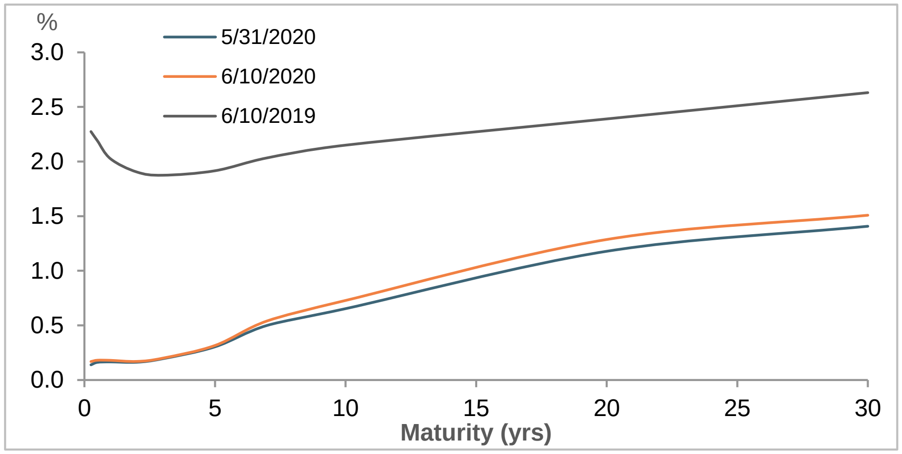
# IR+M CLIENT UPDATE
## June 5 – June 11, 2020

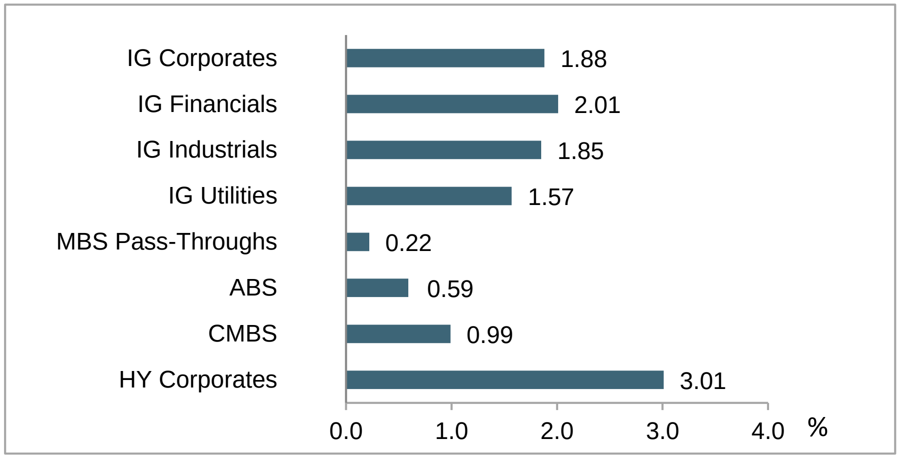
- Treasury yields declined over the week, as optimism for a swift economic recovery faded despite a better-than-expected jobs report
  - The May report, released Friday, showed an addition of 2.5 million non-farm payrolls – consensus forecasts were for losses of 7.5 million – and the sharp reversal pushed 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.