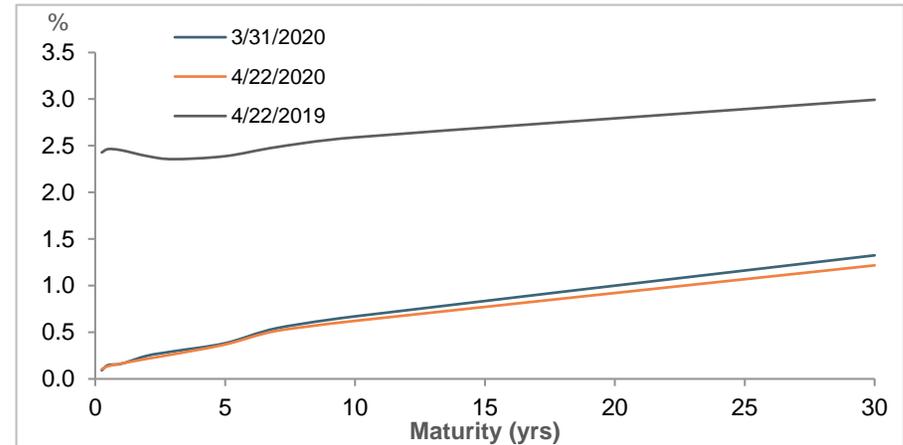




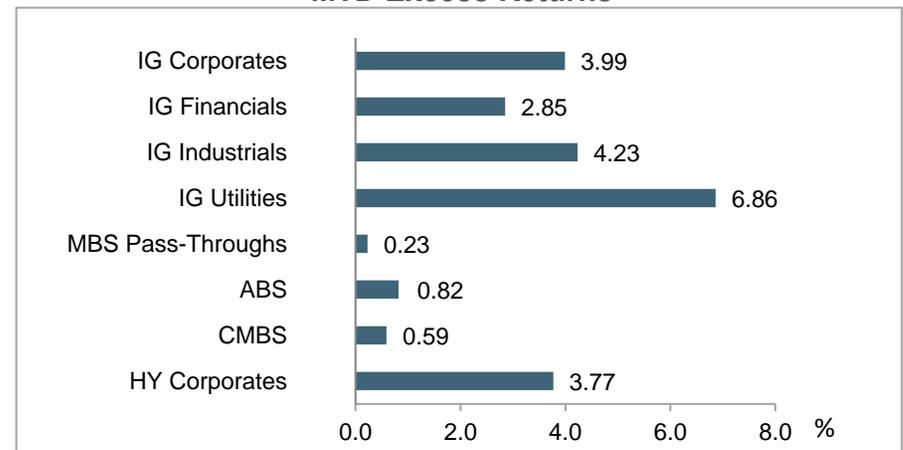
- Investors preferred the safety of long-term US Treasuries this week – flattening the yield curve – as dislocated energy markets contributed to economic uncertainty and market volatility
 - The effects of the coronavirus pandemic on oil demand and low storage capacity collectively drove the prices for front-end oil futures below zero – uncharted territory for these contracts
 - Distress in the energy market led to a rally in safe-haven assets – the yield on the 30-year Treasury has declined by 10bps month-to-date, closing at 1.22%
- Congress is likely to pass a bill Thursday approving \$484 billion in additional aid to small businesses, hospitals, and testing programs
 - In contrast to declining Treasury yields, equity markets are showing strength on the heels of fiscal stimulus, and the S&P 500 is up over 25% from the March 23rd low
- Investment-grade corporate borrowers priced over \$27 billion this week, slightly below dealer estimates of \$30 to \$40 billion; issuers paid compressed new issue concessions, signaling an appetite for risk
 - Despite strong demand for primary issuance, corporate spreads leaked wider by 2bps, closing at 211bps, as investors continue to untangle conflicting reports on the US economy's reopening
 - New issuance of high-yield debt, combined with volatility in the energy market, pushed high-yield corporate spreads 21bps wider to 761bps
- Asset-backed securities (ABS) outperformed other securitized sectors, as strong demand for new ABS issuance relieved lingering apprehension in the sector
- Municipals underperformed Treasuries, and the 10-year muni/Treasury ratio climbed by 20%, closing at 198%

Treasury Yield Curve



Maturity	2-year	5-year	10-year	30-year
4/22/2020	0.22	0.37	0.62	1.22
MTD Change	(0.03)	(0.01)	(0.05)	(0.10)

MTD Excess Returns



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

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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