MOODY'S ANALYTICS

Due to the holiday schedule, the next Weekly Market Outlook will publish on January 9, 2020.

WEEKLY MARKET OUTLOOK

Moody's Analytics Research

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High-Yield Rating Changes Say High-Yield Bond Spread Is Too Thin

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We preview economic reports and forecasts from the US, UK/Europe, and Asia/Pacific regions.
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The Long View

Full updated stories and key credit market metrics: Regarding stated uses of funds obtained via October-November 2019's investment-grade bond issuance, the number citing debt refinancings grew by 22% yearly, while the funding of M&A sank by 41%.

Credit Spreads	Investment Grade: We see the year-end 2020's average investment grade bond spread above its recent 107 basis points. High Yield: Compared with a recent 377 bp, the high-yield spread may approximate 415 bp by year-end 2020.
Defaults	US HY default rate: Moody's Investors Service's Default Report has the U.S.' trailing 12-month high-yield default rate dipping from November 2019's actual 3.9% to a baseline estimate of 3.8% for November 2020.
Issuance	For 2018's US$-denominated corporate bonds, IG bond issuance sank by 15.4% to $1.276 trillion, while high-yield bond issuance plummeted by 38.8% to $277 billion for high-yield bond issuance's worst calendar year since 2011's $274 billion. In 2019, US$-denominated corporate bond issuance is expected to rise by 2.6% for IG to $1.309 trillion, while high-yield supply grows by 53.6% to $426 billion. The very low base of 2018 supplied an upward bias to the yearly increases of 2019's high-yield bond offerings.

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Ratings Round-Up
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Market Data
Credit spreads, CDS movers, issuance.
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Moody's Capital Markets Research *recent publications*
Links to commentaries on: Leverage, rate sensitivity, sentiment, VIX, fundamentals, next recession, liquidity and defaults, cheap money, fallen angels, corporate credit, Fed moves, spreads, yields, inversions, unmasking danger, divining markets, upside risks.
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Click here for *Moody's Credit Outlook*, our sister publication containing Moody's rating agency analysis of recent news events, summaries of recent rating changes, and summaries of recent research.

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Credit Markets Review and Outlook

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

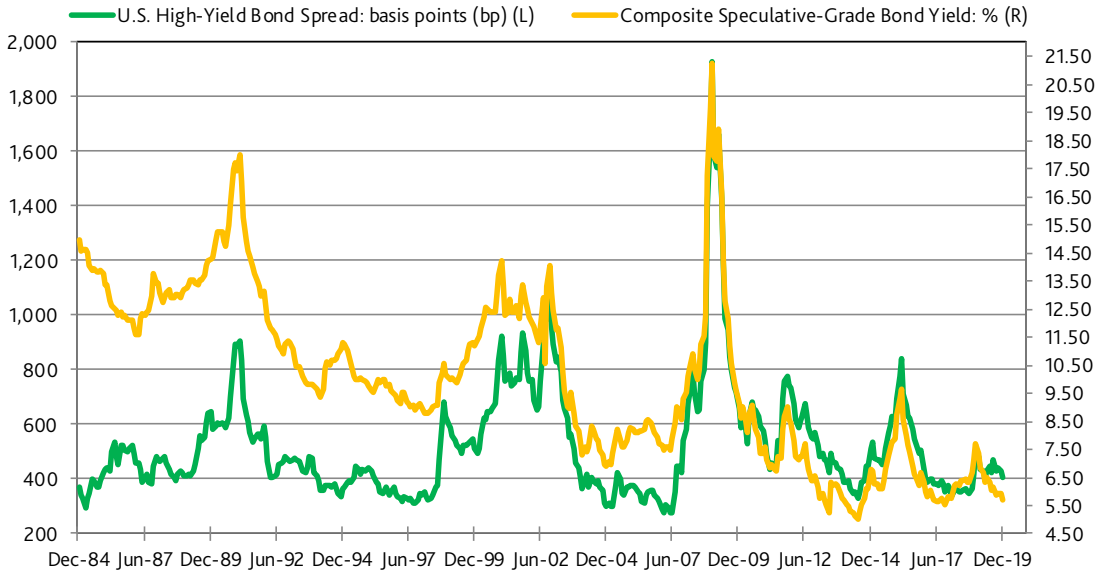
High-Yield Rating Changes Say High-Yield Bond Spread Is Too Thin

High-yield bonds have rallied mightily despite the lack of any observable broad-based acceleration of either business sales or corporate earnings. If the anticipated improvement in the fundamentals governing corporate credit quality do not materialize, a significant widening of high-yield bond spreads is likely.

A recent composite speculative-grade bond yield of 5.38% was far under its 12-month high of 8.24% from December 26, 2018 and was the lowest since the 5.36% of September 2, 2014. The recent composite speculative-grade bond yield was significantly under its 6.47% average of the five-years-ended 2018, wherein the speculative-grade bond yield bottomed at the 4.93% of June 23, 2014.

Warning against taking a bullish view of high-yield bonds as a long-term investment, the month-long average of the speculative-grade bond yield was less than its recent daily reading of 5.38% for only 5, or 8.3%, of the 60-months covering 2014-2018. The cited five months consisted of a span starting with March 2014 and ending in July 2014. During March-July 2014, the speculative-grade bond yield averaged 5.19%, wherein its month-long average bottomed at June 2014's 5.02%.

Figure 1: Speculative-Grade Bond Yield Is Relatively Lower than High-Yield Bond Spread When Compared to Their Respective Long-Term Trends
sources: Moody's Investors Service, Moody's Analytics



Deep Discount of Coupons to Recent Yields Boosts Bond Issuance

Similarly, the recent Bloomberg/Barclays high-yield bond yield of 5.12% was far less than its 6.36% average of 2014-2018 that included a June 2014 bottom of 4.93% for its month-long average. Moreover, this speculative-grade yield was well under the average 6.31% coupon of the high-yield bonds found in the Bloomberg/Barclays index.

The now significantly lower cost of debt for newly issued high-yield bonds relative to the borrowing costs of outstanding high-yield bonds should support the refinancing of outstanding high-yield bonds during 2020's first half. In addition, historically low speculative-grade bond yields may provide a strong incentive to refinance outstanding variable-rate leveraged loans with newly issued fixed-rate bonds. After advancing by a prospective 54% annually in 2019, refinancings may stoke a 3% annual increase by 2020's issuance of U.S. dollar denominated high-yield bonds, where the projected dollar amount of $440 billion would still trail 2013's $444 billion of 2013 and 2017's record-high $453 billion.

Thin Spreads Increase Investment-Risk of Very Low Spec-Grade Yields…

The historical record shows only 20 months for which the speculative-grade bond yield averaged less than 5.75%. In only three, or 15%, of the 20 months was the speculative-grade yield's month-long average lower 12 months later. The averages for the three months of March, April and May of 2013 were 5.49% for the speculative-grade yield, 455 basis points for the high-yield bond spread, 5.22% for the bond yield of 12 months later, and 354 bp for the bond spread of 12-months later.

For the 17 months showing a higher speculative-grade bond yield 12-months later, the averages were 5.51% for the speculative-grade yield, 372 bp for the high-yield bond spread, 6.52% for the bond yield of 12-months later, and 443 bp for the bond spread of 12-months later.

Thus, the recent below-trend high-yield bond spread of 377 bp underscores the difficulty of avoiding a significantly higher speculative-grade yield (which is equivalent to lower speculative grade bond prices) by December 2020.

Nevertheless, for the 28 months since December 1984 showing a high-yield bond spread of between 370 bp and 390 bp, the spread was thinner 12 months later for a considerable 13, or 46%, of the 28 months. Thus, it is the comparatively low bond yield and not the relatively thin bond spread that poses the biggest threat to the returns from high-yield bonds over the next 12 months. Today's relatively narrow yield spread over Treasuries amplifies the risk of purchasing speculative-grade bonds at today's very low yields.

But, Narrower Spreads Cannot Be Ruled Out

Relative to previous month-long averages, the recent high-yield bond spread is not especially narrow. A composite high-yield bond spread averaged less than 377 bp for a considerable 95, or 23%, of the 421 months since year-end 1984. Thus, it is conceivable that spread narrowing could more than offset a 15 bp rise by the benchmark Treasury yields of high-yield bonds over the next 12 months.

