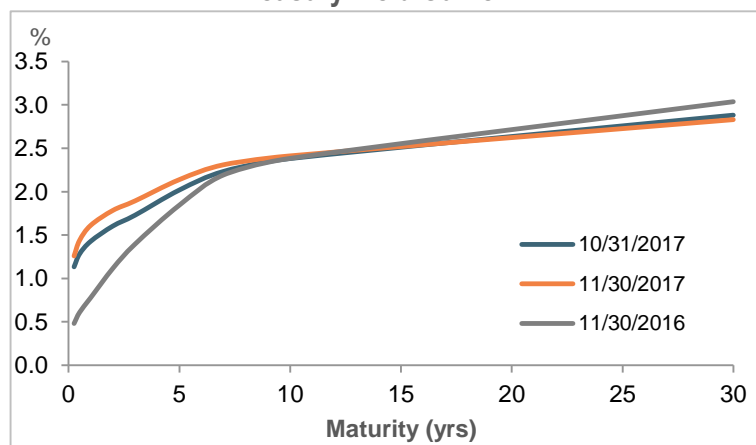


## MARKET NEWS

- Jay Powell was nominated to succeed Janet Yellen as the Chair of the Federal Reserve (Fed), marking the first time in four decades that a Fed Chair was not offered a second term<sup>1</sup>
- At its November meeting, the Fed unanimously voted to leave the federal funds rate unchanged at 1-1.25%, as expected, but exhibited a generally optimistic tone regarding the overall health of the US economy<sup>1</sup>
  - The market-implied probability for a rate hike at the Fed's December meeting jumped 13% to 98%
- The Treasury curve flattened in November, as market expectations for a December Fed hike pressured front-end rates, while continued concern over the inflation picture weighed on the long end<sup>1</sup>
  - The 2-year Treasury yield rose 18bps to 1.78%, and the 30-year Treasury yield fell 5bps to 2.83%
- Investment-grade corporations priced \$115 billion this month, pushing year-to-date supply above total issuance in 2016<sup>2</sup>
  - Oracle, Alibaba, and Apple all came to market with sizable deals for a combined total of \$24 billion
- Investment-grade corporate spreads sold off in the first half of the month amid heavy supply, then rallied modestly through month end and closed November 2bps wider at 97bps<sup>1</sup>
  - Negative headlines drove some weakness within the industrial sector, which underperformed both financials and utilities
- A generally firm market tone coupled with overall positive US economic data supported securitized sectors, particularly the asset-backed securities (ABS) market, which generated 0.11% of excess return<sup>1</sup>
  - Despite an uptick in supply, demand remains strong, and fundamentals also remain relatively healthy
- Volatility increased in the municipal market amid further progress with tax reform, which could materially impact supply<sup>1</sup>
  - The tax bill, in its current form, proposes removing the tax exemption for advance refundings, which permits issuers to refinance outstanding debt at lower rates
  - Supply picked up at the end of November as tax-exempt issuers tapped the market ahead of the potential reform

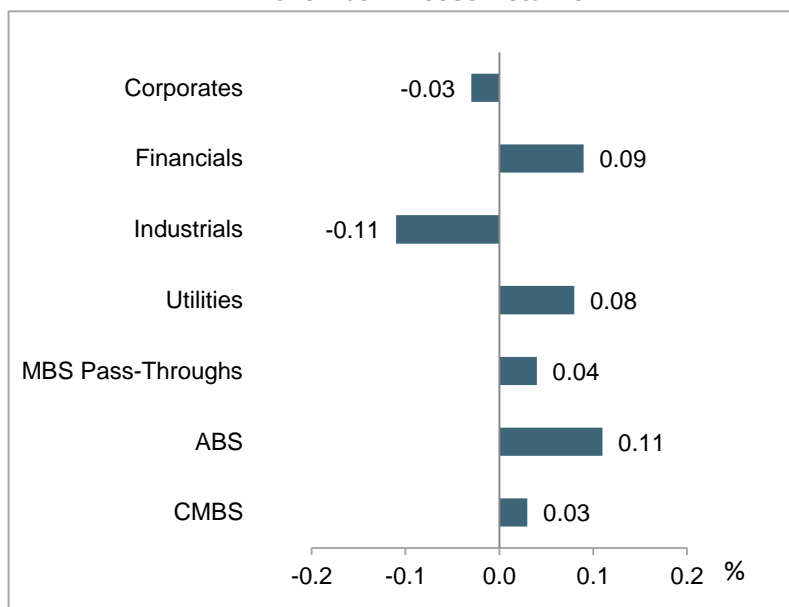
## MARKET STATISTICS

Treasury Yield Curve<sup>1</sup>



Maturity	2-year	5-year	10-year	30-year
11/30/2017	1.78	2.14	2.41	2.83
MTD Change	0.18	0.12	0.03	-0.05

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



As of: 11/30/17. 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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