MOODY'S ANALYTICS

WEEKLY MARKET OUTLOOK

Moody's Analytics Research

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

Credit Markets Review and Outlook *by John Lonski*

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

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The Week Ahead

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

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The Long View

Full updated stories and key credit market metrics: Already thin spreads suggest investment-grade corporate bond yields are likely to trend higher.

Credit Spreads	Investment Grade: Year-end 2021's average investment grade bond spread may slightly exceed its recent 101 basis points. High Yield: A composite high-yield spread may top its recent 381 bp by year-end 2021.
Defaults	US HY default rate: According to Moody's Investors Service, the U.S.' trailing 12-month high-yield default rate jumped from December 2019's 4.3% to December 2020's 8.4% and may average 7.9% for 2021's second quarter.
Issuance	For 2019's offerings of US$-denominated corporate bonds, IG bond issuance rose 2.6% to $1.309 trillion, while high-yield bond issuance surged by 55.8% to $432 billion. In 2020, US$-denominated corporate bond issuance soared 53.7% for IG to a record $2.012 trillion, while high-yield advanced 31.8% to a record-high $570 billion. For 2021, US$-denominated corporate bond offerings may decline 24.7% (to $1.52 trillion) for IG and drop 14.8% (to $485 billion) for high-yield, where both forecasts top their respective annual averages for the five years ended 2020 of $1.494 trillion for IG and $410 billion for high-yield.

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Ratings Round-Up

U.S. Changes Continue a Positive Trend

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Credit spreads, CDS movers, issuance.

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Moody's Capital Markets Research *recent publications*

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

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Credit Markets Review and Outlook

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

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

January 9's unexpectedly steep jump by initial state unemployment claims reminded us of the considerable loss of business activity to COVID-19-inspired shutdowns be they voluntary or forced. By itself, the sufficient adoption of COVID-19 vaccinations may be enough to supply a powerful short-term spur to business activity. Adding unprecedented monetary stimulus and additional fiscal stimulus to a vaccine-driven suppression of COVID-19-related risks strongly favors annual increases of at least 6% for nominal GDP and 10% for core pretax profits in 2021. Nevertheless, the possibly more stringent regulation of business activity and higher Treasury bond yields could offset the spur to expenditures delivered by additional fiscal stimulus.

The Fed may need to prevent Treasury bond yields from rising to levels that impede the realization of full employment. Conceivably, the Fed might step up its buying of Treasury bonds in order to maximize the impact of fiscal stimulus.

The average forecasts for 2021 from an early-January survey of 49 prognosticators by Blue-Chip Economic Indicators put nominal GDP growth at 6.0% and core pretax profits growth at 8.1%. However, the latter was skewed lower by one forecaster's call for an 16.0% annual contraction by core profits. Thus, the median projected increase of 10.7% for 2021's core profits might better capture the expected rate of corporate earnings growth.

Relatively low rates of industrial capacity utilization and ample labor market slack suggest that operating leverage will take effect in 2021. Operating leverage implies that the percent increase by core pretax profits will be a multiple of the percent increase of business sales, where the growth of business sales is highly correlated with nominal GDP.

In anticipation of a brisk climb by corporate earnings, the market value of U.S. common stock topped $40 trillion for the first time. The market value of common stock now approximates a record-high 185% of GDP.

During the equity market bubble of 1999-2000, the U.S. equity market crested at a first-quarter 2000's then unprecedented 137% of GDP. That zenith lasted until the ratio rose to 140% in 2018's first quarter.

The now record high ratio of the market value of common equity to GDP partly stems from historically low corporate bond yields. Corporate bond yields were relatively high during the U.S. equity market's bubble years of 1999-2000.

For example, the Moody's Analytics long-term Baa industrial company bond yield averaged 8.28% when the U.S. stock market peaked at 135% of GDP in 2000's first quarter. The average long-term Baa industrial bond yield of 2000's first quarter even topped its 7.60% average of 1997-1999.

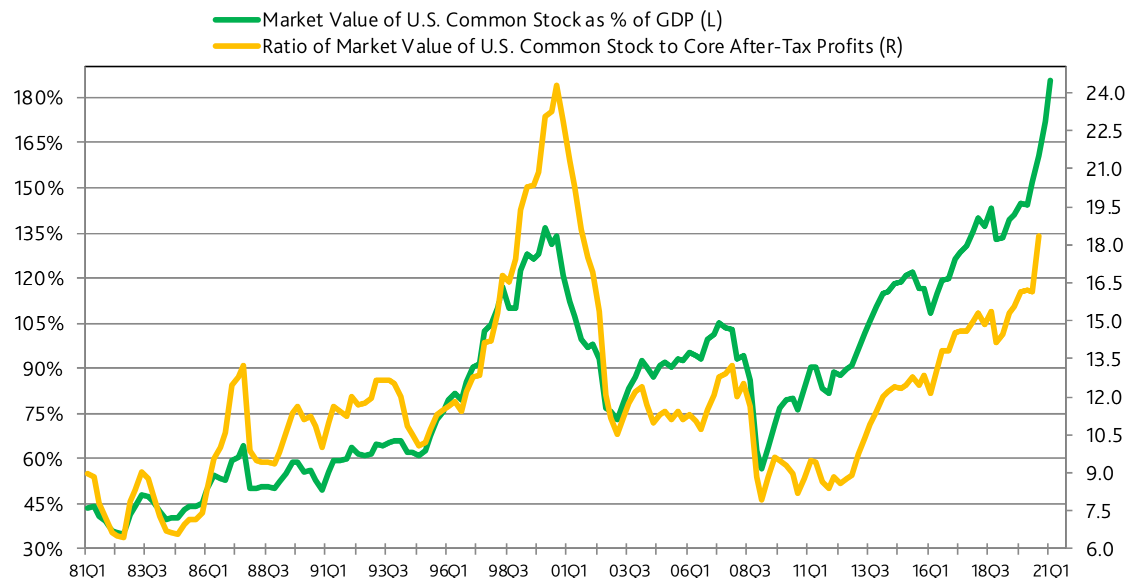
In stark contrast, the recent 3.27% long-term Baa industrial bond yield was not only well under its 4.43% average of 2018-2020, it also was less than each of its prior month-long averages going back to the 3.25% of October 1952.

The Fed's suppression of Treasury bond yields and willingness to extend extraordinary support to corporate credit has helped to rein-in both corporate bond yields and their spreads over Treasury yields. January 13's 145 basis-point spread over the long Treasury yield for the long-term Baa industrial yield was the narrowest since the 143 bp of February 9, 2018. The long-term Baa industrial yield spread of 2000's first quarter averaged a wider 181 bp, which was above its 174 bp median of the 30-years-ended 2020.

Unlike the ratio of the market value of U.S. common stock to GDP, the ratio of the market value of U.S. common stock to the moving yearlong average of core after-tax profits remains well under its 24.8:1 zenith of 2000's third quarter. Though the latest 18.4:1 ratio of the market value of equities to core after-tax

profits was the highest since the 18.6:1 of 2001's third quarter, it remains under its 21.8:1 average for the span beginning with 1999's second-quarter and ending with 2001's second-quarter. As with the equity market's record-high ratio vis-a-vis GDP, the equity market's now historically high ratio vis-a-vis after-tax profits owes much to historically low corporate bond yields.

Figure 1: Market Value of U.S. Common StockIs at Record-High vis-a-vis GDP, but Less than Record-High vis-a-vis After-Tax Profits
sources: BEA, Dow Jones, Moody's Analytics



Borrowing Benefited High-Yield Credit Ratings on Balance

We are not even halfway through January and US$-denominated corporate bond issuance has already totaled more than $73 billion of investment-grade and more than $21 billion for high-yield. (If a speculative-grade bond is offered by an issuer whose senior unsecured rating is investment-grade, the bond is still classified as high yield.) An atypically high percentage of January's dollar-denominated investment-grade bonds have been issued by issuers based outside the U.S., where such bonds are referred to as Yankee bonds.

Fourth-quarter 2020's 91 credit rating upgrades of U.S. high-yield issuers included 19 that were partly ascribed to new loan programs and eight were attributed to recent corporate bond issuance. New borrowings can benefit credit quality via the refinancing of outstanding debt at longer maturities and lower interest rates or by increasing the buffer protecting outstanding debt.

