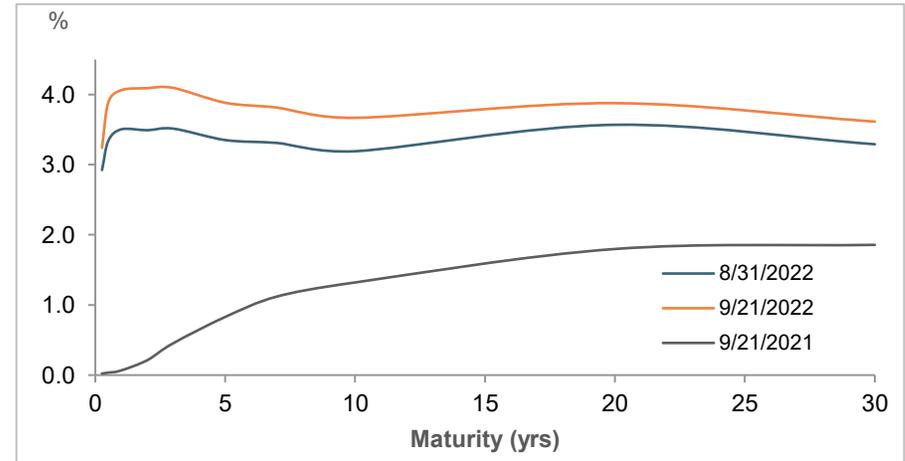




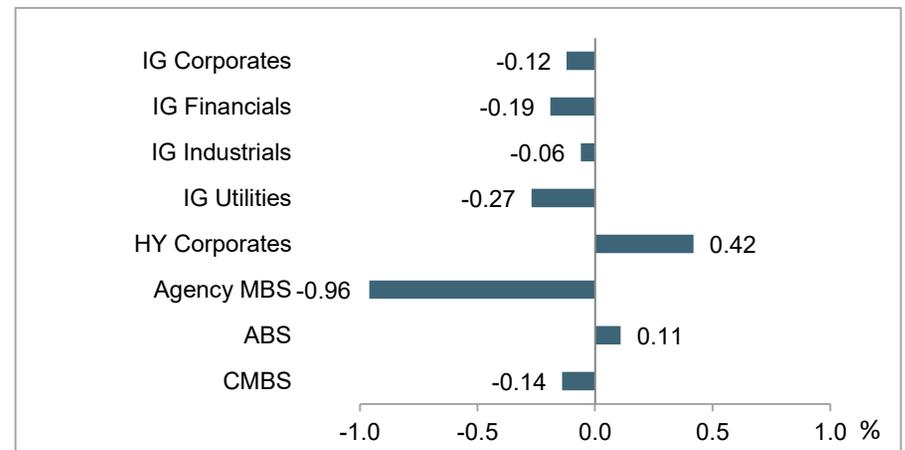
- Liquidity was challenged in both rates and spread sectors this week as the Federal Reserve’s (Fed) measures to combat inflation escalated, signaling the most aggressive monetary tightening path since the 1980s
 - The Fed announced a third consecutive 75bp rate hike, which was in line with expectations; the Fed’s hawkish sentiment continues to intensify as Fed Chair Powell signaled that rates may remain restrictive
 - The median Fed forecast shows rates at 4.6% in 2023, up from 3.75% projected in June; unemployment is expected to rise to 3.8% at year-end and 4.4% in 2023, up from 3.7% and 3.9%, respectively
- Treasuries sold off this week in response to the Fed’s hawkish tone; the 2-year Treasury yield rose above 4% for the first time since 2007, closing at 4.1% on Wednesday
- Investment grade supply remained light this week as the Fed took center stage and spreads remained unchanged
- New issuance in the high yield market remains on hold as investors digest the impact of economic data; yields rose 30bps to 8.8% and spreads widened 19bps to 482bps week-over-week
- Agency MBS continued to underperform other securitized sectors as sales of previously owned US homes fell for the seventh straight month amid high prices and rising mortgage rates; Fed Chair Powell signaled there wouldn’t be any MBS sales in the near term
- Municipals underperformed Treasuries as the 10-year muni/Treasury ratio rose from 83% to 85% due to continual outflows from municipal bond funds

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
9/21/2022	4.05	3.77	3.53	3.76	3.51
MTD Change	0.56	0.42	0.34	0.19	0.21

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.