Global Investment Research
Market Maps

FTSE RUSSELL
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Fixed Income Insights

EUROZONE EDITION

MONTHLY REPORT | **NOVEMBER 2024**

Long Italian & Spanish govts return 20%+ over 12M

Central bank easing continued in October, including the Eurozone, where weak growth and inflation at target levels, allowed the ECB to cut 0.25%. Fiscal stimulus in China and the UK signalled a shift away from reliance on rates to boost growth, driving term premia higher, alongside buoyant US growth. Credit spreads narrowed but mainly on higher govt yields. The USD rally resumed. Peripheral Euro sovereigns and HY lead 12M returns.

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Macro and policy backdrop – US and Canada projected to grow by 2% plus in 2025 The IMF's latest growth forecasts for 2025 highlight significant regional differences, with projected growth dipping in the US and China, rising modestly in Europe and Japan, and doubling in Canada. (pages 2-3)

Yields, curves and spreads – G7 curves bear steepen as term premia rise ECB and BoC rate cuts did not prevent long yields rising. US spreads widened. (pages 4-5)

Credit analysis – High yield and investment grade Bank credits lead performance Banks led both investment grade and high yield credit performance in the last five years, helped by better capital ratios, and stronger net interest income. (page 6-7)

Sovereign and climate bonds – Quality matters with ESG scores. ESG WGBI has a clear quality bias vs WGBI, implying that more developed, lower risk sovereigns are likely to have higher ESG scores than their less developed counterparts. (page 8)

Performance – Q3 rally stalls after stronger US growth – only China was positive Government bonds gave up some of the Q3 gains in October, led by JGBs, as term premia rose. China outperformed after further policy easing. Over 12M, Eurozone sovereigns have gained 12-24%, notably in Italy and Spain. Euro high yield are also up 14%. (pages 9-10).

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

CONTENTS

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Chart 1: Yields increased most sharply in the US and UK in October, as stronger economic data weighed on US Treasuries. German real yields continued to push nominals higher on low inflation.

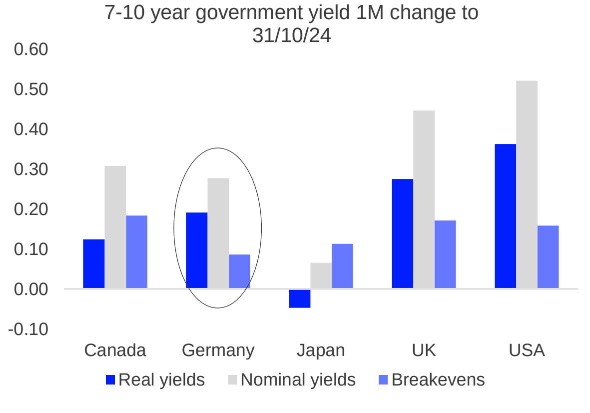
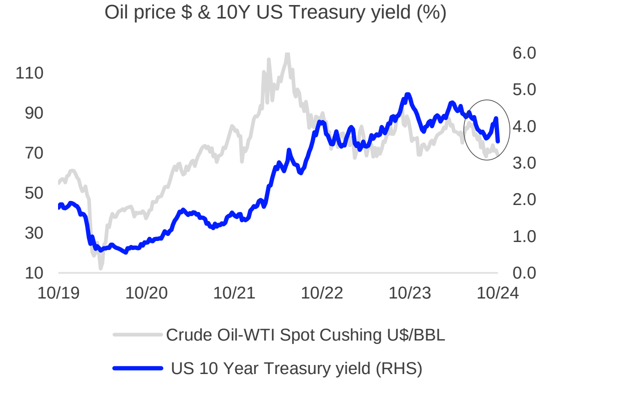


Chart 2: The 10-year US yield correlation with oil prices broke down in October, as the decline in the oil prices was not matched by lower yields. Post-US election fallout may keep the relationship unpredictable in Q4.



Macroeconomic Backdrop – Growth and Inflation Expectations

World economies have averted a recession in 2024, but IMF projections point to significant differences in regional economic growth, especially in the medium term. Inflation is deemed to have been tamed generally worldwide, but stagflation risks have increased. Lower oil prices and higher gold/copper ratio highlight heightened uncertainty.

The IMF has highlighted differences in the regional growth outlook for 2025, especially in the medium term. China's growth outlook remains a concern, despite announcement of a sizeable stimulus package to repair its property market and reverse weak economic growth. Robust US growth is expected to soften in 2025, despite the recent 2.8% Q3 GDP, while in the UK, Eurozone and Japan, growth is forecast to recover from a low base. Canadian GDP growth is forecast to double to 2.4% in 2025-26 (Chart 1).

As Chart 2 shows, G7 disinflation continues, due to higher rates, lacklustre growth (except US) and lower oil, shelter, food and service prices. Despite a modest uptick in October to 2.0% y/y (from 1.7% y/y in Sept.), Eurozone inflation remains within the ECB target, despite variations in CPIs between EU member countries, ranging from 3.6% y/y in the Netherlands to 0.9% in Italy.

Although generally higher than the G7 average, Eurozone savings vs disposal income have risen to their highest levels since 1999, indicating weaker sentiment and greater uncertainty. As Chart 3 shows, Germany has the highest savings ratio of nearly 20%, followed by France 17% and Spain 13%. Portugal and Italy are outliers, with sub-EU average ratios of 10-12%, which have also dipped compared to levels in 1999, even if ratios are higher today.

The fall in the oil price (about 3% in October) and rise in the gold-copper price ratio highlight slowing global economic growth, falls in oil inventories, OPEC+ members' decision to delay production increases in 2024, and higher geopolitical uncertainty (Chart 4).

Chart 1: The IMF global economic projections for 2024-25 are mixed: China & US are expected to be weaker; the Eurozone, UK & Japan to improve from a low base; Canada, to double 2024 GDP growth.

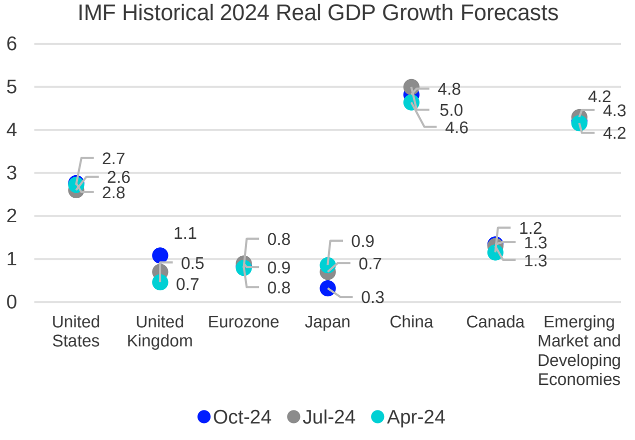


Chart 2: G7 inflation has been tamed successfully, but deflation may be building up in some regions, like in the Eurozone, where weak/flat growth is making the balancing of growth vs inflation challenging for the ECB.

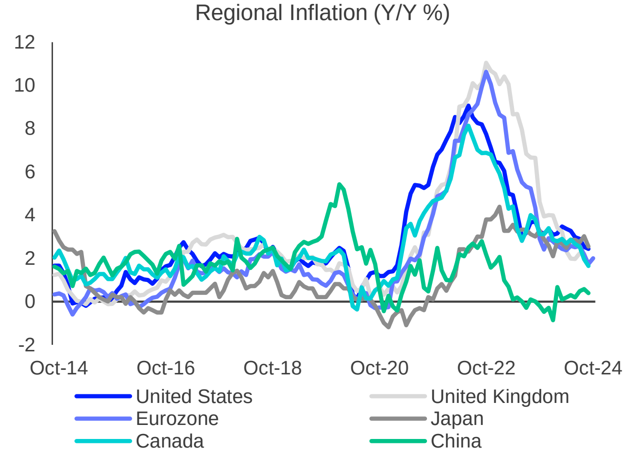


Chart 3: European savings as a % of disposable income, already high vs G7 peers, have risen during 2024 to their highest levels since 1999. Portugal and Italy are outliers, where the ratio is below the Euro average.

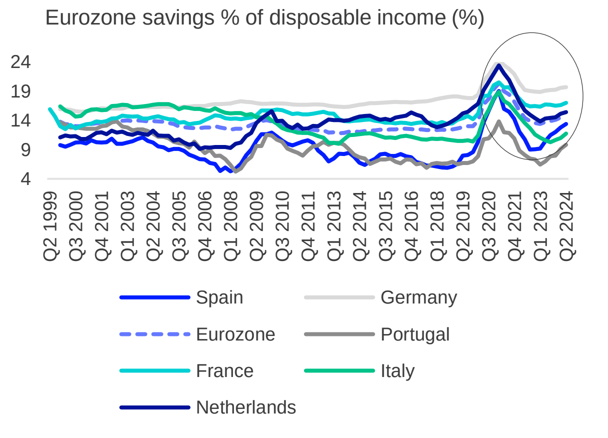
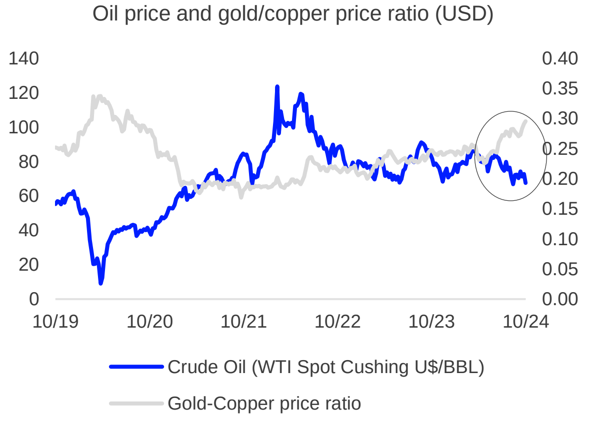


Chart 4: Both the decline in the oil price in October, and the gold-copper ratio, indicate a slowdown in global economic growth, and heightened uncertainty arising from rising geopolitical tensions.



Source: FTSE Russell and LSEG. All data as of October 31, 2024. Chart 4 date to July 26, 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.

Financial Conditions and Monetary Policy Settings

Some central banks continued to ease in October to boost growth, alongside further balance sheet contraction. The BoC accelerated the pace of easing compared to the more gradualist approach from other central banks. Stronger US Q3 growth means the Fed has the option of a pause in easing, while in the Eurozone, variations in growth and inflation between EU countries make the task of a soft landing and targeting 2% inflation challenging.

Chart 1 shows a modest uplift in the Eurozone House Price Index, the first time since the European central bank began monetary policy easing in Q2 2024; Euro area house prices are rising by 1.3% y/y.

