

Situation Room

Dec CPI: fading the elevated CPI for now

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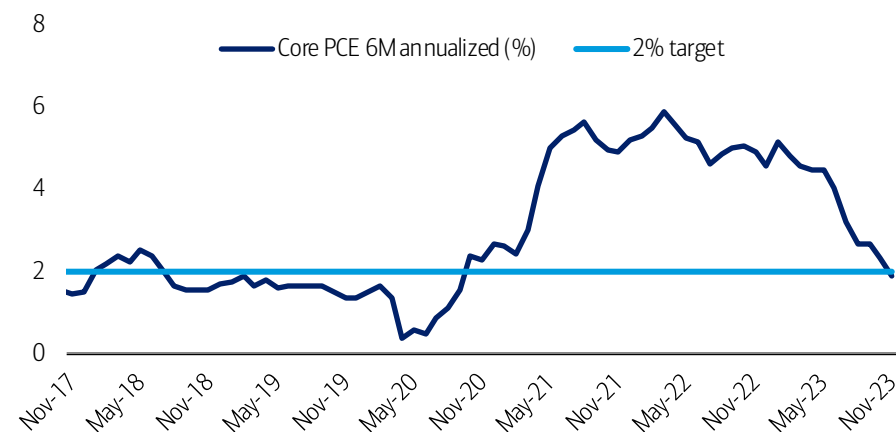
The rates market largely shrugged off the slightly higher than expected December CPI report. That was likely for two reasons. First, the broader picture is that the US inflation is slowing, with the preferred Fed measure of Core PCE inflation running at the 2% target over the prior six months through November (Exhibit 1). Second, our economists suggest the details of the CPI report do not translate to upside risks to the Core PCE inflation report for December. They estimate the December Core PCE in 0.12% – 0.15% m/m range (see [US Watch: December CPI Inflation](#)). As a result, market pricing of Fed rate cuts for 2024 actually increased by 5bps today on Thursday, even despite some hawkish statements from Fed's Mester (Exhibit 2).

CPI vs PCE

Unlike the PCE, the CPI data is consistent with some stickiness in US inflation. The component recently emphasized by the Fed – core services CPI ex. housing – came in at an elevated +0.40% m/m in December and +0.44% m/m in November (Exhibit 4). However, the cumulative progress on inflation means the Fed no longer needs to “break things” to get inflation under control, as Chair Powell signaled during the December press conference (see [US Watch: FOMC quick reaction- A holiday gift: the dovish pivot arrives](#)). As a result, a sticky inflation from here should not be a big problem for IG spreads. That's because higher rates uncertainties and potentially lower stocks in that scenario are offset by stronger US economic growth and higher yields, which have been very supportive of investor demand in 2023 and so far in 2024.

Exhibit 1: US Core PCE inflation is running at 2% over the past six months

6M average US core PCE was +1.9% as of Nov-2023, down from +2.3% in October.



Source: BofA Global Research, Bloomberg.

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11 January 2024

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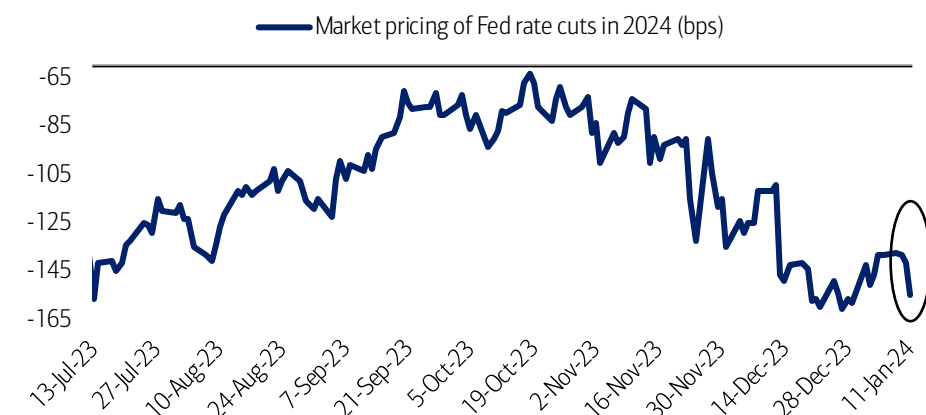
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Timestamp: 11 January 2024 07:38PM EST

Exhibit 2: Markets priced in 14bps of more Fed cuts in 2024 on Thursday post the Dec. CPI report

Market pricing currently implies about 155bps of Fed cuts in 2024.

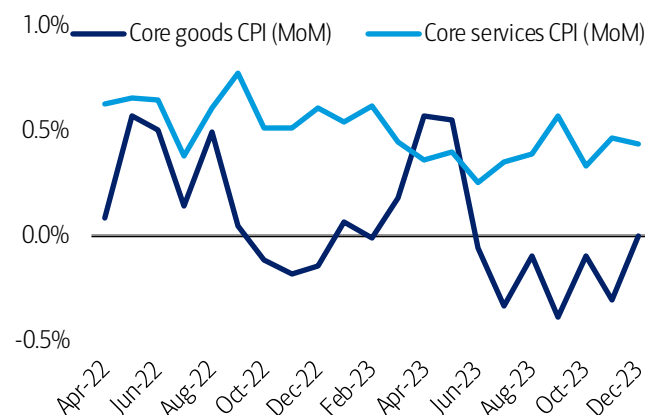


Source: BofA Global Research, Bloomberg.

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Exhibit 3: Core goods flat, services inflation in December

Core goods inflation was close to flat in December (-0.04% m/m), while core services inflation remained high at +0.44%.

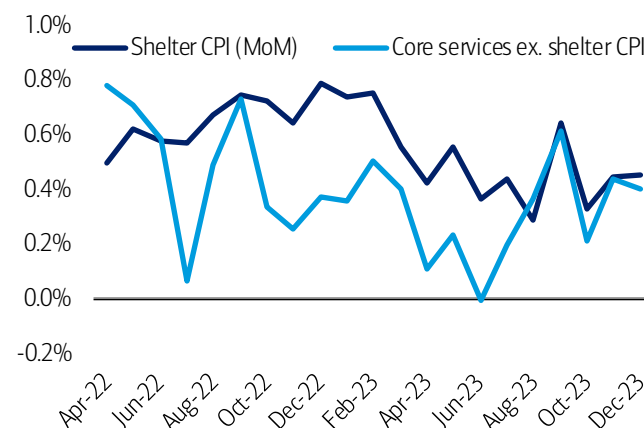


Source: BofA Global Research, Bureau of Labor Statistics, Haver.

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Exhibit 4: Elevated core services inflation

Core services ex. shelter CPI remained elevated at +0.40% in Dec, similar to +0.44% m/m in Nov. Shelter inflation was little changed at +0.46% m/m.



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

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Big inflow to HG

Adding to an already strong start to 2024, inflows to US HG bond funds and ETFs accelerated to +\$9.35bn this past week ending on January 10th, up from a +\$5.00bn inflow in the prior week. This was the biggest weekly inflow in at least a year. Once again, most of the inflow was coming from HG ETFs (to +\$8.32bn from +\$4.28bn the prior week), whereas inflows to HG funds were more modest (to +\$1.03bn from +\$0.72bn). Flows to short-term HG turned positive for the first time in 13 weeks (to +\$0.65n from -\$0.26bn), while inflows improved ex. short-term (to +\$8.69bn from +\$5.26bn).

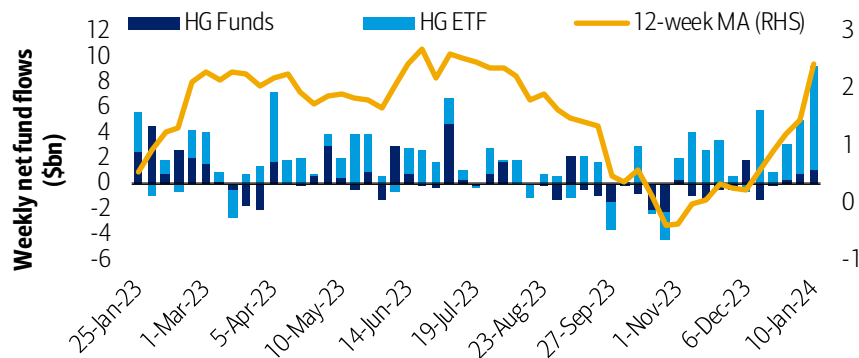
Outflow for stocks

Away from HG bonds, flows turned negative for equities (to -\$9.50bn from +\$4.46bn)

and for global EM bonds (to $-\$0.55\text{bn}$ from $+\$0.09\text{bn}$) this past week. On the other hand flows turned positive for HY (to $+\$1.29\text{bn}$ from $-\$0.90\text{bn}$) as well as for loans (to $+\$0.25\text{bn}$ from $-\$0.04\text{bn}$) and for munis (to $+\$0.18\text{bn}$ from $-\$0.82\text{bn}$). Finally, money markets reported a $+\$13.59\text{bn}$ inflow this past week, following a big $+\$64.09\text{bn}$ inflow a week earlier.

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

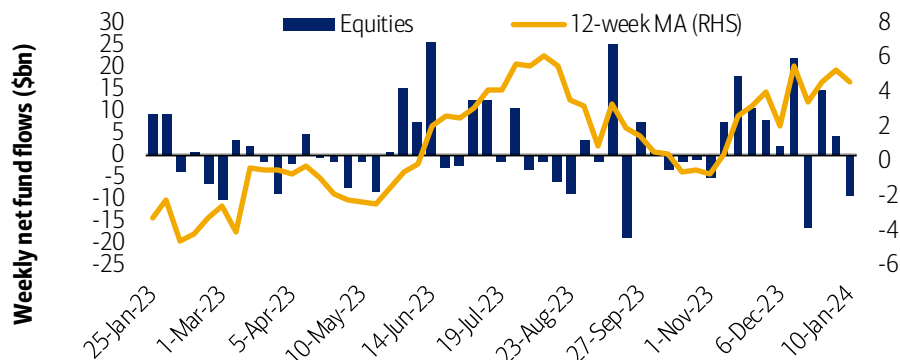
HG ETF $+\$4.28\text{bn}$, HG Funds $+\$0.72$



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Exhibit 6: Weekly equity fund flows, \$bn

Equities $+\$4.46\text{bn}$



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Exhibit 7: 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	0.45%	0.4%	14.4
High grade: ex short-term	0.55%	0.5%	14.0
High yield: total	0.52%	0.1%	0.4
High yield: ETFs only	1.69%	0.2%	0.2
Loans	0.30%	0.2%	0.2
EM	-0.12%	-0.1%	-0.5
Munis	0.04%	-0.1%	-0.6
All fixed income	0.28%	0.3%	16.2
Money markets	0.21%	1.2%	77.7
Equities	-0.09%	0.0%	-5.0

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

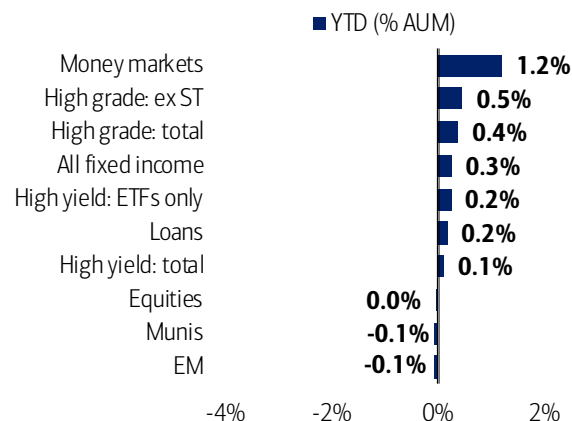
Global EM funds, US-domiciled funds only for other fund types.

Source: EPFR Global, BofA Global Research

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Exhibit 8: Year to date fund flows, % of AUM

Money markets have had the biggest inflows so far in 2024.



