Global Investment Research
Market Maps

Fixed Income Insights

EUROZONE EDITION

MONTHLY REPORT | **DECEMBER 2024**

Long Bunds outperform on deflationary strains

Global attention shifted to trade tariffs and their impact on inflation and growth, after President-elect Trump called for higher tariffs. Long Bunds gained 6% in November, due to Germany's deflationary strains, political uncertainty and the likelihood of further ECB easing. YTD, China, EM and credit leads performance with double-digit returns in euros.

Macro and policy backdrop – Changing pace of easing The ECB is expected to cut rates in December, while doubt was cast over the pace of easing in the US and UK, following higher inflation data and fiscal boost. (pages 2-3)

Yields, curves and spreads – Volatility in French govt bonds French 7-10 year government bond yields rose above Spanish equivalents, as France's political uncertainty over fiscal deficit control unnerved markets. (pages 4-5)

Credit analysis – BBBs & CCCs outperform in Euro IG and HY credits. The lowest Euro IG and HY quality issuers (i.e., BBB/CCCs) have outperformed higher grade credits since 2019. (page 6-7)

Sovereign and climate bonds – US underweight helps Green Bond recovery Green Bonds recovered in November, thanks to the relative underweight in USD-denominated bonds versus their universe. (page 8)

Performance – Long government bonds recover Long government bonds outperformed short equivalents in November, especially Bunds, following heightened political and economic uncertainty in the region and prospects of further easing by the ECB. (pages 9-10)

Appendix (from page 12) Global bond market returns, historical bond yields, bond market durations and market values and foreign exchange returns.

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Chart 1: US yields proved volatile in November, rising on the election result, before falling later in the month. But yields fell elsewhere, led by Germany and Canada with more easing at hand.

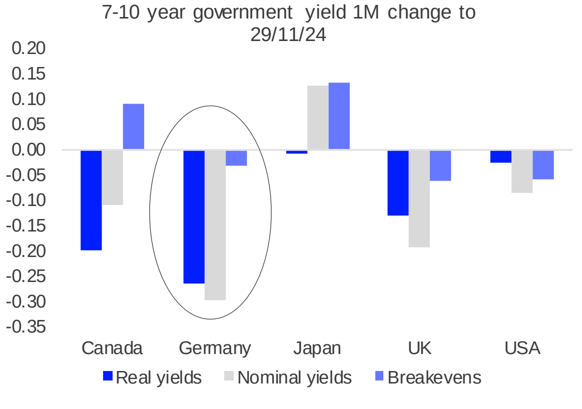
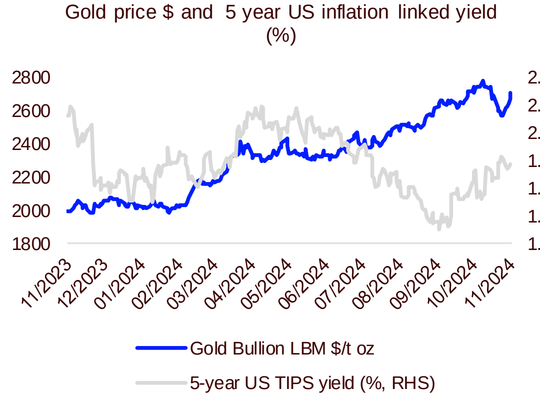


Chart 2: The negative correlation between the gold price and 5 year US Tip yields appears to have broken down for much of the last year, with the gold price continuing to rise, despite higher real yields.



Source: FTSE Russell and LSEG. All data as of November 30, 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

Global attention shifted to global trade tariffs and their impact on inflation and growth, after the newly elected US president Trump called for higher tariffs. Political uncertainty in France and Germany are adding to the region's economic malaise. Eurozone inflation rose but stayed within the ECB's 2% target. Tight labour markets continue to exert pressure on wage growth, even if easing. Spain's economy is set to surpass Eurozone peers in 2024-25.

The latest Consensus forecasts show GDP growth in 2025 gradually improving in Europe, Canada and Japan, cooling a little in the US and continuing to decelerate in China (Chart 1). However, there are obvious risks to these projections, with political uncertainty in France and Germany adding to the economic malaise of the region.

G7 inflation rose in October, due in part to sticky services inflation. US CPI jumped to 2.6% y/y in October (from 2.4% y/y in September) and to 2.3% y/y (from 1.7%) in the UK. The provisional release of Eurozone inflation for November showed a CPI increase of 2.3% y/y (from 2.0%), though the higher level was largely expected due to base effects, and unlikely to change the deflationary trajectory in the region (Chart 2).

Despite the weak economy, Eurozone unemployment has stayed stable/unchanged at 6.3% since September, which is an historical low. Despite some recent easing, tight labour markets are keeping labour costs higher than pre-Covid levels (Chart 3).

Spain' economy remains robust versus Germany, France and Italy (Chart 4). The IMF projects higher Spanish growth of 1.9% in 2024, and 2.1% in 2025 compared to the Eurozone's 0.8% and 1.2% (Chart 1). Spain has benefitted from an EU fiscal stimulus (about 160 billion euros) to increase the country's digital economy, energy efficiency and improve its electrification infrastructure*.

*See FTSE Russell paper: [The forgotten stimulus - uncovering the revival of Europe's peripheral markets | LSEG]

Chart 1: Higher economic growth forecasts of 1.2% GDP in the Eurozone in 2025 could be at risk if President-elect Trump succeeds in raising tariffs. Germany's stagflation is a core concern for the Eurozone.

Latest Consensus Real GDP Forecasts (Median, %, November 2024)			
	2023	**2024**	**2025**
US	2.5	**2.7**	**2.0**
UK	0.1	**0.9**	**1.4**
Eurozone	0.5	**0.8**	**1.2**
Japan	1.3	**0.3**	**1.1**
China	5.2	**4.8**	**4.5**
Canada	1.1	**1.1**	**1.8**

Chart 2: Inflation rose in October in North America and Europe, mainly due to sticky service inflation and despite lower oil prices. The deflationary trend remains intact in parts of Asia, led by China.

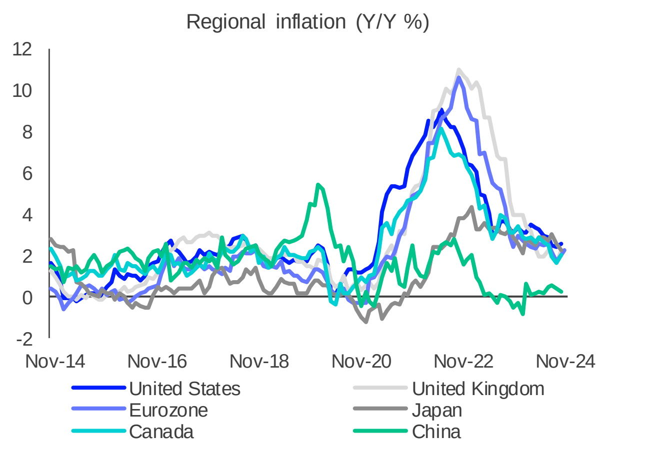


Chart 3: Despite the weak economy, Eurozone unemployment remains at an historic low of 6.3%. Labour costs have eased a little but remain higher than pre-Covid levels.

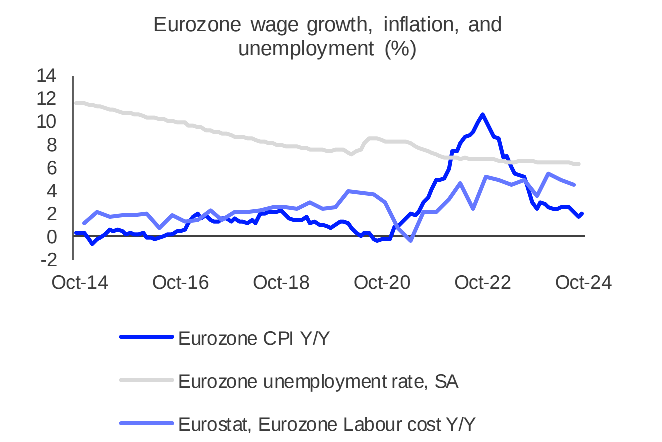
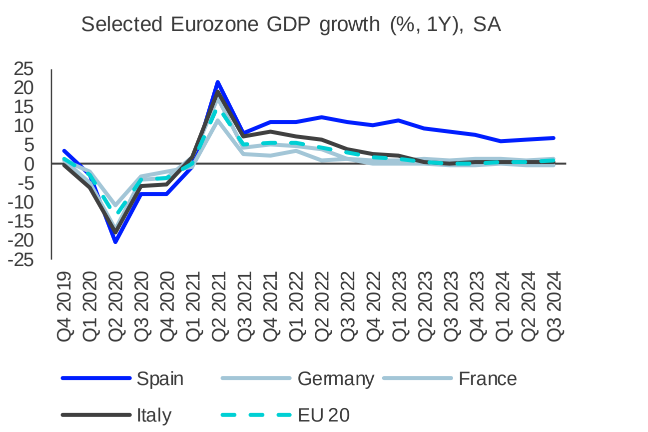


Chart 4: Unlike Germany, Spain's economy has been robust, with growth expected to surpass other EU countries in 2025-26 The country is benefiting from EU stimulus to help transition towards cleaner energy.



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Financial Conditions and Monetary Policy Settings

Higher inflation casts some doubt over whether the Fed and the BoE will ease in December, unlike the Euro area, where a 25-50bp cut is expected. Political uncertainty in France and Germany is adding to the region's economic woes and currency weakness. Germany remains leveraged to global and Eurozone growth via its very high export share. A key Eurozone question is whether Italy's construction boom continues as the generous 'Superbonus' tax benefits end in December 2024?

Italian industrial production has remained flat since Covid, thanks to Italians renovating their homes, after a 'Superbonus' scheme, that provides advantageous tax incentives for home improvements, was launched in 2021. Chart 1 shows the strength of the Italian construction sector versus the rest of the region, where average EU order books have collapsed.

The Euro has depreciated sharply, amid concerns over inflation and growth from higher tariffs, ECB rate cuts, and the political crisis jolting France and Germany. The Euro lost nearly 3% in November vs the US dollar (Chart 2). In contrast, both the US dollar and yen gained on higher inflation, and in Japan, expectations the BoJ could tighten at its next meeting in December.

After the Fed and BoE policy moves in November, higher US and UK inflation data has cast some doubts over further easing in December. In Europe, the ECB last cut rates in October, and a further easing is already discounted for December, given the weak state of the region's economy, and downtrend in inflation (Chart 3).

