

Moves Across the Curve

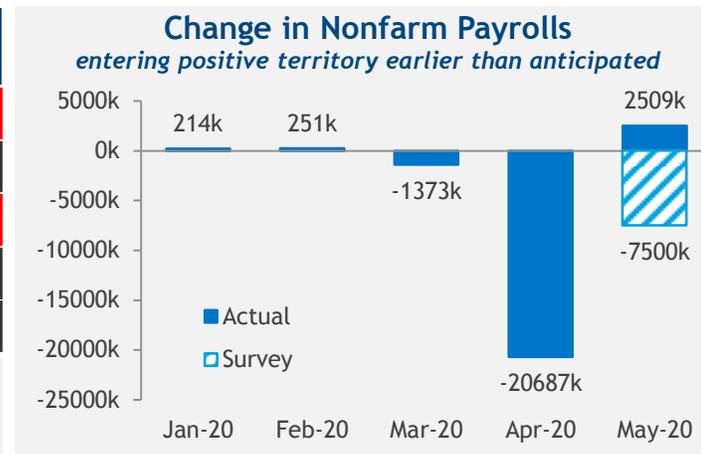
Last week, risk assets moved higher on optimism that a US recovery could be ahead of schedule. The yield curve steepened meaningfully with the 10-year Treasury trading in a 30 bp range before closing the week 27 bps higher

Interest Rates	2- year	5- year	10- year	30- year	2s10s	Current 1mL	Current 3mL	SOFR
This Week Open	0.21%	0.46%	0.90%	1.69%	69 bps	0.17663%	0.30975%	0.07%
Weekly Change	+6 bps	+17 bps	+27 bps	+29 bps	+21 bps	-0 bps	-3 bps	+1 bps
YoY Change	-168 bps	-145 bps	-124 bps	-93 bps	+44 bps	-223 bps	-214 bps	-231 bps

Key Economic Data

Economic Calendar	Actual	Survey	Prior / Revised
Change in Nonfarm Payrolls	2509k	-7500k	-20687k
Unemployment Rate	13.3%	19.0%	14.7%
Initial Jobless Claims	1877k	1833k	2126k
ISM Manufacturing	43.1	43.8	41.5
Markit US Manufacturing PMI	39.8	40.0	39.8

Last week's data showed the impact of state shutdowns lifting and restaurants re-opening as **Payrolls rebounded and Unemployment Rate declined for the first month since entering shutdown**



FOMC Preview

Meeting Expectations		Items of Focus
Rate Decision	Rates Unchanged	<ul style="list-style-type: none"> ➤ Despite last Friday's strong jobs numbers, the Fed is expected to keep rates on hold near zero at this Wednesday's decision ➤ Markets will closely watch Fed Chair Powell's press conference following the rate decision for hints on how much more stimulus, if any, he thinks will be needed ➤ While the Fed has continued to push back against negative rates over recent weeks, market participants will look for any forward guidance or further discussions of yield curve control in which the Fed would target rates via Treasury asset purchases
Fed Funds Target Rate	0.00% - 0.25%	
FOMC Vote	Expected unanimous	

Noteworthy Events

- Market optimism surrounding the re-opening of the economy coupled with a surge of long-dated corporate new issuance drove a steepening of the yield curve
- The spread between 5y and 30y yields reached the highest level (+128 bps) since 2017



- The 10y yield broke out of the 0.54% - 0.78% trading range it had maintained since March 30th
- President Trump's remarks Friday afternoon threatening reciprocal tariffs on China retraced the climb in yields earlier in the day that followed the blowout jobs numbers

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