A selloff in long-end rates this week drove a steepening of the Treasury curve

- Month-to-date, the 10-year yield rose 12bps to 1.70%, and the 30-year yield rose 22bps to 2.45%¹

Federal Reserve (Fed) Governor Lael Brainard delivered a speech to The Chicago Council on Global Affairs, highlighting continued concerns about weak global growth¹

- Following her remarks, the September rate hike probability dropped 6% to 15% – the market is currently pricing a 50% chance of a hike at year-end

Corporate supply flooded the market again this week with over $30 billion pricing²

- Issuers raised more than $80 billion so far this month, and issuance will likely exceed last September’s total of $97 billion

Heavy corporate supply coupled with elevated secondary market activity weighed on investment-grade corporate spreads, which widened 5bps to 141bps³

Commercial mortgage-backed securities faltered this week, alongside other risk assets¹

- A heavy September issuance calendar, paired with rate hike uncertainty pushed spreads wider

The municipal market also faced a busy week of supply with around $13 billion on the calendar¹

- Positive inflows supported the market amidst the robust issuance; however, continued primary activity could put negative pressure on the technical environment


¹Excess returns are the curve-adjusted excess return of a given index relative to a term structure-matched position in Treasuries.

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