• Treasury yields rose and the curve steepened this week as rising trade tensions made headlines again¹
  • The difference between 5-year and 30-year yields reached 30bps, the highest level since mid-June
• Private payroll growth of 163,000 jobs was the weakest level since October 2017, led by a decline in small business hiring; jobless claims painted a more positive picture as they fell to the lowest level since 1969¹
  • Investors will look to Friday’s nonfarm payroll report for a more conclusive picture of the labor market
• US ISM Manufacturing Index, which measures the activity of American factories, rose to a 14-year high in August, despite rising trade tensions¹
  • The 10-year breakeven inflation rate ticked up to 2.1% following the generally solid data and an overall positive economic outlook
• Investment-grade issuers came with a slew of new deals and this week’s total of over $56 billion was the busiest new issue week of the year¹
  • Cigna Corporation brought the largest deal of the week and issued $20 billion across ten tranches, to finance its acquisition of Express Scripts
• Investment-grade corporate spreads came under pressure due to the wave of post-Labor Day supply and widened 1bp to 115bps¹
• Securitized sectors generally outperformed Treasuries as early-September supply was light, contrary to the corporate market¹
• Investors added almost $186 million to municipal bond funds last week, the seventeenth consecutive week of positive inflows²
  • Over $158 billion of municipal bonds were taken out of the market in June, July and August due to calls and maturities, providing another positive technical for the sector¹

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.