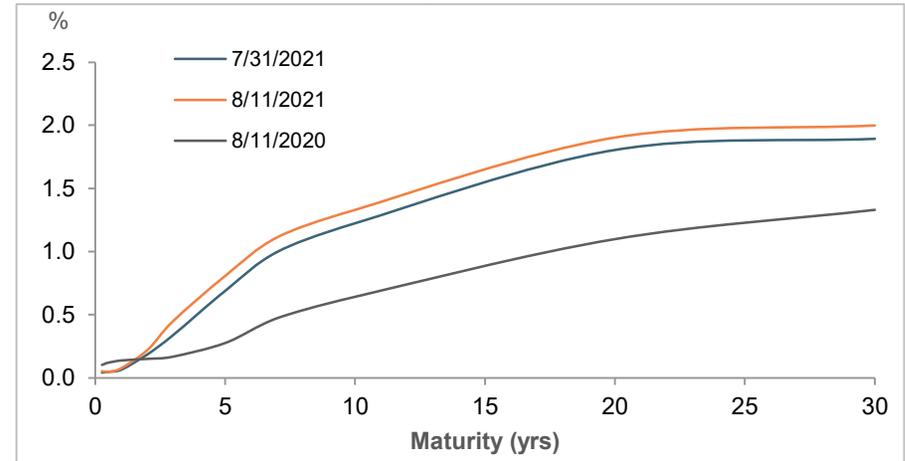




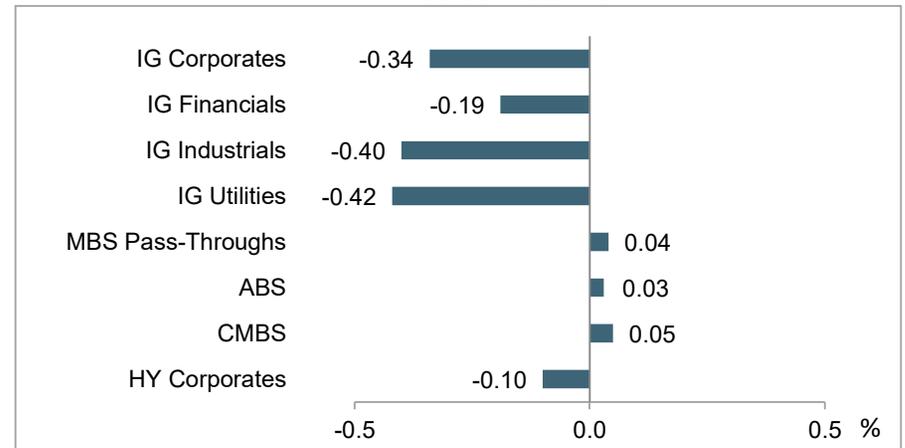
- Bond yields rose and equities set another record high, as a risk-on sentiment was fueled by positive economic data and the potential for further stimulus as a \$1 trillion infrastructure bill cleared the Senate
  - The US added 943,000 jobs in July and the unemployment rate fell from 5.9% to 5.4% on the heels of an improving labor market
  - July CPI increased 5.4% year-over year; while historically elevated, the monthly increase of 0.5% moderated from June, as many categories related to reopening showed signs of easing
- The US Treasury auctioned \$58 billion in 3-year, \$41 billion in 10-year, and \$27 billion in 30-year Treasuries
  - Although the auctions were well-received, yields rose across the curve on the increased issuance and continued taper talk by Federal Reserve officials
  - The 10-year Treasury yield rose 15bps, from 1.18% to 1.33%
- Investment-grade corporate issuers flooded the market with over \$40 billion of new issue, ahead of an expected \$30 billion, as companies looked to get in front of rising rates
  - Spreads widened 1bp, from 88bps to 89bps, on the heavy supply
- In another busy week, high-yield corporate issuers priced over \$10 billion despite increased borrowing costs, driven by concerns of an accelerated Fed taper and the uncertain economic impact of the delta variant
  - High-yield spreads tightened to 301bps at the start of the week, but then widened 8bps to close at 309bps on the elevated supply
- Asset-backed securities (ABS) saw \$11 billion of new issue month-to-date, with over half from other ABS, which includes whole business franchise and data center securitizations
- S&P Global Ratings reported that it issued only 80 public finance downgrades in the second quarter, the lowest quarterly total since 2009

### Treasury Yield Curve



| Maturity   | 2-year | 5-year | 10-year | 20-year | 30-year |
|------------|--------|--------|---------|---------|---------|
| 8/11/2021  | 0.22   | 0.81   | 1.33    | 1.90    | 2.00    |
| MTD Change | 0.03   | 0.12   | 0.11    | 0.09    | 0.11    |

### 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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