U.S. Credit Update – June 9, 2026

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

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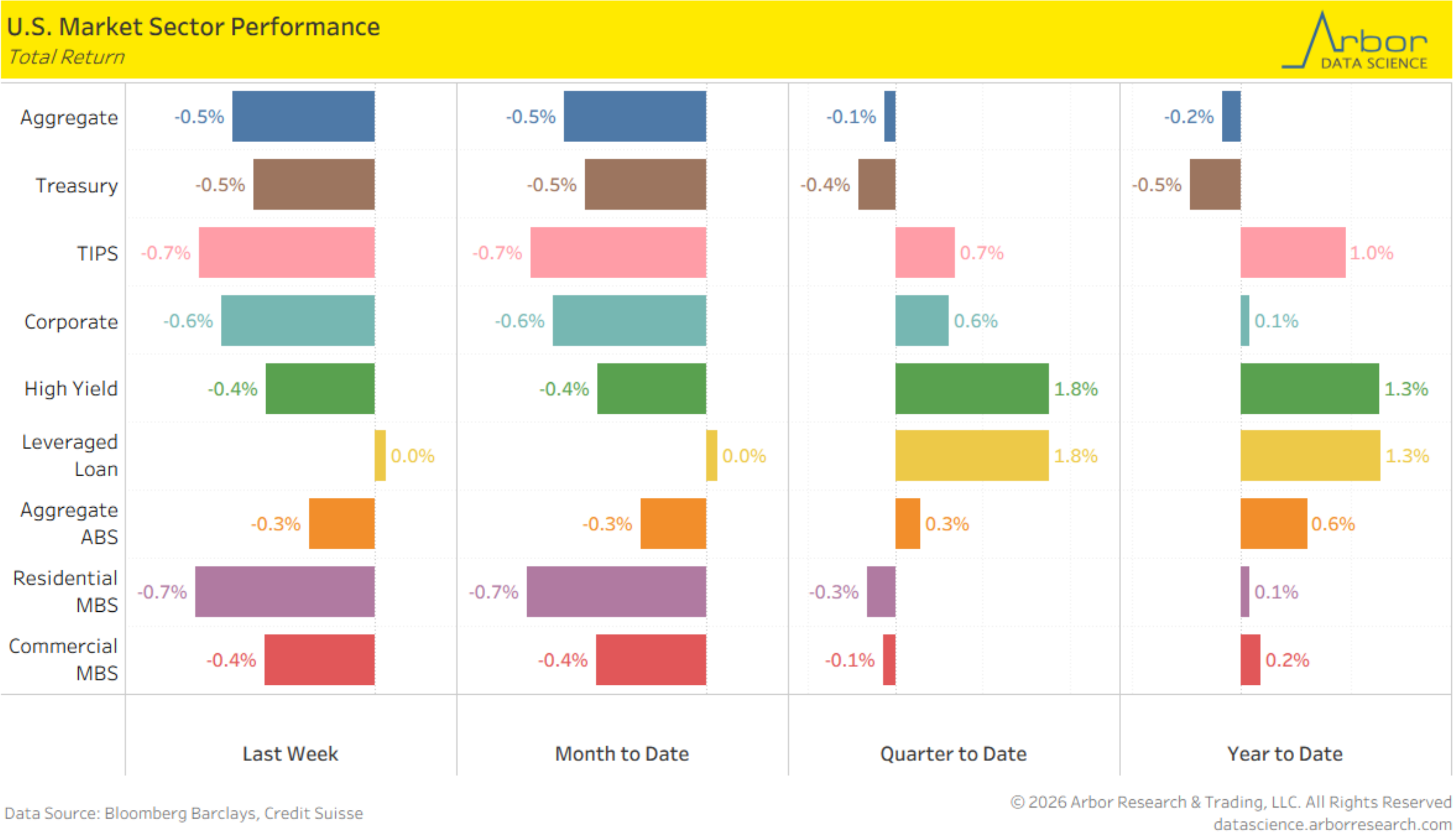
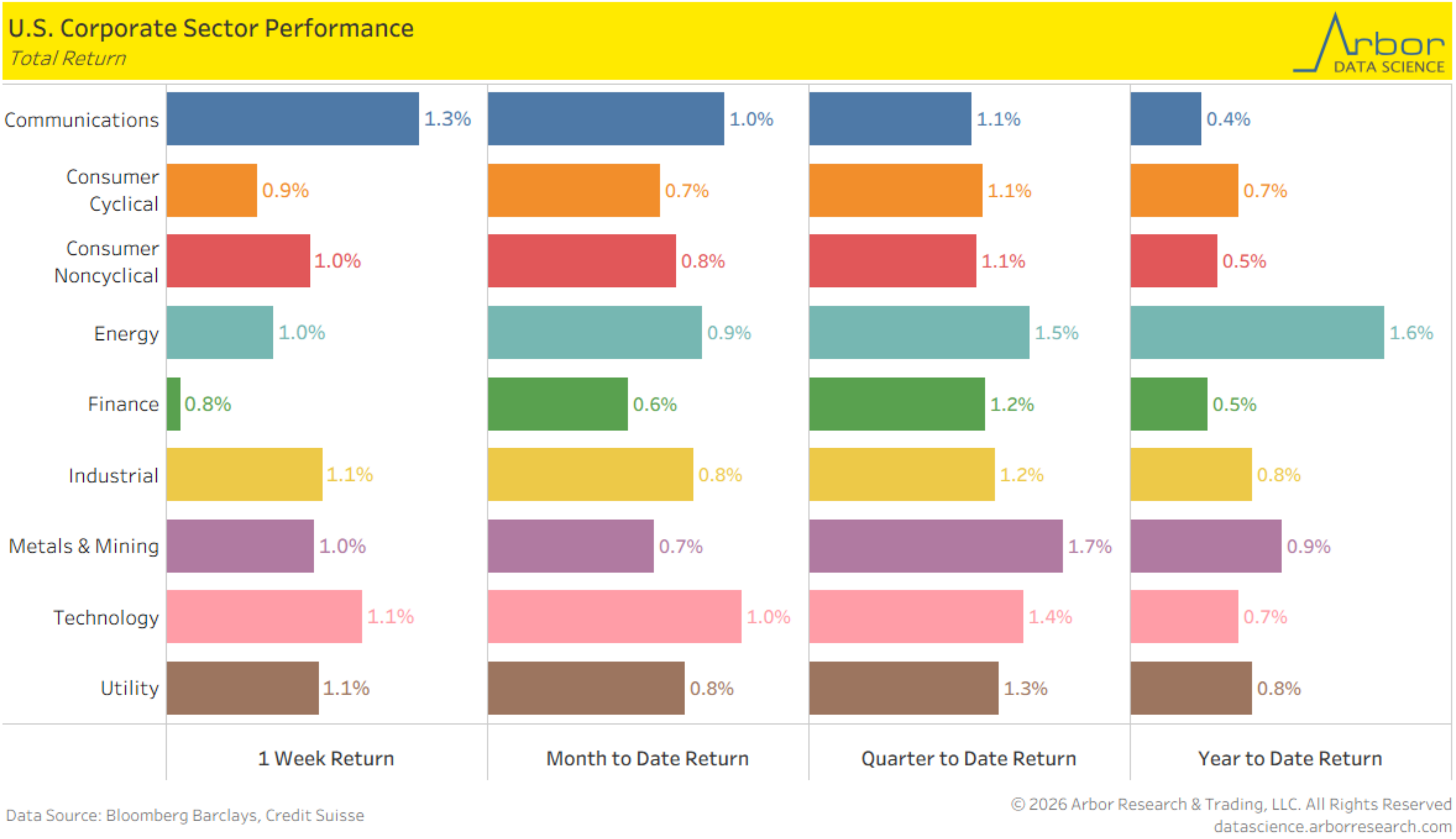
Fixed Income Sector Unhedged Total Returns

Treasury bear flattens
Front end Treasury yields spiked higher following a bigger than expected increase in May nonfarm payrolls and a large revision in the two-month net number. Rates 5-years and shorter rose 13-14 bps. Long Treasurys only rose 2 bps WTD.



