

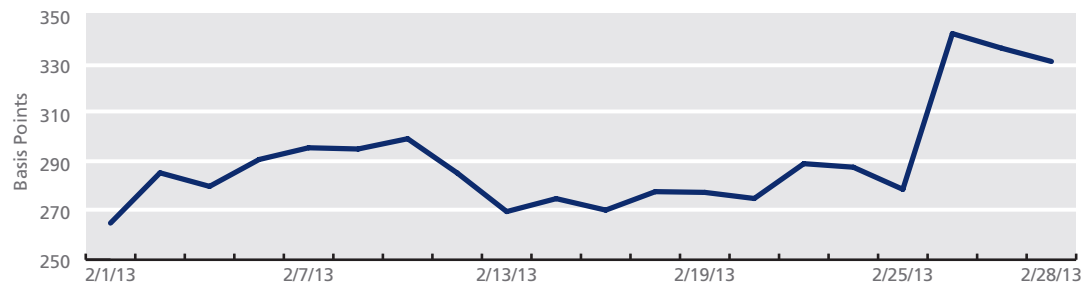
Tradeweb Government Bond Update

Key Points:

- Italian Election Indecision Sparks Renewed Anxiety
- U.K. Downgraded by Moody's, Little Reaction in Bond Market
- U.S. 10-Year Breaks Two-Month Losing Streak in February

A February 24-25 general election in Italy ended with no clear winners and a significant advance for anti-austerity sentiment, unsettling financial markets around the world with renewed fear of Europe's debt crisis. What had been a relatively calm month for bond markets turned volatile, with yields spiking higher in Europe's periphery. Italian 10-year bond yields hit their highest levels since November 2012. Meanwhile, yields dropped in perceived safe havens such as Germany, Netherlands and France. Even yields in the U.K., which had been under modest upward pressure following a Moody's February 22 credit rating downgrade, fell following the election. Though yields for Italian bonds recovered slightly into the end of the month, the benchmark Italian 10-year yield traded in a volatile 57 basis point range for February. Volume for Italian bonds on Tradeweb was active, up more than 15% versus January and 6% versus February 2012.

German 10-Year Versus Italian 10-Year Spread



The price of the 10-year U.S. Treasury rose in February, breaking a losing streak that started in mid-November 2012 and bringing its yield back below the key 2% level. Treasury yields had been moving higher in the first part of the month, with the 10-year hitting 2.03% on February 19, its highest level since April 2012. Talk in the market was that a lot of traders were short Treasuries on the expectation that yields would continue pushing higher, but that a fierce round of short-covering was spurred by the risk-off tone following the Italian election and mounting concern about automatic U.S. budget cuts known as the sequester.

U.S. 10Y Treasury Breaks Losing Streak



FEBRUARY 2013

ABOUT DATA POINTS

Data Points is a report prepared by Tradeweb. Information for Data Points is aggregated across Tradeweb's database of real-time fixed income and derivatives trading activity from the world's largest dealers.

ABOUT TRADEWEB

Tradeweb is a leading global provider of institutional markets, and a pioneer in the development of electronic trading and processing. Tradeweb provides services in the fixed income and derivatives markets to clients in more than 55 countries.

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Ten-Year Benchmark Government Bond Data

	FEBRUARY 2013				104 week yield high	Date of 104 week high
	Closing yield (%)	Change on previous month (bps)	Yield low (current month)	Yield high (current month)		
United States	1.89	-9.70	1.88	2.03	3.57	8-Apr-11
United Kingdom	1.96	-12.45	1.95	2.21	3.82	11-Apr-11
Germany	1.45	-22.20	1.44	1.68	3.50	11-Apr-11
France	2.17	-8.75	2.16	2.29	3.79	11-Apr-11
Italy	4.73	44.10	4.32	4.88	7.25	25-Nov-11
Spain	5.08	-8.10	5.08	5.42	7.56	24-Jul-12
Portugal	6.25	15.95	6.10	6.54	16.38	30-Jan-12
Ireland	3.72	-34.80	3.60	4.14	13.84	18-Jul-11
Greece	10.88	39.35	10.59	11.22	37.46	7-Mar-12
Austria	1.81	-16.15	1.81	2.00	3.86	11-Apr-11
Belgium	2.35	-13.30	2.35	2.51	5.82	25-Nov-11
Netherlands	1.74	-12.15	1.72	1.90	3.76	11-Apr-11
Denmark	1.59	16.95	1.37	1.82	3.74	11-Apr-11
Sweden	1.88	-9.40	1.86	2.11	3.43	7-Mar-11
Finland	1.66	-20.35	1.66	1.86	3.67	11-Apr-11
Japan	0.66	-9.00	0.66	0.80	1.33	12-Apr-11
Australia	3.31	-9.78	3.28	3.53	4.56	28-Oct-11

Source: Tradeweb Markets LLC, 1 March 2013.

All yields cited in this report are mid-yields.

What had been a relatively calm month for bond markets turned volatile.