



U.S. Credit Update – May 12, 2022

- Fixed Income and Corporate Sector Returns
- Options-Adjusted Spreads
- Rich/Cheap
- Credit ETF Flows
- Issuance Recap



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Anthony Rizzo and Scott Hirth
datascience.arborresearch.com

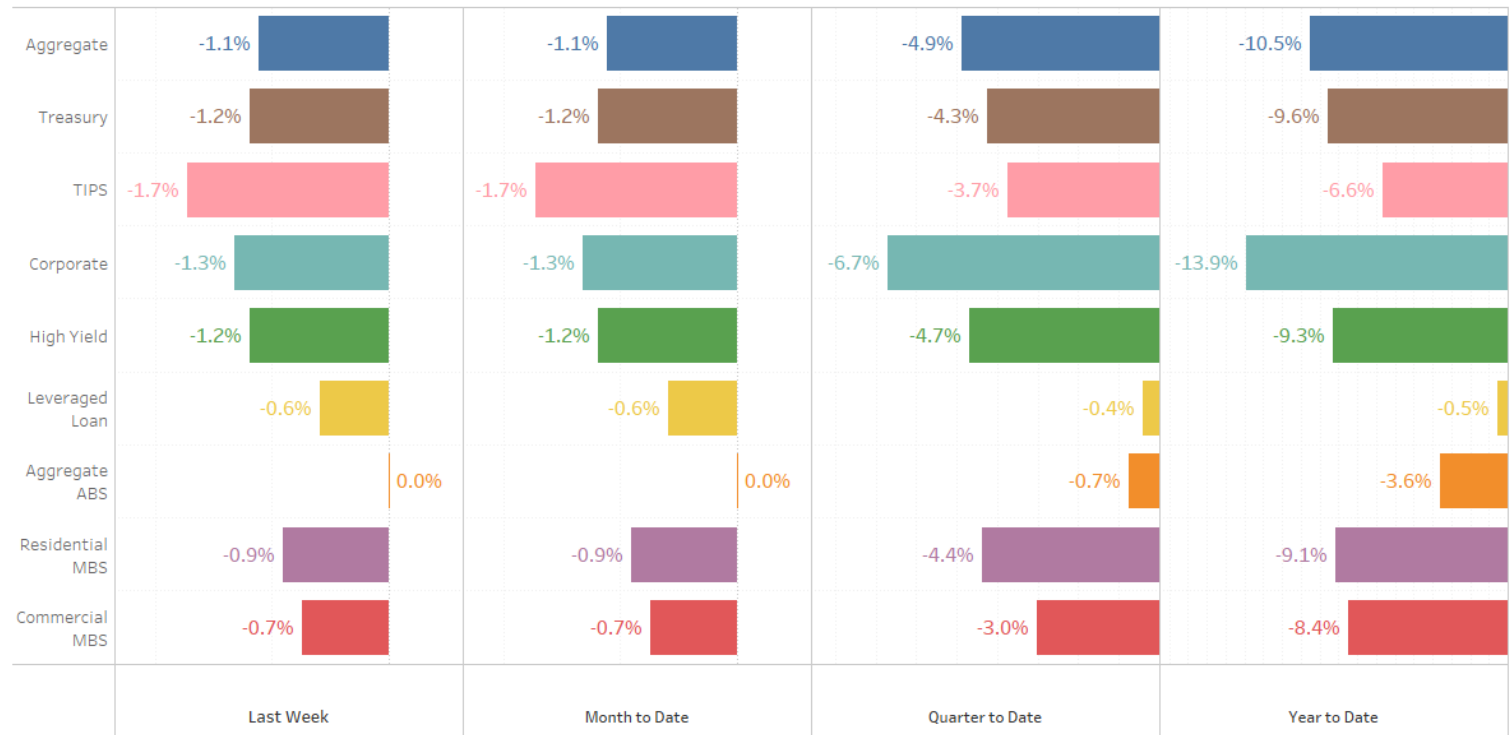
Fixed Income Sector Total Returns

Fixed Income lags again.

The market continues to be concerned that inflation is not fully priced in.

