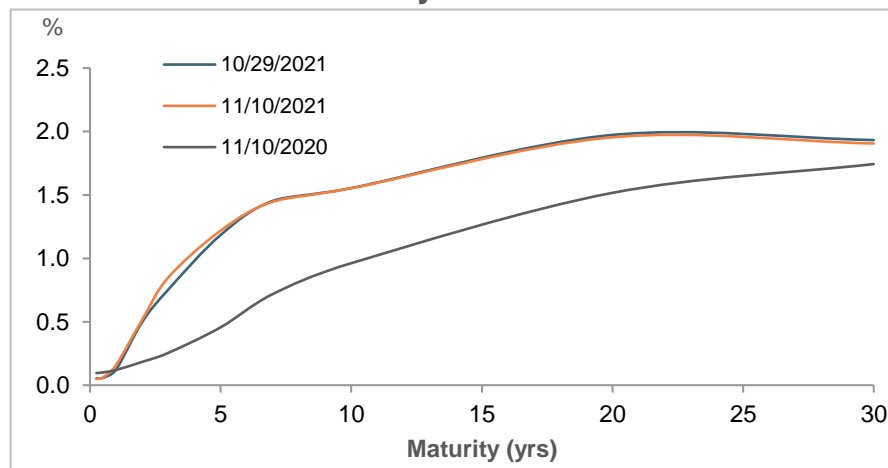




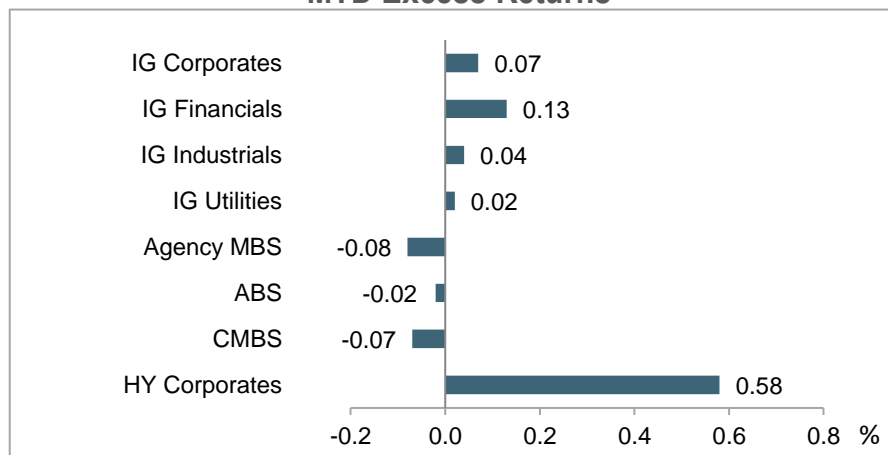
- In the days following the Federal Reserve’s (Fed) meeting last Wednesday, Treasury yields across the curve fell amid mixed economic data; however, rates jumped following the higher-than-expected inflation data
  - Last Friday’s nonfarm payroll report surpassed expectations with 531,000 jobs added in October versus forecasts of 450,000 jobs
  - The Consumer Price Index (CPI) increased 6.2% year-over-year, the highest year-over-year increase since 1990
- The Treasury curve closed the week flatter, with short-end yields higher and longer-maturity rates lower, as investors weighed the prospect of rate hikes being accelerated in 2022 given higher-than-anticipated inflation
- Investment grade and high yield borrowers took advantage of lower rates earlier in the week by pricing \$25 billion and \$14 billion, respectively
  - Year-to-date, \$439 billion of high yield debt has priced, the highest annual total on record, surpassing 2020’s record of \$432 billion
- The potential impact of inflationary pressures weighed on investment grade corporate spreads, which widened 2bps since last Wednesday’s Fed meeting, from 85bps to 87bps
  - High yield spreads were unfazed by the softer tone and benefited from higher oil prices, tightening 11bps, from 291bps to 280bps
- General Electric announced plans to split into three separate investment grade companies; the Healthcare business will be spun off by 2023, followed by the spin-off of the Power and Renewables business
  - The company will also pay down debt, offering to buy-back almost \$23 billion of bonds maturing through 2050
- Agency mortgage-backed securities (MBS) underperformed Treasuries, as an uptick in mortgage refinancings last week pushed spreads wider
- The House passed a \$1.2 trillion infrastructure package on Friday, pushing muni/Treasury ratios 1-3% lower across the curve

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
11/10/2021	0.52	1.22	1.55	1.95	1.91
MTD Change	0.02	0.03	0.00	-0.02	-0.03

MTD Excess Returns



Sources: 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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