Arbor DATA SCIENCE

U.S. Credit Update – October 6, 2026

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

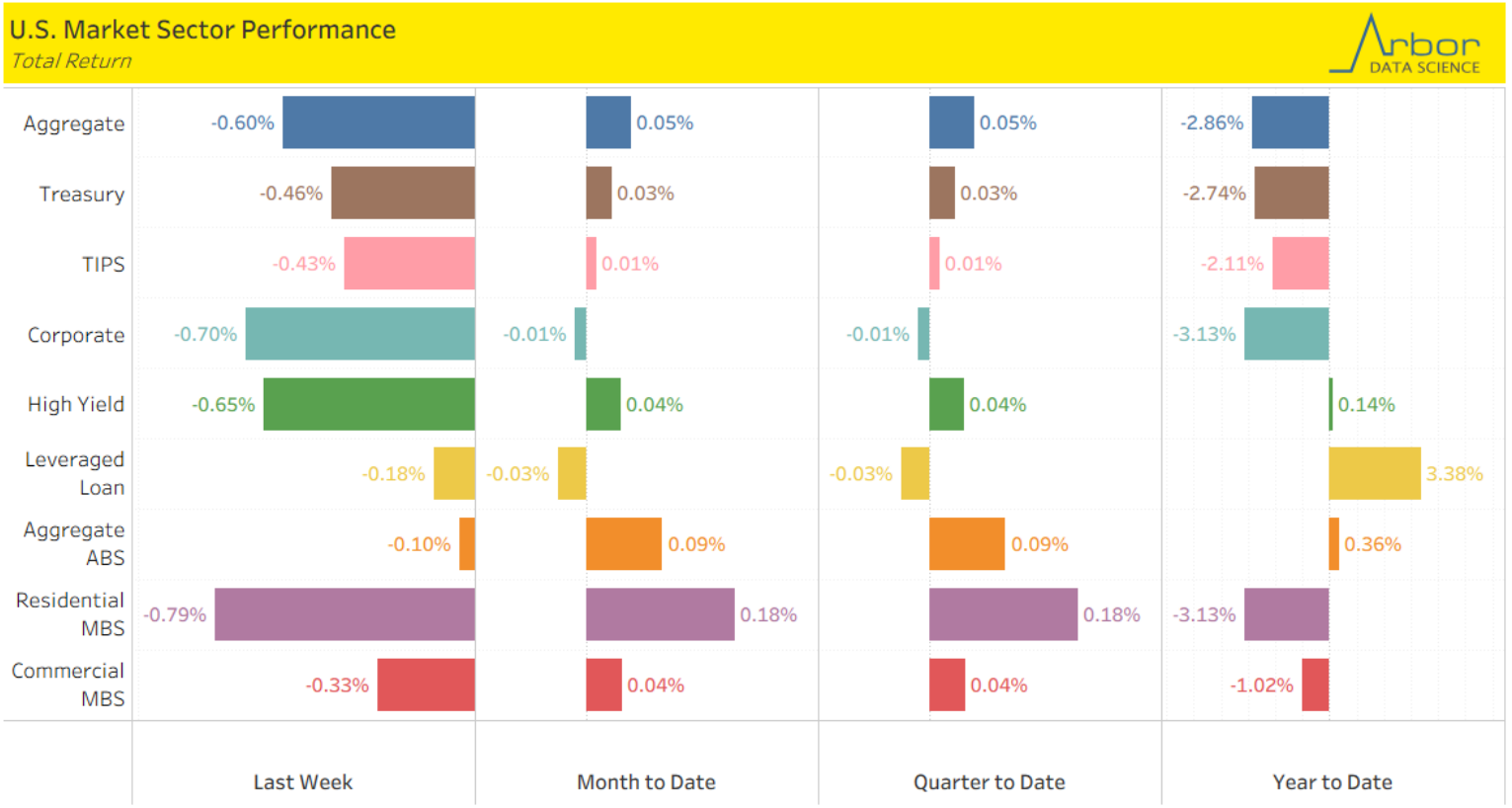
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Gus Handler and Tim Milani
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Fixed Income Sector Unhedged Total Returns

Treasury yields in the short end reverse momentum . Last week Treasury yields <10 yrs fell lead by the short end. 2ys -10bps (@4.83%) 5yrs -1.5bps (@5.054%) and 10yrs +3bps (@5.27%). Tighter financial conditions perhaps will stabilize yields.

