

Fixed Income Insights

MONTHLY REPORT – APRIL 2024 | CHINA EDITION

FOR PROFESSIONAL INVESTORS ONLY

China seeks growth quality upgrade after persistent property weakness

China expands fiscal support in 2024 by issuing special government bonds, in addition to monetary policy stimulus. Chinese bond yields fell further in Q1 on monetary easing, but wide rate differentials drove sovereign spreads lower and a weaker yuan. Indian government bonds outperformed, helped by a resilient rupee.

Macroeconomic backdrop – China aims to transform to high-quality development, with expansionary fiscal policy support

Technology innovation and advanced manufacturing are policy objectives for higher quality growth in China. Fiscal stimulus expanded in 2024, with special government bond issuance. Credit growth remains subdued. (page 2)

Chinese bonds – Chinese sovereign yields fell across the curve in Q1, as onshore spreads narrowed

Chinese government bond yields have fallen further since January. Domestic spreads narrowed in Q1, led by longer corporates and policy banks. Foreign holdings of Chinese bonds retreated in February, following four months of capital inflows. (page 3)

Chinese and Asian bonds – Asian yield moves were mixed; Chinese spreads vs G7 fell back in Q1

Asian 7-10-year yields edged higher in Q1, tracking Treasuries, except in China, India, and Thailand. Chinese and other Asian sovereign spreads vs the US trended lower in Q1, with spreads now negative for China, Thailand, and Malaysia. (page 4).

Performance – Indian bonds outperformed in Q1, while JGBs lagged on a weaker yen and monetary tightening

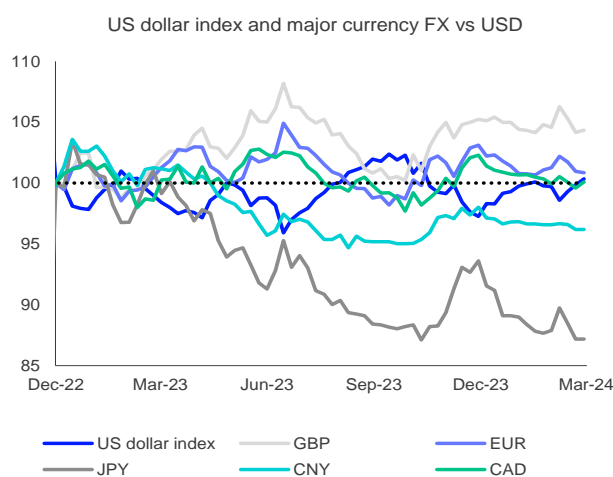
Indian government bonds gained 2.9% and 7.3% over 3M and 12M, followed by Chinese and Indonesian bonds. JGBs lost 7.5% and 15.1% on 3M and 12M, largely driven by a weak yen. (pages 5-6)

Appendix – Global bond market returns, historical bond yields, duration and market value, foreign exchange returns.

Chart 1: China's exports increased 7.1% in the Jan-Feb period y/y, showing signs of recovered global demand. But will it last?



Chart 2: Chinese yuan remains under pressure from adverse rate differentials vs the US, without much intervention by the PBoC.



Source: FTSE Russell. All data as of March 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 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

China is determined to achieve a growth goal of around 5% in 2024, as the drags from the property crisis and weak consumption persist. The focus is now turning to 'high-quality development'. China's inflation recovery in February was technical, resulting from holidays and base effects. Liquidity in the banking system remains adequate, after speculative concerns drove a net cash withdrawal by the PBoC. Credit growth and the broader total social financing both slowed down in February, likely due to less business activity in February.

China set a 2024 growth target of around 5%, despite facing stronger property and consumption headwinds. Technology innovation and advanced manufacturing are key to transforming the country's growth model. The IMF estimated a faster growth rate in China, on the assumption of addressing weak domestic consumption and the property market achieving a successful transition from high rates to higher quality growth.

Chart 2 shows how the sharp disinflation in 2023, helped by base effects, stalled around 3-4% y/y in Q1, aside from China. After five consecutive months of deflation or flat CPI, China's CPI growth rose 0.7% y/y in February, boosted by food price increases during the Lunar New Year holiday, as well as base effects. But whether the inflation pick-up will be sustainable will be uncertain, given weak consumption demand.

The PBoC held the 1-year medium-term loan facility (MLF) rate unchanged at 2.5% in March, while withdrawing liquidity of about 94 billion yuan from the banking system (Chart 3). This move follows the massive liquidity injection from cutting the reserve requirement ratio (RRR) in early February, as the central bank tried to withdraw excessive liquidity. Further monetary easing may be required to boost China's economy, but a delayed Fed pivot holds rate differentials elevated and may push the yuan's depreciation further.

China's credit growth slowed down in February, reflecting weak demand in the real economy, as renminbi loans y/y growth fell further to 9.7% (Chart 4), in line with the receding growth in broader total social financing (TSF, falling to 9%). Persistent growth in government borrowing, above 15%, was not sufficient to offset slower growth in the private sector. M2 y/y growth stabilised at 8.7%, narrowing the gap between the growth of money supply and demand.

Chart 1: Consensus GDP forecasts continue to show weaker growth in 2024, after the policy tightening. China faces challenges to achieve the ambitious target of 5% GDP, given weak property sector and demand.

Consensus Real GDP Forecasts (Avg., %, March 2024)			
	2023	2024	2025
US	2.5	2.1	1.7
UK	0.1	0.3	1.2
Eurozone	0.5	0.5	1.3
Japan	1.9	0.7	1.0
China	5.2	4.6	4.5
Canada	1.1	0.5	2.0

Chart 3: March's MLF operations resulted in a net withdrawal of 94 bn yuan, but the liquidity remains ample due to the RRR cut back in early February. Speculation is one of the major concerns by the central bank.

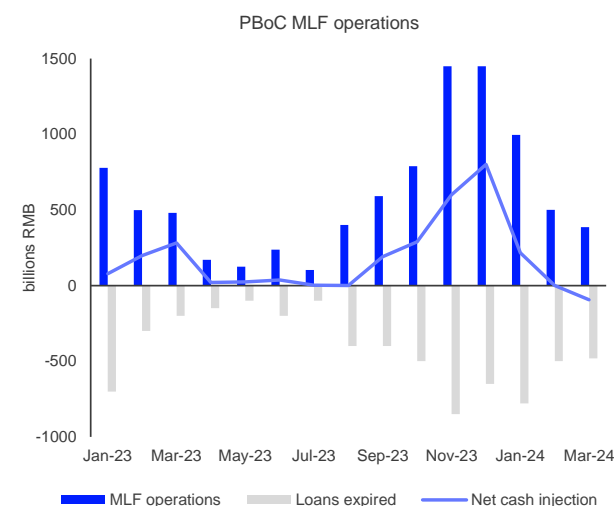


Chart 2: Disinflation has slowed in Q1, though the picture is not uniform, reflecting different inflation dynamics and growth dispersion. Chinese inflation turned positive for the first time since September.

