• FOMC minutes were released and provided no sign that the Federal Reserve will waver from its recent rate-hiking path; members generally agreed to continue to increase rates going forward, and some believed rates should be raised above the long-term target level¹
  • Treasury yields rose during the week, especially in the belly of the curve where yields rose 5-6bps, as the market began to price in additional rate hikes
• In September, total retail sales were unexpectedly soft, increasing just 0.1% versus estimates of 0.6%¹
  • Details of the report were not alarming with sizable gains in sales of furniture, electronics, clothing and sporting goods, which are items that you would expect from a confident consumer - not one worried about the job market or income
• The new issue market picked up and investment-grade corporates issued over $17 billion, after most issuers stayed on the sidelines last week due to elevated market volatility²
  • Conagra Brands was the largest issuer after initially holding off last week, bringing a $7 billion debt offering to help fund its acquisition of Pinnacle Foods
• Investment-grade corporate spreads leaked 1bp wider to 109bps after the release of the FOMC minutes; corporates were fairly insulated from last week’s equity market weakness and only widened 3bps last week¹
• New issues of asset-backed securities (ABS) totaled $21 billion month-to-date and have been met with strong demand, pushing spreads tighter¹
• Municipal issuers are expected to price almost $15 billion over the next 30 days, the highest visible supply total since mid-December 2017³

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.