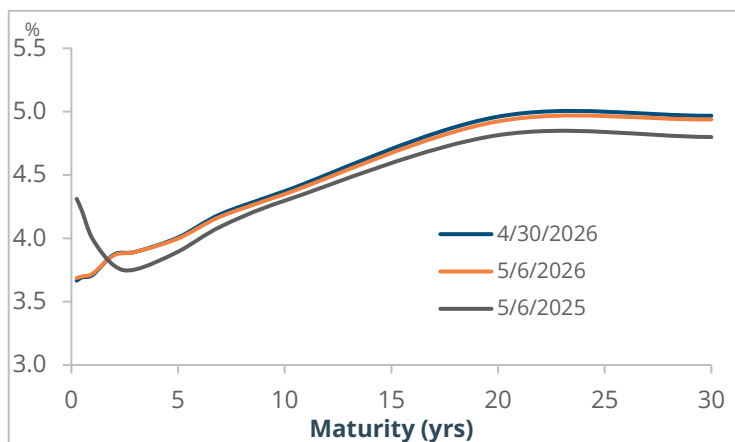


Word on the IR+M Desk

In last week's Weekly Fixed Income Update, we highlighted the growing tension between inflation and growth. That narrative appears to have gained traction within the Federal Reserve (Fed) itself, based on the latest policy statement and accompanying dissents. Notably, three committee members objected not to the rate decision itself, but to the language used in the statement. The dissenting members argued that the communication leaned too heavily toward signaling easier policy ahead and did not adequately reflect the balance of risks. The debate underscores the importance of maintaining flexibility amid constantly shifting forces. While disagreement is healthy, our Investment Team continues to agree that while markets continue to search for clarity on the policy outlook, maintaining a measured and risk-aware approach remains prudent.

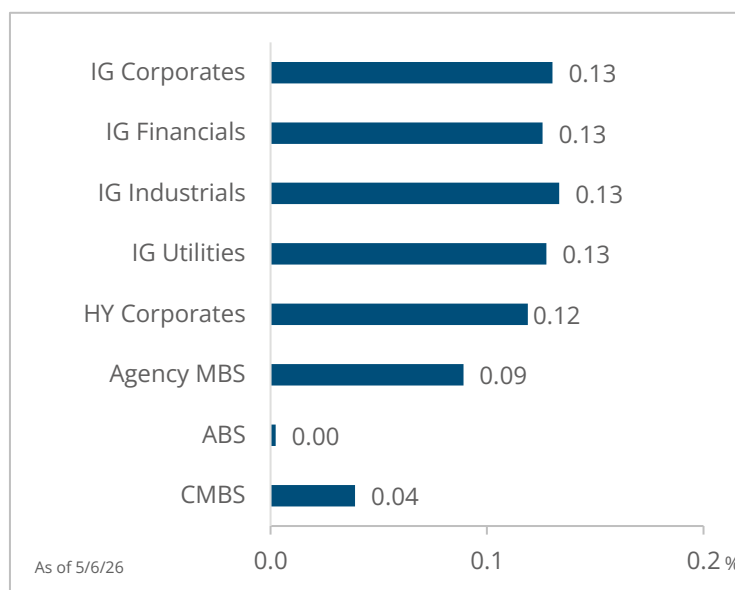
- Risk assets rallied as US-Iran talks progressed, with investors hopeful of a ceasefire framework and the potential for a reopening of the Strait of Hormuz; oil prices, and near-term inflation fears, fell as a result
- The ISM Services Index fell slightly in April to 53.6, below expectations but still in expansionary territory; prices paid for services and materials remained unchanged at 70.7, while new orders fell to 53.5, the sharpest one-month decrease since March 2023, suggesting spending activity may become constrained given the surge in energy prices
- Recent labor market data companies continued to point toward gradual normalization rather than material deterioration
 - US job openings edged lower to 6.87 million in March, above forecasts of 6.85 million, while layoffs and quits both rose to 1.87 million and 3.17 million, respectively, suggesting labor demand is easing but remains broadly resilient
 - Initial jobless claims increased by 11,000 to 200,000, but remained below expectations, while continuous claims fell to 1.77 million, reinforcing the view of incremental softening ahead of Friday's employment report
- Treasury yields followed a similar path as oil prices month-to-date, initially rising before ending the week slightly lower following the news of a US memorandum proposal to Iran; the curve modestly flattened, with the 2- and 10-year Treasury yields falling by 1bp and 2bps, respectively, to 3.87% and 4.35%
- Investment-grade (IG) corporate supply totaled roughly \$34 billion, below dealer forecasts of \$40 billion; demand for IG corporate issuance continues to be robust, as deals averaged 4x oversubscribed this week
- High-yield (HY) borrowers capitalized on attractive funding levels with supply almost reaching \$7 billion on the week
- Corporate spreads benefited from the firmer market tone, as IG and HY spreads tightened by 1bp and 6bps, respectively, to 77bps and 262bps
- Asset-backed securities (ABS) underperformed other securitized sectors amid heavy weekly issuance of \$11 billion; year-to-date issuance of \$152 billion is running roughly 26% ahead of last year's pace
- Short- and intermediate-maturity municipals outperformed Treasuries as muni/Treasury ratios fell; long-maturity municipals, however, underperformed as the 30-year muni/Treasury ratio rose from 87.6% to 87.9%

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
5/6/26	3.87	4.00	4.35	4.92	4.94
MTD Change	(0.01)	(0.01)	(0.02)	(0.04)	(0.03)

Month-to-Date Excess Returns



Sources: Bloomberg and Bloomberg Index Services Limited. All commentary and data as of 5/7/26 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 Incomes 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.