

Asset Price Monitor

Local Equity Markets

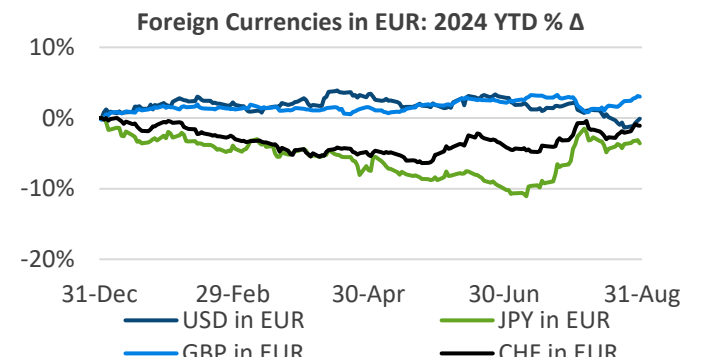
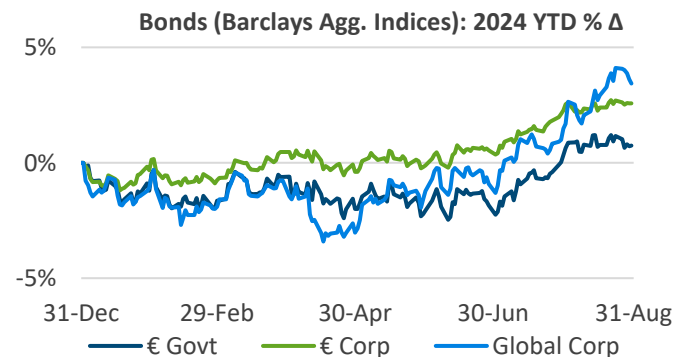
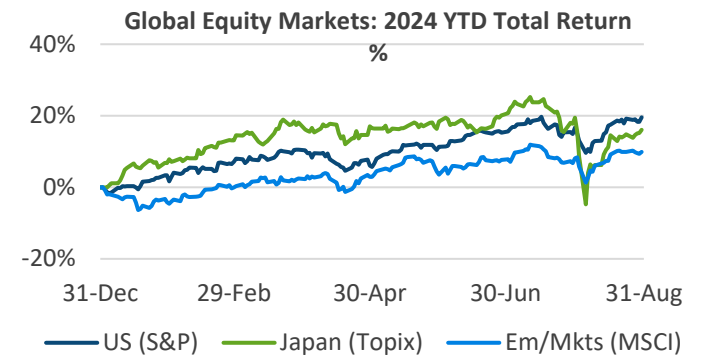
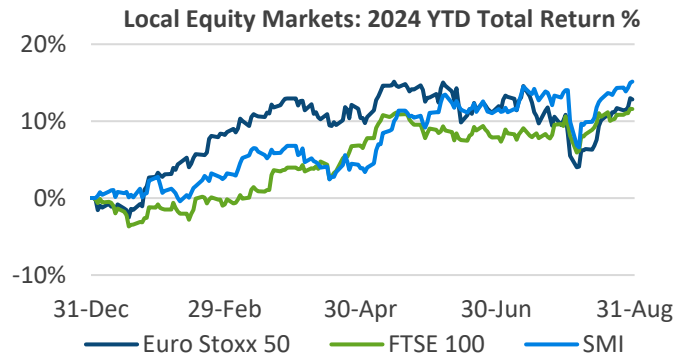
- Global equity markets had a mixed performance in August as disappointing economic data coupled with Bank of Japan's rate hike and speculation on Federal Reserve's easing policy, all contributed to a volatile month.
- The Euro Stoxx 50 ended the month up 1.8%.
- The FTSE 100 gained 0.9%.

Global Equity Markets

- The S&P 500 returned 2.4%, whilst the Japanese Topix index lost 2.9%.
- The MSCI Emerging Markets index was up 1.6%.

Bond/FX Markets

- The European government and corporate bond indices gained 0.4% and 0.3%, respectively.
- The Euro had a mixed performance, having risen 2.2% against the US Dollar but weakened by 0.8% against the Japanese Yen.