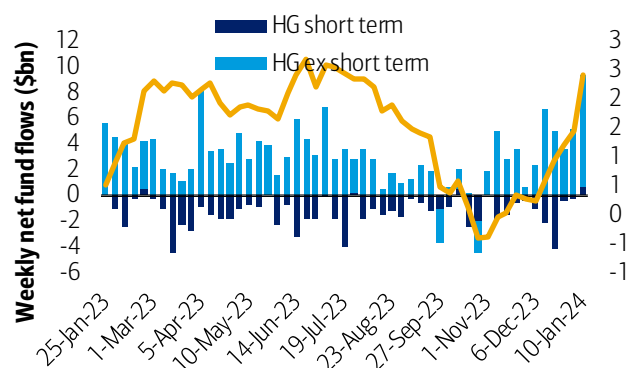
Note: Global EM funds, US-domiciled funds only for other fund types.

Source: EPFR Global, BofA Global Research

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Exhibit 9: Weekly high grade fund flows, \$bn

HG short-term -\$0.26bn, HG ex short-term +\$5.26

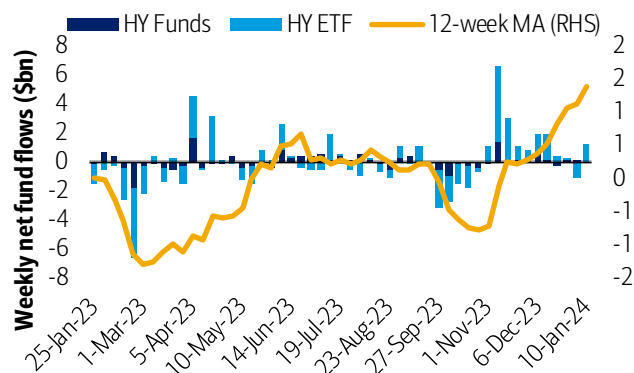


Source: EPFR Global. Note: data are for US-domiciled funds only.

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Exhibit 10: Weekly high yield fund flows, \$bn

HY ETFs -\$1.06bn, HY funds +\$0.15

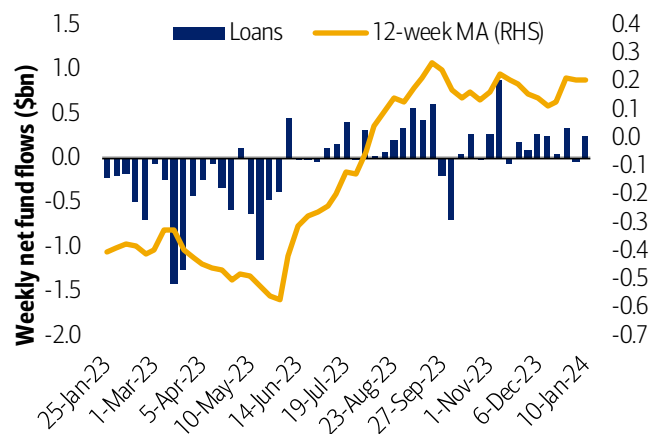


Source: EPFR Global. Note: data are for US-domiciled funds only.

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Exhibit 11: Weekly loan fund flows, \$bn

Leveraged loans -\$0.04bn

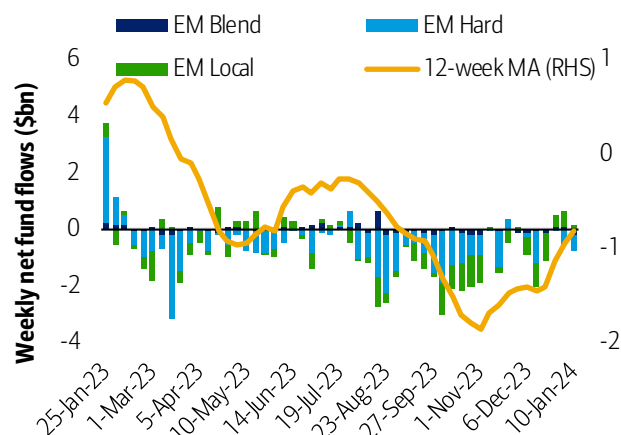


Source: EPFR Global. Note: data are for US-domiciled funds only.

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Exhibit 12: Weekly EM fund flows, \$bn

Global EM bonds +\$0.09bn

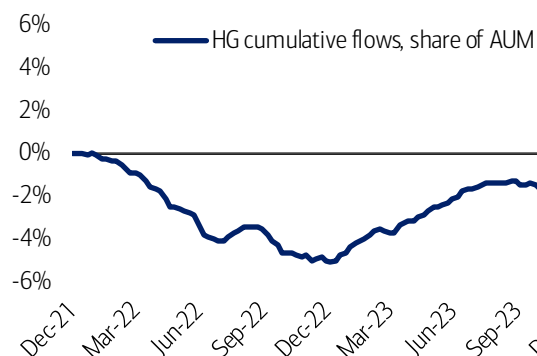


Source: EPFR Global. Note: data are for US-domiciled funds only.

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Exhibit 13: Cumulative % flows in HG over the last 2 years

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

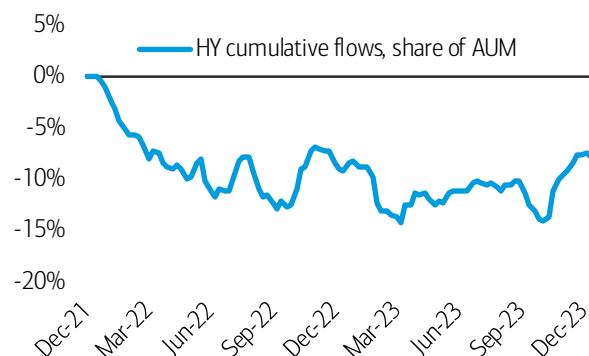


Source: EPFR Global, BofA Global Research

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Exhibit 14: Cumulative % flows in HY over the last 2 years

2022 and 2023 have seen consequent outflows in HY

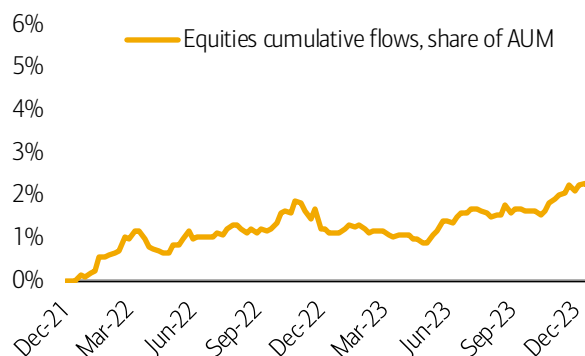


Source: EPFR Global, BofA Global Research

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Exhibit 15: Cumulative % flows in equities over the last 2 years

Flows moderate in equities after two years of inflows

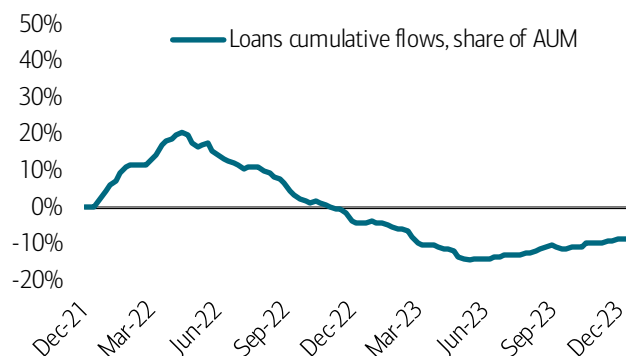


Source: EPFR Global, BofA Global Research

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Exhibit 16: 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 \$7.4bn across 4 deals today, \$44.0bn WTD and \$101.0bn MTD. The average new issue concession was 4.8bps today, while the average break performance was 8.0bps wider today from 2.3bps tighter yesterday. This week's new issues are trading 5.0bps tighter on average from pricing.

S&P 500 closed -0.07%, 10-year Treasury yields -6bps, CDX IG -0.8bps, CDX HY +\$0.10pts and cash bond spreads quoted from Unched to -2bps today, LQD closed 0.98bps tighter today.

Exhibit 17: 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)
2024-01-08	ANZ	Australia & New Zealand Banking Group Ltd	3	800	Aa3/AA-	FRN	SOFR+81	n.a.	n.a.	n.a.
2024-01-08	ANZ	Australia & New Zealand Banking Group Ltd/New York	3	1,200	Aa3/AA-	4.75	63	n.a.	n.a.	60
2024-01-08	BPCEGP	BPCE SA	3	650	A1/A	5.203	108	n.a.	n.a.	98
2024-01-08	BPCEGP	BPCE SA	6NC5	1,000	A1/A	5.716	175	n.a.	n.a.	163
2024-01-08	BPCEGP	BPCE SA	11NC10	900	A1/A	6.508	250	n.a.	n.a.	238
2024-01-08	EIX	Southern California Edison Co	3	500	A2/A-	4.875	75	5	n.a.	70
2024-01-08	EIX	Southern California Edison Co	10	900	A2/A-	5.2	120	9	-3	115
2024-01-08	HNDA	American Honda Finance Corp	2	400	A3/A-	FRN	SOFR+71	n.a.	n.a.	n.a.
2024-01-08	HNDA	American Honda Finance Corp	2	850	A3/A-	4.95	60	n.a.	n.a.	n.a.
2024-01-08	HNDA	American Honda Finance Corp	10	750	A3/A-	4.9	93	n.a.	n.a.	89
2024-01-08	HYUELE	SK Hynix Inc	3	500	Baa2/BBB-	5.5	145	n.a.	n.a.	n.a.
2024-01-08	HYUELE	SK Hynix Inc	5	1,000	Baa2/BBB-	5.5	167	n.a.	n.a.	n.a.
2024-01-08	MBGGR	Mercedes-Benz Finance North America LLC	2	650	A2/A	FRN	SOFR+67	n.a.	n.a.	n.a.
2024-01-08	MBGGR	Mercedes-Benz Finance North America LLC	2	700	A2/A	4.9	55	n.a.	n.a.	54
2024-01-08	MBGGR	Mercedes-Benz Finance North America LLC	3	800	A2/A	4.8	70	n.a.	n.a.	66
2024-01-08	MBGGR	Mercedes-Benz Finance North America LLC	5	850	A2/A	4.85	90	n.a.	n.a.	87
2024-01-08	MBGGR	Mercedes-Benz Finance North America LLC	10	750	A2/A	5	100	16	n.a.	99
2024-01-08	NGGLN	National Grid PLC	10	750	Baa2/BBB	5.418	142	n.a.	n.a.	138
2024-01-08	O	Realty Income Corp	5	450	A3/A-	4.75	95	n.a.	n.a.	91
2024-01-08	O	Realty Income Corp	10	800	A3/A-	5.125	125	8	n.a.	120
2024-01-08	PFG	Principal Life Global Funding II	3	500	A1/A+	5	90	n.a.	n.a.	83
2024-01-08	REG	Regency Centers LP	10	400	Baa1/BBB+	5.25	130	n.a.	n.a.	121
2024-01-08	RGAL	RGAL Global Funding	7	700	A1/AA-	5.5	160	n.a.	n.a.	154
2024-01-08	TSLX	Sixth Street Specialty Lending Inc	5	350	Baa3/BBB-	6.125	240	n.a.	n.a.	224
2024-01-09	AQNCN	Liberty Utilities Co	5	500	Baa2/BBB	5.577	160	n.a.	n.a.	158
2024-01-09	AQNCN	Liberty Utilities Co	10	350	Baa2/BBB	5.869	185	n.a.	n.a.	183
2024-01-09	BRX	Brixmor Operating Partnership LP	10	400	Baa3/BBB	5.5	150	n.a.	n.a.	142
2024-01-09	CRBG	Corebridge Global Funding	5	600	A2/A+	5.2	123	5	-3	120
2024-01-09	KRC	Kilroy Realty LP	12	400	Baa2/BBB	6.25	238	n.a.	n.a.	224
2024-01-09	MASSMU	MassMutual Global Funding II	5	650	Aa3/AA+	4.85	88	-2	n.a.	85
2024-01-09	MUTOMA	Mutual of Omaha Insurance Co	40	300	A3/A-	6.144	195	n.a.	n.a.	189
2024-01-09	PENSKE	Penske Truck Leasing Co Lp / PTL Finance Corp	3	500	Baa2/BBB	5.35	125	2	-7	115
2024-01-09	PL	Protective Life Global Funding	3	500	A1/AA-	4.992	85	7	n.a.	82

