Global Rates Weekly

Legally bond

The View: In the court's court

Important data releases may be overshadowed by legal wranglings next week. Beyond that, all eyes on US ISM and NFP, and Eurozone inflation and the ECB.

– R. Preusser

Rates: Fed inflation point may start next week

US: Fed cutting trough likely to re-price higher if strong data next week. We close Z5-Z6 flattener & pay Z6. We like underweight duration, 10s30s steeper, and short 30y spreads.

EU: We expect the ECB to cut rates by 25bp in June and open the door more to sub-2%; we stay received 5y5y real €str, and long 10y Spain vs Germany and Italy.

UK: The upcoming spending review will be critical for the government's efforts to prop up market confidence. We remain constructive Gilts.

AU: Potential outlines of AU bank deregulation emerging. We recommend paying 3y invoice spreads. Spreads are too tight given tailwinds for AU bond demand.

JP: BoJ's superlong "intervention" unlikely; curve to steepen near-term in our base case.

– M. Cabana, M. Swiber, B. Braizinha, R. Axel, S. Salim, A. Stengeryte, M. Capleton, O. Levingston, T. Yamashita, S. Yamada, K. Craig, R. Man, E. Davidsson, S. Punhani

Inflation: RPI 1s2s roll playing game

UK: Last Friday, we recommended a 1s2s RPI flattener. We expect Monday's roll, lifting the spot 1s2s spread to +28bp if forwards are realised, to potentially renew interest.

– M. Capleton

Technicals: Seven big beautiful breakouts

We recap seven breakouts seen thus far in Q2 including US 30Y yield's battle with 5% and the Schatz-BUXL spread steepening above resistance lines.

– P. Ciana

Special Topics: Policy consequences & UST stress dynamic

Special Topic 1: Long demanded policy action from current account surplus countries could have unintended consequences for the US.

– R. Preusser

Special Topic II: We quantify the late '22 UK rates episode. A similar framework in US yields shows a peak of c.70% of the late '22 UK dynamic on "liberation day".

– B. Braizinha

30 May 2025

Rates Research
Global

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See Team Page for List of Analysts

Timestamp: 30 May 2025 06:00AM EDT

Our medium-term views

Exhibit 1: Our medium-term views
Global views

Rationale	
Duration	• US: underweight UST duration given market is underpricing US data resilience & overpricing Fed cuts • EU: We turned tactically neutral on the very front-end following the significant rally. We expect lower rates (terminal of 1.25 vs market pricing of 1.55), but believe risk-reward for a long position is more balanced near term. • UK: We are broadly neutral Sonia relative to the forwards in the 10y, forecasting Sonia at 4.10% by end-2025 and 4.20% by end-2026. We are constructive Gilts at current levels. • JP: We expect the 10yr JGB yields to rise to 1.5% at end-2025. The BoJ is expected to keep its de facto QT at least until March 2026. • AU: bullish 3-5y sector as prices converge with our expected terminal cash rates/ neutral rate. Risk of overshoot in global equity market sell-off.
Front end	• US: paid July & Dec '25 FOMC OIS, paid SOFR Z6 • EU: Bank demand for excess liquidity may outstrip supply. Wholesale funding cost to rise: Euribor-€str widening, repo to stay cheap vs €str. • UK: Our Bank Rate base case implies scope for pricing in of more cuts later this year which also implies a steeper curve out to 10y. • JP: We believe the next rate hike will be delivered more likely in April 2026 rather than our prior base case of June 2025. TONA is likely to remain slightly below IOER in 2025. • AU: We recommend paying 1y1y BOB as the RBA reduces its footprint in funding markets and ahead of tighter, global liquidity dynamics in H2 '25
Curve	• US: We favor 10s30s steepener as supply pressures push back end underperformance • EU: We expect a repricing of the terminal rate lower over time, This should come with slightly more steepening than forwards are pricing in 2H25. We look for a shift in P&I duration demand from the 30y to shorter maturities, leading to additional steepening pressures on 10s30s from mid year. • UK: We maintain our short in 3s5s7s Sonia fly which is directional with 2s10s Sonia curve steepeners. • JP: We expect the JGB curve to remain steep due to a lack of demand and potential for the Japanese government to draw up a supplementary budget. • AU: We like front-end flatteners. Recommend buying 3y bond futures (YM), selling Dec '25 bill futures
Inflation	• US: long 2y3y on higher realized inflation medium term • EU: We favor receiving 5y5y real €str and the forward real yield between BTPei 2033 and BTPei 2039. We also argue for BTPei 2039 iota narrowers. • UK: We would receive the forward real yield between UKTi 2035 and UKTi 2049, against paying the equivalent forward in TIPS. • JP: 10y BEI should increase in 2025, given supports from the BoJ and MoF.
Spreads	• US: Short 30Y spreads on dual disappointment of de-regs and deficit – also bearish long end spreads on market structure and flight to safety events. • EU: we expect the periphery to remain resilient, as the medium to long term outlook is more positive, We favour spain, with a long on the PCA fly vs Italy and Germany. We are bullish on OATs for the very near term. We are neutral on 2-10y swap spreads but expect some richening in 30y Buxl spreads from year-end. • UK: We expect low coupon UKT 0.125% 2028s to perform relative to UKT 4.375% 2028s on ASW. We are also long 30y Gilts on ASW. • JP: Given (1) the potential for additional BoJ rate hikes and (2) BoJ's QT, JGBs are likely to be cheaper vs matched maturity swaps. • AU: We see wider swap spreads, especially in the front end given elevated funding risks, and recommend paying 3y invoice spreads & 10y invoice spreads vs US. We like tighter semi ASW and semi-ACGB spreads in the long end.
Vol	• US: Vol supported by uncertainty. '25 targets: 100-115bp 1y10y in 1H & 85-100bp in 2H; 1y1y c.110-120bp, Gamma flat vs intermediates • EU: We expect implied vols to come lower with 1y10y around 70bp range and LHS cheapening vs RHS. Gamma to stay well supported (1y10y vs 1m10y at 0-5bp). • AU: Lower vol with 1y10y c.70bpbp and left side likely to underperform the right side in'25

Source: BofA Global Research

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Our key forecasts

Exhibit 2: Our key forecasts
Global forecasts

% EoP	2023	2024	Q2 25	Q3 25	YE 25	Q1 26	Q2 26	YE 26
Fed Funds	5.25-5.50	4.25-4.50	4.25-4.50	4.25-4.50	4.25-4.50	4.25-4.50	4.25-4.50	3.25-3.50
10-year Treasuries	3.88	4.57	4.35	4.40	4.50	4.55	4.60	4.75
ECB refi rate	4.50	3.15	2.15	1.65	1.40	1.40	1.40	1.65
10y Bunds	2.02	2.36	2.45	2.40	2.50	2.60	2.70	2.75
BoJ	-0.10	0.25	0.50	0.50	0.50	0.50	0.75	1.00
10y JGBs	0.61	1.09	1.35	1.43	1.50	1.53	1.60	1.75
BoE base rate	5.25	4.75	4.25	3.75	3.50	3.50	3.50	3.50
10y Gilts	3.53	4.56	4.45	4.45	4.45	4.45	4.50	4.55
RBA cash rate	4.35	4.35	3.85	3.85	3.60	3.60	3.60	3.60
10y ACGBs	3.96	4.36	4.05	3.90	3.75	3.80	3.85	4.00

Source: BofA Global Research

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What we like right now

Exhibit 3: What we like right now
Global views

AMRS:	Constructive duration, short 30Y spreads, long 2y3y inflation, long fwd vol
EMEA:	We are received 5y5y "real €str", long 10y Spain on the credit fly vs Germany & Italy
APAC:	Short Dec '25 bill futures, buy 3y bond futures (YM) as hedge. Spreads: pay 1y1y bills-OIS basis (BOB), buy TCV 5.5% Sep-2039 vs 10y AU swap.. Pay 3y invoice spreads..

Source: BofA Global Research; For a complete list of our open trades and those closed over the past 12 months, please see below.

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The View

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The week that will be

Important data releases may be overshadowed by legal wranglings next week following the decision by the US Court of International Trade to block some of the tariffs implemented by the Trump administration (see Morning Market Tidbits 29 May 25) and the subsequent stay granted by the Federal District Court. This ruling matters both for the on-going budget negotiations (tariff revenue assumptions) as well as for GDP dynamics related to tariff front-loading / back-loading.

In the US ISM and NFP are likely to set the tone, with strong numbers increasing the focus on the Fed's dot plot revisions in June. We close our Z5-Z6 flattener and add an outright short in Z6 (see Rates US), given how little Dec 2026 has repriced despite the resilience in US data, the expansionary budget news, as well as the de-escalation in the trade war.

In the Euro Area (EA) the main focus will be on the ECB. Our economists expect another 25 bp cut, and guidance that leaves the door open to cuts below 2%. Markets will also pay close attention to the ECB's new forecasts given the downside risks to inflation from weaker commodity prices, a stronger currency and higher real yields on the one hand, and uncertainty on how to account for Germany's fiscal plans and tariffs on the other (see Rates EU). We closed our long 15y France recommendation (see Rates Alpha 27 May 25) but stay long 5y5y real €str.

The EA will also see the May inflation print as well as credit data. Our economists expect a decent correction in both headline and core, given Easter distortions will drop out of the data. Credit data may give us some indication as to the behaviour of corporates against the tariff headlines in April.

The week that was

News reports that the Japanese Ministry of Finance was convening a meeting of primary dealers and sounding out views on issuance led to a material relief rally in the long-end of the JGB curve ahead of the 40y supply on 28 May. 40y yields have completed a more than 100 bp round-trip in May and look to be ending the month roughly unchanged. The strong market reaction to hints of adjustments in issuance patterns affirms us in our view that debt management agencies and treasuries globally will need to come to terms with the fact that the dominant buyer of government bonds is no longer the life and pension industry (see Liquid Insight 21 May 25).

Meanwhile, it was confirmed that Germany has taken over from Japan as the world's largest creditor. This is a useful reminder of the fact that we should be focusing on global imbalances rather than bilateral trade deficits. We draw attention to the fact that a declining savings/investment balance outside the US implies smaller capital flows into the US. Unless the US fiscal deficit also shrinks, this could put pressure on US rates, the dollar and crowd out the private sector (see Liquid Insight 28 May 25 and Special Topic). These concerns reinforce our negative outlook for the UST back-end, expressed via short 30y UST asset swaps, short 10y invoice spreads vs AU and 10s30s curve steepeners.

In Australia, we see potential regulatory reform and robust demand for AUD bonds as mispriced in spreads expressed via long 3y AU invoice spreads, as well as long 10y invoice spreads vs US (Australia Rates Viewpoint 28 May 2025, Global Rates Viewpoint 30 May 2025).

Rates – US

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- Fed cutting trough likely to re-price; close Z5-Z6 flattener, pay Z6
- We like: underweight duration, 10s30s steepeners, & short 30y spreads

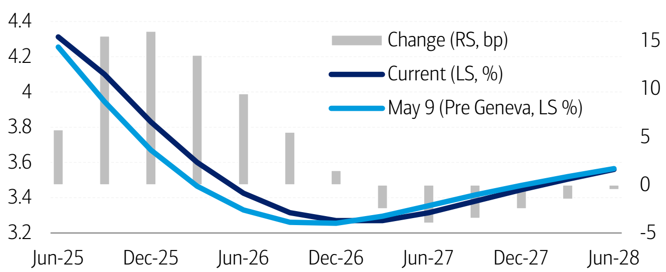
Fed inflation point may start next week

This week the US curve bull flattened driven by soft claims / consumption data & market optimism on an official sector policy response to the global back end sell off (Japanese MoF survey asking about auction sizes). The rate move was further driven by the US trade court ruling that Trump tariffs under International Economic Emergency Powers Act are illegal & some tightening of breakeven inflation rates.

Next week we see risks of an inflection point on Fed sentiment. Fed inflection could be driven by positive US economic data, including solid US labor data (NFP: BofA econ = 150k, BBG = 130k) + ISM manufacturing & services surveys that should show improved sentiment (most survey responses likely collected after US-China trade de-escalation). The bounce in sentiment has already been evidenced in May PMI & consumer confidence data. Trade de-escalation => soft data converging to hard data.

Recent Fed cut reduction has been concentrated in near-dated FOMC dates; we see risks this shifts to a broader re-pricing of the Fed cutting trough. Since the Geneva US-China trade de-escalation (May 12) the implied rate on SOFR Z5 has risen 15+bps vs Z6 that is near flat (Exhibit 4). The gap in end '25 vs '26 re-pricing is even more stark vs recent US data surprises (Exhibit 5). Trade & data somehow matter to market more in '25 vs '26.

