

Industry Report

Durability drives demand; 2023 review

Industry Overview

Supportive backdrop in '23, slowdown fears ease into '24

Risk sentiment was highly durable over 2023 as expectations of an economic slowdown eased, the labor market & consumer spending backed by healthy balance sheets (savings and leverage) proved resilient, and disinflation gained momentum. Early 2H felt some unease given higher rates, volatility, and selective operating weakness or M&A but this created opportunity for gains ending the year as technicals were favorable and rhetoric around a Fed pivot sparked BBBs and duration. In 2023, the ICE BofA IG Corporate index tightened -34bps to 104 OAS, delivering +465bps of excess return (ER) which combined with Treasury performance drove an +8.4% total return (TR). On avg. Consumer & Retail outperformed IG by 2bps on a spread basis but lagged by -22bps on TR and -16bps on ER. The bulk of performance came in 2H; IG tightened -26bps as macro indicators increasingly pointed to a soft landing in '24 and rates & inflation having peaked. Within Consumer, Cyclical underperformed IG, generating +7.7% (TR) and 405bps ER. The sector continues to be the tightest on an absolute basis (72 OAS) weighted toward AA-A Retail. Non-Cyclicals (Consumer Staples) fared better and outperformed IG with +8.7% (TR) and 494bps ER. Broadly, 'status quo' worked and higher beta credits that delivered even just stable credit metrics found support alongside a market bid. Across the index, lower quality and long duration was best positioned leading to strongest ER's. As a % of the index, BBBs fell -140bps y/y to 47.2% and <5yr maturities mix jumped +30bps to 41.1% while 15+ yr mix fell 40bps to 26.7% given lack of 30Y supply due to rates.

C&R issuance -3.6% y/y in '23, expect modest '24 growth

2023 IG supply totaled \$1,225bn (-0.2% y/y) missing est. +9% y/y. C&R issued \$90bn (-3.6% y/y) or 14.1% of corporate volume (ex-financials) led by Retail and Food (50% of C&R supply, see pg. 11). This beat our \$86bn or -8% y/y est. The largest issuers were Kenvue, Philip Morris International, Walmart, and British American Tobacco. In 2024, we est. IG supply will be +4-6% y/y to \$1.3tr with C&R up modestly y/y (\$90-95bn) though a rapid rate decline or debt-funded M&A (particularly given strategic desires in Consumer Staples) could pad the outcome. We feel many issuers have balance sheet capacity vs. stated leverage targets but remain cautious with capital deployment.

Smokes & booze remain a Consumer favorite

Cyclicals tightened -27bps in 2023 (72 OAS) returning +7.7% TR and 405bps ER (-60bps below IG). Retail was a drag on TR due to mixed operating performance, disinflation feeding into mass retail top-lines, and housing-related fickleness. Restaurants were the strongest sub-sector on ER (+460bps) but all sub-sectors lagged IG.

Non-Cyclicals narrowed -38bps in 2023 (85 OAS) returning +8.7% TR and 494bps ER (+29bps above IG). Tobacco & Beverages were the best performers and were the only sub-sectors where ER outperformed IG; former by +229bps and the latter by +51bps driven by long duration skew. Consumer Products and Food underperformed Staples (-137bps and -74bps ER respectively) due to consumption normalization disrupting results, creeping M&A risks, GLP-1 drug fears weighing on food, and deleveraging & credit metric improvement that has likely stalled.

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High Grade Credit
United States
Consumer & Retail

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Table 1: Consumer & Retail Snapshot
Returns led by Non-Cyclicals in 2023

	IG Index	Cyclicals	Non- Cyclicals
2022 YE OAS	138	99	123
2023 Ending OAS	104	72	85
2023 OAS Chg	-34	-27	-38
2023 Total Return (%)	+8.40%	+7.67%	+8.69%
2022 Excess Return	465bps	405bps	494bps

Source: ICE Data Indices, LLC

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2023 Consumer & Retail returns summary

The enclosed data, returns, and charts represent 2023 performance of all relevant Consumer & Retail indices and sub-sectors for the period ending December 31, 2023. All data refers to respective ICE Data Indices, unless otherwise indicated.

Summary

Table 2: Consumer & Retail Returns Summary

Consumer Cyclical underperformed while Non-Cyclicals outperformed against the High Grade index in 2023

	Spreads (OAS)				Total Returns		Excess Returns	
	2022 OAS	2022 chg	2023 OAS	2023 chg	2022 chg	2023 chg	2022 chg	2023 chg
HG Corporate Index	138 bps	40 bps	104 bps	-34 bps	-15.44%	8.40%	-137 bps	465 bps
Industrials	133 bps	32 bps	97 bps	-36 bps	-16.56%	8.63%	-126 bps	498 bps
Consumer Cyclicals	99 bps	22 bps	72 bps	-27 bps	-16.82%	7.67%	-79 bps	405 bps
US Corp Food & Drug Retail	141 bps	38 bps	114 bps	-27 bps	-16.46%	7.82%	-152 bps	399 bps
US Corp Restaurants	100 bps	12 bps	67 bps	-33 bps	-16.44%	8.18%	-10 bps	460 bps
US Corp Retail	94 bps	23 bps	69 bps	-25 bps	-16.93%	7.57%	-79 bps	397 bps
Consumer Non-Cyclicals	123 bps	27 bps	85 bps	-38 bps	-15.71%	8.69%	-37 bps	494 bps
US Corp Beverage	106 bps	12 bps	66 bps	-40 bps	-17.29%	8.63%	17 bps	516 bps
US Corp Food Wholesale	121 bps	35 bps	90 bps	-31 bps	-14.74%	8.05%	-40 bps	420 bps
US Corp Tobacco	183 bps	33 bps	129 bps	-54 bps	-15.36%	10.95%	-102 bps	694 bps
US Corp Consumer Products	96 bps	35 bps	65 bps	-31 bps	-14.24%	7.51%	-90 bps	357 bps

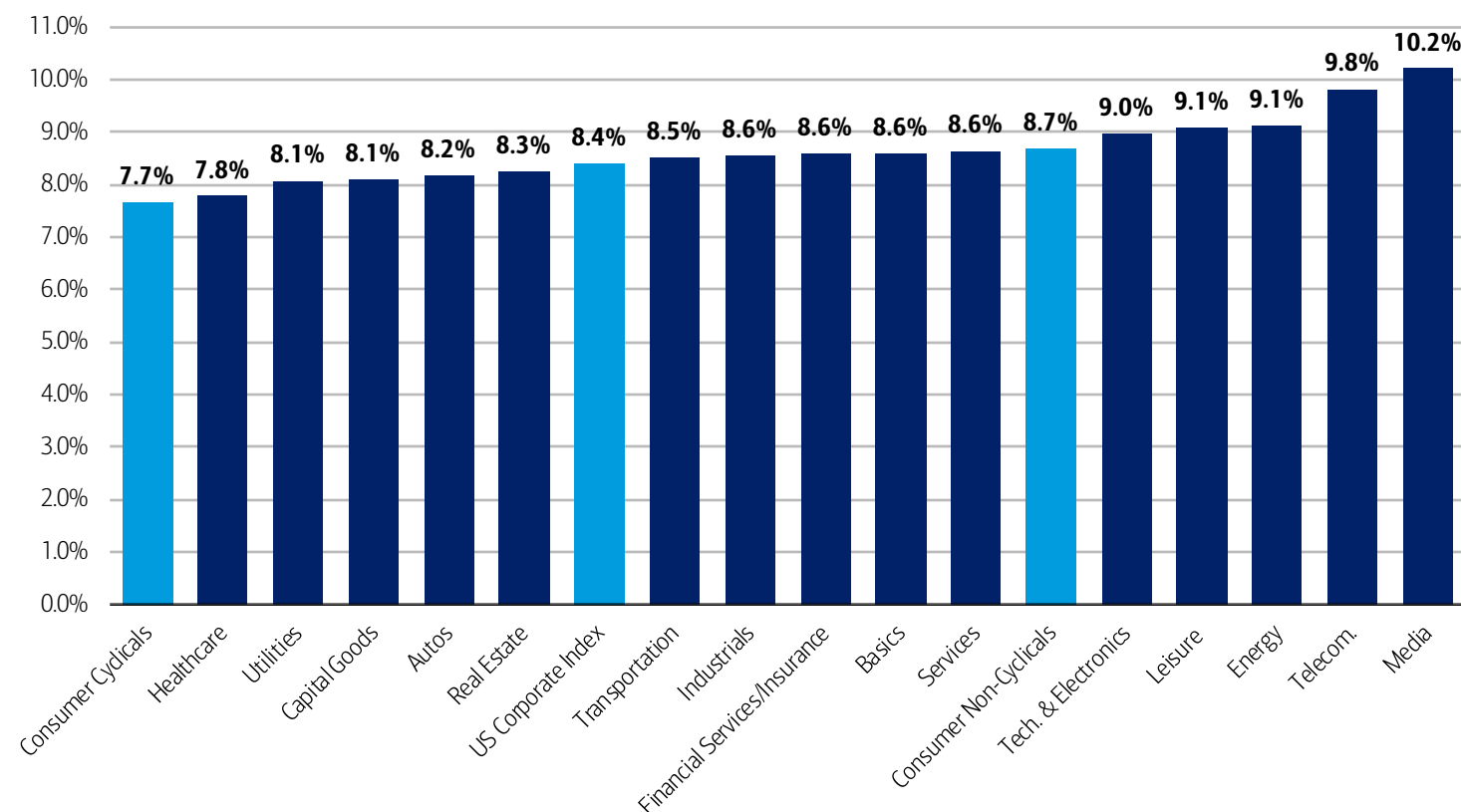
Source: ICE Data Indices, LLC

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Consumer & Retail vs. High Grade

