

Monthly HG Market Review

Nov '23: The end of the hiking cycle

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Slower data and dovish Fed

In addition to inflation other US data also moderated in November. US payrolls slowed to 150k in October from 300k in September (see [US Watch: October employment](#)). Retail sales declined -0.1% in October after a +0.9% increase in September, although that was somewhat better than expected. The November FOMC was relatively balanced, while dovish Fed commentary, including Governor Waller speech on November 28, led to a big drop in 2yr Treasury yields in late November.

Rally across the board

Lower Fed risks and a big drop in interest rates supported risk assets in November. Spreads reached new 2023 tightness for both US IG and HY corporates in November. Hence stocks outperformed (+9.13%), followed by IG corporates (+5.64%), HY (+4.55%) and Treasuries (+3.61%), while leveraged loans (+1.22%) underperformed.

ICE BofA IG index spread 23bps tighter in November

The ICE BofA US IG index spread was 23bps tighter in November for an excess return of +177bps. The December monthly rebalancing added 2bps to the index spread, bringing it to 111bps.

Outlook: 2024 year ahead

We look for IG spreads to trade around 120-140bps range in 2024 on the ICE BofA US IG corporate index. That is because in the base case scenario – slower growth and potential for a mild recession – growth risks replace Fed risks, keeping the overall level of uncertainties roughly unchanged. We prefer BBB over single-A industrials, banks over industrials, 5yr over 10yr on the curve. 2024 total return: +5.8%, up from +4.2% so far in 2023. 2024 excess return: +48bps, down from +417bps YtD in 2023.

Supply

We look for November IG supply in \$20-\$30bn range.

Fund flows

Net inflows to US IG bond funds and ETFs increased to +0.44% of assets in November (based only on funds reporting daily) from -0.25% of assets in October (based on all funds).

01 December 2023

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Nov '23: The end of the hiking cycle

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Slower data and dovish Fed

In addition to inflation other US data also moderated in November. US payrolls slowed to 150k in October from 300k in September (see [US Watch: October employment](#)). Retail sales declined -0.1% in October after a +0.9% increase in September, although that was somewhat better than expect (see [US Watch: Consumer continues on the path of resilience](#)). The November FOMC was relatively balanced (see [Situation Room: A patient Fed = lower rates vol](#)), while dovish Fed commentary, including Governor Waller speech on November 28, led to a big drop in 2yr Treasury yields in late November (Exhibit 3).

Rally across the board

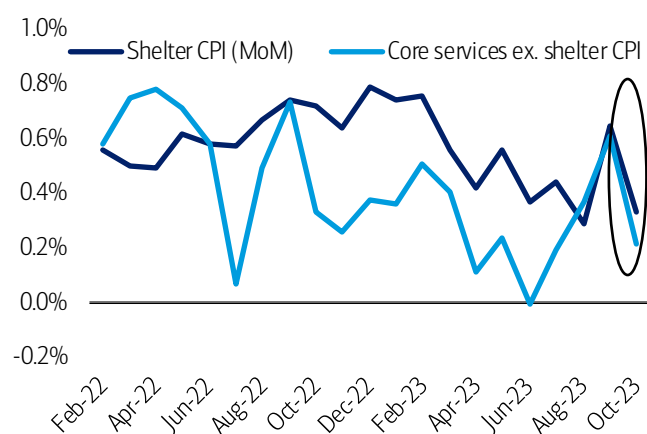
Lower Fed risks and a big drop in interest rates supported risk assets in November. Spreads reached new 2023 tight for both US IG and HY corporates in November. Hence stocks outperformed (+9.13%), followed by IG corporates (+5.64%), HY (+4.55) and Treasuries (+3.61%), while leveraged loans (+1.22%) underperformed.

ICE BofA IG index spread 23bps tighter in November

The ICE BofA US IG index spread was 23bps tighter in November for an excess return of +177bps. The December monthly rebalancing added 2bps to the index spread, bringing it to 111bps. November top performing sectors in terms of excess returns were the higher beta Tobacco (+302bps), Telecom (+300bps) and Media & Entertainment (293bps). Underperforming sectors were Automobiles (+98bps), Paper and Forest Products (+101bps) and Industrial Products (+113bps).

Exhibit 1: US inflation moderated in October

Both Shelter CPI and Core services ex. shelter CPI moderated in October after accelerating in September.

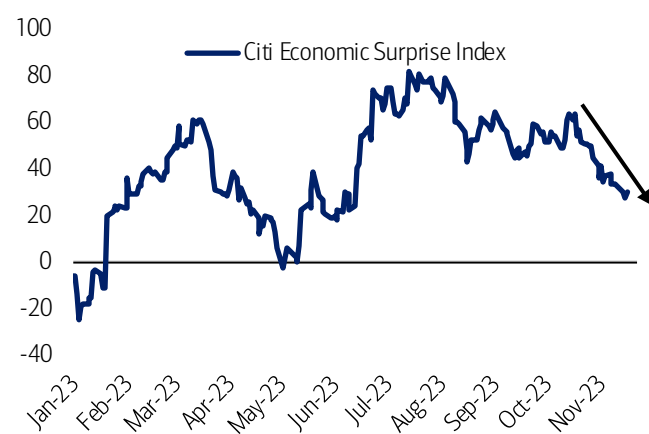


Source: BofA Global Research, Bureau of Labor Statistics, Haver.

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Exhibit 2: US data came in below expectations in November

Citi US Economic Surprise Index declined from 63 on October 31st to 28 on November 29.

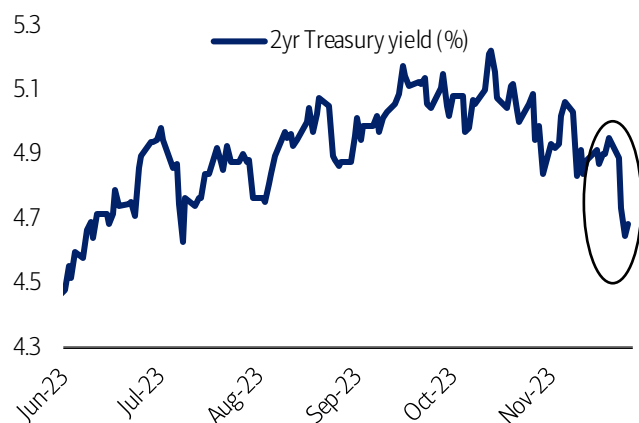


Source: Bloomberg.

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Exhibit 3: Big drop in 2yr Treasury yields in late November

2yr Treasury yield declined 15bps following a speech by Governor Waller on November 28.

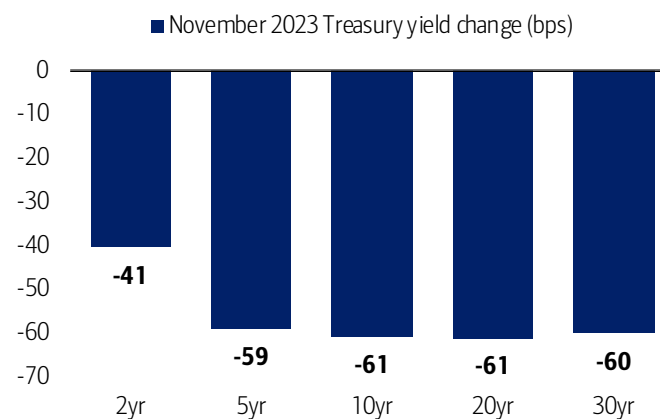


Source: Bloomberg

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Exhibit 4: Treasury yields rallied in November

10yr and 30yr Treasury yields declined 61bps and 60bps in November.



