Risk assets were resilient during the week, as strong quarterly earnings and positive US economic releases outweighed investor concern over the growing global impact of the coronavirus outbreak.

- US nonfarm payrolls increased by 225,000 in January, well ahead of estimates, and workforce participation rose to 63.4%, the highest level since 2013.
- The Federal Reserve, which offered an upbeat assessment of the US economy to Congress, warned of the potential risks of the outbreak, including global supply chains, tourism, and exports.
- Treasury yields initially fell on global economic uncertainty, with the 10-year Treasury yield falling by 8bps, before closing 2bps lower week-over-week at 1.63%.
  - The US Treasury sold $198 billion of debt this week, including $27 billion of 10-year notes and $19 billion of 30-year bonds.
- Investment-grade corporate issuers priced over $30 billion of supply during the week, which was in-line with dealer expectations.
- The year-to-date total of over $175 billion is roughly 18% ahead of last year’s pace.
- Robust investor demand for corporates continued, and investment-grade spreads tightened 2bps week-over-week, closing at 95bps.
  - High-yield corporates followed suit amid equity market strength, and high-yield corporate spreads tightened 14bps to 346bps.
- Asset-backed securities (ABS) underperformed other securitized sectors, as the week’s $10 billion of supply was the highest weekly total of 2020.
- Municipal funds saw a 57th straight week of positive inflows, as investors added $2.7 billion; high-yield municipal funds saw over $700 million of inflows, the second highest week on record.

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 those 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.