

Weekly U.S. Investment Grade Market Update

June 7, 2024



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1: U.S. Investment Grade Summary



U.S. Investment Grade Summary

Benchmark Interest Rates

	Friday	7-Jun	Change	1-Month Ago	3-Months Ago
Fed Funds Rate	5.31%	5.31%	-	5.31%	5.31%
SOFR Index	5.33%	5.34%	-1 bps	5.31%	5.31%
3-Month Bill	5.41%	5.41%	bps	5.41%	5.39%
UST 2-Year	4.89%	4.87%	1 bps	4.84%	4.50%
UST 5-Year	4.46%	4.51%	-4 bps	4.50%	4.07%
UST 10-Year	4.44%	4.50%	-6 bps	4.50%	4.09%
UST 30-Year	4.56%	4.65%	-9 bps	4.64%	4.24%
2s to 30s	-33 bps	-23 bps	-11 bps	-20 bps	-26 bps

Interest Rate Swap Spreads^(a)

	Friday	52 Wk Hi	52 Wk Low	1-Month Ago	3-Months Ago
2-Year	-13 bps	10 bps	-23 bps	-8 bps	-9 bps
5-Year	-25 bps	-20 bps	-33 bps	-24 bps	-24 bps
10-Year	-38 bps	-24 bps	-42 bps	-38 bps	-37 bps
30-Year	-75 bps	-64 bps	-77 bps	-76 bps	-74 bps

Major Equity Indices

	Friday	1-Week Ago	% Change	1-Month Ago	1-Year Ago
Dow Jones Industrials	38,798.99	38,686.32	0.3%	39,056.39	33,833.61
S&P 500	5,346.99	5,277.51	1.3%	5,187.67	4,293.93
Nasdaq	17,133.13	16,735.02	2.4%	16,302.76	13,238.52
Nikkei	38,683.93	38,487.90	0.5%	38,202.37	31,641.27
DAX	18,557.27	18,497.94	0.3%	18,498.38	15,989.96
FTSE 100	8,245.37	8,275.38	-0.4%	8,354.05	7,599.74

Global Currency Markets (versus USD)

	Friday	52 Wk Hi	52 Wk Low	1-Month Ago	3-Months Ago
JPY	156.75	157.31	160.17	137.25	155.53
EUR	1.08	1.08	1.13	1.04	1.07
GBP	1.27	1.27	1.31	1.20	1.25
CHF	0.90	0.90	0.92	0.83	0.91

Upcoming Economic Calendar

Date	Time (ET)	Release	Period	Survey	Prior
12-Jun	7:00	MBA Mortgage Applications	7-Jun	--	-5.2%
12-Jun	8:30	CPI MoM	May	0.1%	0.3%
12-Jun	8:30	CPI Ex Food and Energy MoM	May	0.3%	0.3%
12-Jun	8:30	CPI YoY	May	3.4%	3.4%
12-Jun	8:30	CPI Ex Food and Energy YoY	May	3.5%	3.6%
12-Jun	14:00	FOMC Rate Decision (Upper Bound)	12-Jun	5.5%	5.5%
13-Jun	8:30	Initial Jobless Claims	8-Jun	220k	229k
13-Jun	8:30	PPI Final Demand MoM	May	0.1%	0.5%
13-Jun	8:30	PPI Final Demand YoY	May	2.5%	2.2%
14-Jun	10:00	U. of Mich. Sentiment	Jun P	73.0	69.1

Issuance Volume

	Last Week		YTD 2024		YTD 2023	
	\$MM	No. Deals	\$MM	No. Deals	\$MM	No. Deals
I-Grade	32,975	32	810,500	528	672,540	420

All data as of 5:00pm June 7, 2024.

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 gained this week (DOW 0.3%, S&P 1.3%, NASDAQ 2.4%). US Treasury yields were mixed with the 2-year UST yield closing today's session at 4.89% (from the previous Friday's close of 4.87%), the 10-year UST yield closing at 4.46% (from the previous Friday's close of 4.50%), and the long bond yield closing at 4.56% (from the previous Friday's close of 4.65%)

