Global Rates Weekly

Reciprocal recession recipe

04 April 2025

Rates Research
Global

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The View: Tit-for-tat temptations

US tariffs will become effective over coming days, raising risks of retaliation. We maintain a bullish rate bias across major markets on rising recession risks.

— R. Preusser

Rates: Data will trump trade uncertainty

US: Tariff shock = risks to lower belly rates and a steeper curve. Budget shock = tighter asset swap spreads, esp at the 30Y tenor.

EU: markets treat the ECB as more hawkish than other central banks and do not seem too concerned about it. Hopes of a deal and/or fiscal support might be (too) high. We stay received Dec €str and long 15y OATs. Foreign demand in EGBs can pick up.

AU: risk-off sentiment is bullish but the RBA is still likely to cut slowly. We reiterate our recommendation to buy 3y bond futures, hedged with short Aug RBA.

JP: US reciprocal tariffs had a major impact on financial markets, causing JGB yields to fall across the curve.

CA: Canada has met US tariff announcements with reciprocal tariffs, which have weighed on CAD rates and driven terminal lower.

— M. Cabana, B. Braizinha, R. Axel, K. Craig, S. Salim, R. Man, R. Segura-Cayuela, O. Levingston, J. Liu, T. Yamashita, S. Yamada, M. Capleton

Front end: Tax flows, X-date, April volatility

US: Outsized mid-April funding vol not expected; SOFR should be +2bps mid-month.

EU: Excess liquidity more than 40% below peak and some banks will need more reserves, we update our Euribor forecasts and stay in 1y1y Euribor-€str wideners.

— M. Cabana, K. Craig, R. Man

Inflation: A better beta

US: Combining a 5y5y breakeven long with a 5y5y received position in TIPS – a classic "beta breakeven" – offers entry terms not sustained since early 2000s.

EU: Bear steepening in the BTPei 2033/39 spread has catapulted the forward yield between the issues to 3.58%. We would receive that rate.

— M. Capleton

Technicals: Rocky times

US 10Y yield confirmed a bigger top. Buy dips / be long for decline to 3.86%, 3.70% and possibly 3.45%. Raise trailing stop on 5s30s steepener to 55bps.

— P. Ciana

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Timestamp: 04 April 2025 06:00AM EDT

Our medium term views

Exhibit 1: Our medium-term views
Global views

	Rationale
Duration	• US: slight constructive duration bias, trade 4-5% range in 10y and fade extremes • EU: We are bullish the front-end receiving Dec ECB €str to position for a structural repricing lower of the ECB's terminal rate. We turn bullish further out too, with long 15y OAT. • UK: We are broadly neutral Sonia relative to the forwards in the 10y, forecasting Sonia at 4.25% by end-2026. • JP: We believe the JGB yields will rise in a gradual manner. Our 10yr JGB yield forecast at end-2025 is 1.65%. The BoJ is still on track for gradual normalization. • 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: Mar / Sept '25 SOFR/FF curve flattener with (1) 1H '25 TGA drop & funding stability (2) TGA snapback in 2H '25 • EU: Bank demand for excess liquidity may outstrip supply. Wholesale funding cost to rise: Euribor-€str widening, repo to stay cheap vs €str. • UK: We expect the next rate cut in May, three cuts in 2025 and one more in 2026. Our front-end Sonia forecasts lie increasingly below the forwards through forecast horizon. • JP: We expect the BoJ to deliver two additional rate hikes in 2025. TONA is likely to remain slightly below IOER in 2025. • AU: We recommend Mar '25/ Sep '25 BOB steepeners to position for tighter funding market spreads and uneven global liquidity dynamics in H1/H2 '25
Curve	• US: We favor 5s30s steepeners with Fed cuts and risk of reacceleration in 2H '25, supply concerns also support higher long-term rates • EU: We expect a repricing of the terminal rate lower over time, This should come with 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 have tempered our Sonia steepening up to 10y bias by closing our 1yf 2s10s steepener, but maintaining short in 3s5s7s Sonia fly • JP: We expect the 5s30s JGB curve to flatten, reflecting the potential policy rate hikes and upcoming cut in 30yr and 40yr JGB auction sizes from April. • AU: The 3s10s curve should steepen to around 100bps over the next 12 months.
Inflation	• US: Long 1y4y inflation swap, expecting inflation pressures to persist beyond 1y. Long 5y5y TIPS "beta breakevens" on extremely attractive entry level & roll-down terms. • EU: We favor receiving the forward real yield between BTPei 2033 and BTPei 2039, BTPei 2039 iota narrowers, and US-Euro 2y3y inflation spread wideners. • UK: We recommend receiving the forward real yield between UKTi 2036 and UKTi 2042. • JP: 10y BEI should increase in 2025, given a rise in USD/JPY and supports from the BoJ and MoF.
Spreads	• US: neutral 30Y spreads with long end supply / demand imbalance offset by de-regs focus; leaning towards tactical widening bias as de-regs theme plays out. • EU: we are neutral on periphery spreads. We see risks of a widening near term, but believe medium to long term outlook is more positive, We turn bullish on OATs for the very near term. We expect stable 5-10y swap spreads, but see scope for some cheapening in bills & Schatz spreads, vs some richening in 30y Buxl spreads in 2H25. • UK: We expect low coupon UKT 0.125% 2028s to perform relative to UKT 4.375% 2028s on ASW and are long 10y Gilt vs. 30y UST invoice spreads. • JP: We expect medium-term spreads to remain positive within 2025 given (1) the potential for additional BoJ rate hikes and (2) BoJ's QT. • AU: We see wider swap spreads, especially in the front end given elevated funding risks, but flatter swap EFP box given bond supply is typically concentrated around 10y sector.
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	4.25-4.50
10-year Treasuries	3.88	4.57	4.30	4.40	4.40	4.55	4.60	4.75
ECB refi rate	4.50	3.15	2.15	1.65	1.65	1.65	1.65	1.90
10y Bunds	2.02	2.36	2.75	2.50	2.50	2.65		2.75
BoJ	-0.10	0.25	0.75	0.75	1.00	1.00	1.00	1.25
10y JGBs	0.61	1.09	1.50	1.50	1.50	1.65	1.75	2.00
BoE base rate	5.25	4.75	4.25	4.00	3.75	3.50	3.50	3.50
10y Gilts	3.53	4.56	4.75	4.70	4.70	4.65	4.65	4.65
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	3.90	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 1y4y inflation, long fwd vol
EMEA :	We go long 15y OATs. We are received Dec ECB estr, and in 2y3y US-EUR inflation spread wideners.
APAC:	Buy 3y bond futures (YM), pay Aug '25 RBA as hedge. Spreads: Mar/ Sep bills OIS basis steepener.

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

After Wednesday's tariff announcement, today's US labor market report will be treated asymmetrically. The beat vs consensus expected by our economists is likely going to be dismissed as backward looking and irrelevant considering new downside risks for the US economy. A bad number – on the other hand – will be perceived as pointing to an increased vulnerability of the US economy even prior to this week's trade war escalation. We stick with our core convictions for US rates: 5s30s steepeners, long breakevens and short 30y spreads (see Global Economic Viewpoint 3 Apr 25). We add M6M7 SOFR curve steepeners as a hedge against more aggressive Fed cuts (see US Watch 3 Apr 25).

The main event for next week is likely to be dates at which the new tariffs will become effective (5 April for the baseline rate, 9 April for reciprocal tariffs), and possible retaliatory measures (EU trade ministers meet on 7 April, for example). With rising risks of a global recession we stick with our bullish duration views: long Dec €str, long 15y OATs, long BTPei fwd real yields, long UKTi fwd real yields, and long US 5y5y beta breakevens (see GRW 28 Mar 25 and Inflation Strategist 1 Apr 25).

US inflation data will probably matter less than normal, but may drive the relative performance of curve trades and breakevens. University of Michigan's consumer confidence report will be interesting since the interview period for next week's preliminary numbers does not close until 7 April and therefore could show a first reaction to this week's events.

Finally, we expect the RBNZ to cut rates by 25 bp (see New Zealand Watch 2 Apr 25).

The week that was

The main event of the week was the US's tariff announcements on Wednesday against nearly every major US trading partner (see Global Economic Viewpoint 3 Apr 25). US 10y yields are flirting with 4.0% for the first time since October and German 10y yields have retracted half of their sell-off following the fiscal paradigm shift. With rising recession risks globally, we stick with a constructive bias on rates.

US ISM numbers provided further evidence of the headwinds for the US outlook, with the employment figures particularly weak in both services and manufacturing.

EA inflation took a backseat in light of this week's announcements, but confirmed that the disinflationary process remains intact with a very encouraging decline in services price inflation.

Finally, the RBA left rates on hold as expected (see Australia Watch 1 Apr 25). Our economists expect the next cut in May. We remain short Aug RBA vs long YM.

Rates – US

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BofAS

- Tariff shock = risks to lower belly rates & a steeper curve
- Budget shock = tighter asset swap spreads, esp at the 30Y tenor

Tariff & budget reaction: shock to the system

US rates focused on to 2 key developments this week: (1) tariff news (2) Senate budget resolution. Each reinforced our core rate views & risks lower rates. Details below.

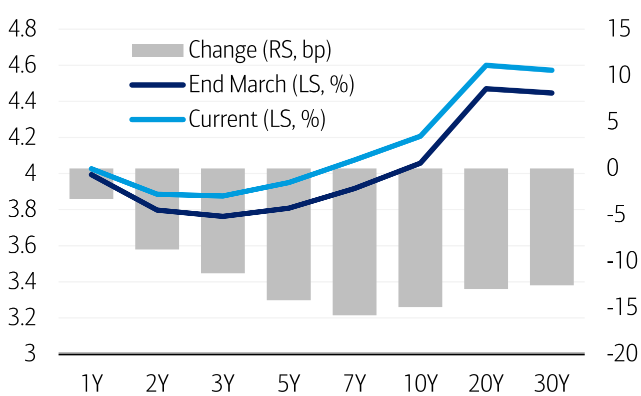
Tariff news: downside growth risks => lower rates

The Trump tariff announcement was much more restrictive vs our US economist & market expectations (see Shock to the system). The set of tariff announcements reinforced the Trump administration's desire to lower persistent US trade deficits & increase US manufacturing production but at the risk of higher inflation & lower US growth. Consistent with these concerns, US rates across the curve declined with intermediate tenors leading the move (Exhibit 4). The rate move reflected lower real rates & higher breakeven inflation, especially at the front end of the US rates curve.

Our economists think if tariffs stay in place, it adds 1-1.5pp to inflation (the core PCE is currently at 2.8% y/y) and subtracts a similar amount from GDP growth over the next couple of quarters, pushing the economy to the precipice of recession. As inflation subsides weaker growth could push the Fed to cut rates substantially, by 200bp or more.

The rates market is pricing increased stagflation risks & building expectations for future Fed rate cuts. The rates market prices 90bps of rate cuts in '25 & nearly 125bps through '26. The market believes the Fed will overweight downside risks to growth vs upside risks to inflation in justifying a relatively brisk path of rate cuts especially in 2H '25 & 1H '26. The cutting cycle trough is near 3.1%. We have long thought a trough of 3% is "not controversial" given the Fed LR median & could extend <3% if recession. The tariff news & Fed cutting risks pose downside risks to our recently revised US rate forecasts.