Exhibit 4: SOFR curve implied rate, today vs pre-Geneva
Trade de-escalation has seen Fed cut re-pricing concentrated in '25



Source: Bloomberg

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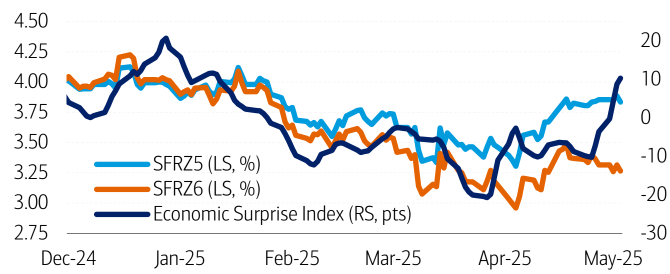
Exhibit 5: SOFR end '25, end '26, & BBG economic surprise index
US data positive surprises have not been reflected in Z6



Source: Bloomberg; note: BBG eco surprise index is 5D MA

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Why has the market re-priced end '25 more than end '26? We see at least 3 reasons: (1) inflation expected decline in '26 (2) new dovish Fed Chair in May '26 (3) Fed dot plot.

Inflation: inflation should decline in '26 due to tariff-related base effects; however, re-accelerating US growth may limit extent of inflation decline.

New Fed Chair: the new Chair will likely bend an ear to the President but it will still require a majority of the FOMC (currently 12 voters) to support a policy decision; we sense the market is putting too much weight on the new Fed Chair to justify '26 cuts.

Fed dot plot: Z5 & Z6 are now priced below Fed dots (end '25 dot = 3.875%, end '26 dot = 3.375%) but trade & US data developments skew risks to higher Fed dots; in '25 it will take an upward shift of 2 dots move the median +25bps, in '26 it will take an upward shift of 4 dots to move the median +25bps & 6 dots to move median +50bps.

If US data next week indeed beats expectations, we sense the market narrative will quickly shift to: why is the Fed cutting at all? This will fuel speculation about a shift in June Fed dots, esp. in '26. Such a narrative shift will likely re-price '26 more than '25.

We adjust our trade views in 2 ways around the risks to '26 market pricing: (1) close Z5-Z6 SOFR curve flattener; we close this trade at -57bps after entering it on May 13 at -34bps (see US rates after tariff de-escalation); (2) pay SOFR Z6 at 3.26%; we target 3.9% with a stop of 2.75%; risk is US data weakens or trade re-escalation. We expect the Z6 move to mostly play out in June before temporary tariff delays expire in early July.

US core rate views: still underweight, esp. at front end

Duration: we remain tactically underweight US duration (see: May 16 Global Rates Weekly). Our logic: US economic data has been solid & recession risks have declined with trade de-escalation. We continue to believe US rates have lagged US macro data & the re-pricing of other markets. USD is even more of an outlier vs USTs (Exhibit 6).

Curve: we see risks of a near-term flattening of the 5s30s curves as the market re-assesses the extent of Fed cuts (i.e. paid Z6). We think this is especially true since long-dated US OIS are near their YTD highs (Exhibit 7). We continue to believe the market will view 4.33% (current FF) as a soft cap on US OIS re-pricing unless the market narrative shifts to Fed hikes. We sense Fed hike risks are very low but rising. We remain in 10s30s steepeners due to the persistent long-end supply / demand imbalance.

Exhibit 6: Select market indicators & extent of YTD retracement

Trade uncertainty & equities have largely retraced, US front end has lagged

Market Indicator	High	Low	Current	% Retracement
BBG Trade Uncertainty	16.21	2.70	6.84	69%
SPX	6144.15	4982.77	5912.17	80%
DXY	109.96	98.28	99.38	9%
CL1	80.04	57.13	60.92	17%
US 2Y	4.38	3.60	3.94	43%
US 5Y	4.60	3.71	4.00	33%
US 10Y	4.79	3.99	4.42	54%
US 30Y	5.09	4.41	4.92	75%
Euro Stoxx 50	5540.69	4622.14	5371.10	82%
GE 10Y	2.90	2.36	2.51	27%

Source: Bloomberg

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Exhibit 7: SOFR OIS levels currently, at YTD lows, & YTD highs

There is most scope for re-pricing in 5y point

	2y	5y	10y	20y	30y
Current	3.71	3.64	3.87	4.10	4.03
YTD High	4.24	4.29	4.32	4.33	4.17
YTD Low	3.37	3.35	3.51	3.67	3.57
% of YTD Range	39%	30%	44%	65%	76%

Source: Bloomberg

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Front end: we remain paid July & Dec '25 FOMC OIS. Data does not justify Fed cuts. We also continue to expect benign funding conditions until debt limit passage. We took profit on our SOFR/FF July widener (see Alpha) but see risks of further widening (albeit with less attractive risk / reward). Post debt limit resolution, we see room for Sept – Dec '25 SOFR/ FF to cheapen as bill issuance rises and liquidity is drained via TGA rebuild.

Spreads: we remain constructive front-end spreads (2-5Y tenors) and negative back end spreads (we hold our 30Y spread short). The front end spread view is driven by near-term benign funding conditions & 30Y spread short is driven by back-end supply / demand imbalance + high odds of de-regulatory disappointment (we are SLR skeptics).

Inflation: After closing our 1y inflation swap short (see: Alpha.), we remain long 2y3y inflation (initial = 2.24%, current =2.38%, target = 2.50%, stop= 2.05%), which we believe has room to reprice closer to '24 average especially if downside risks moderate.

Vol: we favor conditional 5s30s bear steepeners, 2s10s flatteners though floor ladders & hedging potential for belly underperformance though payer ladders in 5y tails with downside breakeven beyond the overnight rate (see: May 23 Global Rates Weekly).B**o**

Bottom line: we are constructive on near-term US data which can drive a narrative shift around Fed cuts. If market starts to question Fed cut rationale, Fed cutting trough will re-price. We close our Z5-Z6 flattener & are now outright paid Z6. We are still underweight US duration, in 10s30s steepeners, & short back-end spreads.

Rates – EU

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- We expect the ECB to cut rates by 25bp in June and open the door more to sub-2%; stronger disinflation can support markets to repricing terminal rates lower
- We stay received 5y5y real €str as real rates are still too high, and remain long 10y Spain vs Germany and Italy on Spain's better macro outlook

ECB preview: opening the door more to sub-2%

We expect the ECB to cut its policy rates by 25bp and for guidance to remain broadly unchanged. That will come with a weaker growth outlook near term and a small, and persistent, inflation undershoot. Uncertainty around forecasts is large given it is not clear to us how much of the German fiscal package will be incorporated.

Beyond this, we expect Lagarde to emphasise the three usual elements of the ECB discussion (inflation on track, massive uncertainty, and the need to be extremely data-dependent). Data-dependence and no pre-committing, while leaving all options open, will be the key themes during the press conference, together with the need to be agile and stay ready ahead of potential changes in trade policy in the next few weeks.

But we would also expect a more explicit acknowledgment than in April that the door is wide open to move rates below 2%. Among several options, we could see (one or a few of them): 1) balance of risks to the downside on inflation; 2) acknowledgment of a discussion on the potential need to move into accommodative territory depending on trade policy developments in the next few weeks; and 3) acknowledgement that the risk of a persistent inflation undershoot has increased.

But a very explicit signal is unlikely. Uncertainty on the tariff configuration in a few weeks and the potential retaliation from the EU gives them enough cover to not pre-commit to more – at least not yet.

Stronger disinflation can open the door for repricing lower terminal rates

The market has fully priced in a 25bp cut by the ECB ahead of its June meeting. The key difference between our view and that priced-in is what happens after. The market is pricing-in a slower pace of cuts, with less than 30% chance of a 25bp cut in the July meeting conditional on a 25bp cut delivered in June (Exhibit 8). It is also pricing a higher terminal depo rate of c. 1.65%, vs 1.25% expected by our economists.

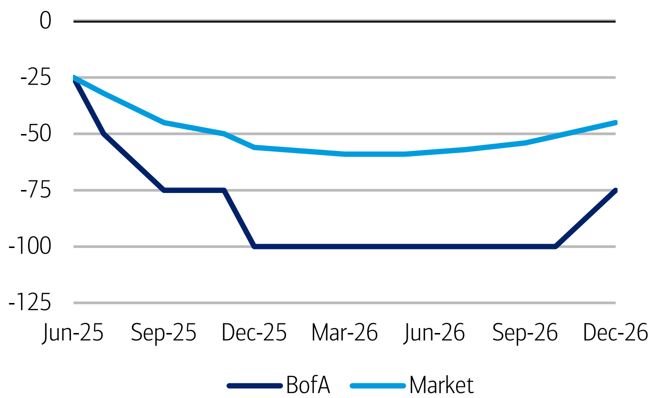
Stronger than expected disinflation could support the market in repricing terminal rates lower. Our economists forecast headline CPI in the euro area to average 1.7% in 2025, which is lower than the 2.0% priced in by the market and 2.3% forecast by the ECB. We expect disinflation pressures to be particularly strong in 2H25 and through 1H26 (Exhibit 9), and for the ECB to lower its inflation forecasts to 2.0% in its upcoming June forecast revisions.

Real rates still too high, stay received 5y5y real €str

We maintain a bullish bias on euro duration given our lower terminal rate expectations. Real rates in the euro area also remain too high: 10y GDP-weighted real EGB yields are still at levels recorded during the peak of the ECB's last rate hike cycle (Exhibit 10). We maintain a received 5y5y real €str recommendation to express our view that real rates in the euro area appear too far from neutral (current: 71bp, target: 25bp, stop: 100bp). Risk to the trade is robust economic growth in the euro area.

We also recently closed our long 15y OAT recommendation as risk-reward appears more balanced (see European Rates Alpha, 27 May 2025). S&P will review France on 30 May, which they placed on negative outlook since 28 February 2025. 10y EGB spreads vs Bunds suggest the market still prices in France at 2-3 notches below its current rating.

Exhibit 8: Cumulative ECB rate change expectations, bp
We expect the ECB to reach a lower terminal rate than that priced-in



Source: BofA Global Research, Bloomberg

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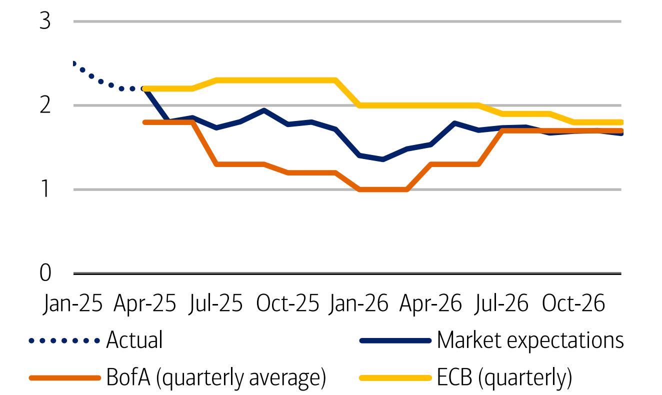
Exhibit 9: Euro area inflation forecasts/expectations, %
Larger inflation undershoot can open the door for market pricing more cuts



Source: BofA Global Research, Bloomberg, ECB

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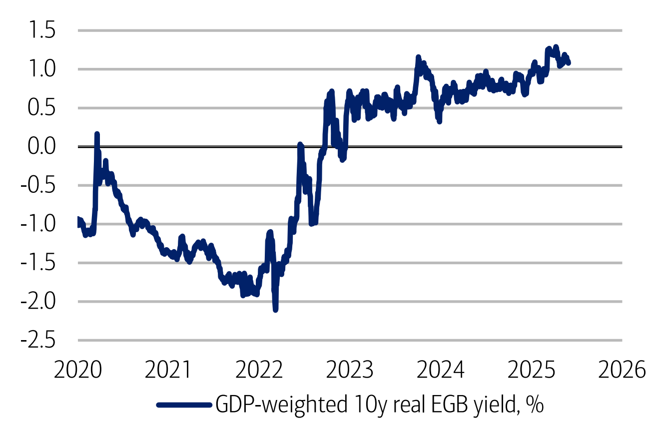
Peripheral spreads still not overdone: stay long 10y Spain vs Italy and Germany
Peripheral spreads sustained their tightening trends vs Bunds and, in our view, still do not appear overdone. When compared with traditional drivers, we find peripheral spreads are at their theoretical value (Exhibit 11). The tightening peripheral spreads in May can be explained by stronger equity performance and a decline in rates volatility, which offset the impact from higher Bund yields.

We stay long 10y Spain vs Italy and Germany (current: 23bp, target: 15bp, stop: 31bp). One of the risks to our recommendation recently materialised: a positive surprise on Italy's credit rating where Moody's raised its outlook on Italy to "positive" on Friday 23 May and pushed the 10y Italy-Bund spread to four-year tights. But we continue to see Spain benefiting from expected growth outperformance and having the least export dependence on the US within the periphery. Another risk is political difficulties resulting in delayed NGEU implementation in Spain.

