

WEEKLY MARKET OUTLOOK

Moody's Analytics Research

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Stocks and High-Yield Performed Well Amid Prior Upturns by Treasury Bond Yields

[Credit Markets Review and Outlook](#) by John Lonski

Stocks and High-Yield Performed Well Amid Prior Upturns by Treasury Bond Yields

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We preview economic reports and forecasts from the U.S. and Asia/Pacific regions.

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[The Long View](#)

Full updated stories and key credit market metrics: At least \$73 billion of rated US\$-denominated corporate bonds were issued during March's first week.

Credit Spreads	Investment Grade : Year-end 2021's average investment grade bond spread may exceed its recent 98 basis points. High Yield : A composite high-yield spread may top its recent 352 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 January 2020's 4.3% to January 2021's 8.3% and may average 5.5% 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 58% to \$440 billion. In 2020 , US\$-denominated corporate bond issuance soared 54% for IG to a record \$2.012 trillion, while high-yield advanced 30% to a record-high \$570 billion. For 2021 , US\$-denominated corporate bond offerings may decline 25% (to \$1.518 trillion) for IG and drop 8% (to \$526 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](#)

Latest U.S. Rating Changes Skew Positive

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Credit spreads, CDS movers, issuance.

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Links to commentaries on: Rising prices, stimulus, core profits, yield spreads, virus, Congress, misery, issuance boom, default rate, volatility, credit quality, bond yields, record savings rates, demographic change, high tech, complacency, Fed intervention, speculation, risk, credit stress, optimism, 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

Stocks and High-Yield Performed Well Amid Prior Upturns by Treasury Bond Yields

How did financial markets fare during the four previous distinct upturns by Treasury bond yields since December 2008's Great Recession bottom for the 10-year Treasury yield? Because rising Treasury yields have been partly the offshoot of favorable outlooks for corporate profits, earnings-sensitive securities such as equities and high-yield bonds perform better amid extended upturns by Treasury yields compared with when Treasury yields trend lower.

The four previous rising trends for the 10-year Treasury yield's month-long average were (i) a December 2008 bottom of 2.42% and an April 2010 high of 3.85%, (ii) an October 2010 trough of 2.54% and a February 2011 top of 3.58%, (iii) a July 2012 bottom of 1.53% and a December 2013 peak of 2.90%, and (iv) a July 2016 trough of 1.50% and an October 2018 top of 3.15%. The 10-year Treasury yield most recently bottomed at July 2020's record-low 0.62% and has since risen to a March-to-date average of 1.46%, which resembles July 2016's pre-COVID-19 low of 1.50%.

In contrast to the equity market's latest reaction to rising Treasury bond yields, episodes of rising Treasury bond yields tend to be accompanied by above-average showings for the U.S. equity market. The 70 months overlapping rising trends for the 10-year Treasury yield since December 2008 showed average and median monthly increases of 1.8% and 2.1%, respectively, for the market value of U.S. common stock. By contrast, the 75 months since December 2008 that overlapped declining trends for the 10-year Treasury yield's monthly average revealed smaller monthly increases of 0.5% for the average and 0.9% for the median monthly change of the U.S. common equity market.

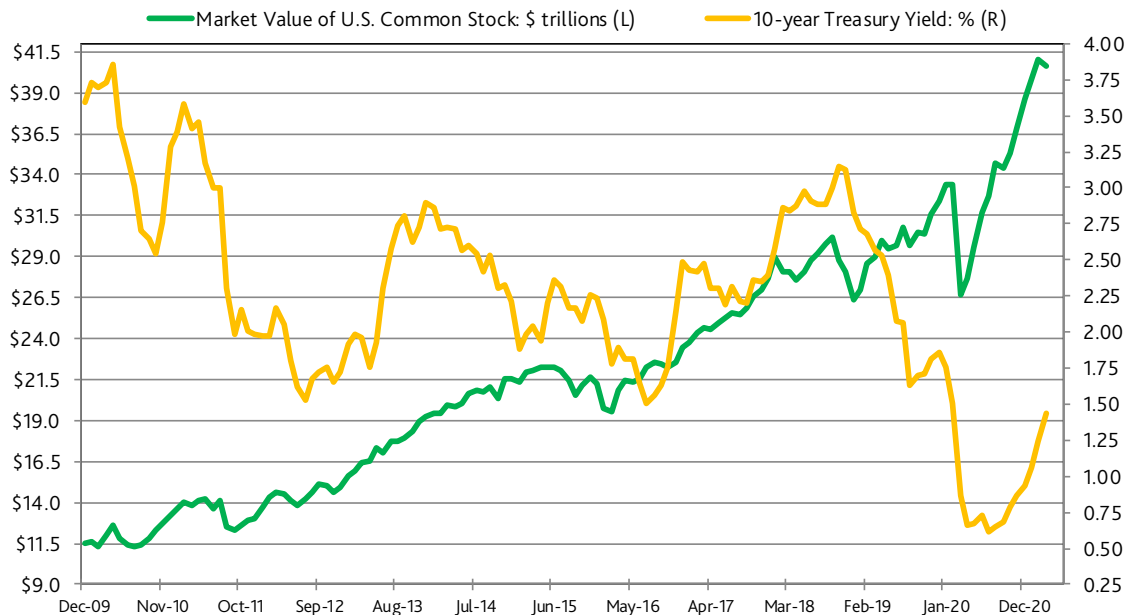
The cumulative percent increases by the market value of U.S. common stock for each of the four mentioned episodes of rising Treasury bond yields were (i) 43% for the span-ended April 2010, (ii) 13.5% for the span-ended February 2011, (iii) 35% for the span-ended December 2013, and (iv) 29% for the span-ended October 2018. Despite the market's recent slide, the market value of U.S. common stock has advanced by 24.5% from July's monthly average to March-to-date's average.

The record suggests that higher Treasury bond yields might trigger a deep and extended slide by the U.S. equity market only if a climb by borrowing costs shrink profits. For now, the sensitivity of share prices to higher Treasury yields may have been amplified by concerns about possible increases in taxes and regulation. Nevertheless, in the final analysis, it will be the expected avoidance of a disruptive contraction of corporate earnings that will prevent a deep and extended slide by share prices.

Credit Markets Review and Outlook

Figure 1: U.S. Equity Market Advanced During Each Notable Climb by Treasury Bond Yields since 2008

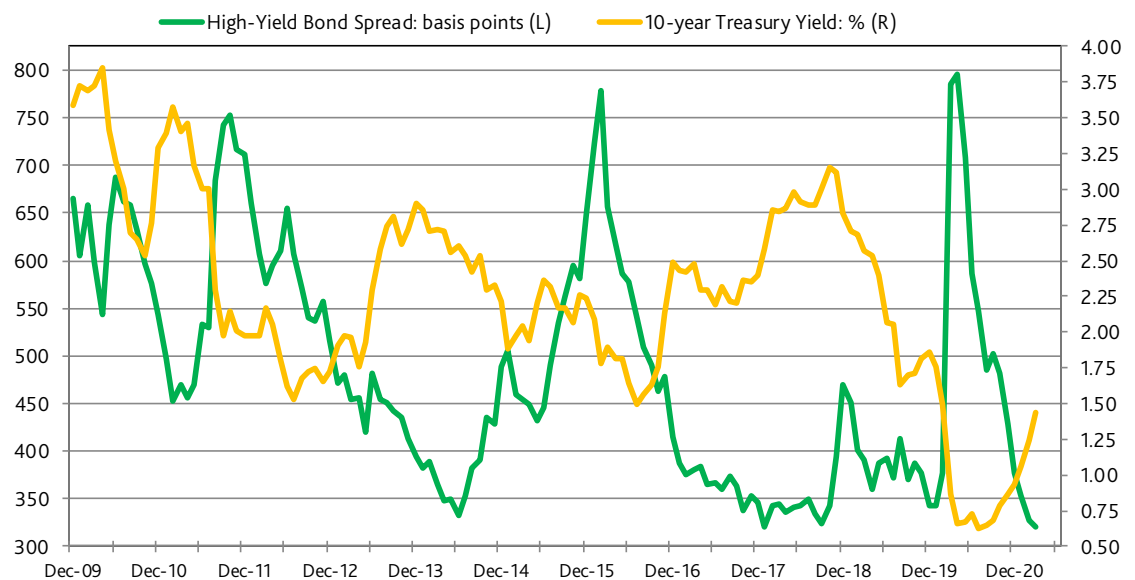
sources: Wall Street Journal, Federal Reserve, Moody's Analytics

**As T-bond Yields Trend Higher, Spec-Grade Spreads and Yields Trend Lower**

Moreover, high-yield bond spreads tended to narrow significantly when the 10-year Treasury yield trends higher. The monthly changes by the high-yield bond spread during the 70 months overlapping spans of rising Treasury bond yields generated an average monthly decline of 30 basis points and a median monthly narrowing of 20 bp. Each of the 10-year Treasury yield's five rising trends since the Great Recession was joined by a substantial narrowing of the high-yield bond spread.

