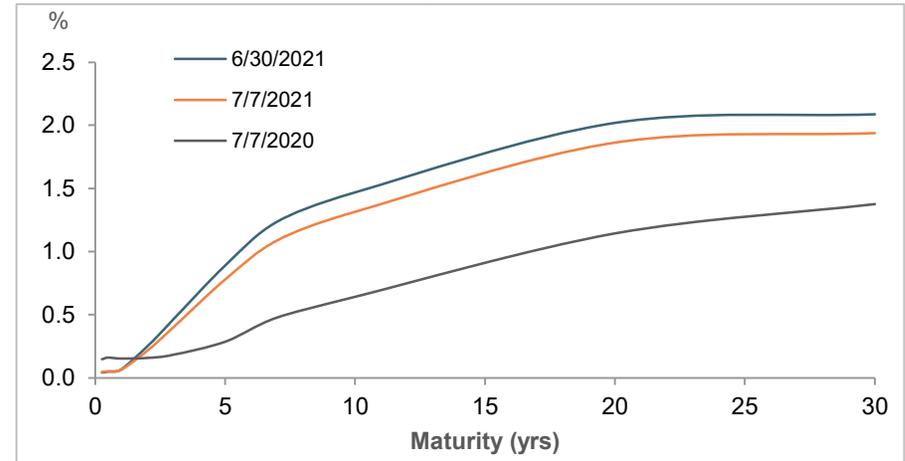




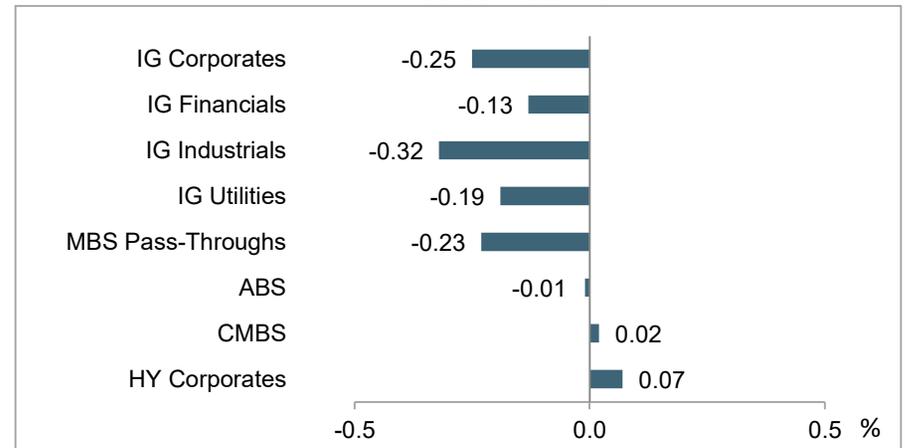
- Reduced confidence in the strength of the US recovery outweighed positive economic data, leading equities to retreat from their record highs, while Treasury yields fell, particularly in the long-end
 - The US added 850,000 jobs in June, exceeding expectations, and May data was revised upward
 - The 10-year Treasury yield closed 15bps lower at 1.32%, the lowest level since February, on easing inflation expectations given potentially lower future growth
- In the June FOMC meeting minutes, several Federal Reserve (Fed) officials commented that “the conditions for beginning to reduce the pace” of asset purchases might be met earlier than anticipated, however they opted not to communicate timing yet
 - Markets expect the taper will begin in early 2022
- Investment-grade corporate issuers priced approximately \$16 billion of an expected \$20 billion, with as much as \$100 billion projected for July
 - Despite the light supply, spreads widened 3bps, from 80bps to 83bps, on uneasiness around high valuations and the prospect of a gradual unwind in Fed stimulus
- Light high-yield supply of \$800 million, combined with strong investor demand, drove yields to an all-time low of 3.53% earlier in the week; spreads closed 5bps lower at 263bps
 - Retail funds are expected to see a record inflow of \$725 million for the week ending 7/6
- Although no asset-backed securities (ABS) were issued this week, at least \$1 billion is expected to price next week
- Municipal bond ratings rebounded sharply this year in the wake of federal aid and higher-than-expected tax revenue; S&P Global Ratings raised their outlook on \$403 billion of bonds and upgraded another \$38 billion

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
7/7/2021	0.22	0.78	1.32	1.86	1.94
MTD Change	-0.03	-0.11	-0.15	-0.16	-0.15

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.

The views contained in this report are those of IR+M and are based on information obtained by IR+M from sources that are believed to be reliable. This report is for informational purposes only and is not intended to provide specific advice, recommendations, or projected returns for any particular IR+M product. No part of this material may be reproduced in any form, or referred to in any other publication, without express written permission from Income Research & Management. BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively “Bloomberg”). BARCLAYS® is a trademark and service mark of Barclays Bank Plc (collectively with its affiliates, “Barclays”), used under license. Bloomberg or Bloomberg’s licensors, including Barclays, own all proprietary rights in the Bloomberg Barclays Indices. Neither Bloomberg nor Barclays approves or endorses this material, or guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, neither shall have any liability or responsibility for injury or damages arising in connection therewith.