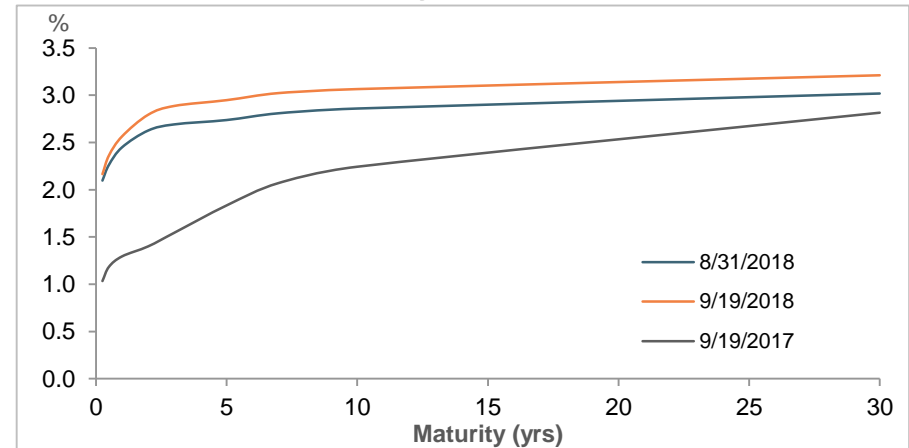




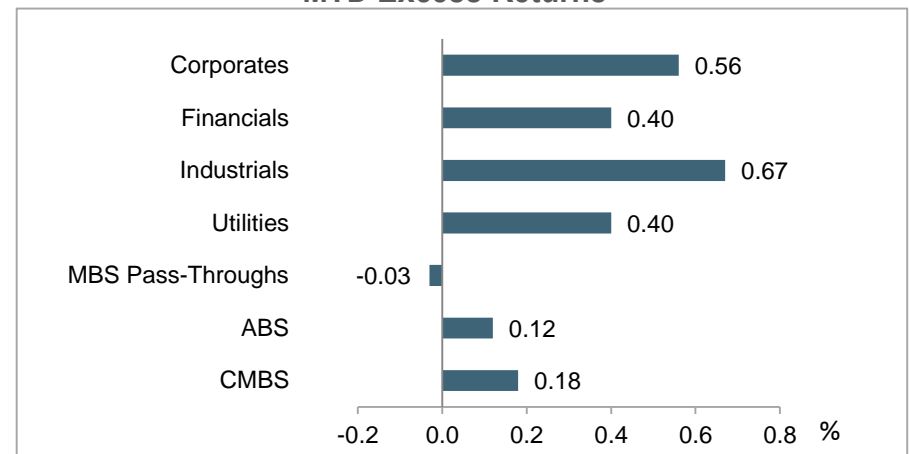
- President Trump nominated Nellie Liang to fill the final Federal Reserve (Fed) open seat, his sixth nomination to the Fed's seven-seat board¹
- The Trump Administration announced an additional 10% tariff on \$200 billion worth of Chinese imports that will go into effect September 24th¹
 - China quickly countered with tariffs of 10% on \$60 billion of US products; the market reaction was muted as some investors feared a harsher retaliation
- US initial jobless claims fell to 201,000, a 50-year low, further highlighting the solid jobs market¹
- Treasury rates marched higher week-over-week and the curve steepened as investors shrugged off the announcement of additional tariffs and focused on positive economic data instead¹
 - The 10-year Treasury yield climbed above 3% for the first time in over a month, as the consumer sentiment index and housing starts came in above expectations
- Investment-grade corporate issuance surpassed \$28 billion this week; month-to-date supply reached \$112 billion and is just shy of the total for all of September 2017²
 - Investment-grade corporate spreads were resilient despite a heavy new issue calendar and tightened by 1bp week-over-week to close at 118bps¹
 - Wells Fargo issued a \$1 billion floating-rate note that trades off the Secured Overnight Financing Rate (SOFR), as issuers begin to benchmark securities to LIBOR alternatives²
- Mortgage-backed securities (MBS) lagged Treasuries this month, as higher rates led to extension fears and weighed on performance¹
- Short-end munis underperformed over the week, as the 2-year municipal/Treasury ratio rose to 69%, a three-month high¹

Treasury Yield Curve¹



Maturity	2-year	5-year	10-year	30-year
9/19/2018	2.79	2.95	3.06	3.21
MTD Change	0.16	0.21	0.20	0.19

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.

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