MOODY'S ANALYTICS

WEEKLY MARKET OUTLOOK

Moody's Analytics Research

Weekly Market Outlook Contributors:

Moody's Analytics/New York:

John Lonski
Chief Economist
1.212.553.7144
john.lonski@moodys.com

Yukyung Choi
Quantitative Research

Moody's Analytics/Asia-Pacific:

Katrina Ell
Economist

Shahana Mukherjee
Economist

Moody's Analytics/Europe:

Barbara Teixeira Araujo
Economist

Moody's Analytics/U.S.:

Ryan Sweet
Economist

Michael Ferlez
Economist

Editor
Reid Kanaley

Contact: help@economy.com

Unlike 2008-2009, Few Speak of a Credit Crunch

Full updated stories and key credit market metrics: US$-denominated investment grade bond issuance has already set a record high for the month of March.

Credit Spreads	Investment Grade: We see the year-end 2020's average investment grade bond spread under its recent 263 basis points. High Yield: Compared with a recent 1,126 bp, the high-yield spread may approximate 650 bp by year-end 2020.
Defaults	US HY default rate: According to Moody's Investors Service, the U.S.' trailing 12-month high-yield default rate jumped up from February 2019's 2.8% to February 2020's 4.5%.
Issuance	For 2019's offerings of US$-denominated corporate bonds, IG bond issuance rose by 2.6% to $1.309 trillion, while high-yield bond issuance surged by 55.8% to $432 billion. In 2020, US$-denominated corporate bond issuance is expected to grow by 8.5% for IG to $1.421 trillion, while high-yield supply may sink by 20.6% to $343 billion.

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.

Credit Markets Review and Outlook

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

Unlike 2008-2009, Few Speak of a Credit Crunch

Financial markets have recovered in response to massive doses of monetary and fiscal stimulus. The combination of a firm dollar exchange rate and diminished inflation expectations underpin the market's view that policymakers can afford to strive to limit any forthcoming upturns by bankruptcies, defaults, and foreclosures. Moreover, rightly or wrongly, markets sense that America may begin to normalize by the start of May.

During the afternoon of Thursday, March 26, the market value of U.S. common stock was 16.3% above its close of Monday, March 23, which was its lowest finish since November 11, 2016. Despite the outsized gains by equities and other earnings-sensitive securities since March 23, the 10-year Treasury yield barely rose from March 23's 0.76% to a recent 0.82%.

The Fed's renewed Treasury bond buying program should prevent fixed-rate borrowing costs from rising to levels that might hinder business activity's recovery from COVID-19. The 30.8% surge by the PHLX index of housing-sector share prices since March 23 stemmed from confidence in the longevity of low Treasury bond yields and the hope that COVID-19's suppression of homebuying might fade during May. The 24.0% advance by the Dow Jones Utility Average since March 23 also reflects expectations of an extended stay by low Treasury yields.

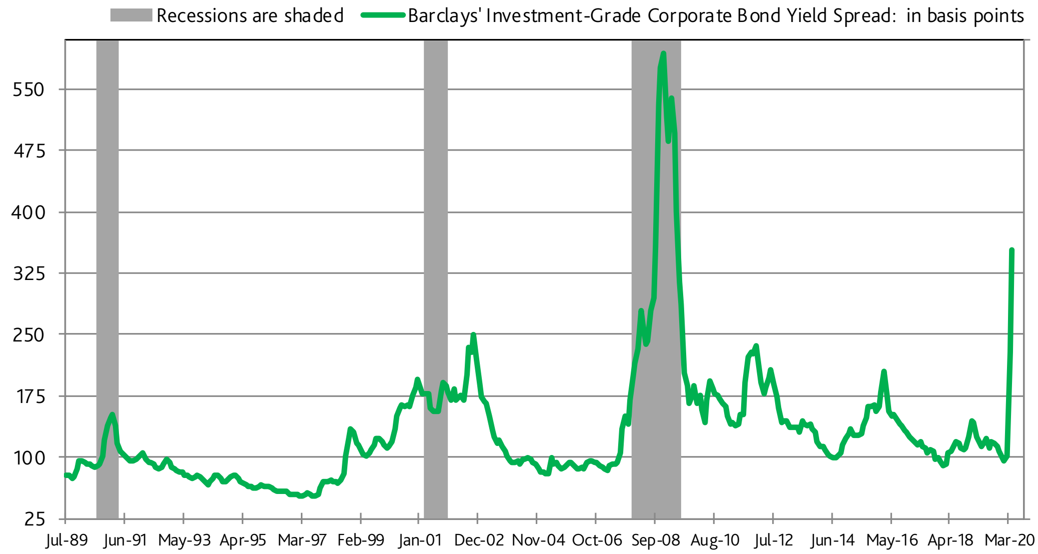
Investment-Grade Bond Issuance Sets a Record High for Month of March

The Fed's recently announced lending and bond-buying facilities for U.S. investment-grade corporations helps to explain the improved performance by corporate bonds rated Baa or higher. Even Bloomberg/Barclays Baa corporate bond yield fell from March 23's 5.43% to March 25's 4.96%.

After rising for each of the five days ended March 20 to 5.60%—the highest since September 19, 2013's 5.64%—Moody's Analytics' long-term Baa industrial-company bond yield has since eased to March 25's 5.28%. At the same time, MA's long-term single-A industrial yield sank from March 20's 4.15% to March 25's 3.82%.

During the Great Recession, the month-long average of Barclays' US$-denominated investment-grade corporate bond yield spread peaked in December 2008 at 594 basis points, while its three-month average crested at the 567 bp of December 2008. By contrast, after most recently peaking at March 23's 373 bp, the now Bloomberg/Barclays investment-grade bond spread has since narrowed to March 25's 324 bp.

Figure 1: Barclays' Investment-Grade Bond Yield Spread Does Not Yet Resemble Ultra-Wide Widths of 2008-2009
sources: Barclays Capital, Bloomberg, Moody's Analytics



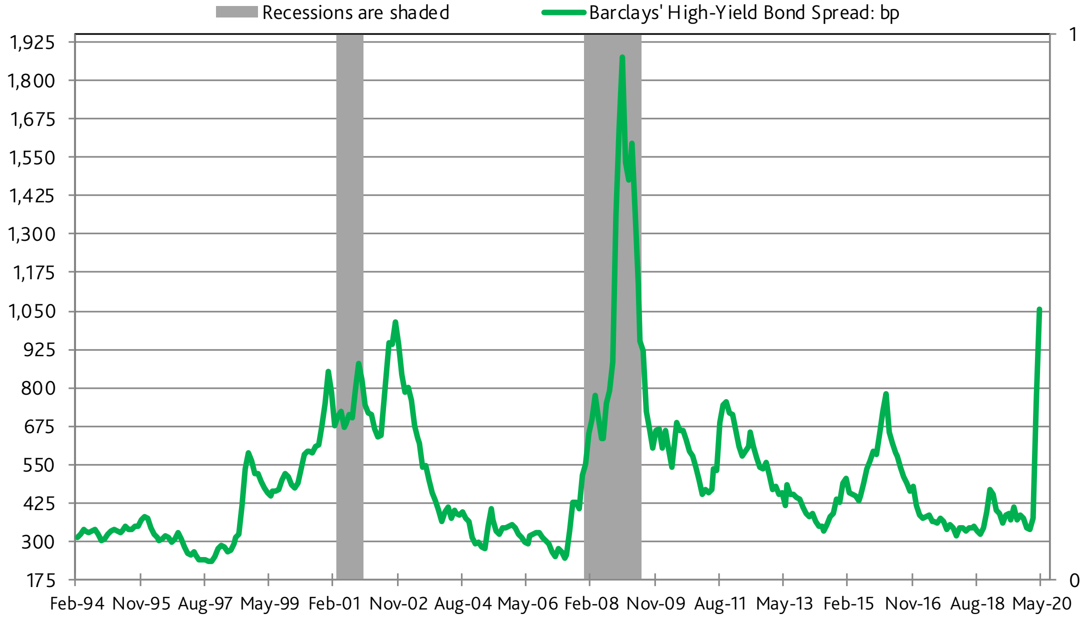
After widening to March 20's current COVID-19 top of 418 bp, MA's long-term Baa industrial company bond yield spread has since narrowed to March 25's 383 bp. Thus, the long-term Baa industrial spread falls considerably short of where it resided during the most difficult months of the Great Recession. For example, the long-term Baa industrial spread's 527 bp average of October 2008 through March 2009 included December 2008's month-long average of 589 bp.

Unlike the financial crisis, investment-grade borrowers now benefit from ample liquidity. March 2020's US$-denominated investment-grade corporate bond issuance should soar higher by at least 44% year-over-year to a new record high for the month in excess of $190 billion, the latter handily surpasses March 2017's old record high of $154 billion. Far different was September-October 2008's 73% annual nosedive by offerings of US$-denominated investment-grade corporate bonds.

