

## Asset Price Monitor

### Local Equity Markets

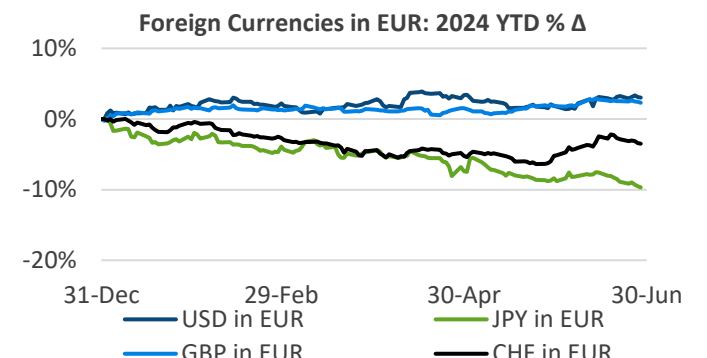
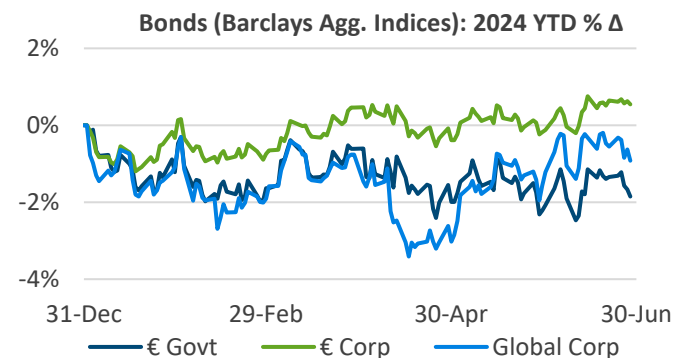
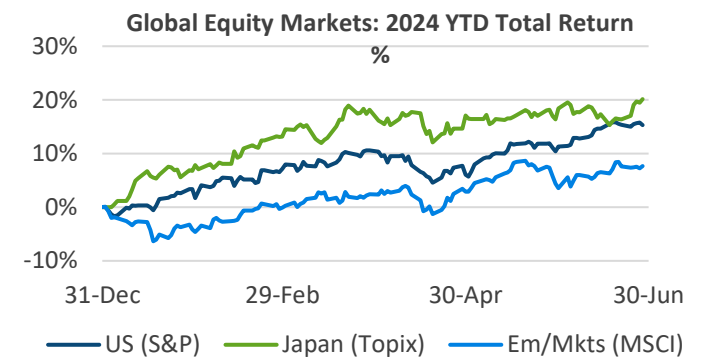
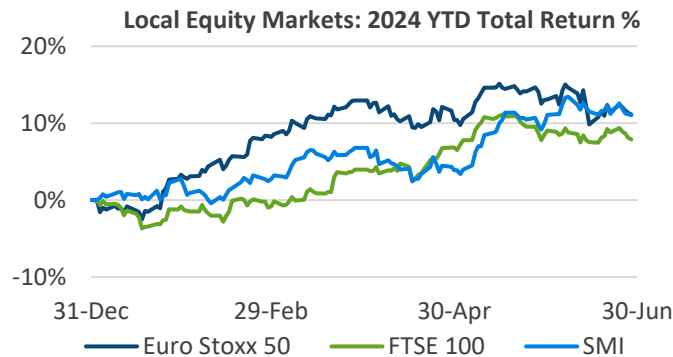
- Global equity markets had a mixed performance in June, as UK and Europe faced political uncertainties due to upcoming elections, whereas hopes of a soft landing continued to be the theme in the US.
- The Euro Stoxx 50 ended the month down 1.7%, closing the first half of the year with gains of 11.1%.
- The FTSE 100 lost 1.1% in June, up 7.9% year-to-date.

### Global Equity Markets

- The S&P 500 and the Japanese Topix ended the month up 3.6% and 1.5%, respectively.
- The MSI Emerging Markets index was up 4.0%.

