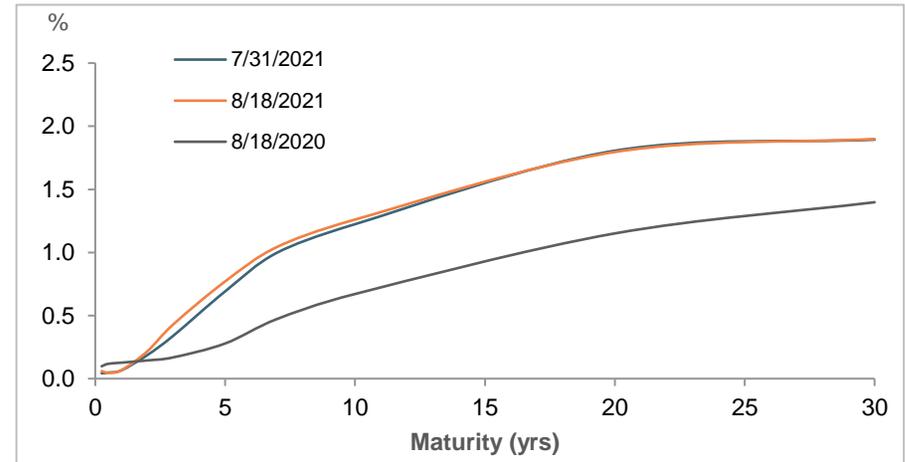




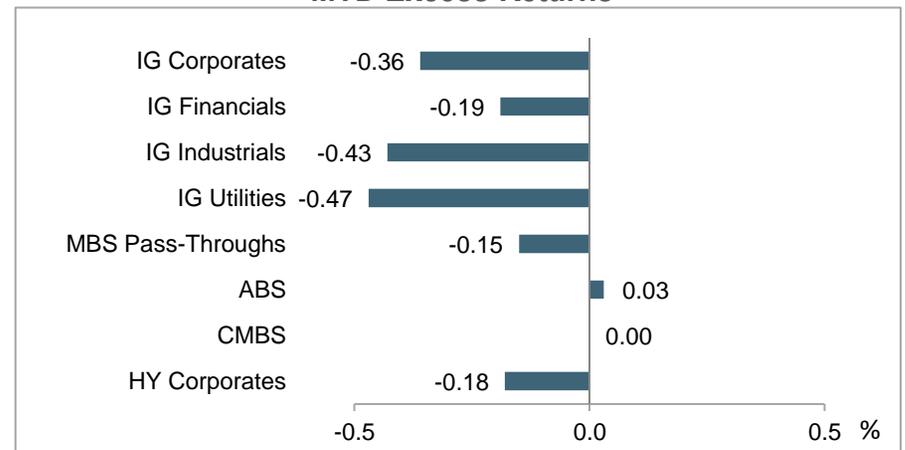
- A risk-off sentiment driven by increasing coronavirus infections tied to the Delta variant and disappointing economic data drove both equities and bond yields lower for the week
  - US retail sales fell 1.1% in July, which was more than an expected decrease of 0.3%, due to a drop in spending on homes and cars
  - The University of Michigan’s August consumer sentiment survey fell by an estimated 11 points to 70.2, the lowest level since December 2011
- Minutes from July’s Federal Open Market Committee meeting revealed most participants believed “it could be appropriate to start reducing the pace of asset purchases this year,” adding that the central bank’s inflation goal had been met
  - Overall, participants noted that the tapering of asset purchases and increasing the federal funds rate were distinct decisions
- In what is likely to be the final active week of the summer, investment-grade corporate issuers priced just over \$8 billion, below projections of \$10 – 15 billion
  - Despite the lighter issuance, spreads widened 1bp, from 89bps to 90bps, on the weaker market tone
- Issuance in the high-yield market slowed to under \$4 billion, as some issuers pulled deals amid higher yields and weakened demand
  - High-yield spreads were flat with the lighter supply, at 309bps
- Agency mortgage-backed securities (MBS) underperformed other securitized sectors, likely due to lighter trading volumes and the Federal Reserve’s Jackson Hole symposium next week
- Despite continued inflows, municipals underperformed Treasuries and the 10-year muni/Treasury ratio reached 72%, the highest level since March 2021

### Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
8/18/2021	0.22	0.77	1.26	1.80	1.90
MTD Change	0.03	0.08	0.04	-0.01	0.01

### 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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