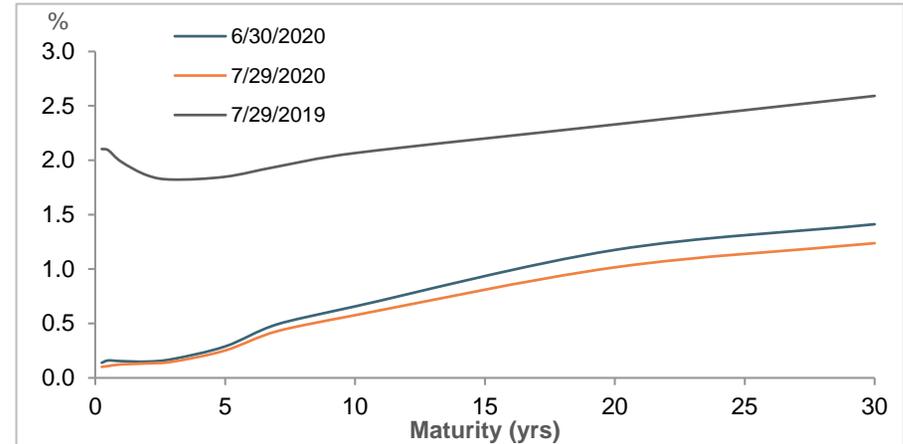




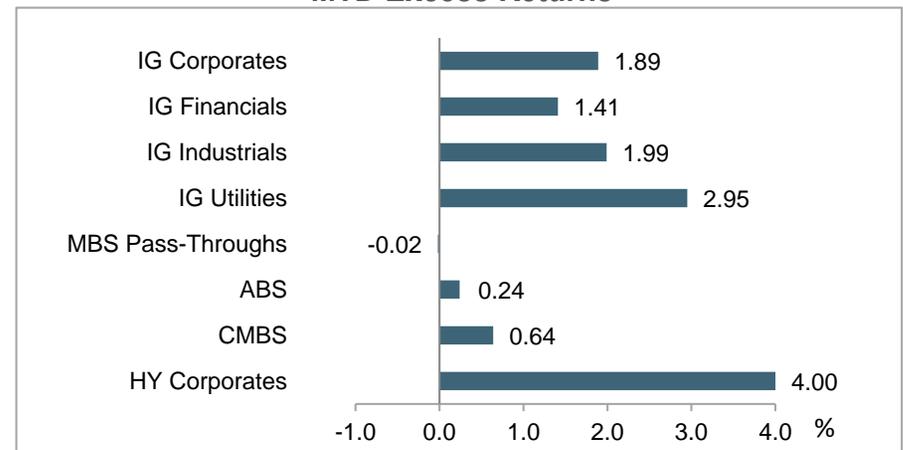
- Treasury yields edged lower during the week, as a cautious market tone developed amid policy gridlock in Washington and the release of weak economic data
  - The outlook for further fiscal stimulus was uncertain, as lawmakers debated a fourth recovery package, on which a compromise is unlikely before supplementary unemployment benefits expire on July 31<sup>st</sup>
  - US consumer confidence sank from June's 98.3 reading to 92.6 in July, and GDP contracted during the second quarter at an annualized 32.9% – the largest drop on record
- As expected, the Federal Reserve (Fed) concluded its two-day July policy meeting with rates unchanged, and announced it will reconsider its approach to other tools such as forward guidance and asset purchases
  - Fed Chairman Jerome Powell acknowledged the economic recovery may be stalling, and urged policy makers to use fiscal stimulus to support the economy
- Investment-grade corporate borrowers priced approximately \$21 billion this week, surpassing dealer expectations of \$15 billion
  - Corporate spreads widened modestly on the increased supply and cautious tone, rising by 3bps, week-over-week, to close at 132bps
  - Conversely, high-yield corporate spreads tightened by 6bps, after an initial spike higher, and closed at 494bps – the lowest level since March
- Commercial mortgage-backed securities (CMBS) outperformed other securitized sectors, as spreads ground tighter amid light supply; private-label CMBS issuance is down 32% year-over-year
- Municipals underperformed Treasuries – even as muni yields reach multi-year lows – and the 10-year muni/Treasury ratio climbed by 2%, to close at 122%

### Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
7/29/2020	0.13	0.25	0.58	1.02	1.24
MTD Change	-0.02	-0.04	-0.08	-0.16	-0.17

### 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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