

U.S. Credit Update – October 7, 2025

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

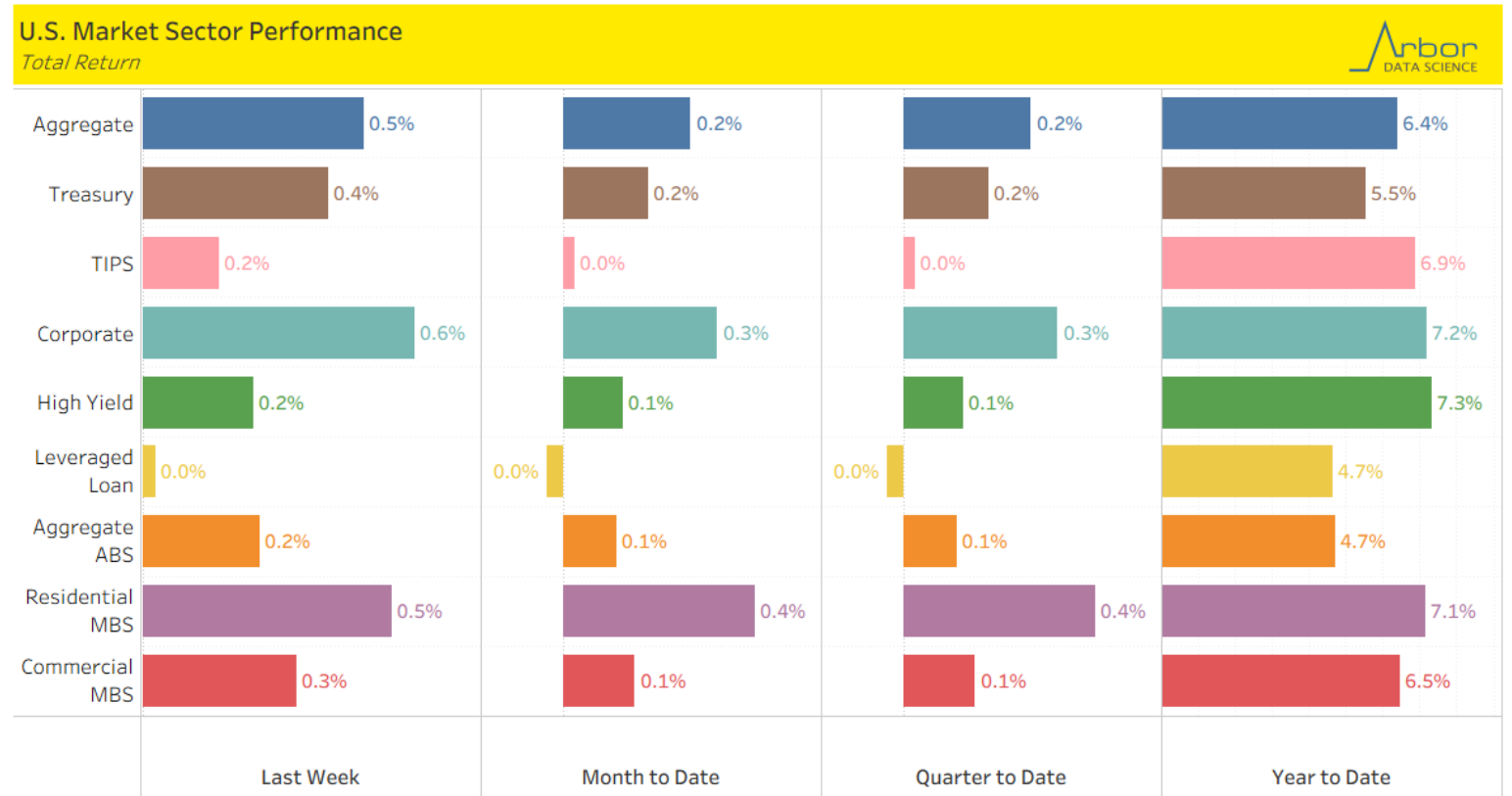
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Fixed Income Sector Unhedged Total Returns

Front end modestly outperforms

Front end Treasury yields fell 6-7 bps last week, while longer yields lost 4-5 bps. Both IG and HY credit continue to see solid inflows.



