

IMAP Webinar Series

Global Interest Rates and the implications for Fixed Interest Investing

Cameron McCormack, VanEck

Richard Quin, Bentham Asset Management

Moderated by

Robert Moore, JANA Investment Advisers

Upcoming events

Advice in Action Conference 2026

28th July – Sydney

Alternatives Week

15th - 17th September – Sydney

Independent Thought Conference

27th October – Sydney

MDA Providers Symposium

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How to ask a Question



Chat



Raise Hand



Q&A



Robert Moore
JANA Investment Advisers

Cameron McCormack

VanEck



Access the opportunities

What caught
our eye





ⓘ— Important information

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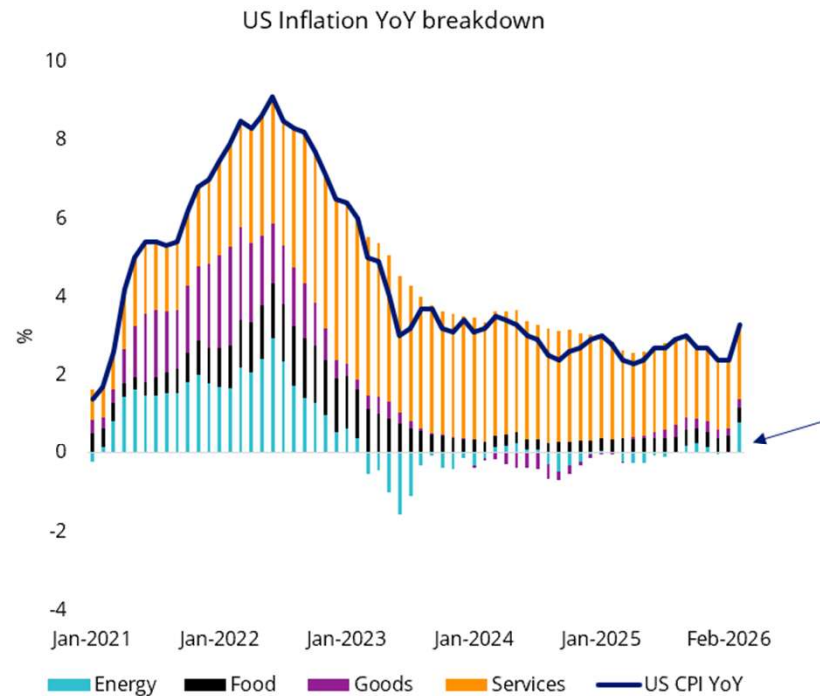
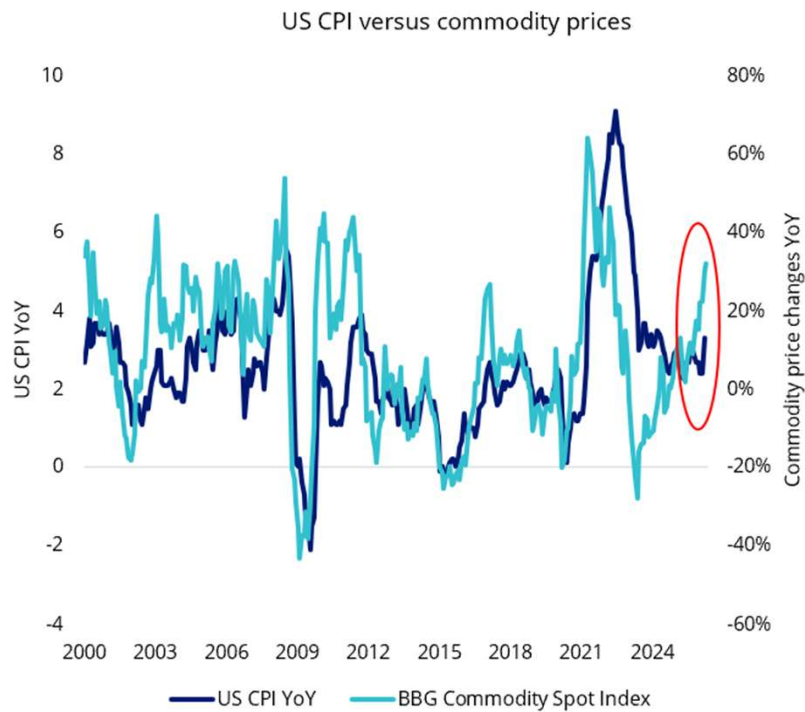
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Impact of higher oil price shows in economic data

Commodity prices changes a leading inflation indicator. Captured in energy component.

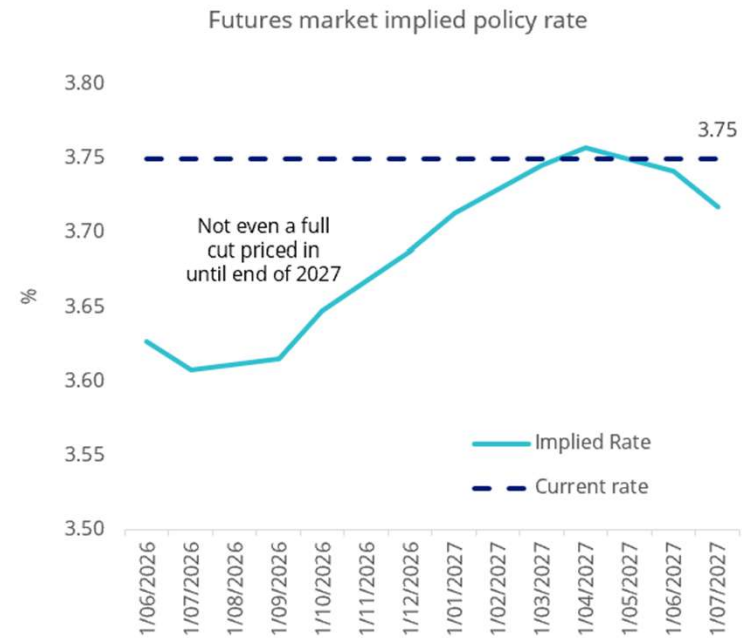
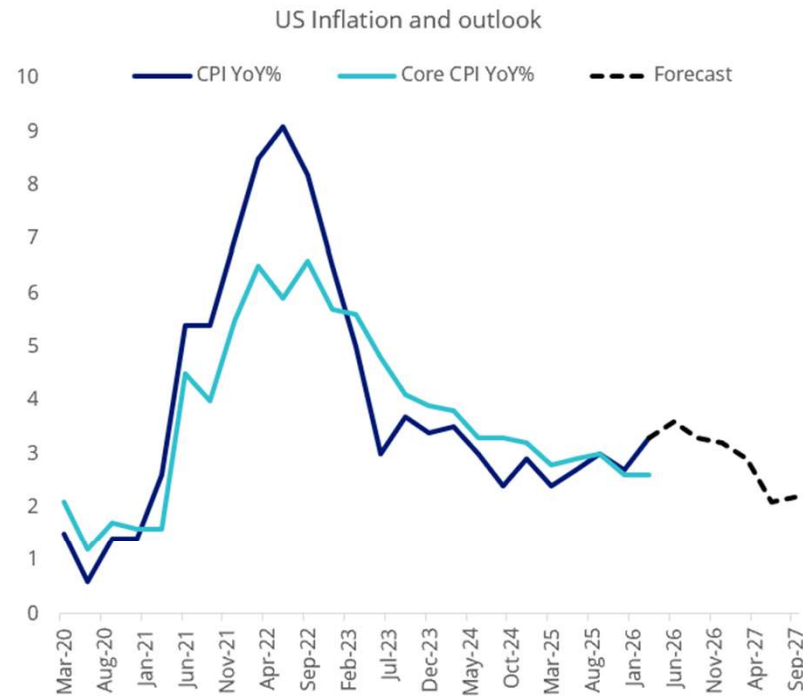


Source: Bloomberg. (LHS and RHS) US CPI data as at 31 March 2026, (LHS) Commodity Price Index as at 29 April 2026.



The war has dampened hope for further easing

Inflation risk rising back to 4%. Unlikely to return to normal before Q3 27. No cuts are priced in.

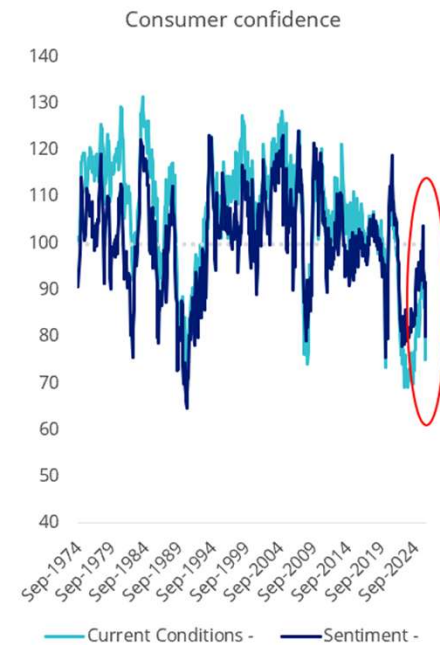
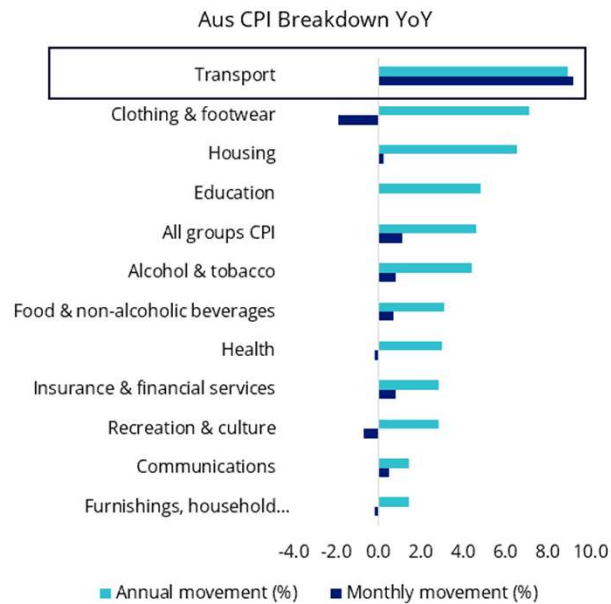
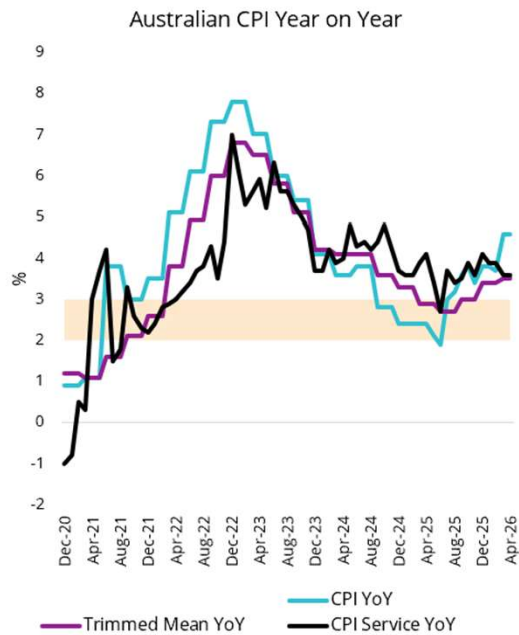