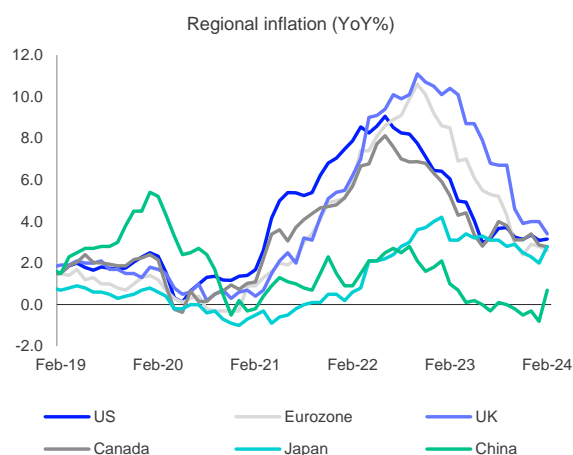
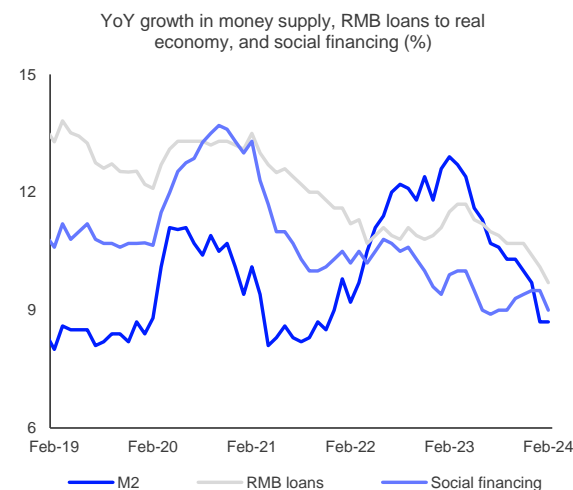


Chart 4: China's RMB loans growth continued to fall, as credit demand weakened amid a shaky recovery, dragging the TSF growth lower. Money supply y/y was flat, near recent lows, but less a concern than weak demand.



Chinese Government and Corporate Bonds

Chart 1: CGB yields generally fell in Q1, with medium and long yields falling to new lows, although they reversed a bit in March. Longer yields dipped lower than Covid lows, while short yields are slightly below 2%.

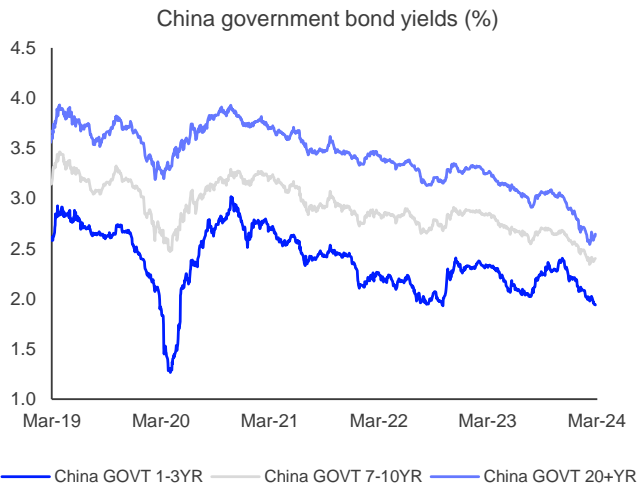


Chart 2: The Chinese 10s/2s curve bull steepened in Q1, driven by larger short yield reductions. The 20s/10s curve bull flattened, to almost the flattest in the recent 5 years, helped by investors' buying at the long end.

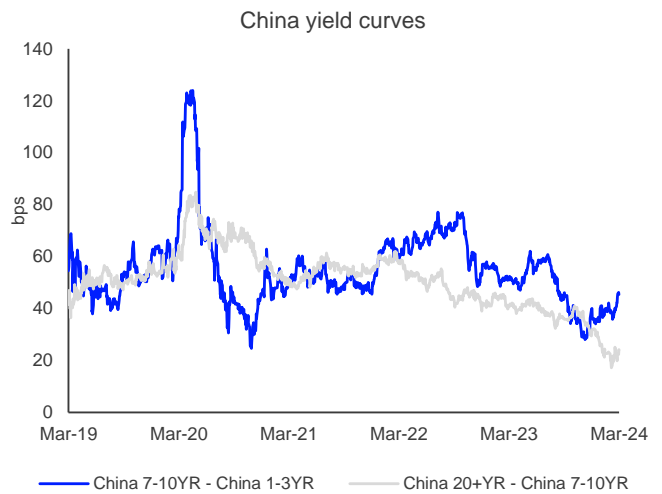


Chart 3: Domestic spreads generally narrowed in Q1, including policy bank and regional gov. spreads, which were lower relatively. Corporate spread moves were mixed; long spreads narrowed sharply and shorts widened.

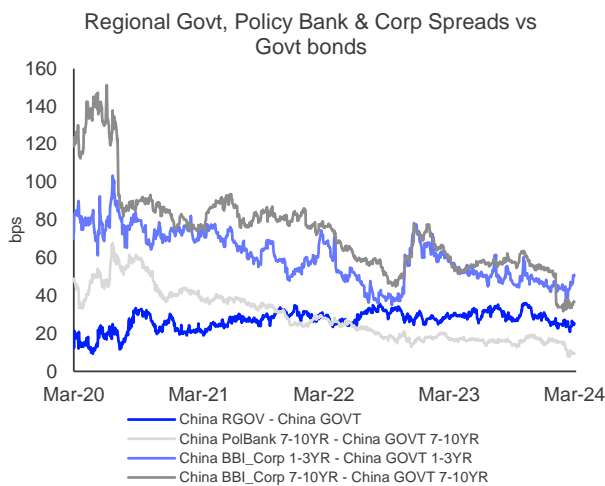


Chart 4: Yield differentials between Chinese dollar bonds and RMB bonds widened further, as Chinese onshore yields continued to fall on easier policy, and dollar yields resisted declining before Fed cuts rate.

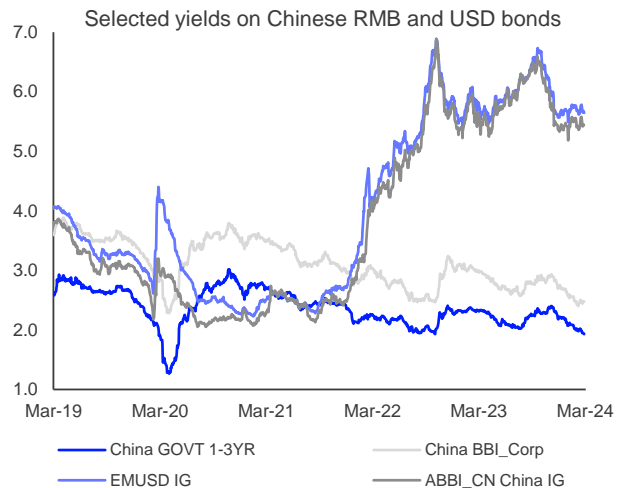


Chart 5: Foreign holdings of Chinese government bonds retreated in February, after four months of capital inflows. Yield differentials between Treasuries and CGBs widened in Q1, despite some easing in March.

