The widening in corporate bond spreads in late 2018 was driven by higher risk premiums... with approximately $200 billion in BBB-rated bonds trading closer to high yield than the BBB curve.

Waves of downgrades are not uncommon, tend to be led by certain sectors, and are not necessarily associated with recessions.

Sources: Barclays; Bloomberg Finance L.P.; Moody’s; and IMF staff calculations.
Note: HY = high yield.