



## GLOBAL PROJECT BONDS MARKET OVERVIEW

## Recently closed transactions (October otherwise stated)

## ENERGY

- **Eliantus Energy:** the Spanish renewable energy company mainly owned by Elliot and JZ International (both American investment firms) issued a c.€67MM Solar PV Project Bond with a 3.723% fixed coupon.
- **Enbridge's Renewable Portfolio (BBB):** C\$678MM and \$148MM in 15.5-year senior secured notes backed by Clover LP's solar and wind portfolio in Canada. The bonds were rated BBB by DBRS and split between an C\$678MM 7.7 years of average life tranche at C+175bps and a \$148MM 9 years of average life tranche at T+175bps. (Sponsor: Canada Pension Plan Investment Board (CPPIB))
- **Pirapora I PV Solar:** R\$220MM (\$60MM eq.) in 16-year senior secured notes issued to finance a 192MW solar PV project in Brazilian state of Minas Gerais. The project output is fully contracted to the chamber of power commercialization (CCEE) with a 20 year PPA. The credit enhancements granted by the R\$315MM credit guarantee provided by the multilateral agencies IDB and IDB Invest as well as the tax exemption benefiting infrastructure debenture contributed to the successful distribution of this note which was 2x oversubscribed. (Sponsors: EDF Energies Nouvelles (80%) and Canadian Solar (20%))
- **Vier Gas Transport (A-):** the holding company of Open Grid Europe, Germany's largest gas transmission operator, issued €500MM in 10-year bond. The notes were priced at 57bps over mid-swaps for a 1.5% coupon and were issued first since its inaugural €1.5BN bond in 2013. (Sponsors: Macquarie, British Columbia Investment Management, Abu Dhabi Investment Authority and Munich Re) (September)
- **Australia Pacific LNG (BBB):** \$1.4BN in 12-year senior secured notes issued in the US private placement market to refinance a coal seam gas to liquefied natural gas project constructed in Queensland, Australia. The issuance is viewed as an NAIC-2(Baa2) and priced at 4.82% with an average life of 10 years. (Sponsors: ConocoPhillips (37.5%), Origin Energy (37.5%), Sinopec (25%)) (September)

## INFRASTRUCTURE

- **AVR Afvaverwerking B.V.:** €50MM in 10-year senior secured notes successfully issued in the USPP market by the leading Energy-from-Waste company AVR, with both European and US investors. **Crédit Agricole CIB acted as Sole Placement Agent.**
- **Cory Riverside Energy:** the London energy from waste plant operator, recently purchased by a Dalmore-led consortium, closed its £550MM refinancing across two fully-amortising tranches including a £337m 20-year tranche subscribed by four institutional investors.
- **Indiana's Purdue University Housing:** the \$116MM in 45-year notes issued to finance two new student housing facilities, adding around 1,300 beds to the West Lafayette campus. (Sponsor: Plenary Properties Purdue consortium)
- **Sydney Airport (BBB+):** A\$400MM in senior secured notes issued in the US private placement market to refinance the existing debt facilities of the Sydney Airport. The issuance was split in four tranches with maturities ranging from 15 to 30 years.
- **Heathrow Funding Limited (A-):** the funding vehicle for Heathrow Airport launched A\$175MM of Kangaroo bond with 10 years of bullet maturity at 140bps. The coupon is 4.15%, and the deal was Heathrow's first Australian bond issue.
- **Aéroports de Paris (A+):** the French airport operator became the third issuer to successfully price a 20yr bond after the summer break, with a €500MM bond paying an annual coupon of 2.125%. **Crédit Agricole CIB acted as Joint Bookrunner.**
- **Gordie Howe Bridge PPP (A-):** the C\$446MM senior secured notes and C\$587MM senior construction loan were issued to build the bridge that will span the US-Canada border from Michigan to Ontario. The notes were rated A- by S&P and split between an C\$157MM 20-year tranche at 4.023% and a C\$289MM 35-year tranche at 4.341%. (September)

