Fixed Income Insights

US EDITION

MONTHLY REPORT | **APRIL 2025**

Short inflation-linked outperform on stagflation risks

Gold was the main winner in Q1 from higher stagflation risks, becoming the global safe haven of choice. The Fed and BoE must now finesse easier policy, while keeping inflation expectations stable, suggesting a slow easing cycle. Higher inflation accruals and stable rates favour linkers, and short linkers outperformed in Q1, helped by high real yields.

Macro and policy backdrop - Fed finesses policy easing at March FOMC

Increased stagflation risks from tariffs and weaker demand drive growth downgrades. Policy ambiguity leaves Fed and BoE rates on hold. (pages 2-3)

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

US spreads tightened as equities fell in Q1. Steepening trend is broadly intact. (pages 4-5)

IG credit & MBS - Credit survived Q1 equity sell-off, but spreads widened

IG, HY credits achieved positive returns in Q1, despite US equity market weakness. (page 6)

High yield credit analysis - Signs of underperformance by CCC issues

OAS spreads spiked more in CCC issues in March, though partly a duration effect. (page 7)

SI bond analysis - SI corporates mainly gained in Q1, though advanced-climate lagged

SI spread widening offset by lower benchmark yields. Choice and Ex FFE outperformed. (page 8)

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 9-10)

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.

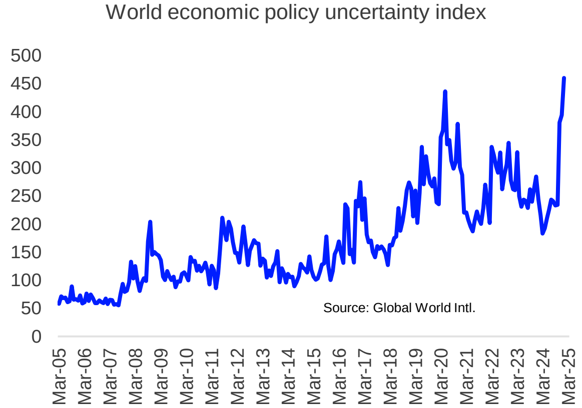
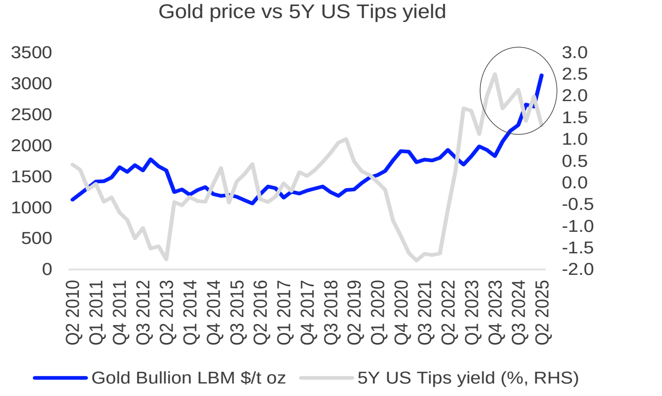


Chart 2: The surge in the gold price continues, helped by central bank purchases, and safe haven demand, after rising tariff tension & geo-political uncertainty. The fall in US real yields may also have helped.



Source: FTSE Russell and Datastream. Other 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 Backdrop – Growth and Inflation Expectations

Growth forecasts are being revised lower, on tariff and trade war risks, though higher defence spending would be an offset in Europe. Stagflation risks have moved centre stage as consumer spending weakens and inflation and shorter breakevens tick up, reducing pressure on the Fed to ease further, and the case for an extended policy pause is now a powerful one.

Recent Consensus forecasts show some modest downgrades, in response to heightened geopolitical and policy uncertainty, with US GDP forecasts at 2.2% growth in 2025 and 2.0% in 2026, versus 2.8% in 2024. Forecasts carry high uncertainty, given tariff and geo-political risks, particularly in economies with large bilateral trade surpluses with the US, like China and Canada.

Sticky inflation above 2% targets is a major issue for the Fed and BoE, under-scoring stagflation risks, even if consumer surveys suggest weaker consumer demand is underway (Chart 2). A 2.8% core PCE deflator increase y/y in February builds the case for an extended policy pause. Signs of a bottom in tradeable goods inflation in Q4 2024 would be reinforced by tariff increases, if enacted.

The US labour market slowed, though employment growth remains positive, with the 3-month average of 200k monthly growth in line with levels a year ago and unemployment stabilizing around 4% (Chart 3). Federal employment was negative in February, though financial sector employment increased. Both the participation rate and employment-population ratios remain stable at lower levels than the early 2000s and there is little strong pressure from the labour market on the Fed to ease policy again quickly.

US inflation breakevens show a pronounced spike in short-dated expectations, while medium and longer dated expectations remain near the 2% target level (Chart 4). An inverted breakeven curve occurred after the Ukraine and Covid inflation shocks. Short run expectations are far more volatile, but any sign of longer dated expectations de-stabilizing will be a concern for the Fed.

Chart 1: US Consensus forecasts have been revised down a little, in line with the OECD's update, though forecasts carry high uncertainty, given tariff and geopolitical risks, 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's 2% PCE deflator target, with the threat of further upward pressure to come from tariff increases in the months ahead, even if these are one-off effects.

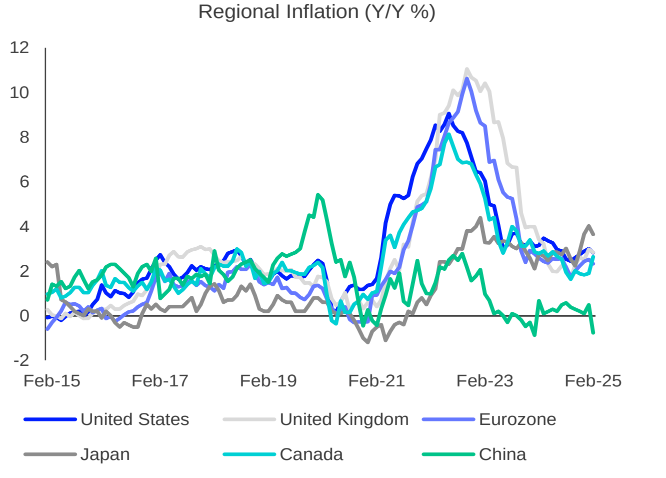


Chart 3: Despite employment growth continuing, albeit slowing, the US unemployment rate increased since 2023. An unemployment rate near 4% is not high enough to put much pressure on the Fed to ease further.

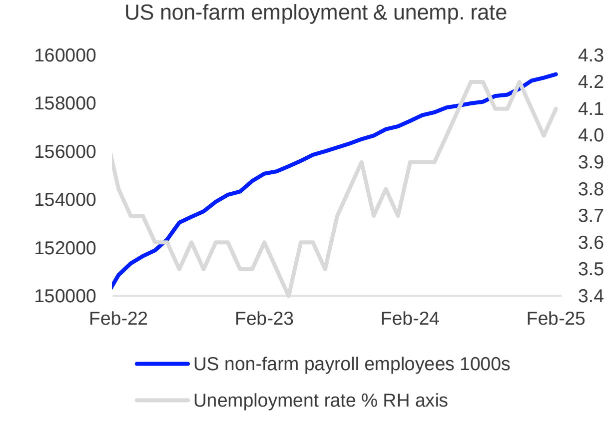
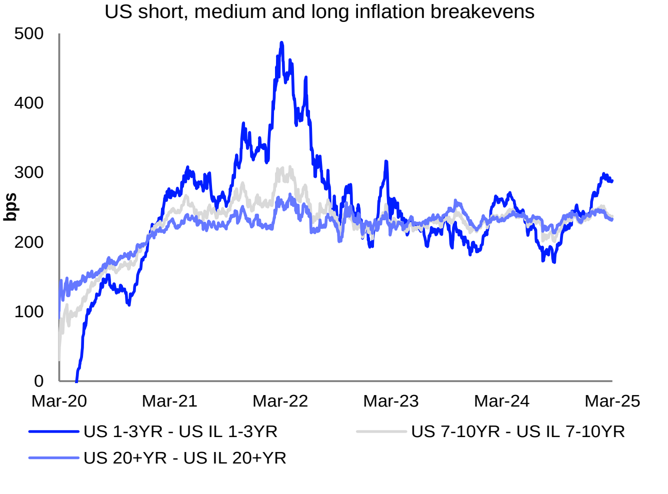


Chart 4: Short dated inflation breakevens remain more volatile than longer dated, and have reacted quickly to the tariff threat of higher imported US inflation. Longer dated breakevens remain more stable.



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Financial Conditions and Monetary Policy Settings

The Fed described a scene of high ambiguity at the March FOMC, given stagflation risks, and finessed a policy easing via less Quantitative Tightening (QT), without cutting rates. Evidence of negative correlation between the dollar and US inflation may be more relevant if US tariff increases drive up US import prices in 2025-26, and the dollar remains weak.

Chart 1 shows the low share of US mortgages with coupons > 6.8%, the current mortgage rate, and the Fed has reduced its MBS holdings by only about $500bn, only half the intended $1 trn. since QT began (May 2022). The Fed announced a further sharp QT reduction to just $5bn Treasuries monthly at the March FOMC (from $35bn) and with MBS run-offs largely beyond its control, balance sheet contraction is close to ending. This move effectively eases policy without the Fed being seen to cut rates.

Dollar weakness persisted in March, despite Fed caution on rates, and accompanied weaker equities in Q1 and a risk-off phase in US markets. This is most unusual since the GFC, and suggests a diminished dollar role as a global safe haven, with gold gaining as a result. The Euro, sterling and yen all gained vs the dollar in Q1, though yuan and Can. dollar gains were capped by lower rates.

Both the US Fed and BoE left policy 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. The BoC eased a further 25bp given lower Canadian inflation, and the greater risks to Canadian 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 severe supply-chain disruptions. But the Chart may be important if dollar weakness continues alongside tariff increases on imported goods in Q2.

