

Credit Market Strategist

Supply off trend

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IG supply likely overshoot in February and year-to-date. One way to see that is to note that the YtD issuance pace is consistent with year 2021 in terms of net supply, when companies were borrowing aggressively to lock in record low debt costs. Instead in 2024 borrowing costs have remained near 10-year highs. We do see an upside risk to our 2024 supply forecast of \$1.33tr if companies re-lever faster than expected this year, particularly should the economy remain strong. Still, the very elevated pace of issuance over the past two months is likely not sustainable. We continue to expect a slowdown, particularly in the second half of March for the total March supply in \$130 - \$140bn range. That should support IG spreads even if Treasury yields continue to decline.

Supply should slow in the second half of March

We have not seen much of a slowdown in supply so far in March. In part that's because supply typically moderates only in the second half of the month. Moreover, issuance volumes over the prior two weeks have been more in line the average over the past two years.

IG technicals: down but not out

The expected slower supply in March should provide a cushion for IG technicals in case Treasury yields decline.

CDS basis vs. IG cash technicals

The indigestion in late February has led to IG CDS cash basis widening 10bps to -50bps, retracing the prior tightening earlier in the year.

February IG ratings: strong

Net ratings change for IG bonds in February was a strong net upgrade of +\$57bn, up from a modest +\$9bn net upgrade in January.

M&A volumes were steady in February

North American M&A announcements increased to \$197bn in February from \$188bn in January.

IG market technicals

Supply: \$51.5bn of issuance this week, expect \$35-40bn next week. **Flows:** +\$8.81bn inflow this past week ending on March 6. **Weekly technicals:** expect \$17.2bn of coupon payments, \$1.4bn of calls to become effective next week. Bond maturities: \$15.8bn this week, \$36.3bn next week. **Dealer inventories:** +\$377mn past week ended Thu. Details inside.

We published the weekly CMS data and charts in [Situation Room](#).

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Recent credit strategy research

Publication	Name
Situation Room	Situation Room: Strong inflows to HG funds
Situation Room	Situation Room: IG technicals: down but not out
Situation Room	Situation Room: CDS basis vs. IG cash technicals
Situation Room	Situation Room: February IG ratings: strong
Monthly HG Market Review	Monthly HG Market Review: Feb '24: Strong data
Credit Market Strategist	Credit Market Strategist: Spread curve re-steepening likely done
Credit Market Strategist	Summer 2023 snapshot of US IG market

Supply off trend

IG supply likely overshot in February and year-to-date. One way to see that is to note that the YtD issuance pace is consistent with year 2021 in terms of net supply, when companies were borrowing aggressively to lock in record low debt costs (Exhibit 1). Instead in 2024 borrowing costs have remained near 10-year highs. We do see an upside risk to our 2024 supply forecast of \$1.33tr if companies re-lever faster than expected this year, particularly should the economy remain strong. Still, the very elevated pace of issuance over the past two months is likely not sustainable. We continue to expect a slowdown, particularly in the second half of March for the total March supply in \$130 - \$140bn range (see [Situation Room: IG March supply: the return of normality](#)). That should support IG spreads even if Treasury yields continue to decline.

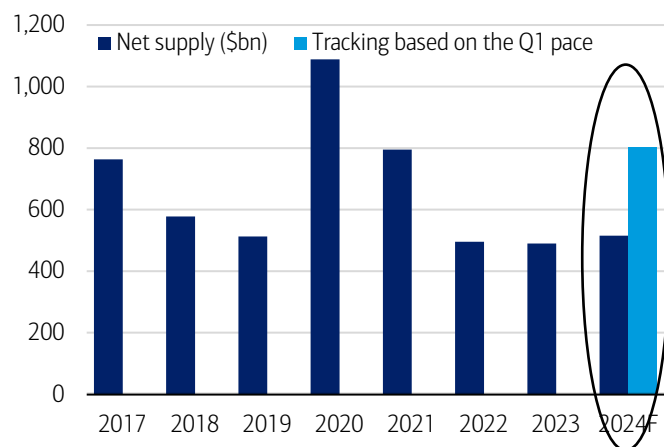
Unsustainable pace

We illustrate in two ways why we think the elevated YtD pace of IG supply likely unsustainable for the remainder of the year. First, adding the \$391bn of supply in Jan-Feb and the \$135bn expected for March implies \$526bn for Q1. Typically, issuance in the first quarter accounts for 32-33% of the annual total. That implies \$1.62tr of issuance for the full year, compared to \$1.2tr during both 2022 and 2023 (Exhibit 3). Moreover, the \$815bn of maturities would result in net issuance of \$804bn in 2024 – similar to \$795bn in 2021 (Exhibit 1). Back in 2021 companies issued opportunistically to lock in record low yields and tender for upcoming maturities. That is unlikely to repeat in 2024.

Second, the pace of issuance in January and February was high relative to maturities over the next two years (based on the ICE BofA US IG index). Issuance over the prior two months has reached 23.0% of 0-2yr index bonds. That was the highest levels since April 2022 and notably above the historical trend of 15.8% (Exhibit 2). Therefore, the IG supply in January and March was unusually high relative to the size of the upcoming maturities historically.

Exhibit 1: The YtD pace implied net supply comparable to 2021

IG net supply reached unusually elevated levels in 2021 due to record low yields. That is unlikely to repeat in 2024.

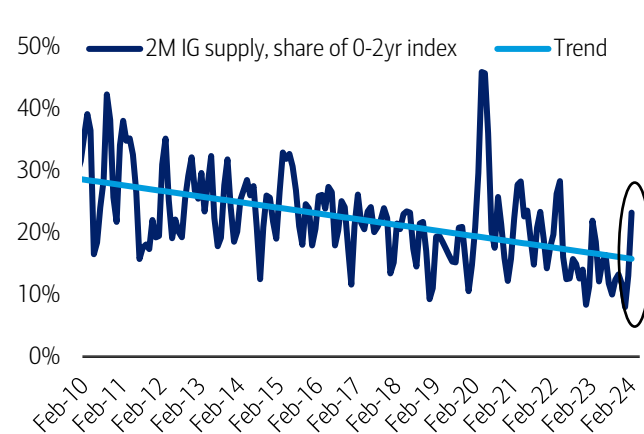


Source: BofA Global Research

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Exhibit 2: Jan-Feb IG supply was heavy relative to IG market size

Jan-Feb cumulative supply was 23.0% of the 0-2yr ICE BofA US IG index notional, well above the 15.8% historical trend.



Source: BofA Global Research, ICE Data Indices, LLC

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Exhibit 3: IG annual gross and net supply

The \$1.62tr of supply based on the 1Q-2024 trend would result in \$804bn of net supply – similar to \$795bn in 2021.

Cash Flow	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Estimate	2024 tracking
Gross Supply, Total	1,205	1,855	1,495	1,216	1,215	1,330	1,619
Maturing Debt, Total	692	767	700	721	725	815	815
Net Supply, Total	513	1,089	795	495	490	515	804

Source: BofA Global Research

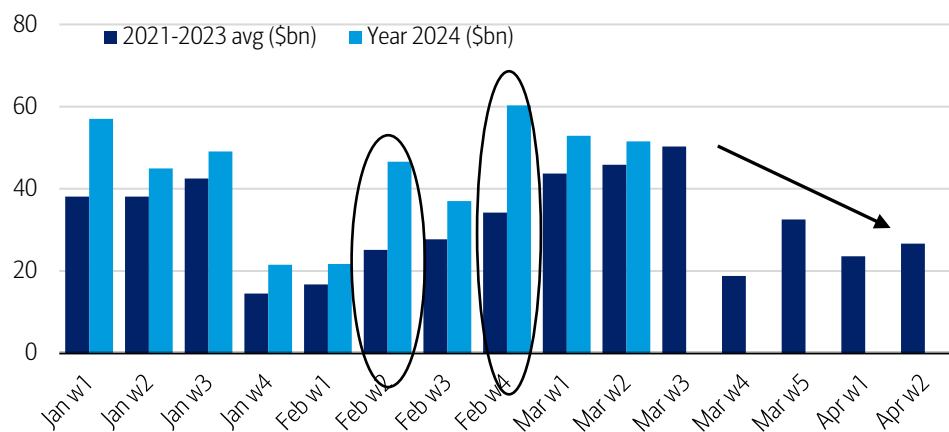
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Supply should slow in the second half of March

We have not seen much of a slowdown in supply so far in March. In part that's because supply typically moderates only in the second half of the month (Exhibit 4). Moreover, issuance volumes over the prior two weeks have been more in line the average over the past two years. For example, issuance was 85 and 76% above the average during the second and fourth weeks of February, respectively. In contrast it was 21 and 12% above the average over the past two weeks. Finally, the pace of issuance in the second half of March is typically only about half of that in the first two weeks (Exhibit 4).

Exhibit 4: IG issuance slows down seasonally in the second half of March

Most of the upside surprise to IG issuance happened during the second and last weeks of February.



Source: BofA Global Research

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Borrowing surge was driven by non-financials, M&A

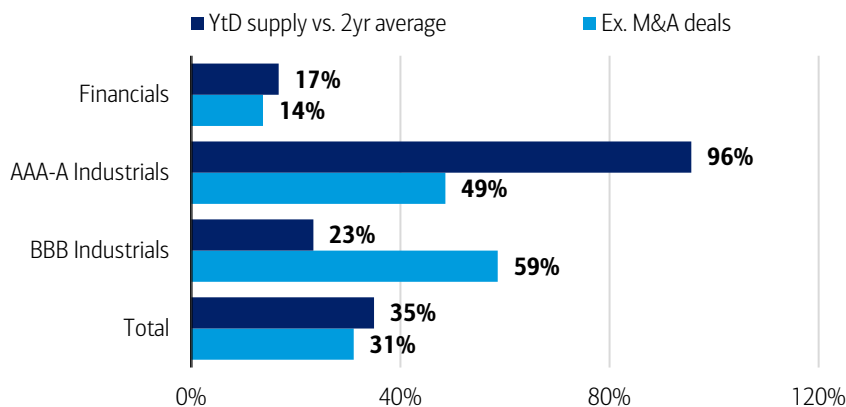
The YtD issuance (through March 7th) is 35% above the average for the same period over the past two years (2023 and 2022). The biggest surge was for single-A or better rated industrials (+96%), followed by BBB industrials (+23%) and financials (+17%). However, much of the jump in high quality industrial supply has been driven by M&A deals.

Excluding M&A deals (from both 2024 as well as the prior two years) shows YtD supply up 49% and 59% for high quality and BBB-rated industrials. Hence the heavy supply volumes YtD have been mostly due a big jump in non-financial issuance across ratings.

At the sector level issuance has been heavy vs. the prior two years for Leisure (YtD supply reached 85% of the annual average for the prior two years), followed by Health Care (62%), Tech (61%) and Tobacco (49%). On the other hand, supply has been light for Media & Entertainment (5%), Transportation (8%) and Retail (8%, Exhibit 6).

Exhibit 5: The surge in supply YtD has been driven by non-financial and M&A

Excluding M&A deals the big increase in supply YtD has been driven by non-financial issuers across ratings.

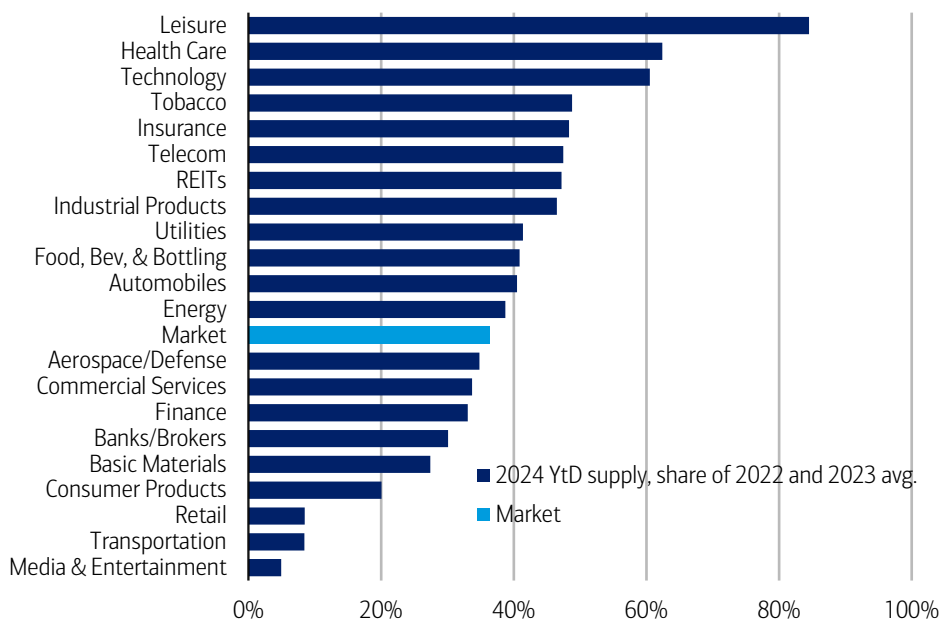


Source: BofA Global Research

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Exhibit 6: YtD supply as a share of the annual average for year 2022 and 2023

The top sectors have already issued more than half of the annual average, including Leisure (85%) and Health Care (62%).