Moreover, of the fourth quarter's 69 U.S. high-yield credit rating reductions, new loan programs were cited in only six, while high-yield bond issuance was mentioned three times.

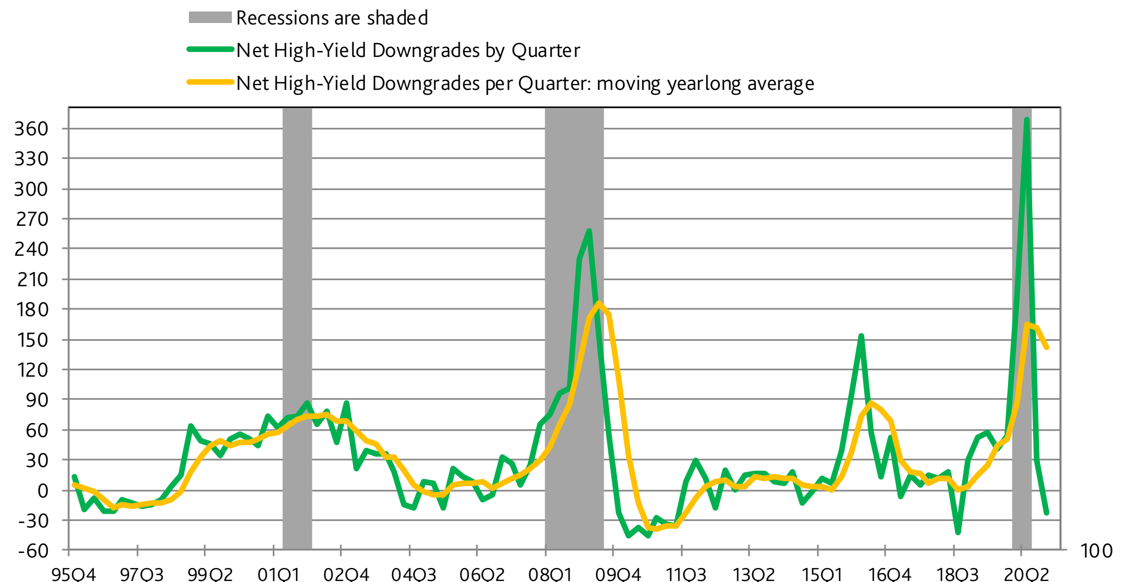
Coincidentally, newly rated loan programs from high-yield companies rose from second-quarter 2020's $69 billion and third-quarter 2020's $93 billion to the $123 billion of the fourth quarter. Nevertheless, the latter was 3.2% under the $127.5 billion of 2019's final quarter. But the latter was still an improvement over the year-over-year setbacks of 7.6% for 2020's first quarter, 43.4% for the second quarter, and 31.9% for the third.

The ease of access to attractively priced debt helps to explain why the COVID-19-driven lift-off by net downgrades of U.S. high-yield companies was relatively brief. Though the 368 net U.S. high-yield downgrades of 2020's second quarter constituted a record high, net high-yield downgrades quickly sank to the 29 of the third quarter and the -22 of the final quarter.

After peaking at the 164 of the span-ended June 2020, the moving yearlong per quarter average for U.S. net high-yield downgrades subsequently eased to calendar-year 2020's 142. In turn, the moving yearlong

average for net U.S. high-yield downgrades per quarter is likely to remain the 186 of the span-ended June 2009.

Figure 2: Net High-Yield Downgrades of U.S. Companies Plunged from Q2-2020's Record-High 368 to Q3-2020's 29 and -22 of Q4-2020
sources: Moody's Investors Service, Moody's Analytics



A diminished incidence of corporate debt defaults was implicit in the recent drop by Moody's Analytics average expected default frequency metric for U.S./Canadian high-yield issuers to January 13's 2.90%. The month-long average of the high-yield EDF last fell under 3% when it sank from April 2018's 3.43% to May 2018's 2.80%.

COVID-19's IG Ratings Downturn Has Been Milder than 2008-2009's Credit Crunch

Credit rating revisions for U.S. investment-grade companies held up relatively well during the worst of the COVID-19 recession. By contrast, investment-grade credit rating revisions fared worse during 2015-2016's profits recession and during 2008-2009's Great Recession. For example, the 57 downgrades of U.S. IG corporations from 2020's first half were considerably less than the 74 of 2016's first half and the 184 of 2009's first half.

By 2020's second half, the number of U.S. IG corporate upgrades rose from the 10 of 2020's first half to the 16 of the second half.

As with high-yield, the COVID-19 IG credit cycle slump lasted only two quarters. From the perspective of yield spreads, expected default frequencies, and credit rating revisions, the corporate credit cycle turned higher in 2020's third quarter.

The net downgrades, or downgrades less upgrades, of U.S. investment-grade issuers peaked at the 26 of 2020's second quarter. The previous notable peaks for net investment-grade downgrades were the 33 of 2016's first quarter and the 83 of 2009's first quarter.

During 2008-2009's recession, the credit rating downgrades of U.S. investment-grade corporations were dominated by financial institutions. More specifically, of the 305 investment-grade downgrades from the 12 months ended June 2009, 174, or 57%, applied to financial institutions. Industrial companies supplied 88, or 29%, of the span's downgrades, while utilities supplied 43, or 14%.

The Great Recession was deepened by the inadequate capitalization of financial institutions. The reduced lending capacity of financial institutions increased the incidence of business and personal bankruptcies, where the latter overlapped the Great Recession's destabilizing surge in home mortgage foreclosures.

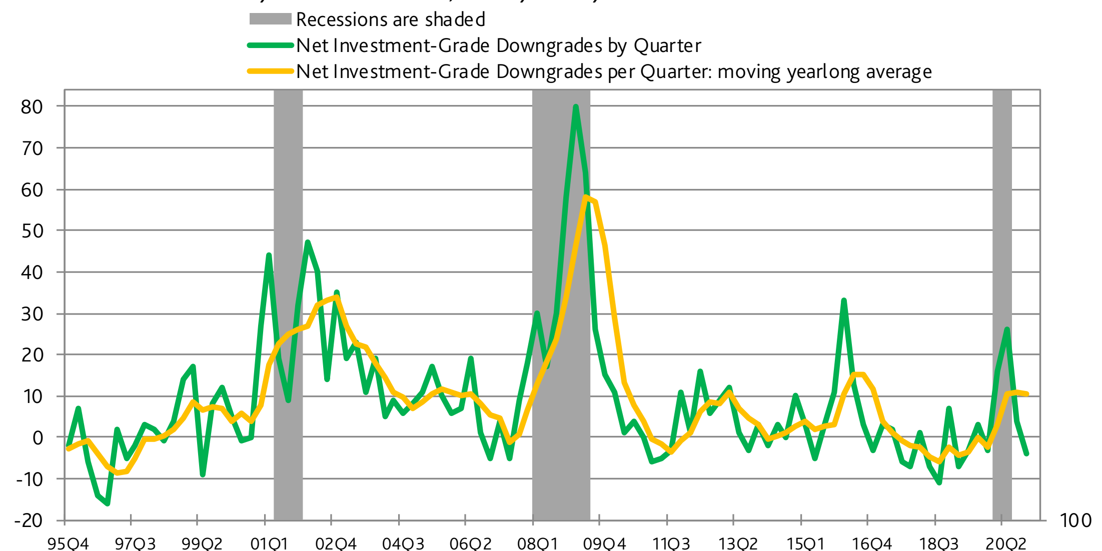
Though the COVID-19 recession triggered a sharp increase in delinquent home mortgages, ample systemic liquidity has lessened the harmful impact of delinquent mortgages on overall business activity.

Unlike the Great Recession, the COVID-19 recession did not incur home-price deflation. Much to the contrary, an ultra-accommodative monetary policy helps to explain why Case-Shiller's annual rate of home-price inflation climbed from October 2019's 2.2% to October 2020's 7.9%. In contrast, the Great Recession saw the Case-Shiller home-price index plunge by a cumulative 32.6% from a July 2006 high to an April 2009 low.

Of first-half 2020's 57 downgrades of U.S. IG companies, eight, or 14%, applied to financial institutions; 41, or 73%, affected industrial companies; and eight, or 14%, were supplied by utilities.

