• Labor market data showed that nonfarm payrolls grew by 157,000 in July, which was below expectations¹
  • Despite the headline miss, prior months were revised higher, and the unemployment rate declined by 0.1% to 3.9%
• The US Treasury held its largest 10-year note auction ever, at $26 billion, which was met with strong demand, leaving 10-year yields unchanged¹
  • 30-year yields increased modestly, rising by 3bps on the week
  • The US Treasury set another auction record today, with an auction of $18 billion of 30-year bonds²
• Investment-grade corporate supply picked up this week, as issuers priced over $30 billion, surpassing expectations of $20-25 billion¹
  • Healthy demand met the heaviest week of supply since June
• Despite the deluge of supply, investment-grade corporate spreads proved resilient, benefiting from strong corporate earnings, and tightened by 1bp to close at 108bps¹
  • Financials and Utilities performed well, reversing some the sectors’ year-to-date underperformance relative to Industrials
• Strong demand for high-yield bonds outweighed robust supply, and spreads tightened 11bps to close at 325bps¹
• Heavy issuance in the securitized space continued this week; however, spreads tightened 11bps to close at 325bps¹
  • Asset-backed securities (ABS) underperformed other sectors, as investors worked to digest a stretch of torrential supply in July, which included the busiest week for ABS issuance since 2015
• Municipals modestly underperformed Treasuries, as the 10-year muni/Treasury ratio increased by 1% to close at 85%¹
  • Within munis, shorter-maturity bonds outperformed the long end

Source: 1. Bloomberg Barclays  2. As of 8/9/18
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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