Source: BofA Global Research

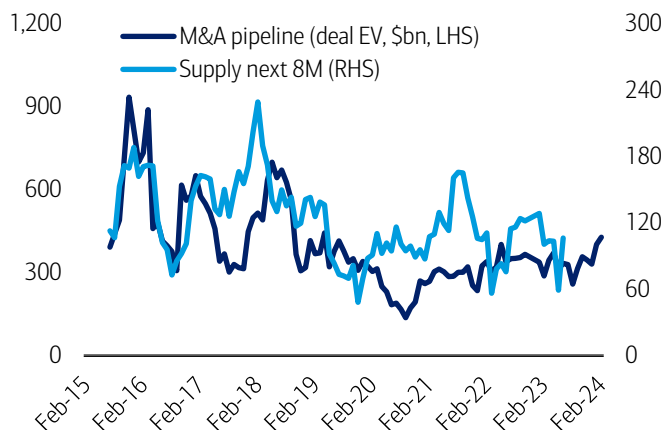
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M&A pipeline

The pipeline of deals with potential funding needs in the US IG market increased to \$428bn in terms of deal EV value in February from \$331bn at year-end 2023. That typically corresponds to about \$120bn in M&A-related supply over the next eight months, although the relationship is fairly noisy (Exhibit 7, Exhibit 8). Given the relatively high borrowing costs the actual supply could be lower, as more companies could chose to finance the deals with cash, CP, or bank loans. We are tracking \$57bn in M&A supply so far in 2024 (Exhibit 9).

Exhibit 7: M&A pipeline has increased to \$428bn in February

The pipeline of M&A deals with potential IG issuance implications increased to \$428bn (deal EV) in February from \$331bn at the start of the year.

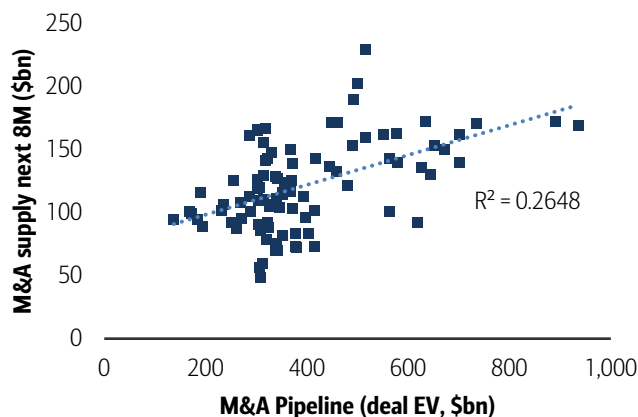


Source: BofA Global Research

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Exhibit 8: Implied M&A supply is about \$120bn next 8 months

The current M&A deal pipeline of \$428bn implies about \$120bn of M&A supply over the next eight months.

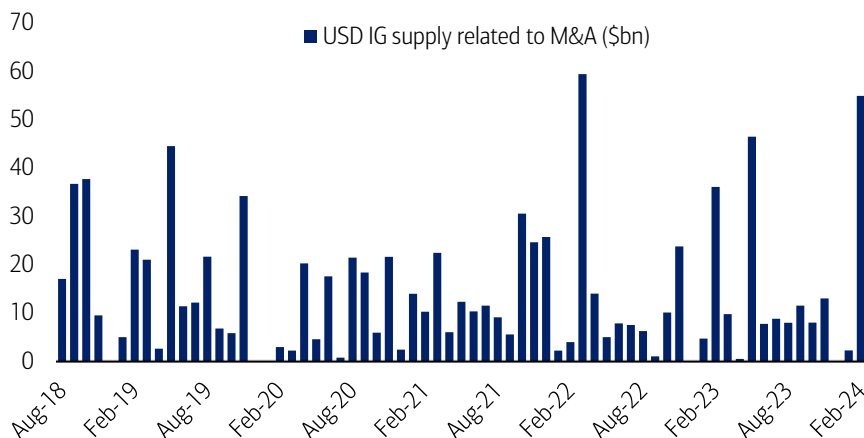


Source: BofA Global Research

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Exhibit 9: M&A supply jumped to \$55bn in February

M&A IG supply was \$154bn in 2023 and \$57bn YtD in 2024.



Source: BofA Global Research

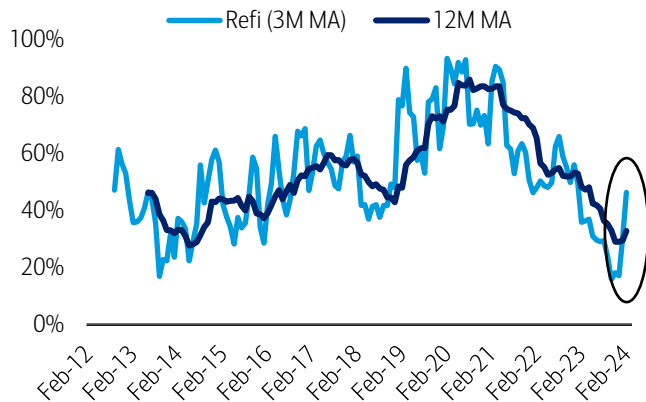
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Borrowing to refi

In terms of the use of proceeds (UOP), more non-financial supply has been earmarked towards refinancing so far this year, while the share for funding M&A and share buybacks has remained relatively stable, although it has also increased a bit (Exhibit 10, Exhibit 11). Please note that the use of proceeds disclosure for IG bond deals is generally not precise and is often simply reported as “general corporate purposes.” For this analysis we track deals that mention any of the uses mentioned above. Potentially the same deal can mention acquisitions and refi in the same UOP. In that case the deal would be counted in both categories.

Exhibit 10: Share of non-financial IG supply: refi

The share of non-financial supply that mentioned refinancing in the use of proceeds has increased so far in 2024

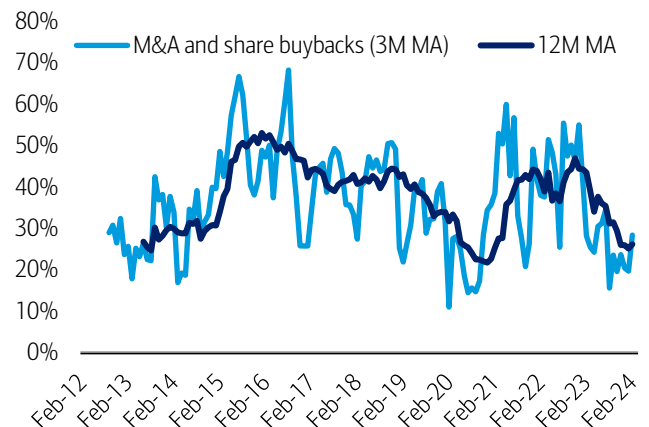


Source: BofA Global Research

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Exhibit 11: Share of non-financial IG supply: M&A and share buybacks

The share of IG non-financial supply that mentioned share buybacks or acquisition financing in the use of proceeds has remained moderate.



Source: BofA Global Research

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[Situation Room: IG technicals: down but not out](#)

IG technicals: down but not out

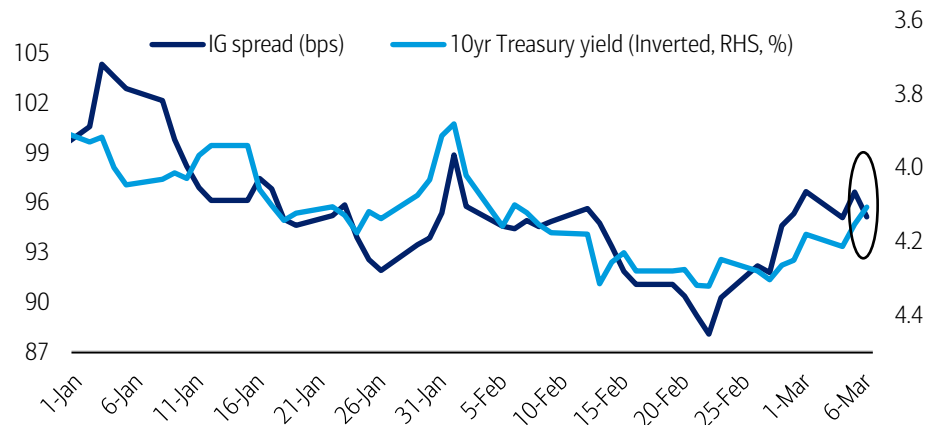
Our biggest risk to IG spreads are less strong technicals driven by a decline in Treasury yields. That's because the strong IG credit performance has been driven by yield-sensitive demand, causing IG spreads and Treasury yield to be strongly negatively correlated this year (see [Credit Market Strategist: Demanding yield](#)). Hence today was a rare example of IG spreads trading tighter on a day when 10 and 30yr Treasury yields declined 5bps on the back of Chair Powell testimony in Congress (Exhibit 12).

Supplying a cushion

The stronger credit performance today on Wednesday was likely a result of a big drop in IG supply volumes, which finally decelerated to \$2.3bn from \$20+bn on both Monday and Tuesday (Exhibit 13). That suggests that for now the expected lower IG supply during March (see [Situation Room: IG March supply: the return of normality](#)) should provide a cushion in case yields decline on the back of key data releases this week (Payrolls) and next (CPI).

Exhibit 12: Lower yields, tighter spreads on Wednesday March 6

Unusually, IG spreads tightened on Wednesday despite a 5bps decline in 10yr Treasury yield.

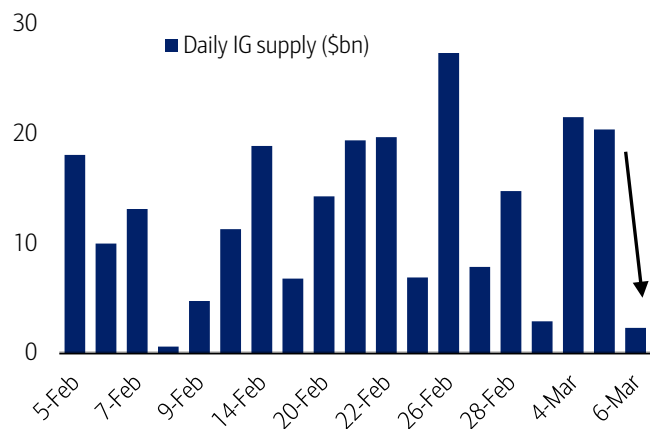


Source: Bloomberg

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Exhibit 13: IG supply dropped to just \$2bn on Wednesday

That's down from \$22bn on Monday and \$20bn on Tuesday March 5.

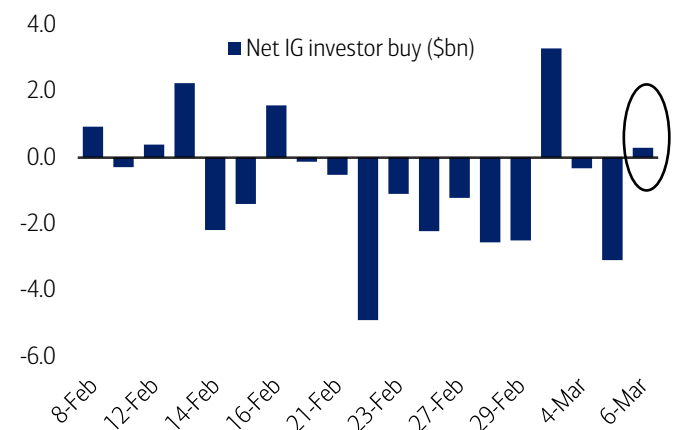


Source: BofA Global Research

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Exhibit 14: IG investors net bought bonds on Wednesday

Following a big net sale on Tuesday we estimate IG investors net bought \$0.3bn of IG bonds from dealers on Wednesday.



