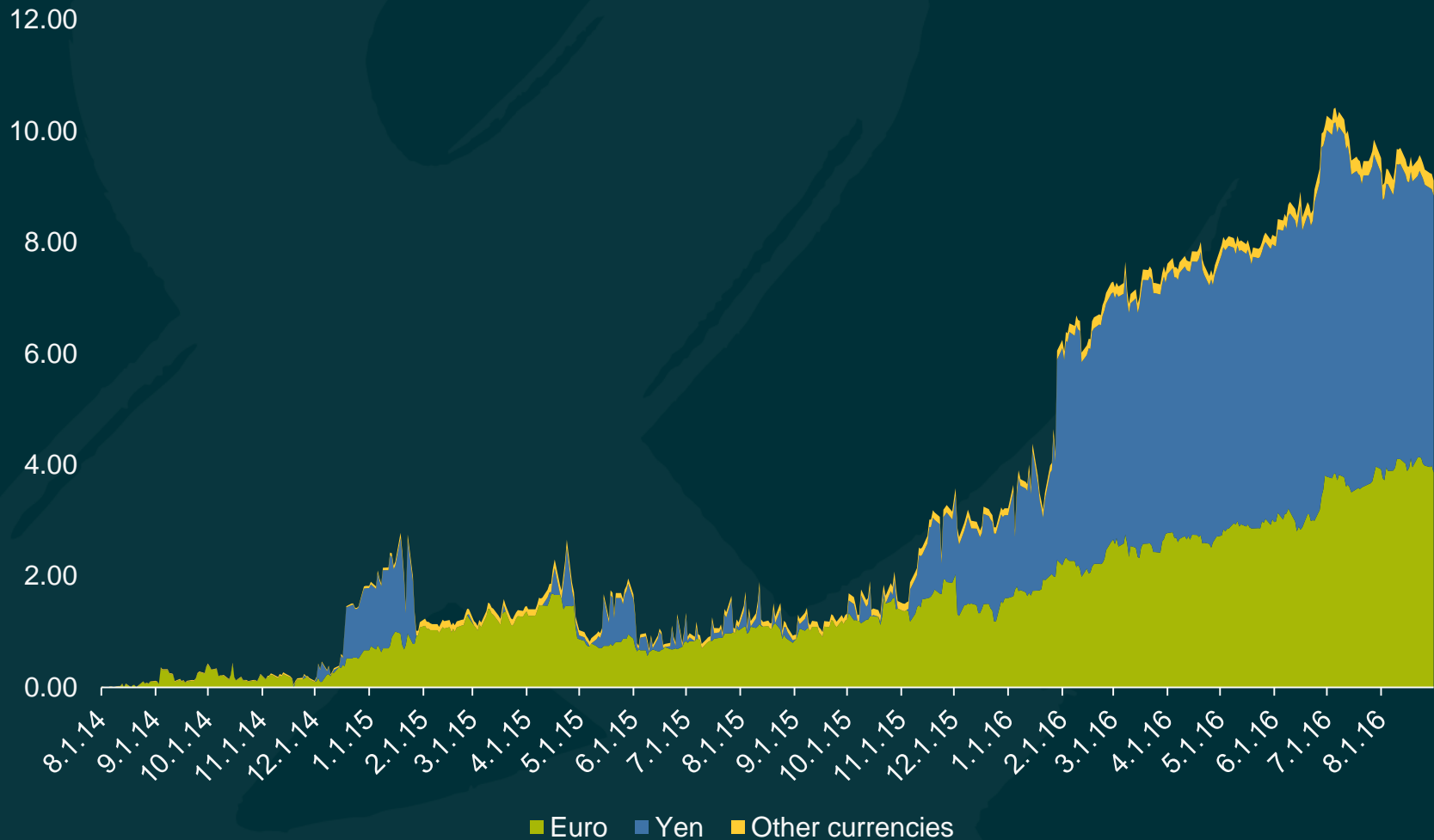


Almost \$10trn of bonds have a negative yield

Government bonds with negative yields (USD, trn)