Chart 4 shows the trade shares in GDP for high income nations. Germany is highly exposed to global trade, with a 90% trade-to -GDP ratio, compared to the US, which has a much smaller ratio of 27%. Interestingly, Japan's trade-to-GDP ratio of 47% is below the 63% average, as is China (37%). Canada's ratio is higher than the global average, but unlike other nations, 75% of its trade is with the US, making the Canadian economy particularly vulnerable to US tariffs.

Chart 1: Construction has underpinned Italian industrial production, which has remained flat since Covid and stronger versus the EU, where new order books have collapsed.

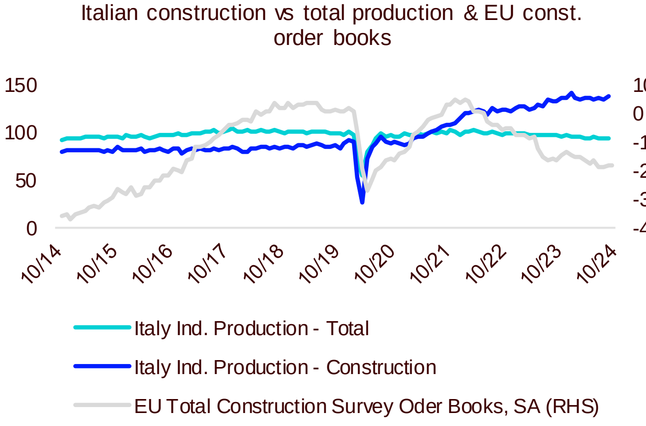

Chart 2: November saw the sharp appreciation of the US dollar and yen. By contrast, the euro depreciated after potential US tariffs threatened the fragile economic recovery in the Eurozone.

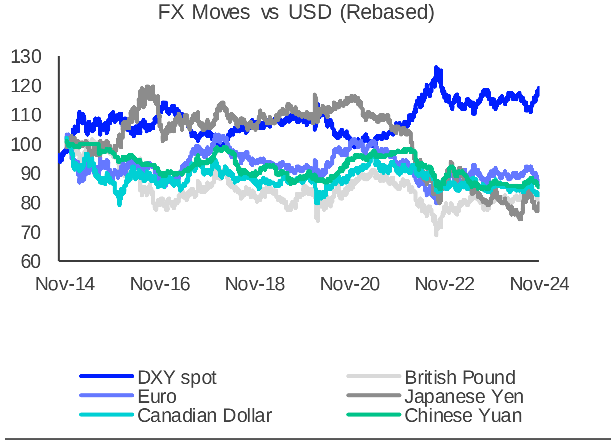

Chart 3: Sticky inflation has cast some doubts over further Fed and BoE easing in December. The ECB is expected to cut rates by 25-50bp, while the BoJ may tighten to alleviate the pressure on the yen.

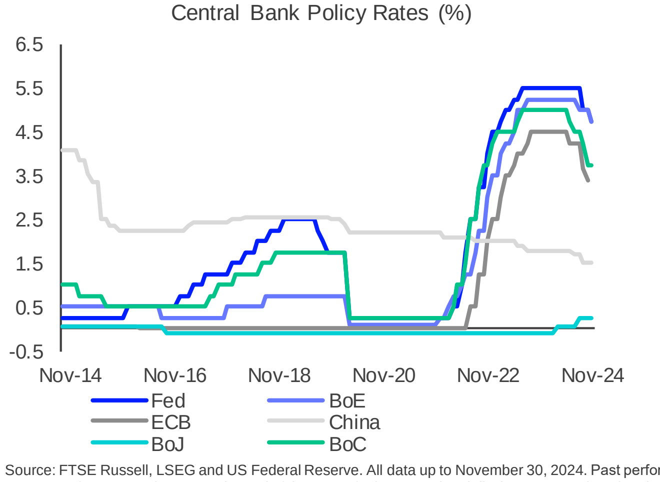

Chart 4: Europe, especially Germany, is heavily exposed to exports and the threat of US tariffs. Canada also has a high dependency on exports as a % of GDP than the US, 75% of which is with the US.

Country	Exports % of GDP	Imports % of GDP	Trade to GDP ratio
Canada	33.5	34.0	67.5
US	11.6	15.4	27.0
Japan	21.5	25.3	46.8
China	19.7	17.6	37.3
Germany	47.1	43.0	90.1
France	32.7	34.9	67.6
Italy	35.0	33.7	68.7
UK	32.2	33.4	65.6
High income nation average	32.0	31.0	63.0

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Global Yields, Curves and Breakevens

Chart 1: US Treasuries led G7 7-10yr yields higher early in November, after the elections, on fears of a bigger fiscal boost. But Scott Bessent's nomination as Treasury Sec. helped markets rally later in the month.

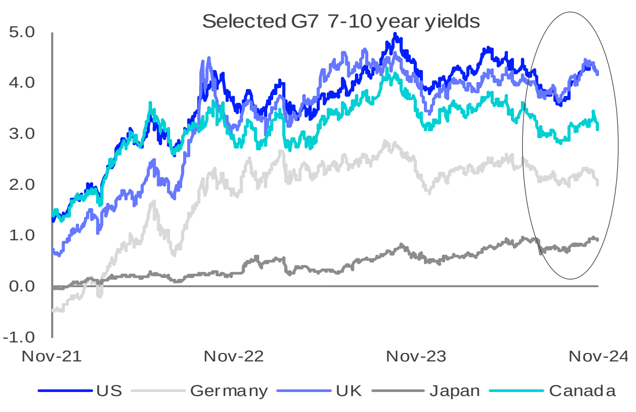


Chart 2: Real yields broadly tracked nominals, led by US Tips as markets focused on the possible boost to real growth from more fiscal stimulus. But real yields fell late in the month, notably in France.

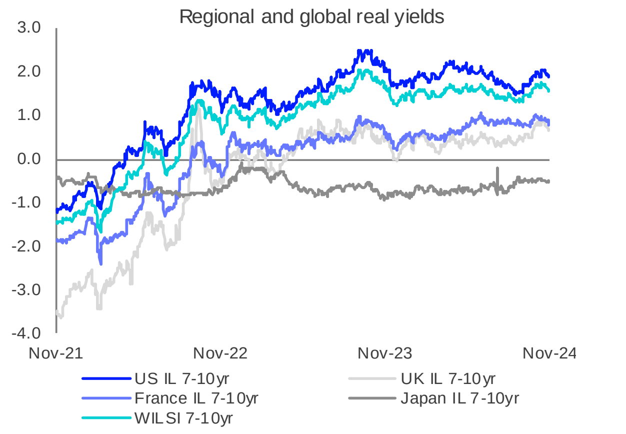


Chart 3: The US curve was volatile in November, as initial steepening on the US election result was unwound later in the month, as the PCE deflator data proved more benign, and the 7-10 yr area rallied.

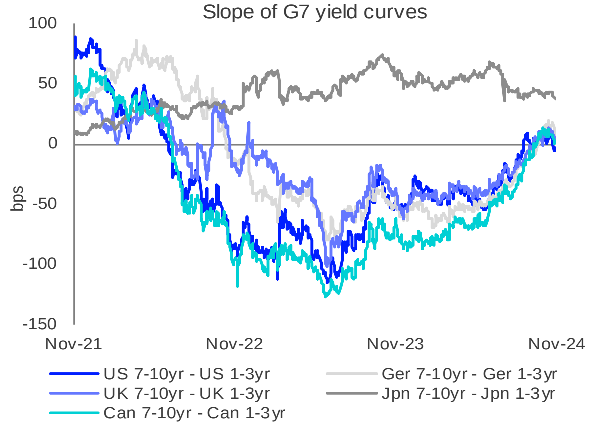


Chart 4: Initial steepening in longs was largely reversed over the course of November, as markets rallied on inflation data and Scott Bessent's nomination as US Treasury Secretary was well received.

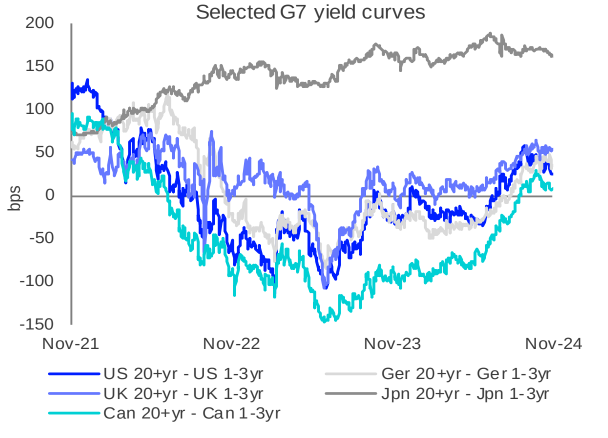


Chart 5: US inflation breakevens increased in November as markets priced in more fiscal stimulus, after the elections. Gilt breakevens increased, as increased issuance fears drove nominal yields higher.

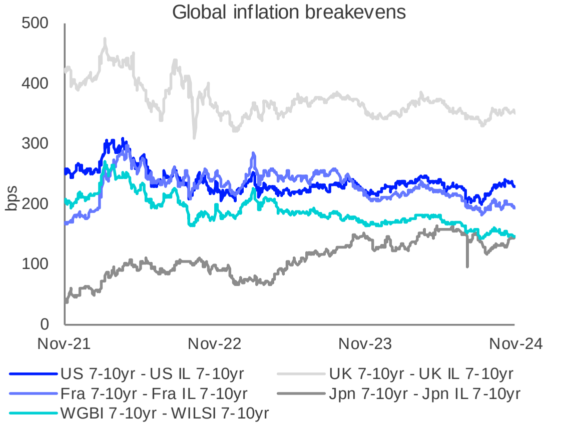
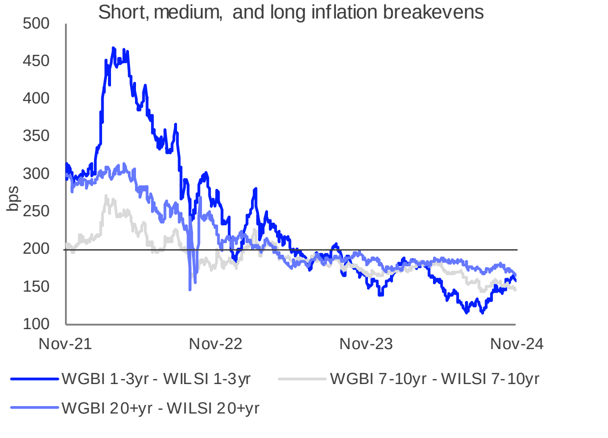


Chart 6: Globally, inflation breakevens remain below 2%. Mediums and longs show only modest impact from the US elections, though short dated breakevens have rebounded from very low levels but remain below 2%.



