Moody's ANALYTICS

WEEKLY MARKET OUTLOOK

Moody's Analytics Research

Weekly Market Outlook Contributors:

Moody's Analytics/New York:

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

Yukyung Choi
Quantitative Research

Moody's Analytics/Asia-Pacific:

Katrina Ell
Economist

Moody's Analytics/Europe:

Barbara Teixeira Araujo
Economist

Moody's Analytics/U.S.:

Ryan Sweet
Economist

Steven Shields
Economist

Editor
Reid Kanaley

Contact: help@economy.com

Speculation Powers Recent Rallies by Corporate Bonds

Credit Spreads	Investment Grade: We see the year-end 2020's average investment grade bond spread under its recent 183 basis points. High Yield: Compared with a recent 814 bp, the high-yield spread may approximate 650 bp by year-end 2020.
Defaults	US HY default rate: According to Moody's Investors Service, the U.S.' trailing 12-month high-yield default rate jumped up from March 2019's 2.7% to February 2020's 4.7% 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 18.4% for IG to \$1.551 trillion, while high-yield supply may sink by 20.7% to \$343 billion.

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

Credit Markets Review and Outlook

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

Speculation Powers Recent Rallies by Corporate Bonds

Thus far in April, earnings-sensitive financial markets have improved despite what is likely to be a wretched month for both U.S. business activity and the labor market. Apparently, investors have a great deal of confidence in the remedial powers of mass injections of monetary and fiscal stimulus. In addition, market participants sense a gradual lifting of restrictions on business activity beginning in May. Lately, markets have not been pricing in a prolonged outage of business activity in response to COVID-19's threat to public health.

Consider the course of Moody's Analytics' long-term Baa industrial company bond yield. After forming a high at the 5.60% of March 23 and ending March at 4.86%, the long-term Baa industrial yield has since eased to April 15's 4.22%. After falling from a March 20 high of 418 basis points to March 31's 354 bp, the long-term Baa industrial company bond yield spread has since narrowed to April 15's 295 bp.

Though April 15's 295 bp spread is wider than its 193 bp average of the five years ended 2019, of greater importance for corporate borrowing costs is how the accompanying 4.22% long-term Baa industrial yield is well under its 4.74% average of the five-years-ended 2019. By contrast, the average 8.83% long-term Baa industrial company bond yield of October 2008 through March 2009 was substantially above its 6.51% average of the five-years-ended 2007.

The yield for all US-dollar denominated Baa-grade corporate bonds contained in the Bloomberg/Barclays index concurs with the current trend of MA's long-term Baa-industrial yield. Barclays Baa bond yield has declined from a March 23 high of 5.43% and March 31's 4.24% to April 15's 3.38%, where the latter was noticeably less than its 3.78% average of the five-years-ended 2019.

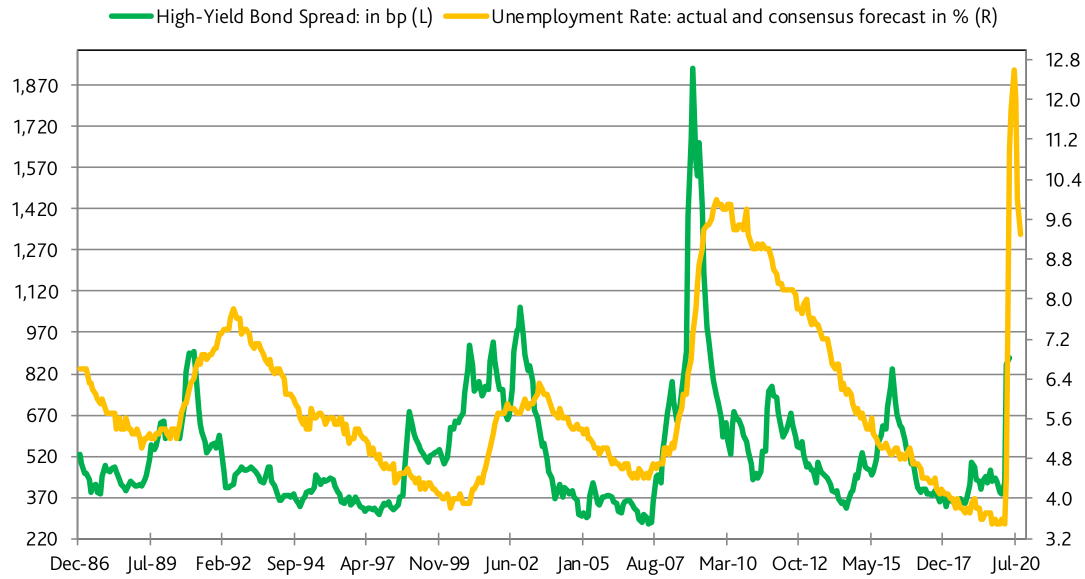
After having dropped from a March 20 high of 4.58% to March 31's 3.43%, the Bloomberg/Barclays yield for U.S.-dollar denominated investment-grade corporate bonds subsequently fell to April 15's 2.75%. The latter is less than its 3.39% average of the five-years-ended 2019. The situation was far worse during October 2008 through March 2009, or when the span's 7.93% average for the investment-grade bond yield was far above its 5.18% average of the five-years-ended 2007.

Despite how early April's Blue-Chip consensus forecast of a 4.1% annual decline by 2020's U.S. real GDP is deeper than the cumulative 2.7% drop from 2007 to 2009, thus far, the high-yield bond market has held up much better compared to the most difficult stretch of the Great Recession.

Bloomberg/Barclays' high-yield bond yield and spread both crested on March 23 at 11.69% and 1,100 bp, respectively. By the end of March, the pair had declined to 9.44% and 880 bp. But, even the 22-million first time applications for state unemployment benefits from the four-weeks-ended April 11 was not bad enough to prevent the yield and spread from easing to the 8.02% and 740 bp of April 15.

Credit Markets Review and Outlook

Figure 1: High-Yield Bond Spread May Be Sensing Only a Brief Stay by an Ultra-High Unemployment Rate
source: Blue Chip Economic Indicators, Bloomberg, BLS, Moody's Analytics



Though the high-yield bond market's average yield and spread are still far above their respective averages for the five-years-ended 2019 of 6.48% and 438 bp, the latest deterioration of the high-yield bond market has been far less severe compared to what transpired during October 2008 through March 2009. During those tumultuous six months of the Great Recession, the stratospheric 19.13% average of Barclays' speculative-grade bond yield was joined by an ultra-wide 1,581 bp average for the high-yield bond spread. The two averages towered over their respective averages for the five-years-ended 2007 of 8.20% and 394 bp, respectively.

Nevertheless, the unknown path to be taken by COVID-19 warns against concluding that the worst has passed for corporate credit. The loss of business activity to either sustained or periodic lockdowns might well exceed market expectations.

Never Before Have Forecasts Been So Far Apart

Forecasters now grapple with unprecedented uncertainties. Never before have the dispersions of projections been so wide. For now, consensus forecasts hardly constitute anything resembling a consensus. The now unrivaled gap between high and low forecasts warns investors to be prepared for the unexpected.

Consider the Blue-Chip consensus, or average, prediction of a 24.5% annualized sequential contraction by second-quarter 2020's real GDP. This average was bounded by an unheard of 24 percentage point gap between a -37% average for the 10 lowest forecasts and a -13% average for the 10 highest projections.

The Blue Chip consensus calls for a 4.1% annual drop by calendar-year 2020's real GDP. However, the projection is bounded by a very wide gap of 8.5 percentage points between the -7.4% average for the 10 lowest forecasts and a -1.1% average for the 10 highest forecasts.

