In response to weakness in the global financial markets, the European Central Bank (ECB) expanded accommodative monetary policy to further support the European economy¹

• The decision involves lowering of key interest rates and the decision to increase their bond buying program in an attempt to reinvigorate economic growth

• Non-farm payrolls for February rose 242,000, which was much stronger than expected; however, many market participants pointed out that average hourly earnings continued to lag all other employment statistics

• Month-to-date, Treasuries sold off especially in the belly of the curve as investors look to load risk back into their portfolios¹

• Year-to-date, corporate issuance topped $270 billion, which is roughly 13% higher than this time last year³

• Many issuers are seeking to lock in low borrowing rates with over 40% of debt maturing in 10 years or longer

• Financial companies led the way with more than $112 billion in new issue supply

• Notably, Berkshire Hathaway came to market to help finance their recent acquisition of Precision Castparts Corp., an industrial goods and metal fabrication company¹

• The deal signaled strength in the corporate market, generating over $34 billion in interest for a $9 billion offering

• Traditional mortgage-backed securities (MBS) fared quite well amongst the sell-off in rates, despite higher origination volumes and further flattening in the yield curve year-to-date

• S&P placed Pennsylvania’s AA- general obligation rating on credit watch with negative implications, citing the nine-month standoff over their fiscal 2016 budget⁶


¹Excess returns are the curve-adjusted excess return of a given index relative to a term structure-matched position in Treasuries.

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