

Situation Room

Inflows to bonds and stocks

Inflows to HG...

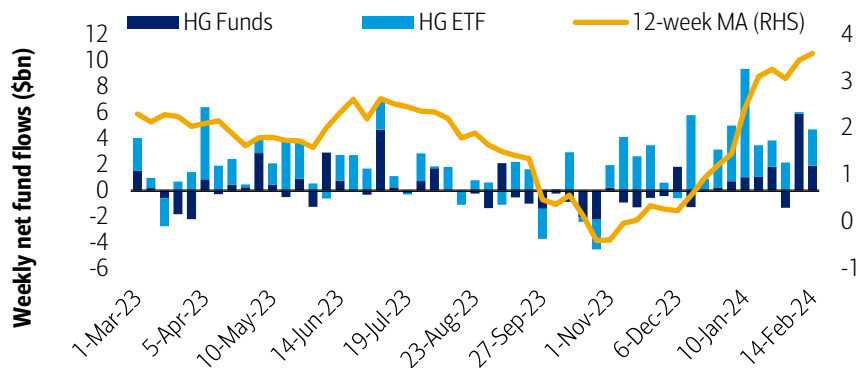
Flows to US HG bond funds and ETFs continued this past week ending on February 14 with a +4.70bn inflow, down from +\$6.03bn in the prior week. This week's inflow was split between HG funds (to +\$1.91bn from +\$5.92bn the prior week), and HG ETFs (to +\$2.80bn from +\$0.11bn). Short-term HG flows were again near flat (to +\$0.63bn from +\$0.04bn), while inflows continued ex. short-term (to +\$4.07bn from +\$5.99bn).

...and to stocks

This past week flows turned positive for equities (to +\$10.37bn from -\$16.67bn). On the other hand, they remained near flat for HY (to +\$0.08bn from +\$0.22bn) and for munis this week (to +\$0.00bn from +\$0.43bn). Inflows continued for loans (to +\$0.27bn from +\$0.24bn) while they turned negative for global EM bonds (to -\$0.58bn from +\$0.43bn). Finally, money markets reported a +\$1.91bn inflow this past week, following a +\$9.86bn inflow a week earlier.

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

HG ETF +\$2.80bn, HG Funds +\$1.91



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

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15 February 2024

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United States
Cross Product

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In this report

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- Daily credit snapshot
- Daily dealer inventories update
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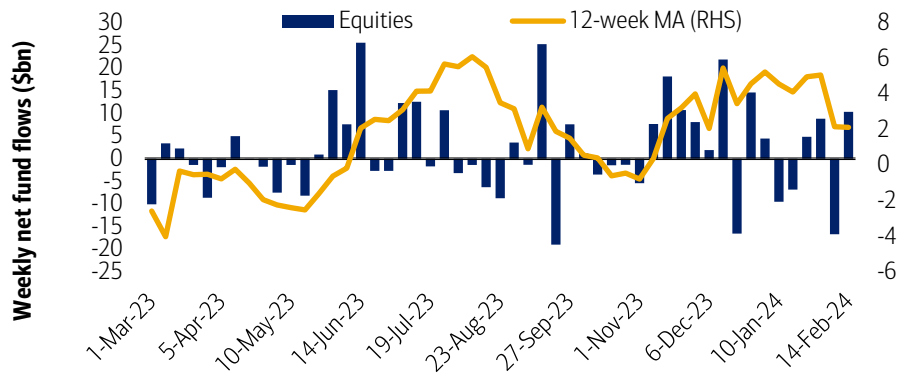
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Timestamp: 15 February 2024 07:22PM EST

Exhibit 2: Weekly equity fund flows, \$bn

Equities +\$10.37bn



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

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Exhibit 3: Fund flows summary

YTD fund flows summary by asset class

Asset class	Last week (% of AUM for weekly reporting funds/ETFs)	YTD (% of AUM for all funds/ETFs)	YTD (\$bn)
High grade: total	0.22%	0.7%	28.3
High grade: ex short-term	0.25%	0.9%	28.3
High yield: total	0.03%	1.1%	4.1
High yield: ETFs only	-0.46%	2.1%	1.6
Loans	0.31%	0.7%	0.9
High grade: total	0.31%	0.7%	0.9
EM	-0.12%	-0.4%	-2.7
Munis	0.00%	0.2%	2.1
All fixed income	0.17%	0.6%	36.8
Money markets	0.03%	1.9%	125.9
Equities	0.09%	0.0%	-8.9

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.

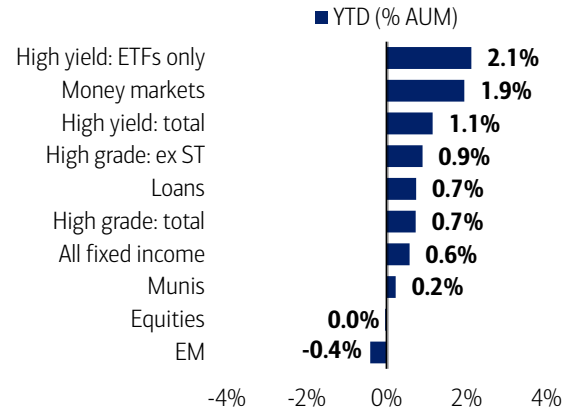
Global EM funds, US-domiciled funds only for other fund types.

Source: EPFR Global, BofA Global Research

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

EM has had the biggest outflows so far in 2023.



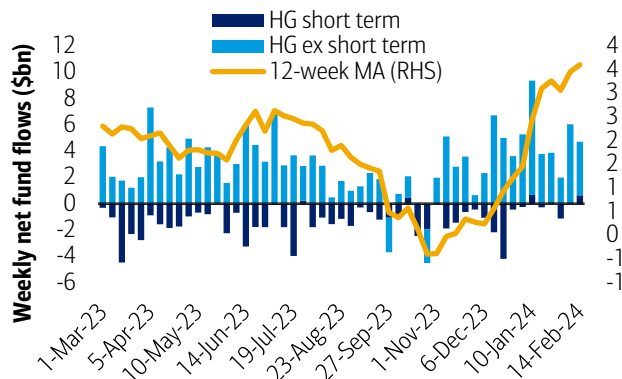
Note: Global EM funds, US-domiciled funds only for other fund types.

Source: EPFR Global, BofA Global Research

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

HG short-term +\$0.63bn, HG ex short-term +\$4.07

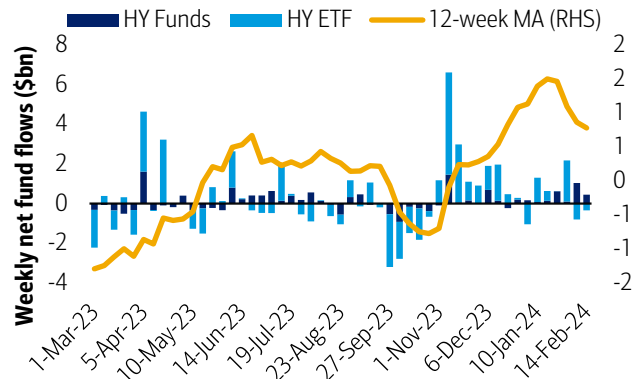


EPFR Global. Note: data are for US-domiciled funds only.

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

HY ETFs -\$0.35bn, HY funds +\$0.43

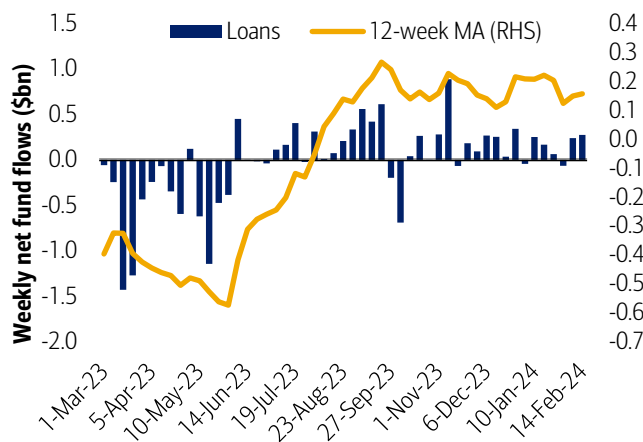


EPFR Global. Note: data are for US-domiciled funds only.

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Exhibit 7: Weekly loan fund flows, \$bn

Leveraged loans +\$0.27bn

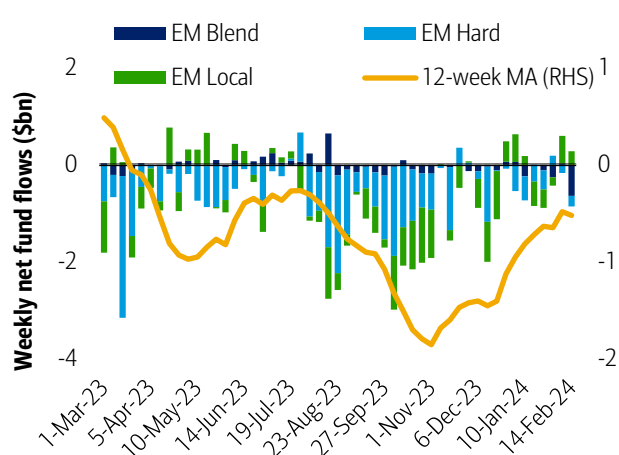


EPFR Global. Note: data are for US-domiciled funds only.

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Exhibit 8: Weekly EM fund flows, \$bn

Global EM bonds -\$0.58bn

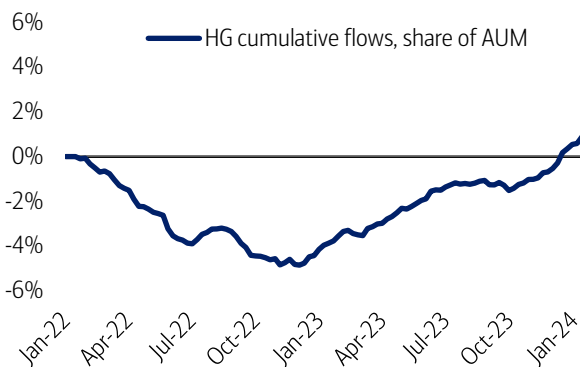


EPFR Global. Note: data are for US-domiciled funds only.

