

€ Investment grade yields back to 2016 levels

ICE Bof AML Euro Corporate Index



US high yield valuations have adjusted as of late

High yield spreads widen from post-crisis tights



October saw yields hit 7% for first time since 2016



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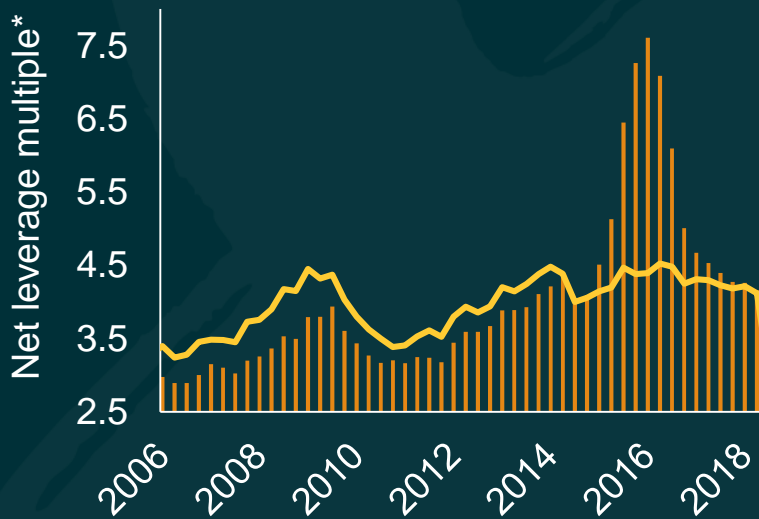
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Source: Bloomberg, Bank of America Merrill Lynch
US High Yield Index, 31 October 2018

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INVESTMENTS

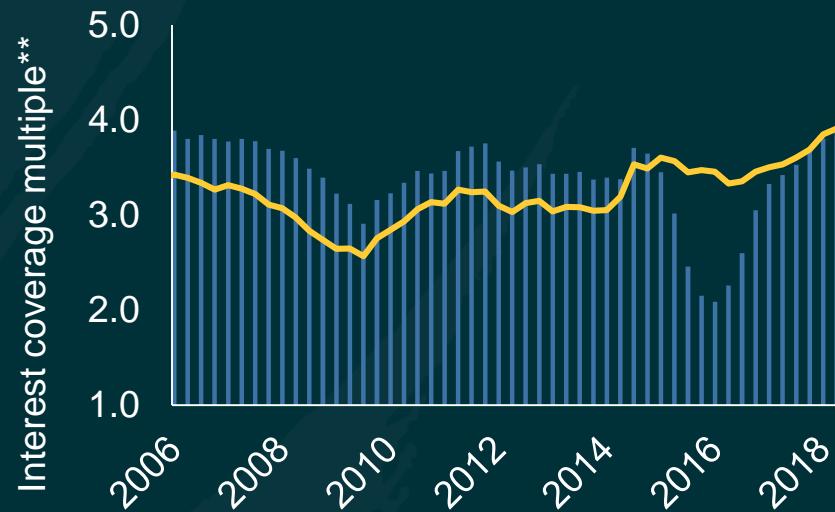
The US is more advanced in the credit cycle, but HY balance sheets look healthy

