

## U.S. Credit Update – June 03, 2025

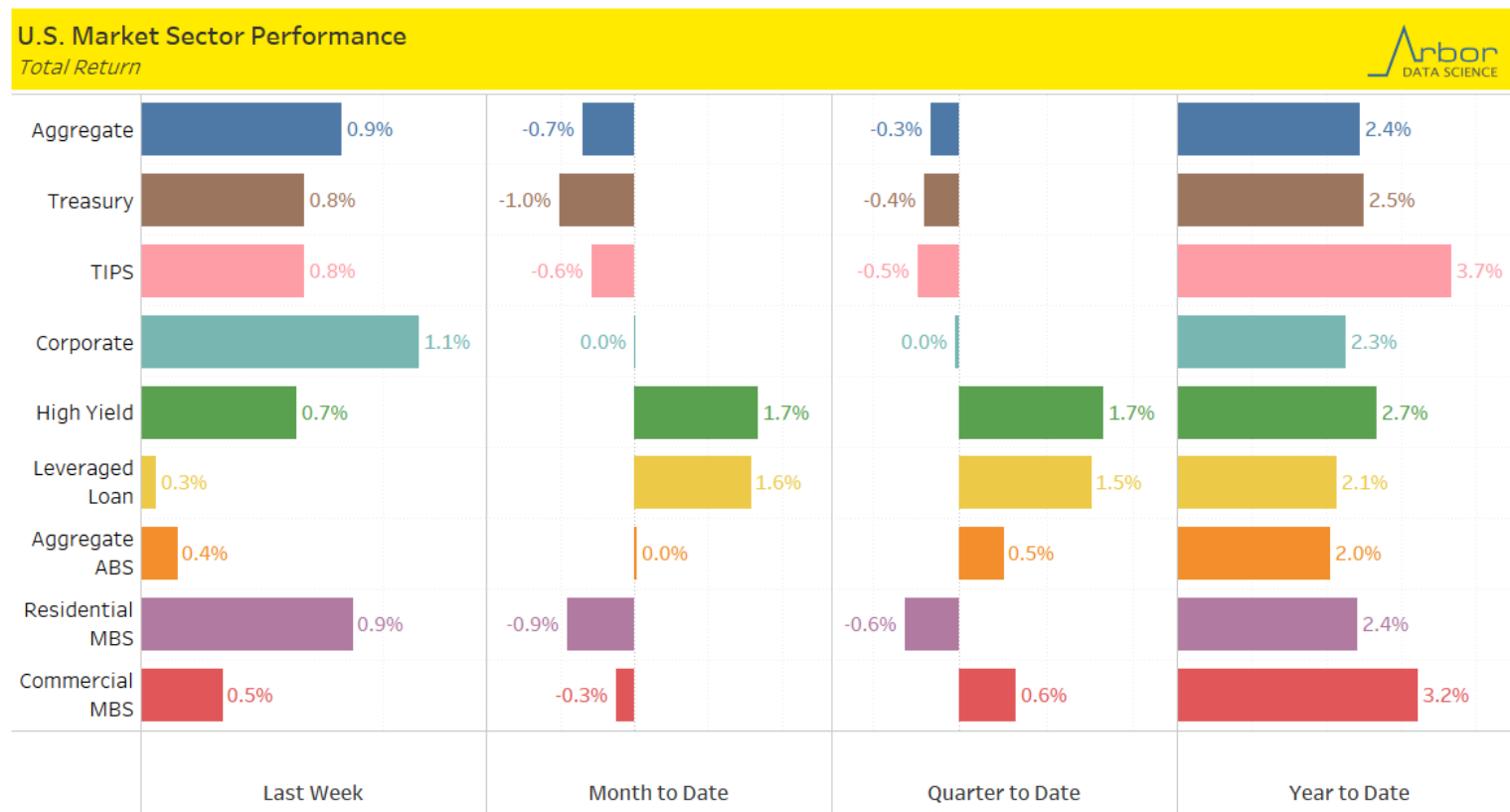
- Fixed Income and Corporate Sector Returns
- Options-Adjusted Spreads
- Biggest Movers
- Credit ETF Flows
- Issuance Recap

