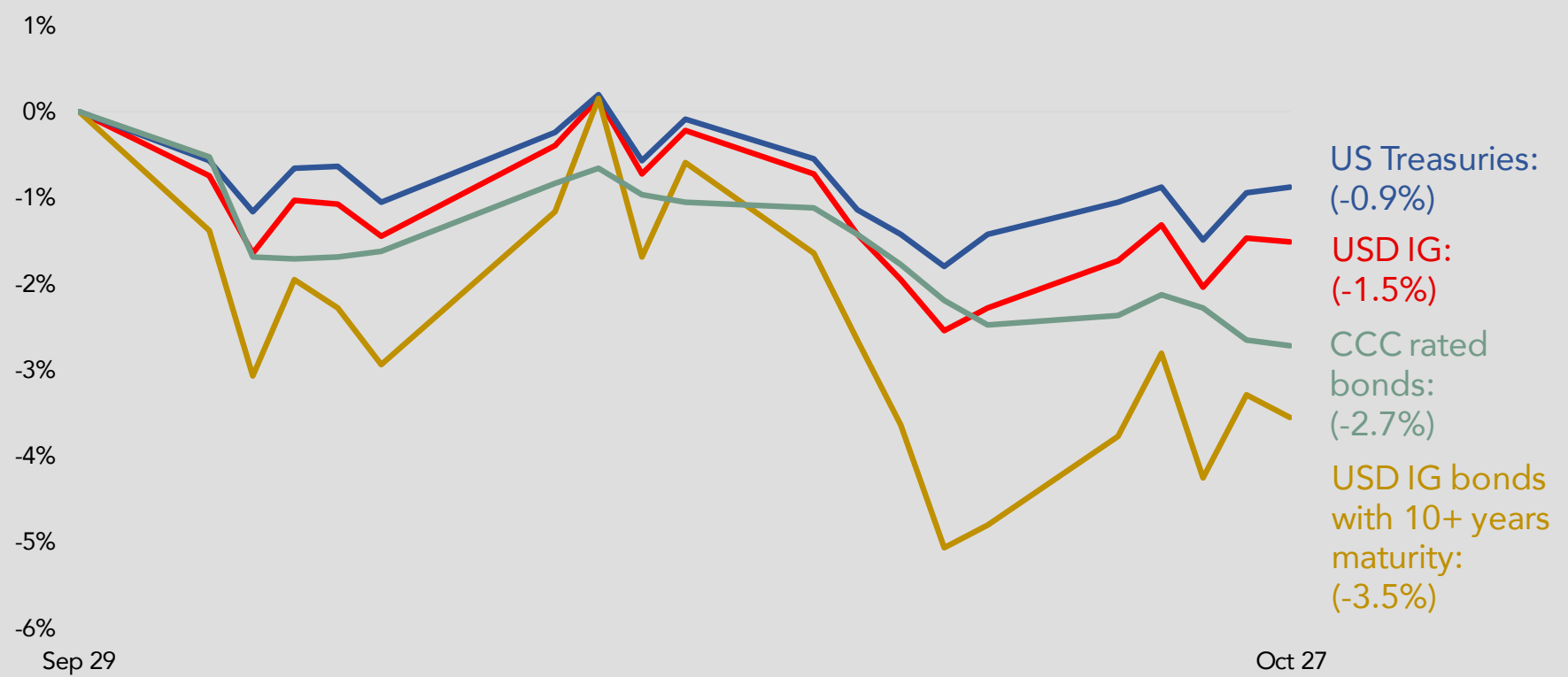


# Chart of the Day

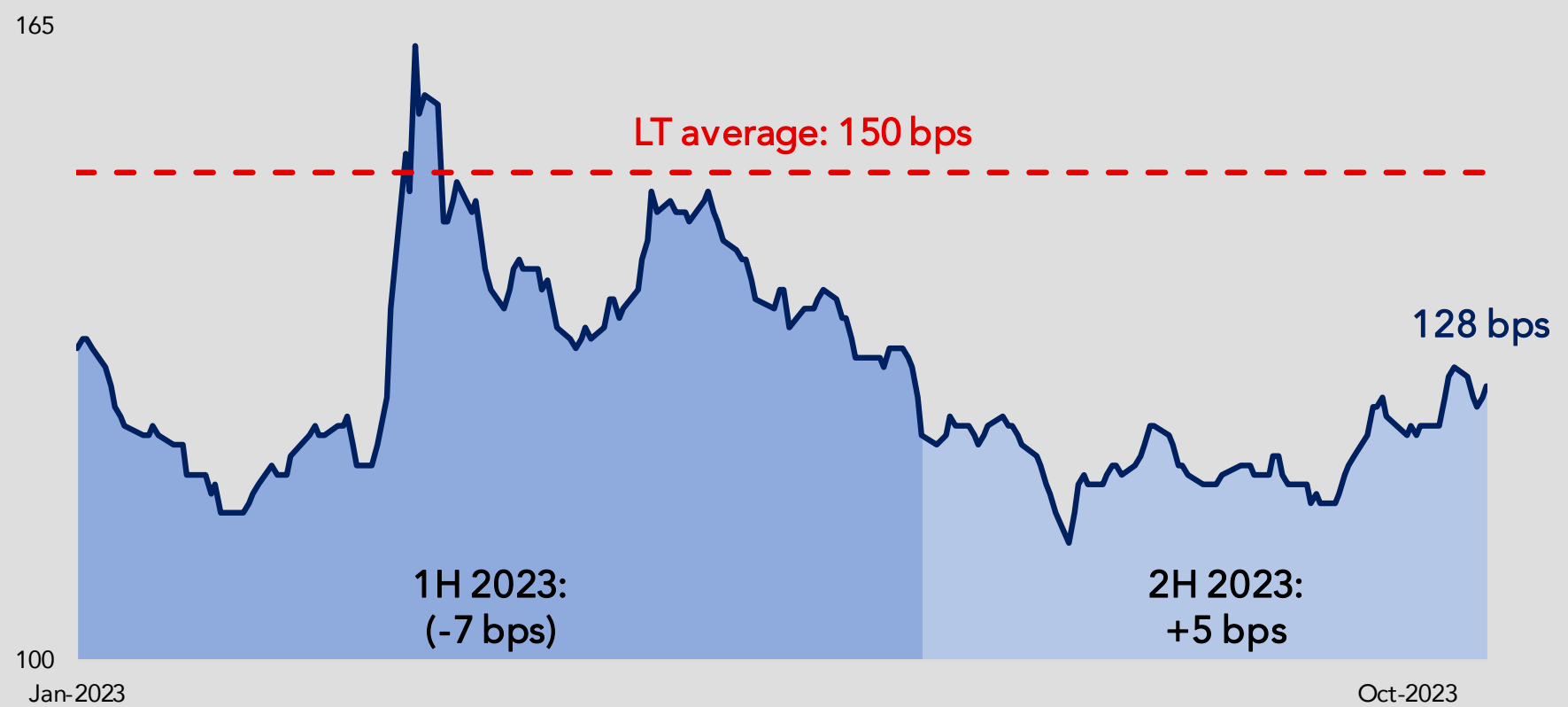
The rise in UST yields to 17 year highs has spilled over to nearly every corner of USD credit markets. Risk premiums in IG corporate bonds have risen to their highest level since June. The ripple effects of higher rates have also impacted new issue execution across the ratings spectrum, from IG to HY and asset-backed securities. Bond market returns have trended increasingly negative throughout October, with longer dated securities the most adversely impacted.

