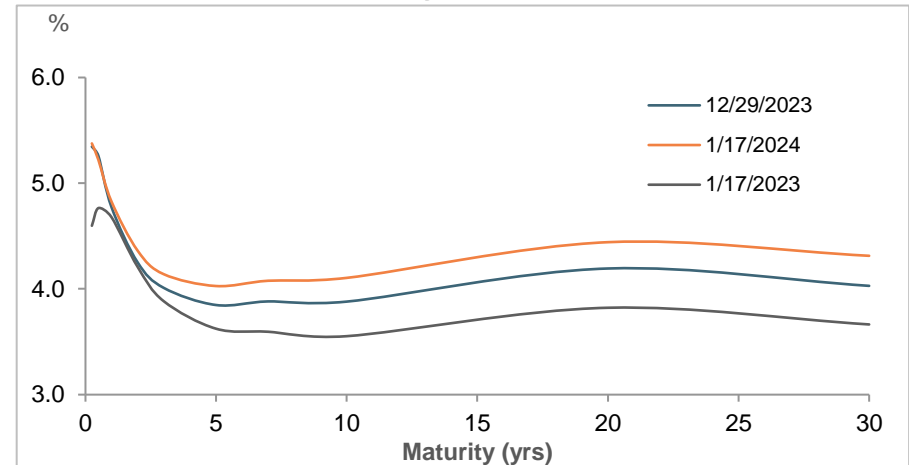




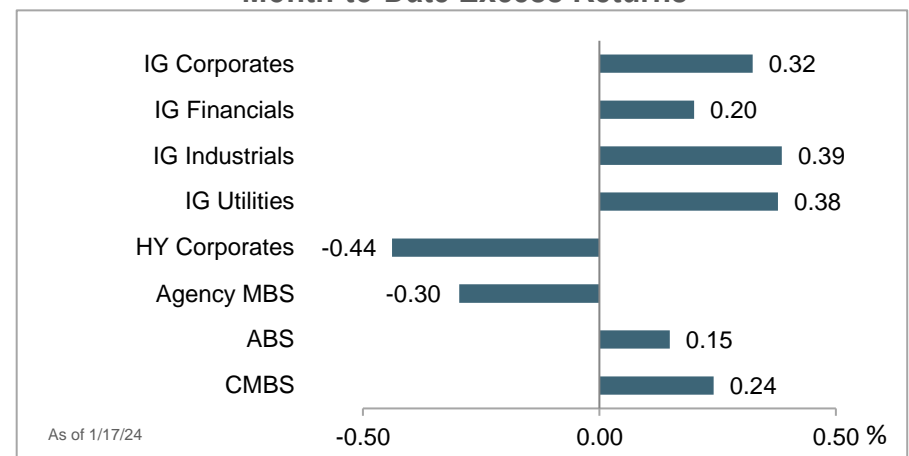
- Treasury yields climbed higher during the week as economic data released was generally positive
  - The US Producer Price Index (PPI) fell by 0.1% month-over-month, missing estimates of a 0.1% rise; December marked the third straight month of declines, the longest stretch since 2020
  - Retail sales grew by 0.6% in December, above expectations, led by gains in clothing, general merchandise, and e-commerce
- The Federal Reserve's (Fed) most recent Beige Book noted that economic activity was boosted by resilient consumer spending, which helped to offset general weakness in other sectors
  - The Beige Book also noted signs of labor market cooling in nearly all districts, and expectations are for wage growth to slow over the next year
- Investment-grade issuance was led by banks this week as issuers continued to take advantage of a healthy appetite for new deals, bringing nearly \$50 billion of supply, above estimates of \$35 billion
  - Corporate spreads tightened 2bps week-over-week to 97bps, and yields rose 3bps to 5.24%
- The high-yield primary market saw approximately \$2 billion of new supply; high-yield spreads widened 10bps to 344bps week-over-week, and yields climbed 10bps to 7.91%
- In the securitized sector, asset-backed securities (ABS) continued to post positive excess returns despite heavy supply, as more than \$20 billion has been issued month-to-date
- Fund flows were supportive of municipals, with investors contributing over \$2 billion to municipal bond mutual funds
  - Almost \$11 billion is expected to be issued over the next 30 days, above the 2023 average of roughly \$9 billion

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
1/17/2024	4.36	4.03	4.10	4.44	4.31
MTD Change	0.11	0.18	0.22	0.25	0.28

Month-to-Date Excess Returns



Sources: Bloomberg and Bloomberg Index Services Limited. All commentary and data as of 1/18/24 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.