Anlage- und Produktmeeting

17. Januar 2023

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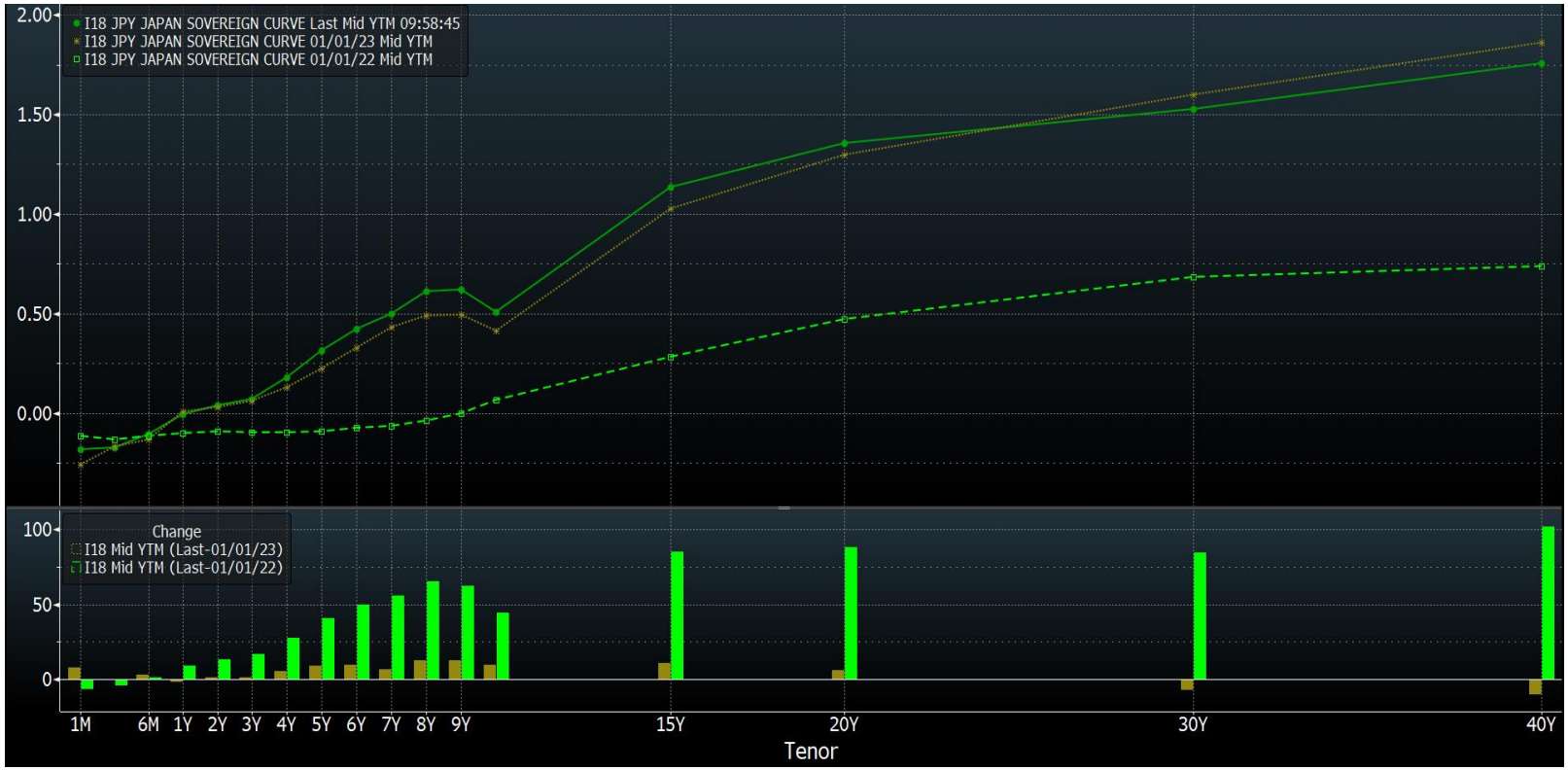
Japan Sovereign Yield Curve

JPY yield curve changes since 1.1.2022



Source: Bloomberg

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JPY Yield Curve Control Band

