

U.S. Corporate Bond Market: A Review of Third-Quarter 2011 Rating and Issuance Activity

Special Report

Positive Drift Reverses: The U.S. bond market's positive rating drift in 2011 came to an abrupt halt in the third quarter as a new surge in financial sector downgrades pushed up the share of the market downgraded to 2% (on \$73.8 billion) from 0.7% in the second quarter. Simultaneously, volatility associated with the European debt crisis affected issuance and economic activity — upgrades contracted to 1% of market volume (on \$37.8 billion) from 2.5% in the prior quarter.

Industrials Still Register Gains: Across industrials, rating trends remained positive. In fact, the gap between upgrades and downgrades widened at the investment grade level with 1% of high grade industrial volume upgraded and 0.1% downgraded. Across the speculative grade universe, par upgrades continued to top downgrades but by a far smaller margin than in prior quarters (1.9% upgraded versus 1.3% downgraded in the third quarter, versus 7.1% and 1.4%, respectively, in the second quarter).

Financials Rating Mix Pressured: The third quarter saw the downgrade rate among investment grade financial institutions climb to 5.4%, the highest single quarter downgrade rate since 2009. Upgrades continued to be minimal. The new spike in downgrades caused the financial rating mix to further deteriorate with the share of bonds rated 'AAA' or 'AA' declining to 22.1% from 26.3% at the end of June. Third-quarter downgrades consisted mostly of moves to the 'A' category, which increased in size from 49% of financial volume to 53.5%.

Breadth of Upgrades Contracts: The number of industries experiencing some rating uplift fell to 17 in the third quarter from 19 in the prior quarter. Adjusting for sector size, upgrades were most meaningful in leisure and entertainment (8.4% rate, \$1.0 billion); paper and containers (7.6%, \$3.0 billion); and healthcare and pharmaceuticals (5.7%, \$14.5 billion). The number of industries affected by downgrades was 14 in the third quarter, compared with 12 in the second.

Issuance Interrupted: U.S. corporate bond issuance tumbled to \$133.3 billion in the third quarter, the lowest tally in over a year and a 33% drop quarter over quarter. Sovereign debt concerns coupled with negative economic news caused the interruption, which was especially pronounced at the speculative grade level (volume was down 71% quarter over quarter, with 'CCC' issuance practically absent).

IG Industrial Issuance Steadier: Industrial investment grade volume held up the best, contracting just 8% from the prior quarter while high grade financial issuance slipped 15%. The par-weighted average coupon of investment grade industrial bonds sold in the third quarter was 3.5% versus 4.1% in the second quarter. On far more limited activity, the par-weighted average speculative grade coupon rose to 8.3% from 7.6% in the second quarter.

Market Profile Reflects Economy: At the end of September, the U.S. corporate bond market stood at \$3.9 trillion in size, split \$1.3 trillion financial / \$2.7 trillion industrial. At the end of 2007, the financial and industrial mix was practically even at \$1.9 trillion each. The largest nonfinancial sectors are utilities, 9.3% of market volume; energy, 7.8%; healthcare and pharmaceutical, 6.7%; and telecommunication, 6%.

Related Research

[EMEA Corporate Funding Disintermediation, Oct. 19, 2011](#)

[Fitch U.S. High Yield Default Insight, Oct. 18, 2011](#)

[Global Cross-Asset First-Half 2011 Default Update, Oct. 4, 2011](#)

[Global Economic Outlook, Oct. 3, 2011](#)

Analysts

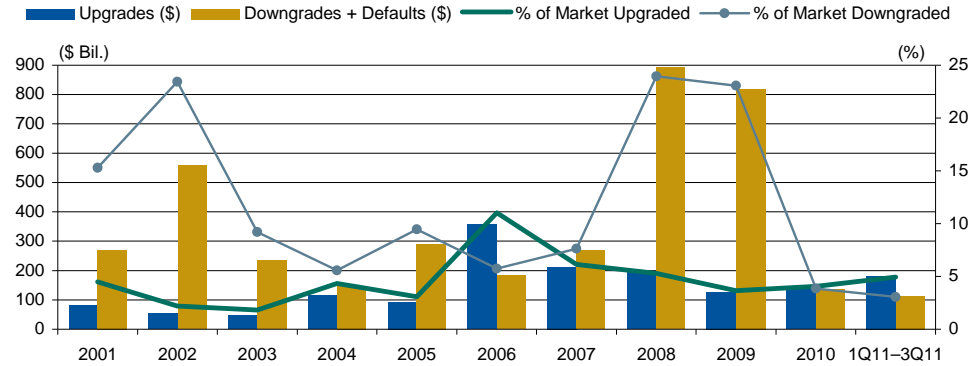
Eric Rosenthal
+1 212 908-0286
eric.rosenthal@fitchratings.com

Mariarosa Verde
+1 212 908-0791
mariarosa.verde@fitchratings.com

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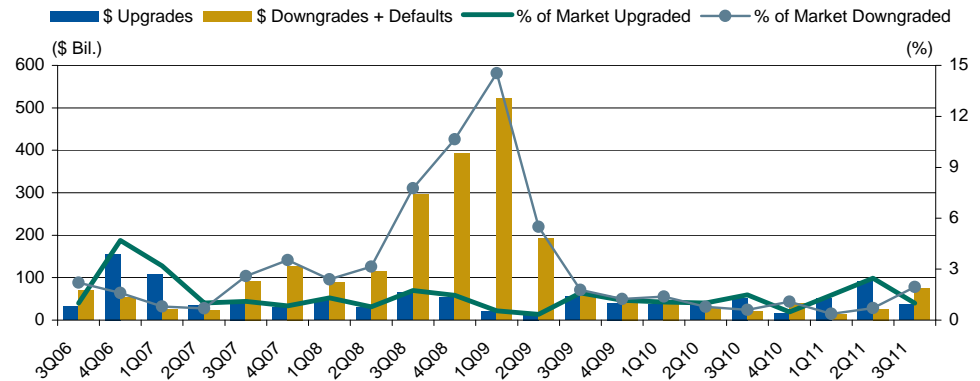
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**U.S. Corporate Bond Market — Annual Rating Trends
 (2001–3Q11)**



Source: Bloomberg, Fitch Ratings.

**U.S. Corporate Bond Market — Quarterly Rating Trends
 (3Q06–3Q11)**



Source: Bloomberg, Fitch Ratings.

Related Criteria

[Corporate Rating](#) [Methodology](#),
 Aug. 12, 2011

U.S. Corporate Bond Market — Upgrade/Downgrade Activity by Rating Category

(\$ Bil.)

2Q11					3Q11				
Rating Bucket	Upgrade Volume	Upgrade (%)	Downgrade Volume	Downgrade (%)	Rating Bucket	Upgrade Volume	Upgrade (%)	Downgrade Volume	Downgrade (%)
AAA	0.00	0.0	0.00	0.0	AAA	0.00	0.0	0.00	0.0
AA	0.00	0.0	0.50	0.1	AA	0.00	0.0	59.06	12.6
A	0.00	0.0	1.73	0.1	A	9.75	0.7	1.04	0.1
BBB	29.82	2.9	12.55	1.2	BBB	11.02	1.1	2.27	0.2
BB	15.01	4.3	2.35	0.7	BB	7.78	2.0	1.69	0.4
B	42.63	12.0	8.70	2.5	B	5.35	1.7	8.53	2.6
CCC-C	3.24	2.1	0.57	0.4	CCC-C	3.86	2.4	1.23	0.8
Total	90.69	2.5	26.41	0.7	Total	37.76	1.0	73.81	2.0
Investment Grade	29.82	1.1	14.78	0.5	Investment Grade	20.77	0.7	62.37	2.2
Speculative Grade	60.87	7.1	11.63	1.4	Speculative Grade	16.99	1.9	11.45	1.3

Source: Bloomberg, Fitch Ratings.

