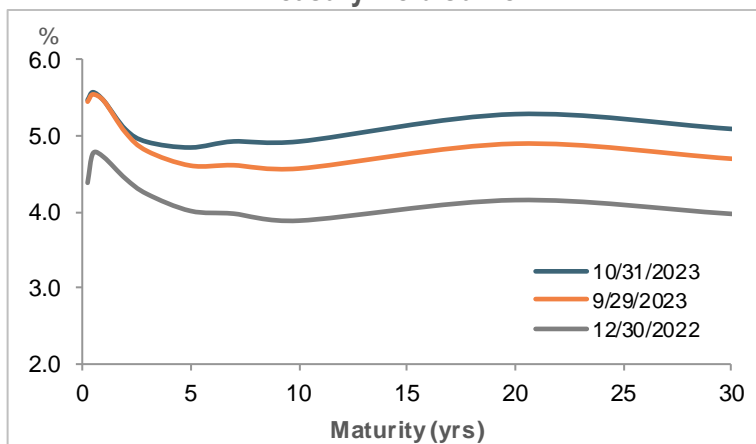


MARKET NEWS

- The outbreak of war between Israel and Hamas, combined with political instability surrounding the nomination of a House speaker, compounded existing concerns of the US’s weak fiscal position and saw equities fall and credit spreads widen
 - Economic data was broadly positive: retail sales and industrial production topped forecasts, the industrial production reading reached its highest level since December 2018, and a surge in consumer spending pushed 3Q GDP estimates to an annualized 4.9%
- Federal Reserve (Fed) officials signaled a potential end to rate hikes during the month, and markets expect the Fed to keep the federal funds target range unchanged at its next FOMC meeting on November 1
 - The Treasury yield curve continued its trend from the past two months, with rising rates driven by the long end; the 30-year Treasury yield increased by 39bps to 5.10%, the highest level since 2007, while the 2s10s curve inversion decreased by 32bps from -48bps to -16bps
- The investment-grade corporate market saw \$81 billion of new bonds price during the month, slightly below the \$85 billion expected by dealers and the \$83 billion issued in October 2022; \$22.5 billion priced on October 30th alone, marking the busiest session of issuance since the day after Labor Day
 - Investment-grade corporate spreads widened by 8bps on the month, from 121bps to 129bps
- Following the jump in September, high-yield primary activity dipped in October amid the volatile market backdrop with \$9 billion of new issuance
 - High-yield bonds continued their slide from last month, posting a 1.16% loss month-over-month; high-yield spreads widened by 43bps to 437bps, and yields rose by 61bps to 9.49%
- Mortgage-backed securities (MBS) lagged other securitized products on the month, driven by a greater sensitivity to the heightened interest rate volatility seen in October; next month, markets expect the Federal Housing Finance Agency to increase the size of mortgages eligible to be guaranteed by government agencies and pooled into MBS
- The municipal bond market saw \$39 billion of new supply in October, making it the busiest month for primary issuance this year; municipal bonds outperformed Treasuries on the month, as the 10-year muni/Treasury ratio dropped by 1% to 74%

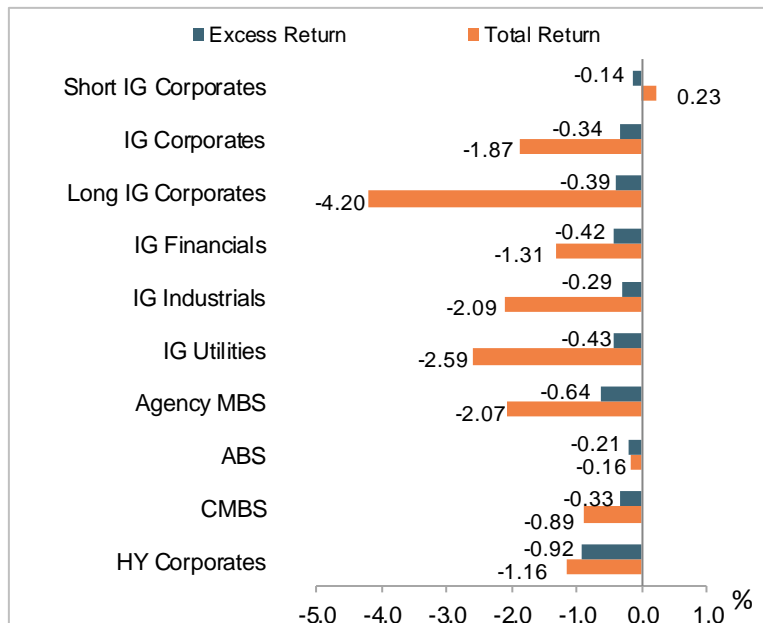
MARKET STATISTICS

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
10/31/2023	5.09	4.86	4.93	5.29	5.10
MTD Change	0.04	0.24	0.36	0.39	0.39
YTD Change	0.66	0.85	1.06	1.14	1.13

MTD Returns



As of: 10/31/23. 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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