What do you expect from the rates market in 2021?
We believe the main story for 2021 is going to be continued divergence across rates markets. COVID-19 has hit economies to different degrees. Economies vary in their reliance on services and tourism, and policy responses have been more aggressive in some countries than others. Fundamentally, we believe that the permanent scars left by the pandemic in [the] Euro area will exceed those in the U.S. considerably. Both fiscal and monetary policy responses have been less aggressive in Europe. Inflation expectations are much less well-anchored in Europe. And the likelihood of policy mistakes in 2021 is also higher in Europe.

We therefore see a very different distribution of risk in terms of the outlook for rates in Europe versus the U.S. And given the much bigger supply picture in the U.S. heading into 2021, that leaves us more constructive in European rates on a cross-market basis.