MOODY'S ANALYTICS

WEEKLY MARKET OUTLOOK

Positive Outlook for Corporate Earnings Favors Narrower Credit Spreads

Moody's Analytics Research

Weekly Market Outlook Contributors:

Moody's Analytics/New York:
John Lonski
Chief Capital Markets Economist
1.212.553.7144
john.lonski@moodys.com

Yukyung Choi
Quantitative Research

Moody's Analytics/Asia-Pacific:
Shahana Mukherjee
Economist

Christina Zhu
Economist

Moody's Analytics/Europe:
Ross Cioffi
Economist

Katrina Pirner
Economist

Moody's Analytics/U.S.:
Bernard Yaros
Economist

Michael Ferlez
Economist

Editor
Reid Kanaley

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

Contact: help@economy.com

Credit Markets Review and Outlook

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

Positive Outlook for Corporate Earnings Favors Narrower Credit Spreads

Both the average expected default frequency metric of U.S./Canadian issuers and first-quarter 2021's credit rating revisions of U.S. high-yield issuers favor a renewed narrowing of the high-yield bond spread. The net downgrades of U.S. high-yield issuers have sunk to a record low -55 thus far in 2021's first quarter. Negative net downgrades imply the number of high-yield downgrades (40) was less than the number of high-yield upgrades (95).

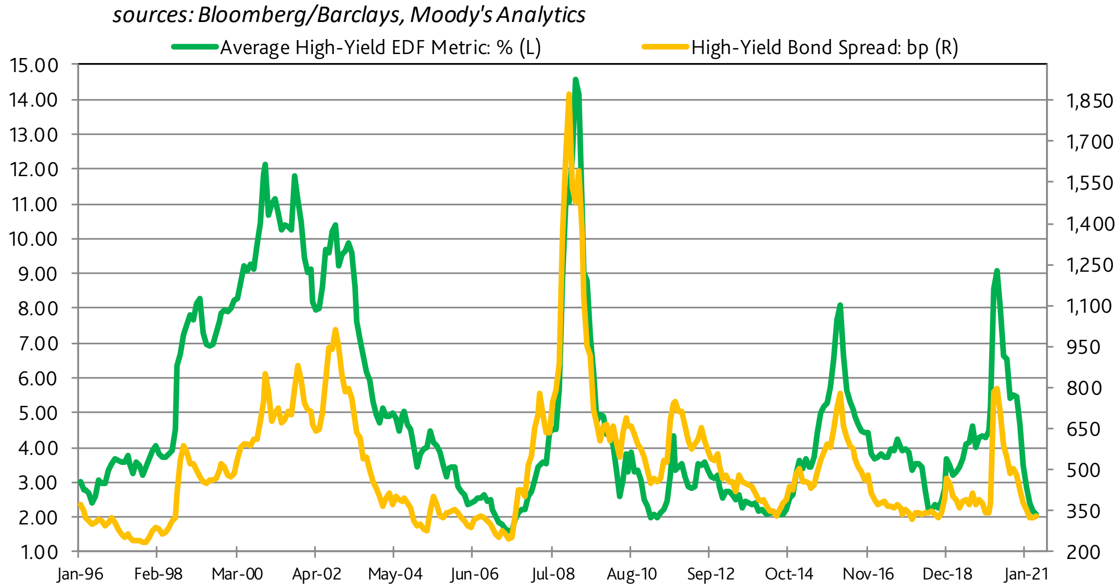
After advancing from the 54 of 2019's final quarter to the 194 of 2020's first quarter and the record high 368 of the second quarter, the net downgrades of U.S. high-yield issuers subsequently fell to 29 in the third quarter and -22 in 2020's final quarter.

What is on track to be a record-low quarterly reading for U.S. high-yield net downgrades owes something to a reversal of the COVID-19-inspired downgrades of 2020's first half. For example, despite a record low first quarter, the net high-yield downgrades of the year-ended March 2021 might still approximate an above-average 80 per quarter.

By contrast, the net high-yield downgrades of 2017-2019 averaged a much lower 21 per quarter. The latter was less than the 33 net high-yield downgrades per quarter of the 20-years-ended 2019, or when Bloomberg/Barclays high-yield bond spread averaged 546 basis points. The recent high-yield bond spread of 334 bp was less than 2017-2019's 369 bp average.

As inferred from the ongoing slide by Moody's Analytics' average EDF metric of U.S./Canadian high-yield issuers from year-end 2020's 3.39% to March 10's nearly seven-year low of 2.01%, the high-yield bond spread is likely to return to its 315 bp low of February 16, 2021. As inferred from a simple ordinary least squares regression, the recent 2.01% high-yield EDF and its 1.53 percentage point decline of the last three months favor a 301 bp midpoint for the high-yield bond spread.

Figure 1: High-Yield EDF Now Predicts a 301 Basis Points Midpoint for Bloomberg/Barclays High-Yield Bond Spread
month-long averages
sources: Bloomberg/Barclays, Moody's Analytics



When the annual rate of U.S. real GDP growth last broke above 4%, in 1997, the high-yield bond spread averaged 239 bp during June-October 1997. Though real GDP growth grew by 4.4% annualized, on average, during 1998-2000, the high-yield bond spread averaged a much wider 496 bp during that span.

The high-yield bond spread was much wider than what might be inferred from 1998-2000's rapid economic growth mostly because the core pretax profits of U.S. nonfinancial companies contracted 6.7% annually, on average, during 1998-2000, after having advanced by15.8% annually on average during 1993-1997.

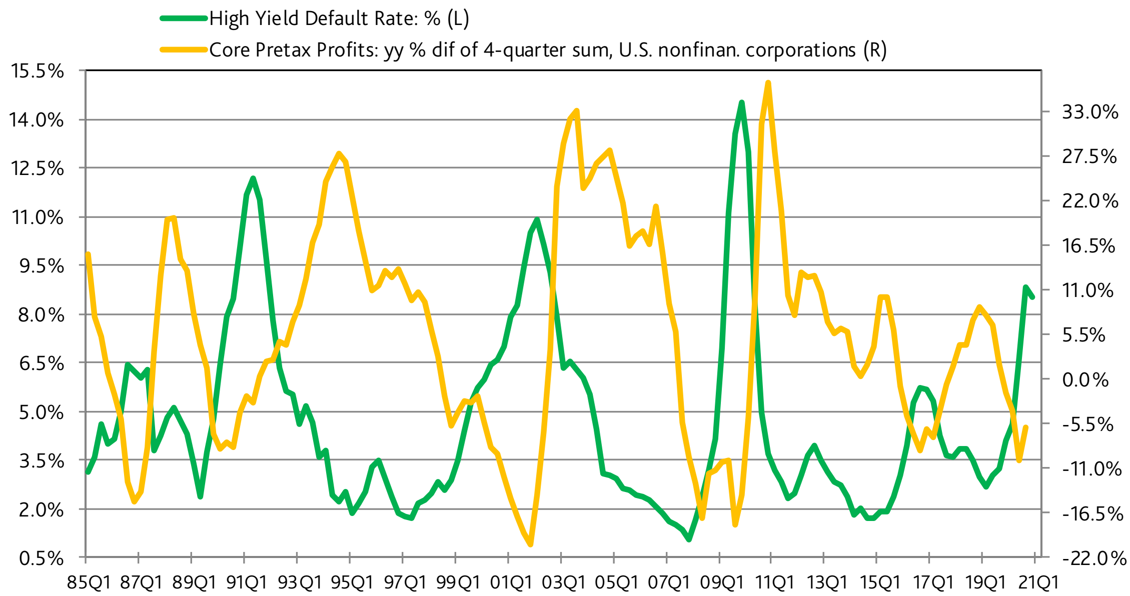
The equity rally of 1998-2000 lacked breadth. And that helps to explain why the high-yield EDF climbed from September 1997's 3.2% to a 1998-2000 average of 7.5% that ended with December 2000's 12.2%.

In addition to the ascent by the average high-yield EDF, the climb by the high-yield bond spread from December 1997's 277 bp to calendar-year averages of 389 bp for 1998, 485 bp for 1999 and 614 bp for 2000 correctly foresaw a pronounced upswing by the U.S. high-yield default rate from December 1997's 2.1% to December 2000's 7.5%.

Since 1982, default rates above 6% have been the consequence of a deeper than 5% annual yearlong contraction by the core pretax profits of U.S. nonfinancial companies. For now, expectations of material core profits growth weigh against both a prolonged swelling of corporate bond yield spreads and a deep and protracted sell-off of equities.

