



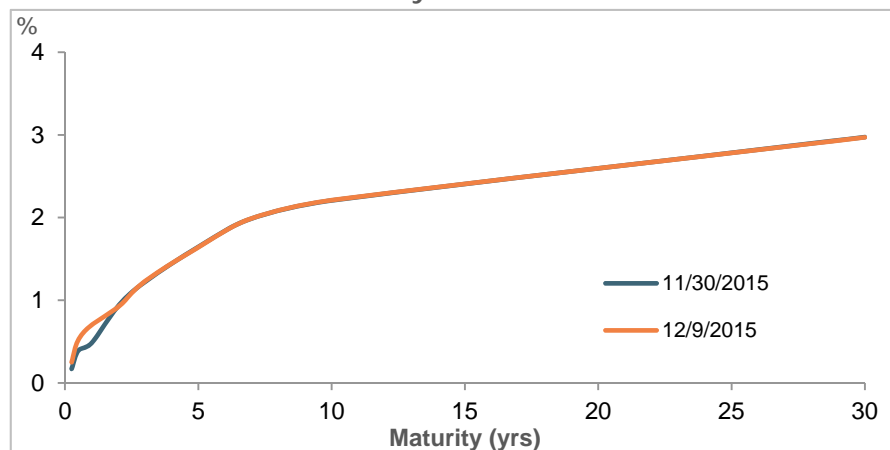
INCOME RESEARCH + MANAGEMENT

IR+M CLIENT UPDATE

December 4 – 10, 2015

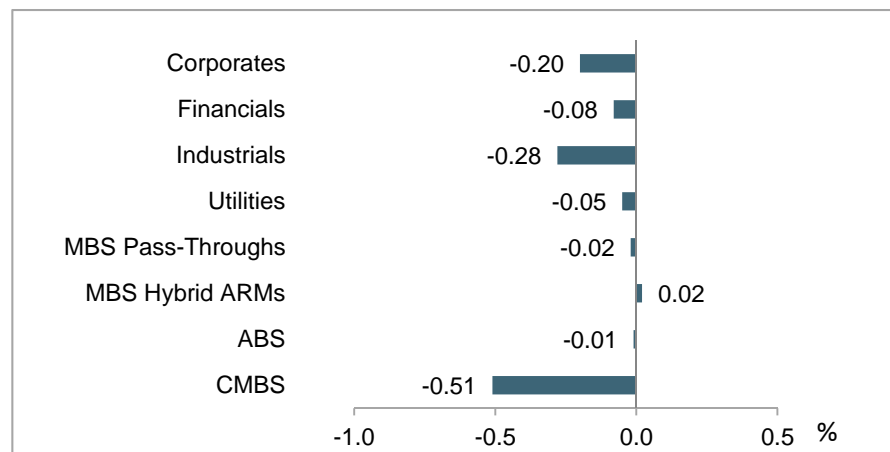
- November payrolls came in above expectations, and last month's number was revised upwards, producing a very solid report¹
 - The report helped solidify expectations that the Federal Reserve (Fed) will take action at their December 16-17 meeting, with the market pricing in more than an 80% chance of 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

Treasury Yield Curve¹



Maturity	2-year	5-year	10-year	30-year
12/9/2015	0.93	1.64	2.22	2.97
MTD Change	-0.01	-0.01	0.00	0.00

MTD Excess Returns^{2*}



Sources: 1. Bloomberg 2. 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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