

Weekly U.S. Investment Grade Market Update

June 21, 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	14-Jun	Change	1-Month Ago	3-Months Ago
Fed Funds Rate	5.31%	5.31%	-	5.31%	5.31%
SOFR Index	5.32%	5.31%	1 bps	5.31%	5.31%
3-Month Bill	5.37%	5.39%	-1 bps	5.39%	5.39%
UST 2-Year	4.74%	4.71%	3 bps	4.83%	4.64%
UST 5-Year	4.28%	4.24%	4 bps	4.44%	4.25%
UST 10-Year	4.26%	4.22%	4 bps	4.41%	4.27%
UST 30-Year	4.40%	4.35%	5 bps	4.55%	4.44%
2s to 30s	-34 bps	-36 bps	2 bps	-28 bps	-20 bps

Interest Rate Swap Spreads^(a)

	Friday	52 Wk Hi	52 Wk Low	1-Month Ago	3-Months Ago
2-Year	-18 bps	10 bps	-23 bps	-10 bps	-11 bps
5-Year	-27 bps	-20 bps	-33 bps	-24 bps	-23 bps
10-Year	-40 bps	-24 bps	-42 bps	-37 bps	-37 bps
30-Year	-77 bps	-64 bps	-79 bps	-73 bps	-74 bps

Major Equity Indices

	Friday	1-Week Ago	% Change	1-Month Ago	1-Year Ago
Dow Jones Industrials	39,150.33	38,589.16	1.5%	39,872.99	33,946.71
S&P 500	5,464.62	5,431.60	0.6%	5,321.41	4,381.89
Nasdaq	17,689.36	17,688.88	0.0%	16,832.63	13,630.61
Nikkei	38,596.47	38,814.56	-0.6%	38,946.93	33,264.88
DAX	18,163.52	18,002.02	0.9%	18,726.76	15,988.16
FTSE 100	8,237.72	8,146.86	1.1%	8,416.45	7,502.03

Global Currency Markets (versus USD)

	Friday	52 Wk Hi	52 Wk Low	1-Month Ago	3-Months Ago
JPY	159.80	157.40	160.17	137.25	156.17
EUR	1.07	1.07	1.13	1.04	1.09
GBP	1.26	1.27	1.31	1.20	1.27
CHF	0.89	0.89	0.92	0.83	0.91

Upcoming Economic Calendar

Date	Time (ET)	Release	Period	Survey	Prior
25-Jun	10:00	Richmond Fed Manufact. Index	Jun	-3.0	0.0
26-Jun	7:00	MBA Mortgage Applications	21-Jun	--	0.9%
26-Jun	10:00	New Home Sales	May	645k	634k
27-Jun	8:30	GDP Annualized QoQ	1Q T	1.4%	1.3%
27-Jun	8:30	Durable Goods Orders	May P	-0.1%	0.6%
28-Jun	8:30	Personal Income	May	0.4%	0.3%
28-Jun	8:30	Personal Spending	May	0.3%	0.20%
28-Jun	8:30	PCE Deflator MoM	May	0.0%	0.3%
28-Jun	8:30	PCE Core Deflator MoM	May	0.1%	0.2%
28-Jun	10:00	U. of Mich. Sentiment	Jun F	66.0	65.6

Issuance Volume

	Last Week		YTD 2024		YTD 2023	
	\$MM	No. Deals	\$MM	No. Deals	\$MM	No. Deals
I-Grade	31,400	23	847,650	558	696,835	438

All data as of 5:00pm June 21, 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 rose this week (DOW 1.5%, S&P 0.6%, NASDAQ flat). US Treasury yields also rose with the 2-year UST yield closing today's session at 4.74% (from the previous Friday's close of 4.71%), the 10-year UST yield closing at 4.26% (from the previous Friday's close of 4.22%), and the long bond yield closing at 4.40% (from the previous Friday's close of 4.35%)

