

U.S. Credit Update – November 5, 2024

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



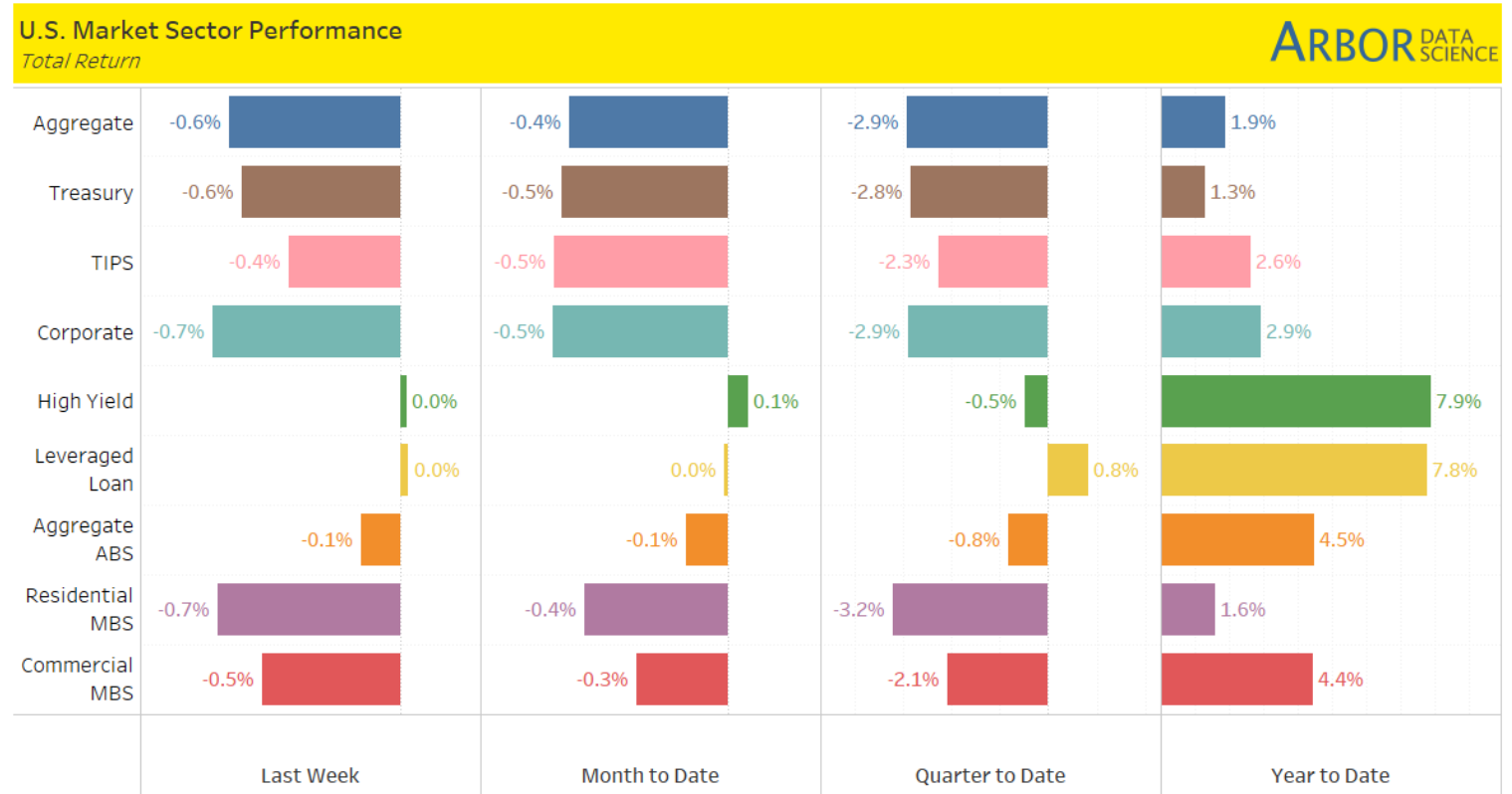
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Gus Handler and Scott Hirth
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Fixed Income Sector Unhedged Total Returns

Treasurys trade poorly once again.

