• President Trump nominated Nellie Liang to fill the final Federal Reserve (Fed) open seat, his sixth nomination to the Fed’s seven-seat board¹

• The Trump Administration announced an additional 10% tariff on $200 billion worth of Chinese imports that will go into effect September 24th¹
  - China quickly countered with tariffs of 10% on $60 billion of US products; the market reaction was muted as some investors feared a harsher retaliation

• US initial jobless claims fell to 201,000, a 50-year low, further highlighting the solid jobs market¹

• Treasury rates marched higher week-over-week and the curve steepened as investors shrugged off the announcement of additional tariffs and focused on positive economic data instead¹
  - The 10-year Treasury yield climbed above 3% for the first time in over a month, as the consumer sentiment index and housing starts came in above expectations

• Investment-grade corporate issuance surpassed $28 billion this week; month-to-date supply reached $112 billion and is just shy of the total for all of September ²
  - Investment-grade corporate spreads were resilient despite a heavy new issue calendar and tightened by 1bp week-over-week to close at 118bps¹
  - Wells Fargo issued a $1 billion floating-rate note that trades off the Secured Overnight Financing Rate (SOFR), as issuers begin to benchmark securities to LIBOR alternatives²

• Mortgage-backed securities (MBS) lagged Treasuries this month, as higher rates led to extension fears and weighed on performance¹

• Short-end munis underperformed over the week, as the 2-year municipal/Treasury ratio rose to 69%, a three-month high¹

Source: 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. The 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.