PGIM FIXED INCOME

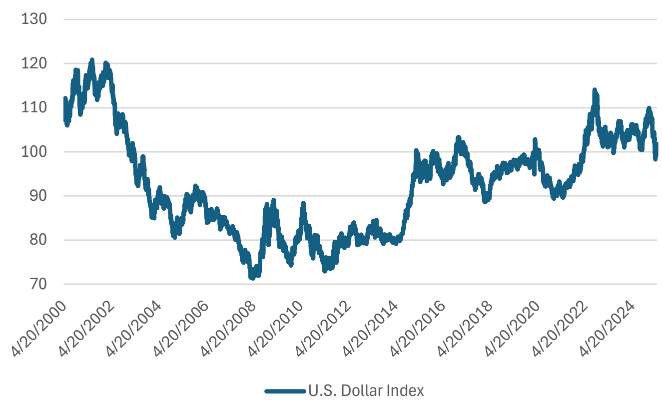
Tariff Climbdown Marks Latest Macro Pivot

WEEKLY VIEW FROM THE DESK | May 12, 2025

LINK TO WEEKLY RETURNS TABLE

MACRO

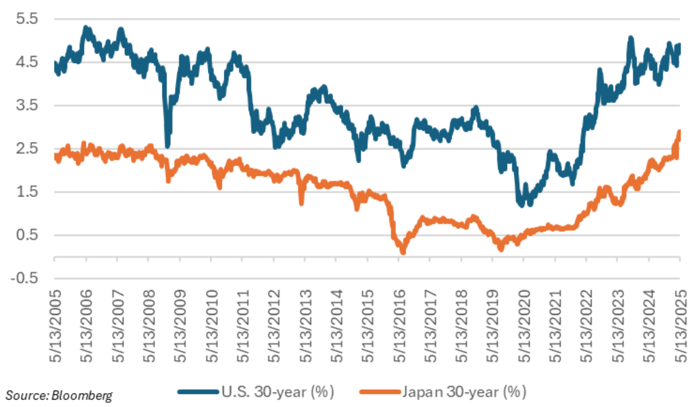
- As macro confusion fluctuates, we're taking stock of which macro scenario may be playing out as the year unfolds and the attributes that may accompany that scenario. Following the U.S./China trade talks over the weekend, it appears tariff threats are climbing down toward more moderate rates.As they do so, management teams and consumers will likely remain cautious as growth continues to moderate. Yet, developed market interest rates generally remain elevated with the U.S. long bond yielding nearly 5.0% and the 10-year bund yielding 2.65%. These base rates may contribute to elevated all-in yields across credit sectors and compelling carry opportunities. Therefore, at this point, we're inclined to position for an ongoing recovery in spreads.
- The latest macro pivot also marks an opportune time to weigh future scenarios. If growth continues at a reasonable pace, regardless of the macro uncertainty, the potential for fiscal stimulus not only risks further deterioration in the deficit, but it also threatens to push the economy into an over-heating phase. Therefore, with an eye on upcoming risks, we could look to reduce risk in the event that spreads revert towards their all-time tights.
- We've also examined the dynamics at play amid the recent decline in the U.S. dollar. Given the expectations for slower growth (notwithstanding the potential over-heating scenario above) and declining front-end yields relative to the rest of the world, we see three potential avenues for further dollar weakness: asset rebalancing, fewer purchases of U.S. assets, and increasing hedge ratios. Risks to a weaker dollar include revived U.S. growth and inflation as well as a deregulation tailwind. However, we are not expecting severe dollar weakness (i.e., from 2002 to 2008 in the accompanying chart) as growth in the rest of world is lacking and fiscal deficits remain a global concern.



