The post-election Treasury rate selloff reversed course this week as vague policy statements released by the Trump administration drove increased uncertainty¹

- Yields dropped most notably in longer-dated maturities with 10-year and 30-year rates falling 7bps and 11bps, respectively
- Last week’s employment report indicated that 156,000 jobs were added in December, which was lower than expected¹
  - Despite the miss, wage growth strengthened, driving positive market sentiment to start the week
- Investment-grade issuers flooded the market again, pricing roughly $34 billion, for a month-to-date total of $87 billion²
  - Issuance volume exceeded expectations and is over 50% ahead of last year’s pace
- Corporate spreads held in relatively well in the midst of heavy supply, and leaked just 1bp wider to 122bps¹
  - A continuation of robust supply coupled with increasing political volatility could put pressure on spreads through the month
- In the commercial mortgage-backed securities (CMBS) market, newly-implemented risk-retention rules suppressed supply as originators continue to navigate the updated regulations¹
  - Quiet issuance supported the CMBS sector, which outperformed Treasuries by 0.38% month-to-date
- Muted supply also benefitted municipal bonds, which historically perform well in January as tax-exempt issuers ease into the new year¹