Risk-on market sentiment drove US equities and corporate spreads to their highest and tightest levels in several months, respectively, despite Treasury yields moving lower, week-over-week, on mounting fundamental headwinds to the US economy:

- 2Q20 earnings for the S&P 500, although down 44%, were 6.3% above expectations, with most analysts projecting a return to earnings growth in 1Q21
- Initial jobless claims rose to 1.4 million, the first increase in nearly four months, as some states rolled back re-openings amidst a surge in coronavirus cases
- Data from Yelp showed that, of the over 132,000 US business closures since March, 55% are now permanent
- The 10-year Treasury’s real yield closed at -0.88%, the lowest level since 2012, reflecting expectations that the relatively weak economy will likely require loose monetary policy for an extended period of time
- The pace of investment-grade corporate issuance slowed, as borrowers priced almost $7 billion of debt, well behind the $15 billion to $20 billion projected for the week
  - Corporate spreads tightened 9bps, week-over-week, on light supply, closing at 129bps - inside the 5-year trailing average of 131bps
  - High-yield corporate spreads tightened 58bps, week-over-week, from 558bps to 500bps, on equity market strength
- Mortgage-backed securities (MBS) continued to underperform other securitized sectors on heavy origination, as sales of previously-owned homes jumped 20.7% in June, fueled by low mortgage rates
- Municipals slightly outperformed Treasuries, as investors added $1.4 billion to municipal bonds mutual funds for the week ended July 15, the 11th consecutive week of inflows