U.S. Market Sector Performance
Total Return

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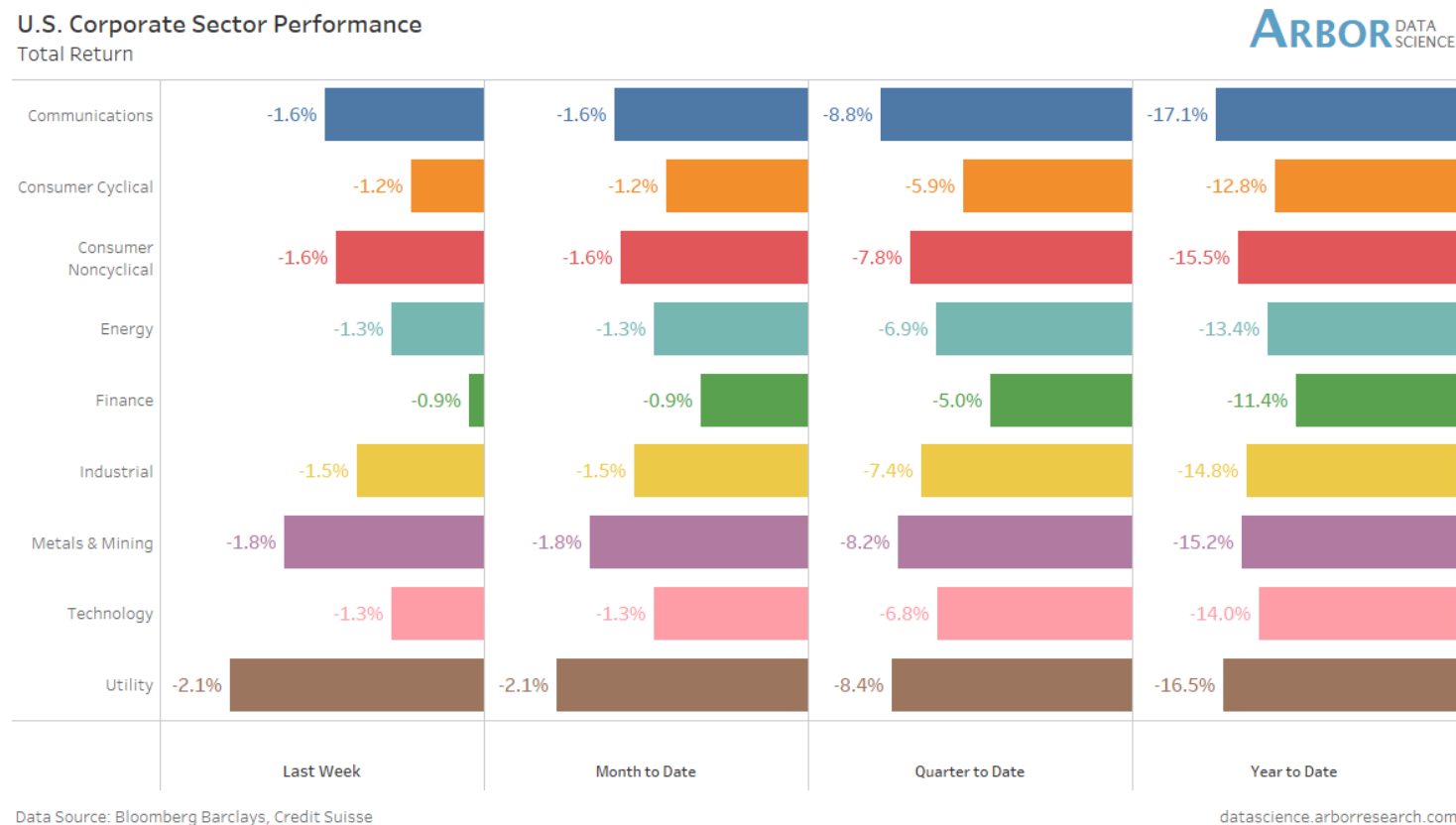


