MOODY'S ANALYTICS

WEEKLY MARKET OUTLOOK

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Fed Makes U.S. Yield Curve More Relevant

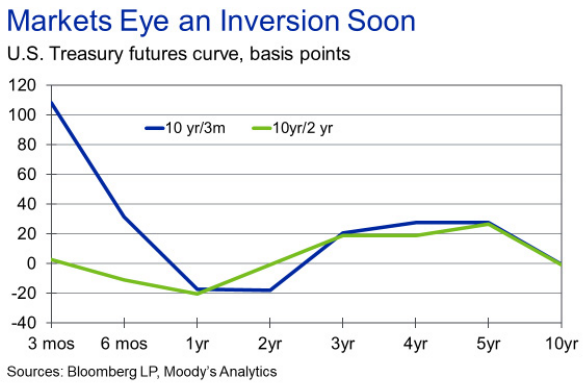
While there are reasons to be skeptical about the message that comes from the U.S. yield curve, we nevertheless wanted to gauge the potential risk of a psychological impact of the yield curve inverting before a recession.

If the inversion in the yield curve affects the collective psyche, causing a reinforcing negative cycle, then the risk of a recession would increase noticeably. This is a nontrivial risk. One common theme is that correlations between the yield curve and confidence strengthen noticeably after a recession starts rather than when the curve inverts.

We used Granger causality tests, and despite using various lags there wasn't evidence that the yield curve Granger-caused changes in sentiment. Though there may not be a direct causal effect, the yield curve does Granger-cause changes in stock market returns, which by extension can affect business and consumer sentiment. Therefore, we are not completely discounting the psychological impact that an inversion in the yield curve could have.

One measure of the yield curve temporarily inverted on Tuesday, but this doesn't start the recession countdown. A hard inversion, lasting at least a month, is needed. Our preferred measure of the yield curve, or the difference between the 10-year U.S. Treasury yield and the three-month Treasury bill, hasn't inverted, but forward Treasury curves anticipate that it will in the next six to 12 months. The three-month Treasury bill yield is being pinned down by the fed funds rate. It will climb quickly as the central bank agressively raises the target range for the fed funds rate, although it is not guaranteed to invert.

Table of Contents



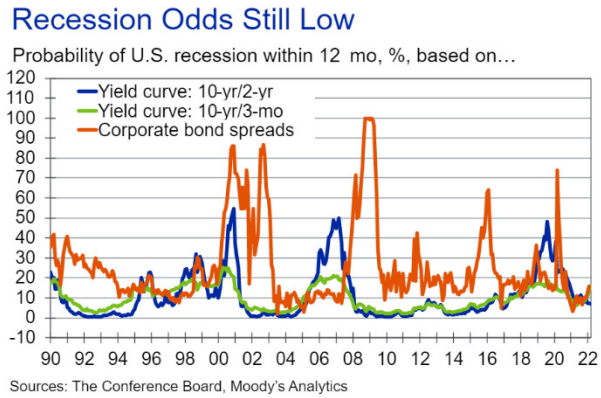
Currently, our preferred measure of the yield curve would imply that the risk of a recession in the next 12 months is less than 10%. However, if we estimate the probability of recession using spot and forward Treasury curves for our preferred measure of the yield curve, the probability of recession in the next 12 months steadily climbs and is close to 30% by the end of this year.

There was plenty of reason to be skeptical about the yield curve ahead of the last recession, but with the Federal Reserve showing signs of panicking about a recession, the yield curve might be right this time around, since the risk of a policy error is uncomfortably high.

Markets and the Fed

Markets are betting that our preferred measure of the yield curve inverts within the next year. This inversion would raise concerns about a recession, but the stance of monetary policy is crucial. Past inversions in the curve coincided with an actual fed funds rate noticeably above the long-run equilibrium fed funds rate. In other words, monetary policy was restrictive. If the yield curve inverts over the next 12 months, monetary policy could also be restrictive, especially as the Fed appears to be close to hitting the panic button. The target range for the fed funds rate could be 2% to 2.25% at the end of this year, close to our estimate of the long-run equilibrium rate of 2.5%. The Fed plans on raising the fed funds rate above its neutral rate, and if this coincides with an inverted yield curve, it is a recipe for a recession.

Another way to gauge financial markets' assessment of recession risks is to look at U.S. corporate bond spreads. Econometric models that use corporate credit spreads are sending a signal similar to that of the 10-year minus the two-year Treasury yield curves. The estimate of the probability of recession using corporate credit spreads is based on a 2016 paper by economists at the Federal Reserve Board. This probability of recession provides less of a heads-up that a recession could be coming, and its biggest moves often occur once the economy is in recession. There are also noticeable false signals. For example, the model using credit spreads put the odds of a recession in 2016 at 60%, but this was attributed to troubles in one segment of the corporate bond market—energy.



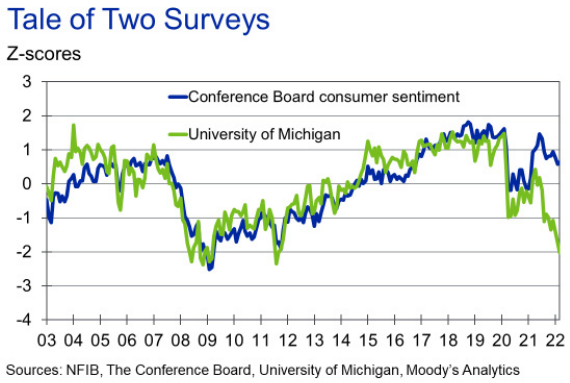
Markets are not raising a lot of red flags about a recession in the next year. Things can change and it's mostly on the Fed's shoulder to pull off what could be the impossible: engineering a soft landing. Historically, the only way inflation was tamed was because of a recession.

Searching for other warning signs

Concerns about a flat, or potentially inverted, curve are that the yield curve will likely only steepen if the Fed backs off some of its planned rate hikes or reduces the size of its Treasury holdings more quickly than anticipated. The bond market is clearly sending the Fed a message that it fell behind the curve and catching up will be difficult without a policy misstep.

The looming potential for an extended inversion in the yield curve will garner a ton of attention, but others will point toward the significant drop in consumer confidence as a harbinger that a recession is near. Only the University of Michigan consumer sentiment index has had a significant drop recently, and that's not surprising, since this survey is sensitive to fluctuations in the stock market and gasoline prices.

The Conference Board consumer confidence survey has held up noticeably better than the University of Michigan's measure thanks to the strength of the labor market. The Conference Board's Consumer Confidence Index increased from a revised 105.7 (previously 110.5) in February to 107.2 in March. This fell a little shy of our forecast for the Conference Board index to be 107.9 in March. Still, there is a glaring difference between this and the Michigan survey.



To highlight this, we calculated z-scores. The z-score shows how many standard deviations each of these surveys of consumer sentiment is from its mean. The recent drop in the University of Michigan consumer sentiment index puts it well below its mean and below the worst seen in the depths of the pandemic. Meanwhile, the Conference Board Consumer Confidence Index's z-score is modestly positive.

Because the University of Michigan survey reflects what is happening at the pump and on Wall Street, it doesn't add a lot of additional value to our probability of recession models that isn't already captured by other financial market inputs. Therefore, our probability of recession models lean on the Conference Board survey of consumer sentiment. Our model that uses financial and economic data puts the odds of a recession in the next 12 months at less than 10%. This is low, but things can change quickly, particularly as the Fed has fallen behind the curve and is now committed to a quick catch-up. That usually doesn't end well.

