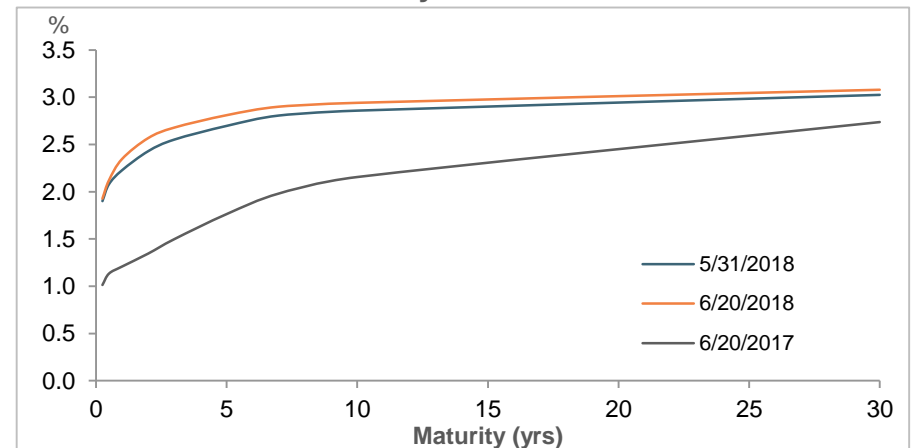




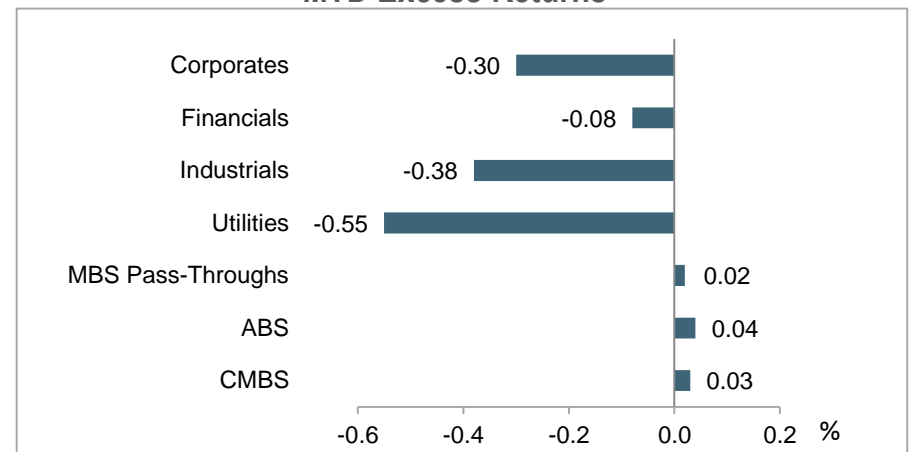
- The Federal Reserve (Fed) Chair, Jerome Powell, echoed comments from last week's Fed meeting that the economy is strong and to expect gradual future rate hikes¹
- US jobless claims were slightly below expectations at 221,000, consistent with strong job growth and a low unemployment rate¹
- The Treasury curve flattened modestly due to strong demand for safe-haven assets, with trade tensions rising between the US and China; long-term yields fell and front-end yields remained steady¹
 - 30-year and 10-year yields decreased by 1bp and 3bps to 3.08% and 2.94% respectively, and the 2-year yield was unchanged at 2.57%
- Investment grade issuers priced over \$44 billion for the week, slightly ahead of estimates; the \$649 billion in year-to-date supply is 1% lower year-over-year²
 - Wednesday's active primary market resulted in issuance of \$24 billion, the second largest single day total of 2018 after March 6th, when CVS priced \$40 billion for its acquisition of Aetna
- Heavy supply weighed on investment-grade corporates and spreads leaked wider by 4bps to 119bps; long corporate spreads also widened 6bps to 169bps¹
 - High yield corporates moved in sympathy with falling equity market prices and spreads widened 2bps to close at 334bps
- Robust demand supported commercial mortgage-backed securities (CMBS), which tightened 2bps to 67bps¹
 - MBA Mortgage Applications, which provide a gauge of demand for housing, was 5.1% higher week-over-week
- Municipals outpaced Treasuries during the week, with the 10-year municipal/Treasury ratio falling slightly to 84%¹

Treasury Yield Curve¹



Maturity	2-year	5-year	10-year	30-year
6/20/2018	2.57	2.81	2.94	3.08
MTD Change	0.14	0.11	0.08	0.05

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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