Monthly Market Commentary

February 2025

Overview

February was marked by U.S. tariff news, geopolitical tensions and market volatility. Tariffs on Mexico and Canada, originally announced by the Trump administration to go into effect in early February, were delayed until March as both countries pledged to dedicate more resources to reduce intracontinental drug flow. In response to the U.S. tariffs, Canada and Mexico threatened retaliation, prompting President Donald Trump to vow increased matching tariffs. Already tense European relations deteriorated further as President Trump threatened to impose 25% tariffs on the European Union (EU). The U.S. dollar, as measured by the U.S. Dollar Index, fell from 108.4 on Jan. 31 to 106.3 on Feb. 25 before closing the month out only slightly lower at 107.6.

Furthering the split between the U.S. and Europe, Ukraine President Volodymyr Zelensky was removed from the White House after a heated exchange during a meeting over a highly anticipated minerals deal that many had hoped would lead to an end to the Russia-Ukraine war. Equities, as measured by the S&P 500 Index, returned negative 1.30% on the month versus 1.41% for non-U.S. equities, as measured by the MSCI All Country World Index ex U.S. *(Figure 1)* U.S. fixed income, as measured by the Bloomberg US Aggregate Bond Index, returned 2.20% as U.S. Treasury yields rallied across the curve. The two-, 10- and 30-year yield fell 21, 33 and 30 basis points (bps), respectively, impacted by rising geopolitical tensions and a potential slowdown in global growth.

Over the course of the month, concern over a slowing economy caused investors to shift their outlook for action by the Federal Reserve, raising expectation from two 25-bp cuts to the federal funds rate to three by the end of the year, based on the Bloomberg World Interest Rate Probability function. Conversely, stubbornly high inflation numbers led Fed Governor Michelle Bowman, speaking at a Feb. 17 American Bankers Association conference, to say that "progress on disinflation may take longer than we would hope," re-emphasizing that the Fed seems to be in no hurry to lower rates.

February delivered a mixed bag of macroeconomic data. Nonfarm payrolls were up 151,000 jobs month-over-month (MoM), below a consensus estimate of 160,000 and bringing the three-month moving average of private payroll gains to 169,000. The U-3 unemployment rate reversed course from January, moving up to 4.1% from 4.0%. The ISM Manufacturing PMI fell MoM to 50.3 from 50.9, below a 50.7 consensus estimate but still in expansionary territory (a number of above 50). The ISM Services PMI came in higher at 53.5, up from 52.8 MoM and ahead of a 52.5 consensus estimate. January retail sales were weaker than expected, according to Bloomberg data, possibly impacted by the Los Angeles-area wildfires and severe winter weather. Headline retail sales contracted 0.9% MoM versus a 0.2% consensus estimate. The Conference Board Leading Economic Index declined 0.3% in January versus a consensus estimate of negative 0.1%.

Total Return by Asset Class | As of February 28, 2025
Denominated in U.S. Dollars

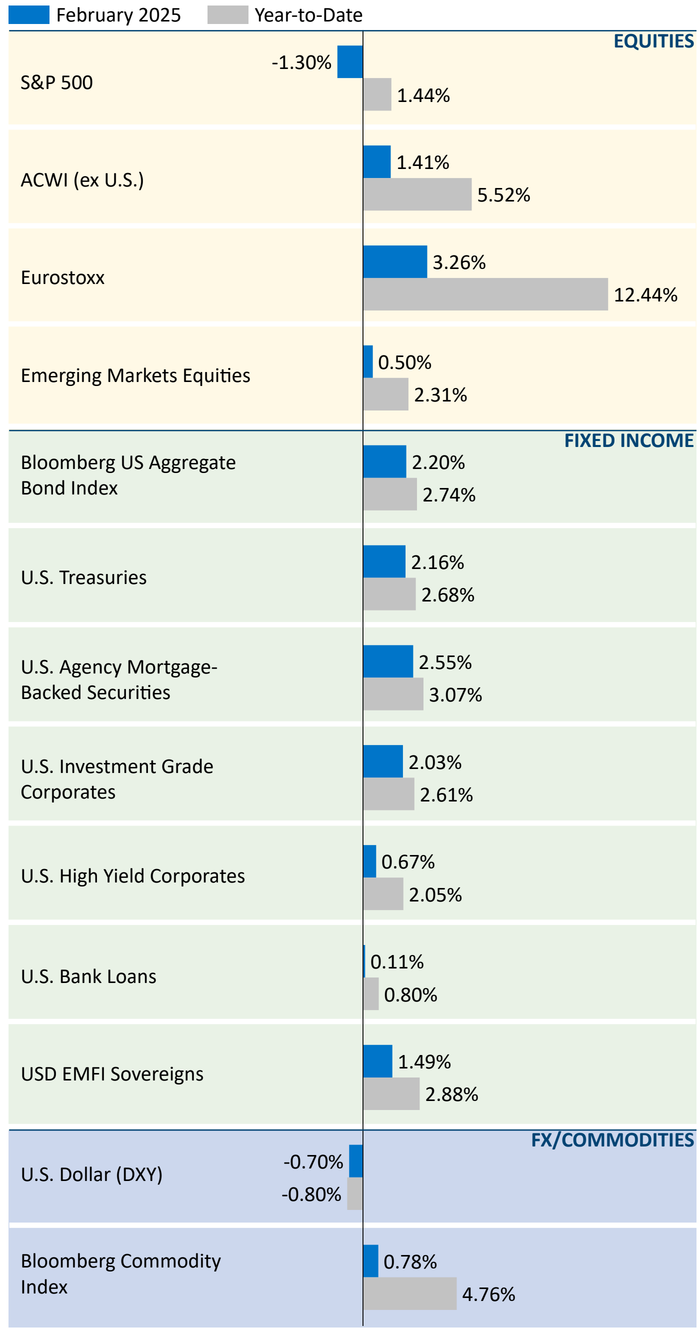


Figure 1
Source: DoubleLine, Bloomberg

Indices used in this chart: S&P 500 Index, MSCI ACWI ex U.S., Euro Stoxx 50, Emerging Markets Equities - MSCI EM Index, Bloomberg US Aggregate Bond Index, U.S. Treasuries - Bloomberg US Treasury Index, U.S. Agency MBS - Bloomberg US MBS Index, U.S. Corporate IG - Bloomberg US Credit Index, U.S. Corporate HY - Bloomberg US Corporate High Yield Index, U.S. Bank Loans - Morningstar LSTA US Leveraged Loan TR USD, USD EMFI Sovereign - Bloomberg EM USD Aggregate Sovereign Index, U.S. Dollar Index, Bloomberg Commodity Index.

Eurozone annual inflation was down MoM in February to 2.4% from 2.5%, according to Eurostat data, just above expectations of 2.3% and a step closer to the 2% target of the European Central Bank. The S&P Global Eurozone Manufacturing Purchasing Managers' Index (PMI) increased MoM to 47.6 from 46.6, its highest level in two years but still in contractionary territory. The S&P Global Eurozone Services PMI declined to 50.6 from 51.3. In the fourth quarter of 2024, seasonally adjusted quarter-over-quarter gross domestic product (GDP) increased 0.2% in the eurozone and 0.4% in the EU, according to the most recent flash estimate from Eurostat and the European Commission, respectively.

In China, both manufacturing and services data improved in February. The China Manufacturing PMI increased to 50.2 from 49.1 while the China Services PMI increased to 50.4 from 50.2. During a meeting in late February, People's Bank of China Governor Pan Gongsheng said that the central bank is focused on guiding financial institutions to increase investment in the private economy and will adopt "appropriately loose" monetary policy to maintain ample market liquidity.

In Japan, manufacturing and services data improved in February, according to S&P Global data. At the February G-20 meeting in South Africa, Bank of Japan Governor Kazuo Ueda stated, "There is very strong uncertainty on the U.S. policy outlook, including on tariffs, and how other countries could respond. We need to take a comprehensive view on how (U.S. policies) affect the global economy, financial markets and Japan's economic and price outlook."

Global economies face headwinds from trade wars that are pressuring already struggling European and Chinese markets. U.S.-led tariff battles are deepening the divide between the U.S. and Europe, pushing European nations to unite politically. The economic picture remains mixed, as rising corporate profits and low unemployment have intersected with soft consumption to start the year. While it is still early, U.S. GDP expectations for the first quarter have flipped from growth to contraction. Given elevated uncertainty on tariffs, geopolitical tensions and the global growth outlook, market participants will be focusing on future economic releases for any hints of further weakness.

Monthly Market Commentary

February 2025

U.S. Government Securities

The Bloomberg US Treasury Index returned 2.16% in February, building on January's gains as U.S. Treasury yields moved lower across the curve. The decline in rates was driven by softer economic data, market repricing of Federal Reserve policy expectations and persistent geopolitical uncertainties. The 10-year Treasury yield fell 33 basis points (bps) to close the month at 4.21%, continuing a downward trajectory since mid-January. The long end of the curve outperformed the front end, with the 30-year yield declining 30 bps to 4.49% while the two-year yield fell 21 bps to 3.99%, reflecting expectations that the Fed could ease policy later in the year.