Source: Bloomberg, (LHS) National Bureau of Labor Statistics, (LHS) Inflation forecast based on inflation swaps, (RHS) futures market implied policy rate derived from interest rate futures. 29 April 2026.



Oil price spike adds to Australian inflation

But RBA could be on hold for the next few months

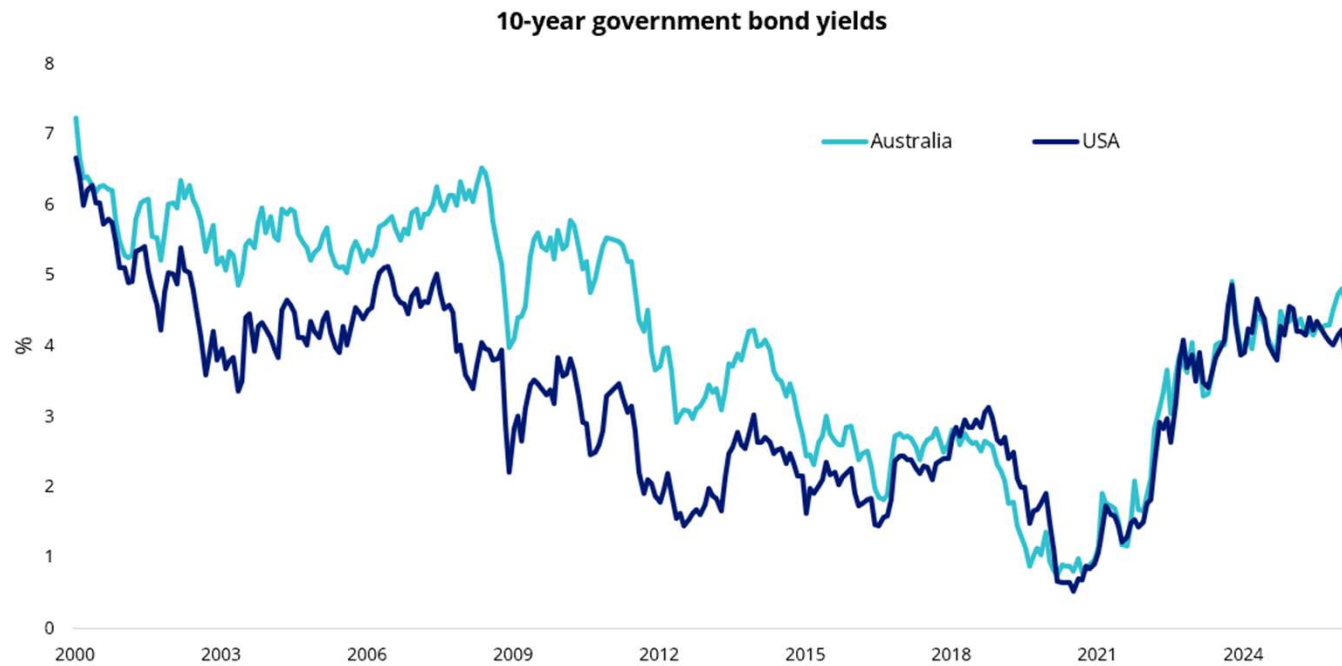


Source: VanEck, Bloomberg. Chart 1: data as of 31 March 2026. Chart 2&3: data as of 30 April 2026.



Rates and inflation higher for longer

Australian 10 year at a 15-year high

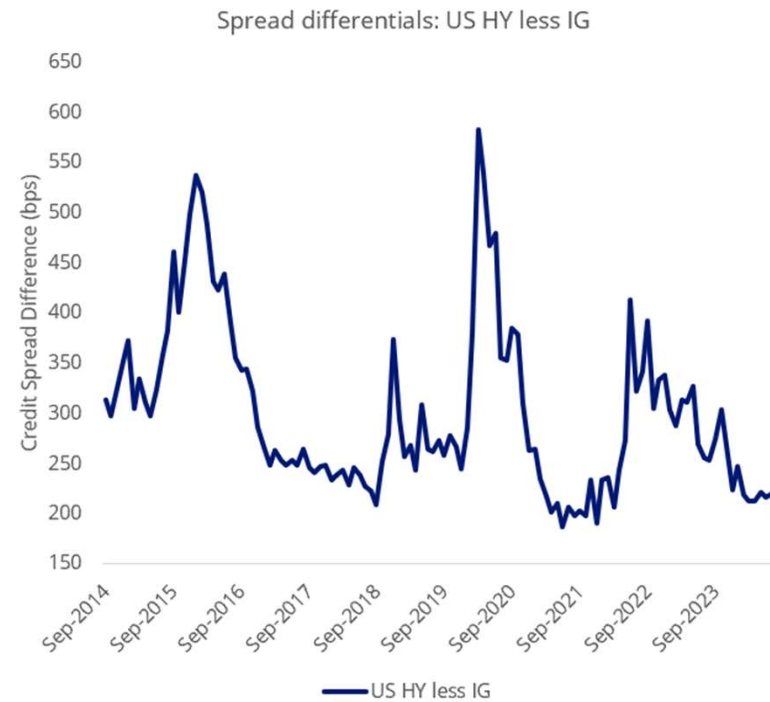
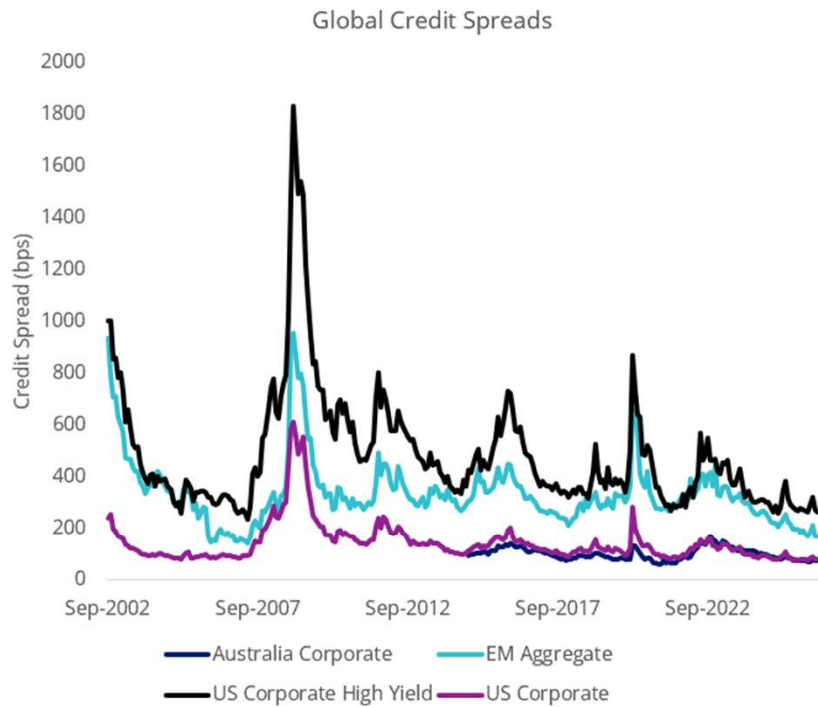


Source: Bloomberg as at 8 May 2026.



Credit spreads continue to grind tighter during war time

Spreads tighter across IG and HY. HY/IG differential at multi-year lows. Risk appetite holding firm despite geopolitical noise.



Source: Bloomberg, 2 May 2026. Australia Corporate: Bloomberg [AusBond](#) Credit 0+ Yr Index; EM Aggregate: Bloomberg EM Aggregate Index; US Corporate High Yield: Bloomberg US Corporate High Yield Index; US Corporate: Bloomberg US Corporate Index. US HY less IG = spread differential between Bloomberg US Corporate High Yield and Bloomberg US Corporate (IG) indices. You cannot invest in an index.



