

# Chart of the Day

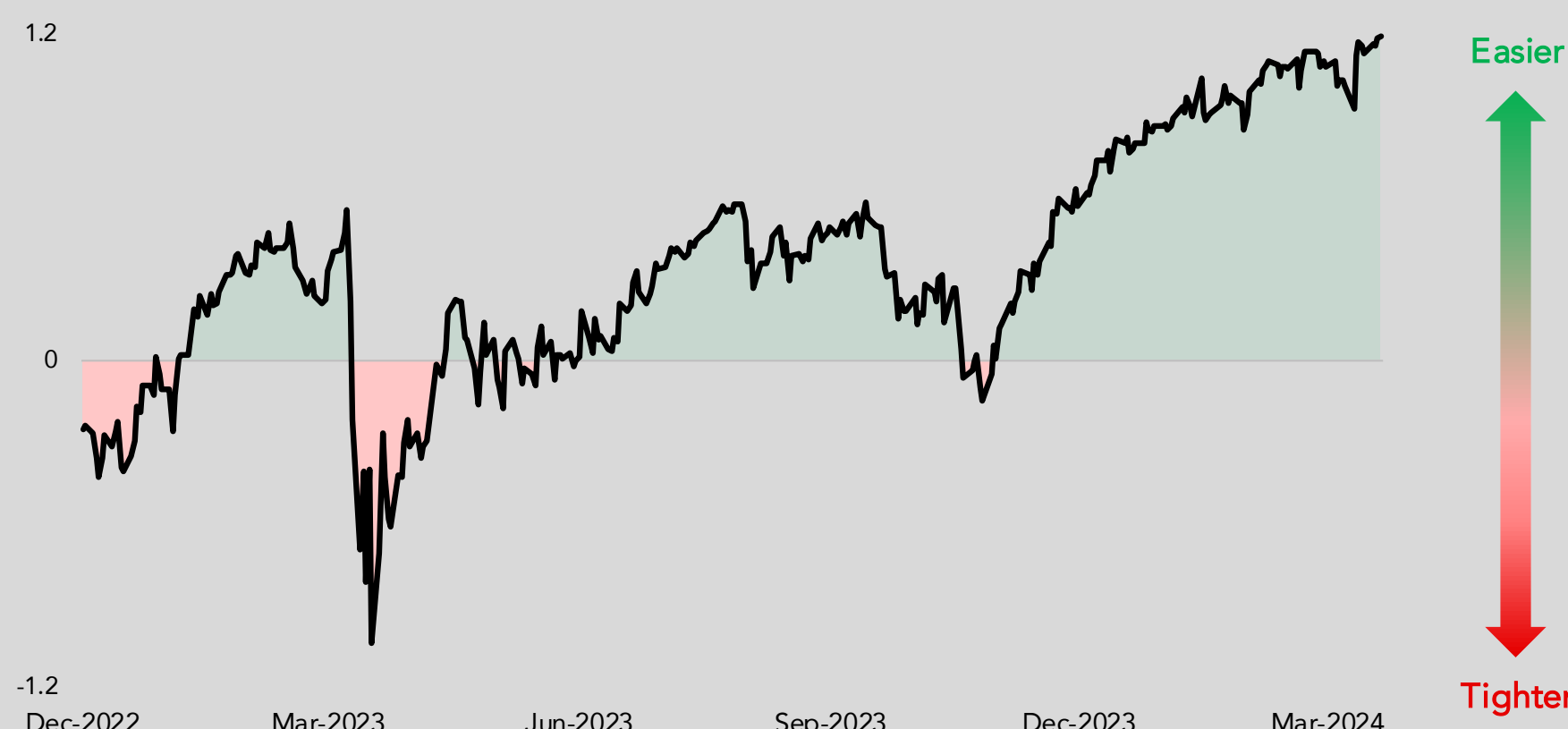


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In the most active week for G10 Central Banks in 2024, the Fed increased their 2024 growth forecast for the US economy from 1.4% to 2.1%, further evidence of a largely unexpected “soft landing” for the US economy. The SNB, BOJ, Fed and BOE were all more “dovish” this week than anticipated, with the SNB notably becoming the first G10 CB to cut rates in the cycle. The combination of “soft landing” + rate cuts have re-energized the risk-on sentiment in markets.

