• The final estimate for first quarter US GDP was revised up 0.2% to 1.4%, driven by stronger consumer spending than initially estimated¹
• Treasury yields rose modestly across the curve this week with the 2-year and 10-year yields increasing 1bp and 7bps, respectively¹
  • Global yields jumped following comments from Mario Draghi of the European Central Bank (ECB) that suggested the ECB may begin tapering its bond purchases in the near-term
• Strong technicals supported investment grade corporate bond spreads, which tightened 2bps to 110bps, the tightest level since 2014¹
• Corporate bond supply moderated this week, as expected, with investment grade issuers pricing approximately $11 billion²
  • Year-to-date issuance is roughly $675 billion, which is 7% ahead of last year’s pace
• All 34 major banks passed their annual stress tests for the first time since the financial crisis, and the Federal Reserve subsequently approved their capital plans¹
• Oil prices rose following larger than expected gasoline inventory drawdowns and closed at roughly $45 per barrel¹
• Despite heavy issuance in the ABS market, the sector displayed resilience as heightened demand continues for high quality incremental spread in the low yield environment¹
  • New supply totaled around $122 billion year-to-date, which is over 30% higher than issuance at this time last year
• S&P indicated that they will downgrade Illinois to high yield if a budget is not passed by the end of the week¹
  • Moody’s and Fitch did not explicitly outline ratings expectations given the political uncertainty surrounding the budget impasse

Sources: 1. Bloomberg Barclays  2. Citigroup

*Excess returns are the curve-adjusted excess return of a given index relative to a term structure-matched position in Treasurys.
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