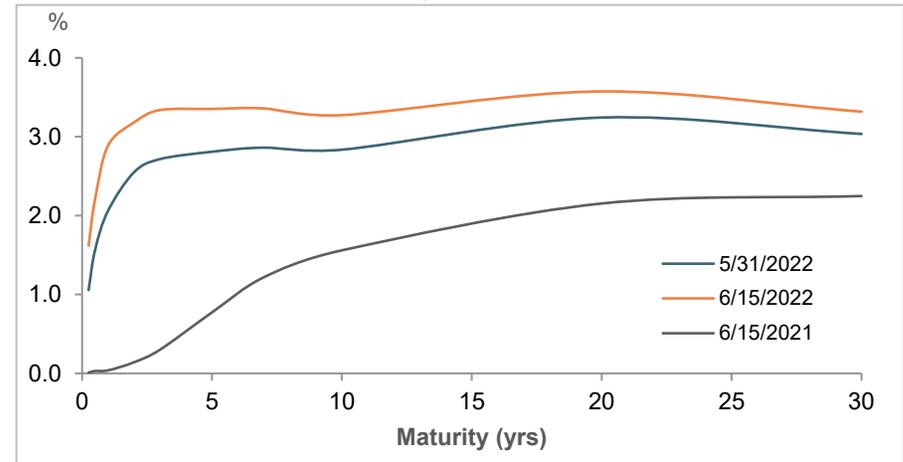




- On Wednesday, the Federal Reserve (Fed) increased the fed funds target range by 75bps to 1.50-1.75%, the largest rate hike in over 25 years
 - The Fed's decision came amidst renewed inflation fears spurred by the latest print; May CPI rose 8.6% year-over-year versus expectations of an 8.3% increase
- Treasury yields increased across the curve and the curve flattened, as investors began anticipating 75bp rate hikes following the higher-than-expected inflation data released last Friday
 - Investors expect another eight 25bp rate hikes prior to 2023
 - Higher rates pushed the 30-year mortgage to 5.78%, a 35-year high
- The investment-grade corporate new issue market came to a standstill this week as companies remained on the sidelines given the weak tone – this was the first week of no new deals in the primary market in 2022
 - Expectations were for between \$25 and \$30 billion of issuance; next week's volume could be heavier-than-normal given the growing backlog of issuers waiting for calmer markets to issue debt
 - Light supply partially insulated corporate spreads from the softer tone, which widened 4bps from 136bps to 140bps
- High-yield issuance saw another quiet week with only \$400 million priced, down even further from the prior week's total of just \$800 million
 - The yield of the Bloomberg US High Yield Index rose 53bps to 8.32%, and spreads widened 49bps to 470bps, as equity market weakness and lower oil prices were headwinds
- Issuance of asset-backed securities (ABS) slowed this week amid the volatility; however, supply remains ahead of last year's pace with roughly \$151 billion issued year-to-date, 11% higher than at this point last year
- Municipal bonds underperformed Treasuries on the week, with the muni/Treasury ratio increasing by 6%, from 82% to 88%; however, the ratio is still 18% higher year-to-date

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
6/15/2022	3.20	3.37	3.29	3.59	3.33
MTD Change	0.64	0.55	0.44	0.33	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.