Morgan Stanley

INVESTMENT MANAGEMENT

Global Fixed Income Bulletin

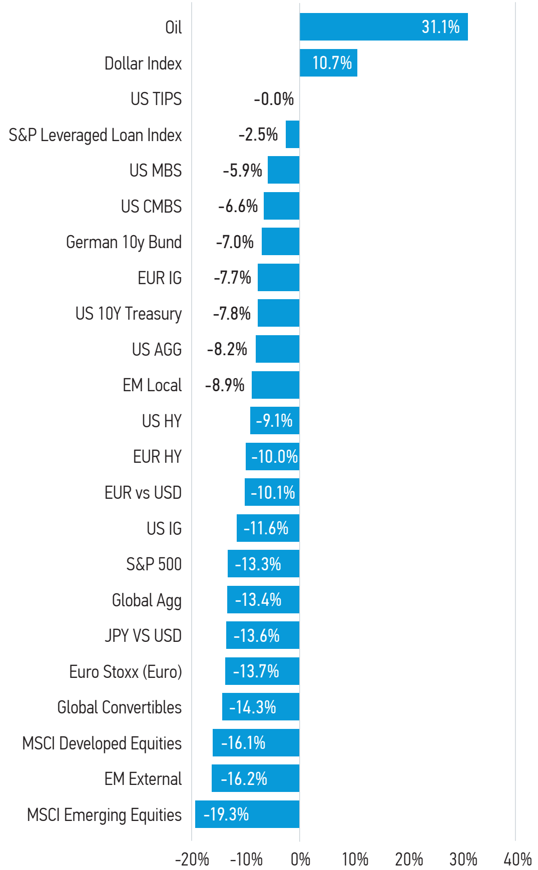
Oh no, it's too hot, no wait, it's too cold, no, it's actually too hot!

GLOBAL FIXED INCOME TEAM | MACRO INSIGHT | AUGUST 2022

After a horrendous June, bond and credit markets reversed course dramatically in July, generating exceptionally strong performance while also being the first positive return month of the year! Given the situation the US and global economy finds itself in, this was unexpected to say the least. Indeed, financial market performance has not been this volatile in a long, long time. The narrative of a hawkish US Federal Reserve (Fed) and high and stubborn inflation (a too hot economy) was the story until mid-June. By the end of June, recession fears (economy too cold) took hold, driving yields and, somewhat surprisingly, credit spreads lower. US Treasury 10-year yields fell 36 basis points (bps) on the month, and a whopping 85 bps from their peak on June 14th. Inflation expectations fell sharply as did real interest rates as markets priced in Fed success of achieving their long-term inflation objective of 2%. European and other bond markets had equivalent, if not larger, rallies. Indeed, on top of the fall in government bond yields, credit spreads tightened meaningfully from their June levels, generating even higher returns. For example, the US high yield index tightened 100 bps (with yields falling 132 bps, generating a return over 6%) while Euro HY spreads tightened 62 bps. Emerging markets also had spots of robust performance, but external markets generally underperformed developed market governments and corporates. Just as all things sold off in June, essentially everything rallied in July. Even the US dollar, while not exactly weak in July, did sell off against a variety of currencies, after being somewhat impregnable previously.[1]

DISPLAY 1

Asset Performance Year-to-Date



Note: USD-based performance. Source: Bloomberg. Data as of July 31, 2022. The indexes are provided for illustrative purposes only and are not meant to depict the performance of a specific investment. **Past performance is no guarantee of future results.** See pages 6-7 for index definitions.

What caused such a turnaround? Bad news. Economic data, particularly on the goods/industrial production side of the economy, was weak while also surprising to the downside. Whether it was survey data (business confidence PMIs,) or GDP data (US GDP contracted in the first half of the year), economic indicators increasingly

[1] Source: Bloomberg. Data as of July 31, 2022.

