



GLOBAL PROJECT BONDS MARKET OVERVIEW

Recently closed transactions

ENERGY

- **Catalyst Old River Hydroelectric LP (BBB- DBRS):** \$560MM in 9-year privately placed senior secured notes backing the 192MW Sidney A. Murray Jr Hydroelectric Project in Louisiana, U.S. The notes have a 6-year weighted average life and priced at a 4.000% coupon. (Sponsors: Brookfield Renewable Partners and Arclight)
- **Folha Larga 1 Wind Farm:** BRL 140MM (\$27MM eq.) in 1.4-year debentures to finance the construction of the 147MW Folha Larga 1 wind farm in the Brazilian state of Bahia. The bonds priced at a coupon of 0.520%. (Sponsor: EDF Renewables)
- **Albion Community Power:** £57MM in senior secured non-recourse RPI-linked debt provided by institutional investors to refinance Albion Community Power fund, which holds a £105MM portfolio of UK onshore wind, hydro, solar and battery projects. The portfolio is supported through feed-in tariff (FiT) and Renewable Obligation Certificate (ROC) schemes. (Sponsor: Albion Capital)

INFRASTRUCTURE

- **Violin FTTH:** €717MM in 7-year senior secured notes to buy access from broadband operators to 26 million existing and planned fiber-to-the-home (FTTH) connection points in medium and low-density areas of France by 2024. (Sponsors: Iliad and InfraVia Capital Partners) **Crédit Agricole CIB acted as Bookrunner**
- **A3 Motorway PPP:** €350MM in fixed-rate private bonds as part of the broader \$1.2BN loan bond hybrid financing to fund the expansion to six lanes from four of a 76km stretch of the A3 motorway between Biebelried and Erlangen in Bavaria. A3 is Germany's largest PPP to-date and is expected to be completed in November 2025. The project has been awarded a 30-year concession by Autobahndirektion Nordbayern and benefits from revenues mainly relying on monthly availability payments related to the project and road access for users. (Sponsors: Eiffage Concessions and Johann Bunte Bauunternehmung).
- **Tuntum Housing Association:** £43MM in 33-year senior secured fixed-rate bond to refinance Tuntum's existing debt and fund the building of 280 affordable and shared ownership homes over the next five years. The debt was structured in two tranches: a £33MM spot tranche with a 2.743% coupon and a £10MM one-year deferred tranche with a 2.852% coupon. A £50MM shelf facility, which can be drawn in the future was also granted by the investor. Tuntum owns and manages around 1,500 social and affordable homes across the East Midlands. (Sponsor: Tuntum Housing Association).
- **Transurban Toll Roads (Baa1 / BBB+ / A-):** €600MM in 10-year senior secured notes backing the company's network of tollroads. The Australian firm tapped the European bonds market. The notes priced at a spread of 310bps and the proceeds will be swapped into Australian dollars at a fixed interest rate. (Sponsor: Transurban)

EMEA TRANSACTION SPOTLIGHT:

Violin FTTH

- **The Issuer:** Investissement dans la Fibre des Territoires ("IFT"), a joint-venture between Iliad (51%) and Infravia (49%).
 - ✓ IFT specializes in the active management of fiber-to-the-home (FTTH), primarily for Iliad.
 - ✓ IFT will co-invest in the fiber networks to be rolled-out in rural areas of France targeted to cover 26 million households by 2024.
- **The Transaction:** €717MM in 7-year senior secured notes.
 - ✓ The transaction, which was part of a €2.4BN debt raise, was issued in two tranches: a €500MM fixed-rate tranche and a €200MM floating-rate tranche.
 - ✓ 11 investors took part in the two tranches including insurers or private debt funds.
 - ✓ **Crédit Agricole CIB acted as Bookrunner**

AMERICAS TRANSACTION SPOTLIGHT:

Catalyst Old River Hydroelectric LP

- **The Issuer:** SPV backed by the 192 MW run-of-river Sidney A. Murray Jr. hydroelectric plant.
 - ✓ The project benefits from a PPA with a subsidiary of Entergy and the town of Vidalia until December 2031.
 - ✓ The sponsor group includes ArcLight Capital Partners, Brookfield Renewable Partners, Edison International and Harbert.
 - ✓ Brookfield Renewable Partners, which operates the facility under a lease arrangement, has an option to acquire the hydro power plant that can be exercised until November 2020.
- **The Transaction:** \$560MM in 9-year privately placed senior secured notes.
 - ✓ The notes, which have a 6-year average life priced at a 4.000% coupon.
 - ✓ This transaction is one of the largest project bonds in the US since the COVID-19 pandemic.

