• Optimism for a trade deal between the US and China by year-end dwindled while US economic releases raised concerns of underlying weakness
  • The US Senate passed legislation supporting protestors in Hong Kong, which investors fear may exacerbate tensions and make trade negotiations more difficult going forward
  • US retail sales in October were up 0.3% month-over-month, bouncing back from an unexpected contraction in the prior month; however, the annual rate fell to 3.1%, the slowest pace since May
• Treasury rates fell across the curve, and the 10-year yield dropped 14bps to close at 1.75%
• The Federal Reserve (Fed) released the minutes from its October meeting, which reiterated their pause on monetary easing and neutral policy outlook
• Investment-grade corporate spreads leaked modestly wider on market weakness, and increased 3bps week-over-week to close at 108bps
  • New issue from investment-grade corporate issuers was almost $20 billion during the week
• The high-yield market had over $16 billion of issuance during the week, the most volume since March 2017
  • The heavy supply weighed on high-yield spreads, which widened 20bps week-over-week and closed at 397bps
• Asset-backed securities (ABS) were resilient in the face of new supply; month-to-date issuance of $18 billion has already outpaced last November’s total of $16 billion
• Supply in the municipal market remained strong, with over $13 billion in new issuance during the week; year-to-date issuance is over $350 billion, up 20% from last year

Sources: Bloomberg Barclays, Bloomberg, and Bloomberg Index Services Limited
Excess returns are the curve-adjusted excess return of a given index relative to a term structure-matched position in Treasuries.