

U.S. Credit Update – April 2, 2024

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



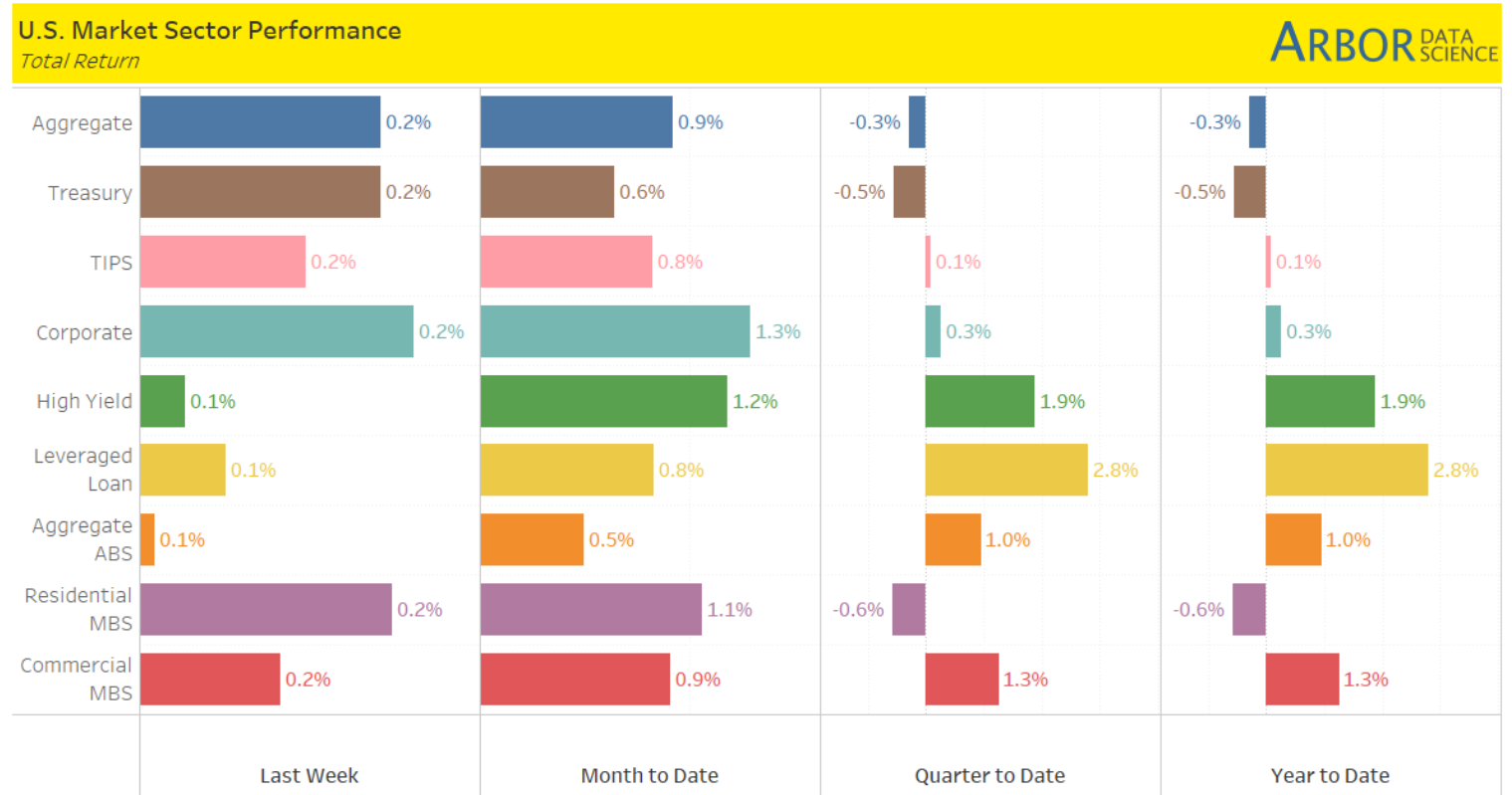
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Gus Handler and Scott Hirth
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Fixed Income Sector Unhedged Total Returns

Long Treasurys outperform.

Volatility into March month-end was limited with the holiday shortened week. Long issues traded better, with the 3s/30s curve flattening 8 bps.

