



Investments



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# Navigating Bond Markets

Melville du Plessis

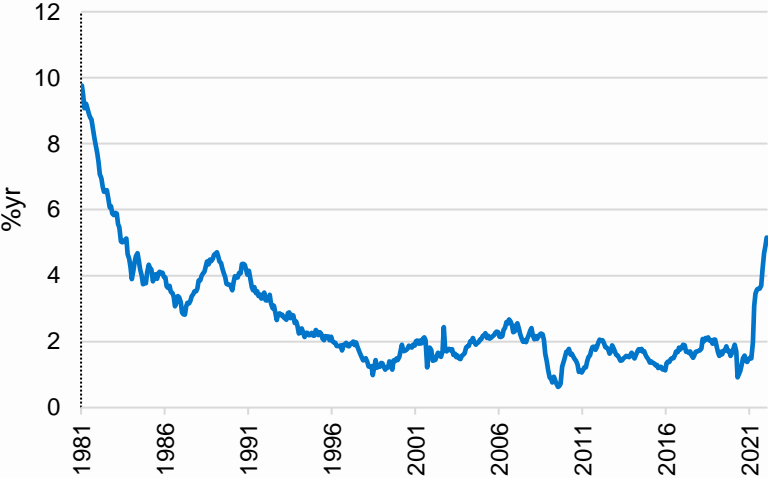
24 May 2022

# INFLATION

**It's back**

# Inflation : it's back

US core PCE deflator