Sources: Crédit Agricole CIB, 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)	
Catalyst Old River Hydroelectric LP	NAm	USD	560	Apr-20	9	6	4.000%	--	BBB- (DBRS)	
Folha Larga 1 Wind Farm	LatAm	BRL	140	Apr-20	1	--	0.520%	--	--	
Albion Community Power	EMEA	GBP	57	Apr-20	--	--	--	--	--	
Adani Transmission Ltd	APac	USD	90	Mar-20	30	16	5.200%	427 bps	-- / BBB- / --	
Hancock HoldCo US Renewable Portfolio	NAm	USD	130	Mar-20	--	5	3.000%	--	BBB- (Kroll)	
University of Iowa Utility System P3	NAm	USD	615	Mar-20	--	--	--	--	--	
Atlas Chilean Solar Portfolio	LatAm	USD	253	Mar-20	17	--	--	--	-- / -- / BBB-	
Transmissora de Energia Linha Verde II SA	LatAm	BRL	210	Mar-20	24	--	--	IPCA + 533 bps	AA+(bra)	
Cadent Gas	EMEA	EUR	500	Mar-20	12	--	0.75%	--	Baa1 / BBB+ / A-	
Janauba Transmissora de Energia Eletrica	LatAm	BRL	575	Feb-20	25	--	4.830%	--	--	
Hohe See and Albatros Offshore Wind Farms	EMEA	EUR	511	Feb-20	12	--	--	--	BBB+ (Scope)	
Atlantica Yield Plc	EMEA	EUR	290	Feb-20	6	Bullet	1.960%	m/s +216 bps	BBB-	
Q-Energy	EMEA	EUR	342	Feb-20	21	--	--	--	-- / AA / --	
Teréga SAS	EMEA	EUR	400	Feb-20	8	--	0.625%	90 bps	Baa3 / -- / --	
Bishop Hill Energy LLC	NAm	USD	252	Jan-20	17	8	3.260%	180 bps	-- / BBB- / --	
Adani Transmission Ltd	APac	USD	310	Jan-20	30	16	5.200%	--	-- / BBB- / --	
ReNew Power Renewable Portfolio	APac	USD	450	Jan-20	7	6	5.875%	--	-- / BB- / BB-	
Hull Hydro Portfolio	NAm	USD	124	Jan-20	16	--	3.500-3.750%	--	BBB- (Kroll)	
Hong Phong 1A Solar	APac	VND	12,500,000 / 400,000,000	Jan-20	15	--	-- / 7.500%	--	-- / AA / --	
Green Genius	EMEA	EUR	30	Jan-20	--	--	--	--	--	
Valfortec	EMEA	EUR	52	Jan-20	21	--	2.500%	--	--	
Loiste Group	EMEA	EUR	300	Jan-20	15	--	--	--	--	

