



## U.S. Credit Update – February 4, 2025

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

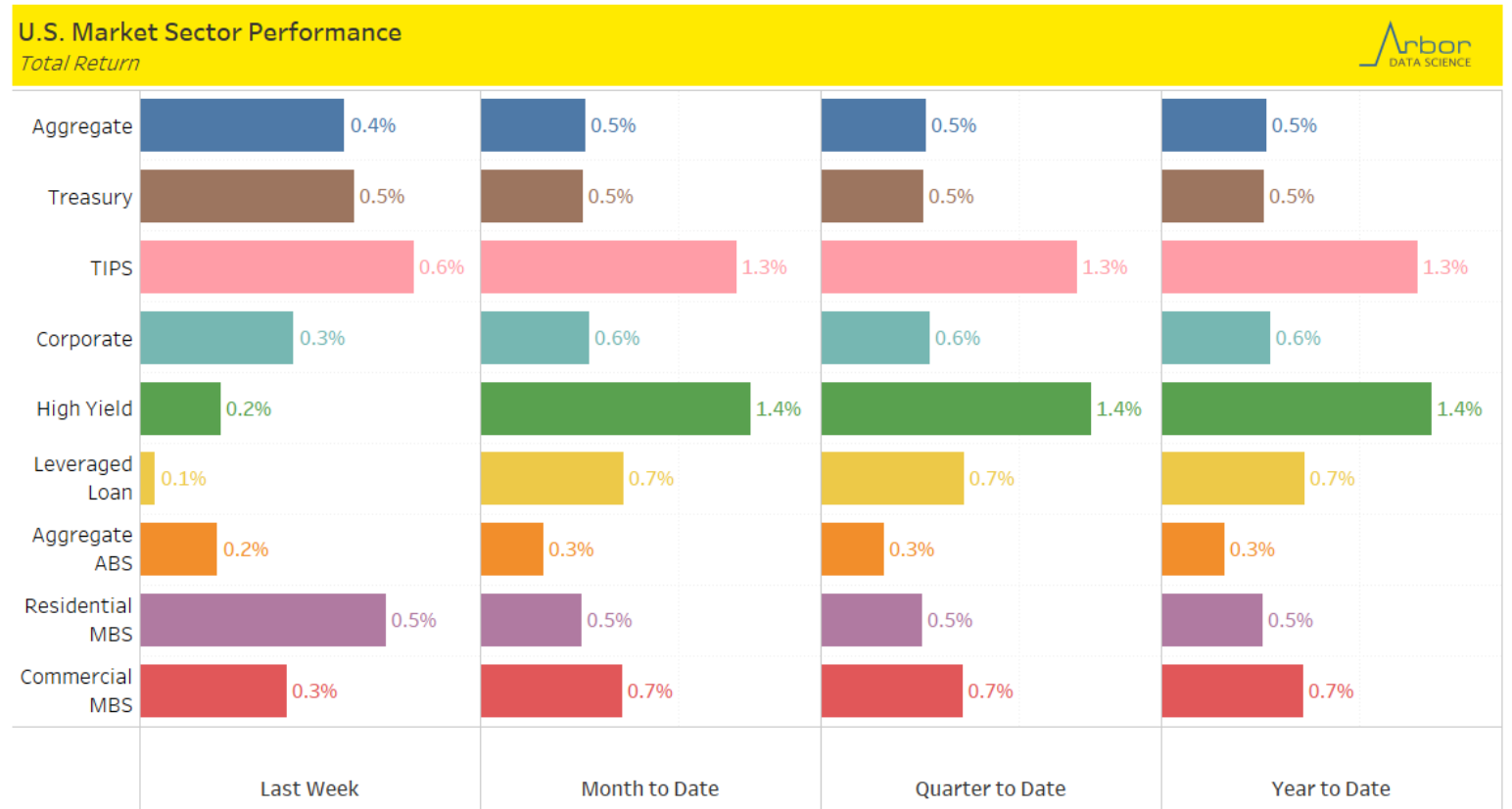
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Gus Handler and Scott Hirth  
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# Fixed Income Sector Unhedged Total Returns

## Treasury yields fall again.

US government yields fell again last week led by the 5-year sector, which lost 10 bps. The curve has flattened to start the week on Trump's tariff proposals. 2s/10s has declined 6 bps since Friday's close.