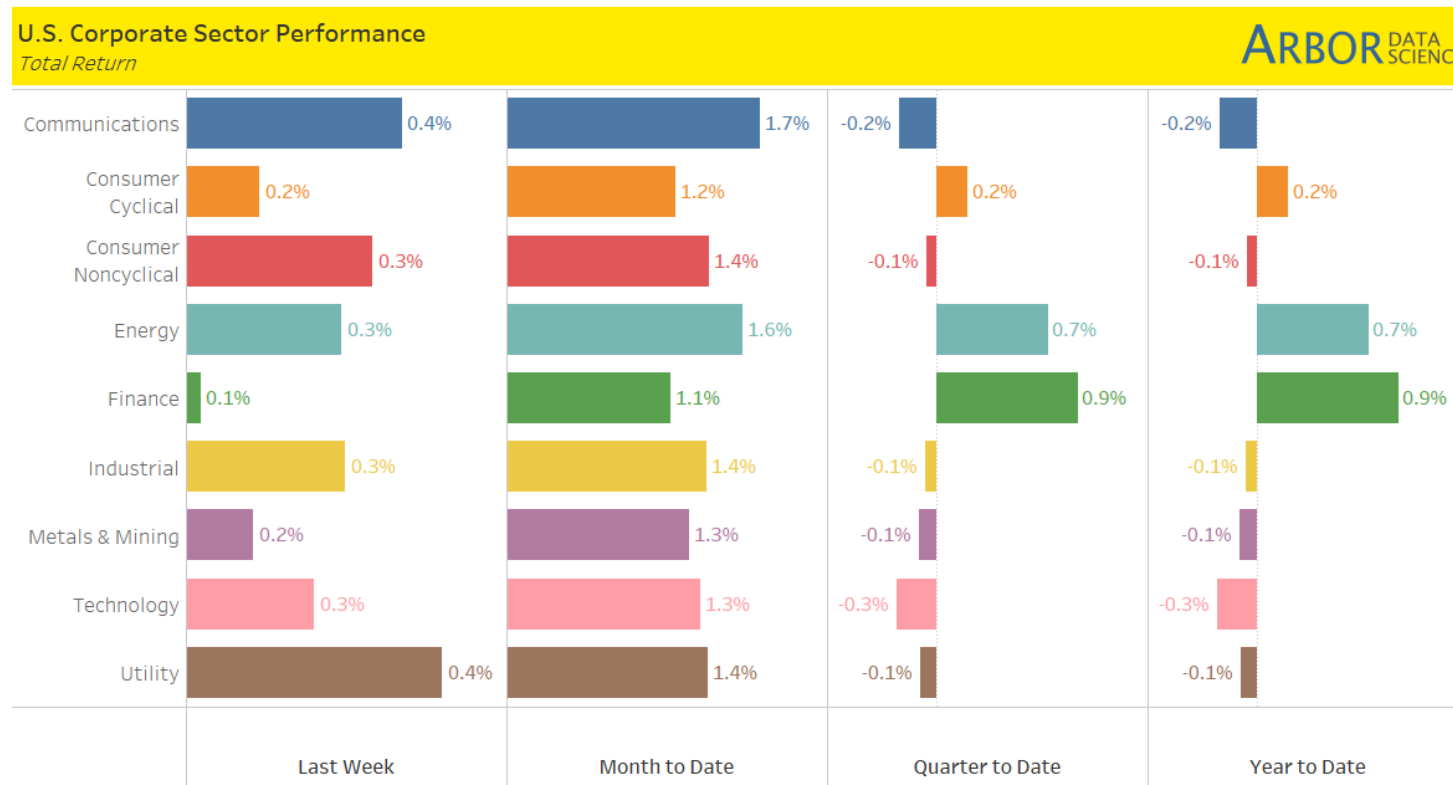


Data Source: Bloomberg Barclays, Credit Suisse

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Corporate Sector Unhedged Total Returns

Credit spreads mixed at month end.
 IG credit spreads backed up during the first two days of the week. However, month end buying helped the market recover to finish the week near unchanged.



