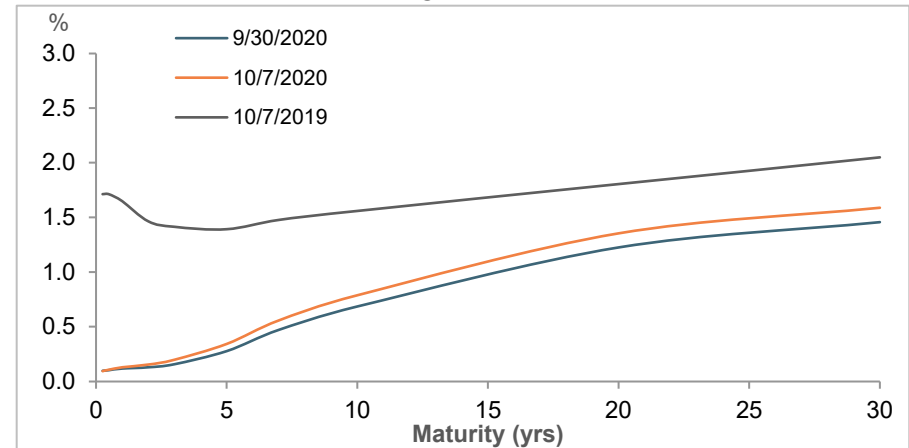




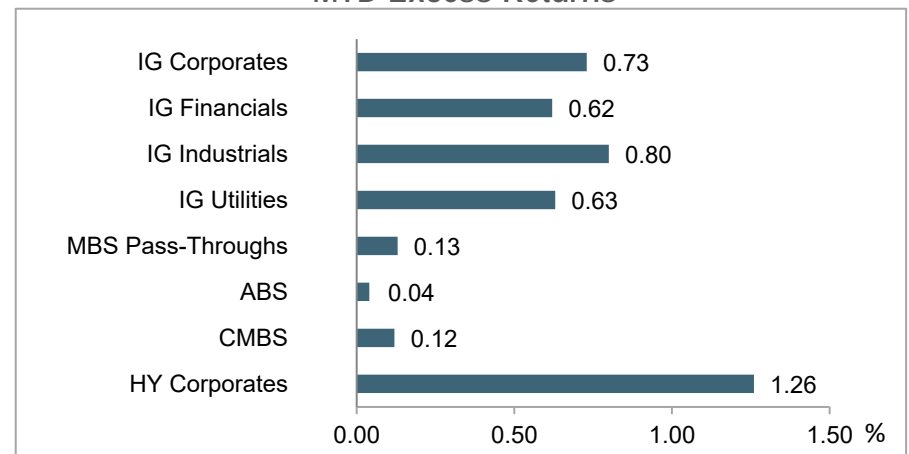
- Risk assets rallied during the week despite the spread of the coronavirus in the White House, a potential halt of ongoing stimulus talks ahead of the US presidential election, and mixed economic data
 - September ISM Manufacturing PMI fell from 56.0 to 55.4, while the Services PMI increased from 56.9 to 57.8; both indices remain within expansionary territory
 - The US labor market continued to slowly improve, as the economy created 661,000 jobs in September, down from 1.5 million in August
- According to the latest Federal Open Market Committee meeting minutes, some officials expect a stronger economic rebound this year, and a faster drop in unemployment, than originally projected in June
- The 10-year Treasury climbed to its highest level since early June, hovering around 0.77%
- Investment grade issuers priced approximately \$27 billion this week, exceeding expectations of \$15 billion; fourth quarter issuance is expected to be about \$150 billion, with the bulk of the supply pricing ahead of the November election
 - Investor demand continued to outweigh supply, leading to oversubscriptions and negative new issue concessions; corporate spreads tightened by 8bps, from 136bps to 128bps
- After posting the biggest gains in more than two months, high-yield bonds continued their strong performance amid the rally in risk assets and renewed demand; spreads fell 38bps, from 517bps to 479bps
- Asset-backed securities (ABS) underperformed other securitized sectors on projected heavy new issuance
- After \$50 billion of municipal bonds were issued in September, supply in October is anticipated to be \$50-60 billion, as states and local governments look to issue before the election

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
10/7/2020	0.15	0.34	0.79	1.36	1.59
MTD Change	0.02	0.07	0.10	0.13	0.13

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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