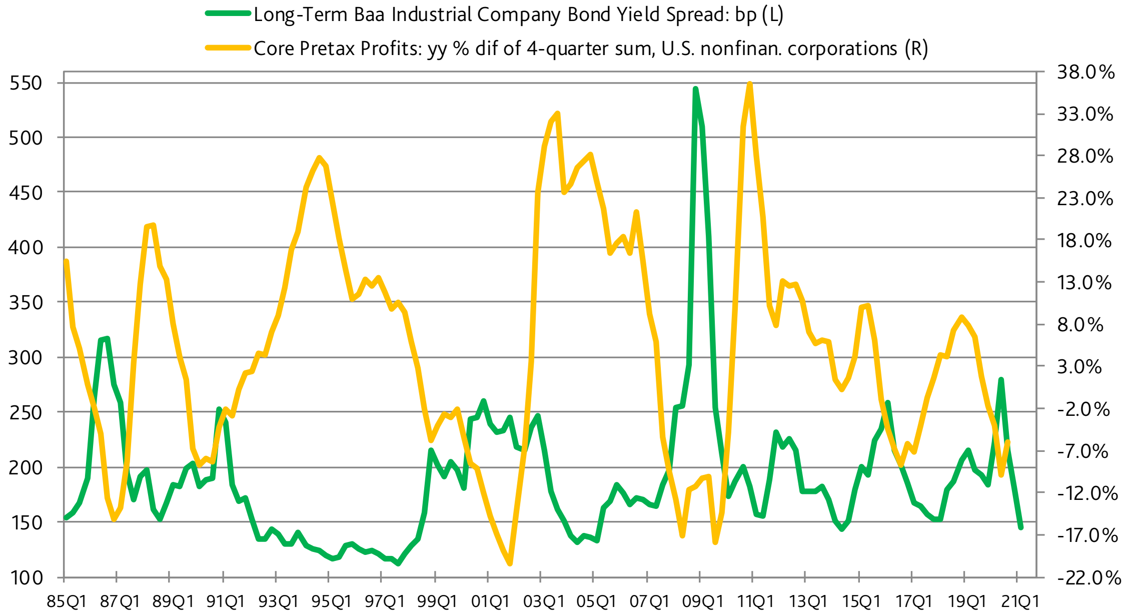
Figure 2: Return of Corporate Earnings Growth Would Assure a Declining Trend for the High-Yield Default Rate

sources: Moody's Investors Service, BEA, Moody's Analytics



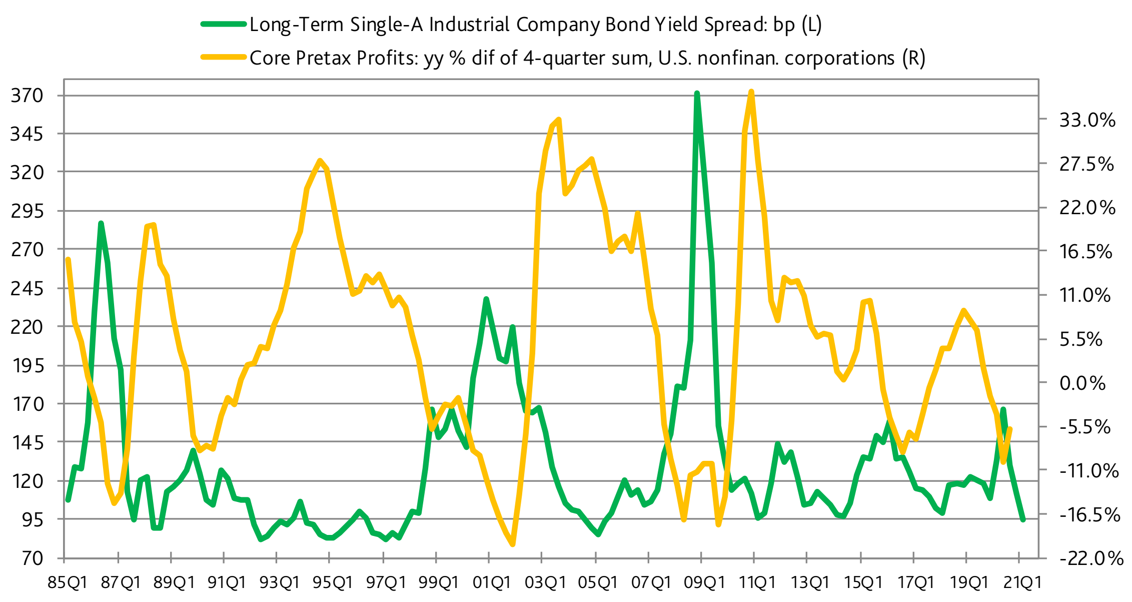
In addition to high-yield, investment-grade corporate bonds also suffered during 1998-2000. The yield spread of Moody's Analytics long-term Baa industrial company bond yield widened from a 1997 average of 117 bp to averages of 160 bp for 1998, 199 bp for 1999, and 232 bp for 2000. Similarly, the yield spread of long-term single-A industrial company bonds widened from 1997's 86 bp to 1998's 123 bp, 1999's 155 bp, and 2000's 194 bp.

Figure 3: Baa Industrial Company Bond Yield Spread Will Narrow Further if Core Pretax Profits Grow
sources: Moody's Investors Service, BEA, Moody's Analytics



For purposes of comparison, the median yield spreads of the 35 years ended 2020 are 181 bp for the long-term Baa industrials and 115 bp for the long-term single-A industrials. As of March 10, the spreads were 148 bp for the Baa industrials and 100 bp for the single-A industrials. If an expected upturn by core pretax profits helps to reduce leverage, both investment-grade bond yield spreads will narrow in the months ahead.

Figure 4: When Single-A Industrial Company Bond Yield Spread Averaged Less than 90 bp, Core Pretax Profits Grew by 16% Annually, on Average
sources: Moody's Investors Service, BEA, Moody's Analytics



The lesson of the late 1990s for the corporate credit market is that very rapid real GDP growth is of little good if it overlaps a contraction of core pretax profits. The good news is that if, as expected, 2021's core pretax profits grow by 15% to 20% annually, leverage should ease, and defaults should decline.

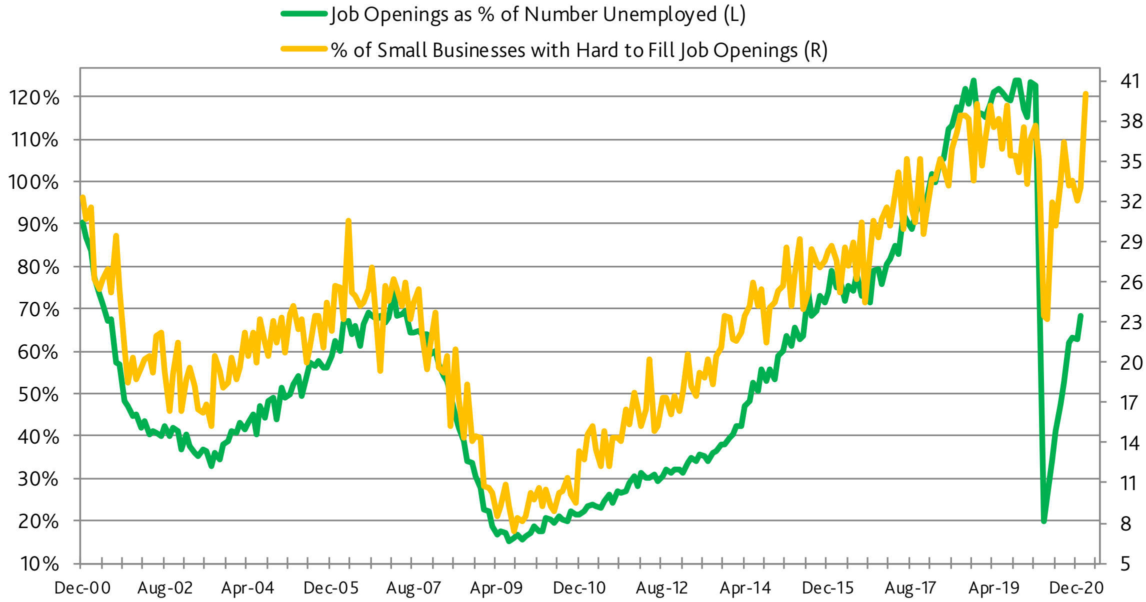
Record-High 40% of Surveyed Small Businesses Say Job Openings Are 'Hard to Fill'

The current business cycle upturn is less than a year old and in some respects the labor market appears to be very much on the mend. Consider how January 2021's job openings rose to 68% of the number deemed to be officially unemployed. During the previous two upturns, the 68% ratio was not attained until the economic recovery was 5.5 years old on average.

If the augmented unemployment rate is a very slack 10.1%, why do so many surveyed small businesses claim that job openings are hard to fill and that the "labor quality" is their single most important problem?

According to a February survey conducted by the National Federation of Independent Business, a record-high 40% of small business respondents said that job openings are "hard to fill." Perhaps job openings are hard to fill because potential employees want to lessen the risk of contracting COVID-19 or are dissuaded from taking a job by attractive supplemental jobless benefits. Still, it is remarkable to have a record-high percentage of small businesses claiming job openings are hard to fill less than a year into a business cycle upturn. In sharp contrast, during the first 12 months following the recessions of 1990-1991, 2001, and 2008-2009, the percent of small businesses reporting hard to fill job openings averaged a much smaller 14.1%.

