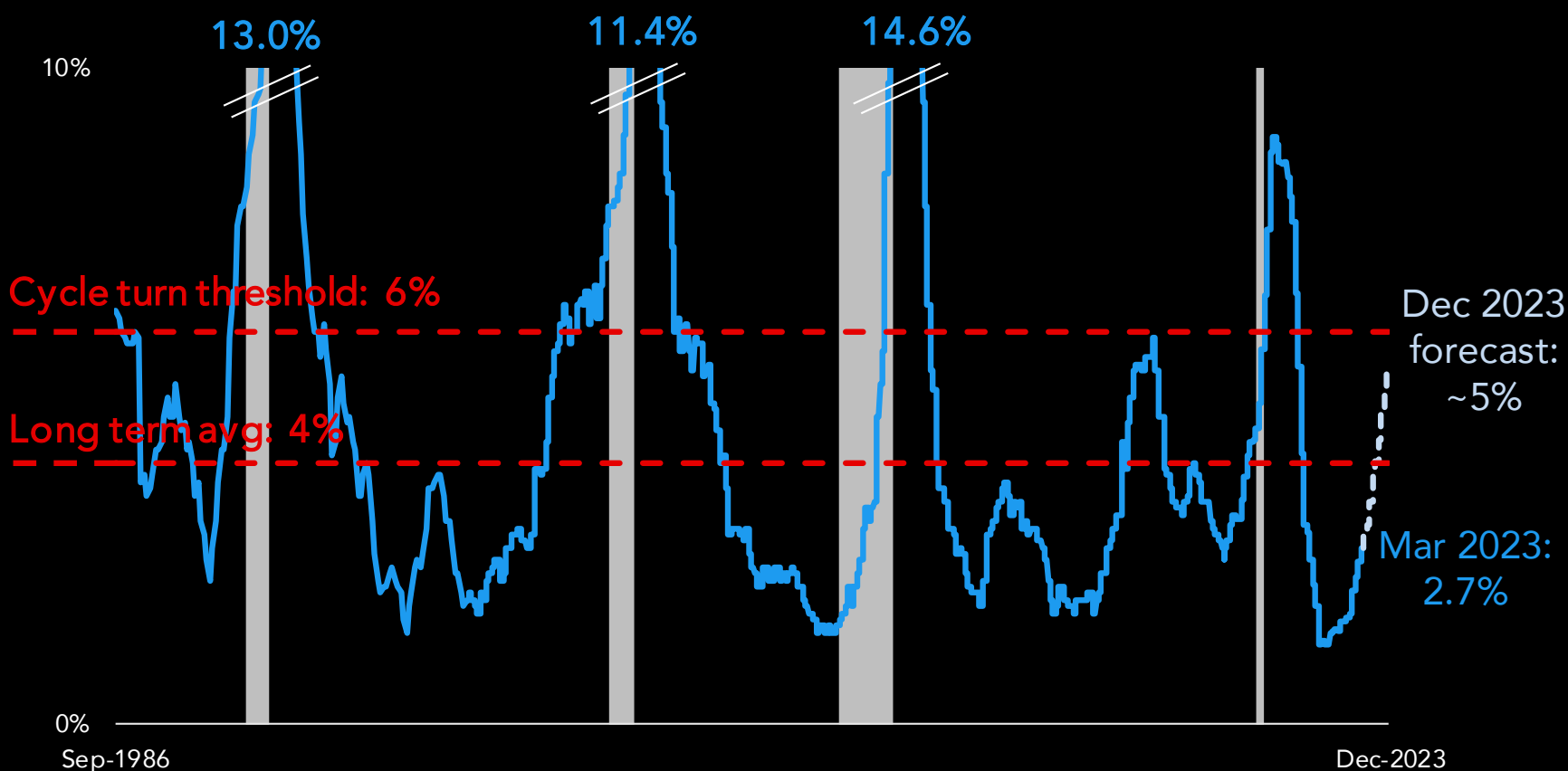


Chart of the Day

Currently, fundamentals in the USD credit market are much stronger than they have typically been in the months preceding a recession, but the credit cycle has begun to turn. Historically, default rates have been a lagging indicator during recessionary periods and rise quickly above 6% when the credit cycle (and then economy) turns. In the year ahead, default rates are likely to rise up into the 4-5 % range.

US speculative grade default rate



Source: (1) Moody's. Data as of April 24, 2023. Default rate is trailing 12 months US speculative grade default rate.

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