Richard Quin
Bentham Asset Management

IMAP Webinar
moderated by
JANA

Global Rates and Implications for Fixed Interest Investing

Richard Quin
Principal and CIO
Bentham Asset Management



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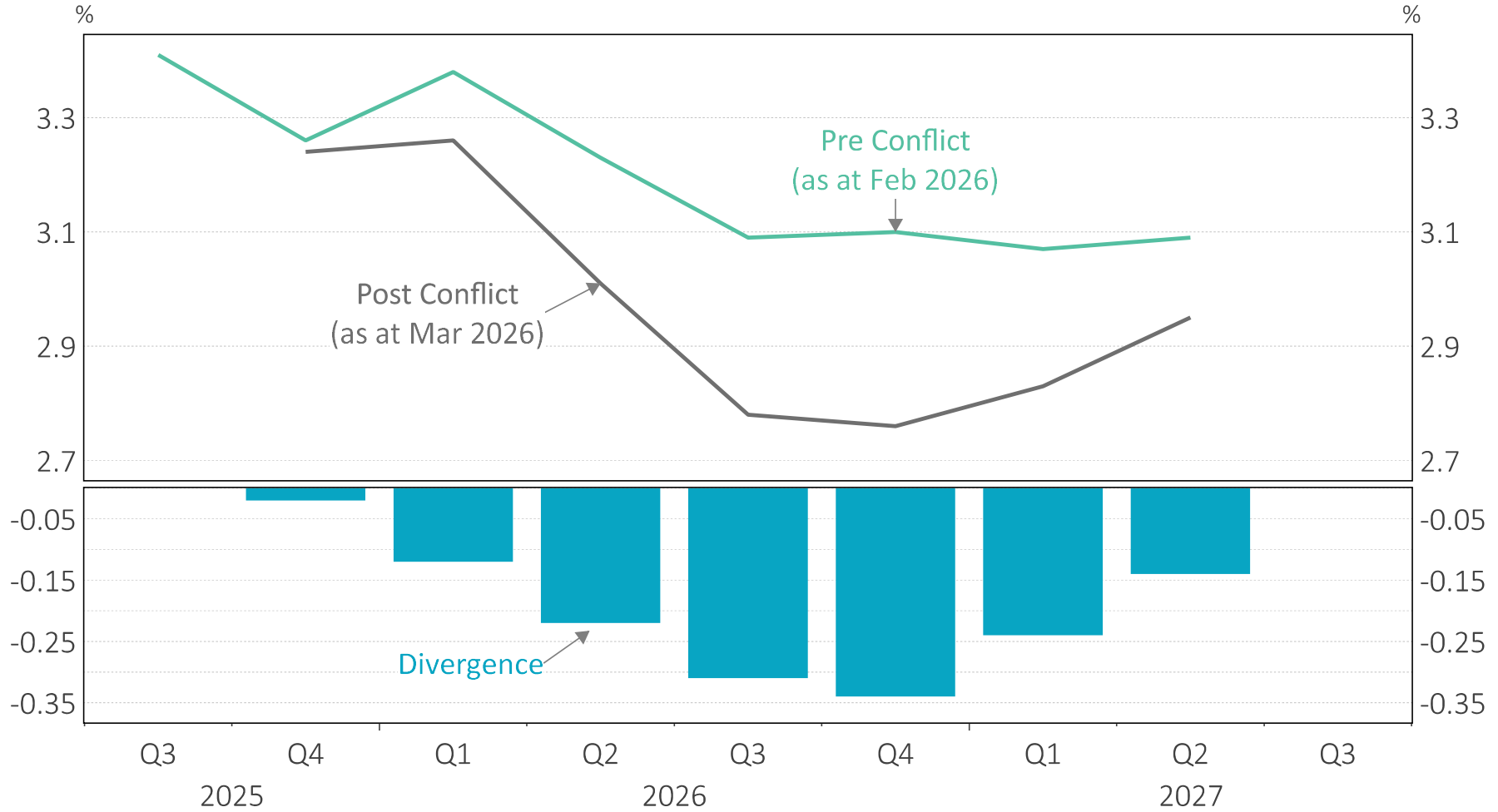
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V1.0

The OECD has Revised Down Global Economic Growth

OECD GDP Growth Forecasts

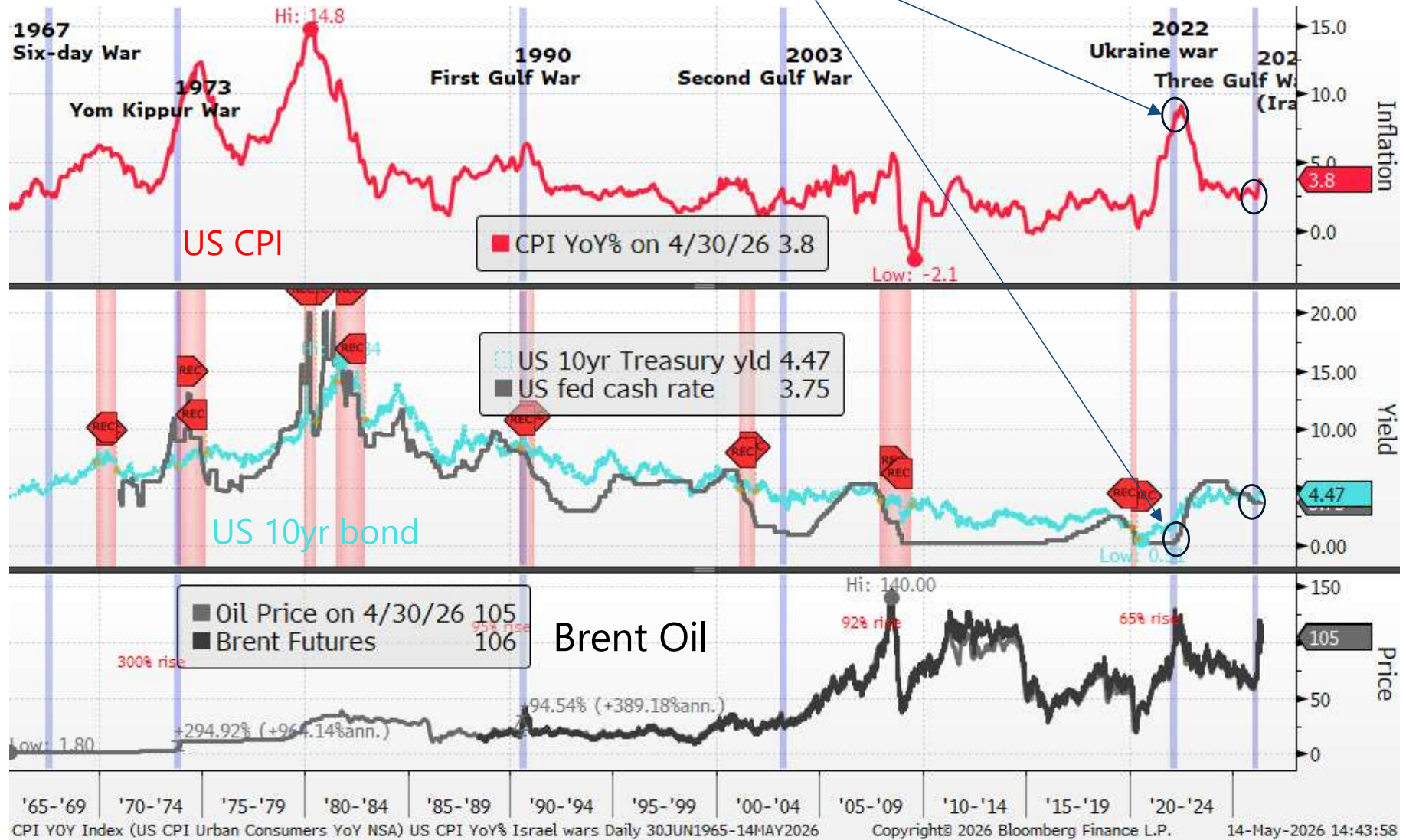
(Annual % Change)



Source: PinPoint Macro Analytics, Macrobond,

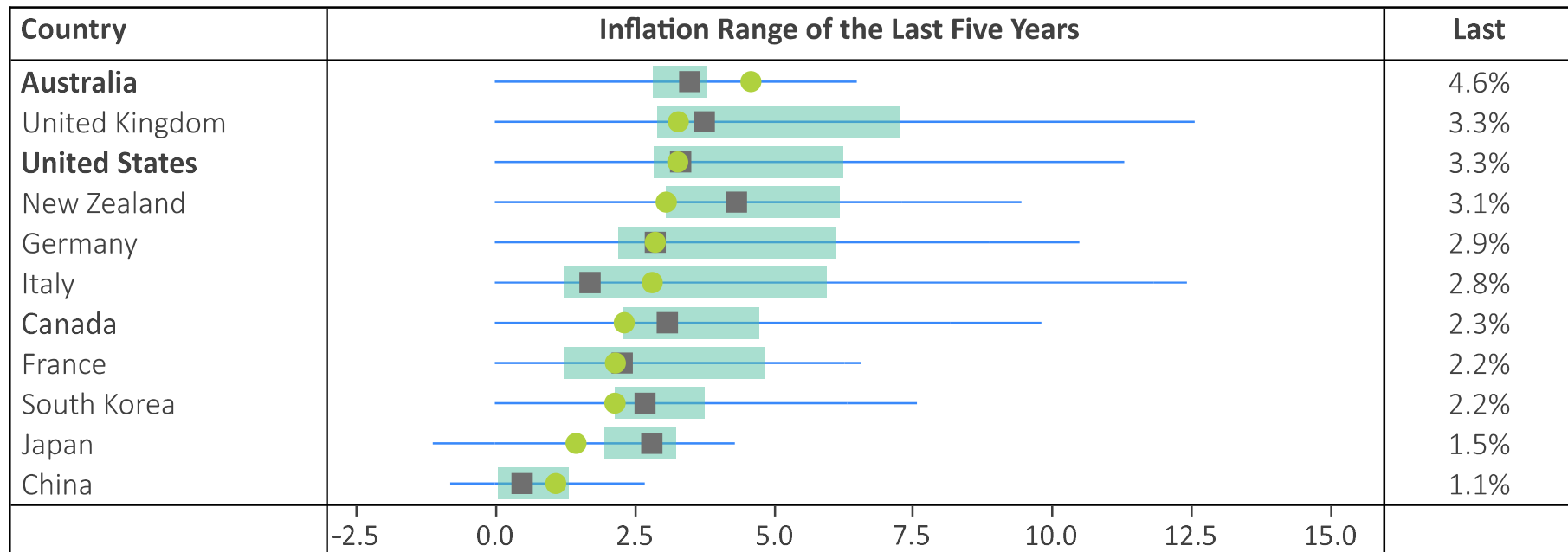
The Starting Point Matters - Inflation, Bonds & Oil

