

Situation Room

Record inflows to stocks

Inflows to HG moderate

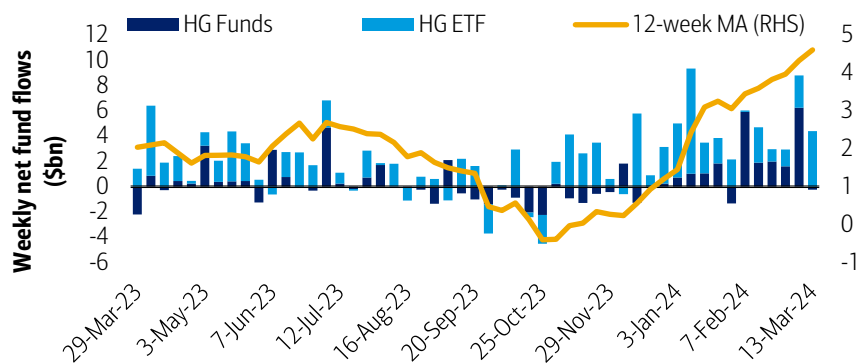
Flows to US HG bond funds and ETFs moderated this past week ending on March 13 with a +4.17bn inflow, down from +\$8.81bn in the prior week. This week's inflow was exclusively due to HG ETFs (to +\$4.40bn from +\$2.56bn the prior week), while flows turned slightly negative for HG funds (to -\$0.24bn from +\$6.25bn). Short-term HG flows turned negative (to -\$1.07bn from +\$0.37bn), while inflows continued ex. short-term (to +\$5.23bn from +\$8.44bn).

Record inflows to stocks

The \$54.26bn inflow into equities this past week was the strongest weekly inflow since March 2021, from +\$0.47bn the prior week. On the other hand, flows were near flat for HY (to +\$0.30bn from +\$0.93bn) and for global EM bonds (to -\$0.25bn from -\$1.01bn). Inflows to munis continued this past week (to +\$0.52bn from +\$0.48bn) while they moderated for loans (to +\$0.35bn from +\$0.56bn). Finally, money markets reported a +\$37.09bn inflow this past week, following a -\$1.74bn outflow a week earlier.

Figure 1: Weekly high grade fund flows, \$bn

HG ETF +\$4.40bn, HG Funds -\$0.24



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

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14 March 2024

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United States
Cross Product

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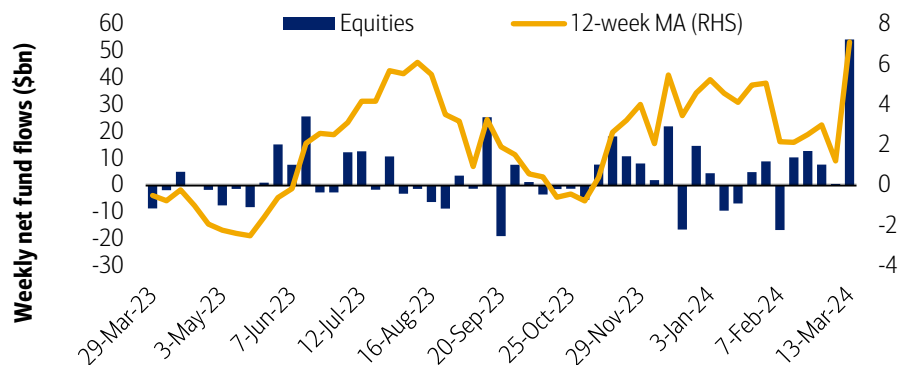
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Timestamp: 14 March 2024 06:48PM EDT

Figure 2: Weekly equity fund flows, \$bn

Equities +\$54.26bn



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

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Figure 3: 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	0.19%	1.7%	68.6
High grade: ex short-term	0.32%	2.2%	70.1
High yield: total	0.11%	1.6%	5.8
High yield: ETFs only	-0.21%	1.4%	1.0
Loans	0.39%	2.3%	2.8
EM	-0.05%	-0.7%	-4.8
Munis	0.09%	0.7%	6.2
All fixed income	0.14%	1.4%	91.2
Money markets	0.56%	2.9%	186.1
Equities	0.47%	0.3%	63.3

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.

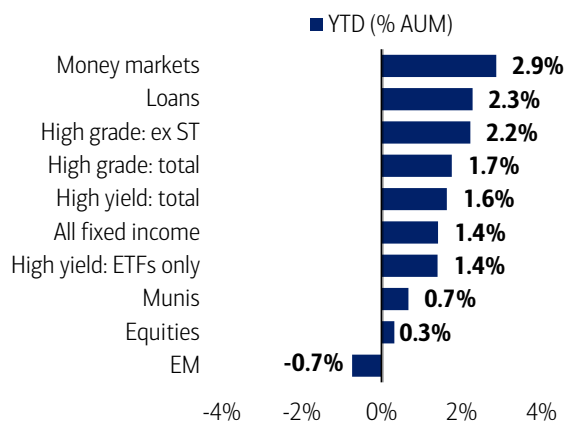
Global EM funds, US-domiciled funds only for other fund types.

Source: EPFR Global, BofA Global Research

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Figure 4: Year to date fund flows, % of AUM

EM has had the biggest outflows so far in 2023.



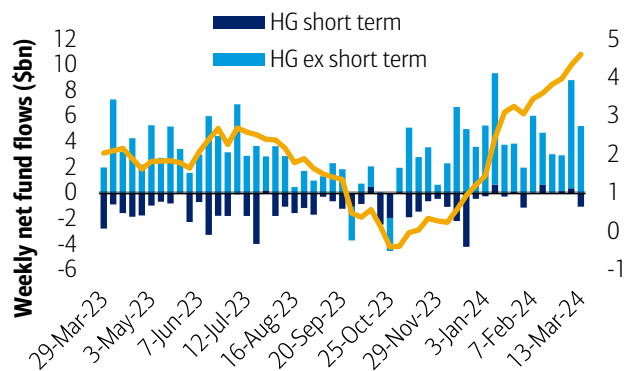
Note: Global EM funds, US-domiciled funds only for other fund types.

Source: EPFR Global, BofA Global Research

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Figure 5: Weekly high grade fund flows, \$bn

HG short-term -\$1.07bn, HG ex short-term +\$5.23

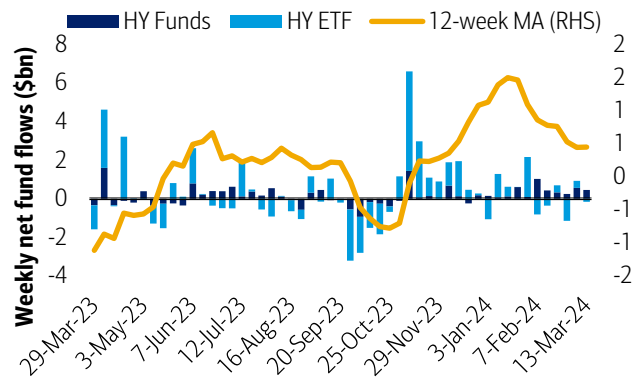


EPFR Global. Note: data are for US-domiciled funds only.

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Figure 6: Weekly high yield fund flows, \$bn

HY ETFs -\$0.16bn, HY funds +\$0.46

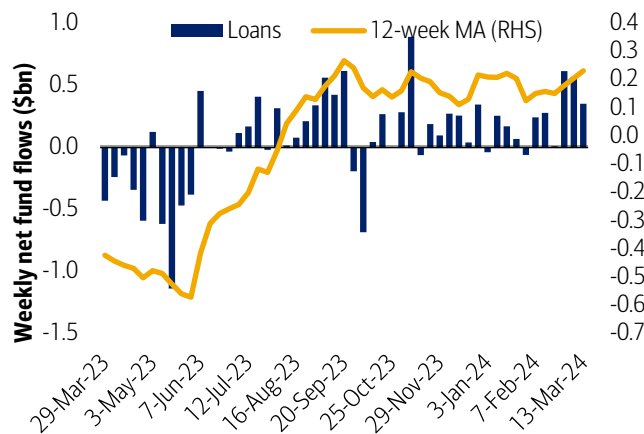


EPFR Global. Note: data are for US-domiciled funds only.

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Figure 7: Weekly loan fund flows, \$bn

Leveraged loans +\$0.35bn

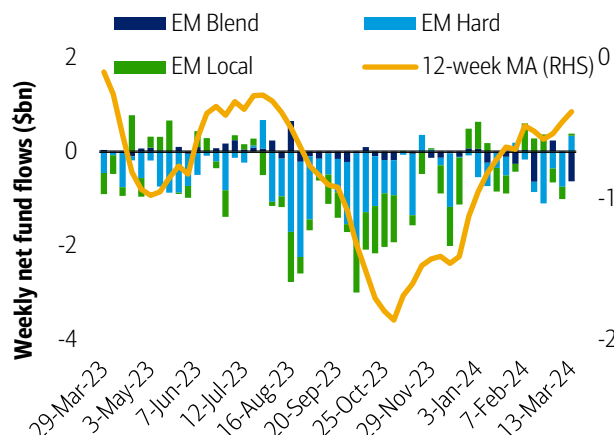


EPFR Global. Note: data are for US-domiciled funds only.

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Figure 8: Weekly EM fund flows, \$bn

Global EM bonds -\$0.25bn

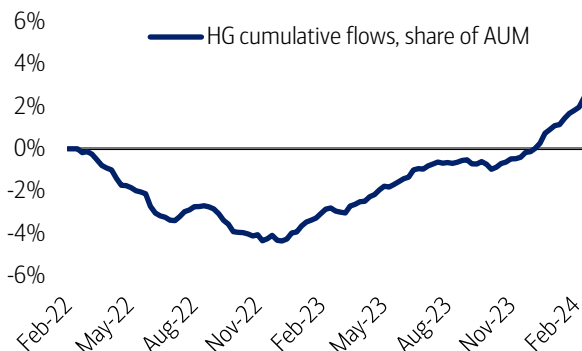


EPFR Global. Note: data are for US-domiciled funds only.

