



## Risk-On Environment for Corporates

- There was a substantial risk-on feel to the market last week ahead of the ECB meeting on Thursday and the Fed this week. It felt like dealers and others who were a bit short covered in expectation of a dovish outcome and that's pretty much what they got.
- We are now trading at the tightest levels of the past nine months and investors could move to the sidelines at these valuations. However, we have a positive backdrop for credit and any pull-back is likely to be shallow.
- On the micro side, Anheuser reported a very strong quarter and remains on track to meet, or even possibly exceed, its de-leveraging targets, which led S&P to remove their CreditWatch Negative from the company's A- rating.

## Investment Grade Corporate Spreads



Source: Bloomberg

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