MOODY'S ANALYTICS

WEEKLY MARKET OUTLOOK

2018 Outlooks for Defaults and Profits Imply Ample Liquidity

Moody's Analytics Research

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The Long View
Check our chart here for forecast summaries of key credit market metrics. Full updated stories, "Since 1995, US$-IG bond issuance fell annually in only two of the 15 years overlapping mature economic upturns," begin on page 18.

Credit Spreads	Investment Grade: Year-end 2017 spread to exceed its recent 108 bp. High Yield: After recent spread of 373 bp, it may approximate 380 bp by year-end 2017.
Defaults	US HY default rate: Compared to October 2017's 3.2%, Moody's Default and Ratings Analytics team forecasts that the US' trailing 12-month high-yield default rate will average 2.2% during 2018's third quarter.
Issuance	In 2016, US$-IG bond issuance grew by 5.6% to a record $1.412 trillion, while US$-priced high-yield bond issuance fell by -3.5% to $341 billion. For 2017, US$-denominated IG bond issuance may rise by 7.3% to a new zenith of $1.514 trillion, while US$-priced high-yield bond issuance may increase by 27.0% to $433 billion, or nearly equal to 2014's record $435 billion.

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Links to commentaries on: Saudi Arabia, defaults, credit/stocks, China, yields/prices, debt/growth, Spain, upside surprise, bulls, less fear, Fed & BoJ, inflation, market triggers, hurricanes, data in sync, Harvey, inflation, yields, Korea, jobless rate, spreads, Saudi Arabia.
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Credit Markets Review and Outlook

By John Lonski, Chief Economist, Moody's Capital Markets Research, Inc.

2018 Outlooks for Defaults and Profits Imply Ample Liquidity

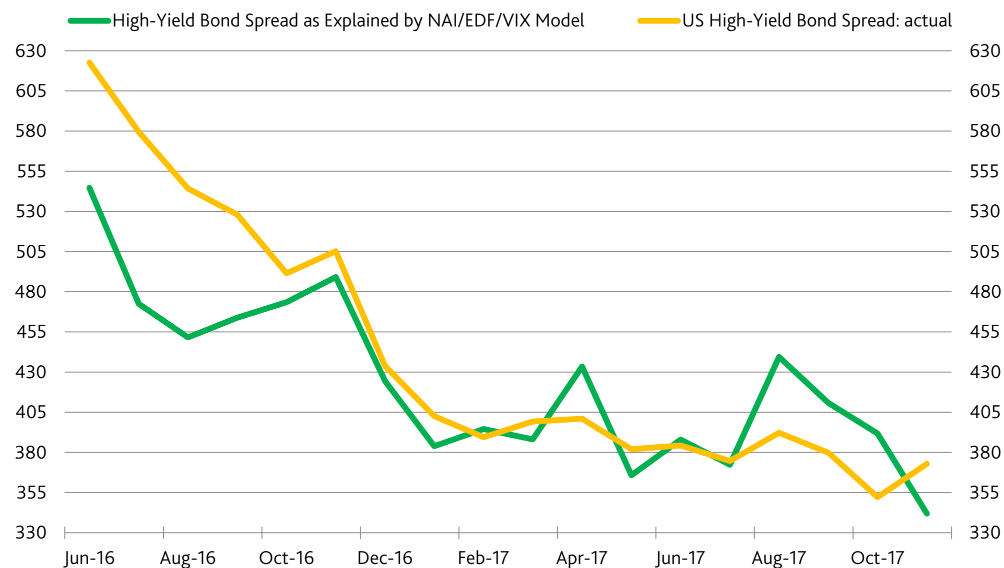
Sometimes analysts cry wolf and nothing worse than a barking Chihuahua appears. And so it was with the Great Junk Bond Scare of November 9 through 17. Liquidity effectively shrugged off the high-yield bond market's sell-off of mid-November. When credit is in real trouble, high-yield funding quickly dries up. which simply didn't happen during the high-yield market's latest correction.

Despite how the composite speculative-grade bond yield and accompanying high-yield bond spread jumped up from their November 1 through November 8 averages of 5.62% and 359 bp, respectively, to November 9 through November 17 averages of 5.97% and 389 bp, the latter span was still home to 45 new high-yield bond issues that raised $22.8 billion of funds. Never underestimate the power of strongly held expectations of a declining trend for the high yield default rate.

High-yield spread goes from being too thin to too wide

A reliable explanatory model of the high-yield bond spread now suggests that the spread could narrow further after dropping to a recent 374 bp. As derived from November-to-date readings for the average high-yield EDF metric, the VIX index, and the lagged moving three-month average of the Chicago Fed's national activity index, an explanatory regression model now puts the high-yield bond spread's midpoint at 342 bp, which was the thinnest estimated midpoint since the 326 bp of June 2014. By contrast, when the averages of the three-months-ended October 2017 showed the explanatory model's expected midpoint of 414 bp leading the actual high-yield spread of 376 bp by +38 bp, the actual spread begins to approach its expected value by late October. (Figure 1.)

Figure 1: According to an Explanatory Model, the High-Yield Bond Spread Has Gone from Being Too Thin from August Through Early November to Recently Being Too Wide in bp



Improving trend for profits assumes companies will control labor costs

Recent data on corporate bond issuance and new bank loan programs from speculative-grade borrowers reflect ample liquidity. For US$-denominated borrowing activity, the annual increases expected for Q4-2017 are 24% for investment-grade corporate bonds, 26% for high-yield bonds, and 9% for new bank loan programs from speculative-grade issuers. The projected continuation of profits growth through 2018 bodes well for systemic liquidity and complements expectations of a lower default rate into the final quarter of 2018.

The Bureau of Economic Analysis' (BEA) estimate of Q3-2017's pretax profits from current production, or pretax operating profits, rose by 5.4% from Q3-2016, wherein a 2.9% yearly increase by corporate gross-

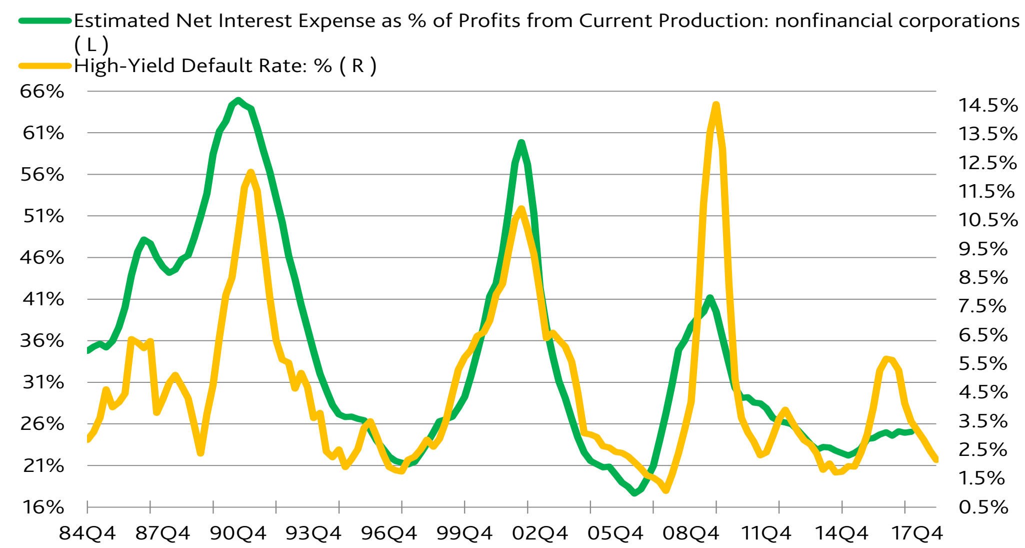
value-added (an estimate of revenues net of materials costs) outran the accompanying 2.3% rise by employment costs.

The still uninspiring growth of net revenues will compel many businesses to rein in labor costs regardless of a tighter labor market. In all likelihood, employee remuneration will be more closely tied to a worker's individual and potential performance. Because younger workers tend to have more upside potential than their older colleagues, wage increases are likely to be greater for younger employees. Such a bias may have important implications for the overall pace of household expenditures given how workers aged at least 55 years now constitute a record 23% of employment as measured by the Labor Department's household survey.

Faster debt growth probably spurred Q3-2017's jump by net interest expense

Third-quarter 2017's nonfinancial-corporate pretax operating profits grew by 4.5% year-over-year. Though Q3-2017's 3.3% yearly increase by nonfinancial-corporate gross-value-added (GVA) was faster than the 2.9% increase of total corporate GVA, nonfinancial corporations had to contend with the faster growth rates of 2.5% for employee compensation and 6.3% for net interest expense. The latter was the fastest annual rate of growth for net interest expense since the 7.3% of Q2-2015. More importantly, the faster growth of net interest expense vis-a-vis pretax profits favors steeper financial leverage. Though nonfinancial-corporate net interest expense has edged up from Q2-2017's 24.9% to Q3-2017's 25.1% of pretax operating profits (in terms of moving yearlong observations), Moody's Default Research Group expects the US high-yield default rate to fall from a Q3-2017 average of 3.5% to 2.1% by Q3-2018. Only if this measure of leverage is amplified by a now unexpected contraction of profits might the default rate projection be revised significantly higher. (Figure 2.)

Figure 2: High-Yield Default Rate Is Expected to Ease Despite a Mild Rise by Ratio of Net Interest Expense to Pretax Operating Profits



In all likelihood, the acceleration by net interest expense was mostly the offshoot of faster growth by nonfinancial-corporate debt. Note how nonfinancial-corporate debt growth probably sped up despite the slower growth of bank-held commercial and industrial (C&I) loans.

Slower growth by C&I loans does not imply likewise for corporate debt

It may be a mistake to infer too much about business borrowing from the behavior of bank-held C&I loans. Unlike the deceleration by the yearly increase for the overall outstandings of bank-held C&I loans from Q2-2016's 10.1% to Q2-2017's 2.3%, the annual increase for the short-term debt obligations of nonfinancial corporations accelerated from Q2-2016's 1.3% to Q2-2017's 7.8%. The latter occurred despite a pronounced slowing by outstanding loans from depository institutions owed by nonfinancial corporations from Q2-2016's 8.7% yearly advance to Q2-2017's 2.6% rise. The latter was outweighed by a radical shift in the yearly percent change for the sum of outstanding nonfinancial-corporate loans from nonbanks and commercial paper — after shrinking by -3.8% in Q2-2016, nonbank short-term debt was up by +11.8% in Q2-2017. Ultimately, leverage increased as Q2-2017's 5.6% yearly increase by total nonfinancial-corporate debt outran the accompanying annual increase of 4.7% for internal funds.

Credit Markets Review and Outlook

Returning to 2017's third quarter, the yearly change in corporate borrowing costs differed across debt instruments. Unlike the increases posted by 3-month LIBOR from Q3-2106's 0.79% to Q3-2017's 1.31% and Barclays Capital's investment-grade corporate bond yield from 2.80% to 3.11%, a composite speculative-grade bond yield sank from Q3-2016's 6.40% to Q3-2017's 5.49% and Moody's long-term Baa industrial company bond yield dipped from 4.40% to 4.39%.