### US financial conditions index

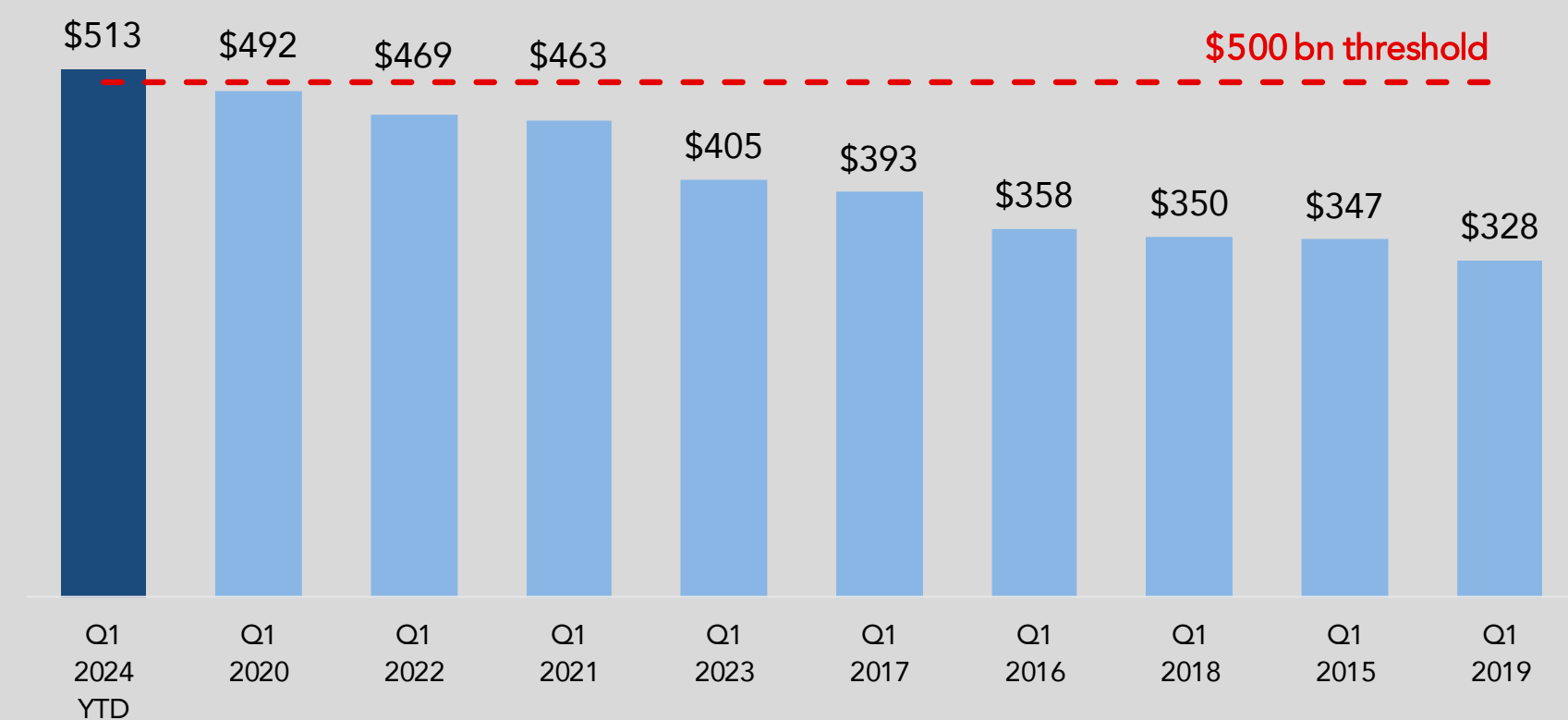


Against this backdrop, investment grade corporates issued a record amount of USD IG bonds in Q1, issuing over \$500 bn year to date. Q1 2024 was the largest first quarter of IG issuance on record, the second largest quarter ever, and the first Q1 period to exceed \$500 bn of issuance. To date, USD IG markets have already issued nearly 40% of MUFG’s full year 2024 volume projection of \$1.35 tn.