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

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

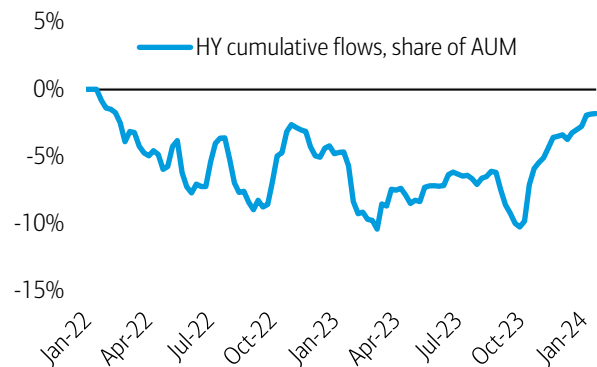


Source: EPFR Global, BofA Global Research

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

2022 and 2023 have seen consequent outflows in HY

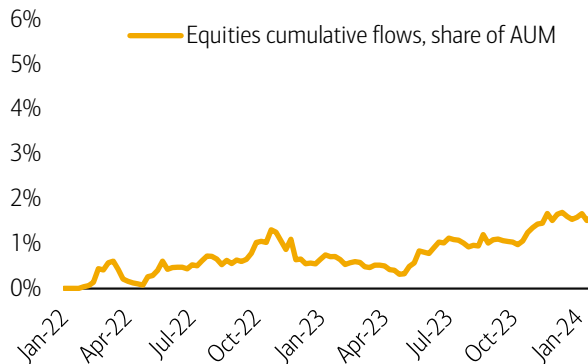


Source: EPFR Global, BofA Global Research

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

Flows moderate in equities after two years of inflows

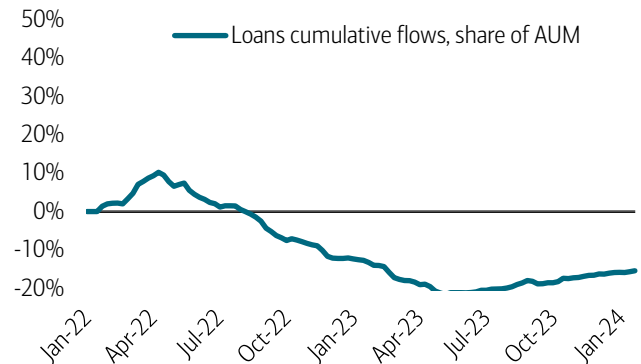


Source: EPFR Global, BofA Global Research

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Exhibit 12: Cumulative % flows in loans over the last 2 years

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



Source: EPFR Global, BofA Global Research

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Appendix: defining high grade

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

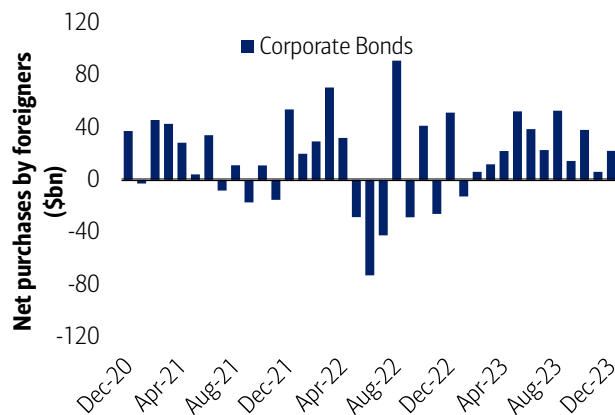
TIC update for December

According to TIC (Treasury International Capital) data released today foreign investors net bought +\$22.1bn of US corporate bonds (excluding ABS) in December, after net buying +\$6.1bn in November (Exhibit 13). Note that the net purchase amount is based on monthly market value of securities holdings, adjusted for the price change. In December foreign investors net bought +\$49.6bn of Treasuries, after net buying +\$14.1bn in November. Foreign investors also net sold -\$2.1bn of Agencies and net bought +\$20.1bn of Agency MBS (Exhibit 14).

By region, where data includes ABS, European investors net bought +\$4.8bn, Asia net bought +\$14.4bn and the Caribbean net bought +\$0.9bn (Exhibit 15). Within Asia, Japan net bought +\$2.0bn, China net bought +\$0.2bn, while the rest of Asia net bought +\$12.2bn (Exhibit 16). Notice that this data on the geographical breakdown of foreign purchases is fairly useless as it tracks the money manager or the custodian – i.e. often not the root source of demand.

Exhibit 13: Foreign net purchases of corporate bonds (excl. ABS)

Foreign investor flows have been positive over the past few months.



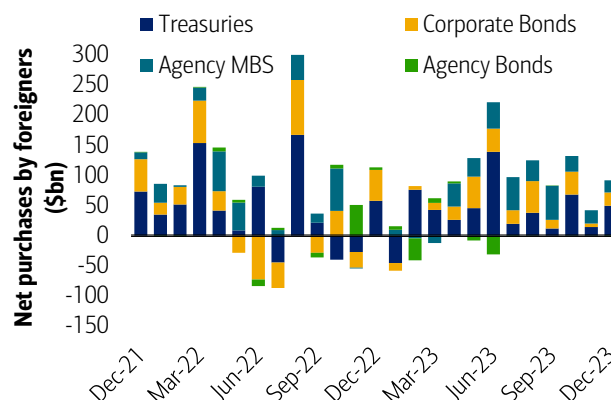
Note: net purchases are based on monthly market value of security holdings, adjusted for the price change.

Source: TIC system, BofA Global Research

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Exhibit 14: Monthly foreign net purchases of long-term US securities

Foreign investors were net buyers of US treasuries, corporate bonds and agency MBS bonds and agency bonds in December.



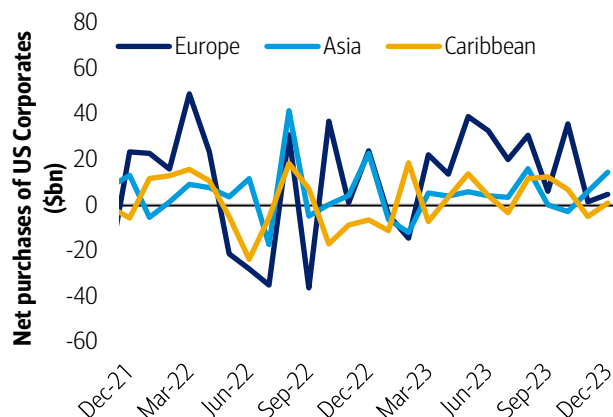
Note: net purchases are based on monthly market value of security holdings, adjusted for the price change. Agency MBS excludes prepayments.

Source: TIC system, BofA Global Research

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Exhibit 15: Net purchases of US corporate bonds by region (incl. ABS)

Europe, Asia and the Caribbean were net buyers of US corporate bonds in December.



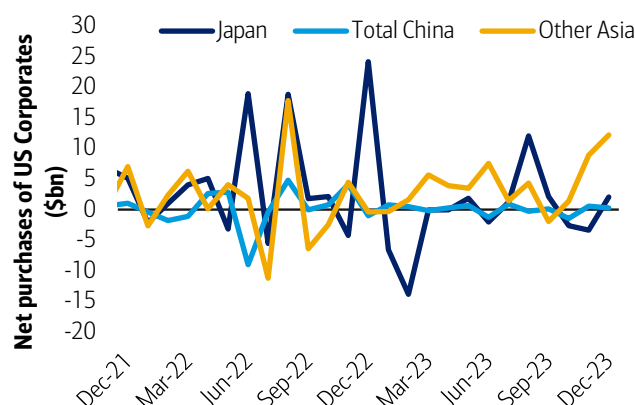
Note: net purchases are based on monthly market value of security holdings, adjusted for the price change.

Source: TIC system, BofA Global Research

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Exhibit 16: Net purchases of US corporate bonds by Asia (incl. ABS)

Japan, China and the rest of Asia were net buyers of US corporate bonds in December.



Note: net purchases are based on monthly market value of security holdings, adjusted for the price change.

Source: TIC system, BofA Global Research

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Daily credit snapshot

US IG issuance totaled \$6.8bn across 6 deals today, \$37.0bn WTD and \$85.0bn MTD. The average new issue concession was 1.4bps today from 5.6bps yesterday, while the average break performance was 5.3bps tighter today from 7.1bps tighter yesterday. This week's new issues are trading 4 bps tighter on average from pricing.