## EMEA TRANSACTION SPOTLIGHT

- **The Project:** AVR is a leading Energy-from-Waste company in the Netherlands focused on production and supply of renewable energy and operating across two strategic locations, Rozenburg and Duiven. The company is specialised in the processing of various types of residual waste that converted into energy and raw materials for households and companies. In 2014 AVR issued an inaugural USPP for €300MM equivalent in October 2014 (CACIB acted as Joint Placement Agent).
- **The Transaction:** the management met its existing investors in Miami during the 2018 Private Placements Industry Forum for the US investors and in London/Paris for the European investors, with a view to issue a new USPP later in the year. AVR received enough positive feedbacks to approach only existing investors as part of the new issue: €50MM bond notes were finally priced at the tight end of the guidance, with three US and two European investors. **Crédit Agricole CIB acted as Sole Placement Agent.**

## AMERICAS TRANSACTION SPOTLIGHT

- **The Project:** the Enbridge Canadian Renewable LP (the Project) owns an approximately 74% interest in a 1,403MW portfolio of 11 operating wind-power-generating facilities (1,303MW) and three operating solar-power-generating facilities (100MW) located across Canada. The portfolio is contracted under PPA and/or swap agreements for delivery of electricity and renewable energy credit with creditworthy counterparties. Canada Pension Plan Investment Board (CPPIB) recently purchased 49% of the interest of the Project.
- **The Transaction:** C\$688MM and \$148MM 15.5-year senior secured notes were issued to refinance the bridge loan that was used to finance CPPIB's interest in the Project. The issuer, Clover Limited Partnership, is a HoldCo SPV owned by CPPIB. The remaining 51% of the Project is owned by Enbridge Pipeline, Inc. The Notes were rated BBB by DBRS. CPPIB

\* Source: Crédit Agricole Corporate &amp; Investment Bank, Bloomberg, PFI, IJGlobal,

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## GLOBAL PROJECT BONDS MARKET OVERVIEW (cont'd)

## Primary Issuances

ENERGY										
Issuer	Geography	Currency	Size (m)	Date	Tenor	WAL	Pricing	Spread at Issuance	Ratings (Moody's / S&P / Fitch)	
Eliantus Energy S.L.	EMEA	EUR	67	Oct-18	20	11	3.72%	--		
Enbridge's Renewable Portfolio	Nam	CAD	678	Oct-18	15.5	7.7	4.12%	C+175bps	BBB (DBRS)	
Pirapora I PV Solar	LatAm	BRL	220	Oct-18	16	Amort	Private	--	Private	
Vier Gas Transport	EMEA	EUR	500	Sep-18	10	--	1.50%	57bps	A- (S&P)	
Aurora Solar	Nam	CAD	309	Sep-18	15	8	4.11%	--	BBB+	
Cerberus' Spanish Solar Portfolio	EMEA	EUR	167	Sep-18	19	--	3.29%	--	Private	
Energia del Valle de Mexico II	LatAm	USD	469	Sep-18	22.3	17	6.02%	315bps	BBB-	
Cajamarca Transmission Line	LatAm	USD	100	Sep-18	29	--	--	--	-- / BBB- / --	
Northwestern Hydro Acquisition Co	Nam	CAD	650	Sep-18	16.5	Bullet	3.90%	--	A (low) (DBRS)	
Cheniere Energy Partners	Nam	USD	1,000	Sep-18	8	--	5.63%	--	Ba2 / BB / --	
Curtis-Teixeira Biomass Plant	EMEA	EUR	23	Aug-18	Private	Amort	Private	Private	--	
Eikeland-Steinsland	EMEA	EUR	350	Aug-18	Private	--	Private	Private	--	
Australia Pacific LNG Processing	Apac	USD	1,400	Aug-18	12	10	4.82%	200bps	BBB	
Aurora Infrastructure Power Grid	EMEA	EUR	240	Jul-18	Private	Bullet	Private	Private		
Séché Environnement	EMEA	EUR	150	Jul-18	7	Bullet	3.25%	270bps	--	
Opatho Gas Trans	Nam	USD	65	Jul-18	15	8.9	--	--	A-	
FLNG Liquefaction 3	Nam	USD	600	Jul-18	21	--	5.55%	T+265bps	-- / BBB- / BBB-	