Most Primary Drivers Say the High-Yield Spread Is Too Thin

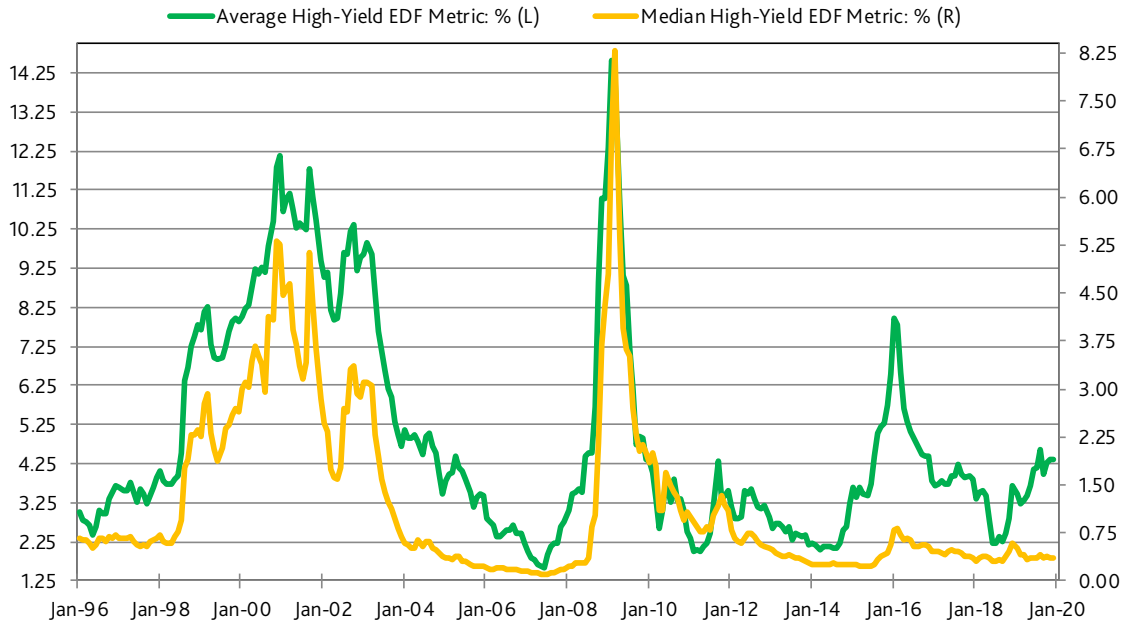
Nonetheless, the high-yield bond spread is thinner than what might be inferred from most of the spread's primary drivers. Models that employ the average and median expected default frequency metrics, the VIX, the Chicago Fed's national activity index, and the three-month percent change by private-sector payrolls now predict a high-yield bond spread of between 420 bp and 480 bp.

Models employing the recent median high-yield EDF metric of 0.34% now predict roughly a 420 bp midpoint for the high-yield bond spread, which is much thinner than the roughly 480 bp spread predicted by models employing the average high-yield EDF of 4.21%.

The latest 387 bp premium of the average EDF over the median EDF exceeds its long-term medium premium of 324 bp. The atypically wide spread between the average and median high-yield EDFs reflects how the EDFs at the upper quartile of the overall distribution of EDFs are extraordinarily high relative to the bottom quartile.

Regarding the month-long averages of the current business cycle upturn, the spread between the average and median high-yield EDFs bottomed at February 2011's 110 bp, or when the average was 2.00% and the median was 0.91%, while the spread peaked at January 2016's 720 bp, or when the 7.99% average was far above the 0.79% median. In January 2016, elevated readings on default risk were concentrated among issuers having significant exposure to the oil and gas industry. Once again, oil and gas related issuers now lend an upward bias to the average high-yield EDF.

Figure 2: Above-Trend Average High-Yield EDF Now Joins a Below-Trend Median EDF
source: Moody's Analytics

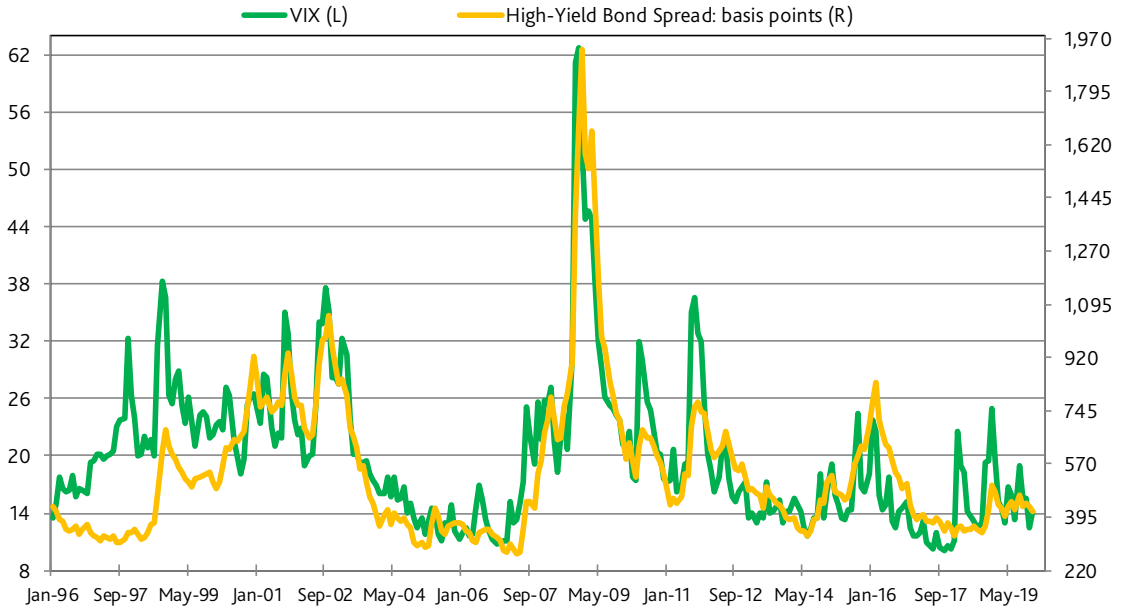


Only the VIX Supports the Case for Today's Narrow High-Yield Bond Spread

Of all the variables showing a strong historical correlation with the high-yield bond spread, only the VIX supplies reason for a high-yield bond spread between 350 bp and 400 bp. A relatively stable and richly priced equity market has allowed the high-yield bond market to discount the risks implicit to subpar business sales, often flat to lower pretax profits, and historically steep ratios of debt to cash flow.

The risk surrounding debt repayment partly depends on the market value of the collateral backing the debt. A broad-based advance by the U.S. equity market implies that the market value of the business assets backing U.S. corporate debt has increased, which facilitates the funding of debt repayment via asset sales. Widely distributed gains by U.S. share prices also indicate ample systemic liquidity that may help to sustain access to financial capital for weaker business credits.

Figure 3: Only the VIX Favors a Less-Than-400 Basis Points Midpoint for the High-Yield Bond Spread
sources: CBOE, Moody's Analytics



Credit Markets Review and Outlook

Fewer Downgrades and More Upgrades Would Support Case for Thin Spreads

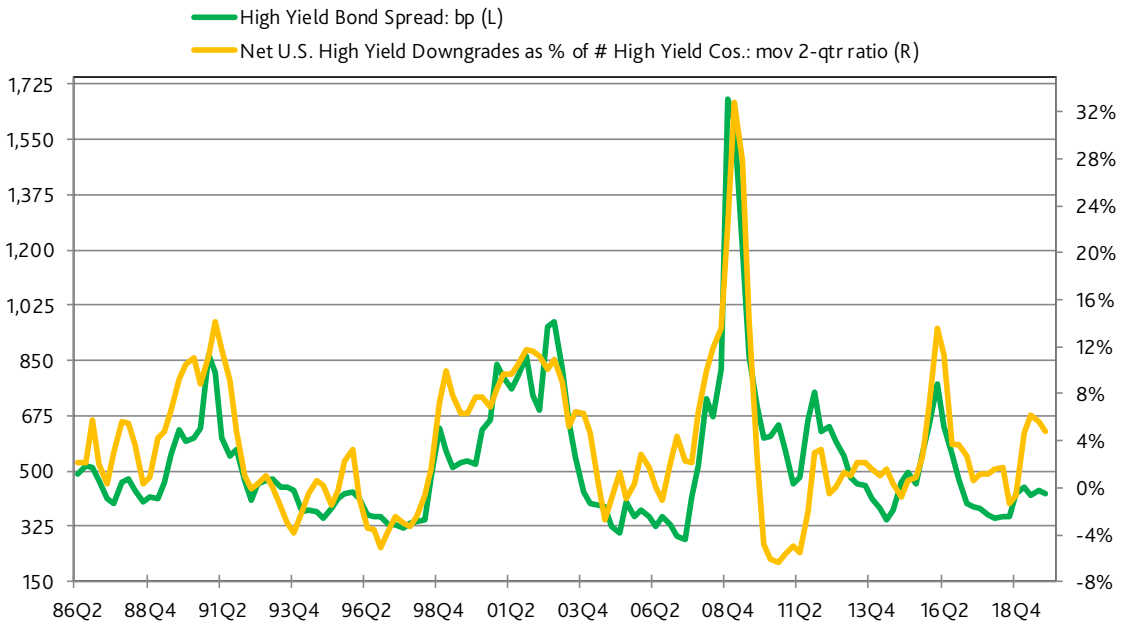
Thus far, the high-yield bond market has effectively ignored a comparatively elevated ratio of downgrades to upgrades for U.S. high-yield credit rating changes. For 2019's nearly finished final quarter, U.S. high-yield credit rating revisions show 1.86 downgrades for every upgrade. The latter is well above the median high-yield downgrade per upgrade ratio of 1.32:1 from a sample that begins with 1986's first quarter.

