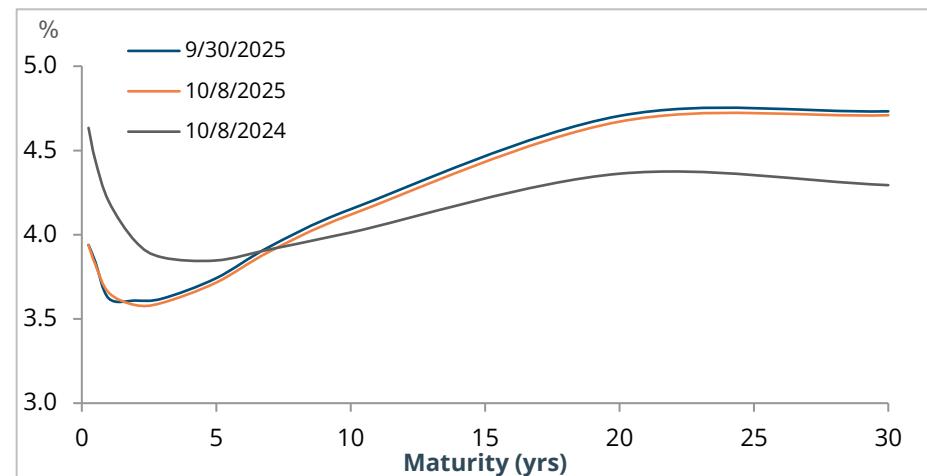


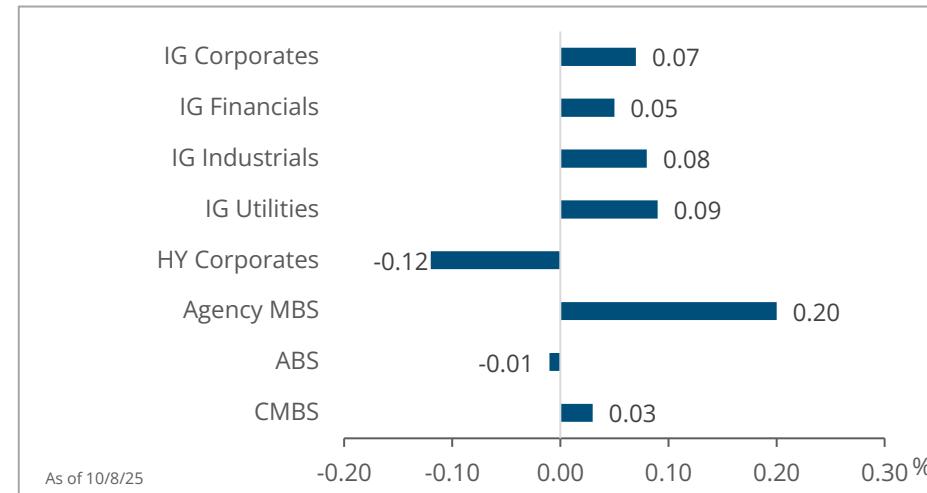
- There has been little market reaction to the ongoing US Government shutdown, as equity returns have been positive and corporate spreads have been range-bound
- The biggest impact has been to a delay in key economic data releases, such as weekly jobless claims and nonfarm payrolls, which forced investors to focus on alternative measurements
 - Private-sector payrolls declined by 32,000 in September, below estimates of a 51,000 increase
 - The ISM Services Index fell to 50.0 last month, as business activity shrank for the first time since the pandemic
- Recent FOMC minutes expressed Federal Reserve (Fed) officials' willingness to lower interest rates further in October, but some prefer a more cautious approach going forward
 - The market is projecting a 95% chance of a rate cut at the October FOMC meeting
- Treasury yields fell across the curve as the 2- and 30-year Treasury rates fell by 3bps and 2bps, respectively, to 3.58% and 4.71%
- The new issue markets were relatively quiet, driven by earnings blackouts and an anticipated rate cut; Investment grade and high-yield supply totaled just over \$16 billion and \$4 billion, respectively
 - Investment-grade corporate spreads tightened by 1bp to 73bps, while yields fell by 2bps to 4.79%
 - High-yield corporate spreads widened by 6bps to 273bps, as investors paused to assess the risks of a prolonged government shutdown, and yields rose by 4bps to 6.74%
- Agency mortgage-backed securities outperformed other securitized sectors as spreads tightened 4bps month-to-date to 27bps
 - Applications for mortgages declined for the second straight week by a combined 17.4% – the biggest decline since April – following a recent spike in mortgage rates
- Intermediate and long-duration municipals outperformed Treasuries, with the 10-year muni/Treasury ratio falling from 70.4% to 69.9%

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
10/8/25	3.58	3.72	4.12	4.67	4.71
MTD Change	(0.03)	(0.03)	(0.03)	(0.03)	(0.02)

Month-to-Date Excess Returns



Sources: Bloomberg and Bloomberg Index Services Limited. All commentary and data as of 10/9/25 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, accuracy, or completeness of any data or information relating to any IR+M product.