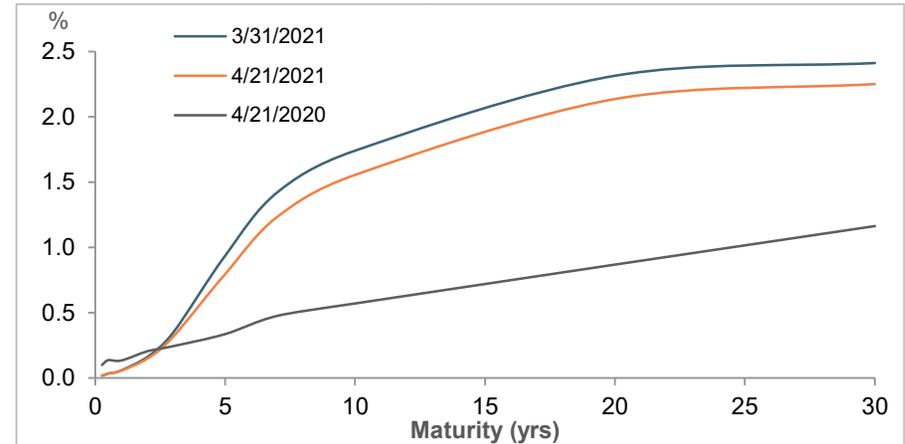




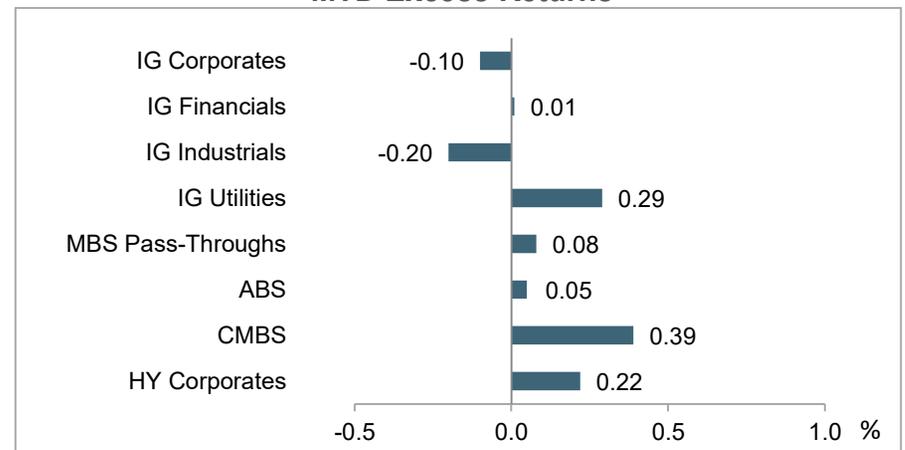
- Healthy economic data and better-than-expected earnings provided investors with further confidence in the accelerating US recovery, although a proposal to increase corporate taxes raised some concern
 - First quarter earnings surprised to the upside, with aggregate earnings 30% higher than estimates; initial projections call for double-digit earnings growth for the rest of the year
 - The Conference Board Leading Economic Index, which forecasts economic conditions in six months, rose 1.6% in March, up from 0.2% the prior month and above expectations
- The 5-year inflation breakeven rate fell 5bps week-over-week; after initially increasing on last week's higher CPI news, investors reigned in future inflation expectations on the more modest increase in Core CPI
 - The 10-year Treasury yield closed down 2bps at 1.56%
- The US Treasury auctioned \$24 billion in a 20-year Treasury, after pricing \$24 billion in a 30-year Treasury the prior week
 - Despite the back-to-back issuance of longer duration Treasuries, both auctions were well received
- Investment-grade corporate issuers priced \$27 billion of a projected \$30 - \$35 billion, which saw minimal new issue concession and strong demand
 - Corporate spreads widened 3bps, from 88bps to 91bps, on the potential impact of higher taxes
- High-yield issuers brought another \$4 billion in new issue, bringing month-to-date supply to almost \$37 billion; this month is on track to become the busiest April on record
 - Elevated supply was offset by a continued hunt for yield, and spreads widened 3bps, from 295bp to 298bps
- Agency mortgage-backed securities (MBS) underperformed other securitized sectors during the week on increased refinancing activity; the MBA Refinance Index rose 10%, up from -5% the prior week
- Investors added another \$2.3 billion to municipal bond funds for the week ended April 14th, keeping the 10-year muni/Treasury ratio at 59%, near record lows despite falling Treasury yields

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
4/21/2021	0.15	0.80	1.56	2.14	2.25
MTD Change	-0.01	-0.14	-0.18	-0.17	-0.16

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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