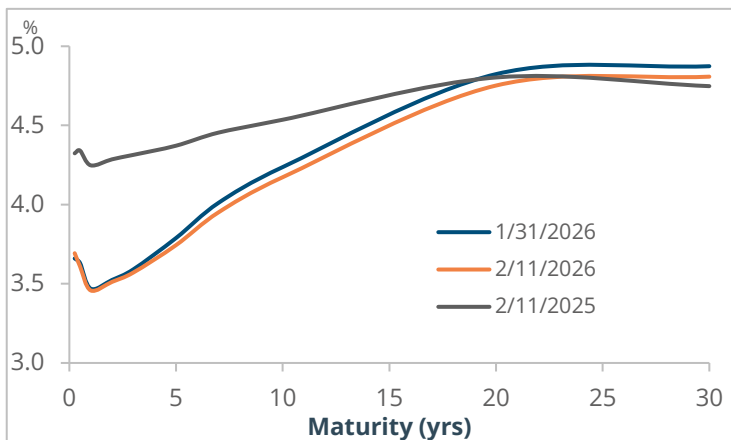


Word on the IR+M Desk

The list of industries caught in the crosshairs of AI's disruptive power continues to broaden, with wealth managers and insurers the latest targets. In the midst of the volatility, the Treasury's 30-year auction drew historic demand as risk aversion pushed investors toward safe-havens -- despite recent "sell Treasuries" headlines. As we noted here, we think it is hard to ignore – or avoid – the US fixed income market; it is difficult to replicate its depth and liquidity.

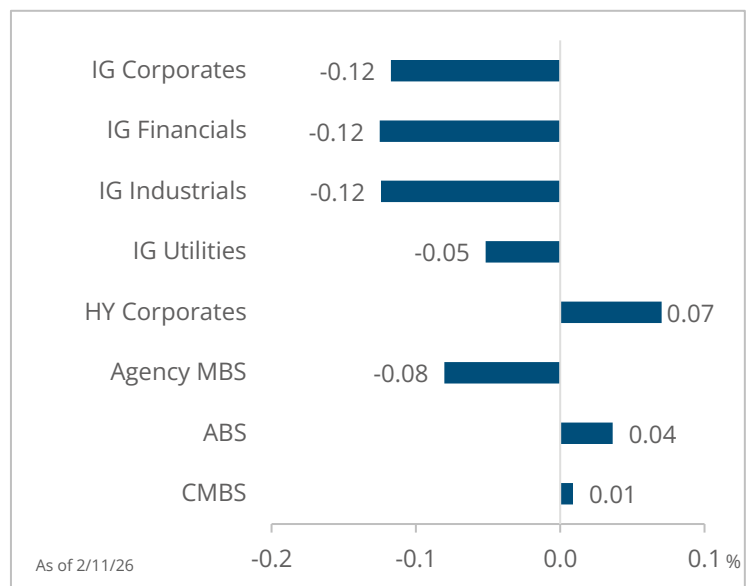
- This week's labor market data surprised investors to the upside and reinforced Federal Reserve officials' inclination to keep interest rates on hold at the March FOMC meeting
 - Non-farm payrolls increased by 130,000 in January – the sharpest rise since December 2024 and above consensus estimates of 65,000 – with hiring concentrated in the health care and social assistance sectors
 - The unemployment rate fell to 4.3%, below expectations, signaling stabilization within the labor market
 - Investors pushed out expectations of the next rate cut from June to July, but continue to predict two cuts in 2026
- Consumer sentiment improved to the highest level in six months, despite ongoing concerns surrounding the job market; the increase was driven by stock market appreciation and optimism about the short-term inflation
- US home sales fell 8.4% to a 3.91 million annualized pace in January – the biggest monthly decline in nearly four years – partially driven by historically cold temperatures and winter storms despite signs of housing affordability improvement
- The Treasury curve flattened following the stronger-than-expected January jobs report and rebound in the stock market
 - The 2-year and 30-year Treasury rates fell by 4bps and 11bps to 3.51% and 4.81%, respectively
- Investment-grade (IG) borrowers rushed to the primary market early in the week to beat the slew of economic data releases; supply totaled \$40 billion on the week, and was supported by a \$20 billion deal from a technology company
 - Investment-grade corporate spreads widened 2bps to 75bps, while yields fell 6bps to 4.82%
- A stabilizing labor market and strong corporate fundamentals kept high-yield issuance robust, as supply totaled just shy of \$7 billion
 - High-yield corporate spreads tightened 1bp to 263bps, and yields declined 5bps to 6.56%
- Agency mortgage-backed securities (MBS) outperformed other securitized sectors on the week as MBS spreads tightened 1bp to 16bps with the decline in prepayment speeds provided a tailwind
- Long duration municipals underperformed Treasuries, as the 10-year and 30-year muni/Treasury ratios rose from 61.1% and 85.7% to 61.5% and 87.5%, respectively; municipal bond funds reported \$3.0 billion of net inflows last week

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
2/11/26	3.51	3.74	4.17	4.75	4.81
MTD Change	(0.01)	(0.04)	(0.06)	(0.07)	(0.07)

Month-to-Date Excess Returns



Sources: Bloomberg and Bloomberg Index Services Limited. All commentary and data as of 2/12/26 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 Incomer 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.