

U.S. Credit Update – October 8, 2024

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

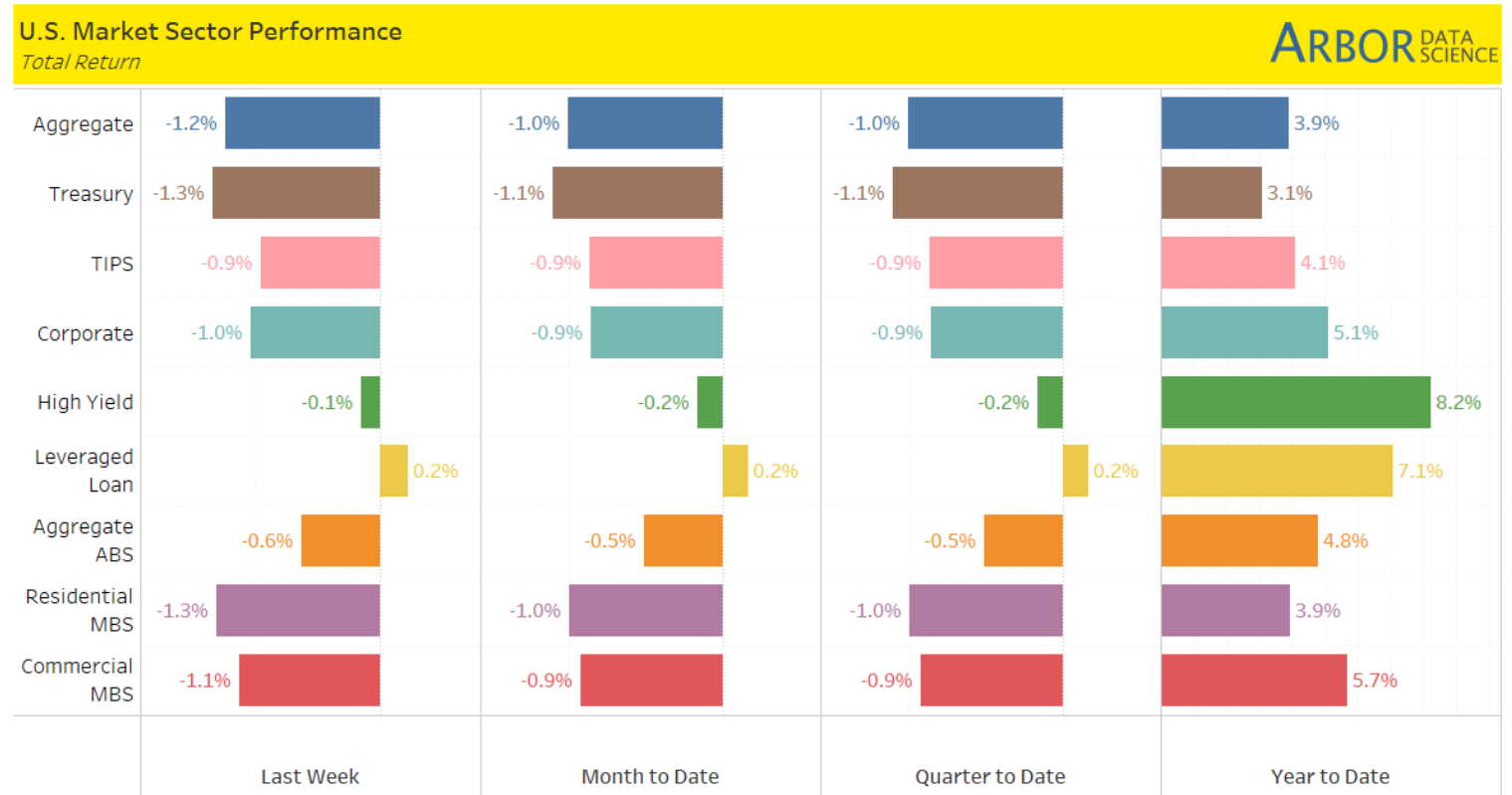


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Gus Handler and Scott Hirth
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Fixed Income Sector Unhedged Total Returns

Large back up in rates following NFP.
 The Treasury curve flattened significantly last week as September payrolls surprised to the upside. The current 2-year Treasury, which priced 9/24 at 3.52%, closed last week at 3.92%. The 2s/10s curve flattened 15bps.