S&P 500 closed +0.58%, 10-year Treasury yields -3bps, CDX IG -1.7bps, CDX HY +\$0.37pts, and cash bond spreads quoted from -1/-3bps today, LQD closed 0.25bps 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)
2024-02-12	AJG	Arthur J Gallagher & Co	10	500	Baa2/BBB	5.45	132	6	-2	127
2024-02-12	AJG	Arthur J Gallagher & Co	30	500	Baa2/BBB	5.75	147	8	-1	142
2024-02-12	AXP	American Express Co	4NC3	300	A2/BBB+	FRN	SOFR+100	n.a.	n.a.	n.a.
2024-02-12	AXP	American Express Co	4NC3	1,700	A2/BBB+	5.098	85	2	n.a.	76
2024-02-12	BCECN	Bell Telephone Co of Canada or Bell Canada	10	700	Baa1/BBB+	5.2	105	10	5	109
2024-02-12	BCECN	Bell Telephone Co of Canada or Bell Canada	30	750	Baa1/BBB+	5.55	120	2	7	126
2024-02-12	BNP	BNP Paribas SA	6NC5	1,750	Baa1/A-	5.497	138	-11	-1	135
2024-02-12	BNP	BNP Paribas SA	11NC10	1,500	Baa1/A-	5.738	158	n.a.	-1	156
2024-02-12	DTE	DTE Energy Co	5	1,200	Baa2/BBB	5.1	103	7	n.a.	98
2024-02-12	EL	Estee Lauder Cos Inc/The	10	650	A1/A	5	87	13	3	90
2024-02-12	PEP	Pepsico Singapore Financing I Pte Ltd	3	300	A1/A+	FRN	SOFR+56	n.a.	n.a.	n.a.
2024-02-12	PEP	Pepsico Singapore Financing I Pte Ltd	3	550	A1/A+	4.65	40	5	n.a.	38
2024-02-12	PEP	Pepsico Singapore Financing I Pte Ltd	5	450	A1/A+	4.55	45	4	n.a.	45
2024-02-12	PEP	Pepsico Singapore Financing I Pte Ltd	10	450	A1/A+	4.7	55	-1	n.a.	59
2024-02-14	BMV	Bristol-Myers Squibb Co	2	500	A2/A	FRN	SOFR+49	n.a.	n.a.	n.a.
2024-02-14	BMV	Bristol-Myers Squibb Co	2	1,000	A2/A	4.95	40	5	-7	33
2024-02-14	BMV	Bristol-Myers Squibb Co	3	1,000	A2/A	4.9	55	n.a.	-7	49
2024-02-14	BMV	Bristol-Myers Squibb Co	5	1,750	A2/A	4.9	70	11	-8	64
2024-02-14	BMV	Bristol-Myers Squibb Co	7	1,250	A2/A	5.1	85	10	-9	79
2024-02-14	BMV	Bristol-Myers Squibb Co	10	2,500	A2/A	5.2	95	6	-9	89
2024-02-14	BMV	Bristol-Myers Squibb Co	20	500	A2/A	5.5	100	0	-14	94
2024-02-14	BMV	Bristol-Myers Squibb Co	30	2,750	A2/A	5.55	115	6	-4	109
2024-02-14	BMV	Bristol-Myers Squibb Co	40	1,750	A2/A	5.65	125	2	-4	119
2024-02-14	BNP	BNP Paribas SA	PERP NC8	1,500	Ba1/BBB-	8	n.a.	n.a.	n.a.	363
2024-02-14	CAH	Cardinal Health Inc	5	650	Baa2/BBB	5.125	90	n.a.	-5	85
2024-02-14	CAH	Cardinal Health Inc	10	500	Baa2/BBB	5.45	120	n.a.	n.a.	119
2024-02-14	CMI	Cummins Inc	5	500	A2/A	4.9	70	n.a.	-6	64
2024-02-14	CMI	Cummins Inc	10	750	A2/A	5.15	93	n.a.	-6	87
2024-02-14	CMI	Cummins Inc	30	1,000	A2/A	5.45	105	n.a.	-8	98
2024-02-14	MMC	Marsh & McLennan Cos Inc	10	500	A3/A-	5.15	90	7	n.a.	89
2024-02-14	MMC	Marsh & McLennan Cos Inc	30	500	A3/A-	5.45	103	5	n.a.	102
2024-02-15	BATSLN	BAT Capital Corp	7	850	Baa2/BBB+	5.834	158	13	-16	142
2024-02-15	BATSLN	BAT Capital Corp	10	850	Baa2/BBB+	6	183	5	-9	174
2024-02-15	EMN	Eastman Chemical Co	10	750	Baa2/BBB	5.625	142	2	0	142
2024-02-15	INTC	Intel Corp	7	500	A3/A-	5	82	5	-4	78
2024-02-15	INTC	Intel Corp	10	900	A3/A-	5.15	95	4	-4	91
2024-02-15	INTC	Intel Corp	30	1,150	A3/A-	5.6	120	2	-5	115
2024-02-15	KD	Kyndryl Holdings Inc	10	500	Baa2/BBB-	6.35	213	-15	n.a.	n.a.
2024-02-15	MDLZ	Mondelez International Inc	5	550	Baa1/BBB	4.75	65	-8	n.a.	n.a.
2024-02-15	WCNCN	Waste Connections Inc	10	750	Baa1/BBB+	5	92	5	0	92

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

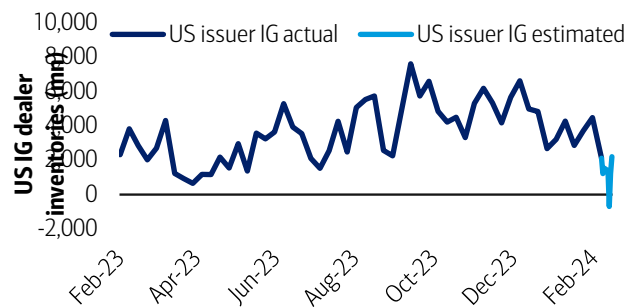
Below we estimate dealer inventories for the IG corporate bonds based on TRACE data.

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 and Exhibit 19. We estimate the corresponding DV01 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 \$2.2bn currently from \$2.1bn on Feb-07.



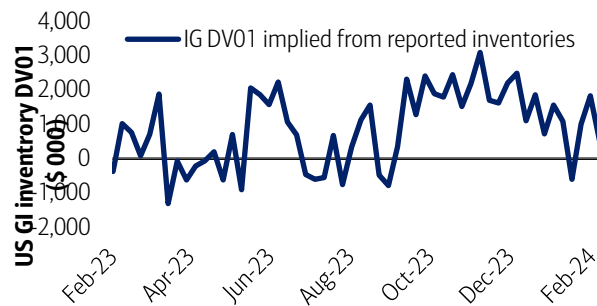
Note: data for US issuer bonds only, maturities 13M or longer. Actual dealer inventory data is from Primary Dealer Statistics survey by the NY Fed. The subsequent change in inventory is estimated based on TRACE.

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 \$1.4mn currently from \$0.5bn on Feb-07.



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 \$1,471mn today and increased \$1,318mn over the prior week.

Sector	Net dealer buy (\$mn)					Net dealer DV01 change (\$thousand)					Trading volumes on 15-Feb-24 (\$mn)			
	15-Feb	14-Feb	1 W	2 W	4 W	15-Feb	14-Feb	1 W	2 W	4 W	Buy	Sell	Dealer	Total
High grade (13M+)	1,471	2,192	1,318	-3,033	-4,883	1,002	1,854	1,241	-189	1,007	14,354	12,882	10,547	37,783
<3yr	805	165	468	-1,812	-1,845	142	21	54	-375	-468	2,554	1,748	2,012	6,314
3-5yr	-484	-2	-678	-1,078	-2,563	-211	-8	-303	-477	-938	2,769	3,253	2,196	8,219
5-11yr	381	821	-171	-2,036	-6,770	182	451	-174	-1,258	-4,473	4,999	4,618	3,725	13,342
11+yr	769	1,209	1,699	1,893	6,295	888	1,390	1,665	1,921	6,886	4,031	3,262	2,614	9,908
Fin	92	367	-844	-2,931	-6,791	-130	354	-403	-1,160	-2,106	5,275	5,183	3,431	13,890
Non-Fin	1,379	1,826	2,162	-102	1,908	1,132	1,500	1,644	971	3,114	9,078	7,699	7,116	23,893
Fixed	1,433	2,166	1,274	-2,905	-4,381	999	1,839	1,223	-182	1,066	14,145	12,713	10,506	37,364
Floating	39	26	44	-128	-502	3	14	18	-7	-58	208	170	42	419
US issuers	996	1,905	982	-2,300	-3,816	854	1,578	951	-313	646	11,159	10,163	8,770	30,092
DM Yankees	410	272	90	-1,235	-1,838	111	272	136	-182	-145	2,863	2,453	1,680	6,996
EM Yankees	66	15	246	503	771	37	3	154	306	507	332	266	98	695

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 \$192mn for Banks/Brokers and increased \$93mn for Energy.

Sector	Net dealer buy (\$mn)					Net dealer DV01 change (\$thousand)					Trading volumes on 15-Feb-24 (\$mn)			
	15-Feb	14-Feb	1 W	2 W	4 W	15-Feb	14-Feb	1 W	2 W	4 W	Buy	Sell	Dealer	Total
Aerospace/Defense	18	296	254	252	716	-8	201	123	211	644	261	243	185	690
Automobiles	5	72	33	-239	-482	18	62	49	-153	-279	421	416	477	1,314
Banks/Brokers	192	221	-492	-1,700	-5,693	-126	187	-454	-867	-2,248	3,997	3,805	2,378	10,179
Basic Materials	112	76	105	14	446	91	61	110	-6	364	492	380	312	1,183
Commercial Services	-9	0	-36	-93	-122	5	25	38	-10	39	103	112	99	315
Energy	93	163	-19	-671	-722	112	191	75	-272	-142	787	694	724	2,204
Finance	22	29	-135	-537	-753	6	40	-24	-274	-194	662	640	553	1,854
Food, Bev, & Bottling	131	232	248	-53	-296	93	196	250	18	-141	409	278	263	950
Health Care	140	424	250	350	962	258	308	126	643	1,087	1,784	1,644	1,170	4,598
Industrial Products	225	188	147	-49	-94	191	139	114	11	60	754	530	691	1,975
Insurance	44	159	294	-60	133	45	184	383	285	578	413	370	263	1,046
Media & Entertainment	-90	-26	-223	-334	-150	-84	-62	-340	-391	-176	438	527	435	1,400
REITs	-165	-42	-511	-634	-478	-56	-58	-308	-305	-242	204	369	237	810
Retail	123	15	109	200	584	39	64	142	220	559	479	356	401	1,236
Technology	67	-18	-165	-537	202	-51	-7	-269	-316	321	810	743	768	2,321
Telecom	12	73	224	-25	-448	32	38	199	95	-206	473	461	288	1,222
Tobacco	66	36	348	338	234	24	7	159	97	81	347	281	278	906
Transportation	110	103	224	296	332	100	121	260	360	347	295	185	152	631

Exhibit 21: Estimated changes in IG dealer inventories by sector.

We estimate today IG dealer inventories increased \$192mn for Banks/Brokers and increased \$93mn for Energy.

	Net dealer buy (\$mn)					Net dealer DV01 change (\$thousand)					Trading volumes on 15-Feb-24 (\$mn)			
Utilities	378	179	621	442	678	314	112	524	381	458	1,009	631	682	2,322
Other	-2	12	43	5	68	-1	46	83	83	97	217	218	191	626

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

Source: BofA Global Research, FINRA, TRACE.

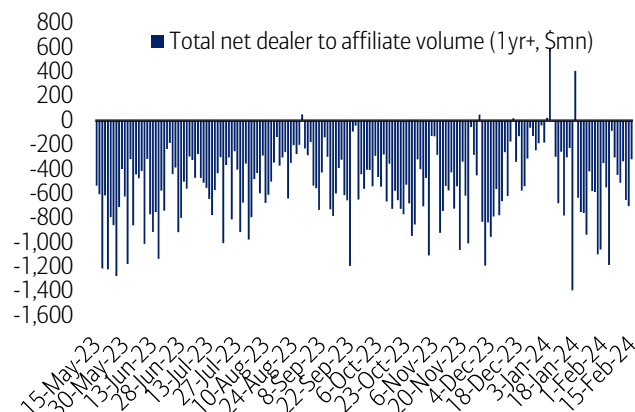
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Daily foreign demand tracker

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.