### Bond/FX Markets

- The European government bond index was relatively flat, and the European corporate bond index gained 0.7%.
- The Euro had a mixed performance in June, gaining 1.0% against the Japanese Yen, whilst weakening by 1.3% and 0.5% against the US Dollar and the British Pound, respectively.



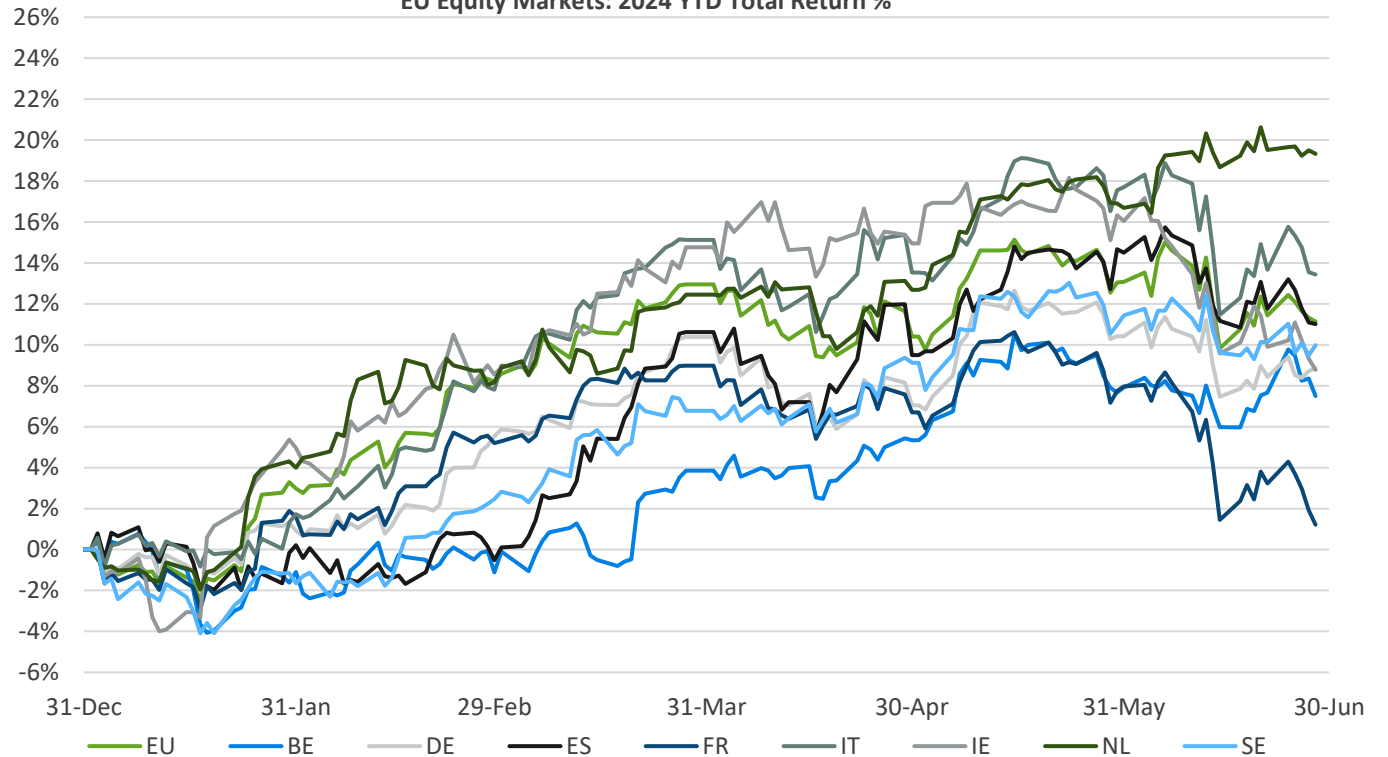
### Total Returns as of June 28, 2024

	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	-1.7%	-1.1%	0.0%	3.6%	1.5%	4.0%	0.2%	0.7%	1.7%	1.3%	-1.0%	0.5%
3 Month	-1.6%	3.7%	4.0%	4.3%	1.7%	5.1%	-1.2%	0.1%	1.1%	0.7%	-5.2%	0.9%
1 Year	14.9%	12.8%	9.8%	24.6%	25.6%	13.0%	2.6%	6.4%	1.5%	1.8%	-8.6%	1.4%
YTD	11.1%	7.9%	11.0%	15.3%	20.1%	7.7%	-1.8%	0.5%	-3.5%	3.0%	-9.7%	2.3%

