



# European 4Q17 Survey: Investor Expectations

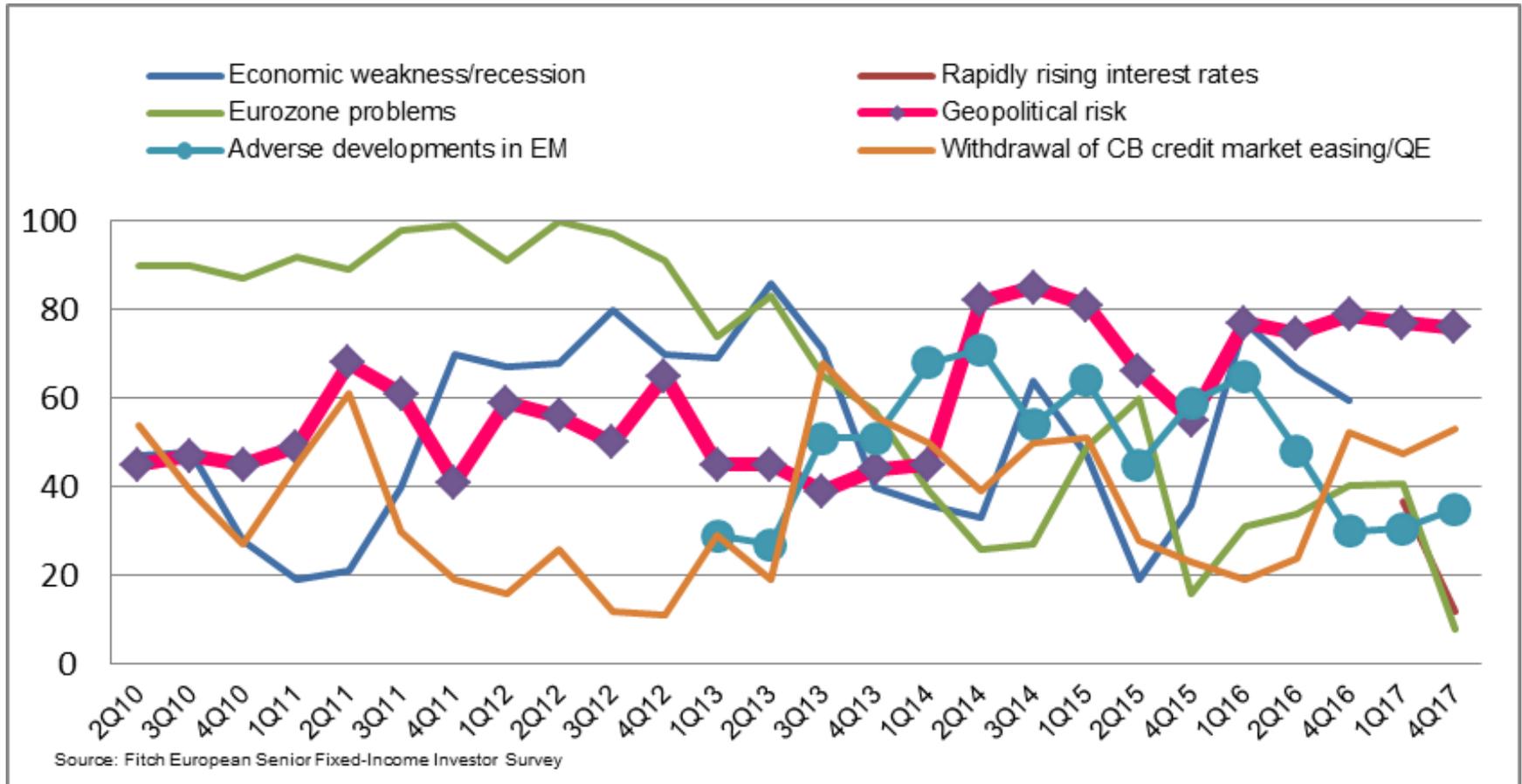
## XV Russian Bond Congress

Nikolai Lukashevich, Senior Director, Head of Russia/CIS Corporates, Fitch Ratings

