



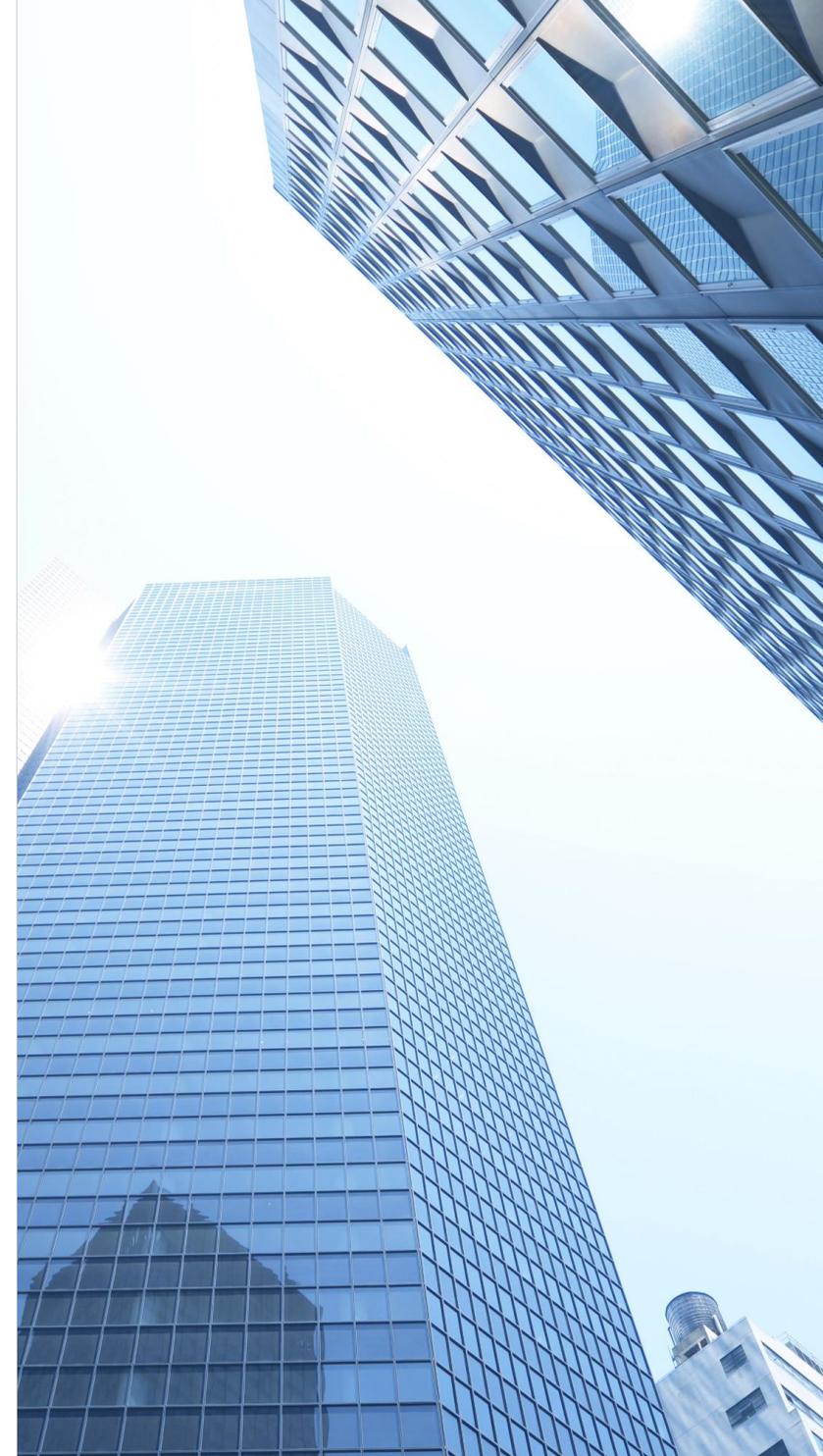
# Mizuho G4 Rates & FX views

(Growth, Inflation, Rates, FX)

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August 2025



## Mizuho FX, Policy and Rates Forecasts

Policy rates		19-Aug	Sep-25	Dec-25	Mar-26	Jun-26	Δ Jun26
Fed (mid point)		4.375	4.375	4.375	4.375	4.375	0bps
ECB (depo)		2.00	2.00	1.75	1.75	1.75	-25bps
BoE		4.00	4.00	3.75	3.50	3.50	-50bps
BoJ		0.50	0.50	0.75	0.75	1.00	50bps
Rates		19-Aug	Sep-25	Dec-25	Mar-26	Jun-26	Dec-26
USTs	2Y	3.76	3.90	4.00	4.05	4.05	3.70
	5Y	3.85	4.00	4.10	4.15	4.15	3.90
	10Y	4.34	4.80	5.00	5.10	5.20	4.80
	30Y	4.94	5.20	5.40	5.50	5.60	5.30
Germany	2Y	1.97	1.75	1.95	2.00	2.15	2.20
	5Y	2.33	2.20	2.50	2.65	2.80	2.90
	10Y	2.78	2.70	3.00	3.30	3.35	3.50
	30Y	3.36	3.30	3.55	3.90	3.90	3.85
UK Gilts	2Y	3.97	3.85	3.60	3.55	3.65	3.80
	5Y	4.13	4.00	3.80	3.75	3.85	4.05
	10Y	4.75	4.45	4.35	4.35	4.50	4.70
	30Y	5.62	5.25	5.10	5.05	5.10	5.20
JGBs	2Y	0.84	0.95	1.00	1.15	1.15	1.20
	5Y	1.14	1.20	1.30	1.50	1.55	1.60
	10Y	1.60	1.50	1.65	1.75	1.80	2.00
	30Y	3.14	2.75	2.95	3.00	3.00	2.80
FX		19-Aug	Sep-25	Dec-25	Mar-26	Jun-26	Dec-26
EUR/USD		1.17	1.18	1.22	1.23	1.24	1.25
USD/JPY		148	144	140	135	135	135
GBP/USD		1.35	1.39	1.39	1.38	1.38	1.39
EUR/GBP		0.86	0.85	0.88	0.89	0.90	0.90
EUR/JPY		173	170	171	166	167	169
GBP/JPY		200	200	194	187	186	188
DXY		98	97	94	93	93	92

\*Fed policy forecast by Mizuho Securities US. Macro forecasts by Mizuho Research & Technologies, Ltd. Forecasts for USD and USTs by Mizuho EMEA. Differences reflect the EMEA strategy teams risk assessment on the markets pricing of the outlook.

### The view in short:

- **Central Banks:** No Fed cuts this year, BOE and ECB to cut by more than priced, BOJ to keep hiking (but at a slower pace) despite near term uncertainty.
- **Rates:** Bearish US duration + steepening driven by the long end (Growth, Inflation pressures + issuance + debt sustainability pressuring the long end of the curve).
- **FX:** USD weakness into H2. GBP outperformance until October. EUR to keep climbing following the 2017 playbook.

# Mizuho Calls

<b>FED</b> 		Forecast: Mizuho Securities USA (MSUSA) (Steven Ricchiuto, Alex Pelle)		Market pricing* (Fut, as of: 13:31 on 19/8)
Current rate (mid point)	<b>4.375%</b>	Rates remain restrictive at these levels.		
2025 Dec meeting	<b>4.375%</b>	No more cuts this year		3.80%
2026 Dec meeting	<b>4.375%</b>	Terminal rate reached in 2025		3.11%
Peak	<b>5.375%</b>	July 2023 - Sept 2024.		
Mizuho EMEA FICC Strategy view	<i>No more cuts this year, but this market may attempt a dovish push all year.</i>			
Balance sheet reduction: QT (active and passive)				
2025	QT ending Oct 2025, risks skewed to earlier.			
<b>ECB</b> 		Forecast: Mizuho EMEA (Jordan Rochester & Evelyne Gomez-Liechti)		Market pricing* (Fut, as of: 13:31 on 19/8)
Current rate (depo)	<b>2.00%</b>	Rates remain restrictive at these levels.		
2025 Dec meeting	<b>1.75%</b>	25bps cuts: Dec.		1.81%
2026 Dec meeting	<b>1.75%</b>	Rates on hold, but risk of hikes into 2027.		1.85%
Peak	<b>4.00%</b>	Sep 2023 (end of hiking cycle) - June 2024 (start of cutting cycle).		
Mizuho EMEA FICC Strategy view	<i>We expect a lower terminal rate than the market, but German spending will embolden hawks.</i>			
Balance sheet - QT (active and passive)				
2025 2026	Passive QT with no APP or PEPP reinvestment.			
<b>BoE</b> 		Forecast: Mizuho EMEA (Jordan Rochester & Evelyne Gomez-Liechti)		Market pricing* (Fut, as of: 13:32 on 19/8)
Current rate	<b>4.00%</b>	Rates remain restrictive at these levels.		
2025 Dec meeting	<b>3.50%</b>	25bps cuts: Aug, Nov, Dec.		3.82%
2026 Dec meeting	<b>3.50%</b>	Terminal rate reached by Dec 2025		3.58%
Peak	<b>5.25%</b>	Aug 2023 (end of hiking cycle) - Aug 2024 (start of cutting cycle).		
Mizuho EMEA FICC Strategy view	<i>CPI to have upside, but growth concerns post budget to grow among firms to trigger more cuts.</i>			
Balance sheet - QT (active and passive)				
Sept 2024 to 2025 Sept 2025 to 2026	£100bn ~£50bn	In line with recent history and towards the BoE's Preferred Minimum Range of Reserves (PMRR). Stop active QT in Oct25-Sep26.		
<b>BoJ</b> 		Forecast: Mizuho EMEA (Jordan Rochester & Evelyne Gomez-Liechti)		Market pricing* (Fut, as of: 13:33 on 19/8)
Current rate	<b>0.50%</b>	Still on track toward neutral rate.		
2025 Dec meeting	<b>0.75%</b>	Next Hike at October's meeting.		0.68%
2026 Dec meeting	<b>1.00%</b>	Jan 2026 to be final hike of cycle, but upside risks		0.95%
Peak	<b>1.00%</b>	Reaches terminal rate in 2026.		
Mizuho EMEA FICC Strategy view	<i>A 25bps hike in Oct. But Politics (domestic and US) and USD/JPY the key variables.</i>			
Balance sheet - QE				
2025 2026	JPY 3.3tn per month (YE). JPY 1.7tn per month (YE).			

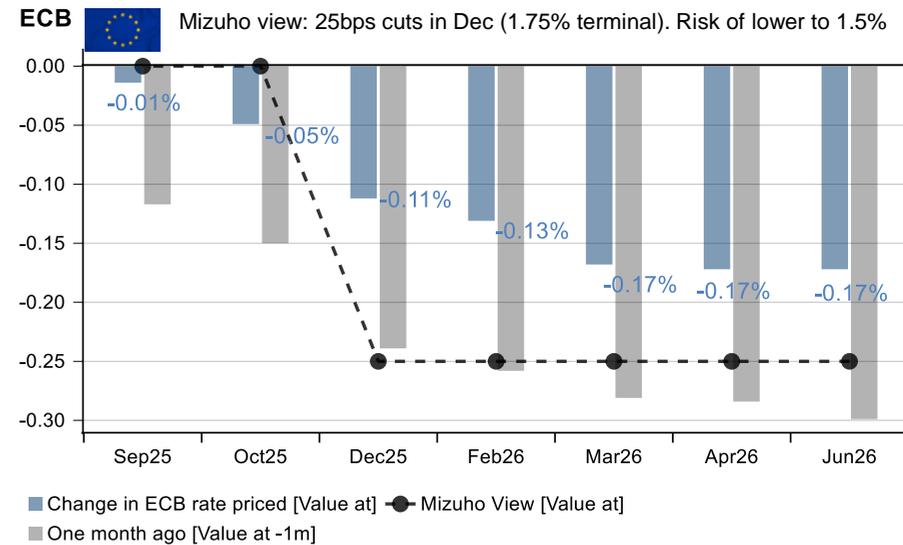
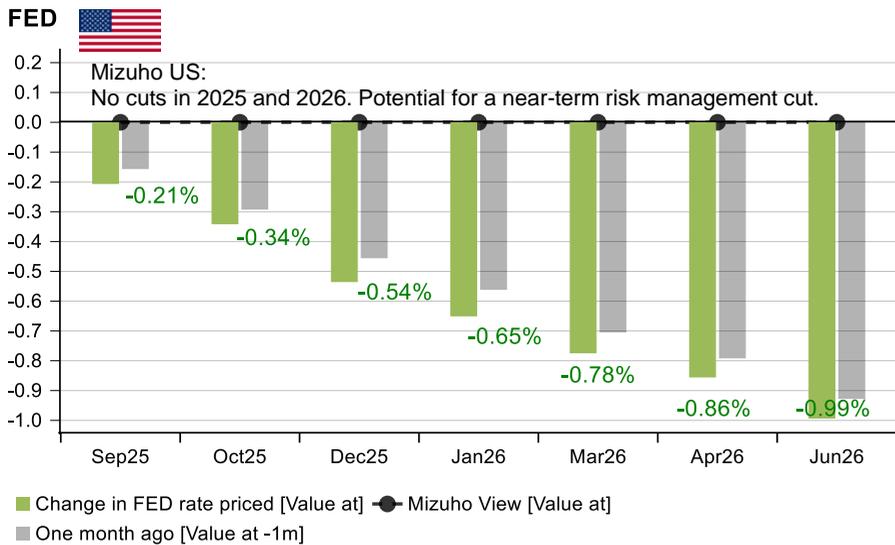
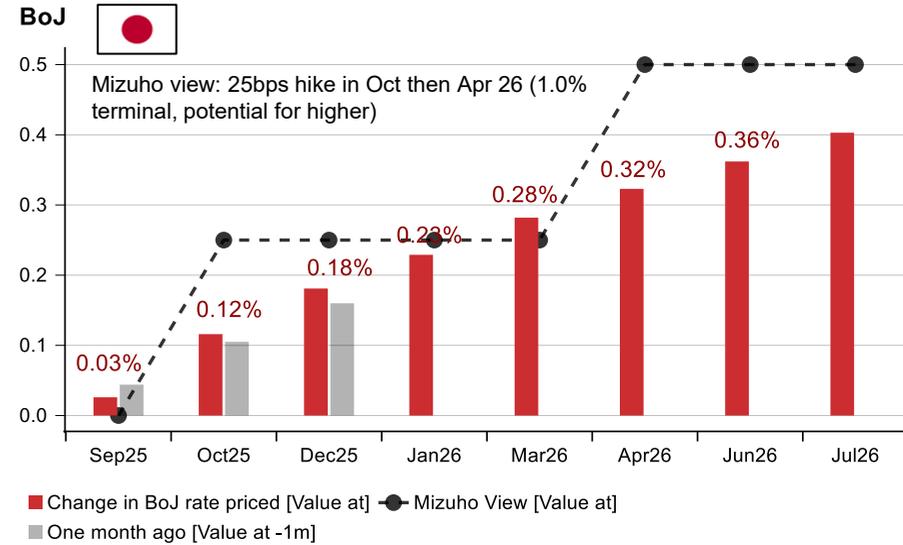
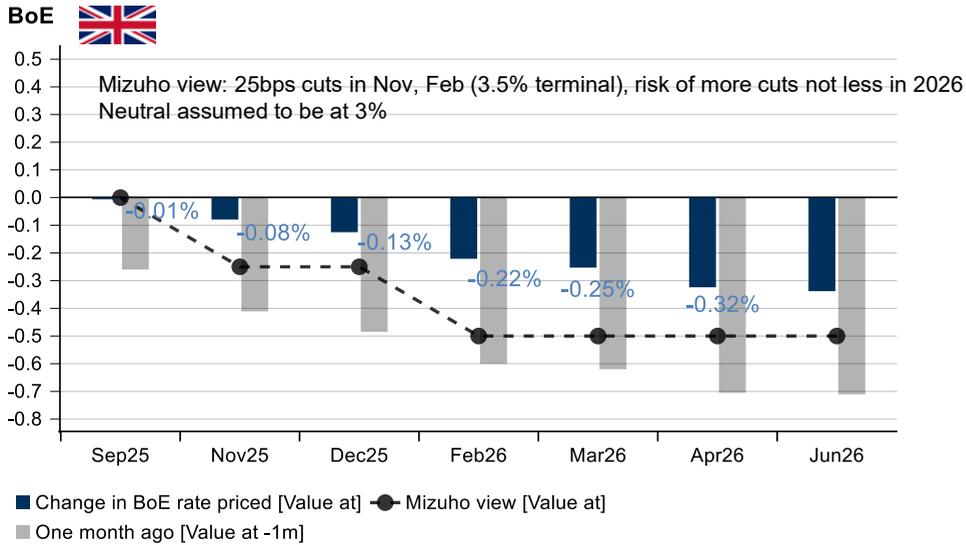
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# What's priced in?



# High Convictions & Trade Ideas

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## USD:

- **[STIRT]** Dec 2025-Dec 2026 Flatteners (SFRZ5Z6 flatteners). Entry: -53bps; Target: -100bps (by Dec); Stop: -60bps.
- **[Swap Spreads]** Deregulation = long 2Y USD swap spreads. Entry: -23.6bps; Target: -10bp; Stop: -30bps.

## EUR:

- **[Spreads]** Long 10Y SPGB vs 10Y OAT (OAT 3.2% May35 - SPGB 3.15% Apr35 spread). Entry: 4.5bp (Date: 10<sup>th</sup> April); Target: 30bp; Stop: -5bp.

## GBP:

- **[STIRT]** Long SFIZ5Z6 Flatteners. Entry: -0.25%; Target: -0.50% (by end-Nov); Stop: -0.12%.
- **[Curve]** Long UK-US 2s5s box steepener; Entry: 10bps; Target: 30bps by end Sep; Stop: 0bps.

## JPY:

- **[STIRT]** BoJ to hike ahead. Pay JPY 1y1y. Entry: 85bps; Roll target to 125bps, by end-Dec; Stop 90bps.
- **[Curve]** Flatter 2s10s with a hiking cycle in place. Entry: 75bp (Date: 28<sup>th</sup> May); Target: 55bps by end Sep; Stop: 82bps.
- **[FX]** Short USD/JPY with trade deal and political hedge unwind. Entry: 148; target 145 (by mid-August, 138 year-end). Stop 149.

# Trade Table

Trade Type	Entry date	Exit date	Trade	Conviction	Rationale	Entry (bps)	Target (bps)	Stop Loss (bps)	Exit	Current	Carry PnL (bps, 1M)	P&L (bps)*	P&L (bps, net of carry)*
US	STIRT	03-Jun-25	SFRZ5-Z6 flatteners	High	Fed's 2025 DOT is now an anchor point for the front end, from here the balance of risks are towards less cuts priced in 2025 with CPI rising to 3.5% by year-end.  But for 2026 pricing, this remains a market biased to cuts over hikes. Higher reciprocal tariffs in August may be the near-term trigger for a faster move.	-53	-100	-60		-67	0.0	13.5	13.5
US	Swap Spreads	28-May-25	Long 2Y USD swap spreads	Medium	The eSLR change was confirmed (eSLR to be revised from 5% to 3.5%-4.5% and from 6% to 3.5%-4.5% for their banking subsidiaries), with an open door to see UST carveouts following the 60-day comment period.  Meanwhile, the Fed is expected to meet to discuss deregulation more broadly, which should support this trade.	-23.6	-10	-30		-24.57	1.64	-1.0	3.6
EU	Spreads	10-Apr-25	Long 10y SPGB (SPGB 3.15% Apr35) vs OAT (OAT 3.2% May35)	High	France's debt sustainability trajectory looks worrying and political risk premium has increased lately following the failed pension reform talks. 2026 budget negotiations will be tricky. There is also the risk of a downgrade to single-A later in the year. Spain looks attractive as there is no issuance push coming later in the year and performance YTD has been muted.	3.15	30	-5		18.05	0.15	14.9	15.6
UK	Spreads	03-Jun-25	Long UK-US 2s5s Box Steepener	Medium	UK curve to steepen as the market will price a more aggressive BoE cutting cycle in H2. Fed on hold in 2025 in our view, 50bps of cuts to price out in 2025.	10	30	0		12.32	1.10	2.3	5.2
UK	Curve	20-Aug-25	Long SFIZ5Z6 Flattener	Medium	Sticky inflation in 2025, deeper cuts to come in 2026	-25	-50	-12		-24.5	0.0	-0.5	-0.5
JPY	STIRT	03-Jun-25	Pay JPY 1Y1Y	Medium	Domestic data continues to point to the need for the BoJ to hike (solid Labour, CPI, surveys). Japan likely to secure a trade deal with the US by July to lower tariffs at least. Global risk sentiment recovery.	85	125	78		99.67	-0.05	14.7	11.0
JPY	Curve	03-Jun-25	JPY 2s10s Flattener	Low	Japan considering to trim long end bond issuance. Front end to re-price higher terminal rate for BoJ. Curve near top of recent two-year range.	75	55	80		74.20	-0.14	0.8	0.4
JPY	FX	21-Jul-25	Short USD/JPY	Medium	Extreme amounts of JPY hedging over the past two weeks that have been disappointed by a lack of a major surprise in Japanese politics. JPY has traded cheap vs rate differentials.	148	145	149		147.4	0.34	0.4	0.4
Total											3.0	31.1	9.9



# Trade idea overview

## What's working

 **USD:** The US CPI report wasn't as bad as feared, which triggered a rally in front-end USD rates that also helped our **SFRZ5Z6 flattener**. We have decided to move our stop loss to lock in some profit. Jackson Hole will give us a better idea at how the Fed is thinking about 2025 cuts. We think a 50bp cut is a stretch (as Fed members will be concerned about Labour markets, but inflation rising too) and still see this as a market that is biased to price in a deeper cutting cycle in 2026 (rather than 2025). Thanks to a new Fed chair with many prospective candidates likely to make their views known on the airwaves in coming weeks.

 **EUR:** Last week we saw a supportive risk sentiment, with equities rallying and credit spreads tightening. This was also evident in the EGB space and in our **SPGB-OAT widener**, which continues its march upwards. The hawkish rhetoric on the ECB may have to face a downturn in PMIs this week if leading indicators such as ZEW or Sentix are right.

 **JPY:** Bessent's comments regarding the BoJ have seen markets price in a bit more for the BoJ and that has helped our **paid 1y1y swap**. The **2s10s flattener** didn't really move much this week, as the bearish rates pressure was felt across the curve. Our **short USD/JPY** trade has experienced a wild week – we have decided to transform this trade into a more “long-term macro” theme, by widening our target and stop levels as we still fully believe the BoJ will be delivering several hikes and that will put upside pressure on the JPY FX.

## What's not and why?

 **USD:** While the rally in front-end rates didn't help our **long 2Y USD swap spread position**, we continue to see dip-buying interest, especially when the 2Y spread touches -25bp. Given that we are still expecting more deregulation news and the positive carry & roll of this position, we are happy to let it run during summer.

 **GBP:** Having been stopped out of our received Z5 position we switched into Z5Z6 flatteners after the CPI, whilst noting the recent hawkish shift has hurt our **2s5s long UK-US box steepener** trades. We expect sticky inflation

## Broader Risks on our mind

-  • **Does the effective tariff rate pick up due to pharma and less USMCA exemptions?** Our tariff model suggests an effective tariff of 16.8%, but that is assuming 85-90% of Mexico/Canada exports to the US are exempted. If only 40% of Canadian exports make it to exemption, we could be talking about a 18.5% rate – something more difficult to digest for markets and that could pressure global growth slightly lower, prompting a more dovish CB response.
- **Will the US reform its banking sector over the summer?** SLR reform is shaping up and optimists might be disappointed. Whilst the proposal does not exempt Treasuries from eSLR, it does invite comments for a potential exemption for Treasuries held on the trading books of broker-dealer subsidiaries, which would make market risk, rather than leverage, the main constraint for Treasury market intermediation.
- **How will equities hold up as the treasury withdraws liquidity over summer with TGA build up?**
-  • **Will the Germans continue to ramp up issuance in Q4-25?** We have a market that is very optimistic of a big move in German spending to come (we are too). We roughly know the direction of travel (increase in new debt of €82bn in 2025 that will progressively rise to €126bn, with issuance already being revised €19bn higher for Q3-25), but not the details on broader tax/spending plans or defence spending. We will start to get the details of the 2025-26 German budgets after summer, with markets likely prone to price an issuance premia and steepen into the announcements.
- **Will the EU reform it's way out of a funk?** The Draghi plan gave EU leadership a target to aim for, but how slow will it be for the roadmap?
- **Will Ukraine/Russia find a way to a ceasefire, or will the US have to ramp up Russian sanctions and military aid?** Big implications for energy markets if there is a long-lasting ceasefire. But prolonged conflict will lead to higher European defence spending and tighter oil & natural gas markets. Secondary sanctions the key tool to consider.
-  • **With the welfare bill now passed, will taxes rise once again? Or will Gilt issuance ramp up?**
- **Tears in the House of Commons.** Will Chancellor Reeves remain in the job for a long time, or will she be replaced? Or will she stay in detriment of a fiscal-rules adjustment?
-  • **Japan's PM Ishiba, leadership in doubt?**

## Event Risks ahead

### Timeline of risk events:

- **21-23 August:** Jackson Hole
- **29 August:** DMO publishes Gilt operations calendar for Oct-Dec.
- **Over summer?** US may look to change the Supplementary Leverage Ratio (SLR) for minimum levels of capital held at US banks. 60-day comment period ends towards the end of August.
- **Over summer?** Trump to impose potential 100% tariff on chips and semiconductors, but no detail as of yet.
- **Early Sep:** Trump's ultimatum to Russia to agree to a peace deal or face 100% tariffs (and potentially secondary tariffs).
- **Mid Sep:** German Treasury announces Q4 refunding plan
- **18 Sep:** BoE meeting (with APF QT decision).
- **28 Sep-1 Oct:** Labour party conference (what taxes will be raised?).
- **28 Oct-4 Nov:** UK Autumn Budget.
- **22-23 November:** G20 summit in South Africa.
- **Dec/Jan:** Various tariff investigation deadlines under Section 232. Copper, timber & lumber (5 Dec), Semiconductors and Pharma (27 Dec), Critical minerals and trucks (17 Jan), commercial aircraft and jet engines (26 Jan).

### Rating reviews:

- **22 August:** UK (Fitch) rating review.
- **12 September:** Spain (S&P) rating review.
- **10 October:** UK (S&P) rating review, Italy (S&P) rating review.
- **24 October :** France (Moody's) rating review.
- **6 November:** UK (Moody's) rating review.
- **7 November:** Germany (Moody's) rating review.
- **21 November :** Italy (Moody's) rating review.
- **28 November :** France (S&P) rating review.

### Other key events:

- **Likely in Q3/Q4:** Potential Sector-specific tariffs on copper, lumber, semiconductors, pharma.
- **18 Sep:** DNB Dutch PF Quarterly Data Update

# Top themes

1. **Russia-Ukraine ceasefire hopes weighing on energy but is it in the price?**
2. **Testing the dual mandate: Inflation expectations rising but Labour markets softening.**
3. **German short-term pain, waiting for long term gain. Issuance to ramp up and steeper curves.**
4. **Dutch Pension reform**
5. **Sticky UK inflation and noisy Labour data – long end selloff**
6. **A reluctant hiking cycle in Japan but with data that is hard to ignore**

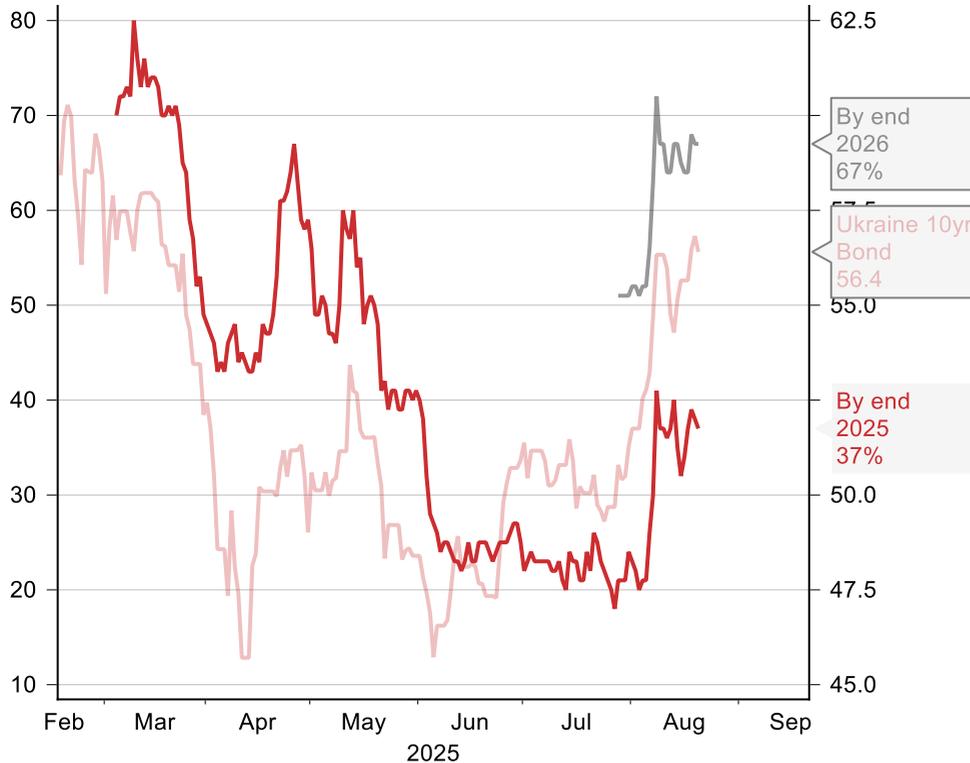


# Theme 1: Russia-Ukraine Ceasefire hopes

- Odds of a ceasefire in Ukraine are rising, biggest impact is in Ukraine fixed income.
- Oil, EURPLN and EURHUF are trading at the recent lows, so a good amount is in the price?

## Odds of a ceasefire are rising, with Ukraine bonds rallying

Will Russia-Ukraine agree to a ceasefire? Polymarket odds



— Ukraine 10yr (UKRAIN 4 1/2 02/01/2035), rhs  
 — Polymarket Russia x Ukraine ceasefire by end of 2026, lhs  
 — Polymarket Russia x Ukraine ceasefire in 2025, lhs

## What would be the market impact?

A lot depends on the strength of the ceasefire (Russia is known to break them, within hours in previous Ukraine efforts) and sanctions removal. Markets would however price in the probabilities of:

- **Lower energy and foodstuff commodities:**
  - 🛢️ **Oil** – Oversupply expected, prices likely to fall.
  - 🔥 **Natural Gas** – Reduced geopolitical risk could lower prices.
  - 🌾 **Wheat** – Peace may restore Ukrainian exports, pressuring global prices.
  - 📦 **Gold** – Safe-haven demand to decline.
- **European Stocks to Rally:** 🏦 **Banks**, 🏭 **Manufacturing**, 🚚 **Logistics** – Especially those with **Russian exposure**.
- 🛡️ **Defence Stocks Under Pressure:** After years of strong performance, peace could reduce demand.
- 📉 **Lower Yields:** Driven by falling energy prices and inflation expectations.
- 🏠 **Currency Moves:** **EUR** – Modest strengthening. **PLN & HUF** – Expected to outperform as **Ukraine reconstruction beneficiaries**.

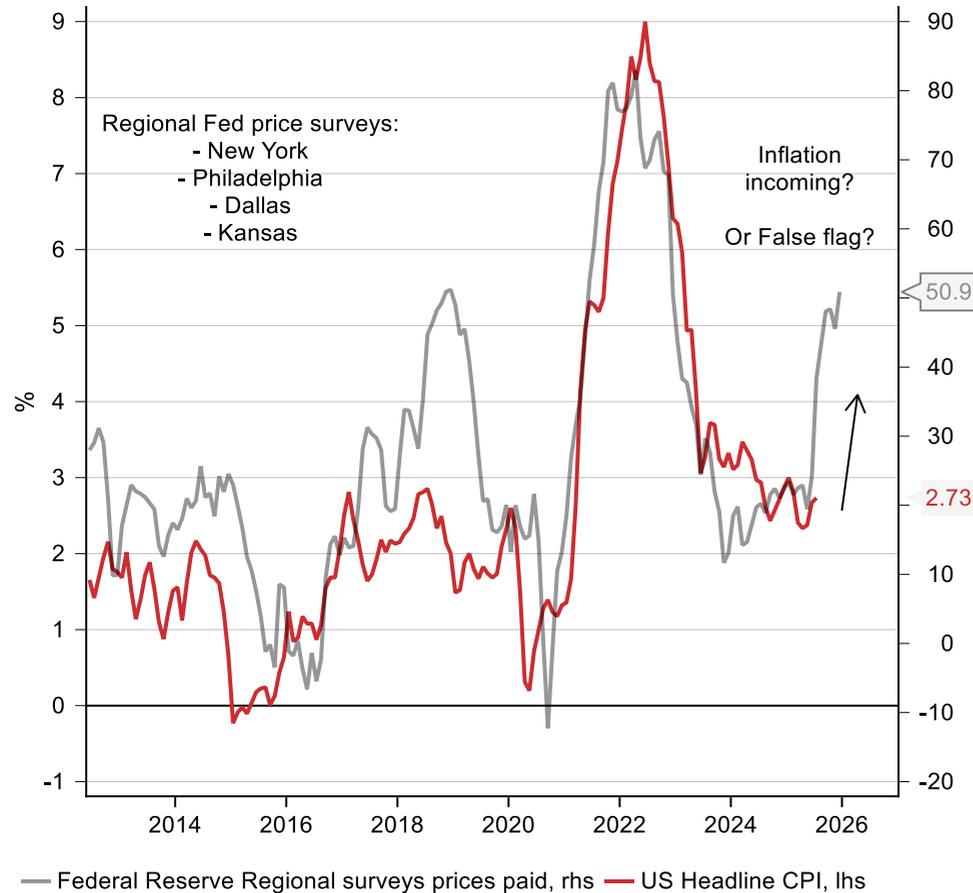


# Theme 2: Testing the dual mandate: Inflation expectations up but Labour down

- Tariff passthrough has been minimal so far, but firms are reporting strong price pressures
  - Labour force surveys all agree, hiring is weaker and signals suggest higher unemployment ahead.
- Labour remains the key factor for this market on where the front-end trades, but NFP could rebound making September a 50/50?