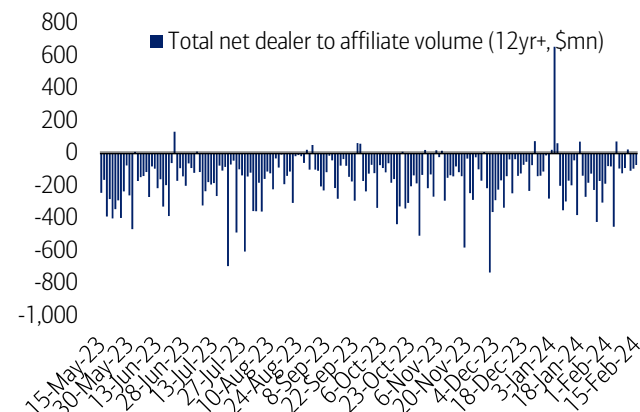
Note: Net dealer-to-affiliate volumes are correlated with foreign buying/selling. Negative numbers indicate foreign buying.

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



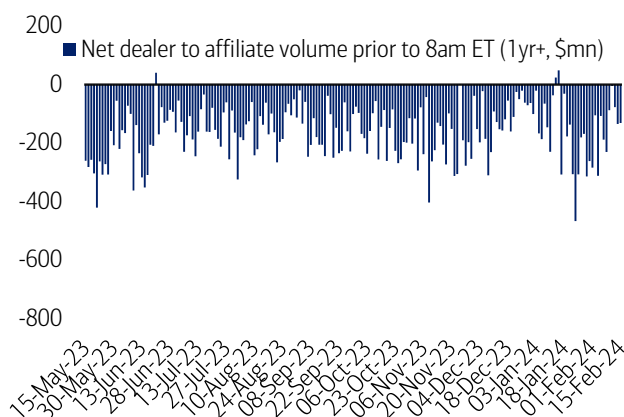
Note: Net dealer-to-affiliate volumes are correlated with foreign buying/selling. Negative numbers indicate foreign buying.

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



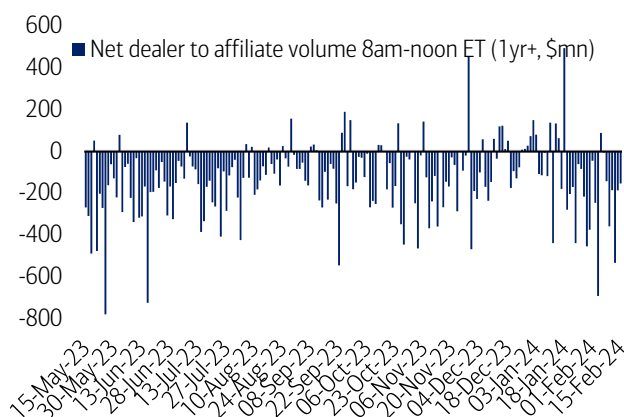
Note: Morning share of daily trading volume is correlated with secondary market activity of foreign investors due to different time zones.

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

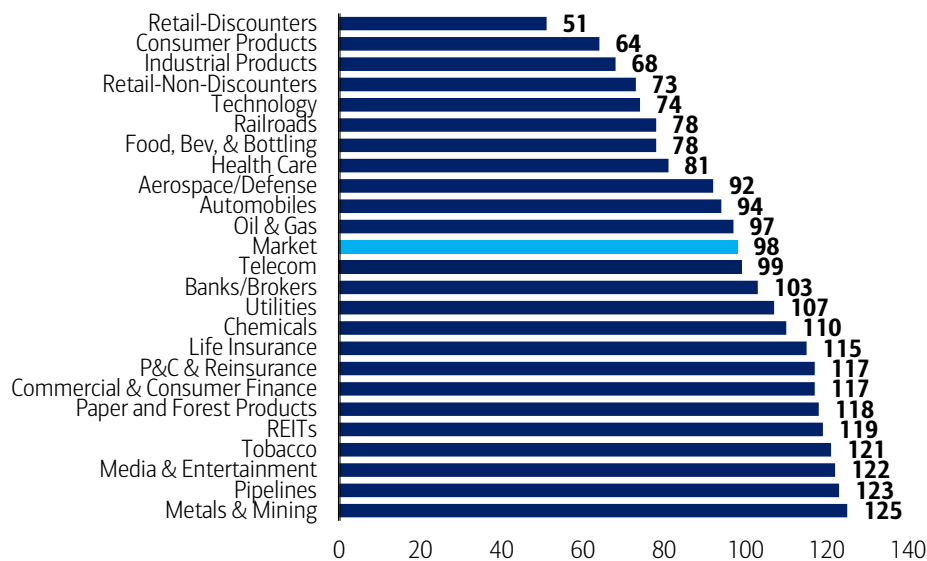
BofA GLOBAL RESEARCH

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 February 14, 2024. Results include subordinated and hybrid securities.



Source: BofA Global Research, ICE Data Indices, LLC

BofA GLOBAL RESEARCH

High grade sector historical performance

Exhibit 27: High Grade Sector Performance as of February 14, 2024

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	92	7.6	5.37	92.4	154.5	1.78	0	-2	-2	357	-3	3	3	-20	-255	



Exhibit 27: High Grade Sector Performance as of February 14, 2024

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

								Excess Return (bps)				Spread Change (bps)				Total Return
Automobiles	BBB1	94	3.9	5.40	96.1	249.9	3.00	36	61	61	344	-5	-8	-8	-14	-38
Banks/Brokers	A2	103	4.5	5.58	94.4	1,947.1	22.89	18	67	67	272	-5	-10	-10	-13	-60
Basic Materials	BBB2	115	6.9	5.57	92.6	339.5	3.92	40	59	59	408	-7	-6	-6	-31	-164
Building Materials	BBB2	99	7.1	5.42	90.7	25.2	0.29	23	62	62	506	-4	-5	-5	-41	-171
Chemicals	BBB2	110	7.2	5.53	90.6	124.0	1.40	24	53	53	396	-4	-5	-5	-31	-183
Homebuilders	BBB2	100	4.6	5.38	93.9	15.2	0.18	44	112	112	565	-10	-14	-14	-48	-20
Metals & Mining	BBB1	125	7.4	5.65	94.3	128.6	1.52	51	52	52	392	-7	-3	-3	-28	-188
Paper and Forest Products	BBB2	118	5.4	5.59	93.7	46.5	0.54	58	71	71	370	-10	-9	-9	-24	-93
Commercial Services	A3	82	8.2	5.23	88.3	114.4	1.26	32	96	96	466	-4	-7	-7	-37	-185
Consumer Products	A2	64	6.4	5.03	92.5	80.3	0.93	10	12	12	277	-2	-1	-1	-23	-193
Energy	BBB1	109	7.3	5.54	92.5	728.7	8.42	36	72	72	470	-5	-6	-6	-28	-164
Oil & Gas	A3	97	7.5	5.41	90.9	410.0	4.65	38	52	52	427	-6	-3	-3	-24	-195
Pipelines	BBB2	123	7.0	5.69	94.5	318.7	3.76	33	98	98	526	-6	-10	-10	-37	-126
Finance	A3	105	5.1	5.51	92.6	446.7	5.15	24	60	60	351	-6	-9	-9	-23	-93
Commercial & Consumer Finance	BBB1	117	3.8	5.66	95.4	164.0	1.95	36	65	65	321	-10	-14	-14	-19	-32
Finance-Other Services	A3	97	5.9	5.42	91.0	282.8	3.20	17	56	56	368	-5	-6	-6	-26	-130
Food, Bev, & Bottling	A3	78	7.5	5.21	91.3	321.2	3.65	8	21	21	410	-2	0	0	-29	-231
Health Care	A3	81	8.2	5.26	89.8	835.7	9.37	2	42	42	381	-2	-3	-3	-25	-236
Industrial Products	A3	68	6.0	5.12	92.2	211.3	2.43	16	28	28	297	-4	-3	-3	-22	-158
Insurance	A2	116	6.9	5.63	91.4	373.5	4.26	26	109	109	377	-5	-12	-12	-21	-120
Insurance-Other	BBB1	112	7.8	5.52	90.8	38.1	0.43	13	92	92	445	-4	-9	-9	-26	-178
Life Insurance	A2	115	6.2	5.64	91.9	234.4	2.68	26	95	95	321	-5	-11	-11	-19	-102
Multi-Line Insurance	BBB1	129	8.7	5.81	93.1	22.6	0.26	31	165	165	516	-5	-17	-17	-20	-129
P&C & Reinsurance	A3	117	8.2	5.61	90.0	78.5	0.88	28	139	139	468	-4	-14	-14	-26	-141
Leisure	BBB2	105	3.7	5.45	94.8	29.8	0.35	56	60	60	317	-14	-12	-12	-40	-35
Media & Entertainment	BBB1	122	8.3	5.65	86.6	332.5	3.60	-21	23	23	499	0	-2	-2	-33	-263
Media-Cable	BBB1	136	9.0	5.79	84.9	158.3	1.68	-56	-19	-19	435	5	4	4	-24	-335
Media-Diversified	BBB1	111	7.6	5.53	88.1	174.2	1.92	10	61	61	557	-3	-5	-5	-40	-200
Real Estate Dev & Mgt	A3	144	5.2	5.73	90.8	8.4	0.10	23	16	16	346	-4	1	1	-24	-142
REITs	BBB1	119	5.4	5.56	89.9	284.3	3.18	14	58	58	344	-3	-9	-9	-29	-108
Retail	A2	71	7.6	5.14	89.5	315.7	3.52	1	27	27	375	-1	-1	-1	-24	-228
Food & Drug Retailers	BBB2	101	7.6	5.44	88.4	23.2	0.25	67	120	120	464	-11	-13	-13	-33	-127
Retail-Discounters	A1	51	7.2	4.94	92.6	55.3	0.64	-13	-11	-11	254	1	3	3	-16	-250
Retail-Non-Discounters	A3	73	7.7	5.16	88.9	237.2	2.63	-3	28	28	398	0	0	0	-24	-233
Technology	A2	74	7.4	5.16	89.1	556.2	6.18	-11	24	24	488	0	-1	-1	-36	-226
Telecom	BBB2	99	8.3	5.39	88.3	336.9	3.72	-1	50	50	524	-1	-3	-3	-40	-236
Tobacco	BBB1	121	6.8	5.60	92.1	87.8	1.02	4	66	66	615	-3	-8	-8	-44	-151
Transportation	BBB1	94	8.8	5.39	89.5	192.6	2.15	15	56	56	476	-3	-6	-6	-36	-249
Railroads	A3	78	10.9	5.23	86.8	110.3	1.20	-5	55	55	502	0	-2	-2	-30	-335
Transportation-Other	BBB2	114	6.2	5.60	93.1	82.3	0.96	39	56	56	438	-9	-11	-11	-43	-139
Utilities	A3	107	8.2	5.50	90.1	812.6	9.13	23	83	83	384	-3	-7	-7	-26	-192
Market	A3	98	6.6	5.44	91.5	8,759.6	100.00	15	56	56	382	-4	-6	-6	-25	-157

