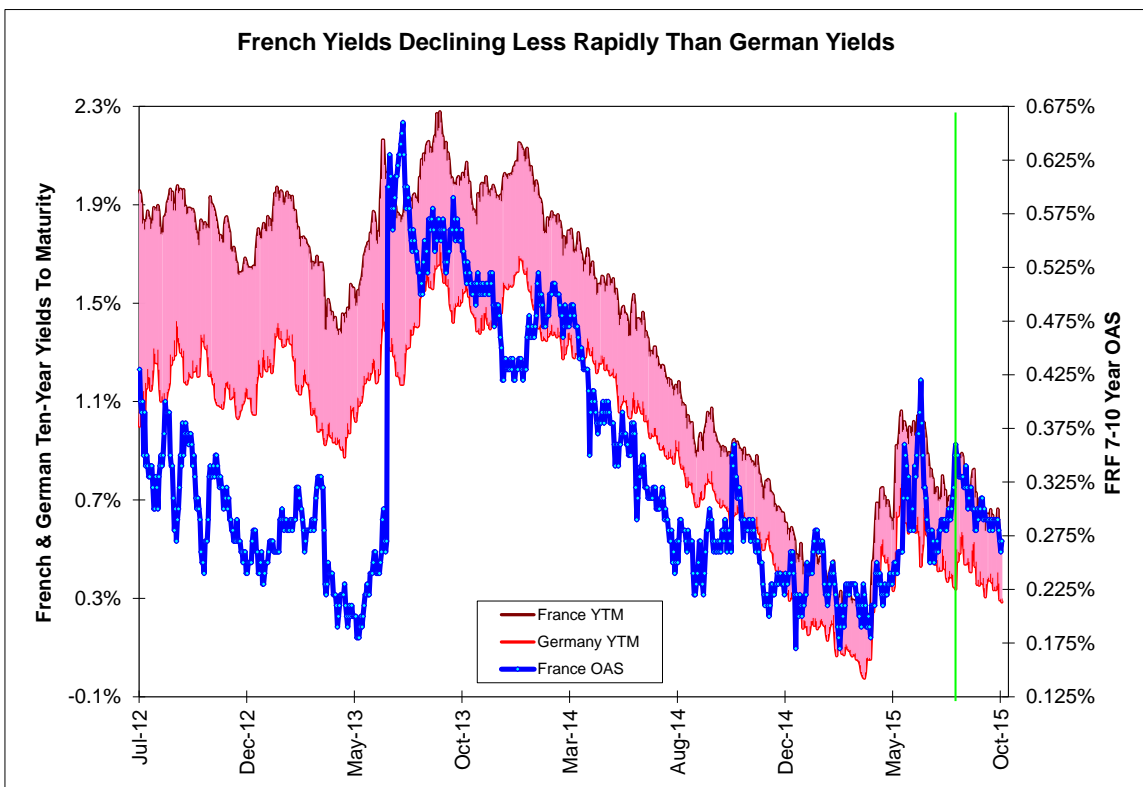


Franco-German Yield Spreads After August Global Equity Selloff

Bund yields have declined more rapidly than have OAT yields since August 24, 2015 (vertical lines). The daily loglinear rates of declension for 7-10 year Bund and OAT yields have been 0.997% and 0.946%, respectively. Their respective returns have been 1.53% and 0.80%.



The German yield curve as measured by the forward rate ratio between two and ten years is steepening rapidly relative to its French counterpart. This occurred and on a larger scale between the December 2014 consensus the European Central Bank would begin QE and the April 2015 peak in Bunds.

German Yield Curve In Relative Steepening