Figure 2: Rising Trends for the 10-Year Treasury Yield Have Been Joined by Narrowing Trends for the High-Yield Bond Spread

sources: Bloomberg, Barclays Capital, Federal Reserve, Moody's Analytics



Ordinarily, one might think that speculative-grade bond yields will rise whenever benchmark Treasury bond yields trend higher. However, episodes showing a rising trend for the 10-year Treasury yield instead reveal an average monthly decline of 25 bp for the speculative grade bond yield and a median decline of 14 bp for the median. For the 75 months overlapping a declining trend for the 10-year Treasury yield, the spec-grade bond yield's average monthly rise of 1 bp was joined by a median monthly change of -6 bp.

Credit Markets Review and Outlook

How Spec-Grade Yields Fared from Start to Finish Of Previous T-Bond Yield Upturns

When the 10-year Treasury yield's monthly average advanced from December 2008's 2.42% to April 2010's 3.85%, the month-long average of Bloomberg/Barclays speculative-grade bond yield plunged from 21.86% to 8.20%, respectively. This episode's very deep drop by the spec-grade bond yield owed much to December 2008's ultra-wide high-yield bond spread of 1,874 bp.

When the 10-year Treasury yield increased from October 2010's 2.54% to February 2011's 3.58%, the spec-grade bond yield sank from 7.46% to 6.84%. The latter yield also served as that episode's bottom.

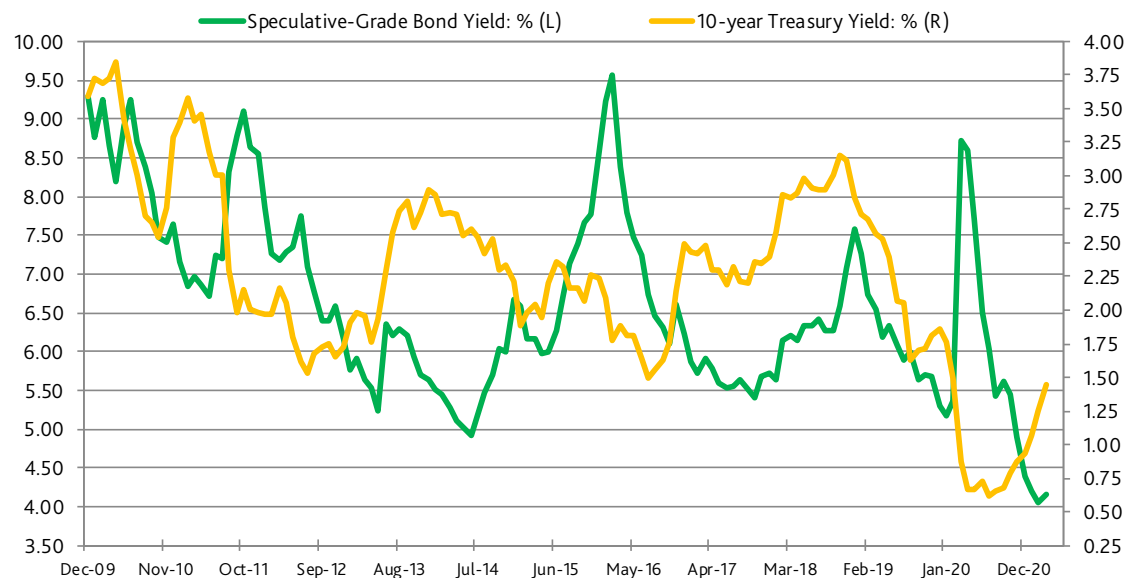
During the 10-year Treasury yield's rise from July 2012's 1.53% to December 2013's 2.90%, the spec-grade bond yield dropped from 7.10% to 5.64%. For this span, the spec-grade bond yield troughed at May 2013's 5.24%.

As the 10-year Treasury yield advanced from July 2016's 1.50% to October 2018's 3.15%, the spec-grade bond yield posted a relatively muted decline from 6.73% to 6.59%. However, the spec-grade yield's month-long average bottomed relatively early in the Treasury yield's rising trend at October 2017's 5.41%, which was a sizable 132 bp under July 2016's 6.73%.

Regarding the latest upturn by the average 10-year Treasury yield from July 2020's 0.62% to the 1.44% of March-to-date, Bloomberg/Barclays average spec-grade bond yield has dropped from 6.04% to 4.15%.

Figure 3: Previous Upturns by 10-Year U.S. Treasury Yield Were Joined by Lower Speculative-Grade Bond Yields

sources: Barclays Capital, Bloomberg, Federal Reserve, Moody's Analytics

**Investment-grade corporate bond yields and the Treasury yield cycle**

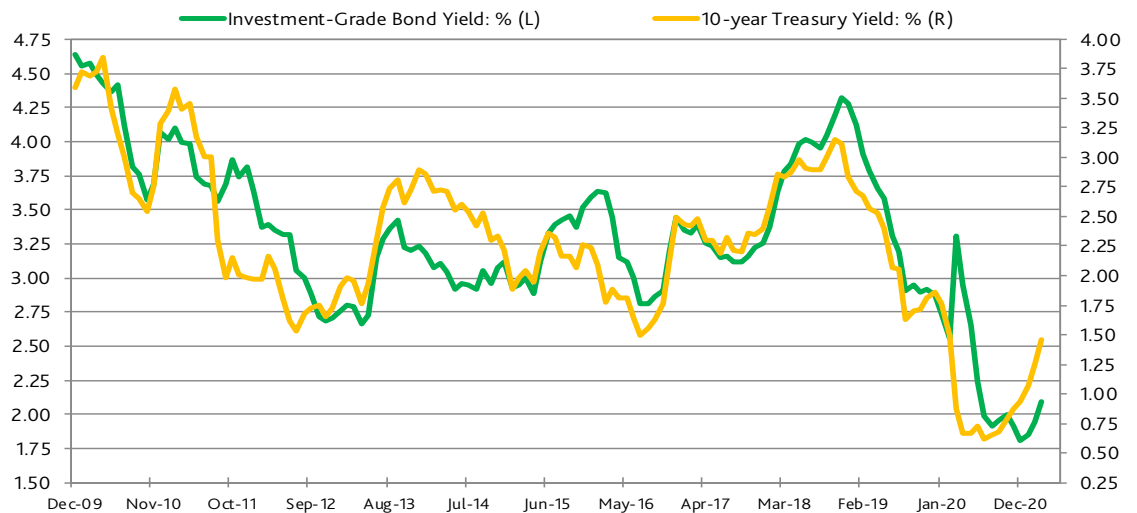
The month-long average of the Bloomberg/Barclays investment-grade corporate bond yield dipped 2 bp, on average, during the 70 months overlapping a rising 10-year Treasury yield, but its median monthly change showed a 2 bp increase. During episodes of a declining 10-year Treasury yield, the investment-grade yield fell by 6 bp per month on average while showing a median monthly decline of 5 bp.

For the four previously mentioned series of rising Treasury bond yields, the investment-grade corporate bond yield sank 353 bp to 4.43% for the span-ended April 2010, increased 53 bp to 4.10% for the span-ended February 2011, rose 17 bp to 3.23% for the span-ended December 2013, and advanced 139 bp to 4.20% for the span-ended October 2018. Since the 10-year Treasury bottomed at July 2020's 0.62%, the month-long average of the Bloomberg/Barclays investment-grade corporate bond yield has edged up from July's 1.98% to the 2.09% of March-to-date.

Credit Markets Review and Outlook

Figure 4: 10-Year Treasury Yield Shows Very High Correlation of 0.84 with Investment-Grade Corporate Bond Yield

sources: Barclays Capital, Bloomberg, Federal Reserve, Moody's Analytics



Declining Trend for High-Yield EDF Is Often Joined by Rising Trend for Treasury Bond Yields

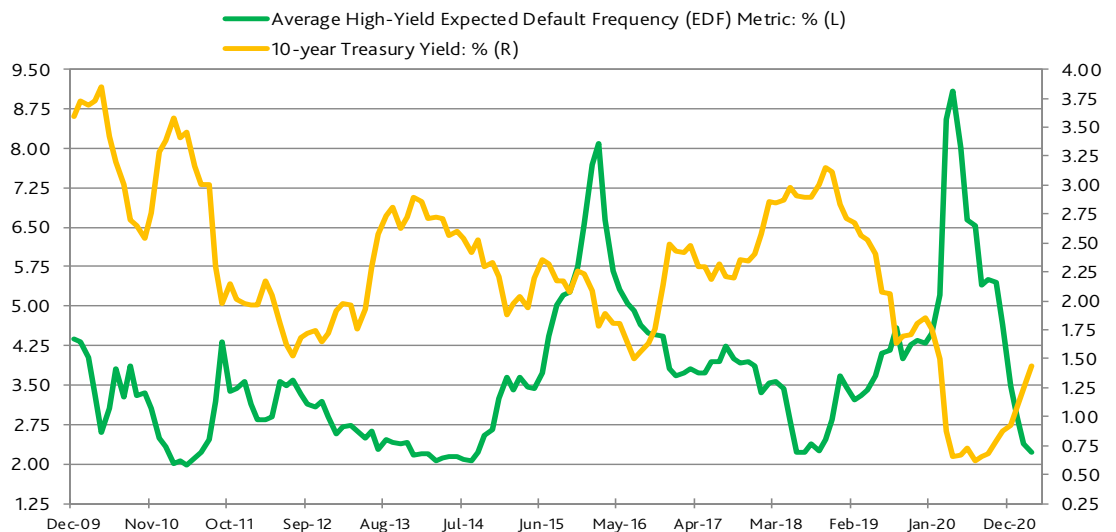
Despite recent equity market volatility, the declining trend of Moody's Analytics' expected default frequency metric of U.S./Canadian high-yield issuers remains intact. During the first three days of March, the high-yield EDF averaged 2.22%, which was down from its previous and already historically low month-long averages of 2.89% for January 2021 and 2.39% for February. The record shows that a declining high-yield EDF favors (i) a lower high-yield default rate, (ii) a narrower high-yield bond spread, and (iii) a higher 10-year Treasury bond yield.

