

WEEKLY MARKET OUTLOOK

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Lead Authors

Ryan Sweet
Senior Director-Economic Research

Asia-Pacific

Katrina Eli
Shahana Mukherjee
Dave Chia
Economists

Europe

Ross Cioffi
Economist

U.S.

Sarah Crane
Steven Shields
Economists

Ryan Kelly
Data Specialist

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Treasury Secretary Janet Yellen revised her drop-dead date for lawmakers to raise the debt ceiling from October 20 to October 18. Lawmakers are debating their options to raise, or suspend, the debt ceiling, but some of those options would require implementation to start now or risk breaching Yellen's drop-dead date.

Among the options, the Senate could lower the voting threshold from 60 to a simple majority for suspending the debt limit, but the odds of this passing are extremely low. The House could try voting again on raising the debt limit, but Republicans can use the Senate filibuster. Some Democrats have proposed including the debt limit in the large reconciliation bill to bypasses the filibuster. Yet others believe this would take too long and shouldn't be considered as a means to raise the debt ceiling. The Democrats can go it alone and raise the debt ceiling with just Democratic votes. But they also are throwing around the idea of minting a \$1 trillion dollar coin to reduce the national debt or of giving the Treasury Department the ability to raise the debt ceiling on its own.

Table of Contents

Top of Mind	4
Week Ahead in Global Economy ...	6
Geopolitical Risks	7
The Long View	
U.S.	8
Europe	12
Asia-Pacific	14
Ratings Roundup	16
Market Data	19
CDS Movers	20
Issuance.....	22

Long-Term Rates Are on the Move

10-yr Treasury yield decomposed, %



Sources: Federal Reserve, Moody's Analytics

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The debt ceiling is making headlines, but it is not weighing noticeably on financial market conditions, for now. The typical kink in the Treasury bill curve comes when yields on debt maturing around the drop-dead date of the debt ceiling rise more than others. Other measures that we are closely tracking, including whether one- and five-year U.S. credit-default swaps, jump significantly, something that would occur if markets are beginning to worry about a policy error.

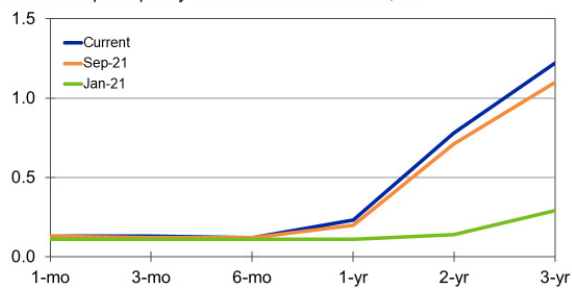
The debt ceiling isn't behind the rise in the 10-year Treasury yield. Decomposing the 10-year yield into its three components suggests that the recent increase is attributable to a rise in the term-premium and the expected path of real short-term rates, both of which have more to do with the Fed than the debt ceiling. The term premium has increased as the Fed unfolds plans to taper its \$120 billion in monthly asset purchases faster than markets had penciled in.

The New York Fed survey of market participants showed that the consensus expected the Fed to end the program by the third quarter of next year, but the central bank signaled it wants to wrap up the tapering process by midyear. For the Fed to achieve this, it will need to step down its monthly asset purchases by \$15 billion each month, rather than per Federal Open Market Committee meeting.

After the latest FOMC meeting, markets are pricing in a rate hike in 2022, sooner than prior to the last meeting. Markets also are pricing in a little more tightening over the next three years. This has pushed the expected path of real short-term rates higher. Further adjustment in the expected path of real short-term rates could be needed as market expectations still call for a more gradual tightening cycle as implied by the Fed's dot plot chart.

Markets Continue to Adjust

Market-implied policy curve for fed funds rate, %



Sources: Bloomberg LP, Moody's Analytics

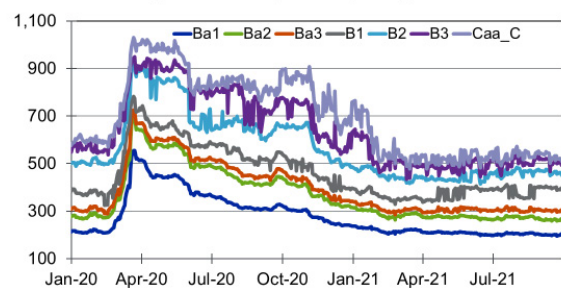
Last week was a busy one on the central-bank front and the Fed news led to an increase in long-term rates in the U.S. It wasn't alone. Long-term rates in the U.K. continue to climb after last week's Bank of England meeting where

policymakers noted that the case for modest tightening had strengthened and opened up the possibility of starting a hiking cycle before the central bank ends its asset-purchase program.

With long-term rates rising globally, other factors could be at play. There may be signs that the worst of this wave of COVID-19 is behind us, which may be lifting investors' sentiments and leading them to price in stronger growth not only in the U.S. but globally.

Corporate Bond Market Holding Up Well

Median U.S. Corporate credit spreads by rating



Source: Moody's Analytics

The increase in long-term rates in the U.S. won't have significant economic costs as long as the increase is orderly. The implications for the corporate bond market are mixed. Investment grade debt has a longer duration than high-yield. Duration is a proxy for a bond price's sensitivity to interest rate changes. This doesn't mean investment grade corporate bond issuance can't finish the year strong. There is a ton of liquidity in the financial system, and the rise in long-term rates could accelerate some issuance plans. Credit spreads across the rating universindiae widened over the past week, but it has been very modest for investment and speculative grade.

Investment grade issuance is still on track to total \$1.435 trillion this year while high-yield is on track for \$639 billion.

Some good news

The risk of a partial government shutdown all but evaporated as Congress was set to approve on Thursday a short-term spending bill that keeps the government open through December 3. This does not affect our baseline forecast, which already assumed that political brinkmanship over the debt limit would not extend to government funding for the new fiscal year starting on October 1. At the very worst, we anticipated a shutdown lasting no more than a day or so à-la 2018 as lawmakers grapple with several legislative priorities coming to a head this week.

However, for a shutdown to weigh on growth, it would have to last weeks. Even then the economic implications would not be large. For example, the Congressional Budget Office estimated that the record-long shutdown of 2018-2019 only reduced the level of U.S. real GDP by 0.1% in the fourth

quarter of 2018 and 0.2% in the first quarter of 2019 as that five-week shutdown delayed federal spending on compensation and purchases of goods and services and suspended some federal services. It was a needlessly incurred cost to the economy, but not a game changer.

Feeling Delta's Fallout

BY SARAH CRANE

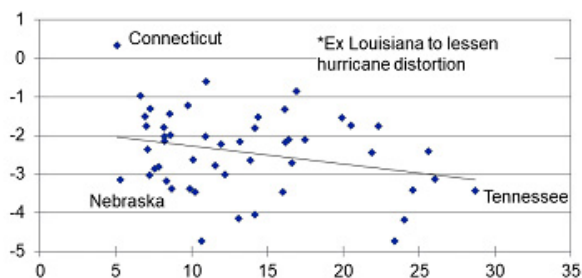
Timely economic data show that state economies have started correcting course after the setback from Hurricane Ida at the start of the month. But more broadly, performance has been disappointing. The spread of the Delta variant of COVID-19, particularly in under-vaccinated parts of the country, has weighed on high-frequency indicators such as [Google mobility](#) at retail and recreation establishments, [OpenTable](#) bookings, the [Census Household Pulse Survey](#), and hours worked from [Homebase](#).

Major outbreaks are conspiring with seasonal factors and the hurricane to pressure regional economies and especially consumer industries. For most states, the CNN/Moody's Analytics [Back-to-Normal Index](#) has been trending lower since the middle of the summer. Some of the weakness is seasonal, or a remnant of the hurricane, but COVID-19 infections are also having an adverse impact.

