

U.S. Credit Update – July 8, 2025

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

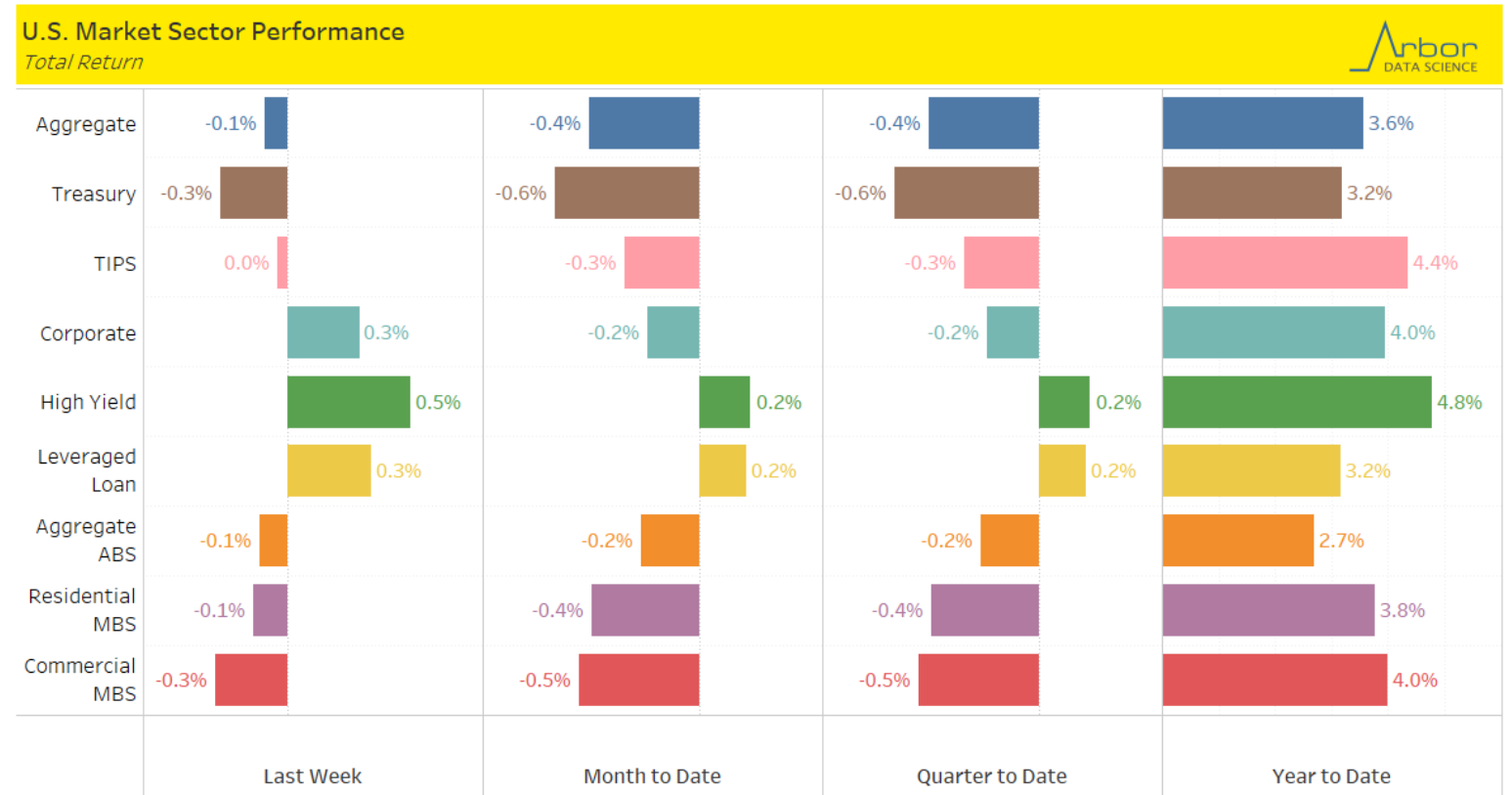
A Division of  Arbor
Research & Trading, LLC

Gus Handler and Scott Hirth
datascience.arborresearch.com

Fixed Income Sector Unhedged Total Returns

Large reversal in front end rates.

