Treasury yields fell week-over-week, and the curve steepened, as a soft market tone caused investors to favor safe-haven assets.

- The spread between the 2- and 10-year Treasury yield reached 20bps, matching the highest level this year.
- The US Treasury auctioned $237 billion of debt, and received solid demand from investors, as yields remain attractive versus global peers.
- New home sales totaled 692,000, the highest rate since November 2017, as a result of the recent drop in mortgage rates.
- Corporate supply totaled almost $6 billion – well below estimates of over $15 billion – with many borrowers sidelined amid quiet periods that precede earnings releases.
- Despite lower-than-expected supply, investment-grade corporate spreads leaked 1bp wider week-over-week to 110bps; spreads are now 16bps tighter than the five-year average.

- 30% of companies in the S&P 500 reported first-quarter results, with an average earnings growth rate of over 3%; however, earnings are forecasted to decline by 3% overall.
- Lighter secondary volumes pushed high-yield spreads 6bps wider to close at 355bps, as investors await more earnings reports.
- Mortgage-backed securities (MBS) slightly outperformed Treasuries month-to-date, but have not kept pace with other spread product.

- Mortgage applications fell by over 7% last week, the third consecutive week of declines since an 18% surge earlier this month.
- Longer-dated municipals outperformed similar-duration Treasuries, and muni/Treasury ratios fell by 1%.