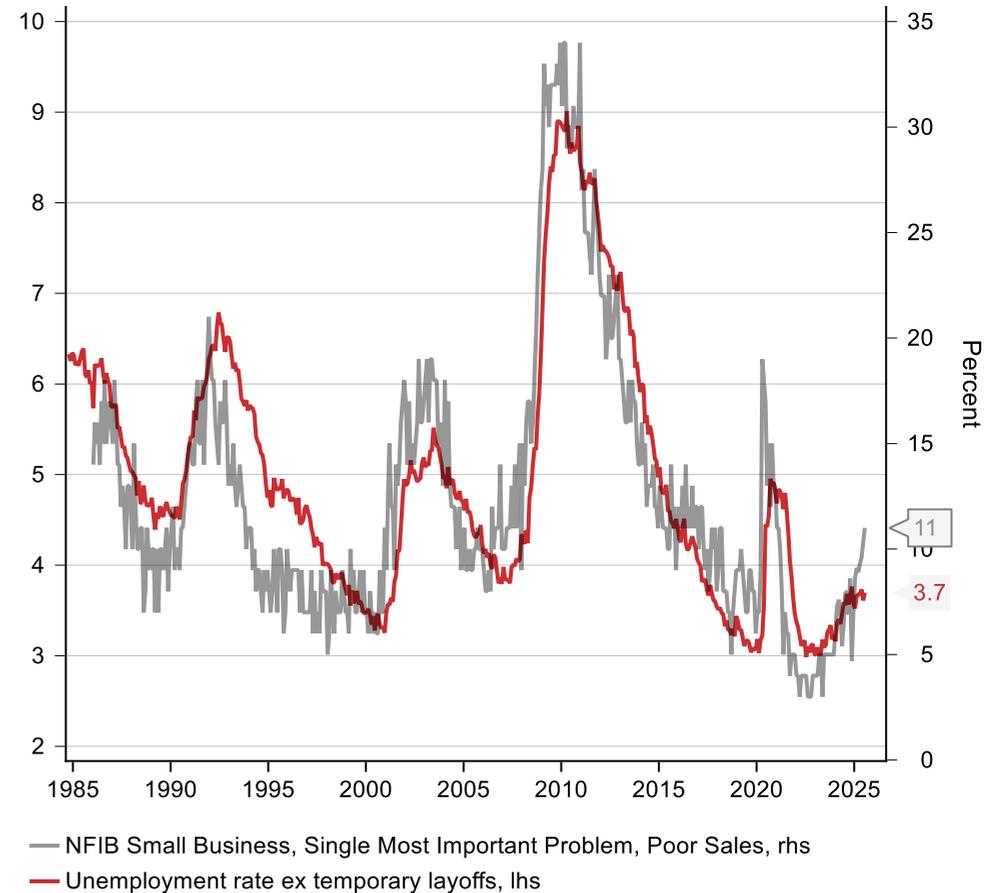
## Regional Fed surveys suggest inflation incoming, but a 5-month lag

US Headline CPI led by Regional Fed surveys (five months)



## NFIB shares the same message of conference board, higher UE ahead?

NFIB small business, poor sales vs Unemployment



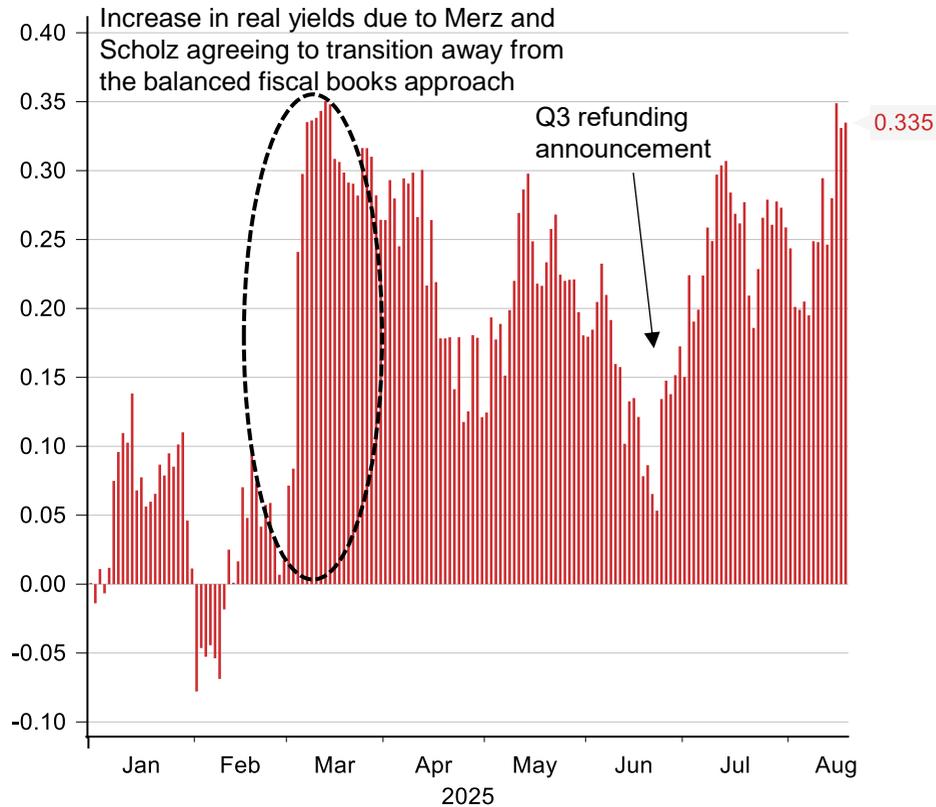


# Theme 3: German issuance ramp up to come?

- The German Treasury already ramped up issuance in their Q3-25 refunding (earlier than what markets were expecting), surprising us with more 10Y+ issuance vs expectations. Around mid Sep, we'll get the Q4 refunding, where we expect another €19-20bn increase in issuance. If the curve remains around current levels, we expect the 5-7Y part of the curve to bear the brunt.
- Don't forget about the **broader debt-brake reform** that the CDU/CSU has agreed with the SPD. This could increase the debt brake from 0.35% to 0.9% of GDP (which we estimate at around €23bn extra spending). German leaders are expected to start discussing this late September.

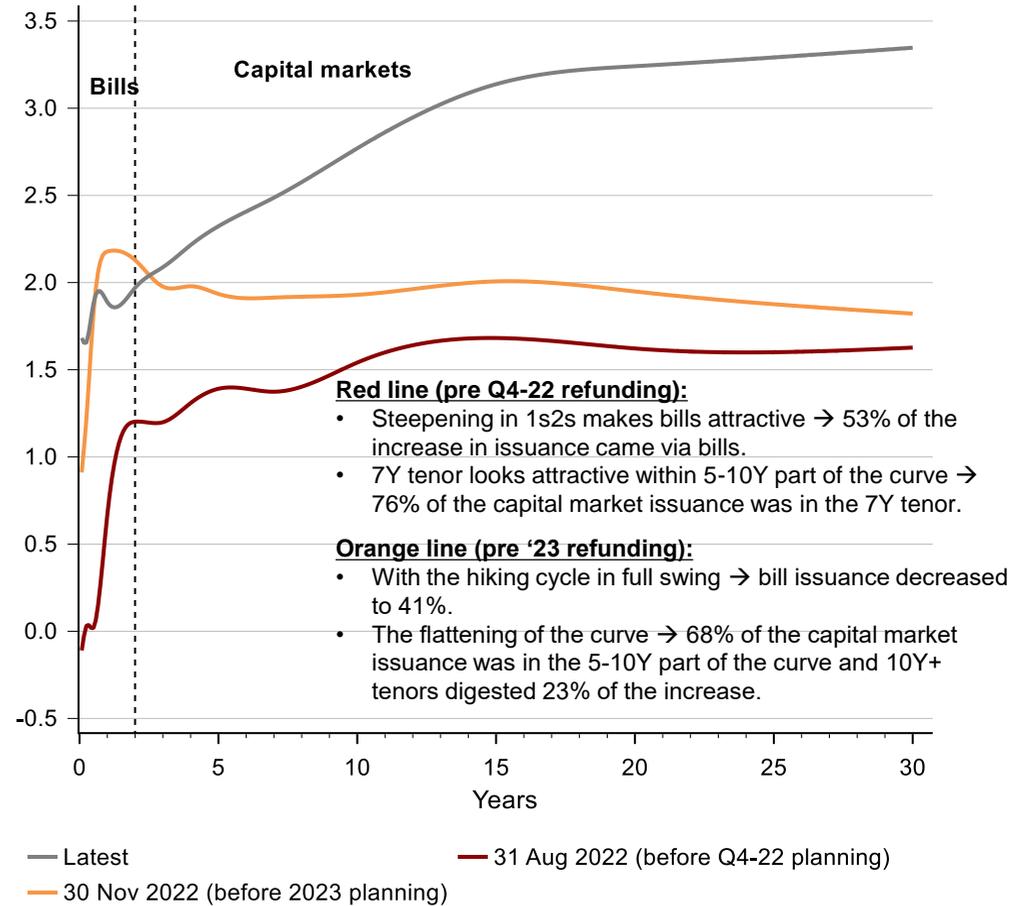
## Real EUR rates are pricing

### Changes in German 10yr implied real yields



■ EUR Real yield

## German curve snapshots





# Theme 4: Dutch Pension reform

- The window for Dutch Pension Funds to transition from a Defined Benefit (DB) to a Defined Contribution (DC) model is closing. The new lifecycle investment model means less need to hedge via long-end receiver swaps. We estimate this decrease in hedging needs at around 205mn/01, with 104mn/01 (paying flow) for 2025 (at least 70% done) and 55mn/01 (paying flow) for 2026.

## Dutch Pension funds at a glance

Pension Fund	Transition Date	Pension liabilities (EUR bn)	Relative Size (% of Total Liabilities)	Investment assets (EUR bn)	Interest rate hedges (%)	Latest Policy funding ratio (%)
ABN	01 Jan 27	20	1.5%	26	94	126
ABP	01 Jan 27	450	33.5%	519	58	114
Vervoer	01 Jan 27	29	2.2%	34	56	113
Bpf Bouw	01 Jan 26	51	3.8%	66	83	127
Detail	01 Jan 26	26	1.9%	31	74	123
PMT	01 Jan 26	76	5.7%	84	76	109
PME	01 Jan 27	49	3.6%	57	71	114
PGB	01 Jan 27	28	2.1%	33	73	117
Rabo	01 Jan 27	21	1.5%	25	94	118
PFZW	01 Jan 26	217	16.2%	247	59	110
<b>Industry Total</b>	<b>01 Jan 28</b>	<b>1343</b>	<b>100%</b>	<b>1600</b>	<b>69</b>	<b>117</b>

## What the transition from DB to DC means in terms of DV01

Age	Interest rate cover (assumed)	No. Members (as % of total)	Theoretical		Difference	
			+1bp DC DV01	-1bp DC DV01	+1bp DBvs DC	-1bp DBvs DC
<30	15%	14%	-48	64		
30 - 34 years	23%	8%	-73	98		
35 - 39 years	31%	8%	-99	132		
40 - 44 years	39%	8%	-125	167		
45 - 49 years	48%	8%	-151	201		
50 - 54 years	56%	10%	-176	236		
55 - 59 years	64%	10%	-202	270		
60 - 64 years	72%	10%	-228	304		
65+	80%	24%	-254	339		
<b>Total</b>			<b>-164</b>	<b>219</b>	<b>-153</b>	<b>-205</b>

## Our global PCA model suggests that part of the steepening is Dutch PF related

### Euribor 20s30s global PCA model



We regressed the EUSA20s30s on the first component of a PCA using SOFR, SONIA, TONAR, OAT and BTP curves. We interpret the residual as the part that is not explained by a global steepening move.

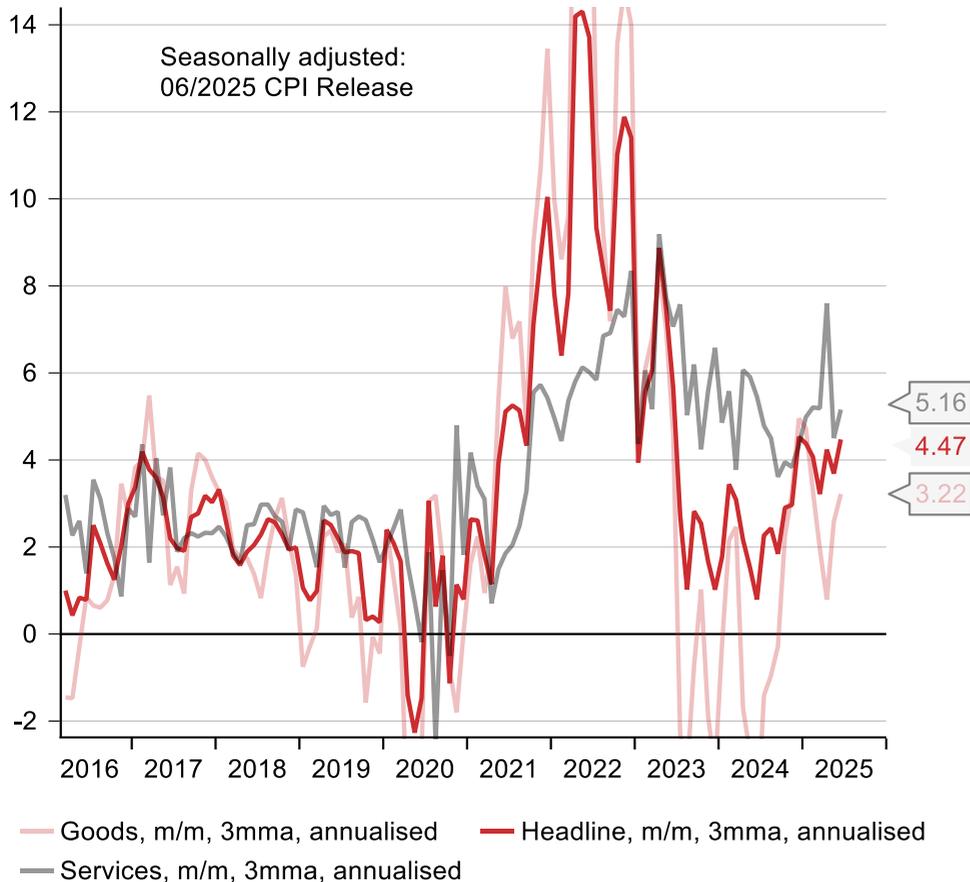


# Theme 5: Sticky inflation, noisy Labour data and a hawkish turn in BoE voting?

1. It's hard to be dovish on UK inflation with short term momentum of prices rising.
2. But it's the Labour market that might continue to sway the doves for cuts later this year.

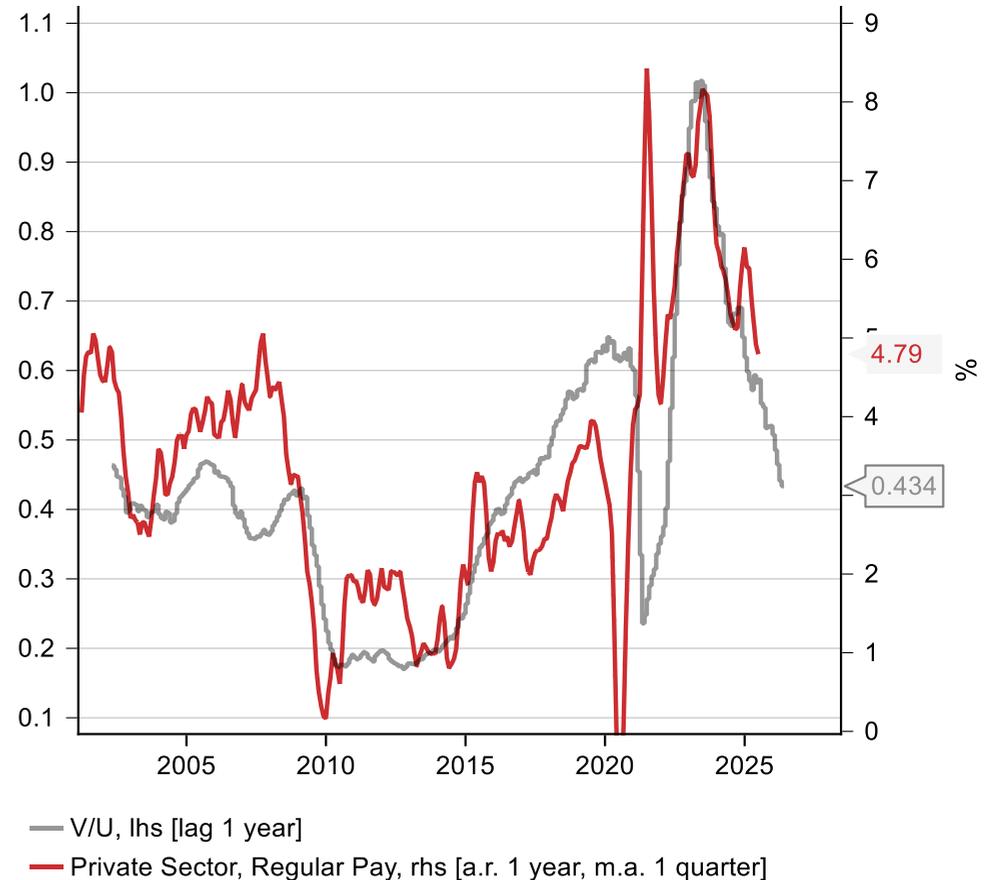
## Short term momentum in UK inflation – all above 2% annualised

### UK CPI short term momentum (SA m/m 3m average)



## But job vacancies are in sharp decline. Labour market slack building

### Vacancies/Unemployment ratio leads UK Wages by 1 year

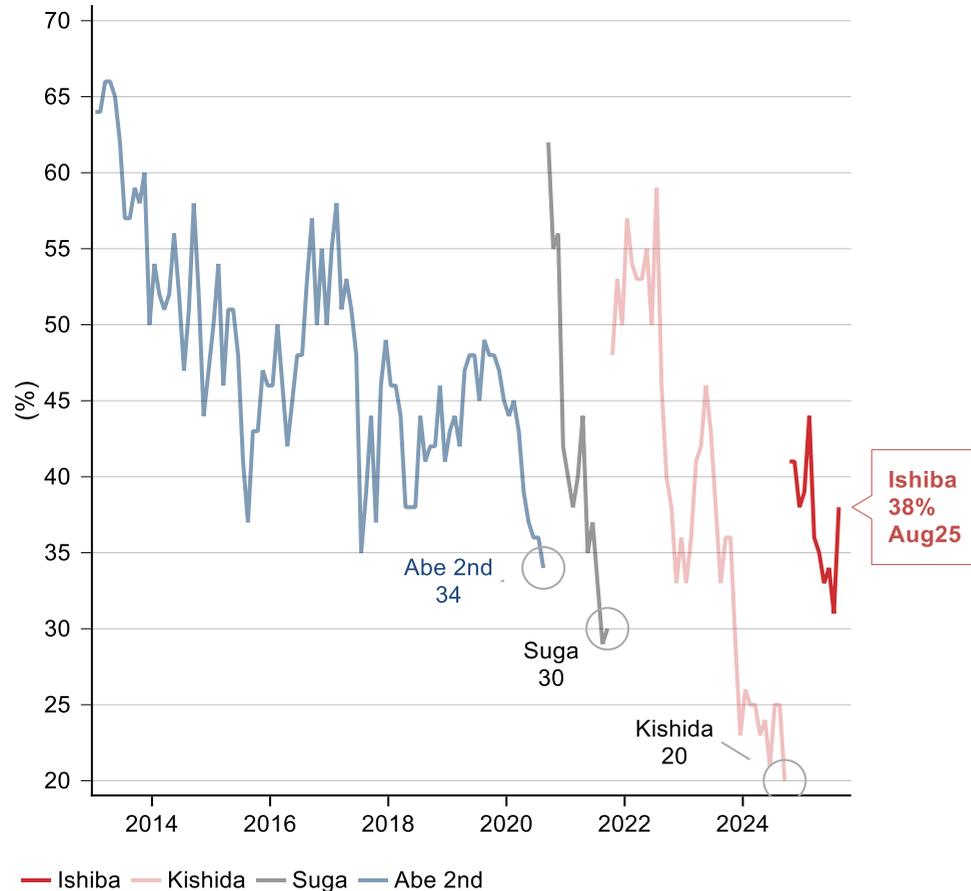


# Theme 6: Japanese politics moving towards BoJ hike scenario?

1. PM Ishiba's cabinet ratings have improved after a trade deal was struck with the US.
2. But it's not clear if he'll survive the year and the long end suffers as a result.

## Is PM Ishiba's cabinet rating improving? If so, leadership not at risk?

Japan, Cabinet Approval Rating



## Falling political premium to support BoJ pricing?

Falling odds of PM Ishiba resigning (Polymarket)



**USD**

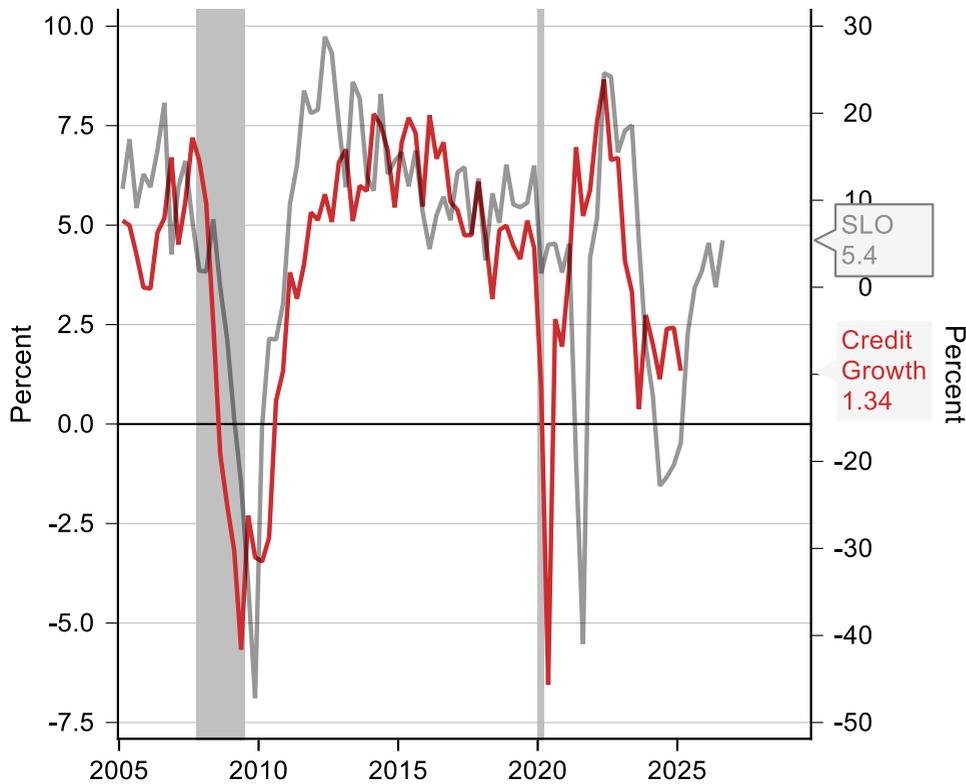


# US Growth – to rebound?

- Weak Credit growth is expected to rebound if the signal from the senior loan officer survey is a guide.
- Growth in US surveys is mixed, ISM notably weak but PMIs rebounding.

## Consumer Credit growth follows SLO survey by six months

### Consumer Credit growth follows SLO willingness to lend (1y)



— Senior Loan Officer Opinion Survey Increased Willingness to Lend, rhs [la...  
 — US Consumer credit growth, lhs

## Growth depends on who you ask – ISM vs PMI Services

### US ISM (Grey) vs PMI (Red) - Services



— US ISM Services — US Services PMI



# US Inflation – tariffs are one thing, have you seen services?

- Tariff passthrough has been minimal so far, but firms are reporting strong Service price pressures.
- The speed of the CPI acceleration has been revised down in fixings, but still on a 3% handle for CPI.

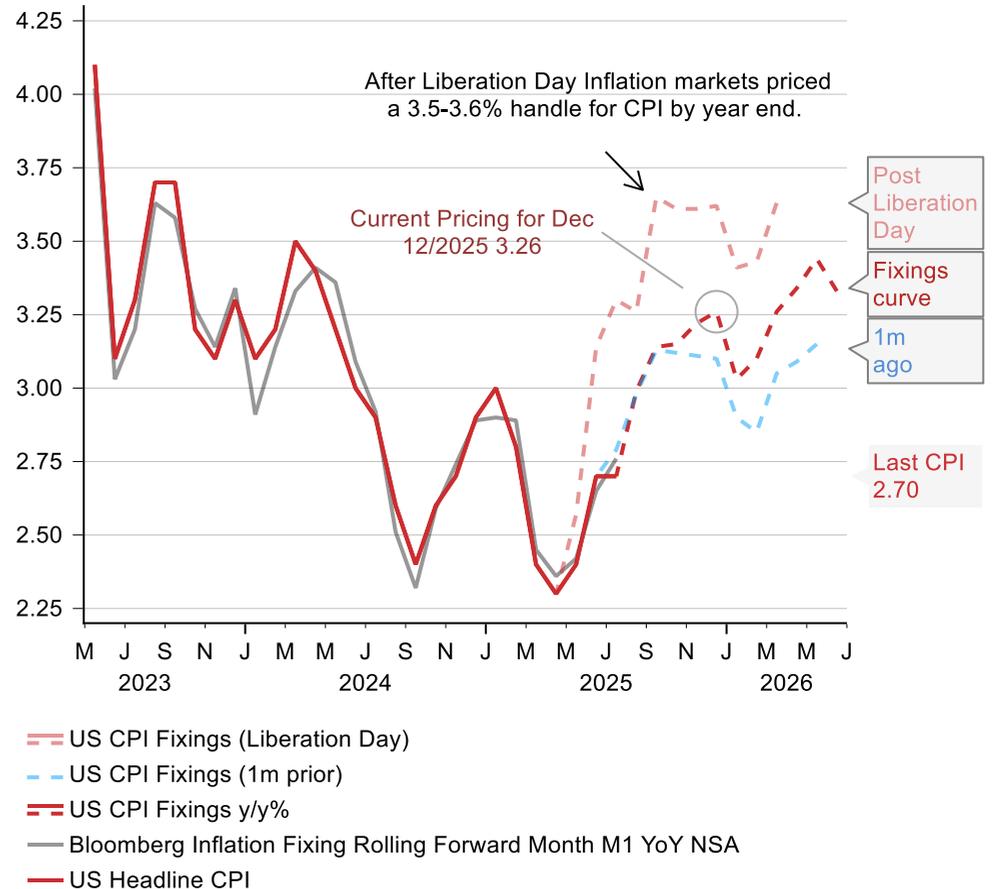
## ISM service prices lead US headline CPI?

### ISM Service prices lead US Headline CPI by 3m



## US CPI fixings y/y%

### US CPI fixings y/y%



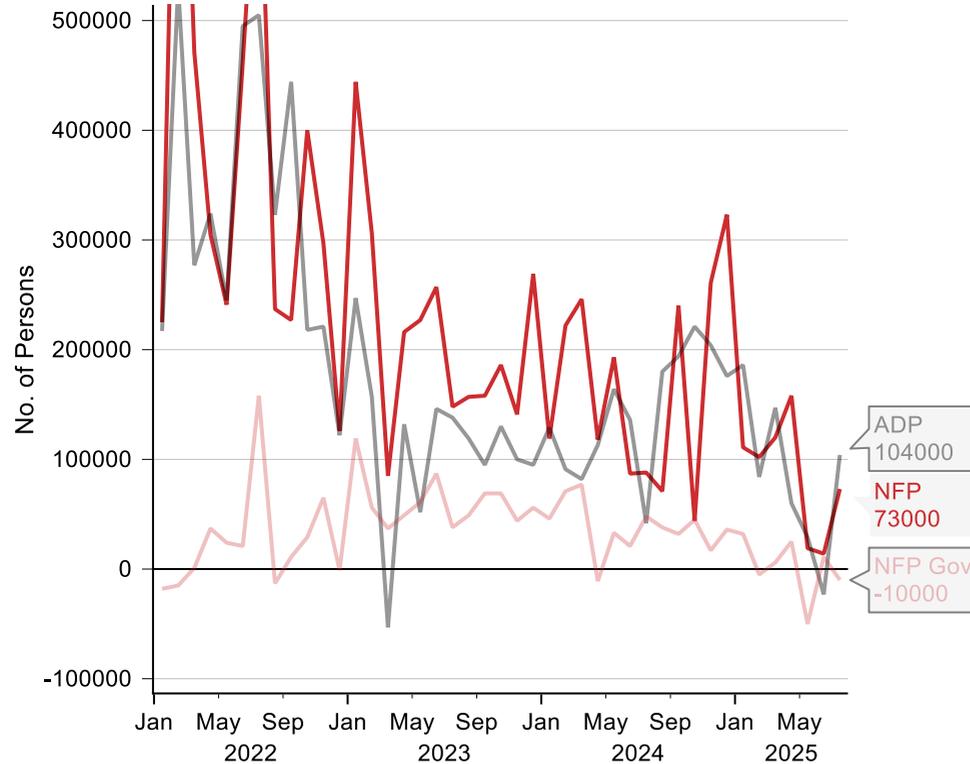


# US Labour – noisy of late, but stabilization in claims gives the hawks some room

- Noisy Labour market data but perhaps the lesson is ADP is more reliable of late, Gov hiring sluggish.
- Claims data has been signalling a weaker labour market but has stabilised at higher levels.

## ADP becoming a better predictor of final NFP?

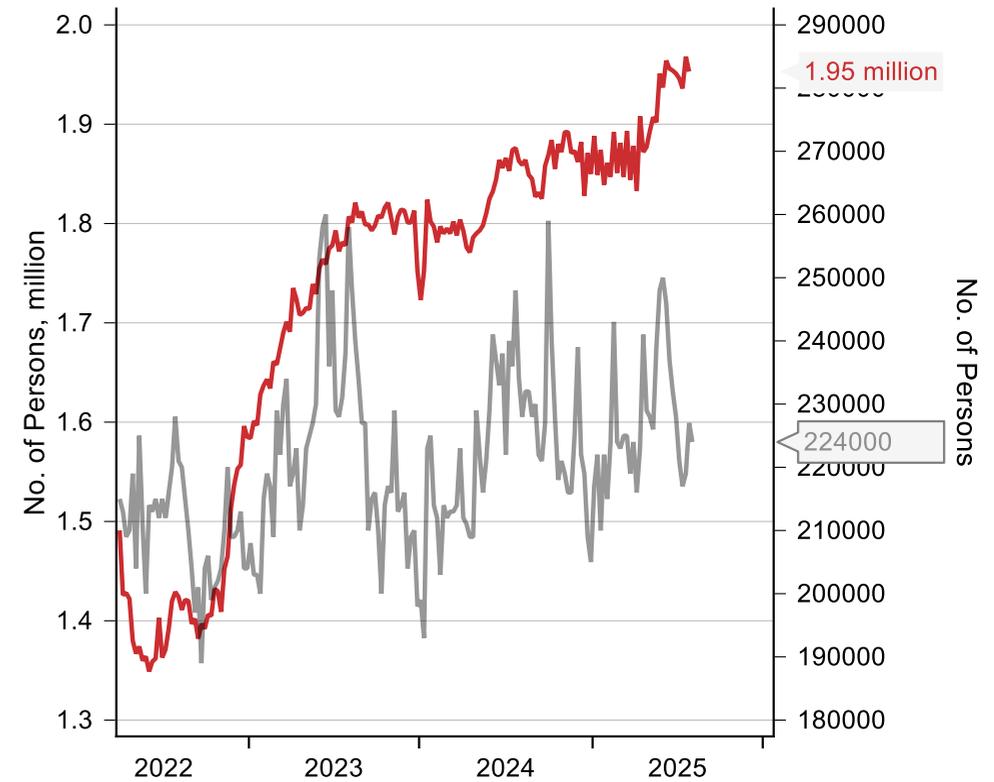
### ADP vs NFP monthly change and government hires



- Payroll, Government, Nonfarm, Payroll, Total [c.o.p. val 1 month]
- ADP [c.o.p. val 1 month]
- NFP [c.o.p. val 1 month]

## US Claims data are deteriorating but not as quickly as feared

### Jobless Claims, Initial and Continuing



- Jobless Claims, Initial, Total, SA, rhs
- Jobless Claims, Continuing, Total, SA, lhs

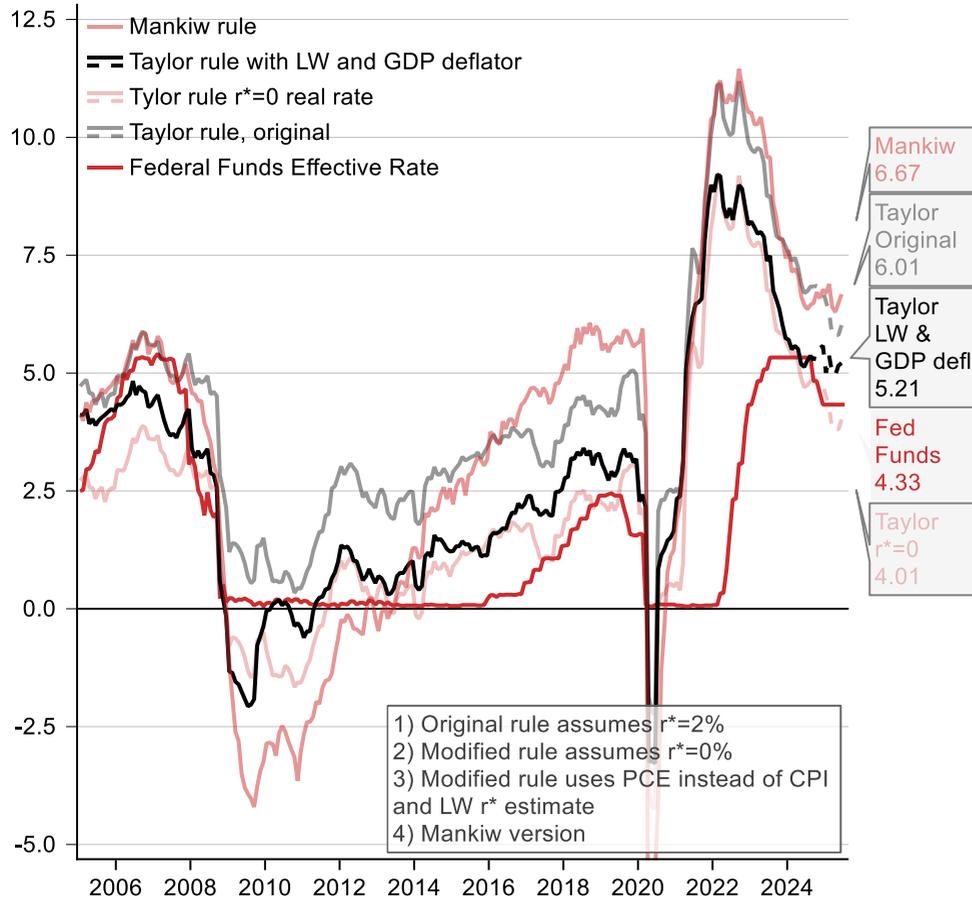


# US - Fed Policy, Taylor rules and Fed speak

- Various Taylor Rule's suggest policy is loose if anything
- But Fed commentary has been trending towards the more dovish side

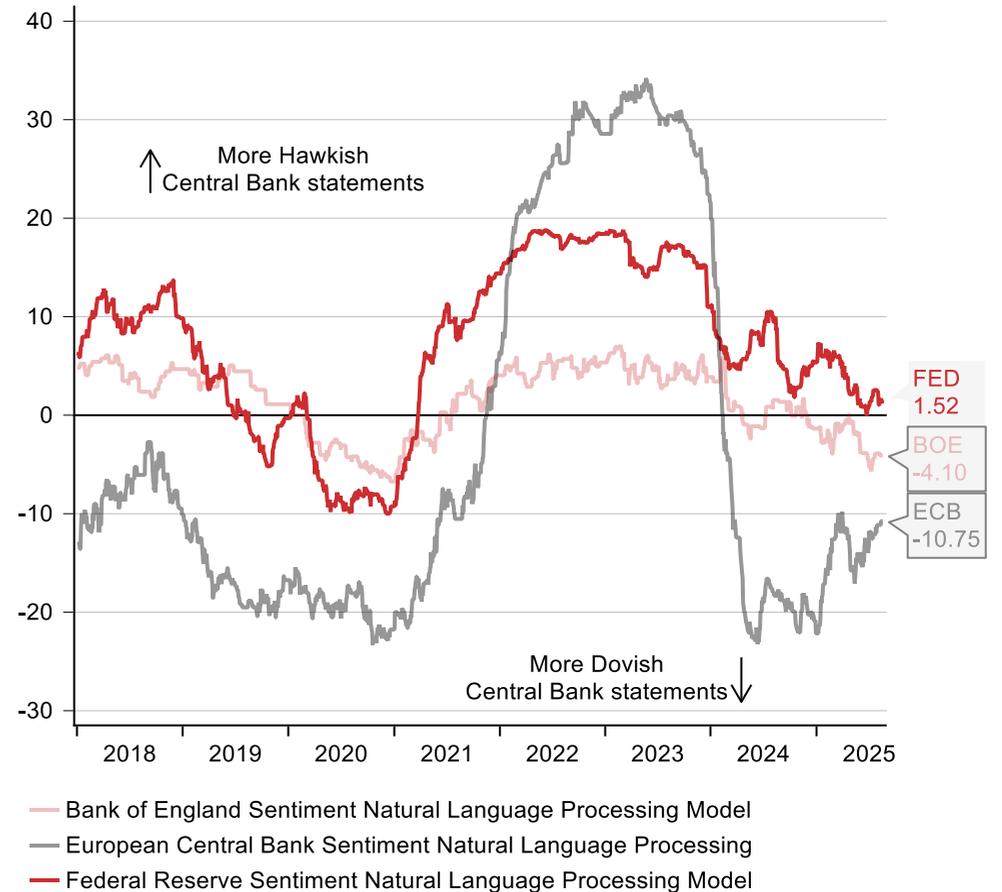
## Should the Fed be cutting right now?

