

MAY 2014

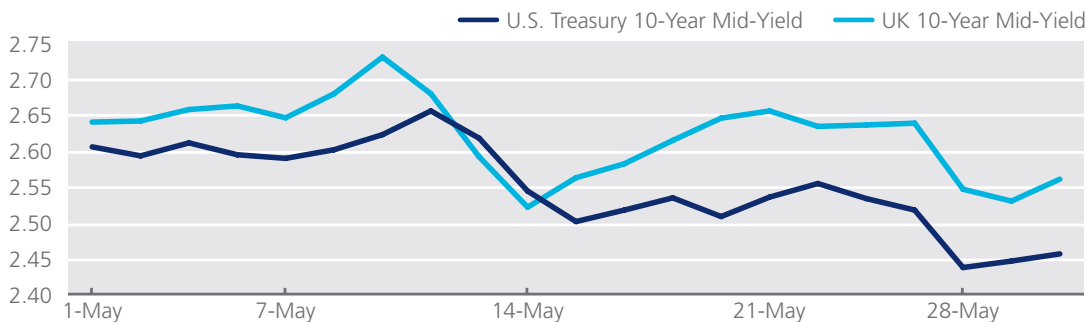
## Tradeweb Government Bond Update

### Key Points:

- Core Bond Markets Rally
- European Economies Continue Gains
- Portugal Exits Bailout

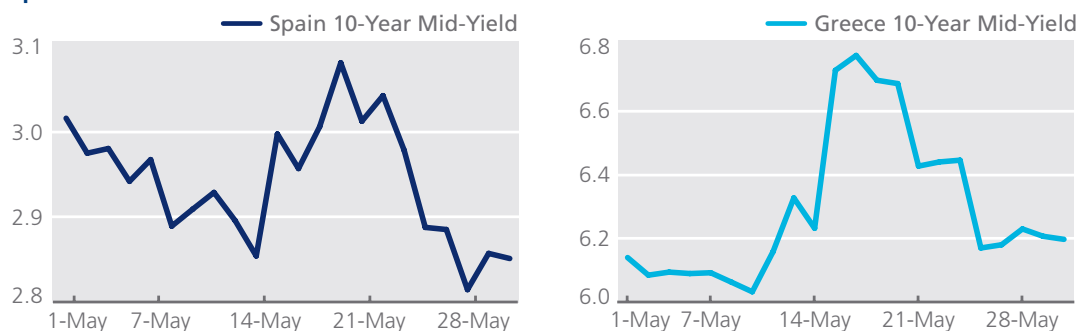
The U.S. economy contracted in the first quarter of the year, with GDP shrinking at a seasonally adjusted rate of 1%, according to the Commerce Department. The mid-yield for 10-year Treasuries fluctuated during the month, starting at 2.59%, hitting a high of 2.65% on May 12 and ending the month at 2.46%. The mid-yield on the U.S. 1-month bill also saw significant volatility, rising 31 basis points from May 1 to finish the month at 0.038%. The UK economy had a strong first quarter marking 3.1% of nominal growth; however, Eurozone inflation remained a concern at 0.7%. Gilts also rose and fell during the month, starting at 2.63%, hitting a high of 2.73% on May 12, and falling to 2.56% at month-end. Germany's unemployment rate dropped to 6.6% in May, while the country's economy grew 0.8% in the first quarter of 2014. The benchmark 10-year bund mid-yield started at a month-high of 1.46% and closed May at 1.31%.

### U.S. and UK 10-Year Mid-Yields



Europe's peripheral economies experienced a month of positive news with credit ratings of two countries being upgraded. Spain's sovereign debt credit rating was raised one level to BBB by Standard & Poor's to a stable outlook, citing a "view of improving economic growth and competitiveness." The mid-yield on Spain's 10-year bond started at a month-high of 3.01% on May 1 and fell 16 basis points to finish at 2.85%. Greece's sovereign debt was upgraded to B from B- by Fitch, which stated that "Greece achieved a primary surplus in the general government account in 2013, a key target." The mid-yield on the Greek 10-year hit a high of 6.77% on May 16 and ended 112 basis points down from May 1 at 6.19%.