Increasing market pressure

Source: Bloomberg

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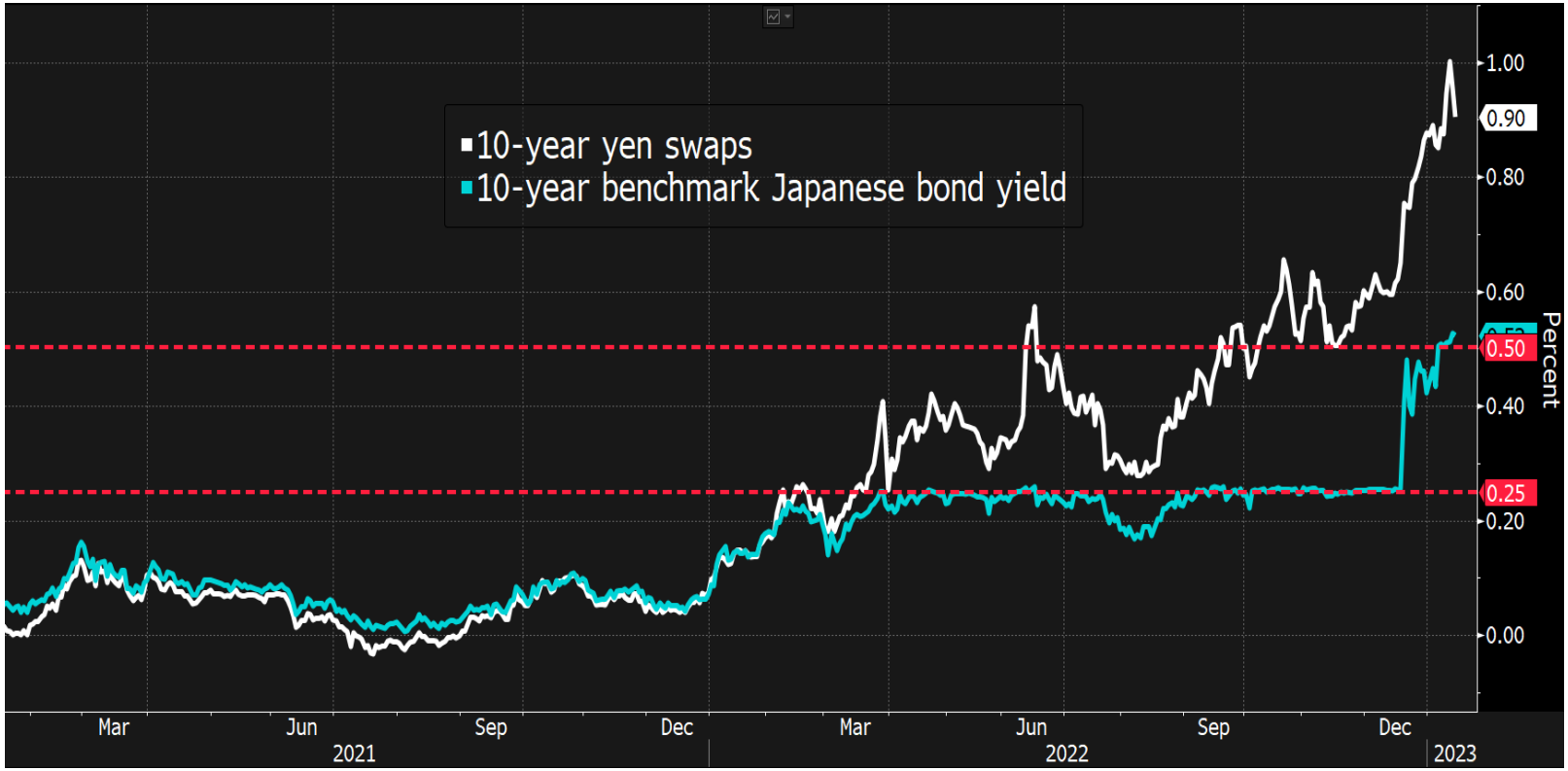
JPY 10y Swaps Show Hedging Activity Rife

10y yield trading above bond ceiling



Source: Bloomberg

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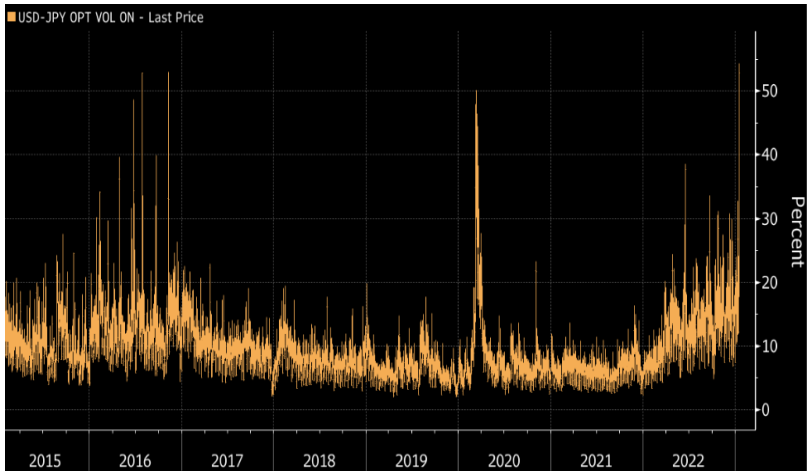
What to expect from the BOJ's upcoming policy decision

Traders are bracing for another potential shift in BOJ policy



The currency pair's overnight implied volatility jumped as high as 54.4 vol, the highest since November 2008.