Exhibit 10: GDP-weighted 10y real EGB yield, %
Real yields still as high as at the peak of the last ECB hike cycle



Source: BofA Global Research, Bloomberg

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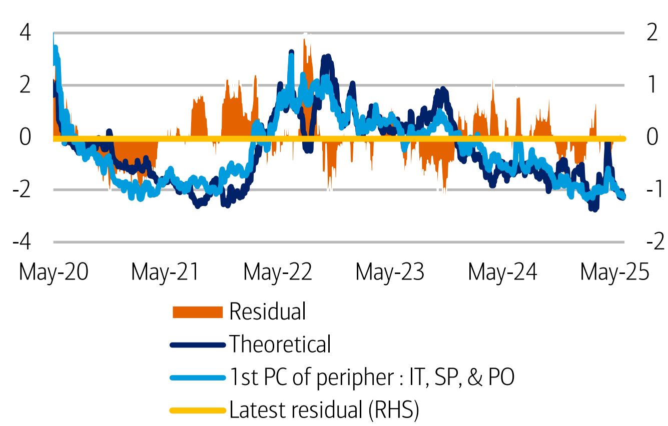
Exhibit 11: 1st Principal component of 10y periphery spreads
Peripheral spreads at theoretical value despite recent tightening



Source: BofA Global Research. Theoretical value based on 5 year historical relationship vs Bund yields, rates vol, eurostoxx & including dummy variables for NGEU creation & PEPP flexibility

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Rates – UK

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- The upcoming spending review will be critical for the government's efforts to prop up market confidence. We remain constructive Gilts.

Below is an excerpt from Spending Review published on 29 May.

Walking a tightrope

Since the March Spring Statement: (1) yields are higher; (2) borrowing has been higher; and potential U-turns on some spending cuts are likely. Higher yields, spending pressures and prospects of weak growth raise concerns about the Chancellor's limited fiscal headroom and increase chances that the Chancellor would have to announce fiscal consolidation measures in Autumn to meet her fiscal rules. The £9.9bn of headroom is historically low relative to average of £26bn.

Of-course a lot can change until Autumn: growth can be stronger or prospects of a dovish pivot by the BoE, reduction of BoE's QT envelope or shortening of maturity of the DMO's gilt issuance can help reduce pressures on UK long end yields. But potential downgrades to medium term growth due to weaker productivity, lower migration and US tariffs can significantly lower the headroom, keeping fiscal consolidation risks alive, even if the extent of the downgrade is somewhat lowered by better- than- expected Q1 data, UK- US deal and UK- EU agreement.

Spending review - a test to deliver tight spending plans

But even before the Autumn Budget, the Chancellor has to conduct a Spending Review on 11 June amid this challenged fiscal backdrop. The Spending Review is the process the government uses to set all departments' budgets for future years, which is around 40% of all public spending. It would be a test for the Chancellor's resolve to deliver the promised path of public spending needed to meet her fiscal rules set out in March. But meeting this path would likely require harsh cuts for some departments, in light of increasing health and defence spending needs.

Building constructive case for Gilts

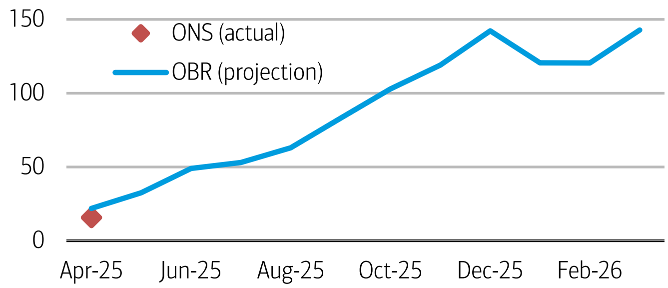
The upcoming spending review will be critical for the government's efforts to prop up market confidence, given its tight fiscal situation. Failure to reassure on containing the overall spending envelope will likely further raise fears of higher taxes in the Autumn or fiscal rules not being met. The OBR will not provide updated forecasts in June, so scrutiny on possible forecast changes will likely continue into the Autumn. Even small changes to growth or productivity, among other variables, would likely be enough to eliminate the government's fine margin against the fiscal rules.

With only one month of data available so far, it is hard to make strong judgements on the public sector finance and Gilt Remit progress. But April's CGNCR, which forms the basis for Gilt issuance, of £15.8bn was £6.1bn below OBR's projection for the month - good news nevertheless (Exhibit 12). Come Autumn, we see the DMO's reaction function to CGNCR deviations from the OBR's projections as duration-supportive: a CGNCR overshoot would likely be remedied as much as possible via additional net T-bill sales for debt financing purposes, whereas we see an undershoot as more likely to result in the share of long-dated Gilt issuance being reduced further.

In the meantime, we expect the DMO to continue with its shift to shorter-term borrowing: we take this week's choice of UKTi 2038, rather than the previously favoured UKTi 2049, for syndication in the week commencing 9 June as another welcome sign of proactivity. Our preliminary estimates for Gilt supply in July-September also point to the possibility that the WAM drops below 10y (Exhibit 13).

Exhibit 12: CGNCR (excl. NRAM & B&B, Network Rail), GBPbn cumulative

Better than projected start of the fiscal year 2025-26



Source: BofA Global Research, Office for Budget Responsibility, Office for National Statistics. B&B: Bradford & Bingley. NRAM: National Rail Assets Management.

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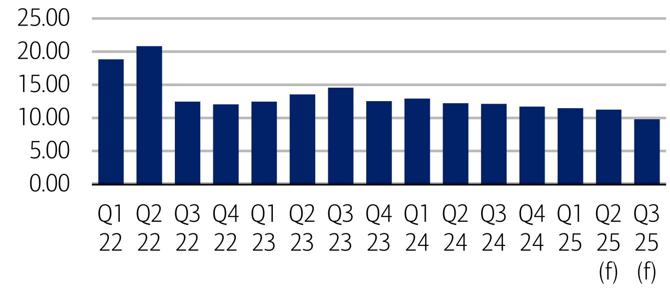
Exhibit 13: DMO Gilt supply WAM, years

We estimate that it is possible that the WAM drops to below 10y



Source: DMO, BofA Global Research

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Locally driven volatility in January and exposure to fiscal-driven selloffs abroad via an elevated correlation to USTs both contributed to weaker "safe-haven" bid for Gilts year-to-date. But the market may now be warming to a more positive narrative: our most recent FXRS survey suggested Gilt duration exposure has risen both relative to core Europe and to USTs lately. There are also tentative signs that the 10s30s Gilt curve appears to have been more resilient to the global steepening pressures since April (Big bang bond steepening, 21 May).

We have turned constructive UK rates also, currently favouring receiving longer-end UK real yields vs. the US and long-end Gilts on ASW. In addition to our assumption of no additional borrowing needs from the government given limited fiscal headroom, our views are primarily based on three factors:

- The DMO continuing with its proactive Gilt supply WAM management, building on its unusual but welcome step of reshaping the Gilt programme significantly in April when the 2024-25 fiscal year outturn became known (so soon after the Remit was first set, in the Budget);
- The BoE potentially delivering a QT slowdown next, with the theme garnering market attention into late summer (no active QT from October would imply roughly a 20% reduction in long Gilt sales from DMO and BoE combined vs. the current Remit and unchanged QT pace); and
- The improved International Investment Position (IIP), after large revisions, which now implies a less fragile outlook for the UK economy and bond market than we had previously thought.

We would also highlight more tactical reasons for being constructive Gilts:

- June and July are relatively heavy Gilt coupon payment months (37% of the coupons going to privately-held Gilts); and
- Limited long-end supply in 2Q with only one long Gilt auction remaining and one long Gilt programmatic; the DMO is not planning a long Gilt syndication in 3Q25.

Concern over fiscal sustainability is the main risk to this more benign narrative.

Rates – AU

Oliver Levingston
Merrill Lynch (Australia)

This is an excerpt of Australia Rates Viewpoint, 28 May 2025

Buy 3y bond futures, pay 3y swap

We see three tailwinds for AUD bonds: (1) possible bank deregulation; (2) superannuation (super) funds' rapidly growing footprint in AUD fixed-income markets and (3) a rising share of AUD claims in global, official reserves. We recommend buying 3y bond futures, paying 3y (q/q/) interest-rate swaps (i.e. paying 3y swap EFP). Entry: -9.5bps, target 10bps, stop: -19bps. Risk: a global sell-off in bonds, which drags invoice spreads lower.

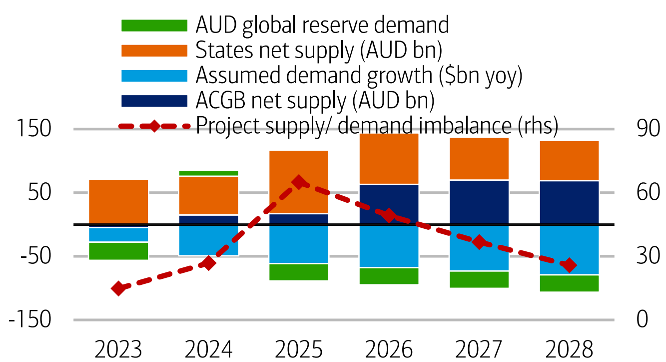
Given the multiple tailwinds for AUD duration, we are broadly constructive on swap spreads. We also see higher bills-OIS basis (BOB) as a downstream impact of the RBA's changes to its reserve management regime (Liquid Insight 01 May 2025). Given Australian swaps are still on the LIBOR standard, higher BOB should also mean bonds trade richer vs swap.

More fundamentally, though, the spread between 3y or 10y bonds and OIS are near all-time lows. Our swap spreads framework for 10y swap spreads suggests spreads are more than 1 standard deviation too tight (i.e. bonds are too cheap) vs fair value. We generally prefer to buy 3y bond futures vs swap because the RBA owns 42% of the bonds in the 3y bond futures basket. The RBA will continue owning a high percentage of bonds in the 3y bond futures basket for the next few years. Conversely, front-end swap spreads are more sensitive than long-end spreads to shifts in BOB so 3y swap EFP is better positioned to capture the upside from our forecast for higher spot BOB.

Rapidly growing super funds to bid for AU deposits.

Australia's rapidly growing super funds, which manage Australians' retirement savings, have increased AUD fixed-income holdings at an average annual growth rate of 15.8% since 2022 (Exhibit 15). Assuming their asset allocation remains broadly stable and AUD fixed-income investments mirror the AUD debt market index, domestic demand for AUD bonds should outpace combined ACGB and semi supply by 2027/28 (see Exhibit 14).

Exhibit 14: AUD bond demand to outstrip supply by 2028
Higher supply/ demand imbalance = higher excess supply



Source: IMF, AOFM, State Funding Agencies,

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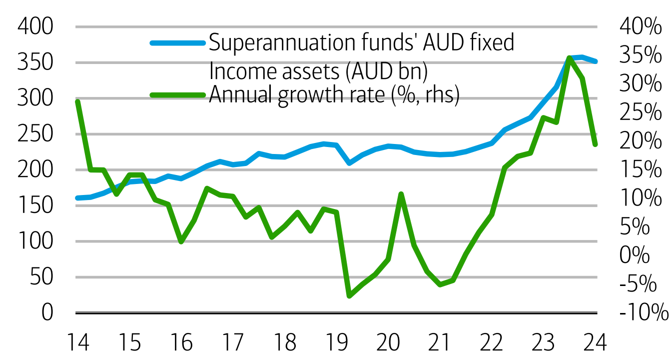
Exhibit 15: Super funds' fixed-income footprint has increased markedly
Super fund assets under management are increasing



Source: APRA

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Global reserve manager demand to increase

Since 2014, the share of global official reserves denominated in AUD has more than doubled, increasing from <1% to >2%. Most of the growth has occurred in the past few years. Investor feedback and AOFM data on foreign ownership of ACGBs suggests most of this growth has come from Asia ex-Japan, which we see as a durable trend

Since 2014, the share of global official reserves denominated in AUD has more than doubled, increasing from <1% to >2%. Most of the growth has occurred in the past few years. AOFM data on foreign ownership of ACGBs suggests most of this growth has come from Asia ex-Japan, which we see as likely to continue.

Recommendations for regulatory reform

The Australian Financial Markets Association (AFMA), an industry association for banks, brokers, securities dealers and government funding agencies operating in Australia, has highlighted the unusually high funding requirement imposed on banks for engaging in short-term (<6 months) repo and for derivative liabilities, which include swap contracts used to hedge government bond purchases (see AFMA 09 May 2025). AFMA has called for regulatory alignment with major G10 economies like the UK, US, Japan and the EU.

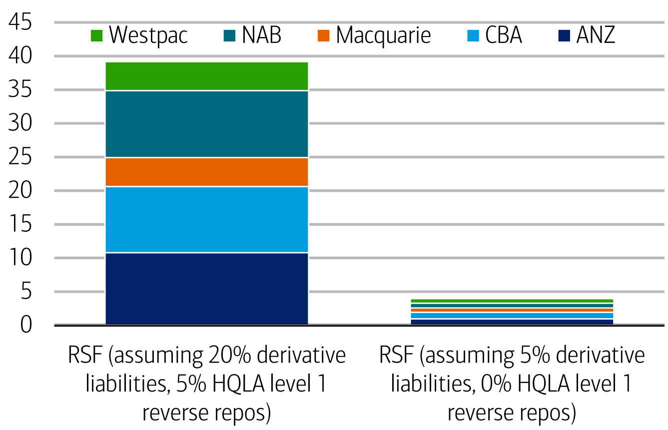
Why is this change likely?