Source: BofA Global Research

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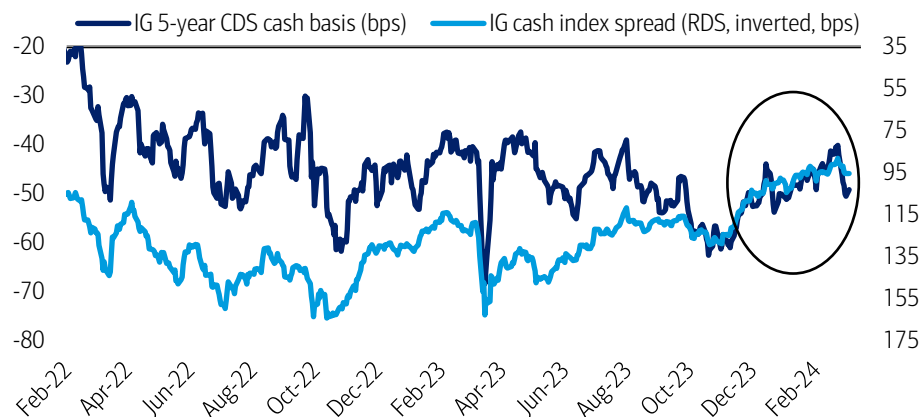
[Situation Room: CDS basis vs. IG cash technicals](#)

CDS basis vs. IG cash technicals

In a bit over a week IG CDS cash basis widened 10bps to -50bps from the recent tight on February 22. That widening fully reversed the prior move tighter earlier in 2024. Clearly the tightening of the basis prior to mid-February reflected very strong IG market technicals (see [Situation Room: From buying the dip to just buying](#)). Hence the swift retracement is a good illustration of how much the technicals weakened during the last week of February. We can also see that in the big net selling by IG investors over the same period (Exhibit 16). Hence, given that IG spreads are still tighter YtD, the relative underperformance of the basis highlights downside risks to IG spreads in the near term (Exhibit 15).

Exhibit 15: CDS cash basis has completely retraced the YtD tightening in the last week of Feb

IG CDS cash basis tightened 10bps to -40bps in Jan and the first three weeks of February, before widening back to -50bps in the last week of the month.



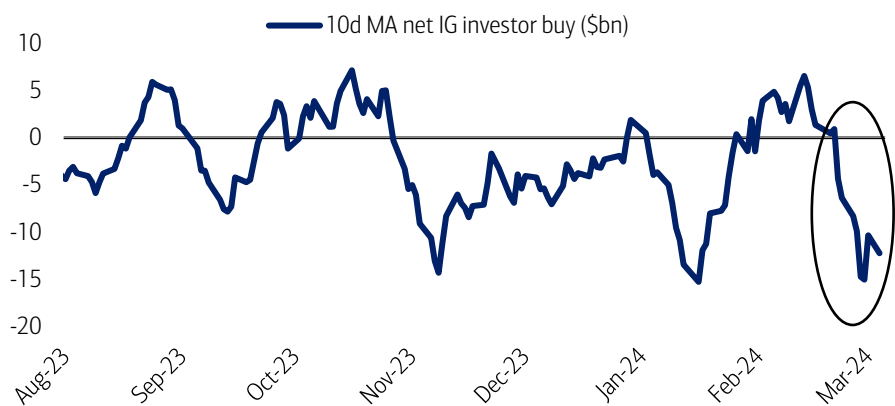
Note: the CDS cash basis is based on 30 liquid IG issuers, including all the big six US banks / brokers.

Source: BofA Global Research, ICE Data Indices, LLC, Markit.

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Exhibit 16: Investors net sold \$15bn of IG bonds to dealers over the past 10 days

Net by IG investors selling accelerated in late February.



Source: BofA Global Research, FINRA TRACE.

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[Situation Room: February IG ratings: strong](#)

February IG ratings: strong

Net ratings change for IG bonds in February was a strong net upgrade of +\$57bn (upgrades less downgrades, notional * notches), up from a modest +\$9bn net upgrade in January and a -\$45bn net downgrade in December. Sectors with most upgrades in February included Utilities, Industrial Products and Energy, while sectors with most net downgrades were Technology, Banks/Brokers and Media & Entertainment.

Rating agencies picked up activity in February

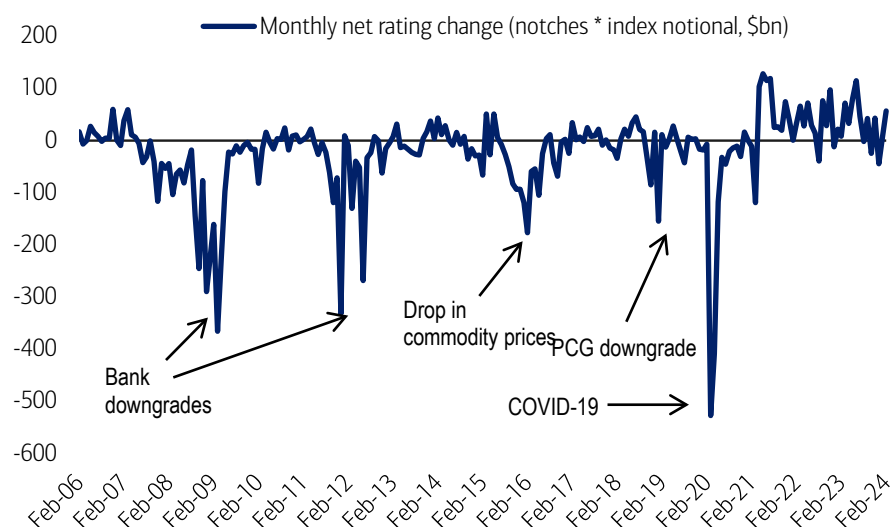
Gross rating activity for IG corporate issuers (upgrades + downgrades) rose in February to an eight-month high \$171bn, notably above the \$138bn median over the prior 12 months (Exhibit 21). Upgrades as a share of total rating actions rose to 67% in February, up from 57% in January and close to the 66% LTM median (Exhibit 22).

Outlook: still net positive

The outlook calls for actions to remain on net stronger than typical. The share of IG index bonds on a positive outlook or watch declined to 1.6% at the end of February, close to the 1.5% median since 2010 (Exhibit 23). However, the share of ratings on a negative outlook / watch remained at historically low levels.

Exhibit 17: The pace of net rating upgrades improved again in February

US IG net upgrades improved to an eight-month high in February.



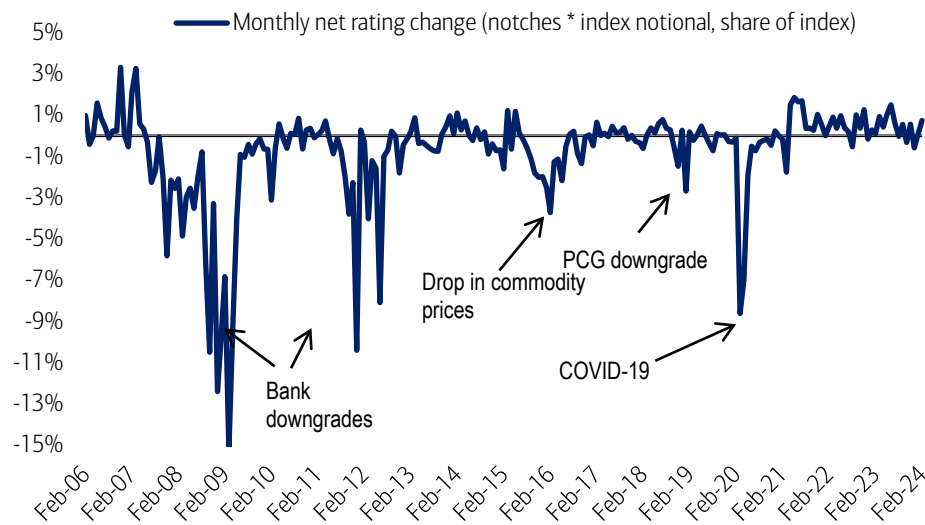
Note: net rating change equals upgrades less downgrades. Based on the average of Moody's, S&P and Fitch, if available. We also include the watch as 2/3 of a notch and the outlook as 1/3 of a notch. Restricted to DM bonds in ICE BofA IG corporate index COAO.

Source: BofA Global Research, Bloomberg.

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Exhibit 18: Net upgrades improved to +0.6% of index notional in February

Net monthly upgrades have averaged +0.4% of the index notional over the prior 12 months.



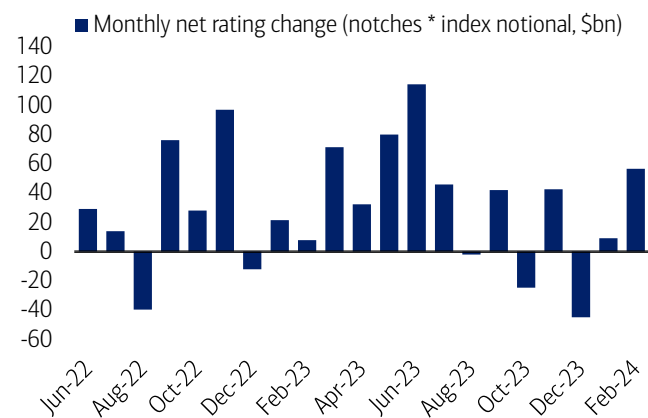
Note: net rating change equals upgrades less downgrades. Based on the average of Moody's, S&P and Fitch, if available. We also include the watch as 2/3 of a notch and the outlook as 1/3 of a notch. Restricted to DM bonds in ICE BofA IG corporate index COAO.

Source: BofA Global Research, Bloomberg.

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Exhibit 19: Upgrades exceeded downgrades in February

Net upgrades rose to +\$57bn in February from +\$9bn in January, with \$42bn being the monthly median over the past 12 months.



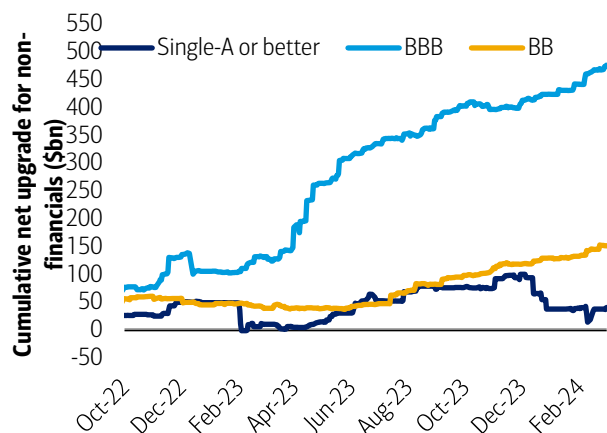
Note: based on the average of Moody's, S&P and Fitch, if available. We also include the watch as 2/3 of a notch and the outlook as 1/3 of a notch. Restricted to DM bonds in ICE BofA IG corporate index COAO.

Source: BofA Global Research

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Exhibit 20: Cumulative net upgrade for non-financials by rating (\$bn)

Non-financials BBBs have experienced strong net upgrades in 2023 and so far in 2024

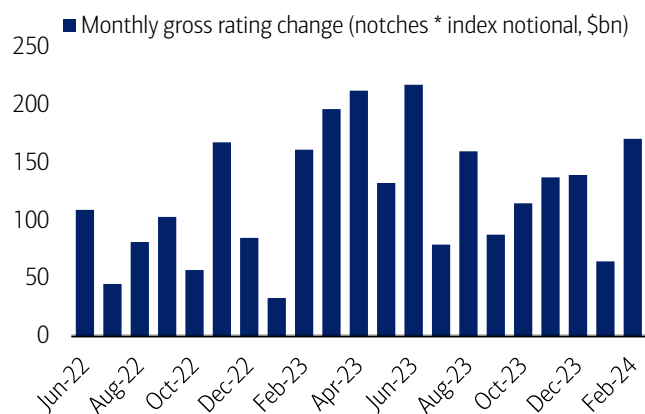


Source: BofA Global Research, Bloomberg.

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Exhibit 21: Gross rating actions accelerated in February

Gross rating increased to \$171bn in February from \$65bn in January.



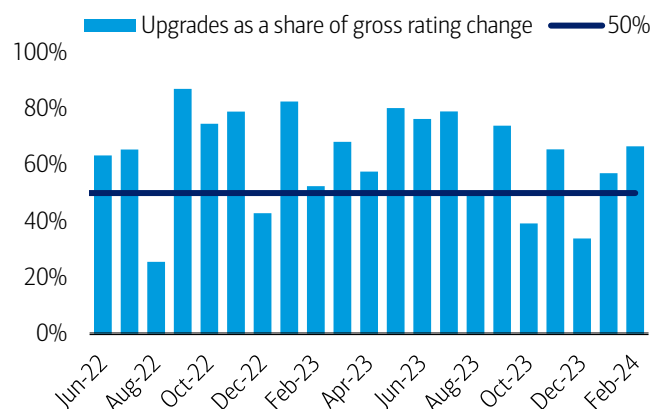
Note: based on the average of Moody's, S&P and Fitch, if available. We also include the watch as 2/3 of a notch and the outlook as 1/3 of a notch. Restricted to DM bonds in ICE BofA IG corporate index COAO

Source: BofA Global Research

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Exhibit 22: More upgrades than downgrades in February

Upgrades accounted for 67% of total rating actions in February, up from 57% in January and 66% LTM median.



