

## U.S. Credit Update – September 9, 2025

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

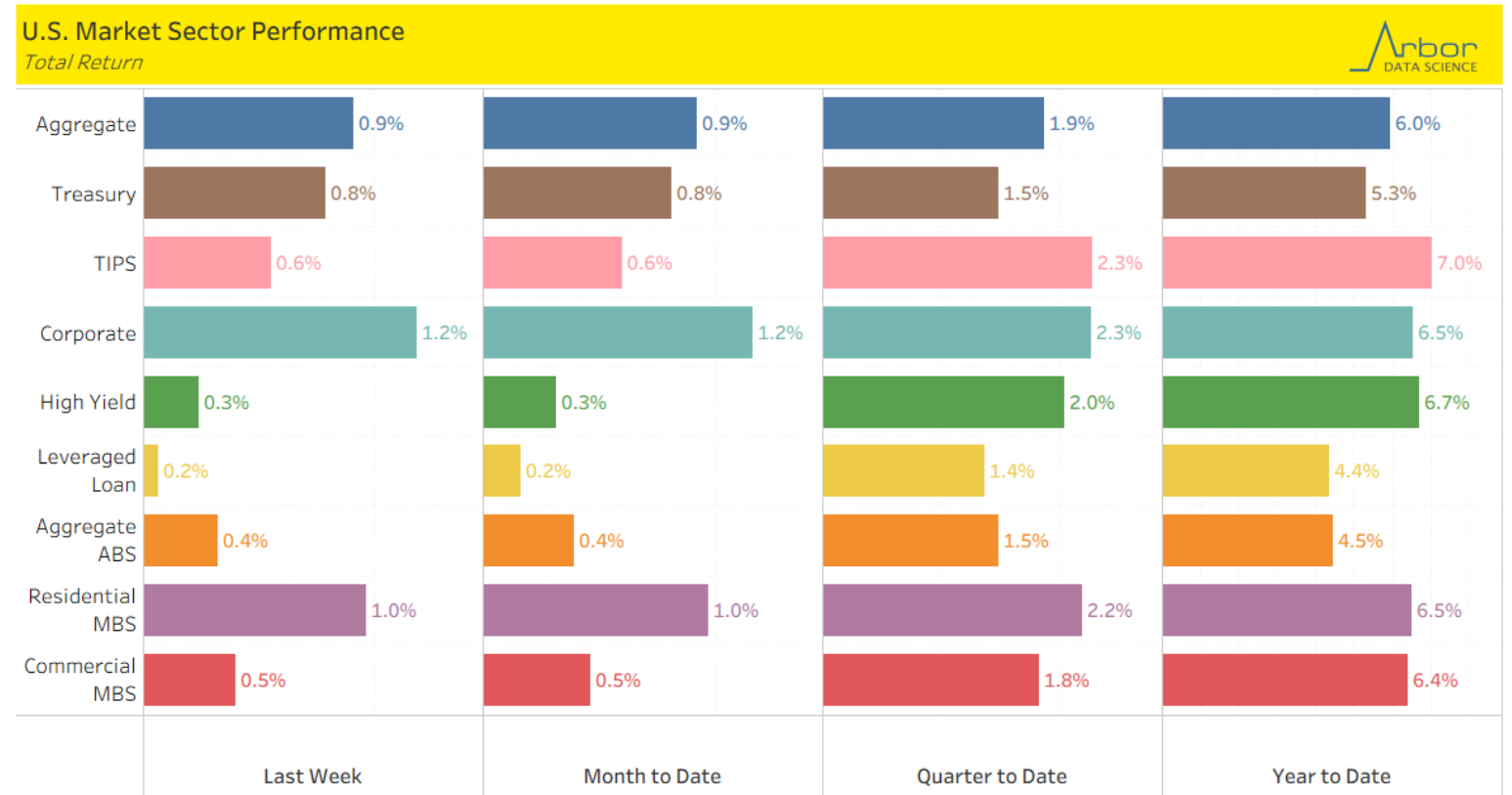
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Gus Handler and Scott Hirth  
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# Fixed Income Sector Unhedged Total Returns

## Treasurys rally on weak jobs report.

US Treasurys rallied 10-15 bps last week, with the largest move following Friday's weak August nonfarm payrolls report. This led to the market pricing in more than just a September rate cut. A number of dealers are now calling for 3 cuts by year end.



