

Weekly U.S. Investment Grade Market Update

October 4, 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	04-Oct	Change	1-Month Ago	3-Months Ago
Fed Funds Rate	4.81%	4.81%	0 bps	5.31%	5.31%
SOFR Index	4.85%	4.84%	1 bps	5.34%	5.32%
3-Month Bill	4.64%	4.61%	3 bps	5.12%	5.39%
UST 2-Year	3.93%	3.56%	37 bps	3.87%	4.71%
UST 5-Year	3.81%	3.51%	31 bps	3.64%	4.33%
UST 10-Year	3.98%	3.75%	23 bps	3.83%	4.36%
UST 30-Year	4.27%	4.11%	16 bps	4.12%	4.53%
2s to 30s	33.43 bps	55 bps	-21 bps	26 bps	-18 bps

Interest Rate Swap Spreads^(a)

	Friday	52 Wk Hi	52 Wk Low	1-Month Ago	3-Months Ago
2-Year	-20 bps	bps	-23 bps	-20 bps	-16 bps
5-Year	-32 bps	-22 bps	-33 bps	-30 bps	-27 bps
10-Year	-47 bps	-30 bps	-48 bps	-46 bps	-42 bps
30-Year	-82 bps	-66 bps	-84 bps	-82 bps	-80 bps

Major Equity Indices

	Friday	1-Week Ago	% Change	1-Month Ago	1-Year Ago
Dow Jones Industrials	42,352.75	42,313.00	0.09%	40,936.93	33,119.57
S&P 500	5,751.07	5,738.17	0.22%	5,528.93	4,258.19
Nasdaq	18,137.85	18,119.59	0.10%	17,136.30	13,219.83
Nikkei	38,635.62	39,829.56	-3.00%	38,686.31	31,075.36
DAX	19,120.93	19,473.63	-1.81%	18,747.11	15,070.22
FTSE 100	8,280.63	8,320.76	-0.48%	8,298.46	7,451.54

Global Currency Markets (versus USD)

	Friday	52 Wk Hi	52 Wk Low	1-Month Ago	3-Months Ago
JPY	148.84	142.21	161.95	139.58	145.48
EUR	1.10	1.12	1.12	1.05	1.10
GBP	1.31	1.34	1.34	1.21	1.31
CHF	0.86	0.84	0.92	0.83	0.85

Issuance Volume

	Last Week		YTD 2024		YTD 2023	
	\$MM	No. Deals	\$MM	No. Deals	\$MM	No. Deals
I-Grade	17,700	17	1,320,040	873	1,005,790	643

Upcoming Key Economic Calendar

Date	Time (ET)	Release	Period	Survey	Prior
9-Oct	14:00	FOMC Meeting Minutes	18-Sep	--	--
10-Oct	8:30	CPI MoM	Sep	0.10%	0.20%
10-Oct	8:30	CPI YoY	Sep	--	2.50%
10-Oct	8:30	Initial Jobless Claims	5-Oct	--	--
10-Oct	8:30	Continuing Claims	28-Sep	--	--
11-Oct	8:30	PPI Final Demand MoM	Sep	0.10%	0.20%
11-Oct	8:30	PPI Final Demand YoY	Sep	--	1.70%
11-Oct	10:00	U. of Mich. Sentiment	Oct P	--	70.10
11-Oct	10:00	U. of Mich. Current Conditions	Oct P	--	74.4
11-Oct	10:00	U. of Mich. 1 Yr Inflation	Oct P	--	2.70%

All data as of 5:00pm October 4th, 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 +0.1%, S&P +0.2%, NASDAQ +0.1%). US Treasury yields surged with the 2-year UST yield closing Friday's session at 3.92% (from the previous Friday's close of 3.56%), the 10-year UST yield closing at 3.97% (from the previous Friday's close of 3.75%), and the long bond yield closing at 4.25% (from the previous Friday's close of 4.11%)

- US equities fluctuated and Treasury yields rose as market participants reacted to fresh economic data and heightened geopolitical risk
 - > On Tuesday (10/1), ISM Manufacturing printed at 47.2 (est. 47.5), indicating a contraction in manufacturing activity for the sixth consecutive month. S&P Global US Manufacturing PMI came in at 47.3 (est. 47.0), marking the sharpest decrease in new orders since June 2023 and the third consecutive monthly fall for the manufacturing sector.
 - > On Wednesday (10/2), ADP Employment Change printed at 143k (est. 125k), rebounding after a five-month slow down
 - > Initial Jobless Claims came in slightly higher than expected at 225k (vs. 221k exp.)
 - > On Friday (10/4), Nonfarm Payrolls rose by 254k (vs. 150k exp.), while the Unemployment Rate unexpectedly ticked lower to 4.1% (vs. 4.2% exp.). The data highlights the resiliency of the US economy
 - Treasury yields surged with the 2-year and 10-year rising 21 and 12 basis points, respectively
- US dockworkers agreed to extend their contract and returned to work today, ending the 3-day strike at ports ranging from Maine to Texas. Negotiations on a long-term contract continue, with the union asking for a 62% raise
- In global news, G-7 leaders are set to impose sanctions against Iran following the attack on Israel, Joe Biden said after the group's emergency meeting. Oil advanced with traders betting on \$100 per barrel of Brent crude due to a potential supply disruption in the Middle East
- Markets are pricing in another 50 basis points of rate cuts by the end of the year as investors place bets as to whether the Fed will be able to engineer a soft-landing