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# Fixed Income Sector Unhedged Total Returns

**Treasury prices erase prior week's losses.** Yields fell 9-12 bps across the curve as the market largely discounted tariff banter and the previous week's Moody's downgrade of US debt. The rebound helped offset a tough month for bonds. The long Bloomberg Treasury index fell 2.87%.



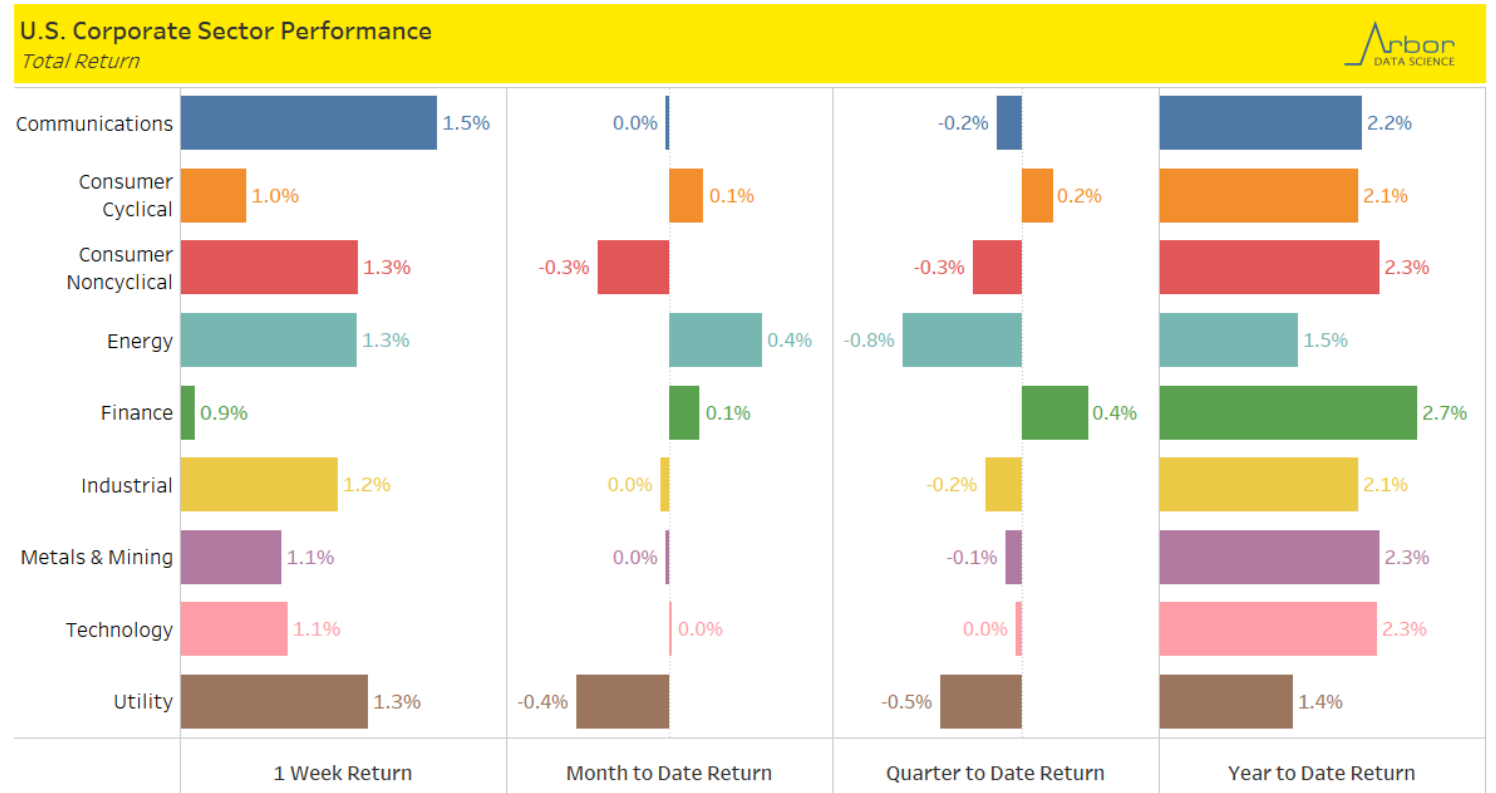
Data Source: Bloomberg Barclays, Credit Suisse

