

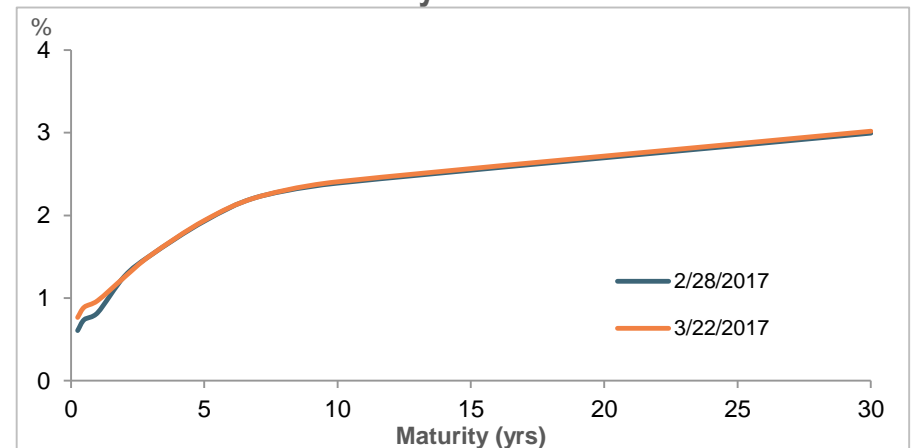


IR+M CLIENT UPDATE

March 17 – 23, 2017

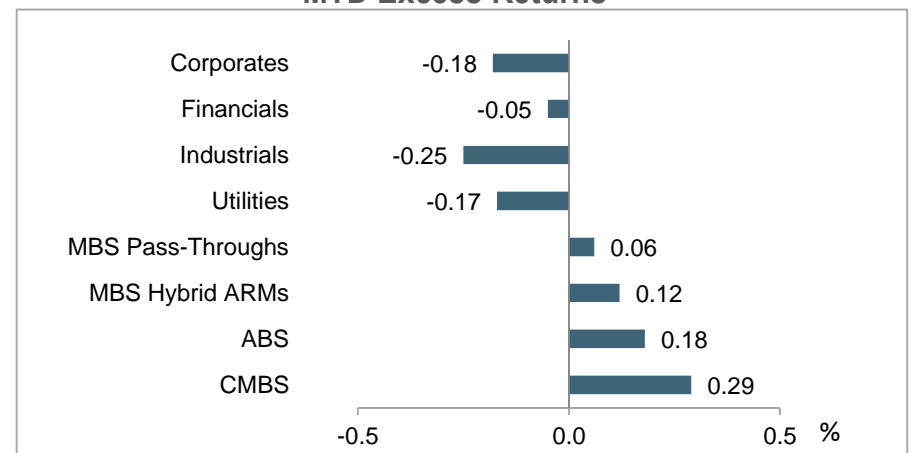
- Initial jobless claims rose by 15,000 to 258,000, exceeding expectations by 18,000¹
 - Despite the higher number, claims have trended at healthy levels for 80 consecutive weeks, indicating a strong and improving labor market
- Treasury rates rallied across the curve this week amid heightened political uncertainty regarding healthcare and tax reform¹
 - The 10-year Treasury yield fell 22bps since touching the month-to-date high of 2.63% at the beginning of last week, ahead of the Federal Reserve's rate hike meeting
- A weaker market tone drove moderate investment-grade issuance with \$17 billion pricing, a considerably lower amount compared to this month's weekly average of around \$35 billion²
 - Despite the recent slowdown in supply, year-to-date issuance stands at \$363 billion, which is 13% ahead of last year's pace
- Equity market volatility and low oil prices weighed on corporates, but demand only weakened modestly, mitigating some spread widening¹
 - Corporate spreads traded sideways and closed at 118bps – 2bps wider month-to-date
- The Treasury rally and general risk-off tone benefitted the high-quality securitized market, which generated positive month-to-date excess returns across all sectors¹
- Muted municipal bond supply supported market technicals, and the 5-year municipal/Treasury ratio stabilized around 85% following a sharp increase last week after the Fed hiked rates¹

Treasury Yield Curve¹



Maturity	2-year	5-year	10-year	30-year
3/22/2017	1.25	1.94	2.41	3.02
MTD Change	-0.01	0.01	0.02	0.02

MTD Excess Returns^{1*}



Sources: 1. Bloomberg Barclays 2. 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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