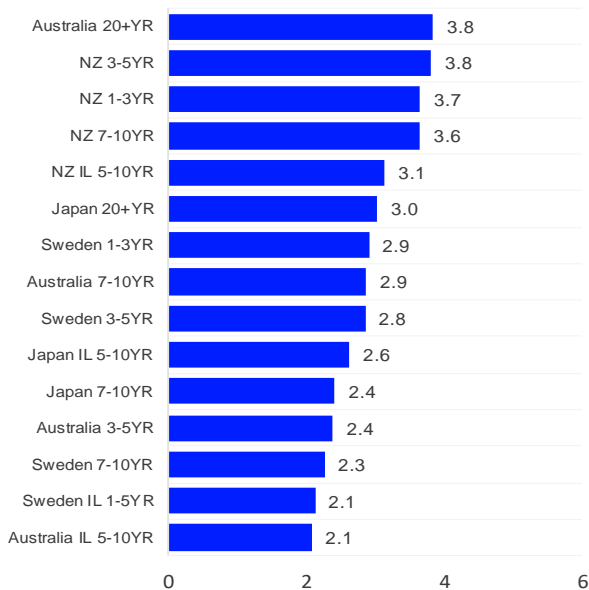
Australasian government led global returns in August, in Canadian dollar terms, with gains of 2-4% enhanced by Australian and New Zealand dollar strength, and the RBNZ's first rate cut of the cycle in August. Long China and Swedish bonds have led 12M gains, helped by currency resilience and rate cuts. HY credit also shows strong 12M returns, with Canada up 13%, Euro HY 14% and EM HY 16% in Canadian dollar terms.

The ongoing rally in NZ government bonds persisted, and, although the RBA ruled out a rate cut, Australian government bonds rallied as well, in anticipation of lower rates. The Swedish Riskbank cut rates in August (to 3.5%) and hinted at further cuts. Short US Treasuries and long Eurozone and EM inflation linked bonds lagged in August.

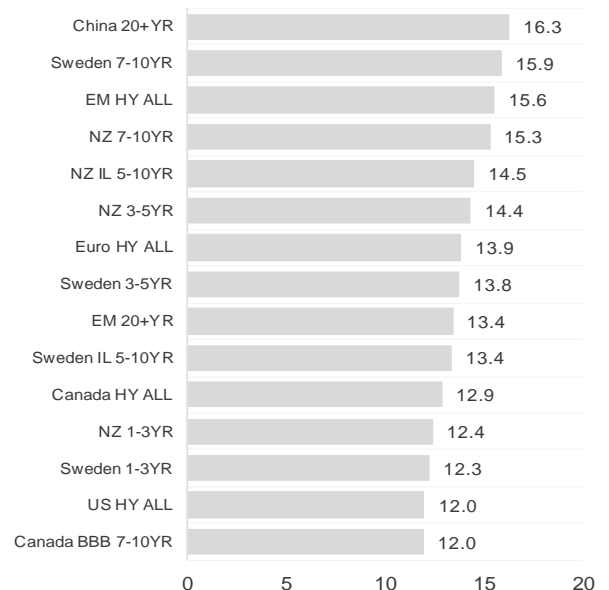
On 12M, long JGBs lost 9%, reflecting yen weakness and the end of curve control. EM inflation linked were hit by weakness in the real, rupee and peso versus the CAD. Within Canadian credits, high yield and 7-10 year BBB credits gained 12-13%.

