

The eurozone's sleeping giant

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VOLATILITY IN EUROZONE GOVERNMENT BONDS HAS ALL BUT FIZZLED OUT



Source: Sentix, July 2021

- According to the latest Sentix Euro Break-up Index, the probability that the euro will break up within the next twelve months, as perceived by investors, is at an all-time low.
- Volatility in eurozone government bonds has all but fizzled out. However, on five separate occasions over the past decade, we have seen a relatively calm period preceding a bout of renewed uncertainty (see chart).
- With the ECB set to unwind its vast stimulus measures and elections in Germany, France and Italy to contend with over the coming years – not to mention recovering from the pandemic and climate change – eurozone investors have a lot on their plate.
- History doesn't repeat itself, but it sure does rhyme. Investors should not be complacent.

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