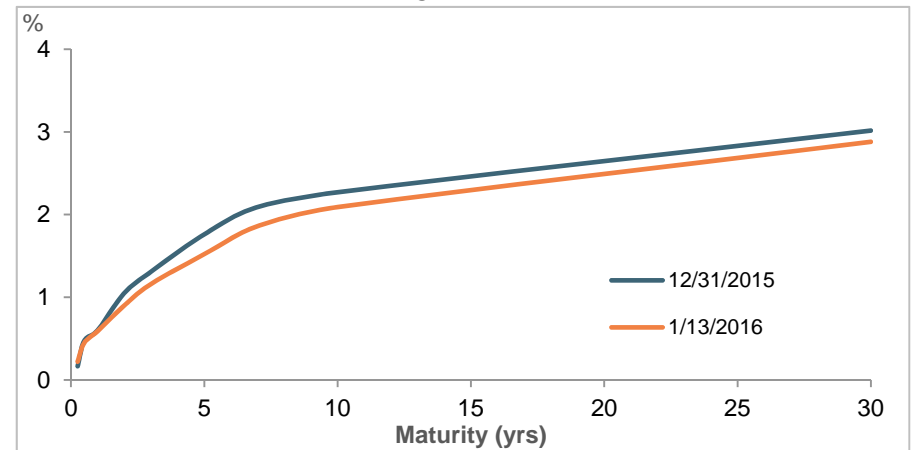




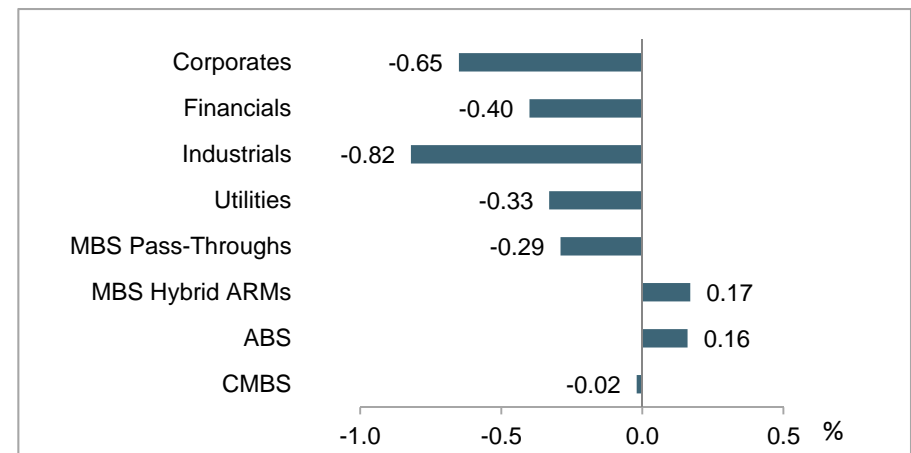
- Negative news out of China and lower commodity prices continued to pump uncertainty into the global financial markets
- Rates rallied across the curve as investors pursued safe-haven assets²
 - The 5-year yield dropped another 12bps this week and ended the week at 1.52%
- Last Friday's payroll report beat estimates, and there was a solid upward revision to November's already strong numbers¹
 - For December, nonfarm payrolls were 292,000 versus consensus of 200,000
- Corporate issuance returned to the market in full force with \$60 billion in issuance so far this week and roughly \$88 billion in supply month-to-date³
 - Spreads widened this week by 4bps to 174bps, with increased supply acting as a negative technical for the market
- Anheuser-Busch Inbev (ABIBB), the world's largest brewer, came to market with a debt deal on Wednesday to finance their acquisition of SABMiller¹
 - In total ABIBB raised \$46 billion, making it the largest corporate bond sale since Verizon's \$49 billion deal in September of 2013
- The prepayment report for December was released for the agency mortgage-backed security (MBS) universe and, in aggregate, the Fannie Mae universe prepaid 14% faster month-over-month mostly due to a higher day count
- Ambac and Assured Guaranty, two municipal bond insurers, filed a lawsuit against Puerto Rico challenging the Commonwealth's decision to divert revenue for some bonds towards GO debt service¹

Treasury Yield Curve¹



Maturity	2-year	5-year	10-year	30-year
1/13/2016	0.90	1.52	2.09	2.88
MTD Change	-0.15	-0.24	-0.18	-0.14

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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