



## GLOBAL PROJECT BONDS MARKET OVERVIEW

### Recently closed transactions

#### ENERGY

- **Adani Green Energy Solar Portfolio:** \$500MM in 5.5-year senior secured green bonds backing a portfolio of 25 operational solar projects with 930MW of aggregated capacity located in India. The notes priced at a 6.250% coupon. (Sponsor: Adani Green Energy)
- **La Bufa Wind:** \$225MM in 18-year 4(a)(2) senior secured notes to refinance the 130MW La Bufa wind farm in Mexico, which benefits from three corporate offtakes with automakers and media companies. The project started operations in 2017. The notes priced at a 5.770% coupon. (Sponsor: Blackrock)
- **Archimede Sicily CSP Plant:** First EMEA greenfield CSP solar plant financing with €5MM in 23-year senior secured green bonds backing a CSP solar farm in Sicily, Italy. The notes priced at a 6.070% coupon and were listed on Milan Stock Exchange. (Sponsor: Archimede)
- **FLNG Liquefaction 2, LLC (-- / BBB / BBB):** \$850MM in 20-year 4(a)(2) senior secured notes to refinance Freeport Train 2 liquefaction facility in Texas. The notes priced at a 4.390% coupon. (Sponsors: IFM and Freeport LNG) **Crédit Agricole CIB acted as Joint Lead Placement Agent.**
- **Tablares Wind Farm:** Senior secured notes were issued to finance the construction of the 12MW Tablares wind farm located in Zaragoza, Spain. The output of the wind farm, which is expected to become operational in 2020, will be produced without subsidy and will be sold to the grid on a merchant basis. (Sponsor: Grupo Villar Mir)

#### INFRASTRUCTURE

- **Corredor Bioceánico Highway (Ba1 / BB / --):** \$732MM in 15-year 144A senior secured notes were priced at a 5.375% coupon to finance the construction of a 277km highway between Loma Plata and Carmelo Peralta in northern Paraguay as part of the major Latin American road project known as Corredor Bioceánico. Government-issued Certificados de Reconocimiento de Obligacion de Pago (CROPs) will fund the repayment of the notes once the developer hits construction milestones, with 20 such payments expected. The CROP payments are similar to the RPI-CAOs in Peru and the Títulos de Pagos por Inversion or TPI payments in Argentina that have been crucial in developing the capital market to finance these infrastructure assets in those jurisdictions. (Sponsor: Consorcio Corredor Vial Bioceánico formed by Constructora Queiroz Galvao and Ocho)
- **Ravenhall Finance Co Pty:** \$462MM in 23-year senior secured notes to refinance the Ravenhall prison in Victoria, Australia. The notes priced at a 4.230% coupon. (Sponsor: GEO consortium)
- **Autopistas Metropolitanas de Puerto Rico (BBB-):** \$120MM in 20-year 4(a)(2) senior secured notes priced at 7.000% to refinance the PR-22 and PR-5 toll roads in Puerto Rico. The issuer recently issued \$181MM of senior secured notes in February 2019. (Sponsors: Abertis and GS Infrastructure Partners) **CACIB acted as Placement Agent.**
- **Terminal Investment Ltd (NAIC-2):** \$401MM eq. in senior secured notes backing Netherlands-based Terminal Investment Ltd which owns and manages container terminals around the world. The transaction entails four maturities of 7, 10, 12 and 15 years in dollars (10-year and 15-year) and euros (7-year and 12-year) and delayed fundings. The various tranches respectively priced at 1.830%, 2.270%, 4.470% and 4.730%. (Sponsor: MSC Mediterranean Shipping Co.)
- **Brisbane Airport (Baa2 / BBB / --):** \$250MM eq. in senior secured notes to refinance the Brisbane airport in Australia. The transaction entails two maturities of 10 and 12 years in two currencies, US dollars and Australian dollars. The 10-year tranches priced at spreads of 115bps (USD) and 120 bps (AUD) while the 12-year tranches priced at spreads of 125bps (USD) and 130bps (AUD).
- **Milan Metro Line 5 :** €144MM in 17-year senior secured notes to refinance the debt from the construction of the first stage of Metro Line 5 in Milan Italy. (Sponsors: Hitachi Rail, Azienda Transport Milanese, Alstom Ferroviaria, Astaldi and Ferrovie dello Stato Italiane)