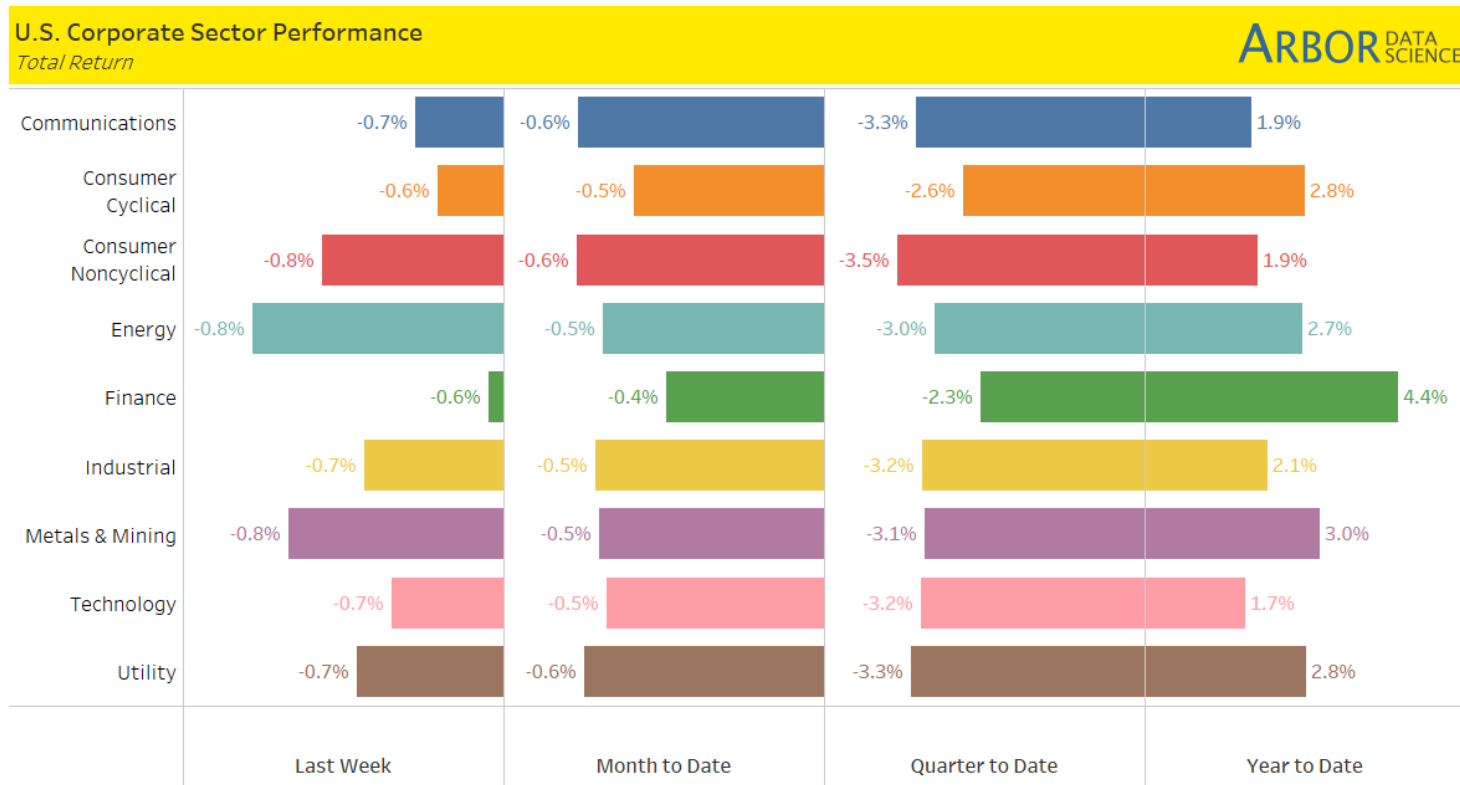
October proved to be one of the worst month's of performance for Treasurys in some time. The 10-year note returned -4% in October. The intermediate Bloomberg Treasury index fell 1.64% during the month, while the long index lost 5.21%.



Data Source: Bloomberg Barclays, Credit Suisse

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Corporate Sector Unhedged Total Returns



