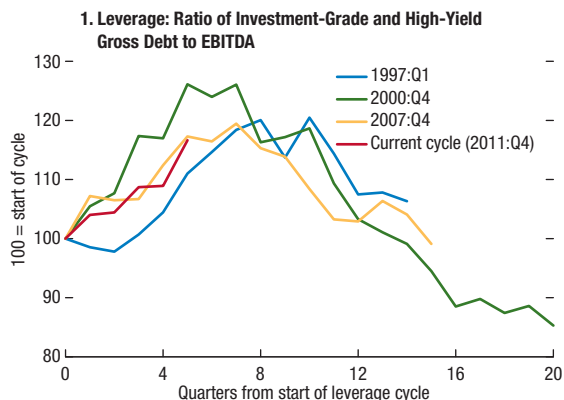
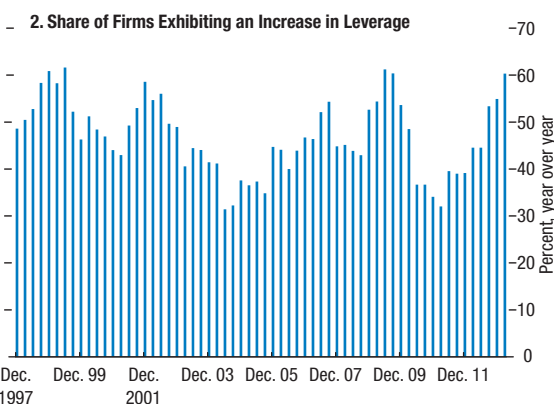


## Figure 1.6. U.S. Nonfinancial Firms' Credit Fundamentals

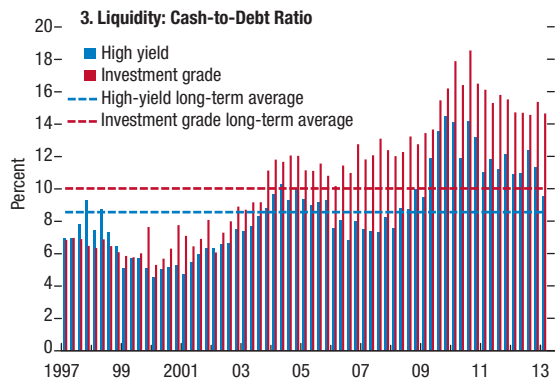
Leverage has risen meaningfully as debt levels have grown and EBITDA gains have slowed.



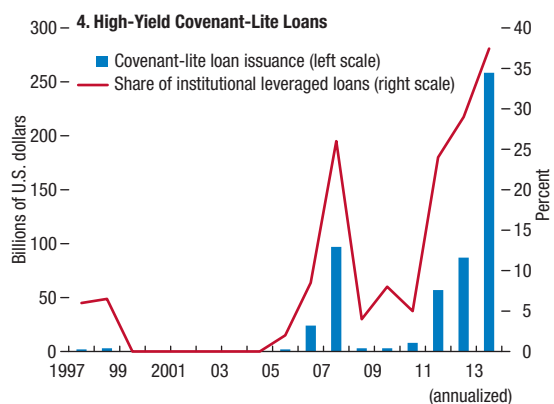
The trend has been broad based, with leverage rising among both low- and high-quality credit.



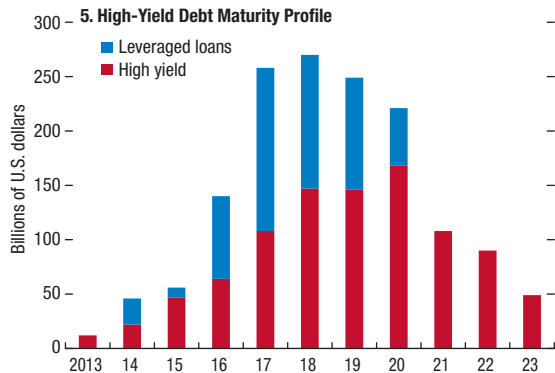
Liquidity conditions are deteriorating...



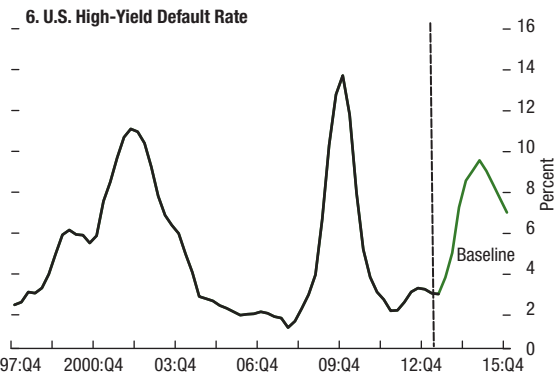
...while underwriting standards continue to weaken.



Refinancing risk is not an immediate concern because of low rates and liability management...



...but defaults are still on track to rise owing to past excesses and a turn in the credit cycle.



Sources: Deutsche Bank; Federal Reserve; Moody's; Morgan Stanley; S&P Leveraged Commentary and Data; Thomson Reuters; and IMF staff estimates. Note: EBITDA = earnings before interest, taxes, depreciation, and amortization.