

U.S. Credit Update – September 10, 2024

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



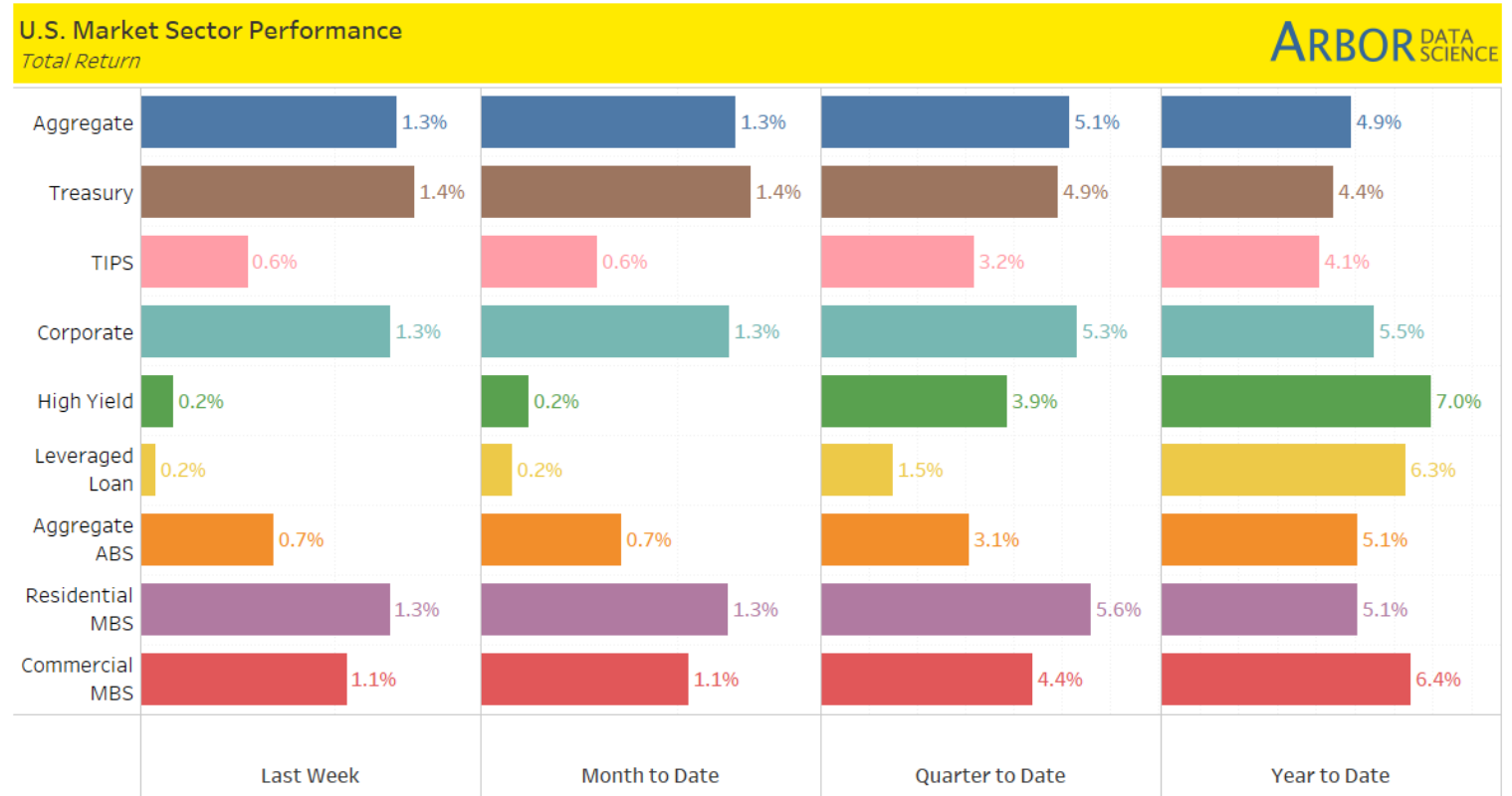
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Gus Handler and Scott Hirth
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Fixed Income Sector Unhedged Total Returns

Lower energy pressures TIPS.

Crude oil fell over 8% last week, which pressured TIPS across the curve. The short end performed poorest, with breakeven spreads narrowing 16bps. 10-year breakevens narrowed 11bps.



