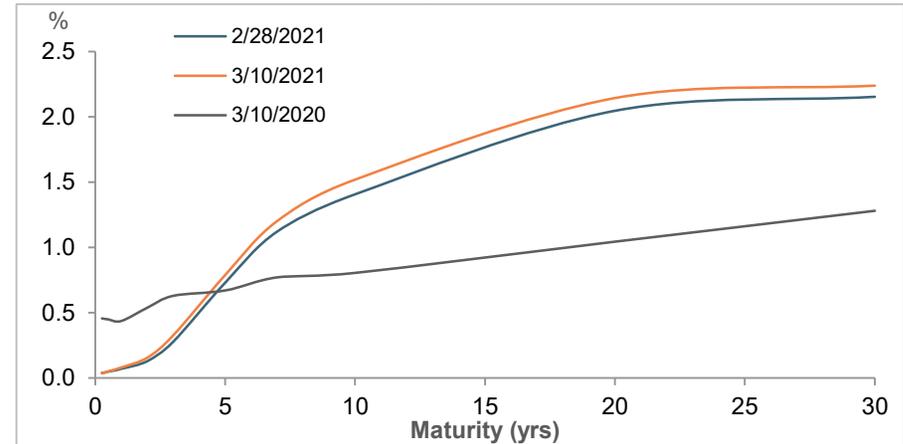




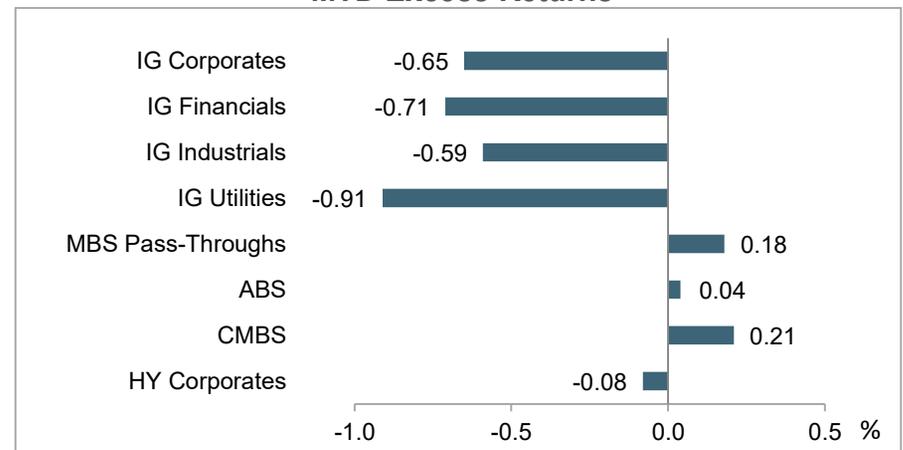
- Confidence in the global economic recovery, aided by the passage of the American Rescue Plan, drove mostly positive market sentiment; the specter of rising rates continued to weigh on bonds
  - The OECD improved its 2021 US growth rate forecast from 3.2% to 6.5%; most economies are expected to recover to pre-COVID output levels by the end of 2022
  - The US Business Roundtable's quarterly survey of CEO confidence increased from 86 to 107 in 1Q21, well-above the historical average of 83
- Treasury issuance is expected to remain elevated given the new stimulus package - over \$4 trillion of gross issuance is anticipated in 2021
  - Supply was offset by easing inflation pressures, as core CPI for February came in below expectations at 1.3%
  - The 10-year Treasury, which closed as high as 1.59% earlier in the week, settled at 1.52%
- Investment-grade corporate borrowers priced over \$52 billion versus a projected \$50 billion, driven by a \$25 billion jumbo deal from Verizon; average new issue concessions rose to an 8-month high as investors became increasingly concerned over the steepening yield curve
  - Corporate spreads rose 8bps, from 91bps to 99bps
- High-yield issuers continued to flood the market, with over \$10 billion priced this week; although high-yield funds have seen outflows, demand has remained relatively strong for new issues
  - Despite the softer market conditions, high-yields spreads widened just 13bps, from 321bps to 334bps, aided by equity market strength and recovering oil prices
- Commercial mortgage-backed securities (CMBS) outperformed other securitized sectors on light supply; year-to-date issuance of \$16 billion is 30% behind last year's pace
- State and local governments will likely receive \$360 billion from the stimulus package; municipals outperformed Treasuries as the aid eased credit concerns, and the 10-year muni/Treasury fell from 75% to 67%

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
3/10/2021	0.16	0.79	1.52	2.14	2.24
MTD Change	0.03	0.06	0.11	0.09	0.09

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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