As derived from a sample of quarter-long observations that begins in 1984, the yearly percent change of nonfinancial-corporate net interest expense shows the strongest correlation of 0.63 with the yearly percent change of nonfinancial-corporate debt. The yearly percent change of net interest expense then showed similar correlations of between 0.25 and 0.35 with the yearly percentage point changes of the speculative-grade bond yield (0.35), Barclays Capital's investment-grade bond yield (0.29) and Moody's long-term Baa industrial company bond yield (0.26).

Net interest expense shows unexpectedly low correlation with LIBOR

Finally, the correlation between the yearly percent change of net interest expense and the yearly percent change of three-month LIBOR was a surprisingly low 0.19. Because many floating rate business loans are tied to LIBOR, one would think that LIBOR would produce a stronger correlation with net interest expense compared to fixed-rate bond yields.

In summary, profits growth will keep the "wolf" at bay

In conclusion, forecasts of faster growth for both pre- and after-tax profits in 2018 underpin a benign outlook for defaults. The deeper than -7.5% annual contractions by yearlong operating profits that preceded each appearance of a greater than 10% default rate should be avoided in 2018. Note also that the immediate effect of a pronounced shrinkage of profits is to widen yield spreads exactly when a growing number of companies are compelled to bridge cash shortfalls via stepped up borrowing. Thus, the inability to quickly pare corporate net borrowing will impede needed reductions in net interest expense. For now, cries of "wolf" will lack credibility unless accompanied by a deep and extended contraction of profits.

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The Week Ahead – US, Europe, Asia-Pacific

THE US

From Moody's Analytics - Economy.com and the Moody's Capital Markets Research Group
(*Updates are made on Mondays.*)

Summary, December 4: The focus for the upcoming week will be on the November employment report and tax legislation developments. We look for nonfarm employment to have risen 215,000 between October and November, better than the 163,000 average gain over the prior six months. The recent hurricanes have caused some big swings in monthly job growth but we expect a solid gain in employment in November. The unemployment rate likely fell from 4.1% to 4% in November. We expect average hourly earnings rose 0.3%.

The House and Senate will go into conference to hammer out the differences between their tax bills and this will garner a ton of attention from financial markets. Aside from employment, the economic data will offer little distraction. It will be the same with the Fed, which goes into its blackout period ahead of its December meeting.

We expect nonfarm productivity growth to have been revised up in the third quarter to 3.3% at an annualized rate, compared with the 3% in the advance estimate. This would be consistent with the already released upward revision to third quarter output. Productivity growth has improved recently but the trend remains very weak and a quick turnaround is unlikely. Productivity growth normally slows as expansions age, and the boost to productivity from a tight labor market is not a sure thing. Fiscal policy's failure to do more to boost productivity growth could ultimately be the biggest policy mistake this expansion.

Turning back to the incoming data, we look for the nominal trade deficit to widened in October. Trade is off to a poor start this quarter and it will likely be a drag on GDP growth for the first time this year. October factory orders likely dropped 0.5% and this coupled with the revisions to core capital goods orders could have implications for our estimate of fourth quarter GDP growth. The ISM nonmanufacturing index likely dropped in November because of a decline in supplier deliveries, payback for the hurricane-related disruptions to the supply chain which boosted supplier deliveries (implying slower deliveries) over the past couple of months.

THURSDAY, NOVEMBER 30

Jobless claims (week ended November 25; 8:30 a.m. EST)

Forecast: 238,000
We expect initial claims for unemployment insurance benefits to have slipped by 1,000 to 238,000 in the week ending November 25, which includes the Thanksgiving holiday. New filings are normally volatile around holidays, and there is more uncertainty than usual in the forecast. Recently there appears to be no identifiable pattern in new filings during Thanksgiving week, but seasonal adjustment issues can cause wild swings in initial claims. This would be the second consecutive weekly decline, and the four-week moving average would rise from 239,750 to 242,000.

Personal income and spending (October; 8:30 a.m. EST)

Forecast: 0.3% (personal income)
Forecast: 0.2% (nominal spending);
Forecast: 0.2% (PCE deflator)
Nominal personal income is forecast to have risen 0.3% in October following a 0.4% gain in September and 0.1% increase in August. Nominal wage and salary income is expected to provide a modest boost to total personal income growth in October. The labor income for all private workers rose 0.1% in October. However, the labor income proxy for production workers rose 0.5%. The model that uses the average of the total private and production worker labor income proxy does the

best in forecasting nominal wage growth. The model expects a 0.35% gain in nominal wages in October. We look for a trend-like income in nonwage income in October.

We look for nominal spending to have risen 0.2% in October. Already-released data on retail sales suggest that goods excluding auto and gasoline rose 0.4%. Nominal spending on motor vehicles likely fell 1%. Since 2000, nominal spending on motor vehicles follows changes in unit sales more closely than retail sales. Unit sales were down 2.6% in October. Lower gasoline prices likely weighed on nominal spending at gasoline stations. Services spending likely rose 0.3% in October, supported by a gain in utility consumption.

We look for the core PCE deflator to have risen 0.2% (0.16% unrounded) from September to October. This would leave the core PCE deflator up 1.4% on a year-ago basis, compared with the 1.3% gain in September.

FRIDAY, DECEMBER 1

ISM manufacturing survey (November; 10:00 a.m. EST)

Forecast: 58.9
The ISM manufacturing index is forecast to have inched higher in November, rising from 58.7 to 58.9. Supplier deliveries will limit the increase in the ISM index in November. We anticipate further declines in supplier deliveries as the impact of the hurricanes fades. We look for improvement in most of the other components. New orders likely edged higher and remained above 60 for the sixth consecutive month. The forecast assumes a modest gain in the employment and production indexes.

We will revisit this forecast for the ISM index next week following the Chicago PMI and regional Fed manufacturing surveys.

Vehicle sales (November; 4:00 p.m. EST)

Forecast: 17.8 million annualized units
Vehicle sales were likely solid in November, supported by replacement demand following the recent hurricanes. We look for vehicle sales to have reached 17.8 million annualized units in November, compared with the 18.08 million in October and 18.57 million in September. Through November, vehicle sales will have averaged 17.94 million annualized units per month this quarter, compared with the 17.16 million average in the third quarter.

MONDAY, DECEMBER 4

Business confidence (week ended December 1; 10:00 a.m. EST)

Forecast: N/A
Global businesses are upbeat. Sentiment remains strong across much of the globe, consistent with an economy that is expanding above its potential. The most encouraging aspect of the survey is that the percentage of respondents that are upbeat about economic conditions going into next year remains sturdy. Despite the strength of confidence readings, they have softened in recent weeks and are as low as they have been since just before last year's U.S. presidential election. Sentiment has turned lower across much of the globe, but particularly in the U.S. The softer readings are evident with regard to sales, pricing, hiring and even investment.

Businesses are increasingly fixated on regulatory and legal issues, as about one-half of businesses say these issues are their largest concern. An additional one-fifth of businesses say finding qualified labor is their biggest problem. Concern with the strength of their sales and taxes has significantly receded.

The four-week moving average in our business confidence index increased from 32.2 to 34.8 in the week ended November 24.

TUESDAY, DECEMBER 5

International trade (October; 8:30 a.m. EST)

Forecast: -$47.6 billion

We look for the nominal trade deficit to have widened from $43.5 billion in September to $47.6 billion in October. The advance goods deficit widened from a revised $64.1 billion in September to $68.3 billion in October. Nominal goods exports dropped 1%, while imports gained 1.5%. We anticipate that this will be visible in the upcoming October trade data. The forecast assumes that the services surplus increases from $21.9 billion in September to $22 billion in October. Prior to the October trade data, our high-frequency GDP model has net exports subtracting roughly 0.4 of a percentage point from fourth quarter GDP growth. This would be the first time that trade subtracted from growth this year and the first since the final three months of 2016.

ISM nonmanufacturing survey (November; 10:00 a.m. EST)

Forecast: 58.8 □

The nonmanufacturing segment of the economy likely cooled some in November but there is no reason for concern. The ISM nonmanufacturing index is forecast to have dropped from 60.1 in October to 58.8 in November. The index will remain above that seen for the bulk of this year. The bulk of the decline in November will be attributed to a drop in the supplier deliveries, which was boosted over the past couple of months because of hurricane-related disruptions. We expect the supplier deliveries index to fall in November, implying a faster pace of deliveries. Many regional services surveys we track signaled improvement between October and November but this will likely only limit the size of the decline in November.

Hurricane effects aside, the nonmanufacturing segment of the economy is doing well, but some challenges are ahead. There are some signs of supply constraints, including for labor. There is no evidence of a shortage, but nonmanufacturers are finding it more difficult to find workers. There are solutions, including increasing workers' pay, improving training, and hiring workers who would have not been considered in the past. The pool of available workers has diminished, but it's not empty.

WEDNESDAY, DECEMBER 6

ADP National Employment Report (November; 8:15 a.m. EST)

Forecast: N/A

Private payrolls increased by a net 235,000 in October, according to the ADP National Employment Report. This was one of the largest gains this year and is a clear indication that the job market remains strong, despite damage caused by Hurricanes Harvey and Irma. The composition of job creation across company showed small firms, which have advanced little since the spring, added a hearty 79,000 jobs on net. Midsize companies expanded their payrolls by 66,000 positions, a weaker showing than the average of 81,000 jobs in the preceding 12 months. Large companies netted 90,000 positions over the prior month.

The ADP underestimated the BLS estimate of the change in private employment by 17,000 in November. The average absolute difference between the ADP and BLS estimates growth in private employment over the past six months is 64,000.

Productivity and costs (2017Q3-second estimate; 8:30 a.m. EST)

Forecast: 3.3% at an annualized rate (productivity)

Forecast: -0.8% at an annualized rate (unit labor costs)

We expect nonfarm productivity growth to have been revised up in the third quarter to 3.3% at an annualized rate, compared with the 3% in the advance estimate. This would be consistent with the already released upward revision to third quarter output. Productivity growth has improved recently but the trend remains very weak and a quick turnaround is unlikely. Productivity growth normally slows as expansions age, and the boost to productivity from a tight labor market is not a sure thing.

Unit labor costs will likely be revised lower in the third quarter. Compensation in the third quarter was revised lower, therefore we expect unit labor costs to have fallen 0.8% at an annualized rate, compared with the 0.3% gain in the advance estimate. Also based on the new compensation data, second quarter unit labor costs are expected to be revised lower, showing a small decline.

THURSDAY, DECEMBER 7

Jobless claims (week ended December 2; 8:30 a.m. EST)

Forecast: 240,000

We expect initial claims for unemployment insurance benefits to have risen from 238,000 to 240,000 in the week ended December 2, leaving them a touch below of their prior four-week moving average of 242,250. New filings are volatile this time of year because of the holidays and the incoming data is for the week after Thanksgiving. Because of the potential seasonal adjustment issues, it's difficult to be overly confident in the forecast. Claims will be less useful in assessing the health of the labor market over the next several weeks because of the holidays.