Source: Bloomberg

DEVELOPED MARKET RATES

- Following the weekend tariff talks, the markets continued to price in two to possibly three Fed rate cuts through the remainder of the year. Meanwhile, long-term market determined rates continue to trade in historically wide ranges, e.g. 3.7-5.0% for the U.S. 10-year. Most recently, the back of DM rate curves continue to trade heavy globally with the U.S. long bond near 5.0% and the Japanese 30-year nearing 3% (see the accompanying chart).
- In terms of U.S. Treasury developments, as attention turns to the budget, the deficit, and the financing of that deficit, it's possible that the share of T-bill issuance rises from 20% currently into the 30% area. Yet, it's unclear if or how that may impact the rest of the curve, particularly the back end. In terms of the debt ceiling, we think extraordinary measures could be exhausted in September, only slightly later than Secretary Bessent recently suggested.



Source: Bloomberg

- In MBS, spreads have room to tighten further, possibly benefitting from declining implied volatility following the weekend's trade talks. At this point, MBS spreads, both nominal and option-adjusted, remain approximately 10 bps cheaper than prior to the reciprocal tariff announcement. However, in the longer run, risk assets could potentially outperform agency MBS.

IG CORPORATES

- In the U.S., IG corporates outperformed the S&P 500 last week as spreads tightened on growing confidence of a possible tariff off-ramp. Top performing sectors included financials (5-12 bps tighter), utilities (5-7 bps tighter), TMT (5-10 bps tighter), and energy (15-20 bps tighter). Within these sectors, higher beta names were the best performers (e.g., Intel). Overall, elevated yields continue to support demand for the IG market.
- The primary market was busy last week with issuance totaling $40B. Deals were 4x over-subscribed and averaged ~2 bps of concessions. 30-year issuance made up ~5% of the $40B printed. This notable lack of 30-year supply continues to keep the IG market well bid on the back end. This week, we are expecting $30B-$35B in supply, with five 30-year tranches.
- We are cautious on adding risk as we anticipate some spread widening: While the more negative economic scenarios may be off the table, there has been a toll on consumer confidence.

- European IG spreads were 5 bps tighter last week. This tightening was largely uniform by rating bucket, industry, and tenor. As of this Monday, tariff-exposed and cyclical names were 5 to 10 bps tighter. Given this, the EUR IG Index is expected to return to pre-tariff announcement levels, although spreads will remain wide of the YTD tights set in early March.
- The primary market was busy last week with €15B of issuance over two days. Notably, heavy longer-dated supply underperformed—particularly 20-year tenor and Yankee bonds—as spreads were pushed wider. Over the next two weeks, we expect €40-€50B in issuance, especially from corporates.
- In terms of fundamentals, many companies in the Euro market remain strong. Earnings for the STOXX Europe 600 showed a 1% (YoY) increase, with only 9% of companies cutting their guidance. In addition, excluding energy and autos, earnings were up 8%.

LEVERAGED FINANCE

- The HY market had a firm tone with spreads edging tighter to their pre-Liberation Day levels on positive trade headlines, solid economic data, and encouraging earnings for HY issuers. Although favorable first quarter earnings thus far highlight HY's strong starting point heading into second-quarter uncertainty, guidance has been poor and cautionary.
- Returns across all credit tiers were positive, with CCCs outperforming. Among sectors, cable, technology, and energy outperformed, while paper, consumer products, and mining & steel were the weakest. Inflows resumed, with $1.62B—mostly into ETFs—flowing into the market last week after heavy April outflows. New issuance picked up as well, following a historically light April. Thus far in May $7.7B has come to market, $5.9B of which priced last week.
- Bank loans gained on positive trade developments, a hawkish Fed, better-than-feared earnings, and a return to positive fund flows. Market technicals remain robust, with light new issuance, strong demand from CLOs, and private credit takeouts ongoing. In the primary market, six deals totaling $5.9B last week and four deals totaling $1.8B the week prior priced. Last week's $59M inflow matched the previous week's inflow.
- European HY bond spreads tightened, led by BBs and Bs, with CCCs lagging though still tighter. European bank loans also tightened. Bonds and loans gained on trade headlines and limited new supply, with loans also seeing support from CLOs. While first-quarter earnings have been solid, guidance has been poor or cautious.