Figure 5: According to Job Openings and Hard-to-Fill Jobs, Today's Labor Market Compares Favorably to That of 2009-2013
sources: BLS, NFIB, Moody's Analytics



Survey finds 'labor quality' is the single most important problem facing business

When asked what their "single most important problem" is, "labor quality" was the winner by a noteworthy margin. The net percent of small business respondents claiming labor quality was the biggest problem rose to 24 percentage points in February. In second place was the 18-point score assigned to taxes and in third was the 15-point score assigned to regulation.

By contrast, the averages of the first 12 months following the previous three recessions showed that "poor sales" and taxes were tied at 22 points apiece, while regulations came in next at 14 points. "Labor quality" was far behind with an average of merely 7 points. According to February 2021's survey, the net percent of surveyed small businesses claiming poor sales as their single most important problem was a relatively low 11 points.

Finally, February 2021's NFIB survey found that the net percent of surveyed firms increasing employee compensation rose to 25 percentage points. The latter was well above its 13-point average for the 12-month spans that immediately followed the end of the previous three recessions. If the labor market was as slack as some claim, wouldn't the net percent of small businesses hiking wages be well under 25 points?

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

THE U.S.

By Bernard Yaros of Moody's Analytics

Biden Flexes Fiscal Policy

The American Rescue Plan is headed to President Biden's desk for signature following Wednesday's House vote to approve the Senate-passed version of what will be the first major piece of fiscal legislation in the Biden era. In late February, House Democrats passed a $1.9 trillion version of the ARP. Moody's Analytics went into March, expecting Senate Democrats to negotiate the ARP down to $1.6 trillion. However, moderate Senate Democrats did not push back as much as we had expected. Senate Democrats ultimately passed the House version of the ARP with only a few modifications. As a result, the contours of the final legislation are largely identical to those of the original ARP that Biden outlined in January.

The ARP can be roughly divided into three equal parts: direct relief to individuals; state and local government aid; and a potpourri of personal tax cuts, business assistance, and public health spending, among others. We expect $1.1 trillion of the ARP will be spent in 2021, $500 billion in 2022, and $100 billion in 2023. In later years, ARP funds will quickly fade away.

Summary of the American Rescue Plan

$ bil

	2021	2022	2023	2024	2025	2021-2025	2021-2031
Federal expenditures on social benefits	***631.7***	***27.3***	***8.4***	***2.6***	***1.4***	***671.3***	***671.5***
Stimulus checks of as much as $1,400 per person	397.9	12.7	0.0	0.0	0.0	410.6	410.6
Additional unemployment insurance	202.3	2.3	0.2	0.2	0.1	205.1	205.1
Rental, homeowner and other housing assistance	17.3	10.2	7.6	2.1	1.3	38.5	38.6
Nutrition assistance	13.4	1.4	0.3	0.1	0.0	15.2	15.2
Other aid to workers and families	0.8	0.8	0.2	0.1	0.0	1.9	2.0
Federal funding for state and local governments	***281.0***	***178.2***	***48.4***	***37.7***	***25.2***	***570.6***	***580.2***
Funding for K-12, higher education and remote learning	20.0	50.0	40.2	31.8	21.3	163.3	178.1
Coronavirus state and local fiscal relief funds	241.5	108.5	0.0	0.0	0.0	350.0	350.0
Federal Transit Administration grants	14.4	12.0	0.8	0.4	0.2	27.8	27.9
Medicaid	4.7	6.5	5.6	4.0	2.8	23.6	18.2
Other funding to state and local governments	0.5	1.2	1.8	1.6	0.9	5.9	6.1
Expansion of federal tax credits and other changes	***52.8***	***135.8***	***7.6***	***-0.1***	***-0.7***	***195.4***	***190.3***
Child Tax Credit	26.0	79.5	0.7	0.7	0.7	107.6	109.9
Premium Tax Credit	11.5	25.1	7.9	0.5	0.0	45.0	45.0
Earned Income Tax Credit	0.5	15.6	1.0	1.0	1.0	19.2	25.8
COBRA continuation coverage	6.1	3.8	0.0	0.0	0.0	9.9	9.9
Employee Retention Credit	2.8	6.0	0.0	0.0	0.0	8.8	8.8
Dependent Care Assistance	2.2	5.9	0.0	0.0	0.0	8.1	8.1
Credits for Paid Sick and Family Leave	4.1	1.2	0.0	0.0	0.0	5.2	5.2
Other tax changes	-0.3	-1.3	-2.0	-2.3	-2.4	-8.3	-22.3
Federal nondefense appropriations	***38.6***	***65.1***	***25.2***	***11.0***	***5.5***	***145.3***	***154.4***
Testing, vaccines, therapeutics and emergency medical supplies	20.5	37.5	8.7	4.3	1.5	72.5	72.5
FEMA	9.4	11.7	8.2	5.2	3.7	38.3	47.0
Public health	6.9	13.3	6.7	1.2	0.3	28.3	28.7
Other nondefense appropriations	1.7	2.6	1.5	0.3	0.1	6.2	6.2
Financial assistance to businesses	***82.2***	***81.2***	***6.2***	***2.4***	***-0.3***	***171.6***	***148.3***
Assistance to some financially troubled employer pensions	12.6	64.9	0.7	-1.0	-2.3	75.0	58.1
Support for restaurants and shuttered venues	26.3	0.0	0.0	0.0	0.0	26.3	26.3
Targeted EIDL advance, PPP modifications	22.3	0.0	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	-0.1	28.2	20.0
Other financial assistance	5.1	5.9	3.5	3.2	2.1	19.9	21.7
Caregiving and Healthcare	***24.8***	***29.6***	***12.4***	***4.2***	***1.1***	***72.2***	***76.6***
Child and elder care	11.4	21.0	11.3	4.0	1.0	48.7	53.3
Other healthcare and worker health benefits	13.4	8.6	1.1	0.2	0.1	23.5	23.3
Total	**1,111.1**	**517.2**	**108.2**	**57.8**	**32.1**	**1,826.4**	**~1,900.0**

Sources: CBO, JCT, Moody's Analytics

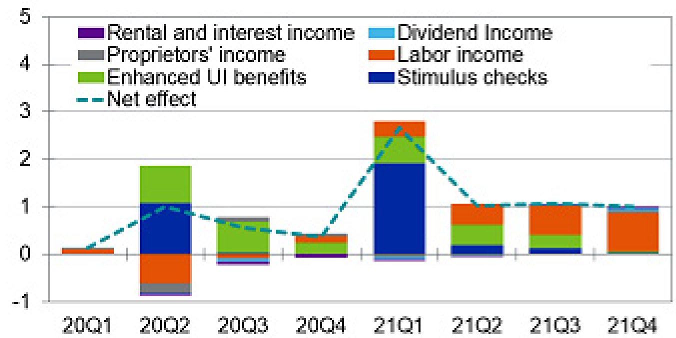
Individuals are the biggest beneficiaries of the ARP, reaping $670 billion in direct relief. The largest source of household income support in the ARP is a third round of stimulus checks of as much as $1,400 per person, costing $410 billion.

The stimulus payments phase out for single filers with incomes between $75,000 and $80,000 and for joint filers with incomes between $150,000 and $160,000. Under the prior House version of the ARP, single and joint filers with incomes up to $100,000 and $200,000, respectively, would have received partial payments. However, the savings from stricter eligibility under the Senate version are minor, amounting to only $12 billion.

Close to 80% of these stimulus checks will go out the door in the second half of March, single-handedly adding an annualized $3.8 trillion to nominal personal income this month. On an inflation-adjusted basis, disposable personal income will surge by $1.9 trillion in the first quarter thanks to the combination of the earlier $600 stimulus checks, the upcoming $1,400 payments and the enhancements to unemployment insurance. This would be the largest quarterly gain for real disposable income on record, which is highly propitious for personal spending.

