MOODY'S ANALYTICS

WEEKLY MARKET OUTLOOK

Moody's Analytics Research

Weekly Market Outlook Contributors:

Moody's Analytics/New York:
John Lonski
Chief Capital Markets Economist
1.212.553.7144
john.lonski@moodys.com

Yukyung Choi
Quantitative Research

Moody's Analytics/Asia-Pacific:
Shahana Mukherjee
Economist

Moody's Analytics/Europe:
Ross Cioffi
Economist

Moody's Analytics/U.S.:
Mark Zandi
Chief Economist, Moody's Analytics

Steven Shields
Economist

Editor
Reid Kanaley

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.

Contact: help@economy.com

Prices Rise Here, There and Everywhere

Credit Markets Review and Outlook *by John Lonski*

Prices Rise Here, There and Everywhere

» FULL STORY PAGE 2

The Week Ahead

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

» FULL STORY PAGE 7

The Long View

Full updated stories and key credit market metrics: January offerings of high-yield corporate bonds set new highs of $101 billion globally and $53 billion for U.S. issuers.

Credit Spreads	Investment Grade: Year-end 2021's average investment grade bond spread may slightly exceed its recent 102 basis points. High Yield: A composite high-yield spread may top its recent 382 bp by year-end 2021.
Defaults	US HY default rate: According to Moody's Investors Service, the U.S.' trailing 12-month high-yield default rate jumped from December 2019's 4.3% to December 2020's 8.4% and may average 7.9% for 2021's second quarter.
Issuance	For 2019's offerings of US$-denominated corporate bonds, IG bond issuance rose 2.6% to $1.309 trillion, while high-yield bond issuance surged by 58% to $440 billion. In 2020, US$-denominated corporate bond issuance soared 54% for IG to a record $2.012 trillion, while high-yield advanced 30% to a record-high $570 billion. For 2021, US$-denominated corporate bond offerings may decline 24% (to $1.528 trillion) for IG and drop 7% (to $529 billion) for high-yield, where both forecasts top their respective annual averages for the five years ended 2020 of $1.494 trillion for IG and $410 billion for high-yield.

» FULL STORY PAGE 13

Ratings Round-Up

Changes Remain Mostly Credit Positive in U.S. and Europe

» FULL STORY PAGE 16

Market Data

Credit spreads, CDS movers, issuance.

» FULL STORY PAGE 20

Moody's Capital Markets Research *recent publications*

Links to commentaries on: Stimulus, core profits, yield spreads, resurgent virus, split Congress, misery, issuance boom, default rate, volatility, credit quality, unprecedented bond yields, record savings rates, demographic change, high tech, complacency, Fed intervention, speculation, risk, credit stress, rate cuts, optimism, coronavirus, corporate credit, leverage, VIX.

» FULL STORY PAGE 25

Credit Markets Review and Outlook

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

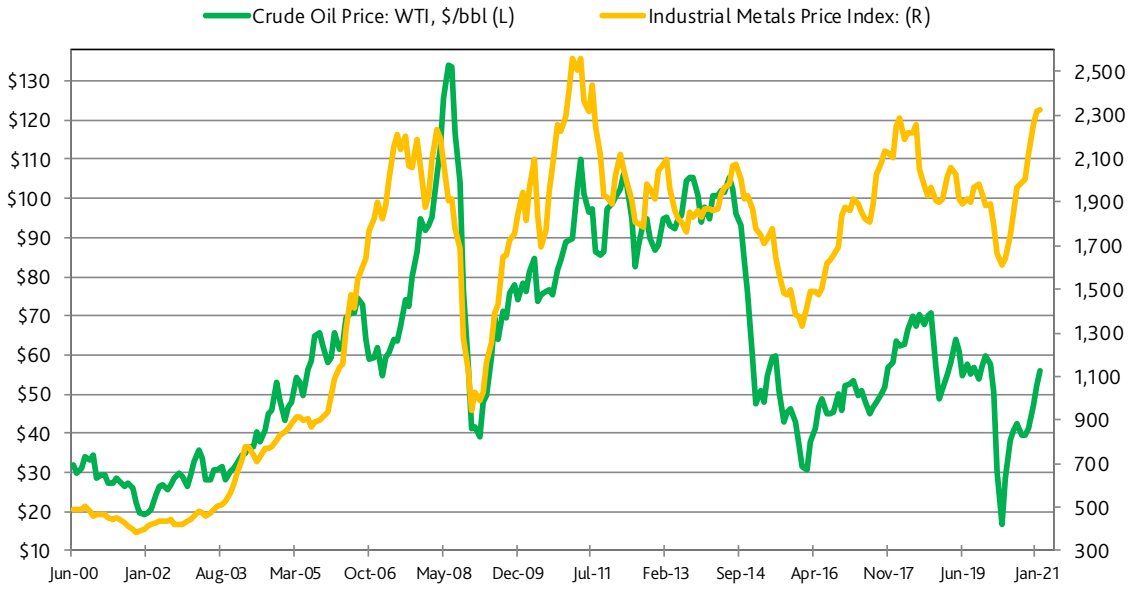
Prices Rise Here, There and Everywhere

Industrial commodity prices have climbed higher in response to both an actual and anticipated firming of global industrial activity. In addition, an abundance of financial liquidity as reflected by the U.S. money supply's 25% yearly surge that quadruples 2021's expected annual climb by nominal GDP, has added fuel to industrial commodity price inflation.

Forthcoming fiscal stimulus is likely to put upward pressure on Treasury bond yields. If the Fed attempts to limit or reverse any climb by benchmark bond yields via stepped-up purchases of Treasury bonds and federal agency mortgage-backed securities, the rapid growth of the money supply will be extended. Conceivably, more fiscal stimulus might beget more monetary stimulus in order to rein in fixed-rate borrowing costs. Such a link between fiscal and monetary stimulus lacks precedent.

On February 3, Moody's Analytics industrial metals price index was up 30% from a year earlier. The industrial metals price index includes the cash prices of aluminum, copper, lead, nickel, tin, and zinc, wherein the biggest yearly price increases were tin's 50%, copper's 42%, and nickel's 38%.

Figure 1: Prices of Industrial Metals and Oil Climb Higher...Feb-21's Month-Long Average for Base Metals Price Index May Be Highest since July-11
sources: LME, Wall Street Journal, Moody's Analytics



A number of non-energy industrial commodities showed year-to-year price surges that far outpaced the industrial metals price index. As published in the Wall Street Journal, February 3's cash price for steel (HRC USA FOB Midwest Mill) was up a staggering 98% from a year earlier. According to the same source, the accompanying cash price of iron ore (62% Fe CFR China) topped its year earlier reading by 89%. In addition, February 3's most heavily traded lumber futures contract had soared a yearly 108%.

Fossil fuel prices also have staged a comeback. January 26's price of Henry Hub natural gas was up 34% from a year earlier. As inferred from other natural gas prices, the Henry Hub price may now be higher by at least 50% yearly.

Elsewhere, February 3's price of WTI crude oil advanced 11% yearly to its highest reading since January 20, 2020 as the most heavily traded gasoline futures contract also posted a yearly increase of 11%. The latter brings attention to how for the first time since February 2020 the price of gasoline at the pump is about to show a yearly increase. For the week ended February 1, the retail price of gasoline was down by 1.9% yearly.

Price Inflation Is Now Seen as a Greater Risk than Price Deflation

A late January survey conducted by Blue Chip Financial Forecasts found that the percent of surveyed economists who viewed inflation risks as being to the upside for this year and next rose from 78% for 2021 to 92% for 2022.

In response to upwardly revised inflation risks, the 10-year Treasury yield has climbed to a recent 1.14%. The consensus believes the 10-year Treasury yield will average 1.3% during 2021's final quarter. However, if COVID-19 risks fade and real GDP growth breaks above 4.5% for calendar-year 2021, a 1.5% average seems more appropriate for the 10-year Treasury yield of 2021's final quarter.

Monetary Policy Cannot Shrug Off Market Sentiment Indefinitely

Markets will focus on whether the Fed will prevent benchmark borrowing costs from rising to levels that imperil the expeditious attainment of full employment. If markets sense that the Fed has become overly aggressive in its pursuit of full employment, a deep sell-off of equities, wider corporate bond yield spreads and pronounced dollar exchange rate depreciation might compel policymakers to heed an unwanted swelling of inflation risks.

For now, the Fed intends to increase its holdings of (i) U.S. Treasury securities by at least $80 billion per month (or $960 billion annualized) and (ii) U.S. government agency mortgage-backed securities by at least $40 billion per month (or $480 billion annualized). Taken together, the planned $120 billion per month of bond purchases by the Federal Reserve adds up to a considerable $1.44 trillion over a 12-month span.