1M CAD 12M CAD

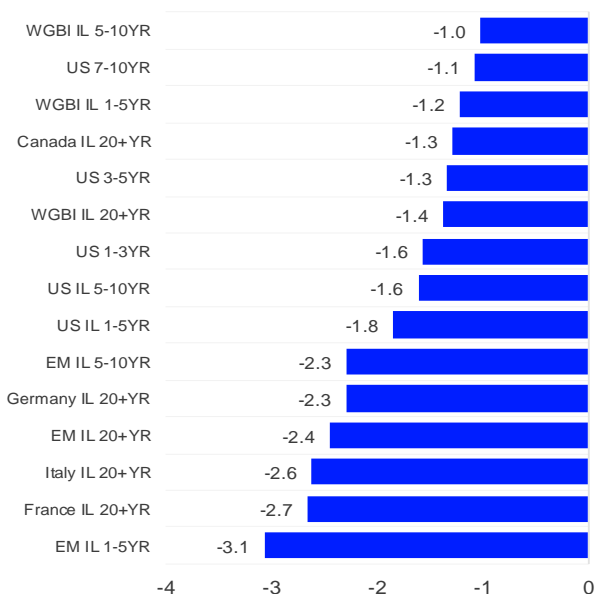
Top 15



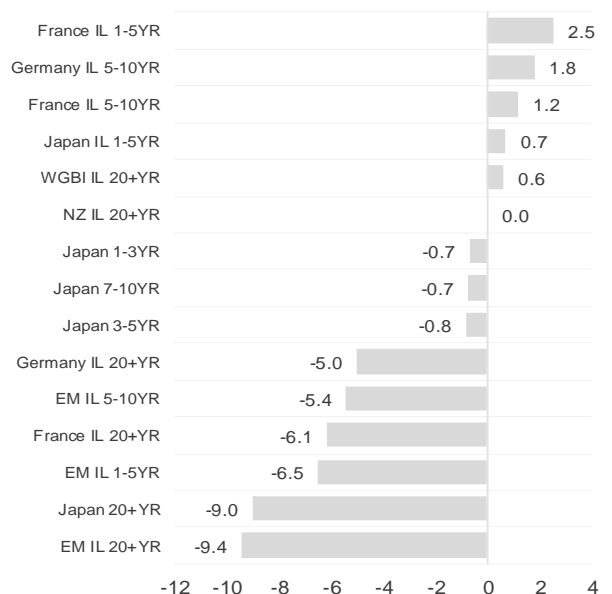
Top 15



Bottom 15



Bottom 15



Source: FTSE Russell and LSEG. All data as of August 31, 2024. 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 of the report for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix for list of indices used for each market.

Appendix – Canadian Bond Market Returns % (CAD vs USD, TR) – Aug 30

Government and corporate bond returns

Top 15% Bottom 15%

Green highlight indicates highest 15%, red indicates lowest 15%.

		3M		6M		YTD		12M	
		Local	USD	Local	USD	Local	USD	Local	USD
Government	1-3YR	2.77	4.23	3.34	4.00	3.06	0.83	6.22	6.63
	7-10YR	5.16	6.66	4.58	5.25	2.27	0.05	7.32	7.73
	20+YR	6.55	8.07	3.75	4.42	-2.17	-4.28	5.69	6.09
Inflation-Linked	20+YR	4.83	6.33	4.72	5.39	1.20	-0.99	7.91	8.32
Corporate	1-3YR	3.29	4.77	4.25	4.92	4.55	2.29	9.15	9.58
	7-10YR	4.90	6.40	5.23	5.91	4.67	2.40	11.44	11.87
	20+YR	4.80	6.29	3.20	3.86	1.08	-1.11	9.34	9.76
AAA/AA	1-3YR	3.26	4.73	4.09	4.75	4.22	1.97	8.73	9.15
	7-10YR	4.66	6.15	4.97	5.64	4.64	2.37	11.07	11.50
	20+YR	5.01	6.50	2.11	2.76	-1.68	-3.81	7.94	8.36
	All	3.47	4.94	4.07	4.74	3.99	1.75	9.04	9.46
A	1-3YR	3.21	4.68	4.13	4.80	4.41	2.15	8.94	9.36
	7-10YR	4.87	6.36	4.96	5.63	4.06	1.81	10.39	10.82
	20+YR	4.85	6.35	2.81	3.47	0.36	-1.81	8.20	8.62
	All	3.89	5.37	3.84	4.50	3.15	0.92	8.91	9.33
BBB	1-3YR	3.41	4.88	4.46	5.13	4.83	2.56	9.57	10.00
	7-10YR	4.93	6.43	5.38	6.05	4.96	2.69	11.97	12.41
	20+YR	4.70	6.20	3.78	4.45	2.18	-0.03	10.96	11.39
	All	4.11	5.60	4.54	5.21	4.21	1.95	10.48	10.91
Sectors	Comm	4.25	5.73	3.88	4.54	3.21	0.98	10.39	10.82
	Energy	4.33	5.82	4.33	5.00	3.53	1.30	10.15	10.58
	Fin	3.37	4.85	4.27	4.93	4.47	2.21	9.38	9.80
	Indus	4.15	5.64	4.30	4.96	3.52	1.28	9.32	9.74
	Infra	4.69	6.18	3.56	4.22	1.62	-0.57	8.67	9.08
	RE	3.89	5.37	4.70	5.37	5.16	2.89	10.42	10.84
	Secur	3.14	4.61	4.19	4.86	4.72	2.46	8.88	9.30
Provinces (All)	1-3YR	3.20	4.67	3.88	4.54	3.48	1.24	7.17	7.58
	7-10YR	5.28	6.78	5.14	5.81	3.15	0.92	8.86	9.28
	20+YR	5.86	7.37	3.51	4.17	-0.82	-2.96	6.96	7.37
	All	5.09	6.59	4.11	4.78	1.37	-0.82	7.62	8.04
Ontario	1-3YR	3.25	4.72	3.92	4.58	3.59	1.35	7.24	7.66
	7-10YR	5.29	6.79	5.17	5.84	3.23	0.99	8.87	9.29
	20+YR	5.90	7.41	3.59	4.26	-0.63	-2.78	7.15	7.57
	All	5.06	6.56	4.17	4.83	1.61	-0.59	7.72	8.14
Alberta	1-3YR	3.27	4.74	3.98	4.64	3.57	1.33	7.24	7.65
	7-10YR	5.23	6.73	5.19	5.87	3.22	0.99	9.08	9.50
	20+YR	5.83	7.34	3.96	4.63	-0.68	-2.83	7.47	7.89
	All	4.93	6.43	4.35	5.01	1.68	-0.52	7.96	8.37
Quebec	1-3YR	3.07	4.54	3.72	4.38	3.17	0.94	6.99	7.40
	7-10YR	5.30	6.80	5.11	5.78	2.99	0.76	8.80	9.22
	20+YR	5.80	7.31	3.22	3.87	-1.25	-3.38	6.50	6.91
	All	5.17	6.67	3.92	4.59	0.86	-1.32	7.34	7.75
BC	1-3YR	3.04	4.51	3.78	4.45	3.45	1.22	6.78	7.19
	7-10YR	5.19	6.69	5.04	5.71	3.04	0.81	8.65	9.07
	20+YR	5.68	7.18	3.02	3.68	-1.38	-3.51	6.24	6.65
	All	5.15	6.65	3.96	4.62	1.10	-1.09	7.35	7.76

