

Trust must be earned

Amundi
ASSET MANAGEMENT

Primary Market Views €

December 2023

In a nutshell

- In November, the interest rate markets were strongly impacted by the sharper-than-expected drop in inflation in the euro zone. The annual inflation rate in the euro zone is estimated at 2.4% in November, marking a clear slowdown after 2.9% the previous month. A rapid decrease is observed in all components of the inflation basket. Core inflation even fell from 4.2% to 3.6%. The fight against inflation seems to be bearing fruit.
- The market is now convinced that central banks are done with monetary tightening. The market now anticipates a cut in ECB rates from March and a 150 basis point drop over the whole of 2024. Isabel Schnabel, member of the ECB board of directors, believes that there is no need to raise rates anymore, given the sharp decline in inflation.. However, Isabel Schnabel does not mention that the ECB will reduce its rates as quickly as expected by the market. The pressure on wages encourages the central bank to be cautious.
- Credit markets reacted very positively to the prospect of ECB rate cuts. In addition, investors were attracted by the historically high returns offered by credit. We note a resumption of activity on the primary market after the slowdown observed in October.



ROUGERON Sandrine

Global Head of Corporate Clients and Corporate Pension Funds

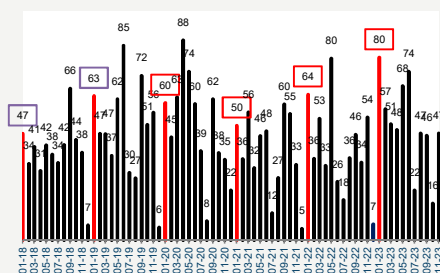


AINOUZ Valentine, CFA

Head of Global Fixed Income Strategy, Amundi Investment Institute

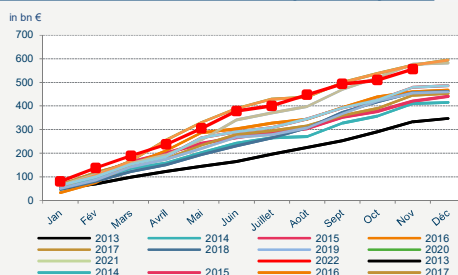
Primary market Investment Grade

Euro IG primary market Monthly issuance (in €bn)



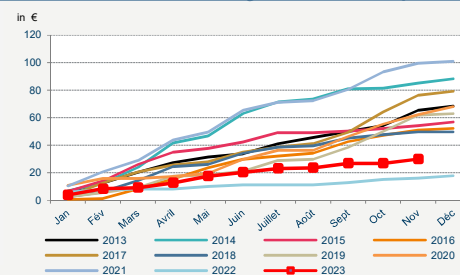
Source: Bloomberg, Amundi Inv. Institute, Data as of 30 Nov. 2023

Euro IG primary market Cumulative flows (in €bn)



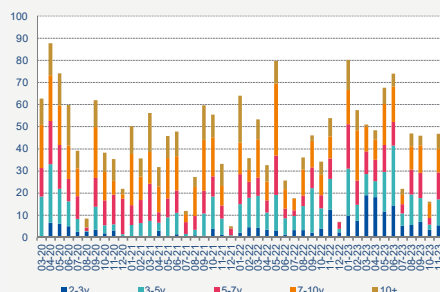
Source: Bloomberg, Amundi Inv. Institute, Data as of 30 Nov. 2023

Euro HY primary market Cumulative monthly issuance (in €bn)



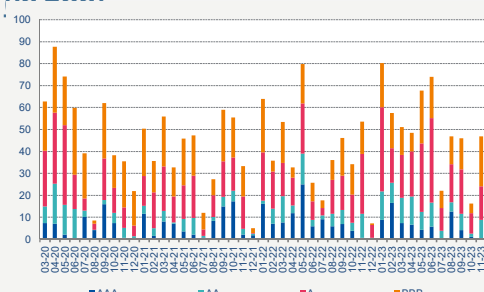
Source: Bloomberg, Amundi Inv. Institute, Data as of 30 Nov. 2023

Euro IG primary market Monthly volume by maturity (in €bn)



