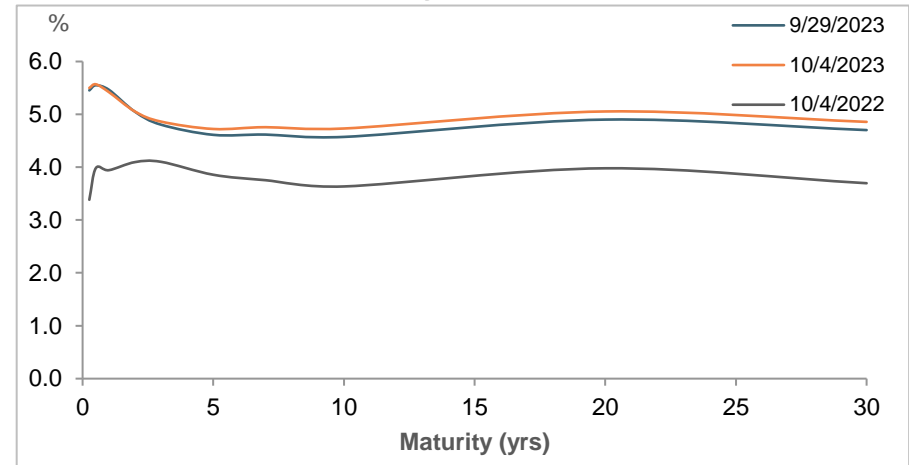




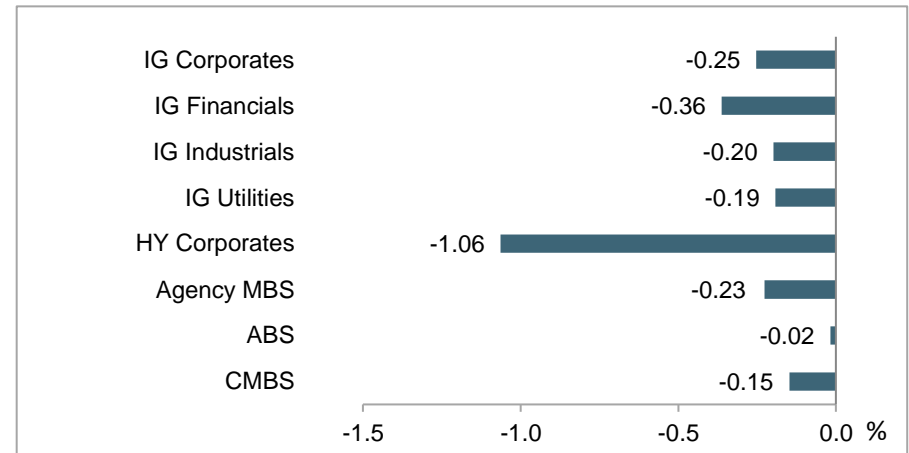
- Mixed labor market data and ongoing political discord caused risk assets to underperform ahead of Friday’s jobs report, with equities experiencing their worst day since March
  - August job openings jumped to 9.6 million, above estimates of 8.8 million, while private sector employment increased by just 89,000 in September, softer than expectations
  - Congress voted to remove US House Speaker McCarthy from the position, setting the stage for another potential government shutdown next month
- Treasuries with longer-maturities continued to experience the majority of rate volatility, with the 10-year Treasury yield briefly surpassing 4.80%, the highest level since 2007
  - The inversion between the 2- and 10-year Treasury rate has dramatically narrowed since July, moving from -109bps to -32bps
- Investment-grade (IG) and high-yield (HY) corporate spreads widened amid renewed fears of rising rates, with HY particularly underperforming given the sector’s higher rate sensitivity and lower interest coverage
  - Higher volatility kept many issuers on the sidelines with only investment-grade issuers braving the softer tone, pricing just under \$9 billion of new issuance
  - IG and HY spreads widened 5bps and 33bps, respectively, to 126bps and 427bps; IG yields rose to 6.18%, a 14-year high, and HY yields increased to 9.23%
- Commercial mortgage-backed securities (CMBS) spreads moved in sympathy with corporates, widening 4bps month-to-date to 134bps
- Tuesday was the busiest day of trading in the muni market this year, as 70,000 trades were executed, 40% above the 12-month daily average

Treasury Yield Curve



| Maturity   | 2-year | 5-year | 10-year | 20-year | 30-year |
|------------|--------|--------|---------|---------|---------|
| 10/4/2023  | 5.05   | 4.73   | 4.73    | 5.06    | 4.86    |
| MTD Change | 0.01   | 0.11   | 0.16    | 0.16    | 0.16    |

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.