

U.S. Credit Update – August 5, 2025

- Fixed Income and Corporate Sector Returns
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- Issuance Recap

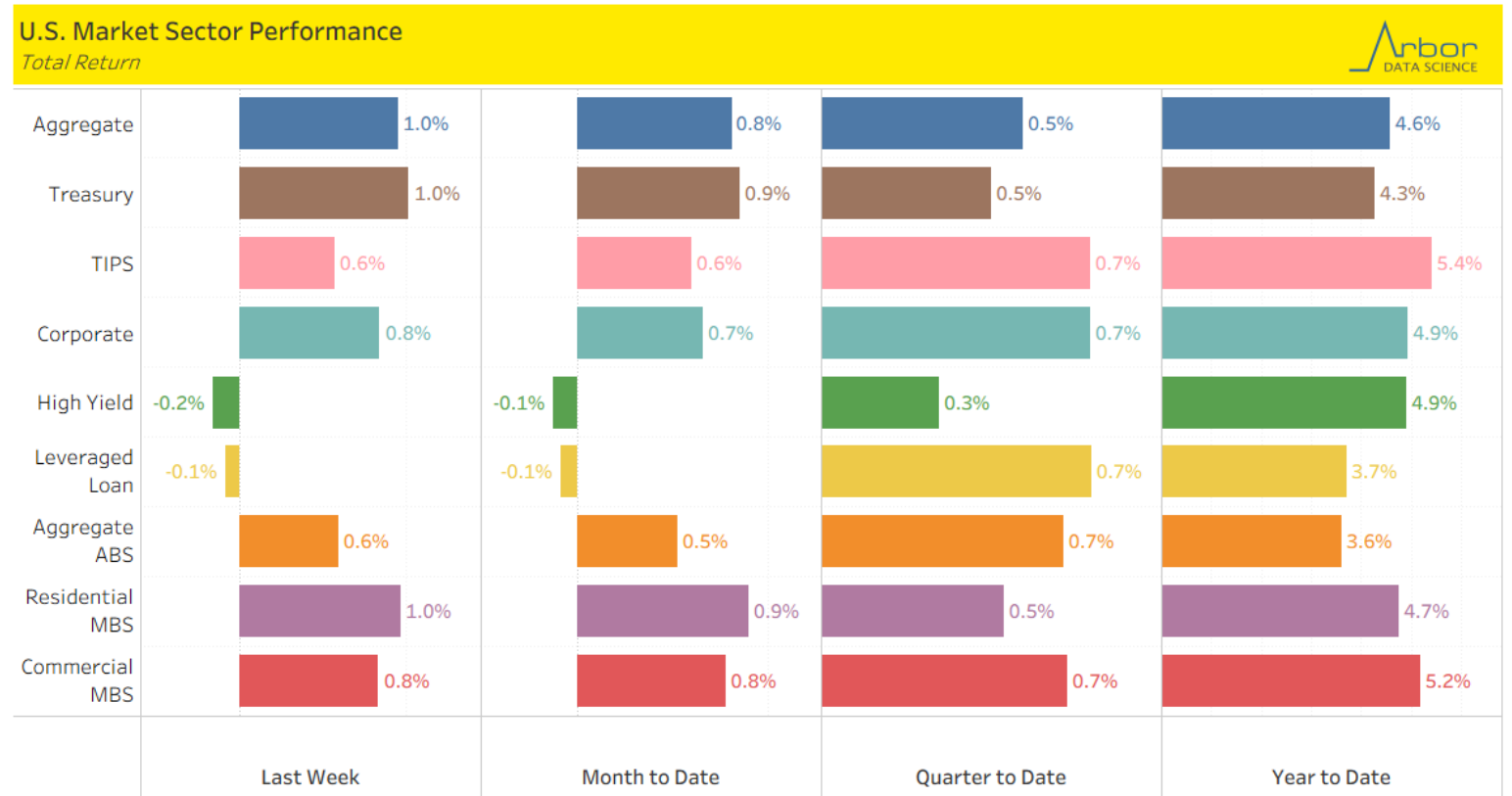
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Gus Handler and Scott Hirth
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Fixed Income Sector Unhedged Total Returns

July NFP sparks large rate drop.

