

03:28 PM   06 JAN <b>MARKET STATS</b> ▼	SENSEX <b>26,773</b> ▼ -105.11	NIFTY 50 <b>8,248</b> ▼ -26.05	GOLD (MCX) (Rs/10g.) <b>27,900</b> ▼ -48.00	USD/INR <b>67.96</b> 0.00	<b>CREATE PORTFOLIO</b>	<b>Download ET MARKETS APP</b>	CHOOSE LANGUAGE ENG
--	-----------------------------------	-----------------------------------	--	------------------------------	-------------------------	--------------------------------	------------------------

# Get ready for a junk bond default cycle: Deutsche Bank

By Business Insider | Apr 12, 2016, 04.00 AM IST

[Post a Comment](#)

One of the biggest sources of anxiety among investors at the start of 2016 was the high-yield bond market. Specifically, the market for high-yield (or junk) bonds issued by [oil and gas companies](#). As the price of oil plunged below \$30 in January and February, investors rushed to sell debt issued by companies who needed expensive oil to stay profitable. But the ticking bomb that people were expecting to explode — a wave of defaults rivalling the sub-prime housing crisis of 2008 — hasn't happened.



Investors are about a year early with their concerns, according to a report by analysts at [Deutsche Bank](#), with the default cycle for junk bonds expected to peak in 2017 or 2018.

Deutsche Bank says that their US strategists have pointed out that US Financial equities have tended to underperform the S&P500 by 15-20% in the year leading up to the previous three default cycles we've identified. They are underperforming the index by around 10% since reaching their recent peak level in August 2015.

Stay on top of business news with The Economic Times App. [Download it Now!](#)

Live Market	News	Portfolio	Mobile	Live TV	Newsletter	Commodities	Speed	QnA	Blogs	Alerts	RSS
<b>Other Times Group news sites</b> Times of India   इकनॉमिक टाइम्स मुंबई मिरर   Mumbai Mirror Times Now   Indiatimes नवभारत टाइम्स   महाराष्ट्र टाइम्स ವಿಜಯ ಕರ್ನಾಟಕ   Lifehacker Gizmodo   Eisamay   IGN India NavGujarat Samay	<b>Living and entertainment</b> Timescity   iDiva   Zoom   Luxpresso   Gaana   Happytrips   Cricbuzz   Get Smartapp  <b>Networking</b> itimes   MensXP.com	<b>Hot on the Web</b> Budget 2017   Sensex, Nifty Live Year-End Special 2016   UP & Punjab Assembly Elections 2017 Live: Currency Demonetisation   Gold Rate RBI Monetary Policy	<b>Services</b> ads2book   Gadgetsnow   Free Business Listings Simplymarry   Astrospeak   Timesjobs   Magicbricks   Zigwheels   Timesdeal   dineout   Filmipop   Remit2India   Gaana   Greetzap   Techradar   Alivear   Google Play								