Note: based on the average of Moody's, S&P and Fitch, if available. We also include the watch as 2/3 of a notch and the outlook as 1/3 of a notch. Restricted to DM bonds in ICE BofA IG corporate index COAO

Source: BofA Global Research

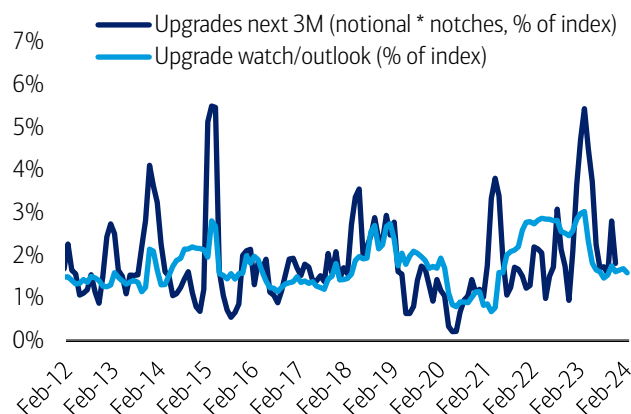
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Rating watches/outlooks point to more upgrades

Our tracker for IG corporate bonds on a positive watch or outlook was at 1.6% of the index in February (\$131bn), down from 1.7% in January (\$137bn). The current level is near the 1.5% historical median, suggesting rating agencies are signaling a close to usual pace of upgrades over the next three months (Exhibit 23). The tracker for IG corporate bonds on a negative watch / outlook remains at a very low levels of 2.0% (\$163bn), but above the record low of 1.8% of the index notional (\$145bn) in July (Exhibit 24).

Exhibit 23: Positive watch/outlook is now back to normal levels

The volume of IG corporate bonds on positive watch/outlook remained stable in February.



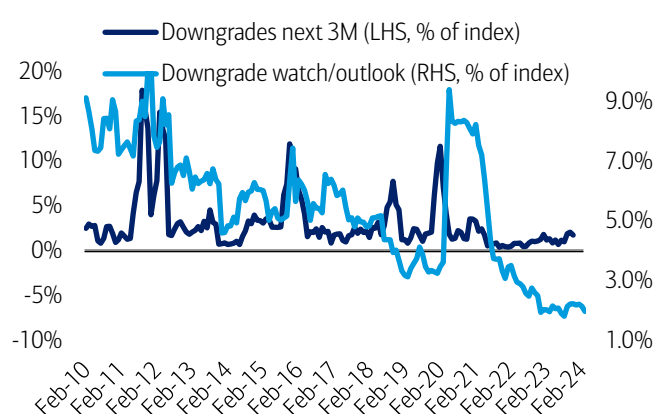
Note: watch/outlook is computed as 0.66 * notional for a watch and 0.33 * notional for an outlook. Upgrades are tracking rating changes only (ignoring outlook and watch changes).

Source: BofA Global Research

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Exhibit 24: Negative watch/outlook remains low

The volume of IG corporate bonds on negative watch/outlook remained low in February 2024.



Note: watch/outlook is computed as 0.66 * notional for a watch and 0.33 * notional for an outlook. Downgrades are tracking rating changes only (ignoring outlook and watch changes).

Source: BofA Global Research

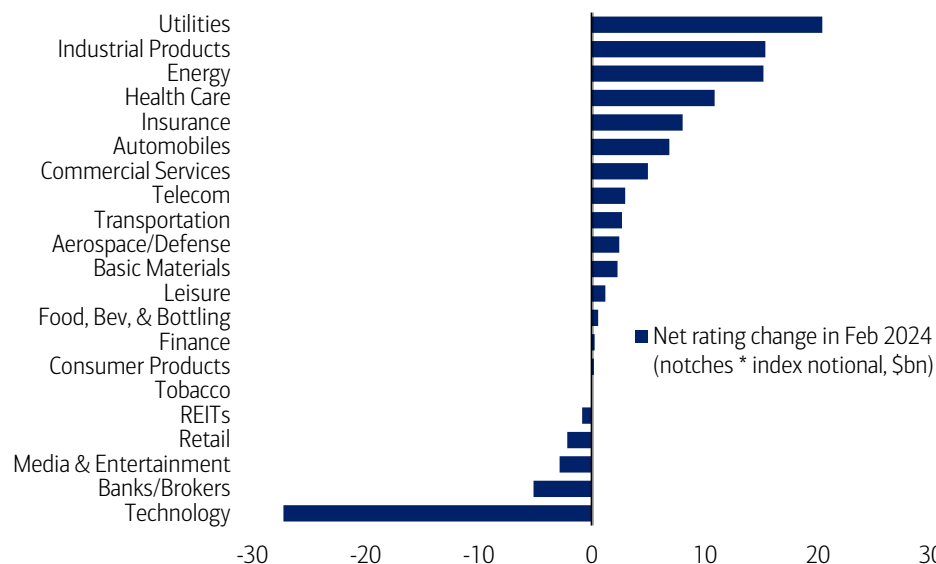
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Sector/issuer level

Sectors with most upgrades in February included Utilities (+\$20.4bn), Industrial Products (+\$15.3bn) and Energy (+\$15.2bn). Sectors with most net downgrades in February were Technology (-\$27.3bn), Banks/Brokers (-\$5.2bn) and Media & Entertainment (-\$2.9bn). We list issuers with the biggest February upgrades and downgrades in Exhibit 26 and Exhibit 27 below.

Exhibit 25: February 2024 net rating changes by sector (notional * notches, \$bn)

February downgrades were dominated by the Technology sector (-\$27.3bn).



Note: based on the average of Moody's, S&P and Fitch, if available. We also include the watch as 2/3 of a notch and the outlook as 1/3 of a notch. Restricted to DM bonds in ICE BofA IG corporate index COAO

Source: BofA Global Research

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Exhibit 26: Issuers with largest ratings upgrades in Feb-24

Top 15 issuers by rating upgrades.

Ticker	Sector	Issuer notional (\$bn)	Rating change: notches	Rating change: notional * notches, \$bn
PCG	Utilities	36.1	0.6	20.1
ET	Energy	38.6	0.2	8.6
DE	Industrial Products	29.7	0.2	6.6
HYNMTR	Automobiles	18.3	0.3	6.1
SIEGR	Industrial Products	16.7	0.3	5.6
BMJ	Health Care	33.7	0.2	5.6
PRU	Insurance	21.4	0.2	3.4
TRGP	Energy	11.5	0.3	3.1
GE	Industrial Products	6.3	0.4	2.8
ENTERP	Commercial Services	7.9	0.3	2.6
NOVNVX	Health Care	11.4	0.2	2.5
ELV	Health Care	22.1	0.1	2.4
WM	Commercial Services	10.5	0.2	2.4
NBNAUS	Telecom	4.7	0.5	2.3
CP	Transportation	13.0	0.2	2.1

Note: based on the average of Moody's, S&P and Fitch, if available. We also include the watch as 2/3 of a notch and the outlook as 1/3 of a notch. Restricted to DM bonds in ICE BofA IG corporate index COAO.

Source: BofA Global Research

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Exhibit 27: Issuers with largest ratings downgrades in Feb-24

Top 15 issuers by rating downgrades.

Ticker	Sector	Issuer notional (\$bn)	Rating change: notches	Rating change: notional * notches, \$bn
INTC	Technology	46.3	-0.6	-25.8
TFC	Banks/Brokers	25.7	-0.3	-8.6
COF	Finance	26.9	-0.1	-3.0
PARA	Media & Entertainment	13.0	-0.2	-2.9
CCI	REITs	18.8	-0.1	-2.1
VTR	REITs	5.9	-0.2	-1.3
VFC	Retail	2.6	-0.5	-1.3
NTT	Telecom	6.5	-0.2	-1.1
FABSVJ	Technology	1.1	-0.8	-0.9
AAP	Retail	1.8	-0.5	-0.9
GLW	Technology	4.6	-0.2	-0.8
WHR	Consumer Products	3.2	-0.2	-0.7
CMI	Industrial Products	2.8	-0.2	-0.5
HCSERV	Health Care	2.0	-0.2	-0.3
ABT	Health Care	11.8	0.0	-0.3

Note: based on the average of Moody's, S&P and Fitch, if available. We also include the watch as 2/3 of a notch and the outlook as 1/3 of a notch. Restricted to DM bonds in ICE BofA IG corporate index COAO.

Source: BofA Global Research

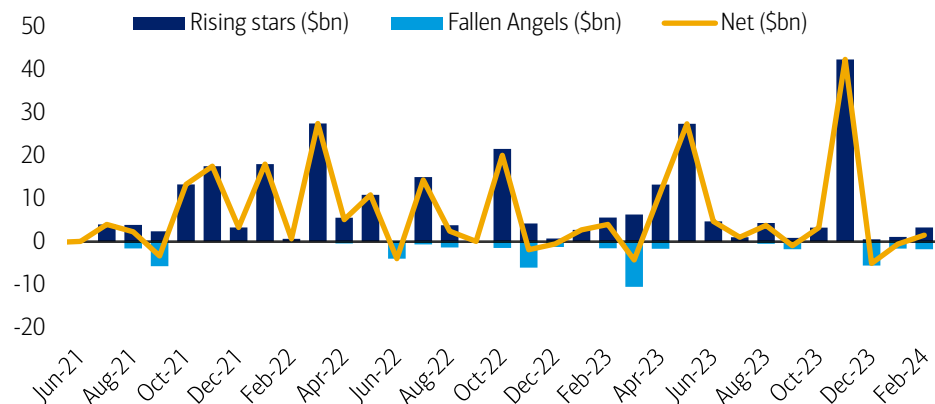
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Rising stars and fallen angels

Based on ICE BofA indices ex. EM \$3.3bn of bonds were upgraded from HY to IG in February (rising stars). On the other hand, \$1.8bn were downgraded from IG to HY (fallen angels) in February (Exhibit 28, Exhibit 29, Exhibit 30).

Exhibit 28: Monthly rising star and fallen angel volumes

\$3.3bn of rising stars, -\$1.8bn fallen angels in February (ex. EM).



Note: excluding EM issuers.

Source: BofA Global Research, ICE Data Indices, LLC

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Exhibit 29: February rising stars

The table lists issuers upgraded to IG from HY during the month (ex. EM)

Ticker	Sector	Rating	N Bonds	Par, \$mn	Avg. Price	Avg. Yield (%)	Avg. OAS (bps)
LVS	Leisure	BBB3	3	2,250	93.19	6.15	161
RCL	Leisure	BBB3	1	1,000	106.07	4.93	61

Source: BofA Global Research, ICE Data Indices, LLC

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Exhibit 30: February fallen angels

The table lists issuers downgraded to HY from IG during the month (ex. EM)

Ticker	Sector	Rating	N Bonds	Par, \$mn	Avg. Price	Avg. Yield (%)	Avg. OAS (bps)
AAP	Retail	BB1	5	1,800	91.20	6.01	164

Source: BofA Global Research, ICE Data Indices, LLC

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Methodology

To track these rating changes in a comprehensive way we normalize for the magnitude of the ratings change. Specifically, we report the product of the change in ratings, measured in notches (averaging across Moody's, S&P and Fitch, if available) and the bond notional. Effectively that means rating changes measured in 1-notch equivalents. We also include the watch as 2/3 of a notch and outlook as 1/3 of a notch.

For example, suppose a \$500mn bond rated by Moody's and S&P is downgraded one notch by Moody's only. In that case the average rating change is ½ a notch and would result in a \$250mn downgrade amount in the analysis above. If both Moody's and S&P downgrade by one notch, the average rating change would be one notch and the downgrade amount would be \$500mn. Finally, if Moody's placed the bond on a negative watch the average ratings change would be (2/3) / 2 = 1/3, with the corresponding downgrade amount of \$167mn.