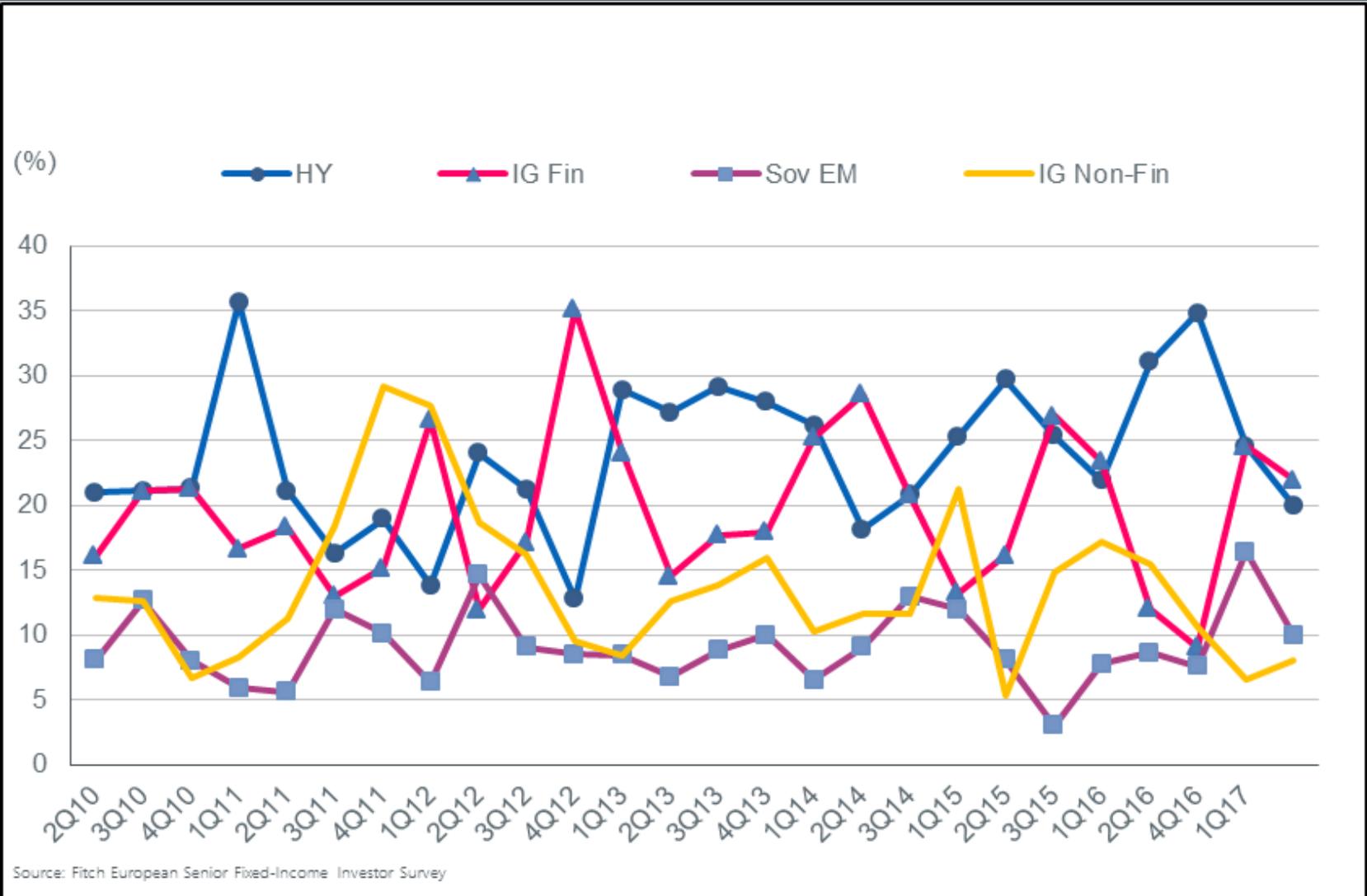
7 December 2017

**Fitch**Ratings

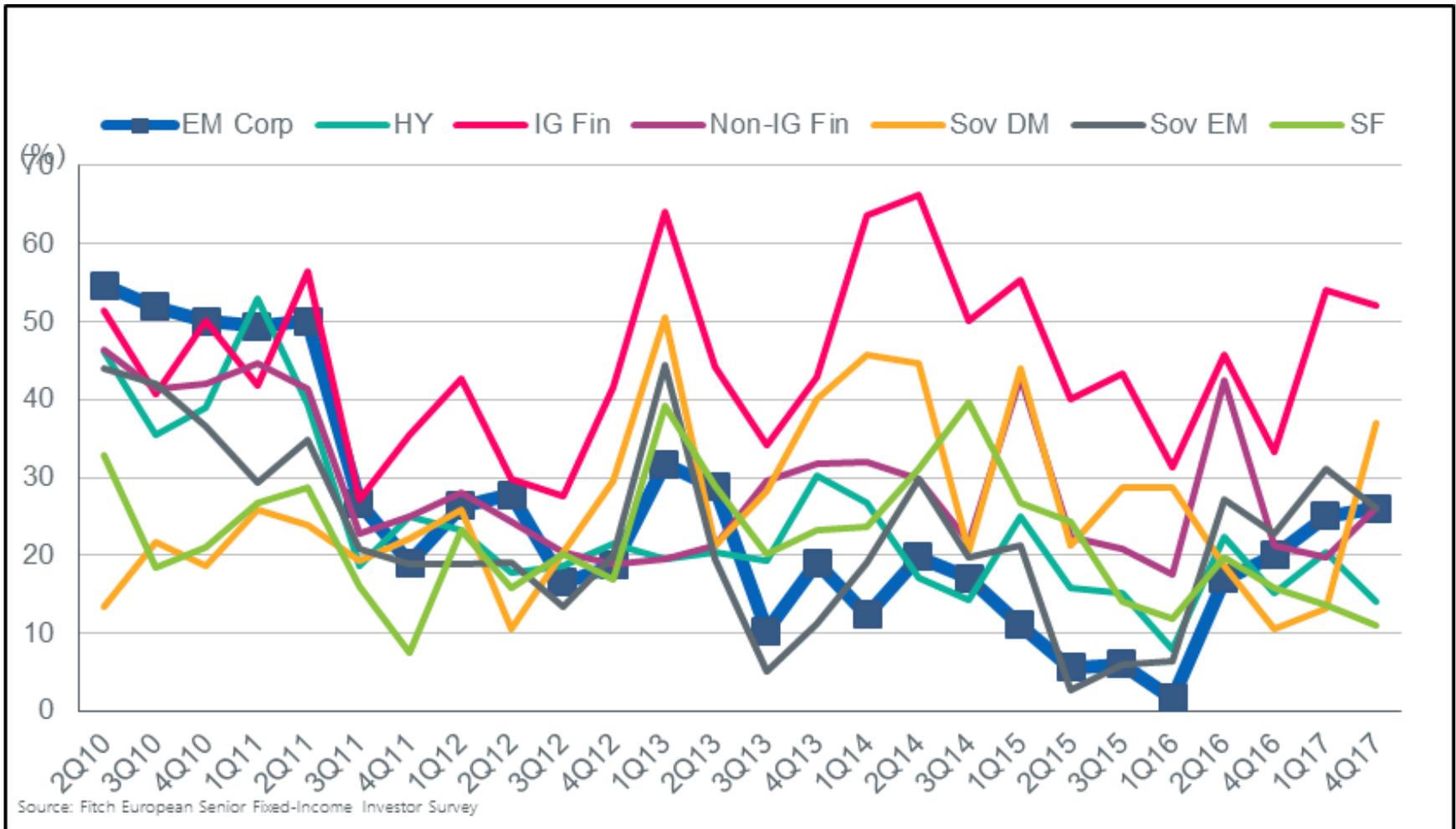