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# Corporate Sector Unhedged Total Returns

## Credit index tightens 2 bps

The Bank of America credit index finished the week at 91, -2bps on the week. This has left many feeling the market is nearing full valuation. However, risk markets in general seem more focused on hard data vs. the daily tariff noise, which should provide solid near-term footing at these levels.



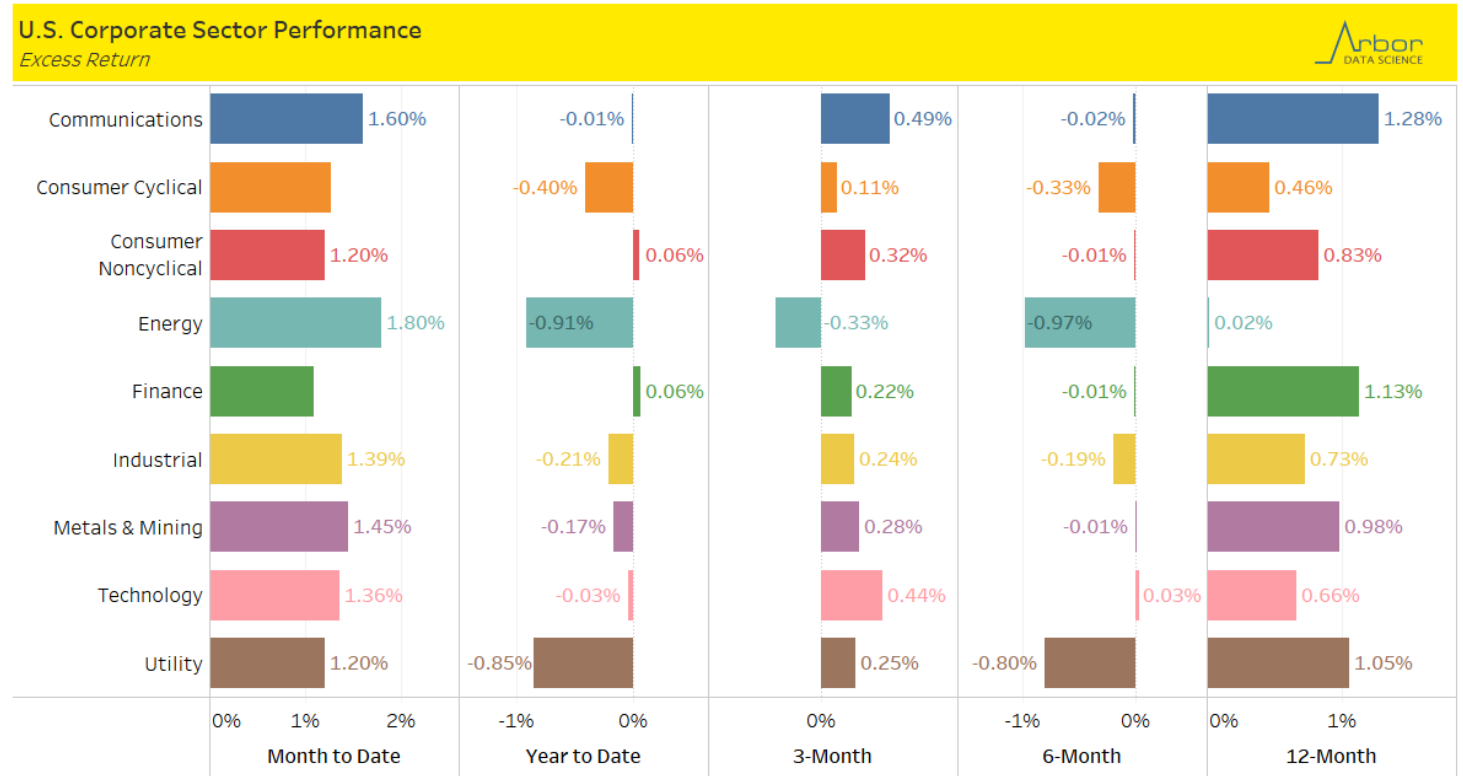
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# Corporate Sector Excess Returns

