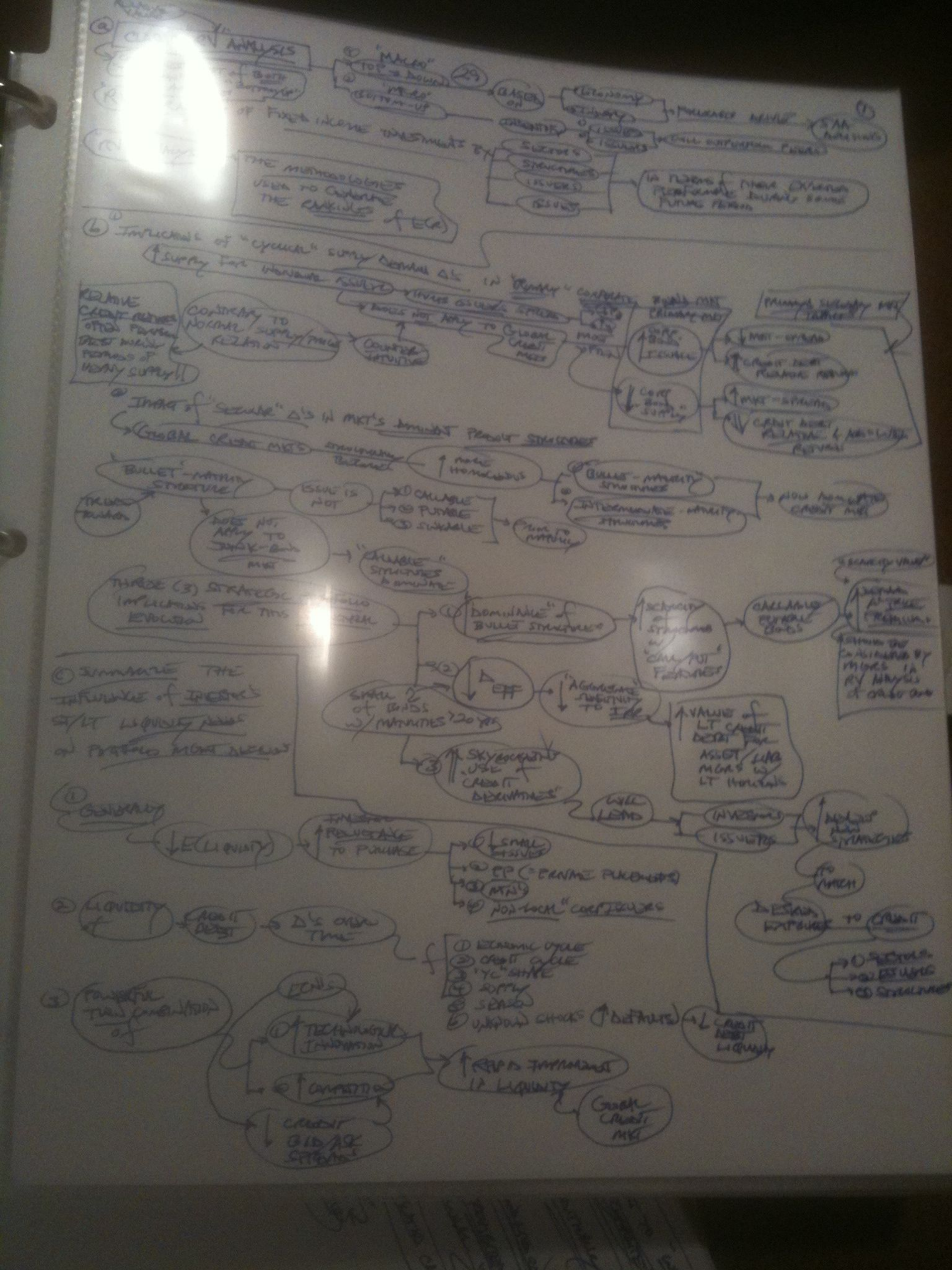
ANALYSIS
"MACRO"
TOP-DOWN
BOTTOM-UP
29
CLASSICAL
ECONOMY
INDUSTRY
FIXED INCOME INVESTMENTS BY
SECTORS
SENIORITY
ISSUERS
ISSUES
THE METHODOLOGIST USES TO QUANTIFY THE CHARACTER OF E(R)
(b) IMPLICATIONS OF "CYCLICAL" SUPPLY/DEMAND Δ'S IN "PRIMARY" CORPORATE BOND MKT
SUPPLY FOR INSURANCE PRODUCTS
CONTRARY TO NORMAL SUPPLY/PRICE RELATION
COUNTER INTUITIVE
DOES NOT APPLY TO GLOBAL CREDIT MKTS
MORE OFTEN
ECONOMIC
(c) IMPACT OF "SECULAR" Δ'S IN MKT'S DOMINANT PRODUCT STRUCTURE
GLOBAL CREDIT MKTS
STRUCTURALLY BULLISH
MORE HOMOGENEOUS
"BULLET"-MATURITY STRUCTURE
ISSUE IS NOT
CALLABLE
PUTTABLE
SINKABLE
DOES APPLY TO SINK-BUILD MKT
"CALLABLE" STRUCTURES DOMINATE
THREE (3) STRATEGIC IMPLICATIONS FOR THIS REVOLUTION
"DOMINANCE" OF BULLET STRUCTURES
SCARCITY OF STRUCTURES W/ "CALL-PUT" FEATURES
CALLABLE PERPETUAL BONDS
SCARCITY VALUE
SECTOR AT TIME PRESSURE
SHORTAGE OF BONDS W/ MATURITIES >20 YRS
SKYROCKETING USE OF CREDIT DERIVATIVES
VALUE OF LT CAPITAL DEBT FOR ASSET/LIAB MGRS W/ LT HORIZONS
(a) GENERALLY
↓E(LIQUIDITY)
↑INTERMEDIATE TO PURCHASE
SMALL ISSUES
EP (ERNAME PURCHASES)
MTN'S
NON-SOCIAL "CORPORATES"
(b) LIQUIDITY OF
MORE DEBT
Δ'S OVER TIME
ECONOMIC CYCLE
"YC" SHAPE
SPREAD
UNKNOWN CHOICES
↑DEFAULTS
WILL LEAD
INVESTORS
ISSUERS
MORE PLAN MANAGEMENT
TO MATCH
ESTIMATE TO CREDIT
(c) FUNDAMENTAL THEN CONSIDERATION OF
ECONS
↑TECHNOLOGICAL INFORMATION
↑COMPETITION
↓CREDIT BID/ASK SPREADS
↑REPO TURNOVER & LIQUIDITY
GLOBAL CREDIT MKT
↓CREDIT MKT LIQUIDITY