U.S. Treasury Yield Curve (%)

	1/31/2025	2/28/2025	Change
3 Months	4.28	4.29	0.01
6 Months	4.30	4.27	-0.03
1 Year	4.15	4.08	-0.07
2 Years	4.20	3.99	-0.21
3 Years	4.24	3.97	-0.27
5 Years	4.33	4.02	-0.31
10 Years	4.54	4.21	-0.33
30 Years	4.79	4.49	-0.30

Source: Bloomberg

Early in the month, the U.S. Treasury maintained its refunding guidelines to keep coupon issuance stable for the next several quarters, easing fears of a near-term increase. Additionally, discussions among officials around excluding Treasuries and reserves from supplemental leverage ratio calculations gained momentum, which is also supportive of the Treasury market as this could provide dealers and banks capacity to hold more Treasuries.

January's Consumer Price Index came in slightly hotter than expected, with shelter and services inflation remaining sticky, offsetting continued goods disinflation. The market was wary of a repeat of first quarter 2024, when a series of upside inflation surprises rattled investor sentiment. However, this January's inflation surprise was largely attributed to weather disruptions and seasonality. Later in the month, weaker retail sales and industrial production data signaled a slowdown in economic momentum.

The Fed maintained a cautious stance on policy rates. While acknowledging inflation risks and potential tariff impacts, policymakers expressed confidence that inflation remains on track toward the Fed's 2% target. The officials also emphasized the need for greater clarity on the Trump administration's policies before any adjustment in rates. However, softer economic data increased market expectations for rate cuts in the second half of the year.

The yield curve flattened slightly on the month, with the spread between the two- and 10-year yield (2s10s) narrowing 12 bps. This reflects expectations that front-end rates will likely remain anchored by the Fed's stance while longer-term yields are more sensitive to growth risks from tariff disruptions. Breakeven inflation rates moved higher in the near term, with the two-year breakeven rate rising 25 bps to 3.19% while long-term inflation expectations remained stable. The Five-Year/Five-Year Forward Inflation Expectation Rate declined 15 bps to 2.19%, signaling investor confidence that inflation risks may be short-lived.

Agency Residential and Agency Commercial Mortgage-Backed Securities

February was a strong month for fixed income as U.S. Treasury yields broadly rallied across the curve. Agency residential mortgage-backed securities (RMBS), as measured by the Bloomberg US MBS Index, returned 2.55%, outperforming the Bloomberg US Treasury Index's return of 2.16%, the Bloomberg US Credit Index's 2.03% and Bloomberg US Agency Commercial MBS (CMBS) Index's 1.72%.

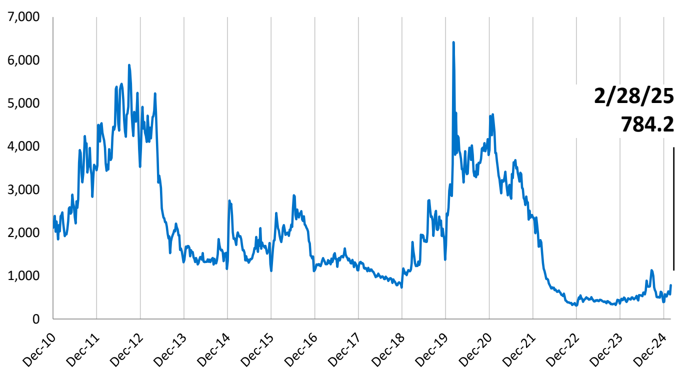
Agency RMBS spreads tightened further in February; option-adjusted spreads (OAS), as measured by the Bloomberg US MBS Index, narrowed 3 basis points (bps) to 31 bps. Similarly, spreads for current-coupon Agency RMBS tightened 6 bps to 1.32%. In contrast, Agency CMBS OAS, as measured by the Bloomberg US Agency CMBS Index, widened 2 bps to 35 bps.

Aggregate prepayment speeds continued to fall month-over-month (MoM), impacted by a slightly lower day count. The 30-year mortgage rate, as measured by the Freddie Mac U.S. Mortgage Market Survey 30-Year Homeowner Commitment National Index, decreased 19 bps MoM to 6.76%.

Gross issuance of Agency RMBS decreased MoM to $75.5 billion from $99.0 billion. Net issuance also decreased to $7.5 billion from $29.8 billion. Gross issuance of Agency CMBS decreased to $10.6 billion from $11.3 billion. Paydowns on the Federal Reserve's MBS portfolio decreased slightly to $14.2 billion from $14.3 billion.

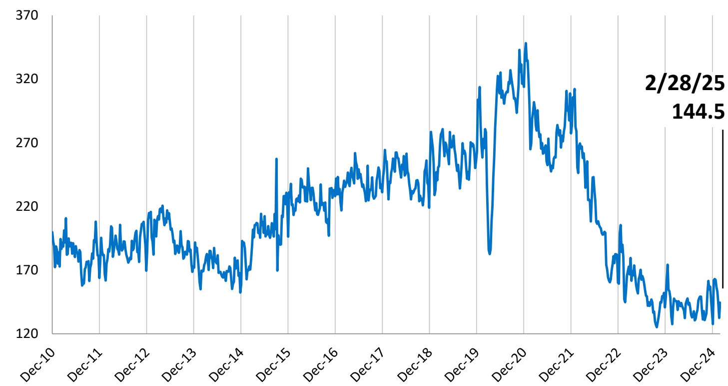
For more on mortgage market activity, please see the following page.

MBA U.S. Refinancing Index | As of February 28, 2025



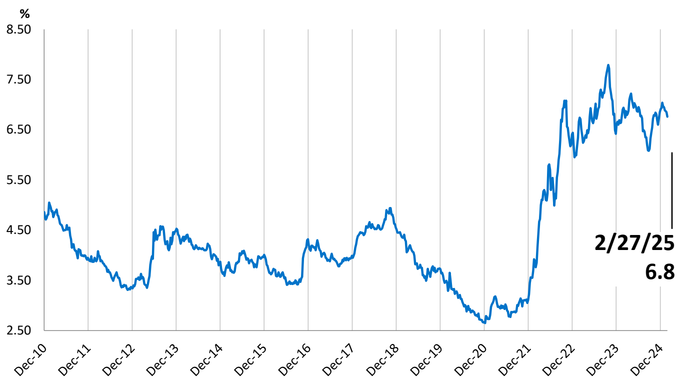
Source: Bloomberg. Base = 100 on 3/16/1990. Seasonally Adjusted

MBA Purchase Index | As of February 28, 2025



Source: Bloomberg. Base = 100 on 1/14/2011. Seasonally Adjusted

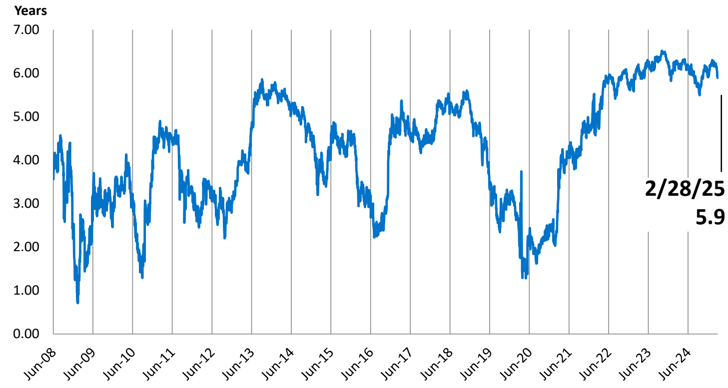
Freddie Mac Commitment Rate - 30 Year | As of February 27, 2025



Source: Bloomberg, DoubleLine

As of 1/4/2024, new methodology for gathering this data was implemented. Instead of surveying lenders, the Primary Mortgage Market Survey® results are now based on actual applications from lenders across the country submitted to Freddie Mac when a borrower applies for a mortgage.

Duration of Bloomberg US MBS Bond Index | As of February 28, 2025



Source: Bloomberg. Base = 100 on 1/14/2011. Seasonally Adjusted

Conditional Prepayment Rates (CPR)												
2024-2025	March	April	May	June	July	August	September	October	November	December	January	February
Fannie Mae (FNMA)	5.4	6.0	6.5	6.1	6.6	6.6	6.4	8.1	6.2	6.0	5.2	5.1
Ginnie Mae (GNMA)	6.9	7.3	7.9	7.5	8.6	10.0	10.9	12.9	9.3	8.4	7.7	7.2
Freddie Mac (FHLMC)	5.2	5.8	6.3	6.0	6.4	6.6	6.5	8.5	6.2	5.9	5.2	5.1

Bloomberg U.S. MBS Index	12/31/2024	1/31/2025	2/28/2025	Change
Average Dollar Price ($)	87.99	88.18	90.18	2.00
Duration (Years)	6.17	6.20	5.89	-0.31

Source: eMBS, Barclays Capital
FHLMC Commitment Rate Source: Bloomberg
As of February 28, 2025

Bloomberg U.S. Index Returns (%)	12/31/2024	1/31/2025	2/28/2025
Aggregate	-1.64	0.53	2.20
MBS	-1.65	0.51	2.55
Corporate	-1.94	0.55	2.04
Treasury	-1.54	0.52	2.16

Non-Agency Residential Mortgage-Backed Securities

Performance of non-Agency residential mortgage-backed securities (RMBS) was positive across subsectors in February, largely driven by a rally across the U.S. Treasury yield curve and credit spread tightening due to favorable supply-demand factors. A positive outlook on housing fundamentals also contributed to strong investor demand for non-Agency RMBS.