A stronger than expected June nonfarm payrolls report hammered short maturities last week. 3-year and shorter notes rose 13 bps in yield. The expectations for a rate hike at the September 17th FOMC meeting fell to 66.5% from 91%.



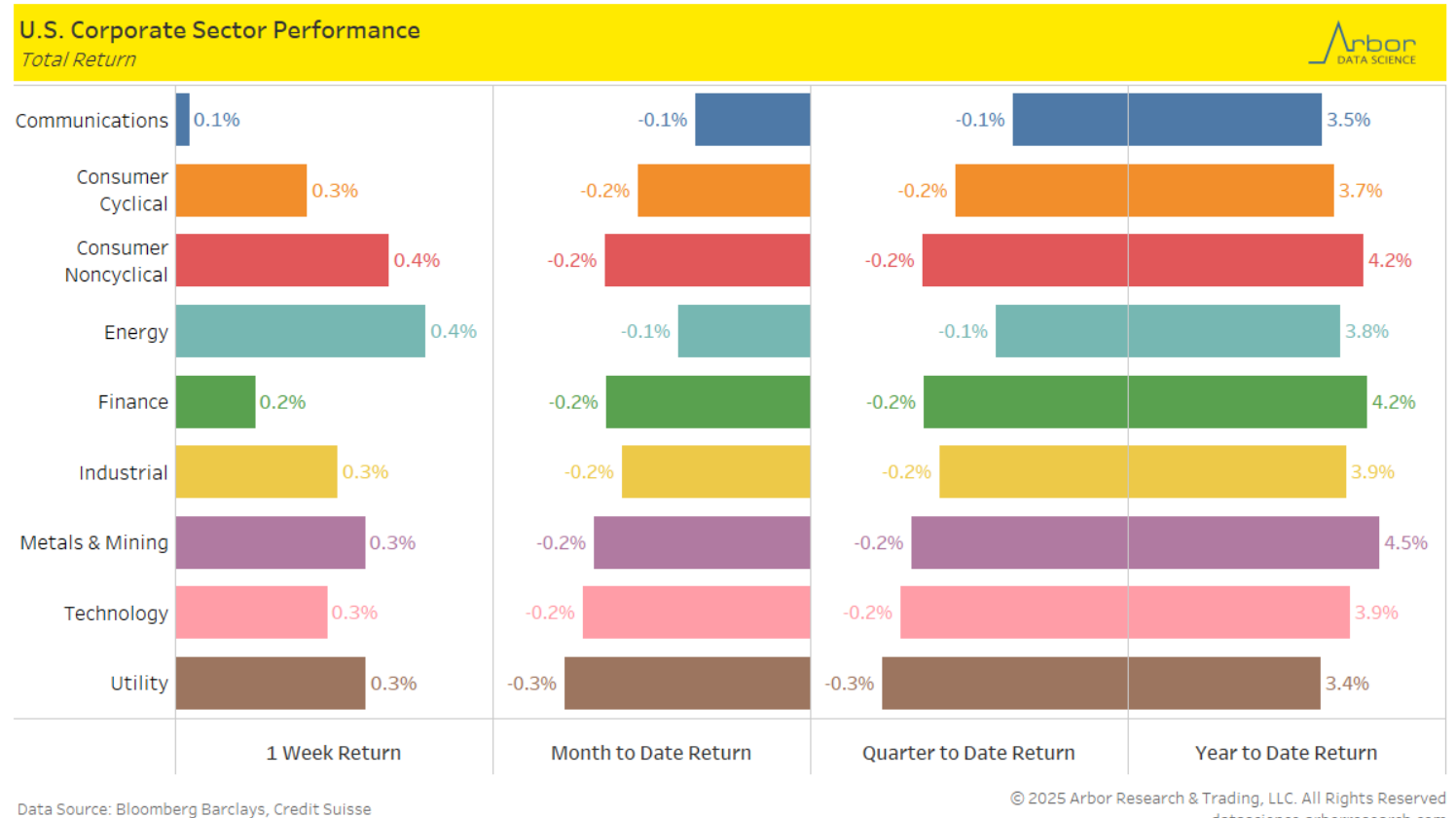
Data Source: Bloomberg Barclays, Credit Suisse

