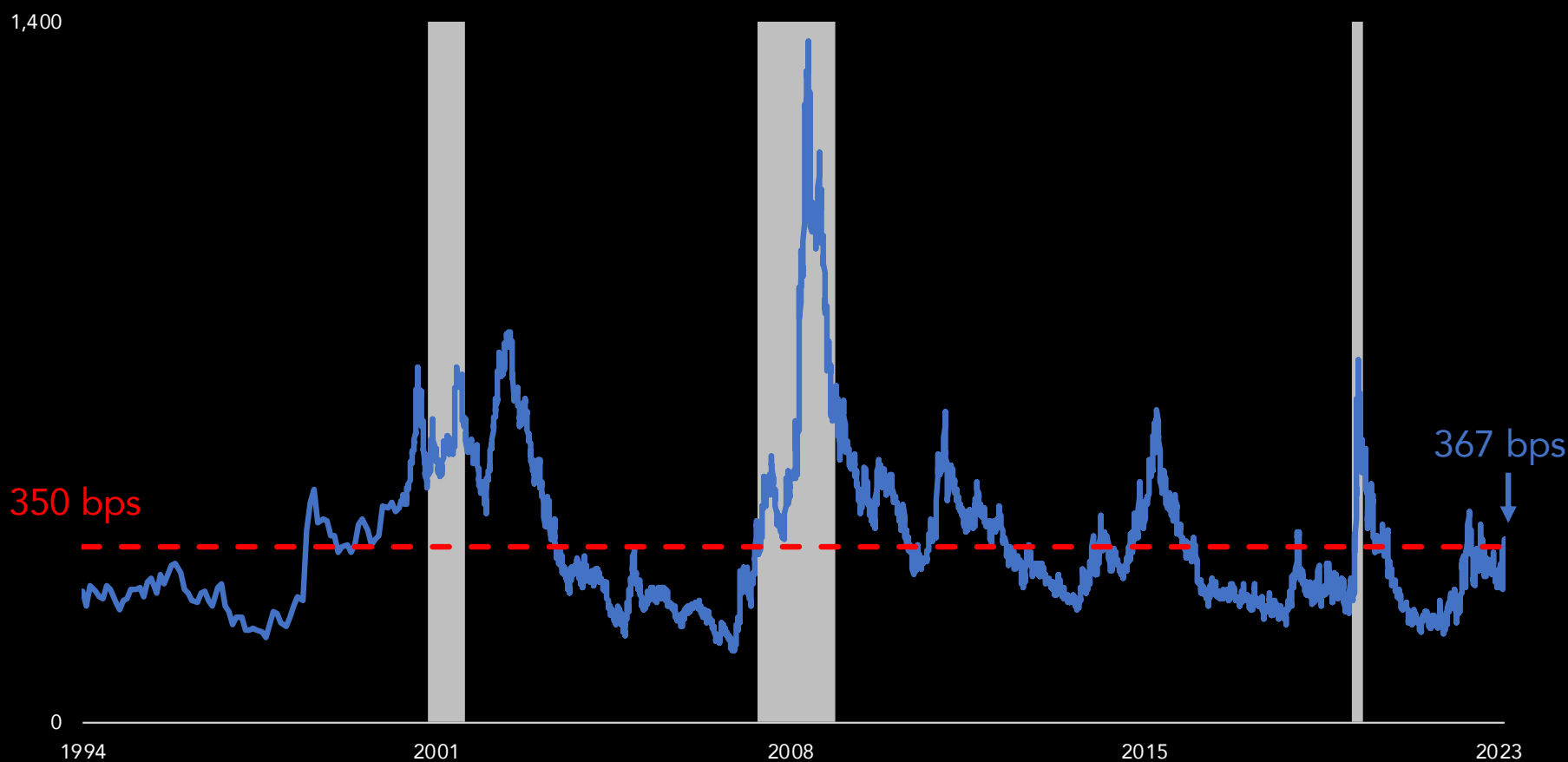


## Chart of the Day

Historically, when the spread between USD HY and IG spreads widens sharply, a US recession soon follows. Since the banking sector stress began in early March, that gap widened as much as 367 bps late last week, a level already above that reached in each of the prior two US recessions. The average HY-IG spread differential that coincided with the onset of recession was 354 bps in December 2007 and 276 bps in February 2020.

**Spread between USD high yield and investment grade debt, bps**



Source: (1) Bloomberg. Data as of March 29, 2023.

### 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

“Macro stability isn’t everything, but without it, you have nothing.”