

U.S. Credit Update – May 06, 2025

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- Credit ETF Flows
- Issuance Recap

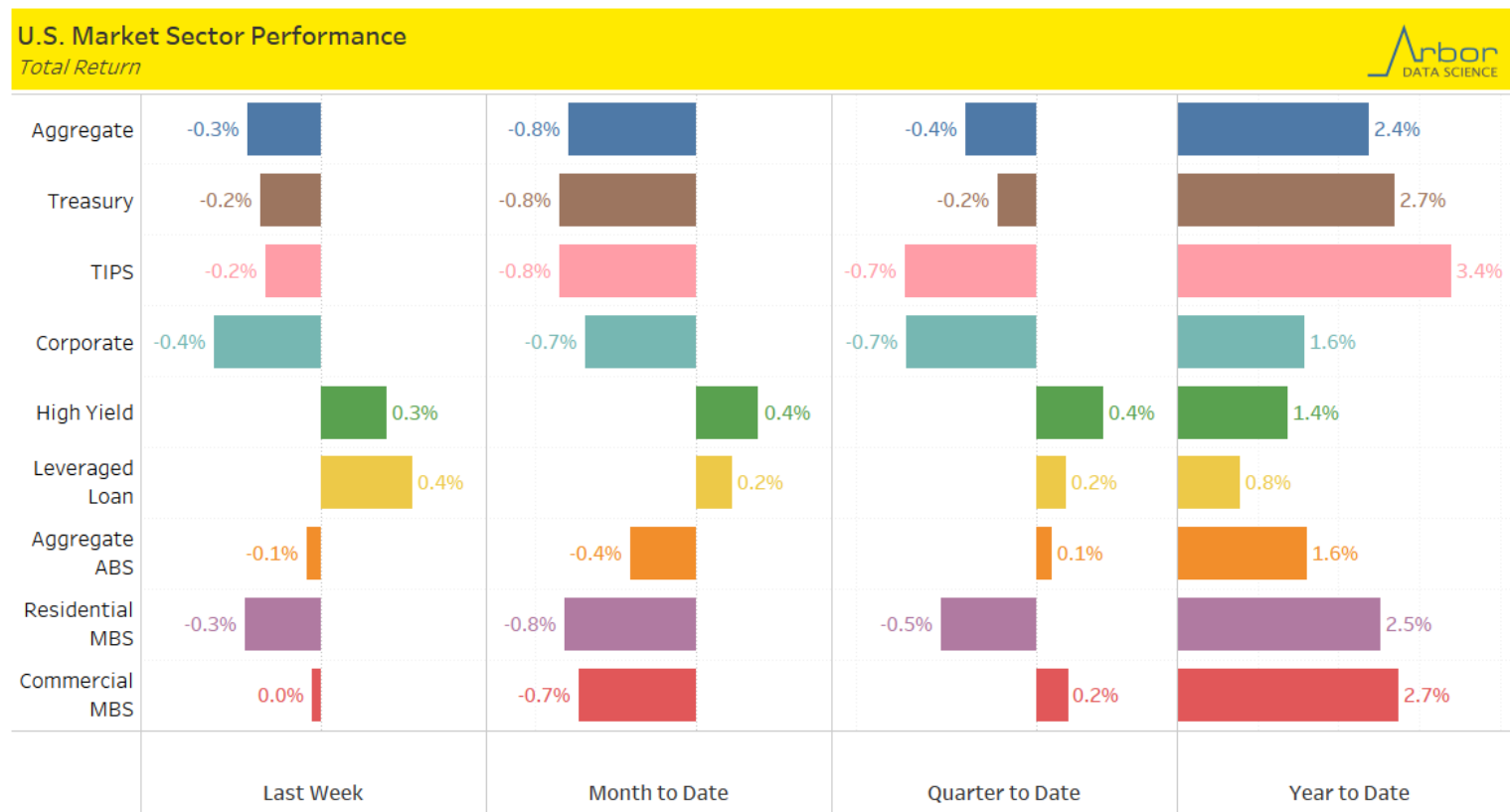
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Fixed Income Sector Unhedged Total Returns

Treasury yields reverse following better than expected payrolls.

Short Treasury rates reached their lowest levels in 6 months by Wednesday's close. However, following a better than expected nonfarm payrolls report Friday morning, yields reversed sharply as money moved to riskier asset classes. The front end increased in yield 19-22 bps from Wednesday's close through the end of the week.



