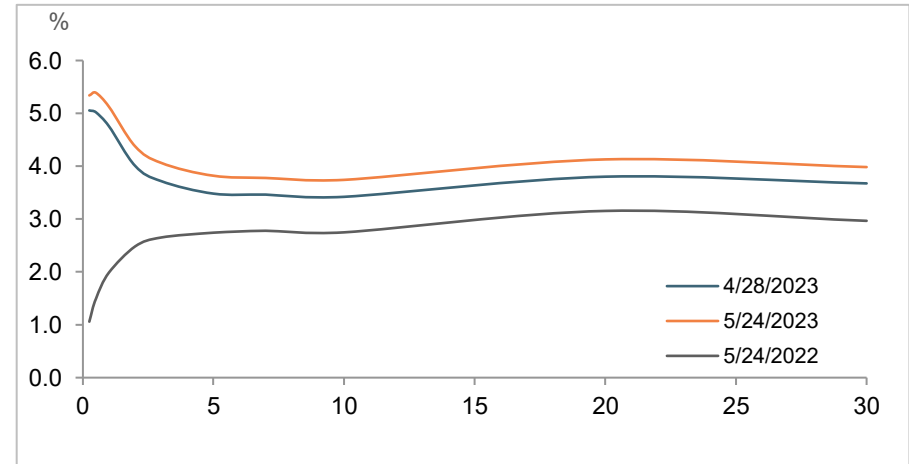




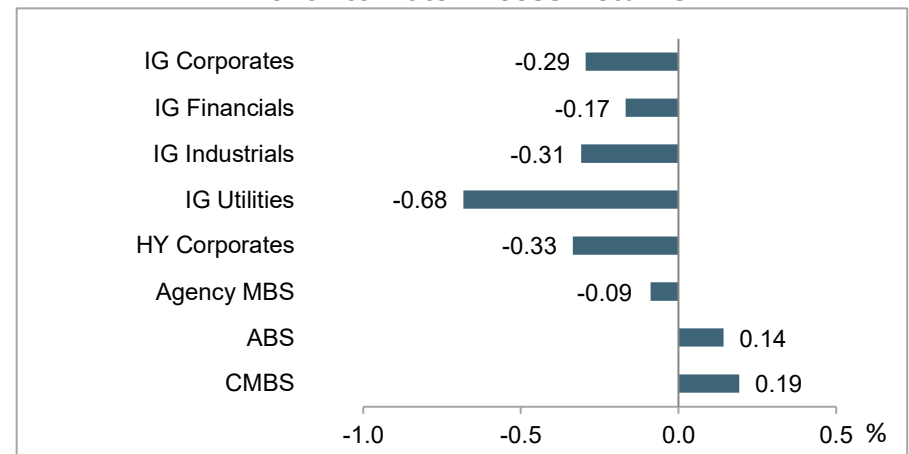
- Investor focus remained on the debt-ceiling this week as a possible US technical default looms, while resilient economic data opened the door for further monetary tightening
 - April new home sales rose by 4.1% month-over-month; however, the median sales price fell to the lowest level since December 2021
 - Initial jobless claims ticked up this week to 229,000, but remained below the four-week moving average of 232,000
- Treasury yields rose broadly across the curve, with short-term Treasuries skyrocketing on fears of a technical default; the 30-day Treasury yield jumped 28bps to 5.63%, while the 2-year rose to 4.38%, following ten straight sessions of increases
 - The yield of Treasury Bills maturing in early June 2023 surged above 7% before falling back below 6.5% Thursday on hopes of a debt-ceiling compromise
- Investment-grade issuance slowed to \$14 billion, below estimates of at least \$15 billion, following last week's deluge of supply
 - Investment-grade corporate spreads narrowed 5bps week-over-week to 141bps
- High-yield issuance continued to flow with almost \$5 billion supplied, bringing high-yield issuance to roughly \$22 billion in May, marking the busiest month since January 2022
 - Spreads tightened by 28bps on Monday alone, the most in a single day since February, and closed the week at 464bps
- MBA mortgage applications fell for a second straight week and weighed on mortgage-backed securities, which lagged other securitized sectors
- Municipal bond mutual fund outflows continued for the 5th straight week, as investors pulled another \$137 million; outflows since mid-April totaled roughly \$1.7 billion

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
5/24/2023	4.38	3.82	3.75	4.13	3.99
MTD Change	0.37	0.34	0.32	0.33	0.31

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.