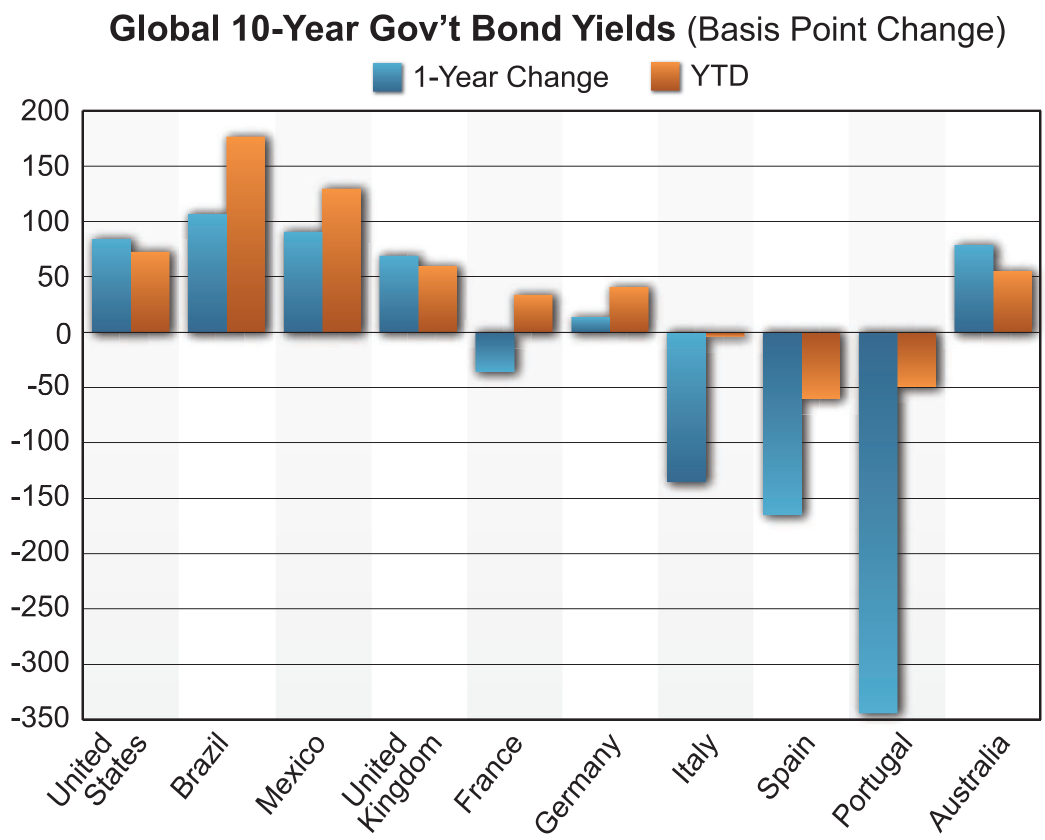
# Sovereign Debt Yields Higher Except For The "PIGS"




*Source: Bloomberg, as of 10:20 a.m. CST on 7/1/13.*

## View from the Observation Deck

1. For those who aren't familiar, "PIGS" is an acronym for Portugal, Italy, Greece and Spain. These countries, particularly Greece, formed the epicenter of the European Union (EU) debt crisis.
2. Greece is not included in the chart because of the enormous correction in its 10-Year government bond yield: YTD (-83.4 basis points) and 1-Year Change (-1433 basis points).
3. While global investors appeared spooked by the Federal Reserve's recent comments on tapering its quantitative easing efforts, we think they should interpret the data in the chart in a positive light.
4. The fact that yields are down in all four of the PIGS countries, both YTD and over the past year, indicates the healing process is continuing, in our opinion.
5. The European Central Bank's commitment to providing more liquidity through its own bond-buying initiatives has helped bring much needed stability to the EU.
6. Higher interest rates in those countries with strengthening economies, albeit more modest than by historical standards, is a signal they might be strong enough to stand on their own moving forward.
7. Economic and business climates are always fluid and can change course at any time. For now, the direction suits us just fine.

*This chart is for illustrative purposes only and not indicative of any actual investment.*