SPREADS STEERING COMMITTEE

March-20

Important notice: Published half-spreads are calculated over a 12-month rolling period. Therefore, the effect related to spikes observed during exceptional circumstances is smoothed and long-lasting

	March-20 public half spread (in bps)
Government bonds and similar instruments developed market rating AAA-A	**6,7**
Government bonds and similar instruments developed market different rating below A	**6,6**
Government bonds emerging markets (hard and soft currency)	**46,2**
Investment grade Corporate bonds	**25,3**
High yield corporate bonds	**65,4**
Money market instruments (for the sake of clarity, money markets funds not included)	**3,1**
Large-cap shares (developed markets)	**3,8**
Mid-cap shares (developed markets)	**8,3**
Small-cap shares (developed markets)	**17,6**
Shares emerging markets ALL CAPS	**12,8**

Listed derivatives	**0,0**
OTC Exotic options	**50,0**
OTC Plain vanilla options	**3,0**
OTC IRS, CDS and similar	**1,0**
OTC Swaps and similar instruments (different from IRS, CDS and similar)	**3,0**
OTC FX Forwards developed markets	**0,5**
OTC FX Forwards emerging markets	**3,0**

Commentary

- The relative importance of Spain and Italy in the asset class “Government bonds and similar instruments developed market rating below A” is underlined by the Committee.
- In the asset classes “Investment grade corporate bonds”, “High yield Corporate Bonds” and “Money Market Instruments”, the sensitivity of the spreads to the residual maturity of the instruments is important.
- The definition of the mid and small caps categories varies among market participants. This may lead to variations deviations around those average levels.
- Concerning “Listed Derivatives”, the implicit costs are immaterial, except for very active portfolios in this asset class.
- For the asset class “OTC derivatives”, considering the heterogeneity of each category, estimates may vary significantly according to the strategies and in case of tailor-made solutions.
- For the asset class "Shares emerging markets all caps", the levels of liquidity and capitalization of the stocks vary a lot. This may lead to deviations around this average level depending on the investment universe. Our sample includes ETFs specialized in small and large caps.
- The published half-spreads are calculated on a rolling 12-month basis (i.e. the monthly table indicates an average for each half spread over the last 12 months).

WARNING
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