• The Federal Reserve (Fed) met this week for the first time since they raised the federal funds target rate in December of 2015¹
  • The Fed decided to leave interest rates at their current level, but did not take a March rate hike off the table – the market is pricing in less than a 20% chance
  • In their post-meeting statement the Fed indicated that they are “closely monitoring global economic and financial developments and are assessing their implications for the labor market and inflation”
• After a strong rally early in the month, the 10-year Treasury has since settled around 2%¹
• In 2016, the corporate primary market has remained busy with over $107 billion in issuance, relative to only $82 billion last January³
  • Almost half of this year’s new issue was from the $46 billion Anheuser-Busch Inbev deal
• More than 170 companies in the S&P 500 have reported fourth quarter earnings¹
  • Average sales and earnings declined by rates of 1.59% and 3.79%, respectively
  • Month-to-date corporate excess returns continue to deteriorate amid market volatility and the risk-off environment
• The CMBS market has underperformed year-to-date in sympathy with other spread product
• The Chicago Board of Education (CBOE) planned on raising $875 million in municipal debt on Wednesday, but postponed the issuance, and is considering the deal on a day-to-day basis¹
  • The CBOE laid off 227 employees and eliminated 180 vacant positions as it deals with a budget and liquidity crisis

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*Excess returns are the curve-adjusted excess return of a given index relative to a term structure-matched position in Treasuries.
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