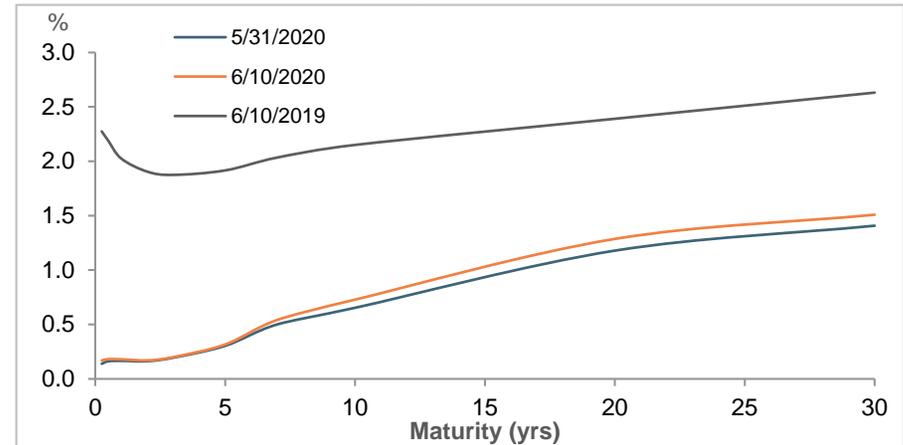




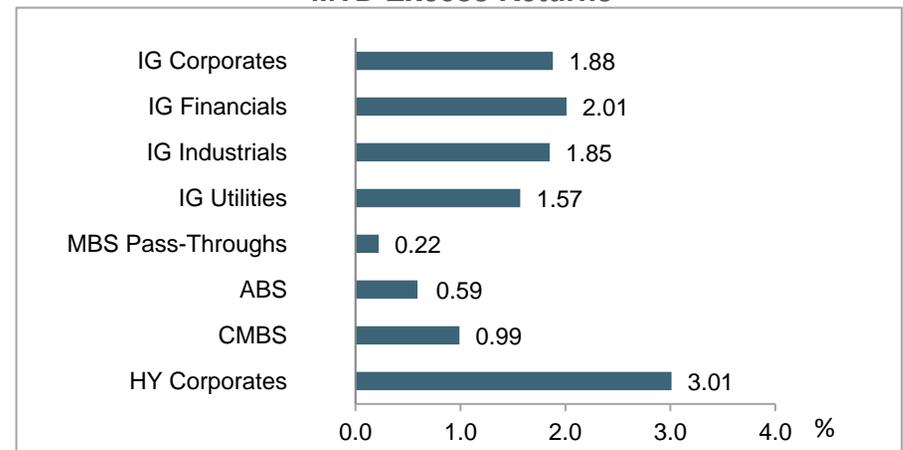
- Treasury yields declined over the week, as optimism for a swift economic recovery faded despite a better-than-expected jobs report
 - The May report, released Friday, showed an addition of 2.5 million non-farm payrolls – consensus forecasts were for losses of 7.5 million – and the sharp reversal pushed equity prices toward 2019 levels
- In comments following June’s Federal Reserve (Fed) meeting, Chairman Jerome Powell reiterated that the Fed will continue to support the market with low interest rates and asset purchases
 - Powell also stated that additional support from the Federal government may be necessary to steady the US economy, and that there could be lingering impacts to the labor market
 - Confidence receded following the Fed’s tone on the labor market, and the 10-year Treasury yield fell by 17bps in three trading days, closing at 0.73%
- Borrowers priced just under \$25 billion of investment-grade corporate debt, missing dealer expectations of \$35 to \$40 billion, as ten issuers stood down amid a weak backdrop on Thursday
 - Low supply and investor optimism initially drove spreads 9bps tighter week-over-week to 151bps; Thursday’s weak tone, however, is being felt across all asset classes
 - High-yield corporate spreads were 12bps wider, to 574bps, echoing the weakness in equities
- Commercial mortgage-backed securities (CMBS) outperformed other securitized sectors, as issuance in the sector remains 25% behind last year’s pace
- Municipals underperformed Treasuries and, after dipping under 100% for the first time since March, the 10-year muni/Treasury ratio reversed to close at 117% - an increase of 7% week-over-week

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
6/10/2020	0.17	0.32	0.73	1.29	1.51
MTD Change	0.01	0.02	0.08	0.11	0.10

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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