Global Investment Research
Market Maps

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Fixed Income Insights

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EUROPE
EUROZONE & UK EDITION

Short inflation-linked outperform on stagflation risks

Markets remain in the grip of tariffs, policy uncertainty and stagflation risks, with gold the star performer in Q1, as the USD lost safe haven appeal. Higher defence spending in Europe may offset the impact on growth, reducing pressure on the ECB to ease as fast. Higher inflation accruals and stable rates favour linkers, and short linkers outperformed in Q1.

Macro and policy backdrop – Fed finesses easing but fiscal activism increases?

Increased stagflation risks from tariffs drive some growth downgrades. Higher defence spending offsets impact on Europe, but reduces pressure for lower rates. (pages 2-4)

Yields, curves & spreads – Curves oscillate but long end steepens, led by Bunds

US spreads tightened as equities fell in Q1. Steepening trend broadly intact. (pages 5-6)

European and UK credit – Credit survived Q1 equity sell-off, but spreads widened

IG, HY credits achieve positive returns in Q1, despite policy uncertainties. OAS spreads spiked more in CCC issues in March, though partly a duration effect. (page 7-8)

SI bond analysis – SI credit gained across the board in Q1, advanced-climate lagged

SI spread widening offset by lower benchmark yields. Choice & Ex FFE outperform. (page 9)

Performance – Short duration bonds outperformed, led by Europe as dollar weakens

USD weakness boosts European and JGB returns, led by shorts. Credit emerges unscathed from equity market weakness. Long Bunds & gilts weaken as curves steepen. (pages 10-12)

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

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Chart 1: Measures of economic policy uncertainty show a substantial spike in Q1, to above Covid crisis levels, as the Chart shows. This is weighing on hard economic data and increasing stagflation risks.

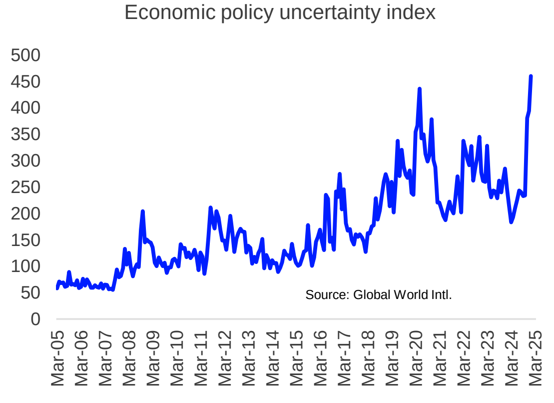
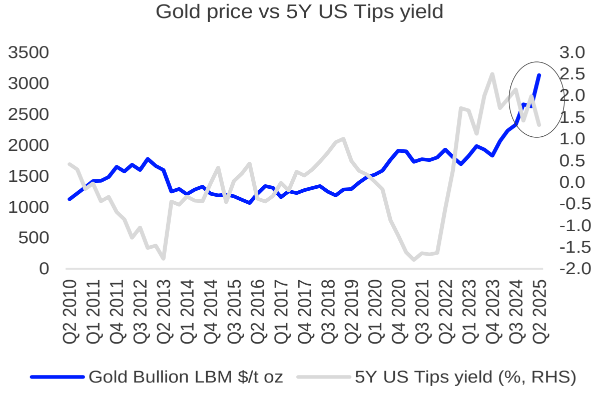


Chart 2: The surge in the gold price continues, helped by central bank purchases, and safe haven demand, after rising tariff tension and geo-political uncertainty. The fall in US real yields may also have helped.



Macroeconomic Backdrop – Growth and Inflation Expectations

US growth forecasts are being revised lower, on tariff and trade war impacts, though higher defence spending would be an offset in Europe (see page 3). Stagflation risks increased in the US and UK, as inflation ticked up. The impact of the dollar on US inflation may be more relevant if tariffs drive up import prices in 2025-26, and the dollar remains weak.

Consensus forecasts show downgrades for the US, after policy uncertainty spiked, with US growth at 2.2% in 2025 and 2% in 2026, vs 2.8% in 2024. European forecasts moved less, with a likely boost from fiscal policy in 2025-26. Forecasts carry high uncertainty, given tariff & geo-political risks, notably in economies with large trade surpluses with the US (China & Canada).

Sticky inflation above 2% targets is a major issue in the US and UK, under-scoring stagflation risks, even if surveys suggest weaker consumer demand is underway (Chart 2). Eurozone inflation is more stable, near the 2% target, but the UK faces a series of Q2 utility price increases, which the BoE forecasts to push UK inflation back up to 3.7% y/y (also see pages 3-4).

Both the US Fed and BoE left rates unchanged in March, after disappointing inflation data, and amid persisting uncertainty about trade tariffs and the impact of utility price increases in the UK in Q2 (Chart 3). The Fed finessed a policy easing by reducing its Quantitative Tightening programme. The ECB and BoC eased a further 25bp given lower inflation, and the risks to growth from tariffs. BoJ caution on raising rates again reflects global growth uncertainty.

Recent US dollar weakness follows dollar gains since 2015 (Chart 4). We cannot assume a causal link from the dollar's moves to US inflation; correlation does not establish causality, and the 2022 inflation shock continued despite dollar strength, after supply-chain disruption. But the relationship may be key if dollar weakness continues alongside tariff increases on imported goods in Q2.

Chart 1: Consensus forecasts have been revised down in the US, though a fiscal boost is an offset in Europe. Forecasts carry high uncertainty, given policy uncertainty, particularly in Canada and China.

Latest Consensus Real GDP Forecasts (Median, %, March 2025)			
	2024	**2025**	**2026**
US	2.8	**2.2**	**2.0**
UK	0.9	**1.0**	**1.4**
Eurozone	0.7	**0.9**	**1.3**
Japan	0.8	**0.9**	**0.8**
China	4.9	**4.5**	**4.2**
Canada	1.3	**1.8**	**1.9**

Chart 2: Inflation remains stubbornly higher than the Fed and BoE's 2% targets, with the threat of further upward pressure from tariff and utility price increases. Eurozone inflation is more stable near the 2% target.

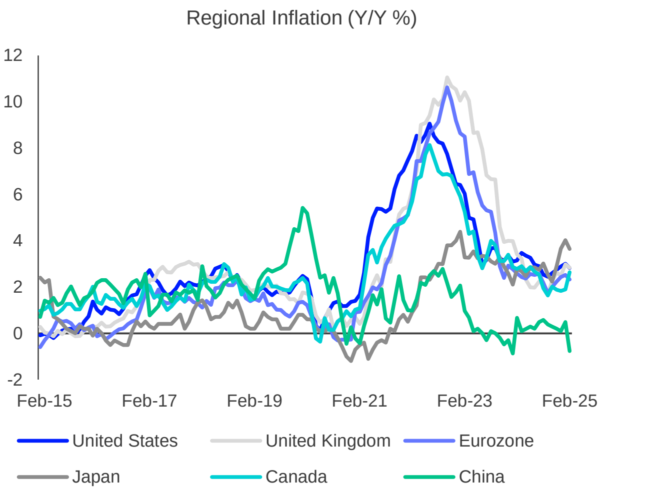


Chart 3: Only the ECB and BoC continued to ease policy in March, as sticky inflation prevented either the Fed or BoE from easing again. Canada has high exposure to US tariffs, via its high trade share in GDP.

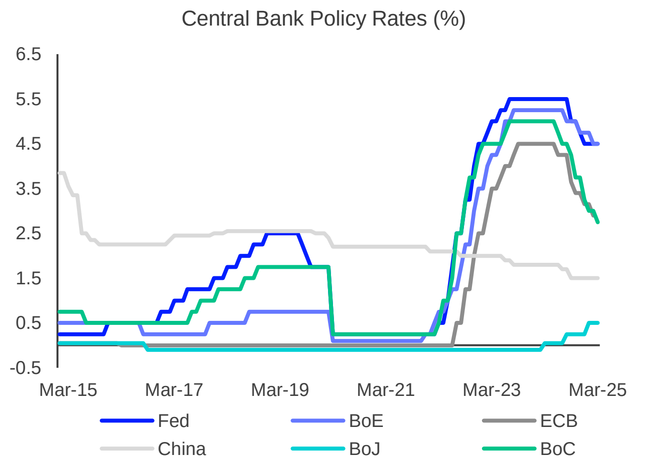
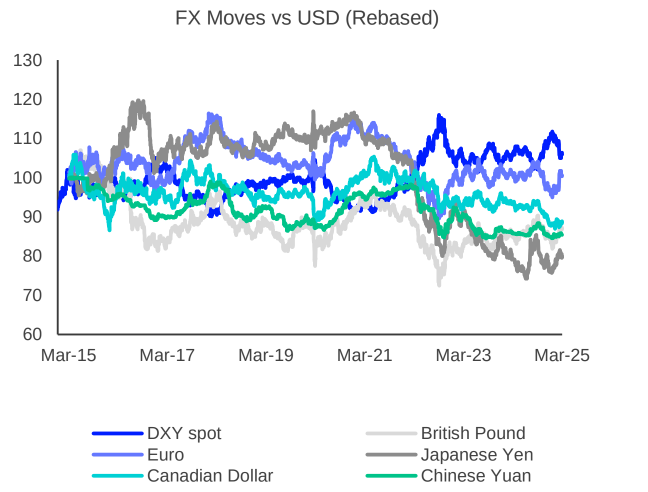


Chart 4: The relatively closed US economy means the Fed rarely mentions the dollar and its impact on US inflation, but apart from the Covid shock in 2021-22, there is some evidence of negative correlation.



Source: FTSE Russell and LSEG. All data as of March 31, 2025. 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 and Political Backdrop – Europe

IMF growth projections show divergent EU growth, especially between Spain and Germany, also evidenced by their disparity in GDP growth in 2024. Germany has a large US trade surplus but relies far more on the Euro area for its exports. EU employment is holding up, with the jobless numbers remaining close to historical lows. Low inflation and unemployment, falling rates and resilient wage costs should underpin a consumer recovery.

January IMF projections show a disparity in economic growth between EU nations (Chart 1). In 2025, IMF sees Spain growing by 2.3% compared to a GDP of 0.3% for Germany, 0.7% for Italy and 0.8% for France. The ECB growth projection of 0.9% closely matches that of the IMF for the Euro area of 1.0%, with both expecting a modest recovery from the second half of 2025, despite trade tariffs. Moreover, recent commitments to substantial infrastructure and defence spending, especially in Germany, combined with the extensive funding already available through the Next Generation EU initiative since 2021, have the potential to reshape the economic landscape, mitigate the impact of tariffs and boost economic growth in the region.

While Germany has a high trade surplus with the US (Chart 2), one of its most important markets for car exports historically, the Euro area and the UK trade represent over 70% of German exports. Moreover, the impact of the 25% tariffs imposed on foreign car imports to the US in March could be softened by auto developer Volkswagen looking to repurpose some of its car manufacturing plants to build military equipment.

Inflation fell across the Euro area and Germany to 2.2% y/y in March (Chart 3). Spain saw the biggest drop to 2.3% y/y in March (vs 3.0% in Feb), despite strong services PMI, especially in tourism. Only Italy saw a rise in HICP to 2.0% from 1.6% y/y but this was mostly attributed to higher non-regulated energy activities, with core inflation stable at 1.7% y/y.

Rising real wages and employment are expected to support the recovery in which consumption has become a key contributor to growth. The labour market remains resilient − the unemployment rate came down to new historical lows of 6.1% in February − while labour costs continued to ease, despite remaining higher than pre-Covid levels (Chart 4).

