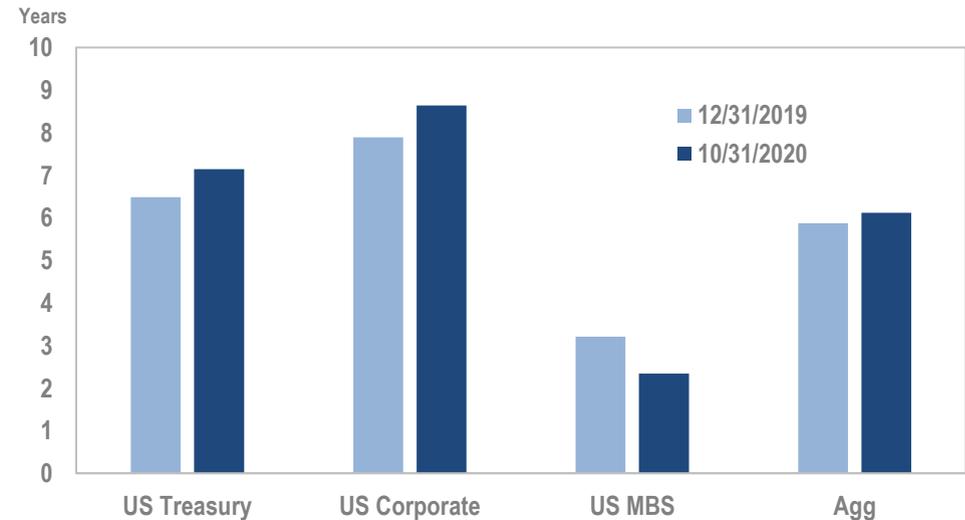


## Amid a Pandemic, the Aggregate Index's Market Value and Duration Have Continued to Rise

	Intermediate US Corporate (\$tn)	Long US Corporate (\$tn)	US Corporate Investment Grade (\$tn)
12/31/2019	3.8	2.1	5.8
10/31/2020	4.2	2.5	6.7
Change (\$)	0.4	0.5	0.9
Change (%)	11%	24%	15%



- The Agg's market value has grown 6% to \$24.6 trillion this year. Its Treasury component has held firm, but its corporate and securitized sleeves have increased 15% and 5%, respectively. The Federal Reserve (Fed) has purchased most of the Treasury's \$2.4 trillion of nominal issuance, which explains why the Agg's Treasury allocation has been unchanged, as Fed holdings are not counted in the float in the Agg.
- In 2020, US corporate investment-grade supply reached a new high, surpassing the previous full year record of \$1.3 trillion after just eight months. As measured by the Agg, the corporate market is up 15% to \$6.7 trillion, with issuance skewed longer: intermediate maturities are up 11% to \$4.2 trillion, while long maturities are up 24% to \$2.5 trillion.
- Treasury and corporate durations have increased to 7.1 years and 8.6 years, respectively, while MBS duration has declined to 2.3 years due to the re-financing wave. If rates rise, we could see MBS duration extend, underscoring the importance of active management.
- If rates and volatility remain low, issuers may continue to push out their debt maturities and raise cash, sparking higher leverage, a larger market, and more duration. At IR+M, we continue to closely monitor credit fundamentals, and watch for a change in corporate strategy.

Source: Bloomberg Barclays as of 12/31/2019 and 10/31/2020 and US Treasury Direct as of 10/31/20. The index is the Bloomberg Barclays Aggregate Index. The views contained in this report are those of IR+M and are based on information obtained by IR+M from sources that are believed to be reliable. This report is for informational purposes only and is not intended to provide specific advice, recommendations, or projected returns for any particular IR+M product. No part of this material may be reproduced in any form, or referred to in any other publication, without express written permission from Income Research + Management. BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). BARCLAYS® is a trademark and service mark of Barclays Bank Plc (collectively with its affiliates, "Barclays"), used under license. Bloomberg or Bloomberg's licensors, including Barclays, own all proprietary rights in the Bloomberg Barclays Indices. Neither Bloomberg nor Barclays approves or endorses this material, nor guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, neither shall have any liability or responsibility for injury or damages arising in connection therewith.