In 2020's final quarter, the seven downgrades of U.S. IG companies applied to one financial institution, two utilities, and four industrials, while the 10 IG upgrades included three financials, one utility and six industrials.

Figure 3: COVID-19 Driven Upturn by Net Investment-Grade Downgrades Is Mild Compared to Prior Recessions
U.S. issuers ex utilities
sources: Moody's Investors Service, Moody's Analytics



Lowest Ratio of Net Stock Buybacks to Cash since 2010

Despite a deep drop by the seasonally adjusted and annualized net equity buybacks of U.S. nonfinancial corporations from the $495 billion of 2019's final quarter to the $27 billion of 2020's third quarter, U.S. equities rallied mightily after bottoming in late March 2020.

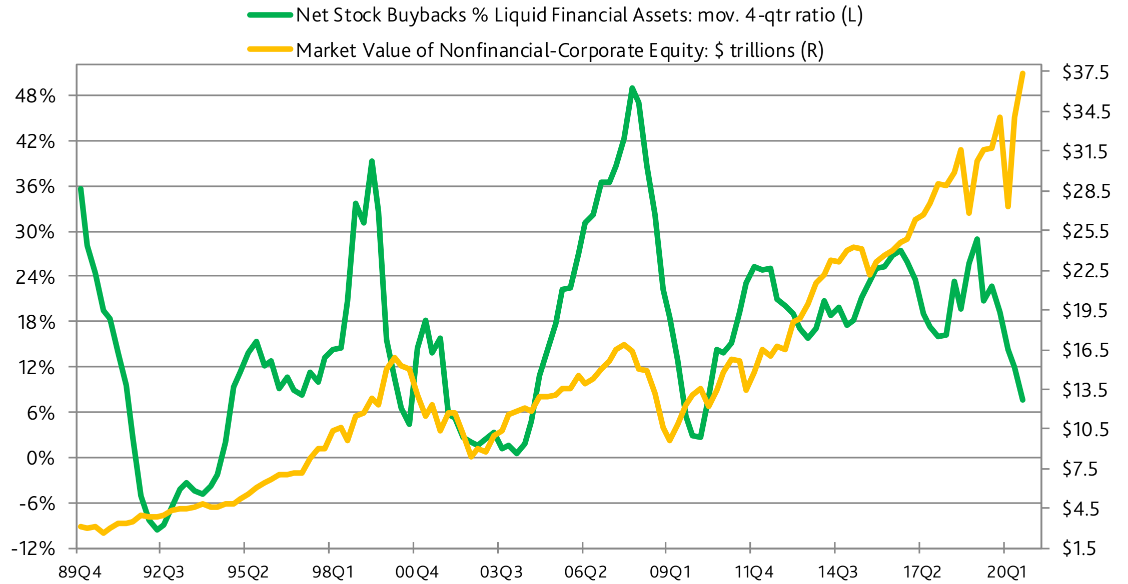
Meanwhile, 2020 was also home to a massive accumulation of cash. For example, the liquid financial assets of nonfinancial corporations rose by 37% yearly to third-quarter 2020's record-high $3.5 trillion. Because of the explosive growth of corporate cash, third-quarter 2020's net nonfinancial-corporate debt fell by 1% annually to $7.4 trillion, which was materially under first-quarter 2019's record-high $7.7 trillion. Basically, a good deal of 2020's corporate borrowing was held as cash in order to better meet whatever exigencies might arise from an unprecedented pandemic-driven recession.

Despite how net equity buybacks sank from first-quarter 2019's 29% to third-quarter 2020's 8% of corporate cash, the market value of nonfinancial-corporate equity still advanced by an accompanying 21.5%. Compared with its 18% median ratio of the 25 years ended 2019, the now 8% ratio of net stock buybacks to cash suggest companies have more than enough financial resources with which to help stabilize the equity market via buybacks should the need arise.

Figure 4: Declining Ratio of Net Stock Buybacks to Cash Lessens the Downside Risk for Equities

U.S. nonfinancial corporations

sources: Federal Reserve, Moody's Analytics



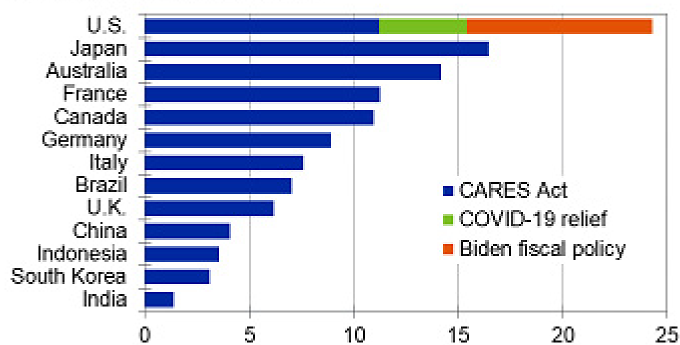
The Week Ahead – U.S., Europe, Asia-Pacific

THE U.S.

By Mark Zandi, Chief Economist, Moody's Analytics

Fiscal Support Will Quickly Boost the Economy

The surprising outcome of the Georgia Senate races and resulting Democratic control of the federal government have a significant bearing on prospects for fiscal policy and the economy. We now expect the new Biden administration and Congress to approve what ultimately will be close to $1.9 trillion in additional fiscal support to the economy. This would bring total support since the pandemic hit to $5.2 trillion, equal to an astounding 25% of GDP—approximately three times the fiscal support during the financial crisis, and substantially more than provided by any other country in the world. With this additional boost, real GDP should be robust at just over 5% this year and the same next, bringing the economy back to full employment by early 2023. That is nearly a full year sooner than we had anticipated when assuming the Republicans would maintain control of the Senate and stymie the Biden administration's efforts for additional fiscal support.



Fiscal support from the new Biden administration and Congress is expected to include an additional $750 billion to help the economy through to the end of the pandemic. This will be entirely deficit-financed, passed into law in February, and largely take effect in March. It will kick in as the funds from the $900 billion relief package the Trump administration and Congress agreed to in December are spent down. Although vaccinations should soon pick up substantially, the pandemic will continue to rage through much of the spring. Infections, hospitalizations and deaths continue to mount, and the full brunt of the new, more contagious strain of the virus has yet to fully hit. Judging by December job losses, particularly in leisure and hospitality, the pandemic continues to do serious economic damage. A double-dip recession is unlikely, thanks to what lawmakers have done so far, but the economy will continue to struggle until at least a majority of Americans are vaccinated, which we don't anticipate until midyear. The $750 billion relief package will look familiar, including a plus-up to $2,000 per person on the $600 stimulus checks recently sent to lower- and middle-income households. Though there is substantial political momentum for this item, it isn't the most effective type of support. Much of the money goes to households that don't need the funds and will save a lot of it, at least for a while. The relief package will also include more funds for unemployment insurance, assistance for back rent owed, small businesses, and vaccine distribution.

Biden COVID Relief Bill

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	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-2024	2021-2030
Total COVID Relief	**744.1**	**13.4**	**1.5**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**759.0**	**759.0**
Direct Payments	464.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	464.0	464.0
Unemployment Insurance	120.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	120.0	120.0
Small Business Aid	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0
Vaccine Distribution	35.1	13.4	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	50.0	50.0
Rental Assistance	25.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25.0	25.0

Sources: JCT, Tax Policy Center, Moody's Analytics

We also expect an additional $1.15 trillion in net fiscal support to be signed into law later this year with government spending and tax increases in the spirit of the "Build Back Better" policy agenda that Biden proposed during the campaign. This support will include a substantive infrastructure plan, with additional spending on transportation, hospitals, schools, higher education facilities, affordable housing, and broadband. It will also include more spending on a range of social programs, including education, healthcare, housing, and child and elder care. On taxes, we expect an increase in the top marginal rate on corporations from 21% to 28%, rolling back half of the tax cut provided by Trump's late-2017 Tax Cut and Jobs Act. High-income and wealthy households will also pay more taxes on capital gains, dividends and big estates. We also expect some tax cuts, including on new manufacturing investment in the U.S., an increase in the child tax credit, and a repeal of the $10,000 cap on the state and local tax deduction implemented with the Trump tax cuts.