Dollar weakness reversed in October, after stronger US data, and a sharp revision to Fed easing expectations (Chart 2). The US dollar gained 3% vs the Euro (see page 16) after the US economy grew by 2.8% in Q3 vs 0.4% in the Euro area. The higher growth, together with a resilient US labour market (unemployment lower by 0.1% to 4.1% in Sept.), suggest the Fed could delay easing rates again, though another 25bp is expected at the next Fed meeting on November 7th.

Central banks eased monetary policy further in October, due to lower inflation and weaker growth. China reduced its 1-year loan prime rate (corporate/household loans benchmark), by 25bps to 3.1%, and the 5-year rate (mortgage reference), to 3.6%. The BoC increased the pace of its cuts to 50bps (from 25bp) to 3.75%, while in Europe, the ECB reduced rates by 0.25% to 3.4%, given variations in Eurozone inflation rates. The ECB is expected to continue its gradual approach to easing (Chart 3).

G7 central banks' balance sheets have declined significantly over the last two years, though they remain substantial. As Chart 4 highlights, the BoC has seen the biggest fall, down by about 50% from its peak in 2022, but the level remains higher than in 2014. The Fed, ECB and BoE are lower by about 20-30% from their 2022 peaks. Japan is the exception, with the BoJ's balance sheet being mostly unchanged since 2023, and more than three times higher than it was in 2014.

Chart 1: The Euro area house price index reversed in Q2 for the first time in two years, in line with the ECB's first easing in monetary policy in May 2024.

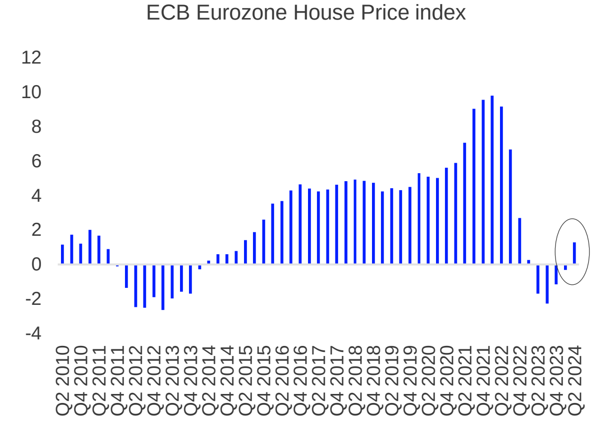


Chart 2: The strength of the US dollar relative to the Euro shows the difference in economic growth between regions, with the former growing by 2.8% in Q3 compared to 0.4% in the Euro area.

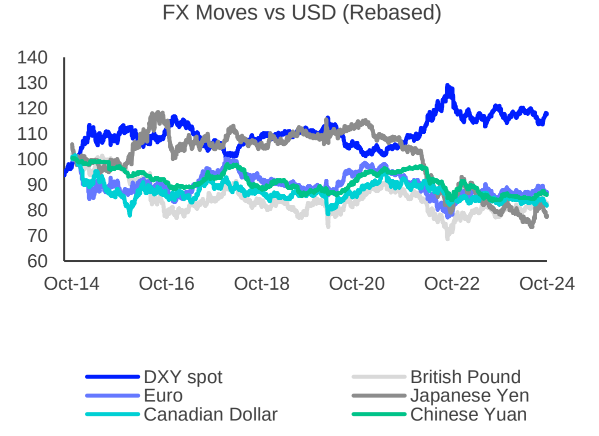


Chart 3: The PBoC, BoC and ECB have all reduced rates in October. Canada accelerated the pace with a 0.50% cut, while the ECB implemented its third cut 25bp cut in 2024 to 3.4%.

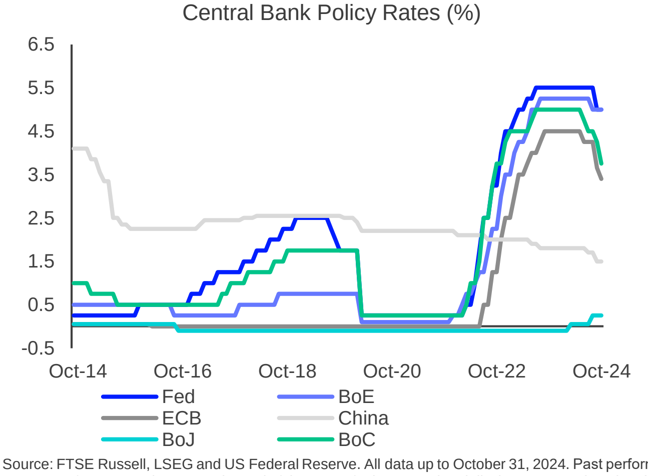
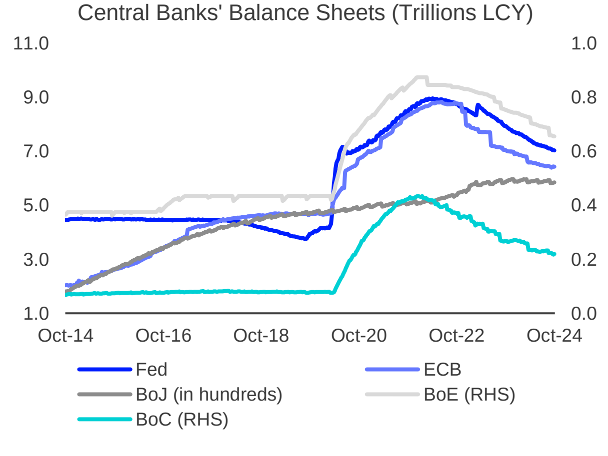


Chart 4: While still above 2014 levels, central banks' balance sheets have come down a long way since 2024, with Canada, the closest to returning to pre-Covid levels. The BoJ is the exception.



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Global Yields, Curves and Breakevens

Chart 1: G7 yields rebounded in October, led by US Treasuries and UK gilts, as US growth strengthened and gilt funding fears emerged ahead of the UK budget. Bund yields moved less after ECB easing.

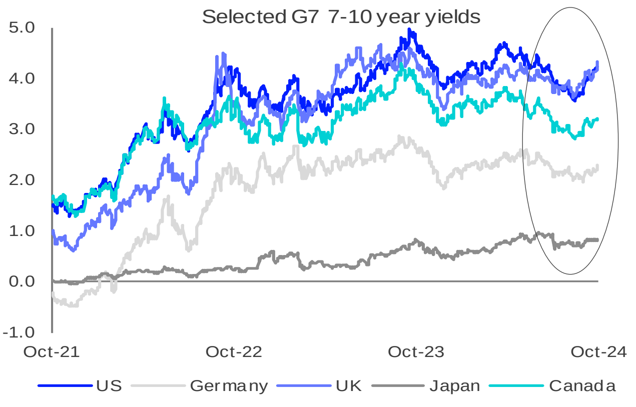


Chart 2: Real yields followed nominal yields higher, led by US Tips. Eurozone and UK real yields moved less, after ECB easing, and with gilt funding fears focused on conventional bonds.

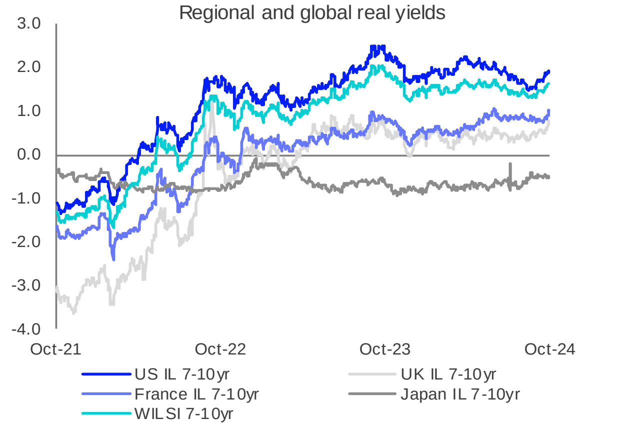


Chart 3: Yield curves disinverted in 2024, as central bank easing drove short yields lower, versus longer maturities. The Canadian curve has disinverted the most, as the BoC continues to ease more than the Fed.

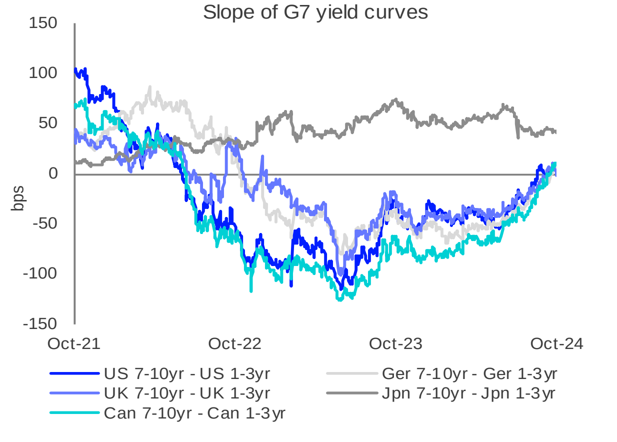


Chart 4: Yield curves have steepened a bit more in longs, than mediums, reflecting increased issuance fears, although moves are similar. The JGB curve has steepened most, as curve control ended.

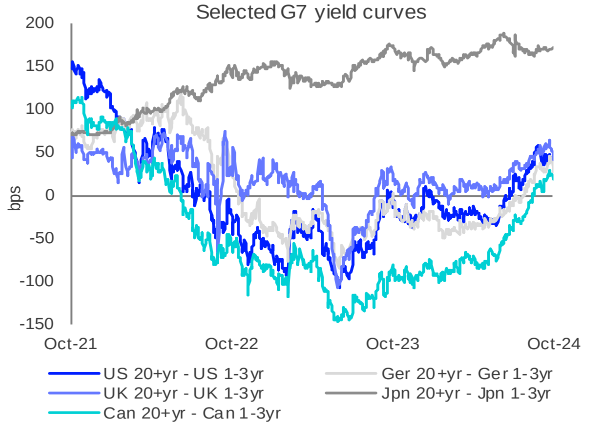


Chart 5: Inflation breakevens moved higher in October, as nominal yields proved more sensitive to the US growth rebound and sticky US inflation. ECB easing restricted the move in Eurozone breakevens.