B4 Ukraine War – labour markets tighter, inflation already high and cash rates were at all time low



Global Inflation – Selected Countries

Global Inflation - Selected Countries



● Last ■ Median ■ 25th to 75th Percentile Range ■ Five-Year Range

Source: PinPoint Macro Analytics, Macrobond (data as at 1/05/2026)

Forward Outlook

Rates expected to stay elevated through 2027

- Rate Level
- Inflation level
- Fiscal Divergence
- Monetary Stance
- Rating
- Trust

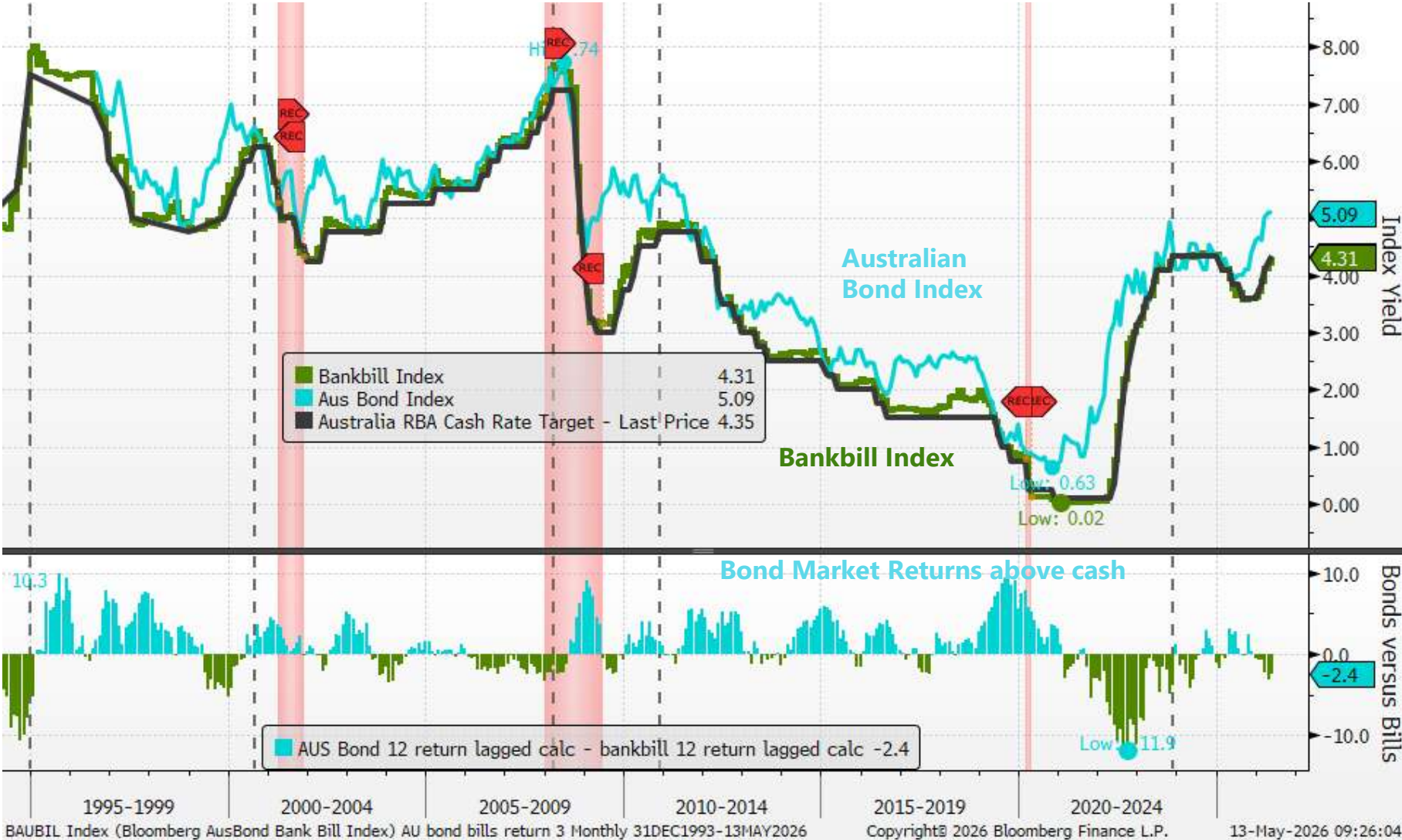
Metric	United States (USD)	Australia (AUD)
Cash Rate	3.60%	4.35%
10-Year Bond Yield	4.50%	5.06%
Headline Inflation	3.80%	4.60%
Headline Unemployment	4.30%	4.30%
Real Interest Rate (Cash)	-0.20%	-0.25%
Real Interest Rate (10yr Bond)	0.70%	0.46%
Real Interest Rate to target inflation (10yr Bond)	2.50%	2.56%
Govt Debt-to-GDP Ratio	~125%	~50%
Total Debt-to-GDP Ratio	~250%	~225%
Credit Rating (S&P)	AA+	AAA
Fiscal Policy	Tax Cuts	Tax Hikes
Monetary Policy	Holding	Hiking

14/05/2026



Bonds to Bankbill Index

Lock in higher yield than the Bankbill Index for 5 years?