Primary IG Corporate Overview

The IG primary market supply totaled \$17.7 billion this week, from 17 issuers across 25 tranches, coming just below the ~\$20 billion consensus. Oversubscription levels averaged 4.3x, average price movement from IPTs to landing was -30.0 bps, and new issue concessions averaged +1.2 bps. On Monday three firms sold \$2.35 billion of notes, closing out a record September of \$181.94 billion of Investment Grade issuance. Next week's estimates are calling for ~\$15 billion in IG supply.

Please see below for a breakdown of this week's transactions:

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

- **Abu Dhabi National Energy Co PJSC (Aa3/AA-)** priced \$1.75 billion of 7YR Notes and Long 12YR **Green** Bonds
- **Dell International LLC / EMC Corp (Baa2/BBB)** priced \$1.5 billion of Long 5YR and Long 7YR Notes

All data as of 5:00pm October 4, 2024.

5 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.



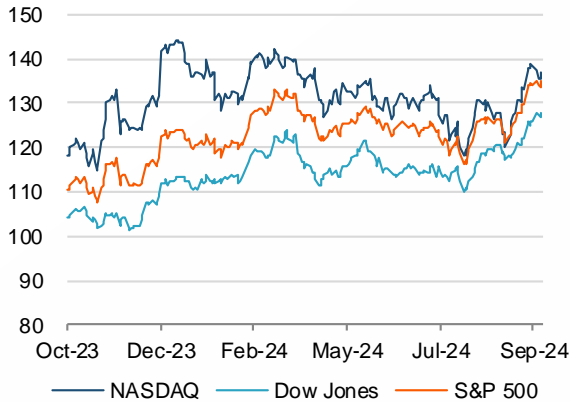


U.S. Investment Grade 2: Capital Market Overview

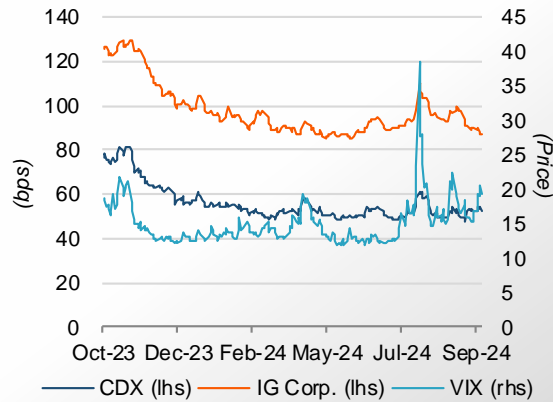


U.S. Investment Grade Capital Market Overview

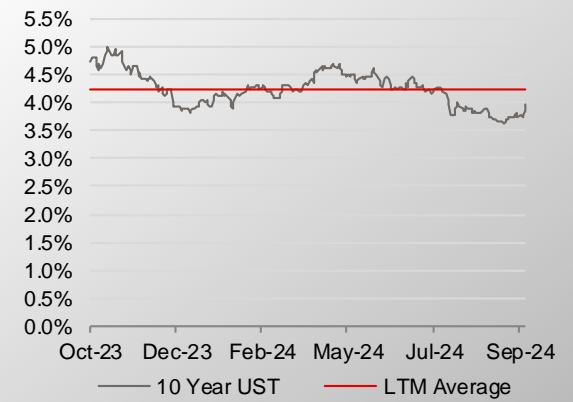
Major Equity Indices



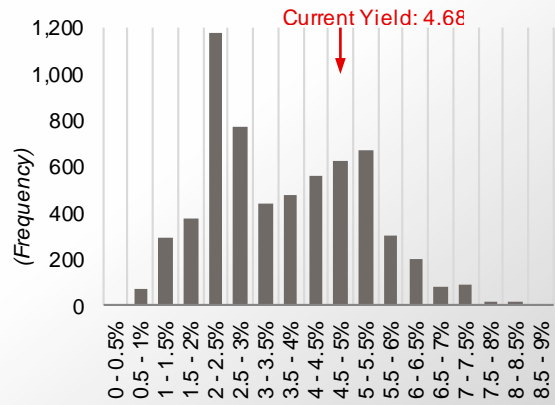
Credit and Risk Indices



10-Year UST Yield

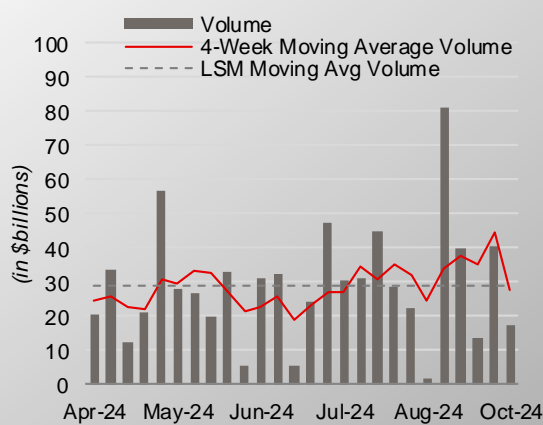


5-Year All-In Yield Distributions

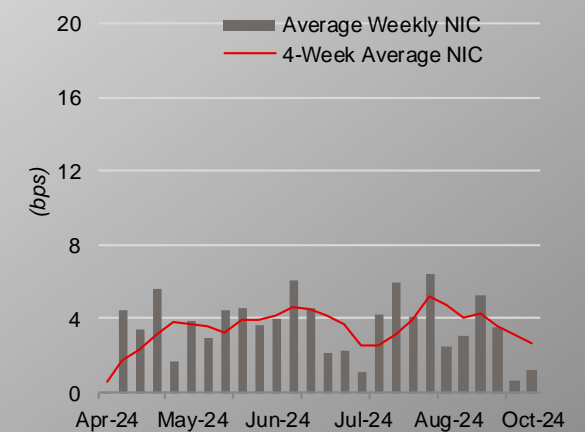


5-year Indicative Yields for Investment Grade Corporates since 9/9/2000

Weekly Volume



New Issue Concessions





3: Weekly Issuance



Last Week's Investment Grade Transactions

Date	Issuer	\$17.700 Billion		Ratings	Tranche Size (\$MM)	Maturity	Coupon	Spread	NIC
		Total Deal Size (\$MM)							
30-Sep-24	Ameren Missouri	\$450		A2/A	\$450	15-Mar-55	5.125%	+102 bps	-3 bps
