PGIM

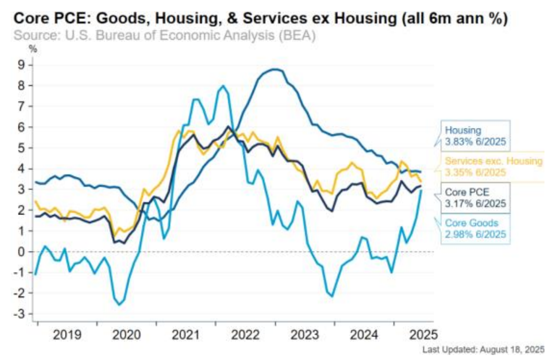
Inflation Prints May Signal a More Gradual Fed

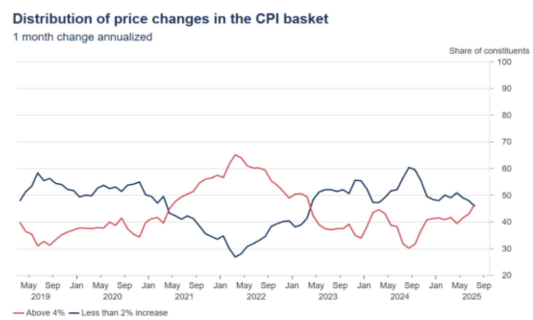
WEEKLY VIEW FROM THE DESK | August 18, 2025

LINK TO WEEKLY RETURNS TABLE

MACRO

- The recent summit between Putin and Trump resulted in outcomes seemingly more favorable to Russia, with Putin achieving recognition as a peer country, maintaining the war, and avoiding new U.S. sanctions on Russian oil. Over the past three years, Putin's demands regarding Ukraine have remained consistent, aiming not just for territorial gains but for the elimination of Ukraine's sovereignty. Recent events in Alaska reaffirmed these goals, with Putin making demands that would be both militarily and politically difficult for Ukraine, thus increasing the likelihood of a continuation of the status quo.
- Following last week's U.S. CPI and PPI reports, inflation in the U.S. appears sticky above 3%, with services inflation (excluding housing) rising due to lower labor supply and wage pressures. The number of CPI components above 4% now equals those below 2%, which is a high not seen since the 2021-2022 inflation spike. Against this backdrop, we remain comfortable with our forecast for 100 bps of Fed rate cuts through next year (or about 50 bps less than current market expectations) and believe Chair Powell may signal a more gradual approach to lowering the Fed funds rate at Jackson Hole later this week.
- U.S. GDP growth is holding at about 1% despite weak labor demand and flat consumption, mainly due to strong AI-related CapEx. In fact, investment in data centers accounted for nearly half of all U.S. real GDP growth in the first half of the year—the largest six-month contribution from this category since the late 1990s ICT boom. We view this as a structural tailwind for U.S. growth, supportive of both current equity valuations and credit spreads.
- Japan GDP data surprised to the upside for Q2 and fits with the narrative that underlying fundamentals are on an improving track. While the BOJ likely remains firmly on its policy normalization path, our view is that normalization will remain more protracted than the market expects as underlying inflation momentum is not yet at 2%. Uncertainty about the impact of tariffs is another reason to keep the BOJ on hold for now. Hence, we continue to hold the view that the BOJ is on hold this year, with one rate rise in the first half of next year.



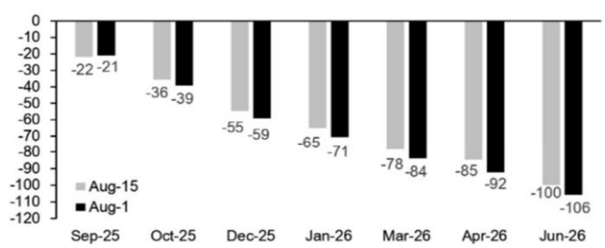


Source: U.S Bureau of Labor Statistics

DEVELOPED MARKET RATES

- Developed market rates traversed their well-defined range as 10-year Treasuries rallied 6 bps coming into Wednesday, only to reverse course and selloff 10 bps on stronger-than-expected PPI data. Notably, Fed funds expectations were little changed despite the PPI reading. For the week, the U.S. curve marginally bear-steepened with the front end unchanged while the bond tenor sold off 6 bps.
- Coming up, we expect a quiet week with a $16B, 20-year auction and Fed Minutes on Wednesday, followed by an $8B, 30-year TIPs auction on Thursday, and Fed Chair Powell's keynote speech at Jackson Hole on Friday.
- MBS spreads tightened last week, mainly driven by lower coupons, as higher production coupons were unchanged to slightly wider. Prepayments were muted due to a flat curve and seasonality. However, a moderate pickup is expected in the next print, but likely only 5-10% at most. Net issuance for July was soft at $14B, leading to downward revisions in annual net issuance projections.