- US Treasuries and Equities fluctuated throughout the holiday-shortened week, while economic data and fresh Fed speak strengthened the case for rate cuts this year
 - > On Tuesday (6/18), **Retail Sales Advance increased by 0.1% month-over-month (vs. 0.3% exp.)**, demonstrating cautionary consumer spending even in the face of cooling inflation
 - > On Thursday (6/20), **New Home Construction fell to the slowest pace in four years**, with Housing Starts decreasing 5.5% last month (vs. a 5.7% increase the month prior) suggesting restrictive monetary policy may be starting to have an impact
 - > A slew of Fed Presidents expressed optimistic views of a sooner-than-expected rate cut, with many placing an emphasis on the need for **continuing evidence of slowing inflation**
- The market-implied probabilities of a **rate cut by July and September are now 10.0% and 61.0%** respectively, with just under two cuts priced in for 2024
- In central bank news, **the Bank of England left its benchmark rate unchanged at a 16-year high of 5.25%**, however policymakers hinted that rate cuts may be in the near future
- In global news, investors continue to focus on the political risk in France with the 10-year bond spread between France and Germany reaching a 13-year high

Primary IG Corporate Overview

In primary this week, 23 investment grade issuers priced \$31.4 billion across 47 tranches, exceeding expectations of \$25-30 billion. Offerings this week saw an average new issue concession of +4 bps, books averaging 3.1x oversubscribed, and average movement from IPTs to pricing of -24 bps. Next week, estimates are calling for \$20 billion in IG supply.

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

- **American Electric Power Co Inc (Baa3/BBB-)** priced \$1.0 billion of 30.5NC5.25 and 30.5NC10.25 Junior Subordinated Debentures
- **Ameren Illinois Co (A1/A)** priced \$625 million of 30-Year First Mortgage Bonds
- **Daimler Truck Finance North America LLC (A3/A-)** priced \$2.0 billion of 3-Year Floating Rate Notes, alongside 3-, 5- and 10-Year Fixed Rate Notes
- **Enel Finance International NV (Baa1/BBB)** priced \$2.0 billion of 5- and 10-Year Sustainability Linked Notes
- **NiSource Inc (Baa2/BBB+)** priced \$600 million of 5-Year Notes
- **Oncor Electric Delivery Co LLC (A2/A+)** priced \$750 million of 30-Year Senior Secured Notes
- **Plains All American Pipeline LP / PAA Finance Corp (Baa3/BBB)** priced \$650 million of Long 10-Year Notes
- **Air Lease Corp (NR/BBB/BBB)** priced \$1.2 billion of 2- and 7-Year Notes
- **Atmos Energy Corp (A1/A-)** priced a \$325 million tap of 5.900% Notes due 11/15/33
- **Aviation Capital Group LLC (Baa2/BBB-)** priced \$600 million of 5-Year Notes
- **National Securities Clearing Corp (Aaa/AA+)** priced \$1.25 billion of 2- and 5-Year Notes

All data as of 5:00pm June 21, 2024.

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

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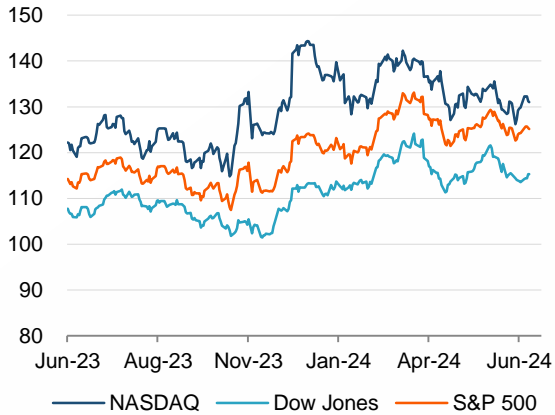
U.S. Investment Grade

