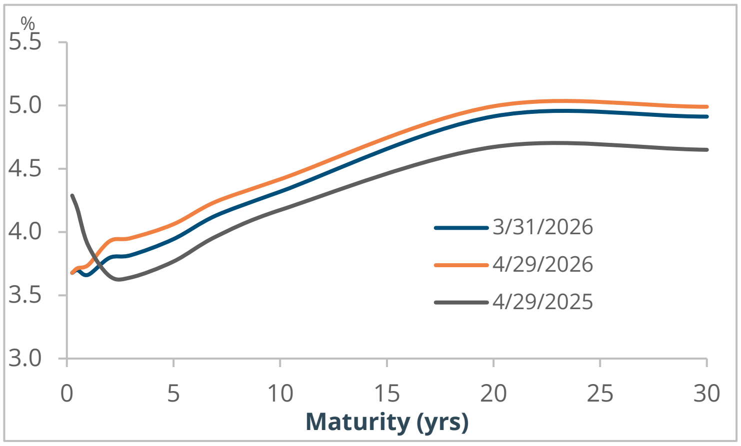
IR+M Weekly Fixed Income Market Update:
April 24 – April 30, 2026

Word on the IR+M Desk

The tension between inflation and growth is increasingly visible across fixed income markets. Treasuries remain sensitive to inflation dynamics as energy prices have risen again, with 2-year breakevens rising above 3% and expectations shifting toward a higher-for-longer policy path. At the same time, credit markets continue to reflect a constructive growth backdrop, supported by the S&P 500's earnings growth of over 22% so far this quarter. The risk is that markets are underestimating how quickly these competing narratives can converge. If inflation remains elevated or growth softens, the adjustment may come abruptly with higher yield and spread volatility. This dynamic reinforces our conservative, yet opportunistic, approach in today's market.

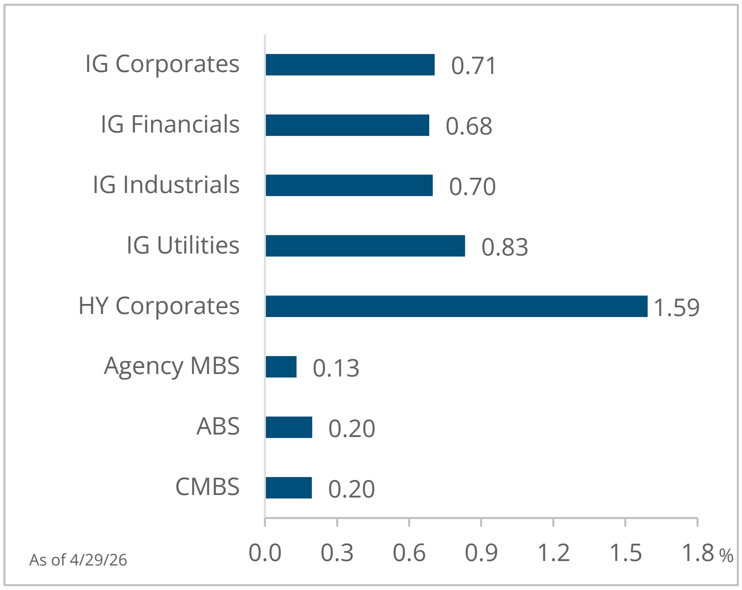
- The Federal Reserve (Fed) left the federal funds target range unchanged at 3.50-3.75%, which was widely expected, at Jerome Powell's last FOMC meeting as Fed Chair; however, the FOMC statement revealed three members dissented in favor of removing the easing bias language within the statement, while one member dissented in favor of a rate cut
    - The four dissents were the most since October 1992, suggesting the committee may move toward a more two-way policy reaction as the economic impact from the conflict in the Middle East continues to unfold
    - Powell shared that he plans to remain on the FOMC as a Governor after his term as Chair expires on May 15th, until uncertainty surrounding the Department of Justice investigation into the Fed is resolved
- Treasury yields rose across the curve following the FOMC policy announcement while investors priced in a rate hike as the next move from the Fed; the curve flattened week-over-week, with the 2- and 10-year Treasury yields rising by 13bps and 11bps, respectively, to 3.93% and 4.42%
- Investment-grade (IG) issuance totaled $57 billion, well above expectations despite a brief pause ahead of the Fed decision, largely due to a $25 billion jumbo enterprise technology deal
    - The high-yield (HY) primary market remained robust, totaling over $6 billion, while a $4.5 billion data center deal received roughly $8 billion of investor orders
- Corporate spreads moved wider in response to the week's wave of supply; IG and HY spreads widened by 3bps and 1bp to 80bps and 270bps, respectively, on the week
- Agency mortgage-backed securities (MBS) underperformed other securitized sectors amid an increase in interest rate volatility; MBS spreads widened 2bps to 22bps despite an uptick in GSE portfolio activity
    - Freddie Mac purchased $1.2 billion MBS securities in March, while Fannie Mae added $18.3 billion – the highest monthly increase since 2009 – leaving the GSE's $118 billion of remaining purchase capacity
- Municipals underperformed Treasuries as muni/Treasury ratios rose across the curve; municipal bond funds reported $1.5 billion of net inflows last week, snapping five consecutive weeks of net outflows

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
4/29/26	3.93	4.06	4.42	4.99	4.99
MTD Change	0.13	0.12	0.10	0.08	0.08

Month-to-Date Excess Returns



Sources: Bloomberg and Bloomberg Index Services Limited. All commentary and data as of 4/30/26 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.