

Trust
must be earned

Amundi
ASSET MANAGEMENT

Primary Market Views €

June 2024

In a nutshell

The Euro IG OAS spread has widened slightly in recent days to 109 bp after reaching a low of 106 bp. Euro High Yield OAS is close to 325 bps in mid-June after reaching a low of 313 bps.

The overall situation remains positive for risky assets: (1) economic activity remains resilient, (2) inflation is falling and (3) rate cuts remain on the table. The recent rise in political uncertainty has weighed slightly on euro spreads. With a budget deficit of 5.5% of GDP and an increase in public debt to 110.6% of GDP in 2023, France must reestablish a certain budgetary discipline to return to a deficit below 3%. The market considers to some extent that political fragmentation adds to uncertainty about the budgetary trajectory in France.

European activity was stronger than expected. Euro area real GDP increased 0.33%QoQ in Q1 2024. All major countries beat expectations and growth was the strongest in the south of Europe. The Eurozone's disinflationary process is well advanced.

The ECB cuts interest rates for the first time in five years as widely expected! Eurozone inflation has made considerable progress toward its target. Christine Lagarde considered the Euro zone inflation is under control after slowing from a peak above 10% in 2022 to 2.6% in May. It is now appropriate to moderate the degree of monetary policy restriction. However, patience remains the most appropriate path. Christine Lagarde confirmed that the ECB is not pre-committed to a particular rate path. Inflation in services is stickier than expected.

Activity on the corporate primary market remained solid in May.



ROUGERON Sandrine

Global Head of Corporate Clients and Corporate Pension Funds

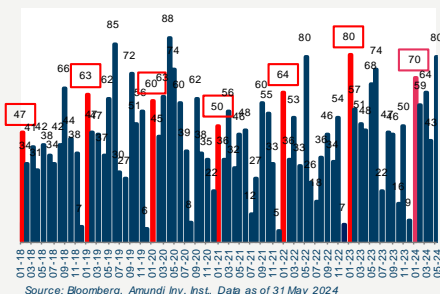


AINOUZ Valentine, CFA

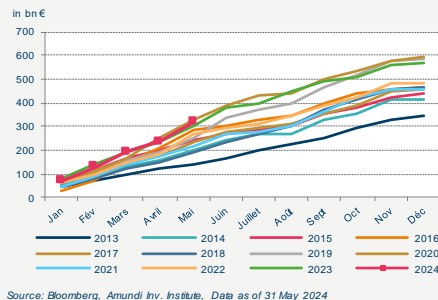
Head of Global Fixed Income Strategy, Amundi Investment Institute

Primary market Investment Grade

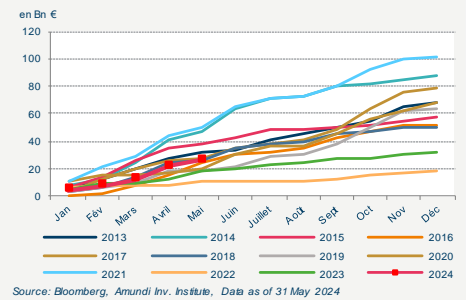
Euro IG primary market Monthly issuance (in €bn)



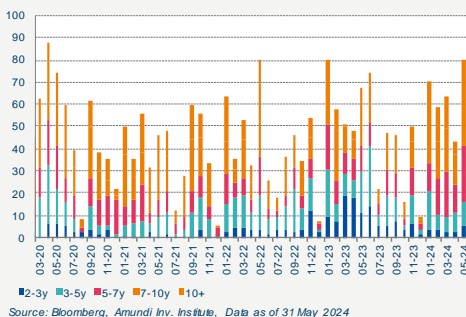
Euro IG primary market Cumulative flows (in €bn)



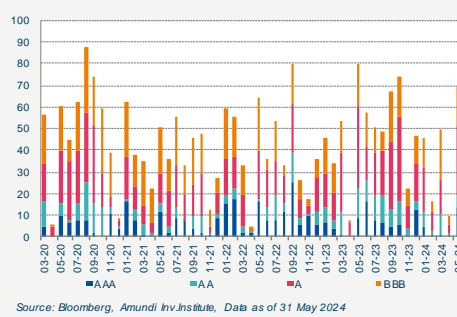
Euro HY primary market Cumulative monthly issuance (in €bn)



