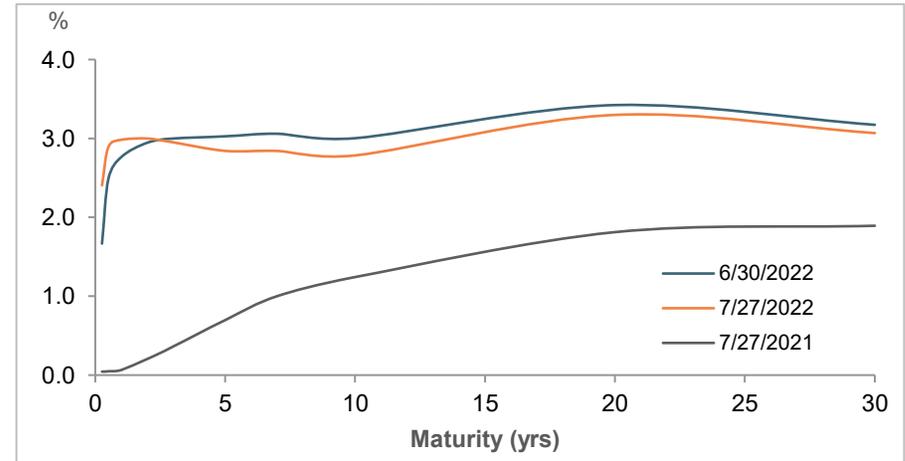




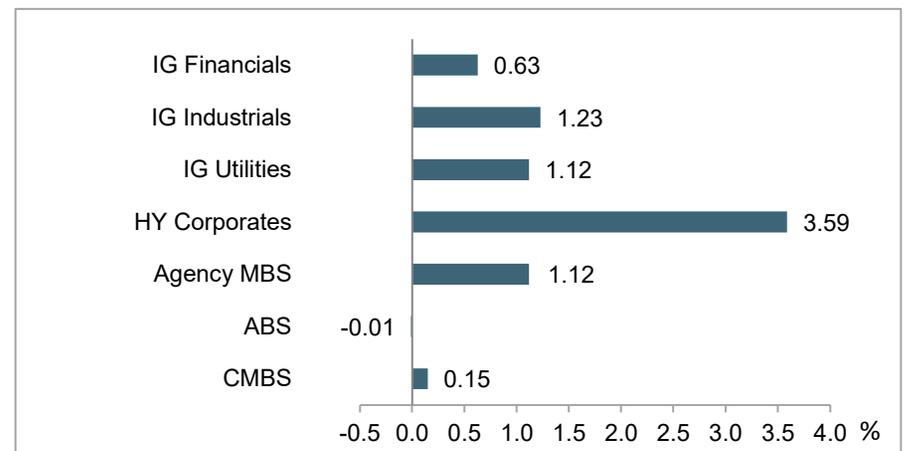
- The US economy contracted for the second consecutive quarter, entering a technical recession
  - For the second quarter, GDP fell 0.9% on an annualized basis, following the first quarter's 1.6% decline
- At its July meeting, the Fed increased rates by 75bps, bringing the federal funds target range to 2.25% - 2.50%
  - Fed Chair Jerome Powell said it would be appropriate to "slow increases at some point," and that growth needs to slow to combat inflation; market expectations of a 75bps increase at September's FOMC meeting fell to 50bps
  - Treasury yields rallied at the front end of the curve following weak economic data and the Fed's dovish tone; the 2-year Treasury fell 0.23% week-over-week to 3.00%, and the 10-year Treasury declined 0.24% to 2.79%
- This week's investment grade corporate issuance was robust at about \$19 billion, surpassing the lower end of dealer estimates of \$15-20 billion; corporate spreads were unchanged week-over-week at 144bps
  - At \$87 billion, July's investment grade issuance has exceeded market expectations
- There was only one new issue in the high-yield market this week, which amounted to \$725 million – the third new issue in July; for the month, issuance totaled \$1.8 billion
  - The Bloomberg US High Yield Index's yield fell 16bps week-over-week to 8.06%, and spreads widened 11bps to 491bps
- Despite the Fed's continued balance sheet reduction, agency MBS outperformed other securitized sectors; MBA's mortgage applications index fell to a 22-year low the week ending July 22<sup>nd</sup>
- Municipals underperformed Treasuries as the 10-year muni/Treasury ratio rose 2% to 84%

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
7/27/2022	3.00	2.84	2.79	3.30	3.07
MTD Change	0.04	-0.20	-0.23	-0.14	-0.12

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.