Regarding the divergence between the trends taken by the 10-year Treasury yield and the average high-yield EDF metric, during the five episodes of rising Treasury bond yields since 2008, the high-yield EDF declined sequentially in 52, or 73%, of the 71 months overlapping the five spans of rising Treasury bond yields. For the five cited installments of rising Treasury bond yields, the 10-year Treasury yield rose 9 basis points per month on average, while the high-yield EDF fell 25 bp monthly on average.

Thus far in March, the high-yield EDF has averaged 2.2%, which was down from February's month-long average of 2.4%. When the high-yield EDF's month average last fell to a rate no greater than 2.2%, in December 2013, the 10-year Treasury yield's monthly average formed a "taper-tantrum" peak of 2.90%. By December 2014 the high-yield EDF had risen to 3.4% and the 10-year Treasury yield had dropped to 1.98%.

Figure 5: 10-Year U.S. Treasury Yield Trends Higher When High-Yield EDF Metric Trends Lower

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

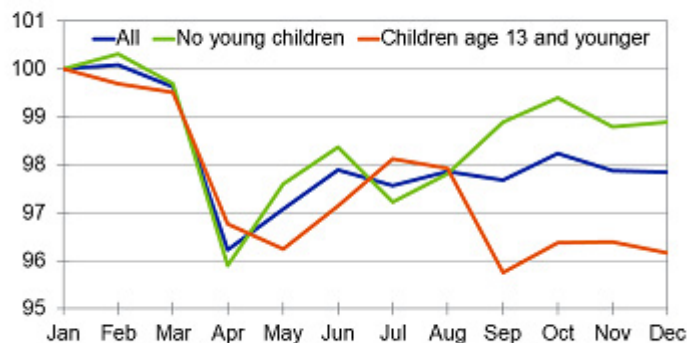
We Expect Real GDP Growth of Over 6% This Year

The U.S. economy appears poised to take off. Real GDP growth is tracking 9% annualized in the first quarter, up from just over 4% in the last quarter of 2020, led by robust retail spending and business investment. Real GDP in the first quarter could surpass the pre-pandemic peak set in the fourth quarter of 2019. The job market is still lagging. February [employment](#), which the Bureau of Labor Statistics will release on Friday, is likely to increase by only 150,000 jobs after several months of effectively no job growth. But hiring should pick up strongly this spring as the pandemic begins to wind down and President Biden's American Rescue Plan provides a massive dose of fiscal support. We expect real GDP growth of over 6% in calendar year 2021 as employment increases by more than 5 million jobs from December to December. And even these growth expectations may be too low.

Unemployment, meanwhile, should decline about a percentage point to near 5% by year-end 2021. This isn't as much as might be expected given the robust job growth, but it will reflect the return to the workforce of several million workers who left jobs in the pandemic to care for their out-of-the-classroom children. This will happen as schools quickly reopen. The number of prime-age workers in the labor force with children 13 years old and younger is down 4% since the pandemic hit a year ago. Prime-age workers in the labor force with no children are down only 1%. School closings have been hardest on female labor force participation, which is no surprise, but male participation has also been adversely impacted in recent months.

Parents Want to Get Back to Work...

Labor force, prime-age workers, Jan 2020=100

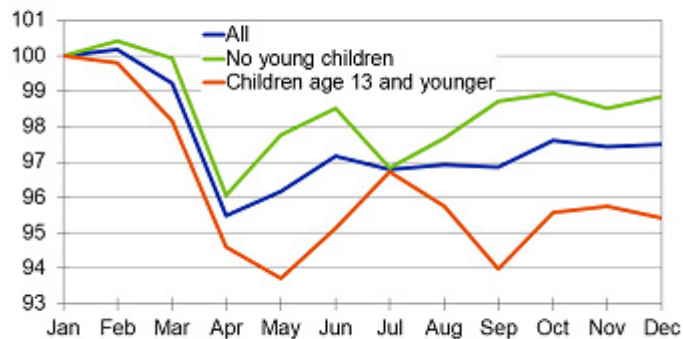


Sources: BLS, Moody's Analytics

The Week Ahead

...Particularly Mothers...

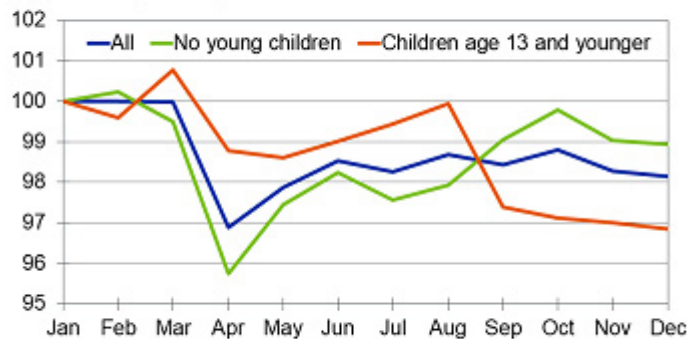
Labor force, prime-age women, Jan 2020=100



Sources: BLS, Moody's Analytics

...But Fathers as Well

Labor force, prime-age men, Jan 2020=100



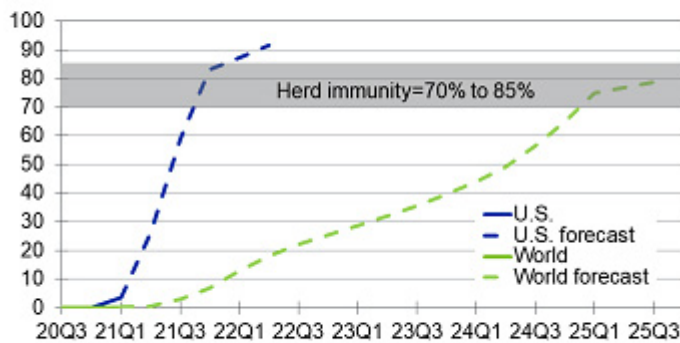
Sources: BLS, Moody's Analytics

Behind this optimism over the economy's prospects is the expectation that the U.S. will achieve herd immunity sometime between Memorial Day and July Fourth. Close to 50 million Americans have received their first shot of a vaccine, and an estimated 50 million more presumably have some degree of immunity after being infected by the [COVID-19](#) virus. Herd immunity will be safely achieved when about three-fourths of the population, or another 150 million people, are vaccinated or get sick. If vaccinations average a very doable 1.5 million a day, and confirmed infections average 50,000 per day, then July Fourth seems like a conservative estimate of when households will feel confident about ending their various degrees of self-quarantining. The U.S. will be among the first nations to achieve herd immunity, with much of the rest of the world reaching this milestone much later. This is due to a lack of resources and poor healthcare systems in parts of the emerging world, though less sickness in much of the Asia-Pacific region has allowed it to manage the virus well. We don't expect global herd immunity until mid-decade.

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U.S. Reaches Herd Immunity First

% of population fully vaccinated, actual & forecast



Sources: Our World in Data, World Bank, Moody's Analytics

By summer, we expect the receding of the pandemic to unleash a considerable amount of demand that has built up in stuck-at-home households. Those households, particularly those that are well-to-do, have the wherewithal to ramp up spending. Cash in checking and savings accounts has ballooned by over \$4 trillion in the year ending this January. In a typical year, these cash holdings increase no more than \$1 trillion. That's a lot of financial firepower. A fair share of this cash will eventually be used to purchase other less-liquid assets and repay debt, and households won't be able to or want to spend the rest of it quickly. How many trips can one take in a year, haircuts in a month, or restaurant meals in a week? Regardless, consumer spending is sure to surge later this year and next.

