



HD **Moody's: Asian Liquidity Stress Index worsens slightly in April from March**

WC 1,775 words

PD 12 May 2014

SN Moody's Investors Service Press Release

SC MOODPR

LA English

CY (c) 2014

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Moody's Investors Service says that its Asian Liquidity Stress Index (Asian LSI) rose slightly to 22.3% in April from 22.0% in March.

"The index, which rises when speculative-grade liquidity appears to worsen, reflects a net increase of one, to 27, in the number of companies with our lowest or weakest speculative-grade liquidity score of SGL-4," says Annalisa Di Chiara, a Moody's Vice President and Senior Analyst.

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"The month-on-month rise in the index also reflects an increase of three, to 121, in the number of companies with a speculative-grade rating," adds Di Chiara.

"Nonetheless, the index is well below the record high of 37% reached during the fourth quarter of 2008 and is just above the long-term rolling average of 20%."

Di Chiara was speaking on the release of Moody's latest report on the index, entitled "Asian Liquidity Stress Index."

Moody's report says the liquidity sub-index for **Chinese** speculative-grade companies was unchanged at 23.1% as the number of **Chinese** companies with SGL-4 scores remained at 15 and the number of rated high-yield **Chinese** companies was unchanged at 65.

China's high-yield **property** sub-index was also flat at 20.5%, with the number of companies with an SGL-4 score remaining at eight month-on-month.

The Indonesian sub-index declined to 7.7% in April from 8.0% in March as the number of speculative-grade Indonesian companies rose by one to 26, while the number of those with an SGL-4 score remained two.

The Australian index, which does not factor into the Asian LSI, declined to 16.7% in April from 17.6% in March, as the number of companies with an SGL-4 score remained at three and the number of high-yield Australian companies rose by one to 18.

Moody's report also says the trailing 12-month high-yield default rate for Asian corporates will likely remain low at 2.9% in 2014, based on Moody's Credit Transition Model.

This estimate is slightly higher than the default rate of 2.1% in 2013 but is significantly lower than the 14.6% recorded at the peak of the global financial crisis in 2009. The estimate translates into 2-3 potential defaults within Moody's rated portfolio.

Moody's assigned speculative-grade ratings to 121 non-financial companies in Asia (excluding Japan and Australia) covering \$65.5 billion of rated debt by the end of April, up from 118 companies and \$64.2 billion of rated debt at 31 March 2014.

Subscribers can access this report via this link:

https://www.moodys.com/research/Moodys-Asian-Liquidity-Stress-Index-May-2014--PBC_169896

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