• Bond yields fell across the world, as central banks signaled a willingness to keep interest rates low for longer than expected, amid signs of slowing global growth
  • The 10-year German bund dropped below zero percent for the first time since 2016
• Treasury yields fell across the curve, as the Fed’s surprisingly dovish remarks and lower global rates raised investor demand for Treasuries
  • The 10-year Treasury yield fell 16bps week-over-week to 2.37%, which was below the 3-month Treasury yield for the first time since 2007
  • The 2-year Treasury note auction received solid demand from investors – an indication that investors are still willing to buy US bonds despite the current level of yields
• Investment-grade corporate spreads tightened 1bp week-over-week to 119bps, as a positive technical backdrop supported the market
  • Year-to-date supply of $309 billion is 6% behind last year’s pace, and last week’s net fund inflow of over $5 billion was the largest in a year, signaling strong investor demand
• Concerns of global growth pushed high-yield corporate spreads wider by 16bps this week to close at 402bps
• Mortgage-backed securities (MBS) struggled to keep pace with Treasuries as heightened interest rate volatility weighed on the sector
  • The national average for the 30-year mortgage rate fell to 4.06%, down from 4.82% in November 2018
• Short duration municipals underperformed Treasuries, as the 2- and 3-year Treasury yield fell over 19bps week-over-week

Sources: Bloomberg Barclays, Bloomberg and Citigroup
Excess returns are the curve-adjusted excess return of a given index relative to a term structure-matched position in Treasuries.
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