



## Yields Rise and Spreads Tighten

- Spreads continued their positive momentum by moving 3 basis points (bps) tighter last week on the back of solid demand. Supply remained somewhat elevated, but with interest rates moving higher we're finally seeing some interest in longer-term bonds.
- Yankee banks performed well due to positive developments on Brexit negotiations between the UK and EU, though they gave back some of their gains when the 5Star movement indicated they could ask for the resignation of finance minister Tria if some of their demands for "citizens income" were not met.
- Buying in long duration telecom and cable bonds was very strong again. The telecom sector was further buoyed by positive news from Discovery Communications, which announced two new carriage deals and reiterated its focus on deleveraging. AT&T issued the equivalent of \$2.8 billion in Australian dollars, which serves to further reduce any future USD funding needs for the Time Warner deal, a clear positive.

## Corporate Spreads



Source: Bloomberg

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