Data Source: Bloomberg Barclays, Credit Suisse

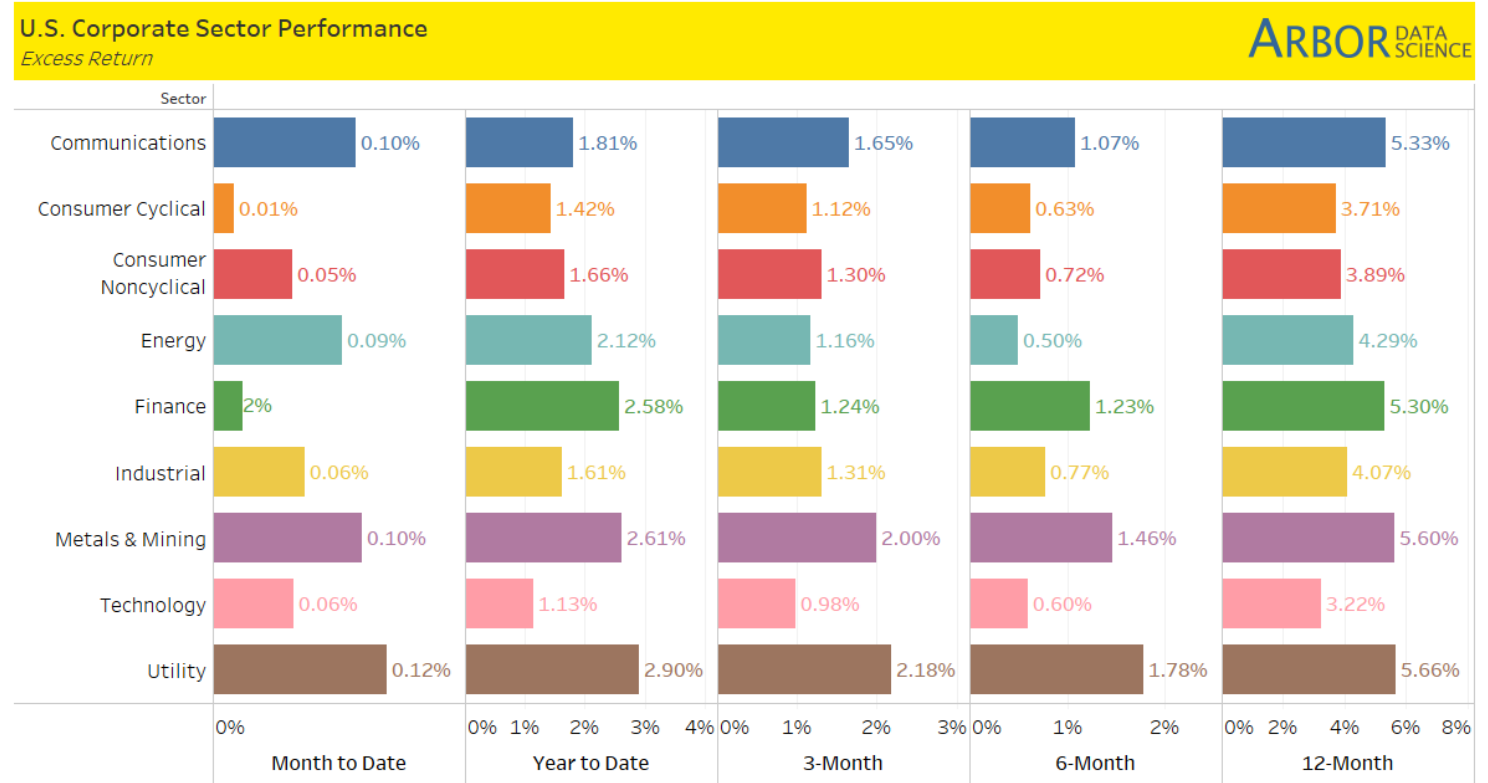
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Long credit spreads notably outperform Treasuries in October.

The Bloomberg long credit index outperformed long Treasuries by 105bps in October as limited primary issuance and rising yields kept real money focused on secondary product.

Corporate Sector Excess Returns

IG credit spreads close week 1bp tighter.
 The Bank of America index tightened 1bp last week. Treasury yields in 2-10 year maturities rose 10-14bps, which offset equities sliding 1.7-1.9%.

