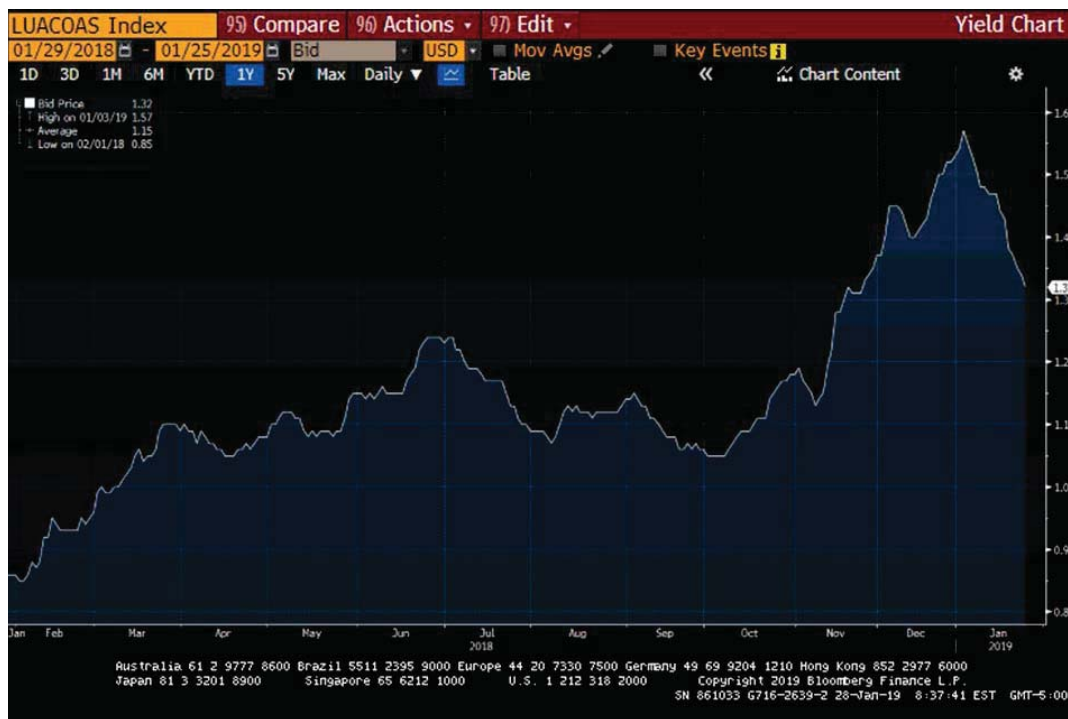




## Corporate Bond Spreads Tighten Led by Banks

- It's all one-way traffic as supply continues to underwhelm and dealers are hurting for inventory due to the strong demand. We've now retraced 45% of the 4<sup>th</sup> quarter widening in just three weeks.
- Banks led the way again as new issue supply from financials was well below estimates; but really every sector was tighter last week, even the underperformers.
- Financials comprise 47% of the total new issue supply year-to-date, but that compares to 80% at this time last year. Yankee bank supply is down 75% year-over-year. Overall, gross supply is down 22% and net supply down 41% versus last year.

## Investment Grade Corporate Spreads



Source: Bloomberg

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