For the week ending September 22, only Connecticut's index increased from four weeks earlier, but just barely. Connecticut also boasted the country's smallest per-capita increase in virus cases over the period. Larger increases in new virus cases per capita were associated with larger declines in the index. Louisiana's index backslid the most, which comes as no surprise given the impact of the hurricane. The state's jump in COVID-19 infections was slightly above average for the 50 states and the District of Columbia.

Delta Deters States' Return to Normal

New cases per capita (X) vs. % chg BNI (Y), Aug 25 to Sep 22, 7-day MA



Sources: Census Bureau, Johns Hopkins University, CNN, Moody's Analytics

Only eight states posted higher index values than eight weeks earlier, all of them in the West or Midwest, including New Mexico and Illinois. Many of the bigger improvements occurred for states that have reopened cautiously and are making a slow climb from a below-average base. Vaccination rates are high and major Delta outbreaks have so far been avoided. Conversely, the weakest performers

tended to be those that made stronger initial recoveries but tumbled a bit from high levels amid a surge in cases.

Progress over the past year is still apparent, as all but one state index was up year over year. The Oil Patch has made the largest step toward normal over the past year. This part of the country was knocked to the back of the regional pack last summer as oil demand plummeted. The rebound in the oil market has since lifted the index for energy-producing states like Texas and Louisiana.

The year-ago decrease in Maine, the one exception, was more a function of its strength a year earlier than any unusual weakness in recent months. The index once again skyrocketed during the summer tourism season and was one of the highest nationally through the fall. The state has not been able to top that performance, though it remains well above the national average. Maine was pretty typical for New England, where the year-over-year gain was minor at least partially because the index gained a lot of momentum through September 2020.

The patterns in the back-to-normal data provide some real-time evidence that lenient virus-mitigation policies can only do so much to put economic normalcy in reach, or to preserve it. At the very least, outbreaks and crowded hospitals put a ceiling on growth.

Consumers pulled back

Back-to-normal index components related to consumer activity explain most of the variation in the regional rankings. Community mobility at leisure establishments and restaurant dining from OpenTable, which generally move in lockstep, slipped over the past four weeks. The decrease in activity was led by major tourism hubs and states hit hardest by the latest wave of the virus. Mobility at retail and recreation establishments hasn't changed appreciably over the past several months, even in places that bucked the recent national trend. But better-than-average performance was associated with upbeat seated diner data and vice versa.

The volume of seated diners fell a bit further below the 2019 figures in the week ending September 22. Restaurants in 12 states hosted as many or more diners as during the same period in 2019. That was two fewer states than four weeks earlier. Nevada was among them, as the partly seasonal weakening still left diner volume far higher than it was two years earlier. Already in a class by themselves in the restaurant dining measure, New England states such as

Rhode Island and Connecticut rose even higher above 2019 levels over the past several weeks.

The overall downturn in seated diners is consistent with the results of the [Census Household Pulse Survey](#), which shows that Americans have been pulling back on in eating indoors at restaurants over the past six weeks.

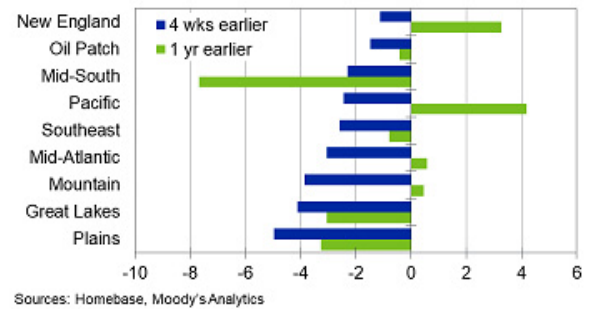
Labor market recoveries slowed

The decrease in consumer engagement has taken a toll on labor markets. High-frequency data from Homebase show hours worked in consumer industries dropped in all regions from late August to late September. Only a handful of states and Washington DC posted increases.

A slowdown was not unexpected, as hours worked started to go sideways around the same time last year. But the softening appears to have been more pronounced this year as the Delta surge peaked. Labor Day weekend and Hurricane Ida reduced the number of hours earlier in the month, but by the week ending September 22 these effects should have been wrung out. The biggest decreases were in the Midwest and the Mountain division, where several states experienced a rapid, outsize increase in virus cases.

Volatile Recovery in Country's Midsection

Hrs worked, change in 7-day MA, Sep 22 versus...



Year-over-year comparisons were unfavorable as well, giving more credence to the notion that the recent weakening reflects more than a summer slowdown. There were only about as many hourly workers working in the week ending September 22 as there were a year earlier.

Together, these data from real-time sources hint at how state job numbers will shake out in September. Economic metrics echo the regional performance apparent in the COVID-19 case count data. Judging by where consumers and businesses pulled back most, Delta brought the country's midsection down a peg.

The Week Ahead in the Global Economy

U.S.

The U.S. economic calendar is busy next week but the focus will be on the September employment report as it could have implications for the timing of when the Federal Reserve begins to reduce the size of its monthly asset purchases, currently \$120 billion per month. The early consensus is for nonfarm employment to increase by a net 500,000 in September, better than the 235,000 in August.

Our preliminary forecast is below the consensus but there are some missing pieces, including the ISM surveys and ADP National Employment Report. September employment will be hurt by Hurricane Ida and the current wave of COVID-19. Other key data being released next week include, the nominal trade deficit, ISM nonmanufacturing survey, and initial claims for unemployment insurance benefits. On the policy front, we will continue to monitor developments on the infrastructure package and the debt ceiling.

Europe

Industrial production releases and euro zone retail sales will top headlines next week. We expect retail sales rose 1.5% m/m in August, partially rebounding from the 2.3% decline in July. Summer sales likely gave a lift to retail during the month, particularly in clothing and footwear segments. That said, we still expect the trend to be toward weaker retail in the remaining months of the year as consumers shift spending away from goods and back into services. Higher utility bills, a result of rising electricity prices, could also start eating into consumer demand.

Industrial production, meanwhile, likely grew in France, Spain and Germany. We expect a 0.5% m/m rebound in

Spain after a prior slump of 1.1%. France's output growth likely continued at 0.3% m/m, and Germany's likely slowed to 0.7% from 1%. Supply disruptions have been a thorn in the side of manufacturers all year, and they are persisting. Any gains made now will be tempered by tight inventories, delivery delays, and rising production costs.

Finally, Russia's consumer price inflation likely sped up to 7% y/y in September from 6.7% in August. Food and energy prices likely drove price growth, though high import prices are also passing through to core components. The Central Bank of Russia will likely be pressed to continue tightening policy, though this will not be particularly effective in limiting the source of higher food and energy inflation. However, strengthening the ruble, which has been weak since the onset of the crisis, would help.

Asia-Pacific

Monetary policy announcements will be the highlight on the economic calendar. The Reserve Bank of Australia is expected to keep the cash rate steady at 0.1% and maintain the parameters of its bond purchase program in its October announcement. The central bank is expected to continue prioritising economic recovery, following the considerable restrictions-induced hit to consumption and employment.

The Reserve Bank of India is also expected to keep its benchmark repo rate steady at 4%, allowing employment and growth to stabilise more broadly across sectors as consumer spending and investment continue to revive in the post-restrictions phase. In comparison, the Reserve Bank of New Zealand is expected to proceed with its first interest rate hike since slashing rates to record lows last year. The RBNZ is forecast to lift the official cash rate by 25 basis points in its first installment to 0.5%.