U.S. Corporate Bond Market — Upgrade/Downgrade Activity by Industry

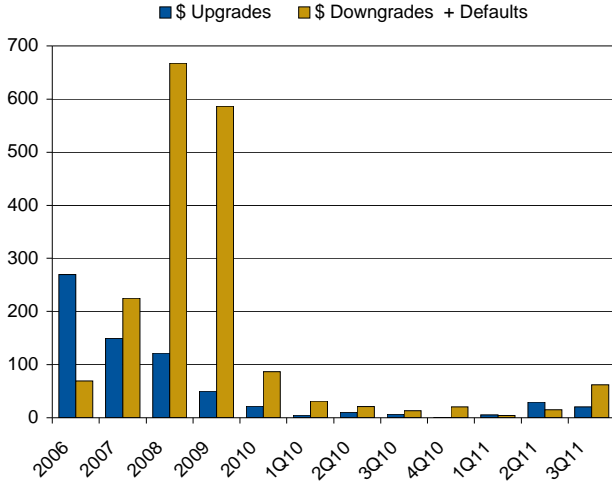
(\$ Bil.)

2Q11					3Q11				
Fitch Industry	Upgrade Volume	Upgrade (%)	Downgrade Volume	Downgrade (%)	Fitch Industry	Upgrade Volume	Upgrade (%)	Downgrade Volume	Downgrade (%)
Automotive	7.65	22.7	0.00	0.0	Automotive	0.15	0.4	0.00	0.0
Banking and Finance	26.24	2.5	0.50	0.0	Banking and Finance	2.23	0.2	59.85	5.7
Broadcasting and Media	0.62	0.6	3.38	3.3	Broadcasting and Media	0.00	0.0	1.56	1.5
Building and Materials	0.25	0.7	2.46	6.6	Building and Materials	0.00	0.0	1.85	4.7
Cable	4.00	4.4	0.00	0.0	Cable	0.00	0.0	0.00	0.0
Chemical	3.64	5.8	0.00	0.0	Chemical	1.60	2.6	0.00	0.0
Computers and Electronics	0.00	0.0	0.00	0.0	Computers and Electronics	1.00	0.6	0.71	0.4
Consumer Products	0.15	0.3	1.73	3.5	Consumer Products	0.00	0.0	0.75	1.5
Energy	2.72	0.9	0.00	0.0	Energy	4.07	1.4	1.93	0.7
Food, Beverage and Tobacco	16.67	10.6	0.60	0.4	Food, Beverage and Tobacco	3.25	1.9	1.80	1.1
Gaming, Lodging and Restaurants	0.00	0.0	0.85	1.4	Gaming, Lodging and Restaurants	0.00	0.0	0.24	0.4
Healthcare and Pharmaceutical	1.00	0.4	0.84	0.3	Healthcare and Pharmaceutical	14.48	5.7	0.33	0.1
Industrial/Manufacturing	0.49	0.7	0.00	0.0	Industrial/Manufacturing	1.42	1.8	0.30	0.4
Insurance	0.00	0.0	0.00	0.0	Insurance	0.28	0.1	0.00	0.0
Leisure and Entertainment	1.07	9.0	0.00	0.0	Leisure and Entertainment	0.98	8.4	0.00	0.0
Metals and Mining	1.09	2.4	0.00	0.0	Metals and Mining	0.00	0.0	0.00	0.0
Miscellaneous	1.37	1.6	0.46	0.5	Miscellaneous	0.25	0.3	0.00	0.0
Paper and Containers	3.56	9.3	0.00	0.0	Paper and Containers	2.95	7.6	3.00	7.8
Real Estate	0.00	0.0	0.00	0.0	Real Estate	0.00	0.0	0.00	0.0
Retail	8.65	7.8	0.87	0.8	Retail	1.26	1.1	0.34	0.3
Supermarkets and Drug Stores	0.00	0.0	0.00	0.0	Supermarkets and Drug Stores	0.00	0.0	0.00	0.0
Telecommunication	2.25	1.0	10.11	4.6	Telecommunication	1.87	0.8	0.00	0.0
Textiles and Furniture	0.00	0.0	0.00	0.0	Textiles and Furniture	0.10	1.0	0.00	0.0
Transportation	0.23	0.2	0.08	0.1	Transportation	0.20	0.2	0.39	0.3
Utilities	9.05	2.7	4.53	1.3	Utilities	1.67	0.5	0.79	0.2
Total	90.69	2.5	26.41	0.7	Total	37.76	1.0	73.81	2.0

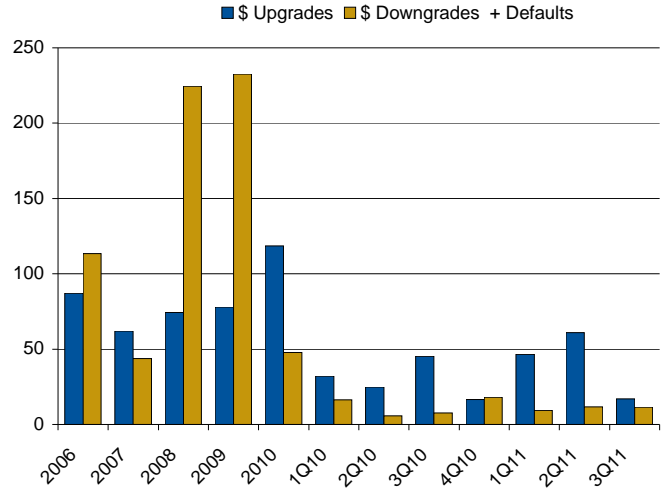
Source: Bloomberg, Fitch Ratings.

U.S. Corporate Bond Market — Rating Activity by Broad Market Sector
(\$ Bil., 2006–3Q11)

Investment Grade



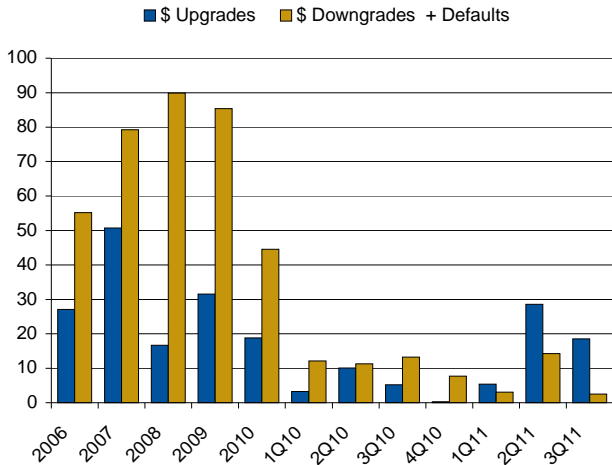
Speculative Grade



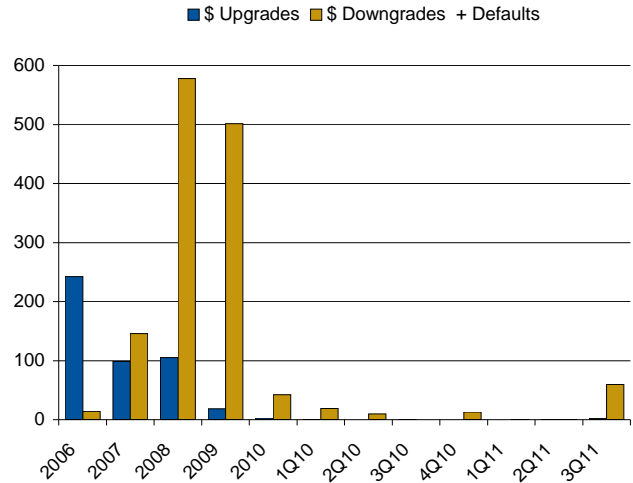
Source: Bloomberg, Fitch Ratings.

