

# Credit Market Overview



As at 29 March 2024

Measure	Level	1 Month	3 Month	6 Month	12 Month
<b>Cash Spread/Yield Changes</b>					
Global IG Corp YTW (%)	4.88	-0.13	0.20	-0.19	-0.08
Global IG Spread (bps)	100	-6	-15	-59	-53
Global HY YTW (%)	8.09	-0.22	-0.11	-1.32	-1.09
Global HY Spread (bps)	382	-13	-41	-183	-165
<b>CDS Index Spread Changes</b>					
CDX IG	51	-1	-5	-28	-24
CDX HY	330	-10	-26	-156	-133
CDX EM	169	3	1	-72	-61
iTraxx Main	54	-1	-4	-35	-30
iTraxx Xover	297	-8	-13	-165	-139
Sub Fin CDS	114	-3	-9	-90	-70
<b>Cash Index Performance (%)</b>					
Global IG Corp Index		1.26	0.10	6.66	5.89
Global HY Index		1.57	2.62	14.54	13.36
Global EM USD Index		1.72	1.53	9.21	8.43
<b>Higher Beta Sub Sector Performance (%)</b>					
Banks AT1		2.46	3.67	27.59	21.31
Energy HY		1.38	2.51	12.81	11.38
EUR Corp Hybrids		1.68	3.54	12.75	12.37
Leveraged Loans		0.46	1.96	12.68	12.08
<b>IG Sub Sectors Performance (%)</b>					
Banks Senior		1.00	0.53	6.46	5.65
Energy IG		1.62	0.02	6.70	5.41
Auto		1.00	0.53	6.34	5.55
Utility		1.38	-0.77	4.59	3.22
Communications		1.74	-1.03	5.13	3.96
Airline		0.76	1.71	6.80	6.49
Retail		1.25	-1.11	3.73	2.60
<b>Currency (Hedged) Performance (%)</b>					
Bloomberg USD Corp		1.29	-0.40	5.49	4.43
Bloomberg GBP Corp		1.81	0.11	7.17	7.26
Bloomberg Euro Corp		1.22	0.47	7.15	6.82
<b>Maturity Bucket Performance (%)</b>					
Short (1-3 Yr)		0.54	0.79	5.30	5.01
Intermediate (5-10 Yr)		1.34	-0.23	5.70	4.77
Long		1.95	-1.69	5.26	3.43
<b>Global IG Corp Index Attribution (%)</b>					
Carry		0.42	1.17	2.54	4.96
Duration		0.48	-1.98	0.48	-2.37
Spread		0.36	0.91	3.64	3.29
<b>Performance</b>		<b>1.26</b>	<b>0.10</b>	<b>6.66</b>	<b>5.89</b>

## Overview

- March capped a tumultuous opening quarter to 2024 which saw equity markets set new record highs and noteworthy activity from Japanese & Swiss central banks. Fixed income markets generated positive returns as yields fell and credit spreads tightened.
- Carry, duration and spread tightening all contributed positively to credit performance in March. Both the Global Investment Grade (IG) and Global High Yield (HY) indices were tighter on the month.
- USD and GBP IG spreads both tightened by 6bps in March as EUR IG spreads outperformed, tightening by 8bps. Total returns were positive in all three markets with expectations that global rate cuts would occur later in the year. Longer duration bonds generated higher returns than shorter dated securities.
- Higher beta asset classes, including HY, Emerging Markets debt and Banks AT1 outperformed lower beta credit securities.

## Financials

- Senior financial spreads tightened in line with the broad index, while subordinated AT1 securities outperformed. US senior financials tightened 6bps to 87bps while the Bloomberg European CoCo index tightened 35bps to end March at a spread of 366bps.

