

The image features a large, stylized red 'S' shape on the left side, partially overlapping a white textured area. The background is a photograph of a woman in a grey top and red leggings walking away in a long, empty hallway with large arched windows. The Momentum Investments logo is in the top left corner.

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Central banks compared to the bond market

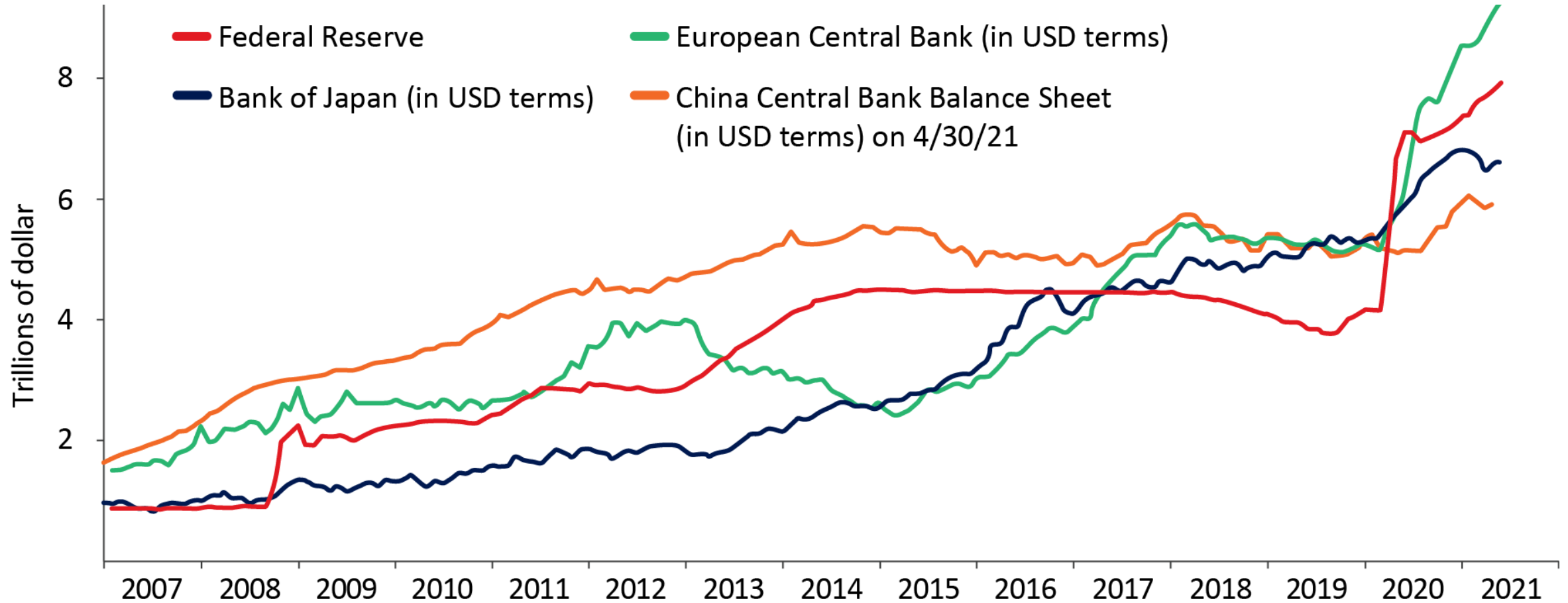
Ian Scott

23/24 August 2021

Central bank balance sheet growth



Major central bank balance sheets

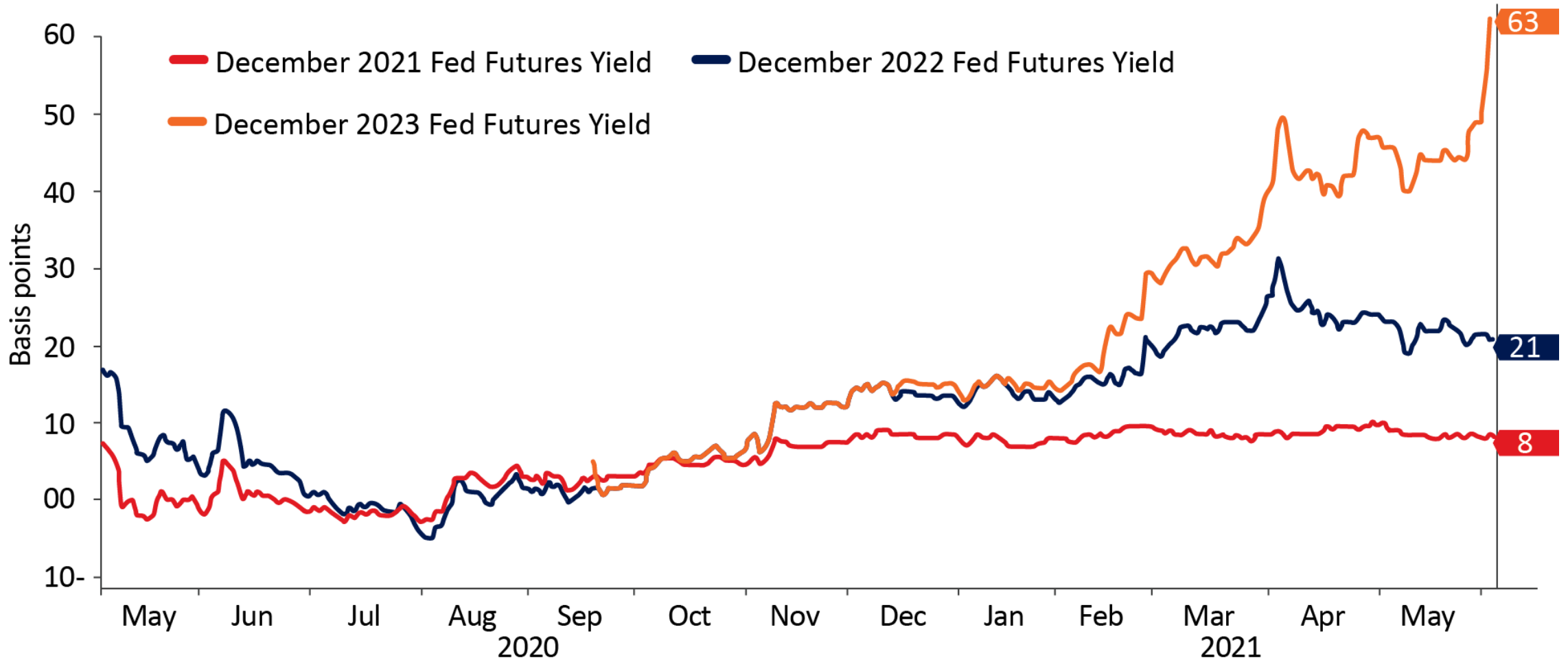


Source: Bloomberg

Futures pricing for Fed hikes in 2023



Fed hikes priced in for 2023



Source: Bloomberg