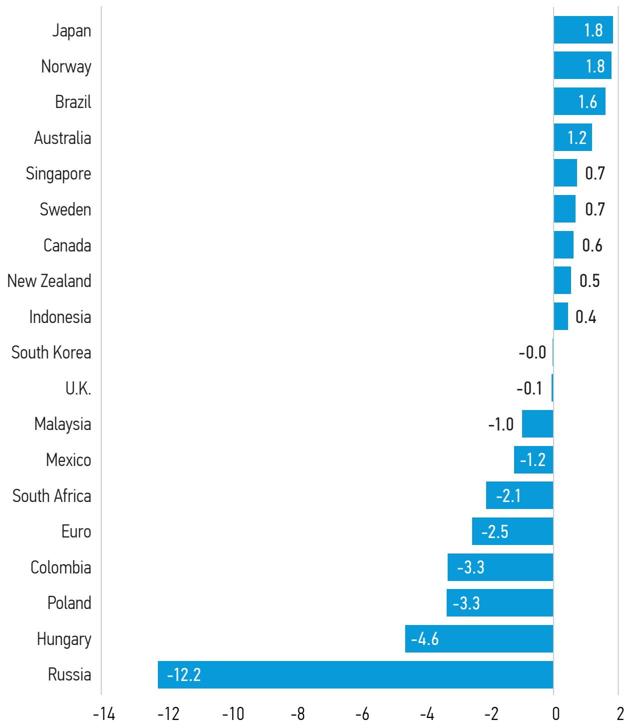
pointed to a looming recession in most economies outside of Asia. While not a certainty, probabilities moved well past 50%. Although one might think this would be bad for equities and credit, markets took it positively for two reasons. The first is the expected path of short-term rates as set by central banks was adjusted meaningfully lower, e.g., less rate hikes were expected. In the Eurozone this adjustment reached 100 bps of rate hikes priced out of the bond market. While economic data was weak, the expectation (hope?) that central banks would "pivot" to a more dovish policy stance buoyed the market. To see how dramatic this was, German 2-year government bond yields fell. Secondly, the velocity of the sell-off in rates and spreads was extreme in the relatively short period it occurred in the run up to the Fed June rate hike. US and European high yield spreads (as well as Euro investment grade spreads) moved into recession territory. Although not priced for an extreme recession like 2008 or 2020, high yield spreads did move to levels associated with economic downturns. The combination of these two factors was the primary driver responsible for the dramatic turnaround in asset prices in July. Falling commodity prices also helped.[2]

Unfortunately, volatility is not likely to abate soon. US labor market data remains very strong. Witness July payrolls released August 5: it was gangbusters showing further tightening of the labor market rather than loosening, and further increases in wage growth rather than amelioration. The unemployment rate is now at its lowest level since the 1960s! Commodity prices are coming down (except for Europeans), particularly energy and food. Unfortunately, for Europeans, inflation also remains under threat of further increases given its vulnerability to disruption in energy supplies.[3] Whether or not this is the last gasp of US labor market strength, or the last gasp of inflation, markets should be prepared for more gyrations as all market forecasts this year have proven to be wide of the mark. Hot to cold to hot again?

DISPLAY 2

Currency Monthly Changes Versus U.S. Dollar

(+ = appreciation)



Note: Positive change means appreciation of the currency against the USD.
Source: Bloomberg. Data as of July 31, 2022.

DISPLAY 3

Major Monthly Changes in 10-Year Yields and Spreads

COUNTRY	10-YR YIELD LEVEL (%)	MONTH CHANGE (BPS)	10-YR SPREAD (BPS)	MONTH CHANGE (BPS)
			(Spread over USTs)	
United States	2.65	-36		
United Kingdom	1.86	-37	-78	0
Germany	0.82	-52	-183	-15
Japan	0.19	-5	-246	+32
Australia	3.06	-60	41	-24
Canada	2.61	-61	-4	-25
New Zealand	3.42	-45	77	-8
EUROPE			(Spread over Bunds)	
France	1.38	-54	56	-2
Greece	2.96	-66	214	-14
Italy	3.02	-24	221	+28
Portugal	1.84	-57	103	-5
Spain	1.92	-51	110	+1
EM	**INDEX LOCAL YIELD (%)**	**MTD CHANGE (BPS)**	**USD SPREAD (BPS)**	**MTD CHANGE (BPS)**
EM External Spreads			323	+3
EM Corporate Spreads			266	+8
EM Local Yields	5.89	+32		
Brazil	13.16	-8	305	-59
Colombia	12.02	+63	387	-49
Hungary	8.93	+82	190	-31
Indonesia	6.99	-4	147	-27
Malaysia	4.06	-31	60	-6
Mexico	8.73	-40	248	-18
Peru	8.08	+37	169	-20
Philippines	6.52	+4	110	-36
Poland	5.85	-127	20	-74
Russia	56.73	-7931		
South Africa	10.84	-22	457	-61
Turkey	17.96	-277	723	+8
Venezuela	–	–	34872	+4418
CREDIT			**SPREAD (BPS)**	**MTD CHANGE (BPS)**
U.S. IG			144	-11
EUR IG			187	-31
U.S. HY			469	-100
EUR HY			579	-62
SECURITIZED				
Agency MBS			115	-20
U.S. BBB CMBS			400	+8