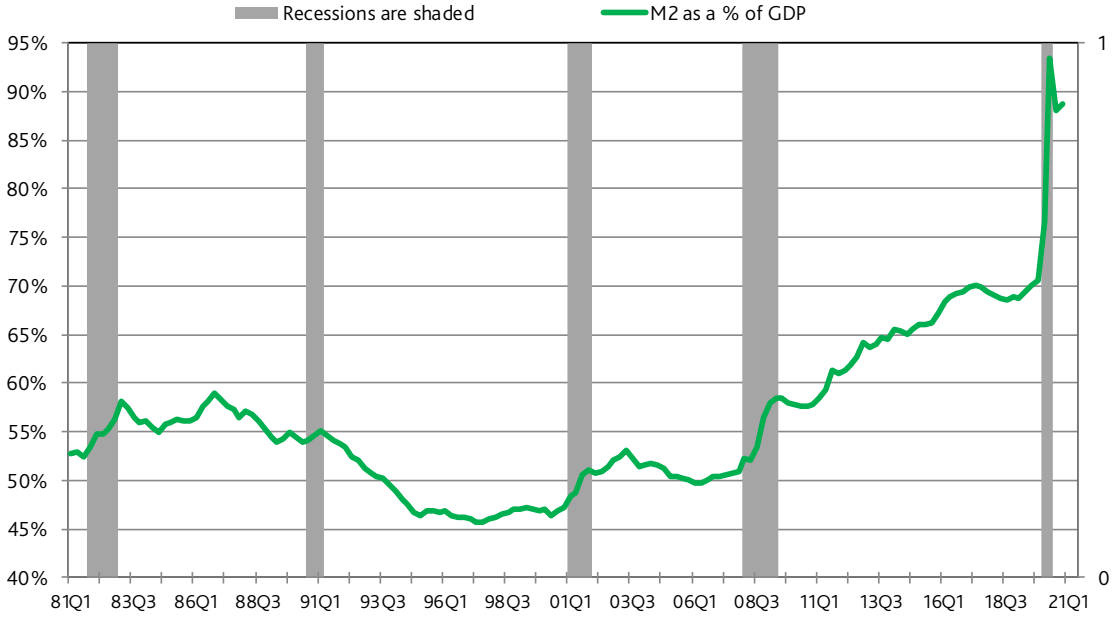
Money Supply and Personal Savings Grow at Breakneck Rates

A very accommodative monetary policy has stoked the growth rates for liquid financial assets. Because the latest ascent by liquid financial assets appears unsustainable, markets must not become too complacent about the longevity of an atypically accommodative Fed policy.

Consider the M2 monetary aggregate's now breakneck advance. This money supply measure (which includes highly liquid financial assets such as currency, bank deposits and money market funds) recorded a 25% year-over-year surge for the 13-weeks-ended January 20. By contrast, during the inflation-prone 1970s, the year-over-year increase of M2's quarter-long average peaked at much slower rates of 13.5% in 1976 and 13.4% in 1971.

Moreover, the M2 estimate of systemic liquidity now approximates 89% of U.S. GDP. As inferred from M2's trend relative to GDP prior to 2020's COVID-19 recession, M2 would probably approximate a much lower 72% of GDP under normal economic conditions.

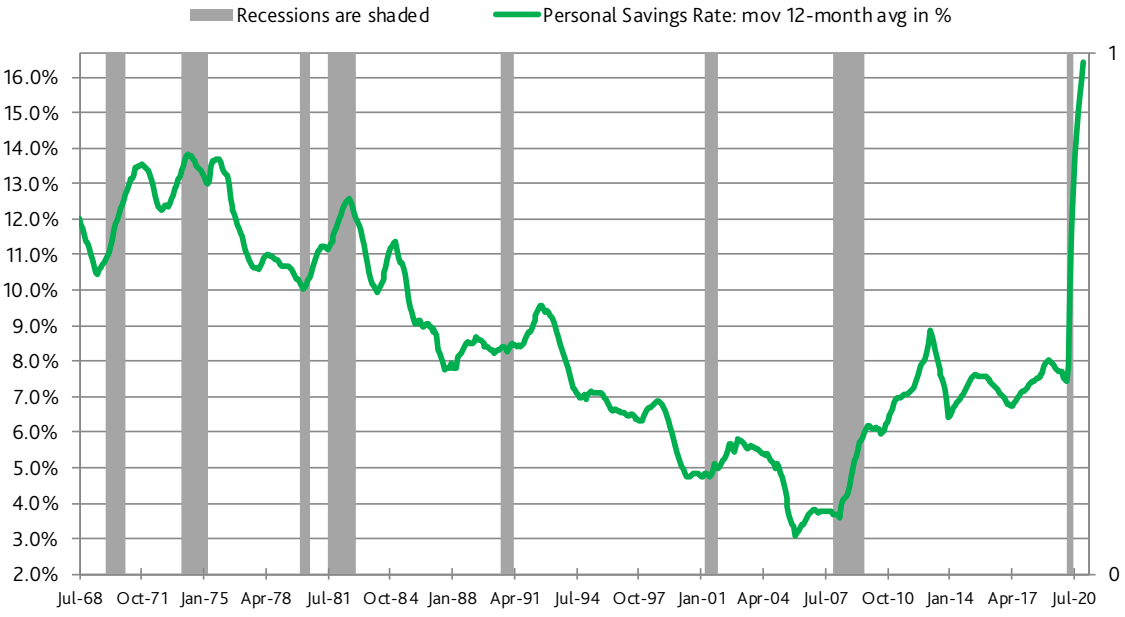
Figure 2: Record-High Ratio of M2 to GDP Reflects a Surfeit of Highly Liquid Financial Assets
sources: Federal Reserve, NBER, Moody's Analytics



Thus, the current holdings of highly liquid financial assets, or M2, by American businesses and households now exceed what they might hold under normal circumstances by $3 trillion to $3.5 trillion. Over time, the excess holdings of highly liquid assets will fund household expenditures, business capital spending, and debt repayment as well as purchases of financial and real assets.

Top-heavy amounts of liquidity show up in the personal income data. The U.S.' extraordinarily high personal savings rate of 16.2% for 2020 more than doubled the 6.1% average of the 20-years-ended 2019 and reflects a surfeit of highly liquid assets. Calendar-year 2020's 134% annual surge by personal savings (to a record-high $2.88 trillion) differed radically from the 3% drop by consumer spending (to $14.15 trillion). A likely normalization of the US personal savings rate will help to accelerate consumer spending in 2021.

Figure 3: Record-High Personal Savings Rate Will Underpin Household Expenditures Going Forward
sources: BEA, NBER, Moody's Analytics



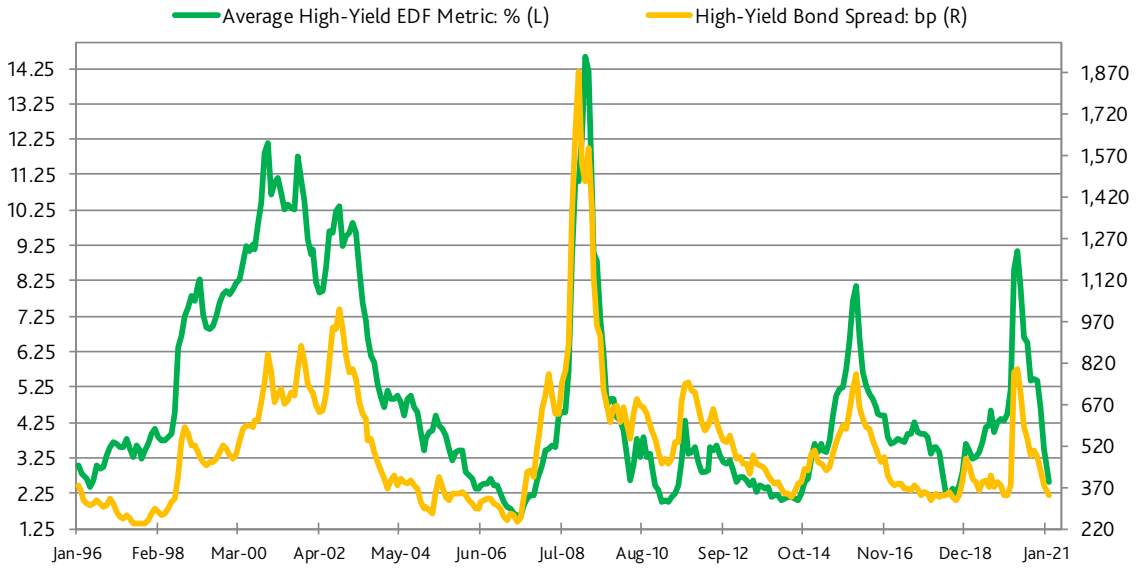
High-Yield EDF Metric Hints of Thinner High-Yield Bond Spread

The broadly distributed return of industrial commodity price inflation has been constructive for corporate credit quality, on balance. Moody's Analytics' average expected default frequency metric for U.S./Canadian high-yield issuers dipped to 2.59% on February 3 for its lowest daily reading since the 2.55% of October 22, 2018.