Chart 1: Total Returns (%)

Cyclicals performed the worst vs all other sectors while Non-Cyclicals modestly outperformed the IG Index and Industrials



Source: ICE Data Indices, LLC

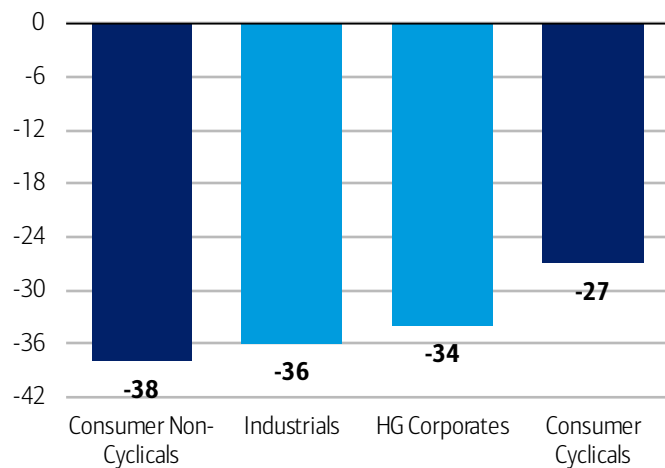
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Spread change y/y (OAS)

Chart 2: Consumer & Retail vs. Index

Non-Cyclicals spreads slightly outperformed IG and Industrials

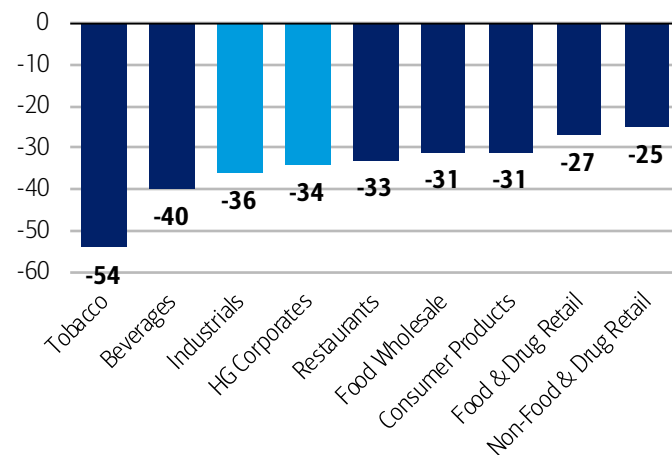


Source: ICE Data Indices, LLC

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Chart 3: Consumer & Retail sub-sectors vs. Index

Only the Tobacco and Beverages sub-sectors outperformed

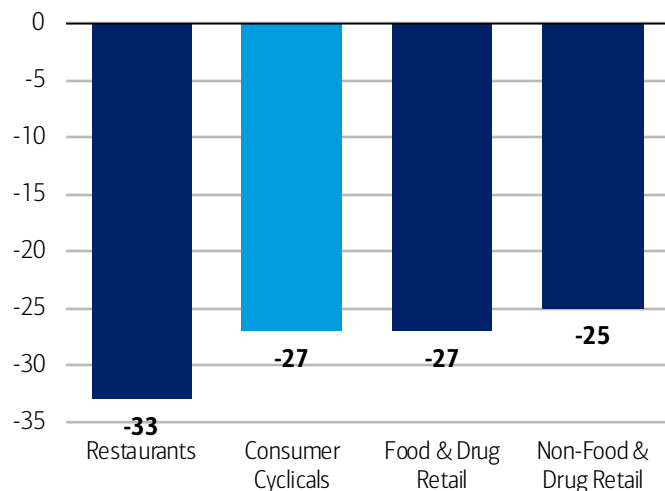


Source: ICE Data Indices, LLC

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Chart 4: Consumer Cyclicals vs. sub-sectors

Restaurants outperformed within Cyclicals at -33bps

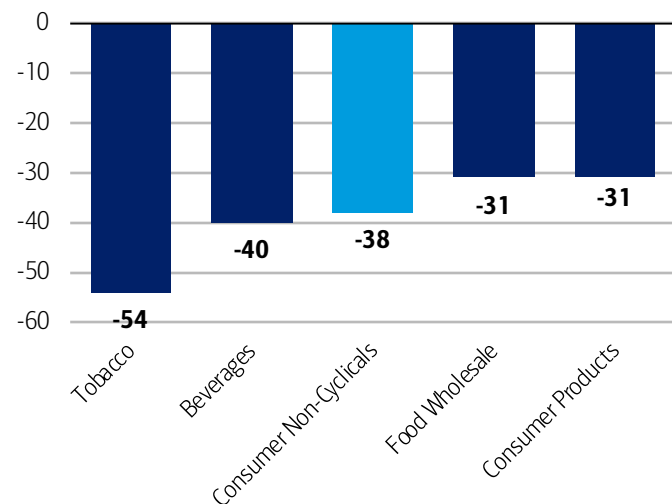


Source: ICE Data Indices, LLC

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Chart 5: Consumer Non-Cyclicals vs. sub-sectors

Food & Consumer Products lagged in Non-Cyclicals at -31bps



Source: ICE Data Indices, LLC

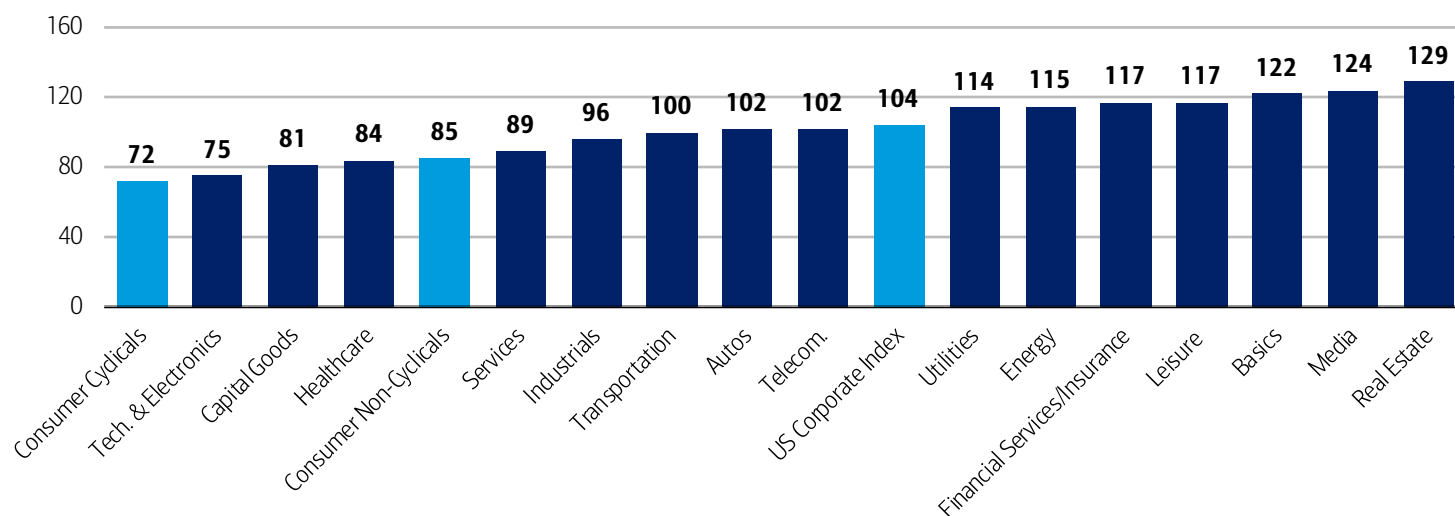
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Relative value: OAS

Since YE22, on a spread basis, the gap between Consumer Non-Cyclicals and the overall high grade sector narrowed by 4bps y/y to -19bps inside today. Consumer Cyclicals gap also narrowed by 7bps vs. high grade to -32bps inside today. Alternatively, the relative gap between the two sectors has narrowed to +13bps vs. +24bps at YE22 indicating Non-Cyclicals outperformance vs. Cyclicals spreads. On a relative basis (not duration-adjusted), Consumer Cyclicals continues to remain rich vs. other quality sectors like Tech & Electronics, Capital Goods & Healthcare. This is driven by Discount Retail (+48 sector spread) and Non-Discount Retail (+73 sector spread).

