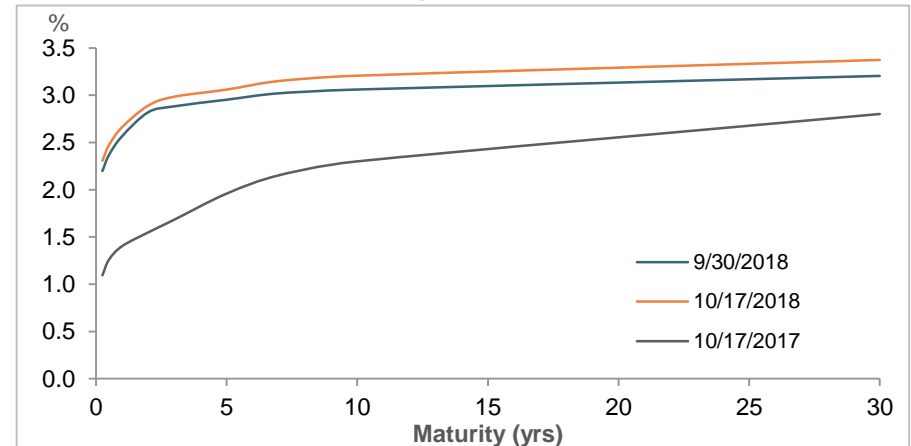




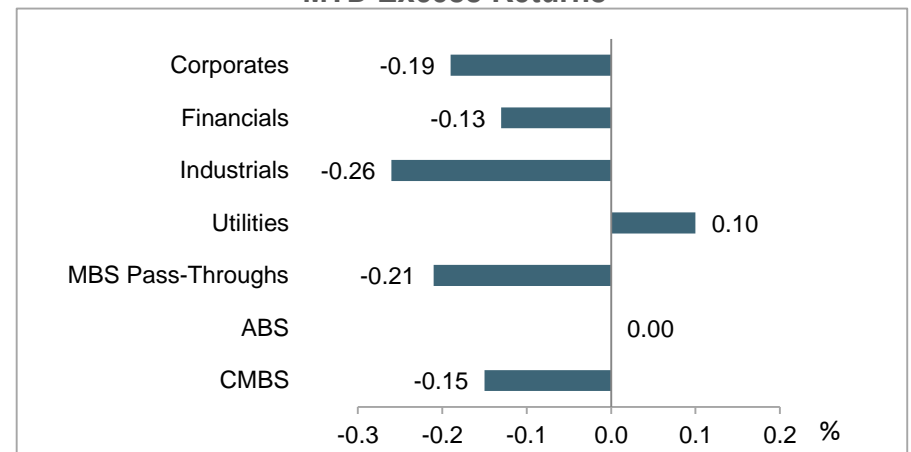
- FOMC minutes were released and provided no sign that the Federal Reserve will waver from its recent rate-hiking path; members generally agreed to continue to increase rates going forward, and some believed rates should be raised above the long-term target level¹
 - Treasury yields rose during the week, especially in the belly of the curve where yields rose 5-6bps, as the market began to price in additional rate hikes
- In September, total retail sales were unexpectedly soft, increasing just 0.1% versus estimates of 0.6%¹
 - Details of the report were not alarming with sizable gains in sales of furniture, electronics, clothing and sporting goods, which are items that you would expect from a confident consumer - not one worried about the job market or income
- The new issue market picked up and investment-grade corporates issued over \$17 billion, after most issuers stayed on the sidelines last week due to elevated market volatility²
 - Conagra Brands was the largest issuer after initially holding off last week, bringing a \$7 billion debt offering to help fund its acquisition of Pinnacle Foods
- Investment-grade corporate spreads leaked 1bp wider to 109bps after the release of the FOMC minutes; corporates were fairly insulated from last week's equity market weakness and only widened 3bps last week¹
- New issues of asset-backed securities (ABS) totaled \$21 billion month-to-date and have been met with strong demand, pushing spreads tighter¹
- Municipal issuers are expected to price almost \$15 billion over the next 30 days, the highest visible supply total since mid-December 2017³

Treasury Yield Curve¹



Maturity	2-year	5-year	10-year	30-year
10/17/2018	2.89	3.06	3.21	3.37
MTD Change	0.07	0.11	0.15	0.16

MTD Excess Returns^{1*}



Source: 1. Bloomberg Barclays 2. Citigroup 3. Bloomberg

*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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