

## A Variant of Concern, Equities Up, Yield Curve Flattening

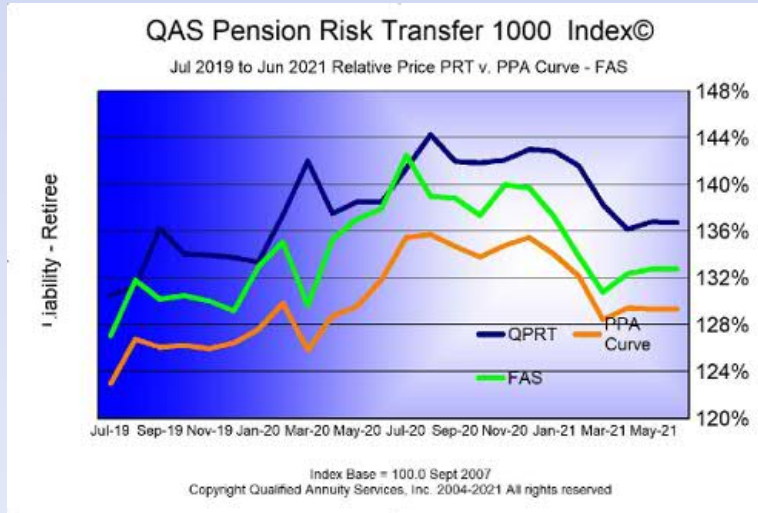
Purchase rates were generally down slightly in May. The immediate annuity purchase rate was down 4 basis points from 2.16% to 2.12%, while the deferred purchase rate was flat at 2.43%. The highest rate for immediate annuities was down 6 basis points to 2.55%, while the highest deferred rate was down 3 basis points to 2.85%. Decreasing treasury rates were again the main driver.

At the end of May, US Treasury bond yields were down from the end of April. The Ten Year treasury yield decreased from 1.65% to 1.58%, a decrease of 7 basis points, while the Thirty Year treasury yield decreased from 2.30% to 2.26%, a decrease of 4 basis points. The Two Year treasury yield was down 2 basis points to 0.14%. During the month of May, the ICE BofA BBB US Corp Index Option Adjusted Spread tightened by 4 basis points to 1.13%.

US and Foreign equity markets were both up in May. The S&P 500 was up roughly 0.7% while aggregate foreign markets were up around 3.1%. Since the end of May, US markets are up about 1% while aggregate foreign markets are down about 1%. Year-to-date US markets are up 13% while foreign markets are up 9%. The US vaccine rollout continues to go well, although President Biden's goal of 70% of adults getting at least one dose by July 4th will fall short, mainly due to younger adults not getting the vaccine in large enough numbers. The Delta variant, originally from India, is expected to be the more dominant strain in the US in the coming weeks. It is more infectious and some early studies have shown there is a higher risk of hospitalization, however, fully vaccinated individuals are believed to be well protected.

### A Good Time for a PRT Estimate

With both US and Foreign stock markets up, and interest rates up year-to-date, it's a very good time to check with a PRT advisor about a PRT transaction. A 60/40 portfolio with US and Foreign equity in about a two to one ratio, and the fixed being cash matched, would see about a 10% improvement from the end of last year. If you'd like a quote specific to your plan, give QAS a call.



### Rates

At its June meeting the Fed announced it has penciled in two rate hikes in 2023, earlier than its prior guidance. This has created some uncertainty since the Fed had previously maintained that the increase in inflation was transitory as we come out of the virus induced recession. Since the end of May, treasury rates have flattened. The 10 year yield decreased 10 basis points to 1.48%, while the 30 year yield decreased 16 basis points to 2.10%. The 2 year treasury is up 11 basis points to 0.25%. The ICE BofA BBB US Corp Index Option Adjusted Spread has tightened 5 basis points since the end of May. Stay healthy.

PRT Trax Index +/-	
12 mo Hi-Lo %	+/- 5.9%
YTD % Δ	- 4.40%
3 mos % Δ	- 1.10%
1 mo % Δ	+ 0.00%

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Date	Immediate	+/-	High	+/-	Deferred	+/-	High	+/-
June	2.12%	-0.04%	2.55%	-0.06%	2.43%	-0.03%	2.85%	-0.03%