November payrolls came in above expectations, and last month’s number was revised upwards, producing a very solid report¹

- The report helped solidify expectations that the Federal Reserve (Fed) will take action at their December 16-17 meeting, with the market pricing in more than an 80% chance of a rate hike

- Renewed volatility in the energy and materials sectors drove weakness in industrial credits²
  - Investment-grade industrial spreads widened 3bps month-to-date as crude oil prices fell below $40 per gallon

- Visa Inc. came to market this week with its first public debt deal totaling $16 billion¹
  - The deal was the 4th largest corporate bond issue of the year
  - Visa will use proceeds to partially finance their $23 billion acquisition of Visa Europe Ltd.

- The CMBS market struggled last week as strong issuance was met by lackluster demand²

- Pending home sales were weaker than analyst expectations for October, with only a 0.2% rise month-over-month relative to expectations of a 1.0% increase¹

- Puerto Rico made a $350 million debt service payment to avoid a default on their General Obligation (GO) debt¹
  - Governor Padilla signed a bill to divert revenues away from public corporation debt for the benefit of GO bondholders
  - The Commonwealth’s next debt payment is due on January 1, 2016 in the amount of $945 million

Sources: 1. Bloomberg  2. Barclays

¹Excess returns are the curve-adjusted excess return of a given index relative to a term structure-matched position in Treasuries.

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