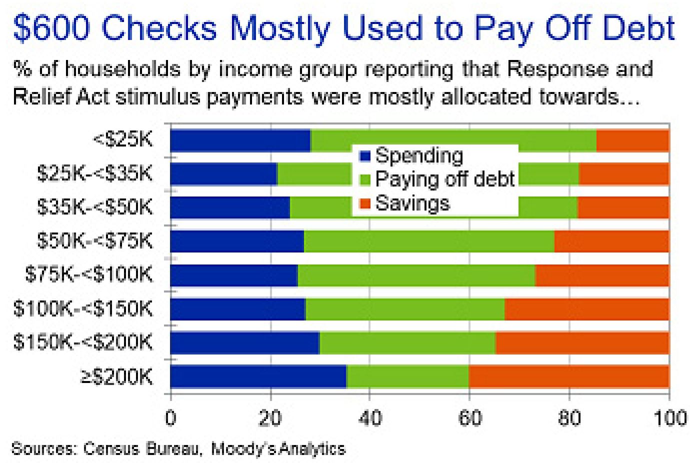
Personal Income Will Skyrocket in 2021Q1

Personal income, $ tril, SAAR, change from 2019Q4

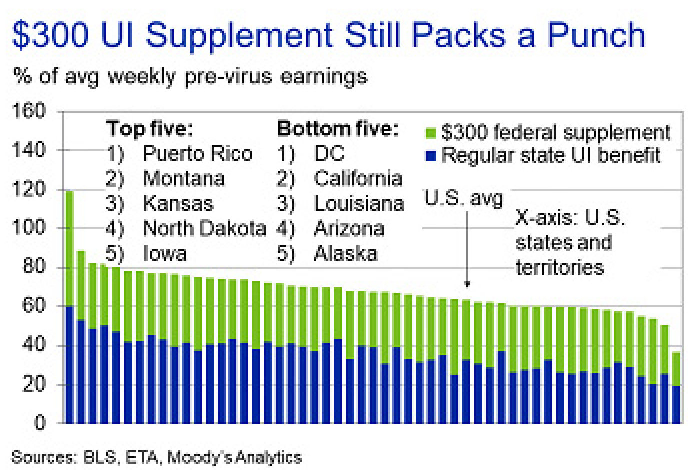


Sources: BEA, CBO, JCT, Moody's Analytics

However, a good chunk of the $1,400 payments could end up going toward household savings or deleveraging. According to the Census Bureau, three-quarters of households mostly used the earlier $600 stimulus checks to pay off debt or add to savings. In contrast, three-quarters of households that received $1,200 stimulus checks under last year's CARES Act mostly used the windfall to cover spending. More than a year into the pandemic, arrears are piling up for lower-income households. Therefore, a sizable share of the $1,400 payments could end up going toward household debt reduction.



The ARP also extends current UI enhancements through September 6. These include: a $300 federal supplement on top of regular state benefits, additional weeks of UI after standard benefits are exhausted, and expanded eligibility to include those who don't normally qualify such as gig-economy workers. The extension of these enhancements will cost roughly $200 billion. Had the Senate not reduced the UI supplement from $400 to the existing $300 per week, this provision of the ARP would have cost about $40 billion more. The $300 supplement still packs a punch. Combined with the standard state benefit, the supplement is, on average, replacing 60% of pre-virus average weekly earnings. In a dozen U.S. states and territories, this replacement ratio exceeds 75%.



The savings from stricter eligibility for stimulus checks and a lower UI supplement vis-à-vis the House version will be partially offset by a last-minute addition by the Senate, which waives taxes on the first $10,200 in UI benefits for those whose incomes in 2020 were less than $150,000. Federal law allows UI recipients to choose a flat 10% withholding from these benefits. If the withholding isn't enough, recipients can make quarterly estimated tax payments throughout the year. Many jobless individuals may not have adequately withheld taxes owed on last year's UI benefits. If so, they could face an unexpectedly higher tax liability when they file for the 2020 tax year.

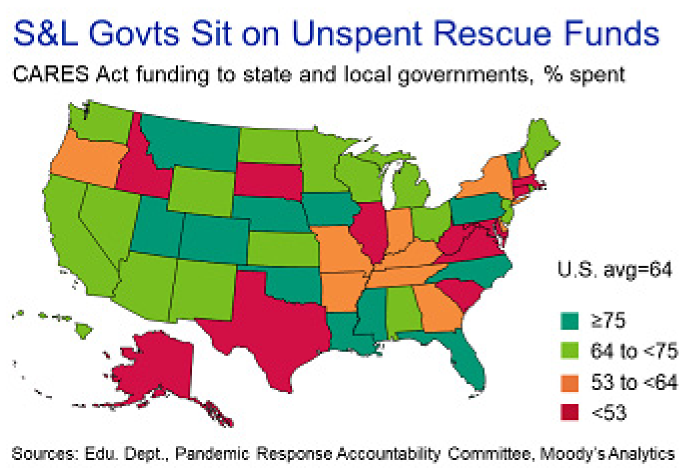
During the Great Recession, inadequate withholdings of benefits did not appreciably affect tax refunds. However, total UI benefits in 2020 were four times larger than in the worst year of the Great Recession. This legislative add-on could thus prevent a surprise tax shock for many during this filing season.

Finally, individuals will also benefit from $39 billion in rental, homeowner and other housing support and $15 billion in nutrition assistance, among other smaller provisions.

State and local government aid

State and local governments are the next largest beneficiaries, receiving $580 billion in federal funding. Of this total amount, $350 billion will take the form of direct federal aid, while another $178 billion will be targeted to K-12 schools, higher education institutions, and remote learning investments. The remaining funds include increased federal matching funds to defray the cost of Medicaid, as well as transportation grants.

The $580 billion in federal aid is significantly higher than the estimated $85 billion net budget shortfall facing state and local governments. Further, state and local governments have only spent 64% of CARES Act funding. In other words, they are sitting on $60 billion in unspent CARES Act money on top of the $82 billion in education grants they received from the $900 billion relief package that was passed in late December. In particular, states and localities have only spent 46% of CARES Act funding for education. As a result, the Congressional Budget Office projects that subnational governments will only digest 7% of the $178 billion in ARP education funds in fiscal 2021.



States and localities will also take their time to spend the $350 billion in direct aid. Though the Treasury will soon disburse these funds, we assume that 70% of the money will get spent by year's end, with the remainder occurring over 2022. This would be consistent with how fast subnational governments have spent CARES Act direct aid. However, this could be too optimistic, and future updates to the baseline forecast will adjust as necessary our assumptions around the spending of these aid funds.

Expansion of federal tax credits

The ARP institutes a series of tax changes that will most notably deliver $210 billion in expanded tax credits for families, workers and employers.

The Child Tax Credit accounts for half of the overall tax credit expansion. For the 2021 tax year, the ARP would increase the CTC from $2,000 to a fully refundable $3,600 per child 5 years old and younger and to $3,000 per child between 6 and 17 years old.

A fifth of the tax credit expansion is attributable to the premium tax credit, which lowers out-of-pocket premiums for lower-income individuals acquiring health insurance through the marketplaces established under the Affordable Care Act. The ARP would increase the premium tax credit for most people who currently qualify and expand eligibility to people with incomes greater than 400% of the federal poverty level through 2022. The CBO estimates this provision will reduce the number of people without health insurance by 1.3 million in 2022.

The remainder of the tax credit expansion includes modifications and extensions to the Earned Income Tax Credit, Employee Retention Credit, and credits for paid sick and family leave, among others. The Tax Policy Center estimates that two-thirds of the benefits from many of these expanded tax credits, plus the $1,400 stimulus checks, will go to low-and middle-income households earning about $91,000 or less.

Other provisions

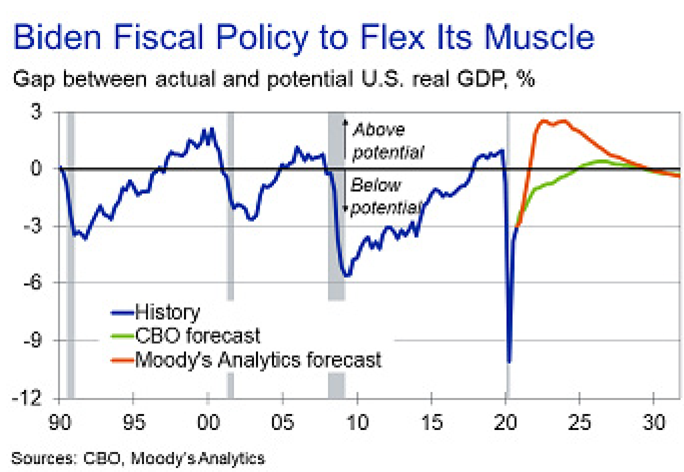
The remainder of the ARP can be divided into three parts. The first is $154 billion in federal nondefense appropriations, which range from COVID-19 testing, vaccines and other public health investments to additional funds for FEMA to address major disasters and cover funeral expenses related to the pandemic. The second is $148 billion in financial assistance to businesses, which include small business aid, targeted relief to restaurants, airlines and others, and support for financially troubled employer pension plans. Finally, the third is $77 billion in additional funds for healthcare and caregiving, which include most notably childcare grants.

Is a higher minimum wage dead?

The biggest loser of this massive fiscal package is arguably the $15 federal minimum wage, which was stripped out of the Senate version of the ARP. Given that the measure was rejected on a bipartisan basis in the Senate, the odds of a $15 minimum happening anytime soon are low. However, it isn't entirely inconceivable that lawmakers could rally around an $11 or $12 federal minimum, which could be more politically palatable, since the negative consequences for employment would be much less. Moody's Analytics simulated $11 and $12 federal minimums through the CBO's minimum wage calculator and found that they would only reduce employment by 160,000 and 290,000 workers, respectively. In contrast, the level of employment would be lower by 1.4 million workers under a fully phased-in $15 minimum. Nevertheless, $11 and $12 minimum wages would only lift, on net, 120,000 and 320,000 people out of poverty, respectively. This compares with up to 1.1 million people, on net, exiting poverty under a $15 federal minimum.