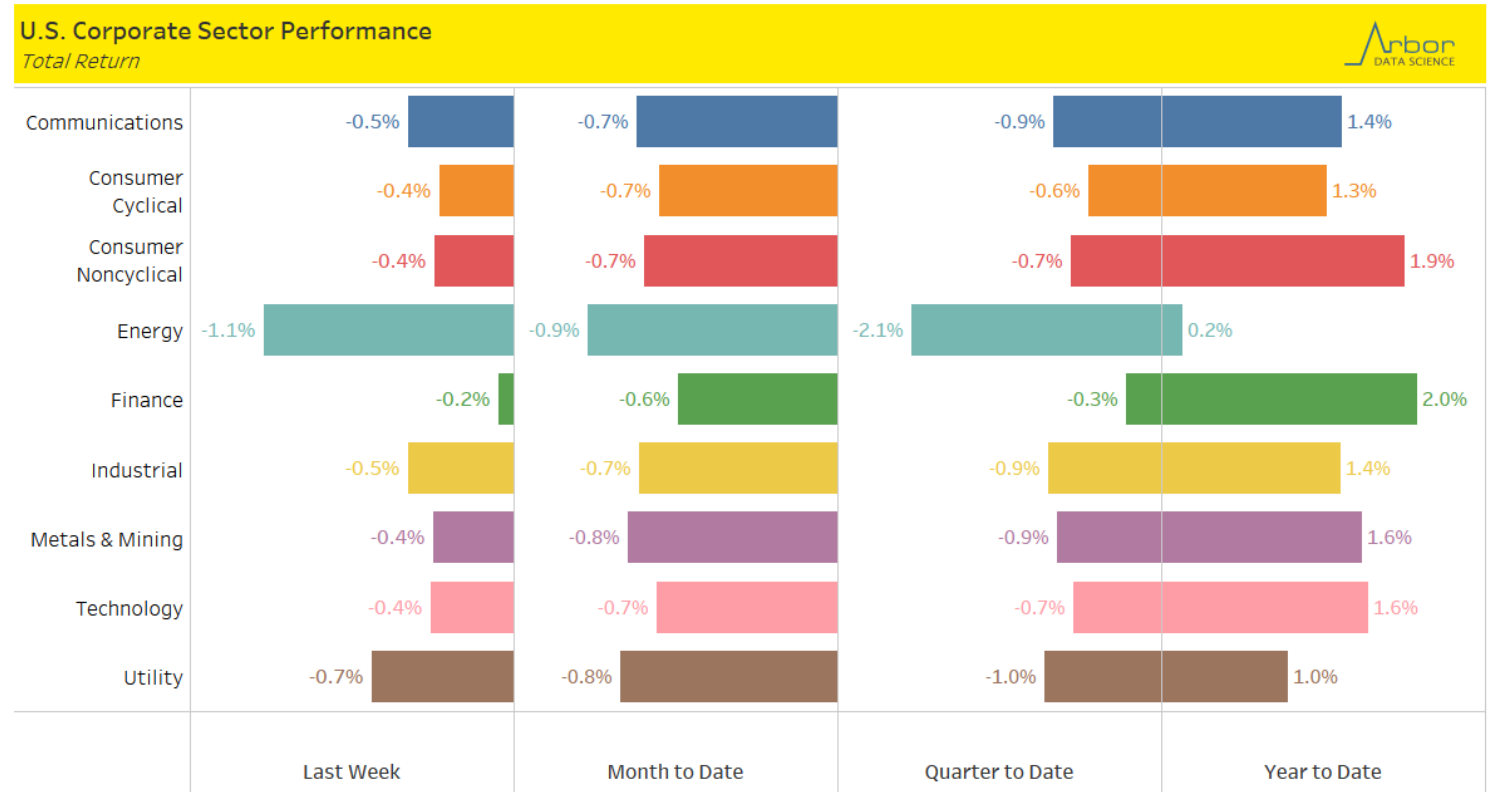
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Corporate Sector Unhedged Total Returns

IG credit spreads rally to finish the week unchanged.

The market saw profit taking during the first few days of the week, but strong earnings and a solid jobs report fueled a late week rally to help the Bank of America index close unchanged.