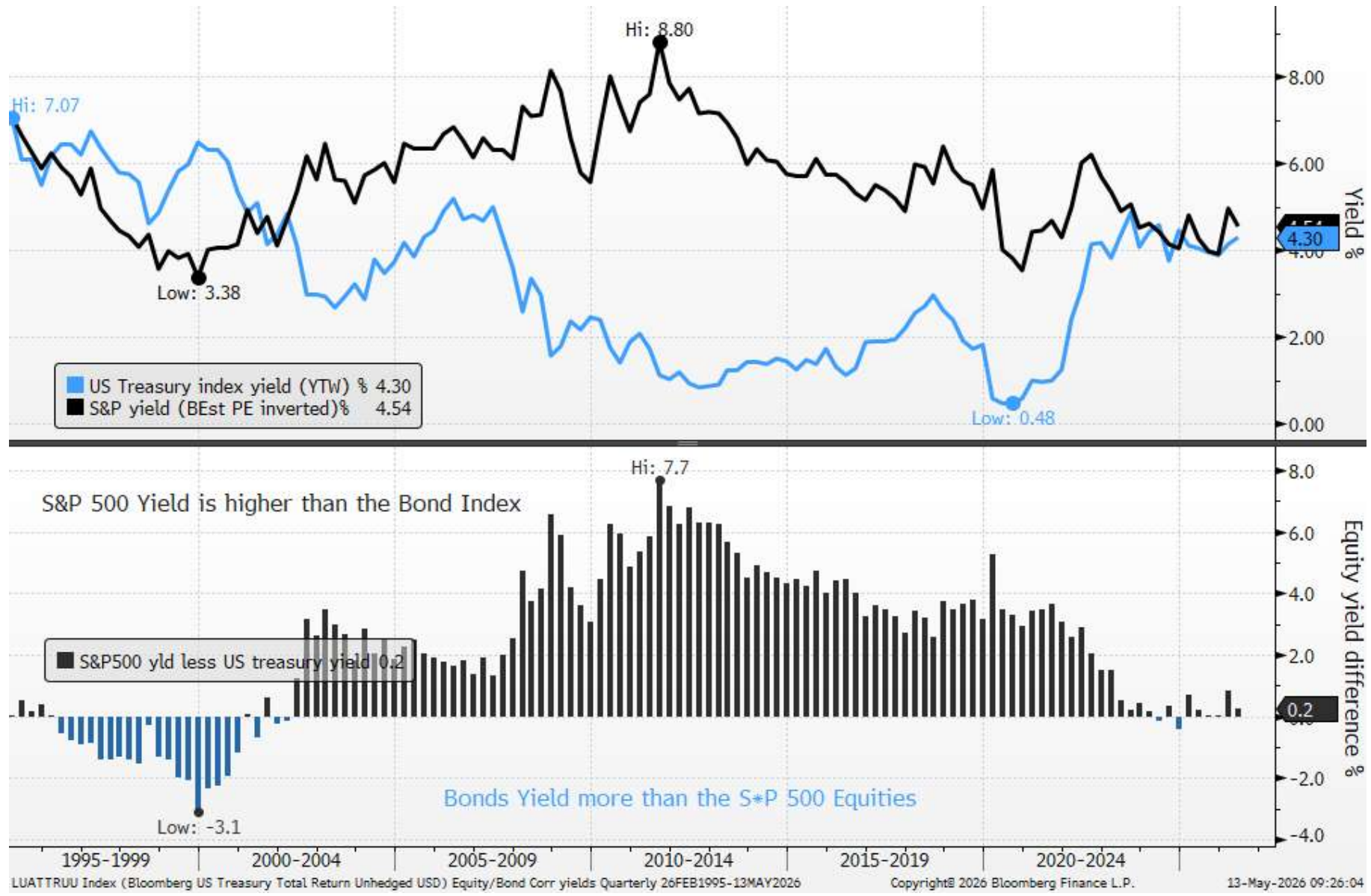
Appendix:
Additional
Slides

Why
fixed
interest



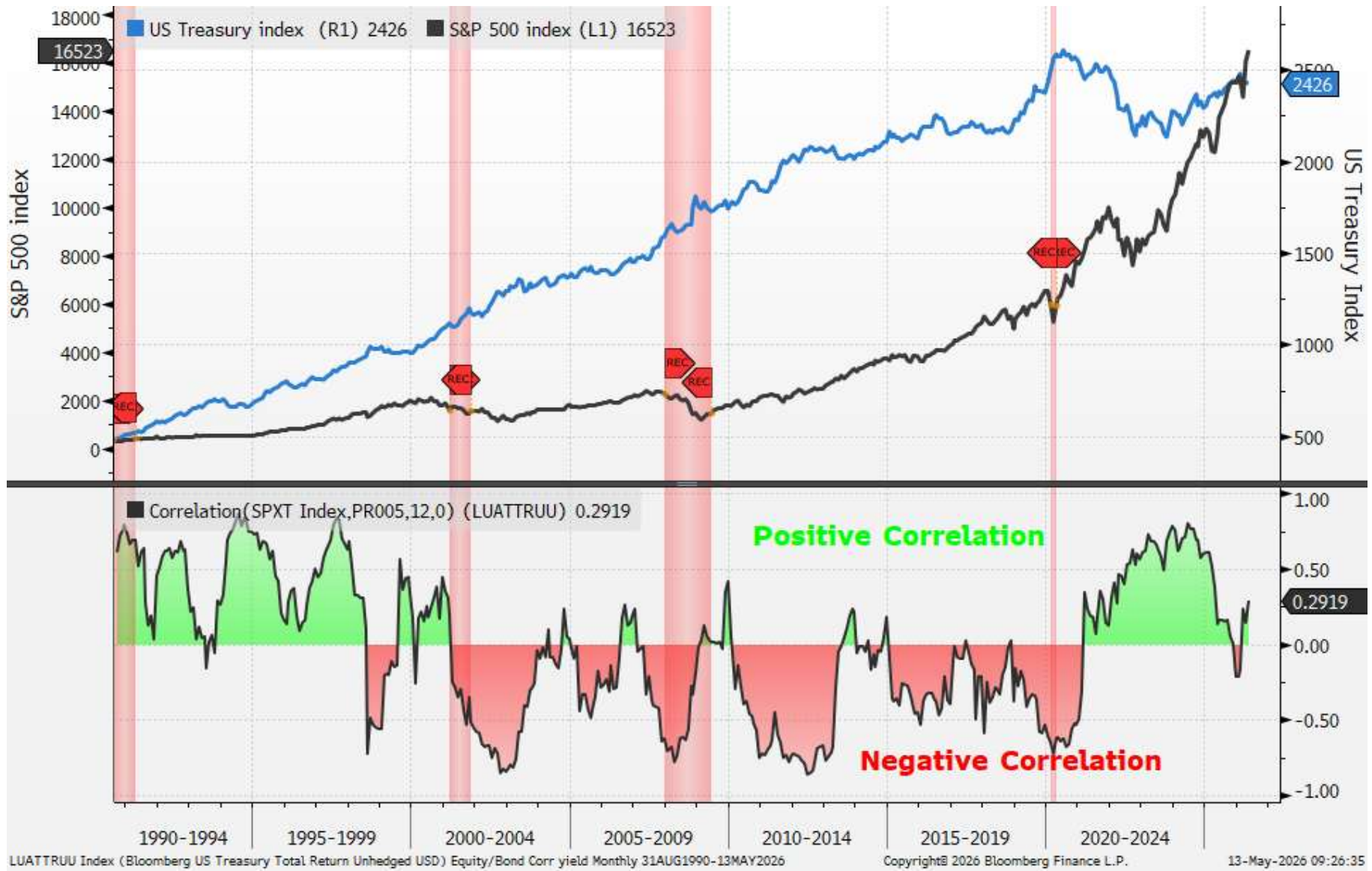
Relative Value - Bond Yields versus Equity Earning Yields

Bonds are best relative value to S&P 500 since 2001

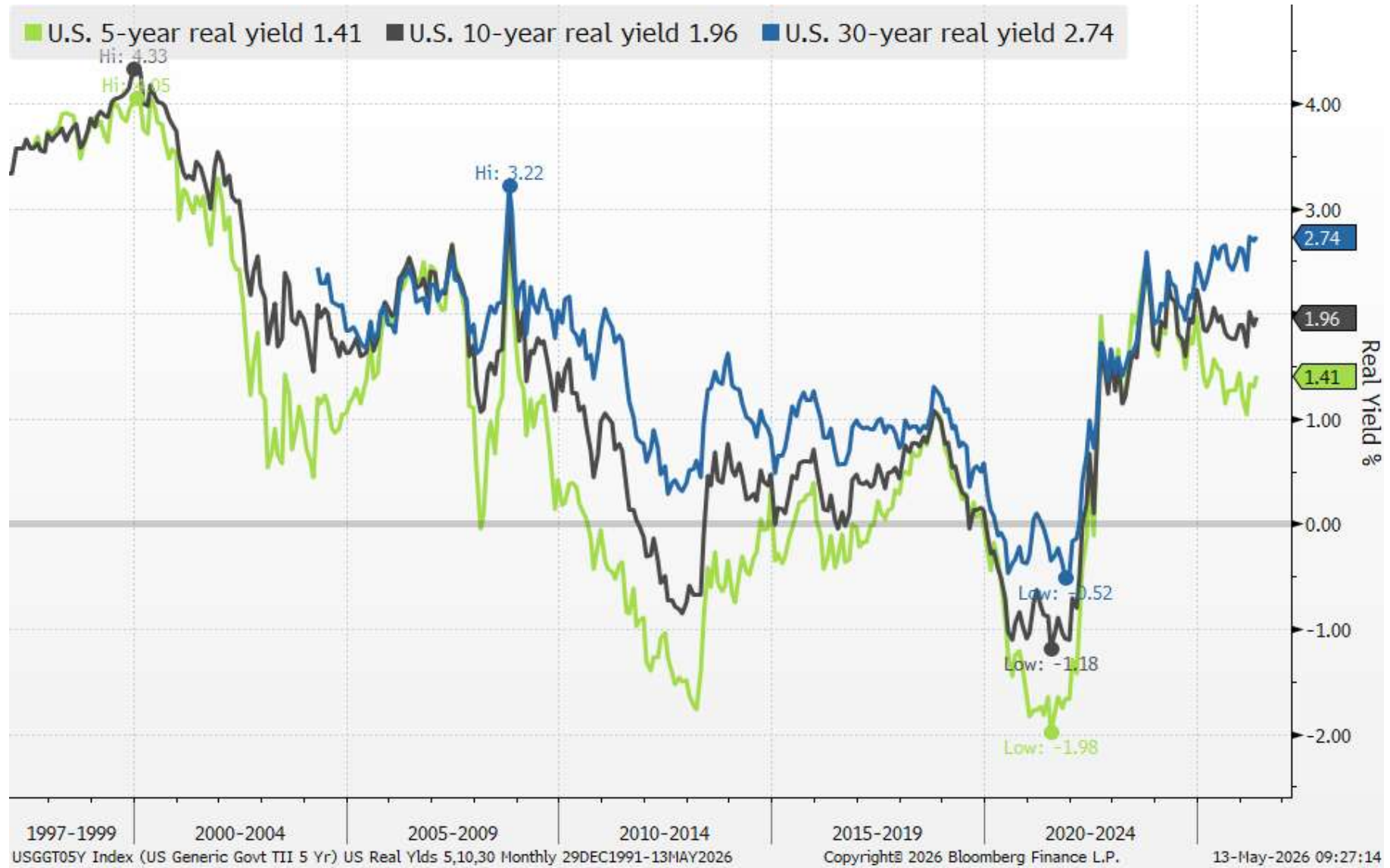


US Bond Index Levels and US Equity index levels

Reverting to a negative correlation to equities would make a bonds even more attractive