### United States: Taylor rules together with Fed Funds and Shadow rate



## Fed Speak has been shifting more dovish

### Central Bank Sentiment: BBG Econ Natural Language Processing Model



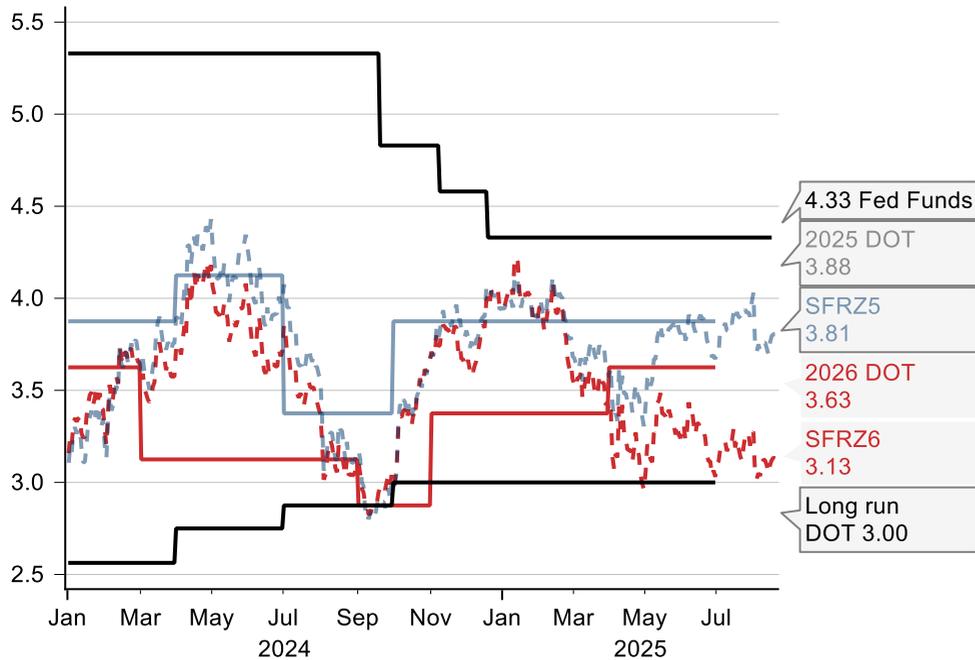


# USD STIRT

- Fed pricing is anchored by the DOTs
- Most variations of the Taylor rule suggest policy is already loose

## Fed pricing 2025/26

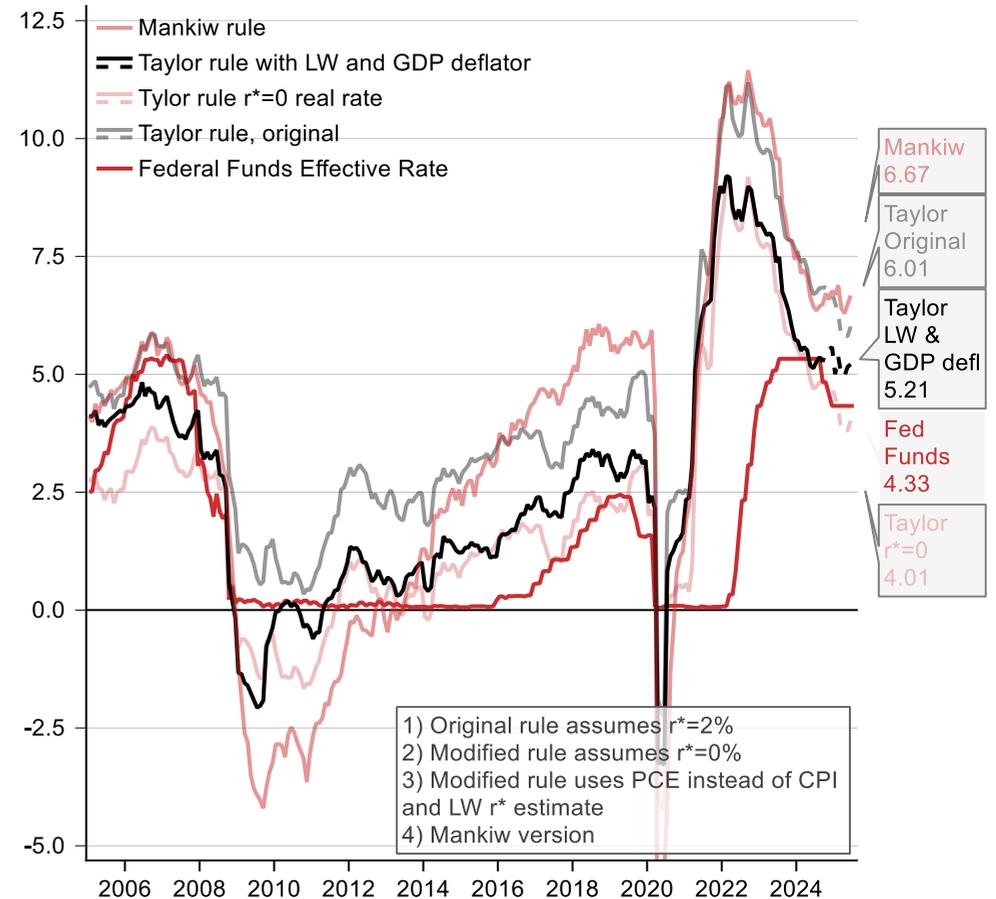
### The market is anchored by the DOTs



- FOMC DOTS Median of the Longer Run Projections
- - 2025 Dec SOFR
- Fed Funds Effective
- FOMC DOTS Median of 2026 Year End Projection
- FOMC DOTS Median of 2025 Year End Projection
- - 2026 Dec SOFR

## Fed's 2025 SEP DOT vs SOFR Z5 pricing

### United States: Taylor rules together with Fed Funds and Shadow rate





# USD FX

1. Other markets have been pointing to a weaker USD in recent weeks
2. DXY to sell off in H2 with European fiscal in the pipeline and higher FX hedging flows.

## DXY vs multifactor model estimates

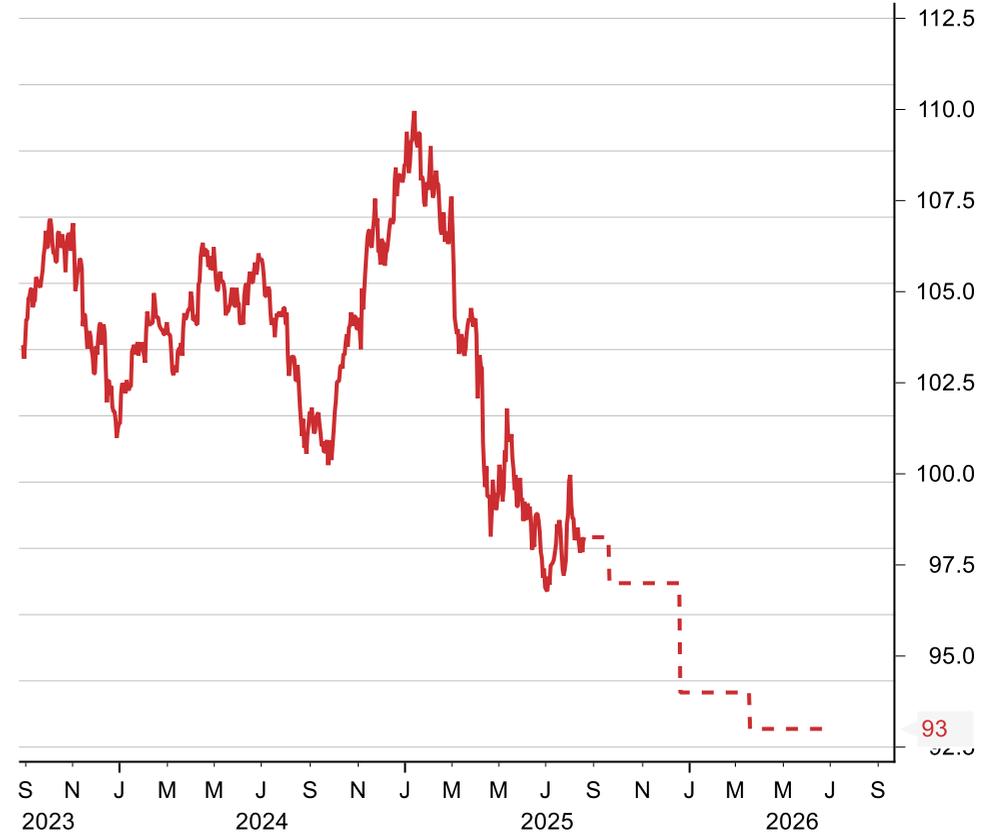
DXY fair valuation (2y nominal, 5yr real yield spreads, SPX and Oil)



— DXY [predicted] — DXY — DXY [residuals]

## DXY forecast

Mizuho DXY forecasts



— DXY

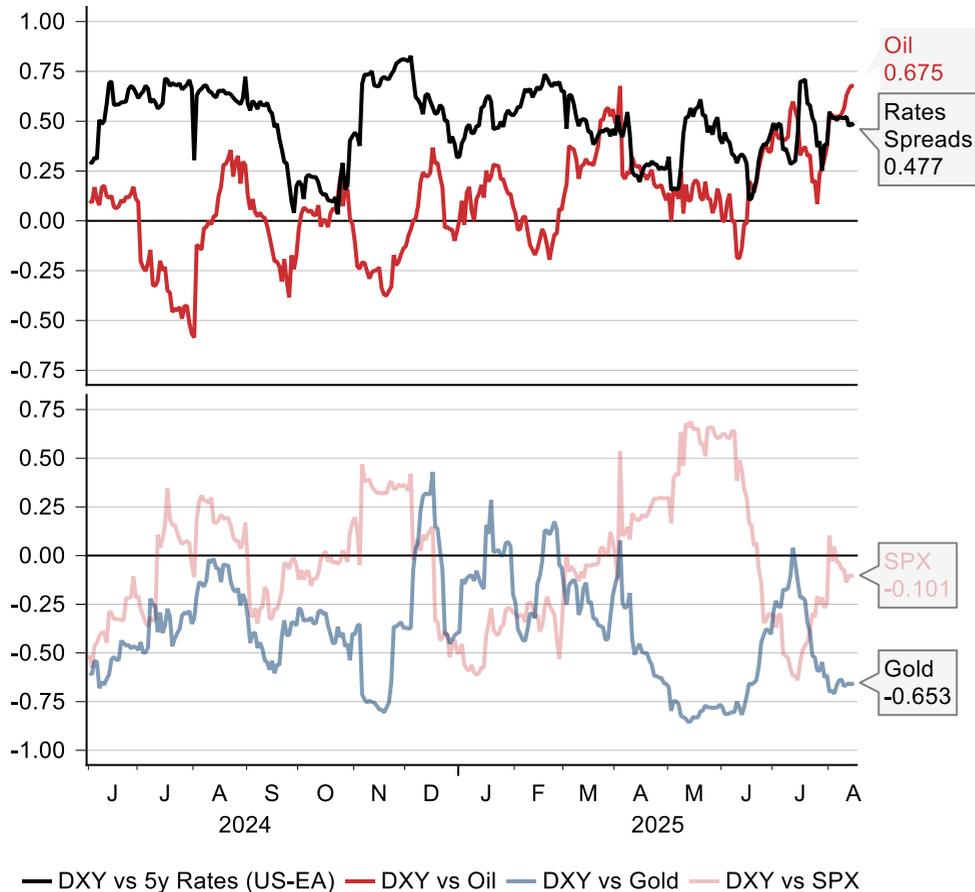


# USD FX correlations – Oil in the driver's seat?

1. One month USD correlations argue that oil has been the more consistent driver of the USD recently, is that a Russia-Ukraine story? It also helps we've had risk on sentiment

## One-month USD correlations

Dollar Correlations (1month, daily changes %)



## Key points on USD correlations

Four reasons why the USD looks more Macro (if you can believe it):

1. Rates spreads matter again.
2. Terms of trade is back (oil up = USD up). And more than rates as a driver?
3. Risk off = USD higher. USD is a “safe haven” once more.
4. The “de-dollarization” flows in April/May look to have slowed. Gold doesn't benefit as much as it did from USD weakness.

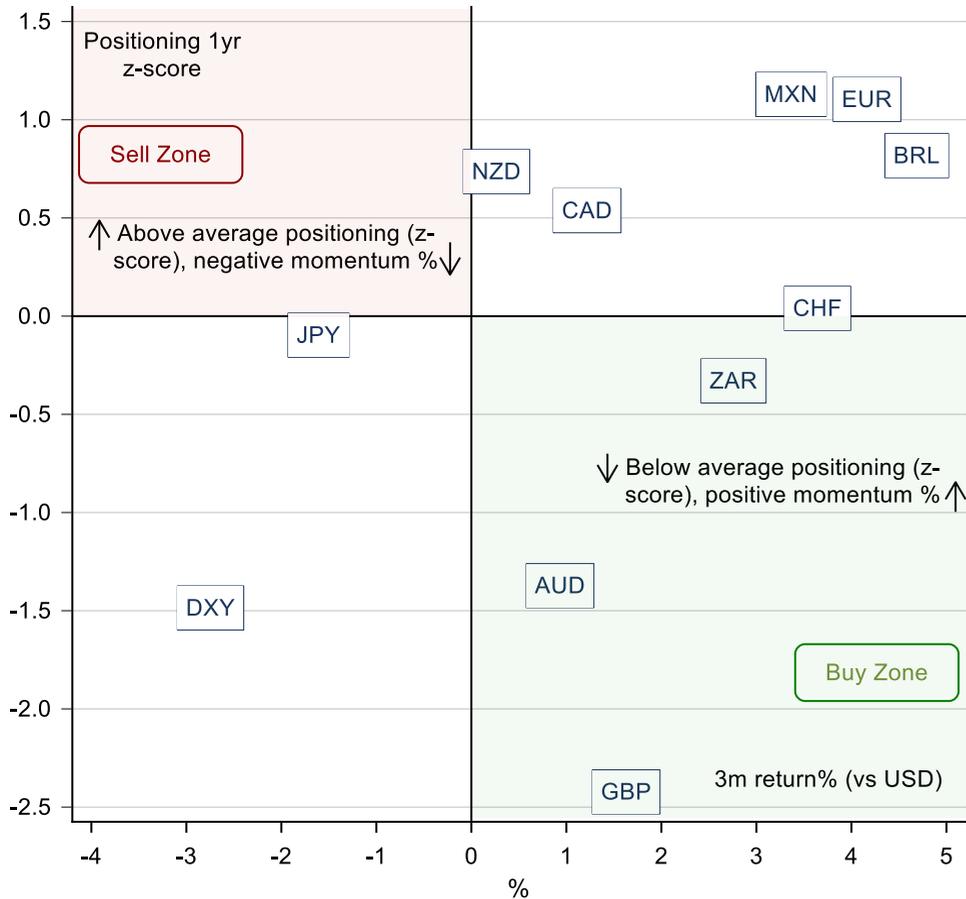


# FX Positioning – GBP and AUD in the buy zone, JPY positioning less exposed

- Overall Long JPY positioning remains, but HFs have built up a sizable short position already.

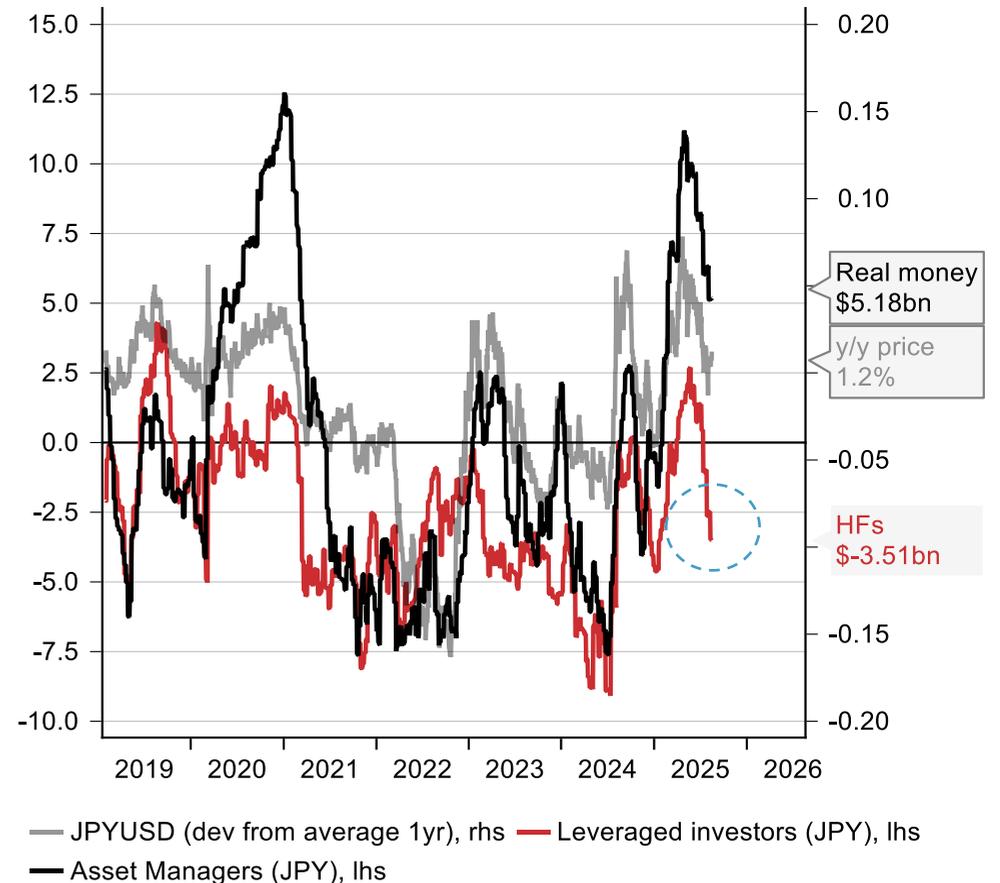
## JPY non-commercial net positioning

### 3m returns vs non-commercial net positioning



## Breakdown into hedge funds and real money

### Long JPY positioning by types of investor



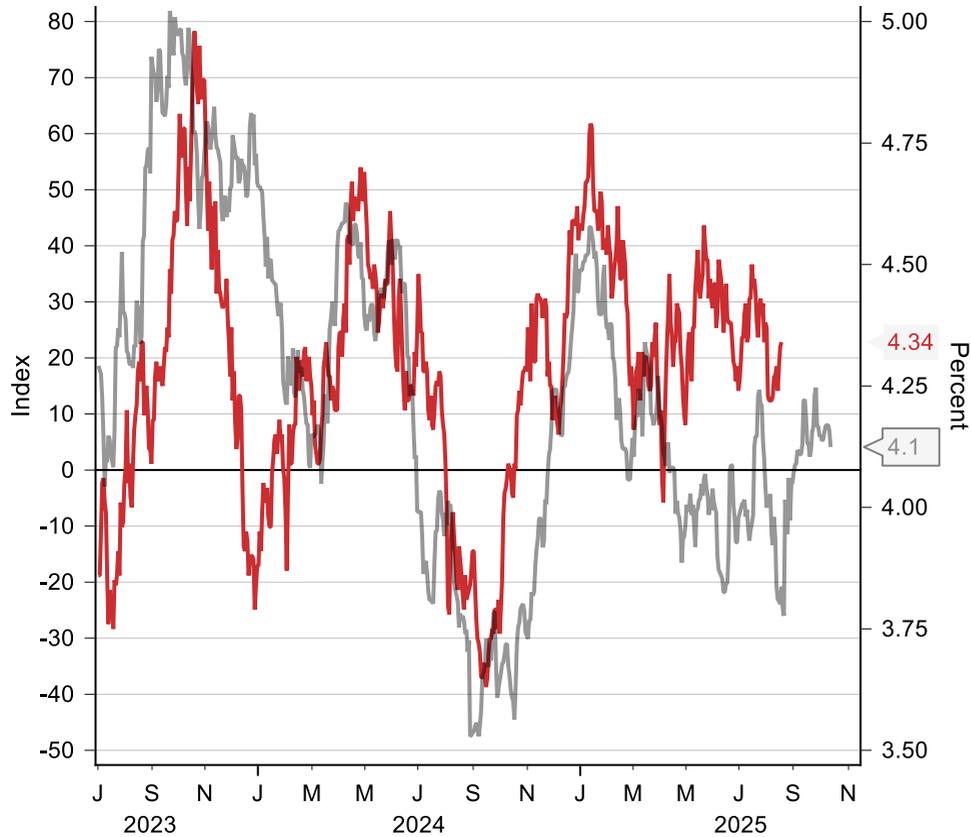


# US Rates - Duration

- 10yr vs data surprises
- 10yr vs forwards

## US 10y vs US Data surprises

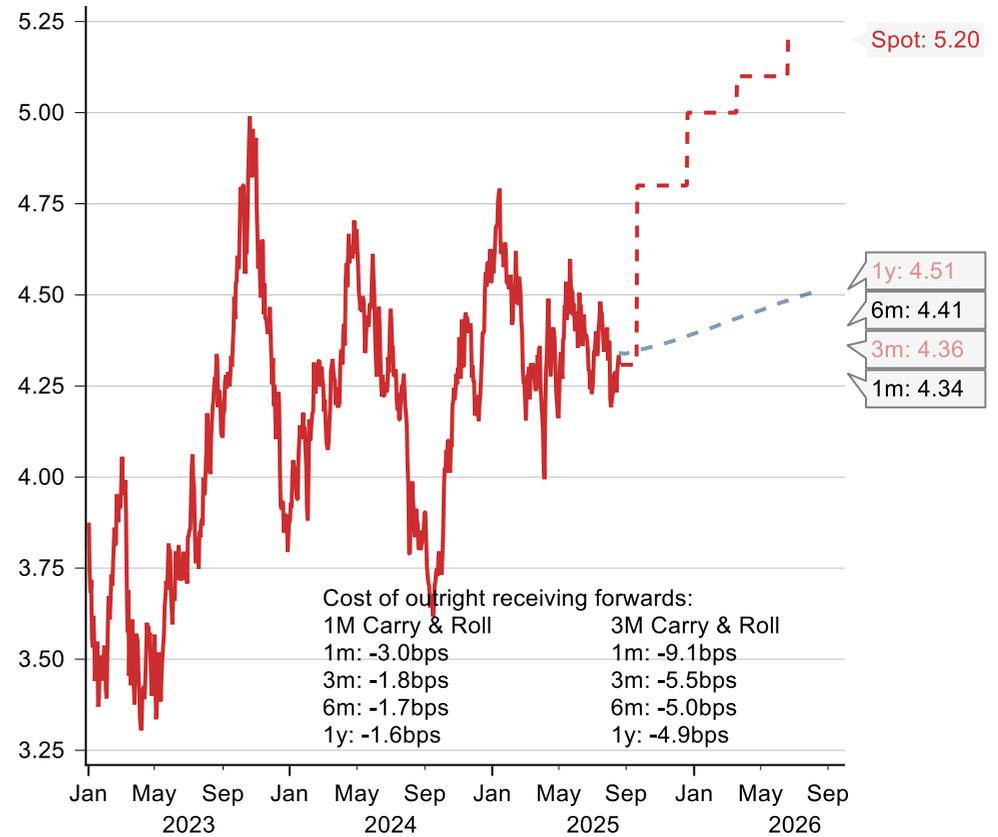
Do data surprises lead US 10yrs?



— US data surprise - Citi, lhs [lag 8 weeks] — US 10yr, rhs

## US 10y vs forwards

US 10s vs forwards



— Forwards — US 10s

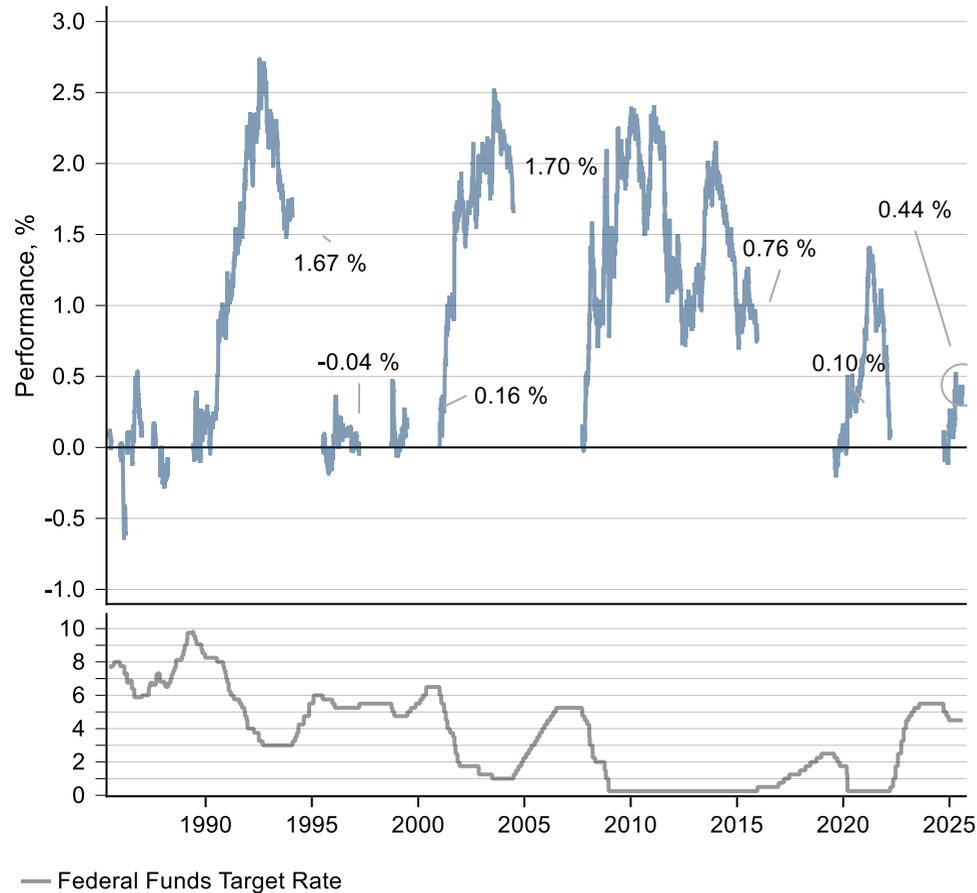


# US Rates - Curve

## • 2s10s

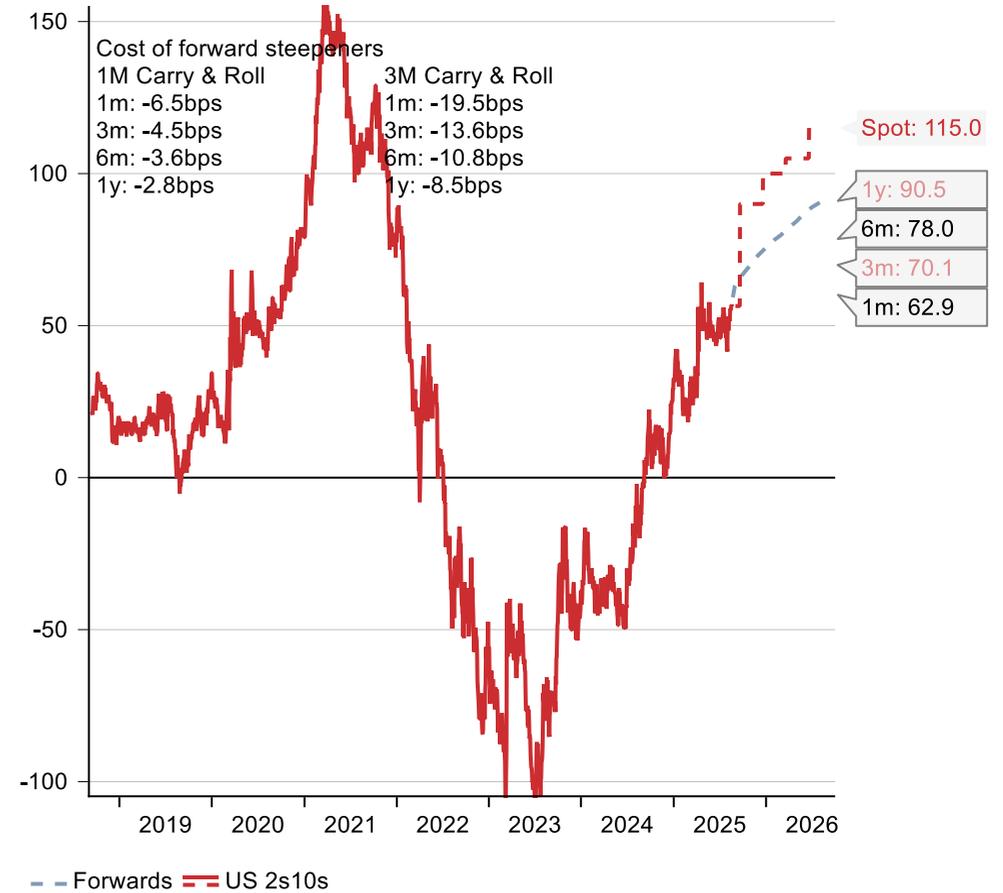
### US 2s10s in cutting cycles

#### US 2s10s in cutting cycles



### 2s10s vs forwards

#### US 2s10s vs forwards

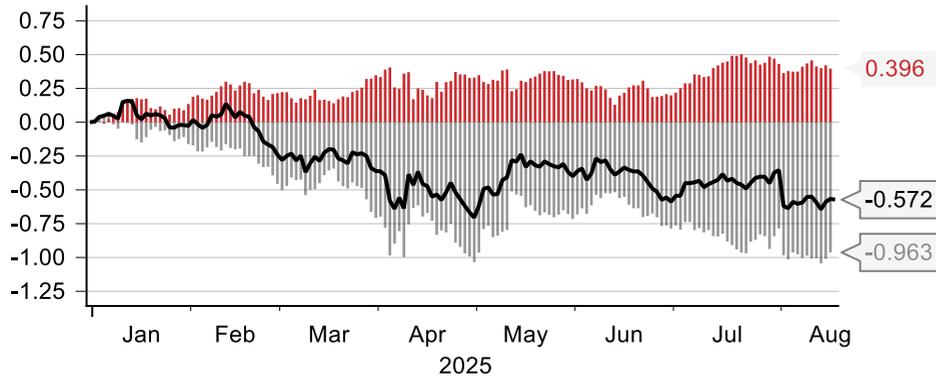




## USD rates moves broken down

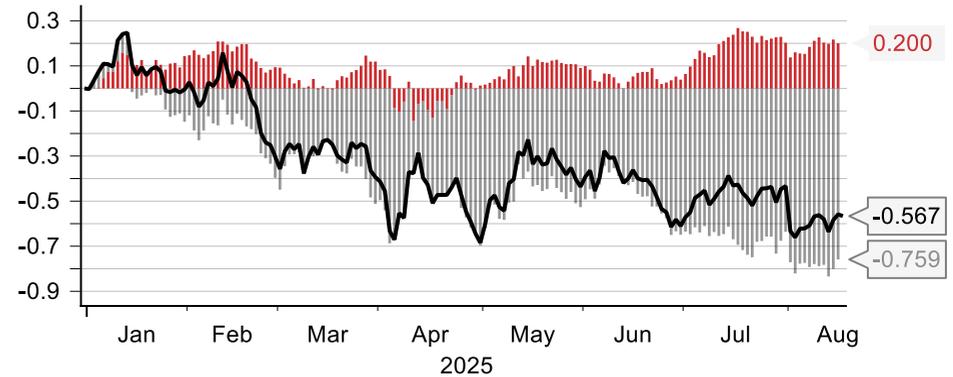
- Real rates have been in the driver's seat: pricing a recession post Liberation
- Notable inflation premium priced into the front-end is softening – tariffs are not an issue... yet?

