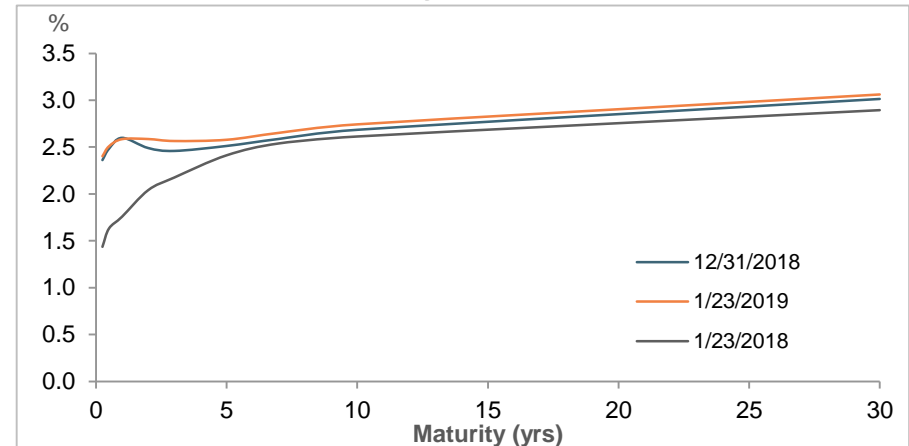




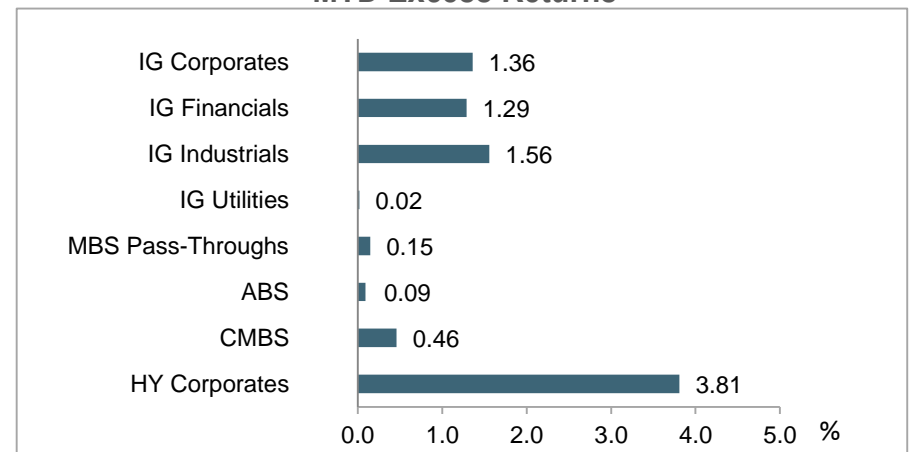
- The International Monetary Fund cut its growth forecast for the global economy to 3.5% for 2019, the slowest pace of expansion in three years and the second downward revision since October
 - Some investors have also called US growth expectations into question, as the partial government shutdown continued
- Treasury yields moved higher across the curve, notably in the belly of the curve, as investors brushed off concerns over global growth and sought riskier assets
- Strong demand for newly issued investment-grade corporate bonds persisted, and issuers priced over \$12 billion this week, behind expectations which called for over \$20 billion in supply
 - Financials dominated the primary market; however, investors expect the list of borrowers in other sectors to grow as the earnings season slows
 - New issue concessions were less than 5bps this week compared to over 11bps, on average, year-to-date, highlighting the healthy appetite for high-grade bonds
- Corporate spreads tightened 9bps week-over-week as demand from overseas investors returned and provided a tailwind for the sector
- High-yield corporate investors digested \$4 billion of issuance week-to-date, the highest amount of weekly supply since September 2018
 - High-yield spreads were resilient to the heavier new issue calendar and tightened 2bps to close at 434bps
- Commercial mortgage-backed securities (CMBS) outperformed Treasuries, as an industry conference led to light supply
- Muni/Treasury ratios increased in long maturities but fell in shorter maturities, and longer municipals modestly underperformed Treasuries

Treasury Yield Curve



Maturity	2-year	5-year	10-year	30-year
1/23/2019	2.59	2.58	2.74	3.06
MTD Change	0.10	0.07	0.05	0.04

MTD Excess Returns



Sources: Bloomberg Barclays and Bloomberg

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.