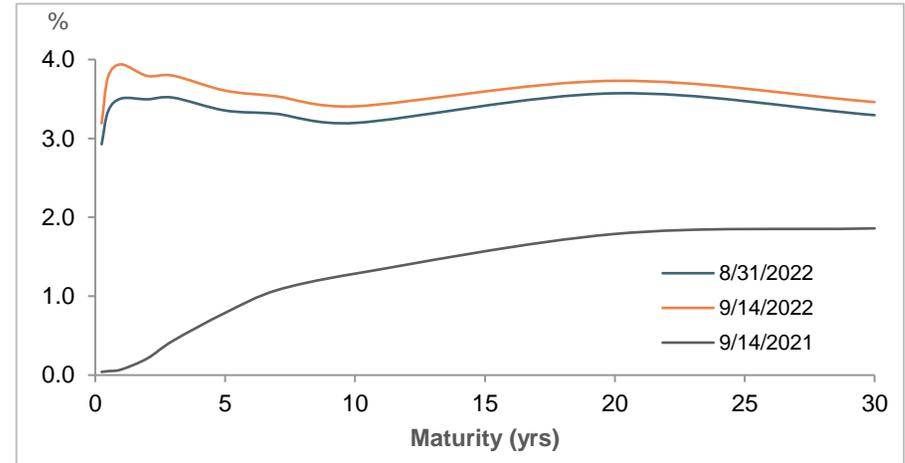




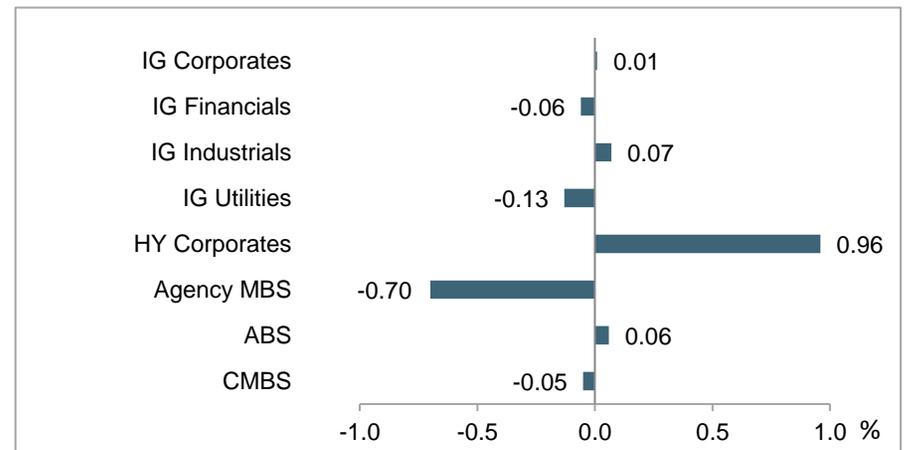
- Markets sold off this week following a disappointing inflation reading; investors are prepared for a possible 100bps rate hike at next week's Federal Open Market Committee (FOMC) meeting, although consensus still leans toward 75bp
 - The core Consumer Price Index (CPI) increased by 0.6% in August versus expectations of 0.3% as shelter and food prices continue to surge
- Treasury yields rose across the curve, particularly in the short end, which is most sensitive to monetary policy changes; the 2-year Treasury increased by 30bps this week
 - The Treasury curve inversion intensified, with the 2-year and 30-year curve reaching -33bps on Wednesday, its most inverted level this century
- Investment-grade issuers retreated to the sidelines following the CPI release, with only \$20 billion of issuance versus estimates of \$35-\$40 billion; spreads remain unchanged week-to-date
- The broad market sell-off carried a risk-off tone, causing high yield spreads to widen 6bps to 463bps; yields rose to a two-week high of 8.5%
- This week marks the end of the Federal Reserve's mortgage-backed securities (MBS) purchasing program; MBS underperformed other securitized sectors as the average 30-year mortgage rate rose to 6.2% on Tuesday, its highest level since late 2008
- Municipal issuance gained traction following the summer lull as the market gears up for seasonally heavier sales; supply is down 13% year-to-date as rate increases have decreased refunding and taxable municipal volumes

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
9/14/2022	3.79	3.60	3.41	3.73	3.46
MTD Change	0.30	0.25	0.21	0.16	0.17

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.