Chart 1: Stuck at home? There is little incentive for most US mortgage holders to refinance mortgages, with a current 30 yr mortgage rate at 6.8%, and only 5% of mortgages outstanding issued at higher rates.

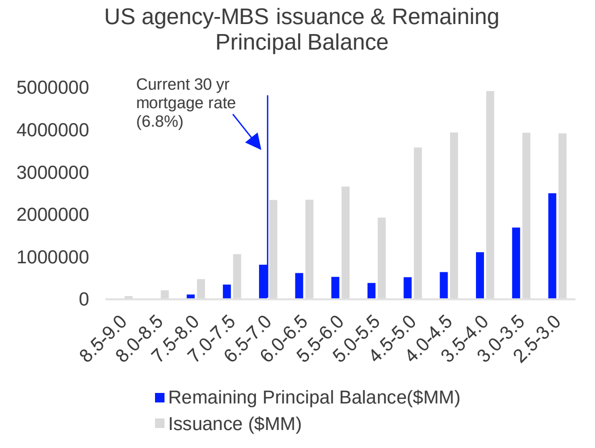


Chart 2: Dollar weakness remains the dominant feature in fx markets, despite Fed caution on rate cuts. Sterling, Euro and yen have been the major beneficiaries of USD weakness, and gold as a safe haven.

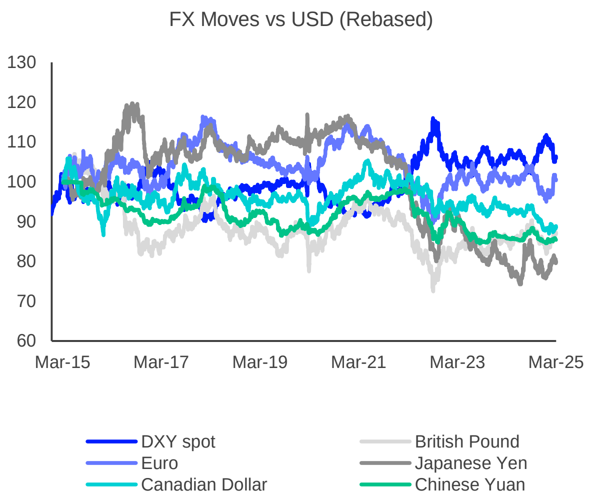


Chart 3: Only the ECB and BoC continued to ease policy in March, as sticky inflation prevented either the Fed or BoE from easing again. Canada has a high exposure to US tariffs, via its high trade share in GDP.

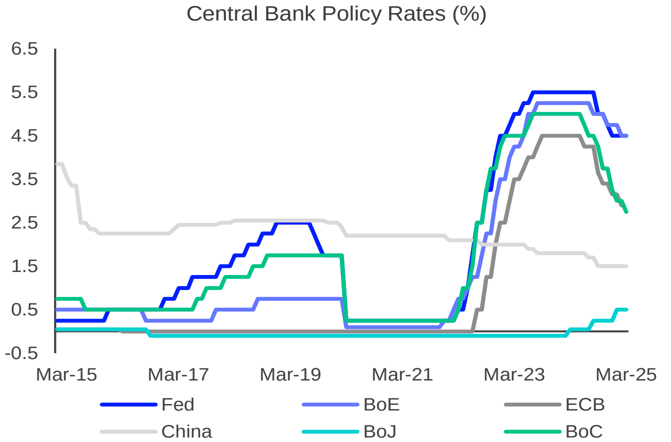
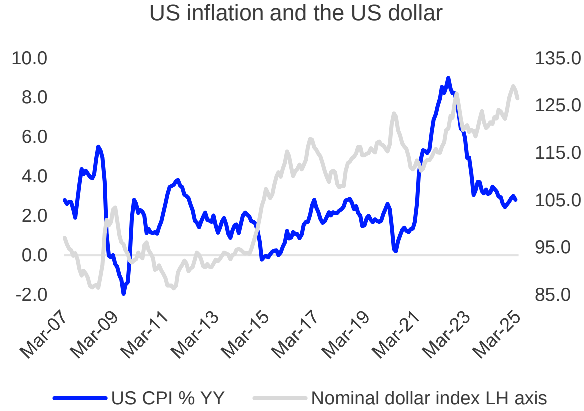


Chart 4: The relatively closed US economy means the Fed rarely mentions the dollar and its impact on US inflation, but apart from the Covid shock in 2021-22, there is some evidence of negative correlation.



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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.

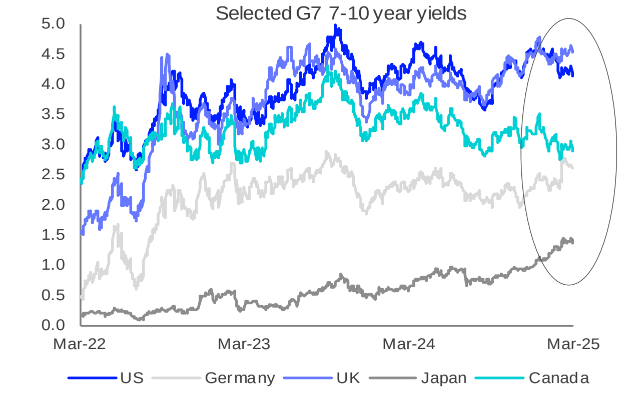


Chart 2: 7-10 year real yields oscillated, on stagflation risks, and central bank caution on rates. UK 7-10 year linkers reached the highest real yields since 2022, on increased issuance fears.

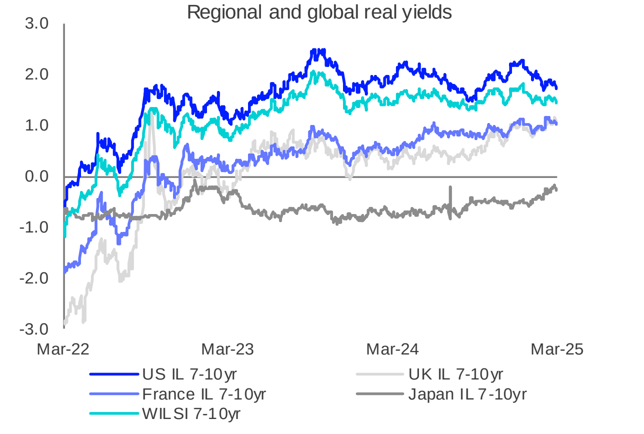


Chart 3: Curves mainly steepened in March, apart from the US, where weak equities and Fed caution capped gains in 1-3 yrs. The Canadian and Bund curves steepened further after the BoC & ECB eased again.

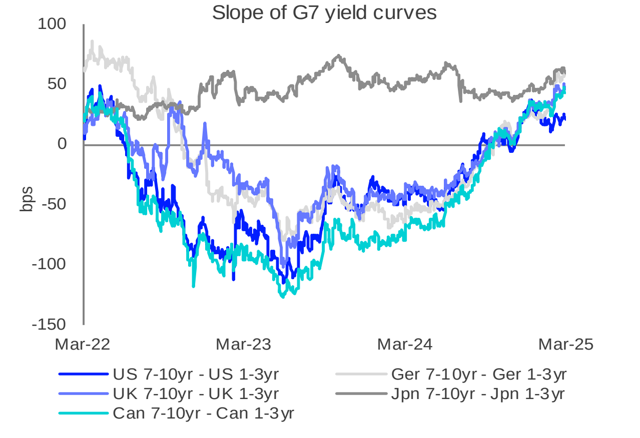


Chart 4: Long end yields generally increased again, driving curves steeper versus 1-3 yr maturities, particularly in Bunds and the UK, where issuance fears remain. BoJ caution on raising rates drove the JGB curve steeper.

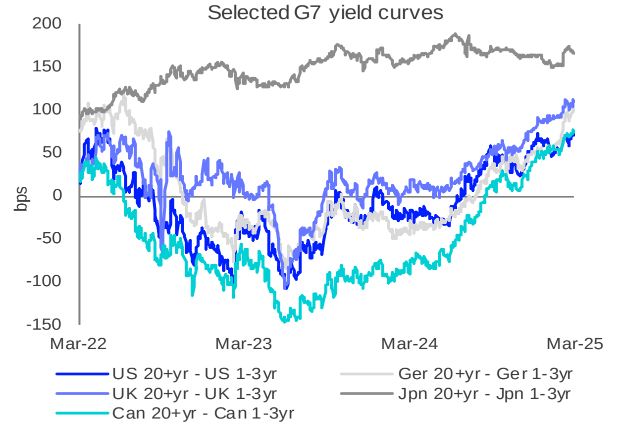


Chart 5: Inflation breakevens were relatively stable in the 7-10 year area as stagflation fears were offset by weaker growth and equity markets, notably in the US.

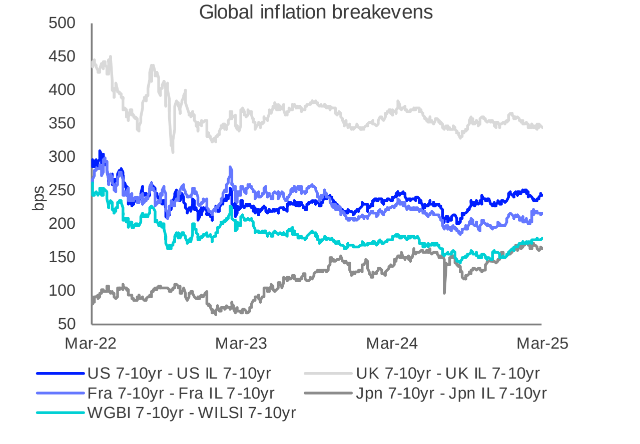
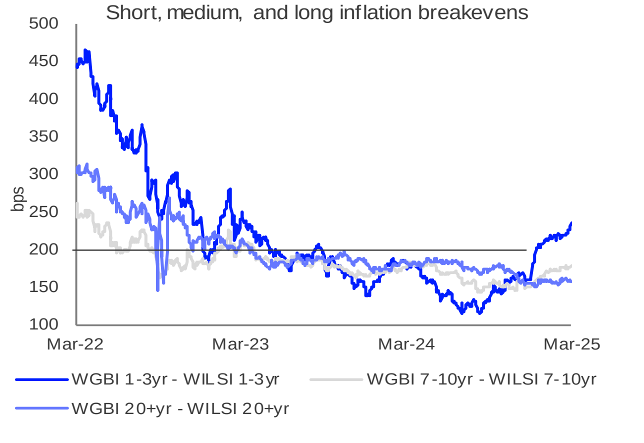


Chart 6: Short dated inflation breakevens reacted much more than medium, or longer dated, to the inflation risks from tariffs, which is unsurprising, given the one-off increase in price levels from tariffs.



