

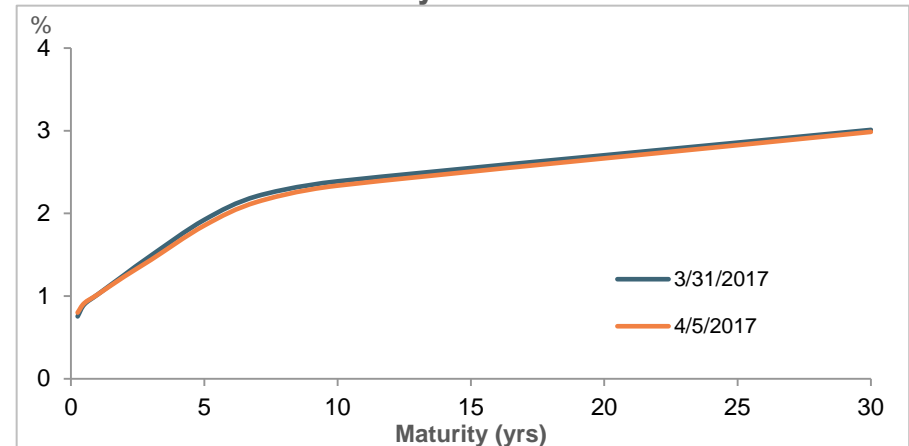


IR+M CLIENT UPDATE

April 1 – 5, 2017

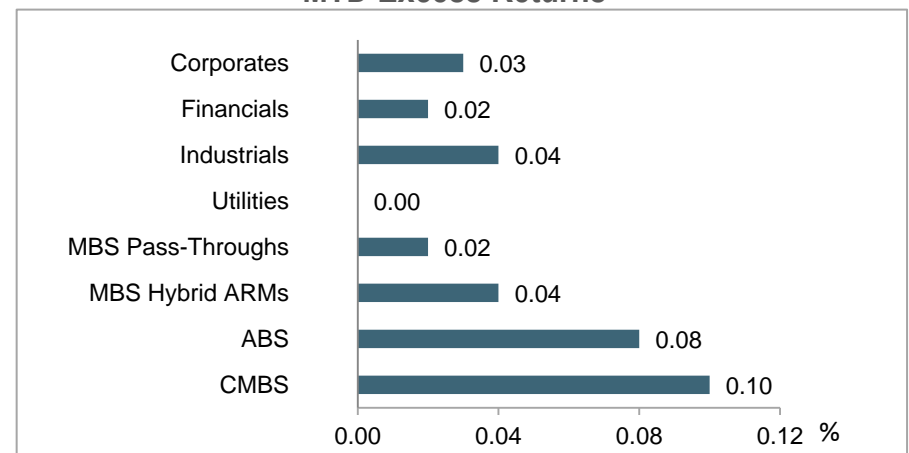
- Initial jobless claims fell 7% more than expected to 234,000, reflecting strong and improving labor market conditions¹
 - The ADP employment report also beat estimates by a sizable margin for a second consecutive month, potentially setting the stage for a strong non-farm payroll number tomorrow
- Minutes from the Federal Reserve’s (Fed) March meeting surprised investors, as the Committee announced plans to begin shrinking its \$4.5 billion balance sheet this year – prior to the release, most anticipated the policy change to occur in 2018¹
 - The Fed provided limited details, but noted that normalization would be “gradual and predictable”, and that the federal funds rate would remain the primary monetary policy tool
- Treasury yields fell marginally across the curve amid continued geopolitical uncertainty¹
- Investment-grade corporate issuers priced around \$17 billion, which was in line with expectations²
 - Despite a moderate slowdown relative to the recent weekly average of \$30 billion, the pace of supply remains 11% ahead of last year
- Muted market volatility supported corporate spreads, which traded flat, and remained at 118bps, near historically tight levels¹
- Light supply and relatively stable Treasury yields benefitted the commercial mortgage-backed securities (CMBS) market, which generated 0.10% of excess returns month-to-date¹
- In the municipal market, strong technicals continued to support the sector, but renewed focus on tax reform could be a headwind in the coming months¹

Treasury Yield Curve¹



Maturity	2-year	5-year	10-year	30-year
4/5/2017	1.24	1.85	2.34	2.99
MTD Change	-0.02	-0.07	-0.05	-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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