Positive Neutral Negative

Source: Bloomberg, JPMorgan. Data as of July 31, 2022.

[2] Source: Bloomberg Data, as of July 31, 2022. [3] Source: Bloomberg Data, as of July 31, 2022.

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Fixed Income Outlook

The pandemic and its repercussions both in terms of policy response and behavior have been unprecedented. Therefore, historical playbooks are of limited use. For example, the US economy is in a recession as measured by two negative quarterly GDP results. Additionally, household and business confidence are near historical lows on several measures. But, at the same time, the unemployment rate continues to fall as jobs are created at a pace normally associated with a booming economy.

So, what is the truth? There is no doubt economic growth has decelerated, particularly goods production. The slowdown was almost preordained given how above trend growth got to in 2021 AND the residual supply chain disruptions which continue to bedevil the global economy. Core inflation in almost all countries remains unacceptably high and shows no signs of significant deceleration, although it might have peaked. The truth is imbalances in labor markets and goods markets continue. There appears to be excess employment in some industries (e.g., tech), underemployment in services (travel & leisure), and potentially goods markets struggling with supply chains. This creates a very muddled picture. In the US for example, initial jobless claims released on August 4th hit its highest level in six months, suggesting a cooling of the labor market, but the employment report on August 5th was strong across the board. The job openings to unemployed ratio is also coming down, but still shows in absolute terms excess demand for labor. The employment report and strong wage growth trumps jobless claims, suggesting stubborn inflation unless the Fed sticks to its tightening plans. The US economy exhibits somewhat schizophrenic behavior: some sectors are struggling while others are recovering (and growing nicely). Continue to expect conflicting signals. Growth should be better in the second half of the year but will not be strong. It is too soon to be confident that the economy will cool enough, and unemployment will rise enough to bring inflation down to acceptable levels in the time frame the market expects.

What this suggests is that it is premature to signal the all clear on the bond bear market, although we are skeptical, we will achieve new highs in long-term yields. In particular, the recent rally in US Treasury 10-year yields to almost 2.5% looks too aggressive and may constitute the floor for yields in the months ahead. In other words, yields should continue to back up. Yield curves should continue to flatten and could become meaningfully inverted if inflation remains stubborn.

The good news is we do not see the start of a new leg of an extended bond bear market. The contours of US Treasury yields appear to be set: the peak in 10-year yields was likely hit in mid-June when the Fed surprised with a 75-bps hike and the lows set prior to July's employment report released in August constitute the bottom of the range: 2.5% - 3.25%. Similar calculations apply to most other developed market bond markets, with for example, German 10-year government yields likely to be in a 0.75% to 1.25% range near term. Some countries faced with more downside economic risk like the UK, New Zealand and Australia are likely to see less aggressive yield rises.

While near term volatility is likely to persist as the too cold vs too hot debate continues, corporate bond markets are likely to stay in a range. Uncertainty over the macro backdrop and corporate performance supports a bias to sell credit into rallies and move up in credit quality (hedging the risk central banks WILL cause a recession to bring down inflation). Spreads are generally above their long-run averages, suggesting a somewhat undervalued market with lower risk of a recession this year but higher next year, at least in the US. Euro investment grade (IG) looks somewhat more attractive than US IG given wide swap spreads and an FX hedging advantage. On the other hand, much higher probability of recession in Europe makes European high yield corporates and securitized credit less attractive. Securitized credit did not benefit nearly as much from the July rally as did corporate credit.

