



GLOBAL PROJECT BONDS MARKET OVERVIEW

Recently closed transactions

ENERGY

- **Cheniere Corpus Christi Holdings LLC (Baa3 / BBB- / BBB-):** \$769MM in 19-year privately placed senior secured notes to refinance the Corpus Christi complex comprised of a nearly complete three train gas liquefaction facility and a pipeline in Texas. The notes priced at a 3.500% coupon with a spread of 270bps over interpolated treasuries, reaching the lowest coupon of the issuer's project bonds to date (Sponsor: Cheniere Energy Inc.)
- **Leviathan Bond Ltd (Ba3 / -- / BB):** \$2,250MM in 144A/Reg S senior secured notes to refinance Delek Drilling's 45.34% interest in the Leviathan gas field in Israel, in one of the biggest emerging market and high yield bond transactions of the year. The field was commissioned in December 2019 and represents the largest gas reserve in the region with proved reserves of 322 billion cubic meters. The rating of the notes was limited by the weakest counterparties of the offtake agreements owned by the Egyptian (B2/ B /B+) and Jordanian (B1 /B+ /BB-) governments. The transaction was structured in four bullet maturities; \$500MM in 3-year, \$600MM in 5-year, \$600MM in 7-year and \$550MM in 10-year which respectively priced at 5.750%, 6.125%, 6.500% and 6.750% coupons. (Sponsor: Delek Drilling)
- **Atlantica CSP Helienergy I & II (-- / AA / --):** €326MM in 17-year senior secured notes to refinance Helios 1 and 2, two CSP solar plants in Spain with an aggregate capacity of 100 MW. The fully-amortizing notes, which have a weighted average life under 10 years, priced at a 1.900% coupon, The notes which benefited from a full wrap from Assured Guaranty were rated AA by S&P and were privately placed on the Frankfurt Stock Exchange. (Sponsor: Atlantica Yield)

INFRASTRUCTURE

- **Águas Cuiabá and Paranaguá Saneamento:** BRL880MM (\$169MM eq.) in 10-year debentures in Brazil's first sanitation project finance capital market transaction after the approval of the new legal framework in the sector. The notes priced 6.100% on top of the local inflation benchmark IPCA. (Sponsors: Iguá Saneamento)
- **Astérix:** €400MM in 20-year senior secured notes to access connections on Orange's fiber network in medium-density areas across France. (Sponsors: Vauban Infrastructure Partners and Bouygues Telecom) **Crédit Agricole CIB acted as Sole Bookrunner and Sole Financial Advisor.**
- **Schleswig-Holstein Rolling Stock PPP:** €160MM in 26-year senior secured notes to finance a 55-train rolling stock concession in Schleswig-Holstein, Germany's first involving electric battery-powered trains. (Sponsor: NAH.SH)
- **A49 Hessen:** €208MM in 20-year senior secured notes to build a 31km stretch of new road in northern Hesse in central Germany. (Sponsors: Strabag and Meridiam)

EMEA TRANSACTION SPOTLIGHT:

Astérix

- **The issuer:** Project Astérix is the Joint Venture between Vauban Infrastructure Partners (51%) and Bouygues Telecom (49%) that will acquire rights of use of Orange's Fiber-to-the-home ("FTTH") network in medium-density population areas in France for 30 years.
- **The transaction:**
 - ✓ €400MM in 20-year senior secured notes.
 - ✓ Despite the fact that the investors were approached in the middle of the COVID-19 pandemic, they showed a strong interest for this transaction demonstrating the attractiveness of the telecom sector, perceived as resilient in the current environment.
 - ✓ The debt will finance the JV's acquisition of the rights to access about 2 million FTTH connections on Orange's fiber network in medium-density areas across France. The JV will then lease back access to Bouygues Telecom under a 30-year agreement.
 - ✓ **Crédit Agricole CIB acted as Sole Bookrunner and Sole Financial Advisor.**

AMERICAS TRANSACTION SPOTLIGHT:

Cheniere Corpus Christi Holdings LLC

- **The issuer:** Cheniere Corpus Christi Holdings LLC ("Corpus Christi") is a wholly-owned subsidiary of Cheniere Energy Inc. which owns Corpus Christi Liquefaction, LLC, a three train 15 million ton per annum liquid natural gas liquefaction facility in Texas and Cheniere Corpus Christi Pipeline, L.P. a 23-mile long natural gas pipeline which brings feedstock to the facility.
 - ✓ Construction on the Corpus Christi Train 3 project is nearly complete with 90.5% completed as of 30 June this year.
 - ✓ Shipments under 7 out of its 9 long term sale and purchase agreements have already started.
- **The transaction:**
 - ✓ \$769MM in 19-year fully amortizing senior secured notes with a 14-year weighted average refinances the current bank facilities.
 - ✓ The privately placed notes priced with a spread of 270bps over interpolated treasuries, reaching the lowest coupon of the 7 Corpus Christi project bonds issued to date at 3.500%.

