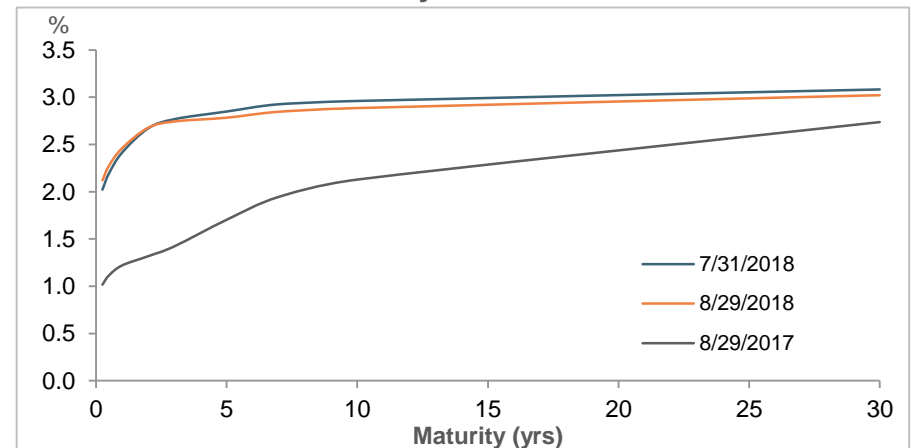




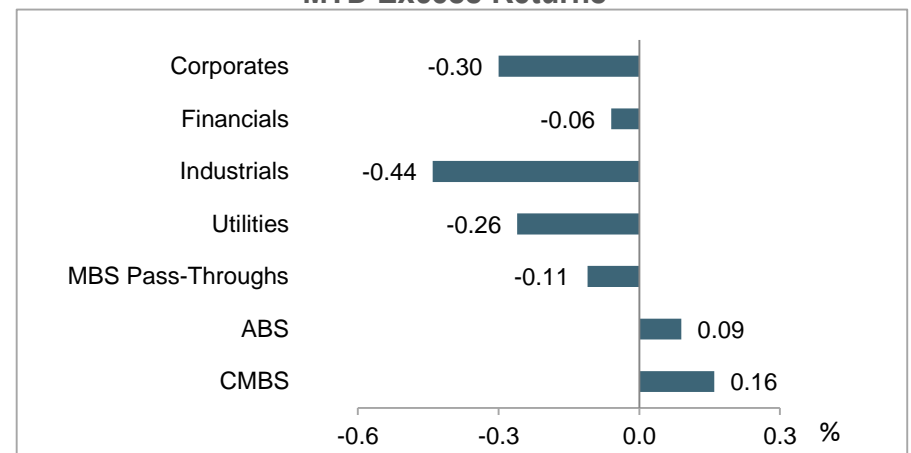
- Central bank officials met in Jackson Hole, Wyoming on Friday for their annual conference on the economy and monetary policy; Fed Chair Jerome Powell does not “see signs of an elevated risk of overheating”<sup>1</sup>
  - Treasury yields rose in the belly of the curve causing the difference between the 2-year yield and 10-year yield to flatten to a post-crisis low of 21bps
- Second quarter GDP was revised higher this week to 4.2% - the highest growth rate in nearly four years - as the US economy continues to show positive trends in economic data<sup>1</sup>
- Consumer confidence topped expectations and reached its highest level since 2000, with investors increasingly optimistic about the near term health of the economy<sup>1</sup>
  - Jobless claims rose 3,000 to 213,000 week-over-week, a sign that strong labor market conditions remain stable
- As anticipated, the investment-grade primary market was light this week with just two borrowers and a total of \$1 billion issued; supply for the month was over \$80 billion, \$14 billion lower than in August of 2017<sup>2</sup>
- Corporate spreads were unchanged week-over-week and closed at 112bps, as a quiet new issue market met lighter secondary volumes<sup>1</sup>
  - Investment-grade spreads have been range bound since August 10<sup>th</sup>, oscillating between 111 and 112bps
- Similar to corporates, commercial mortgage-backed securities (CMBS) were quiet and spreads remained unchanged week-over-week at 65bps<sup>1</sup>
- The municipal primary market was relatively busy with almost \$5 billion of issuance; despite heavy supply, municipals outperformed both Treasuries and corporates this week<sup>1</sup>

### Treasury Yield Curve<sup>1</sup>



| Maturity   | 2-year | 5-year | 10-year | 30-year |
|------------|--------|--------|---------|---------|
| 8/29/2018  | 2.68   | 2.78   | 2.89    | 3.02    |
| MTD Change | 0.01   | -0.07  | -0.08   | -0.06   |

### MTD Excess Returns<sup>1\*</sup>



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.

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