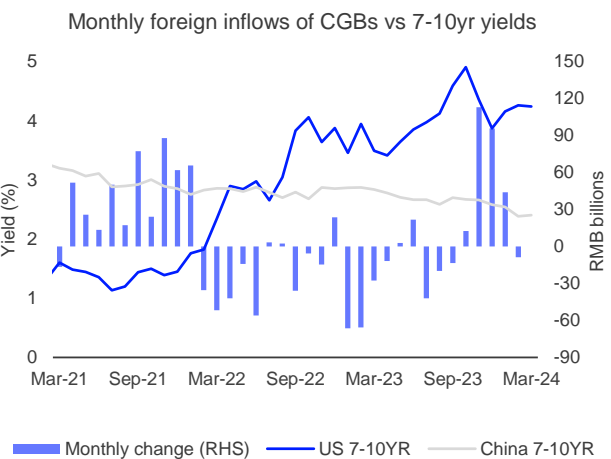
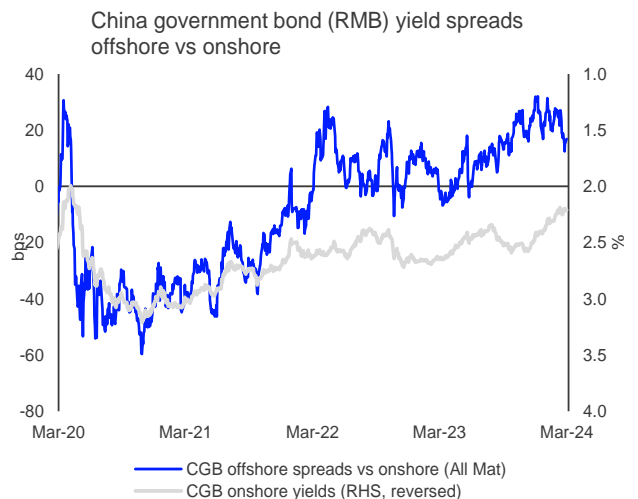


Chart 6: The recent widening between onshore CGB yields and offshore spreads (vs onshore) ended recently, as yield differentials tightened in March as onshore bond yields fell.



Source: FTSE Russell and LSEG, China Bond. All data as of March 31, 2024. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of Indices used for each market. For professional investors only.

China and Asian Bonds in Global Context

Chart 1: Other APAC 7-10yr yields broadly rose in Q1, tracking Treasuries yields higher, except in India and Thailand. In general, yield moves in March were modest.

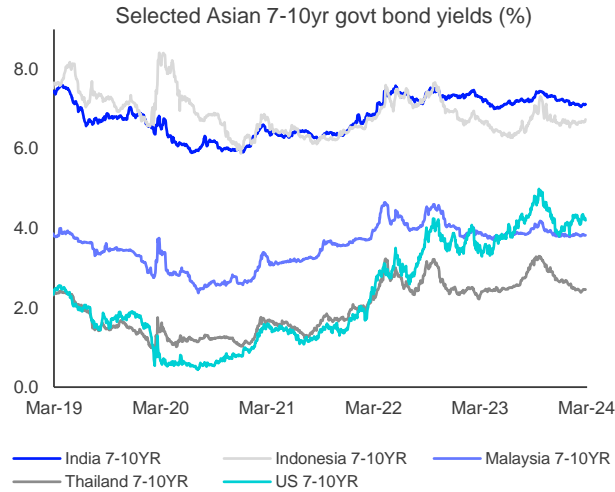


Chart 2: Some Asian 10s/2s yield curves steepened modestly in Q1, led by Indonesia. The Indian 10s/2s curve is now almost flat, driven by short yield rises in March. US curve remains inverted by about 50bps.

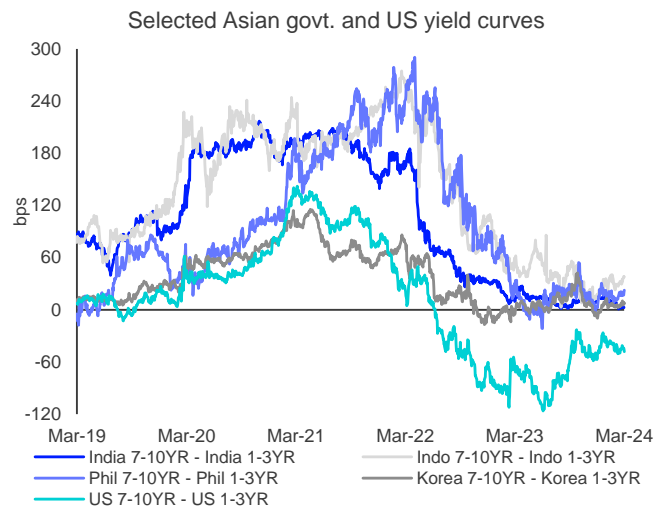


Chart 3: Chinese spreads remain near multi-decade lows versus the G7, after the PBoC eased rates during the period of rising G7 rates. Chinese spreads could stay at low levels until G7 easing begins.

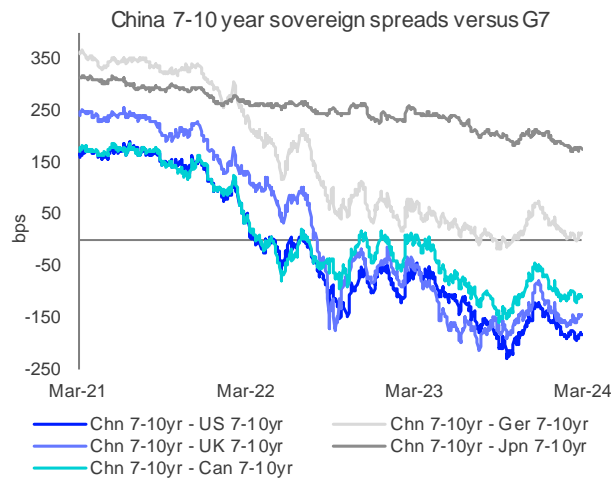


Chart 4: Other Asian 7-10yr spreads also trended lower in Q1, driven by Treasury yields backing up, as markets scaled back easing expectations. Some EM spreads, such as in Malaysia and Thailand, stayed negative.

