• The October employment report beat economist’s expectations and increased the probability that a rate hike will occur in December
  • Non-farm payrolls added 271,000 jobs (versus a forecast of 185,000), and the unemployment rate fell by 0.1% to 5.0%¹
  • The strong report drove a significant Treasury sell-off, with the 30-year rate increasing by 13bps week-over-week to 3.12%¹
• Month-to-date corporate issuance totaled over $40bn, highlighted by large energy-sector issuers Halliburton and Shell, who issued $7.5bn and $5bn respectively²
  • New deals were met with strong demand as higher all-in rates made corporate deals more attractive
  • Investment-grade corporate spreads tightened 5bps month-to-date to 154bps³
• Roughly 90% of S&P 500 companies have reported third-quarter earnings with 73% beating their EPS estimates¹
  • Despite weak revenue growth, many companies have implemented cost cutting programs to improve their bottom line
• Despite a heavy new-issue calendar, commercial mortgage-backed securities (CMBS) outperformed Treasuries month-to-date, following the “risk-on” trend in the corporate sector
• In the municipal market, year-to-date supply exceeded $350bn, a 30% increase from this time last year¹

*Excess returns are the curve-adjusted excess return of a given index relative to a term structure-matched position in Treasuries. The views contained in this report are those of IR+M and are based on information obtained by IR+M from sources that are believed to be reliable. This report is for informational purposes only and is not intended to provide specific advice, recommendations, or projected returns for any particular IR+M product. No part of this material may be reproduced in any form, or referred to in any other publication, without express written permission from Income Research & Management.