Thus Far, High-Yield Spreads Fail to Approach Financial Crisis Widths

During the financial crisis, the month-long average of Barclays' US$-denominated high-yield corporate bond yield spread peaked at December 2008's 1,874 bp, while its moving three-month average crested at the 1,685 of January 2009. By contrast, the latest daily peak of the now Bloomberg/Barclays high-yield bond spread was set on March 23 at a narrower 1,100 bp. In response to announced stimulus programs and an accompanying rally by equities, this high-yield bond spread has since narrowed to March 25's 1,025 bp.

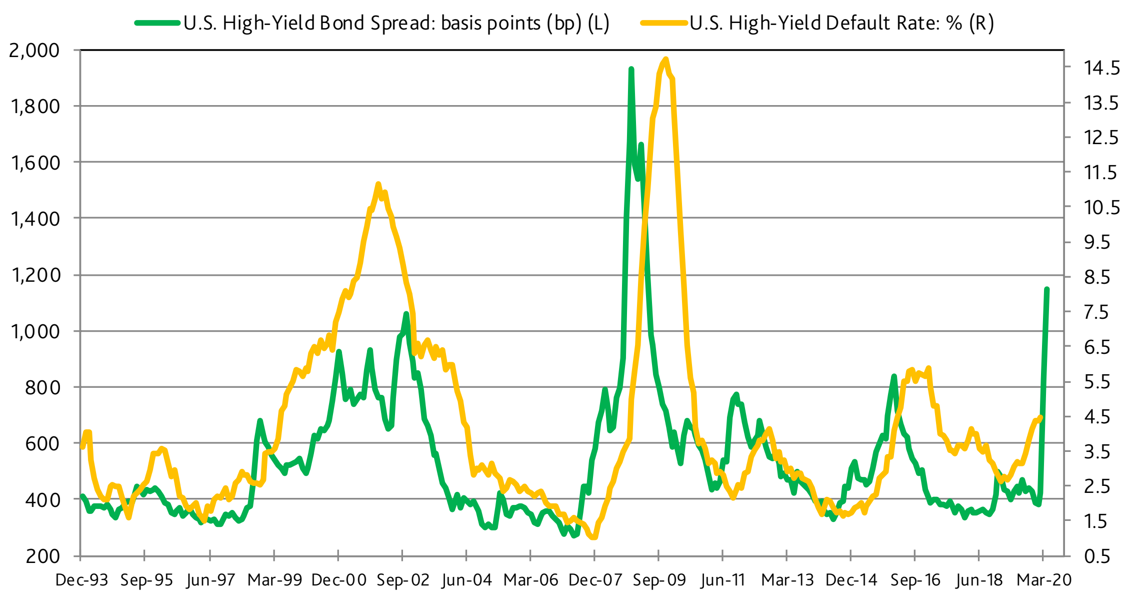
Figure 2: High-Yield Bond Spread Has Yet to Approach Extremes of 2008-2009
sources: Barclays Capital, Bloomberg, Moody's Analytics



After ballooning from year-end 2019's 375 bp to March 23's current COVID-19 high of 1,220 bp, a composite high-yield bond spread has narrowed to March 25's 1,126 bp. Once again, the high-yield bond spread has yet to resemble its 1,664 bp average of October 2008 through March 2009, never mind December 2008's record-high, month-long average of 1,958 bp.

The composite high-yield bond spread now portends a climb by the U.S. high-yield default rate from February 2020's 4.5% to a 9.7% midpoint by December 2020.

Figure 3: Recent High-Yield Bond Spread of 1,150 bp Warns of a 9.7% Midpoint for December 2020's U.S. High-Yield Default Rate
sources: Moody's Investors Service, Moody's Analytics



High-Yield EDF Eases from Recent High

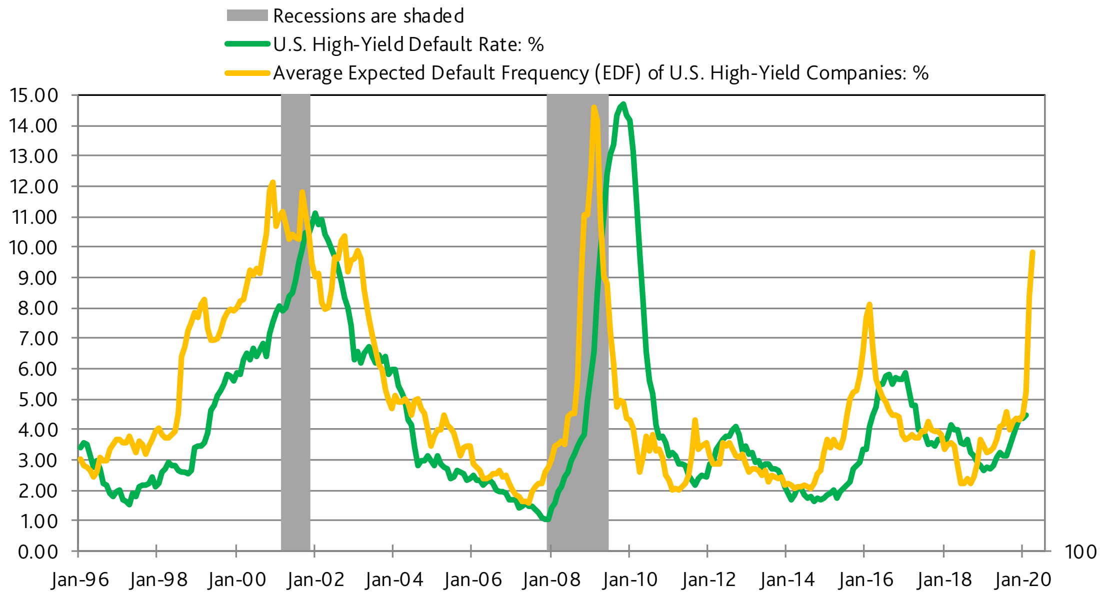
Like the high-yield bond spread, the high-yield expected default frequency metric has eased from its latest high. Despite predictions of a 10% to 25% annualized sequential contraction by second-quarter 2020's U.S. real GDP and notwithstanding forecasts of a 20% to 30% peak for the U.S. unemployment rate, the average high-yield EDF metric has climbed no higher than March 18's 10.62% and has since eased to March 25's 9.21%.

Though the average high-yield EDF metric is far above year-end 2019's 4.18%, the metric has yet to sustain its much higher readings of 2008-2009's Great Recession and financial crisis. After averaging 11.05% for both November and December of 2008, the high-yield EDF metric's month-long average climbed to 12.15% in January 2009 before cresting at February 2009's record high of 14.58%.

The latest moving five-day average of the high-yield EDF metric now favors an 8.6% midpoint for December 2020's default rate. Please note that expected default frequency estimates are not directly dependent on corporate bond yield spreads. In brief, the EDF metric estimates the probability of a default over the next 12 months, where the default probability will be greater (i) the lower is the market value of a company's net worth and (ii) the greater is the volatility of the market value of a company's business assets.

Figure 4: Average High-Yield Expected Default Frequency (EDF) Metric Now Favors an 8.6% Midpoint for December 2020's Default Rate

sources: Moody's Investors Service, NBER, Moody's Analytics



Ultra-Wide High-Yield Spreads Are Typically Much Thinner Spreads 12 Months Later

A composite high-yield bond spread averaged 1,125 bp during the six trading days ended March 25. In only nine months since the end of 1983 has the high-yield bond spread averaged at least 1,000 bp. The good news is that 12 months after averaging more than 1,000 bp, the high-yield bond spread was narrower by 906 bp, on average.

Such spread narrowing owed much to an accompanying 8.65 percentage point plunge by a composite speculative-grade bond yield. The averages for the nine months showing a wider than 1,000 bp high-yield bond spread were 17.52% for the composite speculative grade bond yield and 1,521 bp for the high-yield bond spread.

For 17 of the 18 months since 1983 showing an average high-yield bond spread of more than 900 bp, both the high-yield bond spread and the composite speculative-grade bond yield would be lower 12 months later. The average declines 12 months later for this 18-month sample were 591 bp for the high-yield bond spread and 5.77 percentage points for the composite speculative-grade bond yield.

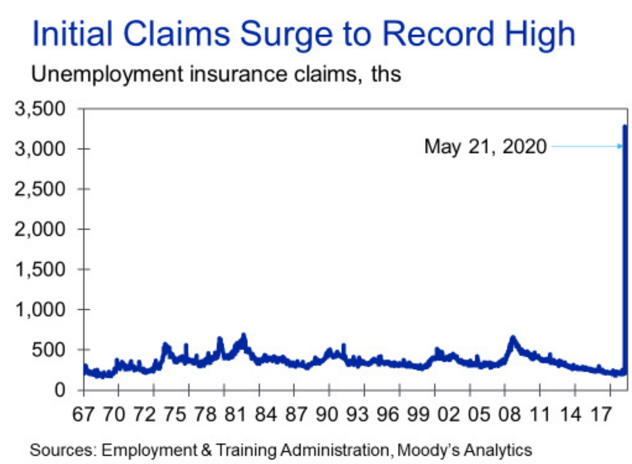
The downside risks emanating from COVID-19 are both unknown and substantial. Though financial markets have rebounded noticeably from their latest bottoms, a return to March 2020's lows cannot be dismissed until COVID-19 related risks recede convincingly.