Biden Build Back Better

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	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-2024	2021-2030
Net Fiscal Impact	**447.9**	**599.3**	**118.6**	**10.3**	**-80.1**	**-100.6**	**-105.6**	**-112.6**	**-119.6**	**1,165.8**	**657.6**
Total Spending	**206.7**	**425.6**	**236.3**	**147.6**	**92.6**	**94.6**	**96.7**	**98.8**	**100.9**	**868.7**	**1,500.0**
Infrastructure	183.4	355.2	153.1	58.3	0.0	0.0	0.0	0.0	0.0	691.7	750.0
Social benefits	23.4	70.4	83.2	89.4	92.6	94.6	96.7	98.8	100.9	177.0	750.0
Total Corporate Tax	**-18.2**	**-23.1**	**59.7**	**63.3**	**71.1**	**77.2**	**79.5**	**81.2**	**82.6**	**18.4**	**473.1**
Increase corporate income tax rate to 28%	0.0	0.0	72.2	76.5	84.9	91.5	94.3	96.6	98.6	72.2	614.5
Minimum tax on global book income	0.0	0.0	11.5	12.0	12.6	13.2	13.7	14.3	14.9	11.5	92.1
10% tax credit for new investments in domestic manufacturing	-18.2	-23.1	-24.1	-25.2	-26.3	-27.4	-28.6	-29.7	-30.9	-65.4	-233.4
Total Individual Tax	**-223.0**	**-150.5**	**58.1**	**74.1**	**101.6**	**118.1**	**122.9**	**130.3**	**137.9**	**-315.5**	**369.3**
Tax capital gains/dividends at same rate as ordinary income above $1M	0.0	0.0	47.9	49.1	44.2	43.7	47.0	50.5	54.5	47.9	336.9
Cap tax benefit of itemized deductions to 28% of value above $400,000 of income	0.0	0.0	12.5	15.7	27.2	34.9	37.7	40.7	43.7	12.5	212.3
Restore estate, gift and GST tax parameters in effect in 2009	0.0	0.0	20.0	26.5	31.0	30.6	31.8	32.3	32.7	20.0	204.7
Restore pre-TCJA rates above $400,000 of income	0.0	0.0	28.8	24.8	6.8	0.0	0.0	0.0	0.0	28.8	60.4
Restore limitation on itemized deductions above $400,000 of income	0.0	0.0	37.0	32.7	10.4	0.0	0.0	0.0	0.0	37.0	80.1
Increase tax compliance of high-income earners	0.1	0.5	2.0	3.9	5.2	5.9	6.4	6.8	7.1	2.6	37.8
Repeal $10K limit on SALT deduction	-80.1	-85.1	-90.1	-78.6	-23.2	3.1	0.0	0.0	0.0	-255.2	-353.9
Temporarily raise CTC to $3,000 ($3,600 for children under age 6)/make fully refundable	-143.0	-66.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-209.0	-209.0

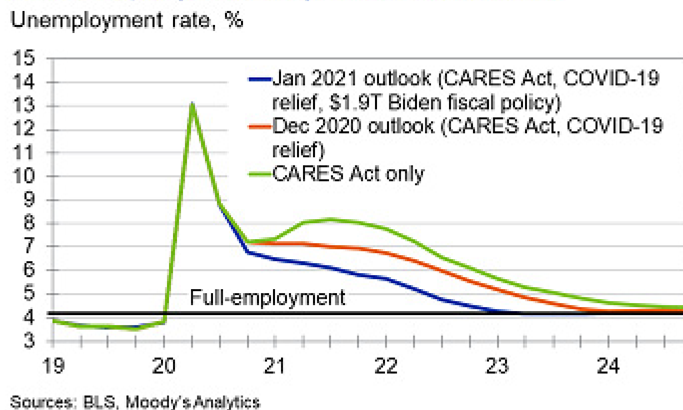
Sources: JCT, Tax Policy Center, Moody's Analytics

The new Biden administration and Congress will almost surely need to use the budget reconciliation process to get much of this fiscal policy into law. Reconciliation allows the Senate to pass legislation with a simple majority vote instead of the 60 votes needed to avoid a filibuster on everything else, save for judicial appointments. Senate Democrats can now muster a majority if they remain united. There are constraints on the reconciliation process, such that whatever spending and tax policy is legislated must be budget neutral after the budget horizon, which is typically 10 years. However, needless to say, given the deep political divisions in the country, the complicated politics created by the Democrats' razor-thin majority in the Senate, and the arcane budget rules, there is substantial uncertainty over how all of this will play out, including the ultimate amount of fiscal support lawmakers agree to and just when they will agree to it.

Another important outcome of the Democrats' control of government is that it should forestall the worst of the budget wars that have plagued the federal government over the past decade. The Democrats will be able to pass their own budgets, as budgets are not subject to the filibuster, thus avoiding the persistent threat of government shutdowns and need to pass stopgap continuing resolutions—an extension of the prior year's budget. The Biden administration will work closely with appropriators in both chambers to pass budgets that reflect their policy agenda. One potential flash point will occur in July, when the federal debt limit will be reinstated under current law.

The politics of the split Senate, with Vice President Harris holding the deciding vote, should favor centrist Democrats and Republicans. On contentious legislation, those centrists will hold the critical swing vote. This suggests there will be a more moderate fiscal policy and broader legislative agenda, which will limit the size of government spending increases or tax increases that more progressive Democrats might favor.

The additional fiscal support will quickly boost the economy, pushing real GDP growth to well over 4% annualized in the first quarter of this year, despite the intensifying pandemic, and to more than 5% for all of 2021. This is a percentage point more growth than we expected in last month's forecast, which was based on the incorrect assumption the Senate would remain in Republican control. Real GDP should post another 5% gain in 2022, about 0.5 percentage point more than previously forecast. At this pace of growth, the economy is expected to create 4.6 million jobs this year and an additional 4 million next year, and to have fully recovered the 10 million jobs the economy is still down from its pre-pandemic peak by early 2023. This is about when the economy will have returned to full employment—an unemployment rate of 4% to 4.5% and a labor force participation rate of 62.5%. This is almost a year sooner than previously forecast.



The more-expansive fiscal policy that we expect from the Biden administration and Congress is good economic policy. The economy is far from full employment, inflation remains well below the Federal Reserve's 2% target, and the Fed has all but promised to keep short-term rates at the zero lower bound until the economy is at full employment and inflation has been consistently above 2%. Long-term interest rates are also near historic lows. Ten-year Treasury yields rose sharply in the wake of the Georgia election and investor expectations will shift as the Democrats pump up fiscal policy and economic growth, but yields are still only just over 1%. It's easy to make the case that investments in infrastructure, housing and education have returns that are well above the cost of government borrowing. Adding to the rationale for more fiscal support is that the pandemic has ravaged the finances of lower-income households and minorities. These groups were only beginning to recover financially from the financial crisis when the pandemic struck. Without substantial targeted government support like we expect to see legislated in coming months, their prospects are poor. This policy will add to the nation's fiscal challenges, but those should be addressed through both government spending restraint and tax increases only once the economy has returned to full employment.

With the economy projected to achieve full employment by early 2023, we expect the Fed to begin normalizing short-term rates by fall 2023. By then, inflation should be firmly above the Fed's 2%

target and inflation expectations even higher. It will take approximately three years for the Fed to increase the federal funds rate target to its 2.5% long-run equilibrium rate, or r-star. Long-term rates will rise sooner as the Fed tapers its quantitative easing by early 2022, and bond investors anticipate a full-employment economy with higher inflation. Ten-year Treasury yields are projected to end this year near 1.5%, 2.3% by year-end 2022, and close to 3% when the Fed starts normalizing short-term rates in fall 2023.

The next few months will be difficult, but the next few years look increasingly bright. The raging pandemic will fade by mid-2021 once a majority of Americans are vaccinated, and the economy will quickly get back on track thanks in significant part to robust fiscal and monetary policy support.

Next Week

Fresh data will be somewhat limited next week, but new jobless claims will be an important marker. This week's increase in unemloyment insurance claims was discouraging, and it is clear that this winter will be difficult for the economy and the labor market. Still, better times are ahead, particularly as additional fiscal support is on the way. In housing, we will see a fresh take on the market index from the National Association of Home Builders, which edged downward last month, and the December report on housing starts and permits, which slowed in November.

