• Negative news out of China and lower commodity prices continued to pump uncertainty into the global financial markets
• Rates rallied across the curve as investors pursued safe-haven assets²
  • The 5-year yield dropped another 12bps this week and ended the week at 1.52%
• Last Friday’s payroll report beat estimates, and there was a solid upward revision to November’s already strong numbers¹
  • For December, nonfarm payrolls were 292,000 versus consensus of 200,000
• Corporate issuance returned to the market in full force with $60 billion in issuance so far this week and roughly $88 billion in supply month-to-date³
  • Spreads widened this week by 4bps to 174bps, with increased supply acting as a negative technical for the market
• Anheuser-Busch Inbev (ABIBB), the world’s largest brewer, came to market with a debt deal on Wednesday to finance their acquisition of SABMiller¹
  • In total ABIBB raised $46 billion, making it the largest corporate bond sale since Verizon’s $49 billion deal in September of 2013
• The prepayment report for December was released for the agency mortgage-backed security (MBS) universe and, in aggregate, the Fannie Mae universe prepaid 14% faster month-over-month mostly due to a higher day count
• Ambac and Assured Guaranty, two municipal bond insurers, filed a lawsuit against Puerto Rico challenging the Commonwealth’s decision to divert revenue for some bonds towards GO debt service¹


*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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