Notwithstanding a well-above trend high-yield downgrade per upgrade ratio, a recent composite high-yield bond spread of 377 bp was well under its long-term median of 467 bp. In the past, a 377 bp high-yield bond spread has been accompanied by a high-yield downgrade per upgrade ratio of 0.99:1, on average.

Over the next several months, either the high-yield downgrade per upgrade ratio drops under 1.10:1 or the high-yield bond spread widens considerably.

Another approach also warns about a possibly substantial widening of the high-yield bond spread. Net high-yield downgrades equal the number of high-yield downgrades less the number of high-yield upgrades. A moving two-quarter ratio of net high-yield downgrades to the number of high-yield issuers now generates a 561 bp midpoint for the high-yield bond spread which is far above the actual 377 bp.

Figure 4: Market Expects Far Fewer Net High-Yield Downgrades
source: Moody's Analytics



Business Sales Have Yet to Confirm Upbeat View of Earnings-Sensitive Investors

November's lackluster retail sales warn of a sixth consecutive decline by the year-over-year growth rate of core business sales during 2019's final quarter. It is conceivable that core business sales' yearly increase may slow from third-quarter 2019's 1.6% to 1.4% for the year's final quarter.

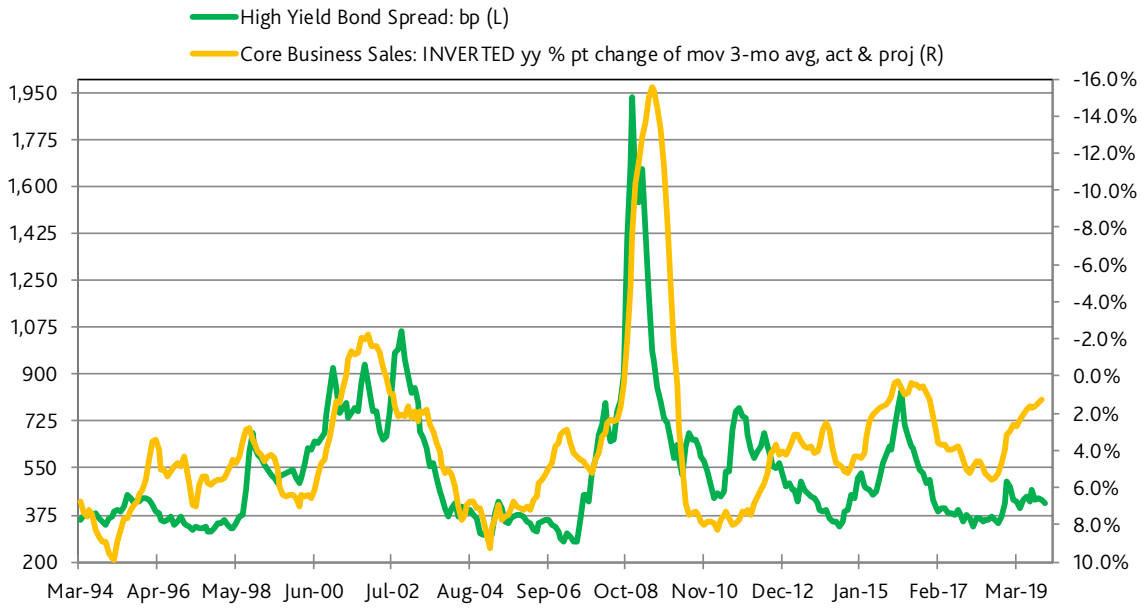
The annual increase of core business sales previously descended to 1.4% on three occasions—2015's fourth quarter, 2008's third quarter, and 2001's first quarter. A profits recession was common to all three quarters, while an economic recession overlapped the earlier two quarters.

Credit Markets Review and Outlook

For the three cited quarters, a composite high-yield bond spread averaged 755 bp, Moody's long-term Baa industrial company bond yield spread averaged 255 bp, the VIX averaged 22.6 points, and the market value of U.S. common stock incurred a median year-to-year setback of 10.3%. By contrast, recent readings of 377 bp for the high-yield spread, 169 bp for the Baa industrial yield spread, 12.6 points for the VIX were joined by a 25% yearly jump for the market value of U.S. common equity.

Thus, a further slowing of core business sales would risk a disruptive sell-off of earnings-sensitive securities.

Figure 5: High-Yield Bond Spread Prices in an Impending End to Latest Slowdown by Core Business Sales (INVERTED)
sources: Census Bureau, Moody's Analytics



The Week Ahead – U.S., Europe, Asia-Pacific

THE U.S.

By Mark Zandi of Moody's Analytics

A Tale of Two Economies

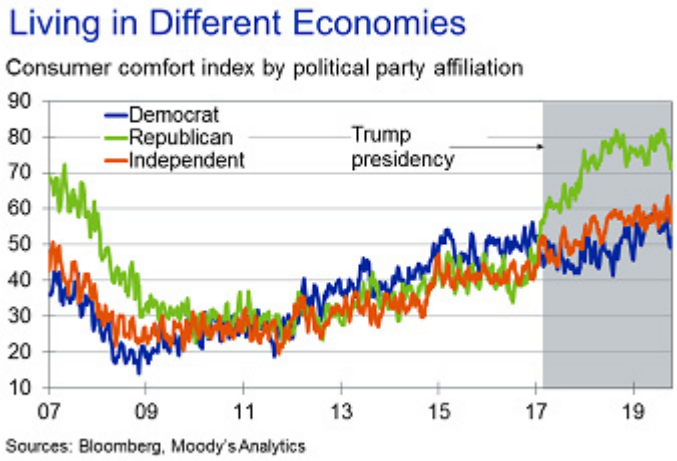
U.S. real GDP growth has been slowing for more than a year and is ending 2019 at just below the economy's 2% growth potential. Job gains have moderated commensurately and, after accounting for upcoming benchmark revisions to the employment data, are averaging close to an estimated 150,000 per month. Unemployment is low and stable near 3.5% but will begin to rise if GDP growth does not pick up soon.

Strong cross-currents are buffeting the economy's growth. Consumers, particularly middle-income households, are the principal tailwind. Home sales and housing construction also have revived as mortgage rates have fallen firmly below 4%. And budget deals between the Trump administration and Congress green-lighted a sizable increase in deficit-financed federal government spending.

Flat business investment is the principal headwind, since businesses remain cautious given the uncertainty created by various geopolitical threats, including the Trump administration's trade war with China. The recent truce in that war will not quell business concerns about how the conflict will play out after next year's presidential election. The nation's trade deficit has also widened as the trade war upended global growth and lifted the value of the U.S. dollar, weakening demand for U.S.-made goods and services.

Perception gap

How Americans perceive the economy's performance and prospects varies considerably across income, education, gender and, most significantly, whether they are Republican or Democrat. Republicans believe the economy could not be much better. According to Bloomberg's weekly survey of consumers, Republicans are about twice as upbeat about the economy as they were just prior to President Trump's election three years ago. In contrast, Democrats' view of the economy has not changed appreciably since the election.



This gap in perceptions about the economy has widened substantially and is currently about as wide as it has been since the end of the Bush administration when the financial crisis was unfolding. Independent voters' feelings about the economy are a bit more upbeat than the Democrats', but they are still meaningfully more dour than the Republicans'.

A daily Morning Consult survey of consumers confirms that Democrats and Republicans believe they are living in different economies. Those who voted for Trump in the 2016 election are more than 50% more upbeat about their own financial situation and broad business conditions than those who voted for Secretary

of State Hillary Clinton. Consistent with this is the similar difference in perceptions between those who watch Fox News regularly and those that prefer MSNBC.

Trump vs. Obama

The reality is that the economy has performed much the same in the three years of the Trump administration as it did during the final three years of the Obama administration. There is almost no difference in GDP growth, which was just above the economy's potential growth under both presidents, or in real after-tax income growth.

Trump vs. Obama

Economic performance in first 3 yrs of Trump administration vs.final 3 yrs of Obama administration

	Obama	Trump
Real GDP, avg annual growth, %	2.5	2.6
Consumer Price Index, %	3.2	6.3
Employment, avg monthly change, ths	220	191
Unemployment rate, change, ppt	-2.2	-1.1
Real disposable income per capita, %	7.8	8
Household net worth, avg annual growth, %	5.2	5.8
Wilshire 5000, %	19.7	38.9
CoreLogic House Price Index, %	15	12.6
Fixed mortgage rate, avg, %	3.9	4.4
Trade deficit, % of GDP	-2.8	-3
Fixed investment, avg annual growth, %	2.9	4.1
Federal budget deficit, avg annual, $ bil	599.6	863

Sources: BEA, BLS, Census Bureau, Wilshire, CoreLogic, Treasury, Moody's Analytics

Employment growth was somewhat stronger, and unemployment fell more under Obama than Trump, but this may be in part because there was still some slack in the labor market a few years ago.

The stock market has done much better under Trump, with the Wilshire 5000 index, which includes all publicly traded stocks, up almost 40% since his election. During the last three years of the Obama administration stock prices also rose solidly, but only by 20%. Explaining much of this difference is the large tax cut Trump gave corporations, lowering their top marginal tax rate from 35% to 21%. Of course, this and Trump's personal income tax cuts were deficit financed; the average annual budget deficit under Trump has been $275 billion larger than under Obama.