# Political Risk Firmly At The Top



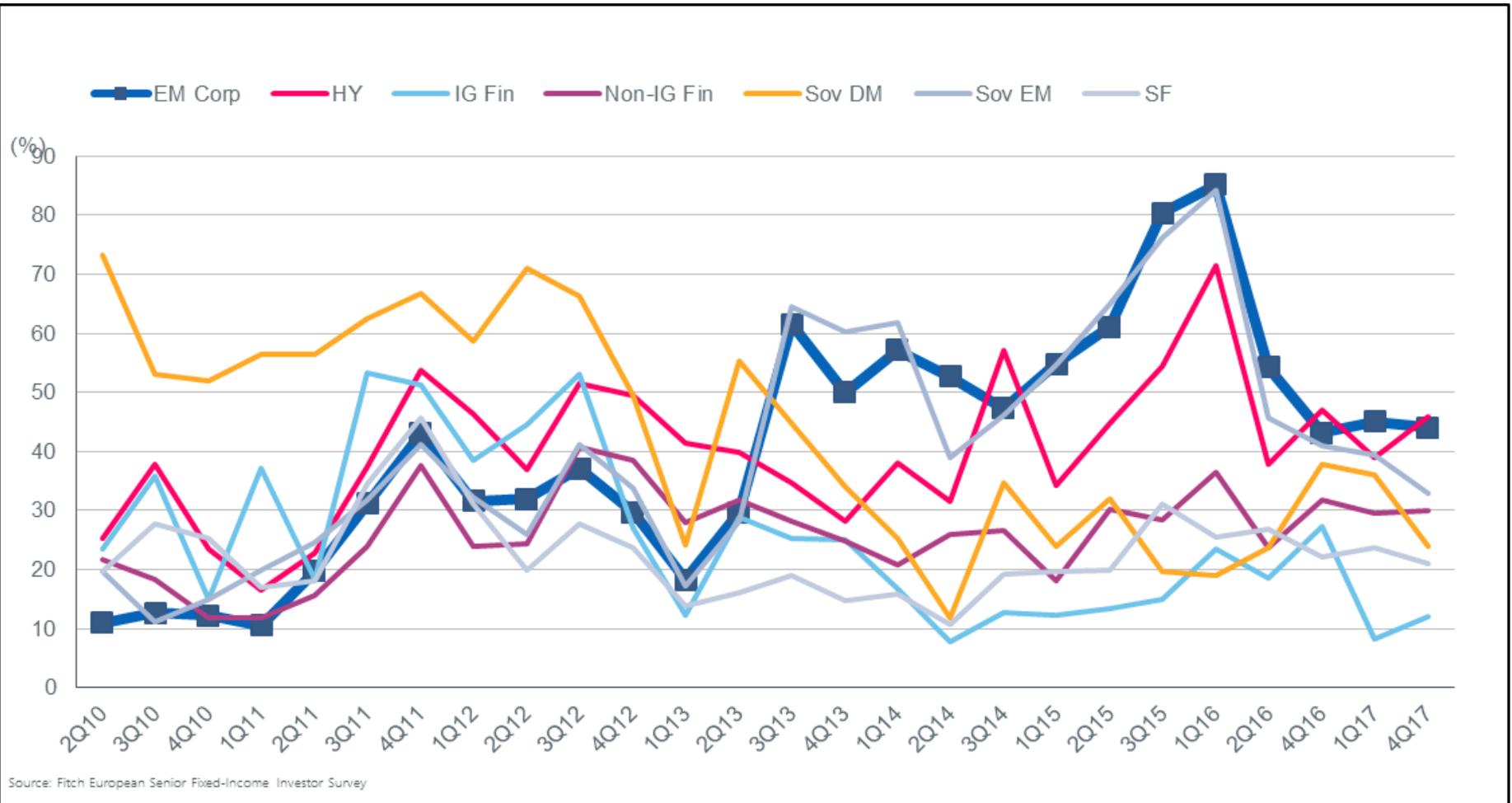
# Most Favoured: High Yield and IG