• Minutes from the Federal Reserve’s (Fed) March meeting confirmed that the Fed is not in a rush to raise interest rates and they expect a slow recovery in the global economy¹

  • The minutes concluded that raising interest rates in April “would signal a sense of urgency they did not think appropriate”; the market believes the probability of an April hike is near 0%

• Interest rates have trended lower across the curve year-to-date, with the 10-year yield currently at 1.75%, after starting the year at 2.27%¹

• Corporate issuance was met with healthy demand as investors continued to have a solid appetite for high-quality corporate bonds¹

  • This week’s issuers included Mizuho Financial Group Inc. ($3bn), Toyota Motor Credit Corp. ($2bn), BMW US Capital, LLC ($2.5bn), and Target Corp. ($2bn)

• Corporate spreads continued tightening to 162 basis points this week, after starting the year at 165 basis points and widening out to a 3-year high of 215 basis points in February²

• Due to a pickup in prepayment speeds, the Fed is expected to buy $32 billion in mortgage-backed securities (MBS) this month, which is $10 billion more than last month and should create a positive technical for the market¹

• San Bernardino, California, which had one of the highest tracked municipal bankruptcies over the last few years, agreed to a settlement deal that will payout pension bondholders 40% of what they’re owed¹

  • The city declared bankruptcy back in 2012, after facing a $45 million deficit, and initially proposed a deal that would pay pension bondholders a mere 1%