



## 5 key bond market charts

### Focus on ECB policy mistake, Fed rate cutting potential

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#### Policy error?

The combination of a fast-paced monetary policy tightening and growing recession risks looks to us the key fixed-income markets story here, especially in the eurozone.

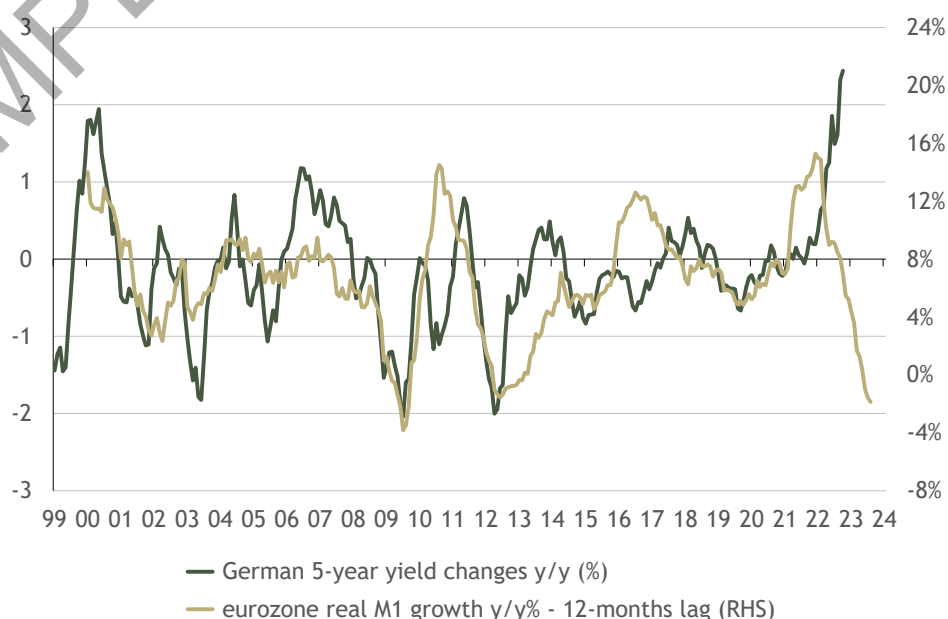
#### ECB oblivious to growing risks of a (deep) eurozone recession

What ECB officials have been referring to as a policy rates normalisation towards neutral levels, has in fact led to a large scale policy tightening. We argue that high eurozone inflation is unlikely to last. Bunds looking cheap, EUR break-evens rich.

#### US housing slump could crowd out Fed rate hiking cycle

USD rates market is pricing small chances of a Fed pivot, not a sharp Fed U-turn occurring. The weakening US housing market suggests potential for a faster/deeper Fed rate cutting cycle to be discounted.

#### Key chart: Bunds/M1 decoupling



Source: ASR Ltd. / Bloomberg