Geopolitical Calendar

Date	Country	Event	Economic Importance	Financial Market Risk
15-Sep to 15-Oct	Italy	Local elections	Low	Low
26-Sep	Germany	Federal elections	Medium	Medium
2-Oct	Brazil	Presidential and congressional elections	High	Medium
Oct/Nov	Japan	General elections	Low	Low
Oct/Nov	ASEAN	ASEAN summit	Low	Low
Nov	Asia-Pacific	Asia-Pacific Economic Cooperation forum	Medium	Low
Nov	G-20	G-20 Summit	Medium	Low
7-Nov	Nicaragua	Presidential, congressional elections	Low	Low
14-Nov	Argentina	Legislative elections	Medium	Low
21-Nov	Chile	Presidential elections	Low	Low
28-Nov	Honduras	Presidential, congressional and municipal elections	Low	Low
19-Dec	Hong Kong	Legislative Council elections	Low	Medium
10-Apr	France	General elections	Medium	Medium
29-May	Colombia	Presidential elections	High	Low

China Corporate-Debt Worries Easing

BY RYAN SWEET

CREDIT SPREADS

Moody's long-term average corporate bond spread is 99 basis points, 3 bp tighter than this time last week. This is below its high over the past 12 months of 132 bps and just above its lowest over the past year of 95 bps. This spread may be no wider than 117 bps by year-end 2021, and some of the recent tightening is attributable to financial markets settling down after China's corporate debt concerns rattled investor sentiment. The long-term average industrial corporate bond spread narrowed 3 bp over the past week to 89 bps. This matches its low over the past 12 months and is well below its high of 122 bps.

The long-term investment grade corporate bond spread was 130 basis points, compared with 138 bp last week. It remains well below its recent high of 187 bps. Investment-grade industrial corporate bond spreads narrowed from 138 bps to 133 bps.

The recent ICE BofA U.S. high-yield option adjusted bond spread of 309 basis points matches this point last week. The high-yield option adjusted bond spread approximates what is suggested by the accompanying long-term Baa industrial company bond yield spread and is tighter than that implied by a VIX of 22.09.

DEFAULTS

Not only is issuance strong, but defaults remain very low. The latest Moody's monthly default report showed the trailing 12-month global speculative-grade default rate at 3% at the end of August. That is its lowest level since the end of February 2020, when it stood at 3.3% just before the start of the COVID-19 pandemic. August was the eighth consecutive month to register a decline in the default rate since it hit a cyclical peak of 6.8% in December 2020.

According to our Credit Transition Model, the global default rate will fall from the current rate of 3% to 1.6% by the end of December. After that, it will stabilize in the 1.5% to 1.7% range in the first half of 2022 before edging up to 1.9% by the end of August 2022. These forecasts incorporate our assumptions that the U.S. high-yield spread will gradually widen from about 300 basis points currently to 505 basis points over the course of the next 12 months. This will be offset by an improvement in the unemployment rate.

U.S. CORPORATE BOND ISSUANCE

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.

First-quarter 2021's worldwide offerings of corporate bonds revealed an annual decline of 4% for IG and an annual advance of 57% for high-yield, wherein US\$-denominated offerings sank 9% for IG and advanced 64% for high yield.

Issuance weakened in the second quarter of 2021 as worldwide offerings of corporate bonds revealed a year-over-year decline of 35% for investment grade. High-yield issuance fared noticeably better in the second quarter.

U.S. dollar denominated investment-grade issuance was \$16.25 billion in the week ended Wednesday, bringing the year-to-date total to \$1.292 trillion. High-yield corporate bond issuance rose \$15.24 billion, bringing the year-to-date total to \$515.94 billion.

U.S. ECONOMIC OUTLOOK

Because of Democratic divisions over President Biden's Build Back Better agenda, we reduced the price tag of an assumed reconciliation package that funds a range of social investments from \$3 trillion in the August forecast

to \$2.5 trillion in the September vintage. Specifically, we nixed \$500 billion in federal support of private industry, which included funding for manufacturing supply chains, R&D investments, and small-business support, among others. Our prior assumptions regarding investments in education, family leave, housing, and climate change initiatives, as well as household tax credits, are unchanged from August. The new baseline forecast assumes that all but \$500 billion of the reconciliation package will be paid for by higher taxes on corporations and high-income individuals. We did not make changes to our assumptions around the Infrastructure Investment and Jobs Act.

The baseline forecast assumes the debt ceiling is raised but the drop-dead date could be in October, rather than November. The bond market is showing a little angst about the debt ceiling. This isn't surprising, but it's important to note that the amount of concern is small because the bond market has been through numerous debt-ceiling episodes and knows how it will play out—it will ultimately be raised. Currently, all Treasury bills from late October to November, which is likely the drop-dead date for raising the debt ceiling, are trading a touch cheaper than other Treasury bills. This is similar to what happened leading up to prior debt-ceiling drop-dead dates.

COVID-19 assumptions

We adjusted our epidemiological assumptions to anticipate that total confirmed COVID-19 cases in the U.S. will be 47.9 million, compared with 41.1 million in the August baseline. The change is due to the recent increase in confirmed cases because of the Delta variant. The seven-day moving average of daily confirmed cases dropped recently but that is likely due to the Labor Day holiday, which reduced testing and reporting. Despite the recent drop, the seven-day moving average of confirmed COVID-19 cases remains well above 100,000.

The date for abatement of the pandemic has been pushed out to this November because of the Delta variant. Herd resiliency, which is a 65%-or-greater share of the adult population being fully vaccinated or previously infected, was achieved on August 30, a few days earlier than the assumption of September 2 in the August baseline. Also, COVID-19 will be endemic and seasonal.

The economy is feeling the effects of the current wave of COVID-19 cases. Consumer sentiment dropped sharply in August and a number of high-frequency measures of economic activity we closely track have all weakened,

including number of people passing through TSA checkpoints, seated diners from OpenTable, movie box-office revenues, and Google mobility.

We expect the variant to start fading soon, much like it has in the U.K., which seems to be leading the U.S. by a few weeks, and thus not affect the economy to an extent that we will need to downgrade our economic outlook.

Delta hits GDP

There were some changes to our forecast for GDP growth through the remainder of this year. We cut our forecast for third-quarter GDP growth from 8.2% at an annualized rate in the August baseline to 5% in the September vintage. Risks are weighted to the downside. Our high-frequency GDP model's tracking estimate of third-quarter GDP growth has been sinking like a rock lately. It also reflects only one piece of source data for August, which would capture the impact of the recent surge in COVID-19 cases. Though we don't expect that this wave of coronavirus will have significant economic costs, there is a lot less cushion now.

August vehicle sales delivered a big hit to our estimate of third-quarter GDP. Vehicle sales fell from 14.62 million to 13.06 million annualized units in August and are 16.6% below their second-quarter average. This bodes ill for real consumer spending in the third quarter. Our high-frequency GDP model has third-quarter GDP growth tracking at 3.9% at an annualized rate, less than the official forecast. The model anticipates inventories doing the bulk of the heavy lifting this quarter, and the Delta variant is causing supply-chain issues, which could slow the rebuilding of stockpiles. Also, Hurricane Ida is another potential issue for inventory rebuilding and trade. U.S. soybean exports plunged last week, and though they account for a small share of total exports, this highlights the hurricane's downstream effects.

The September baseline includes our assumptions about Hurricane Ida's economic costs. Though Ida was a severe hurricane and devastated some regional economies, it likely won't be an enormous drag on U.S. GDP because of how GDP is calculated. The primary damage from natural disasters is done to productive capacity through the destruction of existing assets.

This destruction is accounted for in the National Income and Product Accounts under the Changes in Net Stock of Produced Assets table but is not included directly in the GDP calculation. Nonetheless, natural disasters will affect GDP through a number of channels. Rebuilding will be

captured in the regular source data on residential and nonresidential construction.