Although a submission from a peak body is not typically an indicator of future regulatory change, we see these changes as likely to gain traction given potential alignment with the RBA's reserve management regime. The overall goal of the RBA's new reserve management regime is to encourage private-market activity (see Australia Watch 08 April 2025). If APRA reduced the required funding created by lending in the repo market (secured against HQLA 1 for a term of less than 6 months) to zero, it would likely facilitate higher interbank (secured) lending in the repo market and potentially set the stage for the RBA to reduce the ESA rate.

Potential market impacts of regulatory change

We see three potential market impacts: (1) higher demand for bonds; (2) wider swap spreads (i.e. cheaper bonds to swap) and (3) higher demand for T-notes if the RBA lowers the ESA rate. If APRA amended the RSF for derivative liabilities and HQLA level 1 reverse repos, the required stable funding for Australia's 5 largest banks would decrease by about 35bn. The lion's share of this fall (c. AUD 23bn) would be from HQLA level 1 reverse repos, which (all else equal) should be considered the most likely change given the shift would facilitate a reduction in the ESA rate and the introduction of a symmetric policy corridor (+/- 25bp), as well as aligning AU regulation with international peers. A lower ESA rate would encourage demand for alternatives to exchange settlement balances, including T-notes (AU equivalent T-bills) and could reduce overall bond supply if the AOFM opts to shorten the WAM of its portfolio.

Exhibit 16: Impact of potential changes to NSFR requirements
On Australia's five largest banks



Source: Bank Pillar 3 disclosures, BofA Global Research

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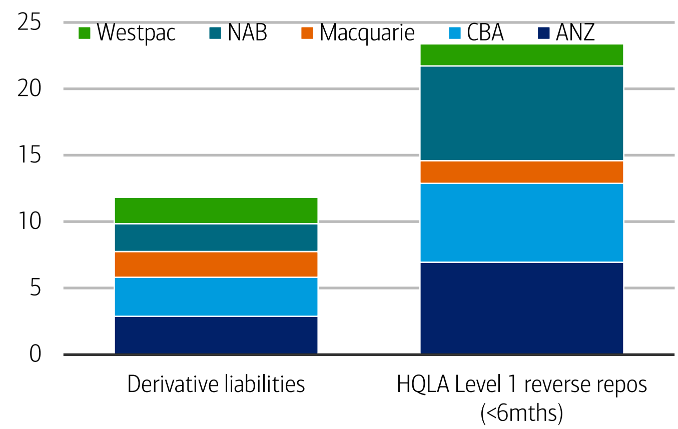
Exhibit 17: Potential reduction in required stable funding
No penalty for short-dated reverse repos = opportunity for lower ESA rates



Source: Bank Pillar 3 disclosures, BofA Global Research

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Rates – JP

Tomonobu Yamashita
BofAS Japan

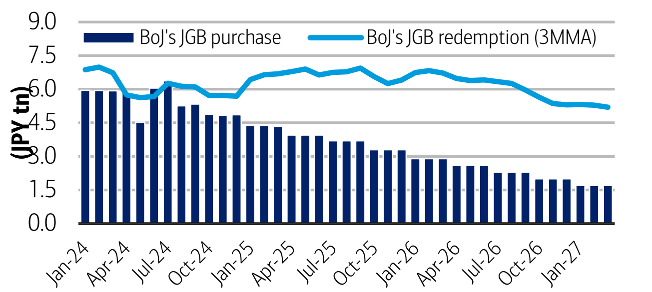
- BoJ would stick with ¥400bn per quarter cut to purchases through March 2026 and slow to ¥300bn per quarter from FY2026
- BoJ's superlong "intervention" unlikely; curve to steepen in near-term in our baseline scenario

This is an excerpt from Liquid Insight, 27 May 2025

BoJ to continue reducing JGB purchases from April 2026

The BoJ will release an interim assessment of its plans to reduce JGB purchases at its 16-17 June monetary policy meeting (MPM). We conclude that the BoJ does not plan to address the surplus of superlong JGBs, and we expect it to continue reducing purchases by ¥400bn per quarter through March 2026. We think it will scale this back to ¥300bn per quarter from April 2026 while extending the cuts for another year. We estimate the BoJ's monthly purchases will fall to around ¥1.7tn by March 2027.

Exhibit 18: BoJ monthly JGB purchases and redemptions
We think BoJ will continue reducing JGB purchases after April 2026



Source: BofA Global Research, Bloomberg, BoJ, MoF
Note: Actual values through April 2025, BofA forecasts from May. Redemptions of BoJ JGB holdings are 3-Month Moving Average

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Exhibit 19: BoJ balance sheet as % of nominal GDP
We estimate BoJ's BS vs GDP will shrink to around 97% at end-2026

Source: BofA Global Research, Bloomberg, BoJ, MoF, Cabinet Office
Note: Area marked by arrow indicates BofA forecasts (from Apr-Jun 2025); Japan nominal GDP figures are our economist's forecasts.

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Market implications: Steeper now, flatter later

If our scenario proves accurate, the 10s30s curve should flatten over the longer term. However, given the expectations mainly among nonresident investors for the BoJ to take steps to improve superlong supply/demand, if the BoJ opts not to merge superlongs into a broader category in its rinban operations this could drive greater selling pressure on superlong JGBs[1]. The compound yield of 3% on JGB #86 would likely be a yardstick for investors looking to buy superlong JGBs on weakness.

We would note that the BoJ is not engaged in active quantitative tightening (QT), i.e. proactive sales of its JGB holdings, and we would therefore expect it to continue holding more than 80% of the cheapest-to-deliver (CTD) issues for now even if it scales back purchases of 10yr and shorter maturities as we expect. In short, we do not expect the risks to JGB futures deliveries to ease in the near term.

[1] There is a risk that the MoF could reduce its superlong JGB issuance from July 2025.

Inflation – UK

Mark Capleton
MLI (UK)

- Last Friday, we recommended a 1s2s RPI flattener. We expect Monday's roll, lifting the spot 1s2s spread to +28bp if forwards are realised, to renew interest.

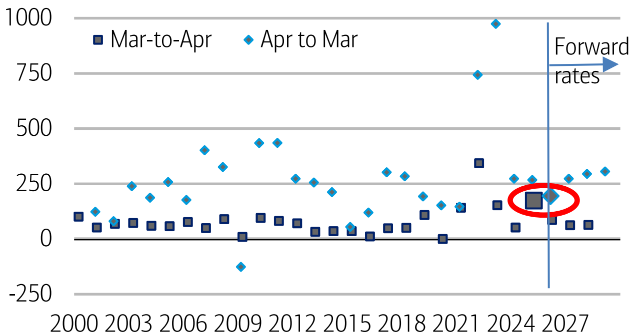
RPI 1s2s roll playing game

Last Friday morning, we recommended a 1s2s RPI flattener. We entered the trade at +7bp, targeting -30bp with stop-loss at +25bp (currently -5bp), and see the risk to the trade being falling energy prices. (See: 'After the April print, the 1s2s RPI curve should be inverted. Enter flatteners', UK Rates Alpha, 23 May 2025). Although the 1s2s curve has since inverted, we think there's more to go for, as our -30bp target suggests.

A quick reminder why we like the trade

There is a macro aspect to the trade and a technical one. The macro story is a simple – although front-end RPI inflation rates have fallen over the past few months, they are still well above what we would consider to be target-consistent levels, and we believe it will take a couple of years for inflation to slide to target. In this, we are aligned with the Monetary Policy Committee, which sees 1-year ahead CPI inflation at 2.3% and 2-year ahead inflation at 1.9% (Exhibit 21).

Exhibit 20: Almost half 1y RPI rate has been "banked"
March RPI y/y rates split into April m/m change and April-to-March change, bp. Components making up current 1y RPI swap rate are circled in red.



Source: BofA Global Research

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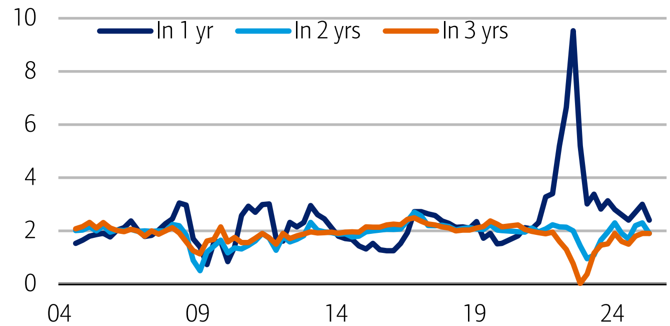
Exhibit 21: BoE forecasts justify a more inverted 1s2s (CPI) curve
Bank of England Monetary Policy Report forecast history of inflation to 1y, 2y, and 3y horizons, %



Source: Bank of England, BofA Global Research

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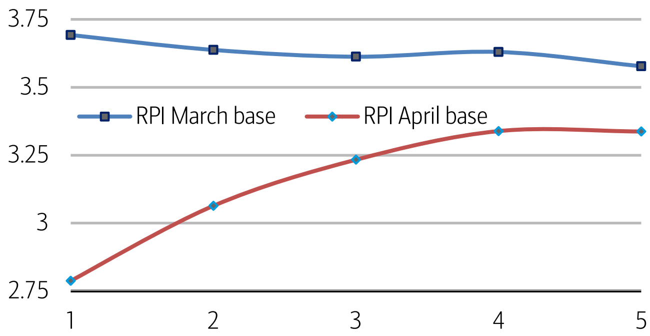
As we write (at the end of May), the 1y RPI rate represents the March 2025 to March 2026 year-on-year rate. The "technical" aspect to the trade, as we wrote last week, was that the first month of that one year span – the April month-on-month increase – was so large that it represented about half the change priced for the full year, with the balancing change for the remaining 11 months looking unusually low compared to what has gone before and what is priced for the future (Exhibit 20).

Keeping up appearances - the roll will improve the "optics" for the trade

Our 1s2s trade, referencing the March 2026 and March 2027 RPIs versus a March 2025 base, is about to move off-the-run, with the screen 1y and 2y rates referencing April prints from Monday, as we move into June. It may only be "optics", but the observed picture will change quite dramatically.

Out of an April base, current market pricing for the 1s2s RPI curve is at +28bp (i.e., the forward pricing out of Monday). So large was the April m/m change, relative to a normally seasonally strong April, that when it drops out the roll adds 33bp to the 1s2s curve. In this, the comparison with the Eurozone curve is interesting. It trades with a three month indexation lag rather than the UK's two, but if we look at the 1s2s EURi curve out of a consistent April base, it is currently only +9bp.

Exhibit 22: Do you like Monday's? RPI curve now, and as priced post-roll
Inflation now trades from a March base, this will roll to April on Monday



Source: BofA Global Research

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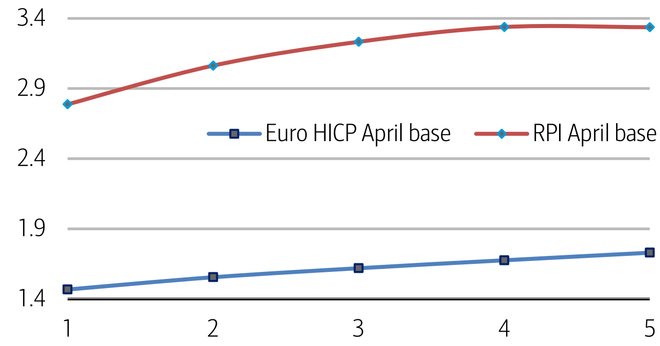
Exhibit 23: RPI curve priced as steeper than EURi out of April base
This looks wrong, with Eurozone ahead of UK in rates and inflation cycle.



Source: BofA Global Research

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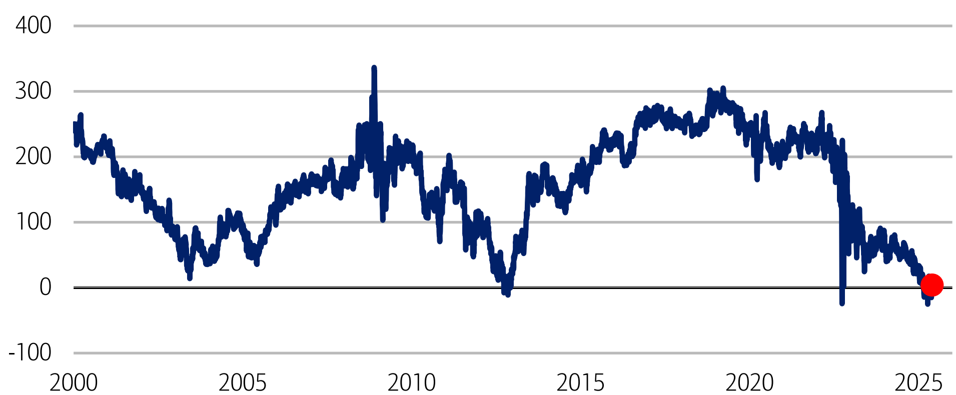
We're a little hesitant to argue this, since a market shouldn't really react when it observes something that was already in the price, but we do think there's a good chance that the roll to what we think is an inappropriately steep 1s2s RPI curve of +28bp should garner further flattening interest.

