• Treasury rates rallied moderately month-to-date, following the surprisingly weak jobs report last Friday¹
  - In the long-end of the curve, both the 10-year and 30-year Treasury rates approached year-to-date lows at 1.7% and 2.5%, respectively

• May’s jobs report caught the market off-guard with only 38,000 jobs added in the month, falling short of expectations for 160,000 jobs¹
  - The unemployment rate fell to 4.7%, but the drop was caused by discouraged workers falling out of the labor force

• On Monday, Federal Reserve (Fed) Chair Yellen acknowledged the weak jobs report, but reassured the market that the positives in the US economy outweigh the negatives
  - Yellen also reminded the market that one economic report will not have a major impact on the Fed’s overall view on the strength of the US economy

• After last month’s record breaking $167bn in corporate issuance, June’s month-to-date issuance is roughly $36bn²
  - Aetna came to market with $13bn in bonds to finance their $34bn acquisition of Humana Inc. – the deal is the third largest bond offering of the year and makes up a nice chunk of the month’s total issuance

• Delinquency rates in US commercial mortgage backed securities (CMBS) increased to 4.35% in May, but overall remain well below crisis highs¹

• On Wednesday, Moody’s downgraded Illinois to Baa2 from Baa1 due to continued political obstacles that prohibited the state from addressing both its budget deficit and underfunded pension¹


*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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