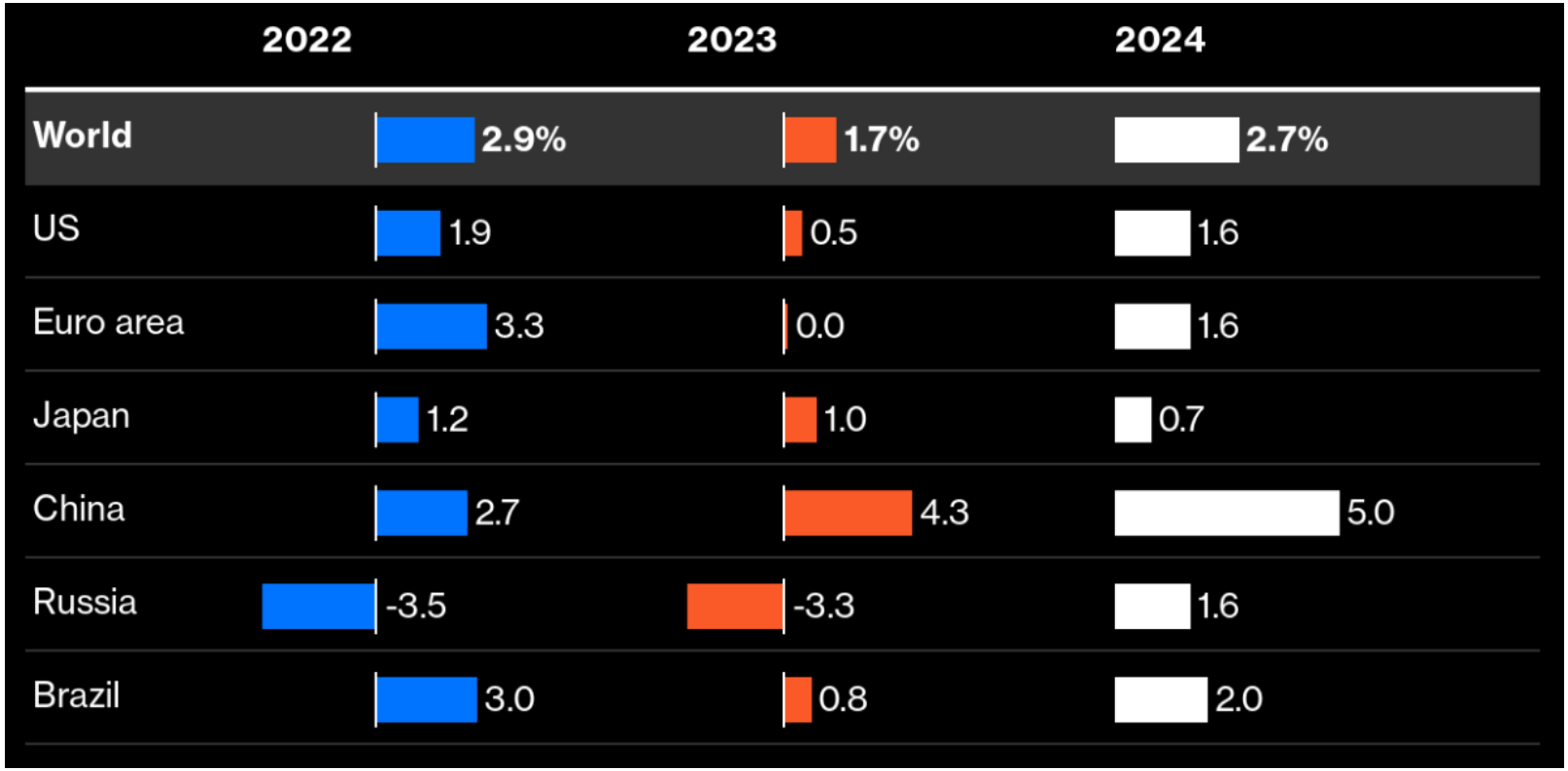
If the central bank stands pat, dollar-yen is expected to rally as investors positioned for a change will look to cover their short positions.

Source: Bloomberg

- Almost all economists surveyed by Bloomberg expect no change.
- Should the BOJ act, another increase in the ceiling for the 10-year yield is seen as the most likely course of action.
- Governor Haruhiko Kuroda is due to step down in April with the justification for his decade-long stimulus increasingly called into question as inflation sets four-decade highs.
- The impact of another shift in BOJ policy would be felt across the globe, with the move likely to spur a jump in the yen and trigger a rise in global bond yields.

World Bank Cuts 2023 Forecasts

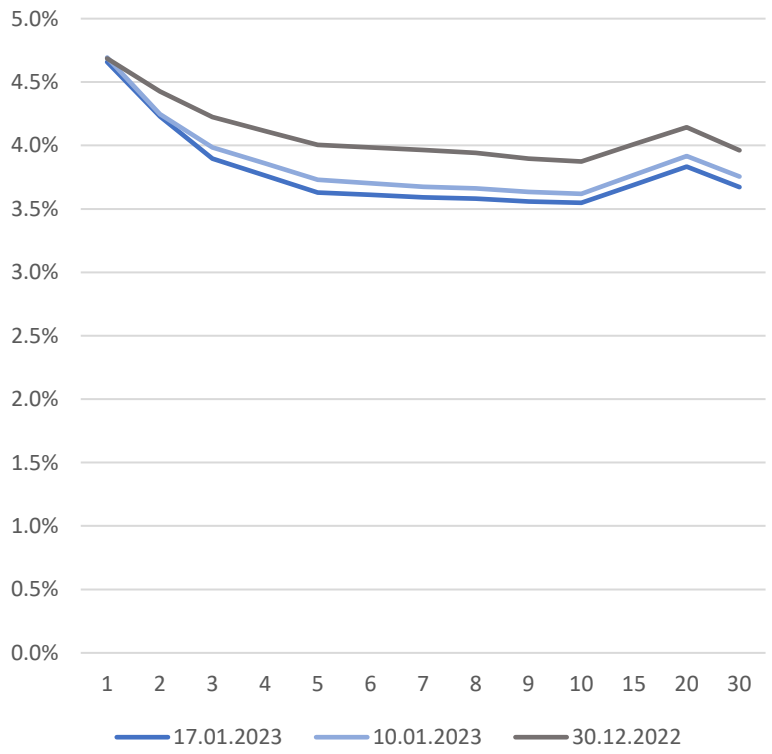
GDP expansion set to slow in all major economies, regions except China