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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.

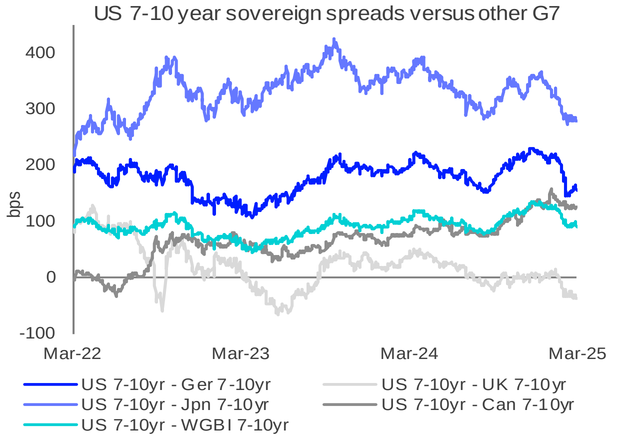


Chart 2: There were some signs of risk-off moves in Italian BTP spreads in Q1, as spreads generally widened against other G7 members, despite further ECB policy easing.

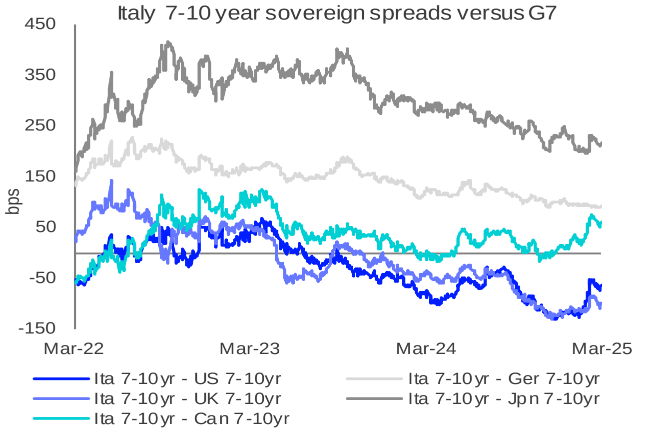


Chart 3: EM sovereign spreads edged wider in Q1, though mainly versus Canada and the US, where yields fell on the flight to quality. Moves are modest given global uncertainty on growth and tariffs, vs earlier cycles.

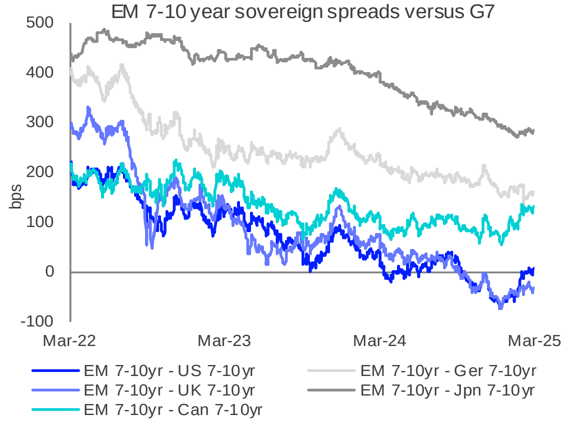


Chart 4: The mini-flight to quality in the US and BoC rate cuts helped reverse some of the China spread tightening in Q1, and PBoC attempts to cool speculation in the Chinese govt bond market, by suspending QE.

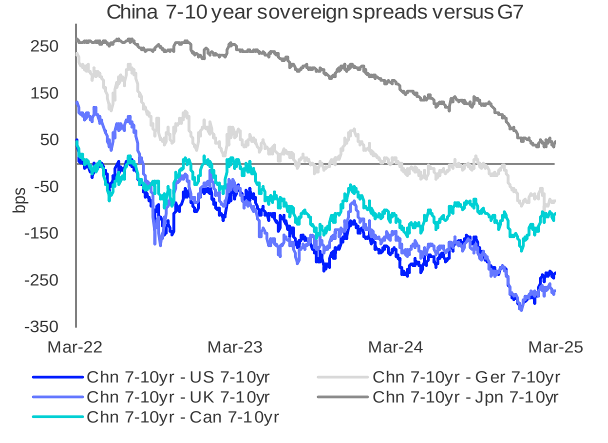


Chart 5: There is some evidence of HY credit spreads reacting to weakness in US equity markets, though HY spreads remain near lows in the Eurozone, partly because Bund yields increased in March.

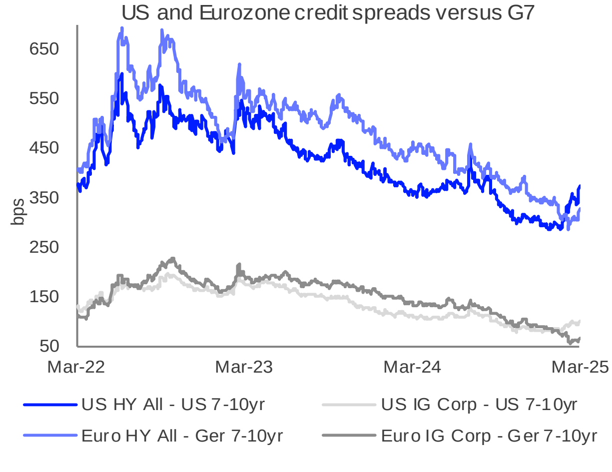
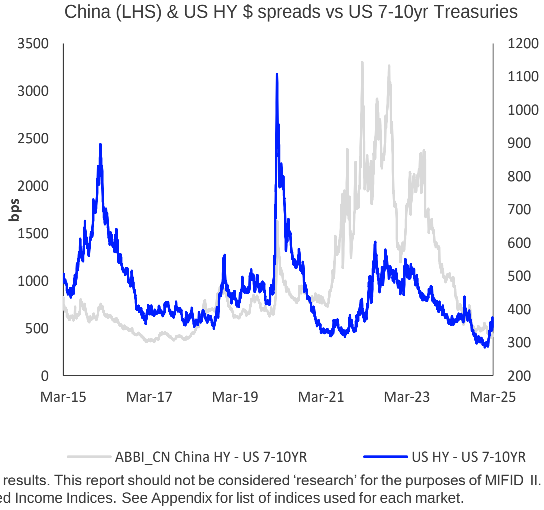


Chart 6: US HY spreads widened in February & March, from the multi-year lows reached in January, though mainly on slightly lower Treasury yields. Chinese high yield spreads remained broadly stable.



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Investment Grade Credit and RMBS analysis

Chart 1: Despite the risk rally in 2023-24, IG yields are still well above pre-Covid levels in the US, UK and Eurozone. The conundrum from Q1 is little sign of weaker US equities pushing credit yields higher to date.

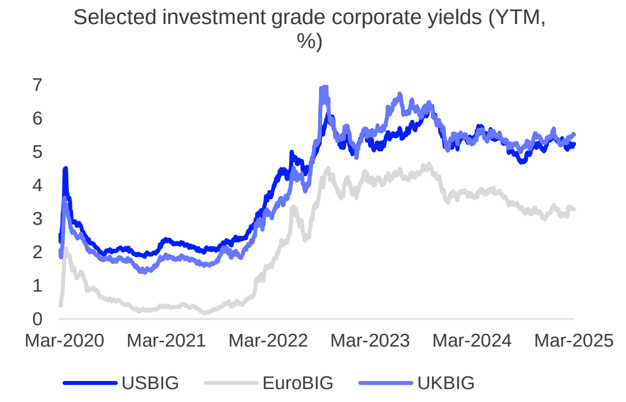


Chart 2: Credit returns remained positive in Q1, despite OAS spreads edging out, mostly in the US and UK. US credit returns have been the most stable since Covid, in US dollar terms, though this may change.

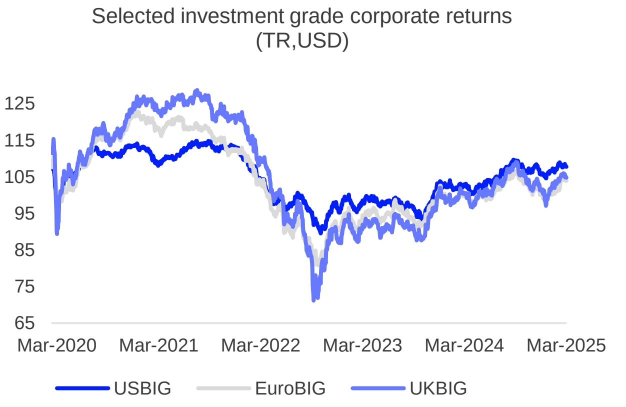


Chart 3: Asset-backed offered the most stable, but unexciting, IG returns since Covid, unsurprisingly perhaps. Banks are now a lower beta sector, while energy has been a higher risk/return sector.

