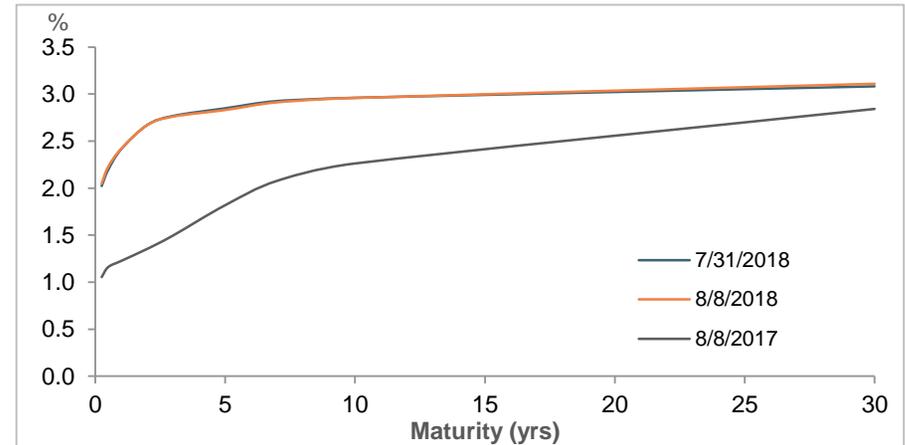




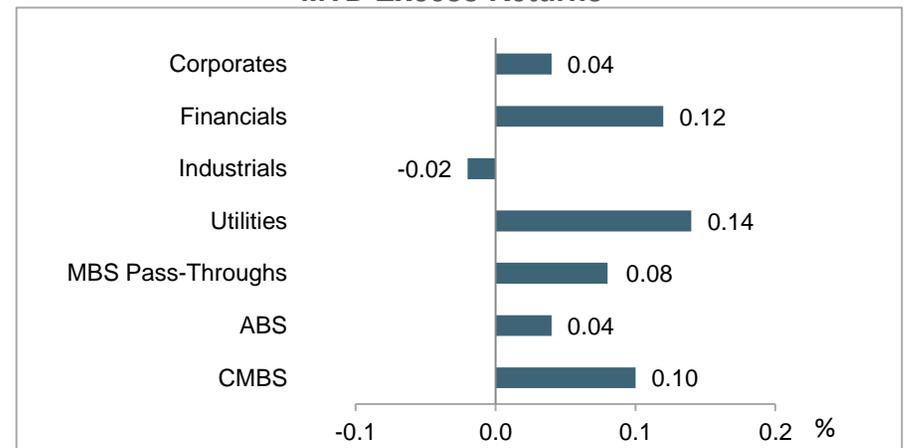
- Labor market data showed that nonfarm payrolls grew by 157,000 in July, which was below expectations¹
 - Despite the headline miss, prior months were revised higher, and the unemployment rate declined by 0.1% to 3.9%
- The US Treasury held its largest 10-year note auction ever, at \$26 billion, which was met with strong demand, leaving 10-year yields unchanged¹
 - 30-year yields increased modestly, rising by 3bps on the week
 - The US Treasury set another auction record today, with an auction of \$18 billion of 30-year bonds²
- Investment-grade corporate supply picked up this week, as issuers priced over \$30 billion, surpassing expectations of \$20-25 billion¹
 - Healthy demand met the heaviest week of supply since June
- Despite the deluge of supply, investment-grade corporate spreads proved resilient, benefiting from strong corporate earnings, and tightened by 1bp to close at 108bps¹
 - Financials and Utilities performed well, reversing some the sectors' year-to-date underperformance relative to Industrials
- Strong demand for high-yield bonds outweighed robust supply, and spreads tightened 11bps to close at 325bps¹
- Heavy issuance in the securitized space continued this week; however, spreads held in and all sectors outperformed Treasuries¹
 - Asset-backed securities (ABS) underperformed other sectors, as investors worked to digest a stretch of torrential supply in July, which included the busiest week for ABS issuance since 2015
- Municipals modestly underperformed Treasuries, as the 10-year muni/Treasury ratio increased by 1% to close at 85%¹
 - Within munis, shorter-maturity bonds outperformed the long end

Treasury Yield Curve¹



Maturity	2-year	5-year	10-year	30-year
8/8/2018	2.67	2.83	2.96	3.11
MTD Change	0.00	-0.02	0.00	0.03

MTD Excess Returns^{1*}



Source: 1. Bloomberg Barclays 2. As of 8/9/18

*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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