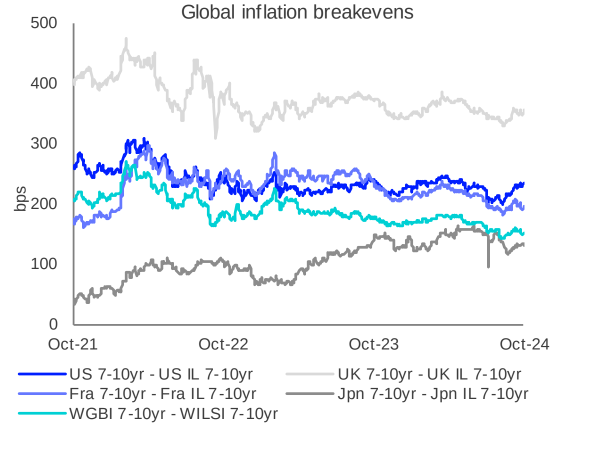
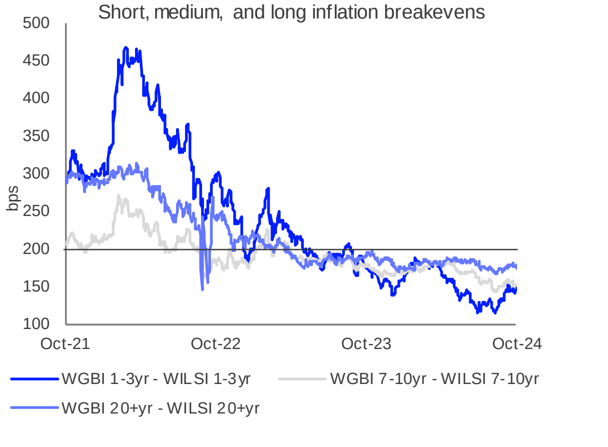


Chart 6: Globally, breakevens remain near cycle-lows, helped by lower oil prices, even if they rebounded in October. Short breakevens also remain below medium and long, as they did in the lowflation regime, pre-Covid.



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Yield Spreads and Credit Spread Analysis

Chart 1: Stronger US growth in Q3 drove US spreads wider as markets re-framed Fed easing, pricing in more gradual easing. Spreads vs Bunds moved sharply as the ECB eased policy again.

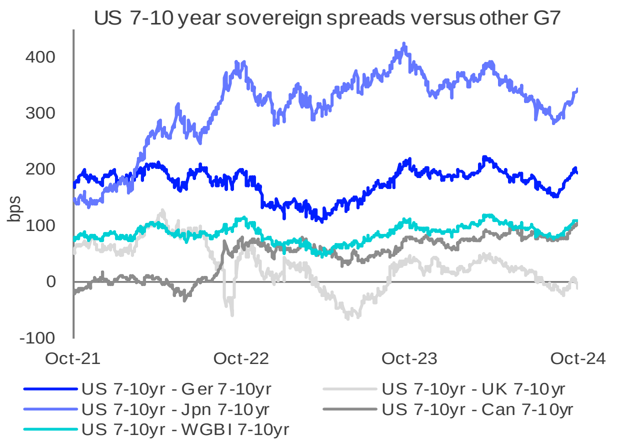

Chart 2: French and Italian spreads converged, after OAT yields rose sharply, following France's much higher public debt deficit. Italian spreads benefited from ECB policy easing & post-Covid EÚ fiscal support.

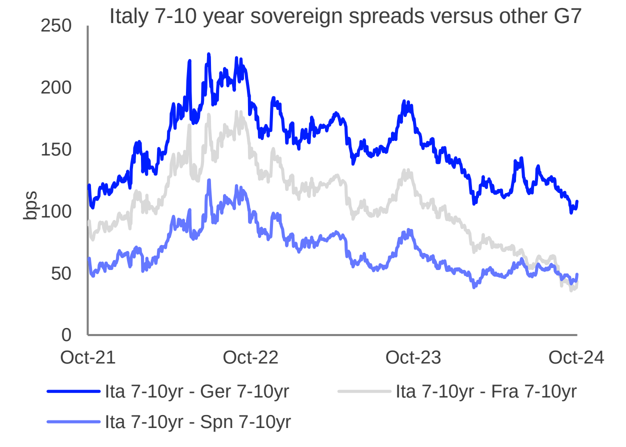

Chart 3: EM sovereign spreads resumed their tightening trend, as G7 yields backed up in October, and China yields edged lower. Spreads moved close to new lows versus US Treasuries and UK gilts.

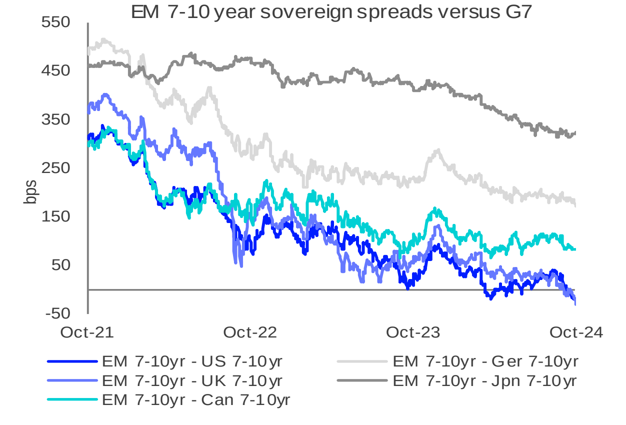

Chart 4: Further PBoC easing and a rebound in G7 yields in October drove China spreads sharply lower, and close to 2023-24 lows. Spreads even fell versus Canada, despite more BoC policy easing.

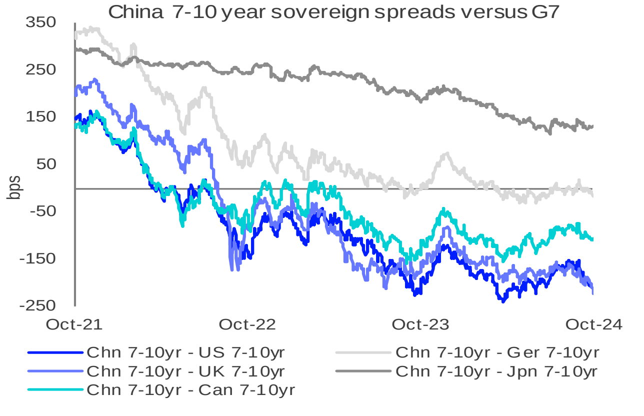

Chart 5: Credit spreads fell further in October, but mainly due to the back-up in govt bond yields, led by US Treasuries. HY spreads fell to below pre-Covid levels in the US, helped by improved credit quality.

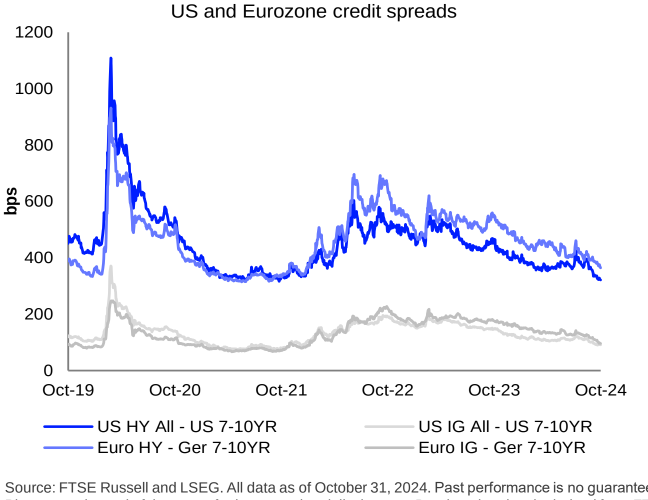

Chart 6: Chinese high yield spreads have collapsed, helped by rate cuts, the stimulus package for the property sector and weak growth. US HY spreads have also fallen sharply.

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Credit sector analysis

Chart 1: Breaking down the performance of the Euro IG corporate bond universe at the Industry level shows the recovery of banks, the only industry to have a positive return in 5 years.

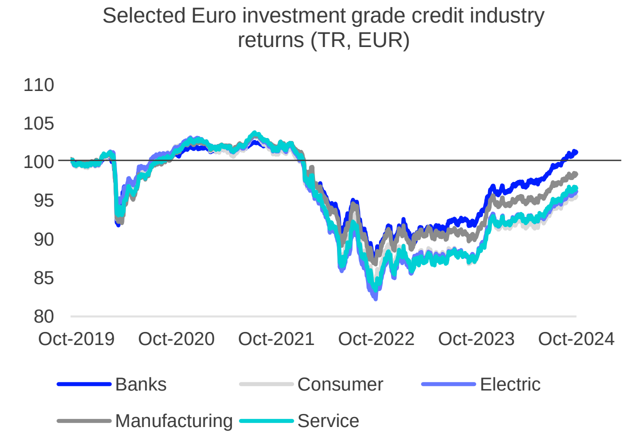


Chart 2: The large weighting in banks of 32%, in the Euro IG corporate universe, reflects the key role of the sector in household and corporate finance. This dwarfs manufacturing's 18% weight.

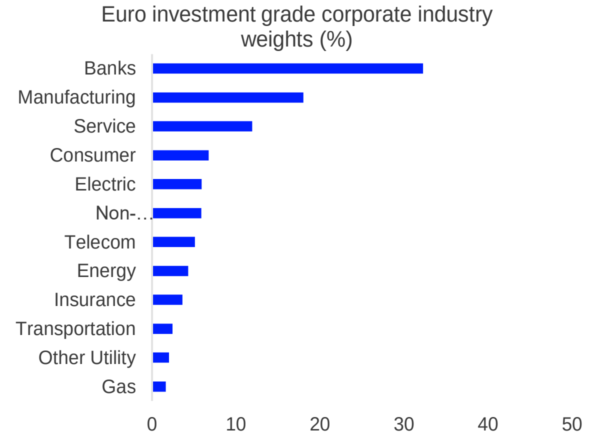


Chart 3: US IG corporate bond rally gave up ground in October, after stronger Q3 growth suggested rates may stay higher for longer. But weaker payrolls for October would support a rate cut on Nov 7.

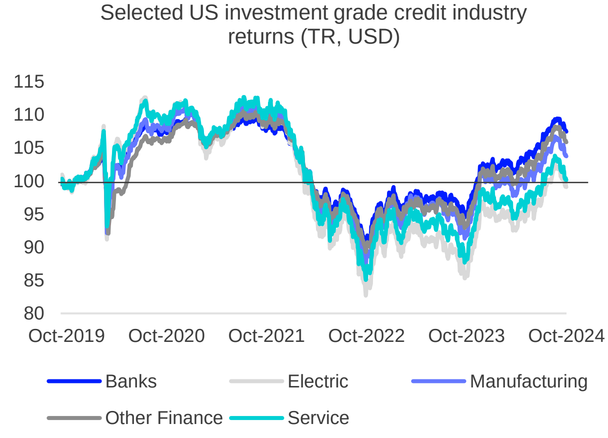


Chart 4: US industry representation in the IG universe is less concentrated than its Euro IG corporate peers, with banks, accounting for 22%, followed by 19% in services and manufacturing.

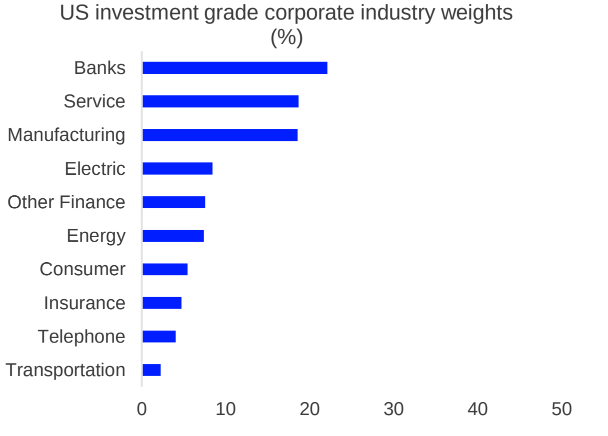


Chart 5: Like Euro IG corporate bonds, UK IG corporate banks have recovered from their deep 2021 losses, finishing the five-year period to October 2024 up 3%.