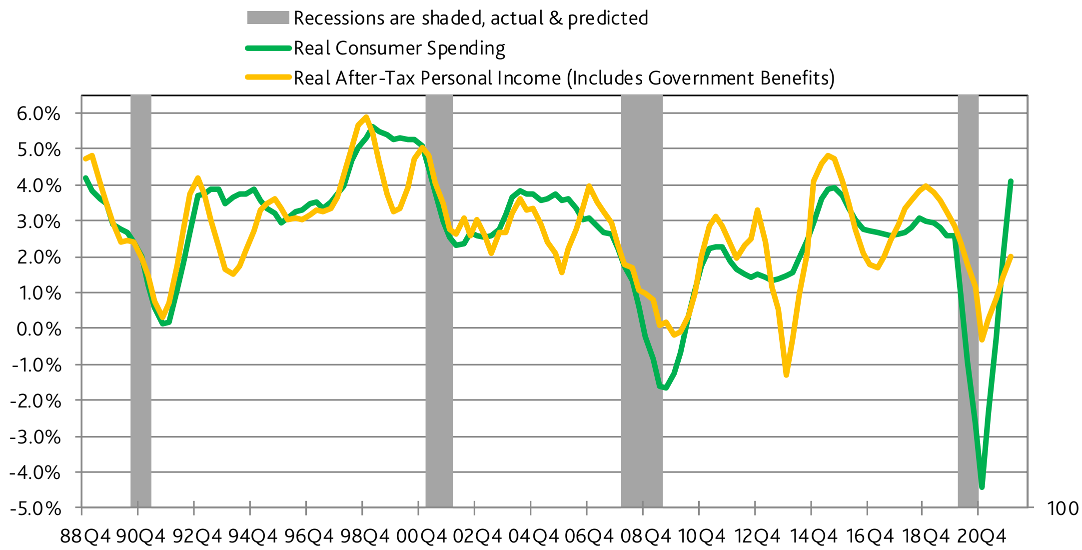
Ordinarily, the more distant the forecast, the wider is the dispersion between the low and high forecasts. However, partly because economists rightly or wrongly implicitly assume a material containment of COVID-19 risks, the consensus prediction of a 3.8% rise by 2021's real GDP is bounded by a narrower 4.9-point gap between the averages of the lowest and highest ten projections of 1.5% and 6.4%, respectively.

Are Personal Income Forecasts Overlooking Unprecedented Cuts in Wages and Salaries?

In addition, April's Blue-Chip consensus projections showed an arresting difference between 2020 forecasts of a post-1947 record deep 4.4% annual drop by real consumer spending compared to much shallower 0.3% annual dip by real disposable personal income. The near impossibility of purchasing certain goods and services because of mandated business shutdowns accounts for the severity of the drop by consumer spending.

Moreover, a jump in government transfer payments to households helps to explain predictions of only a slight reduction for real disposable personal income. Nevertheless, the latter may be overlooking something not seen on a broad scale since the Great Depression, which is the potentially widespread cutting of wages and salaries for the purpose of helping businesses cope with substantially lower sales. Outright reductions in wage and salary income would a worrisome increase in deflation risks. Not only would household credit risks rise, the credit standing of businesses would also suffer.

Figure 2: Predicted -4.4% Plunge by Real Consumer Spending Would Be the Deepest On Record ... Next Worst Is 2009's -1.3%
yy % change of four-quarter avg.
sources: Blue Chip, BEA, NBER, Moody's Analytics



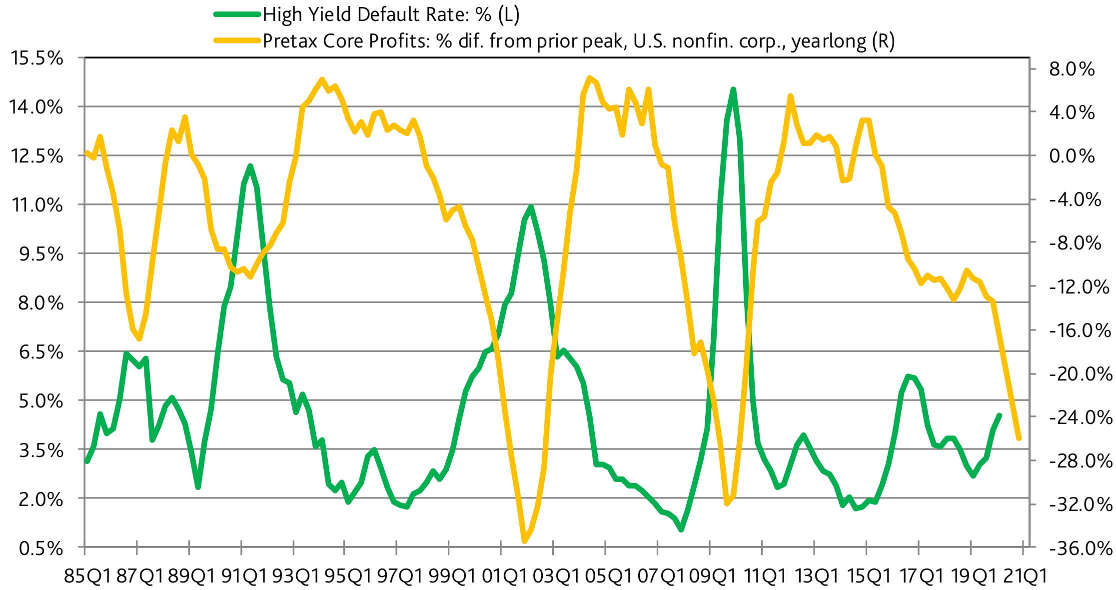
Profits Outlook Implicitly Predicts Much Higher Default Rate

And cope they must according to April's Blue-Chip consensus forecast of a 14.6% annual plunge by core pretax profits (which exclude nonrecurring gains and losses). Once again, the outlooks of individual forecasters differ considerably. The 10 lowest forecasts call for a 29% annual nosedive by core pretax profits, while the 10 highest projections have such profits declining by a much shallower 3%, on average.

Assuming that 2020's core pretax profits of nonfinancial corporations declines by the 14.6% predicted for all U.S. corporations, the moving yearlong average of the group's profits will have sunk by 26% under its zenith of the year-ended June 2015.

The latest two episodes showing a drop by the yearlong average of core nonfinancial-corporate profits to a reading 26% under its prior high occurred in 2009's second quarter and 2001's second quarter. Not long after the two previous incidents, the high-yield default rate's quarter-long average peaked at the 14.5% of 2009's final quarter and the 10.9% of 2002's first quarter. Thus, despite the recent narrowing of corporate bond yield spreads, the U.S. high-yield default rate seems destined to climb well above March 2020's 4.7% to a rate well above 10% by early 2021.

Figure 3: Prospective 26% Drop by Core Profits from Prior High Favors a Greater than 10% Peak for the High-Yield Default Rate
sources: Moody's Investors Service, BEA, Moody's Analytics



Surge by Both Downgrades and Negative Outlooks Warn of Higher Default Rate

The surge in high-yield downgrades since February 2020 warns of a greater-than-10% high-yield default rate. A still revisable count of March 2020's U.S. company credit rating downgrades reveals 17 affecting investment-grade issuers and 168 being applied to high-yield companies. Through April 14, a preliminary tally shows month-to-date counts of 5 downgrades for U.S. investment-grade companies and 133 downgrades for U.S. high-yield issuers.

Worse yet, many of the downgrades since February were accompanied by either a change in outlook to negative or a review for another credit rating downgrade. The unknown course of COVID-19 was responsible for almost all of the new negative outlooks and reviews for a further downgrade.

If COVID-19 risks remain high enough to prevent a restarting of the U.S. economy, more downgrades are likely. Ordinarily, credit rating downgrades have been accompanied by a switch in the credit outlook from negative to stable, while reviews for a further downgrade were rare.