Despite the rally in stock prices under Trump, household net worth increased by about as much under Obama. This goes to the stronger house price gains experienced under Obama, which may also reflect in part the Trump tax law changes that scaled back tax preferences for homeownership and have weighed on house price appreciation. Household debt has also increased more under Trump than Obama.

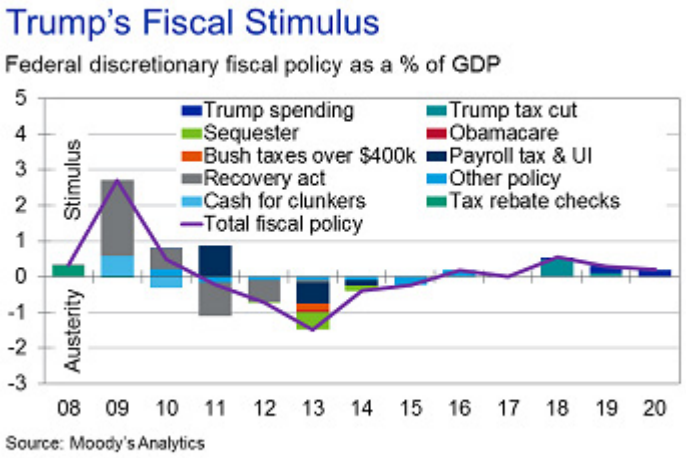
The performance of other economic statistics is mixed. Inflation and interest rates were lower during Obama's last three years, but business investment wasn't as strong—a collapse in oil prices undermined energy investment under Obama, and higher oil prices lifted such investment under Trump. Despite Trump's focus on reducing the U.S. trade deficit, it has widened somewhat under his tenure.

Trump's fiscal stimulus

Trump's economic policies in their totality have been largely a wash on the economy's performance, at least so far. There were no meaningful changes to economic policy in the first year of the president's term. However, since then there have been substantial changes to tax and spending policies, international trade and foreign immigration policies, and regulation of the environment, financial system, healthcare and labor market.

Trump's tax and spending policies have been the most sweeping, and to date have lifted GDP and jobs. Based on simulations of our structural econometric model of the U.S. economy, Trump's fiscal policies have

added 0.75 percentage point to real GDP (0.6 percentage point from tax cuts and 0.15 percentage point from spending) and increased employment by 580,000 jobs as of the third quarter.



The tax cuts and spending have been financed by increased Treasury borrowing and have thus acted like classic fiscal stimulus.

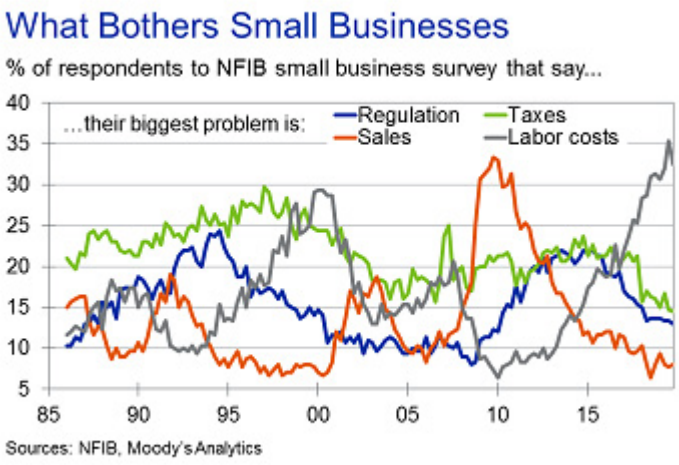
The stimulus will continue through much of 2020 fueled by further increases in deficit-financed government spending and adding an additional 0.2 percentage point to real GDP. But the economic benefit of the stimulus will quickly fade after that and eventually dissipate because of ill effects of the government's higher debt load.

Trump's anti-globalization policies

Trump's trade and immigration policies have been decidedly negative for the economy. Based on our model, the U.S. trade war with China and other trading partners has reduced real GDP by 0.4 percentage point and cost 340,000 jobs as of the third quarter. Higher tariffs act like a tax increase that is paid for by U.S. businesses and consumers, and the capricious process for setting the tariffs has hurt business sentiment and thus investment and hiring.

The Trump administration's stiff implementation of immigration law has substantially slowed net immigration into the U.S. and is also weighing on the economy. Real GDP has been reduced by an estimated 0.3 percentage point and employment by 220,000 jobs as of the third quarter. Less immigration weighs on consumer spending and housing, because there are fewer people and households. Longer run, having fewer immigrants reduces the growth in the labor force and labor productivity growth and thus the economy's growth potential.

It is difficult to connect the dots between the Trump administration's lighter regulatory stance and the macroeconomy. Businesses often put regulation near the top of their list of irritants, but there are few regulations that matter broadly across the economy.



The administration has focused on reducing regulations for the fossil fuel industry, which has benefited from an easing in environmental rules and easier permitting for development. Smaller financial institutions have also enjoyed a reprieve from various compliance requirements. But it is difficult to see the impact on these industries, at least compared with other buffeting forces. It is even more difficult to see any broader economic impacts.

Election uncertainty

If Trump is re-elected, he is likely to double down on his current economic policies. This means more deficit-financed tax cuts and government spending increases, renewed trade tensions with China and other nations, and tougher immigration policies. However, if a Democrat is elected, economic policy will be flipped on its head. At a minimum, the Trump tax cuts for higher-income and wealthy households will expire as they are set to do under current law in the next presidential term. Foreign immigrants will be welcomed with open arms, and while a Democratic president will take a hard stance in trade negotiations with China, the tariff wars are unlikely to continue.

The differences in economic policy between Trump and any of his potential Democratic rivals are so stark, and perceptions about the economy are so tied up in peoples' political identities, that uncertainty over the election's outcome may have an outsize impact on consumer and business behavior. Historically, elections have had no discernible impact on the economy. Voters weren't so polarized, and the candidates' policy views were similar enough that voters didn't feel compelled to change anything they were doing. That may not be true in 2020.

Next week

Over the next two weeks, we will get durable goods, new-home sales, pending home sales, the Chicago Fed national activity index, the Richmond Fed manufacturing survey, advance wholesale and retail inventories, the Challenger jobs report and new vehicle sales.

We will publish our forecasts for the next two weeks' data Monday on Economic View.

EUROPE

By Barbara Teixeira Araujo of Moody's Analytics

Spain Likely Still Outpacing Peers

The weeks of Christmas and New Year's will be extremely light on the data front. We will only get a handful of releases for some euro zone economies, and almost nothing for the U.K. In the spotlight will be the final third-quarter GDP estimate for Spain. We expect it to confirm that the country again outpaced most of its currency-area peers. Growth there should be confirmed at 0.4% q/q, a rate similar to that of the three months to June. We expect the details to show that domestic demand continued to support growth—similar to all the other major euro zone economies—while net trade should have dealt a heavy blow to the headline, as imports are set to have decreased, while imports likely rose. Exports are suffering from the slowdown in global trade. By contrast, the strength of domestic demand is keeping demand for foreign goods elevated, which is boosting imports.

Momentum in the euro zone has slowed significantly this year. The currency area wasn't immune to the heightening of political tensions across the globe. The trade war between the U.S. and China caused global trade to stall this year—its worst performance since before the financial crisis of 2008—hurting companies across the globe, worsening financing conditions and depressing investment. The euro zone country that suffered most was Germany, which is extremely export-dependent and has an outsized manufacturing industry. Indeed, Germany barely avoided falling into technical recession in the third quarter. Its GDP rose by a meagre 0.1% q/q, failing to reverse the second quarter's 0.2% fall. Our expectation is that full-year growth there will come in as low as 0.6%, more than halving 2018's 1.5% rise.

France, by contrast, is managing to hold its ground. The French economy is much less exposed to developments in the external market, since it relies heavily on French consumers and its services sector. Accordingly, GDP growth there held steady at 0.3% q/q in the third quarter, a rate similar to that of the second. The main support to growth came from consumer spending, but government spending and investment also increased. France's consumers are in a sweet spot, with employment gains remaining solid and wages finally accelerating after many years of stagnation. We are thus much more optimistic regarding full-year growth in the country; we expect a 1.3% rise, which will nonetheless be lower than the 1.7% increase in 2018.

For the euro zone as a whole, our view is that GDP will increase by 1.2% in 2019, after a 1.9% rise in 2020.