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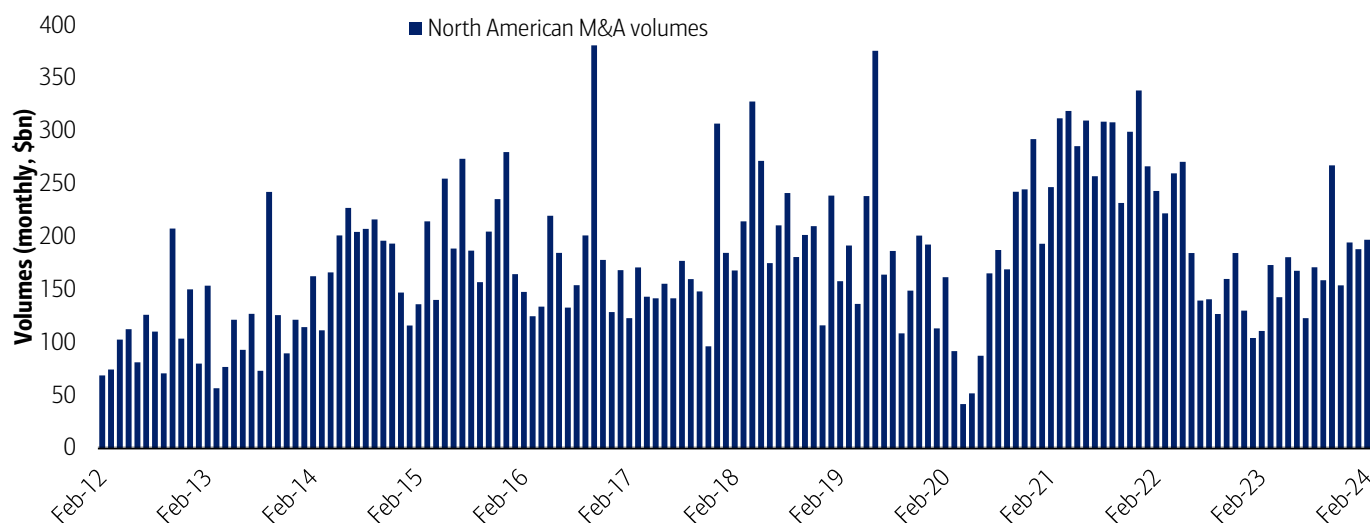
[Situation Room: Strong inflows to HG funds](#)

M&A volumes were steady in February

North American M&A announcements rose modestly to \$197bn in February from \$188bn in January (Exhibit 31). At the same time the pipeline of announced deals with potential IG funding implications increased to \$431bn, up from \$403bn in January (deal NAV, Exhibit 32). There was \$54.9bn of M&A-related IG issuance in February, the highest volume since March 2022, up from \$2.3bn in January (Exhibit 33). See details of the current deal list in the [Pipeline of M&A deals with IG issuance implications](#) section.

Exhibit 31: Monthly North American M&A volumes

North American M&A announcement volume increased to \$197bn in February from \$188bn in January.



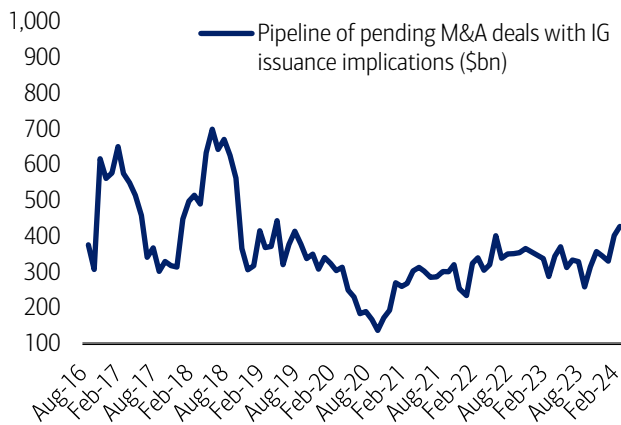
Note: limited to pending and closed deals only. Cancelled deals are excluded.

Source: Bloomberg

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Exhibit 32: Pipeline of pending M&A deals with IG funding implications

The pipeline of pending M&A deals with US IG funding implications increased to \$428bn in February.

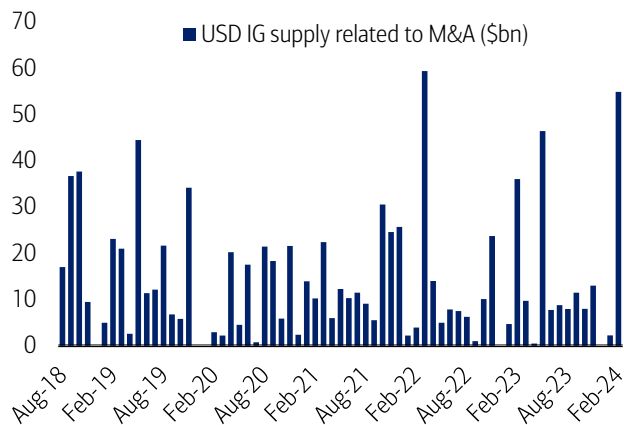


Source: BofA Global Research, Bloomberg

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Exhibit 33: US IG M&A related supply

US IG M&A-related supply totaled \$54.9bn in February, up from \$2.3bn in January.



Source: BofA Global Research

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Pipeline of M&A deals with IG issuance implications

Our criteria for inclusion in the list of announced deals listed consists of deals at least \$1bn in size (in terms of EV) announced by USD high grade issuers. We further restrict the list to deals with a cash component, suggesting to us that the company may choose to fund all or portion of that cash component in the high grade bond market. Finally, the list excludes deals that have already been funded in the corporate bond market, deals that have been rejected by regulators and those that have closed.

Exhibit 34: M&A deals with potential high grade bond funding needs

A list of pending M&A deals with potential IG bond funding implications

Deal announcement date	Acquirer Ticker	Acquirer Name	Target Ticker	Target Name	Announced deal value (\$bn)	Expected completion date
12-Apr-23	EMR US	Emerson Electric Co	NATI US	National Instruments Corp	8.2	Oct-23
16-Aug-23	DINO US	HF Sinclair Corp	HEP US	Holly Energy Partners LP	3.7	Dec-23
28-Aug-23	DHR US	Danaher Corp	ABCM US	ABCAM Ltd	5.7	Dec-23
23-Oct-23	FTV US	Fortive Corp	2264920D GR	EA Elektro-Automatik Holding G	1.5	Jan-24
27-Dec-23	WMB US	Williams Cos Inc/The	n.a.	Portfolio of 6 underground nat	2.0	Jan-24
7-Feb-24	DIS US	Walt Disney Co/The	748448Z US	Epic Games Inc	1.5	Feb-24
17-Aug-23	BA/ LN	BAE Systems PLC	n.a.	Aerospace unit/Ball Corp	5.6	Feb-24
9-Jan-24	GSK LN	GSK PLC	2315810D US	Aiolos Bio Inc	1.0	Feb-24
27-Feb-24	1026Z US	Cox Enterprises Inc	0991443D US	OpenGov Inc	1.8	Feb-24
12-Dec-23	CHH US	Choice Hotels International In	WH US	Wyndham Hotels & Resorts Inc	9.2	Mar-24
8-Jan-24	JNJ US	Johnson & Johnson	AMAM US	Ambrox Biopharma Inc	1.5	Mar-24
7-Aug-23	CPB US	Campbell Soup Co	SOVO US	Sovos Brands Inc	2.7	Mar-24
14-Oct-22	KR US	Kroger Co/The	ACI US	Albertsons Cos Inc	25.4	Mar-24
11-Dec-23	OXY US	Occidental Petroleum Corp	0754348D US	CrownRock LP	12.0	Mar-24
1-Nov-23	AME US	AMETEK Inc	1829130D US	ASP Navigate Acquisition Corp	1.9	Mar-24
12-Feb-24	GILD US	Gilead Sciences Inc	CBAY US	Cymabay Therapeutics Inc	3.2	Mar-24
26-Jun-23	UNH US	UnitedHealth Group Inc	AMED US	Amedisys Inc	3.7	Jun-24
9-Feb-24	OC US	Owens Corning	DOOR US	Masonite International Corp	3.8	Jun-24
5-Feb-24	MRK US	Merck & Co Inc	n.a.	Aqua Business/Elanco Animal He	1.3	Jun-24
18-Dec-23	IBM US	International Business Machine	3208542Q US, 1649684D US	Software AG USA Inc, Streamsets Inc/CA	2.1	Jun-24
13-Jun-23	BG US	Bunge Global SA	1882583D NA	Viterra Ltd	17.8	Jun-24
12-Sep-23	SKG LN	Smurfit Kappa Group PLC	WRK US	Westrock Co	20.9	Jun-24
17-Oct-23	TMO US	Thermo Fisher Scientific Inc	OLK US	Olink Holding AB	3.1	Jun-24
8-Jan-24	BSX US	Boston Scientific Corp	AXNX US	Axonics Inc	3.3	Jun-24
18-Jan-24	1928 JP	Sekisui House Ltd	MDC US	MDC Holdings Inc	4.4	Jun-24
30-Jan-24	APH US	Amphenol Corp	0941185D US	Carlisle Interconnect Technolo	2.0	Jun-24
23-Jan-24	SAN FP	Sanofi SA	INBX US	Inhibrx Inc	1.3	Jun-24
9-Feb-24	OC US	Owens Corning	DOOR US	Masonite International Corp	3.8	Jun-24
14-Nov-23	GLEN LN	Glencore PLC	2226102D CN	Elk Valley Resources Ltd	6.9	Sep-24
8-Dec-23	HON US	Honeywell International Inc	n.a.	Global Access Solutions Busine	5.0	Sep-24
12-Jan-24	BLK US	BlackRock Inc	1013340Z US	Global Infrastructure Manageme	12.6	Sep-24
18-Dec-23	5401 JP	Nippon Steel Corp	X US	United States Steel Corp	13.4	Sep-24
5-Feb-24	NOVOB DC	Novo Nordisk A/S	n.a.	Manufacturing sites	11.0	Dec-24
5-Feb-24	3651071Z DC	Novo Holdings A/S	CTLT US	Catalent Inc	16.2	Dec-24
12-Feb-24	FANG US	Diamondback Energy Inc	554755Z US	Endeavor Energy Resources LP	25.9	Dec-24
26-Feb-24	CRH US	CRH PLC	ABC AU	Adbri Ltd	1.9	Dec-24
12-Feb-24	MLM US	Martin Marietta Materials Inc	n.a.	20 active aggregates operation	2.1	Dec-24
9-Jan-24	HPE US	Hewlett Packard Enterprise Co	JNPR US	Juniper Networks Inc	13.1	Jun-25
31-Jan-24	20210Z US	Health Care Service Corp A Mut	n.a.	Cigna Group	3.3	Jun-25
15-Jan-22	4614Z US	Mars Inc	1618192D US	NomNomNow Inc	1.0	n.a.
13-Sep-23	TMUS US	T-Mobile US Inc	n.a.	600MHz spectrum/Comcast Corp	3.3	n.a.
25-Oct-23	STLA US	Stellantis NV	9863 HK	Zhejiang Leapmotor Technology	8.5	n.a.
31-Jan-24	CAH US	Cardinal Health Inc	1854070D US	Specialty Networks LLC	1.2	n.a.
20-Feb-24	WMT US	Walmart Inc	VZIO US	Vizio Holding Corp	2.3	n.a.

Source: BofA Global Research, Bloomberg

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[Situation Room: IG technicals: down but not out](#)

Flows

Strong inflows to HG funds

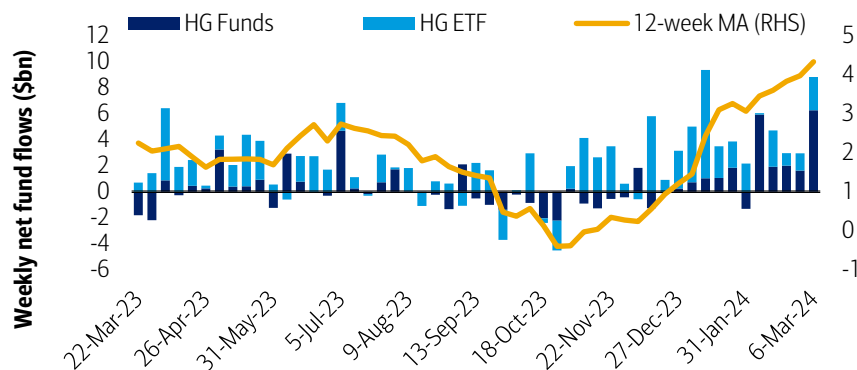
Inflows to US HG bond funds and ETFs accelerated this past week ending on March 6 with a +\$8.81bn inflow, from +\$2.94bn in the prior week. A historically high share of this inflow came from HG funds (to +\$6.25bn, the strongest weekly inflow since February 2021, from +\$1.62bn the prior week) as opposed to HG ETFs (to +\$2.56bn from +\$1.33bn). This matters because only about half of funds by AUM report flows weekly, compared to 100% for ETFs. As a result, a larger share of flows coming from funds likely suggests a bigger underlying inflow for the full universe. Short-term HG flows remained near flat (to +\$0.37bn from +\$0.15bn), while inflows were strong ex. short-term (to +\$8.44bn from +\$2.80bn).

