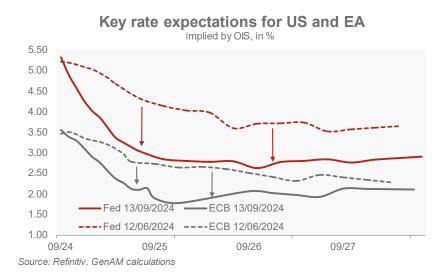


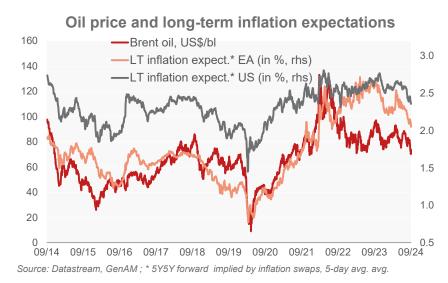
ECB Bond Market Contact Group

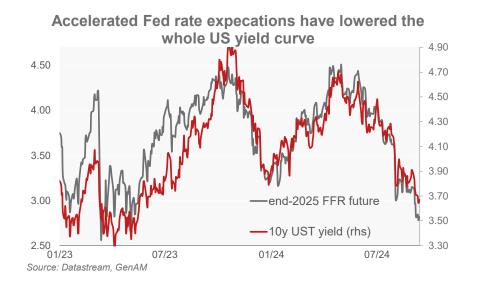
September 2024

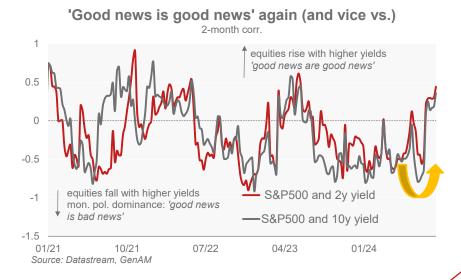
Short term: sharp rate cut expectations leave yields vulnerable to a reversal

Medium term: receding inflation should underpin bonds while (healthy) inverse equity-bonds correlation is back





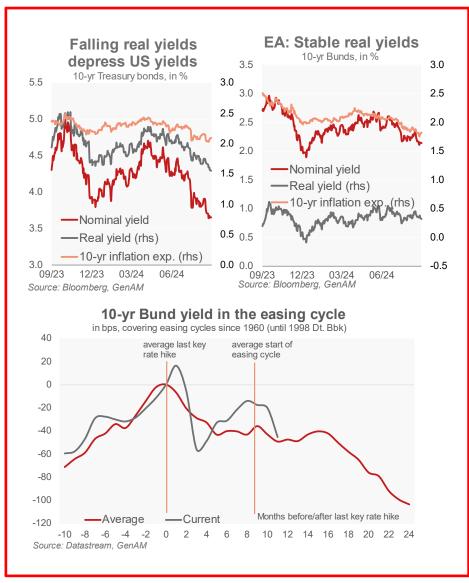


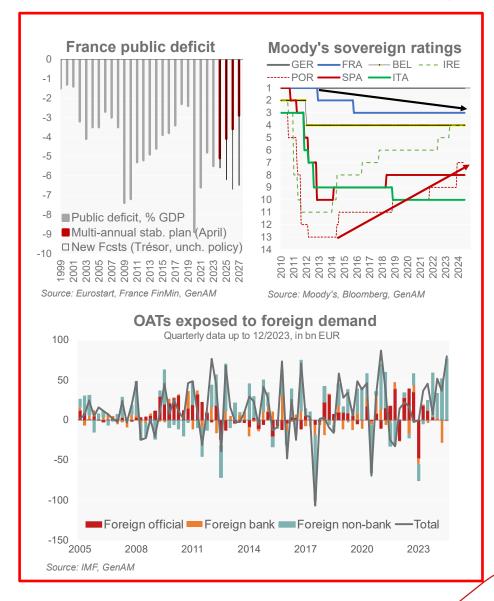




Real and nominal rates

French fiscal challenge



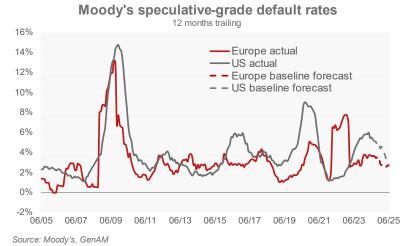


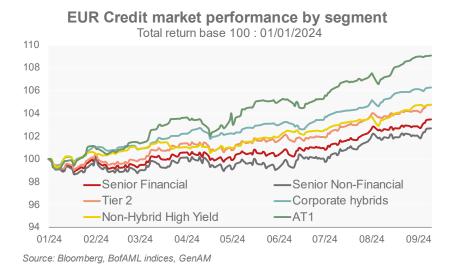


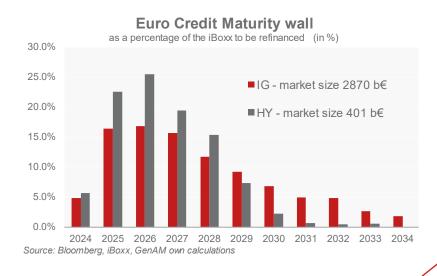
Safe-haven status of core government bonds challenged?

Credit markets a decent alternative as default rates recede











Discussion points

- Markets vs. rate cuts expectations: are markets overpricing the speed and extent of rate cuts by the Fed and ECB?
- **Markets vs. US elections**: what will be the reaction to the possible different outcomes (not only Trump vs Harris but also Blue sweep/Red sweep scenarios)?
- **Bonds vs. swaps**: is the rising discount of **government bonds vs. SOFR/ESTR** reflecting rising fiscal worries? Are there second-round effects of this cheapening that we should be aware of?



Disclaimer

Issued by: Generali Asset Management S.p.A. Società di gestione del risparmio

This document is based on information and opinions which Generali Asset Management S.p.A. Società di gestione del risparmio has obtained from sources within and outside of the Generali Group. While such information is believed to be reliable for the purposes used herein, no representation or warranty, expressed or implied, is made that such information or opinions are accurate or complete. The information, opinions estimates and forecasts expressed in this document are as of the date of this publication and represent only the judgment of Generali Asset Management S.p.A. Società di gestione del risparmio and may be subject to any change without notification. It shall not be considered as an explicit or implicit recommendation of investment strategy or as investment advice. Before subscribing an offer of investment services, each potential client shall be given every document provided by the regulations in force from time to time, documents to be carefully read by the client before making any investment choice. Generali Asset Management S.p.A. Società di gestione del risparmio may have taken or, and may in the future take, investment decisions for the portfolios it manages which are contrary to the views expressed herein. Generali Asset Management S.p. A. Società di gestione del risparmio relieves itself from any responsibility concerning mistakes or omissions and shall not be considered responsible in case of possible damages or losses related to the improper use of the information herein provided. It is recommended to look over the regulation, available on our website <u>www.generali-am.com</u>. Generali Asset Management S.p. A. Società di gestione del risparmio is part of the Generali Group which was established in 1831 in Trieste as Assicurazioni Generali Austro Italiche.

