Capital Markets Strategy

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Chart of the Day

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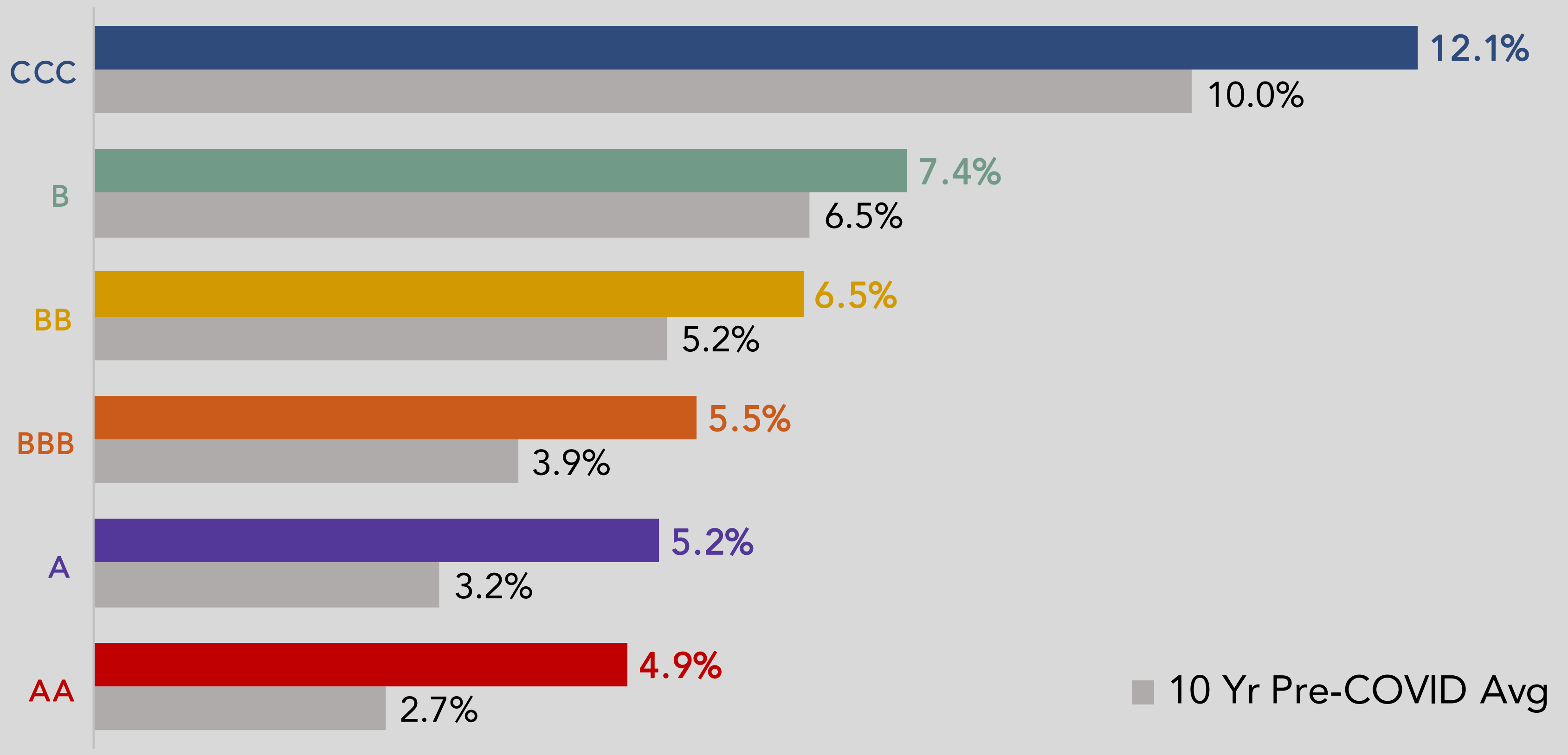
Heightened deal activity has been one of our core themes for global markets in 2024, and thus far, Q1 has not disappointed. For USD investment grade, Q1 issuance > $520 billion has already set a record, while USD high yield issuance has more than doubled to $79.3 bn in Q1, y/y.

An unexpected "soft landing" for the US economy and monetary policy easing have been important drivers of the record YTD activity. **Another important catalyst, however, has been the once-in-a-generation opportunity for investors to lock-in senior unsecured exposure to strong corporate balance sheets, across the ratings spectrum, at yields well above their pre-COVID average.**

With average IG and HY bond yields of 5.5% and 8%, respectively, the US dollar bond markets represent an attractive opportunity for investors to lock-in attractive yields, both vis-a-vis recent history as well as other asset classes (cash, gov't bonds, stock dividend yields, etc).

Bond yield by rating, today and 10 yr pre-COVID average



Source: (1) Bloomberg. Indices are Bloomberg yield to worst. 10 year pre-COVID average calculated from January 2010 to December 2019. Data as of March 25, 2024.

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"Macro stability isn't everything, but without it, you have nothing."