Chart 1: IMF growth projections have varied since 2023, with Spain strongly outperforming others EU economies, but can increased EU infrastructure and defence spending close the gap?

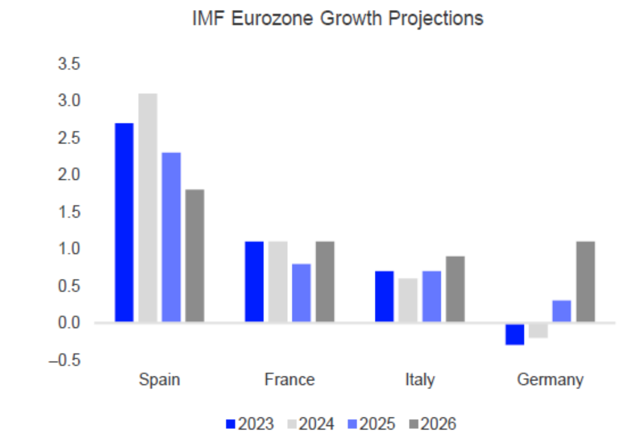


Chart 2: Germany has the largest foreign trade surplus with the US (exports/imports). However, the goods and services export volume within the Euro area and the UK account for over 70% of German exports.

Chart 3: German inflation fell to 2.2% y/y in March on weaker economic activity, matching the EU level. France's HICP stalled at 0.8% and Spain fell to 2.3% (from 3.0%). Only Italy modestly rose to 2.0%, from 1.6%.

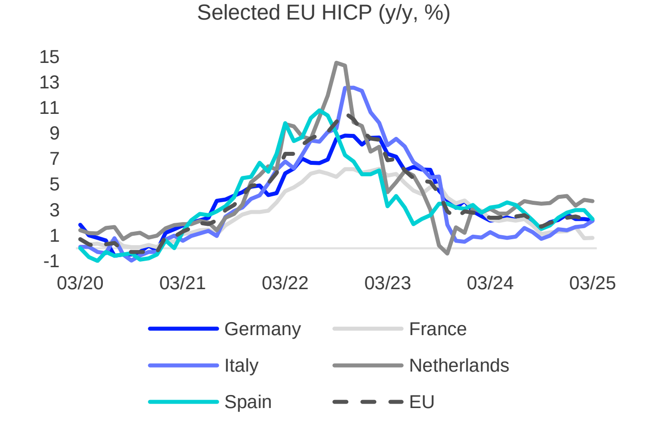
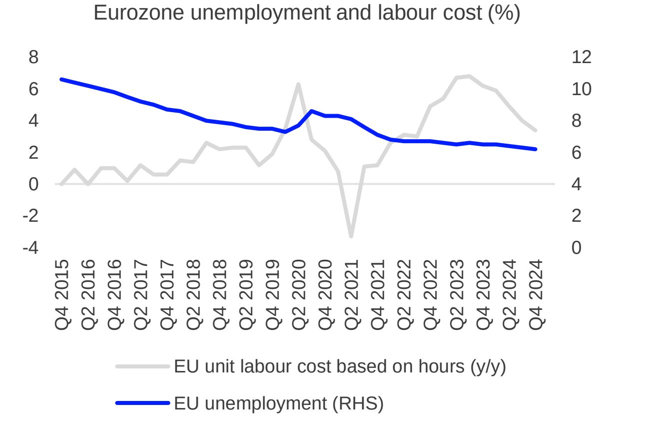


Chart 4: EU unemployment fell to historical lows of 6.1% in February, despite the jobless number rising in Germany to 6.3% (6.2% in Jan.). Labour costs/hour have eased but remain higher than pre-Covid levels.



Macroeconomic and Political Backdrop - UK

Wage inflation near 6% has eased pressure on UK consumers, with real income growing 2-3%, but leaves the BoE facing a stagflation challenge, with GDP and productivity growth flat-lining, and the OBR reducing growth forecasts to 1% (from 2%) in 2025. This makes an extended policy pause more likely. Weak growth carries risks to 2025-26 financing arithmetic.

UK wage inflation remained at 5.9% in January y/y, with public sector wage gains accelerating to 5.3% from 4.7%, and private sector wage inflation easing only marginally to 6.1% y/y. Increases in the minimum wage in April may push these numbers higher again in Q2. With NIC increases for employers to pay in April, unemployment may increase more in H2 2025. These cost pressures are set to sustain pressure on services inflation, with wage inflation highest in the service sector (led by retailing, and hospitality).

February inflation data confirmed the BoE's challenge with services inflation stuck at 5% y/y, even if goods inflation fell to 0.8% y/y, as Chart 2 shows. Headline inflation at 2.8% y/y is within striking distance of the 2% target, but substantial water and electricity price increases in Q2 could push the y/y rate up sharply. The BoE's forecast of a peak of 3.7% y/y may prove optimistic in that regard.

The UK's financing arithmetic for 2025-26, released in March, announced a sharp drop in proposed long gilt sales, from £59.2 bn to £40 bn. This follows market pressure to reduce long gilt sales, and curve steepening in 2024-25 in longs. Unallocated gilt sales of £27.5 bn for 2025-26 could still be partly allocated to longs. Gilt sales remain at about the same £300bn level as 2024-25, despite lower projected central govt borrowing, because of redemptions. Lower index-linked sales could reflect higher UK inflation outturns.

Leaving aside the stagflation risks of tariff increases, they have been implemented when supply-chain pressures are modest in tradeables (Chart 4). Experience of previous tariff increases in 2018-19 suggests supply chains will require re-arrangement (the US CBO estimated this can take 2 yrs to be completed). Much also depends on how far consumers switch demand to domestic goods.

Chart 1: Signs of UK stagflation are becoming an issue for the BoE, as wage inflation rebounded to 5.9% in Q4 y/y, despite higher unemployment at 4.4%. These cost-push pressures pose an obvious inflation threat.

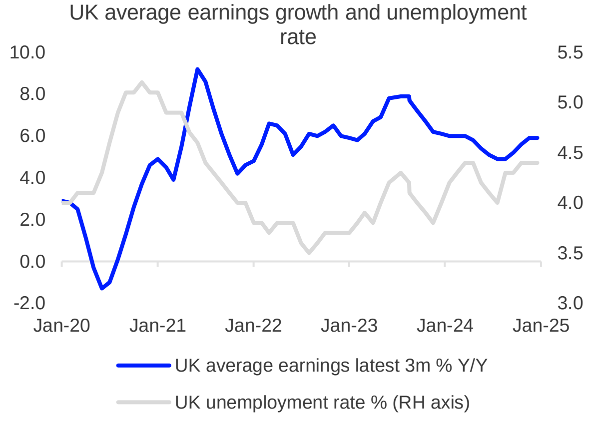


Chart 2: UK goods inflation fell back to 0.8% y/y in February but services inflation at 5% y/y remains a major issue for the BoE. Housing inflation fell a little in Feb. but rents are still increasing by 7.4% y/y.

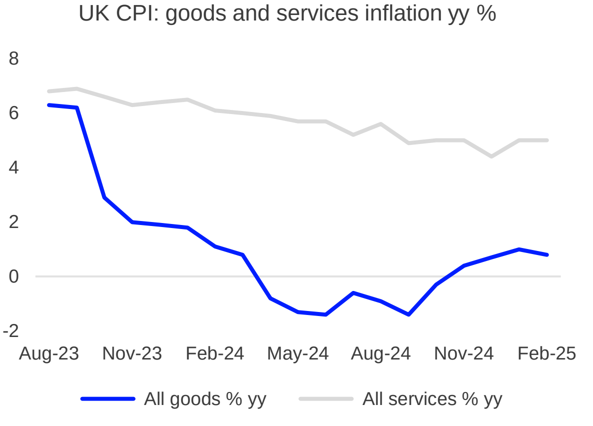
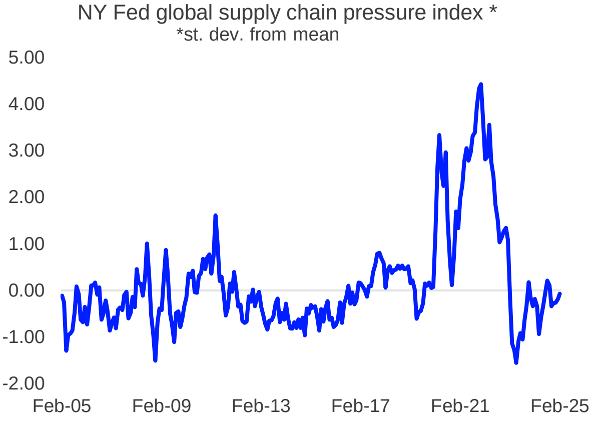


Chart 3: A striking feature of the planned UK financing arithmetic is the sharp reduction in long gilt sales for 2025-26. But there is still an unallocated £28bn in gilt sales, so long sales may yet increase.

UK Financing arithmetic £bn.	2024-25	2025-26
Central govt net cash reqmnt. (CGNCR)	172.6	142.7
Gilt redemptions	139.9	168.2
Short gilt sales Medium gilt sales Long gilt sales	103.8 92.0 59.2	110.9 89.7 40.2
Index linked gilt sales	33.4	30.9
Unallocated gilt sales	8.5	27.5
Total gilt sales Treasury bills	296.9 3.0	299.2 5.0
Total financing	299.9	304.2

Chart 4: Tariff increases on traded goods come at a time of low supply-chain pressures in goods markets. However, some re-structuring of supply chains and logistics is likely, judged by 2018-19.



Source: FTSE Russell, LSEG, DMO and ONS. All data up to March 2025.

Global Yields, Curves and Breakevens

Chart 1: Yields edged back up in the 2nd half of March as central bank caution on rates and tariff risks to inflation began to weigh on the 7-10 yr area. Bunds were notably weaker in Q1 on increased issuance fears.

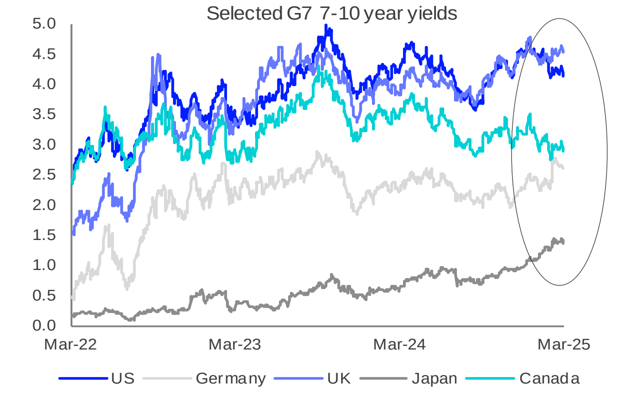


Chart 2: 7-10 year real yields oscillated, on stagflation risks, and central bank caution on rates. UK 7-10 year linkers reached the highest real yields since 2022, on increased issuance fears.