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)	
Cheniere Corpus Christi Holding LLC	NAm	USD	769	Aug-20	19	14	3.500%	270 bps	Baa3 / BBB- / BBB-	
Leviathan Bond Ltd	EMEA	USD	2,250	Aug-20	3 / 5 / 7 / 10	Bullets	5.750% / 6.125% / 6.500% / 6.750%	-- / -- / 613 bps / 623 bps	Ba3 / -- / BB	
Atlantica CSP Helienergy I & II	EMEA	EUR	326	Aug-20	17	10	1.900%	--	-- / AA / --	
Mankato Energy Center	NAm	USD	407	Jul-20	19	8	2.900%	235 bps	NAIC-2	
LPSLT 2020-2GF	NAm	USD	252	Jul-20	27	6 / 6 / 7	2.750% / 3.860% / 3.500%	240 bps / 350 bps / 640 bps	A / BBB / BB (Kroll)	
Tengizchevroil	EMEA	USD	1,300	Jul-20	5 / 10	Bullets	2.750% / 3.375%	--	Baa2 / BBB / --	
Roths CoRDe and Becton Energy Biomass	EMEA	GBP	--	Jul-20	--	--	--	--	--	
Sunnova Helios IV Issuer	NAm	USD	159	Jun-20	35	9 / 6	2.980% / 7.250%	262 bps / --	A- / BB- (Kroll)	
Mosaic Solar Loan Trust 2020-1	NAm	USD	280	Jun-20	26	5 / 5 / 2 / 2	2.100% / 3.100% / 4.470% / 6.910%	175 bps / 275 bps / 425 bps / 675 bps	AA- / A- / BBB- / BB- (Kroll)	
Mill City Solar Loan 2020-1	NAm	USD	162	Jun-20	27	6 / 7 / 6	3.590% / 4.250% / 2.000%	--	A / BBB / BB (Kroll)	
Loanpal Solar Loan 2020-1	NAm	USD	211	Jun-20	27	6 / 6 / 4	3.780% / 5.350% / 2.000%	--	A / BBB / BB (Kroll)	
River Bend Fuel	NAm	USD	70	Jun-20	7	Bullet	2.510%	195 bps	NAIC-2	
FSL Issuer S.A.U.	EMEA	EUR	305	Jun-20	21	--	--	--	-- / AA / --	
Ellevio	EMEA	SEK	1,650	Jun-20	7	Bullet	1.728% / floating	--	-- / BBB / --	
Obton	EMEA	EUR	8	Jun-20	15	--	--	--	--	
Malpartida Solar	EMEA	EUR	30	Jun-20	--	--	--	--	--	
Whistler Pipeline	NAm	USD	800	May-20	10 / 11	8 / 11	5.160% / 7.000%	465 bps / 633 bps	Baa3 / -- / --	
Risen Yarranlea Solar PV Project	APac	AUD	90	May-20	20	--	--	--	IG	
Guaimbe and Ouroeste Solar	LatAm	BRL	820	May-20	10	--	--	--	--	
SabinePass Liquefaction	NAm	USD	2,000	May-20	10	10	4.500%	388 bps	Baa3 / BBB- / BBB-	
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%	--	--	