## IG cash spreads close May 12 to 31 bps tighter.

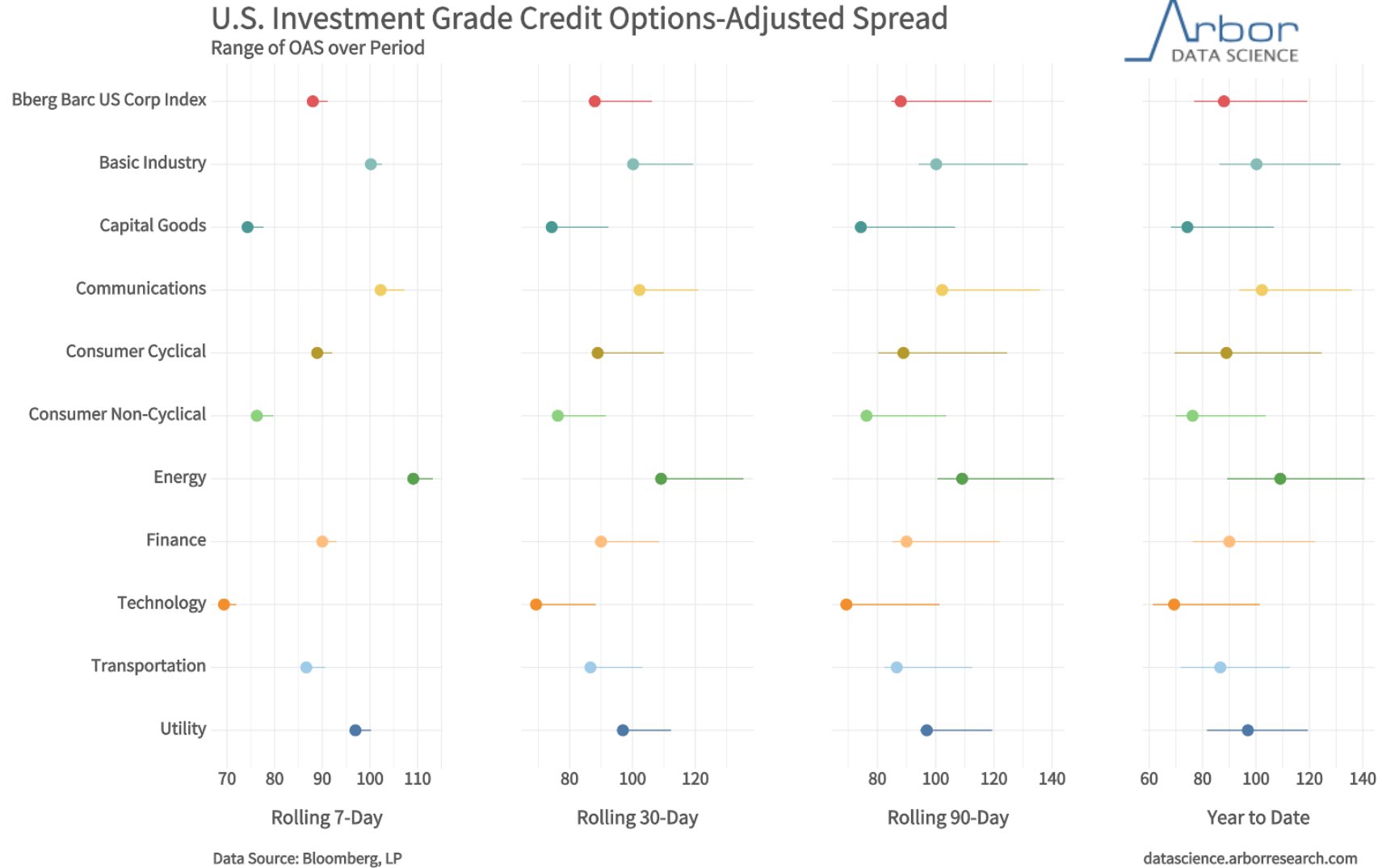
Cash spreads bounced back in a huge way in May. Autos and energy were the clear winners, closing some 30 bps tighter. Domestic money center banks and Yankees finished the month 17-21 bps better.



