

Asset Price Monitor

Local Equity Markets

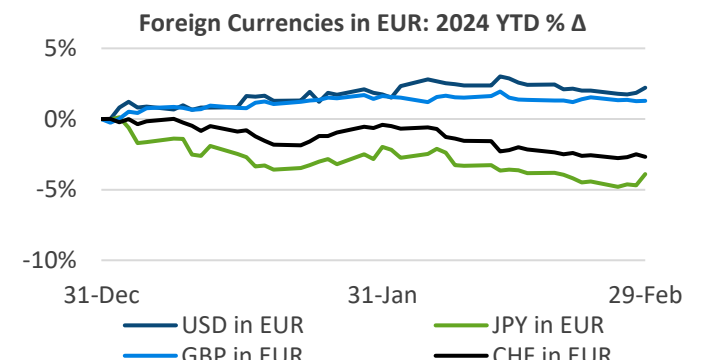
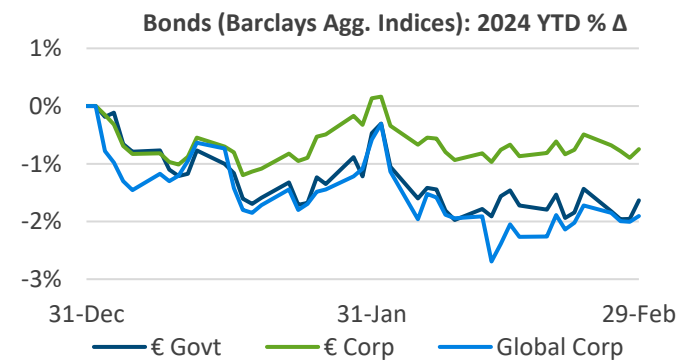
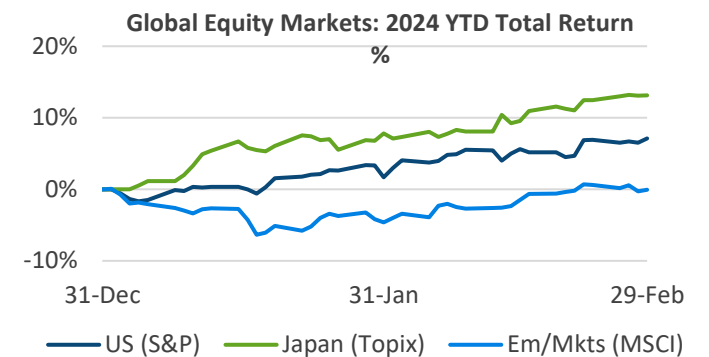
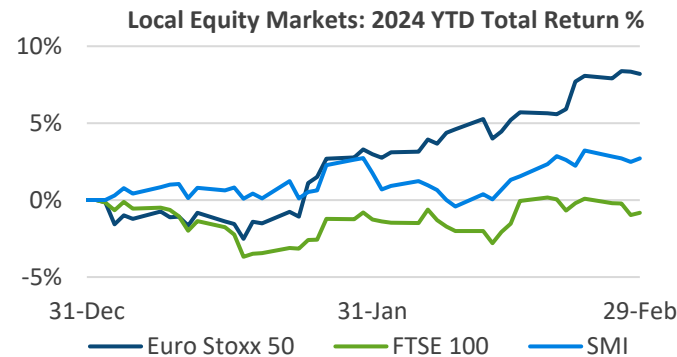
- The performance of major global equity markets was positive in February, driven by both strong earnings reports and robust macro-economic indicators.
- The Euro Stoxx 50 index was up 5.1% in February, returning 8.2% year-to-date.
- The FTSE 100 index gained 0.5% in February, losing 0.8% year-to-date.

Global Equity Markets

- The S&P 500 ended the month up 5.3%, and the Topix index gained 4.9%.
- The MSCI Emerging Markets index gained 4.8%.

