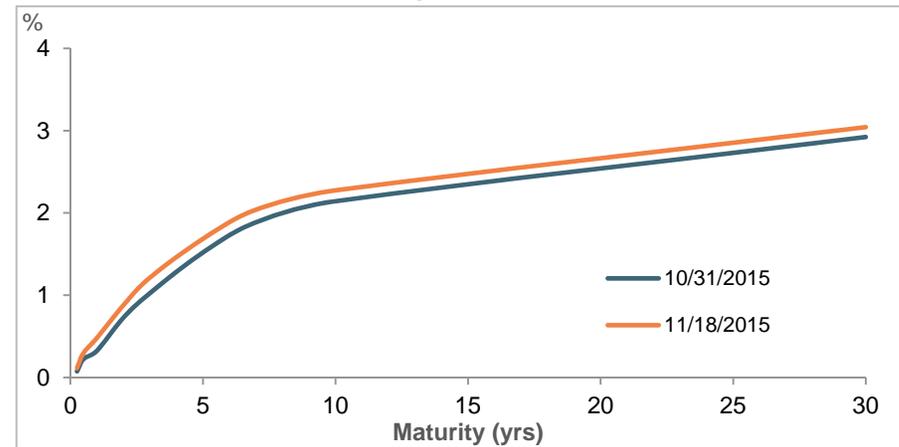




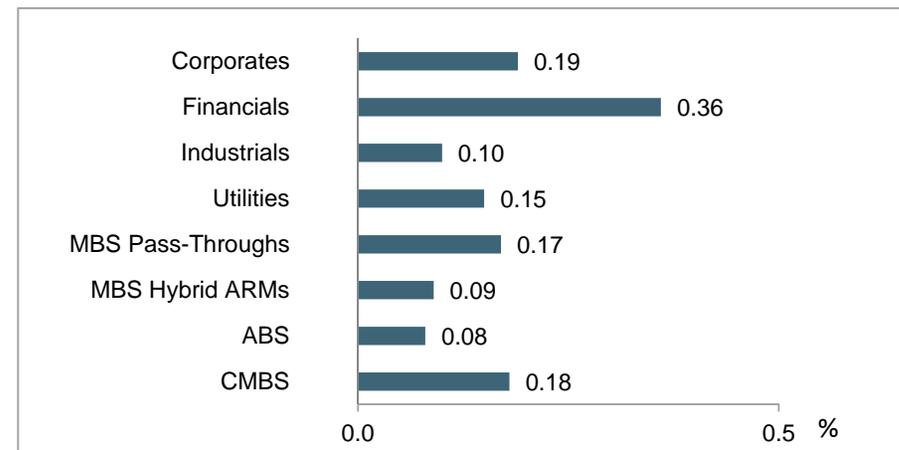
- Following last month’s Federal Open Market Committee (FOMC) meeting, investors focused on minutes released this week stating that it “could well be” a good time to start raising short-term interest rates<sup>1</sup>
  - The market is pricing in a 70% probability of a rate hike at the December FOMC meeting
- The US Consumer Price Index increased 0.2% in October after last month’s negative reading, indicating that inflation may be creeping back into the economy<sup>1</sup>
- Corporate issuance continues to be robust and the year-to-date total now exceeds \$1 trillion<sup>2</sup>
  - The financial sector has led the way with \$421 billion in issuance year-to-date due to refinancing and general business needs
- Third-quarter earnings season is almost complete<sup>1</sup>
  - Sales and earnings declined at rates of 4.3% and 4.5%, respectively, as lower oil prices drove weakness in the energy and basic material sectors
- Mortgage-backed security (MBS) pass-throughs outperformed month-to-date, as the Federal Reserve’s (“Fed’s”) reinvestment of maturing MBS provided a positive technical<sup>1</sup>
- Puerto Rico legislators approved a bill that would allow for additional flexibility within the Commonwealth’s fiscal reform plan<sup>1</sup>
  - As Puerto Rico restructures its \$72 billion in outstanding debt, there is uncertainty around how bondholders will view the new legislation

Treasury Yield Curve<sup>1</sup>



Maturity	2-year	5-year	10-year	30-year
11/18/2015	0.88	1.69	2.27	3.04
MTD Change	0.15	0.17	0.13	0.12

MTD Excess Returns<sup>3\*</sup>



Sources: 1. Bloomberg 2. Citigroup 3. Barclays

\*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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