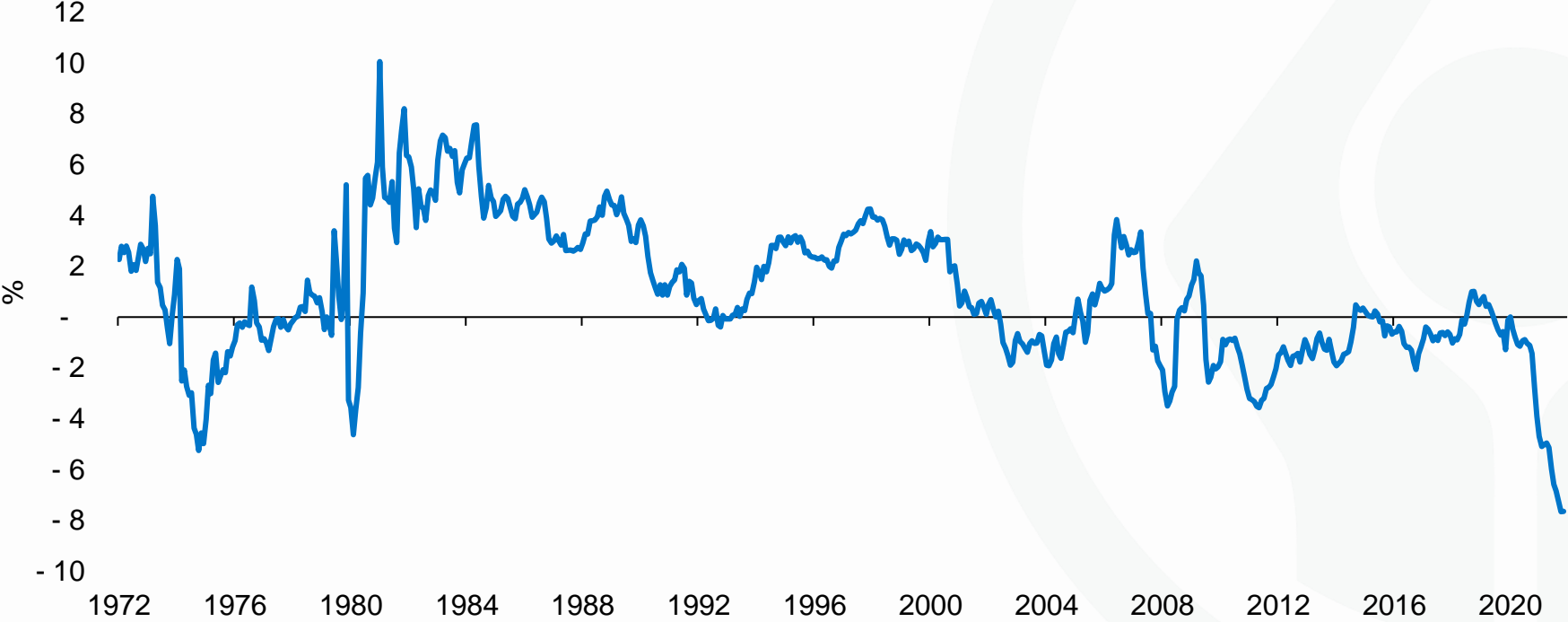


Global supply chain pressure index



# US real policy rate

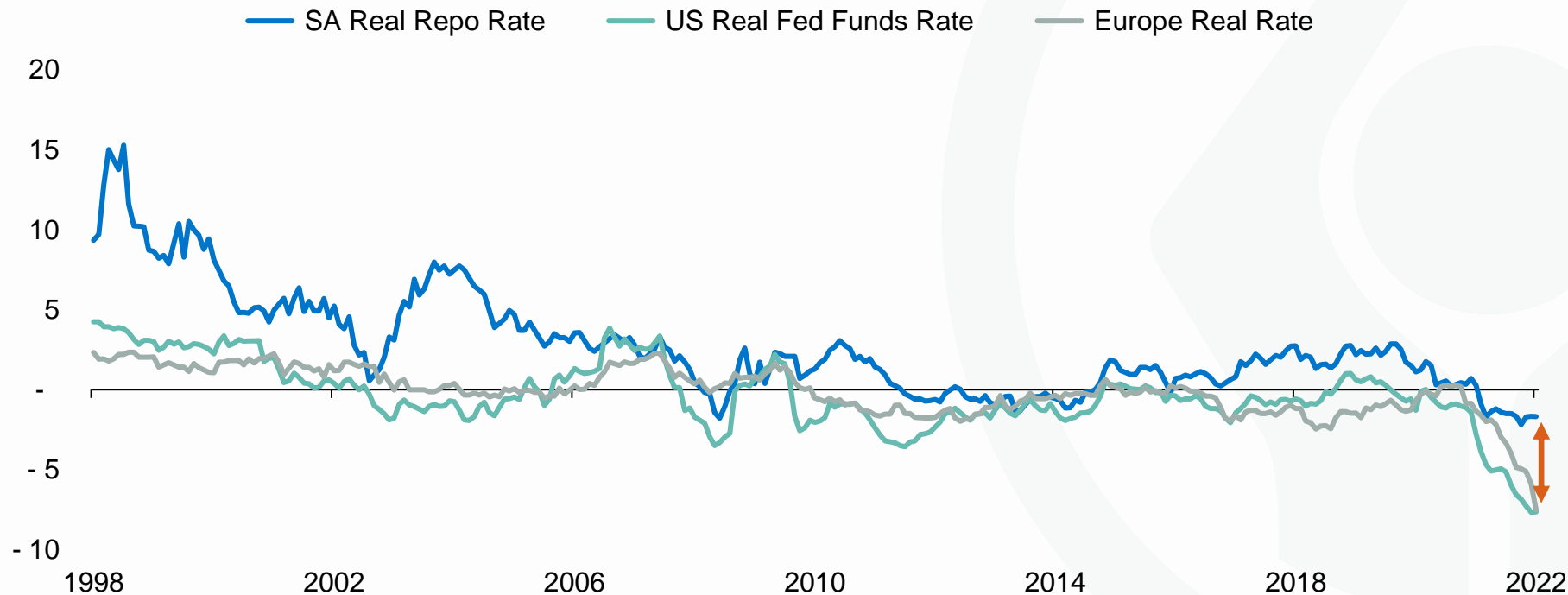
Fed Funds Rate minus rolling 12 month inflation (CPI yoy)



