

December 2019 Vol. XIX, No. 12

Happy Holidays!

November Annuity Purchase Rates Virtually Flat to September, Equities Up

iability - Retiree

The Purchase rates were virtually flat in November continuing the October trend. The immediate annuity purchase rate was up four basis points from 2.23% to 2.27%, while the deferred purchase rate declined two basis points from 2.50% to 2.48%. The highest rate for immediate annuities was 2.55%, down slightly from 2.57%, while the highest deferred rate was 2.65%, up slightly from 2.63%.

In November, the treasury curve increased. The Ten Year treasury yield increased from 1.69% to 1.78%, an increase of nine basis points, while the Thirty Year treasury yield increased from 2.17% to 2.21%, an increase of four basis points. The Two Year treasury yield increased from 1.52% to 1.61%, a nine basis point increase. Yields were generally flat five years and in, then upward sloping.

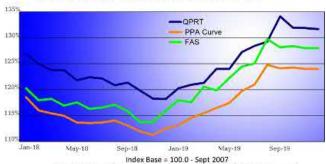
US and Foreign Equity markets were up in November. The S&P 500 was up 3.63% while aggregate foreign market indexes were up 0.99%; year-to-date at the end of November the S&P 500 was up 25.6% while aggregate foreign markets were up roughly 14.3%. In December, we have seen the S&P 500 up another 1.7%, while foreign markets are up over 3.7%. Impeachment hearings have led to scheduling of votes, presidential caucuses and primaries are just a few weeks away. Brexit appears to be going ahead after the Boris Johnson landslide victory, progress on the trade war with China continues to be well received by the markets, and the Fed remains in a neutral stance on short term rates.

Good time to Add PRT to Your Holiday Wish List?

Santa has been nice to equity investors this year with the S&P 500 return approaching 30% for the year and foreign markets up over 18%. As you are finalizing your business plans for next year putting PRT on the list makes a lot of sense. There is no telling when the Grinch will return. For more information give QAS a jingle.

QAS Pension Risk Transfer 1000 Index©





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Rates

After dropping rates three times earlier this year, at this month's meeting the Fed left the Fed Funds Target Range unchanged at 1.50-1.75% and penciled in no changes for 2020. According to the CME Fed Watch Tool, there is a 100% chance of no change at the next Fed meeting in January. However, looking out to the end of 2020, the Fed Watch tool predicts a 51% chance of at least one rate drop (down from 67% about a month ago).

Since the end of November, treasury rates have continued to increase slightly with the Ten Year up 9 basis points at 1.89%, the 30 Year up 9 basis points to 2.30%, and the Two Year up 4 basis points at 1.65%.

PRT Trax Index +/-	
12 mo Hi-Lo %	+/- 13.2%
YTD % Δ	+ 11.4%
3 mos % Δ	+ 1.8%
1 mo % Δ	- 0.2%

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