EUROPE

By the Dismal (Europe) staff in London and Prague

(*Updates are made on Mondays.*)

Summary, December 4: Next week will bring October retail sales figures for the euro zone. Following the abysmal country results which were released during the past week, we were forced to revise sharply down our initial forecasts of a slight decline. We are now pencilling in a much harsher 1% m/m contraction, which should more than reverse the 0.7% increase in September. This will bring the yearly rate down to only 1.2%, from 3.6% in September, well below the 2.6% average for the previous 12 months. We caution against reading too much into the October results; we do not believe the upward trend in the euro zone's consumer spending has at all halted. All leading surveys are extremely upbeat, and both the further tightening of the labour market and the continuing recovery imply a rebound in November. First, we expect that October's sharp plunge in energy consumption on the back of the higher-than-average temperatures across the bloc will be reversed in November, particularly as we already know that temperatures over the month were actually below their long-run average in most major countries. Similarly, the fall in temperatures is set to have boosted clothing sales in the middle of the quarter after October's mild weather dented demand for retailers' new winter collections. Regarding the other subsectors, individual country data suggest that declines were broad-based across all types of stores in October. Unfortunately, we fail to come up with a good reason for this. We caution, though, that these data are volatile and often revised, so we expect either a strong revision or a mean-reversion in November. Accounting for the latter and assuming a stable level in December, we expect retail sales to have increased by 0.3% to 0.4% q/q in the last stanza of the year, another good result following already upbeat numbers for the second and third quarters.

Across the Channel, all eyes will be on the release of the U.K.'s industrial production figures for October. We forecast that output remained steady following the unexpected 0.7% m/m jump at the end of the third quarter, but we caution that for once risks are actually tilted to the upside regarding the country's industrial performance. Despite remaining volatile, confidence surveys broadly suggest that U.K. factories are finally starting to benefit from the lower currency, as new export orders have surged. True, the CBI Industrial Trends Survey showed that the total orders balance plummeted to -2 in October, from 7 in September, but the survey is not seasonally adjusted and the balance has fallen by 6 points on average in every October over the past decades. The PMI, by contrast, increased to 56.3 over the month, from 56 in September, as the new orders index jumped to 57.7. Across sectors, output in the energy sector likely plunged by 3% to 4% because of the unseasonably warm weather, and it is likely that mining and quarrying output remained relatively flat following swings over the previous months. This will be offset by jumps in food and clothing production, though we expect that manufacturing would have performed rather well on average.

Away from the economic data and on to politics, Theresa May will dine with European Commission President Jean-Claude Juncker next Monday. Markets are anxious about the meeting since it will be the last before the European Summit on December 15, when the EU's policymakers should decide whether

to give the green light to the start of trade negotiations with the U.K. The pound this week was lifted by rumours that the U.K. government was ready to commit to a final divorce bill of around £50 billion. While this is undoubtedly good news, nothing is set in stone, so there are still risks the EU might decide next week that insufficient progress has been made on the other two issues left—the Irish border and citizens' rights.

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THURSDAY, NOVEMBER 30

Germany: Retail Sales (October; 8:00 a.m. GMT)

German retail sales likely rose further in October following a recovery in the previous month. Sales are expected to have increased by 0.2% from September, when they grew by 0.5%. In year-ago terms, the growth rate likely slowed to 2.5% from 4.5% previously. The Markit retail PMI fell in October, decreasing to 51.2 from 52.8 in September, pointing to modest improvement in the sector during the month. Meanwhile, the GfK consumer climate indicator for October worsened, falling to 10.8 from 10.9 in September, and retreated further to 10.7 in November. Consumption expenditure supported the country's expansion during the third quarter and will likely continue to do so in the coming quarters. However, conservative German households will likely not increase their spending significantly in coming months because the outlook remains uncertain and because of accelerating inflation.

Spain: GDP (Q3; 8:30 a.m. GMT)

Preliminary estimates show GDP grew by 0.8% q/q in the third quarter. The highlight of the report should be private consumption, which was lifted by the tourism high season. Tourist spending added 13% over the year in the three months to September, up from 9.2% recorded over 2016. Leading indicators point to a strong rebound in construction: The composite activity indicator ticked up to 3.5% y/y in the third quarter after declining 0.7% in the previous stanza. Likewise, industry should have contributed to GDP. Seasonally adjusted, industrial production recorded a solid third quarter at 2.5% y/y, accelerating from 2.1% in the second quarter. However, net exports may have been a drag on the otherwise muscular performance, as capital imports stayed elevated.

Germany: Unemployment (November; 9:00 a.m. GMT)

Germany's seasonally adjusted unemployment rate likely remained at 5.6% in November, after it fell to this record low in September. German businesses remain confident in the country's future expansion, increasing their labour force despite the uncertainties and geopolitical tensions, such as the lack of a coalition following parliamentary elections in Germany. The Markit PMI for October showed that new work continued to expand strongly, and the pace of increase was one of the highest over the past 6½ years. However, the unemployment rate is likely bottoming out. Germany experienced a vast inflow of refugees during the second half of 2015, some of whom will be entering the German labour force in coming years.

Euro Zone: Preliminary Consumer Price Index (November; 10:00 a.m. GMT)

Euro zone annual harmonized inflation likely remained at 1.4% in November compared with October. An improving labour market with rising employment will push wages higher eventually, but as of now core inflation remains far from target. That the euro area's inflation headline fell to 1.4% in October was expected. But the standout detail from October's CPI report was a fall in the core rate, which we didn't see coming. Core inflation fell to 0.9%, from 1.1% in September as both services inflation and nonenergy goods inflation dipped. We expect that subdued core inflation will likely prevail for some time, but the cyclical trend remains up. The latest result will nonetheless mean that the European Central Bank was right in late October to reinforce its dovish bias, and we don't expect it to tighten monetary conditions much further in 2018.

Euro Zone: Unemployment (October; 10:00 a.m. GMT)

The euro zone's unemployment rate likely remained steady at 8.9% in October, its lowest reading since January 2009, after having fallen unexpectedly in September. Both leading and hard data show

that the euro zone's momentum remained strong at the start of the fourth quarter after an already-impressive performance in the third stanza, which should have given a further lift to the area's labour market. Accordingly, the Markit composite PMI showed that euro area job creation surged to a decade high, mainly because of a strong inflow of new business. Staffing levels are increasing in all major countries, but particularly in Germany, France, Spain and Ireland. We expect the downward trend in joblessness to continue in quarters to come, on the back of improving economic conditions around the monetary bloc, labour market reforms, and stronger industrial bases in Spain, Ireland and Portugal.

FRIDAY, DECEMBER 1

Italy: GDP (Q3; 9:00 a.m. GMT)

Italy reported strong economic growth in the third quarter, according to the preliminary data. Italy's real GDP grew by 0.5%, following a downwardly revised 0.3% gain previously. Although we don't have the GDP component breakdown, annual growth accelerated to 1.8%, the fastest since the first quarter of 2011. The astonishing performance should continue in the current quarter, as all forward-looking indicators paint a rosy picture. Business sentiment climbed past a 10-year high in October, while the manufacturing PMI rose to a new 6½-year peak of 57.8 from 56.3 in September, signaling a solid rate of improvement in business activity. Stronger than expected GDP data for the third quarter will likely prompt us to revise our annual GDP forecast upward for Italy.

MONDAY, DECEMBER 4

No major economic indicators are scheduled for release.

TUESDAY, DECEMBER 5

Spain: Industrial Production (October; 8:05 a.m. GMT)

Spanish industrial output should have printed at 0.4% in October. Although sentiment in the sector continued to improve after hitting rock bottom in July, we have yet to see a rebound in output. Our forecast is that the energy sector improved but that consumer goods production remained weak after dropping by 0.6% m/m in September. Capital goods should have bounced back only a little, since the Catalonian crisis likely dampened optimism. Confidence among Spanish firms, however, remains firmly above that of their euro area peers as the absorption of lingering slack has been steady. Industrial capacity utilization rose to 80% by the start of the closing quarter, up from 77.6% at the beginning of the year.

Euro Zone: Retail Sales (October; 10:00 a.m. GMT)

Euro zone retail sales likely plunged by 1% m/m in October, more than reversing the 0.7% rise in September. The already-available preliminary country data for the area's major economies have been grim: Spending on goods fell by 1.9% m/m in France, by 1.2% in Germany, and by 1.1% in Spain. Figures for Portugal were also dismal, showing that sales declined by 2.3% m/m at the end of the quarter, while they contracted by 0.8% in Greece and remained only steady in Ireland. We are still waiting on data for Italy, the Netherlands, Austria and Belgium; they should come in mixed, but after the disappointments observed for all major countries, we wouldn't be surprised if they were depressed as well.

Across sectors, we expect that the weakness was broad-based. The main drag should have come from energy sales, which are also expected to have plunged on the back of October's unusually mild temperatures. The above-average weather should also have depressed demand for clothing retailers' new winter lines, so we are penciling in a contraction in textile sales. Food sales are a wild card, but we expect they retreated as well. Our forecast is in line with the area's Markit retail PMI, which shows that sales growth across the euro zone pulled back at the beginning of the fourth quarter.

WEDNESDAY, DECEMBER 6

Euro Zone: GDP (Q3; 10:00 a.m. GMT)

The euro zone's real GDP expanded by 0.6% q/q in the third quarter, according to revised preliminary estimates. Growth from a year earlier picked up to 2.5% in the three months to September from 2.3% in the previous stanza. Although the GDP release didn't include the expenditure details for growth, we expect that household consumption likely powered the third quarter's expansion, supported by falling unemployment, while net exports probably contributed less than in the first half because of the strong euro. German and Italian output growth were the biggest boost to the euro zone's total expansion. Germany, Europe's powerhouse, expanded by 0.8% q/q in the third quarter, up from 0.6% growth in the previous stanza, while Italy's real GDP grew by 0.5%, following a downwardly revised 0.3% gain previously. Although expansion remains strong in Spain and France, these economies slowed a bit from the previous quarter.

Russia: Consumer Price Index (November; 1:40 p.m. GMT)

As expected, the drop in food prices was only temporary, but low year-over-year inflation leaves an opening for continued policy easing in the final stretch of 2017. Though inflation risks remain, the central bank's board of directors has enough breathing room to make another move on the policy rate without jeopardizing the 4% target. The one-week repo rate is still 3 percentage points above its level before the oil crash.

THURSDAY, DECEMBER 7

Germany: Industrial Production (October; 9:00 a.m. GMT)

German industrial production likely increased slightly at the start of the fourth quarter, gaining 0.2% m/m after dropping by 1.6% in September. In year-ago terms the rate of increase is expected to have ticked up to around 3.7%. Robust demand likely supported production. German manufacturing orders surged 1% m/m in September. The monthly increase was driven by foreign orders, while domestic orders retreated marginally. In year-ago terms, factory orders added 9.5%, with the pace of increase in both foreign and domestic orders accelerating from August. The Markit manufacturing PMI was unchanged in October at 60.6, the highest level since April 2011, and signaled continued strong momentum at the start of the last quarter. However, the outlook remains clouded as the uncertainty caused by the Brexit negotiations and appreciating euro could curb the German manufacturing sector.