February 3's 2.59% high-yield EDF is less than 83% of its previous month-long averages, where the median month-long average equals 3.85%. At the extremes, the high-yield EDF's month-long average bottomed at June 2007's 1.59% and peaked at February 2009's 14.58%.

The latest decline by the average high-yield EDF metric to 2.59% supports the accompanying 342 basis point high-yield bond spread. February 3's 350 bp high-yield bond spread was less than 79% of its prior month-long averages since the end of 1995. The median high-yield bond spread for this sample is 459 bp.

Figure 4: Declining Trend of Lowest High-Yield EDF since October 2018 Favors a High-Yield Bond Spread of Less Than 350 bp
month-long averages
sources: Bloomberg/Barclays, Moody's Analytics

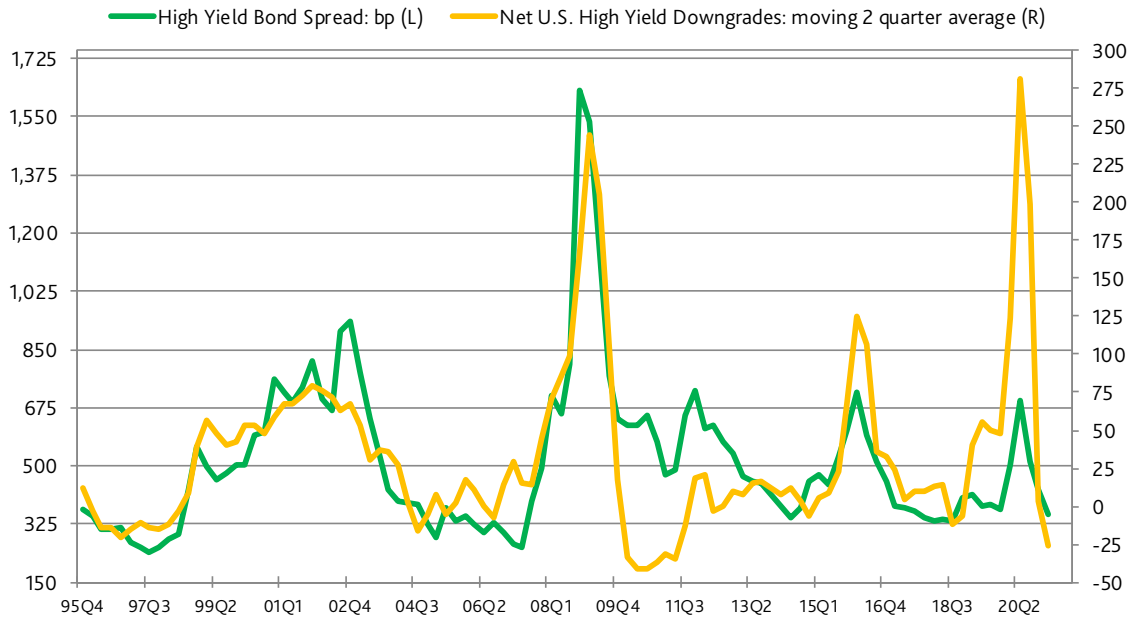


If the average high-yield EDF metric avoids another upturn, the Bloomberg/Barclays high-yield bond spread might narrow from its recent 342 bp to 325 bp. Worth noting is that the average high-yield EDF will be lower (i) the lower are the outstandings of high-yield debt, (ii) the greater is the market value of the business assets of high-yield issuers, and (iii) the lower is the volatility of the market value of high-yield business assets. The 43% cumulative advance by the Russell 2000 stock price index of smaller companies since the end of 2020's third quarter has complemented the accompanying 3.2 percentage point drop by the high-yield EDF to 2.59%.

Second Straight Quarter of More Upgrades Than Downgrades Is Underway

The pricing of high-yield default risk now receives support from how high-yield upgrades have outnumbered downgrades for both 2020's final quarter and 2021-to-date. The estimated -30 net U.S. high-yield downgrades of the first-quarter-to-date was already less than the -22 of 2020's final quarter. During the first seven quarters following the June 2009 end to the Great Recession, net U.S. high-yield downgrades averaged -35 per quarter.

Figure 5: Plunge by U.S. Net High-Yield Downgrades Complements Narrowing of High-Yield Bond Spread
sources: Bloomberg/Barclays, Moody's Analytics



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

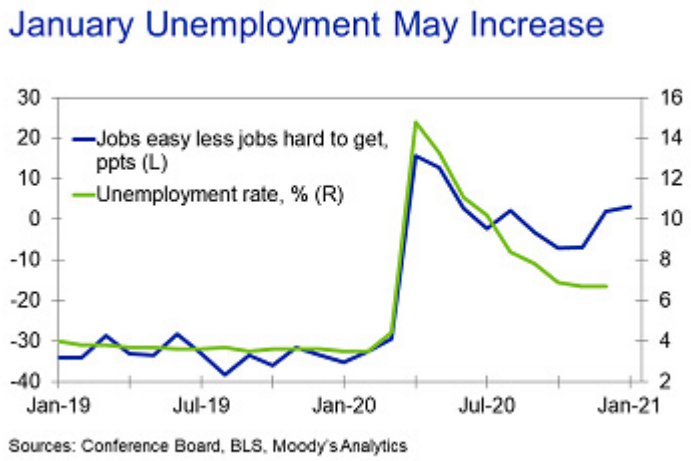
THE U.S.

By Mark Zandi, Chief Economist, Moody's Analytics

Compromise Is the Fastest Way to Deliver Support to the Economy

The U.S. economy continues to struggle but has avoided sliding into a double-dip recession as the economic headwind of the COVID-19 pandemic is offset by the tailwind of massive monetary and fiscal support. Prospects are good the economy will gain traction later in the year. Exactly when depends on how quickly the nation achieves herd immunity and what new fiscal support the Biden administration and Congress will provide. Our baseline outlook is for vaccinations to pick up and the population to more or less reach herd immunity between July 4 and Labor Day. We also expect lawmakers to come to terms on close to $2 trillion in deficit-financed fiscal support for the economy this year, although the composition and timing of this support will differ somewhat from what President Biden has recently proposed.

The economy's struggles remain most evident in the job market. Employment declined in December, and will eke out only a small gain of no more than 200,000 in January, judging by the persistently large numbers of people filing for unemployment insurance and other labor market data. This is disconcerting. Employment is still down almost 10 million from its pre-pandemic peak, with employment down across every major sector save the federal government. Unemployment is also stuck near a painfully high 7%—about the average peak unemployment rate in recessions since World War II. Now, given responses to the Conference Board's consumer confidence survey about current job market conditions, unemployment may notch higher in January.



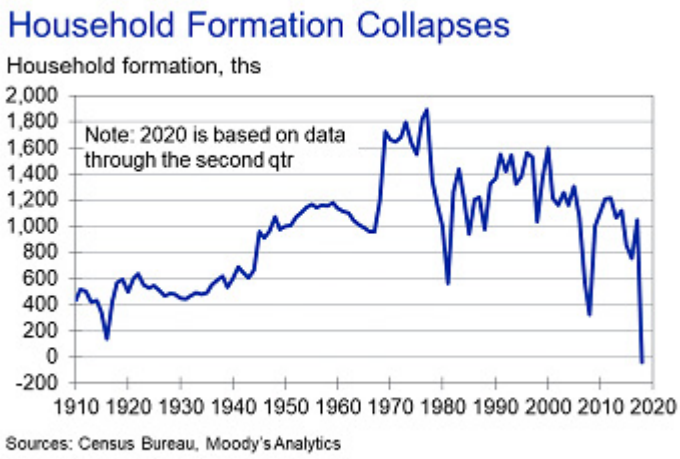
Real GDP has recovered much better than jobs, growing 4% annualized in the fourth quarter and down 2.5% from its peak a year earlier. The difference between GDP and jobs reflects a surge in productivity, which partly reflects the pandemic's disproportionate hit to lower-value-added industries such as leisure and hospitality, retail, and personal services. Higher-value-added industries such as technology, financial and professional services have navigated the pandemic well, even benefiting in some cases. Productivity has likely also received a boost as businesses have used the pandemic to take advantage of labor saving investments they made during the previous expansion but were reluctant to fully incorporate given the disruptions that doing so would cause. It is an open question whether this is a onetime gain in productivity, like what happened in the wake of the financial crisis, or a more persistent

increase in underlying productivity growth.

However, there are signs in the GDP numbers that the economy was flagging as the fourth quarter closed. Real consumer spending was lower in December than in September. Spending weakened across the board, including consumer services, nondurables and durables. The intensifying pandemic and stiffer social-distancing rules in parts of the country didn't help, nor did fading fiscal support. The help in the $900 billion fiscal relief package the Trump administration and Congress agreed to in December, including more unemployment insurance and another round of stimulus checks, didn't find its way into the economy until after New Year's.