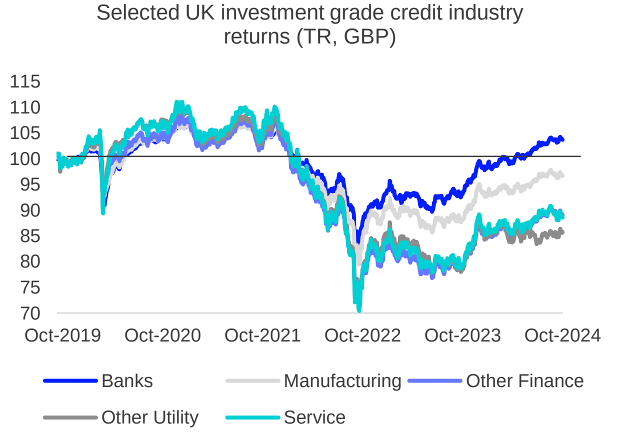
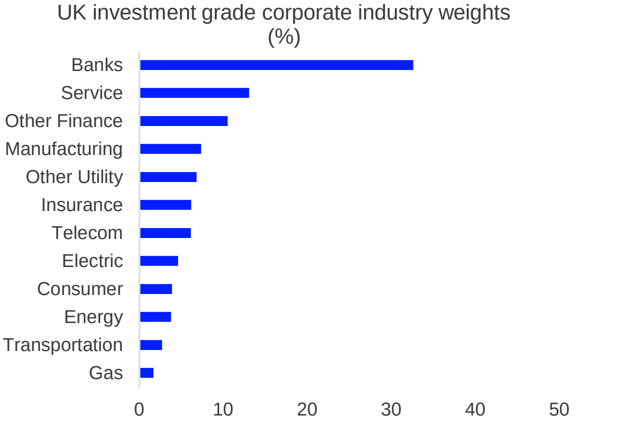


Chart 6: UK banks dominate the UK IG corporate bond universe, with a similar weight of 32% as its Euro IG peers. With other finance's 11%, the market has a strong exposure to rate-sensitive industries.



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High Yield Credit Analysis

Chart 1: Global high yield credits have rallied since 2022, though gains in October were more modest. Sterling HY credit has outperformed, helped by a stronger sterling vs USD (page 16).

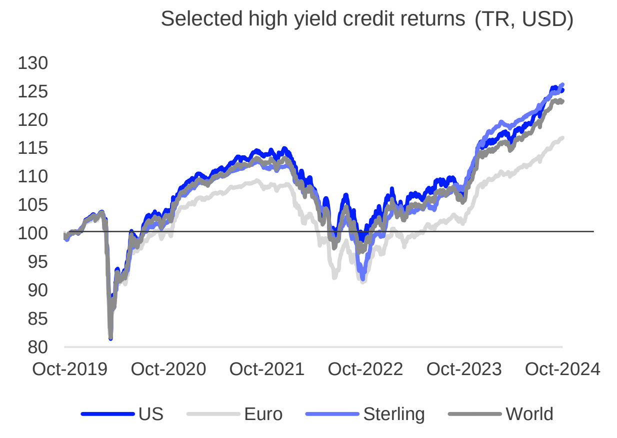


Chart 2: Banks have driven performance in Sterling HY credits, despite being only 6% of the universe. Service dominate the market with a weight of 51% and have gained about 25% over 5 years.

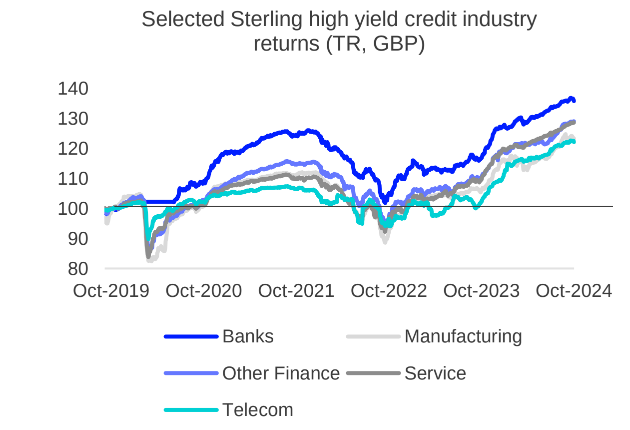


Chart 3: In line with most markets, rate sensitive industries have outperformed, notably since 2022 due to lower rate expectations. Within Euro HY credits, banks have gained about 24% in 5yrs.

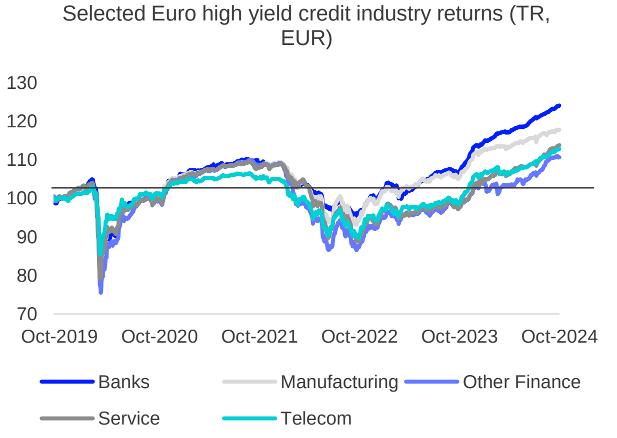


Chart 4: Euro HY banks have outperformed, even if their weight of 11% is smaller than other industries such as service (31%) and manufacturing (24%).

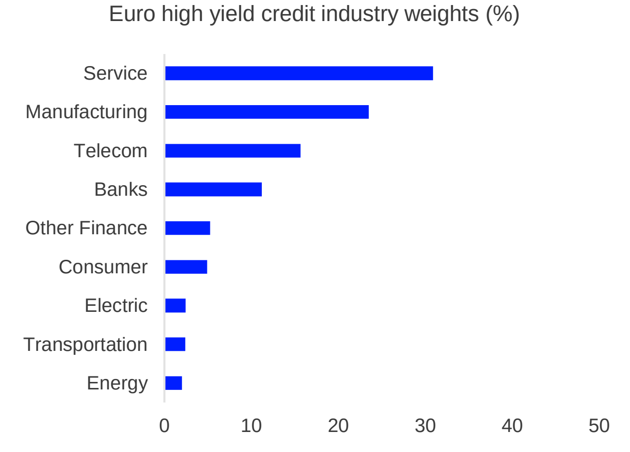


Chart 5: US manufacturing, and other finance, HY credits have outperformed, especially since 2022, following lower rate/ inflation expectations, resilient growth and the equity market rally.

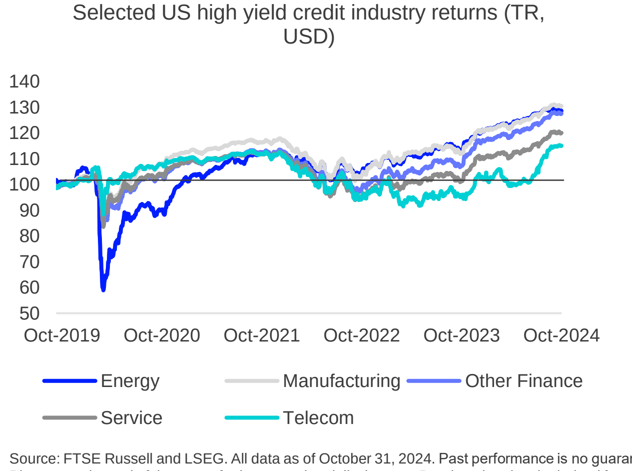
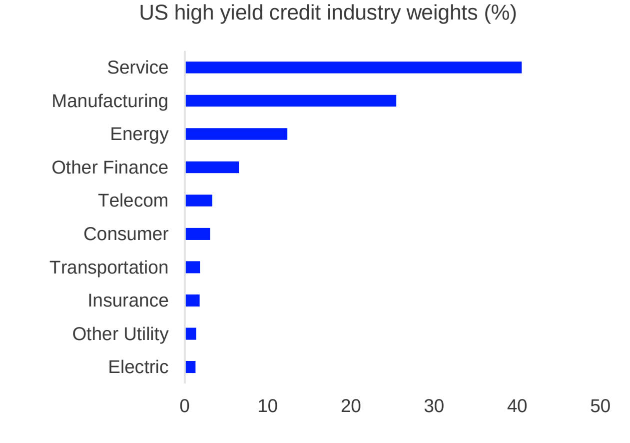


Chart 6: US HY services, which dominate the market with a 41% weight, has gained 20% over 5 years, while manufacturing, the second largest industry with a 24% weight, has risen by 30%.



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SI Sovereign Bond Analysis

Chart 1: Absolute returns for the SI Sovereign indices have been strong over 1 year and roughly in-line with WGBI returns, helped by central bank easing and lower interest rate expectations.

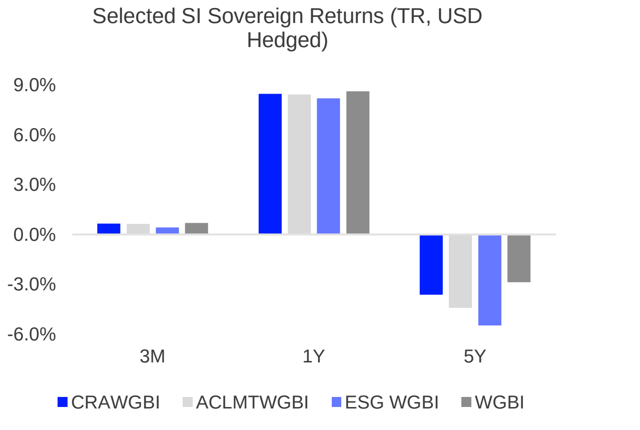


Chart 2: Relative SI Sovereign performance has been mixed over both 1Y and 3M, as the benefit of higher duration in a falling rate environment was offset by SI yields falling less than WGBI yields.