**Eurozone Equity**

- All major European equity markets were down in June, except for the Dutch equity market, which gained 2.3% during the month, and is up 19.3% year-to-date making it the best performing market in the region.
- The French and Irish equity markets experienced the largest loss in June, both down 6.3%. The French equity index is the laggard performer year-to-date, having returned 1.2% during this period.

**EU Equity Markets: 2024 YTD Total Return %**



**Equity Returns as of June 28, 2024**

	EU	Belgium	Germany	Spain	France	Italy	Ireland	Netherlands	Sweden
1 Month	-1.7%	-0.4%	-1.4%	-3.1%	-6.3%	-3.6%	-6.3%	2.3%	-1.3%
3 Month	-1.6%	3.5%	-1.4%	0.3%	-7.1%	-1.5%	-5.2%	6.1%	3.0%
QTD	-1.6%	3.5%	-1.4%	0.3%	-7.1%	-1.5%	-5.2%	6.1%	3.0%
YTD	11.1%	7.5%	8.9%	11.0%	1.2%	13.4%	8.8%	19.3%	10.0%

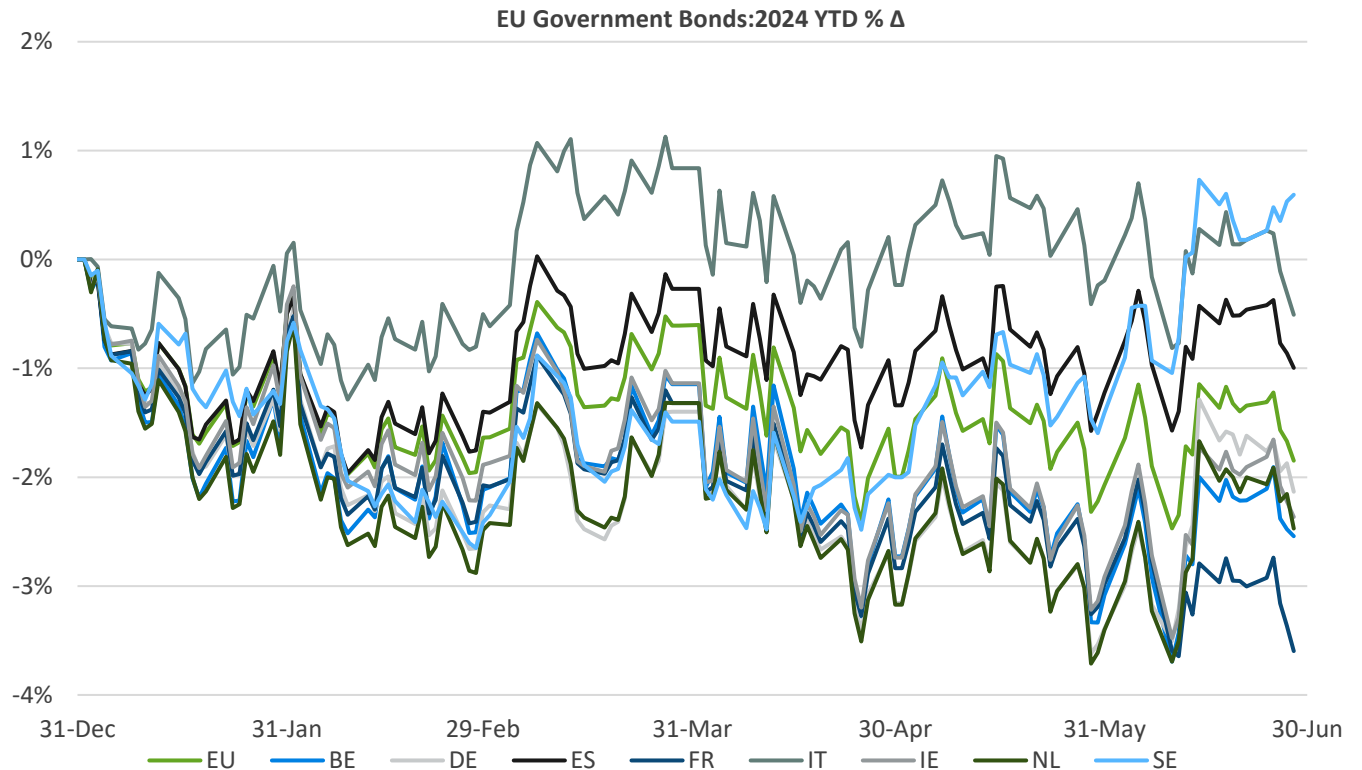
## Milliman Financial Risk Management

EuroZone Market Monitor – 28 June 2024

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

