

Weekly U.S. Investment Grade Market Update

March 22, 2024



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	15-Mar	Change	1-Month Ago	3-Months Ago
Fed Funds Rate	5.31%	5.31%	-	5.31%	5.31%
SOFR Index	5.31%	5.31%	-	5.30%	5.31%
3-Month Bill	5.39%	5.40%	-1 bps	5.40%	5.38%
UST 2-Year	4.59%	4.73%	-14 bps	4.67%	4.35%
UST 5-Year	4.19%	4.33%	-14 bps	4.31%	3.88%
UST 10-Year	4.20%	4.31%	-11 bps	4.32%	3.89%
UST 30-Year	4.38%	4.43%	-5 bps	4.48%	4.03%
2s to 30s	-21 bps	-30 bps	9 bps	-19 bps	-32 bps

Interest Rate Swap Spreads^(a)

	Friday	52 Wk Hi	52 Wk Low	1-Month Ago	3-Months Ago
2-Year	-11 bps	10 bps	-23 bps	-13 bps	-22 bps
5-Year	-23 bps	-18 bps	-33 bps	-25 bps	-31 bps
10-Year	-36 bps	-20 bps	-42 bps	-36 bps	-39 bps
30-Year	-73 bps	-64 bps	-77 bps	-72 bps	-70 bps

Major Equity Indices

	Friday	1-Week Ago	% Change	1-Month Ago	1-Year Ago
Dow Jones Industrials	39,475.90	38,714.77	2.0%	38,612.24	32,105.25
S&P 500	5,234.18	5,117.09	2.3%	4,981.80	3,948.72
Nasdaq	16,428.82	15,973.17	2.9%	15,580.87	11,787.40
Nikkei	40,888.43	38,707.64	5.6%	38,262.16	27,419.61
DAX	18,205.94	17,936.65	1.5%	17,118.12	15,210.39
FTSE 100	7,930.92	7,727.42	2.6%	7,662.51	7,499.60

Global Currency Markets (versus USD)

	Friday	52 Wk Hi	52 Wk Low	1-Month Ago	3-Months Ago
JPY	151.41	149.04	151.91	129.64	150.30
EUR	1.08	1.09	1.13	1.04	1.08
GBP	1.26	1.27	1.31	1.20	1.26
CHF	0.90	0.88	0.92	0.83	0.88

Upcoming Economic Calendar

Date	Time (ET)	Release	Period	Survey	Prior
25-Mar	10:00	New Home Sales	Feb	675k	661k
26-Mar	8:30	Durable Goods Orders	Feb P	1.20%	-6.20%
28-Mar	8:30	GDP Annualized QoQ	4Q T	3.20%	3.20%
28-Mar	8:30	GDP Price Index	4Q T	1.60%	1.6%
28-Mar	10:00	U. of Mich. Sentiment	Mar F	76.5	76.5
29-Mar	8:30	Personal Income	Feb	0.40%	1.00%
29-Mar	8:30	Personal Spending	Feb	0.50%	0.20%
29-Mar	8:30	PCE Core Deflator MoM	Feb	0.30%	0.40%
29-Mar	8:30	PCE Core Deflator YoY	Feb	2.80%	2.80%
29-Mar	8:30	Retail Inventories MoM	Feb	--	0.50%

Issuance Volume

	Last Week		YTD 2024		YTD 2023	
	\$MM	No. Deals	\$MM	No. Deals	\$MM	No. Deals
I-Grade	27,750	20	507,195	306	374,965	231

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 +2.0%, S&P +2.3%, NASDAQ +2.9%). US Treasury yields were lower across the curve with the 2-year UST yield closing today's session at 4.59% (from the previous Friday's close of 4.73%), the 10-year UST yield closing at 4.20% (from the previous Friday's close of 4.31%), and the long bond yield closing at 4.38% (from the previous Friday's close of 4.43%).