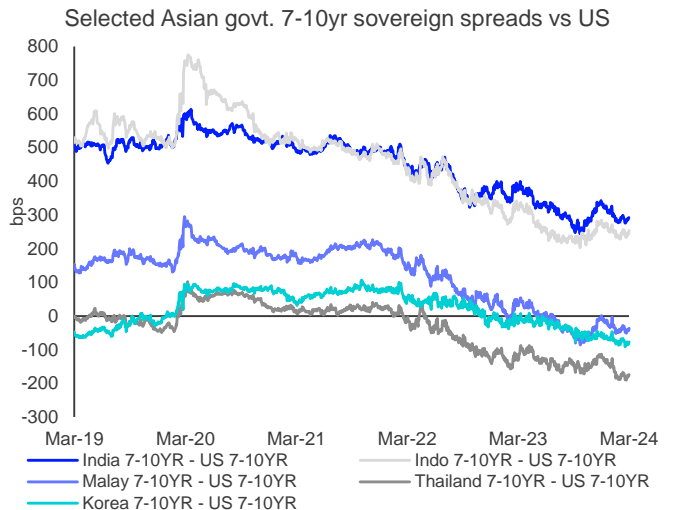


Chart 5: Both US and Chinese \$ HY spreads tightened in Q1, as Treasury yields backed up after Q4 rally. China's property bond spreads reflected mixed performance – both rises and falls – among property developers.

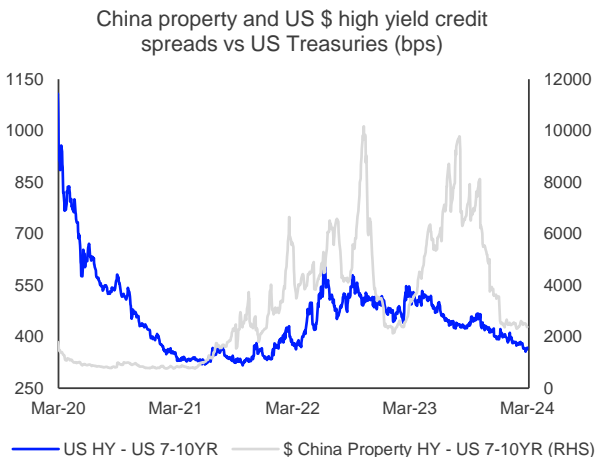
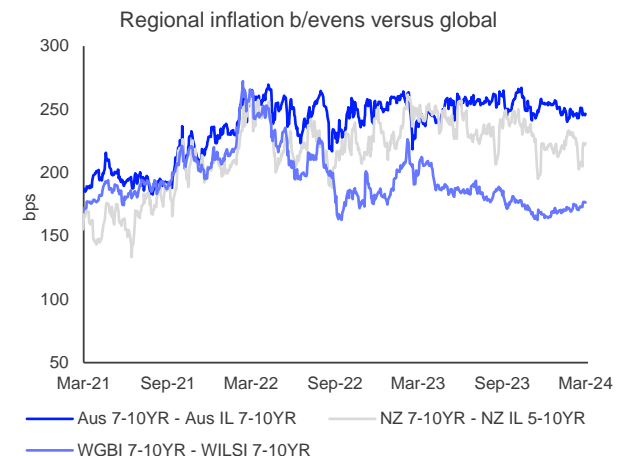


Chart 6: Australian breakevens edged lower in Q1, as inflation stayed steady at 3.4% by February. In contrast, global breakevens rose modestly as disinflation lost momentum, but are still well below 2%.



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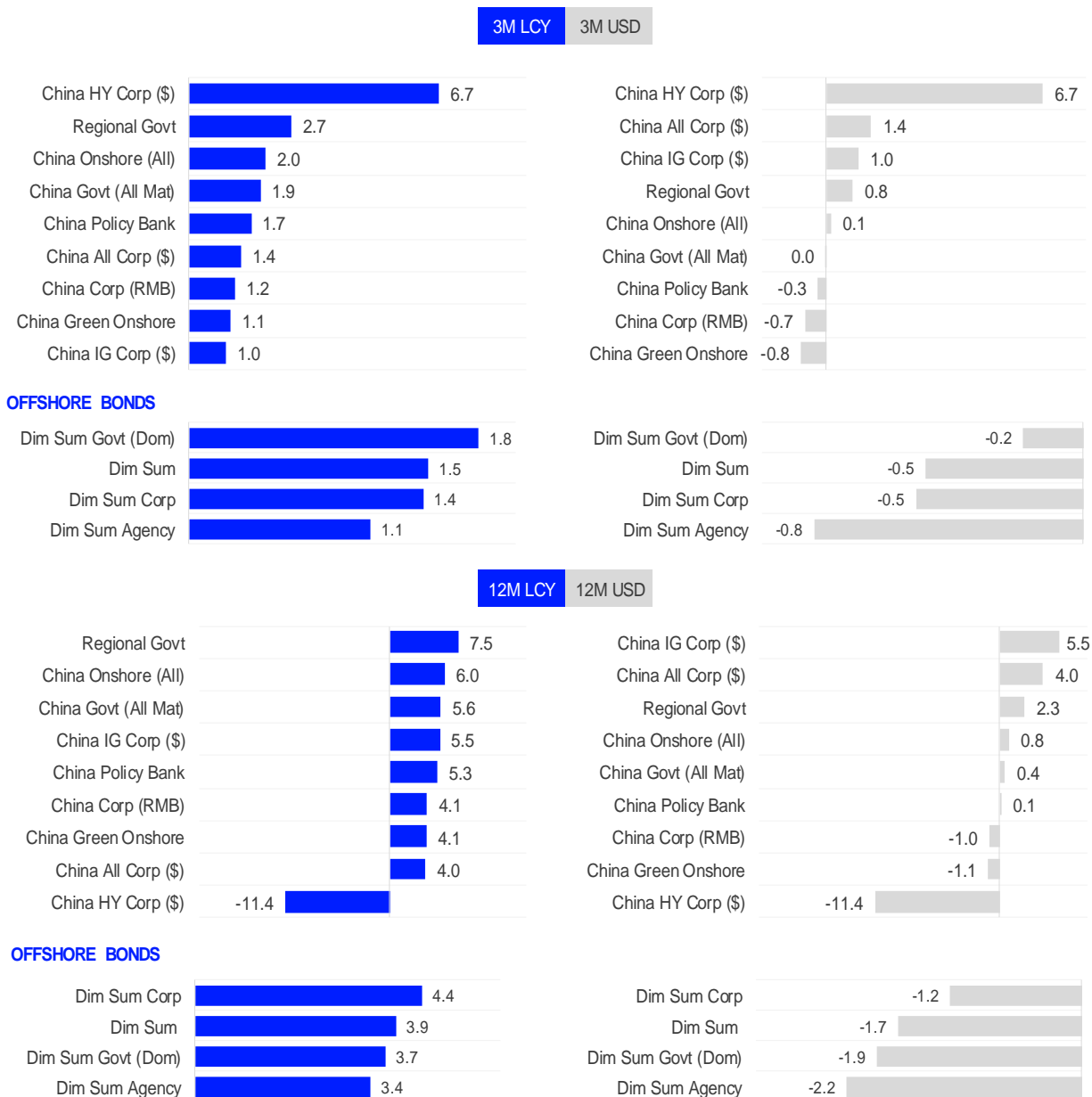
China Bond Market Returns – 3M & 12M in LCY & USD (TR) as of March 31, 2024

Chinese regional government bonds led gains over 3M and 12M, as yields fell further, while green bonds and corporates lagged. Wide rate differentials between the US and China kept returns for US dollar investors subdued. Chinese \$ high yield corporates rebounded in Q1, despite a mixed performance in March by property developers.