### Eurozone Government Bonds

- European government bond indices had a mixed performance in June.
- The Swedish government bond index saw the largest monthly gain, up 2.0%. The index is the only one in the region to have made gains year-to-date, up 0.6%.
- The French government bond index had the largest monthly loss, down 0.6%. The index has lost 3.6% in 2024 so far, making it the worst performer in the region.



### Bond Returns as of June 28, 2024

	EU	Belgium	Germany	Spain	France	Italy	Ireland	Netherlands	Sweden
1 Month	0.2%	0.6%	1.3%	0.2%	-0.6%	-0.3%	0.6%	1.0%	2.0%
3 Month	-1.2%	-1.4%	-0.7%	-0.7%	-2.3%	-1.3%	-1.2%	-1.2%	2.1%
QTD	-1.2%	-1.4%	-0.7%	-0.7%	-2.3%	-1.3%	-1.2%	-1.2%	2.1%
YTD	-1.8%	-2.5%	-2.1%	-1.0%	-3.6%	-0.5%	-2.4%	-2.5%	0.6%

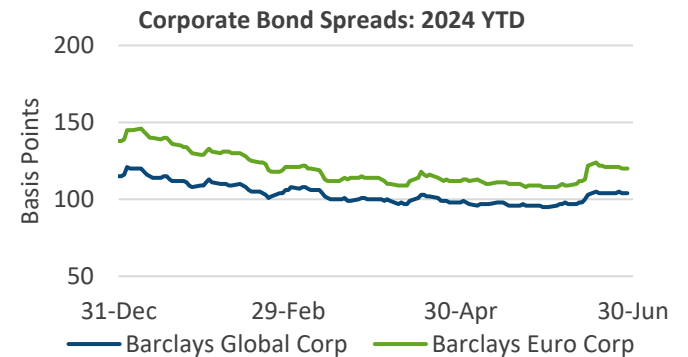
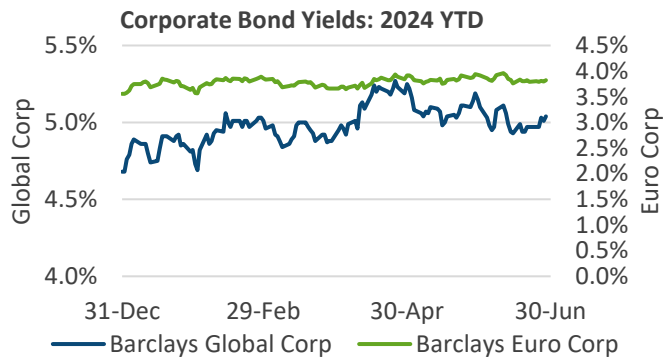
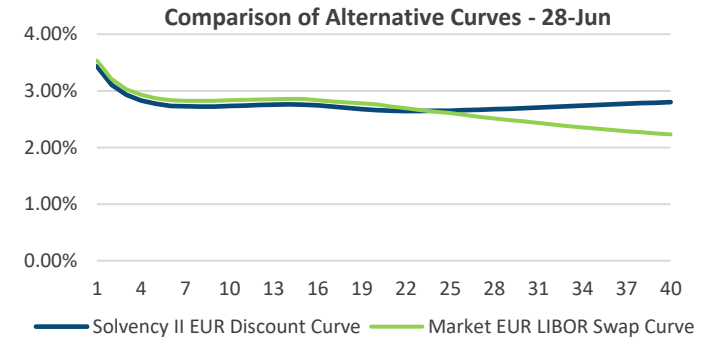
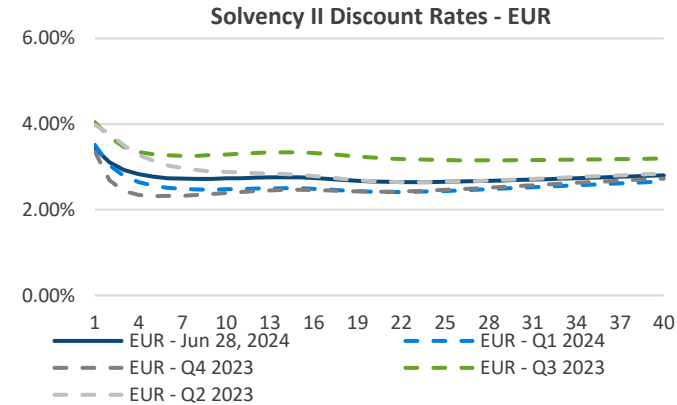
## Liability Valuation Monitor

