

## U.S. Credit Update – January 7, 2024

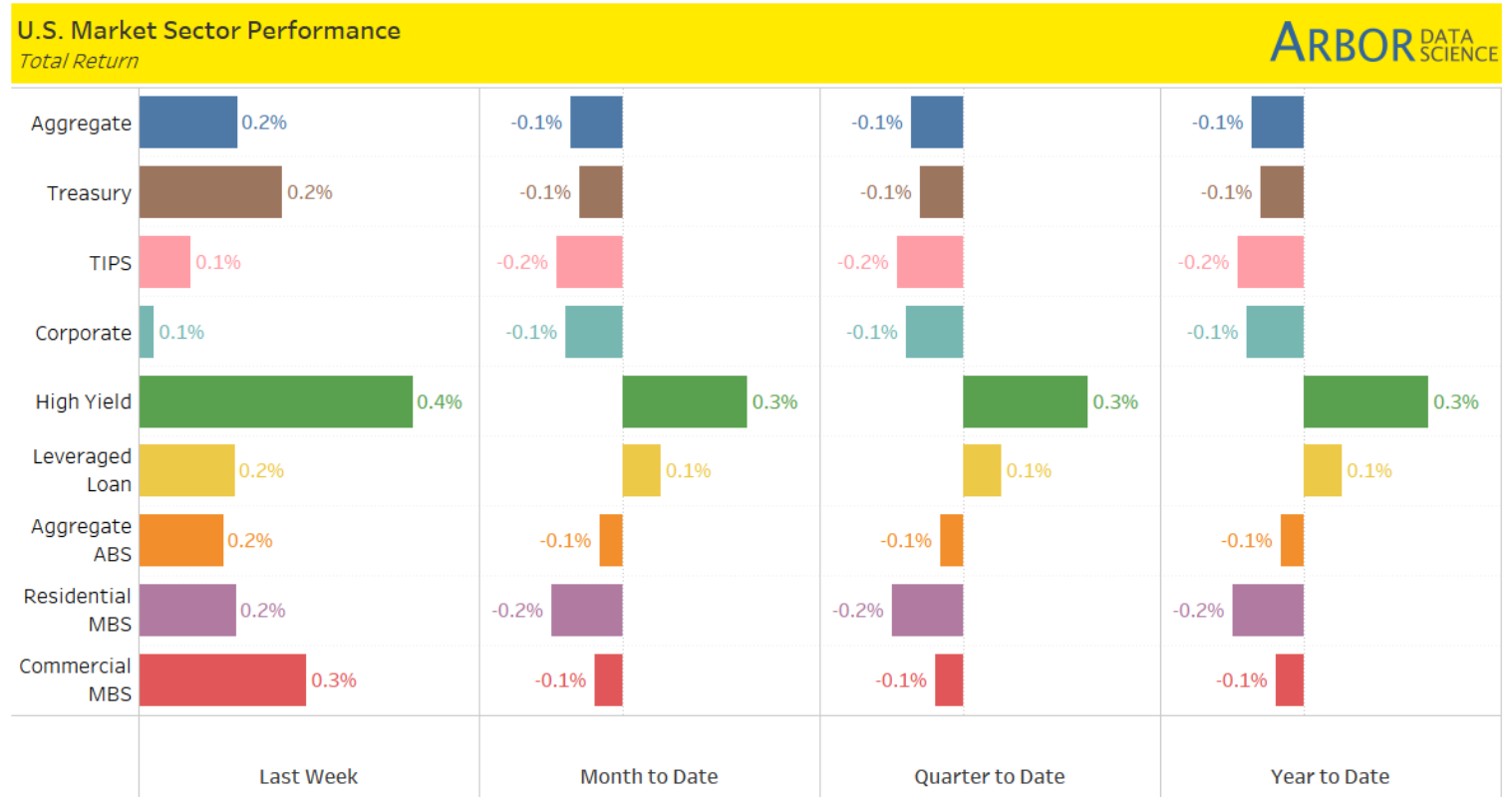
- Fixed Income and Corporate Sector Returns
- Options-Adjusted Spreads
- Biggest Movers
- Credit ETF Flows
- Issuance Recap

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Gus Handler and Scott Hirth  
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# Fixed Income Sector Unhedged Total Returns

**Short Treasurys outperform.**  
2-10 year maturities fell 3-5 bps in yield last week, while the long end was unchanged.

