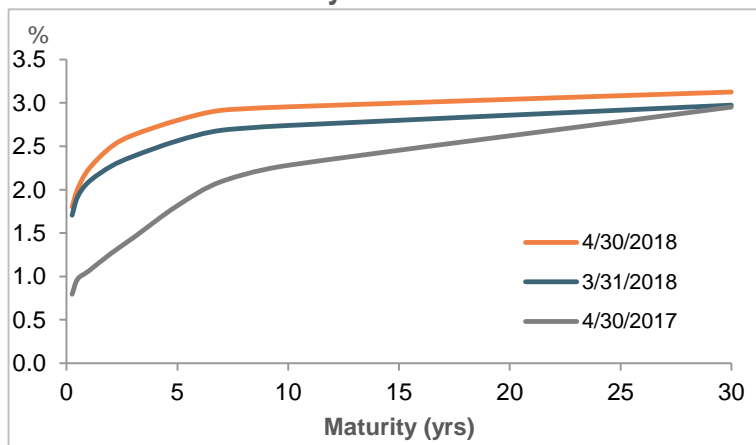


MARKET NEWS

- Economic data releases during the month were generally strong, highlighted by first-quarter GDP growth, which came in at an annualized 2.3%, beating expectations of 2.0%¹
 - The US Consumer Price Index (CPI) increased by 2.4% on the year, while core CPI advanced by 2.1%
 - Inflation expectations rose following the release of CPI data, and the 10-year breakeven inflation rate closed 11bps higher at 2.17%
- Treasury yields rose materially across the curve, and the 10-year yield briefly breached 3% for the first time since January 2014 before closing at 2.95%, 21bps higher on the month¹
 - Curve flattening remains a theme, as short-end yields rose more than long-end yields, and the spread between the 30-year yield and the 10-year yield closed the month at a new post-crisis low of 17bps
- April supply broke the monthly record, set in 2008, as investment-grade corporate issuers priced over \$103 billion²
 - Year-to-date investment-grade supply has been skewed toward financials, and over 75% has come from issuers rated BBB+ or below
 - May is typically a heavy month for supply, with over \$170 billion pricing in May over each of the past three years
- Risk-market performance was volatile, but ultimately positive, during the month, as corporates outperformed Treasuries¹
 - Investment-grade spreads traded in a 5bps range and closed 1bp tighter at 108bps
 - High-yield spreads were less stable, and traded in a 23bps range before settling in 16bps tighter at 338bps
- Securitized sectors outperformed corporates, as the short-term nature of the sector protected performance as rates rose¹
 - Within securitized, mortgage-backed securities (MBS) outperformed, as solid demand supported spreads
- Municipals outperformed Treasuries during the month, and the 10-year municipal/Treasury ratio declined 5% to close at 86%, as supply remained below historical averages and fund flows remained positive¹

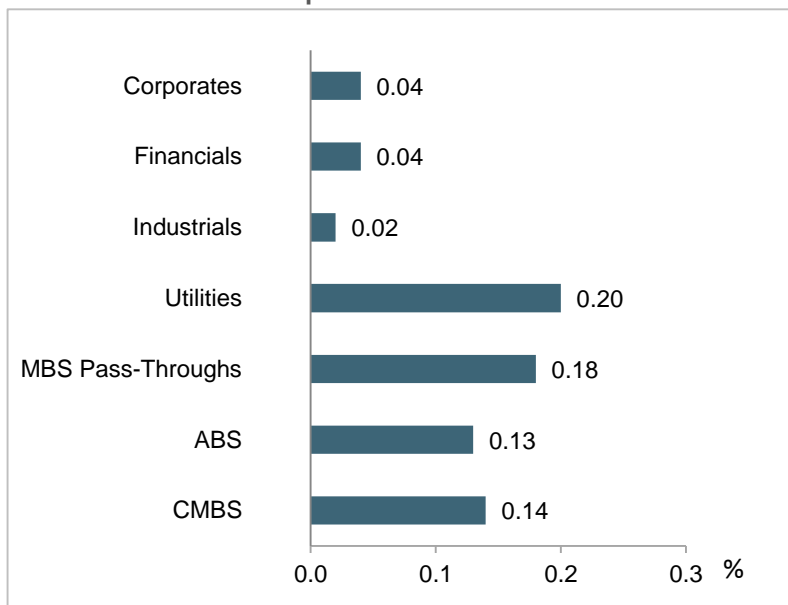
MARKET STATISTICS

Treasury Yield Curve¹



Maturity	2-year	5-year	10-year	30-year
4/30/2018	2.49	2.80	2.95	3.12
MTD Change	0.22	0.24	0.21	0.15

April Excess Returns^{1*}



As of: 4/30/18. 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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