Initial jobless claims rose by 15,000 to 258,000, exceeding expectations by 18,000¹
  • Despite the higher number, claims have trended at healthy levels for 80 consecutive weeks, indicating a strong and improving labor market
• Treasury rates rallied across the curve this week amid heightened political uncertainty regarding healthcare and tax reform¹
  • The 10-year Treasury yield fell 22bps since touching the month-to-date high of 2.63% at the beginning of last week, ahead of the Federal Reserve’s rate hike meeting
• A weaker market tone drove moderate investment-grade issuance with $17 billion pricing, a considerably lower amount compared to this month’s weekly average of around $35 billion²
  • Despite the recent slowdown in supply, year-to-date issuance stands at $363 billion, which is 13% ahead of last year’s pace
• Equity market volatility and low oil prices weighed on corporates, but demand only weakened modestly, mitigating some spread widening¹
  • Corporate spreads traded sideways and closed at 118bps – 2bps wider month-to-date
• The Treasury rally and general risk-off tone benefitted the high-quality securitized market, which generated positive month-to-date excess returns across all sectors¹
• Muted municipal bond supply supported market technicals, and the 5-year municipal/Treasury ratio stabilized around 85% following a sharp increase last week after the Fed hiked rates¹

Sources: 1. Bloomberg Barclays  2. Citigroup
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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