Exhibit 17: Recent new issue pricing and new issue concessions

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

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2024-01-09	STZ	Constellation Brands Inc	5	400	Baa3/BBB	4.8	85	-5	-6	80
2024-01-09	TMUS	T-Mobile USA Inc	5	1,000	Baa2/BBB	4.85	90	1	-1	86
2024-01-09	TMUS	T-Mobile USA Inc	10	1,250	Baa2/BBB	5.15	117	4	-2	114
2024-01-09	TMUS	T-Mobile USA Inc	31	750	Baa2/BBB	5.5	130	5	-5	124
2024-01-10	BERY	Berry Global Inc	10	800	NA/BBB	5.65	165	n.a.	n.a.	n.a.
2024-01-10	DTRGR	Daimler Truck Finance North America LLC	176	750	A3/BBB+	5	93	n.a.	-3	89
2024-01-10	DTRGR	Daimler Truck Finance North America LLC	176	500	A3/BBB+	5.375	137	n.a.	-3	136
2024-01-10	ET	Energy Transfer LP	10	1,250	Baa3/BBB	5.55	155	n.a.	-5	151
2024-01-10	ET	Energy Transfer LP	30	1,750	Baa3/BBB	5.95	175	n.a.	n.a.	822
2024-01-10	MAIN	Main Street Capital Corp	5	350	NA/BBB-	6.95	300	n.a.	n.a.	298
2024-01-10	MET	Met Tower Global Funding	3	500	Aa3/AA-	4.85	75	n.a.	-5	71
2024-01-10	MU	Micron Technology Inc	7	1,000	Baa3/BBB-	5.3	130	n.a.	n.a.	n.a.
2024-01-10	RY	Royal Bank of Canada	3	500	A1/A	FRN	SOFR+95	n.a.	n.a.	n.a.
2024-01-10	RY	Royal Bank of Canada	3	1,250	A1/A	4.875	77	n.a.	0	77
2024-01-10	RY	Royal Bank of Canada	5	1,000	A1/A	4.95	100	n.a.	0	100
2024-01-10	RY	Royal Bank of Canada	10	1,250	A1/A	5.15	115	n.a.	0	115
2024-01-10	SUMILF	Sumitomo Life Insurance Co	PERP	1,040	A3/A-	5.875	n.a.	n.a.	n.a.	n.a.
2024-01-11	ATH	Athene Global Funding	3	550	A1/A+	5.339	130	n.a.	n.a.	n.a.
2024-01-11	NGGLN	Niagara Mohawk Power Corp	10	500	Baa1/BBB+	5.29	130	n.a.	8	138
2024-01-11	NGGLN	Niagara Mohawk Power Corp	30	700	Baa1/BBB+	5.664	145	n.a.	n.a.	n.a.
2024-01-11	NYLIFE	New York Life Global Funding	2	600	Aaa/AAA	FRN	0	n.a.	n.a.	n.a.
2024-01-11	SOCGEN	Societe Generale SA	4NC3	1,150	Baa2/BBB	5.519	150	-4	n.a.	n.a.
2024-01-11	SOCGEN	Societe Generale SA	4NC3	350	Baa2/BBB	5.519	n.a.	n.a.	n.a.	n.a.
2024-01-11	SOCGEN	Societe Generale SA	6NC5	1,000	Baa2/BBB	5.634	175	2	n.a.	n.a.
2024-01-11	SOCGEN	Societe Generale SA	11NC10	1,250	Baa2/BBB	6.066	210	9	n.a.	n.a.
2024-01-11	SOCGEN	Societe Generale SA	31NC30	1,250	Baa3/BBB-	7.132	295	12	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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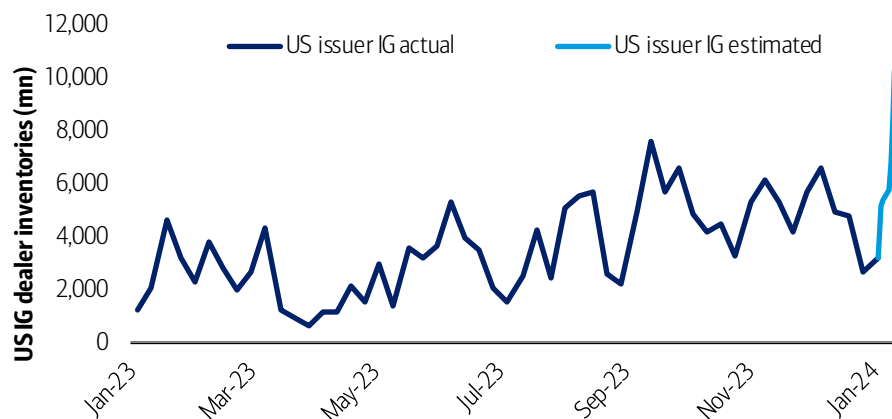
Daily dealer inventories update

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 18. We estimate the corresponding DVO1 equivalent in Exhibit 19. More details by sector and maturity are available in Exhibit 20 and Exhibit 21. Finally, note that the data for the current date is through about 4:40 p.m. Eastern Standard Time.



Exhibit 18: Estimated dealer inventories of IG corporate bonds.

We estimate IG dealer inventories of US issuer bonds increased to \$10.3bn currently from \$3.2bn on Jan-03.



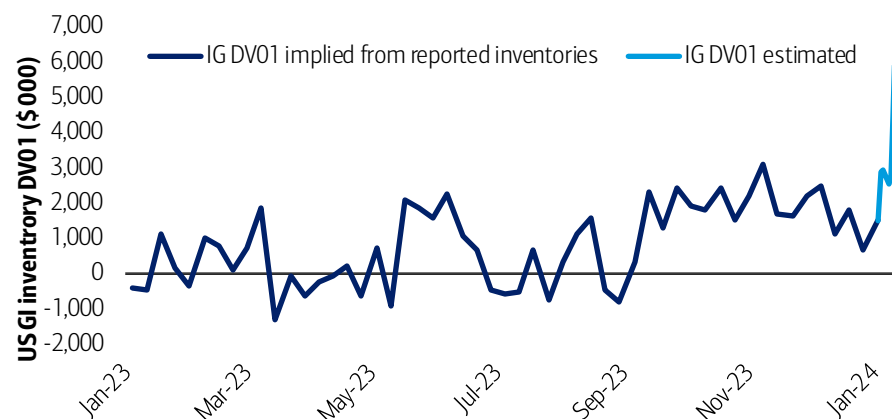
Note: data for US issuer bonds only, maturities 13M or longer. Actual dealer inventory data is from Primary Dealer Statistics survey by the NY Fed. The subsequent change in inventory is estimated based on TRACE.

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

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Exhibit 19: Estimated dealer inventory DV01 for IG corporate bonds.

We estimate IG dealer inventory DV01 of US issuer bonds increased to \$5.9mn currently from \$1.5bn on Jan-03.



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

We estimate IG dealer inventories increased \$1,998mn today and increased \$7,011mn over the prior week.

Sector	Net dealer buy (\$mn)					Net dealer DV01 change (\$thousand)					Trading volumes on 11-Jan-24 (\$mn)			
	11-Jan	10-Jan	1 W	2 W	4 W	11-Jan	10-Jan	1 W	2 W	4 W	Buy	Sell	Dealer	Total
High grade (13M+)	1,998	2,463	7,011	13,346	11,163	1,695	2,037	4,141	8,151	8,215	13,190	11,192	10,161	34,543
<3yr	-305	84	-130	314	-1,246	-70	30	-46	39	-291	2,111	2,416	1,518	6,045
3-5yr	355	426	2,110	2,921	2,339	104	172	744	1,082	851	2,293	1,938	1,843	6,074
5-11yr	1,447	1,339	5,054	9,166	7,918	1,005	902	3,327	5,904	4,915	4,956	3,508	3,433	11,897
11+yr	501	613	-23	945	2,153	657	933	116	1,126	2,740	3,830	3,329	3,367	10,527
Fin	739	641	2,475	4,805	4,021	542	277	988	2,225	2,356	4,619	3,880	3,184	11,683
Non-Fin	1,259	1,822	4,536	8,541	7,142	1,154	1,759	3,154	5,927	5,859	8,571	7,312	6,977	22,860
Fixed	2,051	2,475	7,249	13,798	11,785	1,719	2,040	4,172	8,259	8,384	13,098	11,047	10,087	34,232
Floating	-53	-13	-238	-452	-622	-24	-3	-30	-107	-169	92	145	74	311
US issuers	1,740	1,801	5,145	9,707	8,259	1,460	1,679	3,004	6,033	6,316	10,489	8,750	8,503	27,742

Exhibit 20: Estimated changes in IG dealer inventories by maturity and broad sector.

We estimate IG dealer inventories increased \$1,998mn today and increased \$7,011mn over the prior week.

	Net dealer buy (\$mn)					Net dealer DV01 change (\$thousand)					Trading volumes on 11-Jan-24 (\$mn)			
	11-Jan	10-Jan	1 W	2 W	4 W	11-Jan	10-Jan	1 W	2 W	4 W	Buy	Sell	Dealer	Total
DM Yankees	283	680	1,752	3,592	2,848	240	366	1,070	2,089	1,841	2,444	2,162	1,595	6,201
EM Yankees	-24	-18	114	48	57	-5	-9	68	29	59	256	281	63	600

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 21: Estimated changes in IG dealer inventories by sector.

We estimate today IG dealer inventories increased \$567mn for Banks/Brokers and increased \$161mn for Energy.

Sector	Net dealer buy (\$mn)					Net dealer DV01 change (\$thousand)					Trading volumes on 11-Jan-24 (\$mn)			
	11-Jan	10-Jan	1 W	2 W	4 W	11-Jan	10-Jan	1 W	2 W	4 W	Buy	Sell	Dealer	Total
Aerospace/Defense	88	3	-213	-171	-209	131	-11	-156	-143	-205	339	251	243	834
Automobiles	-53	-44	-16	639	460	5	-45	-14	299	234	379	433	471	1,284
Banks/Brokers	567	458	1,389	2,805	2,444	371	76	418	1,103	1,147	3,066	2,499	2,079	7,644
Basic Materials	44	137	260	552	261	46	145	207	391	228	388	344	293	1,024
Commercial Services	-23	-26	-66	-12	103	0	-19	-83	-10	71	131	154	122	406
Energy	161	-19	339	590	237	118	-21	222	305	335	902	742	636	2,280
Finance	70	109	472	1,006	544	79	120	283	532	380	809	739	596	2,144
Food, Bev. & Bottling	-44	103	227	521	567	-4	63	135	383	477	347	391	425	1,163
Health Care	67	313	766	960	821	17	378	576	756	760	1,369	1,302	1,062	3,733
Industrial Products	60	-30	100	502	440	54	30	102	305	281	323	263	192	778
Insurance	19	-44	19	188	162	50	8	26	142	280	364	344	268	976
Media & Entertainment	87	230	177	178	96	100	219	172	148	261	461	374	560	1,395
REITs	83	118	595	806	871	41	72	260	448	549	380	297	241	918
Retail	210	90	354	535	507	187	83	307	478	533	529	319	442	1,289
Technology	289	201	584	716	750	246	187	280	325	457	966	677	761	2,404
Telecom	65	335	706	1,118	897	16	262	387	742	595	528	463	426	1,417
Tobacco	81	83	340	294	211	56	74	255	206	149	243	162	120	525
Transportation	21	-1	-37	57	63	-9	-3	-54	70	72	192	171	191	553
Utilities	187	411	788	1,832	1,800	173	386	659	1,564	1,583	1,318	1,131	903	3,352
Other	19	35	224	231	138	18	32	156	107	27	156	136	131	423

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

Source: BofA Global Research, FINRA, TRACE.