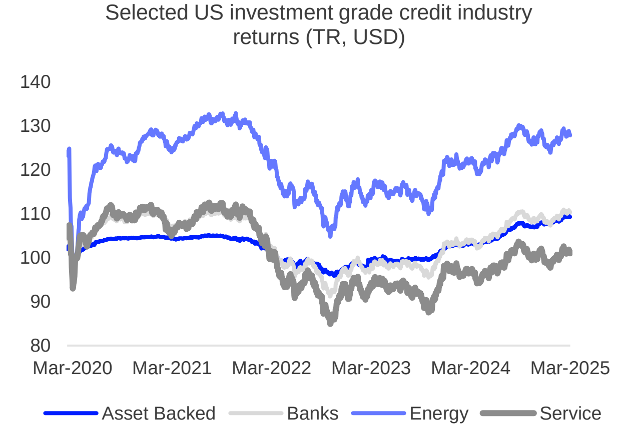


Chart 4: Reflecting curve disinversion in Treasuries, and Fed easing since September 2024, 1-3 yr credits have outperformed though re-investment risk needs to be borne in mind, as the curve steepens.

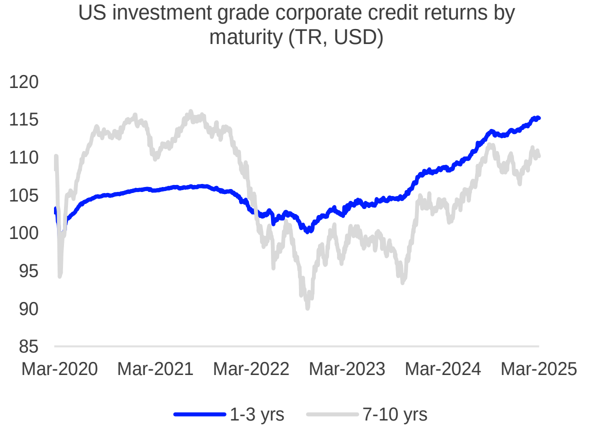


Chart 5: The anomaly of IG credit spreads versus Treasuries being at the same level, or even below, agency-MBS spreads, despite the Agency guarantee for investors, may be ending, as the Chart shows.

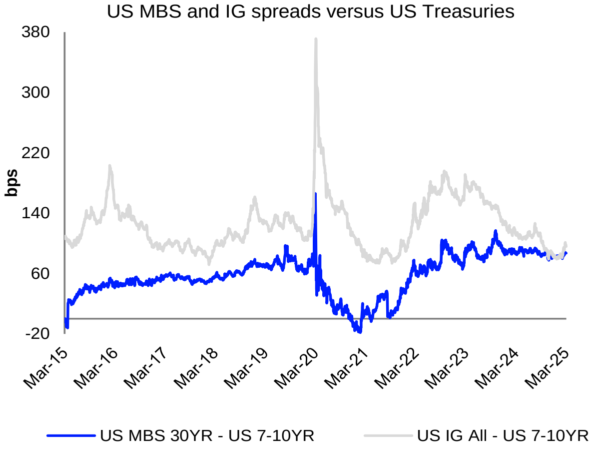
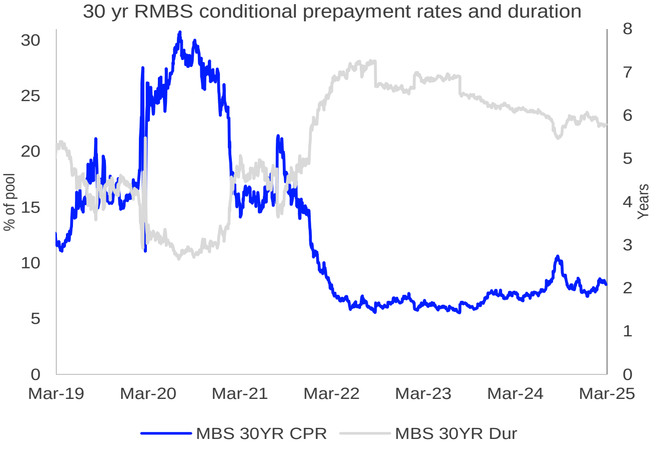


Chart 6: Mortgage refis remain at low levels, with current mortgage rates some way above most outstanding mortgages (see Chart on page 2). MBS duration remains around 6 yrs, but will fall if refinancings pick up.



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High Yield Credit Analysis

Chart 1: HY credit returns have been boosted by US dollar weakness in the sterling and Euro markets in Q1, for a dollar-based investor. Stronger equity markets in Europe also helped HY credit returns.

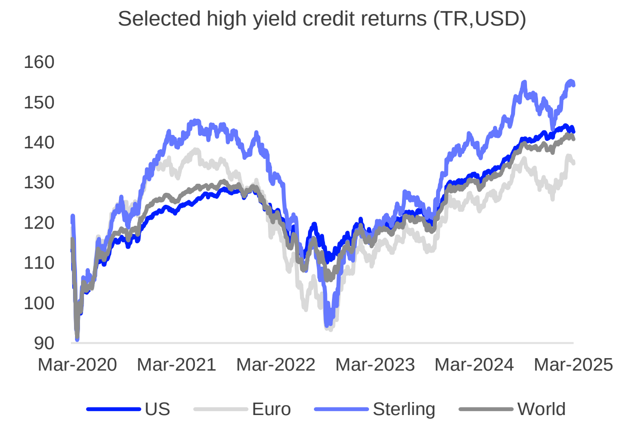


Chart 2: Nonetheless, there are signs of a bigger dip in returns in the lower grade CCC issues, in March, relative to the higher grade issues. BB issues remain more stable though B have held up well also.

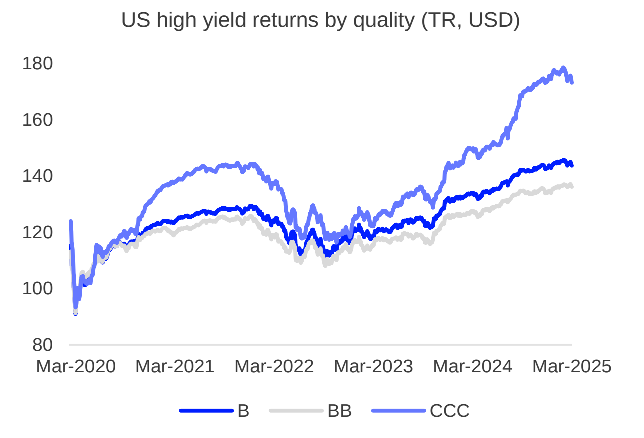


Chart 3: Lower grade issues show more pronounced spread widening in March, though shorter duration in these issues causes more OAS volatility (yields move more for the same price move vs longer bonds).

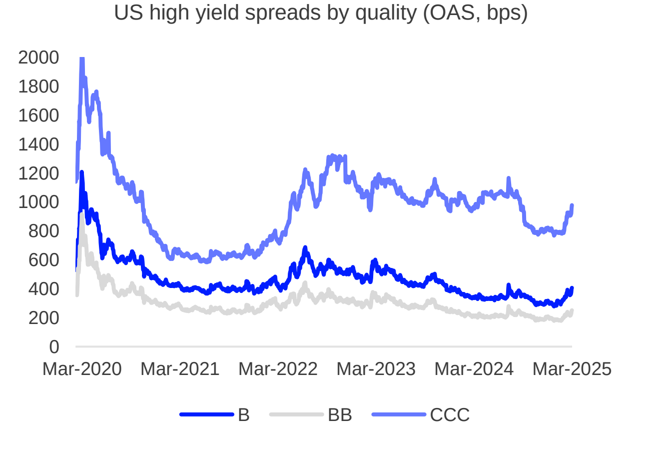


Chart 4: The shorter modified duration of CCC issues is evident in the Chart. The short duration of HY issues, and strong correlation to US equities, helped the sector during the back-up in US Treasury yields.

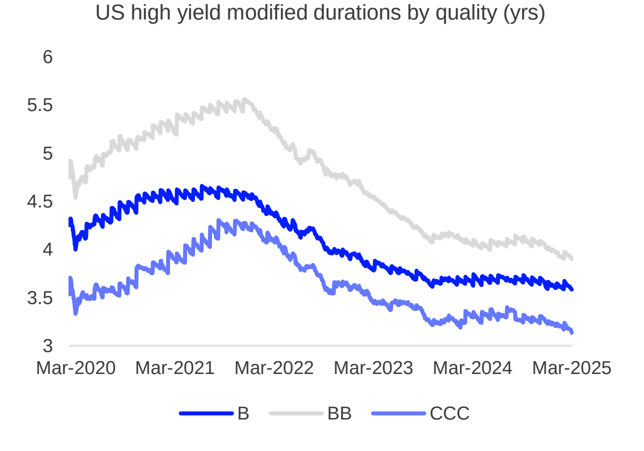


Chart 5: Energy – which has a weight of 11% in the sector – has been the strongest performer in US HY, with gas the strongest sub-component. Other Finance have been lower beta in this cycle.

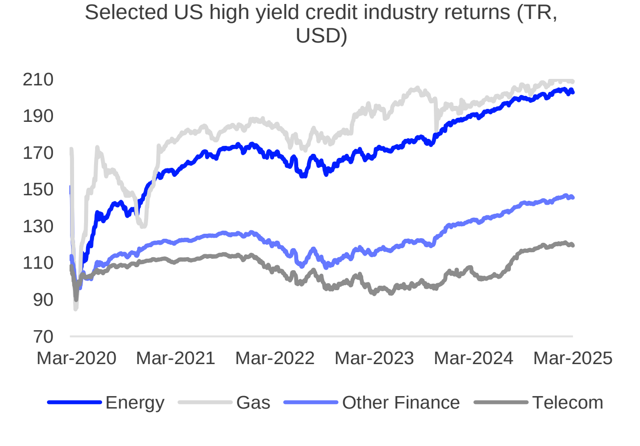
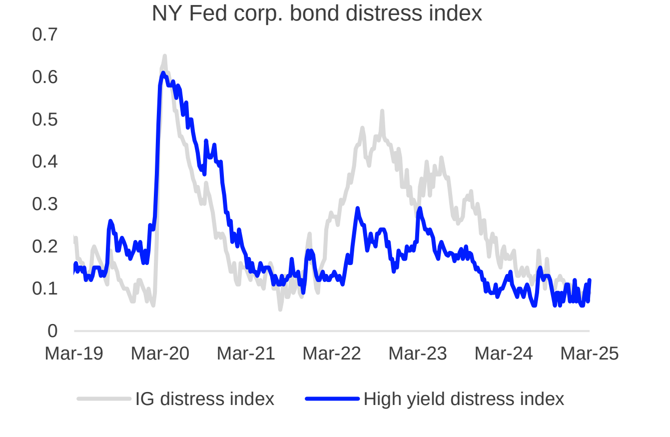


Chart 6: The NY Fed HY distress index remains at very subdued levels, although the index did increase to 0.12 from 0.06 in February. The Chart shows that HY has been far less stressed by higher rates since 2022.