INFRASTRUCTURE										
Issuer	Geography	Currency *	Size (MM)	Date	Tenor	WAL	Pricing	Spread at Issuance	Ratings (Moody's / S&P / Fitch)	
Águas Cuiabá and Paranaguá Saneamento	LatAm	BRL	880	Aug-20	10	--	--	IPCA + 6.100%	--	
Astérix	EMEA	EUR	400	Aug-20	20	--	--	--	-- / -- / --	
Schleswig-Holstein Rolling Stock PPP	EMEA	EUR	160	Aug-20	26	--	--	--	-- / -- / --	
A49 Hessen	EMEA	EUR	208	Aug-20	30	--	--	--	-- / -- / --	
Kingston Student Living LLP	EMEA	GBP	90	Jul-20	35	--	--	--	-- / AA / --	
DP World Antwerp	EMEA	EUR	164	Jul-20	20	-	1.750%	--	-- / -- / --	
Azzura Aeroporti	EMEA	EUR	660	Jul-20	4 / 7	-	2.125% / 2.625 %	--	Baa3 / -- / --	
Brisbane Airport	APAC	AUD	850	Jun-20	6 / 11	Bullets	3.100% / 4.500%	--	Baa2 / BBB / --	
Meridian Water Heat Network	EMEA	GBP	15	Jun-20	--	--	--	--	--	
Trident	EMEA	GBP	75	Jun-20	31 / 33	--	--	--	--	
S-Bahn Hannover rolling stock PPP	EMEA	EUR	340	Jun-20	27	--	--	--	--	
Currenta	EMEA	EUR	75	May-20	--	--	--	--	--	
Your Housing Group	EMEA	GBP	120	May-20	34	--	2.500%	--	--	
ELL Luxembourg 2 S.à r.l	EMEA	EUR	--	May-20	--	-	--	--	--	
ODEG	EMEA	EUR	75	May-20	--	--	--	--	--	
3i BIIF PFI Tidal Portfolio	EMEA	GBP	248	May-20	16 / 18	--	--	--	--	
3i EOPF PPP Bravo Portfolio	EMEA	EUR	24	May-20	15	--	--	--	--	
Violin FTTH	EMEA	EUR	717	Apr-20	7	--	--	--	--	
Transurban Toll Roads	EMEA	EUR	600	Apr-20	10	--	--	MS + 310 bps	Baa1 / BBB+ / A-	

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 August 2020

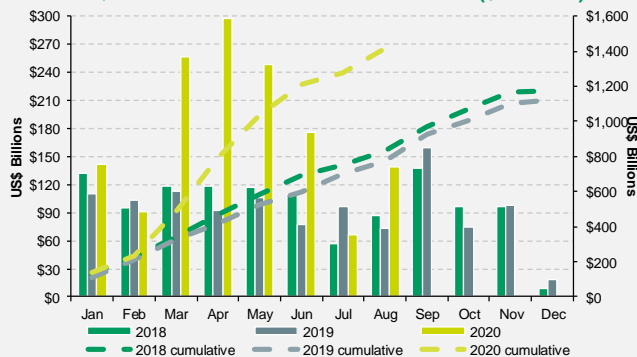
EUR Bond Corporate Market

- The second quarter of 2020 has been extremely active with an average of €63,0BN priced per month. July was a bit quieter with €22,0BN priced. But despite this slowdown, it was still the fastest month of July ever.
- After remaining closed for a bit more than 3 weeks, the credit market reopened on August Monday 24th with a new hybrid transaction priced by Vodafone. The success of the first transaction post summer lull proved the fact that investors are still yield hungry and should be an encouraging sign to other corporates looking at the market ahead of their own trade.
- The official pipeline is empty at the moment, however, the coming weeks and months are expected to be quite active on the primary market. Nonetheless, with all the good news (fiscal stimulus, central bank support...) having mostly been priced in by the market, the risk of a reversal is getting strong in case of bad news flow which could slow down the market reopening.

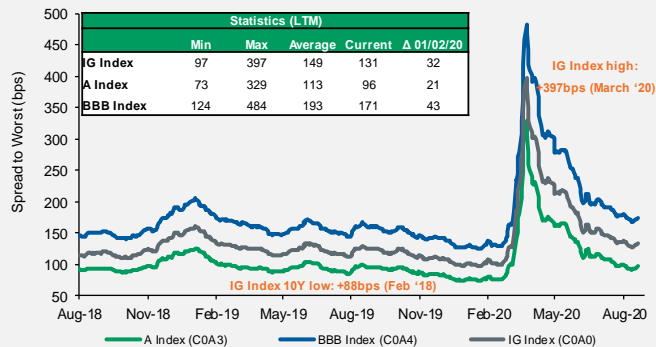
US Investment Grade Public Corporate Bond Market

