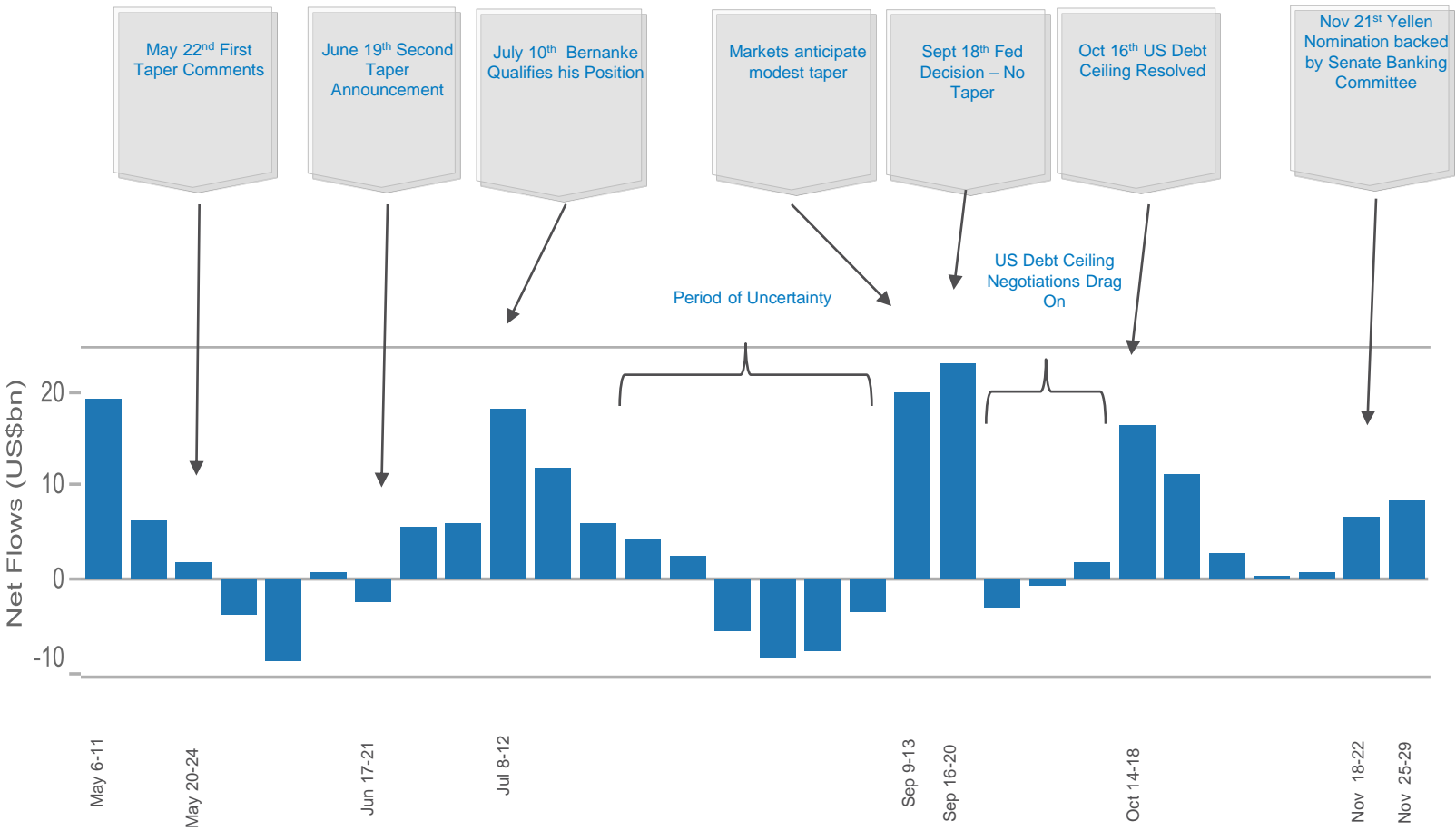


Bond Demand Outlook

Jozef Prokes
ECB Bond Market Contact Group

21 January

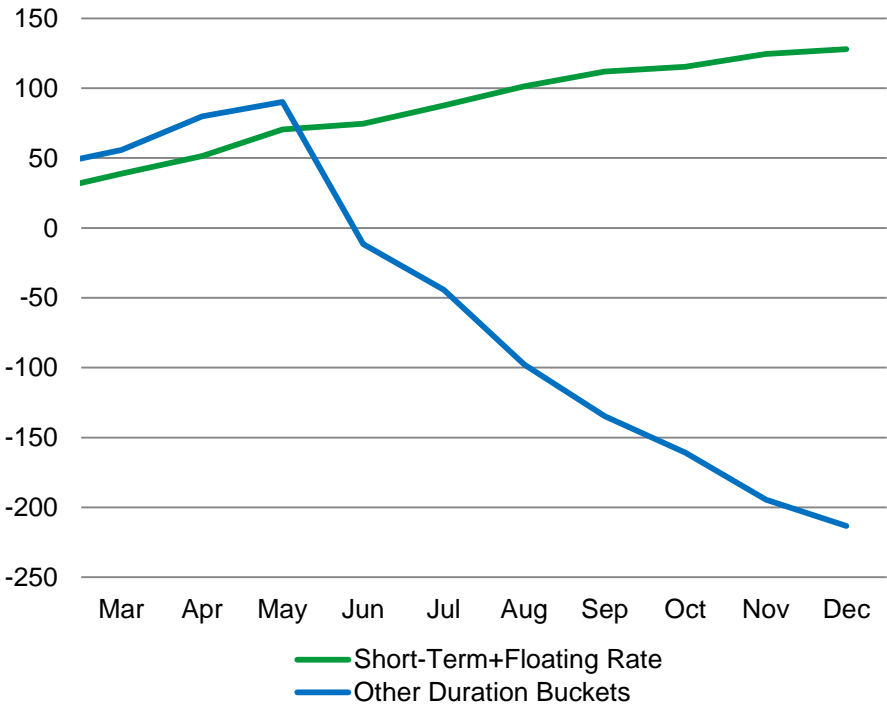
