U.S. Credit Update – August 5, 2025

- Fixed Income and Corporate Sector Returns
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- Issuance Recap

A Division of Arbor Research & Trading, LLC

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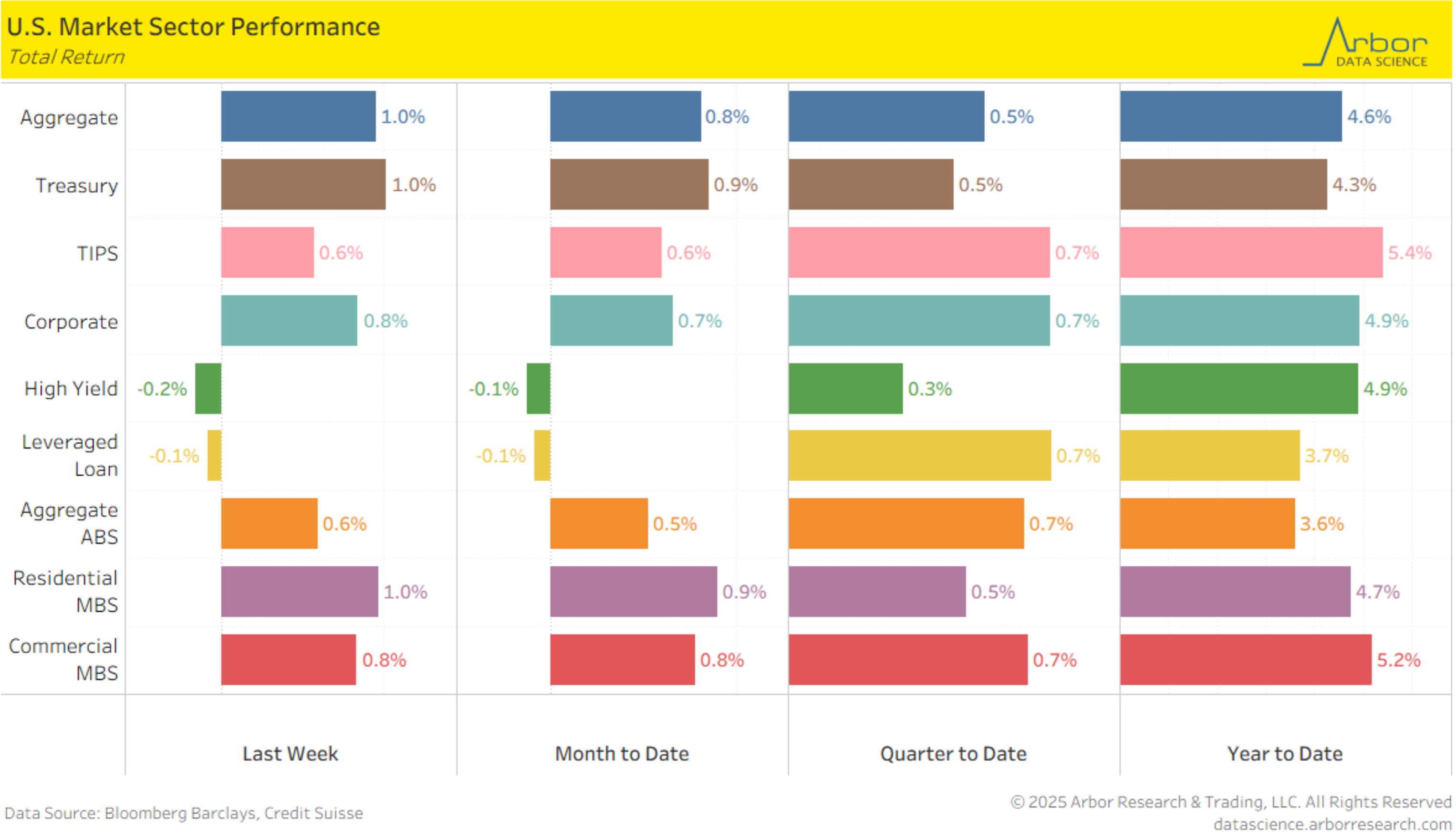
Fixed Income Sector Unhedged Total Returns

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.