Data Source: Bloomberg Barclays, Credit Suisse

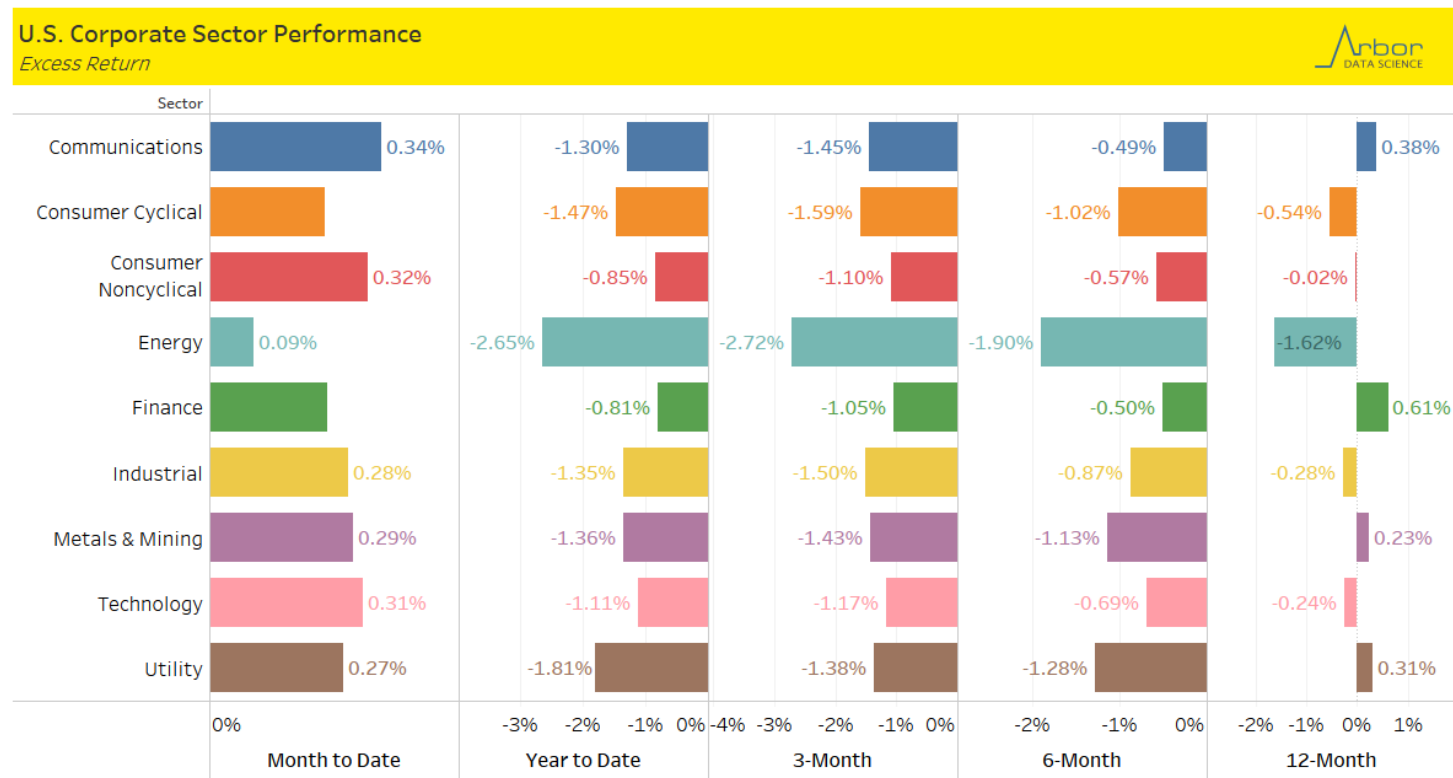
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Corporate Sector Excess Returns

Energy continues to lag.

In April, energy had its worst month since June 2022. Oil prices fell -19% in April.

