



Corporate Spreads Tighten on Positive Fundamentals

- With the technicals in investment grade credit finally calming down, we seem to be trading more on fundamentals and overall levels of volatility. Spreads tightened last week based on mostly positive headlines with the pharmaceutical sector being the exception.
- Oil prices rose again with analysts raising estimates for WTI and Brent, while both Williams and Enbridge announced that they would roll their MLP entities up into one simplified capital structure as the MLP format has lost much of its tax advantage. This is generally a credit positive and both of these names were 5-15 basis points tighter this week.
- Viacom and CBS bounced all over the place as their court battle raged. The CBS board seems to be losing right now, which makes a CBS-VIA merger more likely as Shari Redstone and National Amusement Inc still control CBS for now. This merger would be a credit negative for CBS and a positive for Viacom, which would probably go to junk otherwise.

Investment Grade Corporate Spreads



Source: Bloomberg

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