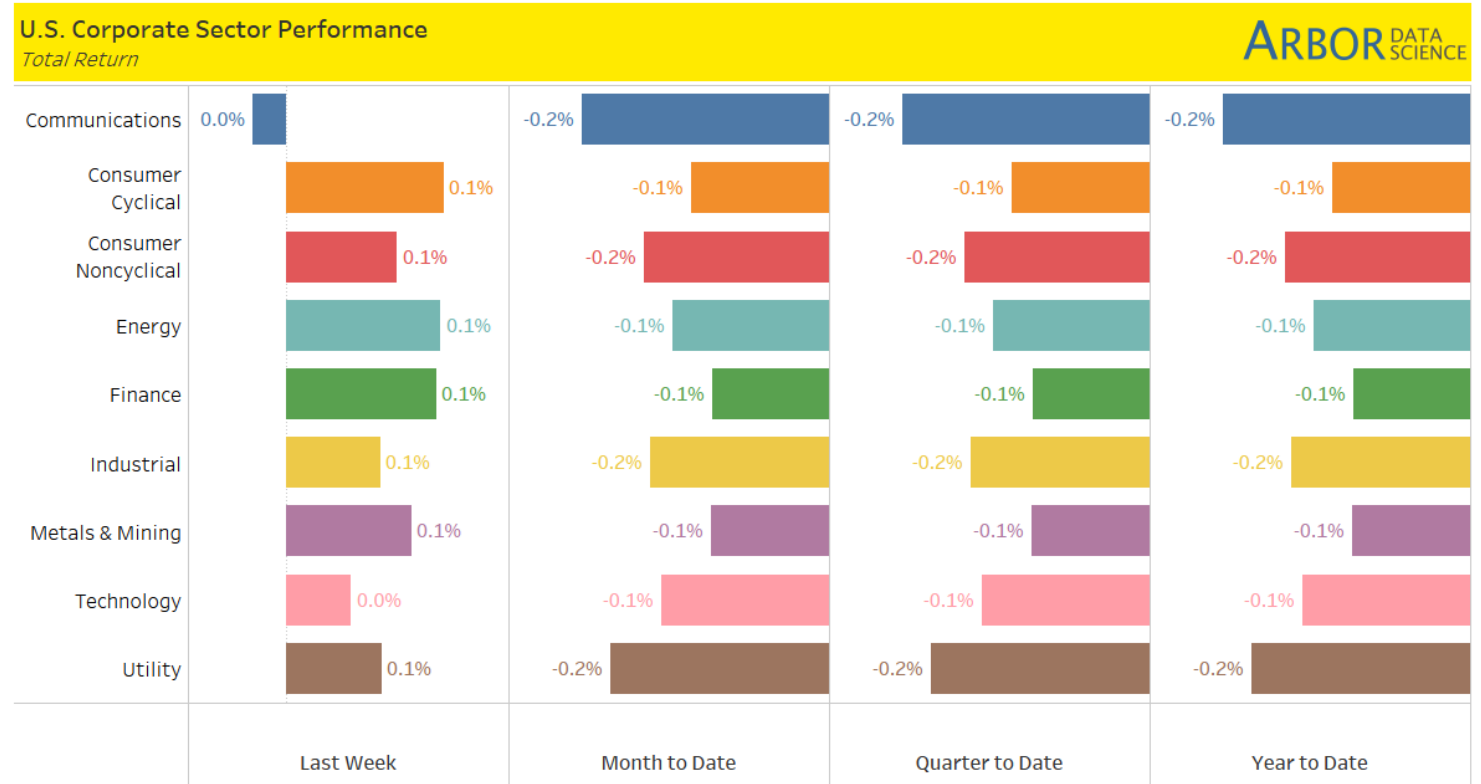


Data Source: Bloomberg Barclays, Credit Suisse

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# Corporate Sector Unhedged Total Returns

**Credit open the year +2 bps.**  
 IG credit spreads opened 2025 a couple bps wider amid light flows. Clients were better sellers of intermediates and higher beta names to buy higher quality.