Indices used: FTSE Canada Non-Agency Bond Index (Short, Mid, Long), FTSE Canada RRB Canada Index, FTSE Canada Corporate Bond Index (Short, Mid, Long, AAA/AA, A, BBB), FTSE Canada Provincial Bond Index, FTSE Canada High Yield Bond Index.

Source: FTSE Russell and LSEG. All data as of August 31, 2024. 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 of the report for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix for list of indices used for each market.

Appendix – Global Bond Market Returns % (CAD vs LC, TR) – August 30, 2024

Government bond returns

Top 15% Bottom 15%

Green highlight indicates highest 15%, red indicates lowest 15%.

		1M		3M		YTD		12M	
		Local	CAD	Local	CAD	Local	CAD	Local	CAD
US	1-3YR	0.90	-1.56	2.76	1.32	3.30	5.58	5.89	5.48
	7-10YR	1.40	-1.07	6.14	4.65	2.74	5.01	6.11	5.70
	20+YR	2.30	-0.19	8.70	7.17	-0.27	1.93	4.13	3.73
	IG All	1.54	-0.94	5.12	3.64	3.60	5.89	9.39	8.97
	HY All	1.60	-0.88	4.91	3.43	6.39	8.75	12.46	12.02
UK	1-3YR	0.43	0.26	2.04	3.80	2.14	7.63	5.52	9.02
	7-10YR	0.31	0.14	3.95	5.74	-0.49	4.86	7.54	11.11
	20+YR	0.80	0.62	6.92	8.76	-3.93	1.23	6.20	9.72
EUR	IG All	0.31	0.11	2.74	3.43	2.50	4.98	7.29	9.00
	HY All	1.25	1.04	2.88	3.57	5.73	8.28	12.09	13.88
Japan	1-3YR	0.14	0.96	0.16	6.21	-0.33	-1.36	-0.30	-0.70
	7-10YR	1.59	2.42	1.81	7.95	-0.90	-1.93	-0.35	-0.75
	20+YR	2.20	3.03	1.57	7.70	-8.12	-9.07	-8.64	-9.01
China	1-3YR	0.11	-0.41	0.89	1.68	2.52	4.84	3.14	5.68
	7-10YR	-0.08	-0.60	1.90	2.69	5.02	7.40	6.11	8.71
	20+YR	0.44	-0.09	4.75	5.56	11.70	14.23	13.52	16.30
EM	1-3YR	0.32	-0.37	1.37	1.38	3.11	4.27	4.30	5.20
	7-10YR	0.55	0.08	3.01	3.49	4.30	5.82	6.50	7.36
	20+YR	0.95	0.22	5.11	5.25	9.79	11.48	11.97	13.44
	IG All	1.76	-0.72	4.59	3.12	5.17	7.49	10.11	9.68
	HY All	1.57	-0.91	4.47	3.00	10.30	12.74	16.00	15.55
Germany	1-3YR	0.47	0.27	1.74	2.42	1.53	3.99	3.37	5.02
	7-10YR	0.45	0.24	3.99	4.68	-0.05	2.37	4.16	5.82
	20+YR	0.04	-0.16	6.63	7.35	-3.82	-1.50	3.45	5.10
Italy	1-3YR	0.47	0.27	1.89	2.58	2.14	4.61	4.45	6.12
	7-10YR	0.25	0.05	3.26	3.95	2.94	5.43	7.81	9.53
	20+YR	-0.25	-0.45	3.87	4.57	3.34	5.84	9.30	11.04
Spain	1-3YR	0.53	0.33	1.84	2.52	2.05	4.52	4.14	5.80
	7-10YR	0.41	0.21	3.45	4.14	1.86	4.32	7.03	8.74
	20+YR	-0.03	-0.24	4.98	5.69	1.40	3.85	9.71	11.46
France	1-3YR	0.50	0.29	1.74	2.42	1.37	3.82	3.54	5.19
	7-10YR	0.49	0.29	2.55	3.24	-0.90	1.50	3.72	5.37
	20+YR	-0.05	-0.25	2.44	3.13	-5.84	-3.56	2.42	4.05
Sweden	1-3YR	0.78	2.90	2.73	4.78	3.01	3.61	5.40	12.26
	7-10YR	0.16	2.26	4.27	6.35	1.66	2.26	8.81	15.90
	20+YR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Australia	1-3YR	0.69	2.07	1.95	2.67	2.67	4.35	4.35	8.90
	7-10YR	1.48	2.87	4.72	5.46	2.95	4.63	5.12	9.70
	20+YR	2.44	3.84	6.68	7.44	-0.32	1.31	2.81	7.29
NZ	1-3YR	0.86	3.65	3.16	3.90	4.42	5.47	7.41	12.42
	7-10YR	0.86	3.65	5.85	6.61	3.84	4.88	10.17	15.32
Canada	1-3YR	0.49	0.49	2.77	2.77	3.06	3.06	6.22	6.22
	7-10YR	0.51	0.51	5.16	5.16	2.27	2.27	7.32	7.32
	20+YR	-0.26	-0.26	6.55	6.55	-2.17	-2.17	5.69	5.69

