

Weekly U.S. Investment Grade Market Update

November 17, 2023



Table of contents

1	<u>U.S. Investment Grade Summary</u>	3
2	<u>U.S. Investment Grade Capital Market Overview</u>	6
3	<u>Weekly Issuance</u>	8



1: U.S. Investment Grade Summary



U.S. Investment Grade Summary

Benchmark Interest Rates

	Friday	10-Nov	Change	1-Month Ago	3-Months Ago
Fed Funds Rate	5.31%	5.31%	-	5.31%	5.32%
SOFR Index	5.32%	5.32%	-	5.30%	5.30%
3-Month Bill	5.40%	5.41%	-1 bps	5.50%	5.44%
UST 2-Year	4.89%	5.06%	-18 bps	5.22%	4.93%
UST 5-Year	4.44%	4.69%	-24 bps	4.94%	4.41%
UST 10-Year	4.44%	4.65%	-22 bps	4.92%	4.28%
UST 30-Year	4.59%	4.76%	-17 bps	5.00%	4.39%
2s to 30s	-30 bps	-30 bps	bps	-23 bps	-54 bps

Interest Rate Swap Spreads^(a)

	Friday	52 Wk Hi	52 Wk Low	1-Month Ago	3-Months Ago
2-Year	-18 bps	12 bps	-19 bps	-12 bps	-11 bps
5-Year	-29 bps	-16 bps	-30 bps	-25 bps	-21 bps
10-Year	-34 bps	-20 bps	-38 bps	-32 bps	-27 bps
30-Year	-67 bps	-62 bps	-78 bps	-70 bps	-68 bps

Major Equity Indices

	Friday	10-Nov	% Change	1-Month Ago	1-Year Ago
Dow Jones Industrials	34,947.28	34,283.10	1.9%	33,665.08	33,745.69
S&P 500	4,514.02	4,415.24	2.2%	4,314.60	3,965.34
Nasdaq	14,125.48	13,798.11	2.4%	13,314.30	11,146.06
Nikkei	33,585.20	32,568.11	3.1%	32,042.25	27,899.77
DAX	15,919.16	15,234.39	4.5%	15,094.91	14,431.86
FTSE 100	7,504.25	7,360.55	2.0%	7,588.00	7,385.52

Global Currency Markets (versus USD)

	Friday	52 Wk Hi	52 Wk Low	1-Month Ago	3-Months Ago
JPY	149.63	151.52	151.91	127.23	149.93
EUR	1.09	1.07	1.13	1.02	1.05
GBP	1.25	1.22	1.31	1.18	1.21
CHF	0.89	0.90	0.96	0.86	0.90

Upcoming Economic Calendar

Date	Time (ET)	Release	Period	Survey	Prior
20-Nov	10:00	Leading Index	Oct	-0.7%	-0.7%
21-Nov	8:30	Chicago Fed Nat Activity Index	Oct	0.0%	2.0%
21-Nov	8:30	Philadelphia Fed Non-Manufacturing Activity	Nov	--	-20.3%
21-Nov	10:00	Existing Home Sales	Oct	3.90m	3.96m
22-Nov	7:00	MBA Mortgage Applications	17-Nov	--	2.8%
22-Nov	8:30	Initial Jobless Claims	18-Nov	226k	231k
22-Nov	8:30	Continuing Claims	11-Nov	1875k	1865k
22-Nov	8:30	Durable Goods Orders	Oct P	-3.2%	4.6%
22-Nov	10:00	U. of Mich. Sentiment	Nov F	61.0	60.4
24-Nov	9:45	S&P Global US Manufacturing PMI	Nov P	49.90	50.00

Issuance Volume

	Last Week		YTD 2023		YTD 2022	
	\$MM	No. Deals	\$MM	No. Deals	\$MM	No. Deals
I-Grade	26,000	19	1,155,715	726	1,182,471	704

Source: Bloomberg ; MUFG and MCM CorporateWatch. Totals include only corporates – sovereigns and government excluded

(a) Spreads represent the difference between the respective SOFR Swap Index and the rate of the respective US Treasury.

Note: Referenced transactions are not an offer or sale of securities and are being provided for informational purposes only.



U.S. Investment Grade Summary (continued)

Economic & Market Highlights

Equities finished the week higher (DOW +1.9%, S&P +2.2%, NASDAQ +2.4%). US Treasury yields were lower across the curve w-o-w with the 2-year UST yield closing today's session at 4.89% (from the previous Friday's close of 5.06%), the 10-year UST yield closing at 4.44% (from the previous Friday's close of 4.65%), and the long bond yield closing at 4.59% (from the previous Friday's close of 4.76%).