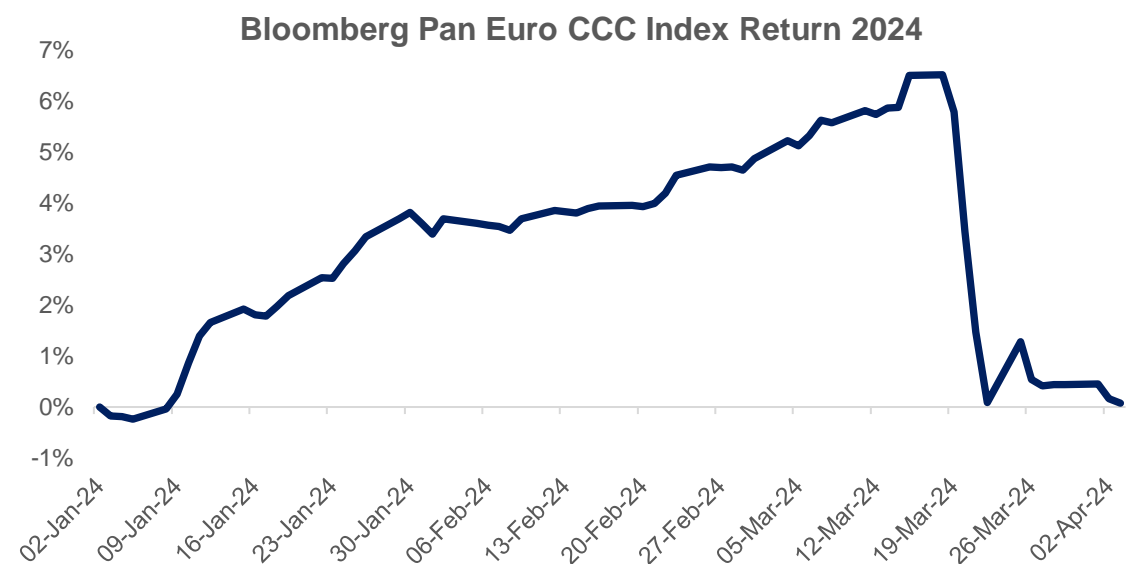
## Investment Grade

- At €158bn, March's primary market supply capped off what was a record quarter of €680bn in total volumes. March's supply was evenly split between corporates, financials and SSAs though the later dominated the quarterly volume.
- The US market also saw healthy volumes in March with \$142bn issued. Q1 supply of \$530bn was a 38% increase over the same period in 2023.

## High Yield

- Global HY markets appeared healthy in March, though cracks have begun to appear under the surface. US HY supply of \$85bn in Q1 represented the second busiest quarter for the market in five years. US and EUR BB spreads have continued to grind tighter, both ending the month within touching distance of post-GFC tight.
- Further down the ratings spectrum, however, weaknesses have begun to be exposed. Several European companies, namely Altice, Ardagh and Intrum all saw bond prices plummet in March. The EUR CCC index, which had generated nearly 7% of YTD returns saw almost all that performance wiped in less than a week

## EUR CCC Index YTD Return



Source: Bloomberg as at 03/04/2024

Measure	Index Description
Global IG Corp YTW (%)	Bloomberg Barclays Global Agg Corporate YTW
Global IG Spread (bps)	Bloomberg Barclays Global Agg Corporate OAS
Global HY YTW (%)	Bloomberg Barclays Global High Yield Corporate YTW
Global HY Spread (bps)	Bloomberg Barclays Global High Yield Corporate OAS
CDX IG	MARKIT CDX.NA.IG
CDX HY	MARKIT CDX.NA.HY
CDX EM	MARKIT CDX.EM.
iTraxx Main	MARKIT ITRX EUROPE
iTraxx Xover	MARKIT ITRX EUR XOVER
Sub Fin CDS	MARKIT ITRX EUR SUB FIN
Global IG Corp Index	Bloomberg Barclays Global Agg Corporate Index
Global HY Index	Bloomberg Barclays Global High Yield Corporate Index
Global EM USD Index	Bloomberg Barclays EM USD Aggregate Index
Banks AT1	Bloomberg Barclays European Banks Coco Tier 1 TR Index
Energy HY	Bloomberg Barclays High Yield Energy TR Index
EUR Corp Hybrids	Bloomberg Barclays Corp Ex Financial Hybrid Capital Securities 8% Capped
Leveraged Loans	S&P/LSTA US Leveraged Loan 100 Index
Banks Sen	Bloomberg Barclays Banking Senior TR Index
Energy IG	Bloomberg Barclays IG Energy TR Index
Auto	Bloomberg Barclays IG Auto TR Index
Utility	Bloomberg Barclays IG Utility TR Index
Comms	Bloomberg Barclays IG Communications TR Index
Airline	Bloomberg Barclays IG Airline TR Index
Retail	Bloomberg Barclays IG Retail TR Index
Bloomberg USD Corp	Bloomberg USD Corporate TR Index
Bloomberg GBP Corp	Bloomberg Sterling Corporate TR Index
Bloomberg Euro Corp	Bloomberg Euro Agg Corporate TR Index
Short (1-3 Yr)	Bloomberg Barclays US 1-3 Year Corporate Index
Intermediate (5-10 Yr)	Bloomberg Barclays US 5-10 Year Credit Index
Long	Bloomberg Barclays Long US Corporate Bond Index

\*Source: Bloomberg

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