

# Sector Returns

## Bloomberg Barclays Stable Income Market Index (SIMI)

June 2018



Total Return	2018												2017
	Jun	May	Apr	Mar	Feb	Jan	Dec	Nov	Oct	Sep	Aug	Jul	
<b>Treasury</b>	-1	49	-36	33	-13	-59	-1	-29	-10	-34	36	28	-16
<b>Government-Related</b>	5	41	-26	24	-16	-42	0	-23	-4	-24	34	33	-9
Agency	4	42	-24	22	-14	-36	1	-22	-4	-22	31	32	-8
Local Authority	5	53	-33	26	-14	-50	3	-25	-3	-24	42	38	-15
Sovereign	27	-7	-33	22	-40	-43	-7	4	-3	-12	53	43	9
Supranational	4	44	-27	26	-14	-50	-1	-30	-6	-30	36	32	-12
<b>Corporate</b>	-9	46	-8	4	-40	-43	13	-33	11	-11	32	54	0
Industrial	-10	50	-11	8	-39	-43	14	-38	10	-9	27	55	-4
Basic Industry	1	49	-26	14	-39	-34	9	-26	17	-18	55	67	0
Capital Goods	-6	57	-8	3	-39	-53	9	-38	9	-18	27	52	-5
Consumer Cyclical	-14	52	-7	8	-39	-47	12	-34	17	-8	29	52	6
Consumer Non-Cyclical	-11	50	-12	6	-38	-44	14	-38	-2	-7	16	58	-3
Energy	-9	54	-5	3	-45	-32	14	-31	25	-3	31	56	-15
Technology	-8	46	-12	20	-34	-45	18	-49	3	-12	31	50	-4
Transportation	-8	51	-20	0	-29	-45	4	-28	12	-16	37	51	-4
Communications	-18	38	-9	2	-41	-40	20	-46	20	-3	25	59	-5
Utility	-4	55	-14	-7	-32	-41	5	-26	17	-15	38	58	0
Electric	-4	55	-14	-7	-33	-42	5	-26	17	-15	38	57	1
Natural Gas	-10	57	-23	-4	-21	-27	4	-25	24	-9	29	64	-9
Financial Institutions	-7	40	-5	0	-42	-44	11	-26	12	-13	39	53	5
Banking	-8	37	-2	0	-44	-45	11	-25	11	-12	38	52	5
Brokerage	-3	54	-13	3	-29	-36	3	-27	13	-11	36	54	5
Finance Companies	-13	40	2	-5	-40	-43	7	-45	21	2	38	52	5
Insurance	-6	56	-11	0	-37	-45	11	-31	14	-23	39	54	1
REITS	2	58	-38	-5	-24	-46	14	-15	26	-16	59	64	3
<b>Securitized</b>	1	53	-36	51	-46	-87	18	-32	-1	-34	55	39	-32
MBS Passthrough	3	53	-42	62	-51	-100	22	-37	-5	-32	56	42	-40
ABS	4	39	-3	17	-26	-28	1	-11	5	-20	35	25	-6
Credit Card	4	39	-7	19	-31	-36	2	-14	4	-28	41	28	-11
Auto Loan	5	38	1	14	-20	-19	0	-8	6	-13	28	21	-1
CMBS	-8	66	-40	30	-38	-78	12	-29	15	-59	70	40	-16
Non Agency CMBS	-8	65	-34	27	-44	-69	12	-38	22	-59	75	49	-17
Agency CMBS	-8	66	-47	33	-31	-88	12	-20	7	-59	65	31	-14

Despite predominately negative returns for April and June, all sectors and subsectors of the SIMI posted positive returns for the 2nd quarter, with the exception of Sovereign Government-Related bonds, which posted -14 bps for the quarter.

Capital Goods Corporate and Auto Loan Securitized bonds posted the highest return of the Index for the quarter at 43 bps each, followed by Energy Corporate bonds at 40 bps. After Sovereign Government-Related bonds at -14 bps, Agency CMBS Securitized bonds was the worst performer for the quarter at 10 bps.