- Equities ended the week in the green while Treasury yields whipsawed in reaction to employment data, ending mostly lower on the week, as market participants reacted to conflicting economic data highlighted in Friday's NFP report
 - > On Monday (06/03), the **ISM Manufacturing gauge contracted to 48.7 (49.5 exp.), the weakest in three months**
 - > On Tuesday (06/04), the JOLTS report showed US job openings fell to 8059K, the lowest since 2021
 - > On Thursday (06/06), Initial Jobless Claims came in at 229k (220k exp)
 - > On Friday (06/07), **Change in Nonfarm Payrolls was reported at 272k, well above the expected 180k**, contrary to the previous data showing signs of a cooling labor market
 - Following the NFP release, **Treasury yields spiked ~10-15 bps across the curve with Fed swaps now pricing in the first cut for December instead of November**
 - > Also on Friday, **the unemployment rate ticked up to 4.0% (3.9% exp) for the first time since January 2022**
- In global news, the ECB cut rates by 25 bps on Thursday, its first adjustment of the benchmark rate since September 2023

Primary IG Corporate Overview

In primary this week, 32 investment grade issuers priced \$32.975 billion across 50 tranches. Offerings this week saw an average of +5 bps of new issue concession, books averaging 3.3x oversubscribed, and average movement from IPTs to pricing of -24 bps. Next week's estimates are calling for \$20 billion in IG supply which is expected to be frontloaded ahead of Wednesday's CPI release

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

- **Baltimore Gas and Electric Co (A3/A)** priced \$800 million of 10YR and 30YR Notes
- **Puget Sound Energy Inc (A2/A-)** priced \$800 million of 10YR Notes and Green 30YR Senior Secured Notes
- **Duke Energy Corp (Baa2/BBB)** priced \$1.5 billion of 10YR and 30YR Notes
- **Energy Transfer LP (Baa3/BBB;Ba1/BB+/BB+)** priced \$3.9 billion of 5YR, 10YR, 30YR Notes and 30NC5 Jr. Subs (not countable due to ratings)
- **Becton Dickinson & Co (Baa2/BBB)** priced \$600 million of 5YR Notes
- **Applied Materials Inc (A2/A)** priced \$700 million of 5YR Notes

All data as of 5:00pm June 7, 2024.

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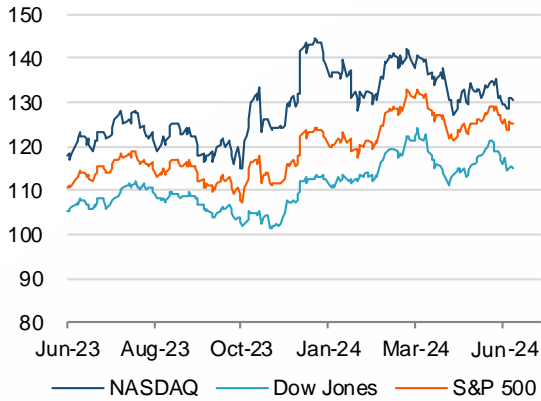
U.S. Investment Grade