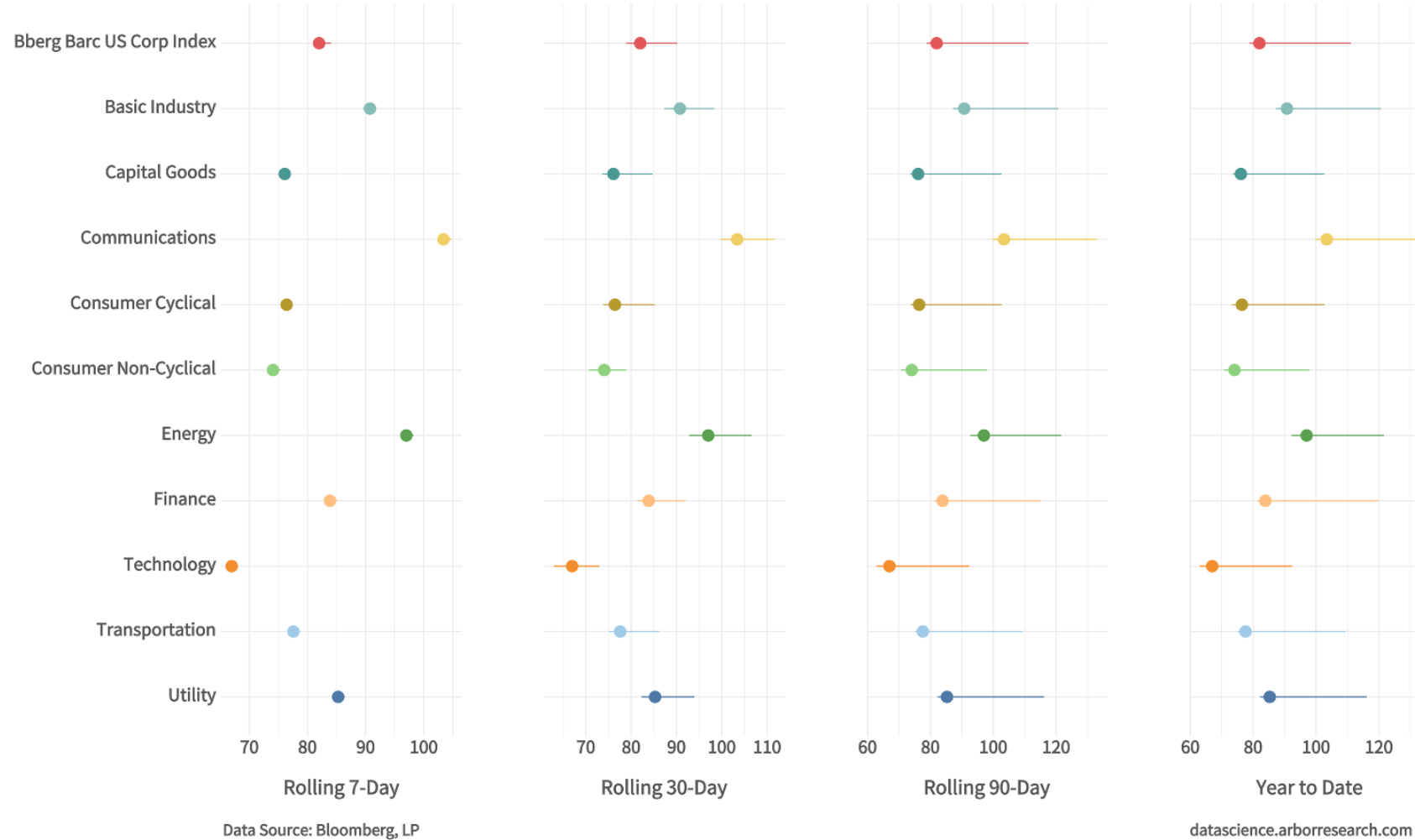


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Corporate Sector OAS

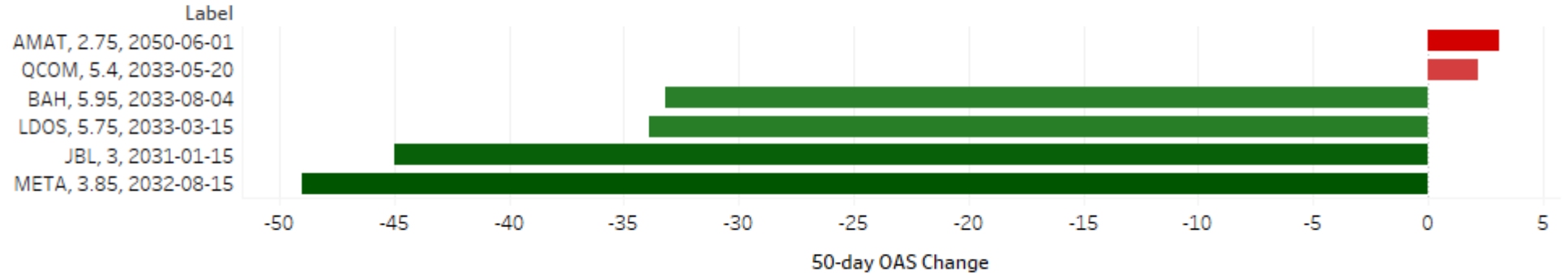
U.S. Investment Grade Credit Options-Adjusted Spread
Range of OAS over Period