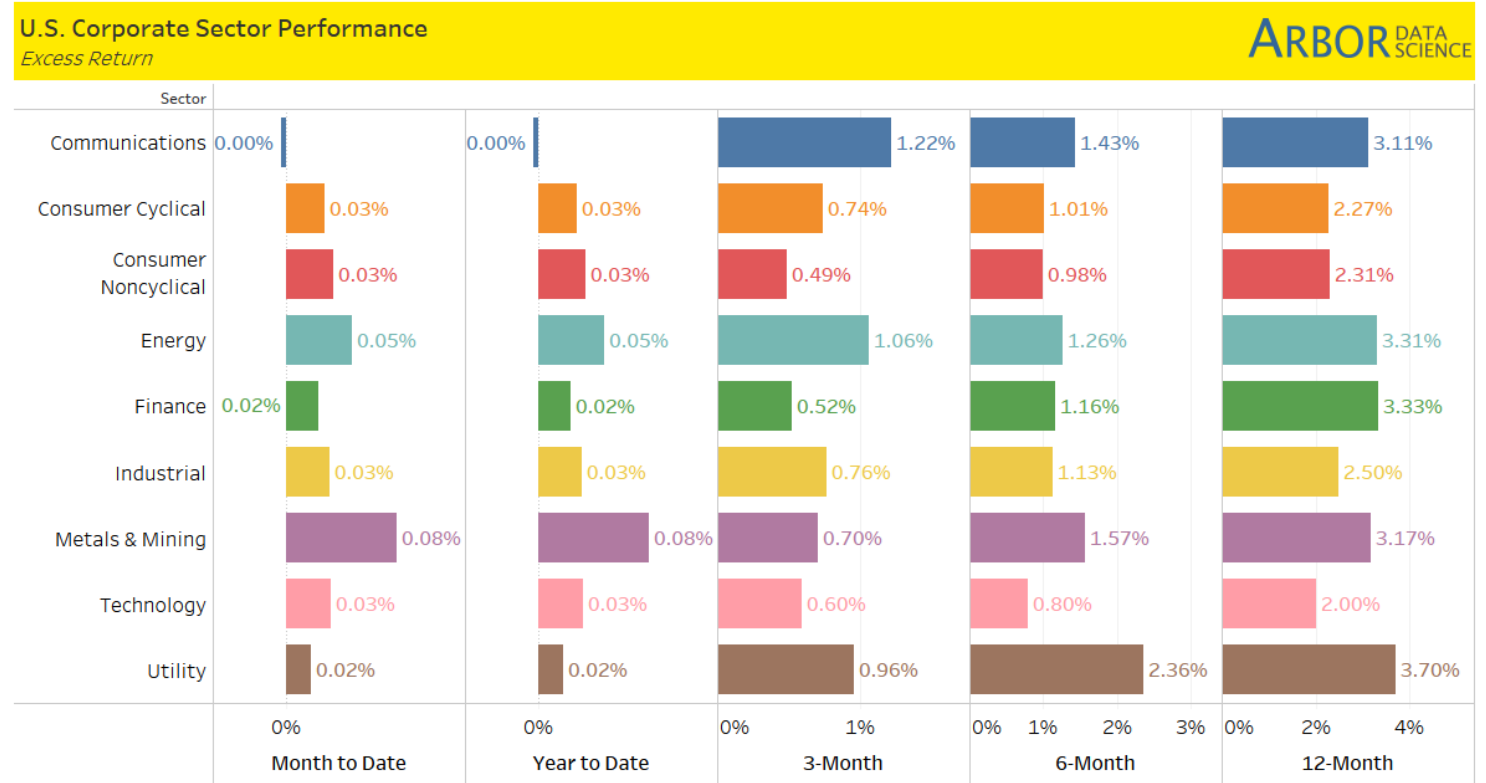
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# Corporate Sector Excess Returns

**Banks and finance were poorest performers last week.**

The sector opened 2025 +2-3 bps. Energy, utilities, and consumer names were unchanged.