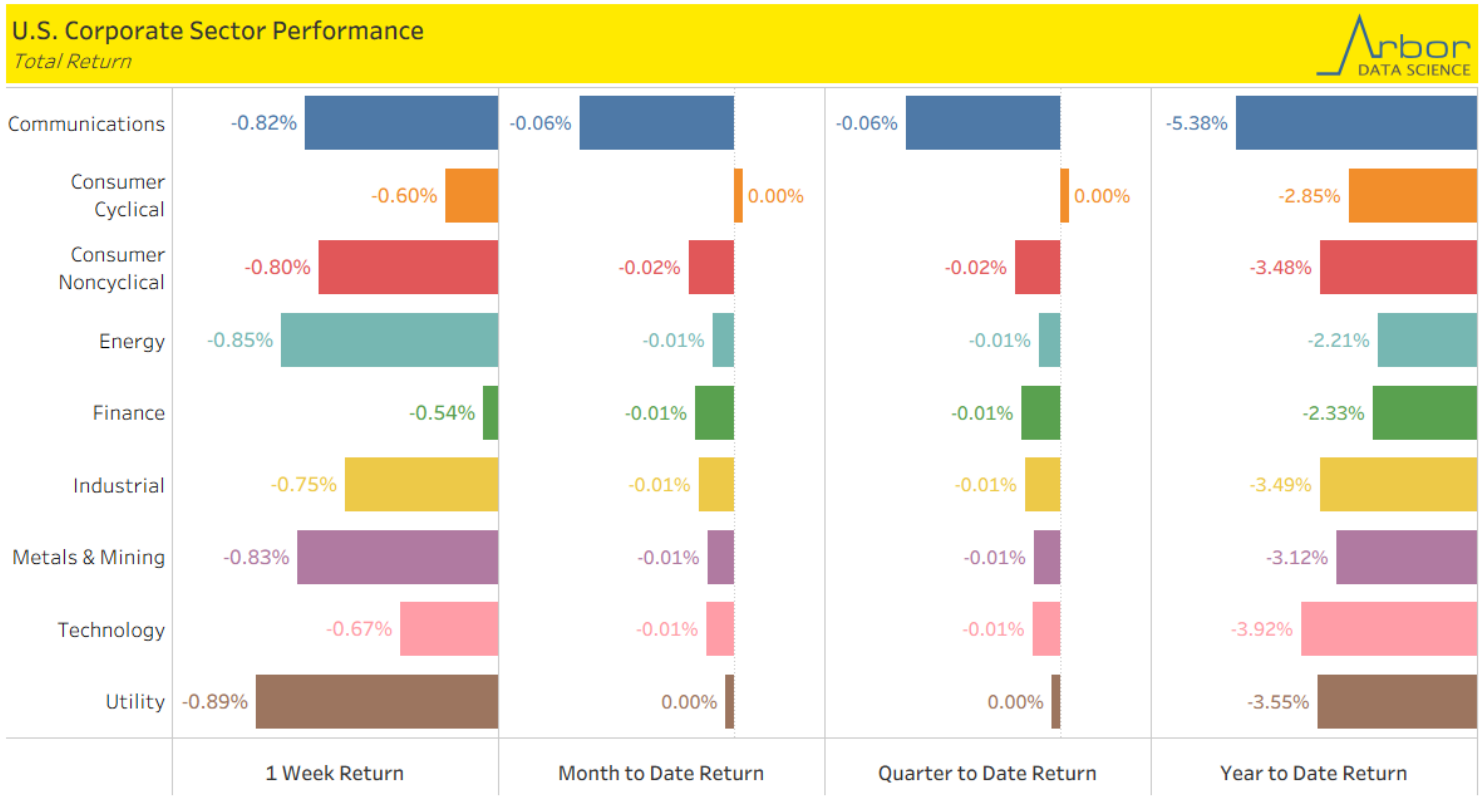


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Corporate Sector Unhedged Total Returns

IG credit spreads holding steady with volatility. IG credit (Bloomberg US Agg OAS @82) finished the week 2bps wider as spreads hold steady with the higher volatility environment.