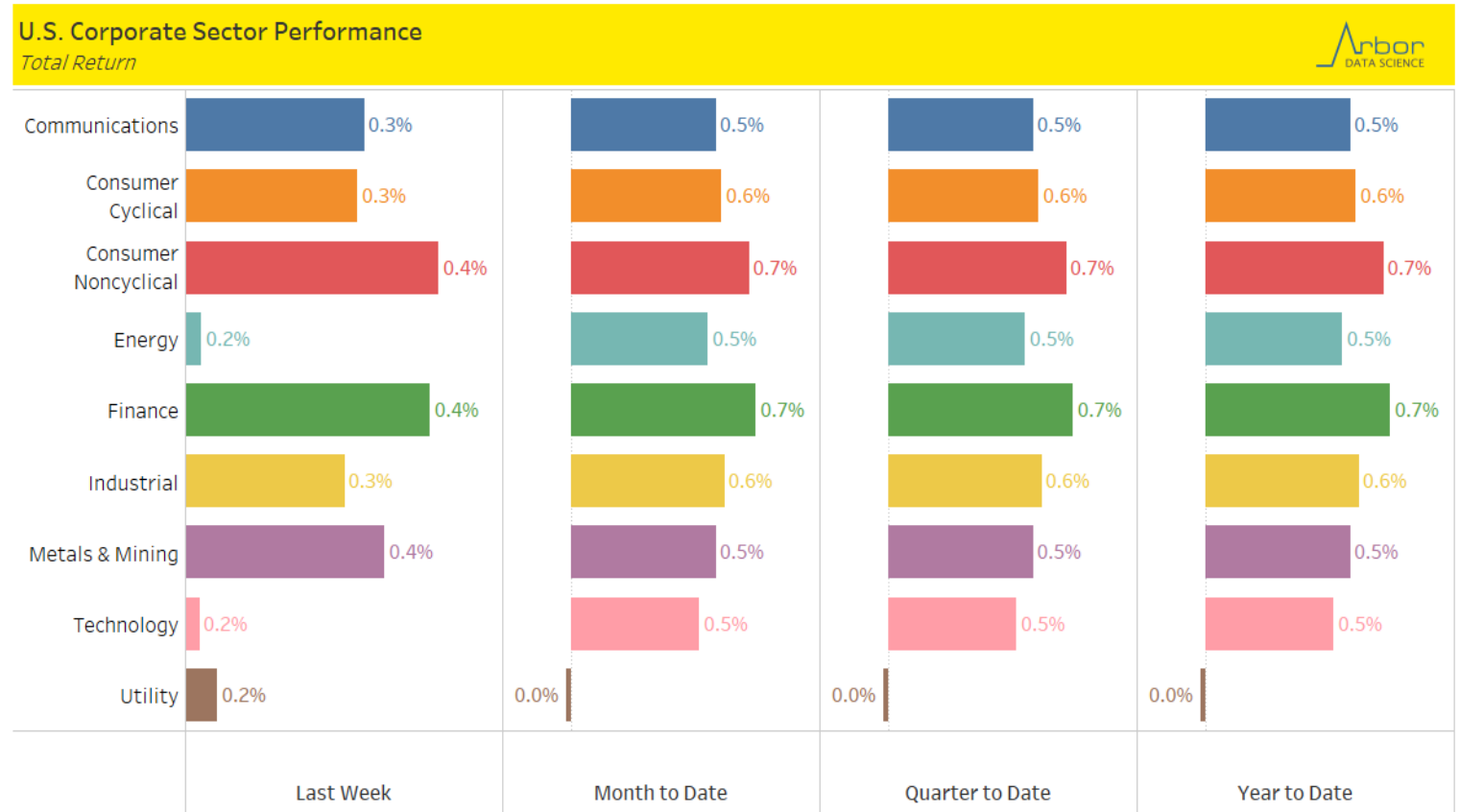
Data Source: Bloomberg Barclays, Credit Suisse

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# Corporate Sector Unhedged Total Returns

## Credit spreads widened last week.

IG credit spreads widened last week as uncertainty over the latest Washington headline concerned the market. Energy, utilities and autos closed +4 bps. Regional banks and aerospace/defense were among the week's better performers.



