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### Rebounds and Re-Openings With Low Rates

Purchase rates decreased slightly in April. The immediate annuity purchase rate was down 6 basis points from 1.96% to 1.90%, while the deferred purchase rate was down 1 basis point from 2.20% to 1.19%. The highest rate for immediate annuities was 2.67%, down 13 basis points, while the highest deferred rate was 2.49%, down 17 basis points.

April treasury yields continued to fall. The 10 Year treasury yield decreased from 0.70% to 0.64%, a decrease of 6 basis points, while the 30 Year treasury yield decreased from 1.35% to 1.28%, a decline of 7 basis points. The Two Year treasury yield fell from 0.23% to 0.20%, a 3 basis point decrease. Corporate spreads tightened during April as 10 year spreads on Moody's Seasoned BBB narrowed 70 basis points and Moody's Seasoned Aaa narrowed 29 basis points.

US and Foreign equity markets were up significantly in April. The S&P 500 was up 12.8% while aggregate foreign markets were up 7.6%. Year-to-date at the end of April the S&P 500 was down 9.7% while foreign markets were down roughly 18.9%. During May, stocks have continued to rebound with the S&P 500 and foreign markets both up between 1-2%, volatility remains high. The news, although still grim, is improving. All states have begun re-openings of closed businesses, but in phases. Unemployment is soaring. News of treatment breakthroughs and progress on vaccines drive the market up while localized outbreaks and fear of the second wave drive the markets down. Democrats are pushing for a fourth stimulus package priced over \$3 trillion, while Republicans wait to see how the first three pan out.

#### Life Insurer Credit Update

While we are not entirely out of the woods, here is a little of what we've seen in quarterly updates from insurers who are public companies: a) mortality losses were modest and will continue to be modest for the severity expected in the US; b) credit losses may be more of a downgrade concern (thus increasing required capital) than a loss concern (lowering the amount of capital); c) these issues will emerge throughout Q2 and Q3 earnings hits

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from mark-to-market sectors of the portfolio; d) expect higher second quarter losses due to delayed reporting of certain Q1 asset classes. These may be offset by recoveries which have materialized since the end of March. Low rates may challenge some insurers and expect many to take charges in Q3 on assumption updates. If treasuries stay low and spreads continue tightening, we may see some charges due to rates. For more information, give QAS a call.

#### Rates

Since the end of April, treasury rates have made a very modest rebound. The 10 year yield is up to 0.73%, while the 30 year yield is 1.44%. The 2 year treasury is 18 basis points. The Moody's Seasoned Baa Spreads have widened 18 basis points since the end of April, while the Moody's Seasoned Aaa Spreads have widened by 7 basis. Stay safe. Stay healthy.

PRT Trax Index +/-	
12 mo Hi-Lo %	+/- 12.7%
YTD %	+ 3.4%
3 mos %	+ 0.8%
1 mo %	+ 0.7%

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Date	Immediate	+/-	High	+/-	Deferred	+/-	High	+/-
May 2020	1.90%	-0.06%	2.80%	-0.13%	2.19%	0.01%	2.49%	-0.17%