Credit fundamentals were mixed versus January remittance as delinquencies and prepayments were mixed while mortgage rates decreased. The Freddie Mac U.S. Mortgage Market Survey 30-Year Homeowner Commitment National Index fell 19 basis points month-over-month (MoM) to 6.76% at the end of February.

February marked $8.17 billion in new issuance, down approximately $4.4 billion MoM, according to BofA Global Research, with issuance concentrated in non-qualified mortgages.

The housing market was relatively unchanged MoM despite the fall in mortgage rates, as mounting pressures in the equity market kept existing homeowners and potential new buyers on the sidelines. Nevertheless, home prices continued to fall MoM, declining 0.13% in November, the most recent month for which data was available for the S&P CoreLogic Case-Shiller 20-City Composite Home Price NSA Index. Home prices were up 4.48% year-over-year (YoY). Existing-home sales decreased 4.9% in January, the most recent month for which data was available as measured by the National Association of Realtors Existing-Home Sales Report. YoY sales increased in the West, Midwest and Northeast but remained unchanged in the South.

Non-Agency Commercial Mortgage-Backed Securities

In February, the primary non-Agency commercial mortgage-backed securities (CMBS) market was active, pricing $19.54 billion of deals across 19 transactions. *(Figure 2)* Conduit benchmark last-cash-flow bonds rated AAA widened 4 basis points (bps) to 0.94% compared to duration-matched U.S. Treasuries. Bonds rated BBB- tightened 30 bps to 4.00% compared to duration-matched Treasuries.

January month-over-month (MoM) price movements on commercial real estate (CRE) were moderate compared to December. Continuing a December uptrend, apartment property prices increased 1.88% MoM in January, the latest month for which data was available for the RCA U.S. All-Property Commercial Property Price Index (CPPI). Retail property prices extended their December run, increasing 1.23% in January; industrial property prices reversed course and rose 0.86%. Central business district and suburban office properties experienced price contraction, down 3.22% and 0.11%, respectively. Overall, the RCA U.S. All-Property CPPI was up 0.55% MoM but fell 0.46% year-over-year (YoY). CRE transaction volume was $28.9 billion, down 14% YoY. *(Figures 3 and 4)*

Private-Label New Issuance ($ Billions)	Monthly		Quarter-to-Date	
	Deals	Volume	Deals	Volume
Conduit	5	$4.13	7	$5.96
Single Asset, Single Borrower	13	$14.26	19	$20.30
Commercial Real Estate CLO	1	$0.80	6	$6.12
Other	0	$0.35	0	$0.35
Private-Label Total	19	$19.54	32	$32.73

Private-Label New Issuance ($ Billions)	Year-to-Date		Comparable to YTD 2024	
	Deals	Volume	Volume	% of YTD 2024
Conduit	7	$5.96	$3.00	199%
Single Asset, Single Borrower	19	$20.30	$5.85	347%
Commercial Real Estate CLO	6	$6.12	$1.55	395%
Other	0	$0.35	–	–
Private-Label Total	32	$32.73	$10.40	315%

Figure 2
Source: DoubleLine, J.P. Morgan, as of February 28, 2025

Property Type	MoM Price Change (%)	YoY Price Change (%)
Apartment	1.88	-2.08
Retail	1.23	4.23
Industrial	0.86	1.43
Office - Central Business District	-3.22	-9.91
Office - Suburban	-0.11	-1.58
National All-Property	0.55	-0.46

Figure 3
Source: Real Capital Analytics, as of January 31, 2025

RCA U.S. CPPI Indexes | As of January 31, 2025

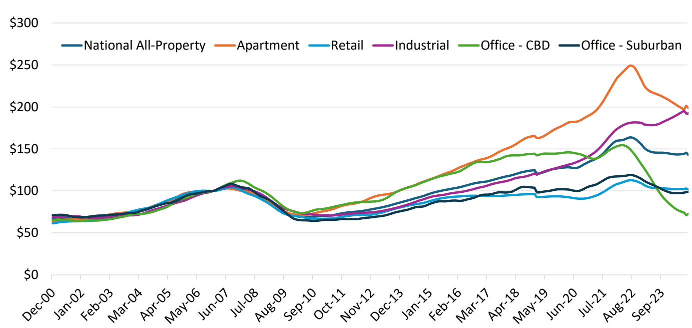


Figure 4
Source: Real Capital Analytics

The 30-day-plus delinquency rate for non-Agency CMBS was down 26 bps MoM in February to 6.30%. *(Figure 5)* The percentage of loans that were seriously delinquent (60 days or longer, in foreclosure, real estate owned or non-performing) was down 26 bps to 5.91%. Delinquencies in the heavily watched office segment continued to decrease, falling 45 bps to 9.78%. All subsector delinquencies decreased on the month except for lodging, which marked a 20-bp spike to 6.43%. Multifamily delinquencies decreased 16 bps to 4.46%.

30-Day-Plus Delinquency Rates | As of February 28, 2025

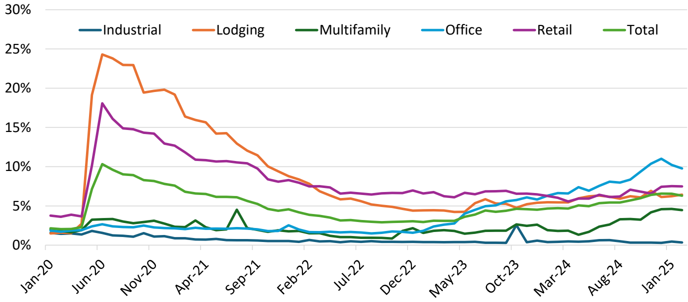


Figure 5
Source: Trepp

Asset-Backed Securities

The asset-backed securities (ABS) market delivered positive returns in February but lagged the broader fixed-income market as weaker-than-expected economic data drove a rally in U.S. Treasury yields over the month. Short-duration and high-credit quality ABS, such as those held in the Bloomberg US ABS Index, returned 0.97% while more off-the-run sectors, such as those held in the ICE BofA U.S. Fixed-Rate Miscellaneous ABS Index, returned 1.18%. The broader fixed-income market, as measured by the Bloomberg US Aggregate Bond Index, returned 2.20%, with the index helped by its relatively long duration in a period when Treasury yields rallied.

Primary issuance totaled $25.5 billion, pushing aggregate new issue in the first two months of 2025 to $57.4 billion. Spreads were modestly tighter across ABS subsectors in February. The best-performing ABS subsectors were aviation securitizations. Underlying collateral fundamentals continued to improve, driving substantial investor demand and spread tightening. Longer-duration assets such as whole business securitizations also experienced strong performance, as these assets benefited more from the decline in Treasury yields. Despite generating positive returns, timeshare securitizations were the biggest laggards among ABS subsectors.

Investment Grade Credit

The U.S. investment grade (IG) credit market, as measured by the Bloomberg US Credit Index, returned 2.03% in February. U.S. IG credit spreads, as measured by the index, widened 8 bps to 83 bps, underperforming duration-matched U.S. Treasuries by 49 bps as White House policy uncertainty and weaker economic data clouded the growth outlook.

Bloomberg US Credit Index
As of February 28, 2025

	Total Return by Rating Category (%)			
	One Month	Quarter-to-Date	Year-to-Date	Last 12 Months
US IG Credit Index	2.03	2.61	2.61	6.41
AAA	1.65	2.18	2.18	5.33
AA	2.22	2.70	2.70	5.32
A	2.04	2.60	2.60	6.10
BBB	2.05	2.66	2.66	7.11

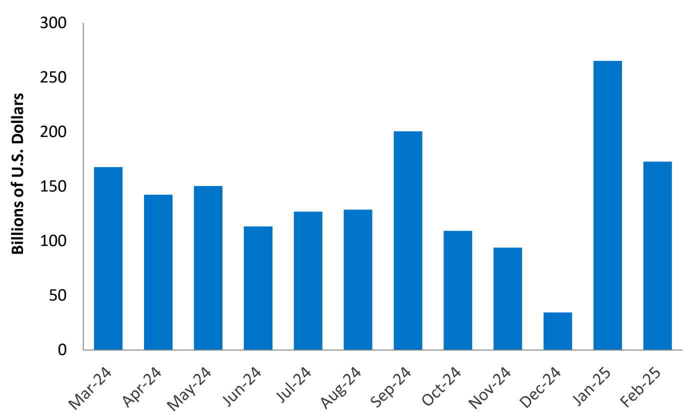
Source: Barclays Live

Decreases across the Treasury yield curve on the month drove return performance. Long-duration credit outperformed, returning 3.46% versus intermediate-duration credit's 1.38% and short-duration credit's 0.70%.

