Figure 1.15. U.S. Credit Spreads, Firm Leverage, and Interest Coverage

1. Investment-Grade and High-Yield Credit Spreads
   (Z-score vis-à-vis the respective historical distribution)

2. U.S. B Rated Corporate Bonds: Breakeven Spreads
   (Basis points)

3. Nonfinancial Corporate Leverage
   (Median)

4. Nonfinancial Interest Coverage Ratio
   (Times; weak tail)

Sources: Bank of America Merrill Lynch; and Bloomberg, L.P.
Note: Z-scores relative to the respective historical distribution of option-adjusted spreads.

Sources: Bank of America Merrill Lynch; Moody’s; and IMF staff estimates.

Source: Standard & Poor’s Capital IQ.
Note: Small-cap and large-cap firms are defined as having market capitalizations of $100 million to $1 billion, and greater than $5 billion, respectively. The sample is a balanced panel of 1,695 firms. Standard & Poor’s Capital IQ classifies duty taxes related to exploration and production in the energy sector as operating expenses. EBITDA = earnings before interest, taxes, depreciation, and amortization; LTM = last 12 months.