	Campbell Soup Co.	\$1,150		Baa2/BBB-	\$800	23-Mar-35	4.750%	+103 bps	+2 bps
					\$350	13-Oct-54	5.250%	+118 bps	-5 bps
	Darden Restaurants Inc.	\$750		Baa2/BBB	\$400	15-Oct-27	4.350%	+80 bps	+0 bps
					\$350	15-Oct-29	4.550%	+102 bps	+2 bps
					\$1,100	4-Oct-27	3.900%	+42 bps	N/A
1-Oct-24	Accenture Capital Inc.	\$5,000		Aa3/AA-	\$1,200	4-Oct-29	4.050%	+57 bps	N/A
					\$1,200	4-Oct-31	4.250%	+67 bps	N/A
					\$1,500	4-Oct-34	4.500%	+77 bps	N/A
					\$1,250	20-Oct-29	5.021%	+150 bps	+151 bps
	AS Mileage Plan IP Ltd.	\$1,250		Baa2/BBB-	\$625	20-Oct-31	5.308%	+170 bps	N/A
					\$700	1-Feb-30	4.350%	+85 bps	+5 bps
					\$800	1-Feb-35	4.850%	+115 bps	+5 bps
	Dell International LLC / EMC Corp	\$1,500		Baa2/BBB	\$500	4-Oct-34	6.250%	+260 bps	+5 bps
					\$750	3-Oct-34	5.000%	+127 bps	-3 bps
					\$750	3-Oct-34	5.000%	+127 bps	-3 bps
2-Oct-24	Abu Dhabi National Energy Co. PJSC	\$1,750		Aa3/NR	\$900	9-Oct-31	4.375%	+85 bps	+5 bps
					\$850	9-Mar-37	4.750%	+105 bps	+5 bps
3-Oct-24	Farmers Insurance Exchange	\$300		Baa3/BBB+	\$300	15-Oct-64	7.000%	+386 bps	N/A
	Goodman US Finance Six, LLC.	\$600		Baa1/BBB+	\$600	7-Oct-34	5.125%	+140 bps	+0 bps
	Key sight Technologies Inc.	\$600		Baa2/BBB	\$600	15-Oct-34	4.950%	+118 bps	+1 bps
	Apollo Global Management Inc.	\$500		A3/BBB+	\$500	15-Dec-54	6.000%	+217 bps	N/A
	Athene Global Funding	\$600		A1/A+	\$600	8-Oct-29	4.721%	+110 bps	N/A
	McCormick & Co., Inc./MD	\$500		Baa2/BBB	\$500	15-Oct-34	4.700%	+90 bps	N/A
	National Bank of Canada	\$1,000		A3/BBB+	\$1,000	10-Oct-29	4.500%	+92 bps	N/A
Ooredoo International Finance Ltd.	\$500		A2/A	\$500	10-Oct-34	4.625%	+88 bps	N/A	

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

Bold text denotes MUFG bookrunner transaction



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.