Sector and subsector returns for April and June were negative, averaging -19 bps and -3 bps, respectively. Returns for May were positive, at an average of 48 bps, except for Sovereign Government-Related bonds, which posted the only negative return of the month at -7 bps.

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# Option Adjusted Spreads (OAS) by Sector

## Bloomberg Barclays Stable Income Market Index (SIMI)

June 2018

OAS	2018												2017
	Jun	May	Apr	Mar	Feb	Jan	Dec	Nov	Oct	Sep	Aug	Jul	Jun
<b>Treasury</b>	-1	-1	-1	-1	0	0	1	0	0	0	0	0	1
<b>Government-Related</b>	23	24	21	22	22	19	22	21	21	22	24	24	25
Agency	22	22	20	20	20	18	21	20	20	21	22	22	24
Local Authority	41	37	37	37	37	38	40	39	41	44	47	46	48
Sovereign	72	80	58	57	53	38	39	34	44	46	52	57	61
Supranational	16	17	15	17	16	15	17	16	16	17	18	17	18
<b>Corporate</b>	77	71	68	75	64	52	56	58	55	61	67	63	70
Industrial	73	67	65	71	61	50	55	58	53	58	66	60	67
Basic Industry	82	78	74	75	67	58	66	65	66	72	77	80	88
Capital Goods	62	58	59	66	56	46	48	50	45	51	55	49	56
Consumer Cyclical	71	66	68	72	62	52	54	56	53	60	67	63	68
Consumer Non-Cyclical	72	66	63	69	59	47	54	56	51	53	61	52	60
Energy	80	75	73	81	69	55	60	66	61	69	77	75	80
Technology	64	55	55	61	56	46	50	54	47	50	57	52	58
Transportation	70	66	63	66	53	47	50	50	49	57	63	59	66
Communications	90	80	74	81	67	56	62	67	61	69	79	70	78
Utility	76	71	71	76	62	53	58	58	55	64	68	67	76
Electric	75	71	71	76	62	53	57	57	55	63	68	66	75
Natural Gas	85	77	77	77	64	57	64	62	59	71	75	73	87
<b>Financial Institutions</b>	83	78	72	80	68	55	57	59	58	64	69	67	73
Banking	82	76	70	79	67	53	55	57	56	61	67	65	71
Brokerage	70	67	68	74	62	55	60	60	59	65	71	69	77
Finance Companies	121	112	99	108	94	79	82	83	74	84	93	90	96
Insurance	77	69	69	75	63	54	59	60	59	66	66	63	68
REITS	96	94	92	89	74	68	74	74	77	87	91	91	98
<b>Securitized</b>	30	28	27	29	29	23	22	24	21	23	26	26	28
MBS Passthrough	22	21	20	21	23	18	16	18	13	14	19	18	22
ABS	43	41	40	44	42	30	32	31	34	39	36	40	39
Credit Card	42	40	38	43	40	30	31	30	32	38	36	39	39
Auto Loan	44	42	41	46	43	31	33	32	35	40	37	40	40
CMBS	53	51	50	52	47	42	45	46	46	52	49	51	51
Non Agency CMBS	65	62	60	65	58	52	58	59	56	64	61	63	65
Agency CMBS	40	37	38	38	34	32	31	33	36	41	38	39	38

The average spread of the primary SIMI sectors at the end of the 2nd quarter was 41 bps, with Corporate bonds leading the way at 72 bps for the quarter. Finance Company Corporate bonds experienced the highest average spread of 111 bps, followed by REITS at 94 bps for the quarter.

Government-Related and Securitized bonds experienced an average spread of 23 and 28 bps for the quarter, respectively. Supranational, a subsector of Government-Related bonds, had an average spread of 16 bps, the lowest of the Index for the quarter.