By comparison, the credit rating downgrades of U.S. companies for calendar-year 2019 showed 59 from investment-grade and 421 from high-yield. Thus, the estimated per diem pace of March and April-to-date's credit rating downgrades tops that of year-long 2019 by a 3.0:1 margin for investment-grade and by 5.8:1 for high-yield. The downside risks facing corporate credit quality remain considerable despite the latest narrowing of corporate credit spreads.

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

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

This Is Hard to Watch

The devastating toll COVID-19 has had on the U.S. economy is clear. Retail sales, the NAHB housing market index, and the New York Fed's general business conditions index all posted their largest declines on record. The decline in industrial production in March was the worst since the late 1940s. If this recession is severe, fiscal policy is going to need to do more and quickly; the economy will recover, but it's going to take time.

Nominal U.S. retail sales plunged 8.7% in March, the largest drop since the inception of the data. Motor vehicle and parts sales dropped 25.6%. This subtracted 4.2 percentage points from total retail sales. Excluding autos, retail sales were down 4.5% in March, close to our forecast of 4.3%. Social distancing and the closure of retailers clearly weighed on retail sales in March and will remain a significant weight in April.

Looking at the not seasonally adjusted data, retail sales rose by $877 million, compared with the more than $73 billion last March and in 2018. Not seasonally adjusted nonauto retail sales were up $15.7 billion in March, about 70% less than in March of the last two years.

The manufacturing data is ugly. Industrial production dropped 5.4% in March, the largest since 1946. Manufacturing industrial production was down 6.3% in March as motor vehicle and parts plunged 28%. Excluding autos, industrial production fell 4.5% in March, the third consecutive monthly decline.

The Empire State manufacturing survey's general business conditions index fell from -21.5 in March to -78.2 in April. This was the largest monthly decline and the lowest level of the index since the inception of the data in 2001. The Philadelphia Fed manufacturing survey's general business conditions index also plunged in April, coming in at -56.6, compared with the -12.7 in March.

The outlook for business investment isn't good. Businesses plan investment based on expectations of future spending by consumers. The outlook for businesses is clouded with uncertainty surrounding COVID-19. Therefore, it is not surprising that capital expenditure plans have fallen over the past few months, a bad omen for investment. We find evidence that both business confidence and economic policy uncertainty affect manufacturers' capital expenditure plans. Business confidence has cratered because of COVID-19 and policy uncertainty has spiked.

Housing isn't immune. Housing starts posted their largest monthly decline since the 1980s in March. The impact on housing is becoming clear. The NAHB housing market index dropped from 72 in March to 30 in April.

Initial claims for unemployment insurance benefits increased by 5.245 million in the week ended April 11. Claims over the past few weeks would suggest the unemployment rate today is 20.2%.

To date, our cumulative lost output estimate for the second quarter is -5%.

Many of the daily data we track remain grim but have stabilized. Seated diners are down 100% across the country, movie box office receipts are basically zero and travel through TSA checkpoints is down 96% on a year-ago basis.

There is some evidence that the lockdowns and social-distancing are having some success. Over the past few days, growth in the number of confirmed COVID-19 cases in California, New York, New Jersey and Pennsylvania has decelerated noticeably.

The U.S. timeline for seeing a peak in the number of cases is likely behind other countries. Relative to the lockdown measures in place in other major economies, the U.S. measures are a little less tight, according to an index developed by the University of Oxford.

Next week

The key data next week will be initiail claims for unemployment insurance benefits, new-home sales, existing-home sales and durable goods orders.

EUROPE

By Barbara Teixeira Araujo of Moody's Analytics

Economies at a Grinding Halt

The coming week will be busy as it brings the first hard data for March and the first leading surveys for April. We expect all of them to be awful. The COVID-19 crisis has whole swaths of the European economies grinding to a halt. Foremost among the March hard data will be U.K. retail sales results. Soft indicators suggest that retail sales plunged over the month, with nonfood retail stores the hardest hit. The U.K.'s BRC data showed total retail sales down 4.3% y/y in March, the sharpest drop since records began in 1995. Sales rose 12% y/y in the first three weeks of the month before plummeting 27% in the final week. The lockdown had been imposed on March 23, and all nonessential retail stores were closed. Food and essentials sales skyrocketed in the first half of the month as people stockpiled, but sales dropped after the lockdown measures were imposed. We had expected sales to remain strong as people were forced to eat at home. Meanwhile, the BRC showed that nonfood sales fell (as expected) at a double-digit rate in March, which not even a steep rise in online shopping could offset. Clothing sales suffered unprecedented losses, but sales in most other sectors were also bad.

Separate data from Barclaycard, which handles nearly half of all credit and debit card transactions in the U.K., corroborated the story from the BRC. They showed consumer spending down 6% y/y between February 22 and March 27, the steepest fall since records began five years ago. We caution nonetheless that these data include consumer spending on services as well as retail sales, and services spending has been severely hit. Of note, travel expenses fell 40% y/y over the period, while spending in restaurants fell 36%. By contrast, the Barclaycard data showed that food spending rose 21% y/y, a much better result than the BRC recorded. Barclaycard data also showed spending on digital content and subscriptions to streaming services up by 17% y/y, while fuel sales plunged as people were forced to stay at home. Data from the Visa U.K. consumer spending index corroborated this story. It showed that consumer spending (both goods and services) fell in March at the fastest pace since the series began in 2009, despite the highest food spending on record.

All in, we expect that retail sales declined sharply in March, likely by 3.5% m/m following a 0.3% fall in February, but risks are tilted toward a much sharper decline. Food and internet sales likely soared, but we expect that sales in nonfood stores and fuel stores fell off a cliff. The U.K. government began to enforced lockdown measures on March 23, but people had begun avoiding big shopping centers from mid-month. For the whole first quarter, we expect sales to have fallen by 1.1% q/q after a 0.9% fall in the fourth stanza of 2019. The U.K.'s lockdown measures are expected to last until early or mid-May, which suggests that April's numbers will be much, much worse. We would not be surprised if retail sales were down 50% or more over the month. Sales should begin to rebound in May, but we expect them to remain depressed throughout the second quarter, especially as containment measures will be lifted only gradually. Small shops are likely to reopen first, while shopping malls likely won't be open for business before June.

Next week also brings the release of March CPI figures for the U.K. We expect inflation fell to 1.2% y/y from 1.7% in February, with a plunge in motor fuels inflation responsible for most of the decline (in line with the collapse in oil prices). But we caution that inflation figures are among the major unknowns in this crisis, especially figures for goods and services excluding fuel. While our view is that the demand shock will ultimately outweigh the supply shock and depress inflation across the board, inflation for essential items could soar in the near term. The U.K.'s Office for National Statistics data show that prices in its basket of 'high demand products' (which include food, medicines and cleaning products) surged by 4.4% over the past four weeks. But these data are experimental and cannot be compared with official inflation measures. Inflation for most services likely fell sharply, offsetting the increase in food prices. However, the main challenge will be the collection of March and April data. With most businesses closed, statistical offices will not be able to collect prices for several goods and services, and this is likely to create sharp volatility in the data, making them unreliable. In the medium term we expect that inflation in the U.K. will fall to as low as 0.5% y/y during the summer and remain well below the 2% target this year and next.

Elsewhere, U.K. unemployment figures are expected to show that joblessness remained steady at 3.9% in the three months to February. But these figures are old news. Universal Credit claims have soared since the start of the COVID-19 crisis, up a cumulative 1.2 million between March 16 and April 7. This corresponds to a weekly average of 400,000, which is more than four times the 82,000 average recorded for Jobseeker's Allowance at the peak of the financial crisis. Granted, not all people claiming Universal Credit are doing so to get unemployed benefits, as there are other social benefits (like childcare) that also fall under the UC umbrella. Even so, these figures suggest that the unemployment rate is likely to surge in March and April to 5.5% to 6%. It should rise further in May and June, and peak at around 8%. Granted, the government's Coronavirus Jobs Retention Scheme should limit the rise in unemployment, but we do not expect it to fully prevent millions of people from losing their jobs as some companies and people are still ineligible for the government's benefits.

