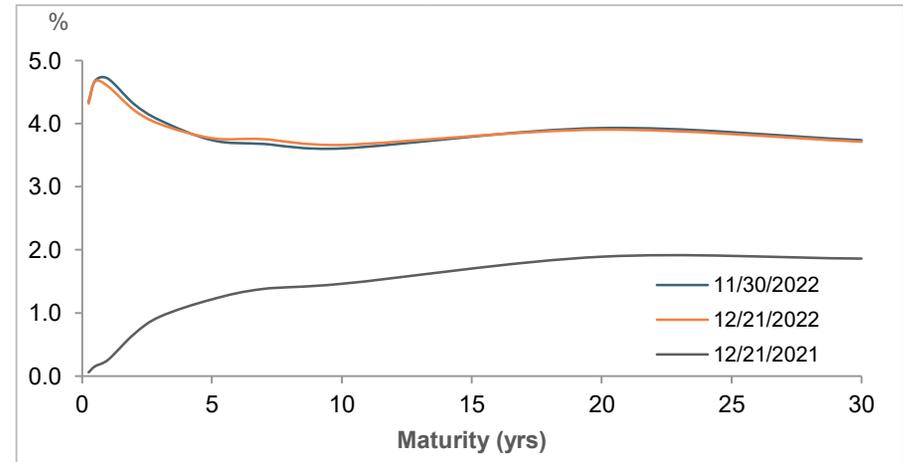




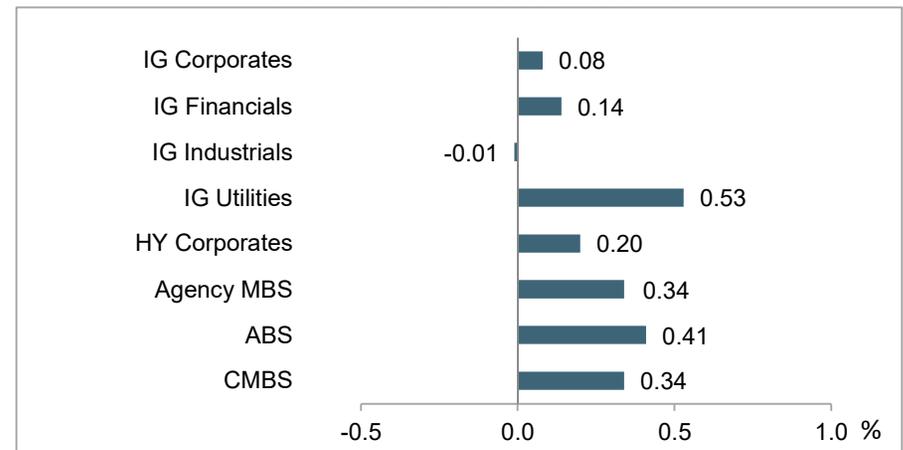
- The Bank of Japan (BOJ) surprised markets with a new yield curve control policy which, combined with last week's hawkish rhetoric, caused a broader risk-off tone for the week
  - The BOJ widened its permissible range around the 10-year rate to 0.5%, claiming the move was to improve market function rather than tighten monetary conditions
- Treasury yields increased and the curve tightened, with the 10-year rate up 18bps this week to 3.66%, as investors brushed off the Federal Reserve's (Fed) hawkish rhetoric last week
- Despite tighter financial conditions, economic data was solid and consumer confidence improved
  - GDP increased to 3.2% during the third quarter, beating estimates of 2.9%
  - Third-quarter PCE grew at 2.3%, while Core PCE came in at 4.7%; both measures exceeded market expectations
- Investment-grade and high-yield issuers wrapped up the week with no new supply and likely concluded issuing new debt until 2023
  - Investment-grade and high-yield corporate spreads widened 2bps to 132bps and 18bps to 448bps, respectively, as last week's softer tone combined with the surprising BOJ action
  - Yields rose to the highest levels in recent weeks across both sectors, with investment-grade and high-yield reaching 5.26% and 8.60%, respectively
- Asset-backed securities (ABS) outperformed other securitized sectors during the week as investors preferred short-duration assets
- Year-to-date tax-exempt municipal bond issuance reached \$331 billion; long-end municipals outperformed Treasuries and the 10-year muni/Treasury fell from 73% to 71%

### Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
12/21/2022	4.22	3.77	3.66	3.90	3.72
MTD Change	-0.10	0.03	0.06	-0.03	-0.02

### 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.