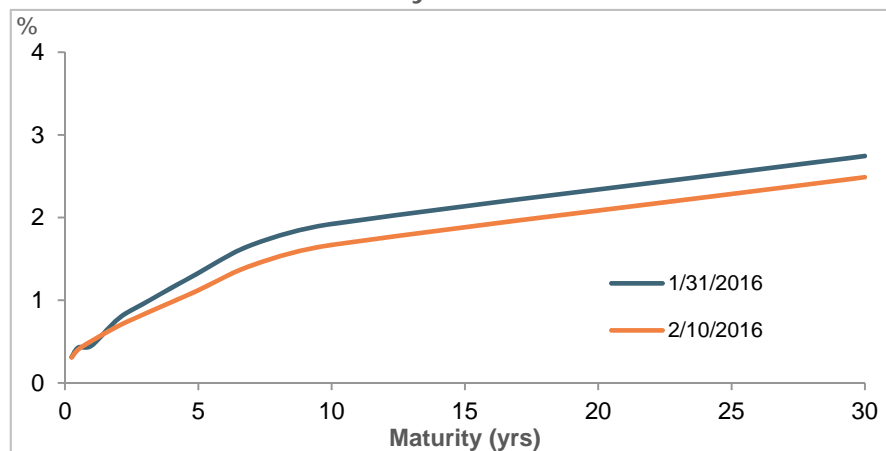




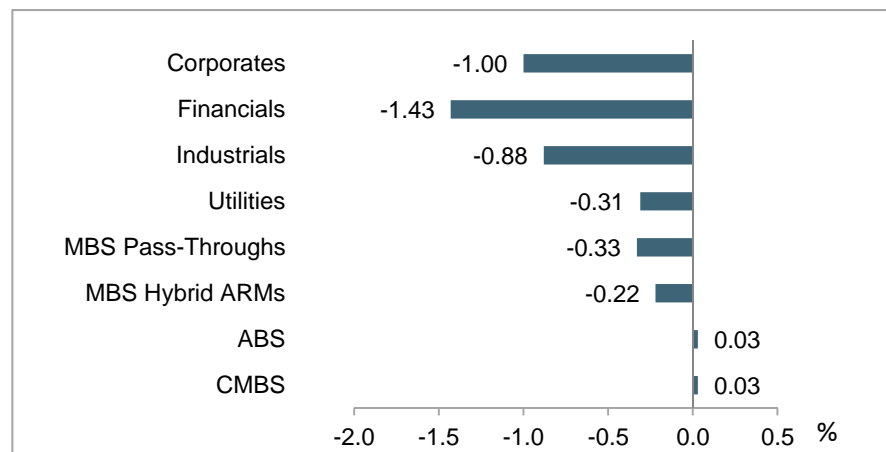
- In her semiannual testimony before Congress, Federal Reserve (Fed) Chair Janet Yellen deflated the growing concerns that the US is heading into a recession¹
 - Yellen cited steady job growth and increased wages to defend the state of the US economy
 - Most of the concerns mentioned in the address related to obstacles in the global financial markets, rather than negative aspects of the US economy
- Treasury rates rallied significantly month-to-date, especially in the long-end of the curve, as the flight-to-quality trade continued¹
 - In the last week alone the 10-year yield rallied 21bps from 1.88%
- More than 370 companies in the S&P 500 reported fourth quarter earnings¹
 - Average sales and earnings declined by 4.18% and 5.67%, respectively
- S&P took ratings actions on 20 US investment-grade exploration & production (E&P) companies in the energy sector, following a change in their commodity price assumptions¹
- The weak market tone continued to keep investment-grade corporate issuers on the sidelines, with less than \$6 billion in month-to-date issuance³
 - Month-to-date excess returns are down another 54 basis points
- The slow start in the CMBS new issue market caused some banks to reduce their 2016 issuance forecast by 25-30%, down to \$55-60 billion¹
- Puerto Rico proposed a debt exchange with creditors with recoveries ranging from 39% to 72% depending on bondholder security¹
 - Puerto Rico is still not eligible for Chapter 9 bankruptcy under current US law

Treasury Yield Curve¹



Maturity	2-year	5-year	10-year	30-year
2/10/2016	0.69	1.12	1.67	2.49
MTD Change	-0.09	-0.21	-0.25	-0.26

MTD Excess Returns^{2*}



Sources: 1. Bloomberg 2. Barclays 3. Citigroup

*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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