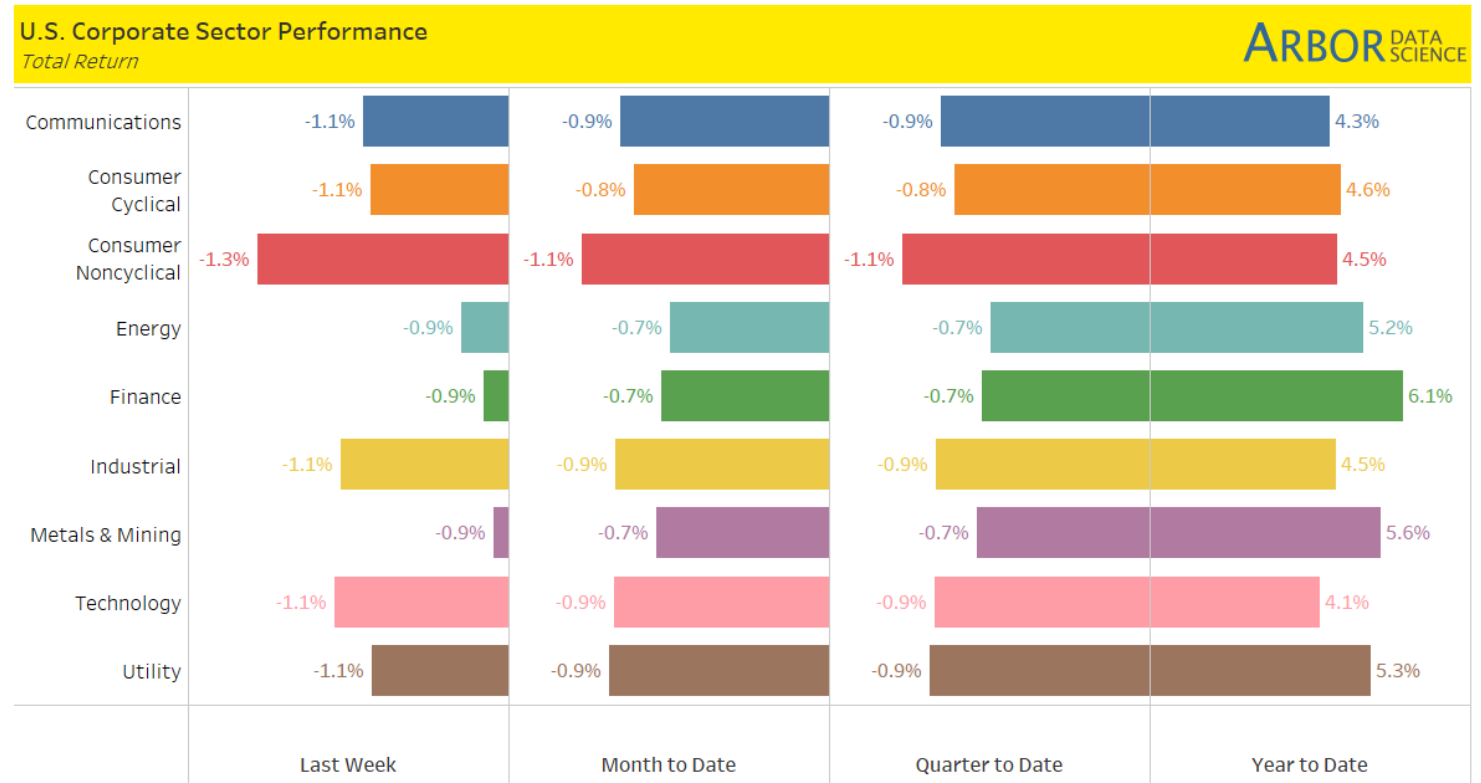


Data Source: Bloomberg Barclays, Credit Suisse

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Corporate Sector Unhedged Total Returns

Strong week for credit amid higher rates.
 Demand for IG credit was solid last week as investors took advantage of rates rising 15-36bps across the curve. The Bank of America index tightened 5bps, marking a new tight for 2024.