	Total Returns as of August 30, 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	1.8%	0.9%	1.0%	2.4%	-2.9%	1.6%	0.4%	0.3%	1.3%	-2.2%	0.8%	0.1%
3 Month	-0.2%	2.3%	3.6%	7.4%	-2.0%	6.1%	2.9%	2.7%	4.2%	-1.8%	5.7%	1.2%
1 Year	19.1%	16.9%	15.4%	27.1%	19.0%	15.5%	5.1%	7.3%	1.9%	-1.9%	-2.3%	1.7%
YTD	12.8%	11.6%	15.1%	19.5%	16.0%	9.9%	0.7%	2.6%	-1.1%	-0.1%	-3.6%	3.0%

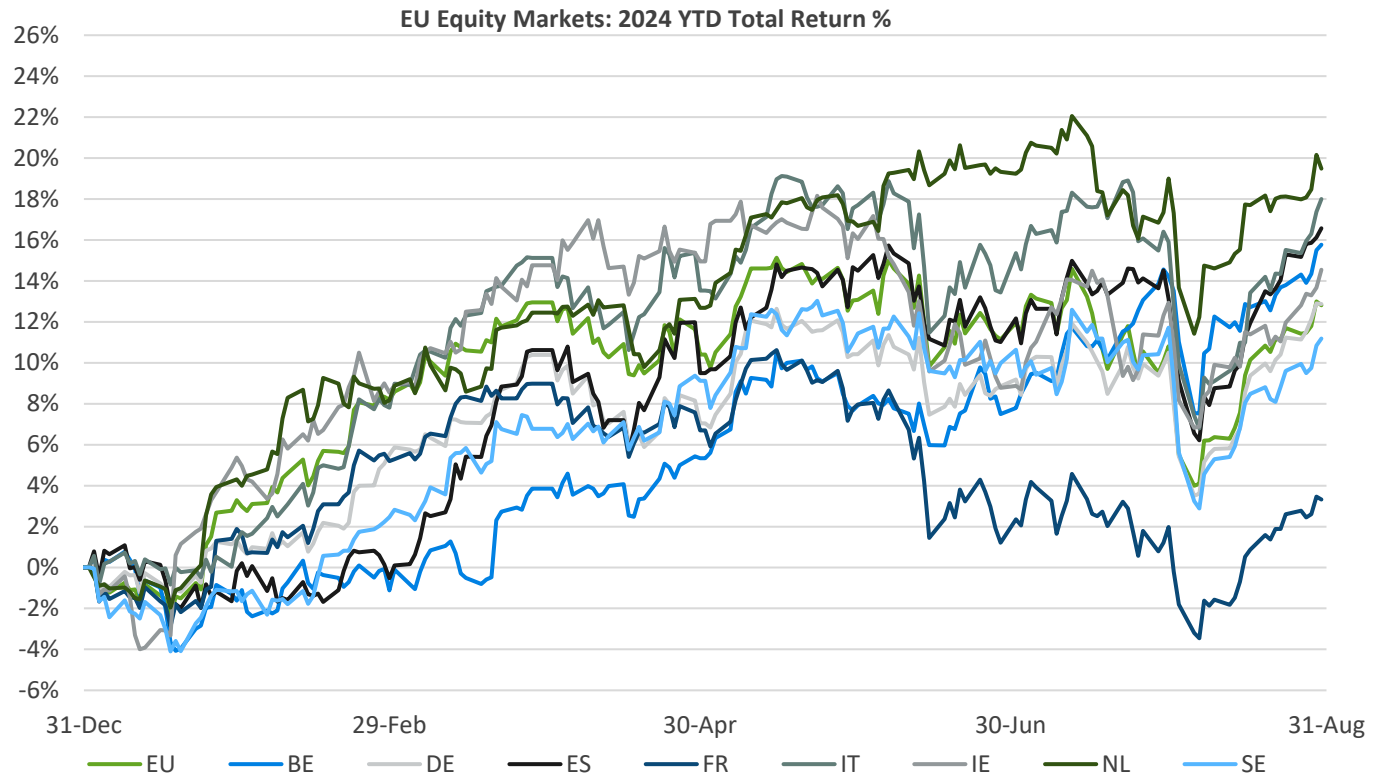
Milliman Financial Risk Management

EuroZone Market Monitor – 30 August 2024

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

Eurozone Equity

- All major European equity markets were up in August, except for the Swedish equity market, which lost 0.5% during the month.
- The Spanish equity market experienced the largest gains this month, up 3.1%.