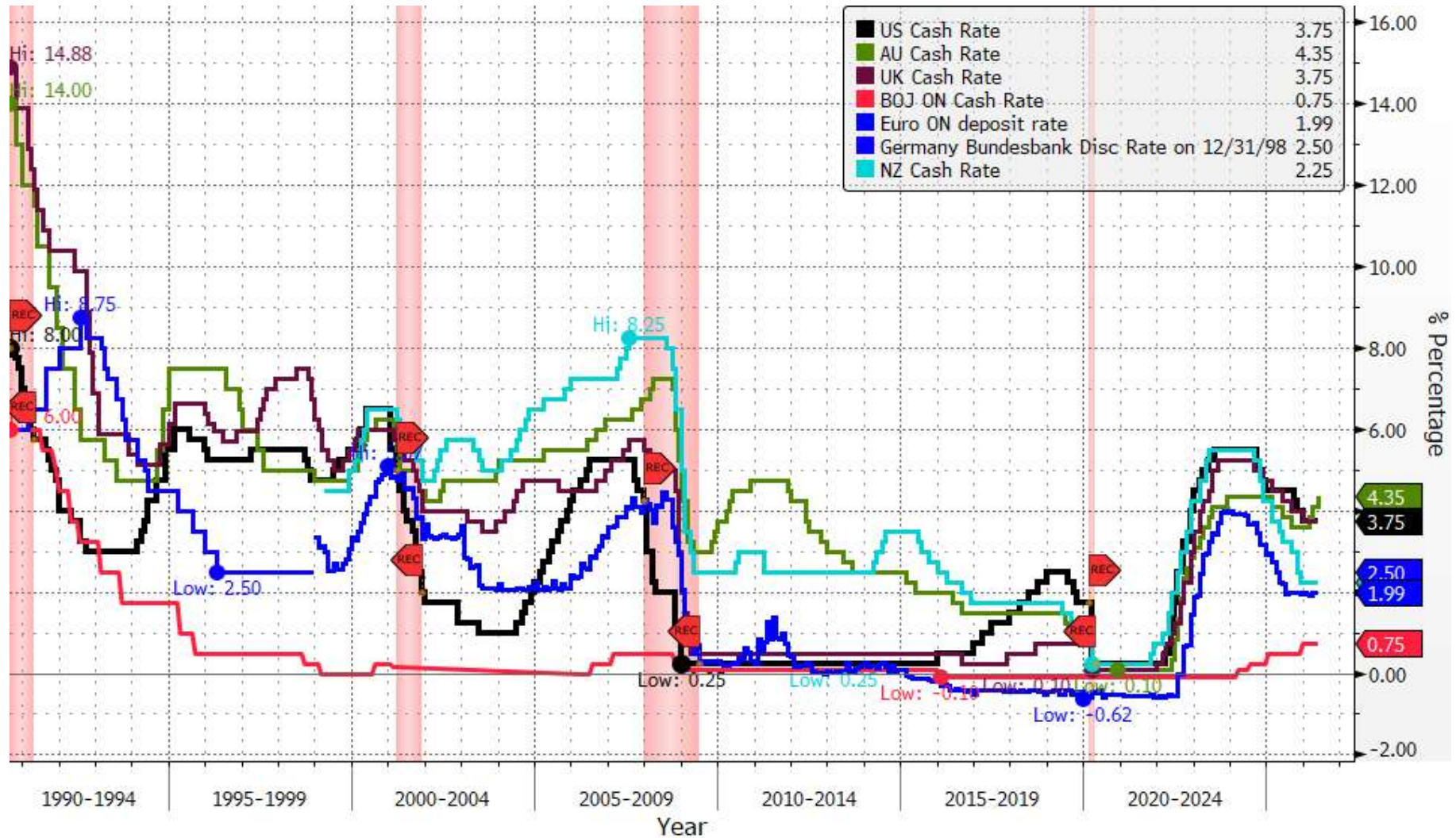


US Real Yields



Global Cash Rates Long Term Nominal

Monetary policy lag is longer and more variable than usual



FDTR Index (Federal Funds Target Rate - Upper Bound) Global Cash Rates Monthly 07AUG1990-13MAY2026

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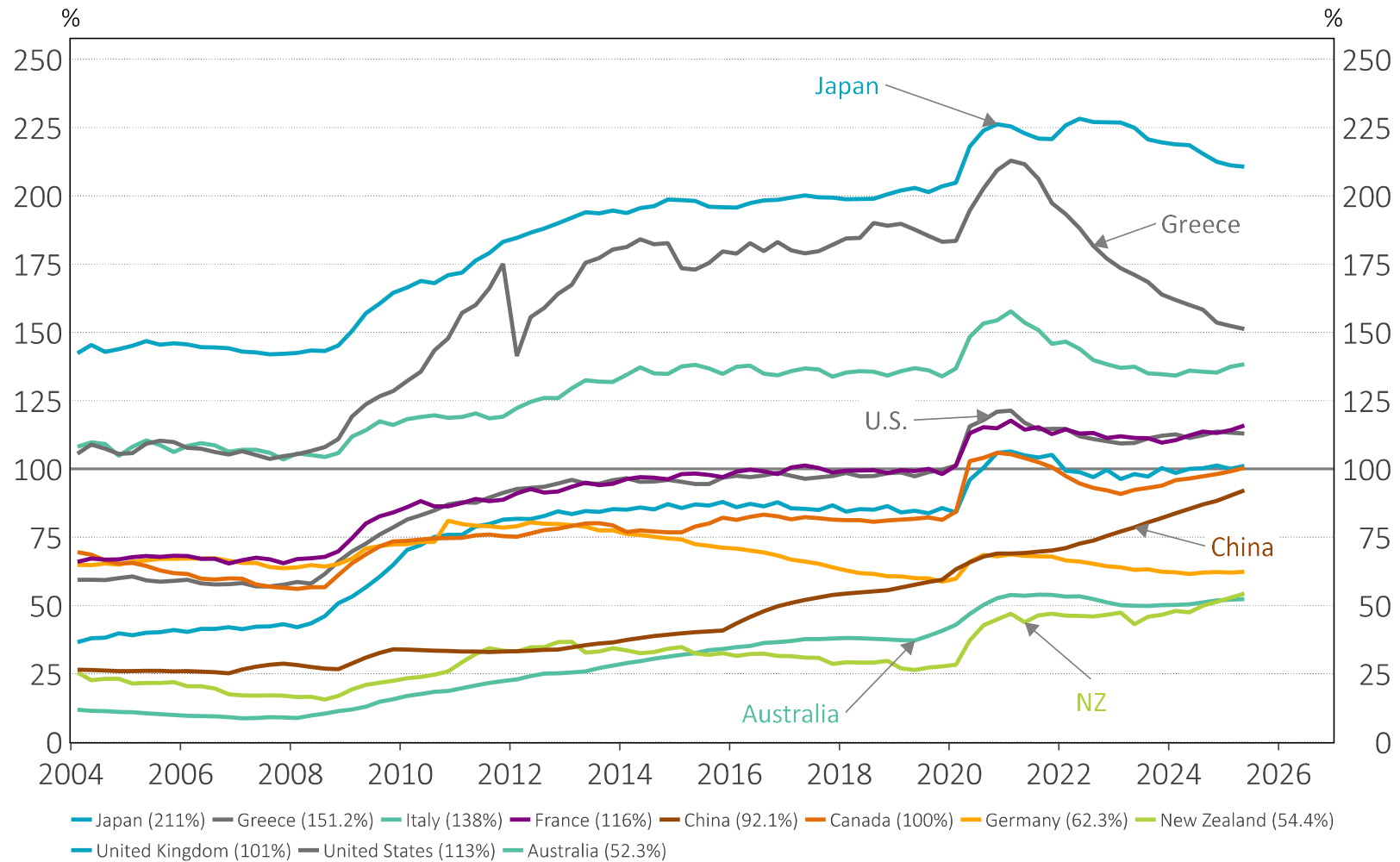
2 year interest rate swap rates globally



Government Debt to GDP Ratio – Selected Countries

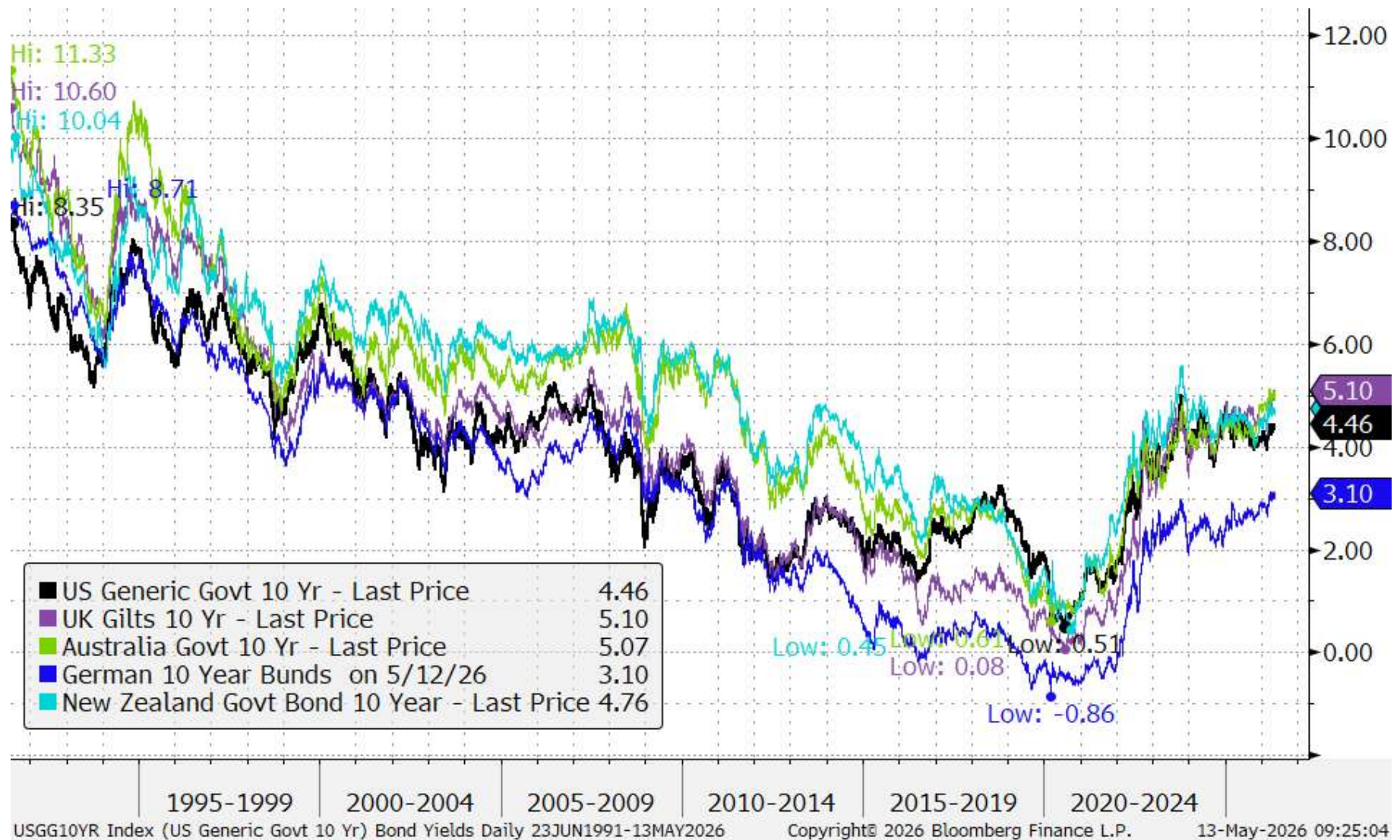
Government Debt to GDP Ratio

(General Government Debt)



Source: PinPoint Macro Analytics, Macrobond, IMF (data as at 1/05/2026).

10yr Nominal Bonds Reflect Excessive Policy Support



GULF
WAR
3

US, ISRAEL and IRAN Conflict

The "Hub-and-Spoke" Collapse & Fertiliser Tail Risk

Strait of Hormuz Energy Chokepoint

- **20% of global oil** (20 million bbl/d)
- **20-21% of global LNG** (112 billion cubic meters (bcm))
- Specially from Qatar – is currently stranded.

Unlike the Ukraine conflict which primarily disrupted pipeline gas and wheat, the Hormuz closure is an almost **total volume event**.