FRIDAY, DECEMBER 8

France: Industrial Production (October; 8:00 a.m. GMT)

France's industrial production likely remained steady in October, following a 0.6% rise in September. This should have pushed the yearly rate down slightly to 3%, though we caution that risks are tilted to the downside, as we still don't know to what extent energy output plunged. October's temperatures were 1.4 degrees Celsius above average, so we are expecting that demand for heating was depressed following September's 2.3% jump; we were nonetheless surprised that sales data showed households' consumption of energy tumbled by 6.1% over the month, so this could translate into an impressive fall in energy output. Elsewhere, swings should continue in the pharmaceuticals sector, but we are penciling in a jump in clothing production on the back of the milder weather. Mining and quarrying production also increased following weakness in August and September.

Germany: Foreign Trade (October; 8:00 a.m. GMT)

Germany's trade surplus likely narrowed to €21.5 billion in October after increasing to €21.8 billion in the previous month, but it was up from €19.9 billion in October 2016. Continued global geopolitical tensions, worries over the U.K. exit from the EU, and the shift towards protectionism in the U.S. will likely drag on foreign demand for German products in the remainder of this year. Moreover, the euro has been gradually gaining against the dollar, strengthening to $1.18 on average

in October, 6.6% higher than in the same month last year, which likely weighed on German exports. At the same time, strengthening economic activity is boosting imports. German GDP grew 0.8% q/q in the third quarter of 2017, while in year-ago terms the growth rate accelerated to 2.8%, the fastest since mid-2011. Still, net exports increased in the third quarter because of a steep increase in exports, while imports rose to a lesser extent.

U.K.: Industrial Production (October; 9:30 a.m. GMT)

We forecast that U.K. industrial production remained steady in October following September's 0.7% m/m increase. Because of base effects, the yearly rate would be pushed up to a strong 3.5%, which is much higher than the 1.7% average for the past 12 months. Across sectors, we expect that energy production dragged on the headline, as October's average temperatures in the U.K. were 1.8 degrees Celsius above their seasonal norm, which should have dented demand for heating. Mining and quarrying output, by contrast, is expected to have remained relatively steady following wild swings over the previous months, which were mostly caused by unseasonal closures of oil rigs for maintenance.

Regarding the manufacturing sector, the report will likely be mixed. Clothing and food sales should have rebounded, while the production of machinery and equipment should have stepped back somewhat. In all, though, we are more confident about an upward surprise than a disappointment. Leading data have been rather upbeat lately.

ASIA-PACIFIC

By Katrina Ell and the Asia-Pacific staff of Moody's Analytics in Sydney

Australia's GDP growth softened over the September quarter; the consumption picture is weak

Australia's GDP growth softened over the September quarter. Consumption is on track to make a nil contribution to GDP growth, following an impressive 0.4-percentage point contribution in the second stanza. The only reasonable barometer of business investment is the quarterly private capital expenditure survey, which is released only a few days prior to the GDP data. Exports performed well through the third stanza and the net export contribution should be the main bright spot in the national accounts.

October's retail trade data should show mild growth after a string of disappointments through the September quarter. Australia's consumption picture is weak. Households have pulled back on spending after the June quarter jump, as they are not continuing to dip into savings to fund discretionary purchases in the midst of weak income growth. There was probably a little more breathing space for discretionary purchases in October since the initial shock of utility price hikes have faded from the forefront of spending decisions.

The Reserve Bank of Australia will keep the cash rate steady at 1.5% at its final meeting of 2017. In a recent speech, RBA Governor Philip Lowe noted that the most likely next move for interest rates was a hike and it was some way off. There's no need for the RBA to be in a hurry to normalize, as core inflation remains below the 2%-to-3% target and is expected to only gradually creep higher.

China's trade surplus likely narrowed in November and should continue to do so well into 2018. Import growth has outpaced export growth for 15 consecutive months and this will persist as domestic demand for commodities continues unabated. Exports, meanwhile, are growing on the back of the global tech boom ahead of the holiday season.

Chinese consumer prices likely cooled in November following a spike in food prices related to the Golden Week holiday in October. Core inflation pressures have been stable, although housing shows some signs of pressure. We expect producer price growth also cooled in November. Producer prices were higher than expected in October, which seems partly related to strong effects from the Communist Party Congress, when the government forced some firms to shut production in Beijing to ease pollution. Although this likely faded in November some lingering shutdowns in Beijing ahead of U.S. President Donald Trump's visit may have prolonged the effect.

THURSDAY, NOVEMBER 23

New Zealand – Retail Trade – 2017Q3

Time: 8:45 a.m. AEDT (Wednesday, 9:45 p.m. GMT)
Forecast: 0.6%
New Zealand's retail trade likely cooled to 0.6% q/q in the September quarter following the burly 2% expansion in the June quarter. An influx of spectators and competitors to New Zealand for the World Masters Games in late April and rugby's Lions series beginning in June was behind the solid second quarter gain. Retail spending should cool heading into 2018 as net migration cools. It has been a key ingredient keeping consumption upbeat in 2017. The newly elected centre-left Labour government plans to reduce net migration to 20,000 to 30,000 per year amid increasing discomfort with the record number of inflows in 2016, although it is unclear when this will start taking effect.

Taiwan – Domestic Trade – October

Time: 7:00 p.m. AEDT (8:00 a.m. GMT)
Forecast: 3.8%
Taiwan retail sales likely grew by 3.8% y/y in October after a 3.2% rise in September. Retail sales have perked up in the last two months. They likely gained further in October on the back of the sustained upswing in consumer confidence, which was near a two-year high. The economic upturn, a pay raise for public servants next year, a rising stock market, and improved confidence about household finances have consumers feeling more upbeat, and that bodes well for retail sales.

Taiwan – Industrial Production – October

Time: 7:00 p.m. AEDT (8:00 a.m. GMT)
Forecast: 4.6%
Industrial production in Taiwan likely grew 4.6% y/y in October, down from 5.2% in the prior month. It has been a particularly strong year for electronic components manufacturing in Taiwan, with shipments of components up 14.9% year to date compared with the same period last year. However, total export growth slowed to a 13-month low of 3% y/y in October, well below September's 28.1% increase. Although a high base from a year earlier could start to inhibit industrial production growth, healthy demand for semiconductors and other tech products should support manufacturing output in coming months.

FRIDAY, NOVEMBER 24

South Korea – Consumer Sentiment Index – November

Time: 8:00 a.m. AEDT (Thursday, 9:00 p.m. GMT)
Forecast: 109.8
South Korean consumer confidence likely edged up to 109.8 in November, after ticking up to 109.2 in the prior month. Consumer sentiment was surprisingly resilient in October. Improved economic conditions and President Moon Jae-in's policies, including a pledge to create 810,000 public sector jobs during his five-year term and a 16% increase in the minimum wage next year, are lifting sentiment. Provided North Korea tensions don't escalate further, sentiment should stay relatively upbeat on the back of Moon's populist policies and the improved economic conditions.

New Zealand – Foreign Trade – October

Time: 8:45 a.m. AEDT (Thursday, 9:45 p.m. GMT)
Forecast: -NZ$920 million
New Zealand's monthly trade balance likely was in deficit in October, as it has been since August. We look for a NZ$920 million deficit following the NZ$1.1 billion shortfall in September. The trade balance historically hovers in deficit through the third quarter and early fourth. Beyond the seasonal issues, merchandise exports are doing well thanks to high dairy prices, with butter a particular bright spot recently. Soaring Chinese demand is the critical driver; almost 80% of New Zealand's milk and cream is exported there. Volumes aren't doing as well, likely crimped by the often soaring prices. Dairy volumes were down in August and September.

Singapore – GDP - Final – 2017Q3
Time: Unknown
Forecast: 4.6%
Singapore's economy expanded 4.6% y/y in the September quarter according to an advance estimate, the fastest pace since the first quarter of 2014. We expect little to no change in the final estimate. Although the synchronized upturn in the global demand is boosting the export-oriented sectors of the economy, construction and services remain relatively soft. Construction output has fallen for five consecutive quarters, even as government-led construction is being supported by a number of major projects, such as the expansion of the Changi airport.

Singapore – Industrial Production – October
Time: 4:00 p.m. AEDT (5:00 a.m. GMT)
Forecast: 13.2%
Singapore industrial production likely increased 13.2% y/y in October, after a 14.6% increase in September. Despite cooling in the last two months, industrial production has risen for 14 consecutive months, thanks to the synchronized upturn in global demand. Electronics production has been especially strong, increasing at a double-digit pace for 16 months. Still, 6,800 manufacturing jobs were cut in the first half of 2017. Although external demand is expected to stay firm and support manufacturing, a high base from a year earlier is likely to start inhibiting production growth.

Taiwan – GDP – 2017Q3
Time: 7:00 p.m. AEDT (8:00 a.m. GMT)
Forecast: 3.1%
Taiwan's economy grew 3.1% y/y in the September quarter according to an advance estimate, and we expect little change in the second estimate. The acceleration in GDP growth largely reflects the upturn in exports. Foreign demand for electronic components and machinery has been especially firm and helped to lift exports 11.2% y/y during the September quarter. However, private consumption and gross capital formation remained weak. Private consumption was up just 1.9% y/y from a 2.1% rise in the prior quarter. Gross capital formation dipped 7.75% y/y, after edging up 0.2% in the prior quarter.

MONDAY, DECEMBER 4

Japan – Consumer Confidence – November
Time: 4:00 p.m. AEDT (5:00 a.m. GMT)
Forecast: 44.7
Japan's consumer confidence index likely inched higher to 44.7 in November. The November survey will reflect Prime Minister Shinzo Abe's election win, so we expect a slight uptick in confidence. Sentiment tends to rise after the incumbent party is re-elected with strong support. However, inflation expectations were likely unchanged. Overall risks remain skewed to the downside. If the yen rises, the current growth trend could derail and domestic demand could falter.

TUESDAY, DECEMBER 5

Australia – Balance of Payments – 2017Q3
Time: 11:30 a.m. AEDT (12:30 a.m. GMT)

Forecast: A$6.72 billion
Australia's current account deficit likely narrowed to A$6.72 billion in the September quarter, from a A$9.56 billion deficit in the June quarter, its largest deficit in almost a year. We expect the balance on goods and services was the main driver of the smaller deficit. Net exports performed well over the third stanza thanks to buoyant demand in China and elsewhere in Asia. Imports have been running at a slower pace, a reflection of how domestic demand has softened, particularly on the consumption side. We forecast widening global interest rate spreads. The Reserve Bank of Australia isn't likely to make any interest rate changes until 2019 and the Federal Reserve is poised to hike in December. Australia could be a more attractive investment destination, widening the financial account surplus and, correspondingly, widening the current account deficit.