U.S. Corporate Bond Market — Investment-Grade Rating Trends
(\$ Bil., 2006–3Q11)

Industrials



Financials



Source: Bloomberg, Fitch Ratings.

U.S. Corporate Bond Market — Annual New Issuance by Sector

(\$ Bil.)

Fitch Industry	2010		Sept. 2011 YTD	
	Volume	(%)	Volume	(%)
Banking and Finance	158.3	80.5	156.0	92.3
Insurance	38.3	19.5	13.0	7.7
Total Financials	196.7	100.0	168.9	100.0
Automotive	6.2	1.2	14.4	3.8
Broadcasting and Media	28.5	5.7	13.1	3.4
Building and Materials	8.6	1.7	4.3	1.1
Cable	15.8	3.2	11.9	3.1
Chemical	18.7	3.7	3.9	1.0
Computers and Electronics	44.6	8.9	40.0	10.5
Consumer Products	14.2	2.8	9.4	2.5
Energy	62.4	12.5	46.3	12.1
Food, Beverage and Tobacco	35.2	7.1	20.5	5.4
Gaming, Lodging and Restaurants	10.3	2.1	7.5	2.0
Healthcare and Pharmaceutical	47.6	9.5	37.8	9.9
Industrial/Manufacturing	20.5	4.1	16.0	4.2
Leisure and Entertainment	3.6	0.7	3.1	0.8
Metals and Mining	10.1	2.0	12.4	3.2
Miscellaneous	19.7	4.0	17.2	4.5
Paper and Containers	10.5	2.1	4.0	1.1
Real Estate	14.7	2.9	15.3	4.0
Retail	25.2	5.0	16.2	4.2
Supermarkets and Drug Stores	5.7	1.1	1.8	0.5
Telecommunication	16.9	3.4	36.6	9.6
Textiles and Furniture	12.1	2.4	3.3	0.9
Transportation	23.5	4.7	13.9	3.6
Utilities	43.9	8.8	32.3	8.5
Total Industrials	498.3	100.0	381.1	100.0
Total Market	695.0		550.1	

Source: Bloomberg, Fitch Ratings.

U.S. Corporate Bond Market — Quarterly New Issuance by Sector

(\$ Bil.)

Fitch Industry	3Q10		1Q11		2Q11		3Q11	
	Volume	(%)	Volume	(%)	Volume	(%)	Volume	(%)
Banking and Finance	51.1	85.2	70.3	94.1	53.6	93.8	32.1	86.5
Insurance	8.9	14.8	4.4	5.9	3.6	6.2	5.0	13.5
Total Financials	59.9	100.0	74.7	100.0	57.2	100.0	37.1	100.0
Automotive	2.9	2.0	5.8	4.0	5.3	3.7	3.3	3.4
Broadcasting and Media	10.4	7.2	7.4	5.1	3.7	2.6	2.0	2.1
Building and Materials	1.4	0.9	1.5	1.1	2.3	1.6	0.5	0.5
Cable	4.0	2.8	5.4	3.8	4.2	3.0	2.3	2.3
Chemical	4.8	3.3	2.7	1.9	0.7	0.5	0.5	0.5
Computers and Electronics	19.6	13.6	9.0	6.3	16.7	11.8	14.4	14.9
Consumer Products	2.5	1.7	3.7	2.6	1.2	0.9	4.5	4.7
Energy	20.7	14.3	21.6	15.0	11.6	8.2	13.0	13.5
Food, Beverage and Tobacco	0.3	0.2	6.0	4.2	6.8	4.8	7.8	8.1
Gaming, Lodging and Restaurants	3.4	2.3	3.3	2.3	1.9	1.4	2.2	2.3
Healthcare and Pharmaceutical	4.9	3.4	13.4	9.3	14.6	10.3	9.8	10.2
Industrial/Manufacturing	11.8	8.1	4.4	3.1	8.3	5.9	3.3	3.4
Leisure and Entertainment	1.8	1.2	0.9	0.6	1.2	0.8	1.1	1.1
Metals and Mining	1.4	0.9	3.1	2.2	8.5	6.0	0.8	0.8
Miscellaneous	4.4	3.0	6.4	4.4	7.2	5.1	3.6	3.7
Paper and Containers	5.0	3.4	1.0	0.7	1.2	0.8	1.9	2.0
Real Estate	1.5	1.0	7.6	5.3	7.4	5.3	0.3	0.3
Retail	4.5	3.1	6.9	4.8	7.5	5.3	1.8	1.8
Supermarkets and Drug Stores	4.1	2.8	0.3	0.2	1.5	1.1	0.0	0.0
Telecommunication	1.5	1.0	17.2	12.0	12.5	8.8	6.9	7.2
Textiles and Furniture	9.9	6.9	1.9	1.3	0.6	0.4	0.9	0.9
Transportation	5.4	3.7	5.1	3.5	3.3	2.4	5.5	5.7
Utilities	18.6	12.9	9.2	6.4	13.0	9.2	10.1	10.5
Total Industrials	144.4	100.0	143.8	100.0	141.1	100.0	96.2	100.0
Total Market	204.4		218.5		198.2		133.3	

Source: Bloomberg, Fitch Ratings.

U.S. Corporate Bond Market — Annual New Issuance by Rating

(\$ Bil.)				
Rating Bucket	2010 Volume	(%)	Sept. 2011 YTD Volume	(%)
AAA	9.5	1.4	7.5	1.4
AA	87.7	12.6	66.2	12.0
A	178.4	25.7	183.8	33.4
BBB	169.6	24.4	128.3	23.3
BB	73.0	10.5	52.1	9.5
B	138.7	20.0	84.4	15.3
CCC-C	38.1	5.5	27.9	5.1
Total	695.0	100.0	550.1	100.0

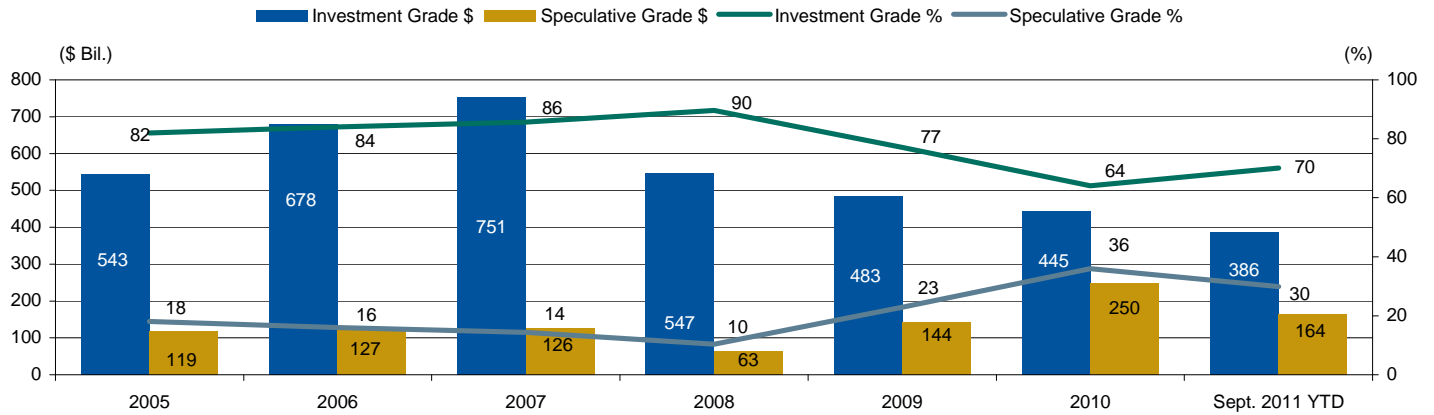
Source: Bloomberg, Fitch Ratings.