TOP OF MIND

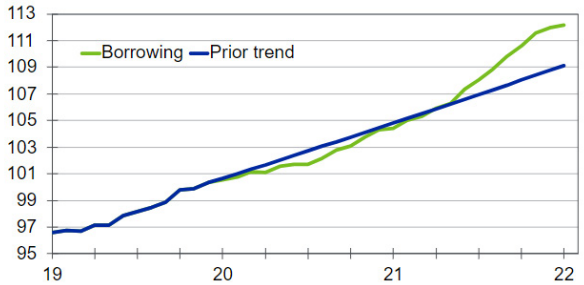
Consumers Add Debt, Burdens Stay Low

BY SCOTT HOYT

U.S. consumers continued to borrow through the pandemic. The pace of debt accumulation fell modestly below trend early on but recovered as the economy reopened and has accelerated significantly since about the middle of last year as consumer borrowing accelerated and mortgage borrowing remained strong. Like so much about the pandemic, however, this aggregate behavior hides major shifts in the way consumers have borrowed. Reduced spending and abundant government cash have limited consumer borrowing while high house prices and an increased desire for space have boosted mortgage borrowing.

Borrowing Picking Up

Total debt outstanding, 2019Q4=100



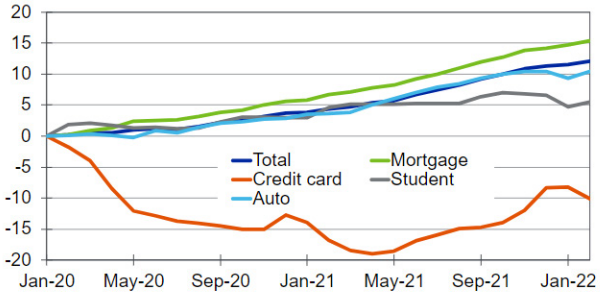
Sources: CreditForecast.com, Moody's Analytics

The increased borrowing has not lifted financial burdens on households. The combination of government support to incomes, lower interest rates, and the shift in the mix of debt has resulted in lower debt burdens. However, burdens will not remain low through the Federal Reserve's tightening cycle.

As the pandemic began, the combination of fear of infections and lockdowns and other restrictions on activities dramatically reduced consumer spending on all but essentials. By the time consumers began to want to resume spending, the first round of government support was providing cash to finance the spending without using credit. Credit card balances, which tend to fall early in the year following aggressive holiday shopping, kept falling, and even more rapidly. Most other forms of borrowing were weak as well, except for student lending since enrollments and bills were mostly already fixed. Student lending fell off last year as demand for education weakened in the face of restrictions on in-person learning.

Pandemic Shifted Borrowing

Outstanding balances, % change from Jan 2020

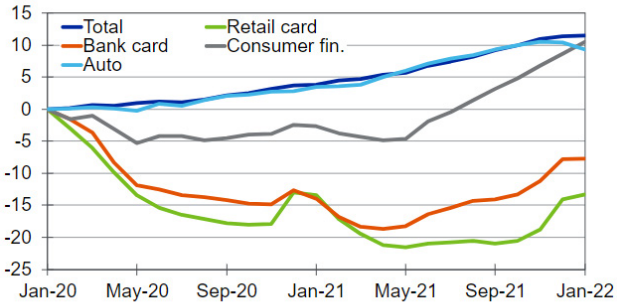


Sources: CreditForecast.com, Moody's Analytics

Most borrowing to spend has been weak throughout the period since the onset of the pandemic. First, spending was weak. Even after it returned to prior trend levels, cash remained abundant in the form of government support until recently and available jobs of late. Credit card borrowing has been particularly weak, with retail card balances falling modestly more than bank card borrowing and remaining well below pre-pandemic levels. Consumer finance lending has recovered more fully. Auto lending has held up, first because consumers began to want private transportation rather than public and later because prices soared as supply constraints prevented production from keeping up with demand.

Borrowing to Spend Remains Low

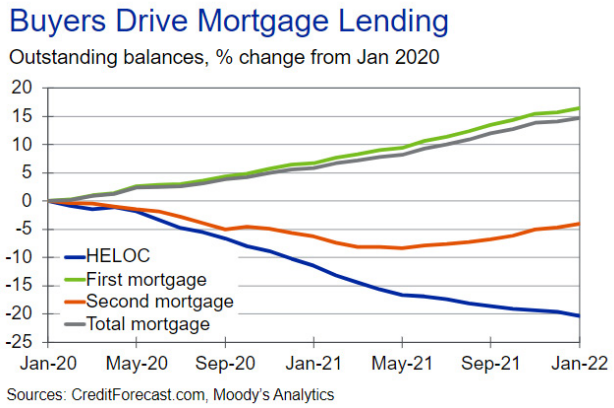
Outstanding balances, % change from Jan 2020



Sources: CreditForecast.com, Moody's Analytics

The shift away from borrowing to spending is also evident in the mortgage space. Desire for more space in less-dense areas has pushed up demand for homes and first mortgages. However, home equity and second-mortgage borrowing, which more likely is to finance spending, has been weak. The strong demand for homes and unprecedented surge in

house prices have supported strong growth in first-mortgage balances.



Despite the increase in borrowing, however, household debt burdens remain near historic lows. There are three reasons for the low and volatile levels of debt burdens through the pandemic. The first is all the government stimulus. This resulted in after-tax income that was volatile and well above trend from early on in the pandemic through the summer of 2021. However, even as stimulus ended and income came back close to levels pre-pandemic trends would have put it, debt burdens remained below anything seen in the data from the earliest datapoint in 1980 through 2019.

The reason for this is twofold: extraordinarily low interest rates and the changed composition of household debt. From the onset of the pandemic, the Federal Reserve lowered short-term interest rates by cutting the federal funds rate to essentially zero and pushed long-term interest rates down through quantitative easing. While this has a limited impact on outstanding debt, since little consumer debt is variable rate outside of credit cards and home equity loans, it reduced payments on the new debt acquired after the onset of the pandemic.

The shift away from consumer debt and toward mortgages also lowers burdens. Mortgages generally have lower interest rates and longer terms than consumer loans, resulting in materially lower required payments per dollar borrowed.

The impact of lower rates and the changed composition of debt is evident in minimum required debt payments. Payments dropped at the onset of the pandemic and then grew modestly into 2021. While growth has accelerated since, the level of payments remains comfortably below its pre-pandemic trend. This implies consumer could take on more debt if they choose.

This capacity to take on more debt may prove short-lived. Interest rates are expected to rise rapidly as the Fed raises short-term interest rates and shifts to quantitative tightening as it begins to shrink its balance sheet in the next few months. Again, the impact will take some time since much of household debt is fixed rate, but debt burdens should rise in coming quarters. Also pushing up burdens will be the increased need to borrow. At present, income growth is not keeping pace with rapid inflation, likely one of the reasons credit card balance growth has accelerated. Nonetheless, this ability to borrow will make the high inflation easier for many consumers to weather at least for a while.

The Week Ahead in the Global Economy

U.S.

Among key data next week will be factory orders, the nominal trade deficit, ISM nonmanufacturing survey, and initial claims for unemployment insurance benefits. Factory orders and the nominal trade deficit could have implications for our high-frequency GDP model's tracking estimate of first-quarter GDP growth, which is currently below 1% at an annualized rate. Initial claims for unemployment insurance benefits remain very low, in fact among the lowest since 1969. U.S. businesses are not laying off workers because they know the enormous challenges they face in filling open positions. There are 11.266 million open positions in the U.S. and only 6.3 million unemployed. We know a large number of people have dropped out of the labor force because of childcare issues or concerns, but this doesn't generate a lot of excess labor supply. Those unemployed plus those not in the labor force but who want a job total 11.625 million. Therefore, it is not surprising that businesses are having a difficult time filling open positions.

On the policy front, the Fed will release the minutes from its recent meeting of the Federal Open Market Committee. Since the meeting, Fed officials have signaled the strong possibility of a 50-basis point rate hike in May. We will be looking through the minutes to see if there are any new details on either the timing or process for reducing the size of the central banks balance sheet. This process should start at the next meeting or two. Therefore, the Fed should have a good chunk of the details ironed out.

