

Primary Market View €

The news of the month

Confidence must be earned

Amundi
ASSET MANAGEMENT

The essential

- In April, credit spreads widened again following a rate shock (a record April for bond rate rise and repricing of central banks expected rate hikes), a growth shock (China's Zero Covid policy) and a refinancing shock (high yield issuance volumes down sharply over one year, by around 70%). However, despite the geopolitical news flow keeps failing to show better signs, Russia's suspension of gas supplies to Poland and Bulgaria had a limited impact on credit market.
- Inflation continues to be at the centre of attention: it initially accelerated due to energy prices, commodity prices and supply bottlenecks. The war in Ukraine and the ongoing containment measures in China have amplified these inflationary pressures. Supply bottlenecks persist much longer than expected. As a result, risks to the inflation outlook are still tilted to the upside.
- The ECB remained much more focused on the risk of inflation expectations becoming unanchored than on the downside risks weighing on growth. Several members of the Governing Council confirmed the high probability of the end of the asset purchases (APP) at the end of June, and the support for a possible 25bp hike in July.
- Activity on the primary Euro Investment Grade market slowed in April compared to March when it had accelerated. However, activity on the Euro High Yield markets was nil in April and remained very weak over the last three months. We expect investors to remain increasingly selective in the coming months.

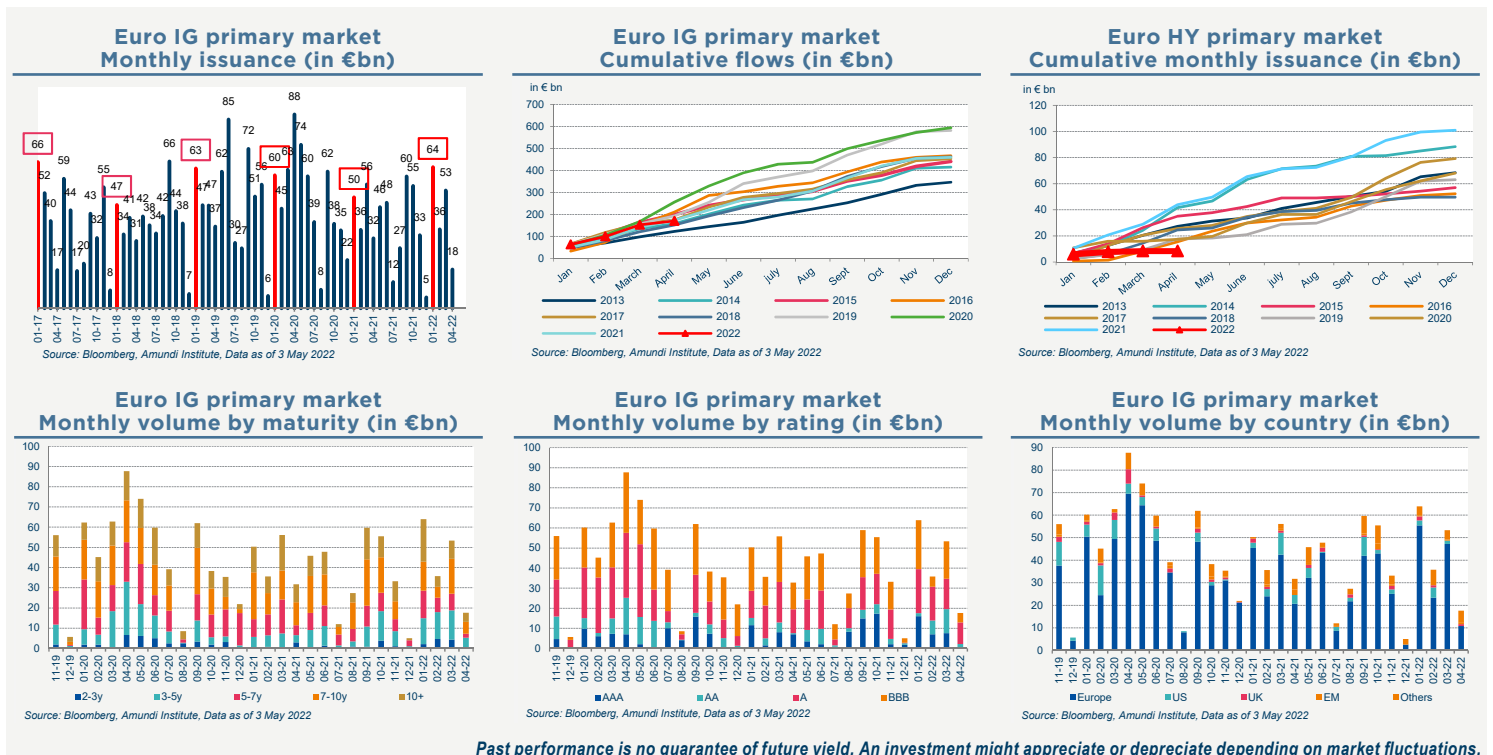


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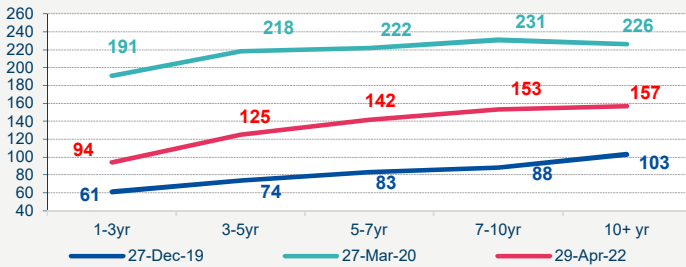
Primary market Investment Grade



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

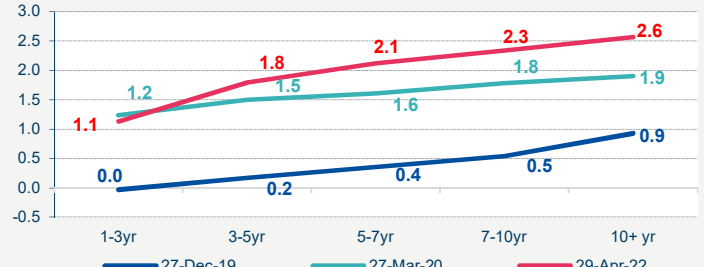
Market data

Euro IG A: OAS (in bp)



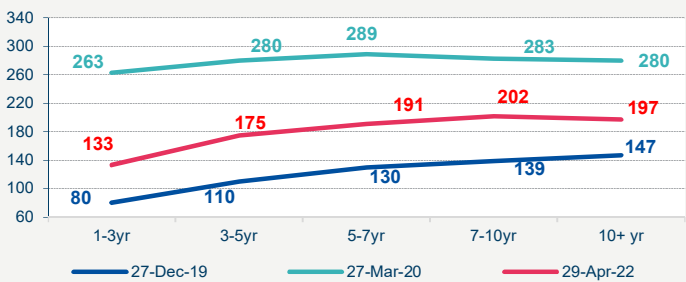
Source: Bloomberg, Amundi Institute

Euro IG A: yield (in %)



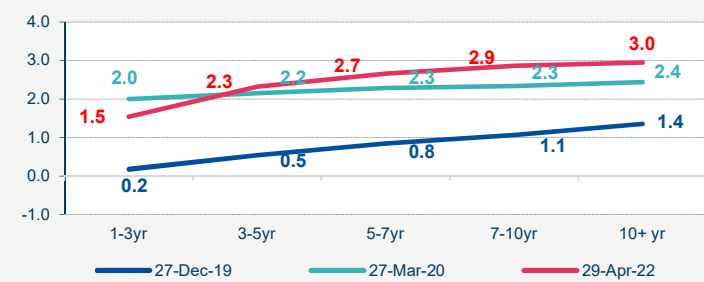
Source: Bloomberg, Amundi Institute

Euro IG BBB: OAS (in bp)



Source: Bloomberg, Amundi Institute

Euro IG BBB: yield (in %)



Source: Bloomberg, Amundi Institute

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