Source: Bloomberg

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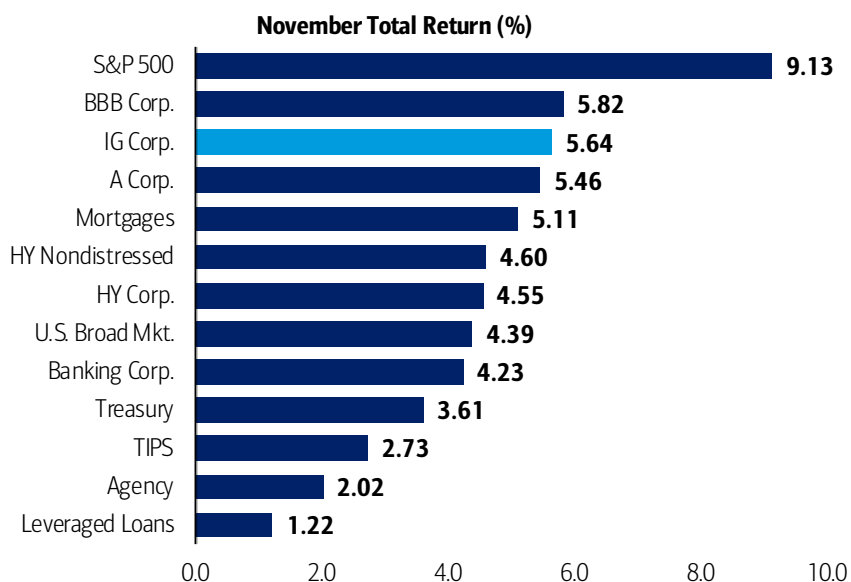
Outlook: 2024 year ahead

We look for IG spreads to trade around 120-140bps range in 2024 on the ICE BofA US IG corporate index. That is because in the base case scenario – slower growth and potential for a mild recession – growth risks replace Fed risks, keeping the overall level of uncertainties roughly unchanged. We prefer BBB over single-A industrials, banks over industrials, 5yr over 10yr on the curve. 2024 total return: +5.8%, up from +4.2% so far in 2023. 2024 excess return: +48bps, down from +417bps YtD in 2023. For more details see: [Credit Market Strategist: Year Ahead 2024 US IG Credit Strategy Outlook: The turn of the cycle.](#)

November 2023 Returns

Exhibit 5: Broad Asset Class Total Return Performance, November 2023

Monthly total return for broad asset classes in Nov 2023. Stocks outperformed (+9.13%).



Source: ICE Data Indices, LLC, Bloomberg

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Exhibit 6: High grade sector excess return, November 2023

Market excess return: +177bps. Tobacco (+302bps) was the top performer, Autos (+98bps) was the bottom performer.



Source: BofA Global Research, ICE Data Indices, LLC

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Supply

Previously published here

[Situation Room: IG December supply: favorable conditions 29 November 2023](#)

IG December supply: favorable conditions

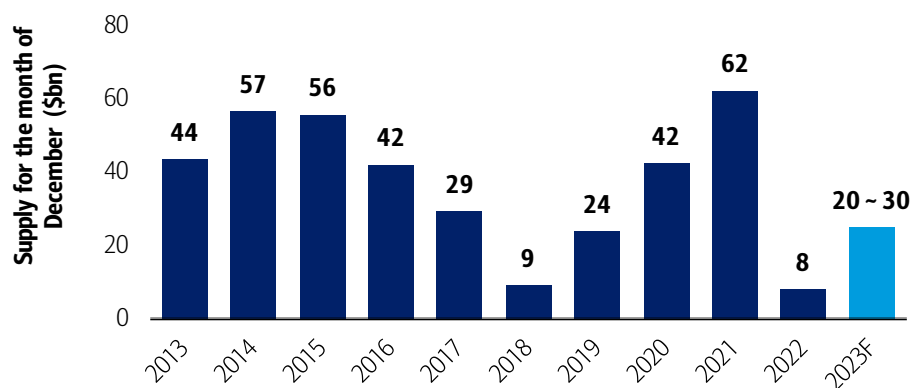
We look for December IG corporate supply in \$20 - \$30bn range. That would imply the pace of supply from late November extends into the first week of December, before slowing seasonally from there. December supply volumes have been volatile historically, ranging from \$8bn in 2022 to \$62bn in 2021. The \$20-30bn range we expect for 2023 is near the median pace for the month of December. Finally, our December forecast implied \$1.22tr total IG supply for year 2023, unchanged from 2022.

Lower yields, still strong investor demand

November supply volumes surprised to the upside, with \$107bn priced MtD. That was in part due to favorable market conditions, which should continue into December. First, borrowing costs have declined materially, with 10yr Treasury yield reaching new lows for the month today on supportive Fed speak. Second, despite lower yields investor demand remains strong. IG spreads have reached YtD tight in November, while new issue performance remained strong. Such favorable market conditions should encourage companies to pull issuance forward opportunistically into December from the seasonally much busier month of January.

Exhibit 1: We look for robust US IG supply in December on favorable market conditions

We look for December IG supply in \$20-\$30bn range, similar to \$24bn median for the prior five years ex. 2020.

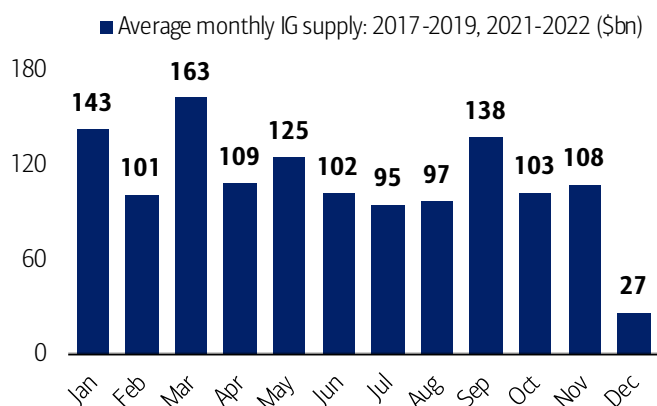


Source: BofA Global Research

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Exhibit 2: IG supply averaged \$27bn for the month of December

December is the slowest month for IG supply.

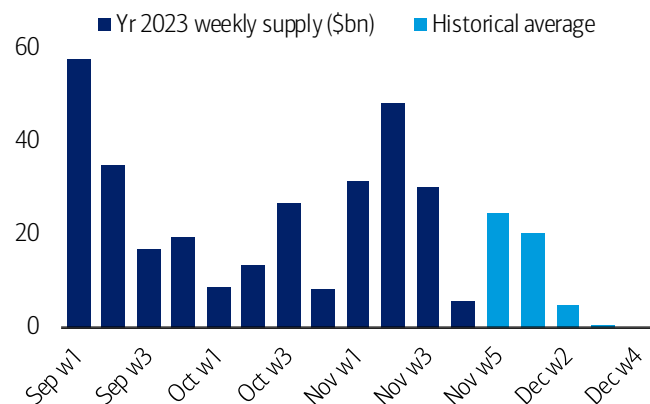


Source: BofA Global Research

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Exhibit 3: Most of December supply is priced in the first week

IG supply averaged \$20bn in the first week of December and \$5bn in the second week, before falling close to zero in the second half of the month.

