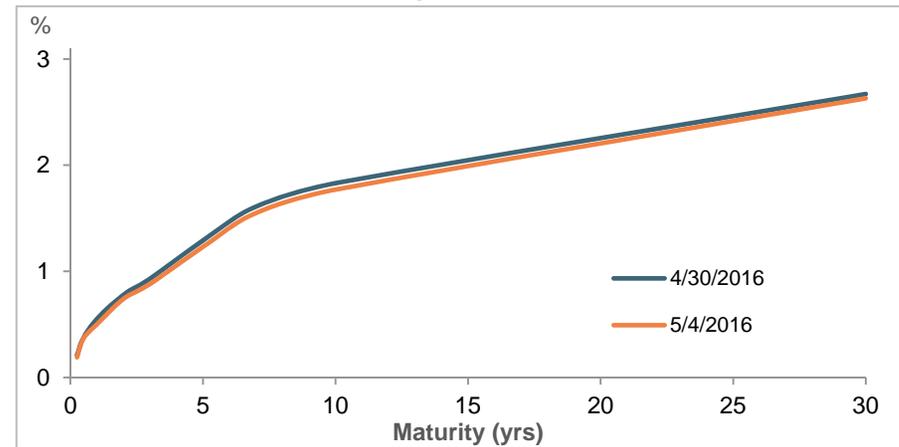




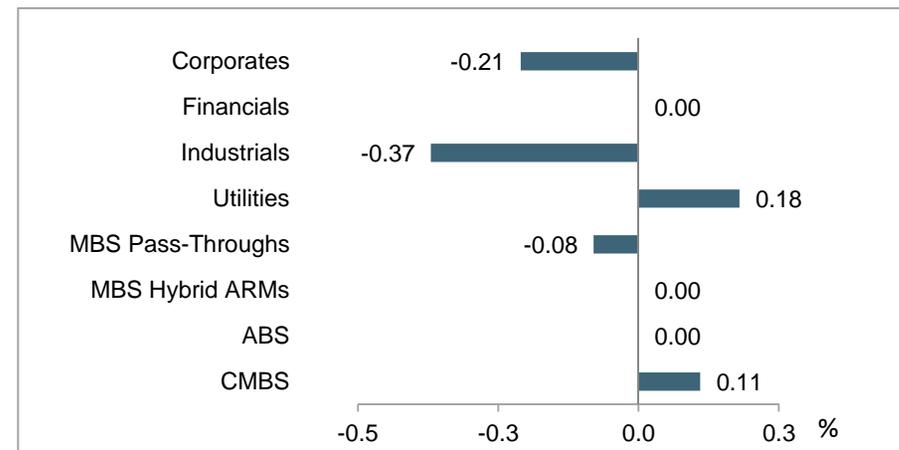
- The market is anxiously awaiting Friday's jobs report with expectations that a positive report will encourage the Federal Reserve (Fed) to pick up the pace of its interest rate hikes¹
 - On Wednesday, the ADP employment report, which is often seen as a barometer for Friday's jobs report, fell short of expectations, adding only 156,000 jobs versus 195,000 expected
- Treasury rates rallied as investors embarked on a flight-to-quality trade following a moderate rally in global financial assets¹
 - Month-to-date the benchmark 10-year Treasury yield has fallen 6 basis points to 1.77%
- More than 400 companies in the S&P 500 have reported first quarter earnings, and average earnings declined by 9%, which is in-line with analysts' expectations¹
- Corporate spreads have generally leaked wider month-to-date, led by the industrials sector, after news of higher-than-expected US crude inventories put downward pressure on oil prices
- The most notable securitized deal of the week was Taco Bell's inaugural offering of a franchise royalty asset-backed security (ABS), where they were looking to raise \$2 billion
 - The deal was met with strong demand, encouraging the issuer to upsize the offering to \$2.3 billion
- In Puerto Rico, the Government Development Bank missed a \$400 million payment, foreshadowing further issues in the near future with more than \$2 billion in Puerto Rican debt coming due in the next few months
 - As the fiscal situation continues to deteriorate, Governor Padilla urged Congress to take action to help the Commonwealth re-structure its debt

Treasury Yield Curve¹



| Maturity | 2-year | 5-year | 10-year | 30-year |
|------------|--------|--------|---------|---------|
| 5/4/2016 | 0.74 | 1.23 | 1.77 | 2.63 |
| MTD Change | -0.04 | -0.06 | -0.06 | -0.04 |

MTD Excess Returns^{2*}



Sources: 1. Bloomberg 2. 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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