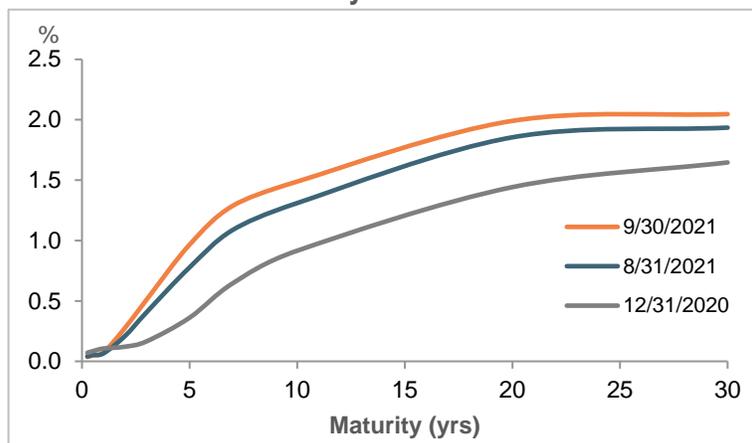


**MARKET NEWS**

- Volatility returned in September, as investors weighed weaker economic data and negative headlines surrounding China’s property sector; sentiment rebounded amid easing fears of a financial contagion and a positive reaction to the FOMC meeting, although the unexpectedly hawkish tone and ongoing debt ceiling showdown weighed on markets
  - The US economy added 235,000 jobs in August, well-short of a projected 733,000; August CPI rose 5.3% year-over-year, down slightly from 5.4% in July
  - The Conference Board revised its forecast of US real GDP growth to 5.5% in the third quarter, down from 6.6% in the second quarter, amid a recent decline in consumer confidence
- In the September FOMC meeting minutes, the Federal Reserve (Fed) noted that enough progress had been made on its inflation and employment mandates that it could “easily move ahead” with a taper announcement at its next meeting
  - Fed Chair Powell indicated that the taper would be “gradual” and likely conclude by mid-2022
  - Treasury yields closed higher over the month as markets digested the more hawkish comments by the Fed; the 10-year Treasury yield rose 18bps, from 1.31% to 1.49%, 13bps of which occurred the day after the Fed meeting
- Investment-grade corporate issuance returned in force following the late August slowdown with issuers pricing over \$158 billion in September, surpassing projections of \$140 billion; the first week in September marked the busiest week in primary market history with \$80 billion issued
  - Despite the heavy supply, corporate spreads tightened 3bps, from 87bps to 84bps, as demand remained robust
- High-yield corporate issuers continued to flood the market, pricing \$44 billion during the month, as they rushed to capitalize on the low cost of borrowing before rates increased further; high-yield spreads widened 1bp to 289bps from 288bps
- Issuance of asset-backed securities (ABS) reached \$232 billion issued year-to-date, 47% higher than the \$158 billion priced by this time last year
- Munis continued to underperform Treasuries across the curve, with the 10-year muni/Treasury ratio increasing 3% to 75%, the highest level since March 2021

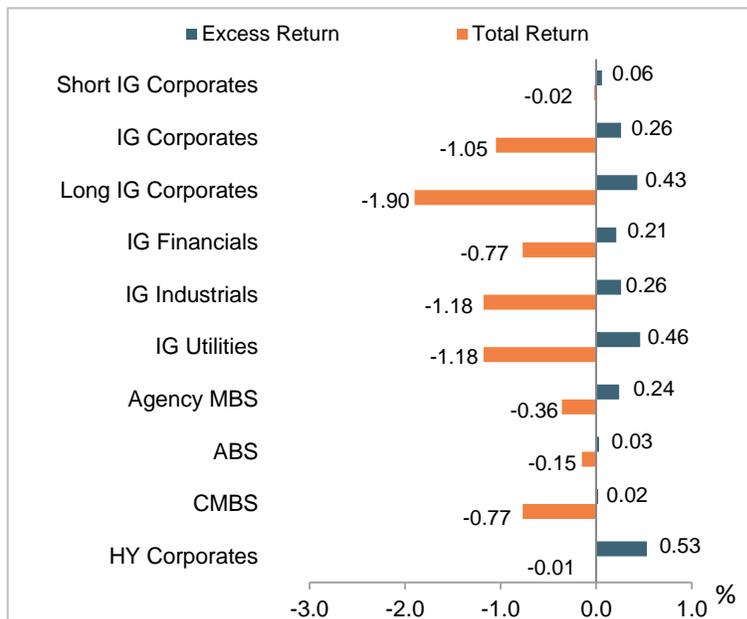
**MARKET STATISTICS**

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
9/30/2021	0.28	0.97	1.49	1.99	2.05
MTD Change	0.07	0.19	0.18	0.14	0.12
YTD Change	0.16	0.61	0.57	0.55	0.40

MTD Returns



As of: 9/30/21. Sources: Bloomberg

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®” and Bloomberg Indices are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited (“BISL”), the administrator of the index (collectively, “Bloomberg”) and have been licensed for use for certain purposes by IR+M. Bloomberg is not affiliated with IR+M, and Bloomberg does not approve, endorse, review, or recommend the products described herein. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to any IR+M product.