Exhibit 4: US rate price action following tariff announcement
Rates declined led by belly outperformance



Source: Bloomberg

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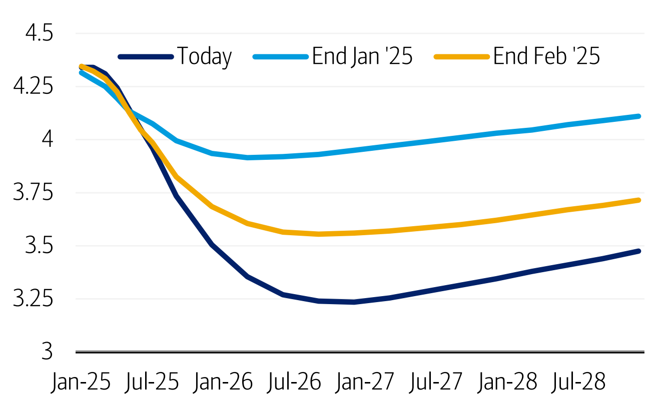
Exhibit 5: SOFR curve moves over recent months (%)
A lower cutting trough implies a steeper curve out to '27 & '28



Source: Bloomberg

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Tariff developments support most our core rate views. **On duration** we have recommend clients trade rates with a soft long duration bias with positions targeted in the belly of the curve. Rates have broken below the low end of recent trading ranges but we still hold our duration bias given downside growth risks & the possibility of swift Fed cuts if hard data weaken. **On the curve**, we continue to like 5s30s nominal steepeners as it may take until later for Fed cuts to materialize. Our pay June '25 FOMC OIS was stopped out with the recent moves. We add a new front-end curve trade to position for a market that may price a relatively rapid pace of Fed cuts over next 1Y if hard data weakens: M6M7 SOFR curve steepener. We enter the trade at 1bps, target 30bps of steepness, and a stop at -20bps. Risks to the trade are a Fed that cuts later & slower + dovish new Fed chair in mid '26. **On inflation**, we continue to see risks for lower intermediate tenor (5Y) real rates & higher similar tenor inflation (especially in forward space 1Y ahead 4Y inflation). We also like combining a 5y5y breakeven long with a 5y5y received position in TIPS – a classic "beta breakeven" –the most attractive levels since early '00s (see US inflation). Duration longs should be via a mix of nominal & real rates.

Budget news: larger US deficit risks => short spreads

On Wednesday, Senate Republicans unveiled a budget blueprint designed to speed tax cuts & raise the debt limit. The Senate blueprint reinforces our short 30Y swap spread trade & less constructive front end spread view b/c risk of much larger US fiscal deficits.

Most notable in the Senate blueprint was the use of "current policy" to assess the impact of Trump tax cut extension. The "current policy" approach does not require the Trump tax cut extension to be accounted for in reconciliation, which then allows for more room to cut taxes & expand the deficit. The Senate approach essential works around the long standing "Byrd rule" that requires any reconciliation law be deficit neutral by the end of the typical 10Y budget window.

The deficit impact from the Senate budget blueprint could allow for up to $5.8tn in additional primary deficits through 2034 vs current law, according to the Committee for a Responsible Federal Budget (CRFB). Specifically, CRFB notes the Senate blueprint includes "up to $2,021 billion of deficit-increasing instructions, at least $4 billion of deficit reduction instructions, and the implicit inclusion of $3.8 trillion of tax cut extensions by adopting a 'current policy' baseline." If adopted, the use of "current policy" baseline would also likely be applied by Democrats in the future if they control government & want to use reconciliation. The current practice raises risks for a worse deficit trajectory than many in the market have likely expected.

As a reflection of the deficit risks, the Senate blueprint also seeks to raise the debt limit by $5tn. The US rates team estimates that a $5tn debt limit increase could be exhausted in 1H '27 or later (see: Funding notes). In essence, a $5tn debt limit increase may only buy Congress 2Y before it needs to be raised again.

The timing of yesterday's tariff news & Senate budget blueprint may not be coincidental. The larger-than-expected tariffs may be seen as a key tool to raise revenues to offset the larger potential deficits implied by the Senate budget blueprint. Fiscal hawks will likely need to be convinced of material tariff revenues to support the Senate budget blueprint.

The rate impact of the Senate budget blueprint supports our existing 5s30s curve steepening view, short 30Y swap spread trade, & less constructive front end spread view. If Senate blueprint is adopted it could accelerate concerns around US debt sustainability, esp if tariffs reduce foreign UST demand & soften US growth. It may also see new US downgrades. Risks of a Treasury market long-end un-anchoring are rising.

Bottom line: tariffs were far larger than what we or markets were expecting. For rates, risks skew to lower rates & a steeper curve; Senate budget developments also point to tighter asset swap spreads, esp at the 30Y tenor.

Rates – EU

Sphia Salim
MLI (UK)

Ronald Man
MLI (UK)

Ruben Segura-Cayuela
BofA Europe (Madrid)

- The US announced 20% tariffs for the EU. We think GDP growth losses would easily dominate first-round inflation effects from any European retaliation.
- Yet markets treat the ECB as more hawkish than other central banks and do not seem too concerned about it. Hopes of a deal and/or fiscal support might be (too) high. We stay received Dec €str & long 15y OATs. Foreign demand in EGBs can pick up.

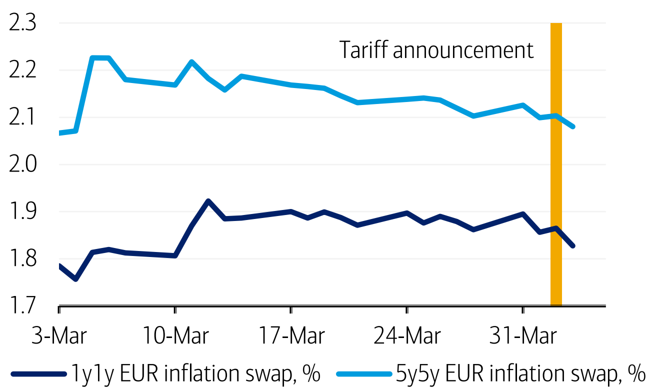
It's getting real… but market still hopeful for Europe

We estimate a 20% tariff can easily remove 40-60bp of Euro area growth in the next few quarters (Global Economic Viewpoint, 3 Apr 25). This may bring growth to a halt and a small technical recession cannot be ruled out, particularly in Germany.

On inflation, we continue to argue that the impact of EU retaliation against the US would be relatively negligible. Based on the share of US manufacturing imports in Euro area final demand, a generic rise in EU import tariffs on the US to 10% could mean non-energy goods price inflation rises by c 20bp in a first round, equivalent to less than 10bp on core or c 5bp on headline inflation. Ultimately, we would argue GDP growth losses would easily dominate that first-round effect. This can be seen as consistent with the decline in 1y1y and 5y5y inflation swaps following the announcement (Exhibit 6).

However, price action in nominal rates does not seem consistent with this much damage. Euro rates underperformed most other developed markets post announcement, incl. the UK where the announced tariff was of 10% "only". It is now in the Euro Area that we are pricing the least cuts in the coming year, alongside Canada (Exhibit 7).

Exhibit 6: EUR 1y1y and 5y5y inflation swap, %
Market inflation expectations slightly lower since tariff announcement



Source: BofA Global Research, Bloomberg

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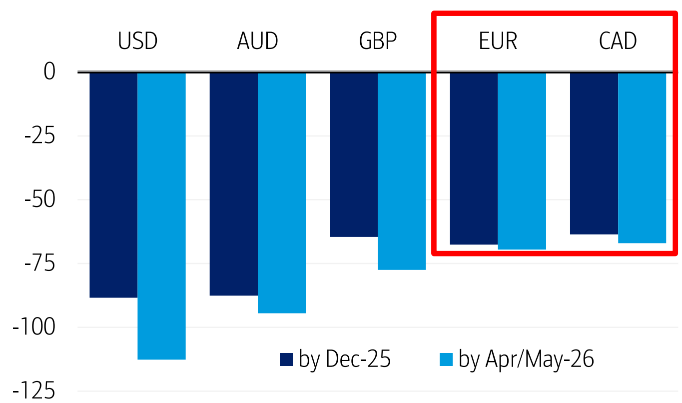
Exhibit 7: Cumulative pricing of central bank cuts by Dec25 and Apr26
The market prices the least amount of cuts for the ECB and BoC



Source: BofA Global Research, Bloomberg. Data as of 3 Apr

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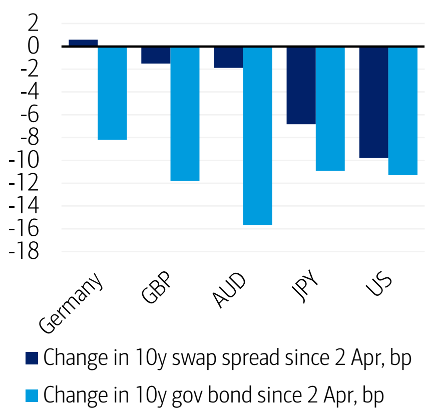
For the front-end, the rally was partly limited by somewhat hawkish comments by a few ECB speakers (not only the typical hawks but also some more on the neutral camp, eg De Guindos flagging that trade friction raise inflation uncertainty and that the ECB must be extremely prudent in determining its stance). The March ECB Accounts also weighed on rates, as it was noted that both a cut and pause were on the table for the April meeting. However, our conversations with investors also indicate a reluctance to envisage deep ECB cuts due to the perceived reaction function of the ECB (still more concerned about upside risks to inflation) and the fiscal loosening that it would be factoring in for 2026.

On our side, we continue to think that the ECB will be forced to cut to 1.5%, if not lower, by weakening growth and inflation moving significantly below 2%. It will be a meeting-by-meeting process, in which the ECB will probably send mixed messages to ensure optionality is priced-in ahead of each meeting. **We still favour receiving Dec ECB €str** (current: 1.74%, target: 1.3%, stop: 2.18%). The risk to the trade is an inflation shock.

In the long-end, price action suggests that the market does not see the relatively hawkish ECB as a significant concern for medium term growth. The curve has bull steepened, and 10y rates underperformed cross market (Exhibit 8). In a typical risk-off move, swap spreads widened, but the widening in periphery spreads was relatively modest (c.2bp, versus the c.10-15bp richness we had flagged a couple of weeks ago).

Exhibit 8: Bond & swap spd chg on Apr 3rd, bp
German swap spread moves consistent with historical risk-off behaviour



Source: BofA Global Research, Bloomberg. Data as of 3 April
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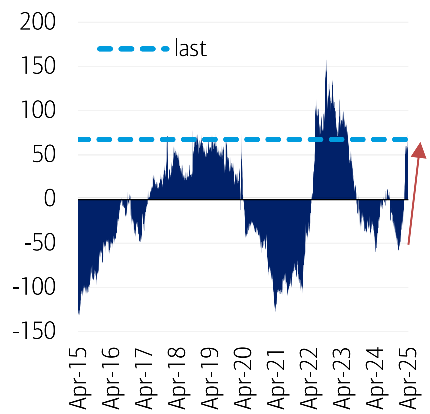
Exhibit 9: 3m FX-hedged pick up in 10y Bunds vs USTs & last value as of Apr 3rd.
The pick-up is now higher than in 2018-19



Source: BofA Global Research, Bloomberg. Last = 3-Apr level
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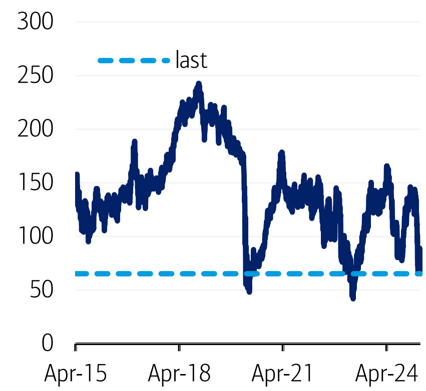
Exhibit 10: 10y UST yield – 10y OAT yield
For yield focused investors (eg CBs), 10y USTs have only been this least attractive vs 10y OATs in Apr-20 and Apr-23.