INFRASTRUCTURE										
Issuer	Geography	Currency	Size (m)	Date	Tenor	WAL	Pricing	Spread at Issuance	Ratings (Moody's / S&P / Fitch)	
AVR Afvaverwerking B.V.	EMEA	EUR	50	Oct-18	10	Bullet	Private	Private	BBB+ (Fitch)	
Indiana's Purdue University Housing	Nam	USD	116	Oct-18	45	--	--	--	--	
Cory Riverside Energy	EMEA	GBP	337	Oct-18	20	Private	Floating	Private		
Northern Gas Networks Ltd	EMEA	GBP	50	Oct-18	10	10	--	G+116bps	Baa1 / BBB+	
		GBP	150		12	12	--	G+120bps (delayed funding)		
		AUD	63		15	--	--	--		
Sydney Airport	Apac	AUD	135	Oct-18	20	--	--	--	Private	
		AUD	100		25	--	--	--		
		AUD	100		30	--	--	--		
Heathrow Funding Limited	EMEA	AUD	175	Oct-18	10	Bullet	4.15%	140bps	-- / A- / A-	
Aéroports de Paris	EMEA	EUR	500	Oct-18	20	Bullet	2.13%	65bps	A+ (S&P)	
Gordie Howe Bridge PPP	Nam	CAD	157	Sep-18	20	--	4.02%	--	A- (S&P)	
		CAD	289		35	--	4.34%	--		
Autopista del Guadalmedina Toll Road	EMEA	EUR	196	Sep-18	23	--	3.70%	--	Private	
		EUR	33		11	--	6.25%	--		
Quadgas Finance plc	EMEA	GBP	350	Sep-18	11	Bullet	3.38%	200bps	BBB (S&P)	
West Park Healthcare Centre	Nam	CAD	171	Aug-18	34	--	4.00%	T+164.9bps	A3 / -- / --	
		CAD	48		15	--	3.70%	T+140.6bps		
Porterbrook Leasing Co Ltd	EMEA	GBP	100	Aug-18	10	Bullet	2.69%	163	--	
		GBP	150		10	Bullet	2.77%	171		
Severn Trent Plc	EMEA	EUR	30	Aug-18	10	Bullet	--	T+115	--	
		GBP	25		10	Bullet	--	G+124		
		GBP	135		15	Bullet	--	G+135		
		GBP	140		20	Bullet	--	G+129		
Société d'Infrastructures Gazières	EMEA	EUR	586	Jul-18	11.0	Bullet	2.72%	175bps		
[Storage company]	EMEA	EUR	Private	Jul-18	Private	Bullet	Private	Private		

## 3Q 2018 Global Project Bond League Tables - IJGlobal

League Table by Number of Transactions			League Table by Volume		
#	Institution Name	Transactions	#	Institution Name	(\$MM)
1	Sumitomo Mitsui	9	1	Citigroup	2,748
=	Mitsubishi UFJ	9	2	JPMorgan	2,103
3	Citigroup	8	3	Mitsubishi UFJ	1,625
=	HSBC	8	4	Bank of America	1,331
5	JPMorgan	7	5	HSBC	1,111
=	Credit Agricole	7	6	Societe Generale	1,003
7	Santander	6	7	Goldman Sachs	967
=	Royal Bank of Canada	6	8	Royal Bank of Canada	836
=	BNP Paribas	6	9	Barclays	814
=	Barclays	6	10	Sumitomo Mitsui	788
=	Societe Generale	6	11	Credit Agricole	676

\* Source: Crédit Agricole Corporate &amp; Investment Bank, Bloomberg, PFI, IJGlobal.



## BOND MARKET OVERVIEW

### Market update

#### EUR Bond Corporate Market

- After a busy September on the primary market, October was unsurprisingly very calm with most of IG Corporates on blackout period. **Political turmoil in Italy, trade tensions and the failure to reach an agreement concerning the Brexit** tempered the market's sentiment and also kept volume low. **US companies** were the main contributor, accounting for 28% of the total issuances over the month, while no unrated / inaugural issuer launched a transaction. For instance, unrated French electronic transactions company Ingenico Group decided not to proceed with its debut hybrid transaction following a roadshow the week before. Despite investor interests, market conditions during the target issuance window led Ingenico put the project on hold.
- Month-on-month volumes were consequently down to **€17.3Bn in October** (from €35.9bn in September). Investors appear to have been more cautious this month compared to September: the average book size and the average transaction size have decreased respectively to **3.2x on average**, (vs. an oversubscription of 3.5x in September) and **€56M** (vs. €653M) in October. Nonetheless, the average maturity was higher on average at **8.5 years** (vs. 8.0 years) driven by **long maturity deals like ADP and Procter & Gamble**, who both launched 20yr tranches. All in all, **Year-to-Date volumes stand at €240.2Bn** against €268.4Bn during the same period last year (-c.10.5%).
- Pipeline remains robust for the month to come with potentially many issuers looking to come to the market in the last market window before the traditional winter slowdown in December and the unpredictable Q1 2019.