Source: FTSE Russell and LSEG. All data as of August 31, 2024. 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 of the report for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix for list of indices used for each market.

Appendix – Global Bond Market Returns % (CAD vs LC, TR) – August 30, 2024

Inflation-Linked Bond Returns

Top 15% Bottom 15%

Green highlight indicates top 15%, red indicates bottom 15%.

		1M		3M		YTD		12M	
		Local	CAD	Local	CAD	Local	CAD	Local	CAD
US	1-5YR	0.61	-1.84	2.56	1.12	3.82	6.11	6.43	6.02
	5-10YR	0.85	-1.61	4.45	2.98	3.59	5.88	6.74	6.33
	20+YR	1.48	-0.99	7.44	5.93	1.25	3.48	3.73	3.34
UK	1-5YR	-0.06	-0.23	1.40	3.14	1.30	6.74	5.87	9.38
	5-10YR	-0.17	-0.35	1.98	3.73	-0.14	5.23	5.15	8.63
	20+YR	-0.23	-0.41	5.01	6.82	-6.41	-1.38	-0.65	2.65
EUxUK	1-5YR	0.48	0.27	1.38	2.06	1.26	3.71	1.72	3.34
	5-10YR	-0.39	-0.59	1.93	2.61	-0.52	1.89	0.21	1.81
	20+YR	-2.09	-2.29	1.96	2.64	-6.33	-4.07	-6.50	-5.01
Japan	1-5YR	0.56	1.38	0.93	7.03	0.34	-0.70	1.12	0.71
	5-10YR	1.80	2.63	1.32	7.44	1.23	0.19	2.97	2.56
EM	1-5YR	1.05	-3.06	3.02	-6.80	5.97	-5.66	7.85	-6.50
	5-10YR	1.30	-2.29	3.40	-5.24	2.67	-6.52	6.48	-5.41
	20+YR	1.39	-2.44	2.34	-7.56	-3.29	-13.43	2.60	-9.43
Germany	1-5YR	0.48	0.27	1.38	2.06	1.26	3.71	1.72	3.34
	5-10YR	-0.39	-0.59	1.93	2.61	-0.52	1.89	0.21	1.81
	20+YR	-2.09	-2.29	1.96	2.64	-6.33	-4.07	-6.50	-5.01
Italy	1-5YR	0.29	0.08	1.69	2.37	1.98	4.44	4.26	5.92
	5-10YR	-0.25	-0.46	1.63	2.31	2.52	5.00	4.66	6.33
	20+YR	-2.42	-2.61	-0.03	0.64	0.36	2.78	1.22	2.84
Spain	1-5YR	0.37	0.17	1.58	2.26	1.43	3.88	2.72	4.35
	5-10YR	-0.19	-0.39	1.66	2.34	1.61	4.07	3.47	5.12
France	1-5YR	0.17	-0.04	1.01	1.68	0.05	2.47	0.92	2.53
	5-10YR	-0.21	-0.41	0.64	1.31	-1.62	0.76	-0.40	1.18
	20+YR	-2.46	-2.66	-2.49	-1.84	-10.28	-8.11	-7.62	-6.15
Sweden	1-5YR	0.02	2.12	2.22	4.26	2.06	2.65	4.20	10.99
	5-10YR	-0.39	1.70	3.26	5.32	1.73	2.32	6.46	13.39
Australia	1-5YR	0.60	1.97	2.07	2.80	2.32	3.99	4.64	9.20
	5-10YR	0.70	2.08	3.24	3.97	1.71	3.38	5.02	9.59
	20+YR	0.25	1.62	4.31	5.05	-5.91	-4.37	1.15	5.56
NZ	5-10YR	0.36	3.14	2.28	3.01	3.85	4.89	9.42	14.53
	20+YR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Canada	20+YR	-1.28	-1.28	4.83	4.83	1.20	1.20	7.91	7.91

Indices used: FTSE Canada RRB Canada Bond Index.

Source: FTSE Russell and LSEG. All data as of August 31, 2024. 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 of the report for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix for list of indices used for each market.

Appendix – Canadian Historical Bond Yields % as of August 30, 2024

Canadian Bond Yields

Top 15% Bottom 15%

Green highlight indicates top 15%, red indicates bottom 15%.