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Yield Spreads and Credit Spread Analysis

Chart 1: Treasury spreads widened on the US election result, before stabilising somewhat, after the nomination of Scott Bessent as Treasury Secretary. Spreads versus Bunds are near cycle highs.

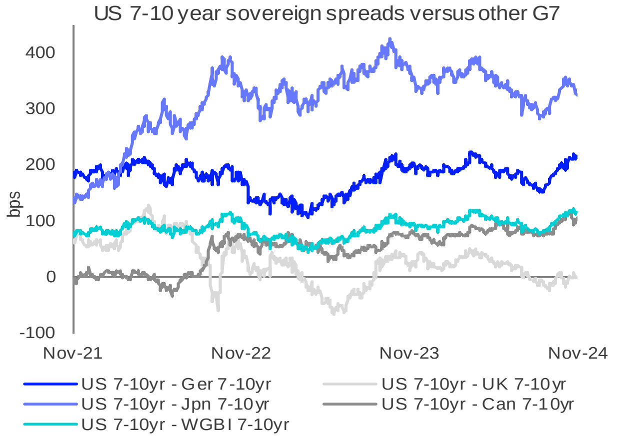

Chart 2: Italian spreads fell in November, especially relative to France, where yields rose sharply on political uncertainty. Italian spreads moved less versus Bunds.

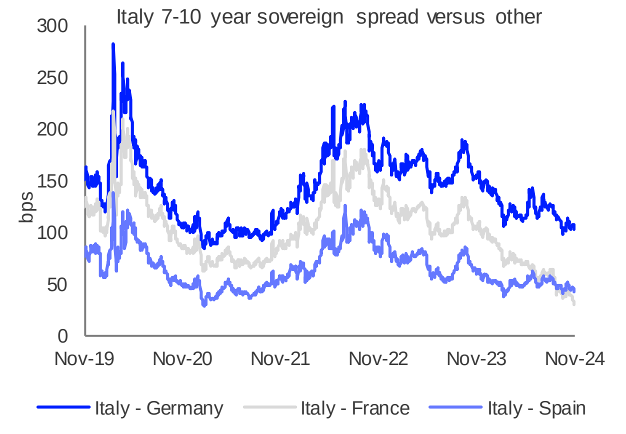

Chart 3: EM spreads first tightened in November, as G7 yields rose after the US election result. But the prospect of more easing in the Eurozone and Canada caused a modest reversal in spreads.

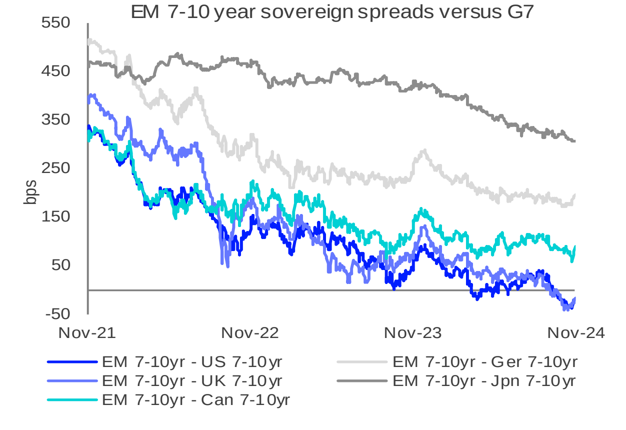

Chart 4: The lack of policy details on the Chinese fiscal stimulus announced in late-September and further weak economic data drove spreads to new lows, before G7 bonds stabilised late in the month.

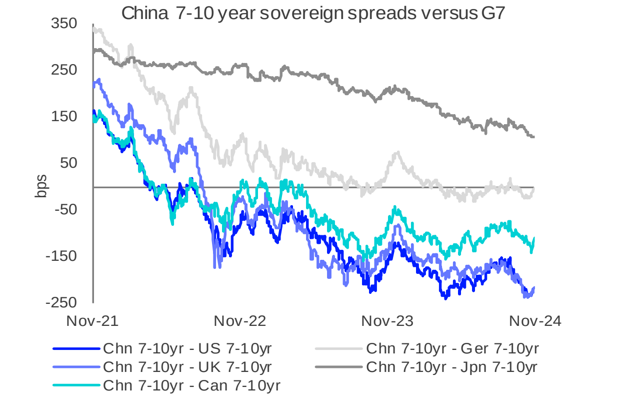

Chart 5: Credit spreads spent much of the month tightening further, before the recovery in Treasuries on Scott Bessent's nomination caused a partial reversal. US HY spreads now stand below 2019 levels.

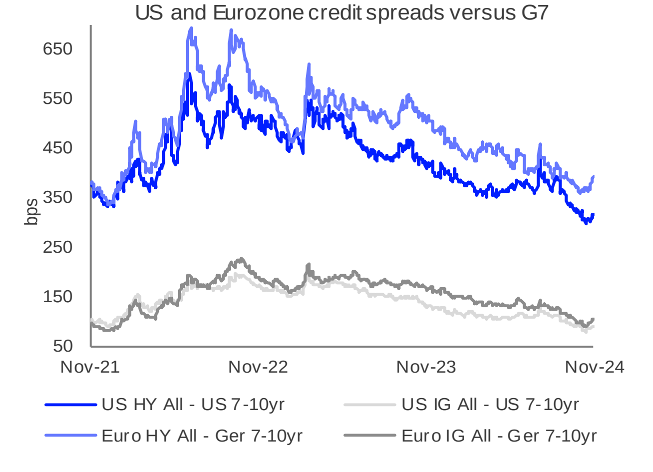

Chart 6: China HY spreads tightened substantially and drew support from the recent Chinese government support package. Convergence in US spreads and the global risk rally has also helped

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Credit sector analysis

Chart 1: Since 2022, Euro investment grade corporate returns have decoupled, with BBBs outperforming higher quality corporates, as investors differentiate between IG credit quality, and re-rate BBBs.

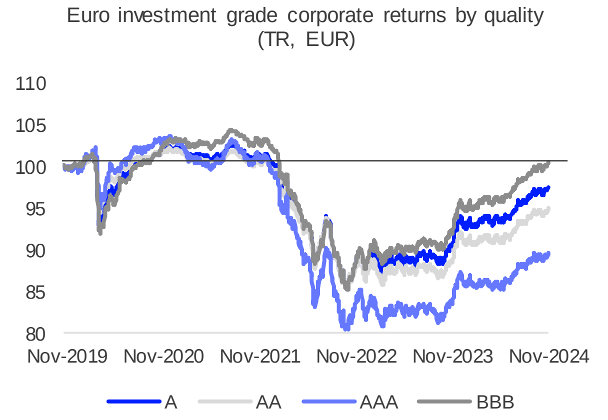


Chart 2: Euro investment grade corporate spreads have compressed, with BBBs tightening the most from 117bp in 2019 to 107bp in 2024. Lower rated credit spreads have tightened vs AAAs.

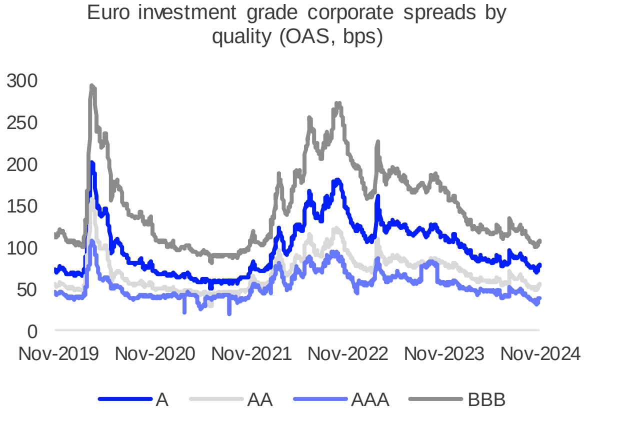


Chart 3: Euro IG corporate bond yields have fallen over the last year, with yields increasingly converging between credit quality; BBBs yield 3.2% and As (2.9%) offering a pick-up of 20-30bp versus AAA-AAs.

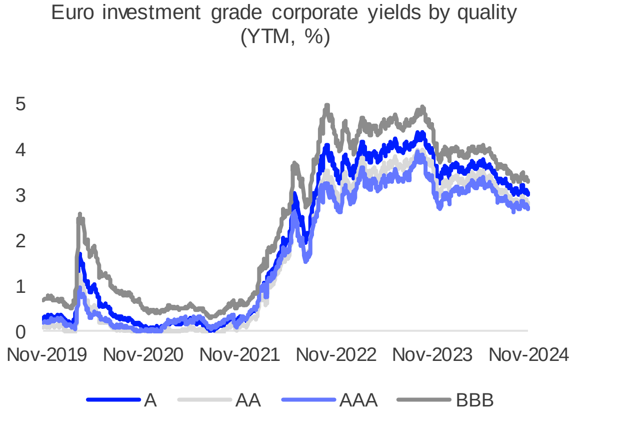


Chart 4: AAAs have the longest duration of nearly 6 years, compared to lower grade issues, averaging about 4-5 years for the rest of the market.

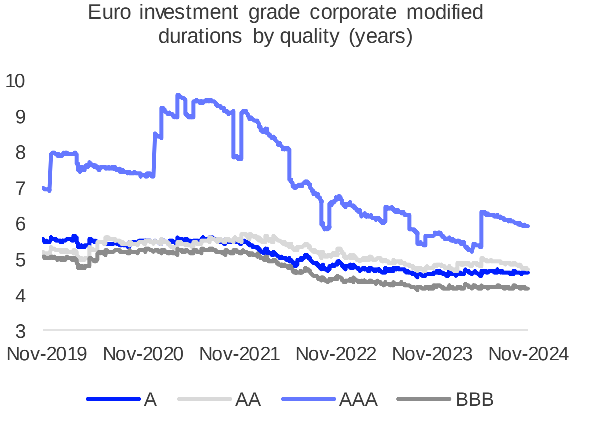


Chart 5: Bank have outperformed, after decoupling in 2022 from other industries. Banks have benefited from higher rates, stronger capital buffers since the GFC, and recent curve disinversion.

