



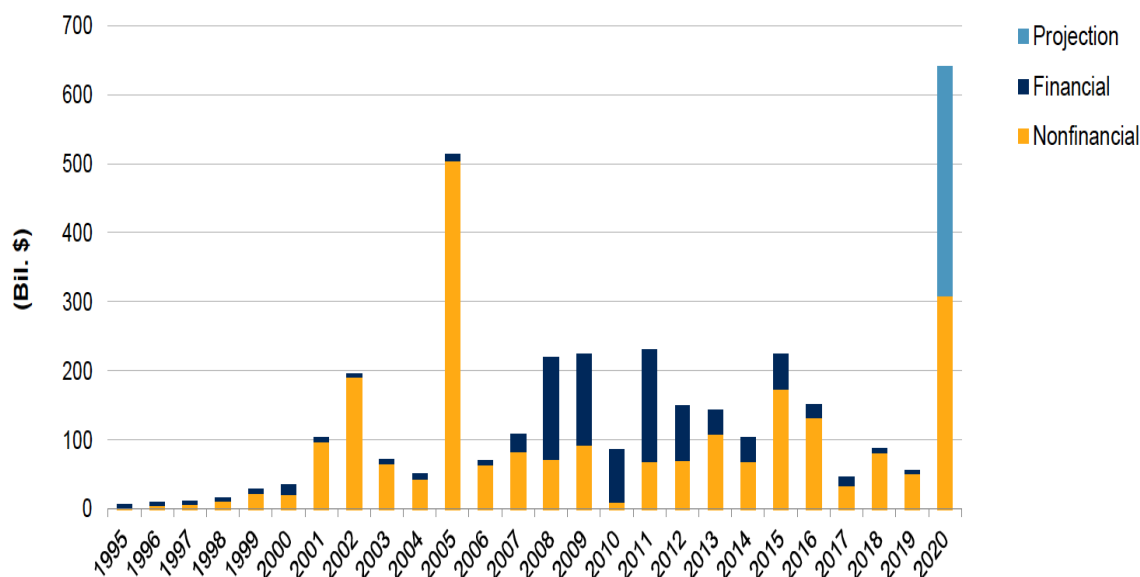
## SEC FIMSAC: BBB Market for Corporate Credit in 2020

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Southern Methodist University

# Fallen Angels point to heightened credit stress

Chart 2

2020 Is On Track For Record Fallen Angel Debt



U.S. and EMEA regions only. Source: S&P Global Ratings Research.

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Record downgrades:

Jan – July 2020: \$329 B

Forecast for 2020: \$640 B

Ratio of BBB non-financial  
downgrades to outstanding BBB  
non-financials:

June 2019: 1.3%

June 2020: 4.5%

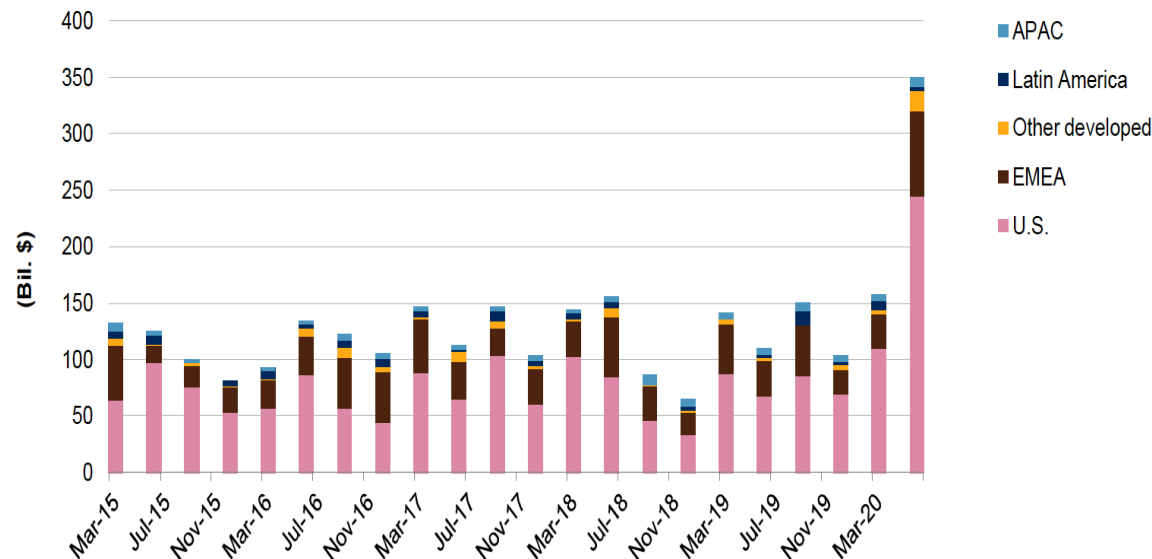
Source: S&P Global Ratings Report (Credit Trends: BBB Pulse), Aug 27, 2020