Europe

Next week will bring the final estimates of fourth-quarter GDP growth for Germany and France. We expect they will confirm that the German economy was the second-worst performing euro zone economy in the three months to December (after Austria), owing to strict lockdowns put in place by the German government to fight the Omicron variant. The headline numbers should confirm that GDP declined 0.7% q/q, following a 1.7% increase in the third quarter. All eyes will be on the breakdown details, and we expect them to show that a sharp drop in household consumption drove the quarter's slump.

The French economy meanwhile had a much less bumpy end of the year. We expect final numbers to confirm that French GDP increased 0.7% q/q, following a 3.1% jump in the three months to September. This rise should have allowed GDP to surpass pre-pandemic levels, rounding off a very strong 2021 for France. The main reason France outperformed Germany over the quarter is because the country didn't enforce strict measures to combat Omicron, allowing for the economic recovery to carry on.

The final euro zone CPI figures for January should confirm that inflation accelerated to 5.1% y/y from 5% in December. All of the action was in noncore inflation; energy inflation rose to a high of 28.6% y/y, while food, alcohol and tobacco inflation increased to 3.6% from 3.2%. On the core front, core goods inflation actually declined to 2.3% y/y from 2.9%, while services inflation held steady at 2.4%. While the European Central Bank is under increased pressure to start tightening, we caution that underlying inflation is still relatively contained and that inflation expectations remain anchored.

Lastly, confidence figures should show that the European economies recovered some ground in February, in line with the easing of Omicron-related disruptions over the month. We expect the euro zone's PMI to have increased to 52.5 from 52.3 in January, with rises set to be recorded across most major countries, while the U.K.'s PMI likely rose to 55.1 from 54.2. Similarly, we expect the European Commission's gauge of euro zone economic sentiment to have increased to 113 from 112.7. But while GDP growth likely rebounded following disappointing results for December and January, the flip side is that consumers and business are now getting really spooked by the sharp increase in inflation pressures. This is likely to put a lid on confidence and consequently on the recovery.

Asia-Pacific

The Reserve Bank of Australia will keep the cash rate steady at 0.1% in April. Although headline inflation will gather pace through the first half of 2022, the RBA is waiting for demand-side pressures to gather steam before it lifts the cash rate. The Federal Budget for the 2022-2023 financial year, announced Tuesday, will provide temporary stimulus for households this year. We maintain that the RBA will not increase the cash rate until August.

Elsewhere, South Korea's headline CPI likely picked up to 4% y/y in March from February's 3.7%. Higher food and energy costs are expected to be the primary drivers of the acceleration, a situation mirrored throughout the region. The Bank of Korea is in the midst of normalising policy settings, and we expect the next 25-basis point hike to occur at the April meeting. Thailand's inflation likely accelerated in March after hitting a 13-year high in February at 5.3% y/y. The Bank of Thailand is looking through inflation breaching comfort levels and prioritising the domestic economic recovery.

Geopolitical Calendar

Date	Country	Event	Economic Importance	Financial Market Risk
10-Apr	France	General elections	Medium	Medium
8-May	Hong Kong	Chief executive election	Low	Low
9-May	Philippines	Presidential election	Low	Low
29-May	Colombia	Presidential election	Medium	Low
Jun	Switzerland	World Economic Forum annual meeting	Medium	Low
29-30-Jun	NATO	NATO Summit, hosted by Madrid	Medium	Medium
Jun/Jul	PNG	National general election	Low	Low
2-Oct	Brazil	Presidential and congressional elections	High	Medium
Oct/Nov	China	National Party Congress	High	Medium
7-Nov	U.N.	U.N. Climate Change Conference 2022 (COP 27)	Medium	Low

THE LONG VIEW: U.S.

Long-Term Corporate Bond Spreads Tighten

BY RYAN SWEET

CREDIT SPREADS

Moody's long-term average corporate bond spread is 137 basis points, 6 bps tighter than the 143 bps at this time last week and wider than the 136 bps average in February. The long-term average industrial corporate bond spread narrowed 2 bps to 124. It averaged 123 bps in February.

The recent ICE BofA U.S. high-yield option adjusted bond spread is off its recent peak of 420 basis points and is now closer to 330 bps. This is still above the 300 bps seen at the beginning of the year, but the recent tightening is encouraging. The Bloomberg Barclays high-yield option adjusted spread has bounced around recently and is currently 324 bps, compared with the 358 bps this time last week. The high-yield option adjusted bond spreads approximate what is suggested by the accompanying long-term Baa industrial company bond yield spread and that implied by a VIX of 20.3.

Defaults

The trailing 12-month global speculative-grade default rate rose to 2% at the end of February from 1.8% in January. In Europe, the default rate jumped to 2.1% from 1.2%. Under our baseline scenario, Moody's Credit Transition Model predicts that the global speculative-grade corporate default rate will decline to 1.7% in the second quarter before rising to 2.8% at the end of February 2023. That rate would still be well below the long-term average of 4.1%.

Our baseline forecasts assume that the U.S. high-yield spread will widen from about 400 basis points currently to 548 bps over the next four quarters. This widening would be partially offset by improvement in the U.S. unemployment rate, which we assume will decline to 3.5% by the end of February 2023 from the current rate of 3.8%. Our baseline forecasts are underpinned by positive factors such as good corporate fundamentals, low refinancing risk in the near term, and the transition of the global economy from a tentative recovery toward more stable growth, bolstered by improvement in the COVID-19 health situation. However, risks have grown following the invasion of Ukraine and the subsequent sanctions on Russia. Although we expect the Fed to raise interest rates at a pace that will not severely disrupt the U.S. economic recovery and financing conditions, the Russia-Ukraine conflict could add substantial risk to the default outlook through multiple channels, especially in Europe.

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 faired noticeably better in the second quarter.

Issuance softened in the third quarter of 2021 as worldwide offerings of corporate bonds revealed a year-over-year decline of 5% for investment grade. U.S. denominated corporate bond issuance also fell, dropping 16% on a year-ago basis. High-yield issuance faired noticeably better in the third quarter.

Fourth-quarter 2021's worldwide offerings of corporate bonds fell 9.4% for investment grade. High-yield US$ denominated high-yield corporate bond issuance fell from $133 billion in the third quarter to $92 billion in the final three months of 2021. December was a disappointment for high-yield corporate bond issuance, since it was 33% below its prior five-year average for the month.

In the week ended March 25, US$-denominated high-yield issuance totaled $3.3 billion, better than the $1 billion

increase in the prior week. This brings the year-to-date total to $55.8 billion. Investment-grade bond issuance rose $42.7 billion in the same week, bringing its year-to-date total to $470.3 billion. Total US$-denominated issuance is currently tracking that seen in 2018 and 2019.

U.S. ECONOMIC OUTLOOK

There were some adjustments to our forecast between the February and March baselines, as the latest incorporates new assumptions around the effect of the military conflict between Russia and Ukraine. There are many scenarios on how the Russian invasion of Ukraine will unfold, each darker than the next, but the most likely scenario is that Russian troops will go no farther than Ukraine and any disruptions to oil, natural gas and other commodity markets will be limited and temporary. If so, the impact of the Russian invasion on the U.S. economy will be on the margins.

The U.S. banking and trade exposure to either Russia or Ukraine is very small. The primary channels through which the military conflict will adversely impact the U.S. economy is oil prices and financial market conditions. Europe's economy will be hit harder, but its economic recovery will continue. Russia, however, will suffer a debilitating recession, and for Ukraine's economy this is a catastrophe.