The monthly payrolls report and subsequent downward revisions caused a significant fall in rates during Friday's session. 2-5 year notes lost 22-27 bps in yield, while 10-30 year maturities dropped 8-16 bps.



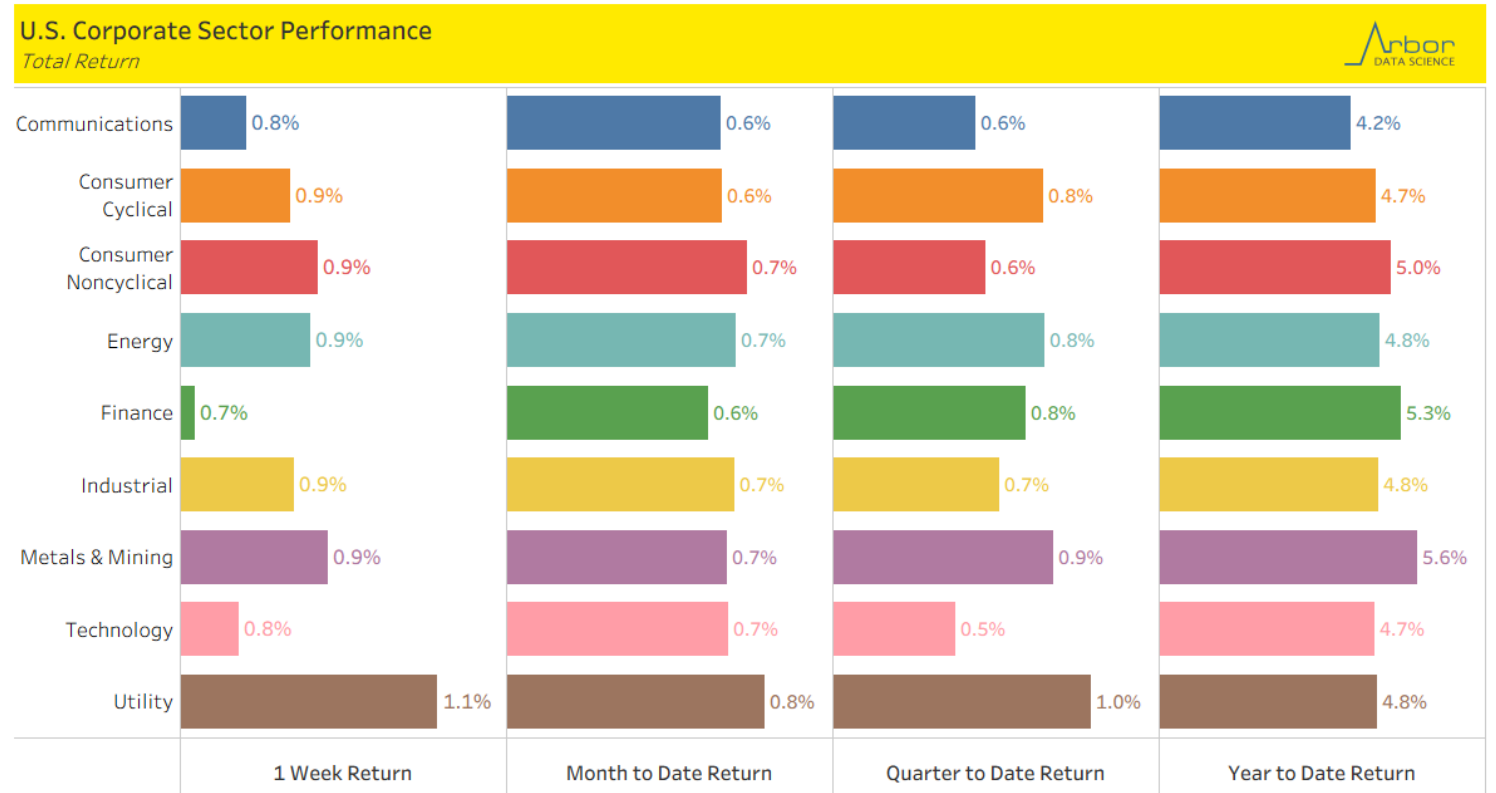
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Corporate Sector Unhedged Total Returns

