

Weekly U.S. Investment Grade Market Update

December 1, 2023



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1: U.S. Investment Grade Summary



U.S. Investment Grade Summary

Benchmark Interest Rates

	Friday	24-Nov	Change	1-Month Ago	3-Months Ago
Fed Funds Rate	5.31%	5.31%	-	5.31%	5.32%
SOFR Index	5.33%	5.32%	1 bps	5.32%	5.31%
3-Month Bill	5.40%	5.41%	-1 bps	5.46%	5.45%
UST 2-Year	4.54%	4.95%	-41 bps	4.95%	4.87%
UST 5-Year	4.13%	4.49%	-36 bps	4.65%	4.26%
UST 10-Year	4.20%	4.47%	-27 bps	4.74%	4.11%
UST 30-Year	4.39%	4.60%	-21 bps	4.93%	4.21%
2s to 30s	-15 bps	-35 bps	20 bps	-2 bps	-65 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	-21 bps	-12 bps	-10 bps
5-Year	-28 bps	-16 bps	-30 bps	-28 bps	-22 bps
10-Year	-37 bps	-20 bps	-38 bps	-36 bps	-28 bps
30-Year	-67 bps	-62 bps	-78 bps	-70 bps	-67 bps

Major Equity Indices

	Friday	24-Nov	% Change	1-Month Ago	1-Year Ago
Dow Jones Industrials	36,245.50	35,390.15	2.4%	33,274.58	34,429.88
S&P 500	4,594.63	4,559.34	0.8%	4,237.86	4,071.70
Nasdaq	14,305.03	14,250.85	0.4%	13,061.47	11,461.50
Nikkei	33,431.51	33,625.53	-0.6%	31,601.65	27,777.90
DAX	16,397.52	16,029.49	2.3%	14,923.27	14,529.39
FTSE 100	7,529.35	7,488.20	0.5%	7,342.43	7,556.23

Global Currency Markets (versus USD)

	Friday	52 Wk Hi	52 Wk Low	1-Month Ago	3-Months Ago
JPY	146.82	149.44	151.91	127.23	150.95
EUR	1.09	1.09	1.13	1.04	1.06
GBP	1.27	1.26	1.31	1.18	1.22
CHF	0.87	0.88	0.95	0.86	0.91

Upcoming Economic Calendar

Date	Time (ET)	Release	Period	Survey	Prior
4-Dec	10:00	Durable Goods Orders	Oct F	-5.4%	-5.4%
6-Dec	7:00	MBA Mortgage Applications	1-Dec	--	0.3%
7-Dec	8:30	Initial Jobless Claims	2-Dec	222k	218k
7-Dec	8:30	Continuing Claims	25-Nov	1910k	1927k
7-Dec	10:00	Wholesale Inventories MoM	Oct F	-0.2%	-0.2%
8-Dec	8:30	Change in Nonfarm Payrolls	Nov	180k	150k
8-Dec	8:30	Unemployment Rate	Nov	3.9%	3.9%
8-Dec	8:30	Labor Force Participation Rate	Nov	62.7%	62.7%
8-Dec	10:00	U. of Mich. Sentiment	Dec P	62.7%	62.7%
8-Dec	10:00	U. of Mich. 1 Yr Inflation	Dec P	4.3%	4.5%

Issuance Volume

	Last Week		YTD 2023		YTD 2022	
	\$MM	No. Deals	\$MM	No. Deals	\$MM	No. Deals
I-Grade	17,600	14	1,178,815	743	1,210,521	728

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 +2.4%, S&P +.77%, NASDAQ +.38%). US Treasury yields were lower across the curve w-o-w with the 2-year UST yield closing today's session at 4.54% (from the previous Friday's close of 4.95%), the 10-year UST yield closing at 4.20% (from the previous Friday's close of 4.47%), and the long bond yield closing at 4.39% (from the previous Friday's close of 4.60%).

