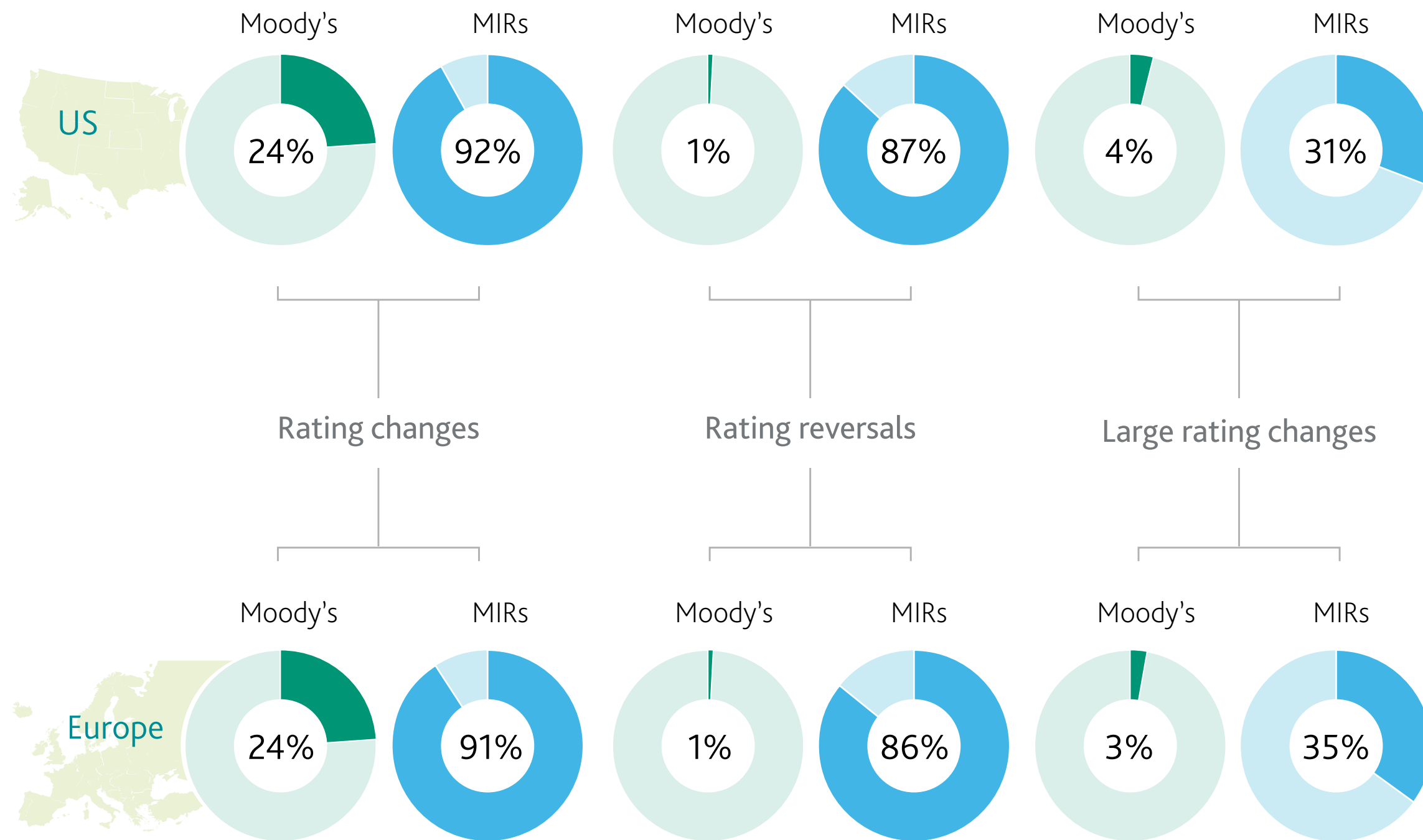


The role of credit ratings in the credit cycle

Historical data shows that Moody's ratings move with the cycle, but do not amplify it

Market-implied measures are more volatile, reverse more often and move further than Moody's ratings