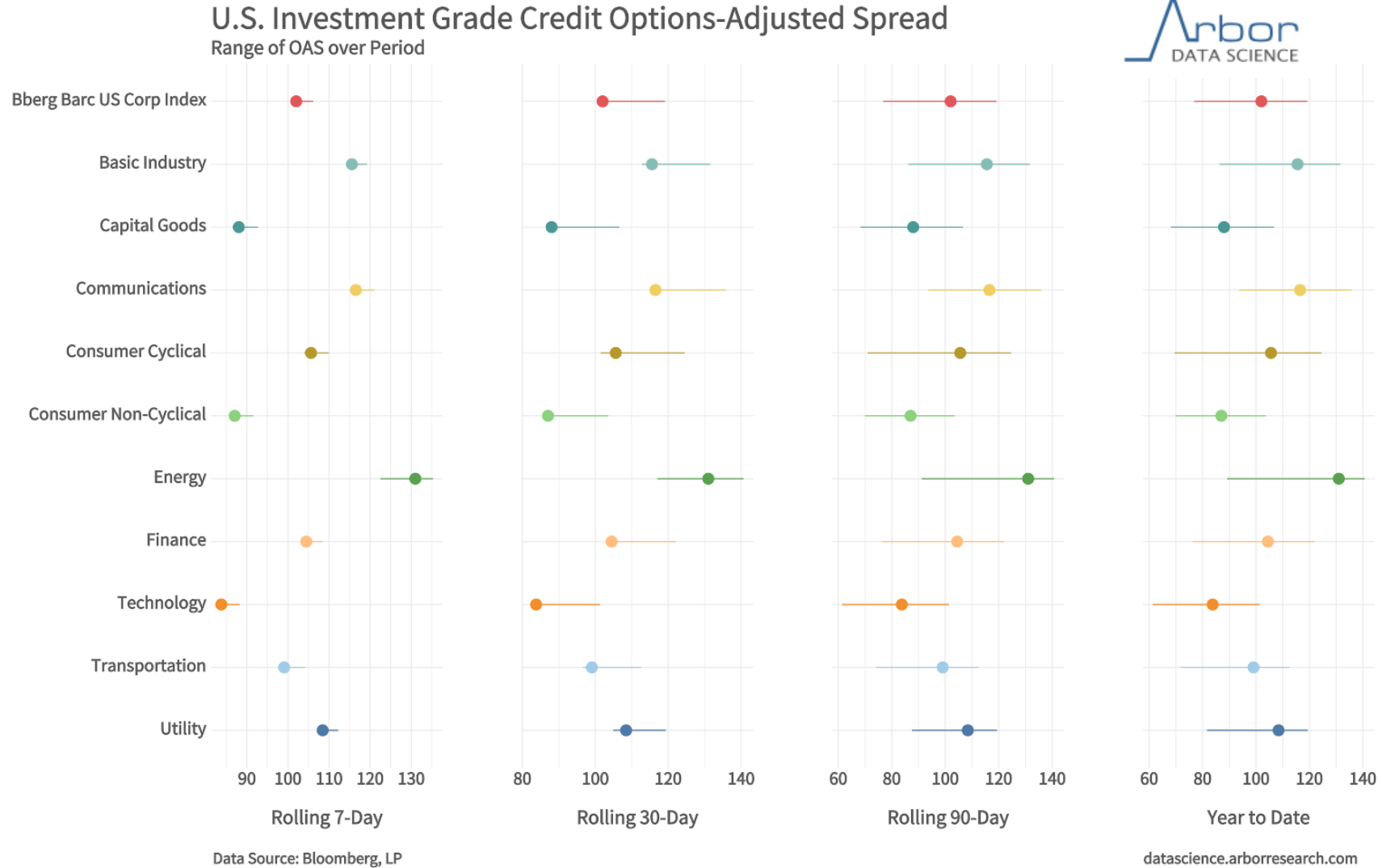
The broad market continues to rally from Trump walking back much of the extreme tariff rhetoric uttered on "Liberation Day".



Data Sources: Bloomberg Barclays, Credit Suisse

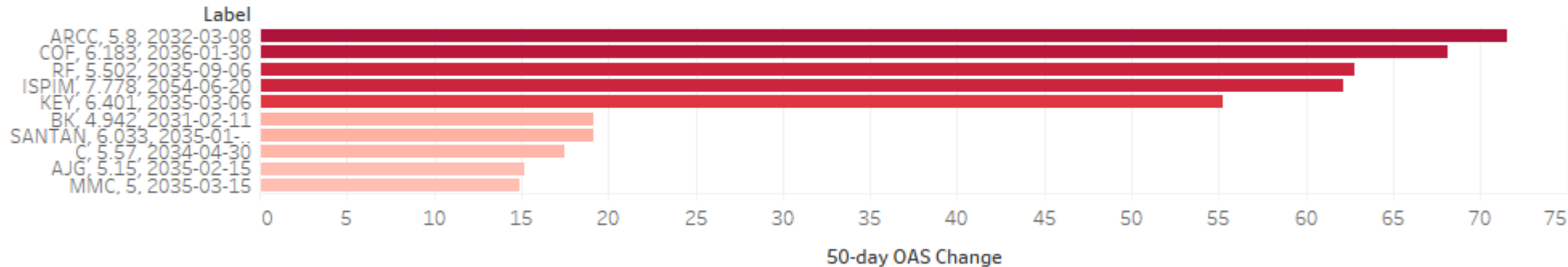
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Corporate Sector OAS



