

Sector Curves

Independent data on CDS, Bonds, Loans and Securitised Product Industry and Rating Curves

Regulators and auditors are now increasing scrutiny of the accuracy and robustness of data used as inputs for valuations and risk calculations. Demand for market-implied proxies with granularity across region, sector and rating buckets is growing as firms respond to current industry best practice. We use a multivariate factor value model and advanced curve fitting methods to compute sector curves across Bonds, CDS, Loans, US Municipals and Securitised Products.

Daily sector curves are generated across various countries, global regions, sectors, currency and ratings using end of day pricing on 2.8m+ securities. These curves can be used for a variety of purposes.

- Valuations – Use a comparable curve to value illiquid instruments. Granular curves allows to minimize subjective inputs
- Risk Management – Proxy returns for market risk calculations
- CVA calculations - Proxy counterparty risk with a market-implied survival probability to fuel CVA calculations
- Relative valuation analysis – Investment analysis to identify individual issuer's Richness/cheapness relative to peers in the industry.
- Fixed Income Factor Models – Decompose returns into macro economic factors

In a world of volatile markets, reliable and objective data is central to building resilience to the organization by identifying, assessing, monitoring and mitigating risk. It is vital that accurate and stable datasets are used in calculating risk measures such as VaR, expected shortfall and Stress testing.

Broad coverage and deep granularity

Sector curve data available across countries, regions, ratings, currency and seniority. With a wide range of curves to choose from, one can minimize the need for subjective adjustments required for accurate valuations.

Award winning security pricing

The sector curves we create utilize award winning evaluated security pricing. Our pricing service collates and scrubs a variety of pre and post trade data. Oversight by a global team of evaluators to ensure valuation accuracy.

Key stats

2.5m+

Corporate and Sovereign Curves

70,000+

Syndicated Loan Curves

8,000+

US Municipal Bond Curves

850+

CDS Sector Curves

160+

Securitized Product Curves

Customers

Asset Managers

Banks

Regulators

Hedge Funds

Multivariate factor value model

To calculate sector curves, we adopt accepted market practice of decomposing observable bond prices into fundamental contributing factors like country, currency, rating and industry. In the model, the factor values are calibrated using cross sectional multivariate regression. Furthermore, we introduce various curve fitting methods into the multivariate regression to calibrate full term structure of the factor values.

The multivariate factor value model

- Constructs a wide range of curves, even when single security pricing information can be sparse.
- Constructs curves across sectors, ratings, currency, seniority and country factors consistently.
- Curves reflect market movements while minimizing noise.
- Sound economic relationships between the curves.

Deep history

We offer historical data that covers prominent stressed periods in the markets for most asset classes.

- CDS Sector curves - from 2007
 - Bond Sector curves - from 2007
 - Loans sector curves - from 2012
 - Municipal Bond Sector curves – from 2018
- Securitized Products sector curves – from 2005*, 2012#

* European ABS; # - US Securitized Products

Consistent and comparable methodologies across asset class

Our capabilities in single security pricing coverage across multiple asset classes allows us to be in a unique position to offer cross asset class perspectives such as

- CDS vs Bonds
- Bonds vs loans

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