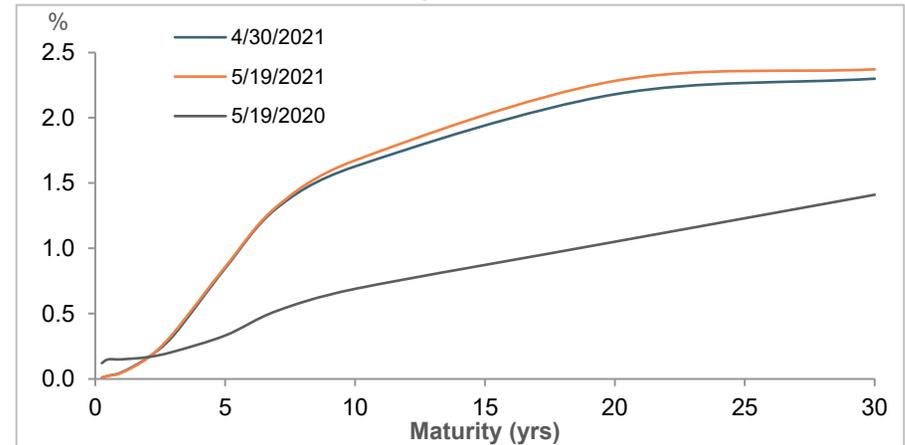




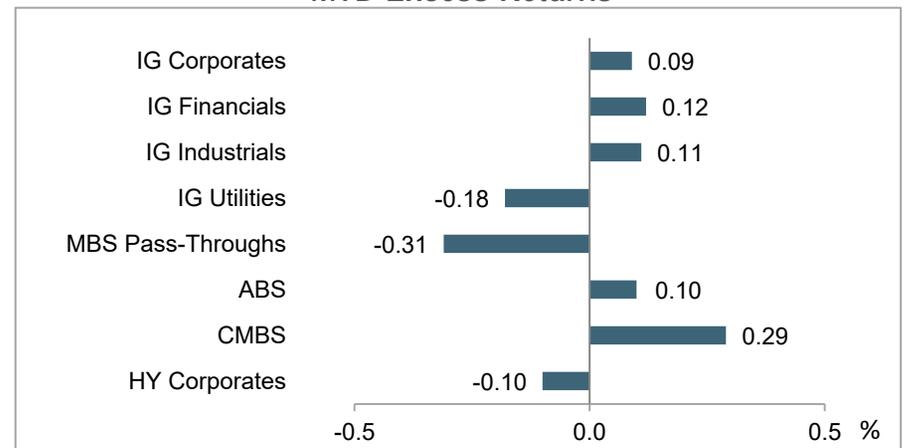
- Growing inflation concerns and Federal Reserve (Fed) talk of potentially tapering asset purchases weighed on markets; investor sentiment turned positive later in the week in response to evidence of an accelerating recovery
  - The University of Michigan Consumer Sentiment Index fell unexpectedly from 88.3 in April to 82.8 in May due to higher inflation expectations
  - The Leading Economic Indicators Index, which measures forward-looking general economic conditions, increased 1.6% in April, surpassing expectations of 1.2%
- The FOMC April meeting minutes indicated “a number of participants” believed that the Fed should chart a path towards the eventual curtailment of asset purchases
  - Officials reiterated that the economy remained “far” from the primary goals of full employment and price stability
  - Despite increasing on the announcement, the 10-year US Treasury yield closed the week down 2bps at 1.67%
- Investment-grade corporate issuers priced \$30 billion of a projected \$35 billion; although almost \$20 billion came to market on Monday, issuance tapered off later in the week
  - Corporate spreads closed unchanged at 87bps, just 2bps wide of their 10-year tightests of 85bps, on the lighter supply
- The high-yield new issue market saw almost \$9 billion in supply, bringing month-to-date issuance to over \$33 billion
  - Newly issued bonds were well-received, but rising inflation concerns pushed spreads 6bps wider to 308bps
- Issuance of asset-backed securities (ABS) exceeded \$11 billion, the busiest week by volume this year; other ABS, which excludes auto, credit card, equipment, and student loan ABS, accounted for approximately 30% of year-to-date volume of \$114 billion
- In the municipal market, municipal bond mutual funds saw inflows of \$541 million, the 10<sup>th</sup> consecutive week of inflows

### Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
5/19/2021	0.16	0.86	1.67	2.28	2.37
MTD Change	0.00	0.01	0.04	0.10	0.07

### 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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