Economic policy impact on global ETP flows



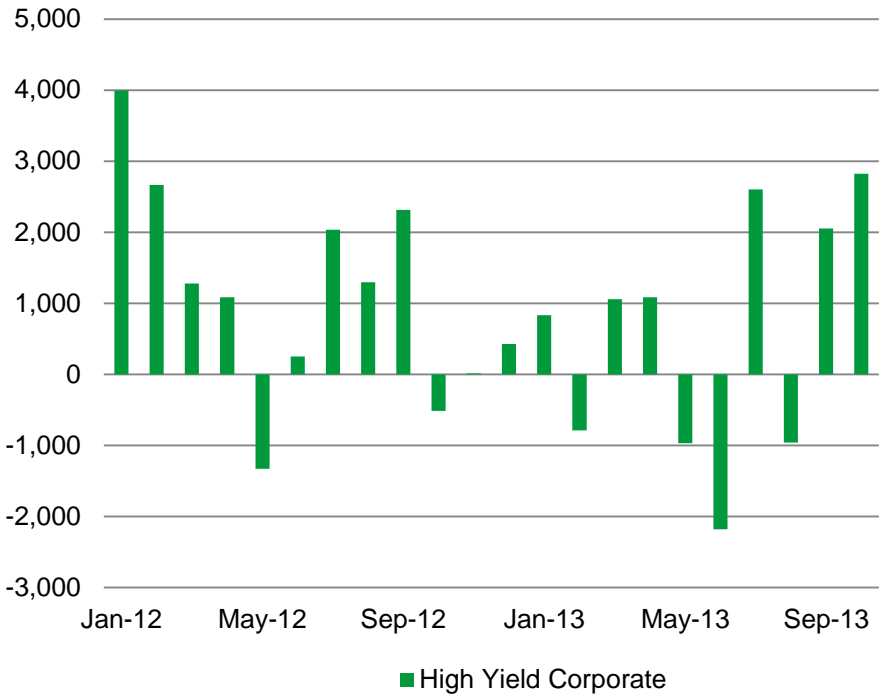
Unless otherwise specified, all information is sourced from BlackRock ETP Landscape. Data as at end of December 2013.