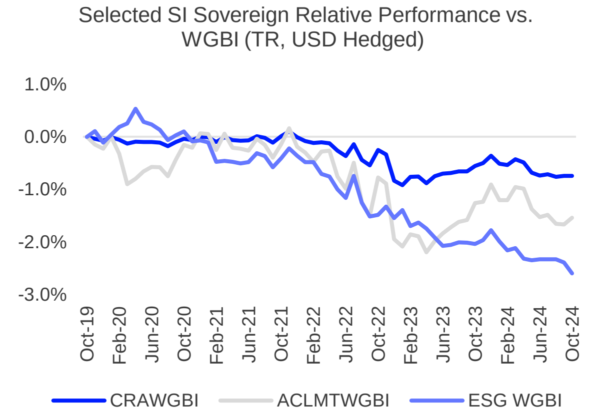


Chart 3: The ESG WGBI has a modest US overweight, while the climate indices are both underweight the US in favour of European sovereigns. Country allocation has led the recent relative performance.

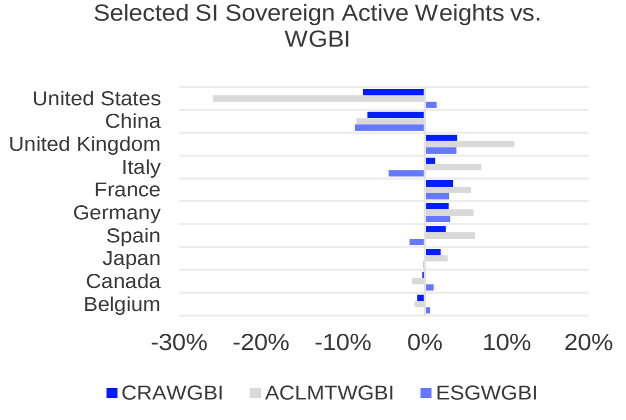


Chart 4: The ESG WGBI vs WGBI has a clear quality bias, implying that more developed, lower risk sovereigns are likely to have higher ESG scores than their less developed counterparts.

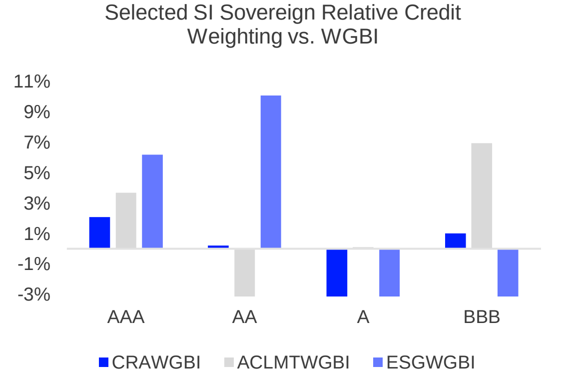


Chart 5: SI sovereign yields vs WGBI have risen over the last two years. The higher US yield increase vs Europe led to a fall in the Adv. Climate yields vs WGBI in October due to its large US underweight.

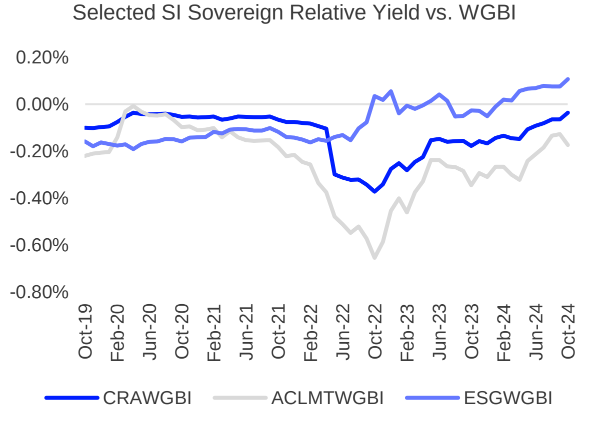
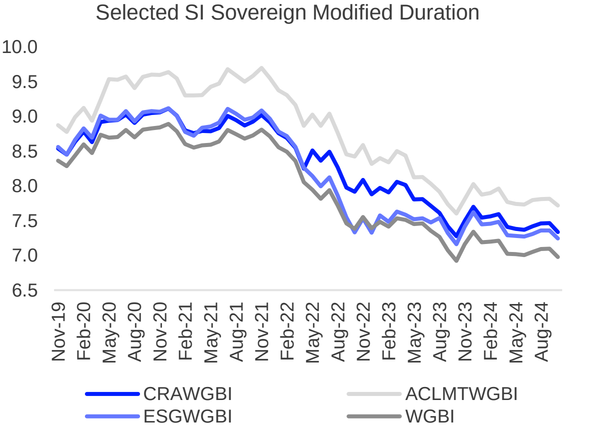


Chart 6: Despite falling over the last 3 years, there have been no major changes in duration for any of the indices over 12 months. The SI Sovereign indices have a positive active duration vs WGBI currently.



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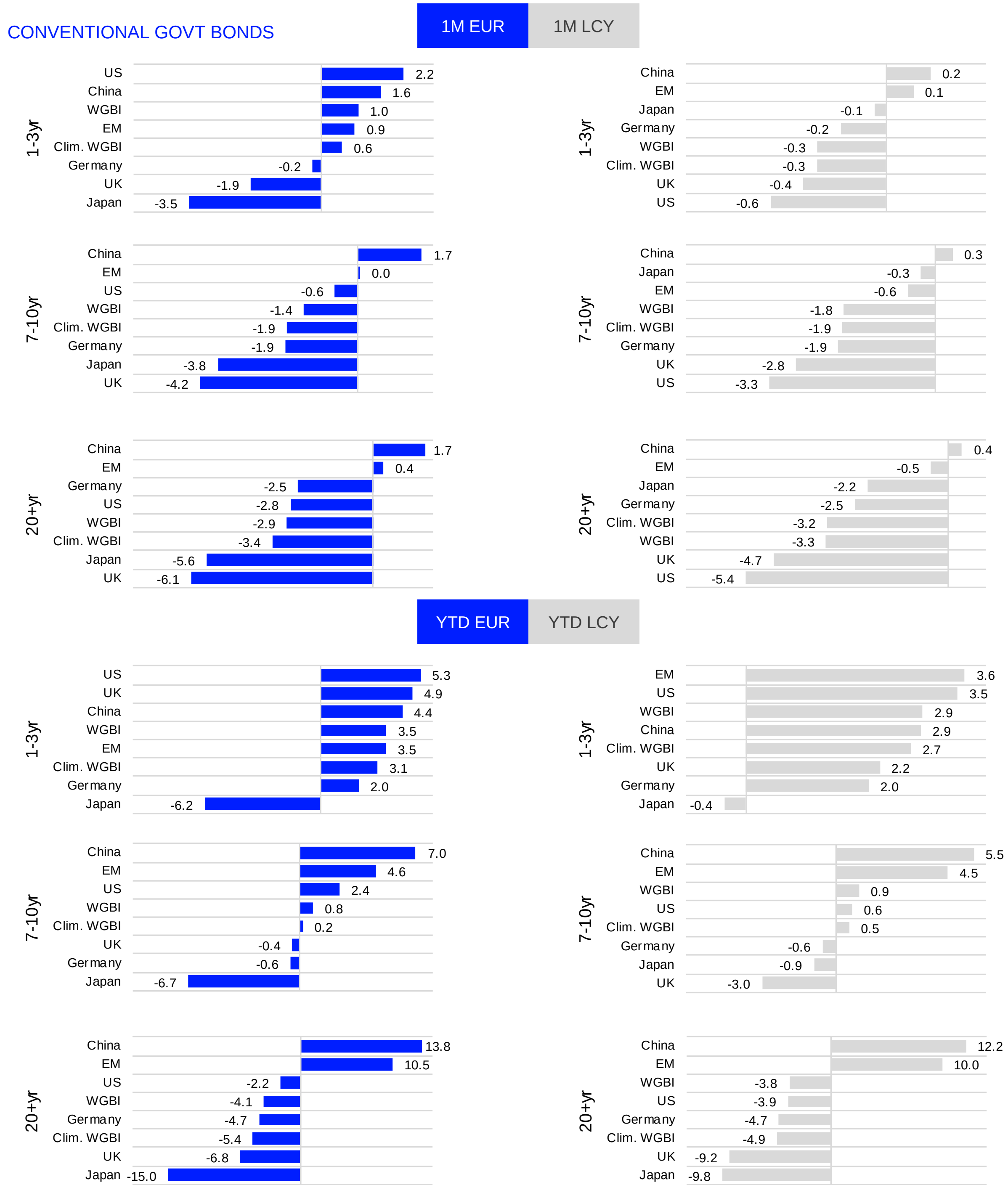
Global Bond Market Returns − 1M & YTD % (EUR, LC, TR)

Stronger US economic data drove negative returns in G7 government bonds in October in euro terms, despite further ECB and BoC easing. JGBs fell as the yen lost 3.5% vs EUR (see page 16) on adverse rate differentials. Longer Bunds were lower, with yields pulled higher by Treasuries. Gilts fell 2-6% in euro terms, on issuance fears and a weaker pound.

In a reversal of Q3 gains, government bonds fell back in October, as markets re-priced a slower Fed easing cycle, after unemployment fell and GDP grew by 2.8% in Q3. Further ECB easing helped Bunds, but longer Bund returns fell 2-3% after inflation modestly ticked up in October, and under pressure from higher Treasury yields.

Long China and EM bonds outperformed in October and YTD, reflecting PBoC rate cuts, monetary easing, and deflation risks, gaining 5-14% in euros YTD. In contrast, the extra duration in long gilts, and issuance fears, drove losses of 7% YTD, which were offset by sterling strength. JGB losses of 6-15% in euros YTD dwarfed losses elsewhere, as rates rose & the end of curve control.