Your flexible friend

In the Inflation Strategist on 2 May, we argued that the DMO should syndicate UKTi 2035s in June (ignoring what was then a near-universal consensus for UKTi 2049s). The forward real yield between the two bonds was above 3%, representing a punitive marginal cost of borrowing for the extra years, we argued. In the Liquid Insight of 14 May, we went further, arguing investors should receive this forward yield against paying the equivalent in TIPS, entering the cross-market trade for a pick-up of 22bp (setting a target of -40bp and a stop loss at 50bp; currently +5bp). We see the risk to the trade being poorly digested long-dated supply in Gilts.

Exhibit 24: Long-end UKTi underperformance versus TIPS overdone
10y10y TIPS fitted real yields less same for UKTi, bp.



Source: BofA Global Research, Bloomberg

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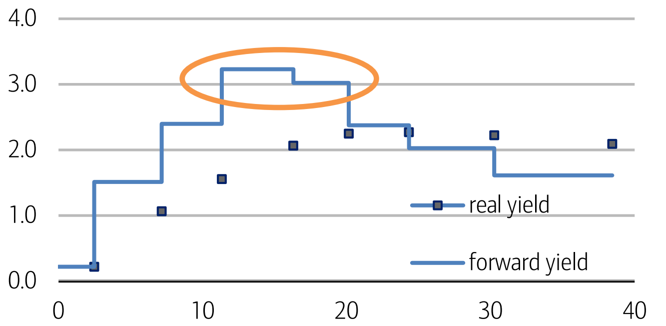
The general global weakness in long-dated bonds no doubt served as a deterrent to issuing longer paper for a DMO that is demonstrating an issuance flexibility we applaud, with the decision to launch a new 2038 issue helping to narrow this forward real yield spread to TIPS. A generally lighter Gilt duration delivery in the near-term and what we see as an underpriced risk that the BoE slows the QT pace from October should encourage further falls in this spread.

Exhibit 25: Forward real yields plateau at 3% beyond 10y before falling
Forward real yields between adjacent issues vs. duration (Nov maturities), bp



Source: BofA Global Research, Bloomberg

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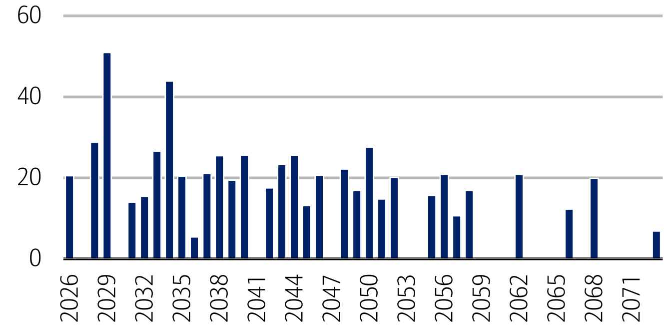
Exhibit 26: Indexed par values of linkers maturing each fiscal year, £bn
The 2035-36 fiscal year – containing UKTi 1.125 2035 – looks light.



Source: DMO, BofA Global Research, Bloomberg

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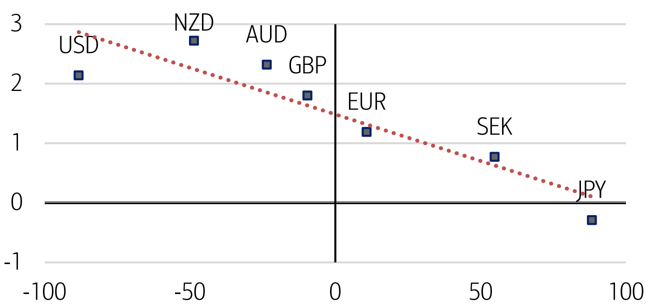
Q4 International Investment Position (IIP) data saw the UK's net liabilities slashed by two thirds (thanks to back revisions), so UK linkers look much better value cross-market.

Exhibit 27: 10y real yields (y-axis) vs net IIP/GDP ratios (x-axis), %
EUR represented by France; 10y UKTi "wedge-adjusted" to 2030 reform date.



Source: BofA Global Research, LSEG Data & Analytics, Bloomberg

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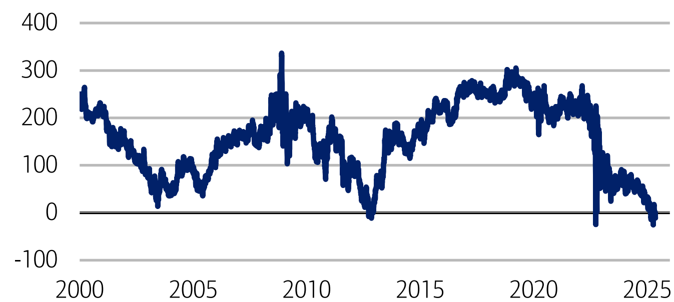
Exhibit 28: Long-end UKTi underperformance versus TIPS overdone
10y10y TIPS fitted real yields less same for UKTi, bp.



Source: Bloomberg

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Putting those ideas together in Wednesday's Liquid Insight, we recommended receiving the forward yield between UKTi 2035s and '49s (via cash-for-cash extensions) and paying the equivalent in TIPS, for a pick-up of 22bp, setting a target of -40bp and a stop loss at 50bp (currently 16bp). Risk to the trade is poorly digested long-dated Gilt supply.

Technicals

Paul Ciana, CMT
BofAS

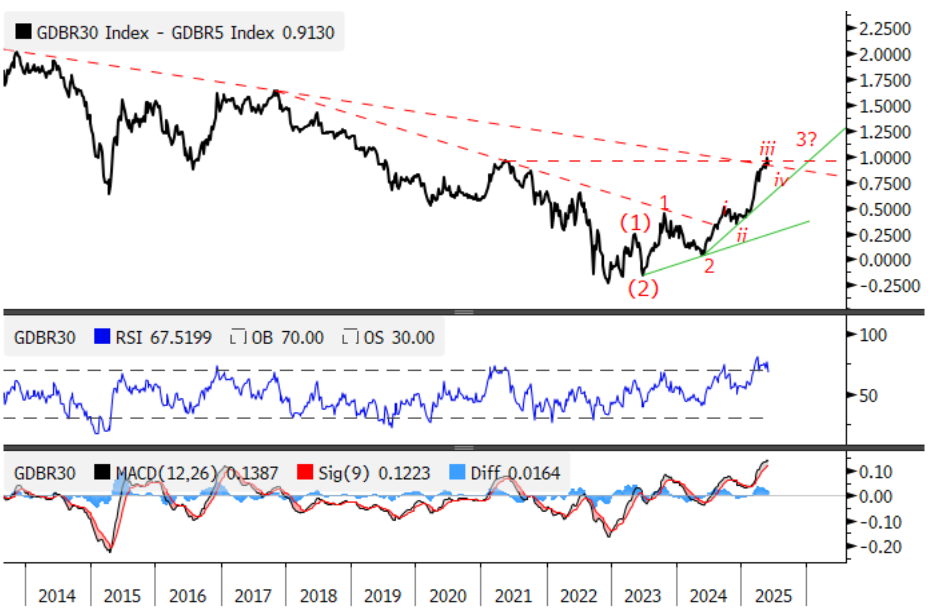
For more details and charts, please see the following report:
Technical Advantage: Seven big beautiful breakouts 28 May 2025

Seven big beautiful breakouts

Investors and traders are grappling with the onset of new US tax laws, tariff negotiation risks coming and going and a seasonal summer mindset that tends to see a defensive shift and less liquidity. In this report we recap seven medium-term breakouts seen over the last few weeks that imply investor preference. To summarize, breakouts favor the world ex-US, higher long-end yields (for now), still steeper curves, higher EURUSD, lower USDCHF and higher spot platinum prices. The headlines for each of the seven charts summarized in this report are as follows…

1. MSCI World Ex-US: The next best chance for the world to outperform the US
2. Intuit Inc: Bullish breakout through $700 favors 2025 upside to $808 / $873.
3. US 30Y yield uptrend broke above 5%, watching 5.18% as double top a risk.
4. BUXL-Schatz steepens above two trend lines, tests 100bps.
5. $CHF: Broke down in April, retested in May, now plunge?
6. Euro: Broke out higher in April, dipped in May and summer rally to 1.18s?
7. Platinum's bullish triangle breakout favors rally into the $1,300s.

Chart 29: Germany 30Y yield minus German 5Y yield (GDBR30 – GDBR5) – Weekly chart
Germany's 5s30s yield spread broke above downtrend resistance and the 2021 highs. While oscillators are stretched and a dip possible, our wave count still sees a steeper path ahead.



Source: BofA Global Research, Bloomberg, DeMark Analytics

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Special Topic I

Ralf Preusser, CFA
MLI (UK)

Below is an excerpt from Liquid Insight published on 28 May 2025.

Unintended consequences of US trade policy

Global imbalances, not trade

The US administration has been focusing on bilateral trade deficits. A more appropriate starting point for a discussion about the world economy in the 21st century would be to focus on global imbalances, in our view. We have long been arguing that the Euro Area and China save too much, and that the US saves too little.

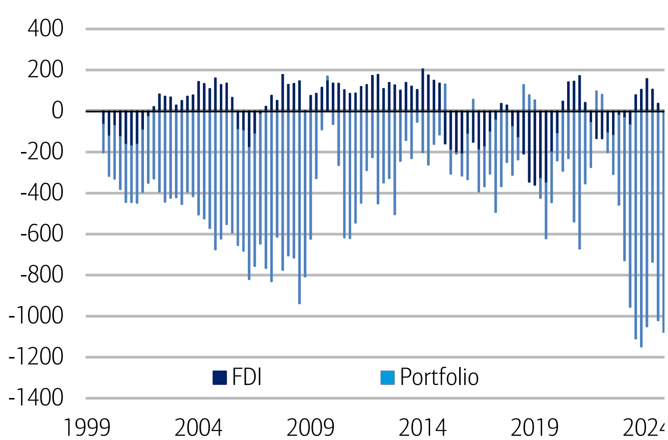
We now see some movement in the right direction, but only tangentially connected to the tariffs imposed by the Trump administration. China has long been expected to pivot towards a more domestic demand-led growth model. Germany has abandoned its constitutional debt brake and Europe is expected to deliver a significant uptick in defense spending. This will reduce the savings/investment balance outside the US.

This, however, is not all good news for the US. A declining current account surplus in the rest of the world implies smaller capital flows into the US. Unless the US fiscal deficit therefore shrinks also, we are at risk of seeing a combination of higher US rates, a weaker dollar, and the crowding out of the private sector within the US by government borrowing needs.

Our economists have outlined in detail why they are skeptical that the US budget deficit will shrink in coming years (see US Economic Viewpoint 20 May 25), despite potentially considerable tariff revenues.

The financial account of the US is increasingly dominated by portfolio inflows (Exhibit 30), and while equities within that have grown in importance, the dominant flow remains into US government debt (both bills and bonds) – see Exhibit 31.

Exhibit 30: US financial account dominated by portfolio inflows
Portfolio investments and FDI in $bn, 4q cumulative



Source: Bloomberg, BofA Global Research

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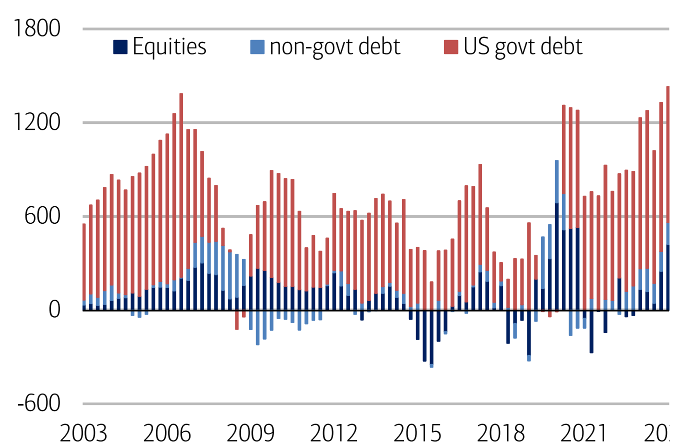
Exhibit 31: Portfolio investments dominated by USTs
$bn, 4q cumulative



Source: Bloomberg, BofA Global Research

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Special Topic II

Bruno Braizinha, CFA
BofAS

- We quantify the late '22 UK rates episode in terms of the dynamic of the 10s30s box & 30y swap spreads. A similar framework in US yields shows a peak of c.70% of the late '22 UK dynamic on "liberation day". We favor hedging a potential UK-type move via backend steepeners & short spreads (both long vol proxies' medium term).

From Monitoring the likelihood of a late '22 UK dynamic in US rates, 28 May '25

Quantifying the late '22 stress episode in UK rates

We quantify the late '22 stress episode in UK rates in terms of the dynamics of the 10s30s sovereign slope relative to the swaps curve slope, combined with 30y swap spreads. This approach seems to isolate the late '22 stress episode in the dynamic of UK rates relatively cleanly (see Exhibit 32).

Applying the framework to US yields

We apply a similar framework to US yields to put the recent moves in US rates in the broader context of the late '22 stress episode in the dynamic of UK rates. The results show a peak of c.70% of the '22 stress episode in UK rates on "liberation day (see Exhibit 33). However, the US dynamic looks to us more like a slow-moving repricing of similar catalysts to the ones seen at play in the UK stress episode.

