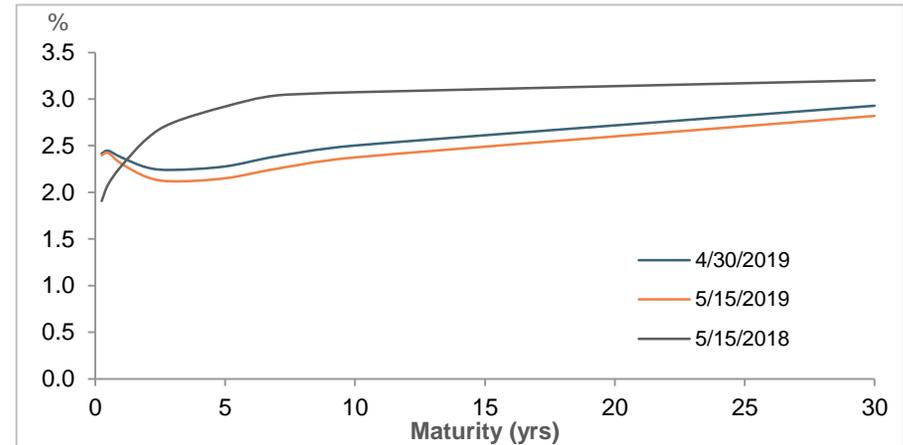




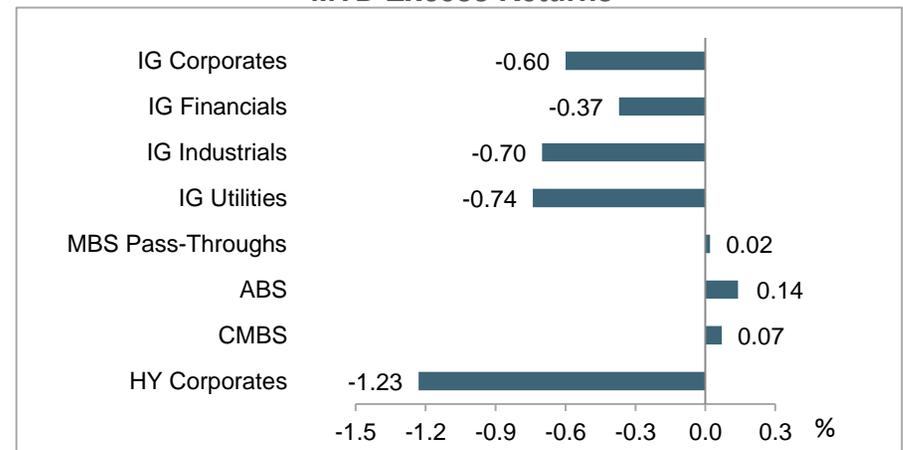
- Weaker market sentiment pushed Treasury yields lower across the curve, as softer global data and continued trade talks caused investors to move away from riskier assets
 - Global growth was questioned due to reports of slowing industrial production in both the US and China during the month of April, possibly a result of trade tensions between countries
- The Treasury curve steepened and the difference between the 2- and 10-year Treasury yield reached 20bps, almost twice as steep as it had been in December 2018
 - Foreign demand for US Treasuries continues to be strong and the \$6.5 trillion held overseas is the highest level on record
- Investment-grade supply totaled over \$29 billion for the week, just within estimates of \$25-30 billion
 - Floating rate note issuance picked up and totaled \$9 billion across five issuers; this week's supply accounted for over 30% of the floating rate bond year-to-date total
- The risk-off tone caused investment-grade corporate spreads to drift 4bps wider to 118bps - 9bps off of the year-to-date tight of 109bps
 - Equity market weakness spilled over to the high-yield corporate market and spreads widened by 34bps week-over-week, to close at 401bps
- Mortgage-backed securities (MBS) underperformed other securitized bonds, as the increase in interest rate volatility weighed on the sector
- Municipals underperformed Treasuries week-over-week, however, net supply is expected to be -\$17 billion over the next 30 days, providing a strong tailwind for the sector

Treasury Yield Curve



Maturity	2-year	5-year	10-year	30-year
5/15/2019	2.16	2.15	2.37	2.82
MTD Change	-0.11	-0.13	-0.13	-0.11

MTD Excess Returns



Sources: Bloomberg Barclays, Bloomberg, Bloomberg Index Services Limited and 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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