MOODY'S ANALYTICS

WEEKLY MARKET OUTLOOK

Moody's Analytics Research

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Long Stay by Low Rates Fuels Corporate Debt and Equity Rallies

Credit Spreads	Investment Grade: We see the year-end 2020's average investment grade bond spread under its recent 158 basis points. High Yield: Compared with a recent 659 bp, the high-yield spread may approximate 620 bp by year-end 2020.
Defaults	US HY default rate: According to Moody's Investors Service, the U.S.' trailing 12-month high-yield default rate jumped from April 2019's 2.8% to April 2020's 5.4% and may average 12.7% during 2020's final quarter.
Issuance	For 2019's offerings of US$-denominated corporate bonds, IG bond issuance rose by 2.6% to $1.309 trillion, while high-yield bond issuance surged by 55.8% to $432 billion. In 2020, US$-denominated corporate bond issuance is expected to grow by 38.7% for IG to $1.816 trillion, while high-yield supply may sink by 6.2% to $406 billion.

Click here for *Moody's Credit Outlook*, our sister publication containing Moody's rating agency analysis of recent news events, summaries of recent rating changes, and summaries of recent research.

Credit Markets Review and Outlook

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

Long Stay by Low Rates Fuels Corporate Debt and Equity Rallies

According to a consensus estimate compiled by FactSet, the composite earnings per share of the S&P 500's member companies is likely to plunge by 43% year-to-year. Nevertheless, the market value of U.S. common stock was recently up by 9.5% yearly. Apparently, the market believes in the consensus forecast of a vigorous recovery by EPS. As inferred from the consensus forecast of a 28.2% surge by calendar-year 2021's EPS following 2020's expected yearlong plunge of 21.1%, EPS will have more than fully recovered from 2020's nosedive by the end of 2021.

Not to be overlooked is how expectations of a prolonged stay by extraordinarily low Treasury yields imply that markets assign a greater-than-otherwise present value to the future stream of corporate earnings. All else the same, share prices and price-to-earnings multiples will be higher the lower are Treasury yields.

Several years may pass before the equity market faces some real competition from bonds. The Blue-Chip Financial Forecast's consensus does not see the 10-year Treasury yield averaging at least 2% for a calendar year until 2023. The same consensus expects 2024 to be the first calendar year for which the five-year Treasury yield averages at least 2%.

More specifically, the consensus' projected yearlong averages for the 10-year Treasury yield are 0.9% for 2020, 1.2% for 2021, 1.5% for 2022, and 2.1% for 2023. According to the same source, the predicted annual averages for the 5-year Treasury yield—an important benchmark for the high-yield bond market—are 0.62% for 2020, 0.7% for 2021, 1.1% for 2022, 1.7% for 2023, and 2.2% for 2024.

Fed Rate Hike May Require a Less-Than-5% Jobless Rate

Consensus forecasts also suggest that U.S. real GDP may not return to its current high of 2019's final quarter until the second-half of 2022. The consensus' outlook for economic growth hints of fed funds' midpoint remaining at its current 0.125% into 2022's second half.

However, the wait for a Fed rate hike may be significantly longer according to how, following the Great Recession, fed funds remained at 0.125% for seven years, or from December 2008 through November 2015. It may be important to note that the Fed did not hike rates until the end of December 2015, by which time the U.S. unemployment rate had dropped to 4.8%.

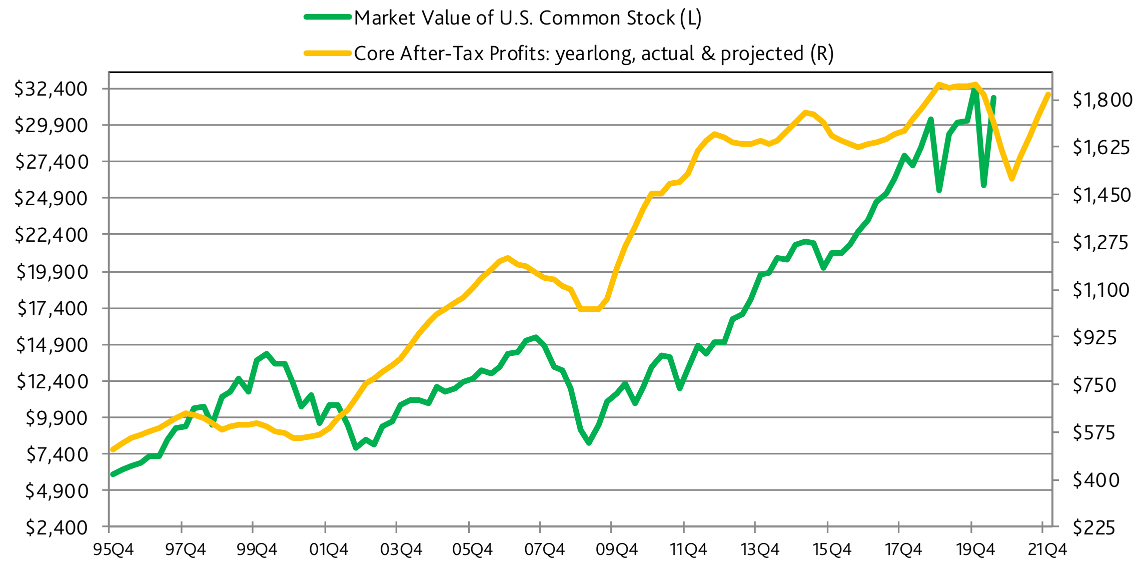
May's Bloomberg consensus forecast had the unemployment rate averaging 6.5% in 2022, which is probably too high to warrant a Fed rate hike. Thus, the next Fed rate hike may not occur until 2023's second half at the earliest. Basically, the slower the recovery by the labor market from COVID-19's upheaval, the longer will be the wait for a Fed rate hike.

Rallies Assume an Improving Trend for Core Profits After a Wretched Second Quarter

Core profits apply to all U.S. corporations, as opposed to just the member companies of the S&P 500. Core profits exclude extraordinary gains and losses and changes in inventory valuations, while also employing economic depreciation instead of accounting depreciation.

Ordinarily, deep year-over-year declines by core after-tax profits are accompanied by year-to-year declines for the market value of U.S. common stock. For example, when calendar-year 2008's core after-tax profits sank by 9.8% annually, year-end 2008's market value of U.S. common stock closed 38.7% under its year-end 2007 mark.

Figure 1: Latest Equity Rally Based On Expectations of a 2021 Rebound by Core Profits and an Extended Stay by Low Treasury Yields
in $ billions
sources: BEA, Dow Jones, Moody's Analytics



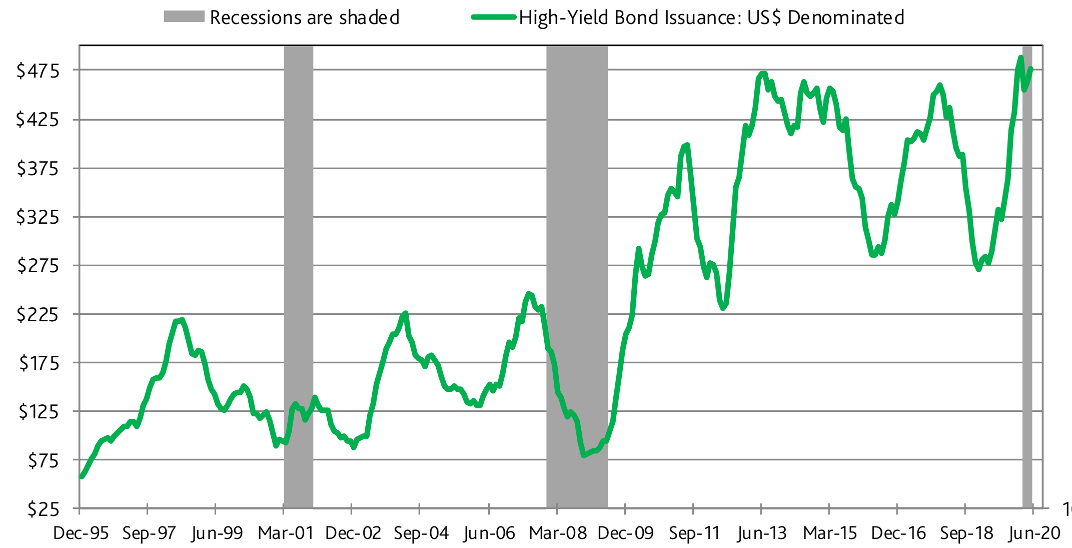
Drop by Spec-Grade Yields Supports High-Yield Bond Issuance

March 2020's high-yield bond issuance collapsed by 74% from a year earlier to merely $4 billion in response to a lift-off by Bloomberg/Barclays speculative-grade bond yield and spread from their January-February 2020 averages of 5.28% and 360 basis points, respectively, to March 23's paralyzing highs of 11.69% and 1,100 bp. Despite how April and May will be home to some of the worst reports ever on U.S. business activity and notwithstanding downwardly revised assessments of corporate credit quality, the spec-grade bond yield and spread subsequently plunged to June 3's 6.27% and 562 bp.