INFRASTRUCTURE										
Issuer	Geography	Currency *	Size (MM)	Date	Tenor	WAL	Pricing	Spread at Issuance	Ratings (Moody's / S&P / Fitch)	
Violin FTTH	EMEA	EUR	717	Apr-20	7	--	--	--	--	
Transurban toll roads	EMEA	EUR	600	Apr-20	10	--	--	MS + 310 bps	Baa1 / BBB+ / A-	
Transurban toll roads	EMEA	EUR	600	Apr-20	10	--	--	MS + 310 bps	Baa1 / BBB+ / A-	
A3 Nordbayern GmbH & Co. KG	EMEA	EUR	400	Apr-20	--	--	--	--	--	
Ruta del Algarrobo	LatAm	UF	9.3	Mar-20	25	--	3.000%	--	A+ (local)	
Alpha Trains	EMEA	EUR	130	Mar-20	7	Bullet	--	--	-- / -- / BBB	
Aéroports de Paris	EMEA	EUR	2,500	Mar-20	6.5 / 10	--	2.125% / 2.75%	240 bps / 290 bps	-- / A- / --	
Q-Park	EMEA	EUR	1,455	Feb-20	5 / 6 / 7	--	1.500% / -- / 2.000%	-- / Euribor + 200 bps / --	-- / BB- / --	
Parkdema	EMEA	EUR	27	Feb-20	6	--	--	--	--	
TransJamaica Highway Ltd	LatAm	USD	225	Feb-20	16	11	5.750%	Jamaican Sovereign + 150 bps	-- / B+ / BB-	
Sydney Airport	APac	USD / EUR / AUD	52 / 50 / 220 / 100 / 120	Feb-20	15 / 15 / 20 / 20 / 30	Bullets	2.830% / 1.060% / 3.280% / 3.280% / 3.530%	120 bps / --	Baa1 / BBB+ / --	
Empark Aparcamientos y Servicios	EMEA	EUR	100 / 475	Jan-20	7 / 8	--	-- / 1.875%	Euribor + 200 bps / --	Ba3 / -- / --	
Adra (Tai) Cyfyngedig	EMEA	GBP	50 / 25	Jan-20	33 / 32	--	3.170%	--	NAIC-1	



FY 2019 Global Project Bond League Tables (Source: PFI)

#	Lead Manager	(\$MM)	# deals
1	JP Morgan	6,675	27
2	MUFG	4,855	26
3	Citi	4,582	32
4	SMBC	3,974	22
5	Morgan Stanley	3,495	8
6	Mizuho	3,465	17
7	Crédit Agricole	3,406	26
8	RBC	2,649	12
9	Santander	2,132	24
10	Goldman Sachs	1,996	15

FY 2019 Global Project Bond League Tables (Source: IJGlobal)

#	Lead Manager	(\$MM)	# deals
1	SMBC	4,622	27
2	JP Morgan	4,374	18
3	Citi	3,755	22
4	MUFG	3,729	23
5	Mizuho	3,403	17
6	Crédit Agricole	2,707	20
7	Societe Generale	1,917	8
8	RBC	1,860	11
9	Santander	1,820	24
10	Barclays	1,795	10

* Currency of issuance.

Sources: Crédit Agricole CIB, Bloomberg, PFI, IJGlobal.



GLOBAL BOND MARKET OVERVIEW

Market update April 2020

EUR Bond Corporate Market

- April monthly issuance volume reached a all time high record at €62.5BN, (previous record was €61.4BN in September 2019). After extremely active weeks in the EUR IG Corporate markets with total YTD volume standing at €161.9BN (~39% ahead of last year), the market is beginning to slow down as the black out periods have started.
- Investors showed a strong appetite and transactions were 4.9x oversubscribed in average, allowing issuers to tighten IPTs to final terms by 39bps in average. In this context, some issuers have managed to launch their transactions at limited New Issue Premium: last week, Givaudan and Telstra (Australian TMT) managed to price largely inside their secondary curve with NIPs ranging between -10 and -30bps.
- There is a clear discrepancy between issuers in terms of pricings, depending on: the sector (more or less affected by COVID-19), the CSPP eligibility and the rating differences.
- Despite the tough context some highly successful transactions were priced. For example, the €3.5BN deal launched by Capgemini (Nr/BBB) in the context of Altran's acquisition refinancing: the largest deal priced by a "BBB rated" corporate since September 2019.