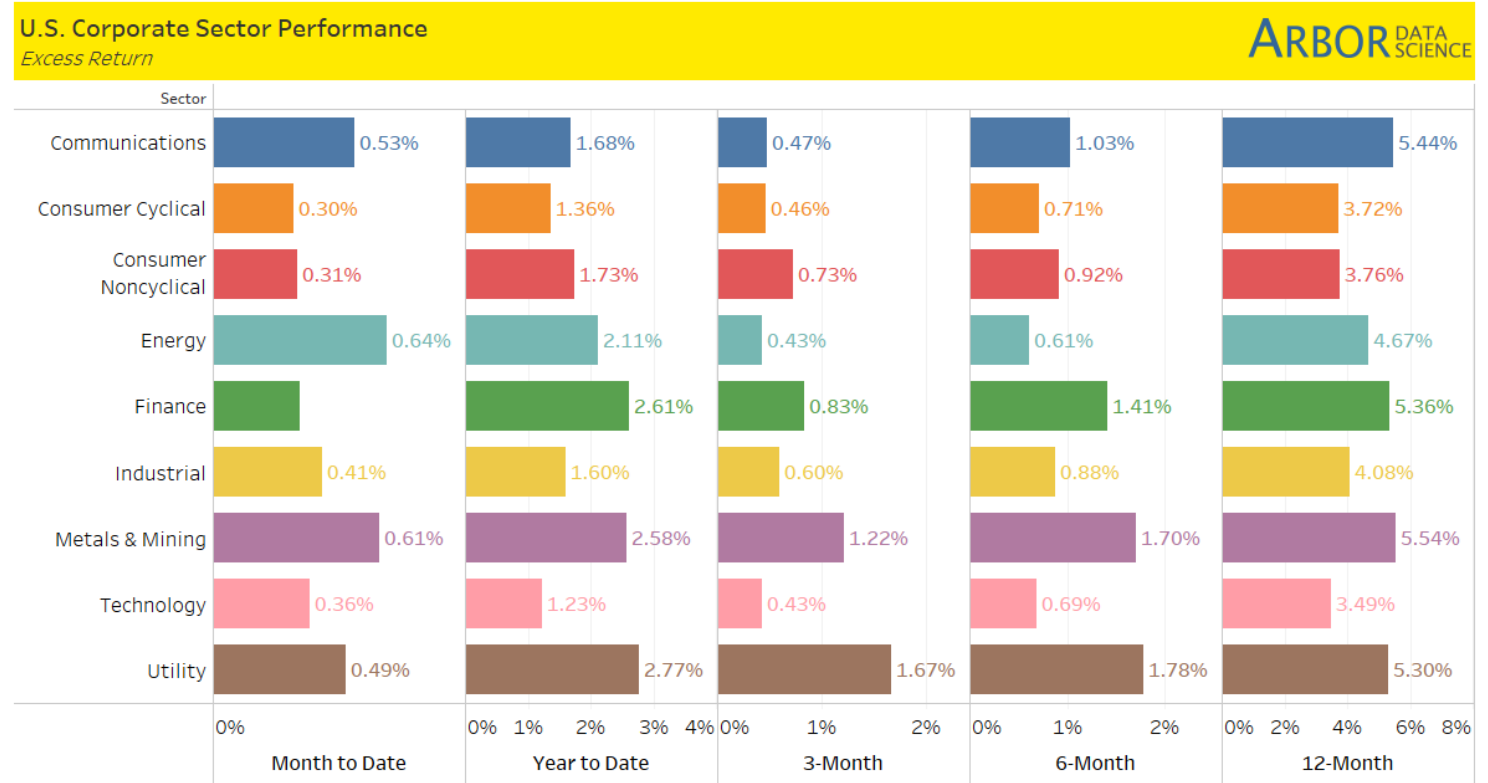


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Corporate Sector Excess Returns

Street inventories at lowest level in 5 years.
 Cash credit spreads tightened 5-6bps last week as equities finished little changed. Strong fund inflows and limited new issuance should favor firm spreads.