Source: Bloomberg, IRESS, Sanlam Investments | May 2022

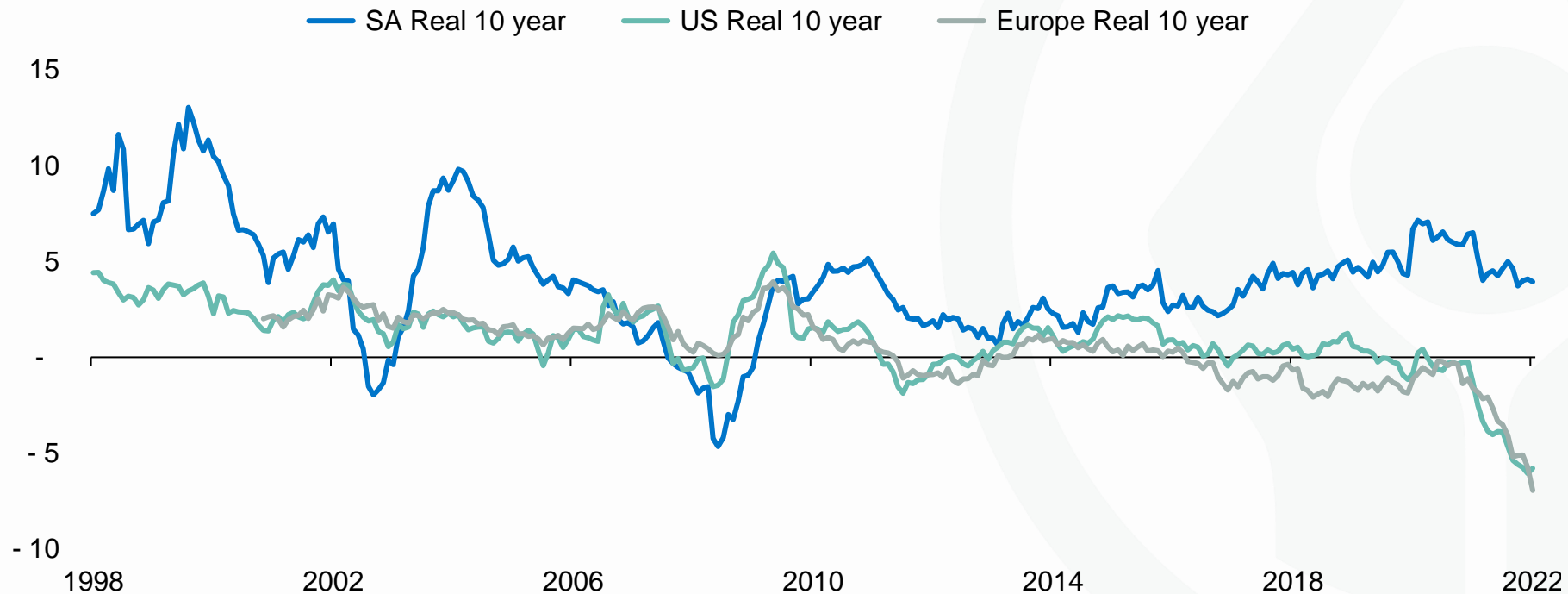
# South Africa real policy rate

Policy rate minus rolling 12 month inflation (CPI yoy)