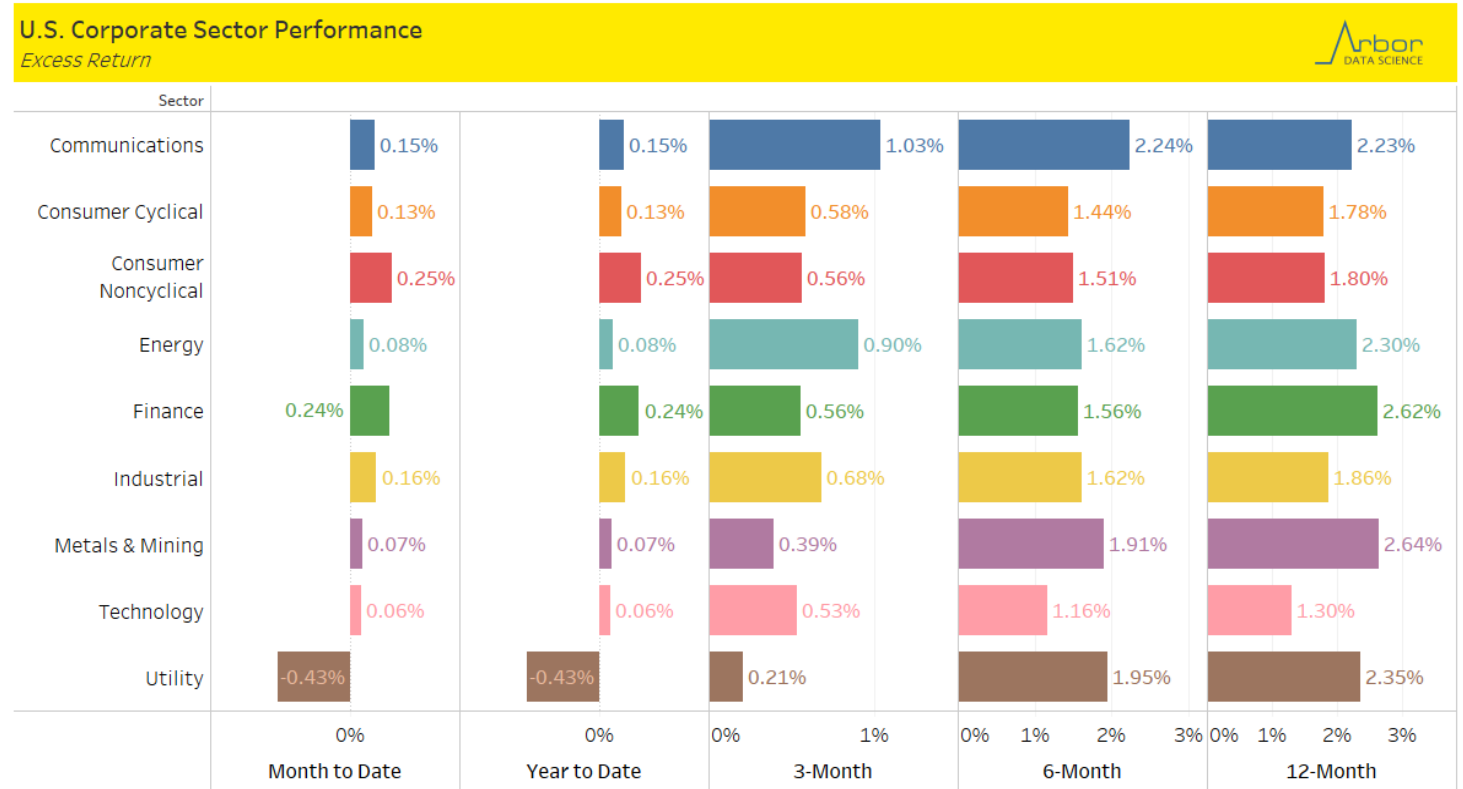
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# Corporate Sector Excess Returns

## Credit index outperforms cash spreads.

The Bank of America credit index widened a bp last week, while cash spreads closed +1-4 bps wider. Primary market demand was once again very strong.