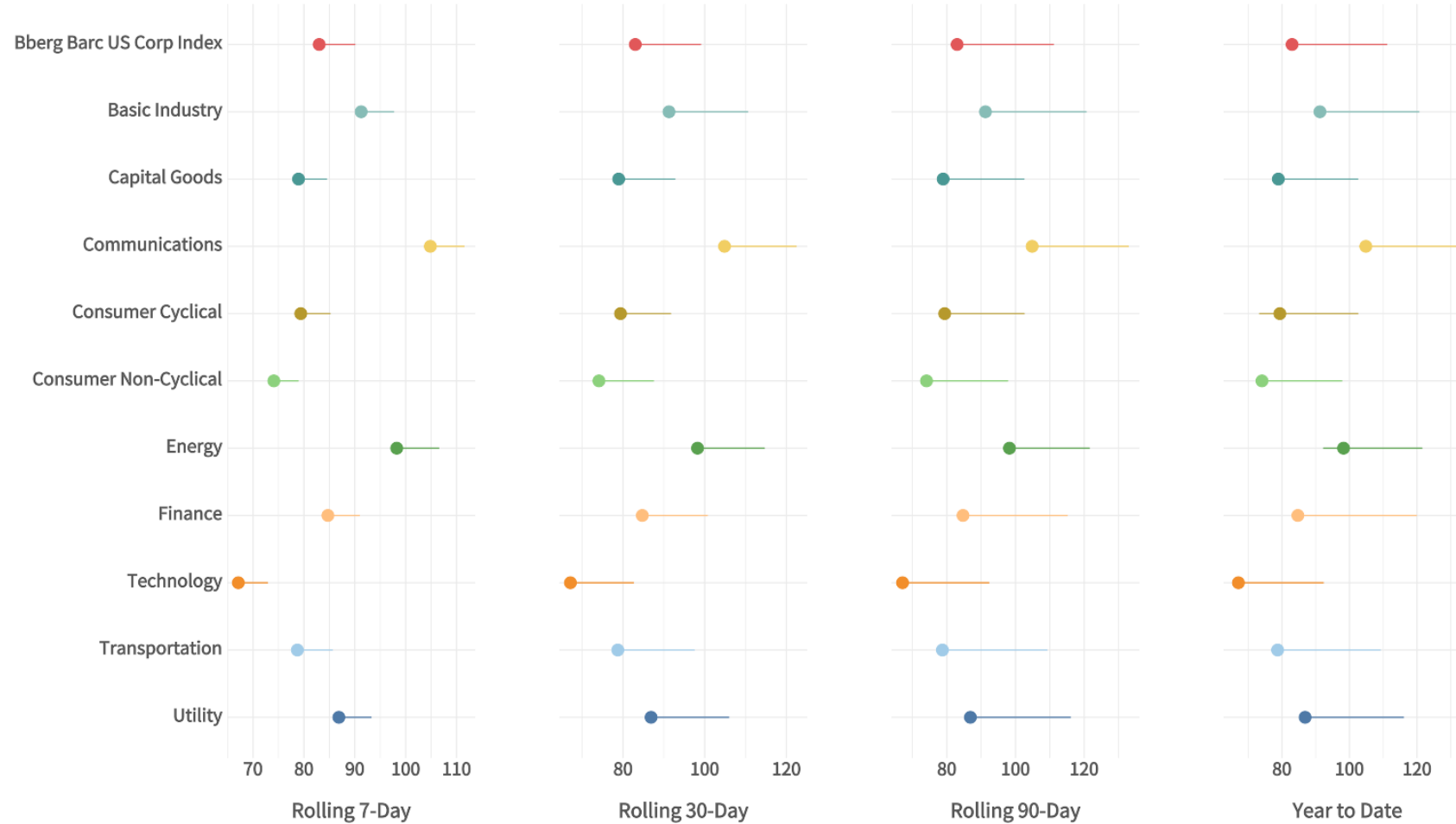
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Corporate Sector OAS

U.S. Investment Grade Credit Options-Adjusted Spread

Range of OAS over Period



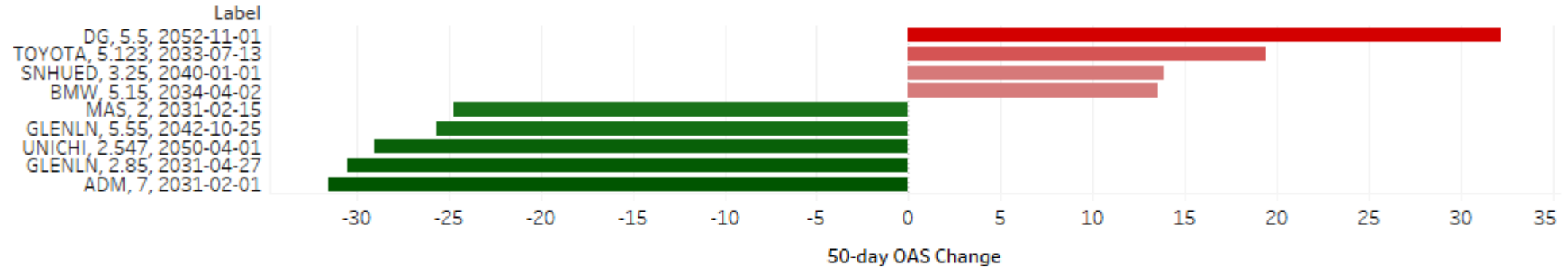
Data Source: Bloomberg, LP

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U.S. Investment Grade Corporates