Thinner spreads, lower yields and an equity rally prompted an April and May resurgence of high-yield bond offerings that often boosted liquidity and/or refinanced outstanding debt. After growing by 25% year-to-year in April, the annual increase for May's gross issuance of US$-denominated high-yield corporate bonds accelerated to 40%.

Following month-long totals of $41 billion for April and $47 billion for May, the nearly $8 billion of US$-denominated high-yield bond issuance through the first three trading days of June well exceeded expectations. Accordingly, June's month-long high-yield bond issuance should at least equal $32 billion. In turn, US$-denominated high-yield bond offerings are likely to grow by 12% yearly in 2020's second quarter.

Figure 2: Yearlong Sum of US$-Denominated High-Yield Bond Issuance Sank by -67% from June 2007's Top to November 2008's Bottom...Offerings Are Up by 65% YY for 12-Months-Ended May 2020
moving 12-sum in $ billions
sources: Dealogic, NBER, Moody's Analytics



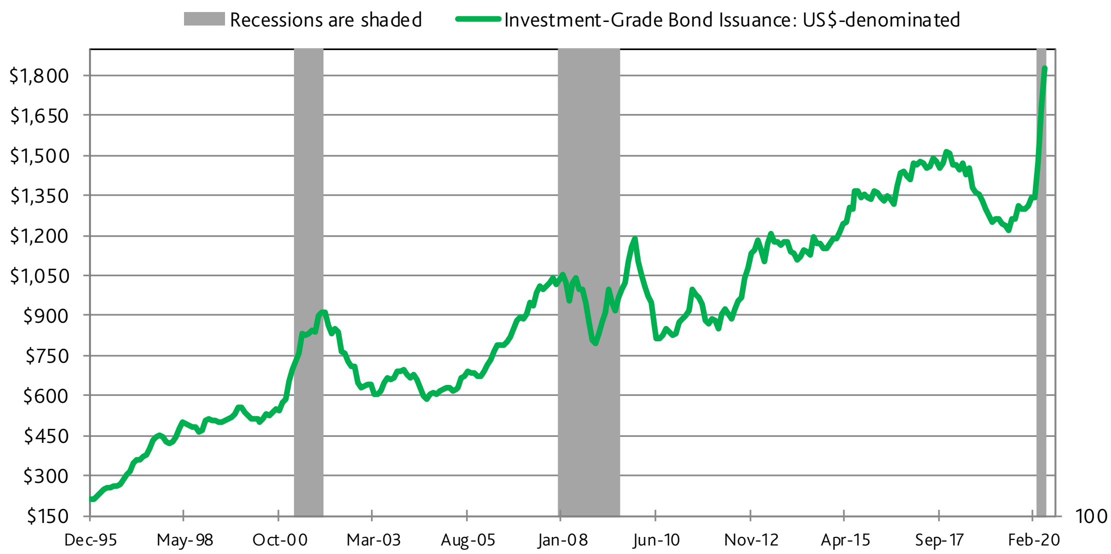
IG Bond Issuance Attains a Record-Breaking Three-Month Pace

After soaring from January-February 2020 averages of 2.65% and 99 bp, respectively, Bloomberg/Barclays investment-grade bond yield and spread soared to late March highs of 4.58% and 373 bp, respectively. Partly in response to the Fed's invaluable backstop facilities, the IG bond yield and spread subsequently sank to June 3's 2.35% and 160 bp.

Both the perceived need to enhance liquidity and what is now a very attractive borrowing climate prompted dollar-denominated IG bond issuance's liveliest three-month span ever. Following the setting of back-to-back record highs of $268 billion for March 2020 and $304 billion for April, May's issuance of dollar-denominated IG bonds eased to a still extraordinarily high $267 billion. During the March-May 2020 span, dollar-denominated IG bond issuance was up by 138% from a year earlier. For the second-quarter-to-date, IG bond offerings have soared higher by 161% yearly.

Through June's first three trading days, dollar-denominated IG bond offerings totaled $41 billion. For the entire month of June, such IG issuance may total $170 billion, or 70% above the $100 billion of June 2019. Thus, second-quarter 2020's US$-denominated IG corporate bond issuance may equal $741 billion, which would surpass second-quarter 2019's tally by 132%.

Figure 3: May 2020's Yearlong Sum of US$-Denominated Investment-Grade Bond Issuance Soars Higher by 47% Annually
moving 12-sum in $ billions
sources: Dealogic, NBER, Moody's Analytics



Second-quarter 2020's likely yearly advances by corporate bond issuance will be astounding in view of how U.S. real GDP is projected to shrink by 32% annualized from 2020's first quarter and sink by 9% from 2019's second quarter. By contrast, both IG and high-yield bond issuance plunged from a year earlier by 16% and 80%, respectively, during the worst quarter of the Great Recession, or 2008's final quarter. Back then, real GDP incurred shallower declines (compared to 2020's second quarter) of 8.4% annualized from 2008's third quarter and 2.8% from 2007's final quarter.

Ample Liquidity Should Allow M&A to Play a Constructive Role

Often, business borrowing helps to finance mergers and acquisitions. As shown by the now above-trend pace of new corporate bond offerings, systemic liquidity has fared much better compared to what transpired during the Great Recession.

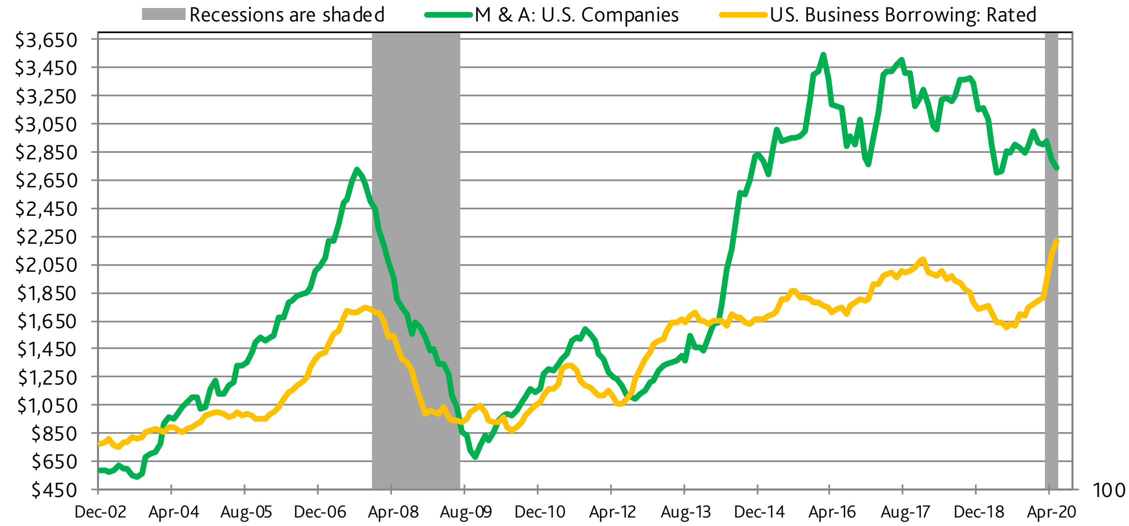
Today's ample liquidity should help to facilitate the acquisition of financially stressed businesses by financially fit corporations. Thus, by facilitating the rescue of troubled enterprises, ample systemic liquidity ought to limit the financial and economic losses arising from the ongoing climb by defaults and insolvencies. By the third month of 2008-2009's Great Recession, the moving 12-month sum of rated business borrowing was 5.5% under its then record high of October 2007. In contrast, the rated borrowing by U.S. businesses of the 12-months-ended May 2020 established a new zenith.