Smaller fiscal package

President Biden renamed his economic agenda from "Build Back Better" to "Building a Better America." Prior to Biden's first State of the Union, we revised our BBA assumptions in the March forecast. We no longer assume Democrats pass a $1.2 trillion package of social safety net and climate policies through budget reconciliation, but rather a $600 billion legislation. We jettisoned the following two provisions that had been included in the February forecast: $400 billion in Affordable Care Act premium credits and $200 billion in universal preschool investments.

The BBA package would pass by the end of the third quarter, with implementation starting in the fourth quarter. It would center around $330 billion in clean energy tax credits and $230 billion in direct federal spending to address climate change. The reconciliation bill would also modestly expand the Child Tax Credit by $40 billion by making it fully refundable on a permanent basis. The BBA would be a virtual nonevent for the economy in 2022, but its gross fiscal support would amount to 0.1% of GDP in 2023, peak at 0.25% in 2026, and settle at less than 0.2% by the end of a 10-year budget horizon.

Because we have rolled back the number of BBA investments, the March forecast also assumes a smaller number of pay-fors. We removed the following offsets that were previously part of the February forecast: a new excise tax applying to stock buybacks, higher taxes on global intangible low-taxed income for U.S. multinationals, and other international tax changes.

The March forecast still includes the following changes to the personal tax code: ensuring high-income business owners pay either the 3.8% Medicare tax or the 3.8% net investment income tax and limiting business loss deductions for noncorporate taxpayers. In addition, IRS funding would increase to improve tax compliance. Finally, prescription drug savings would solely come from repealing a Trump-era rule eliminating safe harbor from a federal anti-kickback law for rebates paid by pharmaceutical manufacturers to health plans and pharmacy benefit managers in Medicare Part D. We do not assume Democrats implement other prescription drug reforms such as allowing the federal government to negotiate drug prices in Medicare or requiring drug companies to pay rebates when annual increases in drug prices for Medicare and private insurance exceed the rate of inflation.

In sum, the BBA would include $700 billion in tax increases on well-to-do households, as well as prescription drug savings. As a result, it would lead to a net deficit reduction of $100 billion over the next 10 years. Our BBA assumption in the March forecast is broadly in line with recent comments by Senator Joe Manchin.

COVID-19 assumptions

We adjusted our epidemiological assumptions to anticipate that total confirmed COVID-19 cases in the U.S. will be 81 million, less than the 82.9 million in the February baseline. However, the number of assumed cases is still well above that assumed before the Omicron variant. The seven-day moving average of daily confirmed cases dropped sharply recently and was around 39,000, below its recent peak of 807,000 and among the lowest since July. The date for abatement of the pandemic, where total case growth is less than 0.05% per day, changed slightly, as it has already occurred. We had expected it to abate on April 4.

We have replaced the concept of herd immunity with "effective immunity," which is a rolling number of infections plus vaccinations to account for the fact that immunity is not permanent. The forecast still assumes that COVID-19 will be endemic and seasonal.

Oil bites into GDP

The March baseline factors in the recent jump in energy prices, and that led us to revise our forecast lower for U.S. GDP growth by 0.2 of a percentage point to 3.5% this year. We nudged up the forecast for GDP growth in 2023 from 3% to 3.1%.

The bulk of the downward revision was in the second quarter, when real GDP is expected to rise 4.8% at an

annualized rate, compared with the 6.1% in the February baseline forecast. We now expect oil prices to peak in the second quarter, with West Texas Intermediate crude oil prices averaging $100 per barrel. Our rule of thumb is that every $10 increase in the per barrel price of oil increases U.S. retail gasoline prices by 30 cents a gallon. Every penny increase in retail gasoline prices reduces consumer spending by about $1.5 billion over the course of a year.

GDP growth in the second half of this year will average 2.7% at an annualized rate. The Bloomberg consensus is for real GDP to increase 3.6% this year and 2.4% in 2023.

Oil prices, financial market conditions, inventories, and global supply-chain issues remain downside risks to the near-term forecast. While inventories played an enormous role in the gain in fourth-quarter GDP, they are on track, along with net exports, to be a significant drag on growth early this year. Our high-frequency GDP model's tracking estimate of first-quarter GDP growth keeps heading south, but it has nothing to do with recent geopolitical events. Currently, first-quarter GDP is on track to rise 0.5% at an annualized rate.

Business investment and housing

Fundamentals have turned less supportive for business investment as corporate credit spreads continue to widen. However, corporate profit margins are fairly wide, and banks are easing lending standards.

We have real business equipment spending rising 7.3% this year, compared with 8.2% in the February baseline. The forecast is for real business equipment spending to increase 5.6% in 2023, a touch stronger than the 5.4% gain in the February baseline forecast.

Risks are weighted to the downside for nonenergy business investment, as financial markets could tighten more than we anticipate and corporate credit spreads widen further. The correlation coefficient between monthly changes in the high-yield corporate bond spread and changes in the S&P 500 is -0.71 since 2000. The relationship is still strong if we look at it on a weekly basis. Using no and various lags, the Granger causality tests showed changes in the S&P 500 caused changes in the high-yield corporate bond spread. The causal relationship runs in one direction.

The real nonresidential structures investment is now expected to increase 14.4% this year, compared with the 11% gain in the February forecast. Some of the upward revision is the boost to business investment from higher energy prices, primarily in mining exploration, shafts and wells. The Bureau of Economic Analysis uses the American Petroleum Institute's weighted average of footage drilled along with rotary rig counts from Baker Hughes in its current-quarter estimate of private fixed investment in mining exploration, shafts and wells. This segment now accounts for more than 10% of nominal private fixed investment in nonresidential structures. Therefore, a rise in energy prices would lead to an increase in the number of active rotary rigs.

Separately, growth in the Commercial Property Price Index was revised higher; it is now expected to increase 8.6% this year, compared with 5.2% in the February baseline. We raised the forecast next year from 2% to 7.7%.

Revisions to housing starts were small. Housing starts are expected to be 1.81 million, compared with 1.84 million in the February baseline. Revisions to housing starts next year were also modest. Risks are heavily weighted to the downside. There are likely only so many homes that can be built each year because of labor-supply constraints and lack of buildable lots. Some of the labor-supply issues will ease as the pandemic winds down, but the reduction in immigration is particularly problematic for homebuilders' ability to find workers. Revisions to the forecast for new- and existing-home sales this year were minor, as mortgage rates haven't risen either fast or high enough to cut noticeably into sales.

We nudged up the forecast for the FHFA All-Transactions House Price Index this year, with it rising 11.5%, compared with 9.8% in the February baseline. House price growth moderates noticeably in 2023, as prices are forecast to rise 2.3%, a touch weaker than the 2.4% in the February baseline. This is attributable to rebalancing of supply and demand.

Labor market

The February employment data are incorporated into the March baseline forecast. They led to minor tweaks to the forecast. We have job growth averaging 367,000 per month this year, compared with the February baseline forecast of 384,000. There weren't material changes to the forecast for the unemployment rate this year, as it is still expected to average 3.4% in the final three months of this year and 3.4% in the fourth quarter of next year.

We assume a full-employment economy is one with a 3.5% unemployment rate, around a 62.5% labor force participation rate, and an 80% prime-age employment-to-population ratio. All of these conditions will be met by late this year or early next.

Fed sticks to its plan

Federal Reserve Chair Jerome Powell was explicit during his semiannual testimony to the House Committee on Financial Services. He took away all uncertainty about the outcome of March's Federal Open Market Committee meeting by

throwing his support behind a 25-basis point rate hike and saying that plans to reduce the size of the balance sheet will not be finalized.

Normally, Fed chairs avoid tipping their hands, as it could be seen as front-running the FOMC. However, Russia's invasion of Ukraine has caused a lot of volatility in financial markets and created new uncertainty. Therefore, Powell likely wanted to reduce any uncertainty about the Fed's intention at its upcoming meeting. Powell did leave the door open for larger rate hikes at future meetings.