2: Capital Market Overview

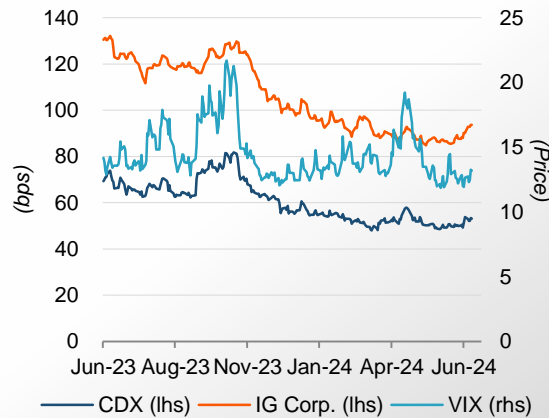


U.S. Investment Grade Capital Market Overview

Major Equity Indices



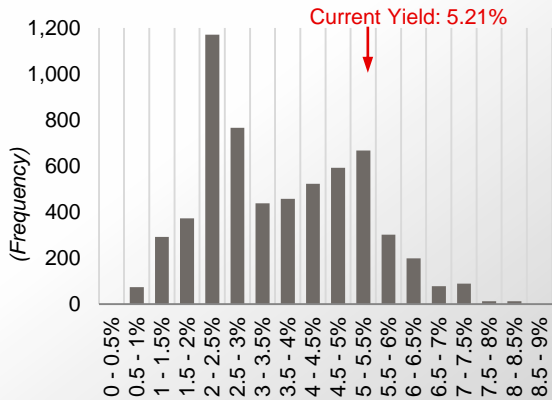
Credit and Risk Indices



10-Year UST Yield

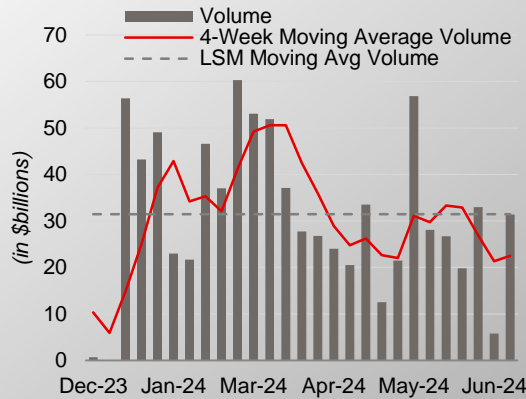


5-Year All-In Yield Distributions

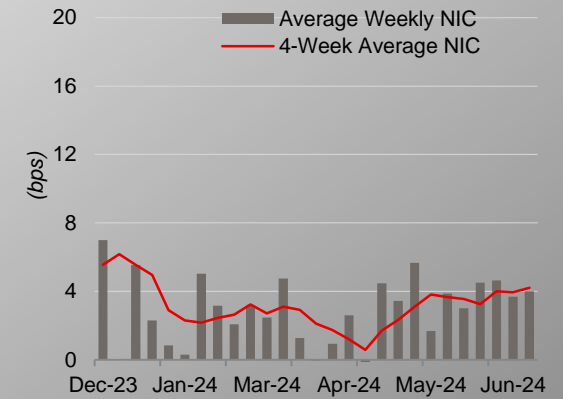


5-year Indicative Yields for Investment Grade Corporates since 9/9/2000

Weekly Volume



New Issue Concessions



All data as of 5:00pm June 21, 2024.