Financials



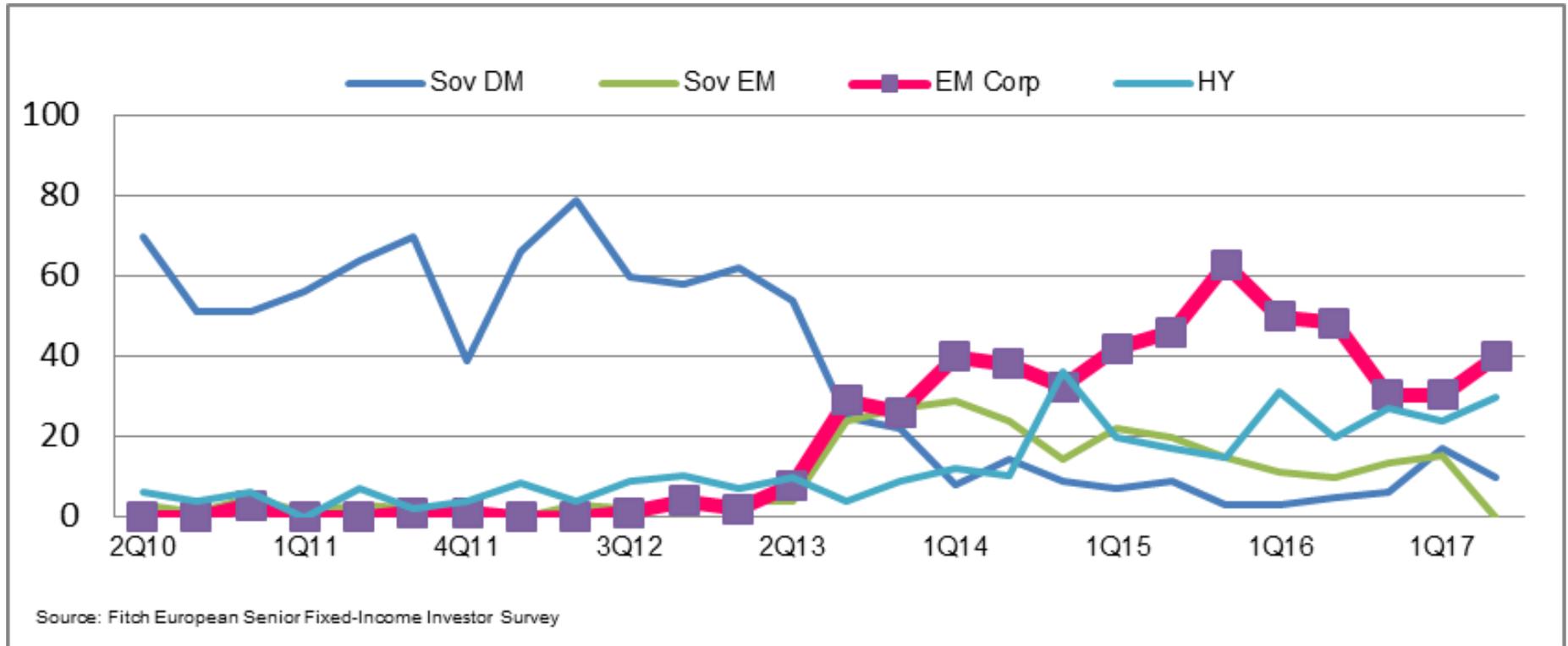
# Expectations of Improving Fundamental Credit Conditions

