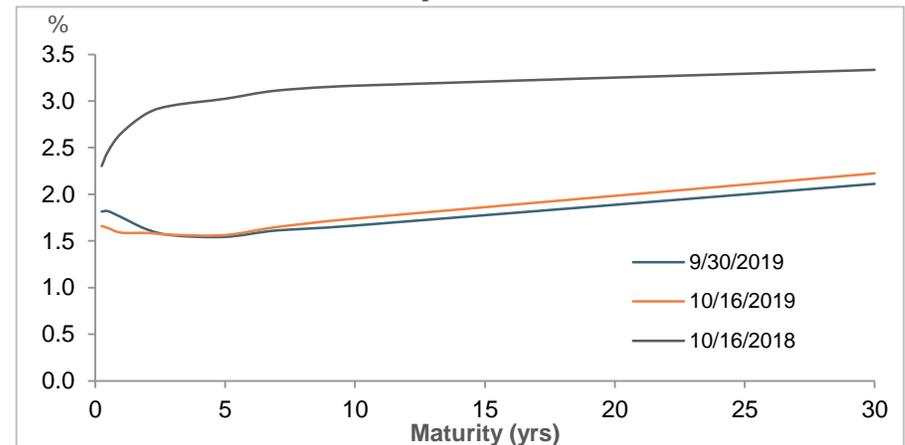




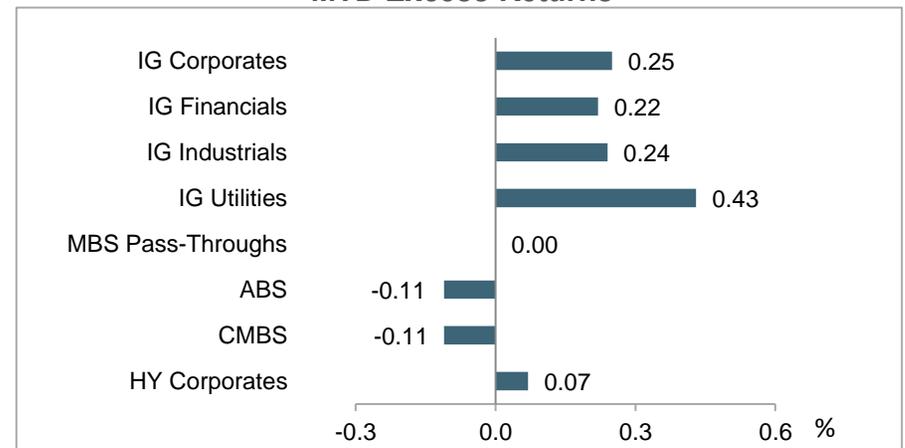
- Risk sentiment improved this week, despite some weaker economic headlines, as a positive start to earnings season and progress in trade talks supported risk assets
  - Monthly US retail sales fell for the first time since February, counter to expectations of an increase in September
  - President Trump announced that US-China discussions reached the next step, which included agricultural concessions from China
- The risk-on tone pushed intermediate- and long-end Treasury yields over 10bps higher week-over-week, and the curve steepened
  - The yield of the 10-year Treasury Note surpassed the 3-month Treasury Bill for the first time since July, and is 0.09% higher
- The start of third quarter earnings likely weighed on the new issue calendar, with issuers being subject to blackout periods
  - Investment-grade borrowers brought roughly \$4 billion of new supply, well below estimates of \$15 billion for the week
  - Several domestic banks already reported earnings, and it is expected that they will issue new bonds in the near term
- Lighter-than-expected issuance, and solid demand, supported investment-grade corporate spreads, which tightened 6bps to 114bps
  - High-yield corporate spreads followed suit, and tightened by 34bps, closing at 379bps
- Contrary to corporates, the primary market was active for asset-backed securities (ABS), as \$15 billion priced over the last two weeks
- Municipals outperformed Treasuries and muni/Treasury ratios fell by 1-3%; however, supply is expected to be \$21 billion over the next 30 days, and will likely be a headwind going forward

Treasury Yield Curve



Maturity	2-year	5-year	10-year	30-year
10/16/2019	1.59	1.56	1.74	2.23
MTD Change	-0.03	0.01	0.07	0.12

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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