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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.

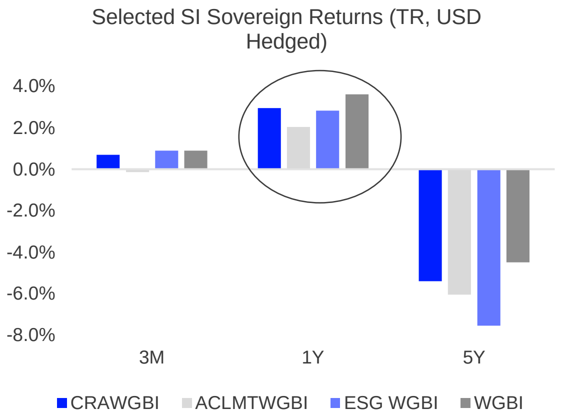


Chart 2: SI corporate gained across the board in Q1, as spread widening in March was largely offset by lower benchmark yields in the US due to lower growth expectations. Choice and ExFFE outperformed.

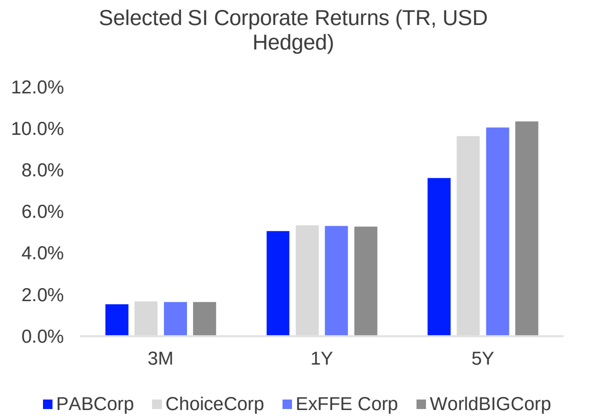


Chart 3: Relative performance has been stable for SI corporates. However in March, Advanced Climate Risk-Adjusted WGBI underperformed due to its US underweight, which performed well.

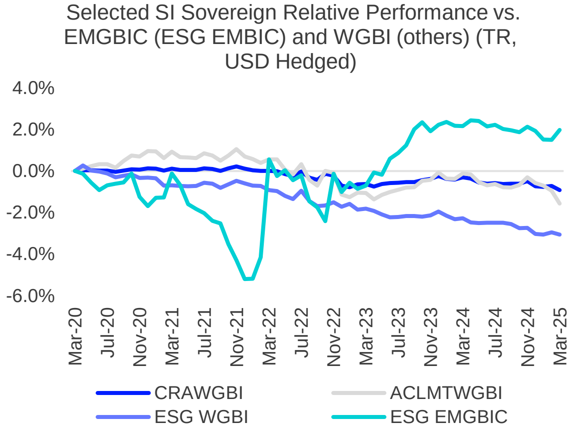


Chart 4: Within SI corporates, duration largely explains the divergent relative performance between Choice/ExFFe and PAB. For Green Corp, higher active industry weights have led to more volatile performance.

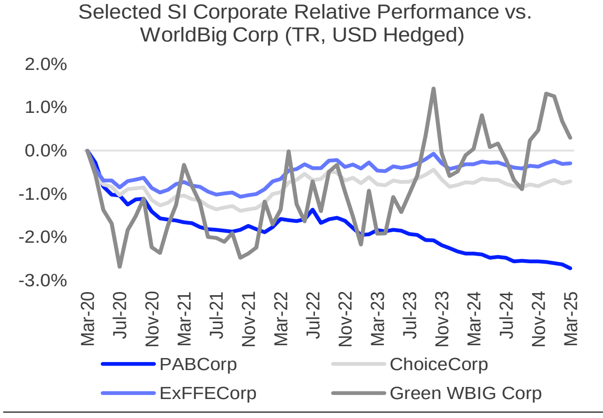


Chart 5: In line with diverging monetary policies, Advanced Climate, Climate Risk-Adjusted WGBI, and ESG WGBI saw their yields rise vs WGBI in Q1, while ESG EMGBIC saw its yield fall vs EMGBIC.

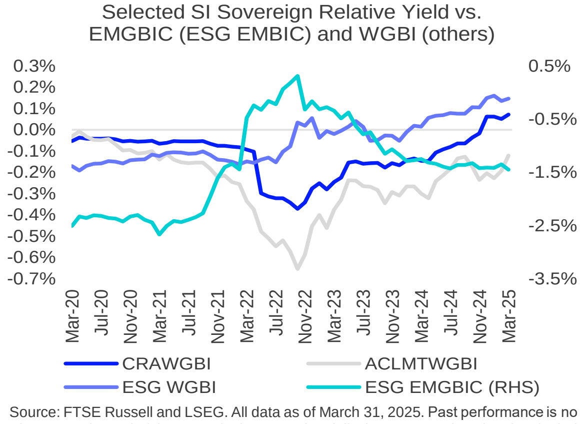
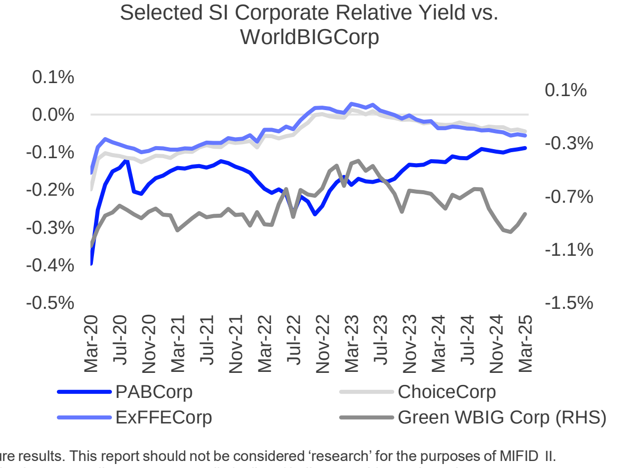


Chart 6: The decline in Green Corp relative yield reversed in Q1, as European yields (which the index is overweight) rose relative to the US for the first time since mid-2024.



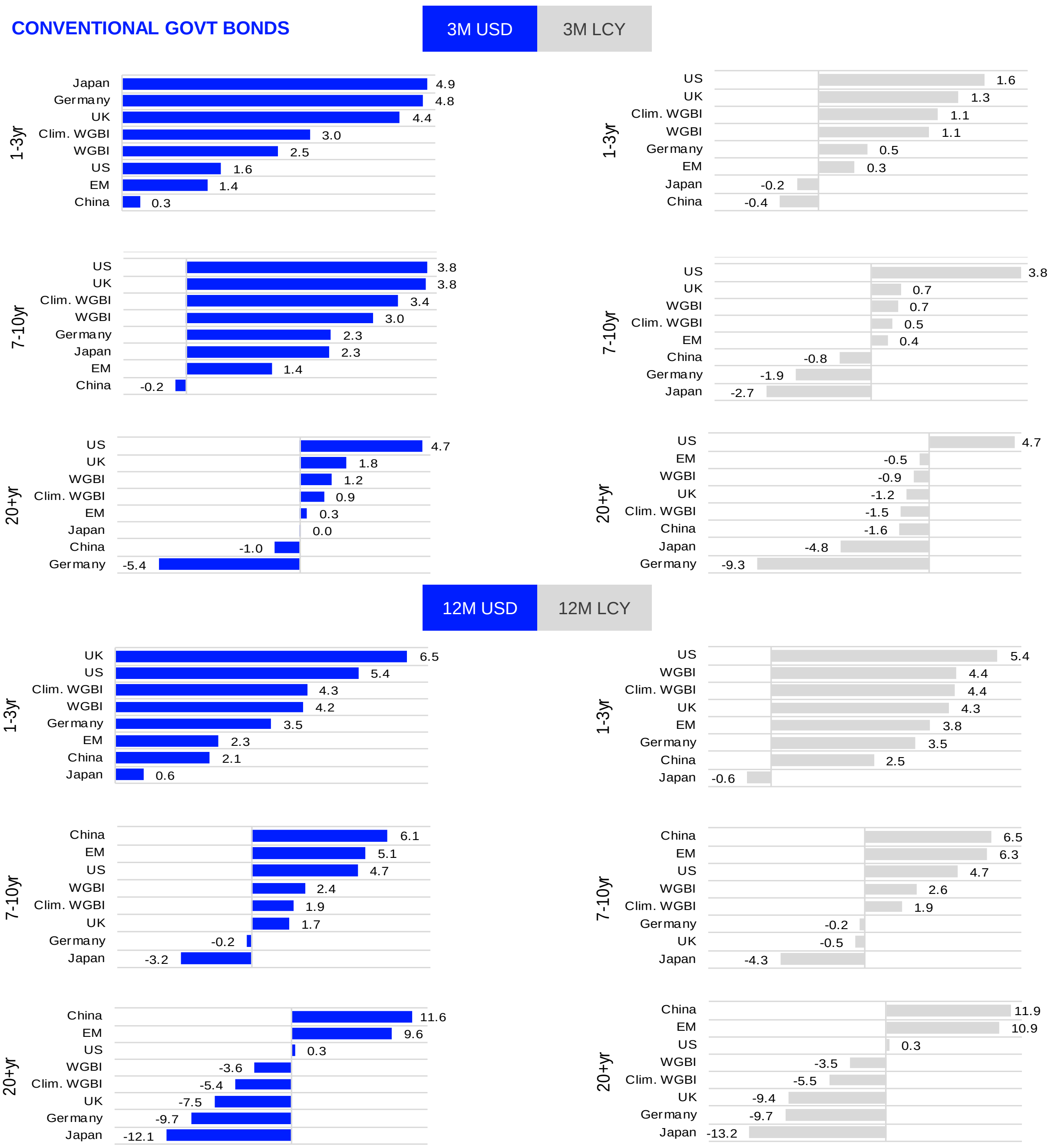
Source: FTSE Russell and LSEG. All data as of March 31, 2025. Past performance is no guarantee of future results. This report should not be considered 'research' for the purposes of MIFID II. Please see the end of the report for important legal disclosures. Bond market data is derived from FTSE Fixed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

Conventional Government Bond Returns − 3M and 12M % (USD & LC, TR)

The weaker US dollar boosted overseas returns for dollar-based investors in Q1, with the yen and Euro rallying strongly. Shorts outperformed and long Bunds lost over 5% in USD, on increased issuance fears, despite the euro rallying nearly 4%. Long China and EM bonds were strongest on 12M, as G7 longs fell during curve disinversion, and end of JGB curve control.