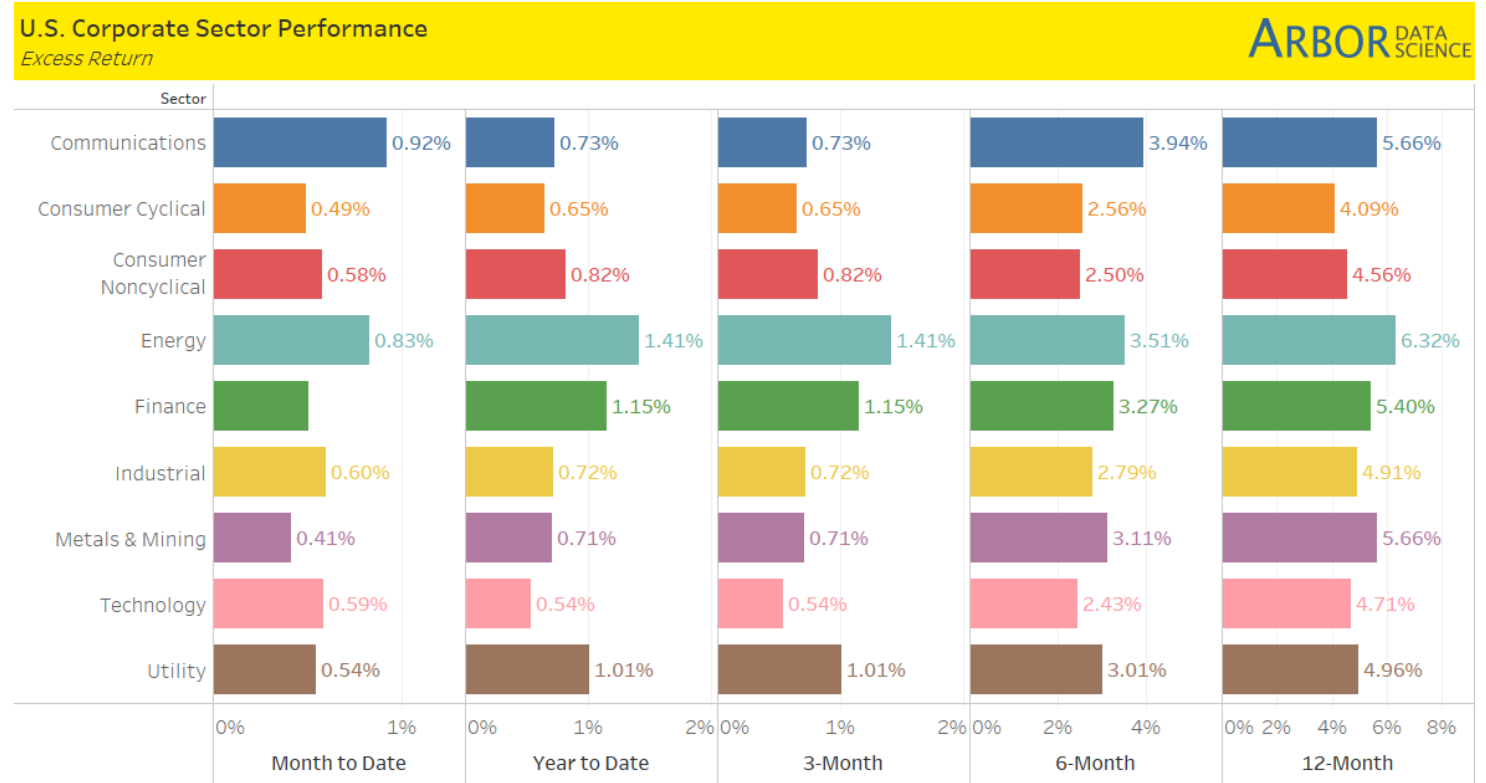
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Corporate Sector Excess Returns

Another solid month for IG credit.

IG credit indices outperformed Treasuries by a significant margin in March. The Bloomberg intermediate index closed +42 bps, and the long index +62 bps vs. comparable Treasuries.

