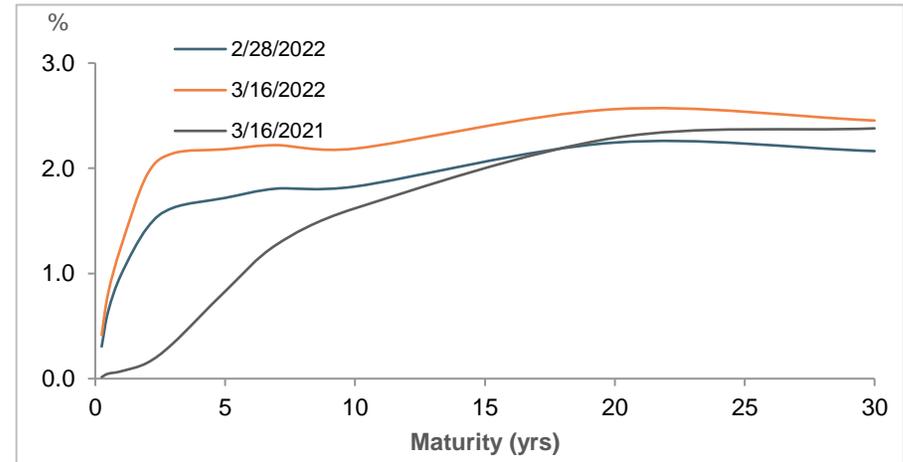




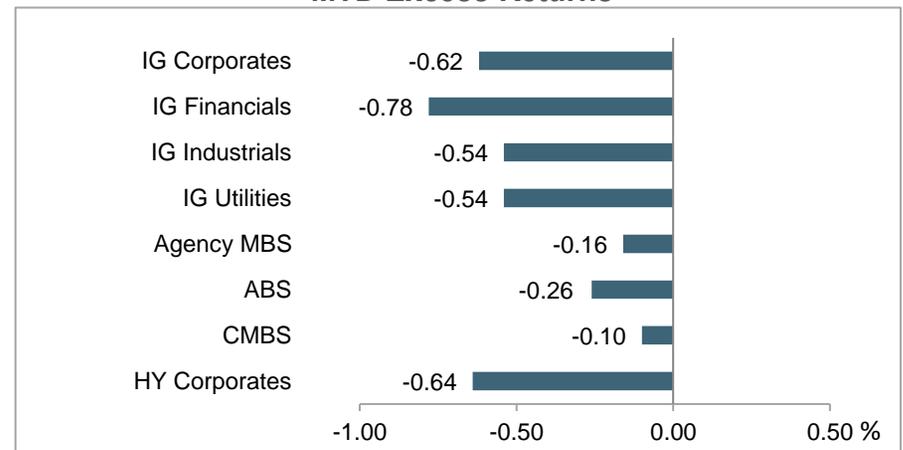
- Despite turbulent commodity prices and weaker economic data, market sentiment turned positive later in the week as investors believed the Federal Reserve (Fed) would be able to fight inflation without hurting longer-term growth prospects
- The Fed raised the fed funds rate by 25bps as expected, but took a more aggressive stance on the growing threat of inflation
 - The Fed upwardly revised its economic projections, with PCE inflation in 2022 jumping from 2.6% to 4.1%
 - The median rate projection by the end of 2022 rose from 0.9% to 1.9%, indicating at least six additional hikes are expected this year; markets are pricing in a 75% chance of a 50bp hike in June
 - Treasury yields surged, particularly in the front-end, on the hawkish announcement; the 2-year Treasury rose 23bps to 1.94%, while the 10-year increased 18bps to 2.19%
- Investment grade issuers priced \$29 billion of a projected \$20-25 billion; several issuers opted to pull their deals early in the week, but issuance bounced back on Thursday
 - Corporate spreads, which had widened out to as much as 145bps, closed 2bps tighter at 136bps
- The high yield primary market remained largely closed this week leading up to the Fed's meeting, although several deals looked to price on Thursday
 - The yield of the Bloomberg High Yield index rose 26bps to 6.29%, while spreads increased 2bps to 386bps; both yields and spreads recovered significant ground on Wednesday as the Fed stressed the continued strength of the US economy
- Mortgage-backed securities underperformed on extension fears, as the average 30-year mortgage rate rose above 4% for the first time since 2019
- Rising bond yields weighed on municipal bond issuance; state and local governments are scheduled to sell \$6 billion of bonds this week, about 17% less than the weekly average for the year

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
3/16/2022	1.94	2.18	2.19	2.56	2.46
MTD Change	0.51	0.46	0.36	0.32	0.29

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.