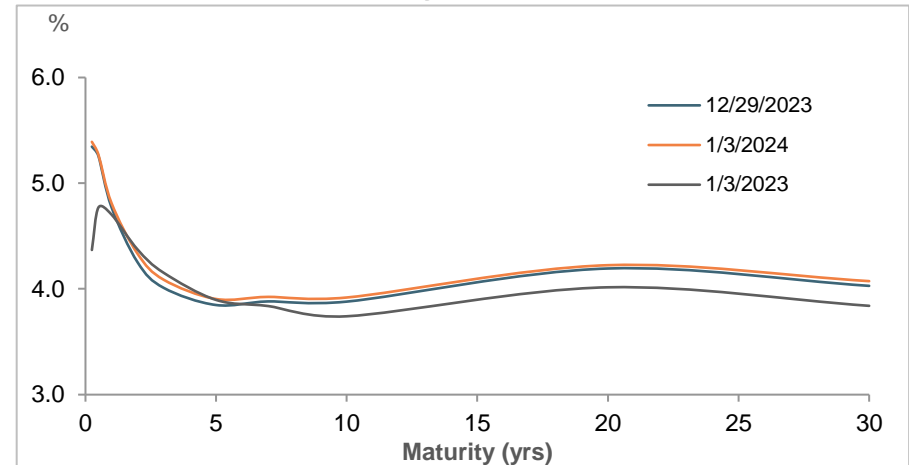




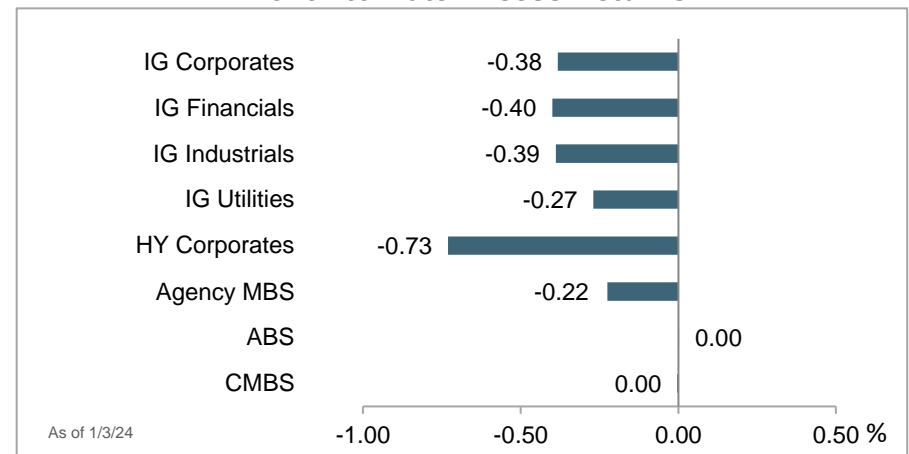
- A risk off market tone accompanied a heavy slate of labor market data, while investors kept one eye on Friday's nonfarm payrolls report
 - December's ADP employment report showed a stronger-than-expected increase in hiring from US companies, while wage growth continued to ease
 - December's ISM Manufacturing PMI of 47.4 marked the 14th consecutive month within contractionary territory and the longest stretch since 2001
- Minutes from December's FOMC meeting showed that Federal Reserve (Fed) officials expected rates to remain restrictive "for some time", dampening investor hopes for rate cuts as early as March
 - Treasury yields in the front end increased 6-8bps month-to-date, while the 30-year yield rose 4bps
- Issuers flooded the investment-grade primary market to start the new year as borrowers brought \$57 billion of supply, slightly below the \$60 billion that was expected to price
 - Corporate spreads widened 6bps month-to-date to close at 105bps, and yields rose 11bps to 5.17%
- High-yield primary market issuance reached \$450 million in the first week of the year; projected issuance for 2024 ranges between \$200 - \$230 billion, above the \$176 billion of total supply in 2023
 - High-yield corporate spreads widened 28bps to 351bps month-to-date, and yields jumped 31bps to 7.90%
- Mortgage-backed securities (MBS) underperformed other securitized sectors; the MBA Mortgage Applications Index declined -10.7%, driven by the Refinance Index, which fell -18.1% week-over-week
- Municipals performed in line with Treasuries, with the 10-year muni/Treasury ratio hovering at 58%, the lowest level since June 2021

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
1/3/2024	4.33	3.90	3.92	4.22	4.07
MTD Change	0.08	0.06	0.04	0.03	0.04

Month-to-Date Excess Returns



Sources: Bloomberg and Bloomberg Index Services Limited. All commentary and data as of 1/4/24 unless otherwise noted.

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.