Cash credit spreads back up 3-5 bps.

IG cash spreads backed up following Friday's jobs report, with money center banks being the poorest performer on the week. Portfolio trading desks reported net client buying of \$2 billion of 3-7 year risk vs. net selling of \$600 million in 10-30 years.

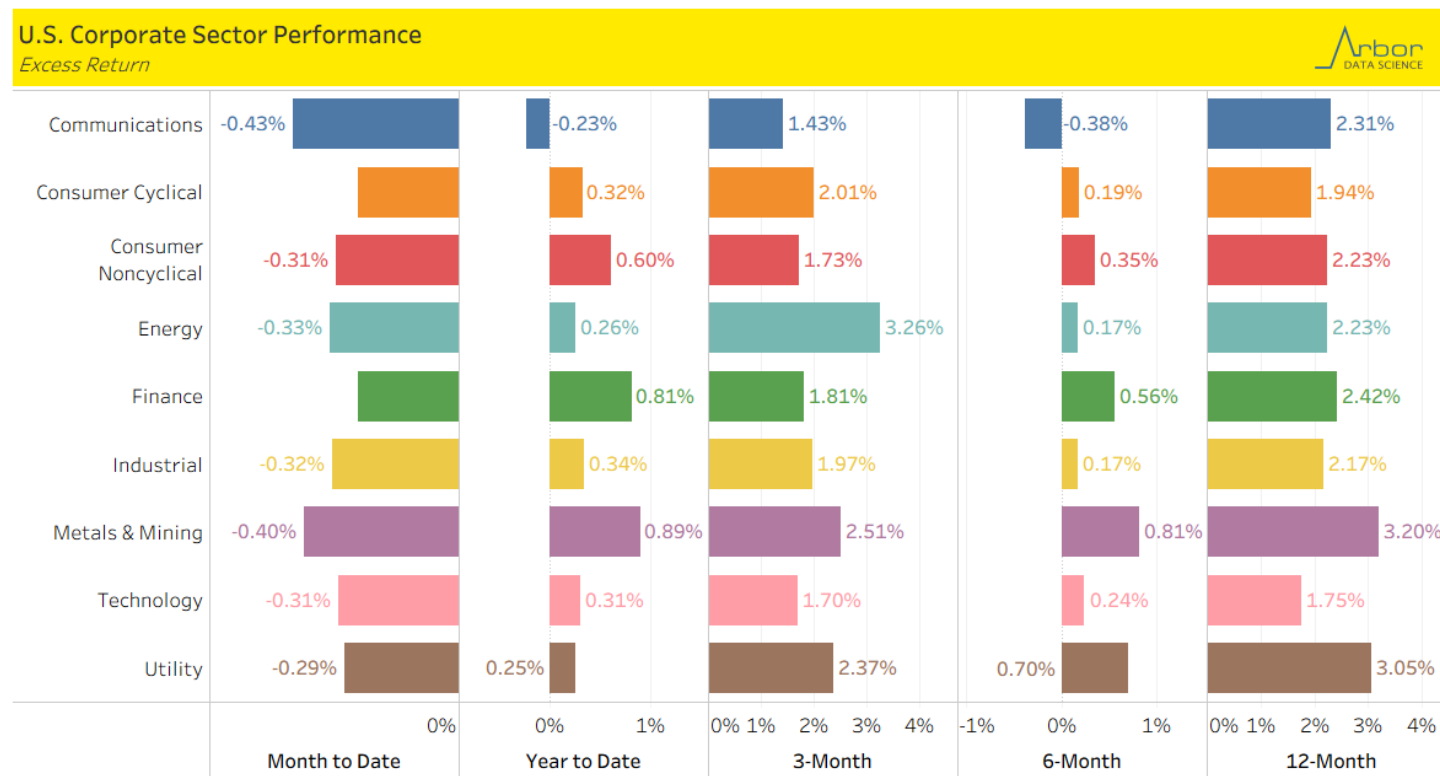


