• Investors reacted favorably to the release of US economic data and continued hope of a resolution to the US and China trade dispute; equity markets edged higher, despite comments by the White House that there had been no agreement to roll back tariffs
  • Treasury rates increased across the curve, with the 10-year and 30-year closing up 6bps and 5bps, respectively; the S&P 500 set another record high, closing at 3,094
  • US consumer sentiment was strong at a preliminary 95.7 for November; jobless claims, while higher than expected, remained low at 225k and continued to reflect a healthy labor market
• Federal Reserve (Fed) Chairman Powell testified before Congress that the Fed foresees a sustained expansion of economic activity
  • Powell reiterated that current monetary policy is appropriate and there is little reason for an additional rate cut; the market-implied probability of a rate cut at the December Fed meeting is 6%
• Investment-grade corporate supply was over $40 billion for the week, one of the largest weeks of the year
  • Supply was highlighted by the $30 billion Abbvie deal, which was the fourth largest on record; proceeds will be used to fund its acquisition of Allergan
  • Investment-grade corporate spreads were resilient and closed 2bps tighter at 105bps; spreads hit a 20-month tight of 104bps during the week
• Despite a 12.9% increase in refinance activity for the week, mortgage-backed securities (MBS) continued to outperform other securitized sectors, and the average 30-year mortgage rate rose above 4%
• In the municipal market, demand for new issue remained strong, with net inflows reaching $1.8 billion

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. The views contained in this report are 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. BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively “Bloomberg”). BARCLAYS® is a trademark and service mark of Barclays Bank Plc (collectively with its affiliates, “Barclays”), used under license. Bloomberg or Bloomberg’s licensors, including Barclays, own all proprietary rights in the Bloomberg Barclays Indices. Neither Bloomberg nor Barclays approves or endorses this material, or guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, neither shall have any liability or responsibility for injury or damages arising in connection therewith.