The bad news is that prospects for 2020 remain contained. Granted, there have been positive developments on the trade-war front in December—China and the U.S. agreed on the Phase One deal—and on the Brexit front, but we think trade uncertainty will remain the word of the day next year. Chances are the U.S. will try to fight on other fronts, and Europe is one possible target. Also, we expect that the U.K.-EU trade negotiations will keep anxiety elevated and investors worried, especially because reaching a comprehensive deal in less than a year sounds like an impossible deed. This means that the possibility of a no-deal Brexit by the end of the transition period on December 31, 2020 will continue. The persistent uncertainty is toxic in an environment of already very fragile and below-potential growth, especially because the euro zone economies don't have the buffer to deal with a further loss of momentum. We are extremely worried that unemployment will start to rise next year and that consumers will become more cautious. This is a fodder for a recession, especially now that consumers are doing the heavy lifting for the economy. We don't have a recession in our baseline in 2020—for Europe or the U.S.—but we will be watching developments closely, to see if anything goes off script. As of now, we expect euro zone GDP to grow by 1.3% in 2020, slightly higher than the 1.2% forecast for 2019. In the U.K., we see growth at 0.9%.

	Key indicators	Units	Moody's Analytics	Last
Week of 23 Dec				
Thur @ 11:00 a.m.	France: Job Seekers for November	mil, SA	3.32	3.33
Fri @ 9:00 a.m.	Spain: Retail Sales for November	% change	-0.3	0.0
Week of 30 Dec				
Mon @ 8:00 a.m.	Germany: Retail Sales for November	% change	1.0	-1.9
Mon @ 9:00 a.m.	Spain: GDP for Q3	% change	0.4	0.4
Tues @ 2:00 p.m.	Russia: GDP for Q3	% change yr ago	1.6	0.9
Fri @ 9:55 a.m.	Germany: Unemployment for December	%	5.0	5.0

ASIA-PACIFIC

By Katrina Ell of Moody's Analytics

After October Slump, November Looks Better for Japan

Japan's November data are expected to show some improvement after the larger-than-expected slump in October. Industrial production and retail trade had sharp pullbacks in October following the introduction of the consumption tax hike on 1 October. There is some upside to industrial production in November, after it plunged by 4.2% m/m in October, reversing the 1.7% rise in September. This translated into a yearly decline of 7.4%, after a 1.3% increase in September. Typhoon Hagibis, which caused disruption through most of October, added to already weakened conditions from both offshore and domestic demand. While weather improved in November, there has been significant devastation from Hagibis that is continuing to impact. Early estimates suggest the damage has been more than US$9 billion.

Japan's labour market is hovering around its tightest in decades. But the unemployment rate has crept higher in recent months, in response to the general weakening of economic conditions. We forecast the unemployment rate stayed put at 2.4% in November. Odds of GDP contracting in the December quarter are high following the tax hike, which would put further upward pressure on the unemployment rate, despite the structural factors (namely the ageing population) keeping it low.

China's official manufacturing PMI likely held almost steady at 50.3 in December. This would mark the second month the index has been in positive territory (above 50) after six consecutive months in contractionary territory. November showed a broad-based recovery with rises in production, new orders, new export orders, and imports. Recent positive developments in the U.S.-China trade war are expected to buoy sentiment heading into January. These include the Phase One deal being finalized, the reduction of tariffs on around US$120 billion Chinese goods imports from 15% to 7.5%, and the shelving of the planned 15 December tariffs on US$156 billion Chinese goods imports.

	Key indicators	Units	Confidence	Risk	Moody's Analytics	Last
Week of 23 December						
Fri @ 8:00 a.m.	South Korea Consumer confidence survey for December	Index	3	⬅	100.2	100.9
Fri @ 10:30 a.m.	Japan Unemployment rate for November	%	4	⬅	2.4	2.4
Fri @ 10:50 a.m.	Japan Industrial production for November	% change	2	⬆	-0.8	-4.2
Week of 30 December						
Mon @ 10:00 a.m.	South Korea Retail sales for November	% change	3	⬅	0.8	-0.5
Tues @ 10:00 a.m.	South Korea Consumer price index for December	% change yr ago	3	⬅	0.4	0.2
Tues @ 12:00 p.m.	China Official Manufacturing PMI for December	Index	3	⬇	50.3	50.2
Wed @ 11:00 a.m.	South Korea Foreign trade for December	US$ bil	2	⬅	4.2	3.4

The Long View

Regarding stated uses of funds obtained via October-November 2019's investment-grade bond issuance, the number citing debt refinancings grew by 22% yearly, while the funding of M&A sank by 41%.

By John Lonski, Chief Economist, Moody's Capital Markets Research Group
December 19, 2019

CREDIT SPREADS

As measured by Moody's long-term average corporate bond yield, the recent investment grade corporate bond yield spread of 107 basis points was less than its 122-point mean of the two previous economic recoveries. This spread may be no wider than 115 bp by year-end 2020.

The recent high-yield bond spread of 377 bp is thinner than what is suggested by the accompanying long-term Baa industrial company bond yield spread of 169 bp, but wider than what might be inferred from the recent below-trend VIX of 12.6 points.

DEFAULTS

November 2019's U.S. high-yield default rate of 3.9% may average 3.9% during 2020's first quarter, according to Moody's Investors Service.

US CORPORATE BOND ISSUANCE

Third-quarter 2018's worldwide offerings of corporate bonds showed year-over-year setbacks of 6.0% for IG and 38.7 % for high-yield, wherein US$-denominated offerings plunged by 24.4% for IG and by 37.5% for high yield.

Fourth-quarter 2018's worldwide offerings of corporate bonds incurred annual setbacks of 23.4% for IG and 75.5% for high-yield, wherein US$-denominated offerings plunged by 26.1% for IG and by 74.1% for high yield.

First-quarter 2019's worldwide offerings of corporate bonds revealed annual setbacks of 0.5% for IG and 3.6% for high-yield, wherein US$-denominated offerings fell by 3.0% for IG and grew by 7.1% for high yield.

Second-quarter 2019's worldwide offerings of corporate bonds revealed an annual setback of 2.5% for IG and an annual advance of 17.6% for high-yield, wherein US$-denominated offerings sank by 12.4% for IG and surged by 30.3% for high yield.

Third-quarter 2019's worldwide offerings of corporate bonds revealed annual advances of 15.2% for IG and 56.8% for high-yield, wherein US$-denominated offerings soared higher by 36.8% for IG and 81.3% for high yield.

During yearlong 2017, worldwide corporate bond offerings increased by 4.1% annually (to $2.501 trillion) for IG and advanced by 41.5% for high yield (to $603 billion).

For 2018, worldwide corporate bond offerings sank by 7.2% annually (to $2.322 trillion) for IG and plummeted by 37.6% for high yield (to $376 billion). The projected annual percent increases for 2019's worldwide corporate bond offerings are 5.6% for IG and 46.8% for high yield. When stated in U.S. dollars, issuers based outside the U.S. supplied 60% of the investment-grade and 59% of the high-yield bond offerings of 2019's first 10 months.

US ECONOMIC OUTLOOK

In view of the 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 2.00% 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.

EUROPE

By Barbara Teixeira Araujo of Moody's Analytics
December 19, 2019

UNITED KINGDOM

The Bank of England's Monetary Policy Committee left its main refinancing rate unchanged, in line with expectations. That the vote was split also didn't come as a surprise—two members voted for a cut to 0.5%, the same as in the previous meeting. While this could suggest that the bank's next move would be a cut rather than a hike, we are sticking to our outlook of no move over the coming year.

That's because we expect growth will rebound in the first half of 2020, as the Conservative majority in Parliament is expected to allow the Brexit withdrawal deal to be ratified before the January 31 deadline. Investment should heat up, as we expect firms will want to catch up on projects they put off due to Brexit uncertainty. We expect that consumer spending will continue to grow solidly as well. We forecast that global growth will rebound, giving some boost to exports, while fiscal policy will also support activity, as the Conservative Party has promised higher government spending and lower taxes.

We can't deny the risks to the outlook, though, since uncertainty will remain elevated during all of 2020. That's because the U.K. government will still need to negotiate a free trade agreement with the EU before the end of the transition period on December 31, 2020, and this is no easy feat. Trade agreements normally take several years to be negotiated and ratified, which means a no-deal Brexit at the end of 2020 is always a possibility. We thus expect growth will cool in the second half of next year, especially if the U.K. and the EU fail to agree on an extension of the transition period by their self-imposed deadline of June 31.

The BoE revised its nowcast for fourth-quarter growth to 0.1% q/q from 0.2%, while third-quarter growth came in a bit below the bank's previous estimate as well; GDP expanded by 0.3% q/q in the three months to September, whereas the BoE expected a 0.4% gain. But this downward revision is mainly because of uncertainty related to the general elections, which likely continued to depress investment in the final months of the year. The good news is that this uncertainty should have faded in the immediate aftermath of the vote, especially given the substantial Conservative majority.

EURO ZONE

The euro zone economy is still just treading water, according to the latest flash PMI. The composite index remained unchanged in December at 50.6, just above the break-even 50 threshold, indicating only marginal output growth in the currency area. The country and sector dynamics were roughly similar to those of previous months: France is supporting output in the face of the recession in German manufacturing, with French services supporting the euro zone aggregate. For the euro zone as a whole, the manufacturing index slid to 45.9 from 46.9, an 86-month low, while the services index rose to 52.4 from 51.9, a four-month high.