Data Source: Bloomberg Barclays, Credit Suisse

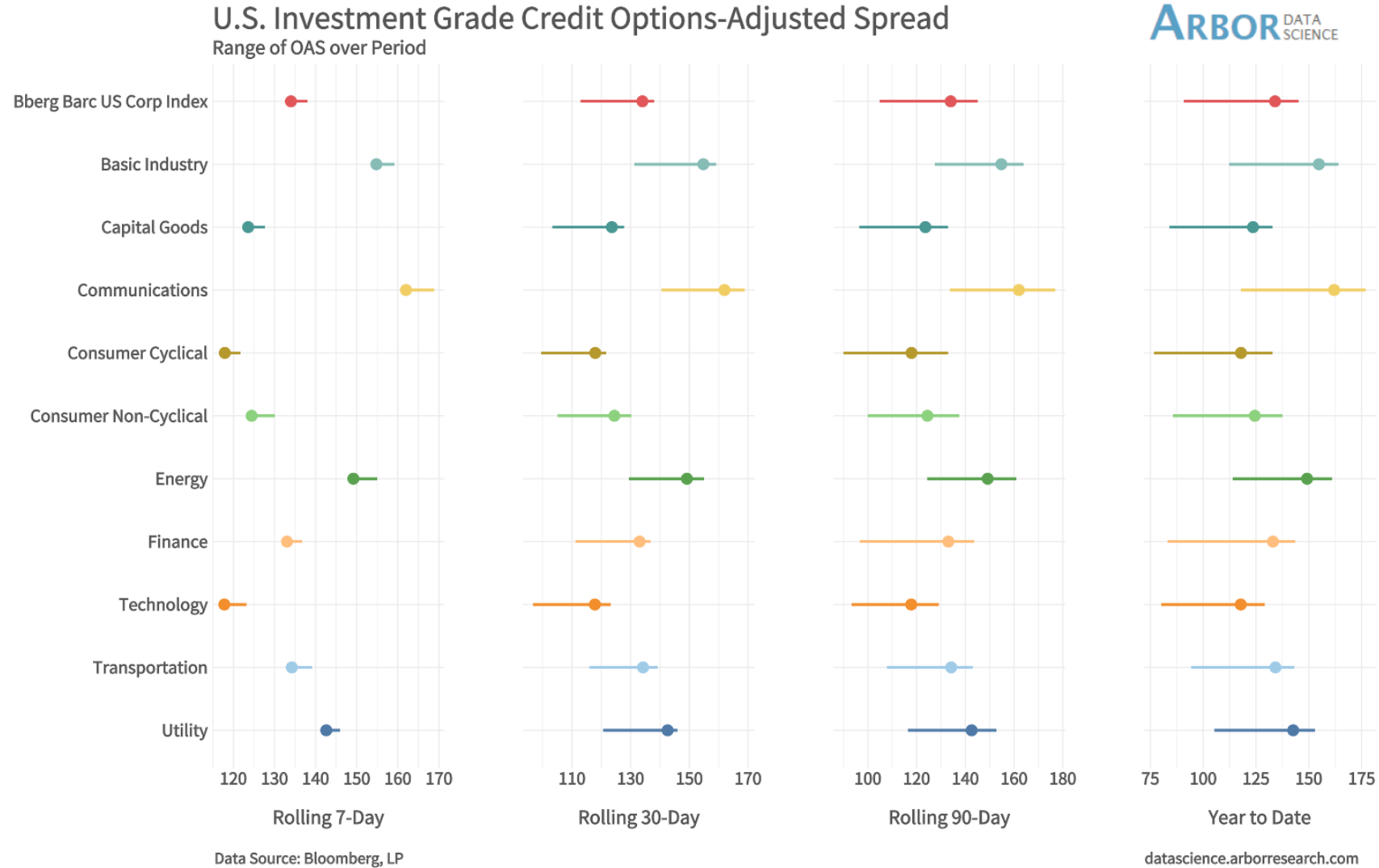
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Corporate Sector Total Returns

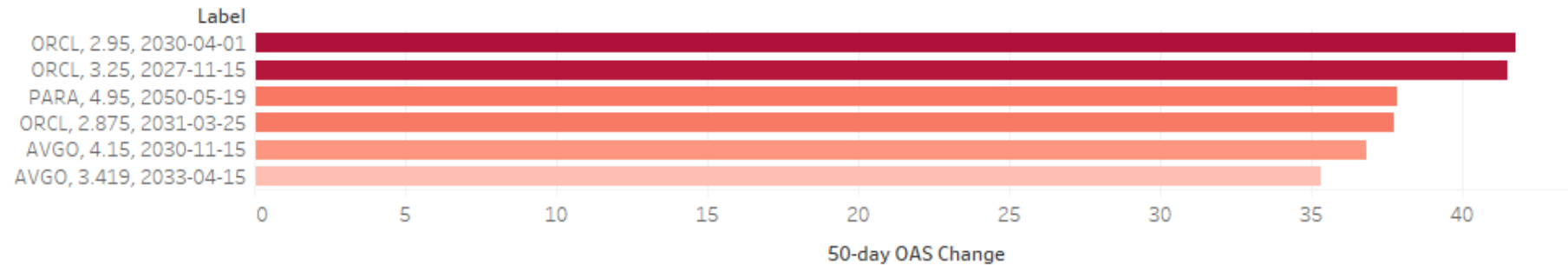
Lack of risk conviction hampers credit.
 Poor equity market performance and a general lack of conviction by real money continues to haunt corporate credit.