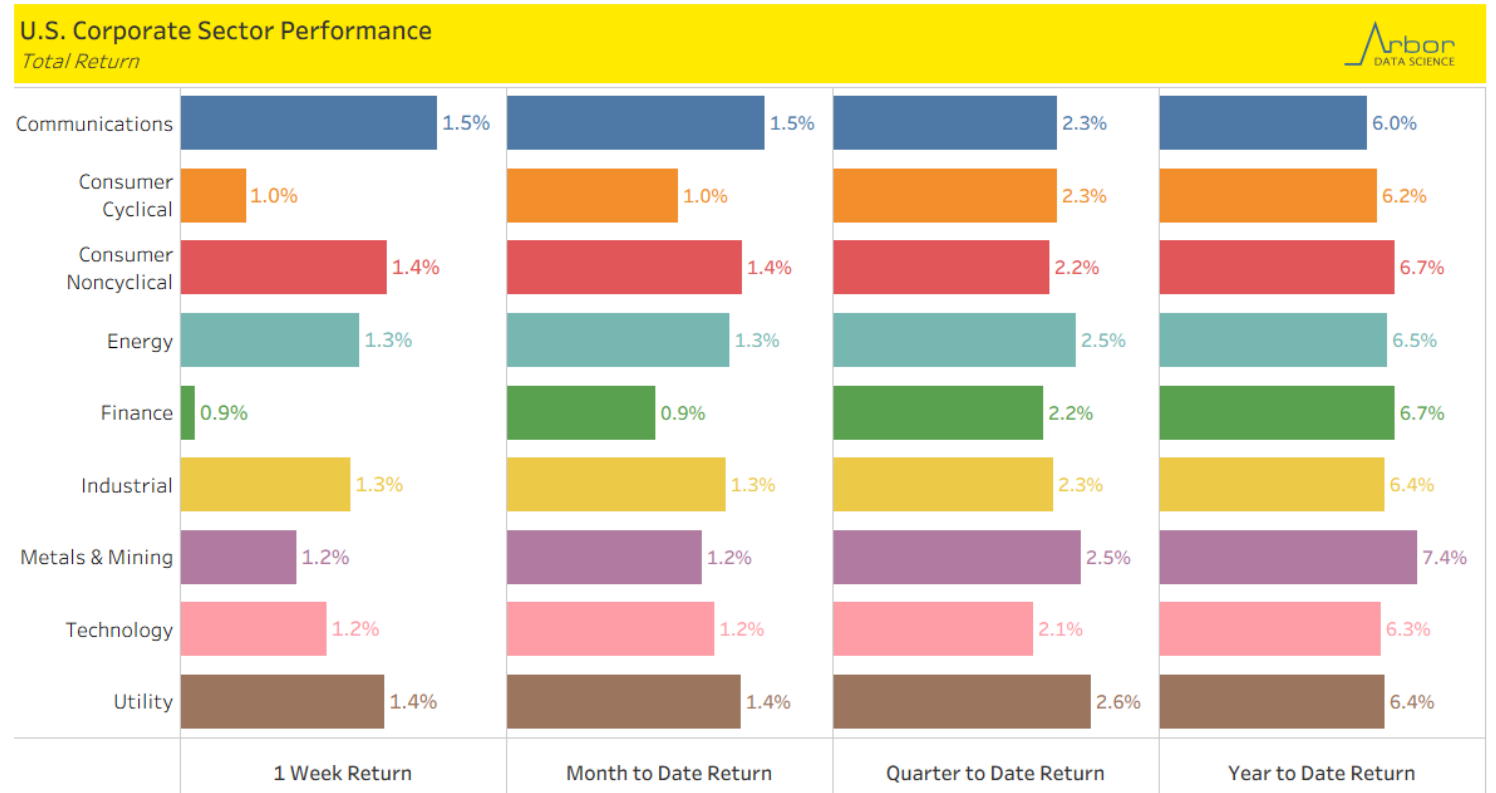
Data Source: Bloomberg Barclays, Credit Suisse

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# Corporate Sector Unhedged Total Returns

## IG credit stable in the face of significant primary issuance.

The market had no problem digesting one of the heaviest weeks of new issuance in 2025. The new issue concession averaged 2 bps and most deals performed well on the break. The index finished unchanged, while cash spreads improved 2-5 bps.



