US Treasury yields rose across the curve week-over-week, as reduced market volatility drove a risk-on trade¹

- The 10-year Treasury rate increased 11bps to 1.58%, and the 30-year Treasury rate increased 13bps to 2.30%

In the US, a series of encouraging housing, retail sales, and industrial production reports suggested that the domestic economy is healthy and improving

Positive indicators from the US economy may push the Federal Reserve (Fed) to consider hiking rates faster than the market was initially expecting post-Brexit

- Market pricing suggests a 50% chance of a rate hike before year-end, a significant increase compared to last week’s projections¹

Corporate spreads moved marginally tighter despite a moderate pick up in supply²

- Investment-grade issuance totaled around $65 billion month-to-date, bringing year-to-date supply to $725 billion³

Second quarter earnings season is underway and, while profit forecasts for the S&P 500 are negative, a majority of results so far have beaten estimates

Mortgage-backed securities outperformed Treasuries as the selloff in rates reduced fears of a refinancing wave

Activity in the municipal bond market slowed due to a number of factors including: limited issuance, unattractive municipal/Treasury ratios, and low nominal yields

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¹ 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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