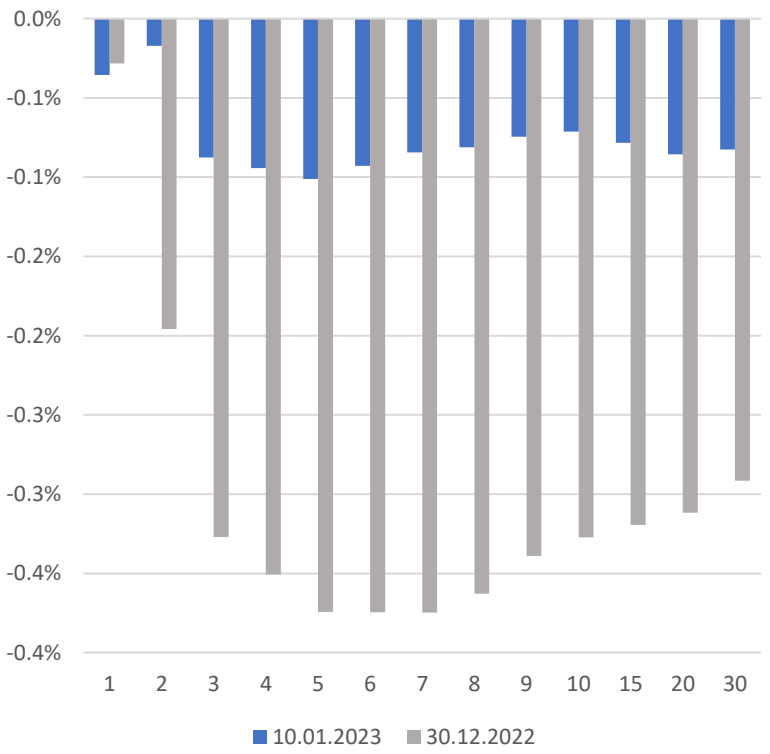


Source: Bloomberg, Worldbank Global Economic Prospect Report

US Treasury Yield Curve

Yield curve changes YTD & MTD

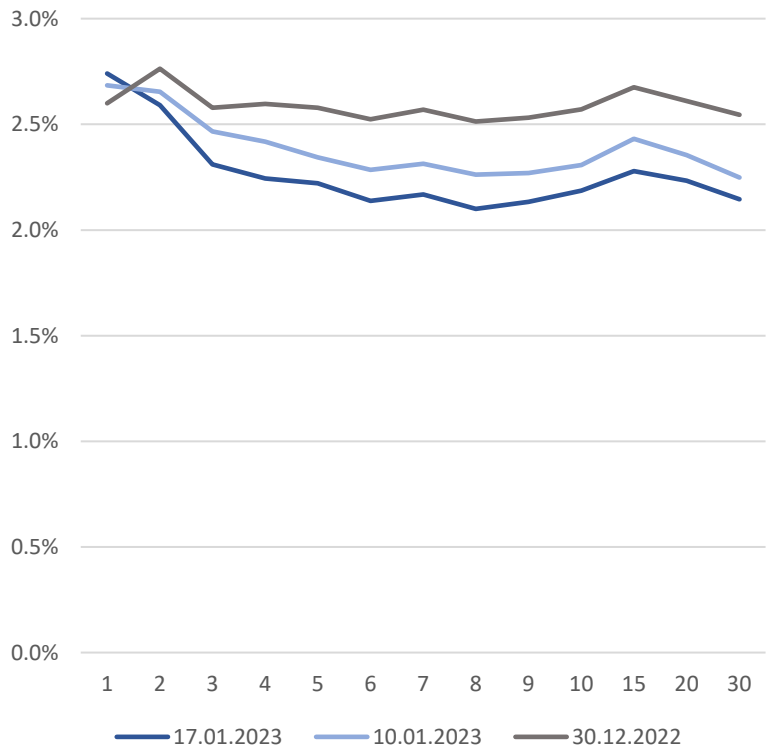


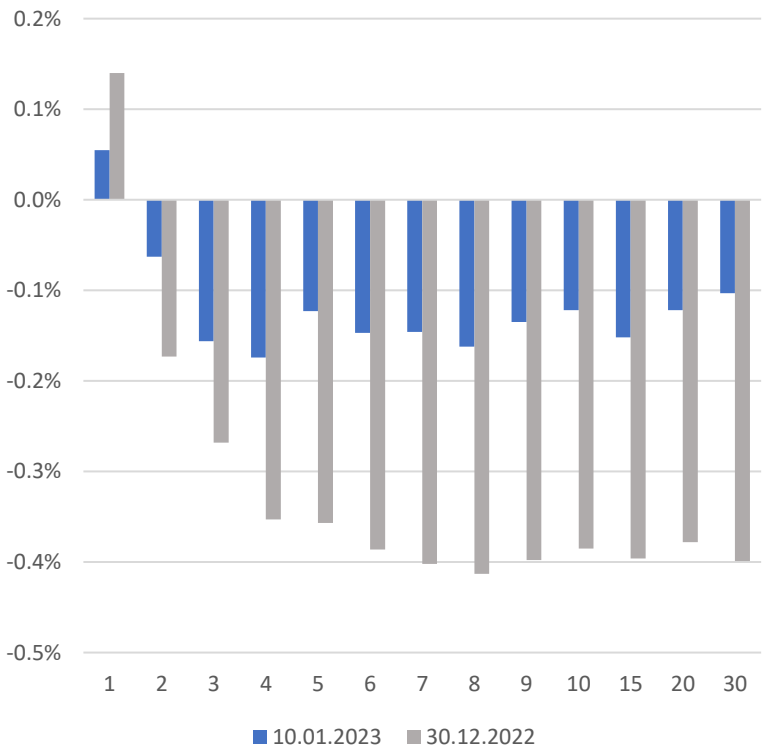


Source: Bloomberg, RPAG Asset Management