The best-performing subsectors were other industrial, other utility and electric. The worst performers were finance companies, banking and other financial.

U.S. dollar-denominated IG new issuance on a gross basis was down 21 % year-over-year (YoY) to $172.8 billion, according to Barclays, and down 49% YoY to $72.1 billion on a net basis.

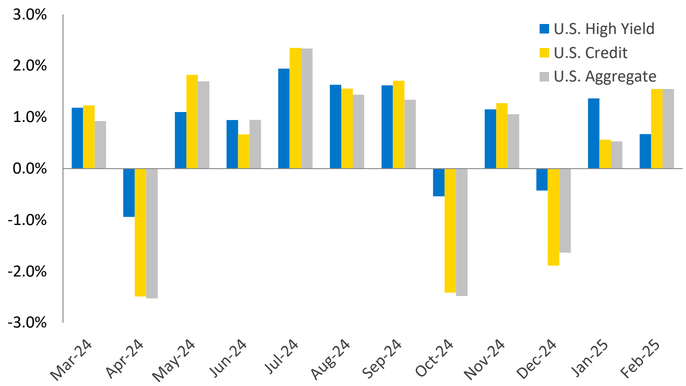
Total Fixed-Rate Investment Grade Supply
As of February 28, 2025



Source: Barclays Live

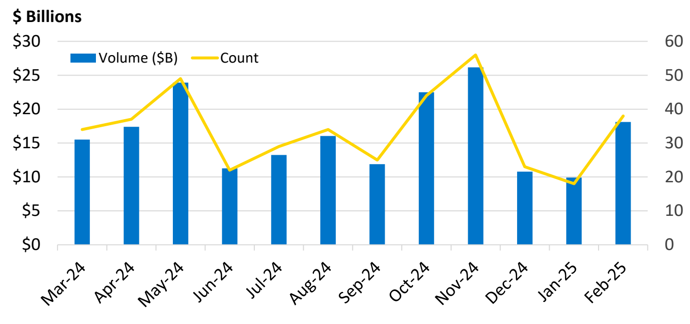
February IG fund inflow was $31.8 billion, down 24% YoY, according to EPFR Global as reported by J.P. Morgan, pushing year-to-date inflow to $46.9 billion, down 31% YoY.

Performance of Select Bloomberg Indices
March 2024 through February 2025



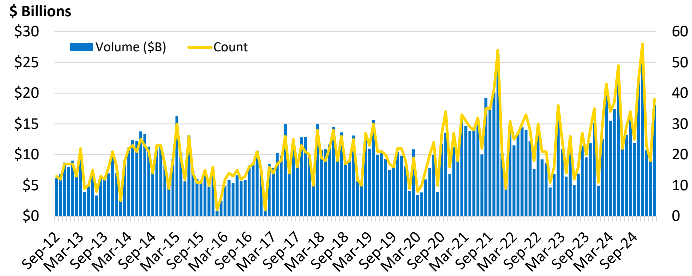
Source: Barclays Live

Last 12 Months Issuance | January 2024 to February 2025



Source: LCD-CLO Global Databank

CLO New Issuance | September 2012 to February 2025



Source: LCD-CLO Global Databank

Collateralized Loan Obligations

February marked an end to a recent tightening cycle in the U.S. collateralized loan obligations (CLOs) market, with secondary spreads widening across the capital stack for the first time in seven months amid economic policy and geopolitical uncertainty. Despite the widening, the J.P. Morgan CLO Total Return Index gained 34 basis points (bps), bringing year-to-date (YTD) return to 1.02%. Market-based metrics weakened on the month alongside the Morningstar LSTA US Leveraged Loan PR USD Index, which fell $0.46 to $97.15. Despite the broader decline, the share of performing index loans priced below $80, referred to as the distressed ratio, declined month-over-month (MoM) to 3.05% from 3.08%.

CLO issuance nearly doubled MoM, with $18.1 billion pricing via 38 deals; 36 refinancing (refi) and 44 reset deals also priced, totaling $14.8 billion and $22.6 billion, respectively. YTD primary issuance hit $28.0 billion of new-issue supply via 56 deals, lagging last year's dollar volume by 16%. YTD refi volume totaled $28.3 billion via 68 deals; reset volume totaled $40.7 billion via 78 deals.

Secondary market activity slowed MoM, with the supply of bids wanted in competition flat at $4.8 billion while general trading volume fell 8% to $14.2 billion from $15.5 billion, per Trade Reporting and Compliance Engine data.

CLO credit fundamentals were mixed in February. The last 12-month U.S. leveraged loan default rate by principal amount fell 13 bps to 0.81%. The dual-track default rate, which includes distressed transactions, declined to 4.18%, a 40-bp improvement from where it began the month and a six-month low. Ratings-based metrics were mixed, with Moody's-based metrics improving and S&P's worsening as the rolling three-month ratio of downgrades to upgrades increased MoM for the sixth consecutive month to 4.69x from 3.95x. Weighted average spread test results continued to decline on the month as a wave of bank loan repricings persisted.

Bank Loans

The bank loan market showed signs of fatigue in February, rising just 0.11%, per the Morningstar LSTA US Leveraged Loan TR USD Index, the worst monthly return since October 2023. Interest income was partly offset by falling prices, with the weighted average bid price of the Morningstar LSTA US Leveraged Loan PR USD Index declining $0.46 to $97.15. A risk-off tone took hold among U.S. markets, and bank loans did not benefit from the U.S. Treasury yield rally that lifted other areas of fixed income. With a softer secondary market, the percentage of loans trading above par slipped to 36% in February, down from 66% the prior month and 63% at the start of the year. The bank loan market ended the month with a spread to maturity of 3.98% and a yield to maturity of 8.41%. While the asset class has historically offered outsized yields relative to other areas of fixed income, negative rating migration suggests the potential for rising default rates..

Despite the cautious tone, loans rated CCC outperformed on the month, returning 0.33%, while loans rated B and BB returned 0.09% and 0.18%, respectively. The distressed ratio, defined as the number of loans trading below $80, has been largely constant in 2025, ending February at 3.05% compared to 3.02% at the start of the year. *(Figure 6)* However, there was an increase in loans trading in the $80 handle, and the overall percentage of the market trading below $90 rose to 7.08% month-over-month from 6.88%.

Distressed Ratio | January 2024 to February 2025

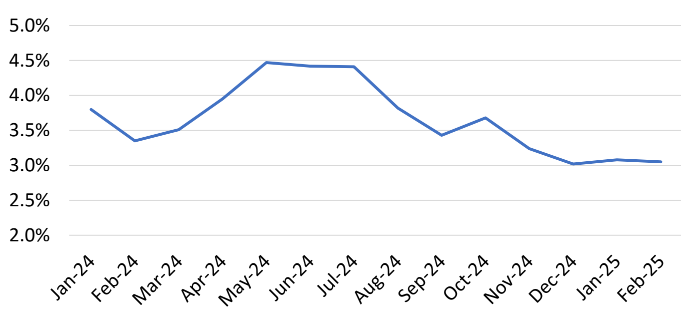


Figure 6
Source: DoubleLine, Morningstar LSTA US Liquid Leveraged Loan Index

There were no bankruptcy filings or missed interest payments in February, and the headline default rate remained at an anemic level, ending the month at 0.81% compared to 0.94% in January. *(Figure 7)* While formal bankruptcy filings have been somewhat rare, companies have remained active in restructuring their debt out of court. Including these liability management exchanges, the default rate would rise to 4.18%. At the same time, rating downgrades continued to exceed upgrades, portending a higher future default rate. The three-month rolling downgrade-upgrade ratio ended February at 4.69x, up from 3.95x in January and 3.00x in December.

Bank Loan Default Rate | January 2023 to February 2025

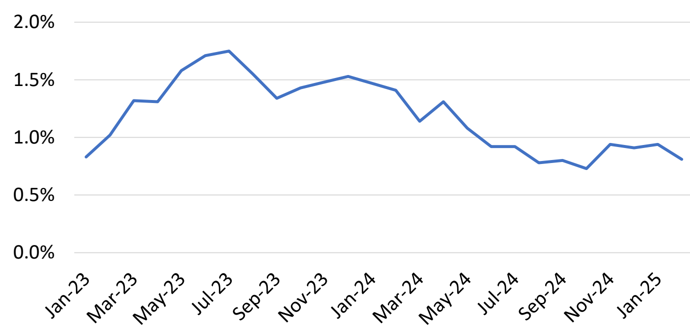


Figure 7
Source: DoubleLine, Leveraged Commentary & Data

Despite the softer secondary market, the primary market remained open and active on the month, with total issuance of $90.8 billion, up from $52.8 billion in February 2024 but down from a blockbuster $214.2 billion the prior month. New-issue activity continued to skew to refinancings and repricings, which accounted for 30% and 43% of total volume, respectively. Merger and acquisition transactions have started to pick up, but not to the extent expected at the start of the year.

