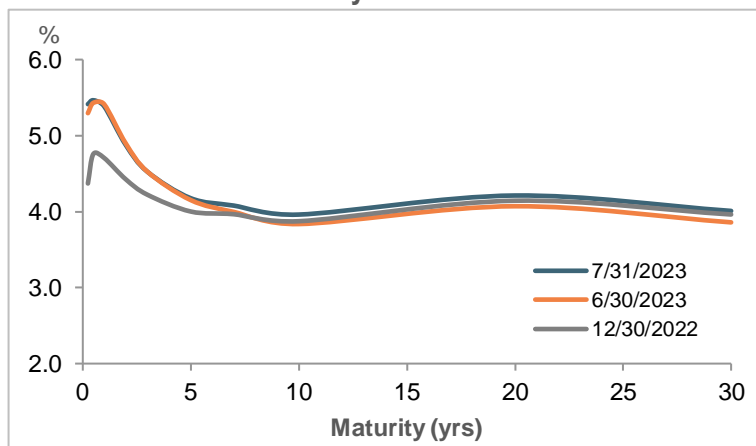


MARKET NEWS

- The positive momentum in risk assets from June carried over into July as equities rose and credit spreads tightened amid better-than-expected inflation prints and economic data
 - CPI rose by 3.0% year-over-year in June, lower than expected and the slowest pace in two years, while core CPI rose by 4.8%; the PPI final demand reading grew by just 0.1% year-over-year
 - U.S. GDP grew by an annualized rate of 2.4% in the second quarter of the year and consumer spending rose by 1.6% in the same period, both metrics higher than expected
- The FOMC resumed its hiking campaign in July, increasing the federal funds rate target range by 25bps to 5.25% - 5.50%; Chair Powell did not rule out further rate increases while markets expect little change to the current rate through year-end
 - Treasury rates rose slightly on the month, apart from the 1-3-year portion of the curve; the 10-year Treasury yield rose by 12bps from 3.84% to 3.96%
- An influx of investment-grade new issuance on the last day of the month drove primary supply to over \$88 billion for July, surpassing investor projections of \$75 billion
 - Corporate spreads tightened by 11bps during the month to 112bps, reaching their tightest level on the year
- Issuance in the high-yield market continued to decline in July as \$7.1 billion priced on the month, continuing the trend of historically low supply; although the rate of issuance in 2023 is up by 42% compared to last year, the amount of new high-yield supply year-to-date is at its lowest level since 2009 (except for 2022)
 - The muted primary market activity has seen the par amount held in the Bloomberg High Yield Index decline from its peak of \$1.58 trillion in October 2021 to \$1.37 trillion at the end of July
 - High-yield spreads fell by 23bps during the month, from 390bps to 367bps, the tightest mark since April 2022
- Securitized products broadly outperformed Treasuries, but underperformed corporates on the month; agency mortgage-backed securities (MBS) outperformed other securitized products driven by the positive economic and inflation data
- Municipal bonds returned 0.4% in July, outperforming Treasuries again as the 10-year muni/Treasury ratio dropped from 66% to 64%; year-to-date municipal issuance is down by 13.3% compared to last year

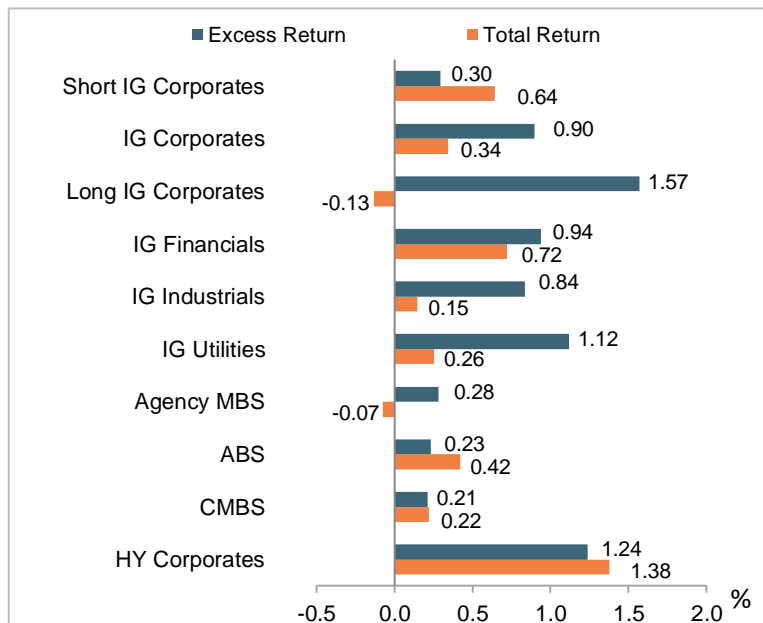
MARKET STATISTICS

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
7/31/2023	4.88	4.18	3.96	4.21	4.01
MTD Change	-0.02	0.02	0.12	0.14	0.15
YTD Change	0.45	0.17	0.09	0.07	0.04

MTD Returns



As of: 07/31/23. Sources: Bloomberg

Excess returns are the curve-adjusted excess return of a given index relative to a term structure-matched position in Treasuries.

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