- The Dutch equity index remains the best performing market in the region year-to-date, having returned 19.5% during this period.
- The French equity index remains the laggard performer year-to-date, having only gained 3.3% so far in 2024.



Equity Returns as of August 30, 2024

	EU	Belgium	Germany	Spain	France	Italy	Ireland	Netherlands	Sweden
1 Month	1.8%	1.4%	2.2%	3.1%	1.3%	1.8%	1.4%	0.4%	-0.5%
3 Month	-0.2%	7.3%	2.2%	1.8%	-4.3%	0.2%	-1.3%	2.4%	-0.2%
QTD	1.5%	7.7%	3.7%	5.0%	2.1%	4.0%	5.3%	0.1%	1.1%
YTD	12.8%	15.8%	12.9%	16.6%	3.3%	18.0%	14.5%	19.5%	11.2%

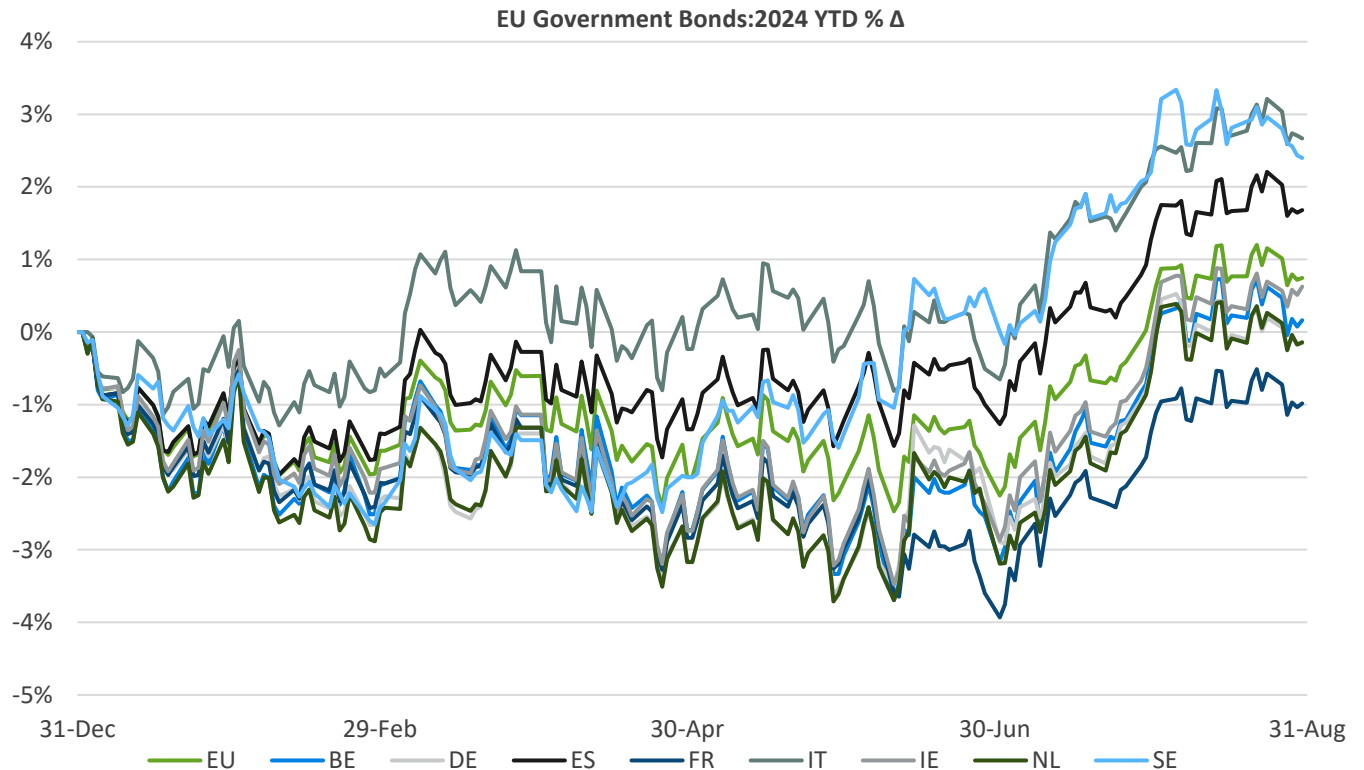
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EuroZone Market Monitor – 30 August 2024