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

THE U.S.
By Ryan Sweet of Moody's Analytics

U.S. Economy Hits a Brick Wall

Most U.S. recessions start with a gradual rise in initial claims for unemployment insurance benefits, but not this time. Initial claims for unemployment insurance benefits soared from 282,000 to 3.283 million in the week ended March 21. Previously, the highest new filings have been since the inception of the series was just south of 700,000 in 1982.



The four-week moving average in initial claims increased from 232,250 to 998,250 in the week ending March 21. The four-week moving average in initial claims is well above our estimate of the break-even level, or that consistent with no monthly job growth. It's important to note that the recent surge in initial claims occurred after the March payroll reference week. Therefore, these layoffs will be counted in the April employment report.

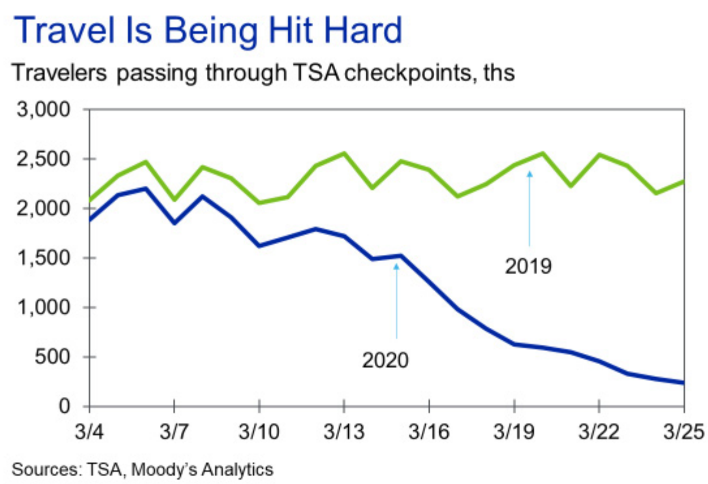
Advance state estimates for new filings in the week ended March 21 showed filings increased across the board, with sizable increases in California, Ohio, Pennsylvania, Washington, Texas, Illinois, Minnesota and Massachusetts.

The Department of Labor noted that states attributed the jump in new filings to COVID-19 and its impact on accommodation and food services. Other industries that noted increases in new filings included healthcare and social assistance, arts, entertainment and recreation, transportation and warehousing, and manufacturing.

Other data continue to deteriorate and some have dropped significantly. The Philadelphia Fed's Nonmanufacturing Business Outlook Survey's general activity index dropped from 36.1 in February to -12.8 in March. Sales, new orders and employment have pulled back. More businesses are increasing investment spending than are not, but a plurality of firms reported no change in capital expenditures. The Empire State nonmanufacturing survey, released last week, also fell noticeably.

The deterioration isn't isolated to nonmanufacturing. Manufacturing surveys have also deteriorated. The Richmond Fed's composite index rose in March, bucking that seen in the Philadelphia Fed and Empire State surveys, but the index remains low and expectations are sunk. The Bloomberg consumer confidence index also fell in March, but it's holding up better than one would anticipate. Still, the general message from the survey-based data is that the collective psyche has weakened significantly and the economy is contracting.

Also, daily data on box-office receipts show almost zero and OpenTable shows the number of seated diners is down 100% on a year-ago basis in a number of large cities. With the NCAA and NBA shut down, attendance at these events has also dropped to zero. New data from the TSA show that number of people passing through their checkpoints on March 25 was down 89% on a year-ago basis.



We have altered our assumptions for daily lost output as the number of states adopting stay at home policies and/or closing nonessential businesses have increased.

To date, our cumulative lost output estimate is -2.7% at an annualized rate. First quarter GDP will likely decline and the second quarter is expected to see a sizable drop in GDP.

We are in the process of updating our baseline forecast and the new forecast for second quarter GDP could be close down 18% to 20% at an annualized rate. Just a reminder, an annualized rate tells you what how much GDP would decline if that pace was sustained for four quarters.

The economy won't duplicate the decline in the second quarter in the second half of the year but 2020 will be a difficult one.

Next week

The key data next week will be initiail claims for unemployment insurance benefits and they will likely remain elevated. We also get the ISM surveys and the March employment report. The Conference Board's Consumer confidence survey will also be released.

EUROPE
By Barbara Teixeira Araujo of Moody's Analytics

There Is Still Room to Respond

With the COVID-19 pandemic underway, information becomes obsolete much faster than usual. As cases and deaths rise at an exponential rate, policymakers must respond forcefully and swiftly to the developments. The past two weeks have been completely packed, with most European countries putting in place last-minute containment measures in attempts to prevent the virus from spreading further. Governments have also acted on the fiscal front, pledging help to households and businesses most affected by the imposed social-distancing measures. Central banks did not stay behind. They unleashed historic monetary stimulus measures to keep the economy up and running and to prevent the current downturn from turning into a full-fledged financial crisis.

The coming week will again be dominated by developments related to the spread of COVID-19, and to any further policy responses. While we think that most governments have already gone big in their fiscal packages, there is still scope for additional measures in countries such as Italy and Spain, which so far have been hardest hit by the virus. Also, chances are high that euro zone policymakers will announce some coordinated fiscal package. First, there is the option of precautionary European Stability Mechanism credit lines for euro zone countries (which could be combined with the ECB's Outright Monetary Transactions). Second, member states could put in place a common euro zone debt-management office, such as a 'beefed-up ESM', which would mutualize borrowing costs. Third, member states could go for the option of issuing so-called 'corona-bonds', with pay-outs going to countries where the shock is the strongest but with the fiscal burden falling on all euro area tax payers. Given that the political and legal hurdles to the second and the third options are many, we expect that member states would more readily agree to something in line with the first option. We caution nonetheless that the scope of ESM credit lines is limited, and that the agency's lending capacity pales in comparison with the potential costs of this crisis. Worth mentioning is that ESM credit lines come with strings attached, which suggests that countries making use of them are likely to be required to put in place austerity measures once the crisis is over. This would only increase the risk of another debt crisis and put any recovery at risk.

On the data front, we will get a barrage of releases next week. Unfortunately, most of them will relate to the period preceding the spike in cases and deaths in Europe, which means they will be old news. We expect that growth in most euro zone economies held relatively steady in February, but there is little doubt they will fall off a cliff in March. Retail sales data for February are nonetheless at risk, as the containment measures put in place in China from end-January are expected to have dented retailer performance from the middle of the first quarter, before European countries closed shops and all nonessential retailing (which happened from mid- to end-March). This is because tourism from China collapsed in February. The Chinese represent a significant share of total tourist arrivals in most euro zone countries and an even larger share of total spending by foreign tourists. Adding to that, anecdotal evidence points to a decline in online sales in Europe due to disruptions to online shipments from China. Another potential dent should come from the fact that storms hit several euro zone countries in February, forcing people to stay home and denting high street footfall. On the upside, we expect that stockpiling by households will have given a lift to sales of primary necessity products, especially food and sanitary products, by the end of the month. But this boost will be relatively limited compared with the one in March. All in, we expect that euro zone retail sales will contract slightly in February before collapsing in March. April's numbers should be even worse; we are penciling in a double-digit drop of around 25% to 30%.

We will also get unemployment data for several European countries and for the euro zone itself. Our view is that unemployment managed to hold steady in February, but it will start increasing from March and should spike in April. While several governments put in place fiscal measures aimed at protecting jobs, they either came too late or they won't be enough to prevent job losses in the hardest hit sectors such as travel and retail. But we are not throwing in the towel on the euro zone labour market. Since the crisis should be temporary and short in duration, we don't expect structural disruptions to the job market. Elsewhere, we will also get final fourth-quarter GDP data for some European countries next week. December feels a long time ago, and indeed it seems futile to spend much time analyzing any revisions to the figures given the size and the scale of the economic crisis looming over us now. We nonetheless expect the reports to confirm that growth slowed across most euro zone economies in the three months to December, owing to a slowdown in domestic demand and a decline in net trade.