Chart 6: Consumer & Retail vs. Industrials

Cyclicals remains the richest sector on an absolute spread basis and the gap vs. Non-Cyclicals has narrowed -11bps y/y



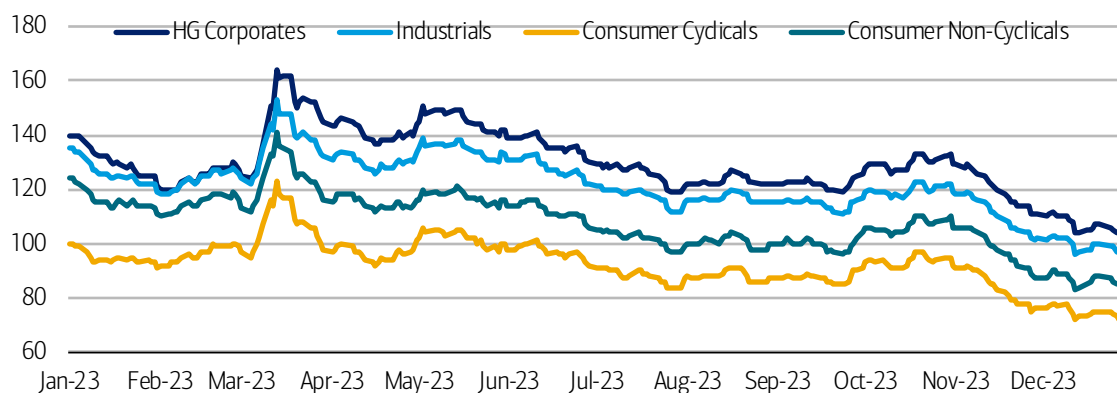
Source: ICE Data Indices, LLC; Not duration-adjusted

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2023 spread charts (OAS)

Chart 7: Consumer & Retail vs. Index

Spreads peaked in March on bank stress & macro uncertainty but tightened into YE on improving economic signals

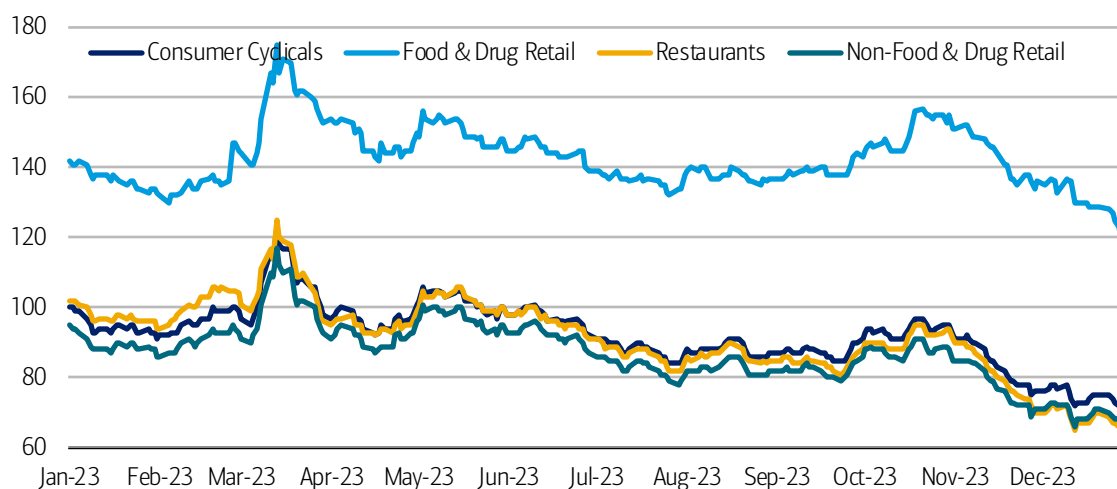


Source: ICE Data Indices, LLC

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Chart 8: Consumer Cyclical vs. sub-sectors

Restaurants spreads partially closed the gap vs. Retail spreads in 2023

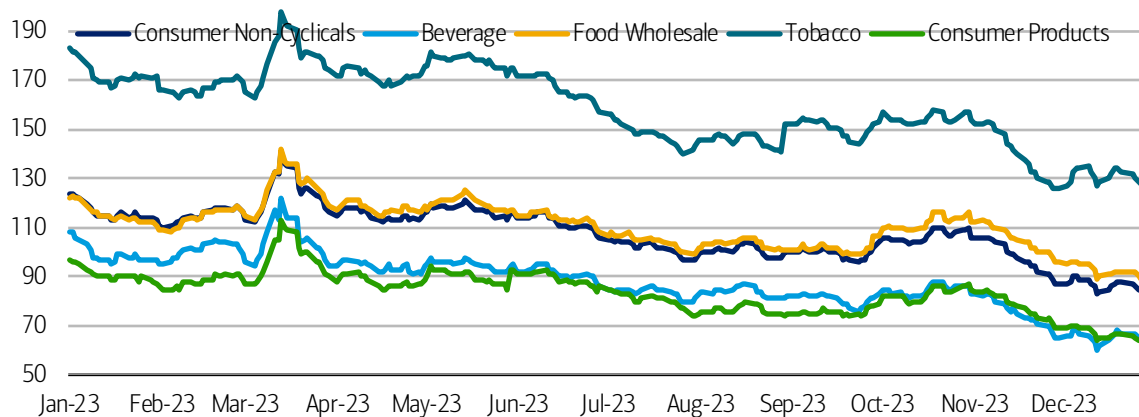


Source: ICE BofA Data Indices

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Chart 9: Consumer Non-Cyclical vs. sub-sectors

Beverages tightened near Consumer Products over the year helped by upgrades and relative deleveraging



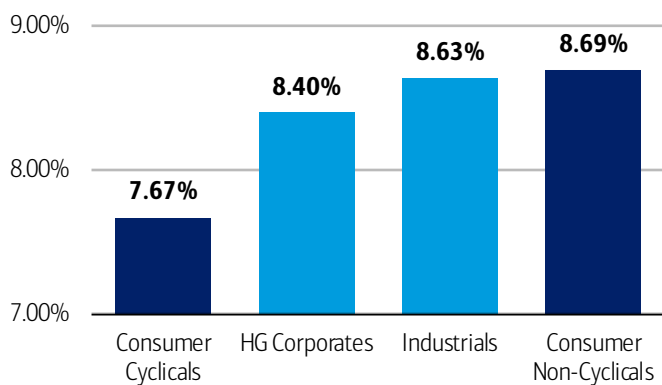
Source: ICE Data Indices, LLC

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Total returns (%)

Chart 10: Consumer & Retail vs. Index

Non-Cyclicals outperformed IG total returns

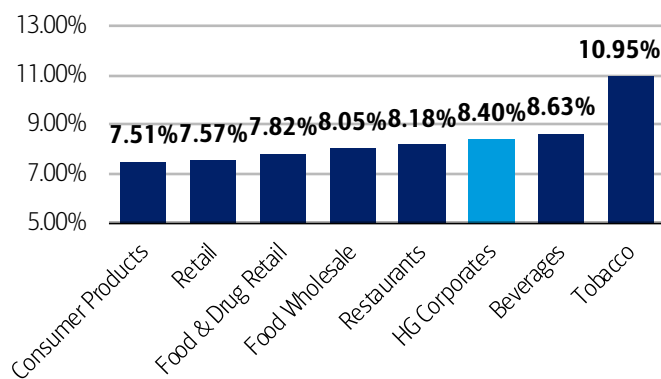


Source: ICE Data Indices, LLC

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Chart 11: Consumer & Retail sub-sectors vs. Index

The majority of sub-sector total returns lagged IG last year

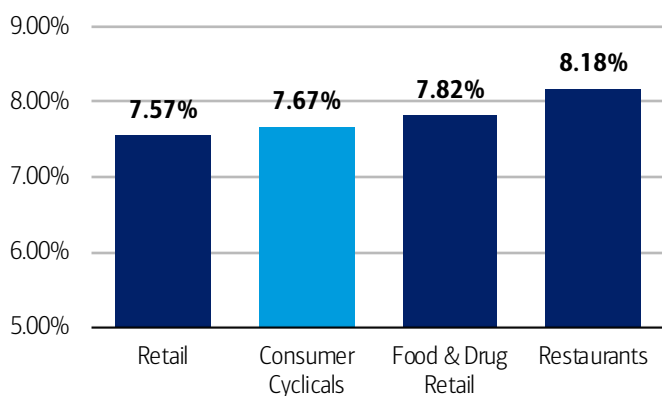


Source: ICE Data Indices, LLC

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Chart 12: Consumer Cyclical vs. sub-sectors

Retail continues to lag Cyclical and is 80% of the super sector

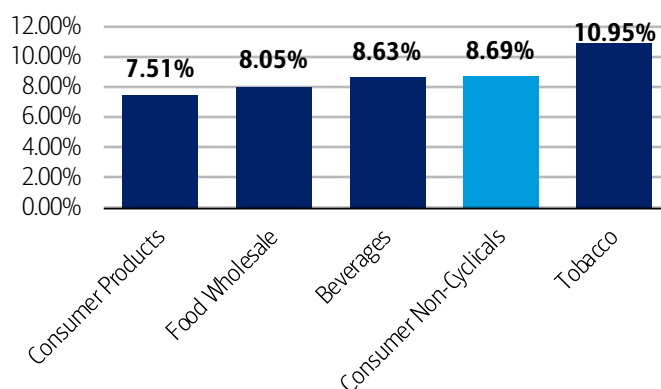


Source: ICE Data Indices, LLC

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Chart 13: Consumer Non-Cyclicals vs. sub-sectors