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Figure 9: Cumulative % flows in HG over the last 2 years

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

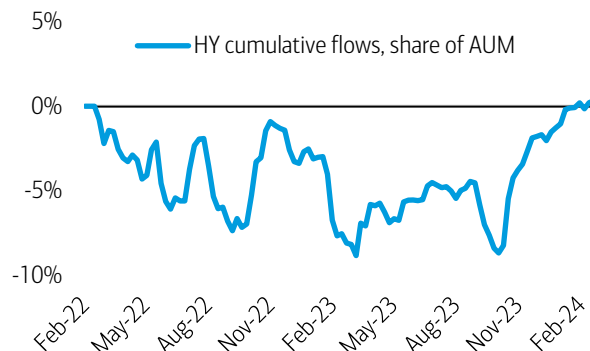


Source: EPFR Global, BofA Global Research

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Figure 10: Cumulative % flows in HY over the last 2 years

2022 and 2023 have seen consequent outflows in HY

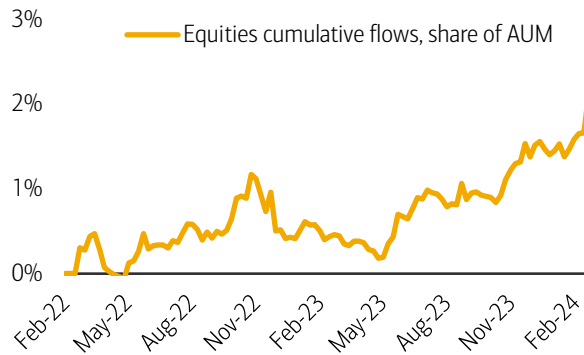


Source: EPFR Global, BofA Global Research

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Figure 11: Cumulative % flows in equities over the last 2 years

Flows moderate in equities after two years of inflows

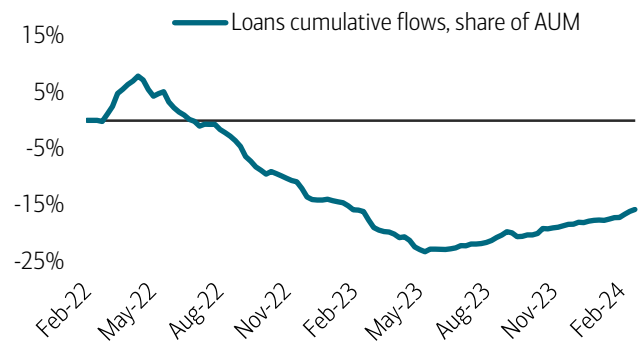


Source: EPFR Global, BofA Global Research

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Figure 12: 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.

Daily credit snapshot

US IG issuance totaled \$6.1bn across 3 deals today, \$37.1bn WTD and \$89.1bn MTD. The average new issue concession was 0.7bps today from 4.0bps yesterday, while the average break performance was 4.3bps tighter today from 5.0bps tighter yesterday. This week's new issues are trading 2.0bps tighter on average from pricing.

S&P 500 closed -0.29%, 10-year Treasury yields +10bps, CDX IG +1.2bps, CDX HY - \$0.33pts, and cash bond spreads quoted from Unched to +1bps today, LQD closed 1.16bps tighter today.

Exhibit 1: 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)
2024-03-11	AEP	AEP Transmission Co LLC	10	450	A2/BBB+	5.15	105	n.a.	-4	98
2024-03-11	ANZ	Australia & New Zealand Banking Group Ltd	2	1,250	Aa2/AA-	FRN	SOFR+56	n.a.	n.a.	n.a.
2024-03-11	ANZ	Australia & New Zealand Banking Group Ltd/New York	2	1,250	Aa2/AA-	5	47	n.a.	n.a.	44
2024-03-11	ANZ	Australia & New Zealand Banking Group Ltd	11NC6	1,000	A3/BBB+	5.731	165	n.a.	n.a.	161
2024-03-11	DUK	Duke Energy Progress LLC	10	500	Aa3/A	5.1	103	2	-3	98
2024-03-11	DUK	Duke Energy Ohio Inc	30	425	A2/A	5.55	130	10	-3	125
2024-03-11	HNDA	American Honda Finance Corp	3	300	A3/A-	FRN	SOFR+77	n.a.	n.a.	73
2024-03-11	HNDA	American Honda Finance Corp	3	700	A3/A-	4.9	63	14	n.a.	57
2024-03-11	HNDA	American Honda Finance Corp	5	750	A3/A-	4.9	83	n.a.	n.a.	n.a.
2024-03-11	HUM	Humana Inc	7	1,250	Baa2/BBB	5.375	127	n.a.	-7	116
2024-03-11	HUM	Humana Inc	30	1,000	Baa2/BBB	5.75	147	14	-4	100
2024-03-11	INTNED	ING Groep NV	6NC5	1,500	Baa1/A-	5.335	125	24	-3	121

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Date	Ticker	Name	Tenor	Size (\$mm)	Moody's/S&P Rating	Coupon (%)	Px Spread (bps)	New Issue Conc. (bps)	* Break performance	Current spread (bps)
2024-03-11	INTNED	ING Groep NV	11NC10	1,500	Baa1/A-	5.55	145	11	-1	142
2024-03-11	LHX	L3Harris Technologies Inc	5	750	Baa2/BBB	5.05	100	14	n.a.	n.a.
2024-03-11	LHX	L3Harris Technologies Inc	7	750	Baa2/BBB	5.25	115	16	-3	111
2024-03-11	LHX	L3Harris Technologies Inc	10	750	Baa2/BBB	5.35	125	14	-5	120
2024-03-11	LNC	Lincoln National Corp	10	350	Baa2/BBB+	5.852	175	n.a.	n.a.	n.a.
2024-03-11	MSI	Motorola Solutions Inc	5	400	Baa2/BBB	5	95	n.a.	-2	91
2024-03-11	MSI	Motorola Solutions Inc	10	900	Baa2/BBB	5.4	130	4	n.a.	127
2024-03-11	MTB	M&T Bank Corp	8NC7	850	Baa1/BBB+	6.082	198	-9	-6	191
2024-03-11	NI	NiSource Inc	10	650	Baa2/BBB+	5.35	128	7	n.a.	123
2024-03-11	SANTAN	Banco Santander SA	4NC3	400	Baa1/A-	FRN	SOFR+138	n.a.	n.a.	133
2024-03-11	SANTAN	Banco Santander SA	4NC3	1,100	Baa1/A-	5.552	125	16	-1	121
2024-03-11	SANTAN	Banco Santander SA	6NC5	1,250	Baa1/A-	5.538	145	23	0	138
2024-03-11	SANTAN	Banco Santander SA	10	1,250	Baa1/A-	6.35	225	n.a.	0	217
2024-03-11	SRE	Sempra	31NC5	600	Baa3/BBB-	6.875	156	n.a.	n.a.	267
2024-03-12	CEG	Constellation Energy Generation LLC	30	900	Baa2/BBB+	5.75	145	n.a.	n.a.	142
2024-03-12	GBLATL	Global Atlantic Fin Co	30	750	Baa2/BBB-	6.75	250	n.a.	n.a.	n.a.
2024-03-12	GS	Goldman Sachs Bank USA/New York NY	3NC2	750	A1/A+	FRN	SOFR+77	n.a.	n.a.	74
2024-03-12	GS	Goldman Sachs Bank USA/New York NY	3NC2	2,250	A1/A+	5.283	68	n.a.	-1	65
2024-03-12	SRE	Southern California Gas Co	30	500	Aa3/A+	5.6	133	7	n.a.	132
2024-03-13	BKIR	Bank of Ireland Group PLC	6	1,000	A3/BBB	5.601	142	n.a.	-8	135
2024-03-13	NDAFH	Nordea Bank Abp	3	500	Aa3/AA-	FRN	SOFR+74	n.a.	n.a.	n.a.
2024-03-13	NDAFH	Nordea Bank Abp	3	500	Aa3/AA-	5	62	n.a.	n.a.	61
2024-03-13	SNLN	Smith & Nephew PLC	3	350	Baa2/BBB+	5.15	80	n.a.	n.a.	79
2024-03-13	SNLN	Smith & Nephew PLC	10	650	Baa2/BBB+	5.4	125	n.a.	n.a.	124
2024-03-13	STT	State Street Corp	3	1,000	A1/A	4.993	60	4	-2	57
2024-03-14	BC	Brunswick Corp/DE	5	400	Baa2/BBB-	5.85	160	n.a.	-9	151
2024-03-14	HYNMTR	Hyundai Capital America	3	400	A3/BBB+	FRN	SOFR+104	n.a.	n.a.	n.a.
2024-03-14	HYNMTR	Hyundai Capital America	3	800	A3/BBB+	5.3	90	-2	-2	88
2024-03-14	HYNMTR	Hyundai Capital America	5	500	A3/BBB+	5.35	108	n.a.	-2	106
2024-03-14	VW	Volkswagen Group of America Finance LLC	2	650	A3/BBB+	FRN	SOFR+83	n.a.	n.a.	n.a.
2024-03-14	VW	Volkswagen Group of America Finance LLC	2	850	A3/BBB+	5.4	75	4	n.a.	n.a.
2024-03-14	VW	Volkswagen Group of America Finance LLC	3	1,000	A3/BBB+	5.3	85	n.a.	n.a.	n.a.
2024-03-14	VW	Volkswagen Group of America Finance LLC	5	1,000	A3/BBB+	5.25	105	n.a.	n.a.	n.a.
2024-03-14	VW	Volkswagen Group of America Finance LLC	10	500	A3/BBB+	5.6	138	0	n.a.	n.a.

Note: We calculate new issue concessions by estimating the difference between new issue bond spread and interpolated G spread from comparable liquid secondary bonds of the same issuer prior to the new issue deal announcement, adjusted for the spread impact of dollar prices deviating from par. Break performance is computed as the difference between new issue pricing and secondary closing spread on the first day of trading.

Source: BofA Global Research, Bloomberg

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Daily dealer inventories update

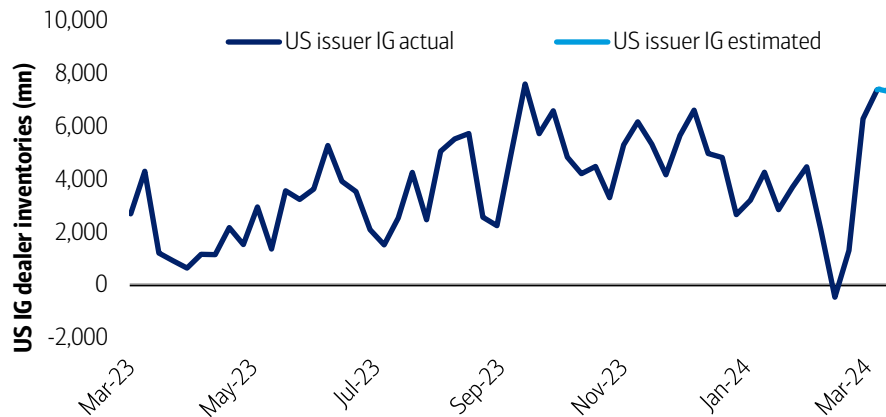
Below we estimate dealer inventories for the IG corporate bonds based on TRACE data.

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 2. We estimate the corresponding DV01 equivalent in Exhibit 3. More details by sector and maturity are available in Exhibit 4 and Exhibit 5. Finally, note that the data for the current date is through about 4:40 p.m. Eastern Standard Time.



Exhibit 2: Estimated dealer inventories of IG corporate bonds.

We estimate IG dealer inventories of US issuer bonds declined to \$7.1bn currently from \$7.4bn on Mar-06.



