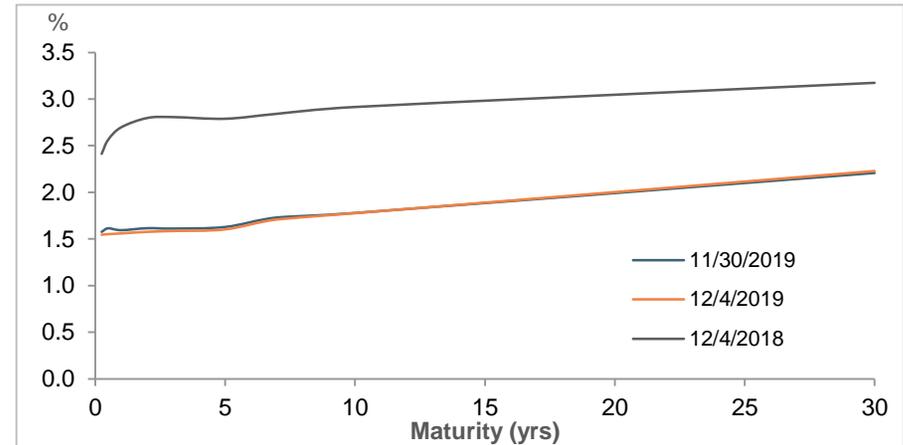




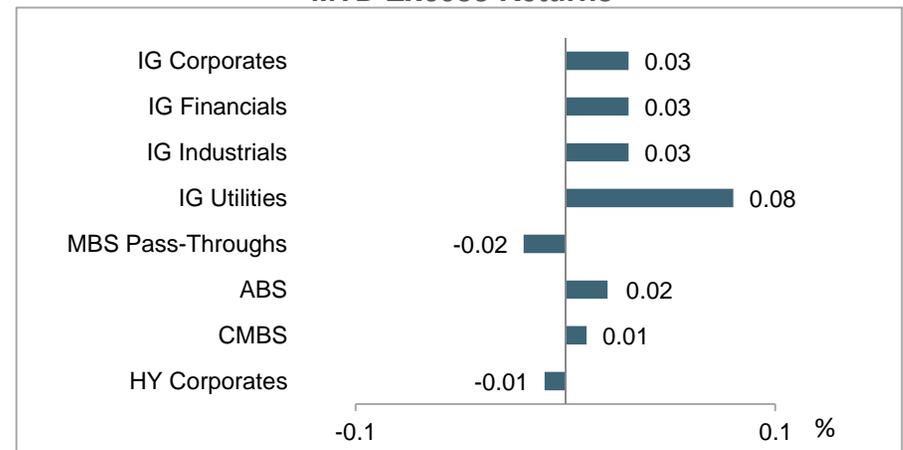
- The Treasury curve steepened modestly over the week, as front-end yields fell amid trade headlines and mixed economic data that triggered volatility in risk assets
 - President Trump's comments that US-China trade talks could last into the 2020 US elections initiated a flight to quality and a selloff in equity markets
 - November's nonfarm payrolls employment report of 67,000 fell well short of expectations for 156,000, causing concern over economic growth
- The Federal Reserve again added temporary liquidity to financial markets, buying \$96 billion of overnight and 14-day repurchase agreements, in an attempt to keep costs of short-term borrowing consistent with its federal-funds rate
- Issuers priced over \$13 billion of investment-grade corporate debt month-to-date, meeting dealers' estimates of \$10 to \$15 billion
 - This month's issuance has already surpassed the \$8 billion priced during December 2018
 - Total year-to-date supply remains roughly 5% behind 2018's pace
- Despite the heightened volatility, investment-grade corporate spreads were unchanged at 105bps, just 1bp shy of the year-to-date tight
 - Spreads of high-yield corporates widened by 8bps to close at 378bps, echoing the softer tone in equity markets
- Utilities outperformed other corporate sectors, as investors preference for up-in-quality, defensive sectors drove performance in the sector
- Mortgage-backed securities (MBS) lagged Treasuries, reflecting investors' expectations for higher prepayment speeds amid the low rate environment
- Improved interest from foreign buyers helped municipal bond funds post the 47th consecutive week of inflows

Treasury Yield Curve



Maturity	2-year	5-year	10-year	30-year
12/4/2019	1.58	1.60	1.78	2.23
MTD Change	-0.03	-0.03	0.00	0.02

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.