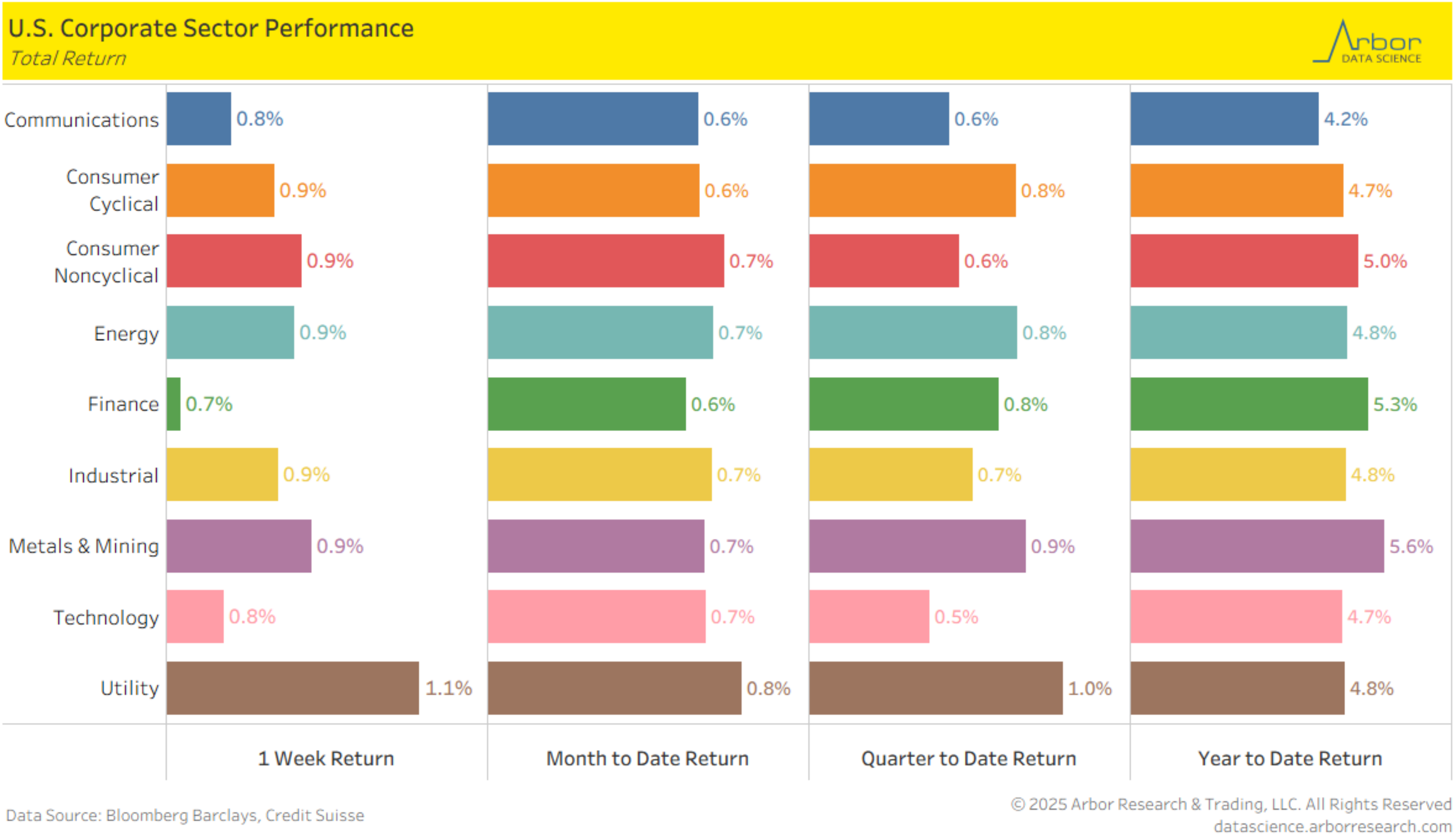


Sector	Last Week	Month to Date	Quarter to Date	Year to Date
Aggregate	1.0%	0.8%	0.5%	4.6%
Treasury	1.0%	0.9%	0.5%	4.3%
TIPS	0.6%	0.6%	0.7%	5.4%
Corporate	0.8%	0.7%	0.7%	4.9%
High Yield	-0.2%	-0.1%	0.3%	4.9%
Leveraged Loan	-0.1%	-0.1%	0.7%	3.7%
Aggregate ABS	0.6%	0.5%	0.7%	3.6%
Residential MBS	1.0%	0.9%	0.5%	4.7%
Commercial MBS	0.8%	0.8%	0.7%	5.2%