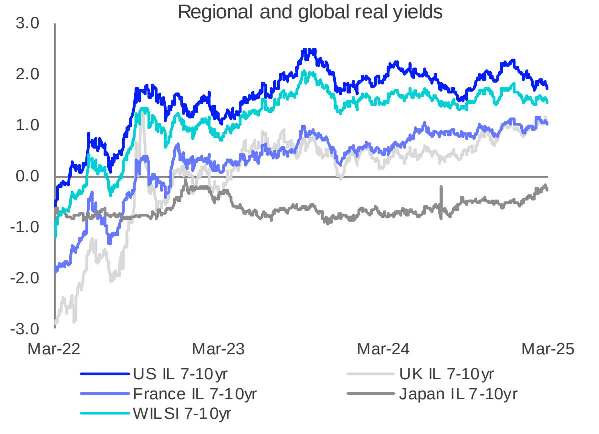


Chart 3: Curves mainly steepened in March, apart from the US, where weak equities and Fed caution capped gains in 1-3 yrs. The Canadian and Bund curves steepened further after the BoC & ECB eased again.

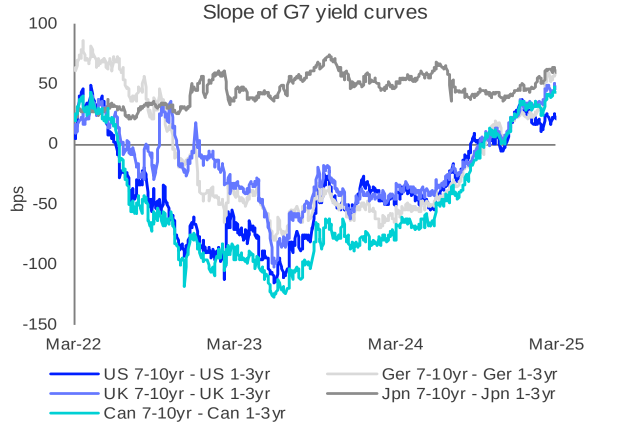


Chart 4: Long end yields generally increased again, driving curves steeper versus 1-3 yr maturities, particularly in Bunds and the UK, where issuance fears remain. BoJ caution on raising rates drove the JGB curve steeper.

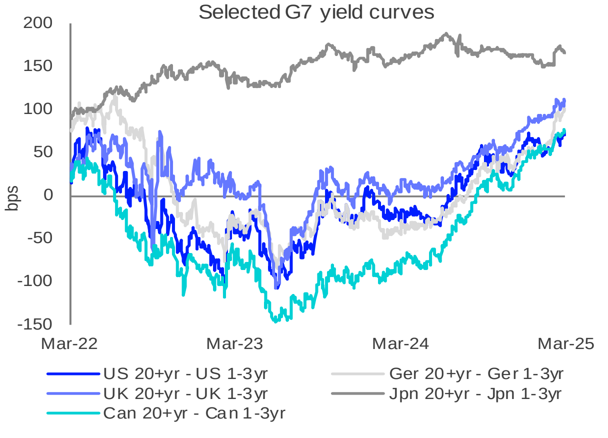


Chart 5: Inflation breakevens were relatively stable in the 7-10 year area as stagflation fears were offset by weaker growth and equity markets, notably in the US.

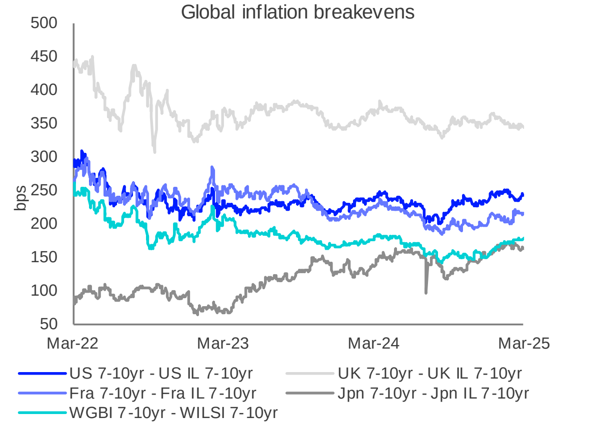
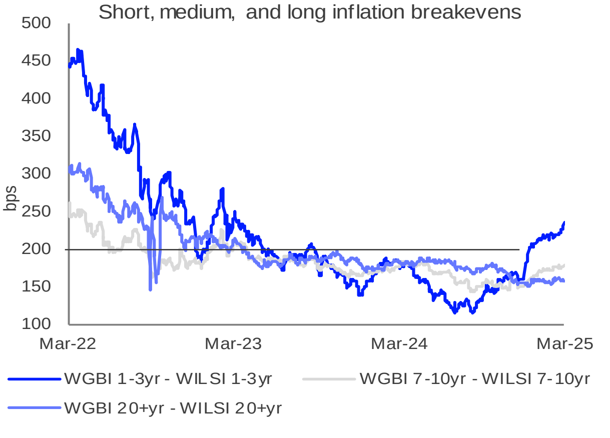


Chart 6: Short dated inflation breakevens reacted much more than medium, or longer dated, to the inflation risks from tariffs, which is unsurprising, given the one-off increase in price levels from tariffs.



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Yield Spreads and Credit Spread Analysis

Chart 1: US 7-10 yr sovereign spreads have returned to near the levels of Sept. 2024, when the Fed began easing. This reflects the late start, & gradual nature, of the Fed's easing cycle & risk-off rally vs other markets.

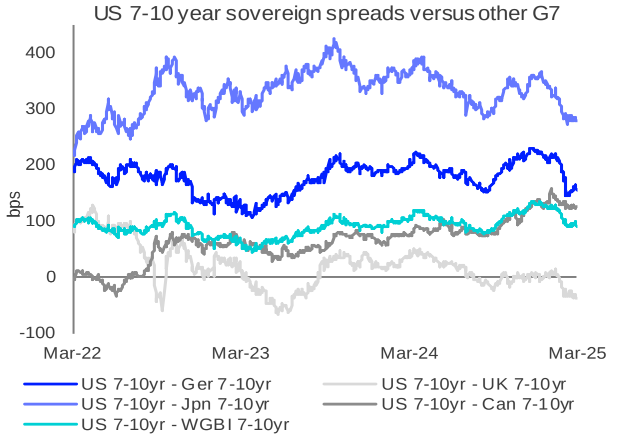

Chart 2: Italian spreads have widened vs EU equivalents, highlighting increased risk aversion, despite ECB policy easing. BTP spreads are still 90bp wider vs Germany, despite rising Bund yields in March.

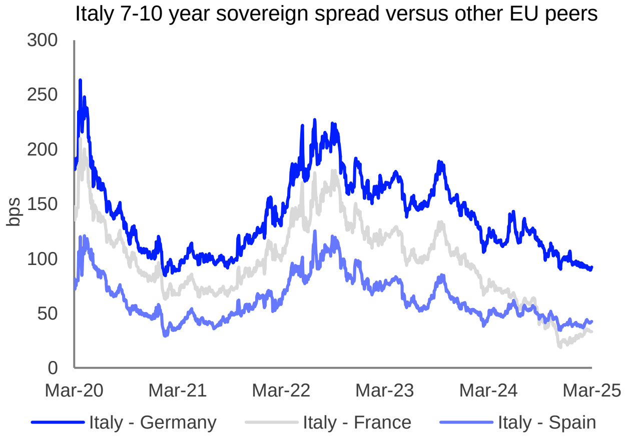

Chart 3: EM sovereign spreads edged wider in Q1, though mainly versus Canada and the US, where yields fell on the flight to quality. Moves are modest given global uncertainty on growth and tariffs, vs earlier cycles.

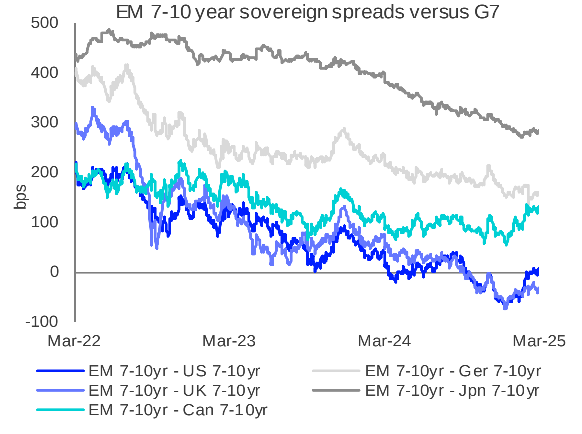

Chart 4: The mini-flight to quality in the US and BoC rate cuts helped reverse some of the China spread tightening in Q1, and PBoC attempts to cool speculation in the Chinese govt bond market, by suspending QE.

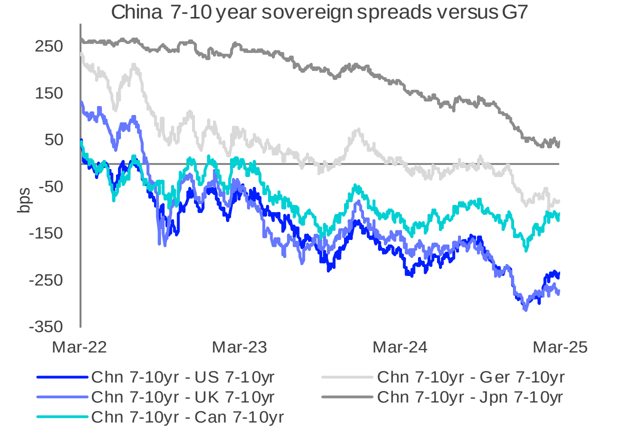

Chart 5: There is some evidence of HY credit spreads reacting to weakness in US equity markets, though HY spreads remain near lows in the Eurozone, partly because Bund yields increased in March.

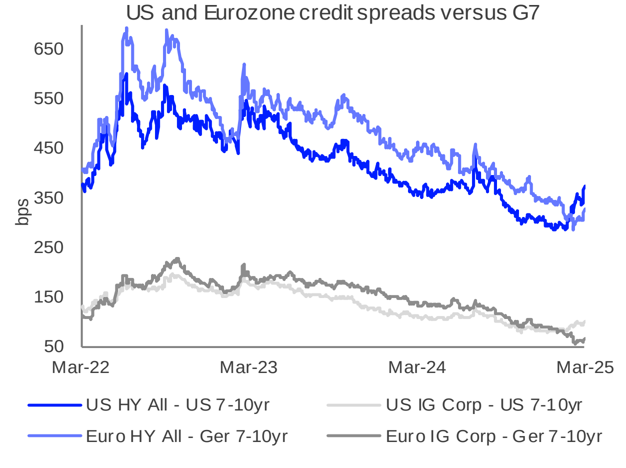

Chart 6: US HY spreads widened in February & March, from the multi-year lows reached in January, though mainly on slightly lower Treasury yields. Chinese high yield spreads remained broadly stable.

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European Credit Analysis

Chart 1: Mind the Gap. The CanadaBIG has outperformed EuroBIG since 2020, thanks to a smaller fall versus peers during Covid and more aggressive easing than the ECB.

Selected investment grade corporate returns (TR,USD)

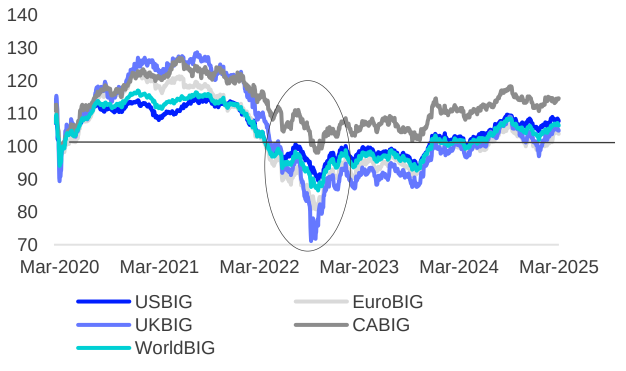


Chart 2: Investment grade corporate bond spreads have remained very tight in March, despite some modest widening, as investors switched to higher quality assets, while waiting for new tariffs in April.