# Abundant liquidity for corporate issuers

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Chart 5

'BBB' Rated Nonfinancial Bond Issuance Set New Record In The Second Quarter



Nonfinancial corporate bond issuance only. Source: Thomson Financial and S&P Global Ratings Research.

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## Corporate Bond issuances

Record issuances in the second quarter of 2020.

## Revolving credit facilities

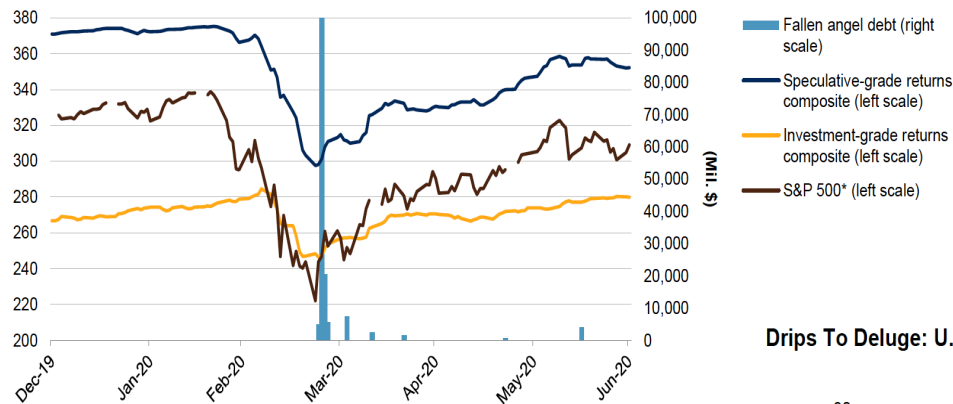
Either fully or partially drawn in record numbers by US corporations.

Source: S&P Global Ratings Report (Credit Trends: BBB Pulse), Aug 27, 2020

# Fed Reserve's liquidity facility calmed the market

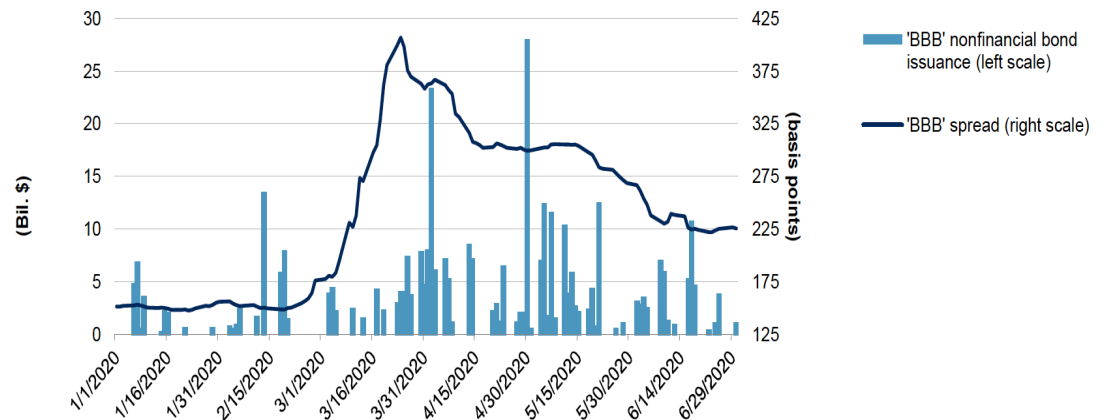
Chart 15

Market Declines Start Well Ahead Of Fallen Angels



\*Adjusted for scaling purposes. Source: S&P Global Ratings Research.  
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Drips To Deluge: U.S. 'BBB' Issuance Sees Boom After Fed Facilities



Nonfinancial corporate bond issuance only. Source: Thomson Financial and S&P Global Ratings Research.  
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Source: S&P Global Ratings Report (Credit Trends: BBB Pulse), Aug 27, 2020