### Spain and Greece 10-Year Mid-Yields



**FOR MORE INFORMATION,  
PLEASE CONTACT:**

**Louise Collins**

louise.collins@tradeweb.com  
+44 (0)20 7776.0943

**Clayton McGratty**

clayton.mcgratty@tradeweb.com  
+1 646.430.6054

[www.tradeweb.com](http://www.tradeweb.com)

### ABOUT DATA POINTS

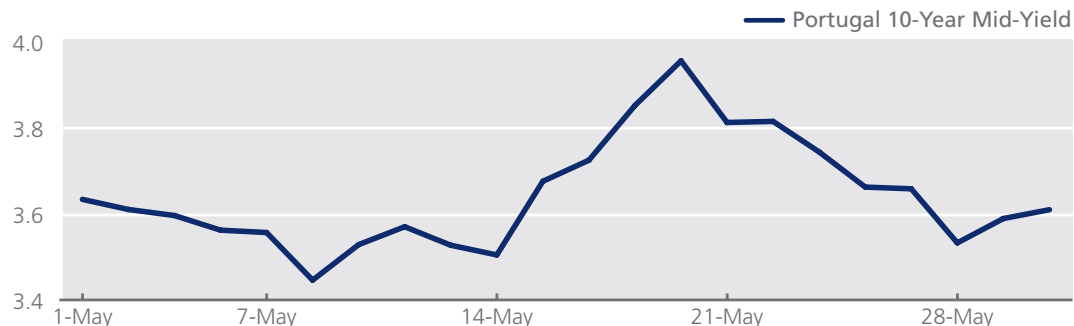
Data Points is a monthly report that aggregates information from the Tradeweb fixed income and derivatives markets, and the world's largest liquidity providers.

### ABOUT TRADEWEB

Tradeweb is a leading global provider of institutional markets, driving the evolution of electronic trading in fixed income and derivatives. Tradeweb applies technology with flexible trading protocols to enhance workflow efficiency and increase market transparency.

Portugal became the second eurozone country after Ireland to exit its bailout program without a precautionary credit line, with €214 billion in debt remaining on its balance sheet. The country will now look to the bond markets to cover its financing needs after the €78 billion EU and IM-assembled rescue package formally concluded. In addition, Moody's Investor Service raised its credit rating for Portugal's government debt on May 9 to Ba2 from Ba3 noting the country's improving financial situation. The country's 10-year benchmark bond started and ended the month at 3.61%, but saw some volatility hitting a month-high of 3.95% on May 20.

### Portugal 10-Year Mid-Yields



Portugal's 10-year benchmark bond started and ended the month at 3.61%, but saw some volatility hitting a month-high of 3.95% on May 20

### Ten-Year Benchmark Government Bond Data

	MAY 2014				3yr yield high	3yr yield high date
	Closing yield (%)	Change on previous month (bps)	Yield low (current month)	Yield high (current month)		
United States	2.46	-19.10	2.44	2.66	3.20	4-Jul-11
United Kingdom	2.56	-10.70	2.52	2.73	3.39	1-Jul-11
Sweden	1.80	-16.95	1.80	1.96	2.96	7-Jun-11
Spain	2.85	-16.70	2.81	3.08	7.56	24-Jul-12
Portugal	3.61	-2.30	3.45	3.96	16.38	30-Jan-12
Netherlands	1.63	-17.10	1.60	1.80	3.34	7-Jun-11
Japan	0.57	-4.55	0.57	0.62	1.18	6-Jul-11
Italy	2.96	-11.30	2.92	3.25	7.25	25-Nov-11
Ireland	2.60	-21.10	2.60	2.83	13.84	18-Jul-11
Greece	6.20	5.65	6.03	6.77	37.46	7-Mar-12
Germany	1.31	-16.65	1.29	1.47	3.09	7-Jun-11
France	1.76	-19.35	1.72	1.95	3.71	24-Nov-11
Finland	1.60	-16.20	1.57	1.76	3.37	7-Jun-11
Denmark	1.36	-16.55	1.36	1.53	3.26	7-Jun-11
Canada	2.24	-15.95	2.22	2.40	3.11	1-Jul-11
Belgium	1.88	-19.10	1.86	2.08	5.82	25-Nov-11
Austria	1.54	-15.75	1.51	1.70	3.82	25-Nov-11
Australia	3.65	-25.71	3.61	3.90	4.56	28-Oct-11

Source: Tradeweb Markets LLC, 1 June 2014

All yields cited in this report are mid-yields.