The consumer spending component is also likely to be affected to the extent that federal aid and insurance payouts to households are a supplement to income rather than a replacement for lost income. As with Hurricane Katrina, Ida could have a more significant impact on GDP via higher energy prices. According to the Bureau of Safety and Environmental Enforcement, 95% of oil production and 94% of natural gas production were shut down because of Ida. Based on wholesale U.S. gasoline prices, relief at the pump is coming and this will limit Hurricane Ida's hit to U.S. GDP growth.

Though we cut GDP growth this quarter, the September baseline has stronger growth in the final three months of this year, with GDP rising 7.5% at an annualized rate, compared with 6.4% in the baseline forecast. Some of the lost economic activity because of the Delta variant and Hurricane Ida, like oil production, will be made up in the fourth quarter.

For all of 2021, we look for GDP to now rise 6%, a touch lighter than the 6.3% in the August baseline and in line with the Bloomberg consensus of 6.1%. We look for GDP to rise 4.3% in 2022, compared with the 4.5% in the prior baseline and identical to the Bloomberg consensus. Though growth slows next year because of the fading fiscal impulse and less boost from the reopening of the economy, growth will be nearly double the economy's potential growth rate.

Business investment and housing

There was a small downward revision to the forecast for real business equipment investment this year, but it is still booming. We now look for real business equipment spending to increase 15.3% this year, compared with the 15.7% in the August baseline. Growth in equipment spending was revised higher for next year to 9.4%, 0.3 percentage point stronger than the August baseline. Risks are roughly balanced to the forecast, as fundamentals, including supportive financial market conditions and better after-tax corporate profits as a share of nominal GDP, should continue to support investment through the rest of this year and into next. Another favorable development for business investment is the strong rate of new business formations. The biggest downside risk is a sudden tightening in financial market conditions.

The real nonresidential structures forecast was revised slightly this year. It is forecast to drop 6.7%, a bit less

than the 6.9% drop in the August baseline. This will be another rough year for real nonresidential structures investment. A modest recovery will begin next year.

There were no material changes to the commercial price index forecast, which is expected to rise 6.2% this year and 1.1% in 2022. We expect a rebasing of asset values across the board if interest rates begin to rise in the near term—retail and office will be hit hard because of longer-term evolutionary dynamics at work for these two property types.

Housing data are going to be volatile because of rebuilding after Hurricane Ida. This is normal after major hurricanes, but there is more uncertainty now about the timing because of high construction costs and shortages of materials and labor. The downward revision to the housing starts forecast in the baseline is mostly due to incoming data. We now look for starts to increase 16.3% this year compared with the 18.8% in the August baseline. Growth in starts will be stronger next year partly because of ongoing rebuilding, and we now look for them to rise 11.5%, compared with 8.6% in the prior baseline.

The gap between housing demand and supply led us to boost our forecast for house price growth this year and next. We have been steadily revising higher our forecast for house prices over the past several months. The forecast is for the FHFA All-Transactions Home Price Index to increase 10.5% this year and 5.8% next year. The August baseline had house prices rising 7.7% this year and 5.8% in 2022.

Death, taxes, and a disappointing August jobs report

The August U.S. employment report was a letdown. Nonfarm employment increased a net 235,000 in August following a revised 1.053 million (previously 943,000). Revisions have been noticeable recently; the net two-month revision to nonfarm employment was 134,000.

The Delta variant clearly weighed on the labor market. Daily confirmed cases were surging during the August payroll reference week. According to the Bureau of Labor Statistics, 5.6 million people reported being unable to work because their employer closed or lost business due to the pandemic—that is, they did not work at all or worked fewer hours at some point in the prior four weeks due to the pandemic. Among these individuals, 13.9% received some pay from their employer for the hours not worked, up from 9.1% in July. Similar to July, there were

1.5 million individuals not in the labor force that were unable to look for work because of the pandemic.

There is a clear downward bias in August employment. The month's job growth normally comes in weaker than the consensus, and we don't see a reason why the pandemic would have altered this. The August bias is noticeable. Over the past five years, the initial estimate of August job growth has been revised higher by an average of 75,000 jobs between the initial and third estimates. Low response rates to the preliminary survey are the primary culprit behind the tendency for August job growth to come in weaker than the consensus. This struck again. The response rate for this August was 70.5%, compared with the 76.8% last August and the 75% average over the past prior five years.

The September baseline incorporates the August employment report. We anticipate some payback in subsequent months and average monthly job growth this year is forecast to average 543,000, compared with the 532,000 in the August baseline forecast. Odds are that August's job growth is revised higher.

The unemployment rate is forecast to average 4.5% in the fourth quarter, compared with the 4.6% in the prior baseline. The unemployment rate was revised lower for next year and is now expected to average 3.4% in the fourth quarter of 2022. Risks to the labor market forecast are weighted to the downside. The Delta variant could delay the return to the labor force for many because of childcare and health concerns. Lack of labor supply is the biggest problem; businesses had 10.9 million open positions at the end of July. Still, we expect the economy to hit full employment by the end of 2022 or early 2023.

Inflation and the Fed

New historical data and the Delta variant led us to revise higher our forecast for the core PCE deflator. It is now expected to rise 3.9% on a year-ago basis in the fourth quarter of this year, compared with 3.5% in the August baseline. We look for inflation to moderate next year, with the core PCE deflator up 2.2% on a year-ago basis in the fourth quarter of 2022, only 0.1 of a percentage point higher than in the prior baseline.

We altered our assumptions about when the Fed begins tapering its \$120 billion in monthly asset purchases. We

now expect the Fed to start tapering in December by cutting its asset purchases by \$15 billion, to \$105 billion. The August baseline had tapering beginning in January 2022, so the change is fairly minor. We expect this process to be on autopilot and the assumption is for a \$15 billion reduction at each Federal Open Market Committee meeting, which would wrap it up before the end of next year. The Fed will then reinvest the proceeds from its maturing assets to ensure the balance sheet doesn't decline. We still assume the first rate hike in early 2023. The fed funds rate reaches its equilibrium rate, a touch above 2.5%, in the second half of 2025. Markets are still pricing in a noticeably more gradual tightening cycle than our baseline.

Tapering won't impact inflation. Though it won't be disinflationary, tapering could help keep market-based measures of inflation expectations anchored, since tapering is preamble to the Fed tighten monetary policy by allowing its balance sheet to decline and/or by increasing the target range for the fed funds rate.

Inflation expectations are also important in the future path of inflation. The Fed is keeping close tabs on various measures of inflation expectations, which appear to be anchored. The five-year, five-year forward inflation expectation rate is currently around 2.2%. This is based on the consumer price index, and if we adjust this for the tendency for the CPI to run ahead of the PCE deflator—the Fed's preferred measure of inflation—investors are expecting inflation to be on the Fed's target. One caveat is that the Fed could be distorting this a little, since the five-year, five-year forward inflation expectation rate incorporates Treasury Inflation-Protected Securities, and the Fed holds 2% of the TIPS market. As the Fed begins to taper, TIPS yields might climb.

We didn't make any significant changes to the 10-year Treasury yield forecast. A bottom could be forming in long-term rates with the current yield below our estimate of the economic fair value of 1.58%. Also, seasonals favor an increase in the 10-year Treasury yield in September. On average, over the past several years, Treasury returns have declined in September. Further, the 10-year Treasury yield has risen in four of the last five Septembers. We don't anticipate a jump in interest rates this fall, but with seasonals turning less favorable, odds are rates will rise rather than continuing to drop.

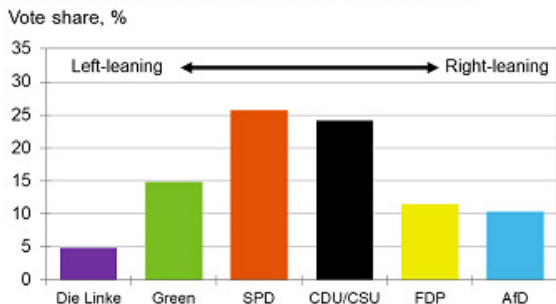
German Elections: Economic Implications

BY EVAN KARSON

[Germans](#) voted last weekend to elect their next government, marking a symbolic end to Chancellor Angela Merkel's 16 years in office. But even as the arduous coalition-building process begins, the implications for Germany's economy and for fiscal policy appear relatively limited.