	Key indicators	Units	Moody's Analytics	Last
Mon @ 10:00 a.m.	Euro Zone: External Trade for February	€ bil	17.4	1.3
Mon @ 2:00 p.m.	Russia: Retail Sales for March	% change yr ago	1.7	4.7
Mon @ 2:00 p.m.	Russia: Unemployment for March	%	4.8	4.6
Tues @ 9:30 a.m.	U.K.: Unemployment for February	%	3.9	3.9
Wed @ 9:30 a.m.	U.K.: Consumer Price Index for March	% change yr ago	1.2	1.7
Thur @ 9:30 a.m.	U.K.: Retail Sales for March	% change yr ago	-3.5	-0.3
Fri @ 11:00 a.m.	France: Job Seekers for March	mil, SA	4.50	3.23

ASIA-PACIFIC

By Katrina Ell of Moody's Analytics

COVID-19's Impact Will Be Seen in South Korea's First Quarter GDP

South Korea's March quarter national accounts will be the highlight on the economic data calendar. We look for GDP to contract by 1.5% q/q, following the 1.2% expansion in the December quarter. This will bring annual GDP growth to just 1.2% in the March quarter. South Korea's economy, like the rest of the globe, was hit with an increasing force over the first quarter by COVID-19, with the impact stepping up from February through March.

South Korea initially took a hit from China's economy being deeply impacted by COVID-19 via supply chain disruptions and a significant hit to international arrivals and tourism from China. But as Korea endured a sudden localized outbreak, the economic toll increased. Policymakers were relatively swift to contain the spread, so the country has not had the same surge in cases that has been seen elsewhere. The country therefore avoided the lockdowns implemented elsewhere that have caused significant loss of economic output. That being said, domestic demand has taken a severe hit, and that will likely worsen in the June quarter.

Japan's trade surplus likely narrowed in March due to the rising export and manufacturing disruptions caused by COVID-19. Meanwhile, the import bill is being contained by the slump in global oil prices, and this will help keep the trade balance in surplus. While OPEC+ has agreed on historic production cuts, this will not be enough to overwhelm the suppressed global demand that has taken hold with the escalation of COVID-19. This will help subdue Japan's import bill in coming months.

	Key indicators	Units	Confidence	Risk	Moody's Analytics	Last
Mon @ 8:45 a.m.	New Zealand CPI for Q1	% change	2	←	0.2	0.5
Mon @ 9:50 a.m.	Japan Foreign trade for March	¥bil	2	↓	206	498
Wed @ 1:00 p.m.	Thailand Foreign trade for March	US$ bil	3	↑	2.1	5.4
Thurs @ 9:00 a.m.	South Korea GDP for Q1	% change	2	↓	-1.5	1.2
Fri @ 9:30 a.m.	Japan Core CPI for March	% change yr ago	3	←	0.4	0.6

The Long View

April's ample issuance of corporate bonds defies business activity's deep and widespread contraction.

By John Lonski, Chief Economist, Moody's Capital Markets Research Group
April 16, 2020

CREDIT SPREADS

As measured by Moody's long-term average corporate bond yield, the recent investment grade corporate bond yield spread of 183 basis points far exceeded its 122-point mean of the two previous economic recoveries. This spread may be no wider than 165 bp by year-end 2020.

The recent high-yield bond spread of 814 bp is thinner than what is suggested by the accompanying long-term Baa industrial company bond yield spread of 295 bp and the recent VIX of 39.9 points. The latter has been statistically associated with a 1,140 bp midpoint for the high-yield bond spread.

DEFAULTS

March 2020's U.S. high-yield default rate of 4.7% was up from March 2019's 2.87 and may approximate 14% by 2021's first quarter.

US CORPORATE BOND ISSUANCE

Fourth-quarter 2018's worldwide offerings of corporate bonds incurred annual setbacks of 23.4% for IG and 75.5% for high-yield, wherein US$-denominated offerings plunged by 26.1% for IG and by 74.1% for high yield.

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

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

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

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

For 2019, worldwide corporate bond offerings grew by 5.4% annually (to $2.447 trillion) for IG and advanced by 49.2% for high yield (to $561 billion). The projected annual percent changes for 2020's worldwide corporate bond offerings are -6.8% for IG and -24.9% 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 Barbara Teixeira Araujo of Moody's Analytics
April 16, 2020

RETAIL

Advanced retail sales data for France and the U.K. suggest that the overall euro zone's hard data for March will be hard to swallow. Estimates from the Banque de France point to turnover in retail trade plunging by 24% m/m in March, considerably worse than we had expected. The decline was largely due to a 43.4% m/m slump in industrial goods sales, in line with the closing of most nonessential retail stores from March 17. But that food sales fell by 0.9% m/m was a major disappointment since we had expected it to soar as households were forced to stay at home.

In the U.K., BRC data showed that retail sales fell by 4.3% y/y in March, which is the sharpest drop since records began in 1995. Sales rose by 12% y/y in the first three weeks of the month, before plummeting by 27% in the final week, after the lockdown was imposed on March 23. Food and essentials sales skyrocketed in the first half of the month as people stockpiled goods, but they dropped after the lockdown measures were imposed. Nonfood sales, by contrast, fell at a double-digit rate in March, which not even a steep rise in online shopping could offset. Clothing sales suffered unprecedented losses as people were forced to stay at home.

That lockdown measures in France and the U.K. are expected to last until early or mid-May suggests that April's numbers will be dreadful; we wouldn't be surprised if retail sales were down by 50% or more over the month. This should be the case in Italy and Spain as well, though the good news is that other countries are slowly starting to reopen their economies as they manage to contain the spread of the virus. But Europe's retail sales will remain depressed throughout the second quarter, especially as containment measures should be lifted only gradually across countries. Small shops are likely to reopen first, while shopping malls likely won't be open for business before June.

One major unknown in this crisis is inflation. Our view is that the demand shock will outweigh the supply shock and depress inflation across the board, but in the near term, inflation for essential items could soar. The U.K.'s ONS data show that prices in its basket of 'high demand products' (which includes food, medicine and cleaning products) surged by 4.4% over the past four weeks. But these data are experimental and can't be compared with official inflation measures. Inflation for most services likely fell sharply, offsetting the increase in food prices. The main challenge here, however, will be the collection of data in March and April. With most businesses closed, statistical offices won't be able to collect prices for several goods and services, and this is likely to create sharp volatility in the data. In the medium term, however, we expect that inflation in the U.K. and the euro zone will remain well below the 2% target this year and next

ASIA PACIFIC

By Katrina Ell of Moody's Analytics
April 16, 2020

CHINA

China's foreign trade data in March provided more evidence that COVID-19 will remain a lofty drag on the economy, even if the localized outbreak has been largely contained. Exports contracted by 6.6% y/y, and although this is an improvement over the 17.2% plunge in January-February, it is still well below last year's reading. The bad news is that the weakness in trade may be understated; some of the exports in March were due to a backlog of orders that couldn't be filled in February because of the extended Lunar New Year.

Imports fell by 0.9% y/y in March, building on the 4% decline in January-February. A 9.8% y/y slump in crude oil, mainly due to soft prices, was mostly offset by an 8.4% y/y rise in high-tech products, a 4.5% gain in other tech products, and a 4.1% increase in iron ore imports. The trade balance returned to surplus in March, coming in at US$19.9 billion, after registering a US$7.1 billion deficit in January-February.

