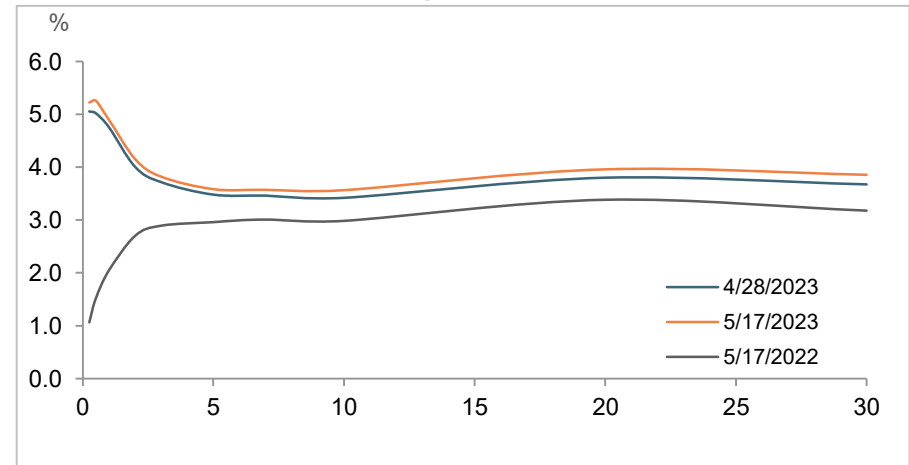




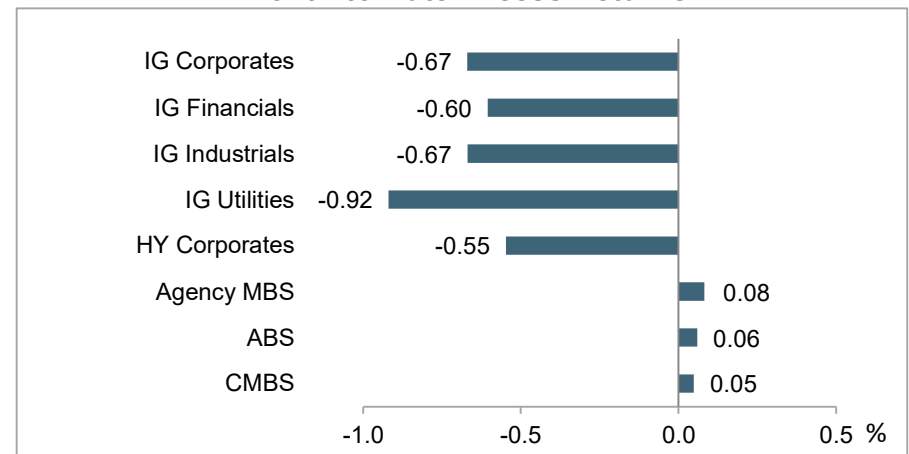
- Concerns about the debt-ceiling dominated headlines this week amidst waning consumer sentiment and cooling housing market data
  - Consumer sentiment readings sunk to their lowest level of 2023 as long-term inflation expectations surged
  - Existing home sales dropped for the second straight month in April by 3.4%, amid continually elevated mortgage rates and homebuyer confidence at 40-year lows
- Treasury yields moved higher week-over-week, notably in the front end of the curve, as Federal Reserve (Fed) officials downplayed the potential for rate cuts this year; the market-implied probability of a rate hike at the June FOMC meeting jumped from 3% to 29%
  - The 2-year Treasury yield was 25bps higher week-over-week and closed at 4.16%, while the 30-year rose 7bps to 3.86%
- Pfizer’s landmark \$31 billion bond sale became the fourth largest deal ever in the US investment-grade primary market, propelling supply to roughly \$58 billion, marking the second busiest week of the year so far
  - Investment-grade corporate spreads were unchanged week-over-week at 146bps
- High-yield issuers rushed into the primary market this week, supplying over \$3 billion; uncertainty surrounding the debt-ceiling contributed to a 24bp increase in yields, reaching their highest level since March at 8.80%
  - High-yield spreads widened 13bps to 484bps
- Issuance of asset-backed securities (ABS) poured in this week, as approximately \$11 billion priced; however, year-to-date supply of \$111 billion is 10% below last year’s pace
- Municipals performed in line with Treasuries; the 10-year muni/Treasury ratio remained unchanged at 67%

### Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
5/17/2023	4.16	3.59	3.57	3.96	3.86
MTD Change	0.15	0.10	0.14	0.16	0.18

### 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.