Loan flows stay strong

This past week strong inflows to loans continued at +\$0.56bn from +\$0.61bn the prior week. On the other hand, while flows to HY turned positive (to +\$0.93bn from -\$0.89bn), flows to equities turned close to flat (to +\$0.47bn, from +\$7.66bn). Inflows to munis accelerated (to +\$0.48bn from +\$0.27bn), and so did outflows from global EM bonds (to -\$1.01bn from -\$0.42bn). Finally, money markets reported a -\$1.74bn outflow this past week, following a +\$53.97bn inflow a week earlier.

Exhibit 35: Weekly high grade fund flows, \$bn

HG ETF +\$2.56bn, HG Funds +\$6.25

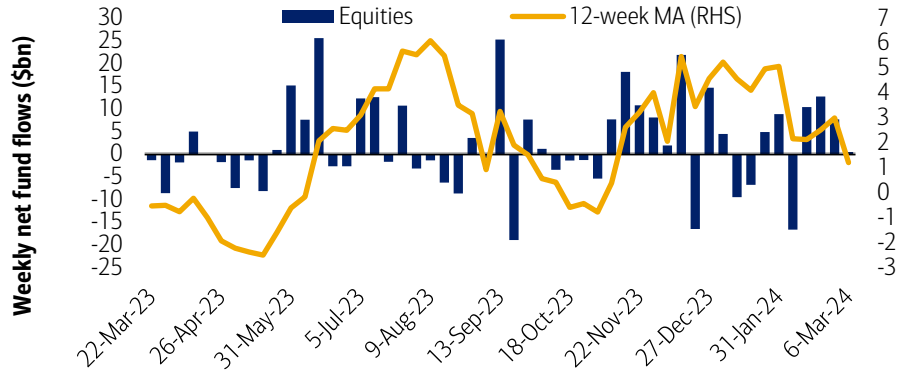


Source: EPFR Global. Note: data are for US-domiciled funds only.

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Exhibit 36: Weekly equity fund flows, \$bn

Equities +\$0.47bn



EPFR Global. Note: data are for US-domiciled funds only.

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Exhibit 37: Fund flows summary

YTD fund flows summary by asset class

Asset class	Last week (% of AUM for weekly reporting funds/ETFs)	YTD (% of AUM for all funds/ETFs)	YTD (\$bn)
High grade: total	0.41%	1.6%	64.4
High grade: ex short-term	0.52%	2.0%	64.9
High yield: total	0.36%	1.5%	5.5
High yield: ETFs only	0.48%	1.6%	1.2
Loans	0.63%	2.0%	2.4
EM	-0.22%	-0.7%	-4.5
Munis	0.09%	0.6%	5.7
All fixed income	0.29%	1.3%	86.0
Money markets	-0.03%	2.3%	149.0
Equities	0.00%	0.0%	9.0

Note: Last week flow as % of AUM is based on AUM for weekly reporting funds / ETFs only. YTD flow as % of AUM is based on AUM for the full fund/ETF universe as of December 31 2020.

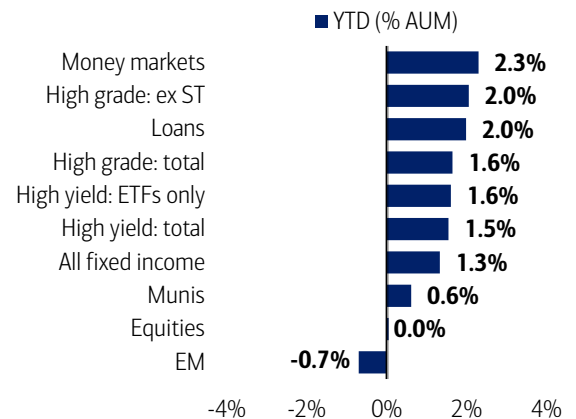
Global EM funds, US-domiciled funds only for other fund types.

Source: EPFR Global, BofA Global Research

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Exhibit 38: Year to date fund flows, % of AUM

EM has had the biggest outflows so far in 2023.



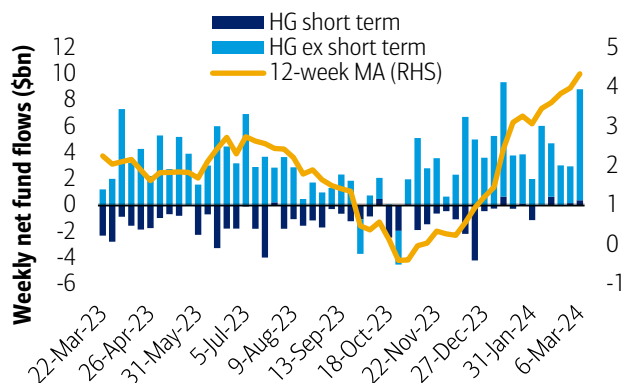
Note: Global EM funds, US-domiciled funds only for other fund types.

Source: EPFR Global, BofA Global Research

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Exhibit 39: Weekly high grade fund flows, \$bn

HG short-term +\$0.37bn, HG ex short-term +\$8.44

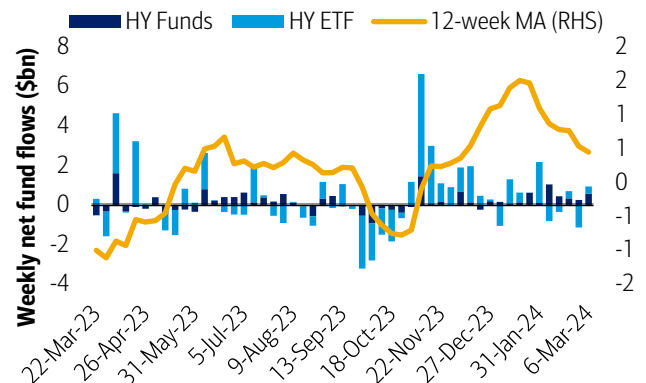


EPFR Global. Note: data are for US-domiciled funds only.

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Exhibit 40: Weekly high yield fund flows, \$bn

HY ETFs +\$0.36bn, HY funds +\$0.57

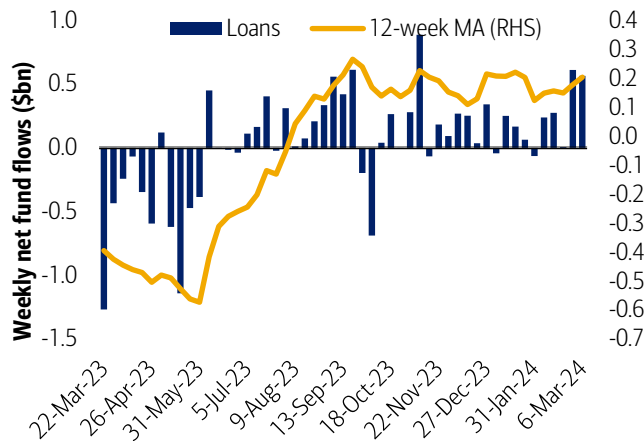


EPFR Global. Note: data are for US-domiciled funds only.

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Exhibit 41: Weekly loan fund flows, \$bn

Leveraged loans +\$0.56bn

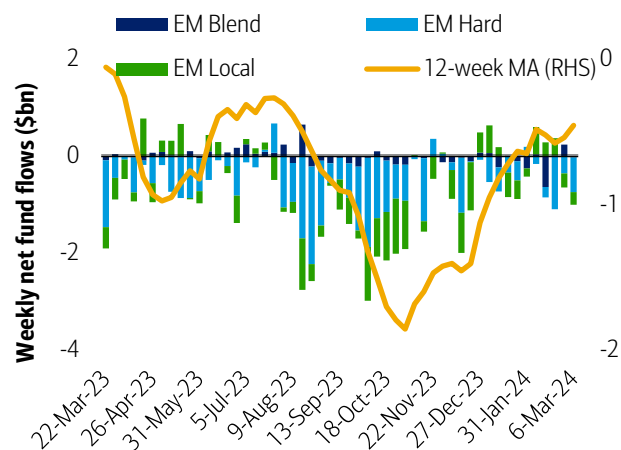


EPFR Global. Note: data are for US-domiciled funds only.

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Exhibit 42: Weekly EM fund flows, \$bn

Global EM bonds -\$1.01bn

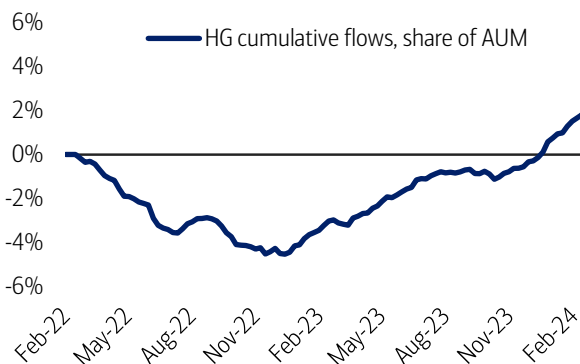


EPFR Global. Note: data are for US-domiciled funds only.

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Exhibit 43: Cumulative % flows in HG over the last 2 years

Following large outflows in 2022, HG flows turn positive in 2023

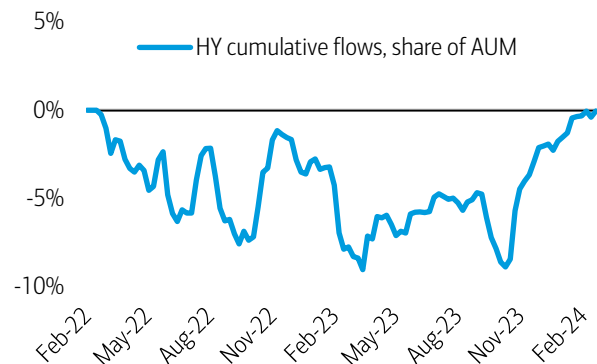


Source: EPFR Global, BofA Global Research

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Exhibit 44: Cumulative % flows in HY over the last 2 years

2022 and 2023 have seen consequent outflows in HY

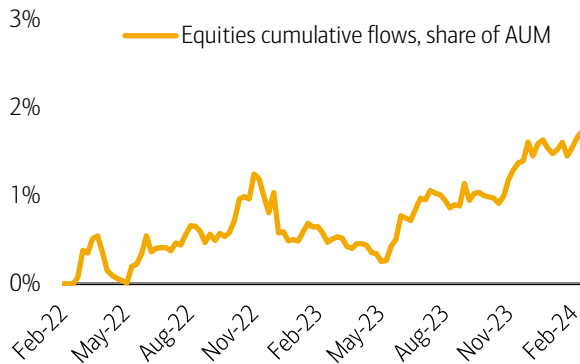


Source: EPFR Global, BofA Global Research

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Exhibit 45: Cumulative % flows in equities over the last 2 years

Flows moderate in equities after two years of inflows

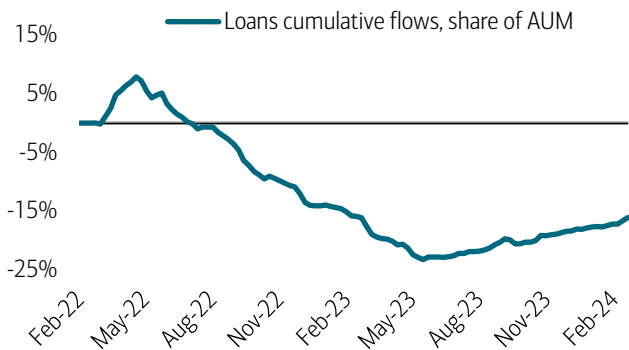


Source: EPFR Global, BofA Global Research

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Exhibit 46: Cumulative % flows in loans over the last 2 years

After large inflows until mid-2021, loans subject to large outflows ever since



Source: EPFR Global, BofA Global Research

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Appendix: defining high grade

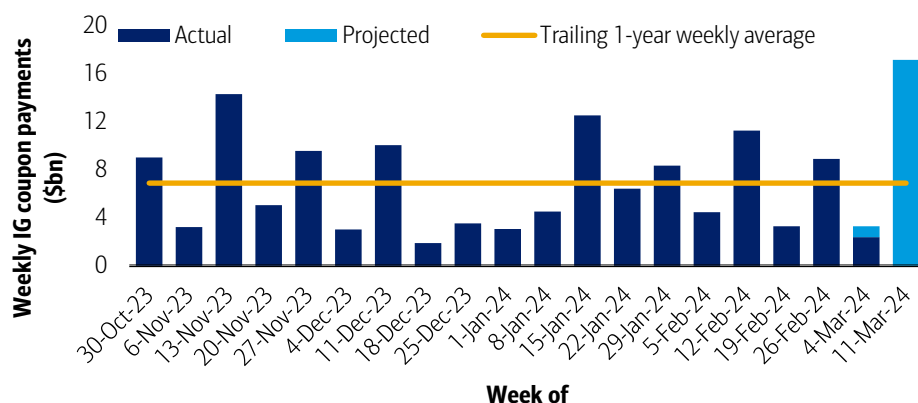
We define our high grade flows metric as a combination of “bond” and “corporate bond” fixed income funds and ETFs domiciled in the US (and investing in any currency, although the majority is invested in USD). We also exclude funds primarily focused on Government, HY, EM and MBS from the sample. The “bond” category refers to the broad high grade market, which includes Treasuries, mortgages and agencies in addition to corporate bonds. This category accounts for the majority of AUM and flows. On the other hand the dedicated corporate bond funds and ETFs are much smaller in terms of assets under management. We also include the “total return” bond category in our tracking of high grade flows. Finally note that “short-term” maturity refers to duration of 0 to 4 years.