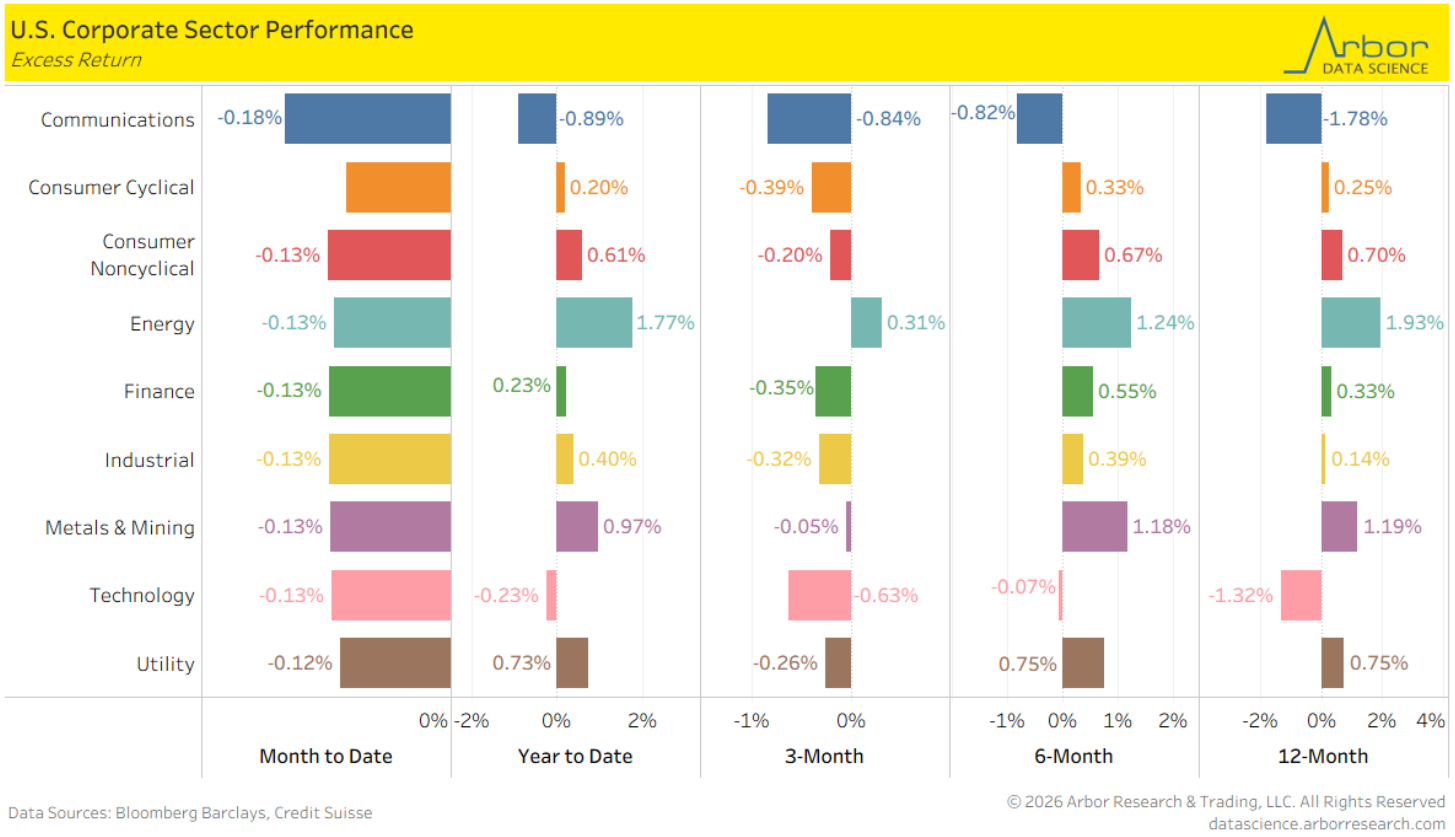


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Corporate Sector Excess Returns