Chinese domestic bonds gained 1.1-2.7% in RMB terms in Q1, led by regional government bonds, as the PBoC maintained an easy policy stance. Chinese bond returns for US dollar investors were reduced by 1.9%, as the yuan weakened versus the US dollar. Rate differentials remained a major driver of currency movements, dominating 3M and 12M bond returns. Corporates and green bonds underperformed over 3M and 12M.

DimSum bonds gained 1.1-1.8% in Q1, tracking onshore RMB bonds, and boosted 12M returns up to 4.4%. Returns for US dollar investors also were reduced by currency effects, despite slight differences between onshore and offshore RMB values.

Chinese \$ HY corporates gained 6.7% in Q1, helped by China's stimulus measures, including the benchmark lending rate cut in the 5-year LPR. Chinese high yield made modest gains of 1% in March, with mixed performance from issuers, e.g., RKPF Overseas lost significant value, while Longfor Group issues led the broader rally among property bonds.



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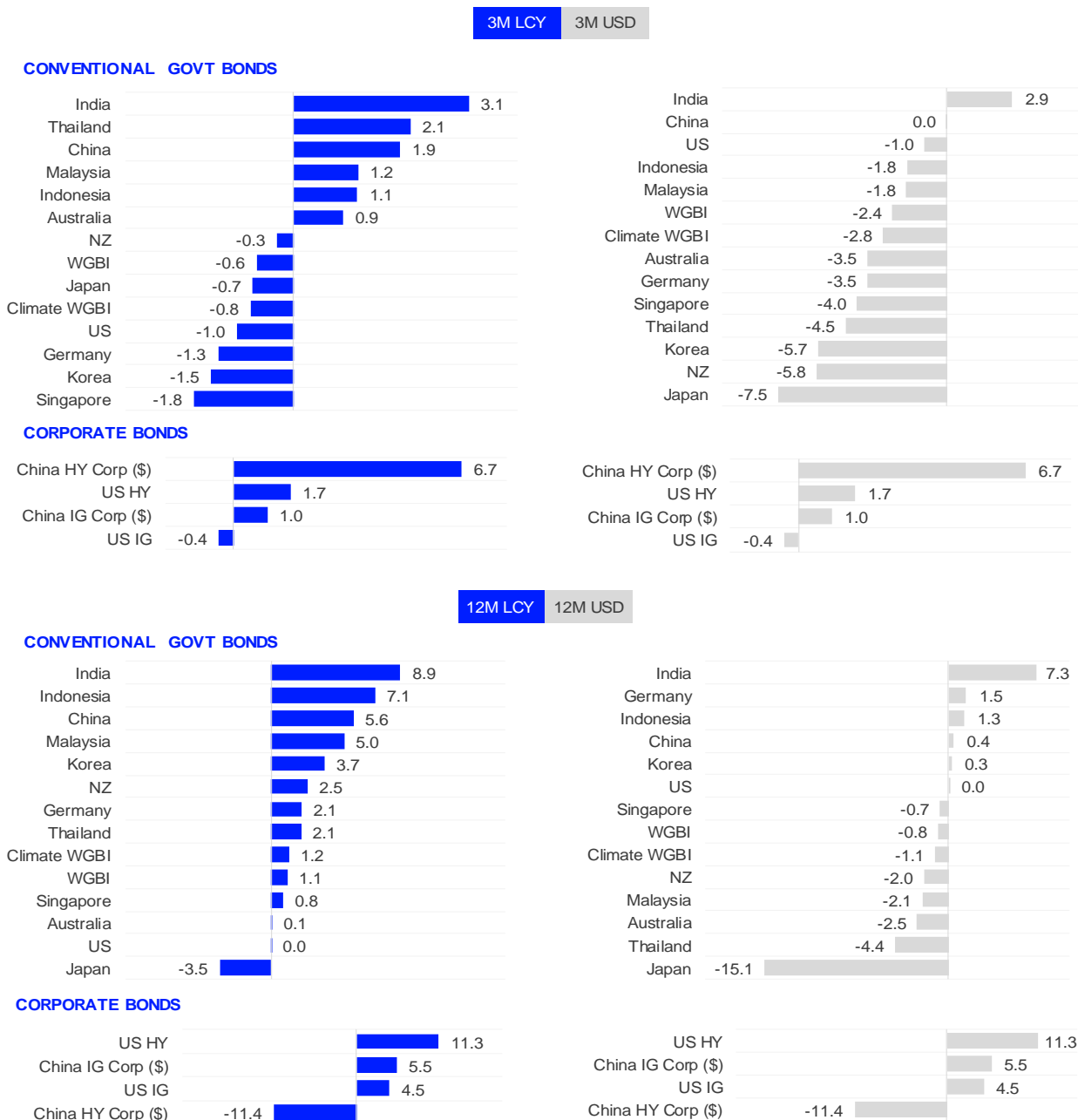
Global Bond Market Returns – 3M & 12M in LCY & USD (TR) as of March 31, 2024

Indian government bonds outperformed on both 3M and 12M, helped by strong growth prospects and increasing foreign holdings. Indonesian and Chinese bonds held up well on 12M returns, although currency effects reduced US dollar returns. Government bonds in developed markets lagged on 3M. Chinese \$ high-yield corporates gained 6.7% in Q1.

Indian bonds gained 2.9-3.1% in Q1, outperforming Asian and global peers, as rupee edged lower against the strong US dollar over 3M. Indian bonds continued to benefit from increasing holdings by foreign investors, due to index inclusion events. A resilient rupee drew support from central bank intervention. Indian bonds also led 12M returns, gaining 7.3-8.9%.

Indonesian and Chinese government bonds also managed to deliver modestly positive returns (0.4-1.3%) in US dollar terms on 12M, despite their currency losses of about 5%. Japanese government bonds lost 7.5% on 3M in US dollar, further behind their peers over 12M. A BoJ pivot in March, away from negative interest rate and yield curve control, didn't prevent the yen falling further.

High-yield corporates outperformed investment-grade over 3M, as risk appetite recovered. Chinese corporates outperformed US peers in both HY (6.7% vs 1.7%) and IG (1% vs -0.4%) space. Chinese HY remained in deep losses of 11.4% over 12M, as property bonds recovery underway.



