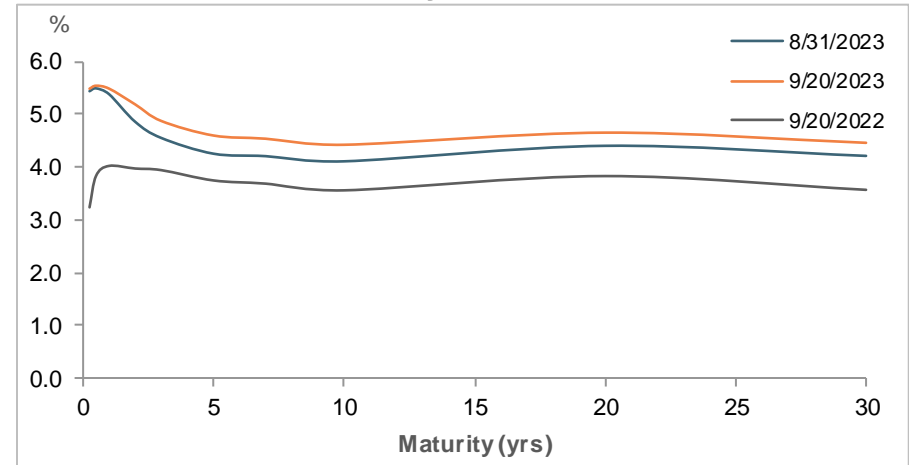




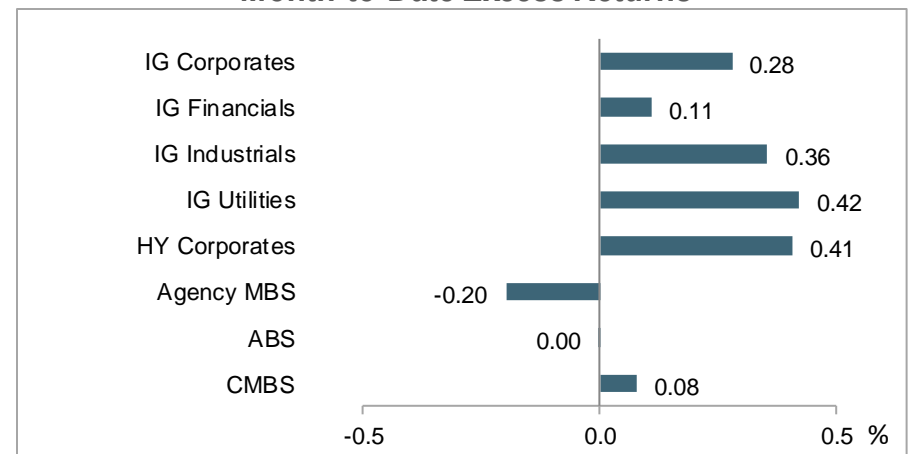
- Stocks sold off and Treasury yields rose to their highest level since 2013 after Federal Reserve (Fed) Chair Powell struck a hawkish tone at the FOMC press conference, reiterating that rates would remain higher-for-longer
  - The housing market is feeling the effects of higher rates; existing home sales, homebuilder sentiment, and housing starts have all fallen to their lowest levels in five months
- The Fed unanimously voted to leave the fed funds range unchanged at 5.25% – 5.50%; the Fed’s updated dot plot signaled at least one more hike before year-end
  - Following Powell’s comments, the 10- and 30-year Treasury rates jumped to multi-year highs of 4.41% and 4.44%, respectively, and the 2-year yield reached 5.18%, its highest level since 2006
- After Monday's busy session saw 10 investment-grade issuers price almost \$15 billion of new debt, supply tapered off ahead of the FOMC meeting; weekly supply totaled roughly \$16 billion, in-line with estimates
  - Relatively light supply compared to recent weeks provided a tailwind for corporate spreads, which tightened 5bps week-over-week to close at 116bps
- High-yield issuance continued to flow with over \$5 billion pricing this week; supply is expected to slow, especially in a higher-for-longer rate environment
  - Investor’s robust appetite for yield pushed spreads 5bps tighter to 369bps, while yields rose 8bps to 8.60%
- Mortgage-backed securities (MBS) underperformed week-over-week amid the elevated rate outlook, with spreads widening by 7bps to 59bps, 17bps wide to the 5-year trailing average
- Muni/Treasury ratios fell over the week, with the 2-year ratio dropping 2% to 62%, as municipals outperformed Treasuries across the curve

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
9/20/2023	5.18	4.59	4.41	4.64	4.44
MTD Change	0.31	0.33	0.30	0.23	0.23

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.