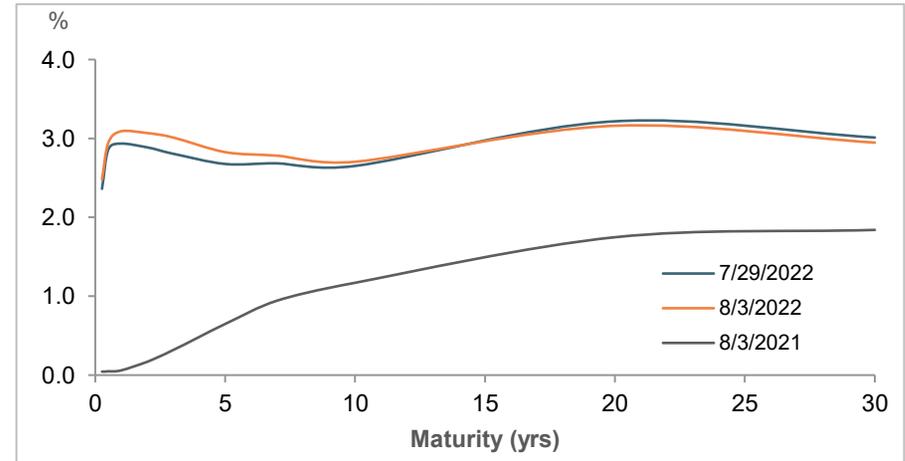




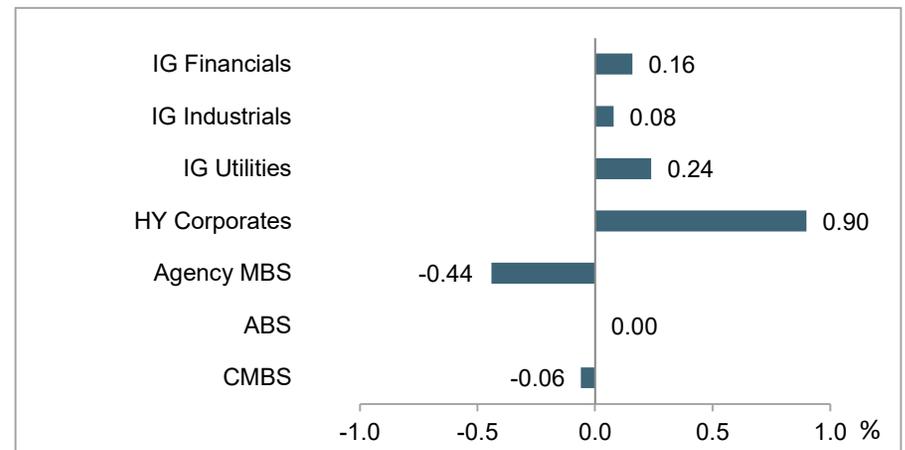
- Treasury yields rose and then declined during the week as the market digested Fed comments regarding their path forward
  - Yields on the 2-year and 10-year Treasuries rose to 3.19% and 2.85%, respectively
  - Their yield inversion at one point reached 38bps, a level that hasn't been seen since September 2000
- Multiple economic data releases showed better than expected results, supporting the Fed's comments that the U.S. is not in a recession
  - The ISM Manufacturing index ticked lower in July to 52.8, remaining in growth territory and exceeding expectations; the ISM Service Index increased to 56.7, with broad base improvements across components
- August began with \$56 billion in investment grade new issue coming to market, including Meta's debut issuance of \$10 billion; corporate spreads tightened 3bps to 141 bps
- Two high-yield issuers brought \$1.5 billion in new supply following a quiet July; year-to-date supply remains muted relative to last year
  - The yield of the Bloomberg U.S. High Yield Index declined 10bps to 7.63% and spreads tightened 25bps to 444bps
- Mortgage-backed securities (MBS) underperformed Treasuries and other securitized sectors; excess returns relative to Treasuries have been volatile this year
  - Mortgage rates dropped below 5% for the first time since April
- Municipals outperformed Treasuries as the 10-year muni/Treasury ratio fell 3% to 81%

### Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
8/3/2022	3.07	2.83	2.71	3.16	2.95
MTD Change	0.18	0.15	0.05	-0.06	-0.06

### Month-to-Date 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.