The Long View

The worst is far from over on China's export front. Although China is past the peak in its own local outbreak, its major trading partners including the U.S. and Europe are not at that stage. This will keep a lid on demand for China's important export and manufacturing engines and means that supply chain disruptions will remain, dampening recovery through the June quarter and beyond. The U.S. and Europe are key final destinations for Chinese-produced goods, and the pandemic has effectively brought the consumer sector in both of those regions to its knees.

Even if China's workforce returns to full production, demand for foreign export orders will drop in the June quarter. And it is uncertain how quickly foreign governments can take control of the pandemic and then ease economic restrictions in their countries. The lack of foreign orders will translate into reduced consumer sentiment and appetite for investment.

It has not been long since the Phase One trade deal between Beijing and Washington was signed, which signaled an improved relationship between China and the U.S. and could have triggered a recovery in world trade. However, COVID-19 has turned the world upside down. China now seems unlikely to meet its obligation of US$200 billion worth of U.S. goods purchases under the trade deal.

Ratings Round-Up

Widespread Credit Downgrades Continue

By Steven Shields

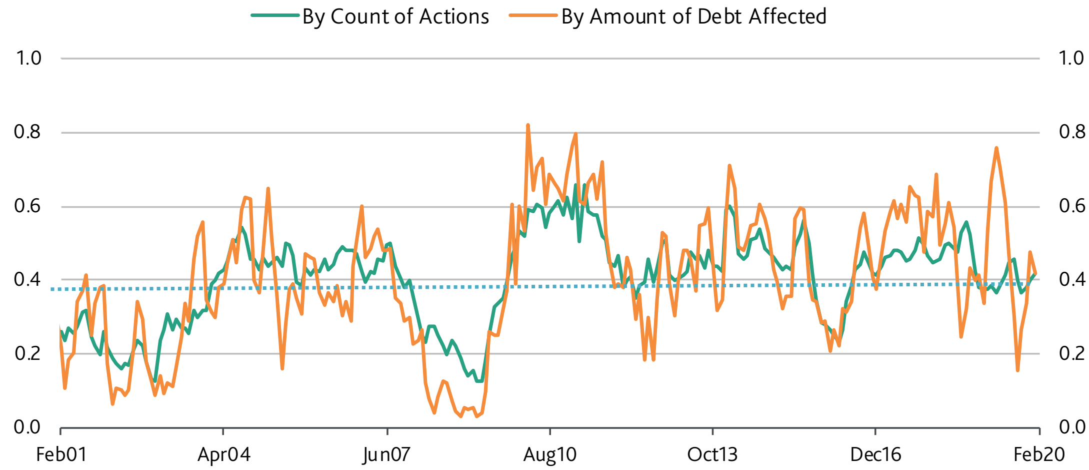
The trend of widespread credit downgrades extended into last week. For the period ended April 14, U.S. credit changes were confined to 58 credit downgrades and no upgrades. Retail sales plunged in March as the coronavirus pandemic triggered mandatory closures and stay-in-place orders across the nation. Moody's Investors Service expects department stores and clothing stores and specialty stores will continue to face heavy pressure in coming months as they struggle through these mandatory store closures. Penney (J.C.) Company Inc.'s senior unsecured notes were downgraded to C from Caa3, reflecting the widespread store closures as a result of the pandemic and continued suppression of consumer demand pressuring J.C. Penney's EBITDA and impeding its turnaround strategy. The change impacted approximately $3.8 billion in outstanding debt. Moody's lowered Nordstrom Inc.'s senior unsecured rating to Baa3 and assigned a Baa2 rating to its senior secured notes offering. The Boeing Co. was downgraded further in April, reflecting the impact of the coronavirus on demand across Boeing's commercial airline and aircraft lessor customer base. According to the report, the coronavirus is a materially larger issue for Boeing's credit profile than the 737 MAX grounding. Its senior unsecured rating was lowered to Baa2 from Baa1, and the outlook is negative. Several companies within the consumer product segment were downgraded this week. Most notably, Coty Inc. received a downgrade to Caa3 on its global unsecured notes, affecting $1.4 billion in debt. The downgrade reflects Moody's view that Coty's financial leverage will increase because of significant declines in revenue and earnings from retail store closures and reduced demand for the company's products related to efforts to contain the coronavirus.

European rating activity was similarly poor. Among the changes, Moody's Investors Service lowered Rolls Royce PLC's senior unsecured rating to Baa3 from Baa2. The decision reflects Moody's expectations of a sustained period of weaker demand for new commercial aircraft and the severe disruption brought on by the coronavirus outbreak. The downgrade was the second largest in terms of debt affected in Europe at roughly $4 billion. The largest change in terms of debt affected was made to ABB Ltd. Its senior unsecured debt rating was lowered to A3 from A2, with more than $7.6 billion in outstanding debt affected by the change. The rating action comes after a period of time in which ABB's operating performance and credit metrics did not meet the requirements for its previous A2 rating. Additionally, the change reflects increased uncertainty regarding the company's ability to soon restore its credit profile in light of the economic impact from the COVIID-19 outbreak.

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	Old STD Rating	New STD Rating	IG/SG
4/8/20	NORDSTROM, INC.	Industrial	SrUnsec/LTIR/CP	2,966	D	Baa2	Baa3	P-2	P-3	IG
4/8/20	PATRICK INDUSTRIES, INC.	Industrial	SrUnsec/LTCFR/PDR	300	D	B3	Caa1			SG
4/8/20	QUORUM HEALTH CORPORATION	Industrial	SrUnsec/SrSec /BCF/LTCFR/PDR	400	D	Caa3	C			SG
4/8/20	CB POLY HOLDINGS, LLC-POLYCONCEPT NORTH AMERICA	Industrial	SrSec/BCF/LTCFR/PDR		D	B1	B3			SG
4/8/20	ANASTASIA PARENT, LLC	Industrial	SrSec/BCF/LTCFR/PDR		D	B3	Caa3			SG
4/9/20	SCRIPPS (E.W.) CO. (OLD) -SCRIPPS (E.W.) COMPANY (THE)	Industrial	SrUnsec/SrSec /BCF/LTCFR/PDR	900	D	B3	Caa1			SG
4/9/20	COMSTOCK RESOURCES, INC.	Industrial	SrUnsec/LTCFR/PDR	1,475	D	B3	Caa2			SG
4/9/20	COTY INC.	Industrial	SrUnsec/SrSec /BCF/LTCFR/PDR	1,425	D	Caa1	Caa3			SG
4/9/20	W&T OFFSHORE, INC.	Industrial	SrSec/LTCFR/PDR	625	D	B3	Caa3			SG
4/9/20	HIGHPOINT OPERATING	Industrial	SrUnsec/LTCFR/PDR	625	D	Caa1	Caa3			SG
4/9/20	TRIUMPH GROUP, INC.	Industrial	SrUnsec/LTCFR/PDR	1,325	D	Caa2	Caa3			SG
4/9/20	MAXLINEAR, INC.	Industrial	PDR		D	Ba3	B1			SG
4/9/20	CSM BAKERY SOLUTIONS LIMITED -CSM BAKERY SOLUTIONS LLC	Industrial	SrSec/BCF/LTCFR/PDR		D	Caa3	Ca			SG
4/9/20	PGX HOLDINGS, INC.	Industrial	SrSec/BCF/LTCFR/PDR		D	Caa3	C			SG
4/9/20	JONAH ENERGY LLC	Industrial	SrUnsec/LTCFR/PDR	1,200	D	Caa2	C			SG
4/9/20	FITNESS INTERNATIONAL, LLC	Industrial	SrSec/BCF/LTCFR/PDr		D	B1	B3			SG
4/9/20	ENTRANS INTERNATIONAL, LLC	Industrial	SrSec/BCF/LTCFR/PDR		D	B3	Caa1			SG
4/9/20	NEW MILLENNIUM HOLDCO, INC.	Industrial	SrSec/BCF/LTCFR/PDR		D	Caa3	C			SG
4/9/20	CLUBCORP HOLDINGS, INC.	Industrial	SrUnsec/SrSec /BCF/LTCFR/PDR	425	D	Caa2	Caa3			SG
4/9/20	LANDRY'S GAMING, INC. -GOLDEN NUGGET, LLC	Industrial	SrUnsec/SrSec /BCF/LTCFR/SrSub/PDR	2,015	D	Caa1	Caa2			SG
4/9/20	ENVEN ENERGY CORPORATION -ENERGY VENTURES GOM LLC	Industrial	SrSec/LTCFR/PDR	325	D	Caa1	Caa2			SG
4/9/20	FIELDWOOD ENERGY LLC	Industrial	SrSec/BCF/LTCFR/PDR		D	B1	Caa1			SG
4/9/20	AIRXCEL, INC.	Industrial	SrSec/BCF/LTCFR/PDR		D	Caa2	Ca			SG
4/9/20	NEXT LEVEL HOLDING COMPANY, LLC -YS GARMENTS, LLC	Industrial	SrSec/BCF/LTCFR/PDR		D	B2	Caa1			SG
4/9/20	QBS PARENT, INC.	Industrial	SrSec/BCF/LTCFR/PDR		D	B2	B3			SG
4/9/20	PH BEAUTY HOLDINGS III, INC.	Industrial	SrSec/BCF/LTCFR/PDR		D	B2	B3			SG
4/9/20	EXCEL FITNESS HOLDINGS, INC.	Industrial	SrSec/BCF/LTCFR/PDR		D	B3	Caa1			SG