© 2025 Arbor Research & Trading, LLC. All Rights Reserved
datascience.arborresearch.com

Corporate Sector Unhedged Total Returns

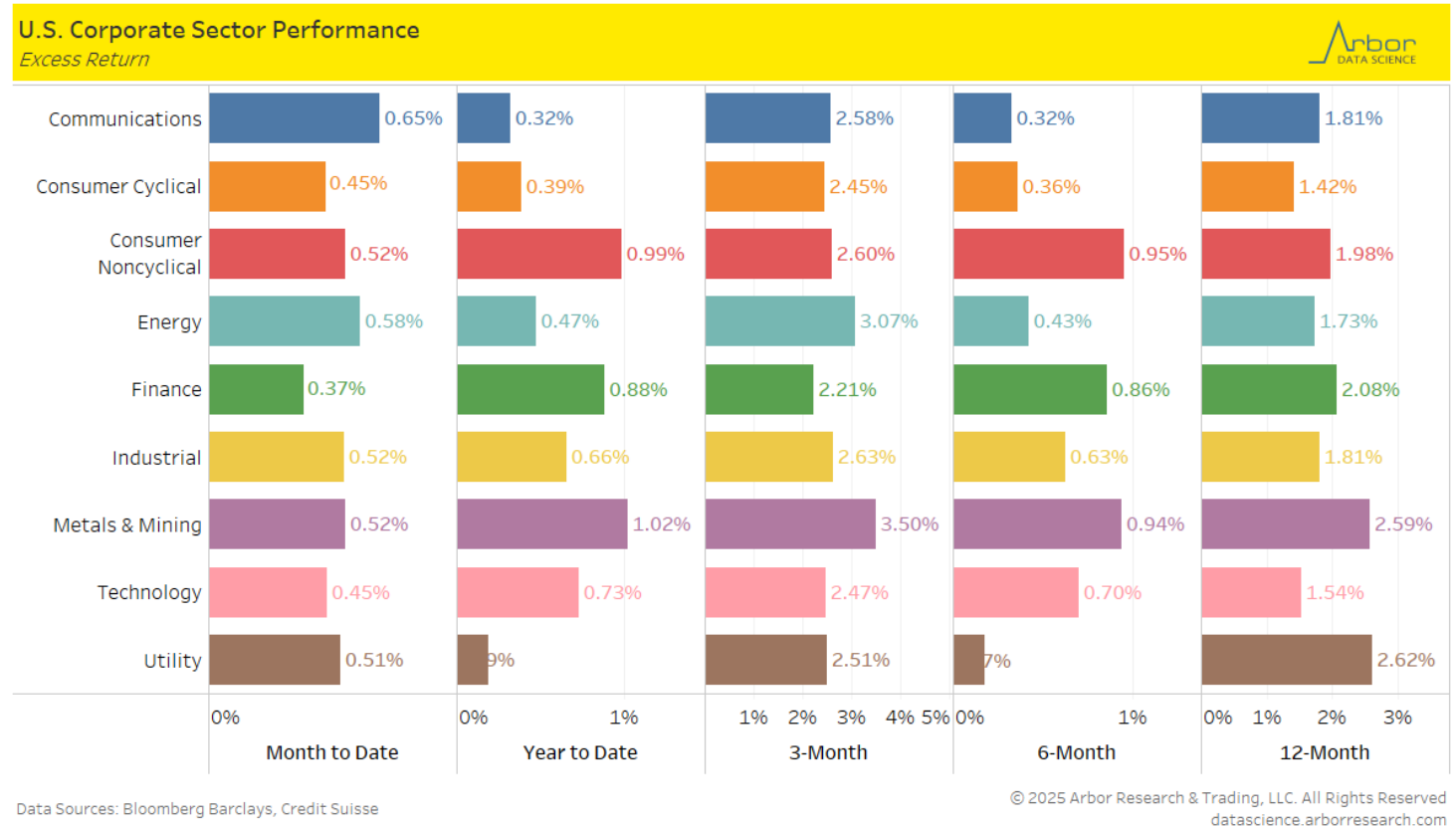
Credit index approaches YTD tight.

