

# The hunt for yield – how will it reverse?



## Risk spectrum



Fed funds → 10y → IG → HY → Equities → Emerging Markets

Two risks for disruptive reversal:

- 1) Higher US inflation
- 2) ECB Exit

Source: DB Global Research

Deutsche Bank Research | Torsten Slok, torsten.slok@db.com | +1 212 250-2155 | February 2018 | 64

## ECB exit and higher US Treasury yields leading to less demand from abroad for US IG



Source: Treasury, Haver Analytics, DB Global Research

Deutsche Bank Research | Torsten Slok, torsten.slok@db.com | +1 212 250-2155 | March 2018 | 108

From: Torsten Slok

Sent: Thursday, March 01, 2018 8:03 PM

To: Martin Zeman [REDACTED] Xavier Avila [REDACTED] Stewart Oldfield

Cc: Jennifer Francis [REDACTED]

Subject: RE: Fwd: DB: Foreign demand for US credit weakening

Yes, tmrw @ 11.00am EST?