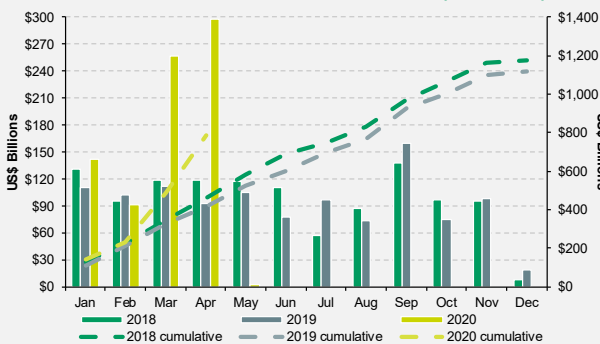
Key Transactions

- Bouygues SA (A3/A-)** for a 8-year EUR benchmark transaction at IPTs of m/s+175bps area. The books built gradually until guidance at which point they reached €5BN. The issuer then decided to reduce its spreads at m/s+135bps area for a size announced at €1BN. The final terms were announced at m/s+125bps on the back of a €4.9BN orderbook. **Crédit Agricole CIB acted as Joint Bookrunner**
- Veolia (Baa1/BBB)** for an 8-year EUR benchmark transaction announced at IPTs of m/s+180bps area. At guidance, the books achieved €4.5BN, which allowed the issuer to tighten prices at m/s+140bps area for an announced size of €700MM. The transaction finally priced at m/s+130bps on a final orderbook of €5.8BN. **Crédit Agricole CIB acted as Sole Global Coordinator**
- HIT (-- / BBB- / BBB)** HIT priced a €600MM 7-year senior unsecured transaction. The transaction was launched at IPTs of MS +290bps area in order to maximize investor's participation and benefit from a strong bookbuilding. The issuer finally priced the deal at MS+ 280bps (Sponsor: Abertis). **Crédit Agricole CIB acted as Joint Bookrunner.**

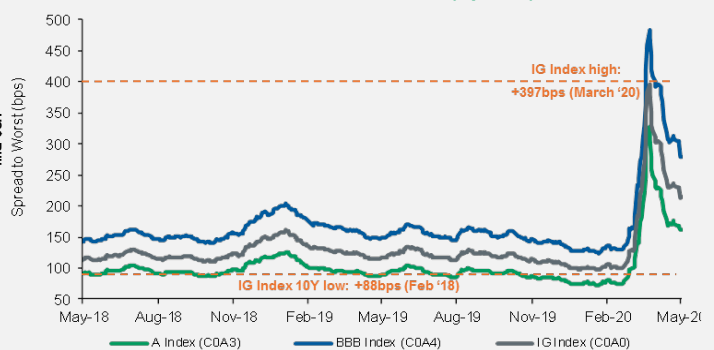
US Investment Grade Public Corporate Bond Market

- The month of April hit a new all-time record of \$297BN in issuance volume, beating the \$257BN record last month vs. \$91BN in February. YTD issuance volume stands at \$790BN, ~85% ahead of last year.
- Worse-than-expected GDP results were reported Wednesday with the US economy shrinking by 4.8% in the first quarter (the steepest fall since 2008). Fed chairman Powell voiced concern that second quarter results could bring the worst numbers the country has yet seen. He left rates unchanged, but ensured the Fed will use its "full range of tools" to support the economy.
- Following the best month for the S&P since April 1987, stocks wiped out a weekly gain on Friday as investors heeded profit warnings tied to the coronavirus and tensions with China. The Dow closed down 0.22% on the week at 23,723.69, while the S&P500 closed down 0.21% at 2,830.71.
- Despite wider credit spreads, current funding environment remains attractive historically with the majority of the Treasury curve trading below 1.00%. Most issuers paid minimal new issue concessions highlighted by upward sloping credit curves as the landscape continues to normalize. Orderbooks continue to be multiple times covered (~5x on average) allowing issuers to substantially tighten spreads from IPTs to final pricing (40-45bps on average).
- ICE BAML Corporate Index closed the month at +214bps, 18bps tighter on the week and 115bps wider on the year.

US\$ Investment Grade Issuance Trends (\$ billions)



Investment-Grade Index (Spread)



USPP Market Highlight

- Following the rebound in the public bond market, the USPP issuance reached a record high at \$6.2BN after a low beginning of the year and a record low month of March with a volume of \$3.9BN. However, with \$17.0BN issued, the YTD volume still lag by 8% vs. last year .
- There were 48 issues by 25 issuers this month vs. 40 issues by 23 issuers last month, and 38 issues by 19 issuers last year.
- The number of cross-border transactions significantly dropped this month to reach a mere \$589MM. The domestic transactions strengthened their lead on a YTD basis, accounting for 67% of the 2020 USPP issuances.
- Energy and Infrastructure (including transportation) issuances have accounted for 59% of the total YTD issuance, with Energy accounting for 46% of the YTD issuances and Infrastructure 13%.



