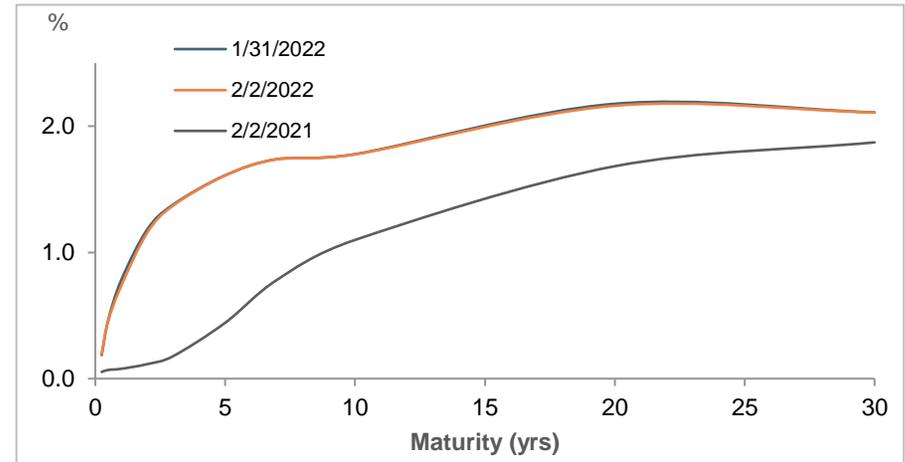




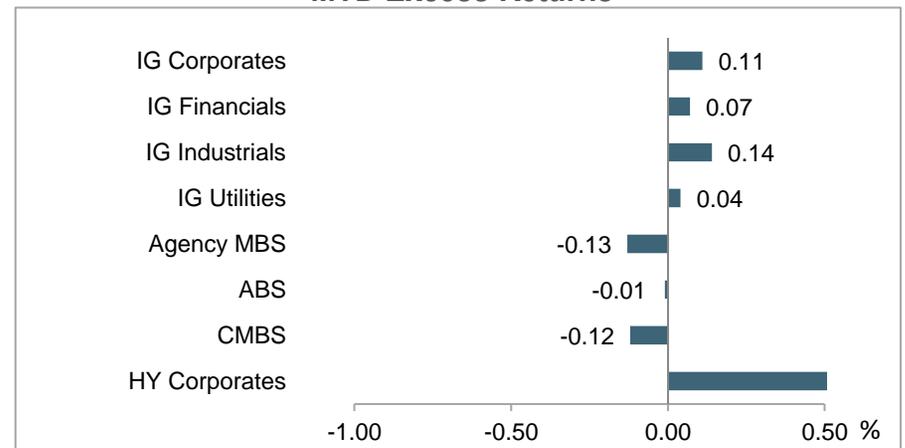
- Risk markets were relatively quiet, with equity markets down slightly and Treasury yields largely unchanged; however, volatility reemerged amid disappointing earnings from the technology sector, varied economic data, and hawkish moves from global central banks
 - January’s ADP Employment report was much lower than expected as the economy shed 301,000 jobs, driven by the leisure and hospitality sector
 - ISM Manufacturing and Services Indices in January were 57.6 and 59.9, respectively, remaining in expansion territory
- The Bank of England (BOE) raised its policy rate by 25ps to 0.50%, the first back-to-back rate increase since 2004, while a few policy members wanted a bigger hike to 0.75%, surprising some investors; the BOE stated it would no longer reinvest income from maturing bonds as it grapples with inflation
 - The 10-year Treasury increased to 1.84% following the news of the hike, after closing at 1.78% on Wednesday
- Investment grade corporate supply reached \$19 billion, largely dominated by financials as Bank of America priced a \$9 billion deal across 5 tranches; issuance is expected to be between \$95 and \$100 billion for the month
 - Corporate spreads tightened 1bp to 105bps amid robust demand
- High yield corporate issuers took advantage of relatively calm markets to price about \$2 billion in new supply
 - The yield of the Bloomberg High Yield Index declined 21bps to 5.06%, and spreads tightened 16bps to 326bps as investors scurried back to the market in search of yield
- Agency mortgage-backed securities (MBS) underperformed other securitized sectors as the MBA Mortgage Application Composite Index increased by 12%, driven by a jump in refinancings
- After underperforming in January, municipal bonds recovered slightly, with the 10-year AAA muni yield falling 10bps to 1.47%; the 10-year muni/Treasury ratio fell 5% to 84%

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
2/2/2022	1.16	1.61	1.78	2.16	2.11
MTD Change	-0.02	0.00	0.00	-0.02	0.00

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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