Initial jobless claims were again slightly below expectations at 232,000, continuing the trend of strong and improving labor market conditions¹

US industrial production rose 1%, marking the largest monthly gain in over three years, another positive signal for the US economy¹

Oil prices climbed on news that Saudi Arabia and Russia affirmed their support for prolonging an existing deal to cut supply until March 2018¹

Consumer prices rebounded after weakness in March, but the Consumer Price Index (CPI) print was still below expectations¹

- Breakeven inflation rates have fallen approximately 30bps from 2017 highs with the 10-year breakeven dropping below 1.8%

- Heightened political uncertainty instigated a risk-off market sentiment, pushing Treasury yields lower across the curve¹
  - The 2-year Treasury yield declined 11bps to 1.25%, while the 10-year Treasury fell 19bps on the week to 2.23%
  - The implied probability for a June rate hike dropped from 100% amidst increased volatility

- Investment-grade corporate issuers priced over $25 billion this week, in line with dealer expectations²

- Moderate supply was met with healthy demand, and corporate spreads held in despite some equity weakness, tightening another 1bp to 112bps¹

- The securitized market also benefitted from strong demand, with commercial mortgage-backed securities (CMBS) as the best performer, generating 45bps of excess returns month-to-date¹

- Municipals modestly underperformed Treasuries and the 10-year municipal/Treasury ratio climbed 2% to 92%¹

Sources: 1. Bloomberg Barclays  2. Citigroup

*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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