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

Eurozone Government Bonds

- European government bond indices had a positive performance in August.
- The Irish government bond index saw the largest monthly gain, up 0.8%.
- The Swedish government bond index was the laggard performer, returning 0.2% for the month.
- The Italian government bond index remains the outperformer in the region year-to-date, up 2.7%.
- The French government bond index remains the worst performer in the region year-to-date, down 1.0%.



Bond Returns as of August 30, 2024

	EU	Belgium	Germany	Spain	France	Italy	Ireland	Netherlands	Sweden
1 Month	0.4%	0.5%	0.4%	0.4%	0.4%	0.3%	0.8%	0.4%	0.2%
3 Month	2.9%	3.3%	3.3%	2.9%	2.1%	2.9%	3.6%	3.4%	3.9%
QTD	2.6%	2.8%	2.0%	2.7%	2.7%	3.2%	3.1%	2.4%	1.8%
YTD	0.7%	0.2%	-0.2%	1.7%	-1.0%	2.7%	0.6%	-0.1%	2.4%

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Liability Valuation Monitor

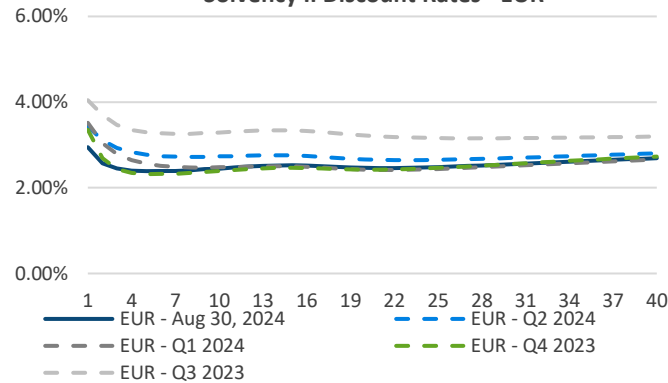
Risk Free Rates

- EUR risk-free rates fell at the short and medium terms but were relatively unchanged at the long-end.
- The 1 and 5-year risk-free rates fell by 24 and 7 basis points, respectively.

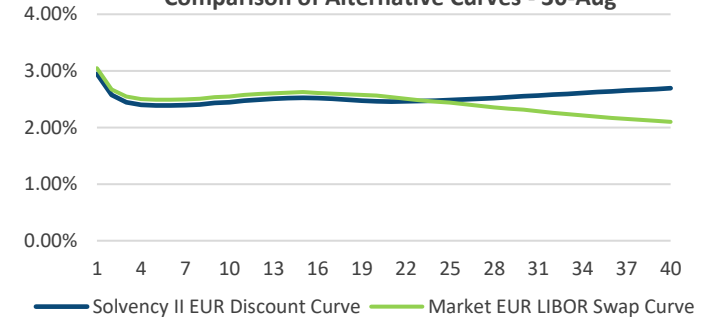
Corporate Bonds

- Global and European corporate bond yields fell by 15 and 3 basis points, respectively.
- Global and European credit spreads widened by 1 and 7 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.

