

Primary Market Views €



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In a nutshell

Euro credit markets held up relatively well to the huge rise in sovereign yields. The German 10-year bond climbed to 2.9%, a 50 bp increase in less than two weeks. During this period, Euro IG spreads tightened and Euro HY spreads remained virtually stable. Following the increase in risk-free rates, Euro IG and HY yields rose to 3.3% and 5.5% respectively.

The sharp rise in interest rates is due to the announcement of Germany's massive €500 billion investment plan and upcoming spending in the defense sector. The German government wants to lift the debt brake restrictions and release funds to finance the country's defense and infrastructure. Furthermore, Europe will have to spend more to finance its defense as the United States threatens to reduce its security commitment to the EU. European leaders have agreed on an €800 billion rearmament plan.

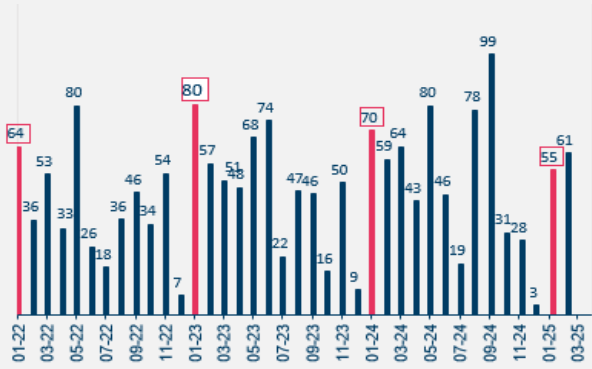
In this climate of high uncertainty, the ECB has adopted a more cautious tone regarding upcoming rate cuts. Christine Lagarde warns in particular of the inflation risks linked to increased spending on defense and infrastructure. The ECB still considers monetary policy to be "restrictive" but "reasonably less restrictive to the extent that rate cuts make new borrowing cheaper for businesses and households."

In the primary market, investor appetite remains strong, but growth fears linked to US tariffs could bring some volatility and more selectivity from investors.

Primary market Investment Grade

Euro IG primary market

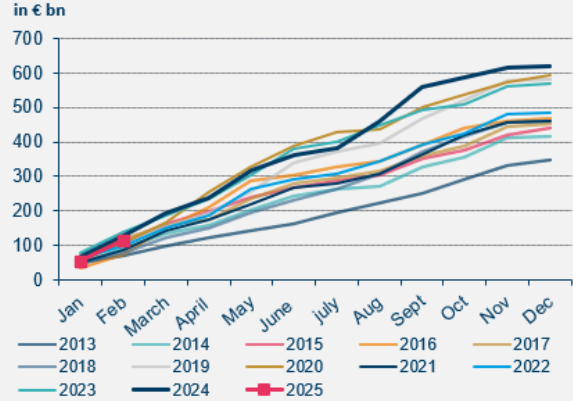
Monthly issuance (in €bn)



Source: Bloomberg, Amundi Inv. Inst., Data as of 28 February 2025

Euro IG primary market

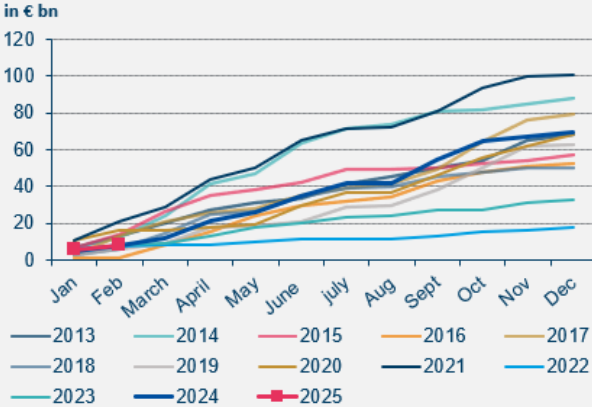
Cumulative flows (in €bn)



Source: Bloomberg, Amundi Inv. Institute, Data as of 28 February 2025

Euro HY primary market

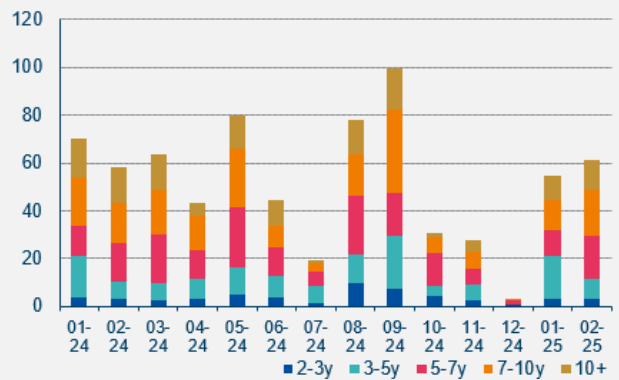
Cumulative monthly issuance (in €bn)