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3: Weekly Issuance



Last Week's Investment Grade Transactions

Date	Issuer	\$31.4 Billion		Tranche Size (\$MM)	Maturity	Coupon	Spread	NIC
		Total Deal Size (\$MM)	Ratings					
17-Jun-24	Air Lease Corp.	\$1,200	NR/BBB	\$600	25-Jun-26	5.300%	+77 bps	-3 bps
				\$600	15-Jul-31	5.200%	+122 bps	+3 bps
	Ameren Illinois Co.	\$625	A1/A	\$625	1-Jul-54	5.550%	+115 bps	+3 bps
	American Electric Power Co Inc.	\$1,000	Baa3/BBB-	\$600	15-Dec-54	6.950%	+268 bps	N/A
				\$400	15-Dec-54	7.050%	+275 bps	N/A
	Brookfield Finance Inc.	\$650	A3/A-	\$450	15-Jan-35	5.675%	+145 bps	+12 bps
				\$200	4-Mar-54	5.968%	+140 bps	+6 bps
	CenterPoint Energy Resources Corp	\$400	A3/BBB+	\$400	1-Jul-34	5.400%	+115 bps	+5 bps
	Daimler Truck Finance North America LLC	\$2,000	A3/A-	\$600	25-Sep-27	5.125%	+75 bps	+0 bps
				\$350	25-Sep-27	FRN	+96 bps	N/A
				\$550	25-Sep-29	5.125%	+90 bps	+0 bps
				\$500	25-Sep-34	5.375%	+112 bps	+3 bps
	National Securities Clearing Corp.	\$1,250	Aaa/AA+	\$625	26-Jun-26	5.150%	+40 bps	+0 bps
				\$625	26-Jun-29	4.900%	+65 bps	+0 bps
	NiSource Inc.	\$600	Baa2/BBB+	\$600	1-Jul-29	5.200%	+95 bps	+2 bps
	Nutrien Ltd.	\$1,000	Baa2/BBB	\$400	21-Jun-27	5.200%	+70 bps	+2 bps
				\$600	21-Jun-34	5.400%	+117 bps	+2 bps
	Oncor Electricity Delivery Co LLC	\$750	A2/A+	\$750	15-Jun-54	5.550%	+115 bps	+5 bps
	Plains All American Pipeline LP / PAA Finance Corp	\$650	Baa3/BBB	\$650	15-Sep-34	5.700%	+143 bps	+0 bps
	Republic Services Inc.	\$900	Baa1/BBB+	\$400	15-Nov-29	5.000%	+75 bps	+5 bps
				\$500	15-Nov-34	5.200%	+97 bps	+2 bps
	The Home Depot Inc.	\$10,000	A2/A	\$900	24-Dec-25	5.100%	+40 bps	+10 bps
				\$600	24-Dec-25	FRN	+33 bps	+10 bps
				\$1,500	25-Jun-26	5.150%	+45 bps	+10 bps
				\$1,000	25-Jun-27	4.875%	+50 bps	+10 bps
				\$1,250	25-Jun-29	4.750%	+60 bps	+10 bps
				\$1,000	25-Jun-31	4.850%	+70 bps	+10 bps
				\$1,750	25-Jun-34	4.950%	+80 bps	+10 bps
				\$1,500	25-Jun-54	5.300%	+100 bps	+10 bps
				\$500	25-Jun-64	5.400%	+110 bps	+8 bps

Bold text denotes MUFG bookrunner transaction

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Last Week's Investment Grade Transactions

Date	Issuer	\$31.4 Billion		Tranche Size (\$MM)	Maturity	Coupon	Spread	NIC
		Total Deal Size (\$MM)	Ratings					
18-Jun-24	American Homes 4 Rent LP	\$500	Baa2/BBB	\$500	15-Jul-34	5.500%	+135 bps	+0 bps
	Atmos Energy Corp.	\$325	A1/A-	\$325	15-Nov-33	5.900%	+95 bps	+4 bps
	Aviation Capital Group LLC	\$600	Baa2/BBB-	\$600	15-Jul-29	5.375%	+130 bps	+5 bps
	Corebridge Global Funding	\$1,200	A2/A+	\$700	24-Jun-26	5.350%	+67 bps	+5 bps
				\$500	24-Jun-29	5.200%	+100 bps	+7 bps
	Enel Finance International NV	\$2,000	Baa1/BBB	\$1,250	26-Jun-29	5.125%	+115 bps	-5 bps
				\$750	26-Jun-34	5.500%	+150 bps	-5 bps
	Fairfax Financial Holdings Ltd.	\$750	Baa2/BBB+	\$150	7-Dec-33	6.000%	+140 bps	-3 bps
				\$600	15-Mar-55	6.100%	+177 bps	+3 bps
	Hyundai Capital America	\$3,750	A3/BBB+	\$750	24-Jun-26	5.450%	+78 bps	+3 bps
				\$750	24-Jun-27	FRN	+104 bps	+5 bps
				\$750	24-Jun-27	5.275%	+90 bps	+5 bps
				\$750	24-Jun-29	5.300%	+110 bps	+5 bps
				\$750	24-Jun-31	5.400%	+120 bps	+5 bps
	Oglethorpe Power Corp.	\$350	Baa1/BBB+	\$350	1-Jun-54	5.800%	+145 bps	+0 bps
	The Allstate Corp.	\$500	A3/BBB+	\$500	24-Jun-29	5.050%	+85 bps	+8 bps
	WP Carey Inc.	\$400	Baa1/BBB+	\$400	30-Jun-34	5.375%	+130 bps	+0 bps

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