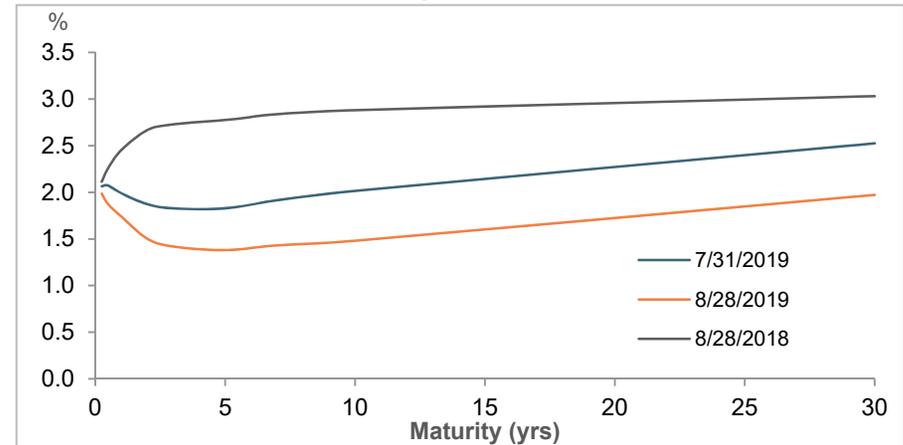




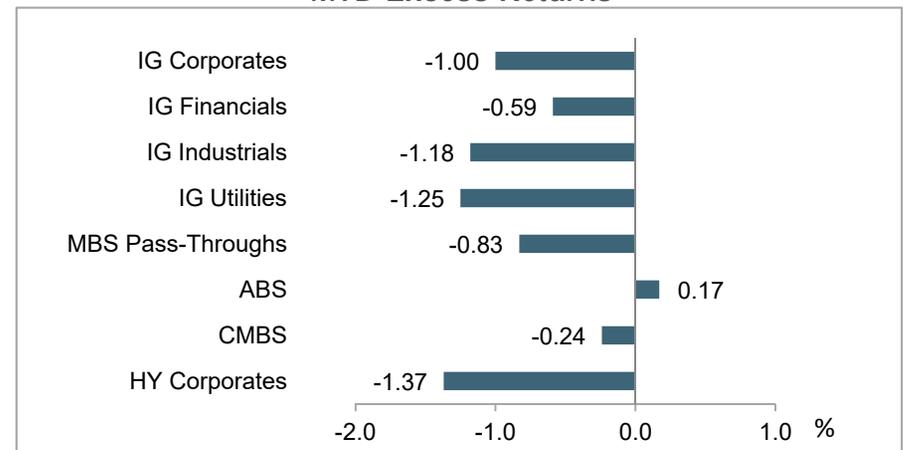
- Escalating trade tensions and continued relative strength in the US economy contributed to a further rally in US Treasury rates as investors sought out safe-haven assets
  - China and the US engaged in another round of tariff increases; tensions abated slightly on Thursday after China hinted it would not retaliate further
  - US GDP estimates for the second quarter remained healthy at 2.0% and consumer spending was revised higher; durable goods orders rose 2.1% versus a forecast of 1.2%
- The Federal Reserve (Fed) Chairman warned about risks to the US economy from rising trade uncertainty, but did not provide an updated outlook on further cuts to the fed funds rate
  - The market-implied probability of a rate cut at the next Fed meeting in September is 100%
- The US Treasury curve flattened modestly week-over-week, as the 10- and 30-year rallied 11bps and 10bps, respectively
  - The 30-year US Treasury reached a historical low of 1.90% on Wednesday, driven by strong technical demand
- New issuance of investment-grade corporates slowed, as expected, with less than \$1 billion priced week-over-week
  - Investment-grade corporate spreads were flat over the week, given the light issuance and reduced trading volume
- Asset-backed securities (ABS) were aided by reduced supply, as year-to-date issuance is down almost \$10 billion from last year
- In the municipal market, state and local government debt issuance surged to \$36.9 billion in August, the highest monthly total since late 2017 and up 22% from a year earlier

**Treasury Yield Curve**



Maturity	2-year	5-year	10-year	30-year
8/28/2019	1.50	1.38	1.48	1.97
MTD Change	-0.37	-0.45	-0.54	-0.56

**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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