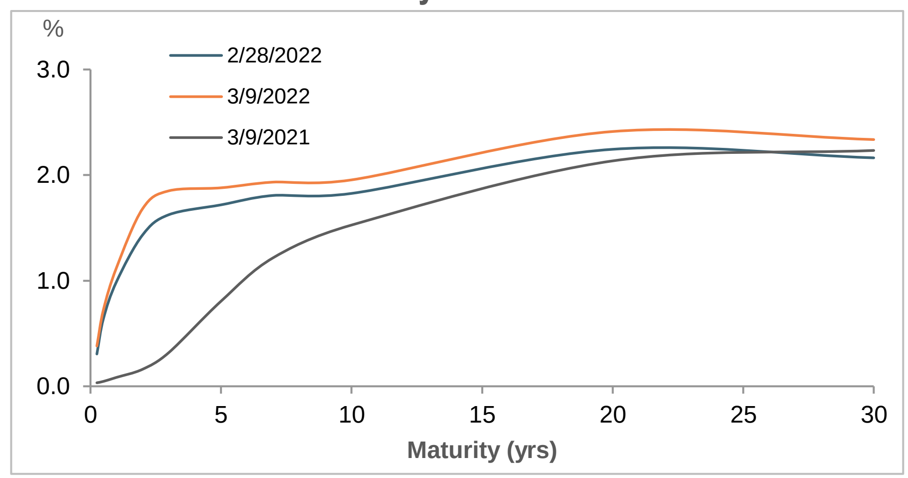
IR+M CLIENT UPDATE

March 4 – March 10, 2022

IR+M INCOME RESEARCH + MANAGEMENT

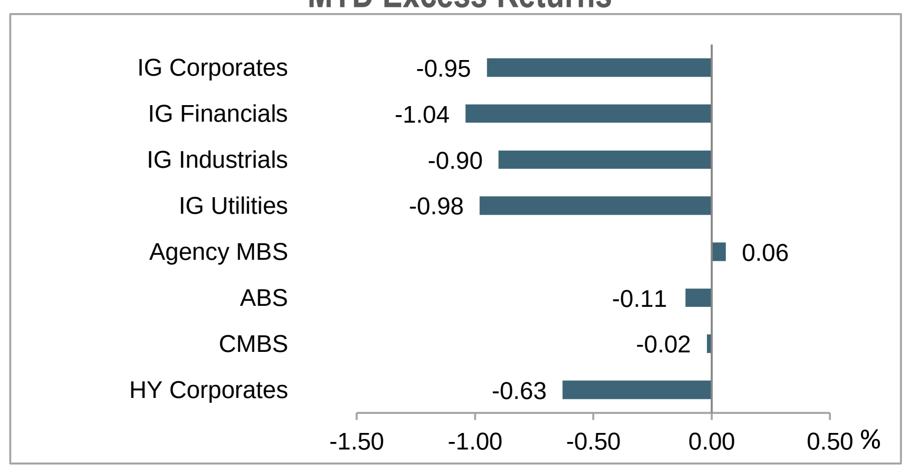
- Volatility drove markets - equities markets remained volatile, but closed lower than a week ago, bond yields rose, and commodity prices climbed as the attack on Ukraine intensified
    - February nonfarm payrolls jumped from an upwardly revised 481,000 to 678,000, higher than consensus estimates
    - February CPI rose year-over-year to 7.9% from 7.5%, driven by increases in gas, shelter, and food; while inflation reached a new four-decade high, it was in line with expectations
    - WTI crude climbed as high as $127/barrel on the news that the Biden Administration would prohibit new shipments of Russian oil and natural gas, giving companies 45 days notice to wind down existing contracts with Russian energy suppliers; oil tumbled to $106/barrel as OPEC signaled it may be willing to raise its output
    - After closing at 1.96%, the 10-year Treasury climbed to 2.00% following the CPI print
- Investment grade supply continued to be heavier than expected, with about $68 billion for the week, eclipsing projections of $50 billion
    - Although issuers offered elevated new issue concessions amid the volatility, corporate spreads widened 14bps, from 124bps to 138bps
- High yield issuers were cautious to tap the primary market, only pricing roughly $2 billion for the week
    - The yield of the Bloomberg High Yield Index rose 38bps to 6.03% and spreads widened 29bps from 355bps to 384bps as investors weighed developments on the newly-enacted Russian oil ban and sanctions
- Mortgage-backed securities (MBS) outperformed other securitized sectors and Treasuries against the volatile backdrop despite a 9% increase in refinancings
- Visible supply continued to increase in the municipal bond market, with approximately $14 billion for the week, the highest since December 2021

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
3/9/2022	1.68	1.88	1.96	2.41	2.34
MTD Change	0.25	0.16	0.13	0.17	0.17

MTD Excess Returns



Sources: Bloomberg and Bloomberg Index Services Limited