Source: Moody's

FIGURE 3

Rating Changes: Corporate & Financial Institutions – US

Date	Company	Sector	Rating	Amount ($ Million)	Up/ Down	Old LTD Rating	New LTD Rating	IG/SG
4/9/20	UNITED PF HOLDINGS, LLC	Industrial	SrSec/BCF/LTCFR/PDR		D	B1	B3	SG
4/10/20	BOEING COMPANY (THE)	Industrial	SrUnsec	20,400	D	Baa1	Baa2	IG
4/10/20	GUITAR CENTER HOLDINGS, INC -GUITAR CENTER INC.	Industrial	SrUnsec/LTCFR/PDR	325	D	Caa3	Ca	SG
4/10/20	JILL HOLDINGS LLC-JILL ACQUISITION LLC	Industrial	SrSec/BCF/LTCFR/PDR		D	Caa1	Caa3	SG
4/13/20	BROWN JORDAN INTERNATIONAL, INC.	Industrial	SrSec/BCF/LTCFR/PDR		D	B2	B3	SG
4/13/20	RGIS HOLDINGS, LLC (OLD) -RGIS SERVICES, LLC	Industrial	SrSec/BCF/LTCFR/PDR		D	Caa1	Caa3	SG
4/13/20	CINEMARK HOLDINGS, INC. -CINEMARK USA, INC.	Industrial	SrUnsec/SrSec /BCF/LTCFR/PDR	1,155	D	B2	B3	SG
4/13/20	PENNEY (J.C.) COMPANY, INC.	Industrial	SrUnsec/SrSec /BCF/LTCFR/PDR	3,786	D	Caa3	C	SG
4/13/20	SYNIVERSE HOLDINGS, INC.	Industrial	SrSec/BCF/LTCFR/PDR		D	B2	Caa1	SG
4/13/20	INTERNATIONAL WIRE GROUP HOLDINGS, INC.-INTERNATIONAL WIRE GROUP, INC.	Industrial	SrSec/LTCFR/PDR	507	D	Caa1	Caa3	SG
4/13/20	ARMOR HOLDCO, INC.	Financial	SrSec/BCF/LTCFR		D	Caa2	Caa3	SG
4/13/20	BURLINGTON STORES, INC.-BURLINGTON COAT FACTORY WAREHOUSE CORP	Industrial	LTCFR/PDR		D	Ba1	Ba2	SG
4/13/20	CHINOS INTERMEDIATE HOLDINGS A, INC. -J.CREW BRAND, LLC	Industrial	SrSec/BCF/LTCFR/PDR	347	D	Caa2	Caa3	SG
4/13/20	WELBILT, INC.	Industrial	SrUnsec/SrSec /BCF/LTCFR/PDR	425	D	Caa1	Caa2	SG
4/13/20	CONTURA ENERGY, INC.	Industrial	SrSec/BCF/LTCFR/PDR		D	Caa1	Caa2	SG
4/13/20	CYXTERA DC HOLDINGS, INC.	Industrial	SrSec/BCF /LTCCFR/PDR		D	B1	B3	SG
4/13/20	FLEXENTIAL INTERMEDIATE CORPORATION	Industrial	SrSec/BCF/LTCFR/PDR	250	D	B2	B3	SG
4/13/20	PROJECT ACCELERATE PARENT, LLC	Industrial	SrSec/BCF/LTCFR/PDR		D	B3	Caa1	SG
4/13/20	HALO BUYER, INC.	Industrial	SrSec/BCF/LTCFR/PDR		D	B1	B2	SG
4/13/20	TAILWIND SMITH COOPER HOLDING CORPORATION-TAILWIND SMITH COOPER INTERMEDIATE CORPORATION	Industrial	SrSec/BCF/LTCFR/PDR		D	Caa1	Caa2	SG
4/14/20	AMN HEALTHCARE, INC.	Industrial	SrUnsec/LTCFR/PDR	625	D	Ba2	Ba3	SG
4/14/20	SPIRIT AEROSYSTEMS HOLDINGS, INC. -SPIRIT AEROSYSTEMS, INC.	Industrial	SrUnsec/LTCFR/PDR	2,600	D	Ba2	B1	SG
4/14/20	GNC PARENT CORPORATION -GENERAL NUTRITION CENTERS, INC.	Industrial	SrSec/BCF/LTCFR/PDR		D	B1	Caa2	SG
4/14/20	ASCENA RETAIL GROUP, INC.	Industrial	SrSec/BCF/LTCFR/PDR		D	Caa2	Caa3	SG
4/14/20	MEDNAX, INC.	Industrial	SrUnsec/LTCFR/PDR	1,750	D	Ba2	B1	SG
4/14/20	LSC COMMUNICATIONS, INC.	Industrial	SrSec/BCF/PDR		D	B3	Caa1	SG
4/14/20	HOFFMASTER GROUP, INC. (NEW)	Industrial	SrSec/BCF/LTCFR/PDR		D	Caa2	Caa3	SG
4/14/20	MEDICAL SOLUTIONS HOLDINGS, INC.	Industrial	SrSec/BCF/LTCFR/PDR		D	Caa1	Caa2	SG
4/14/20	PROMETRIC HOLDINGS INC.	Industrial	SrSec/BCF/LTCFR/PDR		D	B1	B2	SG
4/14/20	RADIOLOGY PARTNERS HOLDINGS, LLC -RADIOLOGY PARTNERS, INC.	Industrial	SrUnsec/SrSec /BCF/LTCFR/PDR	710	D	Caa2	Caa3	SG
4/14/20	U.S. ANESTHESIA PARTNERS HOLDINGS, INC.-U.S. ANESTHESIA PARTNERS, INC.	Industrial	SrSec/BCF/LTCFR/PDR		D	B1	B2	SG

