• Retail sales fell by 0.3% in March, the third straight month of no growth, indicating that the strength of the US consumer is dwindling¹

• Consumer prices picked up by 0.1% month-over-month, short of expectations for a 0.2% increase, due to a drop in food prices and lower-than-expected healthcare and housing costs¹

• Interest rates were range-bound over the course of the week
  • After starting the year above 3%, the 30-year Treasury rallied to 2.61% by February month-end and has since remained unchanged¹

• Corporate earnings season officially kicked-off this week with Alcoa’s release on Monday
  • First quarter S&P 500 earnings forecasts call for a 9.2% decrease, with a high level of dispersion amongst sectors²

• Corporate new issuance was quiet this week creating a positive technical for the market, which pushed spreads to their tightest point all year

• In the commercial mortgage-backed securities (CMBS) market, secondary spreads widened due to macro market turbulence, despite healthy fundamentals in the sector

• Congress met this week to discuss Puerto Rico’s $70 billion debt situation, but were unable to agree on an immediate resolution¹
  • Last week, Governor Alejandro Garcia Padilla signed legislation that declared a debt moratorium, allowing the US territory to delay its bond payments until 2017


*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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