

Fitch Solutions: Takeover Rumors Lead to 46% Widening for Kellogg CDS

Written by Australian Business

NEW YORK--([BUSINESS WIRE](#))--Takeover rumors in recent days have led to a significant widening of credit default swap (CDS) spreads for Kellogg Company, according to Fitch Solutions in its latest case study.

Five-year CDS on Kellogg have widened 46% over the past month. In fact, 'much of the spread widening for Kellogg has happened since late last week and driven largely by speculation that they could be targeted for acquisition,' said Director Diana Allmendinger.

Kellogg CDS widening significantly underperformed other North American food and beverage companies, whose CDS moved out just 3% during the same time period. After pricing consistently in 'A+' territory, credit protection on Kellogg's debt is now pricing in line with 'BBB+' levels,' said Allmendinger.

Fitch Solutions case studies build on data from its CDS Pricing Service and proprietary quantitative models, including CDS Implied Ratings. These credit risk indicators are designed to provide real-time, market-based views of creditworthiness. As such, they can and often do reflect more short term market views on factors such as currencies, seasonal market effects and short-term technical influences. This is in contrast to Fitch Ratings' Issuer Default Ratings (IDRs), which are based on forward-looking fundamental credit analysis over an extended period of time.

Additional information about Fitch Solutions' products is available in the link below:

<http://www.fitchratings.com/jsp/creditdesk/ProductsAndServices.faces?context=2&default=130>

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