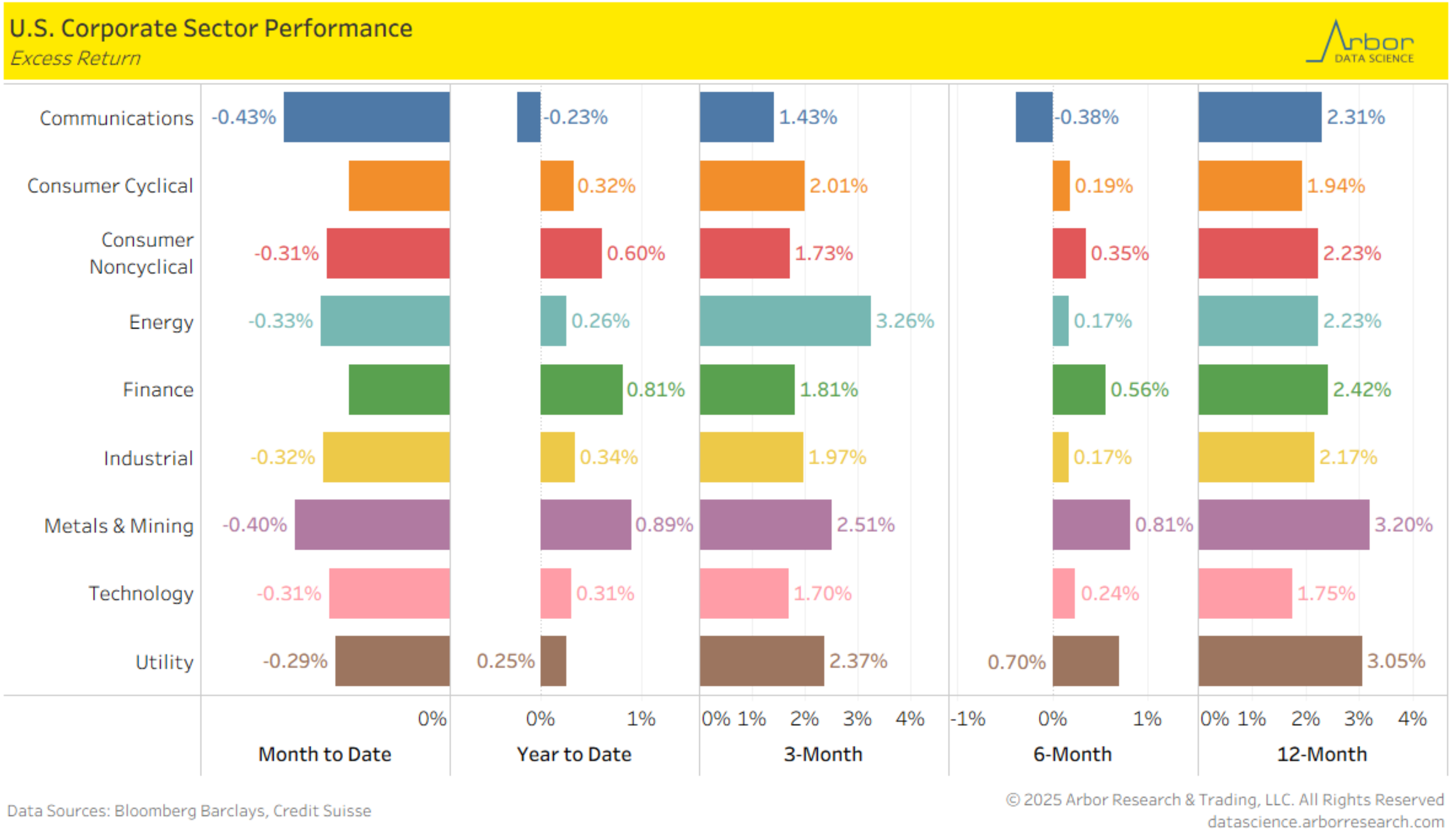
 2025-8-5

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.



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