- With \$140BN August volume outperforms the expectations of \$50-60BN and reached a new record high topping the old August record of \$115BN set in 2016. YTD volumes currently stand at \$1.417TR, ~84% ahead of fully-year 2019 and well-ahead of the all-time annual volume record of \$1.34TR set in 2017. Syndicate desks are generally expecting a total volume of \$1.5TR-\$1.6TR for full-year 2020. September is slated to be another busy issuance month; however, rising leverage concerns and potential for a vaccine solution/easing of lockdowns may eliminate the need for companies to continue building liquidity war chests.
- Flat to negative new issuance concession was the trend this month.
- On the economic front, initial jobless claims came in above 1MM for a second consecutive week after dipping below the threshold two weeks prior. Q2 real GDP growth contracted at 31.7%, revised up from a -32.9% estimate reported a month ago and down from a 5.0% decline in Q1.
- The rally in risk assets has accelerated since Powell's announce the adoption of an average inflation target of 2% over time, implying allowed periods of overshoots. On Powell's comments, yield premium demanded by investors on bonds compared to notes increased the most in two months. The 10Y and 30Y UST yields rose to 0.721% and 1.501% on Friday from 0.628% and 1.341% the prior Friday.

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



Investment-Grade Index (Spread)



USPP Market Highlight

- A volume of \$4.1BN was issued in August, a slowdown in comparison to the previous year (\$5.9BN) and last month (\$9.6BN). The YTD USPP volume stands at \$42.7BN, a 1.5% lag vs. last year.
- There were 37 issues by 18 issuers this month vs 45 issues by 16 issuers last month, and 52 issues by 27 issuers last year.
- Most of the transactions in August were domestic, supporting the overall trend for the year with domestic USPP accounting for 70% of the 2020 issuances.
- Energy and Infrastructure (including transportation) issuances account for 37% of the total YTD issuance, with Energy accounting for 30% of the YTD issuances and Infrastructure 7%.

USPP Spreads in bps			
	Jul-20		
Weighted Average Life	NAIC-1	NAIC-2	NAIC-3
5	175-225	200-225	450-550
10	175-200	200-275	425-475
12-14	175-225	225-275	450-525
15	175-250	225-275	450-550



EMEA BOND MARKET OVERVIEW

EMEA market – Public secondary levels

Sources: Crédit Agricole CIB, Bloomberg.

ENERGY											31/08/2020	31/08/2020	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	2i Rete Gas	Italy	Baa2	BBB	2025	500	2,195%	74	0,37	2		-98		
31/03/2020	E.ON	Germany	Baa2	BBB	2025	750	1,000%	46	0,09	NA		-84		
09/01/2020	E.ON	Germany	Baa2	BBB	2030	500	0,750%	67	0,53	28		-88		
09/01/2020	E.ON	Germany	Baa2	BBB	2023	750	0,000%	40	-0,02	9		-80		
31/10/2019	E.ON	Germany	Baa2	BBB	2031	500	0,625%	72	0,64	2		-90		
02/12/2019	EDF	France	A3	A-	2049	1 250	2,000%	180	1,92	20		-60		
07/04/2020	EDP	Portugal	Baa3	BBB-	2027	750	1,625%	75	0,44	NA		-105		
13/01/2020	EDP	Portugal	Baa3	BBB-	2080	750	1,700%	288	2,52	57		-148		
30/01/2020	Elenia Finance	Finland	NR	BBB+	2027	500	0,375%	72	0,41	15		-55		
10/10/2019	Enel	Italy	Baa2	BBB+	2027	1 000	0,375%	72	0,43	6		-87		
20/03/2020	Engie	France	A3	A-	2028	750	1,750%	54	0,27	NA		-126		
20/03/2020	Engie	France	A3	A-	2032	750	2,125%	69	0,38	NA		-141		
16/01/2020	Eni	Italy	Baa1	A-	2030	1 000	0,625%	87	0,70	15		-104		
07/10/2019	Eni	Italy	Baa1	A-	2034	750	1,000%	90	0,92	4		-109		
27/11/2019	FCC Servicios Medioambiente	Spain	NR	BBB-(Fitch)	2026	500	1,661%	175	1,42	45		-70		
27/11/2019	FCC Servicios Medioambiente	Spain	NR	BBB-(Fitch)	2023	600	0,815%	111	0,69	55		-47		
27/11/2019	Gas Network Ireland	Ireland	A3	A	2024	300	0,125%	70	0,31	38		-38		
01/04/2020	Iberdrola	Spain	Baa1	BBB+	2025	750	0,875%	47	0,09	NA		-68		
02/12/2019	Italgas	Italy	Baa2	BBB+	2031	500	1,000%	69	0,61	-13		-107		
05/04/2017	Madriena Red de Gas Finance	Spain	NR	BBB	2029	300	2,250%	168	1,46	43		-48		
05/04/2017	Madriena Red de Gas Finance	Spain	NR	BBB	2025	300	1,375%	94	0,55	23		-48		
13/01/2020	National Grid	UK	A3	A-	2025	500	0,190%	41	0,02	9		-83		
28/08/2019	National Grid	UK	Baa3	BBB	2082	750	2,125%	234	2,04	36		-143		
28/08/2019	National Grid	UK	Baa3	BBB	2079	500	1,625%	219	1,80	45		-233		
06/04/2020	Naturgy	Spain	BBB (Fitch)	BBB+	2026	1 000	1,250%	63	0,27	NA		-92		
09/01/2020	Red Electrica	Spain	A-(Fitch)	A-	2028	700	0,375%	48	0,23	13		-53		
20/09/2018	RTE	France	NR	A	2038	500	2,125%	64	0,74	9		-65		
20/09/2018	RTE	France	NR	A	2030	500	1,500%	46	0,31	0		-62		
05/09/2019	Snam	Italy	Baa2	BBB+	2034	600	1,000%	77	0,78	0		-66		
26/03/2020	Suez	France	Baa1	NR	2027	850	1,250%	69	0,38	Na		-66		
07/04/2020	Veolia Environnement	France	Baa1	BBB	2028	700	1,250%	70	0,43	NA		-60		
08/01/2020	Veolia Environnement	France	Baa1	BBB	2031	500	0,664%	79	0,65	19		-52		
29/08/2019	Vier Gas Transport	Germany	NR	A-	2034	500	0,500%	74	0,76	13		-56		
17/09/2018	Vier Gas Transport	Germany	NR	A-	2028	500	1,500%	45	0,20	6		-60		

