

**THE CREDIT CYCLE, LOSS PROVISION AND THE
PANDEMIC: ARE THE CHALLENGES
UNPRECEDENTED?**

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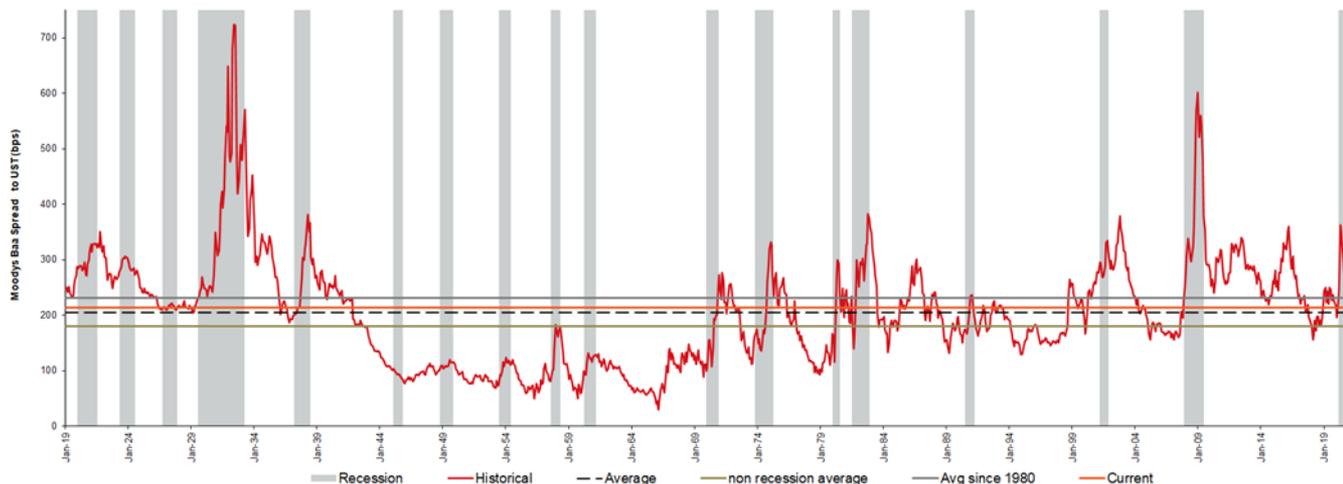
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QIC

Global Historical Perspective

History of Moody's Baa spreads

30-year Baa bonds vs 10yr Treasury



- The current spread (213bps) remains comfortably wider than the non-recession average since 1980 (180bps) and is slightly higher than its long term average (204bps)
- A comparison with the 1944-1966 period is interesting to consider, given that was a period where central banks and governments employed a form of financial repression as a means of recovering from the debt burden of World War II