



Global Credit Quarterly Q2 2021 outlook

28 April 2021

By Holger Mertens, Head Portfolio Manager, Global Credit

Overview of the previous quarter and outlook for Q2 2021

The global credit market saw a positive start into the year in Q1 2021 as spreads continued to tighten. However, total returns were negatively impacted by the global move toward higher rates. At the beginning of 2021, cyclical sectors came back to the forefront and outperformed. Energy and automotive sectors were among the winners, while utilities lagged the rally.

We think that the positive trend from the beginning of 2021 will continue into Q2, as vaccination efforts continue in addition to support from fiscal stimulus and monetary policy. We will remain positive for cyclical credit risk and see opportunities in lower rated credit risk in the coming months. Although valuation in the global credit market is not cheap anymore, we still see potential for further spread tightening.

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