EMERGING MARKETS

- EM sovereign spreads tightened last week and have now recovered almost 50% since the selloff beginning in February. By ratings, CCCs have tightened the most in May, followed by Bs. At the country level, Ukraine, Ecuador, and Venezuela have been among the best performers. While market confidence is vulnerable to headlines and the market will continue to focus on the U.S. stagflation/rate cut debate, a weaker dollar and expectations that China has more policy tools at its disposal supports EM performance. While relative value is apparent, we remain cautious around adding to overall risk levels.
- EMFX gained last week, with LatAm outperforming and Europe lagging. TWD was the big outperformer on positive flows stemming from optimism around a currency clause being included in a U.S./Taiwan trade deal. Other currencies doing well were MXN, ZAR, and CLP. Idiosyncratic high-carry currencies TRY and EGP continued to perform well, and some low carry currencies, such as CZK, HUF, MYR, SGD, and THB, underperformed. The Monday announcement of a U.S./China trade deal benefited USD. However, we retain our conviction that USD will remain on a weakening trend on the back of the Trump administration's agenda and the likelihood that the Fed will resume cutting sometime later this year.
- EM local rate yields were modestly higher last week, outperforming U.S. Treasuries. Last week saw five EM central bank meetings (Brazil, Czech Republic, Malaysia, Poland, and Peru) with no major surprises except from Peru, which cut 25 bps instead of pausing. Brazil tightened as the BCB hiked by 50 bps as expected but delivered a statement that read as dovish. Poland was the big underperformer, selling off in the belly of the curve as the NBP delivered a 50 bps cut but indicated it would adopt a wait-and-see approach to future cuts. India rates underperformed amid concerns around an escalation with Pakistan.

SECURITIZED PRODUCTS

- CMBS conduit spreads tightened—secondaries eased to the high 90s and subordinate tranches tightened as much as 15 bps—on strong new-issue pricing. SASBs AAAs and subordinated tranches both tightened as much as 15 bps, with subordinated tranches seeing solid demand amid limited issuance. Three primary deals priced—one agency, one conduit, and one euro SASB. The SASB pipeline is beginning to recover with spreads retracing more than half of April widening.
- In RMBS, investor appetite has resumed-non-QM new issues were oversubscribed multiple times across the stack, while second-lien secondary AAAs and all tranches across CRTs all tightened. We expect CRT spreads to continue tighter on strong technicals. Five primary deals totaling $2.1B priced, including two non-QM's and two Primes.
- U.S. CLO primary spreads remain stable, supported by demand from bank CIOs, dealers, and Japanese investors. Attention has turned to Europe given the stability in U.S. spreads. New issuance resumed, with about $7.9B across 18 deals in the U.S. and €820M from two deals in Europe. The U.S. saw nine new issues, eight resets, and one refi. Europe saw one new issue and one reset.
- ABS spreads tightened as broader market stability continued. Senior tranches tightened as much as 10 bps, while mezzanine securities tightened as much as 35 bps. New issuance resumed inclusive of auto, equipment, and consumer loan transactions, all of which priced at or inside of initial price guidance.

MUNICIPALS

- Last week, tax-exempt munis outperformed U.S. Treasuries, leading to a significant decline in ratios. The 5-year, 10-year, and 30-year M/T yield ratios ended last week at 74%, 75%, and 91% (respectively).
- Performance was propelled by May reinvestment and ETF flows. While we expect reinvestment to continue through the Summer, rate volatility could disrupt flows and create technical headwinds.
- The taxable market has held up well, with spreads tightening despite headlines regarding funding pressures in higher education.

