

March 2025

Wall Street Turbulence | Value in \$A Investment Grade Securities

By Patrick Moses

There have been a few key themes that have dominated headlines over the past few weeks: Tariffs, Corrections, Uncertainty and Trump. Ironically, Trump himself appears to be the common denominator across the board as the controversial Tariff policy comes into effect. Despite Australian politicians' best efforts, he is remaining steadfast on the "no exceptions" policy. Given the global economy appears to finally be coming out of an inflation crisis, implementing a typically inflationary policy is an interesting decision, especially when considering the retaliatory effects from other export partners. As markets sell off from their Valentine's Day peaks, AMP sees a "high likelihood of a 15 per cent-plus correction in global and Australian shares from record levels". The Michigan Consumer Sentiment Survey released over the previous weekend indicated a 10.5% index drop MoM, with waning consumer confidence doing little to pull back some of the losses from previous weeks. Macquarie Bank has highlighted that a collapse in US consumer spending could send equities into a bear market, taking a more defensive position amongst their portfolio away from companies largely tied to economic growth.

[News via the AFR last week](#) indicates Australia faces a potential tariff between 2% and 8% of the \$30bill of exports sold to the US. With a major equity market correction potentially on the horizon, now appears to be an opportune time to park cash into a defensive asset class and ride out the storm. As a measure of market volatility, The Aus iTraxx index is currently trading above 76, a 12-month high reflective of the turmoil going on in global markets (See Chart 1). An increased allocation to Investment Grade securities over the short to medium term can act as the anchor in your portfolio, providing consistent and strong cash flows to underpin performance.

Recently issued **TransGrid 6.277 2055 (2033 Call)** and the **CBA 6.152 2039 (2034 Call)** are two fixed rate lines of value at current pricing, benefitting from widening credit spreads at the longer end of the curve. TransGrid is one of few Investment Grade lines currently yielding over 6%, operating in a heavily regulated anti-cyclical sector. The Semi Government **NSWTC 5.25 2038** also acts as an investment option for those looking to benefit as a flight to quality occurs.

Pricing information is provided below. If you're interested in placing a firm bid, please contact one of our Relationships Managers. We also have several other IG securities available, both fixed and floating. If you'd like to explore alternative options, please don't hesitate to reach out to us.

THOUGHT PIECE

IAM
INCOME ASSET
MANAGEMENT

	Buy	Buy	Buy
Issuer:	NSW ELECTRICITY NETWORKS	COMMONWEALTH BANK AUST	NEW S WALES TREASURY CRP
ISIN:	AU3CB0319408	AU3CB0315638	AU3SG0003155
Security Name:	TRGRID 6.277 03/11/55	CBAAU 6.152 11/27/39	NSWTC 5 1/4 02/24/38
Payment Rank:	Subordinated	Subordinated	Sr Unsecured
Rating (S&P, MOODY, FITCH):	NR , Baa3 , NR	A- , A2 , A-	AA+ , Aaa , AAA
Sector:	Utilities	Financial	Government
Coupon Type:	FIXED	FIXED	FIXED
Coupon:	6.277%	6.152%	5.250%
Current Coupon:	6.277%	6.152%	5.250%
Next Coupon Date:	11-Sep-25	27-May-25	24-Aug-25
Next Call Date:	11-Mar-33	27-Nov-34	-
Maturity Date:	11-Mar-55	27-Nov-39	24-Feb-38
Currency:	AUD	AUD	AUD
Duration:	6.3840	7.3337	9.4858
Margin:	202.0	144.3	85.3
Yield:	6.1163%	5.6495%	5.2121%
Running Yield:	6.2149%	5.9325%	5.2317%
Face Value:	100,000	100,000	100,000
Settlement Date:	20-Mar-25	20-Mar-25	20-Mar-25
Capital Price:	101.000	103.700	100.350
Consideration:	101,000.00	103,700.00	100,350.00
Accrued Interest:	154.00	1,920.00	348.00
Total Consideration:	101,154.00	105,620.00	100,698.00
AUD Consideration:	101,154.00	105,620.00	100,698.00

Chart 1:



Source: Bloomberg

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