EMEA BOND MARKET OVERVIEW

EMEA market – Public secondary levels

Sources: Crédit Agricole CIB, Bloomberg.

ENERGY									30/04/2020	30/04/2020	vs. End of Feb	vs. End of March / Issuance
Pricing date	Issuer	Country	Moody's	S&P	Maturity	Size	Coupon	Bid I Spread	Bid YTM	I Spread	I Spread	
04/09/2018	Zi Rete Gas	Italy	Baa2	BBB	2025	500	2,195%	131	0,99	59	-41	
31/03/2020	E.ON	Germany	Baa2	BBB	2025	750	1,000%	60	0,29	NA	-70	
09/01/2020	E.ON	Germany	Baa2	BBB	2030	500	0,750%	83	0,70	44	-72	
09/01/2020	E.ON	Germany	Baa2	BBB	2023	750	0,000%	57	0,23	26	-63	
31/10/2019	E.ON	Germany	Baa2	BBB	2031	500	0,625%	86	0,78	16	-76	
02/12/2019	EDF	France	A3	A-	2049	1 250	2,000%	193	1,92	33	-47	
07/04/2020	EDP	Portugal	Baa3	BB-	2027	750	1,625%	120	0,94	NA	-60	
13/01/2020	EDP	Portugal	Baa3	BBB-	2080	750	1,700%	386	3,55	155	-50	
30/01/2020	Elenia Finance	Finland	NR	BBB+	2027	500	0,375%	98	0,73	41	-29	
10/10/2019	Enel	Italy	Baa2	BBB+	2027	1 000	0,375%	100	0,75	34	-59	
20/03/2020	Engie	France	A3	A-	2028	750	1,750%	78	0,55	NA	-102	
20/03/2020	Engie	France	A3	A-	2032	750	2,125%	81	0,55	NA	-129	
16/01/2020	Eni	Italy	Baa1	A-	2030	1 000	0,625%	171	1,57	99	-20	
07/10/2019	Eni	Italy	Baa1	A-	2034	750	1,000%	176	1,76	90	-23	
27/11/2019	FCC Servicios Medioambiente	Spain	NR	BBB-(Fitch)	2026	500	1,661%	228	2,02	98	-17	
27/11/2019	FCC Servicios Medioambiente	Spain	NR	BBB-(Fitch)	2023	600	0,815%	148	1,14	92	-10	
27/11/2019	Gas Network Ireland	Ireland	A3	A	2024	300	0,125%	87	0,55	55	-21	
01/04/2020	Iberdrola	Spain	Baa1	BBB+	2025	750	0,875%	63	0,31	NA	-52	
02/12/2019	Italgas	Italy	Baa2	BBB+	2031	500	1,000%	141	1,33	59	-35	
05/04/2017	Madriena Red de Gas Finance	Spain	NR	BBB	2029	300	2,250%	195	1,77	70	-21	
05/04/2017	Madriena Red de Gas Finance	Spain	NR	BBB	2025	300	1,375%	124	0,92	53	-18	
13/01/2020	National Grid	UK	A3	A-	2025	500	0,190%	92	0,60	60	-32	
28/08/2019	National Grid	UK	Baa3	BBB	2082	750	2,125%	292	2,68	94	-85	
28/08/2019	National Grid	UK	Baa3	BBB	2079	500	1,625%	271	2,38	97	-181	
06/04/2020	Naturgy	Spain	BBB (Fitch)	BBB+	2026	1 000	1,250%	102	0,72	NA	-53	
09/01/2020	Red Electrica	Spain	A-(Fitch)	A-	2028	700	0,375%	70	0,50	35	-31	
20/09/2018	RTE	France	NR	A	2038	500	2,125%	87	0,93	32	-42	
20/09/2018	RTE	France	NR	A	2030	500	1,500%	70	0,57	24	-38	
05/09/2019	Snam	Italy	Baa2	BBB+	2034	600	1,000%	121	1,22	44	-22	
26/03/2020	Suez	France	Baa1	NR	2027	850	1,250%	81	0,55	Na	-54	
07/04/2020	Veolia Environnement	France	Baa1	BBB	2028	700	1,250%	86	0,64	NA	-44	
08/01/2020	Veolia Environnement	France	Baa1	BBB	2031	500	0,664%	95	0,84	35	-36	
29/08/2019	Vier Gas Transport	Germany	NR	A-	2034	500	0,500%	99	0,99	38	-31	
17/09/2018	Vier Gas Transport	Germany	NR	A-	2028	500	1,500%	77	0,56	38	-28	

