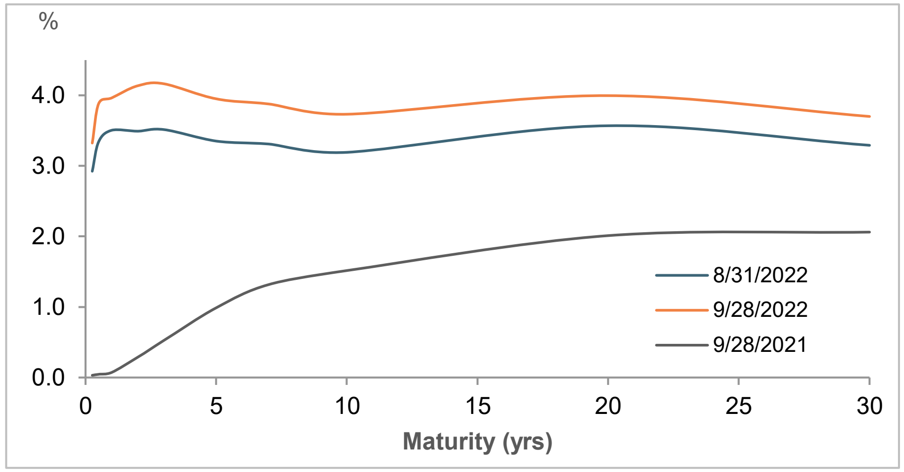
# IR+M CLIENT UPDATE
## September 23 – September 29, 2022

INCOME RESEARCH + MANAGEMENT

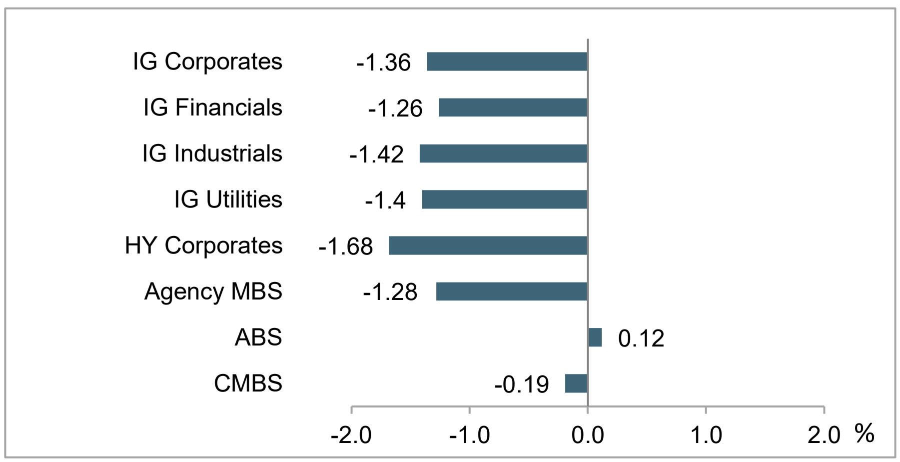
- Volatility hit global markets and bond yields fell, as central banks took measures to stabilize exchange rates against the strengthening US dollar
  - Spurred by the Federal Reserve's (Fed) aggressive pace of monetary tightening to combat inflation, several central banks resorted to either hiking rates or drawing down their foreign exchange reserves to defend their currencies
- The Bank of England pledged unlimited purchases of long-dated government bonds in an effort to buttress the flailing gilt market
  - Treasury yields rose across the curve as a result, pushing the 10-year yield above 4% before retreating 21bps to close at 3.73% - the largest one-day decline since March 2009
- Investment-grade supply was again limited this week, totaling just $1.1 billion, as market volatility kept most borrowers on the sidelines
  - Spreads widened 15bps week-over-week after widening 7bps on Tuesday alone, the largest percentage basis move since March 7th; spreads have now widened four straight sessions
- High-yield supply continued to stall, as rising debt costs and a generally risk-off sentiment dampened supply; with only $9 billion in issuance, this was the lowest September on record since 2011
  - Week-over-week, yields rose 80bps to 9.6% and spreads widened 66bps to 548bps
- Asset-backed securities (ABS) outperformed other securitized sectors' light new issue activity; issuance reached $221 billion year-to-date, 4% lower than the $231 billion priced by this time last year
- Municipals underperformed Treasuries, with the 10-year muni/Treasury ratio increasing 3% week-over-week to 87%

### Treasury Yield Curve




| Maturity | 2-year | 5-year | 10-year | 20-year | 30-year |
|---|---|---|---|---|---|
| *9/28/2022* | 4.14 | 3.95 | 3.73 | 4.00 | 3.70 |
| *MTD Change* | 0.64 | 0.60 | 0.54 | 0.43 | 0.41 |

### Month-to-Date Excess Returns




Sources: Bloomberg and Bloomberg Index Services Limited