



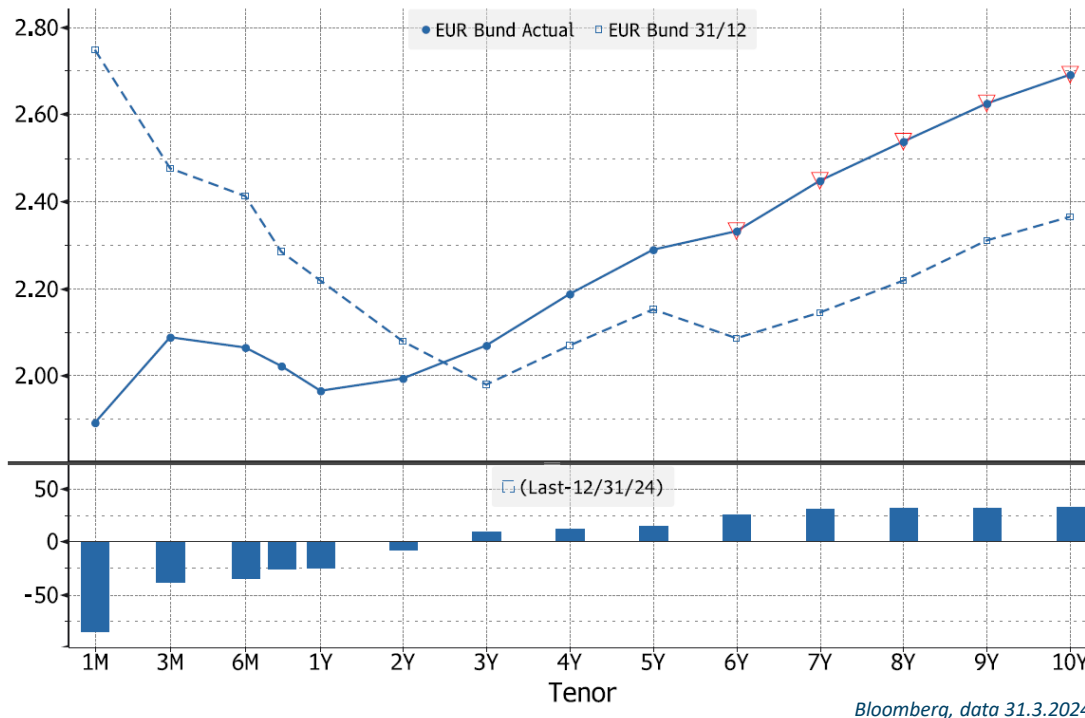
Snapshot.

Germany: Historic Move on Rates

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A ladder strategy to diversify the duration risk within bond portfolios

German Treasury Yield Curves as of 31.12.2024 and 31.03.2025



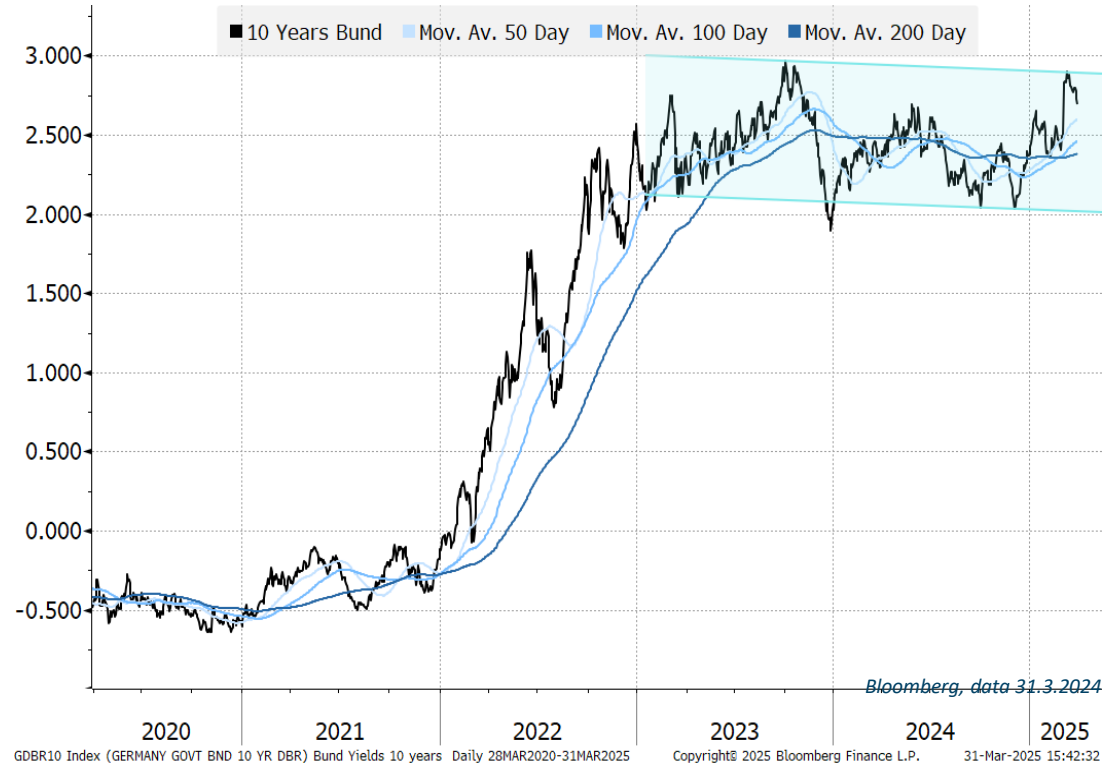
- With ongoing interest rate volatility, the road ahead for the bond market will continue to be bumpy this year. It makes still sense to have an adequate duration diversification in bond portfolios.
- In order to take opportunity of the recent yield curve move, a ladder strategy can be interesting : reinvesting matured bonds into different maturities; i.e short, medium and also a bucket of longer maturities to fix attractive yields going forward.
- Especially with the steepening of the rate curve we have observed since the beginning of the year. After the last sell-off on rates to 2.94% since end of February, 10Y rates have drop again to 2.67%. Yield level we consider as still attractive to fix in the longer run.

Germany: Historic Move on Rates

What is the background?

- The German economy is expected to expand 0.3% in 2025, 1% in 2026 and 1.4% in 2027, according to a 43 economists survey conducted by Bloomberg.
- A risk of a recession happening over the next 12 months is about 50%, according to 11 respondents.
- The German economy is still suffering from some structural problems with national inflation numbers still low.

10 Year German Treasury Yield Evolution



- The chart above shows the Germany 10Y rates have taken a hit since the beginning of December 2024, with a second wave at the beginning of March as investors anticipated a strong increase in State borrowing to fund defense and infrastructure projects.
- Geopolitical developments and strong noise in the market did not help neither.



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