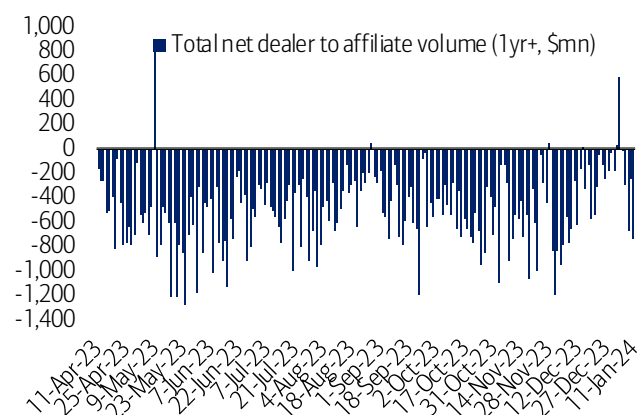
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Daily foreign demand tracker

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 22 shows the overall daily dealer-to-affiliate volumes while Exhibit 23, Exhibit 24 and Exhibit 25 show subsets of this data. In particular Exhibit 23 shows net dealer-to-affiliate volumes for longer maturity (12+ years) bonds, Exhibit 24 displays volumes reported to Trace before 8am NY time (biased toward Asian buying) and Exhibit 25 shows the subset of net trades reported between 8am and noon (biased toward European buying).

Exhibit 22: Net dealer buying from affiliate (1yr+)

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



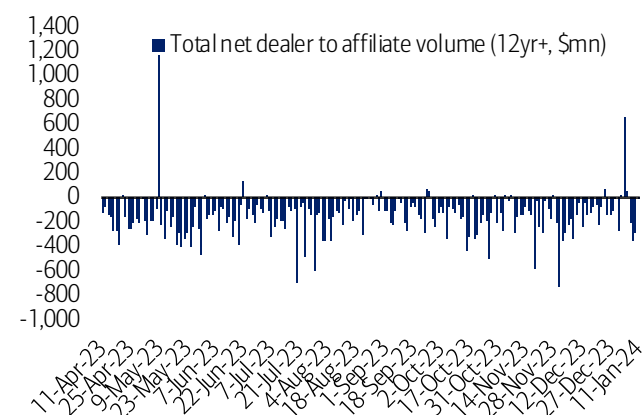
Note: Net dealer-to-affiliate volumes are correlated with foreign buying/selling. Negative numbers indicate foreign buying.

Source: Bloomberg, TRACE

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Exhibit 23: Net dealer buying from affiliate (12yr+)

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



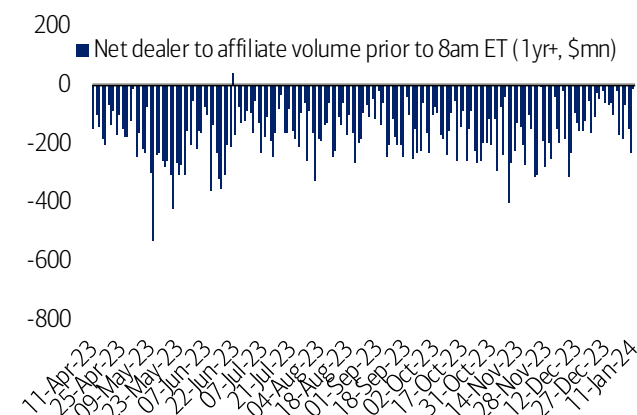
Note: Net dealer-to-affiliate volumes are correlated with foreign buying/selling. Negative numbers indicate foreign buying.

Source: Bloomberg, TRACE

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Exhibit 24: 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



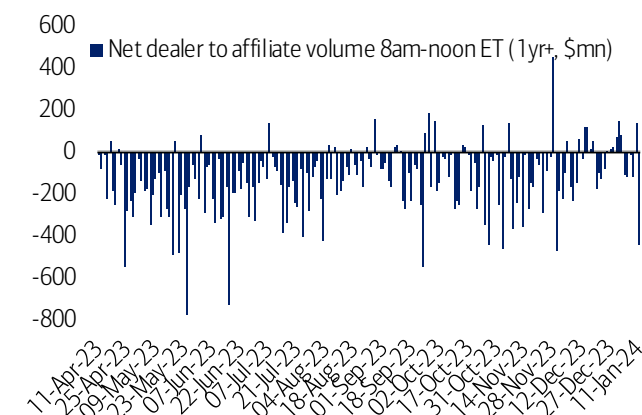
Note: Morning share of daily trading volume is correlated with secondary market activity of foreign investors due to different time zones.

Source: BofA Global Research, TRACE

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Exhibit 25: 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

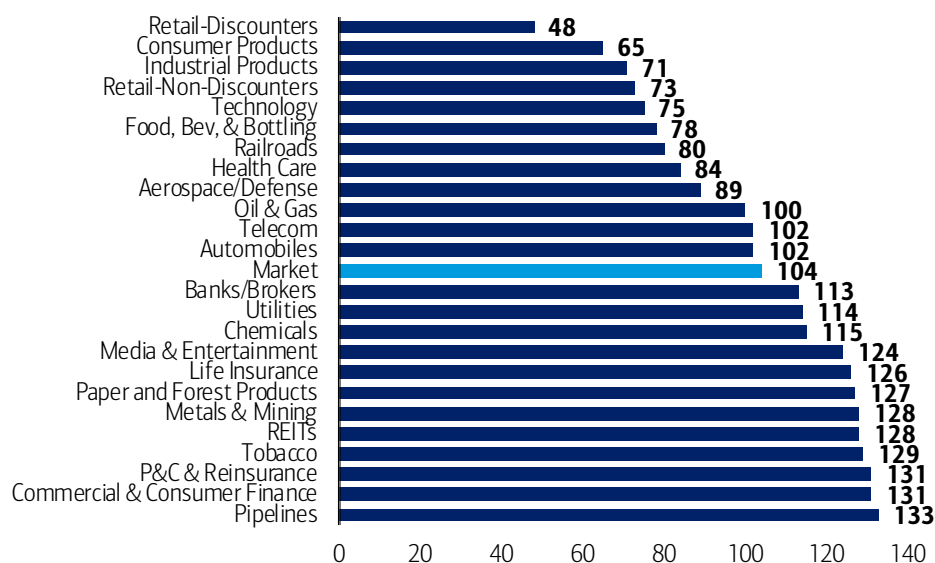
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Weekly data and charts

High Grade Spreads by Sector

Exhibit 26: High grade spreads by sector (bps)

Sector spreads for BofA US IG Corporate Index COA0 as of December 31, 2023. Results include subordinated and hybrid securities.



Source: BofA Global Research, ICE Data Indices, LLC

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High grade sector historical performance

Exhibit 27: High Grade Sector Performance as of December 31, 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
								MTD	QTD	YTD	YOY	MTD	QTD	YTD	YOY	QTD
Aerospace/Defense	BBB2	89	7.8	4.97	95.4	156.0	1.83	6	189	520	520	-3	-21	-38	-38	878
Automobiles	BBB1	102	3.9	5.12	96.9	241.7	2.89	58	149	404	404	-15	-10	-27	-27	557
Banks/Brokers	A2	113	4.6	5.34	95.3	1,921.6	22.59	54	177	397	397	-11	-26	-31	-31	636
Basic Materials	BBB2	121	7.1	5.26	94.7	338.5	3.95	53	189	482	482	-14	-27	-40	-40	825
Building Materials	BBB2	104	7.4	5.11	92.6	24.9	0.28	85	260	654	654	-12	-28	-55	-55	905
Chemicals	BBB2	115	7.4	5.22	92.9	125.3	1.43	33	177	473	473	-22	-34	-41	-41	827
Homebuilders	BBB2	114	4.7	5.14	94.6	15.2	0.18	87	214	592	592	-16	-25	-54	-54	694
Metals & Mining	BBB1	128	7.6	5.31	96.7	127.0	1.52	59	195	471	471	-8	-22	-40	-40	871
Paper and Forest Products	BBB2	127	5.5	5.34	95.0	46.1	0.54	64	154	403	403	-10	-22	-28	-28	684
Commercial Services	A3	89	8.5	4.93	90.4	114.4	1.27	40	136	531	531	-7	-16	-40	-40	861
Consumer Products	A2	65	6.6	4.67	94.7	78.9	0.92	25	101	357	357	-4	-13	-31	-31	703
Energy	BBB1	115	7.5	5.23	94.5	721.4	8.41	13	171	546	546	-3	-18	-37	-37	837
Oil & Gas	A3	100	7.7	5.07	93.2	409.0	4.70	9	152	500	500	-3	-17	-34	-34	837
Pipelines	BBB2	133	7.1	5.43	96.2	312.4	3.72	19	194	608	608	-4	-23	-45	-45	837
Finance	A3	114	5.3	5.24	93.9	441.3	5.10	51	170	426	426	-10	-23	-36	-36	679
Commercial & Consumer Finance	BBB1	131	3.9	5.42	96.1	160.4	1.90	82	179	406	406	-14	-25	-36	-36	592
Finance-Other Services	A3	103	6.1	5.13	92.6	280.9	3.20	32	164	437	437	-8	-22	-36	-36	728
Food, Bev, & Bottling	A3	78	7.8	4.83	93.8	318.3	3.68	13	149	470	470	-3	-16	-35	-35	844
Health Care	A3	84	8.5	4.91	92.5	837.9	9.54	-8	130	421	421	-1	-13	-27	-27	866
Industrial Products	A3	71	6.2	4.79	94.1	210.5	2.44	32	119	365	365	-4	-14	-26	-26	685
Insurance	A3	128	7.2	5.39	92.9	367.6	4.21	45	163	453	453	-4	-17	-27	-27	801
Insurance-Other	BBB1	121	8.3	5.23	92.8	37.0	0.42	13	174	527	527	19	-20	-34	-34	885
Life Insurance	A2	126	6.3	5.40	93.1	230.3	2.64	49	156	400	400	-7	-17	-26	-26	736
Multi-Line Insurance	BBB1	146	9.0	5.59	95.0	22.7	0.27	67	185	554	554	-9	-13	-18	-18	947
P&C & Reinsurance	A3	131	8.5	5.37	91.8	77.6	0.88	39	173	547	547	-4	-16	-30	-30	915
Leisure	BBB2	117	3.8	5.22	95.7	29.8	0.35	66	165	501	501	-14	-28	-76	-76	580
Media & Entertainment	BBB1	124	8.6	5.29	89.4	331.5	3.66	-9	254	678	678	1	-22	-46	-46	994
Media-Cable	BBB1	132	9.4	5.38	88.4	157.6	1.72	-28	225	622	622	1	-19	-36	-36	1,021
Media-Diversified	BBB1	116	8.0	5.22	90.4	173.8	1.94	9	280	728	728	-1	-26	-56	-56	970
Real Estate Dev & Mgt	A3	143	5.3	5.36	92.6	8.4	0.10	65	178	453	453	-13	-24	-35	-35	707
REITs	BBB1	128	5.5	5.30	91.1	284.3	3.19	101	206	433	433	-19	-29	-40	-40	731