THE RETURNS TABLE As of May 9, 2025

				Yield/ OAS Change (BPS)				Total Return (%)			
Sovereign Rates	**Duration**	**YTM**	**OAS**	**WTD**	**QTD**	**YTD**	**Prior Year**	**WTD**	**QTD**	**YTD**	**Prior Year**
U.S. 2-Year	1.87	3.89	---	19	1	-35	-92	-0.03	0.35	1.92	5.38
U.S. 5-Year	4.46	4.11	---	20	5	-38	-47	-0.26	0.19	3.12	5.89
U.S. 10-Year	8.05	4.46	---	16	17	-19	-7	-0.41	-0.80	3.18	4.79
U.S. 10-Year Breakeven	--	2.31	---	7	-6	-2	-3	---	---	---	---
U.S. 10-Year TIPS	4.32	2.06	---	8	22	-17	-6	-0.05	-1.22	3.93	5.57
U.S. 20-Year	12.49	4.93	---	13	26	0	16	-0.62	-2.67	1.38	1.42
U.S. 30-Year	15.72	4.91	---	11	26	5	23	-0.83	-3.61	0.63	0.12
U.S. SOFR	---	---	---	-11	-13	-21	-103	0.08	0.47	1.57	4.98
UK 10-Year	7.77	4.57	---	9	-11	0	43	-0.37	1.37	1.26	1.26
Germany 10-Year	8.48	2.56	---	12	-18	20	7	-0.20	1.80	0.71	0.71
Switzerland 10-Year	9.94	0.27		0	-27	0	-42	0.52	2.79	0.61	5.05
Japan 10-Year	8.61	1.36	---	11	-12	28	45	-0.89	-1.20	-1.20	-1.20
Australia 10-Year	8.49	4.29	---	10	-10	-7	-6	-0.50	1.60	2.50	5.27
Canada 10-Year	8.04	3.15	---	5	19	-7	-47	0.24	-1.19	1.70	5.00
MAJOR FI MS INDICES											
Global Aggregate Unhedged	6.57	3.57	36	-2	2	1	-1	-0.46	1.97	4.66	6.34
Global Aggregate Hedged	6.57	3.57	36	-2	2	1	-1	-0.13	0.42	1.60	5.68
U.S. Aggregate	6.14	4.71	37	-3	2	3	-1	-0.17	-0.56	2.20	5.32
Euro-Aggregate (Unhedged)	6.43	2.79	58	-3	3	-4	-4	-0.04	1.29	0.38	4.06
Japanese Aggregate	8.53	1.31	0	0	0	0	0	-0.78	-0.09	-2.47	-3.56
MAJOR FI CREDIT INDICES											
Mortgage-Backed (Agency)	6.03	5.09	38	-5	2	-5	-9	-0.04	-0.57	2.47	5.85
Global IG Corporate Bonds	5.98	4.69	103	-7	6	15	6	-0.28	1.10	3.97	6.78
U.S. IG Corporate Bonds	6.92	5.30	99	-7	5	19	12	-0.10	-0.82	1.47	5.06
European IG Corporate	4.55	3.14	106	-7	8	4	-5	0.17	0.96	0.95	5.50
U.S. High Yield Bonds	3.41	7.74	343	-25	-4	56	43	0.15	0.52	1.53	8.22
European High Yield Bonds	2.97	5.96	360	-18	14	42	9	0.51	0.61	1.16	8.12
U.S. Leveraged Loans	0.3	8.46	491	-12	-7	16	-5	0.38	0.54	1.16	6.45
European Leveraged Loans	0.3	7.27	484	-7	-10	12	-6	0.30	0.07	1.06	6.32
EM Hard Currency Sovs.	6.45	7.90	346	-18	-4	20	-25	0.32	-0.06	2.17	7.17
EM Corporates	4.26	7.02	279	-13	14	38	8	0.13	-0.55	1.86	7.09
EM Currencies	---	5.88	---	-1	-1	-2	-2	0.25	3.85	7.10	6.75
EM Local Rates	5.27	6.11	6	0	0	0	0	0.07	1.37	3.00	6.99
CMBS	3.98	4.97	92	-4	5	12	-5	-0.05	0.12	2.69	7.15
ABS	2.60	4.70	69	-4	9	25	16	0.01	0.09	1.62	5.92
CLOs	3.79	5.08	144	-2	1	4	-3	0.16	0.55	1.64	5.91
Municipal Bonds	6.57	4.03	---	-1	18	29	42	0.11	-0.55	-0.77	0.81