Manufacturing output fell for the 11th month in a row, with manufacturers cutting jobs at an even faster rate than in November. The figures were awful across all countries, with the index dropping even in France, where it had been making gains since September. By contrast, euro zone services remained resilient, though the sector isn't in top shape. Inflows of new work and business activity may have increased at their fastest rates in four months, but they remained historically low. And while services firms are still hiring, the rate softened to the second lowest in the past three years.

The euro zone PMI was unimpressive, but it didn't disappoint to the extent the U.K.'s did. The U.K. composite index tumbled to a 41-month low of 48.4 from 49.3 in November. Services dropped to 49 from 49.3, marking the second consecutive month of a fall in output and the first back-to-back decline since 2009. But the biggest drop was again in manufacturing, which plummeted to 45.8 from 49.1 in November.

The PMI signals that U.K. GDP contracted by 0.2% q/q in the fourth quarter after growing by 0.3% in the third. But we shouldn't assign too much weight to the index; it has a record of overplaying the impact of political uncertainty on GDP growth, and uncertainty peaked ahead of the December 12 general elections. We are thus a bit more optimistic than the PMIs. We expect GDP will grow by 0.1% q/q in the three months to December before picking

up to 0.4% in the first quarter of 2020. Given the Conservatives won the elections with a comfortable majority, we expect Brexit will happen in January, giving a substantial boost to investment.

ASIA PACIFIC

By Katrina Ell of Moody's Analytics
December 19, 2019

CHINA

The U.S.-China trade war has increasingly dominated discussion of China's economy over the past two years. Exports and manufacturing have taken a significant hit and forced Beijing to step on the stimulus pedal more aggressively than it anticipated. But there's more to China's economy than a trade dispute with the U.S. Delving deeper, there are other remarkable trends, transitions and transformations underway that deserve a good look.

Impressive income growth

China has a burgeoning middle class, powered by strong gains in income growth. Urban development has been an important catalyst as employment opportunities in rapidly growing cities improve. This is such that in the early 1980s agriculture made up almost 30% of GDP, but by 2017 that share had shrunk to 8%. Meanwhile, the tertiary sector had grown from being almost 25% of GDP in 1980 to 52% of GDP in 2017.

The impressive transformation has yielded significant income growth, compared with both developed and developing economies over the same period. For instance, from 2000 to 2018, China's GDP per capita increased almost tenfold.

During this period, India's GDP per capita has increased 4.4 times over and the average increase for other developing economies was 3.7 times, according to International Monetary Fund data. For comparison, Mexico's and China's GDP per capita are broadly on par, but in the past 18 years, Mexico's income has increased 1.4 times. The average increase for advanced economies over this period was 1.7 times.

There is significant divergence in China's income growth. Incomes in the largest cities of Shanghai and Beijing are more than double the average, which broadly includes places such as Hebei, Sichuan, Henan, Shaanxi and Xinjiang.

Household debt a rising pressure point

China's household debt has increased markedly as a share of GDP in the past decade. Household debt-to-GDP was 55% in the June quarter, according to the BIS, up from 20% a decade earlier. To benchmark, the rise is larger than the average change in emerging market economies over the same period, while G-20 economies held broadly steady on average over the past decade.

More than half of China's household debt is tied to the housing market. The strong gains in house prices in recent years, especially in Tier 1 cities, including Shanghai and Beijing, have contributed.

Consumption has been rising in importance in China's economy along with rising incomes and the growing middle class, so an increase in debt is expected. But what is concerning from a sustainability perspective is the rising mismatch between household debt and disposable income. For the past six years disposable income has increased an average 10% y/y, while household debt has grown an average 20%. In the past year the average growth rate has increased to 26%.

The People's Bank of China's Financial Stability Report released in late November shone light on the particularly worrying household debt pockets. There is a higher debt burden among low-income households in some regions. According to the report, the average household debt-to-income ratio for families whose income is less than CNY60,000 (US$8,546) is 286%. In comparison, the ratio for households with an average income of more than CNY360,000 (US$51,278) is 89%.

The PBoC also announced in late November that it would tighten property market regulations, including measures to reduce speculation in the property market and increase consumer education around managing debt, recognizing the risks of high household leverage. Exactly for this reason, the government is holding back using the property market or consumer lending as a means to stimulate the broader economy.

China's cleaner energy quest

China's energy efficiency has improved relatively dramatically in the past 30 years. It is now on par with South Korea, a high-income economy with a large manufacturing base. For China, this is an impressive feat. The World Bank derives energy efficiency from measuring energy intensity. Energy intensity is an indication of how much energy is used to produce one unit of economic output. A lower ratio implies that less energy is used to produce one unit of output.

But context is important. China remains the world's largest polluter. China's carbon dioxide emissions sit well above comparison economies such as India, even though the growth of emissions has plateaued in recent years, according to the U.S. Energy Information Administration.

In recent years, China has made important strides in mandating greener targets that improve environmental outcomes, but those standards at a national level are not at the same level as those of the developed world, including in the U.S. and Japan. At this stage of China's economic development, dramatically increasing legislation to more environmentally sustainable outcomes has too high an opportunity cost on growth.

In the near term, the appetite to be more aggressive is lacking because of the existing challenges of policymakers including managing the enduring trade war with the U.S., slower global demand, and the reluctance of local policymakers to reinvigorate growth to manage the cyclical slowdown.

Ratings Round-Up

European Rating Activity Slows

By Michael Ferlez

Fifteen U.S. firms received rating adjustments in the period ending December 17. Downgrades accounted for nearly three-quarters of rating change activity, though the impact on debt was minimal. While downgrades have consistently outnumbered upgrades over the past year, they have largely been confined to speculative-grade companies spread across many different industries. The notable change last week was made to Alliant Energy Corp. The U.S. utility saw its senior unsecured credit rating cut to A3 from A2, impacting $2.7 billion in debt. Moody's Investors Service downgraded Alliant's credit rating to reflect the expectation that the firm's corporate finance policies being employed to finance expenditures will be predominately debt-based.

European rating activity slowed in the period ended December 17. A total of 6 firms received rating changes, down from eleven in the prior period. The most notable change last week in terms of debt affected was Eagle Intermediate Global Holding B.V. The Luxembourg-based firm saw its corporate family rating and senior unsecured credit rating cut two-notches to B3 from B1, impacting $966 million.

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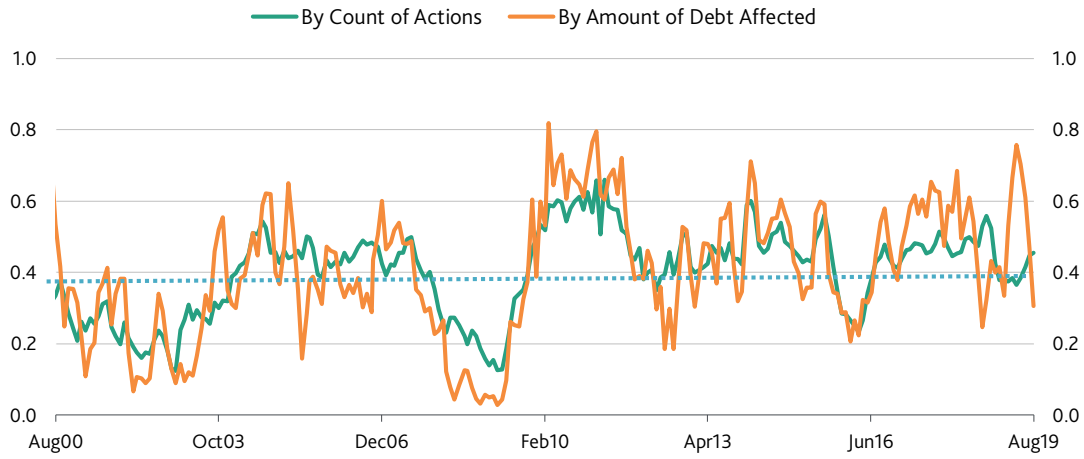
FIGURE 1

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



* Trailing 3-month average

Source: Moody's

Ratings Round-Up

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

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
12/11/19	GO WIRELESS HOLDINGS, INC.	Industrial	SrSec/BCF /LTCFR/PDR		D	B1	B2			SG
12/11/19	ALLIANT ENERGY CORPORATION	Industrial	SrUnsec/BCF /LTIR/PS/CP	2,650	D	A2	A3	P-1	P-2	IG
12/12/19	AAC HOLDINGS, INC.	Industrial	PDR		D	Caa2	D			SG
12/12/19	RANGE RESOURCES CORPORATION	Industrial	SrUnsec/Sub /LTCFR/PDR		D	Ba3	B1			SG
12/12/19	JILL HOLDINGS LLC-Jill Acquisition LLC	Industrial	SrSec/BCF /LTCFR/PDR		D	B1	B2			SG
12/13/19	NRG ENERGY, INC.	Industrial	SrUnsec /LTCFR/PDR		U	Ba3	Ba2			SG
12/13/19	DAIMLERCHRYSLER COMPANY LLC	Industrial	SrUnsec		D	A2	A3			IG
12/13/19	VINE OIL & GAS, LP	Industrial	SrUnsec /LTCFR/PDR		D	B3	Caa2			SG
12/13/19	ASCENT RESOURCES, LLC-Ascent Resources Utica Holdings, LLC	Industrial	SrUnsec		D	B2	B3			SG
12/13/19	DYNEGY INC.	Industrial	SrUnsec		U	Ba3	Ba2			SG
12/13/19	VISTRA ENERGY CORP.	Industrial	SrSec/BCF /LTCFR/PDR		U	Ba2	Ba1			SG
12/13/19	ANTERO RESOURCES CORPORATION	Industrial	SrUnsec /LTCFR/PDR		D	Ba3	B1			SG
12/13/19	ANTERO MIDSTREAM PARTNERS LP	Industrial	SrUnsec /LTCFR/PDR		D	Ba3	B1			SG
12/16/19	ATMOS ENERGY CORPORATION	Utility	SrUnsec		U	A2	A1			IG
12/16/19	ATI HOLDINGS ACQUISITION, INC.	Industrial	SrSec/BCF /LTCFR/PDR		D	B1	B2			SG

