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## October 2019

# September Annuity Purchase Rates Rebound on Rise In Treasuries

Liability - Retiree

Purchase rates were up in September. The immediate annuity purchase rate increased from 2.04% to 2.23% for an increase of 19 basis points, the deferred purchase rate increased from 2.27% to 2.48%, an increase of 21 basis points. The highest rate for immediate annuities was 2.52%, up from 2.40% in August, while the highest deferred rate was 2.70%, up from 2.60%.

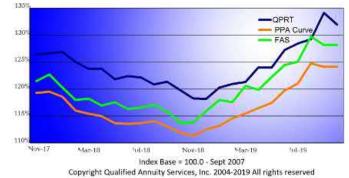
In September, the treasury curve increased above the August lows but still remains below recent levels. The ten year treasury yield increased from 1.50% to 1.68%, an increase of 18 basis points, while the 30 year treasury yield increased from 1.96% to 2.12%, an increase of 16 basis points. The two year treasury yield increased from 1.50% to 1.63%, a 13 basis point increase. Slight inversions remain on the short end of the treasury curve.

US and Foreign Equity markets were up in September. The S&P 500 was up 1.49% while aggregate foreign market indexes were up 2.14%. Year-to-date at the end of September the S&P 500 was up just under 19% while aggregate foreign markets were up roughly 9.5%. In October, we have seen the S&P 500 up over 2.25% while foreign markets are up nearly 3.50%. Impeachment talks, presidential primaries, continuing turmoil in the Middle East and Brexit uncertainty are better received by the markets than the China trade war.

### Equities Are Up and Rates Have Rebounded a Bit. Is it Time to Buy An Annuity?

With the S&P 500 at a new record high, foreign equities at their highest level in over a year and rates having rebounded a bit from their August lows, now might be a good time to see if it makes sense to purchase a group annuity contract. For more information give QAS a call.

QAS Pension Risk Transfer 1000 Index©



#### Rates

The Fed dropped the Fed Funds Target Range by 25 basis points to 1.75-2.00% at last month's meeting. The Fed also meets later this week to deliberate further. According to the CME Fed Watch Tool, there is a 94% chance of a drop at this month's Fed Meeting. There is a 17% chance of another drop by the end of the year and roughly a 5% chance of an increase.

Since the end of September, long treasury rates have continued to rebound with the Ten Year up 12 basis points at 1.80%, and the 30 Year up 18 basis points to 2.29%. The Two Year is unchanged at 1.63%.

PRT Trax Index +/-	
12 mo Hi-Lo %	+/- 13.5%
YTD %	+ 11.6%
3 mos %	+ 2.7%
1 mo %	- 1.6%

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