

NEWSLETTER MAY 2017

FIXED INCOME UPDATE - GLOBAL BOND MARKETS

Analysts believe that demographical factors are increasingly influencing the direction of fixed income markets. Even after the fed raised rates this past quarter, along with a series of rate increase expectations, bond yields have reversed and headed lower. The 10-year U.S. Treasury Bond yield fell in April to 2.29%, levels last reached in November 2016.



	Over night	Day	Change Week	Month	One month	Three month
US\$ Libor*	0.29875	-0.002	0.004	0.048	0.35125	0.53625
Euro Libor*	0.27500	-0.004	-0.003	-0.004	0.39438	0.63438
£ Libor*	0.55000	0.001	0.003	0.006	0.56594	0.71067
Swiss Fr Libor*	0.01667	-0.002	-0.012	-0.030	0.03667	0.07106
Yen Libor*	0.11750	-0.001	-0.006	-0.030	0.03667	0.07106
Canada Libor*	0.39167	0.042	0.025	0.141	0.141	0.141
Euribor						
3m CDs						

Volume of investment grade bonds has surpassed the volume of high yield bonds for the first time since 2008, suggesting that sentiment about risk factors in the bond markets may be changing.

An exit from any one of the EU member countries is expected to cause additional negative sentiment and market repercussions in European credit markets as the euro becomes that much more susceptible.

Government bonds from Venezuela reached yields in excess of 20%, as the country bristles with political and economic chaos. It is estimated that Venezuela has roughly \$10 billion left in reserves, which is expected to be exhausted fairly soon.

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Sources: Reuters, Bloomberg, U.S. Treasury