U.S. Corporate Bond Market — Quarterly New Issuance by Rating

(\$ Bil.)								
Rating Bucket	3Q10		1Q11		2Q11		3Q11	
	Volume	(%)	Volume	(%)	Volume	(%)	Volume	(%)
AAA	6.6	3.2	2.3	1.0	5.2	2.6	0.0	0.0
AA	16.5	8.1	26.3	12.0	26.8	13.5	13.1	9.9
A	63.4	31.0	63.5	29.1	55.0	27.7	65.2	48.9
BBB	51.5	25.2	57.0	26.1	37.9	19.1	33.4	25.0
BB	26.5	13.0	15.2	7.0	26.5	13.4	10.4	7.8
B	34.5	16.9	39.7	18.2	36.9	18.6	7.7	5.8
CCC-C	5.3	2.6	14.4	6.6	9.9	5.0	3.5	2.6
Total	204.4	100.0	218.5	100.0	198.2	100.0	133.3	100.0

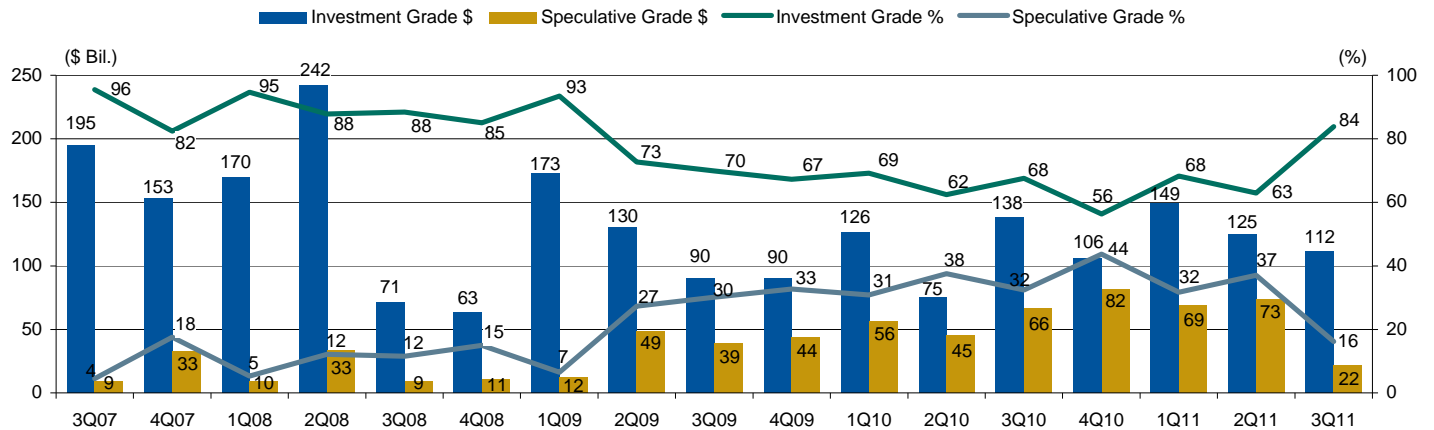
Source: Bloomberg, Fitch Ratings.

U.S. Corporate Bond Market — Annual New Issuance by Broad Market Sector



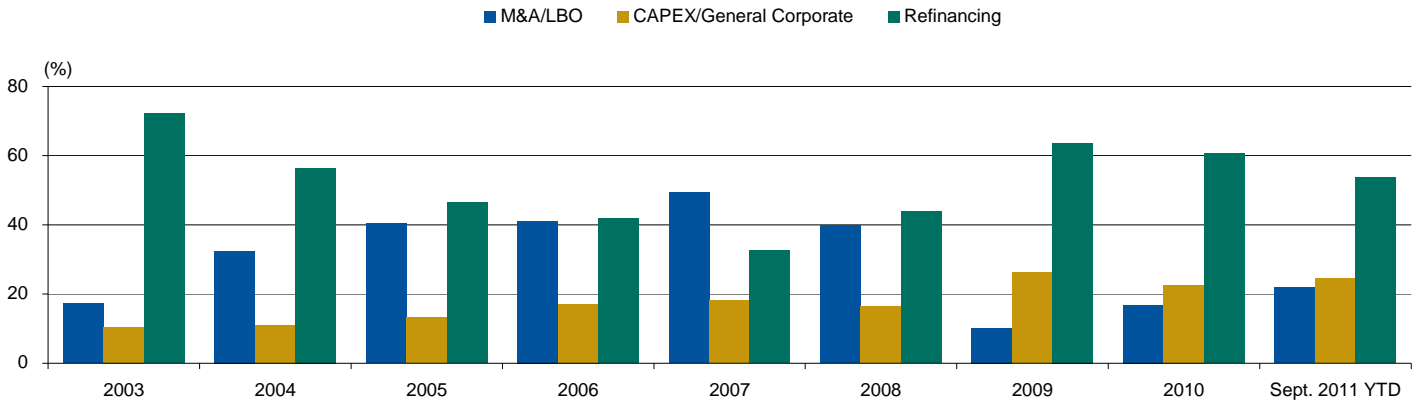
Source: Bloomberg, Fitch Ratings.

U.S. Corporate Bond Market — Quarterly New Issuance by Broad Market Sector



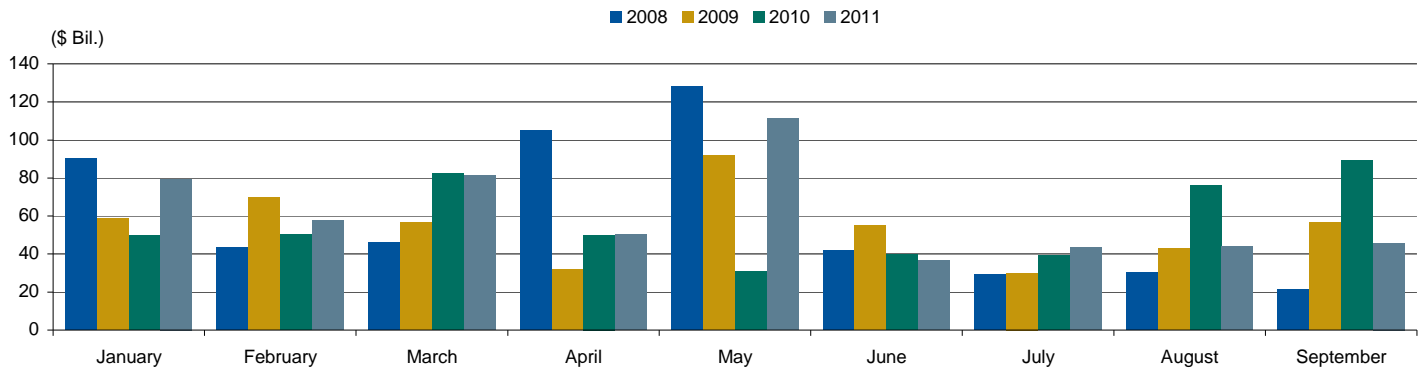
Source: Bloomberg, Fitch Ratings.

