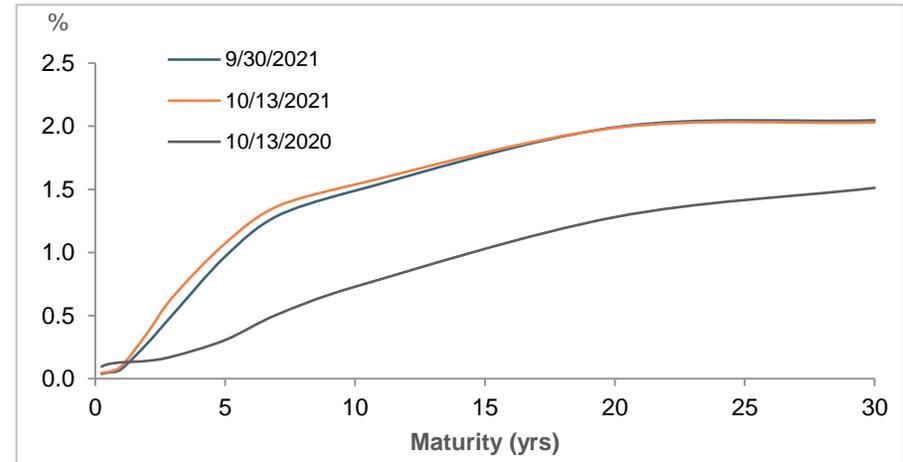




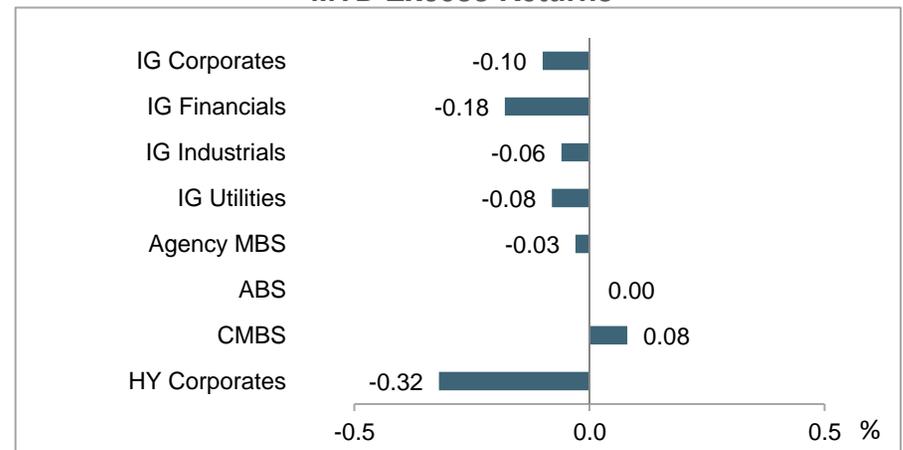
- As investors awaited earnings releases to assess the health of corporate balance sheets, renewed fears of persistent inflationary pressure drove the volatility in risk assets
  - Year-over-year, September CPI rose to 5.4% from 5.3% in August, exceeding expectations and largely driven by higher prices for non-reopening sectors such as new vehicles, rent, and furniture; excluding food and energy, CPI remained at 4.0%
  - September's Survey of Consumer Expectations from the Federal Reserve Bank of New York showed 1- and 3-year inflation expectations rising to the highest readings in the survey's eight-year history, at 5.3% and 4.2%, respectively
- Following the CPI release, the 2-year Treasury rose to 0.36%, the highest close since March 2020, while the 10-year Treasury settled at 1.54%
- Investment-grade issuance slowed to over \$8 billion as the broader market volatility pushed new issue pricing in favor of investors rather than borrowers, reversing a theme that had been in place for over a year
  - With the muted supply amid the start to earnings season, corporate spreads were flat at 86bps
- High-yield supply priced approximately \$5 billion, supported by an increase in the equity markets and a continued climb in oil prices, with WTI crude oil crossing \$81/barrel, the highest in seven years
  - Spreads widened 1bp to 301bps from 300bps and yields rose to a six-month high, closing at 4.29%
- Asset-backed securities (ABS) underperformed other securitized sectors due to a deluge of supply; year-to-date issuance topped \$236 billion, approximately 38% higher than last year's pace
- While fund flows continued to slow into municipal bond mutual funds, touching \$308 million in the week ending October 6<sup>th</sup>, visible supply climbed over \$18 billion, a new high for the year

### Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
10/13/2021	0.36	1.07	1.54	1.99	2.03
MTD Change	0.08	0.10	0.05	0.00	-0.02

### MTD Excess Returns



Sources: 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.

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