.

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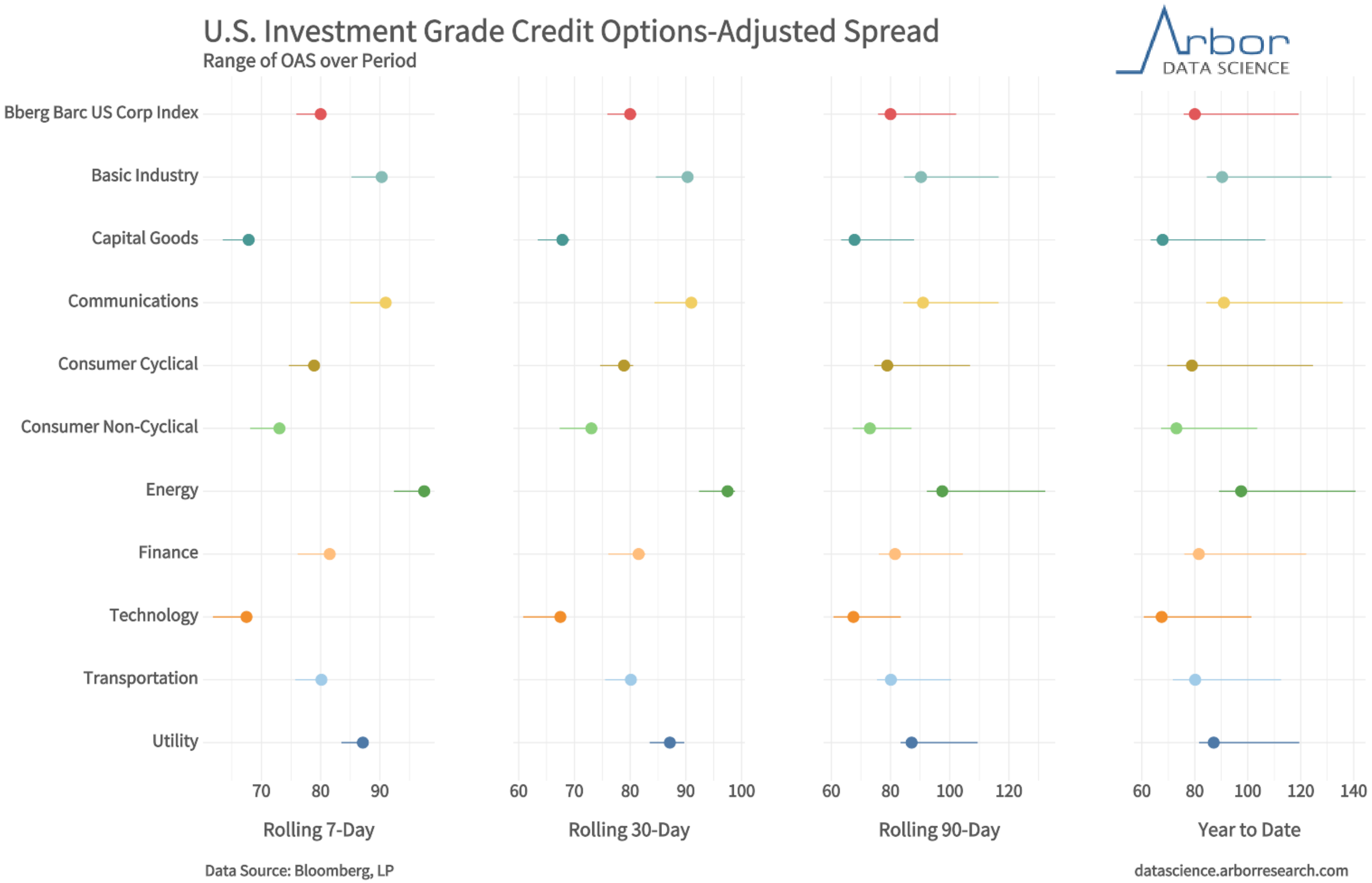
Corporate Sector OAS



