• The Treasury curve flattened week-over-week, reversing some of the steepening that occurred earlier in the month¹
  • Month-to-date, the 2-year Treasury yield fell 5bps to 0.76%, and the 30-year Treasury yield rose 6bps to 2.29%
  • Initial jobless claims came in marginally below expectations at 254,000, suggesting the labor market is healthy and improving¹
  • More encouraging U.S. economic data is expected next week, which may increase the likelihood of a rate hike at the Federal Reserve’s (Fed) December meeting – the market is currently pricing in a 53% chance of a hike by year-end
  • Investment grade corporate issuers priced around $15 billion, for a month-to-date total of over $130 billion²
    • Year-to-date issuance is 10% ahead of last year’s pace, and projections suggest the $1 trillion mark will be surpassed by early October
  • Corporate spreads moved sideways amid manageable supply and average trading volumes this week³
  • Agency mortgage-backed securities outperformed Treasuries on the week, as declining volatility following the Bank of Japan and Fed announcements supported the sector¹
  • In the municipal market, demand from tax-sensitive, yield-driven investors remains strong for the high-quality, income-generating asset class¹
    • Inflows tapered off slightly, but this week marked the 52nd consecutive week of positive inflows into municipal funds, which is the longest streak since 2010


*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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