U.S. High Yield Use of Proceeds



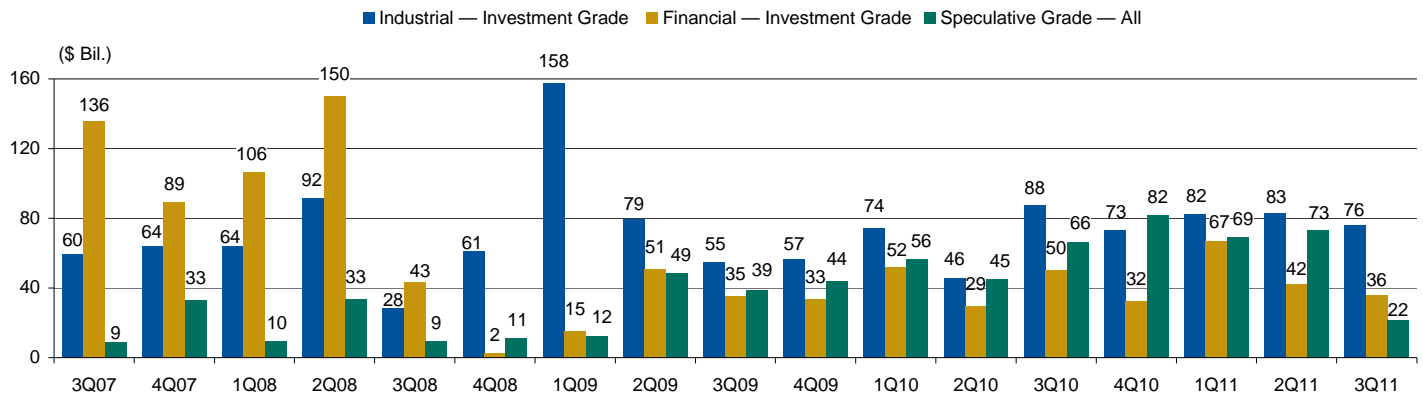
Source: Bank of America Merrill Lynch.

U.S. Corporate Bond Market — Monthly New Issuance



Source: Bloomberg, Fitch Ratings.

U.S. Corporate Bond Market — Quarterly Industrial Versus Financial New Issuance



Source: Bloomberg, Fitch Ratings.

U.S. Corporate Bond Market — Annual New Issuance by Asset Class

(\$ Bil.)

Market	2005	2006	2007	2008	2009	2010	Sept. 2011 YTD
U.S. Corporate Bond Market							
All Issuance	662.2	804.6	876.9	610.2	626.6	695.0	550.1
Investment Grade	543.1	677.9	751.2	546.9	483.1	445.2	385.8
Speculative Grade	119.1	126.7	125.7	63.3	143.5	249.8	164.3
U.S. Syndicated Loan Market							
Syndicated Loans	1,494.6	1,672.5	1,686.8	764.0	547.1	1,085.7	1,374.7
Leveraged Loans	500.8	612.0	688.5	294.5	239.2	376.0	414.2
U.S. Commercial Paper Market Outstanding^a							
	1,640.1	1,957.5	1,788.1	1,599.3	1,137.4	1,057.5	1,004.4

^aIncludes financial and nonfinancial corporate and asset-backed commercial paper.
Source: Federal Reserve, Thomson Reuters LPC, Bloomberg, Fitch Ratings.

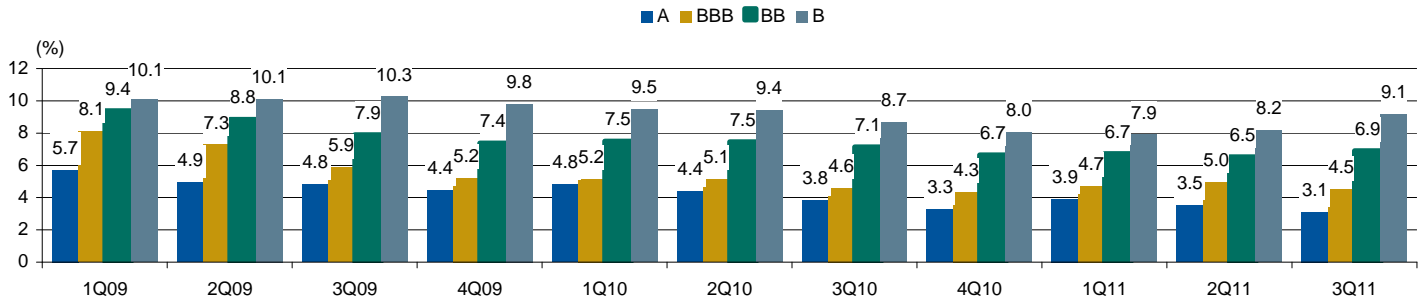
U.S. Corporate Bond Market — Quarterly New Issuance by Asset Class

(\$ Bil.)

Market	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11
U.S. Corporate Bond Market																	
All Issuance	204.4	185.9	179.5	275.5	80.8	74.4	184.9	178.6	129.3	133.8	182.6	120.4	204.4	187.6	218.5	198.2	133.3
Investment Grade	195.2	153.2	170.0	242.1	71.5	63.2	172.8	129.9	90.4	90.0	126.3	75.2	138.0	105.7	149.2	124.9	111.7
Speculative Grade	9.2	32.7	9.5	33.3	9.3	11.1	12.1	48.7	38.9	43.8	56.3	45.3	66.3	81.8	69.3	73.4	21.6
U.S. Syndicated Loan Market																	
Syndicated Loans	407.4	324.8	179.1	248.2	224.9	111.8	116.7	158.5	97.7	174.3	168.2	323.7	245.4	348.4	390.5	566.6	417.6
Leveraged Loans	129.8	130.9	64.0	91.6	100.9	38.0	32.8	71.7	50.2	84.6	74.0	101.3	85.2	115.5	156.4	161.4	96.3
U.S. Commercial Paper Market Outstanding^a																	
	1,857.3	1,788.1	1,784.2	1,748.0	1,554.8	1,599.3	1,423.9	1,278.8	1,169.3	1,137.4	1,081.0	1,028.0	1,050.6	1,057.5	1,131.2	1,081.6	1,004.4

^aIncludes financial and non-financial corporate and asset-backed commercial paper.
Source: Federal Reserve, Thomson Reuters LPC, Bloomberg, Fitch Ratings.

Par-Weighted Average Coupon of Industrial New Issuance — 2009–3Q11



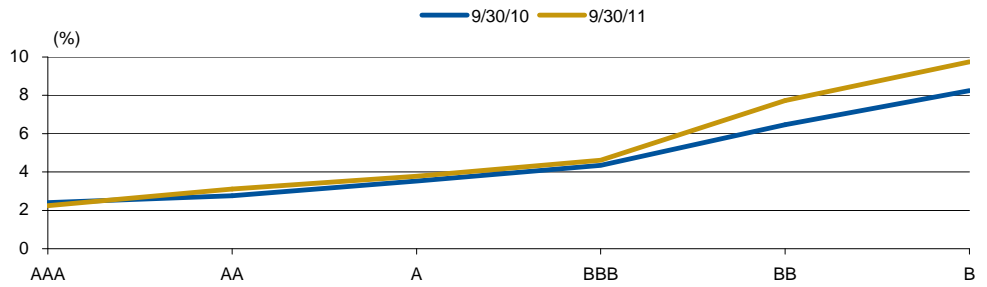
Source: Bloomberg, Fitch Ratings.