- Bond yields and equity indices rallied this week on the back of cooler than expected October CPI and PPI data, as well as a slew of other promising economic data
 - > On Tuesday (11/14), **CPI YoY came in under expectations** (3.2% vs. 3.3% exp.), softening market expectations of further rate hikes by the Fed
 - > **PPI declined the most since April 2020** (-0.5% vs. 0.1% exp.), mainly due to a drop in gasoline prices
 - > Retail sales declined less than expected (-0.1% vs. -0.3% exp.), **reflecting a resilient economy** ahead of the upcoming holiday season
 - > Continuing applications for US employment benefits rose for the eighth straight week to 1.87 million—**the highest level in almost two years**
- Oil prices plummeted this week as crude supplies remain high, with WTI crude oil and Brent Crude falling to \$75.89 and \$80.61, respectively
- The market implied probability of a rate hike by year-end **decreased to almost zero** as inflation appears to be making progress towards the Fed's target of 2%
- On the political front, President Biden signed a short-term spending bill on Thursday, extending funding through January and **narrowly avoiding a November 18th government shutdown**

Primary IG Corporate Overview

Primary markets this week saw 19 investment grade issuers price \$26 billion of countable supply across 31 tranches. Offerings this week saw an average of +14 bps of new issue concession, books averaging 4.2x oversubscribed, and average movement from IPTs to pricing of -28 bps. Estimates are calling for ~\$5-10 billion in IG primary supply next week, which is expected to be primarily frontloaded on Monday and Tuesday as the markets wind down for the Thanksgiving holiday.

This week **MUFG** was a Bookrunner on the following transactions:

- **Blue Owl Capital Corporation II (Baa3/BBB-)** priced \$350 million of 3-Year Notes
- **FS KKR Capital Corp (Baa3/BBB-)** priced \$400 million of Long 5-Year Notes
- **IQVIA Inc (Baa3/BBB-)** priced \$1.25 billion of Long 5-Year Notes
- **Toyota Motor Credit Corp (A1/A+)** priced \$2.0 billion across 3- and 7-Year Notes
- **Blackstone Private Credit Fund (Baa3/BBB-)** priced \$500 million of 5-Year Notes

Source: Bloomberg ; MUFG and MCM Corporate Watch. Totals include only corporates – sovereigns and government excluded
Note: Referenced transactions are not an offer or sale of securities and are being provided for informational purposes only.
*Non-investment grade, not countable supply