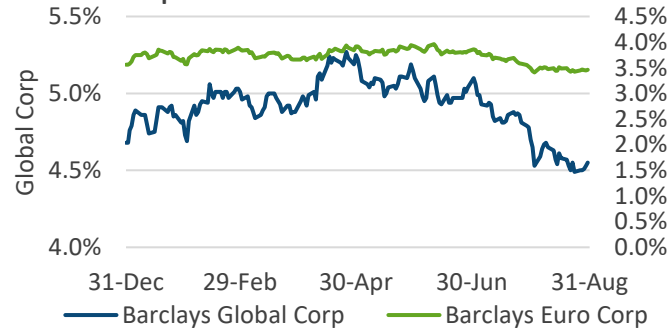
Solvency II Discount Rates - EUR



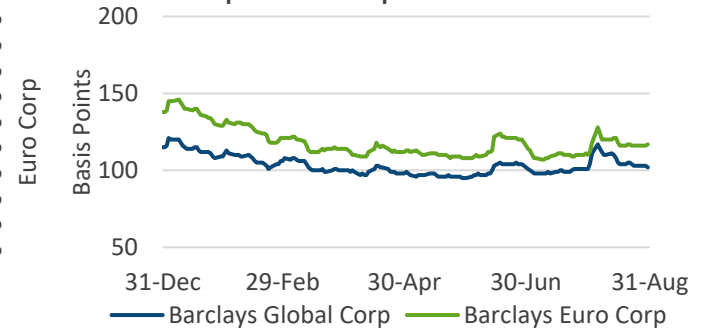
Comparison of Alternative Curves - 30-Aug



Corporate Bond Yields: 2024 YTD



Corporate Bond Spreads: 2024 YTD



	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 Q2 2024	-49	-38	-29	-20	-14	-11	-49	-36	-2	-3
Since Q1 2024	-57	-17	-3	4	4	3	-33	-20	2	3
Since Q4 2023	-41	7	6	4	0	-4	-13	-10	-13	-21
Since Q3 2023	-110	-90	-84	-75	-61	-50	-111	-106	-33	-36

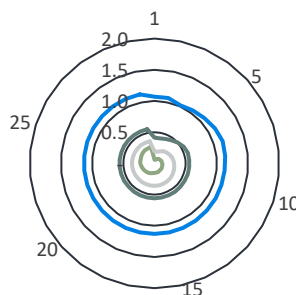
Solvency II Monitor - Spreads

Fundamental Spreads

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

Fundamental Spreads %

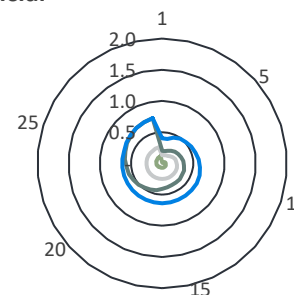
EUR: Financial



— 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	0.50	0.56	0.56	0.56
BBB	1.07	1.08	1.13	1.13	1.13
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	0.52

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	0.40	0.51	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