INFRASTRUCTURE											31/08/2020	31/08/2020	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%	195	1,69	25		-131		
03/07/2019	Abertis	Spain	BBB(Fitch)	BBB-	2029	600	1,625%	217	1,97	28		-140		
03/07/2019	Abertis	Spain	BBB(Fitch)	BBB-	2025	700	0,625%	143	1,06	16		-159		
01/04/2020	APRR	France	A-(Fitch)	A-	2027	500	1,250%	51	0,19	NA		-99		
10/01/2020	APRR	France	A-(Fitch)	A-	2023	500	0,000%	36	-0,08	18		-67		
10/01/2019	APRR	France	A-(Fitch)	A-	2028	500	1,250%	54	0,36	12		-80		
14/11/2018	APRR	France	A-(Fitch)	A-	2030	500	1,500%	54	0,36	12		-80		
15/02/2019	ASF	France	A3	A-	2031	1 000	1,375%	52	0,39	-3		-89		
21/06/2018	ASF	France	A3	A-	2028	700	1,375%	40	0,14	5		-84		
07/04/2020	Bouygues	France	A3	A-	2028	1 000	1,125%	73	0,47	NA		-52		
03/05/2017	Brisa	Portugal	Baa3	A-(Fitch)	2027	300	2,375%	164	1,35	61		-53		
24/04/2020	HIT	France	BBB (Fitch)	BBB-	2027	600	2,500%	183	1,53	NA		-97		
28/08/2019	Hochtief	Germany	NR	BBB	2031	250	1,250%	149	1,39	28		-88		
28/08/2019	Hochtief	Germany	NR	BBB	2027	500	0,500%	93	0,65	13		-94		
10/06/2020	Iliad	France	NR	NR	2026	650	2,375%	251	2,17	NA		-34		
09/10/2014	Infra Park (Indigo)	France	NR	BBB	2025	650	2,125%	173	1,35	125		-15		
12/07/2017	Infra Park (Indigo)	France	NR	BBB	2037	125	2,951%	330	3,39	208		64		
19/06/2019	Indigo (tap)	France	NR	BBB	2028	100	1,625%	263	2,37	186		53		
31/03/2020	Orange	France	Baa1	BBB+	2027	750	1,250%	54	0,24	NA		-86		
31/03/2020	Orange	France	Baa1	BBB+	2032	750	1,625%	72	0,64	NA		-93		
07/02/2020	SBB	Sweden	BBB- (Fitch)	BBB-	2027	750	1,000%	216	1,88	91		-49		
30/03/2016	TDF	France	NR	BBB-	2026	800	2,500%	206	1,71	48		-76		
13/05/2020	Telefonica	Spain	Baa3	BBB	2032	750	1,807%	112	1,03	NA		-78		
13/05/2020	Telefonica	Spain	Baa3	BBB	2027	1 250	1,201%	74	0,45	NA		-71		
20/02/2020	Teréga SAS	France	Baa3	NR	2028	400	0,625%	158	1,32	64		-22		
11/01/2019	Vinci	France	A3	A-	2029	950	1,650%	48	0,25	-1		-97		
18/09/2018	Vinci	France	A3	A-	2030	1 000	1,750%	46	0,31	-3		-97		