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Corporate Sector Excess Returns

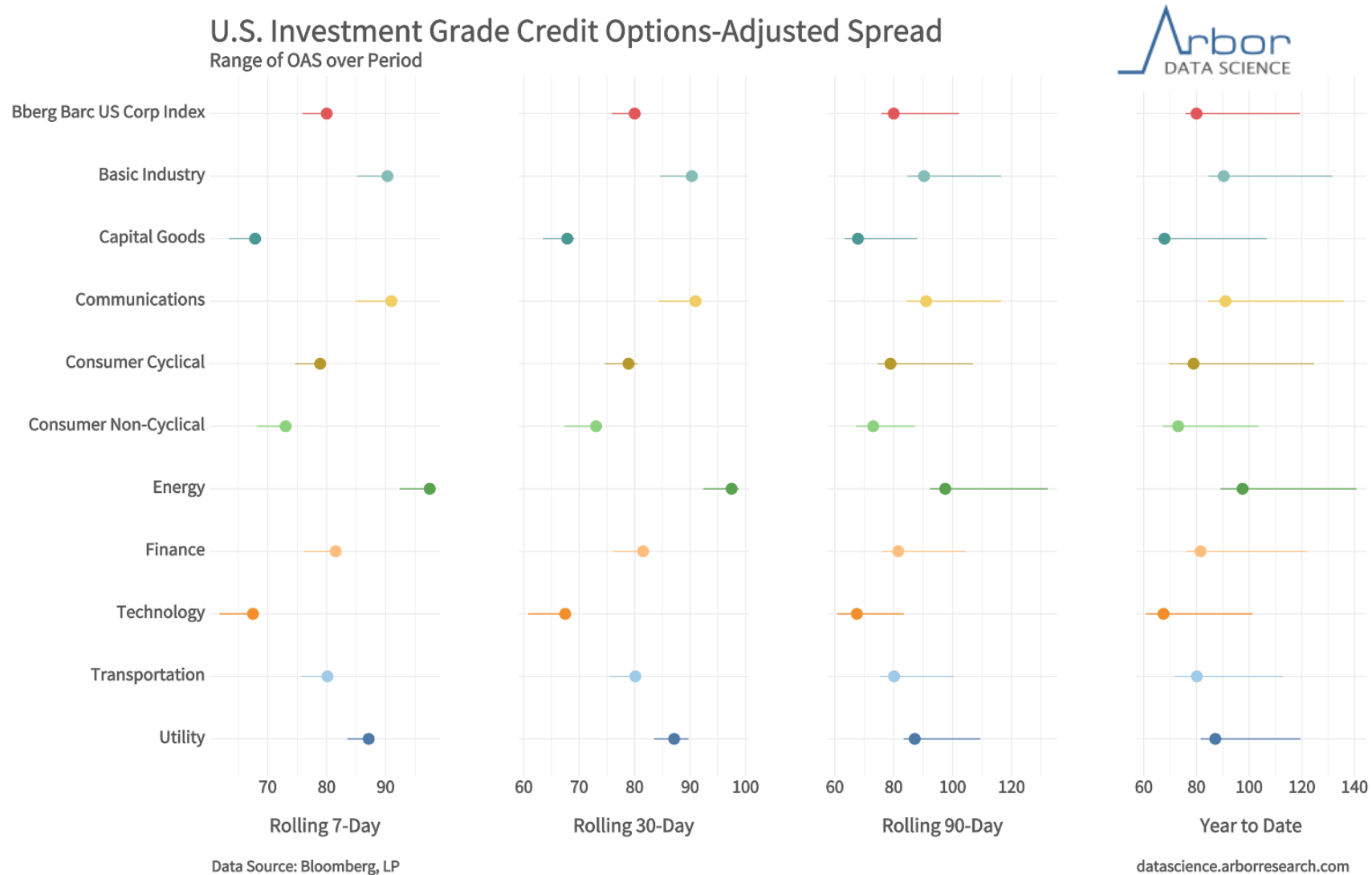
Index widens on weak economic outlook.
 The B of A credit index closed the week +4 bps.
 Autos were a stellar performer last week on positive tariff news, tightening 3 bps.