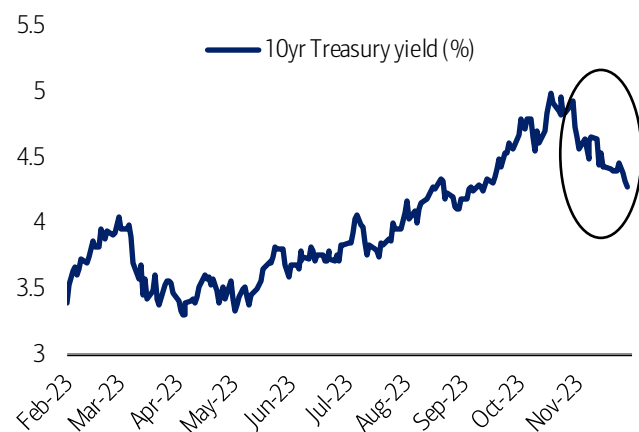


Source: BofA Global Research

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Exhibit 4: 10yr Treasury yields declined in November

10yr Treasury yields declined to 4.3% by late November from 5% in mid-October.

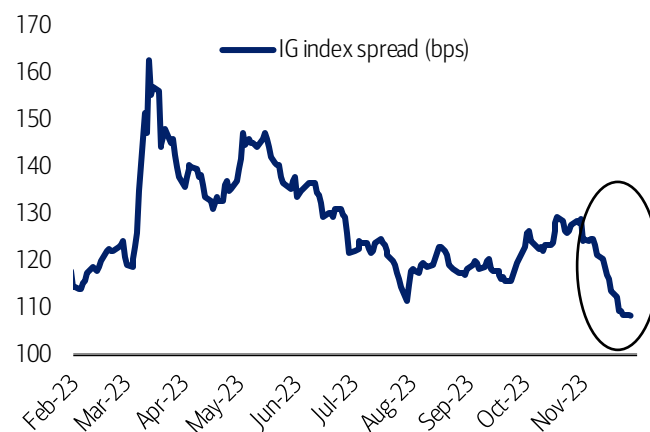


Source: Bloomberg

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Exhibit 5: IG spreads reached Ytd tightest in November

The spread on Bloomberg US IG corporate index declined to 109bps in late November – the tightest level so far in 2023.

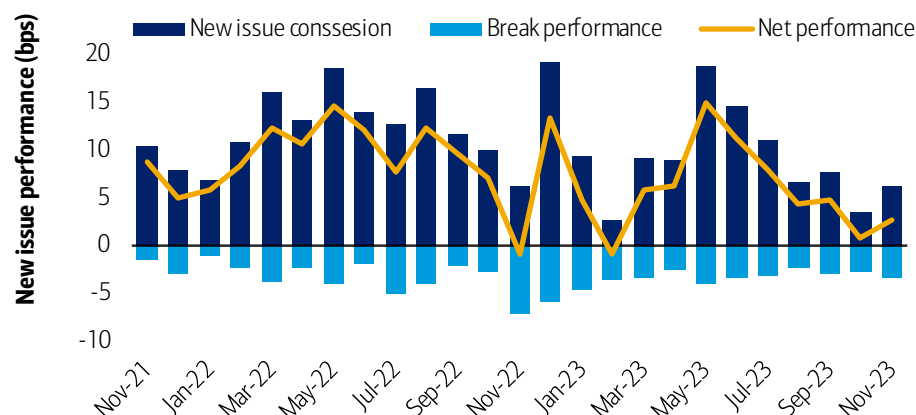


Source: Bloomberg

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Exhibit 6: Performance of new issues remained strong in November

New issue performance was +2.6bps so far in November, measured as new issue concession less break performance. That's stronger than +5.7bps YtD average.



Source: BofA Global Research

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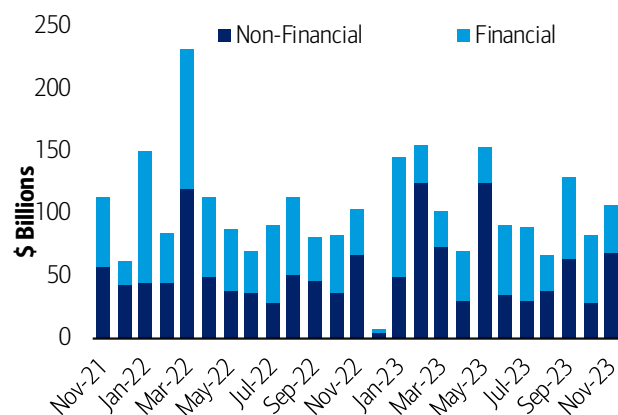
November supply review

IG gross supply totaled to 107.8bn in November, up from \$82.3bn in Oct '23 and \$83.2bn in Oct '23. October 2023 supply consisted of \$38.9bn financials and \$67.7bn non-financial issuer bonds.

IG new issue performance remained strong in November. The average new issue concession increased to 6.0bps in November from 3.6bps in October, while the average break performance was improved at 3.5bps tighter in November from 2.8bps tighter in October. As a result, the overall performance of new issues, which we define as new issue concession plus break performance, weakened to a still strong +2.5bps in November from +0.8bps in October (Exhibit 14).

Exhibit 12: Monthly US IG supply volume

Novembersupply consisted of \$67.7bn non-financials and 38.9bn financials.

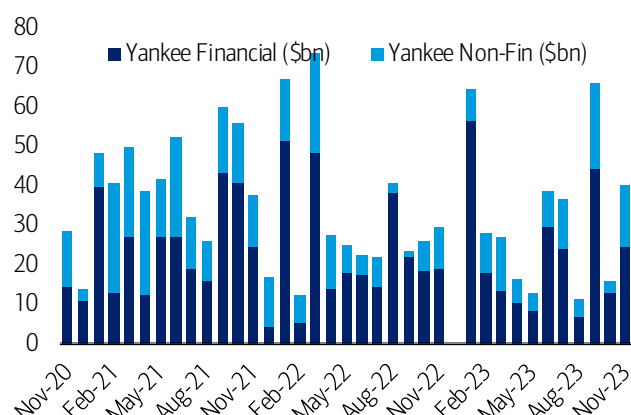


Source: Bloomberg, BofA Global Research

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Exhibit 13: US IG Yankee supply

US IG Yankee issuance = \$41.5bn in November

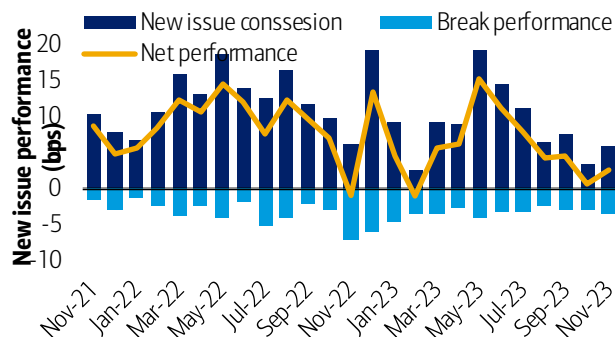


Source: Bloomberg, BofA Global Research

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Exhibit 14: Monthly new issue supply performance

US IG new issue performance remained strong in November.