Tobacco notably outperformed the Non-Cyclicals group



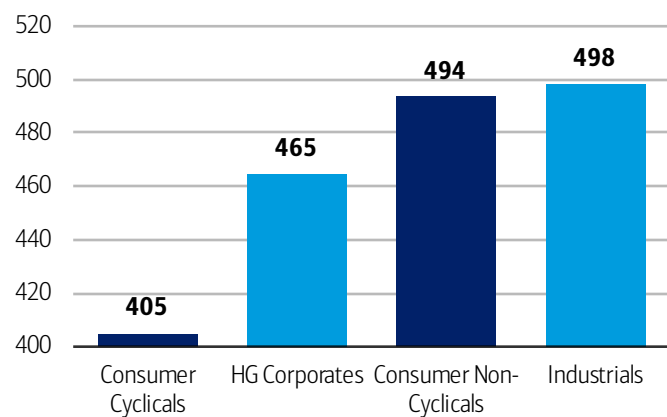
Source: ICE Data Indices, LLC

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Excess returns (bps)

Chart 14: Consumer & Retail vs. Index

Non-Cyclicals excess return beat IG but underperformed Industrials

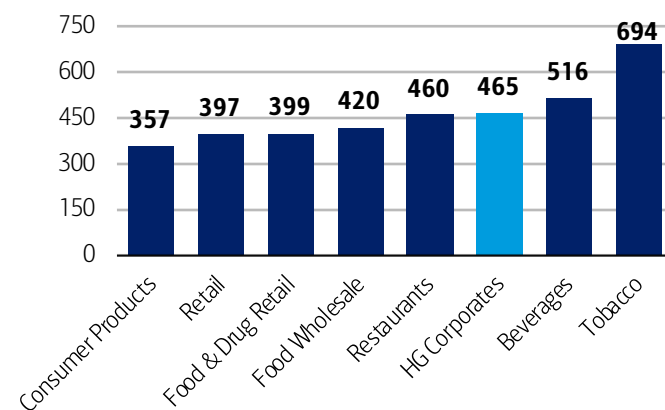


Source: ICE Data Indices, LLC

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Chart 15: Consumer & Retail sub-sectors vs. Index

Excess return mirrored total return with Beverages and Tobacco ahead

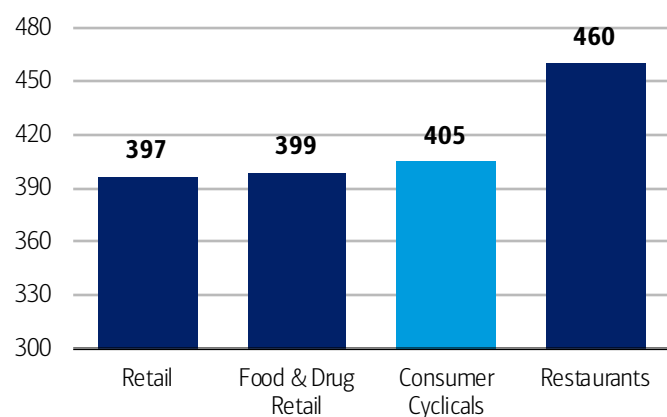


Source: ICE Data Indices, LLC

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Chart 16: Consumer Cyclical vs. sub-sectors

Restaurants led Cyclical by 0.55%

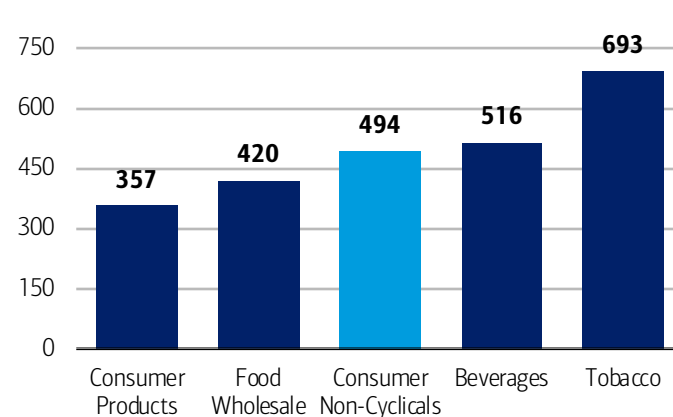


Source: ICE Data Indices, LLC

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Chart 17: Consumer Non-Cyclicals vs. sub-sectors

Beverages and Tobacco were outperformers within Non-Cyclicals



Source: ICE Data Indices, LLC

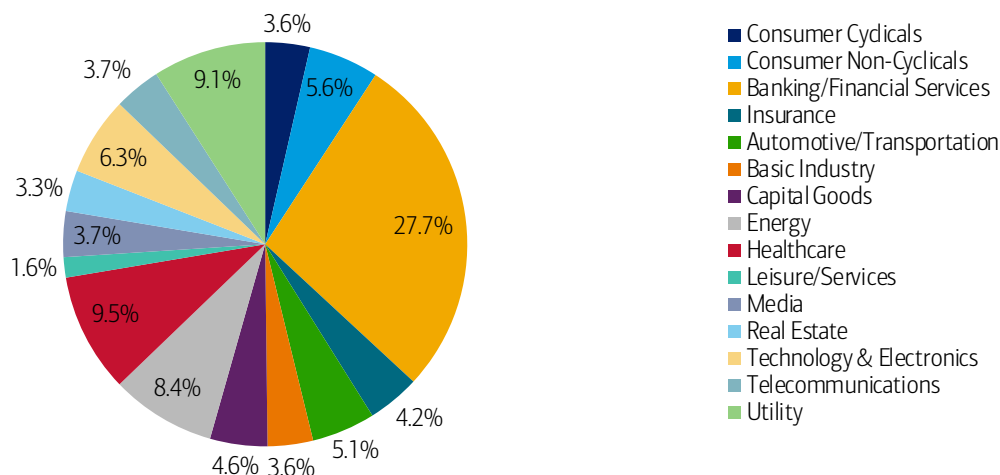
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Index composition

The breakdown by % weighting of the ICE BofA IG Corporate index sector constituents (in 2023): Consumer Cyclical weighting decreased -20bps since YE22 to 3.6%, while Consumer Non-Cyclicals stayed unchanged at 5.6%.

Chart 18: Sector weighting (%) within ICE BofA IG Corporate index

Cyclicals and Non-Cyclicals account for 9.2% of the index, -20bps y/y



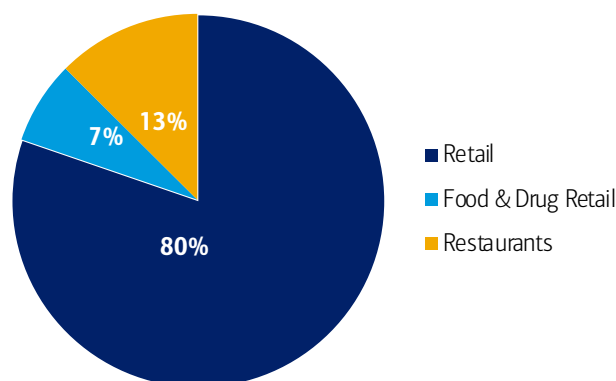
Source: ICE Data Indices, LLC

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The sub-sector constituent's % weighting within each Consumer sector.

Chart 19: Consumer Cyclical

Retail dominates the makeup of Cyclical at 80%, up from 79% LY

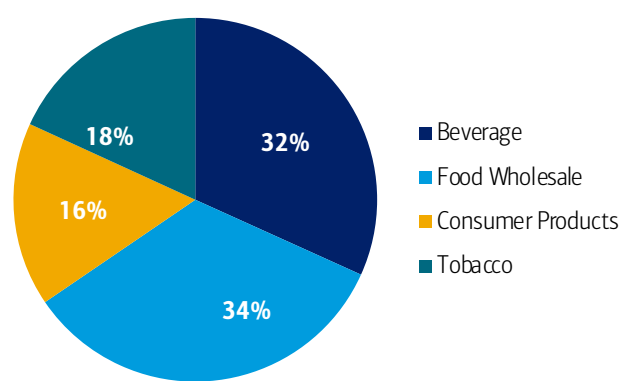


Source: ICE Data Indices, LLC

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Chart 20: Consumer Non-Cyclical

Food & Beverages make up 65% of Non-Cyclicals (-3% mix y/y)



