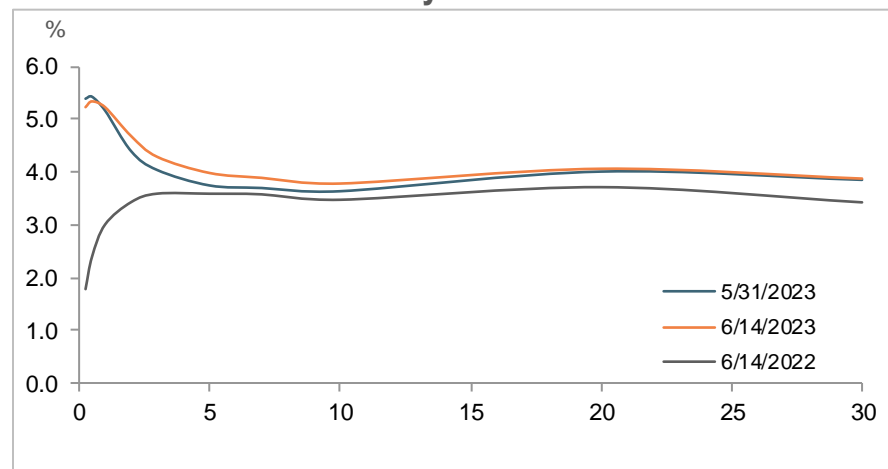




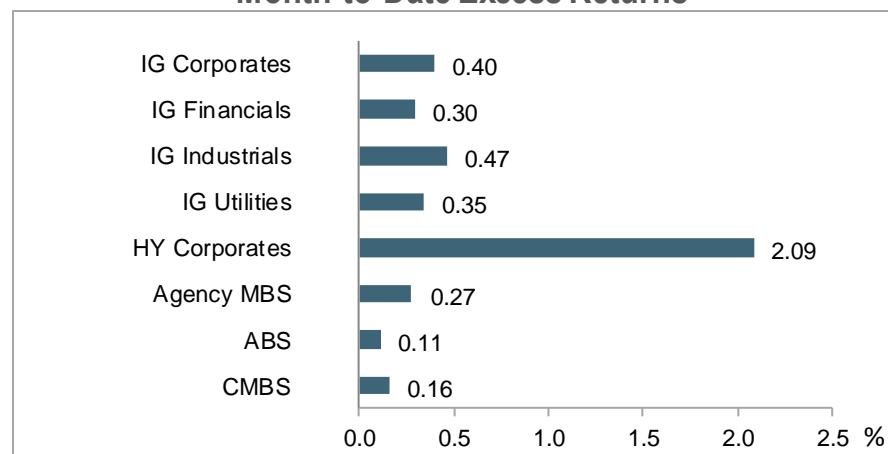
- The Federal Reserve (Fed) paused its tightening campaign after hiking interest rates at the previous 10 FOMC meetings, leaving the Fed Funds target range between 5.00 – 5.25%, but signaled future hikes would likely resume
 - Short-term Treasury yields, which are sensitive to near-term interest rates, increased following the FOMC announcement; the 2-year Treasury yield rose 13bps week-over-week to 4.69%
- CPI cooled for the 11th straight month in May, growing 4% year-over-year, which is the lowest level since March 2021, as moderating energy prices offset gains from services and food
- Investment-grade corporate and high-yield bond issuance slowed this week, with only \$10 billion and \$1 billion pricing, respectively, as investors awaited the Fed’s decision on the course of future rate hikes
 - Investment-grade corporate spreads were relatively unchanged, tightening only 1bp week-over-week to 135bps
- High-yield corporates outperformed other sectors, driven by inflows into high-yield funds and expectations that the Fed would pause its tightening cycle
 - The yield on the Bloomberg High-Yield Index dropped 6bps to 8.57%, while spreads tightened 16bps to 406bps, their lowest level since early March
- After declining for four straight weeks, the MBA Mortgage Applications Index experienced its largest weekly gain since early March, increasing 7.2%, suggesting stabilizing in the housing market
- Municipal fund flows reversed direction this week, as investors added \$484 million, ending a seven-week period of outflows totaling over \$3 billion

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
6/14/2023	4.69	3.99	3.79	4.07	3.88
MTD Change	0.28	0.23	0.14	0.05	0.02

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 thirdparty 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.