### Changes in USD 2yr split into real vs inflation expectations



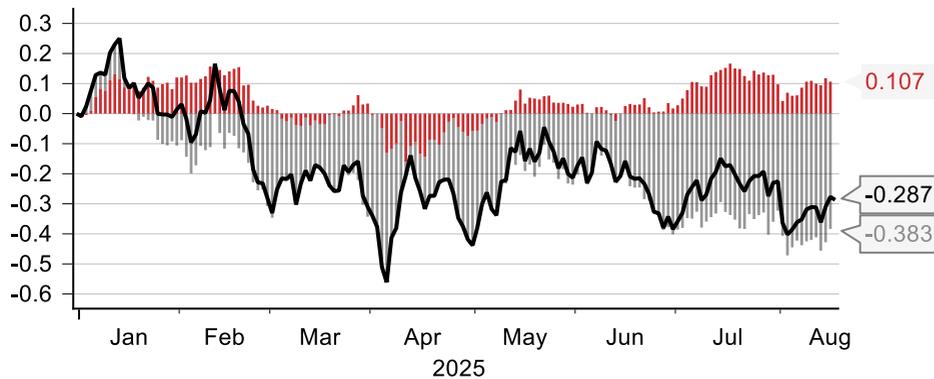
— USD Nominal 2yr moves (SOFR) ■ USD Real yield ■ USD Inflation 2yr

### Changes in USD 5yr split into real vs inflation expectations



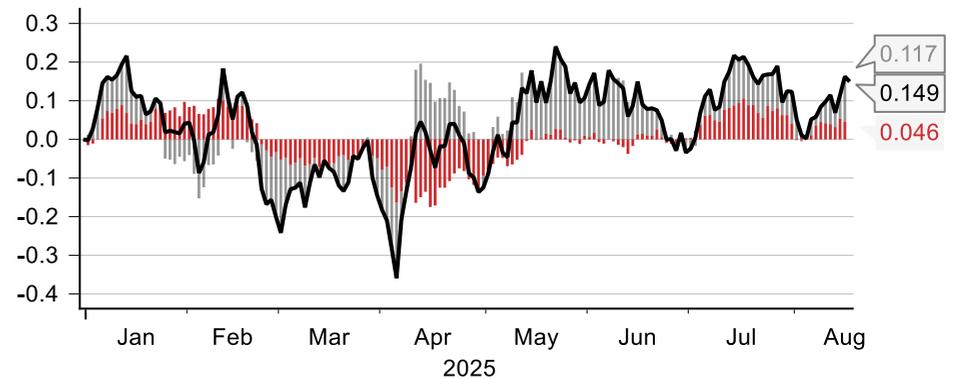
— USD Nominal 5yr moves (SOFR) ■ USD Real yield ■ USD Inflation 5yr

### Changes in USD 10yr split into real vs inflation expectations



— USD Nominal 10yr moves (SOFR) ■ USD Real yield ■ USD Inflation 10yr

### Changes in USD 30yr split into real vs inflation expectations



— USD Nominal 30yr moves (SOFR) ■ USD Real yield ■ USD Inflation 30yr

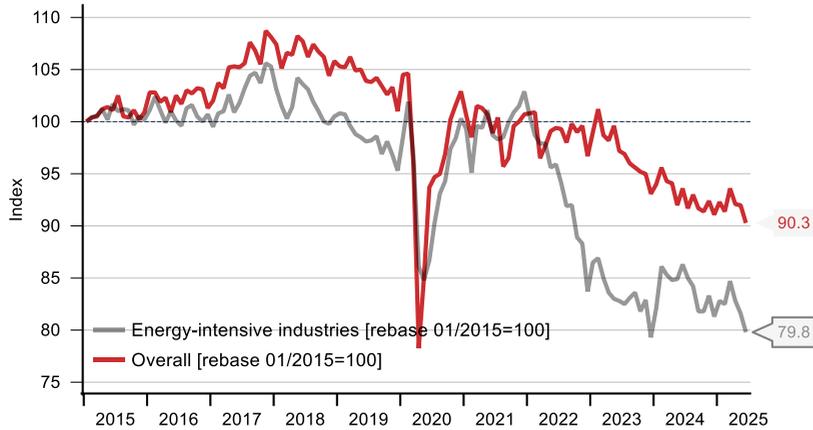
**EUR**



# EUR – Four points on growth, surveys are optimistic but hard data less so

1) Germany's **fiscal stimulus has yet to show up in the data**, with industrial production still in decline and 2) **manufacturing employment down 2.1% this year**. 3) While rising PMIs support the ECB's growth outlook—explaining why only 11bps of rate cuts are priced by December. 4) **sentiment indicators like ZEWs and Sentix turned lower in August**. Adding to the caution, **Bundesbank's high-frequency data signals a sharp slowdown**, raising the question: *could Merz's post-election fiscal optimism be overshadowed by entrenched negative trends?*

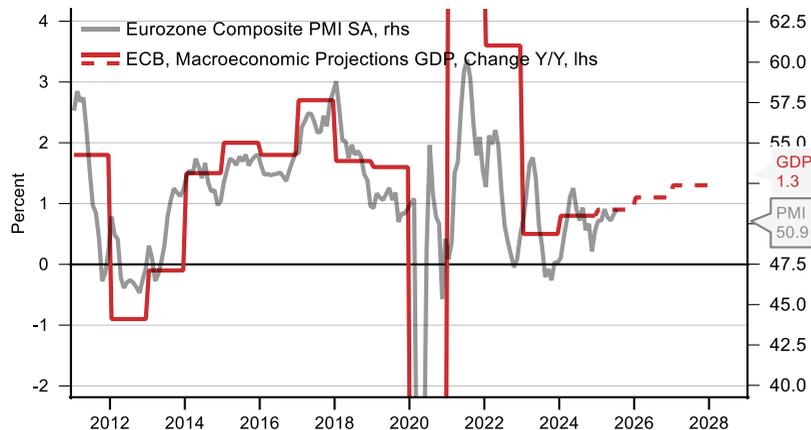
## Higher energy costs strike a blow to German industry



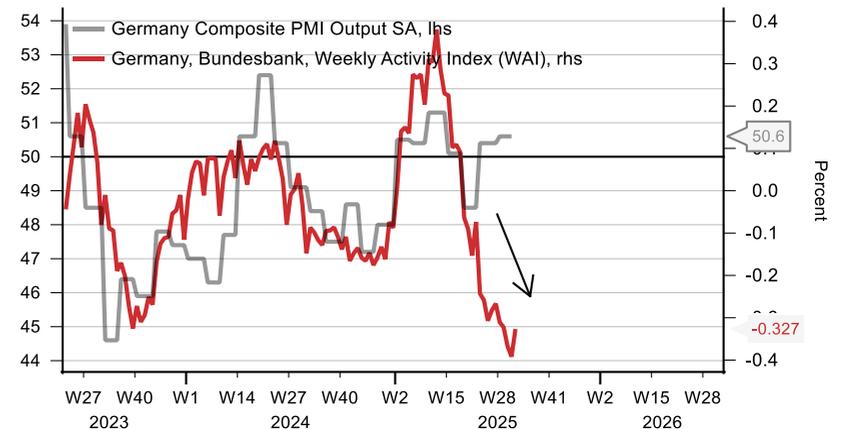
## Germany, Employment



## ECB GDP forecasts vs PMI



## German Bundesbank Weekly Activity Indicator vs PMI



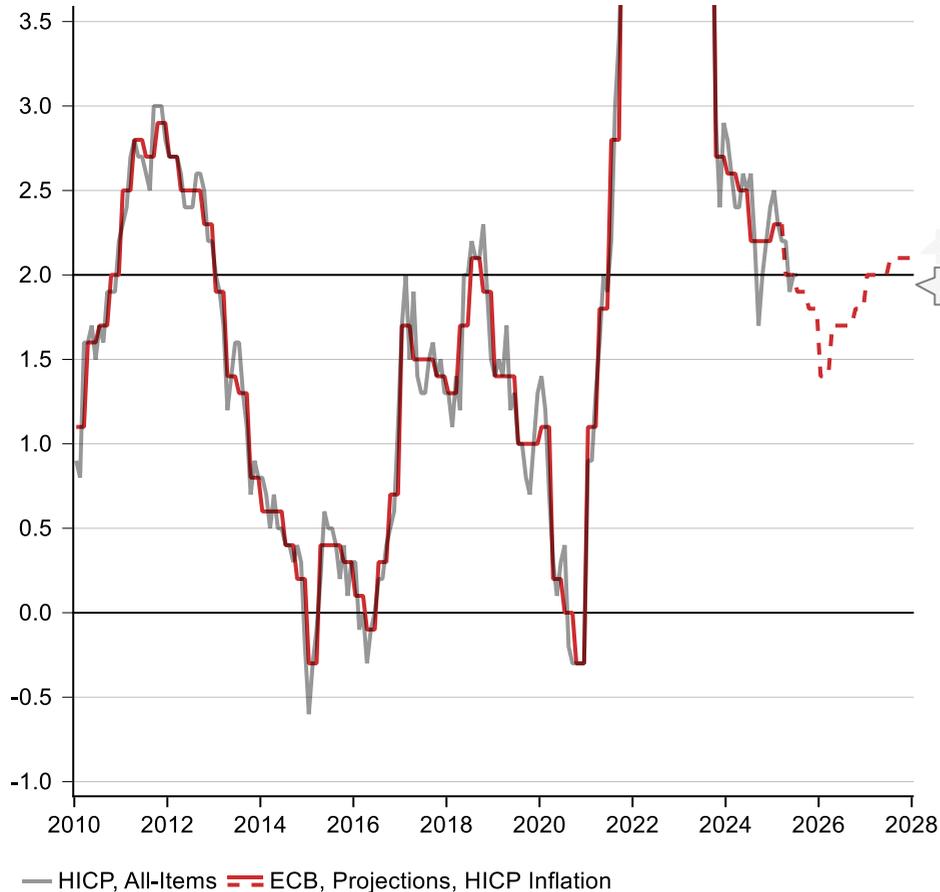


# EUR Inflation – goods inflation rebounding the risk, but on track to grind lower

1. Euro CPI is expected to cool then rebound. The near-term risk is goods inflation momentum.
2. Core is expected to grind lower and so far has come in line.

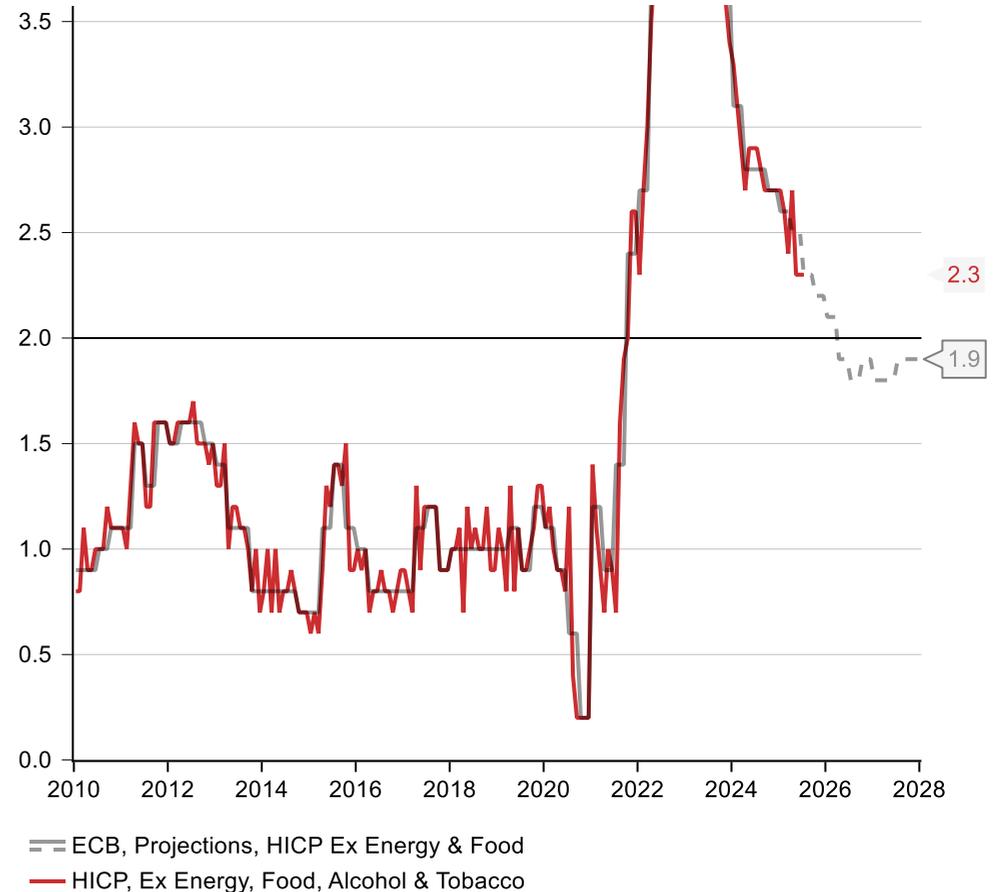
## ECB headline CPI forecasts

ECB Headline CPI forecasts



## ECB Core CPI forecasts

ECB Core CPI forecasts



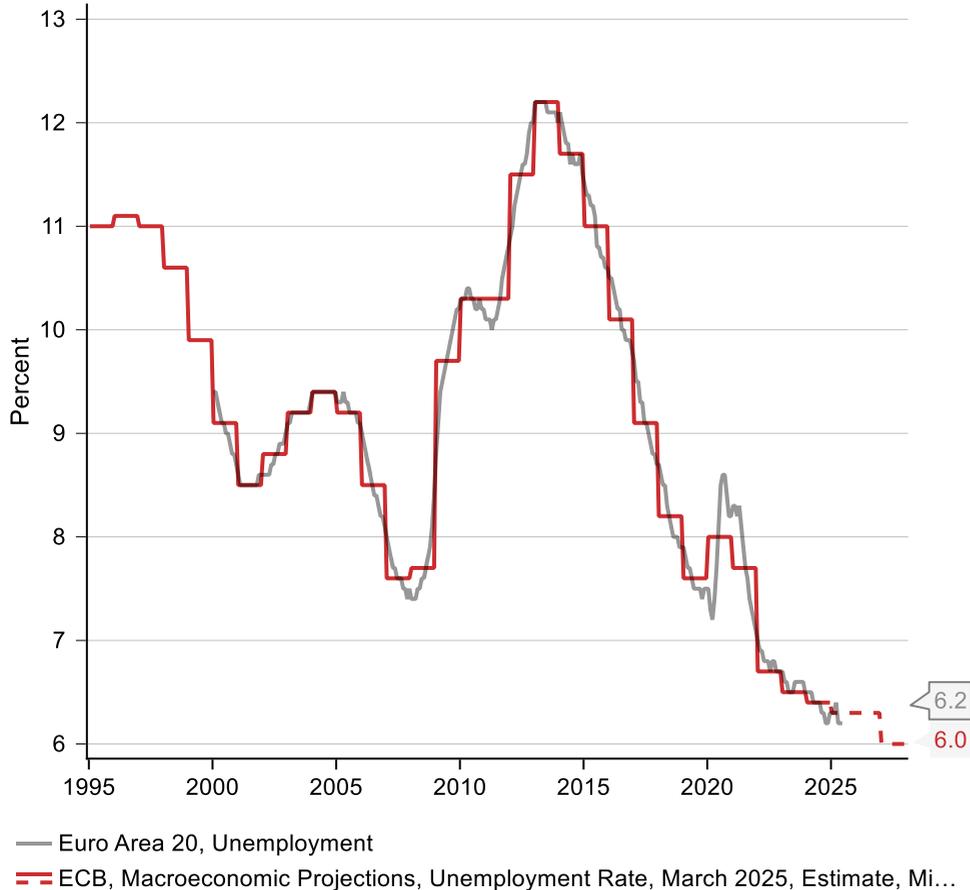


# EUR Labour markets – healthy but wages are slowing down quickly

1. Falling unemployment has helped the ECB outlook
2. But negotiated wages have slowed sharply, could services inflation come off the boil?

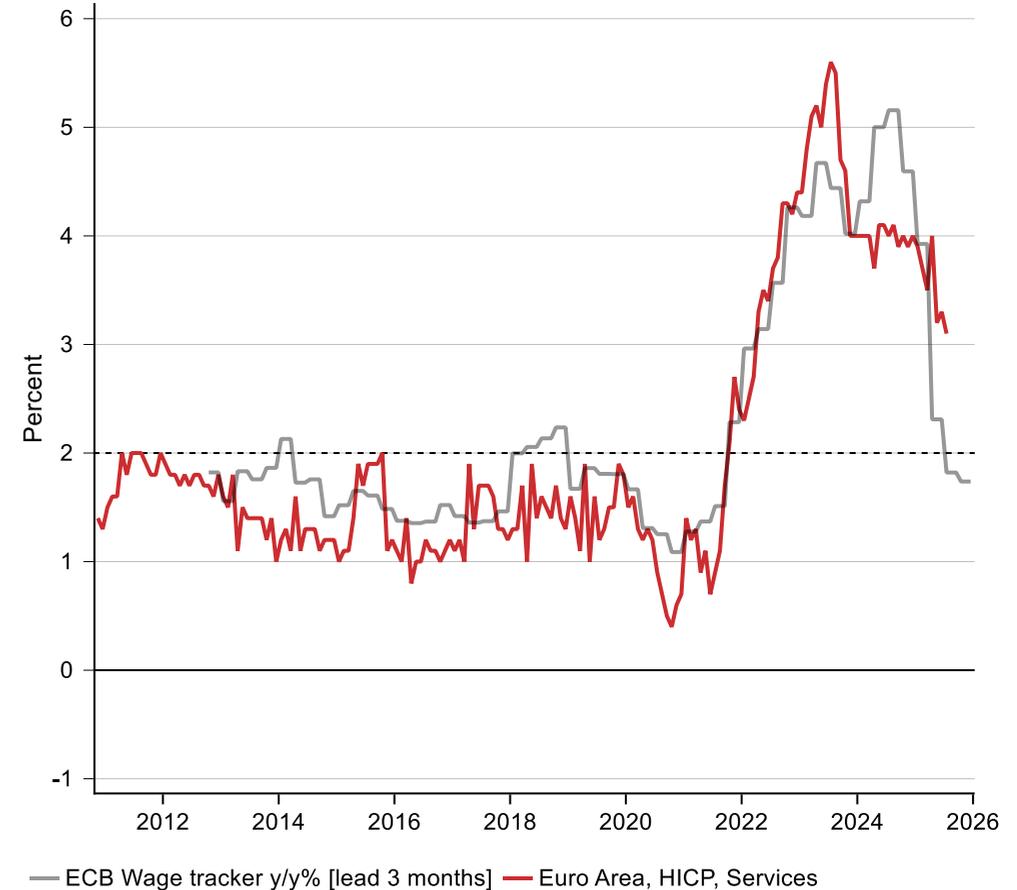
## ECB unemployment forecasts

### ECB unemployment forecasts



## Slowing Wages to cool off Services inflation?

### ECB wage tracking leads Services CPI





# EUR STIRT

- ECB pricing in 2025 and 2026
- Taylor Rule estimates for the ECB

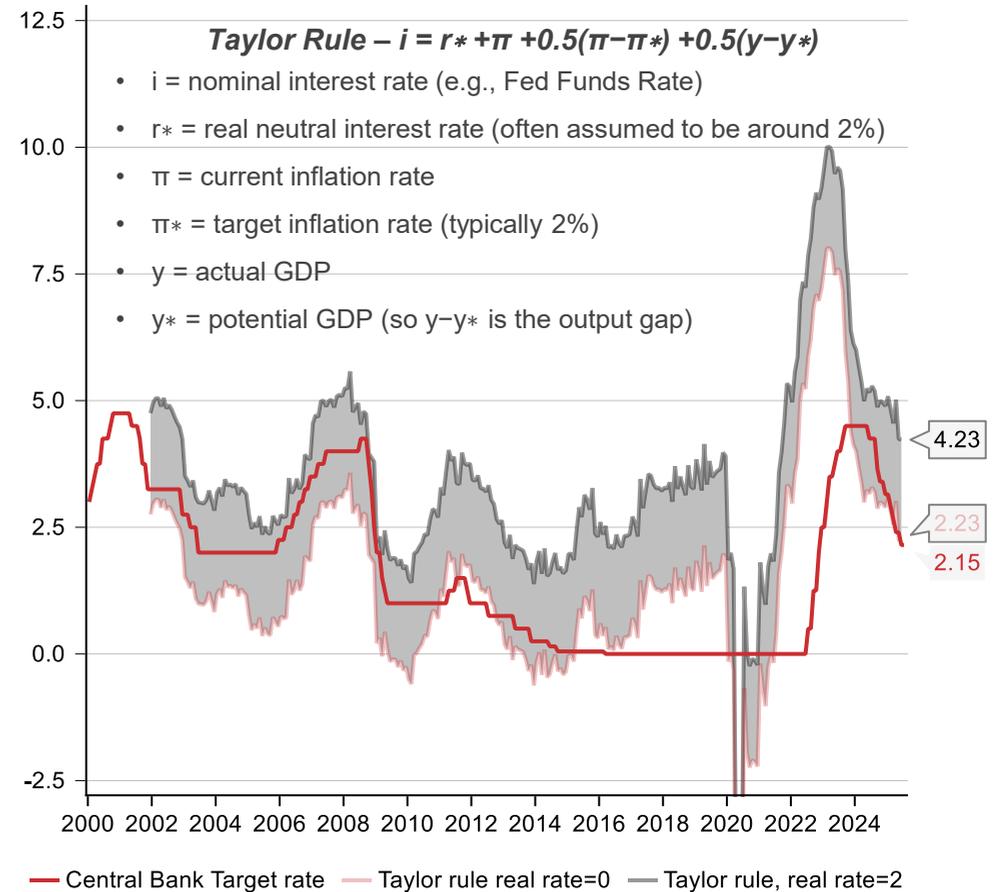
## ESTR futures pricing by Dec 2025

### ESTR futures pricing by Dec 2025



## Taylor Rule estimates for the ECB

### Euro Area: Taylor Rule





# EUR/USD – Rates, equities and history point to higher

1. The USD vs Rates correlation can be fickle but real yields point to 1.18 in EUR/USD
2. After a pullback, EUR looks set to continue it's 2017 playbook to 1.20-1.25?

The USD has sold off by more than rates spreads would imply

It's likely the 2016/17 playbook is being used by the market

### EUR vs 5yr Real yields



### EUR/USD in 2016/17 vs today





# MEGA not MAGA remains a strong equity theme in the bank space

1. Make Europe Great Again - European Equities continue to outperform US (but they are catching up).
2. Banks have been the clear outperformer recently, Defence has been sideways of late

## MEGA not MAGA

### "MEGA not MAGA" European equities vs US YTD



— United States, S&P, 500, Banks, Index, Price Return, USD — S&P 500  
 — SX7E-Euro Banks — DAX  
 — Europe, STOXX, 600

## And a relative defence trade too

### US vs Europe, Aerospace & Defence (2024=100) in USD



— United States, S&P, 500, Aerospace & Defense, Index  
 — Europe, STOXX, Aerospace & Defense, TMI, Index

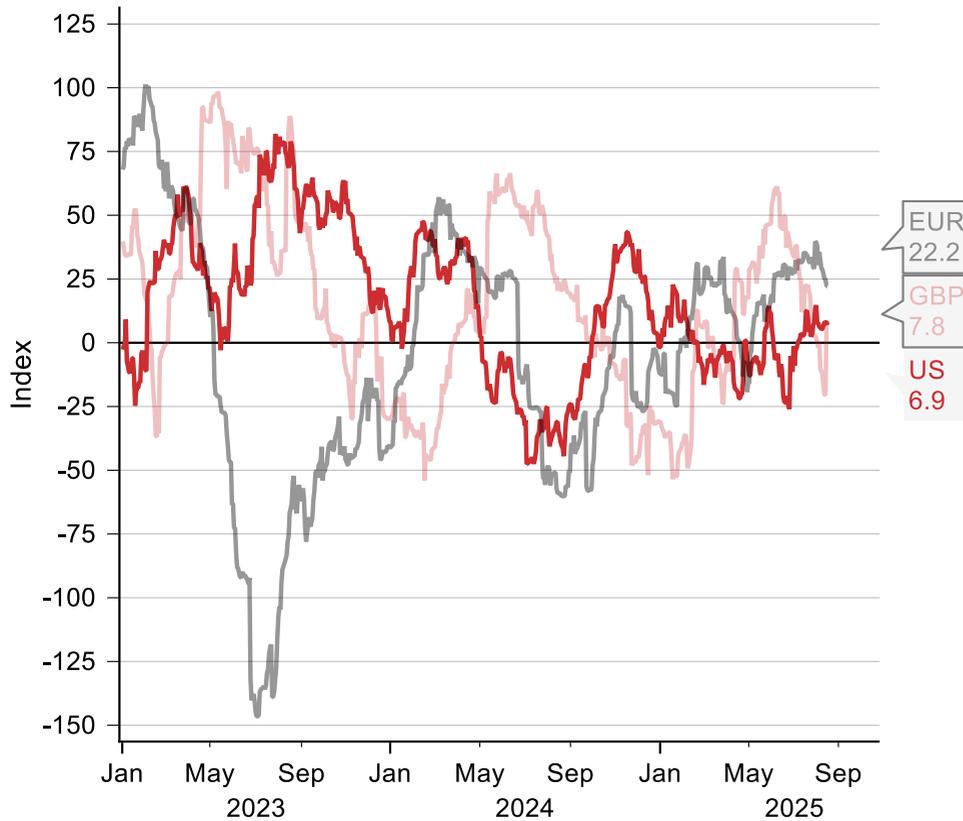


# But the EUR narrative faces lower data surprises and already high FX hedges?

1. European data surprises are in decline after a period of outperformance
2. Is the FX hedging narrative over for USD weakness? Danish real money didn't add to hedges in June.

## Data surprises

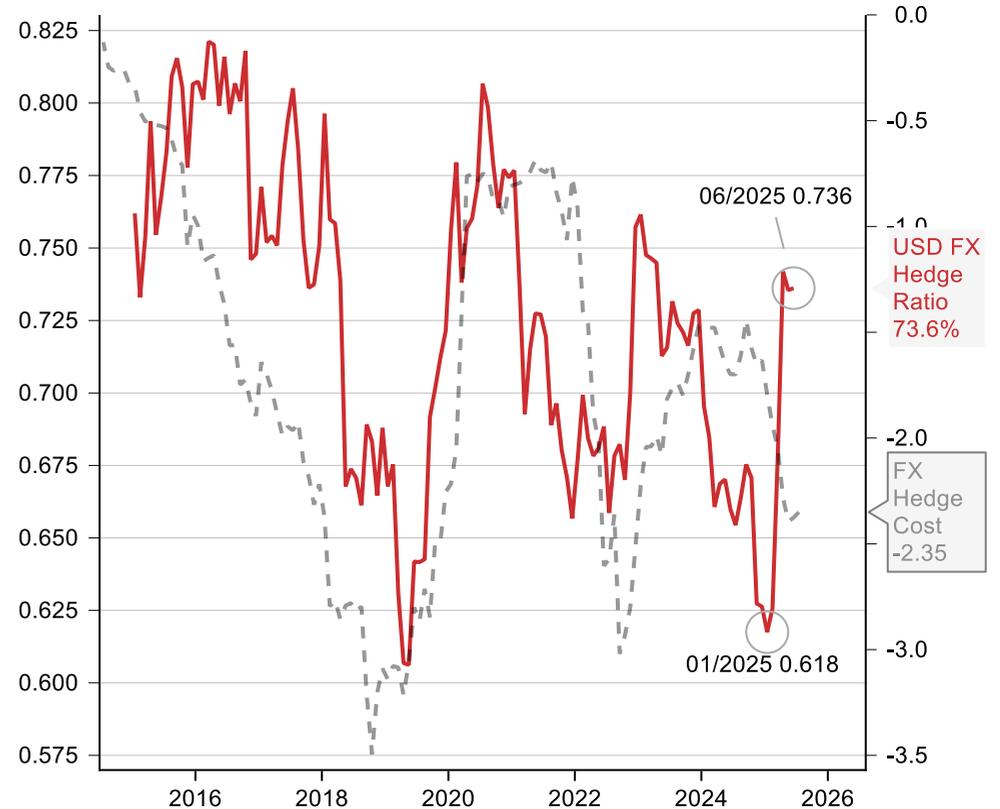
### Leading Indicators, Citi, Economic Surprise Indices



— United Kingdom — Euro Area — United States

## Danish USD FX hedges shot higher in April but have been flat since

### Danish Insurance Companies and Pension Fund USD exposure



--- Bloomberg EURUSD 3 Month Hedging Cost, rhs

— Denmark, Insurance Companies & Pensions Funds, USD Hedging ratio%, lhs



# EUR FX

1. EUR/USD forecasts
2. EUR/JPY forecasts

## EUR/USD forecasts

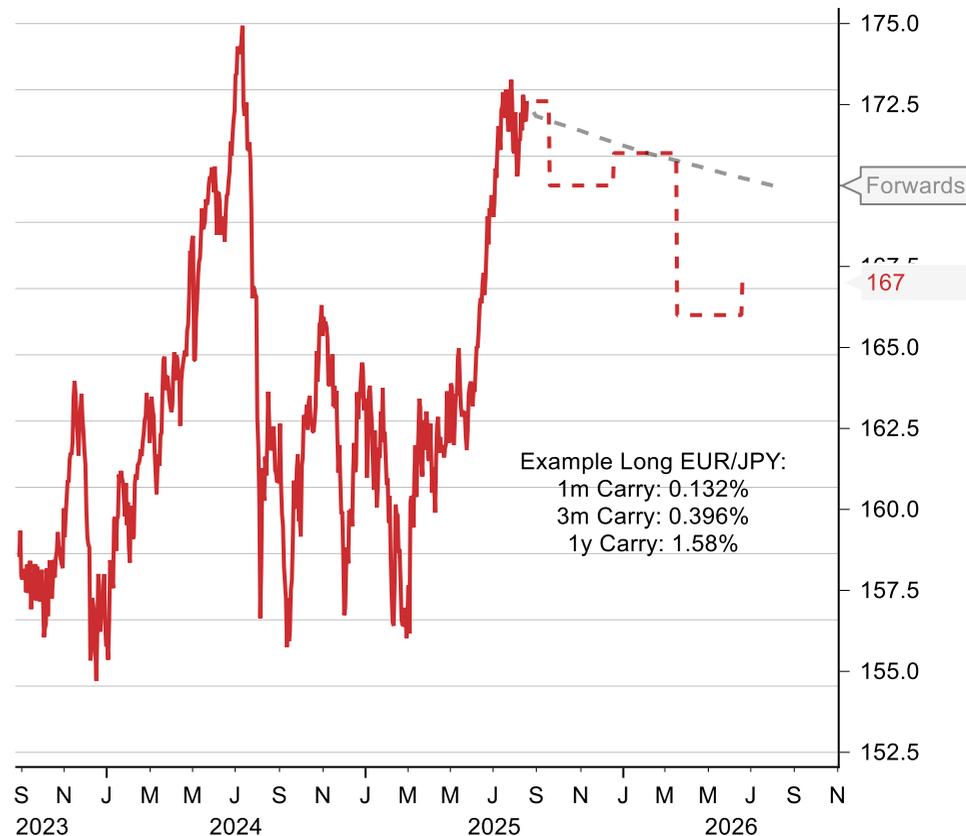
### Mizuho EUR forecasts, higher spending = EUR up



-- EURUSD forwards == EUR

## EUR/JPY forecasts

### Mizuho EUR/JPY forecasts



-- EURUSD forwards == EURJPY

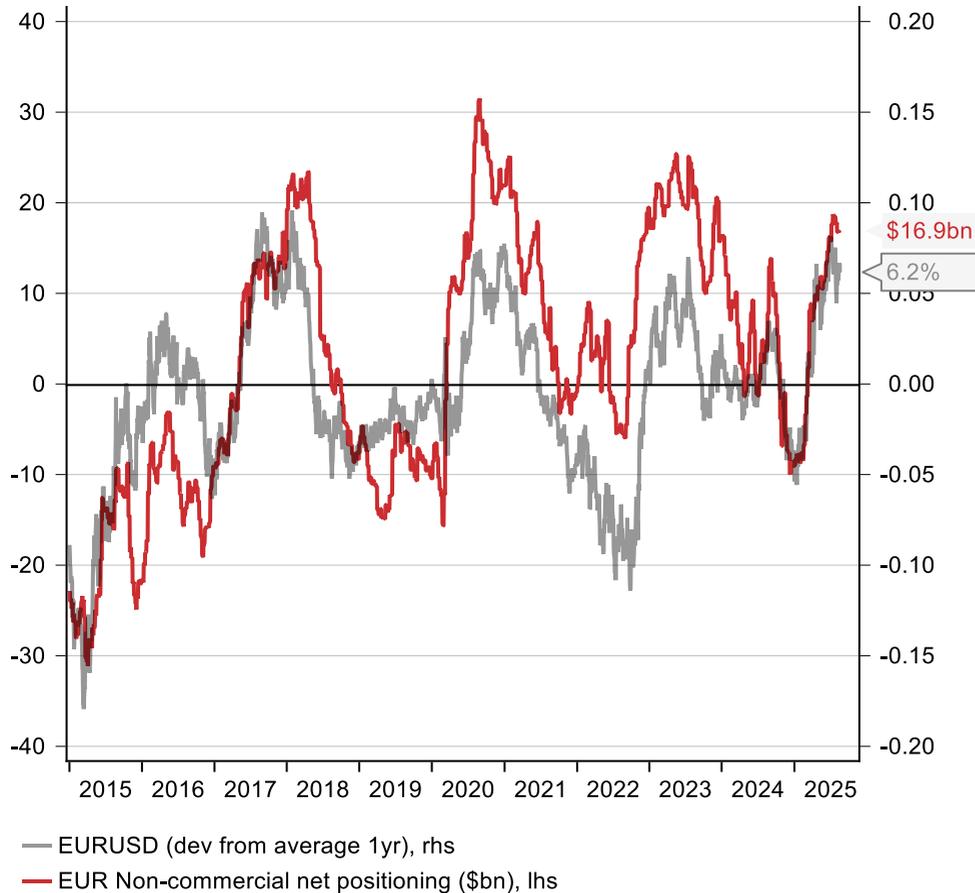


# EUR FX

1. EUR FX longs are turning?
2. EUR positioning by investor

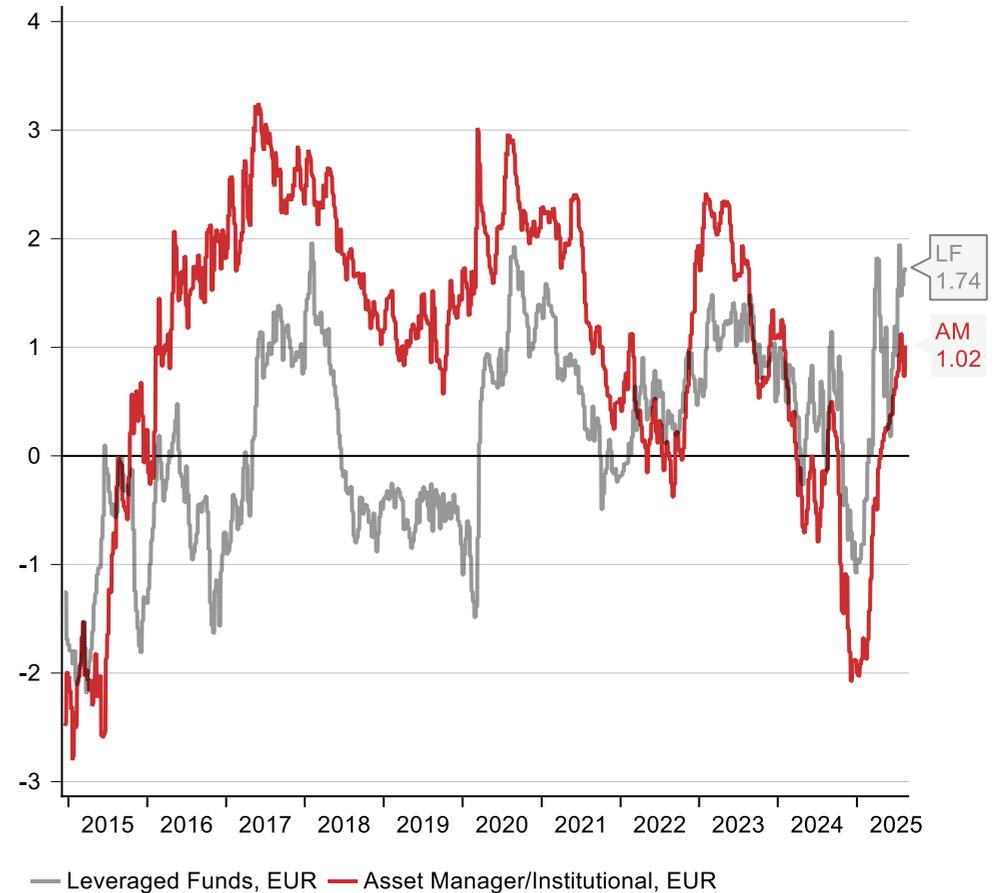
## EUR FX Positioning

### EURUSD Non-commercial net positioning



## EUR positioning by investor type, Hedge Funds look exposed

### Net FX positioning by investor type (5yr z-score)



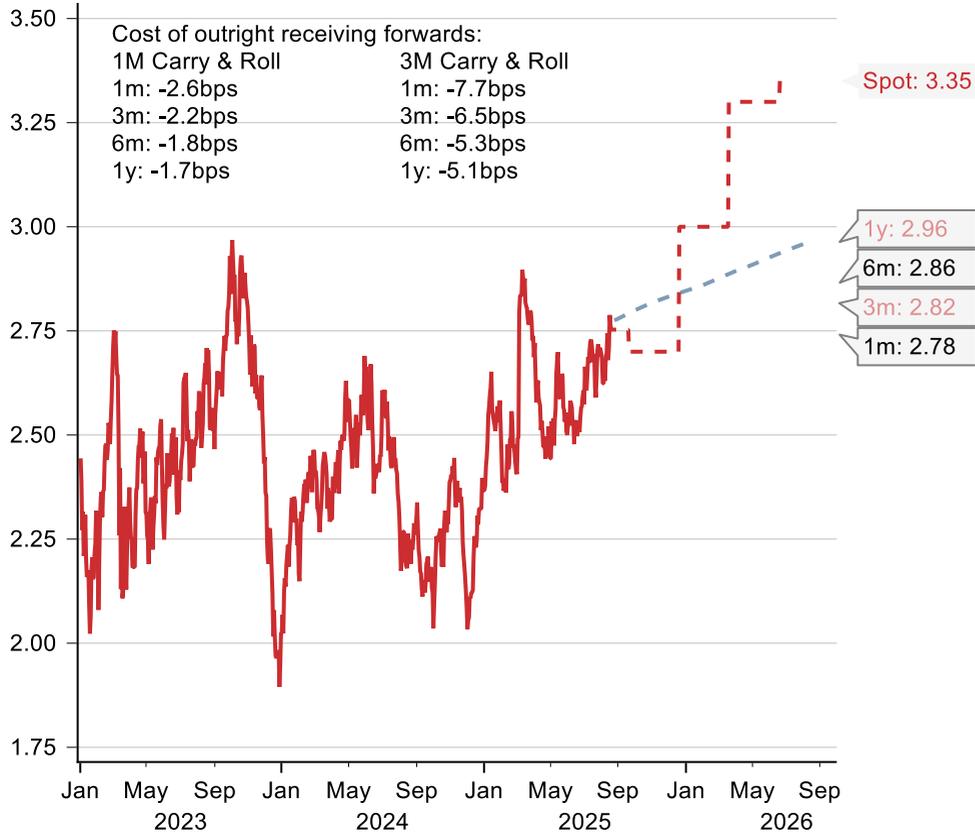


# EUR Rates - Duration

1. German 10yr vs forwards
2. 10yr UST-Bund spreads vs forwards

## 10yr Bunds

### Germany 10s vs forwards



-- Forwards == German 10s

## UST-Bund 10yr spread

### UST-Bund 10yr spread vs forwards and forecasts



-- Forwards == UST-Bund 10yr

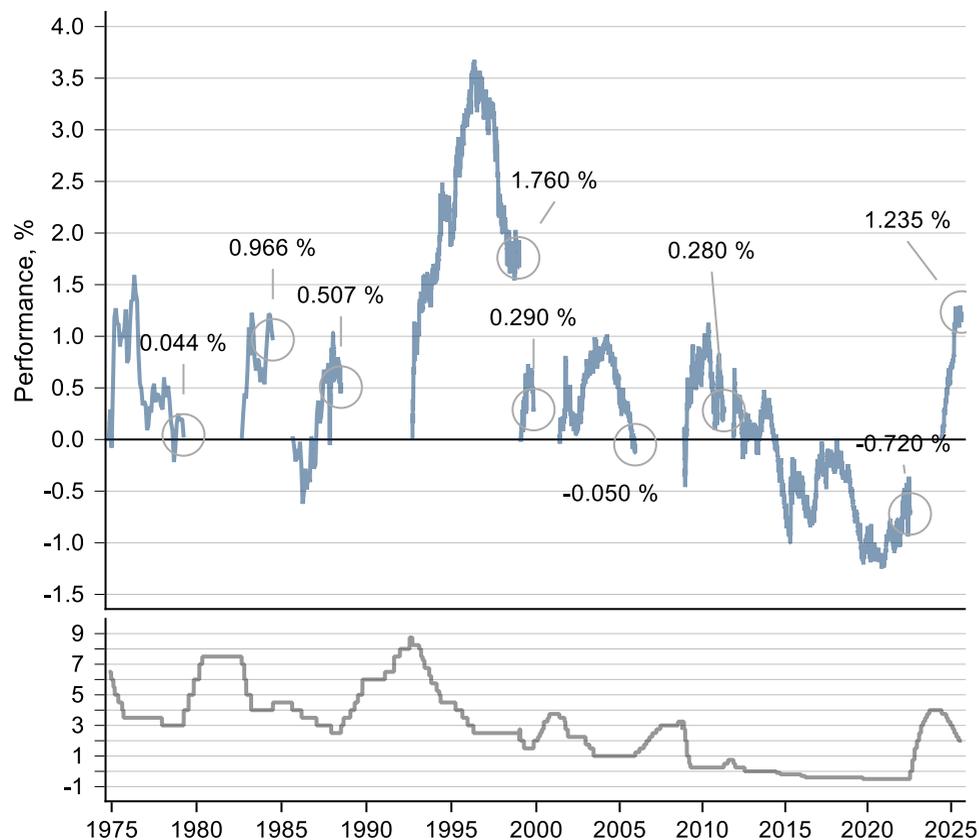


# EUR Rates - Curve

1. German 2s10s in cutting cycles
2. German 2s10s vs forwards

## 10yr Bunds

### German 2s10s in cutting cycles



— ECB/Bundesbank Depo

## German 2s10s vs forwards

### Bund 2s10s vs forwards



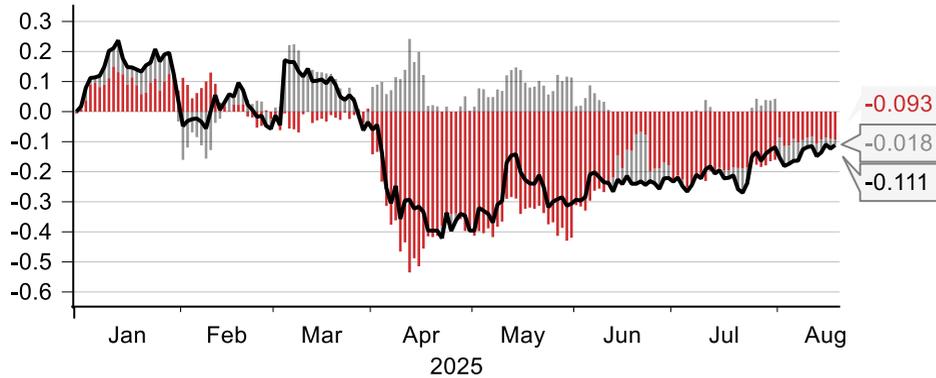
— Forwards — German 2s10s



# EUR rates moves broken down

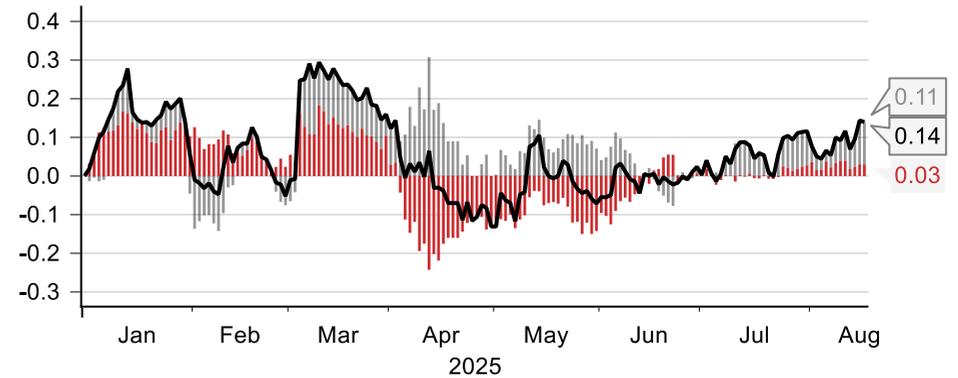
- The post Liberation Day bid in the front-end has been fading and real rates are pushing yields higher. The ECB is in a “wait-and-see” stance, which keeps inflation under control.
- The rise in long-term real yields is based on two key structural themes: the German bazooka story and Dutch pension reform.