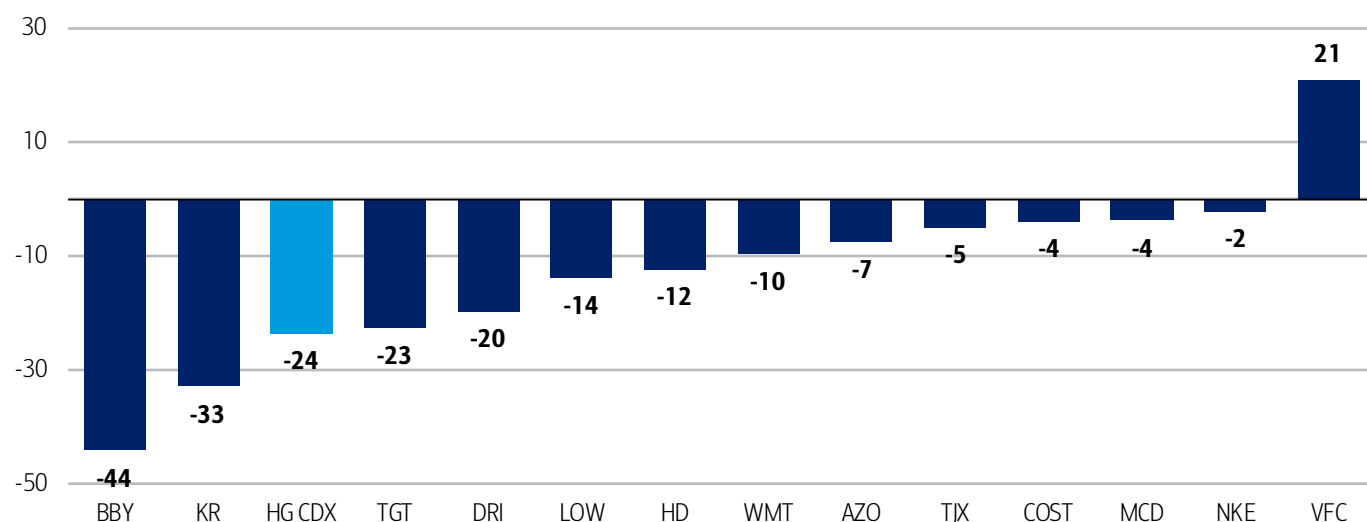
Source: ICE Data Indices, LLC

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5Y CDS performance in 2023

Chart 21: Consumer Cyclical

VFC widened the most in 2023 on operational performance

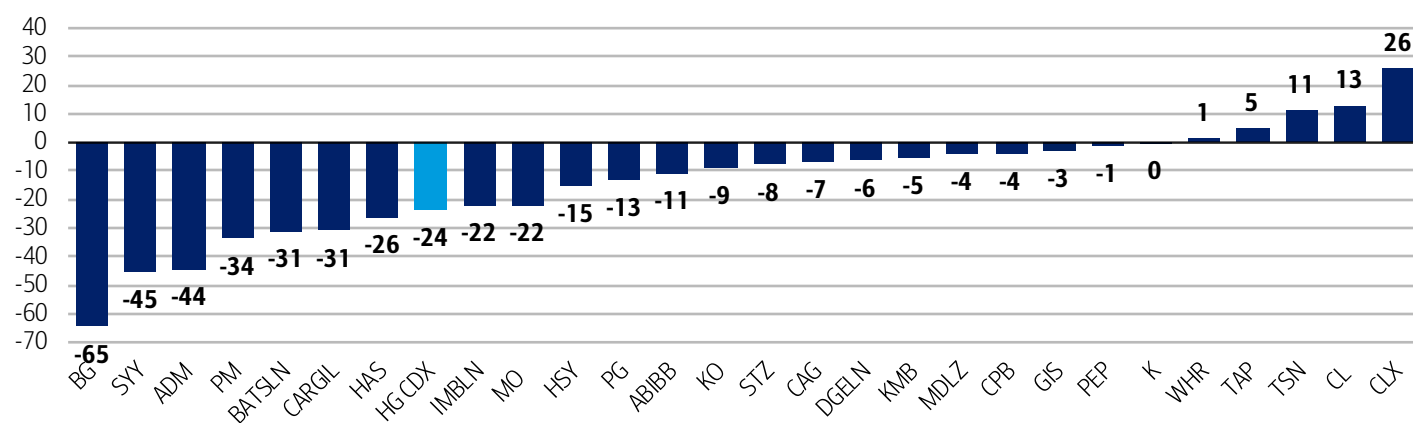


Source: BofA Global Research, Bloomberg

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Chart 22: Consumer Non-Cyclicals

Consumer Products names widened the most across Non-Cyclicals in CDS

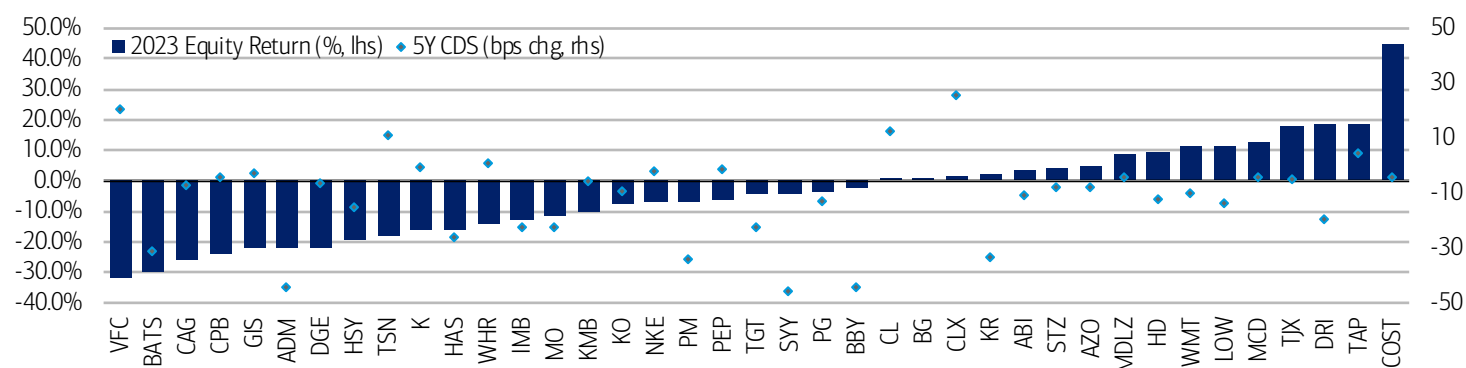


Source: BofA Global Research, Bloomberg

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Chart 23: 5Y CDS vs. 2023 equity returns

CDS performance was all relatively tighter irrespective of magnitude of equity performance

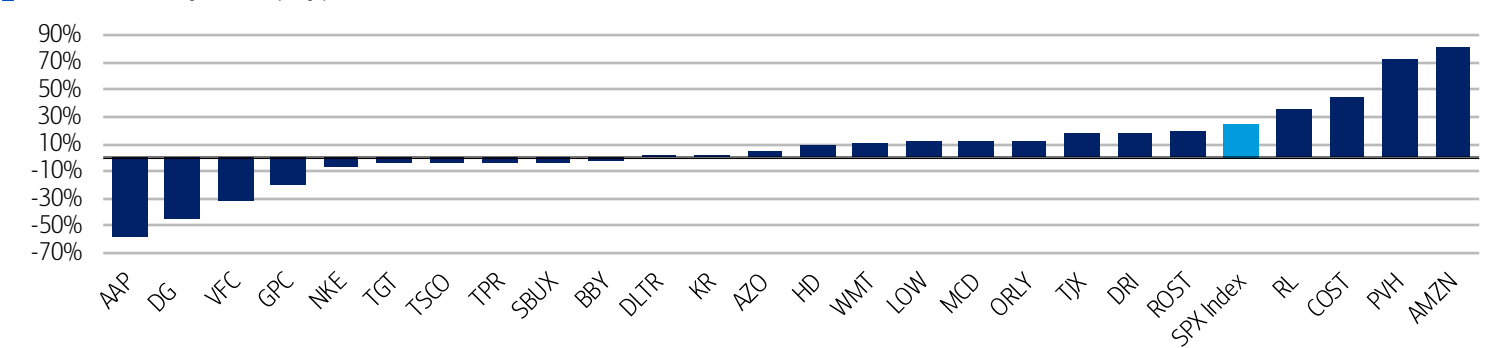


Source: BofA Global Research, Bloomberg

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2023 equity performance

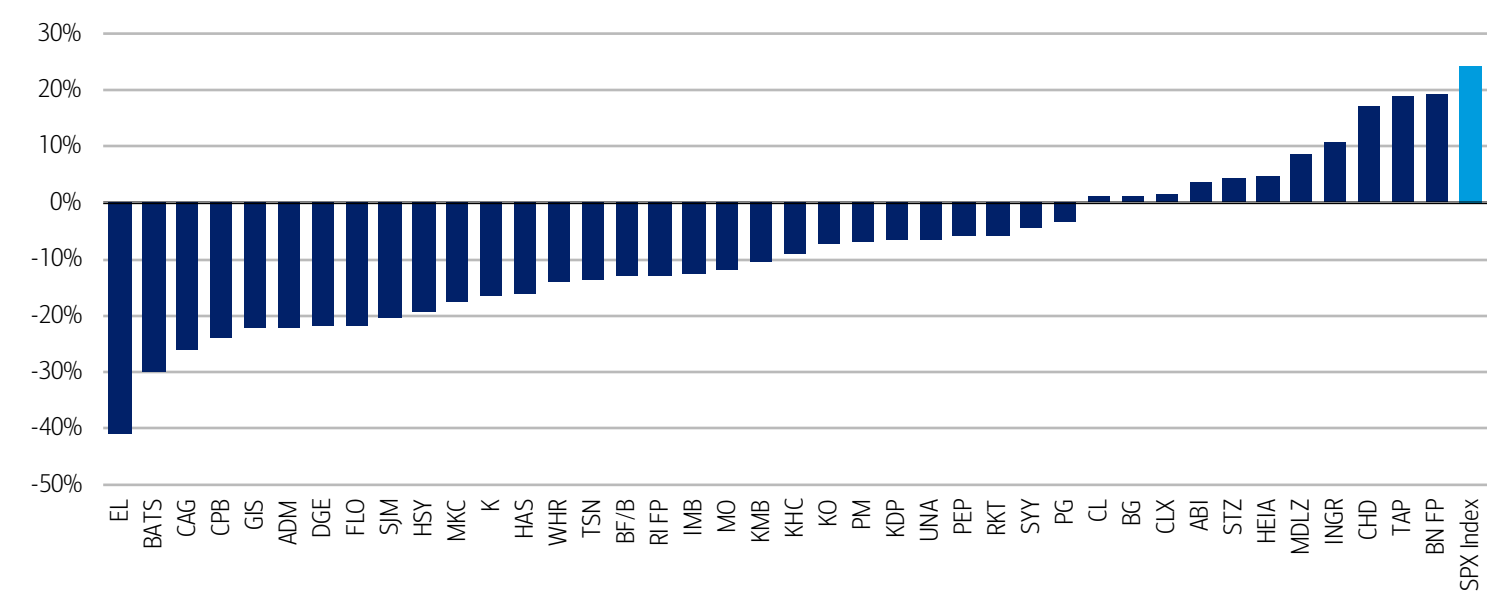
Chart 24: Consumer Cyclical
2023 consumer cyclical equity performance



