



Positive Tone for Corporate Bonds... Finally

- With the market finally returning to something resembling a normal amount of liquidity, things actually felt OK last week. Investment grade spreads widened earlier in the week, particularly on Thursday, as supply hit and most deals priced with a significant concession.
- The snap back in the Citi Economic Surprise Index driven by the ADP and payroll reports plus China's rate cut and Powell's soothing words snapped things back on Friday. Flows were pretty balanced as we got a mix of short covering, true risk adding, and those looking to fade any move tighter in spreads.
- Bristol-Myers announced a \$74 billion deal to acquire Celgene, to be financed with a 50/50 mix of stock and cash. It looks like the ratings of both companies will end up in the low single-A category at Moody's and S&P, so this is a win for Celgene bondholders.

10-Year Celgene Bonds



Source: Bloomberg

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