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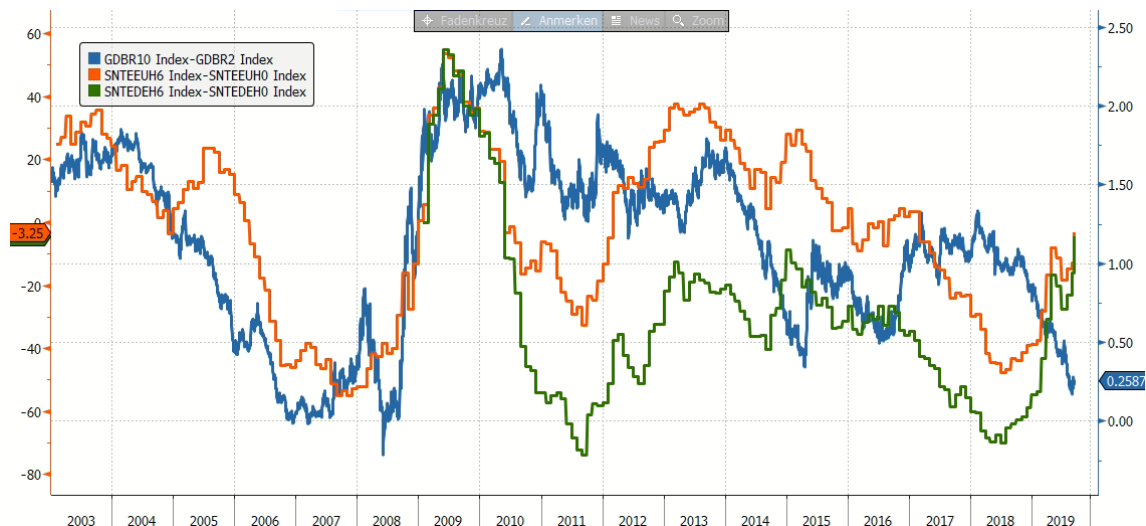
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The Bund yield curve should become steeper

In the run-up to the upcoming ECB meeting on 12 September, the sentix economic indices are sending an interesting signal for German government bonds. For this purpose, we consider the difference between expected values and situation indices for the economy in Germany and the Euro zone.



sentix Economic index Expectations minus situation (Germany, Euroland) and interest rate differential 10-2 J Bunds

In the current data set, economic expectations are improving and situation values are falling. In the chart above, this relative movement can be seen as an increase. The difference between expectations and location, in turn, describes the steepness of the yield curves. In the meantime, a strong vector has already emerged in favour of a curve steepening.

We would not be surprised if the upcoming central bank meetings in this direction would have an effect on German government bonds. In our view, the bond markets remain extremely risky.

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