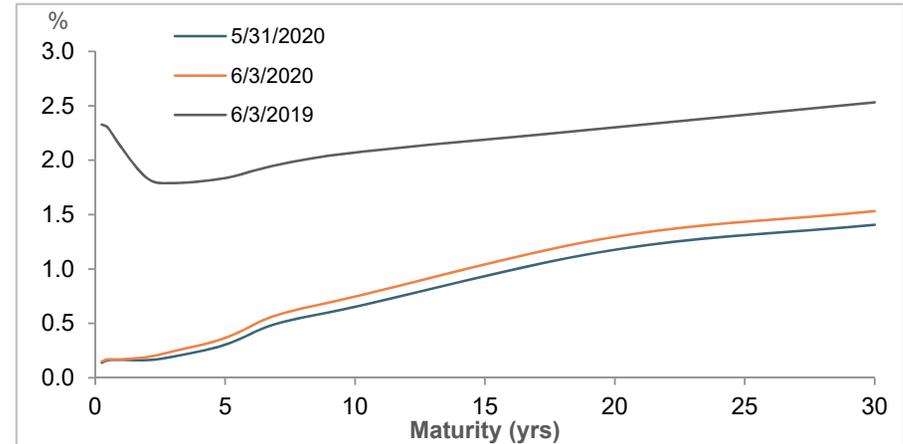




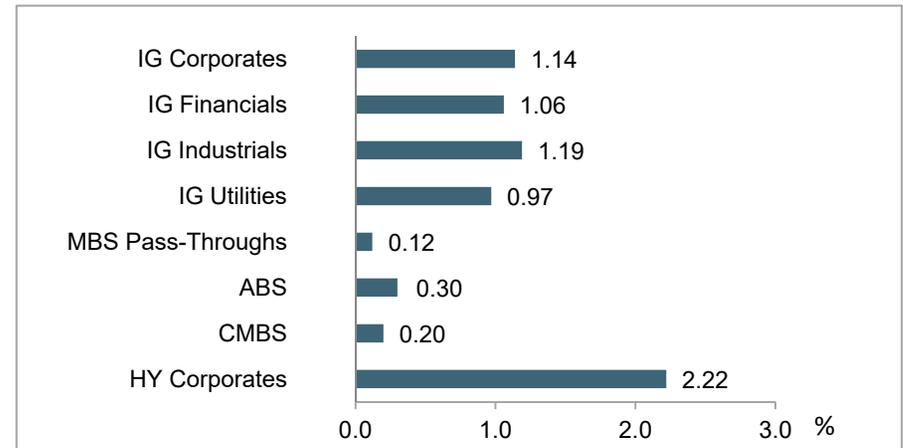
- Investors focused on improving economic indicators over domestic civil unrest and growing trade tensions, pinning hopes that the worst of the economic impact of COVID-19 is over; risk assets rallied and Treasury yields climbed higher
 - ISM PMI releases for May showed improvement from April; the manufacturing PMI increased to 39.8 from 36.8, while the service PMI registered 37.5, up over 10 points from 26.7
 - US jobless claims eased to 1.9 million and continuing claims held relatively steady at 21.5 million, indicating a gradual return to work as states emerge from lockdowns
- The Federal Reserve (Fed) expanded the Municipal Liquidity Facility to include smaller borrowers that did not meet the original requirements
 - The program, originally announced in April, will launch this week as Illinois is set to borrow \$1.2 billion
- The European Central Bank added €600 billion to its stimulus program, nearly doubling the emergency bond-buying program to €1.35 trillion; sovereign yields in Europe fell on the announcement
- Investment-grade corporate issuers priced over \$47 billion, surpassing initial estimates; average new issue concessions were negative on strong demand, and order books were heavily oversubscribed
 - Investment-grade corporate spreads continued their recovery, narrowing 14bps to close at 160bps; high yield spreads, in concert with equities, tightened 76bps to 562bps
- Asset-backed securities (ABS) outperformed other securitized sectors on reduced supply; only \$73 billion has priced year-to-date compared to \$109 billion at this time last year
- The 10-year muni/Treasury ratio fell 17% to 108%, as municipal bonds outperformed Treasuries; yields could continue to rally over the summer, as debt payments received by investors are expected to exceed new bonds issued by \$50 billion

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
06/03/2020	0.19	0.37	0.75	1.30	1.53
MTD Change	0.03	0.07	0.10	0.12	0.12

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.

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.