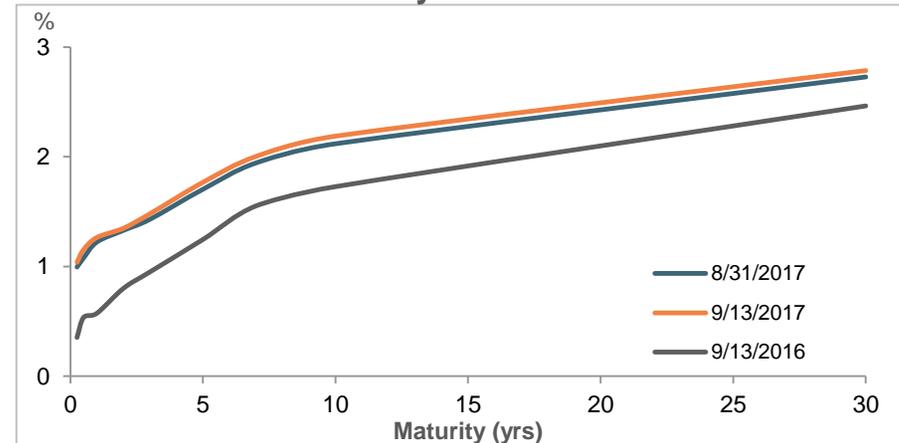




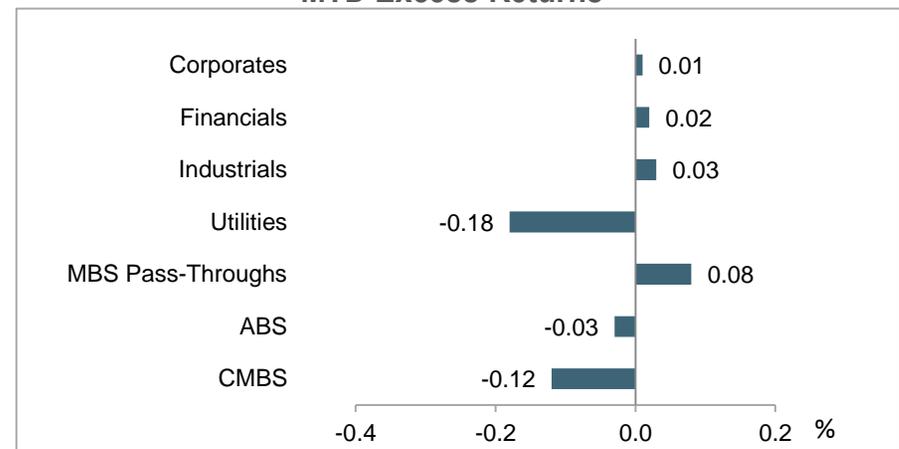
- The US Consumer Price Index (CPI) increased 0.4% during August, matching expectations, although the gain was largely fueled by energy costs, which jumped 2.8% following Hurricane Harvey¹
 - Core CPI, which excludes food and energy, rose 0.2% on the month and 1.7% year-over-year, both of which were in line with expectations
 - Market inflation expectations also increased this week as the 10-year breakeven inflation rate rose 7bps to close at 1.86%
- Oil prices jumped above \$50/barrel as investors reacted to bullish inventory reports and the International Energy Agency (IEA) increasing its demand forecasts¹
- Treasury yields reversed course and moved higher as geopolitical tensions eased and risk markets performed well¹
 - The 2-year yield increased 5bps on the week and the 10-year yield jumped 8bps
- Investment grade corporate supply was robust again this week with over \$35 billion pricing²
 - Issuers have priced over \$80 billion over the past two weeks
- After widening modestly to 113bps at the end of last week, investment grade corporate spreads tightened back to 111bps to close unchanged on the week as the market worked to digest heavy supply¹
- Substantial supply in the commercial mortgage-backed securities (CMBS) market weighed on spreads, and the sector has underperformed Treasuries month-to-date¹
- Municipal fund inflows persisted and the sector outperformed Treasuries during the week as the 10-year muni/Treasury ratio declined 2% to 84%¹

Treasury Yield Curve¹



Maturity	2-year	5-year	10-year	30-year
9/13/2017	1.35	1.77	2.19	2.79
MTD Change	0.02	0.07	0.07	0.06

MTD Excess Returns^{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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