EUROPE

By Ross Cioffi of Moody's Analytics

We Don't Expect Changes From the ECB

We aren't expecting many surprises next week. The main releases will be the final estimates of consumer price inflation, which we predict followed the preliminary reports, and the first monetary policy meeting of the European Central Bank in 2021. We predict no policy changes there. We expect that euro zone consumer prices fell 0.3% y/y in December, the same as in November. Prices will be weighed down by energy, and in particular by fuels, despite the fact that Brent crude barrel prices began to increase more substantially over the course of the month. Demand remains weak with mobility so tightly restricted, so we don't expect prices at the pumps to begin rising again in yearly terms until February or March. According to the preliminary release, price growth picked up slightly among services, but further declines in nonenergy goods left the core inflation rate unchanged from the previous month at 0.2%.

Meanwhile, we do not expect any changes in the policy stance of the ECB at its meeting next Thursday. The main refinancing rate target will be left at 0%, while the bank will likely leave its Pandemic Emergency Purchase Program unchanged after increasing the total envelope size at its December meeting by €500 billion, to €1.85 trillion. The first quarter will be rough for the euro zone though, especially as countries seem set to stay in lockdown into February. The ECB will likely be called to act once more before the pandemic is over, but not yet.

Finally, the U.K. will be releasing an estimate of retail sales in December. We are expecting that the lead up to the holiday season lifted sales 1.5% month on month after the 2.45% increase in November. However, the U.K. economy is not in a good spot. The pandemic and Brexit are weighing heavily on activity, such that we suspect the country is at risk of having contracted during the final quarter of 2020 and in the first quarter of 2021.

	Key indicators	Units	Moody's Analytics	Last
Mon @ 10:00 a.m.	Italy: Consumer Price Index for December	% change yr ago	-0.1	-0.2
Tues @ 8:00 a.m.	Germany: Consumer Price Index for December	% change yr ago	-0.3	-0.3
Wed @ 8:00 a.m.	U.K.: Consumer Price Index for December	% change yr ago	0.5	0.3
Wed @ 10:00 a.m.	Euro Zone: Consumer Price Index for December	% change yr ago	-0.3	-0.3
Thur @ 1:45 p.m.	Euro Zone: Monetary Policy Meeting	%	0.0	0.0
Fri @ 9:30 a.m.	U.K.: Retail Sales for December	% change yr ago	1.5	2.4

Asia-Pacific

By Shahana Mukherjee of Moody's Analytics

China's Economy Powered Ahead in 2020

We expect China's economy to have grown by 8.1% in yearly terms in the December quarter, following a 4.9% increase in the prior quarter. In quarterly terms, we forecast a stronger performance with a 3.8% gain, following a 3.1% reading in the September quarter.

China's economy continued its enviable run through most of 2020, aided by a substantial state-funded industrial injection. Not only has China's external position strengthened over the December quarter due to an uptick in already strong export growth, but domestic conditions have also been on the mend, with spending having picked up since August. Stronger aggregate demand and improving investor sentiment are expected to have anchored another quarter of impressive growth.

China's consumer and production indicators are similarly expected to have marked another month of growth. Given the largely favourable demand conditions, China's industrial output is likely to have increased at a steady rate of 7% in yearly terms in December, while fixed asset investment is expected to have picked up a notch, settling at 2.8% over this period. Retail sales likely increased by 5.2% in December, improving on the 5% increase in November, as income and employment levels gradually recover to pre-COVID-19 levels.

The Bank of Japan is expected to keep its monetary settings unchanged in its January announcement. The apex bank announced a range of measures last month, including a six-month extension to the emergency lending programme, to combat the growing strain from an intensifying third wave of the pandemic. Though domestic conditions have deteriorated since then and mandated the reimposition of a state of emergency across multiple prefectures, the expected impact will be limited this time, assuming no extensions, as the restrictions at this stage mostly affect restaurants and bars. Having mobilized substantial resources already, the BoJ is likely to adopt a wait-and-see approach until the initial signs of the effectiveness of current countermeasures surface.

Australia's unemployment rate is likely to have declined to 6.7% in December from 6.8% in November. Domestic conditions have continued to recover since the easing of pandemic-related restrictions in Victoria, and all states are firmly on recovery course. Another month of strong spending during the holiday season, aided by conducive policy settings, is expected to have created more employment opportunities and eased the strain on the labour market. However, the temporary closure of certain state borders is expected to have weakened the revival momentum for tourism-related services.

	Key indicators	Units	Moody's Analytics	Confidence	Risk	Last
Mon @ 11:30 a.m.	Singapore Nonoil Exports for December	% change yr ago	-5.2	2	↓	-4.9
Mon @ 1:00 p.m.	China GDP for Q4	% change yr ago	8.1	3	↓	4.9
Mon @ 1:00 p.m.	China Industrial Production for December	% change yr ago	7	3	↑	7
Mon @ 1:00 p.m.	China Retail Sales for December	% change yr ago	5.2	3	↑	5
Mon @ 1:00 p.m.	China Fixed Asset Investment for December	% change yr ago	2.8	3	↑	2.6
Thur @ 10:50 a.m.	Japan Foreign Trade for December	¥ bil	220	3	↓	367
Thur @ 11:30 a.m.	Australia Employment for December	%	6.7	3	↑	6.8
Thur @ 2:00 p.m.	Japan Monetary Policy for January	%	-0.1	4	←	-0.1
Fri @ 8:45 a.m.	New Zealand CPI for Q4	% change	1.1	3	↓	1.4
Fri @ 10:30 a.m.	Japan Core CPI for December	% change yr ago	-0.8	3	↓	-0.9

The Long View

Already thin spreads suggest investment-grade corporate bond yields are likely to trend higher.

By John Lonski, Chief Capital Markets Economist, Moody's Capital Markets Research
January 14, 2021

CREDIT SPREADS

As measured by Moody's long-term average corporate bond yield, the recent investment grade corporate bond yield spread of 101 basis points was less than its 116 basis-point median of the 30 years ended 2019. This spread may be no wider than 110 bp by year-end 2021.

The recent composite high-yield bond spread of 381 bp approximates what is suggested by the accompanying long-term Baa industrial company bond yield spread of 145 bp but is narrower than what might be inferred from the recent VIX of 22.9 points. The latter has been historically associated with a 645-bp midpoint for a composite high-yield bond spread.

DEFAULTS

November 2020's U.S. high-yield default rate of 8.4% was up from November 2019's 4.1%. The recent average high-yield EDF metric of 2.90% portend a less-than-4% default rate by October 2021.

US CORPORATE BOND ISSUANCE

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 43.7% for IG and grew 21.4% for high yield.

Second-quarter 2020's worldwide offerings of corporate bonds revealed annual surges of 69% for IG and 31% for high-yield, wherein US$-denominated offerings increased 142% for IG and grew 45% for high yield.

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

Fourth-quarter 2020's worldwide offerings of corporate bonds revealed an annual decline of 11.9% for IG and an annual advance of 4.4% for high-yield, wherein US$-denominated offerings increased by 15.3% for IG and by 10.6% 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 annual percent increases for 2020's worldwide corporate bond offerings are a 18.4% (to $2.899 trillion) for IG and 25.8% (to $706 billion) for high yield. The expected annual declines for 2021's worldwide rated corporate bond issuance are 15% for investment-grade and 9% for high-yield.

US ECONOMIC OUTLOOK

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

Europe

By Ross Cioffi of Moody's Analytics
January 14, 2021

GERMANY

With the pandemic raging in Germany, authorities there tightened social distancing measures until at least 31 January. The stricter lockdown will ban travel to hotspots and limit private meetings. These come on top of the restrictions already in place that have closed all nonessential shops and services. The new measures will hit energy consumption and energy production and hurt already-fragile demand for transport services. Retail sales will likely be a bust this month as well, partly because of the typical post-holiday slowdown in sales.

A November to forget for Italian sales

The November lockdown sent Italy's retail sales tumbling. Purchases plunged by 6.9% in monthly terms, fully erasing the 0.5% gain in October. In yearly terms, retail sales plummeted by 8.1%. On the upside, spending on food rose by 1% m/m, which led sales to surge 5% above year-ago levels. With restaurants and bars and nonessential retail closed in much of the country, consumer demand was channeled into supermarkets. The increase wasn't enough to offset the 13.2% drop in nonfood sales, however. Sales fell in all categories except for ICT equipment and tools. Unsurprisingly, sales of clothing and accessories took the biggest hit, as most consumers remain home bound this winter.