### Changes in EUR 2yr split into real vs inflation expectations



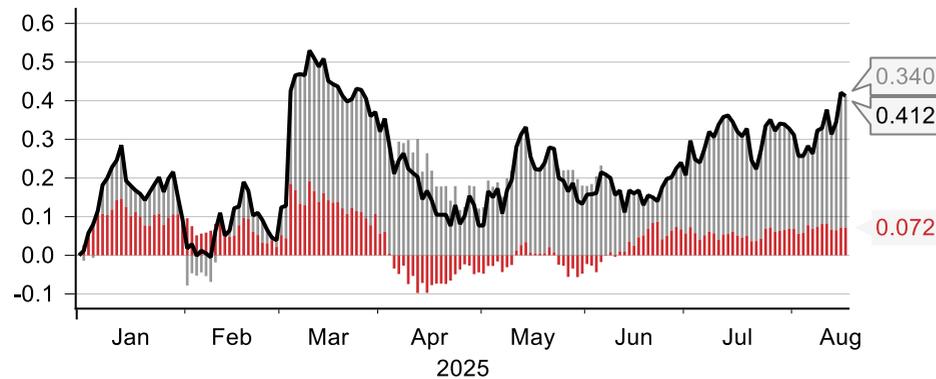
— EUR Nominal 2yr moves ■ EUR Real yield ■ EUR Inflation 2yr

### Changes in EUR 5yr split into real vs inflation expectations



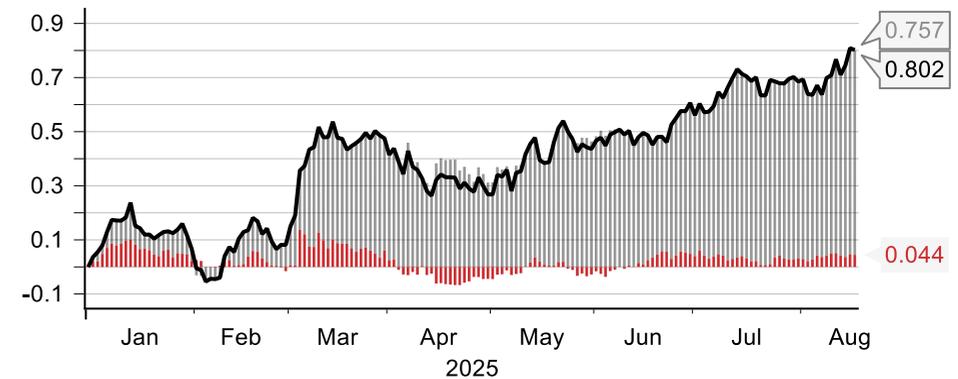
— EUR Nominal 5yr moves (Euribor) ■ EUR Real yield ■ EUR Inflation 5yr

### Changes in EUR 10yr split into real vs inflation expectations



— EUR Nominal 10yr moves ■ EUR Real yield ■ EUR Inflation 10yr

### Changes in EUR 30yr split into real vs inflation expectations



— EUR Nominal 30yr moves (Euribor) ■ EUR Real yield ■ EUR Inflation 30yr

**GBP**

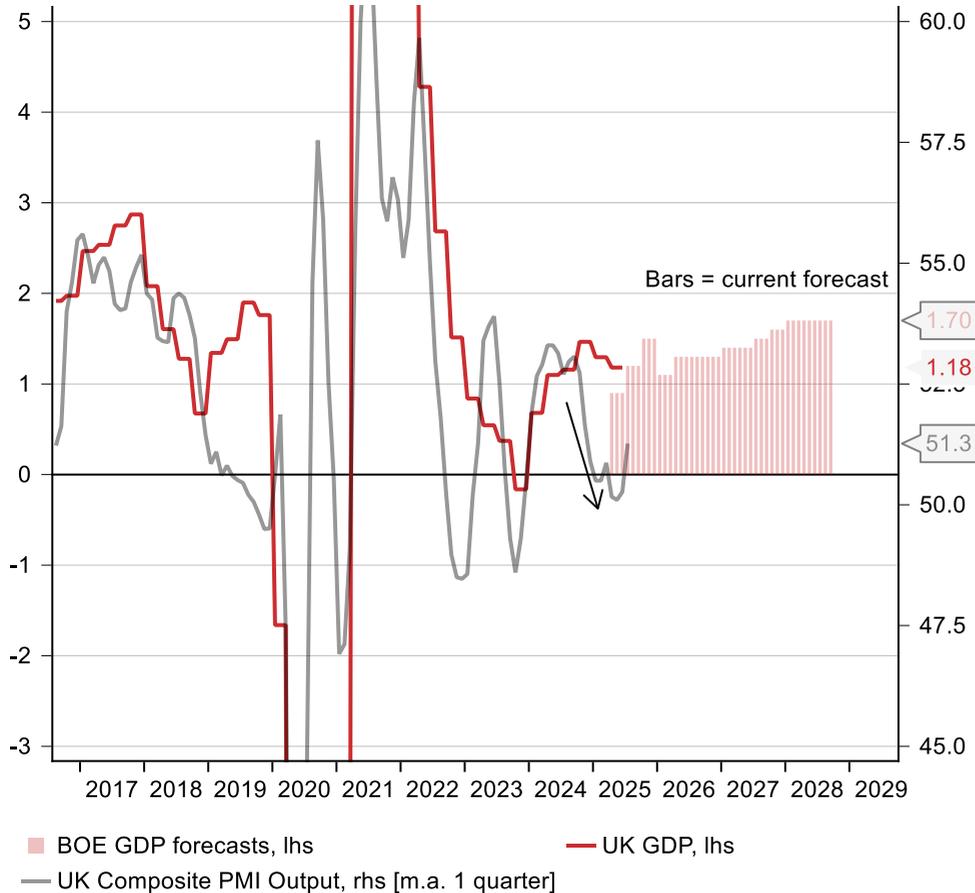


# GBP Growth & Inflation – overly optimistic growth, firm inflation in 2025

1. PMIs have rebounded but are the GDP forecasts too optimistic on housing investment (planning reform)?
2. The problem is inflation is expected to rise towards 4% before cooling off to 2% in 2027

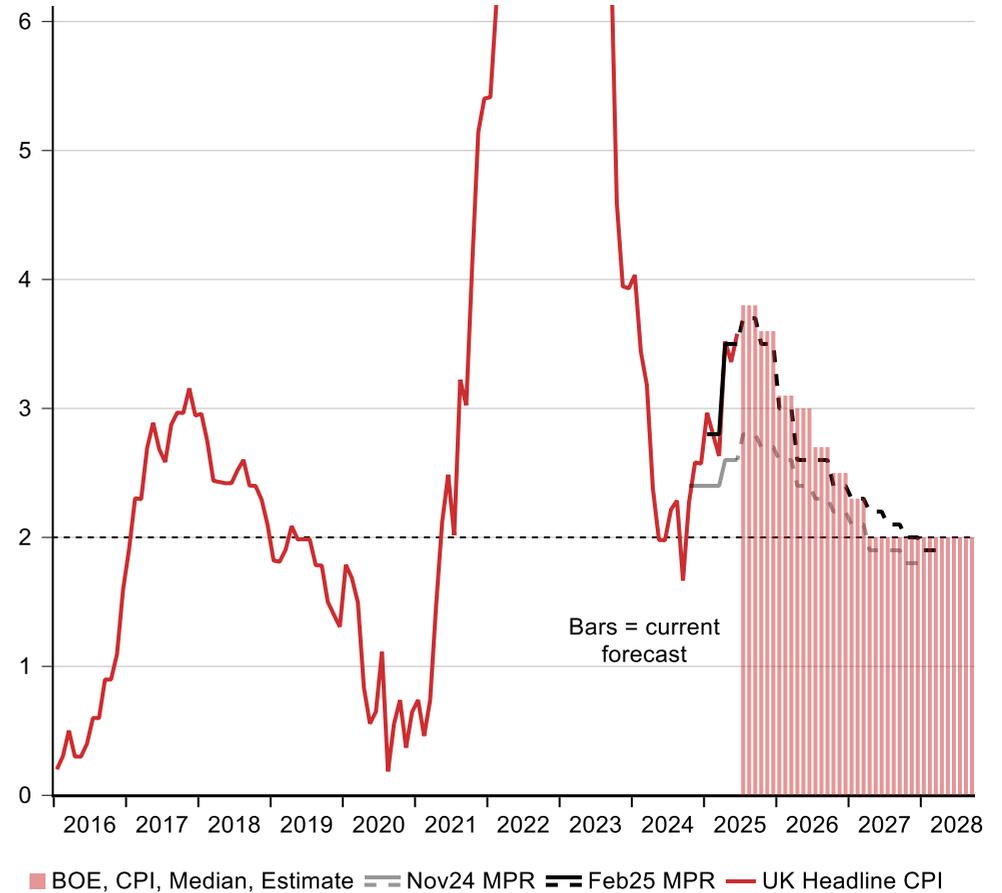
## BOE GDP forecasts vs PMI

### BOE GDP forecasts vs PMI



## BOE inflation forecasts

### BOE CPI Estimates (quarterly) vs previous MPRs



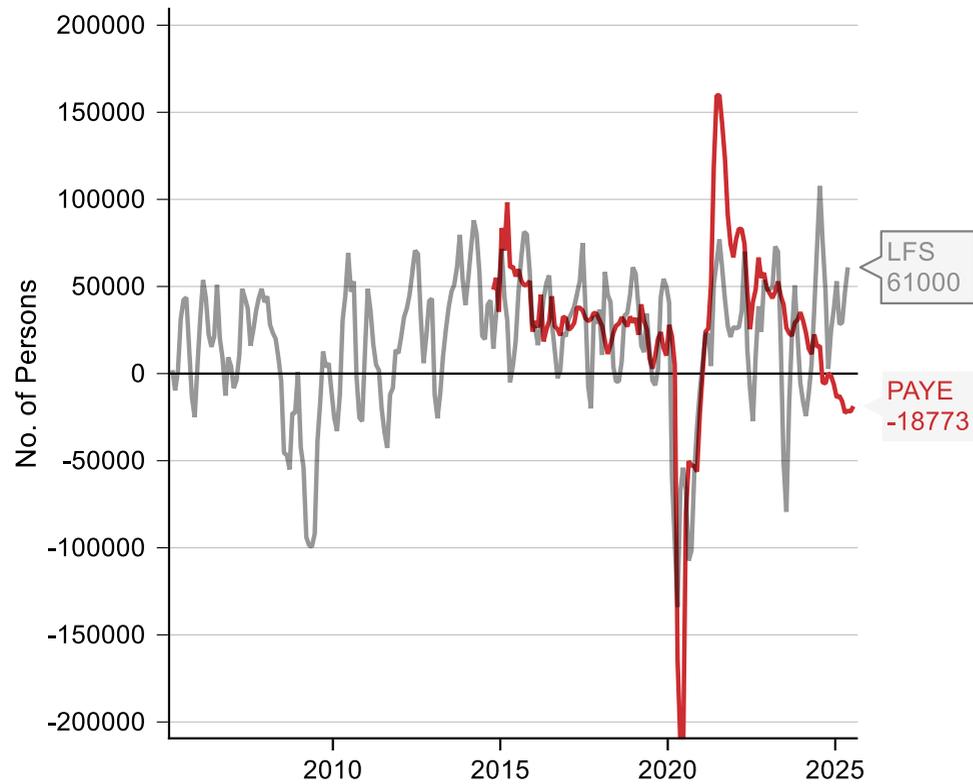


# GBP Labour markets – Unemployment to rise further, but noisy data

1. PAYE gives a gloomier picture than the LFS establishment survey
2. The KPMG REC report on Jobs suggest a grind higher in UK unemployment (4.7%)

## Conflicting messages on employment growth

### PAYE employment growth vs LFS (3mma)



— LFS, Employment, Aged 16-64 [c.o.p. val 1 month, m.a. 1 quarter]  
 — Payroll Employees [c.o.p. val 1 month, m.a. 1 quarter]

## BOE inflation forecasts

### UK REC points to higher unemployment ahead



— United Kingdom, Unemployment Rate, lhs [c.o.p. val 1 year]  
 — UK REC Report on Jobs - Permanent placements - Permanent Staff Availability, rhs...

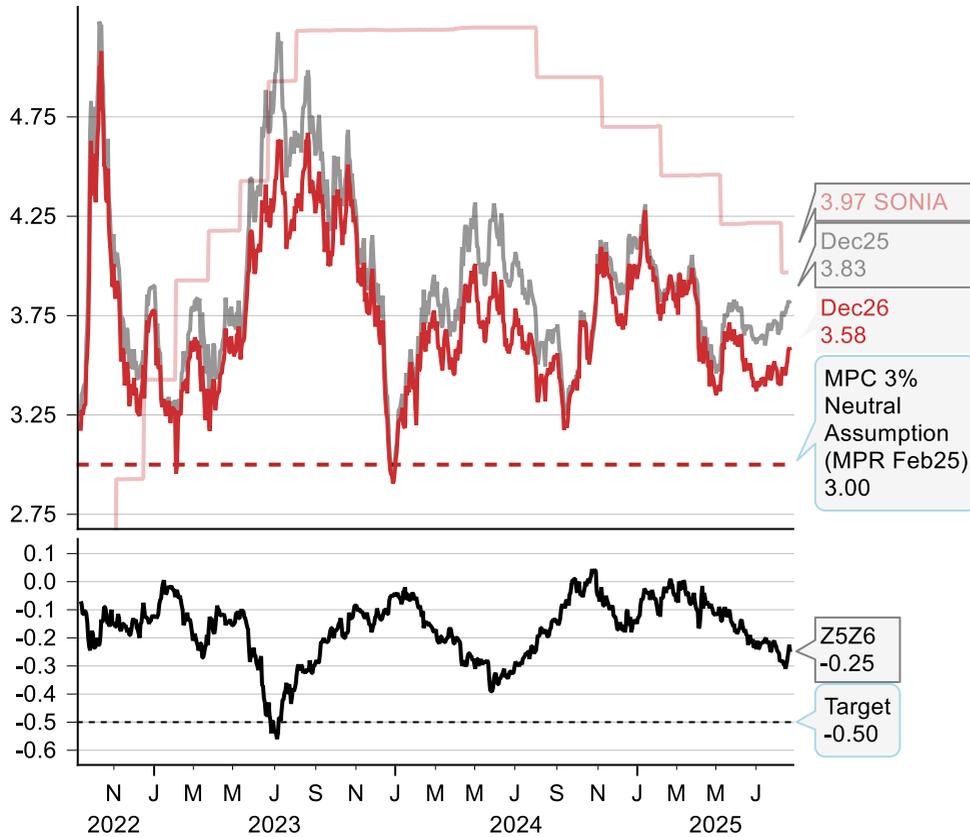


# GBP STIRT

## • BOE pricing

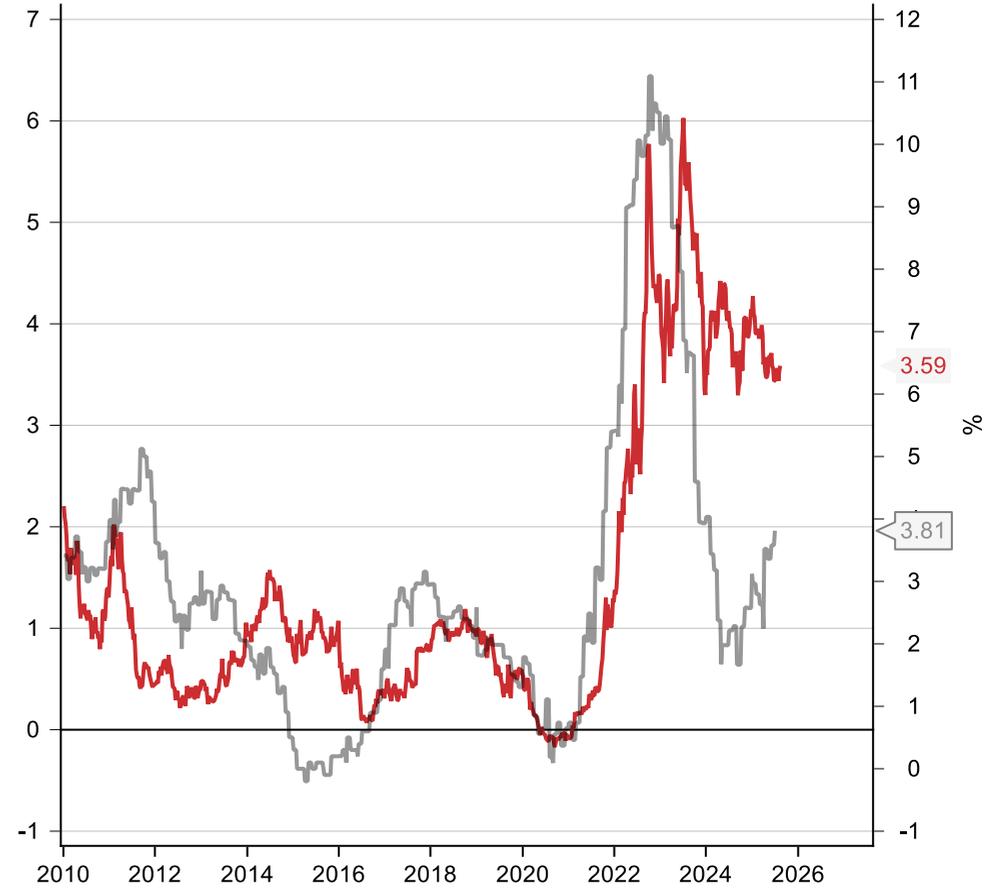
### BOE pricing (SONIA futures)

What's priced for the BOE by Dec25 and Dec26?



— SONIA Dec26 — SONIA Dec25 — SONIA — SFIZ5Z6

### SONIA 1y1y vs Headline CPI



— UK CPI Headline, rhs — GBP SONIA 1y1y, lhs



# GBP FX

1. GBP/USD forecasts
2. GBP/JPY forecasts

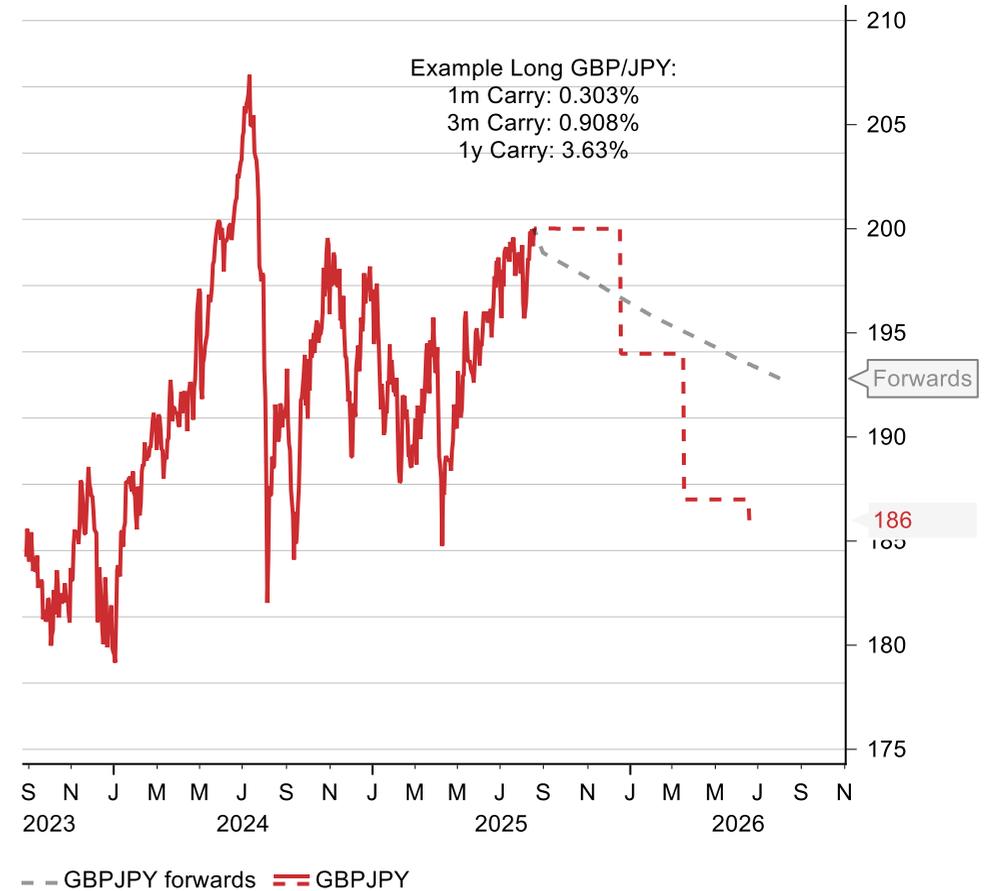
## GBP/USD forecasts

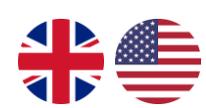
### Mizuho GBP forecasts



## GBP/JPY forecasts

### Mizuho GBP/JPY forecasts





# GBP Rates - Duration

1. UK 10yr vs forwards
2. 10yr UST-Gilt spreads vs forwards

## 10yr Gilts

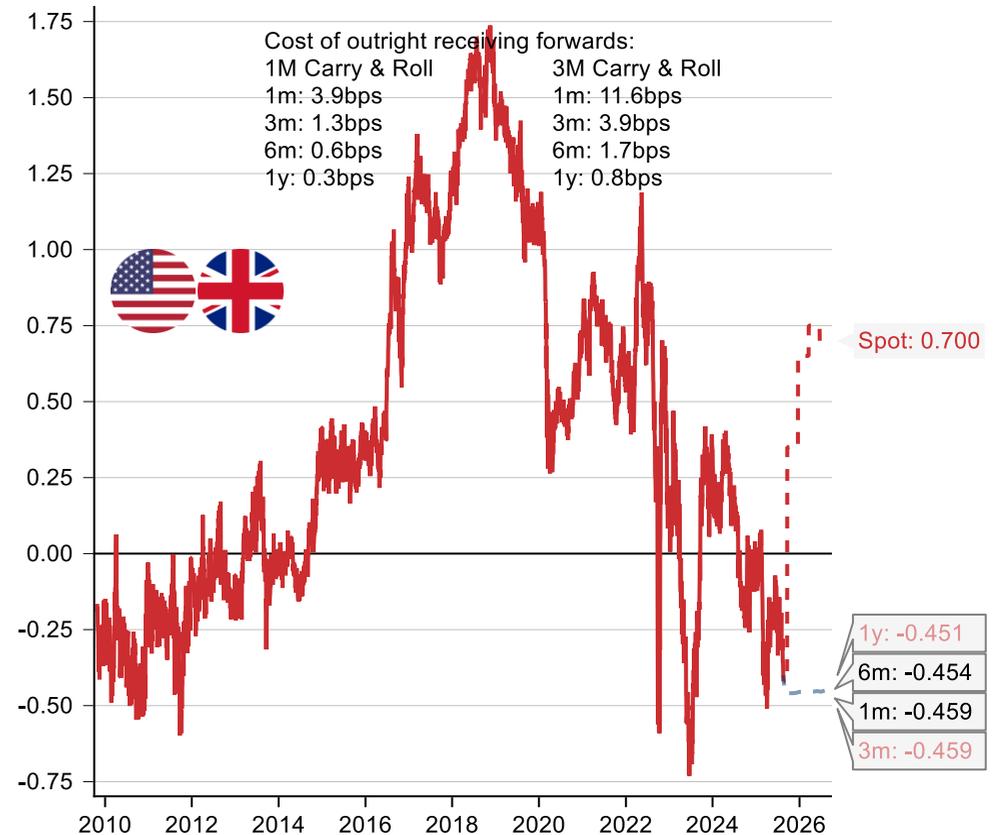
### UK 10s vs forwards



-- Forwards == UK 10s

## UST-Gilt 10yr

### UST-Gilt 10yr spread vs forwards and forecasts



-- Forwards == UST-Gilt 10yr



# GBP Rates - Curve

1. UK 2s10s in cutting cycles
2. UK 2s10s vs forwards

## UK 2s10s

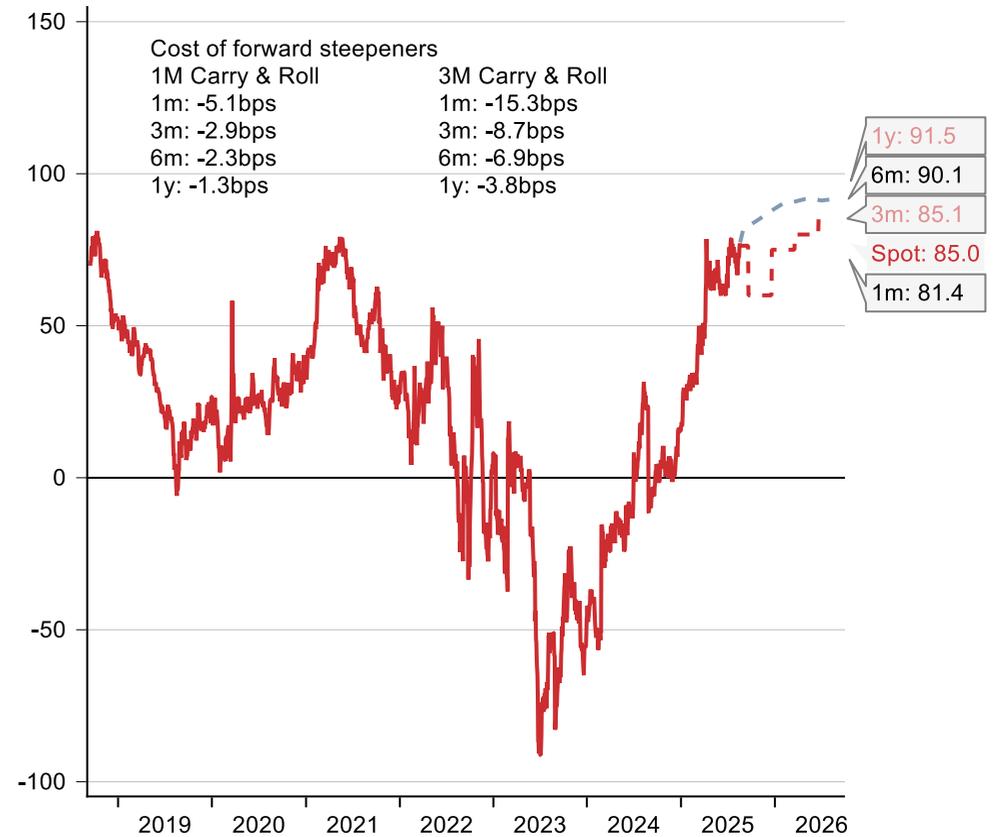
### UK 2s10s in cutting cycles



— BOE Policy

## UK 2s10s vs forwards

### Gilts 2s10s vs forwards



— Forwards — UK 2s10s

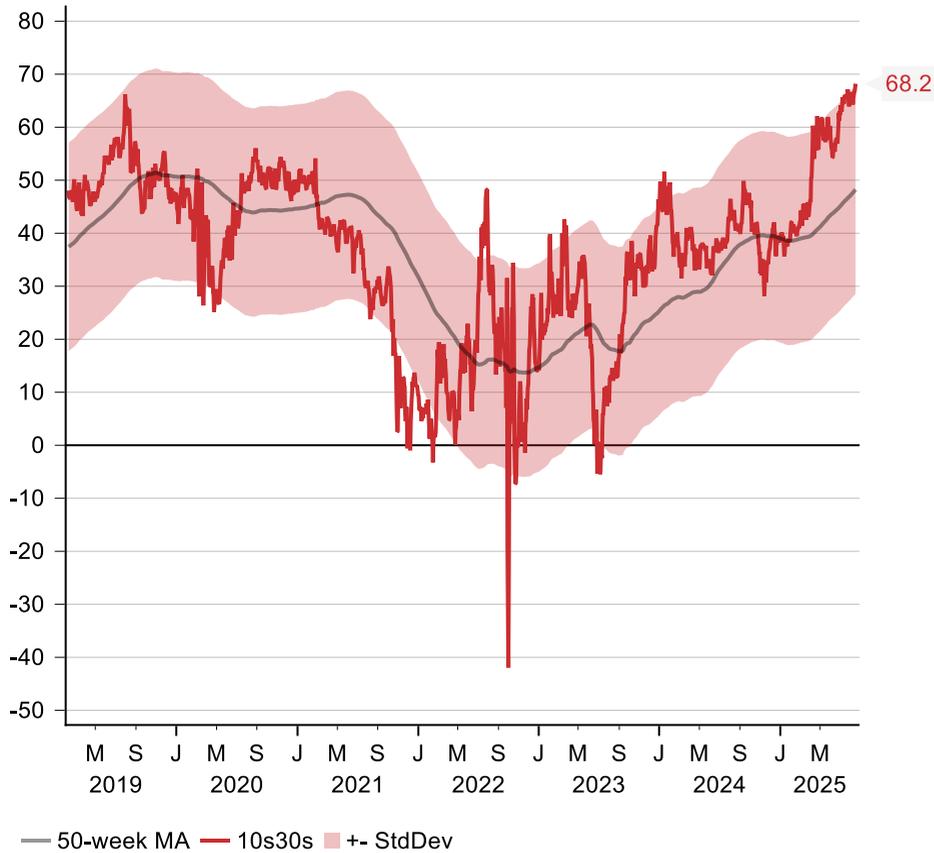


# GBP Rates - Curve

1. What's going on in the long end of the curve? Time to flatten?
2. DMO (via less long-end issuance) and BoE (via active QT stop) can provide support to the super long end, which remains very dislocated