Outlook

The combination of the ARP and a forthcoming "Build Back Better" package, which will increase infrastructure and social benefits outlays and will be mostly financed by higher taxes on corporations and well-to-do households, will have major macroeconomic consequences. Moody's Analytics forecasts that U.S. real GDP will rise to 2.5% above potential in the second half of 2022. This would be the largest positive output gap than at any point in the past three business cycles.



The Week Ahead

The CBO, which updated its forecast of the U.S. economy in February, is a useful benchmark. Unlike Moody's Analytics, the CBO does not assume any further changes to fiscal policy in its forecast. As a result, it projects actual real GDP to remain below potential through 2024, rising no higher than 0.4% above potential thereafter. The difference between the CBO's and our forecast of the output gap can be mostly chalked up to our assumption of a $1.9 trillion American Rescue Plan and $1.5 trillion in "Build Back Better" spending on infrastructure and social benefits, both of which the CBO does not include in its projections.

That moderate Senate Democrats did not push back as much as expected against the ARP's $1.9 trillion price tag creates upside risk potential that the spending in the "Build Back Better" package ends up greater than the baseline forecast assumes. However, rising concerns over the deficit, along with a greater desire to get bipartisan support, could complicate both the timing and scope of the "Build Back Better" package.

EUROPE

By Ross Cioffi of Moody's Analytics

Russia's Economic Recovery Still Precarious

Next week will focus on the final estimates of February inflation and monetary policy decisions in Russia and the U.K. That said, we aren't expecting any surprises on either front. February's final estimate of the euro zone's harmonized inflation rate should come in at 0.9% y/y, as reported in the preliminary estimate. A significantly softer decrease in energy prices outweighed slower core price growth. This is in line with our view that base effects, not significantly stronger demand, will carry inflation rates higher in the first half of the year.

Meanwhile, we don't think the Bank of England or the Central Bank of Russia will change their policy rates. The BoE will maintain its dovish policy and keep rates accommodative. The CBR, has a tighter line to walk, with inflation already above the central bank's target, but the economic recovery remains highly precarious. Indeed, we expect the unemployment rate was unchanged at 5.8% in February, and that retail sales showed no growth from their year-ago level, though this is an improvement on the string of year-on-year declines since the start of the pandemic. Industrial production will remain below year-ago levels as Russia continues to cut oil production under a deal with OPEC+ members to support oil prices. Prices are high enough for Russia to normalize production, but most other OPEC+ members need higher prices in order to drive their government budgets into surplus.

We expect that the euro zone external trade surplus increased to €20.5 billion from €15.5 billion a year earlier. Import demand likely slumped more than exports did during the month under the effects of stricter lockdown measures on the Continent. Exports to North American and Asia were likely resilient as recoveries continued in those markets. Meanwhile, stories have already abounded that trade with the U.K. has been hit by the new trade regime. New paperwork has added to exporters and importers costs on both sides of the Channel.

	Key indicators	Units	Moody's Analytics	Last
Tues @ 8:45 a.m.	France: Consumer Price Index for February	% change yr ago	0.4	0.6
Tues @ 8:45 a.m.	Italy: Consumer Price Index for February	% change yr ago	0.6	0.4
Tues @ 5:00 p.m.	Russia: Industrial Production for February	% change yr ago	-2.0	-2.5
Wed @ 11:00 a.m.	Euro Zone: Consumer Price Index for February	% change yr ago	0.9	0.9
Thur @ 11:00 a.m.	Euro Zone: External Trade for January	€ bil	20.5	29.2
Thur @ 1:00 p.m.	U.K.: Monetary Policy and Minutes for March	%	0.1	0.1
Fri @ 11:30 a.m.	Russia: Monetary Policy for March	%	4.25	4.25
Fri @ 5:00 p.m.	Russia: Retail Sales for February	% change yr ago	0.0	-0.1
Fri @ 5:00 p.m.	Russia: Unemployment for February	%	5.8	5.8

Asia-Pacific

By Shahana Mukherjee of Moody's Analytics

New Zealand's Economy Had a Stronger Than Expected Rebound

We expect New Zealand's GDP to have grown by 0.3% in yearly terms in the December quarter, following a 0.4% increase in the prior quarter.

New Zealand's economy has experienced a stronger than expected rebound following the easing of pandemic-related restrictions. The successful containment of the localized COVID-19 outbreak and substantial policy support have propped up consumption, while the pickup in overseas demand for goods exports has been robust in recent months. We expect largely favourable conditions and a relatively resilient labour market to have contributed to another quarter of growth.

We expect the Bank of Japan to keep its monetary settings unchanged in March. The short-term interest rate target will likely be held steady at -0.1% and the 10-year bond yield target will be maintained at around 0%. Japan's policymakers have been amongst the most proactive in the Asia-Pacific region in their response to the COVID-19 crisis, with fiscal efforts often taking the lead.

While much has been spoken about the outcome of the BoJ's monetary policy review, we expect limited shifts in the current setting, with the yield curve likely to remain unchanged, as the central bank may opt for bond market stability while authorities attempt to expedite the domestic vaccination drive. We are not yet dismissing the possibility of a widening of the permitted bands for longer-term government bond yields. However, the BoJ is more likely to actively consider this option at a policy meeting later this year, contingent on the post-COVID-19 recovery momentum.

Employment statistics for some major economies are also due next week. South Korea's labour market likely remained severely impacted in February, but hotels, restaurants and the retail sectors may have recorded marginal gains following some easing of the strict social-distancing restrictions. The unemployment rate therefore likely ticked down marginally to 5.3% in February, from a two-decade peak of 5.4% in January. In comparison, we expect the ongoing recovery in domestic conditions to have supported better employment prospects in Australia, and the unemployment rate is likely to have inched lower to 6.3% in February, from 6.4% in January.

	Key indicators	Units	Moody's Analytics	Confidence	Risk	Last
Mon @ 10:50 a.m.	Japan Machinery Orders for January	% change	3.5	2	↓	1.7
Mon @ 1:00 p.m.	China Industrial Production for January-February	% change yr ago	28	3	↓	7.3
Mon @ 1:00 p.m.	China Retail Sales for January-February	% change yr ago	30	3	↑	4.6
Mon @ 1:00 p.m.	China Fixed-Asset Investment for January-February	% change yr ago	36	3	↓	2.9
Mon @ 3:00 p.m.	Indonesia Foreign Trade for February	US$ bil	1.8	3	↑	1.96
Mon @ 11:20 p.m.	India Foreign Trade for February	US$ bil	-12.9	3	↓	-14.5
Wed @ 10:00 a.m.	South Korea Unemployment Rate for February	%	5.3	3	↑	5.4
Wed @ 10:50 a.m.	Japan Foreign Trade for February	¥ bil	410	3	↓	392
Wed @ 11:30 a.m.	Singapore Nonoil Exports for February	% change yr ago	6.1	3	↑	12.8
Thur @ 8:45 a.m.	New Zealand GDP for Q4	% change yr ago	0.3	3	↑	0.4
Thur @ 11:30 a.m.	Australia Unemployment Rate for February	%	6.3	3	↓	6.4
Thur @ 6:30 p.m.	Indonesia Monetary Policy for March	%	3.5	4	←	3.5
Fri @ 10:30 a.m.	Japan Core CPI for February	% change yr ago	-0.5	3	↓	-0.6
Fri @ 2:30 p.m.	Japan Monetary Policy for March	%	-0.1	4	←	-0.1

The Long View

Higher quality bonds are most vulnerable to a growth-inspired upturn by Treasury bond yields.

By John Lonski, Chief Capital Markets Economist, Moody's Capital Markets Research
March 11, 2021

CREDIT SPREADS

As measured by Moody's long-term average corporate bond yield, the recent investment grade corporate bond yield spread of 109 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 362 bp approximates what is suggested by the accompanying long-term Baa industrial company bond yield spread of 148 bp but is much narrower than what might be inferred from the recent VIX of 21.8 points. The latter has been historically associated with a 630-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 2.1% 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 7% 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.

Europe

By Katrina Pirner and Ross Cioffi of Moody's Analytics
March 11, 2021

EU

On Wednesday, the U.S. House of Representatives passed the $1.9 trillion COVID-19 relief package, with President Biden expected to sign it into law on Friday. The effects of the stimulus plan will be mixed for EU countries. On the one hand, it should lead to a substantial jump in U.S. demand, with positive knock-on effects for EU exporters. Inflationary spillover effects are also expected, as the U.S. recovery will drive oil prices higher. However, the package could put additional downward pressure on the euro/dollar exchange rate. A stronger euro would undercut European exports to the U.S. and weigh on euro zone inflation. Although the European Central Bank does not target exchange rates, it confirmed back in December that it was closely monitoring the evolution of the euro/dollar exchange rate.

