

Glossary

Here we explain central terms of the CIO View Special.

Bakken is one of the most active oil fields in the United States.

The Barclays US High Yield Oil Field Services index tracks the performance of U.S. dollar denominated below investment grade corporate debt from oil field services companies publicly issued in the US domestic market.

A barrel (b) is a unit of volume which is commonly used to measure crude oil and is defined as 42 U.S. gallons in the United States and Canada, which is about 159 litres.

Barrels per day (b/d) is a measure of oil output, represented by the number of barrels of oil produced in a single day.

Bifurcation literally means the point at which something splits in two (such as one segment of the market trading sharply lower, while the rest remains relatively stable).

Capital expenditure (Capex) are funds used by a company to acquire or upgrade physical assets such as property, industrial buildings or equipment.

Chapter 11 is a chapter of Title 11 of the United States Bankruptcy Code, which permits reorganization under the bankruptcy laws of the United States.

Contagion is the spreading of market disturbances from one regional market or market segment to others.

Default is the failure to meet the legal obligations of a loan, for example when a corporation or government fails to pay a bond which has reached maturity. A national or sovereign default is the failure or refusal of a government to repay its national debt.

Deflation is a sustained decrease in the general price level of goods and services.

Depletion is the decline in oil production of a well or geographic area. Over the medium term, oil-production declines occur in a predictable manner based on geological circumstances, governmental policies, and engineering practices.

A Developed Market (DM) is a country fully developed in terms of its economy and capital markets.

A dividend is a distribution of a portion of a company's earnings to its shareholders.

Downgrading refers to a negative change in the rating of a security, usually due to a material and fundamental change in the company's operations, future outlook or industry.

EBITDA is an accounting measure calculated using a company's net earnings, before interest expenses, taxes, depreciation and amortization are subtracted.

An emerging market (EM) is a country that has some characteristics of a developed market in terms of market efficiency, liquidity and other factors, but does not meet standards to be a developed market.

The European Central Bank (ECB) is the central bank for the Eurozone.

Face value is the nominal value of a security stated by the issuer. For stocks, it is the original cost of the stock shown on the certificate, for bonds, it is the amount paid to the holder at maturity.

Free cash flow (FCF) is a measure of financial performance calculated as operating cash flow minus capital expenditures. It shows how much cash a company is able to generate after deducting the money required to maintain or expand its asset base.

The gross-domestic-product (GDP) is the monetary value of all the finished goods and services produced within a country's borders in a specific time period.

The Harmonized Index of Consumer Prices (HICP), a list of the final costs paid by European consumers for the items in a basket of common goods, is produced by each European Union member state to help measure inflation and to guide the European Central Bank in formulating monetary policy.

Headline inflation is the raw inflation figure based on the consumer price index (CPI) and not adjusted for seasonality or for the often volatile elements of food and energy prices.

High-yield is often used as a shorthand for high-yield bonds.

High-yield (HY) bonds are high-paying bonds with a lower credit rating than investment-grade corporate bonds, Treasury bonds and municipal bonds.