OIS-implied change in fed funds effective rate by FOMC meeting, as of 8/15/25 and 8/1/25 (bp)



Source: J.P. Morgan

IG CORPORATES

- In the U.S., the cash IG market tightened 5 bps to 73 bps, as demand was solid enough to drive spreads to their tightest since the late 1990s. Cash outperformed derivatives, with CDX spreads unchanged for the week. Spread curves continued to flatten, while BBB-rated tranches outperformed As.
- Earnings continue to be strong, with an estimated 11.8% EPS growth and 6.3% revenue growth for Q2. In terms of technicals, inflows totaled $11.3B, which is greater than the four-week average, underscoring the strong demand.
- While below expectations, last week's issuance was still heavy at $31B. Deals were 4.2x oversubscribed and came with a 1.2 bp concession (on average). Notably, only 7% of supply was in the long end, thus intensifying long-end technicals. We expect light issuance this week ahead of a heavy final week of August and into September.

- In Europe, EUR IG spreads continued their rebound and tightened further last week. The primary market remains in its summer slowdown with no issuance in corporates, only financials, which priced in line with talk and edged tighter in secondary trading. We expect issuance to resume following the upcoming UK holiday.

LEVERAGED FINANCE

- U.S. HY bond spreads tightened as stronger-than-expected inflation data further fueled expectations for a September Fed rate cut. All credit tiers saw positive returns, with lower quality (CCCs) slightly outperforming. By industry, paper, healthcare, and media performed the best, while air transportation, containers, and aerospace lagged the most. Notably, with 90% of earnings season over, 2Q25 remains the strongest for HY companies in two years.
- U.S. high yield bond fund inflows slowed but still positive for a 14th consecutive week—$137M and $538M into HY mutual funds and ETFs, respectively. Last week's flows were the lightest in six months but still added to the $18.5B (87% into ETFs) of inflows over the past 16 weeks. Primary activity remained robust, with 16 issues pricing for $13.4B, bringing YTD gross issuance to $208.7B and net issuance to $58.4B.
- U.S. bank loans held firm in light volumes dominated by BWICs, while primary market activity eased slightly from elevated levels over the past several weeks. Over $31B across 35 transactions priced, with over $22B of proceeds supporting repricing or refinancing. Notably, average coupons reached a 15-year low (around SOFR+330) following repricing waves over recent years. Inflows into loan funds continued, with last week's $330M bringing total YTD inflows to $6.7B.
- European HY bonds tightened (with Bs outperforming) setting new tights for the decade and edging closer to post-GFC levels. With the primary market's summer lull in full swing, spreads should grind tighter barring any macro-driven sell-off. Our short-term outlook remains positive with an up-in-quality bias. European bank loans remained relatively flat. With a sparse primary pipeline and CLOs still printing, technicals in the European loan market are expected to remain strong over the near term.

EMERGING MARKETS

- EM hard currency spreads continued to tighten and are close to five-year tights as the sector continues to benefit from positive sentiment and the reach for yield. There was outperformance in select CCC and B issuers last week such as Argentina, Ecuador, Sri Lanka, Pakistan, and SSA. Panama was also better on an improved fiscal picture and Colombia rose on news of a buyback. Romania underperformed on fiscal concerns. Meanwhile, inflows into hard currency funds were the largest in more than a year at $900M.
- EMFX gained, with LatAm lagging and Asia and Europe outperforming. The theme of high-carry currencies outperforming continued last week, although it was less pronounced than the prior week. EGP had a strong week on the back of continued inflows. TRY continued to accrue positive returns as well. Other outperformers included ZAR, IDR, and BRL. Laggards included PEN, TWD, MXN, and THB. Our conviction remains unchanged that the USD is on a longer-term declining path due to waning overseas appetite for U.S. assets. Near-term risks to the USD downside view include a potentially more hawkish/non-committal Powell at Jackson Hole as well as a growth scare environment driven by continued weakness in labor.
- In EM local rates, the index yield was modestly lower, with Thailand and Brazil outperforming driven by the BOT's dovish 25 bp cut and a lower-than-expected inflation print in Brazil. Yields in Romania and India rose on the back of a higher-than-expected inflation print in Romania and tight liquidity conditions in Indian money markets. We incrementally added to Brazil, India, and Philippines last week.
- EM corporate spreads tightened to YTD tights last week. The China July data for retail sales and fixed asset investment was weak and means that the government will likely need to implement more fiscal measures to meet the 4.5% growth rate. India was an outperformer last week, with S&P upgrading the sovereign to BBB Stable on strong growth and fiscal consolidation. The Ukraine complex gave up some of its recent gains.