		1-3YR	7-10YR	20+YR	All Mat
Canada	Current	3.30	3.08	3.25	
	3M Ago	4.08	3.62	3.53	
	6M Ago	4.10	3.51	3.40	
	12M Ago	4.50	3.65	3.44	
IL	Current			1.57	
	3M Ago			1.79	
	6M Ago			1.73	
	12M Ago			1.88	
Provincial	Current	3.41	3.61	4.23	3.87
	3M Ago	4.23	4.16	4.48	4.33
	6M Ago	4.20	4.06	4.34	4.23
	12M Ago	4.63	4.27	4.42	4.43
Ontario	Current	3.41	3.63	4.20	3.84
	3M Ago	4.23	4.15	4.46	4.32
	6M Ago	4.21	4.06	4.32	4.22
	12M Ago	4.62	4.28	4.42	4.44
Quebec	Current	3.45	3.57	4.20	3.89
	3M Ago	4.20	4.15	4.47	4.33
	6M Ago	4.15	4.05	4.31	4.20
	12M Ago	4.67	4.25	4.38	4.39
Alberta	Current	3.37	3.51	4.26	3.80
	3M Ago	4.22	4.11	4.47	4.29
	6M Ago	4.19	4.03	4.37	4.22
	12M Ago	4.62	4.26	4.45	4.43
BC	Current	3.34	3.65	4.24	3.89
	3M Ago	4.28	4.16	4.47	4.34
	6M Ago	4.24	4.06	4.31	4.21
	12M Ago	4.67	4.25	4.40	4.39
Municipal	Current	3.48	3.67	4.42	3.97
	3M Ago	4.26	4.25	4.71	4.46
	6M Ago	4.20	4.14	4.56	4.35
	12M Ago	4.69	4.34	4.65	4.57
Corporate	Current	4.22	4.55	5.00	4.48
	3M Ago	4.93	5.08	5.22	5.03
	6M Ago	4.94	4.98	5.07	4.98
	12M Ago	5.68	5.48	5.32	5.55
High Yield	Current				6.55
	3M Ago				6.87
	6M Ago				6.94
	12M Ago				7.70

		1-5YR	5-10YR	20+YR	All Mat
AAA/AA	Current	3.94	4.21	4.56	3.99
	3M Ago	4.65	4.71	4.73	4.66
	6M Ago	4.65	4.61	4.55	4.64
	12M Ago	5.39	5.28	4.77	5.37
A	Current	4.15	4.28	4.80	4.37
	3M Ago	4.86	4.82	5.01	4.90
	6M Ago	4.86	4.70	4.83	4.83
	12M Ago	5.62	5.18	5.04	5.39
BBB	Current	4.42	4.69	5.32	4.70
	3M Ago	2.35	2.08	2.30	5.24
	6M Ago	1.99	1.88	2.12	5.20
	12M Ago	2.49	2.00	2.07	5.79
Comm	Current	4.56	5.41	4.39	4.67
	3M Ago	5.06	5.55	5.09	5.14
	6M Ago	4.90	5.39	5.13	5.01
	12M Ago	5.49	5.80	5.78	5.60
Energy	Current	4.39	4.65	5.07	4.75
	3M Ago	5.09	5.18	5.30	5.20
	6M Ago	5.13	5.13	5.16	5.14
	12M Ago	5.78	5.56	5.43	5.58
Financial	Current	4.19	4.49	4.91	4.23
	3M Ago	4.89	5.01	5.09	4.91
	6M Ago	4.90	4.99	4.99	4.91
	12M Ago	5.68	5.56	5.34	5.66
Industrial	Current	4.14	4.47	5.02	4.43
	3M Ago	4.88	4.99	5.26	4.99
	6M Ago	4.90	4.87	5.13	4.95
	12M Ago	5.57	5.30	5.36	5.45
Infrastructure	Current	3.91	4.30	4.82	4.60
	3M Ago	4.64	4.86	5.07	4.97
	6M Ago	4.62	4.70	4.90	4.82
	12M Ago	5.19	5.13	5.10	5.12
Securitization	Current	4.11			4.11
	3M Ago	4.88			4.88
	6M Ago	4.94			4.94
	12M Ago	5.69			5.68

Indices used: FTSE Canada Non-Agency Bond Index (Short, Mid, Long), FTSE Canada RRB Canada Index, FTSE Canada Corporate Bond Index (Short, Mid, Long, AAA/AA, A, BBB), FTSE Canada Provincial Bond Index, FTSE Canada High Yield Bond Index.