	Key indicators	Units	Moody's Analytics	Last
Mon @ 9:00 a.m.	Spain: Retail Sales for February	% change	0.2	0.3
Mon @ 10:00 a.m.	Euro Zone: Business and Consumer Sentiment for March	index	97.0	103.5
Tues @ 7:45 a.m.	France: Household Consumption Survey for February	% change	0.3	-1.1
Tues @ 8:00 a.m.	Spain: GDP for Q4	% change	0.5	0.4
Tues @ 8:55 a.m.	Germany: Unemployment for April	%	5.0	5.0
Tues @ 9:30 a.m.	U.K.: GDP for Q4	% change	0.0	0.4
Tues @ 10:00 a.m.	Euro Zone: Preliminary Consumer Price Index for March	% change	0.9	1.2
Tues @ 2:00 p.m.	Russia: GDP for Q4	% change yr ago	1.9	1.7
Wed @ 7:00 a.m.	Germany: Retail Sales for February	% change	0.4	0.9
Wed @ 9:00 a.m.	Italy: Unemployment for February	% change	9.9	9.8
Wed @ 10:00 a.m.	Euro Zone: Unemployment for February	%	7.4	7.4
Fri @ 8:00 a.m.	Spain: Industrial Production for February	% change	0.5	0.2
Fri @ 11:00 a.m.	Euro Zone: Retail Sales for February	% change	-0.1	0.6
	Key indicators	Units	Moody's Analytics	Last
Wed @ 9:30 a.m.	U.K.: Consumer Price Index for February	% change yr ago	1.6	1.8
Wed @ 11:00 a.m.	France: Job Seekers for February	mil, SA	3.25	3.26
Thur @ 9:30 a.m.	U.K.: Retail Sales for February	% change yr ago	-0.7	0.9
Thur @ 12:00 p.m.	U.K.: Monetary Policy and Minutes for March	%	0.1	0.3
Wed @ 9:30 a.m.	U.K.: Consumer Price Index for February	% change yr ago	1.6	1.8

ASIA-PACIFIC

By Katrina Ell of Moody's Analytics

New Japanese Data to Show the Early Impact of COVID-19

Japan's activity data dump for February will provide greater insight into the early impact of COVID-19 on the economy. Retail trade likely will endure a deeper pullback from January's contraction, as travel restrictions were enforced and COVID-19 became a rising concern in Japan. The number of local infections rose, causing containment methods that interfered especially with services spending including that related to household consumption. A deeper pullback is expected in March. The unemployment rate likely rose over February as COVID-19 caused particular pain to consumer-facing businesses and the labour market, and the broader economic impact will become more pronounced in March, similar to the expected impact on retail trade.

China's official manufacturing PMI plunged to record low 35.7 in February from the 50 reading in January. The major subcategories all plummeted. In particular, production dropped by 23.5 points to 27.8, new orders fell by 22.1 points to 29.3, and new export orders dropped by 20 points to 28.7. We expect modest improvement in the March reading with many returning to work over March as China's coronavirus crisis eases and factories begin to reopen, even if not operating at full capacity. It will be some time before the headline returns to expansionary territory (above 50) because while the Chinese economy may be on the mend, the rest of the globe is still grappling with strong rises in COVID-19 cases, so containment is still being ramped up, further suppressing demand. The U.S. and Europe remain important sources of final demand for Chinese-produced goods, so as long as demand there remains severely constrained, so will Chinese manufacturing.

Japan's March quarter Tankan survey for large manufacturers is expected to deteriorate to -4, from the December quarter's reading of zero. Manufacturers' business confidence recorded a sharp decline in

The Week Ahead

December, following the sales tax increase in October, subdued global demand, and a renewed threat of another year of trade disturbances, as the U.S. steps up its protectionist stance. COVID-19 is an added and significant hit to already weak conditions for manufacturers and will force Japan's economy back into recession.

	Key indicators	Units	Confidence	Risk	Moody's Analytics	Last
Tues @ 10:00 a.m.	South Korea Retail sales for February	% change	2	↓	-1.9	-3.1
Tues @ 10:30 a.m.	Japan Unemployment rate for February	%	3	←	2.5	2.4
Tues @ 10:50 a.m.	Japan Industrial production for February	% change	3	↓	-0.3	0.8
Tues @ 10:50 a.m.	Japan Retail sales for February	% change yr ago	3	←	-1.6	-0.4
Tues @ 12:00 p.m.	China Manufacturing PMI for March	Index	2	↓	36.2	35.7
Tues @ 6:30 p.m.	Thailand Foreign trade for February	US$ bil	2	↓	0.7	0.4
Wed @ Unknown	South Korea Foreign trade for March	US$ bil	3	←	2.3	4.1
Wed @ 10:50 a.m.	Japan Tankan survey for Q1	Index	2	↓	-4	0
Thurs @ 10:15 a.m.	South Korea Consumer price index for March	% change yr ago	3	←	1.0	1.1
Fri @ 11:30 a.m.	Australia Retail sales for February	% change	3	↓	0.3	-0.3
Fri @ 3:00 p.m.	Malaysia Foreign trade for February	MYR bil	2	←	8.1	12.0

The Long View

US$-denominated investment grade bond issuance has already set a record high for the month of March.

By John Lonski, Chief Economist, Moody's Capital Markets Research Group
March 26, 2020

CREDIT SPREADS

As measured by Moody's long-term average corporate bond yield, the recent investment grade corporate bond yield spread of 263 basis points far exceeded its 122-point mean of the two previous economic recoveries. This spread may be no wider than 155 bp by year-end 2020.

The recent high-yield bond spread of 1,126 bp is thinner than what is suggested by the accompanying long-term Baa industrial company bond yield spread of 383 bp and the recent VIX of 61 points. The latter has been statistically associated with a wider than 1,400 bp midpoint for the high-yield bond spread.

DEFAULTS

February 2020's U.S. high-yield default rate of 4.5% was up from February 2020's 2.8%.

US CORPORATE BOND ISSUANCE

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.

Fourth-quarter 2019's worldwide offerings of corporate bonds revealed annual advances of 15.3% for IG and 329% for high-yield, wherein US$-denominated offerings dipped by 0.8% for IG and surged higher by 330% for high yield.

For 2019, worldwide corporate bond offerings grew by 5.4% annually (to $2.447 trillion) for IG and advanced by 49.2% for high yield (to $561 billion). The projected annual percent changes for 2020's worldwide corporate bond offerings are -20.2% for IG and -27.4% for high yield.

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 1.25% 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
March 26, 2020

EUROPEAN CENTRAL BANK

For the second week in a row, the European Central Bank announced extraordinary monetary policy measures late on Wednesday evening after we went to bed. This time, it really went all in. Markets had already been awed by the scale of the bank's COVID-19 emergency quantitative easing programme (called PEPP), but this time investors were blown away by the announcement that purchases under the programme won't be subject to the bank's self-imposed 33% issuer limit rule.

Although it may seem too technical of a measure, the move is big. The issuer limit rule meant that the central bank could not hold more than 33% of an issuer's outstanding securities, which was a problem given it was already close to this limit for some member states such as Germany and the Netherlands. It also risked reaching the 33% limit for countries like Italy and Spain, if it found itself having to buy large quantities of those countries' sovereign bonds so as to prevent yield spreads from spiking. In short, the issuer limit hampered the ECB's ability to reduce stress in bond markets.

This unprecedented flexibility nonetheless leaves the ECB open to legal challenges down the road. Germany, for example, has vehemently opposed raising the issuer limit, as this could be seen as direct funding of national governments. But our view is that moral hazard has effectively been left aside for now—they will deal with the consequences later—since Europe is now facing an economic crisis even more severe than the financial one.

Adding to the good news is that the ECB announced it will target shorter maturities of 70 days to one year as well (before it only bought bonds with maturities of one to 30 years) under the PEPP. Similarly, it declared it won't bind itself to the capital key, which usually requires purchases to be made in proportion to the relative size of a country's economy.

The ECB gave itself all the flexibility it needs to prevent financial conditions in bond markets from substantially worsening. The line separating fiscal from monetary policy has become increasingly tenuous; the ECB's message to governments is that they can borrow as much as they want to fight the virus, because it will guarantee that borrowing costs will remain at all-time lows.

EURO ZONE

The number of infections in the Continent rose above 230,000 by Wednesday, a number almost triple that of China. Deaths in Italy are now more than double those recorded in China, while in Spain they continue to soar exponentially. Anecdotal evidence suggests that the outbreak may have reached its peak in some countries, but it is too early to tell from the numbers. The hope is that the number of new cases will slow considerably over the next two weeks, as most countries have already implemented forceful containment measures such as closing all nonessential retail and restaurants, as well as enforcing quarantine and social-distancing rules.

We still don't have any hard data for March, but the leading surveys published over the past few days essentially confirm our view that euro zone GDP will fall off a cliff in the first quarter as large parts of the economy shut down. The tourism industry is likely to be the hardest-hit given that travel all but stopped over the past two weeks, but accommodation and food services output is also expected to plunge, and so are retail sales. Adding to that, several large manufacturers announced they are closing their plants for at least two weeks. The worse news is that this supply shock will be compounded by the drop in overall global demand, as businesses and households put on hold any major spending decisions.

We are updating our baseline, but we are likely to see euro zone GDP contract by around 2.5% q/q in the first quarter. But this is peanuts compared with what we expect for the second quarter, when we project a double-digit plunge of around 10%. That's because most euro zone countries with the exception of Italy locked down their economies only around mid-March, which means activity ground to a halt during only one-sixth of the quarter. Our assumption is that the containment measures will last during most of April, and until mid-May in some cases.

The historic fiscal and monetary policy stimulus measures announced by member states won't prevent unemployment from surging in the second and third quarters or keep companies from going bankrupt. But they will be key in supporting a fast recovery when the outbreak is contained, which we assume will be by June or July. We thus see GDP growing strongly in the three months to September.