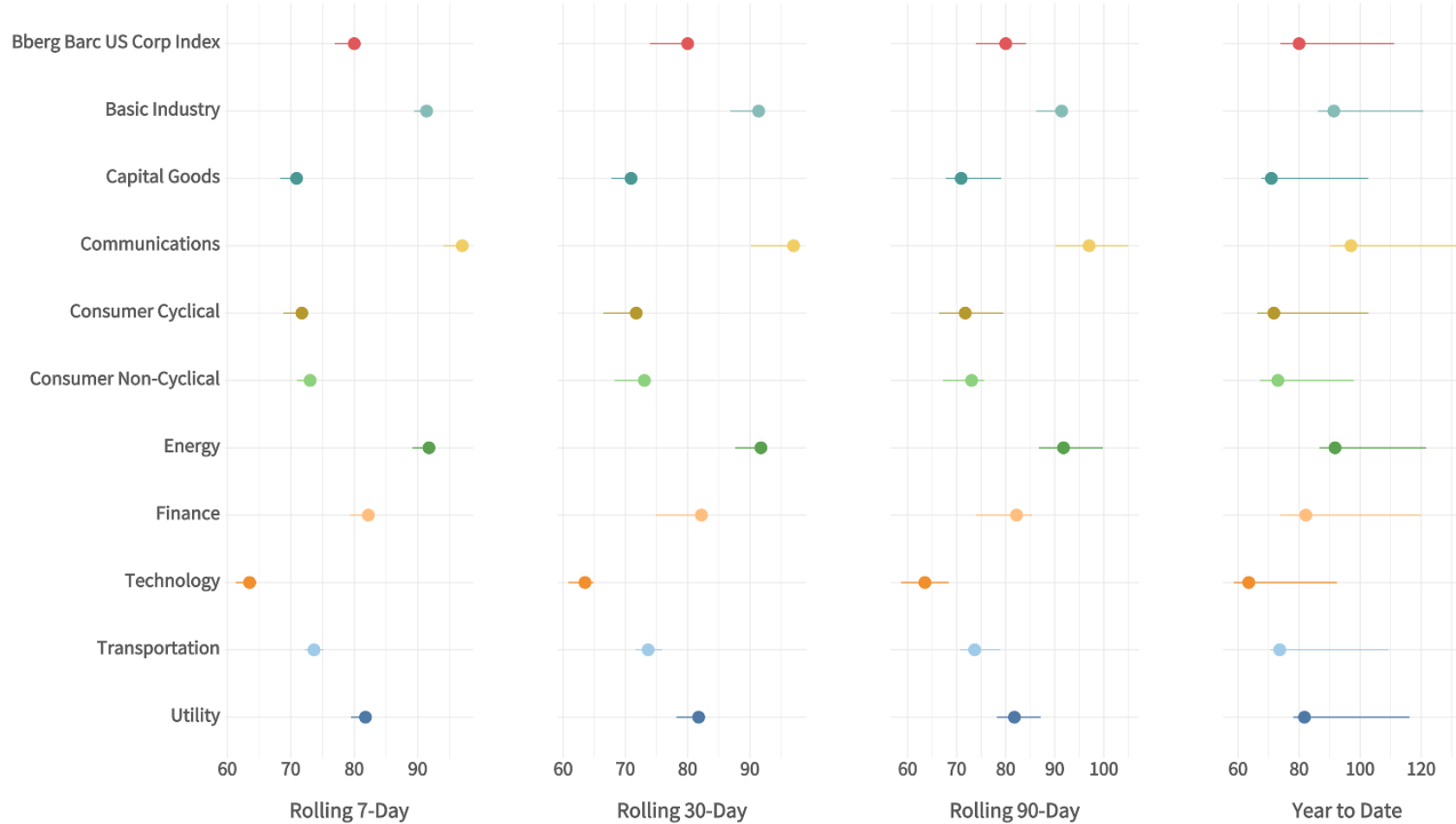
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# Corporate Sector OAS

## U.S. Investment Grade Credit Options-Adjusted Spread

Range of OAS over Period



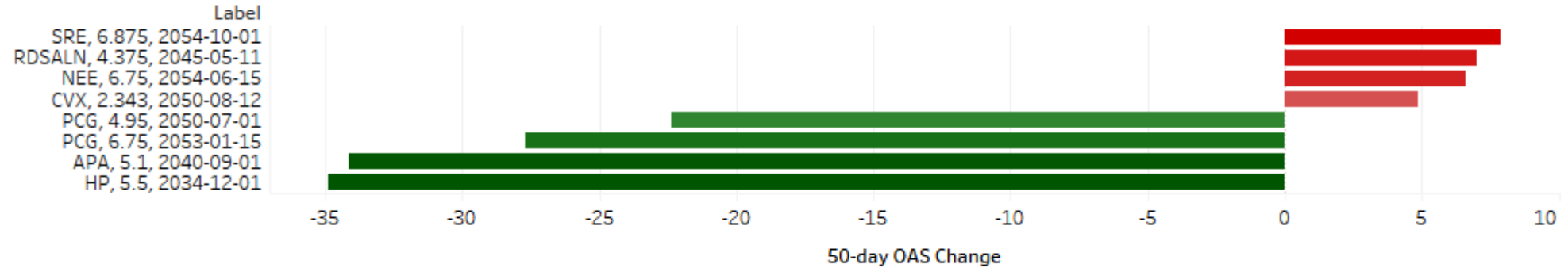
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## U.S. Investment Grade Corporates

Energy & Utilities - Biggest Movers

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IG credit significantly outperformed risk free assets in 2024. The Bloomberg long duration credit index beat long Treasuries by 446bps. Intermediate duration credit outperformed comparable Treasuries by 180bps.