Emerging Markets did selectively benefit from the July rally but remain undervalued (in general) and cheaper than developed market corporate credit. Many EM high yield issuers continue to trade at high yields and wide spreads. However, fears of US inflation (bad) and/or US recession (also bad) is inhibiting flows into the asset class. With yields so much higher on DM government bonds and credit in general, investors do not need to allocate as much to EM to generate attractive yields. That said, inflationary pressures remain and corresponding central bank reactions for both emerging and developed markets will be important factors. Commodity prices will continue to have a large impact on the asset class as food and energy prices remain elevated, even if they are beginning to fall. Differentiation among countries and credits will be pivotal for uncovering value.

Portfolio positioning remains cautious. Valuations are selectively attractive, opportunistic buying prevails, but risks remain, mostly on the inflation front and central bank reactions to it.

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	MONTHLY REVIEW	OUTLOOK
Developed Market Rate/ Foreign Currency	Developed market rates moved lower during July, as rates broadly rallied as recession concerns remained in focus. For the most part, economic data and indicators continue to point to a likely slowdown; however, the severity and timetable remains unclear. Central bank decisions were again the focus for the month, with central banks predominately adopting a front-loading approach to tightening monetary policy.[4]	We believe that central banks will struggle to effectively lower inflation using their current tools and strategy. As a result, we still see risks that short term rates will go higher as the Fed will be forced to do more to combat inflation. The situation in Europe is especially difficult given the issues with food and energy prices. We see developed market rates remaining volatile given the uncertainty. As the Bank of Japan (BoJ) remains stubbornly accommodative, we still believe that Japanese rates could rise as the BoJ will have to similarly normalize policy. Regarding foreign exchange, the US dollar is likely to remain a beneficiary of tighter Fed policy and growing global growth concerns. Other than that, we do not have any significant conviction regarding FX positions.
Emerging Market Rate/ Foreign Currency	Emerging markets debt (EMD) performance turned positive following a sell-off that lasted for most of the first half of 2022. After a further sell-off in early July, rates, currencies, and credit all strongly rallied during the second half of the month. The macroeconomic environment continues to be challenging but following particularly poor performance in May and June performance rebounded in July. The three major EMD indices were all positive for the month.[5]	Valuations for local rates and the credit segments of emerging markets debt appear to be attractive. The macroeconomic environment continues to be challenging. Signs that the technical pressure on EMD from large outflows may be easing is an additional reason for optimism looking forward. That said, inflationary pressures remain and corresponding central bank reactions for both emerging and developed markets will be important factors. Commodity prices will continue to have a large impact on the asset class as food and energy prices remain elevated. Differentiation among countries and credits will be pivotal for uncovering value.

[4] Source: Bloomberg. Data as of July 31, 2022.

[5] Source: Bloomberg. Data as of July 31, 2022. EM corporates represented by **The JP Morgan CEMBI Broad Diversified Index**.

