

Asset Price Monitor

Local Equity Markets

- The performance of major global equity markets was positive in March, driven by solid macroeconomic data that boosted investor sentiment.
- The Euro Stoxx 50 index was up 4.4% in March, returning 12.9% in the first quarter of the year.
- The FTSE 100 index gained 4.8% in March, returning 4.0% in the first quarter of the year.

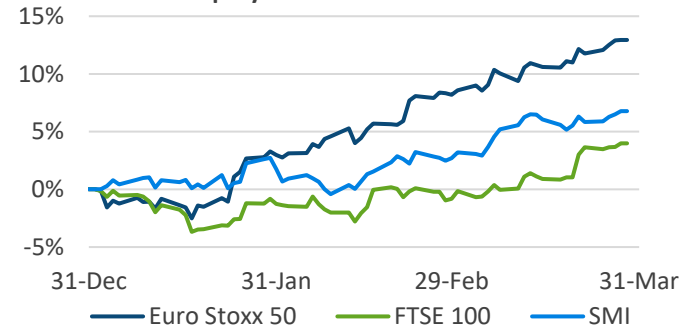
Global Equity Markets

- The S&P 500 ended the month up 3.2%, and the Topix index gained 4.4%.
- The MSCI Emerging Markets index gained 2.5%.

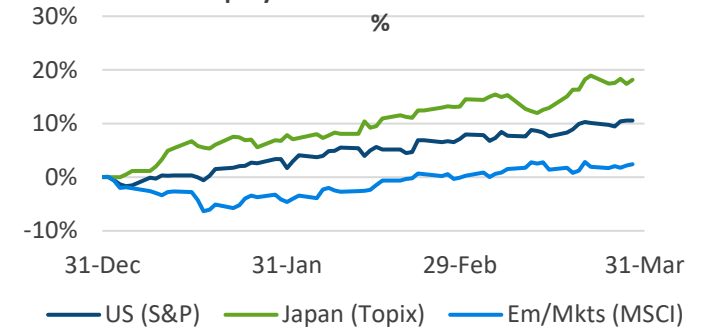
Bond/FX Markets

- European government and corporate bond indices both advanced, gaining 1.0% and 1.2%, respectively.
- The Euro had a mixed performance in March, gaining 0.8% against the Japanese Yen. Meanwhile, it remained relatively flat against the British Pound and the US Dollar.

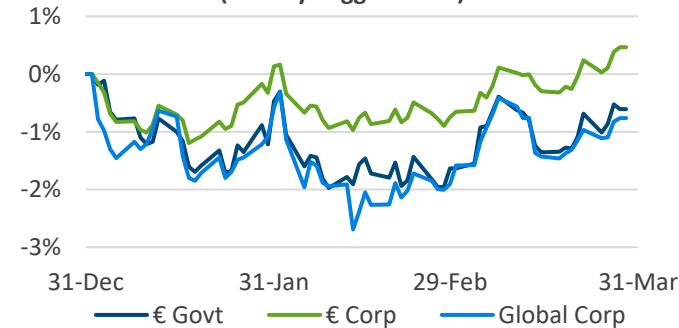
Local Equity Markets: 2024 YTD Total Return %



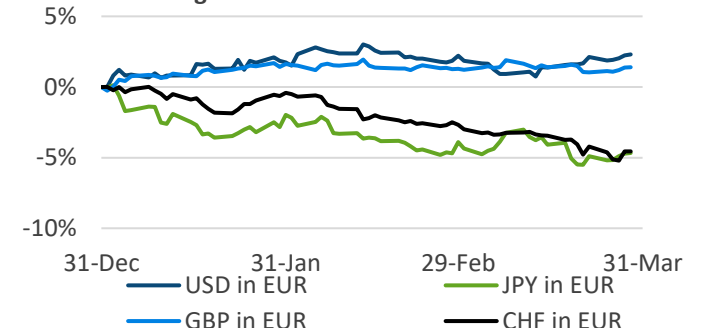
Global Equity Markets: 2024 YTD Total Return %