U.S. Investment Grade Corporates

Communications & Technology - Biggest Movers

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Data Source: Bloomberg LP

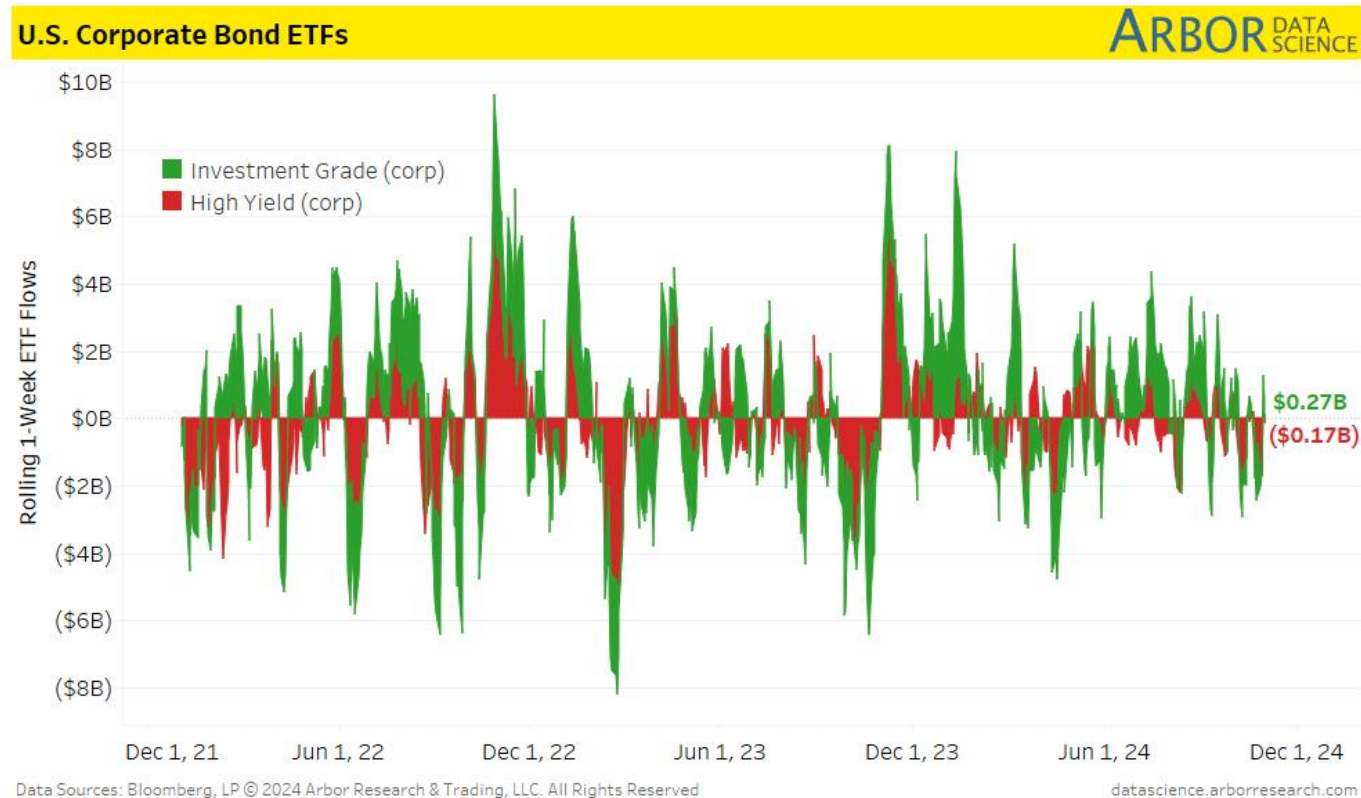
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IG fund flows increased slightly last week to \$6.49 billion from +\$5.93 billion the prior week. The gains were all from ETFs, which saw inflows of \$6.72 billion vs. +\$2.38 billion last week. High grade mutual funds saw outflows of \$0.22 billion last week vs. +\$1.1 billion during the prior survey period. HY funds gained \$0.61 billion. Equity funds lost \$0.89 billion after having seen inflows of \$5.83 billion previously.