Selected investment grade corporate spreads (OAS, bps)

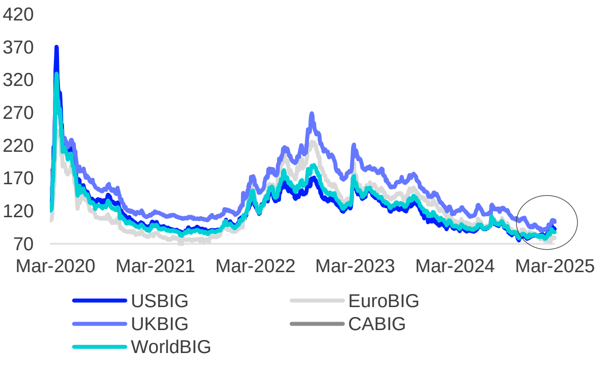


Chart 3: March saw EuroBIG corporate spreads beginning to widen a little across the broad quality spectrum, though they remain close to lows, with BBB spreads still less than 100bp.

Euro investment grade corporate spreads by quality (OAS, bps)

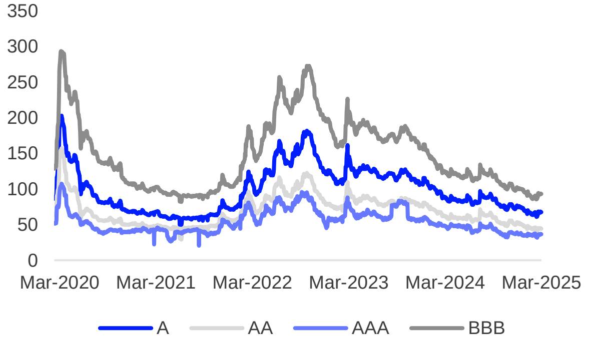


Chart 4: Although still providing income protection, EuroBIG corporate yields have converged close to 3%, with little yield differentiation between credit quality corporates.

Euro investment grade corporate yields by quality (YTM, %)

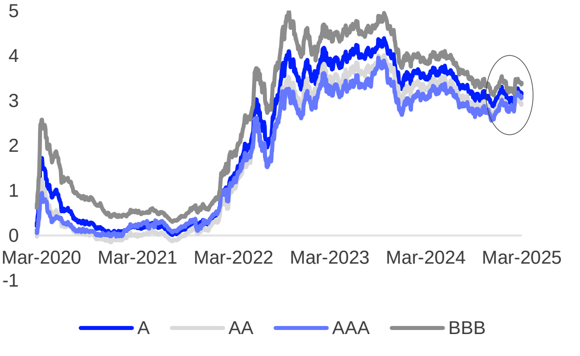


Chart 5: European high yield credit spreads have widened only modestly in March, with markets waiting on details and duration of new tariffs. BBs widened by 40bp in March.

Euro high yield spreads by quality (OAS, bps)

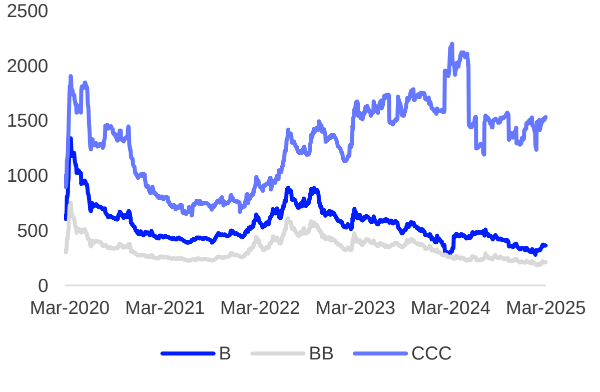
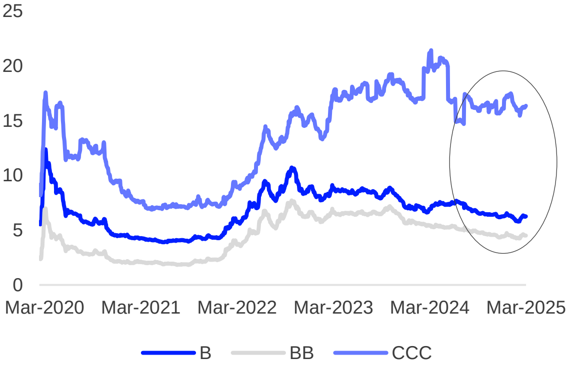


Chart 6: European HY yields have been relatively stable in the last year and offer some income protection of 4-6% for BB/Bs and 17% in CCCs. Euro HY's high correlation to equity markets could be a risk.

Euro high yield yields by quality (YTM, %)



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UK Credit Analysis

Chart 1: Financials continue to outperform other IG credit, led by Banks, helped by better capitalisation in this cycle, higher rates and net interest income. Telecoms recovered but utilities lagged.

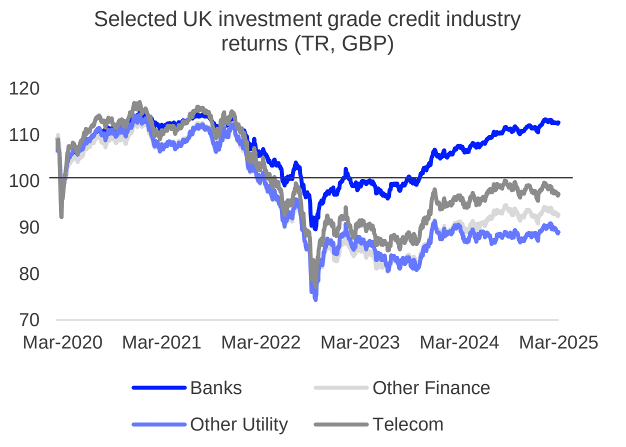


Chart 2: There are some signs of risk-off in UK HY in the lower grade CCC spreads, though higher grade spreads remain more stable, led by BBs. The larger single B sector (57% weight) has also been stable in Q1.

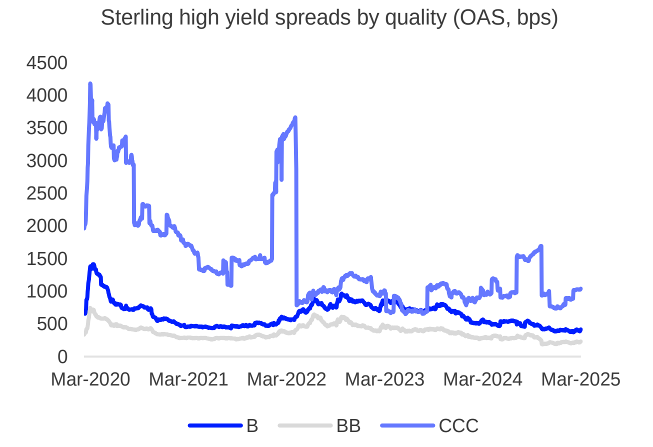


Chart 3: Reflecting the longer duration of the UK gilt market, sterling IG credits have longer duration than US IG credit, though this fell in the market sell-off in 2022-23. Shorter issuance also played a part.

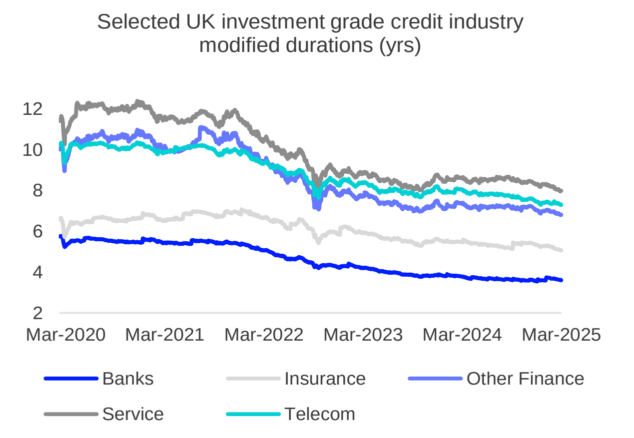


Chart 4: Banks dominate UK investment grade credit, and with insurance and other finance comprise 50% of the market. Financials also have a high weight in the UK equity market of around 20%.

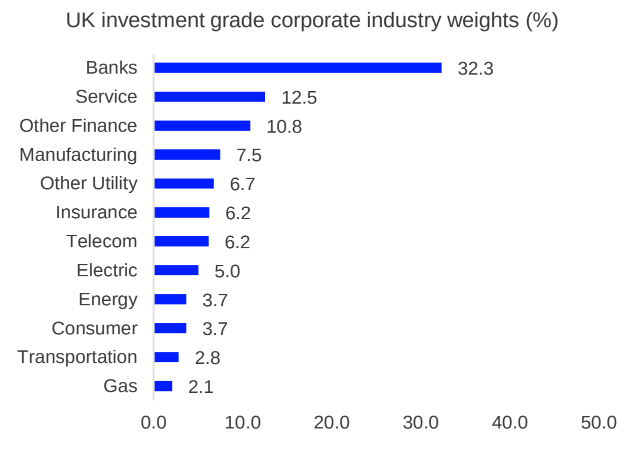


Chart 5: US dollar HY returns have been reduced by recent dollar and US equity market weakness, for a sterling-based investor. UK and Euro HY credits have benefitted from more stable equity markets in Europe.

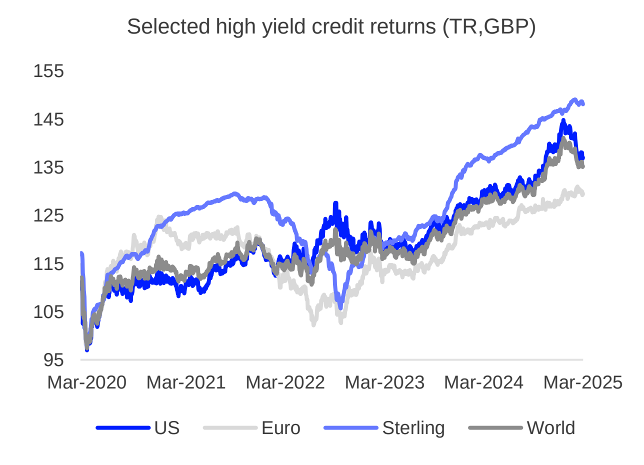
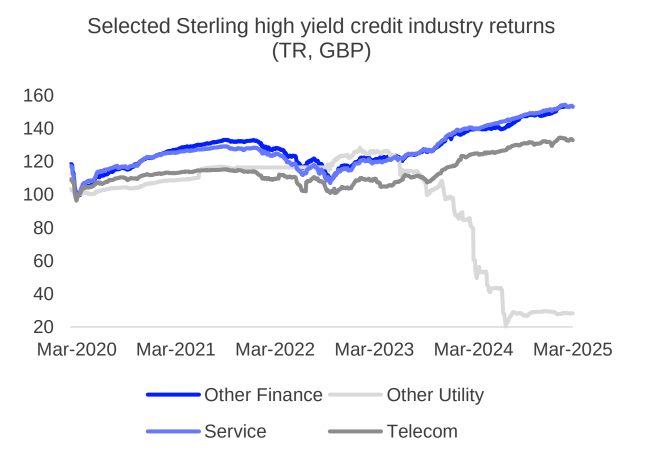


Chart 6: The other utility sector was hit hard by the default on some water sector bonds in 2024, raising the CCC sector weight to nearly 20%, though these have now stabilised. Other sectors continue to show solid returns.