Source: BofA Global Research, Bloomberg

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Chart 25: Consumer Non-Cyclicals
All Non-Cyclical names underperformed the S&P500 - Beverage names held up the best



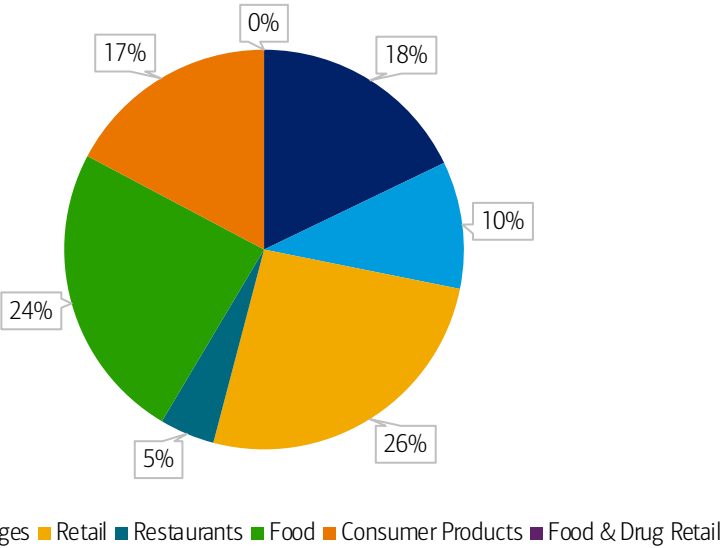
Source: BofA Global Research, Bloomberg

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Supply breakdown 2023

Exhibit 1: Consumer Cyclical & Non-Cyclicals New Issuance Mix
Majority of issuance coming from Retail and Food (50% of total)



Source: BofA Securities, does not include floating rate notes

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Table 3: IG Issuance Breakdown (\$mns)

February was the busiest month of the 2023, closely followed by May

Month	% of Total	Total	Week 1	Week 2	Week 3	Week 4	Week 5
Jan	11.9%	145,950	58,000	36,100	16,050	26,450	9,350
Feb	12.8%	156,275	10,450	37,200	54,175	22,525	31,925
Mar	8.3%	102,190	16,490	39,825	-	21,050	24,825
Apr	5.7%	69,350	9,800	10,950	30,750	17,850	-
May	12.5%	153,050	30,050	35,100	61,450	14,450	12,000
Jun	7.7%	94,120	2,500	49,950	10,870	15,400	15,400
Jul	7.4%	90,625	13,300	11,600	30,575	15,650	19,500
Aug	5.6%	69,000	15,100	35,550	13,600	3,750	1,000
Sep	10.7%	130,830	-	57,530	36,650	17,050	19,600
Oct	6.7%	82,410	8,900	13,250	26,500	8,460	25,300
Nov	8.7%	106,935	6,050	46,640	30,800	5,500	17,945
Dec	2.0%	24,025	-	20,875	2,450	700	-
Total	100.0%	1,224,760	170,640	394,570	313,870	168,835	176,845

Source: BofA Securities

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Table 4: 2023 IG Deals by S&P Rating

BBBs account for 43% of issuance vs. As at 47%

S&P Rating	Volume	%	# Deals
AAA	-	0.0%	0
AA+	13,230	1.1%	12
AA	14,700	1.2%	8
AA-	49,125	4.0%	36
A+	166,900	13.6%	80
A	138,770	11.3%	107
A-	268,530	21.9%	143
BBB+	219,350	17.9%	135
BBB	204,425	16.7%	151
BBB-	104,435	8.5%	104
NON IG	26,800	2.2%	22
NR	18,495	1.5%	18

Source: BofA Securities

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Table 5: 2023 IG Deals by Sector

Consumer & Retail issuance fell -4% y/y

Type	2022	2023	# Deals	y/y
Business Services	1,250	7,000	9	460%
Consumer & Retail	93,600	90,200	52	-4%
Education	-	-	-	-
Energy & Power	132,176	177,915	184	35%
Financial Institutions	674,410	584,725	356	-13%
Gaming	-	400	1	-
Healthcare	63,400	126,050	28	99%
Industrials	83,100	112,820	91	36%
Media & Telecom	60,050	40,700	24	-32%
Real Estate	18,250	22,850	31	25%
Technology	101,150	62,100	27	-39%
Total	1,227,386	1,224,760	803	-0.2%

Source: BofA Securities

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Issuance monitor

Bond-level issuance, in reverse chronological order, of all BofA monitored names within Consumer & Retail for 2023. Data excludes Floating Rate Notes & select Emerging Market issuers.

Exhibit 2: 2023 Sector New Issuance (USD only)

Consumer & Retail accounted for \$90bn of new supply in 2023 (we include AMZN and select other issuers in our calculation), list by ticker and issuance detail

Issue Date	Ticker	Issuer	Rating (Moody's/S&P)	Size	Coupon	Maturity	New Issue Spread
11/27/2023	HD	HOME DEPOT	A2/A	\$500	5.125%	4/30/2025	28
11/27/2023	HD	HOME DEPOT	A2/A	\$750	4.950%	9/30/2026	43
11/27/2023	HD	HOME DEPOT	A2/A	\$750	4.900%	4/15/2029	58
11/15/2023	TPR	TAPESTRY INC	Baa2/BBB	\$500	7.050%	11/27/2025	220
11/15/2023	TPR	TAPESTRY INC	Baa2/BBB	\$750	7.000%	11/27/2026	240
11/15/2023	TPR	TAPESTRY INC	Baa2/BBB	\$1,000	7.350%	11/27/2028	290
11/15/2023	TPR	TAPESTRY INC	Baa2/BBB	\$1,000	7.700%	11/27/2030	320
11/15/2023	TPR	TAPESTRY INC	Baa2/BBB	\$1,250	7.850%	11/27/2033	340
11/13/2023	ORLY	O'REILLY AUTOMOTIVE	Baa1/BBB	\$750	5.750%	11/20/2026	95
11/8/2023	PEP	PEPSICO	A1/A+	\$800	5.250%	11/10/2025	35
11/8/2023	PEP	PEPSICO	A1/A+	\$700	5.125%	11/10/2026	43
11/6/2023	SYN	SYSCO CORP	Baa1/BBB	\$500	5.750%	1/17/2029	120
11/6/2023	SYN	SYSCO CORP	Baa1/BBB	\$500	6.000%	1/17/2034	147
10/30/2023	BIMBOA	BIMBO BAKERIES USA	Baa1/BBB+	\$450	6.050%	1/15/2029	125
10/30/2023	BIMBOA	BIMBO BAKERIES USA	Baa1/BBB+	\$550	6.400%	1/15/2034	155
10/30/2023	MO	ALTRIA	A3/BBB	\$500	6.200%	11/1/2028	145
10/30/2023	MO	ALTRIA	A3/BBB	\$500	6.875%	11/1/2033	205
10/23/2023	GPC	GENUINE PARTS CO	Baa1/BBB	\$425	6.500%	11/1/2028	180
10/23/2023	GPC	GENUINE PARTS CO	Baa1/BBB	\$375	6.875%	11/1/2033	210
10/19/2023	AZO	AUTOZONE	Baa1/BBB	\$500	6.250%	11/1/2028	132
10/19/2023	AZO	AUTOZONE	Baa1/BBB	\$500	6.550%	11/1/2033	162
10/11/2023	SJM	JM SMUCKER	Baa2/BBB	\$750	5.900%	11/15/2028	130
10/11/2023	SJM	JM SMUCKER	Baa2/BBB	\$1,000	6.200%	11/15/2033	160
10/11/2023	SJM	JM SMUCKER	Baa2/BBB	\$750	6.500%	11/15/2043	163
10/11/2023	SJM	JM SMUCKER	Baa2/BBB	\$1,000	6.500%	11/15/2053	180
10/10/2023	GIS	GENERAL MILLS	Baa2/BBB	\$500	5.500%	10/17/2028	103
10/4/2023	DRI	DARDEN RESTAURANTS	Baa2/BBB	\$500	6.300%	10/10/2033	165
10/2/2023	DGELN	DIAGEO CAPITAL	A3/A-	\$800	5.375%	10/5/2026	60
10/2/2023	DGELN	DIAGEO CAPITAL	A3/A-	\$900	5.625%	10/5/2034	100
9/27/2023	PPC	PILGRIM'S PRIDE CORP	Ba2/BBB-	\$500	6.875%	5/15/2034	250
9/6/2023	NESNVX	NESTLE HOLDINGS	A3/AA-	\$500	5.000%	9/12/2028	57
9/6/2023	NESNVX	NESTLE HOLDINGS	A3/AA-	\$500	5.000%	9/12/2030	67
9/6/2023	NESNVX	NESTLE HOLDINGS	A3/AA-	\$500	5.000%	9/12/2033	77
9/5/2023	UNANA	UNILEVER CAPITAL CORP	A1/A+	\$700	4.875%	9/8/2028	55
9/5/2023	UNANA	UNILEVER CAPITAL CORP	A1/A+	\$800	5.000%	12/8/2033	85
9/5/2023	JBSSBZ	JBS USA	Baa3/BBB-	\$1,600	6.750%	3/15/2034	250
9/5/2023	JBSSBZ	JBS USA	Baa3/BBB-	\$900	7.250%	11/15/2053	290
9/5/2023	PM	PHILIP MORRIS INTERNATIONAL	A2/A-	\$650	5.250%	9/7/2028	105
9/5/2023	PM	PHILIP MORRIS INTERNATIONAL	A2/A-	\$700	5.500%	9/7/2030	135
9/5/2023	PM	PHILIP MORRIS INTERNATIONAL	A2/A-	\$1,000	5.625%	9/7/2033	160
8/14/2023	MCD	MCDONALD'S CORP	Baa1/BBB+	\$600	4.800%	8/14/2028	68
8/14/2023	MCD	MCDONALD'S CORP	Baa1/BBB+	\$600	4.950%	8/14/2033	98
8/14/2023	MCD	MCDONALD'S CORP	Baa1/BBB+	\$800	5.450%	8/14/2053	128
7/31/2023	BATSLN	BRITISH AMERICAN TOBACCO	Baa2/BBB+	\$1,000	5.931%	2/2/2029	175
7/31/2023	BATSLN	BRITISH AMERICAN TOBACCO	Baa2/BBB+	\$1,000	6.343%	8/2/2030	225
7/31/2023	BATSLN	BRITISH AMERICAN TOBACCO	Baa2/BBB+	\$1,250	6.421%	8/2/2033	245
7/31/2023	BATSLN	BRITISH AMERICAN TOBACCO	Baa2/BBB+	\$750	7.079%	8/2/2043	285
7/31/2023	BATSLN	BRITISH AMERICAN TOBACCO	Baa2/BBB+	\$1,000	7.081%	8/2/2053	305
7/18/2023	AZO	AUTOZONE	Baa1/BBB	\$450	5.050%	7/15/2026	75
7/18/2023	AZO	AUTOZONE	Baa1/BBB	\$300	5.200%	8/1/2033	143
7/17/2023	CAG	CONAGRA BRANDS	Baa3/BBB-	\$500	5.300%	10/1/2026	100
6/6/2023	BACARD	BACARDI	Baa3/BBB-	\$400	5.250%	1/15/2029	140
6/6/2023	BACARD	BACARDI	Baa3/BBB-	\$700	5.400%	6/15/2033	175
6/6/2023	BACARD	BACARDI	Baa3/BBB-	\$400	5.900%	6/15/2043	190
6/5/2023	DG	DOLLAR GENERAL	Baa2/BBB	\$500	5.200%	7/5/2028	137
6/5/2023	DG	DOLLAR GENERAL	Baa2/BBB	\$1,000	5.450%	7/5/2033	177
5/9/2023	EL	ESTEE LAUDER	A1/A+	\$700	4.375%	5/15/2028	90
5/9/2023	EL	ESTEE LAUDER	A1/A+	\$700	4.650%	5/15/2033	115