Source: Moody's

Ratings Round-Up

FIGURE 4

Rating Changes: Corporate & Financial Institutions – Europe

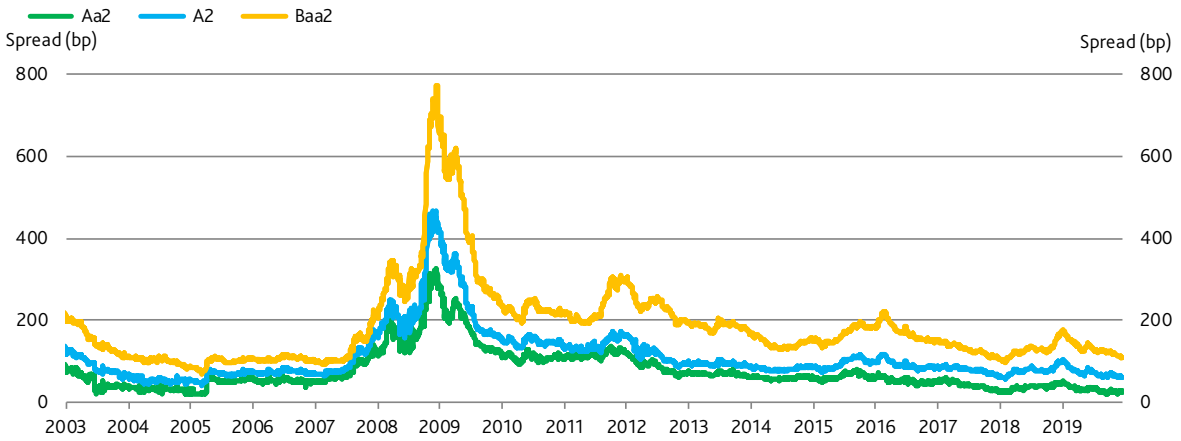
Date	Company	Sector	Rating	Amount ($ Million)	Up/ Down	Old LTD Rating	New LTD Rating	Old STD Rating	New STD Rating	IG/ SG	Country
12/11/19	DREAM GLOBAL REAL ESTATE INVESTMENT TRUST-DREAM GLOBAL FUNDING I S.A R.L.	Industrial	SrUnsec	746	D	Baa2	B1			IG	LUXEMBOURG
12/11/19	EAGLE SUPER GLOBAL HOLDING B.V.-EAGLE INTERMEDIATE GLOBAL HOLDING B.V.	Industrial	SrSec /LTCFR/PDR	966	D	B1	B3			SG	NETHERLANDS
12/13/19	STATE TRANSPORT LEASING COMPANY PJSC-National Reserve Bank	Financial	LTD		U	B3	B2			SG	RUSSIA
12/13/19	NEW VAC ULTIMATE HOLDINGS B.V.-VAC Germany Holdings GmbH	Industrial	SrSec/BCF /LTCFR/PDR		D	B2	B3			SG	GERMANY
12/13/19	DAIMLER AG	Industrial	SrUnsec/LTIR/ STD/MTN/CP		D	A2	A3	P-1	P-2	IG	GERMANY
12/16/19	FASTPARTNER AB	Industrial	LTCFR		U	Ba2	Ba1			SG	SWEDEN

Source: Moody's

Market Data

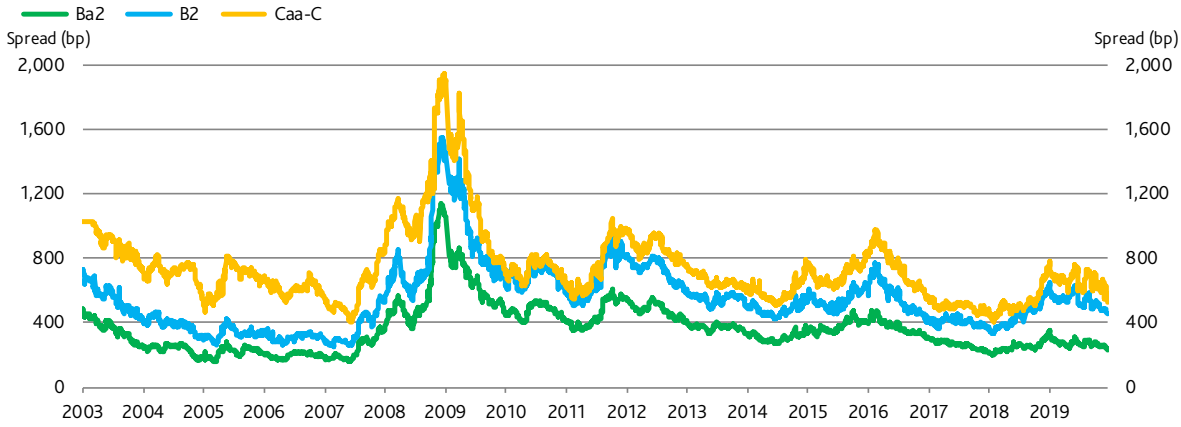
Spreads

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

Market Data

CDS Movers

Figure 3. CDS Movers - US (December 11, 2019 – December 18, 2019)

CDS Implied Rating Rises	CDS Implied Ratings		
Issuer	Dec. 18	Dec. 11	Senior Ratings
Bristol-Myers Squibb Company	Aa1	Aa2	A2
U.S. Bancorp	Aa1	Aa2	A1
Kinder Morgan Energy Partners, L.P.	Aa3	A1	Baa2
General Mills, Inc.	Aa3	A1	Baa2
Valero Energy Corporation	A3	Baa1	Baa2
Cox Communications, Inc.	Aa3	A1	Baa2
Halliburton Company	Baa2	Baa3	Baa1
FirstEnergy Corp.	Aa3	A1	Baa3
Ball Corporation	A1	A2	Ba1
Sherwin-Williams Company (The)	Baa1	Baa2	Baa3

CDS Implied Rating Declines	CDS Implied Ratings		
Issuer	Dec. 18	Dec. 11	Senior Ratings
Lexmark International, Inc.	Ca	Caa2	Caa3
Morgan Stanley	Baa1	A3	A3
Citibank, N.A.	Baa2	Baa1	Aa3
McDonald's Corporation	Aa2	Aa1	Baa1
United Technologies Corporation	A1	Aa3	Baa1
Intel Corporation	A3	A2	A1
Merck & Co., Inc.	A2	A1	A1
Chevron Corporation	A2	A1	Aa2
Boeing Company (The)	Baa2	Baa1	A2
FedEx Corporation	Ba1	Baa3	Baa2

CDS Spread Increases		CDS Spreads		
Issuer	Senior Ratings	Dec. 18	Dec. 11	Spread Diff
YRC Worldwide Inc.	Caa1	908	834	73
Pitney Bowes Inc.	Ba3	535	469	66
Penney (J.C.) Corporation, Inc.	Caa3	3,208	3,198	10
Avery Dennison Corporation	Baa2	191	181	10
Healthpeak Properties, Inc.	Baa1	99	90	9
FedEx Corporation	Baa2	80	74	7
ONEOK, Inc.	Baa3	85	80	5
Vornado Realty L.P.	Baa2	89	84	5
Lennar Corporation	Ba1	78	74	4
Danaher Corporation	A2	81	78	3

CDS Spread Decreases		CDS Spreads		
Issuer	Senior Ratings	Dec. 18	Dec. 11	Spread Diff
Neiman Marcus Group LTD LLC	Ca	4,848	5,629	-781
Chesapeake Energy Corporation	Caa3	2,235	2,757	-522
Frontier Communications Corporation	Caa3	7,487	7,862	-375
Talen Energy Supply, LLC	B3	683	835	-152
Nabors Industries Inc.	B1	514	655	-142
R.R. Donnelley & Sons Company	B3	497	566	-69
AK Steel Corporation	B3	429	483	-53
Freeport Minerals Corporation	Baa2	115	151	-36
Freeport-McMoRan Inc.	Ba1	113	149	-35
Diamond Offshore Drilling, Inc.	B3	611	646	-35

Source: Moody's, CMA

Market Data

Figure 4. CDS Movers - Europe (December 11, 2019 – December 18, 2019)