Retail suffered as lockdown measures forced shops to temporarily shutter, constricting the supply channel. We suspect consumer demand faltered during the month as well. As the second wave of infections peaked, consumer sentiment in November tumbled from 101.7 to 98.4, the lowest it had been since May's reading of 94.8. The situation in the labor market likely led to some precautionary savings as well; although the unemployment rate inched down during the month, employment continued to lag pre-pandemic levels, as did average hours worked. And while a short easing in restrictions and the lead-up to the holiday season likely boosted sales in December, we expect retail weakened over the quarter.

Netherlands' CPI perking up

Consumer price inflation in the Netherlands accelerated to 1% y/y in December from 0.8% in November. With December's estimate, the CPI rose on average 1.3% during 2020. Household energy prices continued to weigh heavily on the headline rate, down 11.2% over the month. Oil price gains also eased the downward pressures bearing on the CPI. Motor and liquid fuel prices were down by just 7.4% y/y rather than by 8.9% as in the month before.

Despite the gains in the price of Brent crude during December, persistently low demand has kept energy prices below their year-ago levels. Optimism about the new COVID-19 vaccines, as well as the relative strength in the Chinese economy, has buoyed barrel prices in futures markets. But as long as lockdown measures persist in Europe, consumer energy prices will rise only slowly. The story is similar across Europe; oil and fuel prices, in particular, will drag down year-ago rates until March, when base effects from the spring's slump in oil prices kick in.

Core inflation perked up as well, with price growth in nonenergy industrial goods and services accelerating slightly. As elsewhere in Europe, the Netherlands' lockdown was recently extended until the end of January, meaning that core inflation will likely remain stable in January while the headline rate could climb following an uptick in Brent oil prices and a further increase in the excise tax on tobacco.

Asia Pacific

By Christina Zhu and Shahana Mukherjee of Moody's Analytics
January 14, 2021

SINGAPORE

China's external position continued to strengthen in its recovery phase. China's foreign trade surplus rose to US$78.2 billion in December on the back of a strong 18% yearly increase in exports, while imports rose by a more moderate 6.5%. Global demand for high-tech and electrical products held strong, increasing by 26.5% and 23.1%, respectively, in December, while shipments to major markets such as the U.S. (up 35%), Europe (up 4.8%) and Japan (up 8.6%) reflected notable growth in December.

For China's exporters, external demand remained strong even though many countries continue to struggle with surging new COVID-19 cases following the emergence of more infectious variants of the virus. The optimism surrounding vaccine distribution has supported consumer sentiment and further aided demand for China's exports.

China's exports recorded a sizeable 3.6% yearly increase in 2020, but most of the export gains over this period resulted from higher medical equipment and textile product exports, which surged by 40.5% and 29.2%, respectively, over the previous year. Furniture and home appliances also picked up in recent months, posting double-digit growth compared with 2019. Industrial commodity shipments such as rare earths, petroleum, aluminium products and steel recorded the maximum declines. Imports were weaker, declining by 1.1% in 2020. However, the relatively lacklustre change was largely due to lower prices of energy products and industrial materials, also impacted by a slower revival in domestic demand.

China imported significantly more agriculture products in 2020 for multiple reasons. Imports of meat including offal surged by 59.6% year on year to curb surging pork prices caused by the Africa swine flu. At the same time, imports of grain crops and soybeans rose strongly to complement domestic supply, which was disrupted by the devastating flood in the summer, and to fulfil the Phase One trade deal with the U.S.

The outlook for China's foreign trade is relatively favourable in the near term, as external demand for medical products and electronics and high-tech products is expected to hold up through the new pandemic resurgence. However, China's trade surplus is likely to weaken later in the year as demand for pandemic-related products softens and countries restore their domestic production capacity. Further, a persistently strong yuan can also weaken China's export competitiveness and erode the net gains.

Equally important, some overseas demand may shift to other competitors as early as the second half of this year, especially if the drive to diversify supply chain dependencies persists among global manufacturers. President-elect Job Biden's stance on China tariffs will be crucial, though a phase-out, if any, is unlikely before the second half of the year.

Ratings Round-Up

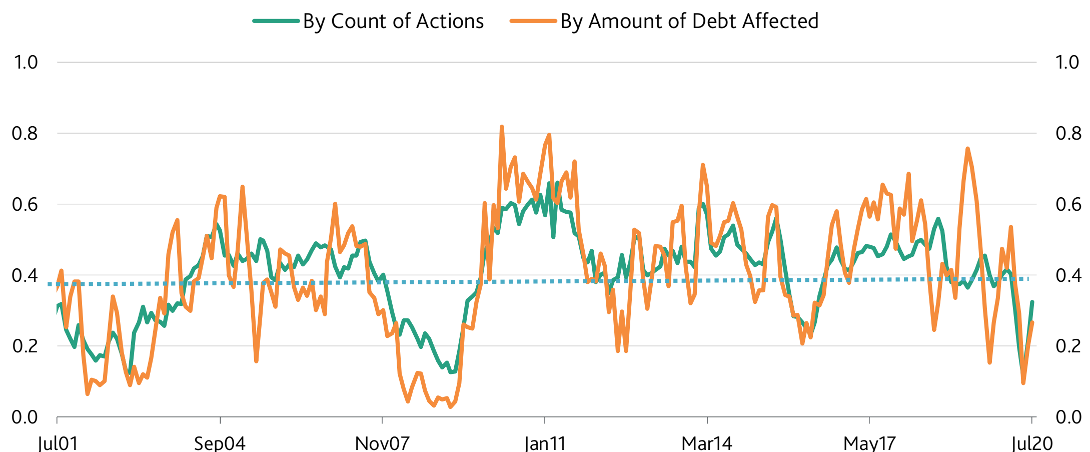
U.S. Changes Continue a Positive Trend

By Michael Ferlez
January 14, 2021

U.S. rating change activity continued its positive trend. For the week ended January 12, upgrades accounted for roughly two-thirds of the weeks rating changes and affected debt. All rating changes during the period were to speculative-grade companies, with energy-related firms accounting for the largest share of rating changes. The most notable upgrade was made to Antero Resources Corp., which saw its corporate family rating and senior unsecured credit rating upgraded to B1 and B2, respectively. In Moody's Investors Service rating action, Sajjad Alam, a Moody's Senior Analyst, was cited as saying, "The upgrade reflects Antero's substantially reduced refinancing risks as well as its improved free cash flow generation and debt reduction prospects following a recovery in commodity prices." Meanwhile, downgrades were headlined by Ferrellgas L.P. Moody's Investors Service downgraded the business and consumer services company's probability of default to D-PD following the announcement the firm would file for bankruptcy. Additionally, Moody's Investors Service also downgrade the firm's senior unsecured notes from Caa3 to Ca, affecting $2.95 billion in debt.

European rate change activity was credit negative. Downgrades outnumbered upgrades three to one, but only accounted for 9% of the affected debt. The United Kingdom led all countries with two rating changes, with Luxembourg and the Netherlands each receiving one change. The most notable change was to Fiat Chrysler Automobiles N.V. The Netherlands-based automaker saw its senior credit rating upgraded to Baa3 from Ba2. The firm recently announced it would change its name to Stellantis N.V. after its merger with Peugeot S.A. was approved by both firms' shareholders. In Moody's Investors Service rating action, Matthias Heck, a Moody's Vice President—Senior Credit Officer and Lead Analyst for FCA, PSA and Stellantis was cited saying, "The assigned Baa3 issuer rating on FCA reflects the expected closing of the merger between FCA and PSA to create Stellantis, a larger and more diversified entity with significant synergy potential." The upgrade affected $10 billion in outstanding debt.