Source: BofA Global Research, Bloomberg. Last = 3-Apr level
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Two factors could explain this: (1) continued market focus on the idea of a meaningful fiscal loosening, with infrastructure and defence spending medium term, but also with nascent hopes that more will be done at EU level in the near term to withstand the shock from US tariffs. (2) With tariffs only coming into force on Apr 5 (10%) and Apr 9th (increase to 20% for the EU), markets remain hopeful that negotiations will allow for a significant reduction. We are not as optimistic. The EU can offer concessions (eg on Auto tariffs, limiting non-tariff restrictions on standards/reporting requirements). But the demands on US digital services or the insistence on VAT challenge a successful negotiation. EU retaliation on the other hand will be discussed by EU trade ministers on Monday and finance ministers on Apr 11-12th. Retaliation on US services is a clear risk.

Still, this reluctance of investors to go long duration in EUR bonds compared to USTs or Gilts (as per also the "European exceptionalism" uncovered in our March FX and rates sentiment survey) has made **EUR bonds more attractive for foreign investors**: (a) the EUR curve is now very steep vs US. In a dramatic the 3m FX hedged pick-up in 10y Bunds vs USTs is higher than in 2018-19 & over 115bp larger than at the start of the year (Exhibit 8), (b) 10y UST yields trade at very low levels vs OAT yields. Over the past 10 years, the spread only traded this tight 2% of the time (Exhibit 10).

We remain long 15y OATs as a duration long (current: 3.79%, target: 3.5%, stop: 4.05%). If the ECB errs on the hawkish side, we believe the 5y+ part of the curve will have to rally more on weaker data. Renewed hedging from Dutch Pension funds could provide some support to the 15y+ sector (see Liquid Insight, 1-Apr). We favour France due to supportive technicals, limited risk of downgrade until at least May 30th, and the potential for OAT-Bund tightening as pricing of political risk diminishes. Risk to the trade = risk-on move on cancelation of tariffs or a new large EU support programme. For those believing in a continuation of the bull-steepening dynamic in Q2, our new EGB regime based investing analysis suggest investing in Spanish bonds for best sharp ratio.

Rates – AU

Oliver Levingston
Merrill Lynch (Australia)

Johnny Liu, CFA
Merrill Lynch (Australia)

Australian exports hit with 10% tariffs

President Trump announced a 10% tariff on Australian exports to the US. Tariffs announced on Australia's major trading partners were larger than expected, with Asia likely to be hit with a significant growth shock. This may not be the end of it either, given sector-specific tariffs may still come in a few days.

Dovish RBA implications

Reciprocal tariff announcements increase our conviction in a May cut given the negative growth implications, with no obvious inflation implications for Australia. Markets are now pricing a 92% chance of a 25bps cut in May (from c.80% prior to tariff announcements), with the terminal rate declining 15bps in response.

Cash rate target held at 4.1% as expected

The RBA's new Monetary Policy Board (MPB) held the cash rate target at 4.1% in line with our expectations and consensus (see our RBA preview note). Markets were pricing around an 8% chance of a cut prior to the meeting. The hold in April follows a 25bps cut in February, which was the first cut since November 2020. We expect the Q1 CPI on April 30 to provide evidence of disinflation that supports a 25bps cut in May.

AU rates likely to underperform US in the front end

Price action in nominal and inflation-linked securities suggest the probability of slowdown has increased markedly in Australia and the relative probability of reacceleration has declined (Exhibit 11, Exhibit 12). Yet reasonably strong labour-market outcomes, accelerating house prices and credit growth suggest the opposite. In our view, the market has overlooked idiosyncratic factors and focused on US slowdown risk. While the global backdrop is still constructive for yields, we see underperformance of front-end rates vs USTs over the next few months.

Buy YM/ pay Aug RBA

It would have been difficult for the RBA to meet market expectations, so it is unsurprising that front-end swaps cheapened a few basis points after the RBA decision. Yet with 47bps priced by August, we retain a short bias and continue to recommend paying August and hedging US slowdown risk by buying YM (3y bond futures).

Exhibit 11: Directionality framework
Breakeven pricing vs nominal pricing

	Nominal rates higher	Nominal rates lower
Breakeven rates higher	Reacceleration	Stagflation
Breakeven rates lower	Goldilocks	Slowdown

Source: BofA Global Research

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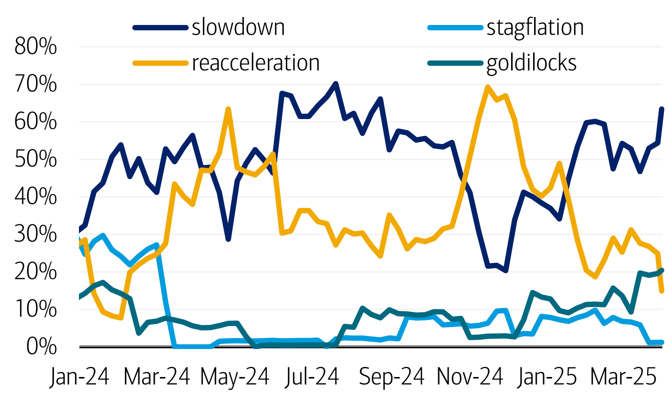
Exhibit 12: Market-implied probabilities
Market pricing at odds with our macro assessment



Source: Bloomberg, BofA Global Research * % frequency of daily moves in 12 week period

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Rates – JP

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- US reciprocal tariffs had a major impact on financial markets, causing JGB yields to fall across the curve
- We maintain our bearish view on JPY duration but we acknowledge downside risk to our year-end 10yr JGB yield forecast (1.65%).

This is an excerpt from Japan Rates Watch, 03 April 2025

Concerns about JGB's excess supply remain

The reciprocal tariffs announced by President Trump had a major impact on financial markets, causing Japanese stocks to sell off and JGB yields to fall across the curve. However, the outcome of 10yr JGB auction on 3 April was not firm. Concerns about excess JGB supply also remain ahead of the upcoming 30yr auction on 8 April and 5yr auction on 10 April. Despite considerable uncertainty, we expect yields to rise over the longer term unless the Bank of Japan (BoJ)'s communication makes a decisively dovish pivot.

10yr JGB auction post-tariff announcement was not solid

Japanese stocks sold off and the 10yr JGB yield fell more than 10bp at one point on 3 April, reflecting the major impact on financial markets from reciprocal tariffs announced by President Trump early in the Japan morning. However, concerns remain about excess JGB supply. Bid-to-cover for the 3 April 10yr JGB auction was 3.15 (average in FY2024 was 3.25) and the lowest accepted price was ¥99.84, below the consensus (¥99.87). We think this was not a solid result, implying that a sustained increase in JGB demand is still unlikely despite growing recession concerns unless the BoJ adopts a more dovish tone in its messaging.

This is borne out by QUICK's 25-27 March survey of domestic bond market participants, which showed that short-term rates/monetary policy are overwhelmingly the top-of-mind market driver for investors (68% of respondents), with just 8% citing economic trends and 6% overseas yields. This is likely because the BoJ owned more than 50% of outstanding JGBs as of end-2024, whereas overseas investors own just 6.4%.

The BoJ has signaled its intention of continuing to scale back monetary easing if economic activity and prices look more likely to align with its forecasts, despite other major central banks still leaning toward cutting rates. It has thus far indicated its intention of adjusting the degree of monetary easing. However, President Trump's announcement of reciprocal tariffs could heighten concerns about a slowdown in the US and global economies, prompting a shift in the BoJ's communications. Despite considerable uncertainty, we think JGBs are unlikely to outperform other countries' bonds until the BoJ makes a decisively dovish pivot in its communication. We note that Governor Ueda is scheduled to give a speech on 9 April.

Consensus on BoJ policy as of late March

According to the above QUICK survey, Governor Ueda's post-monetary policy meeting (MPM) press conference was received neutrally by bond investors, and the consensus is for the BoJ to raise rates again at its 30-31 July or 18-19 September meeting, with a terminal rate of 1.0% for the current cycle. In short, as of late March, bond investors continue to expect two more hikes spaced roughly six months apart. After the Trump administration's announcement, the market has scaled back its pricing on BoJ hikes but it still sees the BoJ raising into 2026.

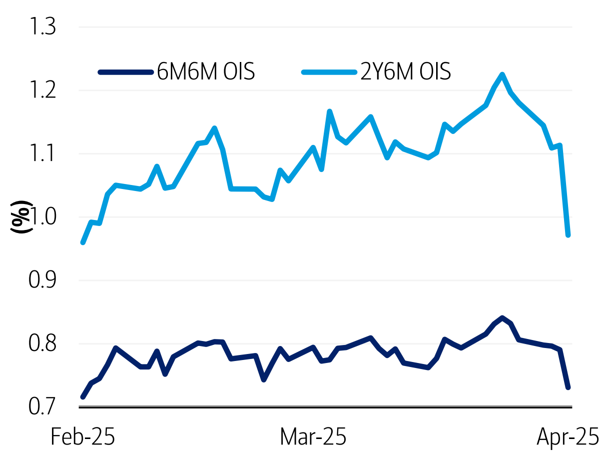
The BoJ already announced in July 2024 that it would reduce its JGB purchases by ¥400bn per quarter. Governor Ueda pointed out uncertainty caused by overseas factors at his March press conference, while he indicated that he still expects the BoJ to stick with planned reductions to JGB purchases even after the interim assessment it will publish at the 16-17 June MPM.

Market still prices in two more hikes

The 2yr6m OIS had risen to nearly 1.25%, but fell to around 1.0% following the Trump administration's announcement of reciprocal tariffs. This implies that investors' terminal rate assumptions for the current cycle may have fallen versus March.

Former BoJ policy board member Seiji Adachi, who stepped down on 25 March, noted in an interview just before the US introduced reciprocal tariffs that the BoJ could hike again in May if US tariff policy has no major impact on Japan's economy or financial markets. Growing US recession concerns and the drastic Japanese stock market selloff will make it more difficult for the BoJ to hike in May and could cause it to push back further policy normalization, but we see demand for JGBs as unlikely to increase materially while there is still a possibility of the BoJ continuing to raise interest rates and reduce JGB purchases.