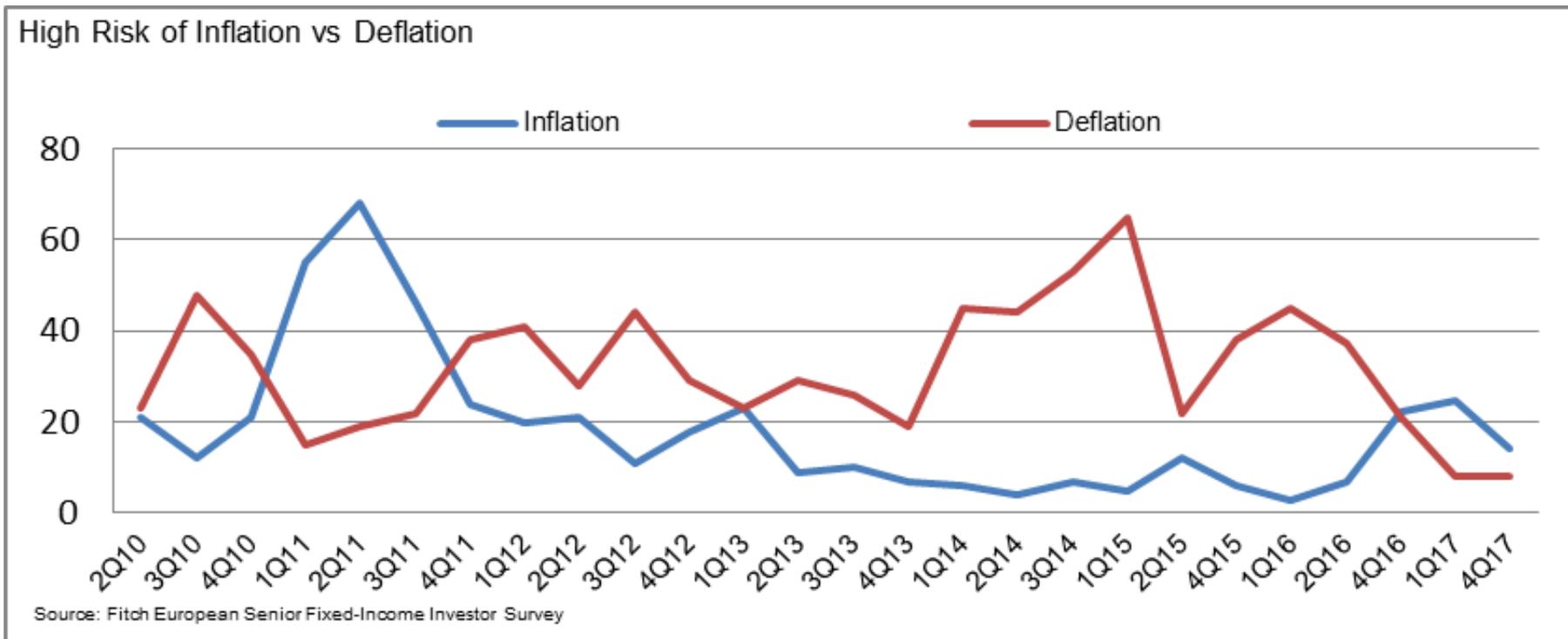


# Expectations of Worsening Fundamental Credit Conditions

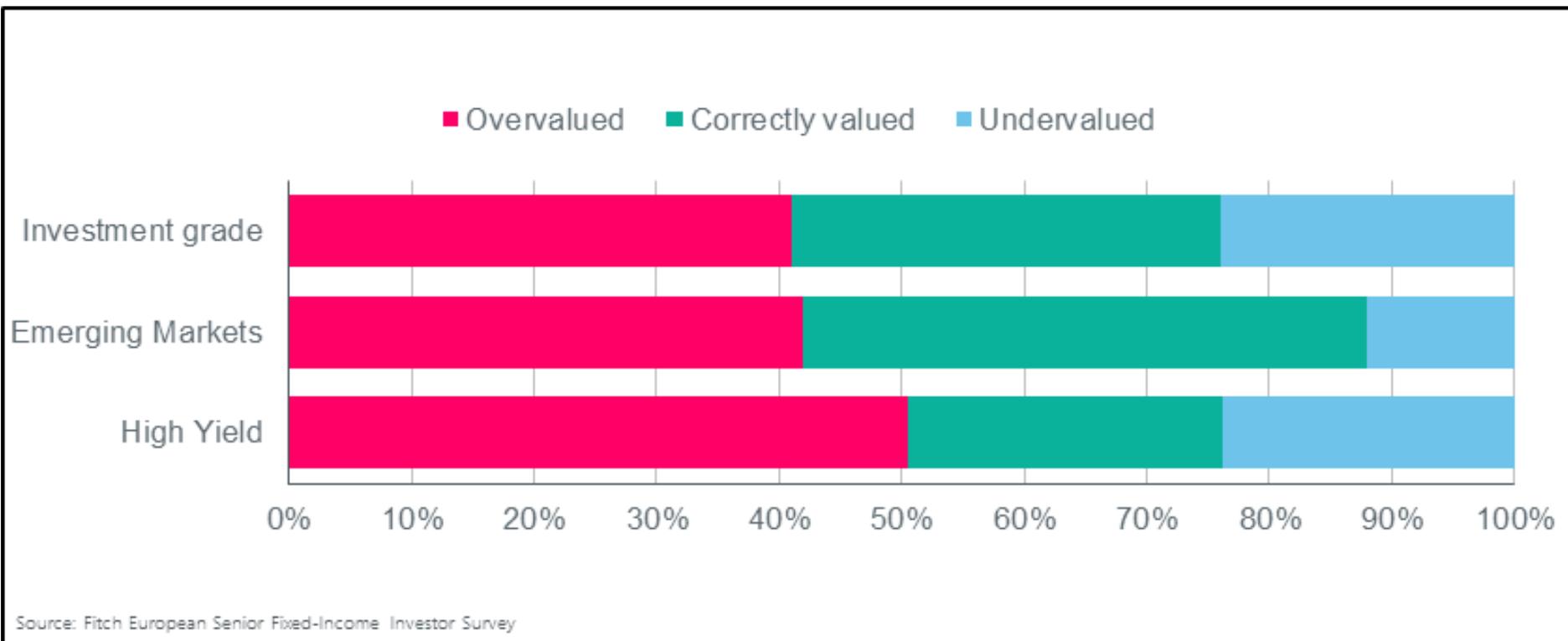


# Refinancing Risk Perception Rising

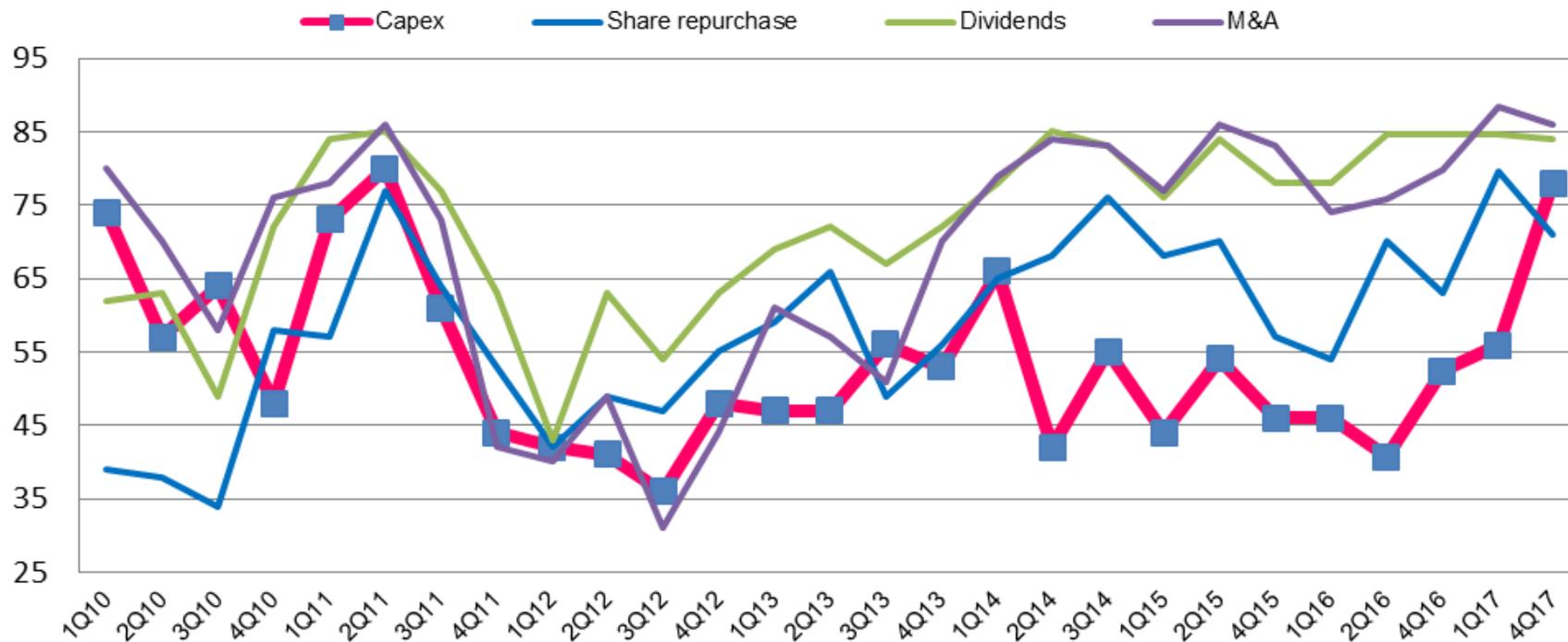




# Are spreads correctly valuing risk in these corporate credit segments?