2: Capital Market Overview

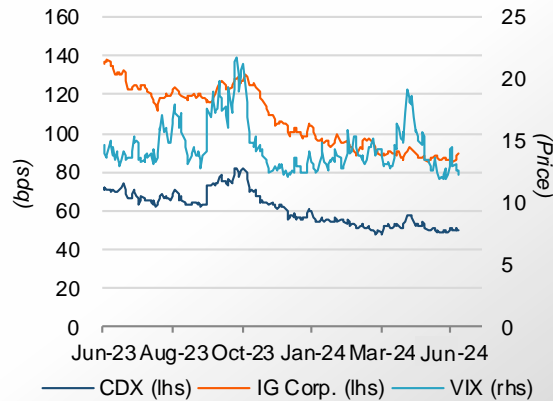


U.S. Investment Grade Capital Market Overview

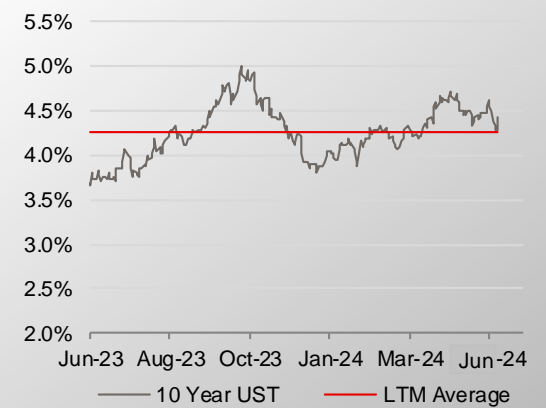
Major Equity Indices



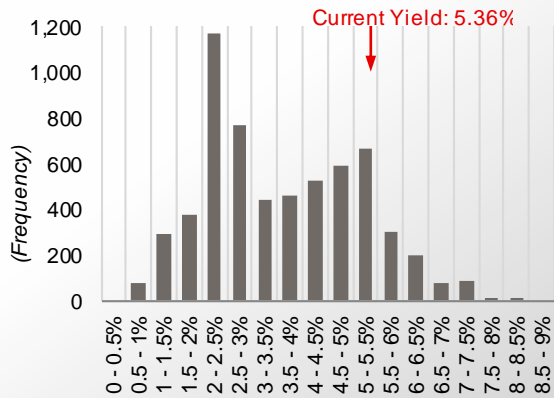
Credit and Risk Indices



10-Year UST Yield

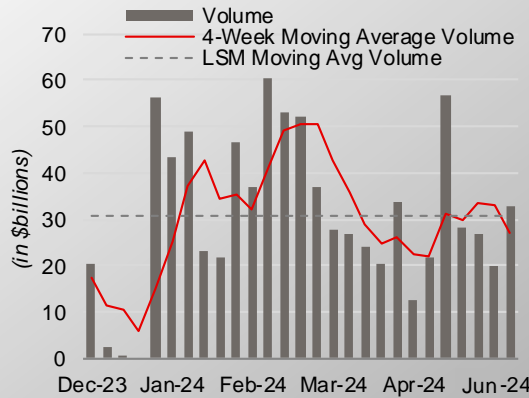


5-Year All-In Yield Distributions

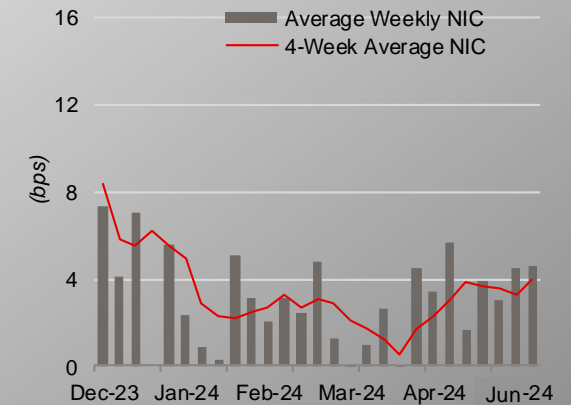


5-year Indicative Yields for Investment Grade Corporates since 9/9/2000

Weekly Volume



New Issue Concessions



All data as of 5:00pm June 7, 2024.

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3: Weekly Issuance



Last Week's Investment Grade Transactions

Date	Issuer	\$32.975 Billion		Tranche Size (\$MM)	Maturity	Coupon	Spread	NIC
		Total Deal Size (\$MM)	Ratings					
3-Jun-24	Alliant Energy Finance LLC	\$375	Baa2/BBB+	\$375	6-Jun-27	5.400%	+80 bps	+5 bps
	Baltimore Gas and Electric Co.	\$800	A3/A	\$400	1-Jun-34	5.300%	+93 bps	+6 bps
				\$400	1-Jun-54	5.650%	+110 bps	+3 bps
	BGC Group Inc.	\$500	NR/BBB-	\$500	10-Jun-29	6.600%	+220 bps	+15 bps
	Brighthouse Financial Global Funding	\$550	A3/A+	\$150	9-Apr-27	5.550%	+100 bps	+6 bps
				\$400	10-Jun-29	5.650%	+125 bps	+6 bps
	Burlington Northern Santa Fe, LLC	\$1,300	A3/AA-	\$1,300	15-Mar-55	5.500%	+98 bps	+5 bps
	GATX Corp.	\$600	Baa2/BBB	\$200	15-Mar-34	6.050%	+150 bps	-5 bps
				\$400	5-Jun-54	6.050%	+150 bps	-5 bps
				\$400	5-Jun-54	6.050%	+150 bps	-5 bps
	Hyatt Hotels Corp.	\$800	Baa3/BBB-	\$450	30-Jun-29	5.250%	+95 bps	+5 bps
				\$350	30-Jun-34	5.500%	+125 bps	+5 bps
	MetLife Inc.	\$500	A3/A-	\$500	15-Dec-34	5.300%	+95 bps	+10 bps
	National Australia Bank Ltd.	\$2,500	Aa2/AA-	\$850	11-Jun-27	FRN	+62 bps	+2 bps
				\$900	11-Jun-27	5.087%	+47 bps	+2 bps
				\$750	11-Jun-34	5.181%	+78 bps	+3 bps
				\$750	11-Jun-34	5.181%	+78 bps	+3 bps
	New York Life Global Funding	\$550	Aaa/AA+	\$550	6-Jun-29	5.000%	+63 bps	+8 bps
	Regions Financial Corp.	\$750	Baa1/BBB+	\$750	6-Jun-30	5.722%	+130 bps	+5 bps
	Royalty Pharma plc	\$1,500	Baa3/BBB-	\$500	2-Sep-29	5.150%	+100 bps	+0 bps
				\$500	2-Sep-34	5.400%	+127 bps	-3 bps
				\$500	2-Sep-54	5.900%	+152 bps	-3 bps
	Southwestern Public Service Co.	\$600	A3/A-	\$600	1-Jun-54	6.000%	+150 bps	+0 bps
4-Jun-24	Becton Dickinson & Co.	\$600	Baa2/BBB	\$600	7-Jun-29	5.081%	+75 bps	+5 bps
	Brown & Brown Inc.	\$600	Baa3/BBB-	\$600	11-Jun-34	5.650%	+135 bps	-5 bps
	Citigroup Inc.	\$2,500	A3/BBB+	\$2,500	11-Jun-35	5.449%	+113 bps	+3 bps
	Metropolitan Life Global Funding I	\$1,000	Aa3/AA-	\$350	11-Jun-27	FRN	+70 bps	+5 bps
				\$650	11-Jun-27	5.050%	+55 bps	+5 bps
	Pine Street Trust III	\$600	Baa1/A-	\$600	15-May-54	6.223%	+175 bps	N/A
	Puget Sound Energy Inc.	\$800	A2/A-	\$400	15-Jun-34	5.330%	+100 bps	+5 bps
				\$400	15-Jun-54	5.685%	+120 bps	+5 bps
	Suntory Holdings Limited	\$500	Baa1/BBB+	\$500	11-Jun-29	5.124%	+77 bps	N/A