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Appendix – Global Bond Market Returns % (RMB vs USD, TR) as of March 31, 2024

Government bond returns

Top 15% Bottom 15%

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

		1M		3M		6M		12M	
		USD	RMB	USD	RMB	USD	RMB	USD	RMB
US	1-3YR	0.33	0.80	0.28	2.19	2.81	1.73	2.98	8.31
	7-10YR	0.72	1.19	-1.47	0.41	5.02	3.92	-1.46	3.64
	20+YR	0.85	1.32	-4.01	-2.18	8.81	7.67	-7.52	-2.74
	IG All	1.09	1.58	-0.43	1.47	7.85	6.72	4.51	9.91
	HY All	1.35	1.83	1.66	3.60	8.72	7.58	11.33	17.09
China	1-3YR	-0.15	0.33	-0.86	1.03	2.83	1.76	-1.89	3.19
	7-10YR	-0.25	0.23	0.23	2.14	4.96	3.86	1.14	6.37
	20+YR	-1.23	-0.76	3.70	5.67	10.61	9.45	9.31	14.97
	All	-0.32	0.16	0.00	1.90	4.42	3.32	0.45	5.65
China Policy Bank		-0.17	0.30	-0.25	1.65	4.00	2.91	0.10	5.28
Regional Govt		-0.18	0.29	0.81	2.73	5.55	4.44	2.26	7.55
China Corp (LC)		-0.21	0.26	-0.67	1.22	3.26	2.18	-0.97	4.15
China Onshore (All)		-0.24	0.24	0.13	2.04	4.58	3.48	0.82	6.04
China Green Onshore		-0.30	0.17	-0.78	1.11	3.15	2.07	-1.06	4.06
China All Corp (\$)		0.76	1.24	1.39	3.32	6.80	5.68	3.97	9.35
China IG Corp (\$)		0.74	1.22	0.98	2.91	6.31	5.19	5.51	10.97
China HY Corp (\$)		0.97	1.45	6.67	8.70	13.34	12.15	-11.39	-6.81
Offshore Govt (DimSum)		-0.13	0.35	-0.19	1.72	2.69	1.61	-1.88	3.19
Asia-Pac	1-3YR	-0.20	0.27	-1.54	0.34	2.86	1.78	-1.33	3.78
	7-10YR	-0.02	0.45	-1.65	0.23	5.35	4.25	0.09	5.27
	20+YR	-0.40	0.07	-1.55	0.32	11.20	10.03	4.81	10.23
	All	-0.15	0.33	-1.68	0.19	4.96	3.86	0.01	5.19
Australia	1-3YR	0.63	1.11	-3.55	-1.71	3.84	2.75	-0.41	4.75
	7-10YR	1.81	2.29	-3.47	-1.63	7.41	6.28	-3.37	1.63
	20+YR	3.06	3.55	-4.33	-2.51	12.06	10.89	-8.16	-3.41
	All	1.55	2.04	-3.54	-1.70	6.84	5.72	-2.53	2.51
India	1-3YR	-0.06	0.42	1.63	3.57	3.49	2.41	5.84	11.31
	7-10YR	0.11	0.59	2.41	4.36	4.38	3.29	7.00	12.54
	20+YR	0.01	0.48	4.81	6.81	6.54	5.42	8.92	14.56
	All	0.05	0.53	2.89	4.85	4.80	3.70	7.28	12.83
Indonesia	1-3YR	-0.44	0.03	-1.23	0.66	0.57	-0.49	0.19	5.38
	7-10YR	-0.81	-0.34	-2.02	-0.15	1.73	0.66	0.96	6.18
	20+YR	-0.89	-0.42	-1.98	-0.11	0.43	-0.62	2.87	8.19
	All	-0.60	-0.13	-1.78	0.10	1.32	0.26	1.31	6.56
Japan	1-3YR	-1.07	-0.60	-7.01	-5.24	-1.50	-2.54	-12.31	-7.77
	7-10YR	-1.08	-0.61	-7.22	-5.45	-0.26	-1.31	-13.13	-8.63
	20+YR	-1.84	-1.38	-8.58	-6.84	-2.62	-3.64	-20.06	-15.93
	All	-1.28	-0.81	-7.52	-5.75	-1.09	-2.12	-15.13	-10.74
Korea	1-3YR	-0.71	-0.24	-3.79	-1.95	2.82	1.75	0.02	5.19
	7-10YR	-0.30	0.17	-5.06	-3.25	6.18	5.07	-0.48	4.67
	20+YR	0.45	0.93	-7.93	-6.17	13.40	12.21	1.01	6.23
	All	-0.16	0.31	-5.73	-3.93	7.43	6.31	0.26	5.45
Malaysia	1-3YR	0.62	1.10	-2.03	-0.17	1.15	0.09	-3.77	1.21
	7-10YR	0.69	1.17	-2.27	-0.40	2.05	0.98	-2.57	2.47
	20+YR	0.78	1.26	-1.01	0.88	5.55	4.44	0.68	5.89
	All	0.69	1.17	-1.80	0.08	2.71	1.64	-2.11	2.95
New Zealand	1-3YR	-1.19	-0.72	-4.71	-2.89	3.53	2.45	-0.58	4.57
	7-10YR	-0.35	0.12	-6.01	-4.22	8.14	7.01	-2.14	2.92
	20+YR	-0.53	-0.06	-9.14	-7.41	13.33	12.14	-8.57	-3.84
	All	-0.61	-0.14	-5.80	-4.00	7.04	5.91	-2.01	3.07
Singapore	1-3YR	-0.25	0.23	-1.88	-0.01	3.33	2.24	1.18	6.42
	7-10YR	-0.13	0.34	-4.39	-2.56	5.13	4.03	0.76	5.98
	20+YR	-0.18	0.30	-6.96	-5.19	4.67	3.57	-7.33	-2.53
	All	-0.16	0.32	-3.99	-2.16	4.37	3.28	-0.66	4.48
Thailand	1-3YR	-1.52	-1.05	-5.56	-3.76	1.74	0.67	-4.62	0.32
	7-10YR	-1.19	-0.72	-4.38	-2.56	6.43	5.32	-4.54	0.40
	20+YR	-1.11	-0.64	-0.66	1.24	11.53	10.36	-4.42	0.53
	All	-1.26	-0.79	-4.51	-2.68	5.19	4.09	-4.36	0.59

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Appendix – Global Bond Market Yields %, as of March 31, 2024