ASIA PACIFIC

By Katrina Ell and Shahana Mukherjee of Moody's Analytics
March 26, 2020

ASIA

Shutdowns have arrived across Asia as the number of COVID-19 cases outside of China has continued to rise. The scales have tipped further away from keeping economies functioning and towards containment to quell the spread of the coronavirus. This situation is playing out across Europe and the U.S., where the number of infections and death toll continue to rise, with hotspots such as Italy, Spain and Iran unable to stem the growth rate of infections.

Policymakers have stepped up stimulus efforts alongside the shutdowns, but economic policy cannot offset the subsequent suppression of demand; it can only partially absorb the hit. Recovery can occur only when the number of new infections begins to subside after containment or vaccinations become effective. The consensus is that the trough hasn't been reached yet, so more global economic pain is to come.

With this in mind, it is too early to talk about whether it will be a V- or a U-shaped recovery, as what occurred with the SARS outbreak in 2002-2003. This is a global beast that has caused far more destruction. Also, that kind of recovery implies that there will be a symmetry in the recovery, that the global economy will come out the other side in a state similar to before the outbreak. This is not the case.

In particular, fiscal space has been significantly reduced across the globe, interest rates are even lower, and it is assumed there will be meaningful structural changes to healthcare services and management and prevention of future pandemics to minimise the risk and fallout of future events.

INDIA

In an unprecedented move, India's Prime Minister Narendra Modi announced a nationwide lockdown for 21 days, which started Wednesday, in an effort to slow the spread of the coronavirus. The latest move reflects a calibrated approach adopted by the central government, which was initiated by the prime minister with a day-long exercise last week to practice social isolation. That move was followed by the cancellation of international and domestic flights and lockdowns across several states in India. Under the lockdown, all nonessential services will remain closed, but hospitals and all related medical establishments, grocery shops, banks, utilities and manufacturing of essential commodities, among others, will be open. Capital and debt market services will continue to function as usual.

The latest move by the central government follows a spike in the number of confirmed cases in India, which rose to 536 as of Tuesday. Although this is relatively low compared with the most affected countries, the fear is that if the spread escalates in a manner similar to that in China or the U.S., the effects could prove more detrimental than that seen anywhere else. A growing concern is that the confirmed cases have been largely concentrated in some of the most densely populated states; the top 10 states with confirmed cases together account for 64% of the nation's GDP, so the economic and social ramifications of an outbreak could quickly snowball.

In imposing a nationwide lockdown, India has joined Britain, Italy and other nations that have adopted similar steps. A measure of this scale, which will effectively bring a majority of manufacturing industries to a standstill for the next three weeks, will have significant implications. With 25% of the working population dependent on manufacturing, construction and mining, a lockdown will disrupt their regular source of income and weigh heavily on households that exist on subsistence. Policymakers now face the complex and daunting task of designing a composite support system that can meet the resource shortfalls of a heterogeneous society. In this regard, states such as Kerala, Uttar Pradesh, Delhi and Karnataka have been proactive and announced relief measures including cash transfers to labourers, free distribution of food grains, advance payment of pensions, and additional schemes for poverty alleviation and rural employment. Although the central government has pledged $2 billion for testing facilities and other medical equipment to manage the viral outbreak, a composite fiscal stimulus—yet to be announced, but expected in the days ahead—will be crucial in meeting the resource deficit.

The central government faces a dual challenge. Not only does the fiscal package need to be strong enough for colossal spending, setting aside fears of overshooting fiscal deficit targets, but the government also needs to identify the disadvantaged segments of society, including the thousands of casual daytime workers who may be stranded in cities, away from their homes. The government will also need to find a way to effectively disburse resources to households not officially listed with centralized distribution agencies. At the same time, the containment measures must be implemented with extreme care so that the healthcare system is not overwhelmed by a rapid rise in cases.

The Long View

India faces a unique challenge now, and the short-term economic costs of the lockdown will no doubt be significant. But a coordinated, multipronged approach by policymakers that addresses the financial needs of the weaker sections of the population and simultaneously strengthens the existing healthcare system can go a long way in ensuring that the long-term socio-economic and humanitarian costs of this pandemic are contained in the country.

Ratings Round-Up

Energy Sector Hard Hit in Mounting Downgrades

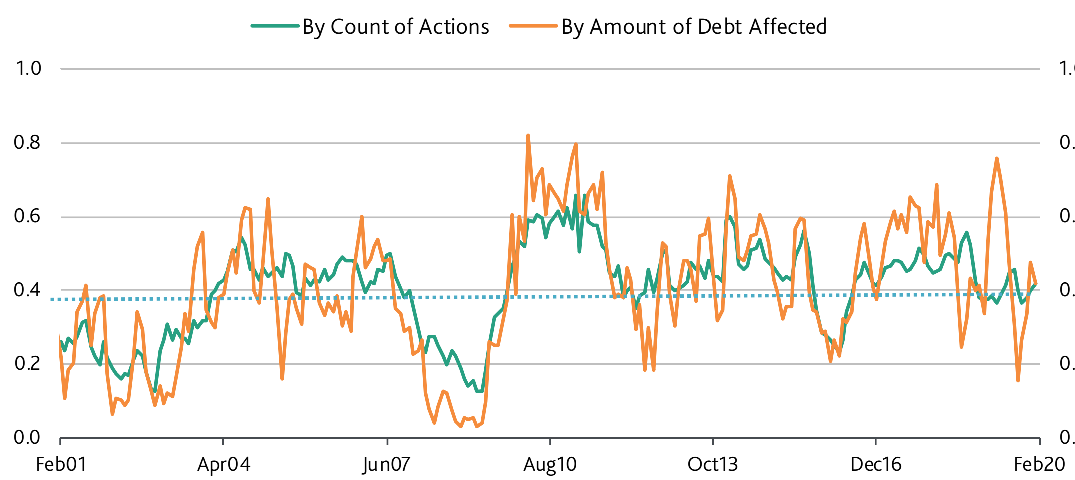
By Michael Ferlez

U.S. rating change volume increased significantly amid a darkening global economic outlook. For the week ended March 24, there were a total of 66 downgrades and no upgrades. The energy sector was the hardest hit, with 11 energy-related firms receiving downgrades affecting $56 billion in debt. Tourism and food-related industries also struggled, with a combined 19 firms seeing their credit ratings cut, impacting $30 billion in debt. Notable changes for the period included three investment-grade companies: Occidental Petroleum Corp., Sysco Corp., and Marriott International Inc. Moody's Investors Service downgrade Occidental Petroleum Corp.'s senior unsecured debt to Ba1, reflecting the burden created by the firm's acquisition of Anadarko Petroleum Corp., which has compromised Occidental's ability to handle the recent plunge in oil prices. Moody's also downgraded the senior unsecured debt for Sysco Corp. and Marriott International Inc. The food and hotel industries are expected to be significantly impacted by the spread of COVID-19.

Europe' rating change activity was similarly grim. Over the reference period there were a total of 19 rating changes, all downgrades. The United Kingdom and Germany received the most rating changes with the rest being fairly evenly split across the remaining countries. Airlines were among the hardest hit industries, with three air carriers receiving downgrades. The most notable change last week was to Thames Water Utilities Finance PLC. Moody's Investors Service downgraded the senior secured debt of the U.K. water utility to Baa1, impacting $9 billion in debt.