#### Key recent transactions

- French airport operator **Aéroports de Paris S.A** (A+ by S&P) successfully priced a €500M 20yr bond paying an annual coupon of 2.125%. On the same day, the French Assembly gave the green light for the sale of the State's 50.6% share in ADP. The transaction was launched as a €500M no grow with IPTs at m/s+90bps area. The order book grew with high quality accounts participating from inception. On the back of orders exceeding €3.2Bn, the official guidance was released at m/s+65-70bps, with an indication that the transaction would price in this range. Books kept growing to over €3.6Bn enabling to price the transaction at m/s+65bps area. Final demand represented an oversubscription of 7.2x, the second highest on this maturity this year. **Crédit Agricole CIB acted as Joint Bookrunner.**
- On October 24<sup>th</sup>, following a series of investor meetings the previous week, Dutch airport services company **Royal Schiphol** (A1/A+) launched a 12yr €500M green transaction announced as no grow. Books opened with IPTs at m/s+65bps area and guidance was released later at m/s+45-47bps (wpir). Books closed with a final demand of €2.9bn at a price of m/s+45bps, with an oversubscription of 5.8x.

#### GBP Public Market

- Sterling supply in 2018 has so far lagged behind the record volumes of last year.** Supply in 2017 far exceeded preceding years including 2016 when volumes started to pick up once again on the initiation of the BoE £10Bn corporate purchase scheme and indeed the knock-on effect of the ECB's QE. Credit markets have had a air of caution this year; monetary policy normalization and political / macro volatility has turned the GBP market in particular, into a window driven market.
- In the constructive September market window, we tended to see 2-3 issuers access the market per week. As we entered October this dropped as many corporations entered the result-reporting period and hence did not look to execute in the public debt markets.

#### US Public Market

- The investment-grade primary market has mostly taken the recent stock market volatility in stride. While some issuers have refrained from issuing bonds, leading to three blank sessions during October's last week, deal pricing has usually been in line or better than year-to-date averages. **YTD issuance volume stands at \$1.08tn**, trailing 9.3% behind last year's pace (\$1.20tn).
- After an active September, October was relatively slow with most IG Corporates in blackout. Trade concerns, Brexit and a volatile equity market resulted in lower issuance volumes. Investor caution has translated to slower book building process, lower oversubscriptions and higher concessions. On average, issuers paid ~10bps in concessions with most offerings ~1.5-2x covered.
- For the week ending October 31<sup>st</sup>, Lipper Fund Flows reported an outflow of \$3.75bn, the first material outflow (>\$1.0bn) since November 2016 and largest outflow since December 2015. This brings YTD fund flows to +\$67.7bn, versus net inflows of +\$108.1bn and +45.3bn in the first 44 weeks of 2017 and 2016, respectively.
- The IG Corporate pipeline continues to grow, although the number of issuance windows is shrinking as we approach the year-end holiday season. In the near term, investors are looking at **the Mid-Term Elections** (which determines the control of House and Senate) and **the upcoming FOMC meeting** concluding on November 8<sup>th</sup>. The Fed is expected to leave the Fed Funds rate unchanged.