The Bank of America tightened 8 bps last week, closing within 1 bp of its YTD tight. Front end maturities, which had been struggling with the fall in rates, saw good demand as nominal Treasury yields rose 10-13 bps last week.

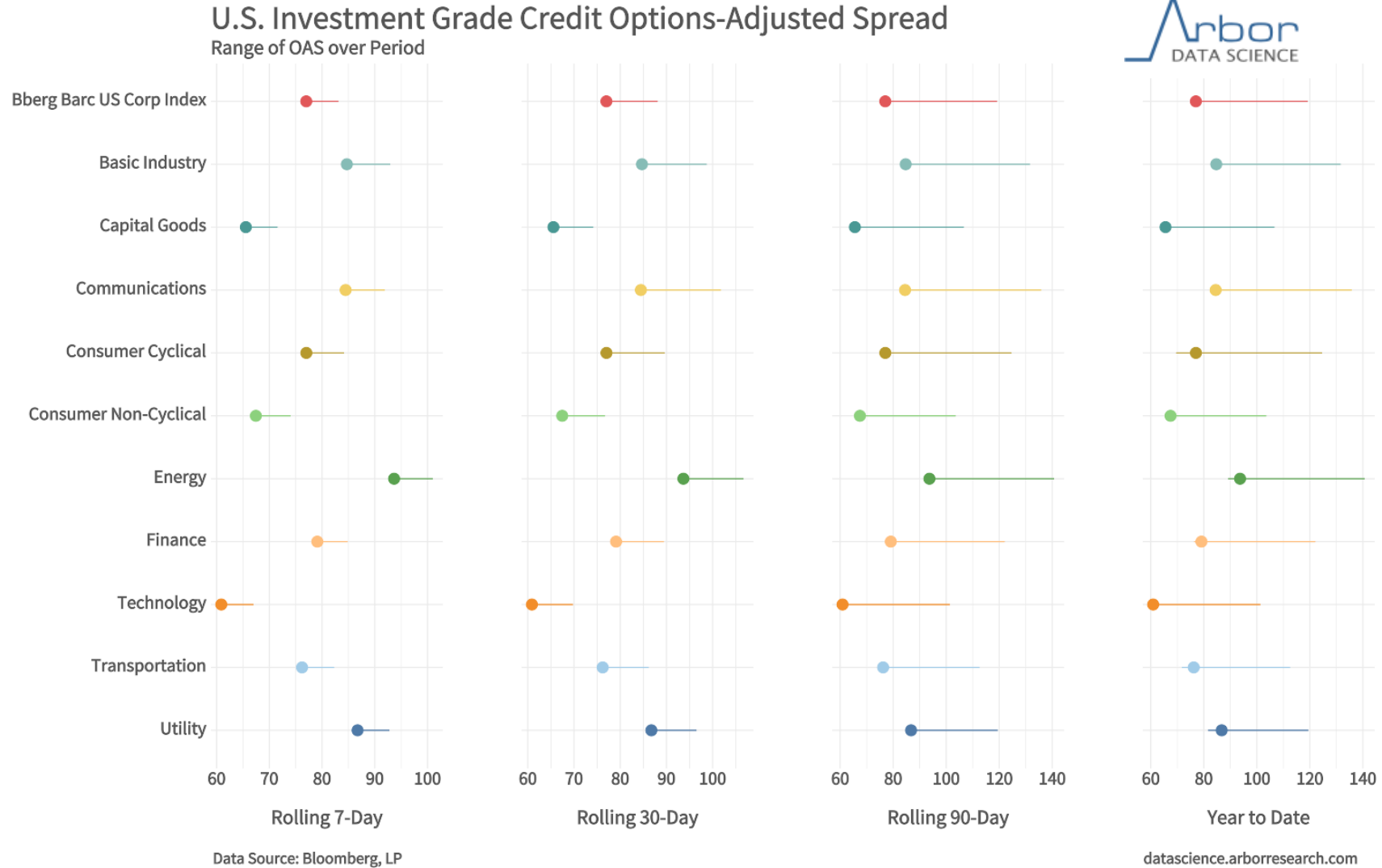


Corporate Sector Excess Returns

IG credit demand very strong into month end. Secondary spreads tightened 7-9 bps across the board last week. Autos (-16) and energy (-10) were the outperformers.