ECB

As expected, the ECB's interest rates and asset-purchase programs remained unchanged after its March meeting. The ECB is taking a mostly wait-and-see approach following its decision in December to increase the size of its Pandemic Emergency Purchase Program by €500 billion, to €1.85 trillion, and to extend new asset purchases from June 2021 to March 2022. While the press release did not contain any major new announcements, the governing council stated that they expect asset purchases to be significantly faster during the next quarter, compared with the first months of this year. This constitutes a slightly dovish signal.

IRELAND

Irish CPI fell for the 11th consecutive month, down 0.4% y/y in February. Behind the drop were declines in transport, clothing and footwear, and food and nonalcoholic beverages. Goods prices fell by 2.8% y/y. In monthly terms, prices rose in nearly all sectors, pushing the overall CPI up by 0.4%. A notable exception was alcoholic beverages and tobacco, which slid by 0.5% m/m. Although the yearly CPI figure remains downbeat, recent month-on-month improvements indicate early signs of a recovery. We expect year-on-year inflation will pick up in the second quarter.

FRANCE

French industrial production was a welcome bit of news after Germany's downbeat release from earlier this week. France's headline industrial production rebounded by 3.3% m/m in January, more than offsetting the 0.7% drop in the previous month and brought output to just 0.2% below the year-ago level. The figure caught markets by surprise and beat forecasts of a softer 0.5% increase. January was the first full month with national lockdown restrictions removed, and although not all industries were able to reopen their doors, this was enough to stimulate production.

The increase in output was broad-based, with all industrial sectors ramping up except transport equipment. That includes automaking and aeronautics, which have been hit hard by the global aviation downturn. On the upside, manufacturing made an impressive rebound and was the key driver for overall industry success, rising by 3.3%. France's industrial sector has managed to perform better than its larger service sector, which is subject to more coronavirus restrictions. The government aims to speed up the recovery with a focus on industry in its economic stimulus plan.

Lockdowns and the virus remain an issue for demand. The government is keeping a close watch on 10 French regions with a high prevalence of the U.K. or South African variant of the virus. If lockdowns are tightened, industry output may well step back in February and March. France currently lags its neighbors in vaccines administered per 100 people, and we don't expect the country to reach herd immunity until the end of the year or early 2022. The longer it takes to reach herd immunity, the longer restrictions will stay, keeping a lid on economic growth and industrial output.

Industrial production in other euro zone economies increased in January as well. Dutch manufacturing output rose by 2.4% m/m, while Belgian industrial production gained 3.1%. On the downside, Slovakia's industrial production fell by 3.9%, which is in line with the weaker performance of the auto industry—the bedrock of Slovakia's manufacturing economy—across Europe during the month. Supply shortages forced manufacturers to put production plans on hold.

Asia Pacific

By Christina Zhu and Shahana Mukherjee of Moody's Analytics
March 11, 2021

CHINA

China's foreign trade held up relatively well in January and February, as the combined trade balance stood at US$103.3 billion over the two months following a record high one-month surplus of US$78.2 billion in December. Exports surprised on the upside, soaring by 60% in yearly terms, while imports rose by 22%. The early trade figures expectedly carried the favourable effects from a significantly low base comparison from the corresponding period last year, as large parts of China's economic activity were impacted then by regional pandemic-related shutdowns. That said, the readings still beat market expectations, as the week-long Chinese New Year holiday usually causes a 20% dip in trade in the first two months of a year.

The smaller than usual decline in exports this year is a result of robust external demand as well as the fast reopening of factories. Manufacturing in some of China's major trading partners accelerated this year after the pandemic was brought under control and vaccine distribution stepped up. Moreover, favourable sentiments driven by growing anticipation of the additional stimulus in the U.S. and U.K. also bolstered this pickup. The resurgence of domestic COVID-19 infections prompted Chinese authorities to impose travel restrictions and encourage migrant workers to limit travel during the holiday season, which is likely to have enabled factories to resume production much sooner than in past years.

New export orders a concern

Compared with the diminished production capacity, which can be ramped up beyond the holiday season, the decline in new export orders is a real concern for manufacturers. The index for new export orders in the manufacturing PMI fell for the third month in a row and dropped below the neutral 50 mark in February, indicating a contraction in new orders. While this does not necessarily imply that export growth has peaked, it can be seen as an early sign of a possible moderation in growth, especially if the trend persists over the next few months. At this stage, we expect the index to pick up in the coming months as overseas demand for consumer goods and production inputs sees a sustainable and meaningful revival, and this is expected to largely offset the fading demand for pandemic-related goods.

Import growth has been mild, in line with the lagging domestic demand recovery. We expect domestic consumption to gain pace this year; import growth will catch up with exports, narrowing the trade balance. The government plans to issue CNY3.65 trillion in special-purpose bonds this year, most of which will be used to fund infrastructure projects. The increasing demand for raw materials and energy products is expected to bolster imports and contribute to rising global commercial prices in the months ahead.

As the year advances, the extent to which China's exporters continue to benefit from the global rebound will depend on the pace of recovery in its major trading partners, but also on evolving geopolitical relationships and how effectively domestic COVID-19 outbreaks can be managed before herd immunity is achieved.

Ratings Round-Up

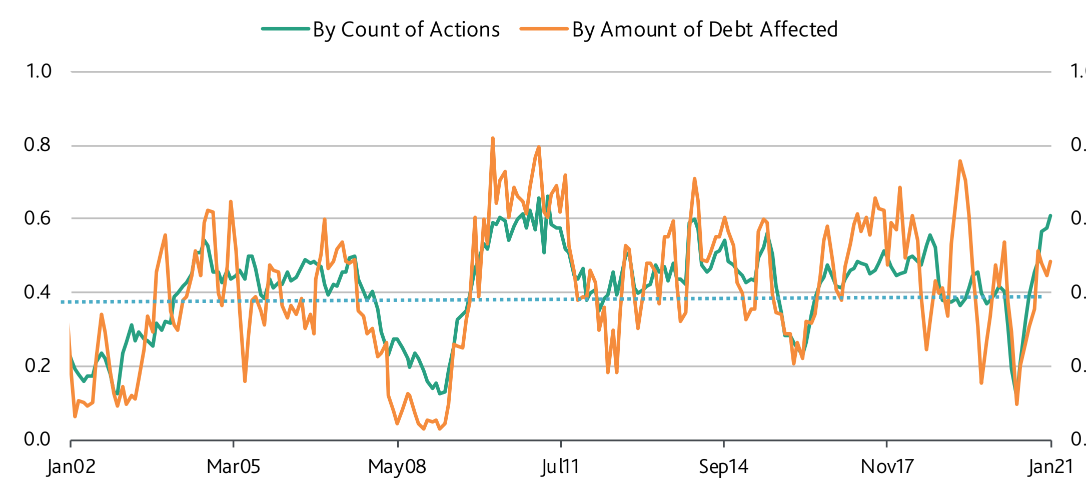
Mattel Upgraded on Turnaround Plan Metrics

By Michael Ferlez
March 11, 2021

The trend in ratings activity weakened in the latest period. For the week ended March 9, upgrades accounted for less than half of total changes and affected debt. Despite shifting negative last week, the monthly trend in rating change activity has been improving. The hardest-hit sectors by the pandemic, including business services, specialty and exploration and production have accounted for the bulk of the upgrades heading into 2021. The largest upgrade in terms of affected debt was Mattel Inc., which saw its corporate family rating and its senior unsecured guaranteed bonds rating upgraded to Ba2 from B1. In its rating action, Moody's Investors Service cited improving metrics from Mattel's turnaround plan. Meanwhile, downgrades were headlined by Diamond Sports Group LLC's, which saw its corporate family rating downgraded to B3 from B1 and its senior secured credit facility and its senior secured notes downgraded to B2 from Ba3. Moody's also downgraded Diamond's probability of default rating and its senior unsecured rating. The downgrades impacted $4.9 billion in debt, the most of any U.S. firm last week.