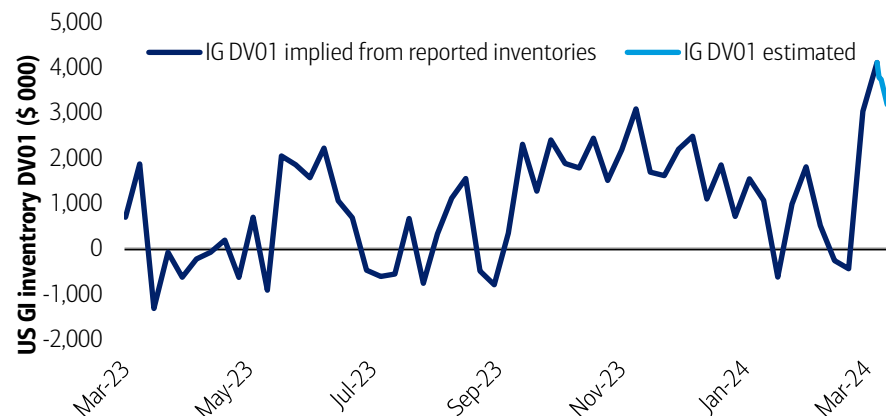
Note: data for US issuer bonds only, maturities 13M or longer. Actual dealer inventory data is from Primary Dealer Statistics survey by the NY Fed. The subsequent change in inventory is estimated based on TRACE.

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

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Exhibit 3: Estimated dealer inventory DV01 for IG corporate bonds.

We estimate IG dealer inventory DV01 of US issuer bonds declined to \$3.5mn currently from \$4.1bn on Mar-06.



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

We estimate IG dealer inventories declined -\$547mn today and declined -\$1,010mn over the prior week.

Sector	Net dealer buy (\$mn)					Net dealer DV01 change (\$thousand)					Trading volumes on 14-Mar-24 (\$mn)			
	14-Mar	13-Mar	1 W	2 W	4 W	14-Mar	13-Mar	1 W	2 W	4 W	Buy	Sell	Dealer	Total
High grade (13M+)	-547	-471	-1,010	-633	12,816	46	-13	-662	-997	6,826	11,509	12,056	9,217	32,782
<3yr	-87	-383	-129	53	2,796	-15	-79	-84	-70	328	2,099	2,186	1,711	5,997
3-5yr	-486	-129	-632	-76	3,106	-184	-18	-181	-5	1,132	2,083	2,569	1,772	6,423
5-11yr	-305	-12	317	-354	2,581	-165	37	163	-391	1,211	4,001	4,306	3,375	11,682
11+yr	332	54	-566	-256	4,332	409	46	-560	-530	4,154	3,327	2,995	2,358	8,680
Fin	-453	-228	-330	-384	4,974	-116	-83	-170	-210	2,455	4,405	4,858	3,189	12,452
Non-Fin	-94	-243	-681	-249	7,842	162	70	-492	-786	4,371	7,104	7,198	6,028	20,330
Fixed	-612	-564	-1,345	-880	12,435	35	-43	-756	-1,206	6,696	11,314	11,926	9,152	32,392
Floating	65	93	334	247	381	10	29	94	209	131	195	130	65	390
US issuers	-528	66	-352	188	10,641	3	200	-322	-83	6,021	8,609	9,137	7,281	25,027

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	Net dealer buy (\$mn)					Net dealer DV01 change (\$thousand)					Trading volumes on 14-Mar-24 (\$mn)			
	14-Mar	13-Mar	1 W	2 W	4 W	14-Mar	13-Mar	1 W	2 W	4 W	Buy	Sell	Dealer	Total
DM Yankees	31	-380	-531	-788	1,557	80	-62	-165	-802	441	2,487	2,456	1,680	6,624
EM Yankees	-49	-156	-128	-34	618	-38	-152	-175	-112	365	413	462	256	1,132

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 5: Estimated changes in IG dealer inventories by sector.

We estimate today IG dealer inventories declined -\$51mn for Banks/Brokers and increased \$95mn for Energy.

Sector	Net dealer buy (\$mn)					Net dealer DV01 change (\$thousand)					Trading volumes on 14-Mar-24 (\$mn)			
	14-Mar	13-Mar	1 W	2 W	4 W	14-Mar	13-Mar	1 W	2 W	4 W	Buy	Sell	Dealer	Total
Aerospace/Defense	-54	-99	-36	-213	-41	-82	-134	-226	-439	-305	237	291	200	728
Automobiles	52	-127	-93	16	680	26	-55	-97	-107	184	448	396	322	1,165
Banks/Brokers	-51	-153	38	-617	3,382	112	-6	145	-282	1,353	3,215	3,267	2,172	8,654
Basic Materials	-59	-47	-199	12	611	-67	-31	-213	-32	256	381	440	250	1,072
Commercial Services	-62	-9	-48	-56	-166	-39	0	32	26	27	128	190	134	452
Energy	95	96	148	220	1,521	46	38	-41	-221	669	789	694	488	1,970
Finance	-325	-75	-217	-91	381	-162	-22	-199	-88	215	576	901	583	2,059
Food, Bev, & Bottling	-8	-22	-170	101	551	50	39	-90	44	382	401	409	380	1,190
Health Care	-88	-84	-177	-494	55	44	-16	109	-183	-397	1,209	1,297	1,209	3,715
Industrial Products	5	-203	-212	-368	155	16	-89	-94	-255	151	301	296	208	805
Insurance	-36	-46	-94	151	554	-36	-82	-63	148	566	370	406	249	1,025
Media & Entertainment	165	54	36	274	860	140	113	32	304	683	546	381	491	1,418
REITs	-41	45	-57	173	658	-31	28	-52	11	320	244	285	185	713
Retail	-2	-31	-112	-58	41	-40	-36	-208	-189	-24	298	300	311	909
Technology	-25	3	68	-94	1,260	78	45	283	160	1,174	738	762	708	2,208
Telecom	-26	30	125	216	200	16	-44	39	87	65	324	351	322	997
Tobacco	108	7	46	-40	11	65	-2	7	-6	8	245	136	195	576
Transportation	-48	-6	-117	20	236	-27	-8	-76	27	196	82	130	83	296
Utilities	-79	197	136	355	1,894	-29	226	85	76	1,388	842	921	550	2,313
Other	-68	-1	-75	-140	-26	-35	22	-34	-75	-86	136	204	176	516

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

Source: BofA Global Research, FINRA, TRACE.

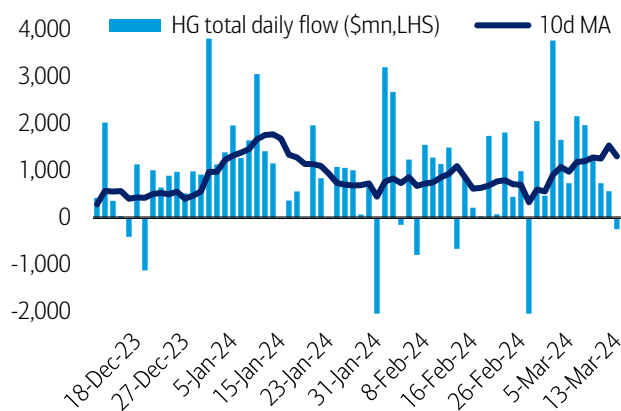
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Daily HG fund flows

We define our high grade flows 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.

Exhibit 6: Daily HG fund flows

The chart plots daily HG fund flows as well as a 10-day average trend.

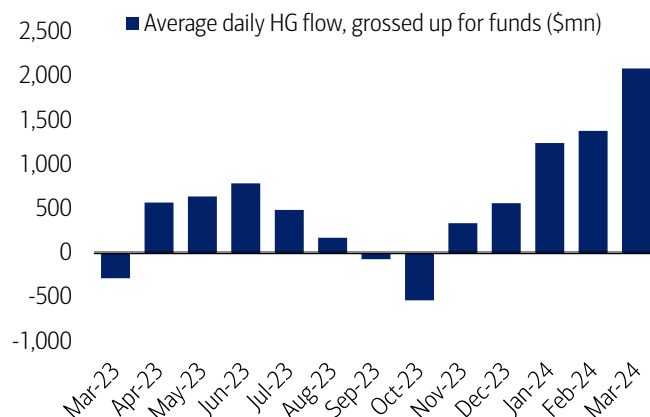


Source: EPFR Global, BofA Global Research

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Exhibit 7: Average daily HG flows by month

The chart plots the average daily ETF flows plus double the average daily fund flow, as only about half of funds report flows daily.



Source: EPFR Global, BofA Global Research

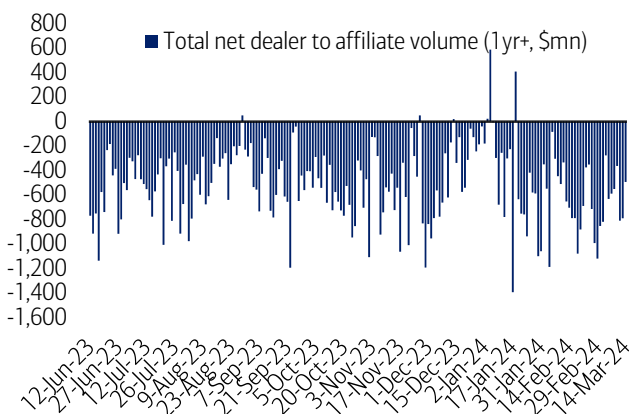
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Daily foreign demand tracker

We believe net dealer-to-affiliate volumes from Trace are correlated with foreign buying of US HG corporate bonds - i.e., negative numbers mean foreign investor buying (US dealers taking down inventory in favor of foreign affiliates). For supporting material see our “primer” on tracking foreign inflows. Exhibit 8 shows the overall daily dealer-to-affiliate volumes while Exhibit 9, Exhibit 10 and Exhibit 11 show subsets of this data. In particular Exhibit 9 shows net dealer-to-affiliate volumes for longer maturity (12+ years) bonds, Exhibit 10 displays volumes reported to Trace before 8am NY time (biased toward Asian buying) and Exhibit 11 shows the subset of net trades reported between 8am and noon (biased toward European buying).

Exhibit 8: Net dealer buying from affiliate (1yr+)

Exhibit shows inconsistent overall foreign buying of US IG corporate bonds for some time.



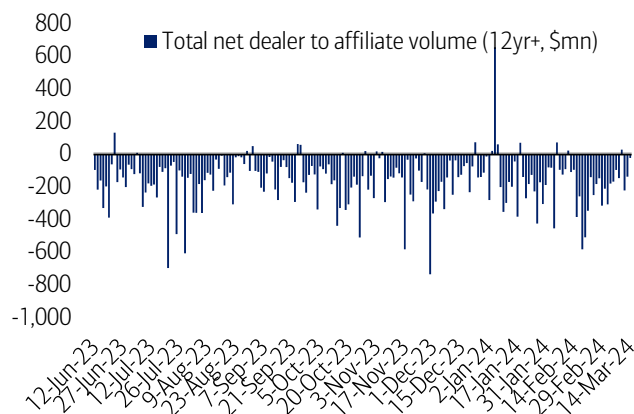
Note: Net dealer-to-affiliate volumes are correlated with foreign buying/selling. Negative numbers indicate foreign buying.