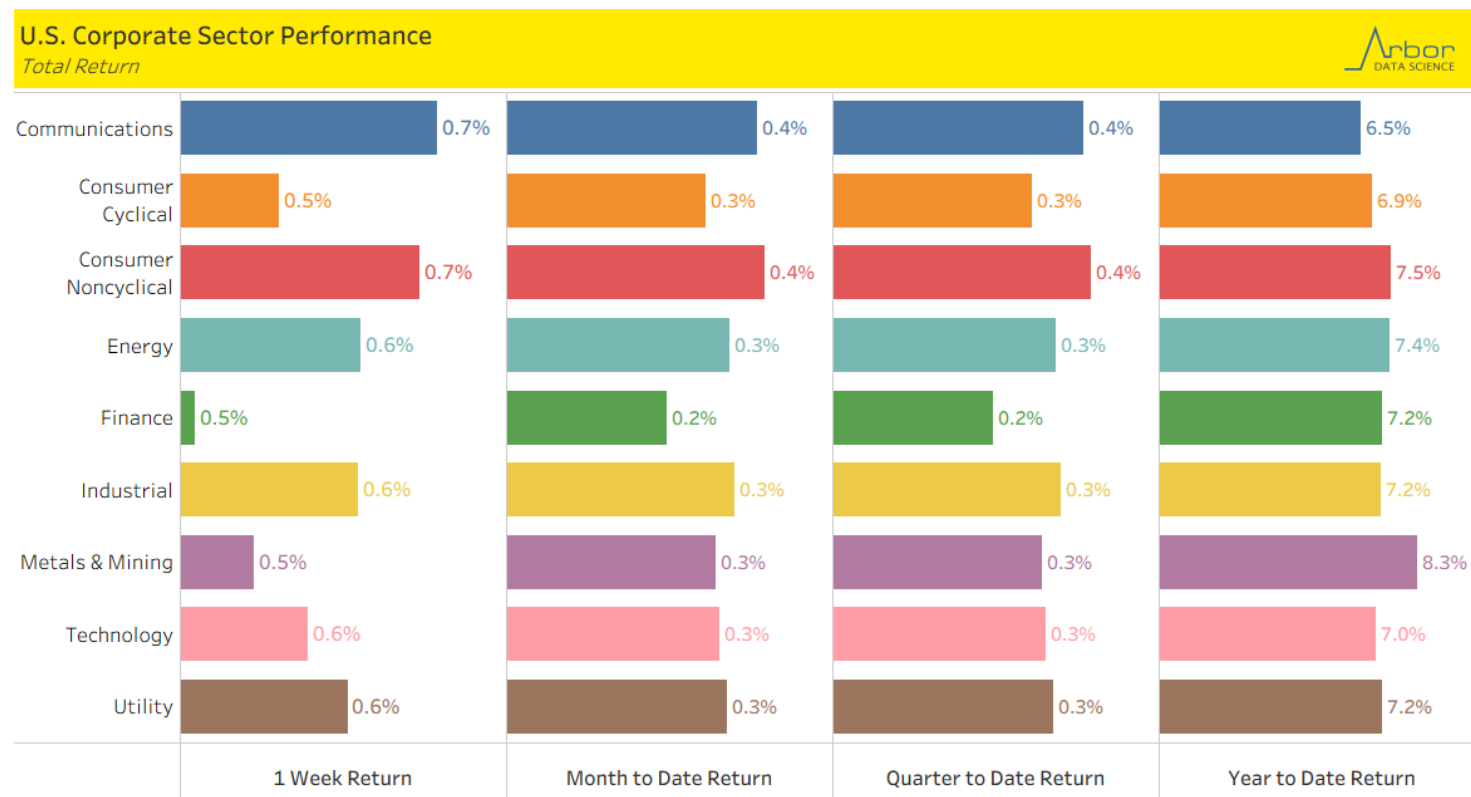
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Corporate Sector Unhedged Total Returns

IG cash market outperforms index.

Cash bonds outperformed the index last week, led by domestic autos. The Bank of America index finished the week unchanged, while strong monthly sales propelled autos 6 bps tighter.