Exhibit 13: OIS rates
Market still prices in 2 more BoJ hikes



Source: Bloomberg, BofA Global Research

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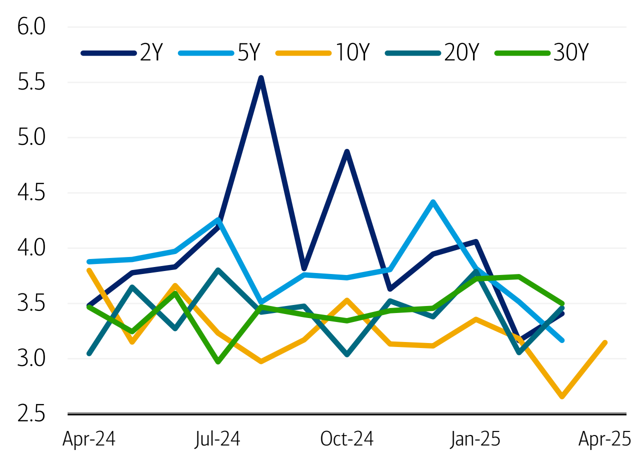
Exhibit 14: Bid-to-cover ratio at JGB auctions
Bid-to-cover at the 3 April 10yr auction was below average in FY2024



Source: Bloomberg, MoF, BofA Global Research
Note: average bid-to-cover ratio at 10yr JGB auctions in FY2024 was 3.25

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Maintain bearish view on JPY duration

We maintain our bearish view on JPY duration for now. The 10yr JGB auction result on 3 April showed still limited demand and concerns about excess JGB supply remain ahead of the 30yr auction on 8 April and 5yr auction on 10 April. Our end-CY25 10yr JGB yield estimate is 1.65% though we acknowledge increased downside risk against our forecast.

Rates – CA

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- Canada has met US tariff announcements with reciprocal tariffs, which have weighed on CAD rates and driven terminal lower

- Terminal rate differential between US and CAD, proxy for 10y rate differential, has tightened following tariff announcements

Tariff retaliation continues to escalate

The Canadian rates curve has steepened as markets priced in additional BoC cuts with tariff escalation. While excluded from the reciprocal tariffs announced on Apr 2, Trump imposed 25% tariffs on most goods from Canada, with some exceptions, including 10% tariff on energy. Canada has since responded with a 25% retaliatory tariff on CAD $30b of goods from the US. Previously delayed 25% tariffs on foreign-produced autos imported into the US were implemented on Apr 3 and was met with 25% retaliatory tariffs on US-made vehicles imported into Canada.

Rates have fallen substantially alongside curve steepening

While the Canadian economy appears to generally be improving outside of tariff headlines, policy uncertainty has been a clear driver of BoC pricing and interest rates this year with CAD rates shifting 10-55bps lower YTD and 2-10 curve 20bp steeper. The 2-10 CAD curve has steadily steepened since June 2023 when it touched -132bp, vs today at +52bp. Canadian swap spreads have also tightened on tariff risk which could drive more govt bond supply on fiscal stimulus.

Terminal rate pricing hits recent low

The continued escalation of tariffs has weighed on Canadian rates and driven markets to price a BoC terminal, the expected stopping point for the cutting cycle, of 2.26%, a recent low and at the low end of the BoC's estimate of neutral (2.25%-3.25%). Terminal has fallen substantially from its peak of over 3% in Jan, largely reflecting fear of trade war impacts and an anticipated dovish policy response. Terminal still reflects a relatively neutral BoC. If conditions worsen in the hard data, markets can price and easy BoC, which would like entail a 1-handle on the terminal rate.

Tighter policy rate differential btwn US and CAD

The terminal rate spread between the BoC and Fed, which we use as a proxy for the US-CAD 10y rate differential, has tightened from a peak of 153bps on Jan 31 to 94b currently. We expect it to continue to compress closer to recent historical norms of circa 50bp given that forces effecting both central banks are similar.

Favor 2s10s CAD curve flattener vs 2s10s curve steepener

If the expected policy rate differential continues to narrow, it should favor a 2-10 CAD curve flattener vs a 2-10 US curve steepener. This would express our view that 1) if tariffs are bad, the US could wind up cutting more than expected while CAD delivers more along the forwards, or 2) if US-CAD trade tensions subside, the CAD curve can price out more cuts while the slowing US trajectory continues for other reasons including policy uncertainty around health care and reduced government spending.

Front end – US

Mark Cabana, CFA
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Katie Craig
BofAS

- Funding focus pre-tariffs: tax flow, X-date, & mid-April funding vol
- Outsized mid-April funding vol not expected; SOFR shld be +2bps mid-month, CP spreads stable but widening risk with MMF flows

This is an excerpt of Funding notes: tax flows, X-date, April vol

Tax questions: X-date tracking & mid-April funding vol

Funding markets experienced a mild March quarter-end & client questions pre-tariffs now focus on the tax date. Specifically, clients ask how tax dynamics are impacting our X-date projection & could impact mid-month funding. Our short answers: (1) tax receipts & refunds keep us comfortable projecting the X-date in late August (2) mid-April not expected to see material repo pressure but unsecured is a risk. We elaborate below.

X-date tracking: still project late August

Current federal tax flows suggest a relatively robust collection. Recent individual tax receipts are tracking 11-12% higher than last year, likely due to capital gains (Exhibit 15). This reflects continued growth from recent years & pre-COVID. Tax refunds are tracking a similar 11-12% higher vs '24 but slightly slower vs '23 (Exhibit 16). On balance, tax dynamics do not yet suggest a material shift in federal cash flows.

Recent tax flows leave us comfortable holding our late August X-date. We acknowledge elevated X-date uncertainty, especially ahead of mid-April tax date. We take comfort that our estimate is in the middle of the Aug – Sep CBO X-date range.

Our assessment of the balance of risks around DL resolution timing has shifted slightly earlier. The likely inclusion of a DL increase in the Senate budget resolution suggests rising risk of a resolution as soon as late May or early June (see report: 2Y spread risks), though our base case remains resolution in late July or early Aug. Reporting now suggests the Senate may seek a DL increase of $5tn which could be exhausted in 1H '27 or later.

Tax date funding volatility: no different than usual

Clients have asked if we expect larger vs usual funding vol in mid-April. We do not. Outsized moves are not expected in repo; greater risks are for term unsecured funding.

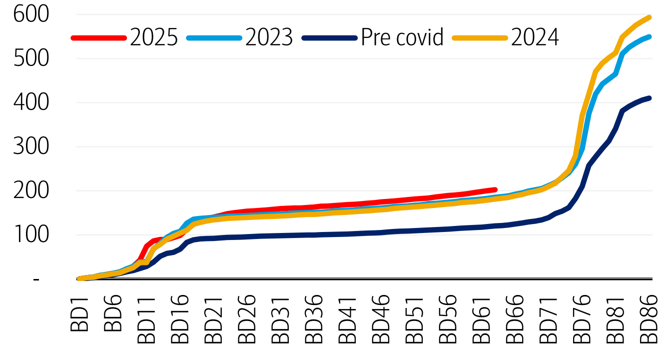
For secured funding, we historically observe repo impact of UST settlements around April tax date in-line with other mid-month dates. This year we project $42b in mid-month net coupon settlements, in-line with recent months. Our repo sensitivity to settlement analysis suggests a 2bp increase in mid-April SOFR; in-line with other mid-month dates (Exhibit 17), If repo normal, O/N unsecured normal too.

For term unsecured funding, we historically observe CP stable or richer vs OIS after tax date. Historically, April taxes are paid mostly from deposits via reserves though ON RRP also declines (Exhibit 19, Exhibit 20); TGA typically rises $100b-$250b around the tax date. MMFs have historically seen temporary outflows of up to 1.75% of AUM, which would imply outflows of around $125b. Elevated recent institutional MMF AUM raises slightly higher outflow risks. MMF outflows pose risks to tighter unsecured funding, though is not our base case.

Bottom line: tax data keep us holding late Aug X-date. We do not expect any unusual funding volatility around the April tax date. SOFR should increase 2bps, CP is a risk.

Exhibit 15: Cumulative individual tax receipts by year ($bn)

2025 tax receipts are trending 11-12% higher vs 2024



Source: BofA Global Research, Haver Analytics

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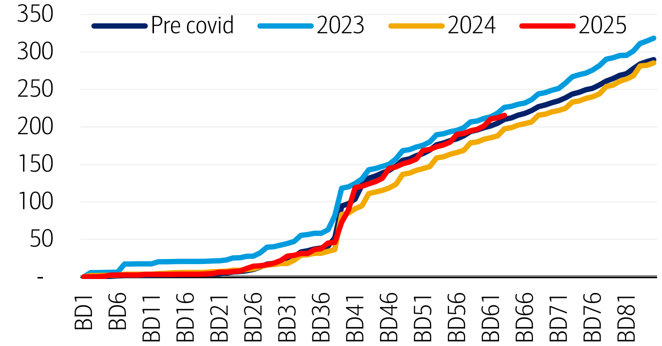
Exhibit 16: Cumulative tax returns by year ($bn)

2025 tax returns are trending 11-12% higher vs 2024



Source: BofA Global Research, Haver Analytics

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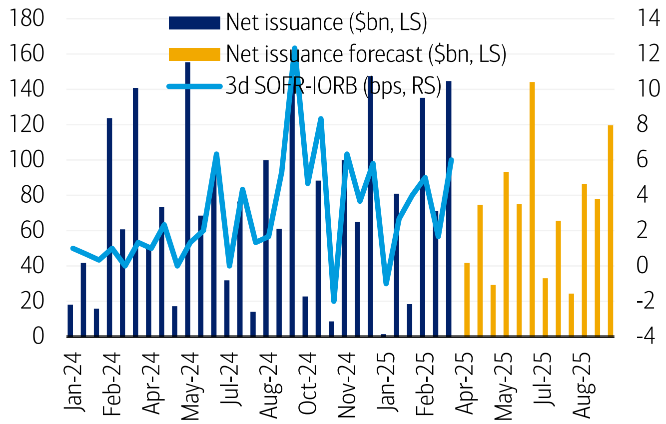
Exhibit 17: UST coupon settlements vs avg change in SOFR-IORB vs prior 3 days

The April mid-month coupon settlement only implies a 2bp increase in SOFR



Source: BofA Global Research, Haver Analytics, Bloomberg

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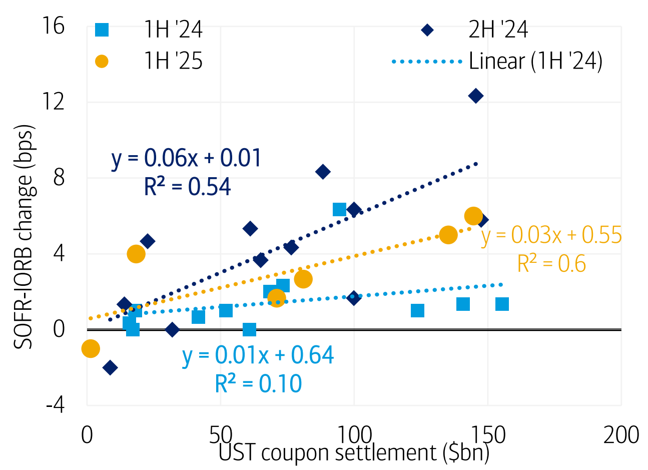
Exhibit 18: UST coupon settle size vs avg Δ in SOFR-IORB vs prior 3 days