Bond/FX Markets

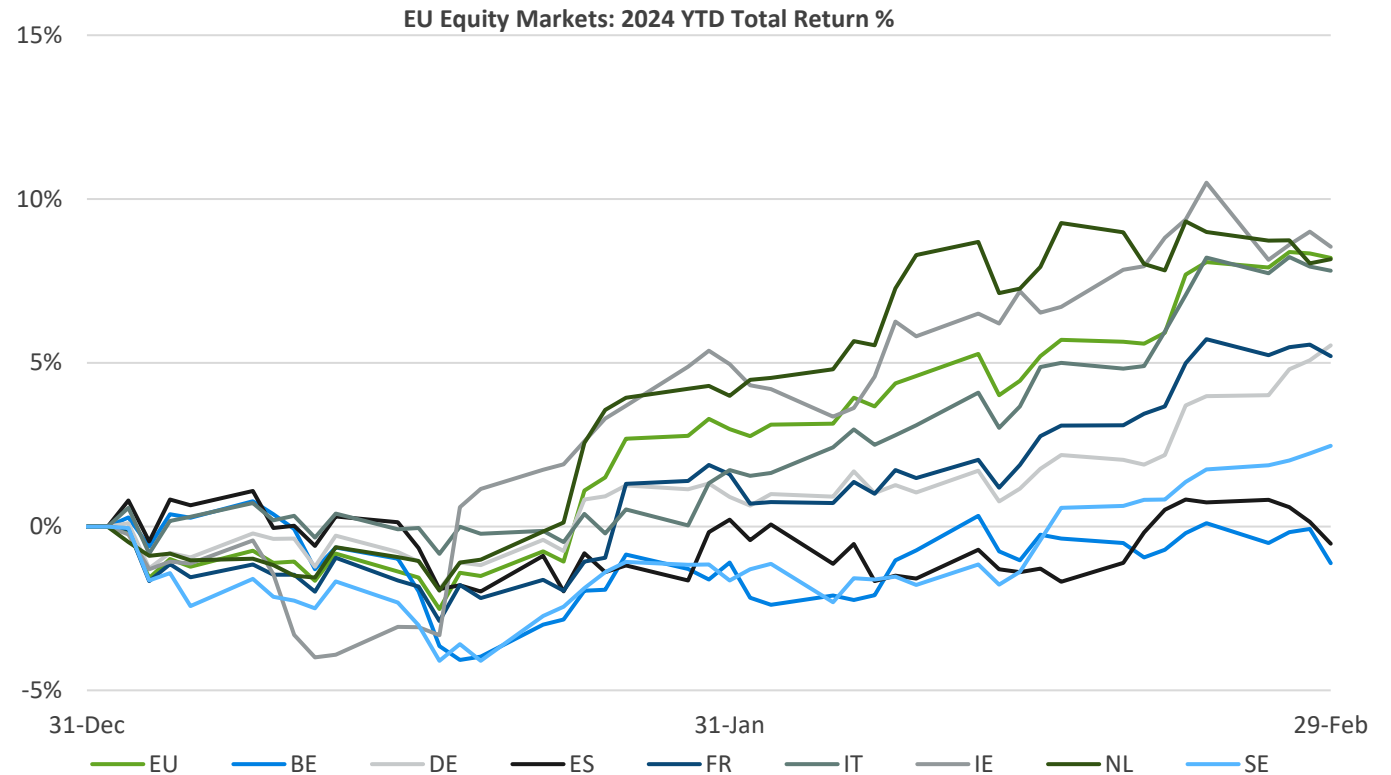
- The European government and corporate bond indices both declined, losing 1.2% and 0.9%, respectively.
- The Euro had a mixed performance in February, gaining 2.0% against the Japanese Yen and 0.3% against the British Pound. Meanwhile, the Euro lost 0.5% against the US Dollar.



	Total Returns as of February 29, 2024											
	Euro Stoxx 50	FTSE 100	SMI	US (S&P)	Japan (Topix)	Em/Mkts (MSCI)	€ Govt	€ Corp	CHF in EUR	USD in EUR	JPY in EUR	GBP in EUR
1 Month	5.1%	0.5%	0.9%	5.3%	4.9%	4.8%	-1.2%	-0.9%	-2.3%	0.5%	-2.0%	-0.3%
3 Month	11.7%	3.0%	5.4%	12.0%	12.9%	3.9%	1.9%	2.0%	-0.2%	0.8%	-0.4%	0.8%
1 Year	18.9%	0.8%	6.3%	30.5%	37.6%	9.2%	5.3%	6.6%	4.1%	-1.8%	-11.1%	2.4%
YTD	8.2%	-0.8%	2.7%	7.1%	13.1%	-0.1%	-1.6%	-0.7%	-2.7%	2.2%	-3.9%	1.3%