Consumer Discretionary, Consumer Staples and Materials - Biggest Movers

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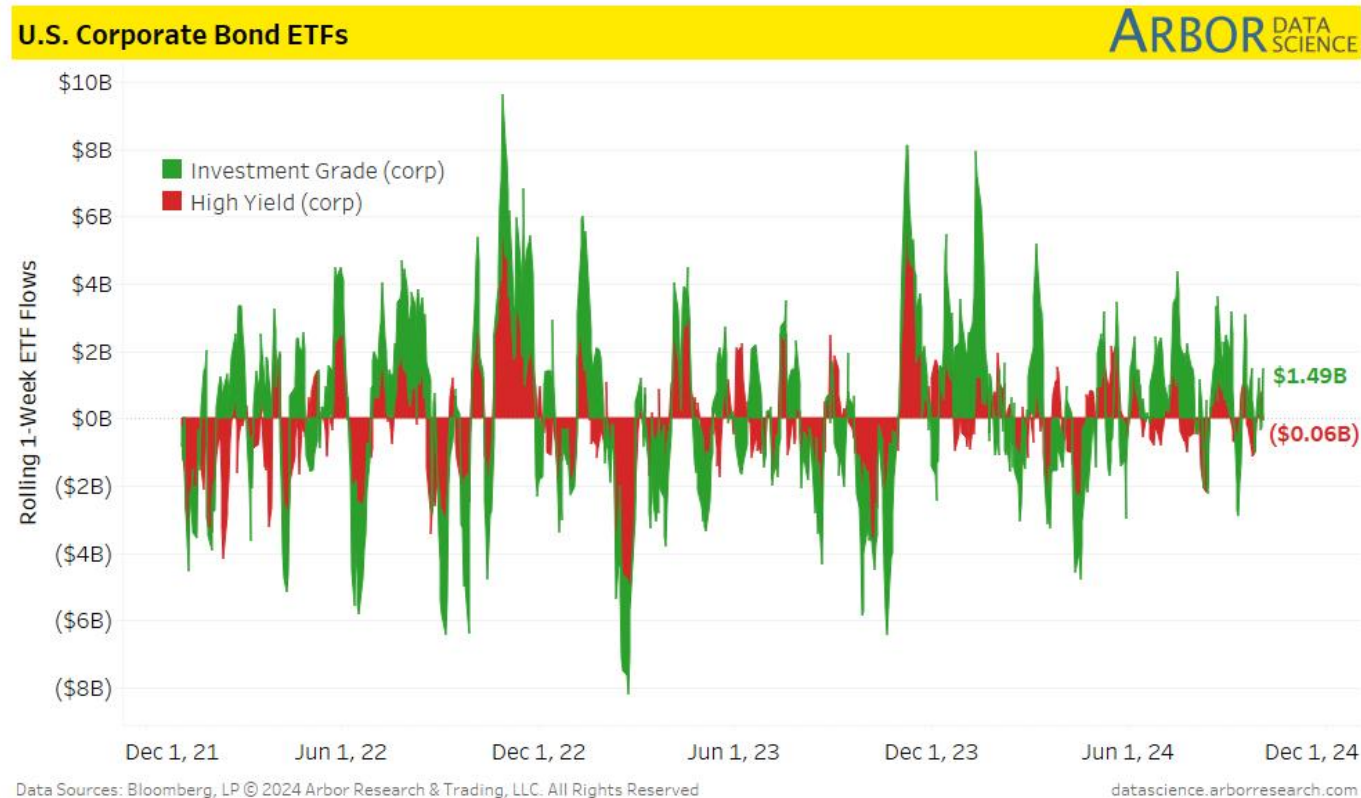
IG credit funds saw inflows of +\$5.27 billion vs. +\$3.97 billion during the previous survey period. \$4.2 billion of that total went into high grade mutual funds. HY saw accelerated inflows, while equities turned slightly negative after rising \$9.91 billion previously.

Last week saw good buying in longer duration, higher beta securities in conjunction with the 15bp rise in 30-year rates. Flows in the front end were more two-way as short rates rose 30-36bps.

