Market volatility remained muted this week, and Treasury yields traded relatively flat¹.

- Month-to-date, rates rose across the curve, most notably in the 2- and 5-year maturities, which rose 14bps and 15bps, respectively.

Consumer sentiment strengthened, following last week’s upward revision of US GDP¹.

- The University of Michigan Consumer Sentiment Index for December was revised higher to 98.2, a post-recession high.

Muted primary activity characterized the investment-grade corporate market this week, as the focus shifted to 2017 supply².

- Issuance next year is expected to be around $1.1 trillion – marginally lower than the $1.2 trillion priced this year.

- Minimal supply drove corporate spreads 1bp lower to a year-to-date tight of 122bps¹.

The rally in oil prices continued to support the market, particularly the industrial sector, which tightened 111bps since oil prices bottomed out in February this year.

Municipal market activity slowed during the holiday-shortened week.

- Uncertainty remains around the Trump administration’s tax policies, which may cause volatility early in the new year¹.

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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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