



*August, 2024*

# Fixed Income Perspectives Video

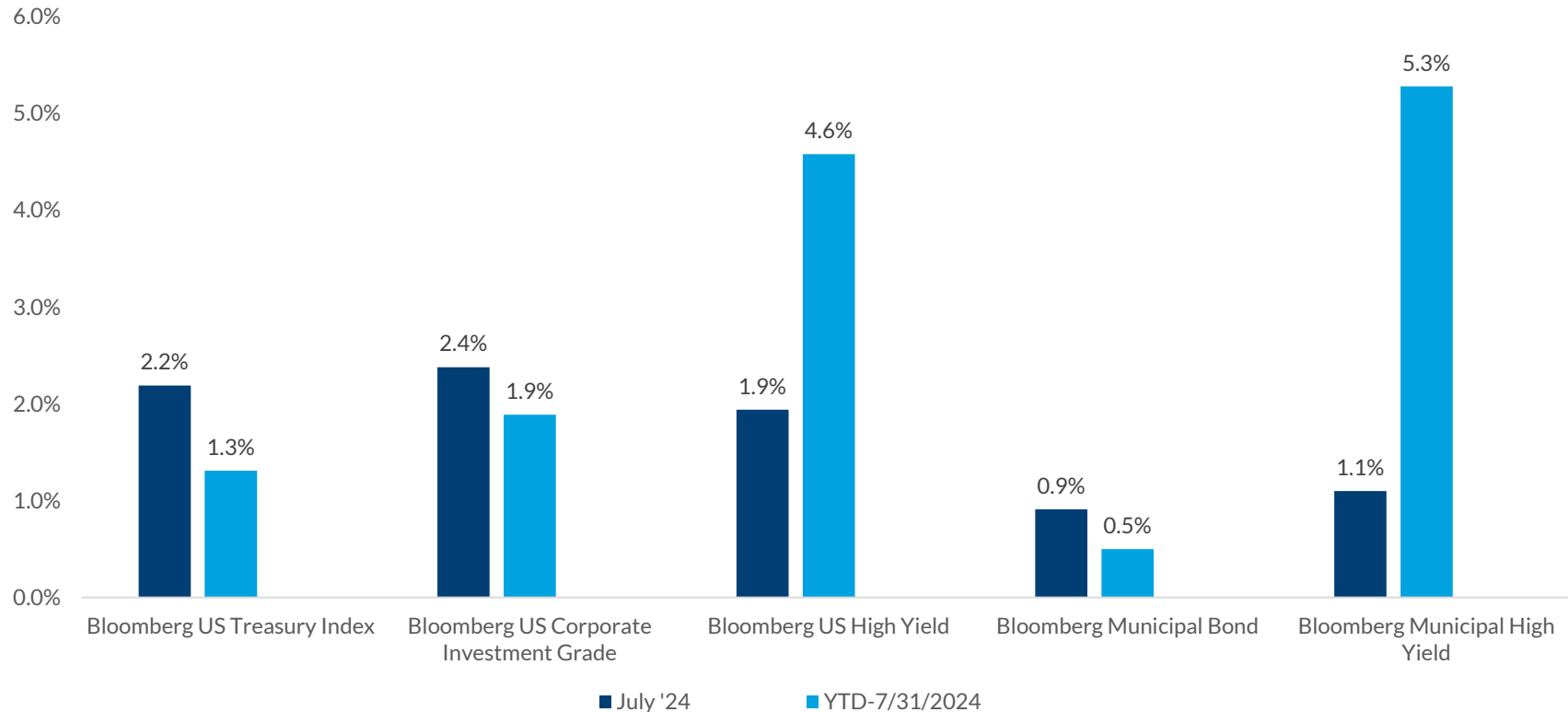
## Bonds Ride Volatility Higher

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# Fixed Income Performance as of July 31, 2024

Total Return Across Select Fixed Income Asset Classes



Sources: Bloomberg, as of July 3, 2024. Information is not representative of any CNR product or service.