SECURITIZED PRODUCTS

- AAA spreads across CMBS conduit, SASB floating-rate, and CRE CLOs edged tighter last week. Subordinate conduit and SASB tranches were directionally tighter. Fixed rate profiles continue to trade well with benchmark office names in the +100 context to Treasuries. Eight primary market deals priced, including one agency, two conduits, three SASB, and two CRE CLOs.
- In RMBS, non-QM, second-lien, and CRT spreads tightened across the stack on strong investors demand and attractive relative value versus other FI sectors. In the primary market, five deals totaling $2B priced, three of which were non-QM totaling $1B.
- In the U.S. CLO issuance remained robust, approximately $14.8 billion across 31 deals, including 11 new issues, 10 resets, and 10 refinancings—above the 2025 weekly average. Gross issuance YTD is 1.2 times the pace of 2024. Secondary trading remained active as well, with BWIC supply reaching $1.2 billion. European CLO issuance reached around €2.5 billion across six deals—two new issues, three resets, and 1 refinancing, in line with 2025 weekly average. YTD gross issuance is tracking at 1.6 times last year's pace. European secondary trading remained subdued, with BWICs at just €45 million across BBB and lower-rated tranches, reflecting a combination of seasonal summer activity and market caution following recent updates from the EBA regarding risk retention classification.
- ABS spreads were range bound last week while the ABS vs. corporates spread edged 2 bps wider unchanged to 39 bps (ICE BofA index +88 vs. 1-5 IG corps +49). European auto AAA and A spreads are Euribor+50 and +125 bps, respectively.

MUNICIPALS

- Tax-exempt muni performance was relatively flat last week, with long-end muni rates outperforming and pushing relative valuations richer. New issue supply was manageable, mostly exhausting the first half of August's reinvestment. This week's calendar is ~$8B, the smallest calendar seen on a non-holiday week in a while, which should be well-digested with the help of second-half of August reinvestment. Outflows last week totaled $108M, bringing the YTD total to +$21B ($14B into ETFs, and $7B into open-end funds).
- We are carefully following headlines out of Chicago, as both the City and the School District are working to close large deficits. We believe downgrades could be forthcoming after several years of upgrades from the rating agencies. Brightline successfully rolled $985M commuter bonds at a 15+% TE yield. Ucal pulled back a $1.5B deal off the calendar as its talks proceed with the Federal Government.