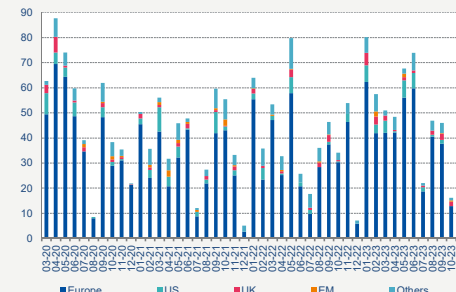
Source: Bloomberg, Amundi Inv. Institute, Data as of 30 Nov. 2023

Euro IG primary market Monthly volume by rating (in €bn)



Source: Bloomberg, Amundi Inv. Institute, Data as of 30 Nov. 2023

Euro IG primary market Monthly volume by country



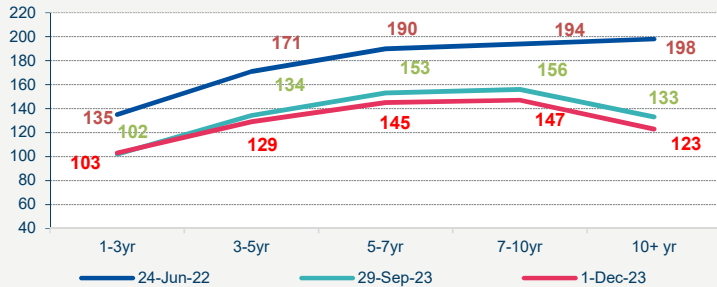
Source: Bloomberg, Amundi Inv. Institute, Data as of 30 Nov. 2023

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

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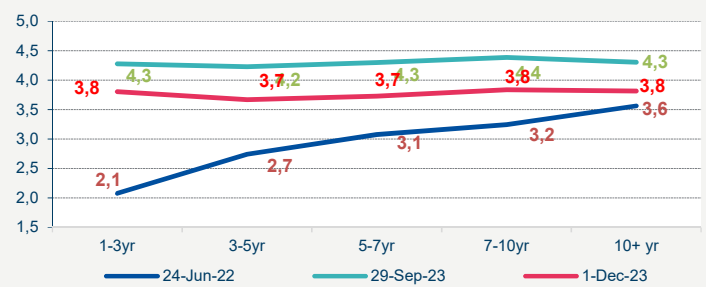
Market data

Euro IG A: OAS (in bp)



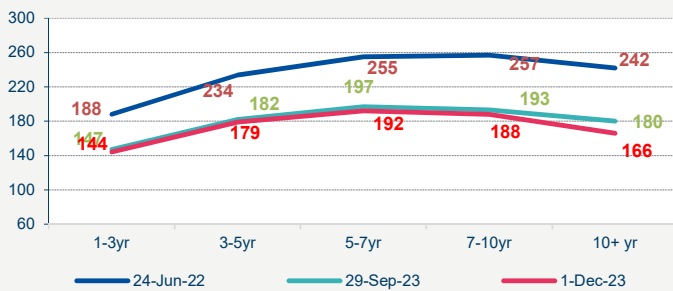
Source: Bloomberg, Amundi Investment Institute

Euro IG A: yield (in%)



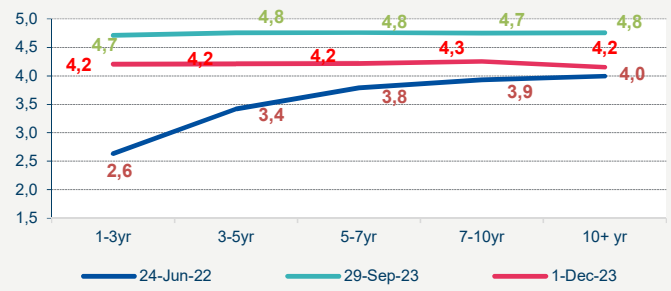
Source: Bloomberg, Amundi Investment Institute

Euro IG BBB: OAS (in bp)



Source: Bloomberg, Amundi Investment Institute

Euro IG BBB: yield (in%)



Source: Bloomberg, Amundi Investment Institute

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