Focus: short duration, floaters, high yield

Duration flows in 2013 (Mutual fund flows, Bn USD)



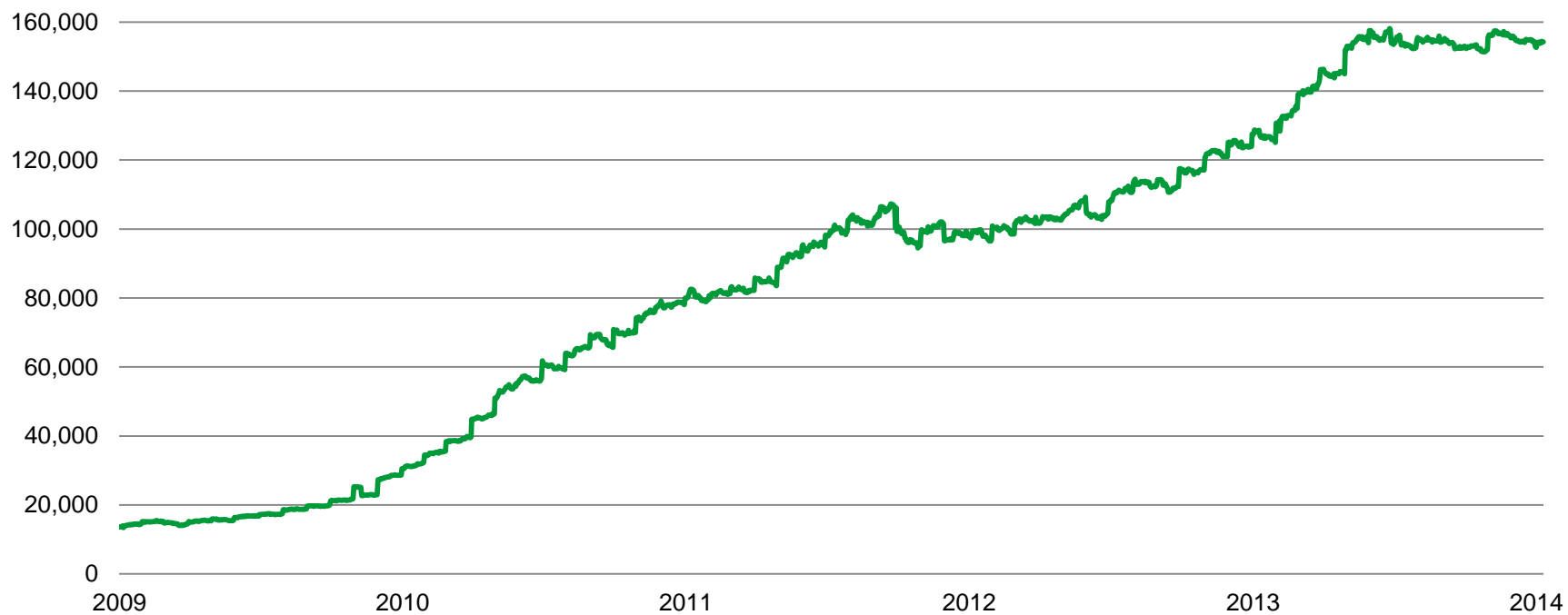
HY Monthly ETP flows (Mn USD)



Unless otherwise specified, all information is sourced from BlackRock ETP Landscape. Data as at end of October 2013.

What does FLEXIBLE mean for demand?