For what is likely to be officially deemed the first three months of the COVID-19 recession, or March-May 2020, rated U.S. business borrowing advanced by 91% year-over-year. The latter was the product of annual increases of 167% for IG bond issuance and 59% for high-yield bond offerings that overpowered a 57% plunge by new loan programs. By contrast, near the start of the Great Recession, first-quarter 2008's rated business borrowing contracted by 37% annually. The latter included year-over-year declines of 17% for IG bond issuance, 77% for high-yield bond offerings, and 59% for new loan programs.

Figure 4: YY Drop by US Company M&A Narrows from Apr-2020's -63% to May's -23% ...Great Recession's M&A Sank by -46% from Contiguous 19-month Span...Ratio of Rated Borrowing to M&A Rises from May 2019's 60% to May 2020's 81%

moving 12-month sums in $ billions

sources: Bloomberg, NBER, Moody's Analytics



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

THE U.S.

By Ryan Sweet of Moody's Analytics

Pandemic Unemployment Assistance Adds More Noise to the Signal

The expedited rollout of the newly created Pandemic Unemployment Assistance program and the nonuniform implementation across states are complicating the interpretation of unemployment insurance claims data. Typically, during periods of economic stress we compare weekly initial UI claim filings with the change in continuing claims as a proxy for the share of initial filings that are being approved. Later, as the economy begins to recover, we can use the change in continuing claims as a measure of labor market health, as declines in continuing claims signal that workers are finding new jobs and no longer need benefits.

False signals

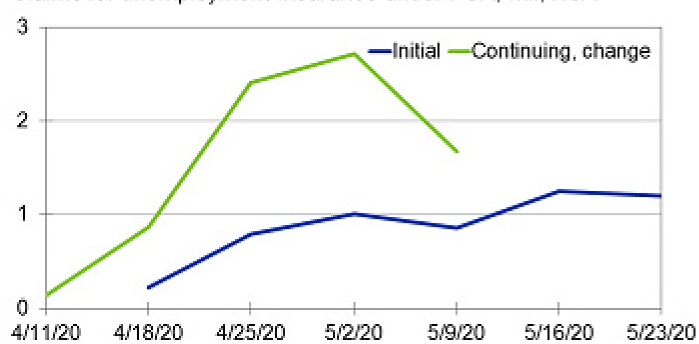
Under normal circumstances, the analysis of these trends is ripe with anomalies and false signals from week to week, and with the introduction of PUA it has gotten even more complicated. There was a time lag between when the CARES Act was passed, which created the PUA program, and when states were ready to begin accepting applications for PUA. As of today, there are still states that have not processed any claims under the PUA program. States have also gone about implementing the new program in essentially three different ways:

1. Some states are requiring impacted workers to file a regular state claim first, and once denied regular benefits the applicant can then file a PUA claim.
2. Other states are also requiring impacted workers to file a regular state claim first, but are proactively screening applications and directing them into PUA when necessary, without the worker filing an additional application.
3. Finally, some states do not have a strict procedure in place; workers can either file for PUA directly or first file a regular claim.

Because of these varying approaches, the typical relationship between initial and continuing claims does not necessarily hold, as evidenced by the PUA data in isolation.

PUA Claims Data Add to Confusion

Claims for unemployment insurance under PUA, mil, NSA

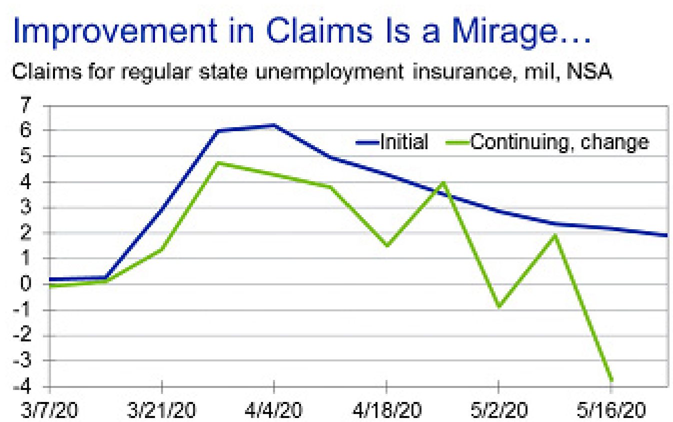


Sources: Department of Labor, Moody's Analytics

The weekly change in the number of continuing claims under PUA has far outpaced what seems possible given the number of initial claims that have been filed. In each of the four weeks between April 18 and May 9 the additional continuing claims filed outpaced the new initial claims that were filed in the same week. The only reasonable explanation for this relates to the second method with which states are handling PUA claims. This implies that a large share of workers were filing initial claims for regular state benefits and then being rerouted into the PUA program without ever having to file a separate initial claim.

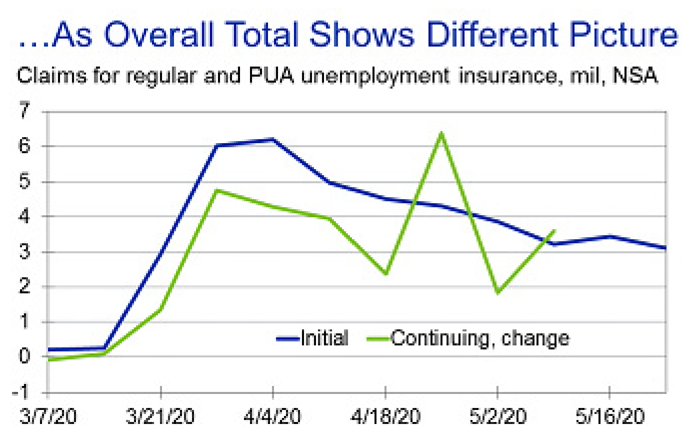
Distorting the trends

This pattern will also distort the trends in the traditional UI claims data since a large group of workers are likely showing up in initial claims, but never materializing into continuing claims as they shift into the PUA program. If regular state claims are viewed in isolation, there seems to be significant labor market improvement in recent weeks.



Sources: Department of Labor, Moody's Analytics

Continuing claims for regular state benefits have declined in two of the most recent three weeks where data are available. A nearly 4 million decrease in the week ended May 16 would seem to signal significant improvement in the labor market, as the likeliest explanation would be that millions of workers were returning to their jobs. However, combining regular claims and PUA claims tells a different story.



Sources: Department of Labor, Moody's Analytics

The recent ramping up of claims under the PUA program has kept changes in continuing claims for regular state benefits and PUA benefits in firmly positive territory—although combined data are not yet available for the week ended May 16. The combined data also highlight the issues with the inconsistent application and reporting of PUA claims by state.

As reported, in the week ended April 25 there were 4.3 million combined initial claims, while continuing claims in both programs rose by nearly 6.4 million in the same week. Under normal circumstances this would seem impossible, but it is likely the result of a delay in moving applicants into the PUA program. Applicants showing up with a new continuing claim in the week ended April 25 likely filed a regular state UI claim in the preceding weeks, but their claims were on hold until states got their new PUA processes in place.

Not the whole story

To the extent that states force workers to apply for regular benefits before being eligible to apply under the PUA program, initial claims in regular state programs will be overstated relative to the number of continuing claims that persist. Further, the presumed redirecting of applications for regular state benefits into the PUA program in some states will exacerbate the issue.

Looking only at the relationship between initial and continuing claims for regular state benefits will not tell the whole story, as the implementation of PUA has intertwined the two programs in many states. Therefore, a more holistic view of the two programs in combination is preferred. Unfortunately, continuing claims under the PUA program are released on a two-week lag—as opposed to the one-week lag for regular state claims—so determining whether there was a significant decline in combined continuing claims for the week ended May 16 will have to wait until Thursday.

Next week

The key data will be the NFIB small business optimism index, wholesale trade, consumer price index, producer price index, initial jobless claims, import prices, and the University of Michigan consumer sentiment survey. The Federal Open Market Committee will also meet.

EUROPE

By Barbara Teixeira Araujo of Moody's Analytics

Euro Zone GDP Likely Plunged 3.8% in First Quarter

Next week will bring the much-awaited third estimate of the euro zone's first quarter GDP. We expect the numbers to confirm that activity plunged by 3.8% q/q in the three months to March after a 0.1% rise in the previous quarter, owing to the disruptions caused by the COVID-19 lockdown measures. However, these figures are prone to future revisions, as they are based on an unusual amount of estimated data—large swathes of the economy were closed during the second half of March, severely disrupting data collection. Notably, we think that Italy's preliminary results—which show a 5.3% q/q decline in GDP—will be revised lower, and so will Spain's 5.2% fall. France's, by contrast, should be revised a bit higher to show a decline of a little less than 5% q/q.