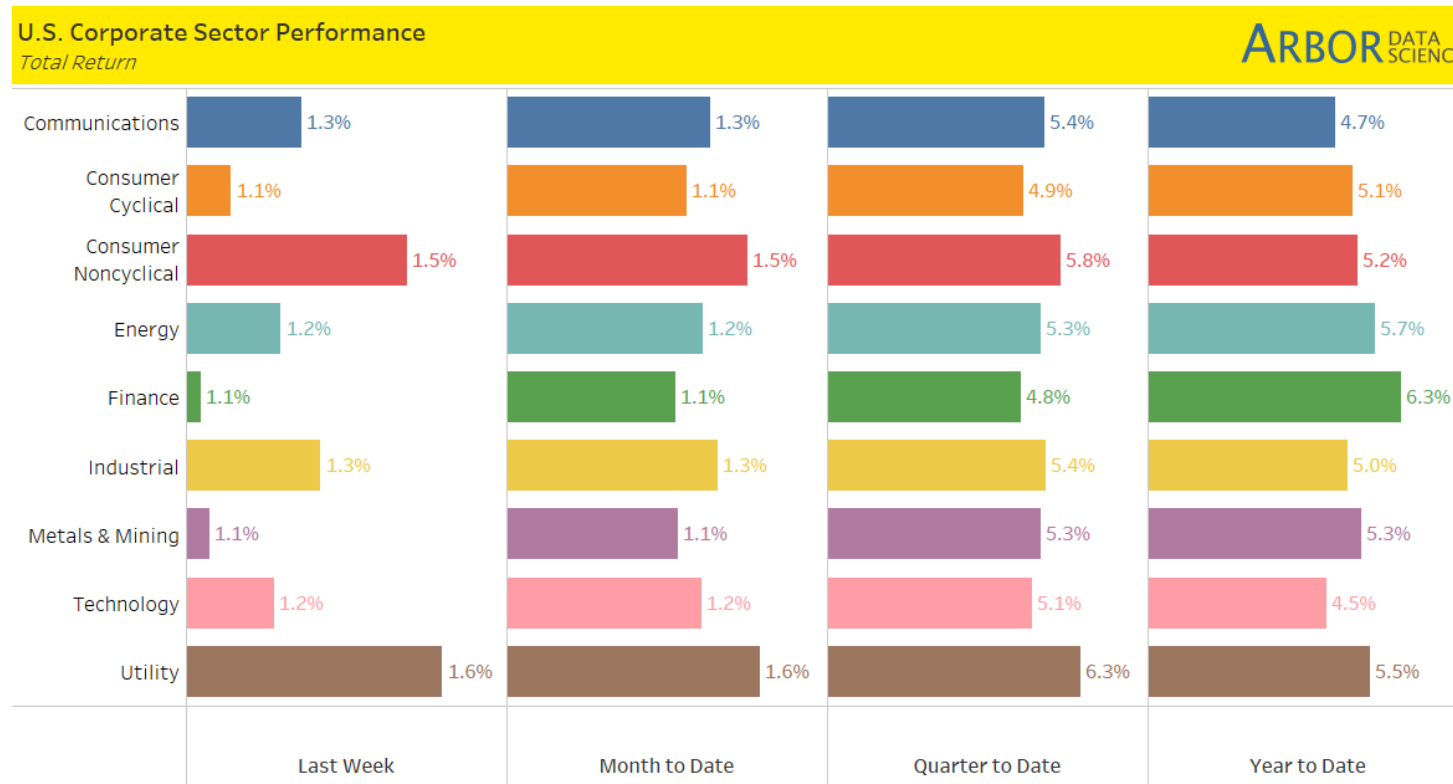
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Corporate Sector Unhedged Total Returns

Credit spreads hold in well despite heavy issuance.

IG credit spreads closed the week wider by 1-8bps. Energy was the poorest performer, backing up 3-8bps. The Bank of America index widened 3bps.