Corporate Bond ETF Flows

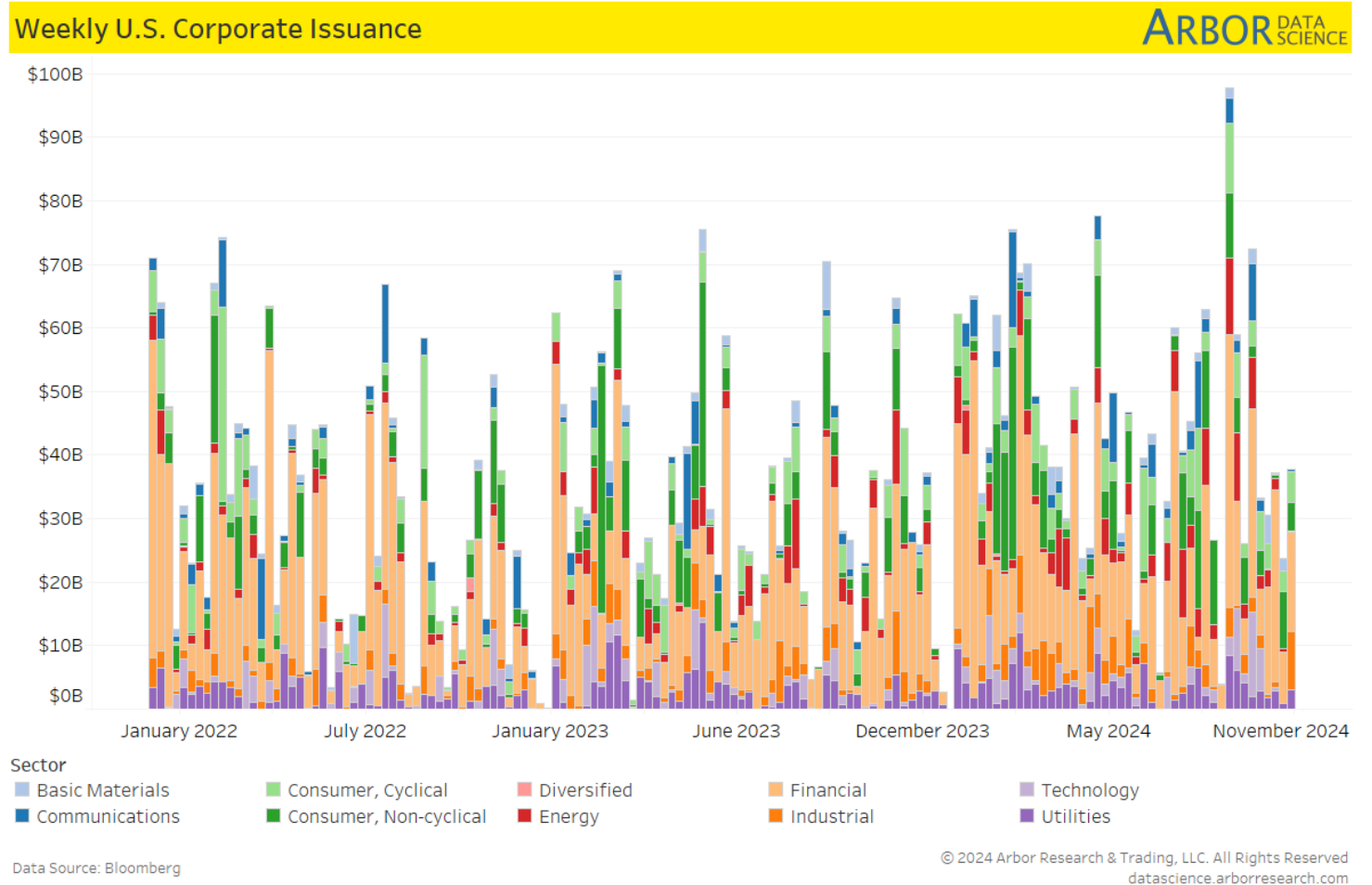
Corporate bond ETFs were mixed last week, with investment-grade ETFs gaining \$0.27 billion and high-yield ETFs losing \$0.17 billion.

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



Issuance Recap

Primary issuance came in at \$23.8 billion last week, in line with expectations. This week's expectations are for less than \$5 billion to be priced given the election and an FOMC meeting. Estimates for November are in the \$75 billion range, well below November 2020 when \$101 billion came to market. The 5-year average for November is \$106 billion.



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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, both in a bold, sans-serif font.

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