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

Top 15% Bottom 15%

		Conventional government bonds				Inflation-linked bonds			Inv Grade	High Yld
		1-3YR	3-5YR	7-10YR	20+YR	1-5YR	5-10YR	20+YR	All Mat	All Mat
US	Current	4.73	4.32	4.21	4.43	2.08	1.86	2.12	5.35	7.83
	3M Ago	4.37	3.92	3.87	4.14	2.20	1.72	1.96	5.11	7.79
	6M Ago	5.16	4.71	4.59	4.82	2.72	2.29	2.37	6.06	8.91
	12M Ago	4.20	3.72	3.49	3.76	1.44	1.17	1.53	5.25	8.43
UK	Current	4.31	3.88	3.85	4.35	0.08	0.14	1.07		
	3M Ago	3.94	3.45	3.46	4.07	-0.02	-0.02	0.91		
	6M Ago	4.73	4.46	4.35	4.81	0.55	0.53	1.39		
	12M Ago	3.79	3.42	3.35	3.70	0.04	-0.29	0.36		
Japan	Current	0.12	0.27	0.60	1.70	-1.43	-0.84			
	3M Ago	0.00	0.13	0.50	1.60	-1.67	-0.81			
	6M Ago	0.01	0.21	0.66	1.61	-1.75	-0.70			
	12M Ago	-0.09	0.08	0.37	1.28	-0.84	-0.38			
China	Current	1.90	2.13	2.38	2.62					
	3M Ago	2.18	2.33	2.58	2.90					
	6M Ago	2.24	2.42	2.70	3.06					
	12M Ago	2.31	2.56	2.82	3.22					
EM	Current	3.30	3.91	4.60	3.90	4.92	4.70	5.38	5.66	8.81
	3M Ago	3.44	3.95	4.70	4.34	4.27	4.23	4.82	5.57	10.03
	6M Ago	3.58	4.52	5.05	4.51	3.27	4.48	5.32	6.43	11.01
	12M Ago	3.62	4.39	4.67	4.48	3.48	4.05	5.17	5.77	11.18
Germany	Current	2.89	2.38	2.23	2.43	0.78	0.24	0.26		
	3M Ago	2.48	1.97	1.96	2.25	0.92	0.16	0.16		
	6M Ago	3.21	2.78	2.75	2.97	0.87	0.44	0.52		
	12M Ago	2.69	2.35	2.25	2.37	0.16	-0.06	-0.11		
Italy	Current	3.27	3.12	3.44	4.05	1.00	1.39	1.70		
	3M Ago	2.99	2.88	3.45	4.17	1.23	1.62	1.88		
	6M Ago	3.94	4.03	4.50	5.02	1.68	2.31	2.43		
	12M Ago	3.27	3.38	3.90	4.43	1.00	1.72	1.91		
France	Current	2.98	2.65	2.70	3.18	0.57	0.42	0.73		
	3M Ago	2.49	2.23	2.43	3.00	0.56	0.32	0.64		
	6M Ago	3.33	3.14	3.26	3.79	0.82	0.75	1.12		
	12M Ago	2.83	2.57	2.70	3.28	-0.06	0.16	0.60		
Sweden	Current	2.93	2.40	2.33		1.55	0.88			
	3M Ago	2.59	2.04	2.01		1.12	0.59			
	6M Ago	3.50	3.18	2.98		1.42	1.28			
	12M Ago	2.85	2.52	2.26		0.75	0.62			
Australia	Current	3.75	3.61	3.92	4.36	1.11	1.37	1.78		
	3M Ago	3.71	3.63	3.90	4.30	0.85	1.27	1.61		
	6M Ago	4.14	4.10	4.43	4.86	1.30	1.78	2.24		
	12M Ago	3.03	3.32	3.55	4.10	0.41	1.06	1.65		
NZ	Current	4.91	4.41	4.53	4.91	1.87	2.29			
	3M Ago	4.71	4.24	4.31	4.60	1.45	2.12			
	6M Ago	5.63	5.35	5.32	5.54	2.50	2.89			
	12M Ago	4.78	4.44	4.40	4.55	1.33	1.96			
Canada	Current	4.01		3.44	3.38			1.65	4.92	6.73
	3M Ago	3.73		3.10	3.04			1.45	4.77	7.07
	6M Ago	4.70		4.07	3.88			2.22	5.90	7.93
	12M Ago	3.58		2.87	3.03			1.28	5.00	7.37

Source: FTSE Russell. All data as of March 31, 2024. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of Indices used for each market. For professional investors only.

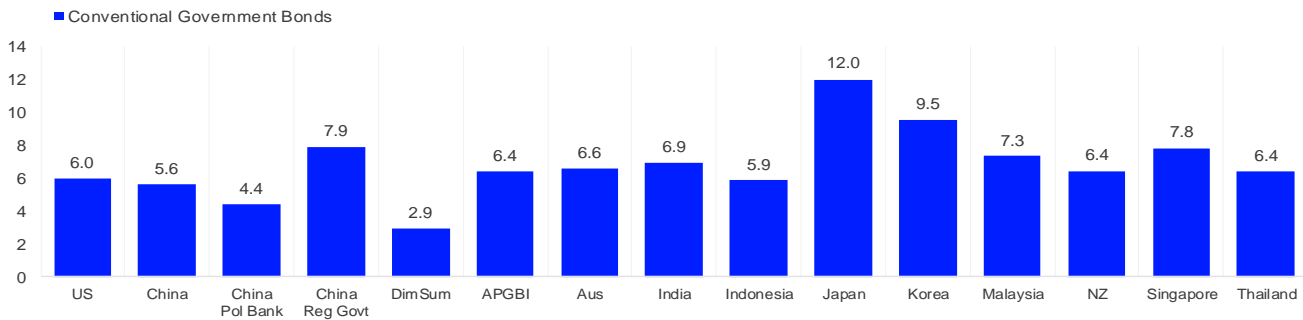
Appendix – Duration and Market Value (USD, Bn), as of March 31, 2024

Conventional Government Bonds								
	Duration				Market Value			
	3-5YR	7-10YR	20+YR	Overall	3-5YR	7-10YR	20+YR	Total
US	3.7	7.3	16.8	6.0	2,611.1	1,098.3	1,320.3	11,050.4
China	3.7	7.5	17.9	5.6	569.0	388.9	297.9	2,558.5
China Pol Bank				4.4				2,816.6
China Reg Govt				7.9				2,458.4
DimSum				2.9				11.8
APGBI	3.6	7.3	18.1	6.4	836.6	722.1	564.7	4,273.9
Aus	3.5	7.4	17.0	6.6	47.6	92.3	20.6	323.2
India	3.2	6.2	12.1	6.9	121.6	199.2	279.1	1,163.9
Indonesia	3.1	6.2	11.7	5.9	30.7	47.0	10.3	231.5
Japan	3.8	8.1	23.6	12.0	345.2	369.6	627.7	2,924.9
Korea	3.5	7.2	19.0	9.5	85.5	88.4	192.2	635.7
Malaysia	3.4	6.9	15.3	7.3	19.3	19.3	15.9	120.0
NZ	3.3	7.2	16.0	6.4	11.1	15.9	5.2	58.7
Singapore	3.3	7.5	20.1	7.8	16.0	14.3	16.1	96.5
Thailand	3.6	7.1	16.8	6.4	30.8	29.7	6.5	136.9

