



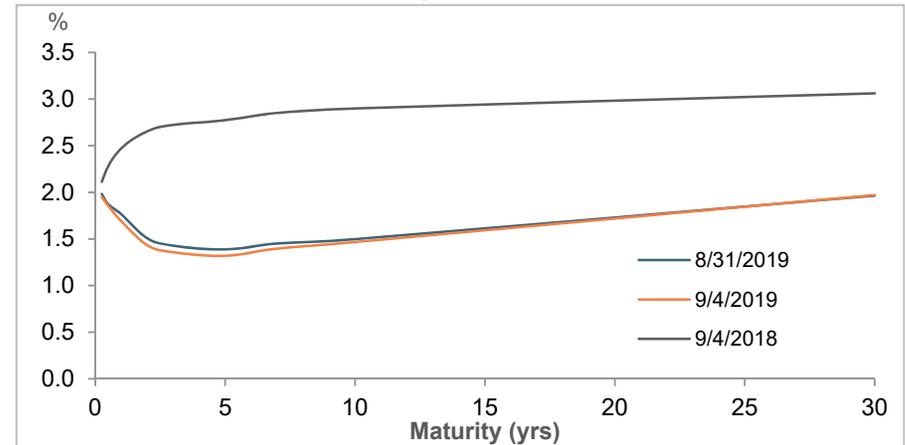
INCOME RESEARCH + MANAGEMENT

IR+M CLIENT UPDATE

September 1 – September 5, 2019

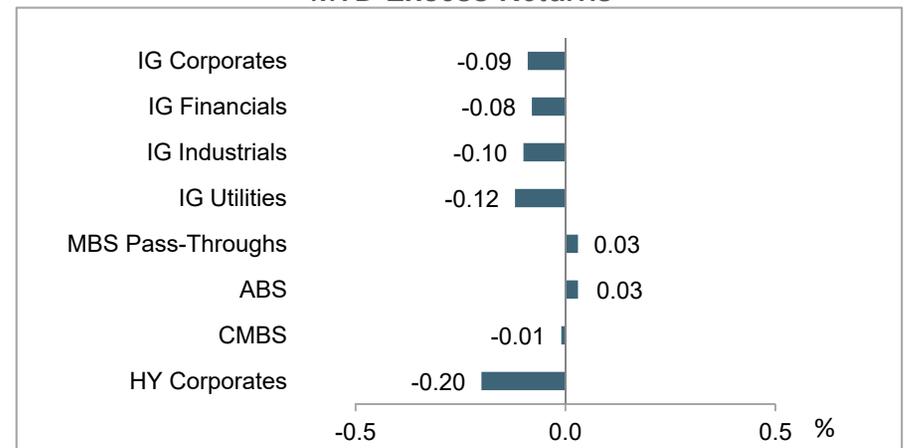
- The US and China agreed to resume trade talks, buoying market sentiment on the heels of mixed US economic data and implementation of recently announced tariffs
 - Trade talks are set to restart in early October, the first direct discussion since July; US and global stocks rallied on the news
 - In the US, jobless claims remained steady; however, manufacturing contracted for the first time since 2016, as the ISM index fell to 49.1 in August, missing expectations of 51.1
- Commentary from Federal Reserve (Fed) officials was dovish during the week; the New York Fed president indicated that although the economy was stable, the outlook may be worse than previously expected
- Yields initially fell earlier in the week, but sold off meaningfully on Thursday as markets reacted to positive trade developments
- In the first two days of the week, \$54 billion of investment-grade corporate new issuance priced; it was the biggest week of 2019, and a new two-day record
 - Despite heavy issuance, investment-grade corporate spreads closed at 122bps – only 2bps wider – as overall supply remained below last year’s pace
- Securitized sectors outperformed corporates due to light supply; however, the new issuance pipeline for the coming weeks is healthy
- In the municipal market, taxable and tax-exempt debt rallied broadly as an Illinois judge denied a petition to invalidate more than \$14 billion of GO bonds

Treasury Yield Curve



Maturity	2-year	5-year	10-year	30-year
9/4/2019	1.43	1.32	1.47	1.97
MTD Change	-0.08	-0.07	-0.03	0.01

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.