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# Option Adjusted Spreads (OAS)

## Monthly changes by sector

### Bloomberg Barclays Stable Income Market Index (SIMI)

June 2018



OAS Change	2018												2017
	Jun	May	Apr	Mar	Feb	Jan	Dec	Nov	Oct	Sep	Aug	Jul	
<b>Treasury</b>	0	0	0	-2	0	0	1	0	0	0	0	0	0
<b>Government-Related</b>	0	2	0	0	2	-2	1	0	-2	-1	0	-1	
<b>Agency</b>	0	2	0	0	2	-3	1	0	-1	-1	0	-2	
Local Authority	4	0	0	0	-1	-2	0	-1	-4	-3	1	-2	
Sovereign	-8	22	0	4	16	-1	5	-10	-3	-6	-5	-4	
Supranational	-1	1	-1	0	1	-2	1	0	-1	0	0	-1	
<b>Corporate</b>	6	3	-7	11	11	-4	-2	3	-6	-7	4	-6	
<b>Industrial</b>	6	1	-6	10	11	-5	-3	5	-5	-8	6	-7	
Basic Industry	5	4	-2	9	8	-8	1	-1	-7	-5	-3	-8	
Capital Goods	5	-1	-7	10	10	-2	-2	5	-5	-4	5	-7	
Consumer Cyclical	5	-2	-4	10	10	-3	-2	4	-8	-7	5	-5	
Consumer Non-Cyclical	6	2	-6	11	12	-7	-3	6	-2	-9	9	-8	
Energy	5	2	-7	12	14	-5	-6	5	-8	-8	2	-5	
Technology	9	0	-6	5	9	-3	-4	8	-3	-7	4	-6	
Transportation	4	3	-3	12	6	-3	0	1	-8	-6	3	-7	
Communications	9	6	-7	14	11	-6	-5	6	-9	-9	9	-8	
<b>Utility</b>	4	0	-5	15	9	-5	0	2	-8	-5	1	-9	
Electric	4	0	-5	15	9	-4	0	2	-8	-5	1	-9	
Natural Gas	8	0	0	13	7	-7	1	3	-11	-5	3	-14	
<b>Financial Institutions</b>	6	6	-8	12	12	-2	-2	1	-6	-5	2	-6	
Banking	6	7	-9	12	13	-1	-2	1	-6	-6	2	-6	
Brokerage	3	-2	-5	12	7	-6	1	0	-5	-7	2	-8	
Finance Companies	9	13	-8	13	15	-3	-1	8	-9	-9	3	-6	
Insurance	7	1	-7	12	10	-5	-2	2	-7	0	3	-5	
REITS	2	2	3	15	6	-6	0	-3	-10	-4	-1	-7	
<b>Securitized</b>	1	1	-2	0	6	1	-2	4	-3	-3	0	-2	
<b>MBS Passthrough</b>	1	2	-1	-2	5	3	-3	5	-1	-5	1	-4	
<b>ABS</b>	2	1	-5	3	12	-2	1	-3	-5	3	-4	0	
Credit Card	2	2	-5	3	11	-2	1	-2	-5	2	-3	0	
Auto Loan	2	1	-4	3	12	-2	1	-3	-5	3	-4	0	
<b>CMBS</b>	3	0	-2	6	4	-2	-2	0	-6	3	-2	0	
Non Agency CMBS	3	1	-5	7	6	-5	-1	3	-8	3	-2	-2	
Agency CMBS	3	-1	0	4	3	1	-2	-3	-5	3	-2	2	

Spread changes were slightly wider with the primary SIMI sectors only widening by an average of 1 bp for the quarter. Over the quarter, the average spreads tightened in April by 3 bps, though widened in May and June by 2 bps each. Corporate bonds widening by an average of 6 bps in May, along with the 22 bp widening of Sovereign Government-Related bonds in May, were the primary drivers to the average spread of the Index widening by 1 bp for the quarter. Average spread changes over the quarter ranged from 5 bps to -1 bps across all the sectors and subsectors of the Index.

Capital Goods and Brokerage Corporate bonds were the only subsectors in the Index to experience any tightening over the quarter, 1 bp each, which was driven by some tightening in April and May and offset by slight widening in June. Sovereign Government-Related bonds experienced the highest average widening of the Index, 5 bps, followed by Finance Companies Corporate bonds at 4 bps.

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