

RATE ENVIRONMENT

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THE MARKETS

Stocks rallied for a second consecutive week, boosted by optimism that parts of the economy may begin reopening in coming days. The Nasdaq gained 6.1% to 8,650 while the S&P 500 advanced 3% to 2,874. Gains were paced by consumer discretionary (7.9%) and health care (6.1%). For the twelve month period ending April 17, the Nasdaq Composite is up 9.4%. Treasury yields traded near the bottom of their recent range despite the stock rally, as fixed-income investors remain skeptical about the recovery. The benchmark 10-year note closed at 0.65%, near the record close of 0.50% on March 9. Oil prices slid to an 18-year low, with the pandemic erasing demand for fuel. Fed officials expressed mixed opinions about the outlook. Fed St. Louis president Bullard said the economy should recover strongly if the government and businesses respond forcefully, while Philadelphia Fed leader Harker said he doesn't expect a snapback once the all-clear signal arrives from health experts.

THE ECONOMY

Retail sales dropped 8.7% after slipping 0.4% in February. Industrial production fell 5.4% in March, bringing capacity utilization down to 72.7%, the lowest since 2010. Building permits declined 6.8% to 1.4 million and leading indicators were down 6.7%.

Existing home sales are expected to decrease 6.8% to 5.4 million as new home sales plunge 15% to 650,000. Look for a 4.9% drop in durable goods orders as the University of Michigan's sentiment index is down 4 points to 67.6.

KEY RATES

Issue	Value	Last Week	Issue	Value	Last Week
Fed Funds	0.25%	0.25%	2-Year Agency	0.31%	0.34%
Prime	3.25%	3.25%	5-Year Agency	0.57%	0.59%
2-Year Treasury	0.20%	0.23%	15-Year MBS	1.32%	1.09%
5-Year Treasury	0.36%	0.41%	30-Year MBS	1.80%	1.69%
10-Year Treasury	0.65%	0.73%	3-Month LIBOR	1.13%	1.31%

Source: Bloomberg

INTEREST RATE SWAPS / CAPS / FLOORS

Buyer Pays Fixed- Indications only based on quarterly settlements

Term	SWAP		CAP		FLOOR	
	90-Day LIBOR	PRIME	90-Day LIBOR (0.75%)	90-Day LIBOR (1.50%)	90-Day LIBOR (0.75%)	90-Day LIBOR (1.50%)
1-Year	0.55%	3.25%	0.03%	0.02%	0.51%	1.24%
2-Year	0.42%	3.22%	0.14%	0.04%	1.01%	2.43%
3-Year	0.40%	3.32%	0.36%	0.15%	1.59%	3.64%
5-Year	0.49%	3.41%	1.21%	0.59%	2.70%	5.84%

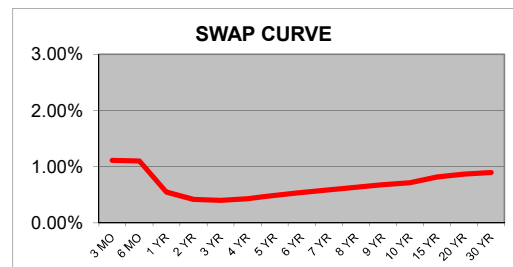
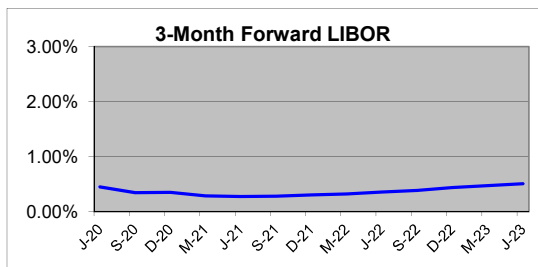
Source: Bloomberg

OTHER INDICATORS

	Value	% Change YTD		Value	% Change YTD
OIL (30 day futures)	\$ 18.27	-70.08%	Dow Jones Ind Avg	24,242.49	-15.05%
Commodities (CRB Index)	\$ 123.80	-33.36%	NASDAQ	8,650.14	-3.59%
EURO (spot)	\$ 1.087	-3.06%	S&P 500	2,874.56	-11.00%

Source: Bloomberg

YIELD CURVES



Source: Bloomberg

IN THE NEWS

Financial institutions are putting the brakes on preparations for the end of Libor, industry sources say, because they are too busy with the coronavirus to deal with the complexities of interest rate benchmarks. Global regulators have said they want to stick to the current end-2021 deadline for scrapping Libor. "We just focus on the facts as we know them. Obviously anything can happen – these are very challenging times – but from the information that we have today, it remains clear that we should be going down the tracks by the end of 2021," said Tom Wipf, chair of the Alternative Reference Rates Committee, which is working on the transition. *Reuters*