The Great Reception: Capital Markets

THE LEAD | March 4, 2021

We continue our special series on The Great Reception, a year that's welcoming all investors. This week we look at the capital markets: funds flow, asset behavior and deal quality.

With each passing day, the light at the end of the COVID tunnel grows brighter. That newfound optimism has put upward pressure on interest rates.

As our Chart of the Week shows, the ten-year Treasury is up 70 bps, while investors anticipate an earlier Fed rate hike, now mid-2024.

Higher rates have chilled high-yield bond funds. There have been $4 billion of redemptions six of the past seven weeks, per S&P LCD. Bond volume is also off, from $60 billion last June to $24 billion so far this month….

?? Read Feb 22 2021 newsletter: here

?? Chart of the Week: here (by *Alpine Macro (posted on DailyShot.com)*)