



Credit sentiment recuperates as dovish policy prevails

In the October issue of CREDI, the Main index increases from 40.4 to 55.3 as respondents consider the current credit sentiment revitalised in tandem with stable expectations going forward.

“This year’s third CREDI survey illustrates a credit market come-back as the Main index is back above the 50-mark, driven by a much improved perception of the current situation together with a stable outlook going forward,” says Arvid Lindqvist, Head of Research at Catella.

“The longer-term economic outlook has improved lately due to the massive monetary and fiscal stimuli. The global economy is however facing a number of obstacles while fiscal and monetary stimuli are pushing the economy in the right direction. This is heavily benefitting asset prices in general and property in particular,” Arvid Lindqvist continues.

“During the second quarter, lower demand in the bond market led to a decrease in the amount of outstanding bonds. As maturing bonds were refinanced by bank loans, the level of secured debt increased breaking a long-term trend of continuously reduced levels of secured debt. A trend reversion towards secured debt can trigger a snow-ball effect as it impairs the position of unsecured bonds and thereby lowers demand for these bonds further still,” says Jacob Bruzelius, Head of Debt advisory at Catella.

“The massive monetary stimulus set forth by the world’s central banks has normalized credit margins in the bond market, reminding everyone of the unsecured bond market’s reliance on central bank policy.” Jacob Bruzelius concludes.

The Catella Real Estate Debt Indicator (CREDI) is attached and can also be downloaded from catella.com/en/sweden/research. CREDI consists of two parts: one is an index based on a survey of listed property companies and active banks, and the other a set of indices and analyses based on publicly available data.

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