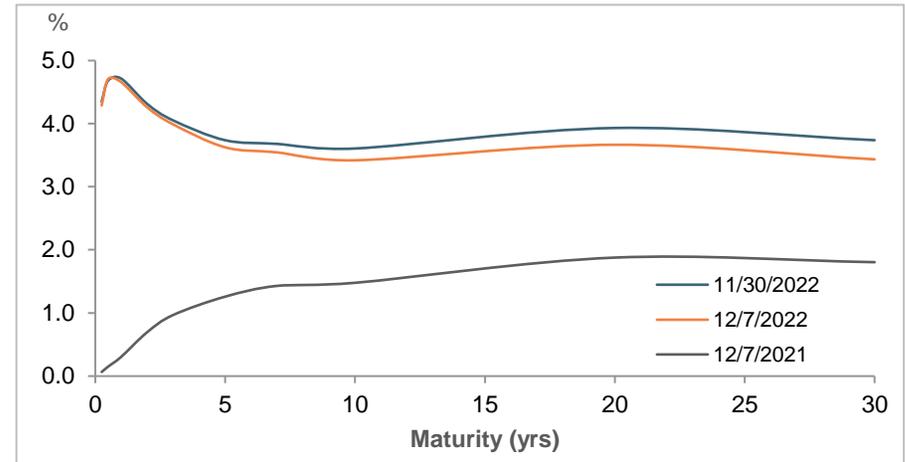




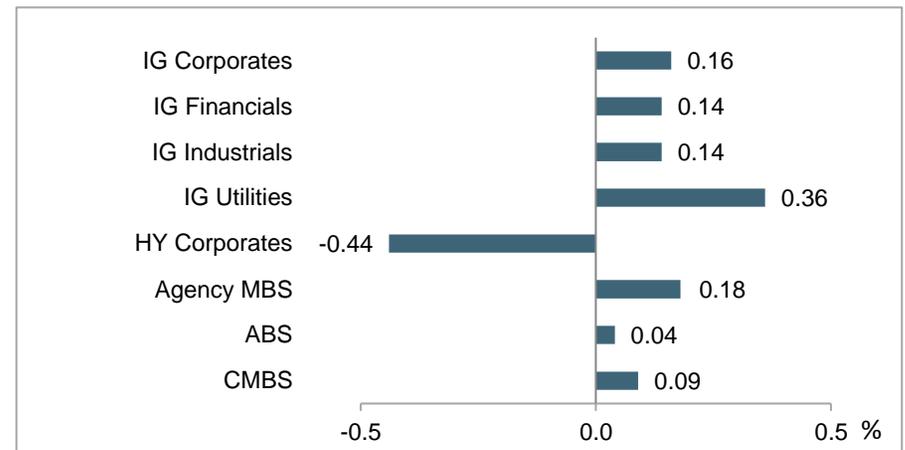
- Volatility in risk assets resurfaced this week following unexpectedly positive economic data, raising the risk that the Federal Reserve (Fed) will be more aggressive at the final FOMC meeting of 2022
  - November's robust jobs report showed nonfarm payrolls increased by 263,000, beating estimates of 200,000, while unemployment was unchanged at 3.7%
  - Factory orders ticked up 1.0% month-over-month in October, led by strong demand for non-durable goods
  - ISM Services Index increased to 56.5 in November versus expectations of a decline
- Fed Chair Jerome Powell indicated that the central bank will likely slow the pace of rate increases; however, positive economic data raises the possibility that tighter monetary policy will persist
- The 2- and 10-year Treasury spread reached its most inverted level since 1981 at -84bps, highlighting investor expectations that restrictive financial conditions will impact long-term growth; the 30-year Treasury rate reached a three-month low, closing at 3.43% as a result
- Four investment-grade corporate issuers came to market with over \$4 billion in supply, well-below weekly estimates of \$10 billion; light supply buoyed spreads, which tightened 1bp to 132bps
- Recessionary fears kept high yield issuers sidelined as investors pulled funds for the first time in several weeks; the yield of the Bloomberg High Yield Index fell 4bps to 8.59%, and spreads widened 10bps to 458bps
- Agency mortgage-backed securities (MBS) outperformed other securitized sectors amid slower prepayment speeds; mortgage rates fell for a fourth consecutive week, with the 30-year rate declining to 6.41%
- Long-duration munis could not keep pace with Treasuries amid the large rate move; the 30-year muni/Treasury ratio increased 7% to 102%

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
12/7/2022	4.26	3.63	3.42	3.67	3.43
MTD Change	-0.05	-0.11	-0.19	-0.27	-0.30

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.