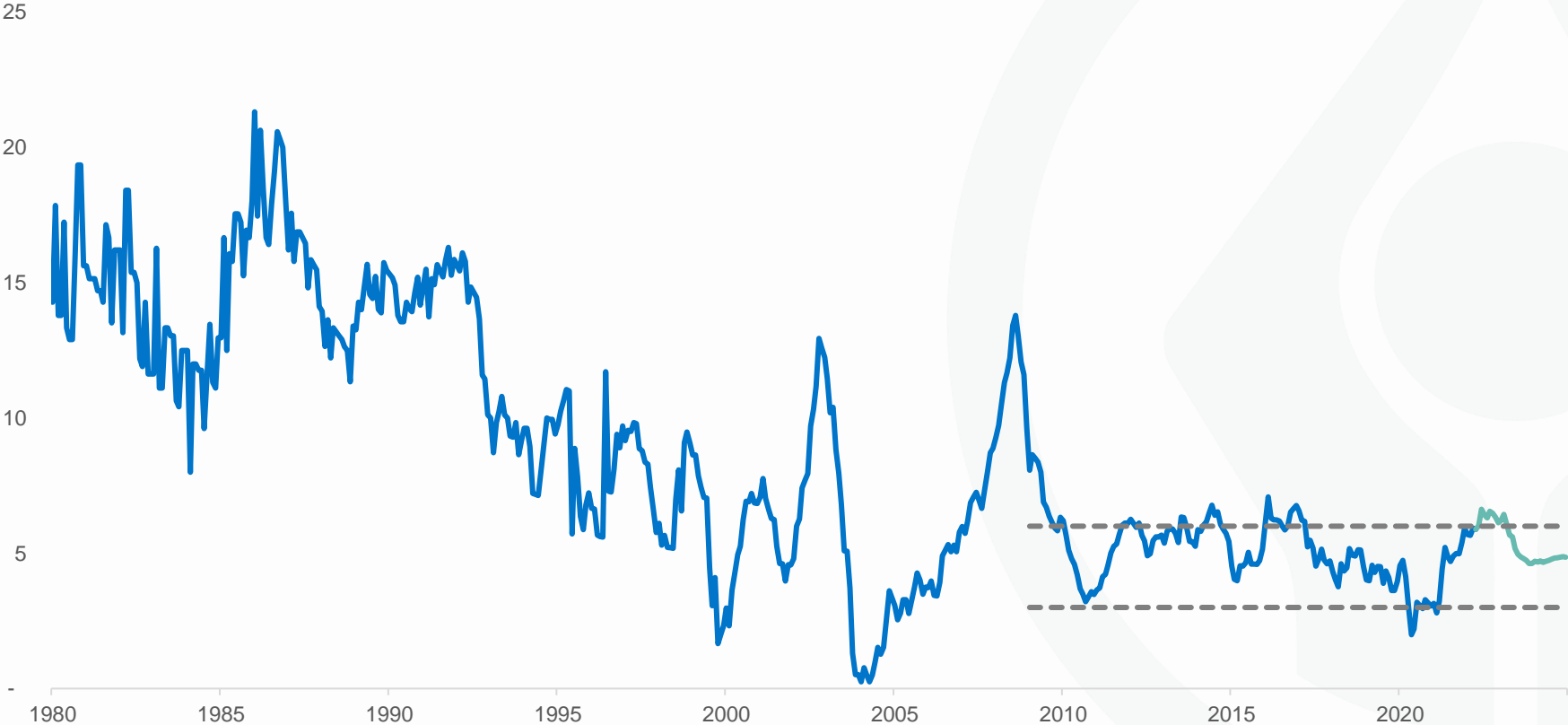


# South Africa real 10 year

10 year government bond yield minus rolling 12 month inflation (CPI yoy)