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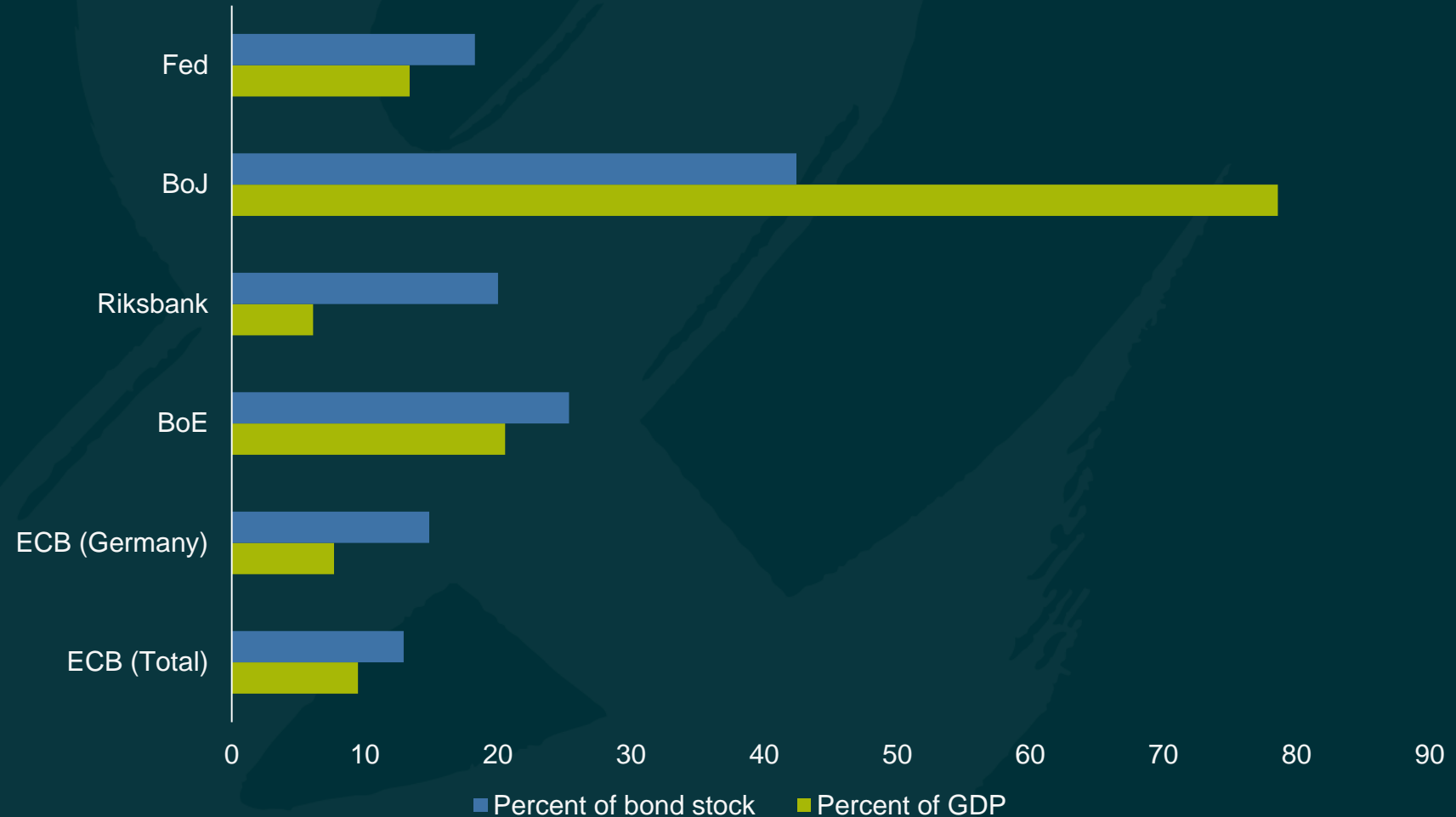
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Source: Bank of International Settlements,
M&G, October 2016



Central banks now own big chunks of bond markets

Central bank bond holdings (%)