#### AMERICAS TRANSACTION SPOTLIGHT:

##### FLNG Liquefaction 2, LLC

- **The Issuer:** FLNG Liquefaction 2, LLC will be a 4.64 MTPA liquefaction train part of the Freeport LNG gasification/liquefaction complex in Freeport, Texas
  - ✓ The Liquefaction facility is expected to be fully operational in 2020. Construction risk is mitigated by the EPC agreement with McDermott, Zachry, and Chiyoda.
  - ✓ Train 2 benefits from a 20-year use-or-pay tolling contract with BP Energy that is guaranteed by BP Corporation North America (A2/A-)
  - ✓ IFM and Freeport are the sponsors of the project and Freeport will operate the facility
- **The Transaction:** The Issuer issued \$865MM in 20-year 4(a)(2) senior secured notes with a 12-year weighted average life. Given high investor appetite for the asset, the notes priced at a tight 190bps spread over US treasuries, leading to a coupon of 4.390%. **Crédit Agricole CIB acted as Joint Lead Placement Agent.**

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



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

### Primary Issuances

ENERGY										
Issuer	Geography	Currency	Size (MM)	Date	Tenor	WAL	Pricing	Spread at Issuance	Ratings (Moody's / S&P / Fitch)	
Adani Green Energy Solar Portfolio	APac	USD	500	19-May	6	--	6.250%	--	--	--
La Bufa Wind	LatAm	USD	225	19-May	--	--	5.770%	--	--	--
Archimede Sicily CSP Plant	EMEA	EUR	5	19-May	23	--	6.070%	--	--	--
FLNG Liquefaction 2, LLC	Nam	USD	865	19-May	20	12	4.390%	190bps	-- / BBB / BBB	--
Tablares Wind Farm	EMEA	EUR	--	19-May	--	--	--	--	--	--
Niles Energy Center	NAm	USD	150	19-Apr	8	--	6.750%	--	--	--
Shady Hills Energy Center	NAm	USD	422	19-Apr	33	25	--	195bps	--	--
Andali Energia	EMEA	EUR	20 / 10	19-Apr	2	--	8.000%	--	--	--
APLNG	APac	USD	600	19-Apr	6 / 14 / 19	--	--	--	--	--
Springbok 3	NAm	USD	--	19-Apr	--	--	--	--	--	--
ERG S.P.A.	EMEA	EUR	500	19-Apr	6	6	1.875%	190bps	- / - / BBB-	--
Hilltop CCGT	NAm	USD	350	19-Mar	11	9	5.830%	325bps	BBB- (Kroll)	--
Skinansfjellet and Gravdal Wind Farms	EMEA	EUR	350	19-Mar	--	--	--	--	--	--
Northwest Hydro Facilities	NAm	CAD	546 / 538	19-Mar	18 / 20	--	4.290% / 4.342%	--	--	A low (DBRS)
Dakota Access Pipeline	NAm	USD	650 / 1,000 / 850	19-Mar	4 / 6 / 10	--	3.625% / 3.900% / 4.625%	--	--	NAIC-2
Noboribetsu Solar Project	APac	YEN	8,900	19-Feb	22	--	--	150bps	BBB (Japan's rating)	--
Brooklyn Navy Yard Cogeneration Partners (BNYCP)	NAm	USD	323	19-Feb	--	--	--	--	--	B2 / -- / --
Australia Pacific LNG Processing Pty Ltd	APac	USD	600	19-Feb	12	10	4.850%	220bps	Baa2 / -- / --	--
Deepwater Poseidon drillship	NAm	USD	550	19-Jan	8	--	7.000%	99bps	--	--
Lestari Banten Energi	APac	USD	775	19-Jan	20	--	6.880%	--	Baa3 / -- / BBB-	--
Vila do Conde Transmissora de Energia (VCTE) and LT Triângulo (LTT) transmission projects	LatAm	BRL	565	19-Jan	--	--	--	CDI+750bps	--	--
Valiente and Sotillo Wind	EMEA	EUR	--	19-Jan	--	--	--	--	--	--