### All time largest Q1 USD IG issuance, bn

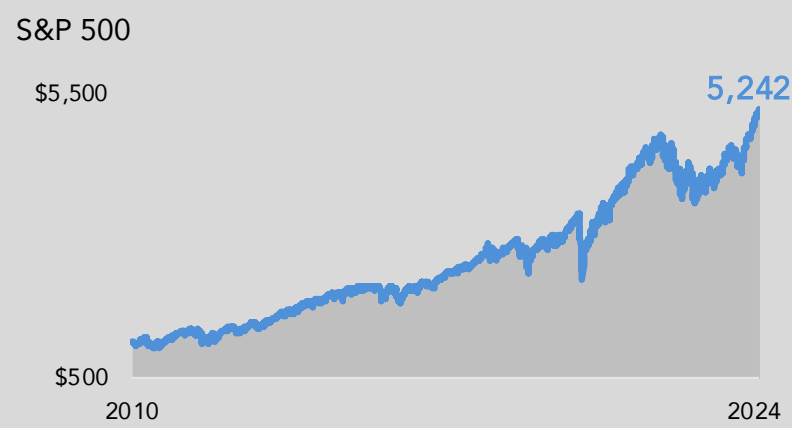
#### Largest Q1 on record

(First Q1 > \$500 bn)

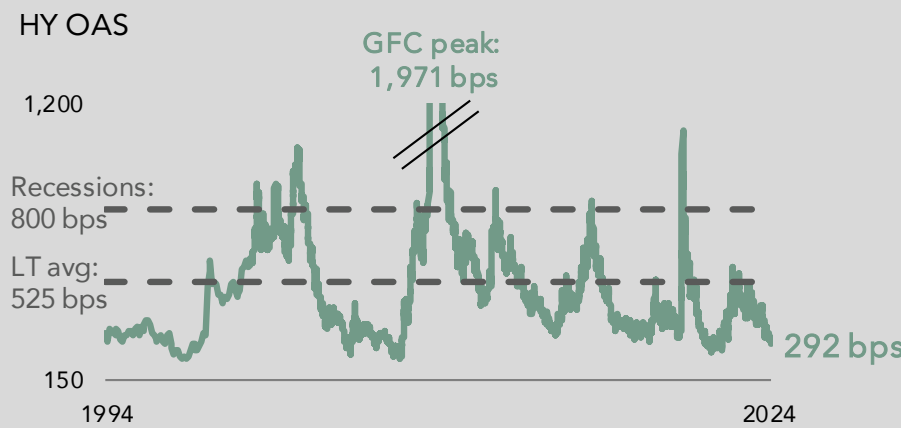


Historically, markets rally during this “sweet spot” period between the last rate hike of a cycle, and the early transition period of policy easing, and the past five months have been no exception. Equities have rallied to new record highs, rates have moved lower in anticipation of policy cuts, credit spreads are well below LT averages, and energy prices have actually declined despite the backdrop of elevated geopolitical risk.

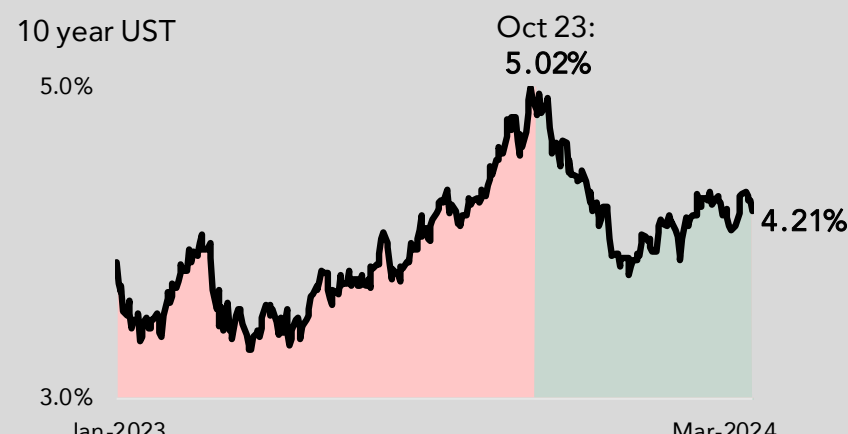
### Equities trading at record highs



### HY credit spreads nearly 250 bps below LT averages



### UST rates rallying lower since Q4



### Energy prices lower despite geopolitical risk



Source: (1) Bloomberg. Index is Bloomberg US Financial Conditions Index. Data as of March 22, 2024. (2) CFR. Data as of March 21, 2024. (3-6) Bloomberg. Data as of March 22, 2024.

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“Macro stability isn’t everything, but without it, you have nothing.”