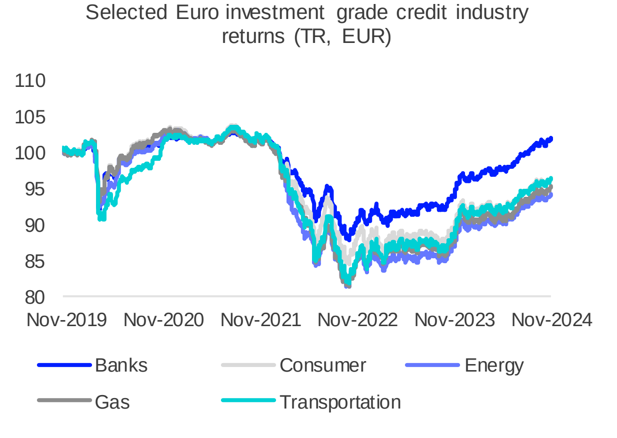
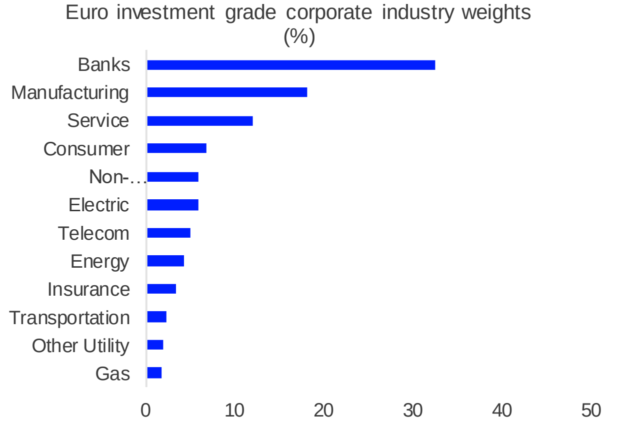


Chart 6: Bank issues compose 32% of the Euro investment grade bond market and are by far the largest issuers, followed by Manufacturing, which has a weight of 18%.



High Yield Credit Analysis

Chart 1: As in the Euro IG corporate bond markets, the lowest Euro HY quality issuers have led returns since 2019. CCCs are up 33%, and have outperformed most, versus 18% for Bs, and 13% for BBs.

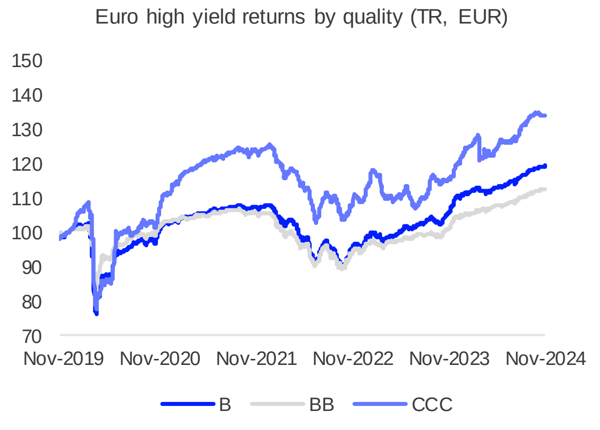


Chart 2: BB and B-rated Euro HY credit spreads have compressed to below pre-Covid levels, and appear tight given uncertain economic prospects in the Euro area. More distress is priced into CCC spreads.

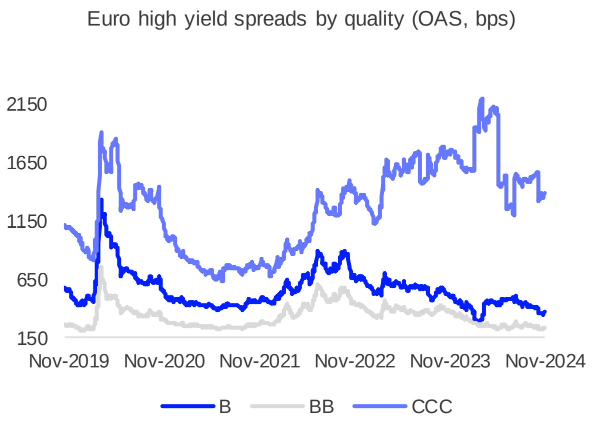


Chart 3: Despite tighter spreads (See Chart 2), BB and B Euro HY credits have higher yields of 4.5%-6.5% respectively versus 2-6% during pre-covid. Yields on CCCs are 17% vs 10.5% in 2019.

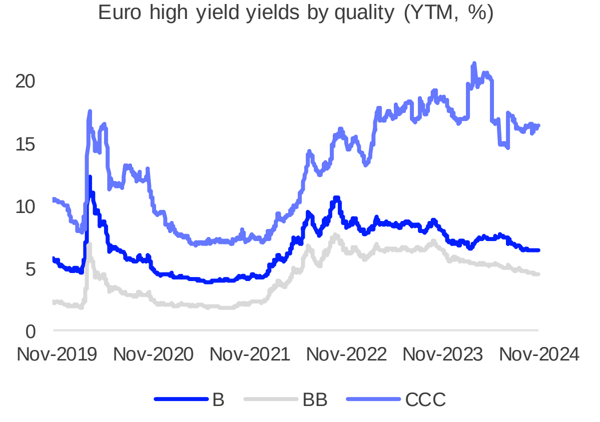


Chart 4: CCCs have the shortest duration of 2.7 years within the Euro high yield universe. Duration for BB/Bs is marginally longer, at 3.1 years. Shorter duration helped CCCs during the 2022 sell-off.

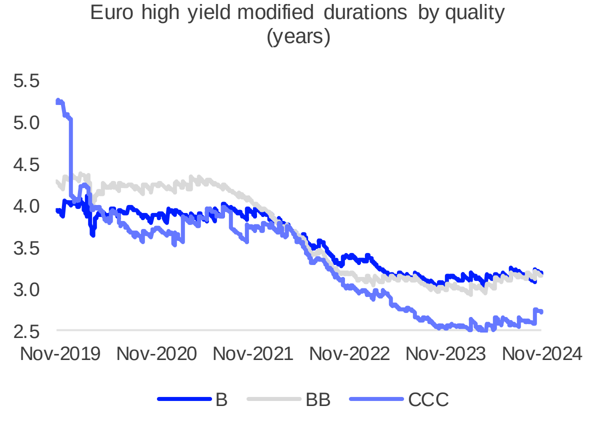


Chart 5: Euro high yield Bank and Consumer issuers have outperformed with returns of 22-24% since 2019. Service and Other Finance sectors gained 10% and 13%, respectively.

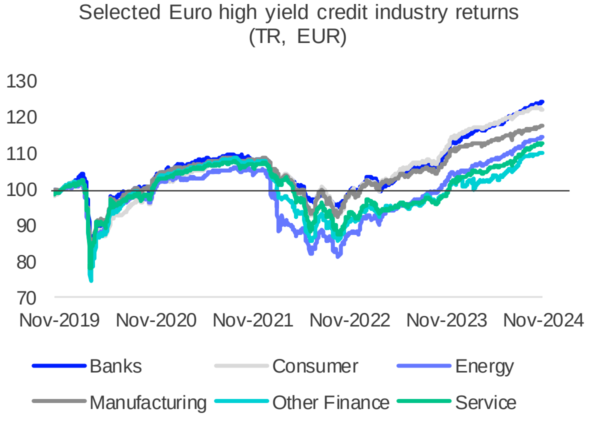
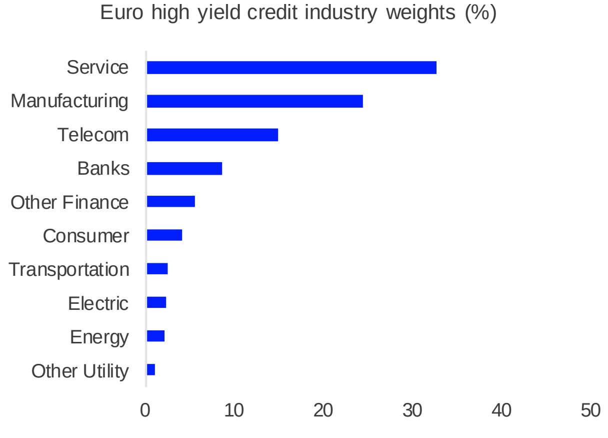


Chart 6: Service and Manufacturing issuers represent 31% and 24% respectively, over half of the Euro high yield credit market. Bank and Consumer issues are about 11% and 5%, respectively.



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SI Sovereign Bond Analysis

Chart 1: Green bond performance has been positive in absolute terms over 12M. Green Sov have outperformed over both 3M and 1Y, with returns benefitting from the index's high duration as yields have fallen.

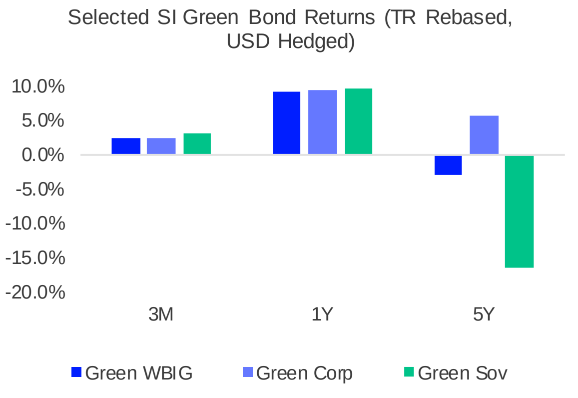


Chart 2: Green Bonds recovered in November, thanks to an underweight in USD bonds, which underperformed most other DM economies, following the US election.

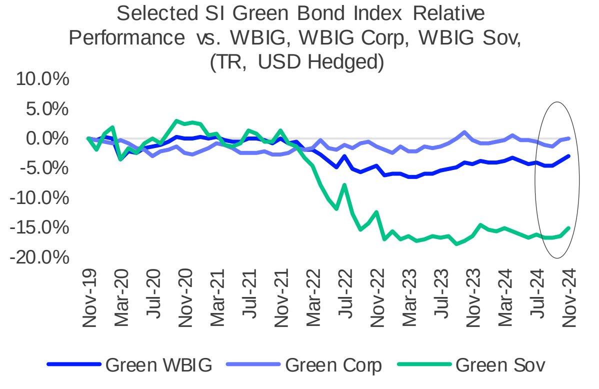


Chart 3: Due to the large amount of green bond issuance in Europe vs the US, both Green Sov and Green WBIG are heavily underweight USD bonds in favour of EUR bonds.

