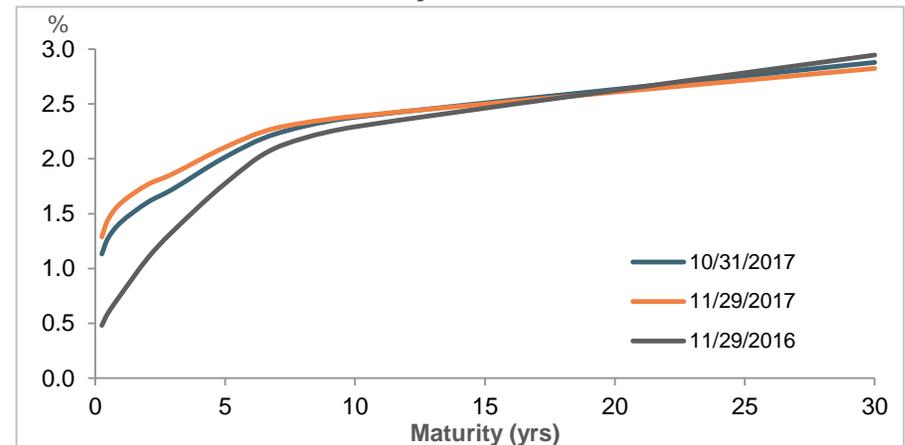




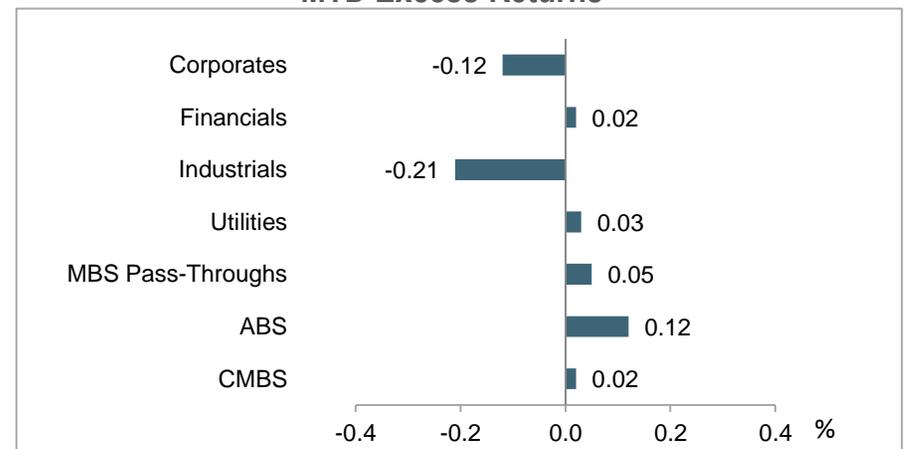
- Third quarter US GDP growth was revised up by 0.3% to 3.3%, meeting expectations and continuing the trend of solid economic data<sup>1</sup>
  - Expectations for fourth quarter GDP growth are around 2.5%
- The tax reform bill is currently with the Senate for review, and a final vote could take place as early as Friday<sup>1</sup>
  - While it appears that passing tax reform has become more likely, the final bill could still evolve materially
- Treasury curve flattening continued, as the spread between the 2-year and 10-year yields briefly narrowed to 58bps, the lowest since 2007<sup>1</sup>
  - The implied probability for an interest rate hike in December climbed above 98%, pushing short-end yields up
- Investment-grade corporate supply was solid this week, as issuers priced over \$26 billion, led by Alibaba's \$7 billion deal<sup>2</sup>
- After widening to 103bps following heavy issuance earlier in the month, investment-grade corporate spreads tightened back in and closed the week at 98bps as the market worked to digest supply<sup>1</sup>
  - Corporates underperformed Treasuries month-to-date, as weakness in the industrial sector outweighed strength from financials and utilities
- Strong demand and light supply in the asset-backed securities (ABS) market led to outperformance relative to Treasuries<sup>1</sup>
- Heavy supply and potential impacts of tax reform weighed on the municipal market, and the sector underperformed Treasuries<sup>1</sup>
  - The 10-year municipal/Treasury ratio rose 4% to 94%, the first time the ratio has risen above 90% since May

Treasury Yield Curve<sup>1</sup>



Maturity	2-year	5-year	10-year	30-year
11/29/2017	1.76	2.11	2.39	2.83
MTD Change	0.16	0.09	0.01	-0.05

MTD Excess Returns<sup>1\*</sup>



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.