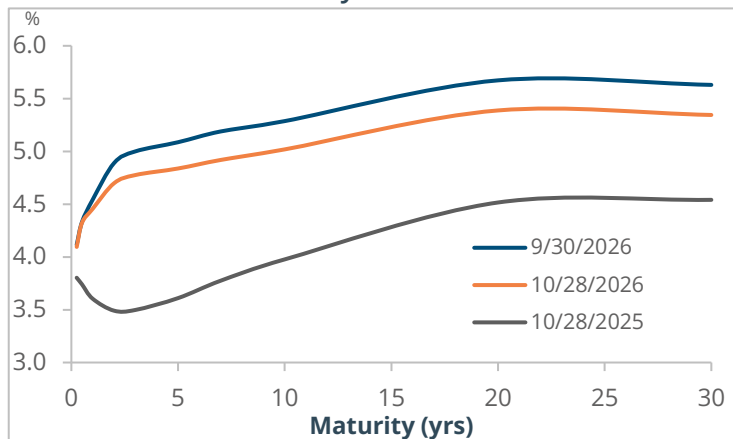


Word on the IR+M Desk

Is the Fed's silence becoming one of the market's loudest signals? This week's FOMC meeting delivered a widely expected pause, but the more telling story may be what was left unsaid. For the second time since July, investors were left to interpret limited guidance on their own, and the market's reaction suggests some were hoping for more conviction. With inflation still above target and midterm elections next week, the path of rates may hinge less on Fed messaging and more on incoming data and the policy backdrop. In [More Talk Than Action? The Fed's Message Sounds Hauntingly Familiar](#), our Investment Team shares its takeaways on the meeting's tone and what to watch heading into December.

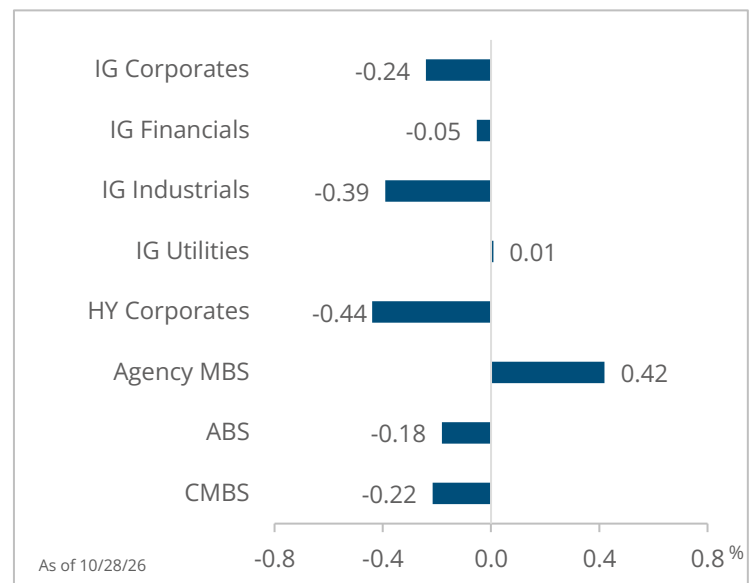
- Markets navigated a busy week of economic releases, corporate earnings, and Federal Reserve (Fed) developments, as resilient growth contrasted with persistent inflation pressures
 - US economic growth accelerated in the third quarter, with GDP increasing 3.4% annualized, up from 2.2% in 2Q, as robust investment and consumer spending continued to drive economic activity
 - Inflation remained elevated as September headline and core PCE increased 3.6% and 3.1% year-over-year, respectively; real consumer spending was virtually unchanged, and the personal savings rate fell to 3.8%
- The Fed maintained its federal funds target range at 3.75-4.00%, with two officials dissenting in favor of a 25bp hike
 - Chair Warsh reiterated the committee was focused on delivering price stability, but offered little guidance on the timing of additional tightening
 - He also announced plans to reduce the number of annual rate-setting meetings beginning in 2027
- Treasury yields were lower week-over-week, led by the front-end, as investors reassessed the likelihood of additional tightening in December
 - The 2-year Treasury rate fell 11bps, while the market-implied probability of a December hike declined to 84%
- Corporate earnings drove greater dispersion among issuers as investors assessed AI monetization prospects and potential disruption risks; investment-grade corporate spreads were unchanged week-over-week at 86bps, while high-yield spreads tightened 15bps to 312bps
- Investment-grade corporate issuance of almost \$54 billion surpassed this week's estimates of \$30 billion, whereas high-yield issuers were more cautious, bringing less than \$3 billion of supply, despite the recent spread tightening
 - Microsoft returned to the primary market for the first time since 2017 with a \$25 billion jumbo offering
- Agency mortgage-backed securities (MBS) extended their strong October performance as rate volatility retreated from earlier monthly highs
- Municipals remained on pace for their strongest monthly return in over three years, up 3.52% month-to-date

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
10/28/26	4.70	4.84	5.02	5.39	5.35
MTD Change	-0.19	-0.25	-0.27	-0.28	-0.28

Month-to-Date Excess Returns



Sources: Bloomberg and Bloomberg Index Services Limited. All commentary and data as of 10/29/26 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.