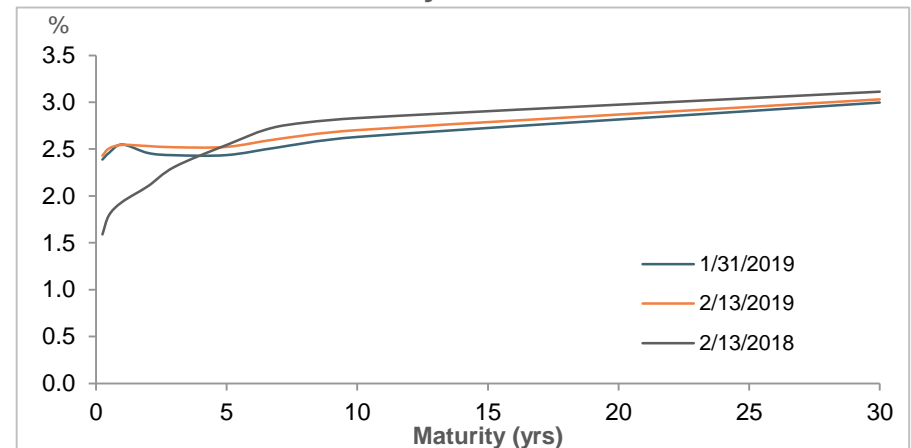




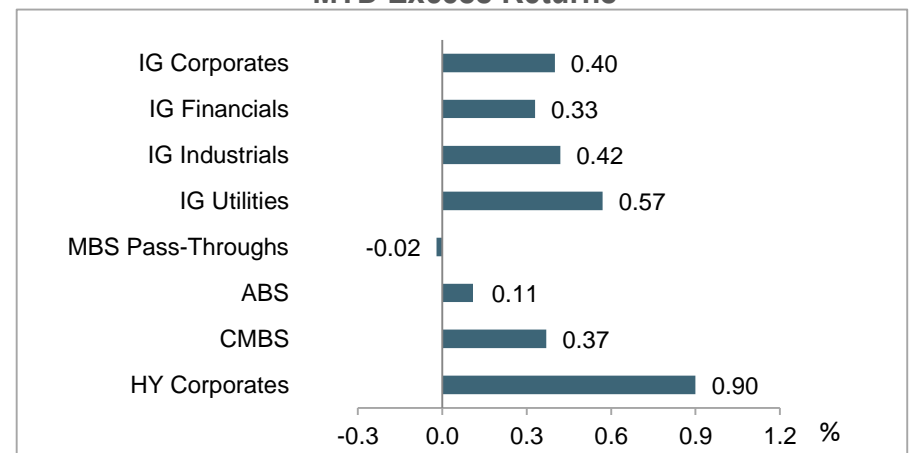
- Treasury yields increased across the curve, as market sentiment improved and investors moved to riskier assets, focusing on solid macroeconomic data and positive political developments
 - Geopolitical tensions softened this week, as US lawmakers agreed to a deal that would avert another government shutdown, while US trade representatives had constructive negotiations with their Chinese counterparts
 - Core CPI – which excludes volatile items such as food and energy – held steady at 2.2%, year-over-year, for the third straight month and was slightly above expectations
- Supportive market conditions led to increased supply, as investment-grade corporate issuers priced over \$38 billion, pushing year-to-date issuance ahead of 2018's pace
 - Altria Group issued \$11.5 billion to fund the acquisition of Juul Labs, which was the second-largest new issue in 2019 behind Anheuser-Busch InBev's \$15.5 billion deal earlier in the year
- The investment-grade market easily absorbed the wave of supply, and investors, both domestically and overseas, continued to have strong demand for corporate bonds; spreads remained steady at 124bps
- Higher oil prices and lighter issuance acted as a tailwind for the high-yield market, and high-yield corporate spreads tightened by 14bps to close at 402bps
- MBA mortgage applications fell for a fourth straight week and weighed on mortgage-backed securities (MBS), which lagged the broader market month-to-date
- Fund flows remained supportive of municipals, with over \$5.5 billion of inflows since early January; muni/Treasury ratios moved lower week-over-week, and municipals outperformed Treasuries

Treasury Yield Curve



Maturity	2-year	5-year	10-year	30-year
2/13/2019	2.53	2.52	2.70	3.03
MTD Change	0.07	0.08	0.07	0.03

MTD Excess Returns



Sources: Bloomberg Barclays, Bloomberg and Citigroup

Excess returns are the curve-adjusted excess return of a given index relative to a term structure-matched position in Treasuries.

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