# SA inflation



Source: Statistics SA, Sanlam Investments | May 2022

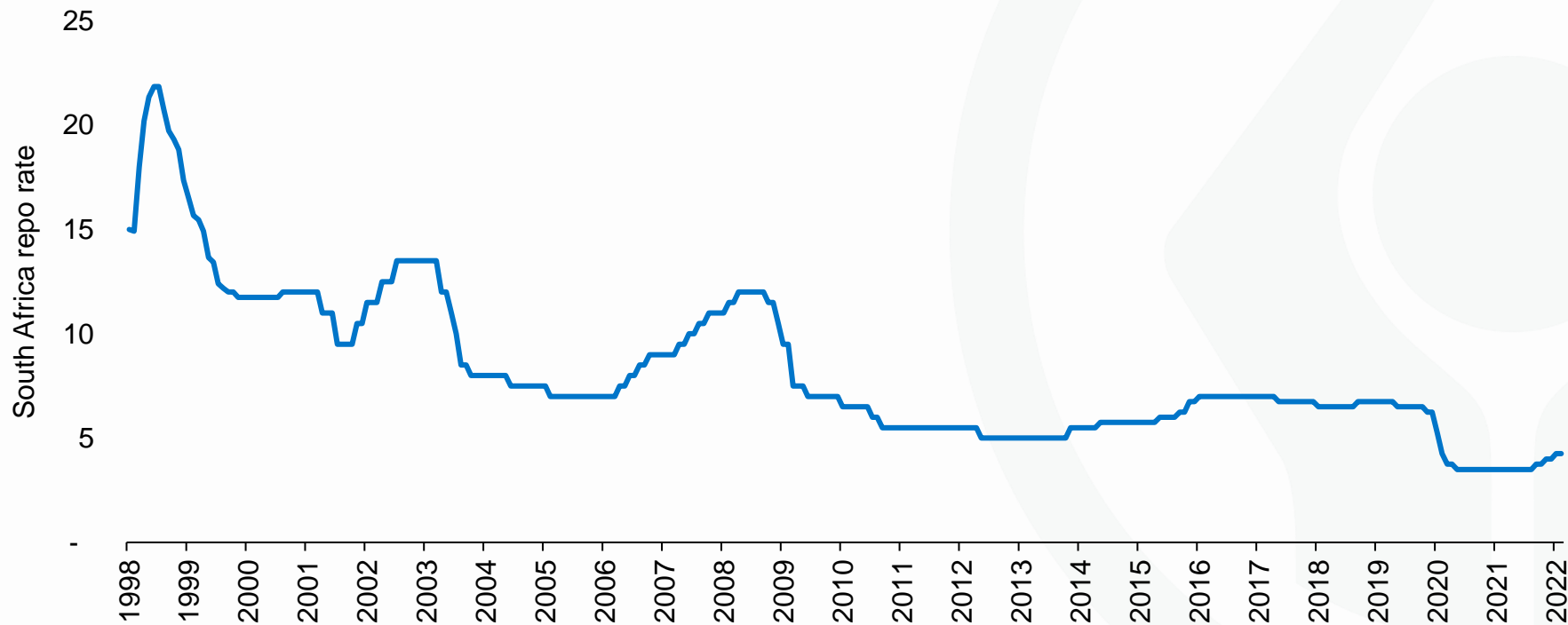


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# South Africa policy rate

SARB lending rate is effectively still at an all-time low level



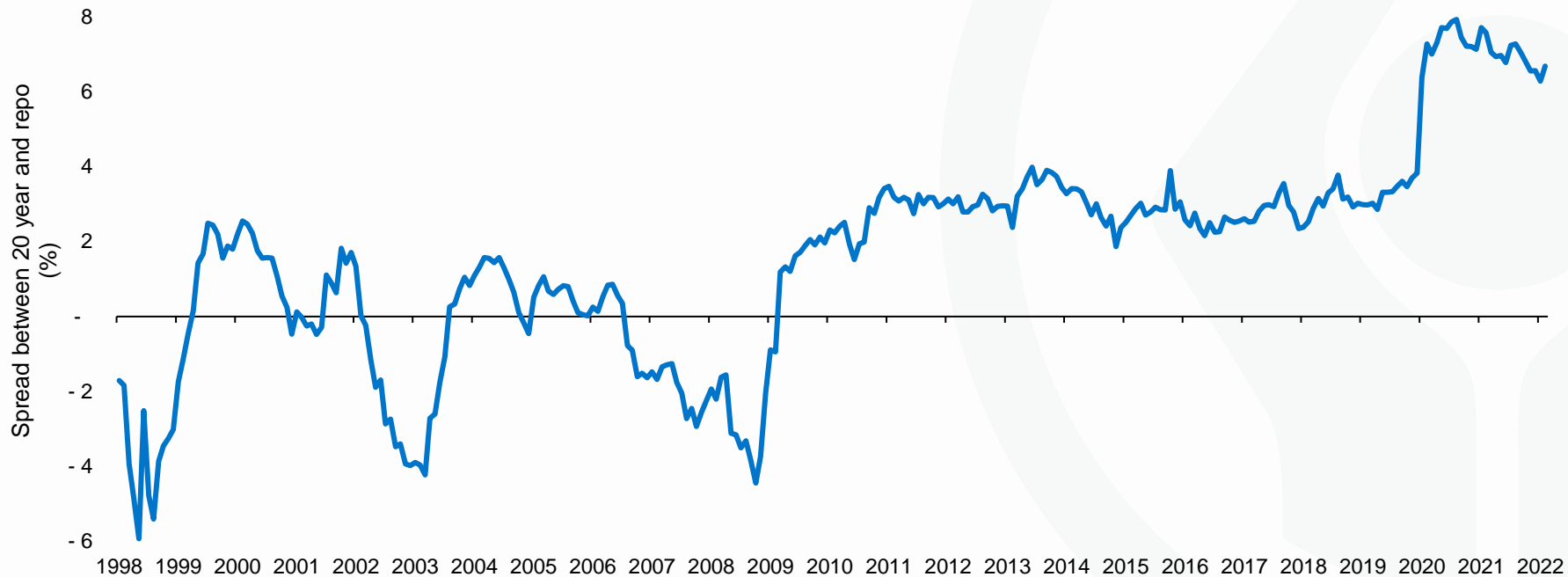
# South Africa 10 year government bond yield