INFRASTRUCTURE										
Issuer	Geography	Currency	Size (MM)	Date	Tenor	WAL	Pricing	Spread at Issuance	Ratings (Moody's / S&P / Fitch)	
Corredor Bioceánico Highway	LatAm	USD	732	19-May	15	9	5.375%	--	Ba1 / BB / --	--
Ravenhall Finance Co Pty	Apac	AUD	462	19-May	23	--	4.230%	--	--	--
Autopistas Metropolitanas de Puerto Rico, PR22	LatAm	USD	120	19-May	20	15	7.000%	--	-- / BBB- / --	--
Terminal Investment Ltd	EMEA	USD / EUR	100 / 100 / 70 / 110	19-May	10 / 15 / 12(EUR) / 7(EUR)	--	4.470% / 4.730% / 2.270% / 1.830%	195bps / 210bps / MS+160 / MS+160 bps	NAIC-2	--
Brisbane Airport	Apac	USD / AUD	107 / 108 / 26(AUD) / 24(AUD)	19-May	10 / 12 / 10(AUD) / 12(AUD)	--	3.620% / 3.720% / 3.480% / 3.660%	115bps / 125bps / 120bps / 130 bps	Baa2 / BBB / --	--
Milan Metro Line 5	EMEA	EUR	144	19-May	17	--	--	--	--	--
Axione Infrastructures	EMEA	EUR	250	19-Apr	23	--	--	--	--	--
Attero Waste	EMEA	EUR	52 / 198 / 113	19-Apr	9 / 10 / 15	--	--	MS+193bps / MS+195bps / MS+205bps	NAIC-2 (BBB)	--
GMR Hyderabad International Airport	APac	USD	300	19-Apr	5	--	5.375%	--	Ba1 / BB+ / BB+	--
Queensland Motorways	APac	USD / AUD	144 / 245 / 180 / 30 (AUD) / 40 (AUD)	19-Mar	10 / 12 / 15 / 10 (AUD) / 15 (AUD)	--	3.960% / 4.060% / 4.160% / 3.940% (AUD)	160bps / 170bps / 180bps / 3M BBSW+215bps (AUD)	NAIC-2 (BBB)	--
Rodovias do Tiete Toll Road Refurbishment PPP	LatAm	BRL	90	19-Mar	12	--	--	--	--	--
South East Water	EMEA	GBP	175	19-Mar	12 / 23	--	--	--	--	--
Mariscal Sucre International Airport in Quito	LatAm	USD	400	19-Mar	14	--	12.000%	--	B2	--
Line 1 Peru Metro Expansion Company Ltd	LatAm	USD	117 / 273	19-Jan	14	8	4.373% / 4.737%	215bps / 215bps	NAIC-2 (BBB)	--
Autopistas Metropolitanas de Puerto Rico	NAm	USD	181	19-Feb	20	15	7.500%	--	-- / BBB- / --	--
Carlsbad Desalination Plant	NAm	USD	183	19-Feb	1 / 5	--	5.000%	--	Baa3 / -- / --	--
Airport Authority Hong Kong (HKIA)	APac	USD	500	19-Feb	10	--	3.450%	78bps	-- / AA+ / --	--
Liege tram PPP	EMEA	EUR	136	19-Feb	30	--	--	100-150bps	--	--
Flinders Ports Pty Ltd	APac	USD / AUD	91 / 50	19-Feb	10 / 20	10 / 20	4.080% / 4.720%	140bps / 175bps	Baa2 / -- / --	--
Italian Street Lighting Cluster PPP	EMEA	EUR	17	19-Jan	20	--	--	--	--	--
DSTelecom Fibre to the Home (FTTH)	EMEA	EUR	50	19-Jan	12	--	--	--	--	--
Tours-Bordeaux High-speed Rail Project	EMEA	EUR	572 / 333	19-Jan	30 / 35	--	--	MS+140bps / MS+150bps	--	--
University of Exeter Streham Campus Accommodation	EMEA	GBP	140	19-Jan	48	--	--	--	--	--

FY 2018 Global Project Bond League Tables (Source: PFI)

#	Lead Manager	(\$MM)	# deals
1	Citigroup	7,882	28
2	MUFG	3,681	17
3	Bank of America	2,868	14
4	JP Morgan	2,544	12
5	Crédit Agricole	2,171	14
6	SMBC	1,973	16
7	HSBC	1,741	10
8	Societe Generale	1,656	8
9	BNP Paribas	1,547	10
10	RBC Capital Markets	1,393	9

FY 2018 Global Project Bond League Tables (Source: IJGlobal)

#	Lead Manager	(\$MM)	# deals
1	Citigroup	4,705	18
2	JP Morgan	2,776	11
3	MUFG	2,463	14
4	HSBC	2,007	13
5	Crédit Agricole	1,917	15
6	Societe Generale	1,831	10
7	RBC	1,811	10
8	Bank of America	1,636	5
9	Sumitomo	1,494	16
10	Santander	1,441	17