Eurozone Equity

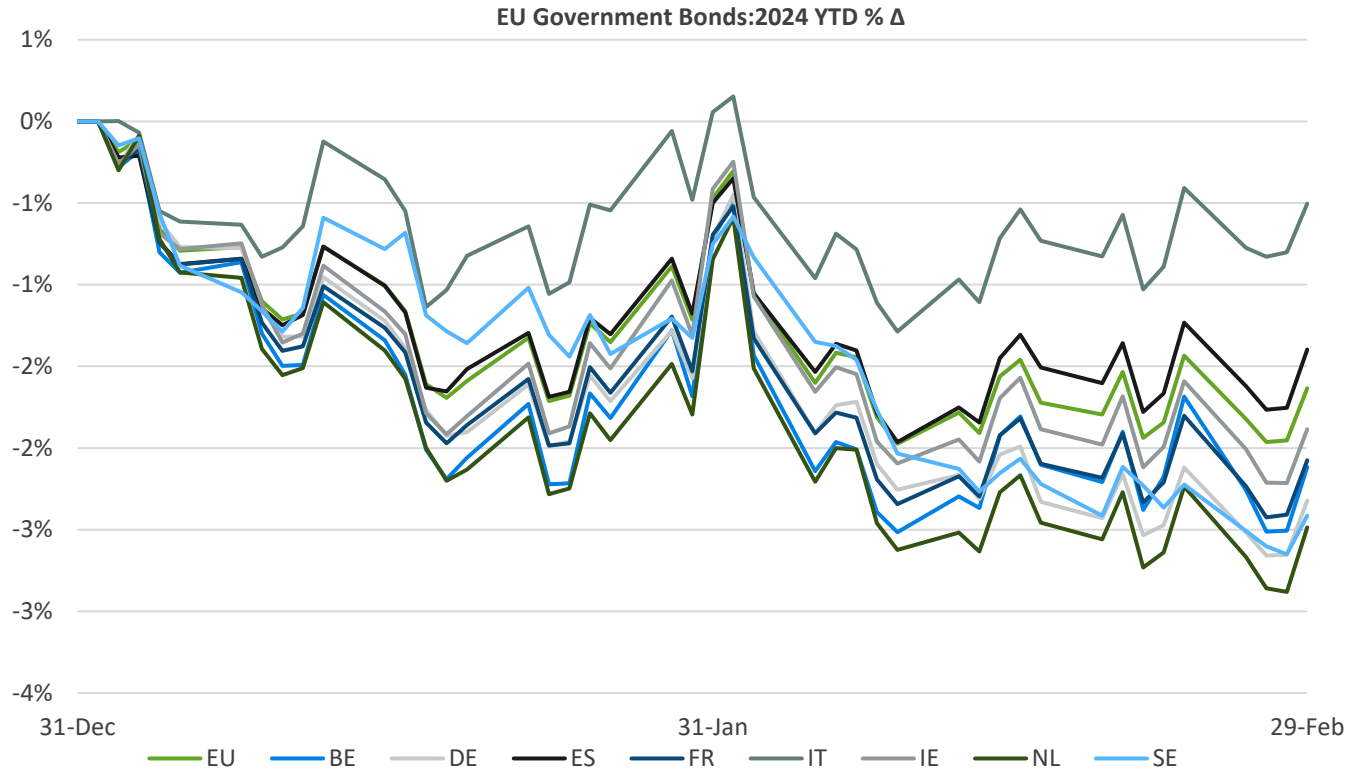
- Most major European equity markets, outside of Belgium and Spain, saw gains in February.
- The Italian equity market saw the largest gains in the month, up 6.0%.
- The Spanish equity market saw the largest losses, down 0.7%.
- The Belgian equity market was the laggard performer in the region, losing 1.1% year-to-date.
- The Irish equity market is the best performing market over the year, having returned 8.5%.