Bold text denotes MUFG bookrunner transaction

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Last Week's Investment Grade Transactions

Date	Issuer	\$32.975 Billion		Tranche Size (\$MM)	Maturity	Coupon	Spread	NIC
		Total Deal Size (\$MM)	Ratings					
4-Jun-24	Trane Technologies Financing Ltd	\$500	A3/BBB+	\$500	13-Jun-34	5.100%	+82 bps	+2 bps
5-Jun-24	Duke Energy Corp.	\$1,500	Baa2/BBB	\$750	15-Jun-34	5.450%	+118 bps	+5 bps
				\$750	15-Jun-54	5.800%	+140 bps	+8 bps
	F&G Global Funding	\$600	NR/A-	\$600	10-Jun-27	5.875%	+137 bps	+5 bps
	Health Care Service Corp A Mutual Legal Reserve Co.	\$2,500	A3/A+	\$750	15-Jun-29	5.200%	+90 bps	+5 bps
				\$750	15-Jun-34	5.450%	+120 bps	+10 bps
				\$1,000	15-Jun-54	5.875%	+145 bps	+10 bps
	MasTec Inc.	\$550	Baa3/BBB-	\$550	15-Jun-29	5.900%	+160 bps	N/A
	NextEra Energy Capital Holdings, Inc.	\$1,200	Baa2/BBB	\$1,200	15-Jun-54	6.750%	+246 bps	+0 bps
	Protective Life Global Funding	\$400	A1/AA-	\$400	12-Jun-29	5.215%	+90 bps	+5 bps
	Unum Group	\$400	Baa2/BBB	\$400	15-Jun-54	6.000%	+170 bps	+0 bps
6-Jun-24	Applied Materials Inc.	\$700	A2/A	\$700	11-Jun-29	4.800%	+55 bps	+5 bps
	Energy Transfer LP	\$3,500	Baa3/BBB	\$1,000	1-Jul-29	5.250%	+100 bps	+5 bps
				\$1,250	1-Sep-34	5.600%	+135 bps	+3 bps
				\$1,250	1-Sep-54	6.050%	+165 bps	+1 bps
	Harley -Davidson Financial Services Inc.	\$500	Baa3/BBB-	\$500	11-Jun-29	5.950%	+170 bps	+25 bps
	John Deere Capital Corp.	\$2,700	A1/A	\$350	12-Jun-27	FRN	+60 bps	+9 bps
				\$700	12-Jun-27	4.900%	+45 bps	+9 bps
				\$850	12-Jun-29	4.850%	+60 bps	+9 bps
				\$800	12-Jun-34	5.050%	+80 bps	+9 bps

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