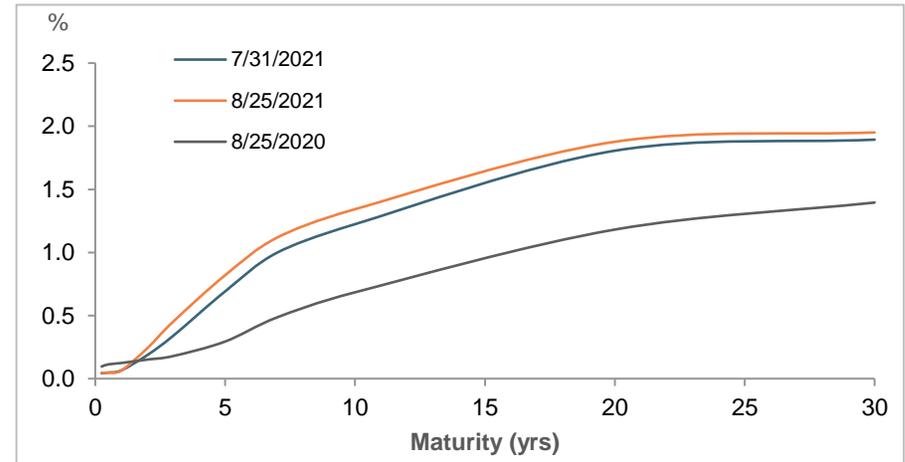




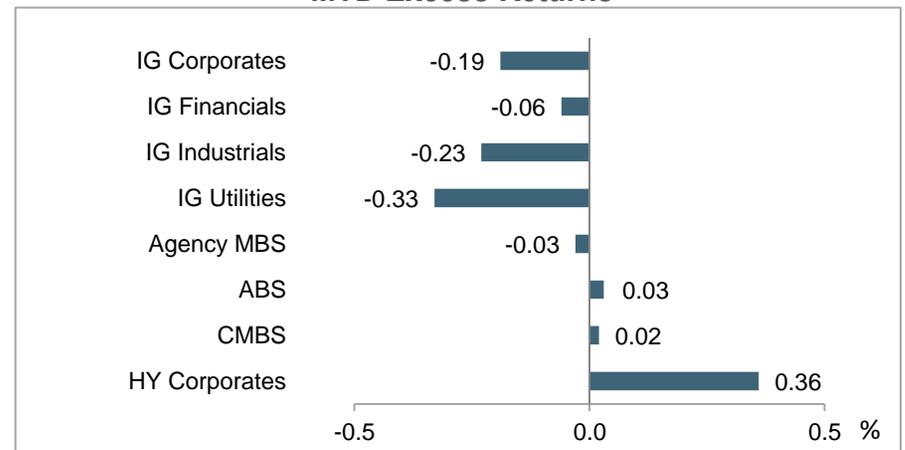
- As investors awaited Federal Reserve comments from Jackson Hole, risk assets rallied on the FDA approval of the Pfizer vaccine, and despite varied economic data and continued Delta variant concerns
 - August's Markit Manufacturing and Services PMIs were 61.2 and 55.2, respectively, remaining in expansionary territory, but below expectations
 - Though initial jobless claims edged up to 353,000 from 348,000, the measure remains near its lowest levels since April 2020
- The US Treasury auctioned \$60 billion of 2-year Notes at 0.24% and \$61 billion of 5-year Notes at 0.83%, with solid demand for both auctions
 - The 2-year auction saw the strongest overseas demand in more than a decade, as foreign buyers purchased over 60% of the issue
 - The 10-year Treasury rate closed at 1.34%, the highest in two weeks, as investors favored higher-yielding spread product
- Investment-grade issuers priced just over \$3 billion, below projections of \$5 billion, and led mostly by financials
 - Spreads tightened 2bps, from 90bps to 88bps, on the lighter supply
- High-yield issuers halted new deals after issuing more than \$34 billion earlier in the month; the final weeks of August typically see less supply
 - Supported by rising equity markets and light supply, high-yield spreads tightened 12bps, from 309bps to 297bps
- Asset-backed securities (ABS) underperformed other securitized sectors, as the risk-on tone lessened demand for higher-quality, short duration paper
- The par amount of municipal bonds trading daily dropped to under \$9 billion, the lowest amount since 2001, highlighting how slow the final weeks of August can be

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
8/25/2021	0.24	0.82	1.34	1.88	1.95
MTD Change	0.05	0.13	0.12	0.07	0.06

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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