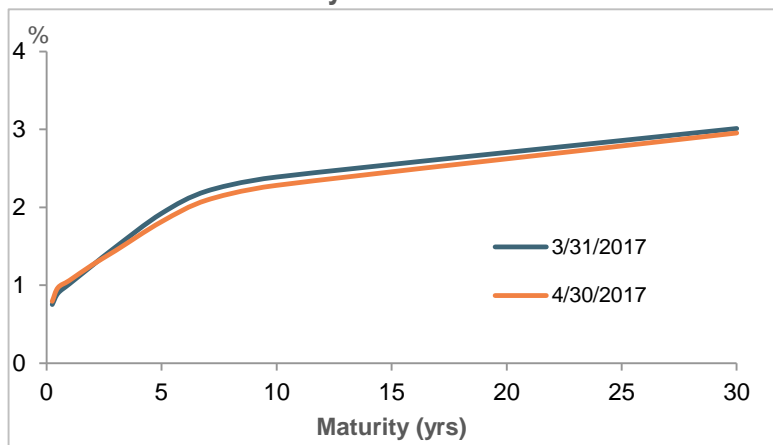


MARKET NEWS

- April's nonfarm payroll report missed estimates by nearly half, with only 98,000 jobs added; however, falling unemployment and stable inflation indicate that the labor market is healthier than the poor jobs number suggests¹
- Market-implied probabilities for a rate hike at the Federal Reserve's (Fed) June meeting jumped from 44% to 70% on the heels of President Trump's announcement of a massive tax cut proposal¹
 - Details on the plan were limited; however, the fiscal stimulus could provide the support that the Fed needs to continue normalizing monetary policy
- The Treasury curve flattened over the month, as future rate hikes put upward pressure on short-end yields, while longer-dated maturities rallied amid heightened geopolitical risk¹
 - The 2-year Treasury yield closed unchanged at 1.26%, while the 10-year Treasury yield fell 11bps to 2.28%
- Over half of S&P 500 firms have reported first quarter earnings, and a majority beat on both top- and bottom-line estimates¹
- Corporate issuers, led by banks, tapped the market following earnings blackouts and priced \$62 billion²
 - Supply tapered off in April after a record-breaking first quarter of over \$380 billion
 - Despite the slowdown, new issuance remains ahead of last year's pace and is expected to pick up again in May
- A rush of post-earnings issuance weighed on corporate spreads mid-month, but optimistic earnings results benefitted the sector through month-end, and spreads closed 2bps tighter at 116bps¹
- In the securitized market, net supply for agency mortgage-backed securities (MBS) is expected to tick up following healthy year-to-date issuance and continued strength in the housing market³
- Municipal bonds held in well, despite tax reform headlines, and it appears that the Trump administration's proposed plan should be less of a headwind on the sector compared to initial expectations¹
 - The 5-year municipal/Treasury ratio traded flat over the course of the month and closed at 80%

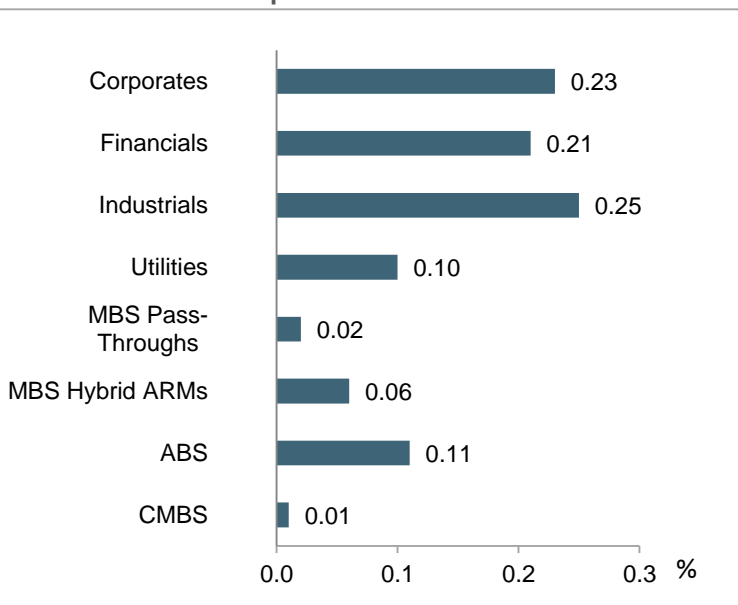
MARKET STATISTICS

Treasury Yield Curve¹



Maturity	2-year	5-year	10-year	30-year
4/30/2017	1.26	1.82	2.28	2.95
MTD Change	0.00	-0.10	-0.11	-0.06

April Excess Returns^{1*}



As of: 4/30/17. Sources: 1. Bloomberg Barclays 2. Citigroup 3. BofA Merrill Lynch

*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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