Bonds (Barclays Agg. Indices): 2024 YTD % Δ



Foreign Currencies in EUR: 2024 YTD % Δ



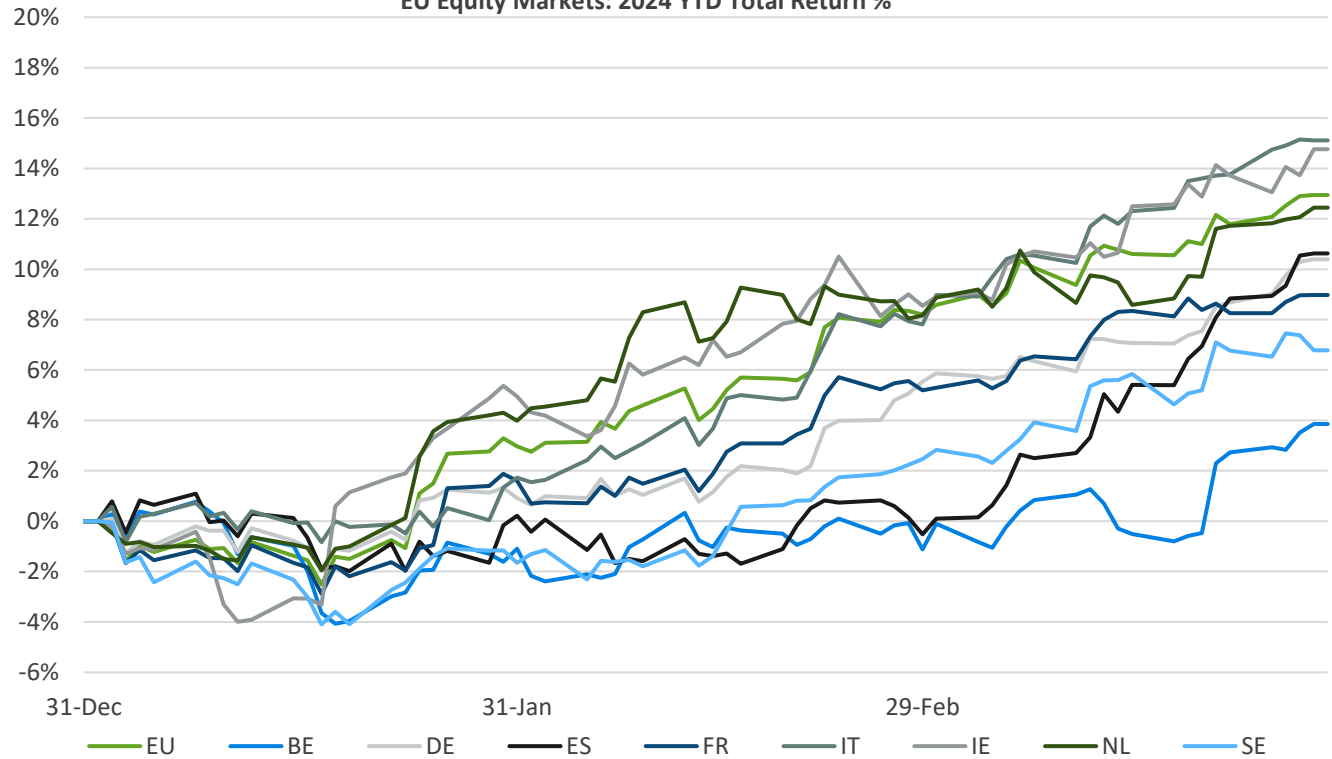
Total Returns as of March 29, 2024

	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	4.4%	4.8%	4.0%	3.2%	4.4%	2.5%	1.0%	1.2%	-1.9%	0.1%	-0.8%	0.1%
3 Month	12.9%	4.0%	6.8%	10.6%	18.1%	2.4%	-0.6%	0.5%	-4.6%	2.3%	-4.7%	1.4%
1 Year	21.7%	8.4%	8.8%	29.9%	41.3%	8.6%	4.0%	6.8%	2.0%	0.5%	-11.9%	2.8%
YTD	12.9%	4.0%	6.8%	10.6%	18.1%	2.4%	-0.6%	0.5%	-4.6%	2.3%	-4.7%	1.4%