German Sovereign Yield Curve

Yield curve changes YTD & MTD





Source: Bloomberg, RPAG Asset Management

Central Banks Rate Analysis

ECB / FED

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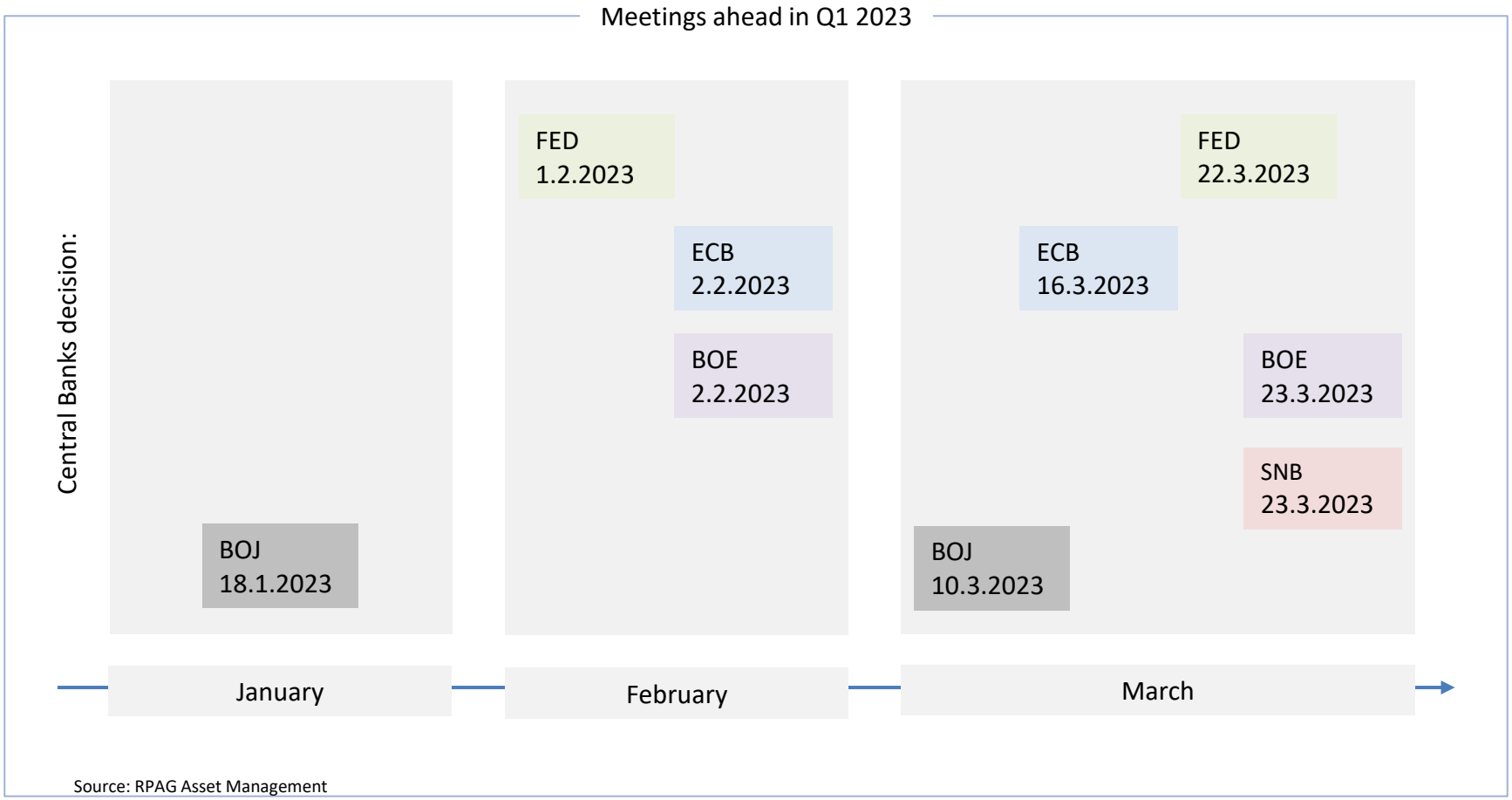
Central banks meetings overview in Q1 2023

