

March 6, 2020

Dear Members:

On March 6, we woke to global markets in crisis mode as fears of a worsening Coronavirus (COVID-19) continue to cause a frenzy. Given the market volatility, we wanted to assure you Corporate One's investment portfolio and liquidity position remain strong. As such, we stand ready to provide your credit union with liquidity and/or assist you with any investment needs you may have during these times of uncertainty. We will continue to provide periodic commentary on the situation as the need arises and encourage any member who has concerns over market volatility to contact us. We will provide our next update after the upcoming Federal Open Market Committee (FOMC) meeting on March 18, and we will certainly be discussing the impact of COVID-19 on the markets in our [Quarterly Economic Update](#) on March 25. [Register](#) to attend this update.

March 6: COVID-19 Market Update

On March 6, we saw sovereign bond yields drop once again, and U.S. Government Treasury yields for the 10- and 30-year lowered to .67% and 1.20%, respectively, which are new all-time lows. This all comes after the FOMC voted on March 3 to drop their benchmark target rates by 50 basis points as they see the potential for an economic slowdown on the horizon. Around the globe, we are seeing central banks fight to combat the impact of slower growth by cutting rates and providing additional stimulus.

So far, while this crisis in the markets is devastating, it does not appear to be anything like the financial crisis experienced in the late 2000s. While credit spreads have leaked higher in agency, asset-backed and corporate debt markets, liquidity is abundant, and financial institutions have a much stronger capital base and liquidity profile than during the financial crisis. While we can expect to experience continual news around of the spread of the virus and its potential impact on slowing the economy, we expect the Federal Reserve to continue to be responsive with policy that will be accommodative.

Please feel free to reach out to either of us with any questions or concerns regarding the markets.

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