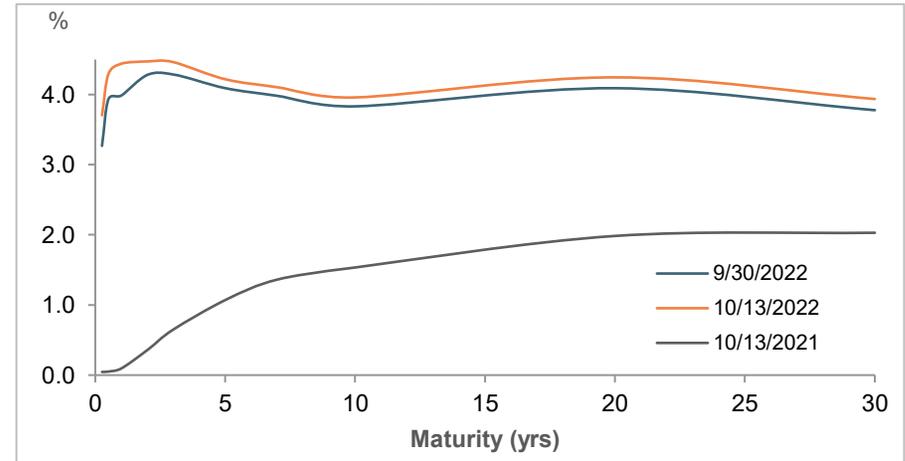




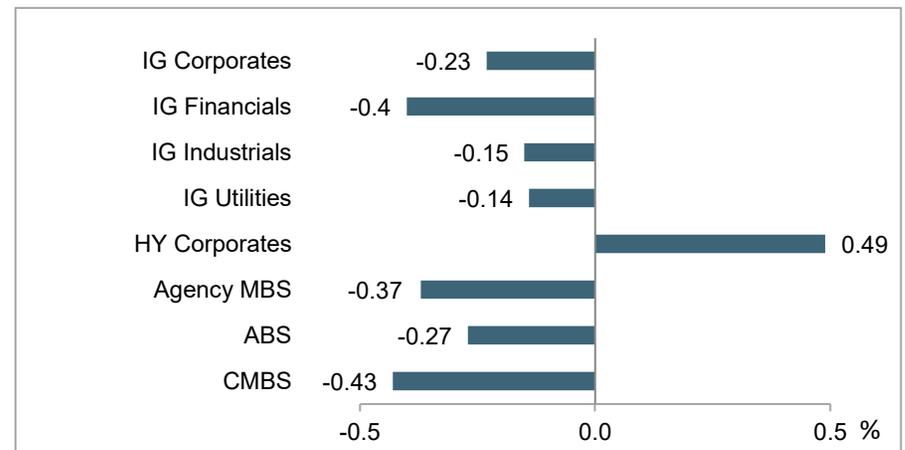
- Thursday's CPI release showed that core inflation hit a new four-decade high last month, rising 6.6% year-over-year, while headline CPI rose 8.2%, down slightly from last month
- Treasury yields rose, led by the front-end, and the curve flattened following the higher-than-expected CPI print; the yield on the 10-year briefly rose above 4%
 - Minutes from September's Federal Open Market Committee (FOMC) meeting revealed that Fed officials have been surprised at the pace of inflation and expect higher rates for longer
 - Markets are now firmly pricing-in a fourth-consecutive 75bps Fed rate hike in November
- The investment-grade primary market came to a standstill this week
 - Corporate spreads widened 13bps to 165bps, the widest since June 2020
- The high-yield primary market awakened as two issuers came to market this week with \$660 million in supply
 - The yield of the Bloomberg High Yield Index fell 29bps to 9.59%; spreads widened 34bps to 533bps
- MBS continues to underperform as 30-year fixed mortgage rates approach 7% and the market digests incremental supply left by the Fed's departure; volatility reached a two-year high
- The municipal market was sluggish this week with less than \$4 billion in issuance, continuing the trend of low supply in a season that typically sees an uptick in activity
 - Municipals outperformed Treasuries and the muni/Treasury ratio fell to 81%

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
10/13/2022	4.47	4.22	3.96	4.25	3.94
MTD Change	0.19	0.13	0.13	0.16	0.16

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.