		Total Return (%)			
Equity/Volatility	Level	WTD	QTD	YTD	Prior Yr
S&P 500 Index	5,844	-0.4	1.0	-3.3	10.0
DAX	23,567	1.8	6.0	18.0	25.8
Stoxx 600	337	0.3	1.7	8.1	7.2
Nikkei 225	37,644	1.8	5.3	-5.1	0.4
Shanghai Composite	3,369	1.9	0.3	0.1	9.7
MSCI ACWI Index	462	-0.2	2.6	1.3	10.3
FTSE 100	8,605	-0.4	0.1	6.3	5.8
MOVE Index	103	-1.0	-0.9	1.6	7.0
VIX Index	18	-3.4	-1.7	26.2	72.6

		% Change			
FX/Commodities	Spot	WTD	QTD	YTD	Prior Year
EUR/USD	1.1	-0.4	4.0	8.7	4.3
USD/JPY	145.4	0.3	-3.1	-7.5	-6.5
GBP/USD	1.3	0.3	3.0	6.3	6.2
EUR/CHF	0.9	0.1	-2.2	-0.5	-4.3
USD/CHF	0.8	0.5	-6.0	-8.4	-8.2
USD (DXY)	100.3	0.3	-3.7	-7.5	-4.6
Oil	77.0	4.7	-14.6	-14.9	-23.0
Gold	3325.0	2.6	6.4	26.7	41.7

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Sources: Bloomberg except EMD (J.P. Morgan), HY (ICE BofAML), Bank Loans (S&P), and CLOs (Palmer Square). European returns are unhedged in euros unless otherwise indicated. An investment cannot be made directly in an index

NOTICE: IMPORTANT INFORMATION

Source(s) of data (unless otherwise noted): PGIM Fixed Income as of May 2025.

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U.S. Investment Grade Corporate Bonds: Bloomberg Barclays U.S. Corporate Bond Index: The Bloomberg Barclays U.S. Investment Grade Corporate Bond Index covers U.S.D-denominated, investment-grade, fixed-rate or step up, taxable securities sold by industrial, utility and financial issuers. It includes publicly issued U.S. corporate and foreign debentures and secured notes that meet specified maturity, liquidity, and quality requirements. Securities included in the index must have at least 1 year until final maturity and be rated investment-grade (Baa3/ BBB-/BBB-) or better using the middle rating of Moody's, S&P, and Fitch.

European Investment Grade Corporate Bonds: Bloomberg Barclays European Corporate Bond Index (unhedged): The Bloomberg Barclays Euro-Aggregate: Corporates bond Index is a rules-based benchmark measuring investment grade, EUR denominated, fixed rate, and corporate only. Only bonds with a maturity of 1 year and above are eligible.

U.S. High Yield Bonds: ICE BofAML U.S. High Yield Index: The ICE BofAML U.S. High Yield Index covers US dollar denominated below investment grade corporate debt publicly issued in the US domestic market. Qualifying securities must have a below investment grade rating (based on an average of Moody's, S&P and Fitch), at least 18 months to final maturity at the time of issuance, and at least one year remaining term to final maturity as of the rebalancing date.