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
1/6/21	REALOGY GROUP LLC	Industrial	SrSec/BCF	550	U	Ba3	Ba2	SG
1/6/21	CAMPING WORLD HOLDINGS INC. -CWGS ENTERPRISES, LLC	Industrial	SrSec/BCF /LTCFR/PDR/LGD		U	B2	B1	SG
1/7/21	MHE US HOLDINGS, LLC -MCGRAW HILL LLC	Industrial	SrSec/SrUnsec /BCF/LTCFR/PDR	741	U	Caa3	Caa2	SG
1/8/21	GENWORTH FINANCIAL INC -GENWORTH HOLDINGS, INC.	Financial	SrUnsec/JrSub		D	B3	Caa1	SG
1/8/21	AIP/HARDWOODS FUNDING, INC. -NORTHWEST HARDWOODS, INC.	Industrial	PDR		D	C	D	SG
1/8/21	VINE OIL & GAS, LP	Industrial	SrUnsec/LTCFR/PDR	910	U	Ca	Caa2	SG
1/8/21	RIVERBED PARENT, INC. -RIVERBED TECHNOLOGY, INC.	Industrial	SrUnsec/PDR	1,050	D	Caa3	Ca	SG
1/11/21	FERRELL COMPANIES-FERRELLGAS, L.P.	Industrial	SrUnsec/PDR	2,950	D	Caa3	Ca	SG
1/11/21	LIFE TIME, INC.	Industrial	SrUnsec/SrSec /BCF/LTCFR/PDR	450	D	Caa2	Caa3	SG
1/11/21	ANTERO RESOURCES CORPORATION	Industrial	SrUnsec/LTCFR/PDR	2,773	U	B3	B2	SG
1/11/21	THOR INDUSTRIES, INC.	Industrial	SrSec/BCF/LTCFR/PDR		U	B2	Ba3	SG
1/11/21	WINNEBAGO INDUSTRIES, INC.	Industrial	SrSec/LTCFR/PDR	300	U	B2	B1	SG
1/11/21	ANTERO MIDSTREAM PARTNERS LP	Industrial	SrUnsec/LTCFR/PDR	2,500	U	B3	B2	SG
1/11/21	UTZ BRANDS HOLDINGS, LLC -UTZ QUALITY FOODS, LLC	Industrial	SrSec/BCF		U	B2	B1	SG
1/12/21	PAREXEL INTERNATIONAL CORPORATION	Industrial	SrUnsec/SrSec /BCf/LTCFR/PDR	770	U	Caa2	Caa1	SG

Source: Moody's

FIGURE 4

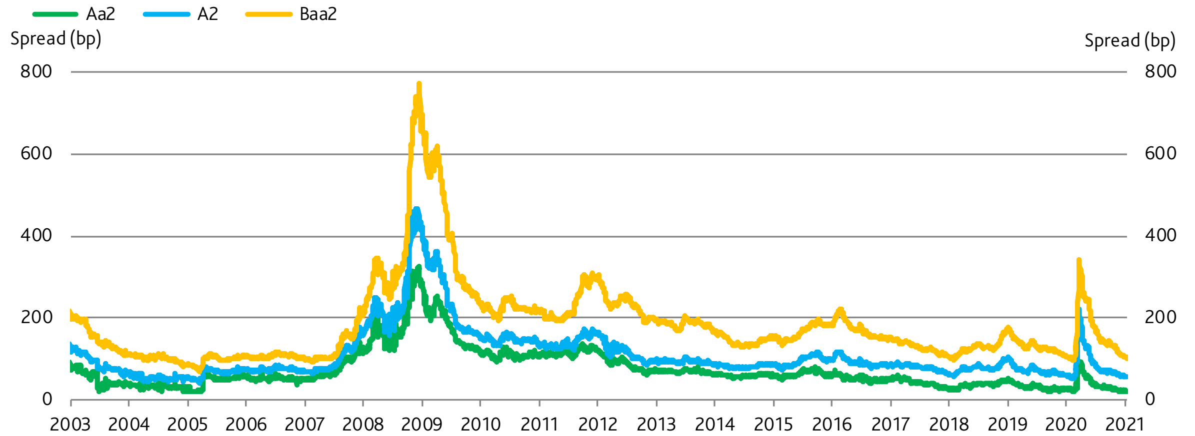
Rating Changes: Corporate & Financial Institutions – Europe

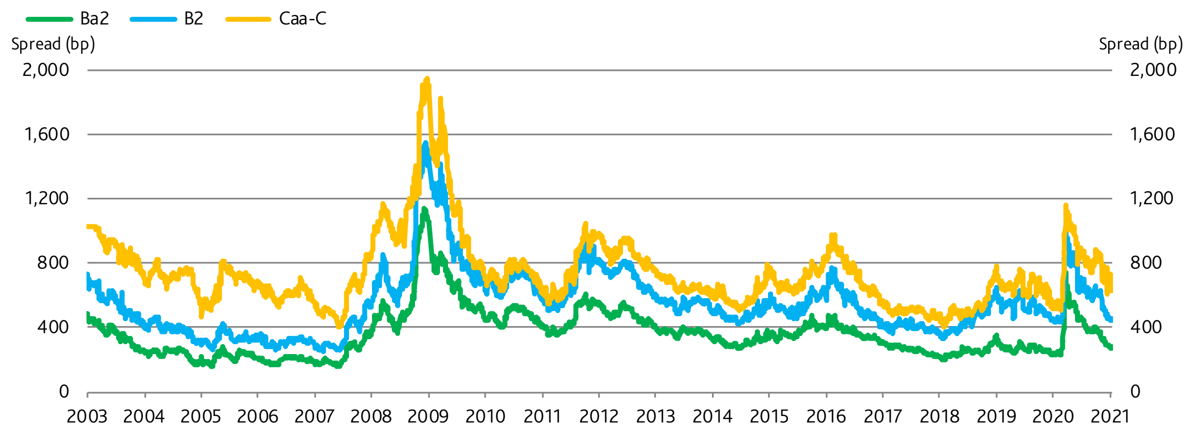
Date	Company	Sector	Rating	Amount ($ Million)	Up/ Down	Old LTD Rating	New LTD Rating	IG/SG	Country
1/7/21	TECHNIPFMC PLC	Industrial	SrUnsec/LTIR/CP	1,052	D	Baa2	Baa3	IG	UNITED KINGDOM
1/11/21	ARVOS MIDCO S.A R.L.	Industrial	SrSec/BCF /LTCFR/PDR		D	B3	Caa1	SG	LUXEMBOURG
1/11/21	FIAT CHRYSLER AUTOMOBILES N.V.	Industrial	SrUnsec/MTN	10,202	U	Ba2	Baa3	SG	NETHERLANDS
1/11/21	INEOS QUATTRO HOLDINGS LTD	Industrial	LTCFR/PDR		D	Ba2	Ba3	SG	UNITED KINGDOM

Source: Moody's

Market Data

Spreads





Market Data

CDS Movers

Figure 3. CDS Movers - US (January 6, 2021 – January 13, 2021)

CDS Implied Rating Rises	CDS Implied Ratings		
Issuer	Jan. 13	Jan. 6	Senior Ratings
Merck Sharp & Dohme Corp.	Aaa	A1	A1
JPMorgan Chase Bank, N.A.	Aa2	A2	Aa2
Toyota Motor Credit Corporation	Aa1	A1	A1
Apple Inc.	Aa1	A1	Aa1
3M Company	Aa2	A2	A1
Burlington Northern Santa Fe, LLC	Aa1	A1	A3
Exelon Corporation	Aa1	A1	Baa2
Eversource Energy	Aa1	A1	Baa1
AutoZone, Inc.	Aa1	A1	Baa1
Automatic Data Processing, Inc.	Aa2	A2	Aa3

CDS Implied Rating Declines	CDS Implied Ratings		
Issuer	Jan. 13	Jan. 6	Senior Ratings
Omnicom Group, Inc.	Baa2	A3	Baa1
Verizon Communications Inc.	Baa2	Baa1	Baa1
Altria Group Inc.	A3	A2	A3
Cox Communications, Inc.	A3	A2	Baa2
United Airlines, Inc.	Ca	Caa3	Ba3
Carnival Corporation	Caa3	Caa2	B2
Tyson Foods, Inc.	A3	A2	Baa2
National Rural Utilities Coop. Finance Corp.	Baa1	A3	A2
Conagra Brands, Inc.	A3	A2	Baa3
Univision Communications Inc.	B3	B2	Caa2