Exhibit 27: High Grade Sector Performance as of December 31, 2023

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

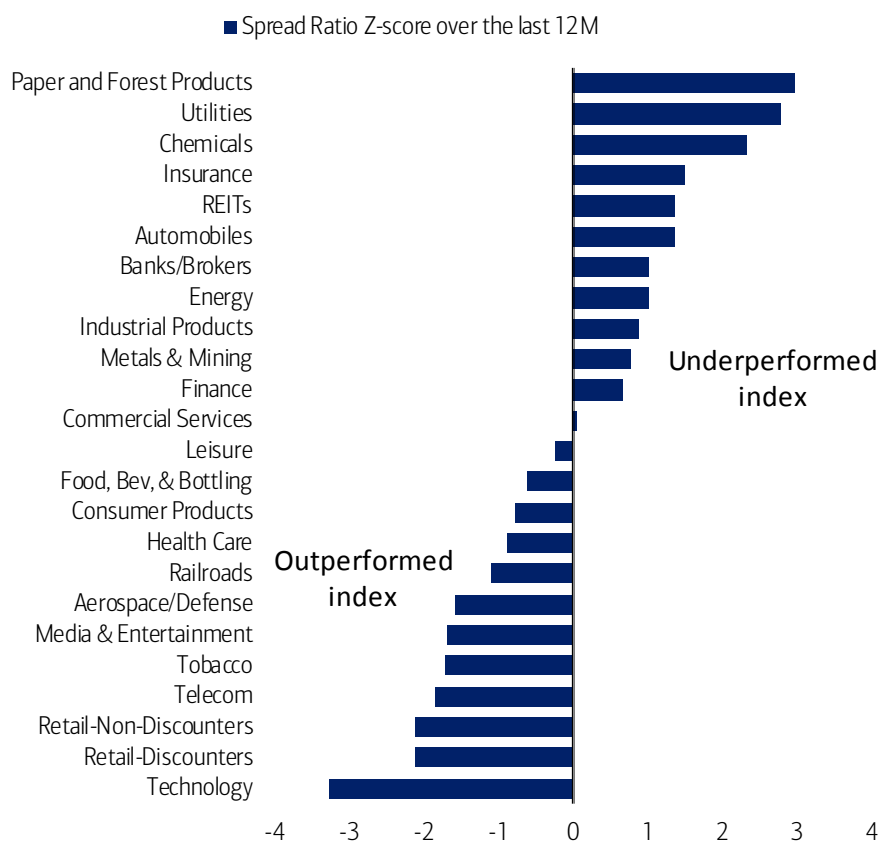
								Excess Return (bps)				Spread Change (bps)				Total Return
Retail	A2	72	7.9	4.77	92.1	315.7	3.58	8	174	405	405	-4	-18	-27	-27	862
Food & Drug Retailers	BBB2	114	7.7	5.20	89.9	23.2	0.26	88	201	399	399	-20	-30	-27	-27	876
Retail-Discounters	A1	48	7.5	4.54	95.5	55.3	0.65	-6	159	292	292	-1	-20	-20	-20	821
Retail-Non-Discounters	A3	73	8.0	4.79	91.5	237.2	2.67	3	175	434	434	-4	-16	-28	-28	870
Technology	A2	75	7.7	4.81	91.6	555.7	6.27	-36	172	531	531	1	-21	-39	-39	852
Telecom	BBB2	102	8.6	5.05	90.8	334.0	3.74	29	326	623	623	-4	-32	-47	-47	1,065
Tobacco	BBB1	129	7.0	5.35	94.1	87.8	1.02	-39	217	694	694	3	-23	-54	-54	854
Transportation	BBB1	100	9.1	5.09	92.3	192.9	2.20	47	156	503	503	-7	-15	-36	-36	921
Railroads	A3	80	11.2	4.88	90.4	111.1	1.24	41	186	532	532	-4	-14	-31	-31	1,088
Transportation-Other	BBB2	125	6.5	5.35	95.0	81.8	0.96	54	121	463	463	-12	-17	-42	-42	711
Utilities	A3	114	8.4	5.20	92.2	797.6	9.06	56	166	443	443	-7	-16	-30	-30	894
Market	A3	104	6.8	5.14	93.4	8,685.8	100.00	31	175	465	465	-7	-21	-34	-34	791

Source: ICE Data Indices, LLC, BofA Global Research

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Sector performance and relative value**Exhibit 28: Trailing 12 month spread Z-score vs. current sector spread differential to the market**

Retail-Discounters are trading tight and Pipelines are trading wide relative to the market.

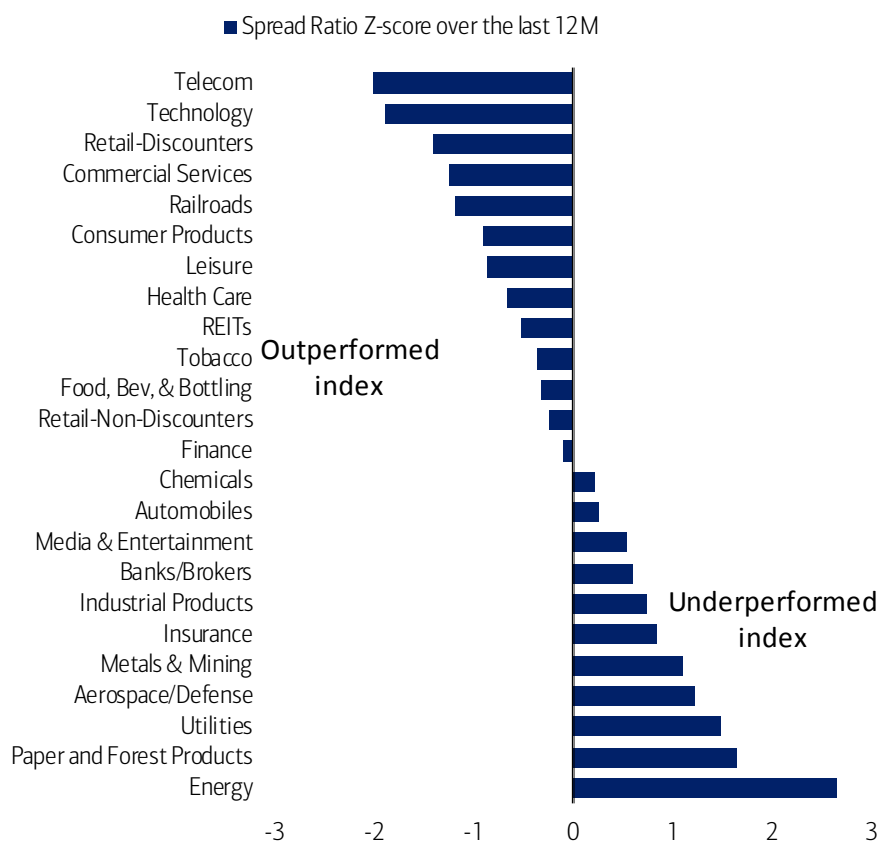


Source: ICE Data Indices, LLC, BofA Global Research

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Exhibit 29: Trailing 12mo spread Z-score vs. current sector spread differential to the market

Telecom and Technology are trading tight and Energy and Paper and Forest Products are trading wide relative to the market.



Source: ICE Data Indices, LLC, BofA Global Research

BofA GLOBAL RESEARCH

Supply statistics**Exhibit 30: High grade supply summary, \$bn**

US IG supply by broad market sectors

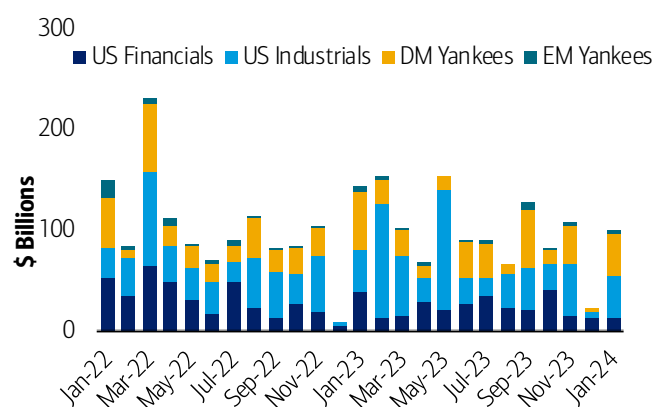
Sector	WTD	MTD	QTD	YTD
US Financials	6.9	13.8	13.8	13.8
US Industrials	14.2	40.7	40.7	40.7
European Financials	7.6	24.9	24.9	24.9
European Industrials	5.8	5.8	5.8	5.8
EM Yankees	1.5	3.7	3.7	3.7
Non-Euro Non-EM Yankees	7.0	11.0	11.0	11.0
Total	42.9	99.8	99.8	99.8

Source: BofA Global Research

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Exhibit 31: HG monthly issuance, \$bn

Monthly US IG supply by broad market sectors



Source: BofA Global Research

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Exhibit 32: Cumulative High grade supply YTD, \$bn

YTD US IG supply by broad market sectors and YoY comps

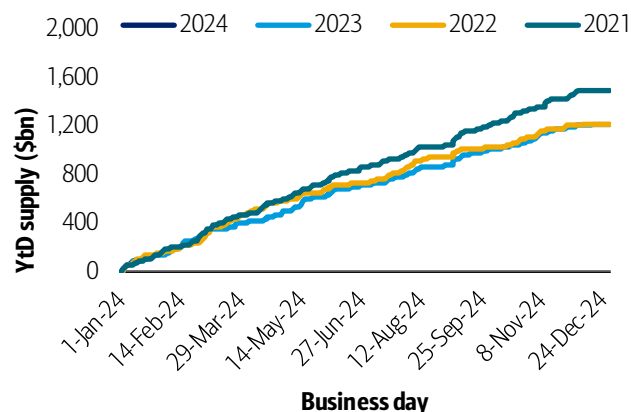
Sector	YTD 2020	YTD 2021	YTD 2022	YTD 2023	YTD 2024
Financials	33.9	28.5	59.8	59.4	50.2
AAA-A Industrials	15.3	13.6	14.1	13.2	23.6
BBB Industrials	21.1	16.9	16.2	21.4	26.0
Total	70.3	59.0	90.0	93.9	99.8
%-change			52%	4%	6%
US	39.0	38.4	38.5	37.1	54.5
Europe	12.2	9.6	21.7	29.4	30.6
EM	5.9	3.0	9.3	4.5	3.7
Other DM	13.3	8.1	20.6	23.0	11.0

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 33: Cumulative High grade supply, \$bn

Cumulative YTD US IG supply YoY comps

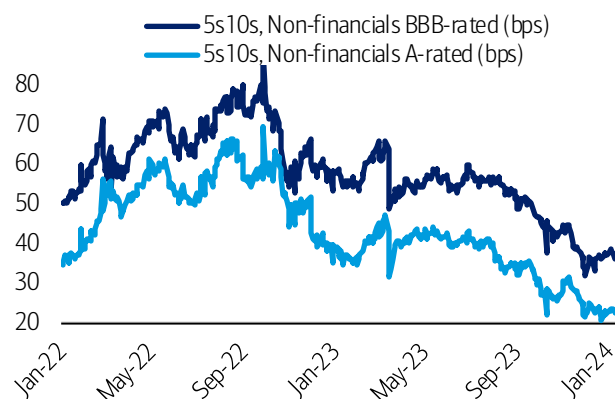


Source: BofA Global Research

BofA GLOBAL RESEARCH

Corporate spread curves**Exhibit 34: 5s10s non-financial corporate spread curves**

5s10s spread curves have flattened YTD



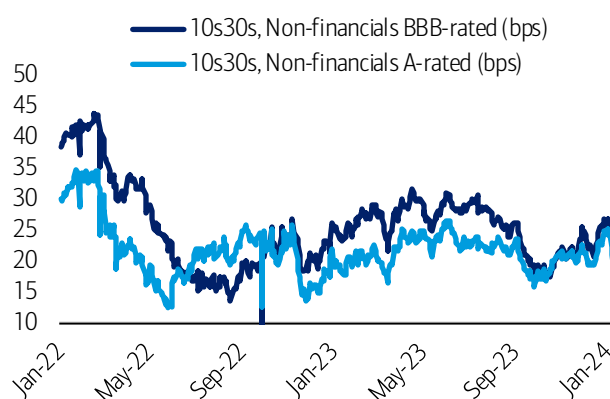
Note: the spread curve calculation is restricted to issuers that have bonds outstanding for both the short and the long tenors. For spread levels we use only on-the-run bonds (one for each tenor), outstanding for at most three years. The aggregate market spread curve is a simple average of individual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

Source: BofA Global Research, ICE Data Indices, LLC

BofA GLOBAL RESEARCH

Exhibit 35: 10s30s non-financial corporate spread curves

10s30s spread curves have steepened a bit YTD



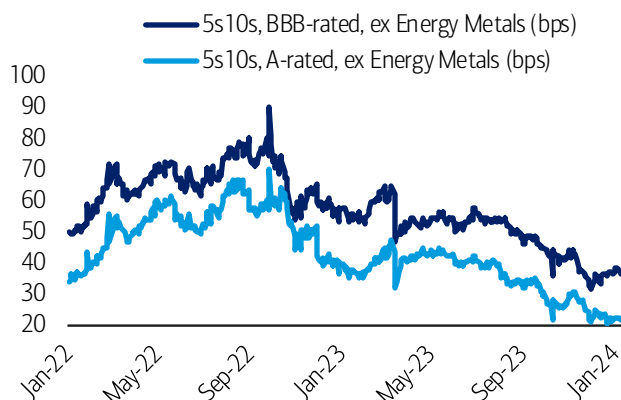
Note: the spread curve calculation is restricted to issuers that have bonds outstanding for both the short and the long tenors. For spread levels we use only on-the-run bonds (one for each tenor), outstanding for at most three years. The aggregate market spread curve is a simple average of individual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

