

Morningstar Sees Opportunity In The Credit Market Everyone Is Worried About

Forbes – Michael Cannivet

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Morningstar Inc. is looking to shakeup the credit rating industry. The company's timing couldn't be better. "We have probably the riskiest credit market that we have ever had," Scott Mather told Bloomberg Television on Wednesday. Mather is Chief Investment Officer of U.S. core strategies at the bond giant, PIMCO. He and his colleagues see a lot of disruption potential in financial markets over the coming years. "We see it in the buildup in corporate leverage, the decline in credit quality, and declining underwriting standards -- all this late-cycle credit behavior we began to see in 2005 and 2006," said Mather.

On the same day as Mather's interview, Morningstar -- an independent research and data provider based in Chicago -- announced it is acquiring DBRS Ltd., the world's fourth-largest credit ratings agency. The \$669 million deal will be financed with a mix of cash and debt. There's a lot to like about this deal, from multiple angles.

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