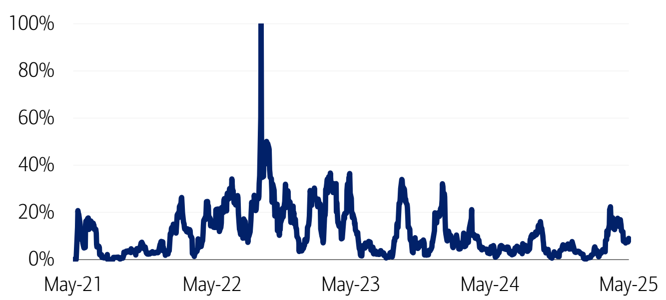
Catalysts for a potential stress dynamic in US rates

Higher deficits & the impact of higher UST issuance at the backend of the curve seem to be the most likely catalysts for a potential stress dynamic in US rates akin to the late '22 UK episode. BofA's US economists have long expected the US annual fiscal deficit to deteriorate to 7% of GDP in FY '26 & '27. This is far from Treasury Secretary Bessent's stated annual deficit objective of 3% of GDP. Market expectations seem to be drifting higher recently, and that is likely to continue to weigh at the backend of the US curve.

Positioning recommendations

We favor hedging portfolios for the potential moves outlined above though steepeners at the backend of the curve (in linear space and/or through costless bear steepeners), and short backend spreads. We see these positions as long vol proxies' medium term. Backend steepeners, however, are exposed to scenarios where the belly leads the underperformance on the curve, driven potentially by positioning and/or the pricing of an on-hold for longer Fed. We like to overlay the steepeners above with costless payer ladders in the belly with downside breakevens above the overnight policy rate.

Exhibit 32: Monitoring dynamic in UK rates
The stress move is isolated relatively clearly in our matric



Source: BofA Global Research

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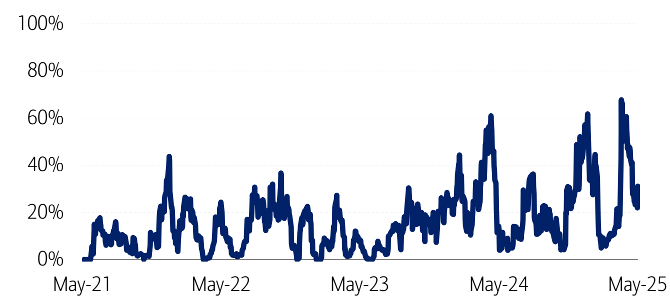
Exhibit 33: Monitoring the US rates dynamic
Recent peak of c.70% of the UK stress episode on "liberation day"



Source: BofA Global Research

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Rates Alpha trade recommendations

Exhibit 34: Global Rates Trade Book - open trades

Open trades

	Open Trades	Entry Date	Entry	Target	Stop	Latest Level	Trade rationale	Risk
	Receive 5y5y "real ESTR" rate	14-May-25	74	25	100	73	Real rate too far from "neutral"	Robust economic growth in the Eurozone
	Long 10y Spain vs Germany & Italy	9-May-25	25	15	31	23.5	Spain richens back on credit fly	Italian upgrade, Slow capex in Spain
	2y3y/5y5y Euro inflation steepener	2-May-25	20.0	35.0	10.0	21.8	Swift fall in inflation	Stalling disinflation
	Receive BTPei 2033-39 fwd yield	1-Apr-25	358	300	400	341	Bullish call, RV, index events	Generalized Italy cheapening
	Long EU 30y vs Netherlands	28-Mar-25	72	60	80	71	EU cheap to NL, on supply concerns	Large increase in EU bond supply
	Receiving 6m1y EUR vs CHF	14-Mar-25	176bp	130bp	200bp	197bp	Continued ECB easing and SNB pause	Negative SNB policy rate
Europe	US-Euro 2y3y inflation widener	7-Mar-25	28bp	50bp	15bp	47.9bp	Inflation view; roll-down	US recessionary threat
	BTPei 2039 iota narrower	7-Mar-25	25.4	17.0	30.0	21	Index events	Heavy BTPei 2039 supply
	6m5y 1x1.5 rec	5-Feb-25	0bp	14bp	-10bp	1bp	Repricing of ECB terminal lower	Rally beyond downside breakeven
	Short 1y1y vs 1y10y vol	24-Nov-24	6.5bp	20bp	-10bp	10bp	Underperformance of left side on dovish ECB	Hawkish policy shift
	Long 30y Bunds vs Netherlands	24-Nov-24	14.5	25	8	10	Fade the cheapness of GE long-end	Change in German constitution
	Pay 1y1y Euribor-€str basis	24-Nov-24	21.5	30	17	24	Reduced liquidity, increased term funding cost	New ECB LTROs / early end to QT
	5y1y ATM-25/-100bp rec spread	8-Feb-24	25bp	60bp	0	21bp	Lower ECB terminal rate, without negative carry	Better than expected EUR data
	1s2s RPI flattener	23-May-25	7	-30	25	-5.5	RPI forecast, RV anomaly	Falling energy prices
	Receive fwd UKTi real rates/pay fwd TIPS real rates	14-May-25	22	-40	50	12	DMO Shortening its issuance	Poorly digested long-dated supply in Gilts
	Long 30y Gilt on ASW	2-May-25	91	75	100	92	Expect BoE to at some point signal slower QT	UK fiscal worries
UK	Long UKT 0 1/8% 2028 vs. UKT 4 3/8% 2028 on ASW (on z-spd)	24-Jan-25	-29	-40	-24	-28	Retail demand for low coupon Gilt	Change in the tax treatment of Gilts for retail
	UKTi 2037/39 real curve flattener	24-Oct-24	17	9	25	22	Attractive level; low coupon value	Supply related dislocation
	UKTi 2032/36/47 barbell (+43.8%/-100%/+56.2% risk)	05-Sep-24	14.8	5.0	20.0	16	Expect forward flattening	Illiquid conditions
	Short Sonia 3s5s7s (pay 5s)	05-Sep-24	-12	10	-21	-5	Mortgage paying flows	Stamp Duty tax rise at the Oct budget
	Sell UKTI 2036 v UKT 2042 on ASW	26-Jul-24	-21	-8	-28	-19.1	Historical extreme spread	Poor nominal auction demand
	Pay SOFR Z6	29-May-25	3.26%	3.9%	2.75%	3.26%	Rates underpricing US data strength	Weak US data / trade re-escalation
	Pay Bank of Canada June OIS	21-May-25	2.675%	2.75%	2.6%	2.69%	Rising inflation and low probability of a BoC cut	Sharp data worsening or additional tariff announcement
	10s30s curve steepener	15-May-25	45bp	70bp	15bp	51bp	Increased focus on fiscal policy, higher deficit	Cuts to fiscal spending/lower projected deficits
	Pay Dec FOMC OIS	15-May-25	3.78%	4.25%	3.5%	3.83%	Fade '25 rate cuts	Fed cuts get priced back into '25
	Pay July FOMC OIS	8-May-25	4.15%	4.3%	4.05%	4.26%	Solid data & Fed in no hurry to cut	Sharp data worsening & near-term Fed cuts
	Short 30y swap spread	30-Apr-25	-90	-110	-75	-94	Disappointment in de-regs and deficits	WAM shortening by Treasury or Fed
	18m1y vs 6m1y rec	1-May-25	0bp	30bp	-15bp	46bp	< frontloaded cuts, > backloaded cuts	>frontloaded cuts with < medium term
	6m fwd 2s10s floor ladder	1-May-25	46bp	17bp	-10bp	38bp	Underperformance of curve vs fwds	Flattening beyond the c.20bp BE
	Long 2y3y inflation	24-Apr-25	2.24	2.50	2.05	2.29	Expect above market inflation medium term	Downturn that lowers inflation compensation
	6m10y payer spreads	7-Apr-25	8.5bp	25bp	-8.5	4bp	Fed on hold, limited scope for bearish shocks	Limited to upfront premium
	6m5y payer ladder	7-Mar-25	0bp	25bp	-10bp	3bp	Repricing of Fed policy through higher	Selloff beyond downside BE
US	6m1y rec spd	21-Jan-25	11bp	25bp	-11bp	11bp	Higher slowdown likelihoods	Limited to upfront premium
	Sell 1m10y vs 6m10y receiver	21-Jan-25	0bp	20bp	-10bp	8bp	Higher slowdown likelihoods	More significant rally near vs medium term
	1y1y receiver 1x1.5	12-Dec-24	9bp	60bp	-15bp	-4bp	Hedging slowdown scenarios	Aggressive hard landing scenarios
	1y fwd 5s30s bear steepener	24-Nov-24	0bp	30bp	-15bp	28bp	Term premium build & reacceleration scenarios	Bear flattening on hawkish Fed
	1y10y payer spd vs 3m10y payer	24-Nov-24	0bp	30bp	-15bp	-3bp	Higher recalibration/reacceleration likelihoods	Frontloaded sell that fades medium term
	1y1y straddles vs strangles	24-Nov-24	+0.31%	20bp str /vega	-10bp str /vega	0.280%	Long vol of vol	Lower vol of vol
	Long 5y30y vol vs 2y30y vol	24-Nov-24	+5.5bp vega	15bp vega	-10bp vega	2bp	Vega supported bearish tail scenarios	Outperformance of intermediate vs long vega
	3y1y rtr spd a/-50bp	6-Nov-23	pay 23bp	50bp	-23bp	5bp	Soft landing scenario	Capped to premium
	Long 1y10y rtp spd vs 4m10y rtp	3-Jul-24	0bp	20bp	-10bp	-11bp	Bearish election risks medium-term	Frontloaded bearish risks
	Pay 3y swap EFP (q/q)	28-May-25	-9.5bp	10bp	-19.5bp	-7.9bp	Bond demand and BOB risk underpriced	Global spread tightening
	Buy Dec '25 bill futures, sell YM	16-May-25	21bp	8bp	27bp	21bp	RBA likely to sound hawkish in May	RBA dovish (mis)communication
	Buy TCV 5.5% Sep 2039 vs 10y IRS	15-May-25	133bp	100bp	148bp	140bp	Fiscal convergence between AU and Victoria	Wider spreads likely in a risk-off event
	AU 6m3y receiver 1x1.5	27-Mar-25	4bp	30bp	-15bp	6bp	Dovish repricing of RBA terminal	Hawkish RBA shift
APAC	JP 1y2y payers spd vs 1y10y payers	24-Nov-24	0bp	40bp	-15bp	-2bp	Bear flattening of the curve	Lagging BoJ & curve bear steepening
	JP 1y5y payer ladders	24-Nov-24	0bp	28bp	-10bp	4bp	Repricing of policy trough	Underperformance vs. downside b/e
	KR 1y fwd 2s10s bull steepeners	24-Nov-24	0bp	25bp	-10bp	15bp	Dovish BoK and bull steepening	Hawkish shift for BoK
	KR 1y5y receiver spd	24-Nov-24	-16bp	34bp	-15bp	28bp	Repricing of policy trough lower	Capped to upfront premium
	KR 1y5y receiver spd	24-Nov-24	-16bp	34bp	-15bp	28bp	Repricing of policy trough lower	Capped to upfront premium