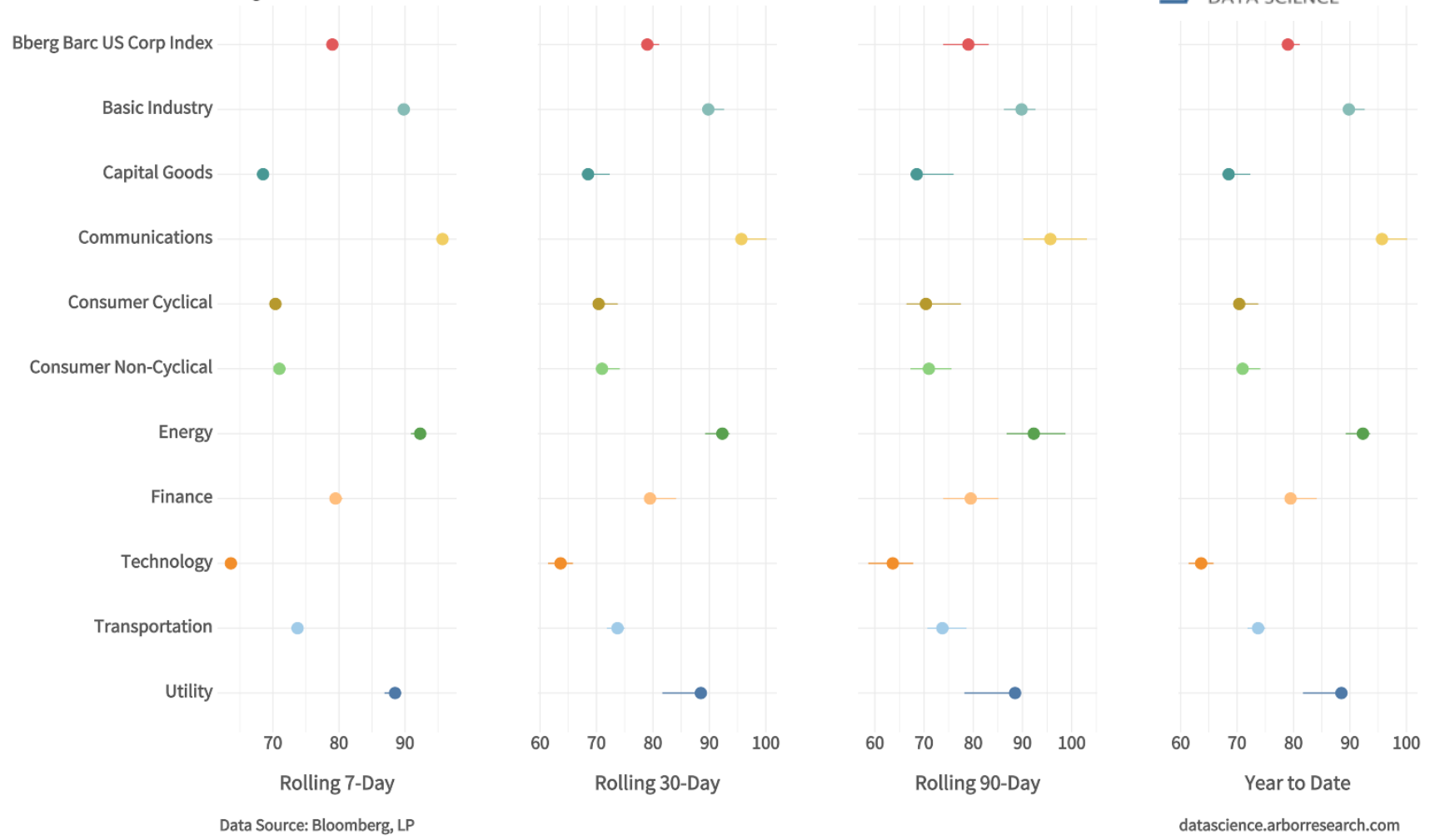


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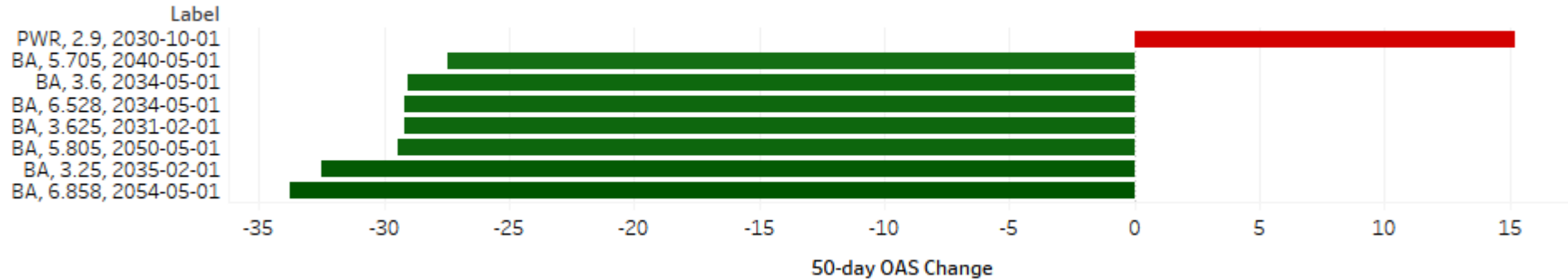
# Corporate Sector OAS