Source: Bloomberg, Amundi Inv. Institute, Data as of 28 February 2025

Euro IG primary market

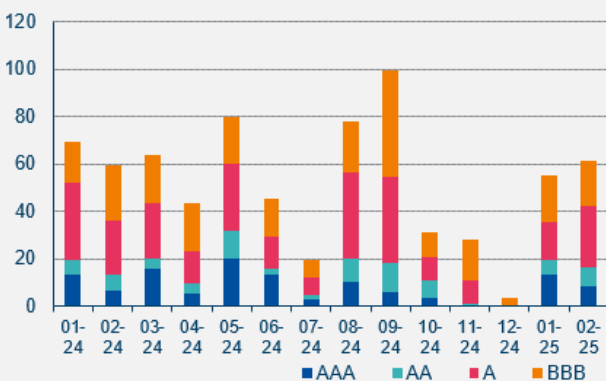
Monthly volume by maturity (in €bn)



Source: Bloomberg, Amundi Inv. Institute, Data as of 28 February 2025

Euro IG primary market

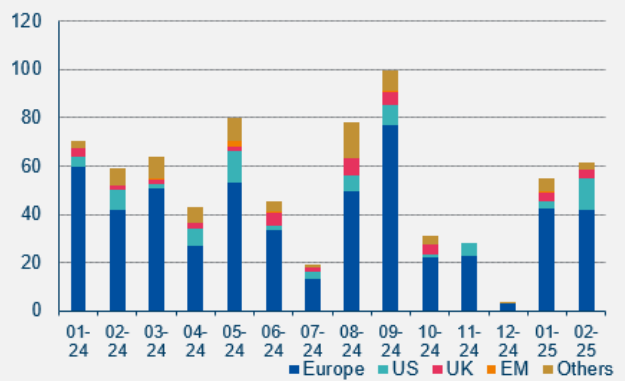
Monthly volume by rating (in €bn)



Source: Bloomberg, Amundi Inv. Institute, Data as of 28 February 2025

Euro IG primary market

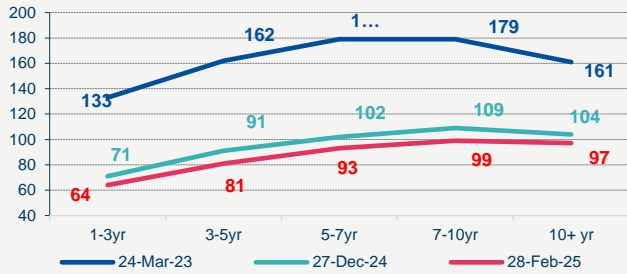
Monthly volume by country (in €bn)



Source: Bloomberg, Amundi Inv. Institute, Data as of 28 February 2025

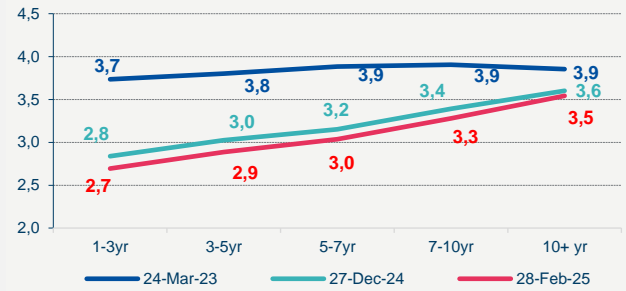
Market data

Euro IG A: OAS (in bp)



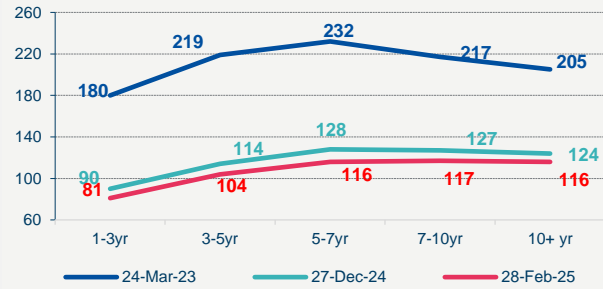
Source: Bloomberg, Amundi Investment Institute

Euro IG A: yield (in %)



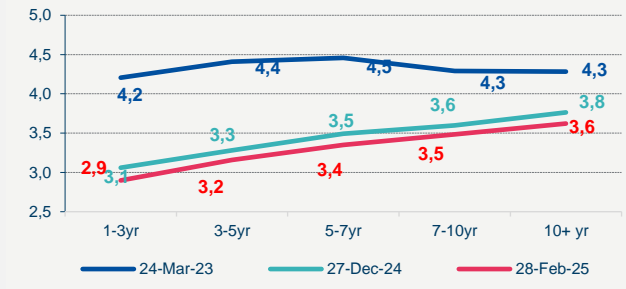
Source: Bloomberg, Amundi Investment Institute

Euro IG BBB: OAS (in bp)



Source: Bloomberg, Amundi Investment Institute

Euro IG BBB: yield (in %)



Source: Bloomberg, Amundi Investment Institute

IMPORTANT INFORMATION

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