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

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
3/18/20	NEW JERSEY RESOURCES CORP-NEW JERSEY NATURAL GAS COMPANY	Utility	CP		D			P-1	P-2	SG
3/18/20	OCCIDENTAL PETROLEUM CORPORATION	Industrial	SrUnsec/MTN/CP	34,878	D	Baa3	Ba1	P-3	NP	IG
3/18/20	CBL & ASSOCIATES PROPERTIES, INC. -CBL & ASSOCIATES LIMITED PARTNERSHIP	Industrial	SrUnsec/LTCFR	1,375	D	Caa1	Caa3			SG
3/18/20	CIRQUE DU SOLEIL HORIZONS INC.-CDS U.S. INTERMEDIATE HOLDINGS, INC.	Industrial	SrSec/BCF /LTCFR/PDR		D	B2	Caa3			SG
3/18/20	DEL MONTE FOODS HOLDINGS LIMITED -DEL MONTE FOODS, INC.	Industrial	SrSec/BCF /LTCFR/PDR		D	Caa1	Caa2			SG
3/18/20	DTI TOPCO, INC.-DTI HOLDCO, INC.	Industrial	SrSec/BCF /LTCFR/PDR		D	B3	Caa2			SG
3/18/20	HERTZ GLOBAL HOLDINGS, INC. -HERTZ CORPORATION (THE)	Industrial	SrSec/SrUnsec /BCF/LTCFR/PDR	7,328	D	B1	B2			SG
3/18/20	KCIBT HOLDINGS, L.P.-CIBT GLOBAL, INC.	Industrial	SrSec/BCF /LTCFR/PDR		D	B2	B3			SG
3/19/20	LIVE NATION ENTERTAINMENT, INC.	Industrial	SrUnsec/SrSec /BCF/LTCFR/PDR	1,825	D	Ba3	B1			SG
3/19/20	WASHINGTON PRIME GROUP INC.	Industrial	SrUnsec/LTCFR/PS	945	D	B1	Caa1			SG
3/19/20	DELIVER BUYER, INC.	Industrial	SrSec/BCF/LTCFR		D	B2	B3			SG
3/19/20	TORTOISE BORROWER, LLC	Financial	SrSec/BCF /LTCFR/PDR		D	Ba2	Ba3			SG
3/19/20	ADVISOR GROUP HOLDINGS, INC.	Financial	SrSec/SrUnsec /BCF/LTCFR	913	D	B1	B2			SG
3/19/20	ADVANTAGE SOLUTIONS INC.-ADVANTAGE SALES & MARKETING INC.	Industrial	LTCFR/PDR		D	B2	B3			SG
3/20/20	SYSCO CORPORATION	Industrial	SrUnsec/Sub	8,877	D	A3	Baa1			IG
3/20/20	CALLON PETROLEUM COMPANY	Industrial	SrUnsec /LTCFR/PDR	1,900	D	B2	Caa1			SG
3/20/20	TUPPERWARE BRANDS CORPORATION	Industrial	SrUnsec /LTCFR/PDR	600	D	B1	Caa2			SG
3/20/20	QEP RESOURCES, INC.	Utility	SrUnsec /LTCFR/PDR	2,048	D	Ba3	B2			SG
3/20/20	WHITING PETROLEUM CORPORATION	Industrial	SrUnsec /LTCFR/PDR	2,932	D	B2	Caa2			SG
3/20/20	MARTIN MIDSTREAM PARTNERS L.P.	Industrial	SrUnsec /LTCFR/PDR	400	D	Caa2	Ca			SG
3/20/20	CEDAR FAIR, L.P.	Industrial	SrUnsec /LTCFR/PDR	1,450	D	B1	B2			SG
3/20/20	SABRE HOLDINGS CORPORATION -SABRE GLBL INC.	Industrial	SrSec/BCF	1,030	D	Ba2	Ba3			SG
3/20/20	SABRE HOLDINGS CORPORATION	Industrial	SrSec/BCF /LTCFR/PDR	1,030	D	Ba2	Ba3			SG
3/20/20	KOSMOS ENERGY LTD.	Industrial	SrUnsec /LTCFR/PDR	650	D	B2	Caa1			SG
3/20/20	FORM TECHNOLOGIES LLC	Industrial	SrSec/BCF /LTCFR/PDR		D	B2	Caa1			SG
3/20/20	CONDUENT INCORPORATED -CONDUENT BUSINESS SERVICES, LLC	Industrial	SrUnsec/SrSec /BCF/LTCFR/PDR	510	D	B2	B3			SG
3/20/20	INFOGROUP INC.	Industrial	SrSec/BCF /LTCFR/PDR		D	B2	B3			SG
3/20/20	CENTENNIAL RESOURCE DEVELOPMENT, INC.-CENTENNIAL RESOURCE PRODUCTION, LLC	Industrial	SrUnsec /LTCFR/PDR	900	D	B3	Caa2			SG
3/20/20	SMG US MIDCO 2, INC.	Industrial	SrSec/BCF /LTCFR/PDR		D	B1	B3			SG
3/20/20	HORNBLOWER SUB, LLC	Industrial	SrSec/BCF /LTCFR/PDR		D	B2	B3			SG
3/20/20	NATEL ENGINEERING COMPANY, INC. (NEW)	Industrial	SrSec/BCF /LTCFR/PDR		D	B2	B3			SG
3/23/20	MURPHY OIL CORPORATION	Industrial	SrUnsec /LTCFR/PDR	2,829	D	Ba2	Ba3			SG
3/23/20	BOYD GAMING CORPORATION	Industrial	SrUnsec/SrSec /BCF/LTCFR/PDR	2,450	D	B3	Caa1			SG

Source: Moody's

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
3/23/20	DARDEN RESTAURANTS, INC.	Industrial	SrUnsec/MTN/CP	939	D	Baa2	Baa3	P-2	P-3	SG
3/23/20	BRINKER INTERNATIONAL, INC.	Industrial	SrUnsec /LTCFR/PDR	1,300	D	Ba1	B2			SG
3/23/20	PENN NATIONAL GAMING, INC. (OLD) -PENN NATIONAL GAMING, INC.	Industrial	SrUnsec/SrSec /BCF/LTCFR/PDR	400	D	B2	B3			SG
3/23/20	MARRIOTT INTERNATIONAL, INC.	Industrial	SrUnsec/CP	7,541	D	Baa2	Baa3	P-2	P-3	IG
3/23/20	HYATT HOTELS CORPORATION	Industrial	SrUnsec	1,400	D	Baa2	Baa3			IG
3/23/20	STATION CASINOS LLC	Industrial	SrUnsec/SrSec /BCF/LTCFR/PDR	1,300	D	B3	Caa1			SG
3/23/20	CAESARS ENTERTAINMENT CORPORATION-CBAC GAMING, LLC	Industrial	SrSec/BCF /LTCFR/PDR		D	Caa1	Caa2			SG
3/23/20	TUTOR PERINI CORPORATION	Industrial	SrUnsec /LTCFR/PDR	500	D	B2	B3			SG
3/23/20	CITYCENTER HOLDINGS, LLC	Industrial	SrSec/BCF /LTCFR/PDR		D	B1	B2			SG
3/23/20	TRANSOCEAN LTD-TRANSOCEAN INC.	Industrial	SrSec/SrUnsec /BCF/LTCFR/PDR	7,384	D	B1	B2			SG
3/23/20	BLOOMIN' BRANDS, INC.	Industrial	SrSec/BCF /LTCFR/PDR		D	Ba1	Ba2			SG
3/23/20	TRAVEL LEADERS GROUP, LLC	Industrial	SrSec/BCF /LTCFR/PDR		D	B2	Caa1			SG
3/23/20	MATADOR RESOURCES COMPANY	Industrial	SrUnsec /LTCFR/PDR	2,100	D	B2	Caa1			SG
3/23/20	GK HOLDINGS, INC.	Industrial	SrSec/BCF /LTCFR/PDR		D	Caa1	Caa3			SG
3/23/20	LAKELAND TOURS, LLC	Industrial	SrSec/BCF /LTCFR/PDR		D	B1	Caa2			SG
3/23/20	CAMPING WORLD HOLDINGS INC. -CWGS ENTERPRISES, LLC	Industrial	SrSec/BCF /LTCFR/PDR		D	B2	B3			SG
3/23/20	MAVIS TIRE EXPRESS SERVICES CORP.	Industrial	SrSec/BCF /LTCFR/PDR		D	Caa1	Caa2			SG
3/23/20	FS ENERGY AND POWER FUND	Financial	SrSec/LTCFR	500	D	Ba2	Ba3			SG
3/23/20	VERIFONE SYSTEMS, INC.	Industrial	SrSec/BCF /LTCFR/PDR		D	B2	B3			SG
3/23/20	AIMBRIDGE HOSPITALITY HOLDINGS, LLC	Industrial	SrSec/BCF /LTCFR/PDR		D	B1	B2			SG
3/24/20	UNIVERSAL FIBER SYSTEMS, LLC	Industrial	SrSec/BCF /LTCFR/PDR		D	B2	B3			SG
3/24/20	AMC ENTERTAINMENT HOLDINGS, INC.	Industrial	SrSec/BCF /LTCFR/SrSub/PDR	2,245	D	Ba2	Ba3			SG
3/24/20	ELECTRIC TRANSMISSION TEXAS, LLC	Utility	LTIR		D	Baa1	Baa2			IG
3/24/20	SERTA SIMMONS BEDDING, LLC	Industrial	SrSec/BCF /LTCFR/PDR		D	Caa3	Ca			SG
3/24/20	DYNAMIC PRECISION GROUP, INC.- TURBOCOMBUSTOR TECHNOLOGY, INC.	Industrial	SrSec/BCF /LTCFR/PDR		D	B3	Caa1			SG
3/24/20	RAYONIER A.M. PRODUCTS INC.	Industrial	SrUnsec /LTCFR/PDR	506	D	B3	Caa2			SG
3/24/20	PORTILLO'S HOLDINGS, LLC.	Industrial	SrSec/BCF /LTCFR/PDR		D	B2	B3			SG
3/24/20	OPTIMAS OE SOLUTIONS HOLDING, LLC	Industrial	SrSec/LTCFR /PDR/LGD	450	D	Caa1	Caa2			SG
3/24/20	FOGO DE CHAO, INC.	Industrial	SrSec/BCF /LTCFR/PDR		D	B2	B3			SG
3/24/20	PAPAY HOLDCO, LLC.-CVENT, INC.	Industrial	SrSec/BCF /LTCR/PDR		D	B3	Caa1			SG
3/24/20	LANDRY'S GAMING, INC.-LANDRY'S, INC.	Industrial	SrUnsec/SrSec/BCF /LTCFR/SrSub/PDR	2,015	D	B3	Caa1			SG
3/24/20	EDELMAN FINANCIAL ENGINES, LLC	Financial	SrSec/BCF /LTCFR/PDR		D	Caa1	Caa2			SG
3/24/20	COOPER'S HAWK INTERMEDIATE HOLDING, LLC	Industrial	SrSec/BCF /LTCFR/PDR		D	B3	Caa1			SG

