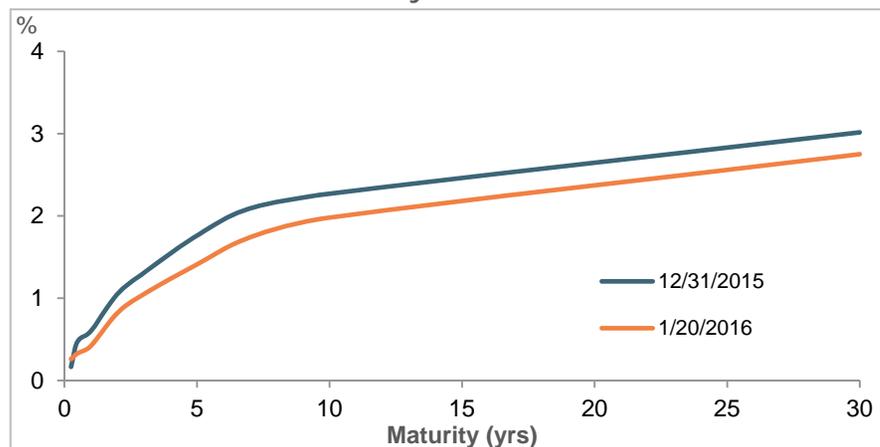




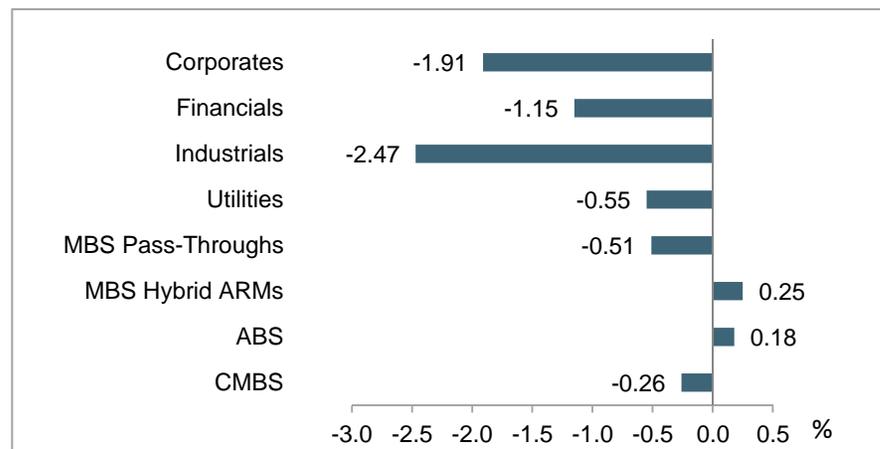
- Market volatility jumped as oil dipped below \$30 a barrel for the first time in over a decade, and investors continued to lose confidence in the strength of the global economy
- This week's US economic data did not help settle investor nerves, generally falling short of estimates¹
 - The consumer-price index (CPI) dropped 0.1% due to falling energy prices
 - Despite the mild winter, new construction starts declined in December by 2.5% month-over-month
- A struggling equity market has added fuel to the flight-to-quality trade, and the 10-year Treasury yield fell below 2% after starting the month at 2.27%¹
- After a big showing last week driven by the \$46 billion Anheuser-Busch Inbev deal, the corporate primary market has come almost to a halt with only \$2 billion in issuance week-to-date³
 - Going into the week, the market expected to see \$20 to \$25 billion in supply
- Even with limited supply, week-to-date corporate spreads widened by 9bps to 190bps due to the risk-off tone in the market²
- Investment-grade ABS has proved to be a relatively good place to invest in 2016, as the sector's short-term nature and strong collateral held up well in the uncertain environment¹
- US Treasury Secretary Jacob Lew visited Puerto Rico this week, in an effort to urge Congress to pass legislation that would allow the Commonwealth to restructure its debt obligations

Treasury Yield Curve¹



| Maturity | 2-year | 5-year | 10-year | 30-year |
|------------|--------|--------|---------|---------|
| 1/20/2016 | 0.82 | 1.41 | 1.98 | 2.75 |
| MTD Change | -0.23 | -0.35 | -0.29 | -0.27 |

MTD Excess Returns^{2*}



Sources: 1. Bloomberg 2. Barclays 3. Citigroup

*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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