Capital Markets Strategy

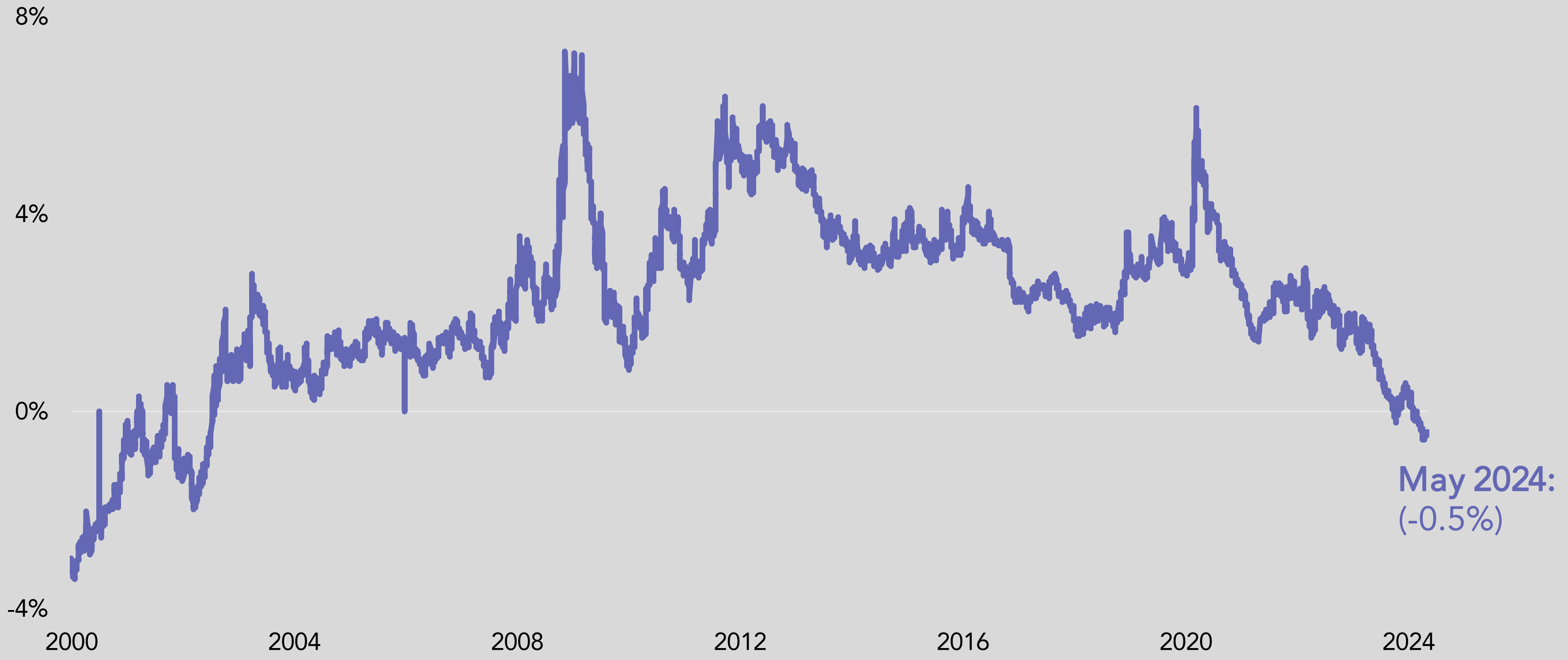
Essential inCights for the C-Suite

MUFG

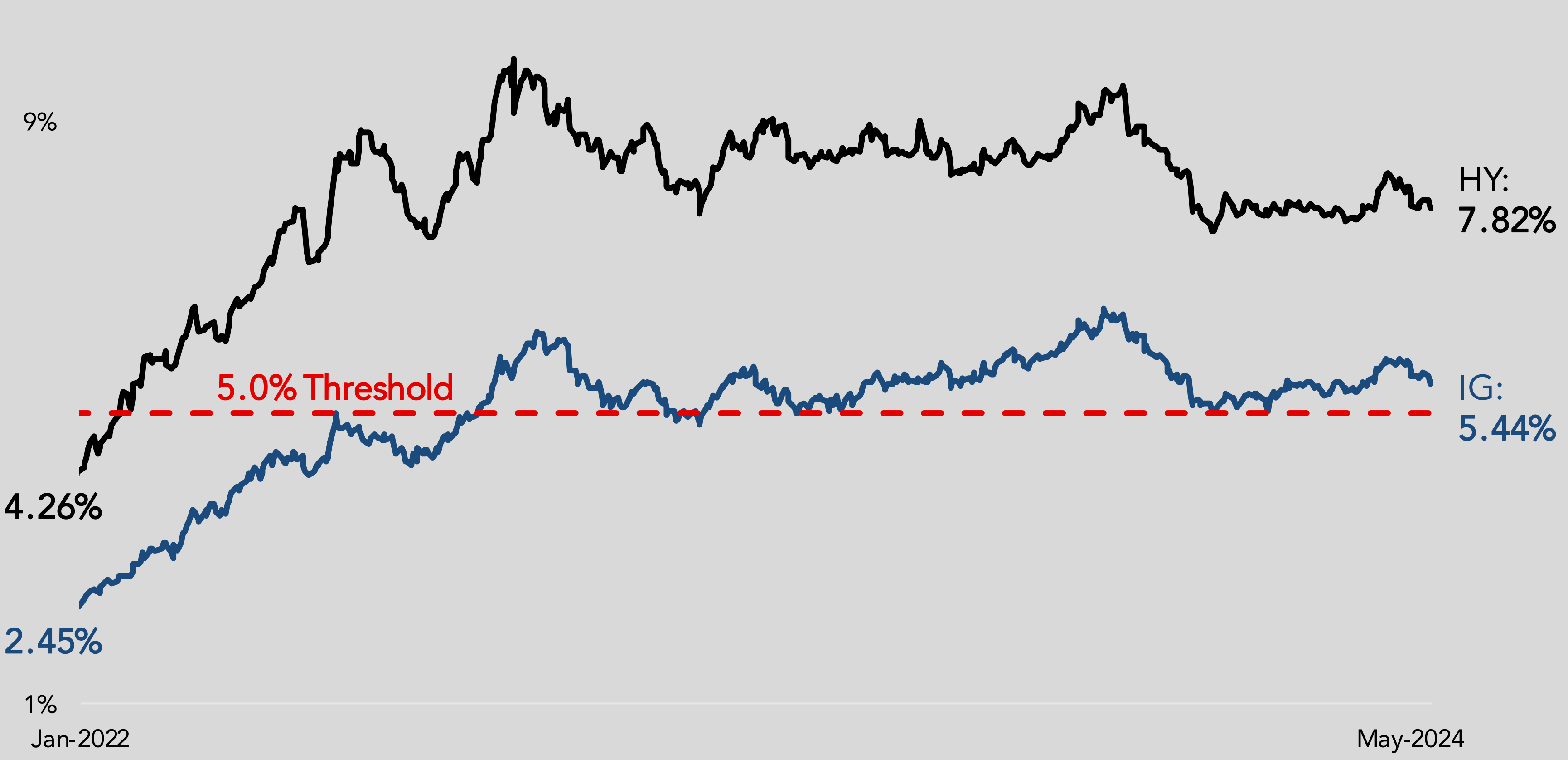
Chart of the Day

Despite risk-on sentiment in equity markets to date, the equity risk premium (expected excess return in equities over Treasuries) is at its lowest level in over two decades. Corporate credit yields, on the other hand, are currently offering investors an opportunity to lock-in attractive yields on a long term basis.

Equity risk premium



USD IG & HY index yield to worst



Source: (1-2) Oaktree Capital. Bloomberg. Equity risk premium is calculated as the difference between the S&P earnings yield and current 10yr UST. Data as of May 17, 2024.

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"Macro stability isn't everything, but without it, you have nothing."