Data Sources: Bloomberg Barclays, Credit Suisse

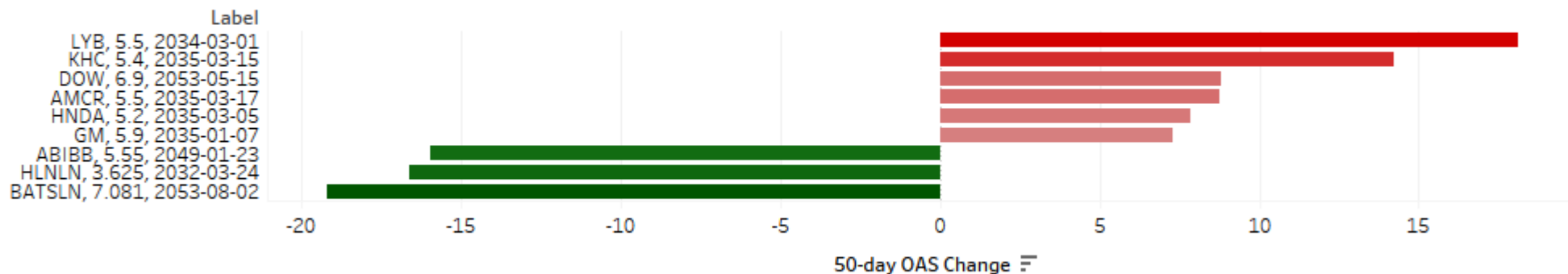
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# Corporate Sector OAS