Eurozone Equity

- All major European equity markets saw gains in March.
- The Spanish equity market saw the largest gains in the month, up 11.2%.
- The French equity market saw the smallest gains in the region over the month, up 3.6%.
- The Belgian equity market was the laggard performer in the region over the first quarter, gaining 3.9% year-to-date.
- The Italian equity market was the best performing market over the first quarter of the year, having returned 15.1%.

EU Equity Markets: 2024 YTD Total Return %

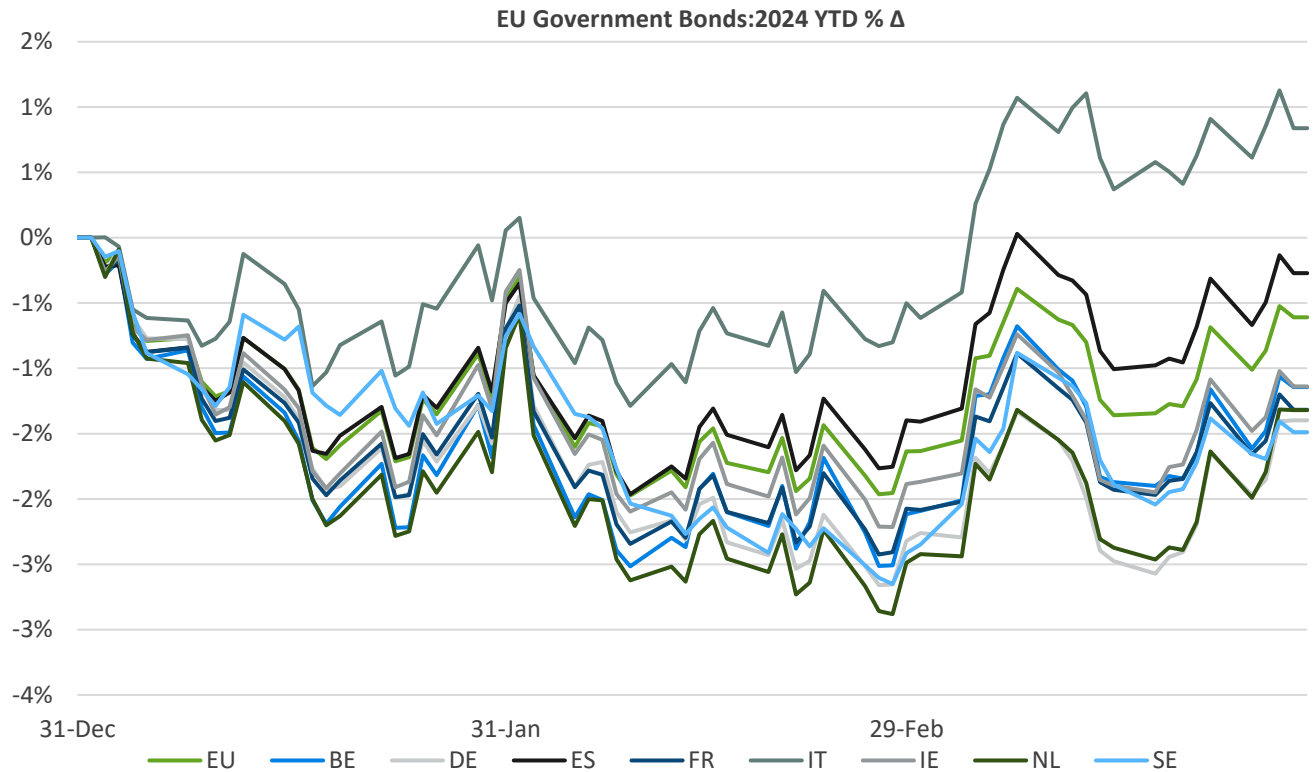


Equity Returns as of March 29, 2024

	EU	Belgium	Germany	Spain	France	Italy	Ireland	Netherlands	Sweden
1 Month	4.4%	5.0%	4.6%	11.2%	3.6%	6.8%	5.7%	4.0%	4.2%
3 Month	12.9%	3.9%	10.4%	10.6%	9.0%	15.1%	14.8%	12.4%	6.8%
QTD	12.9%	3.9%	10.4%	10.6%	9.0%	15.1%	14.8%	12.4%	6.8%
YTD	12.9%	3.9%	10.4%	10.6%	9.0%	15.1%	14.8%	12.4%	6.8%

Eurozone Government Bonds

- All major European government bond indices had a positive performance in March.