U.S. Investment Grade Corporates

Financials - Biggest Movers



Data Source: Bloomberg LP

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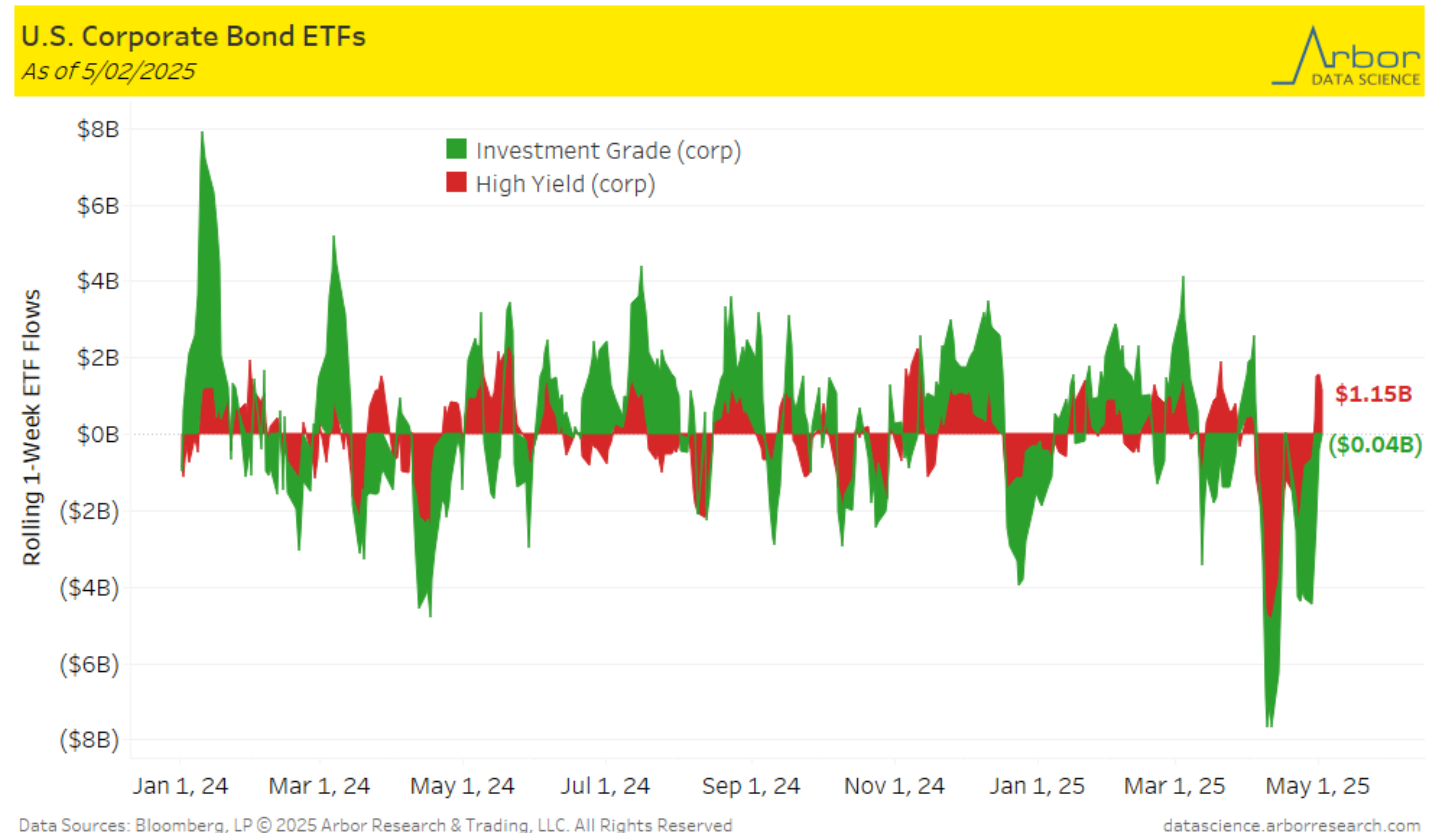
IG funds saw modest net inflows of +\$0.34 billion vs. -\$3.53 billion previously. ETFs led the way, seeing an increase of \$1.74 billion vs. -\$1.31 billion last week. Outflows to high grade mutual funds did moderate to -\$1.39 billion from -\$2.22 billion during the prior survey period.