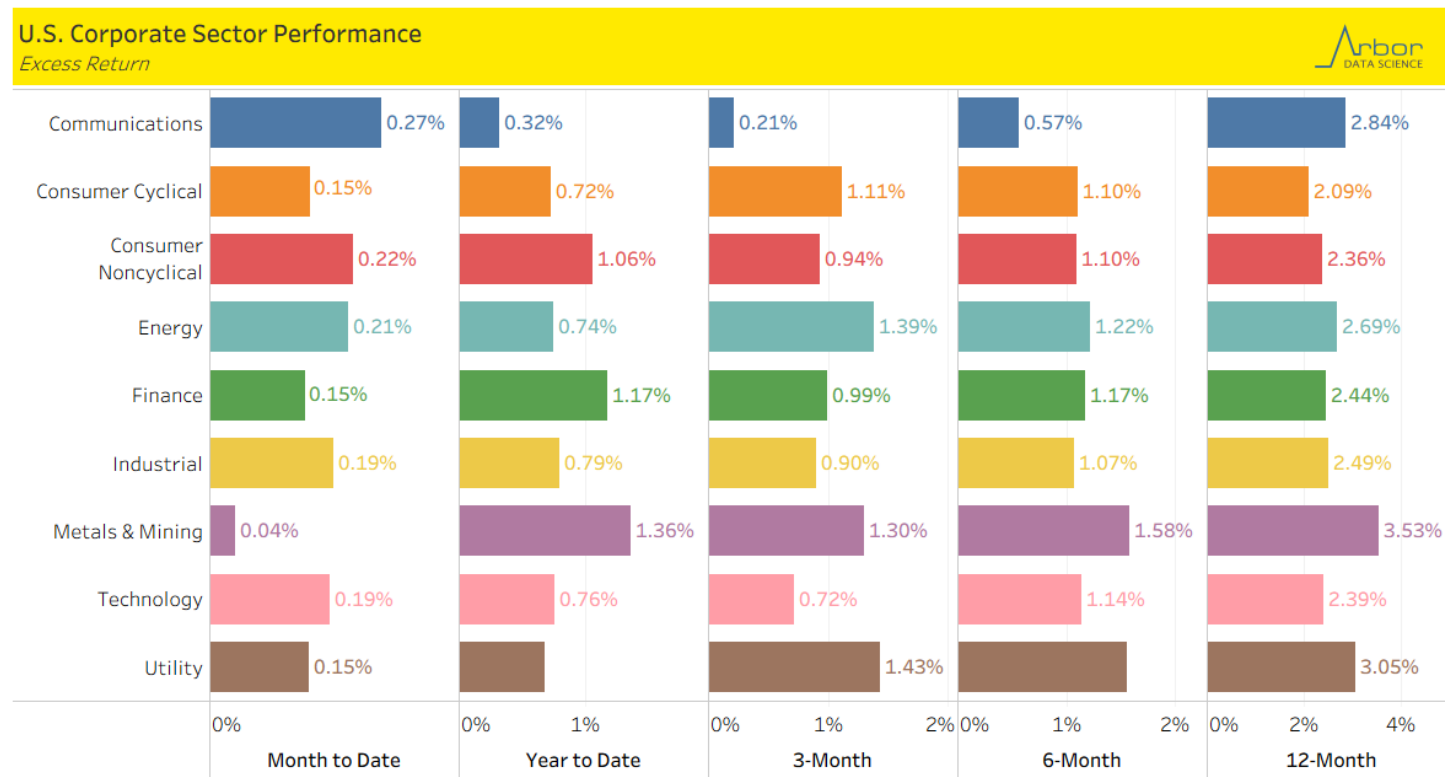
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# Corporate Sector Excess Returns