U.S. Industrial Bonds Outstanding

Rating	12/31/07		9/30/11	
	Par Value O/S (Bil.)	Weighted Avg. Coupon	Par Value O/S (Bil.)	Weighted Avg. Coupon
AAA	33	5.8	34	4.3
AA	82	5.5	155	4.9
A	493	6.0	774	5.3
BBB	708	6.4	894	6.1
BB	194	7.2	315	7.4
B	232	8.4	289	8.8
CCC–C	134	9.3	156	9.6
Investment Grade	1,316	6.2	1,857	5.6
Speculative Grade	560	8.2	761	8.4
Total Market	1,875	6.8	2,618	6.4

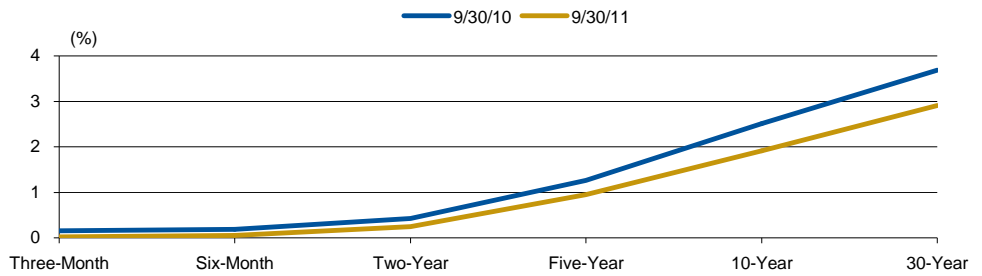
Source: Bloomberg, Fitch Ratings.

U.S. Corporate Bonds Yield to Maturity



Source: Bank of America Merrill Lynch.

Treasury Yield Curve



Source: Bloomberg, Fitch Ratings.

U.S. Corporate Bond Market — Annual Fixed- Versus Floating-Rate New Issuance Distribution

(%)

Coupon Type	2004	2005	2006	2007	2008	2009	2010	Sept. 2011 YTD
Total Market								
Floating	42	42	48	37	20	4	5	11
Fixed/Other	58	58	52	63	80	96	95	89
Investment Grade Market								
Floating	51	50	54	42	22	5	7	15
Fixed/Other	49	50	46	58	78	95	93	85
Speculative Grade Market								
Floating	7	8	11	9	5	0	0	1
Fixed/Other	93	92	89	91	95	100	100	99
Industrials								
Floating	10	9	12	10	4	2	2	5
Fixed/Other	90	91	88	90	96	98	98	95
Financials								
Floating	62	62	69	55	37	10	13	25
Fixed/Other	38	38	31	45	63	90	87	75

Source: Bloomberg, Fitch Ratings.

U.S. Corporate Bond Market — Quarterly Fixed- Versus Floating-Rate New Issuance Distribution

(%)

Coupon Type	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11
Total Market																	
Floating	39	13	26	17	33	1	4	4	2	7	10	4	4	4	15	13	5
Fixed/Other	61	87	74	83	67	99	96	96	98	93	90	96	96	96	85	87	95
Investment Grade Market																	
Floating	41	16	27	19	37	1	4	4	3	10	13	7	5	7	21	20	6
Fixed/Other	59	84	73	81	63	99	96	96	97	90	87	93	95	93	79	80	94
Speculative Grade Market																	
Floating	0	1	0	3	0	3	0	1	0	0	1	0	0	0	2	1	0
Fixed/Other	100	99	100	97	100	97	100	99	100	100	99	100	100	100	98	99	100
Industrials																	
Floating	5	1	3	3	11	0	3	3	0	1	2	1	1	2	5	6	3
Fixed/Other	95	99	97	97	89	100	97	97	100	99	98	99	99	98	95	94	97
Financials																	
Floating	55	26	42	28	52	10	8	5	7	23	23	12	11	9	34	31	12
Fixed/Other	45	74	58	72	48	90	92	95	93	77	77	88	89	91	66	69	88

Source: Bloomberg, Fitch Ratings.

U.S. Corporate Bond Market — Annual Industrial New Issuance Distribution by Tenor

(%)

Range (Years)	2005	2006	2007	2008	2009	2010	Sept. 2011 YTD
<5	5.3	12.3	1.4	4.4	9.2	6.0	7.9
5 to <10	35.8	28.6	31.7	43.3	45.4	41.6	42.7
10 to <15	43.4	40.7	40.7	36.2	32.6	38.4	36.5
>=15	15.5	18.3	26.2	16.1	12.7	13.9	12.8

Source: Bloomberg, Fitch Ratings.

U.S. Corporate Bond Market — Quarterly Industrial New Issuance Distribution by Tenor

(%)

Range (Years)	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11
<5	0.4	1.9	0.1	1.8	12.6	9.0	8.9	10.0	8.6	9.2	8.1	5.8	4.7	5.7	7.0	10.0	6.9
5 to <10	18.1	37.8	37.6	35.5	59.0	48.7	36.4	56.6	43.5	46.1	37.5	48.8	37.0	44.1	43.9	41.1	42.1
10 to <15	44.4	40.3	42.3	42.2	20.0	32.1	38.5	26.8	37.0	28.4	37.3	32.5	40.8	41.2	35.8	39.4	34.1
>=15	37.1	20.0	20.0	20.5	8.4	10.1	16.2	6.6	11.0	16.3	17.1	12.9	17.5	8.9	13.3	9.5	17.0

Source: Bloomberg, Fitch Ratings.

U.S. Corporate Bond Market — Annual Financial New Issuance Distribution by Tenor

(%)

Range (Years)	2005	2006	2007	2008	2009	2010	Sept. 2011 YTD
<5	63.4	61.6	50.5	47.8	12.0	15.0	18.0
5 to <10	21.6	21.3	20.9	22.1	44.1	41.2	47.8
10 to <15	10.5	10.5	17.7	20.1	30.8	35.1	29.6
>=15	4.4	6.5	10.9	10.0	13.1	8.7	4.7

Source: Bloomberg, Fitch Ratings.

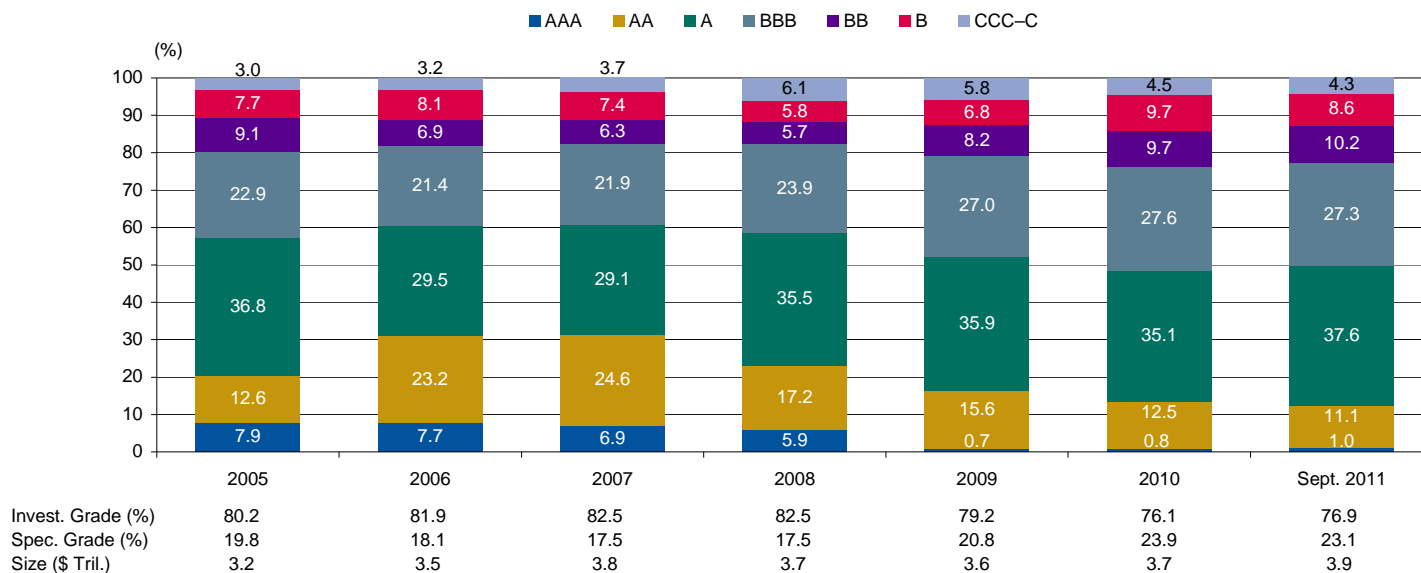
U.S. Corporate Bond Market — Quarterly Financial New Issuance Distribution by Tenor

