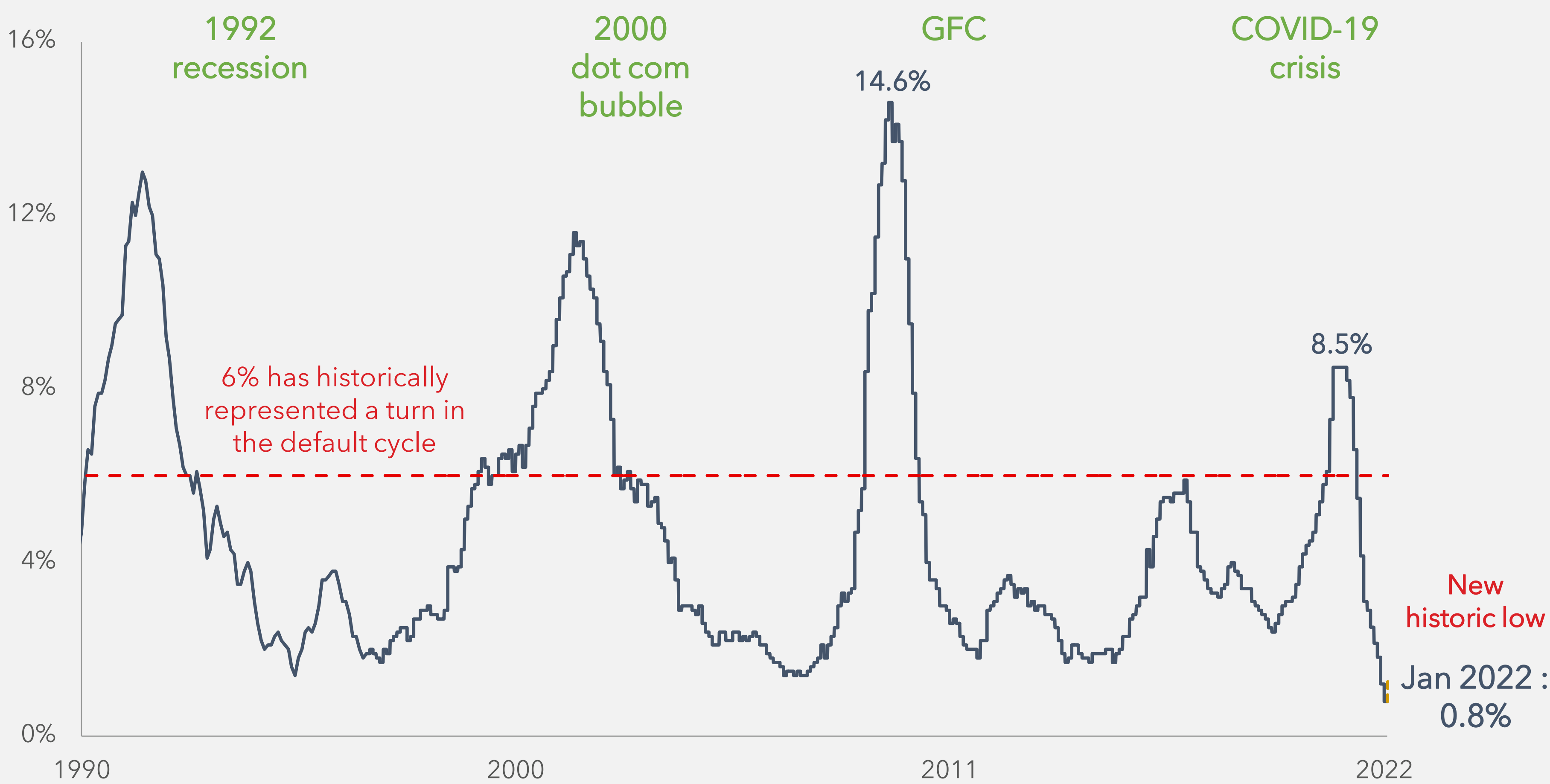
Capital Markets Strategy
Essential inCights for the C-Suite

Chart of the Day

While the market is rightly focused on rising inflation and a Fed "behind the curve", it is worth noting that fundamentals in USD credit markets remain very strong. Despite the high volatility and poor credit market returns in early 2022, the US High Yield market did not have a single default in the month of January, with **the 12 month trailing default rate declining to an all-time record low of 0.8%. In fact, according to a recent Fitch report, there have not been any defaults in six of the last 12 months, including a record 103-day zero default period in Q3 and Q4 2021**. Volatility and inflation are running high, but the economy and credit quality remain strong.

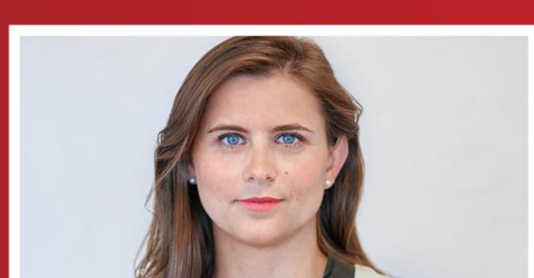
The trailing 12 month USD high yield market default rate fell to an all-time record low of 0.8% in January

US corporate speculative grade trailing 12 month default rate



Source: (1) Moody's "January 2022 Default Report". Trailing 12 month default data through January 2022. CreditSights.

Global Corporate & Investment Banking Capital Markets Strategy Team


Tom Joyce
Managing Director
Tom.Joyce@mufgsecurities.com
(212) 405-7472

Hailey Orr
Director
Hailey.Orr@mufgsecurities.com
(212) 405-7429

Stephanie Kendal
Associate
Stephanie.Kendal@mufgsecurities.com
(212) 405-7443