CDS Implied Rating Rises	CDS Implied Ratings		
Issuer	Dec. 18	Dec. 11	Senior Ratings
United Kingdom, Government of	Aaa	Aa1	Aa2
NatWest Markets Plc	Baa1	Baa2	Baa2
Landesbank Hessen-Thueringen GZ	A2	A3	Aa3
Bayerische Landesbank	Aa3	A1	Aa3
Banco Comercial Portugues, S.A.	Ba2	Ba3	Ba1
Iberdrola International B.V.	Aa2	Aa3	Baa1
National Grid Gas Plc	A1	A2	A3
Atlantia S.p.A.	B1	B2	Ba1
Unilever N.V.	Aaa	Aa1	A1
SSE plc	A3	Baa1	Baa1

CDS Implied Rating Declines	CDS Implied Ratings		
Issuer	Dec. 18	Dec. 11	Senior Ratings
Casino Guichard-Perrachon SA	Ca	Caa2	B3
Spain, Government of	A2	A1	Baa1
CaixaBank, S.A.	Baa3	Baa2	Baa1
Danske Bank A/S	A1	Aa3	A3
Nationwide Building Society	Baa1	A3	Aa3
UniCredit Bank AG	Baa2	Baa1	A2
Erste Group Bank AG	A3	A2	A2
Swedbank AB	Aa3	Aa2	Aa2
UniCredit Bank Austria AG	Baa1	A3	Baa1
Landesbank Baden-Wuerttemberg	A3	A2	Aa3

CDS Spread Increases		CDS Spreads		
Issuer	Senior Ratings	Dec. 18	Dec. 11	Spread Diff
Swedbank AB	Aa2	32	29	3
Nationwide Building Society	Aa3	50	48	2
KBC Group N.V.	Baa1	54	53	2
UPC Holding B.V.	B2	126	124	2
Elisa Corporation	Baa2	86	85	2
Portugal, Government of	Baa3	36	35	1
Unione di Banche Italiane S.p.A.	Baa3	121	120	1
KBC Bank N.V.	Aa3	24	23	1
Koninklijke KPN N.V.	Baa3	60	58	1
NXP B.V.	Baa3	46	45	1

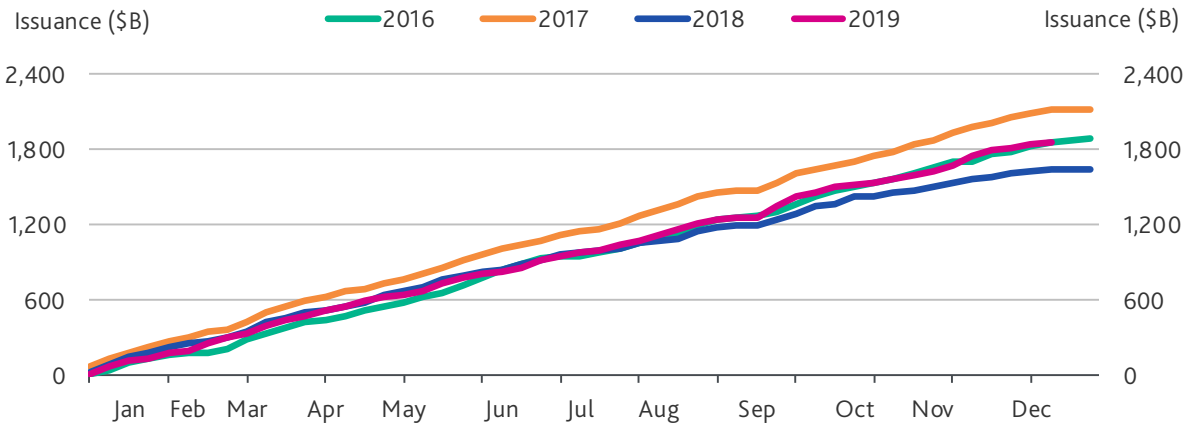
CDS Spread Decreases		CDS Spreads		
Issuer	Senior Ratings	Dec. 18	Dec. 11	Spread Diff
Boparan Finance plc	Caa1	1,456	1,827	-371
CMA CGM S.A.	Caa1	1,112	1,248	-136
Matalan Finance plc	Caa1	662	737	-75
Iceland Bondco plc	Caa2	531	597	-66
Atlantia S.p.A.	Ba1	189	227	-38
Jaguar Land Rover Automotive Plc	B1	460	484	-24
Greece, Government of	B1	108	130	-23
Stonegate Pub Company Financing plc	Caa1	96	116	-20
Banco Comercial Portugues, S.A.	Ba1	122	139	-17
Novafives S.A.S.	Caa2	671	688	-17

Source: Moody's, CMA

Market Data

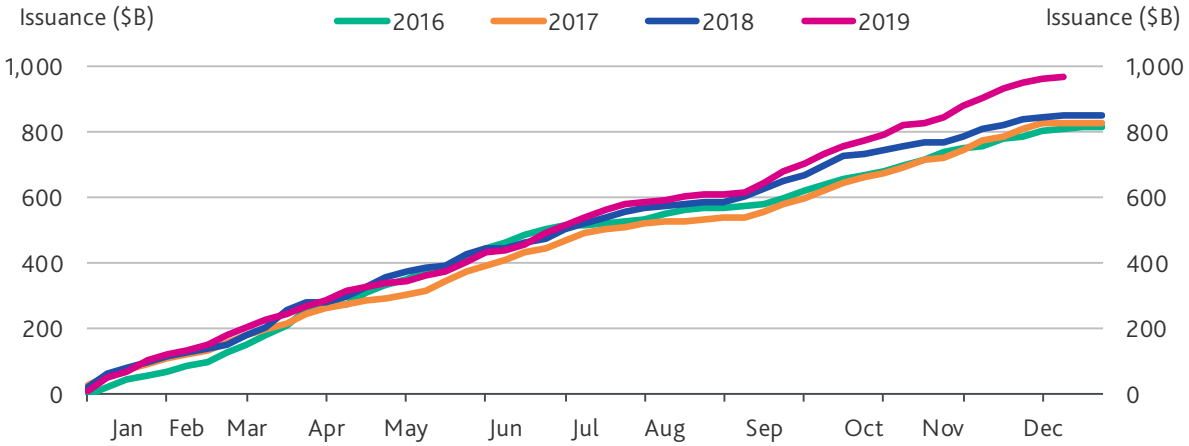
Issuance

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

Market Data

Figure 7. Issuance: Corporate & Financial Institutions

	USD Denominated		
	Investment-Grade	High-Yield	Total*
	Amount $B	Amount $B	Amount $B
Weekly	5.730	6.695	15.613
Year-to-Date	1,317.800	433.917	1,855.229

	Euro Denominated		
	Investment-Grade	High-Yield	Total*
	Amount $B	Amount $B	Amount $B
Weekly	3.453	1.193	4.660
Year-to-Date	827.408	111.080	968.826

* Difference represents issuance with pending ratings.

Source: Moody's/ Dealogic

Moody's Capital Markets Research recent publications

Return of Christmas Past Does Not Impend (Capital Markets Research)
Next Plunge by Profits to Drive Leverage Up to 2009 High (Capital Markets Research)
Corporate Bond Issuance Reflects Business Activity's Heightened Sensitivity to Rates (Capital Markets Research)
Equities Advanced for 95% of the Yearly Declines by High-Yield Bond Spread (Capital Markets Research)
Improved Market Sentiment Is Mostly Speculative (Capital Markets Research)
Loans Impart an Upward Bias to High-Yield Downgrade per Upgrade Ratio (Capital Markets Research)
VIX, EDF and National Activity Index Go Far at Explaining the High-Yield Spread (Capital Markets Research)
Worsened Fundamentals Lift Downgrades Well Above Upgrades (Capital Markets Research)
Next Recession May Lower 10-year Treasury Yield to Range of 0.5% to 1% (Capital Markets Research)
Abundant Liquidity Suppresses Defaults (Capital Markets Research)
Cheap Money in Action (Capital Markets Research)
Bond Implied Ratings Hint of More Fallen-Angel Downgrades (Capital Markets Research)
Leading Credit-Risk Indicator Signals A Rising Default Rate (Capital Markets Research)
Upon Further review, Aggregate Financial Metrics Worsen (Capital Markets Research)
Faster Loan Growth Would Bode Poorly for Corporate Credit Quality (Capital Markets Research)
Likelihood of a 1.88% Fed Funds Rate by End of July Soars (Capital Markets Research)
Market Implied Ratings Differ on the Likely Direction of Baa3 Ratings (Capital Markets Research)
Below-Trend Spreads Bank on Profits Growth, Lower Rates and Healthy Equities (Capital Markets Research)
Global Collapse by Bond Yields Stems from Worldwide Slowdown (Capital Markets Research)
Borrowing Restraint Likely Despite Lower Interest Rates (Capital Markets Research)
The Fed Cured 1998's Yield Curve Inversion (Capital Markets Research)
Extended Yield Curve Inversion Would Presage Wide Spreads and Many Defaults (Capital Markets Research)
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