

Macro Roundup Article

Headline: [Credit Market Outlook: Default Rates Rising, But Credit Spreads Remain Tight](#)

Article Link: https://apolloacademy.com/wp-content/uploads/2023/10/CreditMarketOutlookOctober2023_v2.pdf

Author(s)	Torsten Sløk, Jyoti Agarwal, and Rajvi Shah
Publication	Apollo
Publication Date	October 20, 2023

Tweet: [Torsten Sløk @apolloglobal argues a default cycle is underway.](#)

Summary: Up in quality: With the Fed keeping rates higher for longer, higher debt costs will continue to weigh on earnings and interest coverage ratios over the coming quarters, and both IG and HY companies will experience higher refinancing costs. Large cap: A default cycle has started with bankruptcy filings rising, and default rates will continue to rise over the coming quarters, impacting in particular middle market companies. Lend to firms with low leverage and high interest coverage ratios: Lagged effects of monetary policy are slowing consumer credit growth with auto and credit card delinquencies rising and bank lending conditions tightening, leading to a significant slowing of loan growth impacting consumers and firms with weak balance sheets.

Related Articles: [Where Are All the Defaults? and Rates Are Up. We're Just Starting to Feel the Heat and How Is the Corporate Bond Market Functioning as Interest Rates Increase?](#)

Primary Topic: Business Cycle

Topics: Business Cycle, Financial Markets, GDP, Other Source

Permalink: <https://www.edwardconard.com/macro-roundup/torsten-slok-apolloglobal-argues-a-default-cycle-is-underway?view=detail>

Featured Image

Link: <https://www.edwardconard.com/wp-content/uploads/2023/10/Default-Cycle.png>