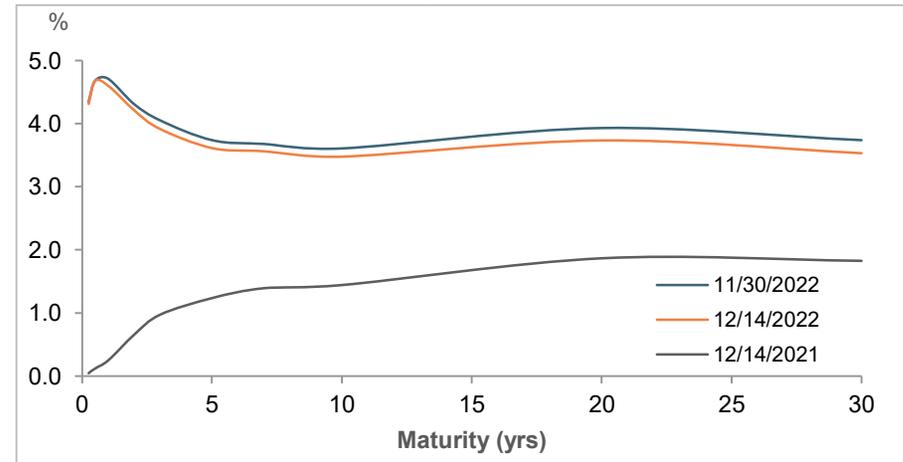




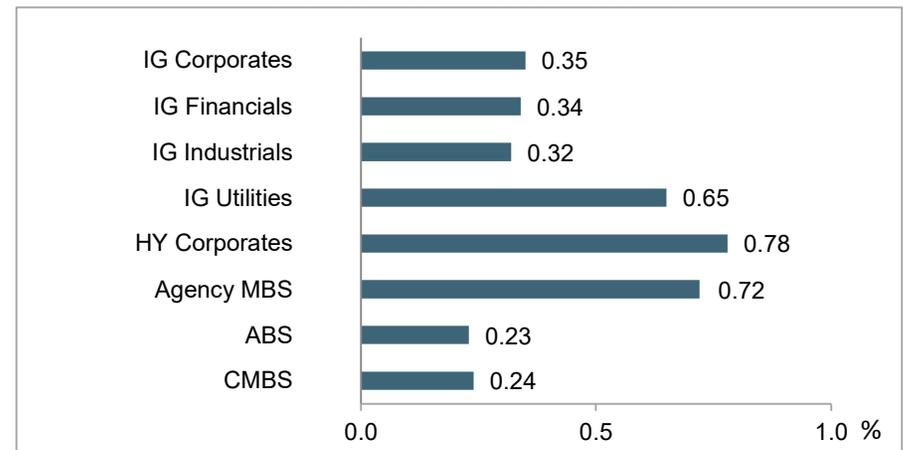
- Although inflation cooled and the Federal Reserve (Fed) slowed the pace of rate hikes, Fed Chair Powell reiterated there was a 'ways to go'
 - November CPI and Core CPI increased 7.1% and 6.0%, respectively, year-over-year, suggesting tighter monetary policy is having some impact on pricing pressures
 - Fed officials unanimously voted to hike the fed funds target range by 50bps to 4.25-4.50%, in line with expectations and marking the fastest annual hiking pace on record
- Treasury yields fell week-to-date, with the 3-year falling back below 4%, as slowing inflation caused investors to reassess how high rates need to go, despite the Fed pointing to a higher terminal rate
- As investors awaited the FOMC meeting, supply across both investment-grade and high-yield corporate markets was sparse this week, with only one investment-grade issuer issuing \$3 billion in debt
 - Investment-grade spreads were 2bps tighter week-over-week, with inflationary pressures and light supply acting as tailwinds, despite promises of more rate hikes
 - The yield and spread of the Bloomberg High Yield Index dropped to a 3-month low of 8.32% and 430bps, respectively
- Agency mortgage-backed securities (MBS) outperformed other securitized sectors amid falling Treasury rates and lower volatility
- Municipal issuance was light this week, totaling under \$3 billion; a similar amount is expected to be issued through the remainder of 2022
 - Municipals outperformed Treasuries across the curve, with the 10-year muni/Treasury ratio decreasing 3% to 73%

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
12/14/2022	4.21	3.61	3.48	3.73	3.54
MTD Change	-0.10	-0.12	-0.13	-0.20	-0.20

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.