# IR+M CLIENT UPDATE
## April 2024

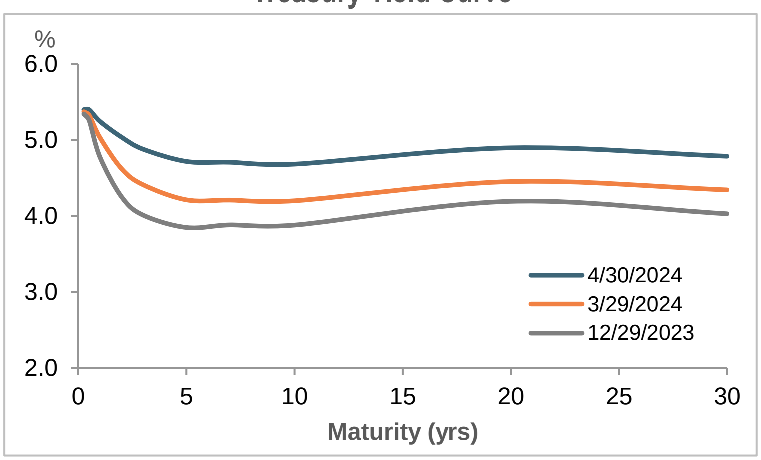
May 1, 2024

## MARKET NEWS

- Risk assets weakened following five consecutive months of positive performance; the S&P 500 fell by 4.2% on the month amid continued concerns about inflation, the state of the economy, and the Federal Reserve's (Fed) next rate move
  - The Consumer Price Index rose by 3.5% year-over-year in March, above estimates and up from 3.2% last month; Core CPI rose by 3.8%, and "supercore" inflation, which removes housing costs from Core CPI, rose by 4.8%
  - Annualized US GDP growth came in at 1.6% for the first quarter of 2024, well below survey estimates of 2.5%, and consumer confidence dropped to its lowest level since July 2022, driven by a deterioration in the outlook for the labor market and income growth over the next six months
- In response to the hotter-than-expected inflation readings, Fed members emphasized a patient approach to considering any potential easing in monetary policy; market expectations of rate cuts have also decreased alongside the Fed's messaging as the fed funds futures curve now implies only one rate cut through year-end
  - Treasury rate volatility picked up in April after dropping in March, and yields rose broadly across the curve; the 10-year Treasury yield increased by 48bps from 4.20% to 4.68%
- Investment-grade issuance totaled $102 billion, in line with market expectations for the month; the rate of supply has cooled from the record pace seen in the first quarter, but year-to-date issuance remains 37% higher year-over-year
  - Corporate spreads widened slightly during the first few weeks before ending April 3bps tighter at 87bps; investment-grade yields rose by 43bps from 5.30% to 5.73%
- High-yield primary issuance also remained active, with $26 billion in new bonds coming to market while the Bloomberg High Yield index dropped by 0.94% in April, its largest monthly decline since October 2023
  - High-yield spreads tightened by 2bps to 301bps, and yields increased by 45bps from 7.66% to 8.11%
- Despite a positive backdrop driven by tepid supply and rising bank demand, mortgage-backed securities (MBS), which tend to be rate-sensitive, underperformed Treasuries and other spread products amid higher Treasury yields and rate volatility
- April municipal issuance reached a record high for the month at $44 billion as muni/Treasury ratios remained low and support from pandemic-era government subsidies continued to fade

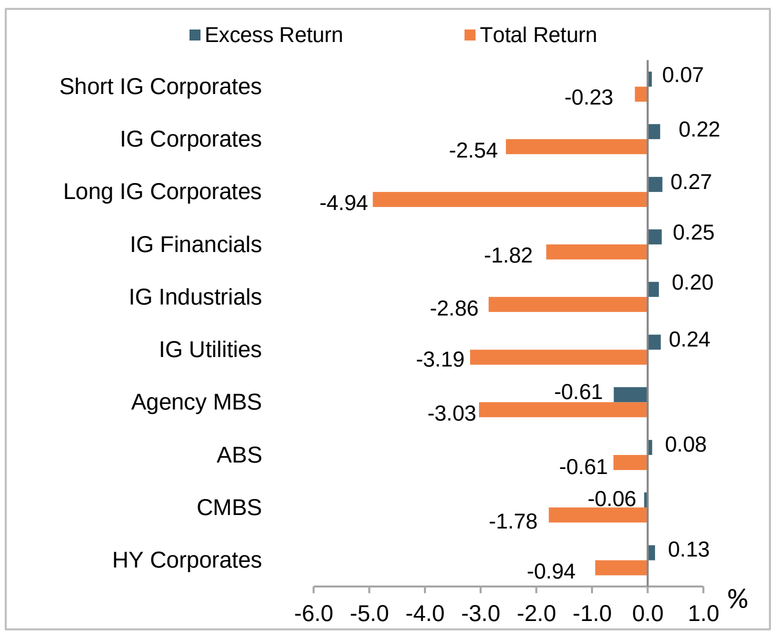
## MARKET STATISTICS

### Treasury Yield Curve




| Maturity | 2-year | 5-year | 10-year | 20-year | 30-year |
|---|---|---|---|---|---|
| *4/30/24* | 5.04 | 4.72 | 4.68 | 4.90 | 4.79 |
| *MTD Change* | 0.41 | 0.50 | 0.48 | 0.44 | 0.44 |
| *YTD Change* | 0.78 | 0.87 | 0.80 | 0.70 | 0.76 |

### MTD Returns




As of: 4/30/24. Sources: Bloomberg

Excess returns are the curve-adjusted excess return of a given index relative to a term structure-matched position in Treasuries.