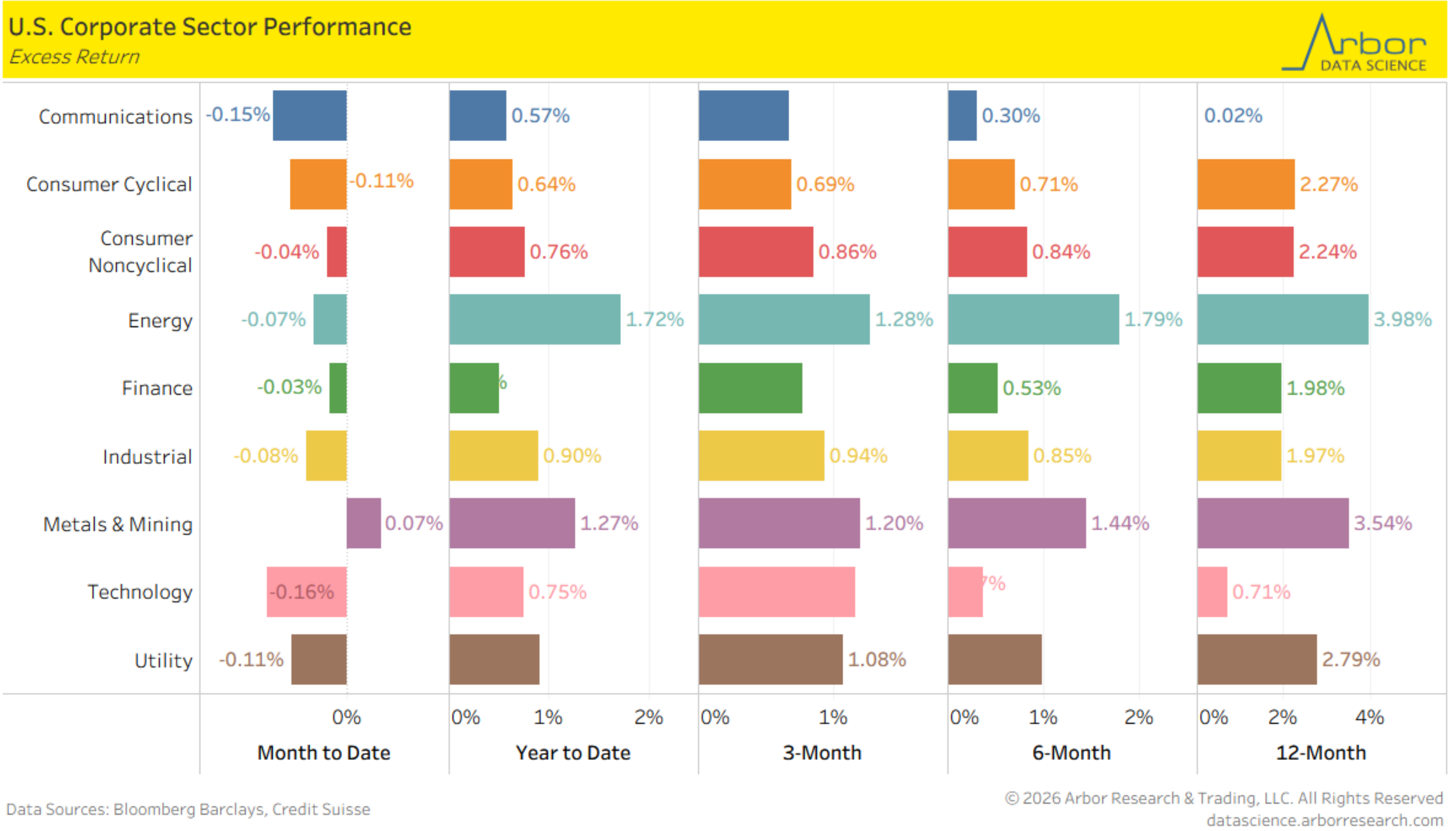
Corporate Sector Unhedged Total Returns

Cash spreads outperform macro tone. Demand for IG credit remained solid last week despite the 2.5-4.8% sell off in domestic equity indices. Good demand for high quality credits was reported in maturities <= 5-years given the large jump in nominal yields. The best performing sectors were basics and manufacturing. Autos continued their volatility, closing +10 bps.