The financial stress caused by the pandemic is also clear from how far behind households have gotten on their debt payments and rent since the pandemic struck last March. As of January, households were behind on an estimated almost $200 billion in financial obligations. This hasn't been much of a problem, since there is a rental eviction moratorium and foreclosure moratorium on government-backed mortgage loans in place until March. Homeowners with government-backed loans also have a year of forbearance from when they stopped payments, which is at least through March, and government student loans borrowers have forbearance until September. Financial institutions are also providing accommodations to distressed borrowers on auto loans, credit cards, home equity and consumer finance loans. Moreover, delinquent renters will soon get some help as the $25 billion renter assistance fund included as part of the $900 billion fiscal relief package is distributed, and Biden has proposed an additional $30 billion in renter support in his $1.9 trillion package. Also, the moratoriums and forbearance will almost surely be extended by lawmakers until sometime after the pandemic is over, the economy has kicked back into full gear, and stressed households are presumably getting back to work. However, under almost any scenario, it will take a long time for these households to dig out from under this heavy financial weight.

The severity of the economic damage caused by the pandemic has also begun to show itself in the demographic data. Household formation has collapsed. Based on Census population estimates by age and headship rates (number of households divided by population) constructed from Current Population Survey micro data, the number of households declined in the year ended in the second quarter of 2020. A decline is unprecedented in the more than 100-year history of household data, which includes the 1918 Spanish flu pandemic, the 1930s Great Depression, two world wars, and the global financial crisis. The number of households headed by those in their 20s fell especially sharply, which isn't surprising given that striking out on your own doesn't make much sense in the middle of a pandemic, although households declined across all ages, save for those headed by those 60 and older. In addition to the pandemic, President Trump's virulent anti-immigration stance also contributed by undermining the perennial increase in the number of foreign households living in the U.S. We estimate net foreign immigration to be closer to 250,000 last year, down from approximately 1 million per annum during the Obama presidency.



Given the economy's travails, which are sure to continue as long as the world is battling the virus, lawmakers need to continue to provide fiscal support. At the very least, this support should be sufficient to ensure that unemployment doesn't increase again on this side of the pandemic—the catalyst for a double-dip recession—and to quickly return to full employment on the other side of the pandemic. To achieve these objectives given the current estimated output gap (the difference between actual and potential GDP) of approximately 5% of GDP, it will be advisable for lawmakers to provide total fiscal support—deficit financed government spending increases and tax cuts—close to double that amount. This comes to just over $2 trillion. Behind this cost is the significant share of funds that must go to fighting the virus and adjusting to it, which does little to boost the economy, and that the funds will likely be spent over an extended period. The high degree of uncertainty with how the pandemic will play out, and thus its economic fallout, also calls for a bigger fiscal package. It's better to err on the side of too large a package than too small of one.

The $2 trillion-plus price tag is close to Biden's current $1.9 trillion proposed package, although the composition of the package is designed more for supporting the economy until the pandemic is over. Much of the money pays for another round of stimulus checks, unemployment insurance, and aid to state and local governments. Assuming that herd immunity is more-or-less achieved by the third quarter, a package closer to $1.2 trillion would be sufficient to bridge the economy to the end of the pandemic. This is approximately half the distance between the president's plan and the $600 billion proposal 10 Senate Republicans put forward this weekend. If Biden were to scale back the size of his stimulus checks and the amount going to state and local governments, and the Republican Senators increased the amount of unemployment insurance, rental assistance and aid to schools in their plan, there would be a bipartisan compromise. This would be especially desirable, since it would speed up passage of the legislation, which is critical because the funds in the $900 billion relief package run out in March.

If this were roughly the route lawmakers take, then Biden should quickly come back to Congress with another fiscal policy proposal along the lines of the Build Back Better agenda he ran on in his presidential campaign. A large infrastructure plan was a key feature of the agenda, and if it were close to $1 trillion, it would ensure the economy gets back to full employment by early 2023. This would be especially efficacious policy as the funds could finance projects in hard-pressed communities across the country, helping those who permanently lost jobs in the pandemic get back to work and improving the public infrastructure necessary to support long-term economic growth. Because infrastructure spending is once and for all, and the economy will need help to get back to full employment quickly, deficit-financing the plan makes sense. The Build Back Better agenda also includes significant increases in various social spending such as healthcare, education, housing, and child and elder care, but since this would presumably be an ongoing increase in government spending, it should be paid for. Higher tax

rates for corporations and the well-to-do, also proposed by Biden, could cover it.

The good news is that lawmakers appear likely to provide more fiscal support for the economy. It would be even better news if they could reach a bipartisan compromise. That would ensure the support gets to the economy quickly. And it would be fantastic news if they get together again later in the year to provide even more support to the economy to ensure a timely return to full employment. That seems a stretch, but one step at a time.

EUROPE

By Ross Cioffi of Moody's Analytics

Eyes on Industrial Production, Inflation and U.K. GDP

Next week's releases will focus on industrial production in December and the U.K.'s December GDP report. We expect that industrial production in the euro zone remained weak in December, sliding 1.2% m/m after a 2.5% increase in November. This would come thanks to softer output in Germany, driven by the reimposition of lockdown measures and their knock-on effects on supply and consumer demand, as well as continued weakness in other countries such as Spain, France and the Netherlands. Consumer goods production will likely continue underperforming capital and intermediate goods. Demand for consumer goods has weakened as European households face greater income and job insecurity during the second wave of lockdowns. Meanwhile investment demand has held up relatively better both at home and abroad, specifically in China. As a result, intermediate and capital goods output supported ongoing recovery in manufacturing during the fourth quarter.

German, Dutch, Spanish, and Portuguese CPI data for January will also be released next week, though we aren't expecting any surprises given the recent preliminary forecasts. Inflation rates will have firmed in January thanks mostly to stronger oil prices and the consequent softening of overall energy price declines. Germany specifically is seeing such a jump in inflation thanks to the unwinding of its 3 ppt VAT cut that lasted from July to 31 December. All European indexes meanwhile will get a boost from a reweighting of the consumer basket, that has temporarily lessened the importance of pandemic-stricken goods and services, including packaged holidays, on the headline rate.

Finally, we expect that the U.K.'s real GDP fell by 7.2% in December following November's 8.9% decrease. The quarterly decline in retail sales combined with the ongoing lockdown leads us to believe consumer spending will lead the decline in output. Trade likely also detracted from growth given the large declines in the trade deficit in November and December that came as imports rose faster than exports. Brexit and the pandemic will weigh on the U.K.'s short-term growth prospects and at this point we are penciling in a technical recession, with GDP contracting in the first quarter of 2021 following the expected decrease in the final stanza of 2020.

	Key indicators	Units	Moody's Analytics	Last
Mon @ 8:00 a.m.	Germany: Industrial Production for December	% change	0.5	0.9
Mon @ 9:00 a.m.	Spain: Industrial Production for December	% change	-1.0	-0.9
Thur @ 12:00 p.m.	Sweden: Monetary Policy	%	0.0	0.0
Tues @ 10:00 a.m.	Italy: Industrial Production for December	% change	0.4	-1.4
Wed @ 6:30 a.m.	Netherlands: Industrial Production for December	% change yr ago	-2.2	-2.5
Wed @ 8:00 a.m.	Germany: Consumer Price Index for January	% change yr ago	1.0	-0.3
Wed @ 8:45 a.m.	France: Industrial Production for December	% change	-0.5	-0.9
Wed @ 12:00 p.m.	Portugal: Consumer Price Index for January	% change yr ago	0.2	0.3
Wed @ 12:00 p.m.	Portugal: Unemployment for Q4	%	8.6	7.8
Tues @ 8:00 a.m.	Netherlands: Consumer Price Index for January	% change yr ago	1.5	1.0
Thur @ 2:00 p.m.	Russia: Foreign Trade for November	$ bil	7.5	7.1
Fri @ 8:00 a.m.	U.K.: Monthly GDP for December	% change	-7.2	-8.9
Fri @ 9:00 a.m.	Spain: Consumer Price Index for January	% change yr ago	0.6	-0.5
Fri @ 11:00 a.m.	Euro Zone: Industrial Production for December	% change	-1.2	2.5

Asia-Pacific

By Shahana Mukherjee of Moody's Analytics

Pandemic Disrupted Malaysia's Recovery Momentum

We expect Malaysia's GDP growth to have eased to 2% in the December quarter, following the 18.2% rebound in the prior quarter. This should translate into a 1.35% yearly decline in the final quarter and bring the full-year GDP contraction to 5.1%.

Malaysia's economy rebounded strongly in the September quarter as pandemic-related restrictions were eased, which allowed domestic spending to resume, while a revival in external manufacturing demand also buoyed the aggregate gain. However, the deterioration in the domestic health crisis led to the reimposition of restrictions across parts of Malaysia in recent months and disrupted the recovery momentum. We expect subdued domestic conditions to have moderated the December quarter revival, though some gains likely accrued from a stronger exports position.