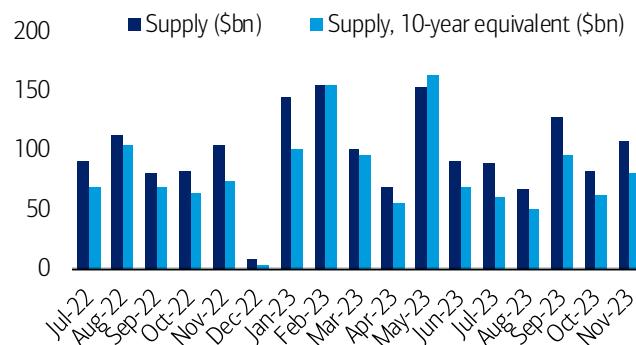


Source: Bloomberg, BofA Global Research

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Exhibit 15: Monthly gross and 10-year equivalent supply volumes

10-year equivalent supply = \$81.2bn in November



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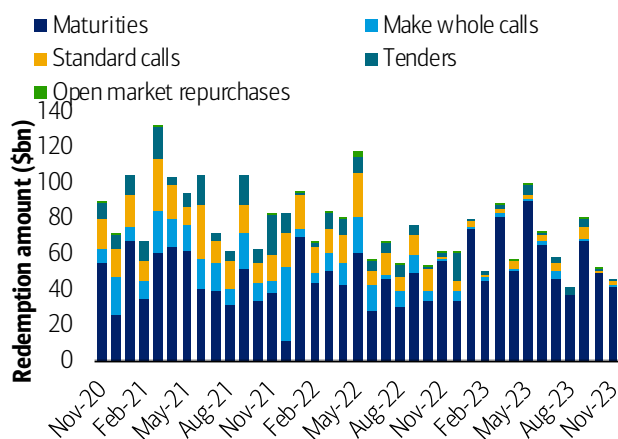
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Redemptions

Redemptions totaled \$45.0bn in November, including \$41.9bn of contractual maturities and \$3.1bn of additional redemptions (Exhibit 16). Gross supply less all redemptions increased to +\$62.8bn in Nov from \$30.6bn in Oct (Exhibit 17).

Exhibit 16: US IG maturities and additional redemptions

US IG redemptions = \$45.0bn in November.



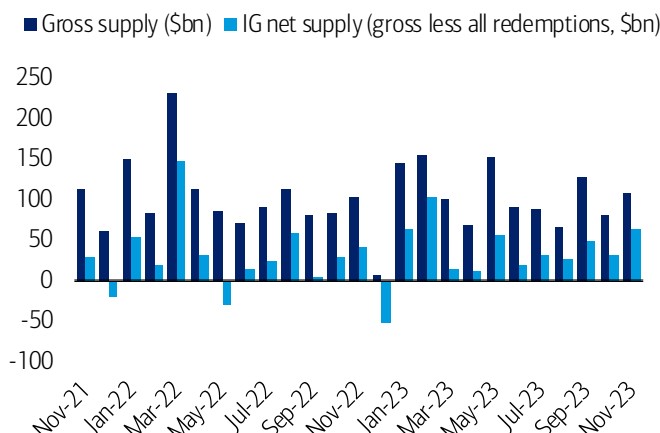
Note: Detailed redemption amounts data by type is grouped by effective dates.

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

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Exhibit 17: US IG gross and net supply

US IG gross supply = \$107.8bn and net supply = \$62.8bn in Nov.



Source: BofA Global Research, Bloomberg

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Exhibit 18: US IG gross supply and redemptions

Exhibit shows IG gross supply, maturities, additional redemptions and net supply by month

Month	Gross supply (\$bn)	Maturities	Make whole calls	Standard calls	Tenders	Open market repurchases	Total redemptions	IG net supply (gross less all redemptions, \$bn)	Coupons
Jan-18	133.3	72.4	4.1	5.3	6.9	0.0	88.7	44.6	24.4
Feb-18	98.4	46.4	2.0	5.8	4.1	0.0	58.2	40.1	22.0
Mar-18	125.2	65.6	15.4	4.2	14.1	1.6	100.8	24.4	28.4
Apr-18	124.3	74.3	20.0	1.7	1.7	0.0	97.7	26.5	22.7
May-18	127.6	80.6	3.5	18.3	3.1	0.0	105.5	22.1	24.9
Jun-18	120.4	43.9	10.9	9.3	5.7	1.8	71.6	48.8	22.5
Jul-18	67.3	47.9	6.3	5.9	0.2	0.2	60.5	6.8	24.4
Aug-18	91.8	36.3	2.9	2.8	1.3	0.3	43.6	48.2	22.0
Sep-18	146.2	29.0	6.0	4.1	8.9	1.8	49.7	96.4	28.4
Oct-18	96.2	29.7	7.4	4.0	3.8	0.4	45.4	50.7	22.7
Nov-18	97.4	52.6	6.8	1.4	3.9	0.2	64.8	32.5	24.9
Dec-18	9.1	31.2	16.9	3.5	12.8	0.8	65.1	-56.0	22.5

Exhibit 18: US IG gross supply and redemptions

Exhibit shows IG gross supply, maturities, additional redemptions and net supply by month