- The Italian government bond index saw the largest monthly increase, up 1.3% in March.
- The French and Irish government bond indices saw the smallest monthly increase, both up 0.8%.
- The Italian government bond index has outperformed all the other major European government bond indices for the year so far, gaining 0.8% over the year.
- The Swedish government bond index is the worst performer year-to-date, having lost 1.5%.



Bond Returns as of March 29, 2024									
	EU	Belgium	Germany	Spain	France	Italy	Ireland	Netherlands	Sweden
1 Month	1.0%	1.0%	0.9%	1.1%	0.8%	1.3%	0.8%	1.2%	0.9%
3 Month	-0.6%	-1.1%	-1.4%	-0.3%	-1.3%	0.8%	-1.1%	-1.3%	-1.5%
QTD	-0.6%	-1.1%	-1.4%	-0.3%	-1.3%	0.8%	-1.1%	-1.3%	-1.5%
YTD	-0.6%	-1.1%	-1.4%	-0.3%	-1.3%	0.8%	-1.1%	-1.3%	-1.5%

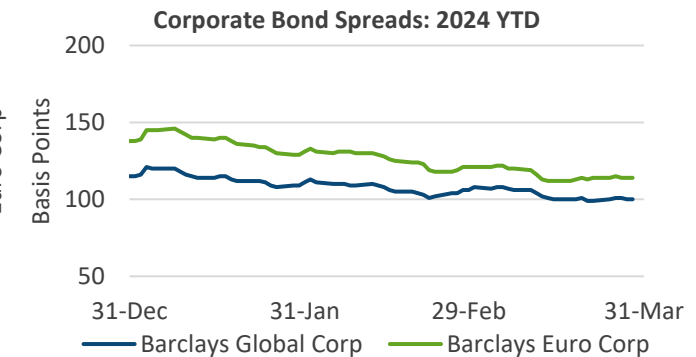
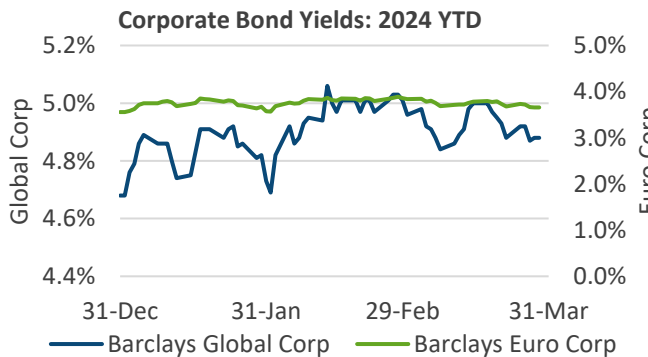
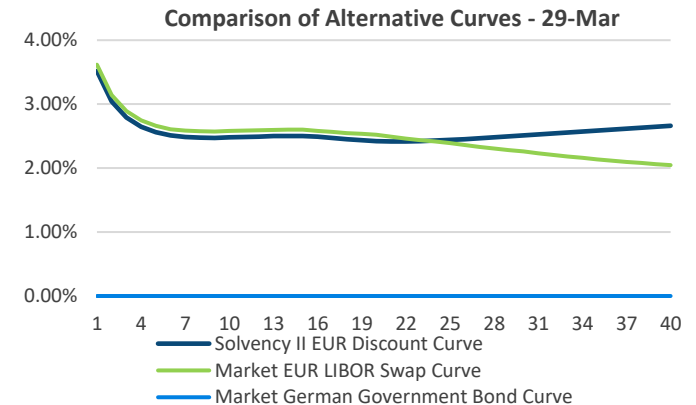
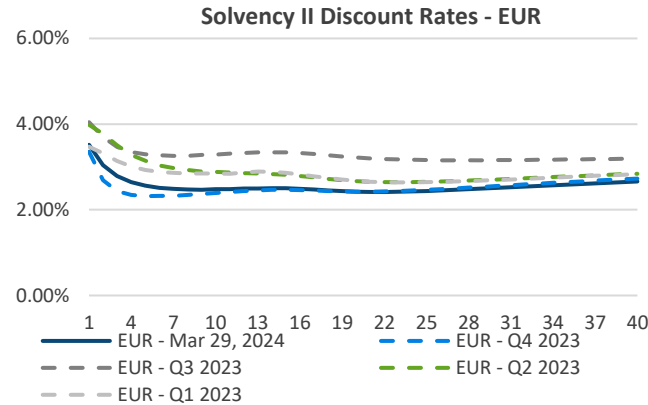
Liability Valuation Monitor