The main focus will nonetheless be on the breakdown of growth. We expect the details will show that domestic demand dragged on the headline the most. Consumer spending likely nosedived, as nonessential retail shops were closed; restaurants, cafes and leisure facilities were shuttered; and public gatherings were banned. Spending on food products should have increased as households rushed to stockpile and were forced to eat all their meals at home, but this isn't expected to offset the weakness elsewhere. Further, we expect that a plunge in fuel consumption, since households had no use for their cars, fully offset any increase in home electricity.

Investment also likely withered, and at a sharper rate than consumer spending. Investment usually falls sharply during an economic crisis, since uncertainty causes firms and households to postpone all major purchases and projects. We thus expect that investment in manufacturing products, services and construction plunged during the quarter. The construction numbers will be uneven across countries, as some governments shut building sites while others didn't. Notably, the German preliminary numbers showed that construction investment actually rose over the quarter in the country.

Regarding net trade, we expect that exports and imports plummeted over the quarter as international trade dried up. Domestic demand has fallen not only in the currency area (hurting imports) but also across all other world economies (denting exports), while supply-chain disruptions due to border and factory closures only added to the gloom, disrupting trade flows. In the end, we think the extent of the fall in exports will be fairly similar to that in imports, which should lead net trade to make a meaningless contribution to growth.

We are expecting a 13.1% q/q plunge in GDP in the second quarter, as countries remained in lockdown for the whole of April and some for a large part of May as well. The main risk to our forecast lies with the manufacturing results. For 2020 as a whole, we are penciling in a 7.4% decline.

Industrial production figures for April are also scheduled for release next week, and we expect them to be awful. While most countries didn't enforce factory closures as a part of COVID-19-related restrictions, several factories still shut their doors across the euro zone in April. This was mainly due to a drop in overall demand by firms, households and external partners—car production, for instance, fell by almost 100% as consumers' demand for big ticket items fell off a cliff. Pandemic concerns were also a part of the reason why some plants decided to close. We are penciling in a 15% m/m decline in production in the currency area, with the decline in France expected to be exceptionally bad.

In the U.K., next week will bring the monthly GDP figures for April. We expect them to show that activity fell by 19% m/m over the month, building on a 5.8% decline in March. All sectors of the economy likely recorded drops in output, though the services sector should have dragged the most. The tourism and hospitality industry will be especially hard hit, but activity in most all other services subsectors is expected to have plummeted as well since consumers were confined at home and as several firms shut their doors. The U.K. is expected to be one of European countries hardest hit by the COVID-19 crisis in the second quarter, as it was one of the last to start releasing lockdown measures due to the high amount of infections and deaths.

	Key indicators	Units	Moody's Analytics	Last
Mon @ 8:00 a.m.	Germany: Industrial Production for April	% change	-17.0	-9.2
Tues @ 10:00 a.m.	Euro Zone: GDP for Q1	% change	-3.8	0.1
Wed @ 8:45 a.m.	France: Industrial Production for April	% change	-18.0	-16.2
Thur @ 10:00 a.m.	Italy: Industrial Production for April	% change	-13.8	-28.4
Thur @ 2:00 p.m.	Russia: Foreign Trade for April	$ bil	9.1	9.3
Fri @ 7:45 a.m.	France: Consumer Price Index for May	% change yr ago	0.2	0.4
Fri @ 8:00 a.m.	Spain: Consumer Price Index for May	% change yr ago	-1.0	-0.7
Fri @ 9:30 a.m.	U.K.: Monthly GDP for April	% change	-19.0	-5.8
Fri @ 10:00 a.m.	Euro Zone: Industrial Production for April	% change	-15.0	-11.3

ASIA-PACIFIC

By Shahana Mukherjee of Moody's Analytics

Pandemic Restrictions Darken the Outlook for China Trade

We expect China's May trade figures to show that exports declined by 6.5% on a yearly basis, following a 3.5% increase in April. Imports are expected to have contracted by 8.5% on a yearly basis, following a 14.2% decline in April. The grim outlook for China's trade comes against the backdrop of extended restrictions that were in force across most parts of Europe and the U.S. because of the COVID-19 pandemic. With the internal outbreak intensifying in large economies such as Russia and India, the curtailment in global production was likely more pronounced in May, even though the lifting of restrictions in Japan and Australia will partially offset some of this decline.

China's exports unexpectedly rose by 3.5% in April, following a 12.1% plunge in March, as factories resumed production and exporters benefitted from a surge in demand for medical equipment, traditional medicine, textiles for masks, and possibly, increased clearance of back orders. While domestic production continues to stabilize, with the manufacturing PMI at 50.6 in May, soft labour market conditions and subdued spending in most Western economies are expected to prevent a quick turnaround in overseas demand before the September quarter.

We expect South Korea's unemployment rate rose to 3.9% in May from 3.8% in April. The pandemic and the containment measures have severely impacted South Korea's labour market, as the unemployment rate rose sharply from 3.3% in February. Even though the jobless rate remained unchanged in April, the month recorded the highest number of job losses in two decades, at nearly 476,000. With the economy having contracted by 1.4% in the March quarter and trade-reliant industries continuing to suffer in April with a 23.7% yearly plunge in exports, the downside risk from the slump in overseas demand is expected to sustain the pressure on the fragile labour market.

We expect India's industrial production declined by 28% on a yearly basis in April, following a 16.7% decline in March. India was under a nationwide lockdown through April, and we expect this to have curtailed a significant share of total production. Industrial production in March declined sharply as a result of a decline in aggregate demand and supply disruptions. April, however, will clearly reflect the effects of the domestic lockdown imposed to contain the internal spread of the virus.

	Key indicators	Units	Moody's Analytics	Confidence	Risk	Last
Mon @ 10:00 a.m.	China Trade for May	US$bil	40.0	2	⬇	45.30
Wed @ 09:00 a.m.	South Korea Unemployment for May	%	3.9	3	⬆	3.8
Wed @ 09:50 a.m.	Japan Machinery Orders for April	% change	-0.6	2	⬇	-0.4
Wed @ 11:30 a.m.	China Producer Price Index for May	% change yr ago	-2.20	3	⬇	-3.10
Wed @ 11:30 a.m.	China CPI for May	% change yr ago	2.8	3	⬆	3.3
Fri @ 10:00 p.m.	India Industrial Production for April	% change yr ago	-28.0	3	⬇	-16.7
Fri @ 10:00 p.m.	India CPI for April	% change yr ago	5.5	3	⬇	5.8

The Long View

Recent corporate bond yield spreads reflect expectations of an unfolding business cycle upturn.

By John Lonski, Chief Economist, Moody's Capital Markets Research Group
June 4, 2020

CREDIT SPREADS

As measured by Moody's long-term average corporate bond yield, the recent investment grade corporate bond yield spread of 158 basis points far exceeded its 122-point mean of the two previous economic recoveries. This spread may be no wider than 150 bp by year-end 2020.

The recent high-yield bond spread of 659 bp is thinner than what is suggested by the accompanying long-term Baa industrial company bond yield spread of 252 bp and the recent VIX of 25.9 points. The latter has been statistically associated with a 720-bp midpoint for the high-yield bond spread.

DEFAULTS

April 2020's U.S. high-yield default rate of 5.4% was up from April 2019's 2.8% and may approximate 13.3% by 2021's first quarter.

US CORPORATE BOND ISSUANCE

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

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

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

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

First-quarter 2020's worldwide offerings of corporate bonds revealed annual advances of 17.7% for IG and 26.5% for high-yield, wherein US$-denominated offerings increased by 43.7% for IG and grew by 21.4% for high yield.

For 2019, worldwide corporate bond offerings grew by 5.4% annually (to $2.447 trillion) for IG and advanced by 49.2% for high yield (to $561 billion). The projected annual percent changes for 2020's worldwide corporate bond offerings are a 2.6% rise for IG and a 16.2% drop for high yield.

US ECONOMIC OUTLOOK

An unfolding global recession will rein in Treasury bond yields. As long as the global economy operates below trend, the 10-year Treasury yield may not remain above 1.25% for long. Until COVID-19 risks fade, substantially wider credit spreads are possible.