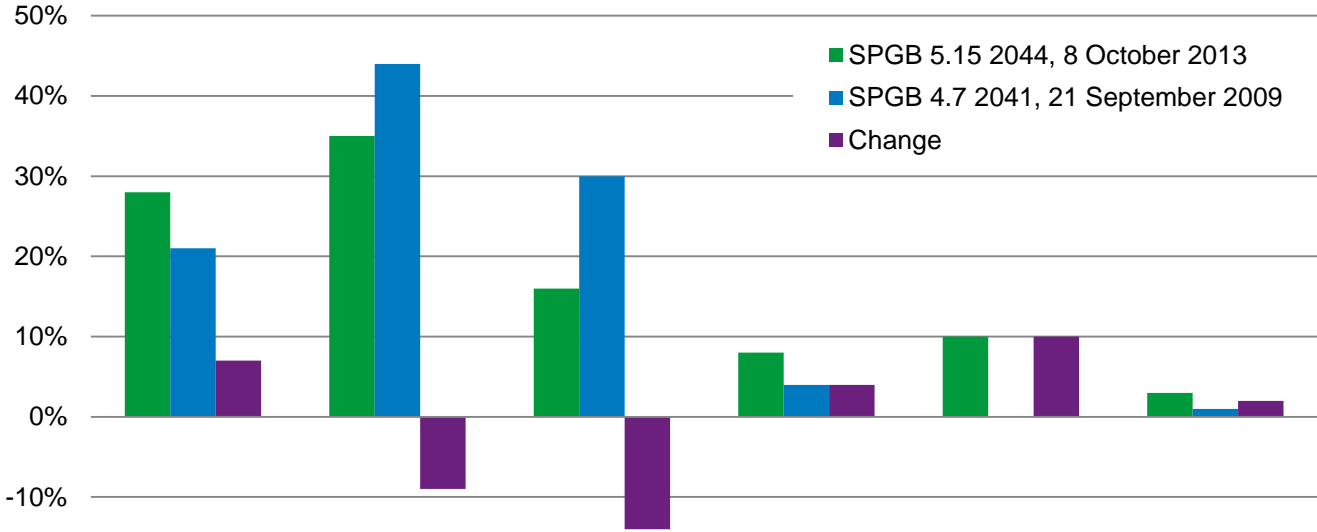
Flows into non-benchmarked, total return flexible bond funds over the past 2 years (EUR mm)



Sample of the 12 largest flexible bond funds across EUR and USD. Source: Bloomberg

Demand destruction – still the case for periphery?

Geographic Breakdown of 30 yr SPGB syndications, 2009 vs 2013

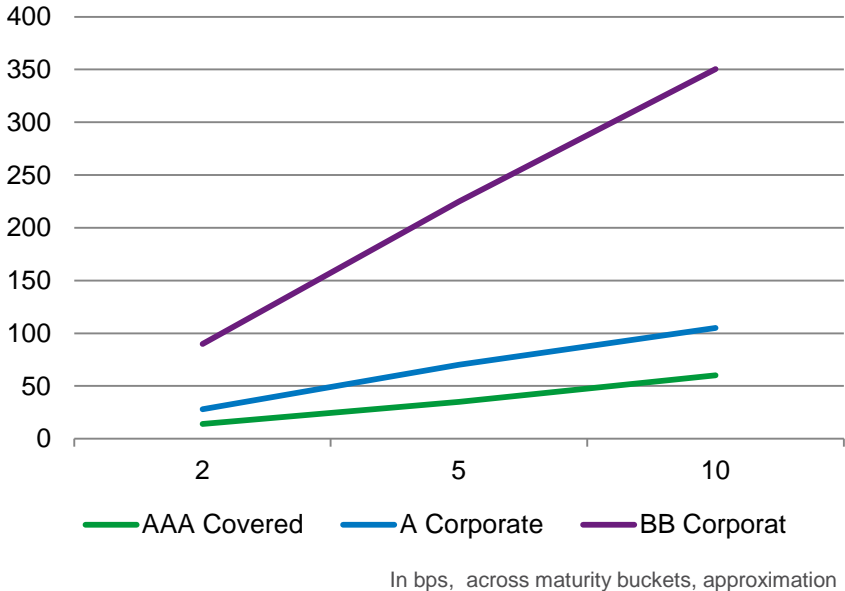


	UK	Spain	Other Eurozone	Nordic	US	Other non-Eurozone
SPGB 5.15 2044, 8 October 2013	28%	35%	16%	8%	10%	3%
SPGB 4.7 2041, 21 September 2009	21%	44%	30%	4%	0%	1%
Change	7%	-9%	-14%	4%	10%	2%