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SI Sovereign Bond Analysis

Chart 1: SI Sovereign performance was broadly positive in Q1, with the exception of Advanced Climate, which saw negative returns as its underweight of the US vs Europe reduced performance in Q1.

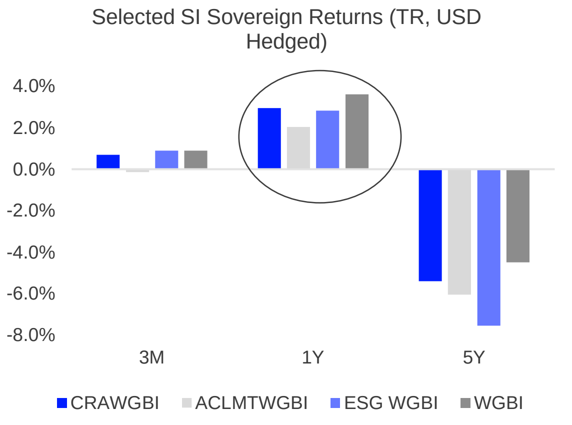


Chart 2: SI corporate gained across the board in Q1, as spread widening in March was largely offset by lower benchmark yields in the US due to lower growth expectations. Choice and ExFFE outperformed.

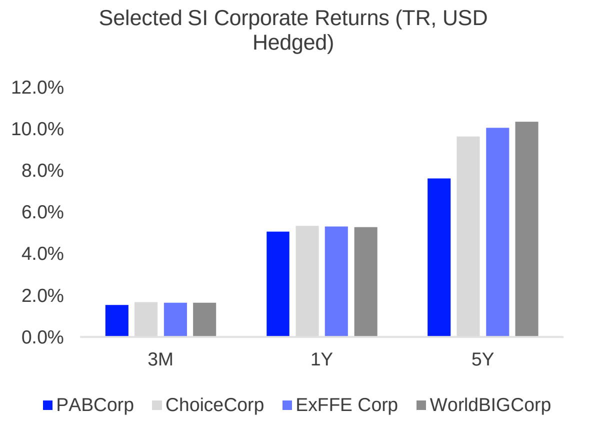


Chart 3: Relative performance has been stable for SI corporates. However, Advanced Climate Risk-Adjusted WGBI underperformed in March due to its US underweight, which performed well.

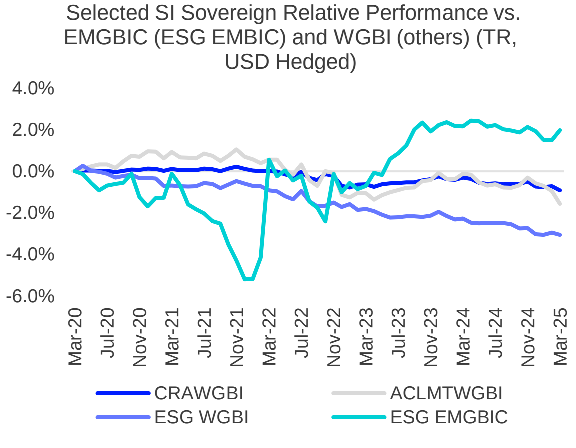


Chart 4: Within SI corporates, duration largely explains the divergent relative performance between Choice/ExFFe and PAB. For Green Corp, higher active industry weights have led to more volatile performance.

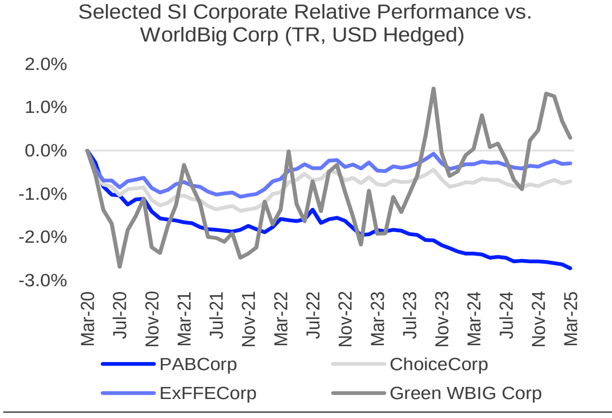


Chart 5: In line with diverging monetary policies, Advanced Climate, Climate Risk-Adjusted WGBI, and ESG WGBI saw their yields rise vs WGBI in Q1, while ESG EMGBIC saw its yield fall vs EMGBIC.

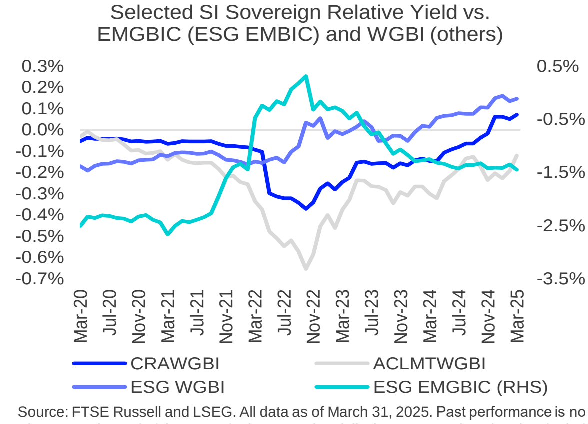
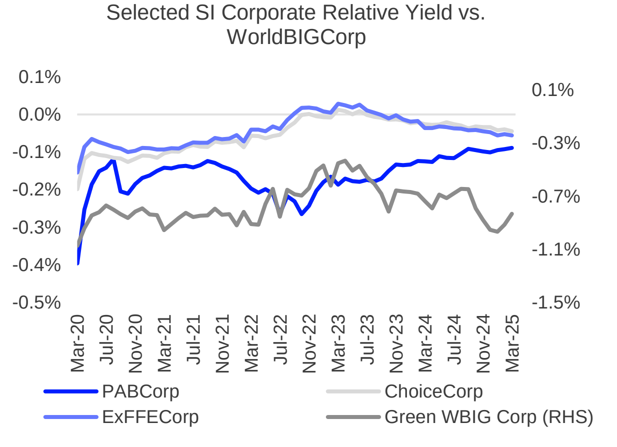


Chart 6: The decline in Green Corp relative yield reversed in Q1, as European yields (which the index is overweight) rose relative to the US for the first time since mid-2024.



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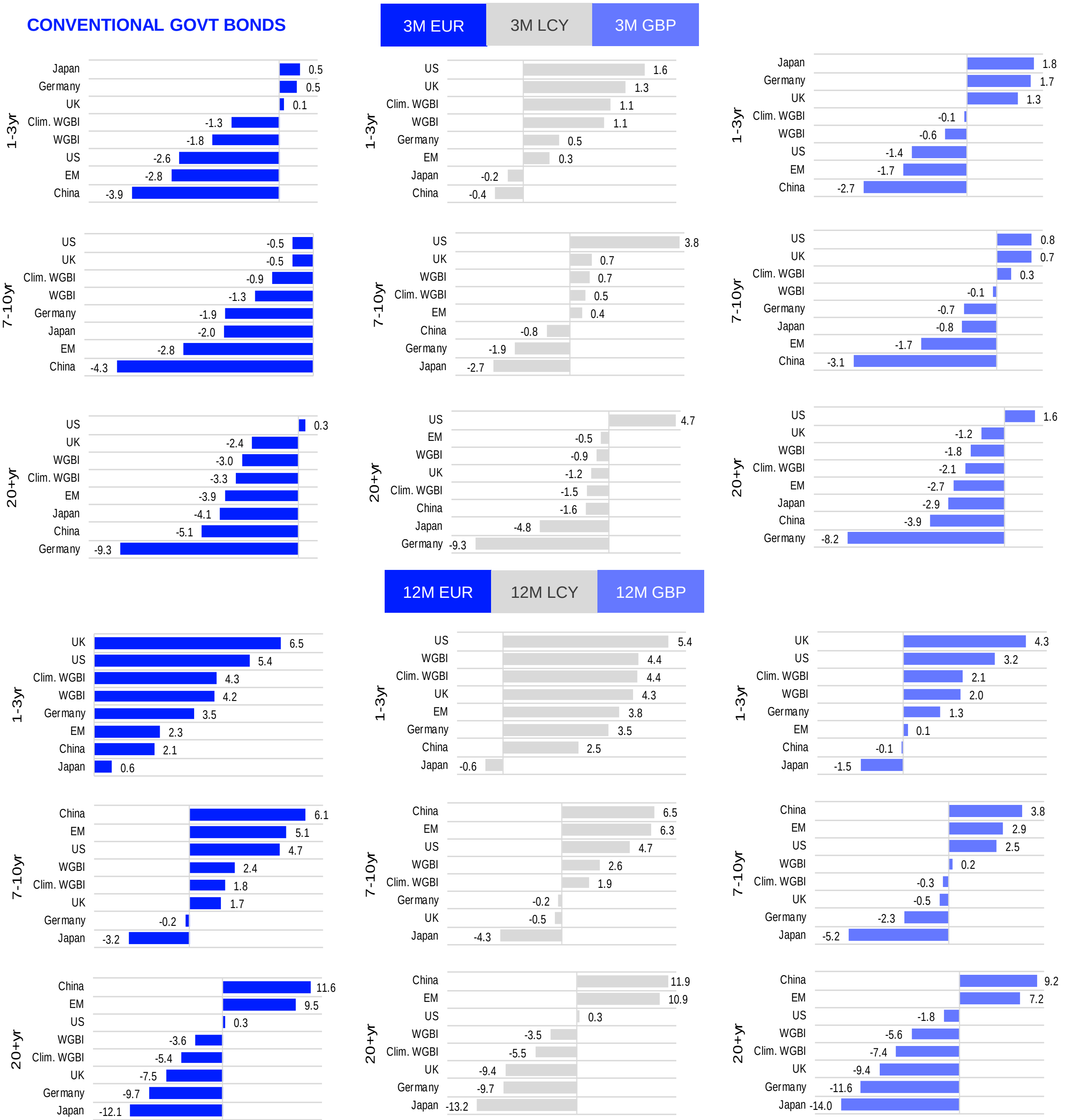
Conventional Government Bond Returns − 3M & 12M % (EUR, GBP, LC, TR)

G7 conventional bonds mostly gained in Q1 in local currency, especially US Treasuries, benefitting from the risk-off rally, rate cuts and currency moves. Long returns fell, notably Bunds, due to the pledge to raise spending in Germany, and relax debt limits. The rally in sterling and the Euro reduced overseas returns.

Uncertainty over the details and duration of tariffs prompted a flight to quality in Q1, underpinning the performance of shorter conventionals in Q1. US Treasuries gained 2-5% across all maturities in local currency, but the weaker USD eroded returns in Euros/sterling. Long Bunds, down 9% in euros, underperformed on fear of increased issuance, after the German parliament lifted the much-coveted debt brake to allow for a significant increase in infrastructure and defence spending.

Over 12M, short G7 government returns rose 3-5% in local currency terms, but 1-7% in Euros, with Euro weakness boosting returns. China and EM longs led 12M returns in sterling and Euro terms. JGBs weakened, notably longs, falling 12-14% in local currency, Euros and sterling, after the BoJ ended curve control and on expectations of more tightening.



