Bloomberg Spreadsheet Analysis - Module 4

James Evans

05/30/2025

BQL for Fixed Income

Introduction to BQL for Fixed Income

Module 4 introduces the application of Bloomberg Query Language (BQL) in fixed income markets, shifting from a buy-side perspective with Summit Capital to a sell-side focus with Edgewood Securities. As an investment bank, Edgewood uses BQL to support research and execution for clients by analyzing bond yields, credit risk, and maturity schedules. Through this module, you'll learn how BQL helps retrieve corporate debt structures, compare borrowing costs, assess risk via CDS spreads and bond yields, and evaluate refinancing opportunities—all essential tools for navigating the complexities of the fixed-income market.

Identifying Debt Issuance Opportunities

When a BB-rated regional airline approaches Edgewood Securities to finance a fleet expansion, Igor, a Fixed Income Analyst, uses BQL to evaluate current market conditions. To benchmark borrowing costs, he filters for USD-denominated bonds from the airlines and transportation sectors with at least $100 million outstanding and defined maturities between 5 and 15 years. His BQL query retrieves key data fields such as yields, maturity, credit ratings, and outstanding amounts. The results indicate strong investor demand for such debt, but also show that lower-rated issuers face higher yields—signaling elevated credit risk or exposure to factors like fuel price volatility. To interpret these risks, Igor consults Amy, the Senior Investment Advisor, who advises focusing on issuer credit ratings and maturity profiles when evaluating financing strategies.

Help Igor build a quarries step by step as he screens bonds to benchmark borrowing costs. Let's start with a filter function, which refines the data set based on specified criteria, Drag `Filter Next equals BQ`. Igor wants active bonds without duplicate entries. Drag `Bonds universe, active consolidated duplicates equals known` next to filter. Igor focuses on bonds from the airlines and transportation industries, Drag `industry, group name, and transportation and logistics, airlines` next to `Bondsun N`. EW only once bonds denominated in USD, drag `and currency equals USD` next to the industry filter. Igor screened for bonds with at least 100 million outstanding, drag `and amount outstanding greater than 100 million` the currency filter. Ier limits maturities between 5 and 15 years, drag `and maturity between 5 and 15 years`, next to the outstanding amount condition. Solect the key bond details, Igor needs to review, drive the `data Fields` next to the query. Finally, Igor needs to specify the currency, in which the results should be displayed. Drag `current equals USD` next to the quarery. Next, let's put them all together. You've explored Igor's quarry and built its step by step. Now, it's your turn to practice building the quarry on your own. Dr the syntax into the correct order to complete the query.

Now that you've built Igor's BQL query step by step, let's deepen your skills through some practical, hands-on tasks. In this next section, you'll practice modifying, troubleshooting, and adapting BQL queries based on different bond screening scenarios. For the best learning experience, it's ideal to have access to Excel and the Bloomberg Terminal. However, if you don't have access, you can still successfully complete the tasks. Click Continue to get started.

Analyzing Industry Borrowing Costs

In the previous section, Igor successfully identified relevant bonds in the airline and transportation sector. Now, Igor and Amy aim to analyze borrowing costs across the industry to benchmark their client's expected financing costs. Why is this crucial? Analyzing average bond yields helps identify favorable market conditions, highlighting perceived risk and borrowing costs. To clearly and effectively structure this analysis, Igor calculates the average yield to maturity across airline and transportation sector bonds. Next, Igor refines the analysis by grouping these average yields by issuer country. Finally, Igor further enhances insights by grouping bond yields according to issuer name to compare borrowing costs clearly at the company level.

Pinpointing Favorable Borrowing Conditions

With Igor's aggregated data, Amy can pinpoint airlines benefiting from lower-than-average borrowing costs, such as British Airways and United Parcel Service, which have yields below the industry average of approximately 5.43%. She can also identify geographic regions offering favorable debt financing conditions, notably the United States (5.13%) and British Virgin Islands (4.60%), both below the industry average yield. Additionally, she can flag issuers potentially facing higher financing costs due to increased perceived risk, such as Latam Airlines Group (7.85%) and companies based in Chile (7.82%) and Puerto Rico (7.09%), each significantly above the average. This detailed analysis allows Amy to strategically recommend financing options, enabling Edgewood Securities to ensure their airline client secures the most advantageous borrowing terms possible.

Assessing Industry Debt Trends

After identifying favorable borrowing conditions, Igor and Amy shift their focus to analyzing the total volume of debt issued by airlines and transportation companies. This analysis enables Edgewood Securities to offer their airline client valuable insights into competitors' financial strategies, including industry leverage, stability, and strategic direction. Higher debt levels may signal aggressive growth ambitions, while lower debt suggests more conservative management. Understanding competitors' debt maturities helps Amy and Igor guide their client on timing new issuances. Issuing debt alongside many others could lead to crowded refinancing periods, driving up borrowing costs and straining market liquidity. Igor uses BQL to retrieve comprehensive issuer-level debt information.

Evaluating Credit Risk with Bond Yield Spreads

Every creative endeavor requires that you take risks. If you try and don't succeed, you've still learned something. It took Thomas Edison more than 10,000 tries to invent a viable lightbulb. You're not failing. You're discovering what doesn't work.

Next Steps

Congratulations, you've mastered the essentials of Bloomberg Query Language (BQL), unlocking powerful tools for data-driven financial analysis. So, what's next? To continue building your BQL skills, we strongly recommend the following resources available on the Bloomberg Terminal: Explore BQLX, your gateway to continuing to build your knowledge of BQL. Dive deeper with the BQL Essentials Video Series, covering everything from syntax basics to advanced equity and fixed income analyses. Each episode comes with companion spreadsheets, offering practical examples to enhance your learning. Also, leverage `NI BLPBQL` – BLP Tips for BQL Language – to continue learning how to use BQL to follow the headlines impacting the markets. Remember, practice is key. Keep exploring these resources to refine your skills and stay ahead in financial analysis.