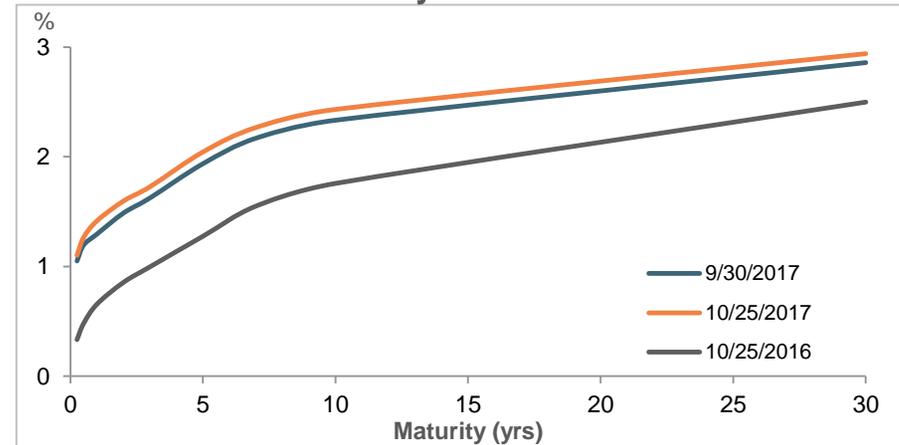




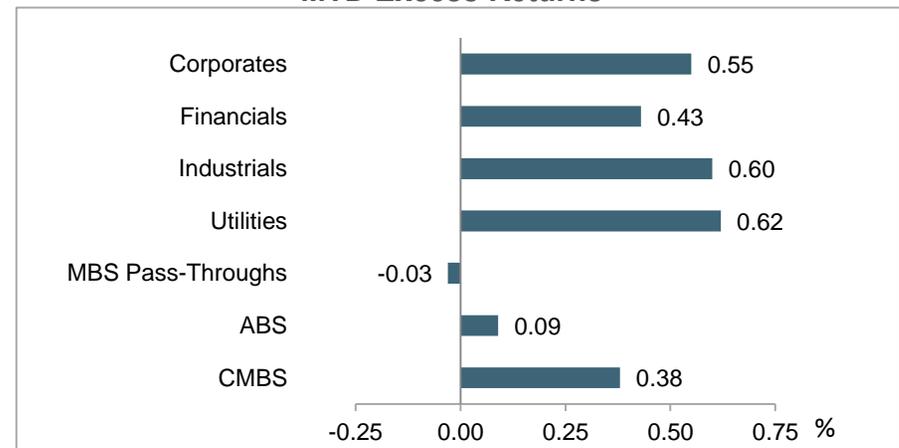
- The initial estimate of third quarter US GDP will be released tomorrow, and expectations are for annualized growth to slow modestly but remain solid at 2.5%¹
- The US House of Representatives voted in favor of a budget plan today, which could open the door for the release of a tax reform draft as early as next week¹
 - The budget plan allows potential tax cuts that could increase the federal deficit by up to \$1.5 trillion over 10 years
- Treasury yields rose, and the curve steepened during the week, as optimism around potential tax reform and positive earnings releases supported a rise in long-term yields¹
 - The 2-year yield increased 3bps, and the 10-year yield jumped 8bps to 2.43%, the highest level since March 2017
- Corporate supply picked up modestly this week, as investment grade issuers priced roughly \$27 billion²
- Significant demand met moderate supply and drove investment grade corporate spreads 3bps tighter to 94bps, the tightest level since 2007¹
 - High-yield spreads tightened 7bps during the week to 330bps, only 7bps off post-crisis tights
- Front-end demand in commercial mortgage-backed securities (CMBS) pushed spreads tighter, further supporting the sector's strong performance month-to-date¹
- Technicals within the municipal market remain favorable, and the sector outperformed Treasuries, although increased focus on potential tax reform could introduce volatility¹

Treasury Yield Curve¹



Maturity	2-year	5-year	10-year	30-year
10/25/2017	1.60	2.05	2.43	2.94
MTD Change	0.11	0.11	0.10	0.08

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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