

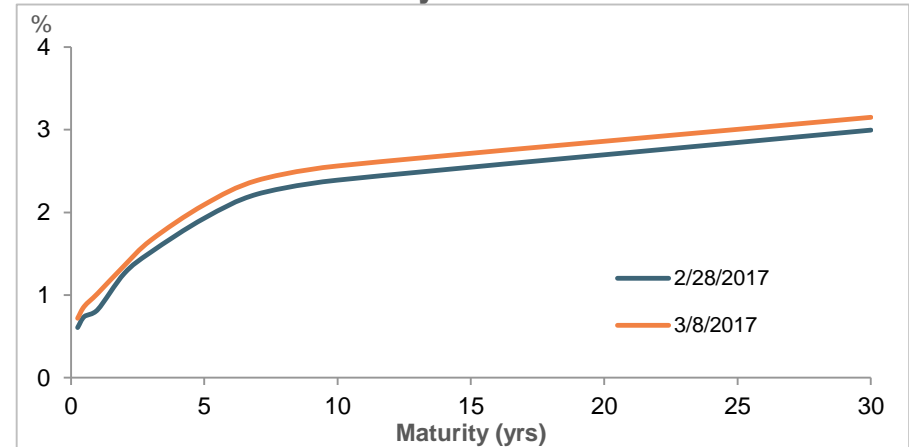


IR+M CLIENT UPDATE

March 1 – 9, 2017

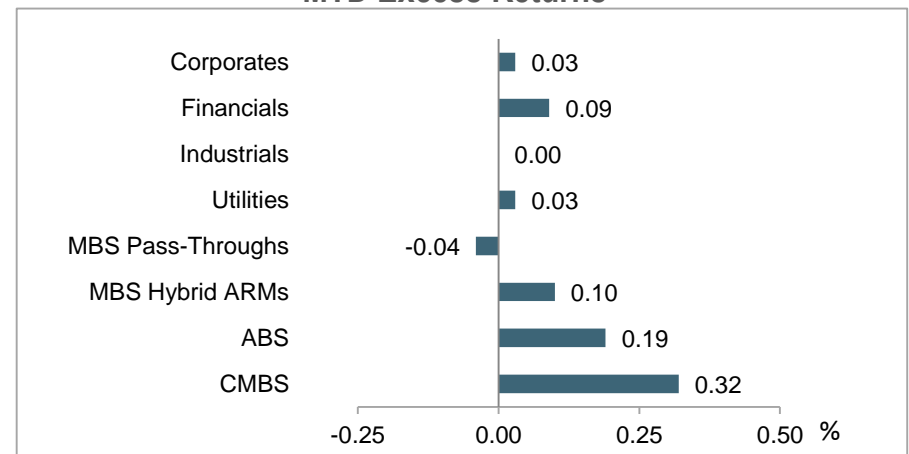
- Relatively hawkish comments from the Federal Reserve spurred a jump in Treasury rates across the curve, with the 2-year reaching 1.36%, a level the market hasn't seen since 2009¹
 - Market implied-probabilities suggest that the Fed will hike rates 0.25% at the Committee's meeting next week
- The ADP employment report beat estimates by a significant margin, as private jobs rose nearly 300,000 in February, setting the stage for a strong release in nonfarm payrolls tomorrow¹
 - Consensus is around 190,000 jobs added in February, which is in line with the ADP report forecasts
- In anticipation of next week's potential Fed hike, investment-grade corporate issuers priced roughly \$50 billion month-to-date, which is more than half the total supply issued in February²
 - Demand remained relatively healthy in the face of robust supply, as the grab for yield continues in this low global rate environment
- Investment-grade corporate spreads tightened to start the month, then reversed course on the heels of falling oil prices¹
 - Concerns regarding compliance with the OPEC production cut deal drove a selloff in oil, hurting corporate spreads, which closed at 114bps
- The Fannie Mae agency mortgage-backed securities (MBS) universe prepaid 20% slower month-over-month, as higher mortgage rates and a lower day count reduced refinancing activity¹
- In the municipal market, tax reform remains an overhang; however, month-to-date, the sector performed in line with Treasuries and the 10-year municipal/Treasury ratio stabilized around 96%¹

Treasury Yield Curve¹



Maturity	2-year	5-year	10-year	30-year
3/8/2017	1.36	2.09	2.56	3.15
MTD Change	0.10	0.16	0.17	0.15

MTD Excess Returns^{1*}



Sources: 1. Bloomberg Barclays 2. J.P. Morgan

*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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