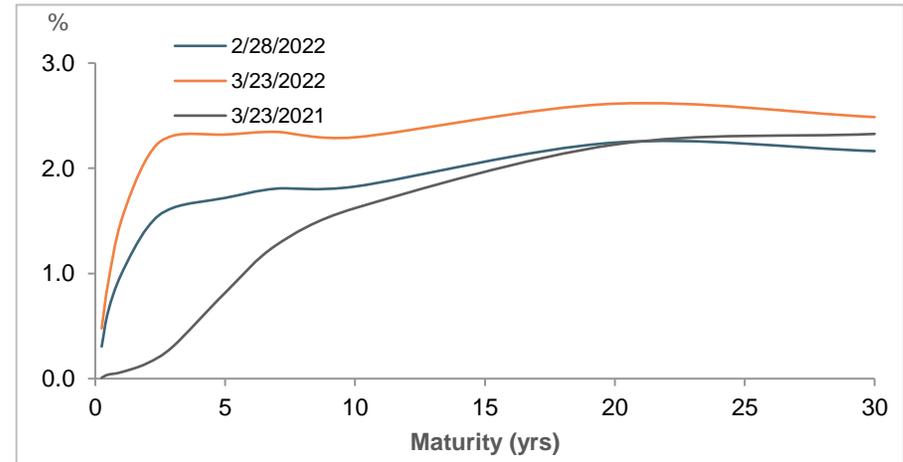




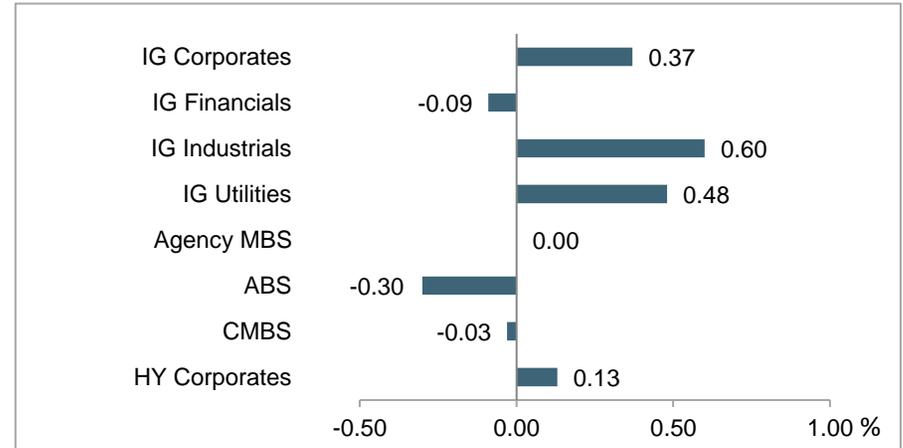
- Recession indicators flashed warning signals, inflation expectations rose, and further hawkish commentary out of the Federal Reserve (Fed) sent yields soaring; market sentiment remained relatively upbeat on the Fed's confidence in the US economy and stronger-than-expected economic data
  - The difference between the 2-year and 10-year Treasury yields approached inversion and closed as low as 17bps, the tightest level since March 2020
- 2-year inflation breakevens set a record at over 4.9% as commodity prices continued to climb on the ripple effects of the Russian invasion of Ukraine
  - Fed Chair Powell signaled he would be open to even more aggressive action to combat rising inflation
  - Almost eight additional rate increases are priced in for 2022, up from six last week, with two possible 50bp hikes in May and June
  - Treasury yields continued to flatten – the 10-year Treasury closed at 2.29%, up 12bps over the week, while the 2-year jumped over 18bps to close at 2.10%
- The investment grade primary market saw over \$37 billion; issuance picked up despite rising borrowing costs as issuers continue to pull supply forward
  - Corporate spreads tightened 13bps, from 136bps to 123bps, retracing almost all their month-to-date widening
- High-yield issuers priced \$2 billion on Wednesday, the busiest day since the beginning of February, although the week was otherwise quiet
  - The yield of the Bloomberg High Yield Index fell 9bps, from 6.29% to 6.20%, but remained elevated as investors withdrew over \$1.6 billion in high yield ETFs; spreads compressed 28bps, from 386bps to 358bps, as equities showed strength
- Asset-backed securities (ABS) underperformed other securitized sectors on heavy supply; over \$6.4 billion has priced this week and more is expected
- Investors pulled over \$3.1 billion from municipal bond mutual funds and ETFs, the ninth consecutive week of outflows

### Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
3/23/2022	2.10	2.32	2.29	2.61	2.49
MTD Change	0.67	0.60	0.47	0.37	0.32

### 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.