The economy will also be supercharged by the passage of President Biden's American Rescue Plan in the next couple of weeks. We now think the plan will include some \$1.6 trillion in deficit-financed pandemic relief. If we are wrong, it will be even larger, close to the \$1.9 trillion the president proposed and the House agreed to last week. In last month's forecast we assumed that the ARP would only be \$1.1 trillion, and as recently as early January, prior to the Georgia Senate races that flipped the Senate to Democratic control, we assumed there would be no additional federal support to the economy under President Biden. Now, we also expect another large \$1.5 trillion Build Back Better fiscal package to become law late this year. It will include more government spending on infrastructure and an array of social programs paid for in part by higher taxes on corporations and the well-to-do. Combined, the total amount of deficit-financed fiscal support to the economy in 2021-2022 comes to \$1.6 trillion, equal to just over 7% of GDP.

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President Biden's Fiscal Policy

Federal Budget Cost, CY, Billions \$

	2021	2022	2023	2024	2021-2024	2021-2031
Total Net Fiscal Impact	1,043.3	548.9	477.9	224.7	2,294.9	1,818.6
American Rescue Plan	1,043.3	344.1	107.4	58.8	1,553.7	1,600.1
<i>Federal expenditures on social benefits</i>	<i>643.0</i>	<i>27.7</i>	<i>8.4</i>	<i>2.6</i>	<i>681.6</i>	<i>683.2</i>
Stimulus checks of as much as \$1,400 per person	409.3	13.1	0.0	0.0	422.3	422.3
Additional unemployment insurance	202.3	2.3	0.2	0.2	205.1	205.1
Rental, homeowner and other housing assistance	17.3	10.2	7.6	2.1	37.2	38.6
Nutrition assistance	13.4	1.4	0.3	0.1	15.2	15.2
Other aid to workers and families	0.8	0.8	0.2	0.1	1.9	2.0
<i>Federal funding for state and local governments</i>	<i>214.5</i>	<i>69.7</i>	<i>48.4</i>	<i>37.7</i>	<i>370.4</i>	<i>405.2</i>
Funding for K-12, higher education and remote learning	20.0	50.0	40.2	31.8	142.0	178.1
Coronavirus state and local fiscal relief funds	175.0	0.0	0.0	0.0	175.0	175.0
Federal Transit Administration grants	14.4	12.0	0.8	0.4	27.6	27.9
Medicaid	4.7	6.5	5.6	4.0	20.8	18.2
Homeless assistance	0.1	0.8	1.5	1.4	3.8	4.8
Other funding to state and local governments	0.3	0.4	0.3	0.2	1.3	1.3
<i>Federal nondefense appropriations</i>	<i>38.6</i>	<i>65.1</i>	<i>25.2</i>	<i>11.0</i>	<i>139.8</i>	<i>154.4</i>
Testing, vaccines, therapeutics and emergency medical supplies	20.5	37.5	8.7	4.3	71.1	72.5
FEMA	9.4	11.7	8.2	5.2	34.6	47.0
Public health	6.9	13.3	6.7	1.2	28.1	28.7
Other nondefense appropriations	1.7	2.6	1.5	0.3	6.1	6.2
<i>Financial assistance to businesses</i>	<i>69.6</i>	<i>16.2</i>	<i>5.5</i>	<i>3.4</i>	<i>94.6</i>	<i>90.2</i>
Support for restaurants and shuttered venues	26.3	0.0	0.0	0.0	26.3	26.3
Targeted EIDL advance, PPP modifications	22.3	0.0	0.0	0.0	22.3	22.3
Air carrier payroll support program extension and airport relief	15.9	10.3	1.9	0.2	28.3	20.0
Other financial assistance	5.1	5.9	3.5	3.2	17.8	21.7
<i>Healthcare and caregiving</i>	<i>30.9</i>	<i>33.4</i>	<i>12.5</i>	<i>4.2</i>	<i>81.0</i>	<i>86.6</i>
Child and elder care	11.4	21.0	11.3	4.0	47.8	53.3
COBRA continuation coverage and other worker health benefits	10.2	7.6	-0.1	0.0	17.7	17.7
Other healthcare and medical treatment	9.3	4.8	1.3	0.2	15.5	15.6
<i>Expansion of federal tax credits (EITC, CTC and others)</i>	<i>46.8</i>	<i>131.9</i>	<i>7.6</i>	<i>-0.1</i>	<i>186.2</i>	<i>180.5</i>
Build Back Better Fiscal Package	0.0	204.8	370.5	165.9	741.2	218.5
Spending Provisions	0.0	106.6	262.8	283.6	653.1	1,500.0
Infrastructure	0.0	86.1	200.9	210.5	497.4	750.0
Social benefits	0.0	20.5	61.9	73.1	155.6	750.0
Corporate Tax Provisions	0.0	-18.2	-23.1	59.7	18.4	557.1
Increase corporate income tax rate to 28%	0.0	0.0	0.0	72.2	72.2	715.1
Minimum tax on global book income	0.0	0.0	0.0	11.5	11.5	107.6
10% tax credit for new investments in domestic manufacturing	0.0	-18.2	-23.1	-24.1	-65.4	-265.6
Individual Tax Provisions	0.0	-80.0	-84.5	58.1	-106.5	724.3
Tax capital gains/dividends at same rate as ordinary income above \$1M	0.0	0.0	0.0	47.9	47.9	395.6
Cap tax benefit of itemized deductions to 28% of value above \$400,000 of income	0.0	0.0	0.0	12.5	12.5	259.1
Restore estate, gift and GST tax parameters in effect in 2009	0.0	0.0	0.0	20.0	20.0	237.8
Restore pre-TCJA rates above \$400,000 of income	0.0	0.0	0.0	28.8	28.8	60.4
Restore limitation on itemized deductions above \$400,000 of income	0.0	0.0	0.0	37.0	37.0	80.1
Increase tax compliance of high-income earners	0.0	0.1	0.5	2.0	2.6	45.2
Repeal \$10K limit on SALT deduction	0.0	-80.1	-85.1	-90.1	-255.2	-353.9

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

While this is a massive dose of fiscal support, the boost provided to the economy is muted by the low multipliers—dollar increase in GDP for a given dollar increase in government spending or tax cuts. We estimate the multiplier on the provisions in the American Rescue Plan to be only 55 cents. That is, the ARP will lift GDP by almost \$600 billion in the coming year, accounting for not quite half the 6% real GDP growth expected in 2021. The low multipliers reflect in part that some of the funds, particularly the so-called stimulus checks, will be saved, at least for a while, as a fair share of the money is going to high-middle-income households that have already built up considerable savings during the pandemic. According to the recently released [Census Household Pulse Survey](#) done in the first half of February, only one-fifth of respondents receiving stimulus checks said they mostly had spent the stimulus money they had already received. Well more than half said they mostly used the money to repay debt.

Also crimping the multipliers is the difficulty of targeting the fiscal support in the ARP to those who most need it given the formulas used to allocate the federal help across states. States receive funds based largely on population, with minimums for the small states. This is particularly problematic for allocating aid to state and local governments. [We have shown](#) that only a dozen states face severe budget shortfalls, while about half will experience surpluses at the current level of spending. Despite

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this, the allocation of the aid to state and local governments in the ARP is without regard to this need. There is a similar problem in the assistance provided in the ARP to delinquent renters who face eviction. New York and California have an outsize number of renters who owe back rent, but because of the allocation formulas, many states that don't have much of an eviction problem, such as those in the Mountain West, will still receive their share of the funds. Lawmakers are building in mechanisms in the legislation to partially re-allocate funds if they are not used in a timely way, but these efforts go only so far. The economic inefficiencies here are well known, but the politics of overcoming these inefficiencies are insurmountable, at least given the need to act quickly. Thus, the solution to this problem has been to provide even more funds under the sound reasoning that it is best to provide too much money, and risk not spending it all quickly, than not spend enough and fail to head off an eviction crisis. The \$30 billion in renter assistance in the ARP may not be allocated particularly efficiently, reducing the multiplier of the assistance, but it will be enough funds to quell the looming renter eviction crisis.

Prospects for a robust economy have pulled forward our timing for when the Federal Reserve will begin to normalize monetary policy. By early 2023, it will be clear that the economy has returned to full employment and underlying inflation and inflation expectations are firmly above the Fed's 2% target. (Full employment is consistent with at least a 4% unemployment rate, a 63% labor force participation rate, and an 80% employment-to-population ratio for prime-age workers.) As such, we now expect the Fed to begin tapering its quantitative easing—the monthly purchases of \$80 billion in Treasuries and \$40 billion in mortgage-backed securities—in March 2022, and to lift the federal funds rate off the zero lower bound in March 2023. The funds rate will be steadily increased to its estimated long-run equilibrium (r-star) of 2.5% by summer 2025.