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



## GLOBAL BOND MARKET OVERVIEW

### Market update May 2019

#### EUR Bond Corporate Market

- The IG corporate market has continued to perform strongly during May. This month 32 deals closed, for a volume of €31.0BN (from €17.6BN in April) and average transaction size reached €650MM in May (vs. €610MM in April). The volume YTD has reached €147.3BN (i.e +18% vs. 2018 YTD). Despite the global political uncertainty (Brexit, US-Chinese trade war, Italy not respecting the European budgetary rules), investors remained active: the oversubscription levels are still strong (2.7x). This allowed the issuers to tighten their prices vs. IPTs by c. 25bps in average since March and to launch their transactions at low NIPs (average NIP is around 5.7bps in May 2019 versus 12.9bps in May 2018). The average maturity is around 8.4 years. Nonetheless, investors have recently started to show more price sensitivity.
- Still, for the month to come pipeline is heavy with many issuers on the side-line waiting for a favorable window to come to the market.
- Mounting concerns regarding global growth and inflation expectations are keeping rates under pressure, and the 10-year German Bund is again trading in negative territory. The low rate environment is helping issuer reaching historically low yields.

#### Key Transaction in May

On 16<sup>th</sup> May, the Australian Toll Road operator group **Transurban Finance (Baa1/BBB+/A-)** went forward with its inaugural EUR transaction. On this transaction, IPTs were announced at MS +120 bps and the transaction were successfully priced at the tighter end of the guidance at 1.450% for a size of €600MM thanks to a strong demand with a final book of €1.65BN.

#### GBP Market

- Brexit headlines have died down slightly as the Brexit deadline has been pushed back to October 31st 2019. That is not to say headline risk is absent as the UK has yet to decide a unified strategy going forward. European Parliamentary election results indicate a seismic shift in the UK's long-established two-party system. The loss in confidence in both main parties, have given rise to fringe parties like the Lib Dem, Greens and the Brexit Party.
- As long as investors' base case remains that a hard Brexit will be avoided, contagion into wider financial market is expected to be limited.
- Monthly volumes were up to £3.7BN in May 2019 (vs. £1.1BN in May 2018) and £2.4BN in April 2019 (vs. £1.1BN in April 2018). This month 9 deals closed.

#### US Investment Grade Public Corporate Bond Market

- The month of May ended up with 40% more volume in issuance than the month of April with \$105BN vs. \$75BN while still having been negatively impacted by a combination of intensifying trade tensions and holidays. YTD now stands at \$523.4BN, trailing ~10% behind last year's pace.
- For the week ended May 29, 2019, Lipper reported a net inflow of \$1.4BN, after the first outflow in 16 weeks reported the prior week. This brought YTD net fund flows to \$39.797BN.
- The volatile market backdrop has contributed to a prolonged stint of widening in CDX index.
- Market continues to be focused on the trade talk, though slightly better-than-expected Q1 GDP growth at 3.1% vs the 3.0% expected due to stronger consumption and exports than initially reported temporarily eased global growth concerns.
- Treasuries have rallied significantly in the risk off environment. Yield on the 10Y closed at 2.125% vs 2.320% the prior Friday while the yield on the 30Y closed at 2.569%, from 2.751% the prior Friday.
- Corporate spreads have moved to offset the change in rates, moving wider as rates go lower. The ICE BAML Corporate Index closed at +134bps, 8bps wider on the week and the widest level since beginning of February.

	Statistics (LTM)				
	Min	Max	Average	Current	Δ 01/01/19
<b>IG Index</b>	110 bps	161 bps	126 bps	134 bps	-24 bps
<b>A Index</b>	87 bps	126 bps	99 bps	104 bps	-19 bps
<b>BBB Index</b>	140 bps	205 bps	161 bps	170 bps	-31 bps

#### USPP Market Highlight

- The volume of private placements reached \$2.9BN in May vs. \$5.4BN in April. April volume consisted in 67 issues by 37 issuers vs. 38 issues by 19 issuers last month. About \$21.0BN of USPP have been issued YTD.
- \$1.6BN of cross-border USPP have been issued in May vs. \$2.5BN in April. About \$13.1BN of cross-border USPP have been issued YTD vs. \$7.9BN of domestic USPP.
- Energy and Infrastructure (including transportation) issuances have been accounting for 63% of the total issuance YTD accounting for 35% and 28% respectively.