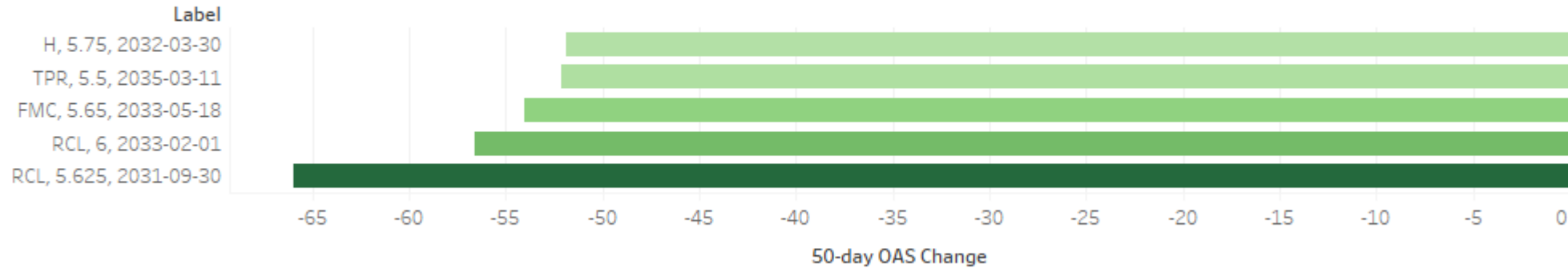


Corporate Sector OAS



U.S. Investment Grade Corporates

Consumer Discretionary, Consumer Staples & Materials - Biggest Movers



Data Source: Bloomberg LP

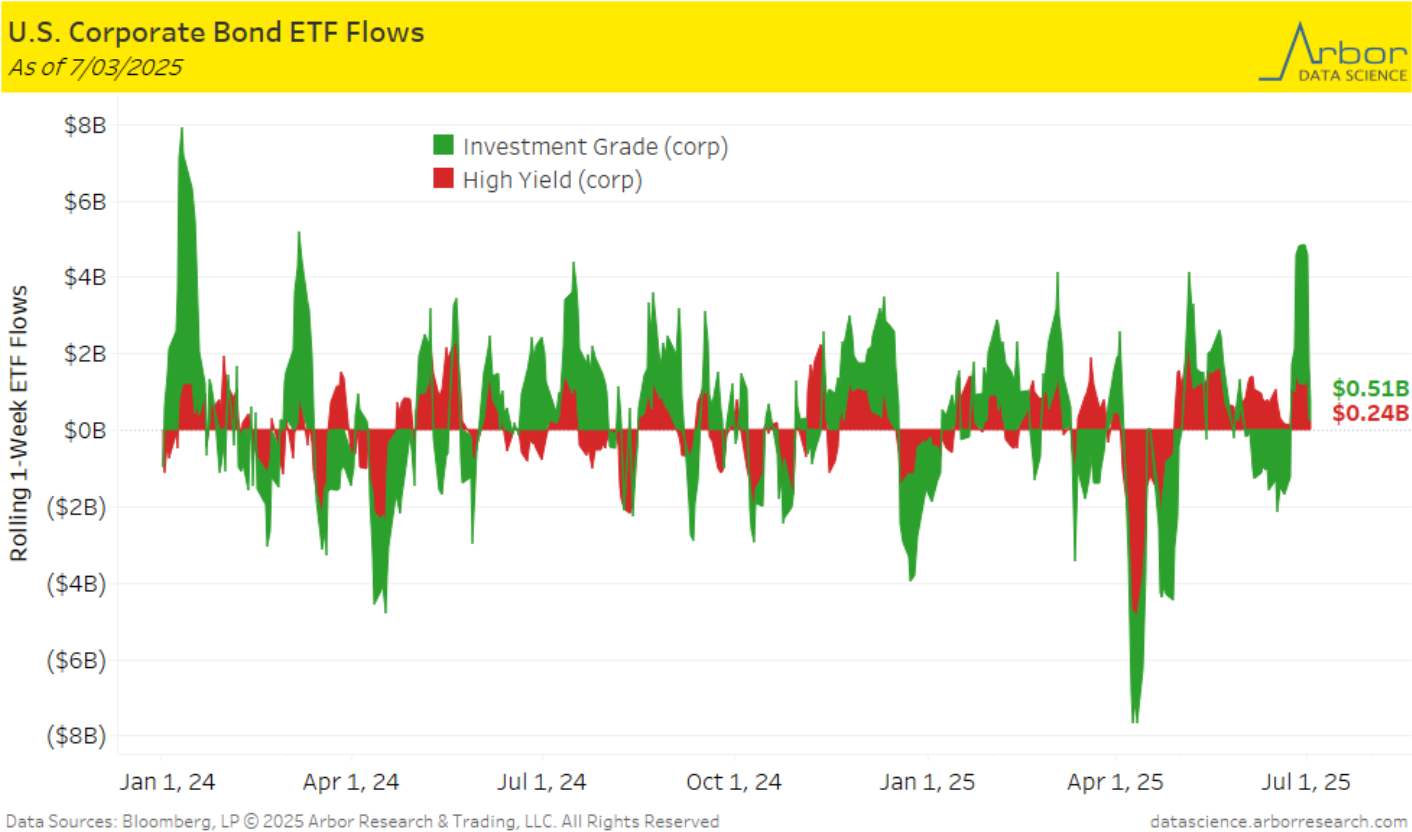
datascience.arborresearch.com

Dealers reported very strong flows into IG credit last week. Electronic inquiry was skewed towards better buying by a 2:1 ratio. A reported \$4 billion portfolio trade Tuesday afternoon left dealers, who were already short after month end rebalancing, scrambling for the rest of the week to add paper. By week's end, portfolio trading showed net better client buying by a 7:2 margin, one of the strongest week's on record.

