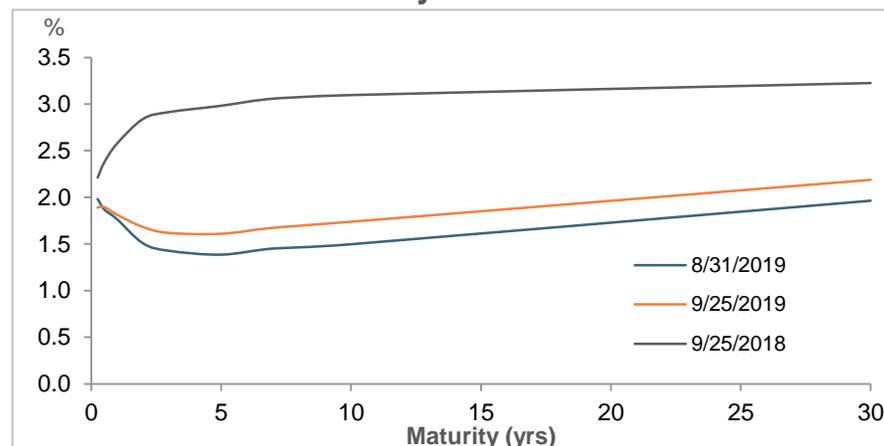




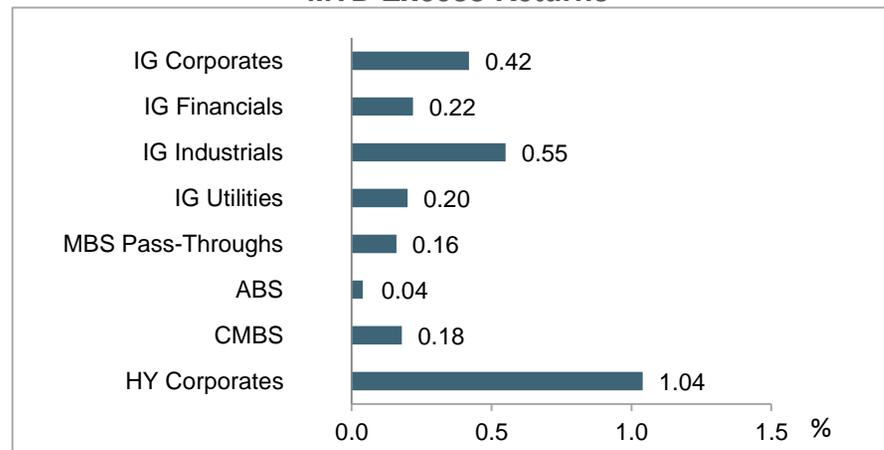
- Economic data released in Europe this week weighed on market sentiment and sent Treasury yields lower by over 5bps across the curve
 - The Eurozone's purchasing manager index (PMI) fell to 50.4 in September – a six-year low – and investors domestically are worried that slow European growth may spill over to the US
 - Although this week's trade-dispute headlines reflected a constructive tone, the months-long disruption to global supply lines has negatively affected the European economy
- Amid the uncertainty surrounding Europe, Treasury rates fell across the curve, and the 10-Year note rallied 5bps to close at 1.74%
- The Federal Reserve (Fed) raised its repurchase operations from \$70 billion to \$100 billion as banks' short-term demand to borrow cash is expected to rise heading into quarter-end
- Monthly supply of investment-grade corporates surpassed \$154 billion, introducing September into the top-five heaviest months of new issuance
 - Issuance for the month is up 11%, year-over-year, and the number of issuers has risen from 78, last year, to 127
- Despite the increased supply, corporate spreads were wider by only 1bp week-over-week, to 115bps; however, spreads are 6bps tighter on the month, as investors globally continue to hunt for positive-yielding bonds
- Asset-backed securities (ABS) underperformed other securitized sectors, as heavy ABS issuance of more than \$24 billion month-to-date weighed on the sector
- Supply of taxable municipals has materially increased this year, driven by lower Treasury rates and municipalities refinancing outstanding debt through taxable issues – a mechanism no longer available in the tax-exempt market

Treasury Yield Curve



Maturity	2-year	5-year	10-year	30-year
9/25/2019	1.68	1.61	1.74	2.19
MTD Change	0.17	0.22	0.24	0.23

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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