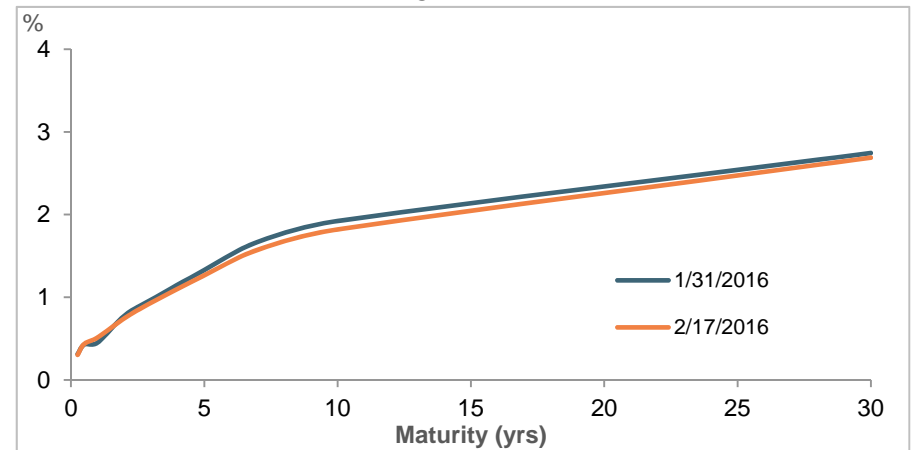




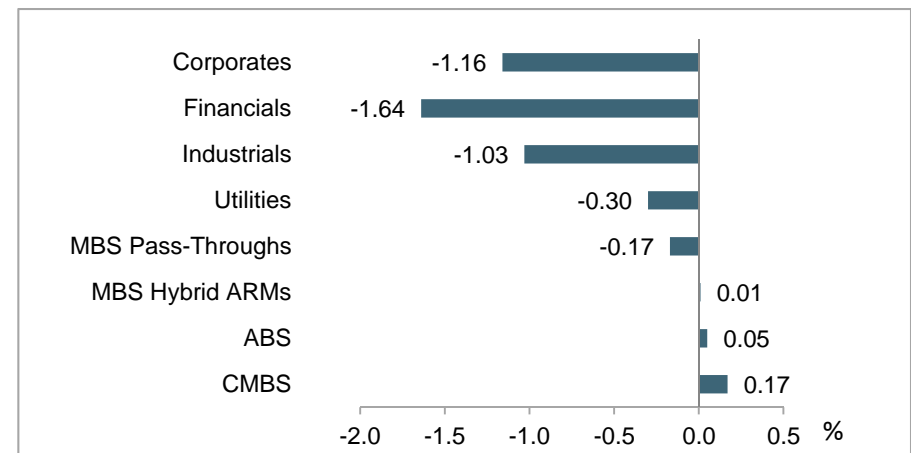
- The University of Michigan’s Consumer Sentiment Index decreased from 92 to 90.7 in February as consumers started worrying about the general strength of the US economy amid global financial concerns¹
 - Despite the deteriorated sentiment, market indicators suggest that consumer purchasing power should remain strong, evidenced by declining inflation expectations
- Treasury rates rallied early in the month, but have since increased, with the 10-year, which fell below 1.70% last week, now back to yielding 1.82%¹
- After last week’s quiet new issue calendar and Monday’s holiday, corporate supply surged on Tuesday³
 - Apple, IBM, and Toyota Motor were all in the market and, in aggregate, raised more than \$23 billion in debt
- Investment-grade financial spreads widened 29 basis points to 186 basis points, despite solid industry fundamentals²
 - Reasons cited for the poor year-to-date performance include: low interest rates, regulatory uncertainty, and overall poor market sentiment
- Energy sector spreads tightened modestly week-over-week, as oil prices rebounded following news that world oil producers may slow production¹
- Mortgage-backed securities underperformed month-to-date, as investors now require additional compensation for the markets increased volatility and the prepayment uncertainty tied to lower mortgage rates
- Municipal bonds have rallied in 2016 as investors generally view the sector as a safe place to invest during volatile market conditions¹
 - Limited supply in the new issue market and healthy inflows were a great technical for the market year-to-date

Treasury Yield Curve¹



Maturity	2-year	5-year	10-year	30-year
2/17/2016	0.74	1.27	1.82	2.69
MTD Change	-0.03	-0.06	-0.10	-0.06

MTD Excess Returns^{2*}



Sources: 1. Bloomberg 2. Barclays 3. Citigroup

*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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