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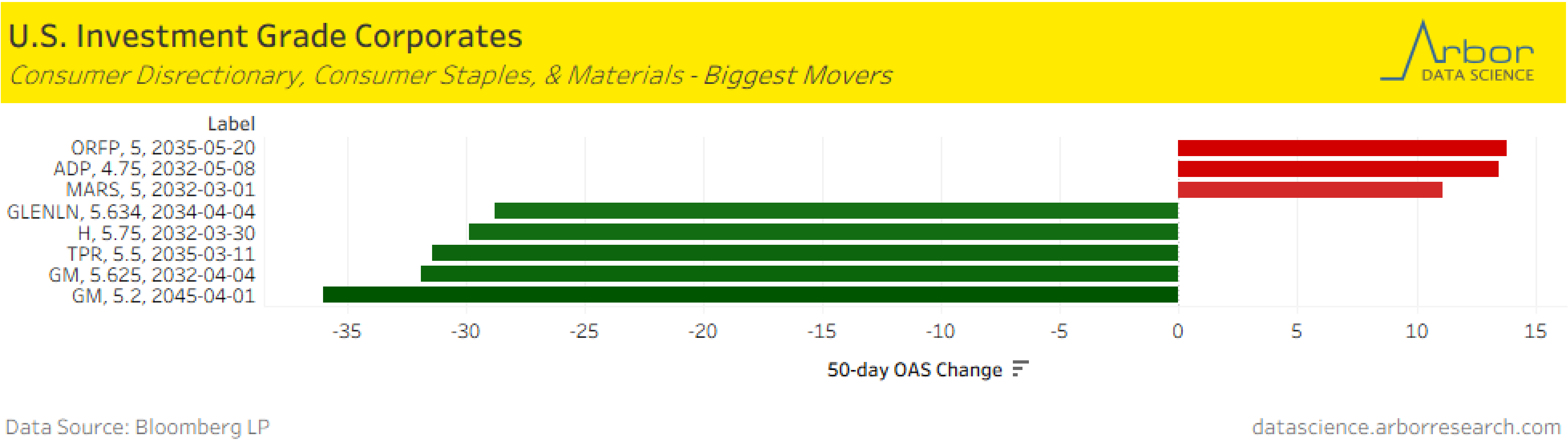


IG funds saw their inflows slow last week to +$2.95 billion vs. +$6.04 billion during the prior survey week, which concluded before Friday's jobs report. ETFs gained +$1.59 billion vs. +3.57 billion last week. High grade mutual funds saw an increase of +$1.35 billion vs. +$2.47 billion previously.