He sounded optimistic that the Fed can engineer a soft landing, where it raises interest rates enough to curb inflation but not enough to tip the economy into recession. Powell floated the idea that this tightening cycle will end above his estimate of the neutral fed funds rate of 2% to 2.5%.

We maintained our assumption that the Fed raises the target range for the fed funds rate four times this year, 25 basis points each time. Markets are pricing in more hikes, just south of seven hikes over the next 12 months. The tightening in financial market conditions did some of the Fed's work for it. The primary channel through which monetary policy impacts the economy is financial markets. With financial market conditions tightening, the Fed doesn't need to do as much this year.

The Fed is also expected to begin quantitative tightening this summer. That is, the central bank will not replace the Treasury and mortgage securities it owns as they mature or prepay, allowing its balance sheet to slowly shrink, and putting upward pressure on longer-term rates.

Risks are weighted toward more rate hikes this year. Higher energy prices are going to cause inflation to peak higher than we had previously expected. We look for year-over-year growth in the consumer price index to be 7.4% in the first quarter, compared with 7% in the February baseline. The inflation forecast follows a similar trajectory as past baseline forecasts, just higher. Inflation moderates through the remainder of the year, returning to the Fed's target in the first half of next year. Key to this forecast is that oil prices average $100 per barrel in the second quarter, with that being the peak. Also, supply-chain issues are expected to ease, leading to significant disinflation in goods prices.

We didn't make significant changes to the forecast for the 10-year Treasury yield. The forecast is that the Dow Jones Industrial Average incorporates the recent developments. The new baseline will have the Dow Jones Industrial Average lower than its February baseline. The recent decline accounted for the bulk of the decline we expected to occur throughout the year. Therefore, the March baseline has another leg lower in equity prices, which we expect will remain within a tight range through the end of next year.

THE LONG VIEW: EUROPE

Euro Zone Inflation Soars

BY ROSS CIOFFI

The euro zone country-level preliminary CPI data for March are nothing short of worrying. They suggest that even our above-consensus forecast for euro zone inflation might have been too conservative. We were expecting the currency area's CPI to reach 7% in March from 5.9% in February, itself already a record high. But the March individual country data have all surprised to the upside: HCPI inflation rose from 7.6% y/y to a staggering 9.8% in Spain, from 5.5% to 7.6% in Germany, and from 6.2% to 7% in Italy. Although price pressures in France were more contained, with HCPI inflation rising to 5.1% y/y from 4.2%, they were stronger in most smaller euro zone countries.

Chances are high that Friday's euro zone CPI release will surprise to the upside, putting further pressure on the European Central Bank to tighten monetary policy. Our view is that inflation will remain elevated throughout this year; global energy and commodity prices won't come down soon, and second-round effects are set to push up core price pressures across the board. Although higher inflation will weigh on growth and put the recovery into question, we think the ECB will prioritize taming inflation and preventing inflation expectations from de-anchoring. We are thus forecasting the central bank to raise interest rates twice this year, once in September and then again in December. We don't think such a move will result in the euro zone economy entering recession, however. We still expect euro zone GDP to increase by 3.4% this year.

Labor market gains remain strong

Elsewhere, the February unemployment numbers confirmed that the currency area's labor market remains tight. Joblessness fell to 6.8% in February from 6.9% in January, with gains recorded across most countries. This marks the lowest unemployment rate on record in the euro zone, and we expect that the labor market will continue strengthening in coming months as the abating pandemic supports the recovery of the service sector.

This tightness still needs to be translated into wage growth, however. There is anecdotal evidence suggesting that pay settlements have picked up strong momentum in some member countries, but on average wage gains across the euro zone remain far below the increase in inflation. This means that real disposable incomes are set to decline this year, which will in turn weigh on household consumption and overall growth. We nonetheless expect that fiscal subsidies for the energy sector combined with a decline in the savings rate will cushion some of the blow, keeping the economy afloat.

Don't be fooled by the final U.K. GDP numbers

Final numbers showed that the U.K. economy grew by 1.3% q/q in the fourth quarter, upwardly revised from a 1% estimate previously. But we caution against reading too much into the revision, as it was only because of adjustments to the inventories component. By contrast, consumption, government spending and investment were all revised downwards, suggesting that the U.K. economy had less momentum going into the new year than we had expected. Meanwhile, the income numbers show that real incomes fell over the quarter in line with the jump in inflation, but households seemed to be willing to use up their savings to carry on spending; the savings ratio fell to 6.8% from 7.5%. As purchasing power will be further squeezed in coming months, GDP growth should slow to 4% in 2022 from 7.4% in 2021.

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Election Sweeteners in Australia's Budget

BY KATRINA ELL and ILLIANA JAIN

Australia's 2022-2023 Federal Budget delivered a raft of spending initiatives, with households as important beneficiaries. Almost A$40 billion in new spending measures over the next five years were announced, more than half occurring in the 2021-2022 and 2022-2023 financial years. The government is providing "temporary and targeted" assistance to households. It's not a coincidence that a federal election will occur in May.

Low- and middle-income households are particular beneficiaries. Benefits to them include an additional A$420 payment and the tax offset of up to $1,500 continuing for another year. There are also additional payments for concession card holders and welfare recipients.

The government will cut the excise tax by half, which should reduce pump prices by A$0.22 per litre. The temporary reduction in the fuel excise tax will help household discretionary income. For retail fuel prices, the excise tax comprises about 35% of the final price, 50% of the price is determined by global refined oil prices, and the remaining proportion is made up of the profit margin and other costs. If global oil prices remain north of US$100 per barrel for a sustained period, average household spending on fuel will remain near record-high levels despite the excise tax being halved.

Disaster relief

Around A$6 billion in disaster relief payments was announced in response to flooding in Queensland and New South Wales states since late February. Of this, A$2.2 billion will go to households for income support, temporary accommodation and social services.

Deliberate fiscal repair didn't feature in the budget. Instead, Australia's stronger-than-expected economic recovery, coupled with a surge in commodity prices, improved the budget's bottom line. In particular, the underlying cash balance is projected at -A$78 billion (-3.4% of GDP) for the 2022-2023 financial year; this is better than what was forecast in the Mid-Year Economic and Fiscal Outlook estimates released in December, with an underlying cash balance forecast then of -A$98.9 billion.

Budget is mildly inflationary

Countercyclical fiscal policy can be an important and effective tool to smooth business cycles. That wasn't used in this circumstance. The economy is strong. GDP growth is estimated to be 4% in 2022, and the unemployment rate is sitting at just 4%, its lowest since 2008. The budget is adding to demand at a time when that kind of blanket support to households isn't needed. There's some weight to the argument that there's been a decent rise in precautionary household saving and that improved consumer sentiment can help unleash that spending.

We view the budget as being mildly inflationary on balance. Although some pressure is coming off retail petrol prices, there is a decent amount flowing to households in one-off payments that will temporarily lift the demand side of the economy. The budget doesn't change our monetary policy outlook. The Reserve Bank of Australia is still likely to move on the cash rate in August and will be guided by wage growth inching toward 3% in the second half of the year.

RATINGS ROUNDUP

U.S. Change Activity Picks Up

BY MICHAEL FERLEZ

U.S.

U.S. rating change activity increased in the latest period, though credit quality was weakened from the prior week. Upgrades and downgrades each registered six changes for the week ended March 26, though downgrades accounted for over two-thirds of affected debt. Rating change activity continues to be broad-based and concentrated among speculative-grade companies.

The largest downgrade as measured by amount of debt affected was Service Properties Trust. On March 25, Moody's Investors Service downgraded several of the U.S.-based REIT's ratings, including the firm's guaranteed and non-guaranteed senior unsecured rating to Ba3 and B1, respectively. In the rating action, Moody's Investors Service cited significant liquidity pressures from the upcoming maturities of $500 billion worth of senior notes and $1 billion revolver. The downgrade impacts $6.5 billion of outstanding senior unsecured debt.