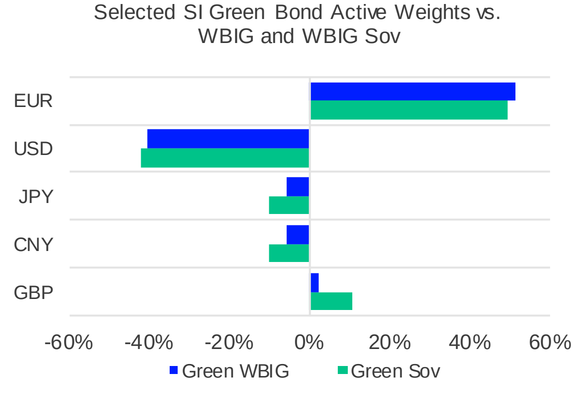


Chart 4: Banks and other financial institutions have been strong issuers of green bonds in recent years, leading to a modest overweight in those industries. Electric utilities are also overweight.

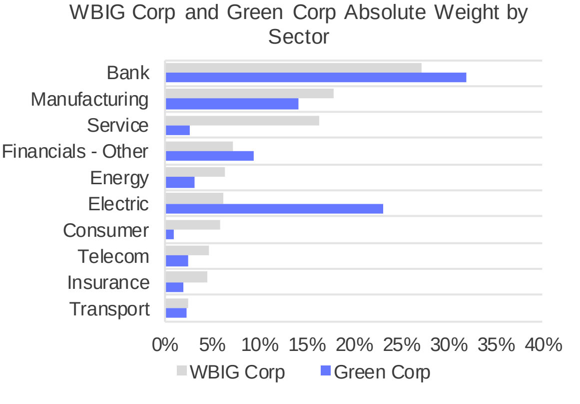


Chart 5: Green bond yields fell vs WBBIG equivalents in October and November due to the US underweight, as US bond yields rose vs other DM economies before, and after, the US election.

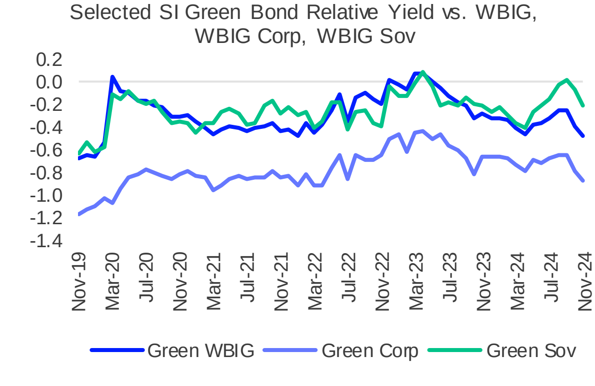
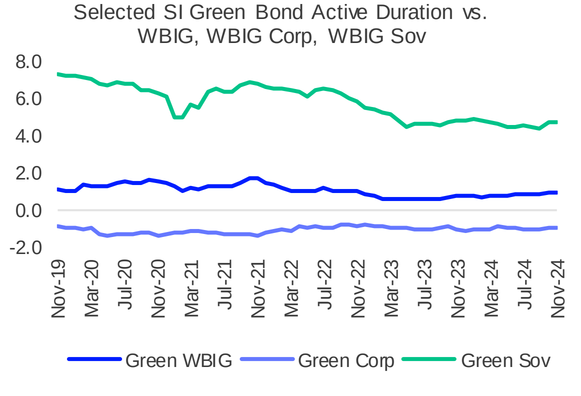


Chart 6: Despite trending lower, Green Sov still exhibit significant positive active duration. In contrast, corporate green bonds have seen a consistently lower duration than their non-green bond counterparts.



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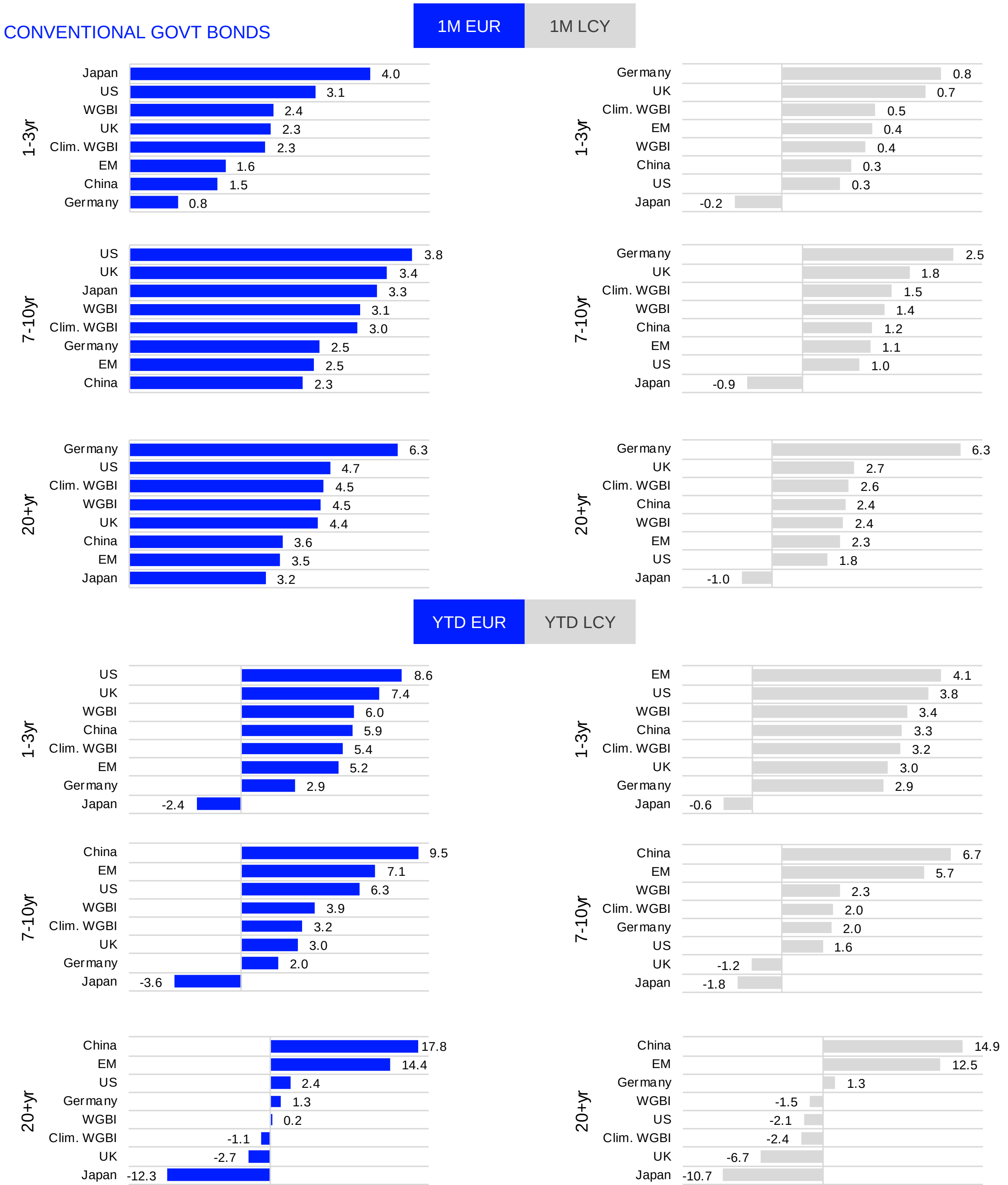
Global Bond Market Returns − 1M & YTD % (EUR, LC, TR)

Bond markets calmed in the second half of November, after selling-off in the risk-on rally, after the US election results, when stronger labour markets, higher inflation and fears of a major US fiscal boost worried bond investors. Increased risk-aversion from heightened geopolitical tensions, and the nomination of Scott Bessent as the new US Treasury secretary, reversed declines, with bond returns finishing the month higher.

Improved performance came from longer government bonds in November. Bunds with 20 year maturities were the best performers, up 6%, while long Treasuries and gilts also gained about 4-5%, with returns boosted by stronger currencies vs the Euro, which depreciated in November. The yen rally turned negative JGB returns into gains of 3-4% in Euro terms.

YTD, longer China (and EM) up 7-18% in Euros, have outperformed strongly, given modest/negative long returns elsewhere. But short bonds gained 3-9%, except JGBs, where returns were negative across the curve due to yen weakness and tight rate policy.



Source: FTSE Russell and LSEG. All data as of November 30, 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.

Global Inflation-Linked Bond Returns – 1M & YTD % (EUR, LC, TR)

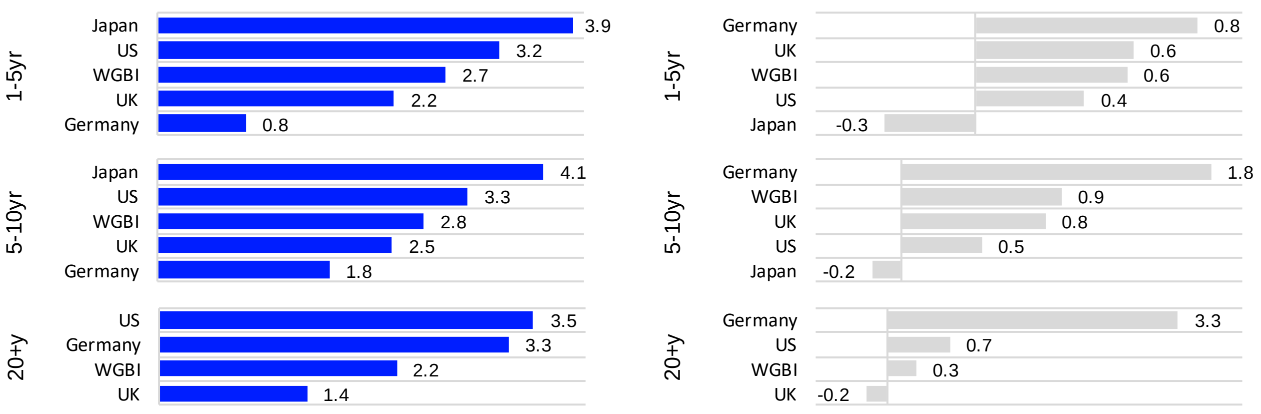
Inflation-linked moved little overall in November, with currency effects from the weaker Euro mostly improving returns in overseas markets, notably in JGBs. JGBs managed small net gains of 4%, due to the yen rallying. Long UK linkers are weakest YTD, while HY credit is the strongest performer, gaining 8-17% in US, EM and Euro HY, outperforming IG equivalents.