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	MONTHLY REVIEW	OUTLOOK
Corporate Credit	IG corporate spreads rallied in July. Euro IG corporate spreads tightened as the market rebounded from the June credit spread wides. US credit underperformed Euro but tightened as well. One notable feature of the rally in credit spreads in July was the lack of compression with both A and BBB tighter on the month in contrast to the widening of June.[6] The high yield market posted is strongest one-month return since 2009, nearly offsetting the June sell-off. Softening rhetoric from the US Fed and a batch of earnings which exceeded conservative expectations prompted demand for high yield credit amidst starting average spreads that appeared attractive from a longer-term perspective. The top performing sectors for the month were other financial, communications and consumer cyclical.[7] Global convertibles had the first monthly gain of the year in July as investors began to bet that inflation and recession fears are already priced into markets.[8] The senior corporate loan market rebounded sharply in July, paring the losses experienced in May and June.[9]	Looking forward the outlook is little changed. We see spreads offering attractive valuations that look inconsistent with the fundamentals we are seeing at the corporate level. Potential catalysts for a rally include second quarter reporting that confirms issuer performance is stronger than market pricing suggests or a change in macro sentiment where central banks pivot to a more balanced policy targeting both inflation and growth. In addition, a change to the technical would be impactful with market liquidity low at these elevated spread levels relative to history. We remain cautious on the US high yield market as there is little to suggest the supportive backdrop experienced in July is sustainable and we expect volatility to increase over the balance of the third quarter. We have a bias toward conservatism. We are inclined to reduce exposure to cyclicals and segments exhibiting asymmetric risk/return characteristics and to add exposure to higher-conviction ideas that have experienced excessive technical pressure. We remain constructive on the prospects for the loan market and believe this asset class is well positioned heading into the second half of the year. Despite our ongoing conviction, the outlook is certainly clouded by a growing number of question marks compared with just a quarter or two ago.
Securitized Products	Securitized spread movement was mixed as agency MBS spreads tightened materially, while most credit spreads widened during the month.	Our fundamental credit outlook remains positive, and we believe credit spreads now offer attractive risk premiums for risk. Credit spreads for many securitized sectors have returned to levels last seen at the depths of the pandemic, but credit conditions are materially better today.

[6] Source: Bloomberg Indices: U.S. Corporate Index and the European Aggregate Corporate Index. Data as of July 31, 2022.

[7] Source: Bloomberg US Corporate High Yield Index. Data as of July 31, 2022.

[8] Source: Refinitiv Global Convertibles Focus Index. Data as of July 31, 2022.

[9] Source: S&P/LSTA Leveraged Loan Index. Data as of July 31, 2022.

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Risk Considerations

Diversification neither assures a profit nor guarantees against loss in a declining market.

There is no assurance that a portfolio will achieve its investment objective. Portfolios are subject to **market risk**, which is the possibility that the market values of securities owned by the portfolio will decline and that the value of portfolio shares may therefore be less than what you paid for them. Market values can change daily due to economic and other events (e.g. natural disasters, health crises, terrorism, conflicts and social unrest) that affect markets, countries, companies or governments. It is difficult to predict the timing, duration, and potential adverse effects (e.g. portfolio liquidity) of events. Accordingly, you can lose money investing in a portfolio. **Fixed-income securities** are subject to the ability of an issuer to make timely principal and interest payments (credit risk), changes in interest rates (interest rate risk), the creditworthiness of the issuer and general market liquidity (market risk). In a rising interest-rate environment, bond prices may fall and may result in periods of volatility and increased portfolio redemptions. In a declining interest-rate environment, the portfolio may generate less income. **Longer-term securities** may be more sensitive to interest rate changes. Certain **US government securities** purchased by the strategy, such as those issued by Fannie Mae and Freddie Mac, are not backed by the full faith and credit of the US It is possible that these issuers will not have the funds to meet their payment obligations in the future. **Public bank loans** are subject to liquidity risk and the credit risks of lower-rated securities. **High-yield securities (junk bonds)** are lower-rated securities that may have a higher degree of credit and liquidity risk. **Sovereign debt securities** are subject to default risk. **Mortgage- and asset-backed securities** are sensitive to early prepayment risk and a higher risk of default, and may be hard to value and difficult to sell (**liquidity risk**). They are also subject to credit, market and interest rate risks. The **currency market** is highly volatile. Prices in these markets are influenced by, among other things, changing supply and demand for a particular currency; trade; fiscal, money and domestic or foreign exchange control programs and policies; and changes in domestic and foreign interest rates. Investments in **foreign markets** entail special risks such as currency, political, economic and market risks. The risks of investing in **emerging market** countries are greater than the risks generally associated with foreign investments. **Derivative instruments** may disproportionately increase losses and have a significant impact on performance. They also may be subject to counterparty, liquidity, valuation, and correlation and market risks. **Restricted and illiquid securities** may be more difficult to sell and value than publicly traded securities (liquidity risk). Due to the possibility that prepayments will alter the cash flows on **collateralized mortgage obligations (CMOs)**, it is not possible to determine in advance their final maturity date or average life. In addition, if the collateral securing the CMOs or any third-party guarantees are insufficient to make payments, the portfolio could sustain a loss.

