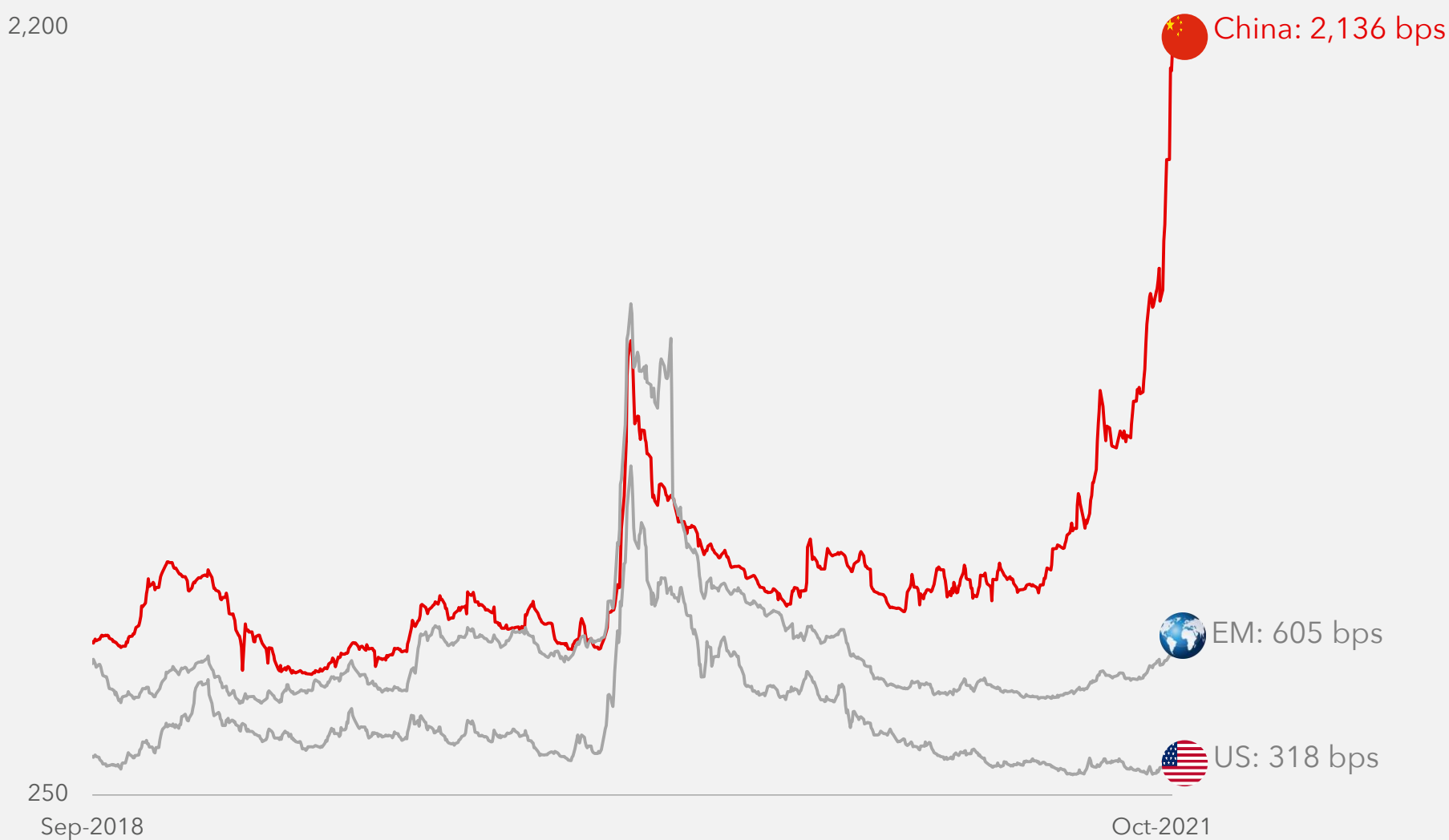


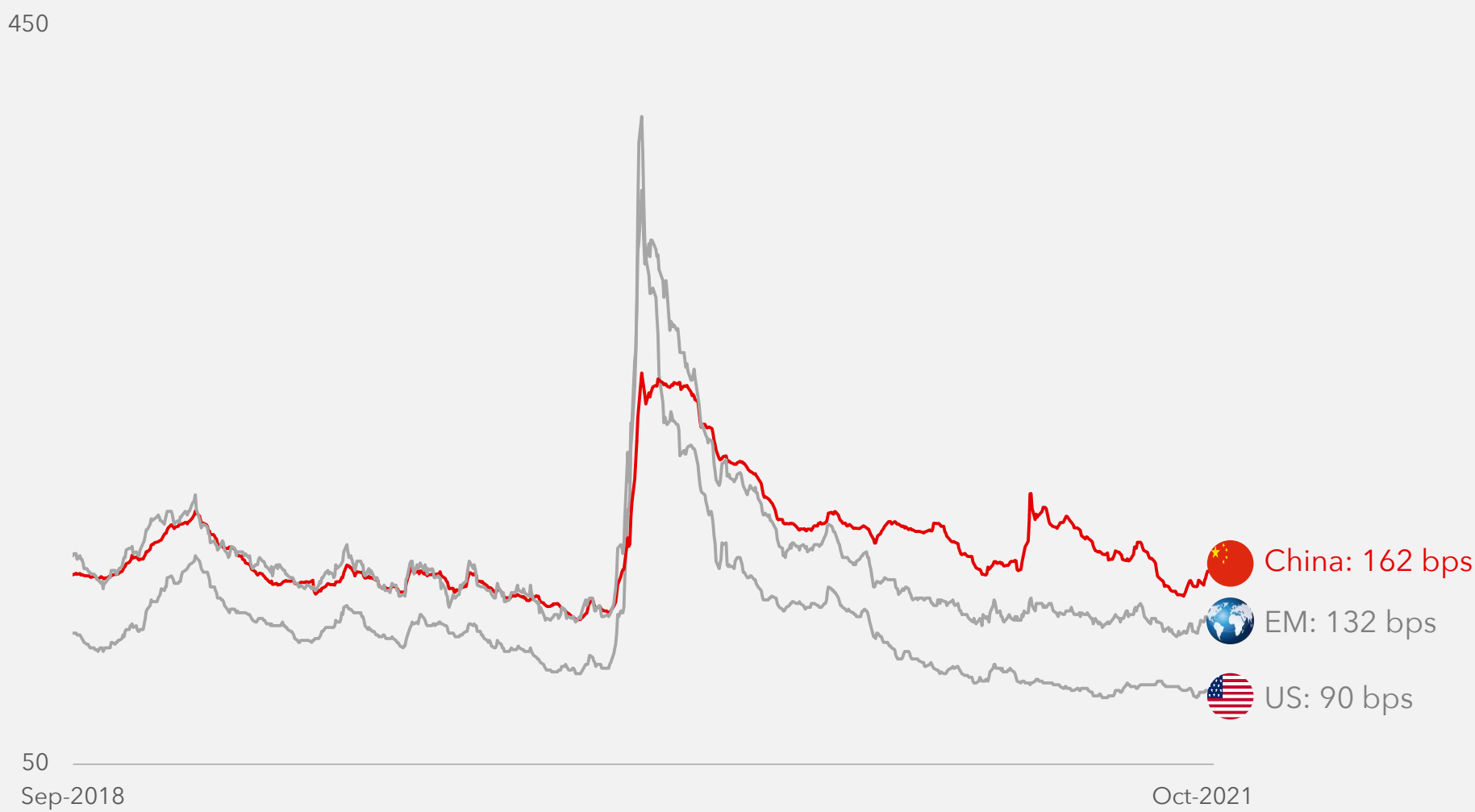
Chart of the Day

USD corporate credit markets have been remarkably resilient to a growing list of concerns in the world's second largest economy, China: recent policy tightening, regulatory activism, supply chain dislocations, and a formidable energy and property sector crisis. Evergrande is the largest high-yield dollar bond issuer in China, accounting for 16% of outstanding notes. An uncontrolled default would push yields in China's USD denominated HY market to 14% from today's 3%. However, with only \$20bn of USD denominated debt, exposure to Evergrande for broader corporate credit markets has been limited. Spreads in US credit markets are still near their post-GFC highs while EM spreads have remained relatively stable.

High yield spreads, bps



Investment grade spreads, bps



Source: (1) Bloomberg. Data as of October 18, 2021. US IG & HY OAS data is ICE BofA indices. China IG & HY data is Bloomberg Asia Ex-Japan USD Credit China indices. EM IG & HY data is Bloomberg Emerging Markets Average OAS indices.

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