

Bloomberg Intelligence

Euro High-Yield 4Q Survey: Positive Outlook

BI Credit, Europe Dashboard



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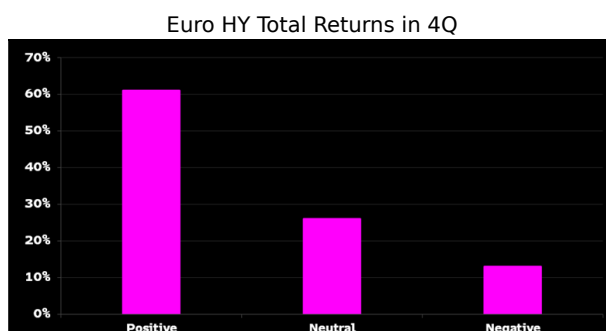
High-Yield Survey: Positive Returns, Low Defaults, Good Supply

(Bloomberg Intelligence) -- Investors have a positive outlook for euro high-yield (HY), expecting positive returns, low defaults and 10-15 billion euros of index eligible supply for 4Q, based on our inaugural quarterly survey. Investors are overweight HY, and a majority have more than 4% of their portfolios in cash.

BBs are the preferred rating, while communications and non-cyclicals are the preferred sectors. Covid-19 (lockdowns and vaccines) along with central bank policies, are expected to be key return drivers. Euro HY is expected to beat euro investment grade and be in parity with its U.S. counterpart. (10/27/20)

1. Majority Expect Positive Returns for Euro High Yield

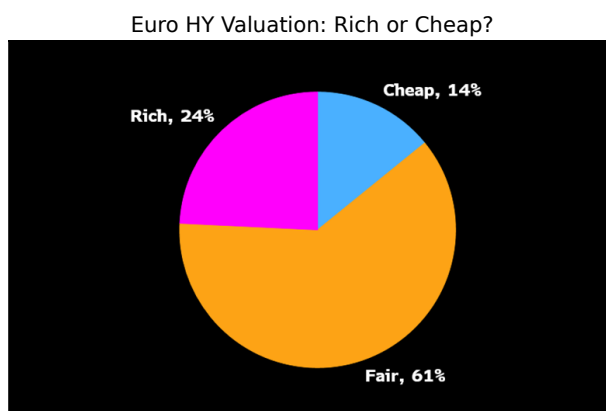
(10/27/20)



Source: Bloomberg Intelligence

2. Euro High-Yield Valuations Deemed Fair

(10/27/20)



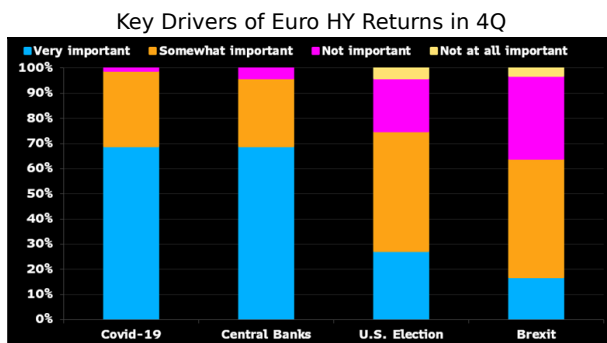
Source: Bloomberg Intelligence

3. Covid-19 (Lockdowns, Vaccine) and Central Banks Matter Most

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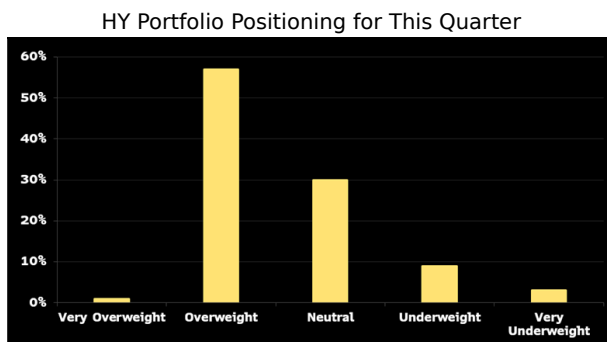
(10/27/20)



Source: Bloomberg Intelligence

4. 60% Respondents Overweight HY for 4Q

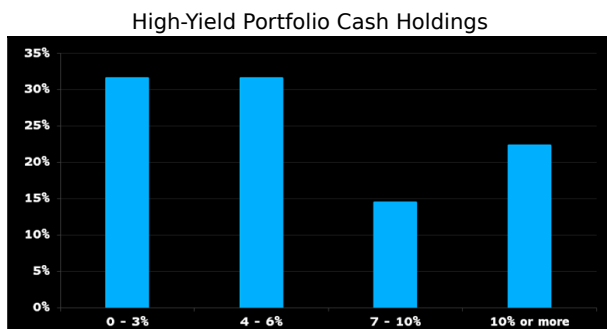
(10/27/20)



Source: Bloomberg Intelligence

5. Boding Well: 70% of High-Yield Portfolios Have More Than 4% Cash

(10/27/20)



Source: Bloomberg Intelligence

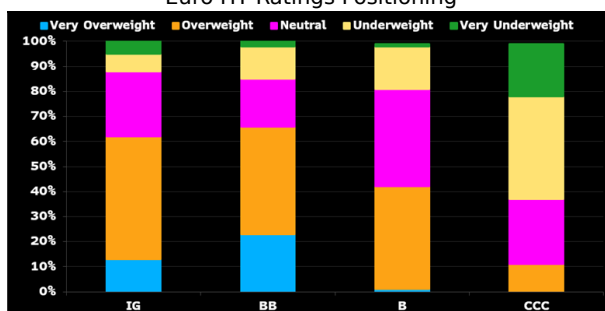
6. BBs Overweight; CCCs Underweight

(10/27/20)