## EMEA BOND MARKET OVERVIEW

## EMEA market – Public secondary levels

Sources: Crédit Agricole CIB, Bloomberg

ENERGY										
Pricing date	Issuer	Country	Moody's	S&P	Maturity	Size	Coupon	Bid I Spread	Bid YTM	
21/02/2017	2i Rete Gas	Italy	Baa2	BBB	2026	435	1,750%	181	2,63	
24/10/2017	2i Rete Gas	Italy	Baa2	BBB	2027	550	1,608%	190	2,85	
04/09/2018	2i Rete Gas	Italy	Baa2	BBB	2025	500	2,195%	179	2,48	
09/03/2017	A2A	Italy	Baa3	BBB	2024	300	1,250%	104	1,58	
10/12/2013	Elenia Finance	Finland	NR	BBB	2020	500	2,875%	31	0,32	
31/03/2017	Elia	Belgium	NR	BBB+	2027	250	1,375%	55	1,40	
20/11/2014	Fluxys Belgium	Belgium	NR	NR	2034	100	3,250%	110	2,54	
20/11/2014	Fluxys Belgium	Belgium	NR	NR	2029	250	2,750%	104	2,21	
28/09/2017	Fluxys Belgium	Belgium	NR	NR	2032	50	2,375%	113	2,56	
28/09/2017	Fluxys Belgium	Belgium	NR	NR	2027	300	1,750%	107	2,03	
22/11/2013	Madrilena Red de Gas Finance	Spain	NR	BBB	2023	275	4,500%	62	1,15	
05/04/2017	Madrilena Red de Gas Finance	Spain	NR	BBB	2029	300	2,250%	115	2,24	
05/04/2017	Madrilena Red de Gas Finance	Spain	NR	BBB	2025	300	1,375%	87	1,53	
05/07/2017	National Grid	UK	Baa1	BBB+	2024	500	1,000%	52	1,06	
21/09/2017	NorteGas	Spain	NR	BBB-	2027	750	2,065%	145	2,40	
21/09/2017	NorteGas	Spain	NR	BBB-	2022	550	0,918%	72	0,97	
24/03/2014	Redexis Gas	Spain	Baa3	BBB	2021	650	2,750%	60	0,83	
20/09/2018	RTE	France	NR	A	2038	500	2,125%	64	2,16	
20/09/2018	RTE	France	NR	A	2030	500	1,500%	51	1,69	
30/08/2017	SSE	UK	A3	A-	2025	600	0,875%	60	1,29	
28/08/2018	SSE	UK	A3	A-	2027	650	1,375%	74	1,67	
13/03/2017	Statkraft	Norway	Baa1	A-	2025	500	1,125%	37	0,97	
19/07/2017	Terna	Italy	Baa1	BBB	2027	1 000	1,375%	138	2,31	
03/06/2013	Vier Gas Transport	Germany	NR	BBB+	2025	750	2,875%	22	0,89	
03/06/2013	Vier Gas Transport	Germany	NR	A-	2020	750	2,000%	4	-0,04	
01/07/2013	Vier Gas Transport	Germany	NR	A-	2023	750	3,125%	13	0,53	
17/09/2018	Vier Gas Transport	Germany	NR	A-	2028	500	1,500%	55	1,54	
20/11/2015	Viesgo (IE2 Holdco)	Spain	NR	BBB-	2023	500	2,375%	106	1,54	
23/05/2016	Viesgo (IE2 Holdco)	Spain	NR	BBB-	2026	550	2,875%	160	2,39	
INFRASTRUCTURE AND TRANSPORTATION										
Pricing date	Issuer	Country	Moody's	S&P	Maturity	Size	Coupon	Bid I Spread	Bid YTM	
10/05/2016	Abertis	Spain	NR	BBB	2026	1 150	1,375%	144	2,25	
02/11/2016	Abertis	Spain	NR	BBB	2027	500	1,000%	139	2,29	
05/12/2013	Aeroporti Di Roma	Italy	Baa1	BBB+	2021	600	3,250%	92	1,02	
01/06/2017	Aeroporti Di Roma	Italy	Baa1	BBB+	2027	500	1,625%	147	2,43	
28/05/2013	Aéroports de Paris	France	NR	A+	2028	600	2,750%	36	1,35	
01/10/2014	Aéroports de Paris	France	NR	A+	2025	500	1,500%	29	0,92	
15/07/2015	Aéroports de Paris	France	NR	A+	2023	500	1,500%	8	0,49	
06/12/2017	Aéroports de Paris	France	NR	A+	2027	500	1,000%	36	1,30	
04/10/2018	Aéroport de Paris	France	NR	A+	2038	500	2,125%	53	2,04	
18/03/2015	Alpha Trains	Luxembourg	Baa2	NR	2025	350	2,064%	91	1,66	
01/06/2016	APRR	France	Baa2	A-	2026	700	1,125%	34	1,05	
16/11/2016	APRR	France	Baa2	A-	2031	500	1,875%	40	1,61	
16/11/2016	APRR	France	Baa2	A-	2027	500	1,250%	32	1,14	
31/05/2017	APRR	France	Baa2	A-	2032	500	1,625%	42	1,70	
06/11/2017	APRR	France	NR	A-	2033	700	1,500%	45	1,78	
04/05/2016	ASF	France	A3	A-	2026	500	1,000%	39	1,17	
05/01/2017	ASF	France	A3	A-	2027	1 000	1,250%	42	1,25	
05/04/2017	ASF	France	A3	A-	2026	500	1,125%	40	1,14	
10/01/2018	ASF	France	A3	A-	2030	1 000	1,375%	47	1,60	
21/06/2018	ASF	France	A3	A-	2028	700	1,375%	43	1,41	
26/01/2017	Atlantia	Italy	Baa2	BBB	2025	750	1,625%	249	3,25	
06/07/2017	Atlantia	Italy	Baa2	BBB	2027	1 000	1,875%	255	3,58	
18/09/2017	Autostrade	Italy	Baa1	BBB+	2029	700	1,875%	249	3,71	
03/05/2017	Brisa	Portugal	Baa3	NR	2027	300	2,375%	106	1,96	
25/06/2013	Brussels Airport	Belgium	Baa1	NR	2020	500	3,250%	8	0,03	
26/04/2017	Brussels Airport	Belgium	Aa1	NR	2024	300	1,000%	33	0,83	
03/02/2014	Heathrow Funding	UK	NR	A-	2030	750	1,500%	69	1,86	
13/05/2014	Heathrow Funding	UK	NR	A-	2022	600	1,875%	32	0,53	
28/06/2017	Heathrow Funding	UK	NR	A-	2032	500	1,875%	73	2,03	
17/11/2017	HIT	France	Baa3	NR	2027	500	1,625%	155	2,53	
17/11/2017	HIT	France	Baa3	NR	2023	500	0,625%	109	1,47	
09/10/2014	Infra Park (Indigo)	France	NR	BBB	2025	650	2,125%	66	1,30	
12/07/2017	Infra Park (Indigo)	France	NR	BBB	2037	125	2,951%	149	2,98	
19/07/2013	SANEF	France	Baa1	NR	2019	300	2,500%	0	0,07	
06/11/2015	SANEF	France	Baa1	NR	2026	600	1,875%	58	1,37	
11/10/2016	SANEF	France	Baa1	NR	2028	300	0,950%	71	1,79	
17/04/2018	Sydney Airport	Australia	Baa1	BBB+	2028	500	1,750%	70	1,67	
01/12/2017	Tank & Rast	Germany	Baa3	BBB-	2027	300	2,375%	208	3,09	
01/12/2017	Tank & Rast	Germany	Baa3	BBB-	2024	300	1,625%	158	2,21	
06/09/2017	Transurban	Australia	Baa1	BBB+	2028	500	1,750%	89	1,87	
20/01/2015	VTG Finance	Luxembourg	NR	NR	Perp	250	5,000%	184	7,65	