After the strong dollar dominated fixed income returns in 2024, Q1 saw a reversal,with short Bund, JGB and gilt returns of 4- 5% in USD. Treasuries also gained up to 5%, on a flight to quality as equities dipped, but the USD lost favour as a safe haven, versus gold.

With central banks embarking upon easing cycles in Q2, 2024, 12M returns show shorts mainly out-performing - gilts, Treasuries and WGBI were all up 4-7%. Longer China and EM bonds out-performed with gains of 10-12% in USD. But long JGBs, Bunds and gilts were hit by the end of curve control (JGBs), reduced pension fund demand and increased supply, with losses of 8-11% in USD terms.



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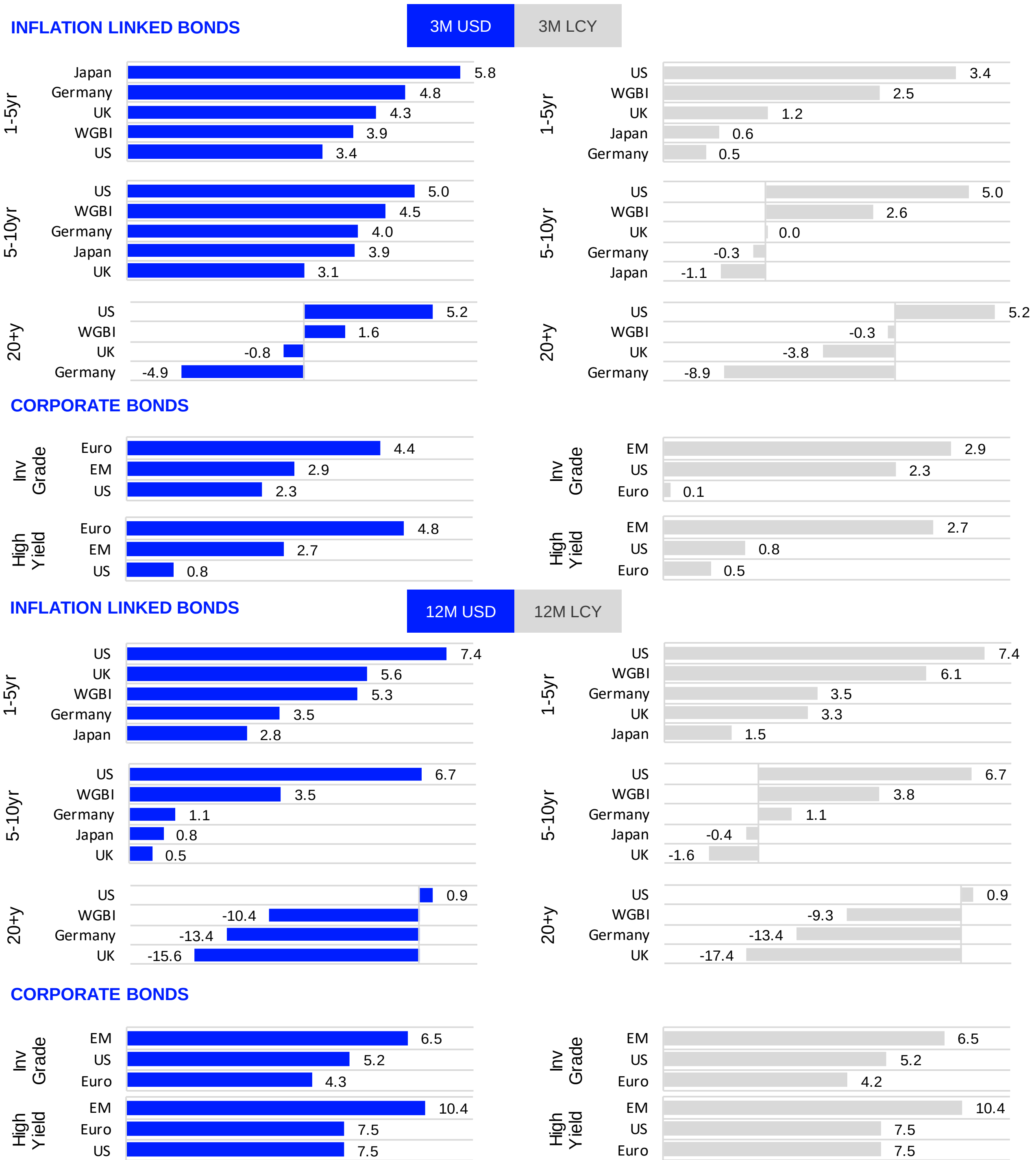
Global Inflation-Linked Bond Returns − 3M & 12M % (USD, LC, TR)

Inflation-linked returns were just stronger than conventionals in Q1, with the weak dollar boosting returns in USD terms, in short WILSI, UK, Germany & JGBs. Tips gained 3-5% on weaker equities and real growth. Long Bund linkers fell on issuance fears however, as Germany pledged to increase defence spending. Credit showed positive returns, despite weaker equities.

Dollar losses of up to 5% (yen) boosted overseas returns in Q1 for dollar based investors. Shorts outperformed, helped by G7 rate cuts, exc.Japan, where gains were fx driven. Long UK and Bund linkers showed negative returns of 1-5%, as curves steepened.

Credit markets defied US equity market weakness and gained 2-5% in USD terms with similar gains in both IG and HY.12M returns show credit remains the strongest performer, with gains of 4-10%, led by EM HY.

Long linkers fell on 12M. Bunds & UK linkers lost 10-16% in US, on long duration, curve disinversion and issuance fears in Germany.



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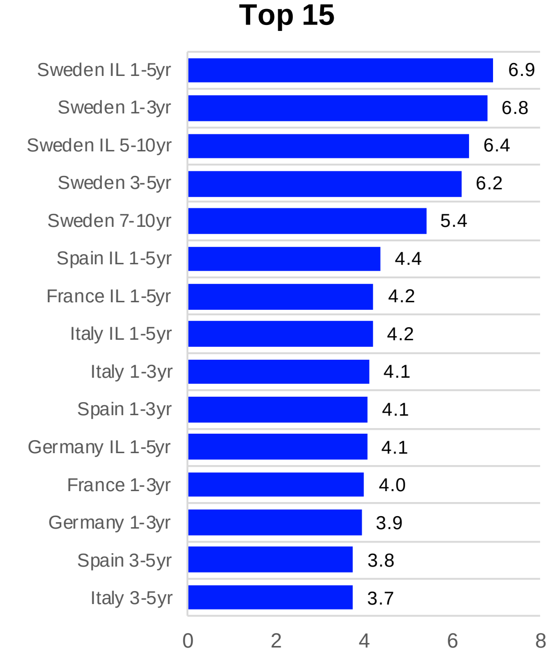
Top and Bottom Bond Returns – 1M & 12M % (USD, TR)

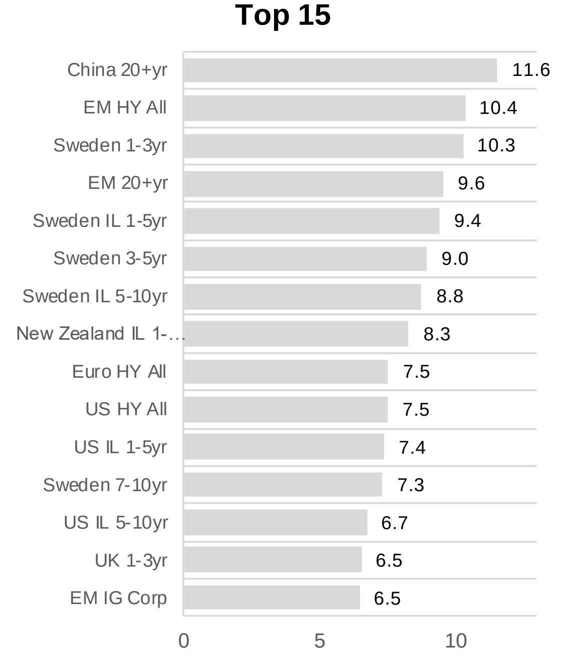
The weak US dollar dominated 1M returns in March, with strongest gains in short dated European bonds, led by Sweden, after Riksbank rate cuts of 1.75% since May 2024. China, short Sweden and EM HY credit gained 10-12% on 12M in USD. Long-dated Australian linkers fell sharply on 12M, losing 19% as the RBA has been slow to cut rates facing sticky inflation.