Source: Bloomberg, TRACE

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Exhibit 9: Net dealer buying from affiliate (12yr+)

Foreign buying of longer maturity US IG corporate bonds has been consistent this year



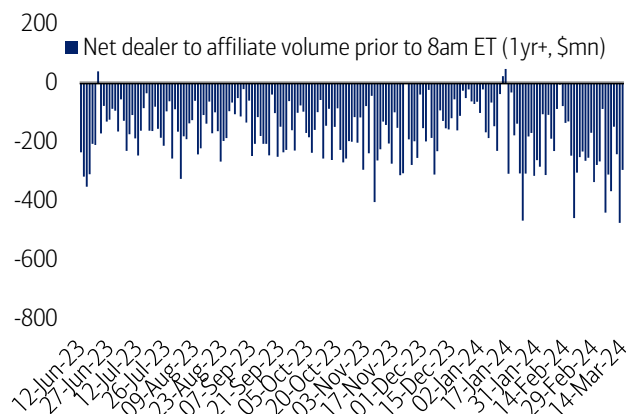
Note: Net dealer-to-affiliate volumes are correlated with foreign buying/selling. Negative numbers indicate foreign buying.

Source: Bloomberg, TRACE

BofA GLOBAL RESEARCH

Exhibit 10: Net dealer-to-affiliate trading volumes before 8am ET

Foreign buying before 8am NY time is dominated by Asia and has been consistent this year



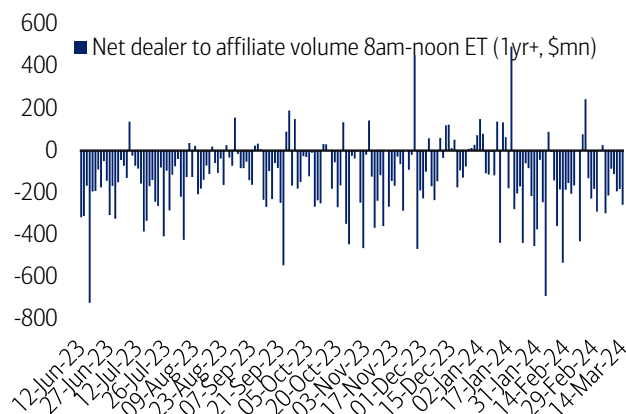
Note: Morning share of daily trading volume is correlated with secondary market activity of foreign investors due to different time zones.

Source: BofA Global Research, TRACE

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Exhibit 11: Net dealer-to-affiliate trading volumes 8am - noon ET

Foreign buying 8am-noon NY time is dominated by Europe and has been inconsistent this year



Note: Morning share of daily trading volume is correlated with secondary market activity of foreign investors due to different time zones.

Source: BofA Global Research, TRACE

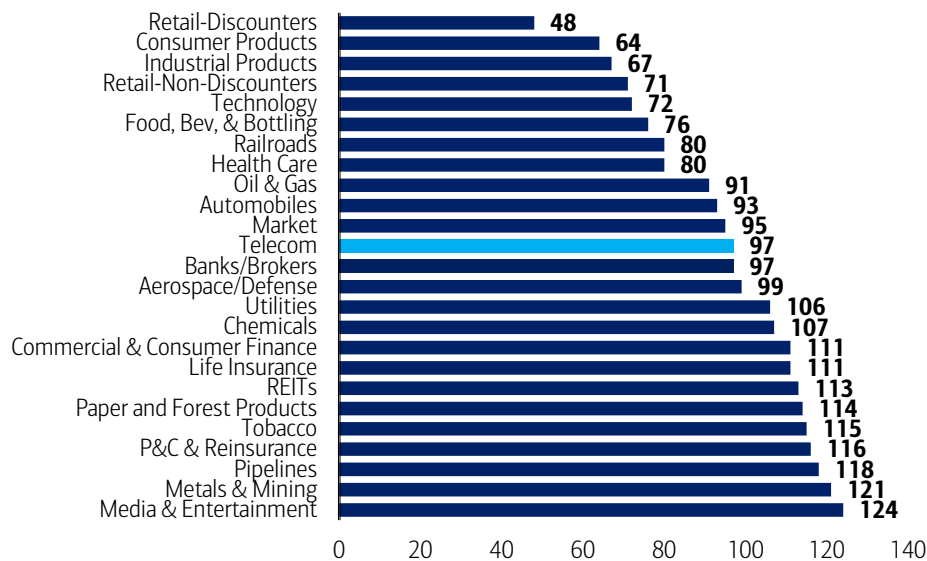
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Weekly data and charts

High Grade Spreads by Sector

Exhibit 12: High grade spreads by sector (bps)

Sector spreads for BofA US IG Corporate Index COA0 as of March 13, 2024. Results include subordinated and hybrid securities.



Source: BofA Global Research, ICE Data Indices, LLC

BofA GLOBAL RESEARCH

High grade sector historical performance

Exhibit 13: High Grade Sector Performance as of March 13, 2024

Sector spreads and performance for BofA HG U.S. Corporate Master COAO. Results include subordinated and hybrid securities

Sector	Rating	OAS	Duration	Yield	Price	Face (\$bn)	% Mkt Value	Excess Return (bps)				Spread Change (bps)				Total Return
								MTD	QTD	YTD	YOY	MTD	QTD	YTD	YOY	
								MTD	QTD	YTD	YOY	MTD	QTD	YTD	YOY	
Aerospace/Defense	BBB1	99	7.6	5.39	92.6	159.0	1.81	-12	-54	-54	504	2	10	10	-39	-210
Automobiles	BBB1	93	3.9	5.37	96.5	246.7	2.92	17	81	81	454	-2	-9	-9	-32	32
Banks/Brokers	A2	97	4.6	5.49	95.1	1,936.4	22.57	37	115	115	550	-6	-16	-16	-64	48
Basic Materials	BBB2	112	6.9	5.47	93.4	343.1	3.94	38	87	87	651	-4	-9	-9	-62	-46
Building Materials	BBB2	98	7.1	5.26	91.4	25.2	0.28	30	74	74	745	-4	-6	-6	-64	-66
Chemicals	BBB2	107	7.2	5.45	91.6	128.1	1.44	38	78	78	633	-4	-8	-8	-60	-65
Homebuilders	BBB2	93	4.6	5.29	94.6	15.2	0.18	40	169	169	740	-7	-21	-21	-78	95
Metals & Mining	BBB1	121	7.4	5.54	95.1	128.5	1.50	44	84	84	676	-5	-7	-7	-64	-61
Paper and Forest Products	BBB2	114	5.4	5.52	94.3	46.1	0.53	22	98	98	551	-4	-13	-13	-54	5
Commercial Services	A3	83	8.2	5.18	89.3	117.0	1.28	19	111	111	601	-2	-6	-6	-50	-66
Consumer Products	A2	64	6.4	5.00	93.2	82.8	0.95	32	22	22	420	-3	-1	-1	-41	-102
Energy	A3	103	7.3	5.42	93.5	727.5	8.35	54	124	124	715	-6	-12	-12	-60	-18
Oil & Gas	A3	91	7.5	5.30	91.9	408.3	4.61	52	100	100	640	-6	-9	-9	-52	-50
Pipelines	BBB1	118	7.1	5.57	95.5	319.1	3.74	58	153	153	813	-7	-15	-15	-71	22
Finance	A3	101	5.1	5.43	93.2	446.3	5.09	26	90	90	545	-5	-13	-13	-60	3
Commercial & Consumer Finance	BBB1	111	3.8	5.53	96.0	165.8	1.95	22	106	106	515	-4	-20	-20	-65	58
Finance-Other Services	A3	95	5.9	5.37	91.6	280.6	3.14	29	81	81	560	-5	-8	-8	-57	-30
Food, Bev, & Bottling	A3	76	7.5	5.14	92.1	321.5	3.63	46	40	40	580	-5	-2	-2	-49	-115
Health Care	A3	80	8.4	5.17	91.1	860.4	9.61	51	77	77	586	-5	-4	-4	-46	-95
Industrial Products	A3	67	6.0	5.07	92.8	213.2	2.42	18	33	33	415	-3	-4	-4	-39	-76
Insurance	A2	113	7.0	5.55	92.2	376.4	4.26	25	127	127	572	-4	-15	-15	-44	-12
Insurance-Other	BBB1	110	7.9	5.46	92.0	40.6	0.46	31	105	105	670	-6	-11	-11	-56	-66
Life Insurance	A2	111	6.2	5.56	92.4	234.3	2.66	20	113	113	504	-4	-15	-15	-42	-6
Multi-Line Insurance	BBB1	128	8.9	5.71	94.0	22.2	0.26	30	202	202	745	-2	-18	-18	-44	24
P&C & Reinsurance	A3	116	8.2	5.53	91.0	79.3	0.89	35	158	158	675	-4	-15	-15	-45	-17
Leisure	BBB2	107	3.7	5.48	95.4	34.6	0.40	14	62	62	586	-4	-10	-10	-97	15
Media & Entertainment	BBB1	124	8.4	5.61	87.2	330.4	3.54	63	28	28	739	-7	0	0	-59	-152
Media-Cable	BBB1	136	9.1	5.73	85.5	156.9	1.65	63	-7	-7	759	-6	4	4	-56	-207
Media-Diversified	BBB1	113	7.7	5.51	88.7	173.5	1.89	63	60	60	725	-8	-3	-3	-61	-103
Real Estate Dev & Mgt	BBB1	132	5.1	5.59	92.2	8.9	0.10	44	87	87	531	-7	-11	-11	-53	-7
REITs	BBB1	113	5.5	5.47	90.5	283.9	3.14	37	99	99	530	-6	-15	-15	-59	2
Retail	A2	69	7.6	5.07	90.3	316.9	3.51	36	41	41	568	-4	-3	-3	-47	-119
Food & Drug Retailers	BBB2	102	7.9	5.38	89.5	24.2	0.26	25	141	141	685	-2	-12	-12	-65	-10
Retail-Discounters	A1	48	7.2	4.87	93.3	55.3	0.63	43	2	2	413	-6	0	0	-36	-144
Retail-Non-Discounters	A3	71	7.7	5.09	89.7	237.4	2.61	35	40	40	595	-3	-2	-2	-46	-123
Technology	A3	72	7.5	5.10	90.4	577.8	6.39	52	57	57	665	-6	-3	-3	-58	-98
Telecom	BBB2	97	8.4	5.31	89.3	338.9	3.71	67	91	91	769	-6	-5	-5	-65	-90
Tobacco	BBB1	115	6.8	5.52	93.8	94.2	1.08	60	143	143	858	-8	-14	-14	-71	15
Transportation	BBB1	94	8.8	5.34	90.1	191.8	2.12	27	51	51	692	-3	-6	-6	-59	-141
Railroads	A3	80	11.0	5.18	87.5	109.6	1.17	25	35	35	750	-2	0	0	-51	-218
Transportation-Other	BBB1	111	6.2	5.55	93.7	82.3	0.94	29	70	70	612	-4	-14	-14	-70	-43
Utilities	A3	106	8.1	5.43	91.0	824.2	9.20	31	98	98	623	-3	-8	-8	-51	-73
Market	A3	95	6.7	5.36	92.4	8,831.9	100.00	39	87	87	603	-5	-9	-9	-56	-41

