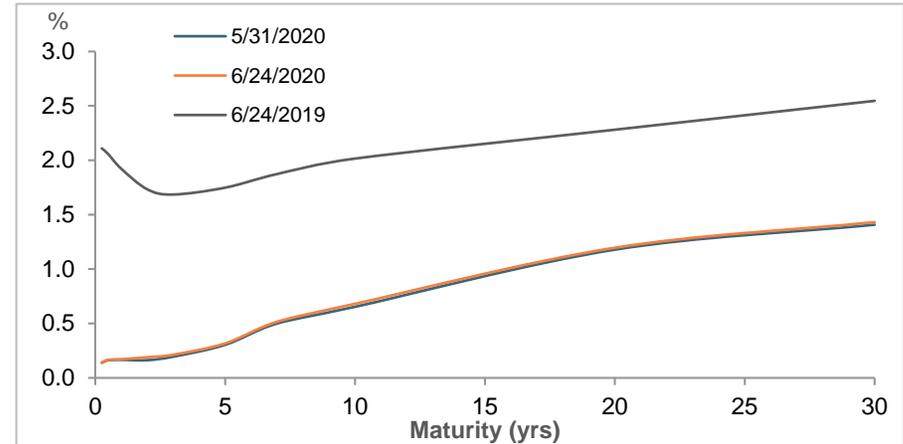




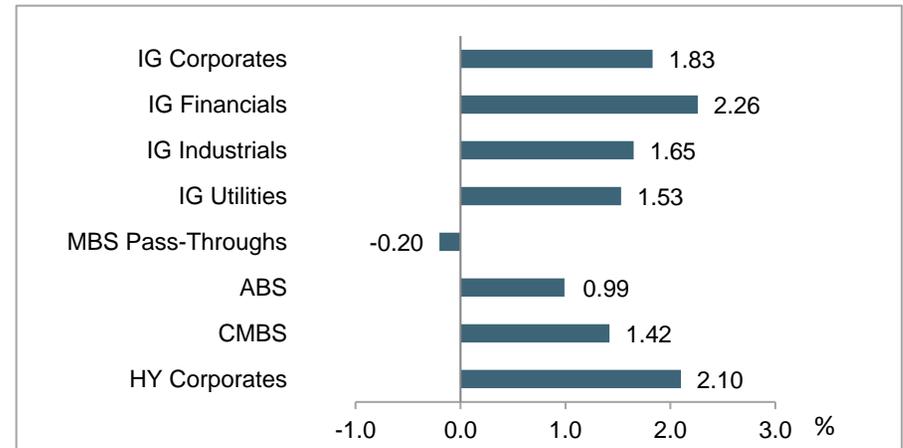
- A weaker market tone formed this week, as concerns for a resurgence in positive coronavirus cases and its potential effect on the US economic recovery overshadowed encouraging economic data
 - The trailing 7-day average of new coronavirus infections across 33 states increased to the highest level in two weeks, and some states began to discuss reinstating closures
 - US Manufacturing PMI improved to 49.6 in June, above the consensus forecast of 48, signaling a softer-than-expected contraction
- The Treasury auctioned \$46 billion and \$47 billion in 2-year and 5-year notes, respectively, with both receiving healthy demand from investors
 - Treasury yields declined across maturities, and the curve flattened, as the yield on the 30-year Treasury fell by 10bps to close at 1.43%
- Corporate borrowers priced over \$23 billion of debt – just shy of dealers’ expectations of \$25 billion – and new issue concessions widened out to over 15bps in Wednesday’s session after trending negative for June
 - Despite lighter supply relative to recent weeks, weaker sentiment pushed corporate spreads 6bps wider week-over-week, to close at 151bps
- High-yield corporate issuance, however, remained robust, and June has become the busiest month on record with over \$54 billion priced so far
 - High-yield corporate spreads widened by 33bps, to close at 594bps, amid the heavy issuance and risk-off sentiment
- Asset-backed securities (ABS) extended month-to-date excess returns, as investors preferred the higher-quality, shorter-duration sector
- Municipals underperformed Treasuries – as the condition of state and local economies revisited headlines – and the 10-year muni/Treasury ratio climbed 10%, to close at 125%

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
6/24/2020	0.19	0.32	0.68	1.20	1.43
MTD Change	0.03	0.02	0.03	0.02	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.

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