

Fitch Solutions: Alstom's CDS Tighten 42% Since Last Week

Written by Australian Business

NEW YORK--([BUSINESS WIRE](#))--A potential new bidder for Alstom SA has led to significantly tighter credit default swap (CDS) spreads in recent days, according to Fitch Solutions in its latest CDS case study.

Five-year CDS on Alstom have come in 42% since this past Thursday, with credit protection now trading in investment grade territory (in line with 'BBB-' entities). CDS liquidity for Alstom has been falling steadily since March to the 38th regional percentile from the 20th.

'The CDS market seems to be reacting favorably to news that Siemens has reached out to Alstom to discuss strategic opportunities, which would potentially put a wrench in General Electric's bid for the French power and transport giant,' said Director Diana 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&defaultAction=tail=130>

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