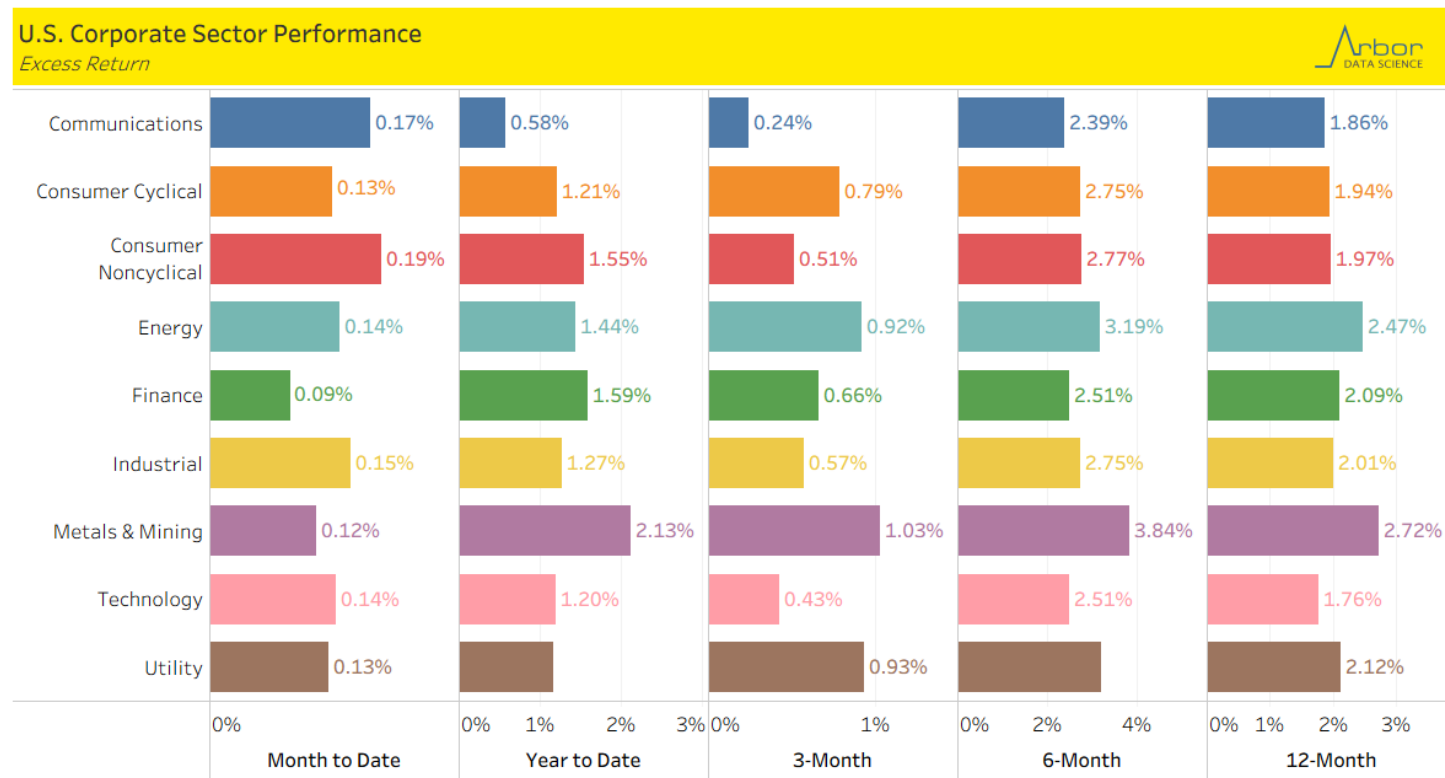
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Corporate Sector Excess Returns

Small calendar and positive equities push credit spreads tighter.

