Steady GDP growth, labor market improvement, and positive inflation momentum drove the Treasury curve higher month-to-date, most notably in the long-end¹
  • The 10-year yield rose 15bps to 1.74%, and the 30-year yield rose 19bps to 2.51%

On Wednesday, the Federal Reserve (Fed) released the beige book, a recurring report on current US economic conditions, which appear to be improving¹
  • Overall positive results supported the likelihood that the Fed will raise rates at the December meeting, with markets pricing in a 68% probability

Investment-grade corporate supply totaled around $24 billion, slightly below last month’s weekly average of $30 billion²
  • Financials drove most of the issuance, as banks exited pre-earnings blackout periods and took advantage of tight levels

Strengthening commodity fundamentals along with better than expected third quarter earnings supported the investment-grade corporate market¹
  • Spreads tightened 9bps on the month to 129bps – the year-to-date tights

In the commercial mortgage-backed securities (CMBS) market, a robust supply pipeline and continued rate hike uncertainty weighed on the sector, which underperformed Treasuries by 7bps on the week¹

The municipal new issue calendar overwhelmed the market again with roughly $15 billion pricing, which was one of the busiest weeks in over 30 years¹
  • Heavy issuance is expected to continue through October, but begin to quiet down heading into the holiday season

Sources: 1. Bloomberg Barclays  2. Citigroup

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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