Sector	Rating	OAS	Duration	Yield	Price	Face (\$bn)	% Mkt Value	Excess Return (bps)				Spread Change		
								MTD	QTD	YTD	YOY	MTD	QTD	YTD
Aerospace/Defense	BBB2	110	7.4	5.91	88.3	152.0	1.79	-1	75	310	707	3	-1	-17
Automobiles	BBB1	112	3.8	5.99	92.4	190.8	2.33	1	49	242	443	6	-1	-17
Banks/Brokers	A2	139	4.4	6.29	90.3	1,906.1	22.84	-26	48	207	436	10	1	-5
Basic Materials	BBB2	148	6.8	6.25	88.2	344.9	4.04	28	105	275	701	1	-2	-13
Building Materials	BBB2	132	6.9	6.11	85.9	25.3	0.29	25	140	367	678	3	-2	-27
Chemicals	BBB2	149	7.0	6.28	86.3	132.6	1.52	33	109	277	614	1	0	-7
Homebuilders	BBB2	139	4.6	6.18	89.8	15.3	0.18	-16	66	355	693	7	-1	-29
Metals & Mining	BBB1	150	7.4	6.26	89.8	125.7	1.50	31	93	259	843	-2	-4	-18
Paper and Forest Products	BBB2	149	5.4	6.27	89.9	46.0	0.55	24	115	235	606	4	-5	-6
Commercial Services	A2	105	8.2	5.82	83.7	109.8	1.22	51	152	368	618	-2	-10	-24
Consumer Products	A2	78	6.2	5.55	88.7	73.1	0.86	-7	69	240	454	4	-8	-18

Exhibit 13: High Grade Sector Performance as of March 13, 2024

Sector spreads and performance for BofA HG U.S. Corporate Master COA0. Results include subordinated and hybrid securities

			Excess Return (bps)		Spread Change (bps)		Total Return								
Energy	A3	133	7.2	6.14	88.1	714.5	8.36	56	160	351	676	-3	-12	-19	
Oil & Gas	A3	117	7.4	5.96	87.1	410.2	4.75	55	153	325	635	-3	-11	-17	
Pipelines	BBB1	156	6.9	6.38	89.5	304.4	3.62	57	169	387	733	-1	-11	-22	
Finance	A3	137	5.0	6.22	88.7	445.1	5.24	9	105	242	457	3	-9	-13	
Commercial & Consumer Finance	BBB1	156	3.7	6.45	91.5	161.7	1.97	0	83	214	412	3	-11	-11	
Finance-Other Services	A3	125	5.8	6.08	87.1	283.3	3.27	14	117	257	483	2	-9	-14	
Food, Bev, & Bottling	A3	94	7.6	5.72	87.1	314.6	3.64	19	100	300	639	3	-3	-19	
Health Care	A3	97	8.0	5.77	86.0	842.7	9.62	30	123	272	580	0	-7	-14	
Industrial Products	A3	85	5.8	5.67	88.9	213.9	2.52	12	73	232	444	2	-3	-12	
Insurance	A2	145	6.7	6.28	87.0	371.2	4.29	35	167	272	496	-1	-16	-10	
Insurance-Other	BBB1	141	7.8	6.15	86.0	36.8	0.42	30	170	329	605	1	-13	-14	
Life Insurance	A2	143	6.0	6.29	87.7	233.1	2.72	27	148	230	428	-1	-16	-9	
Multi-Line Insurance	BBB1	159	8.1	6.44	88.2	24.4	0.29	54	254	343	642	4	-16	-5	
P&C & Reinsurance	A3	147	8.2	6.25	85.0	76.9	0.87	54	196	348	605	-2	-16	-14	
Leisure	BBB2	145	3.9	6.25	91.6	30.6	0.37	7	51	317	745	-3	-9	-48	
Media & Entertainment	BBB1	146	8.2	6.24	82.1	334.2	3.65	6	109	394	750	3	-4	-24	
Media-Cable	BBB1	151	9.0	6.29	80.8	154.4	1.66	17	147	369	782	1	-8	-17	
Media-Diversified	BBB1	142	7.5	6.19	83.3	179.9	1.99	-2	77	417	724	4	-1	-30	
Real Estate Dev & Mgt	A3	167	5.5	6.34	86.7	8.0	0.09	0	112	259	302	1	-14	-11	
REITs	BBB1	157	5.4	6.32	85.6	283.5	3.22	7	128	214	429	2	-17	-11	
Retail	A2	90	7.5	5.69	85.4	320.7	3.64	4	79	218	523	3	-2	-9	
Food & Drug Retailers	BBB2	144	7.1	6.26	83.3	28.9	0.32	-8	68	187	459	7	5	3	
Retail-Discounters	A1	68	7.2	5.46	89.1	56.0	0.66	-9	38	127	340	4	3	0	
Retail-Non-Discounters	A3	89	7.6	5.68	84.7	235.9	2.65	8	90	244	577	2	-4	-12	
Technology	A2	96	7.3	5.75	85.4	560.4	6.35	20	111	335	673	2	-4	-18	
Telecom	BBB2	134	8.1	6.10	83.0	335.6	3.70	36	56	279	658	0	-1	-15	
Tobacco	BBB1	152	6.7	6.32	87.7	88.5	1.03	41	168	444	1,015	0	-5	-31	
Transportation	BBB1	115	8.5	5.97	85.4	194.1	2.20	48	168	323	721	-1	-9	-21	
Railroads	A3	94	10.4	5.74	82.2	111.0	1.21	58	209	321	753	-3	-13	-17	
Transportation-Other	BBB2	142	6.2	6.26	89.7	83.1	0.99	35	115	322	675	2	-2	-25	
Utilities	A3	130	8.0	6.09	85.5	794.2	9.01	56	164	260	606	-3	-13	-14	
Market	A3	125	6.5	6.07	87.3	8,628.5	100.00	16	104	272	567	3	-5	-13	

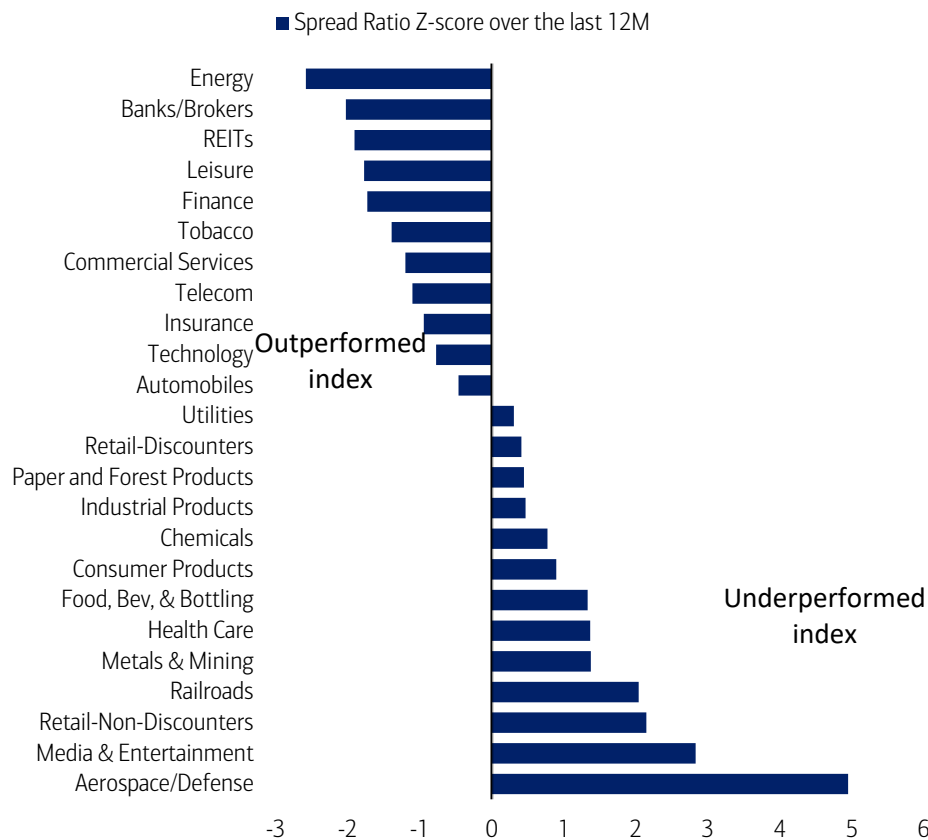
Source: ICE Data Indices, LLC, BofA Global Research

BofA GLOBAL RESEARCH

Sector performance and relative value

Exhibit 14: Trailing 12mo spread Z-score vs. current sector spread differential to the market

Energy and Banks/Brokers are trading tight and Aerospace/Defense and Media & Entertainment are trading wide relative to the market.



Source: ICE Data Indices, LLC, BofA Global Research

BofA GLOBAL RESEARCH

Supply statistics

Exhibit 15: High grade supply summary, \$bn

US IG supply by broad market sectors

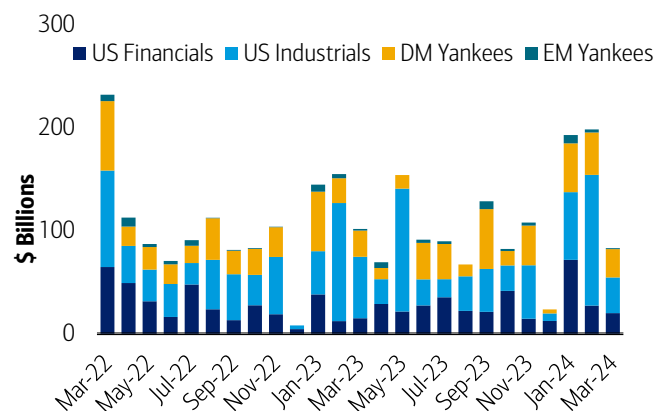
Sector	WTD	MTD	QTD	YTD
US Financials	6.0	20.1	119.0	119.0
US Industrials	11.6	34.6	227.1	227.1
European Financials	9.0	20.6	67.8	67.8
European Industrials	1.0	1.0	15.6	15.6
EM Yankees	0.0	0.8	11.9	11.9
Non-Euro Non-EM Yankees	3.5	5.9	32.6	32.6
Total	31.0	83.0	474.0	474.0

Source: BofA Global Research

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Exhibit 16: HG monthly issuance, \$bn

Monthly US IG supply by broad market sectors



Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 17: Cumulative High grade supply YTD, \$bn

YTD US IG supply by broad market sectors and YoY comps

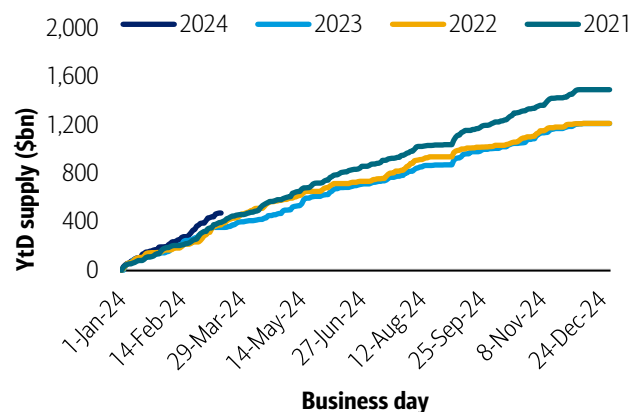
Sector	YTD 2020	YTD 2021	YTD 2022	YTD 2023	YTD 2024
Financials	139.4	156.7	206.2	146.5	213.9
AAA-A Industrials	49.3	95.6	57.6	92.1	136.9
BBB Industrials	98.0	126.2	108.0	116.6	123.2
Total	286.7	378.5	371.9	355.2	474.0
%-change			-2%	-4%	33%
US	189.3	262.5	253.6	242.2	346.1
Europe	32.3	51.4	37.3	51.4	83.4
EM	26.1	29.1	22.1	10.8	11.9
Other DM	39.0	35.5	59.0	50.8	32.6