Stock and bond markets are quickly discounting the prospects for an earlier normalization of monetary policy than had been previously anticipated. Ten-year Treasury yields have quickly backed up to near 1.4%, more than double what they were at their lows last fall, and stock prices have turned soft in recent weeks. So far, this appears to be a therapeutic correction in investor expectations, washing out some of the froth that had been building in financial markets. However, markets are fickle, and corrections can quickly turn into routs, especially when valuations are stretched, as they appear to be now. If there is a serious threat to the economic boom that is in train, this is it.

Next Week

The smattering of economic indicators due next week includes jobless claims and the Job Openings and Labor Turnover Survey that will build on the latest employment data. Tomorrow, we'll see the U.S. jobs report for February. This week's ADP National Employment Report showed the private sector grew by 117,000 on net in February, a continuation of the sluggish recovery that has been ongoing since midsummer. Meanwhile, initial claims for unemployment insurance benefits fell 41,000 between the January and February payroll reference periods. This points toward some improvement in the labor market. We are anticipating a temporary acceleration in inflation, and the consumer and producer prices indexes for February, also on the calendar next week, will shed important light on that subject.

Asia-Pacific

By Shahana Mukherjee of Moody's Analytics

Medical Equipment, PPE Demand Driving China Export Growth

This will be a light week in Asia-Pacific. China's foreign trade will be the highlight on the economic calendar. We expect China's exports for the combined months of January and February to have recorded another round of solid growth, following the 18.1% surge in December, on the back of recovering overseas demand and a yearly lift due to a low base effect from last year's corresponding period.

China's exporters have benefitted from the pandemic-led surge in overseas demand for medical equipment and personal protective equipment, as well as consumer goods through the second half of 2020. Equally important, exporters in Asia have largely weathered the impact from the resurgence of COVID-19 cases in Western economies, which triggered the reimposition of new restrictions. We expect the overseas demand for consumer goods and medical products to have persisted through this period, though a stronger yuan may marginally temper the net increase.

Japan's economy is likely to have grown by 3.1% on quarterly terms in the December quarter, as the revised GDP estimate is scheduled to be released next week. Similar to the advance estimate of a 3% increase, we expect the most sizeable gains to occur because of a stronger exports' position and a comparatively moderate pickup in private-consumption expenditure. Government spending is once again likely to have added to growth, but some adjustments in nonresidential investment growth may shift the quarterly increase.

India's industrial production is likely to have grown by 0.4% in yearly terms in January, following a 1% increase in December. Domestic activity has been on the mend since July 2020, with December recording a return to growth, as manufacturing output had a 1.6% yearly increase. In view of declining local cases through January and the ongoing revival in consumer spending, we expect the recovery in industrial output to have persisted through January, though the yearly increase is likely to be modest due to a higher base effect.

	Key indicators	Units	Moody's Analytics	Confidence	Risk	Last
Mon @ 11:00 a.m.	China Foreign Trade for January and February	US\$bil	81	3	↑	78.2
Tues @ 10:50 a.m.	Japan GDP for Q4	% change	3.1	4	↑	5.3
Wed @ 12:30 p.m.	China CPI for February	% change yr ago	0.2	3	↑	-0.3
Wed @ 12:30 p.m.	China PPI for February	% change yr ago	0.5	3	↑	0.3
Thur @ 1:00 p.m.	China M2 Money Supply for February	% change yr ago	9.6	3	↑	9.4
Fri @ 3:00 p.m.	Malaysia Industrial Production for January	% change yr ago	1.2	3	↓	1.7

The Long View

At least \$73 billion of rated US\$-denominated corporate bonds were issued during March's first week.

By John Lonski, Chief Capital Markets Economist, Moody's Capital Markets Research
March 4, 2021

CREDIT SPREADS

As measured by Moody's long-term average corporate bond yield, the recent investment grade corporate bond yield spread of 98 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 352 bp approximates what is suggested by the accompanying long-term Baa industrial company bond yield spread of 136 bp but is much narrower than what might be inferred from the recent VIX of 28.4 points. The latter has been historically associated with an 818-bp midpoint for a composite high-yield bond spread.

DEFAULTS

January 2021's U.S. high-yield default rate of 8.3% was up from January 2020's 4.3%. The recent average high-yield EDF metric of 2.2% portend a less-than-3% default rate by 2021's final quarter.

U.S. CORPORATE BOND ISSUANCE

Fourth-quarter 2019's worldwide offerings of corporate bonds revealed annual advances of 9% for IG and 330% for high-yield, wherein US\$-denominated offerings dipped by 0.8% for IG and surged higher by 331% for high yield.

First-quarter 2020's worldwide offerings of corporate bonds revealed annual advances of 14% for IG and 19% for high-yield, wherein US\$-denominated offerings increased 45% for IG and grew 12% for high yield.

Second-quarter 2020's worldwide offerings of corporate bonds revealed annual surges of 69% for IG and 32% for high-yield, wherein US\$-denominated offerings increased 142% for IG and grew 45% for high yield.

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

Fourth-quarter 2020's worldwide offerings of corporate bonds revealed an annual decline of 3% for IG and an annual advance of 8% for high-yield, wherein US\$-denominated offerings increased 16% for IG and 11% for high yield.

For 2019, worldwide corporate bond offerings grew 5.8% annually (to \$2.456 trillion) for IG and advanced 51.6% for high yield (to \$570 billion). The annual percent increases for 2020's worldwide corporate bond offerings are 19.7% (to \$2.940 trillion) for IG and 23.9% (to \$706 billion) for high yield. The expected annual declines for 2021's worldwide rated corporate bond issuance are 17% for investment-grade and 6% for high-yield.

U.S. ECONOMIC OUTLOOK

Unacceptably high unemployment and other low rates of resource utilization will rein in Treasury bond yields. A now-rising global economy, as well as forthcoming fiscal and monetary stimulus suggest the upper bound for the 10-year Treasury yield will be 2%. The corporate credit market has priced in the widespread distribution of a COVID-19 vaccine by mid-2021.

The Long View

Europe

By Ross Cioffi of Moody's Analytics
March 4, 2021

EURO ZONE

The [euro zone](#)'s seasonally adjusted [unemployment](#) rate was unchanged at 8.1% in January, following downward revisions in the previous two months. The release strikes a positive note, but we caution against reading too much into the unemployment rate's recent stability. National stimulus policies such as short-time work schemes, bans on firing, and suspensions of the obligation to file for insolvency have been keeping a lid on the unemployment rate. The labor market is not yet standing on firm ground. Companies are facing too much uncertainty to warrant sustained new hiring, and many SMEs and self-employed workers are holding on solely thanks to government transfers or state-backed credit.

Construction sector still struggling

The euro zone construction PMI climbed to 45 in February from 44.1 previously. Despite the improvement, the reading still paints a grim picture, 5 points below the break-even score of 50. The survey reported that civil engineering projects declined the most in February, followed by commercial and residential construction. Seasonal effects during winter months are important for the construction industry, but COVID-19 remains the defining force behind the sector's downbeat readings in the previous year. Among the major economies, activity was worst-hit in France and Germany. Falling business among survey respondents there outweighed a marked improvement in Italy. Nonetheless, optimism prevails in the sector. With glimpses of a post-pandemic world on the horizon, firms are betting on a pickup in demand for new construction.

Retail sales dive heading into new year

[Retail sales](#), meanwhile, more immediately reflected the ongoing effects of lockdown measures on the economy. Turnover in the euro zone fell by 5.9% m/m in January, reversing December's 1.8% rise. Sales plummeted in categories that were sensitive to the social-distancing measures reintroduced and tightened following the holiday season. Nonfood products drove the decline, plunging by 12% m/m. In contrast, food and beverage sales remained one of the few bright spots as consumer demand was channeled into supermarkets. Sales of food, beverages and tobacco rose 1.1% m/m. January's reading raises fears that subdued consumer spending in the first quarter could cause GDP to contract again.

Italy slumps in the fourth quarter

Italy's fourth-quarter GDP contracted by 1.9% q/q, following the third quarter's 15.9% rebound. The return to contraction came as lockdown and social distancing measures depressed demand. Private consumption led the slowdown, detracting 1.6 percentage points from the growth rate. Similar lockdowns across Europe dampened demand for Italy's exports such that export growth slowed below import growth and resulted in a 1-percentage point drag on GDP from net trade. Investment, by contrast, contributed to the quarter's GDP. Fixed investment rose by 0.2% q/q and inventory investment contributed 0.3 percentage point. On the production side, we see that services took the brunt of the hit. Gross value added tumbled by 2.3% q/q among services, while it was down just 0.7% among the industrial sectors.

We expect the first quarter of 2021 to look similar to the fourth quarter. The same forces are at work, depressing private demand. There is some chance that inventory investments will continue to contribute, and that export growth will speed ahead of imports thanks to the ongoing recovery in Asia and the North American markets.