Bund linkers were strong performers in local currency terms, gaining up to 3% in November. The combination of a weak euro and the yen rally turned negative returns in JGBs into 4% gains.

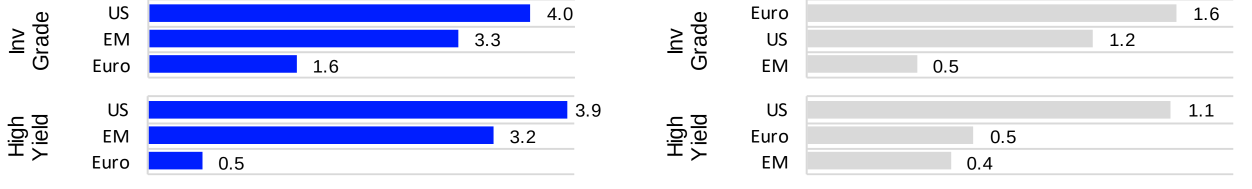
YTD, short and medium Tips have risen 4-10%, with the strong dollar boosting returns in euros. With most real yield curves disinverting and steepening, longer duration markets like the UK have suffered, losing 7% in euro terms.

Credit has been in a sweet spot for much of 2024, benefitting from HY's correlation to equities, and improved financial metrics.

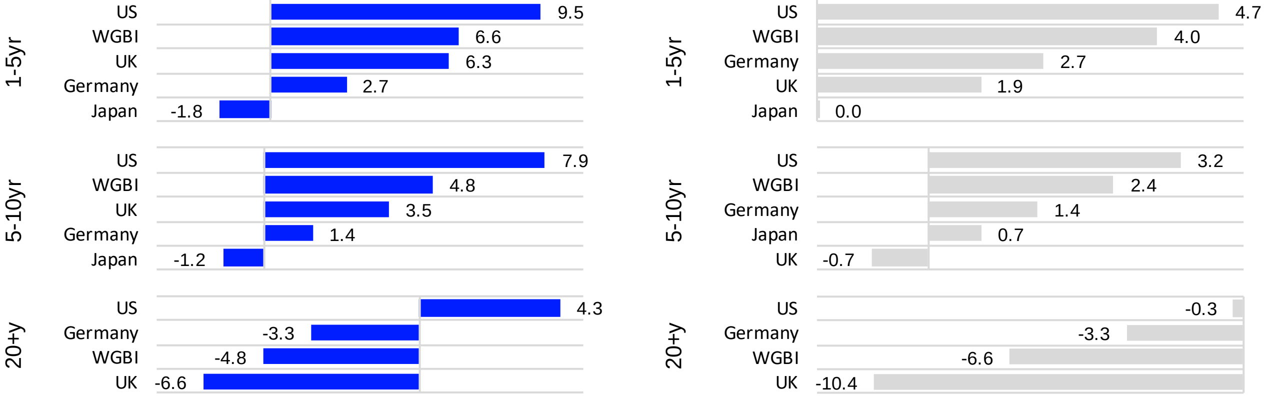
INFLATION LINKED BONDS | 1M EUR | 1M LCY



CORPORATE BONDS



INFLATION LINKED BONDS | YTD EUR | YTD LCY



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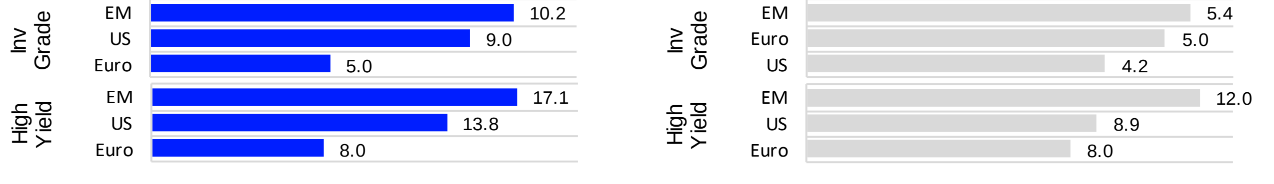

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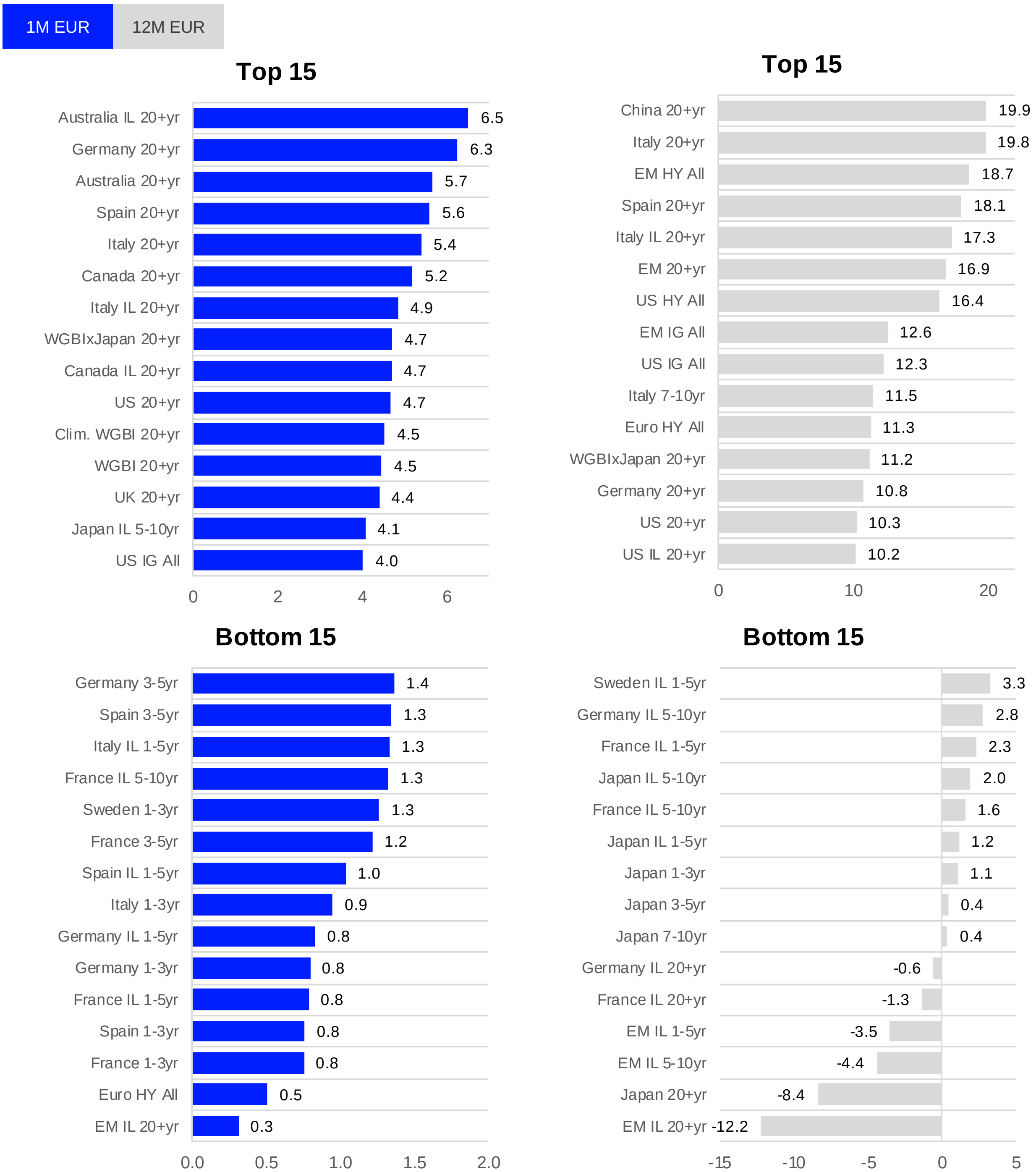
Top and Bottom Bond Returns − 1M & 12M % (EUR, TR)

Government bonds with long maturities recovered and led performance both in November and, in some cases, over 12M. Long Canadian, Australian and peripheral Eurozone govt. bonds were up 5-7 in euros in November, while 12M performance was led by long Chinese, Italian and Spanish government bonds and EM and US high yield credits.

Government bonds with long maturities mostly fared better in November, with 20-year Australian, German, Canadian, Italian and Spanish bonds gaining 5-7% in euros. Short governments and Euro HY credit were down by about 1%, the latter due to the region’s weak economic prospects. Overseas returns benefited from the sharp depreciation of the Euro.

12M returns show long China, Italy, Spain, EM government bonds have gained 17-20% in euros. EM and US high yield credits also show strong gains of 16-19%. Returns for long JGBs and EM inflation linked were negative due to currency depreciation.



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Appendix − Global Bond Market Returns % (EUR & LC, TR) – November 29, 2024