Equity Returns as of February 29, 2024									
	EU	Belgium	Germany	Spain	France	Italy	Ireland	Netherlands	Sweden
1 Month	5.1%	0.0%	4.6%	-0.7%	3.5%	6.0%	3.4%	4.0%	4.2%
3 Month	11.7%	4.0%	9.0%	0.2%	8.6%	10.0%	13.8%	11.2%	10.0%
QTD	8.2%	-1.1%	5.5%	-0.5%	5.2%	7.8%	8.5%	8.2%	2.5%
YTD	8.2%	-1.1%	5.5%	-0.5%	5.2%	7.8%	8.5%	8.2%	2.5%

Eurozone Government Bonds

- All major European government bond indices had a negative performance in February.
- The Dutch and Swedish government bond indices saw the largest monthly decrease, both down 1.7% in February.
- The Italian government bond indices saw the smallest monthly decline, down 0.6%.
- The Italian government bond index has outperformed all the other major European government bond indices for the year so far, losing only 0.5% over the year.
- The Dutch government bond index is the worst performer year-to-date, having lost 2.5%.



Bond Returns as of February 29, 2024									
	EU	Belgium	Germany	Spain	France	Italy	Ireland	Netherlands	Sweden
1 Month	-1.2%	-1.4%	-1.6%	-0.9%	-1.4%	-0.6%	-1.5%	-1.7%	-1.7%
3 Month	1.9%	2.2%	1.0%	2.1%	1.7%	2.9%	2.2%	1.5%	1.3%
QTD	-1.6%	-2.1%	-2.3%	-1.4%	-2.1%	-0.5%	-1.9%	-2.5%	-2.4%
YTD	-1.6%	-2.1%	-2.3%	-1.4%	-2.1%	-0.5%	-1.9%	-2.5%	-2.4%

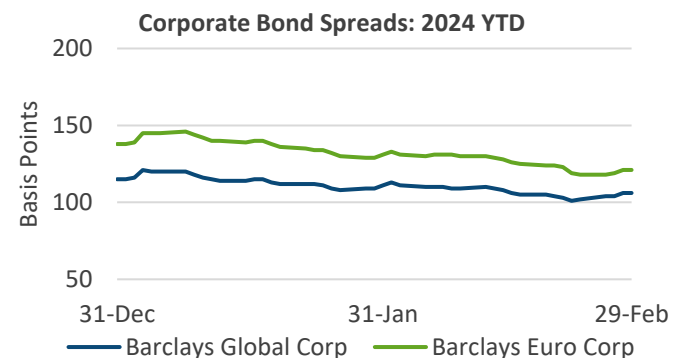
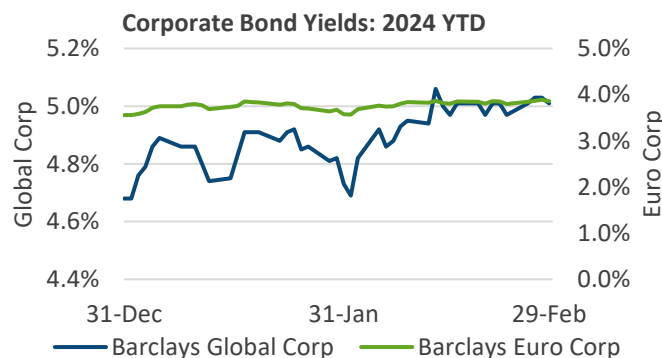
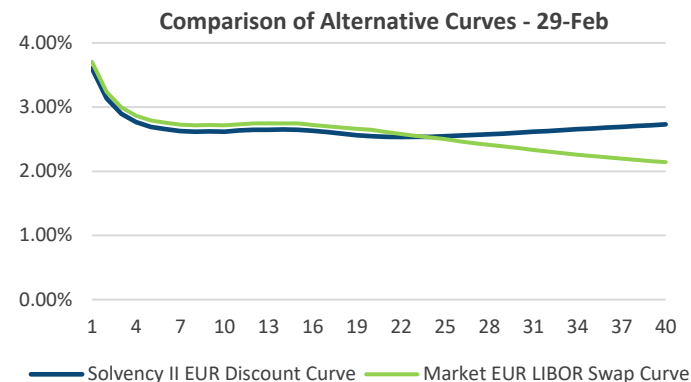
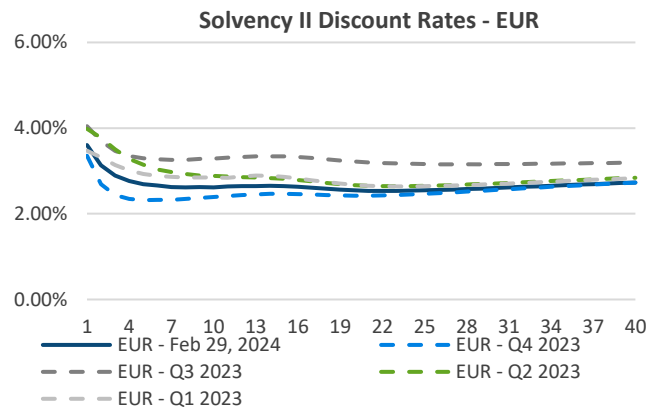
Liability Valuation Monitor