European High Yield Bonds: ICE BofAML European Currency High Yield Index: This data represents the ICE BofAML Euro High Yield Index value, which tracks the performance of Euro denominated below investment grade corporate debt publicly issued in the euro domestic or eurobond markets. Qualifying securities must have a below investment grade rating (based on an average of Moody's, S&P, and Fitch). Qualifying securities must have at least one year remaining term to maturity, a fixed coupon schedule, and a minimum amount outstanding of €100 M. ICE Data Indices, LLC, used with permission. ICE DATA INDICES, LLC IS LICENSING THE ICE DATA INDICES AND RELATED DATA "AS IS," MAKES NO WARRANTIES REGARDING SAME, DOES NOT GUARANTEE THE SUITABILITY, QUALITY, ACCURACY, TIMELINESS, AND/OR COMPLETENESS OF THE ICE DATA INDICES OR ANY DATA INCLUDED IN, RELATED TO, OR DERIVED THEREFROM, ASSUMES NO LIABILITY IN CONNECTION WITH THEIR USE, AND DOES NOT SPONSOR, ENDORSE, OR RECOMMEND PGIM FIXED INCOME OR ANY OF ITS PRODUCTS OR SERVICES.

U.S. Senior Secured Loans: The iBoxx USD Leveraged Loan index family represents the main sections of the USD leveraged loan market. Index constituents are derived using selection criteria such as loan type, minimum size, liquidity, credit ratings, initial spreads and minimum time to maturity.

European Senior Secured Loans: The index universe of the S&P UBS Western European Leveraged Loan Index is meant to represent assets or activity in Western Europe, and includes loans denominated in EUR, GBP, or USD.

Emerging Markets U.S.D Sovereign Debt: JP Morgan Emerging Markets Bond Index Global Diversified: The Emerging Markets Bond Index Global Diversified (EMBI Global) tracks total returns for U.S.D-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, and Eurobonds. It limits the weights of those index countries with larger debt stocks by only including specified portions of these countries' eligible current face amounts of debt outstanding. To be deemed an emerging market by the EMBI Global Diversified Index, a country must be rated Baa1/BBB+ or below by Moody's/S&P rating agencies. Information has been obtained from sources believed to be reliable, but J.P. Morgan does not warrant its completeness or accuracy. The Index is used with permission. The Index may not be copied, used, or distributed without J.P. Morgan's prior written approval.

Emerging Markets Local Debt (unhedged): JPMorgan Government Bond Index-Emerging Markets Global Diversified Index: The Government Bond Index-Emerging Markets Global Diversified Index (GBI-EM Global) tracks total returns for local currency bonds issued by emerging market governments.

Emerging Markets Corporate Bonds: JP Morgan Corporate Emerging Markets Bond Index Broad Diversified: The CEMBI tracks total returns of U.S. dollar-denominated debt instruments issued by corporate entities in Emerging Markets countries.

Emerging Markets Currencies: JP Morgan Emerging Local Markets Index Plus: The JP Morgan Emerging Local Markets Index Plus (JPM ELMI+) tracks total returns for local currency–denominated money market instruments.

Municipal Bonds: Bloomberg Barclays Municipal Bond Indices: The index covers the U.S.D-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds. The bonds must be fixed-rate or step ups, have a dated date after Dec. 13, 1990, and must be at least 1 year from their maturity date. Non-credit enhanced bonds (municipal debt without a guarantee) must be rated investment grade (Baa3/BBB-/BBB- or better) by the middle rating of Moody's, S&P, and Fitch.

U.S. Treasury Bonds: Bloomberg Barclays U.S. Treasury Bond Index: The Bloomberg Barclays U.S. Treasury Index measures U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury. Treasury bills are excluded by the maturity constraint but are part of a separate Short Treasury Index.

Mortgage Backed Securities: Bloomberg Barclays U.S. MBS - Agency Fixed Rate Index: The Bloomberg Barclays U.S. Mortgage Backed Securities (MBS) Index tracks agency mortgage backed pass-through securities (both fixed-rate and hybrid ARM) guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). The index is constructed by grouping individual TBA-deliverable MBS pools into aggregates or generics based on program, coupon and vintage.

Commercial Mortgage-Backed Securities: Bloomberg Barclays CMBS: ERISA Eligible Index: The index measures the performance of investment-grade commercial mortgage-backed securities, which are classes of securities that represent interests in pools of commercial mortgages. The index includes only CMBS that are Employee Retirement Income Security Act of 1974, which will deem ERISA eligible the certificates with the first priority of principal repayment, as long as certain conditions are met, including the requirement that the certificates be rated in one of the three highest rating categories by Fitch, Inc., Moody's Investors Services or Standard & Poor's.

