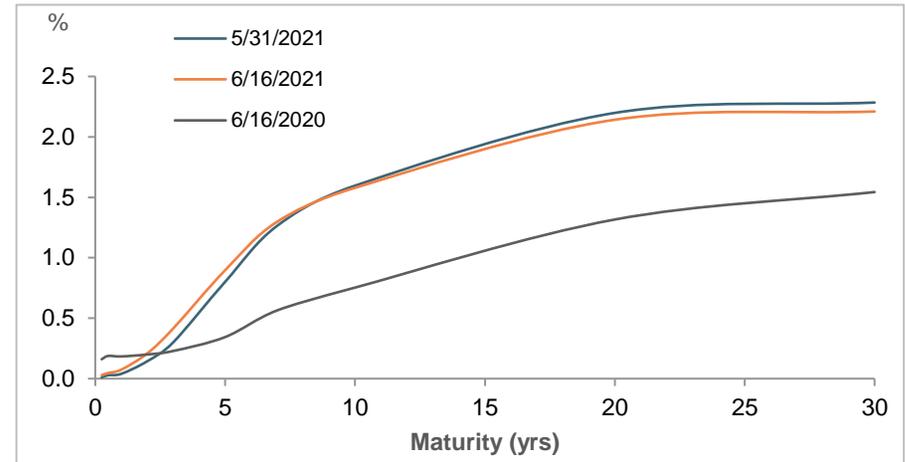




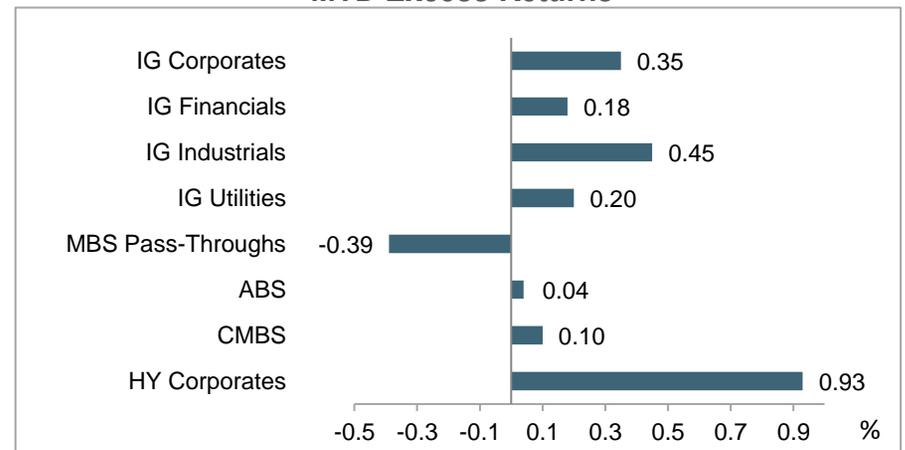
- The Federal Reserve (Fed) acknowledged the economy was recovering at a quicker pace, and the more hawkish tone caused varied performance across risk assets
- FOMC meeting minutes showed median projections of the fed funds rate at 0.60% by the end of 2023, an increase of two rate hikes from March
 - Chairman Jerome Powell stated that the tapering of its \$120 billion monthly bond purchases remained “a ways away” but that the Fed will discuss the appropriate time to scale back in its upcoming meetings
 - The Fed still believes that the factors pushing up inflation, with CPI up 5% year-over-year, are temporary and the result of re-openings, and should recede as supply normalizes with demand
 - The 5-year Treasury jumped 12bps to 0.90% on the announcement, its biggest one-day jump since February, while the 10-year Treasury increased 9bps, closing at 1.58%
- Investment-grade issuers priced about \$23 billion - within expectations of \$20-25 billion – with most of the supply coming ahead of Wednesday’s FOMC meeting
 - Investment-grade spreads tightened 4bps on the lighter issuance, from 85bps to 81bps, the lowest level in over 16 years
- High-yield supply was approximately \$10 billion, dominated by borrowers tapping the primary market to fund acquisitions
 - Buoyed by investor demand, high-yield spreads tightened from 291bps to 280bps, the lowest level since May 2007
- Mortgage-backed securities (MBS) underperformed other securitized sectors driven by expectations of a Fed taper
- Municipals continued to outperform Treasuries, as the 10-year muni/Treasury ratio fell to 57%

Treasury Yield Curve



| Maturity | 2-year | 5-year | 10-year | 20-year | 30-year |
|------------|--------|--------|---------|---------|---------|
| 6/16/2021 | 0.21 | 0.90 | 1.58 | 2.14 | 2.21 |
| MTD Change | 0.07 | 0.10 | -0.02 | -0.06 | -0.07 |

MTD Excess Returns



Sources: Bloomberg Barclays, Bloomberg, and Bloomberg Index Services Limited

Excess returns are the curve-adjusted excess return of a given index relative to a term-structure matched position in Treasuries.

The 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. BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively “Bloomberg”). BARCLAYS® is a trademark and service mark of Barclays Bank Plc (collectively with its affiliates, “Barclays”), used under license. Bloomberg or Bloomberg’s licensors, including Barclays, own all proprietary rights in the Bloomberg Barclays Indices. Neither Bloomberg nor Barclays approves or endorses this material, or guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, neither shall have any liability or responsibility for injury or damages arising in connection therewith.