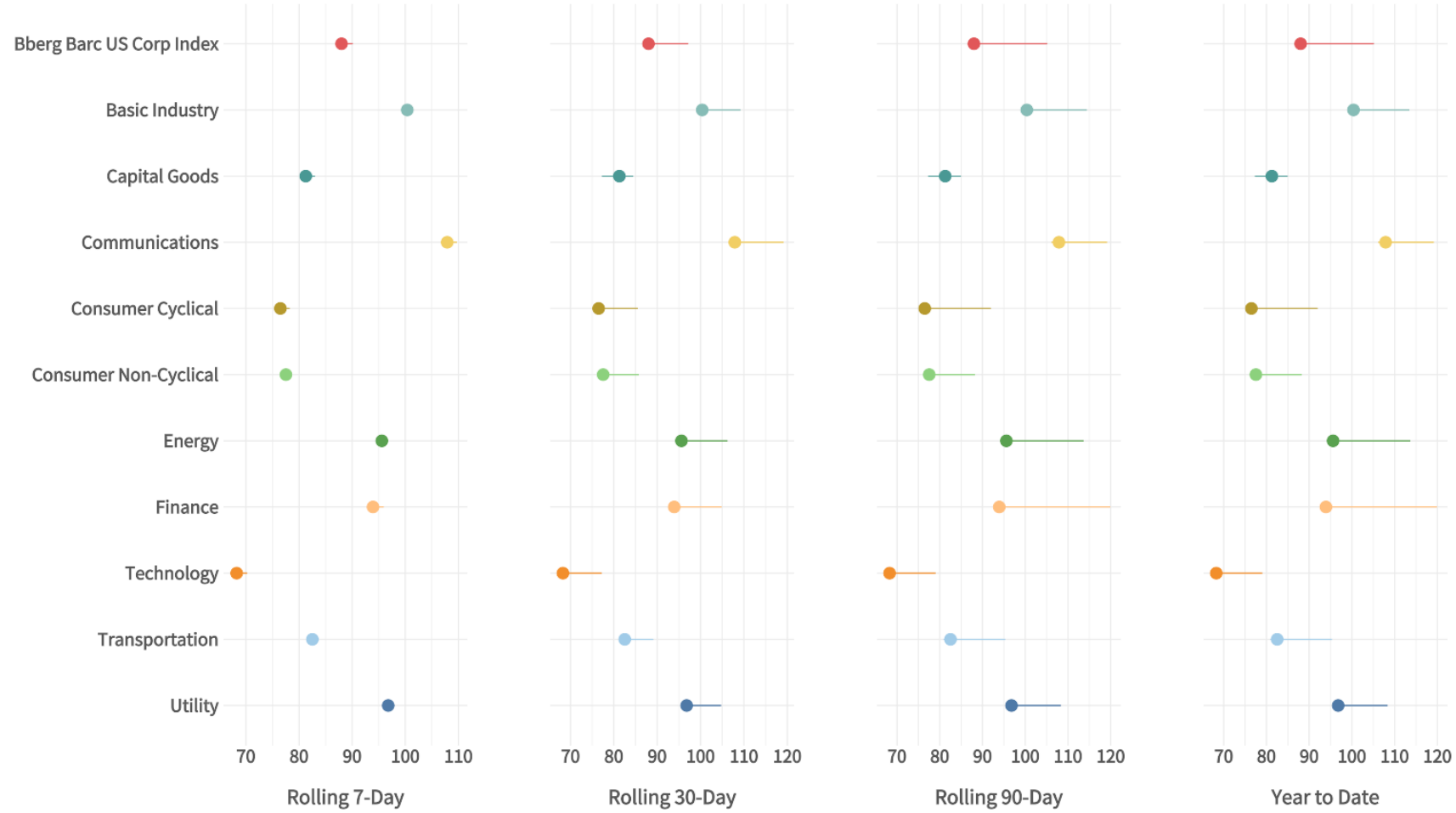


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Corporate Sector OAS

U.S. Investment Grade Credit Options-Adjusted Spread
Range of OAS over Period



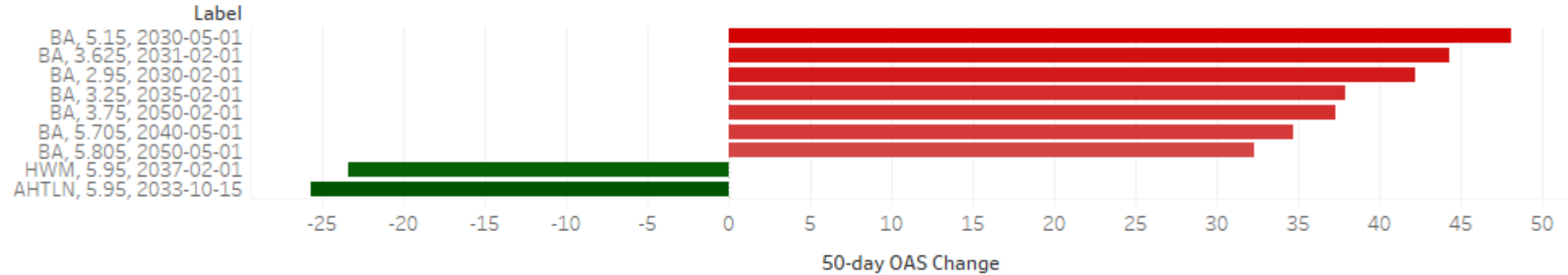
Data Source: Bloomberg, LP

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U.S. Investment Grade Corporates

