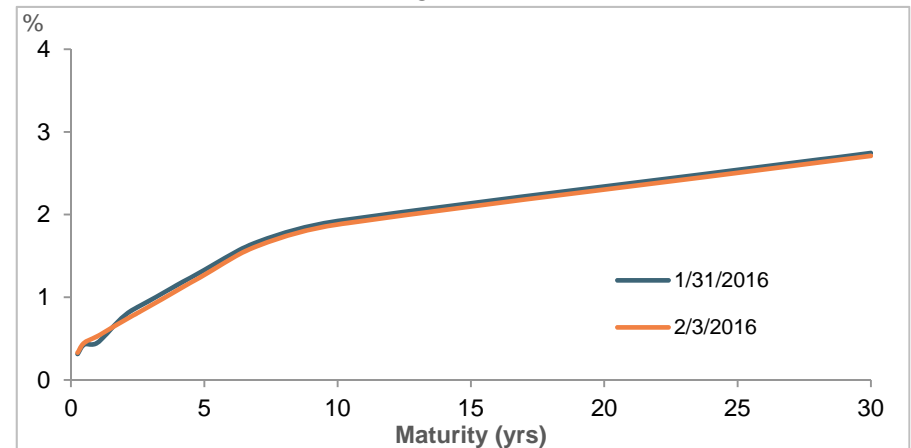




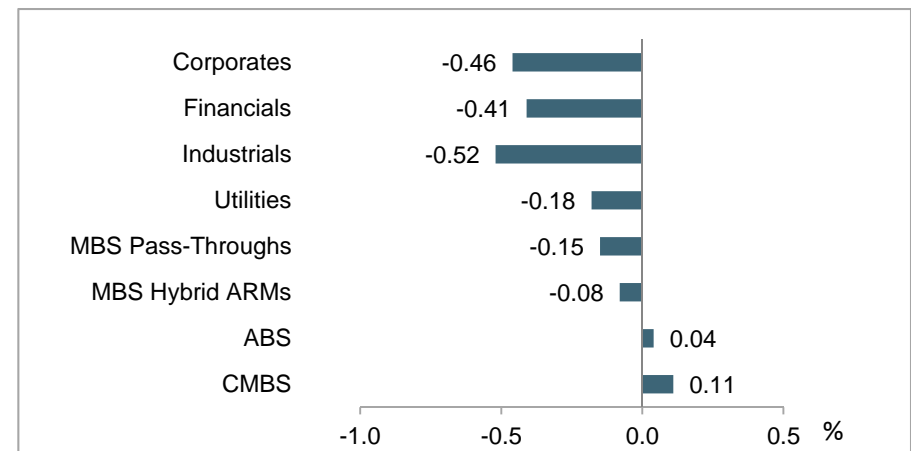
- In the fourth quarter, US GDP grew at an annualized rate of 0.7%, a pull back from last quarter's 2.0% growth¹
- For January, the Michigan Consumer Sentiment Index fell short of economists' expectations, impacted by the recent turmoil in the stock market
- Year-to-date, investors looking for a safe-haven to avoid riskier asset classes have caused interest rates to rally modestly¹
 - The 5-year Treasury rate has fallen 49 basis points to 1.27%
- This week in the corporate market, a weak tone postponed potential issuance³
 - The market expected to see \$20-25 billion in supply, but less than \$5 billion has been issued week-to-date
 - Corporate spreads widened 7bps to 200bps after starting the month at 193bps
- More than half of the companies in the S&P 500 have reported fourth quarter earnings¹
 - The corporate market remains focused on the energy sector, where sales and earnings growth were down 34% and 74%, respectively
- With the 10-year Treasury rate falling to 1.88%, 30-year fixed mortgage rates declined, thereby increasing the refinanceability of the mortgage universe and boosting future prepayment rate estimates¹
- After pushing off a long-awaited bond sale last week, the Chicago Board of Education (CBOE) came to market to raise \$725 million¹
 - \$665 million of the total deal was a 30-year and priced at a yield of 8.5%
 - The deal should help the CBOE relieve some of their pending budget and liquidity concerns

Treasury Yield Curve¹



Maturity	2-year	5-year	10-year	30-year
2/3/2016	0.72	1.27	1.88	2.71
MTD Change	-0.06	-0.06	-0.04	-0.03

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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