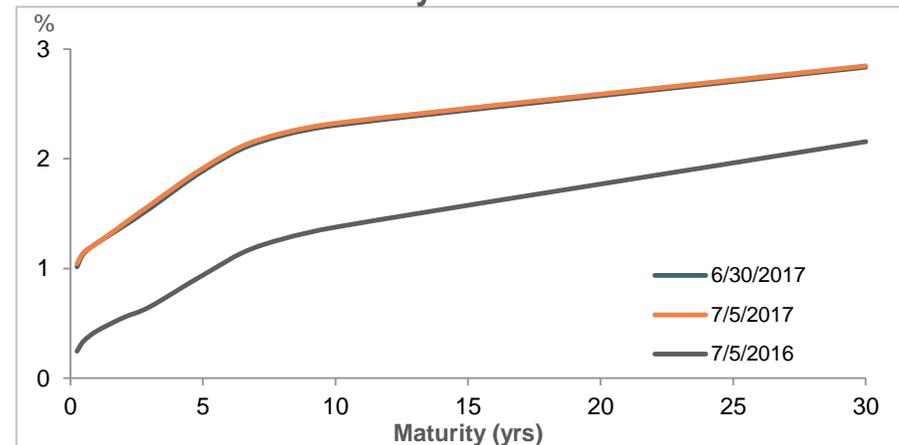




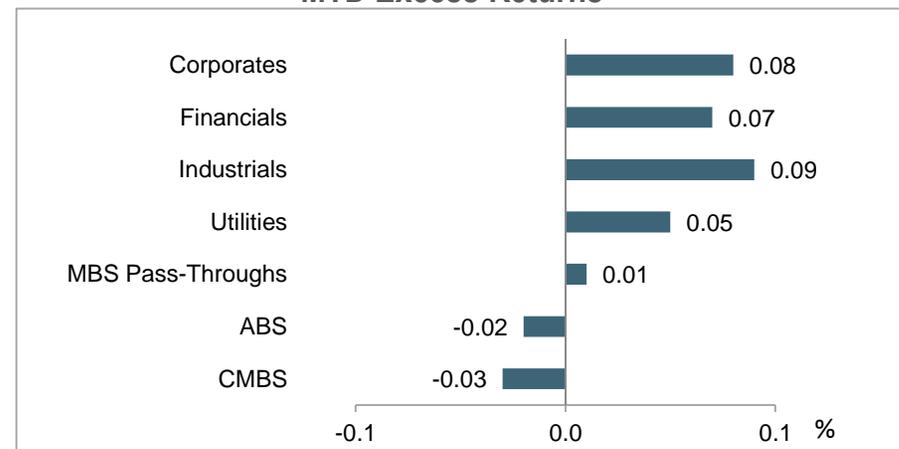
- Minutes from the Federal Reserve's (Fed) June meeting indicated support for a path of gradual interest rate hikes but highlighted disagreement on the timing for shrinking the Fed's balance sheet¹
 - A number of Fed members advocated for beginning to taper within months, while others preferred to reassess economic conditions later this year before adjusting reinvestment policy
- Treasury rates inched higher across the curve ahead of tomorrow's employment report¹
 - Estimates suggest a rebound from last month with 180,000 jobs added in June versus 138,000 in May
- Two investment grade corporate deals totaling \$4 billion priced thus far in the holiday-shortened week²
 - Issuance is expected to pick up next week, and the projection for the full month of July stands around \$75 billion
- Despite modest activity and muted new issue supply, the market tone remained firm, and corporate spreads traded flat, closing at 108bps¹
- In the commercial mortgage-backed securities (CMBS) market, delinquencies rose, but the increase was largely expected, and the sector modestly underperformed Treasuries month-to-date¹
- The Illinois Senate overrode Governor Rauner's veto of the House's tax increase measure, which would boost revenue and provide a short-term solution for a balanced budget¹
 - The House is voting again on Thursday and must reapprove the budget package for the legislation to be enacted
 - S&P and Fitch indicated they would wait for the results of the vote before proceeding with any ratings actions

Treasury Yield Curve¹



Maturity	2-year	5-year	10-year	30-year
7/5/2017	1.40	1.91	2.32	2.85
MTD Change	0.02	0.02	0.01	0.01

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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