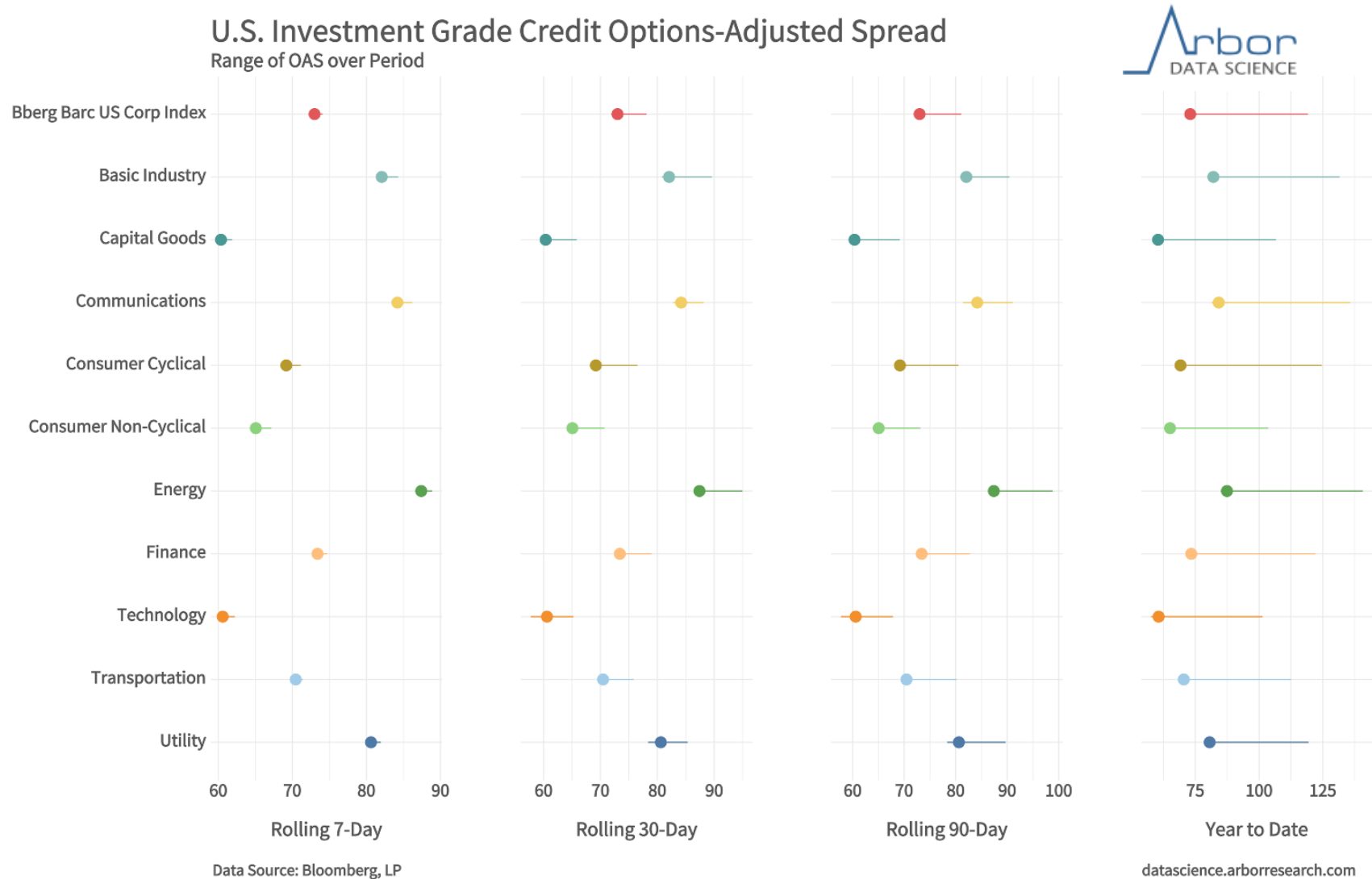
A limited October new issue calendar and equities trading +1% nudged IG credit tighter during the first week of the month. Dealers finished the week net long \$2.29 billion, with more than half of that amount coming in 3-5 year maturities.



Data Sources: Bloomberg Barclays, Credit Suisse

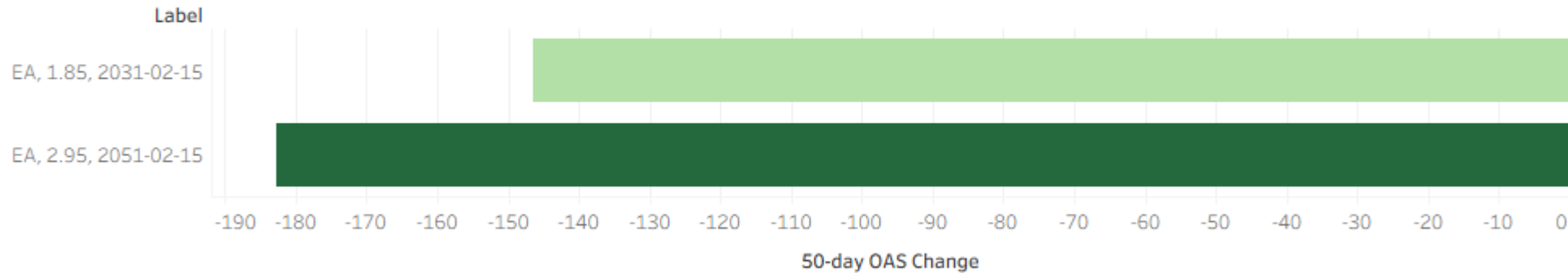
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Corporate Sector OAS



U.S. Investment Grade Corporates

Communications & Technology - Biggest Movers



Data Source: Bloomberg LP

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IG credit fund inflows increased to \$9.27 billion last week, up from +\$6.39 billion previously. The uptick was led by mutual funds, which saw +\$3.55 billion of new money vs. +\$1.03 billion last week. IG ETFs increased +\$5.72 billion vs. +\$5.35 billion during the last survey period.