Weekly technicals

The US IG corporate bond market is expected to generate \$17.2bn in coupon payments next week, above the trailing 1-year weekly average of \$6.9bn (Exhibit 47). In addition, \$0.7bn of calls and \$3.3bn of tender offer were settled and paid this week, while \$1.4bn of calls are expected to become effective next week. Bond maturities: \$15.8bn this week, \$36.3bn next week.

Exhibit 47: Weekly US IG coupon payments

Expect \$17.2bn of coupon payments next week, above the \$6.9bn trailing 1-year weekly average.



Source: ICE Data Indices, LLC, BofA Global Research

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Supply

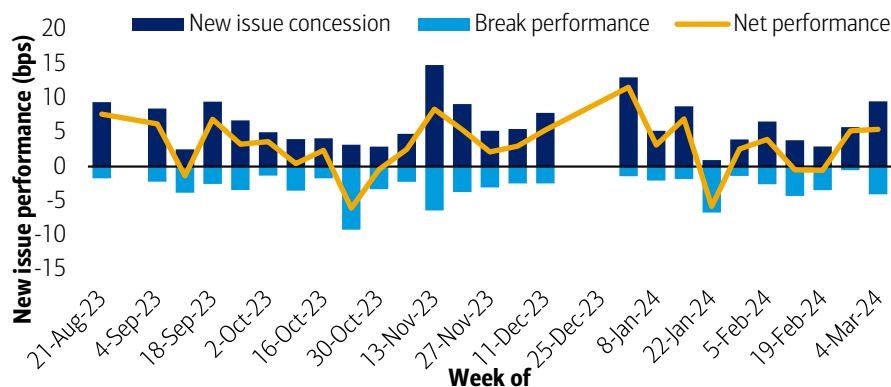
US IG gross issuance totaled \$51.5bn this week, consisted of \$27.3bn financials, \$12.0bn high-quality industrials and \$12.3bn BBB industrials. Given \$51.5bn of gross issuance, \$24.8bn of maturities and \$3.8bn of additional redemptions, net issuance is tracking \$22.9bn MTD. We look for issuance to slow next week to \$35 – 40bn, below the typical issuance of about \$50bn for the second week of March. The pace of issuance should slow due to the CPI on Tuesday and our expectations that deals pulled forward into February from March.

New issue performance weakened modestly this week. The average new issue concession increased to 9.5bps from 5.7bps last week, while the average break performance tightened to 4.1bps tighter this week from 0.4bps tighter last week. As a result, the overall new issue performance, which we measure as new issue concession plus break performance, widened to 5.4bps this week from 5.2bps wider last week (Figure 42). This week's new issues are trading 3.0bps tighter on average from pricing.



Exhibit 48: Weekly new issue supply performance

For the week of Mar 4 2024: new issue concession = 9.5bps; break performance = -4.1bps; net performance = 5.4bps.

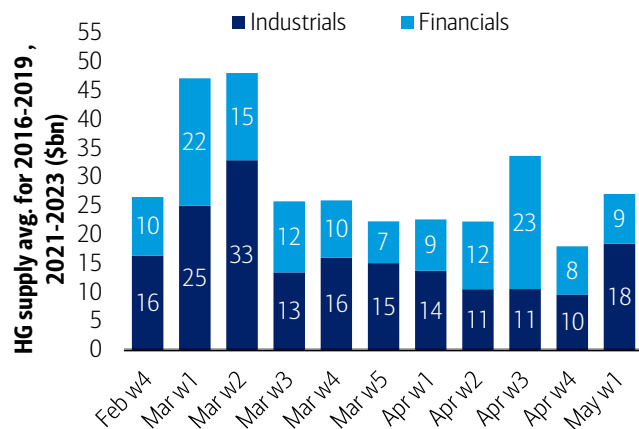


Source: BofA Global Research

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Exhibit 49: Weekly Supply seasonality

Supply volumes pick tend to slow after the 2nd week of March.

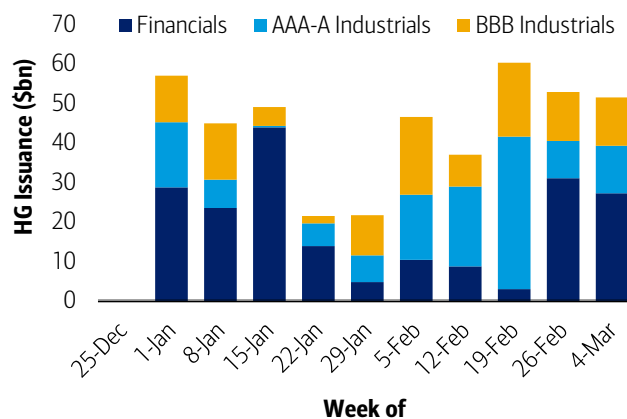


Source: Bloomberg, BofA Global Research

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Exhibit 50: Weekly Supply

This week's supply consisted of \$27.3bn financials, \$12.0bn high-quality industrials and \$12.3bn BBB industrials.

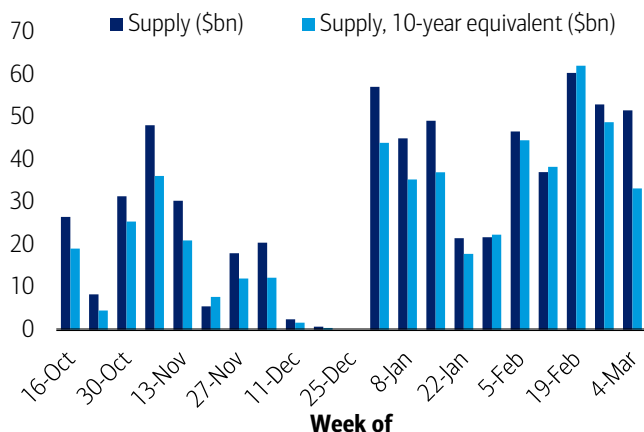


Bloomberg, BofA Global Research

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Exhibit 51: Weekly gross and 10-year equivalent supply volumes

10-year equivalent supply = \$33.2bn WTD

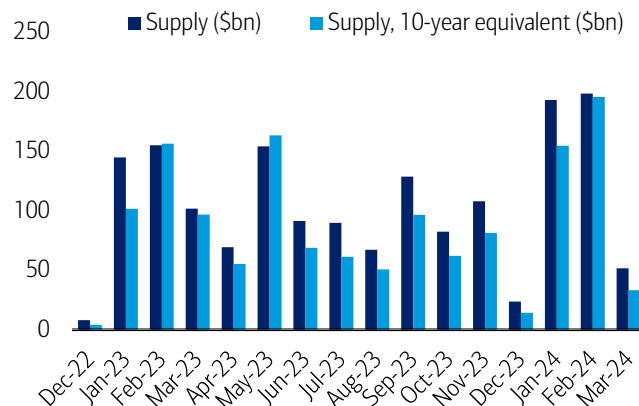


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Exhibit 52: Monthly gross and 10-year equivalent supply volumes

10-year equivalent supply = \$33.2bn in March



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Exhibit 53: Recent new issue pricing and new issue concessions

List of new issues in the IG corporate bond market today along with performance metrics.