Corporate Bond ETF Flows

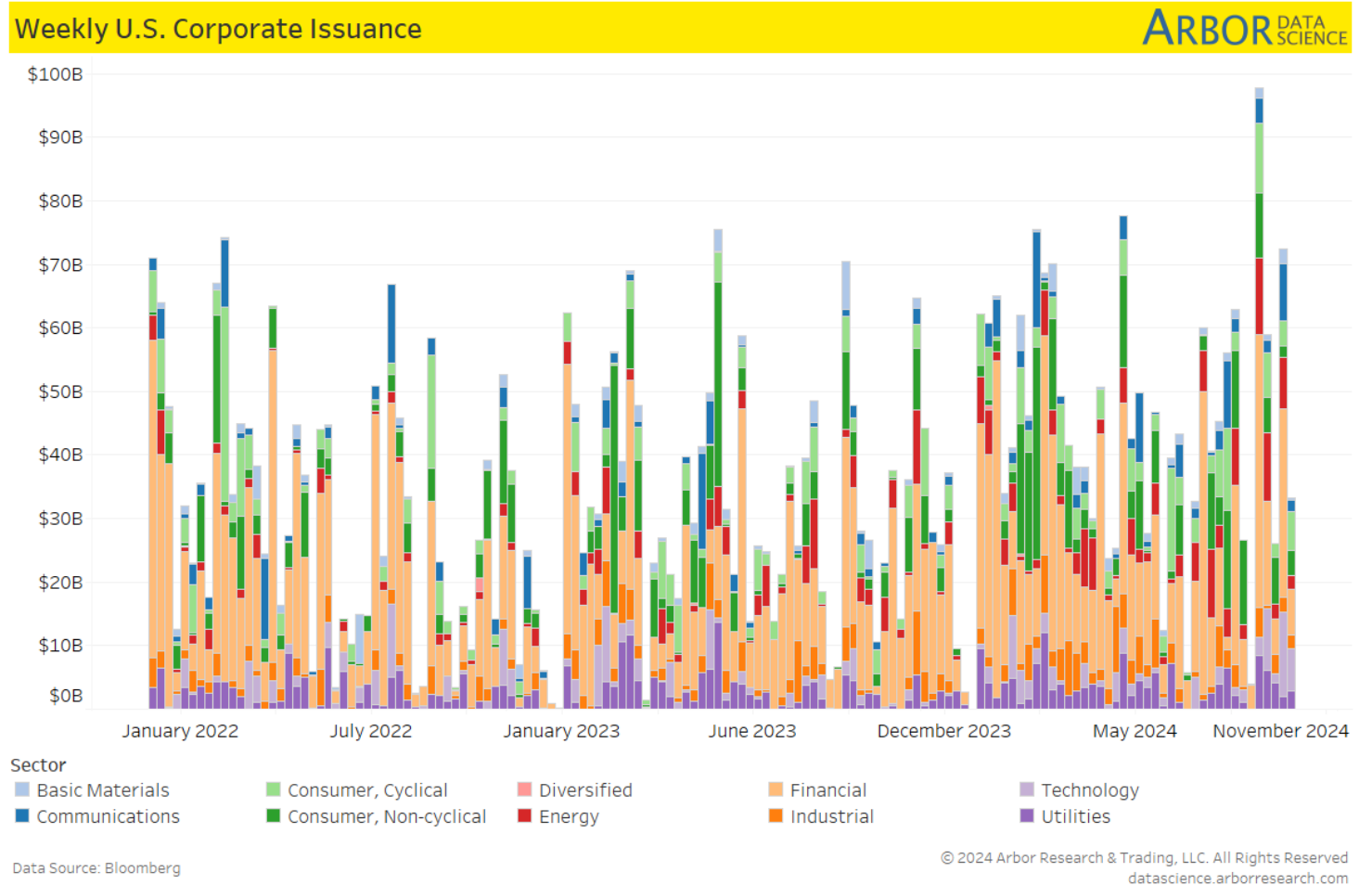
Corporate bond ETFs were mixed last week, with investment-grade ETFs gaining \$1.49 billion and high-yield ETFs losing \$0.06 billion.

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



Issuance Recap

Primary issuance came in at \$17.7 billion last week v. \$25 billion estimates. Only \$10-15 billion is expected to price this week as we approach the beginning of earnings season.



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The image shows three large, stylized letters. A large blue 'A' is on the left. To its right, the letters 'D' and 'S' are stacked vertically in a grey color. The 'D' is on top and the 'S' is on the bottom.

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