Source: BofA Global Research, ICE Data Indices, LLC

BofA GLOBAL RESEARCH

Exhibit 36: 5s10s ex Energy Metals corporate spread curves

5s10s ex energy and metals spread curves have flattened YTD



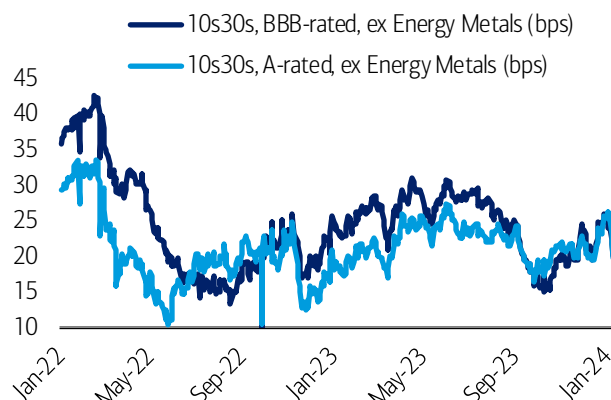
Note: the spread curve calculation is restricted to issuers that have bonds outstanding for both the short and the long tenors. For spread levels we use only on-the-run bonds (one for each tenor), outstanding for at most three years. The aggregate market spread curve is a simple average of individual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

Source: BofA Global Research, ICE Data Indices, LLC

BofA GLOBAL RESEARCH

Exhibit 37: 10s30s ex Energy Metals corporate spread curves

10s30s ex energy and metals spread curves have flattened YTD



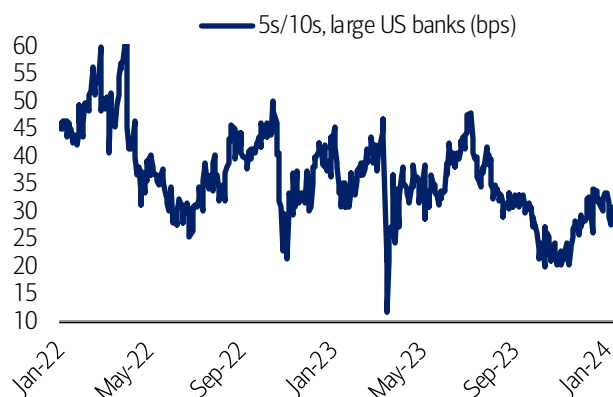
Note: the spread curve calculation is restricted to issuers that have bonds outstanding for both the short and the long tenors. For spread levels we use only on-the-run bonds (one for each tenor), outstanding for at most three years. The aggregate market spread curve is a simple average of individual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

Source: BofA Global Research, ICE Data Indices, LLC

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Exhibit 38: 5s10s Banks corporate spread curves

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



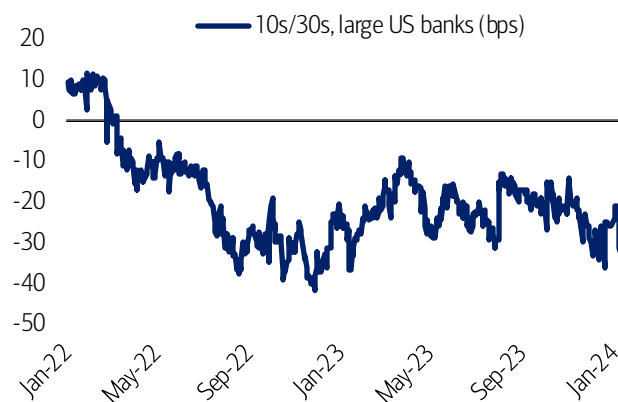
Note: the spread curve calculation is restricted to the top four US banks that have senior bonds outstanding for both the short and the long tenors. For spread levels we use only on-the-run bonds (one for each tenor), outstanding for at most three years. The aggregate market spread curve is a simple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

Source: BofA Global Research, ICE Data Indices, LLC

BofA GLOBAL RESEARCH

Exhibit 39: 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.

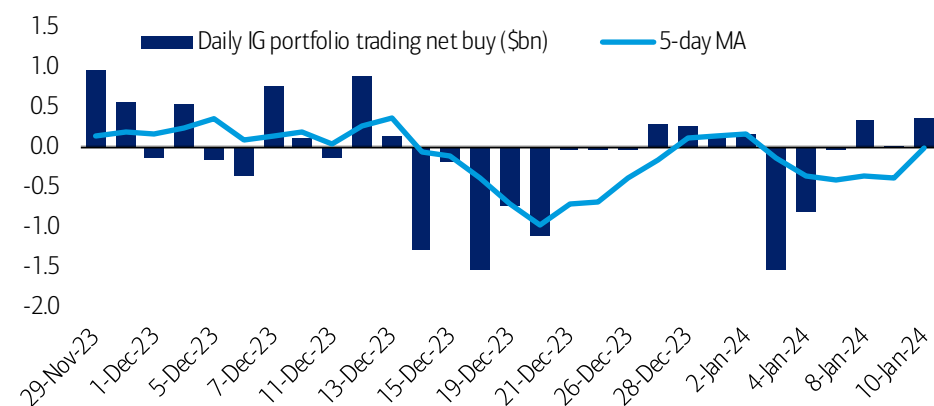
Source: BofA Global Research, ICE Data Indices, LLC

BofA GLOBAL RESEARCH

Portfolio trades tracker

Exhibit 40: IG portfolio trading net investor buy

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

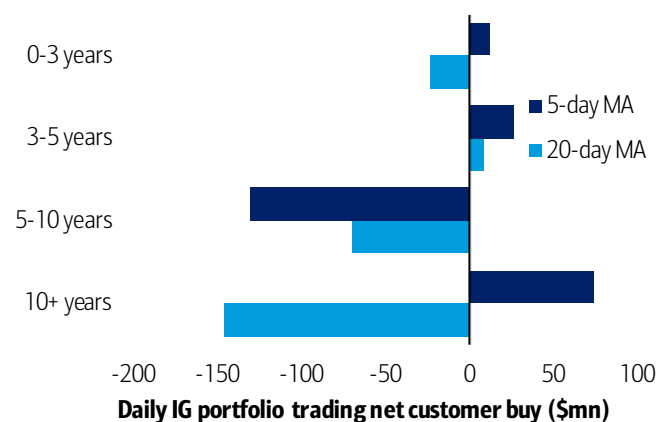


Source: Finra Trace, BofA Global Research

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Exhibit 41: IG portfolio trading net investor buy by maturity

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

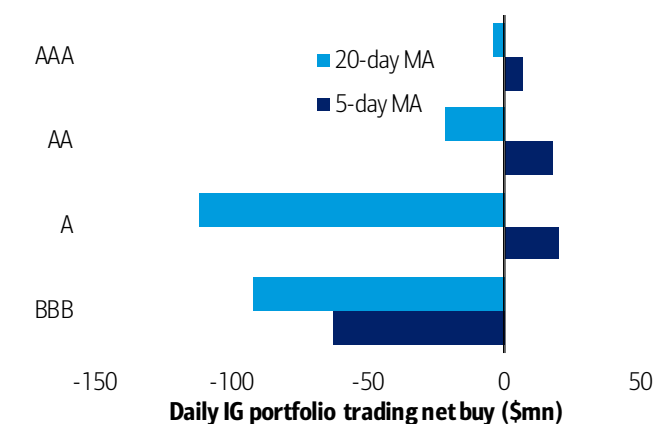


Source: Finra Trace, BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 42: IG portfolio trading net investor buy by maturity

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



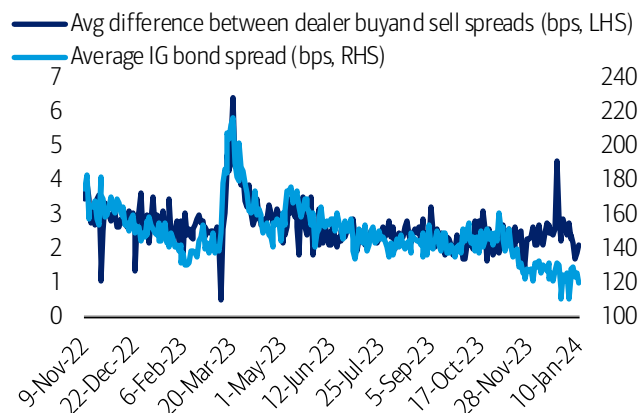
Source: Finra Trace, BofA Global Research

BofA GLOBAL RESEARCH

Liquidity tracker

Exhibit 43: Difference between dealer buy and sell spreads

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



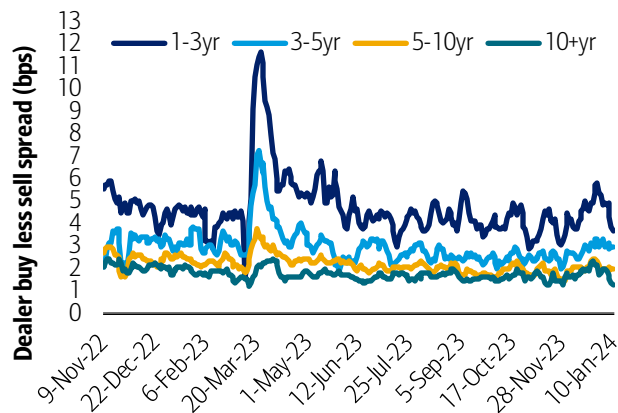
Note: based on Finra Trace dealer-to-client buy and sell trades of at least \$1mn and BofA credit trader runs for ICE BofA US IG corporate COAO index bonds, and plotting daily average difference between dealer buy and sell trade spreads for the same bond on the same day.

Source: Finra Trace, BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 44: 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 \$1mn 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.

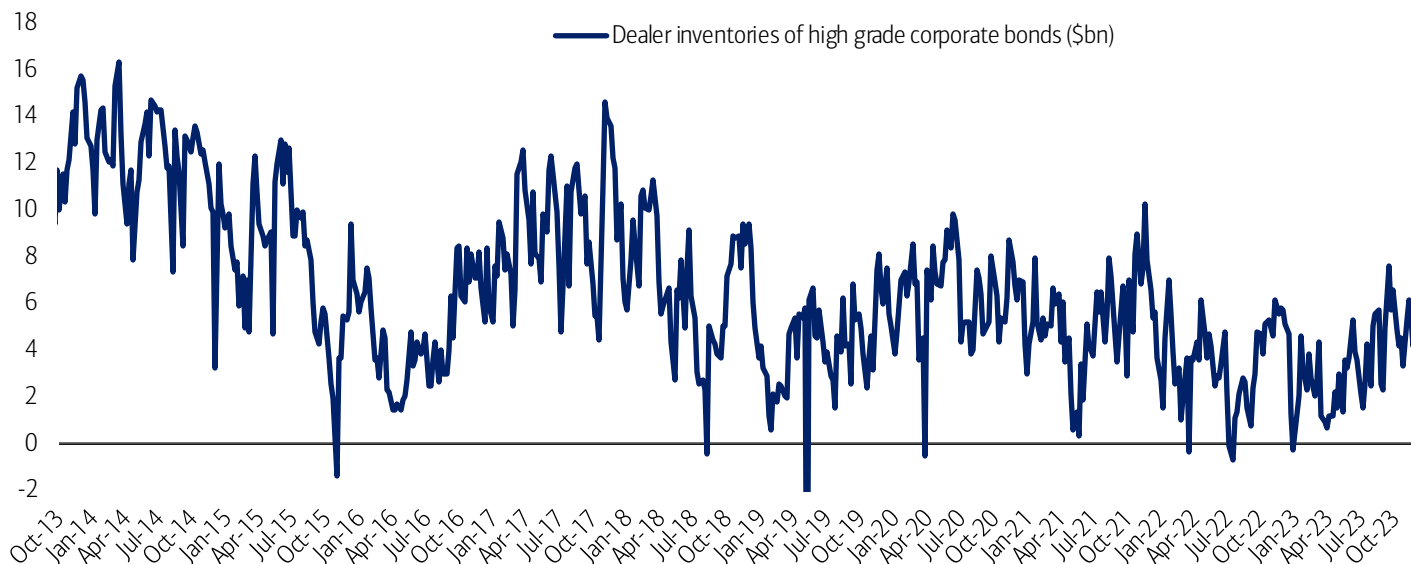
Source: Finra Trace, BofA Global Research

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Dealer inventories

Exhibit 45: Dealer inventories of high grade corporate bonds (\$bn)

Fed reported dealer inventories of US IG corporate bonds at \$2.7bn as of Dec 27 2023.