The Fed compared to the bond market



Dislocation shown in the 5yr5yr forward

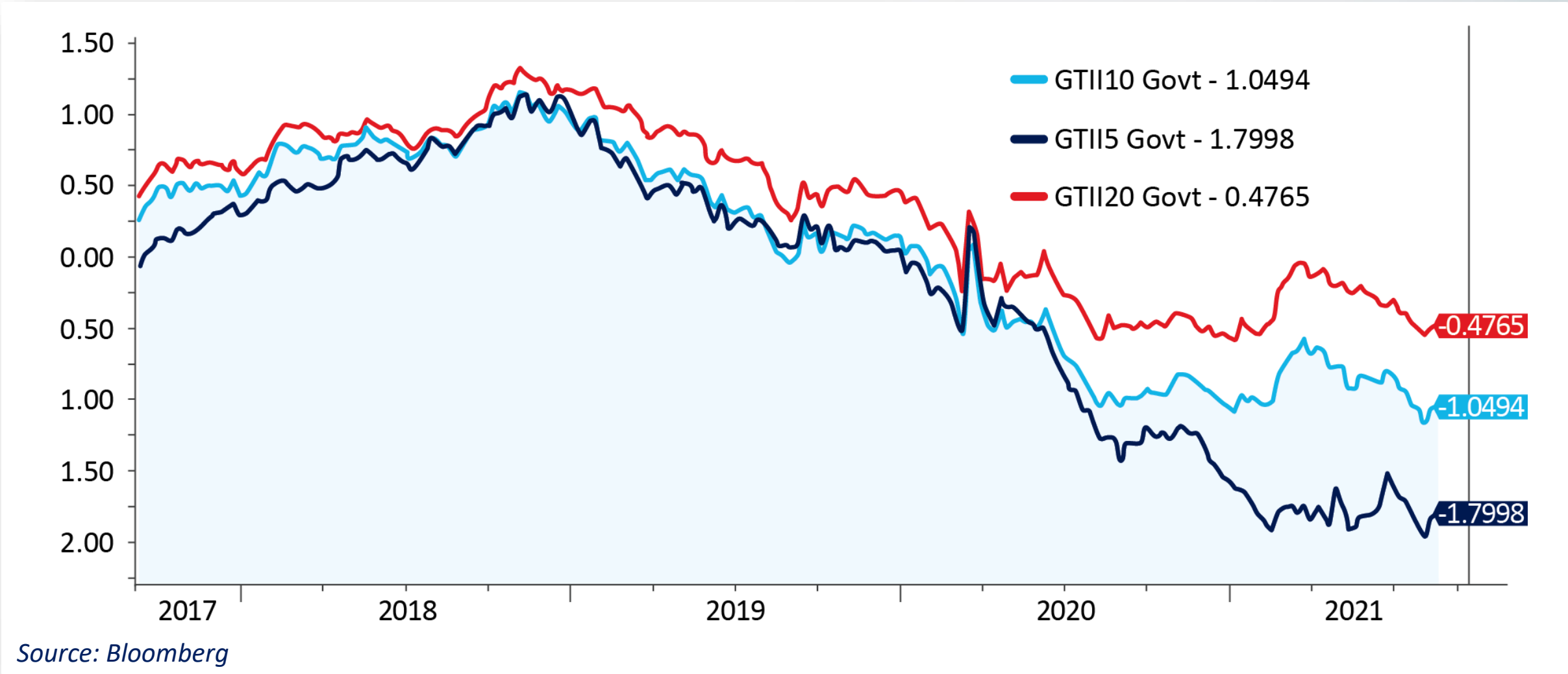


Source: Bloomberg

US TIPS yields



Mid yield to convention

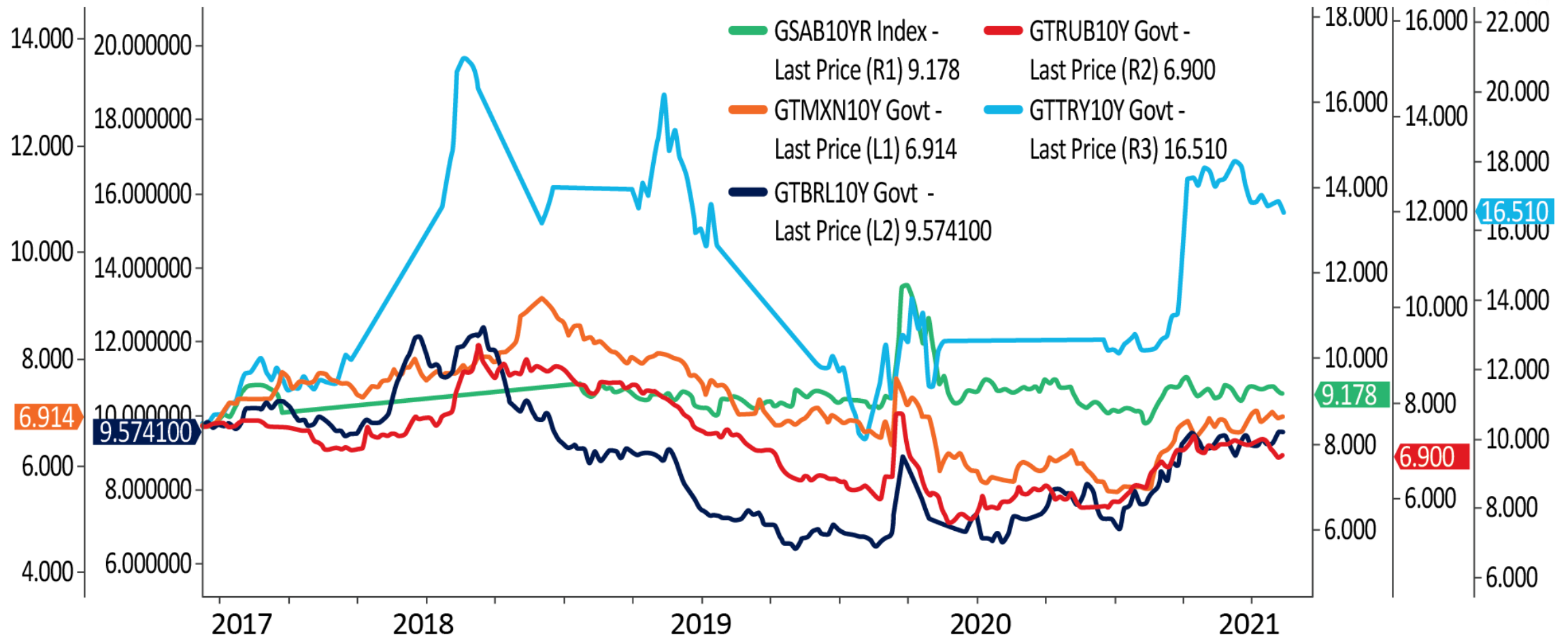


Source: Bloomberg

SA 10-year bond yield



Resilient in a volatile emerging market peer group

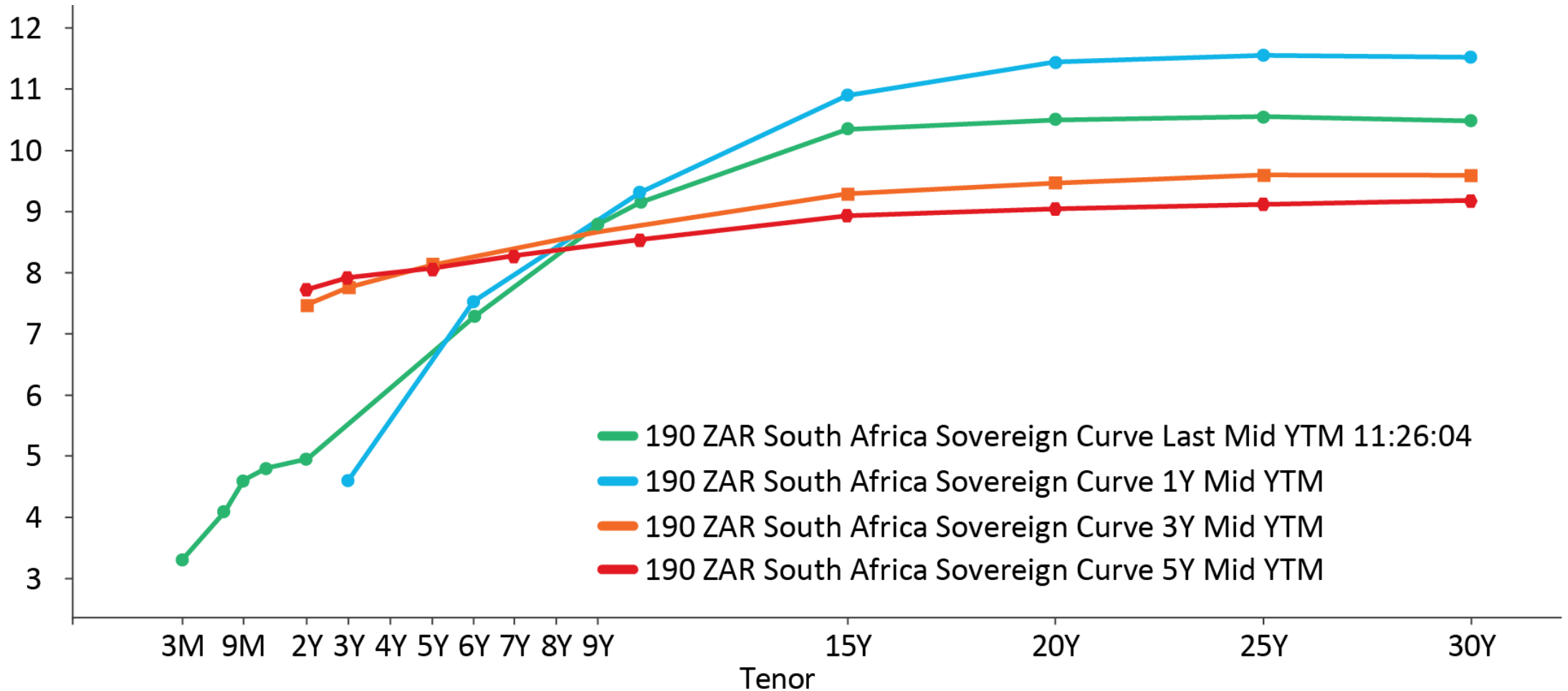


Source: Bloomberg

