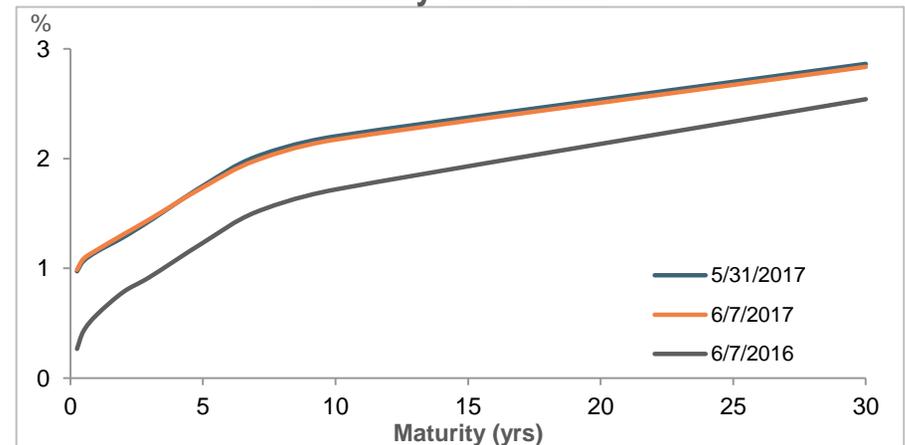




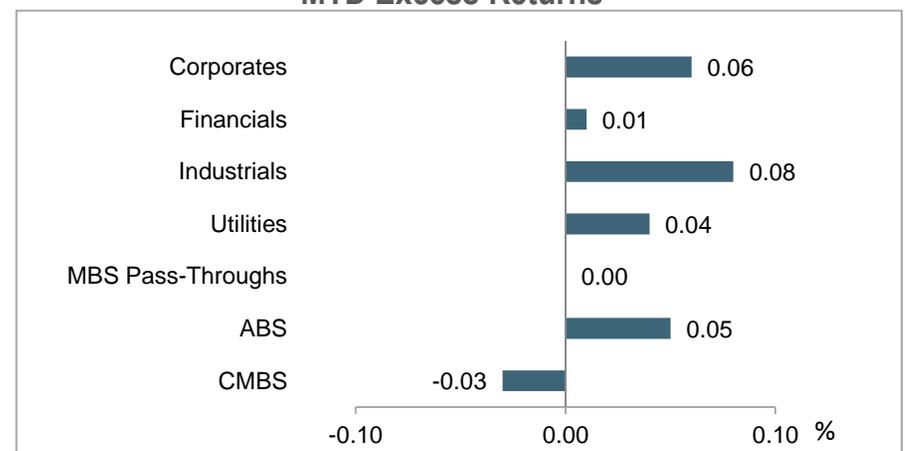
- Nonfarm payrolls came in below expectations, but the unemployment rate declined to 4.3%, the lowest level in 16 years¹
 - While the jobless rate points to continued labor market strength, wage growth hasn't been as robust
- As the Federal Open Market Committee (FOMC) June meeting approaches, the implied probability for a rate hike is nearly 100%¹
 - An additional rate hike in December is less certain, with investors placing a roughly 50% probability on another hike
- The yield curve flattened during the week with short-term yields rising and longer maturity yields falling; the 10-year yield briefly dropped to its lowest level since November of last year¹
 - The 2-year Treasury yield rose 3bps to 1.31%, while the 10-year Treasury fell 3bps on the week to 2.17%
- Investors are focusing on a number of events today, including former FBI Director James Comey's Senate testimony, the United Kingdom general election, and the European Central Bank's policy meeting¹
- Oil prices dropped sharply as both crude oil and gasoline inventories unexpectedly rose, renewing market fears of a glut in supply¹
 - The inventory build broke an 8-week streak of drawdowns
- Investment-grade corporate issuers priced just over \$15 billion this week, which was in line with dealer expectations²
- Corporate spreads have remained range-bound from 111bps to 115bps over the past month and closed at 113bps¹
- Mortgage-backed securities (MBS) continue to underperform other spread sectors and were flat to Treasuries month-to-date¹
- Municipals continue to outperform Treasuries, and the 10-year municipal/Treasury ratio declined another 2% on the week to 84%¹

Treasury Yield Curve¹



Maturity	2-year	5-year	10-year	30-year
6/7/2017	1.31	1.74	2.17	2.84
MTD Change	0.03	-0.01	-0.03	-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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