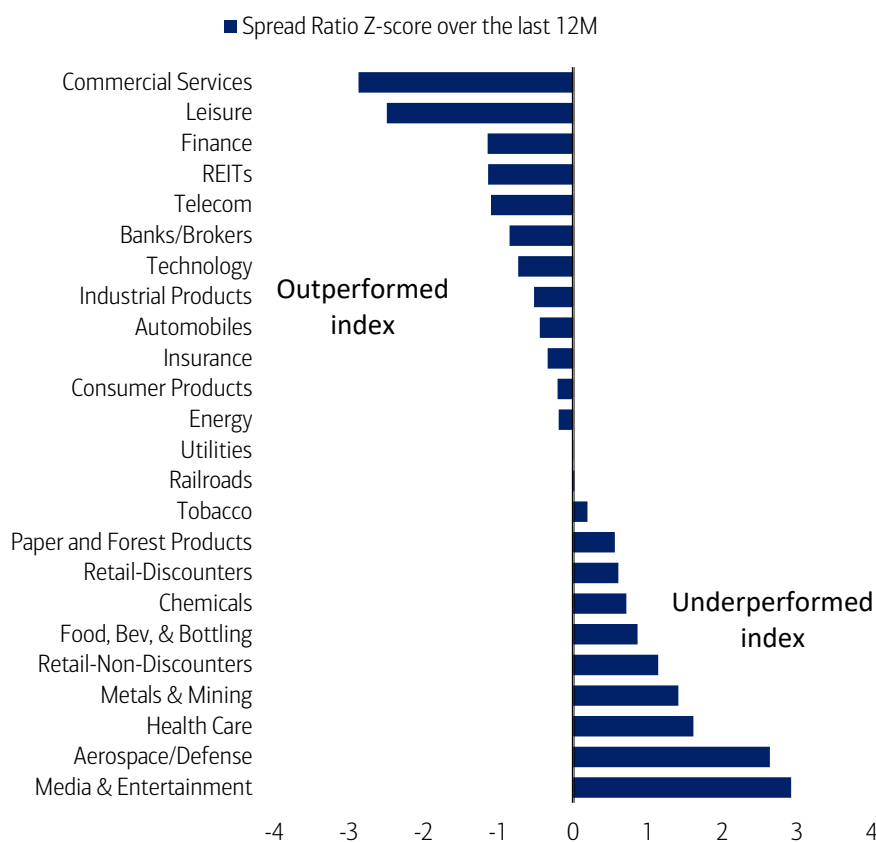
Source: ICE Data Indices, LLC, BofA Global Research

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Sector performance and relative value

Exhibit 28: Trailing 12mo spread Z-score vs. current sector spread differential to the market

Commercial Services and Leisure are trading tight and Media & Entertainment and Aerospace/Defense are trading wide relative to the market.



Source: ICE Data Indices, LLC, BofA Global Research

BofA GLOBAL RESEARCH

Supply statistics

Exhibit 29: High grade supply summary, \$bn

US IG supply by broad market sectors

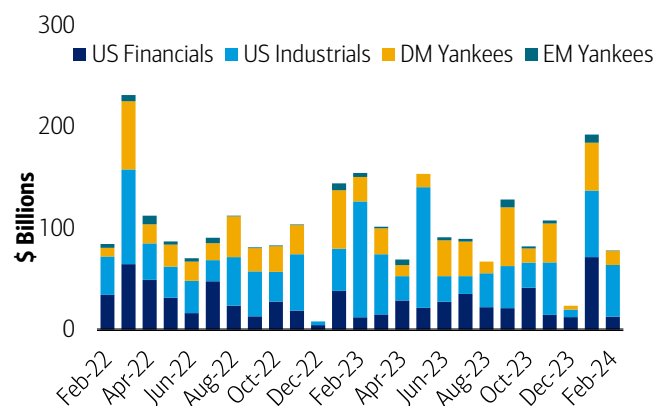
Sector	WTD	MTD	QTD	YTD
US Financials	4.0	12.8	84.4	84.4
US Industrials	20.0	51.2	116.9	116.9
European Financials	4.8	6.8	34.7	34.7
European Industrials	0.0	0.0	6.6	6.6
EM Yankees	0.0	0.6	8.7	8.7
Non-Euro Non-EM Yankees	1.5	6.9	19.7	19.7
Total	30.2	78.2	271.0	271.0

Source: BofA Global Research

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Exhibit 30: HG monthly issuance, \$bn

Monthly US IG supply by broad market sectors



Source: BofA Global Research

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Exhibit 31: Cumulative High grade supply YTD, \$bn

YTD US IG supply by broad market sectors and YoY comps

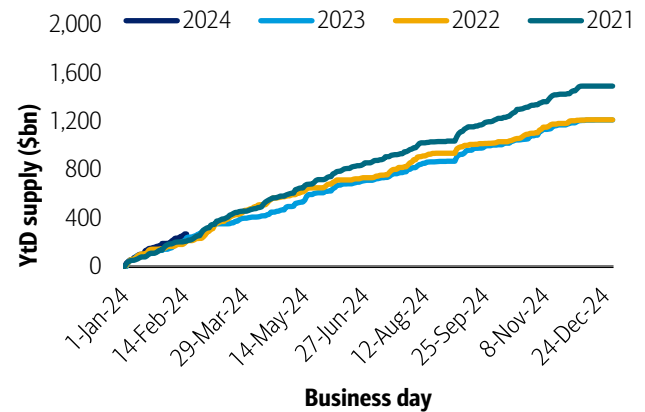
Sector	YTD 2020	YTD 2021	YTD 2022	YTD 2023	YTD 2024
Financials	112.8	97.2	124.4	108.0	134.1
AAA-A Industrials	38.2	55.7	35.7	49.9	70.6
BBB Industrials	59.1	52.2	35.4	82.4	66.3
Total	210.0	205.0	195.5	240.2	271.0
%-change			-5%	23%	13%
US	129.2	138.1	119.0	163.2	201.4
Europe	28.0	26.8	25.7	34.1	41.3
EM	23.6	25.3	20.8	10.8	8.7
Other DM	29.2	14.7	30.0	32.1	19.7

Source: BofA Global Research

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Exhibit 32: Cumulative High grade supply, \$bn

Cumulative YTD US IG supply YoY comps

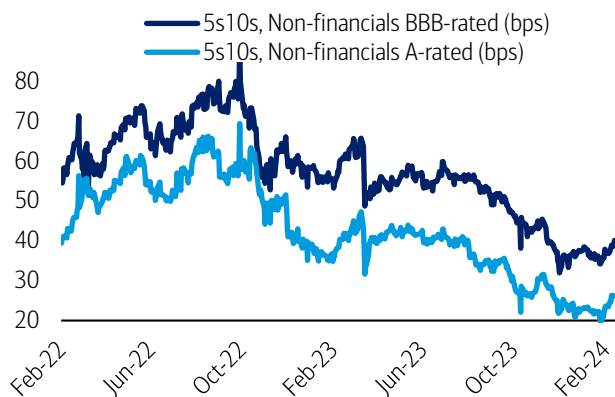


Source: BofA Global Research

BofA GLOBAL RESEARCH

Corporate spread curves**Exhibit 33: 5s10s non-financial corporate spread curves**

5s10s spread curves have flattened YTD



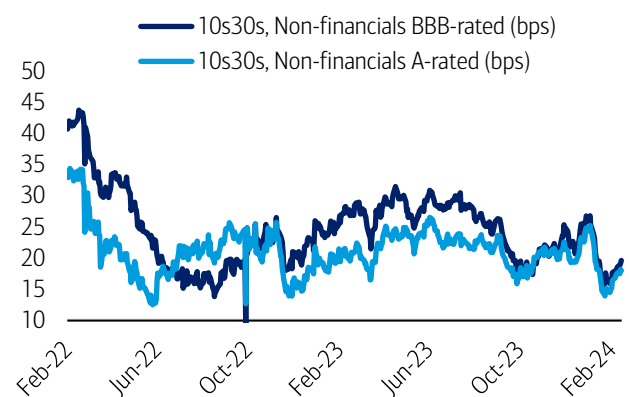
Note: the spread curve calculation is restricted to issuers that have bonds outstanding for both the short and the long tenors. For spread levels we use only on-the-run bonds (one for each tenor), outstanding for at most three years. The aggregate market spread curve is a simple average of individual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

Source: BofA Global Research, ICE Data Indices, LLC

BofA GLOBAL RESEARCH

Exhibit 34: 10s30s non-financial corporate spread curves

10s30s spread curves have steepened a bit YTD



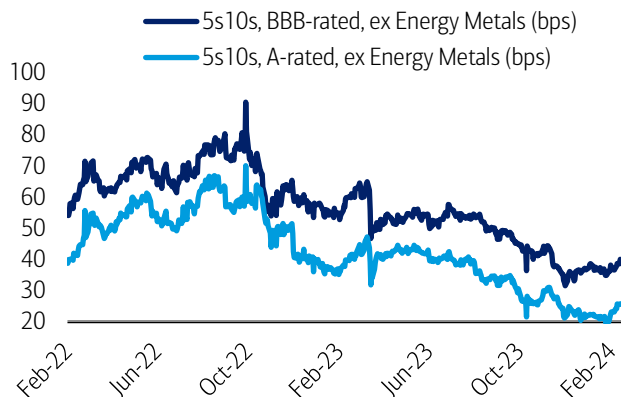
Note: the spread curve calculation is restricted to issuers that have bonds outstanding for both the short and the long tenors. For spread levels we use only on-the-run bonds (one for each tenor), outstanding for at most three years. The aggregate market spread curve is a simple average of individual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