RAIL & AERO											31/08/2020	31/08/2020	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%	155	1,18	38		28		
01/06/2017	Aeroporti Di Roma	Italy	Baa3	BB+	2027	500	1,625%	237	2,07	92		-52		
26/03/2020	Aeroports de Paris	France	NR	A	2026	1 000	2,125%	97	0,64	NA		-136		
26/03/2020	Aeroports de Paris	France	NR	A	2030	1 500	2,750%	133	1,15	NA		-136		
11/06/2019	Aeroports de Paris	France	NR	A	2034	800	1,125%	130	1,31	82		-85		
04/10/2018	Aeroports de Paris	France	NR	A	2038	500	2,125%	151	1,60	90		-75		
26/04/2017	Brussels Airport	Belgium	Baa1	BBB+ (Fitch)	2024	300	1,000%	163	1,22	109		-3		
01/04/2020	Deutsche Bahn	Germany	AA (Fitch)	NR	2029	750	1,375%	85	0,98	NA		-30		
05/03/2019	Heathrow Funding	UK	A-(Fitch)	BBB+	2034	650	1,875%	189	1,90	52		-122		
28/06/2017	Heathrow Funding	UK	A-(Fitch)	BBB+	2032	500	1,875%	186	1,80	69		-110		
01/04/2020	Royal Schiphol	Netherlands	A1	A+	2029	750	2,000%	73	0,51	NA		-137		



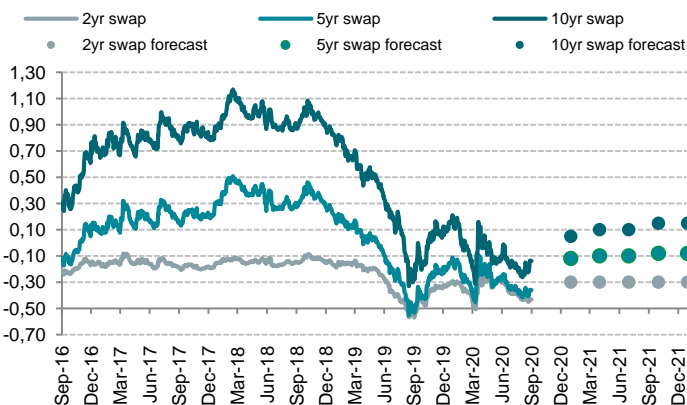
MACROECONOMIC ENVIRONMENT

- Broadly speaking, the dynamics of the pandemic remain the same since end of July: the number of daily new cases remains close to its peak of 270k per week while the number of daily deaths remains well inside the levels recorded during the first European outbreak in April, reducing the mortality rate quite significantly day after day. The higher probability of a significant second is mitigated by a consensus view that the political response will not be as bad for the economy as the previous one (mix of less constraining measures) and that consumers will take comfort in the lower mortality rate.
- In terms of conjuncture, the global economic momentum has remained positive in August but is slowing after the strong post-lockdown rebound, leaving activity still well below its pre-crisis level. Recent official hard data releases, mostly covering the activity up to July, have continued to surprise on the upside, confirming that the economic rebound has been strong at the start of the re-opening phase. But most alternative data tends to indicate that the recovery has weakened a lot and almost stalled in August, especially in the US and southern Eurozone countries (notably in Spain).
- On August 27th, Fed Chair Jerome Powell used his speech at Jackson Hole to officially announce that the Fed adjusted its monetary policy framework by adopting a 'flexible' Average Inflation Targeting strategy and asymmetric employment aims. These changes all but guarantee that the Fed will keep rates lower for longer, even if inflation rises slightly above 2% and the unemployment rate declines below its estimated equilibrium level. But these historical changes towards a structurally more dovish Fed failed to impress markets, because they had been priced in during the summer after hints that the Fed was moving in this direction and the Fed said it will allow only a moderate overshoot of inflation.
- Markets have continued to rally and have almost completed a V-shaped recovery. Equity prices have surged by 6% in August and are almost back to their all-time highs reached in February. The S&P 500 is at a new all-time high thanks to the uninterrupted surge in tech stock prices. Credit spreads have reversed more than 80% of their February-March widening, and tensions on the money markets have fully disappeared.

