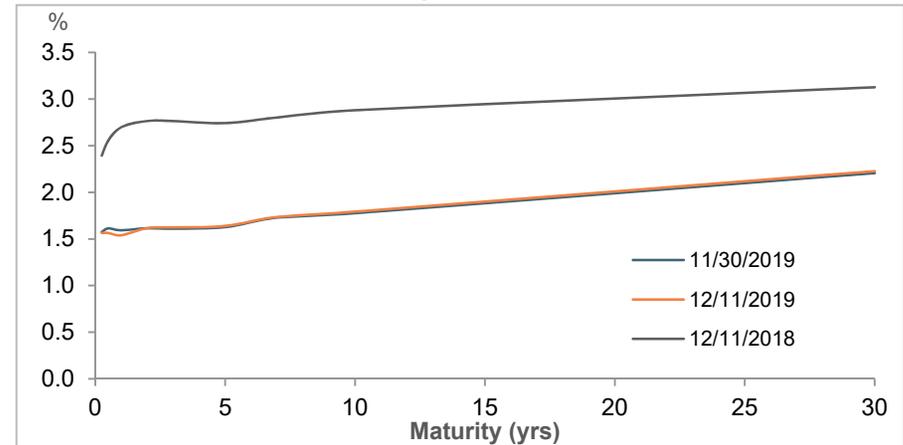




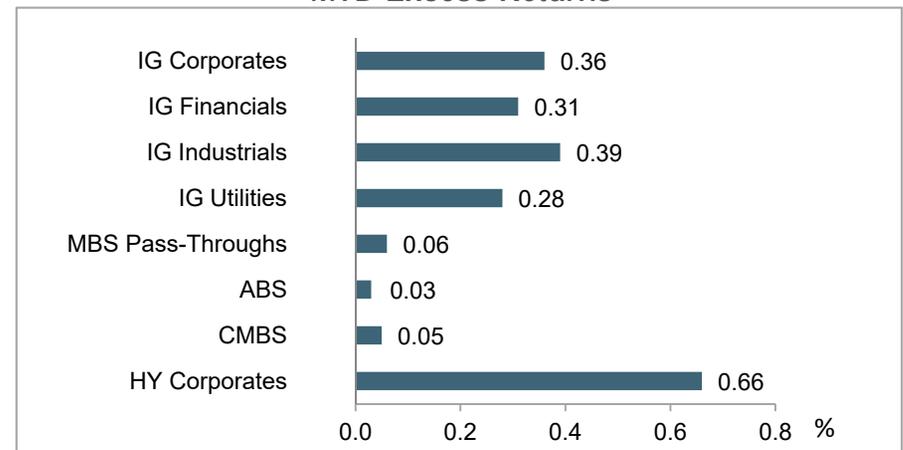
- A strong US jobs report and positive trade developments set the tone for the week; Treasury rates broadly increased and equity markets rallied
 - The Bureau of Labor Statistics reported that non-farm payrolls rose by 266,000 in November; although some of the gain was due to the end of the GM strike, the remainder well-exceeded the year-to-date monthly average
 - US officials offered to cancel a planned 15% tariff on Chinese goods and cut existing tariffs in exchange for commitments on purchases of farm goods and other products
- In a unanimous decision, the Federal Reserve (Fed) held rates steady at its December meeting and indicated that no change in rates is expected until after the 2020 election
 - Median forecasts from Fed officials project one rate hike in 2021 and another one in 2022; the market-implied probability of a rate cut next year is 60%
- Corporate issuers priced approximately \$4 billion of investment-grade debt, bringing month-to-date issuance to over \$18 billion; supply is expected to slow into the year-end
 - Investment-grade corporate spreads hit a new year-to-date tight of 101bps, ultimately closing 3bps lower at 102bps, on the heels of positive economic news
- High-yield corporates posted a month-to-date excess return of 66bps as spreads closed 25bps tighter at 353bps
- The securitized sector underperformed corporates as commercial mortgage-backed securities (CMBS) and asset-backed securities (ABS) both trailed on heavy supply
- In the municipal market, over \$17 billion of issuance was priced last week, the 4th heaviest week on record; supply continues to be offset by robust demand as spreads were largely unchanged

Treasury Yield Curve



Maturity	2-year	5-year	10-year	30-year
12/11/2019	1.62	1.64	1.79	2.23
MTD Change	0.01	0.01	0.01	0.02

MTD Excess Returns



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.

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