The April mid-month coupon settlement only implies a 2bp increase in SOFR



Source: BofA Global Research, Haver Analytics, Bloomberg

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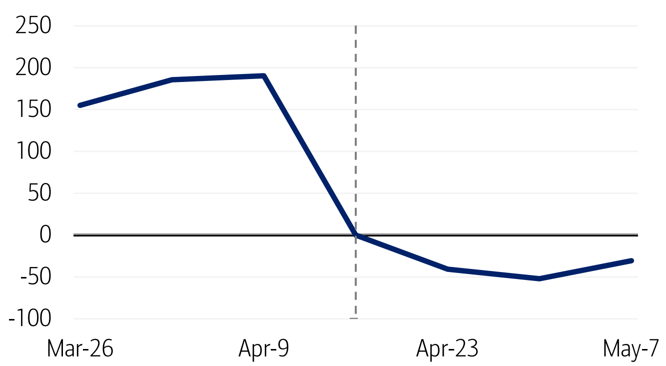
Exhibit 19: Avg change in reserve balances around April tax date

We observe reserves decline up to $250b on avg in weeks around tax date



Source: BofA Global Research, Bloomberg. Note: dotted line indicates April tax date deadline. The average is taken from '18, '19, '22, '23, and '24

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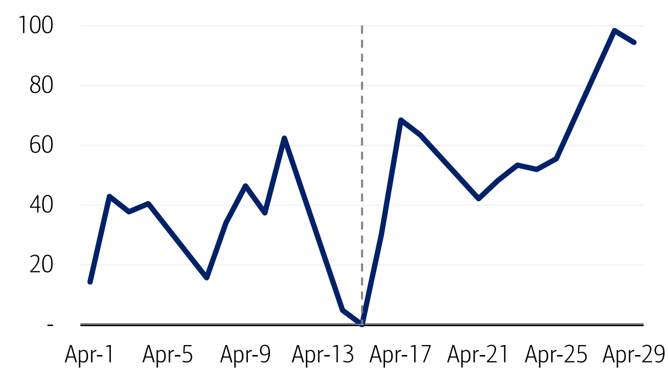
Exhibit 20: Avg change in ON RRP take-up around April tax date

We observe ON RRP declines roughly $50-$125b ahead of tax-date



Source: BofA Global Research, Bloomberg. Note: dotted line indicates April tax date deadline. The average is taken from '18, '19, '22, '23, and '24

BofA GLOBAL RESEARCH

Front-end – EU

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- Euro area excess liquidity more than 40% below peak; reserve redistribution helped limit funding pressures but we expect some banks to still need more reserves
- We expect some market rates to rise towards the refi, update our Euribor forecasts to reflect the ECB call, and stay in 1y1y Euribor-€str wideners

This is an excerpt from European Rates Watch, 2 April 2025

Euro funding pressures still set to rise

Excess liquidity in the euro area has fallen by more than 40% from its peak in 2022 and is currently at €2.8trn. For Italy's banking system, we calculate QT, TLTRO and government deposit changes would have implied a c. €435bn decline in reserves since the end of 2022. But reserves in Italy fell by a lesser amount of c. €120bn (Exhibit 21).

In our view, the decline of reserves in Italy's banking system has been dampened by ongoing reserve redistribution within the euro area. This may have helped limit short-term euro funding pressures so far. We believe the reserve redistribution has been achieved through cross-border flows including bank lending, asset sales, and debt issuance. TARGET2 changes since end-2022 suggest reserves on a net basis shifted most out of banks in Germany and France, and most into banks in Italy (Exhibit 22).

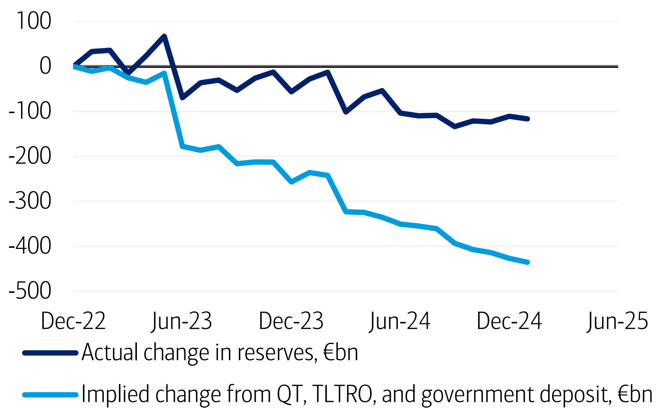
We believe euro area banks will demand a certain level of reserves for LCR purposes. At the aggregate level, banks maintained their LCR at c. 160% in 4Q24, which is high vs the regulatory requirement of 100% and pre-Covid levels of c. 140% (Exhibit 23). At the country level, we estimate LCR-related reserve demand may exceed supply by the end of 2025 for banks in Italy, France, Spain, and Greece (Exhibit 24). This suggests reserves redistribution will need to continue or bank usage of the ECB's OMOs will rise.

Current market rates indicate the cost for banks to raise reserves in short-term secured and unsecured term wholesale markets is generally lower than from the central bank (Exhibit 25). In this environment, we would expect bank reserve demand to primarily be met in the market and this will raise the relevant market rates, especially as total reserve supply continues to fall. Only when market rates rise sufficiently close to – if not above - the refi, do we expect bank usage of the central banks' OMOs to rise meaningfully. We expect OMO usage to be c. €70bn by end-2025 and rise to c. €350bn by end-2026.

Our economists recently revised their ECB call and expect hikes from December 2026, with the depo rate rising to 2-2.25% in 2027 (see Europe Economics Weekly, 14 March 2025). We adjust our 3M Euribor profile accordingly, continuing to incorporate gradual widening in Euribor-€str spreads and a gradual rise in €str towards the depo. We forecast the 3M Euribor fixing at 2.00% by 4Q 2026 and up to 2.40% in 2027 (Exhibit 26).

We stay in 1y1y Euribor-€str wideners (initiated in November 2024, current: 22.7bp, target: 30.0bp, stop: 17.0bp) on rising funding costs as the ECB continues QT. Risks are new ECB credit operations and an early end to QT.

Exhibit 21: Actual and implied changes of reserves in Italy, €bn
Actual decline less than that implied by QT, TLTRO and gov deposits



Source: BofA Global Research, ECB

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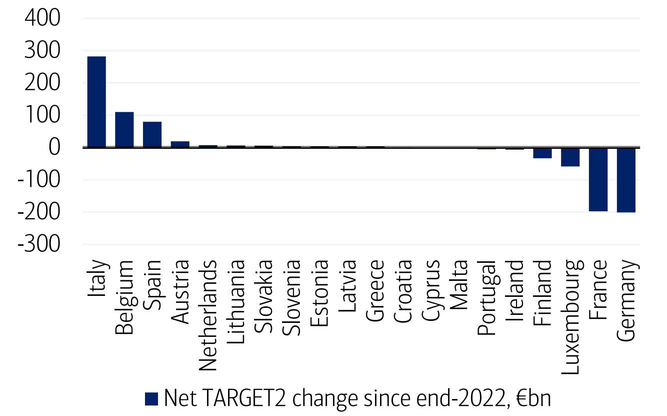
Exhibit 22: Net TARGET2 changes by country since end-2022, €bn
Reserves shifted into Italy on a net basis, mainly from Germany and France



Source: BofA Global Research, ECB

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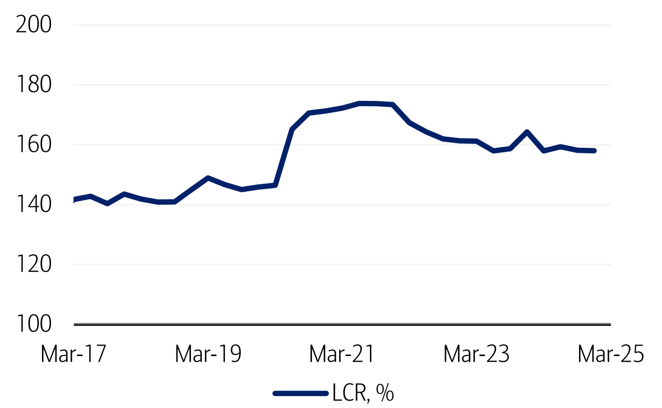
Exhibit 23: LCR of European banks, %
Banks are keeping their LCR high at c. 160%



Source: ECB

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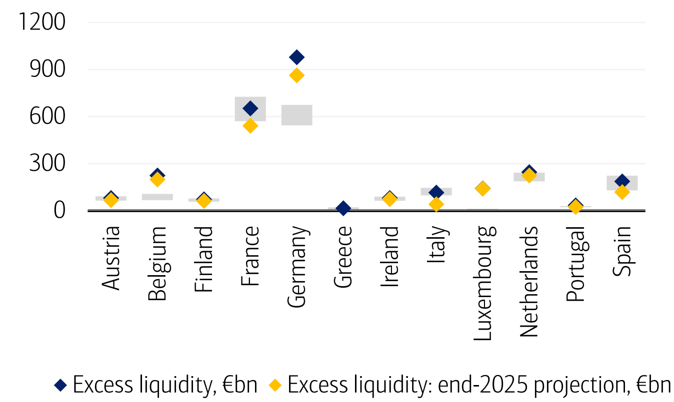
Exhibit 24: Estimated reserve demand and supply by country, €bn
Some banks may need to raise reserves by end-2025



Source: BofA Global Research, Bloomberg

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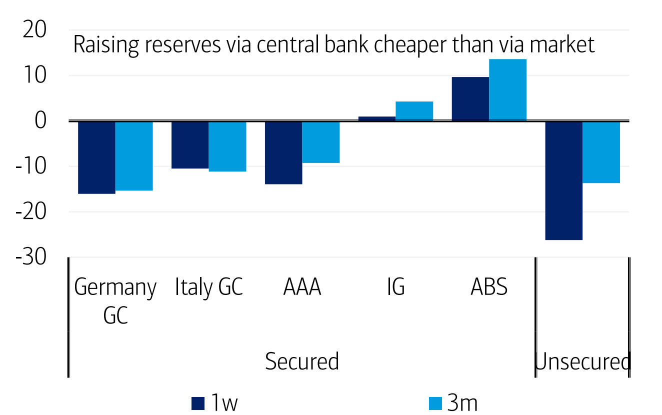
Exhibit 25: Raising reserves in market vs central bank, bp
Cost of raising reserves generally cheaper in the market still



Source: BofA Global Research, Bloomberg

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Exhibit 26: BofA 3M Euribor forecasts, %
We adjust our forecasts to account for our latest ECB profile

	Q2 25	Q3 25	YE 25	Q1 26	Q2 26	YE 26
3M Euribor (new), %	1.90	1.65	1.70	1.70	1.70	2.00
Previous 3M Euribor forecasts, %	1.90	1.65	1.70	1.70	1.70	1.75

Source: BofA Global Research

BofA GLOBAL RESEARCH

Inflation – US

Mark Capleton
MLI (UK)

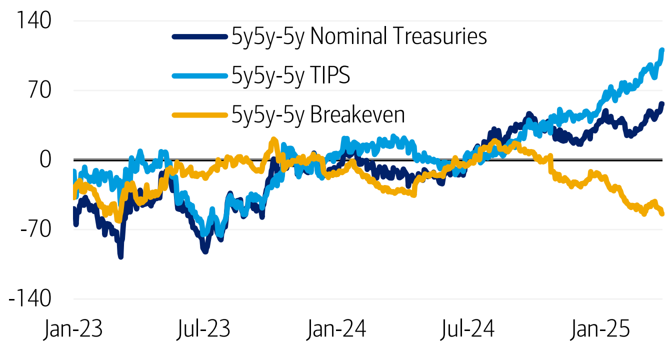
- Combining a 5y5y breakeven long with a 5y5y received position in TIPS – a classic "beta breakeven" – offers entry terms not sustained since early 2000s.