The Philippines' central bank is expected to keep its key policy rate unchanged at 2% at its February meeting. A surprise 25-basis point rate cut was announced in November 2020, as the economy grappled with the demand shock from the intense COVID-19 outbreak and natural calamities that hit the economy. The domestic health crisis has worsened since then, as have parameters of consumer and business activity, but with rate cuts worth 200 basis points and a liquidity injection already delivered, the central bank has limited options but to wait for the returns from expansionary monetary policy to materialize in 2021, once local restrictions are fully relaxed.

South Korea's unemployment rate likely eased to 4.5% in January, from 4.6% in December. South Korea was in the midst of an intense third wave of COVID-19 through December, and the uncertainty from renewed restrictions caused several businesses to place a hold on hiring. Although the latest wave is past its peak, social distancing restrictions were extended by an additional two weeks in mid-January, while the trade revival remained largely limited to the semiconductors and electronics segment. We expect the impact from extended restrictions to have kept unemployment elevated through January, though some improvement is likely to have resulted from the easing of restrictions on cafes and gyms in the second half of the month.

Consumer prices in China are expected to have risen by 0.4% in yearly terms in January, following a 0.2% increase in December. The gains are once again likely to be supported by recovering food prices, while we expect little change in core prices, likely to have remained steady at 0.4% in January. Producer prices are likely to have eased by a narrower margin of -0.2% in yearly terms in January, following a 0.4% decline in December, aided by the recovery in domestic conditions.

	Key indicators	Units	Moody's Analytics	Confidence	Risk	Last
Mon @ 3:00 p.m.	Malaysia Industrial Production for December	% change yr ago	-1.9	3	↑	-2.2
Wed @ 10:00 a.m.	South Korea Unemployment Rate for January	%	4.5	3	↓	4.6
Wed @ 12:30 p.m.	China CPI for January	% change yr ago	0.4	3	↓	0.2
Wed @ 12:30 p.m.	China Producer Prices for January	% change yr ago	-0.2	3	↓	-0.4
Thur @ 3:00 p.m.	Malaysia GDP for Q4	% change yr ago	-1.35	3	↑	-2.7
Thur @ 7:00 p.m.	Philippines Monetary Policy for February	%	2	4	←	2
Fri @ 11:00 p.m.	India Industrial Production for December	% change yr ago	-2.4	3	↓	-1.9
Fri @ 11:00 p.m.	India CPI for January	% change yr ago	4.4	3	↓	4.6

The Long View

January offerings of high-yield corporate bonds set new highs of $101 billion globally and $53 billion for U.S. issuers.

By John Lonski, Chief Capital Markets Economist, Moody's Capital Markets Research
February 4, 2021

CREDIT SPREADS

As measured by Moody's long-term average corporate bond yield, the recent investment grade corporate bond yield spread of 102 basis points was less than its 116 basis-point median of the 30 years ended 2019. This spread may be no wider than 110 bp by year-end 2021.

The recent composite high-yield bond spread of 382 bp approximates what is suggested by the accompanying long-term Baa industrial company bond yield spread of 144 bp but is much narrower than what might be inferred from the recent VIX of 22.0 points. The latter has been historically associated with a 595-bp midpoint for a composite high-yield bond spread.

DEFAULTS

December 2020's U.S. high-yield default rate of 8.4% was up from December 2019's 4.3%. The recent average high-yield EDF metric of 2.59% portend a less-than-4% default rate by 2021's final quarter.

US CORPORATE BOND ISSUANCE

Fourth-quarter 2019's worldwide offerings of corporate bonds revealed annual advances of 9% for IG and 330% for high-yield, wherein US$-denominated offerings dipped by 0.8% for IG and surged higher by 331% for high yield.

First-quarter 2020's worldwide offerings of corporate bonds revealed annual advances of 14% for IG and 19% for high-yield, wherein US$-denominated offerings increased 45% for IG and grew 12% for high yield.

Second-quarter 2020's worldwide offerings of corporate bonds revealed annual surges of 69% for IG and 32% for high-yield, wherein US$-denominated offerings increased 142% for IG and grew 45% for high yield.

Third-quarter 2020's worldwide offerings of corporate bonds revealed an annual decline of 6% for IG and an annual advance of 44% for high-yield, wherein US$-denominated offerings increased 12% for IG and soared upward 56% for high yield.

Fourth-quarter 2020's worldwide offerings of corporate bonds revealed an annual decline of 3% for IG and an annual advance of 8% for high-yield, wherein US$-denominated offerings increased 16% for IG and 11% for high yield.

For 2019, worldwide corporate bond offerings grew 5.8% annually (to $2.456 trillion) for IG and advanced 51.6% for high yield (to $570 billion). The annual percent increases for 2020's worldwide corporate bond offerings are 19.7% (to $2.940 trillion) for IG and 23.9% (to $706 billion) for high yield. The expected annual declines for 2021's worldwide rated corporate bond issuance are 16% for investment-grade and 3% for high-yield.

US ECONOMIC OUTLOOK

Unacceptably high unemployment and other low rates of resource utilization will rein in Treasury bond yields. As long as the global economy operates below trend, 1.25% will serve as the upper bound for the 10-year Treasury yield. Until COVID-19 risks fade substantially, wider credit spreads are possible. For now, the corporate credit market has priced in the widespread distribution of a COVID-19 vaccine by mid-2021.

Europe

By Ross Cioffi of Moody's Analytics
February 4, 2021

EURO ZONE

The IHS Markit Eurozone Construction Total Activity Index fell to 44.1 in January from 45.5 in December. The index is based on questionnaire responses received from purchasing managers at construction firms, with a reading above 50 indicating expansion and below 50 a contraction. January's reading was the steepest drop in the euro zone since May and follows 11 months of declining construction.

Of the core euro zone countries, France posted the biggest slump in construction, followed by Germany and Italy. Although the performance of the underlying subsectors diverged somewhat, commercial construction remains weak across all three member states. This corresponds with the ongoing drop in demand for commercial real estate due to lockdown measures, which have kept employees working at home and encouraged consumers to shop online.

The results of the January survey do not bode well for fixed investment. Respondents across the euro zone highlighted that COVID-19 restrictions are choking demand and delaying project approvals. Fixed investment in the first quarter of 2021 will also be hit by price hikes for key construction inputs and by supply chain disruptions. With demand muted and costs rising, many construction firms might put off major investments. Prospects for the euro zone's construction industry are looking rosier, however, as vaccination rates pick up and lockdown measures ease.

Retail sales end 2020 on a better note

Euro zone retail sales partially rebounded in December, up by 2% m/m after November's 5.9% decline. As countries momentarily eased lockdowns and social distancing measures, retail sales benefited. This was most clearly the case in France, Belgium and Ireland, which had imposed strict measures in November. In contrast, sales were hit more severely in Germany, where the country was forced to tighten measures considerably after keeping them minimal in November.

On the product level, we saw boosts to sales in categories that were more exposed to lockdowns, like automotive fuels and clothing. But the year-end numbers by goods category reflect the peculiarity of the pandemic shock in 2020 and what we are therefore likely to see persist in 2021, as lockdowns and social distancing measures were reinstated. For automotive fuel and clothes, we'll see sales of these fall again in early 2021 as homebound consumers have little need for new outfits or car trips.

We therefore don't have high hopes for the first quarter. And we wouldn't be surprised if nonessential retail remains closed in March, given the delays to the vaccination rollout in Europe. That said, once stores are allowed to reopen, which we are hoping will happen in April, we are confident that demand for goods will recover.

Bank of England stands pat

The Bank of England opted against changes to its policy rates or to its recently expanded bond purchase program. The repurchase rate target stands at 0.1%, while the total envelope for asset purchases is at £875 billion, following an increase of £150 billion in November. Short-term prospects for the U.K. economy remain grim. We are currently penciling in a contraction in first-quarter GDP, following an expected decline in the final stanza of 2020. As a result, we don't see the BoE tightening policy any time soon.

Asia Pacific

By Shahana Mukherjee of Moody's Analytics
February 4, 2021

AUSTRALIA

Australia's December trade surprised on the upside. Exports of goods and services rose by a notable 3% in monthly terms to a nine-month high of A$37.3 billion, driven by a 4% gain in goods exports rather than an upswing in nonmonetary gold shipments, which characterized much of the November gains. Imports, however, normalized after the November pickup, settling at 2% lower over the month.

The December reading contrasts with the disappointing November performance, which reflected the hit from trade tensions with China. Three important factors underpinned this change. First, global demand for iron ore, Australia's top export item, rose sharply in December; exports were up 20% in monthly terms, with volumes up by a significant 11%.

Exporters also benefited from strong iron ore prices, as unit values rose 8% to 10% in monthly terms for all categories of iron ore. China's strong industrial recovery continued to be an important driver of this gain, as China-bound iron ore shipments rose by a sizeable 8% and accounted for nearly 90% of the total increase in iron ore exports.

