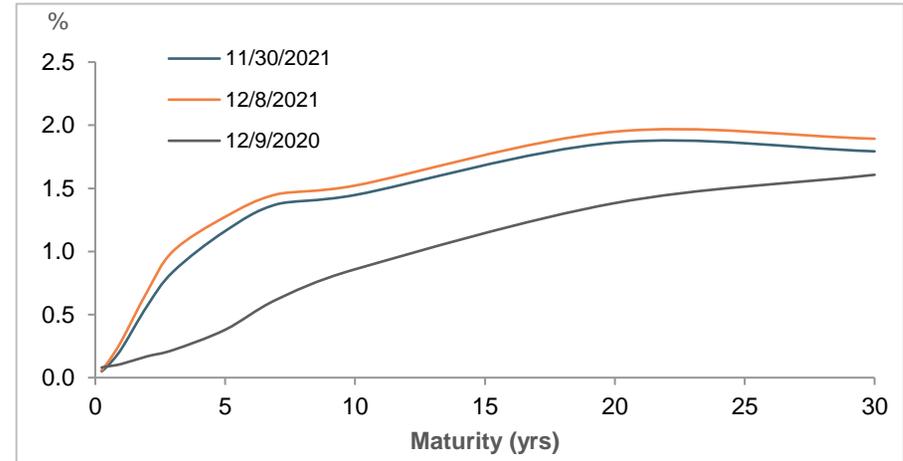




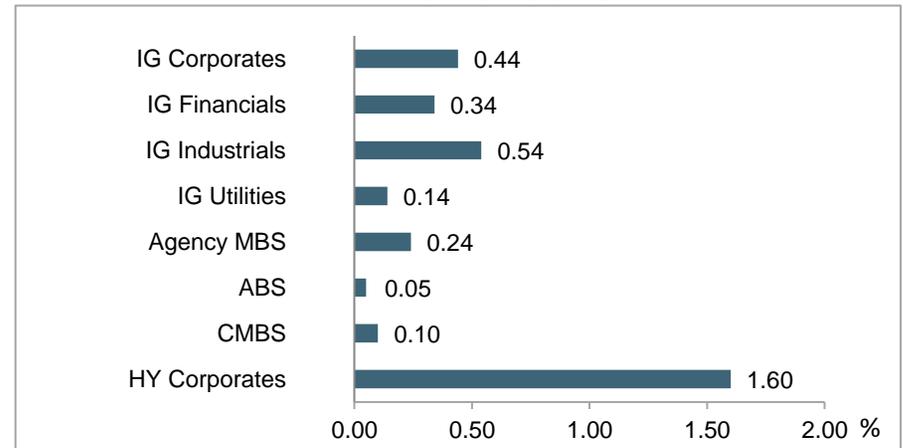
- Volatility in risk assets continued into December with varied economic data and news of renewed lockdowns due to the fast-spreading omicron variant
 - November’s nonfarm payroll report was weaker than expected, with 210,000 jobs added versus expectations of 550,000; while the unemployment rate ticked down to 4.2% from October’s 4.6%, the participation rate rose from 61.6% to 61.8%
 - ISM Manufacturing and Services PMIs rose 0.3 and 2.4 percentage points to 61.1 and 69.1, respectively, in November, with the Services PMI registering an all-time high
- The Treasury curve continued to bear flatten, with the 2-year up 11bps to 0.68% and the 10-year up 8bps to close at 1.52%, as investors expect the Federal Reserve to announce an increase in the speed of the taper at its meeting next week
- Investment-grade corporate issuers priced over \$38 billion, more than projections of \$20-25 billion; month-to-date volume pushed through \$60 billion, breaking 2014’s December record of \$57 billion
 - Despite the heavy supply, spreads tightened 4bps, from 99bps to 95bps
- Issuance in the high yield market reached \$5 billion, with 60% of the week’s volume pricing on Wednesday, the 8th amid a rally in equities and stabilizing oil prices, marking the busiest day in the primary market in three weeks
 - The yield on the Bloomberg High Yield Index decreased from 4.80% to 4.40% as investors waded back into sector after two weeks of outflows; spreads decreased by 43bps to 294bps
- Despite a quieter calendar, asset-backed securities (ABS) underperformed other securitized sectors, with year-to-date issuance over \$308 billion, an increase of 56% above last year’s pace
- Local and state municipalities have scheduled about \$21 billion in debt sales over the next 30 days, the largest amount of visible supply since October 2020 ahead of the presidential election

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
12/8/2021	0.68	1.28	1.52	1.95	1.89
MTD Change	0.11	0.11	0.08	0.09	0.10

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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