SA yield curve



Remains steep and attractively priced

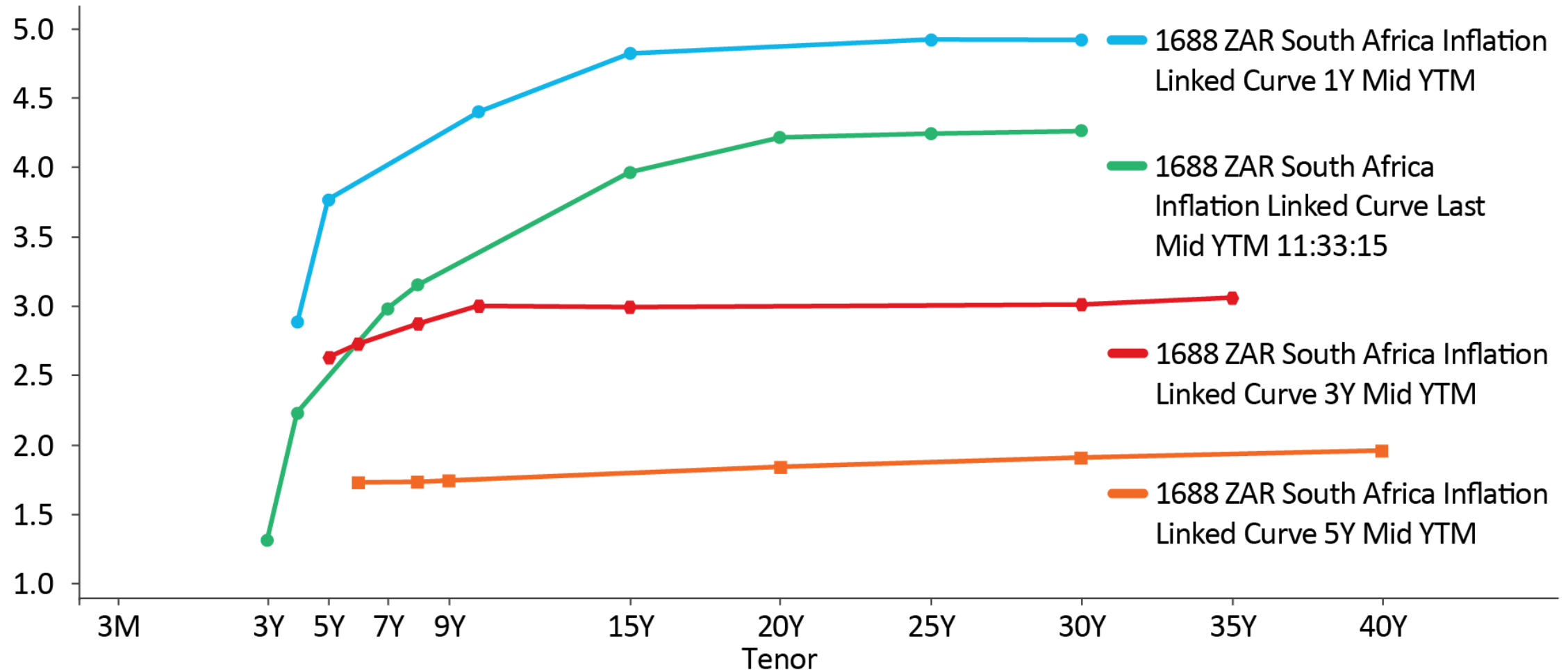


Source: Bloomberg

SA inflation-linked bond curve



Inflation protection at attractive real yields



Source: Bloomberg

Management insight



Expected returns for fixed income

Total returns	One year to three years	Modified duration	Risk to forecast
All Bond Index	7.50% to 9.00%	6.5 years	Government default, EM risk off
Inflation-linked bonds	8.50% to 10.00%	9.2 years	Disinflation, EM risk off
Credit	5.50% to 6.00%	0.5 years	Credit default, spread widening
Cash (NCD)	4.50% to 4.75%	0.25 years	Interest rate spike, bank defaults

Source: Momentum Investments

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