

Fed Indicates Tapering of Stimulus, Yield Curve Flattens

Purchase rates were up slightly in August. The immediate annuity purchase rate was up 4 basis points from 1.82% to 1.86%, while the deferred purchase rate was up 5 basis points from 2.08% to 2.13%. The highest rate for immediate annuities was up 6 basis points to 2.24%, while the highest deferred rate was up 5 basis points to 2.35%. Increasing treasury rates were the main driver.

At the end of August, US Treasury bond yields were up slightly from the end of July. The 10 Year treasury yield increased from 1.24% to 1.30%, an increase of 6 basis points, while the 30 Year treasury yield increased from 1.89% to 1.92%, increasing 3 basis points. The 2 Year treasury yield was up 1 basis point to 0.20%. During August, the ICE BofA BBB US Corp Index Option Adjusted Spread widened by 1 basis point to 1.14%.

US and Foreign equity markets were up in August. The S&P 500 rose 3% in August while aggregate foreign markets gained just under 1.5%. Year-to-date US markets were up 21% while foreign markets rose 9.5%. Since August, markets have fallen with the US markets down 1.6% and foreign markets down 1.8%. The vaccine news is good with booster shot approvals and more children expected to soon be eligible. New cases, deaths and hospitalizations remain high largely amongst the unvaccinated. As vaccine mandates expand, legal challenges are being filed. Evergrande Group, China's second largest property developer with \$300 billion in debt, is on the brink of default raising concerns for ripple effects on Chinese and Global economies. The US again faces a debt ceiling limit amid intra party bickering over tens of thousands of people crossing at the Southern border and the \$3.5 trillion spending package. The Fed signaled its plan to cut back asset purchases if the economy continues to strengthen. According to the CME FedWatch Tool, futures are indicating at least one 25 basis point move in the Fed Funds rate in the next year.

Does Experience Matter When Choosing a PRT Advisor?
Tom Brady threw 5 touchdown passes last Sunday, Zach Wilson threw 4 interceptions. Tom was disciplined in his



approach, his inherent skills developed and honed by 20 years in New England. Zach, a rookie, has tremendous skills but lacks experience in a good organization. Our PRT Advice results from more than 30 years of experience and many deals for billions of dollars. This evokes strong discipline to our practice. We can meet the rigorous demands for sound ERISA governance to implement PRT strategies. Now is the time to engage QAS as your PRT Advisor.

Rates

Since the end of August, the 10 year treasury yield increased 11 basis points to 1.41%, the 30 year yield is unchanged at 1.92% and the two year is up 7 basis points to 0.27%. The ICE BofA BBB US Corp Index Option Adjusted Spread has tightened 5 basis points since August. Stay healthy.

PRT Trax Index +/-	
12 mo Hi-Lo %	+/- 5.00%
YTD % Δ	- 2.50%
3 mos % Δ	+ 1.90%
1 mo % Δ	- 0.40%

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Date	Immediate	+/-	High	+/-	Deferred	+/-	High	+/-
September	1.86%	+0.04%	2.24%	+0.06%	2.13%	+0.05%	2.35%	+0.05%

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