• The Federal Reserve released minutes indicating they will keep rates steady given the global macro environment and contained inflation
  • Consumer prices increased by 0.4% in March, ahead of expectations, but core price growth lagged estimates
  • President Trump announced the potential for $11 billion of additional European tariffs – potentially escalating trade tensions with the Eurozone
• Treasury yields fell across the curve week-over-week, as benign inflation and tariff news put downward pressure on yields
• Investment-grade supply totaled nearly $22 billion, behind expectations of over $30 billion
  • Saudi Aramco, the Saudi Arabian state-owned oil company, dominated this week’s total supply, with a $12 billion transaction that reportedly received over $100 billion in orders
  • The outsized demand allowed the issuer to price the deal with lower yields than Saudi Arabian sovereign debt – typically, state-owned entities trade with yields that are higher than the nation’s sovereign debt
• Solid demand for risk met light supply, and investment-grade corporate spreads tightened 4bps to 114bps, the tightest level year-to-date
• Asset-backed securities (ABS) underperformed corporates month-to-date, as heavy issuance weighed on the sector; year-to-date supply of $73 billion surpassed last year’s pace of $67 billion
• Municipals underperformed Treasuries, despite a light new issue calendar providing a tailwind for the sector

Sources: Bloomberg Barclays, Bloomberg, Bloomberg Index Services Limited 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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