High Yield

The Bloomberg US Corporate High Yield (HY) Index returned 0.67% in February, with yields falling 5 basis points (bps) to 7.15% while spreads widened 20 bps to 2.80%. Spreads widened amid mixed economic data as well as tariff talk from the White House.

Bloomberg US Corporate High Yield Index
As of February 28, 2025

	Total Return by Rating Category (%)			
	One Month	Quarter-to-Date	Year-to-Date	Last 12 Months
US High Yield Index	0.67	2.05	2.05	10.09
BB	0.72	2.01	2.01	8.57
B	0.60	2.03	2.03	9.24
CCC	0.30	1.85	1.85	16.01

Source: Bloomberg, DoubleLine

The HY 12-month, par-weighted default rate was down again month-over-month (MoM), falling 3 bps to 0.27%, according to J.P. Morgan, a steep decline from 2.08% at the start of 2024. For reference, the 25-year average is 3.00%. When including distressed exchanges, the default rate declined 28 bps to 1.25%, compared to 2.85% at the start of 2024. The 25-year default average including distressed exchanges is 3.40%.

Monthly upgrade volume ($36.6 billion) outpaced downgrade volume ($34.9 billion), according to J.P. Morgan, a small reversal from January. The upgrade-downgrade dollar ratio ticked up MoM to 1.1x from 0.9x but was still well off its local peak of 2.6x in the third quarter of last year. By number, January upgrades (20) outpaced downgrades (18), again a reversal from last month, bringing the number ratio to 1.1x from 0.7x MoM but below a recent peak of 1.7x in the third quarter.

The HY market priced 26 bonds for $18.7 billion, according to J.P. Morgan, compared to a 2024 monthly average of $24.1 billion. Refinancing was the primary use of proceeds, at 82% of volume, above the 75% rate marked in 2024.

February delivered an inflow of $2.9 billion into the asset class, according to Lipper as reported by J.P. Morgan, the ninth month of inflow in the last 10. The year-to-date total hit $4.0 billion; 2024 inflow was $16.4 billion.

Commodities

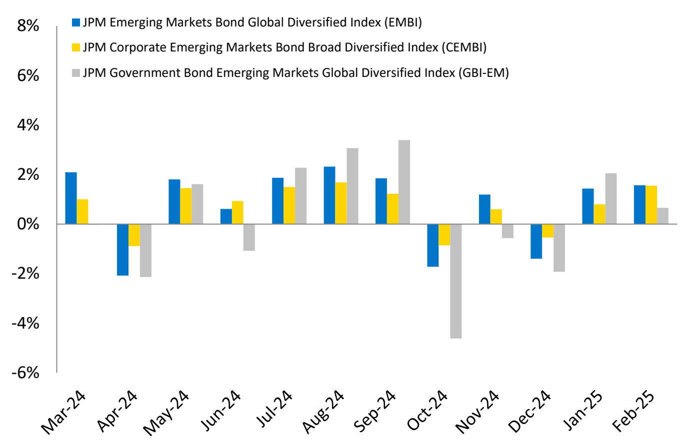
The broad commodity market was volatile in February, rallying sharply in the first three weeks only to reverse most of the gains in the final week of the month. The tumult was driven by tariff headlines, severe winter weather and weaker-than-expected economic data. The Bloomberg Commodity Index was up 0.45% on the month while the S&P GSCI declined 1.67%, negatively impacted from a larger weighting to energy.

Performance of the underlying commodity subsectors was mixed. The best-performing subsector was industrial metals (+2.03%), as tracked by the S&P GSCI, with copper up 3.62% in the face of potential tariffs on copper imports. Precious metals managed a positive return (+0.16%), supported by gold (+0.48%) while silver (-3.31%) detracted. Agriculture decreased 3.72%, with cocoa dropping 18.12% on an improved inventory outlook. Corn declined 5.16%, impacted by favorable weather in South America and an improved planting outlook in the U.S. Energy declined 1.46%, with Brent crude (-3.30%) and WTI crude (-3.53%) under pressure, driven by deterioration of the global economic outlook stemming from tariff talk. Natural gas was up 25.75%, supported by cold weather in the U.S. intersecting with seasonally tight inventory.

Emerging Markets Fixed Income

Emerging markets (EM) sovereign and corporate bonds posted positive returns in February. The J.P. Morgan Emerging Markets Bond Index Global Diversified (EMBI GD), which tracks sovereign bonds, returned 1.57%. The J.P. Morgan Corporate Emerging Markets Bond Index Broad Diversified (CEMBI BD), which tracks corporate bonds, returned 1.55%. The credit spread for the EMBI GD widened 12 basis points (bps) while the credit spread for the CEMBI BD widened 7 bps.

J.P. Morgan Emerging Markets Bond Index Performance
March 31, 2024 to February 28, 2025



Source: J.P. Morgan

Performance across all regions was positive for both indices, with Europe the best performer in both indices. Africa was the laggard in the EMBI GD; the Middle East was the laggard in the CEMBI BD. The investment grade subindex outperformed the high yield subindex in both indices.

Risk appetite for 2025 will likely be driven by the path of global growth and inflation and, by extension, global central banks' pace of monetary easing, with an emphasis on the speed and depth of the Federal Reserve's easing cycle. Other factors include the potential impact of the global trade policies of the Trump administration; China's fiscal and monetary stimulus measures; and geopolitical tensions, including but not limited to, events in the Middle East, Ukraine and Taiwan Strait.

International Sovereign

Global government bonds, as measured by the FTSE World Government Bond Index, returned 1.40% in February, driven by foreign currency appreciation against the U.S. dollar and a decline in global bond yields.

The dollar, as measured by the U.S. Dollar Index, weakened over the month amid a sharp decline in U.S. Treasury yields driven by slowing growth concerns and policy uncertainty in the U.S. Investors increased bets that the Federal Reserve would lower interest rates following a series of reports pointing to potential softening in the U.S. economy. The data, including a weak measure of consumer confidence, added to a growing list of concerns driving the rally in Treasuries, including uncertainty about the scale of government job cuts and the impact of constantly shifting U.S. tariff policy.

The euro strengthened slightly against the dollar over the month. Data showed eurozone inflation unexpectedly rose to 2.5% in January. Although the European Central Bank was still expected to lower its deposit rate in March, inflationary pressures prompted discussion among some policymakers about a potential need to pause further monetary easing despite weak economic growth. Preliminary data showed eurozone economic activity stagnated in February.

The Japanese yen strengthened sharply against the dollar over the month as rate differentials versus those of the U.S. continued to narrow. Data showing a jump in wage growth and that inflation accelerated more than expected in January reinforced expectations that the Bank of Japan would resume normalizing monetary policy by continuing to raise interest rates. The yen also attracted haven flows amid heightened global uncertainty driven by mixed messaging on U.S. trade policy.

Infrastructure

Infrastructure assets delivered positive returns in February but generally lagged the broader fixed-income market as weaker-than-expected economic data drove a rally in U.S. Treasury yields over the month. In the context of broad fixed-income performance, the Bloomberg US Aggregate Bond Index and Bloomberg US Corporate Index returned 2.20% and 2.04%, respectively.

The best-performing infrastructure subsectors on the month were industrial and electric utility corporate bonds. These subsectors benefited from their long-duration profiles as yields fell across longer Treasury tenors. Renewable asset-backed securities (ABS) also experienced strong performance, as these assets underwent modest spread tightening. Although no subsectors generated negative performance, railcar ABS were the performance laggards.

U.S. Equities

U.S. equities declined in February, hindered by threats of tariffs and weaker-than-expected economic data. The weakness was broad-based, a reversal of January's broad-based rally, with the S&P 500 Index (-1.30%), Dow Jones Industrial Average (-1.39%) and Nasdaq Composite Index (-3.91%) falling. The Russell 2000 Index, which tracks small-capitalization stocks, dropped 5.35%. Value stocks outperformed the broader market, with the Russell 1000 Value Index up 0.41%, significantly outperforming the Russell 1000 Growth Index (-3.59%), which tracks growth stocks.

At the sector level, defensive sectors generally outperformed cyclical sectors. The best-performing sectors were consumer staples (+5.09%), real estate (+3.85%) and energy (+3.80%). The worst performers were consumer discretionary (-7.01%), technology (-2.26%) and industrials (-1.44%).

Global Equities

Global equities declined in February, with the MSCI All Country World Index (ACWI) down 0.57%. U.S. equities, as measured by the S&P 500 Index, declined 1.30%, impacted by tariff talk and weaker-than-expected economic data. The market-cap-weighted index was dragged down by negative performance in the heavily weighted information technology sector, which also impacted the tech-heavy Nasdaq Composite Index (-3.91%). A broader measure of U.S. equities, the S&P 500 Equal Weight Index, was down by a lesser degree, falling 0.61%. The Russell 2000 Index, which tracks small-capitalization stocks, was down significantly during the month, declining 5.35%.