## UK 10s30s

### Gilts 10s30s (bp)



## GBPUSD XCCY basis spreads

### GBPUSD XCCY basis (bp)



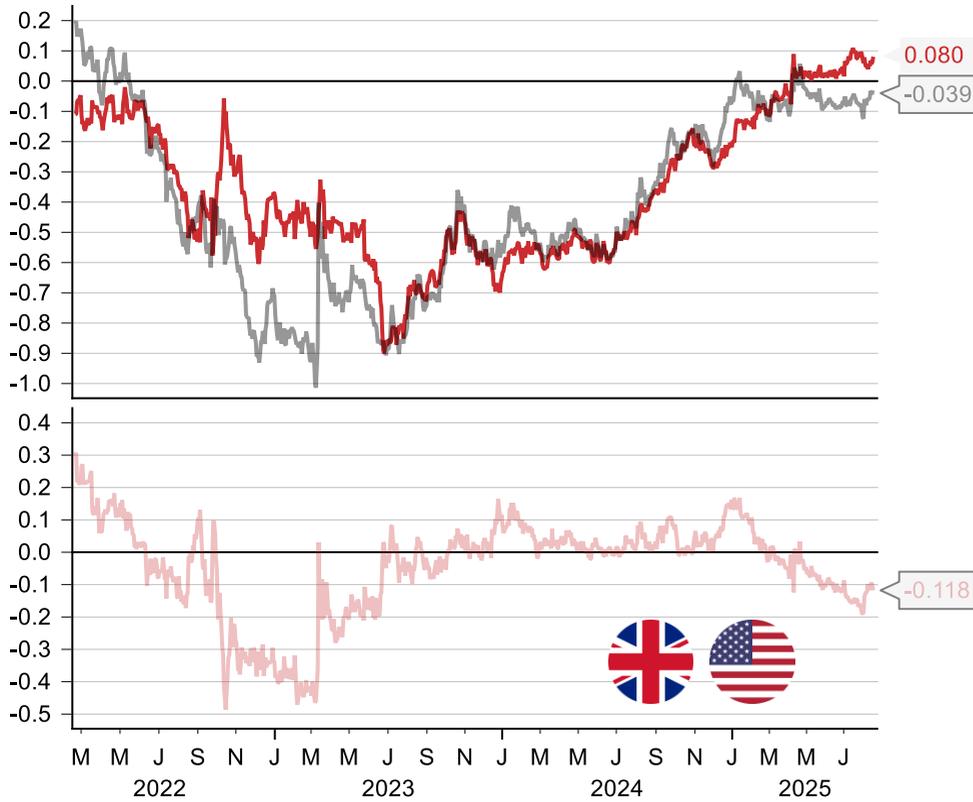


# GBP Rates – Curve vs US

1. UK 2s5s to out steepen the US?
2. Cost of holding 2s5s steepeners (in swaps)

## US-UK 2s5s Box spread

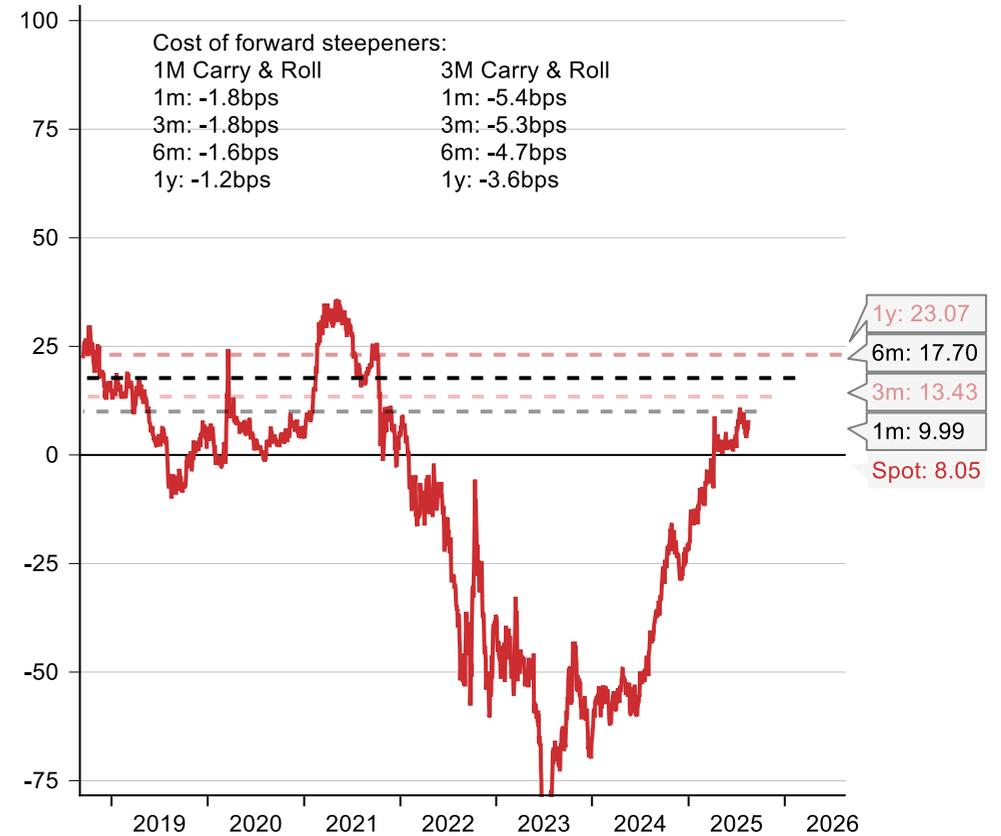
US - UK 2s5s Box spread



— USD SOFR Swap 2s5s — US - UK 2s5s Box (SONIA - SOFR)  
 — GBP SONIA Swap 2s5s

## UK 2s5s (SONIA Swaps)

UK SONIA 2s5s vs forwards



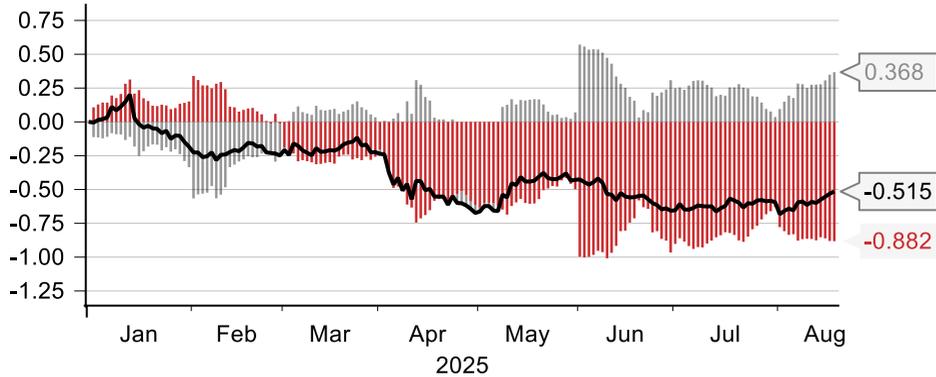
--- 1y5y-1y2y --- 6m5y-6m2y --- 3m5y-3m2y --- 1m5y-1m2y — UK SONIA 2s5s



# GBP rates moves broken down

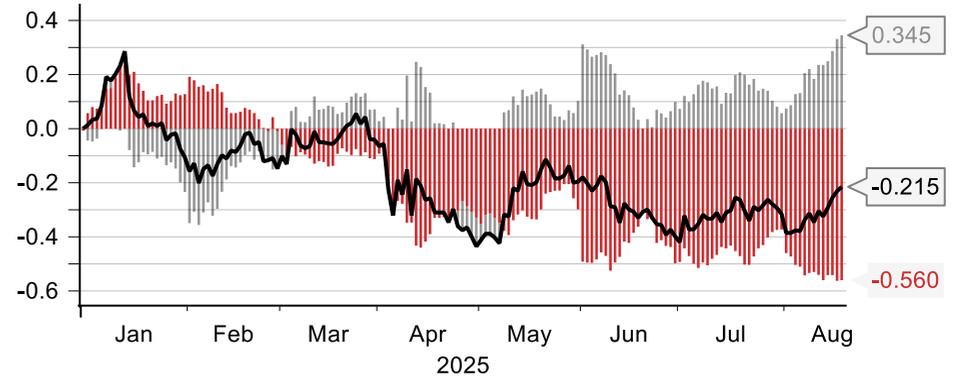
- The disinflation push has been much stronger in the UK
- Real rates are driving the surge in long end yields, with markets demanding an increasing term premia

### Changes in UK 2yr split into real vs inflation expectations



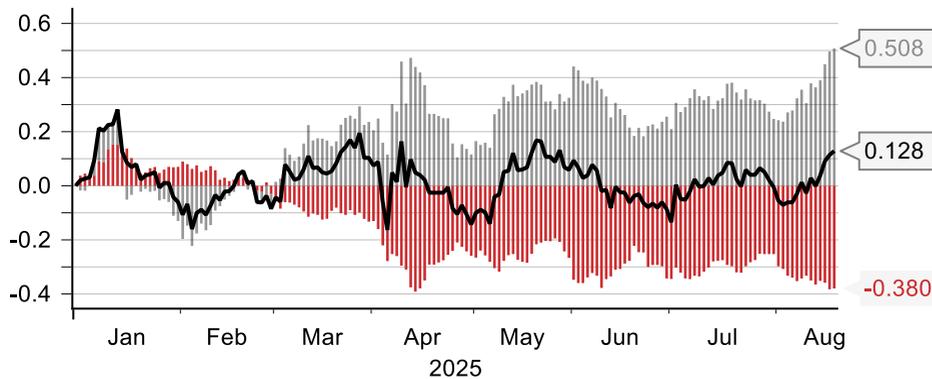
— UK Nominal 2yr moves (SONIA) ■ UK Real yield ■ UK Inflation 2yr

### Changes in UK 5yr split into real vs inflation expectations



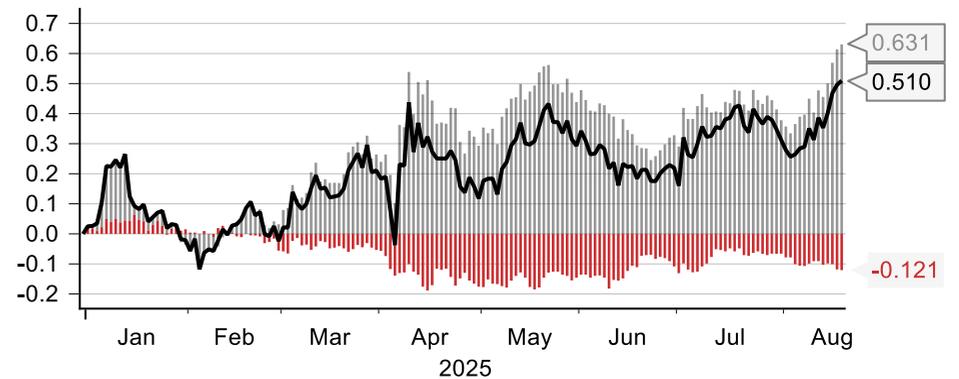
— UK Nominal 5yr moves ■ UK Real yield ■ UK Inflation 5yr

### Changes in UK 10yr split into real vs inflation expectations



— UK Nominal 10yr moves (SONIA) ■ UK Real yield ■ UK Inflation 10yr

### Changes in UK 30yr split into real vs inflation expectations



— UK Nominal 30yr moves (SONIA) ■ UK Real yield ■ UK Inflation 30yr

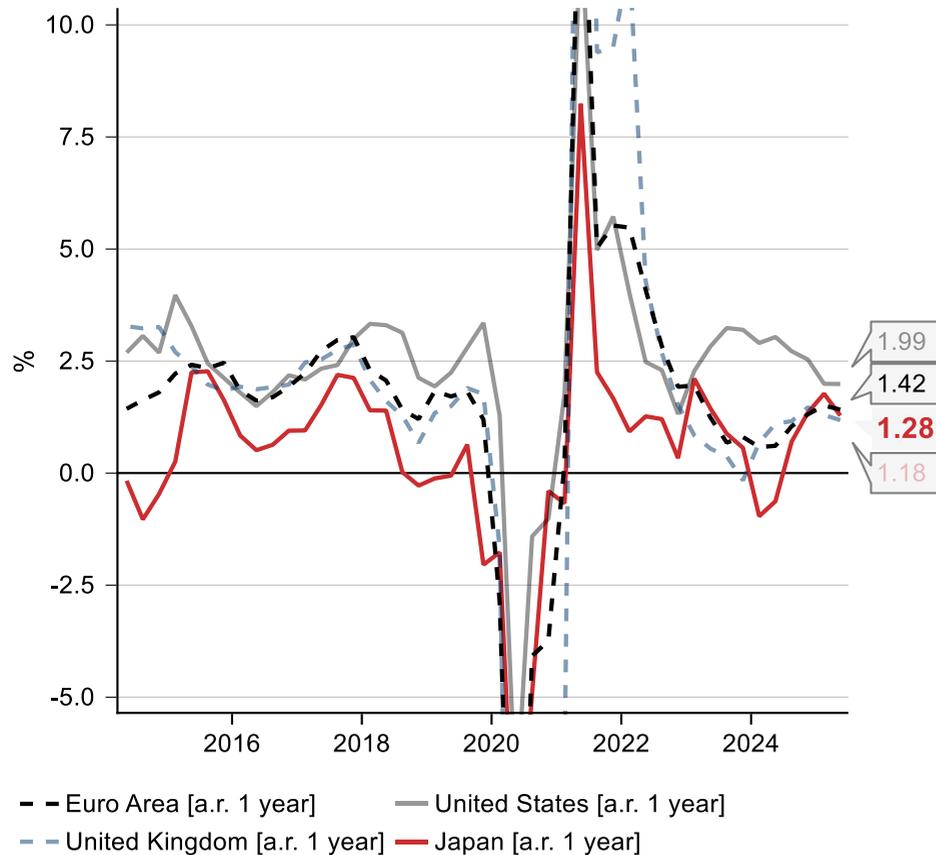
**JPY**

# JPY Growth and Inflation

1. Strong Tankan and PMIs along with corporate profits suggest steady growth ahead
2. But the output gap is negative in the BoJ's view and CPI should slow

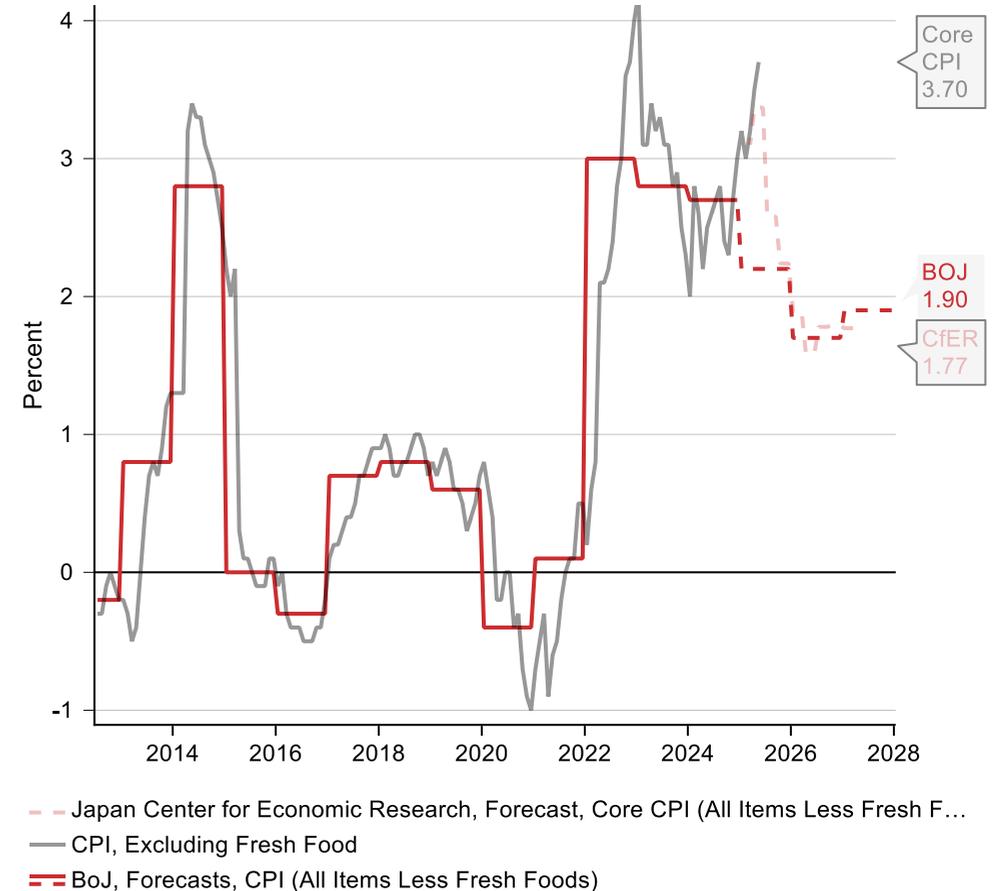
## Healthier growth than the start of the year

Japan's growth has rebounded from mild recession



## But a negative output gap has BoJ forecasts expecting a CPI slowdown

BOJ forecasts vs CPI (less fresh food)

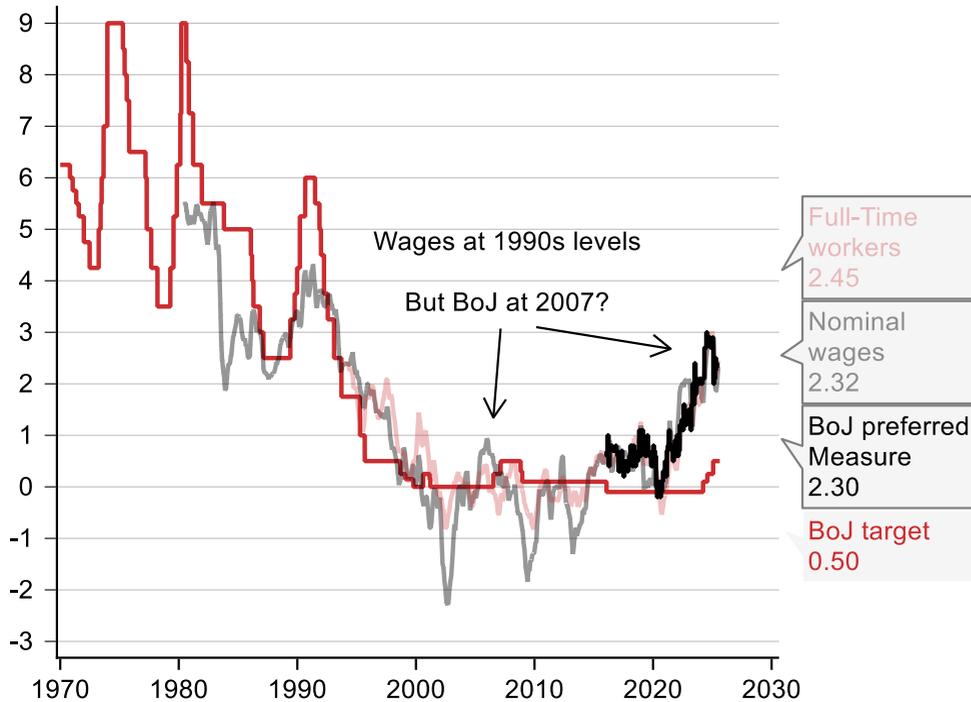


# JPY Wages and Employment conditions

1. Japan has 1990s levels of wage growth, but 2007 levels of rates
2. Japan has only once had this level of tight labour markets.

## Japan Wages

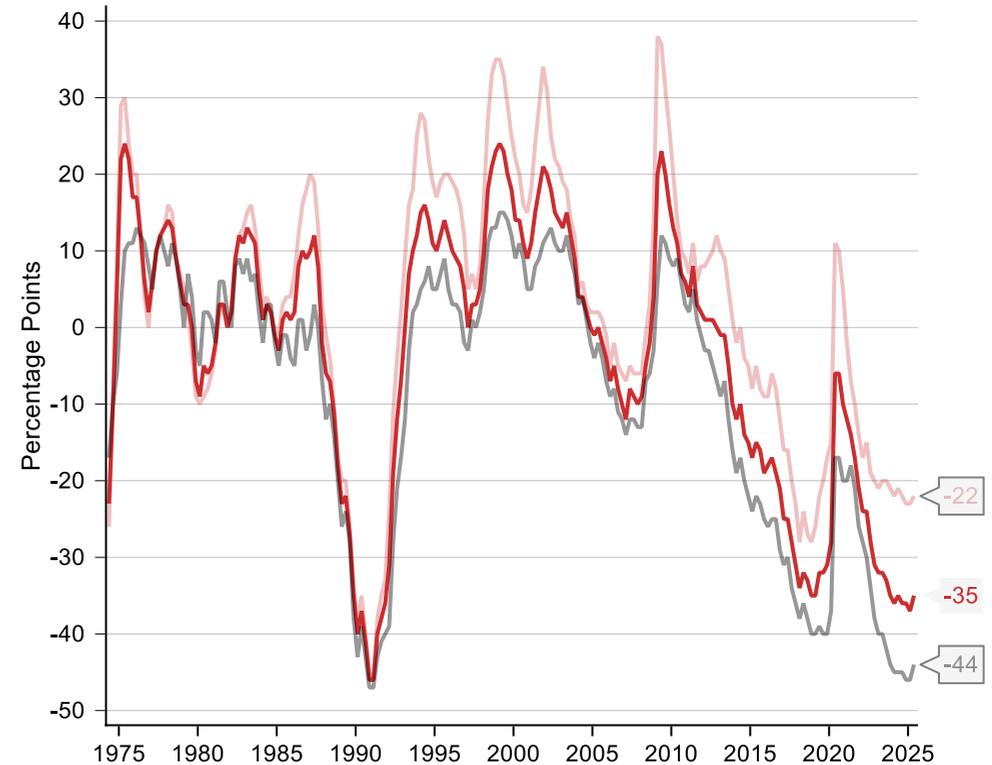
### Japan Nominal Wages vs BOJ Policy



- Common Office, Full-Time Workers, scheduled cash earnings
- Contractual Cash Earnings, Scheduled, Full-Time Worker [a.r. 1 year, m.a. 1 quarter]
- Japan Nominal Wages [a.r. 1 year, m.a. 1 quarter]
- Policy Rates, Bank of Japan

## Tankan employment conditions for firms are very tight

### Employment conditions, Tankan, Services vs Manufacturing



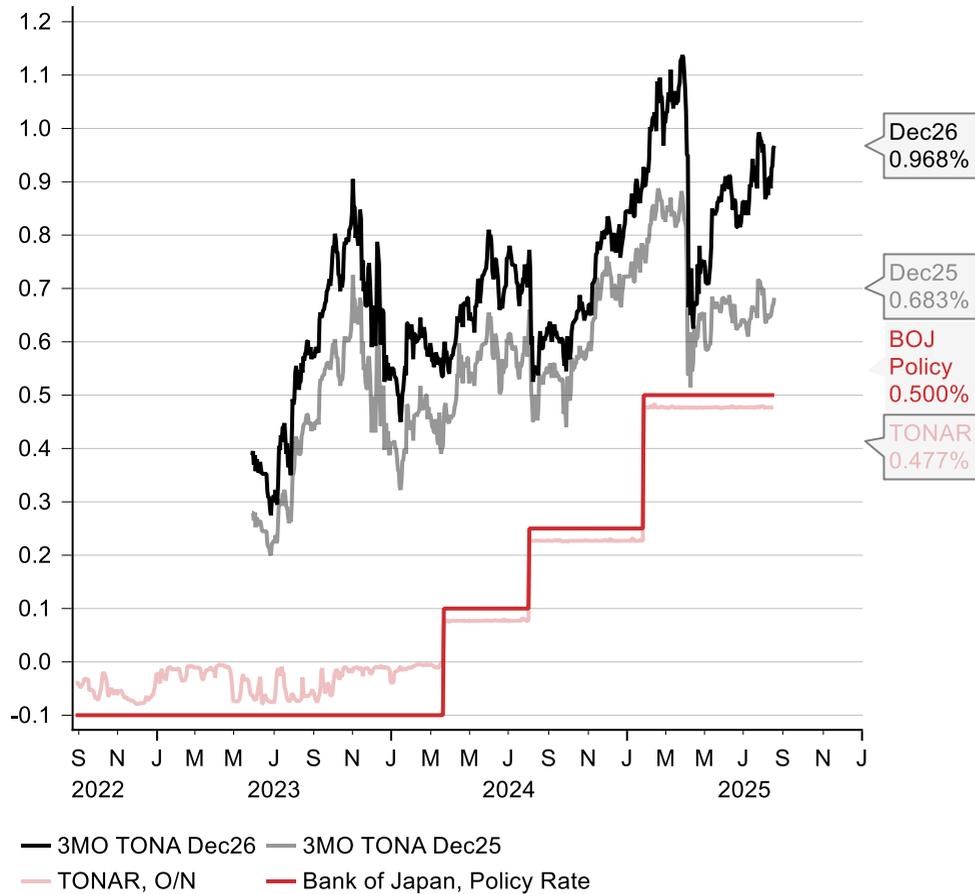
- Manufacturing, Diffusion Index, Actual Result
- Nonmanufacturing, Diffusion Index, Actual Result
- All Industries, Diffusion Index, Actual Result

# JPY STIRT

- BOJ TONAR pricing
- 1y1y and 2yr swap vs BOJ

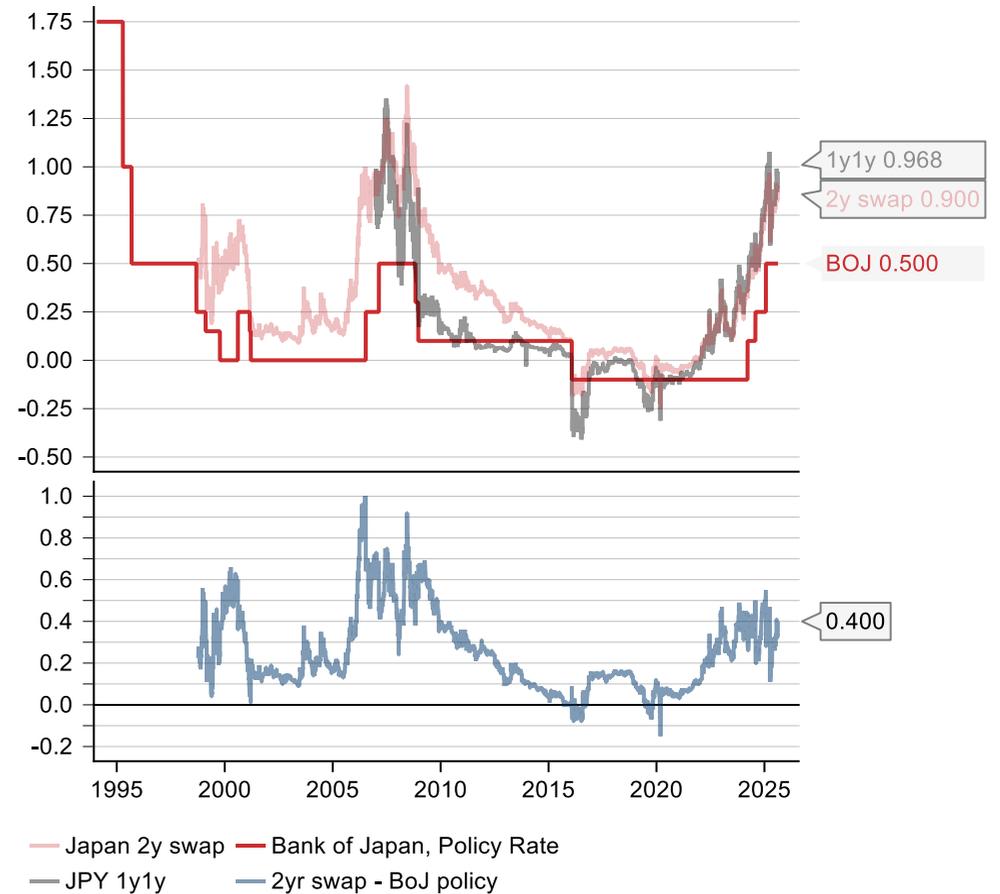
## What's priced for the BOJ?

BOJ policy vs TONA futures



## Market Pricing of BOJ in 1yr and 2yr

BOJ policy vs Forwards and swaps



# JPY FX

1. USD/JPY multifactor model – short term fair value
2. USD/JPY forecasts

## USD/JPY vs 10yr swap spreads

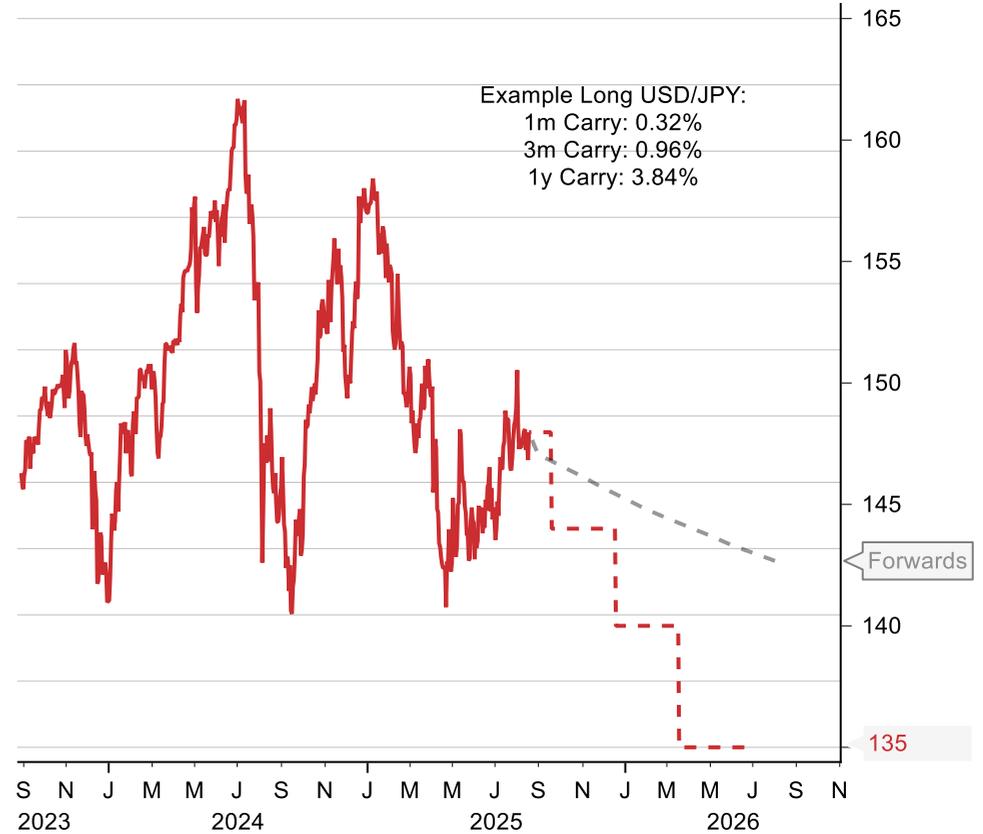
USDJPY fair valuation (2y nominal, 10yr real yield spreads, SPX and Oil)



— USDJPY [predicted] — USDJPY — USDJPY over/under valuation %

## USD/JPY forecasts

Mizuho USD/JPY forecasts



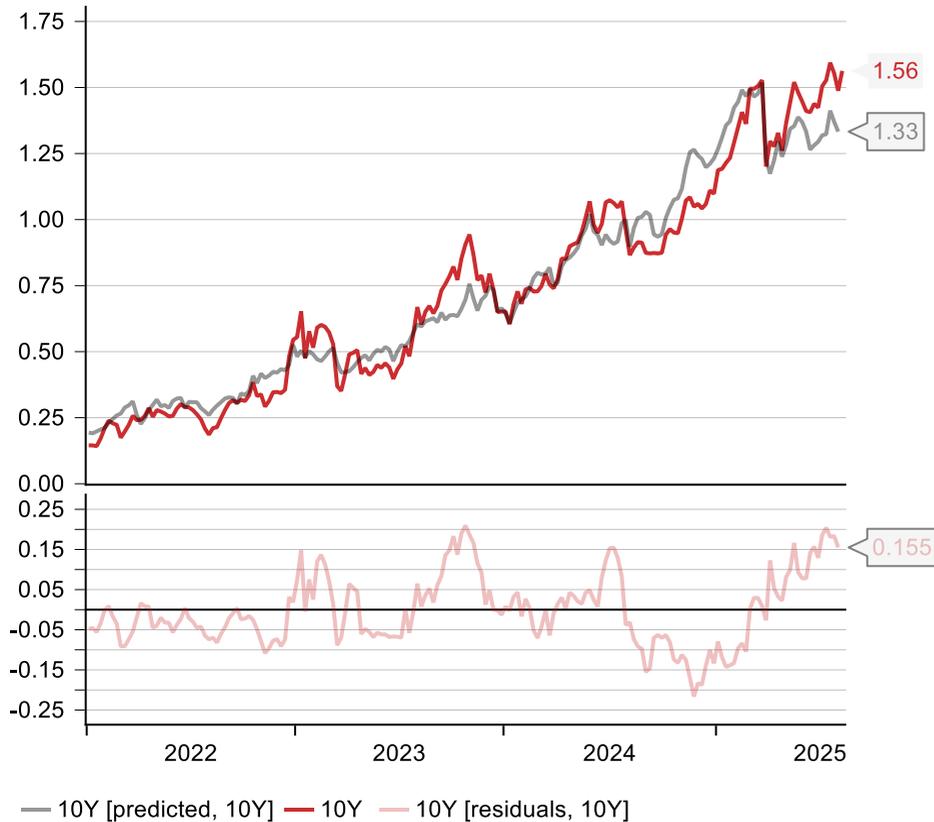
-- USDJPY forwards == USDJPY

# JPY Rates

- Multifactor modelling of 10yr JGB
- 10s30s keeps steepening. Reasons: domestics are sidelined and illiquid part of the curve + fiscal expectations?

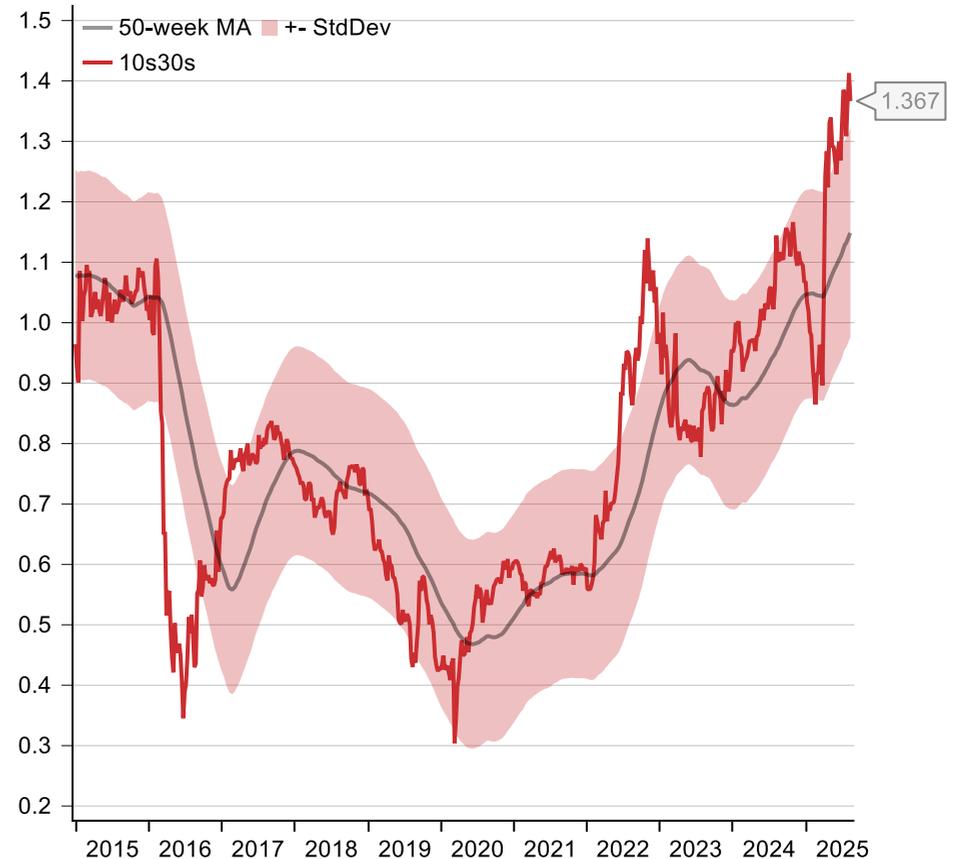
## Is the 10yr trading on the cheap side?