Industrials - Biggest Movers

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Data Source: Bloomberg LP

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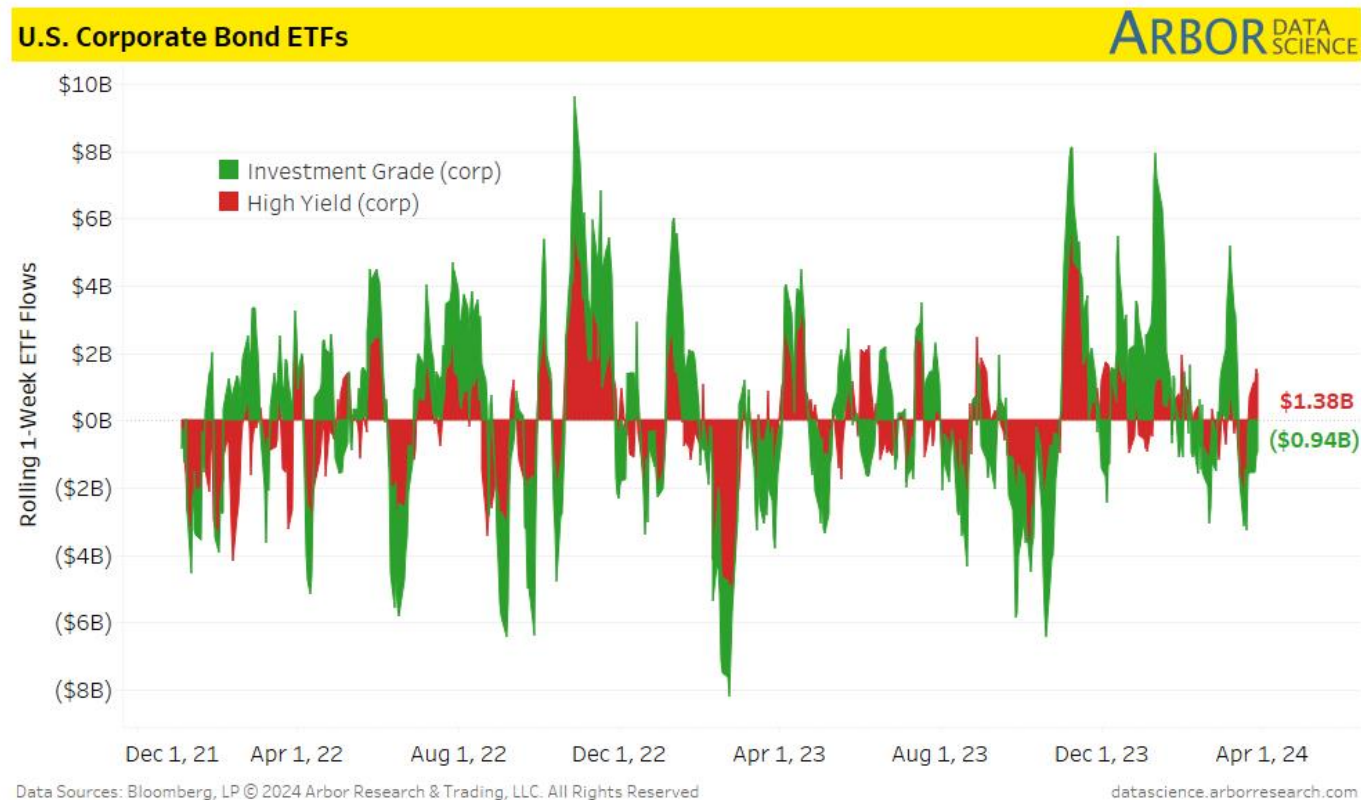
The credit markets traded soft to start the week with dealers being hit on a decent amount more bonds than they sold. Month end reversed that trend with real money buyers preferring to keep funds invested in maturities ≤ 7 -years. Dealers reported sizeable trades going through in 2-3 year maturities.

Flows into IG funds picked up last week with Lipper reporting 3.47 billion of inflows v. +\$2.95 billion the prior week. The gain was almost solely due to high grade ETFs, as mutual fund flows finished flat. Equities saw a strong +15.36 billion of inflows. High yield, loans and munis also saw positive flows.