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



# U.S. Investment Grade Corporates

Industrials - Biggest Movers



Data Source: Bloomberg LP

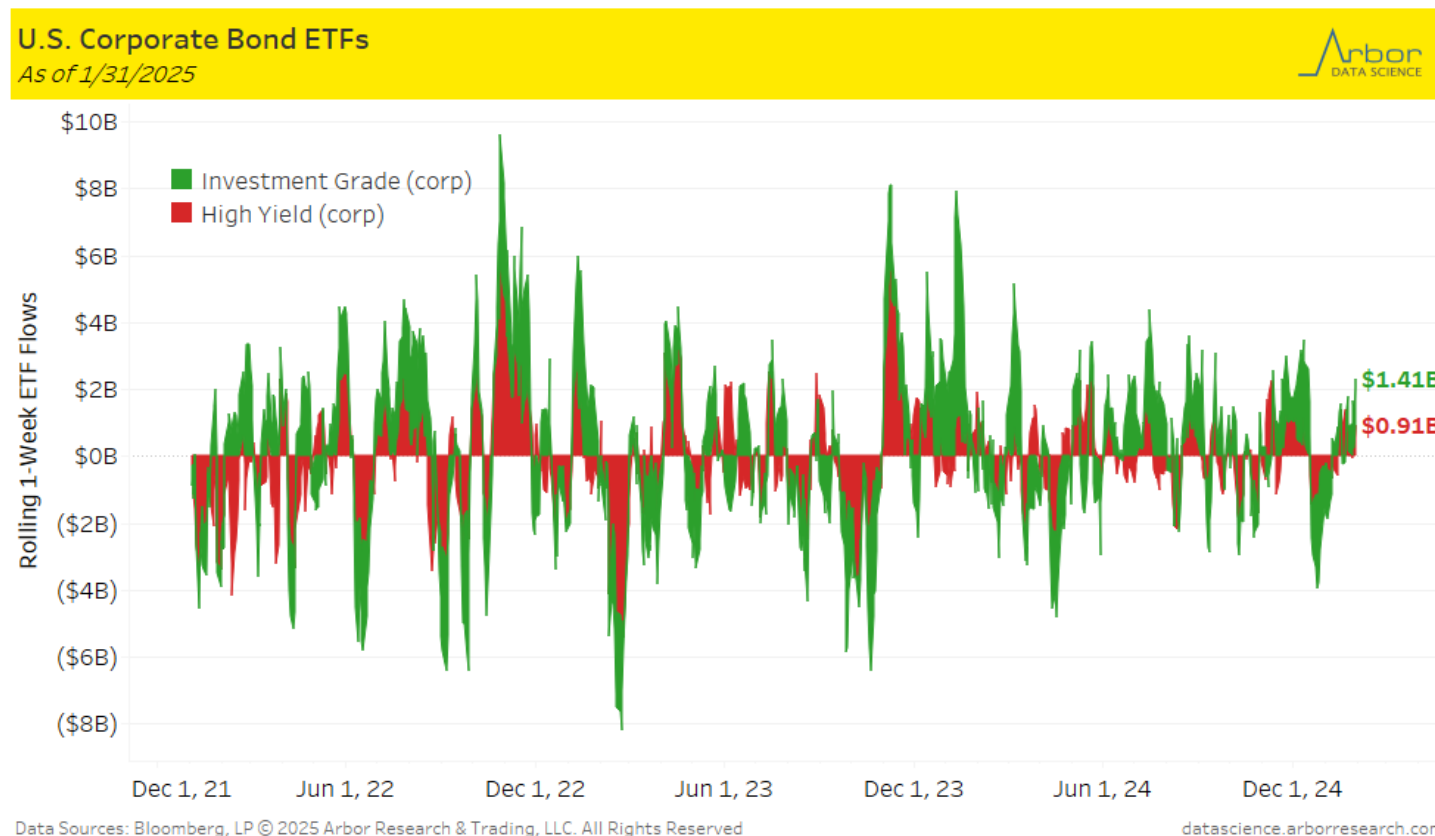
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IG funds saw inflows increase to +\$3.87 billion from +\$3.08 billion last week. Equities saw a significant increase to +\$14.92 billion after losing \$1 billion during the prior survey week. Leveraged loans increased to +\$2.49 billion from +\$1.75 billion. Emerging market funds saw their largest increase since January 2023, taking on \$1.4 billion of new money v. -\$0.55 billion previously.