	Gross supply		Make whole			Open market	Total	IG net supply (gross less all redemptions,	
Month	(\$bn)	Maturities	calls	Standard calls	Tenders	repurchases	redemptions	\$bn)	Coupons
Jan-19	118.3	72.6	1.6	2.0	3.2	0.0	79.4	38.9	25.5
Feb-19	106.6	49.7	3.2	4.9	21.5	0.0	79.3	27.3	22.4
Mar-19	121.7	65.8	16.1	5.0	7.1	0.2	94.2	27.5	31.8
Apr-19	95.9	52.3	5.8	3.5	5.6	0.6	67.8	28.2	25.1
May-19	110.8	66.8	6.3	3.8	3.6	0.0	80.5	30.3	27.3
Jun-19	85.5	42.9	5.4	4.2	6.6	0.2	59.2	26.3	24.5
Jul-19	101.4	44.3	5.2	1.1	6.6	0.0	57.2	44.2	25.5
Aug-19	84.9	42.6	5.4	2.8	12.3	0.6	63.6	21.3	22.4
Sep-19	166.5	72.9	15.4	10.9	14.2	0.3	113.8	52.7	31.8
Oct-19	85.2	55.1	19.2	6.3	12.7	0.0	93.2	-8.0	25.1
Nov-19	104.2	39.2	8.5	9.1	7.6	0.4	64.9	39.3	27.3
Dec-19	24.0	26.6	18.0	26.6	11.2	0.0	82.4	-58.4	24.5
Jan-20	152.3	65.6	7.9	7.3	2.3	0.0	83.0	69.3	27.2
Feb-20	96.7	36.6	6.9	2.9	2.7	0.0	49.0	47.7	23.0
Mar-20	261.4	73.2	22.4	16.0	14.2	0.4	126.2	135.2	32.5
Apr-20	297.4	36.7	2.2	5.6	11.2	0.0	55.6	241.7	26.1
May-20	261.9	59.2	7.7	17.8	11.9	0.0	96.6	165.4	27.5
Jun-20	176.8	60.9	19.4	9.3	18.1	0.0	107.8	69.0	24.3
Jul-20	68.9	46.9	14.3	11.5	9.2	0.0	81.9	-13.0	24.8
Aug-20	143.5	35.3	11.1	9.4	14.7	0.6	71.2	72.3	21.3
Sep-20	168.4	45.7	19.9	18.3	25.1	0.0	109.1	59.4	31.4
Oct-20	87.0	65.9	14.6	18.8	11.0	0.1	110.4	-23.4	28.3
Nov-20	98.6	54.8	7.8	17.0	8.6	0.2	88.4	10.1	30.7
Dec-20	42.4	26.4	20.9	15.5	8.3	0.2	71.2	-28.8	26.8
Jan-21	137.9	67.2	7.5	18.1	12.1	0.0	104.8	33.1	24.6
Feb-21	119.9	35.3	9.4	11.2	11.0	0.0	67.0	52.9	21.2
Mar-21	202.5	60.7	23.1	30.1	17.0	0.0	130.9	71.6	31.7
Apr-21	124.3	63.9	16.1	19.4	3.5	0.0	102.8	21.5	27.8
May-21	136.7	61.8	14.2	10.5	7.7	0.0	94.3	42.5	30.3
Jun-21	139.1	40.9	15.9	30.7	16.6	0.0	104.2	34.9	26.2
Jul-21	90.7	39.6	15.4	12.3	4.8	0.0	72.1	18.6	25.0
Aug-21	88.3	31.0	9.1	16.3	5.5	0.0	61.9	26.5	20.6
Sep-21	160.4	52.1	19.8	15.9	16.1	0.0	103.9	56.6	30.2
Oct-21	120.4	33.8	10.1	10.6	8.7	0.0	63.3	57.0	27.8
Nov-21	112.6	38.1	6.9	14.3	22.8	0.0	82.2	30.3	30.3
Dec-21	62.4	10.7	42.0	19.1	11.3	0.0	83.2	-20.8	26.2
Jan-22	149.7	69.5	4.5	19.6	1.1	0.0	94.8	55.0	24.4
Feb-22	84.6	43.3	6.6	13.8	2.1	0.0	65.8	18.8	21.4
Mar-22	231.8	50.5	9.9	13.5	9.0	0.0	82.9	148.9	32.2
Apr-22	112.6	42.6	12.5	15.8	9.1	0.0	80.1	32.5	28.4
May-22	87.1	61.1	19.7	24.4	9.2	3.0	117.5	-30.4	29.6
Jun-22	70.6	28.1	14.6	7.7	5.9	0.0	56.3	14.2	24.3
Jul-22	90.9	45.9	2.1	12.9	5.3	0.0	66.2	24.7	24.4
Aug-22	112.6	30.6	9.2	6.9	7.1	0.6	54.5	58.1	21.4
Sep-22	81.4	49.1	9.9	11.5	5.9	0.0	76.4	5.0	32.2
Oct-22	83.2	33.3	6.4	11.8	1.4	0.2	53.1	30.1	28.4
Nov-22	103.9	56.6	1.0	1.3	2.0	0.3	61.2	42.6	29.6
Dec-22	8.1	33.3	6.1	5.5	15.5	0.1	60.5	-52.5	24.3
Jan-23	144.6	74.4	1.2	3.3	0.5	0.0	79.5	65.0	26.1
Feb-23	154.8	45.0	2.4	0.9	2.6	0.0	50.9	103.9	23.9
Mar-23	101.7	80.6	2.4	2.2	2.9	0.1	88.2	13.5	35.0
Apr-23	69.4	50.5	1.3	4.0	0.5	0.5	56.8	12.5	31.1
May-23	153.9	89.8	0.9	2.4	5.3	0.0	98.3	55.5	29.6
Jun-23	91.3	65.7	1.7	3.9	1.0	0.1	72.3	19.0	25.1
Jul-23	89.7	46.6	4.4	4.1	3.1	0.0	58.2	31.6	26.1
Aug-23	67.2	37.4	0.0	0.0	3.9	0.0	41.3	25.9	23.9
Sep-23	128.4	67.2	0.9	7.0	4.8	0.1	80.0	48.4	35.0
Oct-23	82.3	49.2	0.0	1.6	0.4	0.4	51.6	30.6	31.1
Nov-23	107.8	41.9	0.9	2.0	0.3	0.0	45.0	62.8	29.6

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

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Quantitative Review

Returns

Performance data include year-to-date sector returns, sector spreads, and a table summarizing a number of sector statistics such as size, performance and rating. At the issuer level, the top 25 names gained 309bps in terms of excess return in November while the bottom 25 large issuers gained 90bps in terms of excess return.

Ratings trends

Net upgrades (upgrades less downgrades, including Fallen Angels) for credits in ICE BofA US IG corporate index COAO increased to +\$27.6bn (net upgrade) in November from - \$3.8bn in October. Net LTM upgrades moderated to +6.7% of index notional in November from +7.4% of index notional in October. At the sector level Life Insurance and Metals & Mining contributed the most to the overall index negative rating actions in November (including watch (75% weight) and outlook (25% weight) changes), while Oil & Gas and Pipelines contributed the most to positive rating actions.

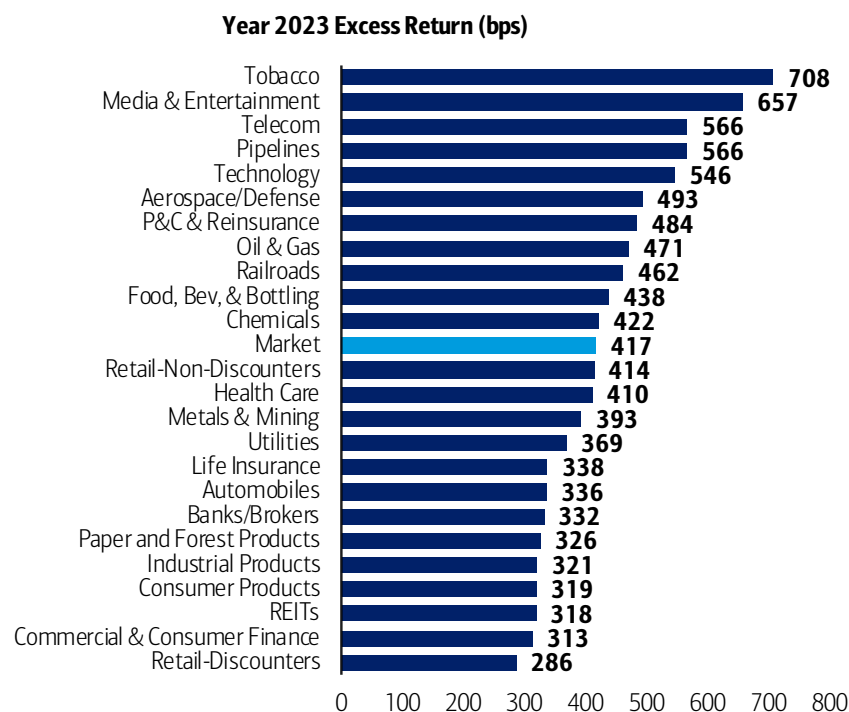
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Appendix: Performance Data

Exhibit 21: High Grade YtD sector excess return

Year-to-date excess return for HG corporate market sectors, through November 30, 2023. Results include hybrid and subordinated securities.