Public sentiment proved deeply fragmented, with five parties garnering between 10% and 30% of the popular vote. This confirms what we expected going into election day: For the first time since 1990, Germany's next ruling coalition will almost certainly include at least three parties. At present, the smaller Green and FDP parties appear to be in the driver's seat and could bind with either the CDU/CSU or the SPD to achieve a majority in the Bundestag to elect a chancellor. Coalition negotiations are expected to proceed slowly, but the Greens and the FDP have begun talking with one other to evaluate their strategic positions.

Election Yields No Clear Frontrunner



Sources: Bundeswahlleiter, Moody's Analytics

The composition of the next governing coalition remains deeply uncertain, but the most likely outcome appears to be a coalition among the SPD (center-left), the Greens (left), and the FDP (liberal)—the so-called “Traffic Light Coalition,” named for their respective trademark colors. This would make the centrist and current Finance Minister Olaf Scholz Germany's next chancellor. In this scenario, SPD and Green Party politicians would push for increased public spending, especially investment in sustainability and digitalization. However, the free market-minded FDP would oppose major spending-oriented policies, resulting in few material economic reforms.

What does the election mean for economic policy? Not much in the short run.

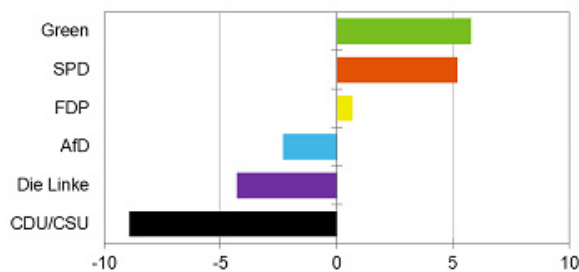
The big question pressing policymakers will be whether or not to reimpose Germany's so-called debt brake in 2022. During normal times, the federal budget deficit cannot exceed 0.35% of GDP after adjusting for cyclical factors. Parliament suspended the debt brake in 2020 and 2021 to finance pandemic-related stimulus measures. With the economy still in recovery mode, returning to fiscal discipline too early could destabilize economic growth and risk stoking anti-EU sentiment throughout the rest of the bloc. Overriding the debt brake would also give policymakers flexibility to respond if the COVID-19 pandemic intensifies.

Fortunately, most potential coalitions would be expected to suspend the debt brake next year. Current Chancellor Merkel's cabinet signaled solid support for such a move this summer when it approved a provisional budget for 2022 that included €100 billion in new borrowing.

Economic reform is always an uphill battle, but the odds for major change look particularly slim given the deep ideological divides that would come with any three-party coalition. Some increase in government expenditures will come vis-à-vis the EU Next Generation Fund, but Germany's economic agenda is not expected to advance on key issues such as housing affordability, sustainability and tech, all of which would go a long way to boost the nation's economic vitality.

Left-Leaning Parties Gain Ground

% change in vote share, 2021 vs. 2017



Sources: Bundeswahlleiter, Moody's Analytics

Going into the election, an SPD-led coalition comprising the Greens and the far-left Die Linke party appeared a plausible-yet-unlikely route by which Germany could experience major economic change. However, the electoral math puts this scenario further in doubt. Die Linke's vote share dropped sharply from 9.2% in 2017 to 4.9% in 2021, leaving an SPD-Green-Die Linke coalition with only 45.4% of the vote.

Germany could see a minority coalition if all other talks fail after several months, and a left-hand coalition could form if Scholz reneges on his pledge not to align with Die Linke. In this scenario, the minority government would form issue-based coalitions, cooperating with different parties legislation by legislation.

Pressures on the Central Banks

BY KATRINA ELL, SHAHANA MUKHERJEE, DAVE CHIA

Monetary policy management remains in focus in Asia. In its latest announcement, the Federal Reserve signalled that tapering of asset purchases can potentially begin in November or December. In the Asia-Pacific region, the Bank of Japan expectedly kept monetary policy settings steady in September, as did central banks in the Philippines and Indonesia.

As central banks in the Philippines and Indonesia, among others, maintain the status quo on interest rates, policy considerations are being driven by numerous concerns such as COVID-19 management, inflation pressures and expectations regarding the possibility of a taper tantrum.

The latest infection wave in the Philippines is the worst to date. Despite this, the government has moved away from citywide restrictions and is granting increased freedoms to the fully vaccinated, a move which has allowed domestic demand to finally gather steam. But the near-term longevity of the recovery is questionable given the combination of low vaccine coverage and already-elevated daily infections. Only 23% of the adult population is fully vaccinated. The risk of a more aggressive resurgence is high because of the potential strain on the already-stretched healthcare system.

Indonesia appears relatively better placed, as daily new cases have been trending lower since mid-July, paving the way for an easing of movement restrictions. Like the Philippines, however, vaccination rates in Indonesia are low, which increases the likelihood of a return to harsher movement controls if hospitalisation rates accelerate.

Inflation is problematic in the Philippines

The Bangko Sentral ng Pilipinas raised its inflation forecast to 4.4% for 2021 from its prior 4.1% estimate in its September policy meeting. This is above the central bank's 2% to 4% target range. The upward revision isn't surprising given that inflation surprised on the upside recently. Annual inflation accelerated to 4.9% in August, its fastest since late 2018, while year-to-date, annual inflation gained 4.4% by the end of August.

The BSP maintains that the rise in inflation is temporary, but the risk of elevated price growth becoming more entrenched has increased. This is despite the government hoping that supply-side reforms will help stabilise food prices from 2022. A lot is riding on the assumption that the rise in inflation is transitory. Output remains approximately 9% below pre-pandemic levels and is not forecast to surpass pre-pandemic levels until late 2022, ranking the Philippines the last

country in the Asia-Pacific region to recover lost ground. Ideally, monetary policy would remain on hold and firmly accommodative until late next year to support the recovery, but the BSP may be forced to act earlier if inflation does not cool. Our baseline assumes that the BSP will not raise interest rates until the second half of 2022.

Beyond interest rates for support

Recognising gaps in support for smaller businesses, Bank Indonesia is introducing fresh regulation where banks must provide financing of at least 20% of their total portfolio for micro, small and medium enterprises, their supply chains, or low-income earners under the macroprudential inclusive financing ratio. The central bank says the changes will increase economic inclusion, open financial access, and strengthen the role of MSMEs in the national economic recovery. The regulations will come into effect in June 2022. The underlying objective is to improve financial access and strengthen the roles that MSMEs play in the economy. The central bank has also signalled that its eventual shift away from accommodative monetary policy will begin with a gradual reduction of liquidity in the financial system, followed by a probable rate hike at the end of 2022.

Taper tantrum risk

Effective communication remains critical in coming months to avoid abrupt financial market responses to the Fed starting to normalise policy settings. A recurrence of the 2014 taper tantrum remains front of mind as a heightened risk as U.S. tapering looms. The taper tantrum is a painful memory for Indonesia. The exchange rate plummeted 25% from 1 April to 31 December in 2013, and Bank Indonesia responded with 125 basis points of interest rate hikes.

Fundamentals in Indonesia are better this time around. Foreign reserves have grown, sitting around \$137 billion in the June quarter. This compares with the \$92.67 billion trough in July 2013. The current account deficit was 0.8% of GDP in the June quarter, improving from 3.2% in 2013. The deficit has been narrowed by Indonesia running trade surpluses on the back of high commodity prices. Inflation is mild, with the yearly rate inching up to 1.6% in August (below the central bank's 2% to 4% target band), compared with having peaked at 8.2% in 2013.

