• Despite demand for safe-haven assets amid trade uncertainty between China and the United States, solid economic data pushed Treasury yields higher¹
  - Treasury yields moved in tandem during the week, as the 2-year yield increased 9bps to 2.52% and the 30-year yield rose 10bps to 3.12%
• Labor market growth continued and the unemployment rate fell to a new 18-year low of 3.8%¹
  - Nonfarm payrolls were up 223,000 in May, 33,000 more than expectations, and average hourly earnings increased at an annual rate of 2.7%, ahead of expectations to increase 2.6%
• Corporate issuance remained strong this week as investment-grade issuers priced over $33bn²
  - Supply totaled $16bn on Tuesday, the largest single day total this year since January 18th, as Union Pacific Corporation issued $6bn across the curve
• Investment-grade corporate spreads were resilient to heavy supply and tightened 1bp, from a year-to-date wide, to 114bps¹
  - Positive sentiment in equity markets spilled over to high-yield corporate spreads, which tightened 19bps to close at 344bps
• Strong demand supported commercial mortgage-backed securities (CMBS) as spreads tightened 1bp to 66bps¹
• Lack of issuance supported municipals which outperformed Treasuries during the week¹
  - The 5-year muni/Treasury ratio closed at 71%, the lowest level since mid-January

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.
²The views contained in this report are those of IR+M and are based on information obtained by IR+M from sources that are believed to be reliable. This report is for informational purposes only and is not intended to provide specific advice, recommendations, or projected returns for any particular IR+M product. No part of this material may be reproduced in any form, or referred to in any other publication, without express written permission from Income Research & Management.