Source: Moody's

FIGURE 4
Rating Changes: Corporate & Financial Institutions – Europe

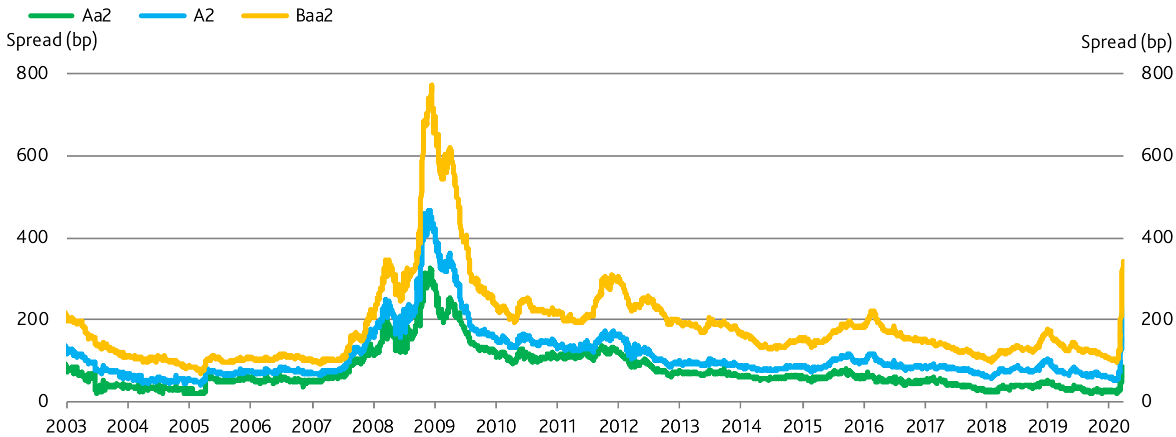
Date	Company	Sector	Rating	Amount ($ Million)	Up/ Down	Old LTD Rating	New LTD Rating	IG/ SG	Country
3/19/20	TUI AG	Industrial	SrUnsec /LTCFR/PDR	321	D	Ba3	B2	SG	GERMANY
3/19/20	SAS AB	Industrial	Sub/LTCFR /PDR/MTN	129	D	B3	Caa1	SG	SWEDEN
3/19/20	TAP S.G.P.S.-TRANSPORTES AEREOS PORTUGUESES, S.A.	Industrial	SrUnsec /LTCFR/PDR	401	D	B2	Caa1	SG	PORTUGAL
3/19/20	SOLOCAL GROUP S.A.	Industrial	SrSec /LTCFR/PDR	425	D	Caa2	Ca	SG	FRANCE
3/19/20	PLAYA HOTELS & RESORTS N.V.-PLAYA RESORTS HOLDING B.V.	Industrial	SrSec/BCF/LTCFR		D	B2	Caa1	SG	NETHERLANDS
3/19/20	O1 PROPERTIES LIMITED	Industrial	SrUnsec /LTCFR/PDR	1,023	D	Caa1	Caa3	SG	RUSSIA
3/19/20	ROEHM HOLDING GMBH	Industrial	SrSec/BCF /LTCFR/PDR		D	B2	B3	SG	GERMANY
3/20/20	TRAVELEX HOLDINGS LIMITED-TRAVELEX FINANCING PLC	Industrial	SrSec /LTCFR/PDR	385	D	Caa1	Ca	SG	UNITED KINGDOM
3/20/20	VALARIS PLC	Industrial	SrUnsec /LTCFR/PDR	5,535	D	Caa2	Ca	SG	UNITED KINGDOM
3/20/20	HURTIGRUTEN GROUP AS	Industrial	SrSec/BCF /LTCFR/PDR	321	D	B2	B3	SG	NORWAY
3/20/20	PRO-GEST S.P.A.	Industrial	SrUnsec /LTCFR/PDR	267	D	Caa2	Caa3	SG	ITALY
3/20/20	AMPHORA INTERMEDIATE II LTD	Industrial	SrSec/BCF /LTCFR/PDR		D	B2	B3	SG	UNITED KINGDOM
3/20/20	PROMONTORIA HOLDING 264 B.V.	Industrial	SrSec/lTCFR/PDR	705	D	B3	Caa1	SG	NETHERLANDS
3/22/20	CATLUXE ACQUISITION S.A.R.L.	Industrial	SrSec/BCF /LTCFR/PDR		D	B2	B3	SG	LUXEMBOURG
3/23/20	NORSK HYDRO ASA	Industrial	SrUnsec/LTIR	855	D	Baa2	Baa3	IG	NORWAY
3/24/20	THAMES WATER LIMITED-THAMES WATER UTILITIES FINANCE PLC	Utility	SrSec/LTCFR /Sub/MTN	9,088	D	A3	Baa1	IG	UNITED KINGDOM
3/24/20	TURK HAVA YOLLARI ANONIM ORTAKLIGI	Industrial	LTCFR/PDR		D	B1	B2	SG	TURKEY
3/24/20	CINEWORLD GROUP PLC (GBP)-CROWN FINANCE US, INC.	Industrial	SrSec/BCF /LTCFR/PDR		D	B1	B3	SG	UNITED KINGDOM
3/24/20	ALPHA GROUP SARL	Industrial	SrSec/BCF /LTCFR/PDR		D	B3	Caa1	SG	GERMANY

Source: Moody's

Market Data

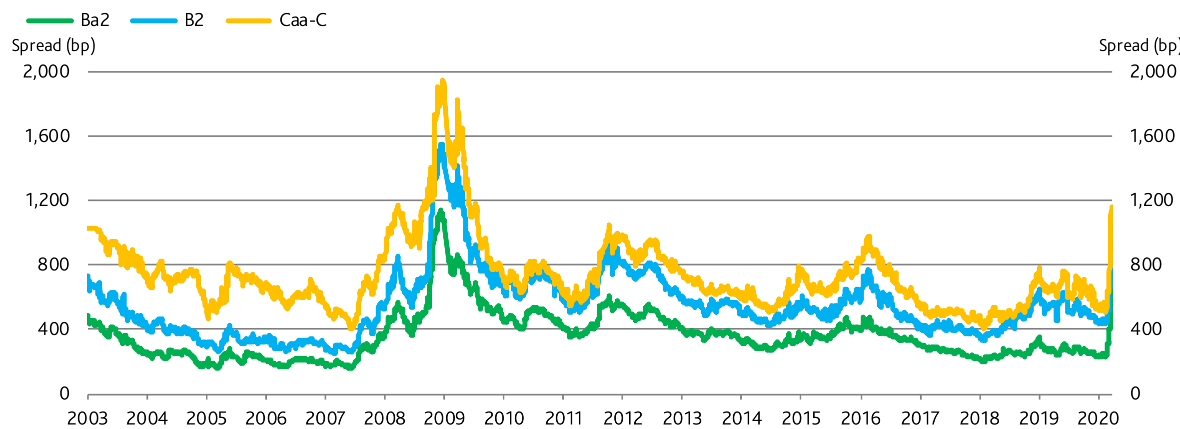
Spreads

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 (March 19, 2020 – March 25, 2020)

CDS Implied Rating Rises	CDS Implied Ratings		
Issuer	Mar. 25	Mar. 18	Senior Ratings
Walt Disney Company (The) (Old)	A2	Baa2	A2
Southern Company (The)	Aaa	Aa3	Baa2
Boston Scientific Corporation	Aa1	A1	Baa2
Cardinal Health, Inc.	A1	Baa1	Baa2
Expedia Group, Inc.	Ba2	B2	Baa3
Raytheon Company	Aaa	Aa3	A3
Ingersoll-Rand Company	Aa1	A1	Baa2
SCANA Corporation	Aa3	A3	Baa3
Procter & Gamble Company (The)	Aa1	Aa3	Aa3
Pfizer Inc.	Aa2	A1	A1

CDS Implied Rating Declines	CDS Implied Ratings		
Issuer	Mar. 25	Mar. 18	Senior Ratings
iStar Inc.	B3	Ba2	Ba3
Louisiana-Pacific Corporation	B1	Baa3	Ba2
Occidental Petroleum Corporation	Ca	Caa1	Ba1
CSC Holdings, LLC	B1	Ba1	B3
Arconic Inc.	B2	Ba2	Ba2
Toyota Motor Credit Corporation	Baa2	A3	Aa3
Ford Motor Credit Company LLC	Caa2	B3	Ba1
American Express Credit Corporation	A3	A1	A2
Exxon Mobil Corporation	A3	A1	Aaa
Ford Motor Company	Caa2	B3	Ba1