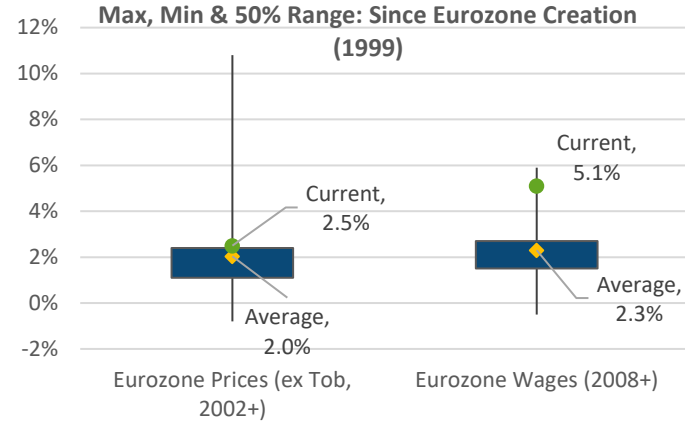
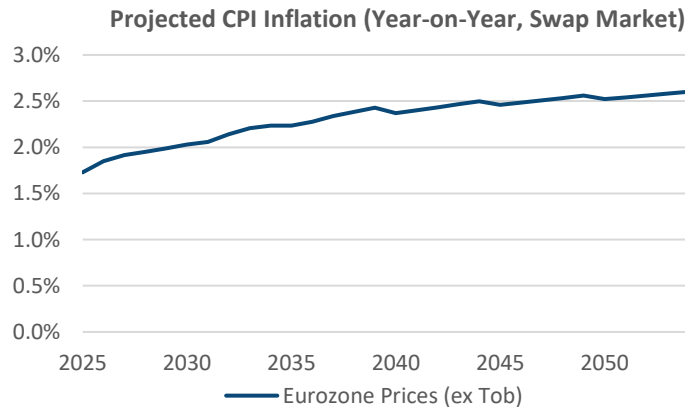
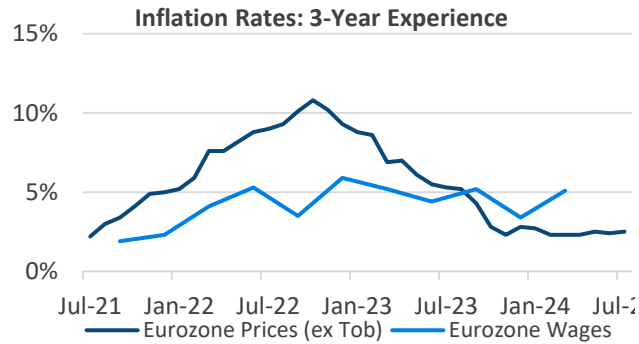
The **Solvency II risk-free discount rates** are based on applying the Smith-Wilson Extrapolation to LIBOR swap rates sourced from Bloomberg (current curve is for 31/08/24) and applying the Credit Risk Adjustment as defined in the Technical Specs. For the official published curves please refer to the [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 31/07/24. **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 10 basis points to 2.5% in July.
- The Eurozone projected CPI curve was relatively unchanged from the previous month.
- There were no updates to the wage inflation figures this month.