Second, the surge in cereal grain exports pushed up the aggregate gains, but this was largely a seasonal gain, as Australian exporters benefited from the unfavourable conditions in key exporting markets such as Russia. Third, the sharp monthly rise in coal exports accrued not from a resumption in shipments to China, but from improving demand for hard coking coal in South Korea, India and Japan. Exports to South Korea rose by 83% over December, while shipments to India rose by 62%, and to Japan by 54%. The cumulative monthly increase in coal shipments to India and Japan (A$376 million) more than compensated for the decline caused by China's restrictions on Australian coal (A$59 million).

Risks to recovery remain

The December reading will partially offset the softness in Australia's final quarter net trade. However, risks to recovery remain. Chief among these are strained trade relations with China, which show no signs of abating. The impasse over Australian coal, while damaging, may not by itself severely undermine Australia's trade position because the more significant importing markets such as Japan and India are gradually recovering. But implications will be far more severe if China's restrictions are extended to cover Australia's iron ore exports, as this would become a major drag on Australia's trade revival through 2021. Moreover, weaker conditions in the U.K. and parts of Europe pose another risk to commodity demand in the short term, but we expect recovering conditions in parts of Asia and strong commodity prices to largely mitigate these pressures through the first half of 2021.

Our February baseline assumes that China's current restrictions on Australia's exports can persist through the June quarter and result in a softer pickup in Australia's merchandise exports. We are not yet dismissing the possibility of restrictions being extended to iron ore exports, though we maintain that doing so will prove more costly for China in the short run. The wider implications of the standoff on bilateral investment ties can be substantial, so the impetus to arrive at a binding resolution remains strong. We assume that a resolution is unlikely to take place until the September quarter, which would delay a sustainable trade revival to the end of 2021.

Ratings Round-Up

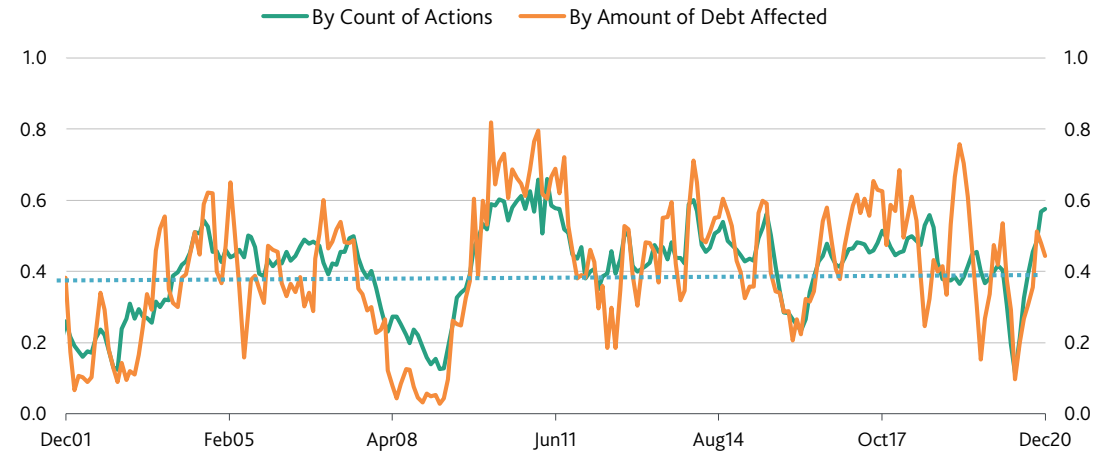
Changes Remain Mostly Credit Positive in U.S. and Europe

By Steven Shields
February 4, 2021

U.S. rating change activity was largely credit positive in the latest period. For the week ended February 2, upgrades accounted for two-thirds of total changes and nearly all the affected debt. Rating activity remained largely confined to speculative-grade companies with only two changes made to investment-grade firms. The week's most notable upgrades were issued to The Goldman Sachs Group Inc. and Morgan Stanley, with Moody's Investors Service upgrading the firms' senior unsecured credit and issuer rating to A1 from A2. In the report, Moody's Investors Service noted the rating action follows the rating agency's decision to revise the asset loss rate assumption it uses as a part of its Advanced Loss-Given-Failure analysis when assessing the magnitude of loss that would accrue to Goldman Sachs's or Morgan Stanley's creditors upon either firm's failure. The rating agency believes the ongoing shift in both firms' business mix will continue, which together with enhancements made to resolution planning and processes since the financial crisis and significant improvements to the resilience and transparency of the capital markets infrastructure increase the likelihood of a more orderly resolution in the event of either firm's failure, as well as greater preservation of the firm's remaining franchise value than Moody's had previously assumed. The upgrade impacted $308.2 billion in outstanding debt. Meanwhile, Moody's Investors Service upgraded EQT Corporation's Corporate Family Rating to Ba2 from Ba2, and its senior unsecured notes to Ba2 from Ba3, affecting approximately $4 billion in debt. The ratings upgrade reflects EQT's improvement in its capital efficiency and continued progress toward its debt reduction target. The firm's rating outlook was also revised to stable from positive.

Ratings activity was also positive across Europe. Upgrades accounted for four of the six rating changes made in the period. Investment-grade companies accounted for five of the six changes, while geographically the changes were issued across three countries. The largest change in terms of debt affected was made to Optus Finance Pty Limited, with Moody's Investors Service downgrading its senior unsecured rating to A3 from A2. According to the rating action report, the downgrade reflects the deterioration in Optus' credit profile over the fiscal year ending March 2020, and Moody's expectation that it will deteriorate further in fiscal 2021.

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	IG/SG
1/27/21	GOLDMAN SACHS GROUP, INC., THE	Financial	SrUnsec/LTIR /MTN/CP	165,225	U	A3	A2	IG
1/27/21	MORGAN STANLEY	Financial	SrUnsec/LTIR/MTN	137,636	U	A2	A1	IG
1/27/21	UNITED STATES STEEL CORPORATION	Industrial	SrSec	2,113	D	B2	B3	SG
1/27/21	UNITED STATES STEEL CORPORATION -BIG RIVER STEEL LLC	Industrial	SrSec	1,800	U	Caa1	B3	SG
1/27/21	STONEMOR INC.	Industrial	SrSec/LTCFR/PDR	385	U	Caa2	Caa1	SG
1/27/21	VISTA OUTDOOR INC.	Industrial	SrUnsec/LTCFR/PDR	350	U	Caa1	B3	SG
1/27/21	IMAGINE! PRINT SOLUTIONS, LLC	Industrial	SrSec/BCF/PDR		D	Ca	C	SG
1/27/21	TIVITY HEALTH, INC.	Industrial	SrSec/BCF/LTCFR/PDR		U	B3	B2	SG
1/27/21	PARFUMS HOLDING COMPANY, INC. (OLD) -PDC WELLNESS & PERSONAL CARE CO.	Industrial	SrSec/BCF		D	B2	B3	SG
1/28/21	ALLSTATE CORPORATION (THE) -ALLSTATE ASSURANCE COMPANY	Financial	IFSR		D	A2	A3	IG
1/28/21	SSH HOLDINGS, INC.-SPENCER SPIRIT IH LLC	Industrial	SrSec/BCF/LTCFR/PDR		U	B2	B1	SG
1/28/21	RESIDEO TECHNOLOGIES, INC. -RESIDEO FUNDING INC.	Industrial	SrUnsec/LTCFR/PDR	400	U	B3	B1	SG
1/28/21	PRETIUM PKG HOLDINGS, INC.	Industrial	SrSec/BCF		D	B2	B3	SG
1/29/21	MOHEGAN TRIBAL GAMING AUTHORITY	Industrial	SrUnsec/LTCFR/PDR	1,675	U	Ca	Caa3	SG
1/29/21	BELK, INC.	Industrial	SrSec/BCF/LTCFR/PDR		D	Caa1	Ca	SG
1/29/21	LOGMEIN, INC.	Industrial	SrSec/BCF	950	D	B1	B2	SG
1/29/21	SOUTHWEST GAS HOLDINGS, INC.	Utility	SrUnsec/LTIR/MTN	1,999	D	A3	Baa1	IG
2/1/21	D.R. HORTON, INC.-FORESTAR GROUP INC.	Industrial	SrUnsec/LTCFR/PDR	650	U	B2	B1	SG
2/1/21	DIVERSIFIED HEALTHCARE TRUST	Industrial	SrUnsec/LTCFR	2,650	D	Ba2	B1	SG
2/1/21	BUILDERS FIRSTSOURCE, INC.	Industrial	SrSec/SrUnsec /LTCFR/PDR	1,328	U	B1	Ba2	SG
2/2/21	EQT CORPORATION	Utility	SrUnsec/LTCFR /PDR/MTN	4,232	U	Ba3	Ba2	SG
2/2/21	CNX RESOURCES CORPORATION	Industrial	SrUnsec/LTCFR/PDR	1,600	U	B3	B1	SG
2/2/21	REALOGY GROUP LLC	Industrial	SrSec	550	U	B3	B2	SG
2/2/21	NATIONAL VISION, INC.	Industrial	SrSec/BCF /LTCFR/PDR		U	Ba3	Ba2	SG
2/2/21	VERSCEND HOLDING II CORP. -VERSCEND HOLDING CORP.	Industrial	SrSec/BCF		U	B3	B2	SG
2/2/21	DATTO, INC.	Industrial	LTCFR		U	B2	B1	SG
2/2/21	NORTHWEST FIBER, LLC	Utility	SrSec/BCF	250	U	B1	Ba3	SG