### Risk Free Rates

- EUR risk-free rates fell at all terms, with the declines more pronounced at the short-end of the curve.
- The 1 and 5-year risk-free rates, decreased by 15 and 13 basis points, respectively.

### Corporate Bonds

- Global and European corporate bond yields fell by 6 and 10 basis points, respectively.
- Global and European credit spreads widened by 9 and 12 basis points, respectively.
- The decline in risk-free rates, partially offset by the widening in corporate bond spreads, resulted in gains 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 Q1 2024	-8	21	25	24	18	14	16	16	4	6
Since Q4 2023	8	45	34	24	14	7	36	27	-11	-18
Since Q3 2023	-61	-52	-55	-56	-46	-39	-62	-70	-31	-33
Since Q2 2023	-55	-37	-15	-1	-1	-4	-24	-61	-35	-43

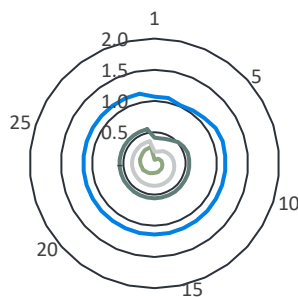
Solvency II Monitor - Spreads

Fundamental Spreads

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

Fundamental Spreads %

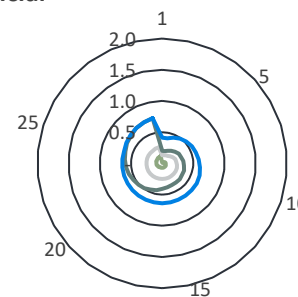
EUR: Financial



— 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	0.56	0.56
BBB	1.07	1.08	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	0.27
A	0.05	0.11	0.17	0.29	0.40
BBB	0.11	0.20	0.29	0.43	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	0.63	0.64	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