## 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%	143	1.50	
24/10/2017	2i Rete Gas	Italy	Baa2	BBB	2027	550	1.608%	147	1.66	
04/09/2018	2i Rete Gas	Italy	Baa2	BBB	2025	500	2.195%	135	1.33	
09/03/2017	A2A	Italy	Baa3	BBB	2024	300	1.250%	81	0.70	
10/12/2013	Elenia Finance	Finland	NR	BBB	2020	500	2.875%	24	-0.04	
31/03/2017	Elia	Belgium	NR	BBB+	2027	250	1.375%	85	0.97	
20/11/2014	Fluxys Belgium	Belgium	NR	NR	2034	100	3.250%	112	1.79	
20/11/2014	Fluxys Belgium	Belgium	NR	NR	2029	250	2.750%	135	1.70	
28/09/2017	Fluxys Belgium	Belgium	NR	NR	2032	50	2.375%	131	1.86	
28/09/2017	Fluxys Belgium	Belgium	NR	NR	2027	300	1.750%	117	1.33	
22/11/2013	Madrikena Red de Gas Finance	Spain	NR	BBB	2023	275	4.500%	48	0.34	
05/04/2017	Madrikena Red de Gas Finance	Spain	NR	BBB	2029	300	2.250%	108	1.37	
05/04/2017	Madrikena Red de Gas Finance	Spain	NR	BBB	2025	300	1.375%	81	0.75	
05/07/2017	National Grid	UK	Baa1	BBB+	2024	500	1.000%	55	0.46	
21/09/2017	NorteGas	Spain	NR	BBB-	2027	750	2.065%	131	1.47	
21/09/2017	NorteGas	Spain	NR	BBB-	2022	550	0.918%	54	0.30	
24/03/2014	Redexis Gas	Spain	Baa3	BBB	2021	650	2.750%	65	0.37	
20/09/2018	RTE	France	NR	A	2038	500	2.125%	64	1.43	
20/09/2018	RTE	France	NR	A	2030	500	1.500%	48	0.89	
30/08/2017	SSE	UK	A3	A-	2025	600	0.875%	87	0.87	
28/08/2018	SSE	UK	A3	A-	2027	650	1.375%	106	1.22	
13/03/2017	Statkraft	Norway	Baa1	A-	2025	500	1.125%	29	0.23	
19/07/2017	Terna	Italy	Baa1	BBB	2027	1 000	1.375%	83	1.00	
03/06/2013	Vier Gas Transport	Germany	NR	BBB+	2025	750	2.875%	31	0.30	
03/06/2013	Vier Gas Transport	Germany	NR	A-	2020	750	2.000%	12	-0.15	
01/07/2013	Vier Gas Transport	Germany	NR	A-	2023	750	3.125%	15	-0.02	
17/09/2018	Vier Gas Transport	Germany	NR	A-	2028	500	1.500%	42	0.67	
20/11/2015	Viesgo (IE2 Holdco)	Spain	NR	BBB-	2023	500	2.375%	65	0.49	
23/05/2016	Viesgo (IE2 Holdco)	Spain	NR	BBB-	2026	550	2.875%	111	1.16	