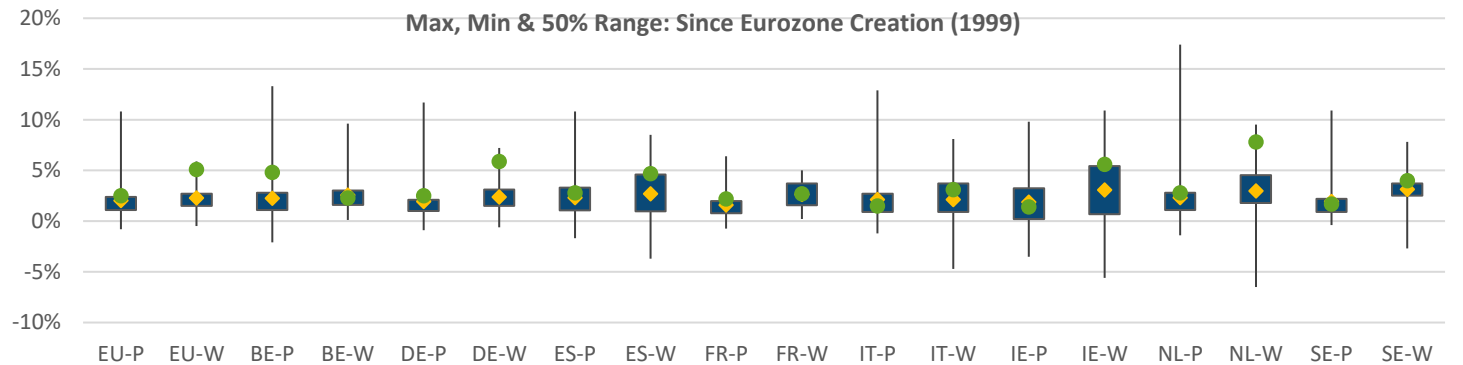
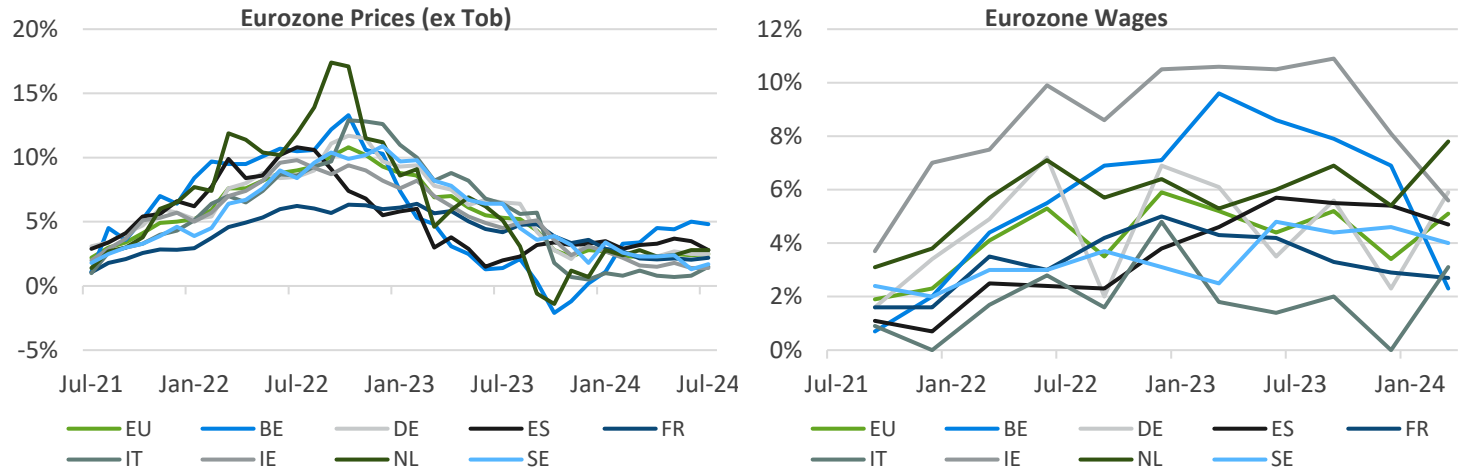
Milliman Financial Risk Management

EuroZone Market Monitor – 30 August 2024

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

Inflation Monitor

- Changes in price inflation were mixed for the major European economies in July.
- Italy saw the largest increase in price inflation in July, rising by 70 basis points to 1.5%.
- Belgium continued to post the highest reading in the region at 4.8%.
- Spain had the largest price inflation decline in the region, falling by 70 basis points to 2.8%.
- Ireland posted the lowest price inflation reading in the region at 1.4%.
- There were no updates to the wage inflation figures this month.



	EU-P	EU-W	BE-P	BE-W	DE-P	DE-W	ES-P	ES-W	FR-P	FR-W	IT-P	IT-W	IE-P	IE-W	NL-P	NL-W	SE-P	SE-W
Avg.	2.0%	2.3%	2.3%	2.6%	1.9%	2.4%	2.3%	2.7%	1.6%	2.6%	2.1%	2.1%	1.9%	3.1%	2.3%	3.0%	1.9%	3.1%
Cur	2.5%	5.1%	4.8%	2.3%	2.5%	5.9%	2.8%	4.7%	2.2%	2.7%	1.5%	3.1%	1.4%	5.6%	2.8%	7.8%	1.7%	4.0%



