• The US Consumer Price Index (CPI) declined by 0.1% during March, below expectations for no change, and core CPI increased by 0.2% during the month, meeting expectations¹
  - The year-over-year numbers came in at 2.4% and 2.1% for CPI and core CPI, respectively, meeting expectations
• Minutes from the March Federal Reserve meeting showed that officials appeared to lean hawkish, expecting inflation to rise and the economy to strengthen in coming months¹
• The Treasury curve flattened during the week, as the 2-year yield increased by 2bps and the 30-year yield fell by 4bps¹
  - The spread between the 30-year yield and the 2-year yield hit a new post-crisis low at 69bps
• Supply slowed as earnings season started this week, and investment-grade issuers priced approximately $10 billion²
• Risk markets benefited from lighter supply and some easing of geopolitical tensions, and investment-grade corporate spreads tightened 2bps and closed at 107bps¹
  - High-yield spreads tightened 15bps and closed at 340bps
• Securitized sectors struggled to keep pace with corporates, and commercial mortgage-backed securities (CMBS) underperformed Treasuries month to date as supply remains robust¹
• Municipals modestly outperformed Treasuries during the week, as fund flows were benign amid fairly light supply¹
  - The 10-year municipal/Treasury ratio declined 1% during the week, closing at 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.