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Euro HY Ratings Positioning

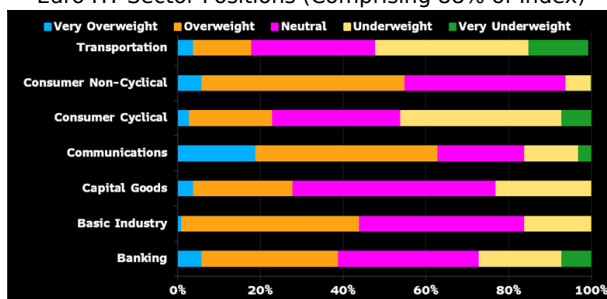


Source: Bloomberg Intelligence

7. Communications, Basic Industry, Non-Cyclicals Overweight

(10/27/20)

Euro HY Sector Positions (Comprising 88% of Index)

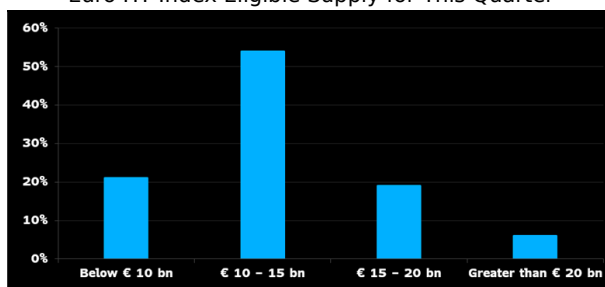


Source: Bloomberg Intelligence

8. 10-15 Billion Euros of High-Yield Supply Expected

(10/27/20)

Euro HY Index Eligible Supply for This Quarter

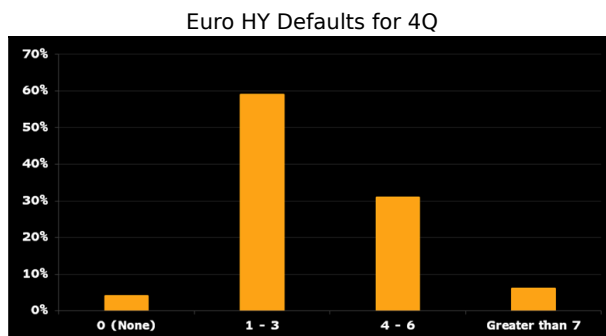


Source: Bloomberg Intelligence

9. Most See One to Three European Defaults in 4Q

(10/27/20)

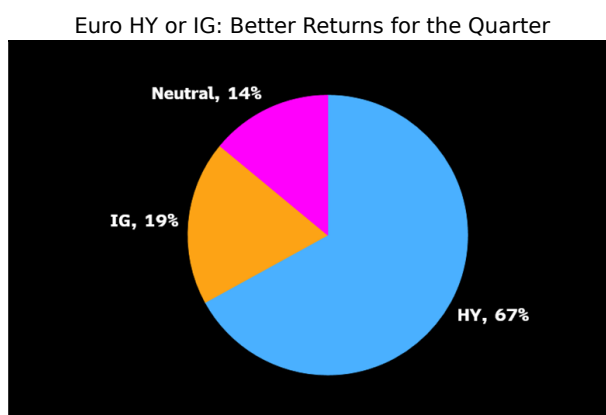
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Source: Bloomberg Intelligence

10. High-Yield Expected to Beat Investment Grade

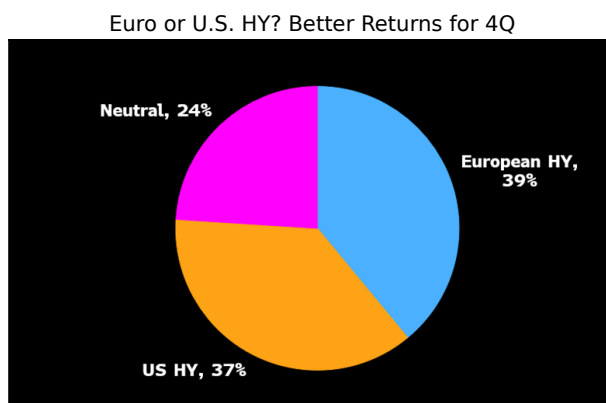
(10/27/20)



Source: Bloomberg Intelligence

11. Survey Divided Between Euro and U.S. HY

(10/27/20)



Source: Bloomberg Intelligence

12. Appendix: HY Survey Methodology and Sample Sizes

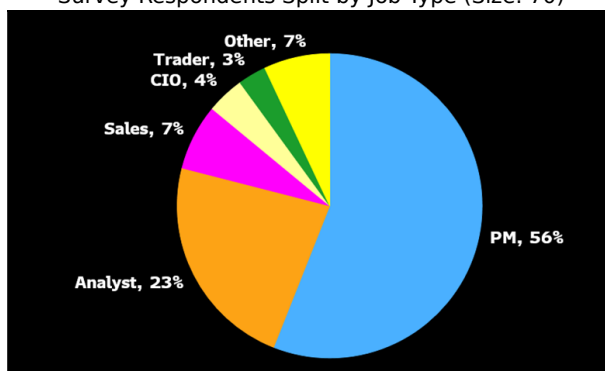
We present our inaugural Euro High-Yield Survey for 4Q, conducted jointly by Bloomberg Intelligence and European High Yield Online, which will be a regular quarterly feature. This survey was conducted Oct. 12-23. All the questions are based on the Bloomberg Barclays Euro High Yield Index (LP02), including sectors, rating, supply and defaults. The survey had 70 responses

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dominated by portfolio managers. For the cash in portfolio question, we have excluded non-buy-side responses as not applicable. (10/27/20)

Survey Respondents Split by Job Type (Size: 70)



Source: Bloomberg Intelligence

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