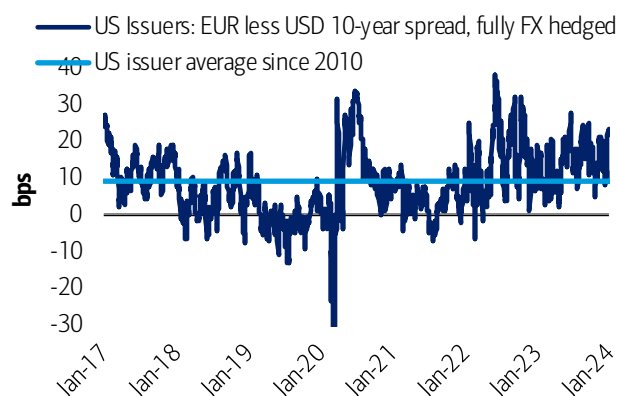
Source: BofA Global Research, Federal Reserve Bank

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USD EUR relative value

Exhibit 46: US issuers: relative EUR and USD spreads

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



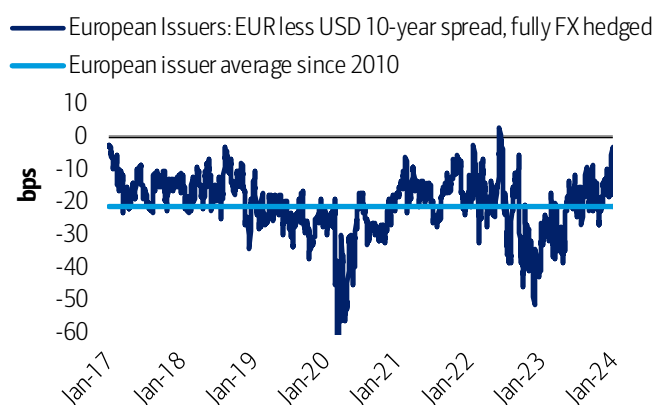
Note: the chart plots issuer-matched spreads on a fully currency hedged basis. We use maturity-matched cross currency basis swaps to fully currency hedge principal and interest rate payments, and forward FX rates to fully hedge the stream of spread payments. We also adjust for the difference in quoting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

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

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Exhibit 47: 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.

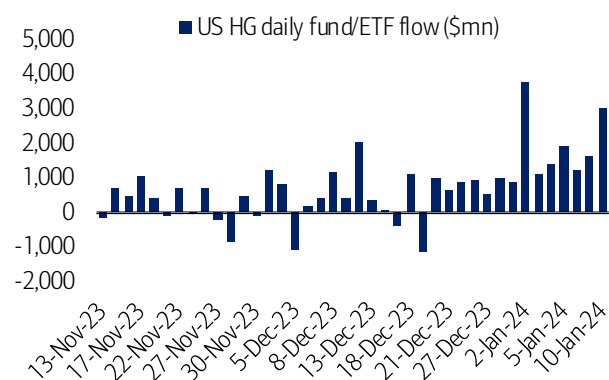
Source: BofA Global Research, ICE Data Indices, LLC, Bloomberg

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Mutual fund flows

Exhibit 48: Daily US IG bond fund and ETF flows (\$mn)

Strong daily inflows to US IG bond funds and ETFs

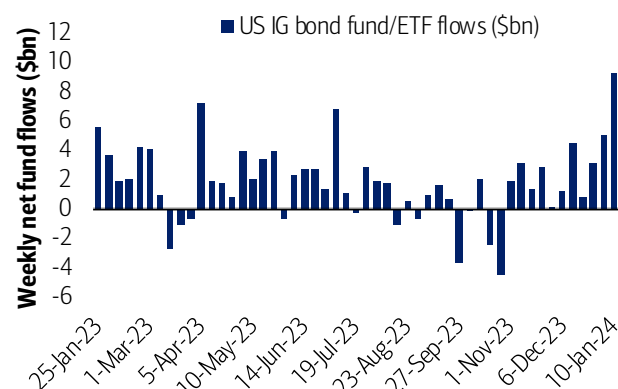


Source: EPFR Global, BofA Global Research

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Exhibit 49: Weekly high grade fund flows, \$bn

US IG bond fund/ETF flows, \$bn +\$9.35

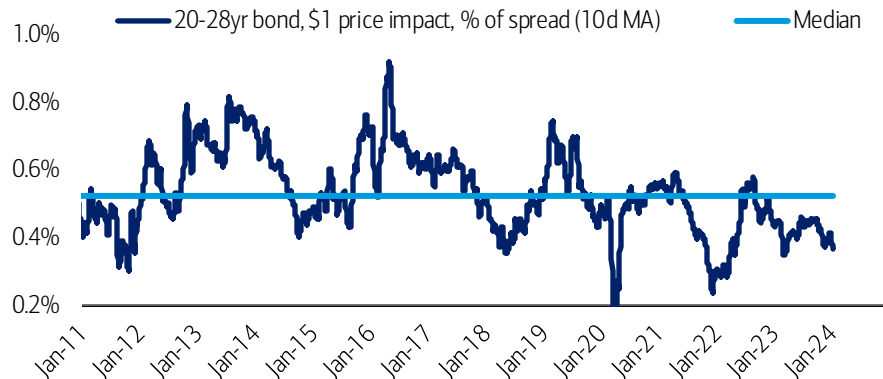


Source: EPFR Global, BofA Global Research

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Exhibit 50: Market pricing of the dollar price impact on spreads

Currently the average impact of dollar price for 20-28yr bonds is 0.37% of spread, compared to the typical value of 0.52%.

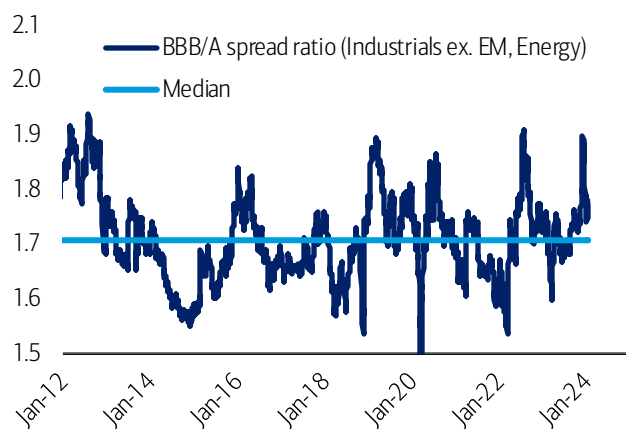


Source: BofA Global Research

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Exhibit 51: BBB/A Industrial spread ratio

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

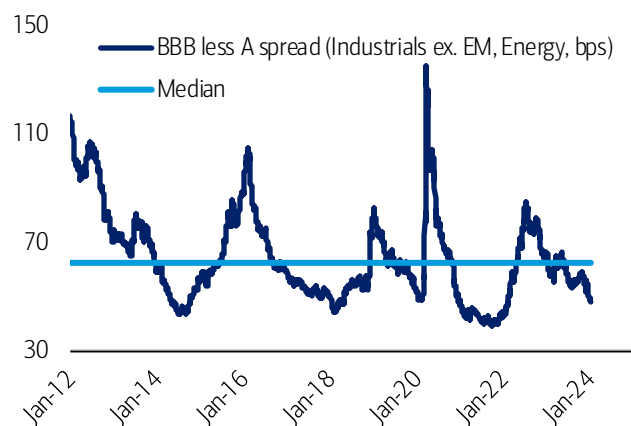


Source: BofA Global Research, ICE Data Indices, LLC.

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Exhibit 52: BBB/A Industrial spread difference

The current BBB/A spread difference is 62bps vs. 63bps median.

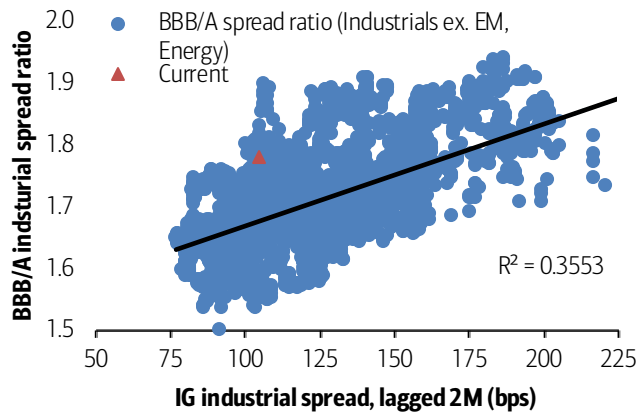


Source: BofA Global Research, ICE Data Indices, LLC.

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Exhibit 53: BBB / A industrial relative value: scatter plot

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

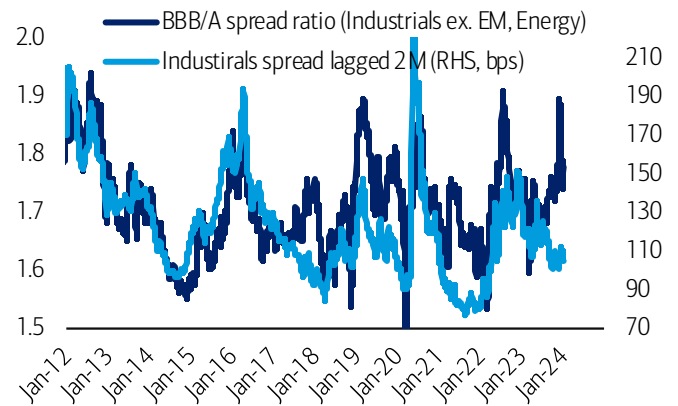


Source: BofA Global Research, ICE Data Indices, LLC.

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Exhibit 54: BBB / A industrial relative value: time series

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

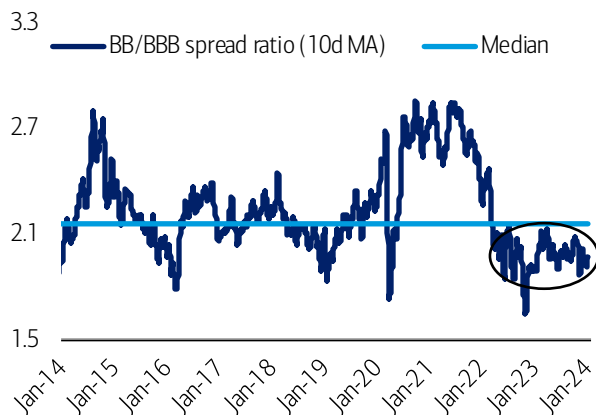


Source: BofA Global Research, ICE Data Indices, LLC.

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Exhibit 55: BB/BBB spread ratio

The current BB/BBB spread ratio is 1.93 vs. 2.16 median.