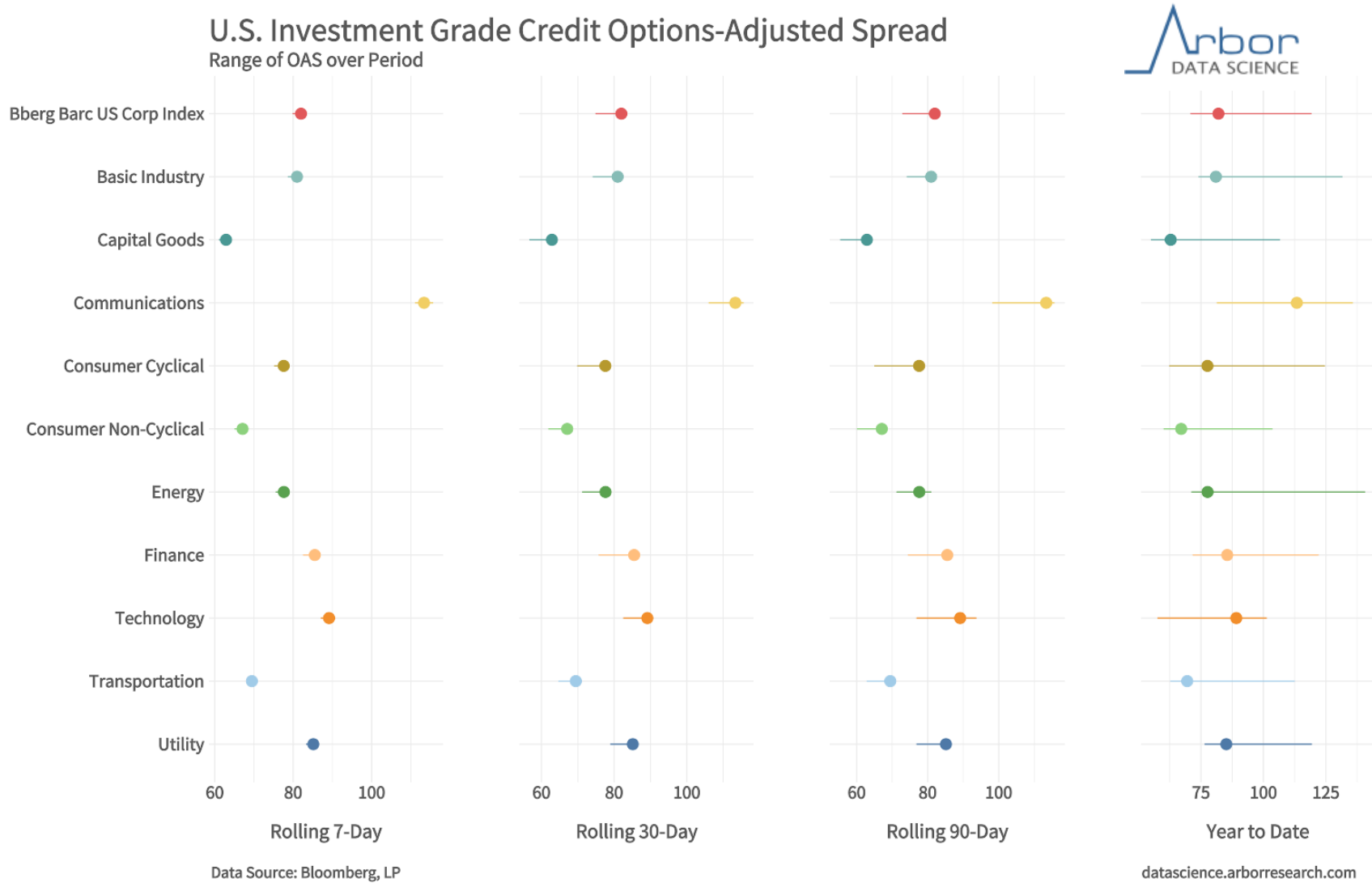
US Agg Corporate IG bond yields reaching 6%. Agg IG bond yields pushing above 6% for the first time since late 2023. For the most part, sentiment remains bullish for Corp spreads despite a few headwinds in the market.



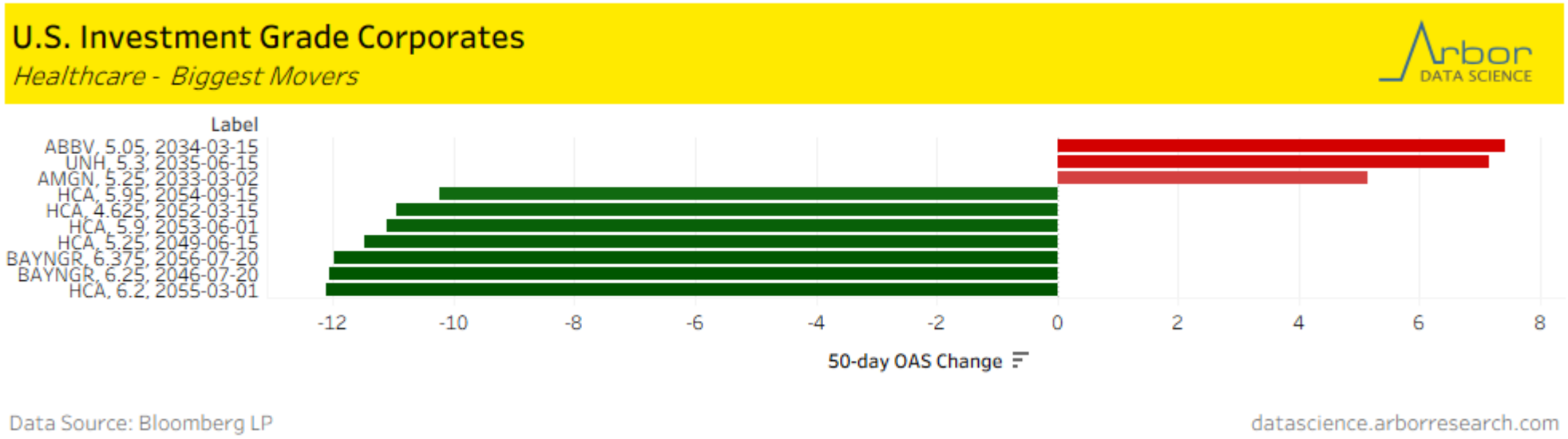
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Corporate Sector OAS