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Appendix – Historical Bond Yields % as of August 30, 2024

Global Bond Yields

Top 15% Bottom 15%

Green highlight indicates top 15%, red indicates 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	4.04	3.77	3.87	4.31	1.90	1.69	2.06	4.97	7.53
	3M Ago	4.94	4.58	4.50	4.70	2.35	2.08	2.30	5.55	8.21
	6M Ago	4.73	4.34	4.26	4.46	1.99	1.88	2.12	5.44	8.09
	12M Ago	4.99	4.39	4.12	4.32	2.50	1.94	2.01	5.65	8.44
UK	Current	4.09	3.84	3.90	4.44	0.37	0.43	1.27		
	3M Ago	4.60	4.26	4.23	4.68	0.31	0.46	1.32		
	6M Ago	4.48	4.10	4.03	4.49	0.53	0.40	1.21		
	12M Ago	4.91	4.77	4.49	4.72	1.06	0.74	1.29		
Japan	Current	0.32	0.43	0.76	2.03	-1.28	-0.79			
	3M Ago	0.34	0.55	0.93	2.09	-1.19	-0.69			
	6M Ago	0.13	0.28	0.59	1.66	-1.51	-0.81			
	12M Ago	-0.02	0.18	0.59	1.59	-1.65	-0.66			
China	Current	1.55	1.77	2.14	2.37					
	3M Ago	1.77	1.99	2.31	2.61					
	6M Ago	1.99	2.16	2.38	2.57					
	12M Ago	2.06	2.41	2.66	3.03					
EM	Current	3.09	3.51	4.09	3.68	5.76	5.15	5.64	5.13	7.76
	3M Ago	3.30	3.83	4.47	3.96	5.69	5.26	5.63	5.81	8.79
	6M Ago	3.29	3.90	4.56	4.03	4.69	4.53	5.24	5.74	9.18
	12M Ago	3.50	4.49	4.99	4.49	3.01	4.39	5.19	6.16	11.59
Germany	Current	2.45	2.15	2.18	2.50	1.46	0.49	0.54		
	3M Ago	3.07	2.72	2.59	2.77	1.45	0.60	0.55		
	6M Ago	3.02	2.50	2.34	2.53	1.20	0.42	0.35		
	12M Ago	3.03	2.92	2.89	3.09	0.86	0.54	0.60		
Italy	Current	2.85	2.90	3.45	4.13	1.44	1.66	1.98		
	3M Ago	3.46	3.42	3.73	4.30	1.54	1.68	1.91		
	6M Ago	3.35	3.25	3.61	4.22	1.31	1.63	1.84		
	12M Ago	3.56	4.11	4.65	5.18	1.94	2.51	2.62		
France	Current	2.64	2.60	2.84	3.42	0.97	0.85	1.16		
	3M Ago	3.20	2.99	3.02	3.45	0.94	0.79	0.97		
	6M Ago	3.05	2.74	2.78	3.24	0.80	0.57	0.79		
	12M Ago	3.09	3.05	3.23	3.80	0.84	0.77	1.20		
Sweden	Current	1.87	1.80	1.98		0.94	0.56			
	3M Ago	3.04	2.60	2.46		1.69	0.92			
	6M Ago	3.03	2.58	2.46		1.62	1.04			
	12M Ago	3.43	3.13	2.96		1.35	1.35			
Australia	Current	3.66	3.57	3.91	4.49	1.26	1.51	2.05		
	3M Ago	4.11	4.08	4.35	4.79	1.67	1.80	2.17		
	6M Ago	3.81	3.73	4.09	4.51	1.15	1.51	1.91		
	12M Ago	3.85	4.27	4.67	5.15	1.37	1.92	2.41		
NZ	Current	3.97	3.86	4.24	4.74	2.47	2.21			
	3M Ago	4.82	4.67	4.77	5.07	2.33	2.32			
	6M Ago	5.05	4.61	4.68	4.96	1.89	2.41			
	12M Ago	5.30	5.32	5.49	5.64	2.45	3.03			
Canada	Current	3.30		3.08	3.25			1.57	4.48	6.55
	3M Ago	4.08		3.62	3.53			1.79	5.03	6.87
	6M Ago	4.10		3.51	3.40			1.73	4.98	6.94
	12M Ago	4.50		3.65	3.44			1.88	5.55	7.70

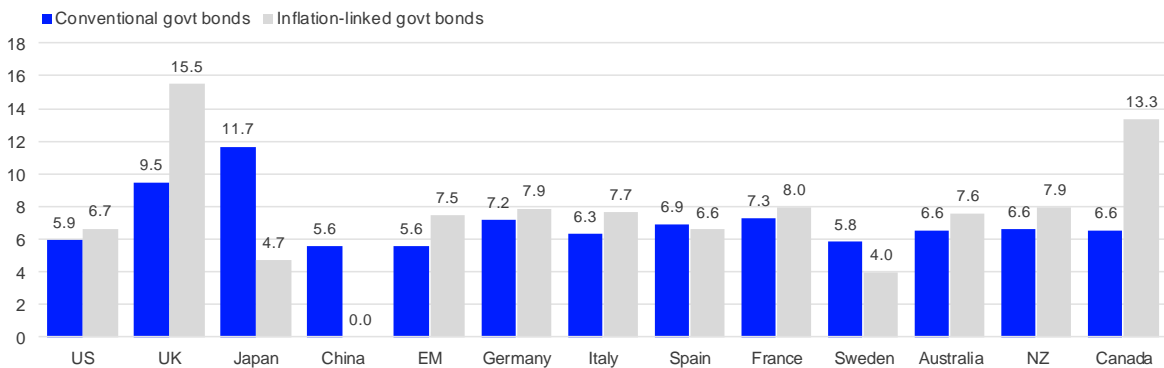
Source: FTSE Russell and LSEG. All data as of August 31, 2024. Past performance is no guarantee of future results. This report should not be considered 'research' for the purposes of MIFID II. Please see the end of the report for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix for list of indices used for each market.