(%)

Range (Years)	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11
<5	52.4	28.0	50.3	39.3	58.9	66.7	18.0	4.6	23.9	7.3	15.3	18.5	16.7	12.5	18.8	21.1	13.4
5 to <10	19.8	26.7	17.9	29.3	23.7	18.2	21.1	50.2	45.9	37.8	46.3	41.7	36.2	42.2	44.5	54.2	38.2
10 to <15	20.3	30.8	20.4	20.9	15.8	0.0	32.0	40.7	20.7	27.3	31.4	30.8	38.6	35.7	30.8	22.0	42.6
>=15	7.6	14.5	11.4	10.4	1.6	15.1	28.9	4.5	9.5	27.6	6.9	8.9	8.5	9.7	5.9	2.7	5.9

Source: Bloomberg, Fitch Ratings.

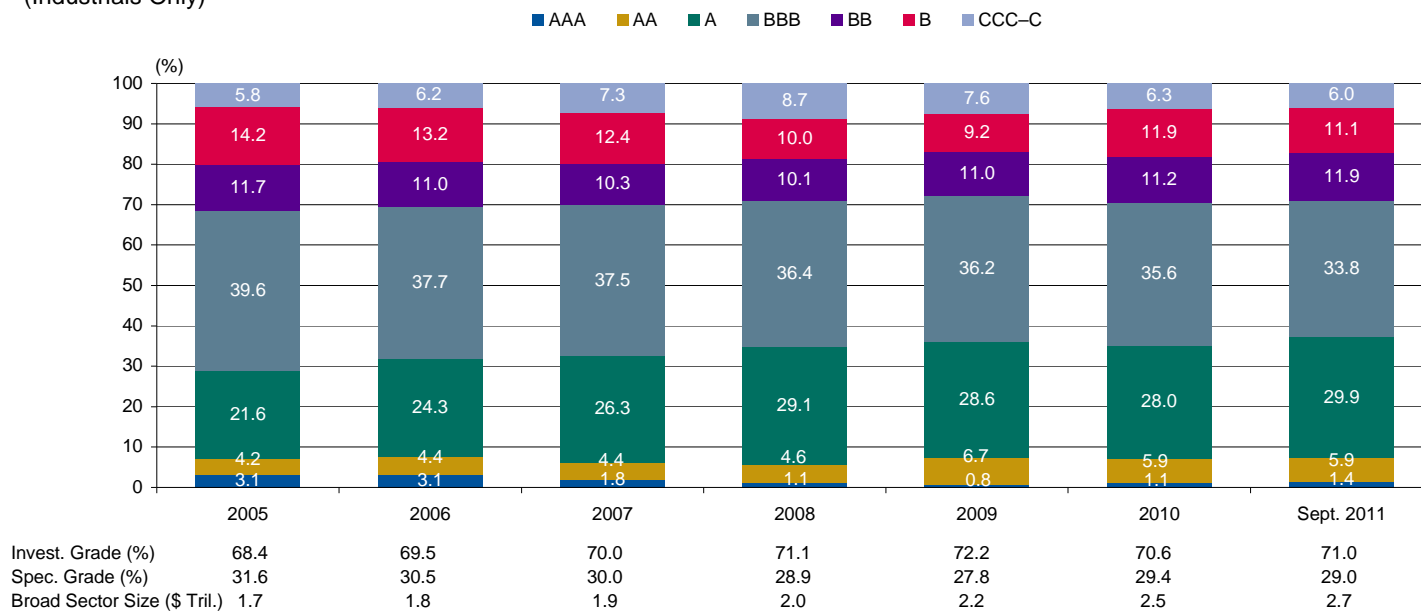
U.S. Corporate Bond Market — Outstanding Volume by Rating Category



Source: Bloomberg, Fitch Ratings.

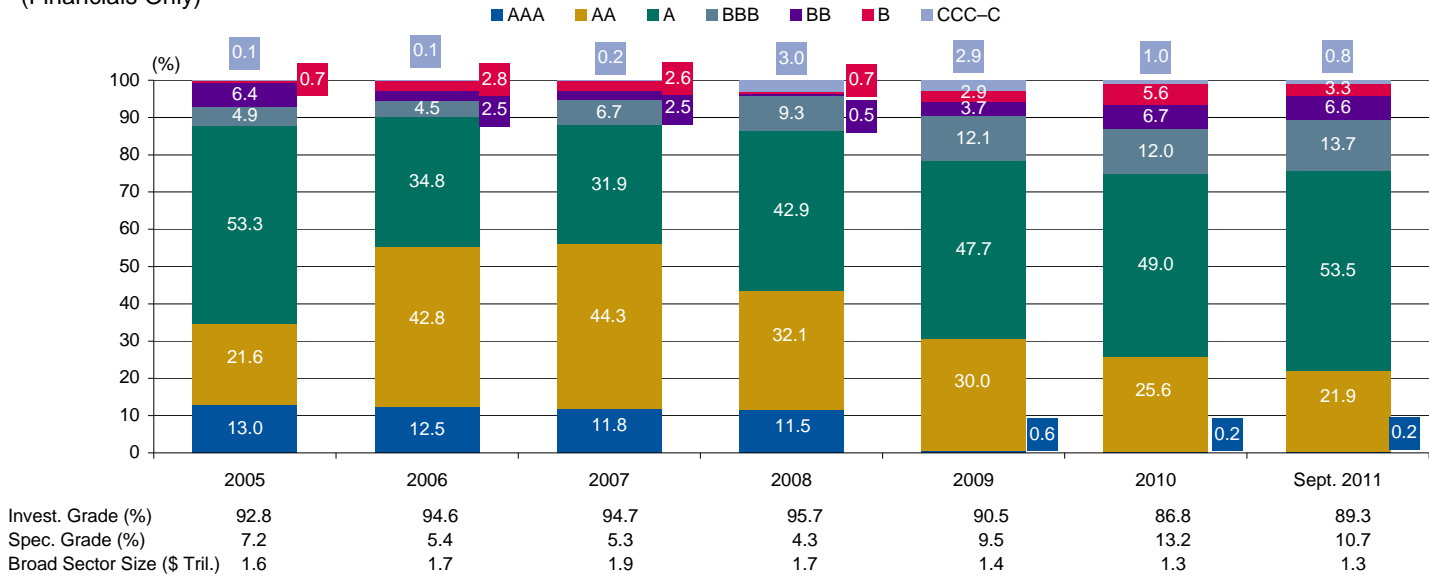
U.S. Corporate Bond Market — Outstanding Volume by Rating Category

(Industrials Only)



Source: Bloomberg, Fitch Ratings.

U.S. Corporate Bond Market — Outstanding Volume by Rating Category
(Financials Only)



Source: Bloomberg, Fitch Ratings.

