

Hungry for Yield

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The unexpected January market rally continued into February. The S&P 500 and DJIA staged their biggest opening year gain in three decades, while the leveraged finance markets posted their best start to the year since 2009. The resiliency of the U.S. economy has been remarkable despite numerous cross-currents and potential hazards. If U.S. GDP growth continues through July, the economy will record its longest expansion on record. With the Federal Reserve now in no rush to raise rates, the economic and credit cycles could extend through the next two years. As the credit markets have rebounded, global investors continued to search for higher yield. Following this recent rally, many investors have rediscovered the income and diversification advantages of the credit markets. With \$8.9 trillion of global cash starving in negative yield, interest income is the food that institutional investors are craving!



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