CDS Spread Increases		CDS Spreads		
Issuer	Senior Ratings	Jan. 13	Jan. 6	Spread Diff
American Airlines Group Inc.	Caa1	1,329	1,284	46
Carnival Corporation	B2	564	525	39
Rite Aid Corporation	Caa3	667	641	27
Staples, Inc.	B3	674	647	26
Dish DBS Corporation	B2	468	444	25
American Axle & Manufacturing, Inc.	B2	388	363	25
Talen Energy Supply, LLC	B3	1,079	1,059	20
Yum! Brands Inc.	B1	107	89	18
Liberty Interactive LLC	B2	304	288	16
Univision Communications Inc.	Caa2	342	328	14

CDS Spread Decreases		CDS Spreads		
Issuer	Senior Ratings	Jan. 13	Jan. 6	Spread Diff
Nabors Industries, Inc.	Caa2	1,459	1,626	-167
Macy's Retail Holdings, LLC	B1	522	575	-53
Murphy Oil Corporation	Ba3	334	374	-40
United States Steel Corporation	Caa2	462	500	-38
Occidental Petroleum Corporation	Ba2	349	383	-34
Computer Sciences Corporation	Baa2	79	107	-29
Cameron International Corporation	Baa1	85	112	-27
Devon Energy Corporation	Ba1	107	128	-21
Nissan Motor Acceptance Corporation	Baa3	224	242	-18
Nordstrom, Inc.	Baa3	277	295	-18

Source: Moody's, CMA

Market Data

Figure 4. CDS Movers - Europe (January 6, 2021 – January 13, 2021)

CDS Implied Rating Rises	CDS Implied Ratings		
Issuer	Jan. 13	Jan. 6	Senior Ratings
ENGIE SA	Aa1	A1	Baa1
E.ON SE	Aa1	A1	Baa2
UBS AG	Aa1	A1	Aa3
Telia Company AB	Aa1	A1	Baa1
Vattenfall AB	Aa1	A1	A3
ENGIE Alliance	Aa2	A2	Baa1
Natixis	Aa2	A1	A1
Rabobank	Aaa	Aa2	Aa3
Societe Generale	Aa2	A1	A1
BNP Paribas	Aa2	A1	Aa3

CDS Implied Rating Declines	CDS Implied Ratings		
Issuer	Jan. 13	Jan. 6	Senior Ratings
HSBC Holdings plc	A3	A2	A2
Bayerische Motoren Werke Aktiengesellschaft	Baa1	A3	A2
Credit Suisse Group AG	Baa1	A3	Baa1
Casino Guichard-Perrachon SA	Ca	Caa3	Caa1
Credit Suisse AG	A3	A2	Aa3
Publicis Groupe S.A.	Baa3	Baa2	Baa2
Eksportfinans ASA	Caa1	B3	Baa1
Solvay SA	A3	A2	Baa2
Proximus SA de droit public	A3	A2	A1
Deutsche Lufthansa Aktiengesellschaft	B2	B1	Ba2

CDS Spread Increases		CDS Spreads		
Issuer	Senior Ratings	Jan. 13	Jan. 6	Spread Diff
Novafives S.A.S.	Caa2	790	758	31
Boparan Finance plc	Caa1	544	524	20
Publicis Groupe S.A.	Baa2	73	59	14
Ardagh Packaging Finance plc	Caa1	213	200	13
Deutsche Lufthansa Aktiengesellschaft	Ba2	281	269	12
Altice Finco S.A.	Caa1	371	360	11
TUI AG	Caa1	735	724	11
RCI Banque	Baa2	176	166	10
Renault S.A.	Ba2	172	162	10
Ziggo Bond Company B.V.	B3	222	212	10

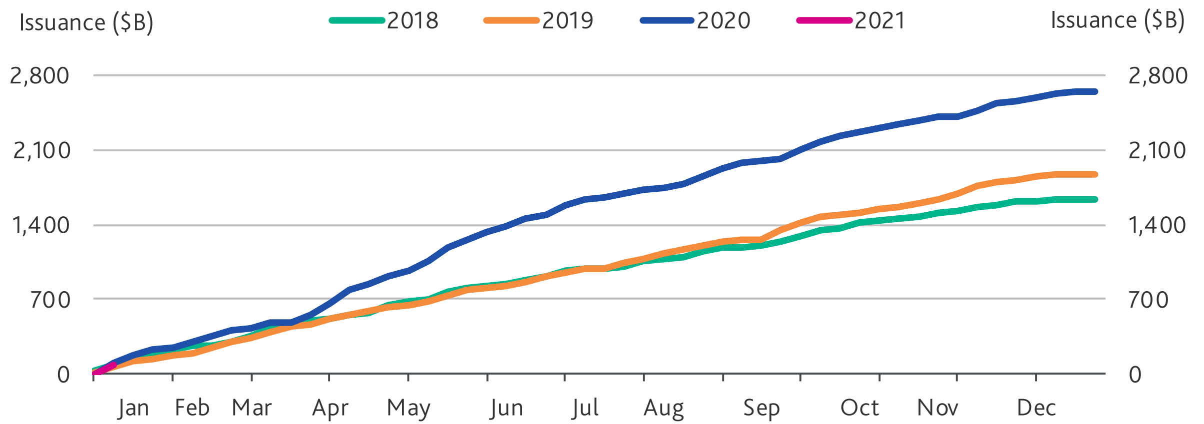
CDS Spread Decreases		CDS Spreads		
Issuer	Senior Ratings	Jan. 13	Jan. 6	Spread Diff
Jaguar Land Rover Automotive Plc	B1	493	575	-82
Banca Monte dei Paschi di Siena S.p.A.	Caa1	175	200	-25
Marks & Spencer p.l.c.	Ba1	227	245	-19
Caixa Geral de Depositos, S.A.	Ba1	89	107	-18
METRO Finance B.V.	Ba1	69	82	-13
Telefonica S.A.	Baa3	71	83	-12
Hammerson Plc	Baa3	292	301	-10
GKN Holdings Limited	Ba1	163	173	-10
Banco Sabadell, S.A.	Baa3	77	86	-9
Stena AB	Caa1	519	527	-8

Source: Moody's, CMA

Market Data

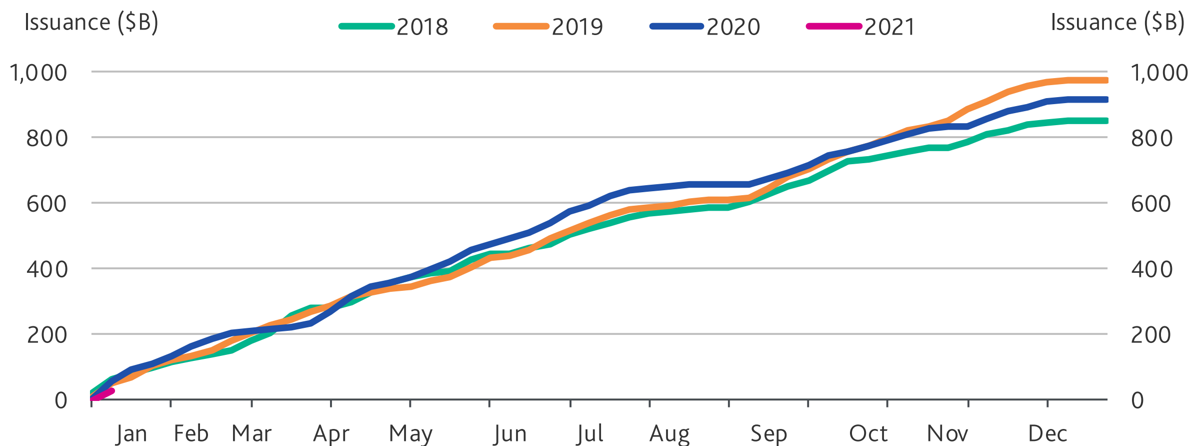
Issuance

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	57.572	17.671	75.243
Year-to-Date	57.572	17.671	77.943

	Euro Denominated		
	Investment-Grade	High-Yield	Total*
	Amount $B	Amount $B	Amount $B
Weekly	22.527	2.460	25.449
Year-to-Date	22.527	2.460	25.449

* Difference represents issuance with pending ratings.

Source: Moody's/ Dealogic

Moody's Capital Markets Research recent publications

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

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

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

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