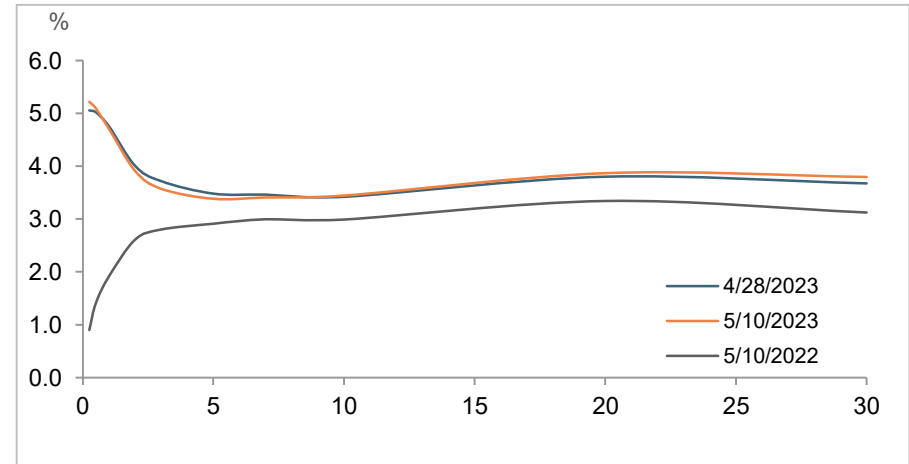




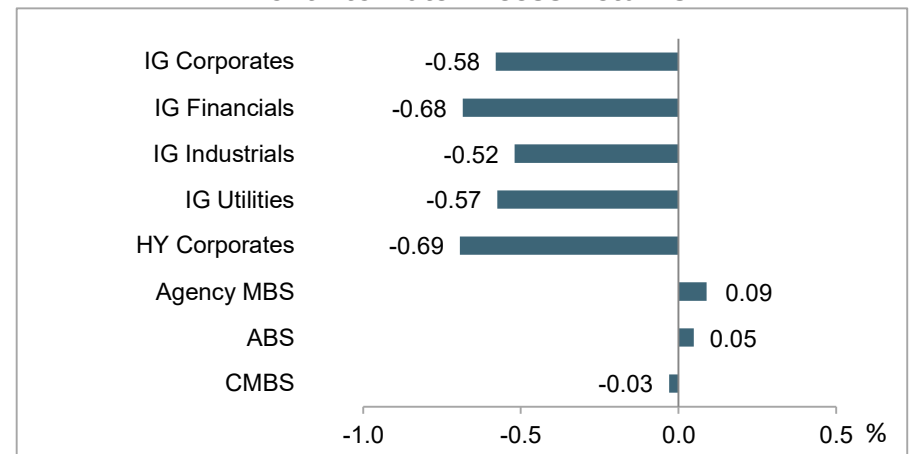
- Investor focus was on key inflation data released this week that suggested inflationary pressures may be easing, although market volatility remained elevated with the [debt-ceiling debate](#) intensifying
  - CPI grew at 0.4% month-over-month in April, led by a 2.7% rise in energy prices; Core CPI, which excludes volatile items such as food and energy, also grew at 0.4%, as prices of used cars increased for the first time since June 2022, growing 4.4%
- Treasury yields moved higher across the curve; the spread between the 2- and 10-year Treasury rate remained inverted at -47bps
  - The US Treasury auctioned \$35 billion in 10-year Treasury notes this week which received healthy demand; the 10-year Treasury yield rose 10bps week-over-week to 3.44%
- Investors continued to have strong demand for corporate bonds, as an influx of supply saw new issuance reach \$33 billion this week
  - Corporate spreads widened 3bp week-over-week to 146bps
- The high-yield primary market remained resilient despite continued volatility as another \$3 billion priced, pushing monthly issuance in May to roughly \$9 billion, up more than 100% from May 2022
  - High-yield spreads tightened 2bps to 471bps, while yields rose 3bps to 8.56%
- Commercial mortgage-backed securities (CMBS) underperformed other securitized sectors as concerns about commercial real estate (CRE) continued to permeate the markets
- Municipal fund flows continued a negative streak, as investors withdrew roughly \$600 million from mutual funds, marking the third straight week of outflows; municipals outperformed Treasuries and ratios moved lower across the curve

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
5/10/2023	3.91	3.39	3.44	3.87	3.80
MTD Change	-0.09	-0.10	0.01	0.07	0.12

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.