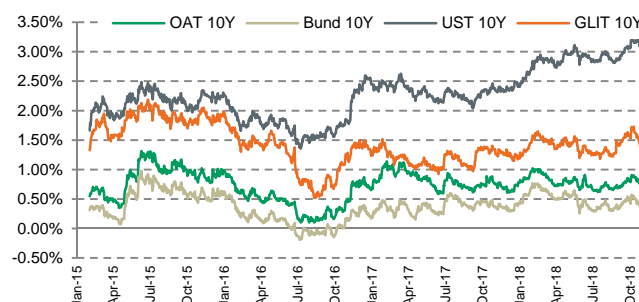
## MACROECONOMIC ENVIRONMENT

- During its last monetary meeting on October 25<sup>th</sup>, the ECB did not change its monetary-policy outlook or its assessment of the risks, despite the surrounding uncertainties. No specific decisions in October mean that some will have to be made in December, namely the details of the reinvestment program, a possible revision to the economic outlook – along with the update to the macroeconomic projections – on top of confirming the end of QE at the end of December. This suggests that the ECB is ready to accept some slowdown in growth and inflation momentum in course of its monetary policy normalization.
- Italy remained a major topic of concerns this month. After the European Commission unsurprisingly rejected the Italian budget proposal of 2.4% in 2019, the Italian government must respond by mid-November to this unprecedented action by the EC. Indeed, it is the first time that the European Commission decides for the immediate rejection on a budget plan. Matteo Salvini stated that the Italian government will oppose the next budget if it includes cuts to spending for certain areas. Moody's cut Italy's credit rating by one notch to Baa3 (one level above junk) while S&P left Italy's sovereign debt rating unchanged (BBB) but lowered its outlook to negative from stable, saying that the new government's policy plans were weighing on the country's growth and debt prospects.
- Concerning the Brexit, October's EU summit was supposed to be the deadline for the EU and UK agreeing a deal. Finally, no real progress has been made and there will be another chance to reach a deal at a summit in December. The idea of a slightly longer transition period is now being actively discussed, but next month's special EU summit is at risk of being pulled without further progress. The Irish border remains the main matter of concern. Mrs May indicated that the negotiations "were always going to be tough" and is confident both sides will secure a good deal while EU officials declared that they "are closer to a final solution".
- Mid-October Larry Kudlow, the head of National Economic Council, declared that Donald Trump and Xi Jinping would meet "for a bit" on the side-lines of the Group of 20 summit in Buenos Aires on Nov.30-Dec.1. The hope, Kudlow said, was that "the two presidents agree on some basic principles" though he warned that he would not predict that. Nevertheless, the Wall Street journal reported that the US are refusing to restart trade negotiations with China until Beijing makes a concrete proposal to address the US's complaints about forced technology transfers and other economic issues. Finally, the most recent information suggests that the U.S. are preparing to announce by early December tariffs on all remaining Chinese imports if talks next month between the two presidents fail to ease the trade war.

