

MACRO

Throughout April, sticky inflation data and hawkish comments from multiple Federal Reserve (Fed) policymakers confirmed their desire to see further declines in inflation prior to any rate cut decisions. Subsequently, at his May 1 Federal Open Market Committee press conference, Fed Chair Powell delivered mostly dovish remarks, reiterating the Fed’s belief that policy is sufficiently restrictive at current levels, while also acknowledging still-elevated inflation could delay future rate cuts.

Consensus expectations for interest rate cuts, as measured by fed funds futures, decreased during the month to reflect less than two cuts in 2024.

U.S. Treasury yields moved rapidly higher during the month, ultimately reaching their highest levels since November 2023. Correspondingly, interest rate volatility, as measured by the ICE BofAML MOVE Index, increased during the month after hitting a two-year low in March.

CREDIT

After a record start to the year for issuance, primary markets had their slowest month of the year during April. However, year-to-date issuance of slightly more than \$630 billion remains well-ahead of annual issuance at this time last year.

Despite the rise in yields, credit spreads narrowed by 3 basis points (bps) during the month and generated modest, positive excess returns for the sector.

Sub-sector spreads for Industrials and Financials finished the month tighter by 2 bps and 3 bps, respectively.

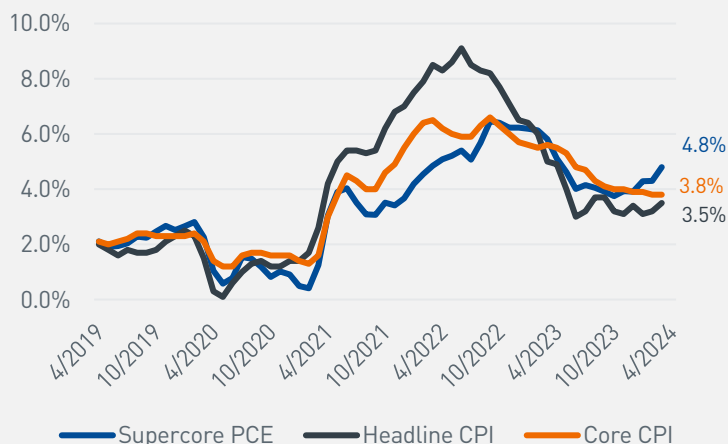
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Asset-backed security (ABS) issuance remained robust, spreads remained firm and excess returns were modestly positive during the month.

Mortgage-backed securities struggled with the rise in interest rates and ended the month in negative excess return territory after strong March performance.

CHART OF THE MONTH

Inflation Measures, YoY



- Inflation remains “sticky,” with some components accelerating in recent months.
- Recent data trends continue to illustrate the need for patience in evaluating the path forward for monetary policy.

As of 4/30/2024. Source: Bloomberg L.P.

MARKET DATA

Yields	YTM %	MTD Change	QTD Change	YTD Change
3-Mo UST	5.40	0.03	0.03	0.06
2-Yr UST	5.04	0.41	0.41	0.78
5-Yr UST	4.72	0.50	0.50	0.87
10-Yr UST	4.68	0.48	0.48	0.80
30-Yr UST	4.79	0.44	0.44	0.76
Risk Premia	OAS %	MTD Change	QTD Change	YTD Change
Investment Grade Credit	0.82	-3.00	-3.00	-11.00
Asset-Backed Securities	0.53	-2.00	-2.00	-15.00
High Yield	3.01	2.00	2.00	-22.00

As of 4/30/2024. Source: Bloomberg L.P.

[BLOOMBERG SECTOR/INDEX PERFORMANCE (USD)]

Sector	Duration (yrs.)	Percent			
		MTD Excess Return	YTD Excess Return	MTD Total Return	YTD Total Return
Sector					
Investment Grade Credit	6.55	0.21	1.01	-2.49	-2.89
Mortgage-Backed Securities	6.22	-0.61	-0.74	-3.03	-4.04
Asset-Backed Securities	2.48	0.08	0.61	-0.61	0.06
High Yield	3.16	0.13	1.71	-0.94	0.52
Index					
1-3-Yr Government/Credit	1.77	0.02	0.10	-0.33	0.09
Intermediate Government/ Credit	3.67	0.07	0.29	-1.35	-1.50
U.S. Aggregate	6.05	-0.10	0.12	-2.53	-3.28

As of 4/30/2024. Source: Bloomberg L.P.

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