LEVERAGE



■ US HY net leverage
— US HY ex commodities net leverage

INTEREST COVERAGE



■ US HY interest coverage
— US HY coverage ex commodities

US high yield leverage continues to dip with interest cover around the highs



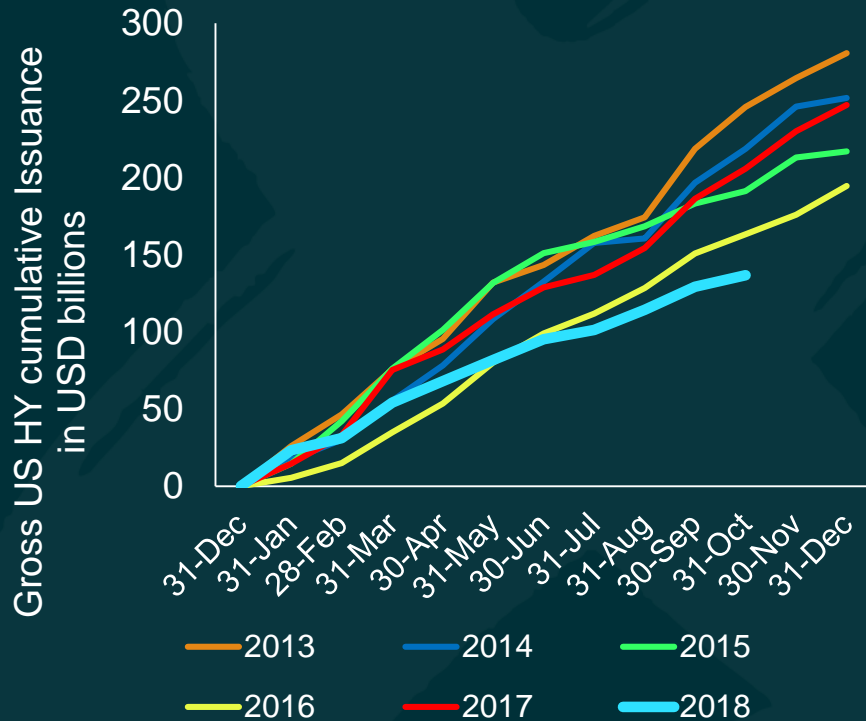
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Source: Bank of America Merrill Lynch Global Research, 30 June 2018. *Net Debt/LTM EBITDA. **LTM EBITDA/Net LTM interest expense

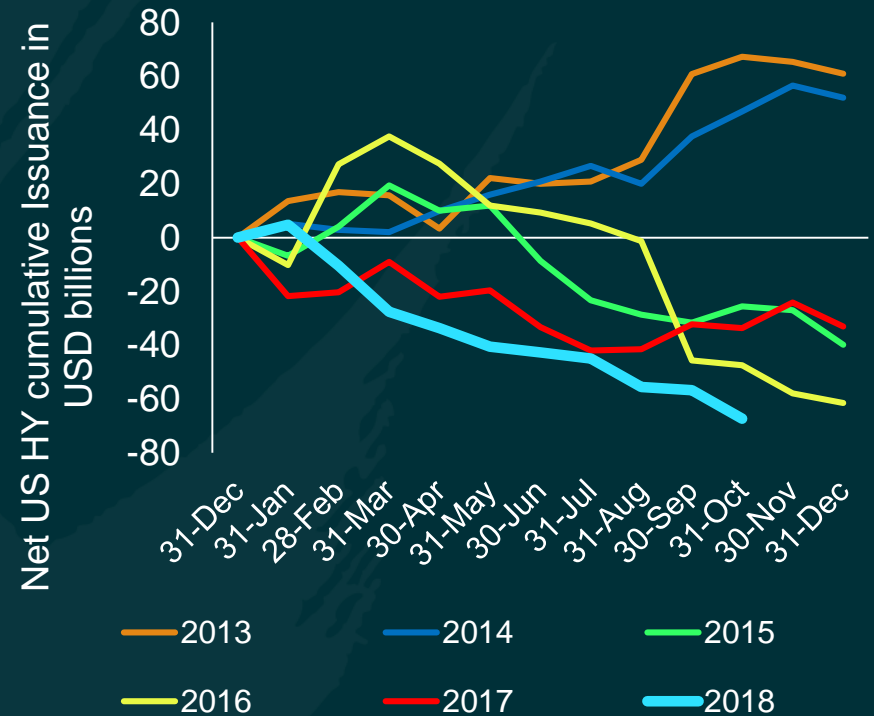


The US HY market sees a decrease in supply

Gross high yield issuance is down



So is net issuance



The week ahead

Tuesday: Japan GDP (3Q)

Wednesday: October US CPI
September Industrial Production in Japan

Thursday: October US Retail sales

Friday: October Eurozone CPI