- Treasuries rallied and equities soared as Wednesday's FOMC meeting and key labor market data renewed hopes of a soft-landing.
 - > The FOMC meeting on Wednesday saw the **Fed keeping the benchmark rate range steady at 5.25-5.50% for the fifth straight meeting**
 - > Additionally, policy makers maintained their outlook **for three 25 basis point rate cuts this year**, which would bring the Fed Funds rate to 4.6%
 - > **Initial jobless claims fell below expectations last week, decreasing to 210k (vs. 213k exp.)**, demonstrating the resilience of the labor market regardless of recent upticks in inflation
 - > Continuing claims were little changed, falling to 1,807k (vs. 1,811k prior)
- The **S&P 500 index closed at a record high for the 20th time this year**, reaching 5,241 on Thursday (03/21) before falling to 5,234 at the close of trading on Friday (03/22)
- The market-implied probabilities of **a rate cut by May and June are now 16.5% and 69.3%** respectively, due to encouraging sentiment from Powell and the Fed
 - > Powell did state that officials would like to see more evidence that prices are coming down, but said it would be appropriate to **start easing "at some point this year"**
- In corporate news, **Boeing expects to see major cash outflows** following regulatory scrutiny over its 737 Max, while **Apple and Google are set to face EU probes** into their compliance with a new law restricting big tech's power after Apple was sued by the DOJ over antitrust concerns
- **The Bank of Japan hiked rates for the first time in 17 years**, as Japan's inflation accelerated to the quickest pace in months
- **The IG Corporate Index hit 88 bps on Thursday** (03/21), a 52-week low

Primary IG Corporate Overview

In primary markets this week, 20 investment grade issuers priced \$27.75 billion across 37 tranches, falling within the consensus expectations of \$25-30 billion. Offerings on average this week saw flat new issue concessions, books 4.8x oversubscribed and movement from IPTs to final spread of -27 bps. Consensus estimates are calling for \$20-25 billion in IG primary supply next week that is expected to be frontloaded due to Thursday / Friday's holidays.

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

- **Anheuser-Busch InBev Worldwide Inc (A3/A-)** priced \$1.0 billion of 10.25-Year Notes
- **CNH Industrial Capital LLC (Baa2/BBB+)** priced \$600 million of 5-Year Notes
- **PACCAR Financial Corp (A1/A+)** priced \$350 million of 10-Year Notes
- **Public Service Co of New Hampshire (A1/A+)** priced a \$300 million re-opening of 5.35% FMBs due October 1, 2033
- **Toyota Motor Credit Corp (A1/A+)** priced \$2.25 billion across 3-Year FRN's, 3- and 7-Year Notes
- **AGCO Corp (Baa2/BBB-)** priced \$1.1 billion across 3- and 10-Year Notes
- **BAE Systems plc (Baa1/BBB+)** priced \$4.8 billion across 3-, 5-, 7-, 10- and 30-Year Notes
- **Macquarie AirFinance Holdings Ltd (Baa3/BB+)** priced \$1.0 billion across 5- and 7-Year Notes

Source: Bloomberg; MUFG and MCM CorporateWatch. 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.