This is a short summary of an article in the latest Inflation Strategist.

A better beta

The classic interpretation of stagflation as a force for lower real yields and higher inflation expectations is something that registers in the composition of 1y nominal rates but is completely at odds with pricing as you move further forward along the curve.

Exhibit 27: Nominal 5y5y USTs have a striking roll-down composition
5y5y nominal roll-down hides wildly opposing real and inflation components



Source: : BofA Global Research, Bloomberg

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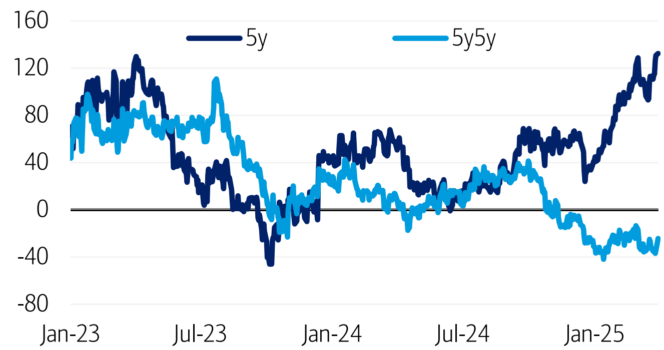
Exhibit 28: "Beta breakevens" for 5y TIPS at a high while 5y5y at a low
Nominal UST yields less twice the TIPS real yields, bp



Source: BofA Global Research, Bloomberg

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We regard both 5y5y TIPS real yields (228bp) and 5y5y breakevens (212bp) as cheap.

Exhibit 29: Implementing a forward breakeven expression using TIPS and nominal USTs
Cash-for-cash lengthening in TIPS versus cash-for-cash shortening in USTs, scaled to give forward real and forward nominal rate positions equal duration risk.

Face	Issue	Coupon	Maturity	Yield	CashDP	$Value	Mod. Dn.	Risk
-100.00	TII	0.125%	15/01/2030	1.24%	117.210	-117.21	4.738	-5.553
111.78	TII	2.125%	15/01/2035	1.72%	104.854	117.21	8.789	10.302
	Forward real yield:			2.28%		0.00		4.75
134.45	T	4.000%	28/02/2030	3.71%	101.669	136.70	4.408	6.025
-129.51	T	4.625%	15/02/2035	4.01%	105.551	-136.70	7.881	-10.773
	Forward nominal yield:			4.40%		0.00		-4.75
	Forward breakeven:			212	bp	(Fwd UST yield - Fwd TIPS real yield)		
	Beta-weighted forward breakeven:			-16	bp	(Fwd UST yield - 2* Fwd TIPS real yield)		

Source: BofA Global Research, Bloomberg

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We would put both trades together as a beta breakeven, monitoring the trade as the 5y5y forward nominal yield less twice the 5y5y real yield, using the TIPS and UST bond pairings shown in Exhibit 29. Exhibit 28 indicates that roll-down should be strongly supportive. In the above-linked Inflation Strategist, we recommended entering this trade at -14bp (currently -16bp), setting a target of +40bp and a stop-loss at -50bp. Risk to the trade is a severe bond market sell-off.

Inflation – EU

Mark Capleton
MLI (UK)

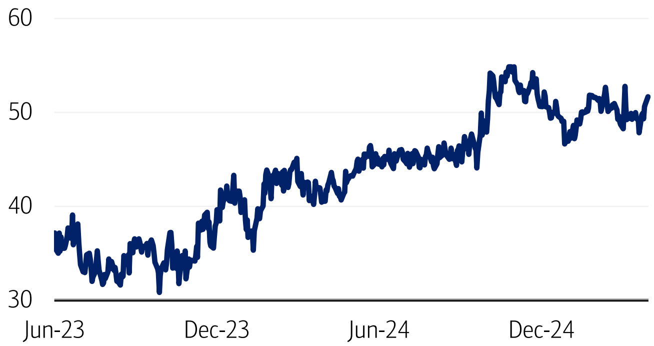
- Bear steepening in the BTPei 2033/39 spread has catapulted the forward yield between the issues to 3.58%. We would receive that rate.

This is a short summary of an article in the latest Inflation Strategist.

Our favourite Italian linker

We have discussed the merits of BTPei 2039s on asset swap before. It now looks attractive on real yield. Bear steepening between BTPei 2033s and '39s has catapulted the forward real yield in between to 3.58%, standing out on the curve (Exhibit 32),

Exhibit 30: BTPei 2039s towards the cheap end of the range vs 2033s...
Z-spread difference between BTPei 2033 and BTPei 2039, bp.



Source: BofA Global Research, Bloomberg

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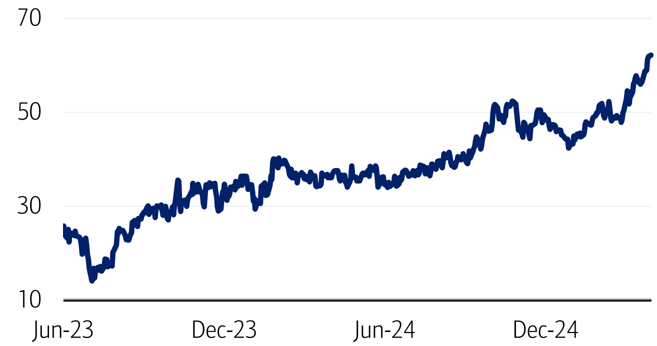
Exhibit 31: ... but BTPei 33s/39s yield curve steepening more profound
Real yield spread difference between BTPei 2033 and BTPei 2039, bp.



Source: BofA Global Research, Bloomberg

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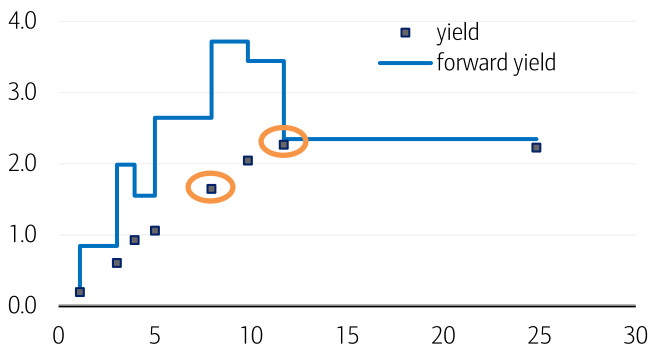
This is well above the range for the past 16 months (Exhibit 33):

Exhibit 32: Forward yield between 33s and 39s (circled) now at 3.58%
Real yields vs duration for May maturity BTPei issues, %



Source: BofA Global Research, Bloomberg

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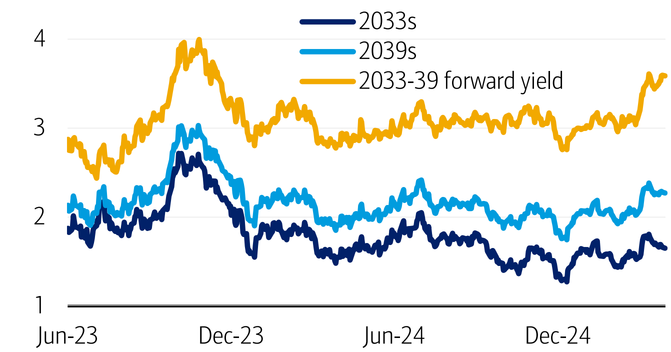
Exhibit 33: Bear steepening lifts 2033-39 forward yield to 16mth high
BTPei 2033 & 2039 real yields, together with forward yield in between, %



Source: BofA Global Research, Bloomberg

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In nominals, we have a constructive view of Euro duration. In linkers, this BTPei forward yield would now be our preferred outright bullish call. We recommend receiving the forward real yield between BTPei 2033 and BTPei 2039, currently 358bp, setting a target of 300bp and stop-loss at 400bp. Risk to the trade is a material cheapening of Italy on a spread to core Euro.

Technicals

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The following is an excerpt from the Technical Advantage: Rocky times 03 April 2025 Please see this report for all the charts and detail.

US 10Y Yield: Head & shoulders top confirmed

A larger top has indeed materialized and a downtrend in 10Y yield remains. Buy dips / be long for decline to 3.86%, 3.70%, possibly 3.45% which are the head and shoulder top measured move targets. Ideally yield remains below the 200d SMA at 4.22%. The pattern would be invalidated if yield rose above 4.40% (right shoulder high). Medium-term wave (C) of II down increases downside risk for 10Y yield.

Chart 1: US 10Y Yield – Daily chart (G691)

Yield support: 3.99%, 3.86%, 3.70%, 3.60%, 3.45%, 3.22%, 3.00%   Yield resistance: 4.10%, 4.22%, 4.40%, 4.66%.

Buy dips / be long for decline to 3.86%, 3.70%, possibly 3.45% which are the head and shoulder top measured move targets. Ideally yield remains below the 200d SMA at 4.22%. The pattern would be invalidated if yield rose above 4.40% (right shoulder high).

Source: BofA Global Research, Bloomberg, DeMark Analytics LLC

BofA GLOBAL RESEARCH

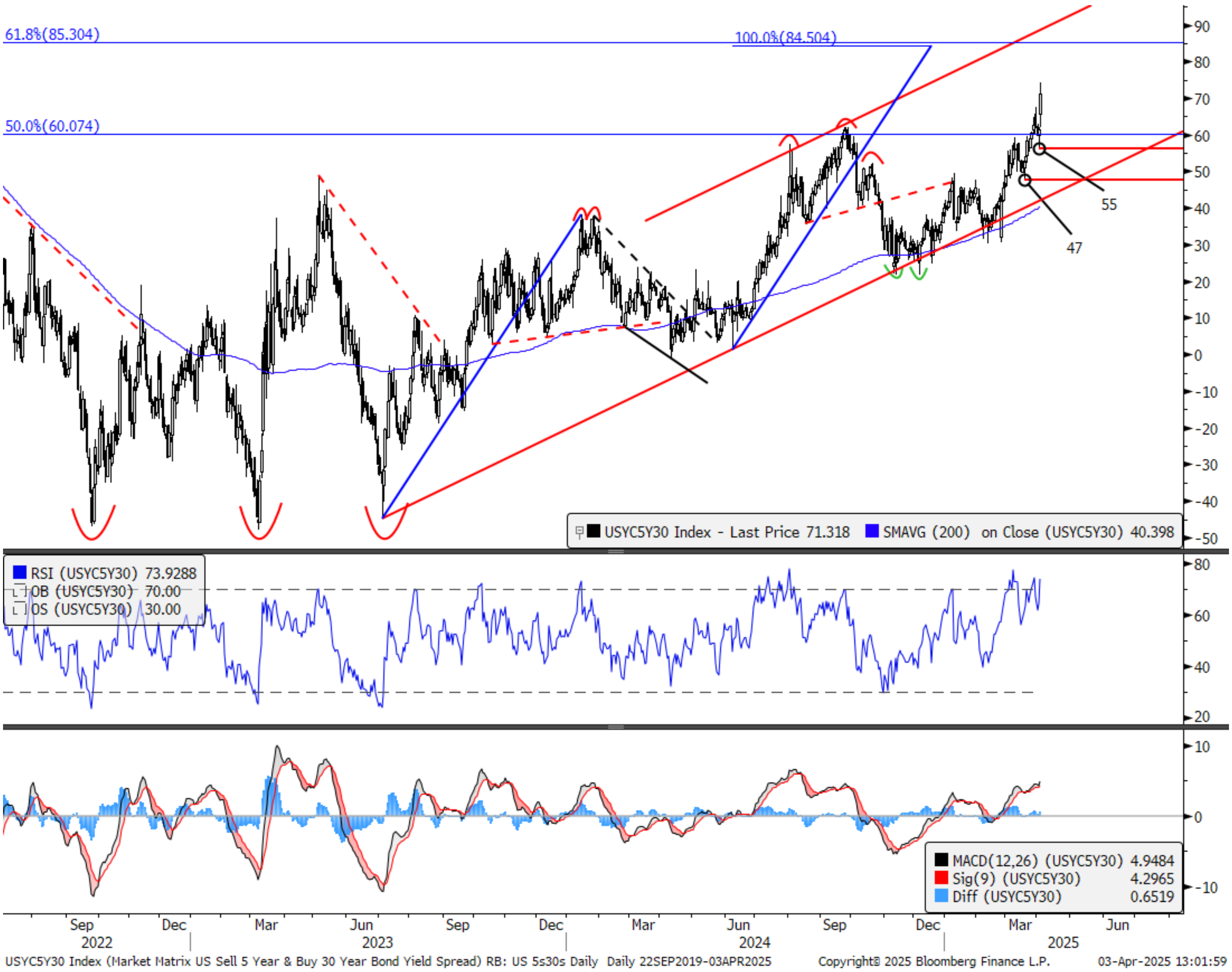
US 5s30s: Raise trailing stop, again, to 55bp