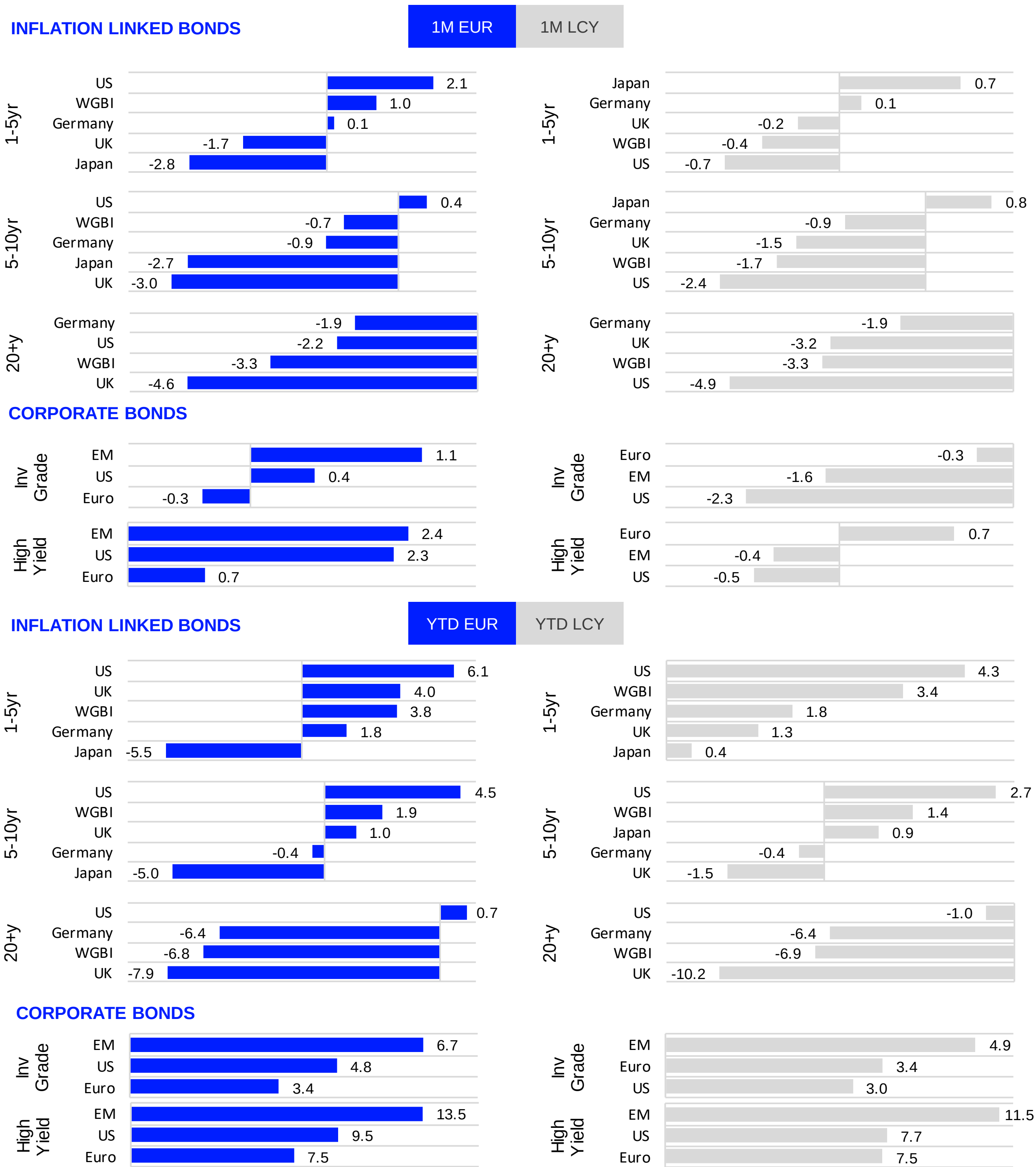
Source: FTSE Russell and LSEG. All data as of October 31, 2024. Past performance is no guarantee of future results. This report should not be considered 'research' for the purposes of MIFID II. Please see the end of the report for important legal disclosures. Bond market data is derived from FTSE Fixed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

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

Inflation-linked bonds fell a little in October. US Tips fell on stronger US growth, but losses were offset by US dollar strength versus the euro. Bund returns fell mainly on a rise in CPI, and JGB linkers on yen weakness. Credit fell in October, though currency moves turned negative returns into gains in US credit. High yield credits are ahead YTD.

Inflation linked bonds drifted lower in October but reacted less than conventional bonds to stronger US data, and the prospect of slower Fed easing, but losses still reached 7% in Euros in long UK index-linked bonds, exceeding the 5% losses in Tips.

Credit also drifted lower in October in local currency terms, apart from Euro HY credits. However, a weaker euro as the ECB eased policy again boosted US and EM credit returns. HY credit remains the best performer YTD, and the least interest rate sensitive asset, retaining strong correlation to equities.



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

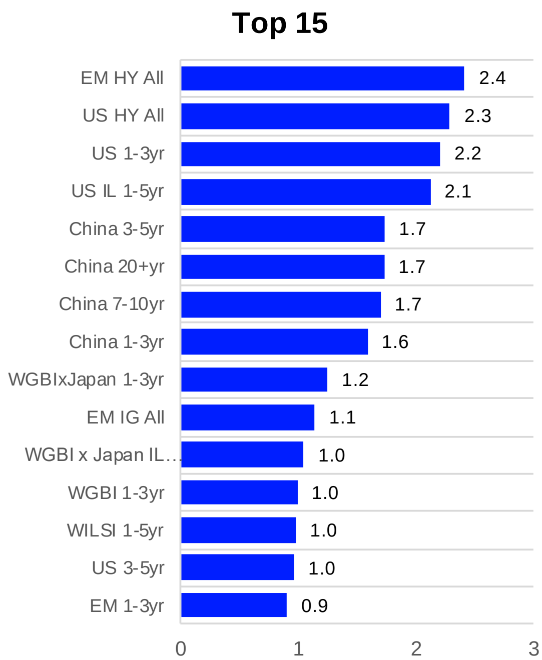
Overall, returns were modest in October, led by EM and US high yield credits, Chinese governments and short US Treasuries also gained about 2% in euros. On 12M, however, long Italian, Spanish, Chinese, EM HY and NZ government bonds have all gained between 15-24%, in euro terms.

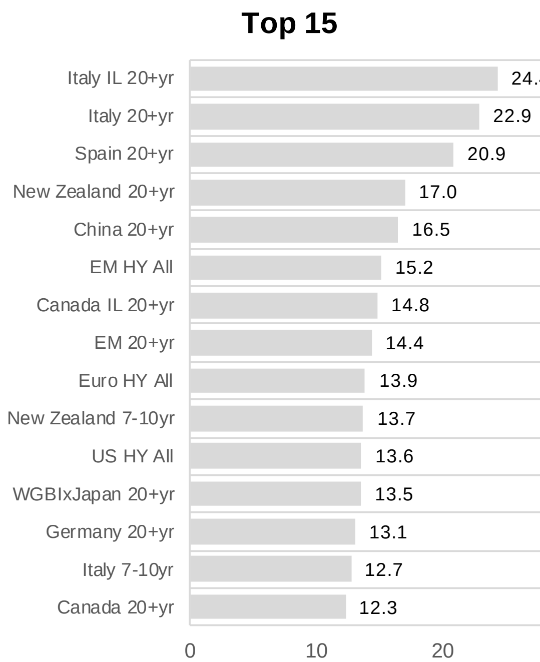
The Q3 bond market rally stalled in October, as stronger US growth caused a re-pricing of Fed easing prospects, and the dollar recovered. Asian Pacific bond markets suffered the biggest losses, led by Australian government bonds, down 6-9% in euros.

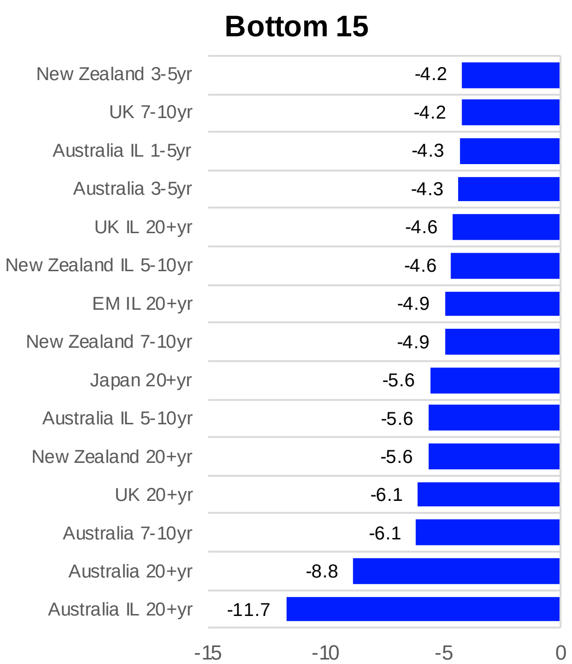
Long gilts also lost 5-6% in October, in euro terms, as the market fell on fears of higher gilt issuance, which were duly confirmed in the budget on October 30.

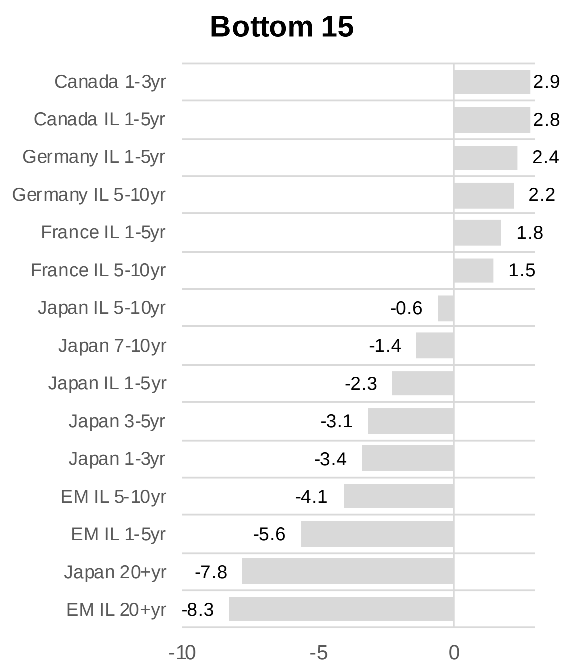
12M returns show a different picture. Central bank easing drove strong returns of 13-24% in the Eurozone, EM and Euro high yield credits gained 14-15%. In Asia Pacific, NZ, China and EM government bonds gained 14-17% in euros. However, long JGBs and EM inflation linked bond returns suffered from weak currencies, losing up to 8%.