Europe

Western European rating changes activity slowed following a surge of rating actions over the prior two weeks. For the week ended March 26, there were a total of six rating actions. As with the U.S. activity, rating changes were split evenly between upgrades and downgrades, with downgrades representing most of the affected debt.

The largest downgrade for the week by affected debt was to Perrigo Company plc., which among other changes, saw its senior unsecured notes downgraded one-notch to Ba2. In the rating action, Moody's Investors Service cited the large increase to Perrigo's secured debt, which makes it more difficult for the holders of unsecured debt to recover their investment in case of a default. The downgrade impacted $5.5 billion of Perrigo's unsecured debt. Meanwhile, the largest upgrade for the week was to Tyco Electronics Group S.A., which saw its senior unsecured rating upgraded to A3, impacting $4.1 billion in debt.

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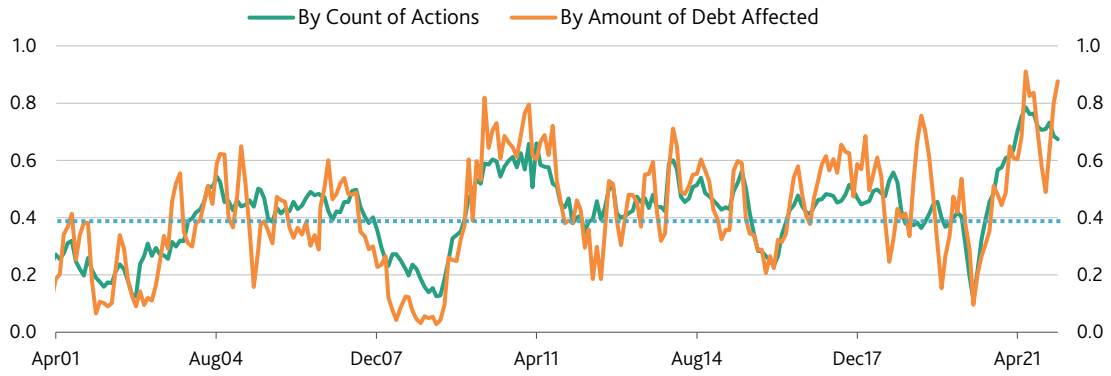
RATINGS ROUND-UP

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/SG
3/23/2022	LEARNING CARE GROUP (US) NO. 2 INC.	Industrial	SrSec/BCF/LTCFR/PDR		U	Caa3	Caa2	SG
3/23/2022	84 LUMBER COMPANY	Industrial	SrSec/BCF/LTCFR/PDR		U	B2	Ba3	SG
3/23/2022	NEW CONSTELLIS BORROWER LLC	Industrial	SrSec/BCF/LTCFR/PDR		D	Caa1	Caa2	SG
3/23/2022	KINDERCARE LEARNING COMPANIES, INC.-KUEHG CORP.	Industrial	SrSec/BCF/LTCFR/PDR		U	Caa3	Caa2	SG
3/24/2022	INSTANT BRANDS HOLDINGS INC.	Industrial	SrSec/BCF/LTCFR/PDR		D	Ba3	B1	SG
3/25/2022	SERVICE PROPERTIES TRUST	Industrial	SrUnsec/LTCFR	6500.00	D	Ba2	B1	SG
3/25/2022	BOARDRIDERS, INC.	Industrial	SrSec/BCF/LTCFR/PDR		D	B3	Caa1	SG
3/28/2022	HESS CORPORATION-HESS MIDSTREAM OPERATIONS LP	Industrial	SrUnsec/SrSec/BCF/ LTCFR/PDR	2100.00	U	Ba3	Ba2	SG
3/28/2022	ZOOMINFO TECHNOLOGIES, INC.-ZOOMINFO TECHNOLOGIES LLC	Industrial	SrUnsec/SrSec/BCF	650.00	U	B3	B1	SG
3/29/2022	TEREX CORPORATION	Industrial	SrSec/BCF	600.00	U	Ba2	Ba1	SG
3/29/2022	BRAND INDUSTRIAL SERVICES, INC.	Industrial	SrUnsec/LTCFR/PDR	1000.00	D	Caa2	Caa3	SG
3/29/2022	TGP HOLDINGS III LLC	Industrial	SrSec/BCF/LTCFR/PDR		D	B2	B3	SG

Source: Moody's

FIGURE 4

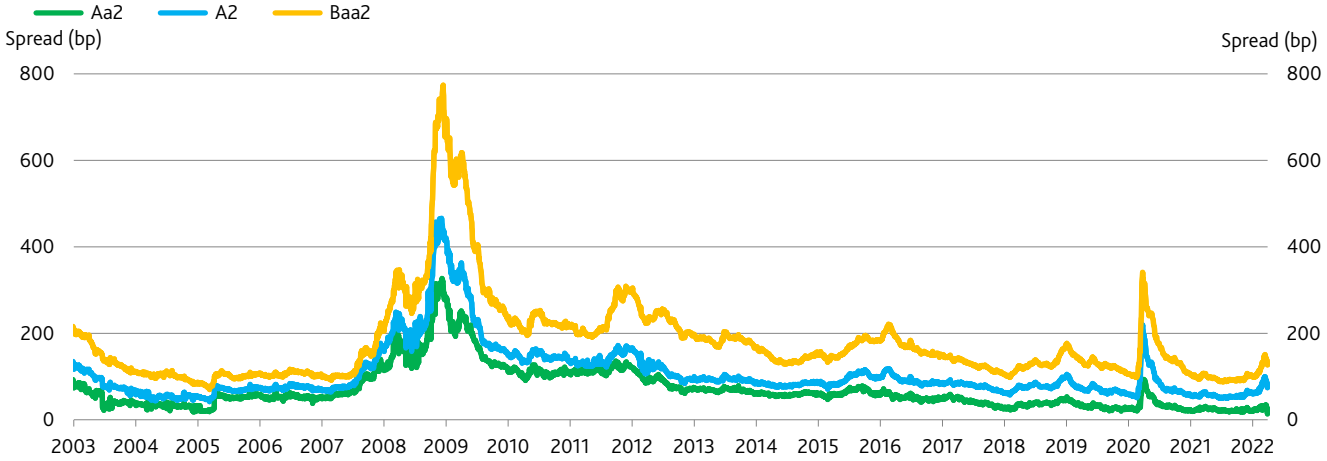
Rating Changes: Corporate & Financial Institutions - Europe

Date	Company	Sector	Rating	Amount ($ Million)	Up/ Down	Old LTD Rating	New LTD Rating	IG/ SG	Country
3/24/2022	TMF SAPPHIRE MIDCO B.V.	Industrial	SrSec/BCF/LTCFR/PDR		U	B2	B1	SG	NETHERLANDS
3/25/2022	BELRON GROUP SA	Industrial	SrSec/BCF/LTCFR/PDR		U	Ba3	Ba2	SG	LUXEMBOURG
3/25/2022	WEENER PLASTICS HOLDING BV	Industrial	SrSec/BCF/LTCFR/PDR		D	B1	B2	SG	NETHERLANDS
3/28/2022	TE CONNECTIVITY LTD.-TYCO ELECTRONICS GROUP S.A.	Industrial	SrUnsec	4098.49	U	Baa1	A3	IG	LUXEMBOURG
3/29/2022	VOLKSWAGEN AKTIENGESELLSCHAFT-TRATON FINANCE LUXEMBOURG S.A.	Industrial	SrUnsec/LTIR/MTN	5347.20	D	Baa1	Baa2	IG	LUXEMBOURG
3/29/2022	PERRIGO COMPANY PLC	Industrial	SrUnsec	5519.98	D	Ba1	Ba2	SG	IRELAND