European equities broadly outperformed the MSCI ACWI, with the STOXX Europe 600 Index up 3.20%, bolstering its year-to-date outperformance, 10.54% vs. 2.79%. The strong equity performance was broad based, with German, French, Italian, Spanish and U.K. stocks posting positive returns. Asian equities delivered mixed performance, with Japanese and Taiwanese equities down on the month while Hong Kong and Chinese equities produced positive returns. Emerging markets equities, as measured by the MSCI Emerging Markets Index, outperformed but with significant regional dispersion.

Global and U.S. Equities (%)	February 2025	January 2025	YTD 2025
MSCI All Country World Index	-0.57	3.38	2.79
S&P 500 Index	-1.30	2.78	1.44
S&P 500 Equal Weight Index	-0.61	3.50	2.87
Nasdaq Composite Index	-3.91	1.66	-2.31
Dow Jones Industrial Average	-1.39	4.78	3.32
Russell 2000 Index	-5.35	2.62	-2.87

Eurozone (%)	February 2025	January 2025	YTD 2025
Stoxx Europe 600 (Eurozone)	3.20	7.11	10.54
DAX (Germany)	3.54	9.43	13.30
CAC 40 (France)	1.81	8.58	10.55
FTSE MIB (Italy)	5.75	7.34	13.51
IBEX 35 (Spain)	7.70	7.91	16.22
FTSE 100 Index (U.K.)	3.11	5.65	8.93

Asia (%)	February 2025	January 2025	YTD 2025
Nikkei 225 (Japan)	-3.30	0.73	-2.60
Shanghai Stock Exchange Composite (China)	1.73	-1.98	-0.28
Hang Seng Index (Hong Kong)	13.60	0.92	14.64
KOSPI (South Korea)	0.46	6.50	6.99
TAIEX (Taiwan)	-2.14	2.24	0.06
AORD (Australia)	-4.58	5.58	0.75

Emerging Markets (%)	February 2025	January 2025	YTD 2025
MSCI Emerging Markets Index	0.50	1.81	2.31
Ibovespa (Brazil)	-3.46	11.00	7.16
MSCI India Index	-8.00	-3.47	-11.19

Source for the above market chart data: Bloomberg

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Agency – Refers to mortgage-backed securities (MBS) whose principal and interest are guaranteed by a U.S. government agency such as Fannie Mae (FNMA) or Freddie Mac (FHLMC).

Australia All Ordinaries (AORD) Index – This index tracks the share prices of the 500 largest companies listed on the Australian Securities Exchange (ASX). The market capitalization of the AORD companies amounts to more than 95% of the value of all shares listed on the ASX.

Basis Points (bps) – Basis points (or basis point (bp)) refer to a common unit of measure for interest rates and other percentages in finance. One basis point is equal to 1/100th of 1%, or 0.01% or 0.0001, and is used to denote the percentage change in a financial instrument. The relationship between percentage changes and basis points can be summarized as: 1% change = 100 basis points; 0.01% = 1 basis point.

Below Investment Grade/Non-Investment Grade – Term indicating a security is rated below investment grade (IG). These securities are seen as having higher default risk or being prone to other adverse credit events. They typically pay higher yields than higher-quality bonds in order to make them attractive. They are less likely than IG bonds to pay back 100 cents on the dollar.

Bid Wanted in Competition (BWIC) – Formal request for bids on a package of securities that is submitted by an institutional investor to a number of securities dealers. The dealers are being invited to submit bids on the listed securities.

Bloomberg Commodity (BCOM) Index – This index is calculated on an excess return basis and reflects the price movements of commodity futures. It rebalances annually, weighted two-thirds by trading volume and one-third by world production, and weight caps are applied at the commodity, sector and group levels for diversification. The roll period typically occurs from the sixth to 10th business day based on the roll schedule.

Bloomberg Emerging Markets (EM) USD Aggregate Sovereign Index – This index tracks fixed- and floating-rate, U.S. dollar-denominated debt issued by EM governments. Country eligibility and classification as an emerging market is rules based and reviewed annually using World Bank income group and International Monetary Fund country classifications.

Bloomberg US Agency Commercial Mortgage-Backed Securities (CMBS) Index – This index measures the U.S. market of Agency conduit and fusion CMBS deals.

Bloomberg US Aggregate Bond Index – This index (the "Agg") represents securities that are SEC registered, taxable and U.S. dollar denominated. It covers the U.S. investment grade, fixed-rate bond market, with components for government and corporate securities, mortgage pass-through securities and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.

Bloomberg US Asset-Backed Securities (ABS) Index – This index is the ABS component of the Bloomberg US Aggregate Bond Index, a flagship measure of the U.S. investment grade, fixed-rate bond market. The ABS index has three subsectors: credit and credit cards, autos and utility.

Bloomberg US Corporate High Yield (HY) Index – This index measures the U.S. dollar-denominated, HY, fixed-rate corporate bond market. Securities are classified as HY if the respective middle ratings of Moody's, Fitch and S&P are Ba1, BB+ or BB+ or below. The Bloomberg US HY Long Bond Index, including bonds with maturities of 10 years or greater, and the Bloomberg US HY Intermediate Bond Index, including bonds with maturities of 1 to 9.999 years, are subindices of the Bloomberg US Corporate HY Bond Index.

Bloomberg US Corporate Index – This index measures the investment grade, fixed-rate taxable corporate bond market. It includes U.S. dollar-denominated securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers.

Bloomberg US Credit Index – This index measures the investment grade, U.S. dollar-denominated fixed-rate, taxable corporate and government-related bond markets. It is composed of the Bloomberg US Corporate Index and a noncorporate component that includes foreign agencies, sovereigns, supranationals and local authorities.

Bloomberg US Mortgage-Backed Securities (MBS) Index – This index measures the performance of investment grade, fixed-rate mortgage-backed pass-through securities of the government-sponsored enterprises (GSEs): Federal Home Loan Mortgage Corp. (Freddie Mac), Federal National Mortgage Association (Fannie Mae) and Government National Mortgage Association (Ginnie Mae).

Bloomberg US Treasury Index – This index measures U.S. dollar-denominated, fixed-rate nominal debt issued by the U.S. Treasury with a remaining maturity of one year or more. Treasury bills are excluded by the maturity constraint but are part of a separate Short Treasury Index.

Bloomberg World Interest Rate Probability (WIRP) – Statistical function developed by Bloomberg that uses fed funds futures and options to assess the probability of future Federal Open Market Committee (FOMC) decisions. It seeks to calculate the chances of a rate hike at each of the FOMC meetings using futures trading data.

Brent Crude Oil – Major trading classification of sweet light crude oil that serves as a benchmark price for purchases of oil worldwide. Brent is known as a light, sweet oil because it contains 0.24% sulfur, making it "sweet," and has a low density, making it "light."

China Manufacturing Purchasing Managers Index (PMI) – This index, compiled by the China Federation of Logistics & Purchasing (CFLP) and China Logistics Information Center (CLIC), provides an early indication each month of economic activities in the Chinese manufacturing sector. Every month, questionnaires are sent to over 700 manufacturing enterprises all over China. A reading above 50 indicates an expansion of the sector, a reading below 50 represents a contraction, and 50 indicates no change.

China Services Purchasing Managers Index (PMI) – This index, compiled by the China Federation of Logistics & Purchasing (CFLP) and China Logistics Information Center (CLIC), provides an early indication each month of economic activities in the Chinese services sector. Every month, questionnaires are sent to services enterprises all over China.

Collateralized Loan Obligation (CLO) – Single security backed by a pool of debt.

Conditional Prepayment Rate (CPR) – Metric (also known as "Constant Prepayment Rate") that indicates a loan prepayment rate at which the outstanding principal of a pool of loans, such as mortgage-backed securities, is paid off. The higher the CPR, the more prepayments are anticipated and thus the lower the duration of the note. This is called "prepayment risk."

Conduit Loans – Type of loans, also known as commercial mortgage-backed securities (CMBS) loans, that are commercial real estate loans pooled together with similar commercial mortgages and sold on the secondary market. On the secondary market, conduit loans are divided into tranches based on risk, return and loan maturity.

Conference Board Leading Economic Index (LEI) – This index tracks a group of composite indices (manufacturers' orders, initial unemployment insurance claims, etc.) as a means of gauging the strength of a particular industry or the economy.

Consumer Price Index (CPI) – This index, compiled by the U.S. Bureau of Labor Statistics, examines the weighted average of the prices of a basket of consumer goods and services, such as transportation, food and medical care. It is calculated by averaging price changes for each item in the basket. Changes in the CPI are used to assess price changes associated with the cost of living. The CPI is one of the most frequently used statistics for identifying periods of inflation or deflation.

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Cotation Assistee en Continu (CAC) 40 – This stock market index tracks the 40 largest French stocks on the Euronext Paris based on market capitalization, trading activity, size of balance sheet and liquidity.