1M EUR | 12M EUR









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Appendix − Global Bond Market Returns % (EUR & LC, TR) – October 31, 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	1.12	0.79	3.57	2.01	3.53	5.34	5.76	2.97
	7-10yr	-0.67	-0.99	5.37	3.77	0.64	2.41	9.38	6.50
	20+yr	-1.42	-1.74	6.96	5.35	-3.89	-2.21	15.26	12.22
	IG All	0.91	0.58	5.93	4.33	2.96	4.76	13.77	10.76
	HY All	2.80	2.47	6.97	5.36	7.66	9.54	16.67	13.59
UK	1-3yr	0.52	0.29	2.50	3.65	2.23	4.90	4.38	7.67
	7-10yr	-2.19	-2.42	1.70	2.84	-2.97	-0.43	5.05	8.37
	20+yr	-4.70	-4.92	0.96	2.10	-9.17	-6.80	6.73	10.10
Euro	IG All	1.22	1.22	3.89	3.89	3.43	3.43	8.76	8.76
	HY All	2.94	2.94	5.73	5.73	7.50	7.50	13.91	13.91
Japan	1-3yr	0.11	-1.44	-0.06	1.69	-0.37	-6.17	-0.18	-3.38
	7-10yr	1.59	0.02	0.59	2.35	-0.90	-6.68	1.90	-1.36
	20+yr	0.35	-1.20	-4.75	-3.09	-9.78	-15.04	-4.72	-7.77
China	1-3yr	0.50	1.74	1.63	1.87	2.91	4.37	3.49	3.63
	7-10yr	0.39	1.63	2.86	3.09	5.51	7.00	6.82	6.96
	20+yr	0.87	2.11	5.82	6.07	12.17	13.76	16.33	16.49
EM	1-3yr	0.84	1.50	2.39	1.63	3.65	3.51	4.70	3.66
	7-10yr	0.71	1.50	4.00	3.60	4.47	4.57	8.37	7.38
	20+yr	1.18	1.98	6.12	5.63	10.04	10.54	15.14	14.39
	IG All	1.50	1.17	5.71	4.11	4.91	6.74	12.86	9.88
	HY All	2.68	2.34	7.40	5.77	11.50	13.46	18.27	15.15
Germany	1-3yr	0.98	0.98	2.44	2.44	2.04	2.04	3.61	3.61
	7-10yr	-0.07	-0.07	3.11	3.11	-0.56	-0.56	5.66	5.66
	20+yr	-0.87	-0.87	3.58	3.58	-4.70	-4.70	13.10	13.10
Italy	1-3yr	1.09	1.09	2.78	2.78	2.77	2.77	4.89	4.89
	7-10yr	1.44	1.44	4.49	4.49	4.17	4.17	12.74	12.74
	20+yr	2.06	2.06	5.43	5.43	5.73	5.73	22.92	22.92
Spain	1-3yr	1.15	1.15	2.67	2.67	2.67	2.67	4.39	4.39
	7-10yr	0.91	0.91	3.91	3.91	2.36	2.36	9.89	9.89
	20+yr	1.39	1.39	5.57	5.57	2.84	2.84	20.88	20.88
France	1-3yr	1.14	1.14	2.60	2.60	2.02	2.02	3.89	3.89
	7-10yr	0.02	0.02	1.73	1.73	-1.37	-1.37	5.57	5.57
	20+yr	-1.03	-1.03	-0.32	-0.32	-6.77	-6.77	11.98	11.98
Sweden	1-3yr	1.15	0.99	3.56	4.62	3.39	-0.92	5.19	6.94
	7-10yr	-0.17	-0.34	4.48	5.55	1.33	-2.89	9.54	11.36
Australia	1-3yr	0.59	0.57	2.10	1.43	2.57	0.18	4.78	5.54
	7-10yr	-1.50	-1.52	1.92	1.25	-0.07	-2.40	8.29	9.07
	20+yr	-4.47	-4.49	-1.24	-1.89	-7.04	-9.20	10.95	11.75
New Zealand	1-3yr	1.81	1.68	4.49	3.50	5.40	0.81	7.92	7.51
	7-10yr	0.34	0.21	5.82	4.82	3.31	-1.19	14.18	13.75
	20+yr	-1.93	-2.05	5.17	4.17	-2.65	-6.90	17.48	17.03
Canada	1-3yr	1.40	0.16	3.70	0.66	4.02	0.12	6.09	2.87
	7-10yr	0.38	-0.84	6.46	3.34	2.07	-1.76	10.38	7.03
	20+yr	-0.38	-1.60	10.01	6.79	-2.33	-5.99	15.81	12.29

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Appendix − Global Bond Market Returns % (EUR & LC, TR) – October 31, 2024

Inflation-Linked 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	1-5yr	1.06	0.73	3.93	2.36	4.28	6.11	6.86	4.04
	5-10yr	0.00	-0.33	5.12	3.53	2.72	4.52	9.17	6.29
	20+yr	-0.76	-1.08	8.28	6.64	-0.99	0.74	14.93	11.90
UK	1-5yr	-0.04	-0.27	1.74	2.89	1.31	3.97	4.40	7.69
	5-10yr	-1.58	-1.81	0.88	2.02	-1.54	1.03	3.96	7.24
	20+yr	-4.28	-4.50	1.00	2.14	-10.21	-7.86	6.27	9.62
Japan	1-5yr	0.58	-0.97	1.06	2.83	0.37	-5.48	0.98	-2.25
	5-10yr	1.41	-0.15	0.68	2.44	0.85	-5.02	2.71	-0.58
EM	1-5yr	2.45	-1.71	5.47	-6.58	7.45	-6.79	10.28	-5.63
	5-10yr	1.33	-2.14	4.38	-5.98	2.69	-8.77	8.30	-4.08
	20+yr	-0.75	-4.45	1.12	-10.57	-5.33	-17.38	5.09	-8.27
Germany	1-5yr	1.02	1.02	2.13	2.13	1.81	1.81	2.36	2.36
	5-10yr	-0.29	-0.29	1.77	1.77	-0.42	-0.42	2.22	2.22
	20+yr	-2.13	-2.13	-0.43	-0.43	-6.37	-6.37	4.96	4.96
Italy	1-5yr	1.10	1.10	2.66	2.66	2.80	2.80	5.39	5.39
	5-10yr	1.12	1.12	3.00	3.00	3.93	3.93	10.68	10.68
	20+yr	1.10	1.10	0.98	0.98	3.97	3.97	24.35	24.35
Spain	1-5yr	0.84	0.84	2.09	2.09	1.89	1.89	3.33	3.33
	5-10yr	0.26	0.26	2.08	2.08	2.06	2.06	5.97	5.97
France	1-5yr	0.56	0.56	1.39	1.39	0.44	0.44	1.78	1.78
	5-10yr	-0.50	-0.50	0.02	0.02	-1.91	-1.91	1.49	1.49
	20+yr	-3.10	-3.10	-5.85	-5.85	-10.87	-10.87	5.23	5.23
Sweden	1-5yr	0.25	0.09	2.37	3.42	2.29	-1.97	4.15	5.88
	5-10yr	0.16	0.00	3.34	4.40	2.29	-1.97	7.82	9.62
Australia	1-5yr	-0.42	-0.44	0.96	0.30	1.29	-1.07	4.00	4.75
	5-10yr	-1.31	-1.33	0.93	0.27	-0.32	-2.64	6.41	7.18
	20+yr	-7.42	-7.44	-5.72	-6.34	-13.11	-15.13	7.84	8.62
New Zealand	5-10yr	-0.05	-0.18	3.19	2.22	3.42	-1.08	10.79	10.37
Canada	20+yr	-0.43	-1.65	10.08	6.85	2.09	-1.74	18.44	14.84

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Appendix – Historical Bond Yields % as of October 31, 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	4.21	4.16	4.26	4.57	1.86	1.88	2.19	5.18	7.48
	3M Ago	4.38	3.99	4.02	4.42	2.13	1.77	2.12	5.16	7.81
	6M Ago	5.09	4.80	4.69	4.85	2.41	2.24	2.44	5.75	8.22
	12M Ago	5.17	4.87	4.90	5.19	2.82	2.50	2.64	6.38	9.46
UK	Current	4.38	4.23	4.37	4.80	0.58	0.70	1.46		
	3M Ago	4.19	3.82	3.89	4.47	0.27	0.37	1.25		
	6M Ago	4.64	4.31	4.28	4.72	0.30	0.49	1.38		
	12M Ago	4.67	4.45	4.43	4.91	0.65	0.71	1.51		
Japan	Current	0.39	0.50	0.80	2.12	-1.08	-0.57			
	3M Ago	0.37	0.57	0.94	2.11	-1.19	-0.59			
	6M Ago	0.21	0.39	0.76	1.86	-1.21	-0.76			
	12M Ago	0.09	0.34	0.83	1.82	-1.55	-0.65			
China	Current	1.49	1.72	2.12	2.37					
	3M Ago	1.53	1.76	2.10	2.38					
	6M Ago	1.89	2.06	2.34	2.61					
	12M Ago	2.27	2.42	2.67	3.08					
EM	Current	3.21	3.43	4.04	3.77	6.04	5.46	5.91	5.33	7.71
	3M Ago	3.19	3.48	4.18	3.73	5.77	5.23	5.69	5.41	7.93
	6M Ago	3.42	3.86	4.56	3.94	5.65	5.21	5.67	6.01	9.15
	12M Ago	3.71	4.43	5.00	4.55	4.20	4.73	5.46	6.71	11.34
Germany	Current	2.29	2.16	2.32	2.57	1.32	0.50	0.55		
	3M Ago	2.62	2.25	2.21	2.50	1.57	0.40	0.43		
	6M Ago	3.08	2.67	2.53	2.69	1.12	0.46	0.43		
	12M Ago	3.09	2.66	2.70	3.05	0.90	0.45	0.65		
Italy	Current	2.71	2.86	3.40	4.05	1.27	1.52	1.86		
	3M Ago	2.99	2.97	3.43	4.10	1.45	1.58	1.87		
	6M Ago	3.45	3.38	3.68	4.24	1.25	1.54	1.79		
	12M Ago	3.77	3.88	4.45	5.06	1.77	2.35	2.53		
France	Current	2.48	2.64	2.96	3.50	0.94	0.94	1.20		
	3M Ago	2.78	2.68	2.87	3.40	0.98	0.81	1.05		
	6M Ago	3.17	2.93	2.96	3.39	0.72	0.65	0.86		
	12M Ago	3.21	3.01	3.23	3.88	0.93	0.78	1.28		
Sweden	Current	1.84	1.89	2.07		0.71	0.42			
	3M Ago	2.15	1.96	1.98		0.95	0.51			
	6M Ago	3.14	2.68	2.50		1.60	0.85			
	12M Ago	3.43	3.05	2.94		1.34	1.30			
Australia	Current	4.06	4.04	4.42	4.97	1.81	1.97	2.46		
	3M Ago	3.86	3.76	4.07	4.62	1.38	1.56	2.04		
	6M Ago	4.16	4.05	4.36	4.75	1.40	1.71	2.06		
	12M Ago	4.49	4.48	4.87	5.33	1.47	2.04	2.53		
New Zealand	Current	3.81	3.91	4.41	5.01		2.42			
	3M Ago	4.21	4.04	4.31	4.81	2.47	2.21			
	6M Ago	5.16	4.77	4.85	5.17	2.29	2.51			
	12M Ago	5.49	5.37	5.55	5.69	2.47	3.05			
Canada	Current	3.11	3.01	3.21	3.29	1.36	1.41	1.56		
	3M Ago	3.64	3.11	3.15	3.23	1.41	1.34	1.52		
	6M Ago	4.47	3.92	3.82	3.70	1.97	1.98	1.90		
	12M Ago	4.70	4.18	4.09	3.88	2.25	2.32	2.21		