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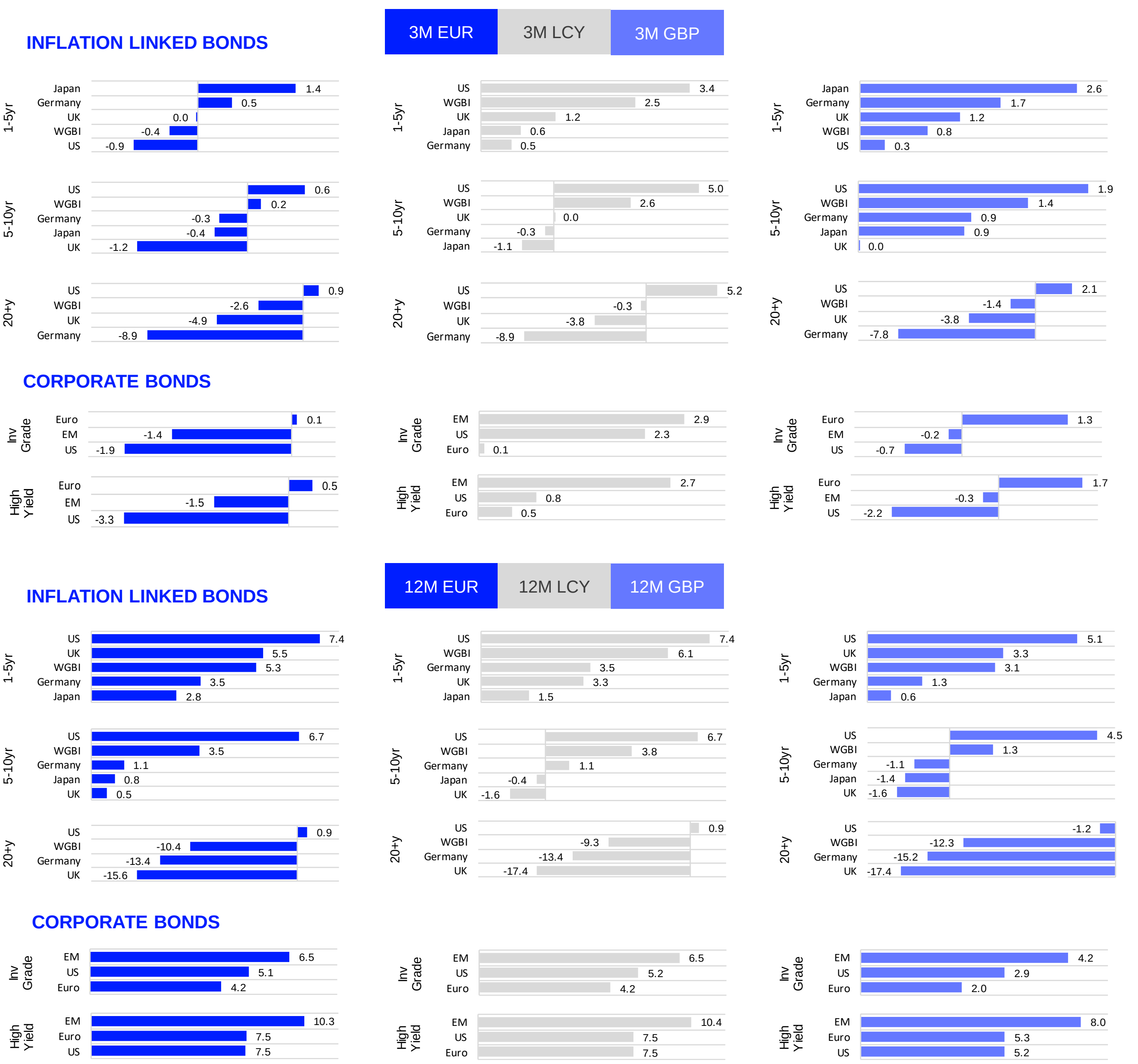
Global Inflation-Linked Bond Returns − 3M & 12M % (EUR, GBP, LC, TR)

US Tips gained 3-5% in local currency on weaker equities and real growth, but the weaker US dollar vs the euro and sterling reduced returns in Q1. Long Bund linkers fell on issuance fears as Germany pledged to raise infrastructure and defence spending. Credit showed positive Q1 returns in local currency terms, despite weaker equities.

US dollar losses of 3-4% versus sterling and the Euro respectively reduced US inflation-linked returns in Q1 for Euro and sterling-based investors. Shorts outperformed, helped by G7 rate cuts, excluding Japan, where gains were currency driven. Long UK and Bund linkers showed negative returns of 4-9% in local currency terms, as curves steepened.

Credit markets defied equity market weakness and made modest gains in local currency terms.12M returns show credit remains the strongest performer, with gains of 4-10%, led by EM HY.

Long inflation-linked bond returns again fell on 12M, as shorts were the strong performers. Bunds and UK inflation linked bonds lost 13-17% in local currency terms, on long duration, curve disinversion and issuance fears in Germany.



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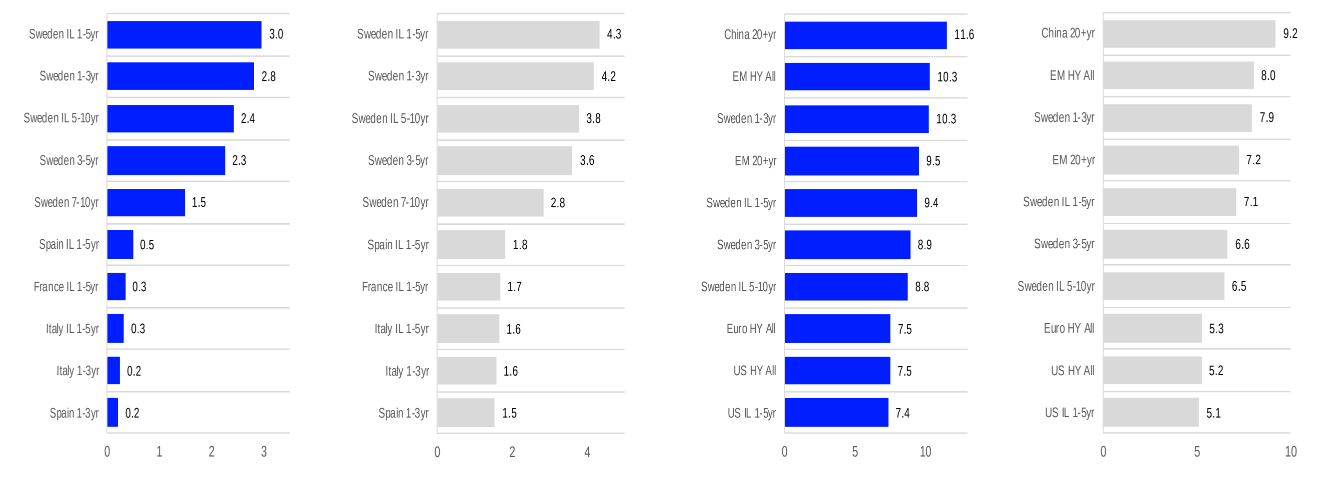
Top and Bottom Bond Returns − 1M & 12M % (EUR, GBP, TR)

Shorter EU government bonds dominate the top 15 performance table in March, benefiting from lower rates, while long duration equivalents underperformed on concerns over stagflation and increased issuance, following EU-wide agreement to increase infrastructure, AI and defence spending. Swedish governments bond returns also benefitted from the krona appreciation vs both the Euro and sterling.

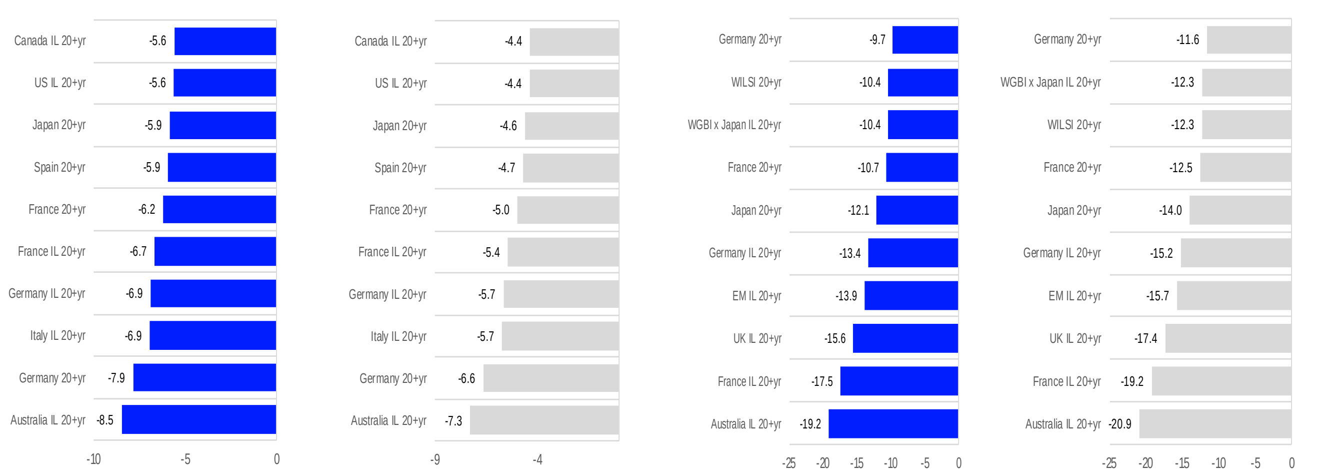
News of Germany relaxing its debt break to modernise its infrastructure, expand AI technologies and defence spending in March affected the performance of long EU government bonds over fears of increased issuance. But short governments in Sweden, Spain, France and Italy gained up to 4% in EUR/GBP on ECB cuts, while long EU and Australian governments lost 7-9% in euros/sterling, with the RBA slow to cut rates on sticky inflation. Swedish bond performance was underpinned by the krona appreciation vs EUR and GBP.

12-month performance continues to be led by long China (and EM), and EM/US/Euro high yield credits gained 5-12% in euros & sterling, while longs extended their 12M underperformance. Long UK, French and Australian inflation linked bonds lost 14-21% in EUR/GBP due to concerns over increased issuance, reduced pension fund demand and curve steepening.