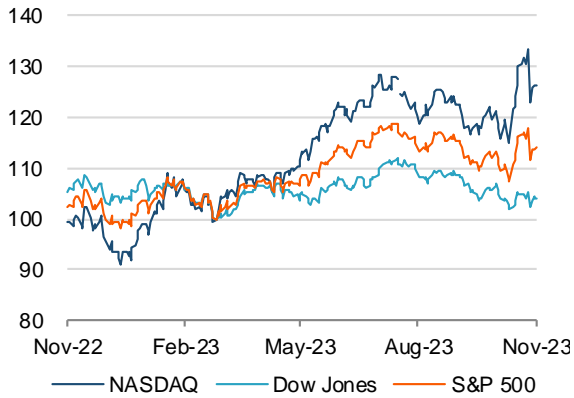


U.S. Investment Grade 2: Capital Market Overview

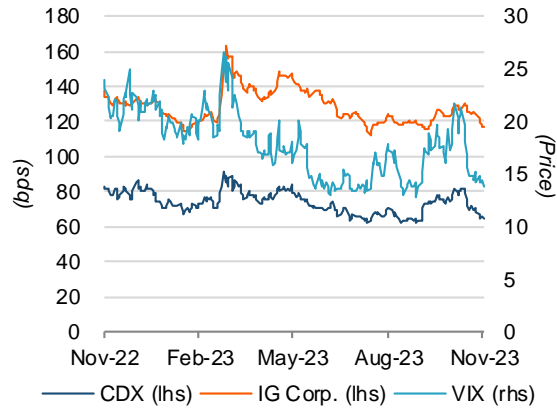


U.S. Investment Grade Capital Market Overview

Major Equity Indices



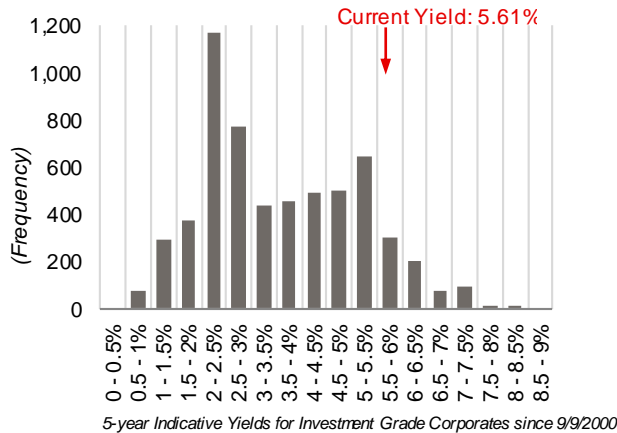
Credit and Risk Indices



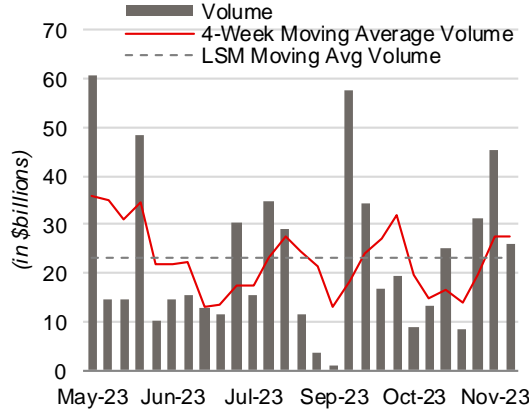
10-Year UST Yield



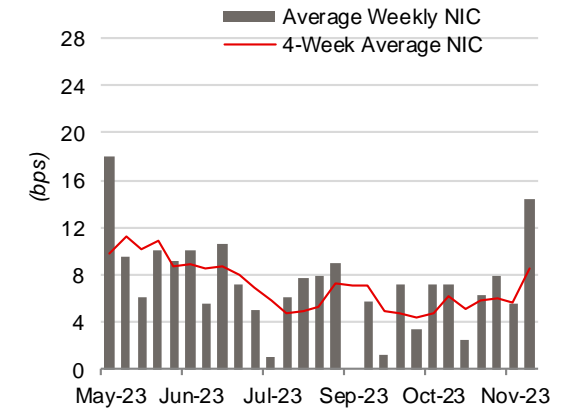
5-Year All-In Yield Distributions



Weekly Volume



New Issue Concessions



Note: Referenced transactions are not an offer or sale of securities and are being provided for informational purposes only.



3: Weekly Issuance



Last Week's Investment Grade Transactions

Date	Issuer	\$26.000 Billion		Tranche Size (\$MM)	Maturity	Coupon	Spread	NIC		
		Total Deal Size (\$MM)	Ratings							
13-Nov-23	American Honda Finance Corp.	\$800	A3/A	\$800	15-Nov-28	5.650%	+100 bps	+8 bps		
	Blue Owl Capital Corporation II	\$350	Baa3/BBB-	\$350	15-Nov-26	8.450%	+388 bps	N/A		
	FS KKR Capital Corp.	\$400	Baa3/BBB-	\$400	15-Jan-29	7.875%	+338 bps	+25 bps		
	O'Reilly Automotive Inc.	\$750	Baa/BBB	\$750	20-Nov-26	5.750%	+95 bps	+0 bps		
14-Nov-23	TTX Co.	\$350	NR/A	\$350	22-Nov-33	5.750%	+120 bps	+5 bps		
	Ares Capital Corp.	\$300	Baa3/BBB-	\$300	15-Jan-27	7.000%	+235 bps	+15 bps		
	Highwoods Realty LP	\$350	Baa2/BBB	\$350	1-Feb-34	7.650%	+338 bps	+5 bps		
15-Nov-23	IQVIA Inc.	\$1,250	Baa3/BBB-	\$1,250	1-Feb-29	6.250%	+185 bps	+5 bps		
	Ameren Corp.	\$600	Baa1/BBB	\$600	1-Dec-26	5.700%	+105 bps	+0 bps		
	Carrier Global Corp.	\$3,000	Baa3/BBB	\$1,000	30-Nov-25	5.800%	+90 bps	-5 bps		
				\$1,000	15-Mar-34	5.900%	+140 bps	-5 bps		
				\$1,000	15-Mar-54	6.200%	+152 bps	-8 bps		
				\$1,000	27-Nov-28	7.350%	+290 bps	+50 bps		
	Deutsche Bank AG New York Branch	\$1,500	Baa1/BBB-	\$1,500	20-Nov-29	6.819%	+230 bps	+0 bps		
	GLP Capital LP / GLP Financing II Inc.	\$400	Ba1/BBB-	\$400	1-Dec-33	6.750%	+245 bps	+0 bps		
	Tapestry Inc.	\$4,500	Baa2/BBB	\$500	27-Nov-25	7.050%	+220 bps	+50 bps		
				\$750	27-Nov-26	7.000%	+240 bps	+50 bps		
\$1,000				27-Nov-28	7.350%	+290 bps	+50 bps			
\$1,000				27-Nov-30	7.700%	+320 bps	+50 bps			
The Charles Schwab Corp.	\$1,300	A2/A-	\$1,250	27-Nov-33	7.850%	+340 bps	+50 bps			
			\$1,300	17-Nov-29	6.196%	+165 bps	+0 bps			
			Toyota Motor Credit Corp.	\$2,000	A1/A+	\$900	20-Nov-26	5.400%	+75 bps	+15 bps
			\$1,100	20-Nov-30	5.550%	+105 bps	+15 bps			
16-Nov-23	Bayer US Finance II LLC	Baa2/BBB	\$1,000	21-Nov-26	6.125%	+155 bps	+25 bps			
			\$1,000	21-Jan-29	6.250%	+185 bps	+25 bps			
			\$1,250	21-Nov-30	6.375%	+200 bps	+15 bps			
			\$1,750	21-Nov-33	6.500%	+210 bps	+15 bps			
			\$750	21-Nov-53	6.875%	+225 bps	+5 bps			
			Blackstone Private Credit Fund	\$500	Baa3/BBB-	\$500	27-Nov-28	7.300%	+315 bps	+15 bps
			RGA Global Funding	\$400	A1/AA-	\$400	21-Nov-28	6.000%	+160 bps	+10 bps
			State Street Corp.	\$1,500	A1/A	\$1,000	21-Nov-29	5.684%	+125 bps	+0 bps
\$500	21-Nov-34	6.123%				+167 bps	-5 bps			

