

Borrowing Binge

Investment Team Weekly Focus

9 September 2021



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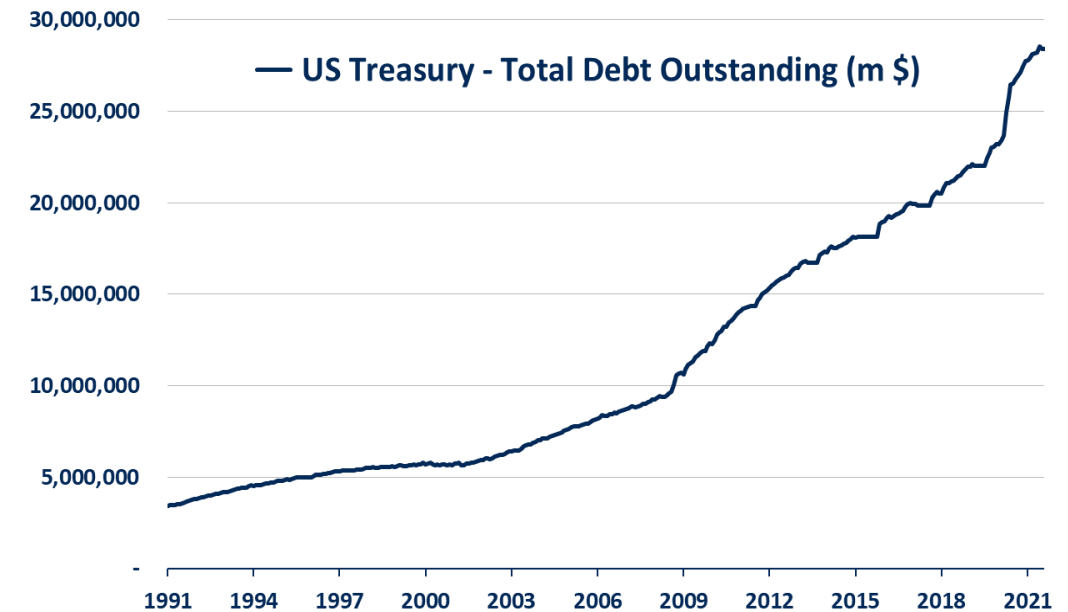
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Debt – The Final Sprint

Borrowers are rushing to lock in attractive rates

- With the Fed likely to taper in the coming months, this will inevitably translate into higher borrowing costs. As a result, corporates are in the final sprint, taking full advantage of the attractive levels to issue debt. As an illustration, 17 Investment Grade companies stormed the market on Wednesday 8 September, a day after setting the single-day record with 21 new issuances on Tuesday 7 September.
- Companies are not the only ones rushing to lock in good rates. Globally, most governments took profit of record low levels to finance their deficits with cheap money. Unsurprisingly with the US government debt increasing by +23% from \$23.2 trillion in December 2019 to \$28.4T in September 2021, Janet Yellen had to warn that the “U.S. debt ceiling” would be reached as early as October.



Source: Bloomberg, U.S. Treasury Dept. - September 2021



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