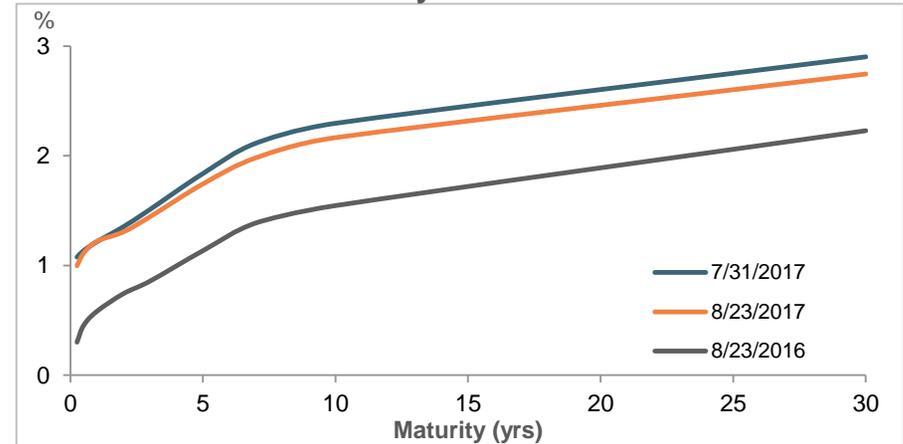




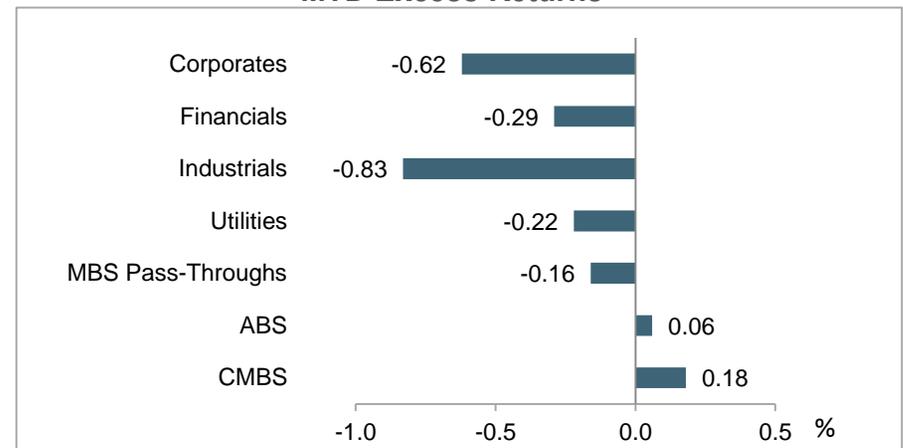
- US home prices rose modestly, continuing the positive year-to-date trend and indicating a generally healthy housing market¹
- On Friday, Janet Yellen will speak at the annual Jackson Hole Symposium, the biggest monetary policy conference of the year¹
 - Historically, Federal Reserve (Fed) chairpersons have communicated policy moves at the conference; however, many investors don't anticipate any meaningful guidance
- Heightened US political concern drove a risk-off tone this week, and Treasuries rallied across the curve¹
 - The 10-year yield fell 5bps to 2.17%, and the 30-year yield fell 6bps to 2.75%
- Investment grade corporate supply slowed with roughly \$5 billion pricing compared to August's weekly average of around \$30 billion²
 - Month-to-date issuance exceeded \$94 billion, marking one of the heaviest Augusts in over 10 years
- Corporate spreads leaked wider amid increased political uncertainty, which broadly sparked a moderate sell-off in risk assets¹
 - Heavy supply early in the month weighed on the corporate market as demand waned, and spreads closed at 111bps, 2bps wider on the week and 9bps wider on the month
- Light trading volumes hurt the agency mortgage-backed securities (MBS) sector, which underperformed Treasuries¹
 - The Fed has signaled it will likely begin tapering the balance sheet next month, which could introduce a negative technical in the mortgage market
- Solid fund inflows supported municipal bonds, which kept pace with the Treasury rally¹

Treasury Yield Curve¹



Maturity	2-year	5-year	10-year	30-year
8/23/2017	1.31	1.75	2.17	2.75
MTD Change	-0.04	-0.09	-0.13	-0.15

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.

The views contained in this report are those of IR+M and are based on information obtained by IR+M from sources that are believed to be reliable. This report is for informational purposes only and is not intended to provide specific advice, recommendations, or projected returns for any particular IR+M product. No part of this material may be reproduced in any form, or referred to in any other publication, without express written permission from Income Research & Management.