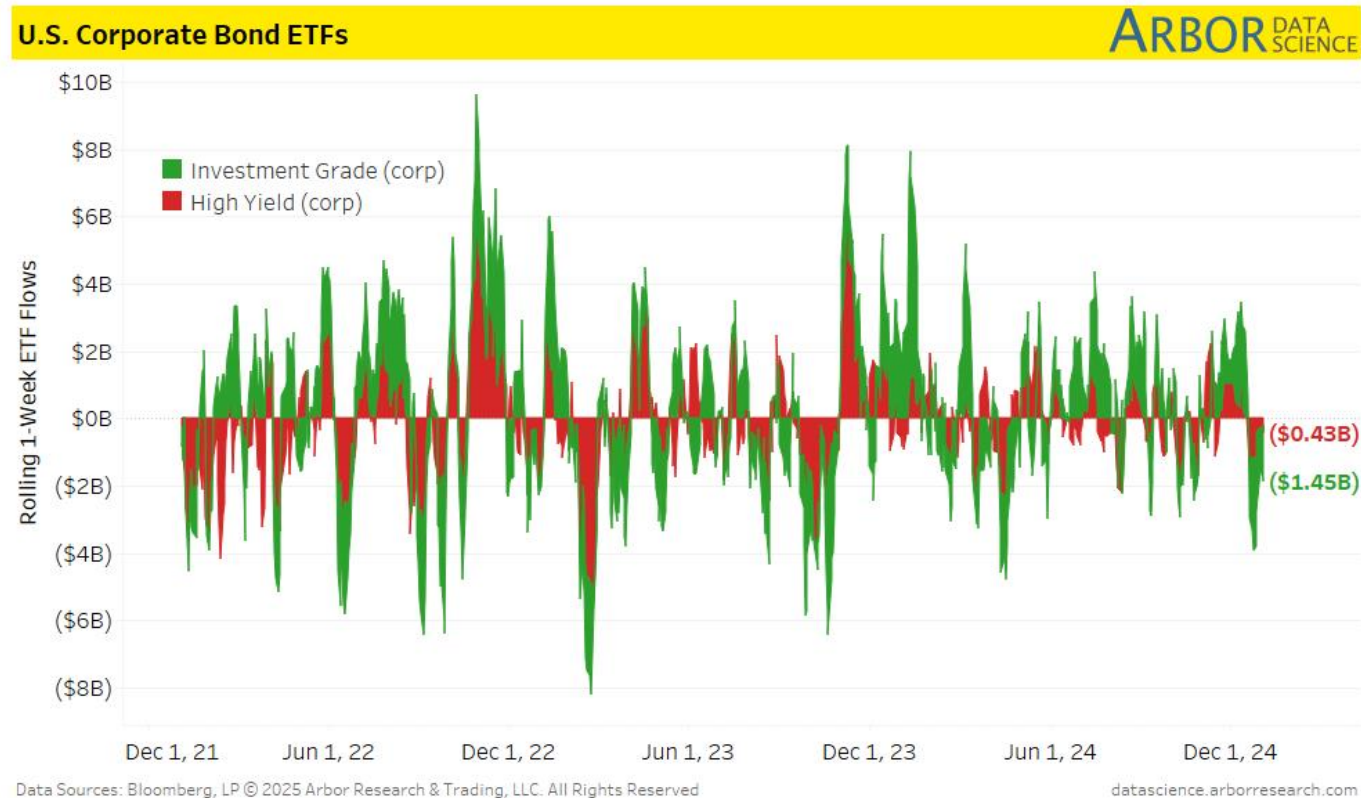
Outflows accelerated for IG credit funds last week to -\$1.18 billion from -\$1.09 billion. Mutual funds contributed to the entire decline, as they lost \$2.41 billion after posting a slight gain during the prior survey period. High grade ETFs saw gains of \$1.23 billion.

