

# Primary Market View € IG

The news of the month

Confidence must be earned

**Amundi**  
ASSET MANAGEMENT

## The essential

### 2021 outlook

- **We have a positive stance on risky assets:** we expect global growth to recover in H2 2021 (Covid vaccines and fiscal support) while central banks will maintain very accommodative financial conditions.
- The technical backdrop for the euro credit market remains extremely supportive:
  - **Overfunding in 2020 will limit supply in 2021.** This lack of supply reflects investors lower need to tap the market and their confidence in their liquidity positions. Many companies have increased their cash holdings during this crisis.
  - **The ECB will continue to provide a strong support to the euro credit market via its corporate sector purchase program (CSPP).** The ECB purchases of corporate bond should be around €8bn per months. The ECB's purchases will likely depend on market conditions. By the end of 2021, the ECB could hold nearly 40% of eligible assets on its balance sheet.
  - **The ECB also provides ample liquidity to the financial sector via TLTROs,** which limits the need for issuance of senior securities.
- **Fundamentals will also improve in 2021 for most companies** with improvement on the earnings side and careful management on the debt side. We expect lower quality and cyclical sectors to show more balance sheet discipline. These issuers have accumulated debt due to the decline in economic activity and are now more leverage-constrained.

We expect in 2021 lower supply to come along with an improvement in fundamentals. M&A will also be a factor to monitor (especially in the US).

Editor



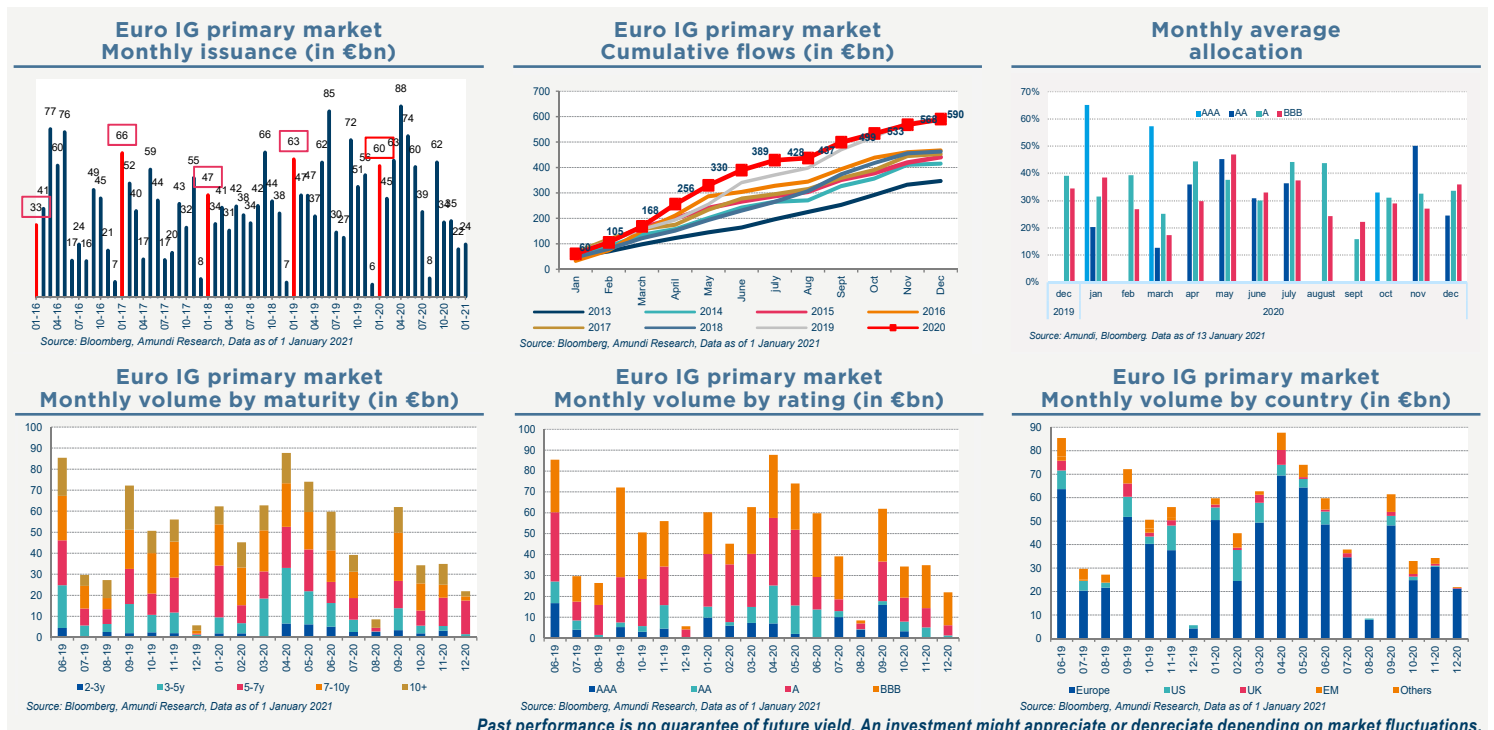
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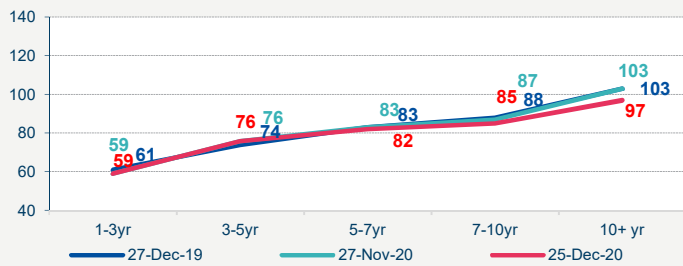
## Primary market Investment Grade



