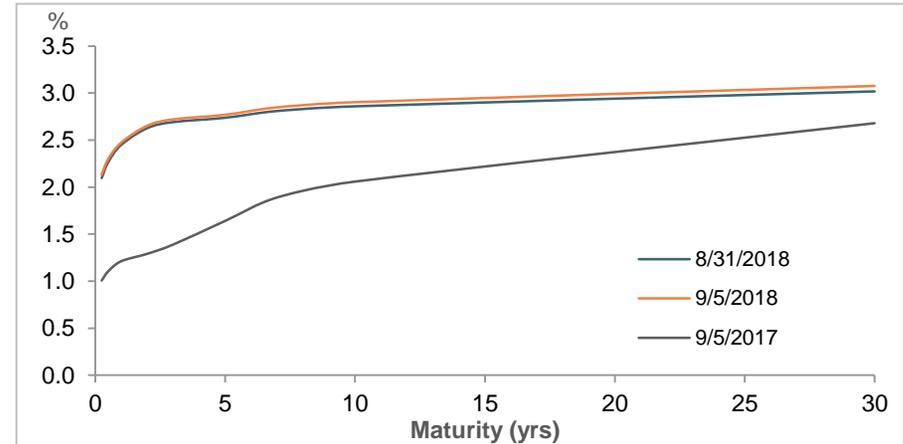




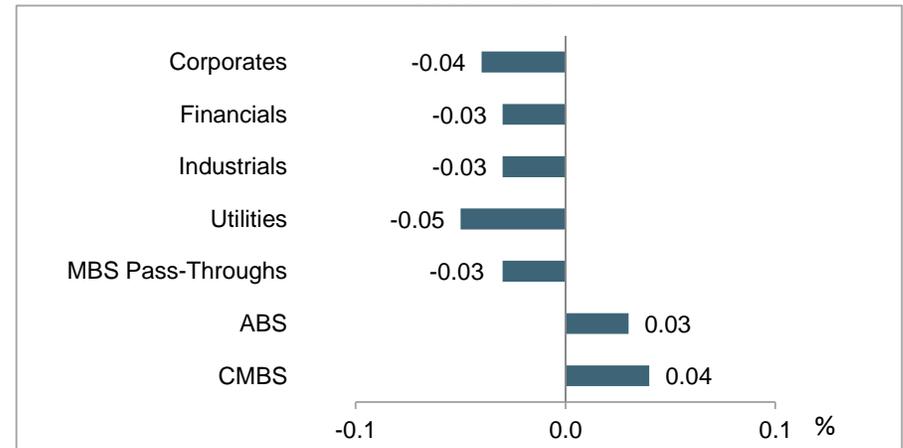
- Treasury yields rose and the curve steepened this week as rising trade tensions made headlines again¹
 - The difference between 5-year and 30-year yields reached 30bps, the highest level since mid-June
- Private payroll growth of 163,000 jobs was the weakest level since October 2017, led by a decline in small business hiring; jobless claims painted a more positive picture as they fell to the lowest level since 1969¹
 - Investors will look to Friday's nonfarm payroll report for a more conclusive picture of the labor market
- US ISM Manufacturing Index, which measures the activity of American factories, rose to a 14-year high in August, despite rising trade tensions¹
 - The 10-year breakeven inflation rate ticked up to 2.1% following the generally solid data and an overall positive economic outlook
- Investment-grade issuers came with a slew of new deals and this week's total of over \$56 billion was the busiest new issue week of the year¹
 - Cigna Corporation brought the largest deal of the week and issued \$20 billion across ten tranches, to finance its acquisition of Express Scripts
- Investment-grade corporate spreads came under pressure due to the wave of post-Labor Day supply and widened 1bp to 115bps¹
- Securitized sectors generally outperformed Treasuries as early-September supply was light, contrary to the corporate market¹
- Investors added almost \$186 million to municipal bond funds last week, the seventeenth consecutive week of positive inflows²
 - Over \$158 billion of municipal bonds were taken out of the market in June, July and August due to calls and maturities, providing another positive technical for the sector¹

Treasury Yield Curve¹



Maturity	2-year	5-year	10-year	30-year
9/5/2018	2.65	2.77	2.90	3.08
MTD Change	0.02	0.03	0.04	0.06

MTD Excess Returns^{1*}



Source: 1. Bloomberg Barclays 2. Investment Company Institute

*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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