Source: Moody's

Ratings Round-Up

FIGURE 4
Rating Changes: Corporate & Financial Institutions – Europe

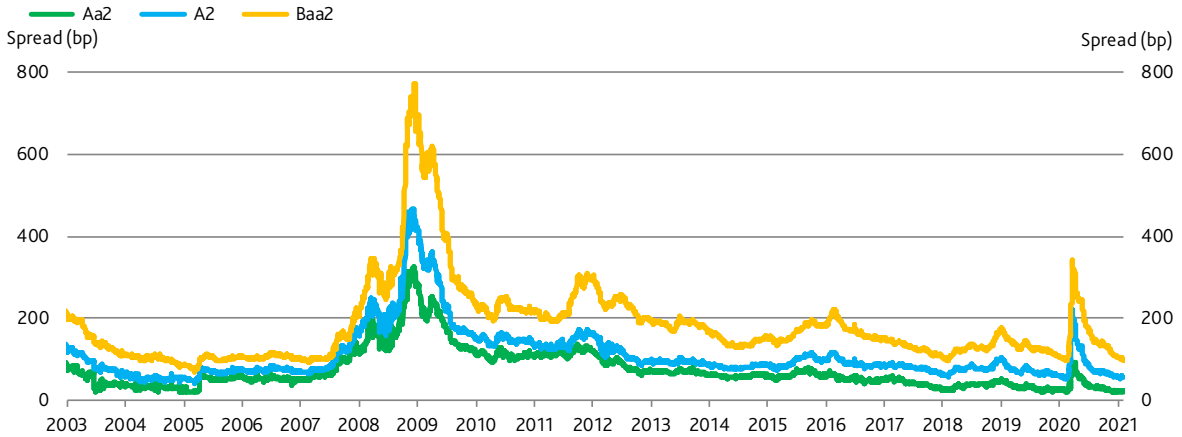
Date	Company	Sector	Rating	Amount ($ Million)	Up/ Down	Old LTD Rating	New LTD Rating	IG/SG	Country
1/27/21	SINGAPORE TELECOMMUNICATIONS LIMITED-OPTUS FINANCE PTY LIMITED	Industrial	SrUnsec/LTIR/MTN	2,255	D	A2	A3	IG	AUSTRALIA
1/27/21	ALPHA GROUP SARL	Industrial	SrSec/BCF /LTCFR/PDR		D	Caa1	Caa2	SG	GERMANY
1/29/21	SPAREBANKEN OEST	Financial	LTIR/LTD		U	A2	A1	IG	NORWAY
1/29/21	SPAREBANKEN SOGN OG FJORDANE	Financial	LTIR/LTD		U	A2	A1	IG	NORWAY
1/29/21	SBANKEN ASA	Financial	STD/LTD/MTN		U	A3	A2	IG	NORWAY
1/29/21	OBOS-BANKEN AS	Financial	LTIR/LTD		U	Baa1	A3	IG	NORWAY

Source: Moody's

Market Data

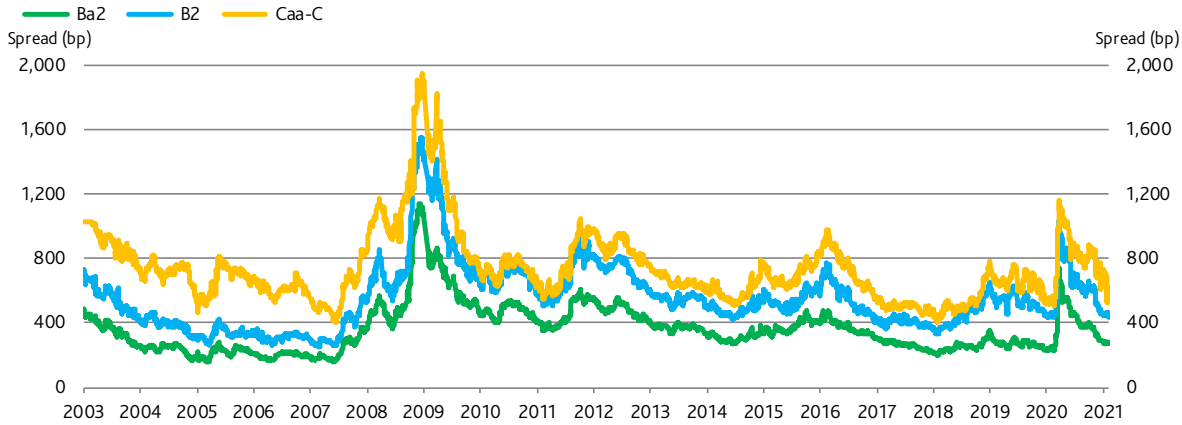
Spreads

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 (January 27, 2021 – February 3, 2021)

CDS Implied Rating Rises	CDS Implied Ratings		
Issuer	Feb. 3	Jan. 27	Senior Ratings
AutoNation, Inc.	Baa3	Caa1	Baa3
CenterPoint Energy, Inc.	A3	Baa2	Baa2
CVS Health Corporation	Baa1	Baa2	Baa2
Exxon Mobil Corporation	A1	A2	Aa1
Boeing Company (The)	Ba1	Ba2	Baa2
Home Depot, Inc. (The)	Aaa	Aa1	A2
Amazon.com, Inc.	Aa1	Aa2	A2
Kraft Heinz Foods Company	Baa3	Ba1	Baa3
Waste Management, Inc.	Baa1	Baa2	Baa1
Cargill, Incorporated	Baa2	Baa3	A2

CDS Implied Rating Declines	CDS Implied Ratings		
Issuer	Feb. 3	Jan. 27	Senior Ratings
BellSouth Corporation	Baa3	Aa1	Baa2
American Express Credit Corporation	A1	Aa2	A2
Pitney Bowes Inc.	Caa2	B3	B1
Comcast Corporation	Aa3	Aa2	A3
John Deere Capital Corporation	Baa1	A3	A2
Microsoft Corporation	Aa1	Aaa	Aaa
Walt Disney Company (The) (Old)	Aa1	Aaa	A2
Amgen Inc.	Aa3	Aa2	Baa1
Chevron Corporation	A2	A1	Aa2
Southern California Edison Company	Baa2	Baa1	Baa2

CDS Spread Increases		CDS Spreads		
Issuer	Senior Ratings	Feb. 3	Jan. 27	Spread Diff
BellSouth Corporation	Baa2	80	32	48
Pitney Bowes Inc.	B1	394	357	37
Gap, Inc. (The)	Ba3	234	216	19
Nissan Motor Acceptance Corporation	Baa3	215	197	18
Lumen Technologies, Inc.	B2	244	231	13
Vornado Realty L.P.	Baa2	127	114	13
Staples, Inc.	B3	719	709	10
Weingarten Realty Investors	Baa1	128	118	10
R.R. Donnelley & Sons Company	B3	595	588	8
Qwest Corporation	Ba2	135	128	7

CDS Spread Decreases		CDS Spreads		
Issuer	Senior Ratings	Feb. 3	Jan. 27	Spread Diff
AutoNation, Inc.	Baa3	93	429	-337
Nabors Industries, Inc.	Caa2	1,257	1,495	-238
American Airlines Group Inc.	Caa1	1,082	1,320	-238
United States Steel Corporation	Caa2	401	543	-142
Murphy Oil Corporation	Ba3	481	562	-81
United Airlines Holdings, Inc.	Ba3	577	649	-72
Apache Corporation	Ba1	285	356	-71
Occidental Petroleum Corporation	Ba2	351	420	-69
K. Hovnanian Enterprises, Inc.	Caa3	1,138	1,194	-57
Rite Aid Corporation	Caa3	507	558	-50

Source: Moody's, CMA

Market Data

Figure 4. CDS Movers - Europe (January 27, 2021 – February 3, 2021)

CDS Implied Rating Rises	CDS Implied Ratings		
Issuer	Feb. 3	Jan. 27	Senior Ratings
Anheuser-Busch InBev SA/NV	A3	Baa2	Baa1
Landesbank Hessen-Thueringen GZ	Baa1	Baa2	Aa3
Intesa Sanpaolo S.p.A.	Baa2	Baa3	Baa1
Commerzbank AG	A1	A2	A1
UniCredit S.p.A.	Baa2	Baa3	Baa1
Orange	Aa1	Aa2	Baa1
Bayerische Motoren Werke Aktiengesellschaft	A3	Baa1	A2
ENEL S.p.A.	Baa1	Baa2	Baa1
GlaxoSmithKline plc	Aaa	Aa1	A2
Raiffeisen Bank International AG	Aa3	A1	A3

