• Last Friday’s nonfarm payroll report fell short of expectations with 261,000 jobs added in October versus forecasts around 310,000 jobs¹
  • 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 28th ¹
  • 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 9bps¹
• Investment-grade corporate issuers priced roughly $52 billion to start the month, which was slightly above expectations²
  • 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 sector¹
  • 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 date¹
• 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 supply¹
  • The 10-year municipal/Treasury ratio fell 2% to 83%

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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