The Philippines is also vulnerable to the tide suddenly turning on emerging markets. While inflation is elevated and the economy is carrying a decent negative output gap, the economy is generally seen as less vulnerable. It helps that the Philippines hasn't been a recipient of hefty foreign

inflows. Data from the Institute of International Finance shows that nonresident cumulative portfolio flows to emerging markets have been fairly subdued this year. This

contrasts with 2020, when hefty risk aversion saw emerging markets fall out of favour.

Upgrades Lead in U.S., Europe

BY STEVEN SHIELDS

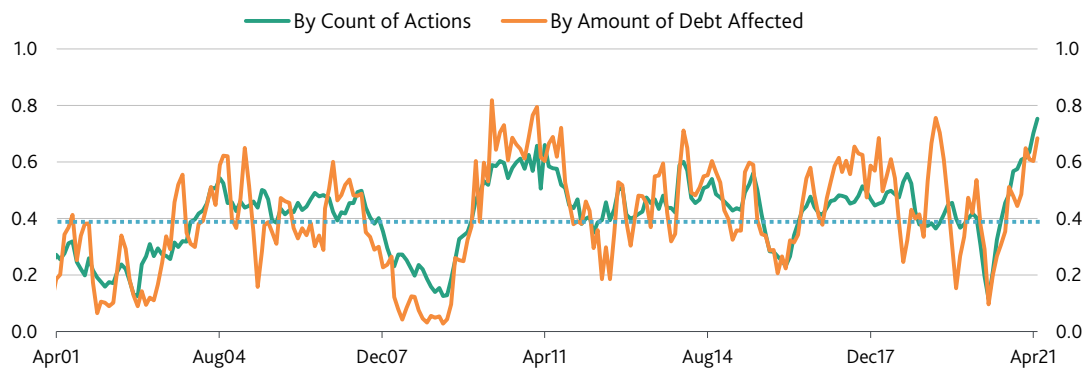
U.S. credit quality improved in the latest period with upgrades comprising two-thirds of rating changes issued. The largest change by affected debt was made to Analog Devices Inc. Moody's Investors Service upgraded Analog's senior secured notes to A3 from Baa1, impacting approximately \$4.3 billion. The rating upgrade reflects Analog's strong market positions from its portfolio of high-performance analog semiconductors, supported by the stronger and more stable operating performance of the analog segment. Meanwhile Lamar Advertising Company's senior unsecured notes were raised to Ba3 from B1 while the firm's Corporate Family Rating was upgraded to Ba2 from Ba3. According to the ratings action, the upgrade of its CFR reflects Lamar's strong recovery from the impact of the pandemic while maintaining a strong liquidity position and reduction in leverage. Midas Intermediate Holdco II LLC headlined U.S. downgrades in the period. Moody's Investors Service lowered Midas' senior unsecured rating to C from Caa3 reflecting the company's weak liquidity and looming debt payments combined with Service King's worsening operating performance.

Europe

European rating changes were also credit positive this past week with upgrades accounting for five of the seven changes issued in the period. However, the downgrade of Grifols S.A. comprised the bulk of the debt in the period. Moody's lowered Grifols' CFR to B1 from Baa3 and its senior unsecured ratings to Ba3 from Ba2. The downgrade to B1 and negative outlook reflect the announcement of Grifols' debt-funded acquisition of Biotest AG for an enterprise value of about EUR2.0 billion, which will further increase Grifols' already high leverage. The company's outlook remains negative. The most notable European upgrade was made to Sparebanken Vest on September 28. The company's long-term deposit, senior unsecured, and Counterparty Risk ratings were all raised to Aa3. The upgrade follows the continued improvement in Sparebanken Vest's asset risk, with the bank's focus on retail lending, representing 76% of the bank's total lending, and a decrease in its exposure to more volatile sectors supporting a reduction in the proportion of non-performing loans.

RATINGS ROUND-UP

FIGURE 1
Rating Changes - US Corporate & Financial Institutions: Favorable as a % of Total Actions



* Trailing 3-month average

Source: Moody's

FIGURE 2
Rating Key

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

FIGURE 3
Rating Changes: Corporate & Financial Institutions - US

Date	Company	Sector	Rating	Amount (\$ Million)	Up/Down	Old LTD Rating	New LTD Rating	IG/S G
9/21/2021	WAND NEWCO 3, INC.	Industrial	SrSec/BCF		D	B1	B2	SG
9/22/2021	FORTIS INC.-CENTRAL HUDSON GAS & ELECTRIC CORPORATION	Utility	SrUnsec/LTIR	249.3	D	A3	Baa1	IG
9/22/2021	AHERN RENTALS INC.	Industrial	LTCFR/PDR		U	Caa1	B3	SG
9/22/2021	DISCOVER FINANCIAL SERVICES-DISCOVER BANK	Financial	STD/LTD		D	A2	A3	IG
9/22/2021	GOLDEN ENTERTAINMENT, INC.	Industrial	SrUnsec/SrSec/BCF/LTCFR/PDR	375.0	U	Caa2	Caa1	SG
9/22/2021	POLYMER ADDITIVES, INC.	Industrial	SrSec/BCF/LTCFR/PDR		U	Caa1	B3	SG
9/24/2021	ANALOG DEVICES, INC.	Industrial	SrUnsec	4250.0	U	Baa1	A3	IG
9/24/2021	LSB INDUSTRIES, INC.	Industrial	SrSec/LTCFR/PDR	435.0	U	Caa1	B3	SG
9/24/2021	SOVOS BRANDS HOLDINGS, INC-SOVOS BRANDS INTERMEDIATE, INC.	Industrial	LTCFR/PDR		U	B3	B2	SG
9/27/2021	LAMAR ADVERTISING COMPANY	Industrial	SrUnsec/SrSec/BCF/LTCFR/PDR	2100.0	U	B1	Ba3	SG
9/27/2021	TRINET GROUP, INC.	Industrial	SrUnsec/LTCFR/PDR	1000.0	U	Ba3	Ba2	SG
9/27/2021	MIDAS INTERMEDIATE HOLDCO II, LLC	Industrial	SrUnsec/SrSec/BCF/LTCFR/PDR	750.0	D	Caa3	C	SG
9/27/2021	SPECIALTY BUILDING PRODUCTS HOLDINGS, LLC	Industrial	SrSec	725.0	U	B3	B2	SG
9/28/2021	NEW ENTERPRISE STONE & LIME CO., INC.	Industrial	SrUnsec/LTCFR/PDR	200.0	D	Caa1	Caa2	SG
9/28/2021	PROJECT ACCELERATE PARENT, LLC	Industrial	SrSec/BCF/LTCFR/PDR		U	Caa1	B3	SG