Leveraged loans increased +\$1.07 billion, the largest bump in 3 months. HY funds saw their largest gain in 8 weeks at +\$2.31 billion.

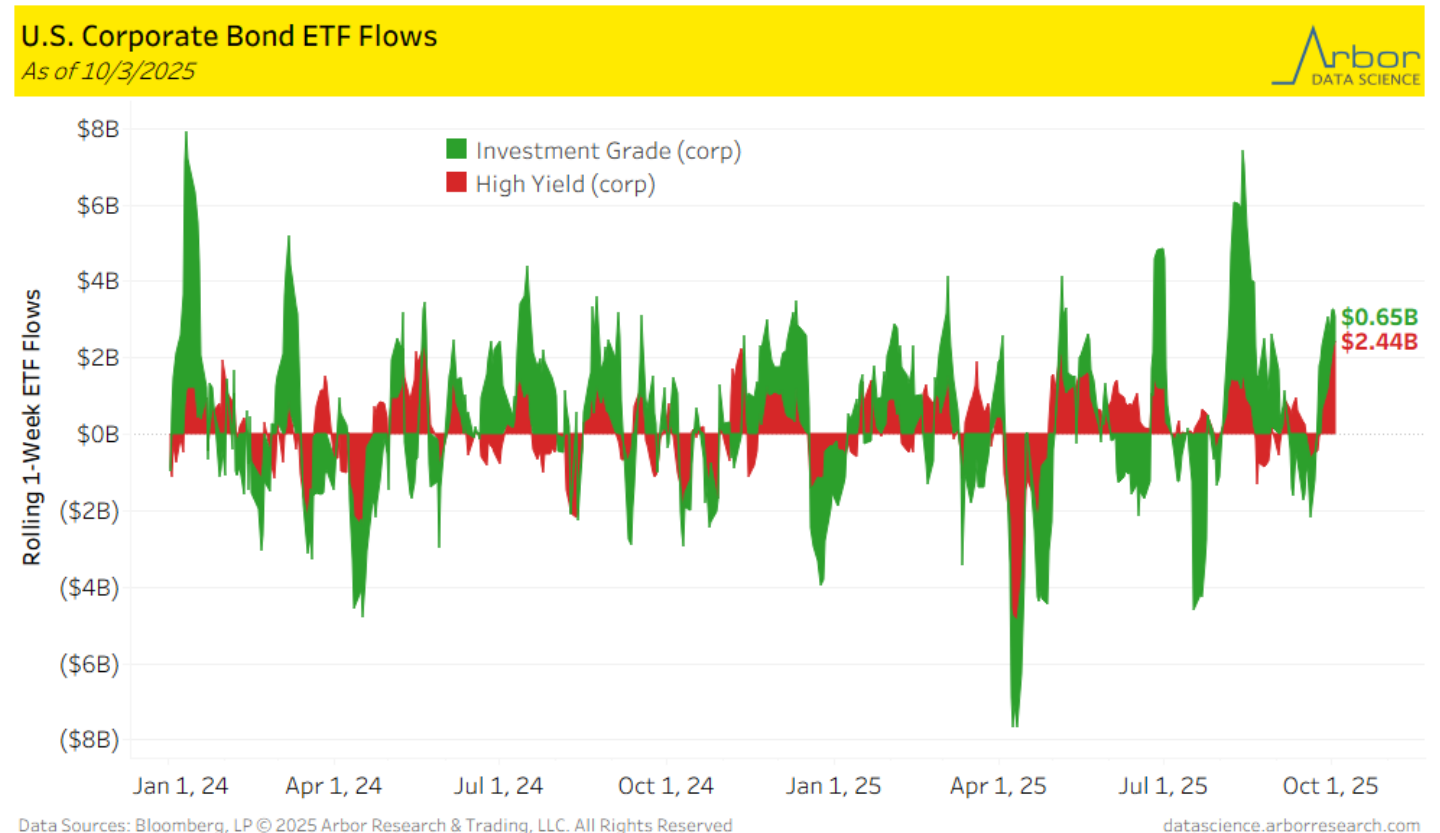
IG upgrades in September came in at \$115 billion, which was the largest amount since 6/2021. The ratio of upgrades to downgrades was 4:1, and the number of issuers on positive outlook remains at historically high levels.

