• The US Consumer Price Index (CPI) increased 0.1% in June, continuing the trend of a gradual buildup of inflationary pressure¹
  • The steady climb will likely keep the Federal Reserve on a path of measured increases in interest rates
• Initial jobless claims trended lower, falling 18,000 to 214,000, consistent with job market strength¹
• A risk-on tone pushed short- and intermediate-dated Treasury yields higher week-over-week and the curve flattened¹
  • The difference between the 2-year and 10-year yield reached a new post-crisis low of 27bps
• Investment-grade corporate issuers brought roughly $12 billion to market after no issuance during the holiday week²
  • The financial sector has led the way with $332 billion priced year-to-date, almost 50% of total supply
• A higher risk appetite early in the week and a focus on positive second quarter earnings drove corporate spreads 3bps tighter to 119bps¹
  • High yield spreads tightened 12bps to close at 354bps
• Issuance of less than $2 billion, coupled with strong demand, helped asset-backed securities (ABS) outpace Treasuries¹
• Municipals outperformed Treasuries, as light supply and healthy demand continued to provide a tailwind¹
  • Year-to-date supply is $156 billion, over $30 billion less than the prior year

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.
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