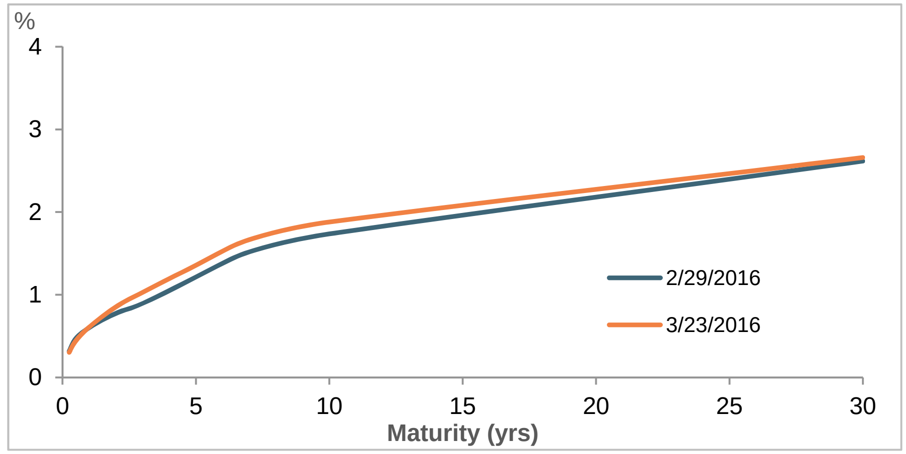
IR+M CLIENT UPDATE
March 18 – 24, 2016

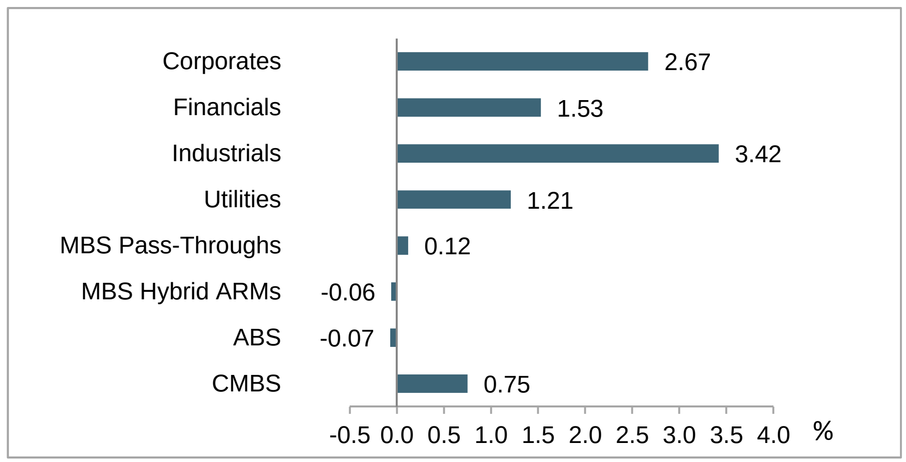
- In the US, new home sales grew by 2% in the month of February, supporting the argument that the domestic economy remains stable despite global economic concerns[1]
    - Limited supply met strong demand pushing buyers into new home purchases and driving up median sales prices
- After selling off earlier in the month, Treasuries fought back this week as the consumer sentiment was weakened by global uncertainty
- The corporate new issue market was very quiet during the holiday-shortened week, with only $10 billion in supply versus the $34 billion that came to market last week[3]
    - The most significant debt deals of the week included Citigroup Inc., Sysco, and FedEx Corp., each offering between $2-2.5 billion of debt
- Corporate spreads continued to outperform this week adding 64bps in excess returns relative to Treasuries week-over-week [2]
    - After starting the month at a spread of 210bps, the industrials sector proved to be a bright spot in the corporate market recovery and rallied to 168bps as of last night
- In CMBS, the low supply environment helped the sector continue its rally in correlation with the macro risk-on trade
- Municipal trading flows saw its fourth straight week of improvement as a seasonally large new-issue calendar and fund inflows inspired strong secondary activity[1]

Treasury Yield Curve[1]



Maturity	2-year	5-year	10-year	30-year
3/23/2016	0.85	1.36	1.88	2.66
MTD Change	0.08	0.14	0.14	0.04

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.