- Bond yields and equity indices climbed this week after economic data supported a treasury rally. A few issuers took advantage of the issuance window and strong market tone
 - > On Wednesday (11/29), the GDP release **showed the fastest increase in nearly two years** (5.2% vs. 5.0% exp.)
 - > Personal income and spending came in at expectations (0.2% and 0.2%), supporting market forecasts of a **pause in rate hikes**
 - > Continuing jobless claims rose to the **highest number in 2 years** (1.93 million), supporting speculations of a cooling labor market
 - > U.S. Core PCE inflation, the Fed's preferred gauge of underlying inflation, eased to 3.5% (vs. 3.7% prior)
- Oil prices fluctuated this week as OPEC agreed to **output cutbacks of ~900,000 barrels per day**, with WTI crude oil and Brent Crude ending the week at \$74.07 and \$79.20, respectively
- The market implied probability of a rate hike by year-end **remained near zero** and markets have started to price in the beginning of rate cuts in 2024
- IG Credit Spreads compressed to their **tightest levels since February 2022** with average high-grade spreads at ~111 bps

Primary IG Corporate Overview

Primary markets this week saw 14 investment grade issuers price \$17.6 billion of countable supply across 22 tranches. Offerings this week saw an average of +4 bps of new issue concession, books averaging 3.5x oversubscribed, and average movement from IPT to pricing of -25 bps. Estimates are calling for ~\$19 billion in IG primary supply next week and ~\$35 billion for December.

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

- **Blue Owl Credit Income Corp (Baa3/BBB-)** priced \$550 million of 5-Year Notes
- **Thermo Fisher Scientific Inc (A3/A-)** priced \$2.5 billion across 3 Tranches
- **Oglethorpe Power Corp (Baa1/BBB+)** priced \$400 Million of 30-Year FMBs
- **Golub Capital BDC Inc (Baa3/BBB-)** priced \$450 million of 5-Year Notes

Source: Bloomberg ; MUFG and MCM Corporate Watch. Totals include only corporates – sovereigns and government excluded
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¹Non-investment grade, not countable supply

