• Yields rose as US-China trade talks gained momentum and positive economic data, China’s PMI rising above 50, indicated economic expansion in the World’s second largest economy
  • Coming off a 15-month low of 2.37% last week, the 10-year Treasury yield has increased 15 basis points, ending Wednesday’s session at 2.52%
  • Long-term rate increases reverted the yield curve as the spread between 3-month and 10-year Treasury yields moved positive, relieving yield-curve inversion uncertainties
• The $16 billion in supply of investment-grade bonds met expectations of $15 to $20 billion; new issues were highlighted by the $6 billion deal from the A+ rated Chinese social media giant Tencent
• Corporate spreads were virtually unchanged week-to-date, at 118 basis points, and remained at the tights of the year, as investors bought into improved global economic data
  • Industrials outperformed other sub-sectors as oil prices held above $60 per barrel, driving energy spreads tighter
• High-yield spreads tightened 19 basis points week-to-date to 373 basis points, which extended year-to-date returns for the index to 7.62%
• The asset-backed market came back to life after a slow week of issuance in which the market priced just $731 million in new securities
  • Two deals over $1 billion have priced, which brought total supply to $4.5 billion so far this week
• Municipal bond spreads remained low this week as issuers provided little supply amid solid investor demand and high reinvestments

Sources: Bloomberg Barclays, Bloomberg, Bloomberg Index Services Limited 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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