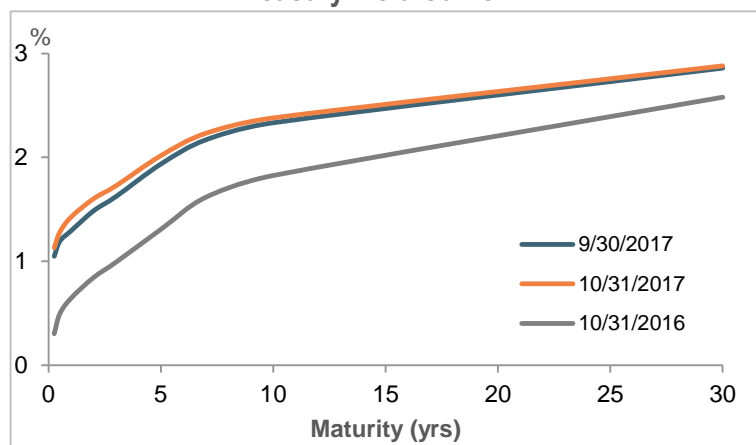


**MARKET NEWS**

- Third quarter US GDP growth came in strong at 3%, despite some forecasted weakness following the impact of several major hurricanes<sup>1</sup>
  - The solid print, which beat most estimates by a healthy margin, marked the first time since 2014 that growth reached 3% for two consecutive quarters, as second quarter growth was 3.1%
- Treasury yields rose modestly across the curve over the month, most notably in short and intermediate maturities<sup>1</sup>
  - The 2-year yield climbed 11bps to 1.60%, and the 10-year yield rose 5bps to 2.38%
  - The market-implied probability of a rate hike by the end of the year jumped 13% and closed the month at 83%
- Corporate issuers set a record for October investment-grade supply, pricing \$113 billion, which was over \$30 billion more than expected<sup>2</sup>
  - The November supply estimate is approximately \$90 billion, which is below the 2017 monthly average of \$110 billion
- Investment-grade corporate spreads gradually tightened over the month and reached post-crisis lows across all subsectors<sup>1</sup>
  - Investment-grade and high-yield spreads closed October at 95bps and 338bps, respectively
- Securitized sectors broadly underperformed corporates but generated positive excess returns amid a generally healthy economic backdrop and strong bid for risk assets<sup>1</sup>
  - Commercial mortgage-backed securities (CMBS) kept pace with corporate bonds, fueled by strong demand, which supported both primary and secondary spreads
- In the municipal market, robust mutual fund inflows supported technicals, and the 10-year municipal/Treasury ratio traded flat at 86%<sup>1</sup>
  - Increased focus on tax reform, following an approved budget plan, could introduce volatility through year end; however, Congress has limited remaining days in session for 2017, which may inhibit progress

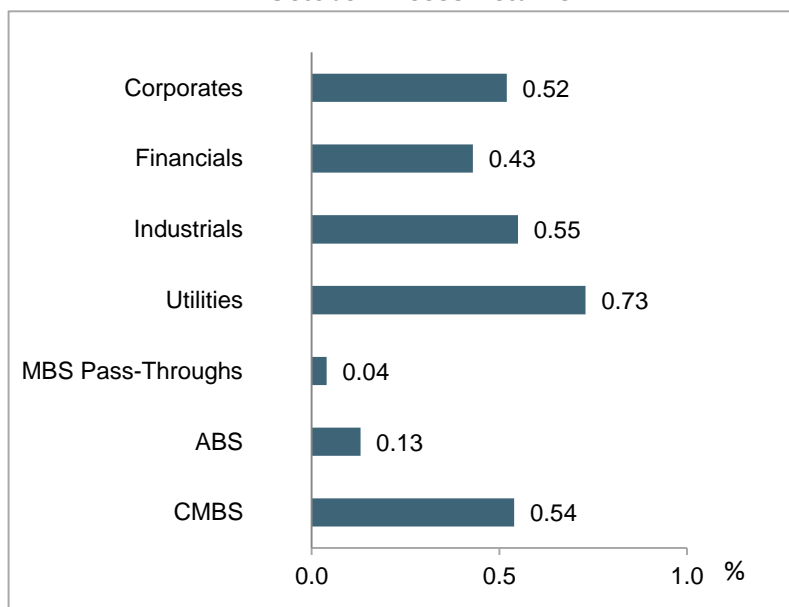
**MARKET STATISTICS**

Treasury Yield Curve<sup>1</sup>



Maturity	2-year	5-year	10-year	30-year
10/31/2017	1.60	2.02	2.38	2.88
MTD Change	0.11	0.08	0.05	0.02

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



As of: 10/31/17. 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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