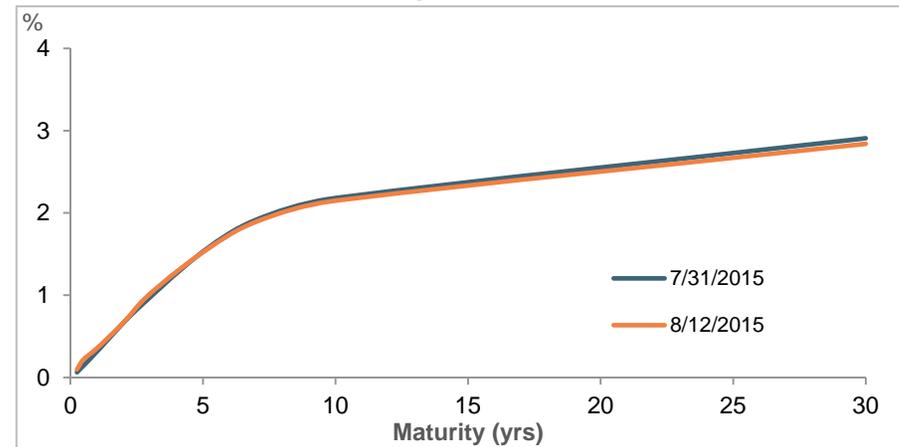




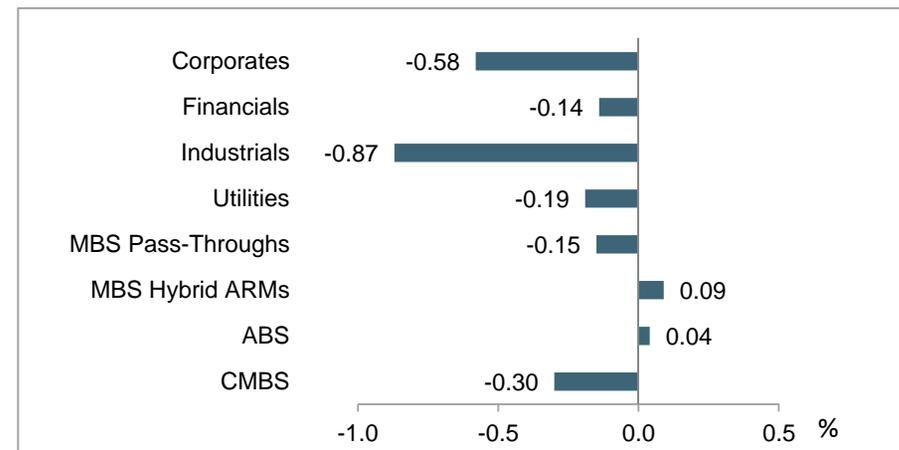
- Treasury rates rallied week-over-week as investors grew concerned over the continued decline in commodity prices and the outlook for growth in the Chinese economy
 - The Chinese central bank lowered the value of its currency, heightening fears that a slowdown in China could have contagion effects on the global economy
 - The 10-year Treasury yield fell 5bps week-over-week to 2.15%¹
- July’s employment report indicated the US economy added 215,000 jobs and the unemployment rate hovered at a seven-year low of 5.3%¹
 - Labor market strength increases the likelihood that the Federal Reserve will begin raising interest rates next month
- Retail data pointed to consumer strength – sales increased 0.6% month-over-month, boosted by strong motor vehicle and gasoline sales¹
- Heavy supply, pressure on commodities, and headlines out of China drove weakness in the corporate market
 - Month-to-date corporate issuance totaled \$30 billion, bringing year-to-date issuance to over \$800 billion²
 - Investment-grade spreads closed at 161bps, 7bps wider month-to-date and 30bps wider year-to-date³
- Commercial mortgage-backed securities (CMBS) underperformed Treasuries month-to-date as lending and securitization activity picked up amid soft demand in the summer months
- Municipal supply is slated to top \$10 billion over the next month, continuing a theme of strong issuance year-to-date as states and municipalities look to take advantage of lower rates¹
 - This week was highlighted by a taxable \$1 billion Kansas general obligation (GO) deal that came to market as part of the state’s pension restructuring plan

Treasury Yield Curve¹



Maturity	2-year	5-year	10-year	30-year
8/12/2015	0.67	1.52	2.15	2.84
MTD Change	0.00	-0.01	-0.03	-0.07

MTD Excess Returns^{3*}



Sources: 1. Bloomberg 2. JPMorgan 3. Barclays

*Excess returns are the curve-adjusted excess return of a given index relative to a term structure-matched position in Treasuries.

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