• The US Consumer Price Index (CPI) climbed by 0.4% during November and 2.2% year over year¹
  - While the headline number was strong, rising energy prices accounted for roughly three-fourths of the increase
  - Core CPI, which excludes food and energy, only rose 1.7% year over year, which was below expectations
• Despite the soft inflation print, the Federal Reserve (Fed) voted to raise the Fed Funds rate by another 0.25%, to a range of 1.25-1.50%, marking the fifth rate hike since the financial crisis¹
• Treasury yields were steady in the intermediate and long parts of the curve, while front-end yields declined modestly during the week¹
  - The 2-year yield fell 3bps to 1.78% while both the 10-year and 30-year yields held in at 2.34% and 2.73%, respectively
• Supply slowed materially this week, which is typical as we move toward year end, and investment-grade corporate issuers priced roughly $5 billion²
• Investment-grade corporate spreads moved 1bp tighter under light supply, closing at 96bps¹
  - High-yield spreads reversed course and widened out 3bps to close at 350bps, still well inside historical averages¹
• Securitized sectors broadly lagged corporates month to date as heavier supply in the market led to underperformance¹
• The municipal market underperformed Treasuries this week as the elevated pace of supply this month weighed on the sector¹
  - The 10-year municipal/Treasury ratio climbed 4% to 87%

Sources: 1. Bloomberg Barclays  2. Citigroup
¹Excess returns are the curve-adjusted excess return of a given index relative to a term structure-matched position in Treasuries.
²The views contained in this report are those of IR+M and are based on information obtained by IR+M from sources that are believed to be reliable. This report is for informational purposes only and is not intended to provide specific advice, recommendations, or projected returns for any particular IR+M product. No part of this material may be reproduced in any form, or referred to in any other publication, without express written permission from Income Research & Management.