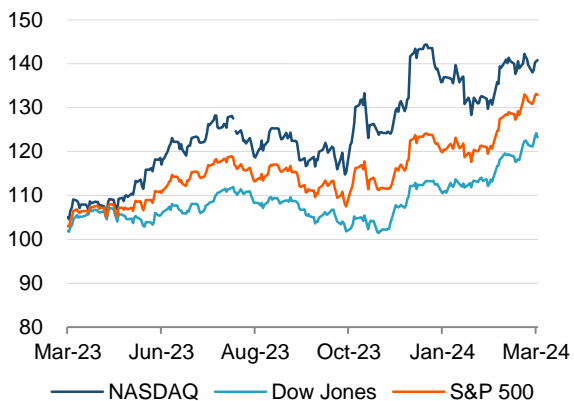


U.S. Investment Grade 2: Capital Market Overview

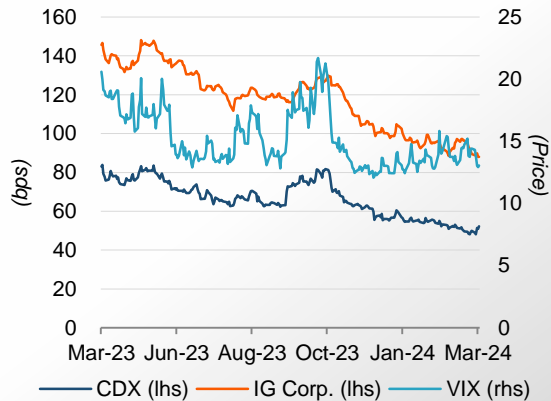


U.S. Investment Grade Capital Market Overview

Major Equity Indices



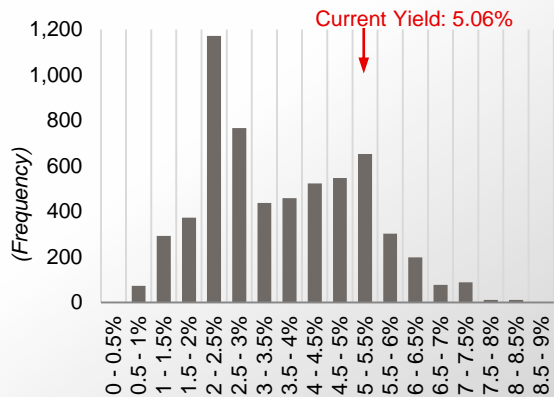
Credit and Risk Indices



10-Year UST Yield

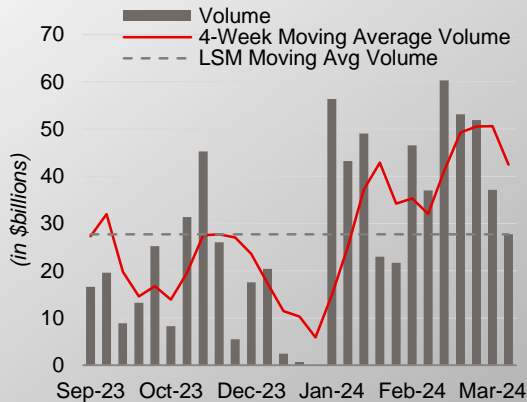


5-Year All-In Yield Distributions

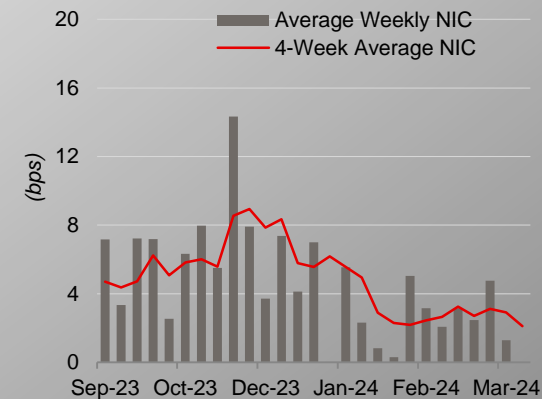


5-year Indicative Yields for Investment Grade Corporates since 9/9/2000

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	\$27.750 Billion		Tranche Size (\$MM)	Maturity	Coupon	Spread	NIC
		Total Deal Size (\$MM)	Ratings					
18-Mar-24	AGCO Corp.	\$1,100	Baa2/BBB-	\$400	21-Mar-27	5.450%	+95 bps	N/A
				\$700	21-Mar-34	5.800%	+150 bps	N/A
	Apollo Debt Solutions BDC	\$650	Baa3/BBB-	\$650	13-Apr-29	6.900%	+270 bps	N/A
	Appalachian Power Co.	\$400	Baa1/BBB+	\$400	1-Apr-34	5.650%	+135 bps	+5 bps
	Cimic Finance USA Pty.	\$650	Baa3/BBB-	\$650	25-Mar-34	7.000%	+275 bps	N/A
	Northwestern Mutual Global Funding	\$650	Aaa/AA+	\$650	25-Mar-27	5.070%	+55 bps	+0 bps
	PACCAR Financial Corp.	\$350	A1/A+	\$350	22-Mar-34	5.000%	+70 bps	-5 bps
	San Diego Gas & Electric Co.	\$600	A1/A	\$600	15-Apr-24	5.550%	+115 bps	+0 bps
	Toyota Motor Credit Corp.	\$2,250	A1/A+	\$900	19-Mar-27	5.000%	+52 bps	+5 bps
				\$450	19-Mar-27	FRN	+65 bps	+5 bps
				\$900	21-Mar-31	5.100%	+75 bps	+0 bps
19-Mar-24	Anheuser-Busch InBev Finance Inc.	\$1,000	A3/A-	\$1,000	15-Jun-34	5.000%	+75 bps	-3 bps
	Athene Holding Ltd	\$1,000	Baa1/A-	\$1,000	1-Apr-54	6.250%	+185 bps	+0 bps
	BAE Systems plc.	\$4,800	Baa1/BBB+	\$800	26-Mar-27	5.000%	+68 bps	-2 bps