Source: Moody's

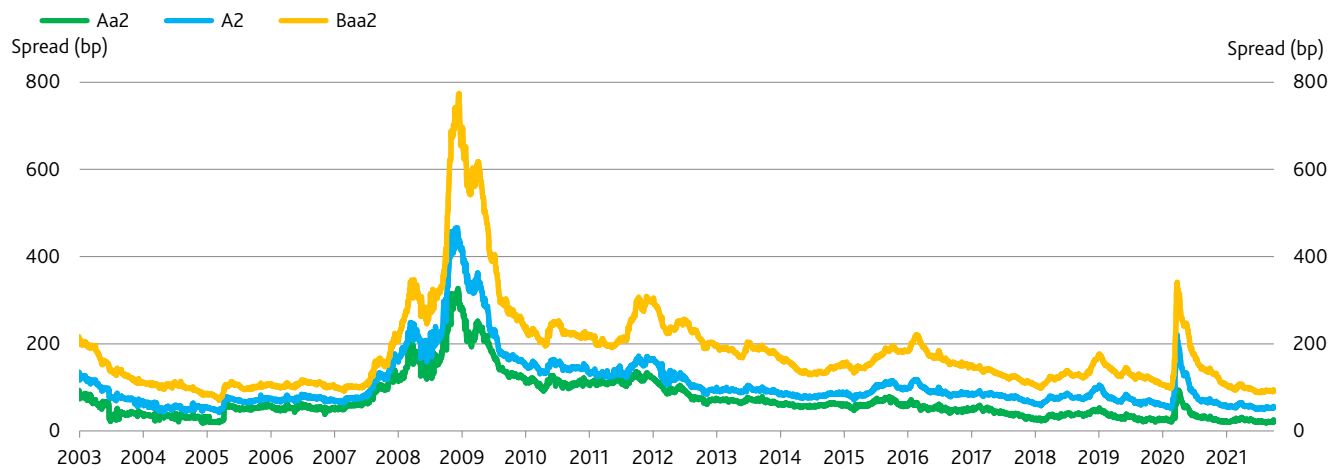
FIGURE 4
Rating Changes: Corporate & Financial Institutions - Europe

Date	Company	Sector	Rating	Amount (\$ Million)	Up/Down	Old LTD Rating	New LTD Rating	IG/SG	Country
9/23/2021	GRIFOLS S.A.	Industrial	SrSec/SrUnsec/BCF/LTCFR/PDR	3133.3	D	Ba2	Ba3	SG	SPAIN
9/23/2021	HUVEPHARMA INTERNATIONAL BV	Industrial	LTCFR/PDR		U	Ba3	Ba2	SG	NETHERLANDS
9/27/2021	WELLTEC INTERNATIONAL APS-WELLTEC A/S	Industrial	LTCFR/PDR		U	B3	B2	SG	DENMARK
9/27/2021	OCADO GROUP PLC	Industrial	PDR		U	B2	B1	SG	UNITED KINGDOM
9/28/2021	SPAREBANKEN VEST	Financial	SrUnsec/LTD/MTN	497.8	U	A1	Aa3	IG	NORWAY
9/28/2021	PARTICLE INVESTMENTS S.A.R.L.	Industrial	SrSec/BCF		U	B3	B2	SG	LUXEMBOURG
9/28/2021	LORCA HOLDCO LIMITED	Industrial	LTCFR/PDR		D	B1	B2	SG	UNITED KINGDOM

Source: Moody's

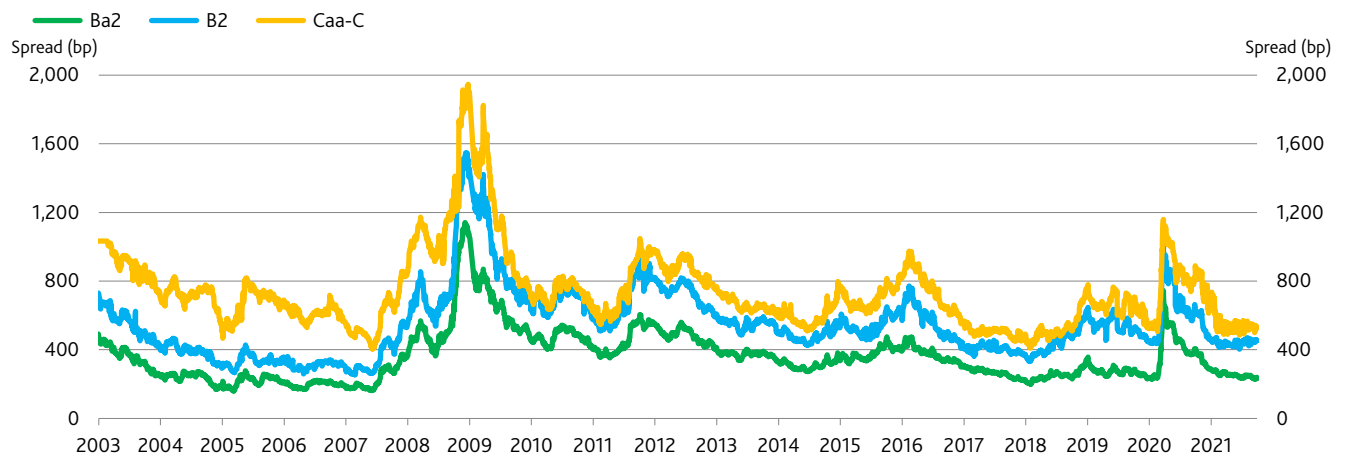
MARKET DATA

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



Source: Moody's

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



Source: Moody's

CDS MOVERS

Figure 3. CDS Movers - US (September 22, 2021 – September 29, 2021)

CDS Implied Rating Rises	CDS Implied Ratings			
	Issuer	Sep. 29	Sep. 22	Senior Ratings
	Clorox Company (The)	Aa3	A3	Baa1
	Bank of New York Mellon Corporation (The)	Aa2	A1	A1
	Apple Inc.	Aa1	Aa2	Aa1
	Oracle Corporation	A1	A2	Baa2
	Microsoft Corporation	Aa1	Aa2	Aaa
	American Express Credit Corporation	A2	A3	A2
	Coca-Cola Company (The)	Aa2	Aa3	A1
	Philip Morris International Inc.	Aa3	A1	A2
	Raytheon Technologies Corporation	Aa3	A1	Baa1
	Enterprise Products Operating, LLC	Baa2	Baa3	Baa1

CDS Implied Rating Declines	CDS Implied Ratings			
	Issuer	Sep. 29	Sep. 22	Senior Ratings
	Southern California Edison Company	Ba1	Baa2	Baa2
	Wells Fargo & Company	Baa1	A3	A1
	Morgan Stanley	Baa2	Baa1	A1
	Comcast Corporation	Baa1	A3	A3
	International Business Machines Corporation	A2	A1	A2
	Intel Corporation	Aa3	Aa2	A1
	Amgen Inc.	A2	A1	Baa1
	CSC Holdings, LLC	B2	B1	B3
	Charles Schwab Corporation (The)	Baa1	A3	A2
	Consolidated Edison Company of New York, Inc.	A3	A2	Baa1

CDS Spread Increases	Senior Ratings	CDS Spreads			
		Issuer	Sep. 29	Sep. 22	Spread Diff
	Caa3	Rite Aid Corporation	943	838	105
	Baa2	Southern California Edison Company	123	59	65
	B3	CSC Holdings, LLC	325	265	59
	Ba3	TEGNA Inc.	321	275	47
	Ba1	SLM Corporation	311	264	47
	B3	Beazer Homes USA, Inc.	363	328	35
	Caa1	Tenet Healthcare Corporation	279	256	23
	Ba2	KB Home	184	162	22
	B1	Pitney Bowes Inc.	434	419	15
	Ba3	Avient Corporation	194	179	15

CDS Spread Decreases	Senior Ratings	CDS Spreads			
		Issuer	Sep. 29	Sep. 22	Spread Diff
	Caa2	Nabors Industries, Inc.	608	750	-143
	Ba2	Embarq Corporation	280	322	-42
	B2	Carnival Corporation	361	393	-32
	Ba3	Murphy Oil Corporation	318	351	-32
	B1	Travel + Leisure Co.	151	179	-28
	B2	Royal Caribbean Cruises Ltd.	349	375	-26
	Caa1	Talen Energy Supply, LLC	2,836	2,859	-23
	Ba2	Occidental Petroleum Corporation	179	197	-19
	Ba1	Apache Corporation	183	198	-15
	A2	Cummins, Inc.	58	71	-13

Source: Moody's, CMA

CDS Movers

Figure 4. CDS Movers - Europe (September 22, 2021 – September 29, 2021)

