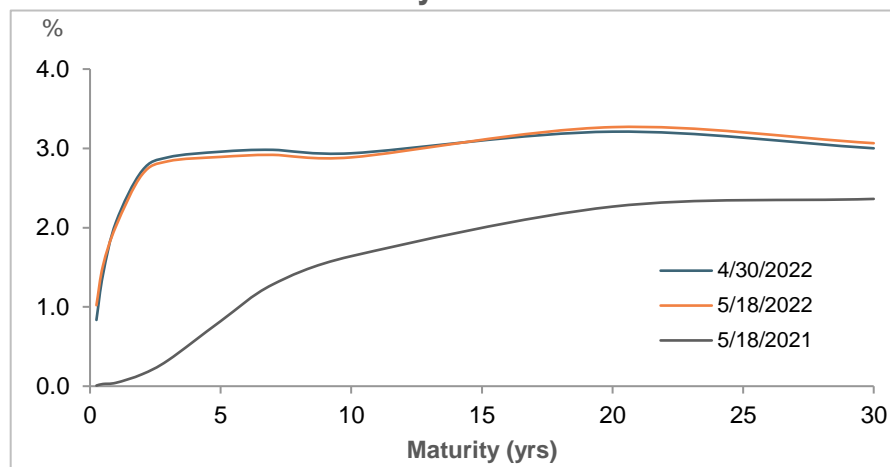




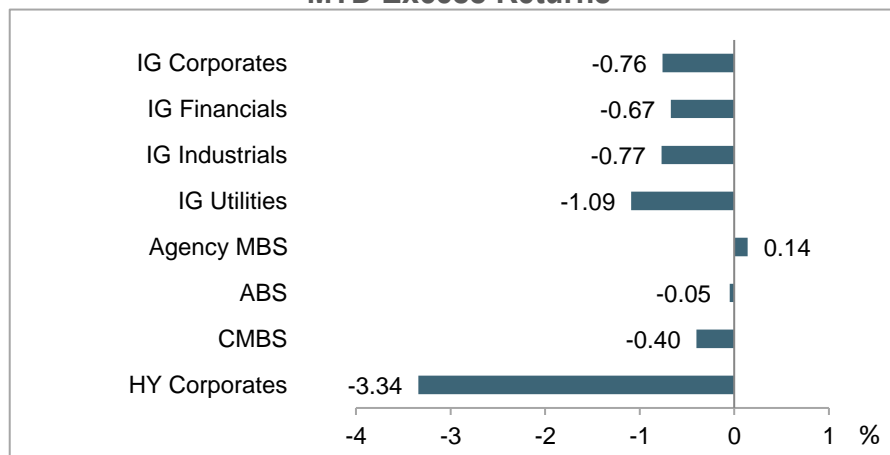
- Market sentiment slumped as investors, galvanized by recession fears, fled risk assets in droves; equities saw one of their worst days since 2020 and intermediate- and long-term Treasury yields fell
 - Economic data was mixed - US retail sales grew 0.9% in April and March was revised upward to 1.4%, but consumer sentiment fell to a fresh 10-year low of 59.1 on inflation concerns
 - Corporate earnings grew at an estimated 9.1% in 1Q22, the lowest level since 4Q20; cost pressures were a common theme, with over 85% of S&P 500 companies citing inflation on earnings calls
- Federal Reserve (Fed) Chairman Powell reaffirmed the Fed's commitment to tempering inflation, noting the Fed will tighten monetary policy until it sees convincing evidence of inflation reverting to its 2% target
 - Front-end yields rose in anticipation of continued rate hikes, and the 2-year closed up 3bps at 2.67%
- Despite the tumultuous market conditions, the investment grade corporate primary market priced over \$33 billion price of a projected \$30 billion; although demand was initially healthy, new issue concessions rose and subscription levels fell later in the week
 - Corporate spreads widened 8bps to 147bps
- High-yield issuance remained mostly frozen on rising yields and recession concerns – only one issuer came to market with a \$1 billion deal; month-to-date issuance of \$2.2 billion is on track to be the slowest May since 2008
 - The yield of the Bloomberg US High Yield Index climbed another 29bps to close at 7.80%, and spreads widened 31bps to 472bps
- Agency mortgage-backed securities (MBS) outperformed other securitized sectors, aided by expectations of lower supply
 - Mortgage applications fell 11% from the prior week and existing home sales were down 2.4% in April
- The yield of the Bloomberg Municipal Bond Index reached 3.50%, the highest level in over two years and well-above longer-term averages

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
5/18/2022	2.67	2.89	2.89	3.27	3.07
MTD Change	-0.05	-0.07	-0.05	0.06	0.07

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.