Government bond returns

Top 15% | Bottom 15%

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

		3M		6M		YTD		12M	
		Local	EUR	Local	EUR	Local	EUR	Local	EUR
US	1-3yr	0.51	5.34	3.16	6.03	3.82	8.59	5.01	8.48
	7-10yr	-1.10	3.64	4.50	7.40	1.61	6.27	5.66	9.15
	20+yr	-1.86	2.85	5.84	8.78	-2.12	2.37	6.74	10.27
	IG All	0.58	5.41	5.26	8.19	4.20	8.98	8.67	12.26
	HY All	2.31	7.22	7.09	10.08	8.85	13.85	12.71	16.44
UK	1-3yr	0.80	2.17	2.74	5.42	2.96	7.37	4.47	8.36
	7-10yr	-0.75	0.60	2.74	5.42	-1.23	2.99	3.98	7.85
	20+yr	-2.87	-1.55	2.49	5.16	-6.69	-2.69	3.37	7.22
Euro	IG All	2.49	2.49	5.23	5.23	5.05	5.05	7.94	7.94
	HY All	2.20	2.20	5.16	5.16	8.05	8.05	11.30	11.30
Japan	1-3yr	-0.28	1.32	-0.10	7.44	-0.61	-2.42	-0.60	1.08
	7-10yr	-0.91	0.68	0.95	8.57	-1.81	-3.60	-1.28	0.39
	20+yr	-2.82	-1.26	-0.75	6.74	-10.71	-12.34	-9.92	-8.39
China	1-3yr	0.73	3.45	1.61	4.59	3.27	5.90	3.82	5.74
	7-10yr	1.65	4.39	3.66	6.70	6.75	9.47	7.76	9.75
	20+yr	2.87	5.64	8.07	11.24	14.90	17.83	17.74	19.91
EM	1-3yr	0.97	3.29	2.32	4.16	4.11	5.15	4.81	5.42
	7-10yr	1.31	3.70	4.34	6.76	5.66	7.14	7.57	8.85
	20+yr	2.49	5.12	7.99	10.39	12.53	14.42	15.20	16.88
	IG All	0.21	5.02	4.56	7.47	5.39	10.23	8.97	12.57
	HY All	1.53	6.40	6.03	8.98	11.99	17.13	14.85	18.65
Germany	1-3yr	1.30	1.30	3.06	3.06	2.85	2.85	3.82	3.82
	7-10yr	2.01	2.01	5.94	5.94	1.96	1.96	5.45	5.45
	20+yr	5.29	5.29	11.65	11.65	1.27	1.27	10.79	10.79
Italy	1-3yr	1.57	1.57	3.48	3.48	3.75	3.75	4.83	4.83
	7-10yr	4.15	4.15	7.51	7.51	7.22	7.22	11.50	11.50
	20+yr	7.84	7.84	11.83	11.83	11.44	11.44	19.82	19.82
Spain	1-3yr	1.38	1.38	3.22	3.22	3.45	3.45	4.52	4.52
	7-10yr	2.85	2.85	6.23	6.23	4.77	4.77	8.93	8.93
	20+yr	7.11	7.11	11.81	11.81	8.60	8.60	18.08	18.08
France	1-3yr	1.40	1.40	3.16	3.16	2.79	2.79	4.01	4.01
	7-10yr	1.42	1.42	3.85	3.85	0.51	0.51	4.39	4.39
	20+yr	2.90	2.90	4.62	4.62	-3.11	-3.11	6.65	6.65
Sweden	1-3yr	0.90	-0.82	3.66	2.62	3.94	0.33	5.22	4.32
	7-10yr	1.37	-0.36	5.75	4.69	3.06	-0.51	8.41	7.48
Australia	1-3yr	0.37	1.00	2.26	2.96	3.05	2.90	4.22	5.78
	7-10yr	-1.38	-0.77	3.07	3.77	1.53	1.38	5.49	7.07
	20+yr	-3.61	-3.01	2.34	3.04	-3.91	-4.06	3.55	5.10
New Zealand	1-3yr	1.24	0.32	4.31	3.23	5.72	3.30	6.91	5.78
	7-10yr	0.35	-0.57	5.69	4.59	4.20	1.82	9.19	8.03
	20+yr	-2.50	-3.39	4.17	3.09	-1.64	-3.89	7.31	6.17
Canada	1-3yr	1.15	2.04	3.30	3.37	4.31	2.74	5.21	5.25
	7-10yr	0.81	1.70	5.81	5.88	3.15	1.60	7.15	7.19
	20+yr	2.89	3.79	8.58	8.65	0.40	-1.11	7.82	7.86

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Appendix − Global Bond Market Returns % (EUR & LC, TR) – November 29, 2024

Inflation-Linked Bond Returns

Top 15% | Bottom 15%

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

		3M		6M		YTD		12M	
		Local	JPY	Local	JPY	Local	JPY	Local	JPY
US	1-5yr	0.86	5.70	3.27	6.14	4.71	9.51	6.04	9.54
	5-10yr	-0.38	4.40	3.63	6.51	3.20	7.94	6.44	9.96
	20+yr	-1.52	3.21	4.90	7.82	-0.29	4.28	6.68	10.20
UK	1-5yr	0.61	1.97	1.77	4.43	1.91	6.28	4.22	8.09
	5-10yr	-0.58	0.77	0.86	3.49	-0.71	3.54	3.08	6.92
	20+yr	-4.28	-2.98	-1.55	1.02	-10.42	-6.58	-0.35	3.35
Japan	1-5yr	-0.32	1.28	0.64	8.24	0.02	-1.80	-0.52	1.16
	5-10yr	-0.55	1.05	0.91	8.52	0.68	-1.15	0.27	1.96
EM	1-5yr	2.45	2.96	5.53	-3.95	8.57	-5.16	10.41	-3.49
	5-10yr	0.85	1.54	4.30	-3.66	3.54	-7.32	6.19	-4.40
	20+yr	-2.33	-1.96	-0.31	-9.39	-5.54	-17.12	-0.63	-12.24
Germany	1-5yr	1.38	1.38	2.74	2.74	2.66	2.66	3.41	3.41
	5-10yr	1.92	1.92	3.78	3.78	1.39	1.39	2.81	2.81
	20+yr	3.24	3.24	4.65	4.65	-3.30	-3.30	-0.57	-0.57
Italy	1-5yr	2.15	2.15	3.91	3.91	4.17	4.17	5.62	5.62
	5-10yr	3.77	3.77	5.49	5.49	6.38	6.38	9.51	9.51
	20+yr	8.63	8.63	8.31	8.31	9.02	9.02	17.30	17.30
Spain	1-5yr	1.50	1.50	3.10	3.10	2.95	2.95	4.01	4.01
	5-10yr	2.30	2.30	3.87	3.87	3.95	3.95	6.16	6.16
France	1-5yr	1.18	1.18	2.19	2.19	1.23	1.23	2.32	2.32
	5-10yr	1.03	1.03	1.59	1.59	-0.61	-0.61	1.58	1.58
	20+yr	1.47	1.47	-1.98	-1.98	-8.96	-8.96	-1.34	-1.34
Sweden	1-5yr	1.08	-0.65	3.21	2.18	3.16	-0.42	4.17	3.28
	5-10yr	1.87	0.13	4.95	3.90	3.63	0.04	7.36	6.44
Australia	1-5yr	-0.44	0.18	1.57	2.27	1.88	1.72	3.55	5.10
	5-10yr	-0.60	0.01	2.53	3.22	1.10	0.95	5.57	7.15
	20+yr	-3.78	-3.18	0.24	0.92	-9.47	-9.60	3.72	5.27
New Zealand	5-10yr	0.87	-0.05	2.76	1.69	4.75	2.36	8.48	7.33
Canada	20+yr	4.09	5.01	8.05	8.12	4.45	2.88	8.75	8.79

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Appendix – Historical Bond Yields % as of November 29, 2024

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	4.24	4.12	4.18	4.48	1.81	1.86	2.17	5.08	7.36
	3M Ago	4.04	3.77	3.87	4.31	1.90	1.69	2.06	4.97	7.53
	6M Ago	4.94	4.58	4.50	4.70	2.35	2.08	2.30	5.55	8.21
	12M Ago	4.82	4.39	4.35	4.63	2.57	2.14	2.27	5.64	8.47
UK	Current	4.13	4.01	4.17	4.67	0.27	0.57	1.46		
	3M Ago	4.09	3.84	3.90	4.44	0.37	0.43	1.27		
	6M Ago	4.60	4.26	4.23	4.68	0.31	0.46	1.32		
	12M Ago	4.52	4.16	4.11	4.61	0.62	0.53	1.30		
Japan	Current	0.55	0.67	0.93	2.18	-1.06	-0.58			
	3M Ago	0.32	0.43	0.76	2.03	-1.28	-0.79			
	6M Ago	0.34	0.55	0.93	2.09	-1.19	-0.69			
	12M Ago	0.00	0.17	0.57	1.63	-2.08	-0.94			
China	Current	1.38	1.58	1.99	2.24					
	3M Ago	1.55	1.77	2.14	2.37					
	6M Ago	1.77	1.99	2.31	2.61					
	12M Ago	2.37	2.47	2.66	3.02					
EM	Current	3.09	3.36	3.99	3.70	6.09	5.50	5.95	5.34	7.83
	3M Ago	3.09	3.51	4.09	3.68	5.76	5.15	5.64	5.13	7.76
	6M Ago	3.30	3.83	4.47	3.96	5.69	5.26	5.63	5.81	8.79
	12M Ago	3.66	4.22	4.76	4.46	4.42	4.45	5.10	6.09	10.50
Germany	Current	1.94	1.85	2.02	2.29	0.72	0.19	0.39		
	3M Ago	2.45	2.15	2.18	2.50	1.46	0.49	0.54		
	6M Ago	3.07	2.72	2.59	2.77	1.45	0.60	0.55		
	12M Ago	2.86	2.41	2.37	2.67	1.16	0.34	0.28		
Italy	Current	2.29	2.46	3.04	3.76	0.76	1.18	1.67		
	3M Ago	2.85	2.90	3.45	4.13	1.44	1.66	1.98		
	6M Ago	3.46	3.42	3.73	4.30	1.54	1.68	1.91		
	12M Ago	3.39	3.40	3.93	4.59	1.60	1.97	2.15		
France	Current	2.20	2.39	2.74	3.32	0.55	0.72	1.11		
	3M Ago	2.64	2.60	2.84	3.42	0.97	0.85	1.16		
	6M Ago	3.20	2.99	3.02	3.45	0.94	0.79	0.97		
	12M Ago	3.01	2.73	2.87	3.46	0.84	0.63	0.95		
Sweden	Current	1.64	1.66	1.87		0.48	0.25			
	3M Ago	1.87	1.80	1.98		0.94	0.56			
	6M Ago	3.04	2.60	2.46		1.69	0.92			
	12M Ago	3.27	2.70	2.61		1.30	1.12			
Australia	Current	3.99	3.92	4.25	4.79	1.76	1.82	2.29		
	3M Ago	3.66	3.57	3.91	4.49	1.26	1.51	2.05		
	6M Ago	4.11	4.08	4.35	4.79	1.67	1.80	2.17		
	12M Ago	4.15	4.04	4.36	4.73	1.28	1.81	2.19		
New Zealand	Current	3.81	3.90	4.35	4.97		2.25			
	3M Ago	3.97	3.86	4.24	4.74	2.47	2.21			
	6M Ago	4.82	4.67	4.77	5.07	2.33	2.32			
	12M Ago	5.07	4.78	4.89	5.09	1.91	2.59			
Canada	Current	3.08	2.96	3.10	3.16	1.18	1.21	1.43		
	3M Ago	3.47	3.05	3.10	3.26	1.53	1.39	1.62		
	6M Ago	4.26	3.73	3.64	3.50	1.85	1.81	1.74		
	12M Ago	4.27	3.71	3.58	3.38	1.80	1.81	1.69		