# Corporate Cash Spend Expectations: Rising Capex Optimism

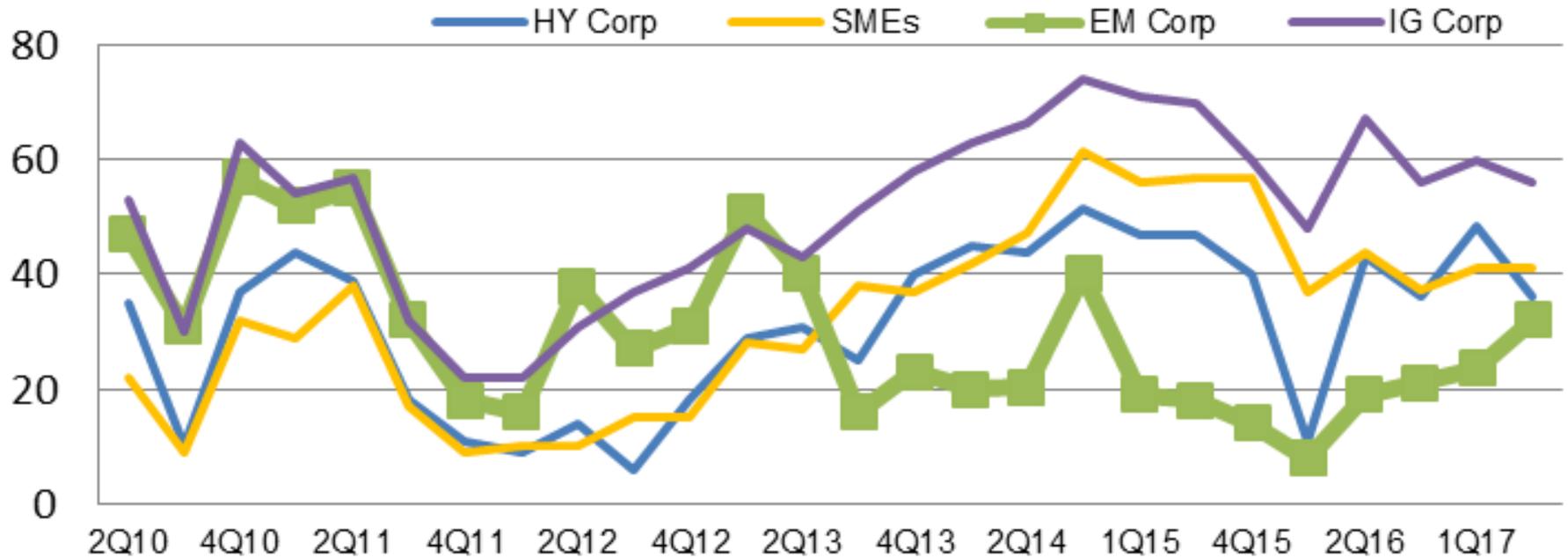


Source: Fitch European Senior Fixed-Income Investor Survey

# Lending Conditions: Flat Outlook



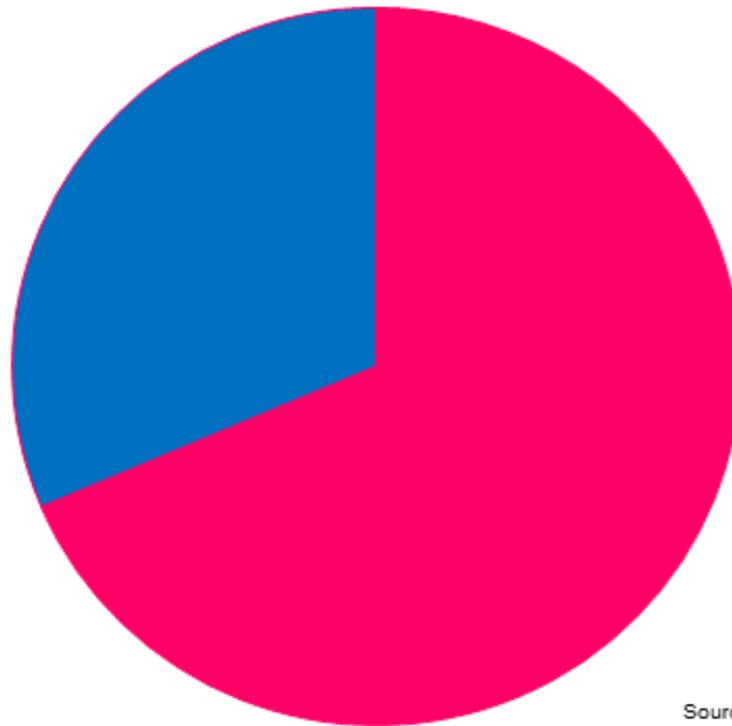
(Loosening Significantly + Moderately)



Source: Fitch European Senior Fixed-Income Investor Survey



