• The Treasury yield curve steepened modestly as short-end yields declined and long-end yields increased slightly¹
  • The 2-year yield fell 2bps to 1.47% while the 30-year yield increased by 1bp to close at 2.87%
• Corporate supply was light, as investment grade issuers priced approximately $13 billion²
  • While supply was modest, it was enough to push the year-to-date total over $1 trillion, in line with last year’s pace
• Demand for corporates has been robust, and investment grade spreads tightened 2bps to close at 99bps¹
  • Spreads within the investment grade corporate market are 2bps off post-crisis tights
  • All corporate subsectors hit year-to-date tights this week while financials, specifically, reached post-crisis tights at 91bps¹
• September auto sales came in at roughly 18.5 million, well above expectations for 17.4 million¹
  • Some of the strength could be attributed to replacement demand following Hurricane Harvey’s severe flooding
• Despite the strength in auto sales, asset-backed securities (ABS) underperformed Treasuries month-to-date as the sector worked to digest heavy supply¹
• Municipals performed roughly in line with Treasuries this week, and the 10-year muni/Treasury ratio was unchanged at 87%¹

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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