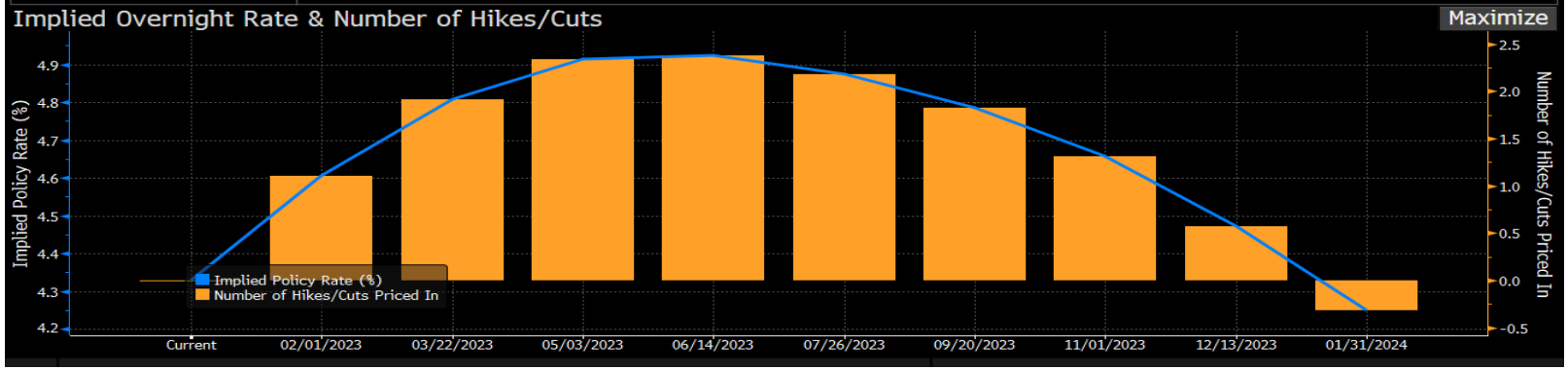


Source: RPAG Asset Management

Fed Funds Target Rate Interest Rate Probability

Implied Overnight Rate & Number of Hikes/Cuts

Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate	A.R.M.
02/01/2023	+1.110	+111.0%	+0.277	4.606	0.250
03/22/2023	+1.915	+80.5%	+0.479	4.807	0.250
05/03/2023	+2.336	+42.1%	+0.584	4.913	0.250
06/14/2023	+2.380	+4.4%	+0.595	4.924	0.250
07/26/2023	+2.185	-19.5%	+0.546	4.875	0.250
09/20/2023	+1.830	-35.5%	+0.458	4.786	0.250
11/01/2023	+1.318	-51.2%	+0.329	4.658	0.250
12/13/2023	+0.572	-74.5%	+0.143	4.472	0.250
01/31/2024	-0.315	-88.7%	-0.079	4.250	0.250

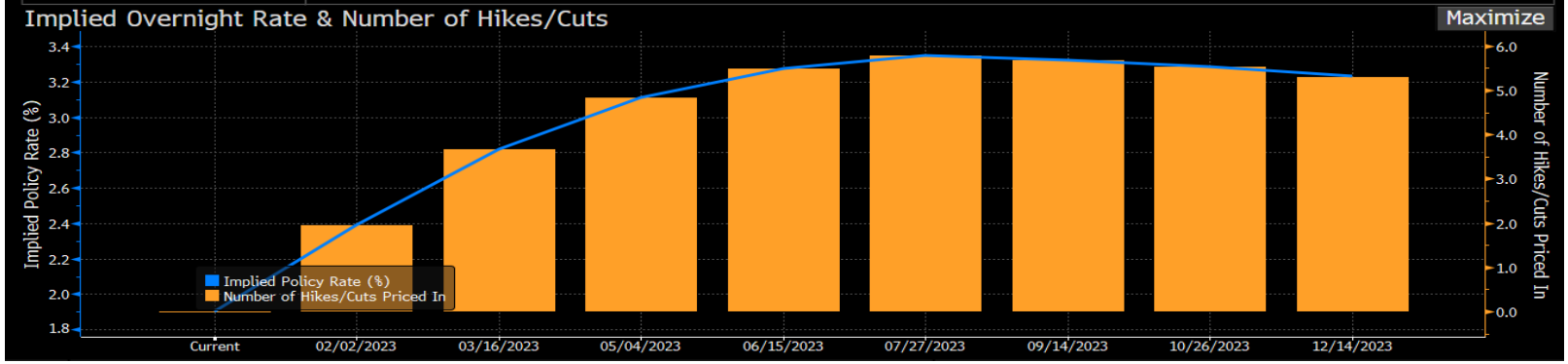


Source: Bloomberg

ECB Target Rate Interest Rate Probability

Implied Overnight Rate & Number of Hikes/Cuts

Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate	A.R.M.
02/02/2023	+1.958	+195.8%	+0.489	2.391	0.250
03/16/2023	+3.668	+171.1%	+0.917	2.819	0.250
05/04/2023	+4.822	+115.4%	+1.206	3.108	0.250
06/15/2023	+5.481	+65.9%	+1.370	3.272	0.250
07/27/2023	+5.785	+30.4%	+1.446	3.348	0.250
09/14/2023	+5.677	-10.8%	+1.419	3.321	0.250
10/26/2023	+5.538	-13.9%	+1.385	3.287	0.250
12/14/2023	+5.307	-23.1%	+1.327	3.229	0.250

