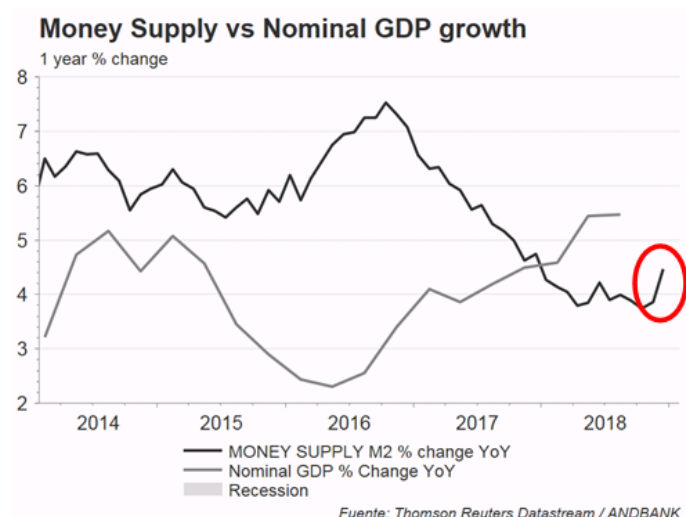


Flash Note 31/01/2019

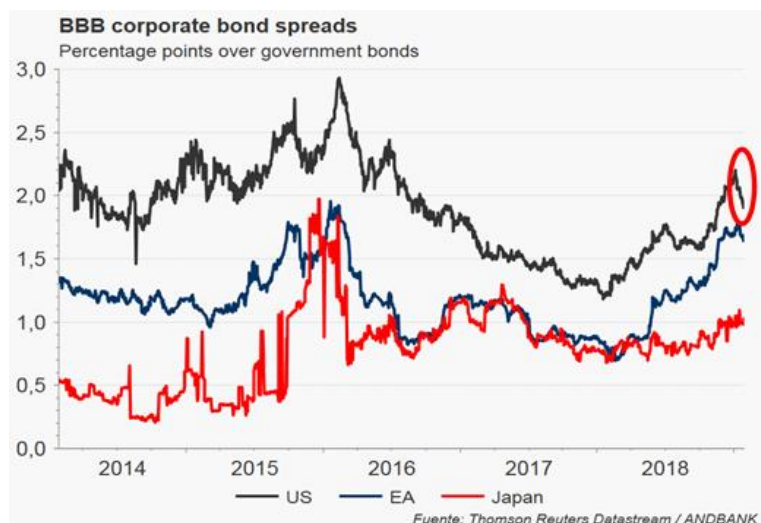
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What is behind the potentially self-sustained rally?

Powell's words: "The Central Bank can reconsider its balance sheet normalization if it was causing problems in the markets", that materialized in the form of an increase in liquidity (money supply) from the Fed...



Lower squeeze in liquidity helped to ease the fears of "Crexit", resulting in a sharp compression in spreads in January (see the chart below). This boosted the rest of the markets...



Once we have understood (and verified) that the Fed can control the risk of "Ccredit", the next important question is: **Is the US corporate sector in general overleveraged?**
The answer is, No.

Best