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 18: Cumulative High grade supply, \$bn

Cumulative YTD US IG supply YoY comps

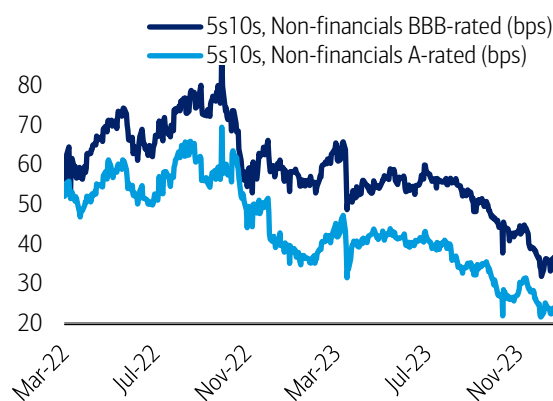


Source: BofA Global Research

BofA GLOBAL RESEARCH

Corporate spread curves**Exhibit 19: 5s10s non-financial corporate spread curves**

5s10s spread curves have flattened YTD



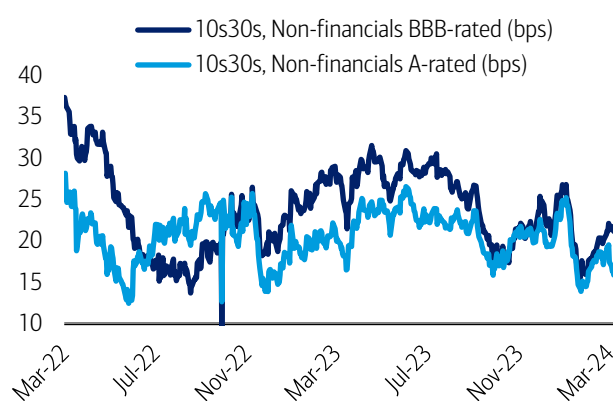
Note: the spread curve calculation is restricted to issuers that have bonds outstanding for both the short and the long tenors. For spread levels we use only on-the-run bonds (one for each tenor), outstanding for at most three years. The aggregate market spread curve is a simple average of individual issuer curves.

Source: BofA Global Research, ICE Data Indices, LLC

BofA GLOBAL RESEARCH

Exhibit 20: 10s30s non-financial corporate spread curves

10s30s spread curves have steepened a bit YTD



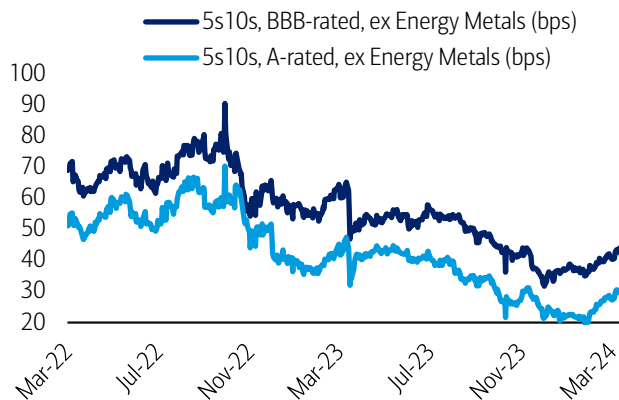
Note: the spread curve calculation is restricted to issuers that have bonds outstanding for both the short and the long tenors. For spread levels we use only on-the-run bonds (one for each tenor), outstanding for at most three years. The aggregate market spread curve is a simple average of individual issuer curves.

Source: BofA Global Research, ICE Data Indices, LLC

BofA GLOBAL RESEARCH

Exhibit 21: 5s10s ex Energy Metals corporate spread curves

5s10s ex energy and metals spread curves have flattened YTD



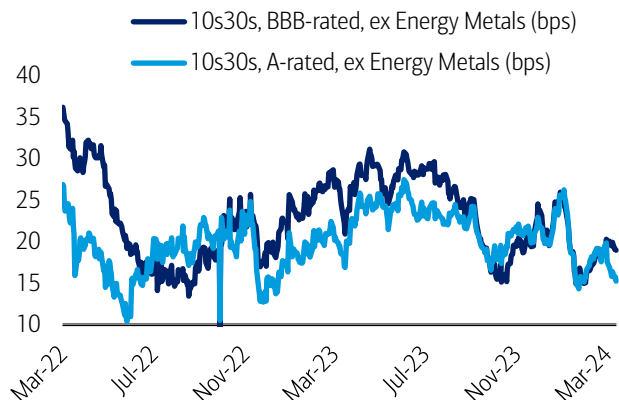
Note: the spread curve calculation is restricted to issuers that have bonds outstanding for both the short and the long tenors. For spread levels we use only on-the-run bonds (one for each tenor), outstanding for at most three years. The aggregate market spread curve is a simple average of individual issuer curves.

Source: BofA Global Research, ICE Data Indices, LLC

BofA GLOBAL RESEARCH

Exhibit 22: 10s30s ex Energy Metals corporate spread curves

10s30s ex energy and metals spread curves have flattened YTD



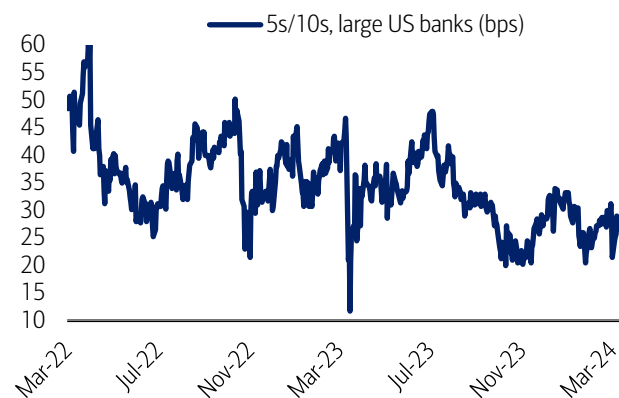
Note: the spread curve calculation is restricted to issuers that have bonds outstanding for both the short and the long tenors. For spread levels we use only on-the-run bonds (one for each tenor), outstanding for at most three years. The aggregate market spread curve is a simple average of individual issuer curves.

Source: BofA Global Research, ICE Data Indices, LLC

BofA GLOBAL RESEARCH

Exhibit 23: 5s10s Banks corporate spread curves

5s10s large US bank spread curves have steepened a bit YTD



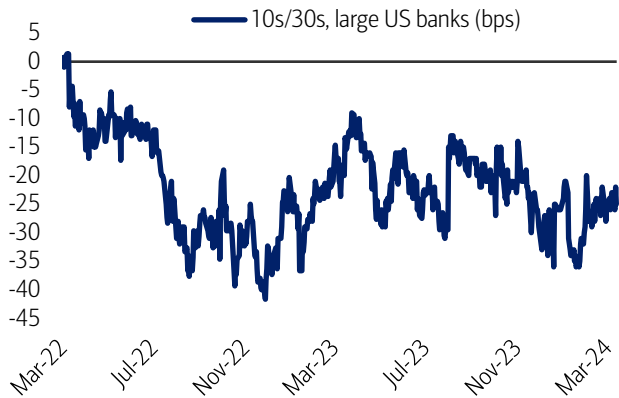
Note: the spread curve calculation is restricted to the top four US banks that have senior bonds outstanding for both the short and the long tenors. For spread levels we use only on-the-run bonds (one for each tenor), outstanding for at most three years. The aggregate market spread curve is a simple average of individual issuer curves.

Source: BofA Global Research, ICE Data Indices, LLC

BofA GLOBAL RESEARCH

Exhibit 24: 10s30s Banks corporate spread curves

10s30s large US bank spread curves have flattened YTD



Note: the spread curve calculation is restricted to the top four US banks that have senior bonds outstanding for both the short and the long tenors. For spread levels we use only on-the-run bonds (one for each tenor), outstanding for at most three years. The aggregate market spread curve is a simple average of individual issuer curves.

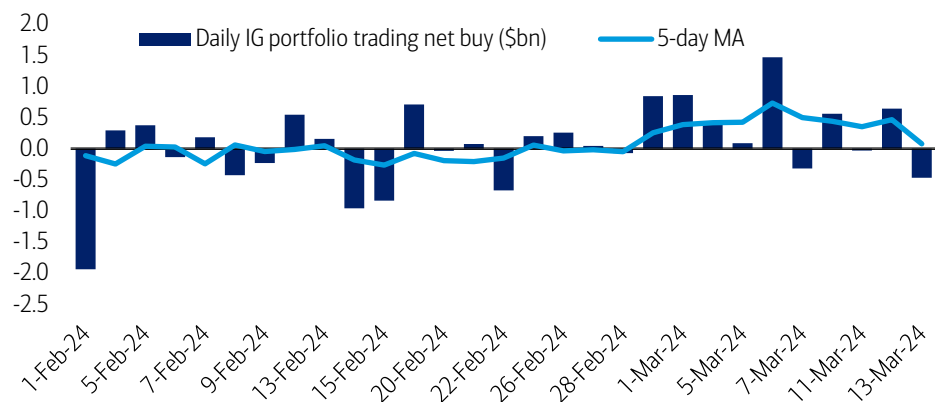
Source: BofA Global Research, ICE Data Indices, LLC

BofA GLOBAL RESEARCH

Portfolio trades tracker

Exhibit 25: IG portfolio trading net investor buy

Portfolio trades could provide insights into investors' views on the IG market

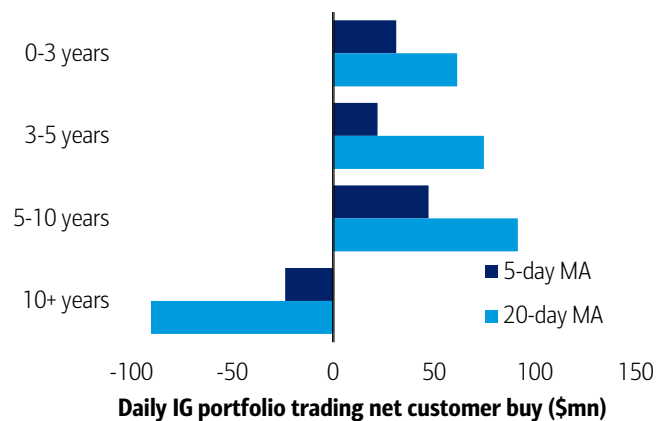


Source: Finra Trace, BofA Global Research

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Exhibit 26: IG portfolio trading net investor buy by maturity

This week portfolio investors were net buyers of 0-3 years, 3-5 years, 5-10 years maturities and they were net sellers of 10+ years maturities.