Australia – Retail Sales – October

Time: 11:30 a.m. AEDT (12:30 a.m. GMT)
Forecast: 0.4%
Australian retail trade likely rose 0.4% m/m in October, after a string of disappointments through the September quarter. Retail trade was flat in September, fell by 0.5% m/m in August, and dropped 0.3% in July. Australia's consumption picture is weak. Households have pulled back on spending after the June quarter jump, as they are not continuing to dip into savings to fund discretionary purchases in the midst of weak income growth. There was probably a little more breathing space for discretionary purchases in October, as the initial shock of utility price hikes has faded from the forefront of spending decisions.

Australia – Monetary Policy – December

Time: 2:30 p.m. AEDT (3:30 a.m. GMT)
Forecast: 1.5%
The Reserve Bank of Australia will keep the cash rate steady at 1.5% at its final meeting of 2017. In a recent speech, RBA Governor Philip Lowe noted that the most likely next move for interest rates was a hike. We don't expect interest rate normalization to begin until early 2019. By then we expect household consumption will be on a stronger footing as wage growth picks up from hovering around near record lows at 2% y/y. There's no need for the RBA to be in a hurry to normalize, as core inflation remains below the 2%-to-3% target and is expected to only gradually creep higher. With near-term rate hikes off the cards, some upward pressure on the exchange rate should abate. That is important given recent strength, partly on the back of a weak U.S. dollar.

Taiwan – Consumer Price Index – November

Time: 7:00 p.m. AEDT (8:00 a.m. GMT)
Forecast: -0.5%
Taiwan’s consumer price index likely fell 0.5% y/y in November, after slipping 0.3% in the prior month, a 26-month low. The dip in October was driven by large falls in vegetable and fruit prices. However, excluding food, consumer prices grew by a nine-month high of 1.2% y/y, suggesting underlying inflation pressures could be starting to build. Even as demand-side pressures are likely to pick up as labour market conditions continue to improve and public sector and minimum wages increase next year, we expect inflation to stay relatively subdued into 2018.

WEDNESDAY, DECEMBER 6

Australia – GDP – 2017Q3

Time: 11:30 a.m. AEDT (12:30 a.m. GMT)
Forecast: 0.3%
Australia's GDP growth softened to 0.3% q/q over the September quarter after a 0.8% gain in the June stanza. Consumption is on track to make a nil contribution to GDP growth following an impressive 0.4-percentage point contribution in the second stanza. Investment is difficult to get a handle on, as there is not a good monthly gauge of business investment. The only reasonable barometer is the quarterly private capital expenditure survey, which is released only a few days prior to the GDP data. Exports performed well through the third stanza and the net export contribution should be the main bright

spot in the national accounts. Annual GDP growth is forecast to hit 2.5% y/y, up from 1.8% in the June quarter. The acceleration is largely on base effects: In the third quarter of 2016, GDP growth was 1.9%, down from 3.2% in the second quarter of 2016. Our high-frequency GDP tracker also expects 2.5% y/y in the third quarter.

Malaysia – Foreign Trade – October

Time: 3:00 p.m. AEDT (4:00 a.m. GMT)
Forecast: MYR8.9 billion
Malaysia's monthly trade surplus likely widened to MYR8.9 billion in October, from an MYR8.6 billion surplus in September. Exports continue performing well, with tech products the main bright spot on account of the economy's large integrated circuit sector. Palm oil shipments have likely started to come under pressure from La Niña, which formed in October and usually lasts until March. It typically brings heavier than usual rainfall which could hurt cultivation and shipments. After slumping in the first half of 2017, palm oil futures have rebounded on disappointing production growth and could be under further pressure as La Niña kicks in.

THURSDAY, DECEMBER 7

Australia – Foreign Trade – October

Time: 11:30 a.m. AEDT (12:30 a.m. GMT)
Forecast: A$960 million
Australia's monthly trade surplus likely narrowed to A$960 million in October, from a A$1.75 billion surplus in September. Merchandise exports are doing well amid relatively high iron ore prices. Increased liquefied natural gas shipments will also help the trade balance. For instance, the Wheatstone liquefied natural gas project began production in October after a two-year construction phase and shipped its first export to Japan late in the month. Wheatstone is the sixth of eight projects included in a A$200 billion LNG construction boom that's in its final stretch. Consumption imports are a reasonable proxy for domestic demand, and on a trend basis they were running at -1% m/m in September. We expect only modest improvement in October.

FRIDAY, DECEMBER 8

China – Foreign Trade – November

Time: Unknown
Forecast: US$33 billion
China's trade surplus rebounded in October, largely in line with seasonal trends. The surplus will diminish, although trade activity will remain healthy. Import growth has outpaced export growth for 15 consecutive months, and this will persist as domestic demand for commodities continues unabated. Exports, meanwhile, are growing on the back of the global tech boom ahead of the holiday season. The trade surplus likely narrowed to US$33 billion in November, from US$38.2 billion in October.

Japan – GDP – 2017Q3

Time: 10:50 a.m. AEDT (Thursday, 11:50 p.m. GMT)
Forecast: 0.3%
Japan's second estimate of the September quarter GDP is likely unchanged at 0.3% q/q. Figures for investment in the preliminary release rely on supply-side data, including industrial production and capital goods shipments. We don't think new data will provide much uplift to growth. Indeed, growth could be even slower if fixed investment is revised down. Estimates for net exports and private consumption are generally stable, so we don't expect major revisions there. Overall, the economic picture won't change, and we believe a cyclical slowdown is occurring. Overall, the data will confirm our long-held view that the economy has improved in 2017 but has slowed in the second half.

Australia – Housing Finance – October

Time: 11:30 a.m. AEDT (12:30 a.m. GMT)
Forecast: 0.9%

Australian owner-occupied housing finance likely partially recovered in October with a 0.9% m/m gain, following a 2.3% slump in September. A handful of state governments reduced stamp duty requirements from July for first-home buyers purchasing properties under a certain threshold. This temporarily lifted home-loan spending earlier in the September quarter. A high proportion of those first-home buyers on the cusp of purchasing a property have likely made progress and now the underlying trend is clearer. The national housing market is cooling, particularly in the most heated pockets, and this should temper home loan demand heading into 2018.

Taiwan – Foreign Trade – November

Time: 7:00 p.m. AEDT (8:00 a.m. GMT)
Forecast: US$5.8 billion
Taiwan's trade surplus likely ticked up to US$5.8 billion in November after falling to US$5.2 billion in the prior month. There was a broad-based slowdown in exports in October, with exports growing just 3% y/y, well down on the 28.1% increase in September. The sharp slowdown partly reflected weaker exports to South Korea, which had fewer working days during the month because of national holidays. We expect export growth to rebound in November. However, although exports are likely to continue benefitting from firm external demand, especially for electronic products and components, a high base from a year earlier is expected to inhibit export growth in coming months.

SATURDAY, DECEMBER 9

China – Consumer Price Index – November

Time: 12:30 p.m. AEDT (1:30 a.m. GMT)
Forecast: 1.8%
Consumer price inflation jumped in October because of a spike in food prices related to the Golden Week holiday. Core inflation pressures have been stable, although housing shows some signs of pressure. Headline inflation is likely to fade as food prices revert to normal, and core inflation is likely to remain quiescent as the housing market cools and producer price inflation fades. CPI growth likely decelerated to 1.8% y/y in November, from 1.9% in October.

China – Producer Price Index – November

Time: 12:30 p.m. AEDT (1:30 a.m. GMT)
Forecast: 6.3%
Producer price inflation was higher than expected in October, which seems partly related to strong effects from the Communist Party Congress, when the government forced some firms to shut production in Beijing to ease pollution. Although this likely faded in November, some lingering shutdowns in Beijing ahead of U.S. President Donald Trump's visit may have prolonged the effect. The general trend is for a slowdown in producer price inflation; raw materials prices will cool as inventories are replenished and housing-related demand fades. Producer price inflation likely decelerated to 6.3% in November, from 6.9% in October.

The Long View

The US: Since 1995, US$-IG bond issuance fell annually in only two of the 15 years overlapping mature economic upturns

By John Lonski, Chief Economist, Moody's Capital Markets Research Group,
November 30, 2017

CREDIT SPREADS

As measured by Moody's long-term average corporate bond yield, the recent investment grade corporate bond yield spread of 108 bp is far under its 122-point mean of the two previous economic recoveries. This spread is more likely to be wider, as opposed to narrower, a year from now.

The recent high-yield bond spread of 373 bp is now somewhat wider than what is inferred from the spread's macroeconomic drivers and the high-yield EDF metric. The adverse implications for liquidity of possibly significantly higher interest rates merit consideration.

DEFAULTS

After setting its current cycle high at January 2017's 5.8%, the US high-yield default rate has since eased to the 3.2% of October. Moody's Default and Ratings Analytics team expects the default rate will average 2.2% in Q3-2018. A deeper slide to its 1.85% average of the 18-months-ended June 2015 is unlikely for now.

US CORPORATE BOND ISSUANCE

Yearlong 2016's US$-denominated bond issuance rose by 5.5% annually for IG, to $1.411 trillion and dropped by -3.5% to $341 billion for high yield. Across broad rating categories, 2016's newly rated bank loan programs from high-yield issuers advanced by 45% to $98 billion for Baa, rose by 2% to $212 billion for Ba, and soared by 43% to $208 billion for programs graded less than Ba.

Q4-2015's worldwide offerings of corporate bonds showed annual percent declines of -8.7% for IG and -51.4% for high-yield, wherein US$-denominated offerings dipped by +1.3% for IG and plunged by -45.1% for high yield.

Q1-2016's worldwide offerings of corporate bonds showed annual percent declines of -4.9% for IG and -51.4% for high-yield, wherein US$-denominated offerings rose by +1.3% from Q1-2015 for IG, but plunged by -45.1% annually for high yield.

Q2-2016's worldwide offerings of corporate bonds showed an annual increase of +6.3% for IG and an annual drop of -5.2% for high-yield, wherein US$-denominated offerings dipped by -2.2% for IG and sank by -6.3% for high yield.

Third-quarter 2016's worldwide offerings of corporate bonds showed an annual advances of +19.5% for IG and +42.8% for high-yield, wherein US$-denominated offerings soared higher by +34.1% for IG and by +46.4% for high yield.

Fourth-quarter 2016's worldwide offerings of corporate bonds showed annual percent changes of -10.2% for IG and +24.9% for high-yield, wherein US$-denominated offerings fell by -8.5% for IG and advanced by +24.9% for high yield.

First-quarter 2017's worldwide offerings of corporate bonds showed annual percent increases of +7.7% for IG and +110.6% for high-yield, wherein US$-denominated offerings advanced by +17.1% for IG and by +98.3% for high yield.

Second-quarter 2017's worldwide offerings of corporate bonds showed an annual percent decline of -6.3% for IG and an increase of +8.3% for high-yield, wherein US$-denominated offerings fell by -6.4% for IG and grew by +5.8% for high yield.

Third-quarter 2017's worldwide offerings of corporate bonds showed an annual percent decline of -1.6% for IG and an increase of +6.6% for high-yield, wherein US$-denominated offerings dipped by -0.7% for IG and grew by +4.3% for high yield.