Risk Free Rates

- EUR risk-free rates declined in March.
- The 5 and 20-year EUR risk-free rates both decreased by 13 basis points, whilst the 10-year rate fell by 14 basis points.

Corporate Bonds

- Both Global and European corporate bond yields decreased in March, the former by 13 basis points and the latter by 20 basis points.
- Global and European credit spreads tightened by 6 and 7 basis points, respectively.
- The decrease in risk-free rates, combined with the tightening 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 Q4 2023	16	24	9	0	-4	-7	20	10	-15	-24
Since Q3 2023	-53	-73	-81	-80	-65	-54	-78	-86	-35	-39
Since Q2 2023	-47	-58	-41	-25	-20	-18	-40	-78	-39	-49
Since Q1 2023	4	-37	-37	-25	-19	-17	-8	-56	-53	-56

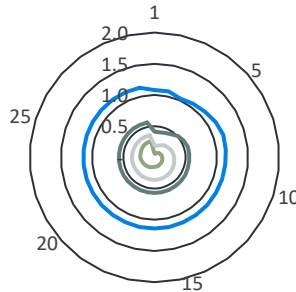
Solvency II Monitor - Spreads

Fundamental Spreads

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

Fundamental Spreads %

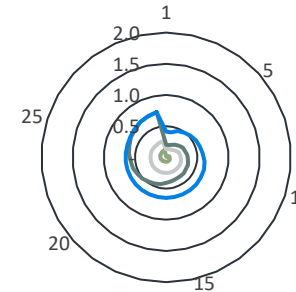
EUR: Financial



— 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	0.43	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	0.64	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