Exhibit 35: Global Rates Trade Book - closed trades
Closed trades

	Closed trades	Entry date	Entry level	Target	Stop	Close date	Level closed
Europe	Long 15y OAT May-42	21-Mar-25	3.84	3.5	4.05	27-May-25	3.67
	Long 5y Greece vs Portugal	19-Nov-23	42	0	65	2-May-25	12
	Receive Dec ECB €str	2-Jan-25	1.77	1.3	2.18	17-Apr-25	1.47
	EUR 3m2y payer fly	16-Jan-25	12.4	35	2	16-Apr-25	0
	Pay 10y real Sofr, rec. 10y real €str	24-Nov-24	-112	-180	-80	1-Apr-25	-75
	Pay 1y1y CHF OIS	11-Dec-24	0.06%	0.35%	-0.10%	07-Mar-25	0.29%
	6m fwd 2s10s bull flattener OTM	23-Oct-24	0	900K	-500K	07-Mar-25	11K
	BTPei 2039 breakeven long	29-Jan-25	189	220	170	07-Mar-25	198
	US 9m30y payer spd vs EUR payer	5-Feb-25	0bp	30bp	-15bp	07-Mar-25	-15bp
	Receive 5y5y "real ESTR" rate.	02-Jul-24	28	-20	60	07-Mar-25	60
	Pay Mar ECB €str	23-Jan-25	2.44	2.55	2.37	07-Mar-25	2.42
	BTPei'29/'33/'39 CDN barbell	18-Oct-24	31.6	15.0	40.0	27-Feb-25	25.3
	OATei '36'/'40/'43 fly	25-Sep-24	5.5	0.0	9.0	27-Feb-25	2.6
	Sell OATei 43 vs 53 on z-spread	03-Sep-24	29	15	37	27-Feb-25	28
	3m2y payer fly	23-Oct-24	14.7bp	40bp	3bp	16-Jan-25	16.1bp
	Receive 2y1y €str	2-Dec-24	1.74	1.4	1.95	2-Jan-25	2.01
	Long 30y Bunds	03-Sep-24	2.58%	2%	2.83%	12-Dec-24	2.44%
	Received 2y1y €str	03-Sep-24	2.12%	1.7%	2.4%	2-Dec-24	1.7%
	EUR 1y fwd 2s10s OTM floor, funded US floor	19-Nov-23	-15bp	25bp	-25bp	19-Nov-24	15bp
	Receive 3y1y €str vs CAD OIS	03-Sep-24	39	80	15	21-Nov-24	86
	Long Schatz vs Bobl Euribor spreads	31-Aug-23	3	15	-8	14-Nov-24	8
	3m fwd 10s30s bull flattener	23-Oct-24	0	900K	-500K	31-Oct-24	770K
	Pay belly of 5s10s30s	24-Jun-24	23	50	10	31-Oct-24	30
	Short ATM 1y2y payer vs OTM in US	03-Sep-24	0	25bp	-15bp	23-Oct-24	25bp
	Receive belly of 2s3s5s PCA fly	02-May-24	-20	-26	-16	21-Oct-24	-14.5
	Long Schatz ASW	05-Jul-24	32.4	47	24	18-Oct-24	23
	Pay 9Mx12M EUR FX-Sofr basis	22-May-24	-6.9bp	-2bp	-10.2bp	18-Oct-24	-1.6
	1y1y/2y3y EURi steepener	26-Jul-24	3	16	-5	25-Sep-24	8
	EUR 2y 3s6s widener	19-Mar-24	8.1	14	5	12-Sep-24	4.8
	Receive 2y1y €str	19-Nov-23	2.45	1.70	2.90	03-Sep-24	2.09
	Long 6m7y OTM receiver vs 6m7y OTM payer	24-Jun-24	0	800K	-400K	07-Aug-24	800K
	Sep24 FRA-OIS widener	02-Feb-24	11.3	15	5	05-Aug-24	12.5
	1y fwd 2s10s EURi steepener	19-Jan-24	13	30	4	26-Jul-24	17
	5s10s EURi steepener	19-Nov-23	8	25	-5	26-Jul-24	12
	6m fwd 2s5s bull flattener	20-May-24	0	300K	-150K	25-Jul-24	-150K
	10s30s flattener in EUR vs US	04-Oct-23	0	40	-20	24-Jun-24	7
	Long OAT Apr29 vs BGB Jun29	25-Apr-24	8	2	11	10-Jun-24	5.9
	OATei 2029s/2053s real curve flattener	16-Apr-24	37	10	50	04-Jun-24	19
	OATei 2027s/2029s real curve steepener	9-Feb-24	7.4	18.0	2.0	04-Jun-24	-2
	Long 10y Bund vs UST	13-Feb-24	182	225	155	09-May-24	200
	Sell EUR 6m5y OTM payer to buy OTM payer in US	19-Nov-23	0	600K	-400K	18-Apr-24	110K
	Receive 2y3y €str vs SOFR	04-Oct-23	104	180	60	04-Apr-24	155
	BTP ASW 5s10s steepener	19-Nov-23	50	75	35	04-Apr-24	55
	Long DBRi 2026/short OATei 2026 on z-spread	22-Mar-24	10	-10	20	04-Apr-24	14
	3m1y ATM+25/+50 payer spd	06-Dec-23	5	15	0	23-Feb-24	15.5
	Pay Apr ECB date, receive Mar	02-Feb-24	-18	0	-28	19-Feb-24	-11
UK	Receive Nov MPC-dated Sonia	11-Apr-25	3.69	3.45	3.81	15-May-25	3.81
	Receive UKTi 2036-2042 fwd real yield	28-Feb-25	267	200	300	8-Apr-25	305
	Long G vs. WN invoice spreads	28-Feb-25	13.9	30	5	8-Apr-25	30
	Short 5y RPI	29-Jan-25	396	350	450	1-Apr-25	376
	Pay 5y real Sonia, receive 5y real €str	21-Aug-24	43	-40	90	1-Apr-25	-4
	UKTi 2052/68 yield flattener	20-Feb-24	-13	-35	0	1-Apr-25	-27
	Receive Aug MPC-dated Sonia	14-Mar-25	4.07	3.95	4.13	24-Mar-25	4.13
	Pay March MPC Sonia	7-Feb-25	4.397%	4.468%	4.357%	20-Feb-25	4.45
	1y fwd 2s10s Sonia steepener	8-Nov-24	-1	25	-15	31-Jan-25	-15
	Pay 5y real Sonia	12-Jul-24	1	60	-30	29-Jan-25	15
	Sell UKT 4.5% 2028 vs. UKT 0.5% 2029 (on z-spd)	05-Sep-24	-8	-20	4	24-Jan-24	-9.2
	Buy UKT 4 3/8 2054 vs. T 4 5/8 2054 on ASW	12-Jul-24	1.0	-15.0	10.0	31-Oct-24	2.7
	Buy UKT 5/8% 2050 vs. 4 5/8% 2034 on ASW	07-Jun-24	33.5	13.0	45.0	31-Oct-24	23.8
	Sell SFIM9 vs. SFIM6 futures	14-Jun-24	-19.5	10	-35	09-Sep-24	5
	UKTi 2032-36-42 barbell (+35%/-100%/+65%)	26-Apr-24	13.6	5	18	05-Sep-24	11.8
	UKTi '36/47 vs '34/46 fwd yield sprd	2-Feb-24	24	8	32	05-Sep-24	16
	UKTi 2036/47 real curve flattener	26-Sep-23	55	30	70	05-Sep-24	51
	Sell UKT4e27 v UKT1e28 on ASW	10-Nov-22	1.8	-25	12	05-Aug-24	-25
	Aug-Dec MPC-dated Sonia steepener	19-Jul-24	-38.0	-20.0	-48.0	2-Aug-24	-40
	UKTi 2029s real yield short	10-May-24	21	70	-10	12-Jul-24	30
	Real yield switch - UKTi 2033 into OATei 2034	18-Oct-23	26	-25	50	14-Jun-24	53

Exhibit 35: Global Rates Trade Book - closed trades
Closed trades

	Closed trades	Entry date	Entry level	Target	Stop	Close date	Level closed
	Long SFIZ4 vs. short SFIM4	03-May-24	33.5	50	20	09-May-24	44.5
	Pay Jun'24 BoE-Sonia vs Jun'24 ECB-Estr	22-Mar-24	132	153	122	11-Apr-24	139.5
	Sell Dec'24 BoE MPC-onia vs. BoC CORRA OIS	06-Feb-24	14	75	-25	11-Mar-24	33
US	Z5-Z6 FF curve flattener	13-May-2025	-34bp	-70bp	-10bp	29-May-2025	-57bp
US	1y fwd 2s10s floor ladder	28-May-24	-20bp	-40bp	-60bp	28-May-25p	0bp
US	Long July SOFR/FF	11-Apr-25	-3.5bp	+1bp	-7bp	19-May-25	+1bp
US	1y inflation swap short	10-Apr-25	3.49	2.90	3.90	12-May-25	3.12%
US	Pay June FOMC OIS	2-May-25	4.18%	4.3%	4.05%	8-May-25	4.29%
US	Pay July FOMC OIS	22-Apr-25	3.93%	4.15%	3.8%	2-May-25	3.99%
US	Pay July FOMC OIS & receive 5Y OIS	22-Apr-25	-41bps	-80bps	-15bps	2-May-25	-60bps
US	Long 30y swap spread	22-Apr-25	-94	-84	-105	1-May-25	-90
US	1m fwd 2s30s bull flattener	22-Apr-25	0bp	20bp	-10bp	1-May-25	4bpr
US	Short 30y swap spread.	13-Mar-25	-79.5	-105	-70	22-Apr-25	-94
US	2s5s30s fly	11-Apr-25	-55bp	-90bp	-35bp	22-Apr-25	-74
US	Long 2y swap spread	11-Apr-25	-26	-17	-32	22-Apr-25	-27
US	M6M7 SOFR curve steepener	3-Apr-25	1bp	30bp	-20	10-Apr-25	7
US	Pay May'25 FOMC OIS	7-Apr-25	4.20	4.33	4.1	10-Apr-25	4.29
US	3m2y receiver spd vs 3m2y payers	21-Jan-25	0bp	30bp	10bp	10 Apr 25	24bp
US	TIPS 5y5y beta-breakeven long	1-Apr-25	-14	40	-50	9 Apr-25	-58
US	5s30s steepener	6-Oct-23	20	90	-20	9-Apr-25	90
US	2y forward, 3s28s inf steepener	4-Sept-24	0bps	30bps	-15bps	9-Apr-25	32bp
US	1y4y inflation swap long	14-Nov-24	2.56	3	2.25	8-Apr-25	2.21
US	Pay June FOMC OIS swap	26-Mar-25	4.15%	4.25%	4.09%	3-Apr-25	4.07%
US	1y10y payer ladders	28-May-24	0bp	37bp	-20bp	27-Mar-25	5bp
US	6m5y payer ladder	24-Nov-24	0bp	27bp	-15bp	27-Mar-25	7bp
US	M5/Z6 flatteners	4-Feb-25	-18	-50	10	3-Mar-25	-48.5
US	6m1y rtp ladders	9-Aug-24	0	25	-20	9-Feb-25	16
US	Short 30y spreads (May '54)	20-Jun-24	-80	-105	-65	06-Feb-25	-80
US	Receive TII 1/26 to TII 1/30 fwd real yield	12-Dec-24	1.77	1.4	1.98	19-Dec-24	2.05
US	Mar/Sep SOFR/FF '25 curve flattener	13-Sep-24	0 bps	-3.5bp	+2bp	17-Dec-24	-3
US	1y2y risk reversal	24-Nov-24	0	30	-15	9-Nov-24	15
US	5s10s TII steepener	19-Nov-23	-6	50	-40	14-Nov-24	15
US	Long 5y30y vol vs 2y30y vol	20-Nov-22	+14bp vega	15bp vega	-10bp vega	24-Nov-24	21bp
US	1y fwd 2s10s cap spd a/+50bp	6-Nov-23	20bp	30bp	-20	6-Nov-24	18bp
US	Short 1y1y vs 1y10y vol	6-Nov-23	Rec 26bp	30bp	-20	14-Nov-24	27bp
US	Buy Dec TY basis	22-Oct-24	0 ticks	2 ticks	-0.75 ticks	06-Nov-24	1.5 ticks
US	SOFR M5-Z7 steepener	20-Sep-24	0	50	-30	4-Oct-24	-30
US	Long Mar SOFR/FF	8-May-24	-1.5bp	2bp	-3.5bp	15-Jul-24	-3.5
US	2-10 CAD steepener vs 2-10 US flattener	4-Jun-24	-17.2	15	-40	13-Jun-24	-10
US	Short 1y1y inflation swap	13-Jun-24	2.39	1.9	2.7	26-Aug-24	2.28
US	6m10y rtp ladders	26-Mar-24	0bp	28bp	-20bp	26-Sep-24	0bp
US	Long 30y BE	26-Mar-24	2.28	2.75	2.05	5-Aug-24	2.05
US	Oct / Nov SOFR/FF curve steepener	9-Nov-23	-0.5bp	+2.5bp	-2bp	8-May-24	-0,5bp
US	2y fwd 2s10s cap	8-Jul-22	45	150	-50	8-Jul-24	-15bp
US	SOFR/FF widener in 1y1y vs 2y1y	9-Nov-23	-0.75bp	-2.5bp	+2bp	8-May-24	-1.05bp
US	Long 5Y nominal	18-Apr-24	4.62%	4%	-18bp	9-May-24	4.46%
US	M5-M7 SOFR Steepener	13-Dec-23	-3bp	75bp	-40bp	6-Mar-24	-41bp
US	Long 2y inflation swap	22-Jan 24	2.20	2.60	1.90	21-Mar-24	2.55
US	6m2y rtp spd vs 6m2y otm rtr	19-Nov-23	0bp	55bp	-25bp	2 May 24	41bp
US	6m10 rtp ladders a/+32bp/+64bp	19-Nov-23	0bp	32bp	-20bp	21-March-24	15bp
US	Long 2y CA vs short 2y US	19-Nov-23	-39bp	-70bp	-15	14-Mar-24	-47
US	1y10y receiver spreads	9-Mar-23	-18bp	32bp	-18bp	9-Mar-24	-18bp
APAC	5s30s JGB curve steepener	15-May-25	198	215	189.5	21-May-25	215
APAC	AU 2s5s flattener vs CAD 2s5s steepener	15-Apr-25	43bp	21bp	54bp	1-May-25	29bp
APAC	10s20s JGB curve flattener	25-Mar-25	73	60	79.5	8-Apr-25	85
APAC	Buy au 3y (YM) , pay Aug RBA	04-Mar-25	-8bp	-50bp	10bp	11-Apr-25	-16bp
APAC	2yr fwd 2s10s OIS flatteners	19-Feb-25	40	25	47.5	4-Apr-25	39
APAC	AU 1y1y risk reversal	24-Nov-24	0bp	40bp	-20bp	27-Mar-25	23bp
APAC	AU Long 1y2y AU vs US receivers	24-Nov-24	0bp	40bp	-20bp	27-Mar-25	15.5bp
APAC	Mar/Sep '25 BOB steepener	3-Oct-24	2bp	6bp	0bp	18-Mar-25	4bp
APAC	Short 5yr JGB ASW	24-Jan-25	0	8	-5	06-Mar-25	8
APAC	Receive Feb '25/ Pay Apr '25 RBA s	29-Jan-25	-11bps	0bp	-17bp	21-Feb-25	-4bp
APAC	AU pay 5y5y 6s3s	19-Nov-23	4.4bps	9bp	2bp	05-Feb-25	8.45bp
APAC	5yr20yr JGB curve flatteners	9-Jan-25	114	104	119	17-Jan-25	104