DEFINITIONS

Basis point: One basis point = 0.01%.

INDEX DEFINITIONS

The indexes shown in this report are not meant to depict the performance of any specific investment, and the indexes shown do not include any expenses, fees or sales charges, which would lower performance. The indexes shown are unmanaged and should not be considered an investment. It is not possible to invest directly in an index.

The **Bloomberg Euro Aggregate Corporate Index (Bloomberg Euro IG Corporate)** is an index designed to reflect the performance of the euro-denominated investment-grade corporate bond market.

The **Bloomberg Global Aggregate Corporate Index** is the corporate component of the Bloomberg Global Aggregate index, which provides a broad-based measure of the global investment-grade fixed income markets.

The **Bloomberg US Corporate High Yield Index** measures the market of USD-denominated, non-investment grade, fixed-rate, taxable corporate bonds. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below. The index excludes emerging market debt.

The **Bloomberg US Corporate Index** is a broad-based benchmark that measures the investment grade, fixed-rate, taxable, corporate bond market.

The **Bloomberg US Mortgage Backed Securities (MBS) Index** tracks agency mortgage-backed pass-through securities (both fixed-rate and hybrid ARM) guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA) and Freddie Mac (FHLMC). The index is constructed by grouping individual TBA-deliverable MBS pools into aggregates or generics based on program, coupon and vintage. Introduced in 1985, the GNMA, FHLMC and FNMA fixed-rate indexes for 30- and 15-year securities were backdated to January 1976, May 1977 and November 1982, respectively. In April 2007, agency hybrid adjustable-rate mortgage (ARM) pass-through securities were added to the index.

Consumer Price Index (CPI) is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care.

Euro vs. USD—Euro total return versus US dollar.

German 10YR bonds—Germany Benchmark 10-Year Datastream Government Index; **Japan 10YR government bonds** —Japan Benchmark 10-Year Datastream Government Index; and **10YR US Treasury**—US Benchmark 10-Year Datastream Government Index.

The **ICE BofAML European Currency High-Yield Constrained Index (ICE BofAML Euro HY constrained)** is designed to track the performance of euro- and British pound sterling-denominated below investment-grade corporate debt publicly issued in the eurobond, sterling

The **ICE BofAML US Mortgage-Backed Securities (ICE BofAML US Mortgage Master) Index** tracks the performance of US dollar-denominated, fixed-rate and hybrid residential mortgage pass-through securities publicly issued by US agencies in the US domestic market.

The **ICE BofAML US High Yield Master II Constrained Index (ICE BofAML US High Yield)** is a market value-weighted index of all domestic and Yankee high-yield bonds, including deferred-interest bonds and payment-in-kind securities. Its securities have maturities of one year or more and a credit rating lower than BBB-/Baa3, but are not in default.

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The **ISM Manufacturing Index** is based on surveys of more than 300 manufacturing firms by the Institute of Supply Management. The ISM Manufacturing Index monitors employment, production inventories, new orders and supplier deliveries. A composite diffusion index is created that monitors conditions in national manufacturing based on the data from these surveys.

Italy 10-Year Government Bonds—Italy Benchmark 10-Year Datastream Government Index.

The **JP Morgan CEMBI Broad Diversified Index** is a global, liquid corporate emerging markets benchmark that tracks US-denominated corporate bonds issued by emerging markets entities.

The **JPMorgan Government Bond Index—emerging markets (JPM local EM debt)** tracks local currency bonds issued by emerging market governments. The index is positioned as the investable benchmark that includes only those countries that are accessible by most of the international investor base (excludes China and India as of September 2013).

The **JPMorgan Government Bond Index Emerging Markets (JPM External EM Debt)** tracks local currency bonds issued by emerging market governments. The index is positioned as the investable benchmark that includes only those countries that are accessible by most of the international investor base (excludes China and India as of September 2013).