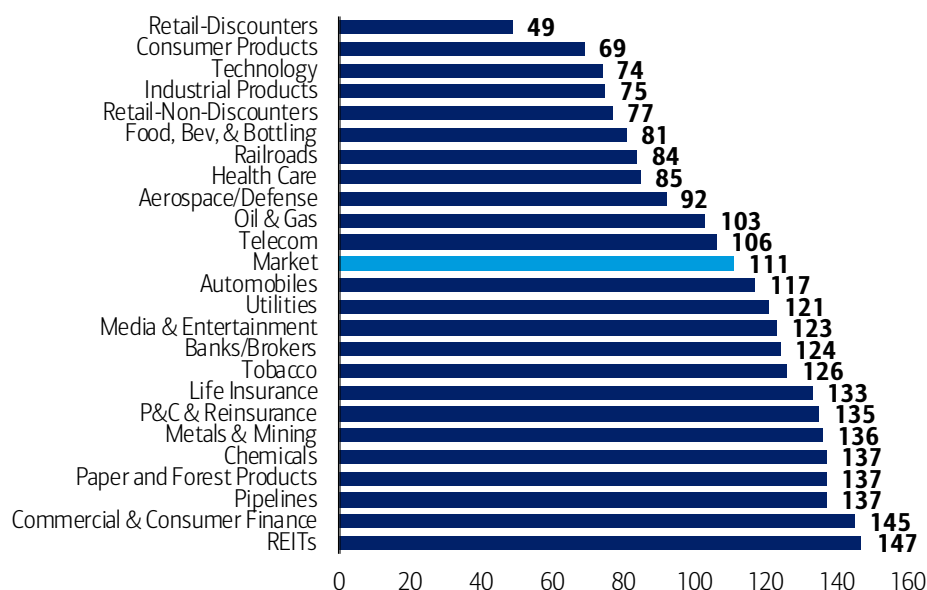


Source: BofA Global Research, ICE Data Indices, LLC

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Exhibit 22: High grade spreads by sector (bps)

Sector spreads for BofA US IG Corporate Index COA0 as of November 30 2023.



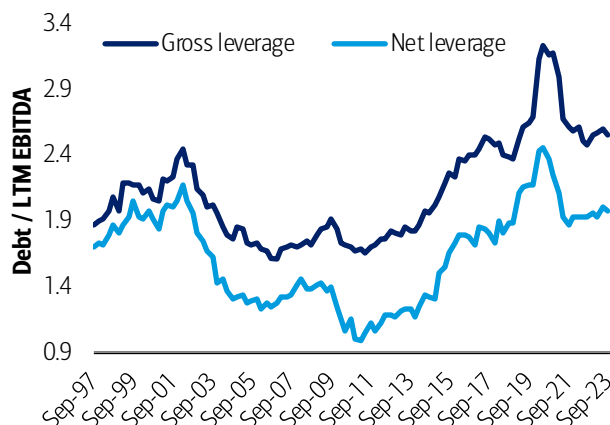
Note: Results include subordinated and hybrid securities.

Source: BofA Global Research, ICE Data Indices, LLC

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Leverage and coverage**Exhibit 23: Net and gross leverage: ex. Utilities**

US IG industrial (ex. financial & utility) leverage ratio was 2.55x on a gross basis and 1.97x on a net basis as of 3Q23



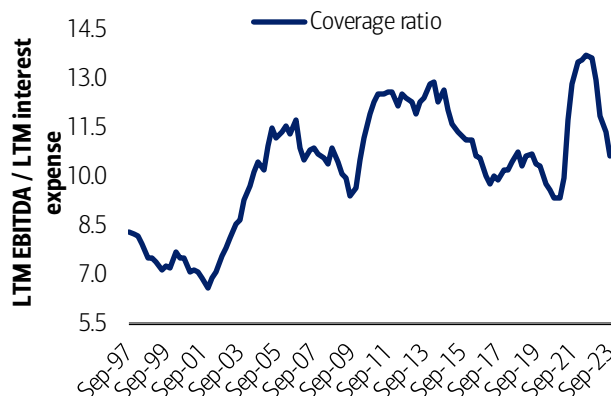
Note: Medians based on the US HG universe (ex. Fins and Utilities). Universe is rebalanced each quarter.

Source: Bloomberg, BofA Global Research

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Exhibit 24: Coverage: ex. Utilities

US IG industrial (ex. financial & utility) coverage ratio was 10.63x as of 3Q23



Note: Medians based on the US HG universe (ex. Fins and Utilities). Universe is rebalanced each quarter.

Source: Bloomberg, BofA Global Research

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Note: High grade market fundamental statistics are all median values for U.S. nonfinancial issuers in our benchmark USD high grade index COA0.

High grade sector historical performance**Exhibit 25: High Grade Sector Performance as of November 30, 2023**

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

Sector	Rating	OAS	Duration	Yield	Price	Face (\$bn)	% Mkt Value	Excess Return (bps)				Spread Change (bps)				Total Return QTD
								MTD	QTD	YTD	YOY	MTD	QTD	YTD	YOY	



Exhibit 25: High Grade Sector Performance as of November 30, 2023

Sector spreads and performance for BofA HG U.S. Corporate MasterCOA0. Results include subordinated and hybrid securities

								Excess Return (bps)				Spread Change (bps)				Total Return
Aerospace/Defense	BBB2	92	7.6	5.47	91.7	156.0	1.83	230	176	493	541	-26	-18	-35	-39	427
Automobiles	BBB1	117	3.9	5.73	94.5	238.6	2.88	98	88	336	350	1	5	-12	-14	271
Banks/Brokers	A2	124	4.5	5.89	92.7	1,915.4	22.69	158	119	332	377	-26	-15	-20	-25	315
Basic Materials	BBB2	135	6.9	5.87	90.7	344.7	3.99	168	128	410	531	-20	-13	-26	-40	367
Building Materials	BBB2	116	7.0	5.70	88.7	25.3	0.29	189	165	543	589	-21	-16	-43	-48	406
Chemicals	BBB2	137	7.1	5.90	88.8	131.1	1.48	189	138	422	521	-20	-12	-19	-31	378
Homebuilders	BBB2	130	4.7	5.77	91.7	15.3	0.18	163	121	487	595	-27	-9	-38	-54	330
Metals & Mining	BBB1	136	7.4	5.87	92.6	127.4	1.51	169	128	393	552	-20	-14	-32	-49	374
Paper and Forest Products	BBB2	137	5.4	5.89	91.9	45.7	0.54	101	85	326	444	-15	-12	-18	-33	302
Commercial Services	A3	96	8.2	5.48	86.3	113.6	1.25	120	91	468	558	-16	-9	-33	-41	349
Consumer Products	A2	69	6.5	5.18	91.4	79.4	0.93	119	73	319	366	-17	-9	-27	-31	303
Energy	BBB1	118	7.3	5.74	91.0	721.2	8.39	167	151	511	554	-19	-15	-34	-36	396
Oil & Gas	A3	103	7.5	5.58	89.7	406.2	4.65	137	137	471	505	-15	-14	-31	-31	387
Pipelines	BBB2	137	7.0	5.94	92.8	315.0	3.74	205	168	566	621	-25	-19	-41	-44	407
Finance	A3	124	5.2	5.79	91.0	442.6	5.15	158	114	363	393	-26	-13	-26	-27	326
Commercial & Consumer Finance	BBB1	145	3.8	5.99	93.6	160.7	1.92	148	93	313	357	-33	-11	-22	-29	283
Finance-Other Services	A3	111	5.9	5.67	89.6	281.9	3.23	164	127	391	412	-23	-14	-28	-27	350
Food, Bev, & Bottling	A3	81	7.7	5.34	90.1	318.7	3.67	185	130	438	460	-20	-13	-32	-32	384
Health Care	A3	85	8.3	5.40	88.8	836.3	9.48	181	133	410	441	-18	-12	-26	-26	394
Industrial Products	A3	75	6.0	5.30	91.0	212.6	2.47	113	84	321	341	-15	-10	-22	-22	304
Insurance	A3	132	6.9	5.89	89.3	365.4	4.17	146	113	392	498	-18	-13	-23	-33	353
Insurance-Other	BBB1	102	7.8	5.42	89.1	37.0	0.42	190	154	492	588	-43	-39	-53	-61	415
Life Insurance	A2	133	6.1	5.93	89.7	228.6	2.62	138	102	338	442	-17	-10	-19	-29	329
Multi-Line Insurance	BBB1	155	8.7	6.19	90.3	22.7	0.26	132	110	462	556	-7	-4	-9	-17	369
P&C & Reinsurance	A3	135	8.3	5.89	87.6	77.2	0.86	154	127	484	605	-16	-12	-26	-36	393
Leisure	BBB2	131	3.9	5.81	93.4	29.8	0.36	151	95	422	472	-32	-14	-62	-63	287
Media & Entertainment	BBB1	123	8.4	5.76	85.8	331.5	3.64	293	252	657	668	-27	-23	-47	-49	512
Media-Cable	BBB1	131	9.1	5.85	84.6	157.6	1.71	309	242	620	616	-27	-20	-37	-37	516
Media-Diversified	BBB1	117	7.7	5.69	86.9	173.8	1.93	279	259	689	713	-27	-25	-55	-60	509
Real Estate Dev & Mgt	A3	156	5.4	5.96	89.6	8.4	0.10	162	107	373	451	-22	-11	-22	-29	326
REITs	BBB1	147	5.4	5.95	87.8	284.1	3.19	154	99	318	389	-23	-10	-21	-29	314
Retail	A3	76	7.7	5.29	88.4	320.5	3.62	196	159	380	404	-19	-14	-23	-25	408
Food & Drug Retailers	BBB2	134	7.5	5.88	85.2	27.6	0.30	155	106	297	353	-19	-10	-7	-10	349
Retail-Discounters	A1	49	7.2	5.02	92.1	56.0	0.66	173	159	286	304	-19	-19	-19	-18	404
Retail-Non-Discounters	A3	77	7.8	5.29	87.9	236.9	2.66	207	165	414	433	-18	-12	-24	-26	416
Technology	A2	74	7.5	5.27	88.5	556.6	6.28	222	201	546	570	-25	-22	-40	-40	449
Telecom	BBB2	106	8.3	5.56	86.9	334.5	3.71	300	283	566	579	-31	-28	-43	-43	545
Tobacco	BBB1	126	7.0	5.80	91.2	87.8	1.03	302	248	708	795	-31	-26	-57	-66	482
Transportation	BBB1	107	8.7	5.64	88.0	195.1	2.19	175	103	433	519	-17	-8	-29	-34	368
Railroads	A3	84	10.6	5.41	85.4	112.6	1.23	211	135	462	528	-15	-10	-27	-30	431
Transportation-Other	BBB2	137	6.3	5.93	91.5	82.4	0.96	133	63	393	505	-17	-5	-30	-39	289
Utilities	A3	121	8.1	5.75	88.0	798.9	8.99	152	103	369	475	-16	-9	-23	-33	363
Market	A3	111	6.6	5.67	90.0	8,691.8	100.00	177	138	417	467	-21	-14	-27	-31	372