Palmer Square AAA CLO DM Index represents the discount margin of CLO AAA rated tranches in the Palmer Square CLO Senior Index, which is designed to reflect the investable universe of U.S CLO senior original rated AAA and AA debt issued after Jan 1, 2011.

Global Aggregate Bond Index is a measure of global investment grade debt from twenty four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

U.S. Aggregate Bond Index: Bloomberg Barclays U.S. Aggregate Bond Index: The Bloomberg Barclays U.S. Aggregate Index covers the U.S.D-denominated, investment-grade, fixed-rate or step up, taxable bond market of SEC-registered securities and includes bonds from the Treasury, Government-Related, Corporate, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS sectors. Securities included in the index must have at least 1 year until final maturity and be rated investment-grade (Baa3/ BBB-/BBB-) or better using the middle rating of Moody's, S&P, and Fitch.

Euro Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, euro-denominated, fixed rate bond market, including treasuries, government-related, corporate and securitized issues. Inclusion is based on currency denomination of a bond and not country of risk of the issuer.

Japanese Aggregate Bond Index The Japanese Aggregate Index contains fixed-rate investment-grade securities denominated in Japanese yen and registered as domestic bonds. The index is composed primarily of local currency sovereign debt but also includes government-related, corporate, and securitized bonds.

The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities. There is over U.S.D 9.9 trillion indexed or benchmarked to the index, with indexed assets comprising approximately U.S.D 3.4 trillion of this total. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

The DAX Index is a total return index of 30 selected German blue chip stocks traded on the Frankfurt Stock Exchange. The equities use free float shares in the index calculation. The DAX has a base value of 1,000 as of December 31, 1987. As of June 18, 1999 only XETRA equity prices are used to calculate all DAX indices.

The STOXX 600 Index is derived from the STOXX Europe Total Market Index (TMI) and is a subset of the STOXX Global 1800 Index. With a fixed number of 600 components, the STOXX Europe 600 Index represents large, mid and small capitalization companies across 17 countries of the European region.

The Nikkei 225 Index is a price-weighted average of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock Exchange. The Nikkei Stock Average was first published on May 16, 1949.

Shanghai Composite Index is a capitalization-weighted index. The index tracks the daily price performance of all A-shares and B-shares listed on the Shanghai Stock Exchange. The index was developed on December 19, 1990.

MSCI ACWI is a free-float weighted equity index. It was developed with a base value of 100 as of December 31 1987. MXWD includes both emerging and developed world markets.

FTSE 100 is a capitalization-weighted index of the 100 most highly capitalized companies traded on the London Stock Exchange. The equities use an investibility weighting in the index calculation. The index was developed with a base level of 1000 as of December 30, 1983.

MOVE Index is a yield curve weighted index of the normalized implied volatility on 1-month Treasury options. It is the weighted average of volatilities on the CT2, CT5, CT10, and CT30. (weighted average of 1m2y, 1m5y, 1m10y and 1m30y Treasury implied vols with weights 0.2/0.2/0.4/0.2, respectively).

VIX Index is a financial benchmark designed to be an up-to-the-minute market estimate of the expected volatility of the S&P 500® Index, and is calculated by using the midpoint of real-time S&P 500 Index (SPX) option bid/ask quotes.

Bloomberg Commodity Index Bloomberg Commodity Index (BCOM) is calculated on an excess return basis and reflects commodity futures price movements. The index rebalances annually weighted 2/3 by trading volume and 1/3 by world production and weight-caps are applied at the commodity, sector and group level for diversification. Roll period typically occurs from 6th-10th business day based on the roll schedule.

The U.S. Dollar Index indicates the general international value of the USD. The USDX does this by averaging the exchange rates between the USD and major world currencies. The ICE US computes this by using the rates supplied by some 500 banks.

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