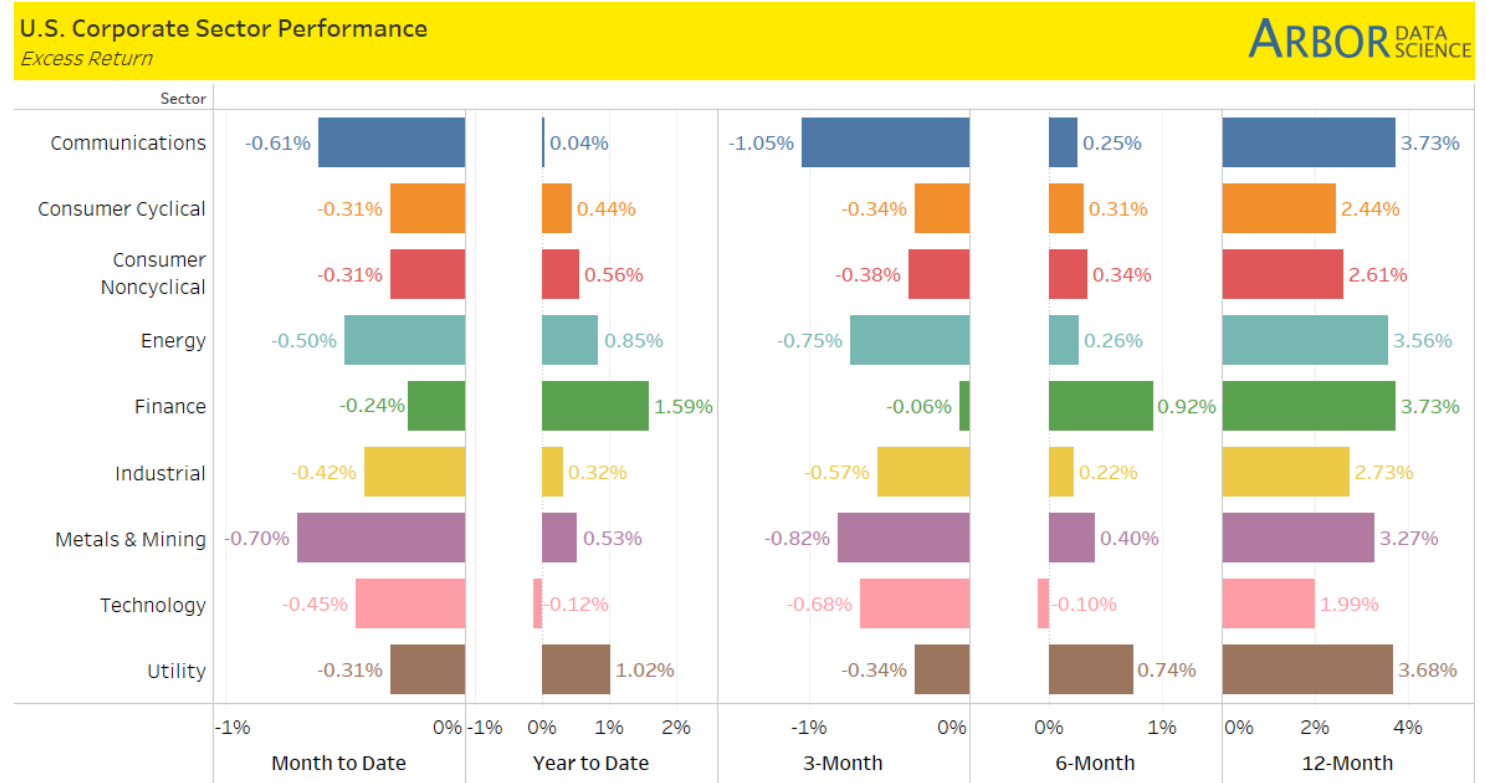
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Corporate Sector Excess Returns

Plenty of cash for new issuance.

End users seemed well positioned for the September primary calendar, despite the weekly IG new issue total nearly doubling consensus estimates. Spreads were more impacted by sagging oil and stock prices.