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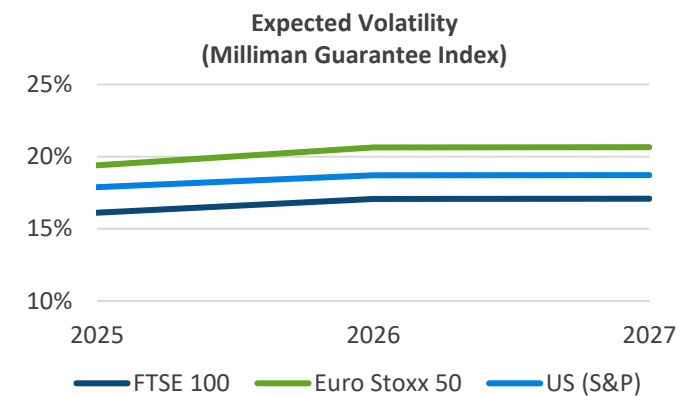
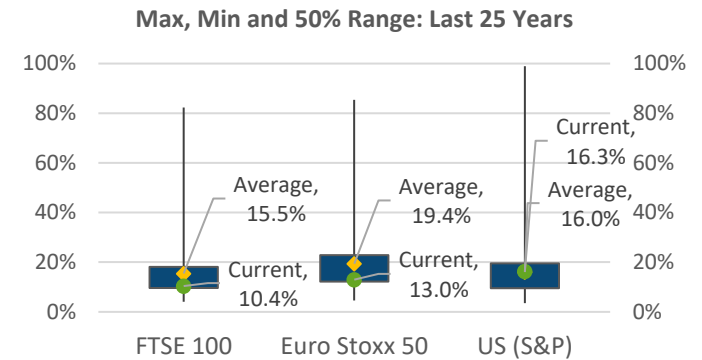
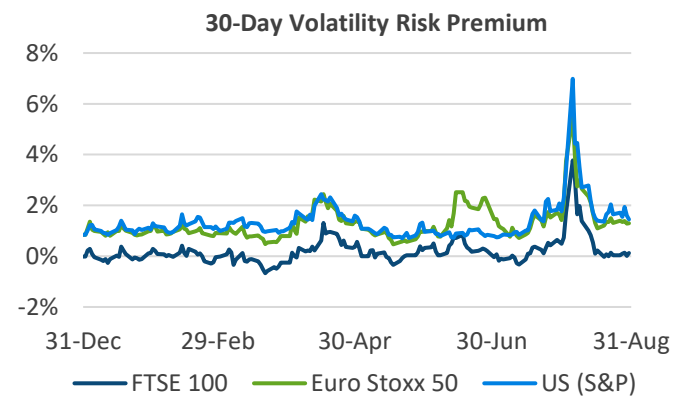
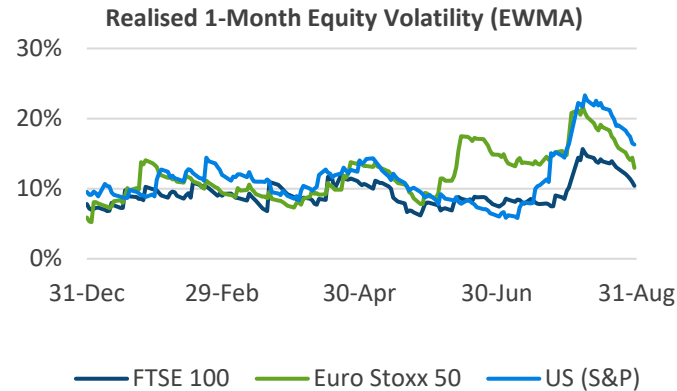
EuroZone Market Monitor – 30 August 2024

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

Volatility and Hedging Cost Monitor

- Realised volatilities on major equity indices significantly increased at the start of the month and then subsidised from there on.
- The FTSE 100 ended the month with a realised volatility of 10.4%. The same measure stood at 13.0% and 16.3% on the Euro Stoxx 50 and the S&P 500, respectively.
- Similarly, Volatility risk premiums on major indices spiked during the month, but then decreased to end the month lower. The FTSE 100 had a volatility risk premium of 0.1% at month-end. The volatility risk premium on the Euro Stoxx 50 was 1.3%, and 1.4% on the S&P 500.

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



Creating transformational improvement in the retirement savings industry.

Milliman Financial Risk Management LLC / Milliman Financial Strategies Ltd. is a global leader in financial risk management to the retirement savings industry. Milliman FRM provides investment advisory, hedging, and consulting services on approximately \$176.1 billion USD in global assets (31 December 2021).

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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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