U.S. Corporate Bond Market — Investment-Grade Concentration by Industry^a

(% of Industry Rated 'BBB-' or Higher)

Sept. 30, 2010					
100-90	89-80	79-70	69-60	59-50	< 50
Insurance Food, Beverage and Tobacco	Banking and Finance Utilities	Consumer Products Computers and Electronics	Broadcasting and Media Telecommunication	Metals and Mining	Automotive Paper and Containers
	Transportation Real Estate	Healthcare and Pharmaceutical Industrial/Manufacturing Cable Supermarkets and Drug Stores	Energy Chemical Retail		Building and Materials Gaming, Lodging and Restaurants Textiles and Furniture Leisure and Entertainment
Sept. 30, 2011					
100-90	89-80	79-70	69-60	59-50	< 50
Insurance Food, Beverage and Tobacco	Banking and Finance Utilities	Computers and Electronics Real Estate	Chemical Energy	Metals and Mining Paper and Containers	Automotive Textiles and Furniture
	Transportation	Industrial/Manufacturing Healthcare and Pharmaceutical Retail Supermarkets and Drug Stores Cable	Broadcasting and Media Consumer Products Telecommunication		Gaming, Lodging and Restaurants Building and Materials Leisure and Entertainment

^aSorted by relative share of investment-grade bonds (highest to lowest).
Source: Bloomberg, Fitch Ratings.

U.S. Corporate Bond Market — Maturity Schedule by Rating Category

(\$ Bil., As of Sept. 30, 2011)

Rating	Three Months 2011	% of Total Outstanding	2012	% of Total Outstanding	2013	% of Total Outstanding
AAA	0.0	0.0	3.1	7.8	3.7	9.4
AA	6.3	1.4	63.2	14.5	51.9	11.9
A	22.9	1.5	148.3	10.0	153.0	10.3
BBB	11.0	1.0	59.4	5.5	67.8	6.3
BB	6.3	1.6	23.4	5.8	21.5	5.4
B	1.3	0.4	4.9	1.5	9.5	2.8
CCC-C	0.6	0.4	2.9	1.7	5.3	3.1
All Ratings	48.4	1.2	305.2	7.7	312.7	7.9
Investment Grade	40.2	1.3	274.0	9.0	276.4	9.1
Speculative Grade	8.2	0.9	31.2	3.4	36.3	4.0

Source: Bloomberg, Fitch Ratings.

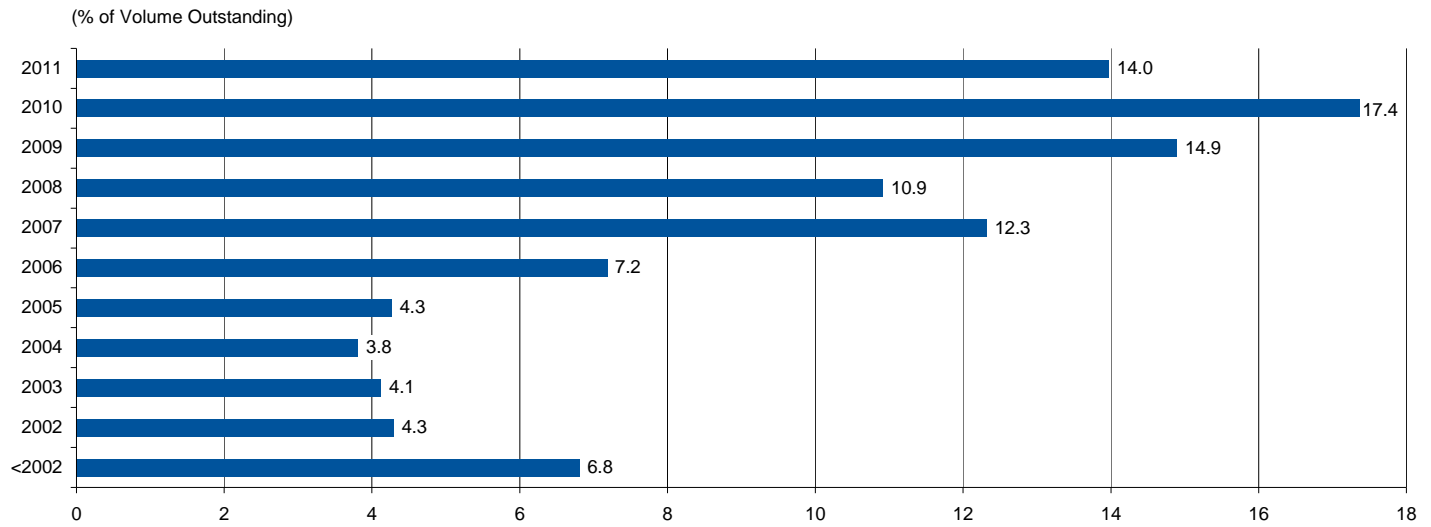
U.S. Corporate Bond Market — Sector Maturity Schedules

(\$ Bil., As of Sept. 30, 2011)

	Three Months 2011	% of Total Outstanding	2012	% of Total Outstanding	2013	% of Total Outstanding
Industrials						
Automotive	0.0	0.0	2.0	4.7	3.2	7.6
Broadcasting and Media	0.0	0.0	5.5	4.9	4.5	4.0
Building and Materials	0.1	0.3	1.7	4.1	2.4	5.8
Cable	1.0	1.0	4.6	4.8	4.9	5.2
Chemical	0.1	0.1	3.5	5.3	3.2	5.0
Computers and Electronics	1.0	0.6	11.7	6.6	19.3	10.9
Consumer Products	0.2	0.4	4.2	7.4	4.0	7.0
Energy	0.7	0.2	14.5	4.7	10.3	3.4
Food, Beverage and Tobacco	1.9	1.1	13.5	7.5	21.0	11.6
Gaming, Lodging and Restaurants	0.3	0.5	2.9	4.7	4.2	6.8
Healthcare and Pharmaceutical	1.4	0.5	12.6	4.7	16.4	6.2
Industrial/Manufacturing	1.6	1.9	2.3	2.9	11.0	13.8
Leisure and Entertainment	0.1	0.6	0.0	0.0	0.2	1.9
Metals and Mining	0.1	0.2	1.8	3.1	2.1	3.6
Miscellaneous	0.7	0.7	3.0	3.1	3.6	3.7
Paper and Containers	0.3	0.7	0.9	2.7	1.5	4.5
Real Estate	0.0	0.0	6.3	6.5	7.2	7.5
Retail	0.2	0.2	5.4	4.7	8.6	7.4
Supermarkets and Drug Stores	0.0	0.0	2.0	6.0	2.4	7.4
Telecommunication	3.9	1.6	16.1	6.8	15.0	6.3
Textiles and Furniture	0.0	0.0	0.7	5.9	0.5	4.1
Transportation	1.7	1.4	5.0	4.1	7.2	6.0
Utilities	3.8	1.0	18.5	5.0	23.6	6.4
Subtotal	19.2	0.7	138.4	5.2	176.3	6.6
Financials						
Banking and Finance	25.5	2.3	153.7	14.1	118.0	10.8
Insurance	3.7	1.9	13.0	6.8	18.4	9.6
Subtotal	29.2	2.3	166.7	13.0	136.4	10.7
Total	48.4	1.2	305.2	7.7	312.7	7.9

Source: Bloomberg, Fitch Ratings.

U.S. Corporate Bond Market — Outstanding Volume by Vintage



Source: Bloomberg, Fitch Ratings.

Parameters of the Fitch Ratings U.S. Corporate Bond Index

Based on outstanding U.S. dollar-denominated, nonconvertible bonds issued by companies domiciled in the United States.

Includes rated-only public bonds and private placements with 144A registration rights.

Includes issues with a minimum par value of \$25 million and medium-term notes with maturity dates of one year or greater.

For the purpose of this study, Fitch uses composite ratings.

All rating movements noted in the report refer to the upgrade or downgrade of any issue from one whole rating category to another.

Source: Bloomberg, Fitch Ratings.

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