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Overlooked Bond Opportunity Amid Q2 Earnings Volatility.

Summary

- Q2 2025 global markets faced equity volatility from earnings surprises and U.S. tariff risks, driving fixed-income demand as a hedge.
- Duration-rich bond strategies (6.5–6.9 years) offset equity declines, leveraging negative correlation during inflation spikes and rate-cut expectations.
- High-yield bonds outperformed (3.57% gain) due to shorter durations and strong credit selection in sectors like MBS and utilities.
- Undervalued high-quality municipal bonds and long-duration Treasuries emerged as key opportunities for risk-rebalancing amid policy-driven uncertainty.

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