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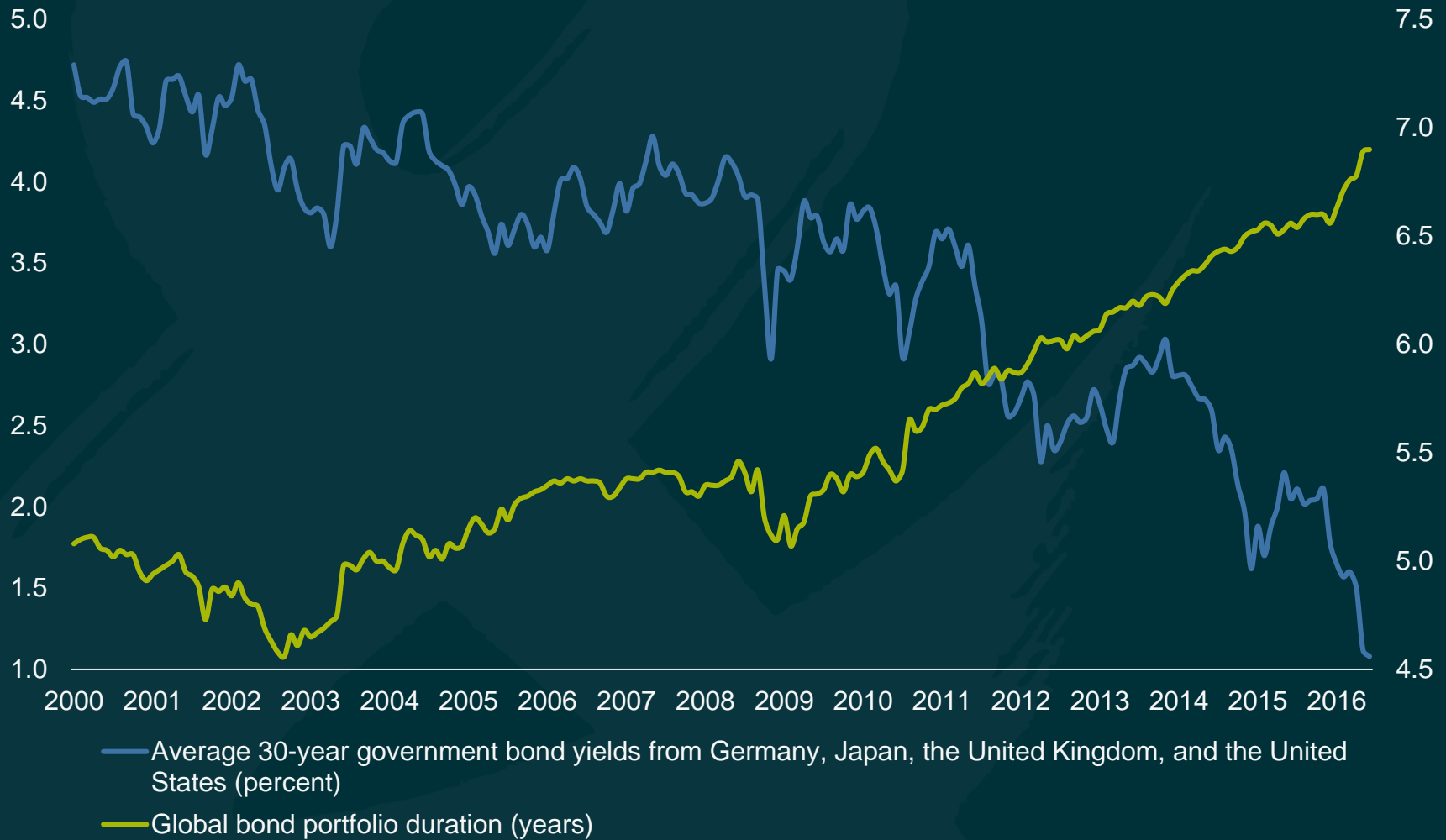
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Source: Citibank, IMF, M&G, October 2016

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An inflation shock would cause carnage