CDS Spread Increases		CDS Spreads		
Issuer	Senior Ratings	Mar. 25	Mar. 18	Spread Diff
Neiman Marcus Group LTD LLC	Ca	15,843	10,309	5,534
Penney (J.C.) Corporation, Inc.	Caa3	10,918	8,843	2,075
Frontier Communications Corporation	Caa3	13,593	11,975	1,618
Occidental Petroleum Corporation	Ba1	1,710	829	881
Avon Products, Inc.	B3	1,099	649	450
Ford Motor Credit Company LLC	Ba1	1,036	655	381
Ford Motor Company	Ba1	990	678	313
iStar Inc.	Ba3	651	360	290
Diamond Offshore Drilling, Inc.	Caa2	3,797	3,557	239
Pitney Bowes Inc.	Ba3	1,170	941	229

CDS Spread Decreases		CDS Spreads		
Issuer	Senior Ratings	Mar. 25	Mar. 18	Spread Diff
Chesapeake Energy Corporation	Caa3	13,447	14,704	-1,258
Nabors Industries, Inc.	B1	3,552	4,737	-1,186
Avis Budget Car Rental, LLC	B1	935	1,213	-278
United Airlines, Inc.	Ba3	842	1,113	-271
Royal Caribbean Cruises Ltd.	Baa2	957	1,221	-264
Hertz Corporation (The)	Caa1	1,487	1,684	-197
Carnival Corporation	Baa1	579	750	-171
K. Hovnanian Enterprises, Inc.	Caa3	1,630	1,767	-137
United Airlines Holdings, Inc.	Ba3	901	1,022	-122
Calpine Corporation	B2	411	518	-108

Source: Moody's, CMA

Market Data

Figure 4. CDS Movers - Europe (March 19, 2020 – March 25, 2020)

CDS Implied Rating Rises	CDS Implied Ratings		
Issuer	Mar. 25	Mar. 18	Senior Ratings
Rabobank	Aa3	A2	Aa3
BNP Paribas	A2	Baa1	Aa3
Societe Generale	A2	Baa1	A1
Banco Bilbao Vizcaya Argentaria, S.A.	A3	Baa2	A3
ING Bank N.V.	Aa3	A2	Aa3
Banco Santander S.A. (Spain)	A2	Baa1	A2
HSBC Holdings plc	A3	Baa2	A2
Credit Agricole S.A.	A1	A3	Aa3
ING Groep N.V.	Baa1	Baa3	Baa1
Danske Bank A/S	A2	Baa1	A3

CDS Implied Rating Declines	CDS Implied Ratings		
Issuer	Mar. 25	Mar. 18	Senior Ratings
Gecina SA	Baa2	A3	A3
Alliander N.V.	Baa2	A3	Aa2
Vue International Bidco plc	Caa3	Caa1	Caa2
ABN AMRO Bank N.V.	A2	A1	A1
Natixis	A2	A1	A1
Nationwide Building Society	A2	A1	Aa3
DZ BANK AG	A2	A1	Aa1
Landesbank Baden-Wuerttemberg	A1	Aa3	Aa3
Allied Irish Banks, p.l.c.	A3	A2	A2
KBC Group N.V.	A2	A1	Baa1

CDS Spread Increases		CDS Spreads		
Issuer	Senior Ratings	Mar. 25	Mar. 18	Spread Diff
Novafives S.A.S.	Caa2	2,695	2,284	411
Vue International Bidco plc	Caa2	1,192	1,058	134
Sappi Papier Holding GmbH	Ba2	618	527	91
UPC Holding B.V.	B2	429	404	25
Airbus SE	A2	152	132	19
Vedanta Resources Limited	B3	614	595	19
Gecina SA	A3	97	81	15
Schaeffler Finance B.V.	Ba1	159	145	13
Unibail-Rodamco-Westfield SE	A2	180	168	12
Landesbank Hessen-Thueringen GZ	Aa3	58	48	10

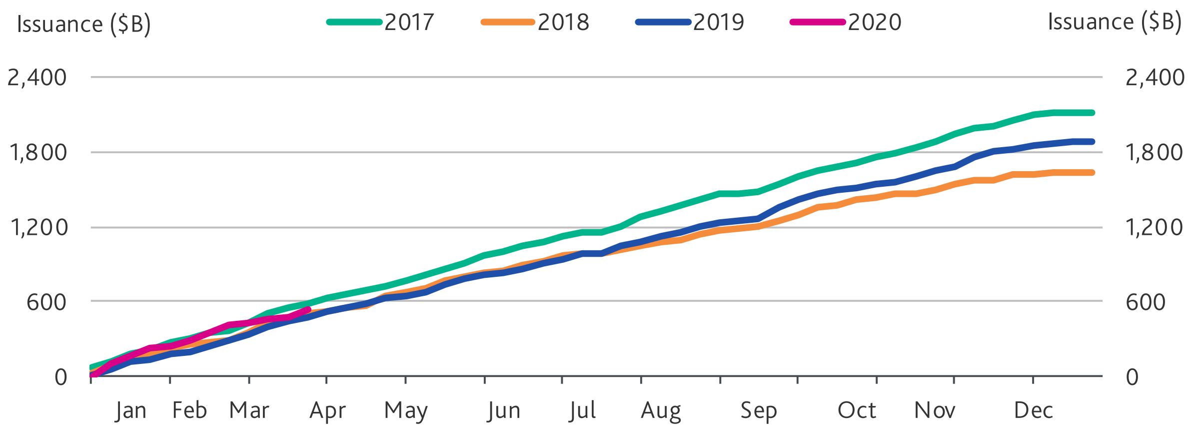
CDS Spread Decreases		CDS Spreads		
Issuer	Senior Ratings	Mar. 25	Mar. 18	Spread Diff
PizzaExpress Financing 1 plc	Ca	6,641	12,623	-5,982
Boparan Finance plc	Caa1	1,977	3,538	-1,561
Selecta Group B.V.	Caa1	1,820	2,481	-661
CMA CGM S.A.	Caa1	3,005	3,578	-573
Jaguar Land Rover Automotive Plc	B1	1,030	1,400	-370
Casino Guichard-Perrachon SA	B3	864	1,171	-307
Iceland Bondco plc	Caa2	1,255	1,528	-273
Stena AB	B3	1,001	1,262	-261
TUI AG	B2	1,478	1,692	-215
Greece, Government of	B1	196	384	-188

Source: Moody's, CMA

Market Data

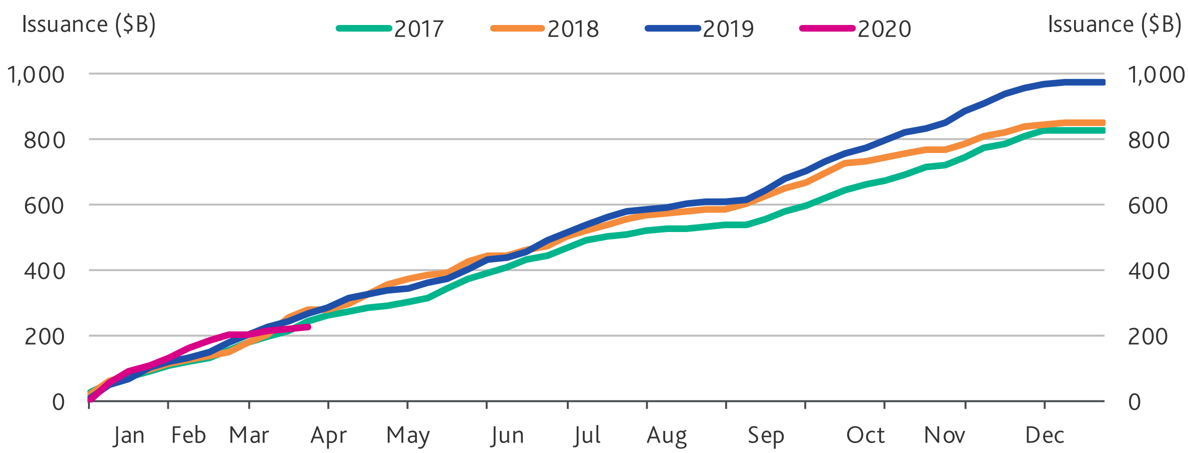
Issuance

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

Figure 7. Issuance: Corporate & Financial Institutions

	USD Denominated		
	Investment-Grade	High-Yield	Total*
	Amount $B	Amount $B	Amount $B
Weekly	62.690	0.000	63.530
Year-to-Date	380.723	129.944	538.798

	Euro Denominated		
	Investment-Grade	High-Yield	Total*
	Amount $B	Amount $B	Amount $B
Weekly	9.794	0.000	9.958
Year-to-Date	188.063	35.572	228.499

* Difference represents issuance with pending ratings.

Source: Moody's/ Dealogic

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Report Number: 1221174

Editor
Reid Kanaley
help@economy.com

Contact Us

Americas:	1.212.553.4399
Europe:	+44 (0) 20.7772.5588
Asia:	813.5408.4131