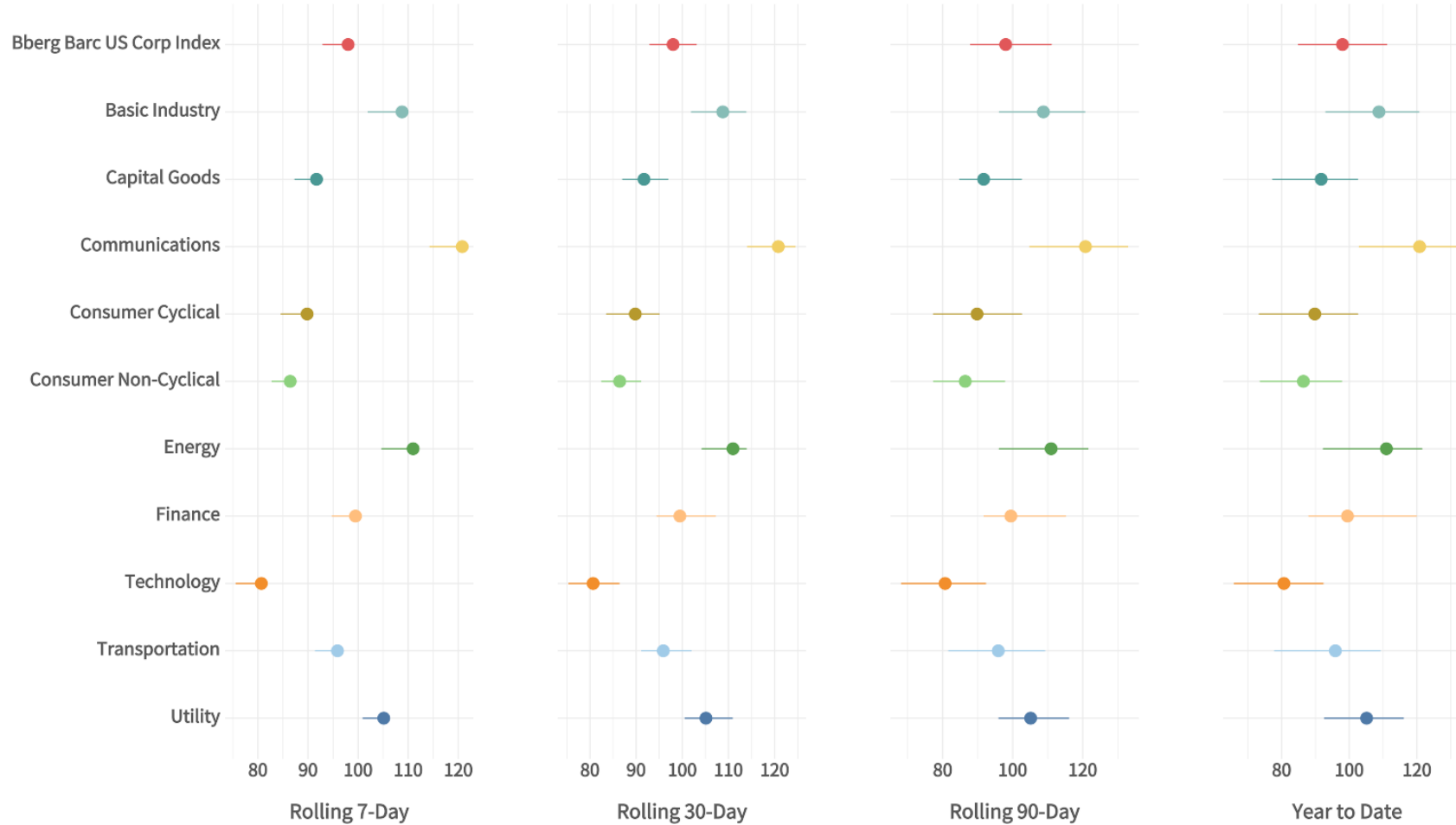


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Corporate Sector OAS

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



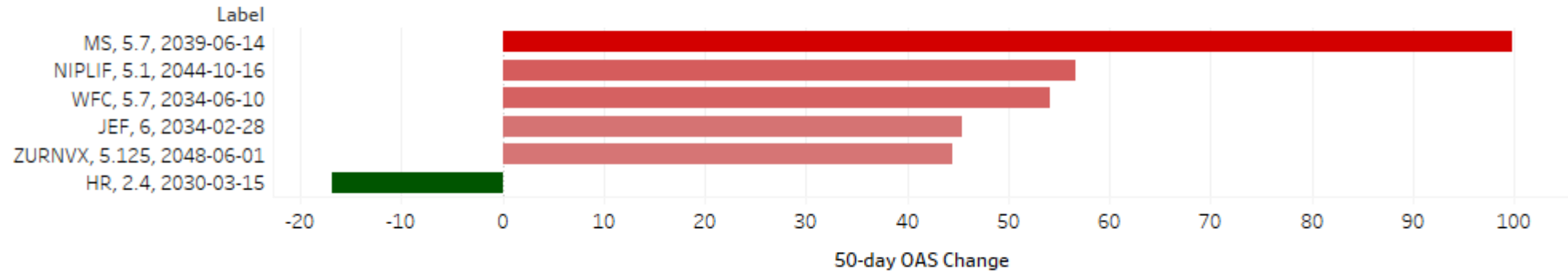
Data Source: Bloomberg, LP

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U.S. Investment Grade Corporates

