

# UK LDI DATA SHEET

30 October 2020

	TODAY	1 MONTH	3 MONTHS
	30 Oct 20	30 Sep 20	31 Jul 20
<b>Conventional gilts (zc) (% pa)</b>			
5 year	-0.02	-0.08	-0.15
10 year	0.30	0.26	0.12
20 year	0.83	0.78	0.63
50 year	0.66	0.62	0.47

	30 Oct 20	30 Sep 20	31 Jul 20
<b>Index-linked gilts (zc) (% pa)</b>			
5 year	-3.08	-3.00	-3.01
10 year	-3.00	-2.92	-3.01
20 year	-2.45	-2.40	-2.55
50 year	-2.25	-2.19	-2.34

	30 Oct 20	30 Sep 20	31 Jul 20
<b>Gilt breakeven inflation (zc) (% p)</b>			
5 year	3.15	3.01	2.95
10 year	3.40	3.27	3.23
20 year	3.36	3.26	3.26
50 year	2.98	2.87	2.88

	30 Oct 20	30 Sep 20	31 Jul 20
<b>Interest rate swaps (zc) (% pa)</b>			
5 year	0.00	-0.03	-0.07
10 year	0.19	0.14	0.04
20 year	0.36	0.30	0.15
50 year	0.27	0.23	0.08

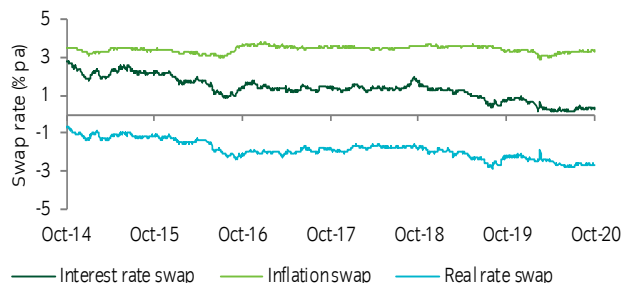
	30 Oct 20	30 Sep 20	31 Jul 20
<b>Inflation swaps (zc) (% pa)</b>			
5 year	3.51	3.40	3.33
10 year	3.57	3.50	3.48
20 year	3.39	3.29	3.29
50 year	2.96	2.87	2.90

	30 Oct 20	30 Sep 20	31 Jul 20
<b>Z-spread by maturity (bp)</b>			
Conventional 10 year (0.875% 2029)	6	7	3
Conventional 20 year (4.25% 2039)	37	38	38
Conventional 30 year (1.75% 2049)	46	47	47
Index-linked 10 year (0.125% 2028)	37	39	38
Index-linked 20 year (0.625% 2040)	46	48	48
Index-linked 30 year (0.125% 2048)	48	52	51

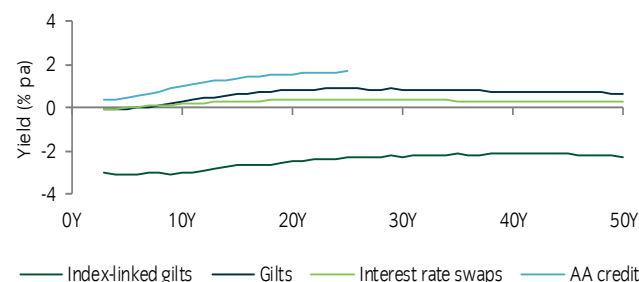
	30 Oct 20	30 Sep 20	31 Jul 20
<b>Financing rates (% pa)</b>			
3 month repo rate	0.21	0.20	0.21
3 month SONIA swap rate	0.05	0.05	0.05
6 month repo rate	0.21	0.23	0.24
6 month SONIA swap rate	0.03	0.03	0.04

	30 Oct 20	30 Sep 20	31 Jul 20
<b>Other rates (% pa)</b>			
20 year conventional gilt rate 3 years	1.02	0.97	0.81
20 year conventional gilt rate 5 years	1.13	1.08	0.91

