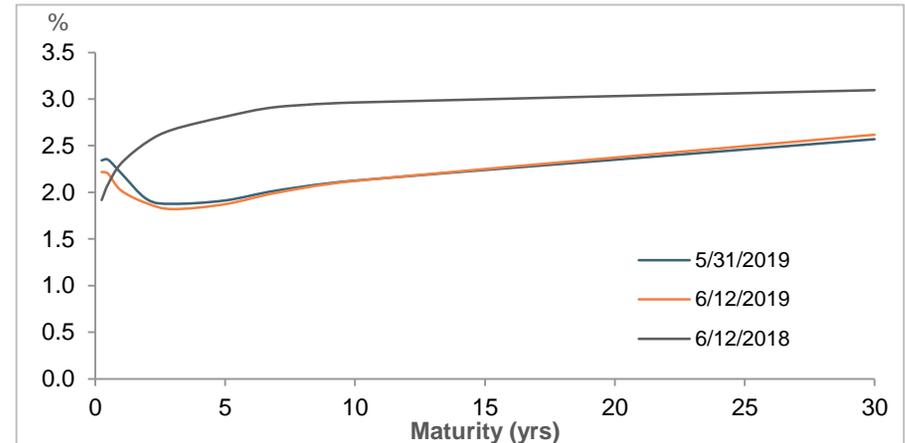




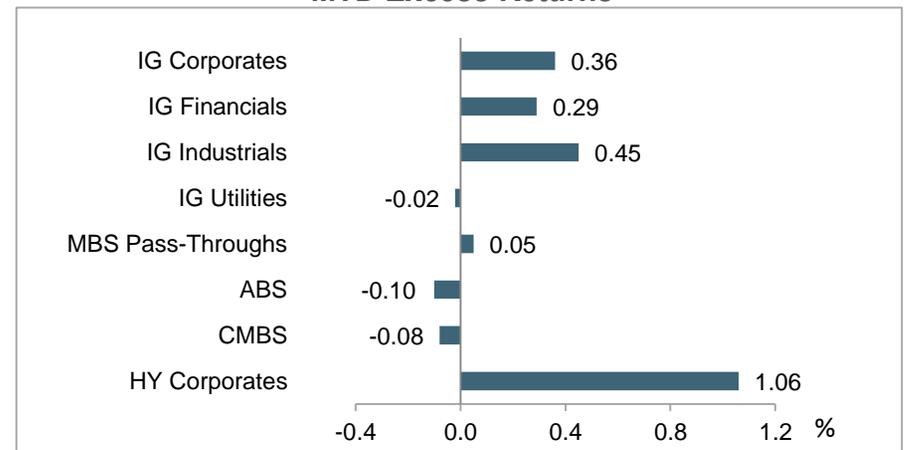
- Treasury yields fell across the curve, as US economic reports broadly missed expectations, as jobless claims increased, and inflationary pressures were muted
  - US jobless claims rose to 222,000, above expectations, but remained close to historic lows
  - Inflation data showed signs of weakness in May, as the year-over-year growth of both the Core Consumer Price Index (CPI) and the Producer Price Index (PPI) fell to 2.0% and 1.8%, respectively, below expectations
- The 10-year breakeven inflation rate, a measure of investors expectations of future inflation, declined by 7bps week-over-week to 1.71%, the lowest level since January
  - With softer inflation and job market data, investors will be looking to next week's Federal Reserve meeting for additional signs of a potential rate cut in July
- The investment-grade corporate market began the week with a wave of issuance, as over \$17 billion priced on Monday; the pace slowed as the week progressed, and supply totaled roughly \$28 billion, meeting expectations of between \$25 and \$30 billion
  - A healthy appetite for risk and solid new issue demand helped push investment-grade corporate spreads 2bps tighter to 126bps; high-yield spreads benefited from rising equity prices and tightened by 28bps to close at 396bps
- Asset-backed securities (ABS) underperformed Treasuries, as heavy supply of roughly \$6 billion weighed on the sector
- Primary market activity in the municipal sector totaled almost \$8 billion, and provided a headwind that pushed longer-maturity muni/Treasury ratios higher

### Treasury Yield Curve



Maturity	2-year	5-year	10-year	30-year
6/12/2019	1.88	1.87	2.12	2.62
MTD Change	-0.04	-0.04	-0.01	0.05

### 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.

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. BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). BARCLAYS® is a trademark and service mark of Barclays Bank Plc (collectively with its affiliates, "Barclays"), used under license. Bloomberg or Bloomberg's licensors, including Barclays, own all proprietary rights in the Bloomberg Barclays Indices. Neither Bloomberg nor Barclays approves or endorses this material, or guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, neither shall have any liability or responsibility for injury or damages arising in connection therewith.