## Credit curves flatten on demand for longer duration.

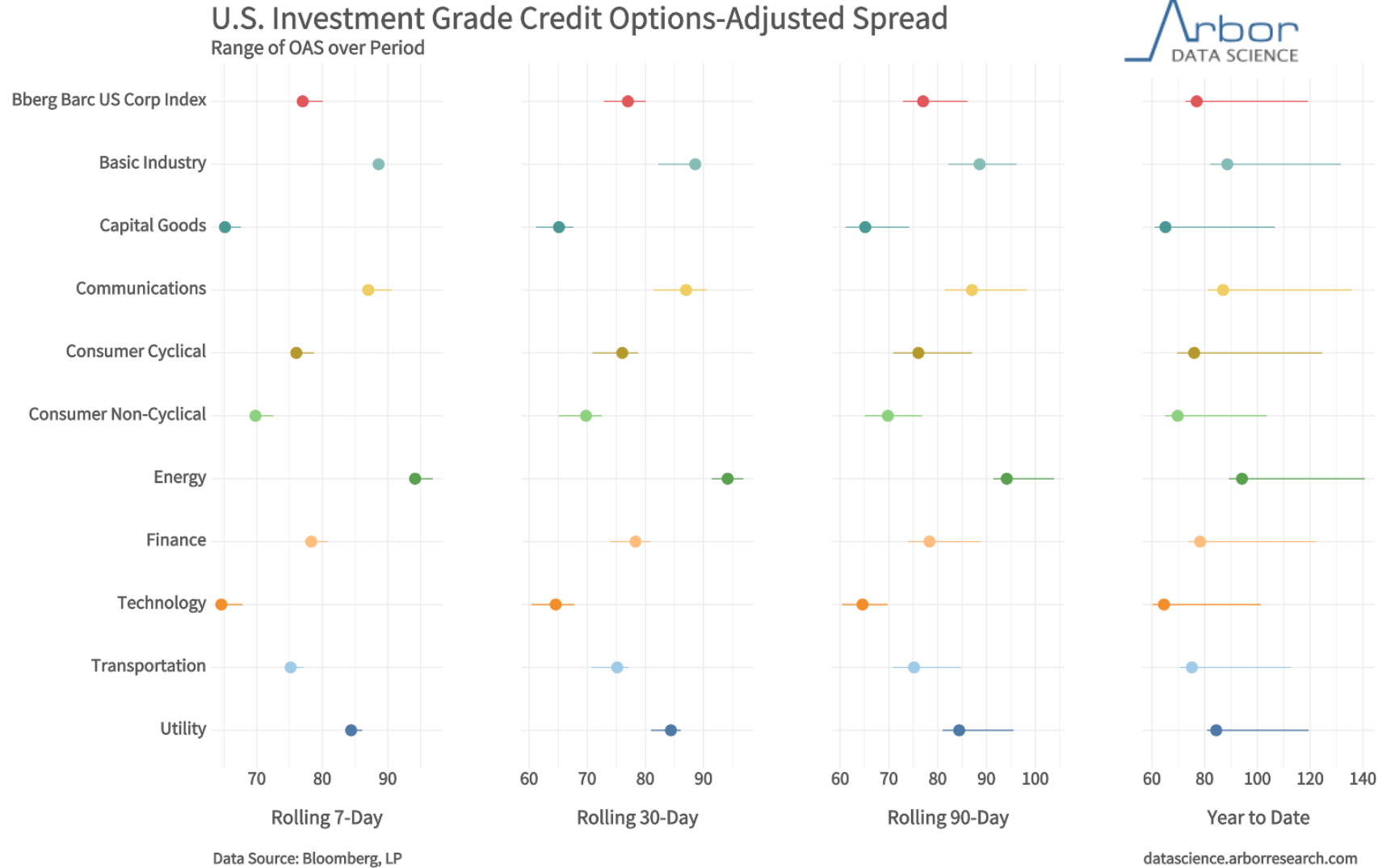
Dealers reported portfolio trades they saw last week amounted to net client buying of \$1.8 billion. This was roughly broken down as net buying of \$3 billion in 10-30 years, while clients net sold \$1.2 billion in 0-7 year securities.



Data Sources: Bloomberg Barclays, Credit Suisse

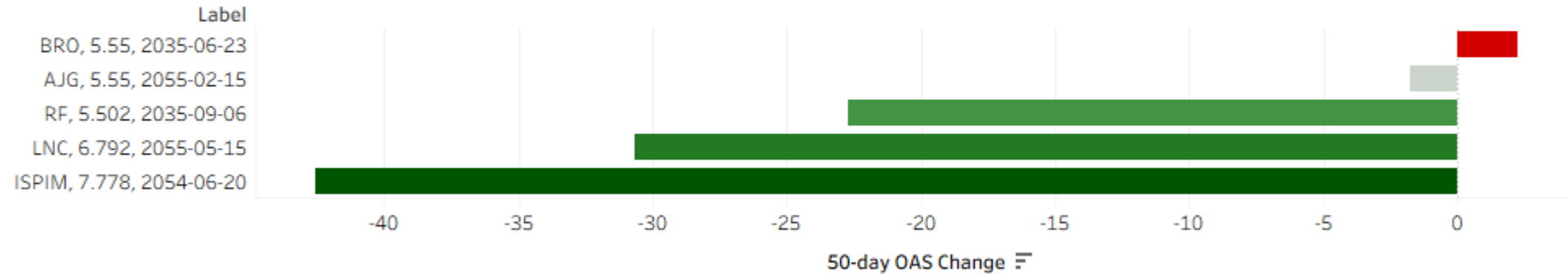
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# Corporate Sector OAS