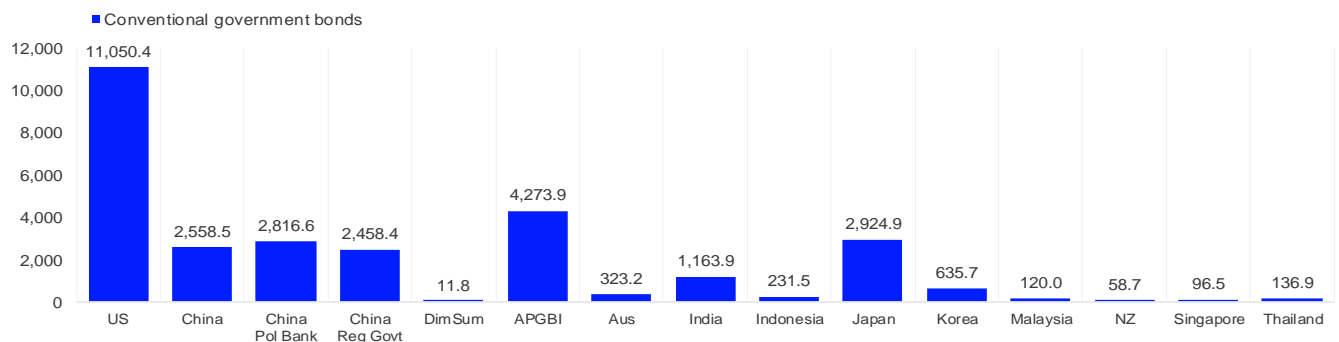
Corporate Bonds						
	Duration			Market Value		
	Inv Grade	High Yield	Overall	Inv Grade	High Yield	Overall
US	7.0	3.8		6,772.4	1,061.1	
China Corp (LC)			2.1			509.4
China Green Onshore			2.2			147.3
China Corp (\$)	4.1	2.1	7.9	212.7	18.3	231.0
DimSum			2.1			14.9
EM	5.1	3.4	4.7	564.8	179.0	743.7
EUxUK	4.4	3.0		3,004.8	405.9	

Other Sectors						
	Duration			Market Value		
	Supra	Agency	Corp NR	Supra	Agency	Corp NR
Offshore (DimSum)	1.9	2.4		1.7	5.8	

Average Duration



Total Market Value (USD Billions)

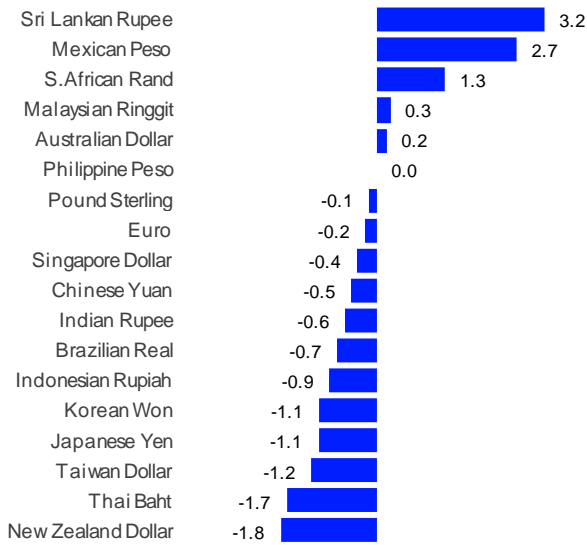


Data as of 2024-03-29

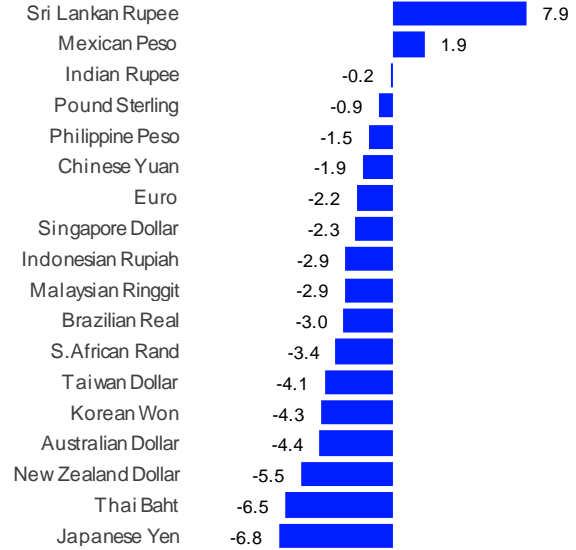
Source: FTSE Russell. All data as of March 31, 2024. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of Indices used for each market. For professional investors only.

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

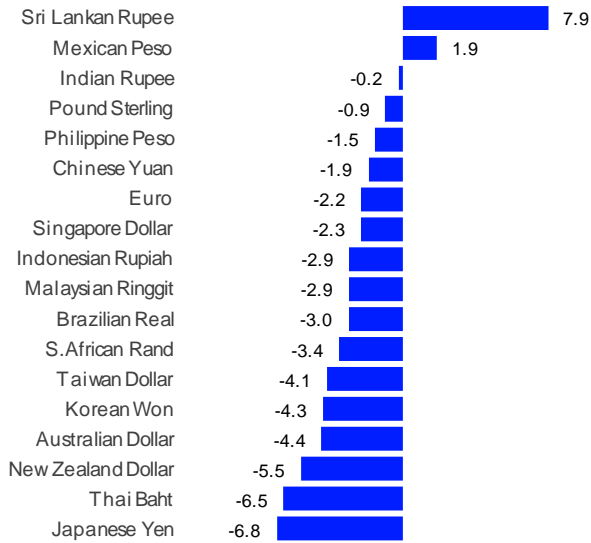
FX Moves vs USD - 1M



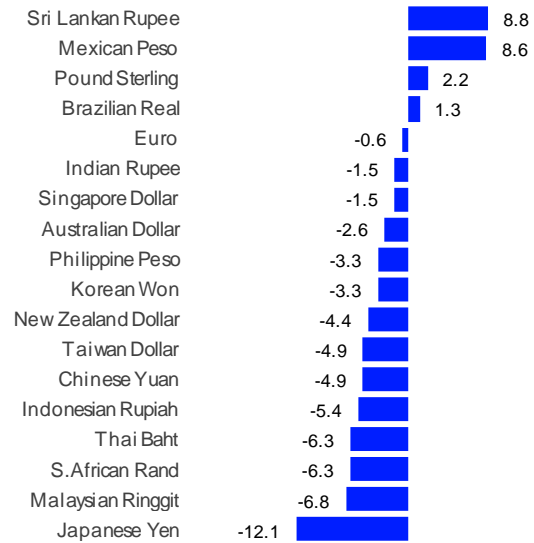
FX Moves vs USD - 3M



FX Moves vs USD - YTD



FX Moves vs USD - 12M



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

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

Total Returns

Historical Yields

Growth/Inflation

Financial Conditions

Curves

Spreads

Credit/Equities

MBS

Appendix

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