Intermodal Freight Crisis Air + Sea – cost are up

- **20% of global airfreight capacity.**

The closure of Gulf airspace and major hubs (Dubai, Doha, Abu Dhabi) has idled nearly.

High-value electronics, pharmaceuticals, and just-in-time manufacturing components. Bypass sea routes are now critically disrupted.

- Asia-to-Europe air cargo costs surged **45% in a single week**.

Fertiliser & Food "Tail Risk and inflation"

- **35% of global Nitrogen fertiliser trade.**

A uniquely overlooked dimension: transits the Strait. With Gulf gas facilities under fire or shut in, natural gas the primary feedstock for urea and ammonia – is constrained.

European ammonia futures have already surged to **~\$725/tonne**.

The fertiliser shock will manifest as **food inflation in 6-12 months** through lower crop yields in the 2026 planting season.

Hubs = critical chokepoints (Strait of Hormuz, Gulf ports, Gulf aviation hubs)

Spokes = oil tankers, LNG cargoes, air freight routes, fertiliser flows that radiate out globally

OPEC production – daily production median 30m barrels (30% lower)

BAM : With ships and storage filled production has dropped and oil wells have been capped. Daily 9m Barrels lower

OPEC Production



Source: Bloomberg

OPCRTOTL Index (OPEC Crude Production) OPEC vs C01 Daily 01JAN2010-30APR2026

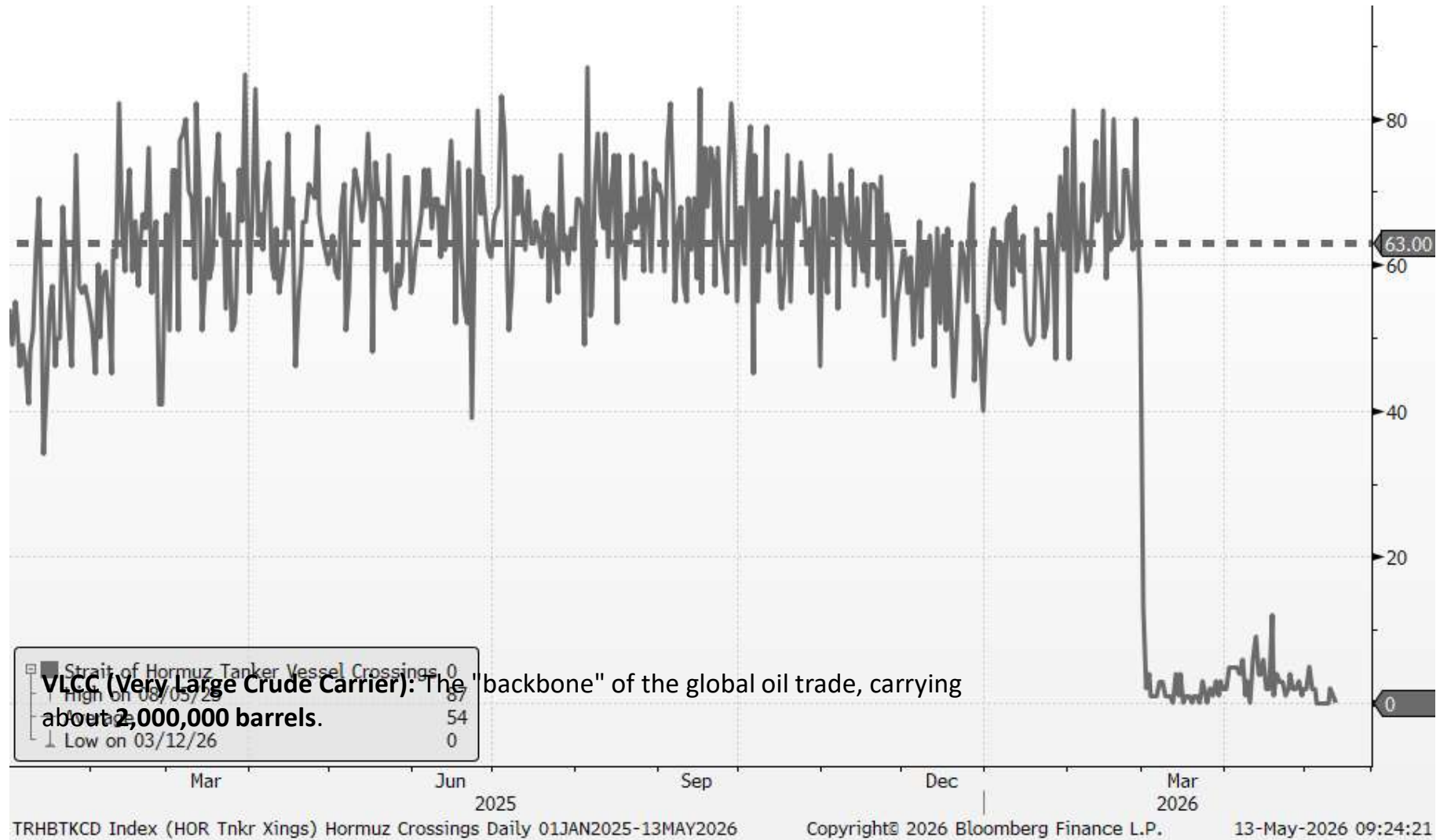
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Number of tankers going through the Strait of Hormoz

Pre-war average 52-63 per day?



HOW VAST IS A VLCC'S CAPACITY?

VLCC (Very Large Crude Carrier)

2,000,000 BARRELS OF CRUDE OIL

2M BARRELS

TOWARDS...

8,000 to 10,000 STANDARD TANKER TRUCKS

9 250

OVER 5 MILLION+ AVERAGE-SIZED CAR GAS TANKS

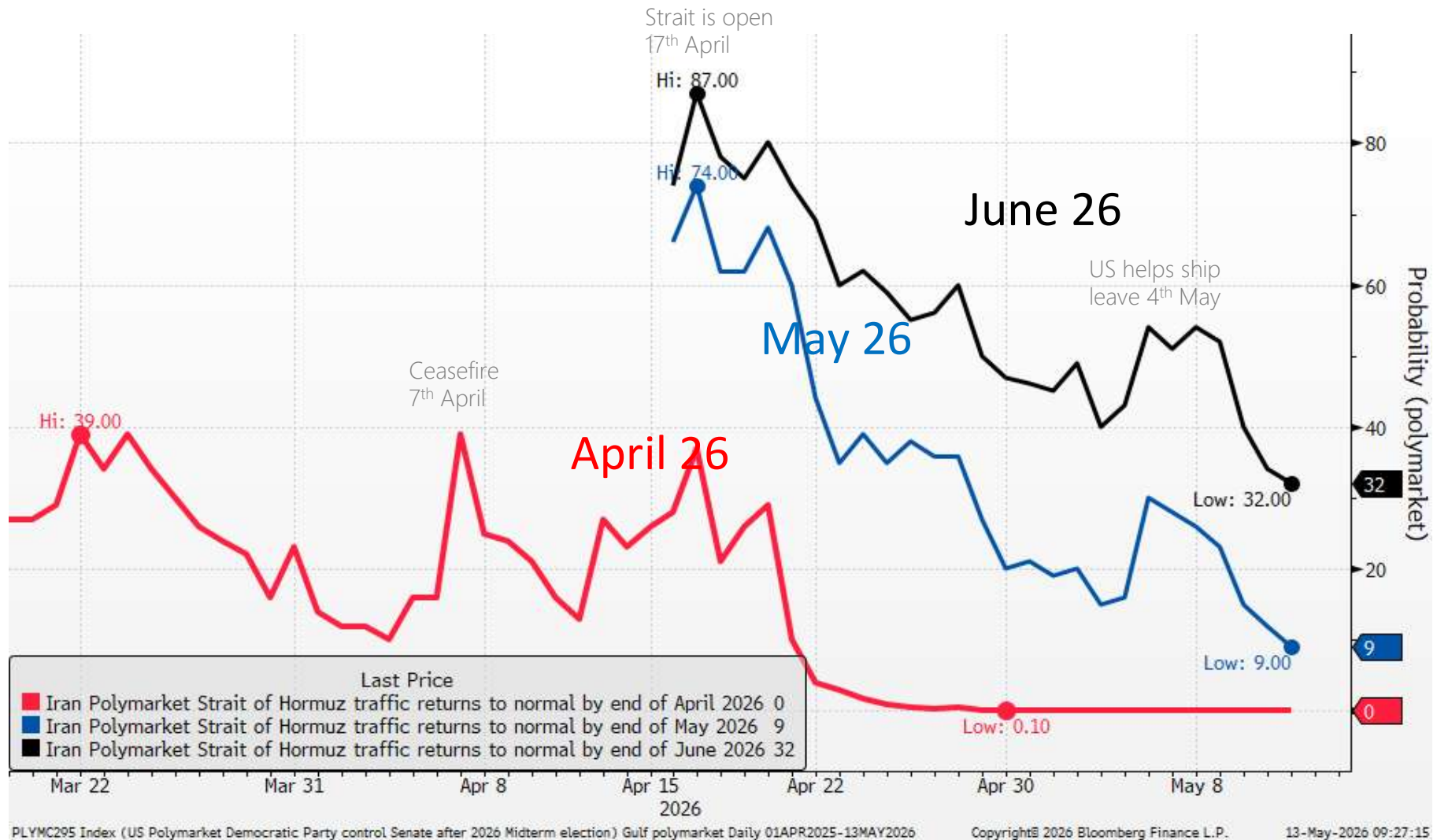
5 320 000

*Calculations based on 2 million barrel capacity and standard tank/truck fuel efficiency.



What are the chances that "Strait of Hormuz traffic returns to normal?"

BAM comment – It will finish when Iran wants it open?



