

# Chart of the Day



Looking back at historic US recession thresholds for numerous credit market metrics, today's USD HY market is not pricing elevated US recession risk.

## HY credit metrics

Metric	Historic recession threshold	Recent level	Recession signal
HY spreads	> 800 bps	320 bps	✓ Not yet
CCC spreads	Sharp widening	Tightening (27 bps tighter YTD)	✓ Not yet
HY funding costs (yield)	Sharply higher	Costs declining (yields 29 bps tighter YTD)	✓ Not yet
HY total returns	Negative on trailing 12 month basis	Trending positive in 2024 (+6% YTD)	✓ Not yet
HY net leverage	Sharp spike	3.6x (below historical median)	✓ Not yet
Default rates	> 6%	4.6% (steady decline since Apr 2024)	✓ Not yet

Source: (1) Bloomberg. CreditSights. HY leverage metrics are as of Q1 2024. S&P Capital IQ Default, Transition and Recovery August 2024 report. Default rate is June 2024 US speculative grade corporate default rate. Data as of September 4, 2024.

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“Macro stability isn’t everything, but without it, you have nothing.”