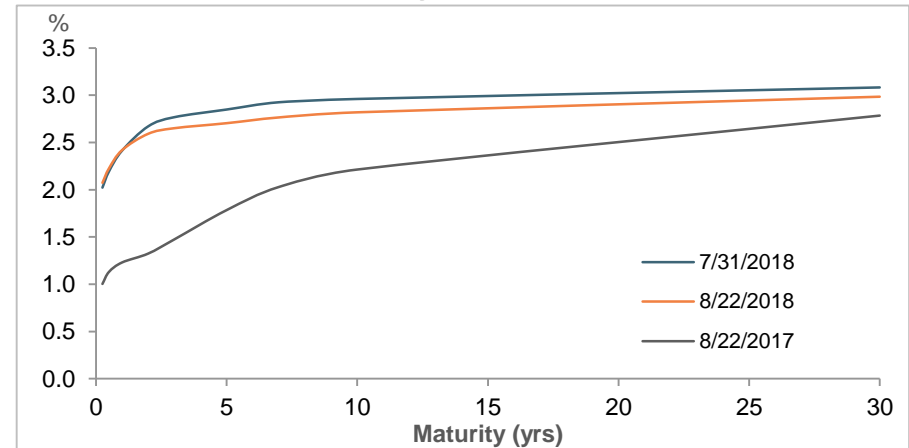




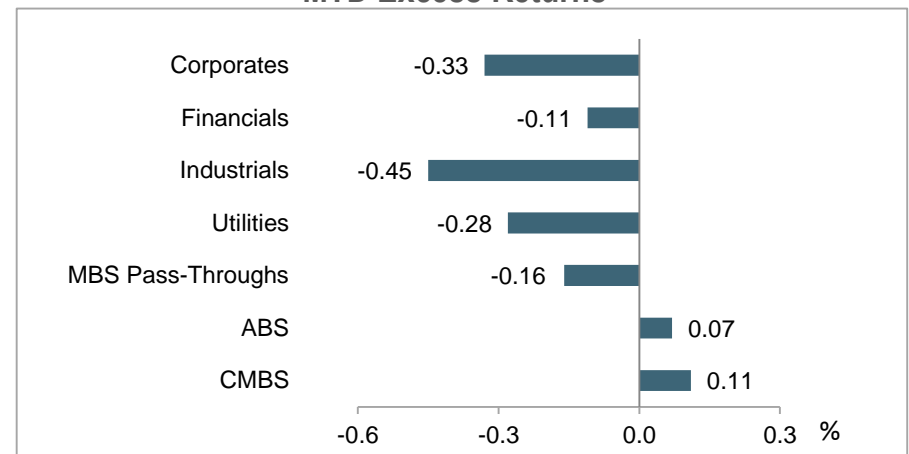
- The Federal Open Market Committee (FOMC) released minutes from their July meeting, where members agreed another rate hike is on the table “soon” if the economy continues on its current trajectory¹
 - Market-implied probabilities suggest another rate hike in September is all but certain and the chance of two more hikes in 2018 is approximately 70%
- Treasury yields fell following the July FOMC meeting minutes, with longer-maturity yields falling more than shorter dated yields¹
 - The 30-year yield fell 5bps week-over-week to 2.99% and the 2-year yield fell 2bps to 2.59%
- US existing-home sales fell for the fourth consecutive month, with total sales down 0.7% month-over-month; the housing market continues to show signs of cooling, contrary to positive consumer and labor data¹
- After a heavy first half of August, the corporate new issue market was relatively slower this week with only \$8 billion of issuance²
 - Issuers tend to front-load supply during August; we expect new issuance to remain light until after Labor Day weekend
 - Early estimates for next month point to over \$120 billion of supply, slightly above last year’s total for September
- Investment-grade corporate spreads were virtually unchanged on the week with spreads leaking 1bp wider to 112bps¹
 - Equity market strength spilled into the high-yield corporate market as spreads tightened 4bps to close at 338bps
- Asset-backed securities (ABS) continue to perform well relative to corporates, despite 10% higher year-over-year supply¹
- Municipals priced roughly \$206 billion year-to-date, over 12% less than this time last year¹

Treasury Yield Curve¹



Maturity	2-year	5-year	10-year	30-year
8/22/2018	2.59	2.71	2.82	2.99
MTD Change	-0.08	-0.14	-0.14	-0.09

MTD Excess Returns^{1*}



Source: 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.

The views contained in this report are those of IR+M and are based on information obtained by IR+M from sources that are believed to be reliable. This report is for informational purposes only and is not intended to provide specific advice, recommendations, or projected returns for any particular IR+M product. No part of this material may be reproduced in any form, or referred to in any other publication, without express written permission from Income Research & Management.