



### MARKET COMMENTARY

#### The Economy

The US recovery continued in April with the US leading the pack of major DM and EM markets in administering vaccines and towards herd immunity. Economic data remained supportive for markets, signaling robust activity, while keeping inflation fears at bay for now. Retail sales advanced to a historic high as the consumer is supported by fiscal stimulus, recent vaccinations and warmer weather. The manufacturing sector remains resilient with strong demand, particularly in a recovery of automobile orders of late, yet shortages in the semiconductor space have weighed on factory output. Demand in the housing market continues to be robust, however new and existing home sales have been held back by the lack of inventory. Supply chain disruptions have lengthened build times and increased the cost of materials.

#### Structured Markets

The ABS primary market priced \$23bn of new deals in April. Auto issuance led the ABS primary market with \$10.9bn of new issuance of which \$6.5bn was high quality prime auto collateral, \$3.2bn was lower quality subprime collateral and \$1.25bn was commercial fleet lease collateral. Esoteric ABS issuance continues to be well received by investors with \$7.8bn of issuance in April. Spreads across most major ABS sub sectors were modestly tighter with all major subsectors showing positive excess returns.

#### Corporate Credit Market

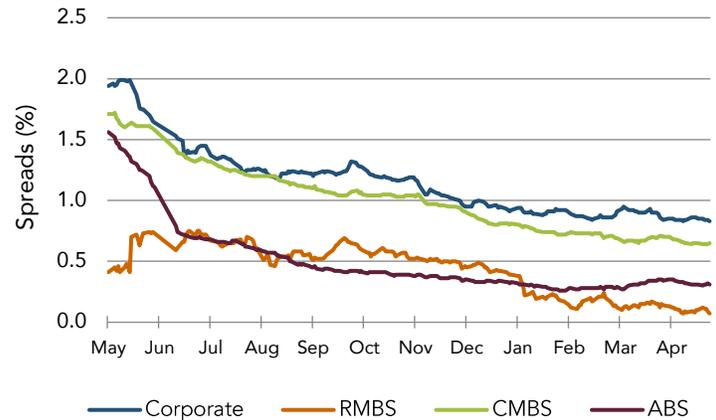
The Bloomberg Barclays Corporate Index tightened 2 basis points (bps) to end at 88 bps in April. Front-end spreads tightened as technicals drove rotations out the curve while banks looked to redeploy excess deposits into shorter liquidity products. Primary issuance came in at \$124bn during the month with street estimates calling for \$140-150bn in May.

#### Government Market

The 2-yr yield remained unchanged while the 5-yr yield decreased by 6 bps for the month of April. The 10-yr and 30-yr yields decreased by 4 bps each, in April.

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### SPREADS TO TREASURIES



### BLOOMBERG BARCLAYS BENCHMARK DATA

	Total Return MTD
1-3 Yr Gov/Credit	0.08%
Int. Gov/Credit	0.50%
Aggregate	0.79%
1-3 Yr US Tsy	0.04%
3-5 Yr US Tsy	0.36%
5-10 Yr US Tsy	0.86%
10-20 Yr US Tsy	2.12%
20+ Yr US Tsy	2.38%

### BLOOMBERG BARCLAYS AGGREGATE SECTOR DATA

	Total Return MTD	Excess Return* MTD	Current YTM
Corporates	1.11%	0.13%	2.21%
Financials	0.97%	0.26%	1.84%
Industrials	1.10%	0.03%	2.35%
Utilities	1.67%	0.42%	2.56%
RMBS	0.55%	0.11%	1.68%
CMBS	0.94%	0.39%	1.58%
ABS	0.14%	0.04%	0.49%
Agencies	0.42%	0.04%	0.85%

\*Month-to-date performance of spread bearing bonds versus duration-matched Treasuries