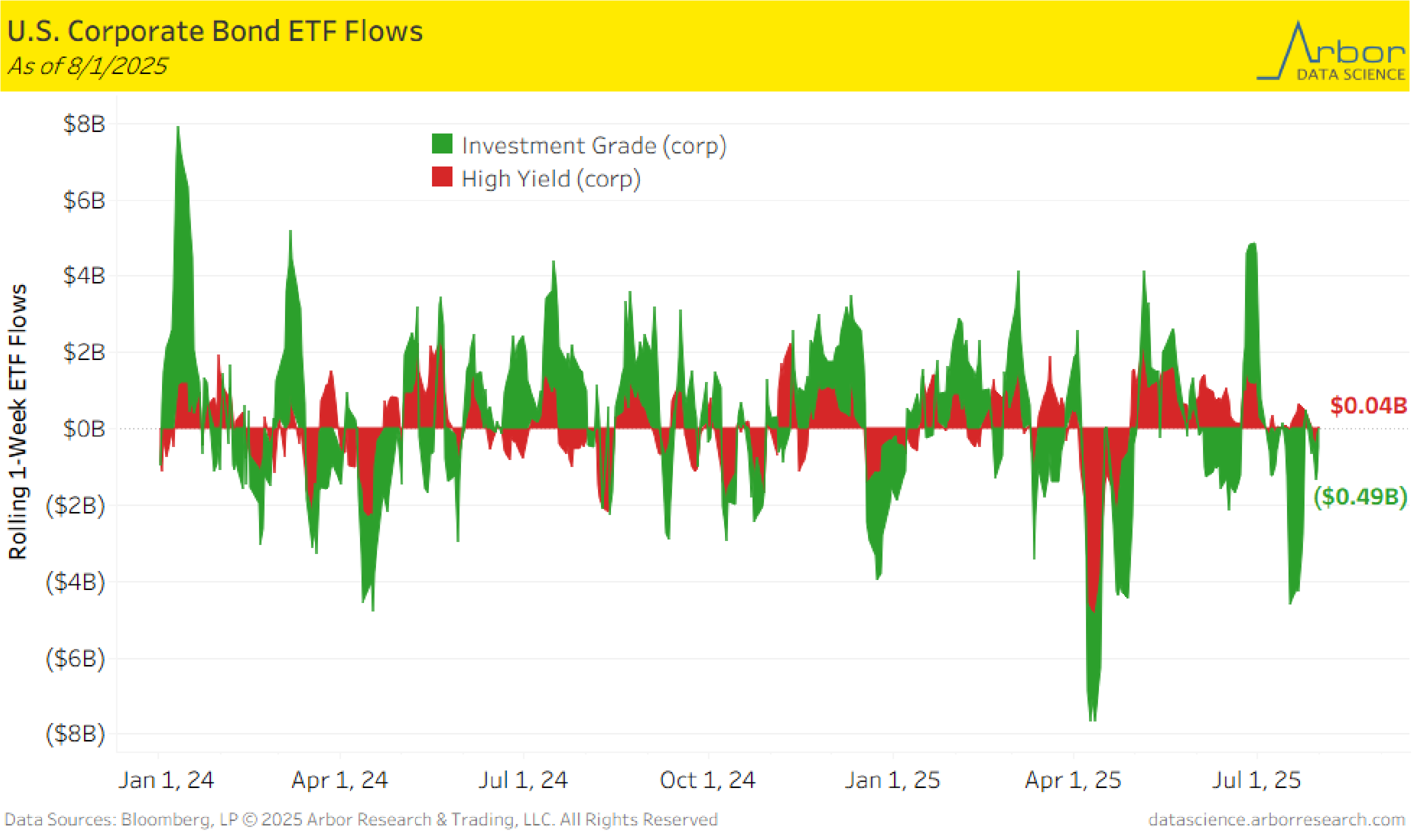
High yield fund inflows backed up to +$0.41 billion vs. +$0.98 billion. Leveraged loans saw an increase of +$0.58 billion vs. +$1.05 billion.