Risk Free Rates

- EUR risk-free rates rose in February, with the increases more pronounced in the short and medium end of the curve.
- The 5 and 10-year EUR risk-free rates increased by 29 and 16 basis points, respectively.

Corporate Bonds

- Both Global and European corporate bond yields increased in February, the former by 28 basis points and the latter by 29 basis points.
- Global and European credit spreads tightened by 5 and 10 basis points, respectively.
- The increase in risk-free rates partially offset by the tightening in corporate bond spreads, resulted in losses for the European corporate bond index.



	Change in Solvency II Discount (bps)						Change in Corporate Bond Yields (bps)		Change in Corporate Bond Spreads (bps)	
	1Y	Y5	Y10	Y20	Y30	Y40	Global Corp	Euro Corp	Global Corp	Euro Corp
Since Q4 2023	25	37	23	13	5	0	33	30	-9	-17
Since Q3 2023	-44	-60	-67	-67	-56	-47	-65	-66	-29	-32
Since Q2 2023	-38	-45	-27	-12	-11	-11	-27	-58	-33	-42
Since Q1 2023	13	-24	-23	-13	-9	-10	5	-36	-47	-49

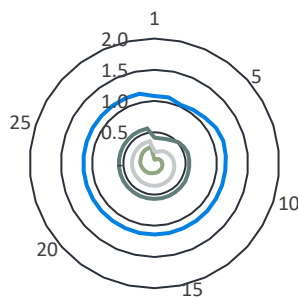
Solvency II Monitor - Spreads

Fundamental Spreads

- The fundamental spread data shown is for the end of January.
- There were no material changes since the last report.

Fundamental Spreads %

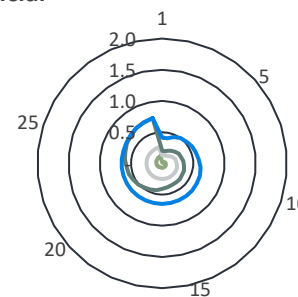
EUR: Financial



— AAA — AA — A — BBB

EUR Financial Fundamental Spread %					
	1Y	Y5	Y10	Y20	Y30
AAA	0.06	0.10	0.13	0.19	0.27
AA	0.19	0.26	0.33	0.36	0.36
A	0.41	0.51	0.56	0.57	0.57
BBB	1.08	1.09	1.14	1.14	1.14
EUR Financial 'Before Floor' %					
	1Y	Y5	Y10	Y20	Y30
AAA	0.00	0.04	0.10	0.19	0.27
AA	0.04	0.07	0.11	0.18	0.26
A	0.05	0.11	0.17	0.29	0.40
BBB	0.11	0.19	0.28	0.41	0.53

EUR: Non-Financial



— AAA — AA — A — BBB

EUR Non-Financial Fundamental Spread %					
	1Y	Y5	Y10	Y20	Y30
AAA	0.01	0.02	0.06	0.08	0.12
AA	0.13	0.17	0.25	0.25	0.26
A	0.20	0.28	0.37	0.51	0.74
BBB	0.41	0.52	0.64	0.65	0.74
EUR Non-Financial 'Before Floor' %					
	1Y	Y5	Y10	Y20	Y30
AAA	0.00	0.01	0.04	0.08	0.12
AA	0.00	0.04	0.09	0.17	0.26
A	0.04	0.15	0.27	0.51	0.74
BBB	0.10	0.21	0.33	0.55	0.74