Corporate Sector OAS



U.S. Investment Grade Corporates Rich/Cheap



Data Source: Bloomberg LP

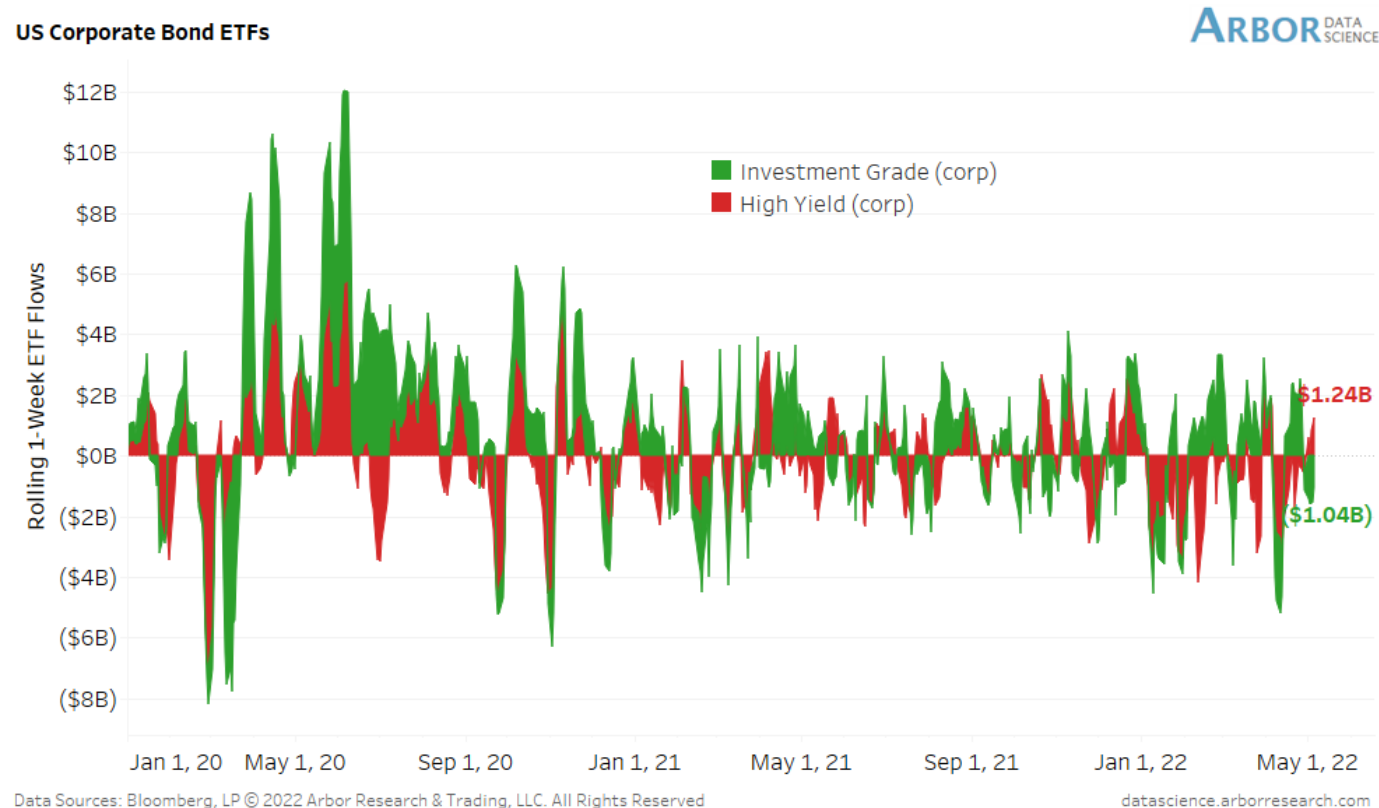
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This week we focus on technology. As we move back to the wides in credit we saw in March, rich/cheap valuations become quite relative. Some dealers have reported insurance company buying in 20-30 year maturities with long rates rising. As the chart above shows, this is a tough environment for the highly leveraged entity. Costs of financing are seem to increase daily.

Aggregate and Corporate Bond ETF Flows

Credit ETFs saw mixed flows last week. Investment grade lost \$1.04 billion and high yield gained \$1.24 billion (both on a rolling 1-week basis).