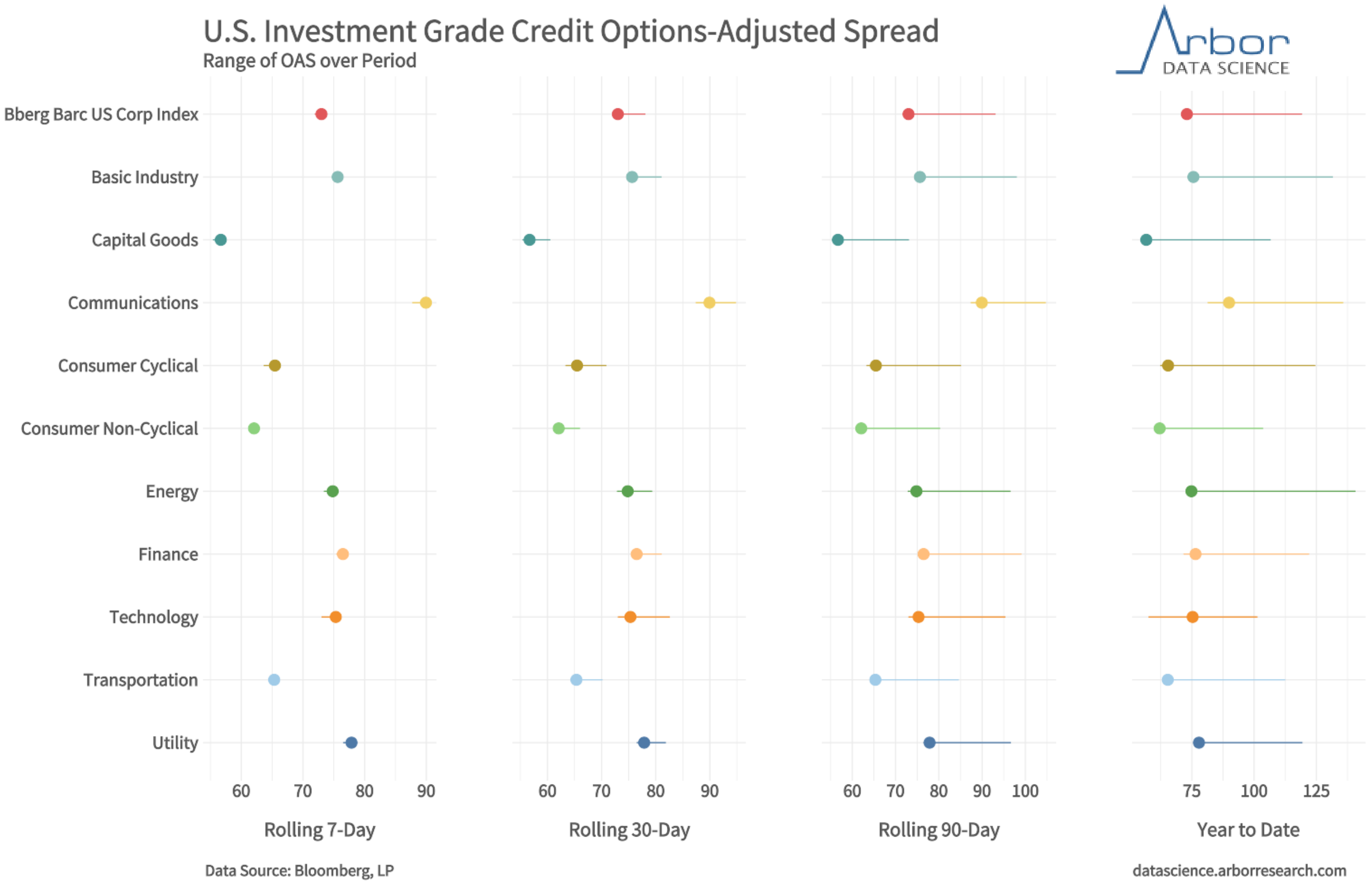


Corporate Sector Excess Returns

IG credit index widens a bp.
The Bank of America credit index only backed up a bp last week in the face of a sizeable reversal in equities. BBBs