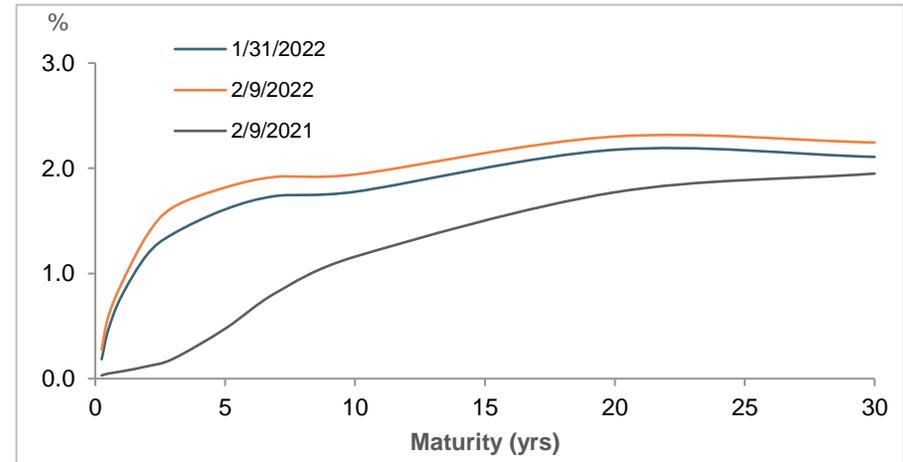




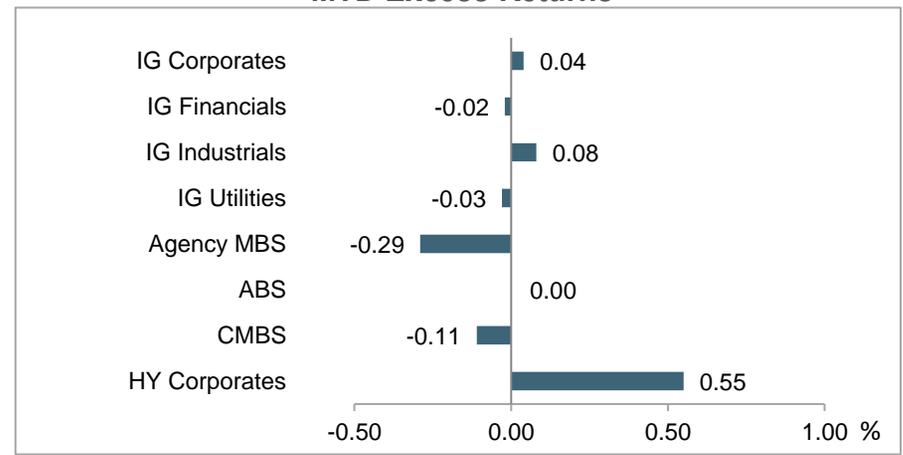
- Risk sentiment recovered early in the week on strong economic data and corporate earnings; however, a higher-than-expected inflation print, and its potential impact on Federal Reserve (Fed) decisions, weighed on markets
 - US CPI rose 7.5% year-over-year in January, the fastest pace in 40 years; the 0.6% month-over-month increase was driven by food, energy, and shelter
 - January’s nonfarm payroll report handily beat expectations, as the US economy added 467,000 jobs versus an estimated 125,000, while previous months also saw significant upward revisions
- Treasury yields jumped on the CPI announcement, as markets anticipated even more aggressive action by the Fed to mitigate the red-hot inflation
 - The probability of a 50bps rate hike at the March FOMC meeting surged to over 75%; markets are pricing in over six rate hikes this year, up from five at the beginning of the month
 - The 2-year Treasury yield vaulted over 20bps from its Wednesday close of 1.37%, while the 10-year broke 2% for the first time since 2019
- Investment grade corporate issuance was light, as issuers priced approximately \$14 billion of a projected \$20 billion
 - Corporate spreads held steady at 105bps on the reduced supply
- Rising rate expectations gave high yield issuers pause, and new supply totaled just over \$1 billion
 - The yield of the Bloomberg High Yield Index rose 31bps to 5.37% and spreads increased 8bps to 334bps, as investors moved assets out of traditional high yield funds into more floating-rate structures
- Commercial mortgage-backed securities (CMBS) continued to see heavy issuance; over \$7 billion has priced month-to-date, with the \$22 billion year-to-date total three times last year’s pace
- The municipal bond mutual fund market saw its largest weekly outflow since March 2020, as investors withdrew over \$4 billion in funds

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
2/9/2022	1.37	1.82	1.94	2.30	2.25
MTD Change	0.19	0.21	0.16	0.13	0.14

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. 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 but IR+M makes no guarantee as to the accuracy or completeness of the underlying third-party data used to form IR+M’s views and opinions. 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.