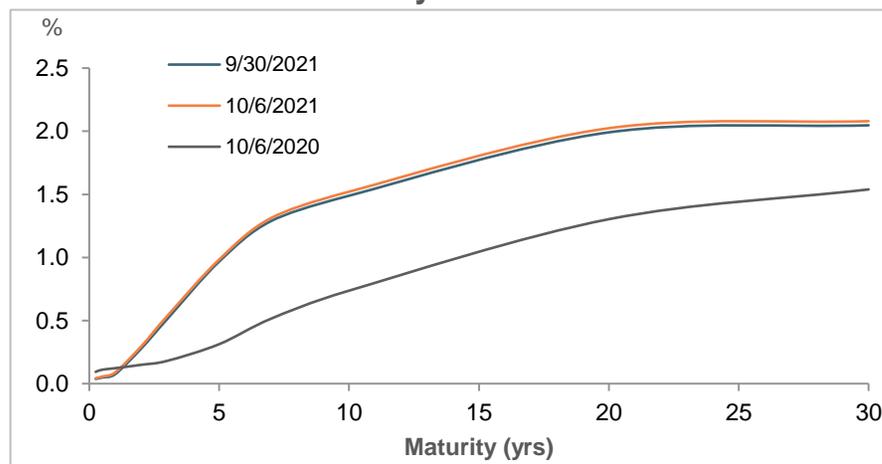




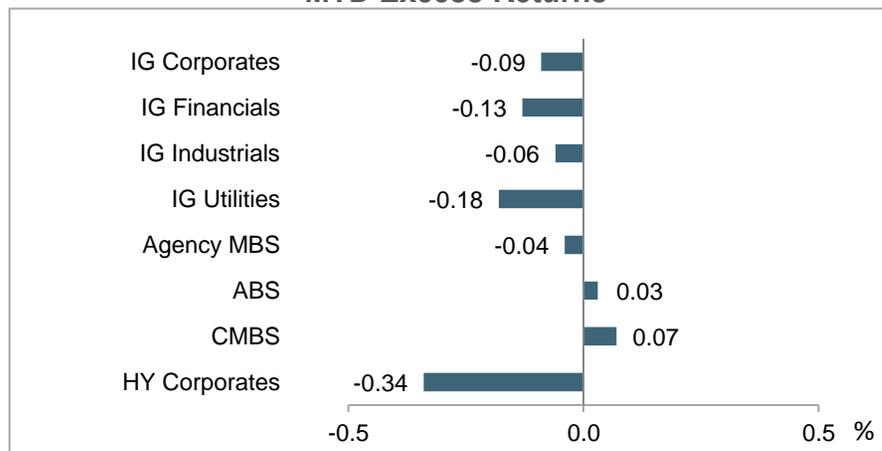
- Dissension in Washington over the debt ceiling, along with rising bond yields and volatile oil prices rattled risk assets earlier in the week, despite positive economic data and moderating Covid-19 cases
 - September's ISM Manufacturing and Services PMIs rose more than expected to 61.1 and 61.9, respectively, due to an uptick in business activity and growth in new orders
 - September saw an acceleration in hiring with ADP private payrolls rising by 568,000, exceeding expectations of 430,000
 - The 10-year Treasury touched 1.57% for the first time since June
- Yields on shorter maturity T-bills spiked to the highest levels since the start of the pandemic, with the 1-month T-bill touching 0.10% before falling to 0.04% following the announcement from Senate Minority Leader Mitch McConnell that he was open to striking a short-term debt-limit deal
- Investment-grade corporate supply was over \$27 billion, exceeding projections of \$15-20 billion
 - Corporate spreads widened 2bps, from 84bps to 86bps
- High-yield issuers priced roughly \$5 billion, bolstered by the energy sector and a rise in oil prices; WTI breached \$78/barrel, the highest since October 2018
 - Though spreads widened 11bps to 300bps from 289bps, yields on BB-rated securities jumped to a four-month high of 3.29% amid the steady rise in Treasury rates
- Commercial mortgage-backed securities (CMBS) outperformed other securitized sectors, with investors seeking higher-quality, shorter-duration paper amid the market volatility
- Though investors continued to add funds into municipal bond mutual funds, fund flows slowed to \$704 million in the week ending September 29th, down from \$1.8 billion the prior week

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
10/6/2021	0.30	0.98	1.52	2.02	2.08
MTD Change	0.02	0.01	0.03	0.03	0.03

MTD Excess Returns



Sources: 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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