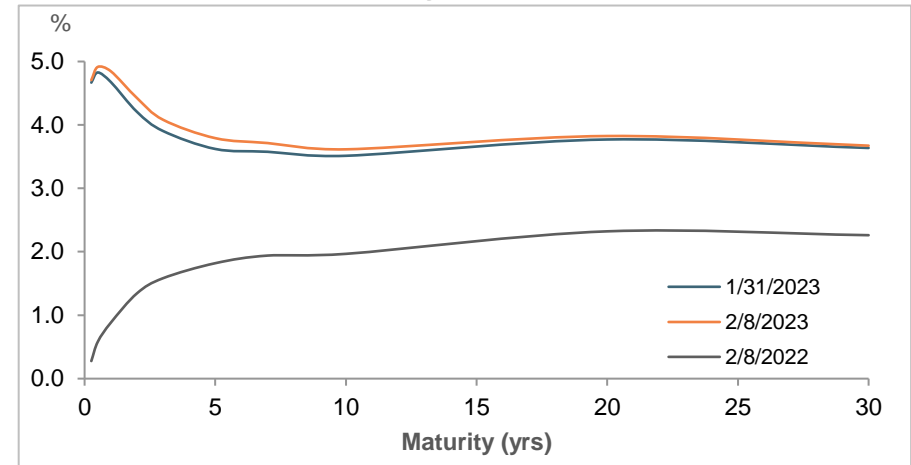




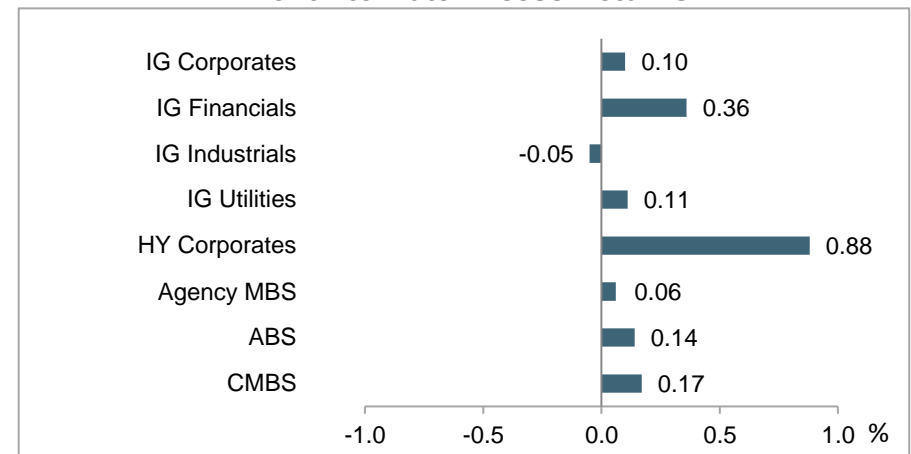
- Strong labor market data raised doubts about a looming recession and pressured the Federal Reserve (Fed) to keep raising rates
  - Nonfarm payrolls increased 517,000 in January, well-above market estimates of 189,000, and up from a revised 260,000 the prior month
  - Despite initial jobless claims rising for the first time in six weeks, the unemployment rate fell to a 53-year low of 3.4%
- Following the strong jobs report, Fed officials cautioned that the Fed may need to keep rates “higher for longer;” some investors are wagering the rate peak could reach 6%
- Treasury yields increased across the curve, which continued to invert; the spread inversion between the 2- and 10-year Treasury rate reached 86bps during Thursday’s session, its most inverted level since 1980
- Corporate issuance continued to be strong this week as investor demand remained robust
  - 21 borrowers issued deals in the investment-grade primary market with over \$33 billion priced, surpassing projections of \$30 billion; spreads tightened 2bps week-over-week to 116bps
  - Six issuers brought roughly \$6 billion of supply in the high-yield market; the yield of the Bloomberg High Yield Index rose 6bps week-over-week to 8.09%, and spreads tightened 20bps to 399bps
- Commercial mortgage-backed securities (CMBS) outperformed other securitized sectors; only \$3 billion in private-label issuance has been issued month-to-date, down from over \$22 billion last February
- Municipals outperformed Treasuries across the curve; the 10-year muni/Treasury ratio fell 2% week-over-week, closing at 63%, a 17-month low

### Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
2/8/2023	4.42	3.79	3.61	3.82	3.67
MTD Change	0.22	0.17	0.10	0.06	0.04

### 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.