INFRASTRUCTURE									30/04/2020	30/04/2020	vs. End of Feb	vs. End of March / Issuance
Pricing date	Issuer	Country	Moody's	S&P	Maturity	Size	Coupon	Bid I Spread	Bid YTM	I Spread	I Spread	
30/01/2020	Abertis	Spain	BBB(Fitch)	BBB-	2028	600	1,250%	296	2,74	126	-30	
03/07/2019	Abertis	Spain	BBB(Fitch)	BBB-	2029	600	1,625%	308	2,92	120	-49	
03/07/2019	Abertis	Spain	BBB(Fitch)	BBB-	2025	700	0,625%	290	2,59	162	-12	
01/04/2020	APRR	France	A-(Fitch)	A-	2027	500	1,250%	108	0,81	NA	-42	
10/01/2020	APRR	France	A-(Fitch)	A-	2023	500	0,000%	77	0,42	59	-26	
10/01/2019	APRR	France	A-(Fitch)	A-	2028	500	1,250%	106	0,90	64	-28	
14/11/2018	APRR	France	A-(Fitch)	A-	2030	500	1,500%	106	0,90	64	-28	
15/02/2019	ASF	France	A3	A-	2031	1 000	1,375%	108	0,97	53	-33	
21/06/2018	ASF	France	A3	A-	2028	700	1,375%	97	0,75	62	-27	
07/04/2020	Bouygues	France	A3	A-	2028	1 000	1,125%	84	0,63	NA	-41	
03/05/2017	Brisa	Portugal	Baa3	A-(Fitch)	2027	300	2,375%	211	1,86	108	-6	
24/04/2020	HIT	France	BBB (Fitch)	BBB-	2027	600	2,500%	278	2,53	NA	-2	
28/08/2019	Hochtief	Germany	NR	BBB	2031	250	1,250%	203	1,95	82	-34	
28/08/2019	Hochtief	Germany	NR	BBB	2027	500	0,500%	153	1,29	73	-34	
09/10/2014	Infra Park (Indigo)	France	NR	BBB	2025	650	2,125%	162	1,30	114	-26	
12/07/2017	Infra Park (Indigo)	France	NR	BBB	2037	125	2,951%	260	2,64	137	-6	
19/06/2019	Indigo (tap)	France	NR	BBB	2028	100	1,625%	201	1,80	125	-9	
31/03/2020	Orange	France	Baa1	BBB+	2027	750	1,250%	68	0,42	NA	-72	
31/03/2020	Orange	France	Baa1	BBB+	2032	750	1,625%	84	0,77	NA	-81	
07/02/2020	SBB	Sweden	BBB- (Fitch)	BBB-	2027	750	1,000%	300	2,76	175	35	
30/03/2016	TDF	France	NR	BBB-	2026	800	2,500%	263	2,33	105	-19	
20/02/2020	Teréga SAS	France	Baa3	NR	2028	400	0,625%	181	1,59	87	1	
11/01/2019	Vinci	France	A3	A-	2029	950	1,650%	108	0,88	59	-37	
18/09/2018	Vinci	France	A3	A-	2030	1 000	1,750%	106	0,93	57	-37	