Appendix – Duration and Market Value (USD, Bn) – August 30, 2024

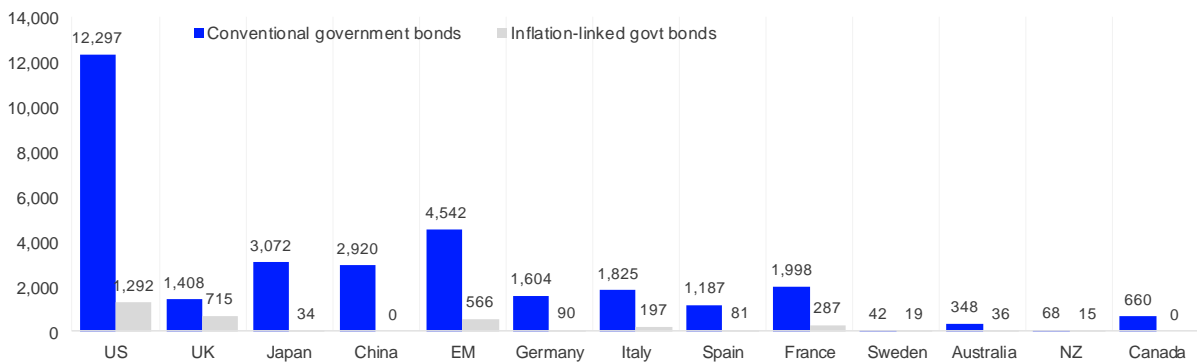
	Conventional government bonds								Inflation-linked government bonds					
	Duration				Market Value				Duration			Market Value		
	3-5YR	7-10YR	20+YR	Overall	3-5YR	7-10YR	20+YR	Total	5-10YR	20+YR	Overall	5-10YR	20+YR	Total
US	3.6	7.1	16.8	5.9	2,868.3	1,285.7	1,444.2	12,297.3	7.2	21.5	6.7	409.8	116.2	1292.0
UK	3.7	7.2	18.4	9.5	184.6	232.5	354.8	1,408.2	7.7	27.2	15.5	127.3	246.0	714.8
Japan	3.9	8.2	23.2	11.7	363.1	416.6	632.8	3,072.0	7.7		4.7	12.2		34.2
China	3.8	7.7	18.0	5.6	648.2	460.3	326.9	2,920.1						
EM	3.7	7.1	16.4	5.6	945.98	763.12	428.06	4,541.9	5.9	13.2	7.5	91.8	149.4	565.8
Germany	3.6	7.6	21.4	7.2	348.77	258.13	170.80	1,604.1	6.3	20.8	7.9	45.0	18.4	89.7
Italy	3.5	7.2	16.2	6.3	329.05	269.82	169.17	1,825.3	7.2	25.4	7.7	59.8	5.7	197.2
Spain	3.8	7.3	17.5	6.9	250.69	220.07	120.81	1,187.4	7.3		6.6	51.2		80.7
France	3.7	7.5	19.5	7.3	450.54	347.50	243.07	1,998.1	6.7	23.8	8.0	77.4	21.6	287.0
Sweden	3.6	7.7		5.8	7.07	10.40		42.3	6.4		4.0	6.0		19.0
Australia	3.7	7.4	16.7	6.6	50.82	103.34	21.45	347.8	6.4	21.7	7.6	11.1	3.0	36.0
NZ	3.9	7.3	16.2	6.6	14.15	18.42	5.70	68.3	5.5		7.9	3.4		14.9
Canada		6.7	17.8	6.6		256.50	109.08	660.3		13.3	13.3			67.7

	Investment grade bonds										High Yield	
	Duration					Market Value					Duration	MktVal
	AAA	AA	A	BBB	Overall	AAA	AA	A	BBB	Overall		
US	10.4	8.5	7.2	6.6	7.0	78.6	459.8	2,878.1	3,587.2	7,003.7	3.8	1,241.3
Euro	6.1	4.9	4.6	4.2	4.4	15.7	227.8	1,265.6	1,617.9	3,126.9	3.1	352.0
EM		6.8	5.4	5.5	5.5		38.74	220.40	236.3	495.5	3.6	190.6

Average Duration



Total Market Value (USD Billions)

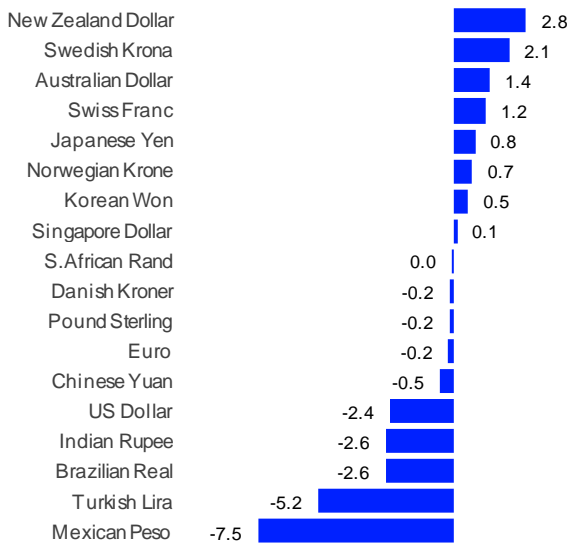


Indices used: FTSE Canada Non-Agency Bond Index (Mid, Long, Overall), FTSE Canada RRB Canada Bond Index.