underperformed high grade names as spreads decompressed, most notably in the long end.



Corporate Sector OAS



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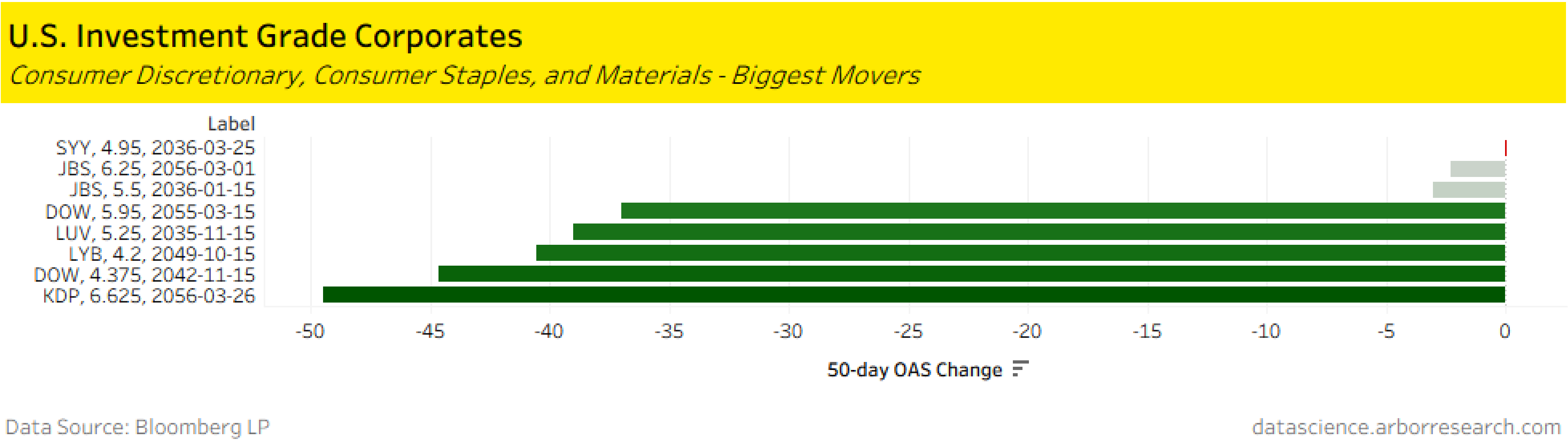