# Corporate Bond ETF Flows

Corporate bond ETFs were positive last week, with investment-grade ETFs gaining \$1.41 billion and high-yield ETFs gaining \$0.91 billion.

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

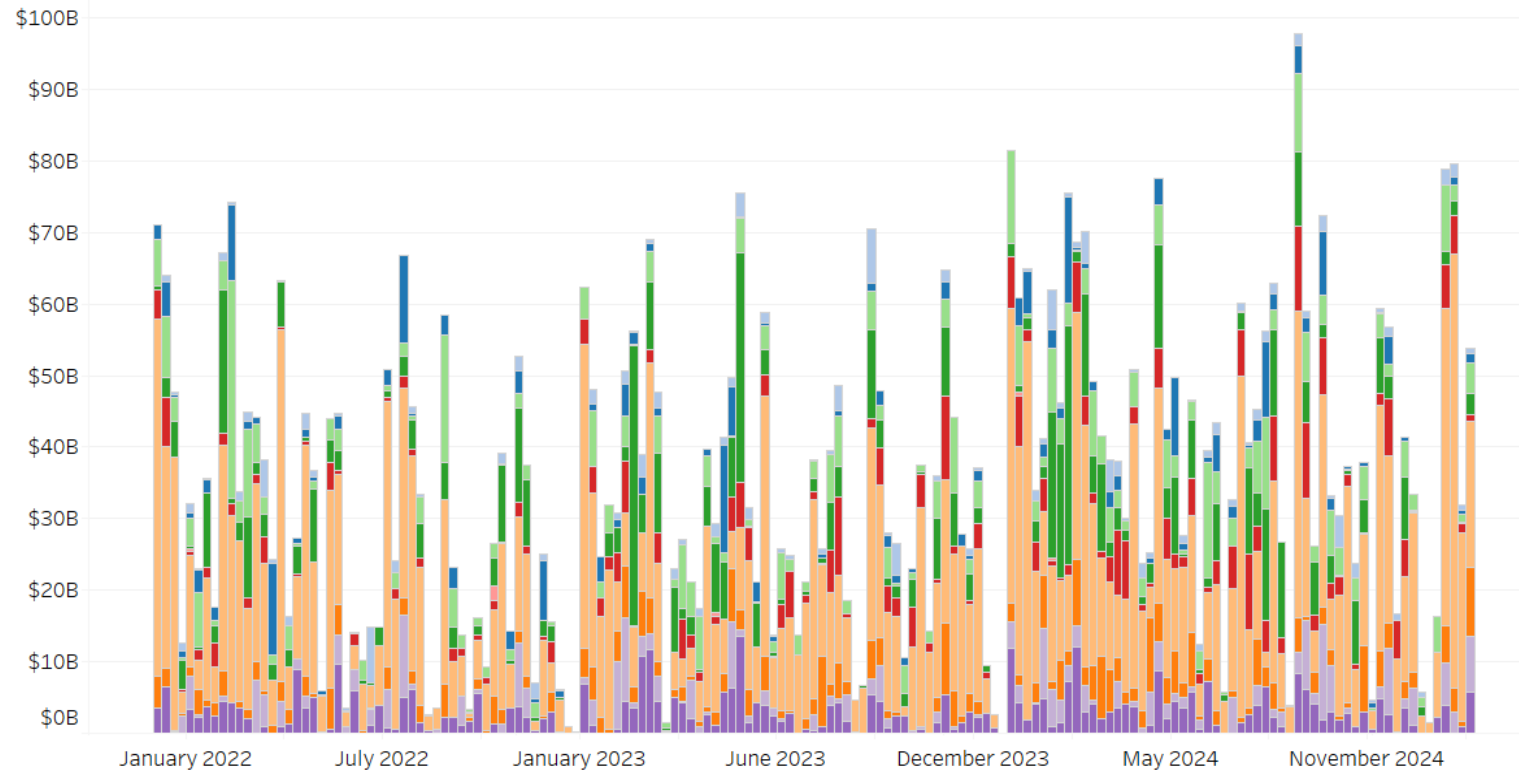


# Issuance Recap

Primary issuance came in ahead of estimates last week at \$32 billion. The \$197 billion total for January made it the largest opening month of the year on record. Estimates for this week are in the \$25 billion range.

## Weekly U.S. Corporate Issuance

As of 1/31/2025



### Sector

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

Data Source: Bloomberg

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