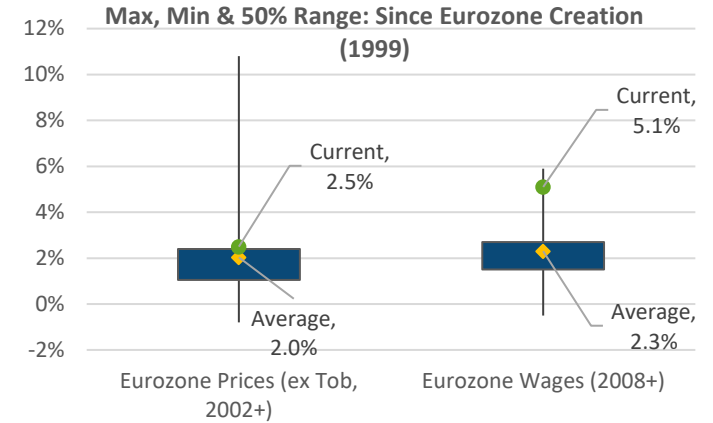
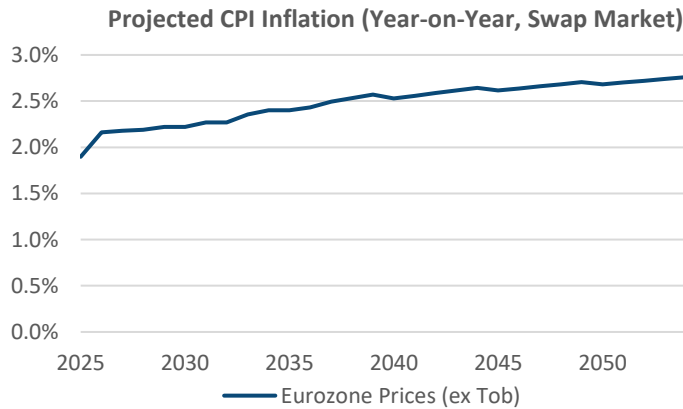
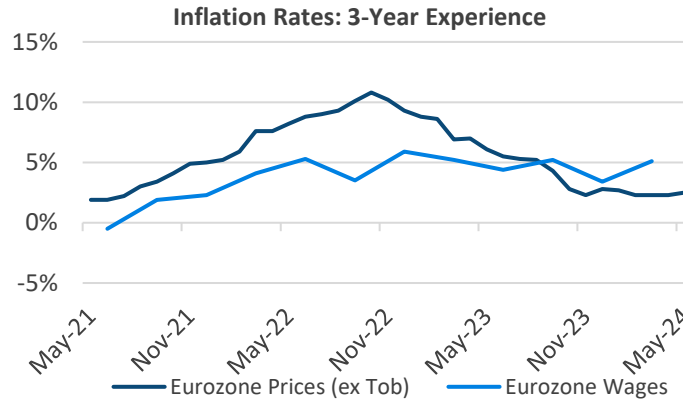
The **Solvency II risk-free discount rates** are based on applying the Smith-Wilson Extrapolation to LIBOR swap rates sourced from Bloomberg (current curve is for 30/06/24) and applying the Credit Risk Adjustment as defined in the Technical Specs. For the official published curves please refer to the [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 31/05/24. **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 increased by 20 basis points to 2.5% in May.
- Eurozone Q1 2024 wage inflation was revised higher by 20 basis points to 5.1%.
- The Eurozone projected CPI curve was relatively unchanged in comparison to the previous month.