CDS Implied Rating Declines	CDS Implied Ratings		
Issuer	Feb. 3	Jan. 27	Senior Ratings
Banque Federative du Credit Mutuel	A3	A1	Aa3
ASML Holding N.V.	Baa2	A3	A3
Alstom	A3	A1	Baa2
Spain, Government of	A1	Aa3	Baa1
HSBC Holdings plc	A2	A1	A2
Natixis	Aa2	Aa1	A1
Erste Group Bank AG	A2	A1	A2
UniCredit Bank AG	Aa2	Aa1	A2
Nationwide Building Society	Aa3	Aa2	A1
SEB AB	Aa2	Aa1	Aa2

CDS Spread Increases		CDS Spreads		
Issuer	Senior Ratings	Feb. 3	Jan. 27	Spread Diff
Novafives S.A.S.	Caa2	916	885	31
Vedanta Resources Limited	Caa1	1,133	1,120	13
Premier Foods Finance plc	B3	208	199	9
TUI AG	Caa1	765	758	7
Novo Banco, S.A.	Caa2	330	323	6
ASML Holding N.V.	A3	54	49	5
Banque Federative du Credit Mutuel	Aa3	45	42	3
Alstom	Baa2	45	42	3
Vue International Bidco plc	Ca	788	786	3
Autoroutes du Sud de la France (ASF)	A3	36	34	2

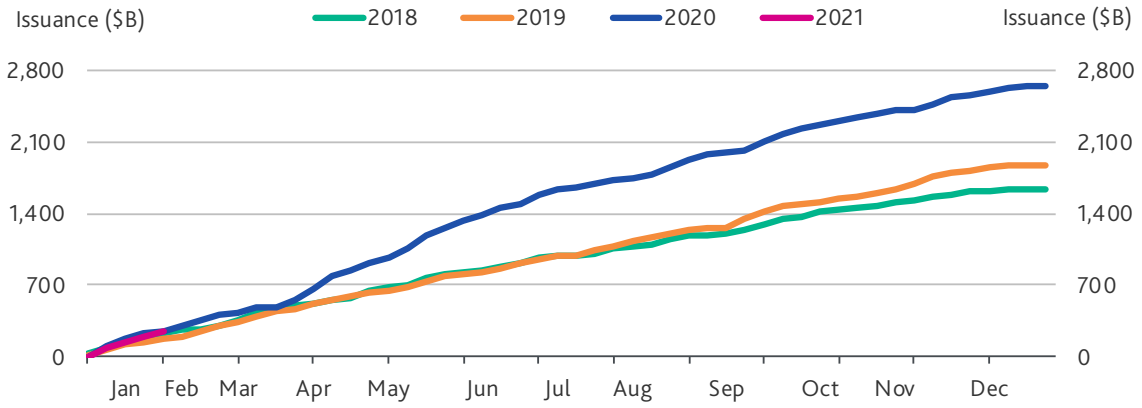
CDS Spread Decreases		CDS Spreads		
Issuer	Senior Ratings	Feb. 3	Jan. 27	Spread Diff
National Bank of Greece S.A.	Caa1	290	366	-76
Jaguar Land Rover Automotive Plc	B1	401	461	-60
Iceland Bondco plc	Caa2	370	418	-49
Atlantia S.p.A.	Ba3	184	217	-33
Casino Guichard-Perrachon SA	Caa1	613	644	-31
CMA CGM S.A.	Caa1	427	454	-27
Deutsche Lufthansa Aktiengesellschaft	Ba2	300	327	-27
Altice Finco S.A.	Caa1	360	384	-24
Stena AB	Caa1	627	652	-24
Rolls-Royce plc	Ba3	283	306	-23

Source: Moody's, CMA

Market Data

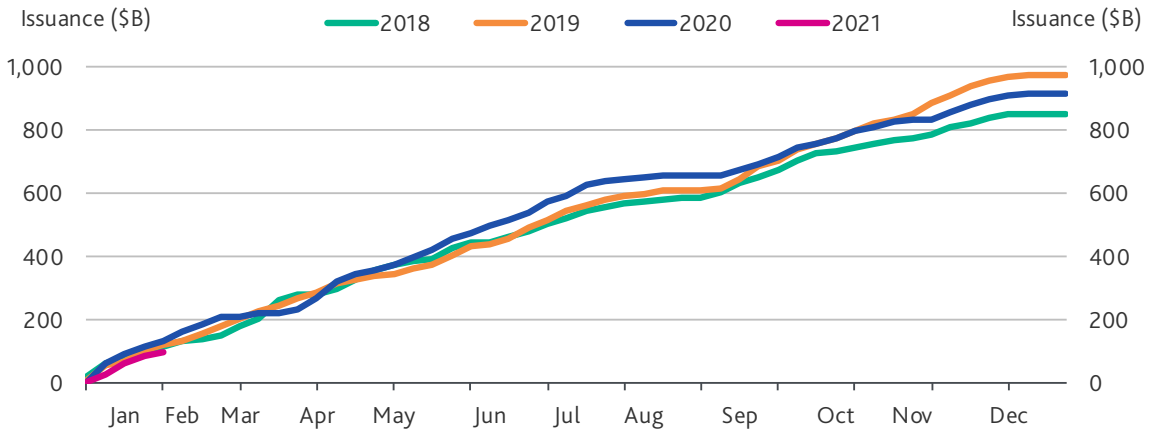
Issuance

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	32.555	21.437	55.440
Year-to-Date	157.627	77.952	243.883

	Euro Denominated		
	Investment-Grade	High-Yield	Total*
	Amount $B	Amount $B	Amount $B
Weekly	4.852	4.557	10.144
Year-to-Date	75.377	17.364	94.093

* Difference represents issuance with pending ratings.

Source: Moody's/ Dealogic

Moody's Capital Markets Research recent publications

Not All Debt Is Equal (Capital Market Research)

Market Value of U.S. Common Stock Soars to Record-High 185% of GDP (Capital Market Research)

Stimulatory Monetary and Fiscal Policies Enhance Corporate Credit Outlook (Capital Market Research)

Financial Markets Have Largely Priced-In 2021's Positive Outlook (Capital Market Research)

Core Profits and U.S. Equities Set New Record Highs (Capital Market Research)

Operating Leverage May Help to Narrow Yield Spreads in 2021 (Capital Market Research)

Resurgent COVID-19 Threatens Corporate Credit's Improved Trend (Capital Market Research)

Split Congress Sparks Rallies by Equities, Corporates and Treasuries (Capital Market Research)

Credit Disputes Equities Gloom (Capital Market Research)

Corporate Cash Outruns Corporate Debt (Capital Market Research)

Profits Give Direction to Downgrades and Defaults (Capital Market Research)

Markets Sense an Upturn Despite Pockets of Profound Misery (Capital Market Research)

Record-High Bond Issuance Aids Nascent Upturn (Capital Market Research)

Corporate Bond Issuance Boom May Steady Credit Quality, On Balance (Capital Market Research)

Markets, Bankers and Analysts Differ on 2021's Default Rate (Capital Market Research)

Corporate Credit Mostly Unfazed by Equity Volatility (Capital Market Research)

Record August for Bond Issuance May Aid Credit Quality (Capital Market Research)

Fed Policy Shift Bodes Well for Corporate Credit (Capital Markets Research)

Markets Avoid Great Recession's Calamities (Capital Markets Research)

Liquidity Surge Hints of More Upside Surprises (Capital Markets Research)

Unprecedented Stimulus Lessens the Blow from Real GDP's Record Dive (Capital Markets Research)

Ultra-Low Bond Yields Buoy Corporate Borrowing (Capital Markets Research)

Record-High Savings Rate and Ample Liquidity May Fund an Upside Surprise (Capital Markets Research)

Unprecedented Demographic Change Will Shape Credit Markets Through 2030 (Capital Markets Research)

Net High-Yield Downgrades Drop from Dreadful Readings of March and April (Capital Markets Research)

Long Stay by Low Rates Fuels Corporate Debt and Equity Rallies (Capital Markets Research)

Why Industrial (Warehouse) Will (Likely) Fare Better (Capital Markers Research)

CECL Adoption and Q1 Results Amid COVID-19 (Capital Markets Research)

Continued Signs of Weakness in US Non-Agency RMBS (Capital Markets Research)

COVID-19 and Distress in CMBS Markets (Capital Markets Research)

Record-Fast Money Growth Eases Market Anxiety (Capital Markets Research)

Default Outlook: Markets Appear Less Worried than Credit Analysts (Capital Markets Research)

High Technology Is North America's Biggest Corporate Borrower (Capital Markets Research)

Troubling Default Outlook Warns Against Complacency (Capital Markets Research)

To order reprints of this report (100 copies minimum), please call 212.553.1658.

Report Number: 1264521

Editor
Reid Kanaley
help@economy.com

Contact Us

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