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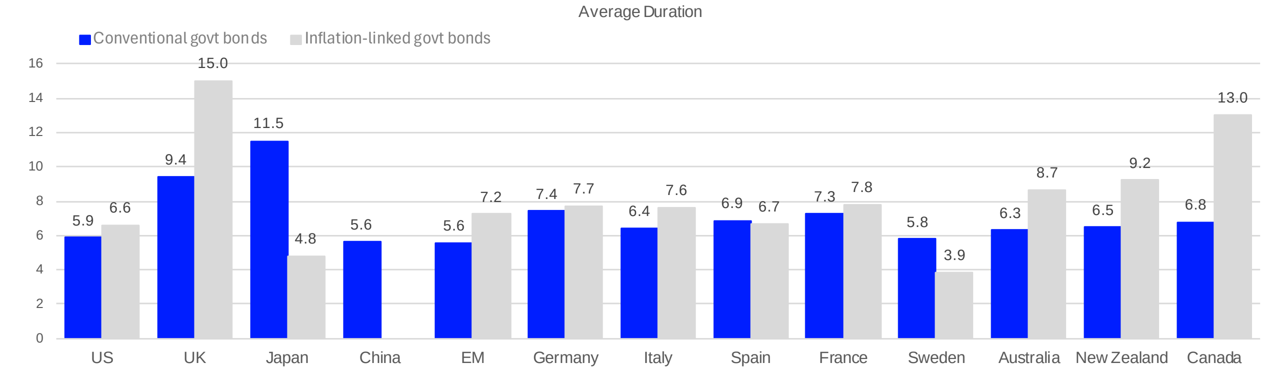
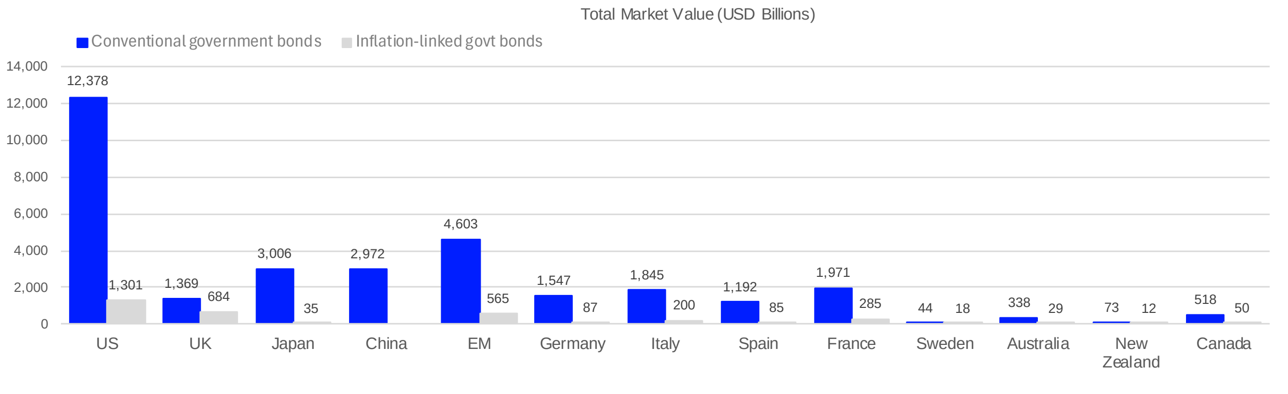
Appendix – Duration and Market Value (USD, Bn) as of November 29, 2024

	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	16.6	**5.9**	2,900.5	1,238.5	1,446.1	**12,378.1**	7.0	21.2	**6.6**	425.0	122.4	**1,301.5**
UK	3.7	7.3	18.1	**9.4**	213.8	231.9	338.6	**1,369.2**	7.5	26.7	**15.0**	126.4	229.5	**684.2**
Japan	3.9	8.2	22.9	**11.5**	353.8	430.9	607.2	**3,006.3**	7.9		**4.8**	13.8		**34.9**
China	3.7	7.6	18.1	**5.6**	676.6	508.0	325.4	**2,972.3**						
EM	3.6	7.1	16.4	**5.6**	994.4	815.3	433.8	**4,603.1**	5.9	13.0	**7.2**	95.5	143.2	**564.6**
Germany	3.7	7.7	21.4	**7.4**	309.3	245.6	177.8	**1,546.6**	6.1	20.6	**7.7**	43.8	18.1	**87.4**
Italy	3.5	7.2	17.2	**6.4**	316.8	281.7	161.8	**1,845.3**	7.0	25.3	**7.6**	60.2	5.9	**200.3**
Spain	3.6	7.2	18.0	**6.9**	247.4	214.2	123.6	**1,191.9**	7.2		**6.7**	50.2		**85.0**
France	3.7	7.4	19.3	**7.3**	349.1	337.5	247.6	**1,971.4**	6.5	23.7	**7.8**	76.8	21.5	**285.1**
Sweden	3.3	7.5		**5.8**	6.9	9.9		**43.6**	6.3		**3.9**	6.0		**18.3**
Australia	3.5	7.2	16.3	**6.3**	52.1	98.7	19.8	**338.5**	6.2	21.4	**8.7**	10.7	2.8	**28.5**
New Zealand	3.7	7.2	16.0	**6.5**	13.8	18.0	5.2	**73.3**	5.3		**9.2**	3.2		**11.8**
Canada	3.8	7.3	19.4	**6.8**	83.3	115.8	76.7	**517.7**	6.0	20.2	**13.0**	8.2	20.6	**49.7**

	Investment grade bonds										High Yield	
	Duration					Market Value					Duration	MktVal
	AAA	AA	A	BBB	Overall	AAA	AA	A	BBB	Overall		
US	10.2	8.5	7.1	6.6	7.0	76.7	478.2	2832.1	3710.2	7097.1	3.8	1107.3
Europe	6.0	4.7	4.6	4.2	4.4	15.3	216.4	1249.7	1587.1	3068.5		
EM		6.6	5.5	5.4	5.5		39.3	210.0	236.9	486.2	3.6	194.5





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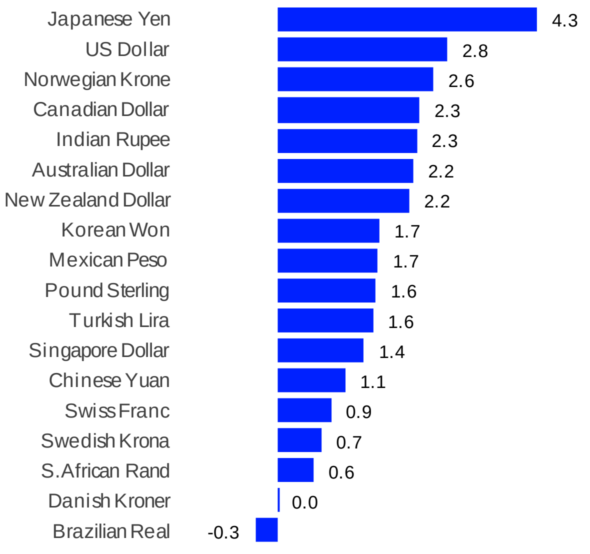
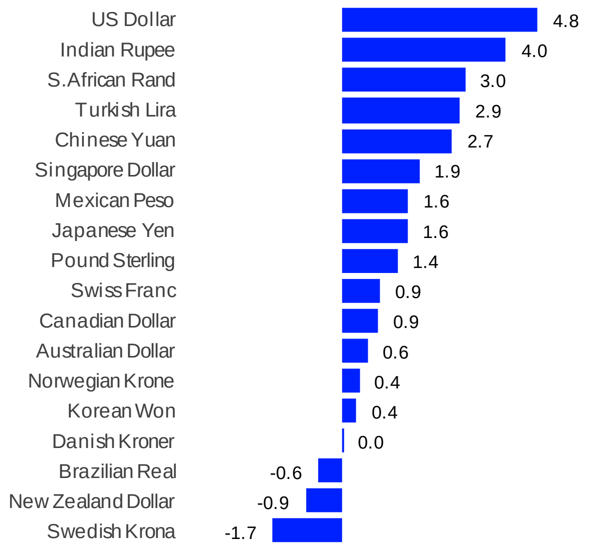
Appendix − Foreign Exchange Returns % as of November 29, 2024

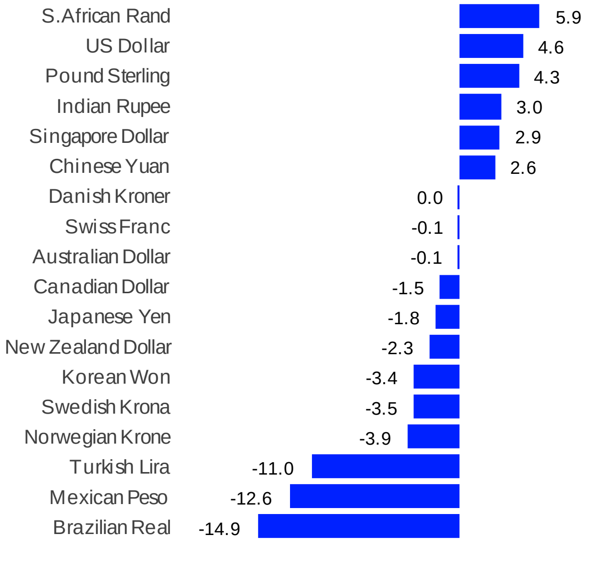
FX Moves vs EUR - 1M



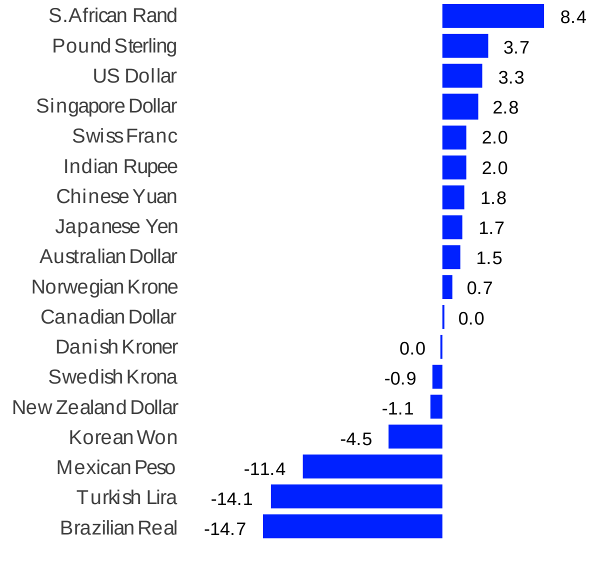
FX Moves vs EUR - 3M



FX Moves vs EUR - YTD



FX Moves vs EUR - 12M



Source: FTSE Russell and LSEG. All data as of November 30, 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 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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