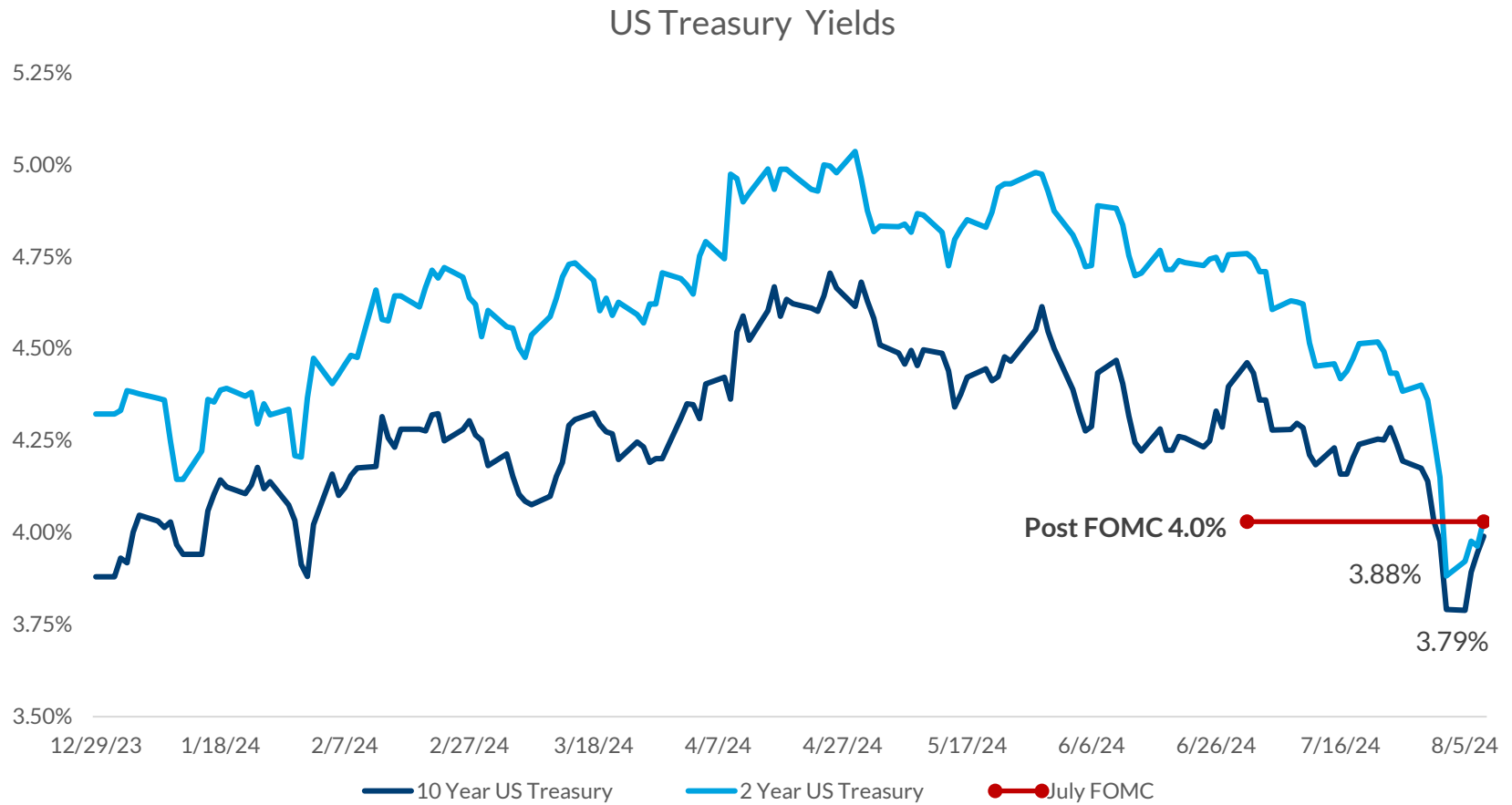
Indices are unmanaged, and one cannot invest directly in an index. Index returns do not reflect a deduction for fees or expenses. Information is subject to change and is not a guarantee of future results.

