



Corporate Spreads Remain Stable

- For such a news-packed week, credit spreads were remarkably stable. Between the AT&T-Time Warner decision, the Fed, BOJ and ECB meetings and the Trump-North Korea summit, expectations for volatility were high. The imposition of a 25% tariff on \$50 billion of Chinese goods didn't really move anybody. The summit turned out to be a non-event with both sides walking away feeling pretty good, but with nothing really agreed to.
- The central bank meetings, while fairly hawkish, were apparently pretty close to market expectations and barely caused a ripple. The Fed's median expectation is now for a fourth hike in 2018 and two more next year, while the ECB will wrap up its asset purchase program by December. Finally, a judge overturned the DOJ's move to block the AT&T-Time Warner merger and pretty much slammed the merits of the government's case against what is a basic vertical merger.
- This should encourage future M&A deals and, as expected, Comcast immediately showed an increased bid for FOX in an attempt to top Disney's previous offer. Spreads reacted positively to the decision in the media sector, with AT&T and Verizon moving tighter and Comcast essentially unchanged.

Corporate Spreads



Source: Bloomberg

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