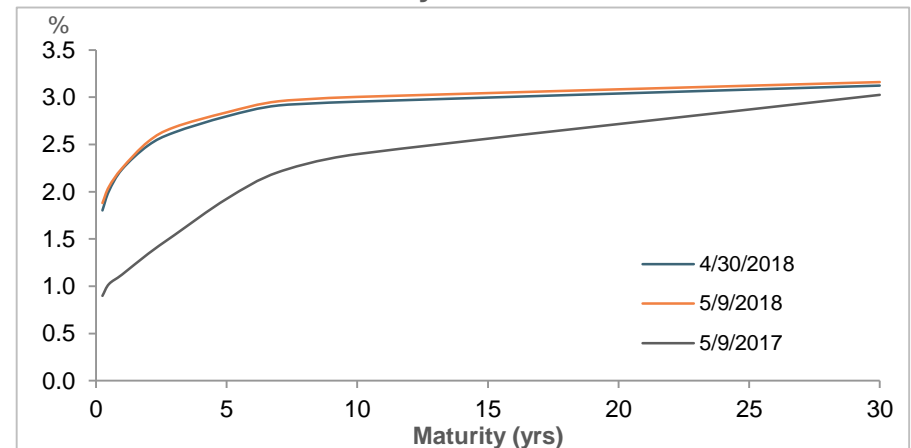




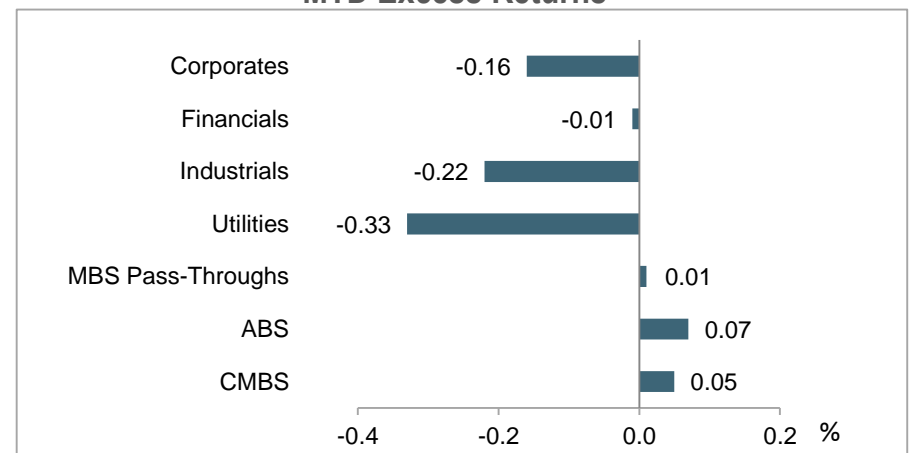
- The US Consumer Price Index (CPI) increased by 0.2% during April, driven by rising energy and shelter prices, but missed estimates for 0.3% growth¹
 - Core CPI came in at 2.1% on the year, slightly below estimates for 2.2%, but above the Federal Reserve's 2% inflation target
- Oil prices climbed above \$70/barrel for the first time since late 2014; President Trump's decision to withdraw from the Iran nuclear deal may lead to reduced supply from Iran¹
- Treasury yields increased by 4-6bps across the curve, and the 10-year yield climbed back above 3%¹
 - The curve remained flat, as the spread between 30-year yields and 10-year yields closed at approximately 16bps
- Supply was heavy as investment-grade issuers priced over \$35 billion, led by a \$7.5 billion deal across seven tranches from General Dynamics earlier in the week²
- Robust supply weighed on investment-grade corporate spreads, which widened 3bps and closed at 111bps¹
 - High-yield supply was light, and spreads held in at 337bps
- Asset-backed securities (ABS) outperformed Treasuries as demand for high-quality, short-duration spread product was strong¹
- Municipals outperformed Treasuries, even as supply increased and fund flows turned negative¹
 - The 10-year municipal/Treasury ratio declined 5% week over week, and closed at 81%

Treasury Yield Curve¹



Maturity	2-year	5-year	10-year	30-year
5/9/2018	2.53	2.84	3.01	3.16
MTD Change	0.04	0.04	0.06	0.04

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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