

MACRO

As widely anticipated, the Federal Reserve lowered the fed funds rate by 25 basis points (bps) at the November Federal Open Market Committee (FOMC) meeting.

While an additional 25-bp cut remains probable at the December FOMC meeting, recent economic data has consistently come in stronger than projected, increasing the likelihood of a more gradual easing cycle in 2025.

U.S. Treasury yields moved higher immediately following the U.S. election in early November; however, by the end of the month yields trended lower, resulting in a flatter curve.

CREDIT

New-issue markets were somewhat dormant ahead of the election and the November FOMC meeting, but picked up significantly after those key events and ended the month with close to \$100 billion in new supply.

December is typically one of the slowest months of the year for new issuance. Consensus forecasts approximately \$40 billion in new issuance for the month.

Credit markets performed well in November as spreads rallied post-election.

STRUCTURED

In November, mortgage-backed securities benefited from decreased levels of interest rate volatility and posted the best monthly excess return of the year at 56 bps.

Asset-backed security issuance has already set an annual record. Investor demand seems to remain unwavering as recent auto-backed deals were significantly over-subscribed.

CHART OF THE MONTH

Citi Economic Surprise Index, United States



- > The Citi Economic Surprise Index measures data surprises relative to market expectations; a positive reading implies data releases were stronger than expected whereas a negative reading corresponds to weaker-than-expected releases.
- > After a slew of negative reports during the summer months, data releases this fall have consistently exceeded expectations.

As of 11/30/24. Source: Bloomberg L.P.

MARKET DATA

Yields	YTM %	MTD Change	QTD Change	YTD Change
3-Mo UST	4.49	-0.06	-0.14	-0.85
2-Yr UST	4.15	-0.02	0.51	-0.10
5-Yr UST	4.05	-0.11	0.49	0.20
10-Yr UST	4.17	-0.12	0.39	0.29
30-Yr UST	4.36	-0.11	0.24	0.33
Risk Premia	OAS (Bps)	MTD Change	QTD Change	YTD Change
Investment Grade Credit	74	-5	-10	-19
Asset-Backed Securities	45	-10	-19	-23
High Yield	266	-16	-29	-57

As of 11/30/2024. Source: Bloomberg L.P.

## [ BLOOMBERG SECTOR/INDEX PERFORMANCE (USD) ]

	Duration (yrs.)	MTD Excess Return (%)	YTD Excess Return (%)	MTD Total Return (%)	YTD Total Return (%)
<b>Sector</b>					
Investment Grade Credit	6.77	0.44	2.31	1.27	3.99
Mortgage-Backed Securities	5.84	0.56	0.55	1.33	2.89
Asset-Backed Securities	2.65	0.31	1.46	0.70	5.07
High Yield	2.93	0.71	5.23	1.15	8.66
<b>Index</b>					
1-3-Yr Government/Credit	1.76	0.04	0.26	0.34	4.13
Intermediate Government/ Credit	3.67	0.11	0.69	0.62	3.64
U.S. Aggregate	6.06	0.28	0.85	1.06	2.93

*As of 11/30/2024. Source: Bloomberg L.P.*

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