Exhibit 2: 2023 Sector New Issuance (USD only)

Consumer & Retail accounted for \$90bn of new supply in 2023 (we include AMZN and select other issuers in our calculation), list by ticker and issuance detail

Issue Date	Ticker	Issuer	Rating (Moody's/S&P)	Size	Coupon	Maturity	New Issue Spread
5/9/2023	EL	ESTEE LAUDER	A1/A+	\$600	5.150%	5/15/2053	135
5/1/2023	HSY	HERSHEY	A1/A	\$350	4.250%	5/4/2028	67
5/1/2023	HSY	HERSHEY	A1/A	\$400	4.500%	5/4/2033	97
5/1/2023	TSCO	TRACTOR SUPPLY	Baa1/BBB	\$750	5.250%	5/15/2033	175
4/27/2023	STZ	CONSTELLATION BRANDS	Baa3/BBB	\$750	4.900%	5/1/2033	147
4/27/2023	PM	PHILIP MORRIS INTERNATIONAL	A2/A-	\$450	4.875%	2/13/2026	90
4/27/2023	PM	PHILIP MORRIS INTERNATIONAL	A2/A-	\$550	4.875%	2/15/2028	115
4/27/2023	PM	PHILIP MORRIS INTERNATIONAL	A2/A-	\$700	5.125%	2/15/2030	145
4/27/2023	PM	PHILIP MORRIS INTERNATIONAL	A2/A-	\$750	5.375%	2/15/2033	165
4/17/2023	MARS	MARS	A1/A	\$1,000	4.550%	4/20/2028	87
4/17/2023	MARS	MARS	A1/A	\$500	4.650%	4/20/2031	105
4/17/2023	MARS	MARS	A1/A	\$1,000	4.750%	4/20/2033	117
4/17/2023	CARGIL	CARGILL	A2/A	\$600	4.500%	6/24/2026	65
4/17/2023	CARGIL	CARGILL	A2/A	\$500	4.750%	4/24/2033	120
4/12/2023	WMT	WALMART	Aa2/AA	\$750	4.000%	4/15/2026	30
4/12/2023	WMT	WALMART	Aa2/AA	\$750	3.900%	4/15/2028	47
4/12/2023	WMT	WALMART	Aa2/AA	\$500	4.000%	4/15/2030	60
4/12/2023	WMT	WALMART	Aa2/AA	\$1,500	4.100%	4/15/2033	70
4/12/2023	WMT	WALMART	Aa2/AA	\$1,500	4.500%	4/15/2053	90
4/4/2023	PPC	PILGRIM'S PRIDE	Ba3/BBB-	\$1,000	6.250%	7/1/2033	300
4/3/2023	MKC	MCCORMICK & CO	Baa2/BBB	\$500	4.950%	4/15/2033	153
3/29/2023	ADM	ARCHER-DANIELS-MIDLAND	A2/A	\$500	4.500%	8/15/2033	105
3/28/2023	LOW	LOWE'S	Baa1/BBB+	\$1,000	4.800%	4/1/2026	95
3/28/2023	LOW	LOWE'S	Baa1/BBB+	\$1,000	5.150%	7/1/2033	160
3/28/2023	LOW	LOWE'S	Baa1/BBB+	\$500	5.750%	7/1/2053	200
3/28/2023	LOW	LOWE'S	Baa1/BBB+	\$500	5.850%	4/1/2063	210
3/27/2023	GIS	GENERAL MILLS	Baa2/BBB	\$1,000	4.950%	3/29/2033	145
3/21/2023	BFB	BROWN FORMAN	A1/A-	\$650	4.750%	4/15/2033	120
3/8/2023	KVUE	KENVUE	A1/A	\$750	5.500%	3/22/2025	45
3/8/2023	KVUE	KENVUE	A1/A	\$750	5.350%	3/22/2026	60
3/8/2023	KVUE	KENVUE	A1/A	\$1,000	5.050%	3/22/2028	75
3/8/2023	KVUE	KENVUE	A1/A	\$1,000	5.000%	3/22/2030	85
3/8/2023	KVUE	KENVUE	A1/A	\$1,250	4.900%	3/22/2033	95
3/8/2023	KVUE	KENVUE	A1/A	\$750	5.100%	3/22/2043	100
3/8/2023	KVUE	KENVUE	A1/A	\$1,500	5.050%	3/22/2053	120
3/8/2023	KVUE	KENVUE	A1/A	\$750	5.200%	3/22/2063	135
3/7/2023	NESNVX	NESTLE HOLDINGS	Aa3/AA-	\$1,000	5.250%	3/13/2026	55
3/7/2023	NESNVX	NESTLE HOLDINGS	Aa3/AA-	\$850	5.000%	3/14/2028	70
3/7/2023	NESNVX	NESTLE HOLDINGS	Aa3/AA-	\$500	4.950%	3/14/2030	80
3/7/2023	NESNVX	NESTLE HOLDINGS	Aa3/AA-	\$650	4.850%	3/14/2033	90
3/6/2023	AAP	ADVANCE AUTO PARTS	Baa2/BBB-	\$300	5.900%	3/9/2026	130
3/6/2023	AAP	ADVANCE AUTO PARTS	Baa2/BBB-	\$300	5.950%	3/9/2028	170
2/27/2023	CL	COLGATE-PALMOLIVE	Aa3/AA-	\$500	4.800%	3/1/2026	33
2/27/2023	CL	COLGATE-PALMOLIVE	Aa3/AA-	\$500	4.600%	3/1/2028	45
2/27/2023	CL	COLGATE-PALMOLIVE	Aa3/AA-	\$500	4.600%	3/1/2033	70
2/23/2023	K	KELLOGG	Baa2/BBB	\$400	5.250%	3/1/2033	140
2/14/2023	WHR	WHIRLPOOL	Baa1/BBB	\$300	5.500%	3/1/2033	175
2/13/2023	KMB	KIMBERLY CLARK	A2/A	\$350	4.500%	2/16/2033	80
2/13/2023	PM	PHILIP MORRIS INTERNATIONAL	A2/A-	\$1,500	5.375%	2/15/2033	170
2/13/2023	PM	PHILIP MORRIS INTERNATIONAL	A2/A-	\$1,500	5.125%	2/15/2030	145
2/13/2023	PM	PHILIP MORRIS INTERNATIONAL	A2/A-	\$1,000	4.875%	2/15/2028	110
2/13/2023	PM	PHILIP MORRIS INTERNATIONAL	A2/A-	\$1,250	4.875%	2/13/2026	80
2/13/2023	PEP	PEPSICO	A1/A+	\$500	4.550%	2/13/2026	35
2/13/2023	PEP	PEPSICO	A1/A+	\$650	4.450%	2/15/2028	55
2/13/2023	PEP	PEPSICO	A1/A+	\$1,000	4.450%	2/15/2033	75
2/13/2023	PEP	PEPSICO	A1/A+	\$500	4.650%	2/15/2053	88
2/7/2023	SBUX	STARBUCKS	Baa1/BBB+	\$1,000	4.750%	2/15/2026	68
2/7/2023	SBUX	STARBUCKS	Baa1/BBB+	\$500	4.800%	2/15/2033	115
1/30/2023	STZ	CONSTELLATION BRANDS	Baa3/BBB	\$500	5.000%	2/2/2026	110
1/23/2023	AZO	AUTOZONE	Baa1/BBB	\$450	4.500%	2/1/2028	90
1/23/2023	AZO	AUTOZONE	Baa1/BBB	\$550	4.750%	2/1/2033	123
1/23/2023	PG	PROCTER & GAMBLE	Aa3/AA-	\$650	4.100%	1/26/2026	23
1/23/2023	PG	PROCTER & GAMBLE	Aa3/AA-	\$600	3.950%	1/26/2028	35
1/23/2023	PG	PROCTER & GAMBLE	Aa3/AA-	\$850	4.050%	1/26/2033	53