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%	118	1.24	
02/11/2016	Abertis	Spain	NR	BBB	2027	500	1.000%	128	1.41	
05/12/2013	Aeroporti Di Roma	Italy	Baa1	BBB+	2021	600	3.250%	47	0.18	
01/06/2017	Aeroporti Di Roma	Italy	Baa1	BBB+	2027	500	1.625%	135	1.48	
28/05/2013	Aeroports de Paris	France	NR	A+	2028	600	2.750%	44	0.68	
01/10/2014	Aeroports de Paris	France	NR	A+	2025	500	1.500%	27	0.22	
15/07/2015	Aeroports de Paris	France	NR	A+	2023	500	1.500%	17	-0.02	
06/12/2017	Aeroports de Paris	France	NR	A+	2027	500	1.000%	34	0.51	
04/10/2018	Aeroports de Paris	France	NR	A+	2038	500	2.125%	56	1.35	
18/03/2015	Alpha Trains	Luxembourg	Baa2	NR	2025	350	2.064%	107	1.06	
01/06/2016	APRR	France	Baa2	A-	2026	700	1.125%	37	0.38	
16/11/2016	APRR	France	Baa2	A-	2031	500	1.875%	55	0.98	
16/11/2016	APRR	France	Baa2	A-	2027	500	1.250%	36	0.45	
31/05/2017	APRR	France	Baa2	A-	2032	500	1.625%	59	1.09	
06/11/2017	APRR	France	NR	A-	2033	700	1.500%	55	1.11	
04/05/2016	ASF	France	A3	A-	2026	500	1.000%	37	0.41	
05/01/2017	ASF	France	A3	A-	2027	1 000	1.250%	36	0.45	
05/04/2017	ASF	France	A3	A-	2026	500	1.125%	34	0.38	
10/01/2018	ASF	France	A3	A-	2030	1 000	1.375%	54	0.89	
21/06/2018	ASF	France	A3	A-	2028	700	1.375%	41	0.63	
26/01/2017	Atlantia	Italy	Baa2	BBB	2025	750	1.625%	189	1.85	
06/07/2017	Atlantia	Italy	Baa2	BBB	2027	1 000	1.875%	202	2.18	
18/09/2017	Autostrade	Italy	Baa1	BBB+	2029	700	1.875%	212	2.47	
03/05/2017	Brisa	Portugal	Baa3	NR	2027	300	2.375%	95	1.10	
25/06/2013	Brussels Airport	Belgium	Baa1	NR	2020	500	3.250%	12	-0.15	
26/04/2017	Brussels Airport	Belgium	Aa1	NR	2024	300	1.000%	51	0.41	
03/02/2014	Heathrow Funding	UK	NR	A-	2030	750	1.500%	86	1.24	
13/05/2014	Heathrow Funding	UK	NR	A-	2022	600	1.875%	47	0.23	
28/06/2017	Heathrow Funding	UK	NR	A-	2032	500	1.875%	90	1.44	
17/11/2017	HIT	France	Baa3	NR	2027	500	1.625%	126	1.44	
17/11/2017	HIT	France	Baa3	NR	2023	500	0.625%	82	0.63	
09/10/2014	Infra Park (Indigo)	France	NR	BBB	2025	650	2.125%	66	0.61	
12/07/2017	Infra Park (Indigo)	France	NR	BBB	2037	125	2.951%	155	2.31	
19/07/2013	SANEF	France	Baa1	NR	2019	300	2.500%	-11	-0.37	
06/11/2015	SANEF	France	Baa1	NR	2026	600	1.875%	68	0.71	
11/10/2016	SANEF	France	Baa1	NR	2028	300	0.950%	80	1.08	
17/04/2018	Sydney Airport	Australia	Baa1	BBB+	2028	500	1.750%	79	1.00	
01/12/2017	Tank & Rast	Germany	Baa3	BBB-	2027	300	2.375%	225	2.45	
01/12/2017	Tank & Rast	Germany	Baa3	BBB-	2024	300	1.625%	196	1.90	
06/09/2017	Transurban	Australia	Baa1	BBB+	2028	500	1.750%	85	1.06	
20/01/2015	VTG Finance	Luxembourg	NR	NR	Perp	250	5.000%	134	1.07	