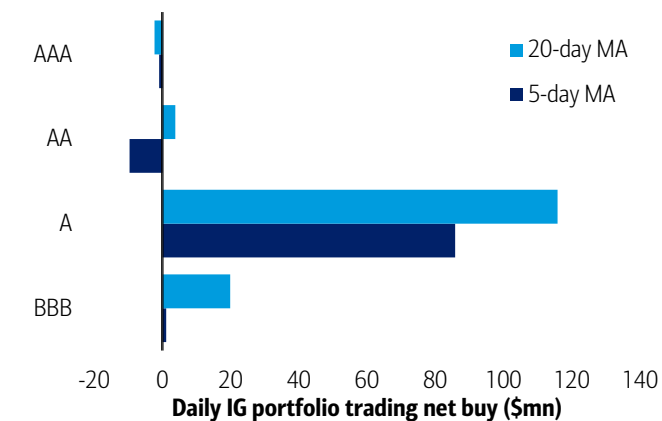


Source: Finra Trace, BofA Global Research

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Exhibit 27: IG portfolio trading net investor buy by maturity

This week portfolio investors were net buyers of BBBs, As and they were net sellers of AAs, AAAs.



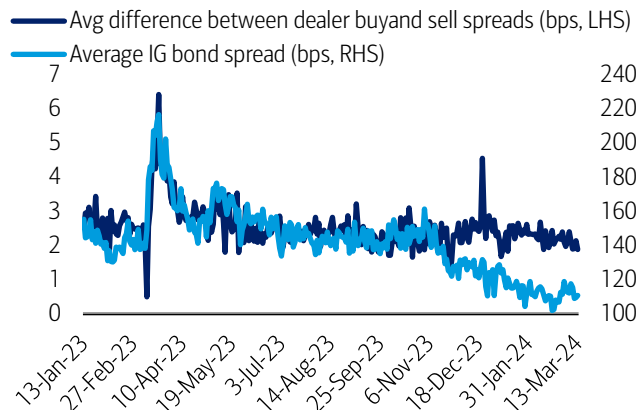
Source: Finra Trace, BofA Global Research

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Liquidity tracker

Exhibit 28: Difference between dealer buy and sell spreads

Difference between dealer buy and sell spreads remains moderate and in line with IG bond spreads



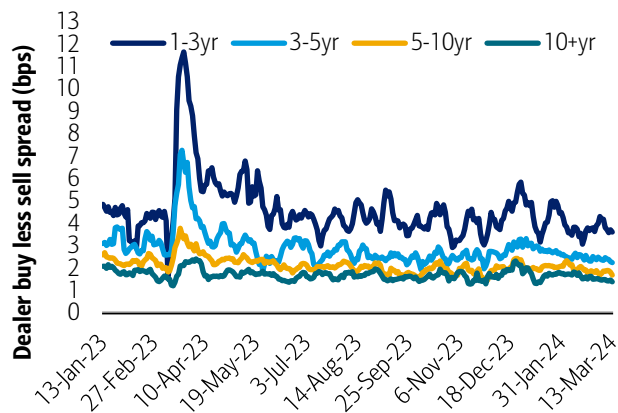
Note: based on Finra Trace dealer-to-client buy and sell trades of at least \$1 mn and BofA credit trader runs for ICE BofA US IG corporate COAO index bonds, and plotting daily average difference between dealer buy and sell trade spreads for the same bond on the same day.

Source: Finra Trace, BofA Global Research

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Exhibit 29: Difference between dealer buy and sell spreads by maturity

Difference between dealer buy and sell spreads remains moderate across the curve



Note: based on Finra Trace dealer-to-client buy and sell trades of at least \$1 mn and BofA credit trader runs for ICE BofA US IG corporate COAO index bonds, and plotting daily average difference between dealer buy and sell trade spreads for the same bond on the same day.

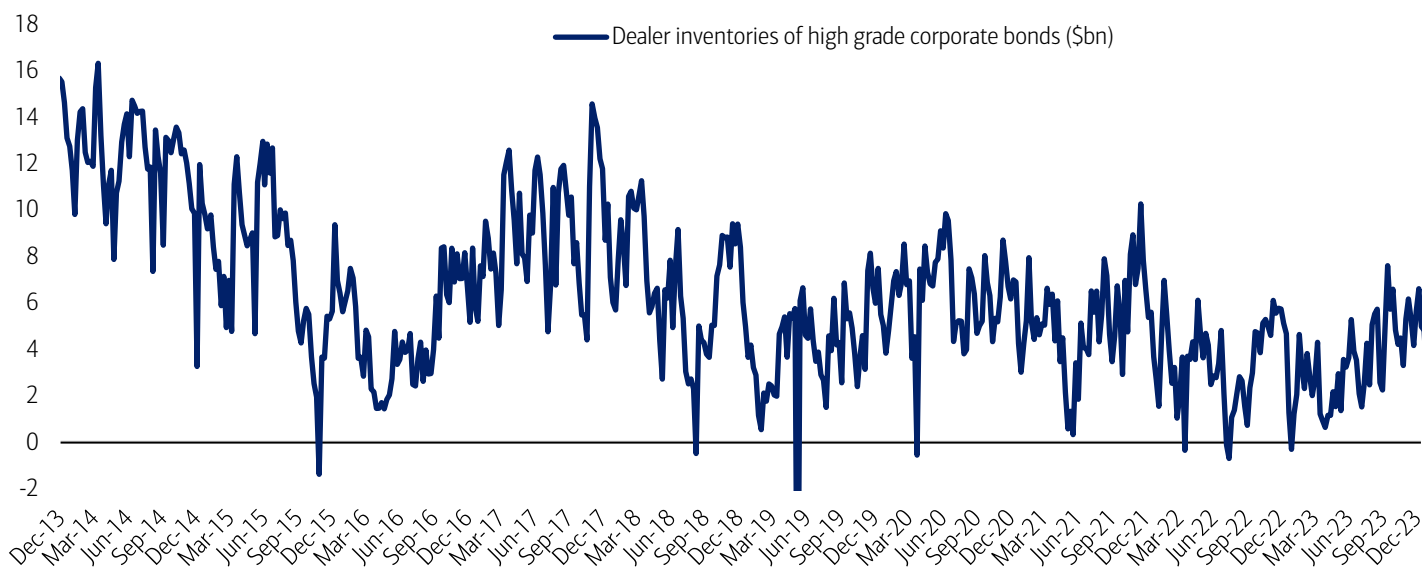
Source: Finra Trace, BofA Global Research

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Dealer inventories

Exhibit 30: Dealer inventories of high grade corporate bonds (\$bn)

Fed reported dealer inventories of US IG corporate bonds at \$6.3bn as of Feb 28 2024.



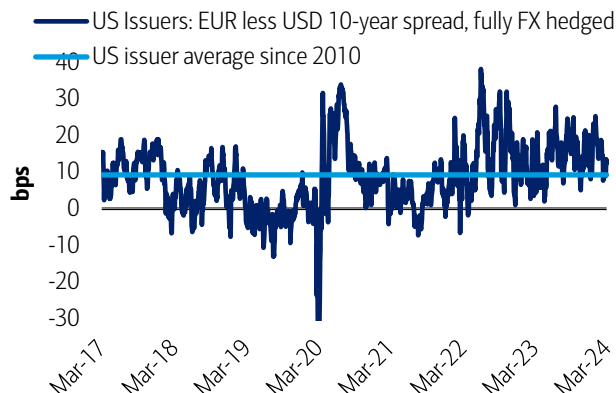
Source: BofA Global Research, Federal Reserve Bank

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USD EUR relative value

Exhibit 31: US issuers: relative EUR and USD spreads

Relative value between fully currency hedged EUR and USD spreads for US issuers



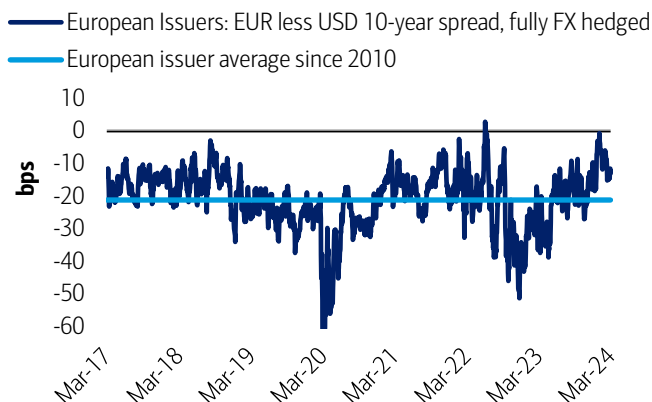
Note: the chart plots issuer-matched spreads on a fully currency hedged basis. We use maturity-matched cross currency basis swaps to fully currency hedge principal and interest rate payments, and forward FX rates to fully hedge the stream of spread payments. We also adjust for the difference in quoting conventions with a 3 to 6M Euribor swap.

Source: BofA Global Research, ICE Data Indices, LLC, Bloomberg

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Exhibit 32: European issuers: relative EUR and USD spreads

Relative value between fully currency hedged EUR and USD spreads for European issuers



Note: the chart plots issuer-matched spreads on a fully currency hedged basis. We use maturity-matched cross currency basis swaps to fully currency hedge principal and interest rate payments, and forward FX rates to fully hedge the stream of spread payments. We also adjust for the difference in quoting conventions with a 3 to 6M Euribor swap.

