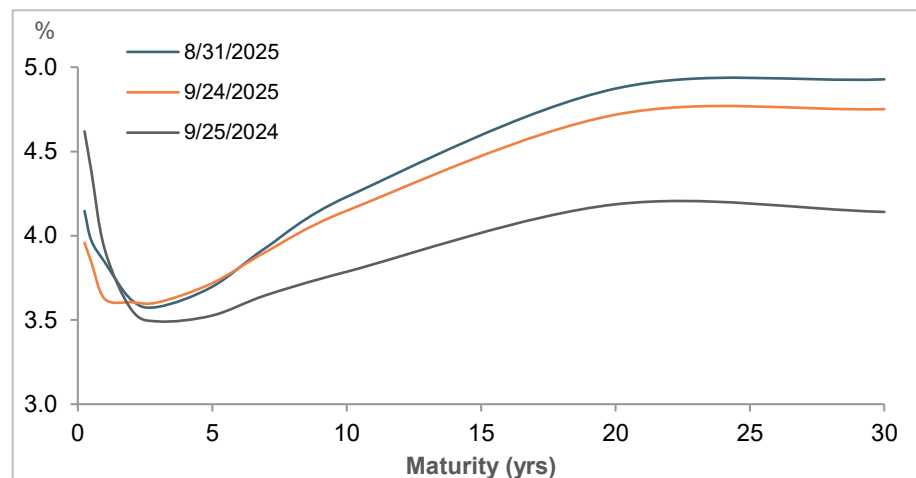


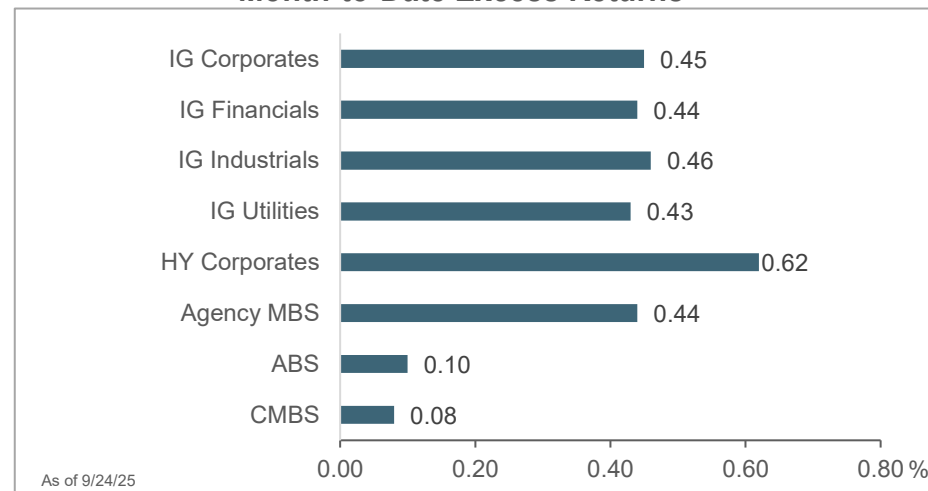
- Following last week's rate cut, investors looked for signs supporting additional easing, but instead, economic data was solid
  - Second quarter GDP was revised higher to a 3.8% annualized pace compared to the 3.3% previously reported; the rise was driven by business investment and consumer spending growth of 7.3% and 2.5%, respectively
  - Initial jobless claims came in at 218,000, below forecasts of 233,000 and the lowest level since mid-July, signaling layoffs have been limited
- Treasury yields rose across the curve as stronger-than-expected labor market data caused investors to modestly lower the probability of two rate cuts by year-end
  - The 2- and 30-year Treasury rates rose by 5bps and 6bps, respectively, week-over-week, to 3.61% and 4.75%
- Investment-grade supply totaled just shy of \$57 billion, well-above estimates, thanks to an enterprise technology company's \$18 billion jumbo deal; the deal amassed orders of over \$88 billion and was the second-largest of the year
  - Investment-grade corporate spreads widened by 2bps to 74bps, while yields rose by 5bps to 4.81%
- High-yield borrowers capitalized on attractive funding levels by flooding the new issue market with over \$14 billion of supply
  - High-yield corporate spreads tightened by 1bp to 261bps, and yields rose by 5bps to 6.61%
- Agency mortgage-backed securities outperformed other securitized sectors as spreads tightened 2bps week-over-week to 29bps; the average 30-year mortgage rate fell to 6.33% propelling refinance activity
  - August new home sales were higher-than-expected at 800,000, a 20% increase from July, and likely driven by an increase in sales incentives and decline in inventory
- Municipals underperformed Treasuries as muni/Treasury ratios rose across the curve; municipal bond funds reported \$1.1 billion of net inflows last week

## Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
9/24/25	3.61	3.72	4.15	4.72	4.75
MTD Change	(0.01)	0.02	(0.08)	(0.16)	(0.18)

## Month-to-Date Excess Returns



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