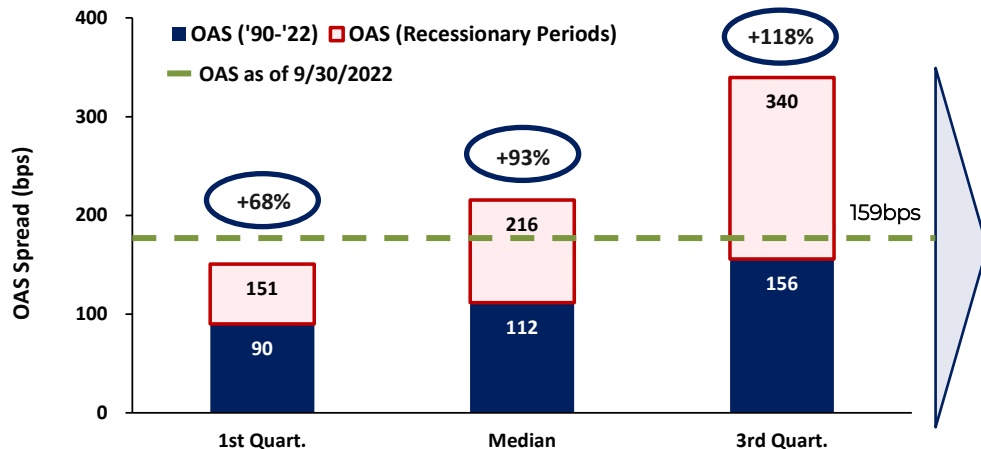
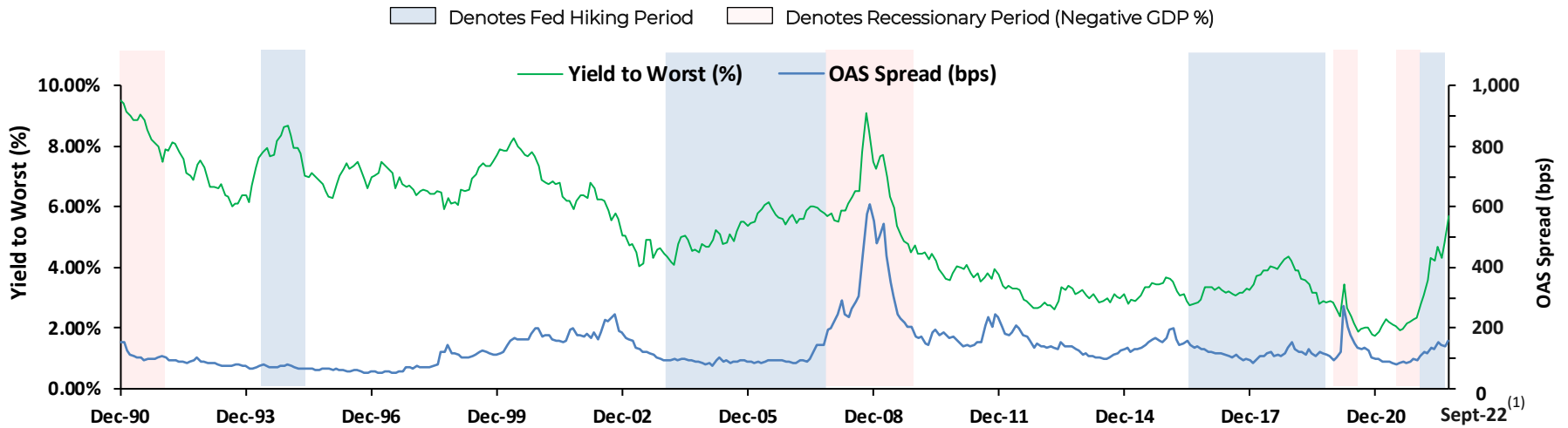




# IPA Insights: Historical Perspectives on Rising Rates, Spreads, & Yields

During the prior three rising rate periods, spreads remained relatively constant. However, the recession risks of the current environment have led to significant spread widening YoY with perhaps more to come



IPA Observations

- Spread widening has historically accompanied negative quarterly GDP growth with increases ranging from ~60 to 180bps vs. normal levels
- Spreads are 75bps wider since Sept'21 but are still in the lower-half of what we've historically seen during recessions

Source: Bloomberg and FactSet

Note: Recessionary period is defined as periods with at least two consecutive negative quarterly GDP growth declines.

(1): Represents Bloomberg US Aggregate Corporate Yield to Worst and OAS spreads as of September 30, 2022.