CDS Implied Rating Rises	CDS Implied Ratings			
	Issuer	Sep. 29	Sep. 22	Senior Ratings
	Deutsche Bank AG	A2	A3	A2
	Landesbank Hessen-Thuringen GZ	Aa3	A1	Aa3
	Anheuser-Busch InBev SA/NV	Baa1	Baa2	Baa1
	Banco Comercial Portugues, S.A.	Ba2	Ba3	Ba1
	GlaxoSmithKline plc	Aa1	Aa2	A2
	Raiffeisen Bank International AG	Aa3	A1	A2
	Autoroutes du Sud de la France (ASF)	A1	A2	A3
	Vinci S.A.	A1	A2	A3
	Compagnie de Saint-Gobain SA	A1	A2	Baa2
	RWE AG	Aa3	A1	Baa2

CDS Implied Rating Declines	CDS Implied Ratings			
	Issuer	Sep. 29	Sep. 22	Senior Ratings
	CaixaBank, S.A.	A3	A1	Baa1
	BNP Paribas	Aa3	Aa2	Aa3
	Societe Generale	Aa3	Aa2	A1
	ING Groep N.V.	A2	A1	Baa1
	Standard Chartered Bank	A1	Aa3	A1
	Bayerische Motoren Werke Aktiengesellschaft	A3	A2	A2
	ENEL S.p.A.	Baa2	Baa1	Baa1
	KBC Bank N.V.	A1	Aa3	A1
	National Grid Electricity Transmission plc	A2	A1	Baa1
	HSBC Bank plc	A1	Aa3	A1

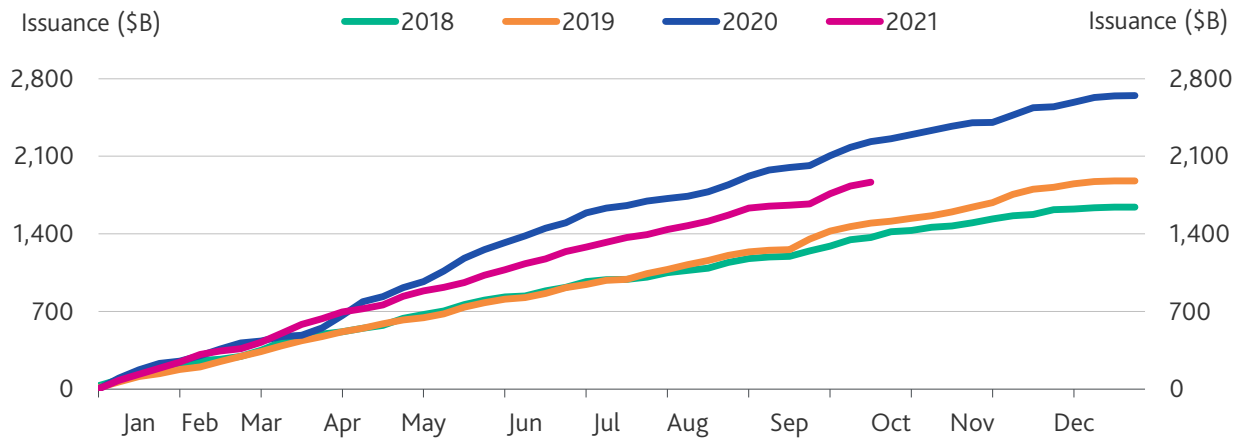
CDS Spread Increases	Senior Ratings	CDS Spreads			
		Sep. 29	Sep. 22	Spread Diff	
	Casino Guichard-Perrachon SA	Caa1	542	513	29
	Jaguar Land Rover Automotive Plc	B1	409	383	27
	CMA CGM S.A.	B2	289	269	20
	Stena AB	Caa1	414	395	19
	Virgin Media Finance PLC	B2	245	233	12
	UPC Holding B.V.	B3	165	154	11
	Ziggo Bond Company B.V.	B3	236	226	10
	Premier Foods Finance plc	B3	195	186	9
	Piraeus Financial Holdings S.A.	Caa2	565	557	8
	Vue International Bidco plc	Ca	650	643	7

CDS Spread Decreases	Senior Ratings	CDS Spreads			
		Sep. 29	Sep. 22	Spread Diff	
	TUI AG	Caa1	664	688	-24
	thyssenkrupp AG	B1	207	217	-10
	Rexel SA	Ba3	108	117	-10
	Banco Comercial Portugues, S.A.	Ba1	176	184	-9
	Rolls-Royce plc	Ba3	185	194	-9
	Boparan Finance plc	Caa1	986	993	-7
	Stagecoach Group Plc	Baa3	58	65	-7
	Hammerson Plc	Baa3	159	166	-6
	UniCredit Bank AG	A2	15	19	-4
	UniCredit Bank Austria AG	Baa1	14	17	-4

Source: Moody's, CMA

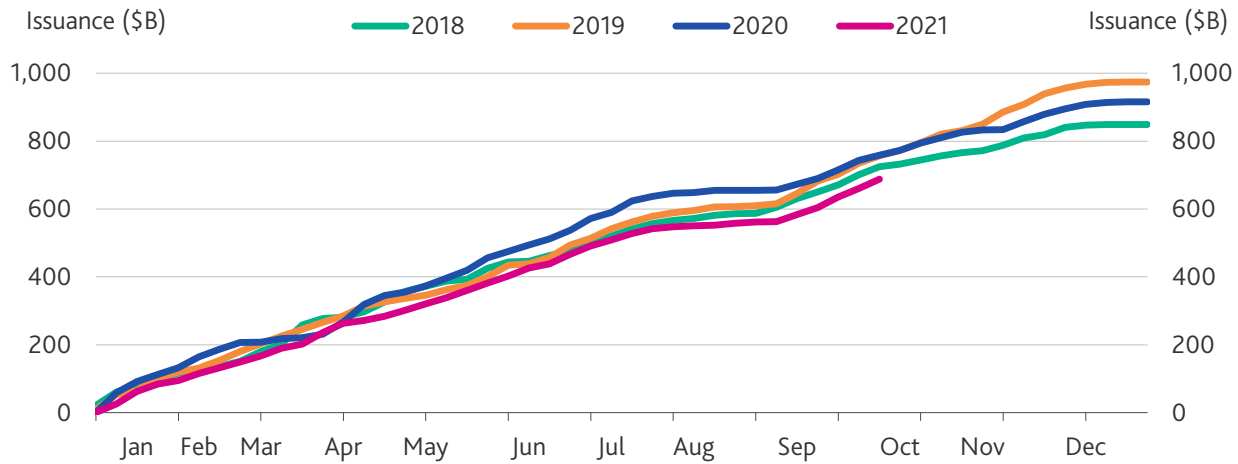
ISSUANCE

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



Source: Moody's / Dealogic

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



Source: Moody's / Dealogic

ISSUANCE

Figure 7. Issuance: Corporate & Financial Institutions

USD Denominated			
	Investment-Grade	High-Yield	Total*
	Amount \$B	Amount \$B	Amount \$B
Weekly	16.254	15.240	34.059
Year-to-Date	1,291.644	515.940	1,866.554

Euro Denominated			
	Investment-Grade	High-Yield	Total*
	Amount \$B	Amount \$B	Amount \$B
Weekly	20.275	7.176	27.628
Year-to-Date	543.351	126.452	687.888

* Difference represents issuance with pending ratings.

Source: Moody's/ Dealogic

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Report Number: 1305122

Editor

Reid Kanaley

help@economy.com

Contact Us

Americas

+1.212.553.1658

clientservices@moodys.com

Europe

+44.20.7772.5454

clientservices.emea@moodys.com

Asia (Excluding Japan)

+85 2 2916 1121

clientservices.asia@moodys.com

Japan

+81 3 5408 4100

clientservices.japan@moodys.com

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