Bond Yield Comparison

Australian yields now exceed US across the curve

Cash Rate

US: 3.63% AU: 4.35% Spread: +72 bps

2-Year

US: 3.95% AU: 4.71% Spread: +76 bps

10-Year

US: 4.42% AU: 5.03% Spread: +61 bps

30-Year

US: 4.98% AU: 5.47% Spread: +49 bps

Key Takeaway

Australian sovereign spread has compressed vs US, reducing yield pickup for foreign investors

What Is Driving the Divergence?

Different inflation dynamics and policy responses

Inflation

US core PCE at 2.8%, trending sideways

AU headline CPI surged to 4.6% in Q1 2026

AU trimmed mean at 3.5%, well above target band

Middle East conflict pushing fuel prices higher globally

Labour Markets

US added 115k jobs in April, steady market

AU unemployment at 4.3%, tight by historical standards

AU wage growth at 3.3% y/y, feeding services inflation

Both economies showing resilient employment

Policy Response

Fed: Two consecutive holds at 3.50-3.75%

RBA: Three consecutive 25bp hikes in 2026

RBA reversed all 2025 rate cuts

Fed focused on data dependency; RBA in tightening mode

Forward Outlook

Rates expected to stay elevated through 2027

United States

- FedWatch: ~1% chance of a June cut, 99% hold
- Bank of America: no cuts until H2 2027
- March SEP: fed funds to 3.00-3.25% by end 2027
- Core PCE forecast: 2.7% for 2026, 2.2% by end 2027
- Key risk: Iran conflict re-escalation could push rates higher

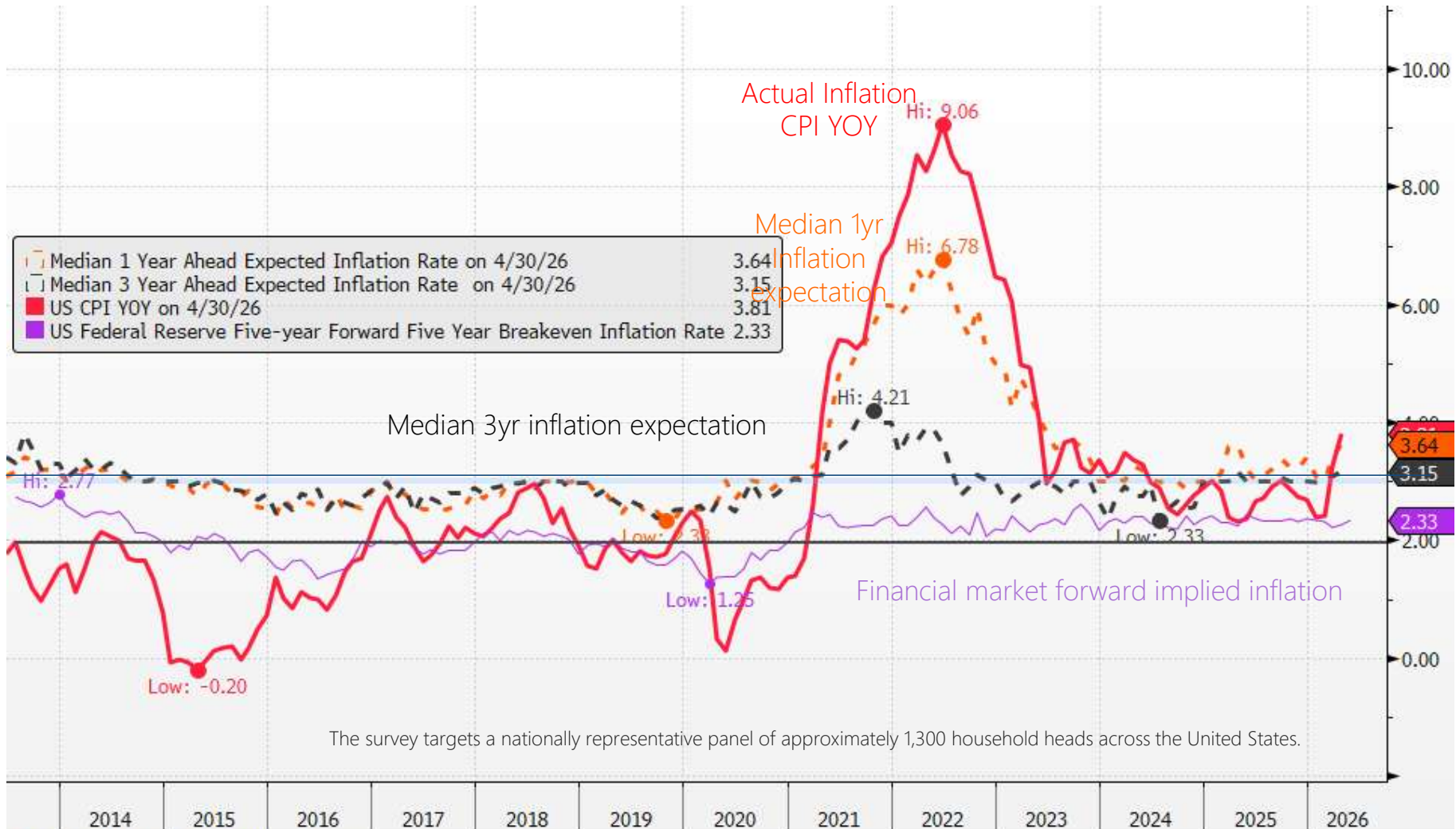
Australia

- Market pricing: cash rate to 4.70% by end 2026
- Westpac forecasts peak of 4.85% — two more hikes
- RBA: inflation not to 2-3% band until mid-2028
- Headline CPI 4.6%, trimmed mean 3.5% above target
- Strait of Hormuz disruptions adding energy price risk
- Key risk: recession if rate hikes weigh on consumption



US inflation, expectations and market implied

Market is contained. Now 3yr expectation are the lowest in 10 years



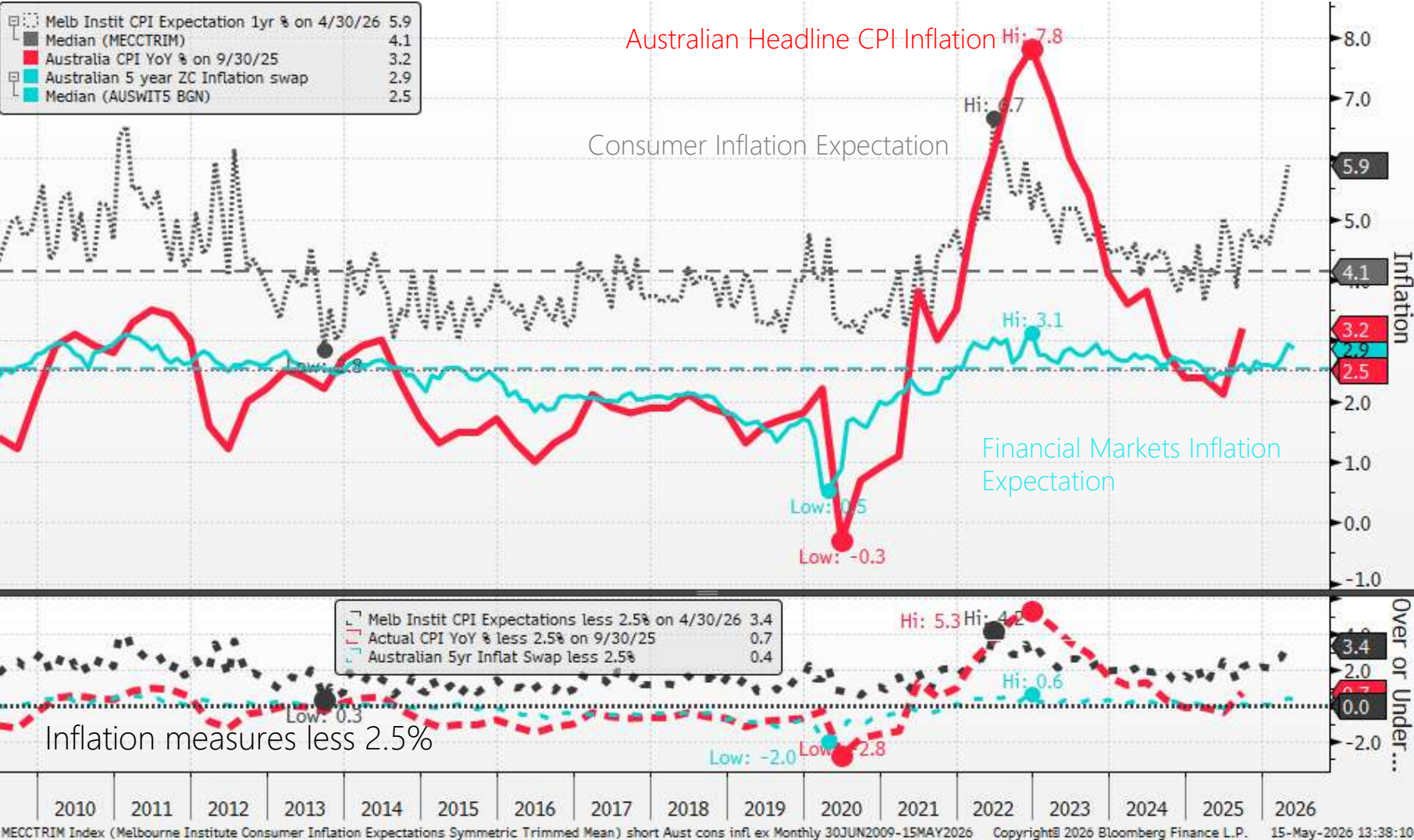
Source: NY Fed and Bloomberg

NYCNM1IR Index (Inflation Expectations Median 1 Year Ahead Expected Inflation Rate) NYFed inflation exp Monthly 30JUN2013-15MAY2026 Copyright© 2026 Bloomberg Finance L.P. 15-May-2026 13:37:53



Australian – Financial markets and Consumer inflation expectations

RBA may have a small problem with inflation expectations?



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