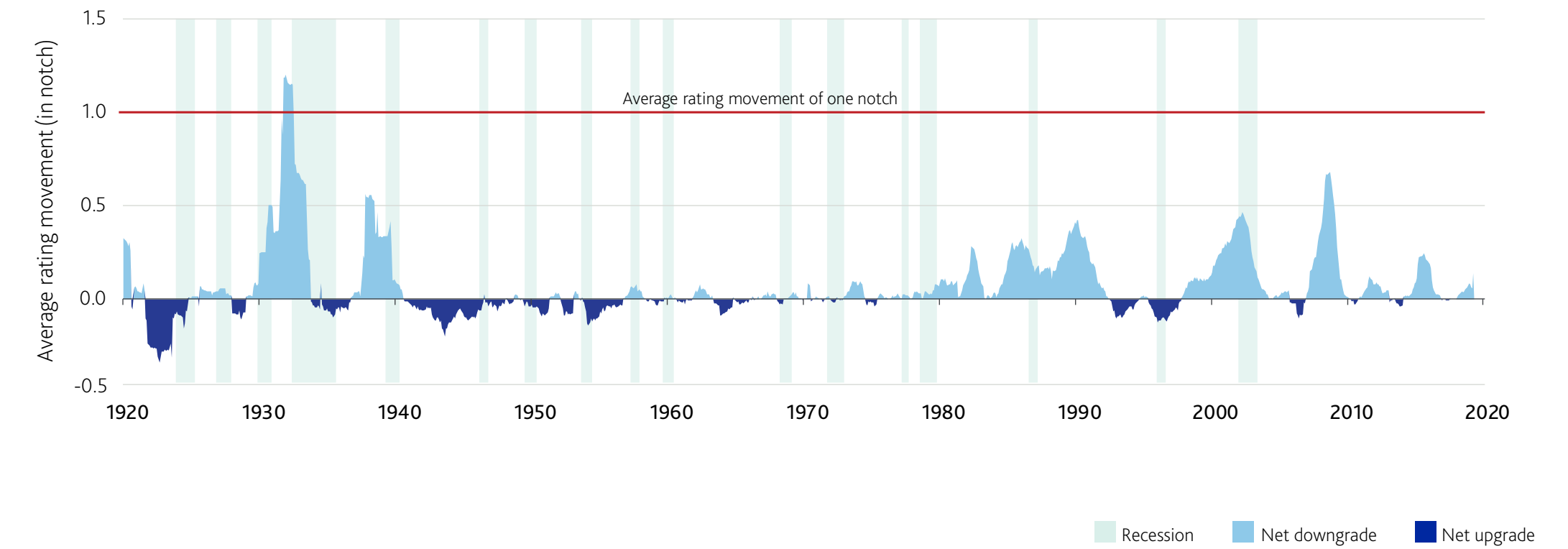
Last 20 years 



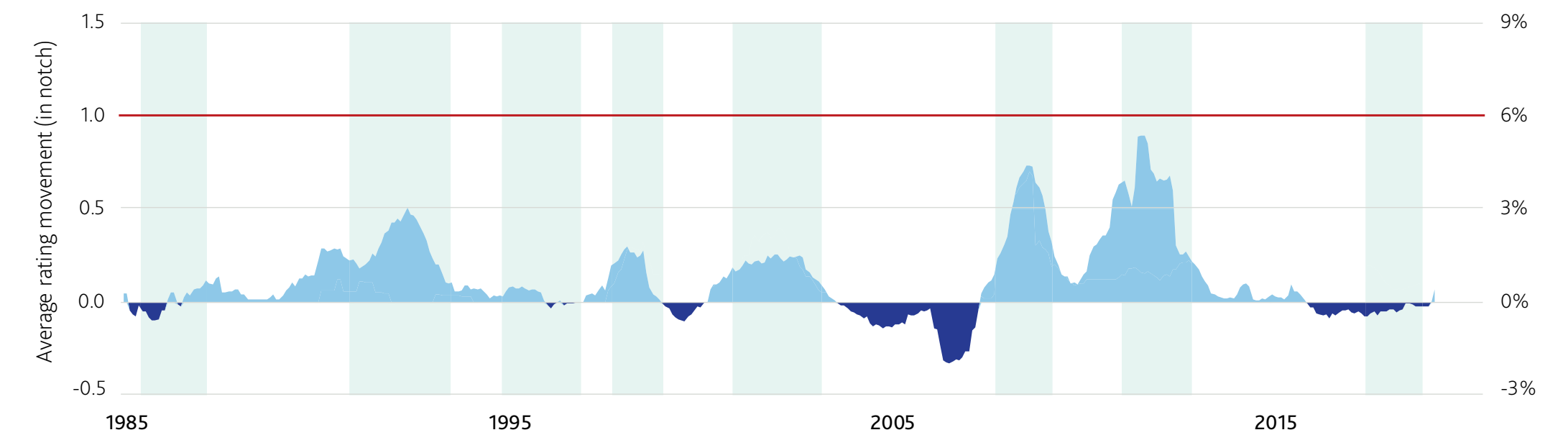
Source: Moody's Investors Service

Moody's ratings naturally correlate with credit cycles, but movements in Moody's ratings have been less than 1-notch, looking through credit cycles

1920-2020 



1985-2020 



Moody's report "Ratings move with the credit cycle, but do not amplify it," 12 May 2020
 Note: The donut charts capture global rating data from January 1999 to April 2020.
 Large rating changes are more than two-notches movement during the same period of two decades.