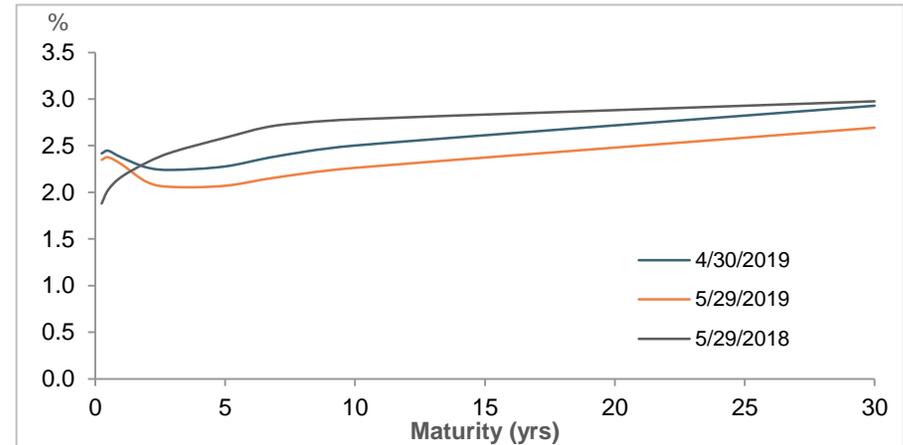




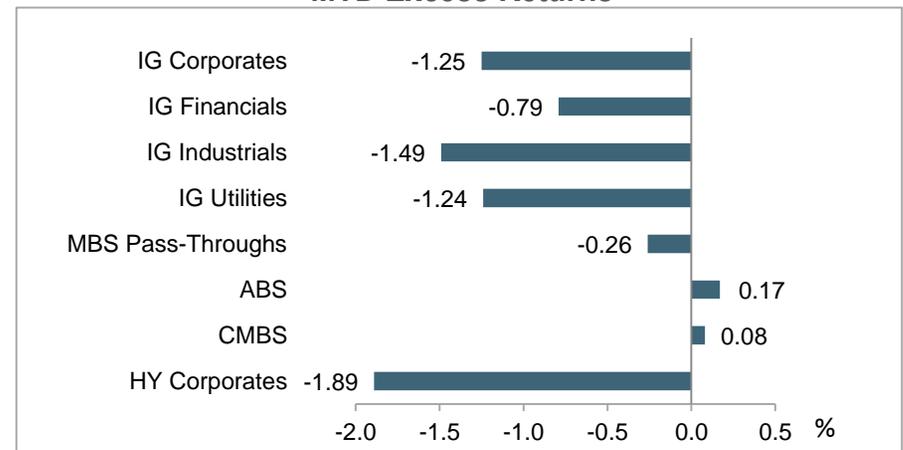
- Bond yields fell week-over-week amid a risk-off tone, as investors moved into safe-haven assets following concern over global economic growth and geopolitical tensions
 - Chinese media suggested the government could restrict exports of rare earth minerals, integral in the production of high-tech devices, such as smartphones and electric cars
 - The 10-year Treasury yield ended Wednesday's session at 2.26% – the lowest level since September 2017 – a decline of 10bps on the week
- Given the weaker market tone, supply of investment-grade corporate bonds slowed, as issuers priced approximately \$5 billion this week, well below expectations of \$15 to 20 billion
- Investment-grade bond funds posted the first week of outflows in 17 weeks, and corporate spreads moved wider by 7bps week-over-week to close at 126bps
 - High-yield corporate spreads closed at 414bps, wider by 26bps from a week prior
- Within investment-grade corporates, Industrials have lagged month-to-date, as deterioration in US-China trade talks weighed heaviest on the auto, consumer goods, and technology industries
- Asset-backed securities (ABS) performed well, extending excess returns week-over-week, as investors preferred the higher-rated, collateralized bonds amid a flight to quality
- Weaker demand for municipals led to underperformance in the sector, and the 10-year muni/Treasury ratio rose to 75% after a mid-month reversal from its all time low of 72%

Treasury Yield Curve



Maturity	2-year	5-year	10-year	30-year
5/29/2019	2.11	2.07	2.26	2.69
MTD Change	-0.16	-0.21	-0.24	-0.24

MTD Excess Returns



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

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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