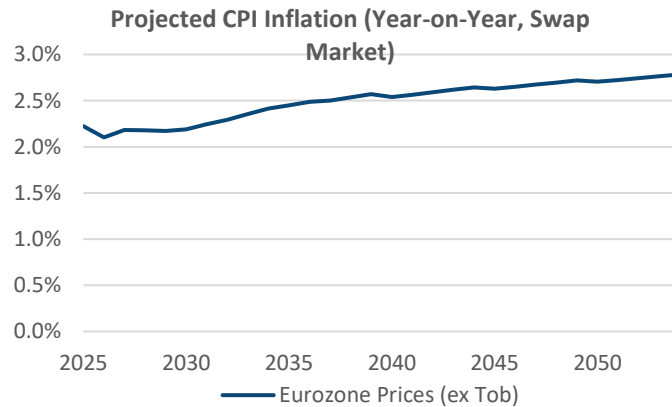
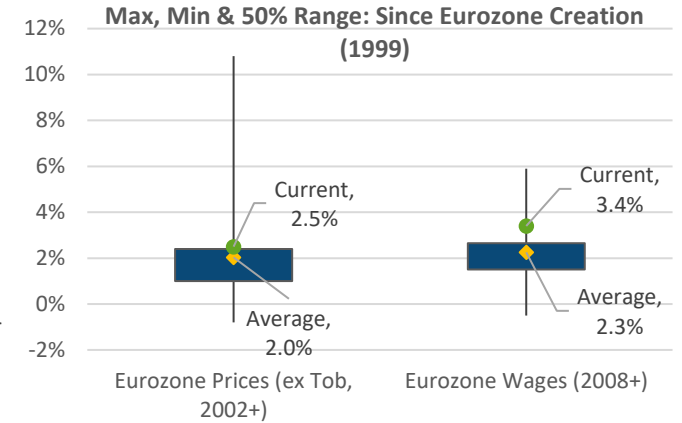
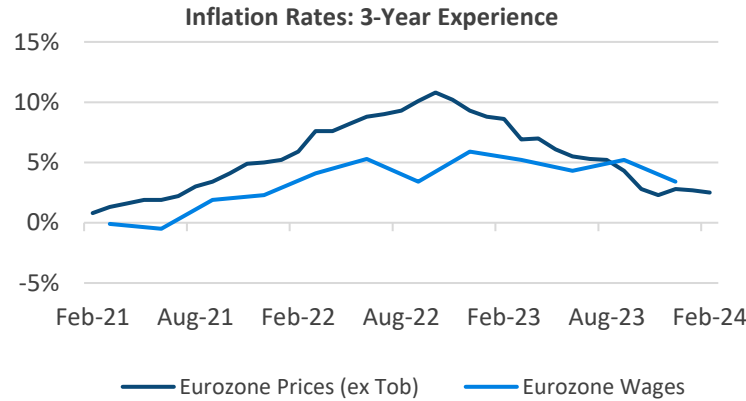
The **Solvency II risk-free discount rates** are based on applying the Smith-Wilson Extrapolation to LIBOR swap rates sourced from Bloomberg (current curve is for 31/03/24) and applying the Credit Risk Adjustment as defined in the Technical Specs. For the official published curves please refer to the [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 29/02/24. **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 20 basis points to 2.5% in February.
- The Eurozone projected CPI curve was relatively unchanged in comparison to the previous month.
- Eurozone Q4 2023 wage inflation decreased by 180 basis points to 3.4%, after the previous quarter's figure was revised lower by 10 basis points.