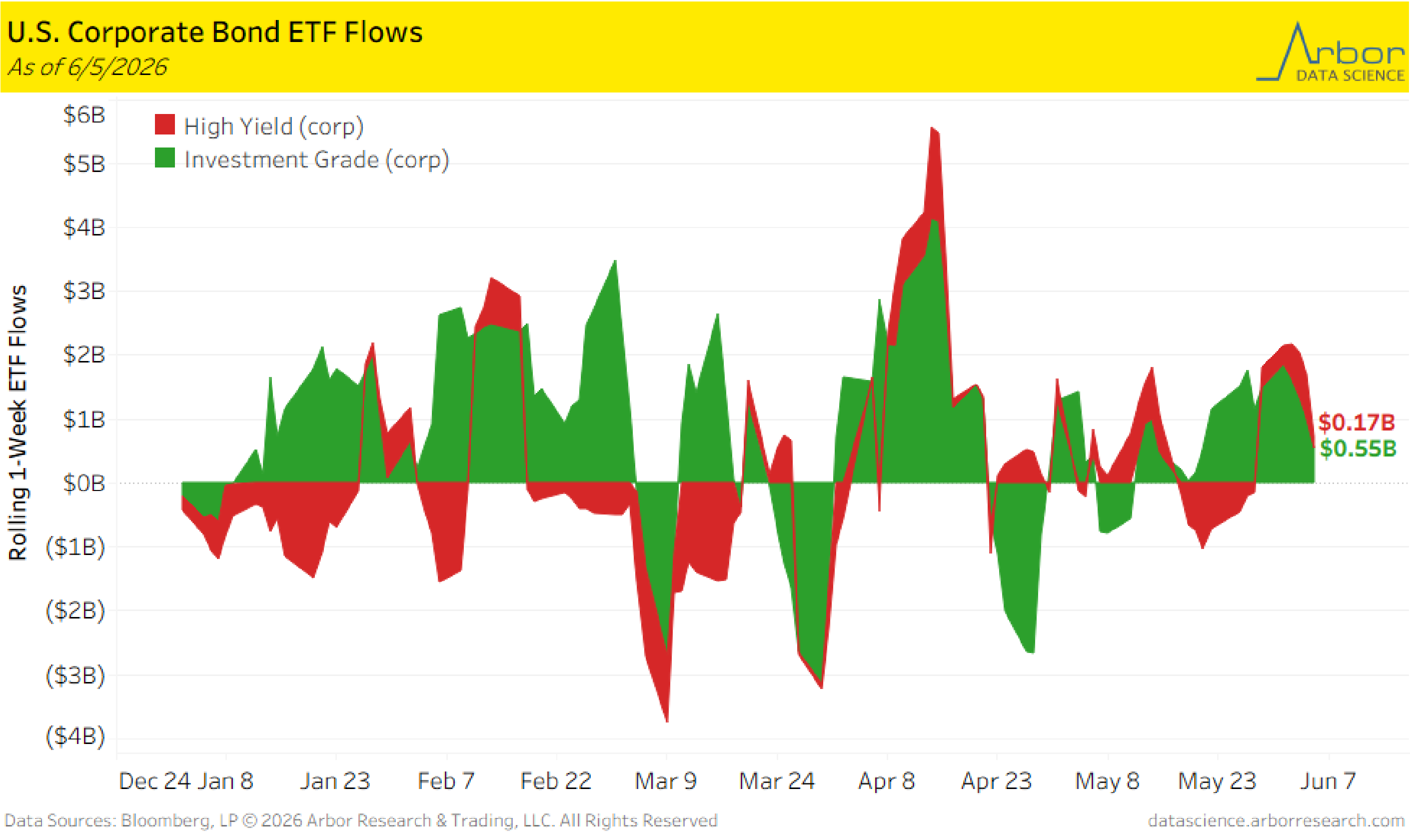
High grade credit fund flows remained very strong last week as the appetite for yield outweighs the macro concerns that came with sagging equities and prospects for a Fed rate hike. Net fund flows increased $14.01 billion vs. +$8.22 billion previously, marking the largest inflow since 2021. Mutual fund flows grew to +$5.72 billion from +$0.84 billion, with such an increase not uncommon for the first week of the month.

High yield funds took on +$2.18 billion last week vs. +$0.09 billion previously. This was the largest inflow in 7 weeks for HY.