Data Sources: Bloomberg Barclays, Credit Suisse

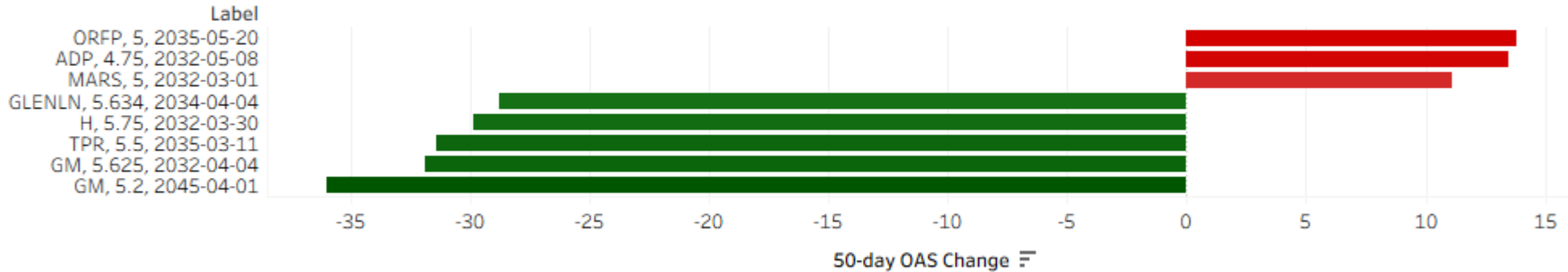
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Corporate Sector OAS



U.S. Investment Grade Corporates

Consumer Discretionary, Consumer Staples, & Materials - Biggest Movers



Data Source: Bloomberg LP

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IG funds saw their inflows slow last week to +\$2.95 billion vs. +\$6.04 billion during the prior survey week, which concluded before Friday's jobs report. ETFs gained +\$1.59 billion vs. +3.57 billion last week. High grade mutual funds saw an increase of +\$1.35 billion vs. +\$2.47 billion previously.