It was a strong week for equities as ETFs gained \$22.04 billion after a record outflow of -\$35.32 billion previously.

# Corporate Bond ETF Flows

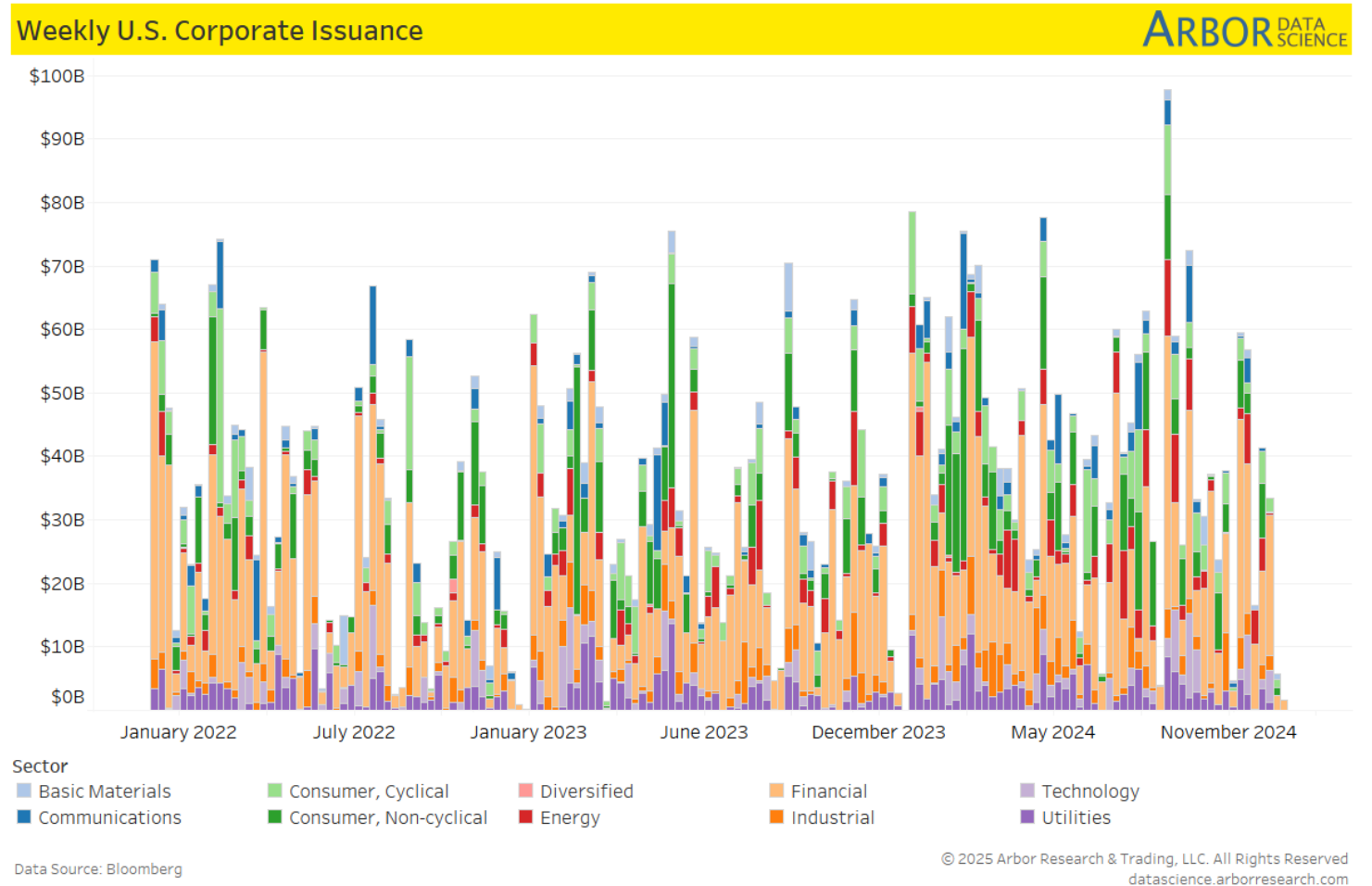
Corporate bond ETFs were negative last week, with investment-grade ETFs losing \$1.45 billion and high-yield ETFs losing \$0.43 billion.

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



# Issuance Recap

Primary issuance will be the market's focus to start this week. \$50+ billion is expected to be priced. Monday's calendar alone was populated by 21 issuers.





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