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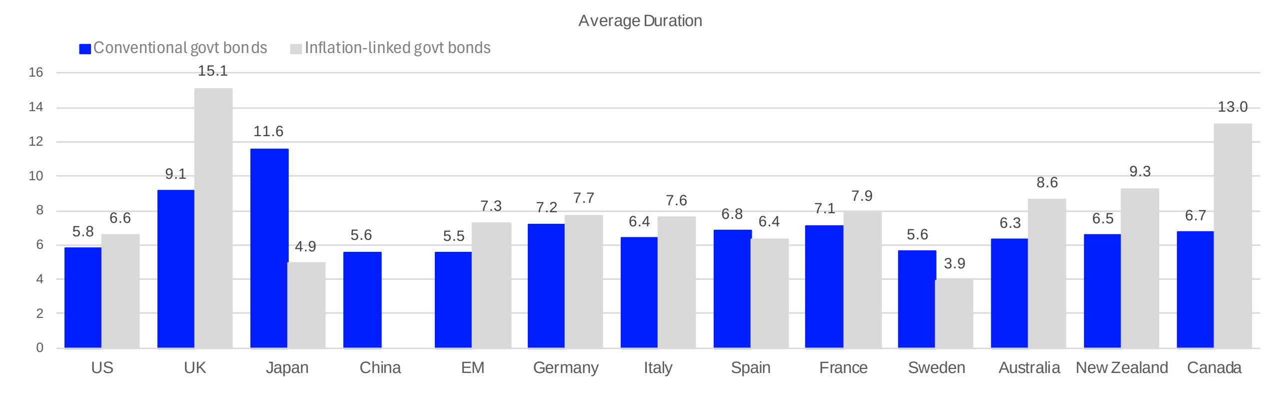
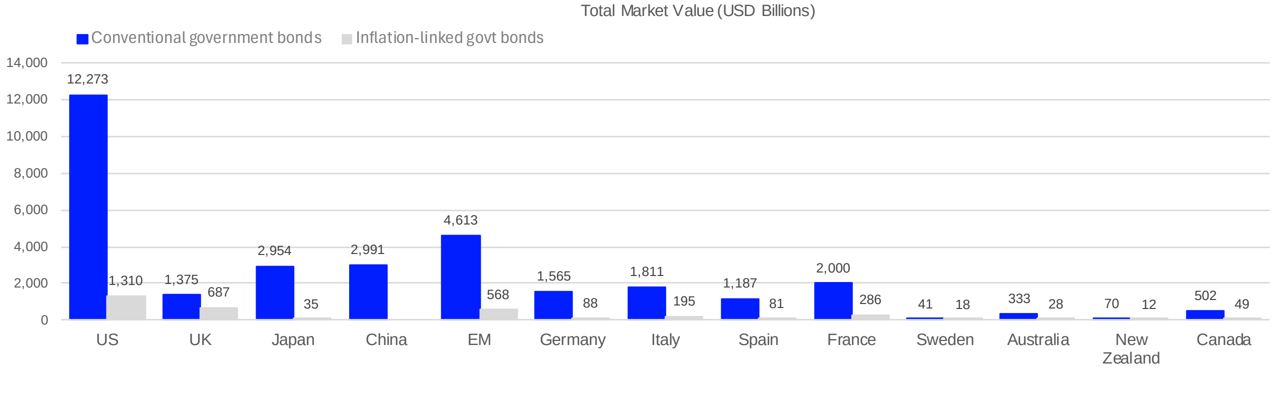
Appendix – Duration and Market Value (USD, Bn) as of October 31, 2024

	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	16.4	**5.8**	2,882.6	1,199.7	1,413.1	**12,272.9**	7.1	21.3	**6.6**	423.2	121.7	**1,310.5**
UK	3.6	7.2	17.9	**9.1**	191.1	240.7	330.6	**1,374.5**	7.5	26.9	**15.1**	127.1	231.8	**687.3**
Japan	3.9	8.3	23.1	**11.6**	347.6	411.3	595.1	**2,953.6**	8.0		**4.9**	14.0		**34.9**
China	3.7	7.6	18.0	**5.6**	697.7	498.5	323.0	**2,990.8**						
EM	3.6	7.1	16.4	**5.5**	1,004.7	791.4	427.8	**4,613.3**	5.9	13.0	**7.3**	96.0	146.1	**567.8**
Germany	3.6	7.7	21.2	**7.2**	337.3	235.6	170.4	**1,565.3**	6.2	20.6	**7.7**	44.2	18.0	**88.2**
Italy	3.6	7.2	17.0	**6.4**	310.6	282.3	153.0	**1,810.7**	7.1	25.3	**7.6**	59.3	5.7	**195.4**
Spain	3.7	7.2	17.8	**6.8**	249.4	215.2	119.0	**1,186.6**	7.2		**6.4**	51.1		**81.5**
France	3.6	7.4	19.2	**7.1**	415.4	341.0	241.5	**1,999.8**	6.6	23.7	**7.9**	77.2	21.7	**286.3**
Sweden	3.4	7.5		**5.6**	6.8	10.0		**41.0**	6.4		**3.9**	5.9		**18.4**
Australia	3.5	7.2	16.2	**6.3**	50.7	97.3	19.2	**332.9**	6.2	21.3	**8.6**	10.6	2.6	**28.1**
New Zealand	3.8	7.2	15.7	**6.5**	13.6	17.7	5.3	**69.7**	5.3		**9.3**	3.2		**11.6**
Canada	3.9	7.3	19.3	**6.7**	83.3	113.6	73.6	**501.8**	6.1	20.2	**13.0**	8.2	20.2	**49.2**

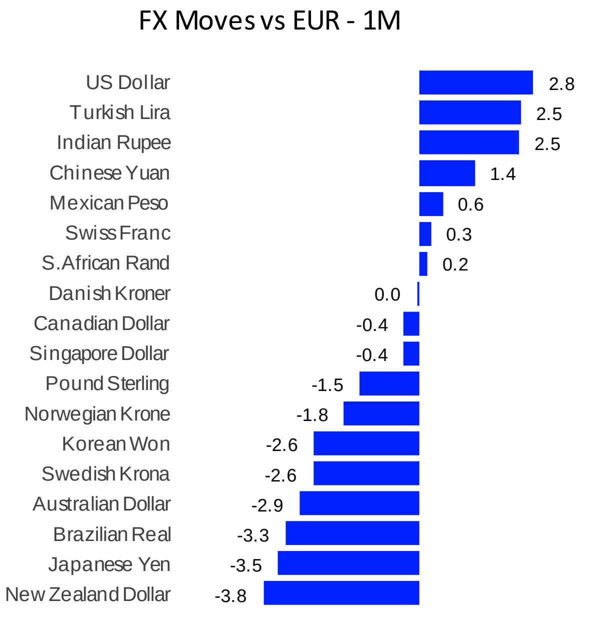
	Investment grade bonds										High Yield	
	Duration					Market Value					Duration	MktVal
	AAA	AA	A	BBB	Overall	AAA	AA	A	BBB	Overall		
US	10.2	8.4	7.1	6.6	6.9	75.6	459.3	2812.8	3659.7	7007.5	3.8	1097.2
Europe	6.0	4.8	4.6	4.2	4.4	15.5	221.9	1270.9	1601.3	3109.6		
EM		6.6	5.5	5.4	5.5		38.0	207.8	235.5	481.2	3.6	190.0

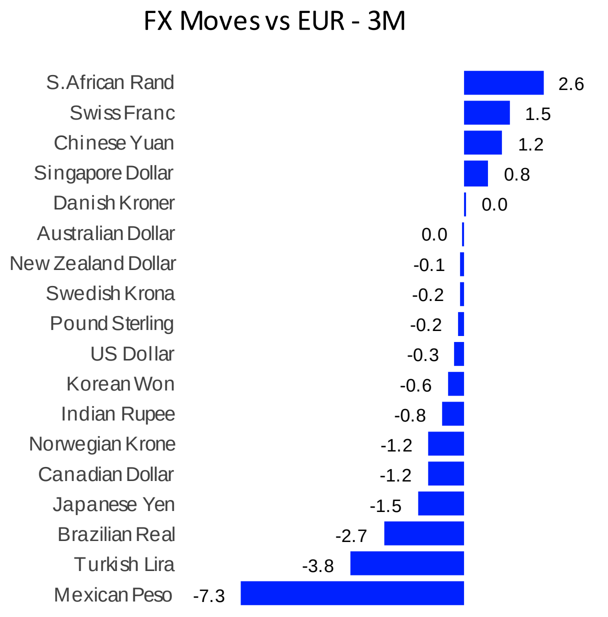


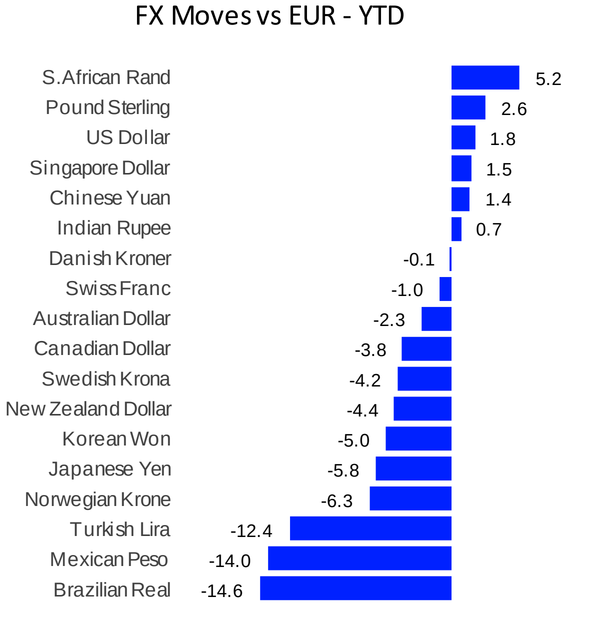


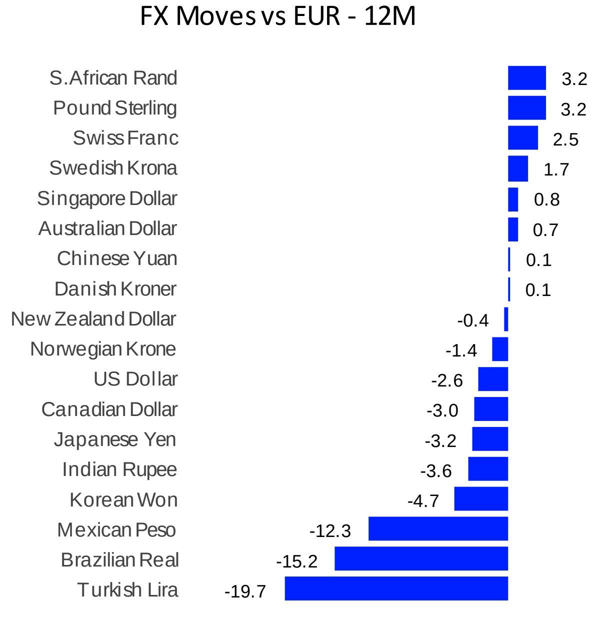
Source: FTSE Russell and LSEG. All data as of October 31, 2024. Past performance is no guarantee of future results. This report should not be considered 'research' for the purposes of MIFID II. Please see the end of the report for important legal disclosures. Bond market data is derived from FTSE Fixed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

Appendix – Foreign Exchange Returns % as of October 31, 2024









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

Appendix − Glossary

Bond markets are based on the following indices:

FTSE 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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