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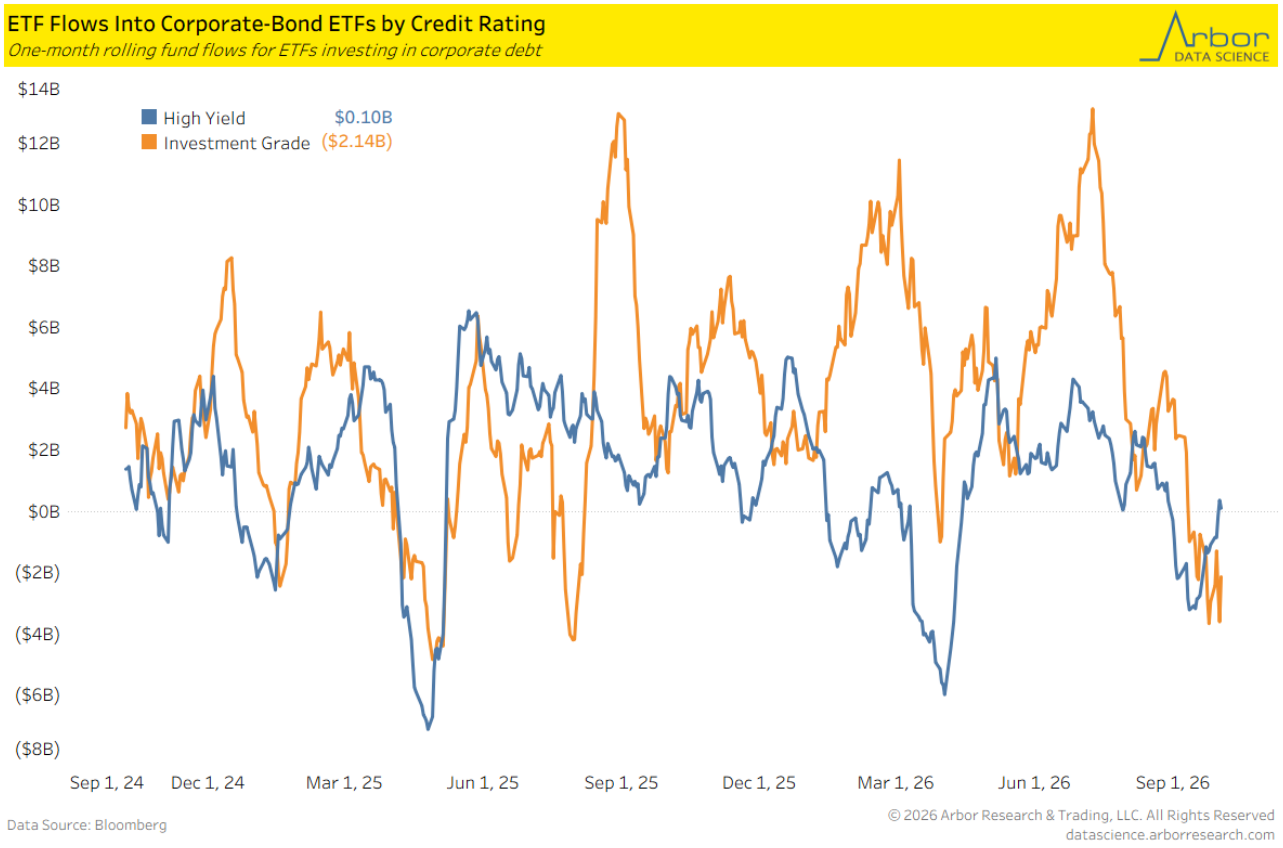


IG supply may slow. Rising Treasury yields leaving some issuers perplexed on coming to the market. Hence some issuers are choosing to stand down.