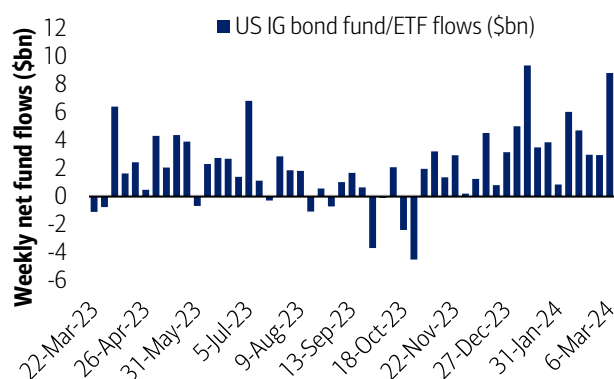
Source: BofA Global Research, ICE Data Indices, LLC, Bloomberg

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Mutual fund flows

Exhibit 33: Weekly high grade fund flows, \$bn

US IG bond fund/ETF flows, \$bn +\$8.81

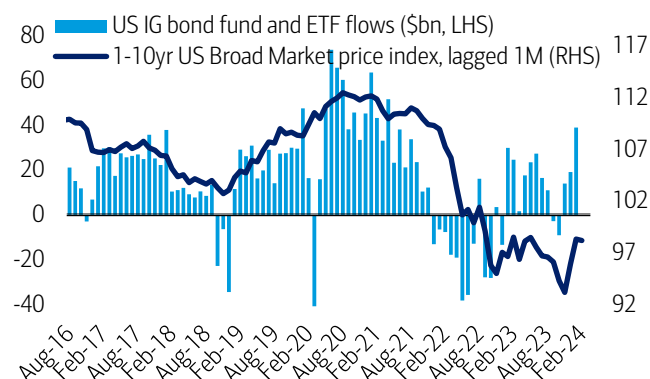


Source: EPFR Global, BofA Global Research

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Exhibit 34: Monthly high grade fund flows, \$bn

High grade bond flows tend to follow returns

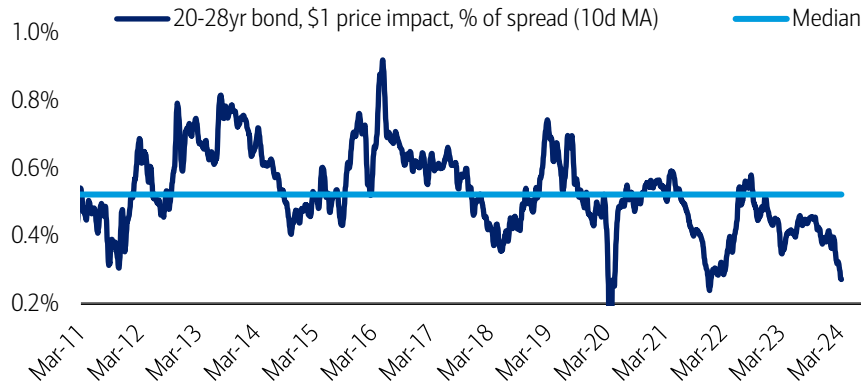


Source: EPFR Global, BofA Global Research

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Exhibit 35: Market pricing of the dollar price impact on spreads

Currently the average impact of dollar price for 20-28yr bonds is 0.27% of spread, compared to the typical value of 0.52%.

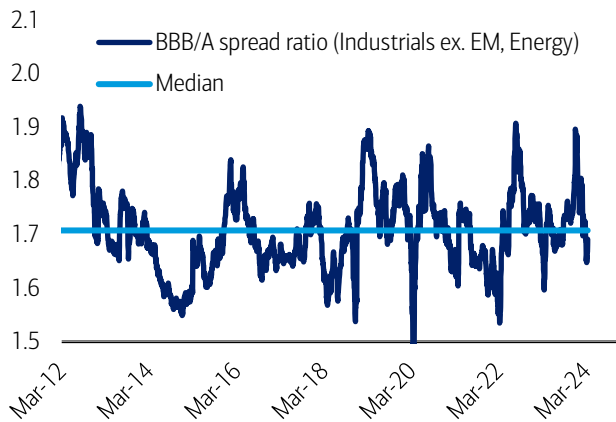


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Exhibit 36: BBB/A Industrial spread ratio

The current BBB/A spread ratio is 1.75 vs. 1.71 median.

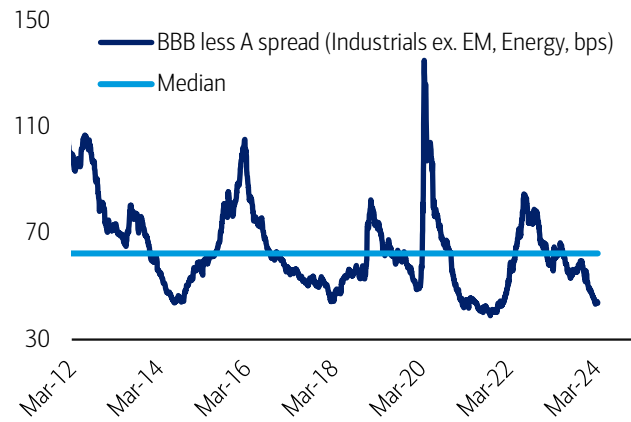


Source: BofA Global Research, ICE Data Indices, LLC.

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Exhibit 37: BBB/A Industrial spread difference

The current BBB/A spread difference is 62bps vs. 62bps median.

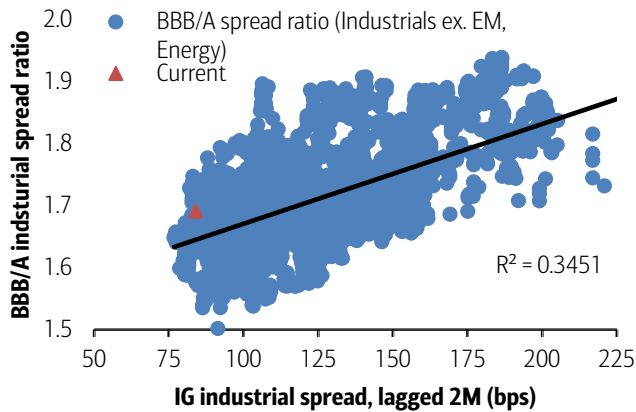


Source: BofA Global Research, ICE Data Indices, LLC.

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Exhibit 38: BBB / A industrial relative value: scatter plot

BBB / A spread ratio tends to lag spreads by two months.

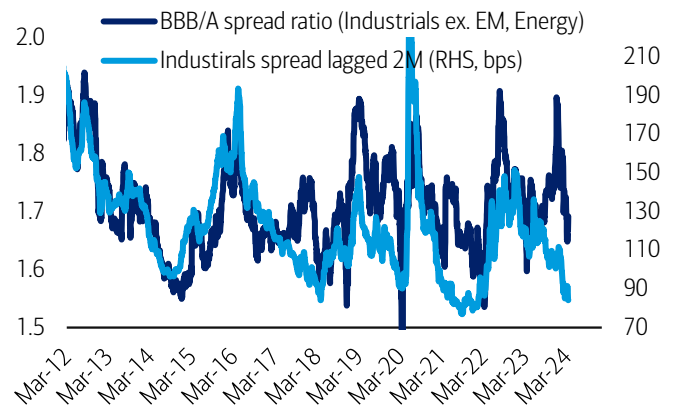


Source: BofA Global Research, ICE Data Indices, LLC.

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Exhibit 39: BBB / A industrial relative value: time series

BBB / A spread ratio tends to lag spreads by two months.

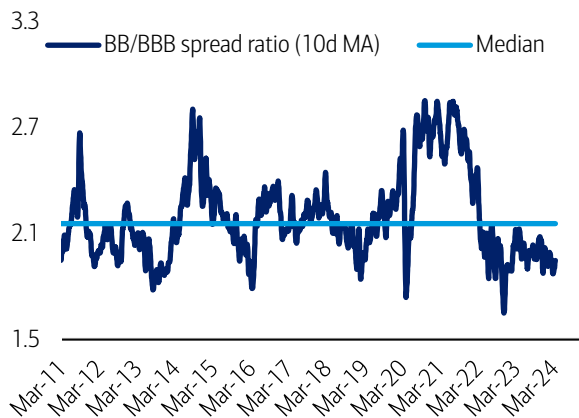


Source: BofA Global Research, ICE Data Indices, LLC.

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Exhibit 40: BB/BBB spread ratio

The current BB/BBB spread ratio is 1.94 vs. 2.15 median.

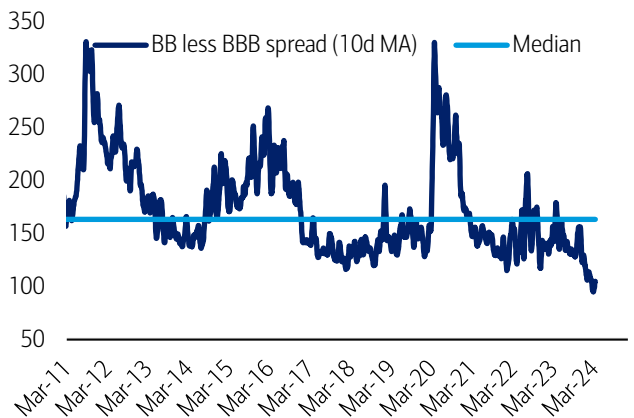


Source: BofA Global Research, ICE Data Indices, LLC. Note: based on maturity and sector-matched spreads. Ex. Financials, Energy.

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Exhibit 41: BB less BBB spreads

The current BB less BBB spread difference is 100bps vs. 163bps median.



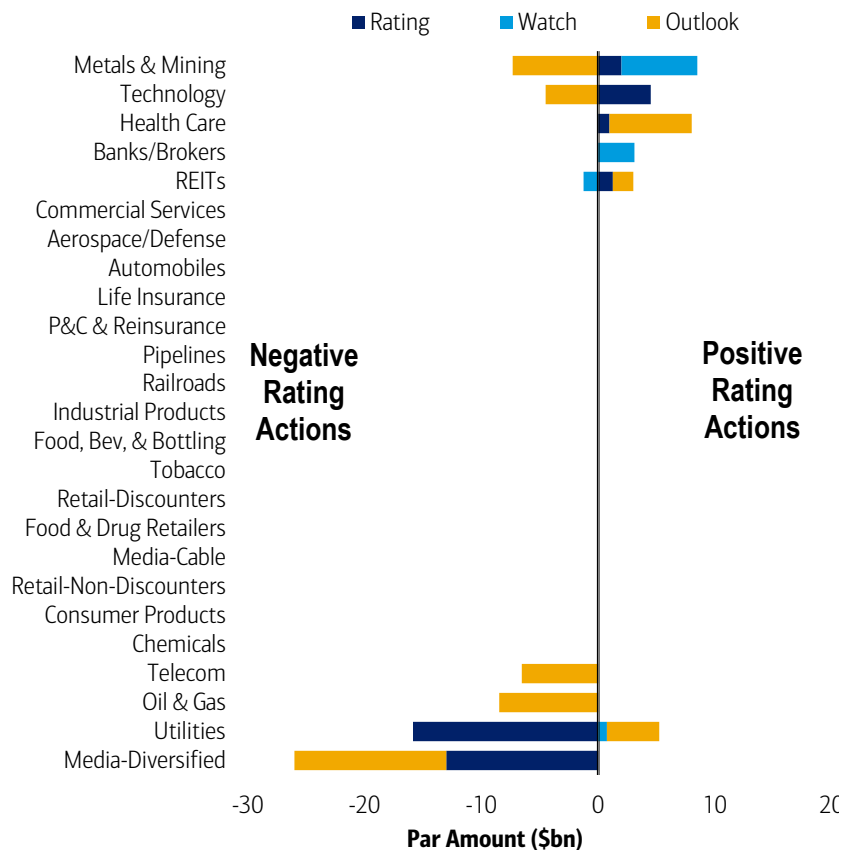
Source: BofA Global Research, ICE Data Indices, LLC. Note: based on maturity and sector-matched spreads. Ex. Financials, Energy.

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Rating actions summary

Exhibit 42: Weekly rating actions by sector, notional value in HG Master index

Banks/Brokers contributed the most to positive rating actions while Oil & Gas contributed the most to negative rating actions this week



Note: Data include rating action by any of the three agencies (Moody's, S&P, Fitch).

Source: BofA Global Research, ICE Data Indices, LLC

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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

Unched: Unchanged

CPI: Consumer Price Index

FOMC: The Federal Open Market Committee

AUM: assets under management

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