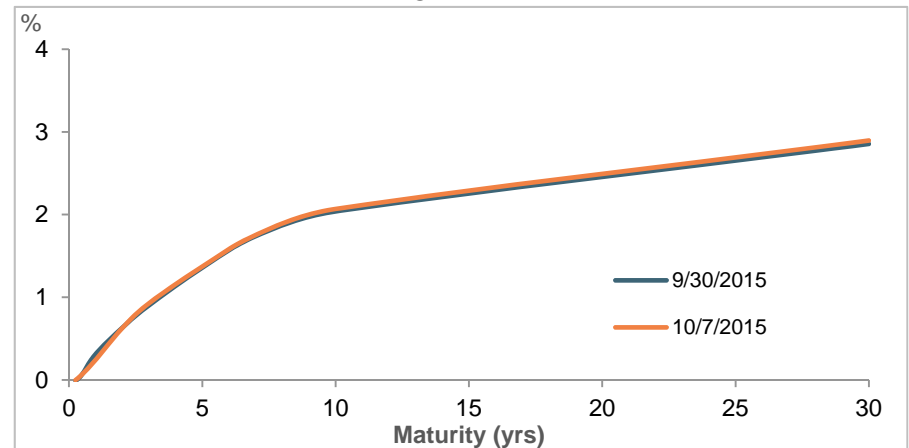




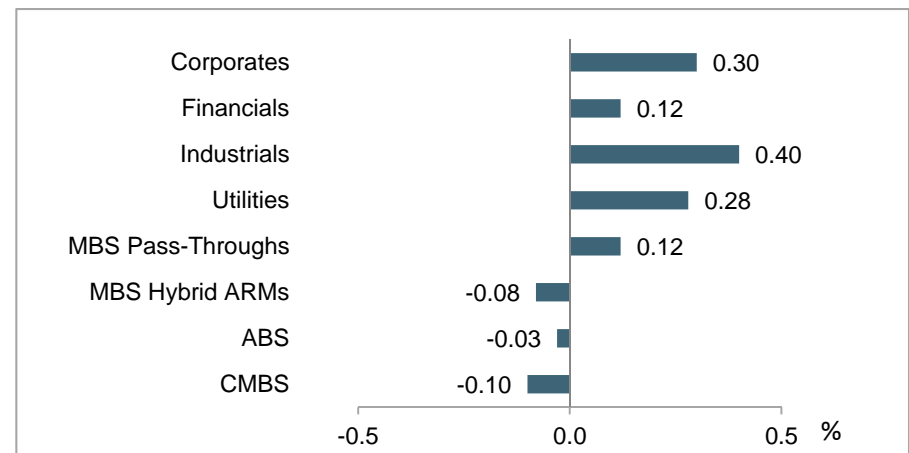
- US Treasury rates hovered around month-end levels as uncertainty surrounding global growth and monetary policy sidelined investors
 - The 10-year Treasury rate closed modestly higher at 2.07%, down 10bps from where it started the year at 2.17%¹
- September's unemployment report revealed the US economy added just 142,000 jobs during the month, versus consensus expectations calling for over 200,000 new jobs¹
 - The weak print reduces the likelihood that the Federal Reserve (Fed) will raise rates in 2015, providing support for the Treasury market
- Corporate spreads gapped to a year-to-date wide of 171bps on Friday, but have since rallied back to 166bps as crude oil prices rebounded \$2.27 on Tuesday to \$48.53, a one-month high²
 - As we enter third-quarter earnings season, commodity-related credit worries continue to influence spread levels, especially within the metals and mining sector
- Primary activity in the corporate market underwhelmed as borrowers delayed deals given the weak market tone last week
 - Investment-grade issuance totaled less than \$5 billion month-to-date, well below dealer estimates³
- Agency mortgage-backed securities outperformed Treasuries as the Fed's accommodative monetary policy continued to support the sector
- Municipal bonds outperformed Treasuries as strong demand for new issuance drove market strength
 - Municipal issuance is slated to increase as we approach year-end, and annual supply is expected to top \$400 billion versus \$330 billion last year³

Treasury Yield Curve¹



Maturity	2-year	5-year	10-year	30-year
10/7/2015	0.63	1.37	2.07	2.90
MTD Change	0.00	0.01	0.03	0.04

MTD Excess Returns^{3*}



Sources: 1. Bloomberg 2. Barclays 3. JPMorgan

*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.