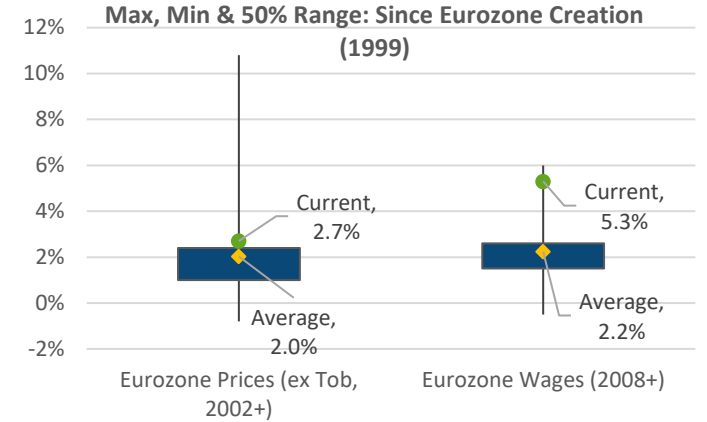
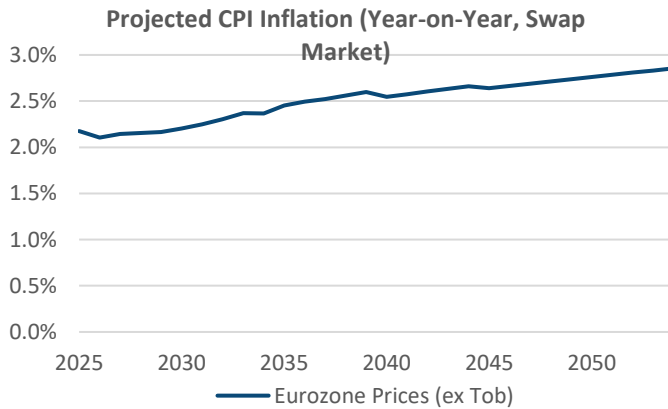
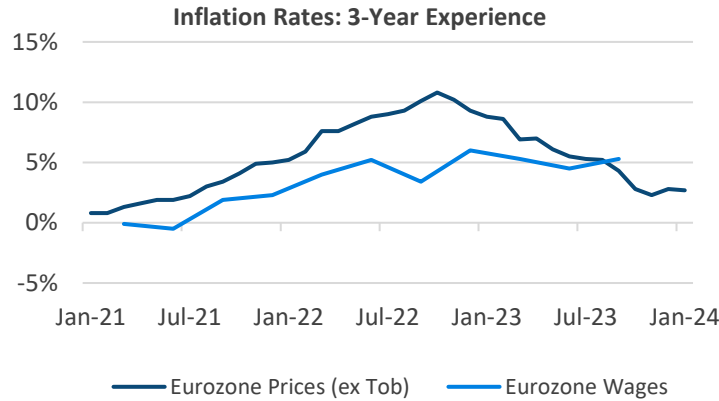
The **Solvency II risk-free discount rates** are based on applying the Smith-Wilson Extrapolation to LIBOR swap rates sourced from Bloomberg (current curve is for 29/02/24) and applying the Credit Risk Adjustment as defined in the Technical Specs. For the official published curves please refer to the [EIOPA](#) website.

The **Credit Risk Adjustment** is a component of the risk-free discount curve defined by EIOPA. It is calculated from actual experience in the 'LIBOR-OIS' spread (3 months for EUR), and is bounded between 0.10 and 0.35. We show actual LIBOR-OIS spread levels and the defined CRA, for EUR.

EIOPA fundamental spreads show the credit spread corresponding to the risk of default or downgrading of an asset. This is shown here across financial and non-financial assets, credit quality steps 0-3 and durations of 1-30 years. The data is provided by EIOPA and as of 31/01/24. **Fundamental spread** = maximum (probability of default + cost of downgrade; 35% of long-term average spread). In the tables we show the **'before floor'** measure = probability of default + cost of downgrade.

Inflation Monitor

- Eurozone price inflation decreased by 10 basis points to 2.7% in January.
- The Eurozone projected CPI curve increased in comparison to the previous month.
- There was no update to Eurozone wage inflation.