## Bond risk premiums

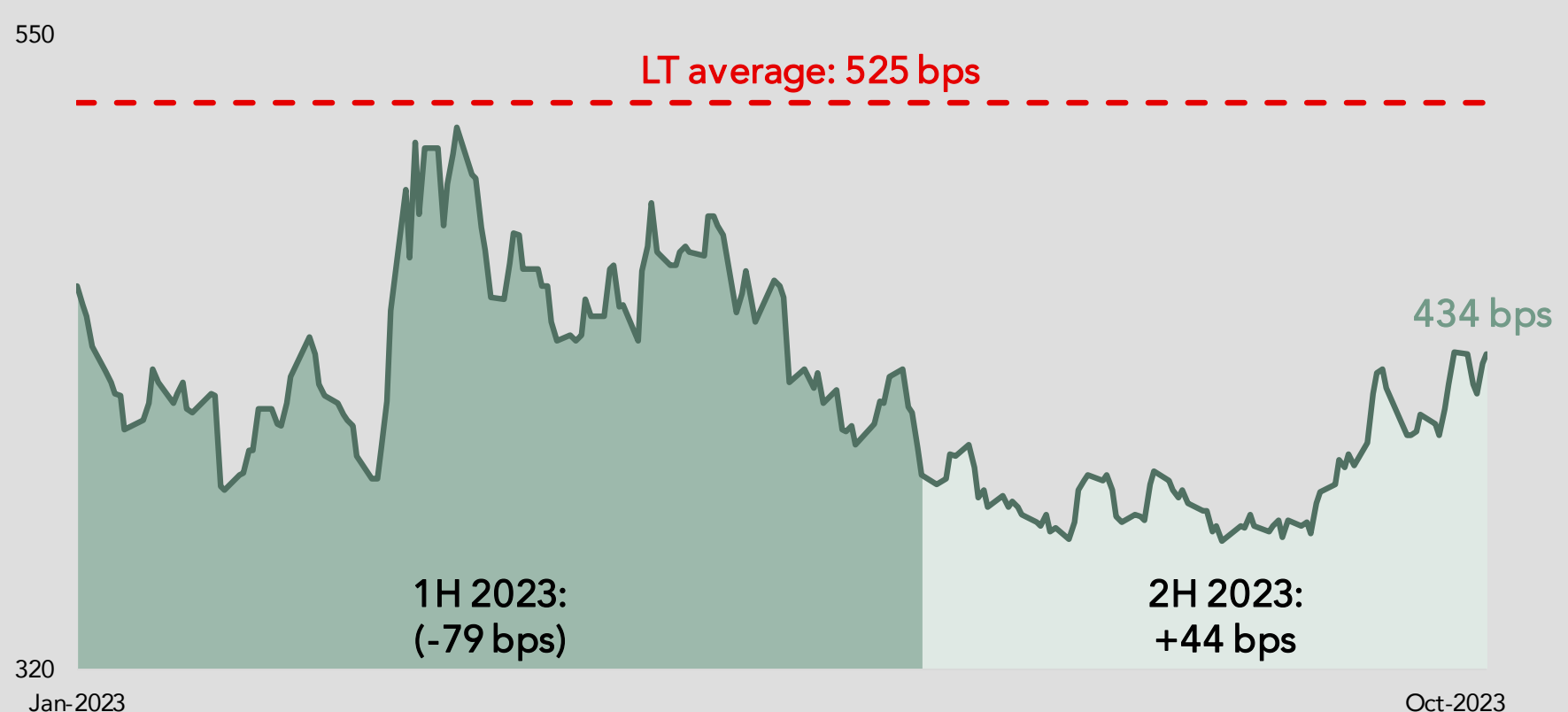


Based on data going back more than three decades, IG & HY spreads are currently trading below long-term averages and well below recession thresholds. Following resolution of US banking sector stress in March, USD credit spreads tightened sharply in Q2, but have begun to move wider with the higher rate volatility in the 2H 2023.

## USD IG OAS (2023 YTD)



## USD HY OAS (2023 YTD)



Source: (1-2) Bloomberg (Michael Tobin). Data as of October 30, 2023. Data normalized as of September 29, 2023.

## Global Corporate & Investment Banking Capital Markets Strategy Team



**Tom Joyce**  
Managing Director  
Tom.Joyce@mufgsecurities.com  
(212) 405-7472



**Hailey Orr**  
Managing Director  
Hailey.Orr@mufgsecurities.com  
(212) 405-7429



**Stephanie Kendal**  
Vice President  
Stephanie.Kendal@mufgsecurities.com  
(212) 405-7443



**Angela Sun**  
Analyst  
Angela.Sun@mufgsecurities.com  
(212) 405 - 6952