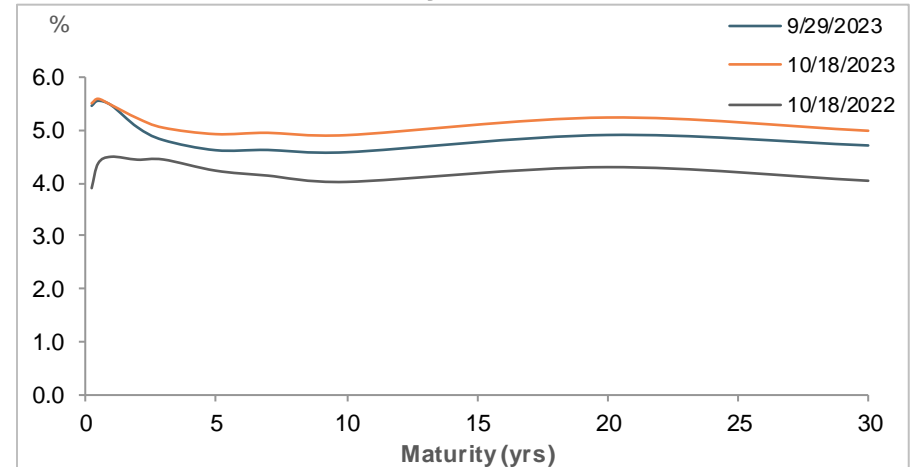




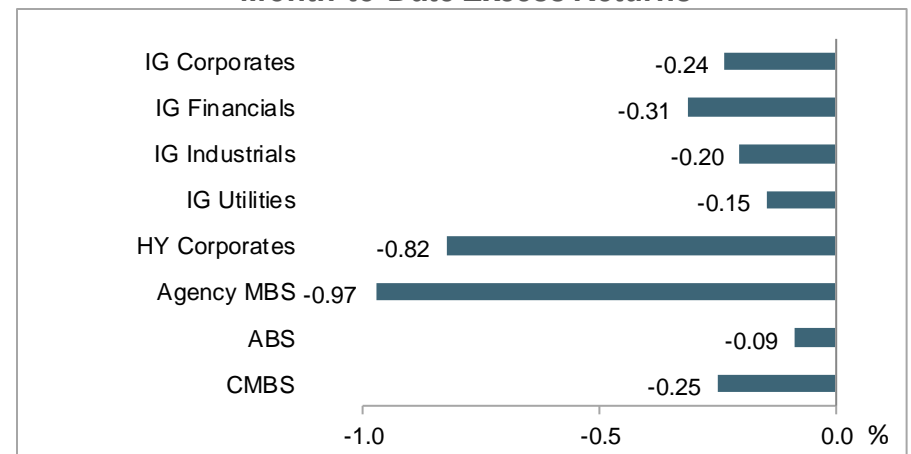
- The Israel-Hamas war continued to dominate global headlines, with the two failed elections for a US House speaker also garnering attention
- Economic data this week remained positive; retail sales and industrial production topped forecasts in September, pointing to a resilient US economy; the industrial production reading was the highest since December 2018, propelled by mining and manufacturing output
 - US initial jobless claims came in below expectations at 198,000, which was the lowest level since January
- Treasury yields jumped this week after stronger-than-expected economic data, which resulted in an increase in the market-implied probability of a year-end rate hike to 40%
 - The 2- and 5-year Treasury yields rose 24bps and 36bps week-over-week, respectively, while the 10- and 30-year yields rose 36bps and 30bps
- Led by banks, investment-grade issuance totaled \$26 billion in weekly supply, which was in line with estimates of \$25 to \$30 billion
 - Investment-grade corporate spreads widened 3bps to close at 127bps, and yields rose 33bps to 6.37%
- High-yield issuance paused this week amid climbing yields and continued Middle East conflict; yields rose 35bps week-over-week to 9.35%, the highest in a year, while spreads widened 9bps to 414bps
- Mortgage-backed securities underperformed other securitized sectors, as elevated interest rate volatility continues to weigh on the sector; MBA mortgage applications fell to a 28-year low as mortgage rates continued to march higher
- Outflows from municipal bond funds continued for the 11th straight week, as investors withdrew \$2.6 billion, the most since early January; outflows have totaled \$12.7 billion since the beginning of August

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
10/18/2023	5.22	4.94	4.92	5.24	5.00
MTD Change	0.18	0.32	0.34	0.34	0.30

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.