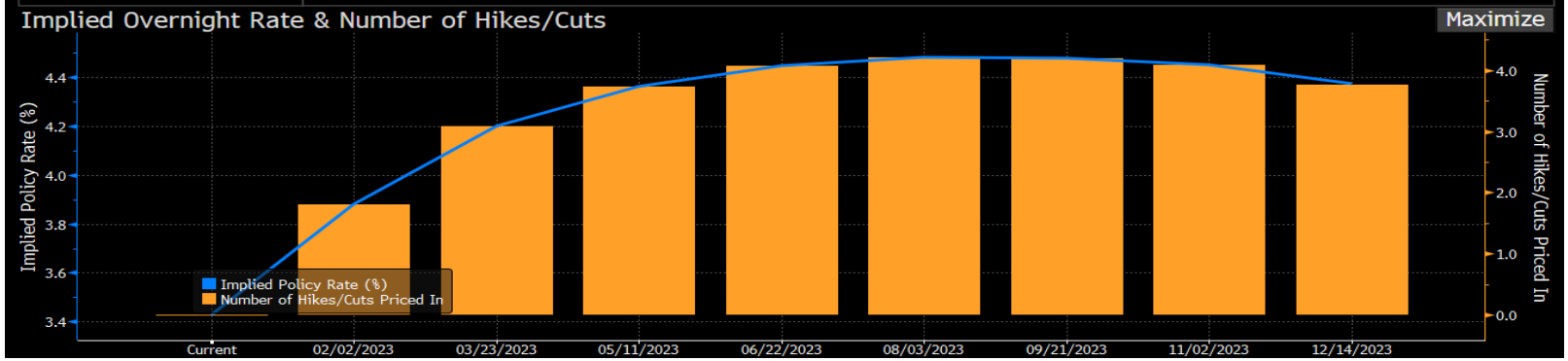


Source: Bloomberg

BOE Target Rate Interest Rate Probability

Implied Overnight Rate & Number of Hikes/Cuts

Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate	A.R.M.
02/02/2023	+1.810	+181.0%	+0.453	3.881	0.250
03/23/2023	+3.081	+127.1%	+0.770	4.199	0.250
05/11/2023	+3.735	+65.3%	+0.934	4.362	0.250
06/22/2023	+4.077	+34.3%	+1.019	4.448	0.250
08/03/2023	+4.214	+13.6%	+1.053	4.482	0.250
09/21/2023	+4.202	-1.2%	+1.050	4.479	0.250
11/02/2023	+4.093	-10.9%	+1.023	4.452	0.250
12/14/2023	+3.773	-32.0%	+0.943	4.372	0.250



Source: Bloomberg

Credit Spreads

iTraxx Crossover / CDX HY / CDX EM

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Credit Spreads: iTraxx Europe Crossover

ITRX XOVER CDSI GEN 5Y

Source: Bloomberg

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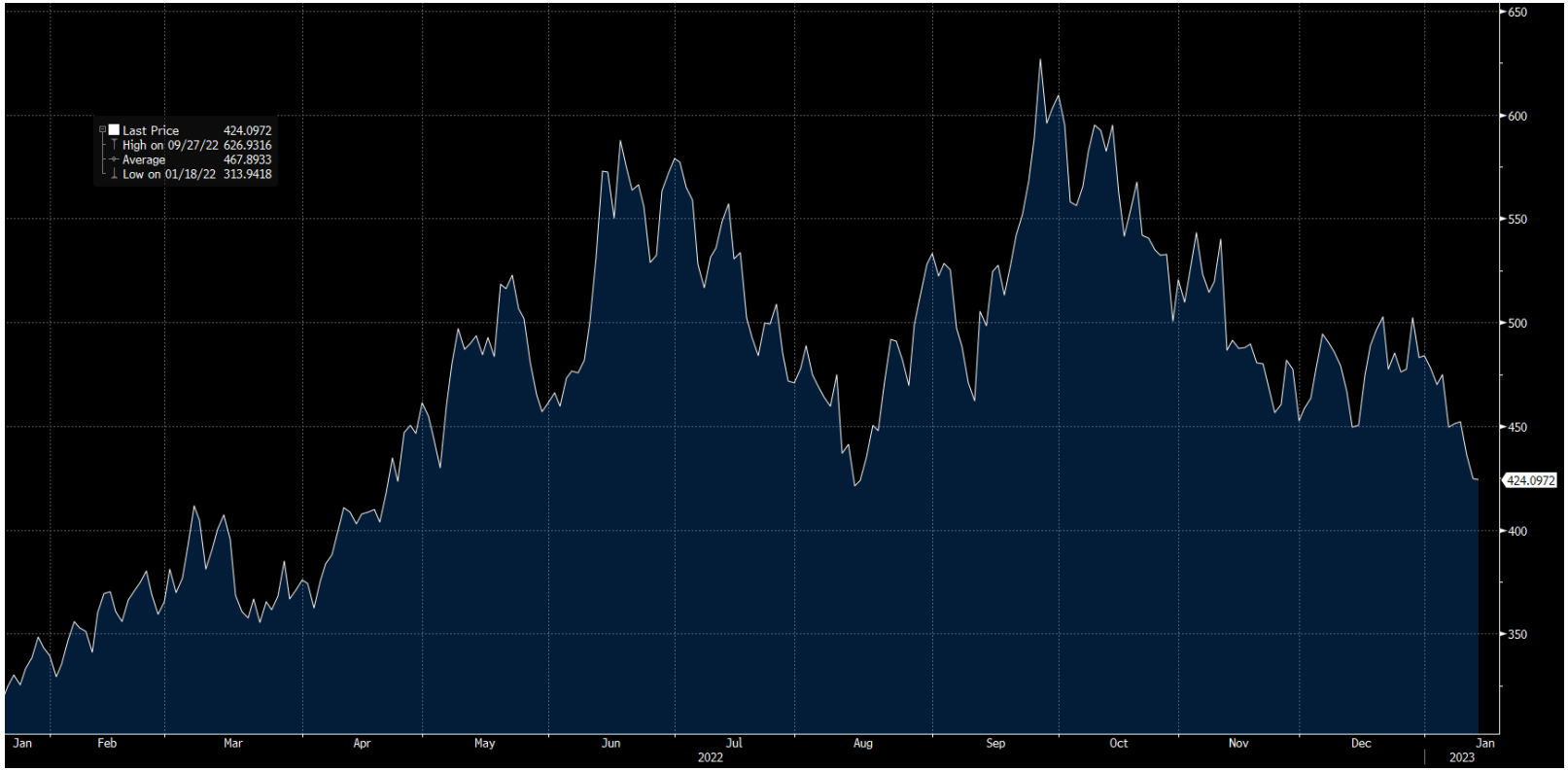
Credit Spreads: CDX North America High Yield Index