Local bond yields drifted higher during the past year

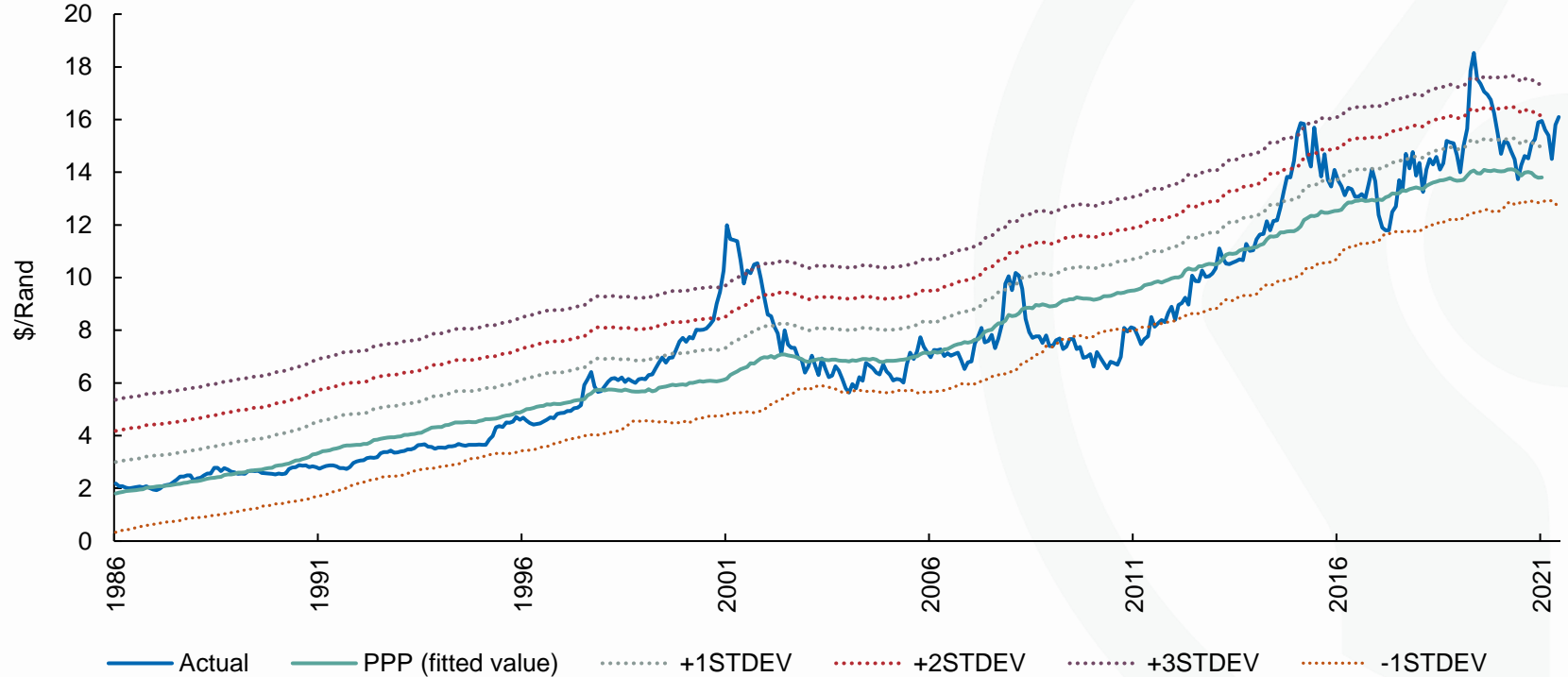


# South Africa 20 year bond yield vs repo rate

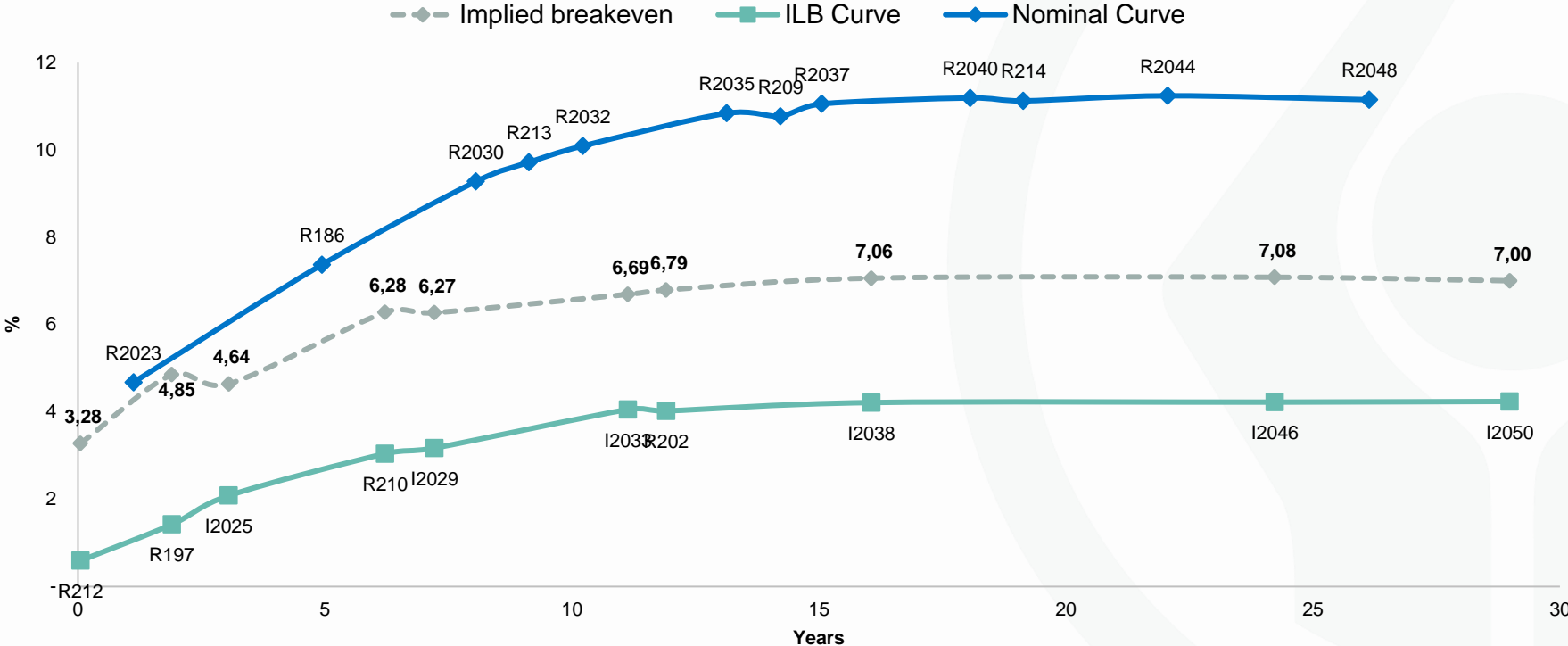
Local yield curve remains exceptionally steep



# Inflation matters for the currency



# Local nominal and inflation linked bonds



Source: Prescient Securities, Sanlam Investments, IRESS | May 2022



**thank you** 

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