Index information: Intermediate US Treasury: Bloomberg U.S. Treasury Index, Bloomberg US Corporate Investment Grade Index, Bloomberg US High Yield Index, Bloomberg Municipal Bond Index, Bloomberg Municipal High Yield Index Leveraged Loans: Morningstar LSTA U.S. Leveraged Loan Index. Structured Credit: Palmer Square CLO BB Index.



# US Treasury Yield Volatility

- 2 year and 10-year US Treasury yields touch year to date lows before pull back



Source: Bloomberg as of 8/8/2024  
 Information is subject to change and is not a guarantee of future results



# Economic Forecasts

- GDP growth to moderate, but economy should remain resilient and avoid recession.
- Corporate profits expected to show improving growth.
- Inflation pressures expected to continue moderating.
- Expecting at least one, and likely two, Fed rate cuts before year end.
- Still high inflation and likely slow Fed rate cut trajectory should put a 4% floor on 10-year Treasuries.

City National Rochdale Forecasts		2023	2024e	2025e
Real Annual GDP Growth		2.5%	1.75% to 2.25%	1.50% to 2.00%
Corporate Profit Growth		1%	9.00% to 12.00%	8.00% to 12.00%
Headline CPI Year End		3.3%	2.50% to 3.00%	2.50% to 2.75%
Core CPI Year End		3.9%	2.50% to 3.00%	2.25% to 2.75%
Interest Rates	Federal Funds Rate	5.25% to 5.50%	<b>4.50% to 5.00%</b>	3.75% to 4.25%
	Treasury Note, 10-Yr.	3.88%	<b>4.00% to 4.50%</b>	3.75% to 4.25%

Gross domestic product (GDP) is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period.

The Consumer Price Index (CPI) measures the monthly change in prices paid by US consumers.

e: estimate.

Sources: Bloomberg, proprietary opinions based on CNR Research, as of August 2024.

Information is subject to change and is not a guarantee of future results.



# Important Information

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Fixed Income investing strategies & products. There are inherent risks with fixed income investing. These risks include, but are not limited to, interest rate, call, credit, market, inflation, government policy, liquidity or junk bond risks. When interest rates rise, bond prices fall. This risk is heightened with investments in longer-duration fixed income securities and during periods when prevailing interest rates are low or negative.

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# Index Definitions

The Bloomberg Barclays US Intermediate Corporate Bond Index is a measure of the investment grade, fixed-rate, taxable corporate bond market. It includes USD-denominated securities publicly issued by US and non-US industrial, utility and financial issuers that have between 1 and up to, but not including, 10 years to maturity. The maturity range of the bonds included in the index is between 1 to 9.9999 years.

Bloomberg U.S. 1-15 Yr. Municipal Bond Index consists of a broad selection of investment grade general obligation and revenue bonds of maturities ranging from one year to 17 years.

Bloomberg Tax-Exempt HY is market value-weighted and designed to measure the performance of U.S. dollar-denominated high-yield municipal bonds issued by U.S. states, the District of Columbia, U.S. territories and local governments or agencies.

Bloomberg U.S. 6M Treasury Bill Index: The 6 Month Treasury Bill Rate is the yield received for investing in a US government issued treasury bill that has a maturity of 6 months.

The Bloomberg Barclays U.S. Corporate High Yield Index is an unmanaged, U.S.-dollar-denominated, nonconvertible, non-investment-grade debt index. The index consists of domestic and corporate bonds rated Ba and below with a minimum outstanding amount of \$150 million.

Morningstar LSTA U.S. Leveraged Loan Index is designed to measure the performance of the 100 largest facilities in the US leveraged loan market.

Palmer Square CLO BB Index is a rules-based observable pricing and total return index for CLO debt sold in the United States, rated A, BBB or BB (or equivalent rating), i.e., mezzanine CLO debt.





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