TOP 10 1M EUR 1M GBP 12M EUR 12M GBP



BOTTOM 10 1M EUR 1M GBP 12M EUR 12M GBP



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Appendix − Global Bond Market Returns % (EUR, GBP & LC, TR) – Mar 31, 2025

Government bond returns

Top 15% | Bottom 15%

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

		3M			YTD			12M		
		Local	GBP	EUR	Local	GBP	EUR	Local	GBP	EUR
US	1-3YR	1.58	-1.44	-2.62	1.58	-1.44	-2.62	5.44	3.20	5.42
	7-10YR	3.85	0.76	-0.45	3.85	0.76	-0.45	4.74	2.51	4.72
	20+YR	4.68	1.57	0.35	4.68	1.57	0.35	0.29	-1.84	0.28
	IG All	2.34	-0.70	-1.89	2.34	-0.70	-1.89	5.15	2.91	5.13
	HY All	0.83	-2.17	-3.35	0.83	-2.17	-3.35	7.53	5.24	7.51
UK	1-3YR	1.34	1.34	0.12	1.34	1.34	0.12	4.27	4.27	6.52
	7-10YR	0.75	0.75	-0.46	0.75	0.75	-0.46	-0.48	-0.48	1.67
	20+YR	-1.24	-1.24	-2.43	-1.24	-1.24	-2.43	-9.43	-9.43	-7.47
EUR	IG All	0.07	1.28	0.07	0.07	1.28	0.07	4.25	2.05	4.25
	HY All	0.48	1.70	0.48	0.48	1.70	0.48	7.52	5.25	7.52
Japan	1-3YR	-0.22	1.75	0.53	-0.22	1.75	0.53	-0.56	-1.51	0.62
	7-10YR	-2.68	-0.76	-1.95	-2.68	-0.76	-1.95	-4.33	-5.24	-3.19
	20+YR	-4.83	-2.95	-4.11	-4.83	-2.95	-4.11	-13.15	-13.98	-12.12
China	1-3YR	-0.37	-2.70	-3.87	-0.37	-2.70	-3.87	2.46	-0.05	2.10
	7-10YR	-0.81	-3.13	-4.29	-0.81	-3.13	-4.29	6.46	3.84	6.08
	20+YR	-1.61	-3.91	-5.06	-1.61	-3.91	-5.06	11.95	9.20	11.55
EM	1-3YR	0.34	-1.66	-2.84	0.34	-1.66	-2.84	3.83	0.14	2.30
	7-10YR	0.41	-1.65	-2.84	0.41	-1.65	-2.84	6.25	2.86	5.08
	20+YR	-0.54	-2.70	-3.87	-0.54	-2.70	-3.87	10.85	7.23	9.54
	IG All	2.90	-0.15	-1.35	2.90	-0.15	-1.35	6.47	4.20	6.45
	HY All	2.73	-0.33	-1.52	2.73	-0.33	-1.52	10.37	8.02	10.35
Germany	1-3YR	0.46	1.69	0.46	0.46	1.69	0.46	3.48	1.29	3.48
	7-10YR	-1.92	-0.73	-1.92	-1.92	-0.73	-1.92	-0.23	-2.34	-0.23
	20+YR	-9.34	-8.23	-9.34	-9.34	-8.23	-9.34	-9.69	-11.60	-9.69
Italy	1-3YR	0.87	2.10	0.87	0.87	2.10	0.87	4.55	2.34	4.55
	7-10YR	-0.83	0.38	-0.83	-0.83	0.38	-0.83	3.76	1.57	3.76
	20+YR	-5.75	-4.60	-5.75	-5.75	-4.60	-5.75	-1.18	-3.26	-1.18
Spain	1-3YR	0.72	1.94	0.72	0.72	1.94	0.72	4.14	1.94	4.14
	7-10YR	-0.95	0.25	-0.95	-0.95	0.25	-0.95	2.50	0.34	2.50
	20+YR	-6.67	-5.53	-6.67	-6.67	-5.53	-6.67	-3.03	-5.08	-3.03
France	1-3YR	0.72	1.95	0.72	0.72	1.95	0.72	3.86	1.66	3.86
	7-10YR	-0.49	0.73	-0.49	-0.49	0.73	-0.49	-0.35	-2.46	-0.35
	20+YR	-5.83	-4.69	-5.83	-5.83	-4.69	-5.83	-10.66	-12.55	-10.66
Sweden	1-3YR	0.32	7.07	5.79	0.32	7.07	5.79	3.61	7.94	10.27
	7-10YR	-0.82	5.85	4.58	-0.82	5.85	4.58	0.84	5.05	7.32
Australia	1-3YR	1.27	-1.11	-2.30	1.27	-1.11	-2.30	3.93	-2.84	-0.75
	7-10YR	1.48	-0.90	-2.09	1.48	-0.90	-2.09	1.98	-4.66	-2.61
	20+YR	-0.43	-2.77	-3.94	-0.43	-2.77	-3.94	-5.29	-11.47	-9.56
NZ	1-3YR	0.92	-1.01	-2.20	0.92	-1.01	-2.20	6.57	-1.24	0.89
	7-10YR	0.51	-1.42	-2.60	0.51	-1.42	-2.60	5.64	-2.11	0.00
Canada	1-3YR	1.59	-1.50	-2.69	1.59	-1.50	-2.69	6.18	-2.30	-0.19
	7-10YR	2.73	-0.39	-1.59	2.73	-0.39	-1.59	7.50	-1.08	1.05
	20+YR	2.78	-0.35	-1.54	2.78	-0.35	-1.54	5.53	-2.89	-0.79

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Appendix − Global Bond Market Returns % (EUR, GBP, LC, TR) – Mar 31, 2025

Inflation-Linked Bond Returns

Top 15% | Bottom 15%

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

		3M			YTD			12M		
		Local	GBP	EUR	Local	GBP	EUR	Local	GBP	EUR
US	1-5YR	3.38	0.30	-0.90	3.38	0.30	-0.90	7.39	5.10	7.37
	5-10YR	4.97	1.86	0.63	4.97	1.86	0.63	6.74	4.47	6.72
	20+YR	5.21	2.08	0.85	5.21	2.08	0.85	0.93	-1.22	0.91
UK	1-5YR	1.21	1.21	-0.01	1.21	1.21	-0.01	3.31	3.31	5.54
	5-10YR	0.01	0.01	-1.20	0.01	0.01	-1.20	-1.61	-1.61	0.51
	20+YR	-3.76	-3.76	-4.92	-3.76	-3.76	-4.92	-17.36	-17.36	-15.58
EUxUK	1-5YR	0.49	1.71	0.49	0.49	1.71	0.49	3.52	1.34	3.52
	5-10YR	-0.30	0.91	-0.30	-0.30	0.91	-0.30	1.05	-1.08	1.05
	20+YR	-8.86	-7.75	-8.86	-8.86	-7.75	-8.86	-13.38	-15.21	-13.38
Japan	1-5YR	0.64	2.63	1.39	0.64	2.63	1.39	1.55	0.58	2.75
	5-10YR	-1.09	0.86	-0.36	-1.09	0.86	-0.36	-0.42	-1.37	0.76
EM	1-5YR	4.22	5.09	3.82	4.22	5.09	3.82	10.61	-5.91	-3.88
	5-10YR	4.04	4.66	3.40	4.04	4.66	3.40	6.13	-7.86	-5.87
	20+YR	4.17	6.27	5.00	4.17	6.27	5.00	-1.30	-15.74	-13.92
Germany	1-5YR	0.49	1.71	0.49	0.49	1.71	0.49	3.52	1.34	3.52
	5-10YR	-0.30	0.91	-0.30	-0.30	0.91	-0.30	1.05	-1.08	1.05
	20+YR	-8.86	-7.75	-8.86	-8.86	-7.75	-8.86	-13.38	-15.21	-13.38
Italy	1-5YR	1.18	2.41	1.18	1.18	2.41	1.18	4.93	2.72	4.93
	5-10YR	0.50	1.72	0.50	0.50	1.72	0.50	4.04	1.84	4.04
	20+YR	-8.67	-7.56	-8.67	-8.67	-7.56	-8.67	-8.86	-10.78	-8.86
Spain	1-5YR	1.04	2.27	1.04	1.04	2.27	1.04	4.22	2.02	4.22
	5-10YR	-0.10	1.12	-0.10	-0.10	1.12	-0.10	2.36	0.20	2.36
France	1-5YR	0.89	2.12	0.89	0.89	2.12	0.89	2.52	0.35	2.52
	5-10YR	0.44	1.66	0.44	0.44	1.66	0.44	-0.24	-2.35	-0.24
	20+YR	-7.14	-6.01	-7.14	-7.14	-6.01	-7.14	-17.49	-19.23	-17.49
Sweden	1-5YR	0.29	7.04	5.75	0.29	7.04	5.75	2.80	7.09	9.41
	5-10YR	-0.35	6.35	5.07	-0.35	6.35	5.07	2.19	6.46	8.76
Australia	1-5YR	1.29	-1.09	-2.28	1.29	-1.09	-2.28	2.88	-3.82	-1.75
	5-10YR	0.79	-1.57	-2.75	0.79	-1.57	-2.75	1.12	-5.47	-3.43
	20+YR	-5.94	-8.14	-9.25	-5.94	-8.14	-9.25	-15.41	-20.92	-19.22
NZ	5-10YR	1.44	-0.50	-1.70	1.44	-0.50	-1.70	5.39	-2.33	-0.23
	20+YR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Canada	20+YR	3.38	0.24	-0.97	3.38	0.24	-0.97	9.00	0.31	2.47

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Appendix − Historical Bond Yields % as of March 31, 2025

Global Bond Yields

Top 15% | Bottom 15%

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

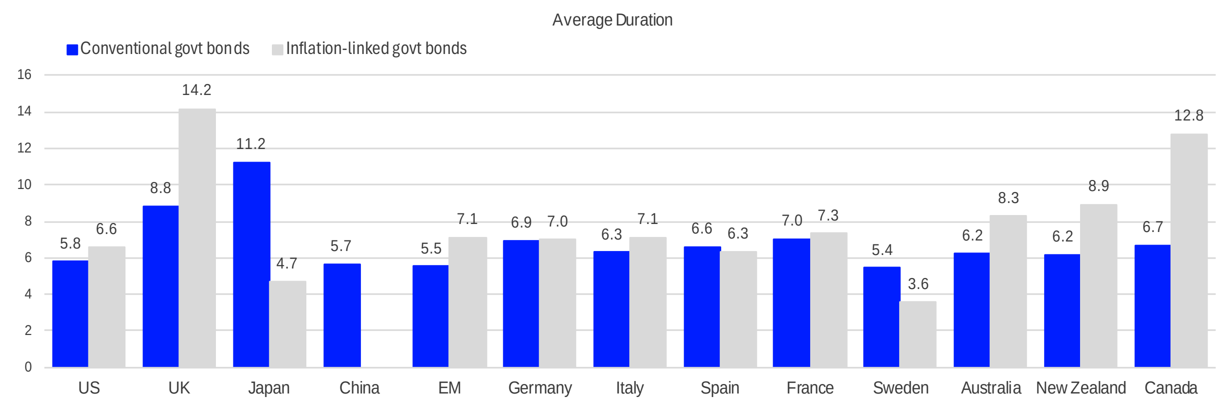
		Conventional government bonds				Inflation-linked bonds			Inv Grade	High Yld
		1-3YR	3-5YR	7-10YR	20+YR	1-5YR	5-10YR	20+YR	All Mat	All Mat
US	Current	3.95	3.92	4.16	4.66	1.11	1.64	2.32		7.90
	3M Ago	4.25	4.34	4.54	4.88	1.95	2.16	2.50		7.61
	6M Ago	3.73	3.58	3.74	4.21	1.59	1.51	1.94		7.30
	12M Ago	4.73	4.32	4.21	4.43	2.08	1.86	2.12		7.83
UK	Current	4.07	4.13	4.54	5.17	0.13	0.97	1.98		
	3M Ago	4.24	4.22	4.47	5.03	0.48	0.86	1.80		
	6M Ago	4.01	3.78	3.92	4.51	0.31	0.44	1.31		
	12M Ago	4.31	3.88	3.85	4.35	0.08	0.14	1.07		
Japan	Current	0.76	1.01	1.37	2.43	-1.15	-0.26			
	3M Ago	0.53	0.67	0.98	2.18	-1.20	-0.57			
	6M Ago	0.32	0.44	0.74	2.02	-0.96	-0.53			
	12M Ago	0.12	0.27	0.60	1.70	-1.43	-0.84			
China	Current	1.50	1.61	1.84	2.12					
	3M Ago	1.10	1.32	1.68	2.00					
	6M Ago	1.54	1.78	2.15	2.38					
	12M Ago	1.90	2.13	2.38	2.62					
EM	Current	3.12	3.59	4.22	3.64	6.46	5.91	6.18		7.86
	3M Ago	2.99	3.20	3.98	3.49	6.51	5.83	6.25		8.05
	6M Ago	3.07	3.46	4.01	3.70	5.81	5.15	5.61		7.51
	12M Ago	3.30	3.91	4.60	3.90	4.92	4.70	5.38		8.89
Germany	Current	2.03	2.19	2.61	3.03	0.47	0.47	1.08		
	3M Ago	2.04	2.05	2.27	2.54	0.97	0.47	0.64		
	6M Ago	2.09	1.88	2.04	2.44	1.24	0.33	0.45		
	12M Ago	2.89	2.38	2.23	2.43	0.78	0.24	0.26		
Italy	Current	2.23	2.66	3.54	4.38	0.43	1.36	2.23		
	3M Ago	2.37	2.65	3.28	3.96	0.99	1.44	1.86		
	6M Ago	2.47	2.57	3.18	3.94	1.10	1.35	1.80		
	12M Ago	3.27	3.12	3.44	4.05	1.00	1.39	1.70		
France	Current	2.20	2.56	3.21	3.96	0.36	0.90	1.67		
	3M Ago	2.28	2.54	3.04	3.59	0.73	0.97	1.36		
	6M Ago	2.34	2.39	2.75	3.43	0.81	0.75	1.13		
	12M Ago	2.98	2.65	2.70	3.18	0.57	0.42	0.73		
Sweden	Current	2.19	2.30	2.53		1.03	0.82			
	3M Ago	2.07	2.14	2.33		0.92	0.69			
	6M Ago	1.68	1.66	1.90		0.88	0.47			
	12M Ago	2.93	2.40	2.33		1.55	0.88			
Australia	Current	3.70	3.74	4.27	4.97	1.62	1.94	2.79		
	3M Ago	3.88	3.89	4.32	4.87	1.77	1.92	2.45		
	6M Ago	3.62	3.54	3.91	4.56	1.31	1.45	2.00		
	12M Ago	3.75	3.61	3.92	4.36	1.11	1.37	1.78		
New Zealand	Current	3.54	3.81	4.43	5.18		2.22			
	3M Ago	3.58	3.70	4.35	5.11		2.29			
	6M Ago	3.75	3.74	4.20	4.87	2.65	2.20			
	12M Ago	4.91	4.41	4.53	4.91	1.87	2.29			
Canada	Current	2.48	2.57	2.91	3.22	-0.01	0.64	1.38		
	3M Ago	2.93	2.94	3.17	3.33	1.07	1.26	1.53		
	6M Ago	3.03	2.71	2.90	3.14	1.44	1.29	1.53		
	12M Ago	4.28	3.64	3.48	3.37	1.66	1.65	1.61		