HY funds increased +\$3.56 billion, their largest inflow since 11/2023. This is an increase from -\$1.16 billion during the previous week.

Corporate Bond ETF Flows

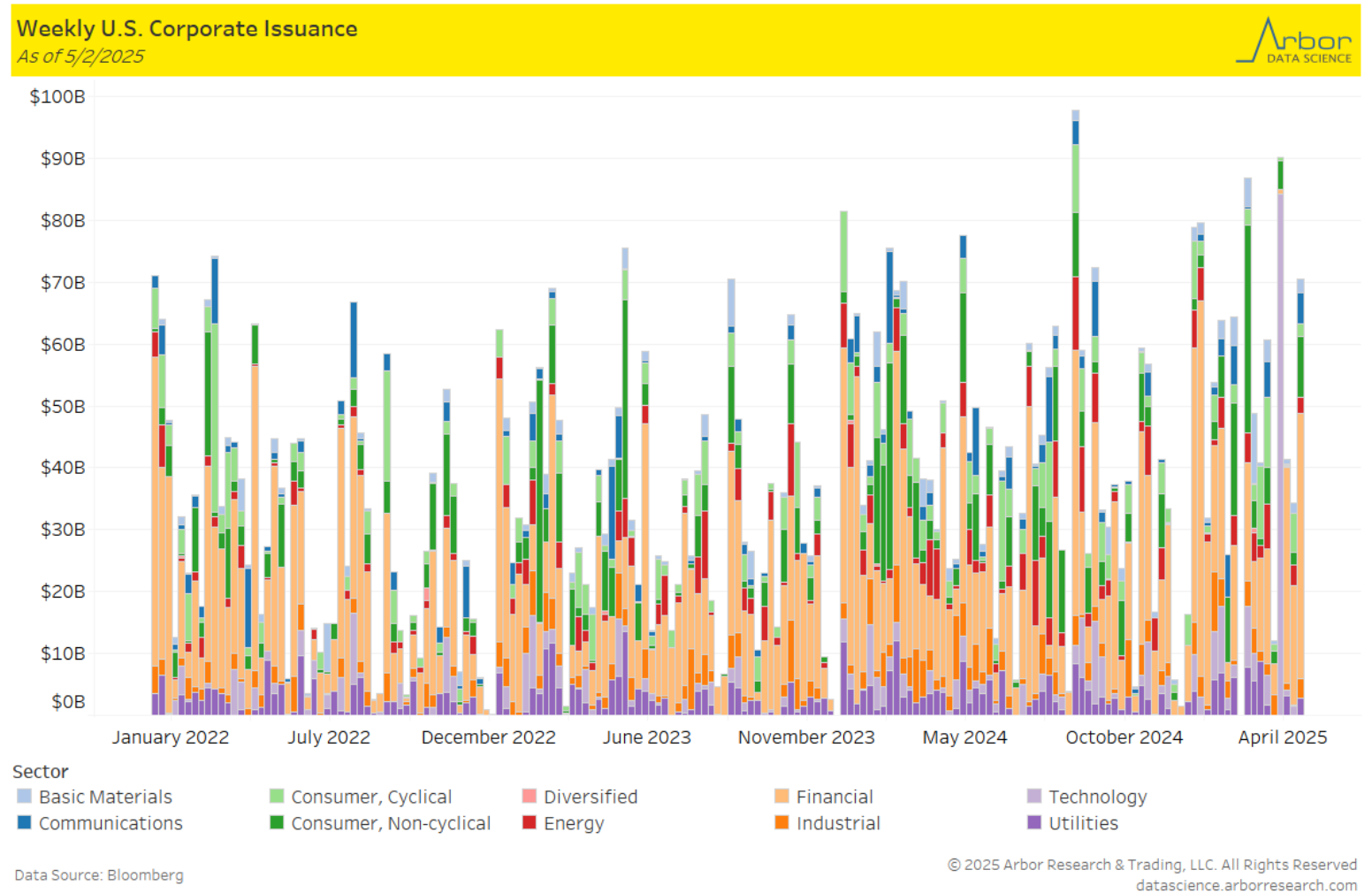
Corporate bond ETFs were mixed last week, with investment-grade ETFs losing \$0.04 billion and high-yield ETFs gaining \$1.15 billion.

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



Issuance Recap

Primary issuance registered just over \$38 billion last week. This week's expectations are in the \$30-35 billion area, with much of the action coming in the first couple days of the week.



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