Source: Moody's

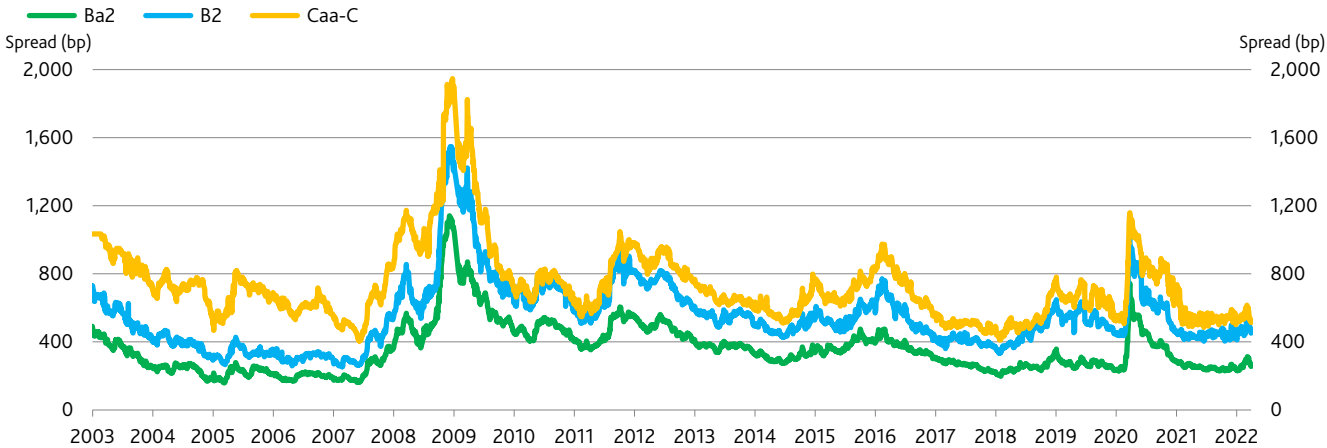
MARKET DATA

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 (March 23, 2022 – March 30, 2022)

CDS Implied Rating Rises	CDS Implied Ratings		
Issuer	Mar. 30	Mar. 23	Senior Ratings
Burlington Northern Santa Fe, LLC	Aa1	Aa3	A3
Bank of America Corporation	Baa1	Baa2	A2
HCA Inc.	Baa3	Ba1	Baa3
United Airlines, Inc.	Caa1	Caa2	Ba3
United Parcel Service, Inc.	Aa1	Aa2	A2
Carnival Corporation	B3	Caa1	B2
Capital One Bank (USA), N.A.	Aa1	Aa2	A3
Waste Management, Inc.	A2	A3	Baa1
Bank of America, N.A.	Baa1	Baa2	Aa2
Target Corporation	Aa1	Aa2	A2

CDS Implied Rating Declines	CDS Implied Ratings		
Issuer	Mar. 30	Mar. 23	Senior Ratings
CenterPoint Energy, Inc.	Baa2	A3	Baa2
PepsiCo, Inc.	A2	A1	A1
Philip Morris International Inc.	A2	A1	A2
General Electric Company	Baa3	Baa2	Baa1
Eli Lilly and Company	Aa2	Aa1	A2
FirstEnergy Corp.	Baa3	Baa2	Ba1
Emerson Electric Company	Baa1	A3	A2
Danaher Corporation	A3	A2	Baa1
Archer-Daniels-Midland Company	A2	A1	A2
United Rentals (North America), Inc.	Ba2	Ba1	Ba2

CDS Spread Increases		CDS Spreads		
Issuer	Senior Ratings	Mar. 30	Mar. 23	Spread Diff
Talen Energy Supply, LLC	Caa2	15,906	10,691	5,215
DTE Energy Company	Baa2	78	39	40
Brunswick Corporation	Baa2	140	103	37
The Terminix Company, LLC	B1	123	87	36
Welltower Inc.	Baa1	81	48	34
K. Hovnanian Enterprises, Inc.	Caa3	942	908	34
Avery Dennison Corporation	Baa2	85	54	31
Healthcare Realty Trust Incorporated	Baa2	88	60	28
KB Home	Ba2	262	249	13
V.F. Corporation	Baa1	78	67	11

CDS Spread Decreases		CDS Spreads		
Issuer	Senior Ratings	Mar. 30	Mar. 23	Spread Diff
American Airlines Group Inc.	Caa1	1,018	1,192	-174
United Airlines Holdings, Inc.	Ba3	616	728	-112
United Airlines, Inc.	Ba3	589	685	-96
Carnival Corporation	B2	480	565	-85
Royal Caribbean Cruises Ltd.	B2	426	498	-72
Delta Air Lines, Inc.	Baa3	337	401	-64
iStar Inc.	Ba3	292	351	-59
Staples, Inc.	Caa2	1,182	1,231	-49
Goodyear Tire & Rubber Company (The)	B2	387	432	-45
Pitney Bowes Inc.	B3	650	690	-40

Source: Moody's, CMA

CDS Movers

Figure 4. CDS Movers - Europe (March 23, 2022 – March 30, 2022)

CDS Implied Rating Rises	CDS Implied Ratings		
Issuer	Mar. 30	Mar. 23	Senior Ratings
Carlsberg Breweries A/S	A1	A3	Baa2
Credit Agricole S.A.	Aa3	A1	Aa3
ING Groep N.V.	A3	Baa1	Baa1
Erste Group Bank AG	A2	A3	A2
Electricite de France	Baa2	Baa3	Baa1
Swedbank AB	A1	A2	Aa3
Orange	Aa3	A1	Baa1
Mercedes-Benz Group AG	Baa1	Baa2	A3
Piraeus Financial Holdings S.A.	Caa1	Caa2	Caa1
Siemens Aktiengesellschaft	Aa1	Aa2	A1

CDS Implied Rating Declines	CDS Implied Ratings		
Issuer	Mar. 30	Mar. 23	Senior Ratings
Portugal, Government of	Aa3	Aa2	Baa2
DZ BANK AG	A2	A1	Aa2
UniCredit Bank AG	A3	A2	A2
UniCredit Bank Austria AG	A3	A2	Baa1
Landesbank Baden-Wuerttemberg	Aa3	Aa2	Aa3
British Telecommunications Plc	Baa3	Baa2	Baa2
KBC Bank N.V.	A1	Aa3	A1
Danone	Aa3	Aa2	Baa1
EnBW Energie Baden-Wuerttemberg AG	Baa1	A3	Baa1
Orsted A/S	A1	Aa3	Baa1

CDS Spread Increases		CDS Spreads		
Issuer	Senior Ratings	Mar. 30	Mar. 23	Spread Diff
Allied Irish Banks, p.l.c.	A2	84	78	6
Orsted A/S	Baa1	46	40	6
EnBW Energie Baden-Wuerttemberg AG	Baa1	63	58	5
Landesbank Baden-Wuerttemberg	Aa3	42	38	4
UniCredit Bank AG	A2	59	56	3
UniCredit Bank Austria AG	Baa1	53	50	3
ENGIE SA	Baa1	80	77	3
British Telecommunications Plc	Baa2	95	92	3
ENGIE Alliance	Baa1	88	85	3
KBC Group N.V.	Baa1	113	112	2

CDS Spread Decreases		CDS Spreads		
Issuer	Senior Ratings	Mar. 30	Mar. 23	Spread Diff
Boparan Finance plc	Caa1	1,277	1,758	-482
Vue International Bidco plc	Ca	944	1,122	-178
Vedanta Resources Limited	B3	718	856	-138
Novafives S.A.S.	Caa2	906	1,041	-135
Pearson plc	Baa3	115	186	-72
Telecom Italia S.p.A.	Ba3	322	381	-60
Casino Guichard-Perrachon SA	Caa1	896	956	-59
Rolls-Royce plc	Ba3	223	262	-40
Piraeus Financial Holdings S.A.	Caa1	665	698	-32
Fortum Oyj	Baa2	163	195	-32