Date	Ticker	Name	Tenor	Size (\$mm)	Moody's/S&P Rating	Coupon (%)	Px Spread (bps)	New Issue Conc. (bps)	* Break performance	Current spread (bps)
2024-03-04	ACAFP	Credit Agricole SA	3	600	Aa3/A+	FRN	n.a.	n.a.	n.a.	84
2024-03-04	ACAFP	Credit Agricole SA	3	1,000	Aa3/A+	5.134	n.a.	n.a.	n.a.	74
2024-03-04	ACAFP	Credit Agricole SA	10	750	Aa3/A+	5.365	n.a.	n.a.	n.a.	116
2024-03-04	AMT	American Tower Corp	5	650	Baa3/BBB-	5.2	107	n.a.	n.a.	107
2024-03-04	AMT	American Tower Corp	10	650	Baa3/BBB-	5.45	132	n.a.	n.a.	134
2024-03-04	BCOCPE	Banco BBVA Peru SA	10	300	Baa1/BBB	6.2	n.a.	n.a.	n.a.	613
2024-03-04	CB	Chubb INA Holdings Inc	10	1,000	A3/A	5	82	n.a.	n.a.	n.a.
2024-03-04	CBAAU	Commonwealth Bank of Australia	10	1,250	Baa1/BBB+	5.837	162	n.a.	n.a.	160
2024-03-04	DE	John Deere Capital Corp	2	750	A1/A	FRN	SOFR+44	n.a.	n.a.	n.a.
2024-03-04	DE	John Deere Capital Corp	2	450	A1/A	4.95	37	12	n.a.	n.a.
2024-03-04	DE	John Deere Capital Corp	3	550	A1/A	4.85	50	11	n.a.	100
2024-03-04	DE	John Deere Capital Corp	7	850	A1/A	4.9	70	10	n.a.	70
2024-03-04	DELL	Dell International LLC / EMC Corp	10	1,000	Baa2/BBB	5.4	120	11	n.a.	125
2024-03-04	EFNCN	Element Fleet Management Corp	3	750	NA/BBB+	5.643	125	n.a.	n.a.	119
2024-03-04	ETR	Entergy Louisiana LLC	10	500	A2/A	5.35	115	n.a.	n.a.	117
2024-03-04	ETR	Entergy Louisiana LLC	30	700	A2/A	5.7	135	n.a.	n.a.	136
2024-03-04	KDP	Keurig Dr Pepper Inc	3	350	Baa1/BBB	FRN	SOFR+88	n.a.	n.a.	n.a.
2024-03-04	KDP	Keurig Dr Pepper Inc	3	750	Baa1/BBB	5.1	75	n.a.	n.a.	n.a.
2024-03-04	KDP	Keurig Dr Pepper Inc	5	750	Baa1/BBB	5.05	90	-3	n.a.	92
2024-03-04	KDP	Keurig Dr Pepper Inc	7	500	Baa1/BBB	5.2	100	n.a.	n.a.	102
2024-03-04	KDP	Keurig Dr Pepper Inc	10	650	Baa1/BBB	5.3	110	12	n.a.	112
2024-03-04	LNT	Wisconsin Power and Light Co	10	300	Baa1/A	5.375	118	n.a.	n.a.	117
2024-03-04	NEM	Newmont Corp / Newcrest Finance Pty Ltd	2	1,000	Baa1/BBB+	5.3	95	n.a.	n.a.	n.a.
2024-03-04	NEM	Newmont Corp / Newcrest Finance Pty Ltd	10	1,000	Baa1/BBB+	5.35	117	n.a.	n.a.	110
2024-03-04	ROSW	Roche Holdings Inc	5	875	Aa2/AA	4.79	58	0	n.a.	n.a.
2024-03-04	ROSW	Roche Holdings Inc	7	750	Aa2/AA	4.909	68	5	-3	66
2024-03-04	ROSW	Roche Holdings Inc	10	1,250	Aa2/AA	4.985	77	7	-3	77
2024-03-04	ROSW	Roche Holdings Inc	30	1,000	Aa2/AA	5.218	87	4	-3	86
2024-03-04	SIXSLP	Sixth Street Lending Partners	5	600	Baa3/NA	6.5	255	n.a.	n.a.	n.a.
2024-03-05	BACR	Barclays PLC	4NC3	500	Baa1/BBB+	FRN	SOFR+149	n.a.	n.a.	n.a.
2024-03-05	BACR	Barclays PLC	4NC3	1,250	Baa1/BBB+	22.365	135	3	-1	126
2024-03-05	BACR	Barclays PLC	6NC5	2,000	Baa1/BBB+	24.365	155	n.a.	-1	146
2024-03-05	BACR	Barclays PLC	31NC30	750	Baa1/BBB+	25.365	175	n.a.	-6	159
2024-03-05	BBVASM	Banco Bilbao Vizcaya Argentaria SA	5	1,000	A3/A	20.365	125	n.a.	n.a.	117
2024-03-05	BBVASM	Banco Bilbao Vizcaya Argentaria SA	11NC10	1,000	A3/A	21.365	190	n.a.	n.a.	181
2024-03-05	BLK	BlackRock Funding Inc	5	500	Aa3/AA-	7.365	60	17	n.a.	53
2024-03-05	BLK	BlackRock Funding Inc	10	1,000	Aa3/AA-	8.365	88	14	n.a.	83
2024-03-05	BLK	BlackRock Funding Inc	30	1,500	Aa3/AA-	9.365	105	n.a.	n.a.	94
2024-03-05	F	Ford Motor Credit Co LLC	5	1,600	Ba1/BBB-	10.365	168	3	n.a.	163
2024-03-05	F	Ford Motor Credit Co LLC	10	900	Ba1/BBB-	11.365	200	16	n.a.	197
2024-03-05	HRL	Hormel Foods Corp	3	500	A1/A-	18.365	50	n.a.	0	50
2024-03-05	JPM	JPMorgan Chase & Co	PERP NC5	2,500	Baa2/BBB+	6.365	n.a.	n.a.	n.a.	249
2024-03-05	LNG	Cheniere Energy Inc	10	1,500	Baa3/BBB-	19.365	153	n.a.	n.a.	n.a.
2024-03-05	MCHP	Microchip Technology Inc	5	1,000	Baa1/BBB	16.365	95	n.a.	n.a.	88
2024-03-05	MGCN	Magna International Inc	5	400	A3/A-	17.365	95	n.a.	n.a.	89
2024-03-05	NESNVX	Nestle Capital Corp	5	600	Aa3/AA-	12.365	55	n.a.	n.a.	53
2024-03-05	NESNVX	Nestle Capital Corp	7	450	Aa3/AA-	13.365	65	16	n.a.	n.a.
2024-03-05	NESNVX	Nestle Capital Corp	10	800	Aa3/AA-	14.365	75	14	n.a.	n.a.
2024-03-05	NESNVX	Nestle Capital Corp	30	650	Aa3/AA-	15.365	85	16	n.a.	84
2024-03-06	AES	AES Andes SA	5	500	Baa3/BBB-	25.365	220	n.a.	n.a.	n.a.
2024-03-06	GSBD	Goldman Sachs BDC Inc	3	400	Baa3/NA	25.365	220	n.a.	n.a.	196
2024-03-06	LAZ	Lazard Group LLC	7	400	Baa3/BBB+	25.365	190	n.a.	n.a.	179
2024-03-06	PRU	Prudential Financial Inc	30NC10	1,000	Baa1/BBB+	25.365	n.a.	n.a.	n.a.	233
2024-03-07	AES	Indianapolis Power & Light Co	30	650	A2/A-	32.365	147	n.a.	n.a.	146
2024-03-07	BK	Bank of New York Mellon/The	2NC1	500	Aa2/AA-	FRN	SOFR+45	n.a.	n.a.	n.a.
2024-03-07	BK	Bank of New York Mellon Corp/The	6NC5	1,000	A1/A	30.365	90	8	-5	85
2024-03-07	BK	Bank of New York Mellon Corp/The	11NC10	1,000	A1/A	31.365	110	8	n.a.	109
2024-03-07	CABKSM	CaixaBank SA	6NC5	1,000	Baa3/BBB	33.365	160	n.a.	-4	158
2024-03-07	CABKSM	CaixaBank SA	11NC10	1,000	Baa3/BBB	34.365	195	16	-7	188
2024-03-07	ESS	Essex Portfolio LP	10	350	Baa1/BBB+	28.365	142	n.a.	n.a.	n.a.
2024-03-07	SWEDA	Swedbank AB	5	750	Baa1/A-	35.365	133	n.a.	n.a.	133
2024-03-07	VICI	VICI Properties LP	10	550	Ba1/BBB-	26.365	175	n.a.	-7	170
2024-03-07	VICI	VICI Properties LP	30	500	Ba1/BBB-	27.365	200	n.a.	-13	190

Source: BofA Global Research, Bloomberg

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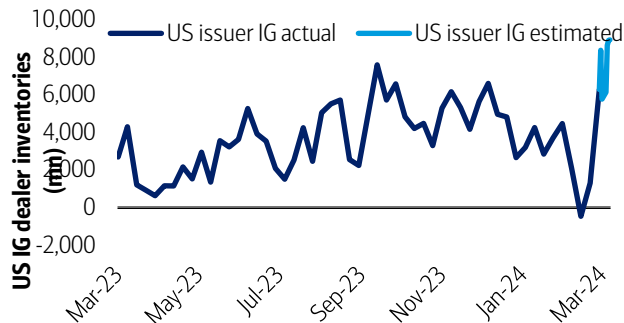
Dealer inventories

Below we estimate dealer inventories for the IG corporate bonds based on TRACE data.

The actual inventories of US issuer bonds based on NY Fed survey, as well as the estimated change since the latest Fed report are plotted in Exhibit 54 and Exhibit 55. We estimate the corresponding DV01 equivalent in Exhibit 55. More details by sector and maturity are available in Exhibit 56 and Exhibit 57. Finally, note that the data for the current date is through about 4:40 p.m. Eastern Standard Time.

Exhibit 54: Estimated dealer inventories of IG corporate bonds.

We estimate IG dealer inventories of US issuer bonds increased to \$8.9bn currently from \$6.3bn on Feb-28.



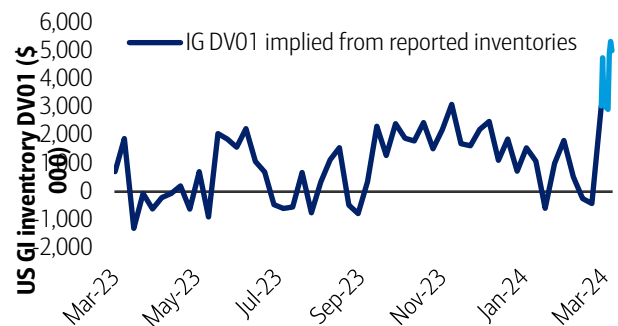
Note: data for US issuer bonds only, maturities 13M or longer. Actual dealer inventory data is from Primary Dealer Statistics survey by the NY Fed. The subsequent change in inventory is estimated based on TRACE.

Source: BofA Global Research, FINRA, TRACE, Federal Reserve

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Exhibit 55: Estimated dealer inventory DV01 for IG corporate bonds.

We estimate IG dealer inventory DV01 of US issuer bonds increased to \$5.0mn currently from \$3.0bn on Feb-28.



Note: data for US issuer bonds only, maturities 13M or longer. Actual dealer inventory data is from Primary Dealer Statistics survey by the NY Fed. The subsequent change in inventory is estimated based on TRACE.

Source: BofA Global Research, FINRA, TRACE, Federal Reserve

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Exhibit 56: Estimated changes in IG dealer inventories by maturity and broad sector.

We estimate IG dealer inventories increased \$135mn today and increased \$377mn over the prior week.

Sector	Net dealer buy (\$mn)					Net dealer DV01 change (\$thousand)					Trading volumes on 7-Mar-24 (\$mn)			
	7-Mar	6-Mar	1 W	2 W	4 W	7-Mar	6-Mar	1 W	2 W	4 W	Buy	Sell	Dealer	Total
High grade (13M+)	135	142	377	9,947	15,080	-518	248	-334	5,297	8,484	13,038	12,903	9,418	35,359
<3yr	182	234	182	2,474	3,418	45	28	14	323	471	2,311	2,130	1,483	5,924
3-5yr	418	-42	556	2,412	3,095	120	-4	176	840	1,024	2,423	2,006	1,847	6,276
5-11yr	-101	-564	-671	1,365	2,267	-112	-377	-554	546	985	4,690	4,791	3,542	13,024
11+yr	-364	515	309	3,695	6,300	-571	602	31	3,589	6,003	3,613	3,976	2,546	10,135
Fin	535	70	-54	4,902	4,498	71	69	-40	2,315	2,186	5,943	5,409	3,616	14,968
Non-Fin	-400	73	431	5,044	10,582	-589	179	-294	2,982	6,298	7,094	7,494	5,802	20,391
Fixed	150	127	465	9,808	14,981	-534	189	-449	5,219	8,428	12,799	12,649	9,359	34,807
Floating	-15	15	-88	138	99	15	59	115	78	55	239	254	59	552
US issuers	25	268	540	7,625	11,893	-332	427	239	4,473	7,089	9,970	9,945	7,705	27,620
DM Yankees	114	-173	-257	1,949	2,219	-129	-237	-637	517	717	2,711	2,597	1,610	6,917
EM Yankees	-5	47	94	373	968	-57	58	63	308	677	357	361	103	821

Note: data for maturities 13M or longer. Changes in inventories are estimated based on TRACE.

Source: BofA Global Research, FINRA, TRACE.

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Exhibit 57: Estimated changes in IG dealer inventories by sector.

We estimate today IG dealer inventories increased \$185mn for Banks/Brokers and declined -\$122mn for Energy.

Sector	Net dealer buy (\$mn)					Net dealer DV01 change (\$thousand)					Trading volumes on 7-Mar-24 (\$mn)			
	7-Mar	6-Mar	1 W	2 W	4 W	7-Mar	6-Mar	1 W	2 W	4 W	Buy	Sell	Dealer	Total
Aerospace/Defense	-27	-7	-177	-147	262	-43	-26	-214	-105	56	205	232	153	591
Automobiles	-45	18	110	502	815	-13	-10	-10	135	334	300	345	339	985
Banks/Brokers	185	-79	-656	3,086	2,884	-88	-30	-427	1,117	728	4,041	3,855	2,551	10,447
Basic Materials	78	74	211	449	874	43	88	181	242	539	405	327	273	1,005
Commercial Services	-52	-2	-7	-189	-145	-40	-5	-7	-39	37	185	237	159	582
Energy	-122	-179	72	1,110	1,352	-165	-192	-179	502	778	577	699	684	1,960
Finance	136	-38	126	462	432	79	-5	112	354	367	997	860	537	2,394
Food, Bev, & Bottling	-103	76	271	608	996	-124	90	134	447	733	383	486	320	1,190
Health Care	-122	-66	-317	50	444	-125	-35	-292	-286	-394	1,407	1,529	1,248	4,184
Industrial Products	-60	-51	-155	-278	516	-83	-45	-161	-236	369	257	317	224	798
Insurance	115	68	245	567	984	60	34	212	468	1,028	474	359	267	1,100
Media & Entertainment	-13	24	238	990	608	-13	96	272	833	321	400	413	384	1,197
REITs	98	118	230	787	199	20	70	63	376	63	432	334	261	1,027
Retail	-14	-63	54	15	191	-65	-48	18	68	249	272	286	283	841
Technology	-52	96	-162	567	991	-31	148	-124	406	547	882	934	703	2,519
Telecom	61	34	91	-326	287	46	25	48	-180	206	451	390	196	1,036
Tobacco	-41	46	-87	-26	307	-49	63	-13	-7	156	109	150	124	383
Transportation	70	0	137	300	577	55	-17	103	207	531	200	130	101	431
Utilities	81	55	219	1,443	2,401	48	3	-9	1,067	1,799	922	840	468	2,230
Other	-39	17	-66	-25	105	-31	45	-41	-72	35	139	179	142	460

Note: data for maturities 13M or longer. Changes in inventories are estimated based on TRACE.

Source: BofA Global Research, FINRA, TRACE.

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Common abbreviations:

IG: Investment Grade

HG: High Grade

LQD: iShares iBoxx \$ Investment Grade Corporate Bond ETF

DV01: Dollar value of a basis point

CDX IG: The Markit CDX North America Investment Grade Index

CDX HY: Markit CDX North America High Yield Index

ECB: European Central Bank

QE: Quantitative Easing

CSPP: corporate sector purchase programme

CPI: Consumer Price Index

FOMC: The Federal Open Market Committee

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