The intermediate Bloomberg credit index outpaced Treasuries by 43 bps in September, while the long index squeaked out a meager 8 bp gain over long risk free assets.

Corporate Bond ETF Flows

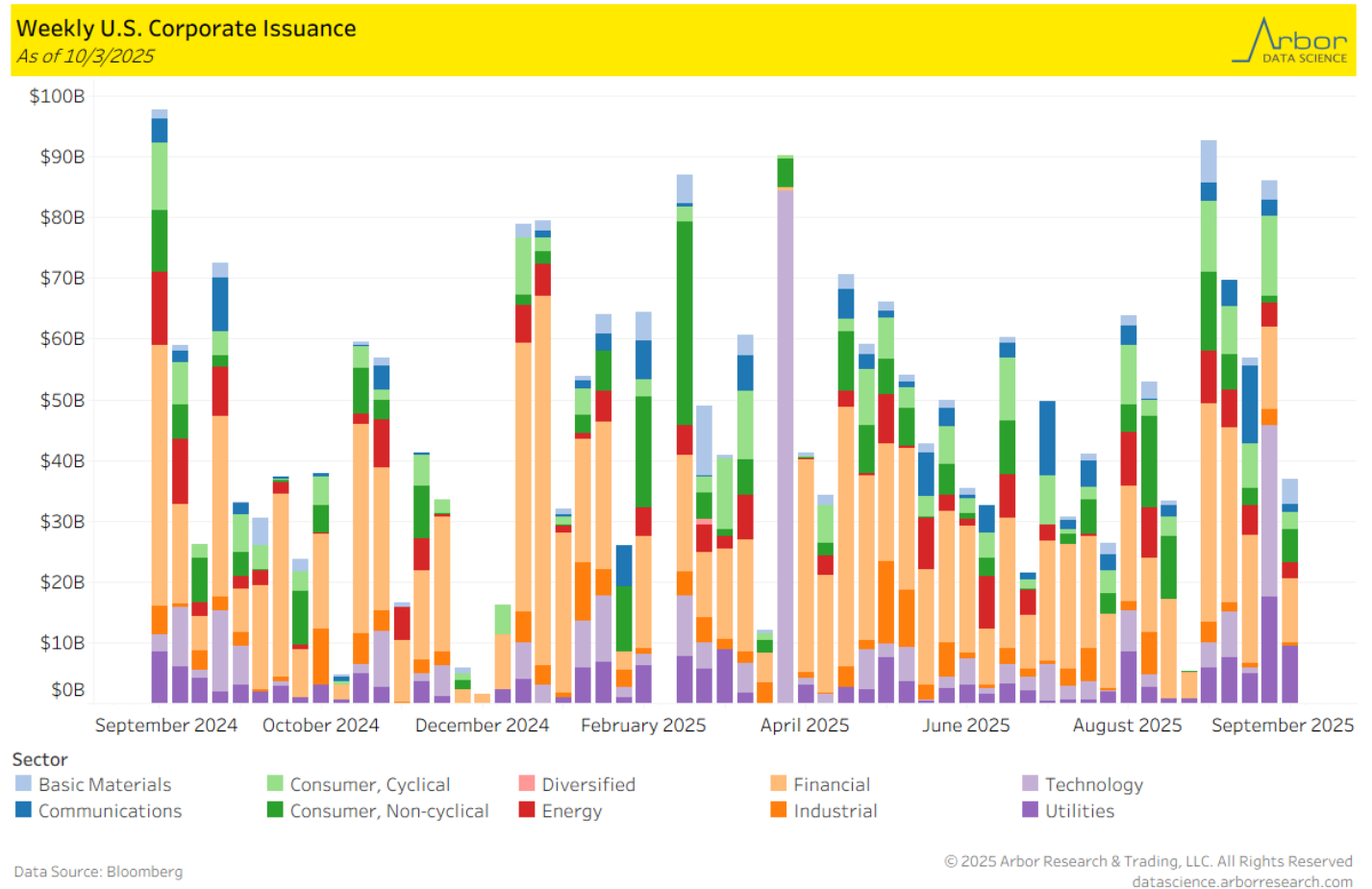
Corporate bond ETF flows were positive last week, with high-yield ETFs gaining \$2.44 billion and investment-grade ETFs gaining \$0.65 billion.

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



Issuance Recap

Primary issuance registered \$16+ billion last week vs. +\$10 billion estimates. This week's consensus is in the \$10-15 billion range.



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