Source: Moody's, CMA

CDS Movers

Figure 5. CDS Movers - APAC (March 23, 2022 – March 30, 2022)

CDS Implied Rating Rises	CDS Implied Ratings		
Issuer	Mar. 30	Mar. 23	Senior Ratings
Commonwealth Bank of Australia	Aa3	A1	Aa3
Korea Development Bank	Aa1	Aa2	Aa2
Thailand, Government of	Aa2	Aa3	Baa1
MUFG Bank, Ltd.	Aa2	Aa3	A1
Daiwa Securities Group Inc.	A3	Baa1	Baa1
Kookmin Bank	Aa1	Aa2	Aa3
Woori Bank	Aa1	Aa2	A1
Mitsui Fudosan Co., Ltd.	Aaa	Aa1	A3
Wesfarmers Limited	A1	A2	A3
Development Bank of Kazakhstan	Ba2	Ba3	Baa2

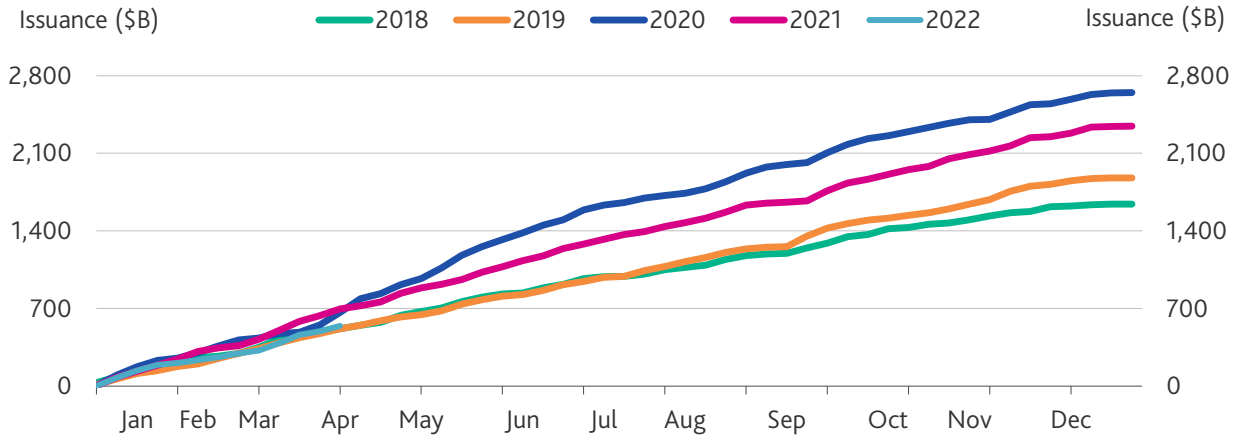
CDS Implied Rating Declines	CDS Implied Ratings		
Issuer	Mar. 30	Mar. 23	Senior Ratings
Suncorp-Metway Limited	Baa1	A3	A1
Chubu Electric Power Company, Incorporated	Aa2	Aa1	A3
Bank of East Asia, Limited	Baa2	Baa1	A3
Tokyo Electric Power Company Holdings, Inc.	A3	A2	Ba1
Sumitomo Corporation	Aa2	Aa1	Baa1
East Japan Railway Company	Aa2	Aa1	A1
Hutchison Whampoa International (03/33) Ltd.	Baa1	A3	A2
PTT Public Company Limited	A2	A1	Baa1
Halyk Savings Bank of Kazakhstan	B3	B2	Ba2
Japan, Government of	Aaa	Aaa	A1

CDS Spread Increases		CDS Spreads		
Issuer	Senior Ratings	Mar. 30	Mar. 23	Spread Diff
Pakistan, Government of	B3	964	851	113
Halyk Savings Bank of Kazakhstan	Ba2	455	437	18
Bank of East Asia, Limited	A3	73	70	4
Industrial & Commercial Bank of China Ltd	A1	70	66	3
Bank of China Limited	A1	68	66	2
Nissan Motor Co., Ltd.	Baa3	142	141	1
Sumitomo Corporation	Baa1	30	29	1
Hutchison Whampoa International (03/33) Ltd.	A2	63	62	1
Mitsui O.S.K. Lines, Ltd.	B1	66	64	1
New Zealand, Government of	Aaa	18	17	0

CDS Spread Decreases		CDS Spreads		
Issuer	Senior Ratings	Mar. 30	Mar. 23	Spread Diff
Development Bank of Kazakhstan	Baa2	237	298	-61
Tata Motors Limited	B1	283	321	-38
SoftBank Group Corp.	Ba3	351	372	-22
Indonesia, Government of	Baa2	78	92	-14
Vietnam, Government of	Ba3	100	113	-13
Philippines, Government of	Baa2	74	84	-11
Reliance Industries Limited	Baa2	94	105	-10
Holcim Finance (Australia) Pty Ltd	Baa2	110	120	-10
ICICI Bank Limited	Baa3	109	118	-9
Mitsubishi Electric Corporation	A2	30	39	-9

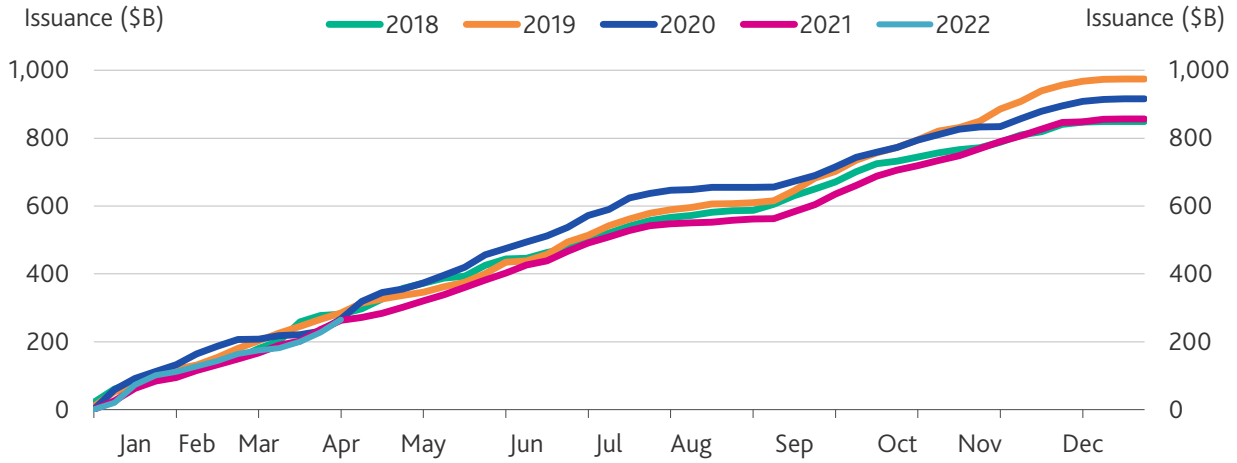
Source: Moody's, CMA

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



Source: Moody's / Dealogic

Figure 7. Market Cumulative Issuance - Corporate & Financial Institutions: Euro Denominated



Source: Moody's / Dealogic

Figure 8. Issuance: Corporate & Financial Institutions

	USD Denominated		
	Investment-Grade	High-Yield	Total*
	Amount $B	Amount $B	Amount $B
Weekly	42.739	3.300	47.587
Year-to-Date	470.283	55.796	542.383

	Euro Denominated		
	Investment-Grade	High-Yield	Total*
	Amount $B	Amount $B	Amount $B
Weekly	34.793	3.274	38.133
Year-to-Date	242.388	18.697	265.164

* Difference represents issuance with pending ratings.

Source: Moody's/ Dealogic

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