Source: ICE Data Indices, LLC, BofA Global Research

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Exhibit 26: Summary of fallen angels, November 2023

Number of IG issuers downgraded to HY in November 2023: 1.

Ticker	Rating	N Bonds	Par, \$mn	Avg. Price	Avg. Yield	Avg. OAS
BFALA	BB1	1	1,050	77.19	8.16	378
Total		1	1,050	77.19	8.16	378

Source: BofA Global Research, ICE Data Indices, LLC

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Exhibit 27: Summary of rising stars, November 2023

Number of HY issuers upgraded to IG in November 2023: 2.

Ticker	Rating	N Bonds	Par, \$mn	Avg. Price	Avg. Yield	Avg. OAS
ET	BBB3	5	2,850	100.34	5.61	112
F	BBB3	33	39,478	93.64	6.54	201
Total		38	42,328	94.12	6.48	195

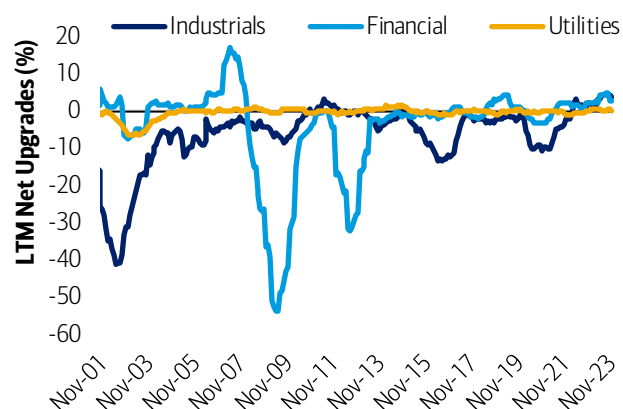
Source: BofA Global Research, ICE Data Indices, LLC

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Exhibit 28: Net LTM upgrades and rising stars as percent of HG index notional.

LTM net downgrades as shares of index notional moderated significantly for industrials (4.22% to 3.65%) in November



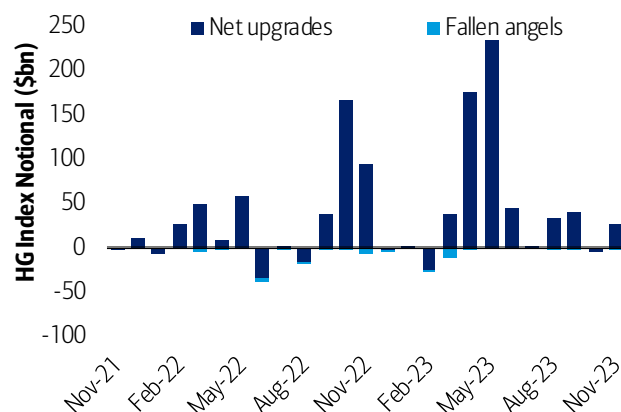
Note: Net upgrades equal to the total notional upgraded each month less the total notional that was downgraded. Rising stars are credit that migrated from HY Master (H0A0) to HG Master (COA0) during the month.

Source: BofA Global Research, ICE Data Indices, LLC

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Exhibit 29: HG Index upgrade and fallen angel volumes.

Net upgrades for credits in the US IG corporate Index totaled -\$27.6bn in Nov.



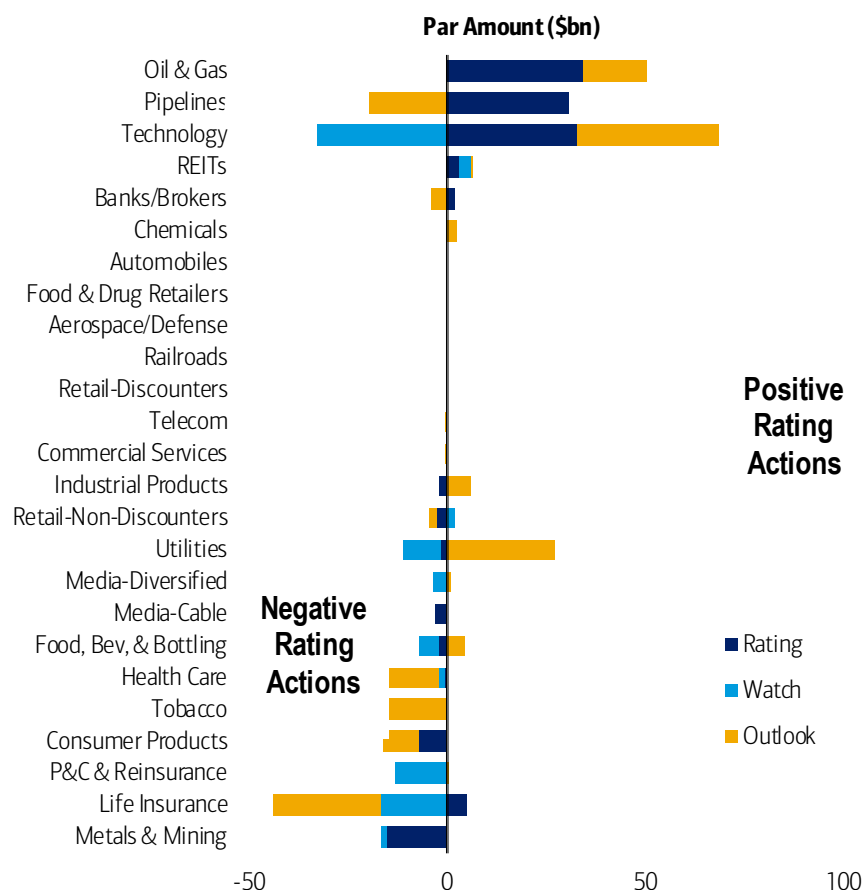
Note: Net upgrades equal to the total notional upgraded each month less the total notional that was downgraded. Fallen angels are credit that migrated from HG Master (COA0) to HY Master (H0A0) during the month.