Based on a 5year lookback regression (6m6m fwd rate, BoJ buying, 10Y BE)



## When will domestic investors step into the ultra long end?

JGB 10s30s (bp) just keeps steepening

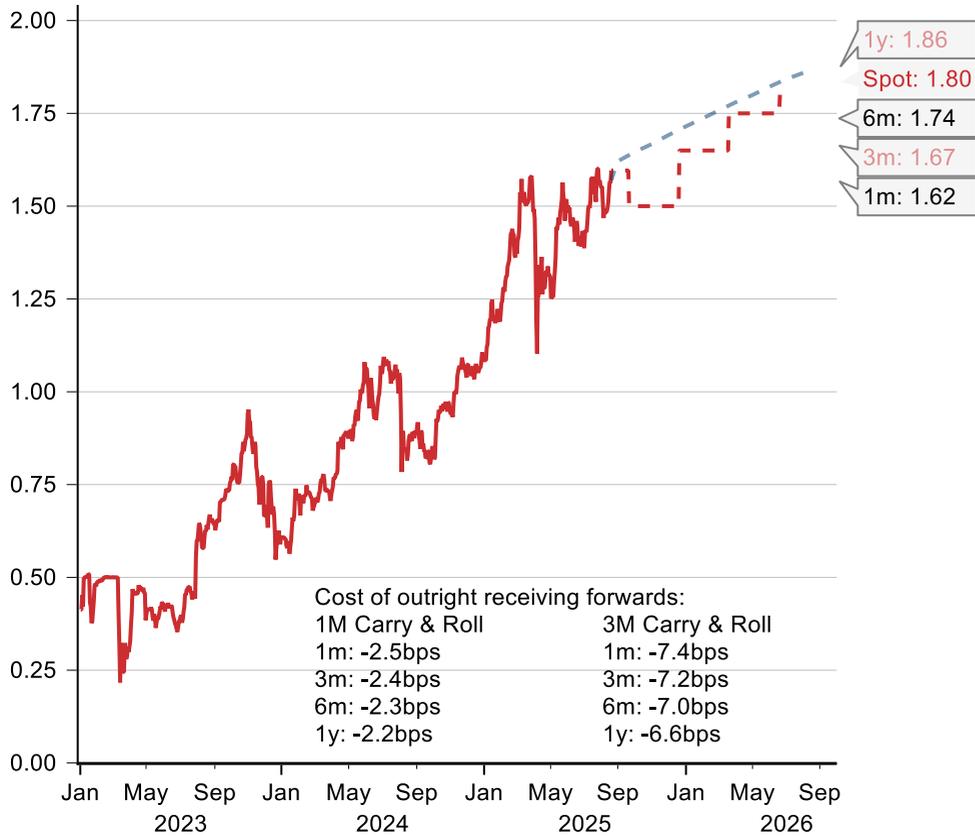


# JPY Rates - Duration

1. Japan 10yr vs forwards
2. 10yr UST-JGB spreads vs forwards

## 10yr JGB

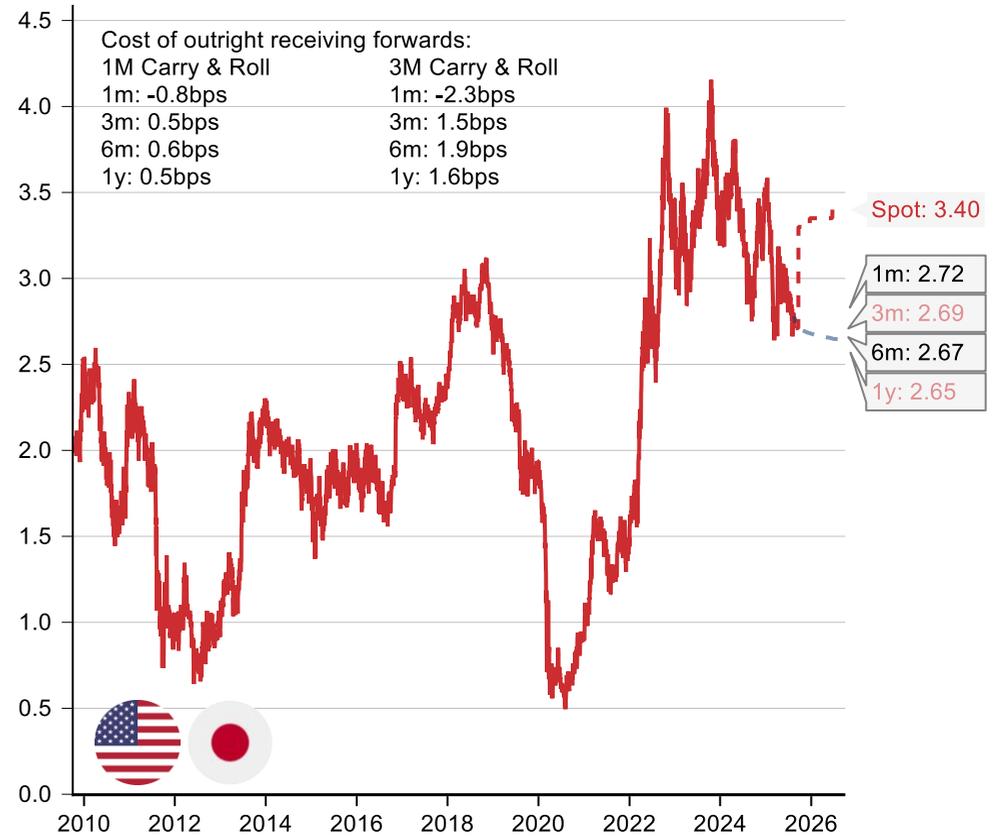
### Japan 10s vs forwards



-- Forwards == Japan 10s

## UST-JGB 10yr spread

### UST-JGB 10yr spread vs forwards and forecasts



-- Forwards 1m10y == UST-JGB 10yr

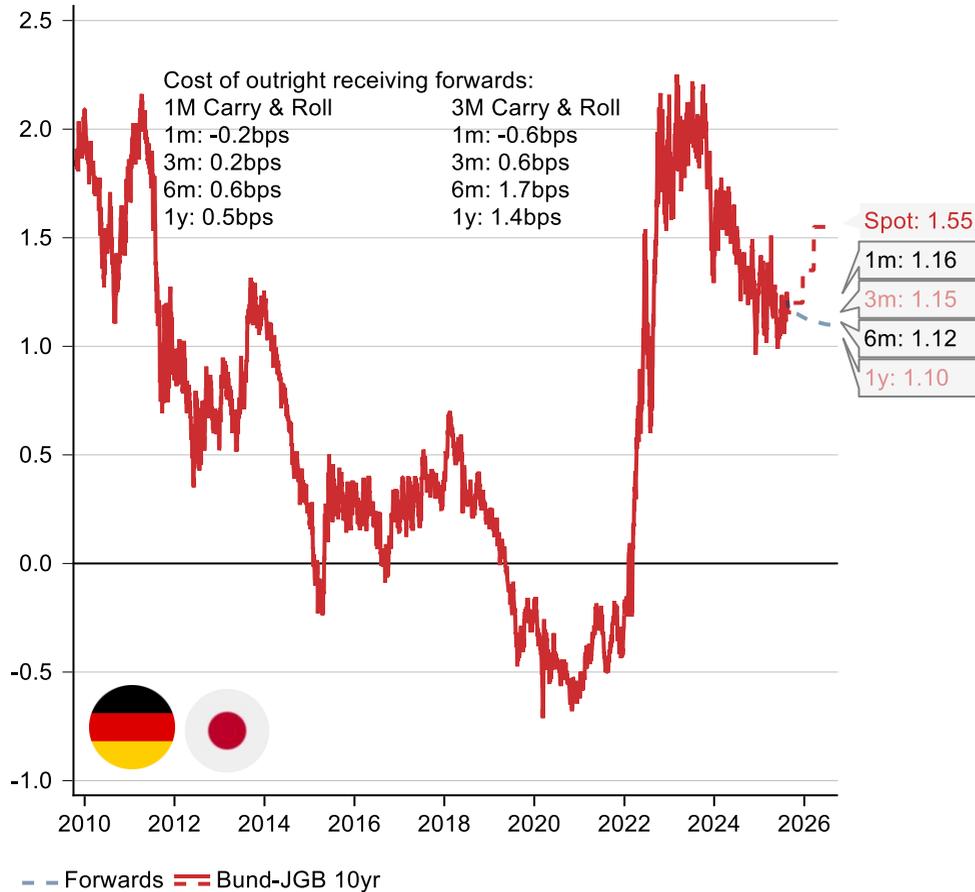


# JPY Rates - Spreads

- 10yr Bund-JGB spreads vs forwards
- 10yr Gilt-JGB spreads vs forwards

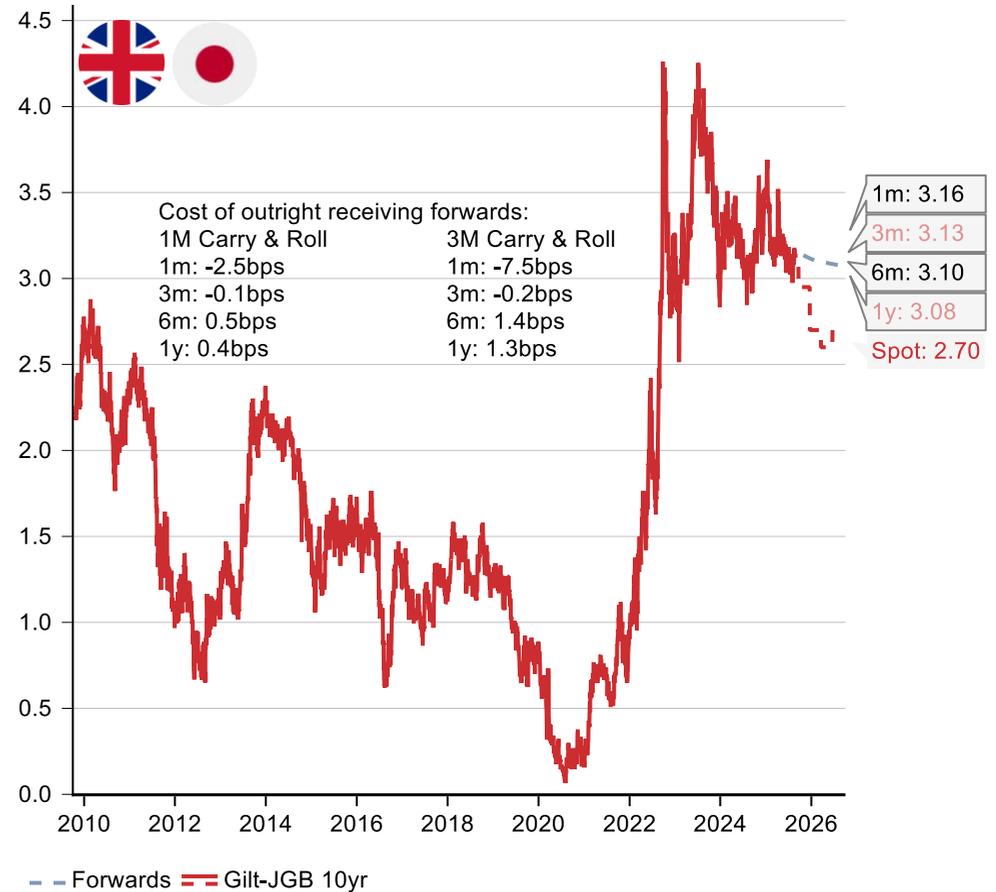
## Bund-JGB 10yr spread

Bund-JGB 10yr spread vs forwards and forecasts



## Gilt-JGB 10yr spread

Gilt-JGB 10yr spread vs forwards and forecasts



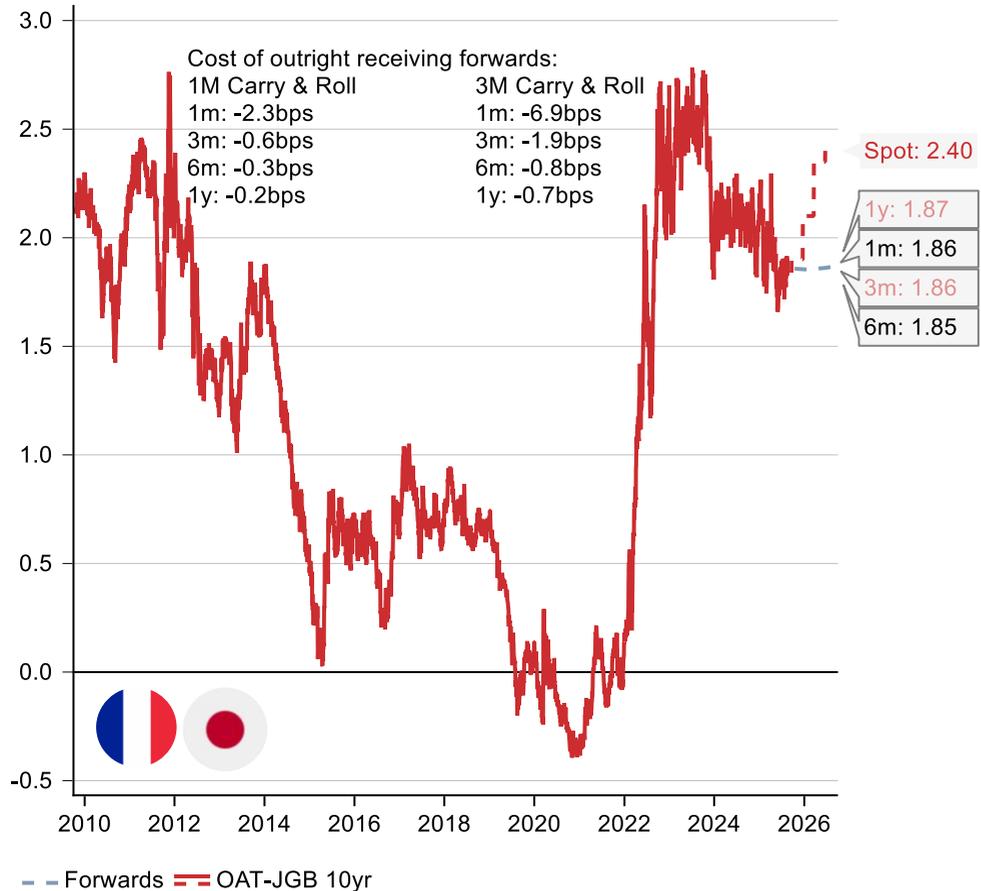


# JPY Rates - Spreads

- 10yr OAT-JGB spreads vs forwards
- 10yr BTP-JGB spreads vs forwards

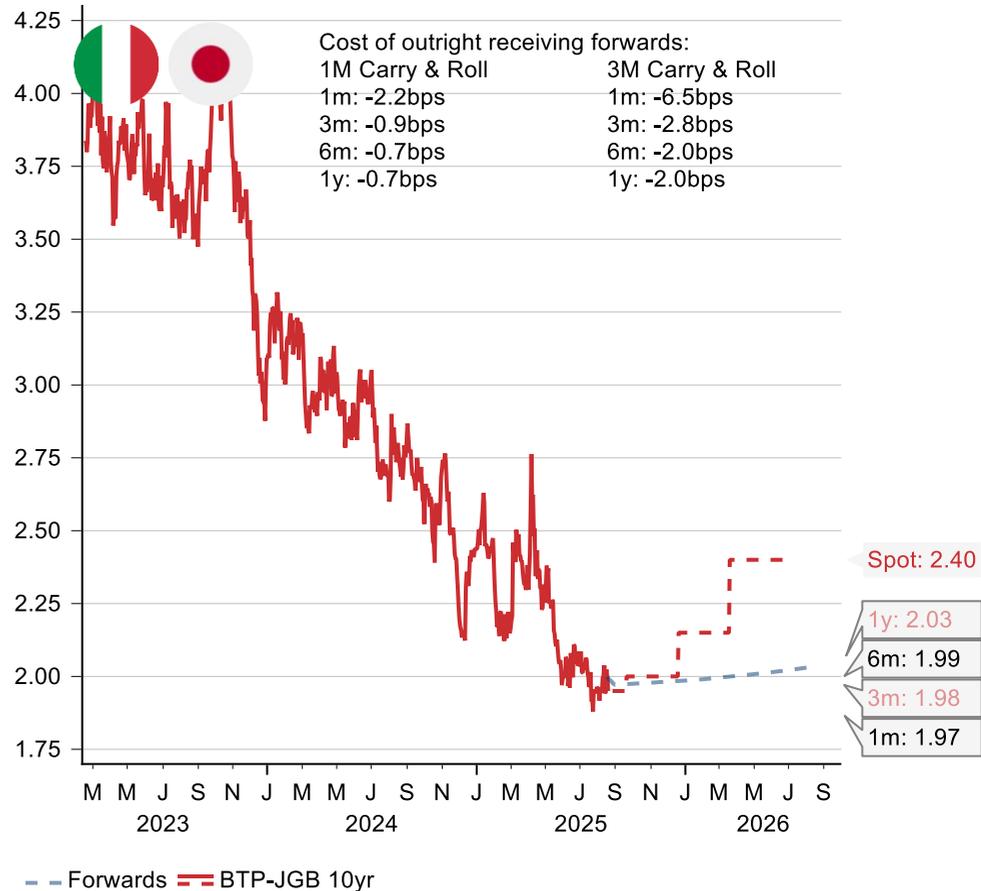
## OAT-JGB 10yr spread

OAT-JGB 10yr spread vs forwards and forecasts



## BTP-JGB 10yr spread

BTP-JGB 10yr spread vs forwards and forecasts

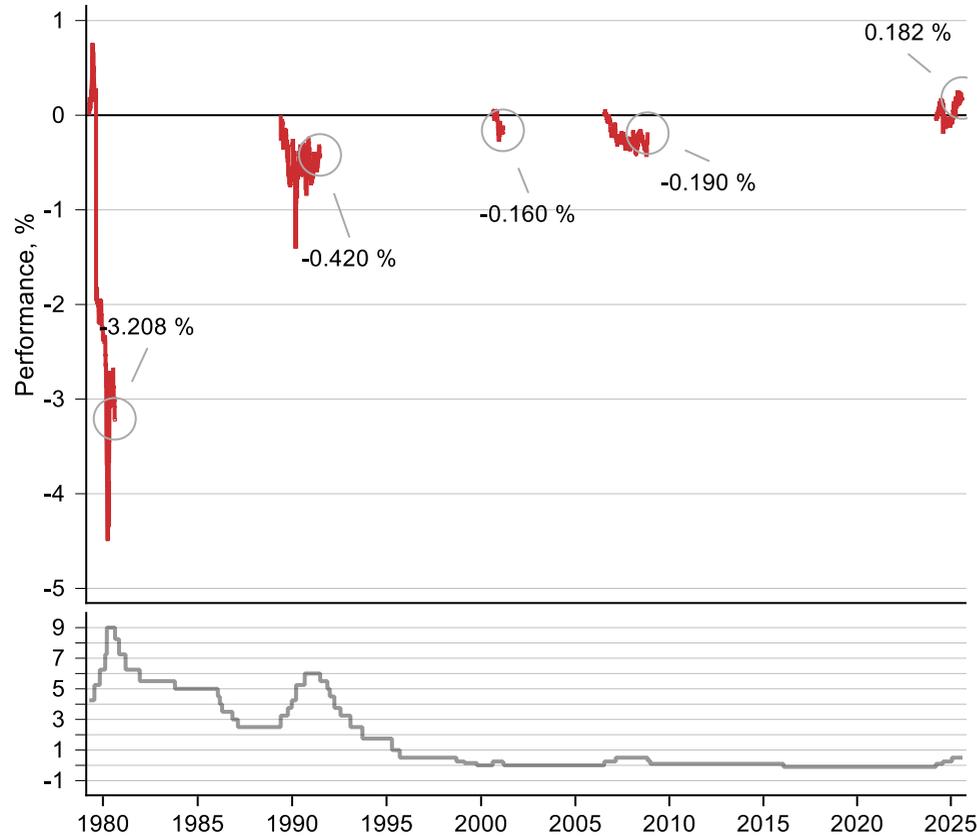


# JPY Rates - Curve

1. Japan 2s10s in hiking cycles
2. Japan 2s10s vs forwards

## JGB 2s10s in hiking cycles

Japan 2s10s performance during hiking cycles



## JGB 2s10s vs forwards

JGB 2s10s vs forwards



# Swap Spreads

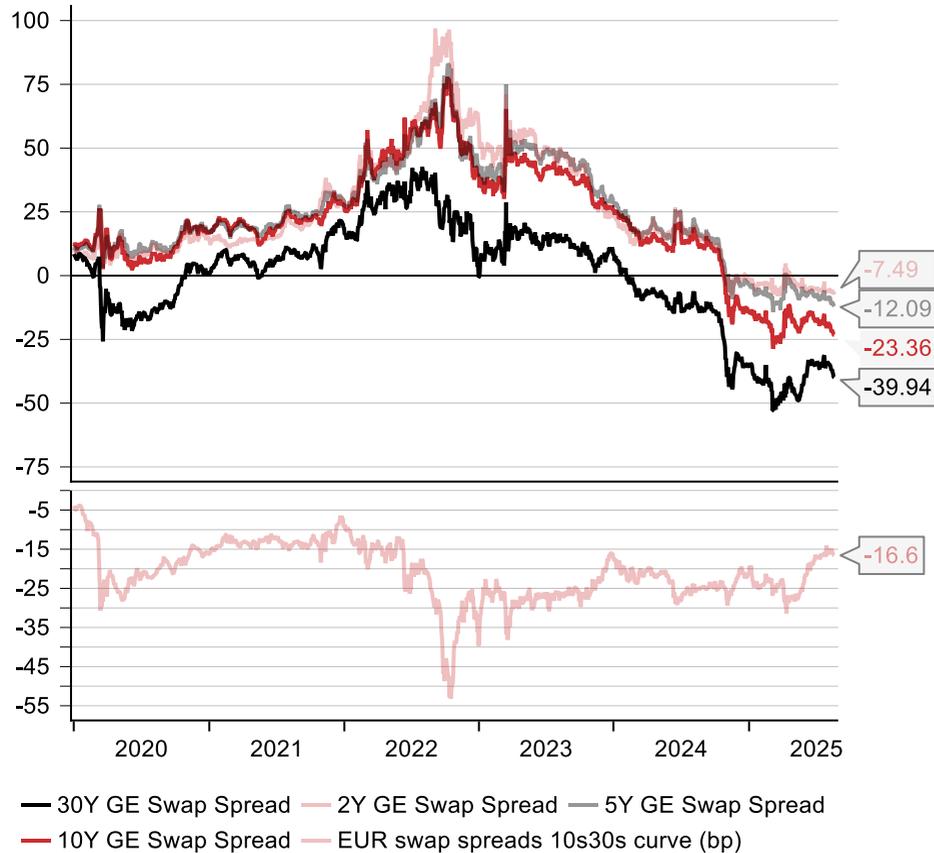


# Swap spreads in detail

- Two opposing forces: issuance (German fiscal bazooka) and the Dutch pension fund reform (adjustment to lower hedging needs and steepening in the super long end). That said, given where we expect the issuance push to be centred, it should provide a tightening pressure in EUR swap spreads, which may exacerbate the 10s30s steepening.
- The front end remains relatively contained as collateral abundance and contained EUR rates vol offset the widening in the long end.

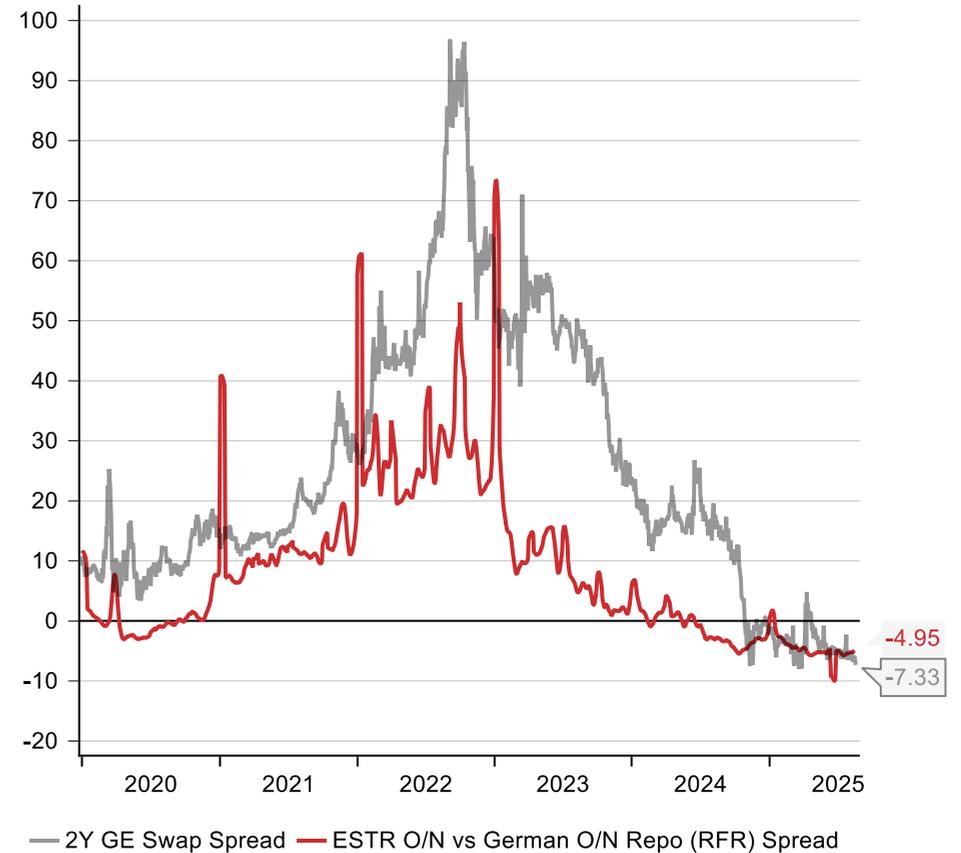
## Curve has been steepening due to FM anticipating Dutch PF flow

German ASW structure (bp, vs ESTR)



## Bund specialness: a thing of the past

Bund specialness (in repo) proxy

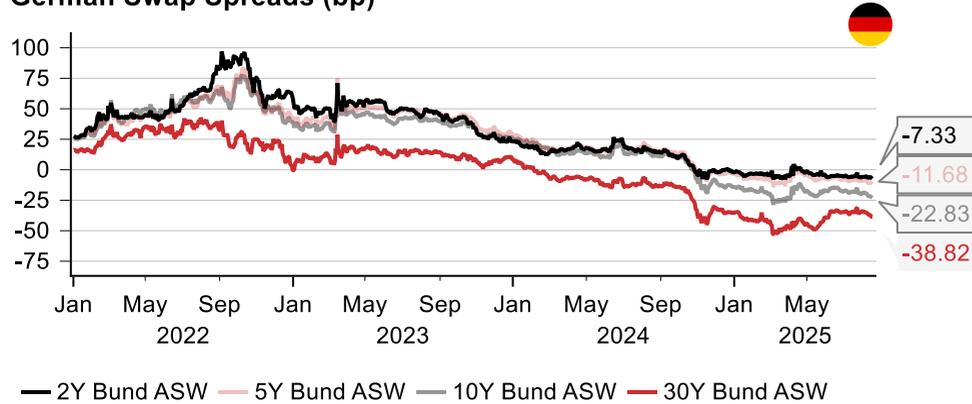




# Rates – EGB Spreads (4)

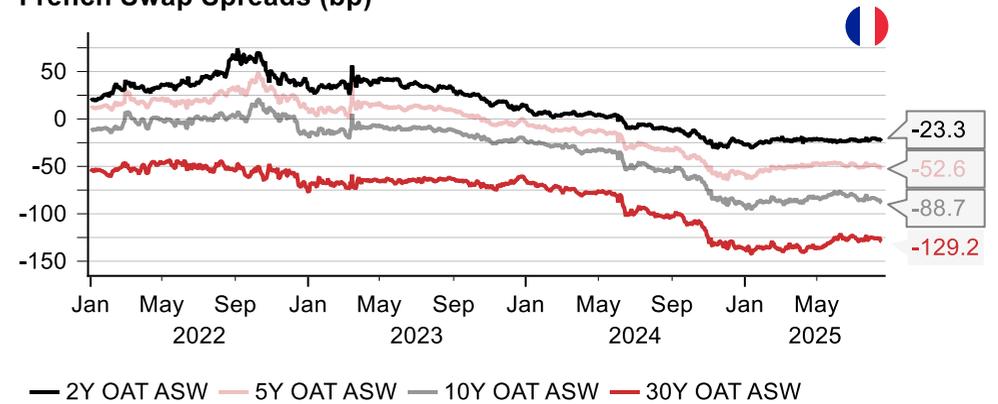
## German paper to cheapen on the fiscal story

### German Swap Spreads (bp)



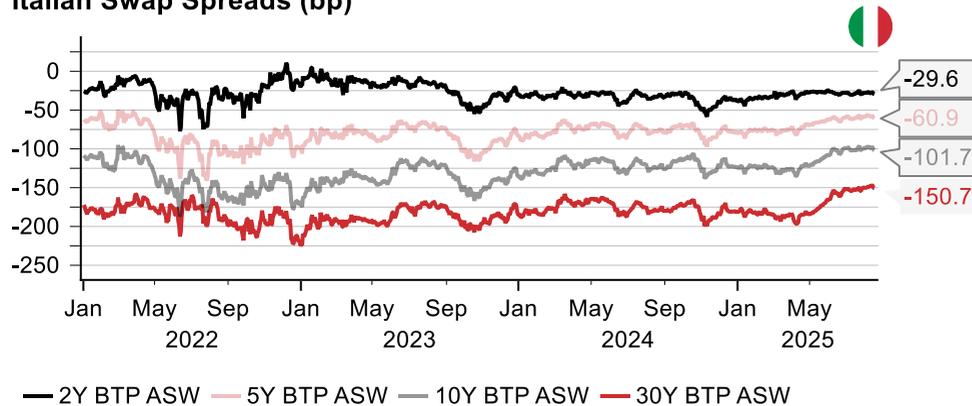
## France is tricky due to politics – we wouldn't go long here

### French Swap Spreads (bp)



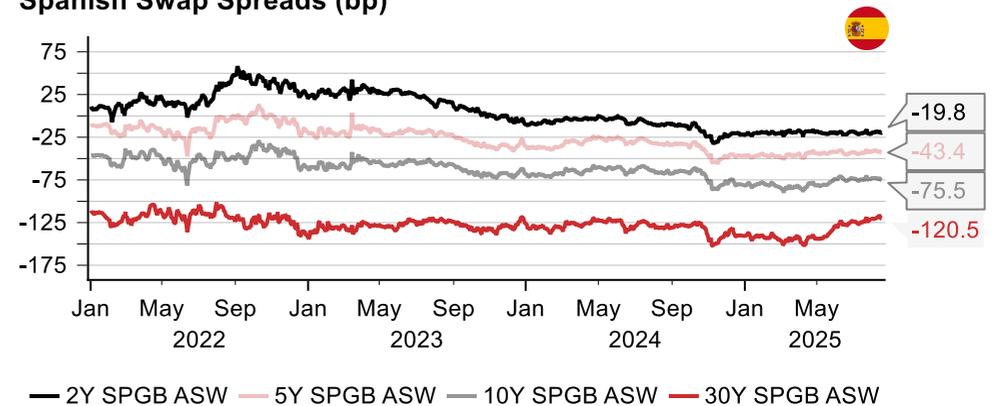
## Italy looks rich and catalysts to see further performance are fading

### Italian Swap Spreads (bp)



## Spanish credit is offering good value in the front end

### Spanish Swap Spreads (bp)





## Swap spreads in detail

- **USD:** we expect deregulation will keep providing a bid to swap spreads over the coming months, unless USD rates vol spikes and bearish USD government credit flows resume.
- **GBP:** no widening likely until Gilts become much better bid again, which can happen if the BoE makes their reaction function clearer.

### USD swap spreads looking ahead to deregulation news

USD Swap Spreads (bp)



### Appetite for Gilts on ASW is not great given undecided BoE

GBP Swap Spreads (bp)



**XCCY**

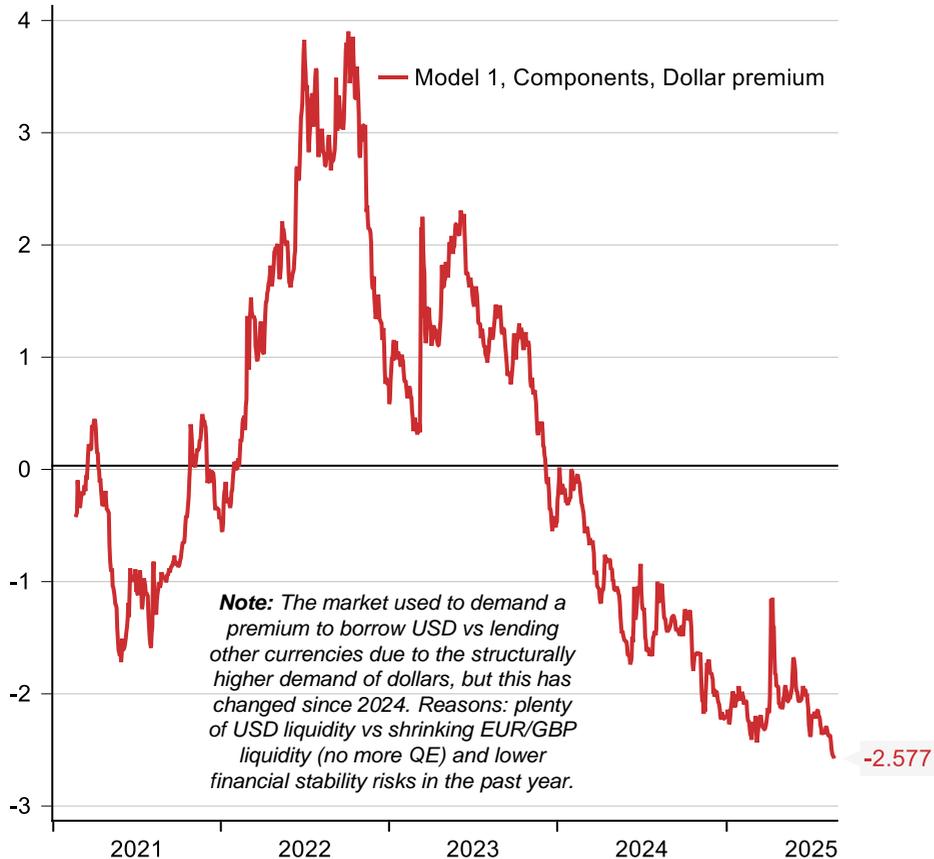


# XCCY Basis views

- The dollar premium remains compressed. Liberation Day wasn't enough of a catalyst to bring it back.
- EURUSD XCCY is now driven by swap spread developments due to how important these are in terms of cross-border issuance decisions – the EURUSD XCCY curve looks too flat

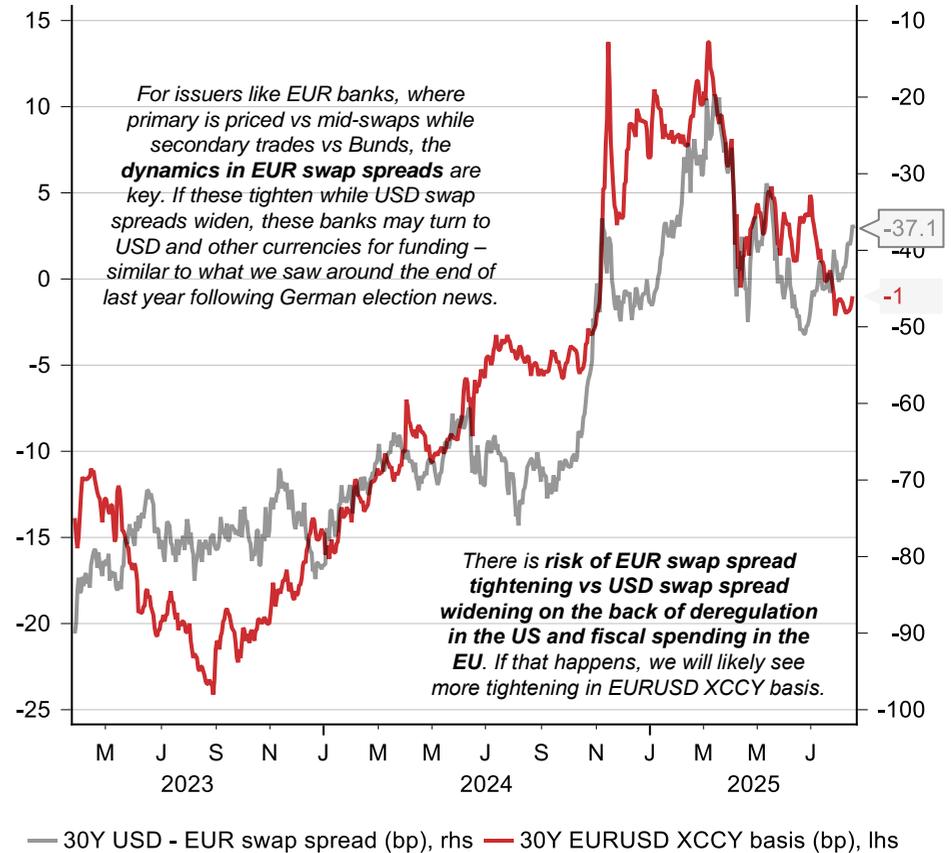
## Borrowing dollars is not as costly as it was in 2022

### Dollar premium proxy



## EURUSD XCCY is now driven by swap spread differential

### EURUSD XCCY: driven by swap spread differentials

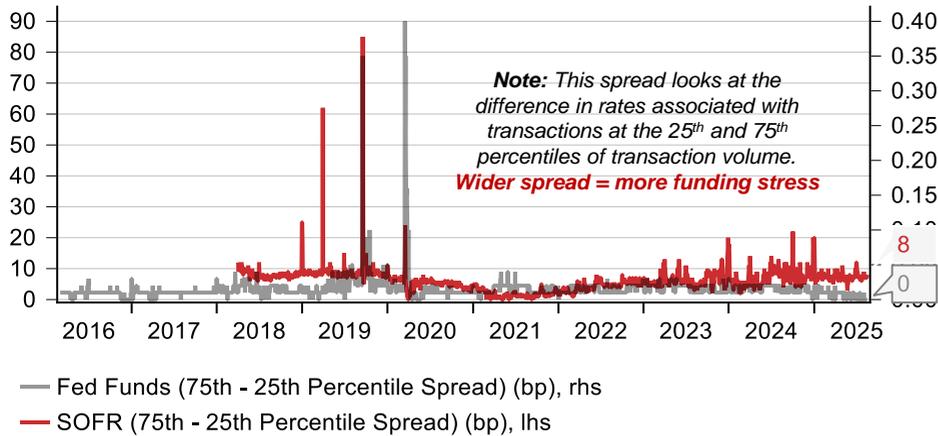




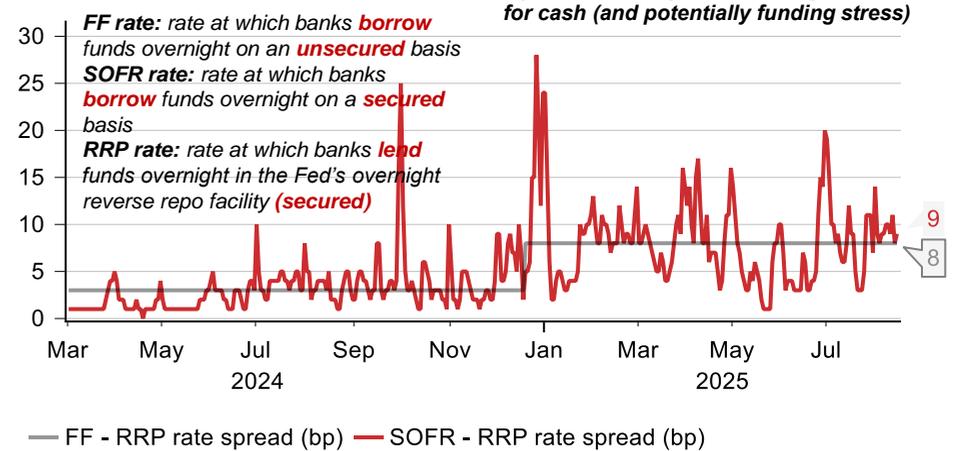
# Quick glance at USD Funding markets

## 1. No major signs of stress so far, liquidity is abundant = no widening pressure in XCCY from here

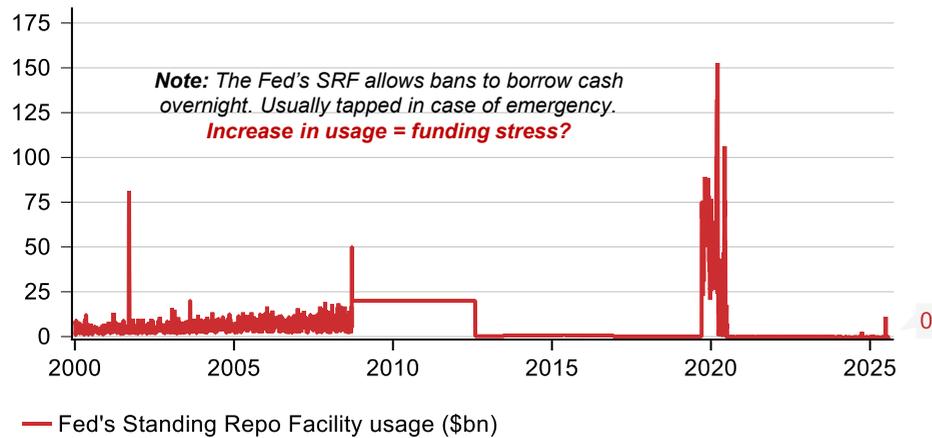
### Fed Funds vs SOFR dispersion



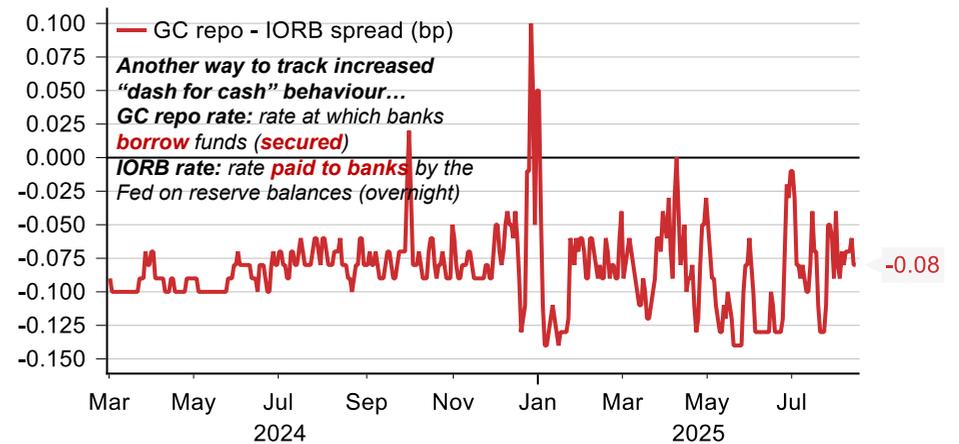
### RRP spreads to SOFR and FF



### Fed's Standing Repo Facility usage (\$bn)



### GC repo vs IORB spread





# XCCY Basis views

- The 2023-24 tightening is encountering some resistance in EURUSD, less so in USDJPY and GBPUSD. There has been a lot of reverse yankee issuance in EUR due to the tightening seen since 2024.
- Issuing in EUR looks especially attractive for GBP issuers in the front-end and belly.