U.K. debuts 2021 budget

In Wednesday's 2021 budget announcement, the U.K. confirmed the extension of its furlough scheme until the end of September. The Coronavirus Job Retention Scheme had been due to close at the end of April, but the persistence of lockdown measures and the uncertainty surrounding the epidemic prompted the government to push back the end date. This decision will factor heavily in keeping the unemployment rate down and protecting incomes this year. The extension will also be fundamental in ensuring that when lockdown measures end later this spring, households will be ready to spend in shops and on services. The 2021 budget includes a number of other stimulus measures to support the U.K.'s recovery coming out of the pandemic while simultaneously dealing with the post-Brexit economy.

The Long View

Asia Pacific

By Shahana Mukherjee of Moody's Analytics
March 4, 2021

AUSTRALIA

The Australian economy sustained its rebound in the final quarter of 2020, as GDP grew by 3.1% on quarterly terms, building on the 3.4% growth in the prior quarter. Over the year, however, the economy still contracted by 1.1%, bringing the 2020 full-year contraction to 2.4%.

All components of demand recorded gains. While private consumption expenditure grew by 4.3% over the quarter, building on its 7.9% rebound in the earlier quarter, gross fixed-capital expenditure rose by a notable 3.6%, up from 0.8% in the prior quarter, and government spending added to growth once again, though it was up by a more moderate 0.8%, following a 1.5% increase in the prior quarter. A marked improvement, however, was seen in exports, which grew by 3.8% over the quarter, following the 4% contraction in the prior period.

The final quarter performance ensured that the full-year contraction came in marginally below our expectations of a 2.5% decline in 2020, as gross-fixed capital formation grew stronger than expected over this period. That said, the other components of aggregate demand were well-aligned with our predictions. The easing of restrictions in Victoria as well as the substantial policy injection—in the form of new fiscal incentives and the cash rate cut to 0.1%—helped sustain the strong pickup in consumer spending, which contributed a significant 2.3 percentage points to the net increase in GDP. At the same time, an improved external position played an important role, as recovering demand in Asia and strong commodity prices bridged the much-needed catch-up in exports.

Looking ahead, the prospects for Australia remain highly favourable. The domestic demand-led revival is expected to hold up in the first half of 2021, with the ongoing labour market recovery and positive wealth effects likely to lead to some more release of pent-up demand, as households regain confidence and become less thrifty. On the external front, recovering overseas demand and strong commodity prices should continue to support Australia's export revival, though this is likely to gain more traction in the second half of 2021.

However, not all risks to recovery have entirely subsided. One concern is that a withdrawal of the wage subsidy scheme in March may trigger some pullback in spending and can weaken the employment recovery during the June quarter, although our expectation is that this will not sizeably dent the ongoing correction. The other major concern stems from strained trade frictions with China, which poses the biggest risk to Australia's trade revival in 2021. Although Australia's net trade position has been weakened by the restrictions placed by China on selected commodities, as long as these curbs are not extended to cover iron ore exports, Australia's external position should remain largely insulated, assuming that conditions continue to improve in the rest of Asia.

Our forecast is for the domestic demand revival to continue to drive growth in the first half of 2021, although exports and nonresidential investment are likely to see a slower catch-up, contingent on the pace of the global vaccination rollout. Assuming that policy settings remain conducive for growth and that the domestic vaccination drive is executed without any major interruptions, GDP is forecast to return to precrisis levels by June 2021 and the economy is likely to grow by 4% in 2021.

Ratings Round-Up

Ratings Round-Up

Latest U.S. Rating Changes Skew Positive

By Steven Shields

March 4, 2021

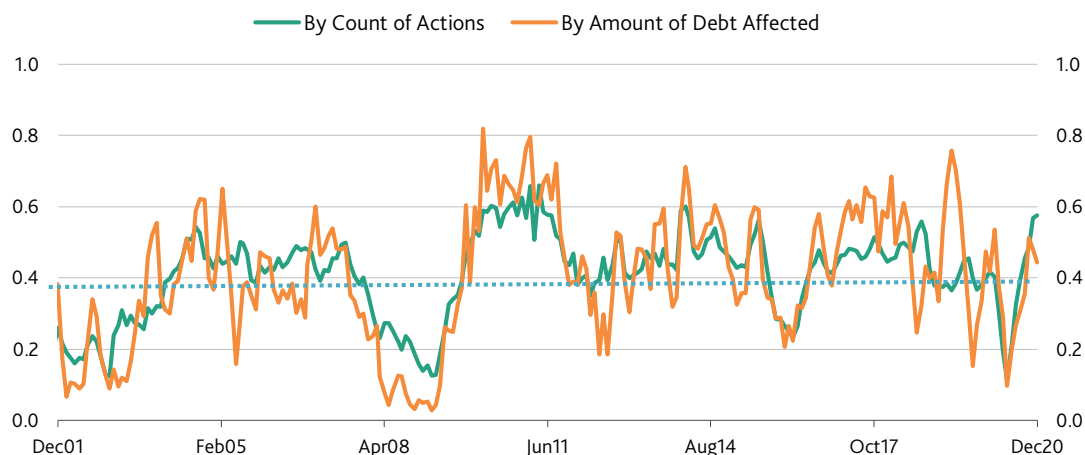
U.S. rating change activity skewed positive in the latest period. For the week ended March 2, upgrades comprised nearly two-thirds of changes and almost all the affected debt. Rating activity remained largely confined to speculative-grade companies with only two changes issued to investment-grade firms. The period's most notable upgrade was issued to retailer Best Buy Co., with Moody's Investors Service raising the firms' senior unsecured credit rating to A3 from Baa1. In the report, Moody's Investors Service noted the rating action reflects Best Buy's "superior execution ability that continues to be proven during the pandemic, its strong quantitative credit profits, with credit metrics that are among the best in rated global retail." The change affected approximately \$1.5 billion in debt outstanding, and its stable outlook was unchanged. Moody's Investors Service issued a credit upgrade to Eaton Vance Corp. on March 1, raising the ratings on its senior unsecured notes to A1 from A3, after Morgan Stanley fully and unconditionally guaranteed on an unsecured basis the full and punctual payment of the principal, premium and interest on Eaton Vance's existing issued \$325 million 3.625% 2023 notes and \$300 million 3.5% 2027 notes. Meanwhile, Moody's Investors Service assigned a Ba2 rating to TopBuild Corp.'s proposed senior unsecured notes, which will be used to redeem the company's existing senior unsecured notes. Similarly, Moody's upgraded TopBuild's Corporate Family Rating to Ba2 from Ba3.

Rating activity was relatively weak across Europe in the period with downgrades accounting for most of the debt affected and three of the five credit changes. Three of the credit ratings issues were made to investment-grade firms, and changes were primarily made to U.K. firms. The largest change in terms of the debt affected was issued to National Grid PLC. with Moody's Investors Service downgrading the company's senior unsecured rating to Baa2 from Baa1. The downgrade impacted approximately \$28.6 billion in outstanding debt. According to the rating action report, the one-notch downgrade reflects Moody's expectation that the group will not maintain a financial profile in line with the rating agency's minimum guidance for the Baa1 rating level over at least the next 2-3 years under the group's strategy and updated financial policy. Most of National Grid's subsidiaries were also downgraded, and the firm's outlook was revised to stable from negative. On February 25, Moody's Investors Service upgraded the rating of Europe's leading manufacturer of paper-based packaging, Smurfit Kappa Group plc senior secured and unsecured notes issued by SKG's subsidiaries to Baa3 from Ba1. The outlook has been changed to stable from positive and reflects the company's reduced leverage target and commitment to an investment grade rating.