For yearlong 2016, worldwide corporate bond offerings rose by 2.3% annually for IG (to $2.402 trillion) and sank by -7.8% for high yield (to $426 billion). In 2017, worldwide corporate bond offerings may rise by 3.5% annually for IG and may advance by 33.6% for high yield. The worldwide corporate bond offerings of 2018 are expected to show annual increases of 2.5% for IG and 10.0% for high yield.

The financing of acquisitions and shareholder compensation will stand out among 2016's uses of funds obtained via bond issues and newly-rated bank loan programs. Companies will resort to acquisitions and divestitures in order to better cope with the US's subpar recovery. To the degree companies fear significantly higher bond yields, pre-fundings will rise.

US ECONOMIC OUTLOOK

The mid-point of the range for fed funds should finish 2017 no greater than 1.375%. In view of the considerable underutilization of the world's productive resources, low inflation should help to rein in Treasury bond yields. As long as the global economy operates below trend, the 10-year Treasury yield may not remain above 2.45% for long. A fundamentally excessive climb by Treasury bond yields and a pronounced slowing by expenditures in dynamic emerging market countries are among the biggest threats to the adequacy of economic growth and credit spreads going forward.

EUROPE

By Tomas Holinka and Barbara Teixeira Araujo of Moody's Analytics

Eurozone (November 30, 2017)

The euro zone economy looks headed for a strong second half of the year. The euro zone's real GDP expanded by 0.6% q/q in the third quarter, according to revised preliminary estimates. Growth from a year earlier picked up to 2.5% in the three months to September from 2.3% in the previous stanza. Although the GDP release didn't include the expenditure details for growth, we expect that household consumption likely powered the third quarter's expansion, sup-ported by falling unemployment, while net exports probably contributed less than in the first half because of the strong euro. German and Italian output growth mainly supported the total euro zone expansion. Germany, Europe's powerhouse, expanded by 0.8% q/q in the third quarter, up from 0.6% growth in the previous stanza, but Italy's real GDP increased by 0.5%, following an downwardly revised 0.3% rise previously. In contrast, thought the expansion remains strong in Spain and France, it slowed a bit from the previous quarter.

Meanwhile, October's euro zone unemployment report only added to the recent barrage of upbeat data on the currency area's economies, showing that the monetary bloc's unemployment rate fell further during the month. Behind this improvement was a sharp slide in the number of unemployed, making the cumulative decline since the start of the year a punchy 1.2 billion. What's more, the details showed a broad-based improvement across countries, while the number of youth job seekers also fell in most member states. The standout of October's report was France, which explained almost half of the total decline in the number of unemployed in the area as a whole. What's more, the country's unemployment rate dropped to 9.4% over the month, while September's rate was revised sharply down to only 9.5%, from 9.7% previously. We expect this trend will continue in coming months, so we wouldn't be surprised if the French unemployment rate dropped further, though we caution that the return of inactive people to the labour market will exert an offsetting pressure.

Despite improving labour market, wage growth remains muted, restraining faster underlying inflation. Although euro zone annual harmonized inflation accelerated to 1.5% in November from the previous month, core inflation, which strips out volatile components, remained at 1.1% y/y, and we don't expect inflation to pick up quickly in coming months. Higher preliminary inflation data in Germany and Spain pushed euro zone inflation up. The harmonized inflation printed at 1.8% y/y for Germany and 1.7% y/y for Spain in November. Germany's strong economic performance is finally spilling over to inflation, while Spanish prices seem far less influenced by the country's stellar GDP growth. The German

economy grew 0.8% q/q in the third quarter, up from 0.6% in the previous stanza. In year-ago terms, the expansion rate accelerated to 2.8% from an upwardly revised 2.3% in the three months to June. This was the fastest pace of yearly growth since mid-2011, and firming business sentiment suggests further strengthening in prices.

The latest result means that the ECB was right in late October to reinforce its dovish bias, and we don't expect it to tighten monetary conditions much further in 2018. Improving growth prospects should help the single-currency union withstand the reduction of the monetary stimulus. The ECB will cut monthly purchases in half to €30 billion from January, while extending them until September, or beyond if necessary.

UK (November 30, 2017)

The second estimate of GDP growth matched the preliminary numbers, showing that the U.K. economy grew by 0.4% q/q in the third quarter, accelerating slightly from a 0.3% increase in the second stanza though still failing to push the yearly rate up from its current meagre 1.5% pace.

What caught investors' eye in the report was the expenditure breakdown of growth, which in our opinion came as a broad disappointment. True, the fact that household consumption accelerated sharply from the previous quarter by adding 0.6% q/q was welcome news, but this was completely eclipsed by the bad trade numbers and below-consensus increase in business investment.

While we acknowledge that the fact business investment is not downright falling in light of the Brexit uncertainty is actually good news, at 0.2% q/q, the pace of growth more than halved the growth rate recorded over the past few years. To that we add that it is now pretty clear that the costs of the currency's depreciation have outweighed its supposed benefits. No substantial boost to net trade has come yet, and the fact that exports fell further by 0.7% q/q in the three months to September is more evidence that the U.K.'s competitiveness in the global market failed to improve to the extent implied by the pound's slump.

Prospects for trade and investment are not much better, and even worse is that we don't expect this pace of growth in consumer spending to be sustained in coming quarters. We see it mainly as a blip, notably due to a strong mean-reversion in car spending following a depressed second stanza. What's more, at 1.1% q/q nominal spending yet again outpaced the 0.7% rise in employees' compensation, which means that consumers had to either turn to more debt or slash their savings in order to finance their purchases. Given that interest rates are rising, the housing market is struggling, the savings ratio is at a record low and consumer confidence is in the doldrums, we don't think that this trend will continue. Accordingly, we expect that spending will have to fall back in line with the rise in nominal incomes.

Summing up, we think the second estimate of GDP growth is nothing to write home about. Regarding fourth quarter prospects, we expect growth will likely slow to around 0.3% q/q, as spending will likely fall back in line with the decline in real wages and investment will remain subdued, especially as little news on the Brexit deal has emerged.

ASIA PACIFIC

By Faraz Syed and the Asia-Pacific Staff of Moody's Analytics
November 30, 2017

AUSTRALIA

The Reserve Bank of Australia's updated forecasts of the country's economy confirms our view that rates will remain unchanged until late 2018. November's Statement on Monetary Policy shows GDP growth and inflation were downwardly revised, which suggests that the economy is improving more slowly than previously assumed. That's despite October's labour force data, which showed a drop in the seasonally adjusted unemployment rate to 5.4%.

The outlook for core inflation has softened. The most notable forecast change was to underlying inflation (currently 1.8%), which is forecast to be 1.75% to the end of 2018, a 0.25-percentage point cut from its previous midpoint estimate. Prospects for near-term GDP growth were also downwardly revised, though the central bank sees upside potential for nonmining investment. The recent surge in job growth (nearly 300,000 jobs added year to date) is expected to persist and reduce labour market slack. Growth for Australia's major trade partners was upwardly revised, a good sign for the near-term export outlook. Overall, the bank highlights downside risks to wage growth, with upside potential for nonmining investment.

Since the bank began its easing cycle in the second half of 2011, underlying inflation forecasts have been consistently slashed. These downward revisions—we estimate around 10 for the year-ahead underlying inflation forecasts—have coincided with 325 basis points of rate cuts. The central bank generally lowers the cash rate first, then updates its forecasts after. But a likely scenario for policy normalisation could be no near-term downward revisions to underlying inflation, accompanied by upward revisions to medium-term forecasts. Upward revisions to inflation forecasts prior to hikes are crucial. This is because underlying inflation has averaged below the bank's 2% to 3% target since 2015, and it's not expected to reach the midpoint of the target through the current forecast horizon.

It's difficult to see the bank hiking before a wholesale upgrade of its forecasts. Thus the eventual rate hike will likely be telegraphed in advance.

The nonmining outlook has brightened after several false starts. The bank has provided reasonable upside risks to nonmining investment. Its liaisons have reported an increased uptake in the private capital expenditure pipeline thanks to public infrastructure investment. Moreover, government spending on the National Disability Insurance Scheme will support growth over the medium term.

The outlook for liquefied natural gas exports was revised lower as a result of delays in projects, but overall external demand is still looking positive. Stronger nominal GDP growth in trading partners means that the exchange rate was revised down by 3% in trade-weighted index terms, a likely boost to Australia's services exports. We expect tourism and education exports will add positively to growth over the coming year. The sharp upward revision to oil prices by 19% also seems reasonable given that OPEC is expected to persist with supply cuts.

Despite our agreement with the bank on its nonmining investment outlook, we are a little more skeptical on the consumer side. Our baseline assumption is that household budgets will be under pressure over the next 12 months. This will be characterised by weak wage growth and corrections in the housing market. Consequently, our GDP growth forecasts undershoot the central bank's.

Unlike the central bank, we don't see a return to trend-growth over the near term. Thus, there are further risks that inflation could undershoot the current projections, as outlined below.

The bank has a sanguine outlook for the labour market, with the jobless rate nudging lower to 5.25% by 2019. This is vindicated by recent leading employment indicators consistently pointing to further improvements. This includes the NAB business surveys, job advertisements and vacancies. It's a fair assumption that employment will increase at its current pace of around 2.7% to 3% y/y for the rest of 2017, with full-time positions continuing to play an important role.

However, sticky wages are the obvious downside risk. And the bank acknowledges this, noting that risks to its rosy employment outlook are twofold: first, the degree of spare capacity in the labour market, and second, the degree to which a tighter labour market translates to wage pressures. We see wage growth as the bigger downside risk because a tighter labour market won't necessarily equal higher wages. The Phillips curve relationship isn't broken in Australia, but it has become flatter this decade. This means that inflation is less sensitive to changes in the unemployment rate. The curve could steepen over time, but as the bank noted, this hasn't always occurred in other developed economies. The U.S. and Japan are prime examples of a flat Phillips curve; a tight labour market with low wage pressures. Low productivity and technological changes are among the reasons touted for benign wage outcomes globally.

The outlook for average earnings has also been tempered. Changes to labour force composition with greater employment gains in lower income jobs justify a cautious wage outlook. For example, out of the four industries that contributed most to employment since 2016, only the construction sector has wages meaningfully higher than the national average. Wages in the education sector are around the national average, while health and accommodation services languish well below national earnings.

The housing market has likely peaked, at least in the eastern capital cities. Forward indicators of housing such as auction clearance rates show signs of a fatigued market. We expect a moderate slowdown in the housing market over the coming year. And although CPI changes have given greater weights to rental costs, average weekly rents have been stable across the capital cities.

The closure of the Hazelwood power plant has undoubtedly added to utility costs. There's uncertainty as to how much consumers and businesses will pay for electricity given that a greater reliance is being placed on gas-powered generators. With gas prices rising, higher utility costs will act as a marginal tax on household budgets. Consumers' electricity usage is more difficult to adjust than changes to spending on discretionary items. The recent slowdown in retail sales, which were flat for September, is a good example.