## How long will ECB asset purchases continue?

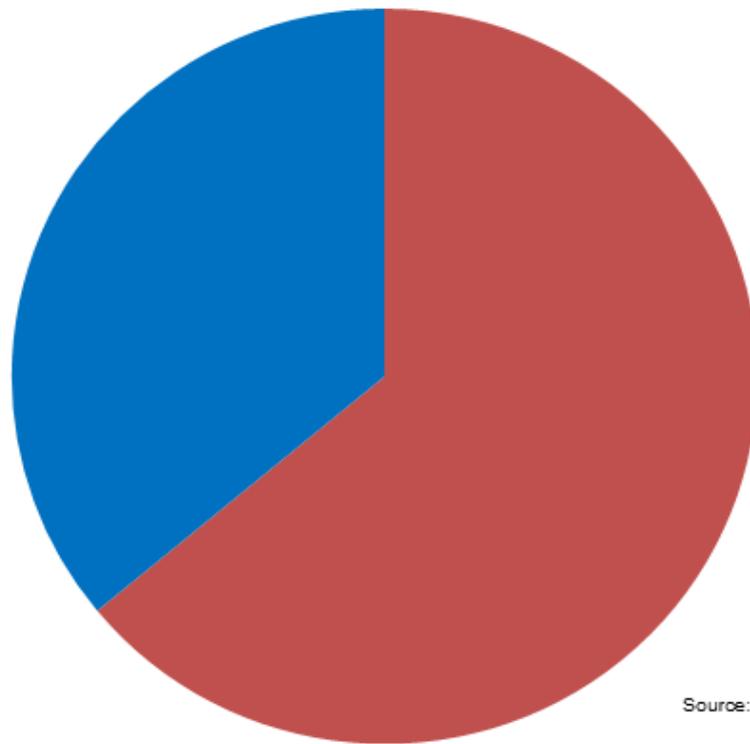


- They will be gradually phased out in the course of 2018
- They will be reduced in scale but will persist well into 2019
- They will be halted abruptly after the end of 2017

Source: Fitch European Senior Fixed-Income Investor Survey



## The impact of ECB tapering on corporate funding costs will be:



- Negative - spreads will widen to better reflect credit and liquidity fundamentals
- Neutral, as an improving economy will drive credit spreads tighter

Source: Fitch European Senior Fixed-Income Investor Survey

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