Source: BofA Global Research, ICE Data Indices, LLC

BofA GLOBAL RESEARCH

Exhibit 35: 5s10s ex Energy Metals corporate spread curves

5s10s ex energy and metals spread curves have flattened YTD



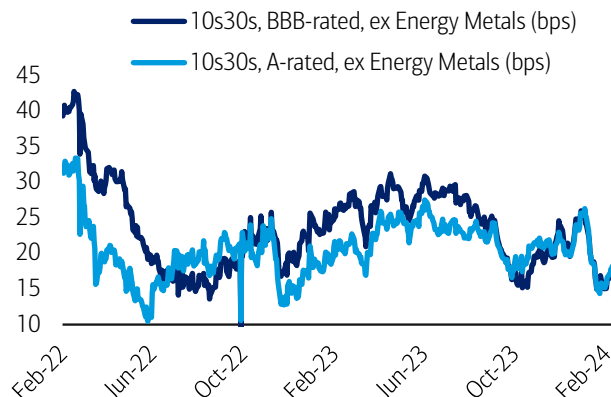
Note: the spread curve calculation is restricted to issuers that have bonds outstanding for both the short and the long tenors. For spread levels we use only on-the-run bonds (one for each tenor), outstanding for at most three years. The aggregate market spread curve is a simple average of individual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

Source: BofA Global Research, ICE Data Indices, LLC

BofA GLOBAL RESEARCH

Exhibit 36: 10s30s ex Energy Metals corporate spread curves

10s30s ex energy and metals spread curves have flattened YTD



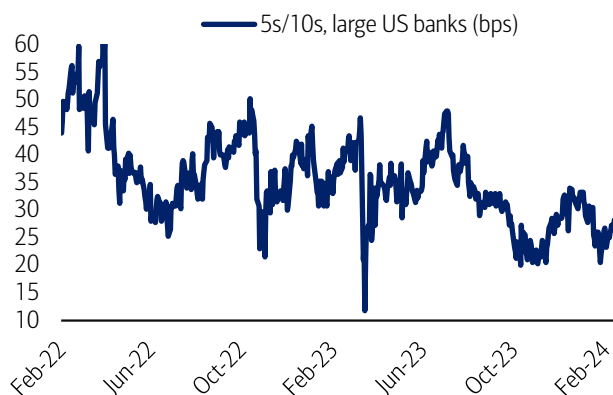
Note: the spread curve calculation is restricted to issuers that have bonds outstanding for both the short and the long tenors. For spread levels we use only on-the-run bonds (one for each tenor), outstanding for at most three years. The aggregate market spread curve is a simple average of individual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

Source: BofA Global Research, ICE Data Indices, LLC

BofA GLOBAL RESEARCH

Exhibit 37: 5s10s Banks corporate spread curves

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



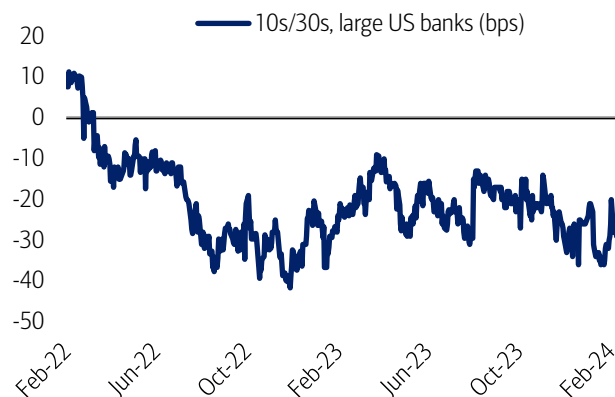
Note: the spread curve calculation is restricted to the top four US banks that have senior bonds outstanding for both the short and the long tenors. For spread levels we use only on-the-run bonds (one for each tenor), outstanding for at most three years. The aggregate market spread curve is a simple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

Source: BofA Global Research, ICE Data Indices, LLC

BofA GLOBAL RESEARCH

Exhibit 38: 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.

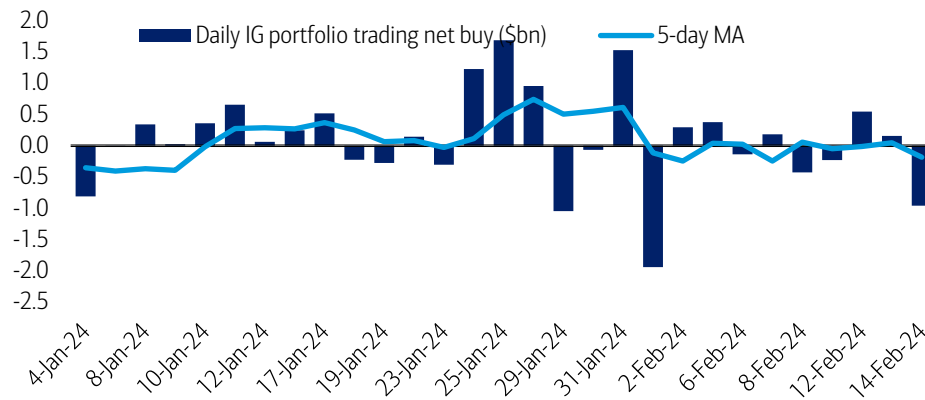
Source: BofA Global Research, ICE Data Indices, LLC

BofA GLOBAL RESEARCH

Portfolio trades tracker

Exhibit 39: IG portfolio trading net investor buy

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

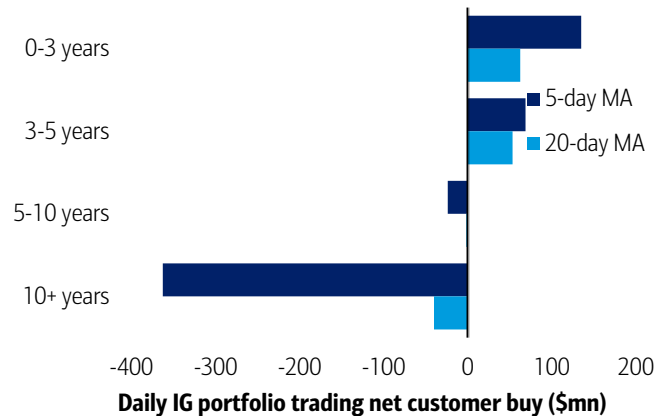


Source: Finra Trace, BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 40: IG portfolio trading net investor buy by maturity

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

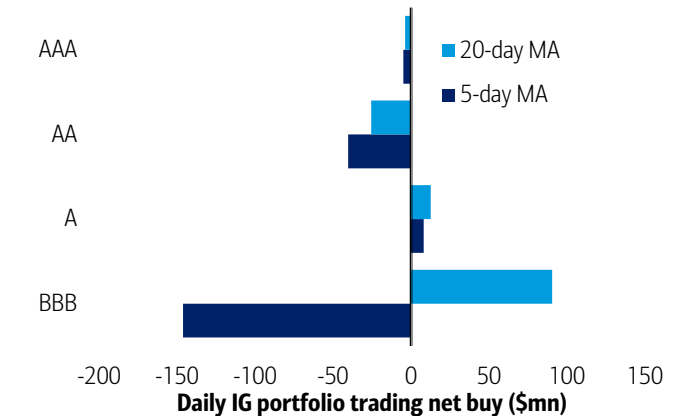


Source: Finra Trace, BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 41: IG portfolio trading net investor buy by maturity

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



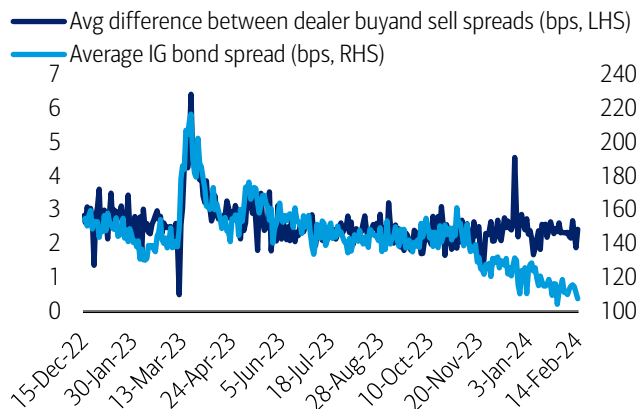
Source: Finra Trace, BofA Global Research

BofA GLOBAL RESEARCH

Liquidity tracker

Exhibit 42: Difference between dealer buy and sell spreads

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



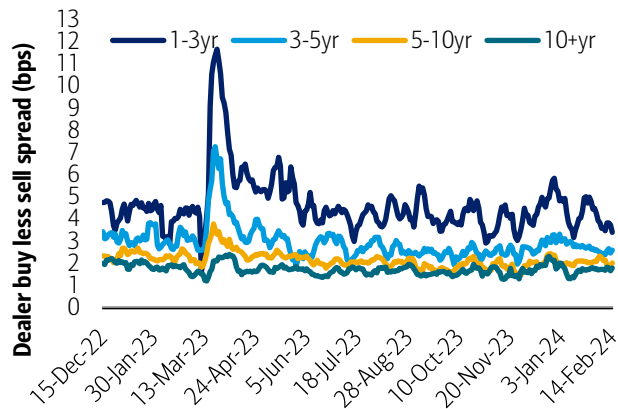
Note: based on Finra Trace dealer-to-client buy and sell trades of at least \$1mn and BofA credit trader runs for ICE BofA US IG corporate COA0 index bonds, and plotting daily average difference between dealer buy and sell trade spreads for the same bond on the same day.

Source: Finra Trace, BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 43: 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 COA0 index bonds, and plotting daily average difference between dealer buy and sell trade spreads for the same bond on the same day.