EUROPE

By Olga Kuranova of Moody's Analytics
June 4, 2020

RUSSIA

Russia entered the COVID-19 pandemic with sizable financial reserves designed to help the economy ride out periods of low oil prices, but not two concurrent crises. The economy had been moving at a snail's pace since 2017 following a recession, the annexation of Crimea, implementation of Western sanctions, and rounds of austerity measures. Running a tight ship in a favorable oil price environment helped the nation build up its National Welfare Fund, which amounted to 11% of GDP in April, as well as move to a floating exchange rate and calibrate its fiscal rule to balance the budget at a lower oil price point.

Because foreign investors remained wary of growing political unrest and tepid growth, President Vladimir Putin rolled out a public investment initiative called the National Projects, but administrative issues set the ambitious plans back. In 2019 the budget for these projects was underspent, and Russia recorded larger budget surpluses than planned for a second year in a row.

As the calendar switched to 2020, Russia looked to be making progress. Industrial production was propped up by efforts to accelerate spending on the National Projects. Consumers were coming into their own with real wages bouncing back. Russia's yearly GDP growth was expected to print at 2%, an improvement on 2019 growth.

The outbreak of COVID-19 and the slump of oil prices threw a spanner in the works. As of June 3, Russia's total confirmed cases rank third globally, with Moscow and the surrounding region making up about 55% of all national coronavirus infections. Many restrictions were lifted on May 12, but Moscow, which was under a lockdown more severe than those imposed on New York and London, had its restrictions eased only on June 1.

Double trouble

Hit by the double whammy of extraordinary measures to contain COVID-19 and oil hitting a low of below $20 per barrel, Russia's GDP contracted by 12% y/y in April, and economic activity was down by almost a third compared with March. April's employment data revealed that 800,000 workers were newly unemployed, the largest single-month surge on record. Although in some ways Russia was better prepared for these shocks than other economies, with a sizable rainy-day fund, low government and corporate foreign debt and undersize exposure to tourism, the nation will not emerge unscathed.

The OPEC+ agreement that Russia balked at in March has now been reinstated, with an agreed cut in oil production of about 9.7 million barrels per day. However, oil prices below Russia's break-even point of $42 per barrel will undermine the nation's budget, run up debt, and limit savings for the National Wealth Fund. In 2019, the Russian budget derived 39% of its revenue through taxes on oil and gas. Those revenues will drop significantly this year, though the Russian Finance Ministry said it would use reserves from the National Wealth Fund to make up the difference. This means that Russia will also be ill-equipped to offer the sort of crisis response programs provided in the West.

Export-driven sectors are holding up, with smaller than expected declines in resource extraction, but a major obstacle to the outlook is oil prices. Natural resource extraction declined by 3.2% y/y in April. Energy commodities—including crude oil, refined products and natural gas—make up about 85% of total Russian merchandise exports by value. As a result, exports cannot recover until global oil prices rise.

Virus takes hold

Though less reliant on consumer industries and tourism, Russia is still weathering a sharp recession as the outbreak shocks both supply and demand. Firms are being hurt by the slump in aggregate demand, by lockdowns inhibiting residents from working, and by the breakdown of global supply chains and transportation networks. Small businesses are particularly vulnerable, since they often have a smaller cash reserve. The likelihood of large-scale corporate bankruptcies is rising.

Russia's consumer services have been hit the hardest. Although tourism is a smaller part of the Russian economy than elsewhere, the industry is experiencing an outsize hit. Tour cancellations in the first quarter of 2020 due to border closures with China amounted to $100 million in losses, and Moscow's accommodation industry reported its worst month on record in April as hotel occupancy rates, usually at around 75% in the capital, plunged to an average of 8%. April's data for retail sales show a yearly decline exceeding any other on record. More than a third of retail businesses have closed, and industry incomes are down 25%. Consumers are still shopping for food, but sales fell compared with how much people stocked up in March, and the Russian economy will need further stimulus if retail sales remain this low.

Manufacturing output slumped in April, dragging overall industrial production down with it. Consumer-driven segments and especially auto production were pummeled, with year-ago losses of up to 60%. The pandemic caused an unprecedented collapse in the nation's PMI, with the indicator down to 31.3 in April as the full weight of the double blows struck home. Plummeting external demand, struggling household incomes, and possible redistribution of state spending will weigh on the industrial recovery in the second half of the year.

The financial stress of small businesses, which employ around 25% of Russia's workforce, makes the economy more vulnerable. Small and medium-sized enterprises are a critical part of the service, hospitality and retail sectors, which are major employers in larger cities. Most of the support in Russia's stimulus package is aimed at helping large corporations and hardest-hit industries, while small businesses are still waiting for a sufficient economic lifeline.

Demographic downside

Russia's unique demographic challenges place it in the line of fire. The nation's natural population has been steadily declining since the 1990s. Combined with a persistent outflow of educated young residents, demographics are skewing older and tax revenue forecasts are looking bleaker. Without financial stimulus that helps young workers avoid dire straits during the pandemic, prospects of a painful economic recovery will drive up out-migration, thinning the ranks of working-age residents and increasing the tax burden.

Moscow, by far the largest point of entry in Russia and most densely populated city, was first to feel the impacts of the coronavirus. But though it is the hardest hit, the city is also home to the nation's best healthcare facilities and highest-paid jobs. As the pandemic moves quickly beyond large cities, it will deal a disproportionate blow to rural areas, where populations are older and more financially vulnerable and the healthcare systems are not as robust.

In the deep end

As Russia's infection rates climbed, the government began rolling out its stimulus package but has been unwilling to tap the National Welfare Fund, previously earmarked to counteract a shortfall in the budget caused by the oil price slump. The Ministry of Finance will use some money from the National Welfare Fund to pay for the stimulus, but it intends to keep this spending to a minimum, instead opting to raise money in debt on the domestic bond market. Generally speaking, the crisis response has been modest, totaling just 2.8% of GDP at first before being upped to 3.5% of GDP in May. An expansion to the package is in the works.

For now, the majority of support in the two packages is offered to businesses in the most-affected sectors, which are able to access interest-free loans to cover a part of every employee's salary. Other measures include a six-month deferral of rental and tax payments. These options so far exclude firms outside of the designated "affected industries", and the maximum loan amount is capped at the equivalent of a single minimum wage payment a month, which in cities like St. Petersburg and Moscow is nowhere near enough to survive.

The Russian government has recently green-lighted checks for low-income families with children. But even with the fiscal stress that follows a period of low oil prices, there is still space to increase support.

Russia's central bank has signaled its intention to ease monetary policy to 4.5% to 5% from the current 5.5%. It has also engaged in selling foreign currency to support the ruble as oil prices slumped and has eased some banking regulations to facilitate lending to critical industries such as producers of pharmaceuticals and medical equipment.

With the total number of unemployed people at a staggering 4.3 million already and only modest economic measures taken to battle the consequences, the outlook is growing dim. The preliminary forecast for GDP suggests that the pandemic will reduce it by at least 7% in 2020. Without a significant increase to the stimulus package that covers businesses outside of "affected industries," Russia faces a strenuous recovery.

ASIA PACIFIC

By Shahana Mukherjee of Moody's Analytics
June 4, 2020

AUSTRALIA

The COVID-19 pandemic has eroded growth prospects across the Asia-Pacific region, and Australia is no exception. The Australian economy contracted in the March quarter, as seasonally adjusted real GDP fell by 0.3% on a quarterly basis, following a 0.5% expansion in the prior quarter. The contraction was marked by significant declines in private household consumption and investment, which fell by 1.1% and 0.8%, respectively, while exports continued to drag on growth, declining by 3.5%. A lift in government spending was the only redeeming factor, which partially offset the net decline. This marks the first quarterly decline in nine years, and annual growth is down to 1.4%, the slowest pace since September 2009. Chances are greater that the economy will slip into a technical recession for the first time in 30 years.

A combination of unfavourable factors shaped Australia's economic performance. On the one side, the economy was hit by prolonged drought and one of the worst bushfire seasons in recent history. Adding to this was the COVID-19 outbreak, which led to restrictions since March, with hotels, restaurants and various services-oriented industries bearing the brunt from large-scale closures. The impact on the labour market is significant, as nearly 600,000 jobs were wiped out in April and the unemployment rate soared to 6.2% from 5.2% in March.

Immediate challenge

The most immediate economic challenge stems from weakened employment prospects, which are unlikely to materially improve in the near term because the uncertainty in current conditions has forced households into a retreat. This was evident in the March quarter, as households saved more—the savings ratio rose to 5.5% from 3.5% in the prior quarter—and discretionary spending fell by the largest margin of 3.9% on a quarterly basis. Further, the uncertainty in the near-term outlook may also discourage investment decisions, signs of which are already visible, as house prices have started to weaken in varying degrees across Australia.