Source: Moody's

Ratings Round-Up

FIGURE 4

Rating Changes: Corporate & Financial Institutions – Europe

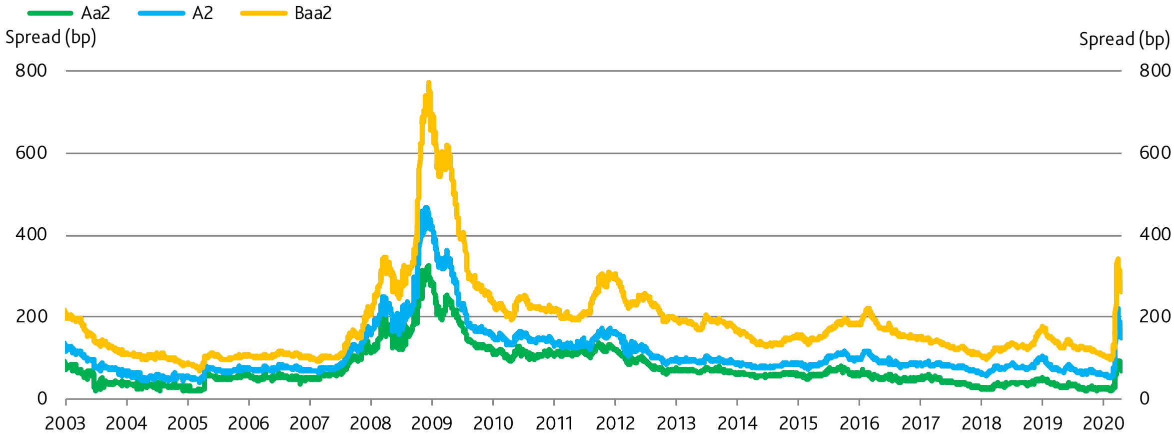
Date	Company	Sector	Rating	Amount ($ Million)	Up/ Down	Old LTD Rating	New LTD Rating	Old STD Rating	New STD Rating	IG/ SG	Country
4/8/20	ABB LTD	Industrial	SrUnsec/STIR/LTIR/MTN/CP	7,608	D	A2	A3	P-1	P-2	IG	SWITZERLAND
4/8/20	PROMOTORA DE INFORMACIONES, S.A.	Industrial	LTCFR		D	B2	B3			SG	SPAIN
4/8/20	THAME AND LONDON LIMITED	Industrial	SrSec/BCF/LTCFR/PDR	549	D	B3	Caa1			SG	UNITED KINGDOM
4/8/20	NORICAN GLOBAL A/S	Industrial	SrSec/LTCFR/PDR	372	D	B2	B3			SG	DENMARK
4/9/20	BIRMINGHAM AIRPORT HOLDINGS LIMITED-BIRMINGHAM AIRPORT (FINANCE) PLC	Industrial	SrUnsec	319	D	Baa1	Baa2			IG	UNITED KINGDOM
4/9/20	ROLLS-ROYCE HOLDINGS PLC -ROLLS-ROYCE PLC	Industrial	SrUnsec/MTN	3,991	D	Baa2	Baa3			IG	UNITED KINGDOM
4/9/20	OPTIMUS BIDCO SAS	Industrial	SrSec/BCF/LTCFR/PDR		D	B2	B3			SG	FRANCE
4/9/20	OFFICINE MACCAFERRI S.P.A.	Industrial	SrUnsec	416	D	Ca	C			SG	ITALY
4/9/20	HOUSE OF HR NV	Industrial	SrSec/BCF/LTCFR/PDR	405	D	B1	B2			SG	BELGIUM
4/10/20	CECONOMY AG	Industrial	STIR/LTIR/CP		D	Baa3	Ba1	P-3	NP	IG	GERMANY
4/14/20	NEDBANK GROUP-NEDBANK PRIVATE WEALTH LIMITED	Financial	STD/LTD		D	Baa2	Baa3	P-2	P-3	IG	ISLE OF MAN
4/14/20	NOVAFIVES S.A.S.	Industrial	SrSec/LTCFR/PDR	656	D	Caa1	Caa2			SG	FRANCE
4/14/20	BRIGHT BIDCO B.V.	Industrial	SrSec/BCF/LTCFR/PDR		D	Caa1	Caa3			SG	NETHERLANDS
4/14/20	PIOLIN II S.A.R.L	Industrial	SrSec/BCF/LTCFR/PDR		D	B2	B3			SG	LUXEMBOURG

Source: Moody's

Market Data

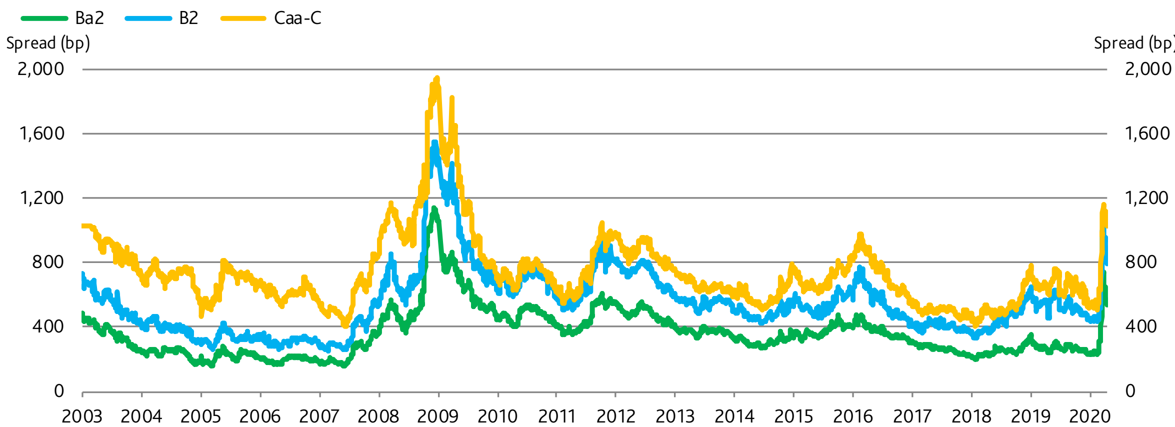
Spreads

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 (April 8, 2020 – April 15, 2020)

CDS Implied Rating Rises	CDS Implied Ratings		
Issuer	Apr. 15	Apr. 8	Senior Ratings
JPMorgan Chase Bank, N.A.	Aa2	A3	Aa2
Avnet, Inc.	Aa2	A3	Baa3
Bear Stearns Companies LLC. (The)	Aa2	A3	A2
John Deere Capital Corporation	Aa2	A2	A2
American Express Credit Corporation	Aa3	A3	A2
McDonald's Corporation	Aa1	A1	Baa1
International Business Machines Corporation	Aa1	A1	A2
Walt Disney Company (The) (Old)	Aa1	A1	A2
Amgen Inc.	Aa1	A1	Baa1
American Express Company	Aa2	A2	A3

CDS Implied Rating Declines	CDS Implied Ratings		
Issuer	Apr. 15	Apr. 8	Senior Ratings
Scripps (E.W.) Company (The)	B2	Baa2	Caa1
Brandywine Operating Partnership, L.P.	Ba2	Baa2	Baa3
Staples, Inc.	C	Caa3	B3
United States Steel Corporation	C	Caa3	Caa2
Computer Sciences Corporation	Ba1	Baa2	Baa2
Exxon Mobil Corporation	Baa2	Baa1	Aa1
Becton, Dickinson and Company	Baa3	Baa2	Ba1
Cargill, Incorporated	A3	A2	A2
Archer-Daniels-Midland Company	Baa1	A3	A2
AvalonBay Communities, Inc.	Baa1	A3	A3

CDS Spread Increases		CDS Spreads		
Issuer	Senior Ratings	Apr. 15	Apr. 8	Spread Diff
Penney (J.C.) Corporation, Inc.	C	41,289	14,883	26,405
Chesapeake Energy Corporation	Caa3	18,459	14,649	3,810
Scripps (E.W.) Company (The)	Caa1	386	96	290
Brandywine Operating Partnership, L.P.	Baa3	240	88	151
Computer Sciences Corporation	Baa2	192	86	106
Staples, Inc.	B3	1,399	1,295	103
United States Steel Corporation	Caa2	1,341	1,311	30
Textron Inc.	Baa2	179	155	25
Nucor Corporation	Baa1	89	77	12
AutoZone, Inc.	Baa1	53	42	11

