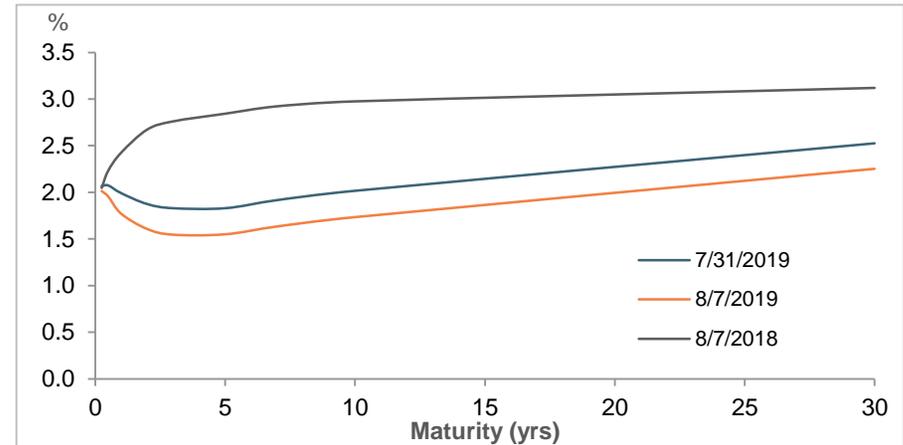




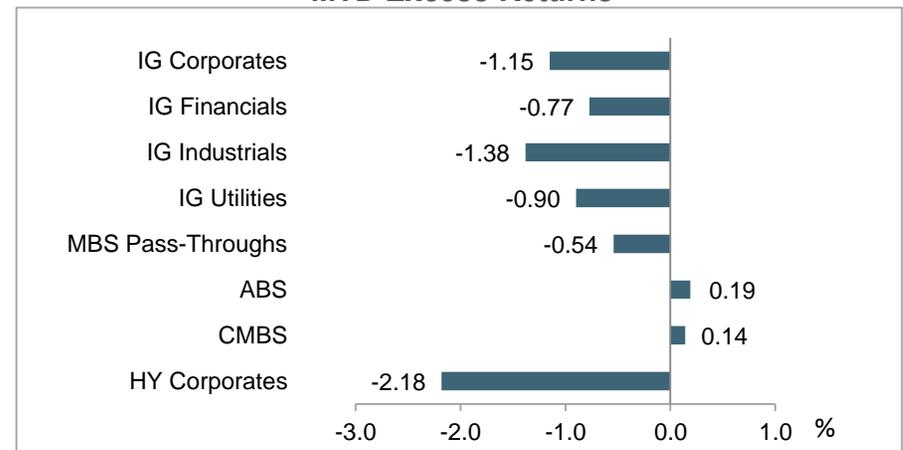
- A risk-off market tone pushed Treasury yields sharply lower across the curve amid investors' concerns over global trade tensions and slowing economic growth
 - Tensions between China and the US amplified, as President Trump announced a 10% tariff on \$300 billion of Chinese goods will begin on September 1st
 - The Chinese government devalued its currency, the yuan, and announced an end to US agriculture imports
 - Non-farm payrolls for July came in at 164,000, below the 225,000 monthly average for 2019
- New issuance of investment-grade corporates has totaled over \$32 billion month-to-date, surpassing dealer expectations of \$30 billion
 - Supply was highlighted by Occidental Petroleum's \$13 billion deal, the proceeds of which will be used to help fund its acquisition of Anadarko
 - With solid investor demand, spreads on the ten-tranche deal priced 35 to 50bps lower than initial guidance
- Market volatility, along with the heavy new issuance, weighed on investment-grade corporate spreads, which moved wider by 14bps to close at 122bps
- Mortgage-backed securities (MBS) underperformed other securitized sectors, as the sharp decrease in rates increased the probability of faster prepayment speeds
- CommonSpirit Health – a healthcare entity recently created by the alignment of Catholic Health Initiatives and Dignity Health – launched a \$5.8 billion deal across the curve in taxable and tax-exempt municipal bonds; the deal was well received by investors

Treasury Yield Curve



Maturity	2-year	5-year	10-year	30-year
8/7/2019	1.61	1.55	1.74	2.25
MTD Change	-0.26	-0.28	-0.28	-0.28

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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