## U.S. Investment Grade Corporates

Financials - Biggest Movers



Data Source: Bloomberg LP

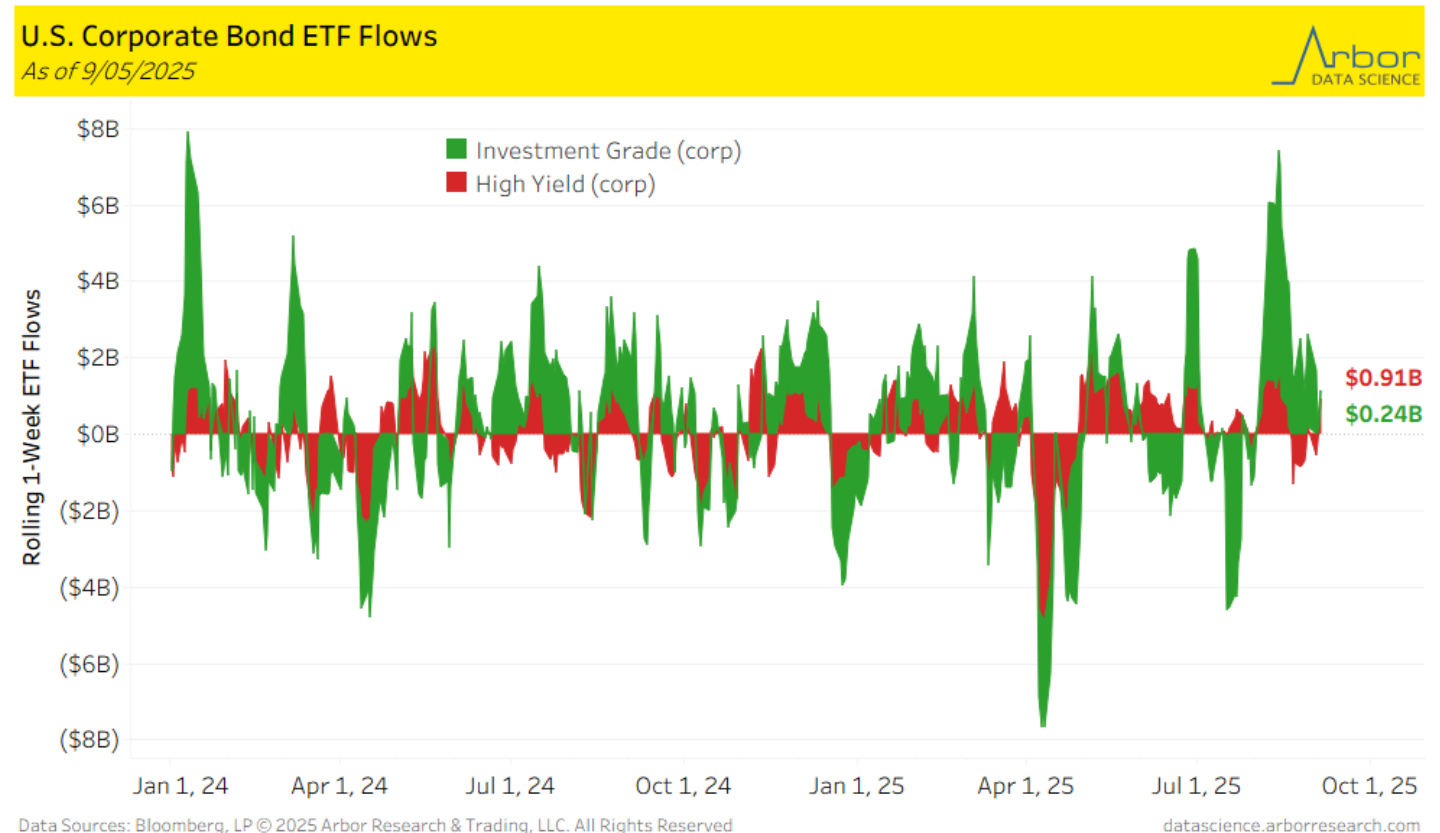
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IG credit fund inflows were robust again last week. They took on \$8.24 billion vs. +\$7.29 billion during the prior survey week. High grade mutual fund flows were strong, increasing to +\$4.6 billion vs. +\$1.25 billion last week. IG ETFs saw inflows fall to +\$3.63 billion from +\$6.04 billion. High yield funds saw inflows of +\$0.95 billion vs. -\$0.69 billion previously.

