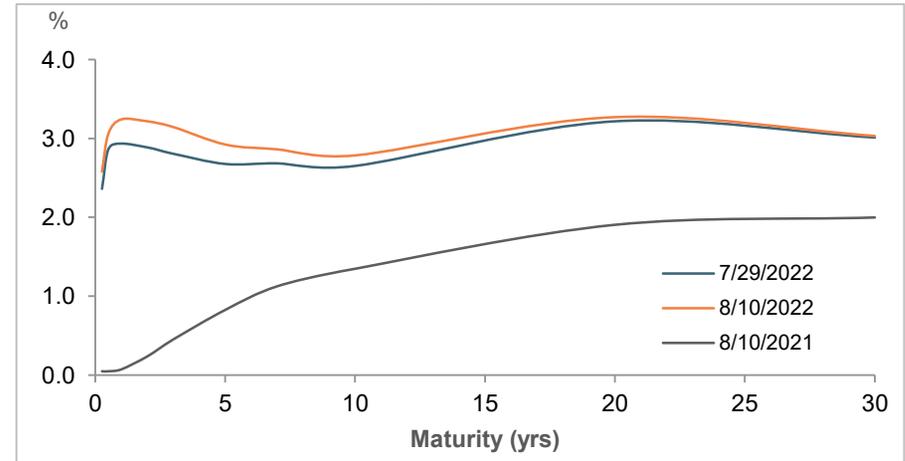




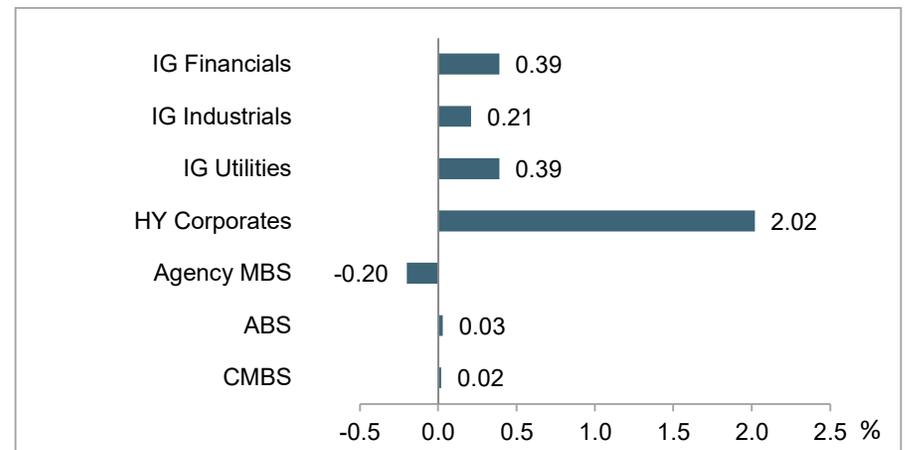
- Inflation softened more than expected after months of upside surprises, led primarily by weaker core (i.e. ex-food and energy) price pressures
  - The US Consumer Price Index (CPI) rose 8.5% year-over-year, down from 9.1% in June, driven primarily by deflation in used cars, airline fares, and lodging, while shelter inflation held firm
- July's nonfarm payroll report beat expectations, as the US economy added 528,000 jobs versus an estimated 250,000; unemployment measured 3.5%, the lowest since 1969
- Treasury yields fell across the curve immediately after the July CPI print with the 2-year Treasury falling 20bps to 3.08% before rising to 3.22%
  - With the 10-year Treasury yield at 2.79%, 2s-10s inversion stands at 43bps compared to our last report of 36bps
  - Moderation in inflation reinforced assumptions that the Federal Reserve (Fed) may ease on aggressive hiking; markets anticipate a 50bps rate hike for September's FOMC meeting
- Heavy investment grade corporate issuance continued this week as 20 issuers came to market with approximately \$30 billion, bringing month-to-date issuance above \$86 billion
  - Spreads tightened 2bps week-over-week to close at 139 bps
- Two high-yield issuers brought \$900 million in new supply
  - The Bloomberg U.S. High Yield Index yield declined 14bps to 7.49% and spreads tightened 26bps to 418bps
- Agency mortgage-backed securities (MBS) outperformed other securitized sectors week-over-week; the MBA Mortgage Application Index increased by 0.2%, driven by a jump in mortgage refinancing
- Municipals outperformed Treasuries as the 10-year muni/Treasury ratio fell 1% to 81%

### Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
8/10/2022	3.22	2.92	2.79	3.27	3.03
MTD Change	0.33	0.25	0.13	0.06	0.02

### 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.