Ratings Round-Up

FIGURE 1

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



* Trailing 3-month average

Source: Moody's

FIGURE 2

Rating Key

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

Ratings Round-Up

FIGURE 3

Rating Changes: Corporate & Financial Institutions – US

Date	Company	Sector	Rating	Amount (\$ Million)	Up/Down	Old LTD Rating	New LTD Rating	IG/SG
2/24/21	TOPBUILD CORP.	Industrial	SrUnsec/LTCFR/PDR	400	U	Ba3	Ba2	SG
2/24/21	ALCHEMY INTERNATIONAL HOLDINGS, LLC -ALCHEMY US HOLDCO 1, LLC	Industrial	SrSec/BCF /LTCFR/PDR		D	B2	B3	SG
2/24/21	LEB HOLDINGS (USA), INC.	Industrial	SrSec/BCF		U	B3	B2	SG
2/25/21	BELK, INC.	Industrial	PDR		D	Ca	D	SG
2/25/21	CPI HOLDINGS I, INC.	Industrial	LTCFR/PDR		U	Caa1	B3	SG
2/25/21	LIGHTSTONE GENERATION LLC	Industrial	SrSec/BCF		D	Ba3	B1	SG
2/26/21	BEST BUY CO., INC.	Industrial	SrUnsec/LTIR	1,150	U	Baa1	A3	IG
2/26/21	BLOUNT INTERNATIONAL, INC.	Industrial	SrSec/BCF /LTCFR/PDR		D	B1	B2	SG
2/26/21	WEST DEPTFORD ENERGY HOLDINGS, LLC	Industrial	SrSec/BCF		D	Ba3	B1	SG
2/26/21	ULTRA CLEAN HOLDINGS, INC.	Industrial	PDR		U	B2	B1	SG
2/26/21	ERC FINANCE, LLC	Industrial	SrSec/BCF /LTCFR/PDR		U	B3	B2	SG
3/1/21	EATON VANCE CORP.	Financial	SrUnsec	625	U	A3	A1	IG
3/1/21	USF HOLDINGS, LLC-U.S. FARATHANE, LLC	Industrial	LTCFR/PDR		U	Caa3	B3	SG
3/2/21	OWENS & MINOR, INC.	Industrial	SrSec	246	U	B1	Ba2	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
2/24/21	TECHNIPFMC PLC	Industrial	SrUnsec/CP	500	D	Baa3	Ba2	IG	UNITED KINGDOM
2/25/21	SMURFIT KAPPA GROUP PLC - SMURFIT KAPPA TREASURY FUNDING LIMITED	Financial	SrSec/SrUnsec	3,326	U	Ba1	Baa3	SG	IRELAND
2/25/21	ATOTECH UK TOPCO LTD	Industrial	LTCFR/PDR		U	B2	B1	SG	UNITED KINGDOM
3/2/21	NATIONAL GRID PLC	Utility	SrUnsec/LTIR /SrSub/MTN/PS	28,619	D	Baa1	Baa2	IG	UNITED KINGDOM
3/2/21	DERBY HEALTHCARE PLC	Industrial	SrSec	624	D	A3	Baa1	IG	UNITED KINGDOM

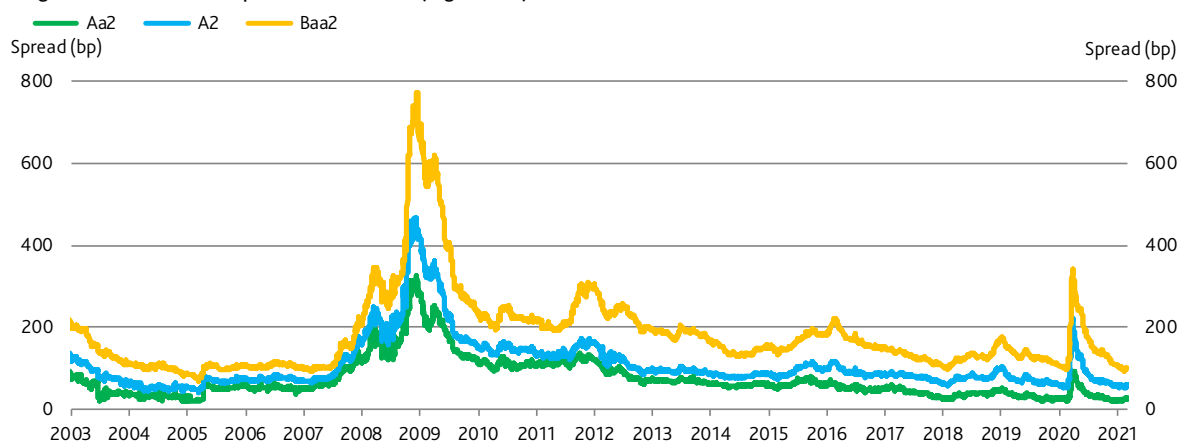
Source: Moody's

Market Data

Market Data

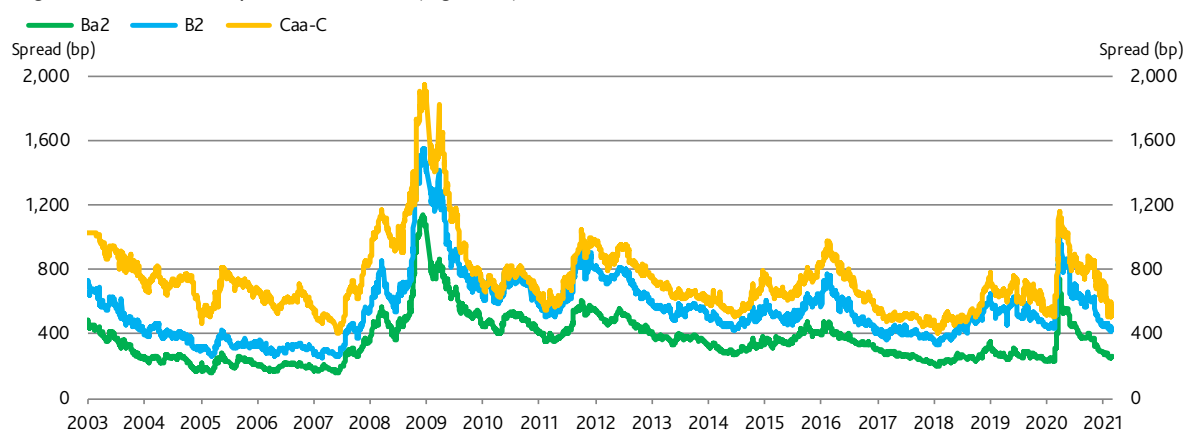
Spreads

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 (February 24, 2021 – March 3, 2021)

CDS Implied Rating Rises		CDS Implied Ratings		Senior Ratings
Issuer		Mar. 3	Feb. 24	
Agilent Technologies, Inc.		Baa2	Ba2	Baa2
Emerson Electric Company		Baa1	Baa3	A2
Macy's Retail Holdings, LLC		Caa1	Caa3	B1
RPM International Inc.		A2	Baa1	Baa3
Mack-Cali Realty, L.P.		B3	Caa2	B1
Verizon Communications Inc.		Baa1	Baa2	Baa1
Exxon Mobil Corporation		Aa3	A1	Aa1
Occidental Petroleum Corporation		B1	B2	Ba2
FedEx Corporation		Baa1	Baa2	Baa2
Williams Companies, Inc. (The)		Baa2	Baa3	Baa3
CDS Implied Rating Declines		CDS Implied Ratings		Senior Ratings
Issuer		Mar. 3	Feb. 24	
Amazon.com, Inc.		Aa3	Aa1	A2
Stanley Black & Decker, Inc.		A1	Aa2	Baa1
Laboratory Corporation of America Holdings		Baa1	A2	Baa2
JPMorgan Chase & Co.		A3	A2	A2
American Express Credit Corporation		Aa3	Aa2	A2
CVS Health Corporation		Baa2	Baa1	Baa2
Coca-Cola Company (The)		Aa2	Aa1	A1
Caterpillar Financial Services Corporation		Aa3	Aa2	A3
Raytheon Technologies Corporation		A1	Aa3	Baa1
Lowe's Companies, Inc.		A2	A1	Baa1
CDS Spread Increases		CDS Spreads		
Issuer	Senior Ratings	Mar. 3	Feb. 24	Spread Diff
Rite Aid Corporation	Caa3	583	523	60
Realogy Group LLC	Caa1	404	373	30
Beazer Homes USA, Inc.	B3	316	286	30
Liberty Interactive LLC	B2	353	326	27
Tenet Healthcare Corporation	Caa1	309	284	25
Staples, Inc.	B3	837	813	24
Pactiv Corporation	Caa1	329	305	24
Olin Corporation	Ba3	190	171	19
Calpine Corporation	B2	309	291	18
KB Home	Ba3	191	173	18
CDS Spread Decreases		CDS Spreads		
Issuer	Senior Ratings	Mar. 3	Feb. 24	Spread Diff
Macy's Retail Holdings, LLC	B1	388	542	-154
Mack-Cali Realty, L.P.	B1	367	466	-99
United Airlines, Inc.	Ba3	392	481	-89
Agilent Technologies, Inc.	Baa2	58	144	-87
K. Hovnanian Enterprises, Inc.	Caa3	679	763	-84
Nabors Industries, Inc.	Caa2	874	951	-77
United Airlines Holdings, Inc.	Ba3	381	452	-72
Carnival Corporation	B2	372	416	-43
NRG Energy, Inc.	Ba2	130	173	-43
R.R. Donnelley & Sons Company	B3	448	488	-40

Source: Moody's, CMA

Market Data

Figure 4. CDS Movers - Europe (February 24, 2021 – March 3, 2021)

CDS Implied Rating Rises		CDS Implied Ratings		Senior Ratings
Issuer		Mar. 3	Feb. 24	
Deutsche Bank AG		A3	Baa1	A3
Banque Federative du Credit Mutuel		A2	A3	Aa3
Natixis		Aa1	Aa2	A1
Dexia Credit Local		Baa2	Baa3	Baa3
Lloyds Bank plc		Aa1	Aa2	A1
Danske Bank A/S		Aa1	Aa2	A3
NatWest Markets Plc		A3	Baa1	A3
Landesbank Hessen-Thuringen GZ		Baa1	Baa2	Aa3
Standard Chartered PLC		A2	A3	A2
KBC Bank N.V.		Aa1	Aa2	Aa3