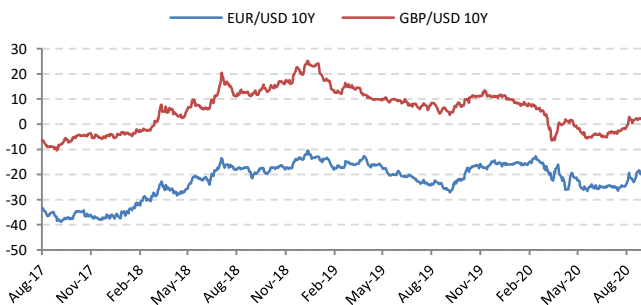
Swap rates

	EUR	MtM Var (%)	USD	MtM Var (%)	GBP	MtM Var (%)
3Y	-0,42%	12,4%	0,23%	-1,9%	0,14%	-28,9%
5Y	-0,36%	9,2%	0,34%	-0,9%	0,23%	-8,7%
7Y	-0,28%	7,9%	0,50%	4,2%	0,33%	6,8%
10Y	-0,14%	2,0%	0,72%	10,5%	0,45%	17,2%
12Y	-0,05%	-12,6%	0,83%	12,4%	0,52%	22,1%
15Y	0,05%	44,0%	0,94%	14,1%	0,59%	28,3%
20Y	0,14%	29,2%	1,05%	15,5%	0,64%	35,4%

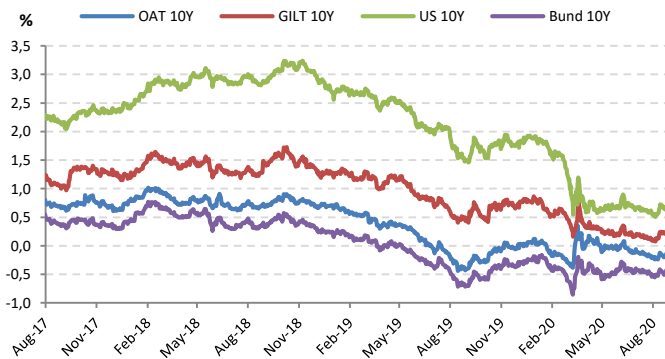
EUR swap rates (historic and forward levels)



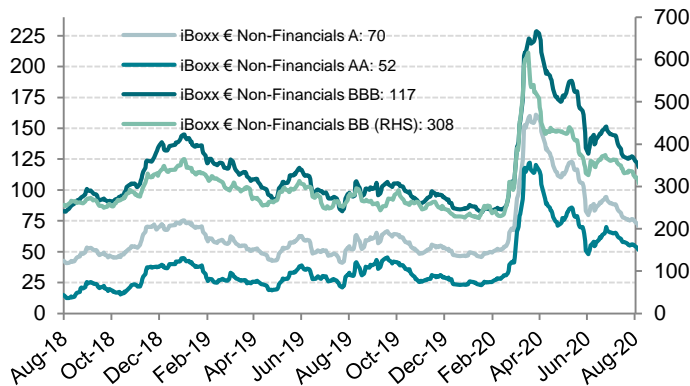
10Y basis swap evolution



Government yields (10Y)



Credit spread evolutions (EUR)



Main upcoming events

	Events / Data	Expected impact
10-Sept	ECB monetary meetings	No change expected, forecasts to show a gradual and incomplete recovery
16-Sept	Fed monetary meetings	To remain very dovish, continues the QE. Lower USD rates at the front end of the curve (1-5Y) and a steeper curve
15-Oct	EU Council meeting	Brexit: EU-UK may agree on a minimal trade deal (no quotas and tariffs for goods)

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Sources: Bloomberg, Crédit Agricole CIB.



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