				\$1,250	26-Mar-29	5.125%	+90 bps	+0 bps
				\$500	26-Mar-31	5.250%	+98 bps	-2 bps
				\$1,500	26-Mar-34	5.300%	+108 bps	-2 bps
				\$750	26-Mar-54	5.500%	+118 bps	-7 bps
	Campbell Soup Co.	\$2,500	Baa2/BBB-	\$400	20-Mar-26	5.300%	+65 bps	+0 bps
				\$500	19-Mar-27	5.200%	+75 bps	+0 bps
				\$600	21-Mar-29	5.200%	+90 bps	+0 bps
				\$1,000	21-Mar-34	5.400%	+115 bps	+0 bps
	CNH Industrial Capital LLC	\$600	Baa2/BBB+	\$600	20-Apr-29	5.100%	+98 bps	-3 bps
	Fairfax Financial Holdings Ltd	\$1,000	Baa2/BBB	\$1,000	22-Mar-54	6.350%	+192 bps	+2 bps
	Macquarie AirFinance Holdings Ltd	\$1,000	Baa3/BB+	\$500	26-Mar-29	6.400%	+210 bps	N/A
				\$500	26-Mar-31	6.500%	+223 bps	N/A
	Public Service Company of New Hampshire	\$300	A1/A+	\$300	1-Oct-33	5.350%	+95 bps	-1 bps
	UnitedHealth Group Inc.	\$6,000	A2/A+	\$500	15-Apr-27	4.600%	+37 bps	-3 bps
				\$400	15-Apr-29	4.700%	+52 bps	-3 bps
			\$1,000	15-Apr-31	4.900%	+70 bps	+0 bps	
			\$1,250	15-Apr-34	5.000%	+80 bps	+0 bps	
			\$1,750	15-Apr-54	5.375%	+95 bps	+0 bps	
			\$1,100	15-Apr-64	5.500%	+107 bps	+0 bps	
21-Mar-24	AIB Group PLC	\$1,000	A3/BBB	\$1,000	28-Mar-35	5.871%	+160 bps	+0 bps
	Athene Global Funding	\$1,400	A1/A+	\$1,000	25-Mar-27	5.516%	+110 bps	+5 bps
				\$400	25-Mar-27	FRN	+121 bps	+5 bps
	The Narragansett Electric Co.	\$500	A3/A-	\$500	1-May-34	5.350%	+108 bps	+3 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, MUFG Securities Americas Inc., and deposit activities 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.

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.

© 2024 Mitsubishi UFJ Financial Group Inc. All rights reserved.