CDS Implied Rating Declines		CDS Implied Ratings		Senior Ratings
Issuer		Mar. 3	Feb. 24	
ING Bank N.V.		Aa1	Aaa	Aa3
UniCredit Bank AG		Aa1	Aaa	A2
Raiffeisen Bank International AG		A1	Aa3	A3
FCE Bank plc		Ba3	Ba2	Ba2
Fresenius SE & Co. KGaA		Baa2	Baa1	Baa3
Iberdrola International B.V.		Aa3	Aa2	Baa1
Vivendi SA		Baa2	Baa1	Baa2
Compagnie de Saint-Gobain SA		A2	A1	Baa2
SSE plc		A2	A1	Baa1
Bank of Scotland plc		A2	A1	A1

CDS Spread Increases		CDS Spreads		
Issuer	Senior Ratings	Mar. 3	Feb. 24	Spread Diff
Premier Foods Finance plc	B3	249	226	23
Avon Products, Inc.	Ba3	227	213	14
Ineos Group Holdings S.A.	B2	264	252	12
TUI AG	Caa1	675	665	11
Novafives S.A.S.	Caa2	779	771	8
FCE Bank plc	Ba2	188	182	6
TDC A/S	B1	155	151	5
Valeo S.A.	Baa3	132	127	5
Telecom Italia S.p.A.	Ba2	166	163	4
METRO Finance B.V.	Ba1	73	69	4

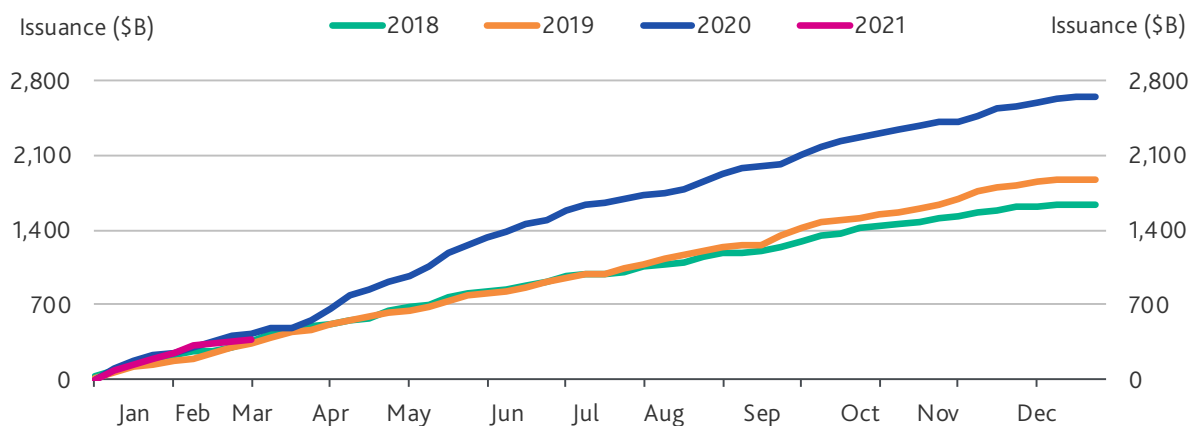
CDS Spread Decreases		CDS Spreads		
Issuer	Senior Ratings	Mar. 3	Feb. 24	Spread Diff
CMA CGM S.A.	Caa1	411	439	-29
Casino Guichard-Perrachon SA	Caa1	514	542	-28
National Bank of Greece S.A.	Caa1	197	225	-28
Deutsche Lufthansa Aktiengesellschaft	Ba2	284	305	-22
Stena AB	Caa1	648	670	-22
Jaguar Land Rover Automotive Plc	B1	361	381	-20
Vedanta Resources Limited	Caa1	829	842	-13
Piraeus Financial Holdings S.A.	Caa3	499	512	-12
Vue International Bidco plc	Ca	614	626	-12
Leonardo S.p.A.	Ba1	163	173	-10

Source: Moody's, CMA

Market Data

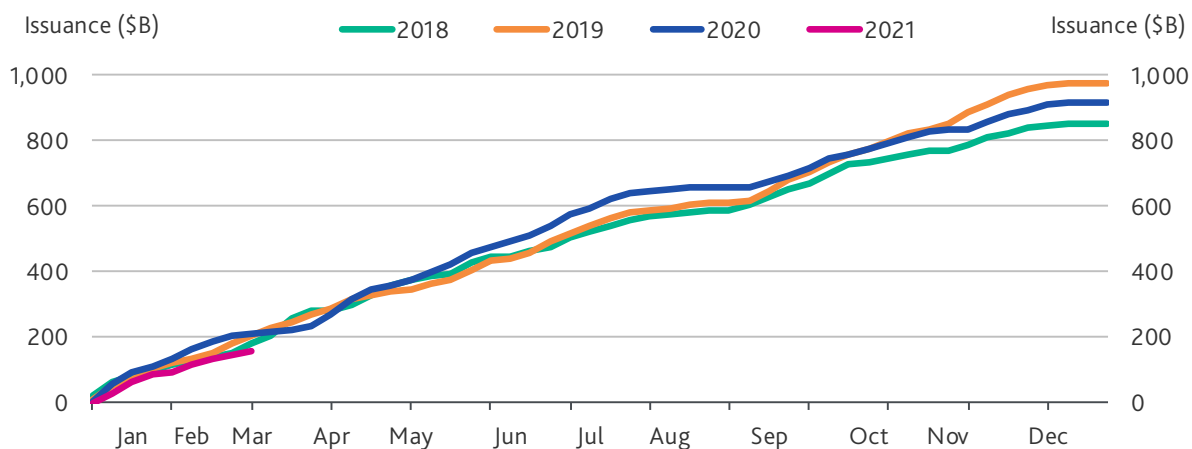
Issuance

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	Amount	Amount
	\$B	\$B	\$B
Weekly	5.925	2.660	9.335
Year-to-Date	240.231	118.607	370.247

Euro Denominated			
	Investment-Grade	High-Yield	Total*
	Amount	Amount	Amount
	\$B	\$B	\$B
Weekly	6.760	0.607	7.366
Year-to-Date	124.232	26.736	154.237

* Difference represents issuance with pending ratings.

Source: Moody's/ Dealogic

Moody's Capital Markets Research recent publications

[Too Much of a Good Thing? \(Capital Market Research\)](#)

[Fast Declining EDF Favors Thinner High-Yield Bond Spread \(Capital Market Research\)](#)

[Prices Rise Here, There and Everywhere \(Capital Market Research\)](#)

[Investment-Grade Bond Offerings to Slow from 2020's Torrid Pace \(Capital Market Research\)](#)

[Not All Debt Is Equal \(Capital Market Research\)](#)

[Market Value of U.S. Common Stock Soars to Record-High 185% of GDP \(Capital Market Research\)](#)

[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 \(Capital Market Research\)](#)

[Operating Leverage May Help to Narrow Yield Spreads in 2021 \(Capital Market Research\)](#)

[Resurgent COVID-19 Threatens Corporate Credit's Improved Trend \(Capital Market Research\)](#)

[Split Congress Sparks Rallies by Equities, Corporates and Treasuries \(Capital Market Research\)](#)

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[Corporate Cash Outruns Corporate Debt \(Capital Market Research\)](#)

[Profits Give Direction to Downgrades and Defaults \(Capital Market Research\)](#)

[Markets Sense an Upturn Despite Pockets of Profound Misery \(Capital Market Research\)](#)

[Record-High Bond Issuance Aids Nascent Upturn \(Capital Market Research\)](#)

[Corporate Bond Issuance Boom May Steady Credit Quality, On Balance \(Capital Market Research\)](#)

[Markets, Bankers and Analysts Differ on 2021's Default Rate \(Capital Market Research\)](#)

[Corporate Credit Mostly Unfazed by Equity Volatility \(Capital Market Research\)](#)

[Record August for Bond Issuance May Aid Credit Quality \(Capital Market Research\)](#)

[Fed Policy Shift Bodes Well for Corporate Credit \(Capital Markets Research\)](#)

[Markets Avoid Great Recession's Calamities \(Capital Markets Research\)](#)

[Liquidity Surge Hints of More Upside Surprises \(Capital Markets Research\)](#)

[Unprecedented Stimulus Lessens the Blow from Real GDP's Record Dive \(Capital Markets Research\)](#)

[Ultra-Low Bond Yields Buoy Corporate Borrowing \(Capital Markets Research\)](#)

[Record-High Savings Rate and Ample Liquidity May Fund an Upside Surprise \(Capital Markets Research\)](#)

[Unprecedented Demographic Change Will Shape Credit Markets Through 2030 \(Capital Markets Research\)](#)

[Net High-Yield Downgrades Drop from Dreadful Readings of March and April \(Capital Markets Research\)](#)

[Long Stay by Low Rates Fuels Corporate Debt and Equity Rallies \(Capital Markets Research\)](#)

[Why Industrial \(Warehouse\) Will \(Likely\) Fare Better \(Capital Markets Research\)](#)

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