Our top conviction in 2025 has been a steeper 5s30s curve

Our top 2025 year ahead trade was a 5s30s steepener. We remain of the view that the curve steepens over the medium-term. With our first target of 60bp reached, we previously raised our stop to 45bps. We raise our stop again to 55bps (The April 2 intrasession low) as we look up to 80-85bps. (Refer to report: Technical Advantage: Liberating Levels 27 March 2025)

Chart 2: US 5s30s – Daily chart (G 697)

Support: 60bps, 47bps, 40bps, 31bps. Resistance: 75, 85, 100



Source: BofA Global Research, Bloomberg

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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
Europe	Receive BTPei 2033-39 fwd yield	1-Apr-25	358	300	400	358	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
	Long 15y OAT May-42	21-Mar-25	3.84	3.5	4.05	3.79	Long duration + a tactical bullish view on FR	FR political risks, larger long end EGB supply
	Receiving 6m1y EUR vs CHF	14-Mar-25	176bp	130bp	200bp	175bp	Continued ECB easing and SNB pause	Negative SNB policy rate
	US-Euro 2y3y inflation widener	7-Mar-25	28bp	50bp	15bp	35bp	Inflation view; roll-down	US recessionary threat
	BTPei 2039 iota narrower	7-Mar-25	25.4	17.0	30.0	22.1	Index events	Heavy BTPei 2039 supply
	6m5y 1x1.5 rec	5-Feb-25	0bp	14bp	-10bp	0.5bp	Repricing of ECB terminal lower	Rally beyond downside breakeven
	EUR 3m2y payer fly	16-Jan-25	12.4	35	2	0.6	Hedge against front-end sell-off due to inflation	Downside surprises in inflation
	Receive Dec ECB €str	2-Jan-25	1.77	1.3	2.18	1.74	ECB to cut Depo to 1.5%	Upside surprises in inflation prints
	Short 1y1y vs 1y10y vol	24-Nov-24	6.5bp	20bp	-10bp	19bp	Underperformance of left side on dovish ECB	Hawkish policy shift
	Long 30y Bunds vs Netherlands	24-Nov-24	14.5	25	8	11	Fade the cheapness of GE long-end	Change in German constitution
	Pay 1y1y Euribor-€str basis	24-Nov-24	21.5	30	17	22	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	23bp	Lower ECB terminal rate, without negative carry	Better than expected EUR data
	Long 5y Greece vs Portugal	19-Nov-23	42	0	65	12	Reduced supply in Greece, increased in Portugal	General sharp risk-off, high GR supply
UK	Receive UKTi 2036/'42 fwd real yield	28-Feb-25	267	200	300	287	Bullish call; roll-down	Heavy duration supply in FY25-26
	Long G vs. WN invoice spreads	28-Feb-25	13.9	30	5	21	Differing outlook on de-regs, supply & QT	Broad market risk-off
	Long UKT 0 1/8% 2028 vs. UKT 4 3/8% 2028 on ASW (on z-spd)	24-Jan-25	-29	-40	-24	-29	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	20	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	17.6	Expect forward flattening	Illiquid conditions
	Short Sonia 3s5s7s (pay 5s)	05-Sep-24	-12	10	-21	-3.9	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	-25	Historical extreme spread	Poor nominal auction demand
US	M6M7 SOFR curve steepener	3-Apr-25	1bp	30bp	-20	1bp	Position for rapid Fed cuts if hard data weakens	Fed cuts later & slower + dovish new Fed chair
	TIPS 5y5y beta-breakeven long	1-Apr-25	-14	40	-50	-16	Attractive entry and roll-down terms	Severe bond sell-off
	6m5y payer ladder	7-Mar-25	0bp	25bp	-10bp	3bp	Repricing of Fed policy through higher	Selloff beyond downside BE
	6m1y rec spd	21-Jan-25	11bp	25bp	-11bp	15bp	Higher slowdown likelihoods	Limited to upfront premium
	3m2y receiver spd vs 3m2y payers	21-Jan-25	0bp	30bp	10bp	13bp	Higher slowdown likelihoods	Selloff on American exceptionalism
	Sell 1m10y vs 6m10y receiver	21-Jan-25	0bp	20bp	-10bp	11bp	Higher slowdown likelihoods	More significant rally near vs medium term
	1y1y receiver 1x1.5	12-Dec-24	9bp	60bp	-15bp	-6bp	Hedging slowdown scenarios	Aggressive hard landing scenarios
	1y fwd 5s30s bear steepener	24-Nov-24	0bp	30bp	-15bp	13bp	Term premium build & reacceleration scenarios	Bear flattening on hawkish Fed
	1y10y payer spd vs 3m10y payer	24-Nov-24	0bp	30bp	-15bp	-2bp	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	0.29%	Long vol of vol	Lower vol of vol
	Long 5y30y vol vs 2y30y vol	24-Nov-24	+5.5bp vega	15bp vega	-10bp vega	1bp	Vega supported bearish tail scenarios	Outperformance of intermediate vs long vega
	1y4y inflation swap long	14-Nov-24	2.56	3.0	2.25	2.38	Higher inflation on tariffs, fiscal, immigration	Increase in harder landing risk
	Mar/Sep SOFR/FF '25 curve flattener	13-Sep-24	0 bps	-3.5bp	+2bp	-3bp	Mar will widen w/ bill paydowns & TGA decline.	early debt limit resolution or SOFR spike
	2y forward, 3s28s inf steepener	4-Sept-24	0bps	30bps	-15bps	-4bp	Reversion to historical inflation curve structure	Higher inflation expected in 2-5y vs longer term
	1y fwd 2s10s floor ladder	28-May-24	-20bp	-40bp	-60bp	9bp	Hedging hawkish fed scenarios	Unlimited downside in Inversion > -80bp
	5s30s steepener	6-Oct-23	20	90	-20	60	Lower carry hurdle & more balanced pricing cuts	Fed needs to hike more than priced
	3y1y rtr spd a/-50bp	6-Nov-23	pay 23bp	50bp	-23bp	0bp	Soft landing scenario	Capped to premium
	Long 1y10y rtp spd vs 4m10y rtp	3-Jul-24	0bp	20bp	-10bp	-7bp	Bearish election risks medium-term	Frontloaded bearish risks
APAC	10s20s JGB curve flattener	25-Mar-25	73	60	79.5	70.2	BoJ's QT would raise 10yr yields while we expect lifers' demand for superlongs to improve	Increased fiscal risk premium and delayed rate hikes by BoJ
	AU 6m3y receiver 1x1.5	27-Mar-25	4bp	30bp	-15bp	4bp	Dovish repricing of RBA terminal	Hawkish RBA shift
	Buy AU 3y (YM), pay Aug '25 RBA	05-Mar-25	-8bp	-50bp	10bp	-2bp	YM trading cheap and global risks are rising	Sell off in global duration
	2yr fwd 2s10s OIS flatteners	19-Feb-25	40	25	47.5	41.7	BoJ is likely to continue its policy normalization	Global economy slowdown
	JP 1y2y payers spd vs 1y10y payers	24-Nov-24	0bp	40bp	-15bp	1bp	Bear flattening of the curve	Lagging BoJ & curve bear steepening
	JP 1y5y payer ladders	24-Nov-24	0bp	28bp	-10bp	1bp	Repricing of policy trough	Underperformance vs. downside b/e
	KR 1y fwd 2s10s bull steepeners	24-Nov-24	0bp	25bp	-10bp	2bp	Dovish BoK and bull steepening	Hawkish shift for BoK
	KR 1y5y receiver spd	24-Nov-24	-16bp	34bp	-15bp	6bp	Repricing of policy trough lower	Capped to upfront premium

Source: BofA Global Research

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

	Closed trades	Entry date	Entry level	Target	Stop	Close date	Level closed
Europe	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	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
	Long SFIZ4 vs. short SFIM4	03-May-24	33.5	50	20	09-May-24	44.5
	Pay Jun'24 BoE-dated Sonia vs Jun'24 ECB-dated Estr	22-Mar-24	132	153	122	11-Apr-24	139.5
	Sell Dec'24 BoE MPC-dated Sonia vs.BoC CORRA OIS	06-Feb-24	14	75	-25	11-Mar-24	33
US	Pay June FOMC OIS swap	26-Mar-25	4.15%	4.25%	4.09%	3-Apr-25	4.07%
	1y10y payer ladders	28-May-24	0bp	37bp	-20bp	27-Mar-25	5bp
	6m5y payer ladder	24-Nov-24	0bp	27bp	-15bp	27-Mar-25	7bp