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

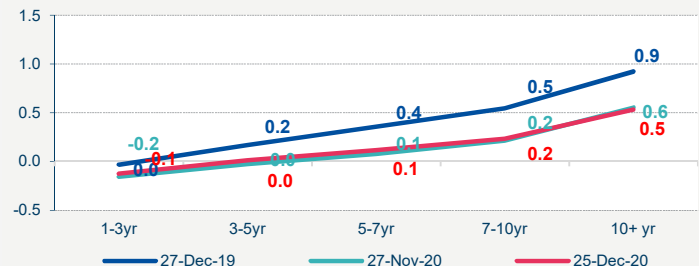
Market data

Euro IG A: OAS (in bp)



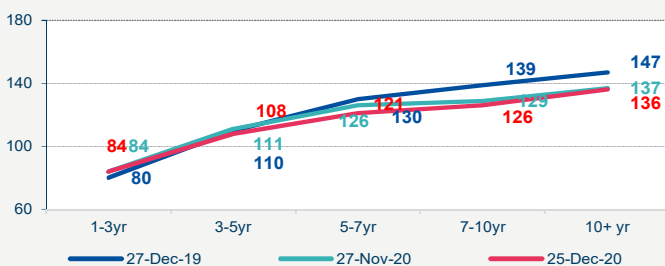
Source: Bloomberg, Amundi Research

Euro IG A: yield (in %)



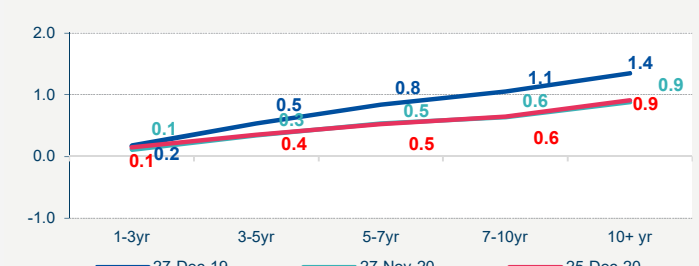
Source: Bloomberg, Amundi Research

Euro IG BBB: OAS (in bp)



Source: Bloomberg, Amundi Research

Euro IG BBB: yield (in %)



Source: Bloomberg, Amundi Research

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Main bonds issues in Euro IG

