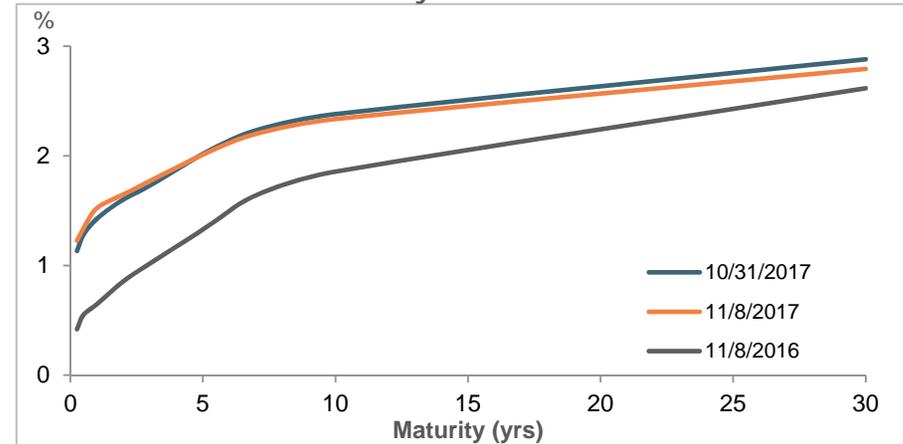




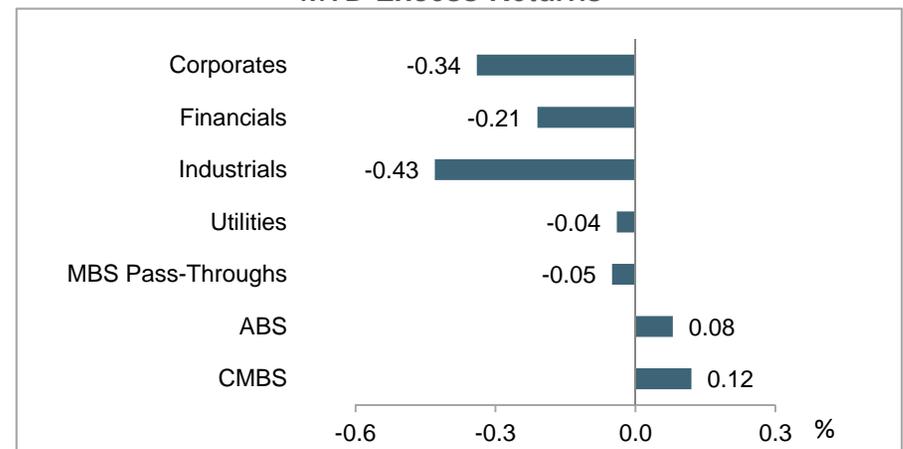
- Last Friday’s nonfarm payroll report fell short of expectations with 261,000 jobs added in October versus forecasts around 310,000 jobs<sup>1</sup>
  - Despite a miss on the headline number, the August and September data was revised up, and the unemployment rate fell to 4.1%
- US President Donald Trump nominated Jerome “Jay” Powell to succeed Janet Yellen as the Chair of the Federal Reserve, and his confirmation hearing is scheduled for November 28<sup>th</sup> <sup>1</sup>
  - Powell was viewed as the “continuity candidate”, and investors anticipate a fairly smooth transition
- The Treasury curve flattened month to date with the 2-year yield rising 5bps and the 30-year yield falling 9bps<sup>1</sup>
- Investment-grade corporate issuers priced roughly \$52 billion to start the month, which was slightly above expectations<sup>2</sup>
  - Industrial companies drove most of the issuance, particularly the technology sector, as Oracle and Apple priced sizable deals of \$10 billion and \$7 billion, respectively
  - Year-to-date issuance is now just \$28 billion short of the total supply in 2016
- Weakness emerged in the corporate market amid uncertainty over potential tax reform implications coupled with M&A headlines, particularly within the industrial sector<sup>1</sup>
  - Investment-grade spreads widened 4bps to 99bps, and high-yield spreads widened 12bps to 350bps
- Securitized sectors were more insulated from the political headlines and outperformed corporates month to date<sup>1</sup>
- The House Republican’s tax reform proposal spurred a rally in municipal bonds, as the plan, as it currently stands, would lead to a decrease in supply<sup>1</sup>
  - The 10-year municipal/Treasury ratio fell 2% to 83%

Treasury Yield Curve<sup>1</sup>



Maturity	2-year	5-year	10-year	30-year
11/8/2017	1.65	2.01	2.34	2.79
MTD Change	0.05	-0.01	-0.04	-0.09

MTD Excess Returns<sup>1\*</sup>



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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