Duration continues to increase in a world of falling yields



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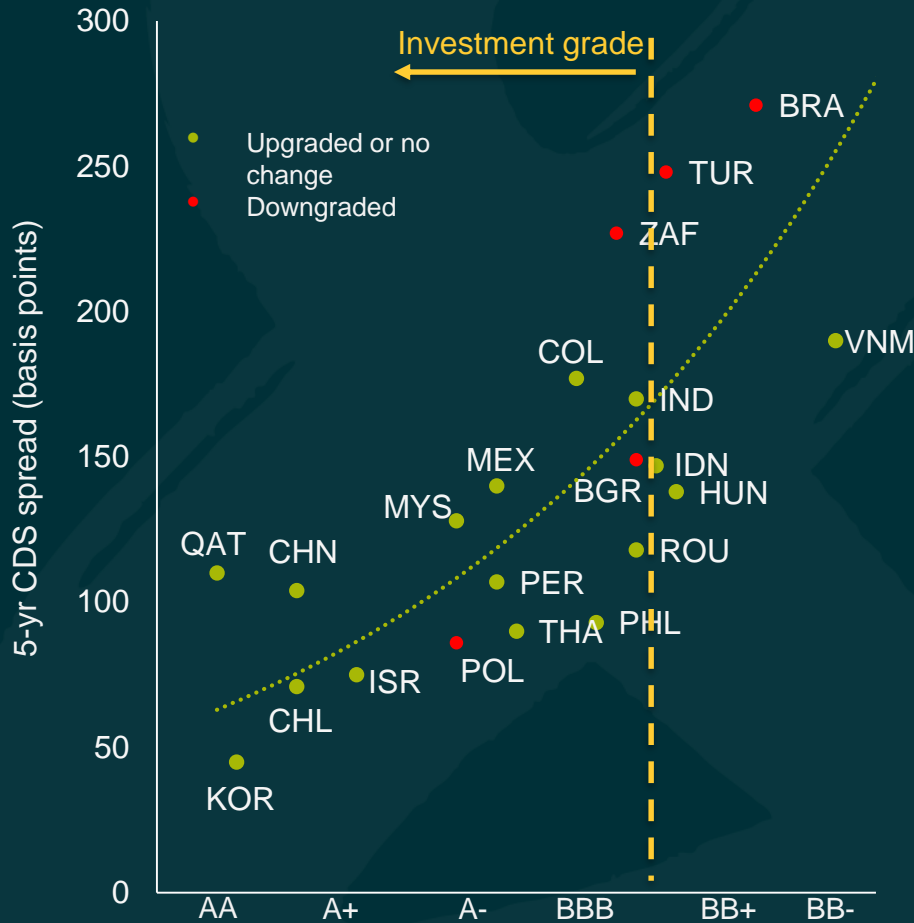
Source: Barclays Capital, Bloomberg, IMF, M&G, October 2016

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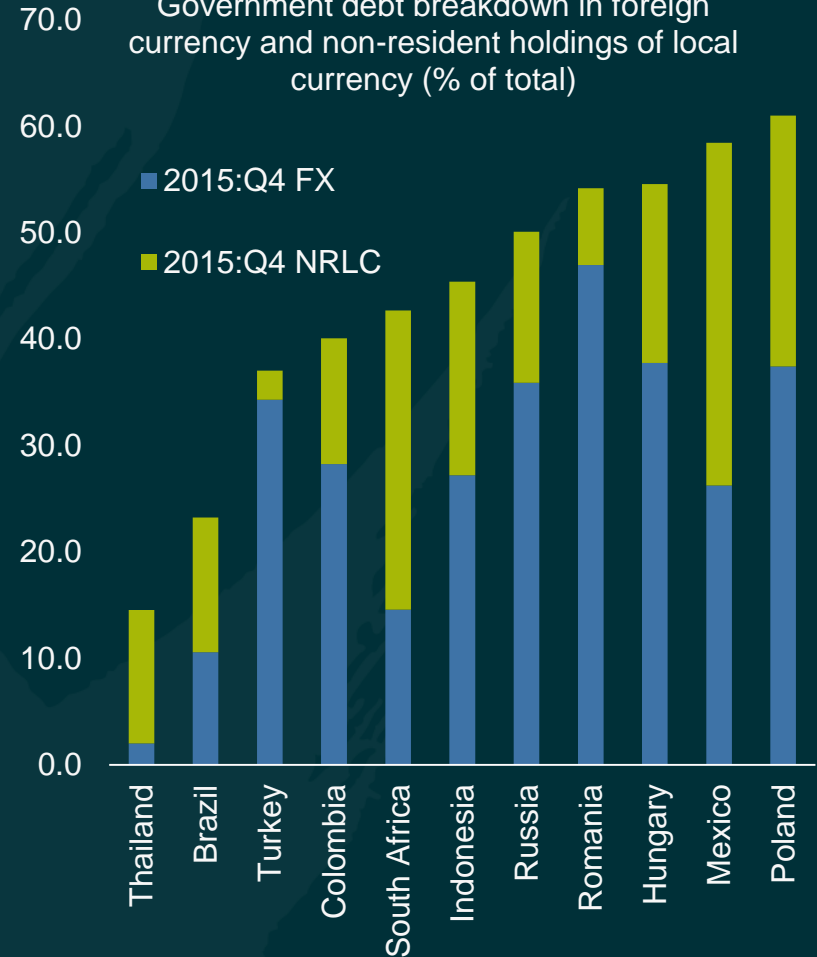
Political risks have impacted sovereign ratings