Deutscher Aktien Index (DAX) – This blue-chip stock market index comprises the 40 major German companies trading on the Frankfurt Stock Exchange.

Dow Jones Industrial Average (DJIA) – This index tracks 30 large publicly owned companies trading on the New York Stock Exchange and the Nasdaq. It is price-weighted, unlike stock indices, which use market capitalization. Furthermore, the DJIA does not use a weighted arithmetic mean.

Duration – A commonly used measure of the potential volatility of the price of debt securities in response to a change in interest rates prior to maturity. Securities with longer duration generally have more volatile prices than securities of comparable quality with shorter duration.

Euro Stoxx 50 Index – This index of 50 eurozone stocks provides a blue-chip representation of supersector leaders in the eurozone.

Fannie Mae (FNMA) – The Federal National Mortgage Association (Fannie Mae) is a government-sponsored enterprise (GSE) chartered by Congress in 1938 during the Depression to stimulate home ownership and provide liquidity to the mortgage market. Its purpose is to help moderate- to low-income borrowers obtain financing for a home.

Federal Funds Rate – Target interest rate, set by the Federal Reserve at its Federal Open Market Committee (FOMC) meetings, at which commercial banks borrow and lend their excess reserves to each other overnight. The Fed sets a target federal funds rate eight times a year, based on prevailing economic conditions.

Five-Year/Five-Year Forward Inflation Expectation Rate – This rate measures expected inflation (on average) over the five-year period that begins five years from today. The rate is published by the Federal Reserve Bank of St. Louis.

Freddie Mac (FHLMC) – The Federal Home Loan Mortgage Corp. (Freddie Mac) is a stockholder-owned, government-sponsored enterprise (GSE) chartered by Congress in 1970 to keep money flowing to mortgage lenders in support of homeownership and rental housing for middle-income Americans. Freddie Mac purchases, guarantees and securitizes mortgages to form mortgage-backed securities (MBS).

Freddie Mac U.S. Mortgage Market Survey 30-Year Homeowner Commitment National Index – This index tracks the 30-year fixed-rate mortgages component of the Freddie Mac Primary Mortgage Market Survey (PMMS), which tracks the most-popular 30- and 15-year fixed-rate mortgages, and 5-1 hybrid amortizing adjustable-rate mortgage products among a mix of lender types.

FTSE Milano Indice di Borsa (FTSE MIB) – This benchmark index for the Borsa Italian, the Italian stock exchange, comprises the 40 largest and most-liquid stocks on the exchange.

FTSE 100 Index – This index tracks the 100 companies with the highest market capitalization on the London Stock Exchange.

FTSE World Government Bond Index (FTSE WGBI) – This broad index measures the performance of fixed-rate, local-currency, investment grade sovereign bonds. It is a widely used benchmark that comprises sovereign debt from more than 20 countries that is denominated in a variety of currencies.

G-20 (Group of 20) – The G-20 comprises the European Union leadership and 19 countries that look to cooperate on international financial matters. The member countries are: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the United Kingdom and the United States.

Ginnie Mae (GNMA) – The Government National Mortgage Association (Ginnie Mae) is a federal government corporation that guarantees the timely payment of principal and interest on mortgage-backed securities (MBS) issued by approved lenders. Ginnie Mae's guarantee allows mortgage lenders to obtain a better price for MBS in the capital markets.

Hang Seng Index – This free-float-capitalization-weighted index tracks a selection of companies on the Stock Exchange of Hong Kong. The index has four subindices: finance, utilities, properties, finance, and commerce and industry.

High Yield (HY) – Bonds that pay higher interest rates because they have lower credit ratings than investment grade (IG) bonds. HY bonds are more likely to default, so they must pay a higher yield than IG bonds to compensate investors.

Ibovespa Index – This gross return index is weighted by trade volume and comprises the most-liquid stocks on Brazil's Sao Paulo Stock, Commodities and Futures Exchange (known as "B3").

ICE BofA U.S. Fixed-Rate Miscellaneous Asset-Backed Securities (ABS) Index – A subset of the ICE BofA U.S. Fixed-Rate ABS Index, including all ABS collateralized by anything other than auto loans, home equity loans, manufactured housing, credit card receivables and utility assets. The ICE BofA U.S. Fixed-Rate ABS Index tracks the performance of U.S. dollar-denominated, investment grade (IG), asset-backed securities publicly issued in the U.S. domestic market. Qualifying securities must have an IG rating based on an average of Moody's, S&P and Fitch.

Indice Bursatil Espanol (IBEX) – This official index of the Spanish Continuous Market comprises the 35 most-liquid stocks traded on the market.

Investment Grade (IG) – Rating that signifies a municipal or corporate bond presents a relatively low risk of default. Bonds below this designation are considered to have a high risk of default and are commonly referred to as high yield (HY) or "junk bonds." The higher the bond rating the more likely the bond will return 100 cents on the U.S. dollar.

ISM Manufacturing PMI – This index (which used to be called the ISM Manufacturing Purchasing Managers Index) is compiled by the Institute for Supply Management and tracks the economic health of the manufacturing sector. The index is based on five major indicators: new orders, inventory levels, production, supplier deliveries and employment environment. A reading above 50 indicates an expansion of the sector, a reading below 50 represents a contraction, and 50 indicates no change.

ISM Services PMI – This index (which used to be called the ISM Non-Manufacturing Purchasing Managers Index) is compiled by the Institute for Supply Management and tracks the economic health of the services (formerly nonmanufacturing) sector. A reading above 50 indicates an expansion of the sector, a reading below 50 represents a contraction, and 50 indicates no change.

J.P. Morgan Collateralized Loan Obligation (CLO) Total Return Index – This index is a total return subindex of the J.P. Morgan Collateralized Loan Obligation Index (CLOIE), which is a market value-weighted index consisting of U.S. dollar-denominated CLOs.

J.P. Morgan Corporate Emerging Markets Bond Index Broad Diversified (CEMBI BD) – This index is a uniquely weighted version of the CEMBI, which is a market capitalization-weighted index consisting of U.S. dollar-denominated emerging markets corporate bonds. It limits the weights of index countries with larger debt stocks by only including specified portions of those countries' eligible current face amounts of debt outstanding.

J.P. Morgan Emerging Markets Bond Index Global Diversified (EMBI GD) – This index is a uniquely weighted version of the EMBI, which tracks emerging markets (EM) bonds and comprises sovereign debt and EM corporate bonds. It limits the weights of index countries with larger debt stocks by only including specified portions of those countries' eligible current face amounts of debt outstanding.

J.P. Morgan Government Bond Index Emerging Markets (GBI-EM) – This index is the first comprehensive global emerging markets index and consists of regularly traded, liquid, fixed-rate, domestic currency government bonds to which international investors can gain exposure.

Jumbo Loan – Type of financing, also known as a jumbo mortgage, that exceeds the limits set by the Federal Housing Finance Agency (FHFA). Unlike conventional mortgages, a jumbo loan is not eligible to be purchased, guaranteed or securitized by the government agencies Fannie Mae or Freddie Mac. Designed to finance luxury properties and homes in highly competitive local real estate markets, jumbo mortgages come with unique underwriting requirements and tax implications.

Korea Composite Stock Price Index (KOSPI) – This index comprises all common stocks traded on the stock market division of the Korea Exchange. It is the representative stock market index in South Korea, like the S&P 500 Index in the U.S.

Last Cash Flow (LCF) – Last revenue stream paid to a bond over a given period.

Leveraged Commentary & Data (LCD) – A unit of S&P Global Market Intelligence, LCD provides in-depth coverage of the leveraged loan market through real-time news, analysis, commentary and proprietary loan data.

Morningstar LSTA US Leveraged Loan Index – This market capitalization-weighted index tracks the U.S. leveraged loan market.

Morningstar LSTA US Leveraged Loan PR USD Index – This index (formerly the S&P/LSTA Leveraged Loan Price Index) tracks the prices of institutional weighted loans based on market weightings, spreads and interest payments.

Morningstar LSTA US Leveraged Loan TR USD Index – This index (formerly the S&P/LSTA Leveraged Loan Index) tracks the market-weighted performance of institutional weighted loans based on market weightings, spreads and interest payments.

Mortgage Bankers Association (MBA) Purchase Index – This index, a component of the MBA's Weekly Application Survey, includes all mortgage applications for purchases of single-family homes. The index covers the entire market, including all products, and conventional and government loans.

Mortgage Bankers Association (MBA) Refinance Index – This index, a component of the MBA's Weekly Application Survey, tracks the number of mortgage refinance applications. The index is used to help predict mortgage activity and loan prepayments based on the number of mortgage refinance applications submitted.

MSCI All Country World Index (MSCI ACWI) – This market capitalization-weighted index is designed to provide a broad measure of stock performance throughout the world. It comprises stocks from 23 developed countries and 24 emerging markets.

MSCI All Country World Index (MSCI ACWI) ex U.S. – This market capitalization-weighted index is designed to provide a broad measure of stock performance throughout the world. It comprises stocks from 22 of 23 developed countries and 24 emerging markets.

