



# PACIFIC INCOME ADVISERS

## U.S. Fixed Income

### 16<sup>th</sup> Annual Pacific Region Investment Conference



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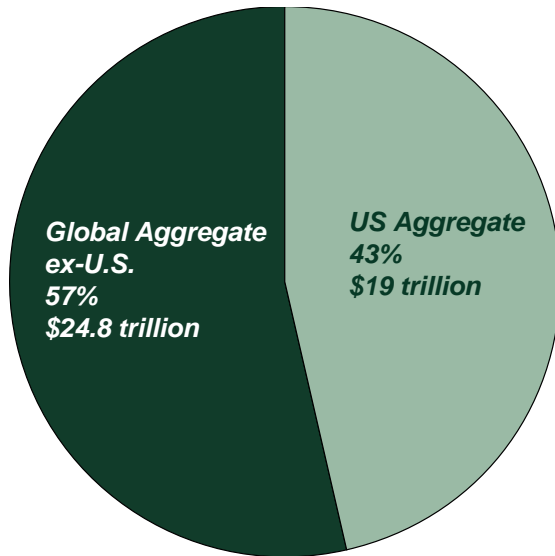
December 2, 2016



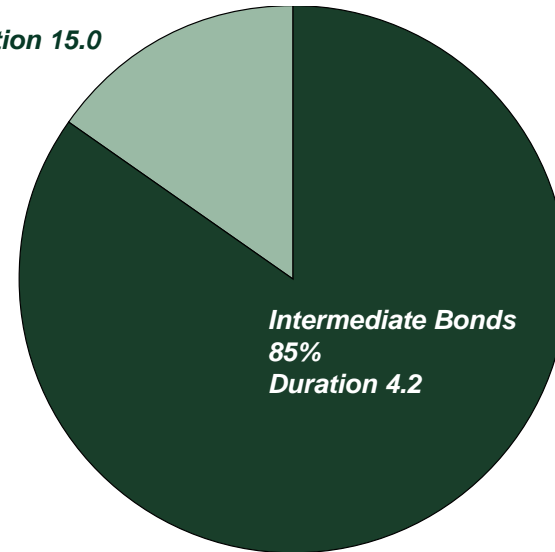
# U.S. BOND MARKET

As of November 28, 2016

### Barclays Global Aggregate



**Long Bonds**  
15%  
Duration 15.0



### Barclays US Aggregate



## **MEASURE RISK; MANAGE RETURN**

- Measure and match risks to investor's target
  - Duration – interest rate sensitivity
  - Yield Curve positioning
    - Bullet vs. Barbell vs. Index
  - Sector selection
    - Governments
    - Mortgage-backed Securities
    - Corporates
    - Securitized
  - Security selection



# TRUMP EFFECT

As of November 28, 2016

MARKETS	11-7-16	11-28-16
S&P 500	2,131.52	2,201.72
NASDAQ	4,773.73	4,857.02
S&P 500 Financials	331.25	366.78
2-Yr Treasury Yield	0.82	1.10
10-Yr Treasury Yield	1.83	2.31
Corporate Spreads	137.4	134.7
Financial Spreads	133.1	130.7
High Yield Spreads	520.0	495.8

INDICATORS	11-7-16	11-28-16
Gold	1,281.65	1,193.99
Oil (WTI)	44.89	47.08
CRB	183.50	187.76
US\$ (DXY)	97.78	101.33
Yen (Japanese Spot Rate)	104.46	111.94



# TRUMPONOMICS

As of November 28, 2016

As of 11/7/16

FED FUND FUTURES PROBABILITIES	PROBABILITY OF HIKE	PROBABILITY OF CUT	0.25 – 0.50	0.50 – 0.75
Dec. 14, 2016	80%	0%	20.0%	80.0%

As of 11/28/16

FED FUND FUTURES PROBABILITIES	PROBABILITY OF HIKE	PROBABILITY OF CUT	0.5 – 0.75	0.75 – 1.0
Dec. 14, 2016	100%	0%	98.0%	2.0%