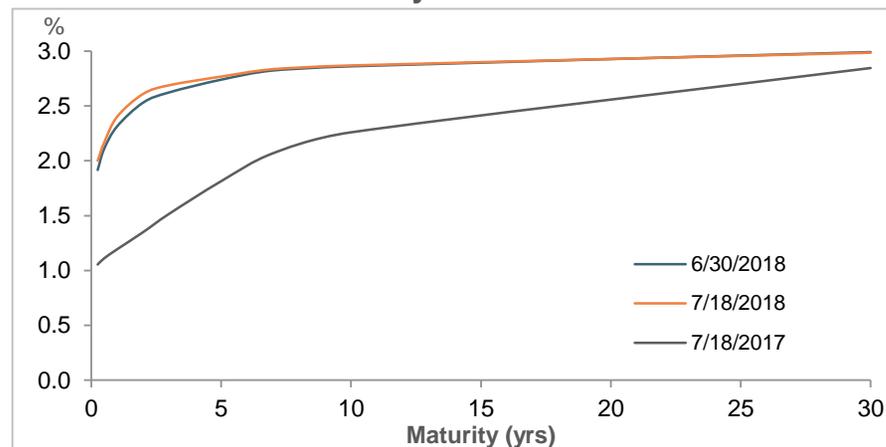




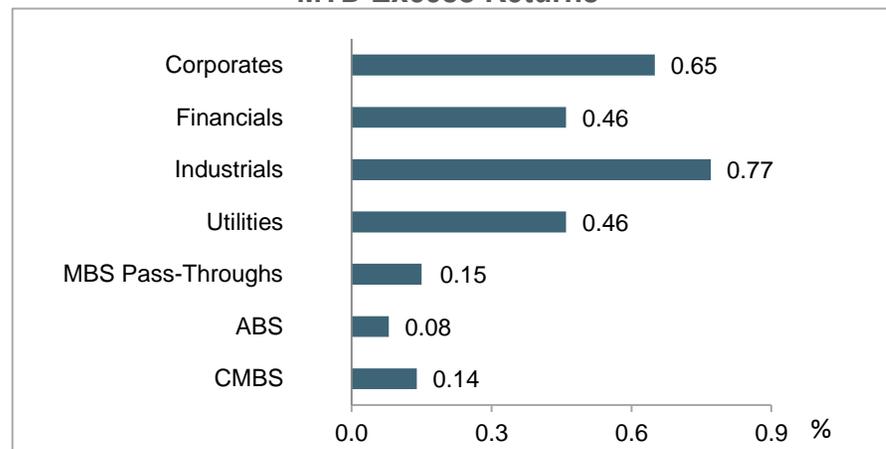
- US Treasury yields climbed slightly higher week-over-week as the 2- and 30-year rates both moved up 3bps, and the 10-year rose by 2bps¹
- Federal Reserve Chair Jerome Powell’s testimony to the Senate Banking Committee expressed confidence in the job market and that an inflation rate around 2% for the next several years is likely¹
 - Comments were generally well received by investors and reassured the market of gradual rate hikes “for now”
- Housing market data took an unexpected downturn, as housing starts fell 12.3% in June and mortgage applications declined 5% week-over-week, which could signal slowing momentum¹
- Investment-grade corporate spreads tightened 1bp to 117bps; strong earnings momentum offset heavy issuance and criticism over President Trump and Russian President Putin’s press conference¹
 - Second-quarter earnings season kicked off with a number of US banks reporting – overall, results were better-than-expected, with strong investment-banking revenue
- Corporate issuance surpassed the total of the last three weeks combined, with over \$29 billion issued this week²
 - The majority of deals were focused in banking, as Bank of America, Citigroup, JPMorgan Chase, and Wells Fargo brought over \$19 billion to market
- Asset-backed securities (ABS) priced roughly \$149 billion year-to-date, over \$15 billion more than this time last year¹
- Short-maturity municipals outperformed longer-maturity municipals and the 2-year muni/Treasury ratio fell to a year-to-date low of 61%¹

Treasury Yield Curve¹



Maturity	2-year	5-year	10-year	30-year
7/18/2018	2.61	2.77	2.87	2.99
MTD Change	0.08	0.03	0.01	0.00

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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