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### ***Volatility Persists***

#### **Rates Continue to Move Up, Global Equities Flat YTD With Increased Volatility**

Interest rates continued to increase throughout February. Immediate annuity rates were 2.94% at the start of the month and ended at 3.03%; deferred rates moved up from 3.07% to 3.17%. By the end of February, both rates were up roughly 30 basis points.

This increase is almost entirely due to rising treasury rates, as the 10 year treasuries rose by 35 basis points and the 30 year by 28 basis points. March Treasury rates have moved in a tight range as the 10 year closed each day between 2.81% and 2.90% and the 30 year range was 3.05% to 3.15%.

Could this be the calm before the storm? The Fed meets for the first time with Jerome Powell at the helm to consider a widely anticipated March increase and to deliberate three versus four increases this year and beyond. Congress faces yet another government funding deadline on Saturday.

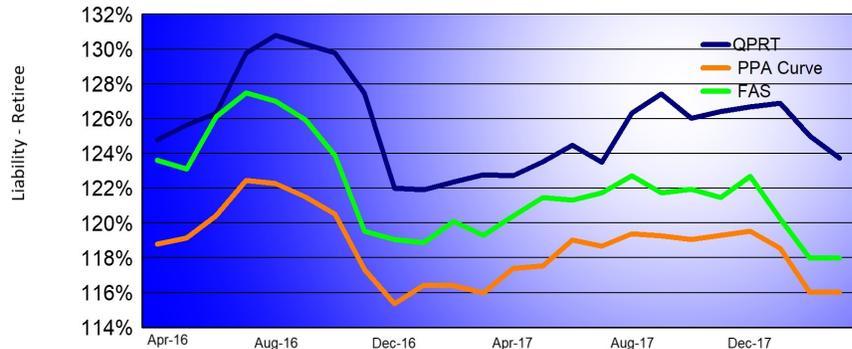
Large market indexes, both US and Foreign, are flat for the year and continue to exhibit a much higher level of volatility than we saw prior to 2018. More recent focus centers around investor concerns over trade wars given President Trump's plan to impose tariffs on certain imports.

#### **Implications for PRT**

The annuity price continues to improve for plan sponsors as a 30 basis point increase in rates roughly translates to a 2.5% improvement in price for a typical retiree only bid, and more than a 4% reduction in price for an all deferred group.

### **QAS Pension Risk Transfer 1000 Index©**

Apr 2016 to Mar 2018 - Relative Price PRT v. PPA Curve - FAS



Index Base = 100.0 - Sept 2007  
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#### **What Should Plan Sponsors Do?**

Now is the time for Plan Sponsors to work with a PRT advisor to develop and execute a plan. The potential for higher rates and a volatile stock market fits well with QAS's tactical advisory approach.

#### **Rates**

We'll know more in just a few days. 10 and 30 year treasuries closed down just a bit as of the writing of this newsletter. The 2 year treasury was up about 10 basis points, consistent with our February comment that Fed actions have had a bigger impact on the short end of the curve.

<b>PRT Trax Index +/-</b>	
12 mo Hi-Lo %	+/- 3.9%
YTD % Δ	- 2.8%
3 mos % Δ	- 2.8%
1 mo % Δ	- 1.0%

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<b>Date</b>	<b>Immediate</b>	<b>Deferred</b>
February 1, 2018	2.94%	3.07%
March 1, 2018	3.03%	3.17%

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