



Heavy Corporate New Issue Supply Met with Healthy Demand

- Following a quiet holiday week, issuance was surprisingly heavy with an abundance of new supply from Yankee banks, something not seen much this year. Deals continued to go very well with healthy subscription levels and minimal new issue concession.
- Investment grade spreads moved within a few basis points (bps) on either side of unchanged last week depending on the sector. Banks underperformed a bit ahead of the kickoff of 2Q earnings season on Monday as well as an increase in Yankee bank supply, widening 2-3 bps overall. CVS and other healthcare names outperformed after the Trump administration pulled the plug on a push to overhaul the drug rebate system. Energy and other commodity-related names continued to do well as WTI breached \$60 again on solid inventory numbers and more trouble at the Strait of Hormuz involving Iran.
- This week's bear steepener finally brought back some of the overseas demand that had dried up in recent weeks. The yield-to-worst on the Bloomberg Barclays corporate index is now down more than 120 bps since its peak in Q4 2018.

Corporate Spreads



Source: Bloomberg

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