The latest European rating change activity was mixed. Although upgrades accounted for four of the seven rating changes, they accounted for less than a quarter of affected debt. Speculative-grade companies accounted for the bulk of the rating changes, though the week's two largest downgrades were both investment-grade companies. The most notable change was made to Unibail-Rodamco-Westfield SE, which saw its senior unsecured debt downgraded to Baa2 from Baa1. In Moody's Investors Service rating action, Oliver Schmitt, Moody's VP-Senior Credit Officer and lead analyst for URW, was cited saying, "The downgrade to Baa2 reflects an extended period of higher leverage after the failed capital raise, further anticipated value declines, and uncertainty around material assets sales over the initial Europe-focused disposal plan." The downgrade impacted $20.4 billion in 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

FIGURE 3
Rating Changes: Corporate & Financial Institutions – US

Date	Company	Sector	Rating	Amount ($ Million)	Up/ Down	Old LTD Rating	New LTD Rating	IG/SG
3/3/21	SORENSON COMMUNICATIONS, LLC	Industrial	PDR		D	B2	B3	SG
3/3/21	LPL HOLDINGS II-LPL HOLDINGS, INC.	Financial	SrUnsec/SrSec /BCF/LTCFR	1,300	U	B1	Ba2	SG
3/3/21	CERIDIAN LLC-CERIDIAN HCM HOLDING INC.	Industrial	SrSec/BCF		U	B2	B1	SG
3/3/21	CERIDIAN LLC-CERIDIAN HCM HOLDING INC.	Industrial	LTCFR/PDR		D	B2	B3	SG
3/3/21	CABLE ONE, INC.	Industrial	SrSec/BCF		U	Ba3	Ba2	SG
3/4/21	ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.	Utility	LTIR		D	Aa3	A1	IG
3/4/21	KINDER MORGAN, INC.-RUBY PIPELINE, LLC	Industrial	SrUnsec/LTCFR/PDR	1,388	D	B1	Caa1	SG
3/4/21	GLASS MOUNTAIN PIPELINE HOLDINGS, LLC	Industrial	SrSec/BCF/LTCFR/PDR		D	Caa2	Ca	SG
3/5/21	THE CHEFS' WAREHOUSE, INC.	Industrial	LTCFR/PDR		D	B2	B3	SG
3/8/21	MATTEL, INC.	Industrial	SrUnsec/LTCFR/PDR	2,900	U	B1	Ba2	SG
3/8/21	SINCLAIR BROADCAST GROUP, INC. -DIAMOND SPORTS GROUP, LLC	Industrial	SrSec/SrUnsec /BCF/LTCFR/PDR	4,906	D	Ba3	B2	SG
3/8/21	VERICAST CORP.	Industrial	SrSec/BCF/LTCFR/PDR	1,600	D	Caa1	Caa3	SG
3/8/21	ENDEAVOR ENERGY RESOURCES, L.P.	Industrial	SrUnsec/LTCFR/PDR	2,100	U	B1	Ba3	SG
3/8/21	BW GAS & CONVENIENCE HOLDINGS, LLC	Industrial	SrSec/BCF/LTCFR/PDR		U	B2	B1	SG
3/9/21	US SILICA HOLDINGS INC -US SILICA COMPANY, INC.	Industrial	SrSec/BCF/LTCFR/PDR		U	Caa1	B3	SG

Source: Moody's

Ratings Round-Up

FIGURE 4

Rating Changes: Corporate & Financial Institutions – Europe

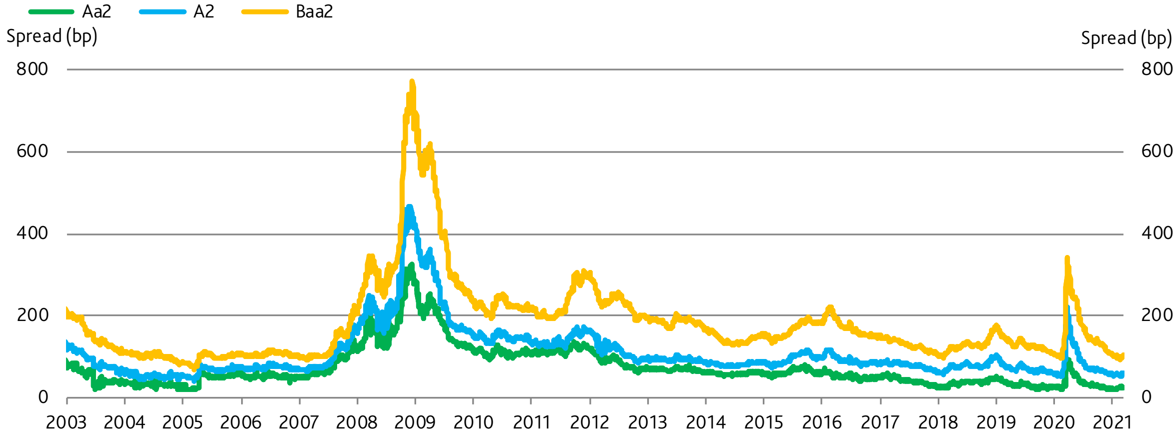
Date	Company	Sector	Rating	Amount ($ Million)	Up/ Down	Old LTD Rating	New LTD Rating	IG/SG	Country
3/3/21	AVON PRODUCTS, INC.	Industrial	SrUnsec/LTCFR	733	U	B1	Ba3	SG	UNITED KINGDOM
3/3/21	GWYNT Y MOR OFTO PLC	Utility	SrSec	469	D	A3	Baa1	IG	UNITED KINGDOM
3/3/21	AVAST HOLDING B.V.	Industrial	LTCFR/PDR		U	Ba2	Ba1	SG	NETHERLANDS
3/4/21	UNIBAIL-RODAMCO -WESTFIELD SE	Industrial	SrUnsec/LTIR /JrSub/MTN	20,373	D	Baa1	Baa2	IG	FRANCE
3/4/21	CASPER MIDCO SAS -CASPER BIDCO SAS	Industrial	SrSec/BCF		D	B3	Caa1	SG	FRANCE
3/8/21	SPCM SA	Industrial	SrUnsec/LTCFR/PDR	500	U	Ba2	Ba1	SG	FRANCE
3/9/21	CMA CGM S.A.	Industrial	SrUnsec/SrSec/BCF/ LTCFR/PDR/LGD	4,585	U	Caa1	B3	SG	FRANCE

Source: Moody's

Market Data

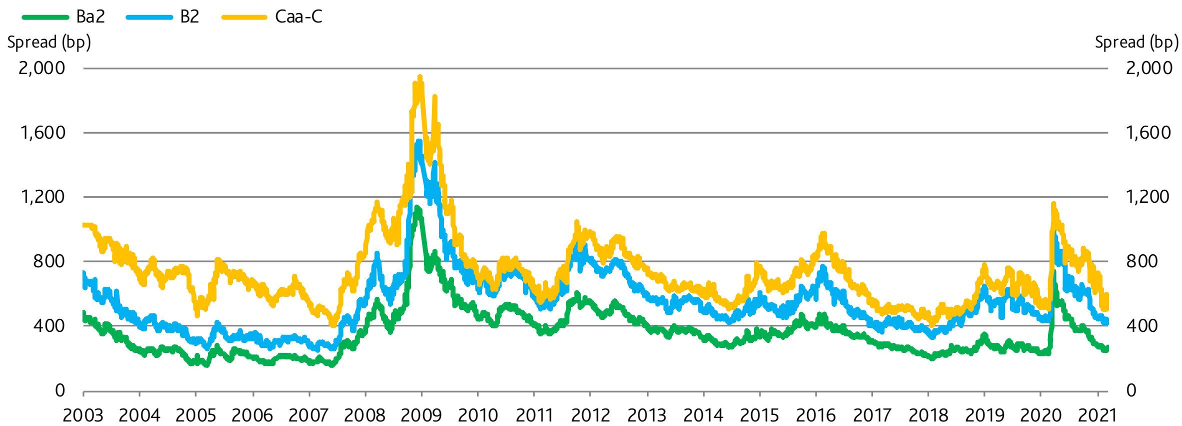
Spreads

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



Source: Moody's

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



Source: Moody's

Market Data

CDS Movers

Figure 3. CDS Movers - US (March 3, 2021 – March 10, 2021)

CDS Implied Rating Rises	CDS Implied Ratings		
Issuer	Mar. 10	Mar. 3	Senior Ratings
Murphy Oil Corporation	B3	Caa2	Ba3
International Business Machines Corporation	Aa3	A1	A2
Coca-Cola Company (The)	Aa1	Aa2	A1
3M Company	Aa2	Aa3	A1
Chevron Corporation	Aa3	A1	Aa2
NextEra Energy Capital Holdings, Inc.	A1	A2	Baa1
Tyson Foods, Inc.	Baa1	Baa2	Baa2
Kroger Co. (The)	Baa1	Baa2	Baa1
Duke Energy Carolinas, LLC	Aaa	Aa1	A1
Entergy Corporation	Aa2	Aa3	Baa2

CDS Implied Rating Declines	CDS Implied Ratings		
Issuer	Mar. 10	Mar. 3	Senior Ratings
Bank of New York Mellon Corporation (The)	A2	Aa2	A1
Southern Company (The)	A2	Aa3	Baa2
JPMorgan Chase Bank, N.A.	A1	Aa3	Aa2
American Express Credit Corporation	A1	Aa3	A2
Exxon Mobil Corporation	A1	Aa3	Aa1
Occidental Petroleum Corporation	B2	B1	Ba2
Amazon.com, Inc.	A1	Aa3	A2
Raytheon Technologies Corporation	A2	A1	Baa1
FedEx Corporation	Baa2	Baa1	Baa2
Tenet Healthcare Corporation	B3	B2	Caa1