## U.S. Investment Grade Corporates

*Consumer Discretionary, Consumer Staples, & Materials - Biggest Movers*



Data Source: Bloomberg LP

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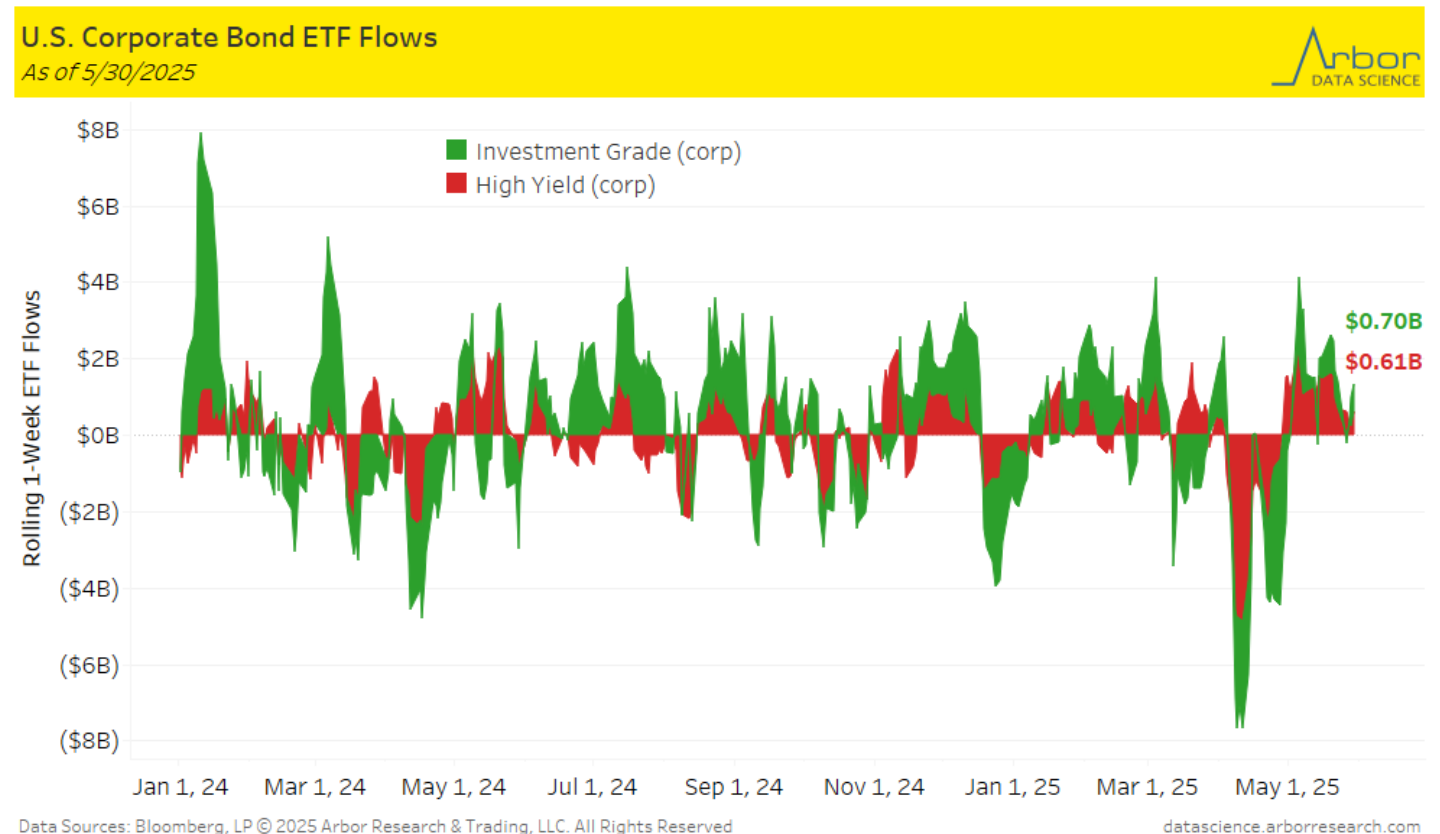
IG fund inflows fell slightly last week to +\$4.99 billion v. +\$7.55 billion the prior week. Much of the inflow was due to the +\$4.37 billion that came into ETFs. IG mutual funds only saw +\$0.62 billion of new money vs. +\$1.73 billion during the previous survey week.

May proved to be a strong month for total return in Bloomberg's credit indices. The intermediate corporate index outpaced Treasuries by 76 bps. Meanwhile, the long credit index crushed long Treasuries by 241 bps.