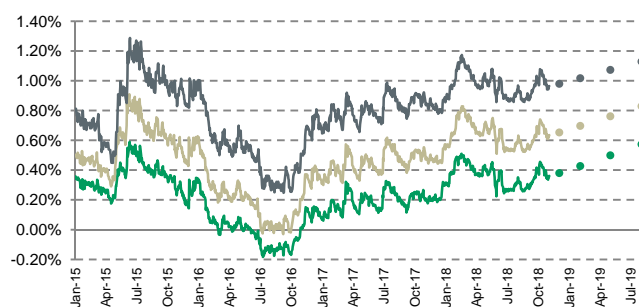
### Swap rates (as of October 31<sup>st</sup>, 2018)

	EUR	MtM Var (%)	USD	MtM Var (%)	GBP	MtM Var (%)
3Y	0,69%		3,05%	6,5%	1,28%	5,9%
5Y	0,39%	39,7%	3,07%	6,7%	1,44%	7,4%
7Y	0,66%	22,1%	3,09%	6,7%	1,55%	7,5%
10Y	0,99%	13,4%	3,12%	6,5%	1,66%	7,5%
12Y	1,15%	9,4%	3,14%	6,3%	1,70%	7,1%
15Y	1,32%	7,1%	3,16%	6,2%	1,75%	7,1%
20Y	1,48%	5,2%	3,16%	6,0%	1,77%	6,9%

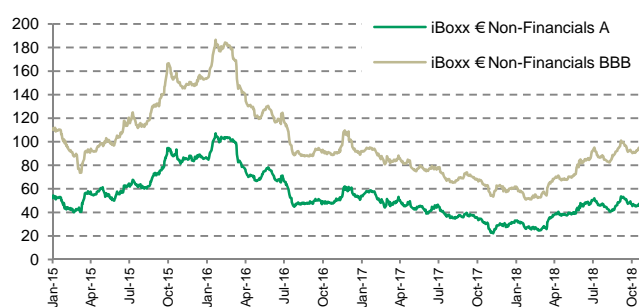
### Treasury yields (10Y)



### EUR swap rates (historic and forward levels)

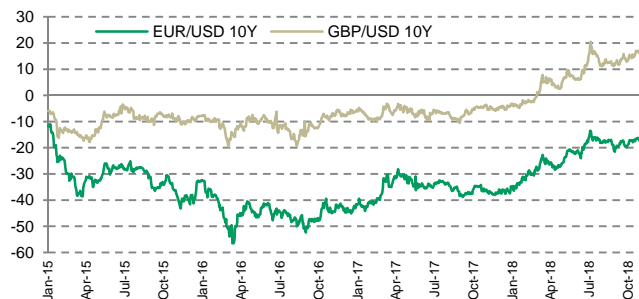


### Credit spread evolutions (€)



iBoxx<sup>TM</sup> bond indices offer broad benchmarking and liquid tradable index solutions that track bond markets globally. Fuelled by multi-source pricing, iBoxx provides transparency to bond market performance.

### 10Y basis swap evolution



### Main upcoming events

Events / Data	Expected impact
6-Nov US Mid-term elections	A divided Congress would be slightly negative for risky assets, long term rates and the USD
8-Nov Fed meeting	No change (no updated dot plot nor press conference)
~21-Nov Italy 2019 Budget	Italian spread to remain high

Sources: Bloomberg, Crédit Agricole CIB



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