RAIL & AERO									30/04/2020	30/04/2020	vs. End of Feb	vs. End of March / Issuance
Pricing date	Issuer	Country	Moody's	S&P	Maturity	Size	Coupon	Bid I Spread	Bid YTM	I Spread	I Spread	
18/03/2015	Alpha Trains	Luxembourg	BBB (Fitch)	NR	2025	350	2,064%	117	0,87	1	-10	
01/06/2017	Aeroporti Di Roma	Italy	Baa3	BB+	2027	500	1,625%	279	2,54	133	-10	
26/03/2020	Aeroports de Paris	France	NR	A	2026	1 000	2,125%	140	1,12	NA	-93	
26/03/2020	Aeroports de Paris	France	NR	A	2030	1 500	2,750%	151	1,36	NA	-118	
11/06/2019	Aeroports de Paris	France	NR	A	2034	800	1,125%	135	1,35	87	-80	
04/10/2018	Aeroports de Paris	France	NR	A	2038	500	2,125%	163	1,68	102	-63	
26/04/2017	Brussels Airport	Belgium	Baa1	BBB+ (Fitch)	2024	300	1,000%	159	1,25	105	-7	
01/04/2020	Deutsche Bahn	Germany	AA (Fitch)	NR	2029	750	1,375%	80	0,87	NA	-35	
05/03/2019	Heathrow Funding	UK	A-(Fitch)	BBB+	2034	650	1,875%	203	2,02	65	-108	
28/06/2017	Heathrow Funding	UK	A-(Fitch)	BBB+	2032	500	1,875%	193	1,87	76	-103	
01/04/2020	Royal Schiphol	Netherlands	A1	A+	2029	750	2,000%	121	1,02	NA	-89	



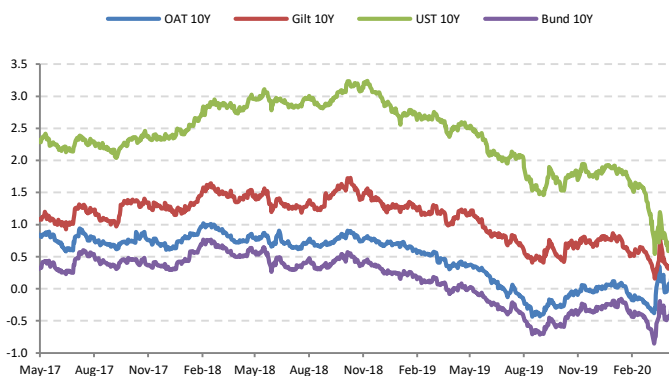
MACROECONOMIC ENVIRONMENT

- The ECB announced in April that it will accept HY bonds as collateral until September 2021. This applies to newly issued bonds as well as existing ones. There are still eligibility criteria though: the bond in question should have at least one investment grade rating on 7th April and its rating should be above BB at the moment of the pledge. This decision was positively perceived as it supports the banking system in countries at risk of a sovereign rating downgrade to junk like Italy or Portugal; it could also indirectly limit peripheral bonds' sensitivity to the pro-cyclical rating actions.
- Nonetheless, it still falls short of the actions of some of its peers such as the Fed which can provide direct funding to fallen angel companies through its PMCCF facility. Expectations are that this might be a step towards ECB buying HY bonds through the CSPP. The Fed maintained its rate level at 0%-0.25%. Since the start of the crisis, the Fed has already increased its balance sheet by USD 2.3TN. It will continue its asset-buying of treasuries, MBS, and CMBS "in the amounts needed to support the smooth functioning of markets".
- First-quarter results for 2020 are being revealed for companies and states' economies. The Eurozone economy dropped 3.8% in the first quarter compared to Q4 2019, at the fastest rate on record. The fall in activity in France, Spain and Italy was particularly impressive, with a 5.8% contraction QoQ for France, a 4.7% drop for Italy and a 5.2% drop in Spain. This means that France and Italy have now entered recession after Q4 2019 results which were already negative. Germany expects its economy to drop by 6.3% during the year. The economy of the zone is foreseen to drop even more in Q2. The recession is expected to be comparable to the one of the 1930s Great Recession. The US economy dropped 1.2% QoQ, or 4.8% annualized. On a more positive note, the European Council endorsed the €540BN package that the Eurogroup agreed to on 9th April and announced that it will be operational by 1st June.
- However, on the Recovery Fund, leaders were not able to reach an agreement on the terms and mandated the European Commission to work on this. The latter now has two weeks to propose a solution for the recovery instrument; it is likely to be based on the MFF (the EU budget), with the ability to borrow from the market.

