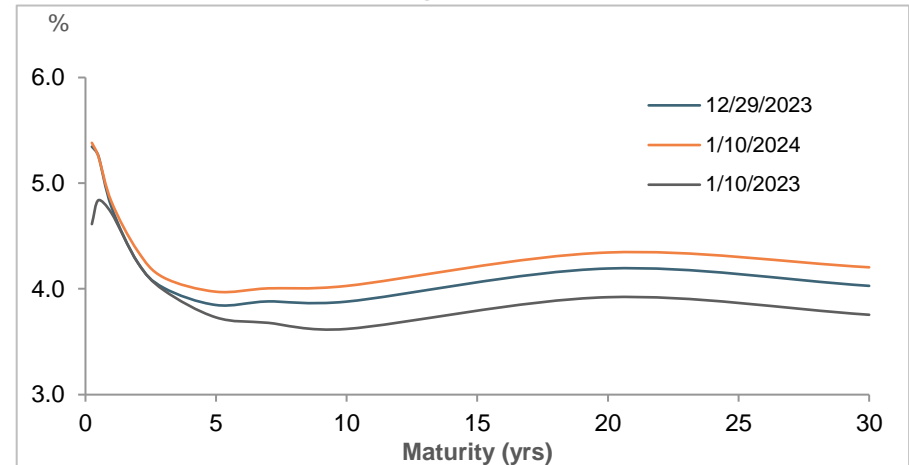




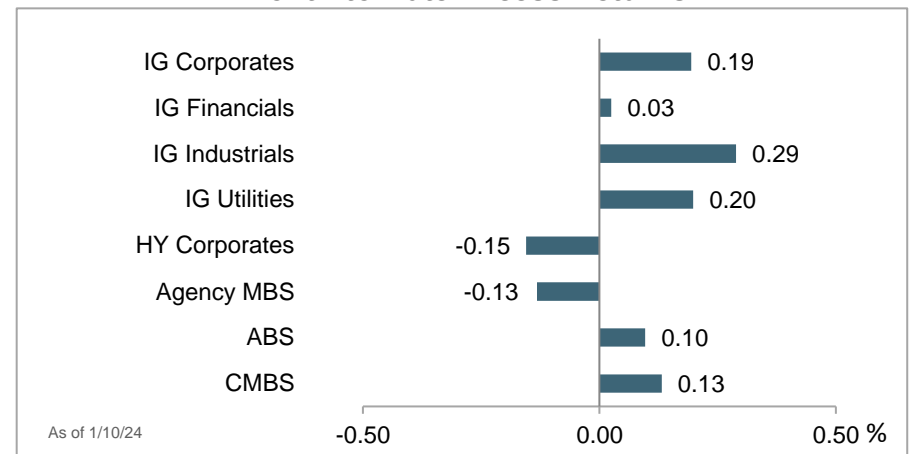
- Investor optimism for a rate cut in March was dealt a blow this week after economic data showed an uptick in inflation during December, while employment data suggested a cooldown in the job market
 - Headline CPI increased by an annualized 3.4% in December, while core CPI, which excludes food and energy, increased by 3.9%; both measures were above expectations
 - Although the December nonfarm payrolls of 216,000 was stronger than expected, the prior two months were revised lower, and the unemployment rate was unchanged at 3.7%
 - The ISM Services Composite fell 2.1 points to 50.6 in December after the employment component sunk 7.4 points to 43.3, the lowest level since July 2020
- The 10-year Treasury rate closed 11bps higher week-over-week at 4.03%, while the 20- and 30-year Treasuries rose 12bps and 13bps, respectively
- Investment-grade issuance was robust, totaling over \$42 billion, well-above dealer estimates of \$30 billion
 - Corporate spreads tightened 6bps week-over-week to 99bps, and yields rose 4bps to 5.21%
- High-yield issuers priced approximately \$2.5 billion of new supply
 - High-yield spreads narrowed 17bps to 334bps week-over-week, and yields fell 9bps to 7.81%
- Commercial mortgage-backed securities (CMBS) outperformed other securitized sectors on light supply
- Front-end munis underperformed Treasuries week-over-week, while long-duration munis outperformed, as the 2-year muni/Treasury ratio rose 3% to 61%, while the 30-year ratio fell 1% to 83%

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
1/10/2024	4.36	3.97	4.03	4.35	4.21
MTD Change	0.11	0.13	0.15	0.15	0.18

Month-to-Date Excess Returns



Sources: Bloomberg and Bloomberg Index Services Limited. All commentary and data as of 1/11/24 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.