• Treasury rates moved higher across the curve as the Federal Reserve (Fed) completed its first rate hike of 2018, moving the fed funds target up to 1.5-1.75%¹
  • Short- to long-dated yields rose 5-7bps, with the 10-year yield increasing 7bps
• Since its last meeting in January, the committee’s outlook for the US economy has strengthened, signaling a high likelihood of further hikes in 2018¹
• Existing home sales increased by 3% in February, exceeding expectations and indicating continued improvement in the US housing market¹
• Investment-grade corporate spreads were unchanged, week-over-week, and remain wider by 10bps on the month¹
• Corporate issuance remained steady during the past week, aided by a $10 billion deal from Anheuser-Busch; March supply totaled over $100 billion, which was in-line with dealer estimates²
• Corporates have been pressured by higher rates and wider spreads during March; the utility sector, often viewed as a stable and safer sector of the corporate market, was the largest underperformer¹
• Commercial mortgage-backed securities have underperformed other securitized sectors due to heavier supply and corporate market weakness spillover¹
• Municipal market supply has been well below longer-term averages, while demand has remained steady¹
  • The BloomBarc 1-10 year Municipal Blend Index has underperformed similar duration Treasuries by 0.15% during March

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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