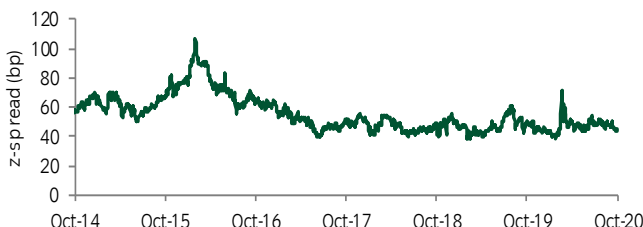
20 year swap rates (zero coupon)



Rates by maturity (coupon paying instruments)



20 year index-linked z-spread



	30 Oct 20	30 Sep 20	31 Jul 20
<b>CDS spread (bp)</b>			
iTraxx Europe 5 year (on-the-run-series)	65	60	61
iTraxx Europe 10 year (on-the-run-series)	103	96	99
CDX 10 year (on-the-run-series)	107	102	106

	30 Oct 20	30 Sep 20	31 Jul 20
<b>Equity markets</b>			
UK - FTSE 100	5,577	5,866	5,898
US - S&P 500	3,270	3,363	3,271
Europe - Eurostoxx 50	2,958	3,194	3,174
Japan - Topix	1,579	1,625	1,496

	30 Oct 20	30 Sep 20	31 Jul 20
<b>Equity volatility</b>			
VIX Index	38.0	26.4	24.5

	30 Oct 20	30 Sep 20	31 Jul 20
<b>Currency</b>			
GBPUSD	1.29	1.29	1.31
GBPEUR	1.11	1.10	1.11

All data sources are Bloomberg, Barclays Capital and Insight. Data as at close of business on dates specified. All yields displayed are annualised.

## DEFINITIONS

### **Basis point (bp)**

A unit of measure equal to 1/100th of 1%.  
i.e. 0.01%.

### **BOE**

Bank of England.

### **Credit spread**

The difference in yield between AA corporate bonds and government bonds.

### **Forward rate**

The agreed future yield of an asset  
e.g. the 30 year swap rate starting  
3 years hence.

### **Inflation swaps**

A contractual agreement where an investor pays a fixed rate and receives a payment linked to inflation. There is no exchange of principal at inception or maturity. The percentage level refers to the fixed rate that is paid as part of the swap.

### **Interest rate swaps**

A contractual agreement to exchange a stream of periodic payments between counterparties, usually taking the form of exchanging a fixed rate for a floating rate. The agreement defines the dates when the cash flows are to be exchanged and the way that they are calculated. The percentage level refers to the fixed rate that is paid or received as part of the swap.

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### **Real rate swaps**

The real rate is the interest rate swap rate discounted by the inflation swap rate.

### **Repo rate**

The market rate for gilt repurchase agreements as published by the Bank of England.

### **SONIA**

Sterling Overnight Interbank  
Average rate. Note: SONIA interest rate swap rates used

### **Swaption**

A swaption is an option granting its owner the right but not the obligation to enter into an underlying swap at some future date.

### **VIX**

Chicago Board Options Exchange Market Volatility Index. A measure of the implied volatility of S&P 500 index options. It represents one measure of the market's expectation of stock market volatility over the next 30 day period.

### **Zero Coupon (zc)**

Zero coupon instruments are those that do not pay interest periodically but rather pay an accumulated sum rolled up at maturity.

### **Z-spread**

The z-spread is the difference in yield between a government issued bond and its corresponding swap derivative. More specifically, the Z-spread is the parallel shift applied to the SONIA swap curve such that when a bond's cash flows are discounted by the resulting discount factors at each annual maturity, the present value equals the market price of the bond. Here we are showing a positive Z-spread number to mean that gilt yields are higher than swap yields with equal durations.

All data sources are Bloomberg except 20 year index-linked z-spread which is sourced from Barclays Capital.

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