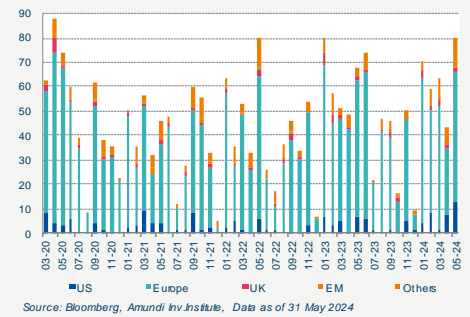
Euro IG primary market Monthly volume by maturity (in €bn)



Euro IG primary market Monthly volume by rating (in €bn)



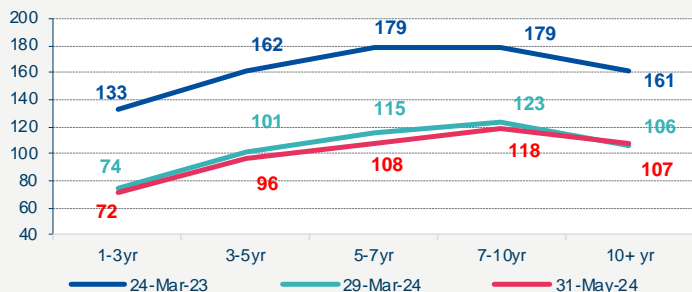
Euro IG primary market Monthly volume by country (in €bn)



Past performance is no guarantee of future yield. An investment might appreciate or depreciate depending on market fluctuations.

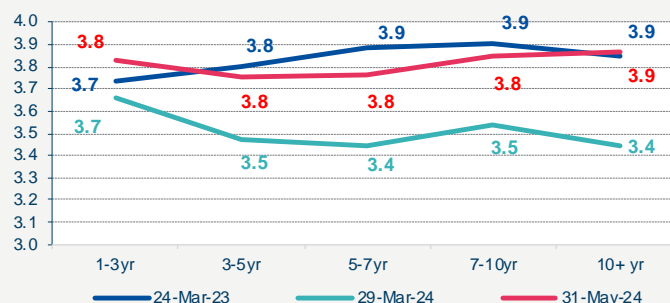
Market data

Euro IG A: OAS (in bp)



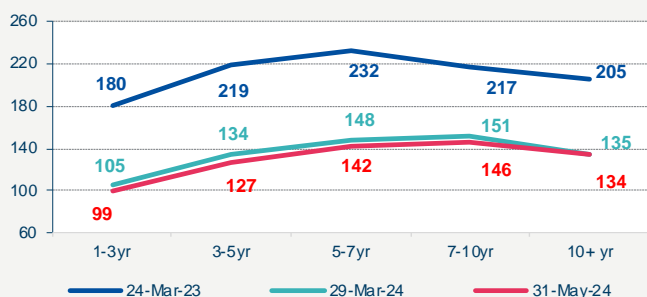
Source: Bloomberg, Amundi Investment Institute

Euro IG A: yield (in%)



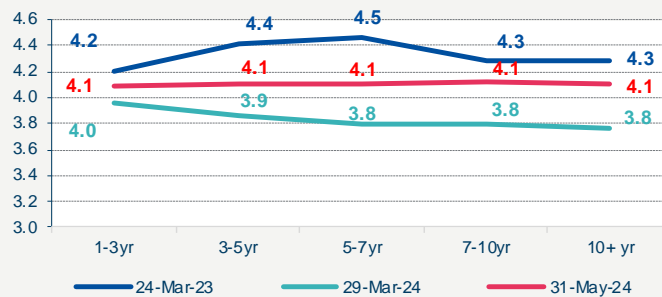
Source: Bloomberg, Amundi Investment Institute

Euro IG BBB: OAS (in bp)



Source: Bloomberg, Amundi Investment Institute

Euro IG BBB: yield (in%)



Source: Bloomberg, Amundi Investment Institute

Past performance is no guarantee of future yield. An investment might appreciate or depreciate depending on market fluctuations.

IMPORTANT INFORMATION - Unless otherwise stated, all information contained in this document is from Amundi Asset Management S.A.S. and is as of June 2024. Diversification does not guarantee a profit or protect against a loss. The views expressed regarding market and economic trends are those of the author and not necessarily Amundi Asset Management S.A.S. and are subject to change at any time based on market and other conditions, and there can be no assurance that countries, markets or sectors will perform as expected.

These views should not be relied upon as investment advice, a security recommendation, or as an indication of trading for any Amundi product. This material does not constitute an offer or solicitation to buy or sell any security, fund units or services. Investment involves risks, including market, political, liquidity and currency risks. Past performance is not a guarantee or indicative of future results.

Date of first use: June 2024