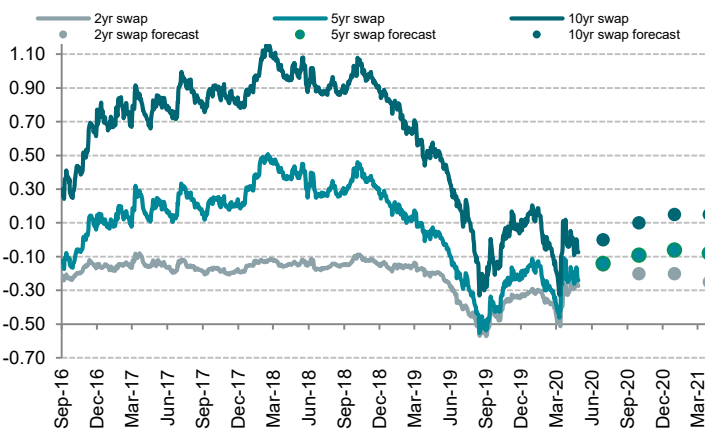
Swap rates (as of April 30th 2020)

	EUR	MtM Var (%)	USD	MtM Var (%)	GBP	MtM Var (%)
3Y	-0,34%	7,8%	0,32%	-33,1%	0,41%	-16,0%
5Y	-0,32%	31,8%	0,40%	-26,9%	0,43%	-17,4%
7Y	-0,26%	55,5%	0,50%	-20,6%	0,45%	-17,0%
10Y	-0,16%	278,1%	0,62%	-15,5%	0,48%	-15,8%
12Y	-0,09%	-321,5%	0,67%	-12,9%	0,50%	-15,6%
15Y	-0,01%	-105,3%	0,72%	-10,5%	0,50%	-16,9%
20Y	0,03%	-83,0%	0,77%	-8,8%	0,48%	-20,2%

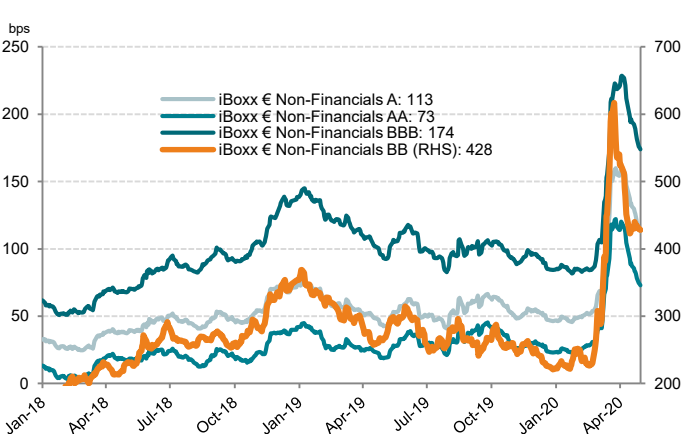
Government yields (10Y)



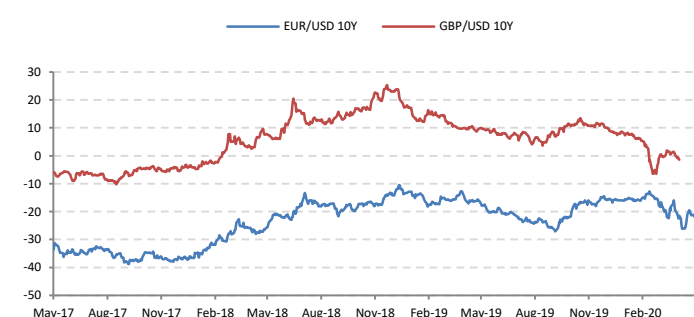
EUR swap rates (historic and forward levels)



Credit spread evolutions (EUR)



10Y basis swap evolution



Main upcoming events

	Events / Data	Expected impact
18 May & 11 June	Eurogroup Meeting	Negotiations of the Eurozone-wide fiscal response to the crisis likely to be difficult. May generate some volatility for EGB spreads & the EUR
4-June	ECB monetary meeting + updated forecasts	To remain in maximum easing, should provide new forecasts for the first time in 2020

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Sources: Bloomberg, Crédit Agricole CIB.



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