The chart shows stacked rolling one-week flows into corporate bond ETFs.

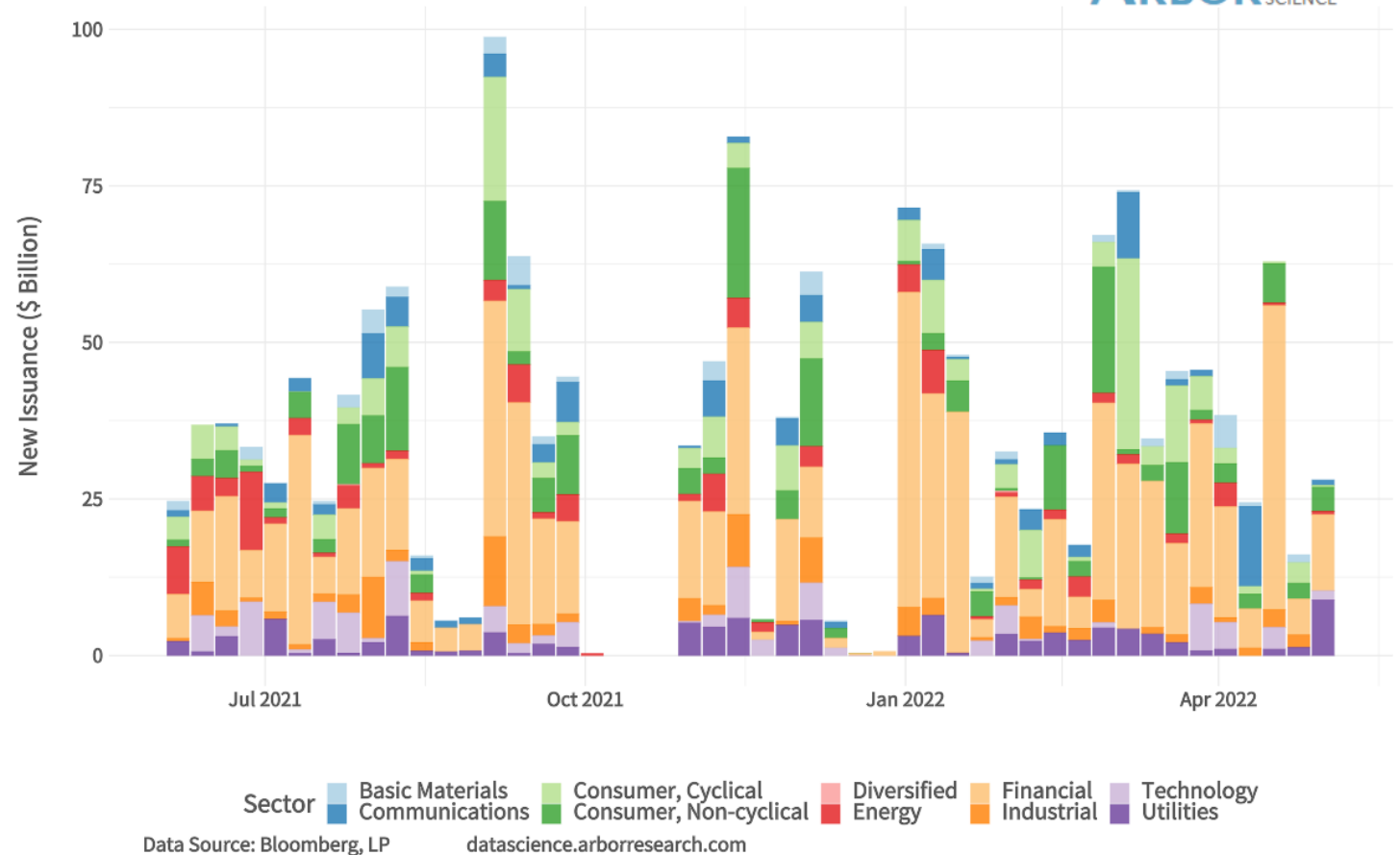


Issuance Recap

Primary issuance last week came in below estimates. Given the uneasy environment, issuers will have to remain nimble and likely willing to accept a concession to get a deal done.

Weekly U.S. Corporate Issuance - Last 11 Months

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Contact Us

Give us a call for more information about our services and products

Kristen Radosh – Marketing
kristen.radosh@arborresearch.com

Arbor Research & Trading, LLC
22333 Classic Court
Lake Barrington, IL 60010
1-800-606-1872
datascience.arborresearch.com



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