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Corporate Bond ETF Flows

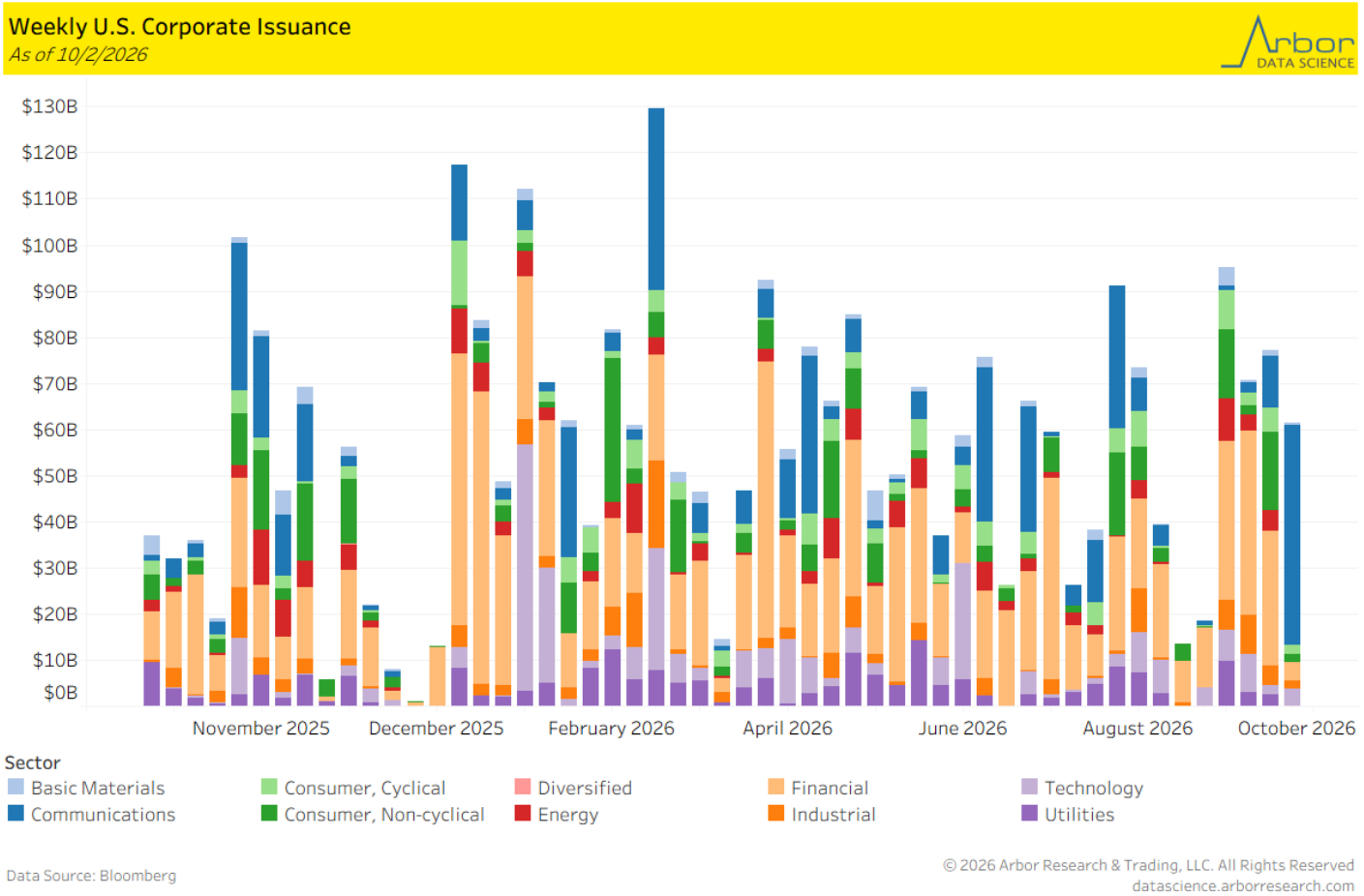
Investment-Grade corporate bond ETFs had one-month rolling outflows of $2.14B, while High-Yield corporate bond ETFs had inflows of $0.10B.



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Issuance Recap

US IG Corp issuance was $32.6bln last week. The largest deal was the $30bln Paramount Skydance (8 tranches). Most of the new tranches traded higher in the secondary market. Expectations this week are for $25 to $30bln.



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