Corporate Bond ETF Flows

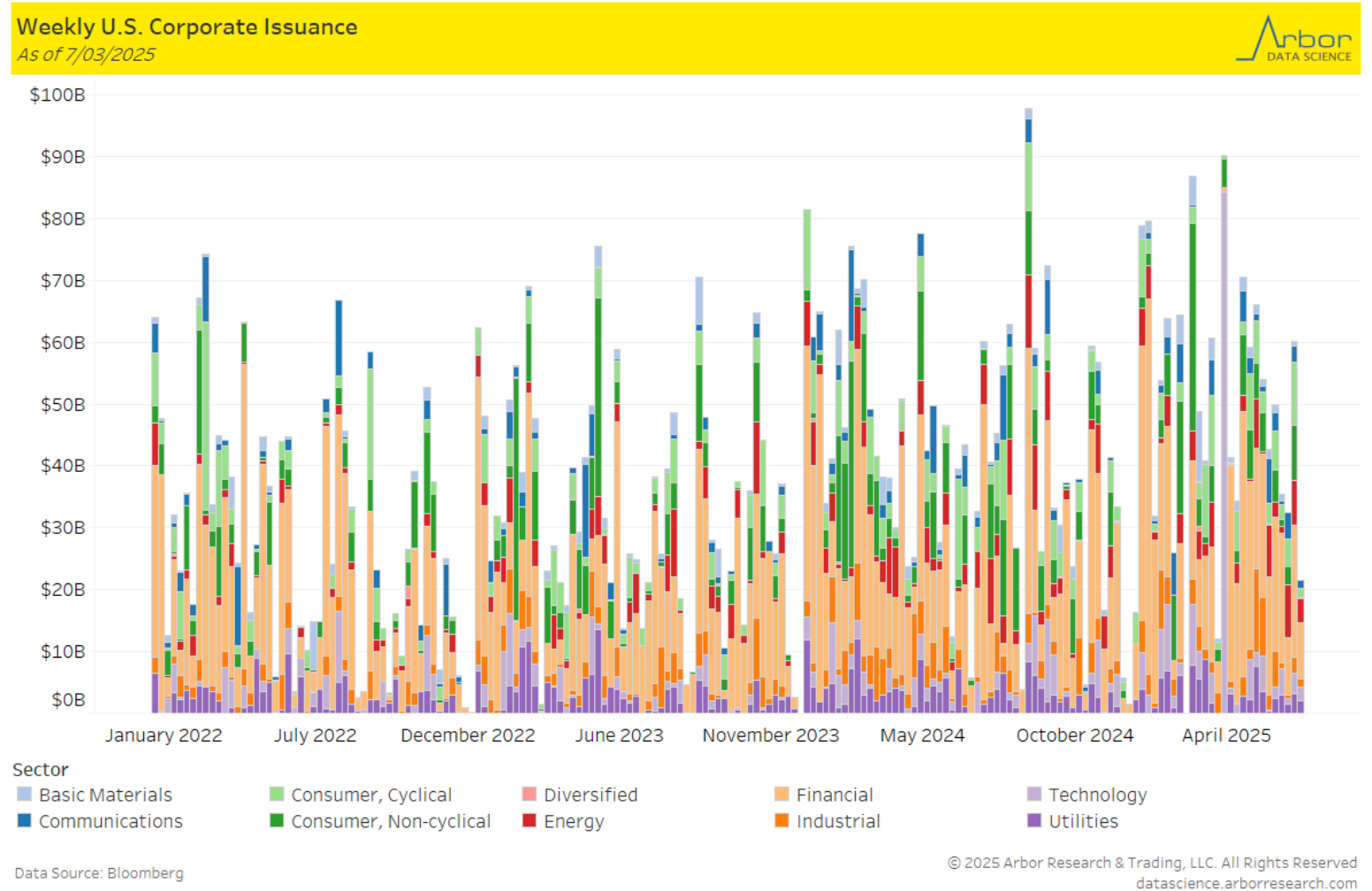
Corporate bond ETFs were positive last week, with investment-grade ETFs gaining \$0.51 billion and high-yield ETFs gaining \$0.24 billion.

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



Issuance Recap

Primary issuance came in near expectations at \$9.75 billion last week. This week's call is for \$15-20 billion to price. July issuance is expected to be in the \$115-125 billion area, almost the same as was priced in July 2024.



Contact Us

Give us a call for more information about our services and products.

Kristen Radosh

kristen.radosh@arborresearch.com

Max Konzelman

max.konzelman@arborresearch.com

Gus Handler

gus.handler@arborresearch.com

Sam Handler

sam.handler@arborresearch.com

Arbor Research & Trading, LLC

22333 Classic Court

Lake Barrington, IL 60010

1-800-606-1872

datascience.arborresearch.com



Copyright 2025 Arbor Research & Trading, LLC. This message is intended only for the personal and confidential use of the designated recipient(s) named above. If you are not the intended recipient of this message you are hereby notified that any review, dissemination, distribution or copying of this message is strictly prohibited. This communication is for information purposes only and should not be regarded as an offer to sell or as a solicitation of an offer to buy any financial product, an official confirmation of any transaction, or as an official statement of Broadstone Insights. Email transmission cannot be guaranteed to be secure or error-free. Therefore, we do not represent that this information is complete or accurate and it should not be relied upon as such. All information is subject to change without notice.