Exhibit 35: Global Rates Trade Book - closed trades
Closed trades

Closed trades	Entry date	Entry level	Target	Stop	Close date	Level closed
Long 20yr JGB asset swap	24-Nov-24	27	20	31	16-Jan-25	31
Receive AU 5y5y IRS vs US	11-Nov-24	107	75	123	20-Dec-24	74
Long 5yr ACGBs vs 5yr JGBs	24-Nov-24	305	280	320	13-Dec-24	320
AU Pay Feb '25 RBA, buy Sep futures	24-Nov-24	-23bp	-45bp	-12bp	10-Dec-24	-48bp
AU/JP: buy 5y ACGBs, sell 5y JGBs	24-Nov-24	352bp	305bp	375bp	10-Dec-24	305bp
KRW 1y5y receiver spd	5-Jun-24	15bp	25bp	-15bp	19-Nov-24	13bp
JPY 6m5y payer ladders	10-Jul-24	0bp	30bp	-15bp	19-Nov-24	6bp
JPY 6m7y payer ladders	23-Sep-24	0bp	13bp	-10bp	19-Nov-24	2bp
AUD 1y fwd 2s10s bull steepener	19-Nov-23	0bp	30bp	-25bp	19-Nov-24	-4bp
AUD 1y5y rtr spd a/-40bp	19-Nov-23	17.5bp	22.5bp	-18bp	19-Nov-24	12bp
AUD 1y5y rtr spd vs 3m5y rtr a-12bp	19-Nov-23	0bp	40bp	-25bp	19-Nov-24	-1bp
JPY 1y fwd 5s30s bear flattener	19-Nov-23	0bp	25bp	-20bp	19-Nov-24	-12bp
2s10s 6s3s steepener	12-Aug-24	-6bp	0bp	-9bp	19-Jun-24	-9bp
Pay Dec '24 RBA	20-Aug-24	4.125%p	4.34%	4.01%	17-Oct-24	4.27%
Sell Mar '25 futures, buy Dec '24 & Sep '25 futures	12-Aug-24	4bp	14bp	-1bp	20-Aug-24	0bp
1y1y/3y2y flattener	26-Jul-24	18bp	3bp	25.5bp	26-Jul-24	6.5bp
Jun24/Dec24 bills-OIS flattener	19-Jun-23	7.5bp	1.5bp	10.5bp	13-Jun-24	5bp
Receive 10y swap spreads	17-May-23	51	20	65	3-Apr-24	20
Buy ACGB 3.5% 2034 vs. UKT 0.625% 2035	13-Nov-23	18.5	-40	45	22-Feb-24	-5.1
JPY 6m10y rtp spd vs 6m2y rtp	19-Feb-24	0bp	40bp	-20bp	19-Aug-24	0bp
Swap EFP (3y/10y) box flattener	19-Nov-23	10b[s	0bps	15bps	22-Mar-24	-1
receive AU 5y5y IRS, pay US 5y5y IRS	19-Nov-23	109	0	148	21-Feb-24	99
2yr10yr TONA swap steepener	1-Feb-24	68.5	80	62.7	22-Feb-24	62.7
Feb/Mar 2024 OIS steepener	19-Nov-23	0	15	-7.5	12-Jan-24	-7.5
Pay June 2024 3m bills vs OIS	7-Nov-23	15	30	8	12-Jan-24	8
10yr/30yr TONA swap flatteners	19-Nov-23	59	49	64	19-Jan-24	64
10yr/30yr TONA swap flatteners	19-Nov-23	59	49	64	19-Jan-24	64

Source: BofA Global Research

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Global rates forecasts

Exhibit 36: Latest levels and rate forecasts
Forecasts by quarter up to Q2 '26 plus YE 2026

		Latest	Q2 25	Q3 25	YE 25	Q1 26	Q2 26	YE 26
USA	O/N SOFR	4.33	4.29	4.31	4.32	4.33	4.34	3.35
	2y T-Note	3.94	3.90	3.80	3.75	3.75	3.75	3.85
	5y T-Note	4.00	4.00	4.05	4.10	4.15	4.20	4.25
	10y T-Note	**4.42**	**4.35**	**4.40**	**4.50**	**4.55**	**4.60**	**4.75**
	30y T-Bond	4.92	4.75	4.80	4.90	4.95	5.00	5.10
	2y Swap	3.77	3.74	3.62	3.55	3.55	3.55	3.65
	5y Swap	3.69	3.70	3.73	3.76	3.81	3.86	3.91
	10y Swap	**3.94**	**3.90**	**3.93**	**4.01**	**4.04**	**4.07**	**4.22**
	30y Swap	4.10	3.95	3.93	4.04	4.04	4.07	4.22
Germany	3m Euribor	2.00	1.90	1.60	1.40	1.40	1.45	1.75
	2y BKO	1.77	1.70	1.60	1.65	1.85	1.95	2.15
	5y OBL	2.07	2.00	1.95	2.05	2.20	2.30	2.40
	10y DBR	**2.51**	**2.45**	**2.40**	**2.50**	**2.60**	**2.70**	**2.75**
	30y DBR	2.99	2.90	2.85	2.95	3.00	3.10	3.15
	2y Euribor Swap	1.93	1.85	1.75	1.75	1.90	2.00	2.20
	5y Euribor Swap	2.19	2.15	2.10	2.15	2.25	2.35	2.45
	10y Euribor Swap	**2.50**	**2.45**	**2.40**	**2.45**	**2.50**	**2.60**	**2.65**
	30y Euribor Swap	2.60	2.45	2.45	2.55	2.70	2.80	2.90
Japan	TONA	0.48	0.48	0.48	0.48	0.48	0.73	0.98
	2y JGB	0.76	0.60	0.63	0.65	0.70	1.05	1.30
	5y JGB	1.05	0.85	0.88	0.90	0.95	1.30	1.60
	10y JGB	**1.53**	**1.35**	**1.43**	**1.50**	**1.53**	**1.60**	**1.75**
	30y JGB	2.99	2.70	2.78	2.85	2.85	2.85	2.95
	2y Swap	0.72	0.58	0.60	0.60	0.65	1.00	1.25
	5y Swap	0.89	0.75	0.78	0.78	0.80	1.15	1.45
	10y Swap	**1.23**	**1.10**	**1.13**	**1.20**	**1.23**	**1.30**	**1.45**
U.K.	3m Sonia	4.20	4.00	3.60	3.50	3.50	3.50	3.50
	2y UKT	4.00	3.70	3.60	3.60	3.60	3.60	3.65
	5y UKT	4.13	3.90	3.90	3.90	3.90	3.95	4.00
	10y UKT	**4.65**	**4.45**	**4.45**	**4.45**	**4.45**	**4.50**	**4.55**
	30y UKT	5.40	5.05	5.00	4.95	4.90	4.90	4.90
	2y Sonia Swap	3.83	3.60	3.50	3.50	3.50	3.50	3.50
	5y Sonia Swap	3.85	3.70	3.70	3.70	3.70	3.75	3.80
	10y Sonia Swap	**4.14**	**4.00**	**4.05**	**4.10**	**4.10**	**4.15**	**4.20**
Australia	3m BBSW	3.73	3.85	3.85	3.60	3.60	3.60	3.60
	2y ACGB	3.38	3.50	3.25	3.00	3.05	3.10	3.50
	5y ACGB	3.66	3.60	3.40	3.20	3.25	3.30	3.40
	10y ACGB	**4.37**	**4.05**	**3.90**	**3.75**	**3.80**	**3.85**	**4.00**
	3y Swap	3.31	3.50	3.25	3.00	3.05	3.10	3.50
	10y Swap	**4.19**	**4.05**	**3.90**	**3.75**	**3.80**	**3.85**	**4.00**
Canada	2y Govt	2.60	2.50	2.50	2.50	2.50	2.50	2.50
	5y Govt	2.82	2.65	2.70	2.75	2.80	2.85	2.95
	10y Govt	**3.21**	**3.00**	**3.05**	**3.10**	**3.15**	**3.20**	**3.30**
	2y Swap	2.45	2.37	2.37	2.37	2.37	2.37	2.37
	5y Swap	2.58	2.43	2.48	2.53	2.58	2.63	2.73
	10y Swap	**2.93**	**2.74**	**2.79**	**2.84**	**2.89**	**2.94**	**3.04**

Appendix: Common acronyms

Exhibit 37: Common acronyms/abbreviations

This list is subject to change

Acronym/Abbreviation	Definition	Acronym/Abbreviation	Definition
ann	annualized	IT	Italy
APF	Asset Purchase Facility	NADEF	Nota Aggiornamento Documento Economia e Finanza
APP	Asset Purchase Programme	NFR	Net Financing Requirement
AS	Austria	lhs/LS	left-hand side
BdF	Banque de France (Bank of France)	MA	Moving Average
BE	Belgium	MACD	Moving average convergence/divergence
BEA	Bureau of Economic Analysis	MBM	Meeting-by-meeting
BLS	Bank Lending Survey	mom	month-on-month
BoE	Bank of England	MPC	Monetary Policy Committee
BoI	Banca d'Italia (Bank of Italy)	MWh	Megawatt-hour
BoJ	Bank of Japan	NBFI	Non-bank financial institution
BoS	Banco de España (Bank of Spain)	NGEU	NextGenerationEU
bp	basis point	NE	Netherlands
BTP	Buoni Poliennali del Tesoro	NRRP	National Recovery and Resilience Plan
Buba	Bundesbank	NSA	Non-seasonally Adjusted
c	circa	NS&I	National Savings & Investment
CA	Current Account	OAT	Obligations assimilables du Trésor
CB	Central Bank	OBR	Office for Budget Responsibility
CNRF	Contingent Non-Bank Financial Institution Repo Facility	OECD	Organisation for Economic Co-operation and Development
CPI	Consumer Price Index	ONS	Office for National Statistics
CSPP	Corporate Sector Purchase Programme	OBR	Office for Budget Responsibility
CGNCR	Central Government Net Cash Requirement	p	preliminary/flash print
GE	Germany	PBoC	People's Bank of China
DMO	Debt Management Office	PEPP	Pandemic Emergency Purchase Programme
DS	Debt sustainability	P&I	Pension and Insurance
DXY	US Dollar Index	PMI	Purchasing Managers' Index
EA	Euro area	PMRR	Preferred Minimum Range of Reserves
EC	European Commission	PPF	Pension Protection Fund
ECB	European Central Bank	PRT	Pension Risk Transfer
ECJ	European Court of Justice	PSPP	Public Sector Purchase Programme
EFSF	European Financial Stability Facility	PT	Portugal
EGB	European Government Bond	QE	Quantitative Easing
EIB	European Investment Bank	qoq	quarter-on-quarter
EMOT	Economic Mood Tracker	QT	Quantitative Tightening
EP	European Parliament	RBA	Reserve Bank of Australia
SP	Spain	RBNZ	Reserve Bank of New Zealand
ESI	Economic Sentiment Indicator	rhs/RS	right-hand side
ESM	European Stability Mechanism	RPI	Retail Price Index
EU	European Union	RRF	Recovery and Resilience Facility
f	final print	RSI	Relative Strength Index
FPC	Financial Policy Committee	SA	Seasonally Adjusted
FR	France	SAFE	Survey on the access to finance of enterprises
FY	Fiscal Year	SMA	Survey of Monetary Analysts / Simple moving average
GC	Governing Council	SNB	Swiss National Bank
GDP	Gross Domestic Product	SPF	Survey of Professional Forecasters
GNI	Gross National Income	STR	Short Term Repo
GFR	Gross Financing Requirement	SURE	Support to mitigate Unemployment Risks in an Emergency
GR	Greece	TFSME	Term Funding Scheme with additional incentives for SMEs
GSB	Green Savings Bond	TLTRO	Targeted Longer-term Refinancing Operations
HICP	Harmonised Index of Consumer Prices	TPI	Transmission Protection Instrument
HMT	His Majesty's Treasury	TTF	Title Transfer Facility
IMF	International Monetary Fund	UST	US Treasury
INSEE	National Institute of Statistics and Economic Studies	WDA	Work-day Adjusted
IP	Industrial Production	yoy	year-on-year
IR	Ireland	ytd	year-to-date
IGFR	Illustrative Gross Financing Requirement	DV01	Dollar value of a one basis point change in yield
PCA	Principal Component Analysis	WAM	Weighted Average Maturity
IG	Investment Grade		

Source: BofA Global Research

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