• US first-quarter GDP growth was revised down to 2%, due to lower consumer spending and business inventories; a rebound in the second quarter is expected with an estimated growth rate of over 3%¹
• Exports in May surged 2.1% to decrease the trade balance deficit from $67.3 billion in April to $64.8 billion¹
• Sales of new homes were above expectations at 689,000 for the month of May, a 14.1% growth rate year-over-year¹
  • The median new home price fell 3.3% from last year to $313,000
• Consumer confidence slightly softened as investors continue to focus on news of a potential trade war and tariff increases¹
• The Treasury curve flattened and yields fell this week, as investors demanded higher-quality assets¹
  • The 2-year yield decreased 6bps to 2.51% and the 30-year yield fell 11bps to 2.97%
• Investment-grade corporate supply slowed, as issuers priced just $900 million, much lower than forecasts of $17 billion²
  • Risk-off sentiment and a defensive stance kept companies on the sidelines, however, total issuance in May of $107 billion is still above estimates of $85 to $95 billion
• Demand for corporates waned and spreads leaked 1bp wider to 124bps, despite light new issuance¹
• The general risk-off tone and heavy issuance ahead of the holiday week weighed on commercial mortgage-backed securities (CMBS), which underperformed treasuries¹
• Asset-backed securities (ABS) exhibited strong performance benefiting from low supply¹
• Municipals outperformed Treasuries as a modest new issue pipeline continued to provide a positive technical backdrop¹

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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