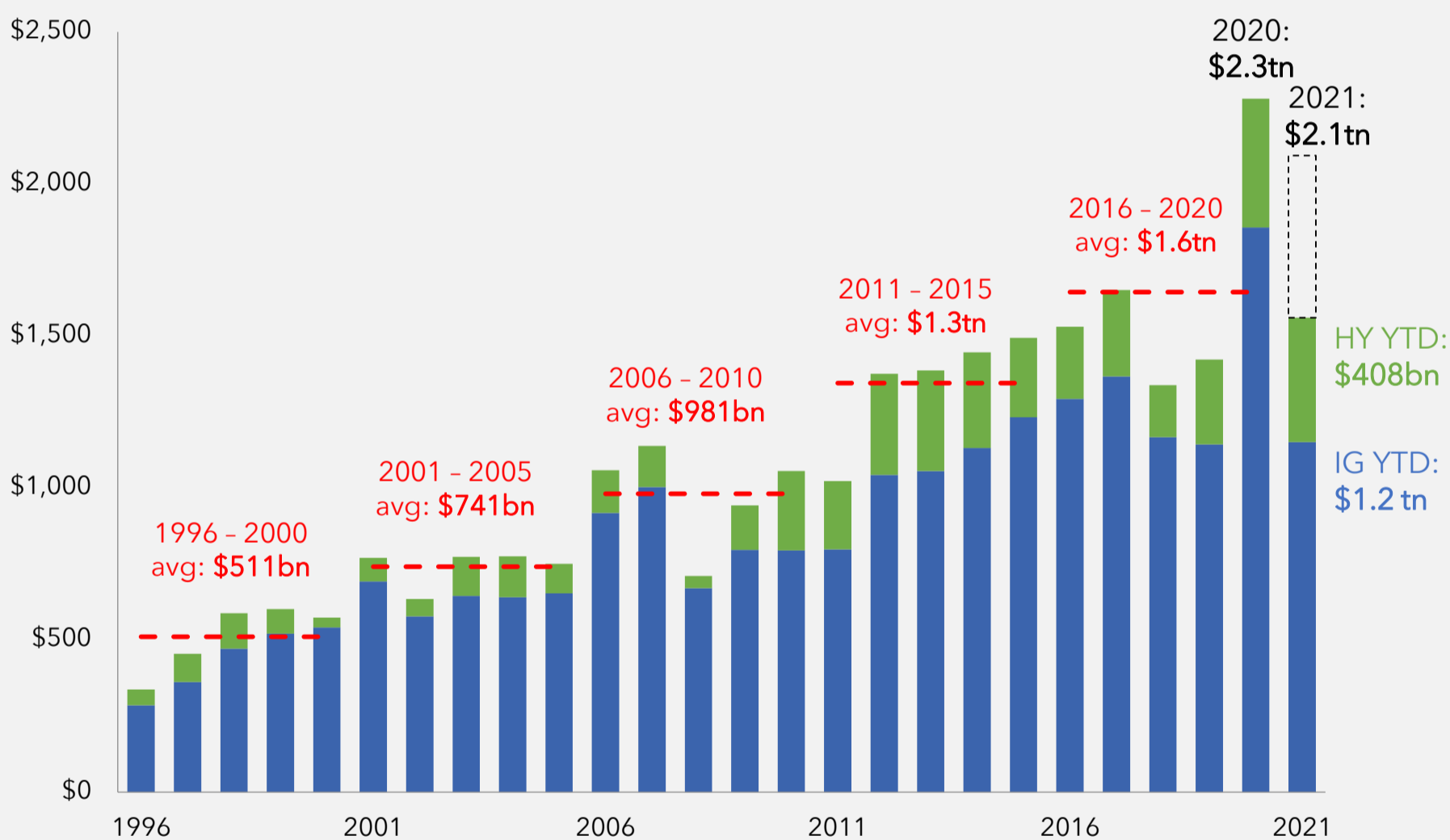


Chart of the Day

While risk assets pulled back in September, USD bond markets remained resilient. Following a summer of decelerating economic data and rising macro headwinds, the S&P declined 4.6% in September. The underlying selloff in risk assets, however, was more significant with **88% of Russell 2000 stock prices contracting > 10% on the month, and 70% declining > 20%**. At the same time, the USD IG bond market had its **second strongest issuance month on record in September at \$165 bn across 131 borrowers** (just shy of the \$169 bn monthly record set in the prior September).

Stepping back from the month to month variance, **USD corporate debt issuance has risen consistently higher over the last 30 years, with 2020 and 2021 the highest issuance years on record**. Strong global technical demand and central bank policy support have been important factors. Looking ahead, while macro risk remains elevated (virus, inflation, supply chain, Fed, China, Washington), **we expect corporate bond issuance markets to remain more resilient than most other markets (equities, commodities, EMFX) during periods of episodic volatility**.

USD IG & HY new issuance, USD bn



Source: (1) NY Fed. SIFMA. Data through September 30, 2021. Refinitiv. Includes all corporate debt, MTNs and Yankee bonds, but excludes all issues with maturities of one year or less and CDs.

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