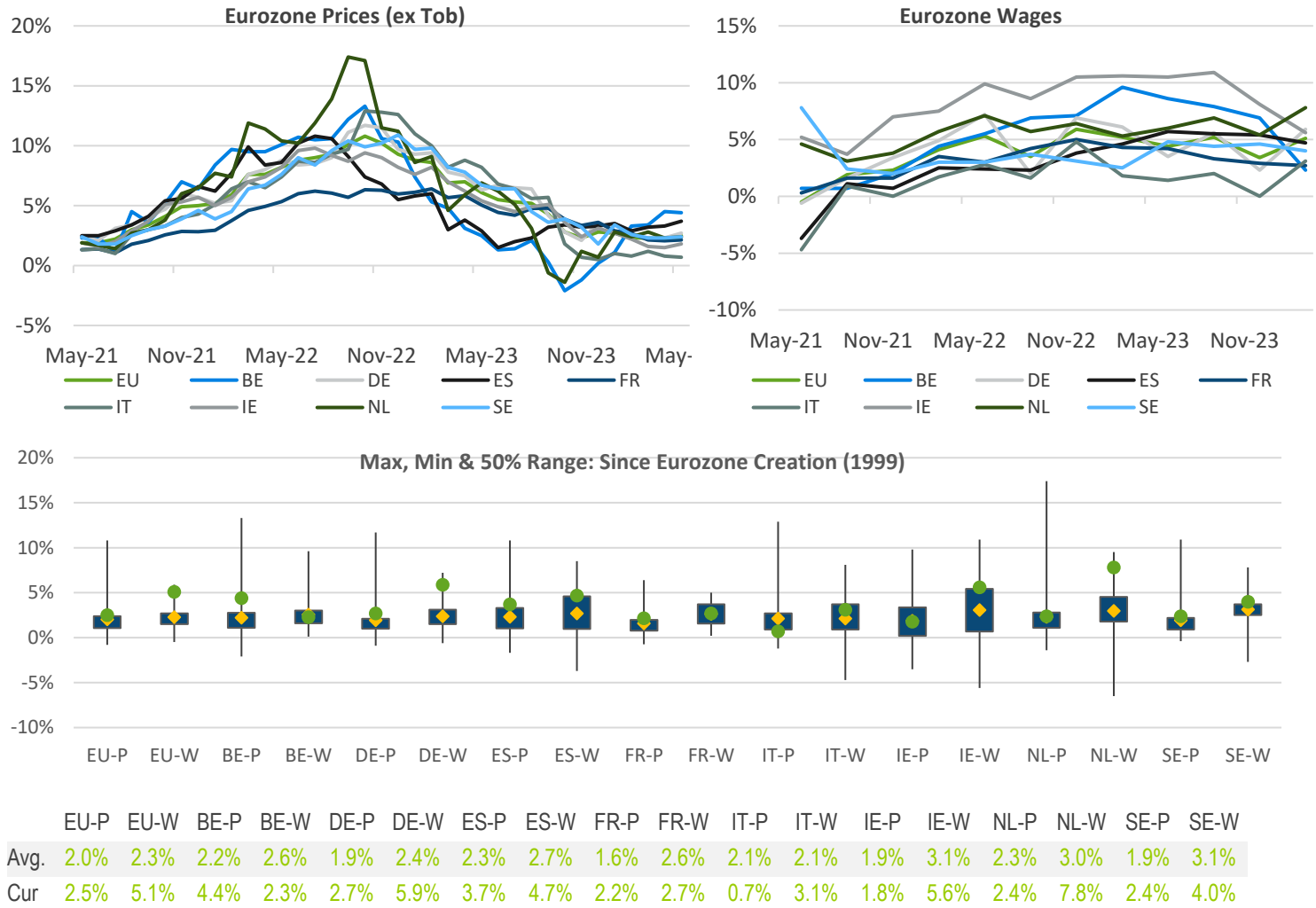
# Milliman Financial Risk Management

EuroZone Market Monitor – 28 June 2024

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

## Inflation Monitor

- Changes in price inflation were mixed for the major European economies in May.
- Germany and Spain saw the largest increase in price inflation in May, rising by 40 basis points to 2.7% and 3.7%, respectively.
- Belgium and Italy both saw their price inflation declining by 10 basis points which was the largest decrease in May. Despite the decline, Belgium remains to post the highest reading in the region at 4.4%.
- Italy continued to post the lowest price inflation reading in the region at 0.7%.
- Changes in Q1 2024 wage inflation were mixed for the major European countries.
- Germany witnessed the largest increase in Q1 wage inflation, rising by 360 basis points to 5.9%, after the previous quarter was revised lower by 20 basis points.
- Belgium saw the largest decline in Q1 2024 wage inflation, decreasing by 460 basis points to 2.3%, which was the lowest reading of the region.
- Netherlands posted the highest reading of the region for Q1 2024 wage inflation at 7.8%.