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

	Closed trades	Entry date	Entry level	Target	Stop	Close date	Level closed
	M5/Z6 flatteners	4-Feb-25	-18	-50	10	3-Mar-25	-48.5
	6m1y rtp ladders	9-Aug-24	0	25	-20	9-Feb-25	16
	Short 30y spreads (May '54)	20-Jun-24	-80	-105	-65	06-Feb-25	-80
	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
	1y2y risk reversal	24-Nov-24	0	30	-15	9-Nov-24	15
	5s10s TII steepener	19-Nov-23	-6	50	-40	14-Nov-24	15
	Long 5y30y vol vs 2y30y vol	20-Nov-22	+14bp vega	15bp vega	-10bp vega	24-Nov-24	21bp
	1y fwd 2s10s cap spd a/+50bp	6-Nov-23	20bp	30bp	-20	6-Nov-24	18bp
	Short 1y1y vs 1y10y vol	6-Nov-23	Rec 26bp	30bp	-20	14-Nov-24	27bp
	Buy Dec TY basis	22-Oct-24	0 ticks	2 ticks	-0.75 ticks	06-Nov-24	1.5 ticks
	SOFR M5-Z7 steepener	20-Sep-24	0	50	-30	4-Oct-24	-30
	Long Mar SOFR/FF	8-May-24	-1.5bp	2bp	-3.5bp	15-Jul-24	-3.5
	2-10 CAD steepener vs 2-10 US flattener	4-Jun-24	-17.2	15	-40	13-Jun-24	-10
	Short 1y1y inflation swap	13-Jun-24	2.39	1.9	2.7	26-Aug-24	2.28
	6m10y rtp ladders	26-Mar-24	0bp	28bp	-20bp	26-Sep-24	0bp
	Long 30y BE	26-Mar-24	2.28	2.75	2.05	5-Aug-24	2.05
	Oct / Nov SOFR/FF curve steepener	9-Nov-23	-0.5bp	+2.5bp	-2bp	8-May-24	-0,5bp
	2y fwd 2s10s cap	8-Jul-22	45	150	-50	8-Jul-24	-15bp
	SOFR/FF widener in 1y1y vs 2y1y	9-Nov-23	-0.75bp	-2.5bp	+2bp	8-May-24	-1.05bp
	Long 5Y nominal	18-Apr-24	4.62%	4%	-18bp	9-May-24	4.46%
	M5-M7 SOFR Steepener	13-Dec-23	-3bp	75bp	-40bp	6-Mar-24	-41bp
	Long 2y inflation swap	22-Jan 24	2.20	2.60	1.90	21-Mar-24	2.55
	6m2y rtp spd vs 6m2y otm rtr	19-Nov-23	0bp	55bp	-25bp	2 May 24	41bp
	6m10 rtp ladders a/+32bp/+64bp	19-Nov-23	0bp	32bp	-20bp	21-March-24	15bp
	Long 2y CA vs short 2y US	19-Nov-23	-39bp	-70bp	-15	14-Mar-24	-47
	1y10y receiver spreads	9-Mar-23	-18bp	32bp	-18bp	9-Mar-24	-18bp
APAC	AU 1y1y risk reversal	24-Nov-24	0bp	40bp	-20bp	27-Mar-25	23bp
	AU Long 1y2y AU vs US receivers	24-Nov-24	0bp	40bp	-20bp	27-Mar-25	15.5bp
	Mar/Sep '25 BOB steepener	3-Oct-24	2bp	6bp	0bp	18-Mar-25	4bp
	Short 5yr JGB ASW	24-Jan-25	0	8	-5	06-Mar-25	8
	Receive Feb '25/ Pay Apr '25 RBA s	29-Jan-25	-11bps	0bp	-17bp	21-Feb-25	-4bp
	AU pay 5y5y 6s3s	19-Nov-23	4.4bps	9bp	2bp	05-Feb-25	8.45bp
	5yr20yr JGB curve flatteners	9-Jan-25	114	104	119	17-Jan-25	104
	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	4.37	4.29	4.31	4.32	4.33	4.34	4.35
	2y T-Note	3.70	4.00	4.00	4.00	4.05	4.10	4.25
	5y T-Note	3.74	4.10	4.15	4.20	4.25	4.30	4.40
	10y T-Note	**4.04**	**4.30**	**4.40**	**4.50**	**4.55**	**4.60**	**4.75**
	30y T-Bond	4.48	4.70	4.75	4.80	4.85	4.90	5.00
	2y Swap	3.72	3.84	3.82	3.80	3.85	3.90	4.05
	5y Swap	3.63	3.80	3.83	3.86	3.91	3.96	4.06
	10y Swap	**3.73**	**3.85**	**3.93**	**4.01**	**4.04**	**4.07**	**4.22**
	30y Swap	3.75	3.90	3.93	3.96	3.98	4.00	4.07
Germany	3m Euribor	2.35	1.90	1.65	1.70	1.70	1.70	2.00
	2y BKO	1.95	2.10	1.85	1.95	2.05		2.20
	5y OBL	2.23	2.40	2.20	2.25	2.35		2.45
	10y DBR	**2.65**	**2.75**	**2.50**	**2.60**	**2.65**		**2.75**
	30y DBR	3.04	3.05	2.95	3.05	3.10		3.25
	2y Euribor Swap	2.09	2.20	1.95	2.00	2.10		2.20
	5y Euribor Swap	2.29	2.40	2.20	2.25	2.35		2.45
	10y Euribor Swap	**2.56**	**2.60**	**2.40**	**2.50**	**2.55**		**2.65**
	30y Euribor Swap	2.54	2.50	2.45	2.60	2.70		2.90
Japan	TONA	0.48	0.73	0.73	0.98	0.98	0.98	1.23
	2y JGB	0.77	1.05	1.08	1.30	1.30	1.40	1.65
	5y JGB	1.00	1.25	1.28	1.55	1.55	1.65	1.90
	10y JGB	**1.37**	**1.50**	**1.50**	**1.65**	**1.65**	**1.75**	**2.00**
	30y JGB	2.42	2.55	2.55	2.60	2.60	2.63	2.65
	2y Swap	0.75	1.03	1.05	1.28	1.28	1.38	1.63
	5y Swap	0.90	1.20	1.23	1.45	1.45	1.55	1.80
	10y Swap	**1.15**	**1.35**	**1.38**	**1.53**	**1.53**	**1.63**	**1.88**
U.K.	3m Sonia	4.32	4.10	3.85	3.60	3.50	3.50	3.50
	2y UKT	4.01	4.00	3.70	3.55	3.55	3.55	3.55
	5y UKT	4.09	4.35	4.30	4.30	4.30	4.30	4.30
	10y UKT	**4.52**	**4.75**	**4.70**	**4.65**	**4.65**	**4.65**	**4.65**
	30y UKT	5.18	5.30	5.30	5.30	5.30	5.30	5.30
	2y Sonia Swap	3.89	3.85	3.60	3.50	3.50	3.50	3.50
	5y Sonia Swap	3.83	4.10	4.10	4.10	4.10	4.10	4.10
	10y Sonia Swap	**4.01**	**4.25**	**4.25**	**4.25**	**4.25**	**4.25**	**4.25**
Australia	3m BBSW	4.13	3.85	3.85	3.60	3.60	3.60	3.60
	2y ACGB	3.53	3.50	3.25	3.00	3.05	3.10	3.50
	5y ACGB	3.71	3.60	3.40	3.20	3.25	3.30	3.40
	10y ACGB	**4.26**	**4.05**	**3.90**	**3.75**	**3.80**	**3.85**	**4.00**
	3y Swap	3.43	3.50	3.25	3.00	3.05	3.10	3.50
	10y Swap	**4.13**	**4.05**	**3.90**	**3.75**	**3.80**	**3.85**	**4.00**
Canada	2y Govt	2.41	2.50	2.50	2.50	2.50	2.50	2.50
	5y Govt	2.55	2.65	2.70	2.75	2.80	2.85	2.95
	10y Govt	**2.93**	**3.00**	**3.05**	**3.10**	**3.15**	**3.20**	**3.30**
	2y Swap	2.25	2.37	2.37	2.37	2.37	2.37	2.37
	5y Swap	2.33	2.43	2.48	2.53	2.58	2.63	2.73
	10y Swap	**2.68**	**2.74**	**2.79**	**2.84**	**2.89**	**2.94**	**3.04**

Source: BofA Global Research. US swaps vs overnight Sofr, EUR swaps vs 6M Euribor, Japan swaps vs Tona, GBP swaps vs Sonia, AUD swaps vs BBSW, CAD swaps vs CORRA OIS

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Appendix: Common acronyms

Exhibit 37: Common acronyms/abbreviations

This list is subject to change

Acronym/Abbreviation	Definition
1H	First Half
2H	Second Half
1Q / Q1	First Quarter
2Q / Q2	Second Quarter
3Q / Q3	Third Quarter
4Q / Q4	Fourth Quarter
ann	annualized
APF	Asset Purchase Facility
APP	Asset Purchase Programme
AS	Austria
BdF	Banque de France (Bank of France)
BE	Belgium
BEA	Bureau of Economic Analysis
BLS	Bank Lending Survey
BoE	Bank of England
BoI	Banca d'Italia (Bank of Italy)
BoJ	Bank of Japan
BoS	Banco de España (Bank of Spain)
bp	basis point
BTP	Buoni Poliennali del Tesoro
Buba	Bundesbank
c	circa
CA	Current Account
CB	Central Bank
CPI	Consumer Price Index
CSPP	Corporate Sector Purchase Programme
d	day
GE	Germany
DMO	Debt Management Office
DS	Debt sustainability
DXY	US Dollar Index
EA	Euro area
EC	European Commission
ECB	European Central Bank
ECJ	European Court of Justice
EFSF	European Financial Stability Facility
EGB	European Government Bond
EIB	European Investment Bank
EMOT	Economic Mood Tracker
EP	European Parliament
SP	Spain
ESI	Economic Sentiment Indicator
ESM	European Stability Mechanism
EU	European Union
f	final print
FR	France
GC	Governing Council
GDP	Gross Domestic Product
GNI	Gross National Income
GR	Greece
HICP	Harmonised Index of Consumer Prices
HMT	His Majesty's Treasury
IMF	International Monetary Fund
INSEE	National Institute of Statistics and Economic Studies
IP	Industrial Production
IR	Ireland
PCA	Principal Component Analysis
IG	Investment Grade
IT	Italy
NADEF	Nota Aggiornamento Documento Economia e Finanza

Acronym/Abbreviation	Definition
lhs/LS	left-hand side
m	month
MA	Moving Average
MACD	Moving average convergence/divergence
MBM	Meeting-by-meeting
mom	month-on-month
MPC	Monetary Policy Committee
MWh	Megawatt-hour
NGEU	NextGenerationEU
NE	Netherlands
NRRP	National Recovery and Resilience Plan
NSA	Non-seasonally Adjusted
OAT	Obligations assimilables du Trésor
OBR	Office for Budget Responsibility
OECD	Organisation for Economic Co-operation and Development
ONS	Office for National Statistics
p	preliminary/flash print
PBoC	People's Bank of China
PEPP	Pandemic Emergency Purchase Programme
PMI	Purchasing Managers' Index
PMRR	Preferred Minimum Range of Reserves
PSPP	Public Sector Purchase Programme
PT	Portugal
QE	Quantitative Easing
qoq	quarter-on-quarter
QT	Quantitative Tightening
RBA	Reserve Bank of Australia
RBNZ	Reserve Bank of New Zealand
rhs/RS	right-hand side
RPI	Retail Price Index
RRF	Recovery and Resilience Facility
RSI	Relative Strength Index
SA	Seasonally Adjusted
SAFE	Survey on the access to finance of enterprises
SMA	Survey of Monetary Analysts / Simple moving average
SNB	Swiss National Bank
SPF	Survey of Professional Forecasters
STR	Short Term Repo
SURE	Support to mitigate Unemployment Risks in an Emergency
S&P	Standard & Poor's
TFSME	Term Funding Scheme with additional incentives for SMEs
TLTRO	Targeted Longer-term Refinancing Operations
TPI	Transmission Protection Instrument
TTF	Title Transfer Facility
UK	United Kingdom
UST	US Treasury yield
WDA	Work-day Adjusted
y	year
yoy	year-on-year
ytd	year-to-date
DV01	Dollar value of a one basis point change in yield
WAM	Weighted Average Maturity

Source: BofA Global Research

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