CDS Spread Decreases		CDS Spreads		
Issuer	Senior Ratings	Apr. 15	Apr. 8	Spread Diff
Neiman Marcus Group LTD LLC	Ca	18,155	20,099	-1,943
American Airlines Group Inc.	B1	1,967	2,721	-754
Murphy Oil Corporation	Ba3	933	1,246	-313
Ford Motor Company	Ba2	913	1,220	-308
Nabors Industries, Inc.	B3	3,359	3,665	-306
Carnival Corporation	Baa3	1,065	1,369	-304
Occidental Petroleum Corporation	Ba1	1,277	1,578	-301
Ford Motor Credit Company LLC	Ba2	463	754	-292
United Airlines Holdings, Inc.	Ba3	969	1,233	-265
L Brands, Inc.	Ba3	778	1,030	-251

Source: Moody's, CMA

Market Data

Figure 4. CDS Movers - Europe (April 8, 2020 – April 15, 2020)

CDS Implied Rating Rises	CDS Implied Ratings		
Issuer	Apr. 15	Apr. 8	Senior Ratings
Nordea Bank Abp	Aa1	A1	Aa3
Orange	Aa1	A1	Baa1
Svenska Handelsbanken AB	Aa1	A1	Aa2
NatWest Markets N.V.	Aa2	A2	Baa2
E.ON SE	Aa1	A1	Baa2
ENGIE SA	Aa1	A1	A3
Siemens Aktiengesellschaft	Aa1	A1	A1
Heineken N.V.	Aa1	A1	Baa1
BASF (SE)	Aa2	A2	A2
Vivendi SA	Aa1	A1	Baa2

CDS Implied Rating Declines	CDS Implied Ratings		
Issuer	Apr. 15	Apr. 8	Senior Ratings
Swedish Match AB	Baa1	A2	Baa2
Italy, Government of	Ba2	Ba1	Baa3
Portugal, Government of	Baa3	Baa2	Baa3
Intesa Sanpaolo S.p.A.	Ba1	Baa3	Baa1
Greece, Government of	Ba2	Ba1	B1
Erste Group Bank AG	Baa1	A3	A2
Bankinter, S.A.	Baa3	Baa2	Baa1
Allied Irish Banks, p.l.c.	Baa2	Baa1	A2
Unione di Banche Italiane S.p.A.	Ba2	Ba1	Baa3
Telecom Italia S.p.A.	Ba2	Ba1	Ba1

CDS Spread Increases		CDS Spreads		
Issuer	Senior Ratings	Apr. 15	Apr. 8	Spread Diff
Matalan Finance plc	Caa2	2,814	2,234	580
Hammerson Plc	Baa1	423	373	51
Unione di Banche Italiane S.p.A.	Baa3	243	193	49
Italy, Government of	Baa3	228	182	46
TUI AG	B2	979	935	44
Greece, Government of	B1	245	209	36
Spain, Government of	Baa1	123	106	17
Portugal, Government of	Baa3	116	102	14
Belgium, Government of	Aa3	41	36	5
Telecom Italia S.p.A.	Ba1	231	226	5

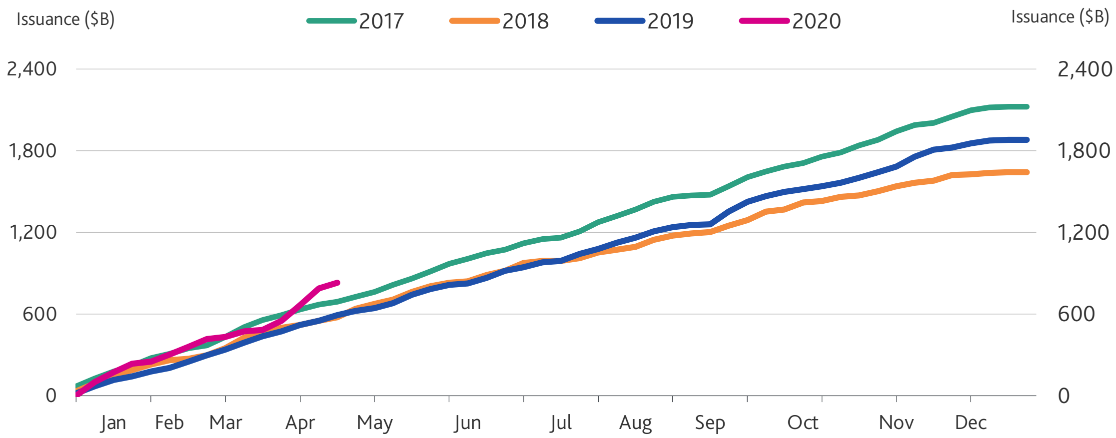
CDS Spread Decreases		CDS Spreads		
Issuer	Senior Ratings	Apr. 15	Apr. 8	Spread Diff
PizzaExpress Financing 1 plc	C	9,256	9,957	-702
Vedanta Resources Limited	B3	2,315	2,793	-478
CMA CGM S.A.	Caa1	1,830	2,142	-313
Selecta Group B.V.	Caa2	1,797	2,094	-297
Fiat Chrysler Automobiles N.V.	Ba2	392	508	-116
ArcelorMittal	Baa3	418	524	-106
Altice Finco S.A.	Caa1	381	477	-96
thyssenkrupp AG	B1	370	461	-91
UPC Holding B.V.	B2	340	422	-83
Valeo S.A.	Baa3	310	384	-75

Source: Moody's, CMA

Market Data

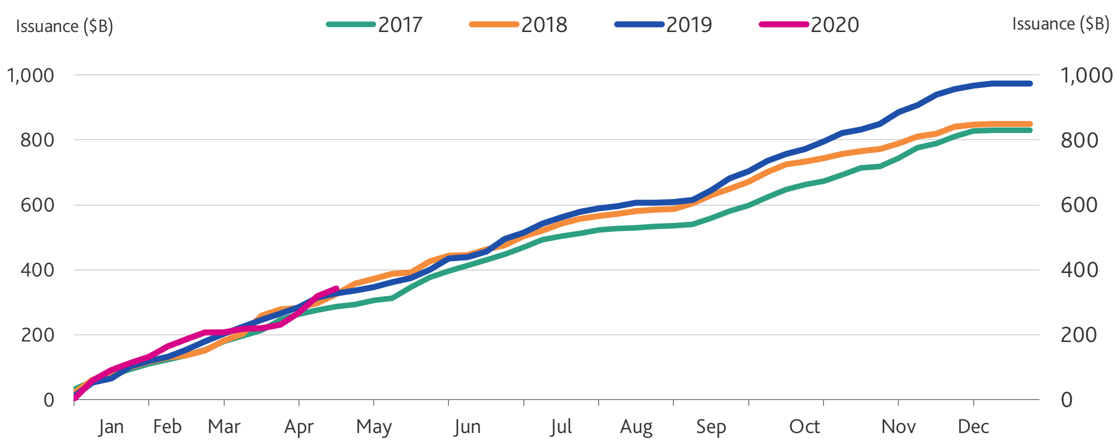
Issuance

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	42.791	2.375	45.166
Year-to-Date	659.654	136.678	829.095
	Euro Denominated		
	Investment-Grade	High-Yield	Total*
	Amount $B	Amount $B	Amount $B
Weekly	20.818	0.540	25.588
Year-to-Date	293.449	36.443	343.345

* Difference represents issuance with pending ratings.
Source: Moody's/ Dealogic

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Editor
Reid Kanaley
help@economy.com

Contact Us

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