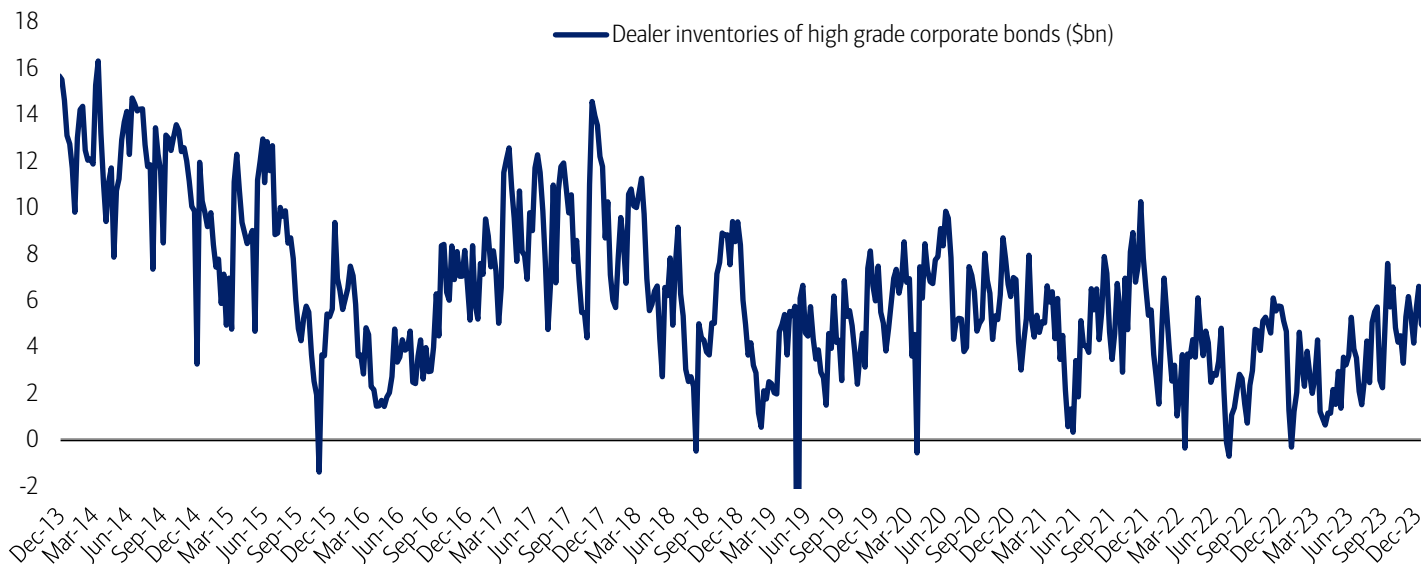
Source: Finra Trace, BofA Global Research

BofA GLOBAL RESEARCH

Dealer inventories

Exhibit 44: Dealer inventories of high grade corporate bonds (\$bn)

Fed reported dealer inventories of US IG corporate bonds at \$4.5bn as of Jan 31 2024.



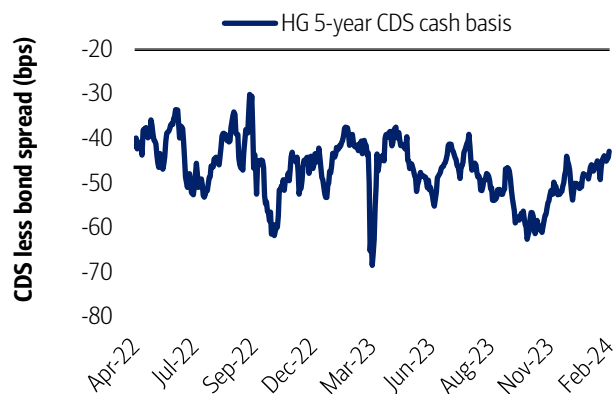
Source: BofA Global Research, Federal Reserve Bank

BofA GLOBAL RESEARCH

CDS cash basis

Exhibit 45: 5-year CDS cash basis

US IG CDS cash basis at 2bps currently



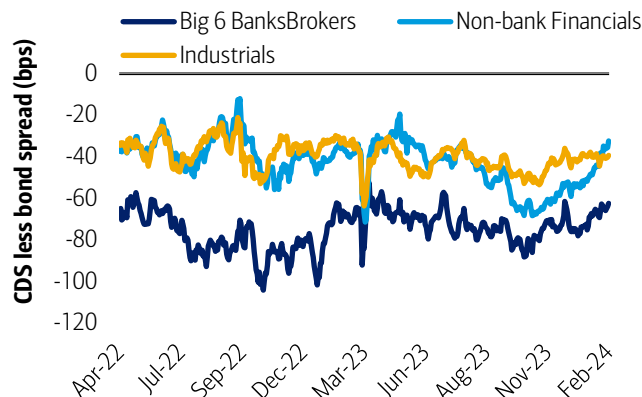
Note: CDS-Cash basis is currently based on spreads of the following 30 issuers: AIG, AXP, BAC, BMY, C, CAT, CMCSA, COF, CVS, DE, DIS, GE, GM, GS, HD, IBM, JPM, LOW, MET, MO, MS, ORCL, PFE, PRU, SPG, T, VZ, WFC, WMT.

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

BofA GLOBAL RESEARCH

Exhibit 46: 5-year CDS cash basis by broad sector

Banks CDS cash basis at -6bps, other financials at 8bps and industrials at 3bps currently



Note: CDS-Cash basis is currently based on spreads of the following 30 issuers: AIG, AXP, BAC, BMY, C, CAT, CMCSA, COF, CVS, DE, DIS, GE, GM, GS, HD, IBM, JPM, LOW, MET, MO, MS, ORCL, PFE, PRU, SPG, T, VZ, WFC, WMT.

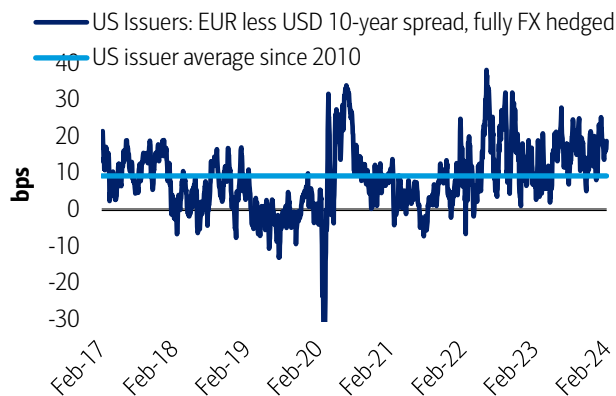
Source: BofA Global Research, ICE Data Indices, LLC, Markit

BofA GLOBAL RESEARCH

USD EUR relative value

Exhibit 47: US issuers: relative EUR and USD spreads

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



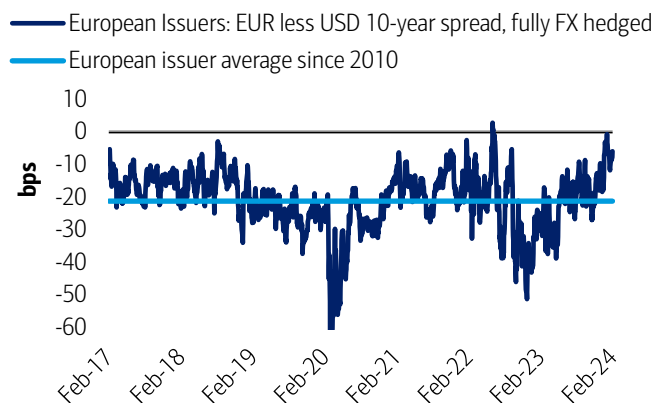
Note: the chart plots issuer-matched spreads on a fully currency hedged basis. We use maturity-matched cross currency basis swaps to fully currency hedge principal and interest rate payments, and forward FX rates to fully hedge the stream of spread payments. We also adjust for the difference in quoting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

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

BofA GLOBAL RESEARCH

Exhibit 48: 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.

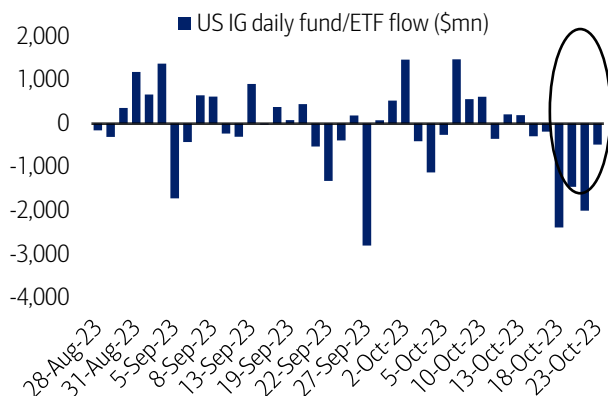
Source: BofA Global Research, ICE Data Indices, LLC, Bloomberg

BofA GLOBAL RESEARCH

Mutual fund flows

Exhibit 49: Daily US IG bond fund and ETF flows (\$mn)

Strong daily inflows to US IG bond funds and ETFs

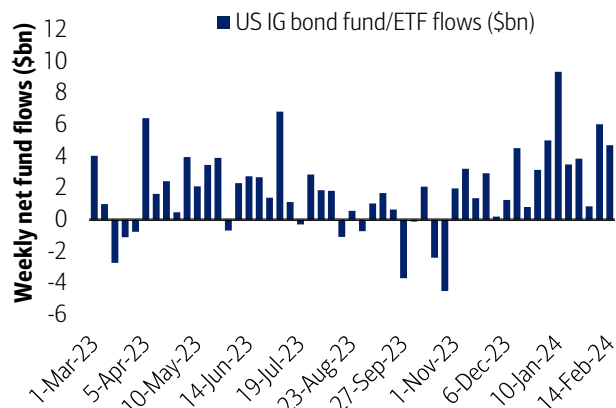


Source: EPFR Global, BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 50: Weekly high grade fund flows, \$bn

US IG bond fund/ETF flows, \$bn +\$4.70

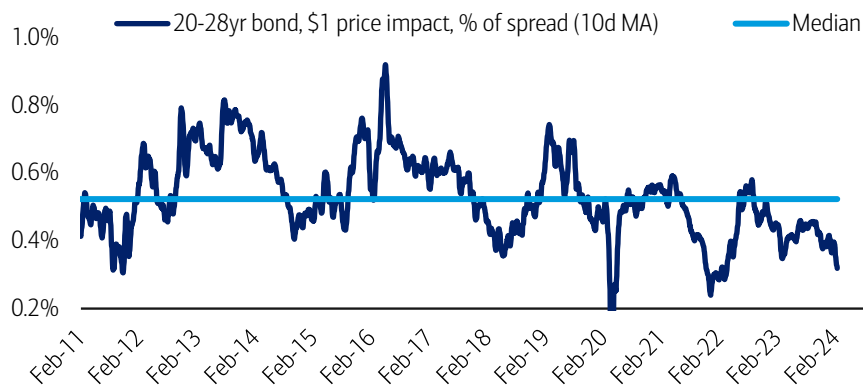


Source: EPFR Global, BofA Global Research

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Exhibit 51: Market pricing of the dollar price impact on spreads

Currently the average impact of dollar price for 20-28yr bonds is 0.32% of spread, compared to the typical value of 0.52%.

