

Moves Across the Curve

Last week began with Treasury yields climbing due to strong economic data and additional fiscal and monetary action. As the week went on and the virus outlook worsened in the US and China, rates retraced lower, finishing nearly unchanged

Interest Rates	2- year	5- year	10- year	30- year	2s10s	Current 1mL	Current 3mL	SOFR
This Week Open	0.18%	0.32%	0.68%	1.43%	50 bps	0.18475%	0.29663%	0.09%
Weekly Change	+0 bps	+1 bps	-2 bps	+1 bps	-3 bps	-1 bps	-0 bps	+1 bps
YoY Change	-154 bps	-142 bps	-133 bps	-111 bps	+21 bps	-222 bps	-201 bps	-232 bps

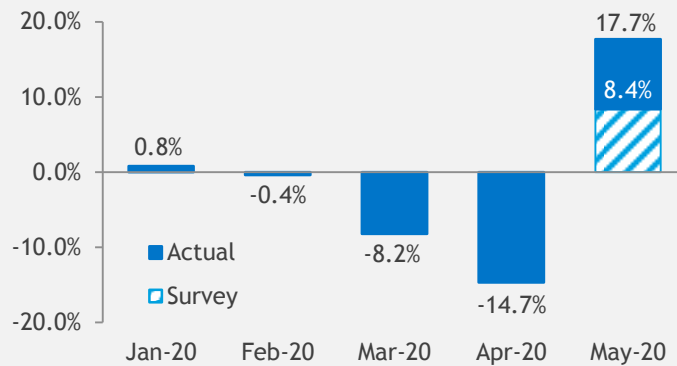
Key Economic Data

Economic Calendar	Actual	Survey	Prior / Revised
Retail Sales MoM	17.7%	8.4%	-14.7%
Empire Manufacturing	-0.2	-29.6	-48.5
Initial Jobless Claims	1508k	1290k	1566k
Continuing Claims	20544k	19850k	20606k

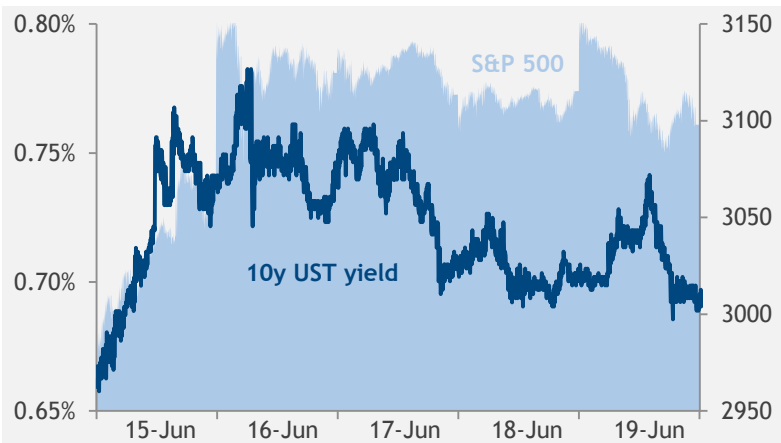
While millions of Americans are still seeking jobless claims, Retail Sales garnered headlines last week as **May printed the largest increase since 1992** and April's all-time low was revised upwards

Retail Sales

rebounding month-over-month stronger than estimates



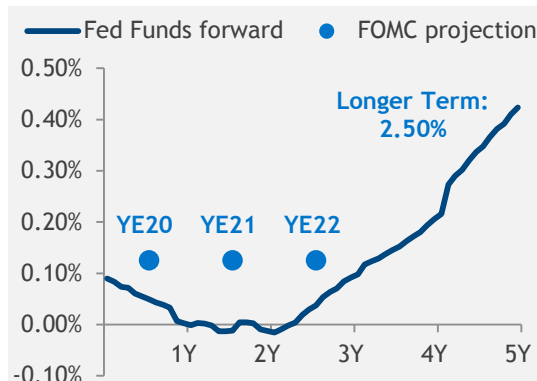
Noteworthy Events



- Developments on **additional fiscal stimulus** coupled with the **Federal Reserve announcing it will purchase corporate bonds** under an existing emergency lending program **drove risk assets higher** throughout Monday
- The **risk-on trade paused on virus fears** as Beijing escalated their COVID-19 response to Level 2 amid a resurgence of the virus and cases in Texas and Florida rose above their 7-day averages
- Fed Chair Powell's two-day Congressional testimony (Tues/Weds) echoed much of the same rhetoric from his press conference following June's FOMC meeting

FOMC Forward Guidance

- Chair Powell reiterated the Fed is **"not thinking about thinking about rate hikes"** in Wednesday's testimony
- He continued to **dismiss negative rates as "not appropriate" for the US** which has markets speculating whether yield curve control may be the next tool the Fed utilizes



- Last week numerous Fed speakers emphasized a decision has not been made to go forward with yield curve control
- However, the FOMC projecting rates on hold through 2022 is **effectively controlling front end yields** and has seen the 2y UST trade in a much tighter range than longer tenors

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