CDS Spread Increases		CDS Spreads		
Issuer	Senior Ratings	Mar. 10	Mar. 3	Spread Diff
Talen Energy Supply, LLC	B3	1,032	891	141
American Airlines Group Inc.	Caa1	926	861	65
Carnival Corporation	B2	422	372	49
Royal Caribbean Cruises Ltd.	B2	494	459	36
Rite Aid Corporation	Caa3	617	583	34
United Airlines Holdings, Inc.	Ba3	413	381	32
Olin Corporation	Ba3	213	190	23
Pactiv Corporation	Caa1	351	329	22
Delta Air Lines, Inc.	Baa3	290	268	21
OneMain Finance Corporation	Ba3	244	224	20

CDS Spread Decreases		CDS Spreads		
Issuer	Senior Ratings	Mar. 10	Mar. 3	Spread Diff
Murphy Oil Corporation	Ba3	341	427	-86
Pitney Bowes Inc.	B1	409	454	-45
Gap, Inc. (The)	Ba3	166	198	-32
K. Hovnanian Enterprises, Inc.	Caa3	653	679	-26
Nabors Industries, Inc.	Caa2	854	874	-20
Baker Hughes Holdings LLC	A3	103	117	-14
Apache Corporation	Ba1	250	262	-13
General Electric Company	Baa1	79	90	-11
Calpine Corporation	B2	299	309	-10
Unisys Corporation	Caa1	169	178	-8

Source: Moody's, CMA

Market Data

Figure 4. CDS Movers - Europe (March 3, 2021 – March 10, 2021)

CDS Implied Rating Rises	CDS Implied Ratings		
Issuer	Mar. 10	Mar. 3	Senior Ratings
Italy, Government of	Baa2	Baa3	Baa3
Spain, Government of	Aa1	Aa2	Baa1
Banco Bilbao Vizcaya Argentaria, S.A.	Aa2	Aa3	A3
ING Groep N.V.	Aa2	Aa3	Baa1
UniCredit Bank AG	Aaa	Aa1	A2
Equinor ASA	Aaa	Aa1	Aa2
British Telecommunications Plc	Baa2	Baa3	Baa2
Raiffeisen Bank International AG	Aa3	A1	A3
FCE Bank plc	Ba2	Ba3	Ba2
Bayer AG	A3	Baa1	Baa1

CDS Implied Rating Declines	CDS Implied Ratings		
Issuer	Mar. 10	Mar. 3	Senior Ratings
National Grid plc	A1	Aa2	Baa2
Banque Federative du Credit Mutuel	A3	A2	Aa3
Electricite de France	Baa1	A3	A3
Vodafone Group Plc	Baa1	A3	Baa2
Standard Chartered PLC	A3	A2	A2
Iberdrola International B.V.	A1	Aa3	Baa1
EDP - Energias de Portugal, S.A.	Baa1	A3	Baa3
EnBW Energie Baden-Wuerttemberg AG	Aa1	Aaa	A3
Experian Finance plc	Aa2	Aa1	Baa1
United Utilities Water Limited	A3	A2	A3

CDS Spread Increases		CDS Spreads		
Issuer	Senior Ratings	Mar. 10	Mar. 3	Spread Diff
Vedanta Resources Limited	Caa1	905	829	77
Novafives S.A.S.	Caa2	819	779	40
Piraeus Financial Holdings S.A.	Caa3	539	499	39
Boparan Finance plc	Caa1	676	640	36
TUI AG	Caa1	710	675	35
Telecom Italia S.p.A.	Ba2	177	166	11
Casino Guichard-Perrachon SA	Caa1	525	514	11
Vue International Bidco plc	Ca	625	614	11
METRO Finance B.V.	Ba1	81	73	9
Avon Products, Inc.	Ba3	236	227	9

CDS Spread Decreases		CDS Spreads		
Issuer	Senior Ratings	Mar. 10	Mar. 3	Spread Diff
CMA CGM S.A.	B3	381	411	-30
Stena AB	Caa1	619	648	-29
Norddeutsche Landesbank GZ	A3	68	86	-17
Novo Banco, S.A.	Caa2	166	180	-14
Jaguar Land Rover Automotive Plc	B1	352	361	-9
Deutsche Lufthansa Aktiengesellschaft	Ba2	279	284	-5
Hammerson Plc	Baa3	281	285	-4
Italy, Government of	Baa3	68	71	-3
Spain, Government of	Baa1	30	33	-3
Portugal, Government of	Baa3	28	30	-2

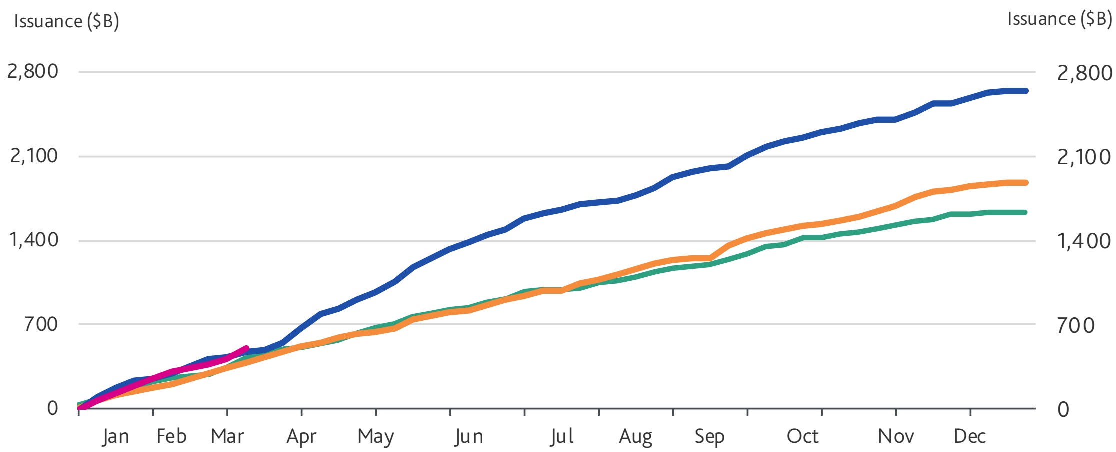
Source: Moody's, CMA

Market Data

Issuance

FIGURE 5

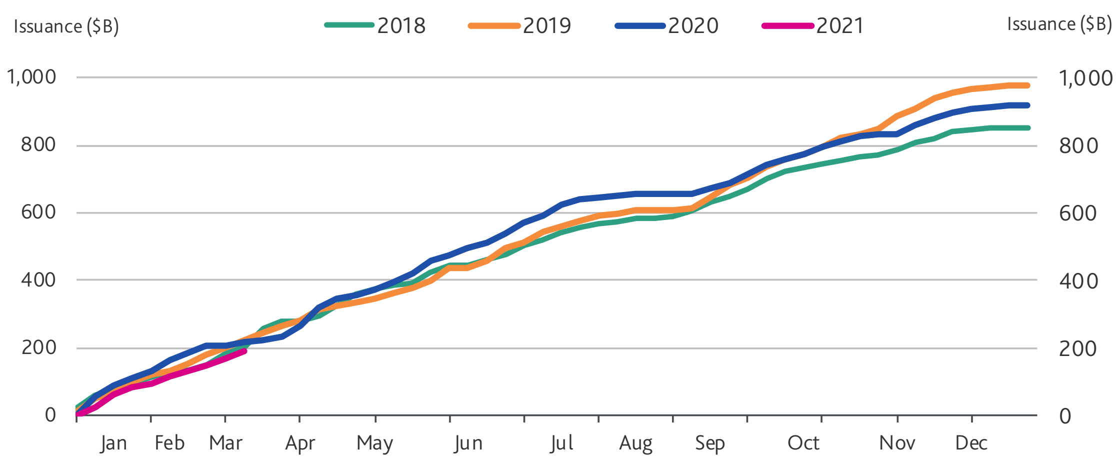
Market Cumulative Issuance - Corporate & Financial Institutions: USD Denominated



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	66.675	13.615	81.010
Year-to-Date	342.389	146.897	502.855

	Euro Denominated		
	Investment-Grade	High-Yield	Total*
	Amount $B	Amount $B	Amount $B
Weekly	18.984	1.207	21.429
Year-to-Date	153.005	30.399	188.763

* Difference represents issuance with pending ratings.

Source: Moody's/ Dealogic

Moody's Capital Markets Research recent publications

Stocks and High-Yield Performed Well Amid Prior Upturns by Treasury Bond Yields (Capital Market Research)

Quality Bonds Retreat as Leveraged Loans Shine (Capital Market Research)

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)

Credit Disputes Equities Gloom (Capital Market Research)

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 Markers Research)

CECL Adoption and Q1 Results Amid COVID-19 (Capital Markets Research)

To order reprints of this report (100 copies minimum), please call 212.553.1658.

Report Number: 1271315

Editor
Reid Kanaley
help@economy.com

Contact Us

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