## EURUSD XCCY

EURUSD XCCY basis (bp)



## EURGBP XCCY

EURGBP XCCY Basis (bp, GBPUSD - EURUSD XCCY)



**Note:** There are other considerations in the issuance/investment decision, but this is just to illustrate in a simplified way the XCCY impact

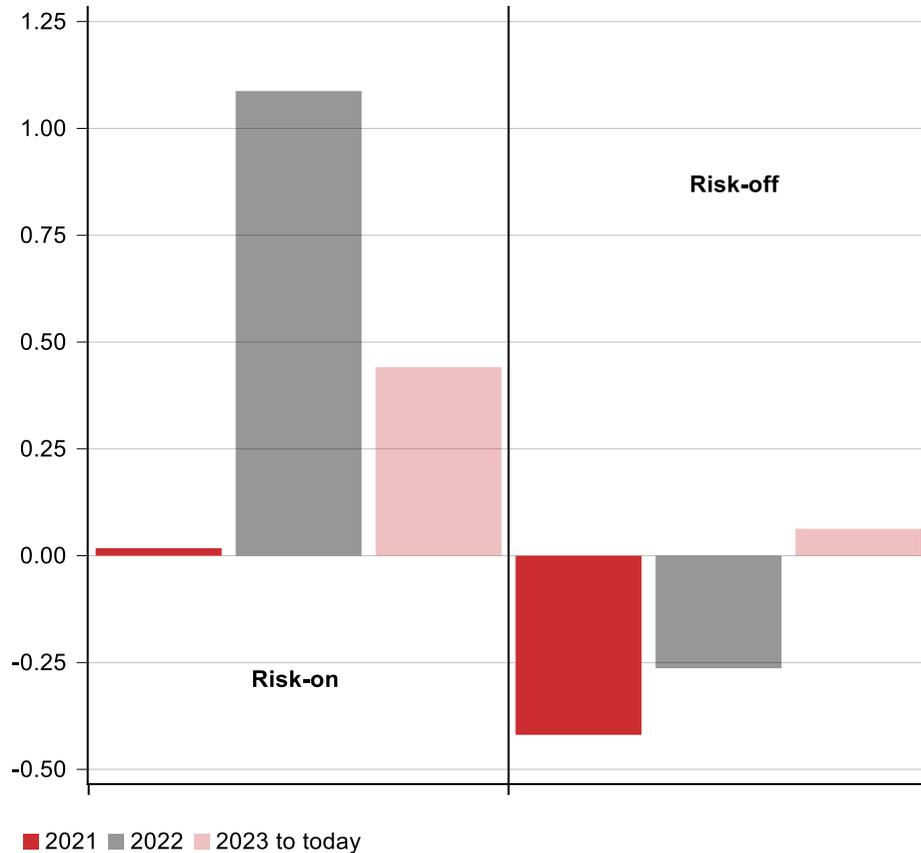


## XCCY Basis views

- EURUSD XCCY is not as reliant to risk sentiment as before
- USDJPY XCCY also shows that risk-off is not that strong of a driver anymore. BoJ hikes are supporting the tightening.

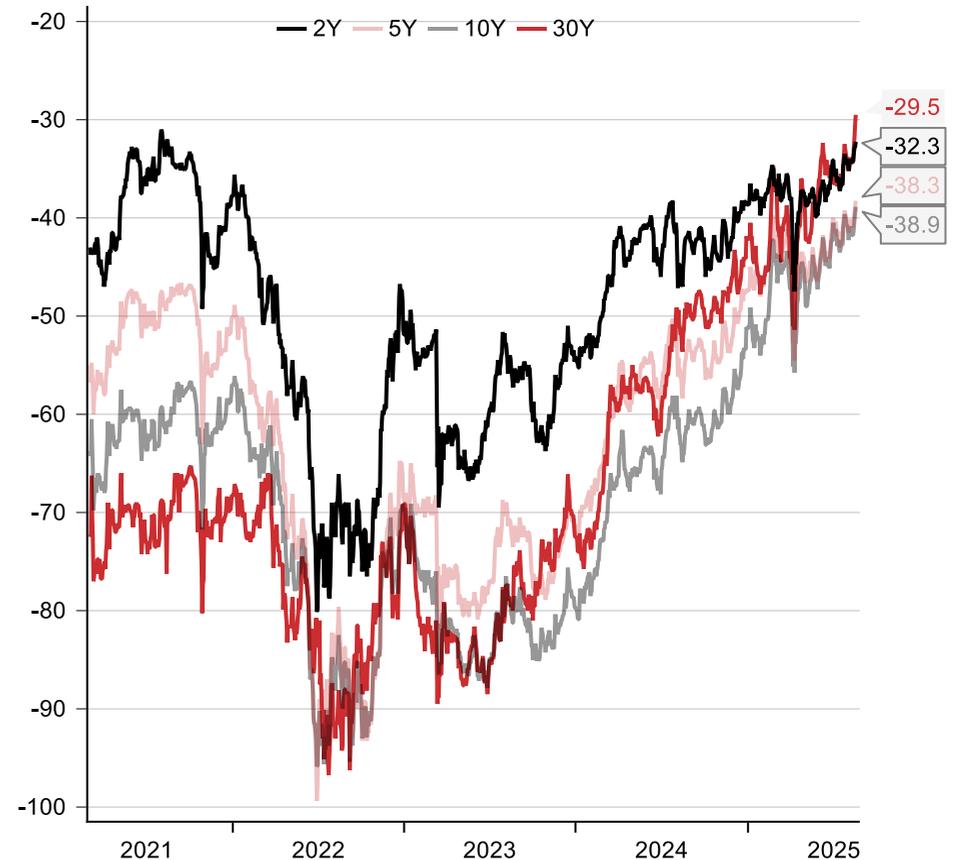
### The beta to risk sentiment has decreased notably

EURUSD XCCY Beta to stocks (bp moves)



### USDJPY has faded the Liberation Day widening

USDJPY XCCY basis (bp)



# Credit Spreads

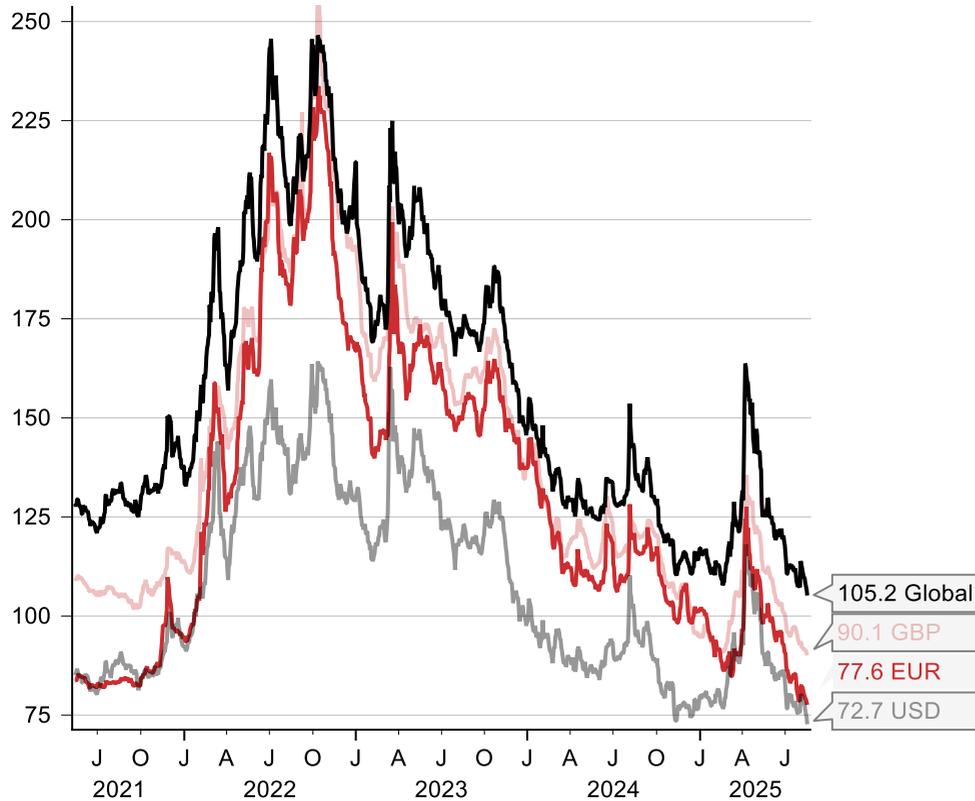


# Credit spreads

- IG credit spreads (OAS, bps)
- HY credit spreads (OAS, bps)

## IG Credit Spreads

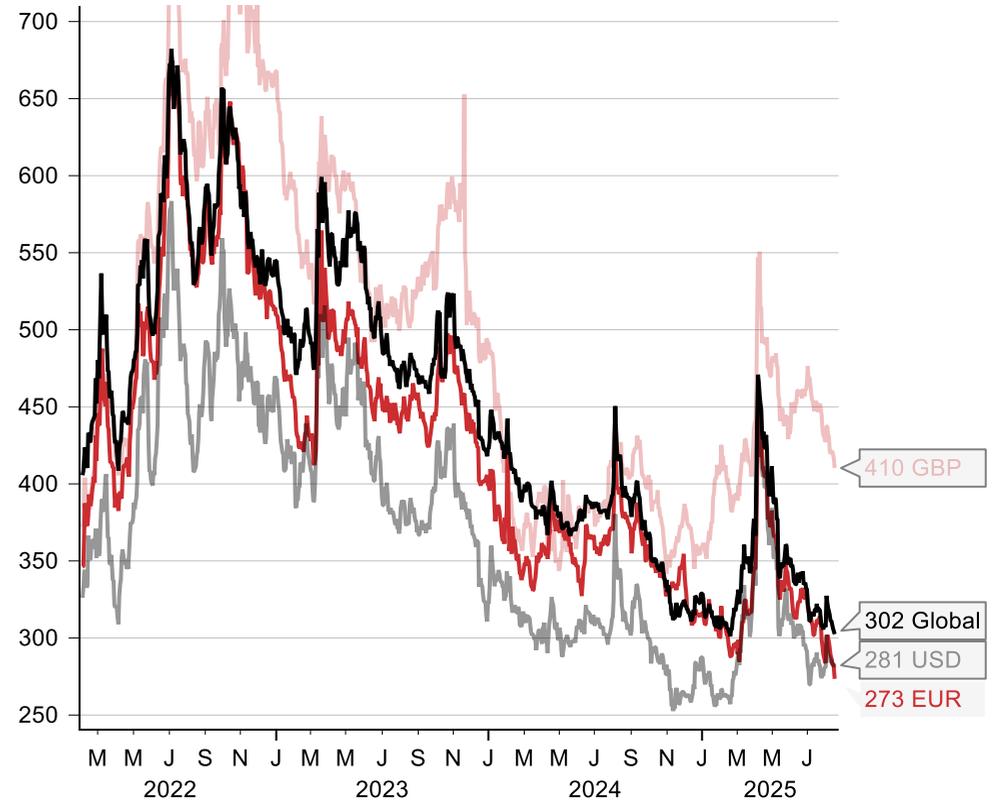
### Investment Grade Credit - Global, Euro, US, Sterling (OAS-spread to tsy)



— Global Credit Corporate USD OAS    — US Corporate USD, Index OAS  
 — Sterling Corporate GBP, Index OAS    — Euro Aggregate Corporate EU, Index OAS

## HY Credit Spreads

### High Yield Credit - US and European (OAS-spreads to tsy, bps)



— Global HY OAS    — US HY USD OAS  
 — GBP HY ex Fin Statistics OAS to Tsy    — Pan-European HY OAS

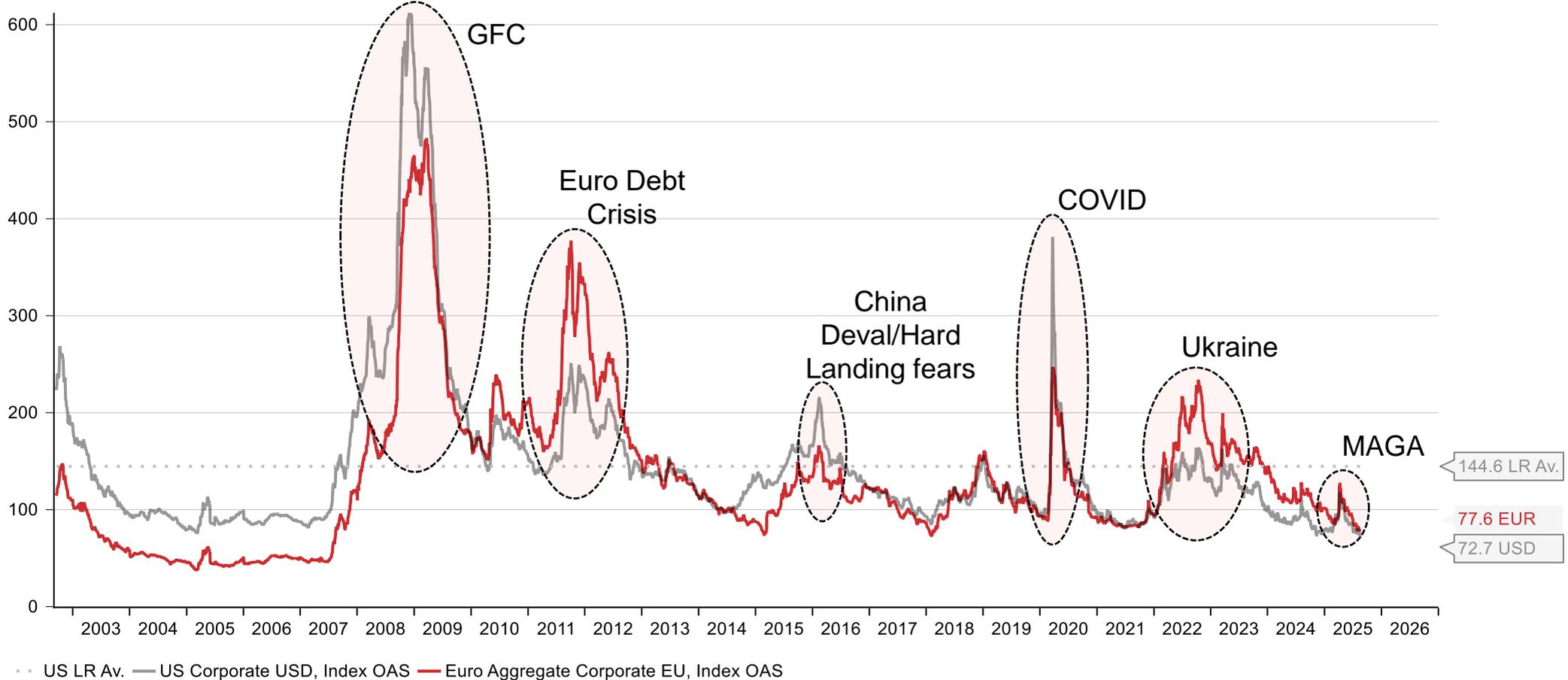


# Credit spreads

- IG credit spreads (OAS, bps) – Longer History

## IG Credit Spreads – Longer History

Investment Grade Credit (OAS-spread to tsy)

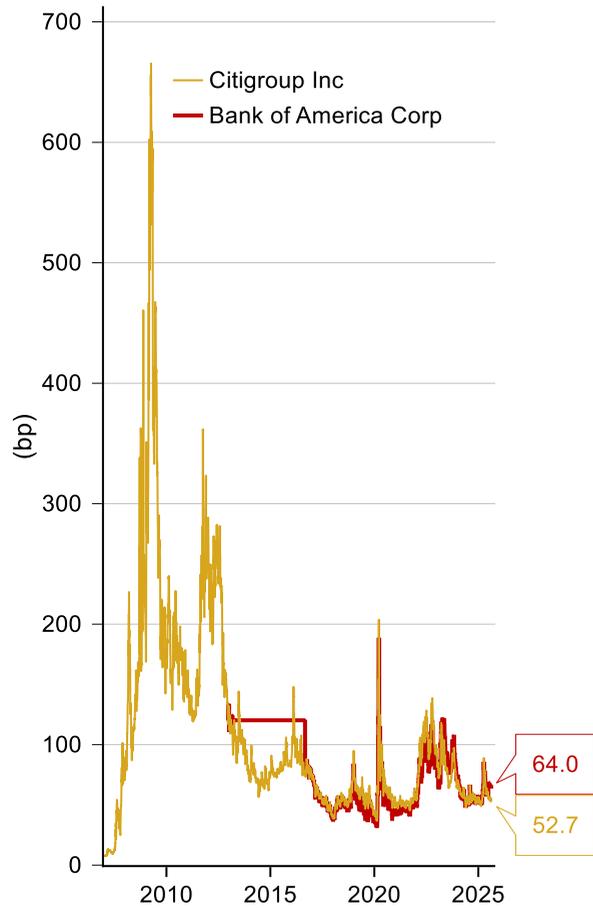




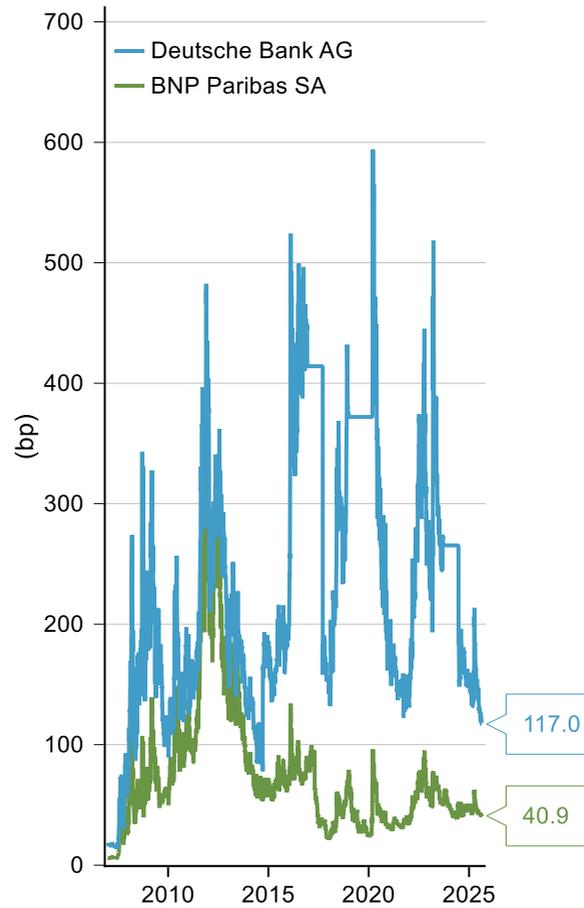
# Credit - CDS of systemically important banks

- Banking CDS

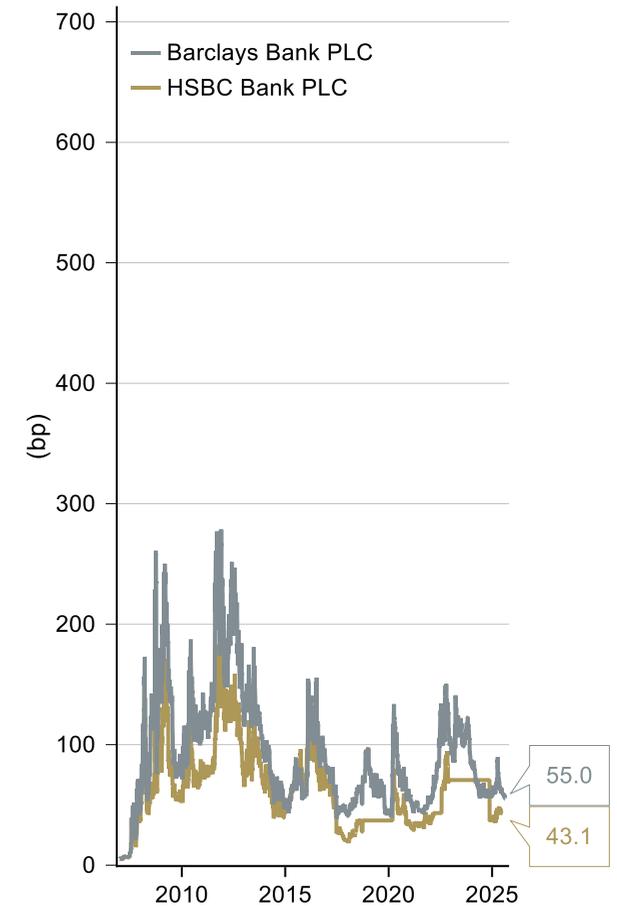
## US



## Germany, France



## UK



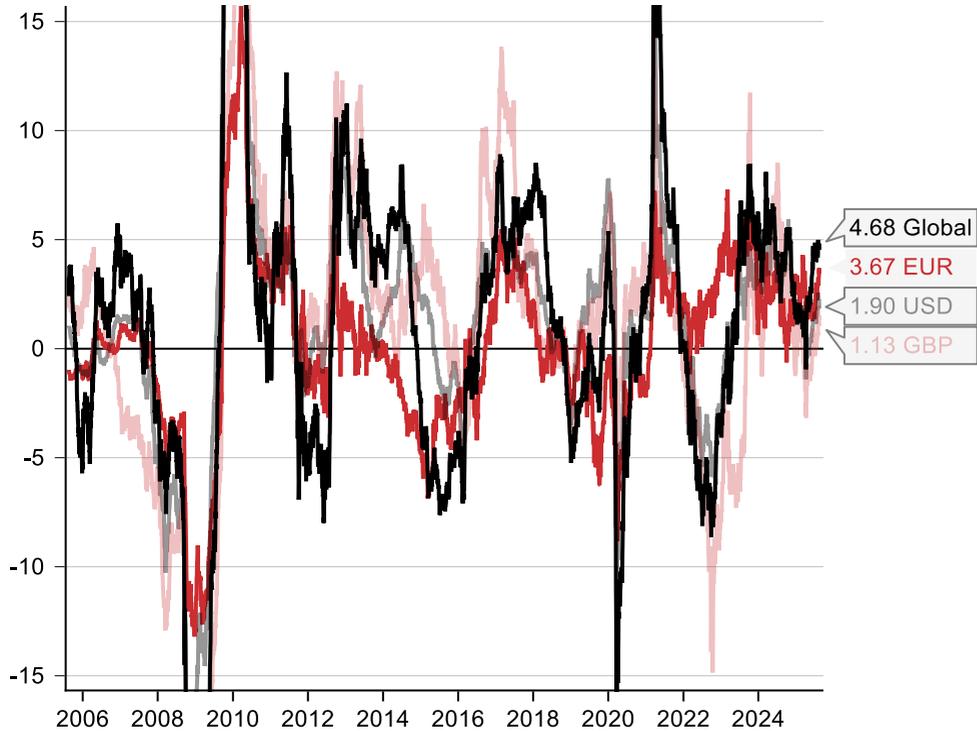


# Credit excess returns

- IG credit index level excess returns
- HY credit index level excess returns

## Investment Grade Credit y/y% returns

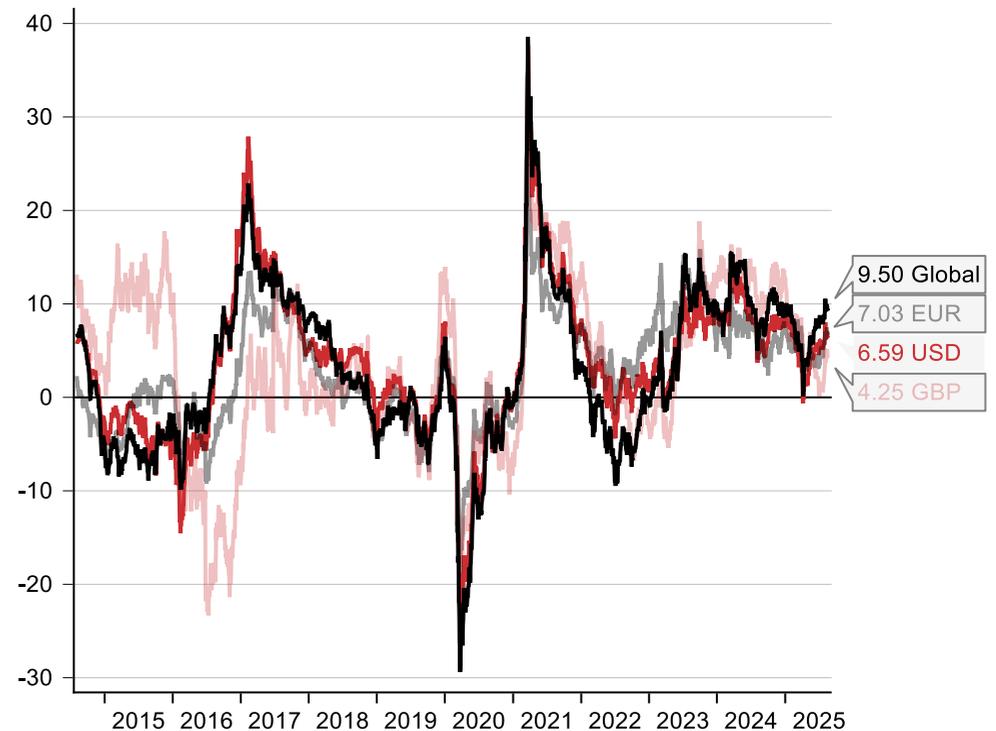
### Investment Grade Credit y/y% excess returns (vs local treasury returns)



- Global Credit Corporate USD, Excess returns vs TSY
- Sterling Corporate GBP Index, Excess returns vs TSY
- US Corporate USD Index, Excess returns vs TSY
- Euro Aggregate Corporate EU, Excess returns vs TSY

## High Yield Credit y/y% returns

### High Yield Credit Index y/y% - excess returns (vs local treasury returns)



- Global HY USD, Excess returns vs TSY
- GBP HY ex Fin Statistics, Excess returns vs TSY
- Pan-European HY, Excess returns vs TSY
- US HY USD, Excess returns vs TSY

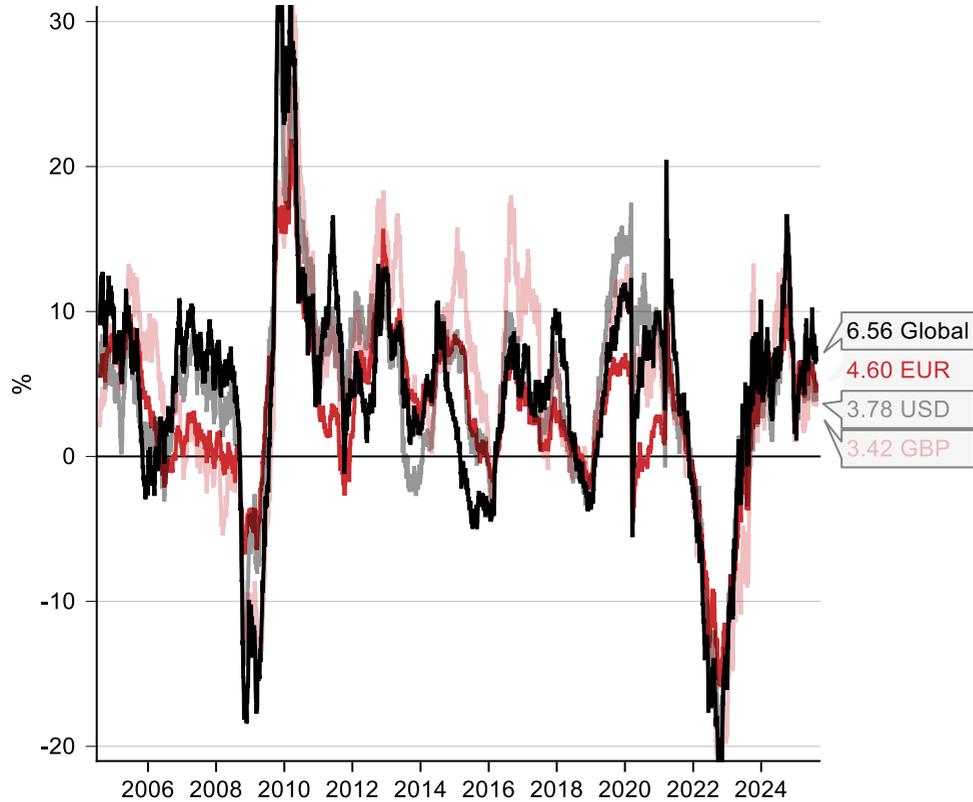


# Credit returns

- IG credit index level returns
- HY credit index level returns

## IG Credit y/y% returns

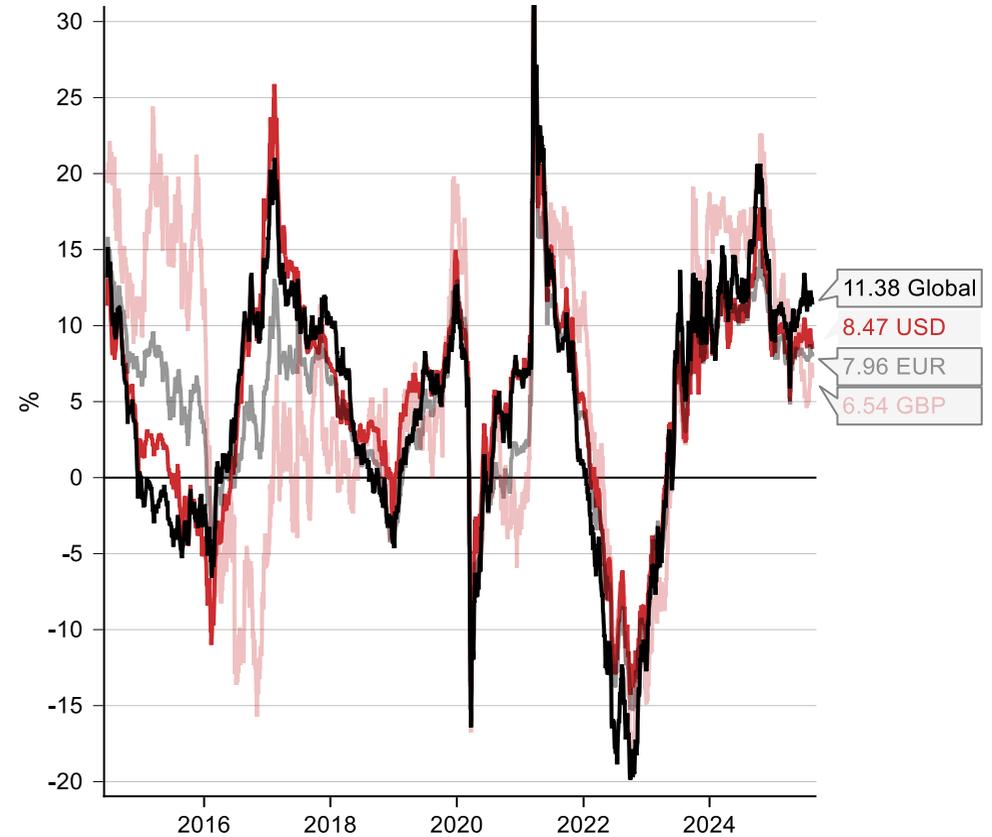
### Investment Grade Credit Index y/y%



— Global Credit Corporate USD    — US Corporate USD, Index  
 — Sterling Corporate GBP, Index    — Euro Aggregate Corporate EU, Index

## HY Credit y/y% returns

### High Yield Credit Index y/y%



— Global HY    — GBP HY ex Fin Statistics    — Pan-European HY    — US HY USD

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