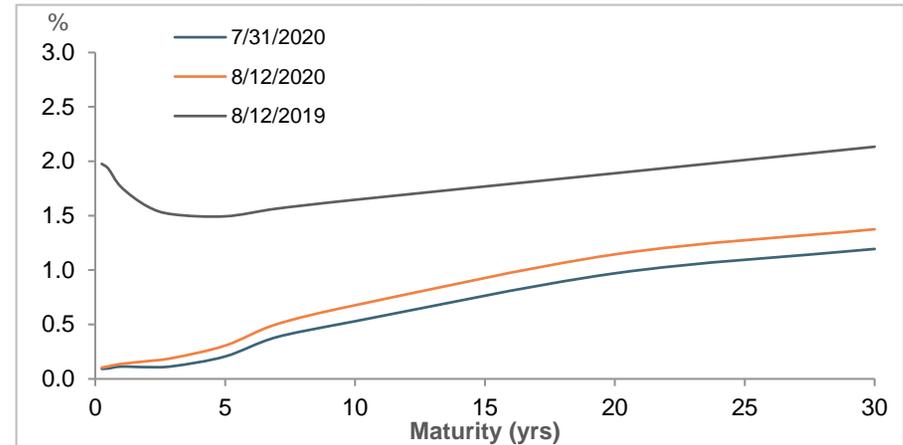




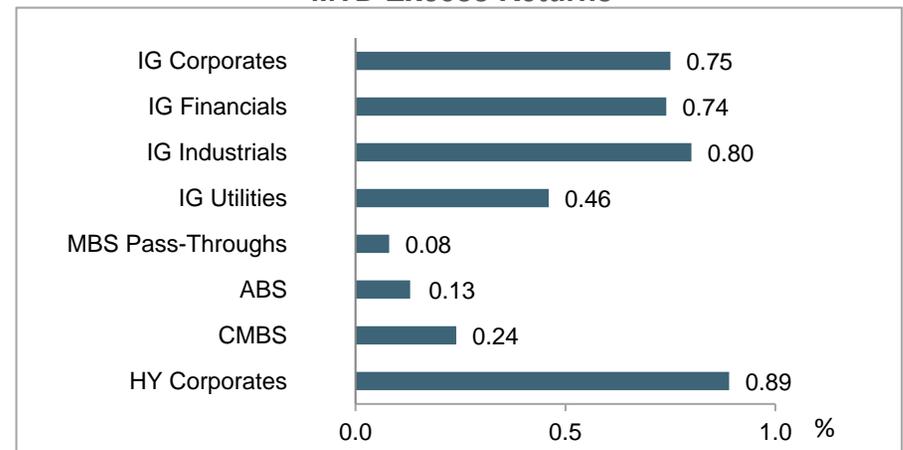
- A healthy appetite for risk and heavy Treasury issuance collectively drove Treasury yields higher week-over-week, steepening the curve
 - The S&P 500 Index neared to within 1% of its record high, and the yield on the 30-year Treasury climbed 16bps week-over-week, to close at 1.38%
- The Treasury auctioned \$48 billion and \$38 billion in 3- and 10-year notes, respectively, and \$26 billion in 30-year bonds during the week
 - The \$112 billion in sales marks a record for the Treasury's quarterly refunding, and adds to the \$2.8 trillion of US deficit that had previously tripled in the first 10 months of the fiscal year
- Despite increased Treasury issuance – hastened by stimulus – investors added risk, as July's jobs report showed the economy added 1.8 million new jobs – 300,000 more than expected
- Investment-grade corporate borrowers priced over \$48 billion, surpassing the \$35 billion projected; at the current pace, 2020 issuance will exceed 2017's record total of \$1.3 trillion by the end this month
 - Investors absorbed the heavy supply, encouraged by the positive market backdrop, and corporate spreads moved tighter by 4bps, to close at 124bps
- Heavy issuance of high-yield corporates, over \$17 billion on the week, pushed spreads wider by 8bps – closing at 480bps
- Mortgage-backed securities (MBS) outperformed Treasuries, as the news of a 0.50% increase in agency-mortgage refinancing costs calmed investors' concern for increased prepayment speeds
- The Federal Reserve lowered the rate on its primary municipal lending facility by 50bps; the \$500 billion program has only been tapped once, by Illinois, but could be an attractive option as New York's MTA looks to price short-term debt in the coming days

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
8/12/2020	0.16	0.31	0.68	1.14	1.38
MTD Change	0.05	0.10	0.15	0.17	0.19

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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