Markets overcame grim economic data early in the week, but fading enthusiasm over the prospects of a quick reopening and recovery of the US economy dampened risk sentiment.

The unemployment rate soared to 14.7%, the highest level since official statistics started in 1948; some estimates call for a peak rate of 25%.

Treasury yields fell over the week, given investor demand for safe-haven assets; $32 billion in 10-year notes was auctioned at a record low rate of 0.7%

Federal Reserve (Fed) Chair Powell commented that additional monetary and fiscal measures may be needed to prevent greater long-term damage.

Fed officials reiterated that the Fed does not consider negative interest rate policy an appropriate response.

Legislation unveiled in the US House called for a further $3 trillion of fiscal stimulus; however, support for additional relief is divided.

Corporate issuance slowed mid-week amidst the weaker market tone, but remained elevated; investment-grade issuers priced almost $58 billion, with $75 billion expected for the week.

Demand was strong and new issue concessions generally trended lower; despite continued supply, corporate spreads widened 1bps, week-over-week, to close at 211bps.

High yield spreads, which initially fell during the week, widened on market weakness before closing unchanged at 735bps.

In mortgage-backed securities (MBS), lower coupon securities outperformed higher coupons, as the Fed bought mortgages with 2% coupons for the first time.

Municipal debt saw positive demand, as weekly fund flows increased to $230 million, up from $1.6 billion in outflows the prior week.

Sources: Bloomberg Barclays, Bloomberg, and Bloomberg Index Services Limited.