Exhibit 2: 2023 Sector New Issuance (USD only)

Consumer & Retail accounted for \$90bn of new supply in 2023 (we include AMZN and select other issuers in our calculation), list by ticker and issuance detail

Issue Date	Ticker	Issuer	Rating (Moody's/S&P)	Size	Coupon	Maturity	New Issue Spread
1/17/2023	TGT	TARGET	A2/A	\$500	4.400%	1/15/2033	90
1/17/2023	TGT	TARGET	A2/A	\$1,150	4.800%	1/15/2053	115

Source: BofA Global Research, Bloomberg. Data excluded FRN

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ICE Data Indices, LLC metrics**Exhibit 3: ICE Data Indices Investment Grades Index (as of December 31, 2023)**

Complete summary of IG Index, rating categories, maturity and Consumer industry performance ending 2023

	Num of Issues	% of Index	Spreads (OAS)					Total Returns								Excess Returns					
			1 OAS	1 week	MTD	QTD	YTD	Modified Average		1 week	MTD	QTD	YTD	12 month	1 week	MTD	QTD	YTD	12 month		
								Price	YTW											Duration	Rating
US Corporate Index	10,160	100.0%	104 bps	-3 bps	-7 bps	-21 bps	-34 bps	\$93.4	5.15%	6.8	A3	0.42%	4.04%	7.91%	8.40%	8.40%	16 bps	31 bps	175 bps	465 bps	465 bps
Rating Categories																					
AAA US Corporate Index	118	1.1%	40 bps	-1 bps	5 bps	-7 bps	-18 bps	\$88.0	4.53%	9.4	AAA	0.35%	4.23%	8.42%	6.48%	6.48%	3 bps	-81 bps	52 bps	329 bps	329 bps
AA US Corporate Index	779	8.1%	56 bps	0 bps	2 bps	-9 bps	-21 bps	\$91.5	4.68%	7.4	AA3	0.30%	3.79%	7.33%	6.71%	6.71%	2 bps	-26 bps	76 bps	313 bps	313 bps
Single-A US Corporate Index	4,111	43.6%	88 bps	-2 bps	-5 bps	-19 bps	-26 bps	\$93.7	4.99%	6.8	A2	0.37%	3.94%	7.65%	7.58%	7.58%	11 bps	21 bps	151 bps	384 bps	384 bps
BBB US Corporate Index	5,152	47.2%	129 bps	-4 bps	-10 bps	-24 bps	-43 bps	\$93.6	5.39%	6.7	BBB2	0.48%	4.18%	8.24%	9.46%	9.46%	23 bps	52 bps	218 bps	565 bps	565 bps
Maturity																					
1-3 Year US Corporate Index	2,088	22.6%	76 bps	-2 bps	-7 bps	-14 bps	-12 bps	\$96.9	5.16%	1.8	A3	0.20%	1.32%	3.03%	5.61%	5.61%	5 bps	22 bps	53 bps	133 bps	133 bps
3-5 Year US Corporate Index	1,780	18.5%	93 bps	-4 bps	-11 bps	-24 bps	-27 bps	\$97.2	4.95%	3.5	A3	0.35%	2.43%	5.10%	7.05%	7.05%	17 bps	49 bps	124 bps	292 bps	292 bps
5-7 Year US Corporate Index	1,216	12.1%	108 bps	-4 bps	-12 bps	-26 bps	-40 bps	\$93.2	4.99%	5.2	BBB1	0.46%	3.51%	7.04%	8.19%	8.19%	25 bps	65 bps	184 bps	410 bps	410 bps
7-10 Year US Corporate Index	1,456	15.1%	126 bps	-4 bps	-10 bps	-31 bps	-46 bps	\$94.0	5.15%	6.8	A3	0.51%	4.52%	8.89%	9.17%	9.17%	25 bps	66 bps	249 bps	549 bps	549 bps
10-15 Year US Corporate Index	560	5.1%	130 bps	0 bps	2 bps	-19 bps	-48 bps	\$102.6	5.26%	8.8	A3	0.49%	5.07%	9.95%	9.90%	9.90%	17 bps	3 bps	211 bps	651 bps	651 bps
15+ Year US Corporate Index	3,060	26.7%	117 bps	-1 bps	0 bps	-18 bps	-43 bps	\$86.8	5.33%	13.7	A3	0.56%	7.39%	13.93%	10.79%	10.79%	14 bps	-6 bps	276 bps	791 bps	791 bps
Industry																					
US Corporate Index																					
Industrials	6,053	59.0%	97 bps	-3 bps	-4 bps	-19 bps	-36 bps	\$92.9	5.06%	7.6	A3	0.46%	4.27%	8.45%	8.63%	8.63%	18 bps	16 bps	178 bps	498 bps	498 bps
Consumer Cyclical	348	3.6%	72 bps	-3 bps	-4 bps	-18 bps	-27 bps	\$92.1	4.80%	7.9	A2	0.46%	4.36%	8.62%	7.67%	7.67%	17 bps	8 bps	174 bps	405 bps	405 bps
US Corp Retail	263	2.9%	69 bps	-2 bps	-2 bps	-16 bps	-25 bps	\$91.9	4.77%	7.9	A2	0.43%	4.25%	8.55%	7.57%	7.57%	14 bps	-1 bps	169 bps	397 bps	397 bps
US Corp Food & Drug Retail	37	0.3%	114 bps	-15 bps	-20 bps	-30 bps	-27 bps	\$89.9	5.22%	7.7	BBB2	0.63%	5.09%	8.76%	7.82%	7.82%	35 bps	88 bps	201 bps	399 bps	399 bps
US Corp Restaurants	48	0.4%	67 bps	-3 bps	-3 bps	-20 bps	-33 bps	\$94.5	4.78%	8.1	BBB1	0.54%	4.55%	8.98%	8.18%	8.18%	24 bps	15 bps	193 bps	460 bps	460 bps
Consumer Non-Cyclical	601	5.6%	85 bps	-3 bps	-2 bps	-17 bps	-38 bps	\$94.0	4.92%	7.5	A3	0.47%	4.18%	8.24%	8.69%	8.69%	20 bps	5 bps	155 bps	494 bps	494 bps
US Corp Beverage	164	1.8%	66 bps	-1 bps	1 bps	-15 bps	-40 bps	\$94.0	4.74%	8.6	A3	0.44%	4.53%	8.88%	8.63%	8.63%	14 bps	-19 bps	137 bps	516 bps	516 bps
US Corp Food Wholesale	234	1.9%	90 bps	-2 bps	-6 bps	-17 bps	-31 bps	\$93.7	4.97%	7.2	BBB1	0.45%	4.34%	8.03%	8.05%	8.05%	18 bps	43 bps	160 bps	420 bps	420 bps
US Corp Tobacco	80	1.0%	129 bps	-4 bps	3 bps	-23 bps	-54 bps	\$94.1	5.37%	7.1	BBB1	0.63%	3.55%	8.54%	10.95%	10.95%	36 bps	-39 bps	217 bps	694 bps	694 bps
US Corp Consumer Products	123	0.9%	65 bps	-2 bps	-4 bps	-13 bps	-31 bps	\$94.7	4.69%	6.7	A2	0.41%	3.88%	7.03%	7.51%	7.51%	15 bps	25 bps	101 bps	357 bps	357 bps

Source: ICE Data Indices, LLC

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