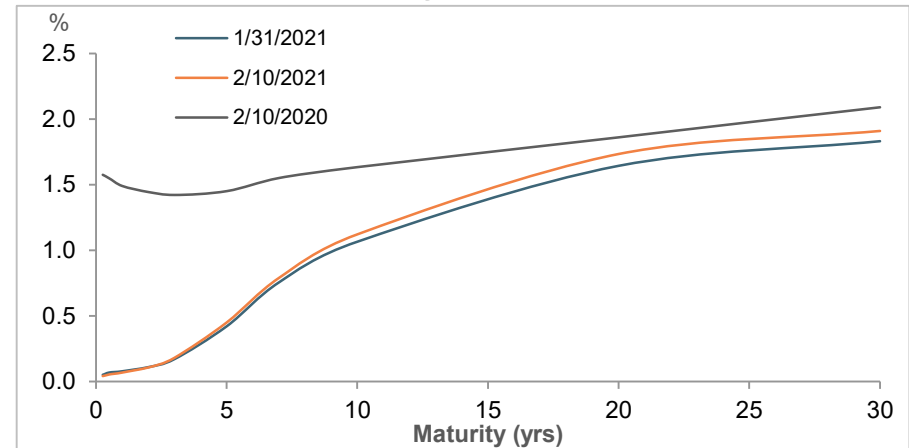




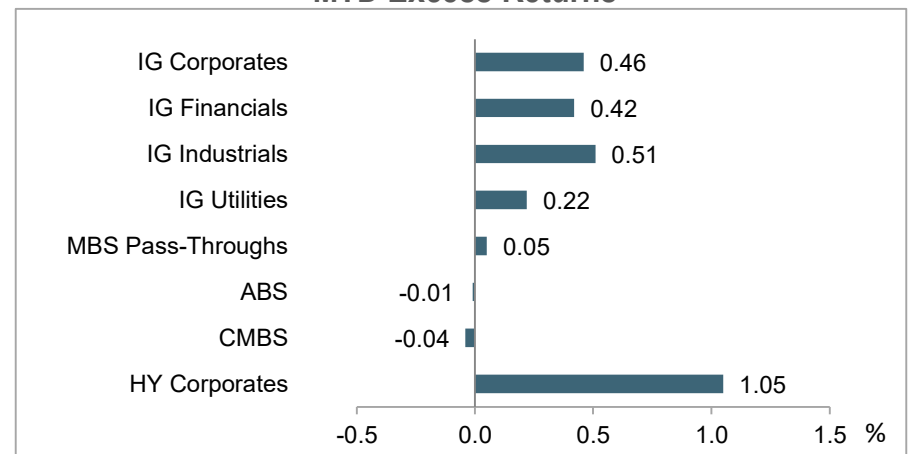
- Equity markets were driven higher by momentum for fiscal stimulus, upbeat earnings announcements, and signs of economic improvement
 - 80% of companies in the S&P 500 reported positive earnings and revenue surprises in 4Q20; year-over-year earnings growth predictions for 1Q21 and 2Q21 are 21% and 49%, respectively, on expectations of a continued recovery
 - Initial jobless claims fell 19,000 to 793,000, as states began to lift business restrictions in response to falling coronavirus cases
- The potential inflationary impact of the stimulus package pushed the 10-year breakeven inflation rate to 2.2%, the highest level in over 5 years
 - Long Treasury yields briefly exceeded 2% during the week, the first time in almost a year, on growing inflation expectations
 - However, despite an influx of new Treasury debt, rates fell later in the week on softer-than-expected CPI data, and the 30-year closed at 1.91%
- Investment-grade issuers priced just \$16 billion of a projected \$25-\$30 billion; the reduced supply and persistent demand for yield led to negative new issue concessions on average
 - Corporate spreads tightened 3bps, from 95bps to 92bps, hitting a 3-year low of 91bps during the week
- The high-yield market saw over \$13 billion in newly issued bonds, and investors showed no signs of fatigue for lower-rated debt
 - High-yield spreads tightened 15bps, from 342bps to 327bps, and the yield on the Bloomberg Barclays US Corporate High Yield Index fell to 3.95%, a new all-time low
- Mortgage-backed securities (MBS) outperformed other securitized sectors on lower prepayment fears, as the MBA Refinance Index fell 4% after increasing 11% the prior week
- Municipal issuance remained muted, as many issuers opted to stand down until there is further clarity on fiscal stimulus
 - Muni/Treasury ratios continued to set new record lows, with the 10-year ratio falling to 60% and the 5-year falling to 43%

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
2/10/2021	0.11	0.45	1.12	1.73	1.91
MTD Change	0.00	0.03	0.05	0.09	0.08

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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