| TRADE DATE | ISIN         | TICKERS               | ISSUER NAME              | MATURITY   | INDUSTRY               | RATING | CURRENCY | ISSUE AMOUNT  | BOOK AMOUNT   | % THEORETICAL ALLOCATION | SPREAD (MS+) | COUPON in % |
|------------|--------------|-----------------------|--------------------------|------------|------------------------|--------|----------|---------------|---------------|--------------------------|--------------|-------------|
| 01/12/2020 | XS2270142966 | DBHNGR 0 5/8 12/08/50 | DEUTSCHE BAHN FIN GMBH   | 08/12/2050 | Industrial             | AA     | EUR      | 1,000,000,000 | 4,100,000,000 | 24%                      | MS+63        | 0.625       |
| 02/12/2020 | FR0014000Y93 | ACAFFP 0 1/8 12/09/27 | CREDIT AGRICOLE SA       | 09/12/2027 | Financial              | A      | EUR      | 1,000,000,000 | 2,250,000,000 | 44%                      | MS+60        | 0.125       |
| 09/12/2020 | XS2273810510 | ARNDTN 0 07/16/26     | AROWNTOWN SA             | 16/07/2026 | Financial              | BBB    | EUR      | 1,000,000,000 | 2,200,000,000 | 45%                      | MS+80        | 0           |
| 01/12/2020 | XS2270147924 | BPLN 0.933 12/04/40   | BP CAPITAL MARKETS BV    | 04/12/2040 | Energy                 | A      | EUR      | 750,000,000   | 2,400,000,000 | 31%                      | MS+90        | 0.933       |
| 03/12/2020 | XS2271225281 | GYCGR 1 1/2 PERP      | GRAND CITY PROPERTIES SA | PERP       | Financial              | BBB    | EUR      | 700,000,000   | 2,200,000,000 | 32%                      | 0            | 1.5         |
| 08/12/2020 | XS2271332285 | SBBBSS 0 3/4 12/14/28 | SBB TREASURY OYJ         | 14/12/2028 | Financial              | BBB    | EUR      | 700,000,000   | 1,750,000,000 | 40%                      | MS+125       | 0.75        |
| 04/12/2020 | XS2260426288 | TOYOTA 0 3/4 11/19/26 | TOYOTA MOTOR CREDIT CORP | 19/11/2026 | Consumer, Cyclical     | A      | GBP      | 650,000,000   | 175,000,000   | 371%                     | G+70         | 0.75        |
| 05/11/2020 | ES0205032040 | FERSM 0.54 11/12/28   | FERROVIAL EMISIONES SA   | 12/11/2028 | Industrial             | BBB    | EUR      | 500,000,000   | 3,600,000,000 | 14%                      | MS+90        | 0.54        |
| 02/12/2020 | XS2270397016 | POSIM 0 1/2 12/10/28  | POSTE ITALIANE SPA       | 10/12/2028 | Industrial             | BBB    | EUR      | 500,000,000   | 6,000,000,000 | 8%                       | MS+85        | 0.5         |
| 02/12/2020 | XS2270406452 | MOLNLY 0 5/8 01/15/31 | MOLNLYCKE HOLDING AB     | 15/01/2031 | Consumer, Non-cyclical | BBB    | EUR      | 400,000,000   | 1,250,000,000 | 32%                      | MS+85        | 0.625       |
| 01/12/2020 | XS221183244  | PRXNA 1.539 08/03/28  | PROSUS NV                | 03/08/2028 | Communications         | BBB    | EUR      | 350,000,000   | 1,100,000,000 | 32%                      | MS+1,55      | 1.539       |
| 08/12/2020 | FR00140010J1 | ALTAFP 1 3/4 01/16/30 | ALTAREA                  | 16/01/2030 | Financial              | BBB    | EUR      | 300,000,000   | 2,500,000,000 | 12%                      | MS+210       | 1.75        |
| 10/12/2020 | XS2275029085 | IREIM 0 1/4 01/17/31  | IREN SPA                 | 17/01/2031 | Utilities              | BBB    | EUR      | 300,000,000   | 460,000,000   | 65%                      | MS+64        | 0.25        |
| 10/12/2020 | XS2275029085 | IREIM 0 1/4 01/17/31  | IREN SPA                 | 17/01/2031 | Utilities              | BBB    | EUR      | 300,000,000   | 460,000,000   | 65%                      | MS+64        | 0.25        |
| 01/12/2020 | DE000DFK0GB1 | DZBK 0.05 12/08/27    | DZ BANK AG               | 08/12/2027 | Financial              | A      | EUR      | 250,000,000   | 850,000,000   | 29%                      | MS+48        | 0.05        |
| 01/12/2020 | DE000DFK0GB1 | DZBK 0.05 12/08/27    | DZ BANK AG               | 08/12/2027 | Financial              | A      | EUR      | 250,000,000   | 850,000,000   | 29%                      | MS+48        | 0.05        |
| 01/12/2020 | XS221183756  | PRXNA 2.031 08/03/32  | PROSUS NV                | 03/08/2032 | Communications         | BBB    | EUR      | 250,000,000   | 950,000,000   | 26%                      | MS+190       | 2.031       |

Source: Amundi

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