Corporate Bond ETF Flows

Corporate bond ETFs were mixed last week, with investment-grade ETFs losing \$0.94 billion and high-yield ETFs gaining \$1.38 billion.

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

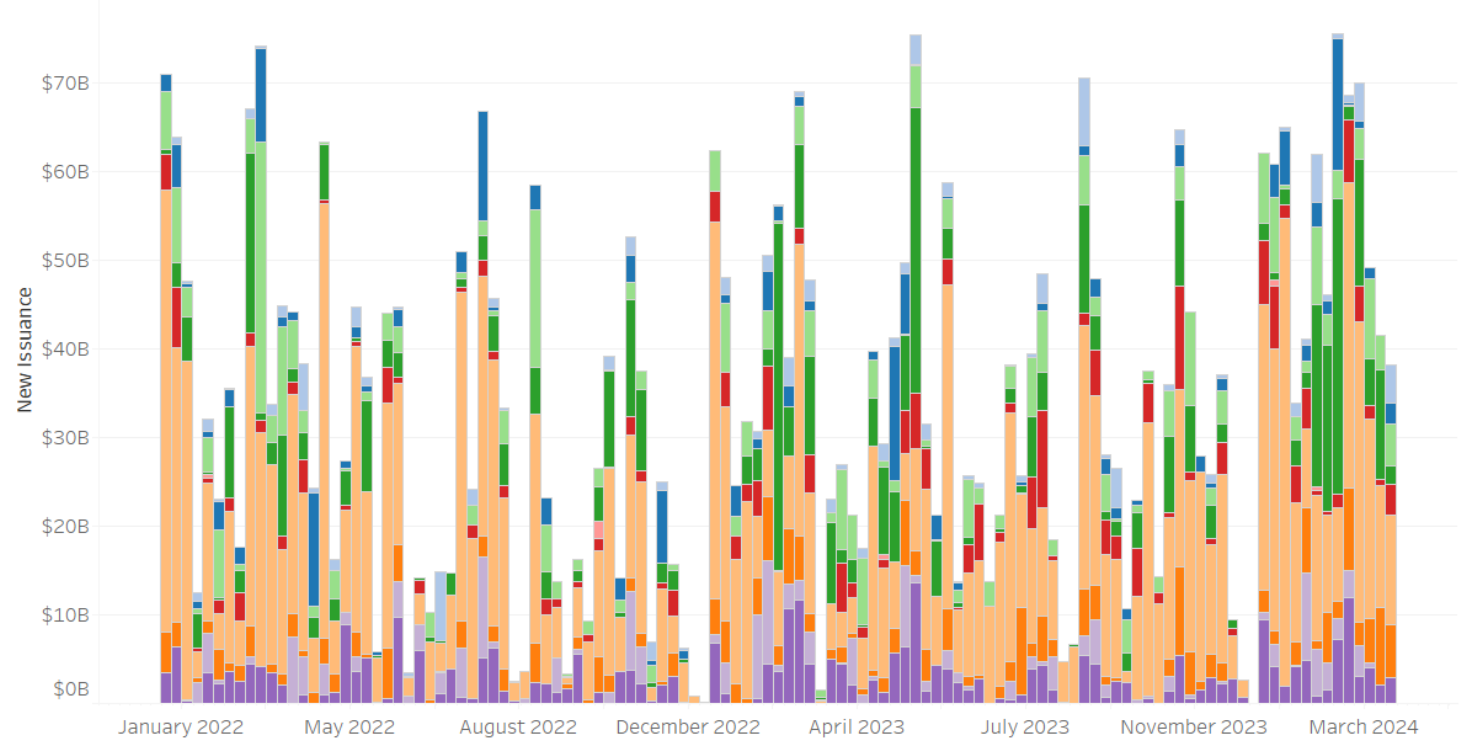


Issuance Recap

The primary calendar saw \$26.8 billion priced last week. March closed with \$145 billion printed in total, +25% v. March 2023. YTD we have seen \$573 billion priced, +14% vs. 1Q23. Expectations for April are in the \$100 billion range.

Weekly U.S. Corporate Issuance

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Sector

- Basic Materials
- Consumer, Cyclical
- Consumer, Non-cyclical
- Diversified
- Energy
- Financial
- Industrial
- Technology
- Utilities
- Communications

Data Source: Bloomberg LP

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