Corporate Bond ETF Flows

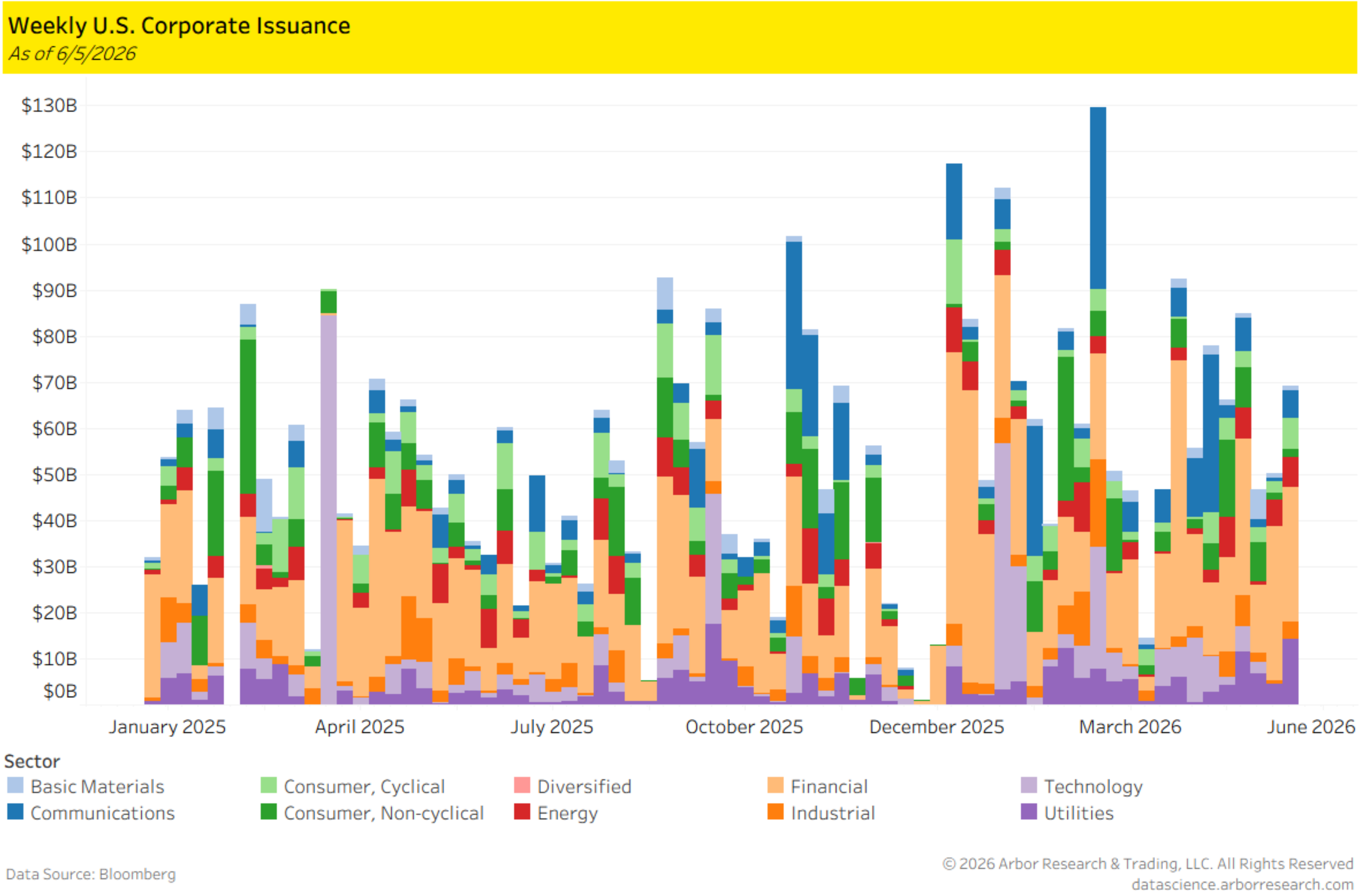
Corporate bond ETF flows were positive for the week ended 6/5/2026, with High-Yield ETFs gaining $0.17 billion and Investment-Grade ETFs gaining $0.55 billion.

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



Issuance Recap

Primary issuance got off to a robust start in June with $51 billion pricing during the first week vs. $30 billion estimates. Expectations for this week are in the $30 billion area again.



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