Financials - Biggest Movers

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Data Source: Bloomberg LP

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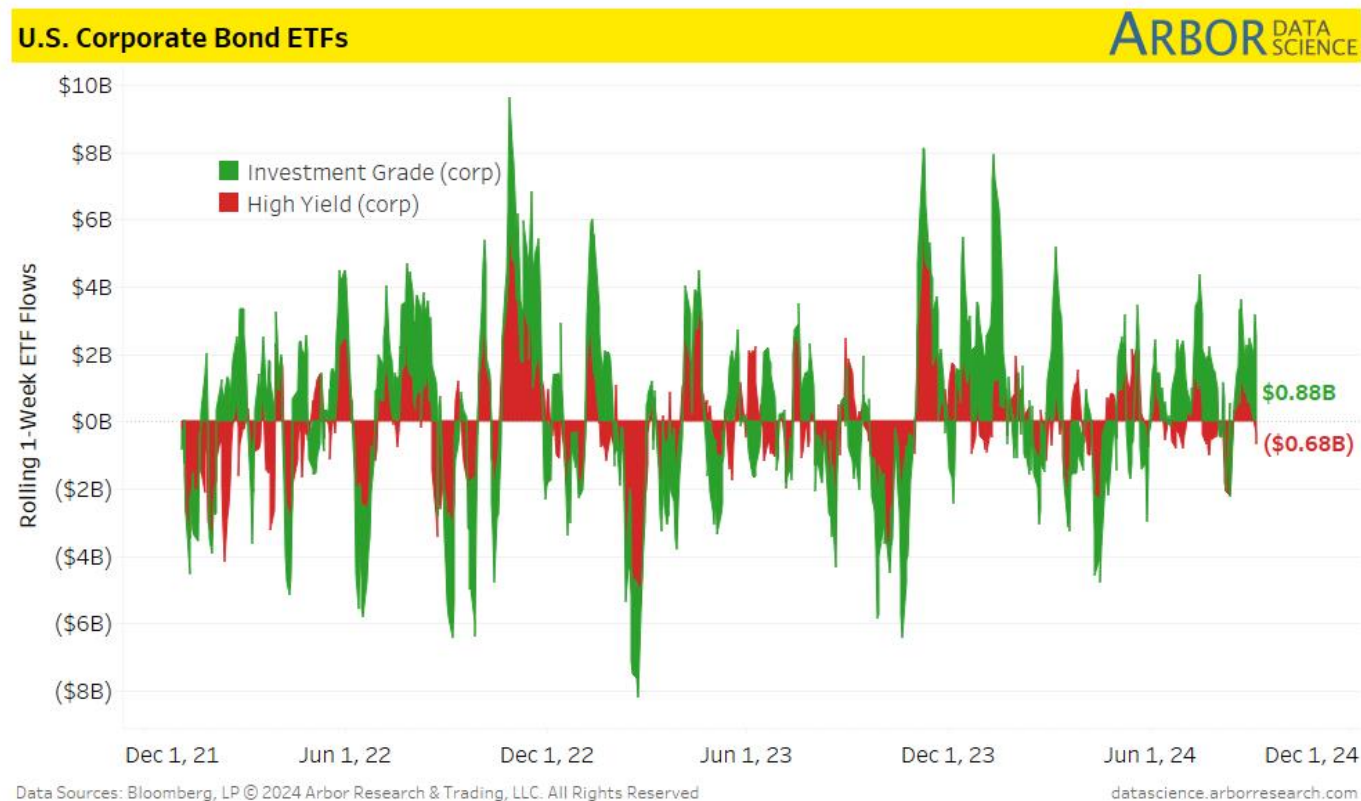
IG credit funds saw inflows of +\$6.55 billion vs. +\$5.25 billion last week. This marked the largest inflow in 9 weeks. Equities funds lost \$4.93 billion vs. +\$2.65 billion during the last survey period, which was the largest outflow in 5 months.

Real money accounts came into September with plenty of powder dry. Dealers finished the week net short \$800 million with much of that coming in high grade names. Dealers came out net long \$200 million in high beta. End users showed preference towards shorter maturities, while dealers concentrated on 3-7 year and 12+ year duration. Primary issuance generally traded well upon freeing to trade.

