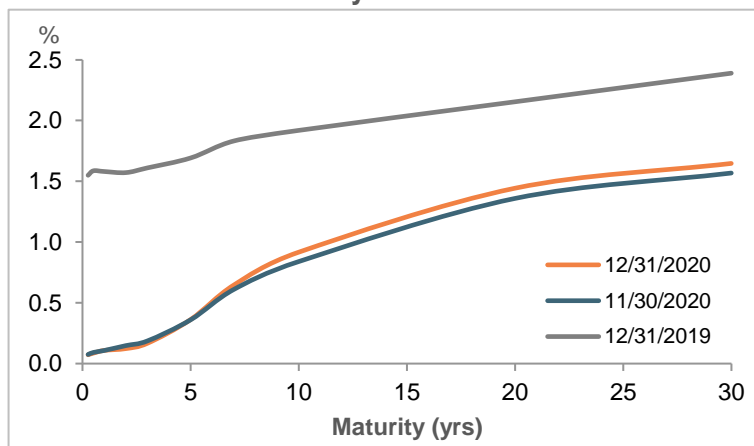


MARKET NEWS

- Hopes of a vaccine-driven economic rebound were dampened by concerns over a new coronavirus strain in the UK, new lockdowns, and trade talks between the UK and European Union
 - President Trump signed a \$900 billion coronavirus stimulus bill into law, averting a government shutdown; the \$2.3 trillion package included a \$1.4 trillion government spending bill to fund federal agencies through September 2021
- Treasury yields closed higher across longer-dated maturities and the curve steepened, as optimism over the start of the vaccine rollout pushed the 10-year as high as 0.97% during the month, the highest level since March 2020
 - Longer-dated yields rose on expectations of increased fiscal spending and higher inflation
- On the heels of November’s \$90 billion in new supply, issuers brought over \$39 billion to market in December, surpassing estimates of \$25 billion; on average, new issue concessions hovered around zero, and books were 3.1 times oversubscribed
 - Investment-grade corporate spreads narrowed 8bps over the month from 104bps to 96bps, approaching the year’s low of 93bps, which occurred at the beginning of 2020
 - In 2020, US corporate investment-grade supply reached a new high of over \$1.7 trillion, surpassing the previous full-year record of \$1.3 trillion after just eight months; 2021 issuance is estimated at \$1.3 trillion
- High-yield supply slowed ahead of the holidays, with nearly \$30 billion in December – the busiest December since at least 2006; monthly spreads tightened 52bps to 360bps, the lowest level since February 2020, on equity market strength
- Agency mortgage-backed securities (MBS) performance was mixed versus other securitized sectors, and lower-coupon MBS continued to outperform higher-coupon MBS primarily due to ongoing demand from the Fed
 - In FOMC meeting minutes, the Fed shared its intention to continue to purchase at least \$40 billion of agency MBS per month until further progress has been made towards maximum employment and price stability goals
- Muni/Treasury ratios declined across nearly every point along the curve, posting their lowest monthly levels of 2020; total muni volume exceeded \$30 billion in December – the year’s tenth month of more than \$30 billion in issuance

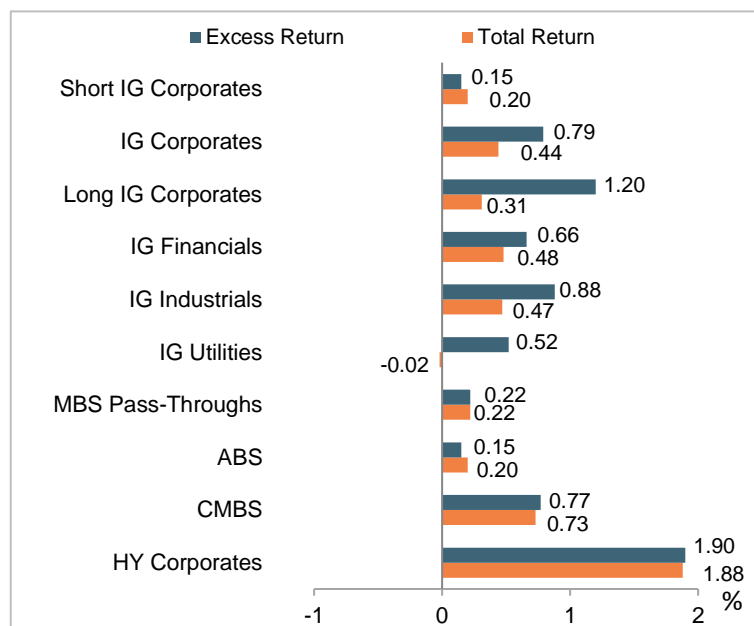
MARKET STATISTICS

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
12/31/2020	0.12	0.36	0.92	1.44	1.65
MTD Change	-0.03	0.00	0.08	0.08	0.08
YTD Change	-1.45	-1.33	-1.00	-0.71	-0.74

MTD Returns



As of: 12/31/20. Sources: Bloomberg, Bloomberg Barclays.

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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