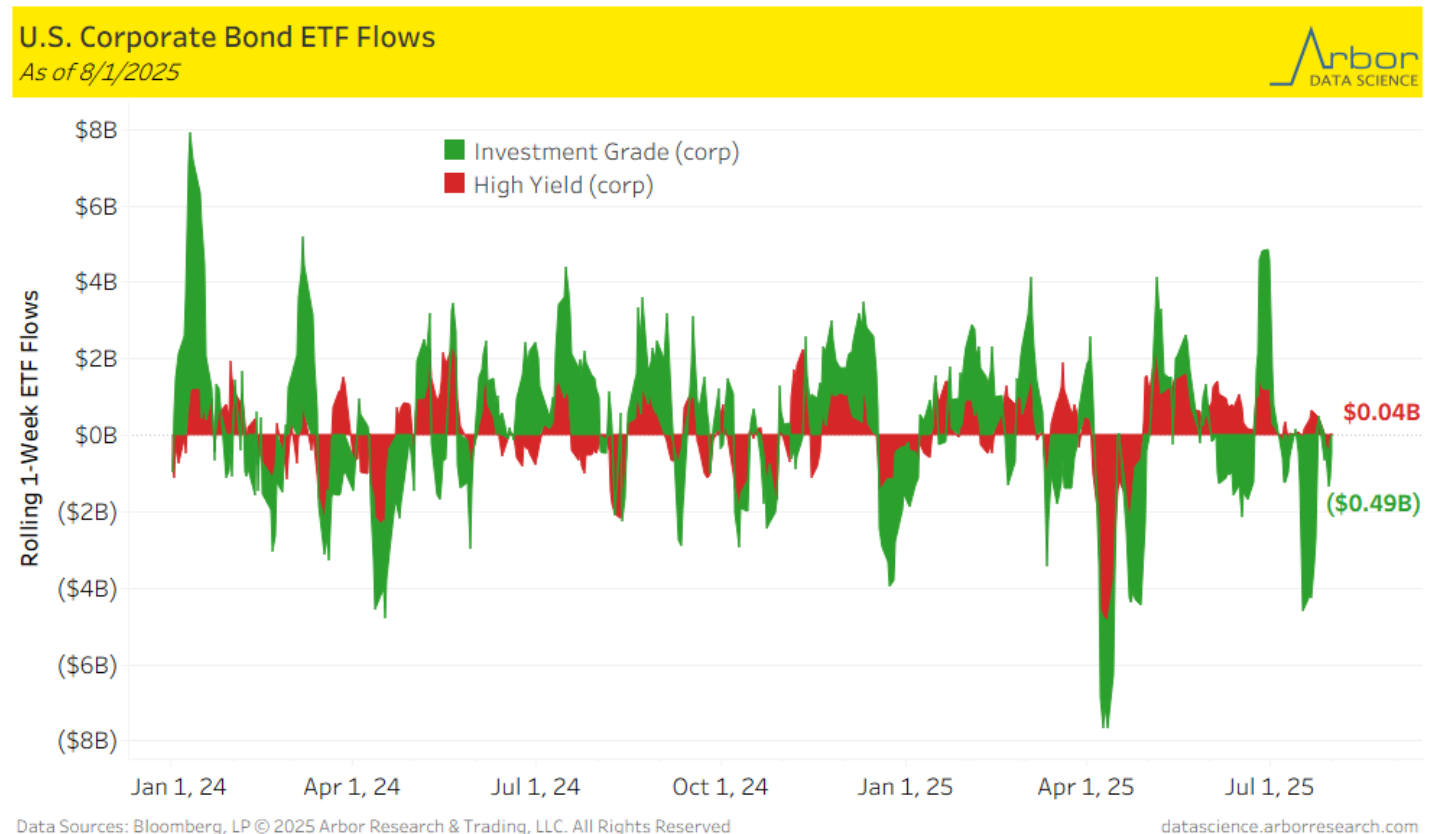
High yield fund inflows backed up to +\$0.41 billion vs. +\$0.98 billion. Leveraged loans saw an increase of +\$0.58 billion vs. +\$1.05 billion.

The intermediate Bloomberg corporate index outperformed Treasuries by 39 bps in July, while the long corporate index beat the risk-free assets by 83 bps.

