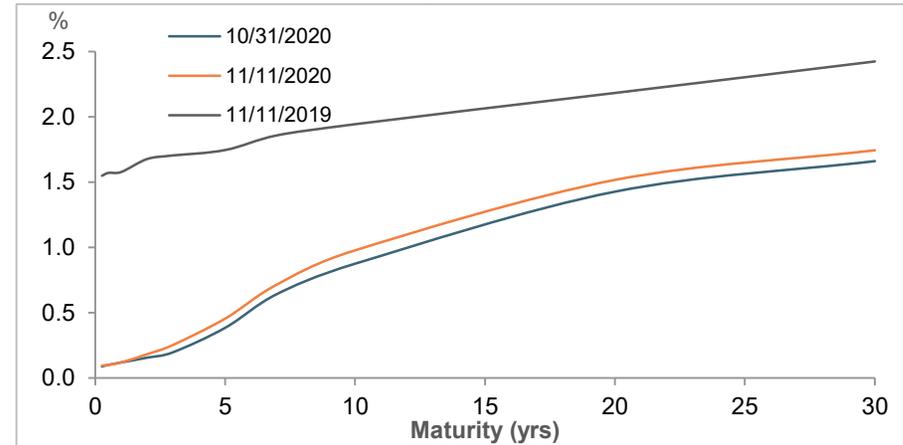




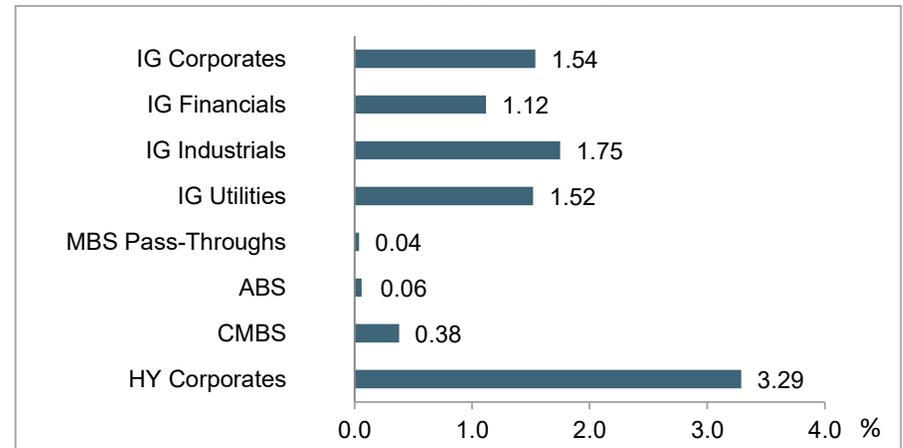
- Market optimism was fueled by a potential breakthrough in the development of a coronavirus vaccine, as well as clarity around the likely outcome of the US presidential election
  - US Treasury yields rose across the curve, with the 10-year yield closing as high as 0.98%, the highest level in over seven months
  - Equity markets also rose, with the S&P 500 index up over 7% since the beginning of the month, as investors reacted strongly to the prospect of the pandemic ending
- Despite surging coronavirus cases, US economic data largely showed improvement, as jobless claims fell 48,000 to a recent low of 709,000, and the unemployment rate dropped from 7.9% to 6.9% in October
- Investment-grade corporate issuance roared back to life, with issuers pricing over \$41 billion, surpassing projections of \$30 billion; Verizon priced \$12 billion in a five-part jumbo deal, which was oversubscribed and had low new issue concession
  - The heavy supply was easily absorbed amid the risk-on tone, and spreads tightened 11bps, from 122bps to 111bps – their lowest level since late February
- High-yield issuers also took advantage of the positive sentiment, pricing over \$7 billion, as the yield on the Bloomberg Barclays US Corporate High Yield Index fell to a record low of 4.56%, before rising to 4.76%
  - High-yield spreads narrowed in concert with equities, falling 45bps, from 457bps to 412bps
- Commercial mortgage-backed securities (CMBS) outperformed other securitized sectors on light supply, as year-to-date issuance of \$54 billion remains over 40% behind last year's pace
- Municipals outperformed Treasuries, and the 10-year muni/Treasury ratio fell from 109% to 90%; credit concerns remain, as Moody's reported that rating downgrades exceeded upgrades in 3Q, for the second straight quarter

Treasury Yield Curve



| Maturity   | 2-year | 5-year | 10-year | 20-year | 30-year |
|------------|--------|--------|---------|---------|---------|
| 11/11/2020 | 0.18   | 0.46   | 0.98    | 1.52    | 1.74    |
| MTD Change | 0.02   | 0.06   | 0.10    | 0.09    | 0.08    |

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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