The **JP Morgan Emerging Markets Bond Index Global (EMBI Global)** tracks total returns for traded external debt instruments in the emerging markets and is an expanded version of the EMBI+. As with the EMBI+, the EMBI Global includes US dollar-denominated Brady bonds, loans and eurobonds with an outstanding face value of at least $500 million.

The **JP Morgan GBI-EM Global Diversified Index** is a market-capitalization weighted, liquid global benchmark for US-dollar corporate emerging market bonds representing Asia, Latin America, Europe and the Middle East/Africa.

JPY vs. USD—Japanese yen total return versus US dollar.

The **Nikkei 225 Index (Japan Nikkei 225)** is a price-weighted index of Japan's top 225 blue-chip companies on the Tokyo Stock Exchange.

The **MSCI AC Asia ex-Japan Index (MSCI Asia ex-Japan)** captures large- and mid-cap representation across two of three developed markets countries (excluding Japan) and eight emerging markets countries in Asia.

The **MSCI All Country World Index (ACWI, MSCI global equities)** is a free float-adjusted market capitalization weighted index designed to measure the equity market performance of developed and emerging markets. The term "free float" represents the portion of shares outstanding that are deemed to be available for purchase in the public equity markets by investors. The performance of the Index is listed in US dollars and assumes reinvestment of net dividends.

MSCI Emerging Markets Index (MSCI emerging equities) captures large- and mid-cap representation across 23 emerging markets (EM) countries.

The **MSCI World Index (MSCI developed equities)** captures large and mid-cap representation across 23 developed market (DM) countries.

Purchasing Managers Index (PMI) is an indicator of the economic health of the manufacturing sector.

The **Refinitiv Convertible Global Focus USD Hedged Index** is a market weighted index with a minimum size for inclusion of $500 million (US), 200 million (Europe), 22 billion Yen, and $275 million (Other) of Convertible Bonds with an Equity Link.

The **Russell 2000® Index** is an index that measures the performance of the 2,000 smallest companies in the Russell 3000 Index.

The **S&P 500® Index (US S&P 500)** measures the performance of the large-cap segment of the US equities market, covering approximately 75 percent of the US equities market. The index includes 500 leading companies in leading industries of the US economy.

S&P CoreLogic Case-Shiller US National Home Price NSA Index seeks to measure the value of residential real estate in 20 major US metropolitan areas: Atlanta, Boston, Charlotte, Chicago, Cleveland, Dallas, Denver, Detroit, Las Vegas, Los Angeles, Miami, Minneapolis, New York, Phoenix, Portland, San Diego, San Francisco, Seattle, Tampa and Washington, D.C.

The **S&P/LSTA US Leveraged Loan 100 Index (S&P/LSTA Leveraged Loan Index)** is designed to reflect the performance of the largest facilities in the leveraged loan market.

The **S&P GSCI Copper Index (Copper)**, a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark for investment performance in the copper commodity market.

The **S&P GSCI Softs (GSCI soft commodities) Index** is a sub-index of the S&P GSCI that measures the performance of only the soft commodities, weighted on a world production basis. In 2012, the S&P GSCI Softs Index included the following commodities: coffee, sugar, cocoa and cotton.

Spain 10-Year Government Bonds—Spain Benchmark 10-Year Datastream Government Index.

The **Thomson Reuters Convertible Global Focus USD Hedged Index** is a market weighted index with a minimum size for inclusion of $500 million (US), 200 million euro (Europe), 22 billion yen, and $275 million (Other) of convertible bonds with an equity link.

U.K. 10YR government bonds—U.K. Benchmark 10-Year Datastream Government Index. For the following Datastream government bond indexes, benchmark indexes are based on single bonds. The bond chosen for each series is the most representative bond available for the given maturity band at each point in time. Benchmarks are selected according to the accepted conventions within each market. Generally, the benchmark bond is the latest issue within the given maturity band; consideration is also given to yield, liquidity, issue size and coupon.

The **US Dollar Index (DXY)** is an index of the value of the United States dollar relative to a basket of foreign currencies, often referred to as a basket of US trade partners' currencies.

The **Chicago Board Options Exchange (CBOE) Market Volatility (VIX) Index** shows the market's expectation of 30-day volatility.

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