Corporate Bond ETF Flows

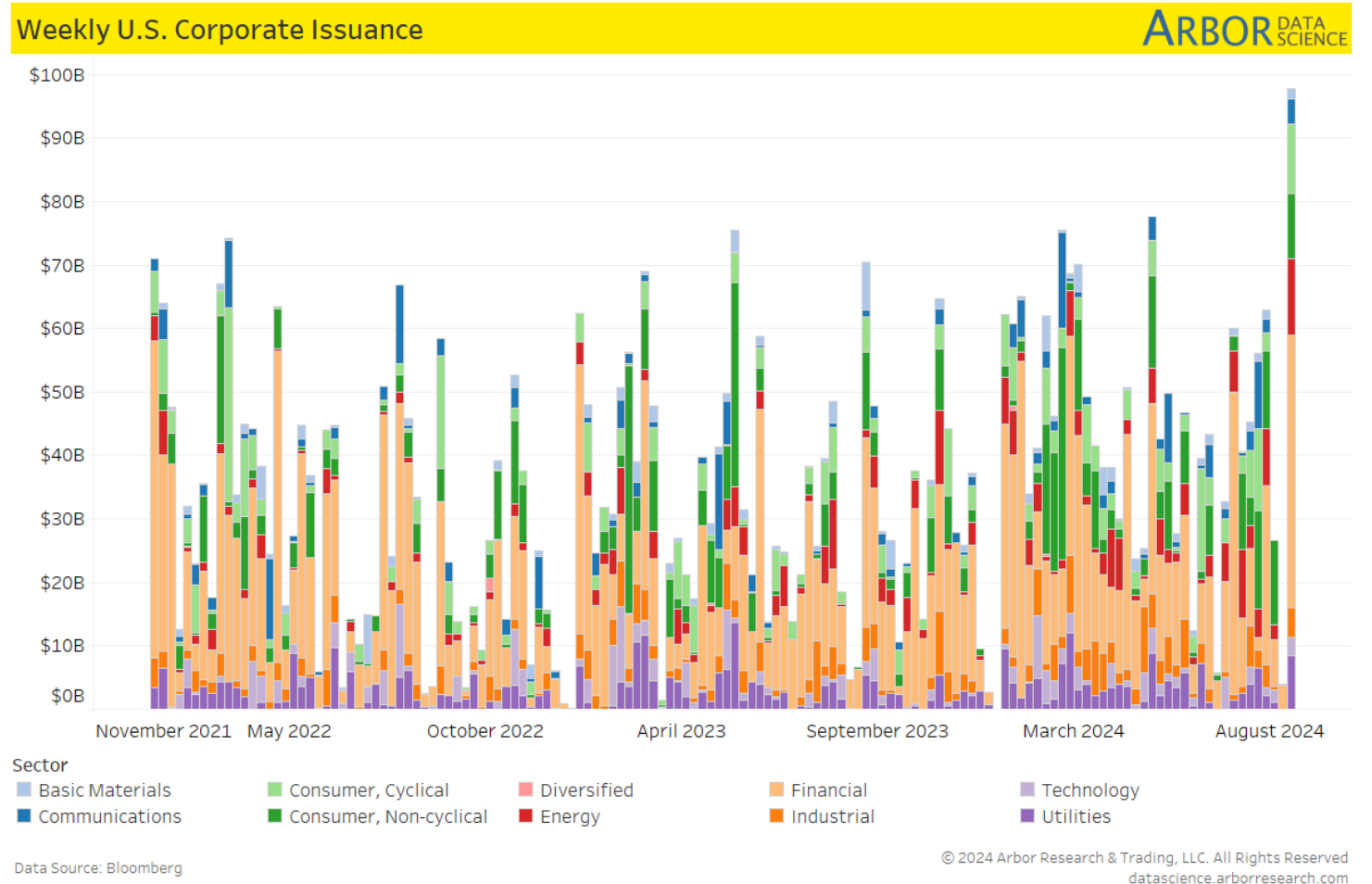
Corporate bond ETFs were positive last week, with investment-grade ETFs gaining \$0.88 billion and high-yield ETFs gaining \$0.68 billion.

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



Issuance Recap

September opened with a bang on the primary issuance front. \$85 billion was priced by 59 different IG issuers over a 3-day span leading into Friday's payrolls report. Expectations for next week are in the \$25 billion range.



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