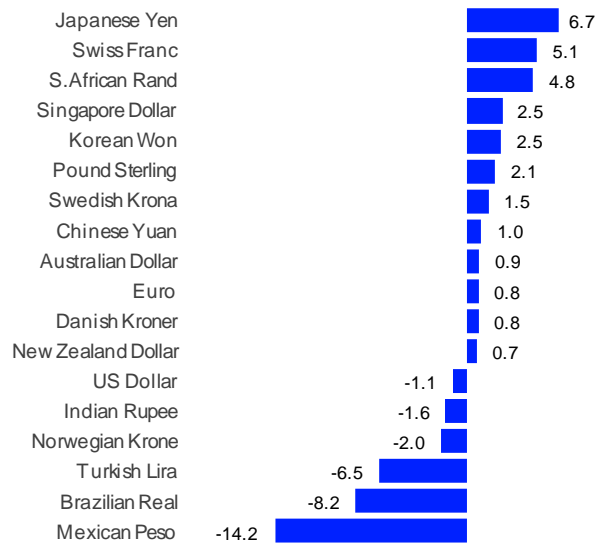
Source: FTSE Russell and LSEG. All data as of August 31, 2024. Past performance is no guarantee of future results. This report should not be considered 'research' for the purposes of MIFID II. Please see the end of the report for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix for list of indices used for each market.

Appendix – Foreign Exchange Returns % as of August 30, 2024

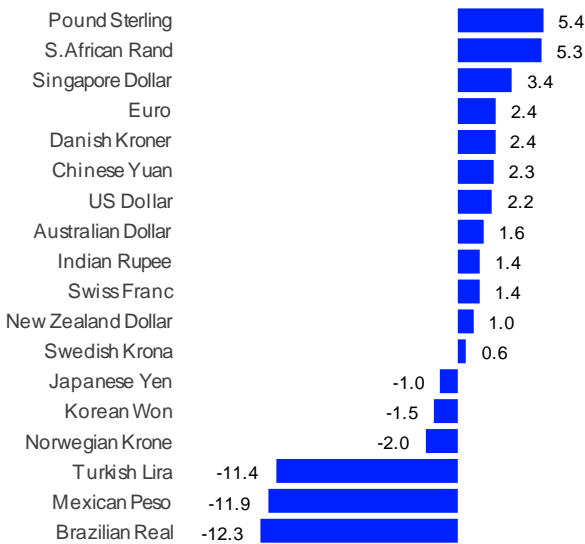
FX Moves vs CAD - 1M



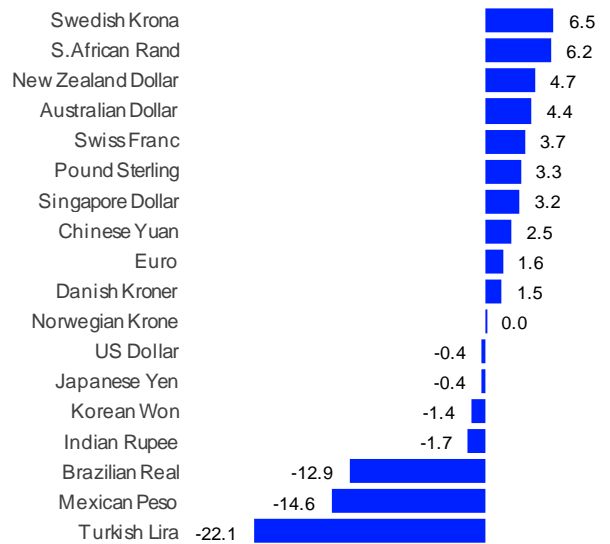
FX Moves vs CAD - 3M



FX Moves vs CAD - YTD



FX Moves vs CAD - 12M



Source: FTSE Russell and LSEG. All data as of August 31, 2024. 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 of the report for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix for list of indices used for each market.

Appendix – Glossary

Bond markets are based on the following indices:

FTSE Canada Universe Bond Index for all Canadian government and corporate bond markets*

FTSE Canada High Yield Bond Index for the Canadian high yield market

FTSE Canada RRB Canada Index for the Canadian inflation-linked bond market

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 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

*** FTSE Canada Bond Indexes**

1-3YR = Short Term Bond Indices

7-10YR = Mid Term Bond Indices

20+ YR = Long Term Bond Indices



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