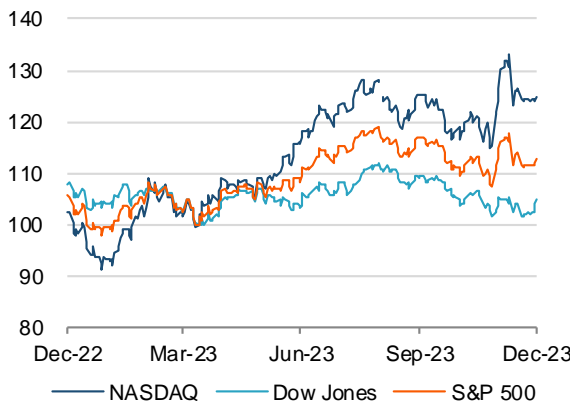


U.S. Investment Grade 2: Capital Market Overview

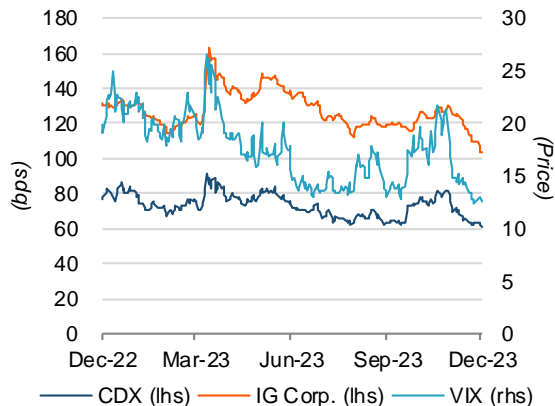


U.S. Investment Grade Capital Market Overview

Major Equity Indices



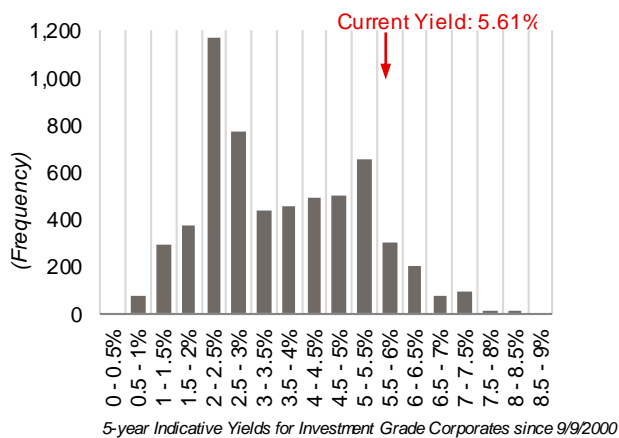
Credit and Risk Indices



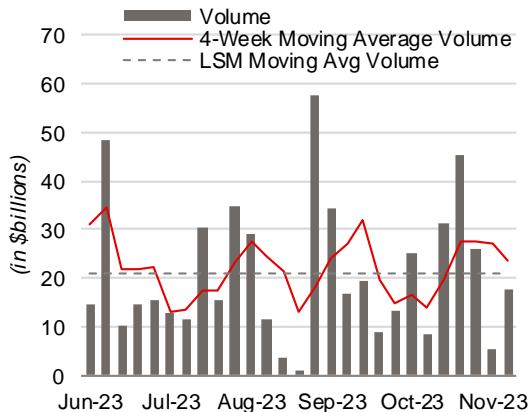
10-Year UST Yield



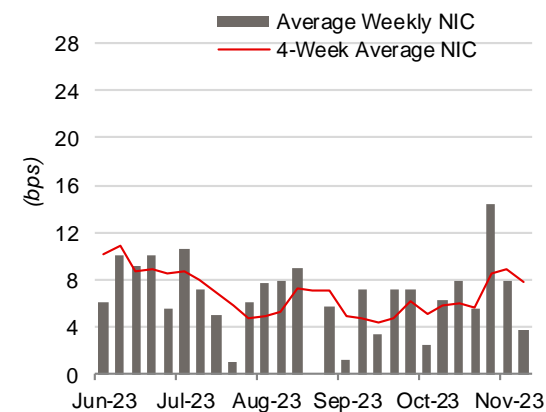
5-Year All-In Yield Distributions



Weekly Volume



New Issue Concessions



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3: Weekly Issuance



Last Week's Investment Grade Transactions

Date	Issuer	\$17.600 Billion		Tranche Size (\$MM)	Maturity	Coupon	Spread	NIC
		Total Deal Size (\$MM)	Ratings					
27-Nov-23	Blue Owl Credit Income Corp.	\$550	Baa3/BBB-	\$550	15-Jan-29	7.750%	+363 bps	+3 bps
	Brookfield Finance Inc.	\$700	A3/A-	\$700	5-Jan-34	6.350%	+195 bps	+10 bps
	Citibank N.A.	\$2,500	Aa3/A+	\$500	4-Dec-26	FRN	+106 bps	+3 bps
				\$2,000	4-Dec-26	5.488%	+88 bps	+3 bps
	Element Fleet Management Corp.	\$750	NR/BBB	\$750	4-Dec-28	6.319%	+190 bps	+5 bps
	Extra Space Storage LP	\$600	Baa2/BBB+	\$600	15-Jan-31	5.900%	+150 bps	+10 bps
	Packaging Corp. of America	\$400	Baa2/BBB	\$400	1-Dec-33	5.700%	+130 bps	-5 bps
	The Home Depot Inc.	\$2,000	A2/A	\$500	30-Apr-25	5.125%	+28 bps	+3 bps
				\$750	30-Sep-26	4.950%	+43 bps	+3 bps
				\$750	15-Apr-29	4.900%	+58 bps	+3 bps
28-Nov-23	BNP Paribas SA	\$2,000	Aa3/A+	\$2,000	5-Dec-34	5.894%	+155 bps	+5 bps
	Oglethorpe Power Corp.	\$400	Baa1/BBB+	\$400	1-Dec-53	6.200%	+175 bps	-15 bps
	Thermo Fisher Scientific Inc.	\$2,500	A3/A-	\$1,000	5-Dec-26	5.000%	+52 bps	+10 bps
				\$1,000	31-Jan-29	5.000%	+72 bps	+10 bps
				\$500	31-Jan-34	5.200%	+87 bps	+2 bps
29-Nov-23	Macquarie Group Ltd. / Macquarie Bank Ltd.	\$2,250	A1/A+	\$350	7-Dec-26	FRN	+120 bps	+0 bps
				\$900	7-Dec-26	5.931%	+100 bps	+0 bps
				\$1,000	7-Dec-34	6.255%	+200 bps	+0 bps
	The Bank of Nova Scotia	\$2,000	A2/A-	\$1,150	7-Dec-26	5.350%	+97 bps	+5 bps
			\$850	1-Feb-34	5.650%	+140 bps	+5 bps	
30-Nov-23	GoLub Capital BDC Inc.	\$450	Baa3/BBB-	\$450	5-Dec-28	7.050%	+300 bps	+25 bps

Bold text denotes MUFG bookrunner transaction

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