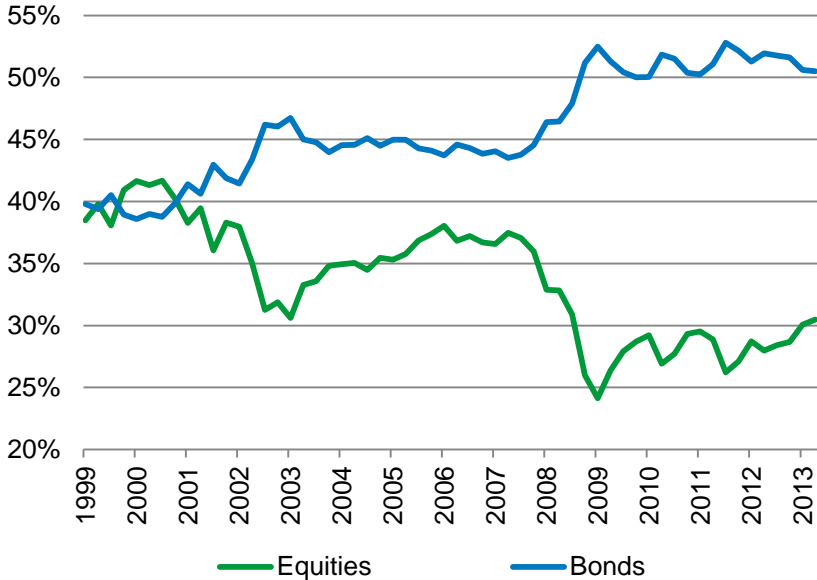
Regulations – can we expect much influence on demand?

Should we expect any change in demand patterns from either LCR or Solvency II?

Capital charges for various assets vs AAA rated sovereign



G4 pension funds and insurance companies asset split

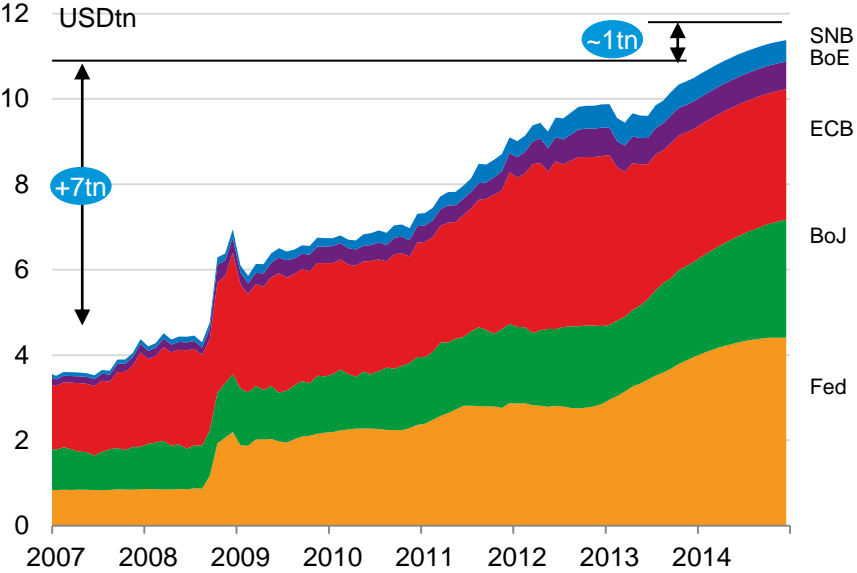


Source: BlackRock; Credit Agricole, JPM

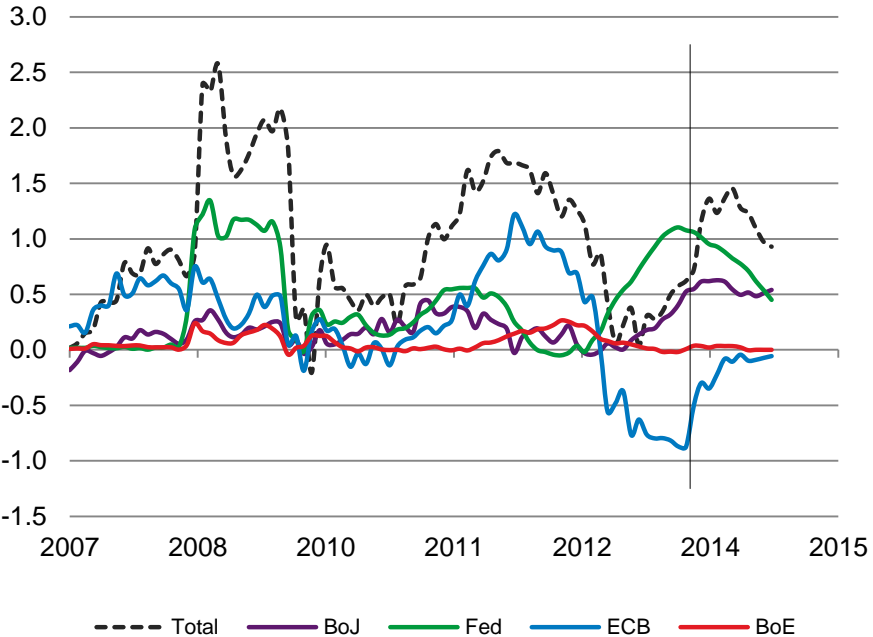
Central Bank Liquidity Injection

Major DM central banks have injected \$7tn in liquidity since 2007, and will likely inject another ~\$1tn by end-2014