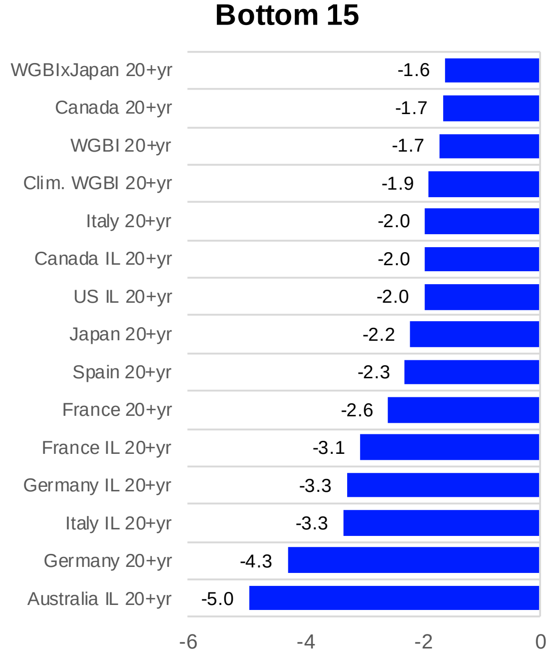
Short European markets gained in Q1 as central banks cut rates further, and curves disinverted and steepened. Longs lost ground in Europe, on increased defence spending pledges and APAC, where the RBA made just one 25 bp cut since the cycle peak of 4.35%.

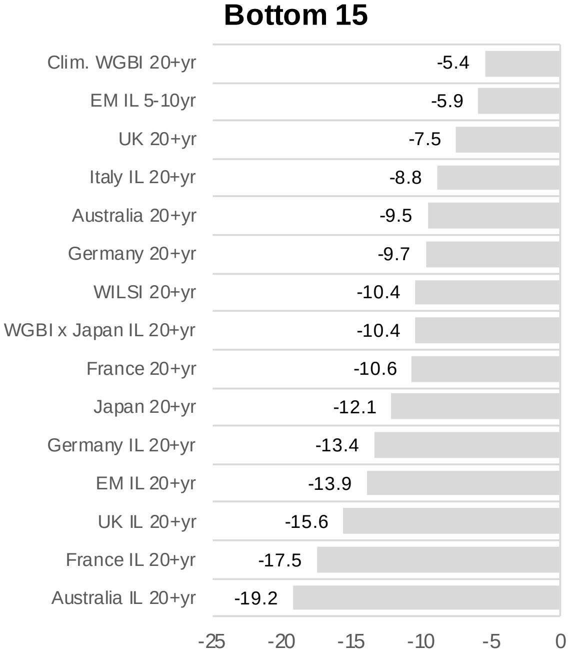
12M returns show a similar pattern with longs under-performing shorts, as curves dis-inverted and long real yields increased in several markets, on reduced pension fund demand, and increased issuance fears.

1M USD | 12M USD









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

Government Bond Returns

Top 15% | Bottom 15%

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

		1M		3M		YTD		12M	
		Local	USD	Local	USD	Local	USD	Local	USD
US	1-3yr	0.47	0.47	1.58	1.58	1.58	1.58	5.44	5.44
	7-10yr	0.37	0.37	3.85	3.85	3.85	3.85	4.74	4.74
	20+yr	-1.22	-1.22	4.68	4.68	4.68	4.68	0.29	0.29
	IG Corp	-0.31	-0.31	2.34	2.34	2.34	2.34	5.15	5.15
	HY All	-1.14	-1.14	0.83	0.83	0.83	0.83	7.53	7.53
UK	1-3yr	0.23	2.74	1.34	4.44	1.34	4.44	4.27	6.54
	7-10yr	-0.72	1.77	0.75	3.83	0.75	3.83	-0.48	1.69
	20+yr	-3.22	-0.79	-1.24	1.78	-1.24	1.78	-9.43	-7.46
Euro	IG Corp	-1.01	2.82	0.07	4.39	0.07	4.39	4.25	4.27
	HY All	-1.09	2.74	0.48	4.81	0.48	4.81	7.52	7.54
Japan	1-3yr	0.04	0.81	-0.22	4.87	-0.22	4.87	-0.56	0.64
	7-10yr	-0.79	-0.02	-2.68	2.28	-2.68	2.28	-4.33	-3.17
	20+yr	-2.96	-2.21	-4.83	0.02	-4.83	0.02	-13.15	-12.10
China	1-3yr	0.03	0.47	-0.37	0.28	-0.37	0.28	2.46	2.12
	7-10yr	-0.51	-0.08	-0.81	-0.16	-0.81	-0.16	6.46	6.10
	20+yr	-1.34	-0.91	-1.61	-0.97	-1.61	-0.97	11.95	11.58
EM	1-3yr	0.11	0.69	0.34	1.36	0.34	1.36	3.83	2.32
	7-10yr	-0.41	0.12	0.41	1.36	0.41	1.36	6.25	5.10
	20+yr	-1.10	-0.71	-0.54	0.28	-0.54	0.28	10.85	9.56
	IG Corp	0.24	0.24	2.90	2.90	2.90	2.90	6.47	6.47
	HY All	0.01	0.01	2.73	2.73	2.73	2.73	10.37	10.37
Germany	1-3yr	0.07	3.94	0.46	4.80	0.46	4.80	3.48	3.50
	7-10yr	-2.17	1.61	-1.92	2.31	-1.92	2.31	-0.23	-0.21
	20+yr	-7.86	-4.30	-9.34	-5.42	-9.34	-5.42	-9.69	-9.68
Italy	1-3yr	0.24	4.12	0.87	5.22	0.87	5.22	4.55	4.57
	7-10yr	-1.77	2.02	-0.83	3.46	-0.83	3.46	3.76	3.78
	20+yr	-5.60	-1.95	-5.75	-1.68	-5.75	-1.68	-1.18	-1.16
Spain	1-3yr	0.21	4.08	0.72	5.06	0.72	5.06	4.14	4.16
	7-10yr	-1.51	2.29	-0.95	3.32	-0.95	3.32	2.50	2.52
	20+yr	-5.93	-2.30	-6.67	-2.64	-6.67	-2.64	-3.03	-3.01
France	1-3yr	0.14	4.01	0.72	5.07	0.72	5.07	3.86	3.88
	7-10yr	-1.81	1.99	-0.49	3.81	-0.49	3.81	-0.35	-0.33
	20+yr	-6.21	-2.58	-5.83	-1.77	-5.83	-1.77	-10.66	-10.65
Sweden	1-3yr	-0.07	6.79	0.32	10.35	0.32	10.35	3.61	10.29
	7-10yr	-1.37	5.41	-0.82	9.10	-0.82	9.10	0.84	7.34
Australia	1-3yr	0.43	0.64	1.27	1.92	1.27	1.92	3.93	-0.73
	7-10yr	-0.05	0.16	1.48	2.14	1.48	2.14	1.98	-2.59
	20+yr	-1.60	-1.39	-0.43	0.21	-0.43	0.21	-5.29	-9.54
New Zealand	1-3yr	0.33	1.41	0.92	2.02	0.92	2.02	6.57	0.91
	7-10yr	-0.18	0.89	0.51	1.60	0.51	1.60	5.64	0.02
	20+yr	-1.27	-0.22	0.08	1.17	0.08	1.17	0.59	-4.76
Canada	1-3yr	0.38	0.47	1.34	1.26	1.34	1.26	5.80	-0.52
	7-10yr	-0.22	-0.13	2.92	2.84	2.92	2.84	7.92	1.47
	20+yr	-1.75	-1.66	2.94	2.87	2.94	2.87	6.35	0.00

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

Inflation-Linked Bond Returns

Top 15% | Bottom 15%

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

		1M		3M		YTD		12M	
		Local	USD	Local	USD	Local	USD	Local	USD
US	1-5yr	1.03	1.03	3.38	3.38	3.38	3.38	7.39	7.39
	5-10yr	0.93	0.93	4.97	4.97	4.97	4.97	6.74	6.74
	20+yr	-1.98	-1.98	5.21	5.21	5.21	5.21	0.93	0.93
UK	1-5yr	0.18	2.69	1.21	4.31	1.21	4.31	3.31	5.56
	5-10yr	-0.99	1.50	0.01	3.07	0.01	3.07	-1.61	0.53
	20+yr	-3.96	-1.55	-3.76	-0.81	-3.76	-0.81	-17.36	-15.56
Japan	1-5yr	-0.12	0.65	0.64	5.77	0.64	5.77	1.55	2.77
	5-10yr	-0.95	-0.18	-1.09	3.95	-1.09	3.95	-0.42	0.78
EM	1-5yr	1.37	2.19	4.22	8.30	4.22	8.30	10.61	-3.87
	5-10yr	1.59	2.48	4.04	7.86	4.04	7.86	6.13	-5.85
	20+yr	1.98	3.40	4.17	9.53	4.17	9.53	-1.30	-13.91
Germany	1-5yr	0.19	4.07	0.49	4.82	0.49	4.82	3.52	3.54
	5-10yr	-0.54	3.31	-0.30	4.00	-0.30	4.00	1.05	1.07
	20+yr	-6.89	-3.29	-8.86	-4.93	-8.86	-4.93	-13.38	-13.37
Italy	1-5yr	0.32	4.20	1.18	5.54	1.18	5.54	4.93	4.95
	5-10yr	-0.66	3.18	0.50	4.84	0.50	4.84	4.04	4.06
	20+yr	-6.95	-3.35	-8.67	-4.73	-8.67	-4.73	-8.86	-8.84
Spain	1-5yr	0.49	4.37	1.04	5.40	1.04	5.40	4.22	4.24
	5-10yr	-0.74	3.10	-0.10	4.22	-0.10	4.22	2.36	2.38
France	1-5yr	0.34	4.22	0.89	5.24	0.89	5.24	2.52	2.54
	5-10yr	-0.64	3.20	0.44	4.78	0.44	4.78	-0.24	-0.22
	20+yr	-6.67	-3.06	-7.14	-3.13	-7.14	-3.13	-17.49	-17.48
Sweden	1-5yr	0.07	6.94	0.29	10.32	0.29	10.32	2.80	9.43
	5-10yr	-0.46	6.38	-0.35	9.61	-0.35	9.61	2.19	8.78
Australia	1-5yr	0.35	0.56	1.29	1.94	1.29	1.94	2.88	-1.73
	5-10yr	-0.19	0.02	0.79	1.45	0.79	1.45	1.12	-3.41
	20+yr	-5.15	-4.95	-5.94	-5.33	-5.94	-5.33	-15.41	-19.20
New Zealand	5-10yr	0.42	1.50	1.44	2.54	1.44	2.54	5.39	-0.21
Canada	20+yr	-2.04	-1.95	3.14	3.06	3.14	3.06	8.17	1.70