Corporate Bond ETF Flows

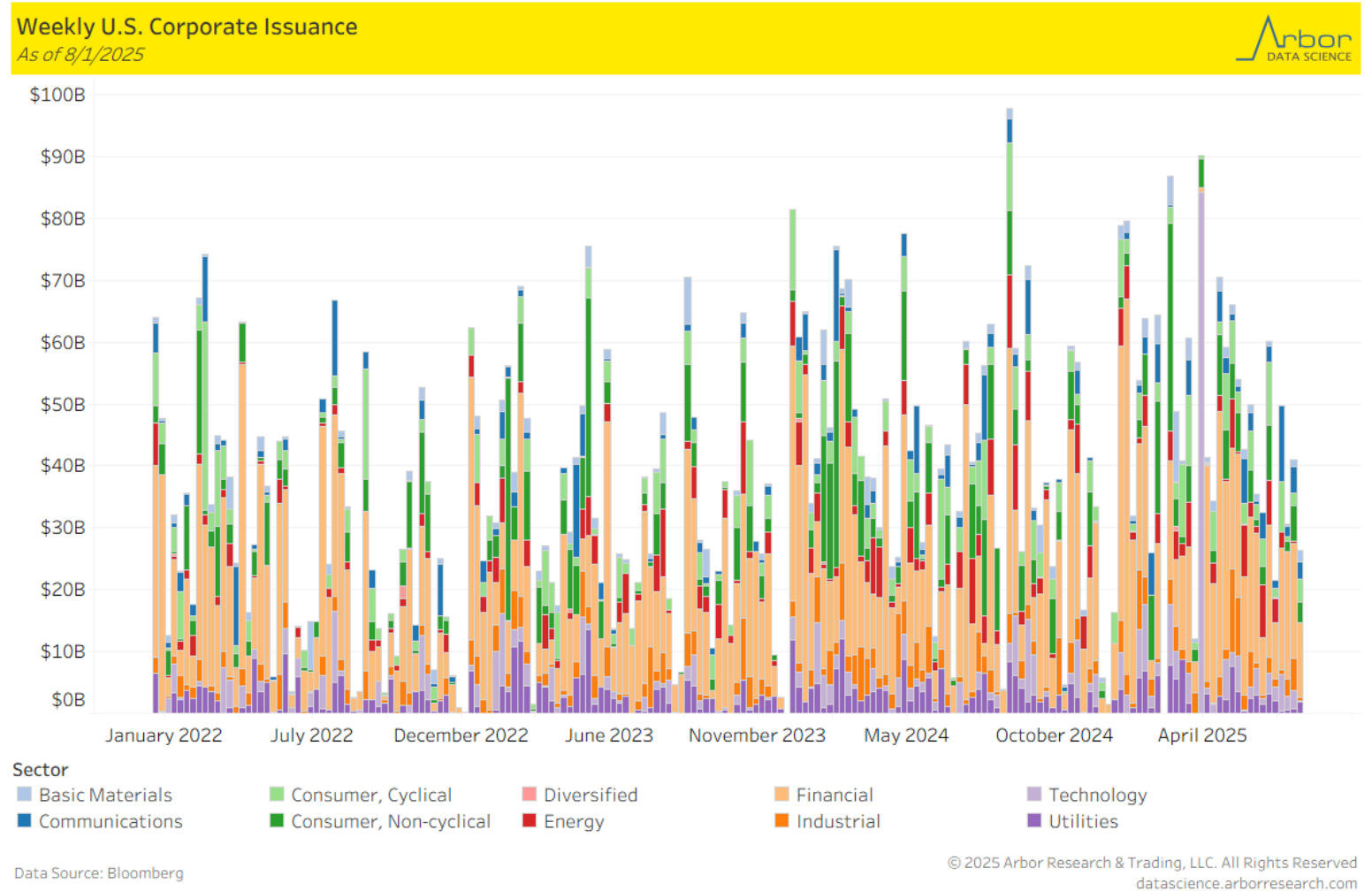
Corporate bond ETFs were mixed last week, with investment-grade ETFs losing \$0.49 billion and high-yield ETFs gaining \$0.04 billion.

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



Issuance Recap

Primary issuance mildly exceeded expectations last week, with \$12.2 billion pricing vs. \$10 billion estimates. However, issuance for July only registered \$88 billion vs. \$100 billion estimates. Expectations are for \$30-35 billion this week, and \$100 billion in August.



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