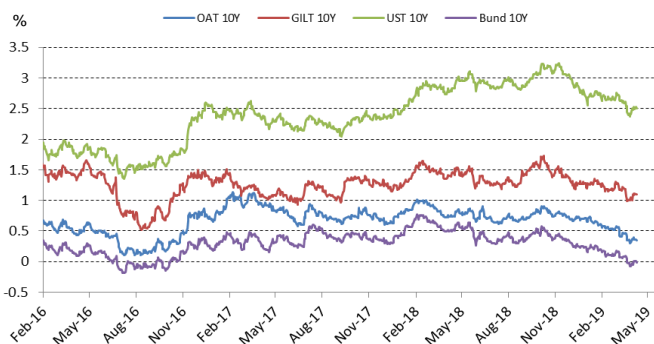
## MACROECONOMIC ENVIRONMENT

- Brexit headlines were at the forefront during the month, with in the end, the resignation of Theresa May's as prime minister, that will be effective on June 7th. The identification of a new leader will add an additional layer of uncertainty over this situation especially after the result of the European elections over the weekend, with Nigel Farage's Brexit Party the clear winner having attained 28 MEP positions so far, winning 32% of the vote. Labour's Corbyn has called for either a general election or second Brexit referendum, citing the Tories' disintegration and inability to govern. Italy was again the source of uncertainty as the Deputy PM Matteo Salvini suggested on 14<sup>th</sup> May that its country could choose not to respect the European budgetary policy that are seen as strangling Italy. This comment had an impact on the 10-year BTP/Bund spread that went up by 14bps WoW on 14<sup>th</sup> May. However, BTP was able to gain back some of the lost ground after another comment of the Five Star Deputy PM Di Maio who assessed that nobody wanted to see the debt-to-GDP go over 140%.
- On the other side of the Atlantic, escalating tensions on the US-China trade war side last week found a concrete illustration with the Google-Huawei duo: the Trump Administration, had placed Huawei on a blacklist that could prevent it from buying relevant components from American companies, which took effect soon, as Google suspended delivery of key software and technical services to the Chinese company. China retaliated by raising tariffs on American goods, and indicating that it was preparing for a lengthy conflict. The next key event is likely to be over a month away, at the G20 summit in Japan, when the US and Chinese leaders are expected to meet on the sidelines. Equities market were all down this month, on the back of increased nervousness (S&P500 at -1.2% and the Eurostoxx at -2.2%).
- Data wise, China published some disappointing April figures. In fact, Industrial output growth slowed to 5.4% YoY (March: 8.5% YoY, consensus: 6.5% YoY), this could be explained by the readjustment after inventory build-up last month due to tax reasons and by the weak exports. Retail sales growth decelerated to 7.2% YoY in nominal terms (March: 8.7% YoY, consensus: 8.6% YoY) due to slowing income gains. Fixed asset investment growth declined to 6.1% YoY YTD in nominal terms (March: 6.3% YoY YTD, consensus: 6.4% YoY YTD) on delay in impulse from government-orchestrated infrastructure spending. Overall, the numbers will confirm that GDP has not yet bottomed out, and should be negative for sentiment.

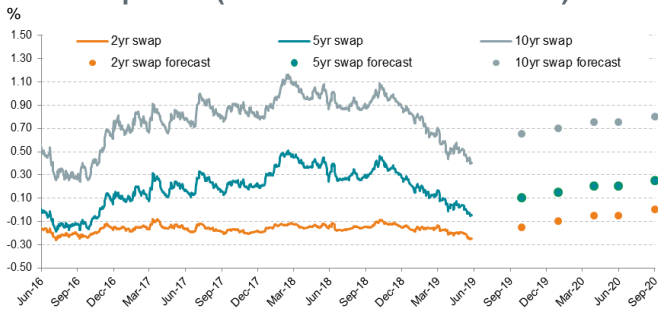
### Swap rates (as of May 28th, 2019)

	EUR	MtM Var (%)	USD	MtM Var (%)	GBP	MtM Var (%)
3Y	-0.23%	77.9%	1.90%	-19.5%	0.90%	-17.6%
5Y	-0.10%	-351.3%	1.92%	-18.6%	0.96%	-18.5%
7Y	0.07%	-69.1%	1.98%	-17.8%	1.02%	-17.9%
10Y	0.34%	-34.5%	2.08%	-16.6%	1.11%	-16.4%
12Y	0.49%	-27.5%	2.15%	-16.0%	1.16%	-15.6%
15Y	0.67%	-22.4%	2.21%	-15.5%	1.21%	-14.7%
20Y	0.83%	-18.8%	2.27%	-15.0%	1.26%	-13.6%

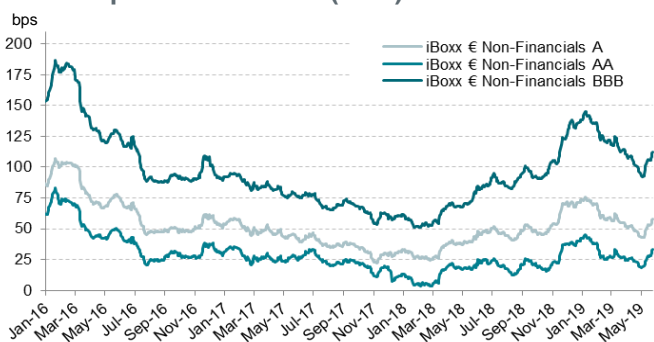
### Treasury yields (10Y)