CDX HY CDSI GEN 5Y SPRD



Source: Bloomberg

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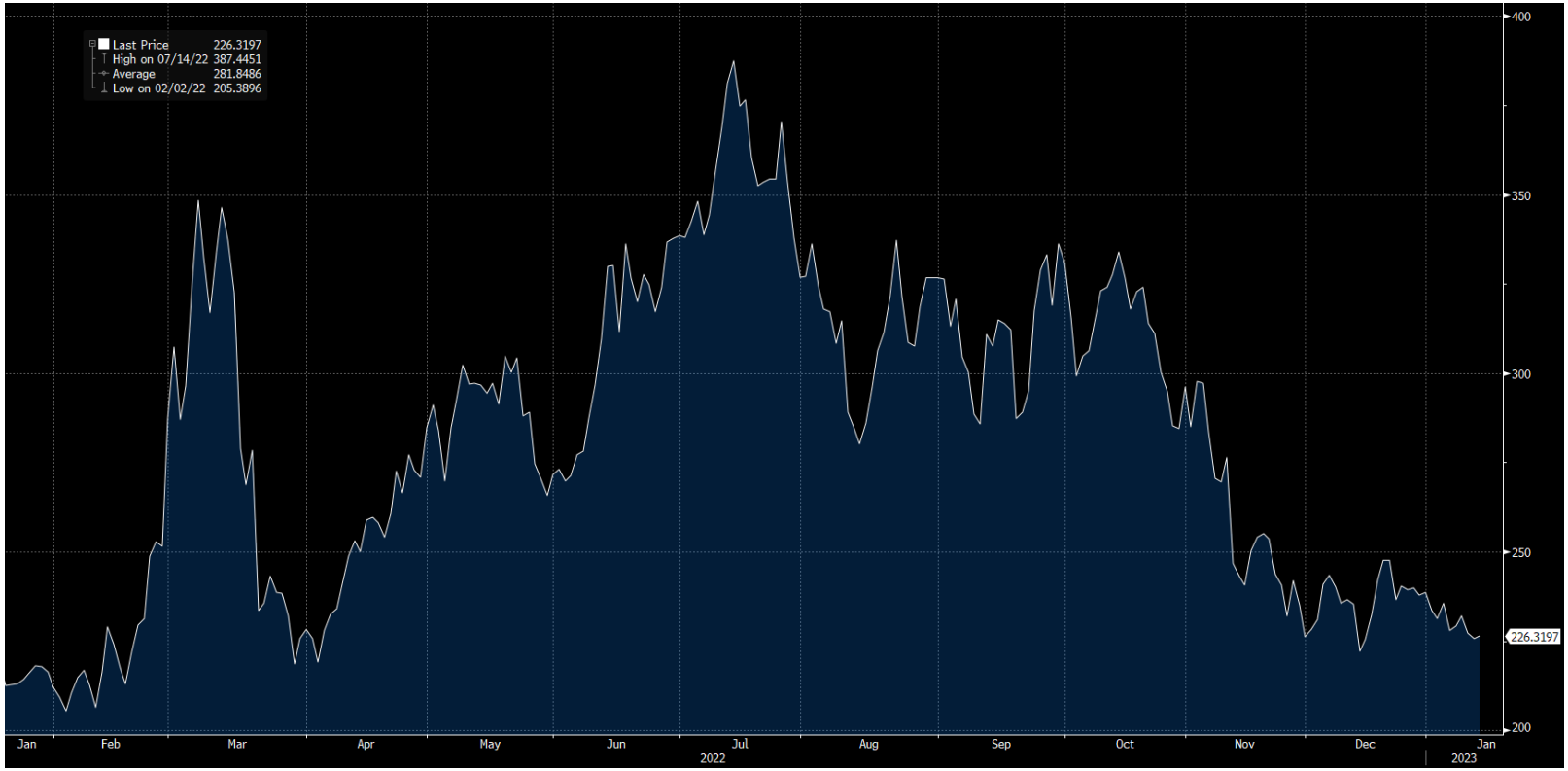
Credit Spreads: CDX Emerging Markets Index

CDX EM CDSI GEN 5Y SPRD



Source: Bloomberg

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Haftungsausschluss

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