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

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	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		

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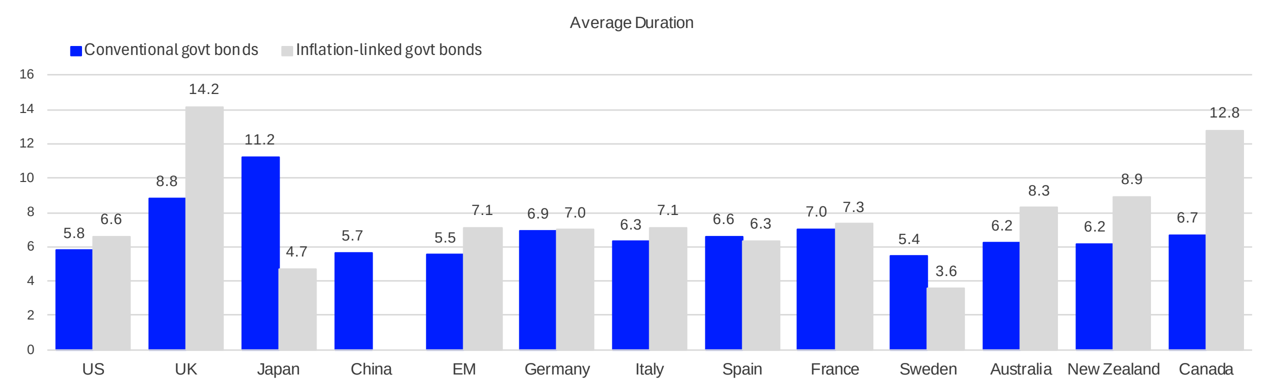
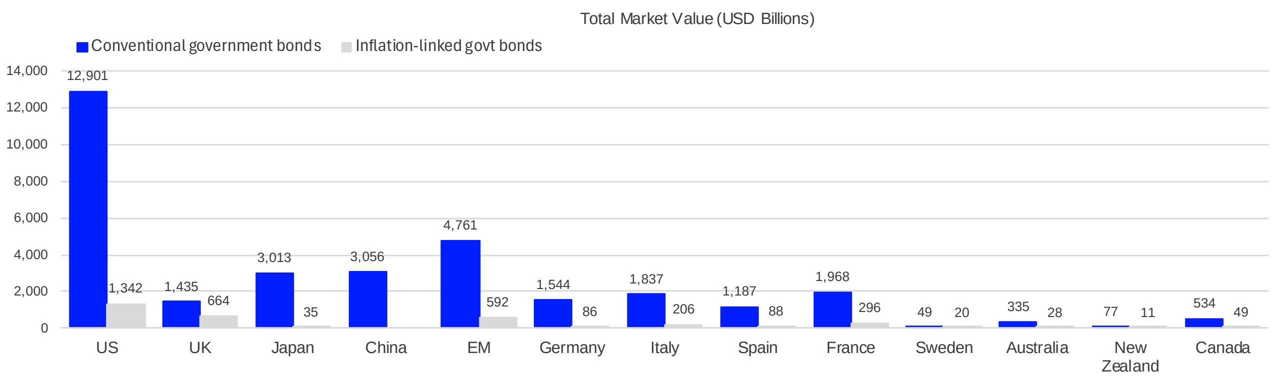
Appendix − Duration and Market Value (USD, Bn) as of March 31, 2025

	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**

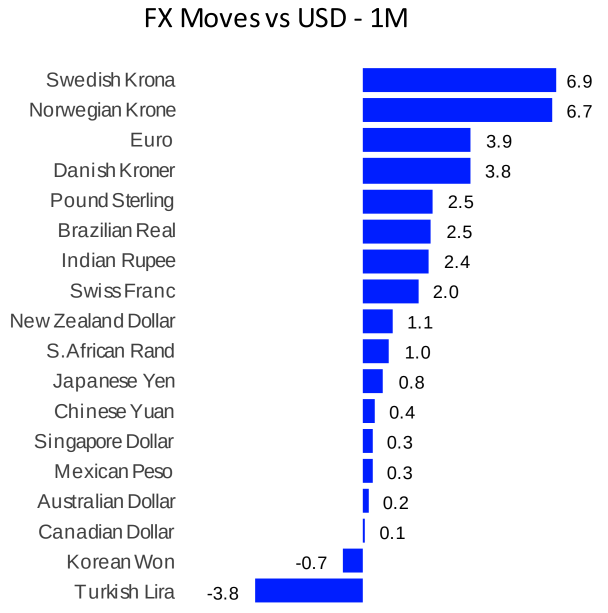
	Investment grade bonds										High Yield	
	Duration					Market Value					Duration	MktVal
	AAA	AA	A	BBB	Overall	AAA	AA	A	BBB	Overall		
US	9.8	8.2	6.9	6.5	6.8	77.2	453.6	2906.7	3639.7	7077.2	3.7	1111.1
Europe	6.7	4.6	4.5	4.1	4.3	21.9	210.9	1257.0	1631.7	3121.5	3.0	359.3
EM		6.2	5.3	5.3	5.5		72.8	175.3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

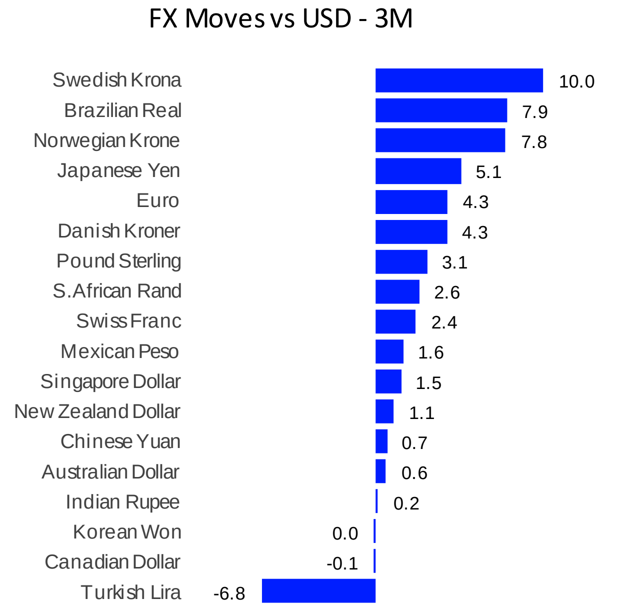


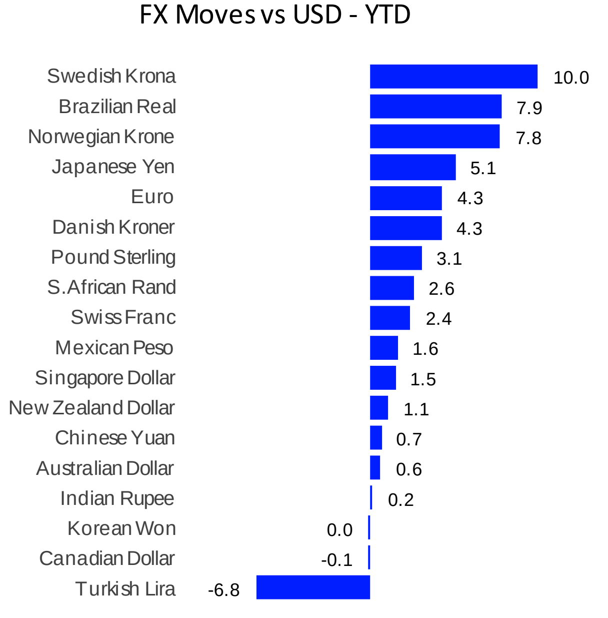


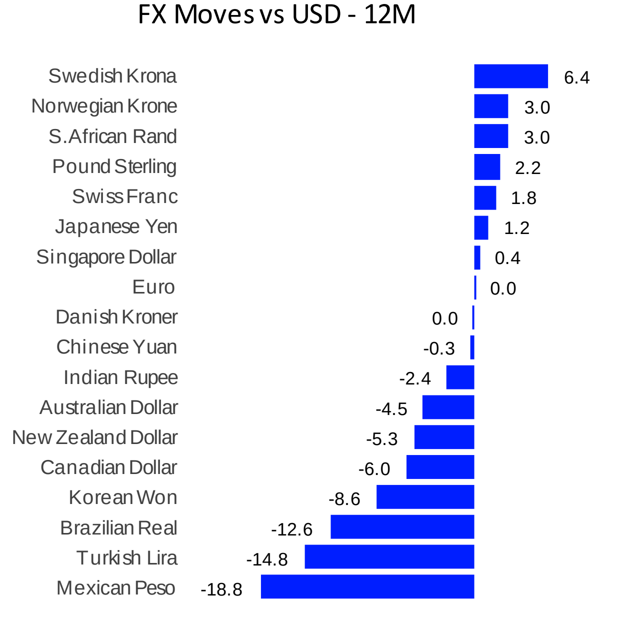
Source: FTSE Russell and LSEG. All data as of March 31, 2025. Past performance is no guarantee of future results. This report should not be considered 'research' for the purposes of MIFID II. Please see the end of the report for important legal disclosures. Bond market data is derived from FTSE Fixed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

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









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 − 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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