

The Insight
Jonny Fine

Opening Teaser:

JONNY: (22:29-22:49)

What we observe in interest rate markets today, heavily inverted yield curves, they're the exception as opposed to the norm.

Open on Jonny holding a slate.

JONNY: (00:00:19 - 00:00:26)

Hi, I'm Jonny Fine. And this is The Insight.

Jonny claps the slate down. BTS shots-walking in and sitting down, the logo comes on screen.

Cut to Jonny talking to the camera.

JONNY: (00:03:07 - 00:03:26)

So, since mid-March, when we had the mini regional banking crisis, markets have actually reacted very favorably. We're well off the lows that were established then. Sentiment has rebounded.

And I think what the markets are really doing is compartmentalizing where these issues may be within the regional banking sector.

JONNY: (00:04:30:20- 04:45)

I always say one of the superpowers of the US banking system is just how broadly it is distributed. There's 4000 plus banks that have a billion or less in assets. And I think that contributes a lot to the stability of the broader system that we've seen.

VISUAL: A line flies onto the screen, mimicking the way a cape moves, or the way a flag waves on a flagpole. It forms a circle. Smaller circles fill the screen entirely. The circles formed should act like a coin being thrown in the air, slow motion style.

JONNY: (00:17:18:13 - 00:17:36:19)

What's really fascinating about the current environment overall is that the vast majority of us haven't really seen a parallel in terms of a high inflation environment and very rapid interest rate increases by central bank authorities all over the world to combat.

VISUAL: Two lines form to represent "parallel." On either side pop up TEXT: "Higher inflation" and "Higher rates" on white background.

JONNY : (00:15:31 - 00:15:57)

So even though the investment grade issuance market has been remarkably consistent in the face of the walls of worry we've climbed thus far in 2023, not all execution environments have been created equally. And it's really important for clients to understand that as they think about accessing the market. What are the ingredients that will lead to superior outcomes in execution? One of the things that I think should be clearly in focus is interest rate volatility.

VISUAL: TEXT/TITLE CARD: "Not all execution environments have been created equally."

JONNY: (00:14:36:23 - 00:14:57:12)

We've also seen a number of our clients looking to really overhaul the way that they think about their risk

management processes with a lot of volatility in the macro environment, whether they be interest rates, whether it be foreign exchange, whether it be the price of European natural gas.

VISUAL: Title Cards: First Line: whether that be interest rates. Second Line: whether it be foreign exchange. Third Line: whether it be the price of European natural gas

JONNY: (00:14:36:23 - 00:14:57:12) *cont'd

We're seeing companies look at risks that they have on their balance sheet and actively looking to mitigate price risks overall.

JONNY: (00:10:58:08 - 00:11:17:17)

So already in 2023, we've climbed successfully a number of levels of worry. The US economy is reacting pretty favorably even with the higher rate environment that we're in. But that's not to say that we're done. Recent developments in Russia, for example, remind us that another potential risk is always looming, and can always be around the corner.