We agree with the central bank on upside risks to the nonmining outlook. Brighter outlooks for external demand and nonmining investment prevent us from calling for further cuts. But lingering uncertainties over the household budget over the coming year mean that rate hikes remain unlikely.

We forecast rates to remain on hold until the end of 2018. Financial market pricing puts the odds of a rate hike at more than 80% by end of 2018. A potential upside is the Australian dollar. If global central banks turn more hawkish, an aussie depreciation would further buttress external demand. The Bank of England, the U.S. Federal Reserve, and the European Central Bank are expected to tighten policy through 2018.

Ratings Round-Up

By Njundu Sanneh

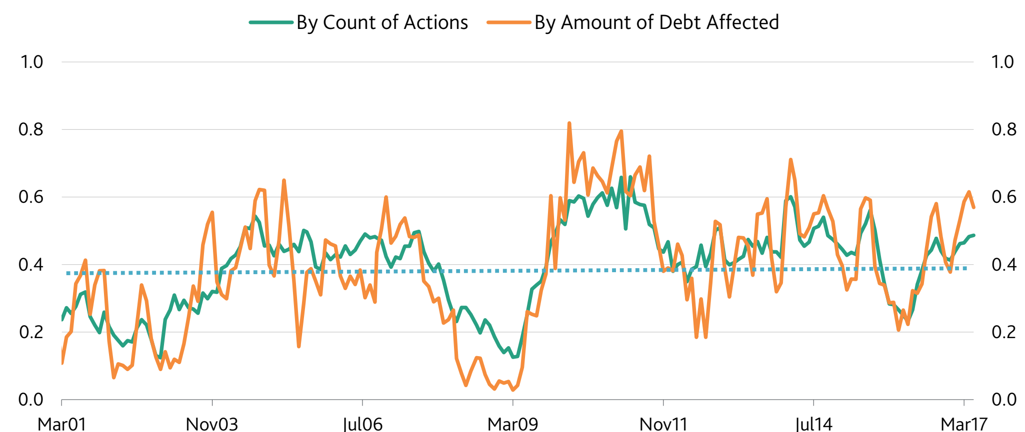
Busy Two Weeks in US

The US rating revision activity over the past two weeks was decidedly skewed towards downgrades, with upgrades contributing only 32% of the total rating changes. The retail, consumer, and technology sectors weighted the rating changes list towards downgrades, with 17 of the 25 US rating changes adverse. The retail sector, especially brick and mortar outfits and small units, continue to feel the pinch. All four retail names on our list were downgraded for capital structure issues ranging across high leverage, refinancing risks, and planned bankruptcy filing. The downgrade for the packaged foods in the consumer services/products sector were characterized by a challenging competitive environment that makes it difficult to improve liquidity constraints and credit metrics. The commodity sector continues its recovery as oil and other commodity prices have reached supportive levels, if not the record levels of a few years ago. Energy companies accounted for two of the eight upgrades with financial companies providing another three.

In Europe the upgrade to total changes ratio was three out of four. The metals and mining sector accounted for two upgrades with a bank accounting for the other.

FIGURE 1

Rating Changes - US Corporate & Financial Institutions: Favorable as % of Total Actions



* Trailing 3-month average

Source: Moody's

FIGURE 2

Rating Key

BCF	Bank Credit Facility Rating	MM	Money-Market
CFR	Corporate Family Rating	MTN	MTN Program Rating
CP	Commercial Paper Rating	Notes	Notes
FSR	Bank Financial Strength Rating	PDR	Probability of Default Rating
IFS	Insurance Financial Strength Rating	PS	Preferred Stock Rating
IR	Issuer Rating	SGLR	Speculative-Grade Liquidity Rating
JrSub	Junior Subordinated Rating	SLTD	Short- and Long-Term Deposit Rating
LGD	Loss Given Default Rating	SrSec	Senior Secured Rating
LTCF	Long-Term Corporate Family Rating	SrUnsec	Senior Unsecured Rating
LTD	Long-Term Deposit Rating	SrSub	Senior Subordinated
LTIR	Long-Term Issuer Rating	STD	Short-Term Deposit Rating

Ratings Round-Up

FIGURE 3 Rating Changes: Corporate & Financial Institutions – US

Date	Company	Sector	Rating	Amount ($ Million)	Up/ Down	Old LTD Rating	New LTD Rating	Old STD Rating	New STD Rating	IG/ SG
11/15/17	ANCESTRY.COM HOLDINGS LLC - Ancestry.com Operations Inc.	Industrial	SrSec/BCF		D	B1	B2			SG
11/15/17	ANDEAVOR - Andeavor Logistics LP	Industrial	SrUnsec	3,770	U	Ba2	Ba1			SG
11/15/17	LAM RESEARCH CORP.	Industrial	SrUnsec	2,250	U	Baa1	A3			IG
11/15/17	STARBUCKS CORPORATION	Industrial	SrUnsec/CP	3,962	D	A2	A3	P-2	P-1	IG
11/15/17	VELOCITY HOLDING COMPANY, INC. - Velocity Pooling Vehicle, LLC	Industrial	SrSec/BCF/LTCFR/PDR		D	Caa2	Ca			SG
11/16/17	SEARS HOLDINGS CORP.	Industrial	SrUnsec/SrSec/LTCFR/PDR/BCF	743	D	Caa3	Ca			SG
11/17/17	EASTMAN KODAK COMPANY	Industrial	SrSec/BCF/LTCFR/PDR		D	B2	B3			SG
11/17/17	REAL INDUSTRY, INC.	Industrial	SrSec/LTCFR/PDR		D	B3	Ca			SG
11/20/17	AMPLIFY SNACK BRANDS, INC.	Industrial	SrSec/BCF/LTCFR/PDR		D	B2	B3			SG
11/20/17	HOUGHTON MIFFLIN HARCOURT COMPANY - Houghton Mifflin Harcourt Publishers Inc.	Industrial	SrSec/BCF/LTCFR/PDR		D	B3	Caa2			SG
11/20/17	PEABODY ENERGY CORPORATION	Industrial	LTCFR/PDR		U	B1	Ba3			SG
11/20/17	WALKER & DUNLOP, INC.	Financial	SrSec/BCF/LTCFR		U	Ba3	Ba2			SG
11/21/17	BON-TON STORES INC., (THE)	Industrial	SrSec/LTCFR/PDR	700	D	Caa2	Ca			SG
11/21/17	EPE HOLDINGS LLC	Industrial	SrUnsec/SrSec/BCF	6,043	D	Caa2	Caa3			SG
11/21/17	INDRA HOLDINGS CORP	Industrial	SrSec/BCF/LTCFR		D	Caa2	Caa3			SG
11/21/17	REALTY INCOME CORPORATION	Financial	SrUnsec/PS	4,500	U	Baa1	A3			SG
11/21/17	SORENSON COMMUNICATIONS, LLC	Industrial	SrSec/BCF		D	Ba2	Ba3			SG
11/22/17	SELECT INCOME REIT	Financial	SrSec/LTIR	1,800	D	Baa2	Baa3			IG
11/27/17	JANUS CAPITAL GROUP INC.	Financial	SrUnsec	417	U	Baa3	Baa2			IG
11/27/17	RAIN CARBON INC. - Rain CII Carbon LLC	Industrial	SrSec/LGD	1,100	D	B1	B2			SG
11/28/17	BOXER PARENT COMPANY, INC.	Industrial	SrUnsec/LGD	2,001	D	Caa1	Caa2			SG
11/28/17	GUITAR CENTER HOLDINGS, INC - Guitar Center Inc.	Industrial	SrUnsec/srSec/LTCFR/PDR	1,555	D	Caa2	Caa3			SG
11/28/17	NEENAH ENTERPRISES, INC. - Neenah Foundry Company	Industrial	LTCFR/PDR		U	Caa1	B3			SG
11/28/17	REDDY ICE HOLDINGS, INC. - Reddy Ice Corporation	Industrial	LTCFR/PDR		D	Caa1	Caa2			SG
11/28/17	WILLIAM LYON HOMES	Industrial	SrUnsec/LTCFR/PDR	900	U	B3	B2			SG

Source: Moody's

FIGURE 4 Rating Changes: Corporate & Financial Institutions – EUROPE

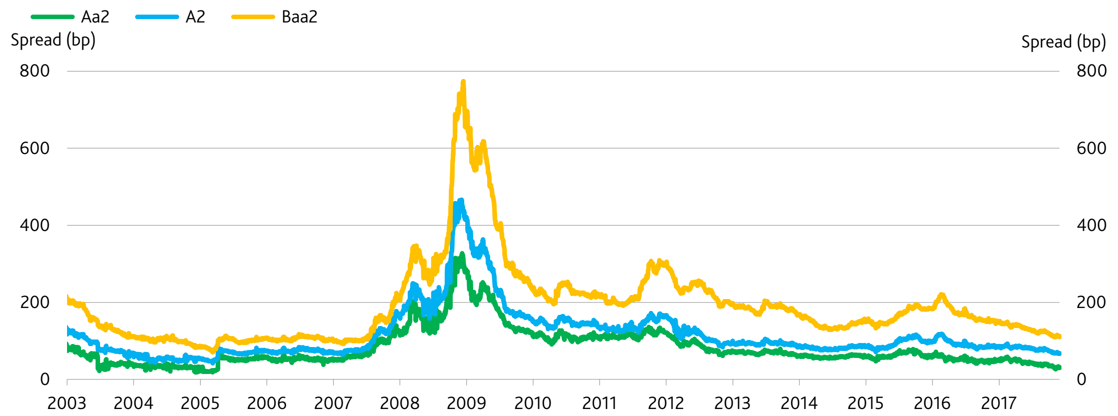
Date	Company	Sector	Rating	Amount ($ Million)	Up/ Down	Old LTD Rating	New LTD Rating	IG/ SG	Country
11/17/17	CREDITO VALTELLINESE S.P.A.	Financial	SrUnsec/LTD/MTN/Sub		D	B1	B2	SG	ITALY
11/17/17	UNIPOL GRUPPO S.P.A. - Unipol Banca S.p.A.	Financial	LTD		U	Ba2	Ba1	SG	ITALY
11/17/17	CONSTELLIUM N.V.	Industrial	SrUnsec	3,702	U	Caa1	B3	SG	NETHERLANDS
11/20/17	VEDANTA RESOURCES PLC	Industrial	SrUnsec/LTCFR	4,600	U	B3	B2	SG	UNITED KINGDOM