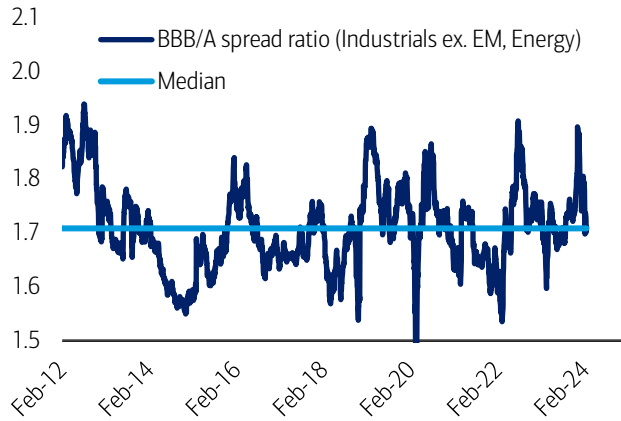


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Exhibit 52: BBB/A Industrial spread ratio

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

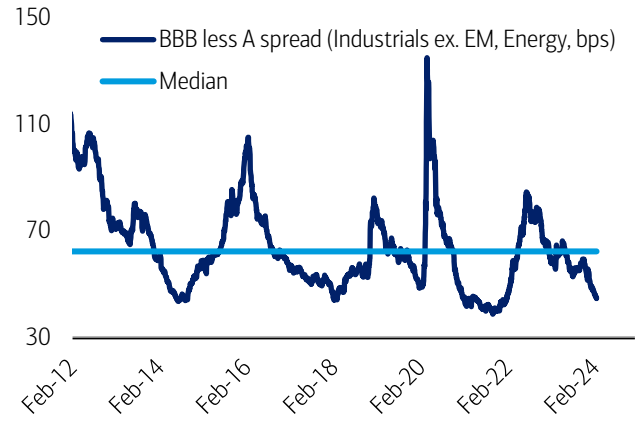


Source: BofA Global Research, ICE Data Indices, LLC.

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Exhibit 53: BBB/A Industrial spread difference

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

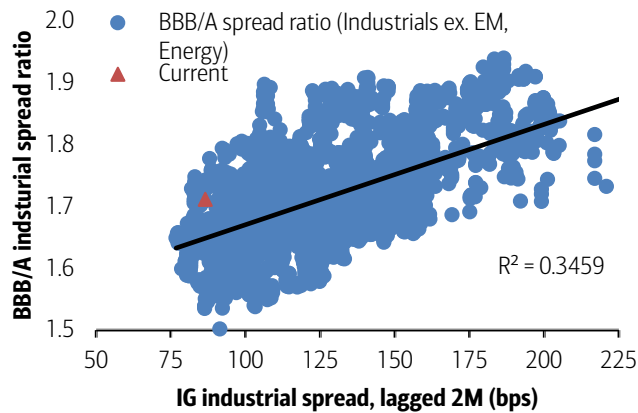


Source: BofA Global Research, ICE Data Indices, LLC.

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Exhibit 54: BBB / A industrial relative value: scatter plot

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

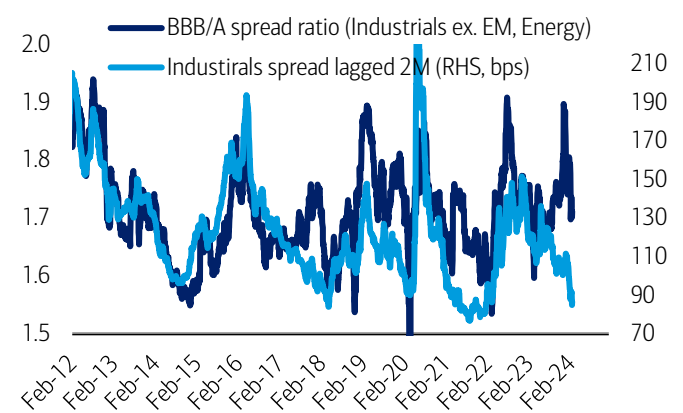


Source: BofA Global Research, ICE Data Indices, LLC.

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Exhibit 55: BBB / A industrial relative value: time series

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

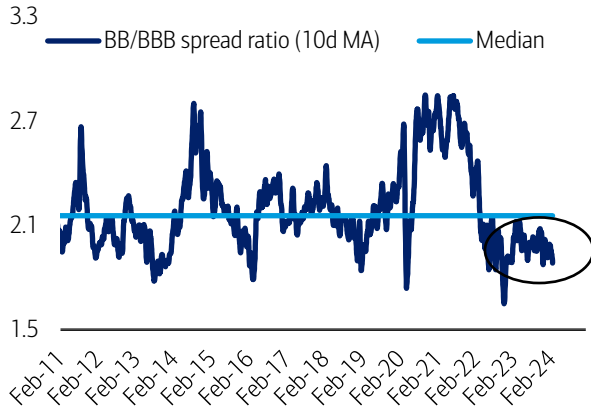


Source: BofA Global Research, ICE Data Indices, LLC.

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Exhibit 56: BB/BBB spread ratio

The current BB/BBB spread ratio is 1.87 vs. 2.16 median.

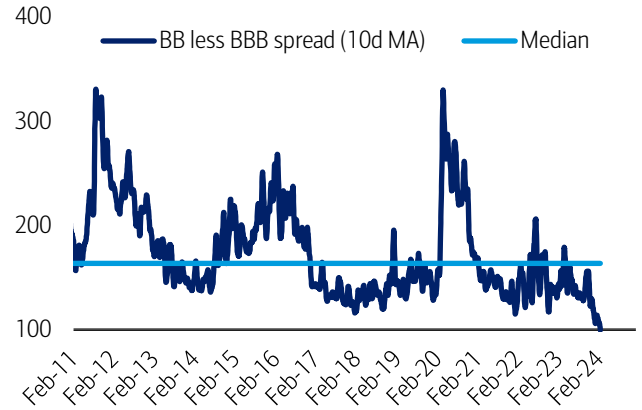


Source: BofA Global Research, ICE Data Indices, LLC. Note: based on maturity and sector-matched spreads. Ex. Financials, Energy.

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Exhibit 57: BB less BBB spreads

The current BB less BBB spread difference is 96bps vs. 164bps median.

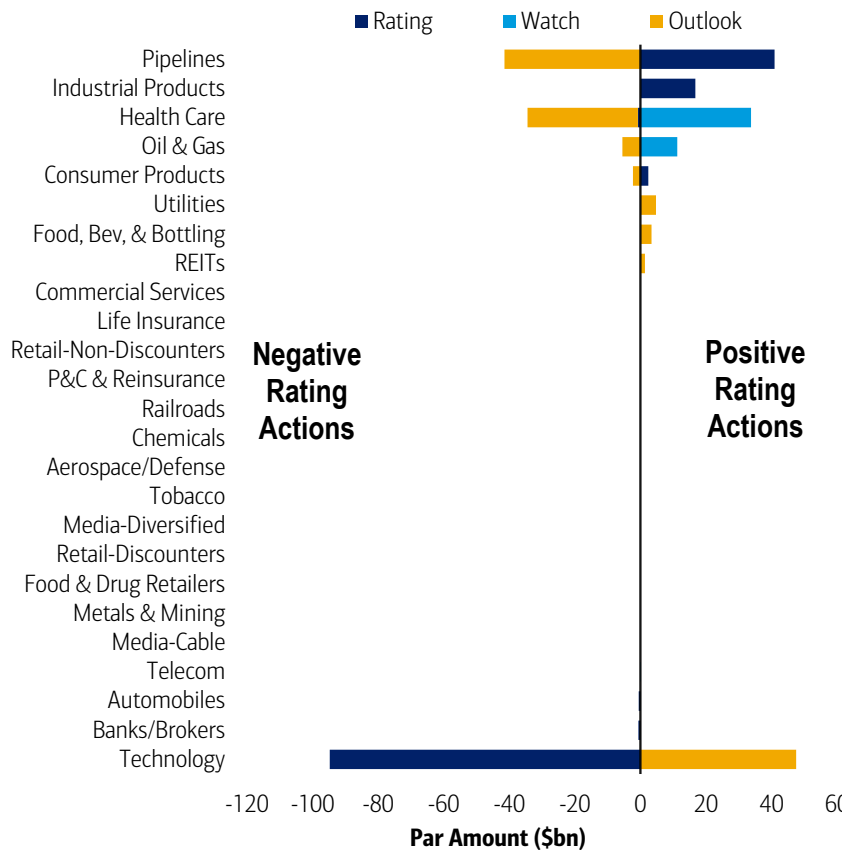


Source: BofA Global Research, ICE Data Indices, LLC. Note: based on maturity and sector-matched spreads. Ex. Financials, Energy.

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Rating actions summary**Exhibit 58: Weekly rating actions by sector, notional value in HG Master index**

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



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

Source: BofA Global Research, ICE Data Indices, LLC

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Common abbreviations:

IG: Investment Grade

HG: High Grade

LQD: iShares iBoxx \$ Investment Grade Corporate Bond ETF

DV01: Dollar value of a basis point

CDX IG: The Markit CDX North America Investment Grade Index

CDX HY: Markit CDX North America High Yield Index

ECB: European Central Bank

QE: Quantitative Easing

CSPP: corporate sector purchase programme

Unched: Unchanged

CPI: Consumer Price Index

FOMC: The Federal Open Market Committee

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