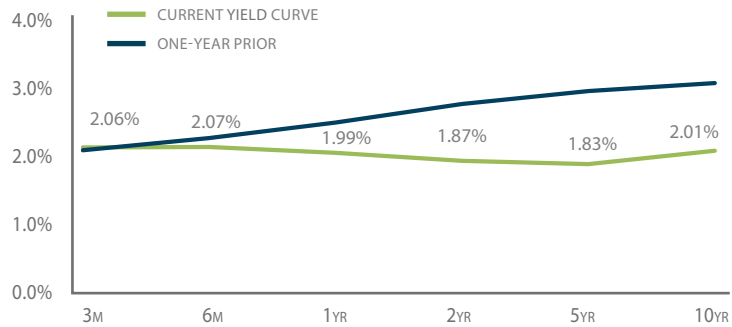


Historical Yield Curve



Source: Bloomberg Finance L.P. 7/31/19

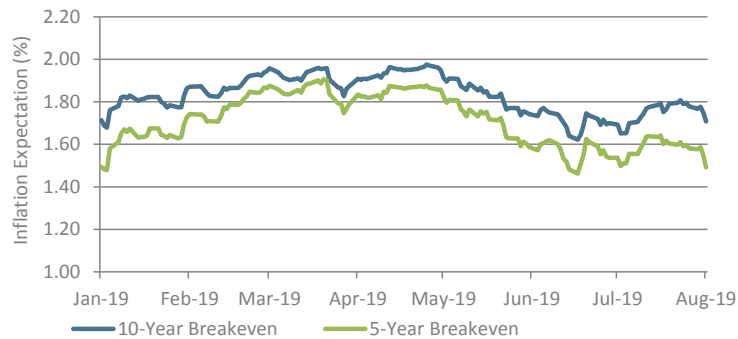
FEATURED MARKET DATA

Inflation Expectations in Focus

Inflation expectations increased following the June Fed meeting as the Fed signaled a more dovish stance. However, 5-year and 10-year inflation breakeven rates began declining in advance of the Fed's July meeting as global growth concerns rose. Breakeven inflation rates are calculated by subtracting the yield on a Treasury inflation protected security (TIPS) from the Treasury yield of the closest maturity. The result is the expected inflation rate over that period. To understand why this works, if investors expected future inflation to be greater than this difference, then this would make TIPS, whose coupon and principal payments are indexed to the CPI, more attractive. Investors would therefore sell Treasuries and the difference would increase.

Source: Bloomberg

INFLATION EXPECTATIONS DECLINE



Source: Bloomberg

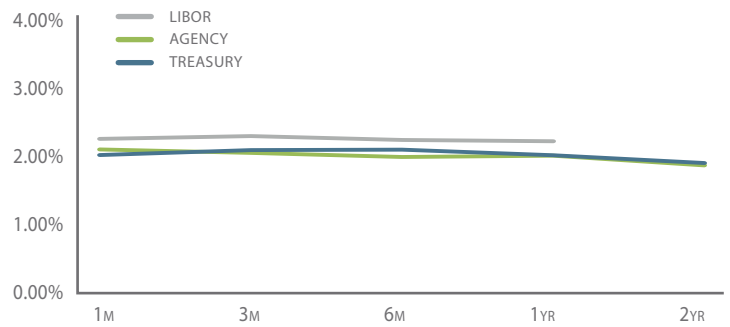
RECENT NEWS

First Rate Cut Since 2008

The Federal Reserve announced on July 31, 2019, that it lowered the federal funds rate by a quarter percentage point to a range of 2.00-2.25%. The statement indicated that while employment has remained strong, business investment has been "soft" and inflation is running below the Fed's target of 2%. In addition, the statement referenced "the implications of global developments for the economic outlook" as part of the reason for the cut. The Fed maintained language in the statement that it will "act as appropriate to sustain the expansion."

Source: www.federalreserve.gov

Indicative Rates



Source: Bloomberg Finance L.P. 7/31/19. Rates do not reflect transaction fees.

U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Retail Sales Ex. Auto	07/16/19	JUN	0.1%	0.4%	0.4% (R)
Chicago Fed National Activity Index	07/22/19	JUN	0.08	-0.02	-0.03 (R)
Durable Goods Orders Ex. Transportation (MoM)	07/25/19	JUN	0.2%	1.2%	0.5% (R)
GDP Annualized (QoQ)	07/26/19	2Q A	1.8%	2.1%	3.1%
Personal Consumption Expenditure (PCE) (YoY)	07/30/19	JUN	1.5%	1.4%	1.4% (R)
Core PCE (YoY)	07/30/19	JUN	1.7%	1.6%	1.5% (R)
Consumer Confidence	07/30/19	JUL	125.0	135.7	124.3 (R)
Change in Nonfarm Payrolls	08/02/19	JUL	165K	164K	193K (R)
Unemployment Rate	08/02/19	JUL	3.6%	3.7%	3.7%

Source: Bloomberg Finance L.P. 8/2/19

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