Downgrades could trigger forced selling of debt

Sovereign credit spreads versus ratings

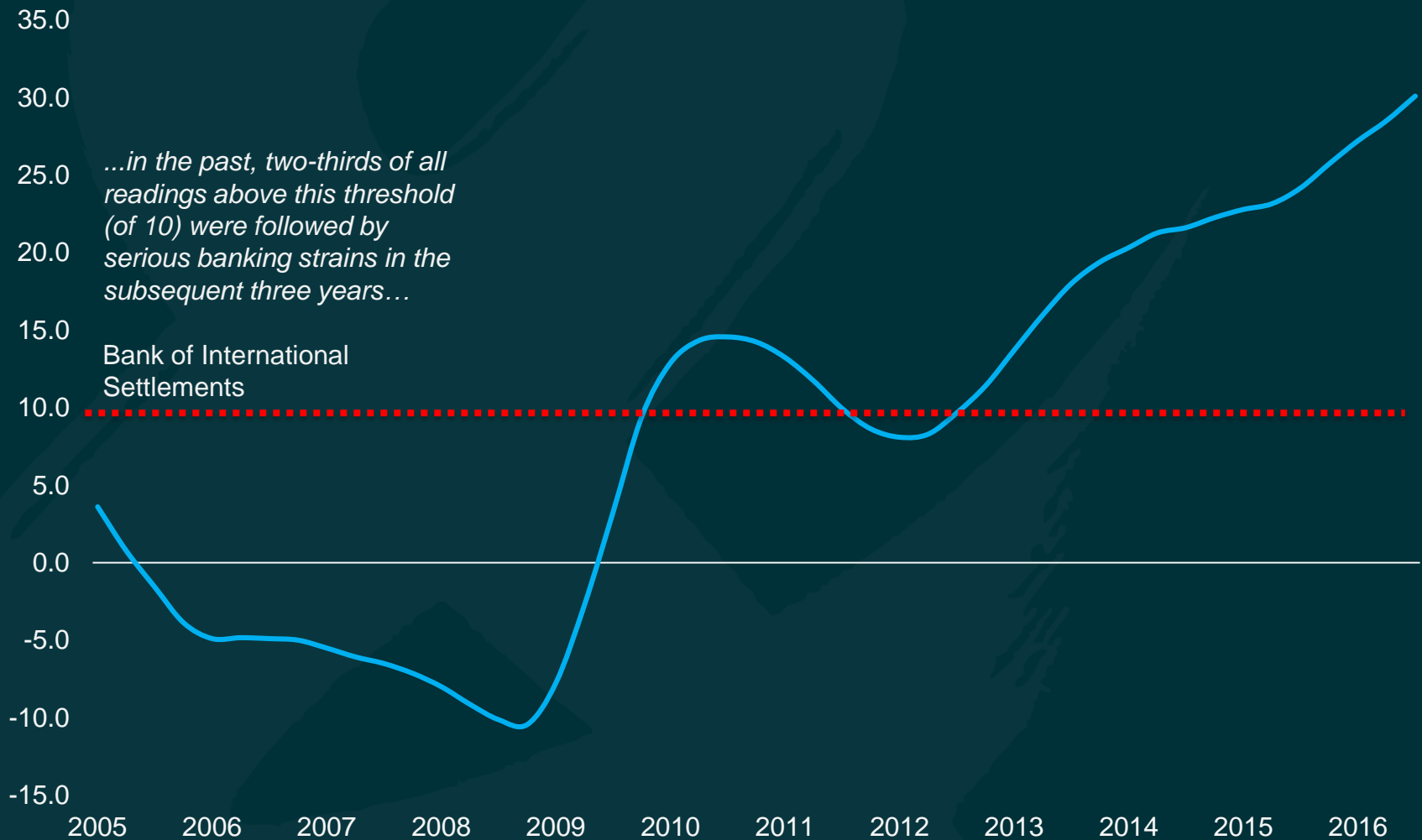


Government debt breakdown in foreign currency and non-resident holdings of local currency (% of total)



China faces a huge debt overhang

Credit overhang to GDP over long-term trend (%)



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Source: IMF, Bank of International Settlements, M&G, October 2016

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