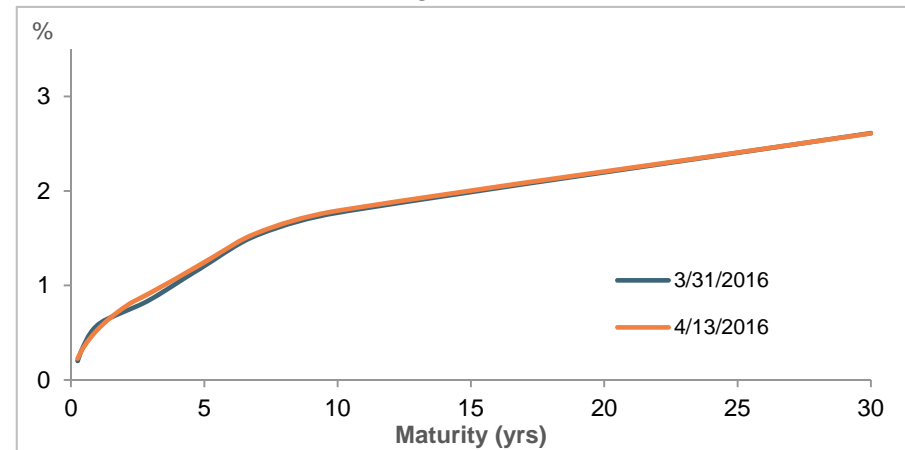




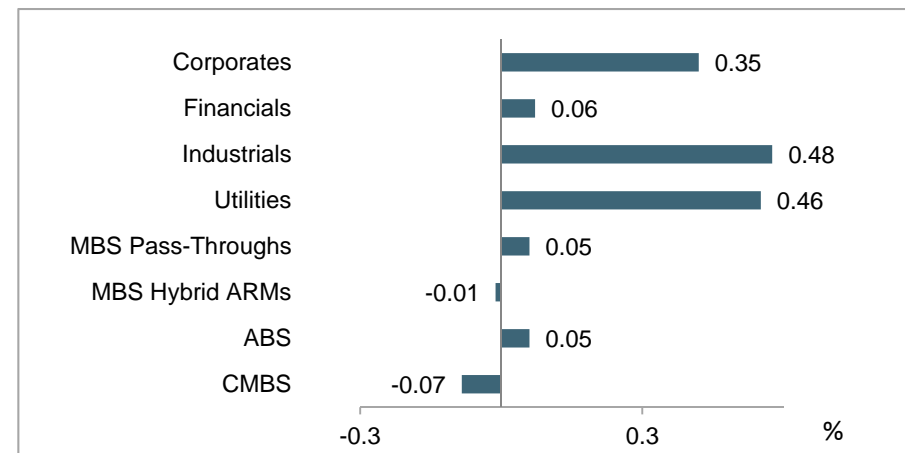
- Retail sales fell by 0.3% in March, the third straight month of no growth, indicating that the strength of the US consumer is dwindling<sup>1</sup>
- Consumer prices picked up by 0.1% month-over-month, short of expectations for a 0.2% increase, due to a drop in food prices and lower-than-expected healthcare and housing costs<sup>1</sup>
- Interest rates were range-bound over the course of the week
  - After starting the year above 3%, the 30-year Treasury rallied to 2.61% by February month-end and has since remained unchanged<sup>1</sup>
- Corporate earnings season officially kicked-off this week with Alcoa's release on Monday
  - First quarter S&P 500 earnings forecasts call for a 9.2% decrease, with a high level of dispersion amongst sectors<sup>2</sup>
- Corporate new issuance was quiet this week creating a positive technical for the market, which pushed spreads to their tightest point all year
- In the commercial mortgage-backed securities (CMBS) market, secondary spreads widened due to macro market turbulence, despite healthy fundamentals in the sector
- Congress met this week to discuss Puerto Rico's \$70 billion debt situation, but were unable to agree on an immediate resolution<sup>1</sup>
  - Last week, Governor Alejandro Garcia Padilla signed legislation that declared a debt moratorium, allowing the US territory to delay its bond payments until 2017

Treasury Yield Curve<sup>1</sup>



Maturity	2-year	5-year	10-year	30-year
4/13/2016	0.77	1.24	1.79	2.61
MTD Change	0.05	0.04	0.02	0.00

MTD Excess Returns<sup>3\*</sup>



Sources: 1. Bloomberg 2. FactSet 3. Barclays

\*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.