# Corporate Bond ETF Flows

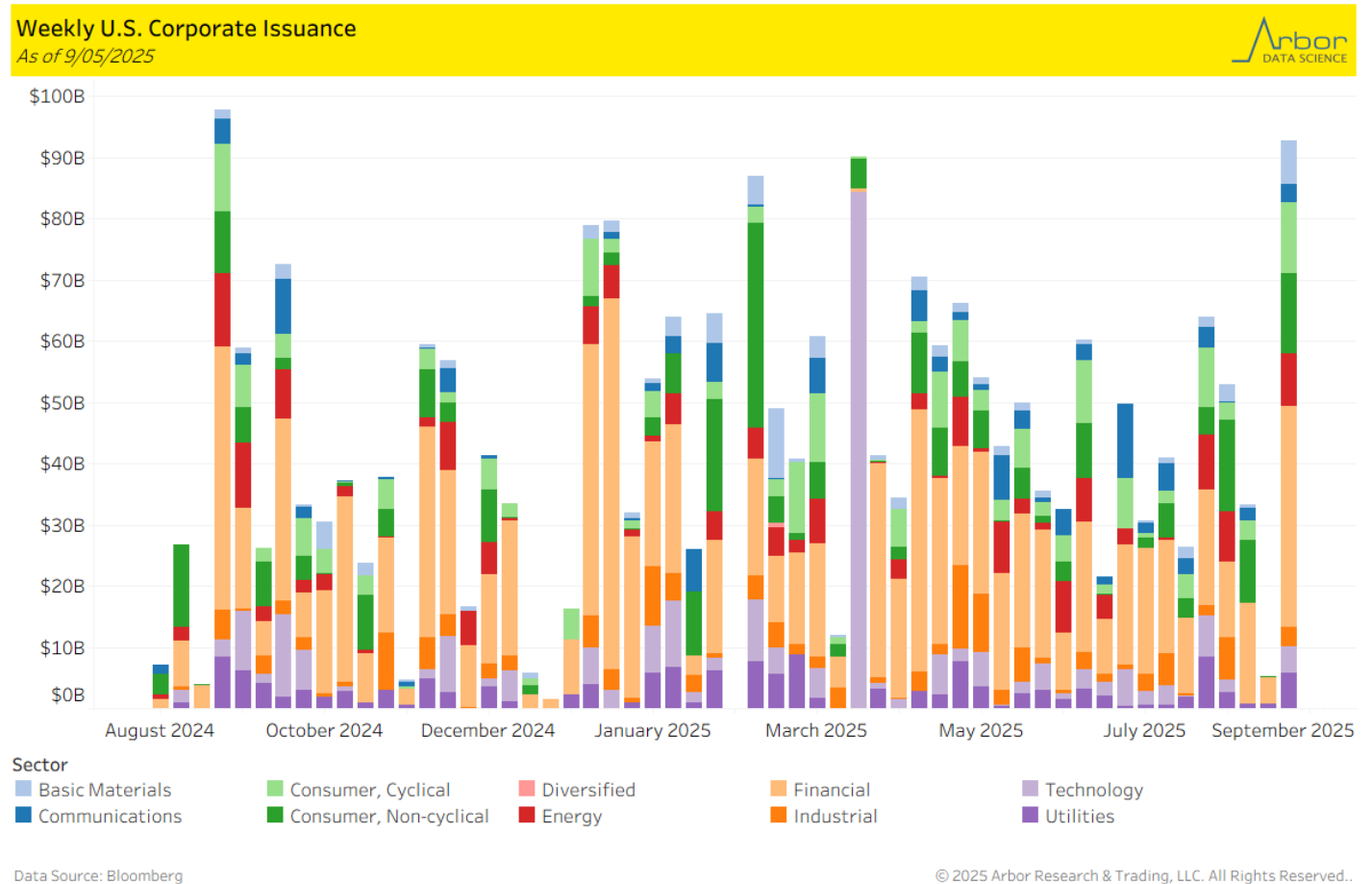
Corporate bond ETFs were positive last week, with high-yield ETFs gaining \$0.91 billion and investment-grade ETFs gaining \$0.24 billion.

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



# Issuance Recap

Primary issuance to start September was robust. \$69 billion came to market during a 3-day stretch, vs. \$60 billion estimates. 34% of the tranches were in 10-30+ year maturities, showing client interest in duration ahead of Fed rate cuts. \$35 billion is expected to price this week.





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