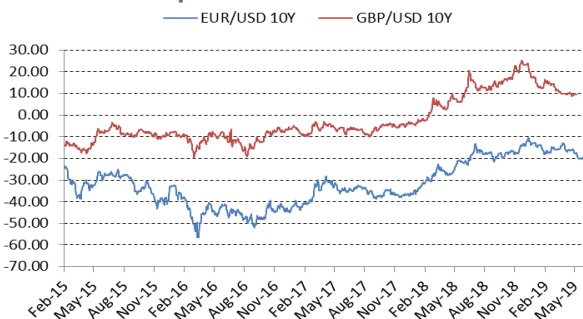
### EUR swap rates (historic and forward levels)



### Credit spread evolutions (EUR)



### 10Y basis swap evolution



### Main upcoming events

	Events / Data	Expected impact
19-June	Fed meeting+ 'dot-plot' update	N/A
25-July	ECB Monetary Meeting	N/A
31-July	Fed Meeting	Slightly higher short term USD rates
12-Sept	ECB Monetary Meeting	To cap EUR rates

iBoxx™ 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.

Sources: Bloomberg, Crédit Agricole CIB





## DISCLAIMER

This material has been prepared by a member of the Front Office department of Crédit Agricole Corporate and Investment Bank or one of its affiliates (collectively "Crédit Agricole CIB"). Front Office personnel are not part of the research department and this material does not constitute "Investment Recommendations" as defined under the Market Abuse Regulations (MAR). It does not constitute research as considered by the Markets in Financial Instruments Directive II. This material is provided for information purposes only. It is not to be construed as a solicitation or an offer to buy or sell any financial instruments and has no regard to the specific investment objectives, financial situation or particular needs of any recipient. It is not intended to provide legal, tax, accounting or other advice and recipients should obtain specific professional advice from their own legal, tax, accounting or other appropriate professional advisers before embarking on any course of action. The information in this material is based on publicly available information and although it has been compiled or obtained from sources believed to be reliable, such information has not been independently verified and no guarantee, representation or warranty, express or implied, is made as to its accuracy, completeness or correctness. This material may contain information from third parties. Crédit Agricole CIB has not independently verified the accuracy of such third-party information and shall not be responsible or liable, directly or indirectly, for any damage or loss caused or alleged to be caused by or in connection with the use of or reliance on this information. Information in this material is subject to change without notice. Crédit Agricole CIB is under no obligation to update information previously provided to recipients. Crédit Agricole CIB is also under no obligation to continue to provide recipients with the information contained in this material and may at any time in its sole discretion stop providing such information. Investments in financial instruments carry significant risk, including the possible loss of the principal amount invested. This material is not intended to forecast or predict future events. Past performance is not a guarantee or indication of future results. Any prices provided herein (other than those that are identified as being historical) are indicative only and do not represent firm quotes as to either price or size. Financial instruments denominated in a foreign currency are subject to exchange rate fluctuations, which may have an adverse effect on the price or value of an investment in such products. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party without the prior express written permission of Crédit Agricole CIB. This material is not directed at, or intended for distribution to or use by, any person or entity domiciled or resident in any jurisdiction where such distribution, publication, availability or use would be contrary to applicable laws or regulations of such jurisdictions. No liability is accepted by Crédit Agricole CIB for any damages, losses or costs (whether direct, indirect or consequential) that may arise from any use of this material.

**United States of America:** The delivery of this material to any person in the United States shall not be deemed a recommendation to effect any transactions in any security mentioned herein or an endorsement of any opinion expressed herein. Recipients of this material in the United States wishing to effect a transaction in any security mentioned herein should do so by contacting Crédit Agricole Securities (USA), Inc., the U.S. Broker-Dealer affiliate of Crédit Agricole CIB and a member of the Financial Industry Regulatory Authority (FINRA) and the Securities and Exchange Commission (SEC).

**United Kingdom:** Crédit Agricole Corporate and Investment Bank is authorised by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and supervised by the European Central Bank (ECB), the ACPR and the Autorité des Marchés Financiers (AMF) in France and subject to limited regulation by the Financial Conduct Authority and the Prudential Regulation Authority. Details about the extent of our regulation by the Financial Conduct Authority and the Prudential Regulation Authority are available from us on request. Crédit Agricole Corporate and Investment Bank is registered in England & Wales (registered number: FC008194) and incorporated in France. Registered office: 12 Place des Etats-Unis / CS 70052 / 92547 Montrouge Cedex / France.

© 2019, CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK. All rights reserved.