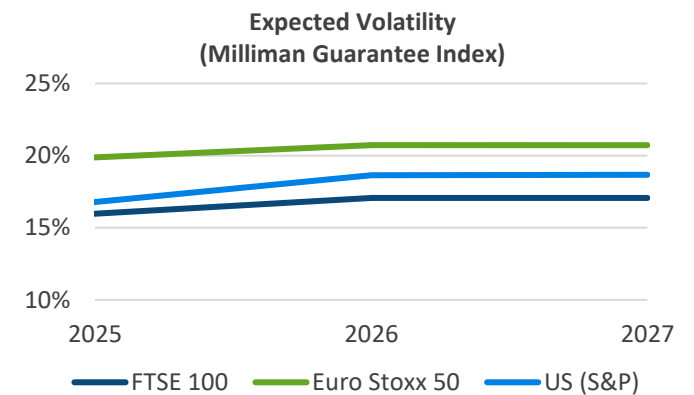
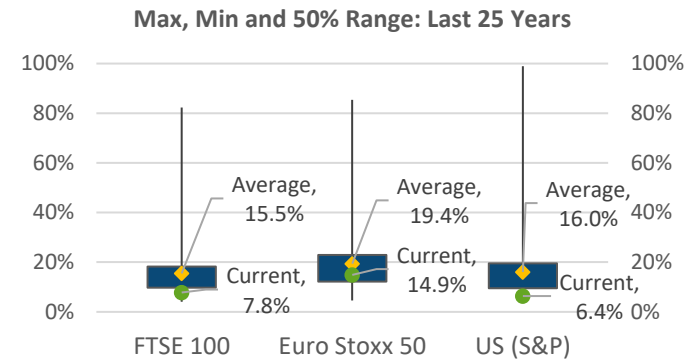
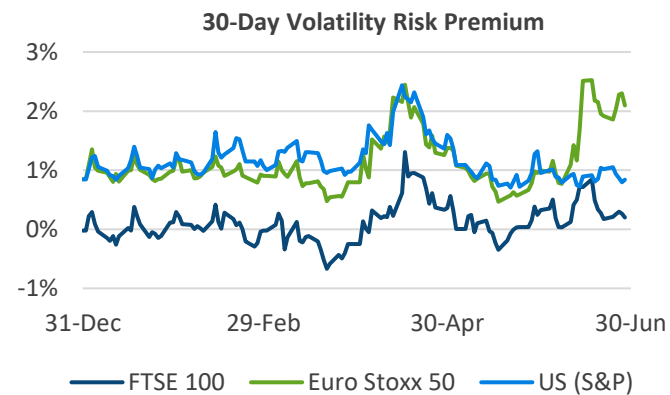
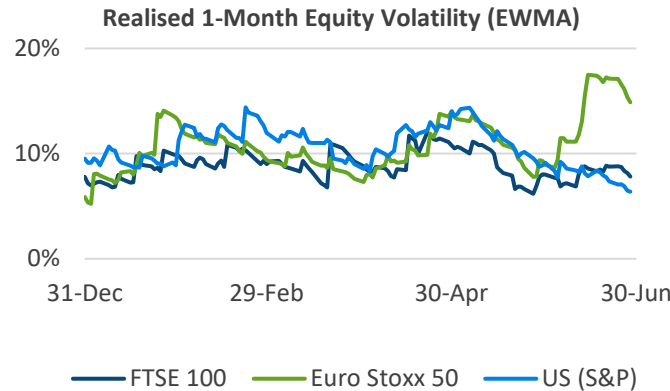


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**Volatility and Hedging Cost Monitor**

- Realised volatilities on major equity indices were mixed, with realised volatility on Euro Stoxx 50 increasing sharply during the month on the back of announcement of snap elections in France.
- The FTSE 100 ended the month with a realised volatility of 7.8%. The same measure stood at 14.9% and 6.4% on the Euro Stoxx 50 and the S&P 500, respectively.
- Similarly, volatility risk premium on the Euro Stoxx 50 increased, whilst remaining relatively unchanged at month-end for the other indices. The FTSE 100 had a volatility risk premium of 0.2% at month-end. The volatility risk premium on the Euro Stoxx 50 was 2.1%, and 0.8% on the S&P 500.

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





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Established in 1998, the practice includes professionals operating from four trading platforms around the world (Chicago, London, Amsterdam and Sydney).

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