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

Corporate Bond ETF Flows

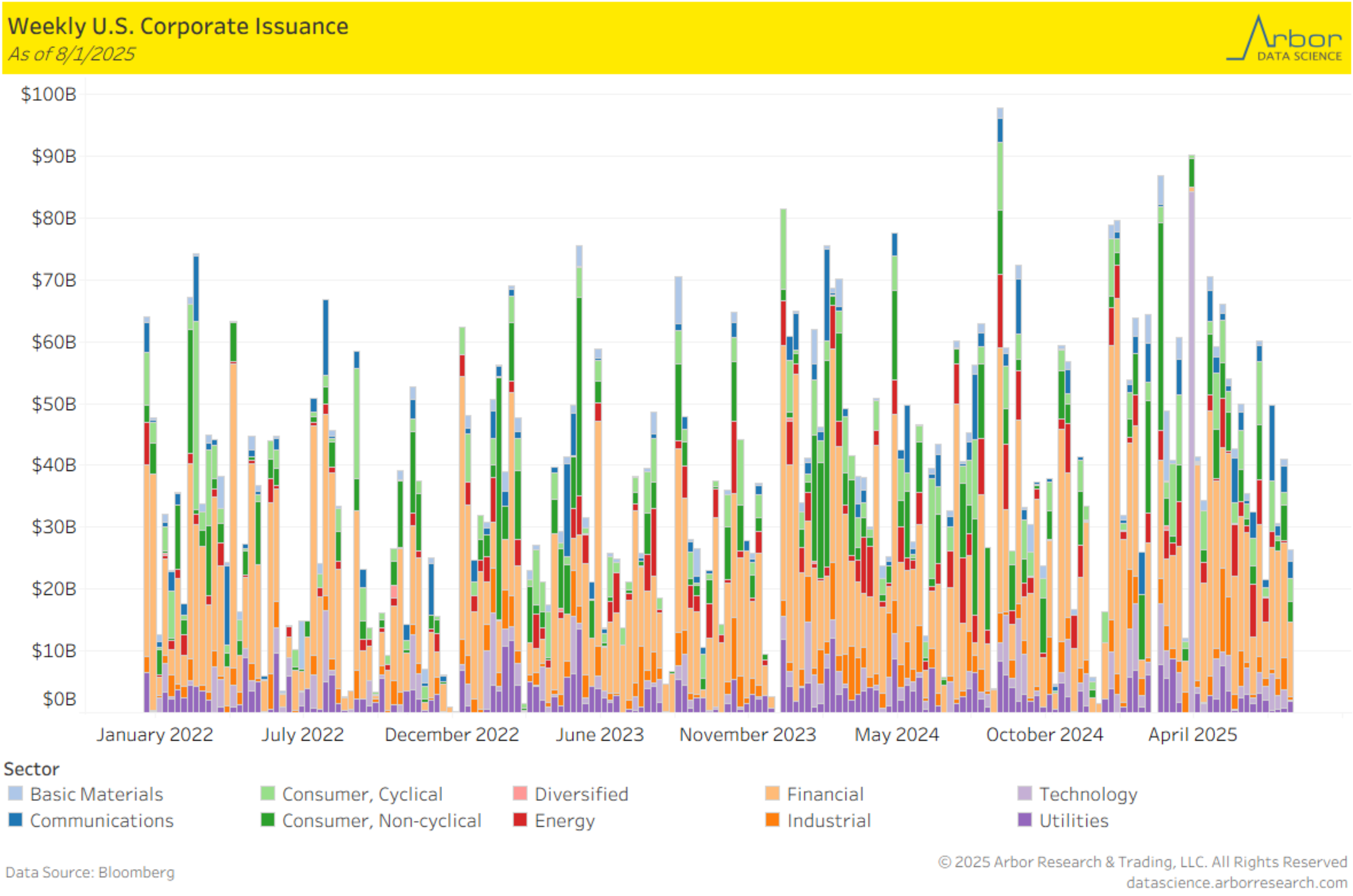
Corporate bond ETFs were mixed last week, with investment-grade ETFs losing $0.49 billion and high-yield ETFs gaining $0.04 billion.

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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