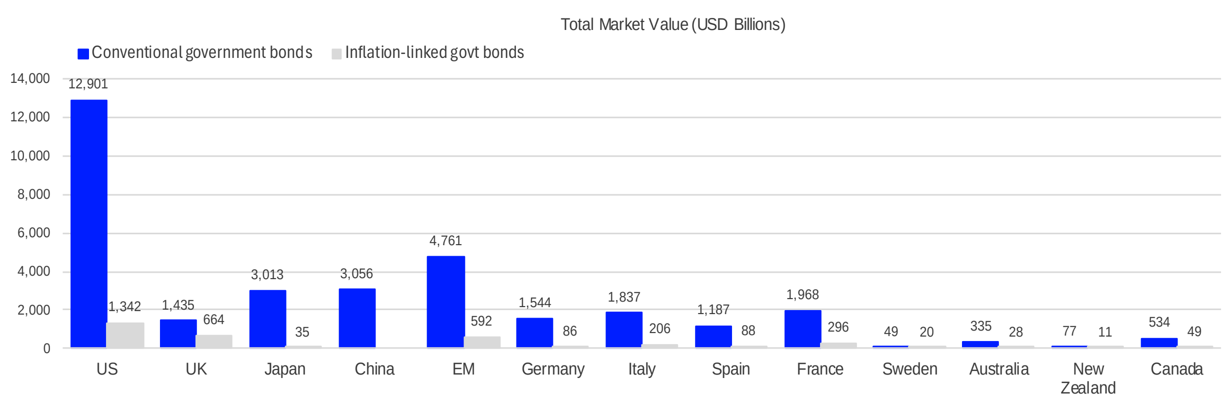
Source: FTSE Russell and LSEG. All data as of March 31, 2025. Past performance is no guarantee of future results. This report should not be considered 'research' for the purposes of MIFID II. Please see the end of the report for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix for list of indices used for each market.

Appendix – Duration and Market Value (USD, Bn) as of March 31, 2025

	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	16.3	**5.8**	2,958.9	1,227.9	1,457.9	**12,901.2**	7.1	21.4	**6.6**	436.8	109.8	**1,342.1**
UK	3.5	7.2	17.5	**8.8**	199.5	211.3	306.5	**1,435.2**	7.4	26.0	**14.2**	153.3	213.1	**663.7**
Japan	3.8	8.2	22.7	**11.2**	369.3	457.2	597.8	**3,013.1**	8.1		**4.7**	14.1		**35.2**
China	3.6	7.6	18.1	**5.7**	691.5	501.0	349.8	**3,056.3**						
EM	3.5	7.0	16.4	**5.5**	1,053.6	834.6	465.7	**4,760.9**	5.6	12.7	**7.1**	110.3	149.7	**592.1**
Germany	3.8	7.5	20.4	**6.9**	321.8	236.2	163.0	**1,543.7**	5.7	20.1	**7.0**	44.0	16.1	**86.4**
Italy	3.6	7.1	16.4	**6.3**	317.4	275.1	156.1	**1,837.0**	6.7	24.8	**7.1**	61.9	5.2	**206.1**
Spain	3.6	7.0	17.9	**6.6**	235.8	219.0	97.6	**1,187.4**	6.8		**6.3**	51.5		**88.0**
France	3.8	7.3	18.1	**7.0**	413.6	332.9	242.4	**1,967.8**	6.2	23.2	**7.3**	84.2	19.6	**295.9**
Sweden	3.7	7.1		**5.4**	15.4	10.8		**48.9**	6.0		**3.6**	6.4		**19.5**
Australia	3.6	7.2	16.1	**6.2**	53.0	93.7	18.5	**335.1**	5.9	20.9	**8.3**	10.5	2.4	**27.7**
New Zealand	3.4	6.8	15.5	**6.2**	14.4	18.2	4.9	**77.1**	5.0		**8.9**	3.2		**11.3**
Canada	3.6	7.4	19.3	**6.7**	85.0	115.6	76.6	**534.2**	5.8	21.7	**12.8**	8.2	13.0	**49.2**

	Investment grade bonds										High Yield	
	Duration					Market Value					Duration	MktVal
	AAA	AA	A	BBB	Overall	AAA	AA	A	BBB	Overall		
US	9.8	8.2	6.9	6.5	6.8	77.2	453.6	2906.7	3639.7	7077.2	3.7	1111.1
Europe	6.7	4.6	4.5	4.1	4.3	21.9	210.9	1257.0	1631.7	3121.5	3.0	359.3
EM		6.2	5.3	5.3	5.5		72.8	175.3	240.5	488.6	3.6	192.8

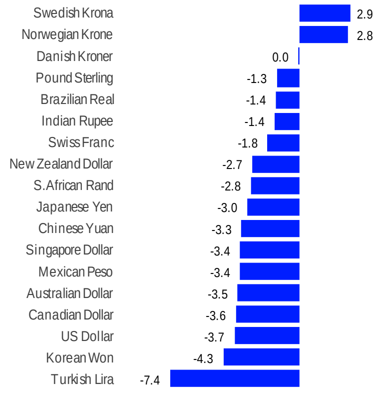




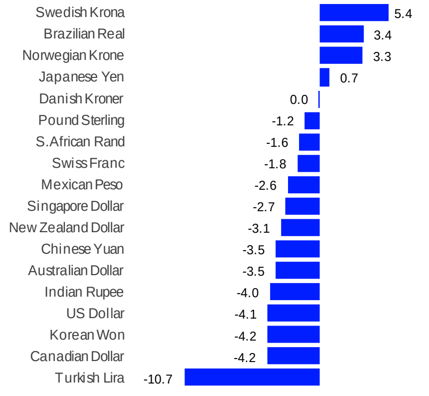
Source: FTSE Russell and LSEG. All data as of March 31, 2025. Past performance is no guarantee of future results. This report should not be considered 'research' for the purposes of MIFID II. Please see the end of the report for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix for list of indices used for each market.

Appendix − Foreign Exchange Returns % as of March 31, 2025

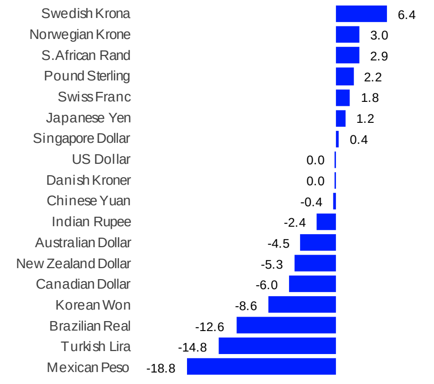
1M vs EUR



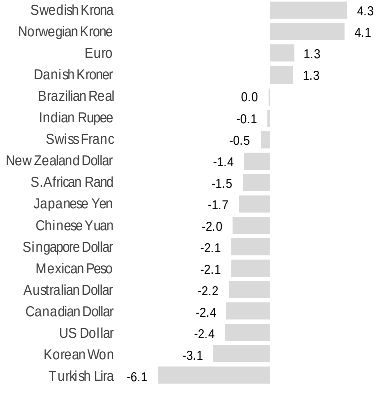
3M vs EUR



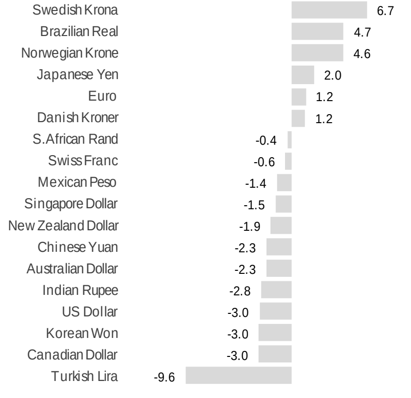
12M vs EUR



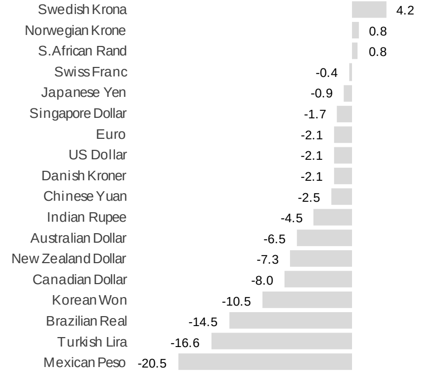
1M vs GBP



3M vs GBP



12M vs GBP



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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

FTSE ESG World Government Bond Index for the global government bond markets with an ESG tilt

FTSE Climate Risk Adjusted World Government Bond Index (Climate WGBI) and FTSE Advanced Climate Risk Adjusted World Government Bond Index (Advanced Climate WGBI) for each country's relative exposure to climate risk, with respect to resilience and preparedness to the risks of climate change

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

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For over 40 years we have been at the forefront of driving change for the investor, always innovating to shape the next generation of benchmarks and investment solutions that open up new opportunities for the global investment community.

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