THE RETURNS TABLE As of August 15, 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	1.86	3.75	---	-1	3	-49	-34	0.08	0.38	3.07	4.11
U.S. 5-Year	4.46	3.84	---	1	4	-55	5	0.03	0.24	4.88	3.51
U.S. 10-Year	8.06	4.32	---	4	9	-25	41	-0.23	-0.11	4.92	0.94
U.S. 10-Year Breakeven	--	2.38	---	-1	10	5	27	---	---	---	---
U.S. 10-Year TIPS	4.49	1.94	---	5	0	-30	14	-0.37	0.64	6.48	3.84
U.S. 20-Year	12.34	4.90	---	7	12	4	62	-0.73	-0.79	1.95	-4.44
U.S. 30-Year	15.67	4.92	---	7	14	14	75	-0.98	-1.56	0.56	-7.83
U.S. SOFR	---	---	---	1	-9	-13	-99	0.08	0.56	2.77	4.70
UK 10-Year	7.49	4.70	---	10	21	13	77	-0.63	-1.00	1.49	1.49
Germany 10-Year	8.65	2.79	---	10	18	42	53	-0.80	-0.77	-0.77	-0.77
Switzerland 10-Year	9.70	0.28	---	4	-13	1	-13	-0.34	1.13	0.46	1.66
Japan 10-Year	8.50	1.57	---	8	14	48	74	-0.66	-1.01	-1.01	-1.01
Australia 10-Year	8.37	4.23	---	-2	7	-13	35	0.23	-0.03	4.20	1.44
Canada 10-Year	8.24	3.45	---	7	18	23	38	-0.53	-1.08	2.69	2.69
MAJOR FI MS INDICES											
Global Aggregate Unhedged	6.48	3.53	29	-1	-3	-6	-10	0.01	-0.37	6.87	4.06
Global Aggregate Hedged	6.48	3.53	29	-1	-3	-6	-10	-0.18	0.15	2.96	3.39
U.S. Aggregate	6.10	4.54	29	-2	-3	-5	-10	-0.02	0.34	4.38	2.90
Euro-Aggregate (Unhedged)	6.32	2.88	47	-1	-5	-15	-21	-0.43	-0.34	0.49	1.99
Japanese Aggregate	8.41	1.51	0	0	0	0	0	-0.44	-1.12	-3.68	-5.10
MAJOR FI CREDIT INDICES											
Mortgage-Backed (Agency)	5.86	4.98	36	-1	-1	-7	-8	-0.03	0.34	4.58	3.01
Global IG Corporate Bonds	5.96	4.41	77	-4	-11	-11	-28	0.23	0.52	7.96	6.27
U.S. IG Corporate Bonds	6.94	4.95	73	-5	-10	-7	-23	0.19	0.80	5.01	4.00
European IG Corporate	4.51	3.05	78	-3	-14	-24	-40	-0.10	0.45	2.26	4.75
U.S. High Yield Bonds	3.21	6.95	279	-4	-10	-7	-43	0.27	0.98	5.59	8.65
European High Yield Bonds	2.89	5.15	276	-16	-45	-42	-99	0.32	1.58	3.91	8.14
U.S. Leveraged Loans	0.3	8.11	458	3	-1	-17	-45	0.05	0.89	3.87	7.56
European Leveraged Loans	0.3	7.14	462	3	-1	-10	-16	0.02	0.51	2.90	6.10
EM Hard Currency Sovs.	6.56	7.27	287	-12	-36	-39	-114	0.63	2.67	8.53	9.52
EM Corporates	4.35	6.53	242	-6	-24	1	-39	0.37	1.80	5.90	7.29
EM Currencies	---	6.23	---	0	1	-2	-1	0.21	0.02	10.46	8.00
EM Local Rates	5.32	5.89	6	0	0	0	0	0.13	1.18	5.64	6.20
CMBS	3.89	4.68	79	-1	-5	-1	-23	0.09	0.60	5.11	5.50
ABS	2.70	4.36	51	0	-6	7	-13	0.07	0.65	3.60	5.00
CLOs	3.85	4.85	135	0	-2	-6	-14	0.13	0.72	3.45	6.02
Municipal Bonds	6.84	3.91	---	1	-5	17	43	-0.03	0.40	0.05	-0.07

		Total Return (%)			
Equity/Volatility	Level	WTD	QTD	YTD	Prior Yr
S&P 500 Index	6,450	1.0	4.1	10.5	17.9
DAX	24,359	0.8	1.9	22.4	34.0
Stoxx 600	554	1.3	2.5	12.2	12.3
Nikkei 225	43,378	3.7	7.1	9.9	20.4
Shanghai Composite	3,697	1.7	8.2	12.6	31.9
MSCI ACWI Index	952	1.3	3.9	14.7	19.4
FTSE 100	9,139	0.8	4.9	14.9	13.4
MOVE Index	77	-3.2	-15.1	-22.4	-26.1
VIX Index	15	-0.4	-9.8	-13.0	-0.9

		% Change			
FX/Commodities	Spot	WTD	QTD	YTD	Prior Year
EUR/USD	1.2	0.5	-0.7	13.0	6.7
USD/JPY	147.2	-0.4	2.2	-6.4	-1.4
GBP/USD	1.4	0.8	-1.3	8.3	5.4
EUR/CHF	0.9	0.3	1.0	0.4	-1.4
USD/CHF	0.8	-0.2	1.7	-11.1	-7.5
USD (DXY)	97.9	-0.3	1.0	-9.8	-5.0
Oil	62.8	-1.7	-3.5	-12.4	-19.7
Gold	3336.2	-1.8	1.0	27.1	35.8

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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 as of August 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.

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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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