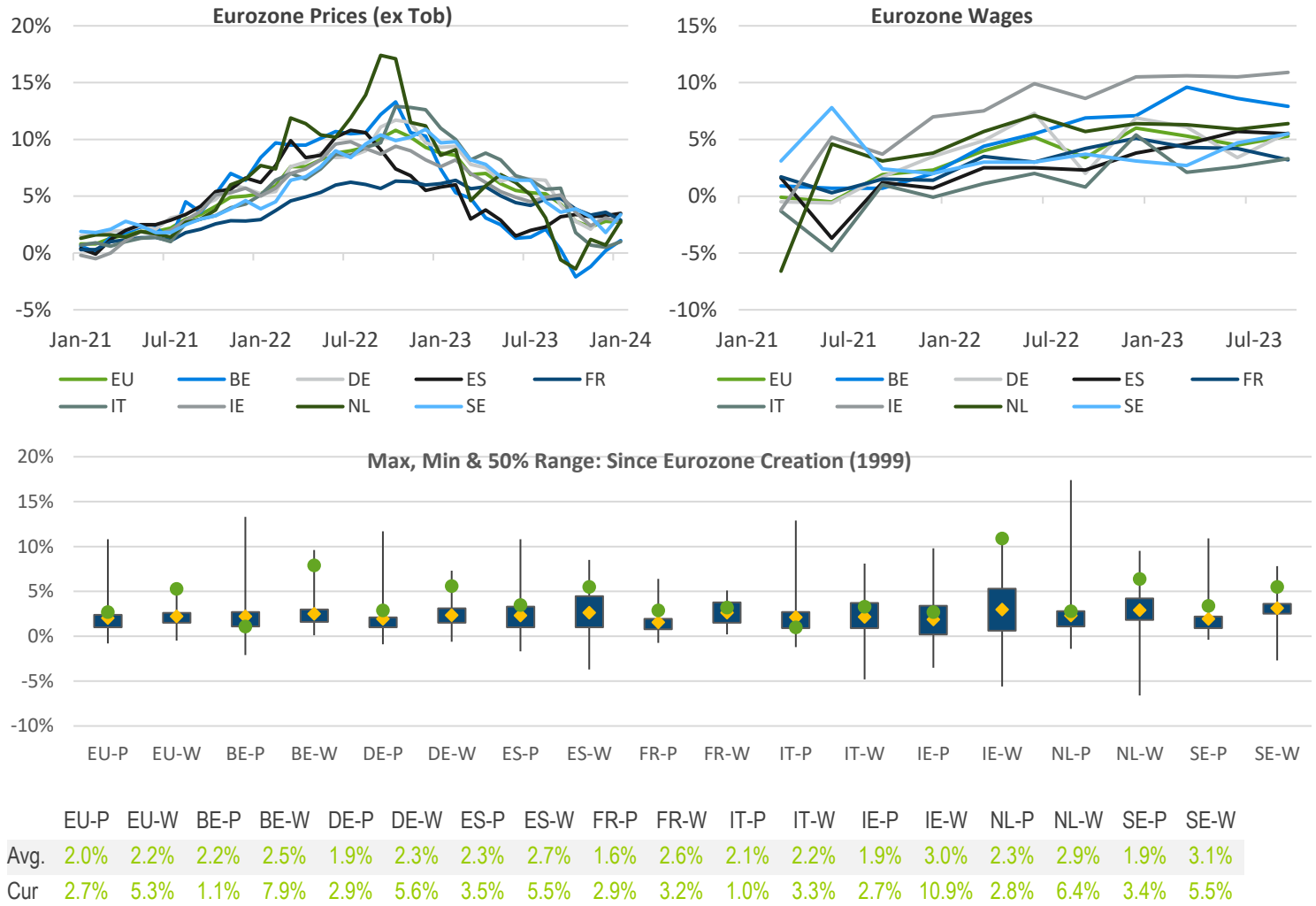
Milliman Financial Risk Management

EuroZone Market Monitor – 29 February 2024

Data sources: Bloomberg; Barclays; EuroStat; EIOPA; ONS; Milliman FRM

Inflation Monitor

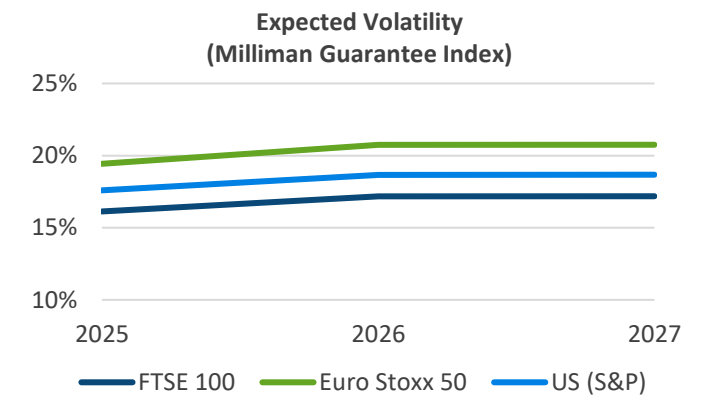
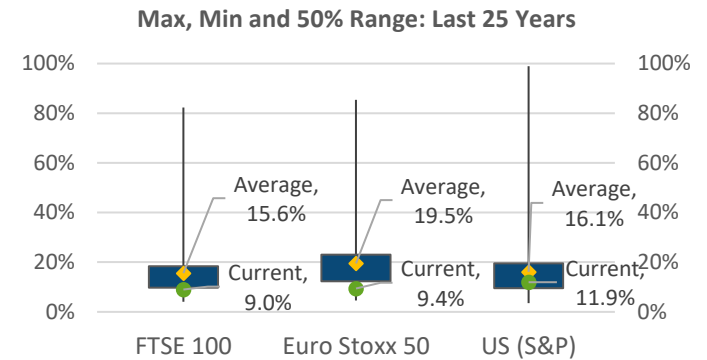
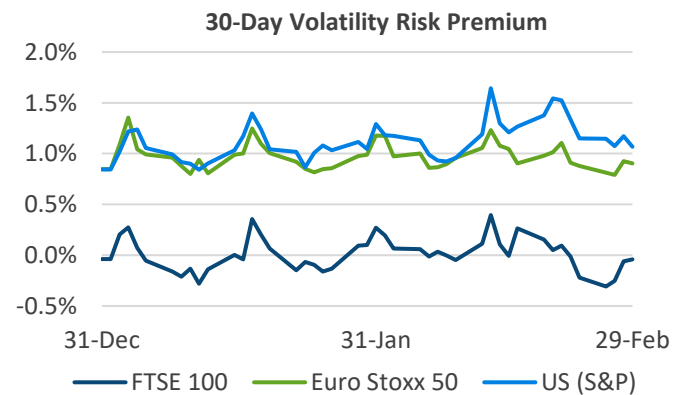
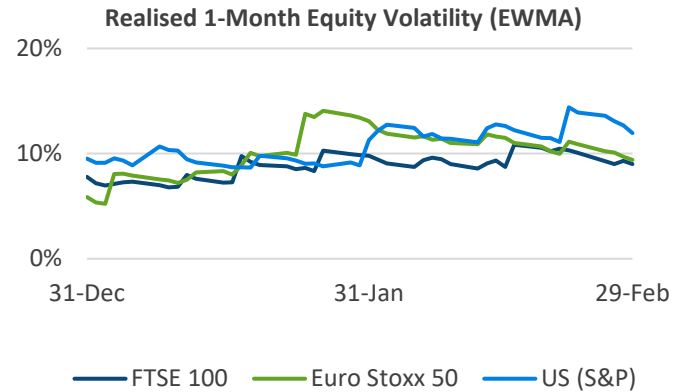
- Price inflation movements were mixed for major European economies in January.
- The Netherlands' price inflation increased the most, rising by 210 basis points to 2.8%.
- Spanish price inflation was the highest in the region at 3.5%, a 20 basis points increase compared to the previous month.
- The price inflation of Germany and France's decreased the most, both falling by 70 basis points, to 2.9%.
- Italy had the lowest price inflation reading in the region at 1.0%.



Volatility and Hedging Cost Monitor

- Realised volatilities decreased in February for the Euro Stoxx and FTSE 100, but increased for the S&P 500, remaining well below historical long-term averages.
- The FTSE 100 ended the month with a realised volatility of 9.0%. The same measure stood at 9.4% and 11.9% on the Euro Stoxx 50 and the S&P 500, respectively.
- Volatility risk premiums on major indices decreased in February. The FTSE 100 had a volatility risk premium of 0.0% at month-end. The volatility risk premium on the Euro Stoxx 50 and the S&P 500 were at 0.9% and 1.1%, respectively.

Please contact Milliman for more information on the basis and methodology used for these results.



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