Australia's net trade supported national output this quarter, consistent with our expectations. However, this resulted from a sharper decline in imports, rather than an improved exports' position. While Australia's March exports defied the global trend, rising by 7.4% on a yearly basis on the back of a surge in nonmonetary gold exports and recovering production in China, the downside forces from shutdowns in the U.S., Europe, Japan and India have strengthened since then and expectedly reversed the uptick; exports declined by a sharp 6.5% in April.

The outlook for Australia's economy hinges on various factors. On the one side, while dwindling domestic infections and parts of the economy easing restrictions are key positive developments that will help revive consumption and employment, a notable deterioration in employment and subdued household spending, as reflected by a record 17.7% monthly decline in retail sales in April, will prevent a quick rebound, or a V-shaped recovery.

Pace of recovery uncertain

Further, the timing as well as the pace of a global economic recovery, which will be delayed further considering Russia's and India's current internal spread, remains uncertain. Moreover, Australia's dependence on higher education services as a chief export item continues to accrue significant losses and will deepen the downturn.

Finally, a rise in geopolitical tensions could amplify the downside risks through trade and investment. An escalation in bilateral tensions with China, the effects of which will be reflected in Australia's May trade, poses a potentially significant medium-term risk to bilateral engagement. This is uncharted territory and considering the recent deterioration in U.S.-China ties, a further escalation can result in restrictions on a larger set of Australian resources or attract retaliation. This is a non-negligible risk and one can exacerbate the uncertainties facing the economy. Moreover, if sustained frictions between the U.S. and China culminate with another trade war, the ramifications for Australia's heavily export-reliant mining industry will be significant.

Policymakers have pulled out all stops to counter the contractionary forces and have partially offset the slowdown seen in March. However, the aftereffects from the COVID-19 shock and the containment measures will be reflected in the June quarter performance and are well set to bring an end to the economy's record growth streak.

Ratings Round-Up

Credit Quality Deterioration Unprecedented

By Steven Shields

The deterioration in corporate credit quality since the global outbreak of COVID-19 has been unprecedented. For the week ended June 2, downgrades accounted for 22 of 23 U.S. rating changes. The airline sector headlined the slew of downgrades for this latest period. Since March, the outlook for the sector has worsened, reflecting the greater severity and duration of the pandemic than first expected. The passenger airline industry is one of the sectors most significantly affected by the shock given its exposure to travel restrictions and sensitivity to consumer demand and sentiment. Moody's Investors Service has downgraded 13 airlines since May 22 while 22 airlines have been placed on review since March.

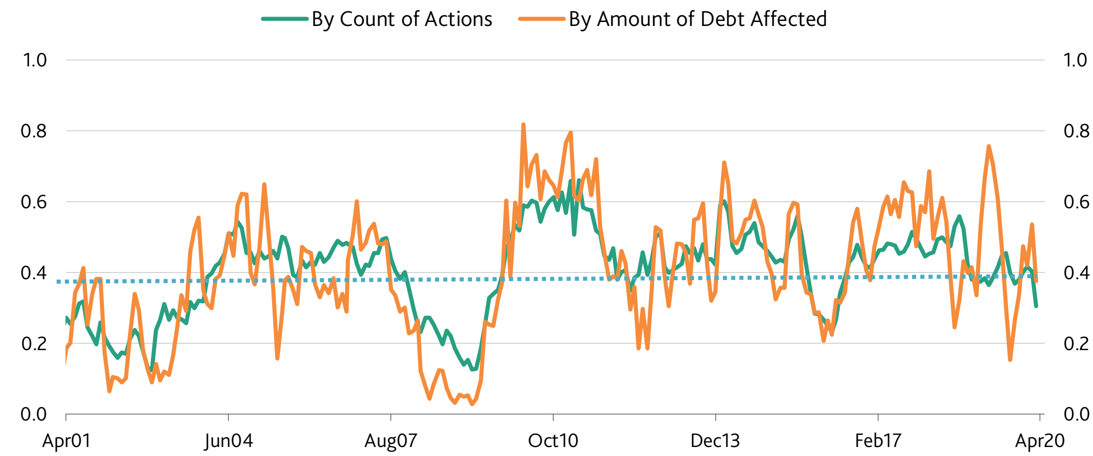
On May 28, Moody's Investors Service downgraded all of its rating of American Airlines Group Inc. with its senior secured debt rating falling two notches from Ba3 to Ba1. The downgrades to American Airlines affected approximately $13.2 billion in outstanding debt. Moody's also downgraded United Airlines Inc.'s and JetBlue Airways Corp.'s senior secured ratings to Ba1 from Baa3 in the period. The outlooks on all three airlines were changed to negative, reflecting the potential for greater than already anticipated impacts of the coronavirus, which would consume more of their liquidity and delay the pace and scope of the recovery in demand. The risks remain elevated and the severity and duration of the pandemic and travel restrictions also remain highly uncertain, particularly given the threat of an increase in the number of infections as social distancing practices ease in upcoming weeks. Moody's expects the airline industry will remain deeply constrained in 2020 and 2021 and will not recover 2019 passenger volumes until 2023 at the earliest.

European rating activity was limited in the reference period with all changes confined to credit downgrades. Moody's lowered Renault S.A.'s corporate family rating to Ba2 from Ba1 and the ratings on its senior unsecured notes to Ba2 from Ba1. The downgrade of Renault's ratings to Ba2 reflects Moody's view that the downturn brought on by the coronavirus will cause a pronounced weakening in Renault's credit metrics. According to the report, Moody's expects that during 2020 Renault's adjusted EBITA margin could fall below -3%, compared with an already very weak 0.8% in 2019. Meanwhile British airline EasyJet PLC was downgraded to Ba3 from Ba2 with the change impacting $1.5 billion in senior unsecured bonds. The worsened outlook reflects the high likelihood that the company will incur substantially increased debt during the coronavirus pandemic and is unlikely to fully repair its balance sheet in the next two to three years.

Ratings Round-Up

FIGURE 1

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

Ratings Round-Up

FIGURE 3

Rating Changes: Corporate & Financial Institutions – US

Date	Company	Sector	Rating	Amount ($ Million)	Up/ Down	Old LTD Rating	New LTD Rating	IG/SG
5/27/20	FIRSTENERGY CORP. -JERSEY CENTRAL POWER & LIGHT COMPANY	Utility	SrUnsec/LTIR	1,727	U	Baa1	A3	IG
5/27/20	THE OCTAVE MUSIC GROUP, INC.	Industrial	SrSec/BCF/LTCFR/PDR		D	B2	B3	SG
5/27/20	JMC ACQUISITION CORP. -SAFETY PRODUCTS/JHC ACQUISITION CORP.	Industrial	SrSec/BCF/LTCFR/PDR		D	B2	B3	SG
5/28/20	AMERICAN AIRLINES GROUP INC.	Industrial	SrSec/BCF/LTCFR/PDR	13,123	D	Ba1	Ba3	SG
5/28/20	UNITED AIRLINES HOLDINGS, INC. -UNITED AIRLINES, INC.	Industrial	SrSec/BCF		D	Baa3	Ba1	IG
5/28/20	CBL & ASSOCIATES PROPERTIES, INC. -CBL & ASSOCIATES LIMITED PARTNERSHIP	Industrial	SrUnsec/LTCFR	1,375	D	Caa3	C	SG
5/28/20	TUPPERWARE BRANDS CORPORATION	Industrial	SrUnsec/BCF /LTCFR/PDR	600	D	Caa2	Ca	SG
5/28/20	JETBLUE AIRWAYS CORP.	Industrial	SrSec/BCF/LTCFR/PDR		D	Baa3	Ba1	IG
5/28/20	HAWAIIAN HOLDINGS, INC.	Industrial	LTCFR/PDR	445	D	Ba3	B1	SG
5/28/20	WASHINGTON PRIME GROUP INC.	Industrial	SrUnsec/LTCFR/PS	945	D	Caa1	Caa3	SG
5/29/20	SEMPRA ENERGY -SOUTHERN CALIFORNIA GAS COMPANY	Utility	SrSec/SrUnsec/PS	4,485	D	Aa2	Aa3	SG
5/29/20	DOWNSTREAM DEVELOPMENT AUTHORITY	Industrial	SrSec/LTCFR/PDR	270	D	B3	Caa3	SG
5/29/20	TAILORED BRANDS, INC. -MEN'S WEARHOUSE, INC. (THE)	Industrial	SrUnsec/SrSec /BCF/LTCFR/PDR	472	D	Caa2	Ca	SG
5/29/20	HERTZ GLOBAL HOLDINGS, INC. -HERTZ CORPORATION (THE)	Industrial	SrSec/SrUnsec /BCF/LTCFR/PDR	6,128	D	Caa2	Caa3	SG
5/29/20	ENC HOLDING CORPORATION	Industrial	SrSec/BCF		D	B3	Caa1	SG
5/29/20	YAK ACCESS, LLC	Industrial	SrSec/BCF/LTCFR/PDR		D	Caa1	Caa2	SG
6/1/20	LIBBEY INC.-LIBBEY GLASS INC.	Industrial	SrSec/BCF/LTCFR/PDR		D	Caa2	Ca	SG
6/1/20	RALPH LAUREN CORPORATION	Industrial	SrUnsec/CP	700	D	A2	A3	IG
6/1/20	BEACON ROOFING SUPPLY, INC.	Industrial	SrSec/SrUnsec /BCF/LTCFR/PDR	1,600	D	B1	B2	SG
6/1/20	BUENA VISTA GAMING AUTHORITY	Industrial	SrSec/LTCFR/PDR	205	D	Caa2	Caa3	SG
6/1/20	MAXIM CRANE WORKS HOLDINGS CAPITAL, LLC	Industrial	SrSec/LTCFR/PDR	545	D	B3	Caa1	SG
6/1/20	HELIX ACQUISITION HOLDINGS, INC.	Industrial	SrSec/BCF/LTCFRT/PDR		D	B2	B3	SG
6/2/20	TRIPOLIS HOLDINGS SARL -BIOPLAN USA, INC.	Industrial	SrSec/BCF/LTCFR/PDR		D	Caa2	Caa3	SG

