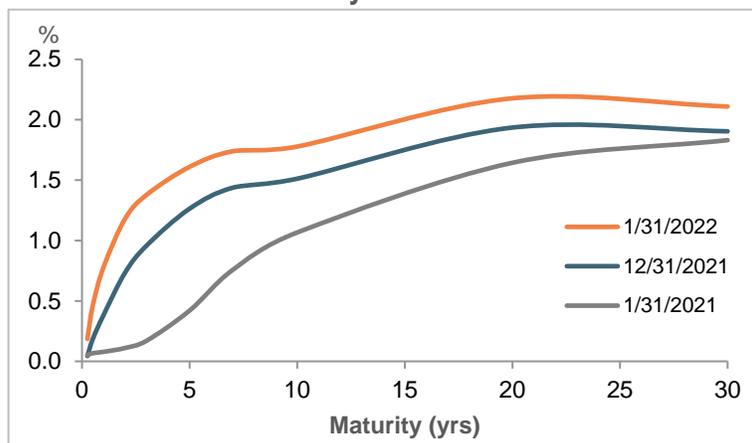


MARKET NEWS

- Continued concerns over inflation, Federal Reserve (Fed) tightening, and geopolitical tensions drove heightened market volatility and a risk-off sentiment in January despite some positive economic data
 - Boosted by consumer spending, 4Q GDP grew 6.9% year-over-year, stronger than expected despite the omicron spread; the US economy grew 5.7% in 2021, the largest one-year increase since 1984
 - The Consumer Price Index (CPI) surged 7% year-over-year in December, the fastest annual pace since 1982, and the third straight month in which annualized inflation exceeded 6%
- At the January meeting, the Fed left interest rates unchanged, but Chairman Jerome Powell said an increase would “soon” be warranted
 - The Fed reinforced the likelihood of an initial rate hike at the March meeting and commented that the balance sheet reduction would likely commence after raising rates; markets expect five hikes this year, up from three in December
 - Treasury yields continued their ascent higher, although the curve continued to flatten on lower growth concerns; the 2-year yield rose 45bps to 1.18%, while the 30-year increased only 21bps to 2.11%
- Investment grade corporate issuers priced \$142 billion in January, largely in line with expectations, as borrowers rushed to lock in funding ahead of rising rates
 - Corporate spreads widened 14bps to 106bps, reaching a 1-year high
- High yield borrowers were undeterred by the increased volatility, pricing roughly \$24 billion during the month
 - High yield spreads and yields increased the most since the beginning of the pandemic; spreads were up 59bps to 342bps and the Bloomberg High Yield Index yield rose 106bps to 5.27%
- Issuance of asset-backed securities (ABS) totaled \$23 billion, 68% higher than the \$14 billion priced by this time last year
- The Bloomberg US Municipal Bond Index fell 2.3% in January, the worst monthly performance since March 2020, and yields rose, as investors brace for tighter Fed policy

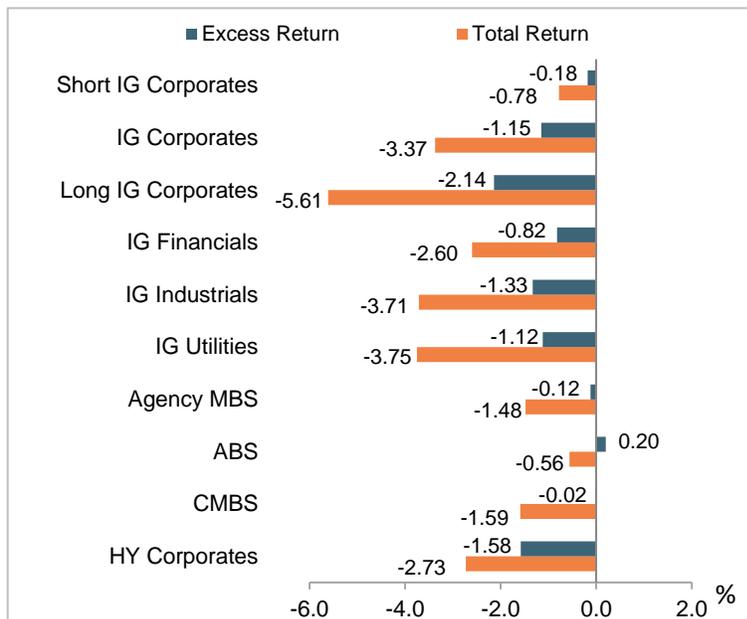
MARKET STATISTICS

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
1/31/2022	1.18	1.61	1.78	2.18	2.11
MTD Change	0.45	0.35	0.27	0.24	0.21

MTD Returns



As of: 1/31/22. Sources: Bloomberg

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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