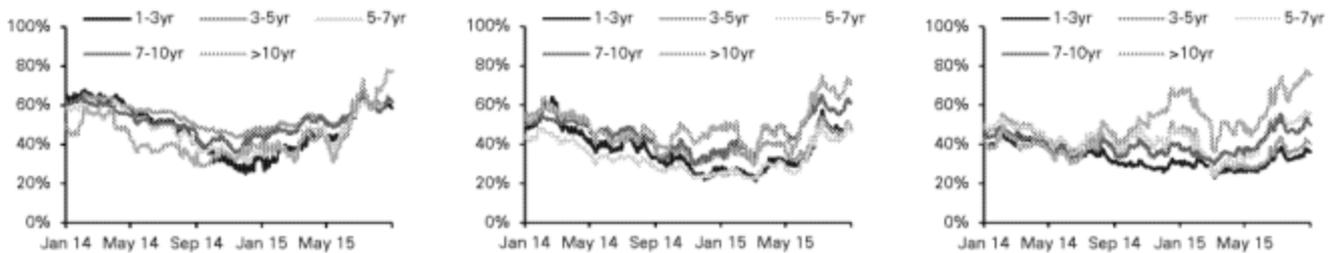




Starting with the EUR market we can see that while we've seen the percent rank rise across all maturities the most significant widening has come in the longer-dated bonds. As already mentioned some care is probably required here as this is still a fairly small market that has actually seen a lot of new supply this year. In the case of AAs and single-As it seems that the >10yr spreads have gone from being at similar percentiles as the other maturity buckets to now be the widest relative to their own histories. In the case of BBBs we were already at a higher percentile than the other maturity buckets and have seen this rise even further. We have gone from a low of 36% back in early March to a current level above 75%. In fact the >10yr bucket in all three rating bands is now over 70%.

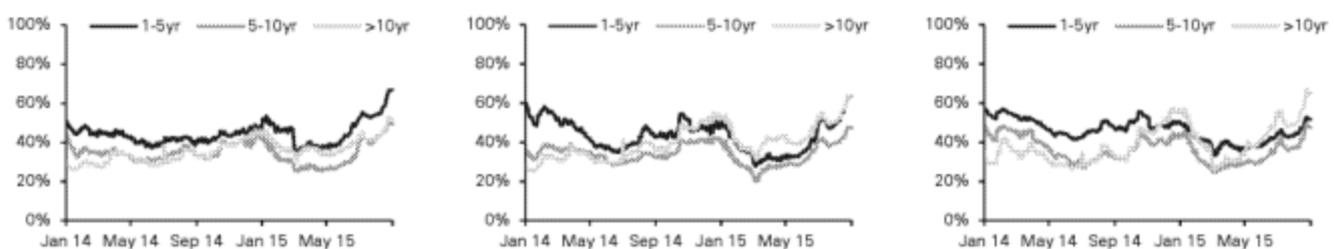
Figure 33: EUR AA (left), Single-A (middle) and BBB (right) Percentile Histories



Source: Deutsche Bank

Moving on to the GBP market we can see that the themes we noted when looking at the actual curves are still present when we look at the percentiles. For AA rated credit on this measure we've actually seen the short-end (1-5yr) widen more relative to its own history than the long-end (>10yr). In fact it's only for BBBs where we've seen the long-end move to a higher relative percentile in recent months. It's also worth highlighting that although the percentiles have broken wider in recent weeks they have over the past 20 months been fairly range bound.

Figure 34: GBP AA (left), Single-A (middle) and BBB (right) Percentile Histories



Source: Deutsche Bank

Perhaps the most interesting observations can be seen in the USD market. The long-end is at the highest relative level across all three rating bands, although only just for AAs. But of even more significance is the journey. In the case of AAs and single-As the long-end has been inside the tightest decile during the past 20 months but is now in the widest quartile while for BBBs we have widened from the tightest quartile to the widest decile. So some considerable weakness during the past 20 months.