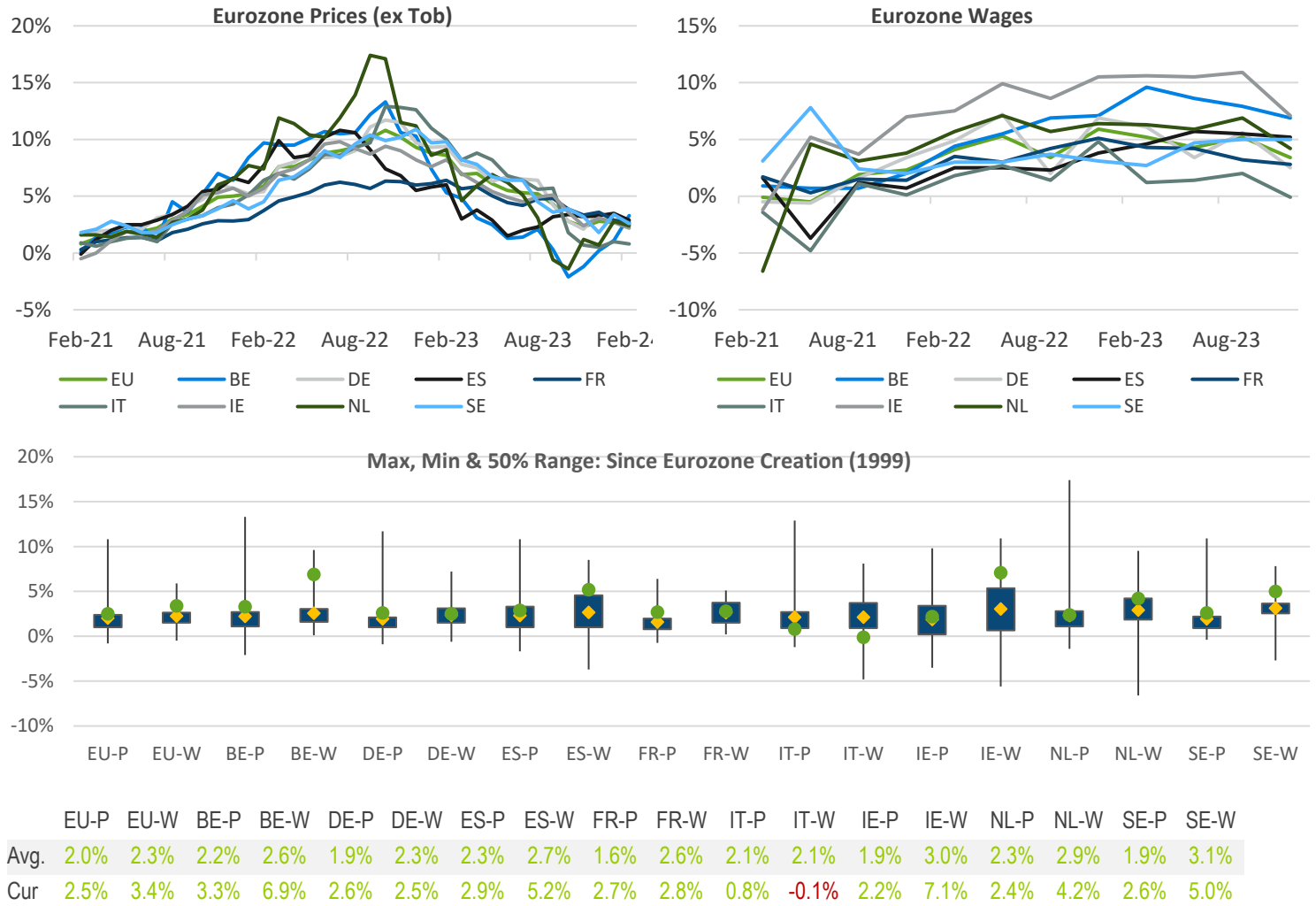
Milliman Financial Risk Management

EuroZone Market Monitor – 29 March 2024

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

Inflation Monitor

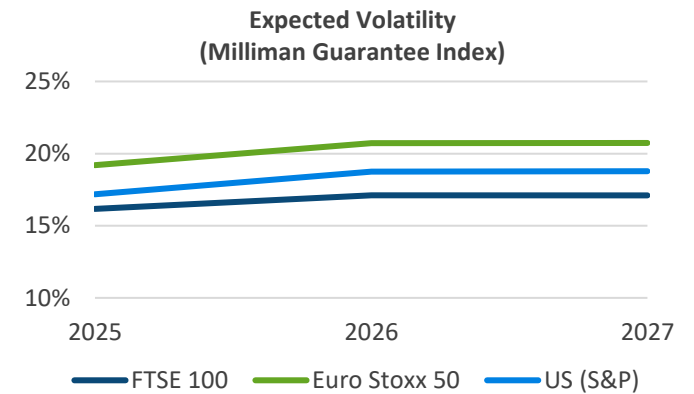
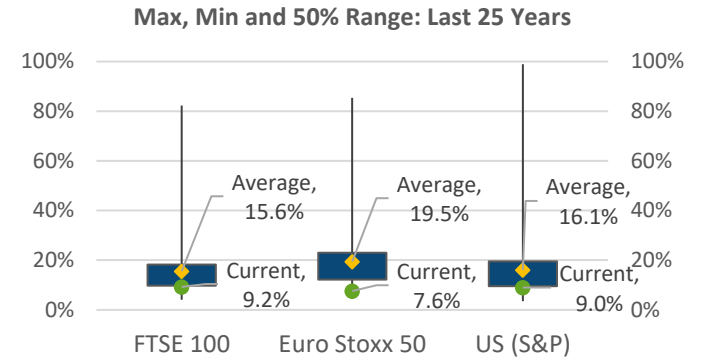
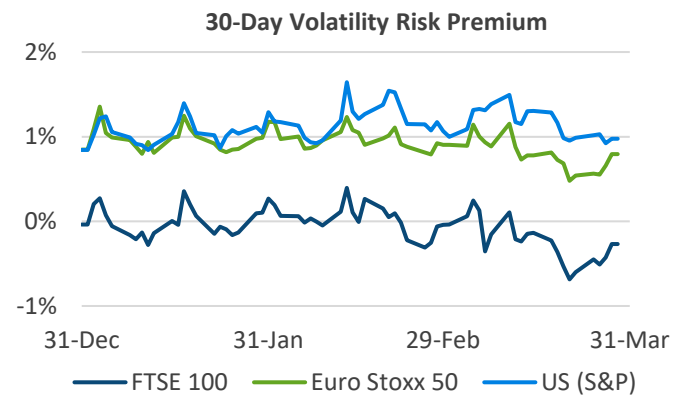
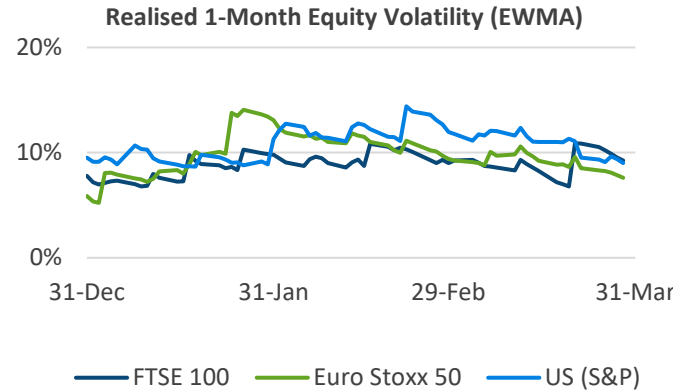
- All major European economies saw declines in their price inflation in February, except for Belgium which experienced an increase of 220 basis points in its price inflation to 3.3%, which was also the highest reading in the region.
- The Swedish price inflation decreased the most, falling by 80 basis points to 2.6%.
- Italy had the lowest price inflation reading in the region at 0.8%.
- Q4 2023 wage inflation decreased for all major European countries, except for Sweden which remained unchanged at 5.0%, after the previous quarter's figure was revised lower by 50 basis points.
- Ireland saw the largest decline in Q4 2023 wage inflation, decreasing by 380 basis points to 7.1%, which was the highest reading of the region.
- Italy showed the lowest reading of the region for Q4 2023 wage inflation at -0.1%.



Volatility and Hedging Cost Monitor

- Realised volatilities increased in March for the FTSE 100, but decreased for the Euro Stoxx and S&P 500, remaining well below historical long-term averages.
- The FTSE 100 ended the month with a realised volatility of 9.2%. The same measure stood at 7.6% and 9.0% on the Euro Stoxx 50 and the S&P 500, respectively.
- Volatility risk premiums on major indices decreased in March. The FTSE 100 had a volatility risk premium of -0.3% at month-end. The volatility risk premium on the Euro Stoxx 50 and the S&P 500 were at 0.8% and 1.0%, respectively.

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



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