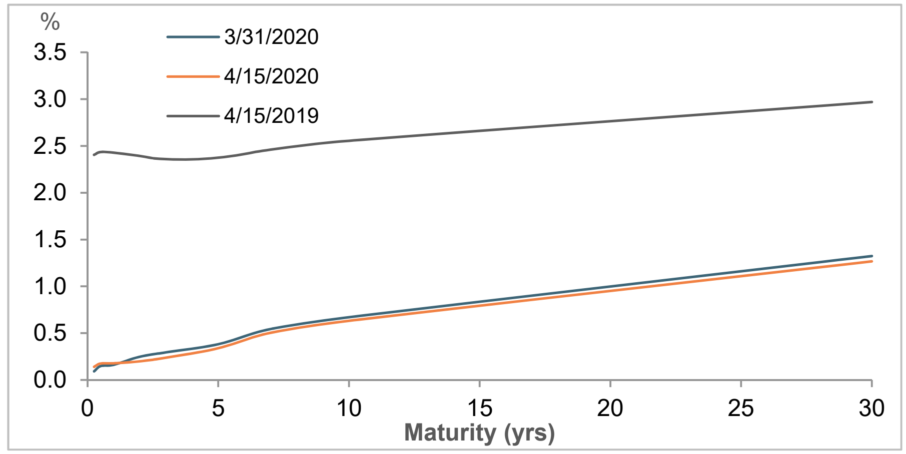
IR+M CLIENT UPDATE
April 10 – April 16, 2020

INCOME RESEARCH + MANAGEMENT

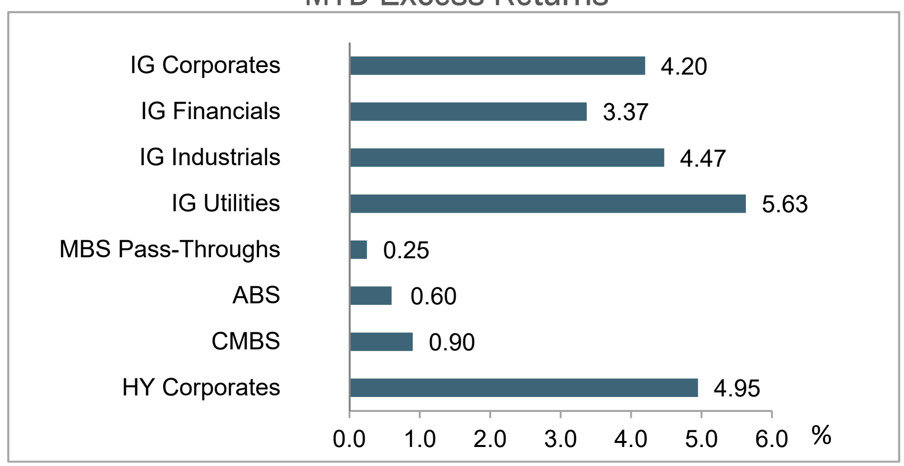
- Markets reacted positively to additional Federal Reserve (Fed) action, an agreement to cut oil production, and signs of a potential peak in the US coronavirus outbreak; however, sentiment tempered as economic data shed further light on the impact of lockdowns on the US economy
    - US industrial production, a broad measure of output from factories, mines, and utilities, fell 5.4% in March, the worst monthly performance since 1946; retail sales were down 8.7% last month, the biggest decline on record
    - Initial jobless claims remained elevated at 5.2 million, raising the total to over 20 million in the last four weeks
    - The 10-year Treasury yield fell 14bps week-over-week; yields were generally down 5 to 15bps across the curve
- Heavy supply of corporate issuance continued during the week, as investment-grade issuers priced over $46 billion; JP Morgan priced $10 billion, the largest bank transaction on record
    - Demand remained strong as deals were generally heavy oversubscribed; corporate spreads tightened 44bps week-over-week from 253bps to 209bps
    - High yield issuers priced over $5 billion, buoyed by the Fed's announcement that it would buy some speculative-grade bonds; spreads fell 131bps week-over-week, from 871bps to 740bps
- The securitized sector saw its first asset-backed security (ABS) issuance in over a month, as General Motors Financial priced an $800 million bond backed by prime auto loans
    - The deal was almost 10x over-subscribed, which indicated strong investor demand for select ABS
- Municipal funds again saw outflows, as investors withdrew $2.5 billion; outflows since the beginning of March total over $45 billion

Treasury Yield Curve



Maturity	2-year	5-year	10-year	30-year
4/15/2020	0.20	0.34	0.63	1.27
MTD Change	(0.05)	(0.04)	(0.04)	(0.05)

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.