Source: BofA Global Research, ICE Data Indices, LLC

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Exhibit 30: November 2023 rating actions by sector, percent of HG index market value

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

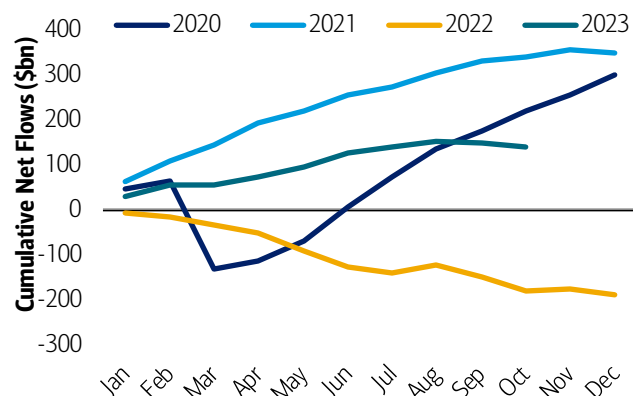


Source: BofA Global Research, ICE Data Indices, LLC

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Exhibit 31: LTM mutual fund net flows in HG credit funds

Cumulative outflows YtD have been larger than last year.



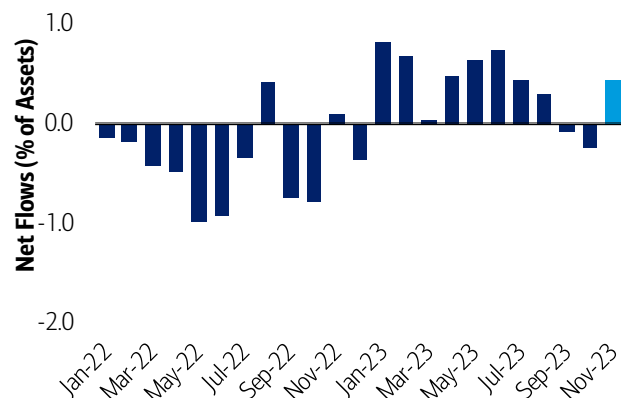
Note: Weekly-only mutual fund flows for the latest month, all-funds flows for earlier months.

Source: BofA Global Research, EPFR

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Exhibit 32: Monthly HG fund and ETF flows

Net inflows to US IG bond funds and ETFs = 0.44% of assets in November (based only on funds reporting daily)



Note: Weekly-only mutual fund flows for the latest month, all-funds flows for earlier months.

Source: BofA Global Research, EPFR

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Exhibit 33: Monthly top and bottom performers

Top and bottom excess-return performers in BofA HGMaster Index (COA0). Results include hybrids and subordinated securities

Top 25 Credits						Bottom 25 Credits					
Rnk	Name	Ticker	Excess Return	OAS Chg	Weight	Rnk	Name	Ticker	Excess Return	OAS Chg	Weight
1	Altria Group	MO	462	-42	0.22	1	Toyota Motor Credit	TOYOTA	50	-13	0.40
2	Charter Communications Inc	CHTR	378	-33	0.43	2	Hyundai Capital America	HYNMTR	50	-10	0.22
3	PG&E Corp	PCG	374	-44	0.38	3	American Honda Finance Corp	HNDA	52	-14	0.20
4	BAT Capital Corp	BATSLN	358	-43	0.38	4	Mercedes-Benz Group AG	MBGGR	59	-12	0.20
5	Warner Bros. Discovery, Inc.	WBD	351	-36	0.44	5	Sinopec Group	SINOPE	61	-6	0.22
6	AT&T Corp	T	349	-35	0.91	6	Deere	DE	62	-13	0.39
7	Verizon Communications	VZ	344	-34	0.86	7	Caterpillar	CAT	77	-12	0.26
8	Intel Corporation	INTC	340	-31	0.53	8	Commonwealth Bank of Australia	CBAAU	87	-11	0.24
9	Broadcom Corp	AVGO	339	-43	0.42	9	Macquarie Group Ltd.	MQGAU	88	-15	0.24
10	Oracle Corp	ORCL	324	-31	0.86	10	Bank of Montreal	BMO	91	-27	0.21
11	Boeing Co	BA	322	-37	0.54	11	MidAmerican Energy Company	BRKHEC	92	-7	0.44
12	Comcast Cable	CMCSA	292	-27	0.88	12	Bank of Nova Scotia	BNS	95	-24	0.29
13	AMBEV	ABIBB	286	-26	0.63	13	Nestle S.A.	NESNVX	96	-10	0.24
14	Walt Disney Co	DIS	284	-29	0.41	14	Rabobank Nederland	RABOBK	98	-18	0.26
15	Lowe's Companies, Inc.	LOW	282	-29	0.38	15	National Australia Bank	NAB	99	-17	0.25
16	T-Mobile USA Inc	TMUS	281	-35	0.67	16	Royal Bank of Canada	RY	100	-26	0.33
17	Burlington Northern Santa Fe, LLC	BNSF	279	-19	0.22	17	BPCE SA	BPCEGP	101	-22	0.30
18	ONEOK, Inc.	OKE	262	-27	0.21	18	Saudi Arabian Oil Co	ARAMCO	102	-14	0.22
19	Meta Platforms, Inc.	META	260	-19	0.22	19	Eversource Energy	ES	107	-13	0.20
20	Raytheon Technologies Corp	RTX	258	-26	0.34	20	Standard Chartered plc	STANLN	108	-13	0.32
21	Amgen	AMGN	257	-25	0.67	21	The Toronto-Dominion Bank	TD	111	-26	0.34
22	Energy Transfer LP	ET	256	-29	0.44	22	State Street	STT	114	-25	0.20
23	Enterprise Products Partners LP	EPD	256	-26	0.31	23	Bank of New York Co	BK	116	-24	0.33
24	United Health Group	UNH	256	-22	0.67	24	Westpac Banking Corp.	WSTP	118	-18	0.30
25	MPLX LP	MPLX	255	-28	0.24	25	Natwest Group PLC	NWG	127	-26	0.23
Average (Market Weighted)			309	-31	12.29	Average (Market Weighted)			90	-17	6.82

Source: ICE Data Indices, LLC, BofA Global Research

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