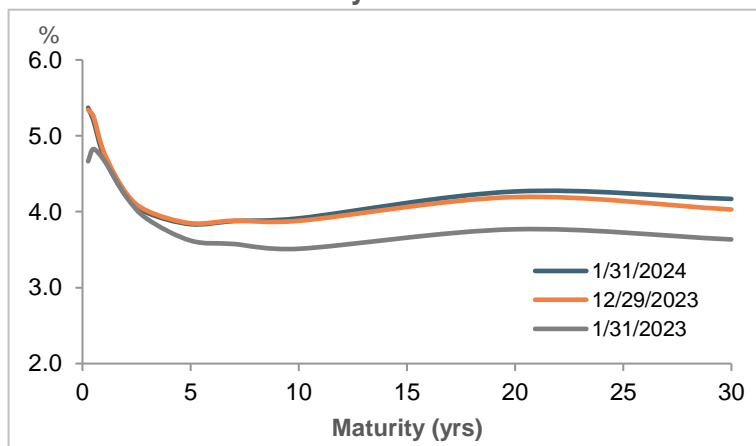


MARKET NEWS

- Risk assets continued their positive momentum from the last quarter of 2023 into the first month of 2024; stocks rose, and credit spreads tightened amid strong economic data that supported the prospects of a soft landing
 - Positive fourth quarter US GDP growth and personal consumption figures were accompanied by a higher-than-expected inflation print for December as CPI rose by 3.4% year-over-year
 - The labor market remained resilient in the tight monetary environment as 216,000 jobs were added in December and the unemployment rate came in below expectations at 3.7%
- The Federal Reserve (Fed) voted to keep the federal funds target rate range unchanged at its most recent meeting; Chair Powell affirmed that the policy rate is likely at its peak while downplaying the possibility of a rate cut in March
 - Treasury rate volatility declined as yields finished the month close to where they began: the 30-year Treasury saw the biggest move, rising 14bps to 4.17%, while the rest of the key rates shifted by less than 8bps month-over-month
- The investment-grade market saw a record-breaking \$189 billion of supply come in the month, surpassing the previous high mark for January of \$175 billion and well-above dealer expectations of \$160 billion
 - Financials issuance dominated the primary market, with four large US money center banks accounting for 15% of the total supply during the period
 - Investors digested the heavy supply well, and corporate spreads tightened for the third consecutive month, falling 3bps to 96bps, while yields rose by 5bps to 5.11%
- High-yield supply came in at \$31 billion, 58% above the amount issued last January as surveys indicated improving investor optimism regarding credit fundamentals and future default rates
 - High-yield spreads and yields both rose by 21bps: spreads ended the month at 344bps, and yields closed at 7.80%
- Commercial mortgage-backed securities saw the best excess return performance across securitized products as the positive economic outlook poses a tailwind for commercial real estate fundamentals
- Following two months of strong performance, municipal bonds underperformed Treasuries in January amid an increase in primary issuance by 42% compared to the same period last year; the 10-year muni/Treasury yield ratio rose to 63%

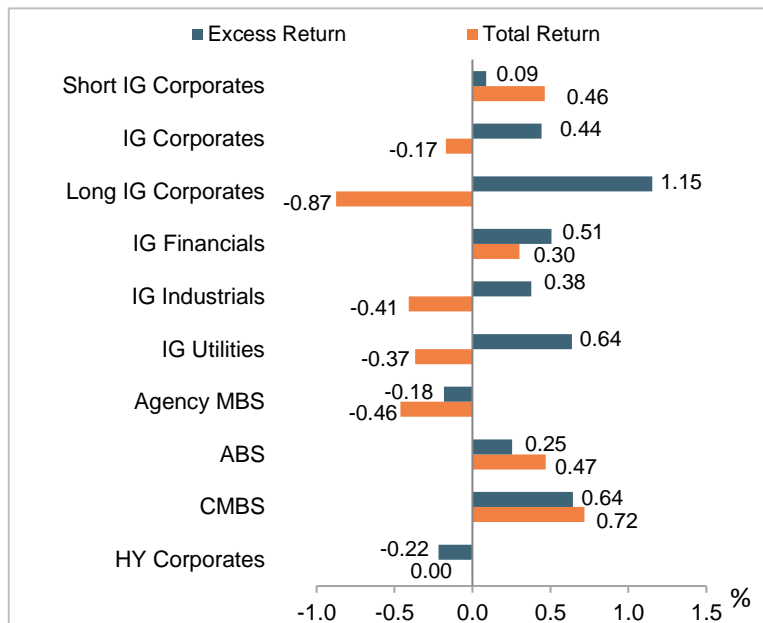
MARKET STATISTICS

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
1/31/2024	4.21	3.84	3.91	4.27	4.17
MTD Change	-0.04	-0.01	0.03	0.07	0.14
YTD Change	-0.04	-0.01	0.03	0.07	0.14

MTD Returns



As of: 1/31/24. 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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