Source: Moody's

Market Data

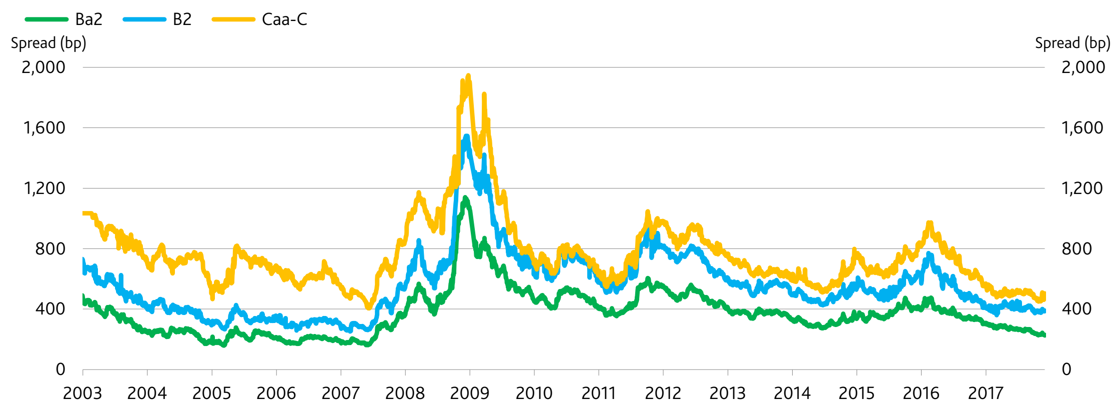
Spreads

Figure 1: 5-Year Median Spreads-Global Data (High Grade)



Source: Moody's

Figure 2: 5-Year Median Spreads-Global Data (High Yield)



Source: Moody's

CDS Movers

Figure 3. CDS Movers - US (November 22, 2017 – November 29, 2017)

CDS Implied Rating Rises	CDS Implied Ratings		
Issuer	Nov. 29	Nov. 22	Senior Ratings
TRW Automotive Inc.	A3	Baa2	Ba1
HSBC Finance Corporation	Aaa	Aa1	Baa1
CBS Corporation	Baa3	Ba1	Baa2
Eli Lilly and Company	Aa1	Aa2	A2
International Paper Company	A2	A3	Baa2
Rite Aid Corporation	Caa3	Ca	B3
Deere & Company	Aa1	Aa2	A2
Hertz Corporation (The)	Caa3	Ca	B3
American Axle & Manufacturing, Inc.	B1	B2	B2
AutoZone, Inc.	Baa2	Baa3	Baa1

CDS Implied Rating Declines	CDS Implied Ratings		
Issuer	Nov. 29	Nov. 22	Senior Ratings
Boston Scientific Corporation	A1	Aa2	Baa2
Apple Inc.	Aa2	Aa1	Aa1
John Deere Capital Corporation	A3	A2	A2
Coca-Cola Company (The)	Aa2	Aa1	Aa3
Walt Disney Company (The)	A1	Aa3	A2
PepsiCo, Inc.	A1	Aa3	A1
Prudential Financial, Inc.	Baa2	Baa1	Baa1
Kraft Heinz Foods Company	Baa2	Baa1	Baa3
Anthem, Inc.	A3	A2	Baa2
Capital One Financial Corporation	Baa3	Baa2	Baa1

CDS Spread Increases		CDS Spreads		
Issuer	Senior Ratings	Nov. 29	Nov. 22	Spread Diff
Nine West Holdings, Inc.	Ca	17,003	15,847	1,156
K. Hovnanian Enterprises, Inc.	Caa3	1,917	1,839	78
Frontier Communications Corporation	B3	1,549	1,508	41
MBIA Insurance Corporation	Caa2	1,034	1,003	31
Weatherford International, LLC (Delaware)	Caa1	596	571	25
Nabors Industries Inc.	B1	444	428	16
MBIA Inc.	Ba1	1,188	1,172	16
American Financial Group, Inc.	Baa1	320	306	14
DPL Inc.	Ba3	334	320	14
Nordstrom, Inc.	Baa1	236	222	13

CDS Spread Decreases		CDS Spreads		
Issuer	Senior Ratings	Nov. 29	Nov. 22	Spread Diff
Windstream Services, LLC	B3	1,837	2,070	-233
Sears Roebuck Acceptance Corp.	Ca	4,129	4,280	-151
Sears Holdings Corp.	Ca	3,673	3,807	-134
Rite Aid Corporation	B3	817	928	-111
Penney (J.C.) Corporation, Inc.	B3	1,128	1,209	-80
McClatchy Company (The)	Caa2	816	888	-72
R.R. Donnelley & Sons Company	B2	659	728	-69
Neiman Marcus Group LTD LLC	Caa3	1,318	1,378	-59
SUPERVALU Inc.	B3	690	737	-47
Avon Products, Inc.	B3	1,013	1,052	-39

Source: Moody's, CMA

Figure 4. CDS Movers - Europe (November 22, 2017 – November 29, 2017)

CDS Implied Rating Rises	CDS Implied Ratings		
Issuer	Nov. 29	Nov. 22	Senior Ratings
Novafives S.A.S.	Ba2	B1	B3
PizzaExpress Financing 1 plc	Caa3	C	Caa1
Banco Bilbao Vizcaya Argentaria, S.A.	A2	A3	Baa1
Portugal, Government of	Ba1	Ba2	Ba1
HSBC Holdings plc	A2	A3	A2
Banco Santander S.A. (Spain)	Aa2	Aa3	Baa1
Bayerische Landesbank	Aa2	Aa3	A1
Swedbank AB	Aa1	Aa2	Aa3
SEB	Aa2	Aa3	Aa3
Statoil ASA	Aaa	Aa1	Aa3

CDS Implied Rating Declines	CDS Implied Ratings		
Issuer	Nov. 29	Nov. 22	Senior Ratings
Old Mutual Plc	A1	Aa2	Ba1
Finland, Government of	Baa2	Baa1	Aa1
CaixaBank, S.A.	Baa3	Baa2	Baa2
Daimler AG	A3	A2	A2
Banco Popular Espanol, S.A.	A3	A2	Baa3
British Telecommunications Plc	Baa2	Baa1	Baa1
Centrica plc	Baa3	Baa2	Baa1
SES S.A.	Baa3	Baa2	Baa2
NN Group N.V.	A3	A2	Baa2
Legal & General Group Plc	Baa2	Baa1	A3

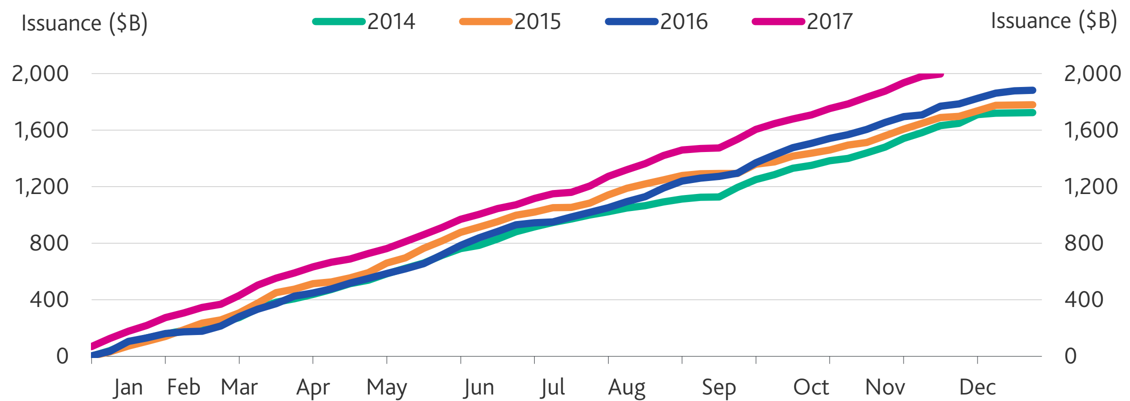
CDS Spread Increases		CDS Spreads		
Issuer	Senior Ratings	Nov. 29	Nov. 22	Spread Diff
Altice Finco S.A.	B3	396	365	31
Evraz Group S.A.	B1	267	250	17
Matalan Finance plc	Caa1	401	389	13
Permanent tsb p.l.c.	Ba3	196	187	10
Greece, Government of	Caa2	412	405	7
Old Mutual Plc	Ba1	34	28	7
Centrica plc	Baa1	67	61	6
Stena AB	B3	543	537	6
Banca Nazionale Del Lavoro S.p.A.	Baa3	84	79	5
CaixaBank, S.A.	Baa2	65	63	2

CDS Spread Decreases		CDS Spreads		
Issuer	Senior Ratings	Nov. 29	Nov. 22	Spread Diff
Astaldi S.p.A.	B3	4,735	5,211	-476
PizzaExpress Financing 1 plc	Caa1	817	1,027	-210
Boparan Finance plc	B3	623	735	-112
Novafives S.A.S.	B3	114	195	-81
KBC Group NV	Baa1	56	81	-25
Premier Foods Finance plc	Caa1	320	345	-25
Selecta Group B.V.	Caa2	269	290	-21
Rexel SA	Ba3	87	103	-16
UPC Holding B.V.	B2	145	160	-15
Eksportfinans ASA	Baa3	453	467	-14

Source: Moody's, CMA

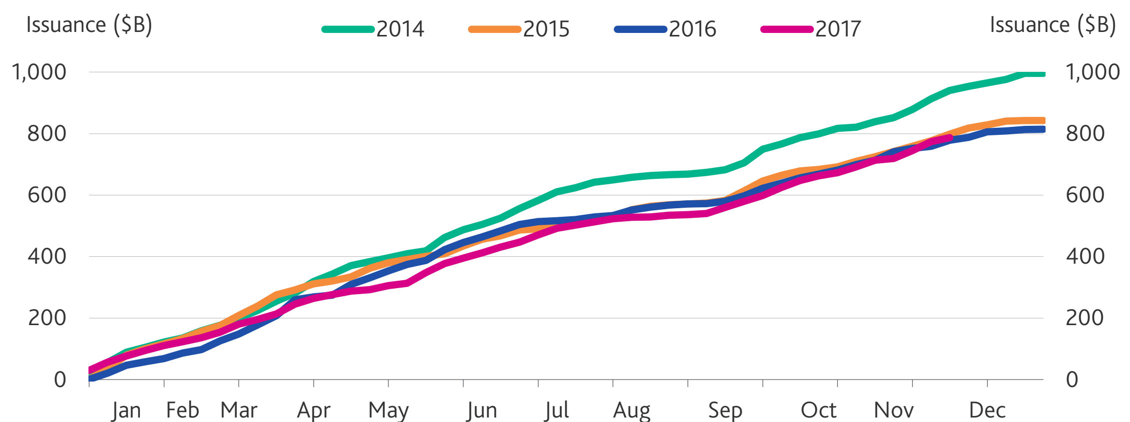
Issuance

Figure 5. Market Cumulative Issuance - Corporate & Financial Institutions: USD Denominated



Source: Moody's / Dealogic

Figure 6. Market Cumulative Issuance - Corporate & Financial Institutions: Euro Denominated



Source: Moody's / Dealogic

Figure 7. Issuance: Corporate & Financial Institutions

	USD Denominated		
	Investment-Grade	High-Yield	Total*
	Amount $B	Amount $B	Amount $B
Weekly	11.975	3.355	16.889
Year-to-Date	1,433.062	412.816	1,996.840

	Euro Denominated		
	Investment-Grade	High-Yield	Total*
	Amount $B	Amount $B	Amount $B
Weekly	10.774	0.884	13.093
Year-to-Date	639.150	104.362	787.144

* Difference represents issuance with pending ratings.

Source: Moody's/ Dealogic

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