MSCI Emerging Markets Index (MSCI EMI) – This index captures large- and midcapitalization representation across 24 emerging markets countries. With 1,440 constituents, the index covers approximately 85% of the free-float-adjusted market cap in each country.

MSCI India Index – This index measures the performance of the mid- and large-capitalization segments of the Indian market. With 131 constituents, the index covers approximately 85% of the Indian equity universe.

Nasdaq Composite Index – This index ("the Nasdaq") comprises the more than 3,400 common stocks and similar securities (e.g., American depository receipts (ADRs), tracking stocks, limited-partnership interests) listed on the Nasdaq exchange. The index, which includes U.S. and non-U.S. companies, is highly followed in the U.S. as an indicator of the stock performance of technology companies and growth companies.

National Association of Realtors Existing-Home Sales Report – This report tracks sales and prices of existing single-family homes for the nation overall, and gives breakdowns for the West, Midwest, South and Northeast regions of the country. These figures include condos and co-ops in addition to single-family homes.

Nikkei 225 Index – This price-weighted index ("the Nikkei") comprises Japan's top 225 blue-chip companies on the Tokyo Stock Exchange. The Nikkei is equivalent to the Dow Jones Industrial Average Index in the U.S.

Non-Performing Loan (NPL) – Loan in which the borrower is in default due to the fact that they have not made the scheduled payments for a specified period. Although the exact elements of non-performing status can vary depending on the specific loan's terms, "no payment" is usually defined as zero payments of either principal or interest.

Non-Qualified Mortgage (Non-QM) – Any home loan that doesn't comply with the Consumer Financial Protection Bureau's existing rules on qualified mortgages (QM). Usually this type of alternative mortgage loan accommodates people who are not able to prove they are capable of making the mortgage payments. Just because it is a non-QM mortgage loan does not necessarily mean high risk or subprime mortgage risk, and in many cases these non-QM mortgage loans require a high FICO score but simply do not check all the boxes associated with a QM loan. Non-QM loans for mortgages are protected by the lender against any type of lawsuit should the borrower become unable to afford the loan.

Option-Adjusted Spread (OAS) – Measurement of the spread of a fixed-income security rate and the risk-free rate of return, which is then adjusted to take into account an embedded option. Typically, an analyst uses U.S. Treasury yields for the risk-free rate. The spread is added to the fixed-income security price to make the risk-free bond price the same as the bond.

Par – Short for "par value," par can refer to bonds, preferred stock, common stock or currencies, with different meanings depending on the context. Par most commonly refers to bonds, in which case, it means the face value, or value at which the bond will be redeemed at maturity.

Prime – Classification of borrowers, rates or holdings in the lending market that are considered to be of high quality. This classification often refers to loans made to high-quality "prime" borrowers that are offered "prime" or relatively low interest rates.

Private Label – Refers to debt-issued securities that are not issued by the government-sponsored enterprises (GSEs). "Agency" refers to debt-issued securities that are issued by the GSEs.

RCA Commercial Property Price Index (CPPI) – This index describes various nonresidential property types for the U.S. (10 monthly series from 2000). It is a periodic same-property, round-trip investment, price-change index of the U.S. commercial investment property market. The dataset contains 20 monthly indicators.

RCA U.S. All-Property Commercial Property Price Index (CPPI) – This index is a component of the suite of price indices that comprise the RCA CPPI.

Real Estate Owned (REO) – Property owned by a lender, such as a bank, that has not been successfully sold at a foreclosure auction. A lender – often a bank or quasi-governmental entity such as Fannie Mae or Freddie Mac – takes ownership of a foreclosed property when it fails to sell at the amount sought to cover the loan.

Russell 1000 Growth (RLG) Index – This index measures the performance of the large-capitalization growth segment of the U.S. equity universe. It includes Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values. Growth stocks are shares in a company that are anticipated to grow at a rate significantly above the average growth for the market.

Russell 1000 Value (RLV) Index – This index measures the performance of the large-capitalization value segment of the U.S. equity universe. It includes Russell 1000 Index companies with lower price-to-book ratios and lower expected growth values. Value stocks are shares of a company that appear to trade at a lower price relative to the company's fundamentals.

Russell 2000 Index – This market capitalization-weighted index comprises 2,000 small-cap U.S. companies and is considered a bellwether index for small-cap investing.

S&P CoreLogic Case-Shiller 20-City Composite Home Price Not Seasonally Adjusted (NSA) Index – This index measures the value of residential real estate in 20 major U.S. metropolitan areas: Atlanta; Boston; Charlotte; Chicago; Cleveland; Dallas; Denver; Detroit; Las Vegas; Los Angeles; Miami; Minneapolis; New York City; Phoenix; Portland, Oregon; San Diego; San Francisco; Seattle; Tampa; and Washington, D.C.

S&P 500 Equal Weight Index (EWI) – This index is the equal-weight version of the widely used S&P 500 Index. The S&P 500 EWI includes the same constituents as the capitalization-weighted parent index, but each company in the S&P 500 EWI is allocated a fixed weight, or 0.2% of the index, at each quarterly rebalance.

S&P 500 Index – This unmanaged capitalization-weighted index of the stocks of the 500 largest publicly traded U.S. companies is designed to measure performance of the broad domestic economy through changes in the aggregate market value of the 500 stocks, which represent all major industries.

S&P Global Eurozone Manufacturing Purchasing Managers' Index (PMI) – This index measures the performance of the manufacturing sector derived from a survey of 3,000 manufacturing firms and includes national data for Germany, France, Italy, Spain, the Netherlands, Austria, the Republic of Ireland and Greece. The PMI is based on five individual indices: new orders (30%), output (25%), employment (20%), suppliers' delivery times (15%) and stock of items purchased (10%), with the delivery times index inverted to move in a comparable direction. A reading above 50 indicates an expansion of the sector, a reading below 50 represents a contraction, and 50 indicates no change.

S&P Global Eurozone Services Purchasing Managers' Index (PMI) – This index is based on original survey data from a representative panel of around 2,000 private service sector firms. National data is included for Germany, France, Italy, Spain and the Republic of Ireland. These countries account for an estimated 78% of eurozone private-sector services output. A reading above 50 indicates an expansion of the sector, a reading below 50 represents a contraction, and 50 indicates no change.

S&P GSCI – This index (formerly the Goldman Sachs Commodity Index) measures investment in the commodity markets and commodity market performance over time.

Shanghai Stock Exchange Composite Index – This capitalization-weighted index, developed in December 1990 with a base value of 100, tracks the daily performance of all A shares and B shares listed on the Shanghai Stock Exchange.

Spread – Difference between yields on differing debt instruments, calculated by deducting the yield of one instrument from another. The higher the yield spread, the greater the difference between the yields offered by each instrument. The spread can be measured between debt instruments of differing maturities, credit ratings or risk.

Spread to Maturity (STM) – Measure of return from a floating-rate note relative to that from its index or reference rate, such as the Secured Overnight Financing Rate (SOFR), calculated by discounting future cash flows on a bond basis.

Stoxx Europe 600 Index – This index has a fixed number of 600 components representing large, mid- and small-capitalization companies among 17 European countries, covering approximately 90% of the free-float market cap of the European stock market (not limited to the eurozone).

TAIEX Index – This index tracks companies traded on the Taiwan Stock Exchange. The index covers all listed stocks excluding preferred, full-delivery and newly listed stocks, which are listed for less than one calendar month.

Trade Reporting and Compliance Engine (TRACE) – Financial Industry Regulatory Authority (FINRA)-developed vehicle that facilitates the mandatory reporting of over-the-counter secondary market transactions in eligible fixed-income securities.

2s10s – Shorthand term used in tracking the spread between the two-year U.S. Treasury note (2s) and the 10-year Treasury bond (10s). The inversion of the yields, when the two-year is higher than the 10-year, is seen by some economists as an indicator of impending recession, which has historically happened after the yields de-invert.

U-3 Unemployment Rate – Officially recognized rate of unemployment, compiled and released monthly by the U.S. Bureau of Labor Statistics, measuring the number of unemployed people as a percentage of the labor force.

U.S. Dollar Index (DXY) – A weighted geometric mean of the U.S. dollar's value relative to a basket of six major foreign currencies: the euro, Japanese yen, British pound, Canadian dollar, Swedish krona and Swiss franc.

Weighted Average Spread (WAS) – Par-weighted average spread (generally above SOFR) of the performing floating-rate securities in a portfolio (typically loans).

West Texas Intermediate (WTI) Crude Oil– Specific grade of crude oil and one of the main three benchmarks, along with Brent and Dubai Crude, in oil pricing. WTI is known as a light sweet oil because it contains 0.24% sulfur, making it "sweet," and has a low density, making it "light." It is the underlying commodity of the New York Mercantile Exchange's (NYMEX) oil futures contract and is considered a high-quality oil that is easily refined.

Yield to Maturity (YTM) – The total return anticipated on a bond if the bond is held until it matures. Yield to maturity is considered a long-term bond yield but is expressed as an annual rate.

You cannot invest directly in an index.

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