Source: Moody's

Ratings Round-Up

FIGURE 4
Rating Changes: Corporate & Financial Institutions – Europe

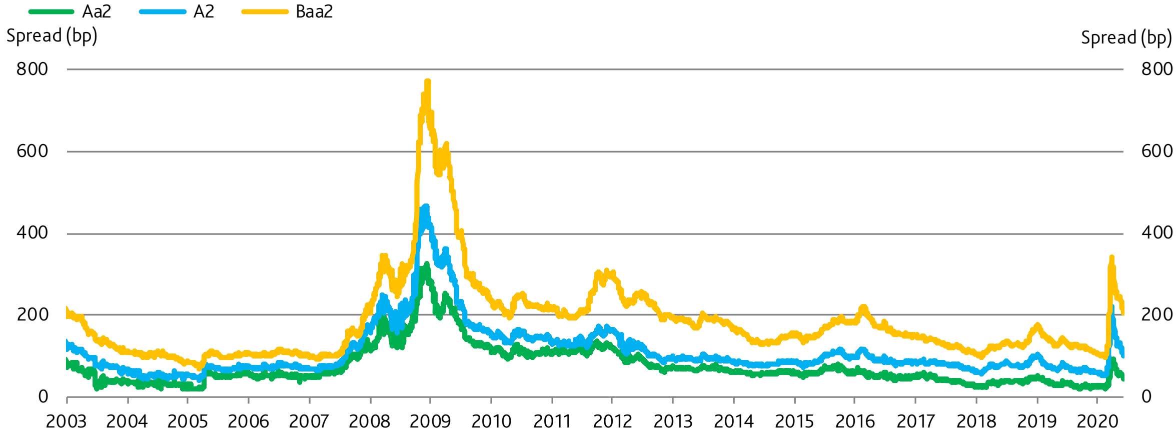
Date	Company	Sector	Rating	Amount ($ Million)	Up/ Down	Old LTD Rating	New LTD Rating	IG/SG	Country
5/28/20	RENAULT S.A.	Industrial	SrUnsec/LTCFR /PDR/MTN	5,506	D	Ba1	Ba2	SG	FRANCE
5/28/20	EASYJET PLC	Industrial	SrUnsec/LTIR/MTN	1,669	D	Baa2	Baa3	IG	UNITED KINGDOM
5/28/20	INTERNATIONAL CONSOLIDATED AIRLINES GROUP, S.A.	Industrial	SrUnsec	1,112	D	Baa3	Ba2	IG	SPAIN
5/29/20	TECHNICOLOR S.A.	Industrial	SrSec/BCF /LTCFR/PDR		D	Caa2	Caa3	SG	FRANCE
6/1/20	INTERGEN N.V.	Utility	SrSec	966	D	Ba3	B1	SG	UNITED KINGDOM
6/2/20	COVESTRO AG	Industrial	SrUnsec/LTIR/MTN	1,112	D	Baa1	Baa2	IG	GERMANY

Source: Moody's

Market Data

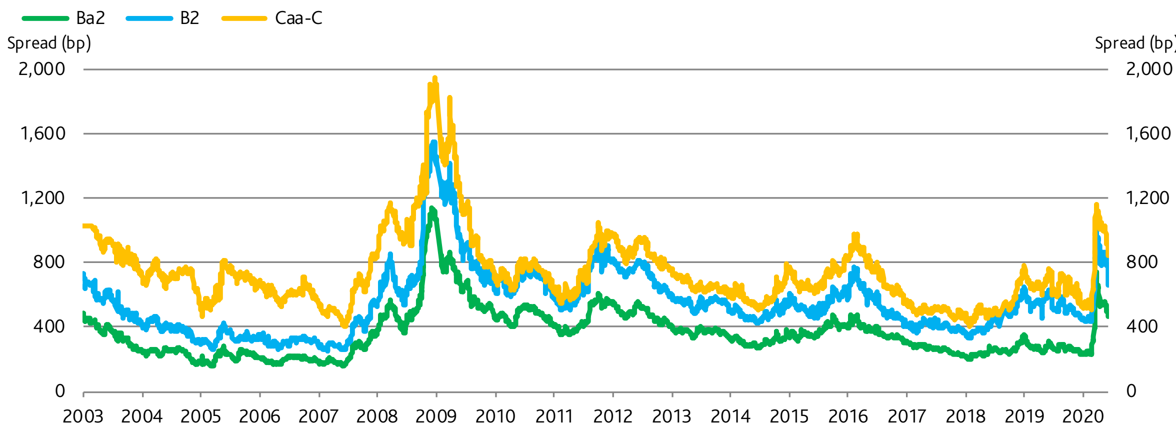
Spreads

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



Source: Moody's

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



Source: Moody's

Market Data

CDS Movers

Figure 3. CDS Movers - US (May 27, 2020 – June 3, 2020)

CDS Implied Rating Rises	CDS Implied Ratings		
Issuer	Jun. 3	May. 27	Senior Ratings
JPMorgan Chase & Co.	A2	Baa1	A2
Bank of America Corporation	A2	Baa1	A2
JPMorgan Chase Bank, N.A.	Aa3	A2	Aa2
Morgan Stanley	A3	Baa2	A3
Ball Corporation	A3	Baa2	Ba1
Carnival Corporation	Caa1	Caa3	Ba1
SunTrust Banks, Inc.	A3	Baa2	A3
CIT Group Inc.	Ba2	B1	Ba1
Bear Stearns Companies LLC. (The)	Aa3	A2	A2
Citigroup Inc.	Baa1	Baa2	A3

CDS Implied Rating Declines	CDS Implied Ratings		
Issuer	Jun. 3	May. 27	Senior Ratings
Toyota Motor Credit Corporation	A2	Aa3	A1
Williams Companies, Inc. (The)	A3	A1	Baa3
SL Green Realty Corp.	Ba2	Baa3	Baa3
Philip Morris International Inc.	A3	A2	A2
Charles Schwab Corporation (The)	Aa3	Aa2	A2
Kinder Morgan Energy Partners, L.P.	Aa3	Aa2	Baa2
Conagra Brands, Inc.	Aa2	Aa1	Baa3
Kroger Co. (The)	Aa1	Aaa	Baa1
Tyson Foods, Inc.	Aa2	Aa1	Baa2
NIKE, Inc.	Baa3	Baa2	A1