# Corporate Bond ETF Flows

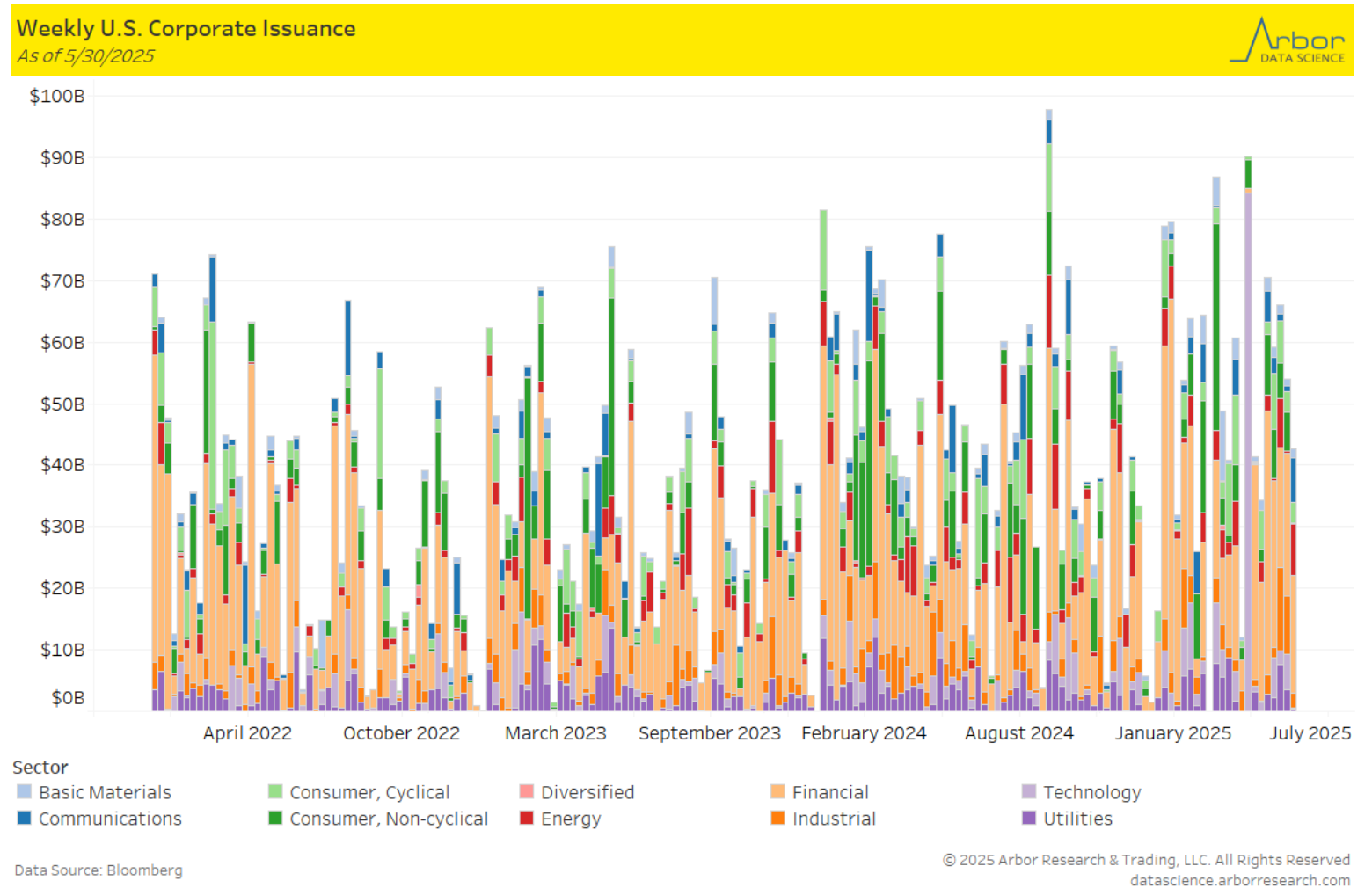
Corporate bond ETFs were positive last week, with investment-grade ETFs gaining \$0.70 billion and high-yield ETFs gaining \$0.61 billion.

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



# Issuance Recap

Primary issuance in May came in at \$164 billion vs. \$130 billion estimates. Expectations for this week are in the \$25 billion area, with the consensus for June at \$100 billion.





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