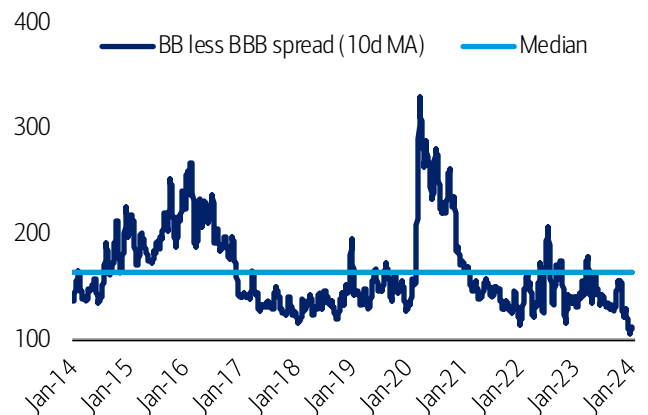


Source: BofA Global Research, ICE Data Indices, LLC. Note: based on maturity and sector-matched spreads. Ex. Financials, Energy.

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Exhibit 56: BB less BBB spreads

The current BB less BBB spread difference is 105bps vs. 164bps median.

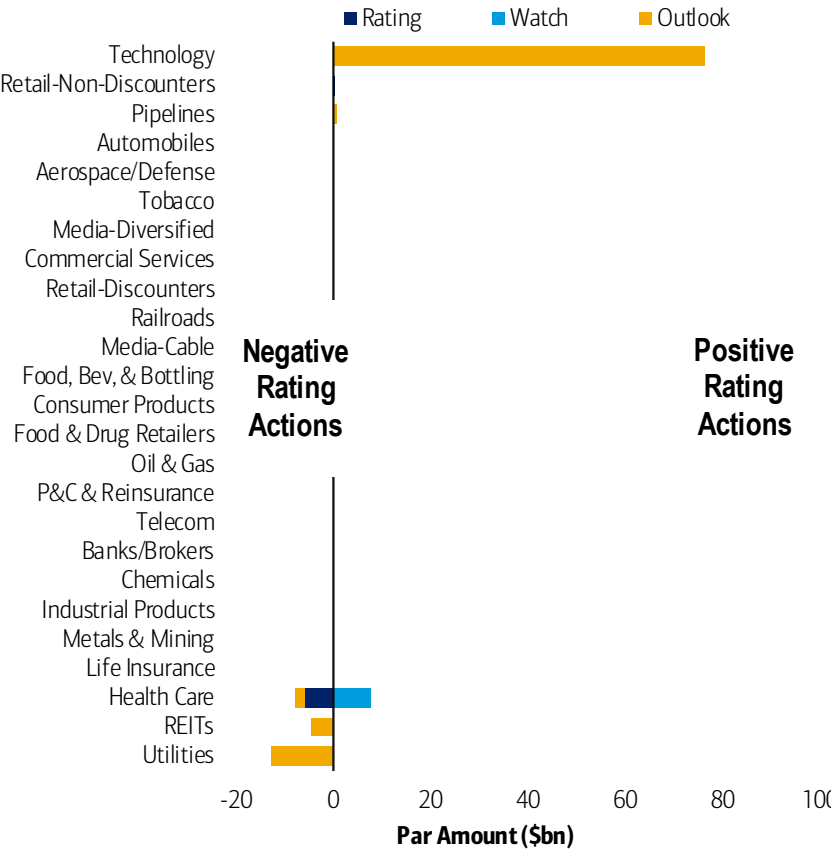


Source: BofA Global Research, ICE Data Indices, LLC. Note: based on maturity and sector-matched spreads. Ex. Financials, Energy.

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Rating actions summary

Exhibit 57: 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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Weekly Credit Derivatives Note

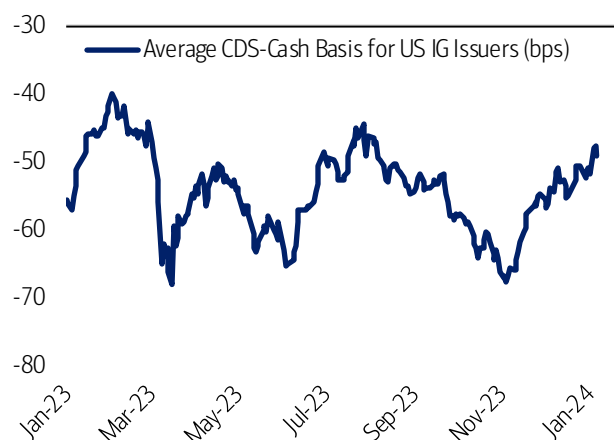
- HY CDS-Cash Basis compressed this week from the record wides of the previous week, IG CDS-Cash Basis also compressed (Exhibit 58, Exhibit 59)
- Synthetic cash still trades rich to cash, with most value in HY Utilities and BBs (Exhibit 60, Exhibit 61, Exhibit 62)



CDS-Cash Basis

Exhibit 58: LTM US IG CDS-Cash Basis

On Jan 10, 2024 average CDS-Cash Basis for US IG Issuers was -49.1 bps...



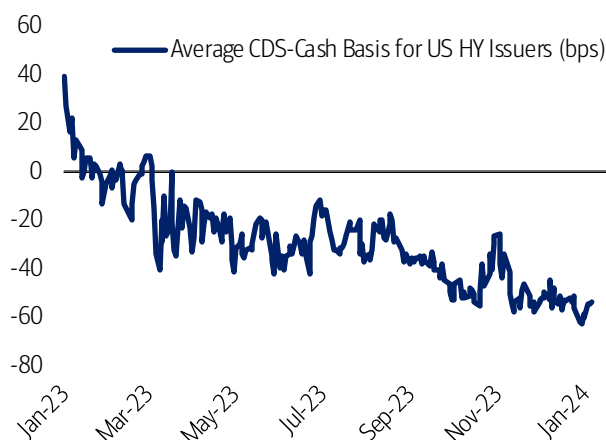
Note: A more negative basis indicates bonds trading cheap to synthetic cash

Source: BofA Global Research, Markit

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Exhibit 59: LTM US HY CDS-Cash Basis

...versus -53.6bps for US HY Issuers



Note: A more negative basis indicates bonds trading cheap to synthetic cash

Source: BofA Global Research, Markit

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Exhibit 60: CDS-Cash Basis by sector for US IG Issuers

Up means synthetic cash (long treasury, short CDS) currently rich to cash vs historically, down means synthetic cash currently cheap.

Sector	Current Basis (bp)	1W Basis	1M Basis	Current %ile
Basic Materials	-58	-62	-62	24%
Media & Entertainment	-48	-61	-51	53%
REITs	-53	-57	-64	55%
Retail	-43	-45	-45	55%
Insurance	-28	-23	-26	61%
Industrial Products	-38	-40	-44	67%
Finance	-67	-70	-78	69%
Health Care	-51	-52	-51	70%
Aerospace/Defense	-53	-56	-57	72%
Other	-43	-45	n.a.	75%
Technology	-41	-46	-53	78%
Food, Bev, & Bottling	-61	-64	-68	81%
Utilities	-62	-65	-61	82%
Energy	-49	-53	-55	90%
Transportation	-45	-51	-53	90%

Note: The Other category includes IG sectors with less than 3 names. It is currently composed of Automobiles, Banks/Brokers, Commercial Services, Consumer Products, Leisure, Telecom, Tobacco

Source: BofA Global Research, Markit

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Exhibit 61: CDS-Cash Basis by sector for US HY Issuers

Up means synthetic cash (long treasury, short CDS) currently rich to cash vs historically, down means synthetic cash currently cheap.

Sector	Current Basis (bp)	1W Basis	1M Basis	Current %ile
Utilities	-73	-82	-32	3%
Basic Materials	-105	-104	-95	9%
Commercial Services	-83	-89	-62	10%
Automobiles	31	22	36	16%
Leisure	-40	-54	-33	24%
Media & Entertainment	-56	-70	-74	27%
Other	-66	-75	-63	44%
Health Care	-53	-69	-56	58%
Energy	-47	-60	-65	65%
Retail	45	30	43	71%

Note: The Other category includes IG sectors with less than 3 names. It is currently composed of Aerospace/Defense, Consumer Products, Finance, Food, Bev, & Bottling, Insurance, REITs, Transportation

Source: BofA Global Research, Markit

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Exhibit 62: CDS-Cash Basis by rating

A low basis or low percentile are indicative of synthetic cash trading expensive to cash.

Sector	Current Basis (bp)	1W Basis	1M Basis	Current %ile
A or higher	-39	-40	-42	85%
BBB	-53	-57	-59	79%
BB	-67	-77	-62	7%
B	-31	-42	-25	11%

Source: BofA Global Research, Markit

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Exhibit 63: Top 10 richest US IG synthetic cash to cash

IG Issuers with synthetic cash trading richest to cash currently include COF (-119bps), DUK (-94bps), and ARW (-92bps).

Rank	Ticker	Rating	Sector	Current Basis (bp)	Current %ile	1M %ile
1	COF	BBB1	Finance	-119	82%	35%
2	DUK	BBB2	Utilities	-94	65%	72%
3	ARW	BBB3	Commercial Services	-92	37%	50%
4	AEP	BBB2	Utilities	-87	71%	n.a.
5	WY	BBB2	REITs	-83	95%	41%
6	PKG	BBB2	Basic Materials	-83	100%	n.a.
7	COXENT	BBB2	Media & Entertainment	-81	62%	78%
8	AZO	BBB2	Retail	-80	73%	62%
9	AVT	BBB3	Commercial Services	-79	81%	90%
10	EXC	BBB2	Utilities	-77	72%	92%

Note: 88 issuers are included in our analysis

Source: BofA Global Research, Markit

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Exhibit 64: Top 10 richest US HY synthetic cash to cash

HY Issuers with synthetic cash trading richest to cash currently include VST (-148bps), HTZ (-148bps), and AVNT (-144bps).

Rank	Ticker	Rating	Sector	Current Basis (bp)	Current %ile	1M %ile
1	VST	BB2	Utilities	-148	38%	n.a.
2	HTZ	B3	Commercial Services	-148	0%	88%
3	AVNT	BB3	Basic Materials	-144	12%	9%
4	IRM	BB3	REITs	-133	8%	45%
5	NCX	BB3	Basic Materials	-131	10%	86%
6	KBH	BB2	Basic Materials	-128	34%	29%
7	LPX	BB1	Basic Materials	-128	59%	46%
8	CLF	BB3	Basic Materials	-116	8%	33%
9	GFLCN	B3	Commercial Services	-115	59%	50%
10	BYD	BB3	Leisure	-111	20%	48%

Note: 55 issuers are included in our analysis

Source: BofA Global Research, Markit

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Exhibit 65: Top 10 cheapest US IG synthetic cash to cash

IG Issuers with synthetic cash trading cheapest to cash currently include LNC (36bps), WHR (22bps), and PG (-8bps).

Rank	Ticker	Rating	Sector	Current Basis (bp)	Current %ile	1M %ile
1	LNC	BBB1	Insurance	36	65%	89%
2	WHR	BBB2	Consumer Products	22	63%	87%
3	PG	AA3	Consumer Products	-8	58%	50%
4	WMT	AA2	Retail	-8	92%	98%
5	DXC	BBB2	Technology	-16	52%	20%
6	JNJ	AAA	Health Care	-23	36%	37%
7	TGT	A2	Retail	-24	55%	29%
8	UPS	A2	Transportation	-25	79%	49%
9	EQR	A3	REITs	-25	99%	83%
10	VZ	BBB1	Telecom	-26	59%	55%

Note: 88 issuers are included in our analysis

Source: BofA Global Research, Markit

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Exhibit 66: Top 10 cheapest US HY synthetic cash to cash

HY Issuers with synthetic cash trading cheapest to cash currently include JWN (262bps), NBR (120bps), and M (95bps).

Rank	Ticker	Rating	Sector	Current Basis (bp)	Current %ile	1M %ile
1	JWN	BB1	Retail	262	96%	85%
2	NBR	B1	Energy	120	64%	63%
3	M	BB1	Retail	95	88%	23%
4	CCL	B2	Leisure	71	40%	35%
5	AXL	B2	Automobiles	66	32%	37%
6	GPS	BB3	Retail	28	43%	33%
7	NWL	BB2	Consumer Products	23	15%	58%
8	GT	B1	Automobiles	23	11%	27%
9	DAL	BB1	Transportation	16	26%	45%
10	CAR	B1	Commercial Services	11	18%	17%

Note: 55 issuers are included in our analysis

Source: BofA Global Research, Markit

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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

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