CDS Spread Increases		CDS Spreads		
Issuer	Senior Ratings	Jun. 3	May. 27	Spread Diff
Chesapeake Energy Corporation	C	46,693	32,485	14,208
SL Green Realty Corp.	Baa3	243	127	116
Delta Air Lines, Inc.	Baa3	849	763	86
Staples, Inc.	B3	1,290	1,245	45
Apache Corporation	Ba1	317	302	16
UDR, Inc.	Baa1	528	515	13
Boston Properties Limited Partnership	Baa1	86	75	11
Williams Companies, Inc. (The)	Baa3	60	52	8
Tyson Foods, Inc.	Baa2	42	35	7
El Paso Holdco LLC	Baa2	38	31	7

CDS Spread Decreases		CDS Spreads		
Issuer	Senior Ratings	Jun. 3	May. 27	Spread Diff
American Airlines Group Inc.	Caa1	2,429	3,380	-952
Nabors Industries, Inc.	B3	2,739	3,363	-624
Avis Budget Car Rental, LLC	B3	966	1,291	-325
Royal Caribbean Cruises Ltd.	Ba2	1,158	1,418	-260
United States Steel Corporation	Caa2	1,245	1,495	-250
Carnival Corporation	Ba1	692	919	-227
Realogy Group LLC	Caa1	713	933	-219
K. Hovnanian Enterprises, Inc.	Caa3	3,321	3,532	-211
United Airlines Holdings, Inc.	Ba3	1,314	1,481	-167
Pitney Bowes Inc.	B1	1,330	1,484	-154

Source: Moody's, CMA

Market Data

Figure 4. CDS Movers - Europe (May 27, 2020 – June 3, 2020)

CDS Implied Rating Rises	CDS Implied Ratings		
Issuer	Jun. 3	May. 27	Senior Ratings
ING Groep N.V.	A1	A3	Baa1
Fiat Chrysler Automobiles N.V.	Ba2	B1	Ba2
Credit Suisse AG	A3	Baa2	A1
UBS AG	Aa2	A1	Aa3
BNP Paribas	Aa3	A1	Aa3
Rabobank	Aaa	Aa1	Aa3
Societe Generale	Aa3	A1	A1
ABN AMRO Bank N.V.	Aaa	Aa1	A1
Banco Bilbao Vizcaya Argentaria, S.A.	A2	A3	A3
Banco Santander S.A. (Spain)	Aa3	A1	A2

CDS Implied Rating Declines	CDS Implied Ratings		
Issuer	Jun. 3	May. 27	Senior Ratings
ABB Ltd	A1	Aaa	A3
HSBC Holdings plc	Baa2	Baa1	A2
DZ BANK AG	A3	A2	Aa1
UniCredit Bank Austria AG	A1	Aa3	Baa1
Equinor ASA	Aa2	Aa1	Aa2
Standard Chartered Bank	A1	Aa3	A1
KBC Group N.V.	A2	A1	Baa1
British Telecommunications Plc	Baa3	Baa2	Baa2
Telia Company AB	Aa1	Aaa	Baa1
HSBC Bank plc	A2	A1	Aa3

CDS Spread Increases		CDS Spreads		
Issuer	Senior Ratings	Jun. 3	May. 27	Spread Diff
Virgin Media Finance PLC	B2	229	173	56
Hammerson Plc	Baa2	514	464	50
Pearson plc	Baa2	121	93	28
ABB Ltd	A3	49	22	27
CaixaBank, S.A.	Baa1	121	113	8
Bankia, S.A.	Baa3	122	115	7
HSBC Holdings plc	A2	73	68	5
Bankinter, S.A.	Baa1	101	96	4
Standard Chartered PLC	A2	77	74	3
KBC Group N.V.	Baa1	55	52	3

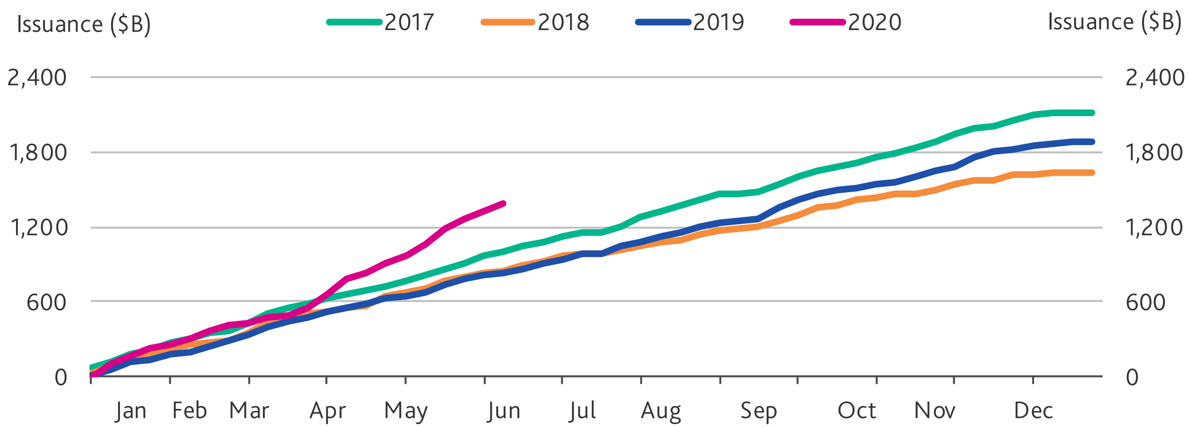
CDS Spread Decreases		CDS Spreads		
Issuer	Senior Ratings	Jun. 3	May. 27	Spread Diff
Matalan Finance plc	Caa2	4,838	8,879	-4,040
Selecta Group B.V.	Caa2	3,937	4,773	-836
PizzaExpress Financing 1 plc	C	12,664	12,908	-244
Jaguar Land Rover Automotive Plc	B1	950	1,186	-236
CMA CGM S.A.	Caa1	1,380	1,569	-189
Banca Monte dei Paschi di Siena S.p.A.	Caa1	307	436	-129
Novafives S.A.S.	Caa2	1,217	1,340	-124
Stena AB	Caa1	697	784	-87
Vue International Bidco plc	Caa2	846	922	-76
Deutsche Lufthansa Aktiengesellschaft	Ba1	293	361	-68

Source: Moody's, CMA

Market Data

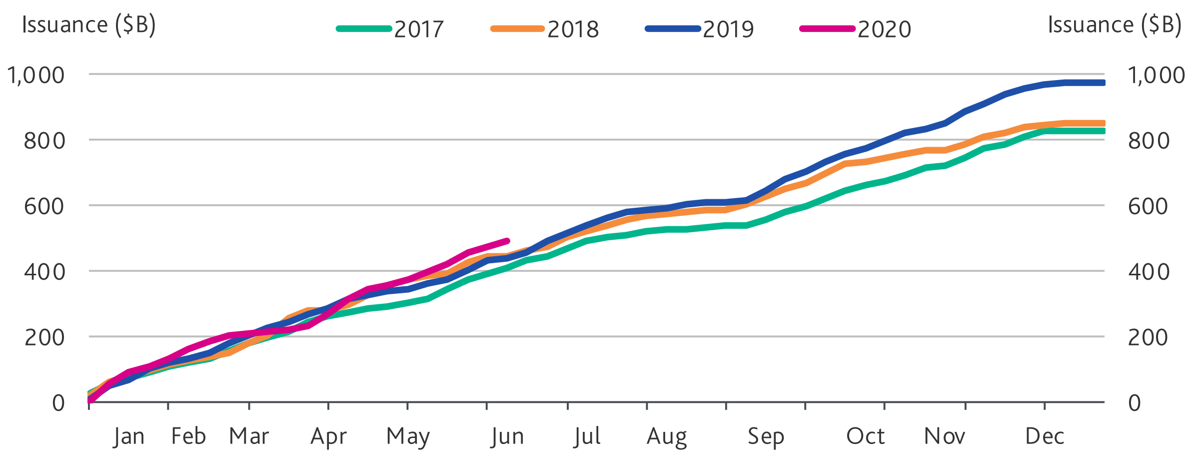
Issuance

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



Source: Moody's / Dealogic

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



Source: Moody's / Dealogic

Market Data

Figure 7. Issuance: Corporate & Financial Institutions

	USD Denominated		
	Investment-Grade	High-Yield	Total*
	Amount $B	Amount $B	Amount $B
Weekly	41.380	16.100	60.345
Year-to-Date	1,121.367	220.169	1,382.723

	Euro Denominated		
	Investment-Grade	High-Yield	Total*
	Amount $B	Amount $B	Amount $B
Weekly	17.802	1.255	19.205
Year-to-Date	440.224	43.461	494.333

* Difference represents issuance with pending ratings.

Source: Moody's/ Dealogic

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

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