Bold text denotes MUFG bookrunner transaction

Note: Referenced transactions are not an offer or sale of securities and are being provided for informational purposes only.



Disclaimer

The information herein provided is for information purposes only, and is not to be used or considered as investment research, a proposal or the solicitation of an offer to sell or to buy or subscribe for securities or other financial instruments. Neither this nor any other communication prepared by MUFG Bank, Ltd. ("MUFG Bank"), MUFG Securities Americas Inc., or other MUFG group companies (collectively, "MUFG") is or should be construed as investment advice, a recommendation or proposal to enter into a particular transaction or pursue a particular strategy, or any statement as to the likelihood that a particular transaction or strategy will be effective in light of your business objectives or operations. Before entering into any particular transaction, you are advised to obtain such independent financial, legal, accounting and other advice as may be appropriate under the circumstances. In any event, any decision to enter into a transaction will be yours alone, not based on information prepared or provided by MUFG. MUFG hereby disclaims any responsibility to you concerning the characterization or identification of terms, conditions, and legal or accounting or other issues or risks that may arise in connection with any particular transaction or business strategy.

Certain information contained in this presentation has been obtained or derived from third party sources and such information is believed to be correct and reliable but has not been independently verified. While MUFG believes that factual statements herein and any assumptions on which information herein are based, are in each case accurate, MUFG makes no representation or warranty regarding such accuracy and shall not be responsible for any inaccuracy in such statements or assumptions. Note that MUFG may have issued, and may in the future issue, other reports that are inconsistent with or that reach conclusions different from the information set forth herein. Such other reports, if any, reflect the different assumptions, views and/or analytical methods of the analysts who prepared them, and MUFG is under no obligation to ensure that such other reports are brought to your attention. Furthermore, the information may not be current due to, among other things, changes in the financial markets or economic environment and MUFG has no obligation to update any such information contained in this presentation. This presentation is not intended to

forecast or predict future events. Past performance is not a guarantee or indication of future results. Any prices provided herein (other than those identified as being historical) are indicative only and do not represent firm quotes as to either price or size.

The MUFG logo and name is a service mark of Mitsubishi UFJ Financial Group, Inc., and may be used by it or other MUFG group companies for branding or marketing purposes. Group companies include MUFG Bank, MUFG Americas Capital Leasing & Finance, LLC, Mitsubishi UFJ Trust and Banking Corporation, and MUFG Securities Americas Inc. Corporate or commercial lending or deposit activities are performed by banking affiliates of MUFG, including, in the United States, MUFG Bank.

This indicative financing proposal is provided for discussion purposes only and does not constitute, nor should it be construed as, a commitment to provide any financing or any assurance that the financing described herein may be available. The terms and conditions of such financing must be fully negotiated and contained in definitive documentation duly authorized, executed and delivered by all parties. In addition, the delivery of a commitment would be subject to, among other things, (i) MUFG Bank's satisfaction with the results of its legal, technical, environmental, and business due diligence, (ii) final internal approvals by MUFG Bank, (iii) no material adverse change in the financial condition or otherwise of the relevant parties, (iv) no material adverse change or disruption in the relevant financial markets and (v) other customary conditions, including then current market conditions. This indicative financing proposal is confidential and may not be disclosed or released to any other party without the prior written consent of MUFG Bank.

MUFG Bank is NOT a member of the FDIC and its deposit products are NOT insured by the FDIC or by any other government agency.

© 2023 Mitsubishi UFJ Financial Group Inc. All rights reserved.