Cumulative balance sheet size in USD tn



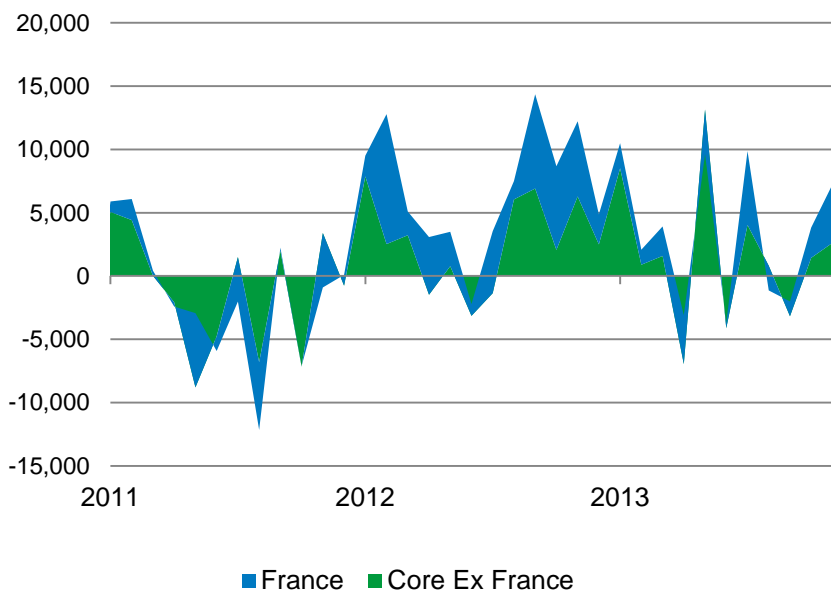
YoY Change in Liquidity Injection by CB in%



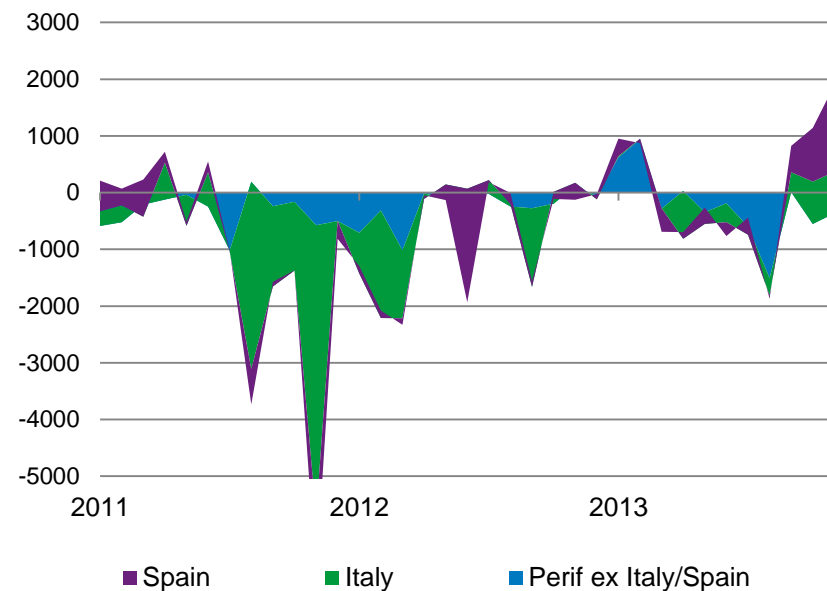
Source: Haver Analytics, Deutsche Bank Research, individual central banks

Japan - MOF Data: Flows into Core and Peripheral Europe

Flows into Bonds & Notes in Core Europe (in JPY 100m)



Flows into Bonds & Notes in Peripheral Europe (in JPY 100m)



Source: Japan MoF

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