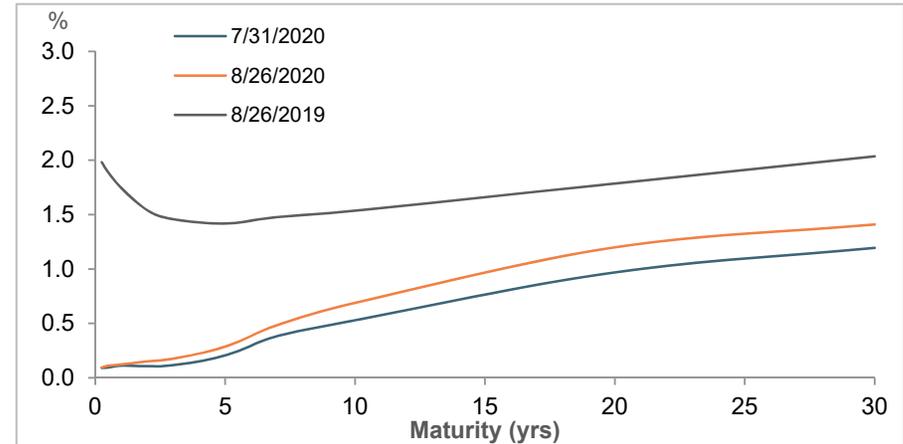




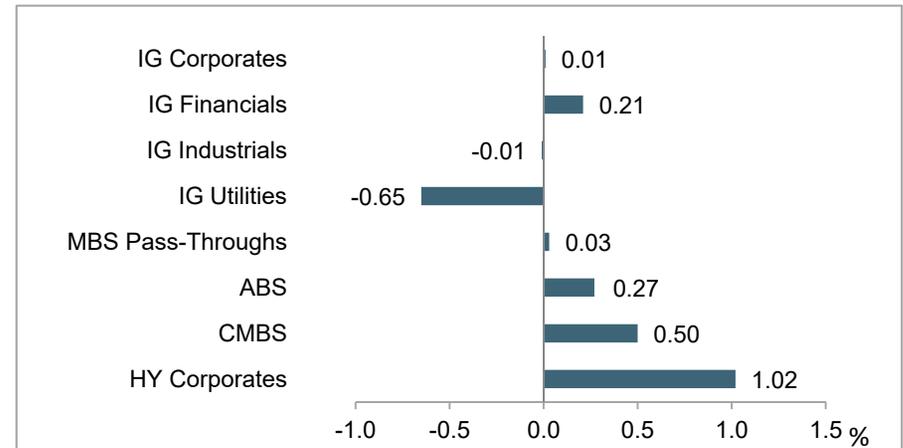
- Despite mixed economic data and a continued standoff in Congress over additional fiscal stimulus, investors focused on positive releases and a respite from US-China geopolitical tensions, driving equity markets to a new record high
 - US durable goods orders rose by 11.2% in July, more than double estimates; core capital goods orders, a barometer of business investment, were up 1.9%, slightly more than expected
 - The Conference Board Consumer Confidence Index fell to 84.8 in August, down from 91.7 in July, and the lowest level since 2014
- The Federal Reserve (Fed) announced that it would begin targeting 2% inflation on average, setting aside its longstanding practice of preemptively lifting interest rates to head off inflation
 - Treasury yields, which initially fell after the announcement, rose after the Fed indicated that inflation overruns would be “moderate” and not extend over long periods of time
- Investment-grade corporate issuers priced \$16 billion during the week, bringing the total for August to over \$136 billion
 - Strong demand kept corporate spreads flat at 131bps week-over-week; on average, deals this month have seen healthy oversubscription levels and low new issue concessions
 - High yield spreads tightened 21bps to 480bps on lighter supply, as issuance slowed to around \$1 billion during the week
- Mortgage-backed securities (MBS) underperformed other securitized sectors; Fannie Mae and Freddie Mac delayed the implementation of a new refinance fee until December, increasing prepayment concerns
- Municipals continued to see strong demand, in spite of growing concern over potential downgrades; investors added \$2.8 billion to municipal bond mutual funds, the 16th consecutive week of positive flows

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
8/26/2020	0.15	0.29	0.69	1.20	1.41
MTD Change	0.04	0.08	0.16	0.23	0.22

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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