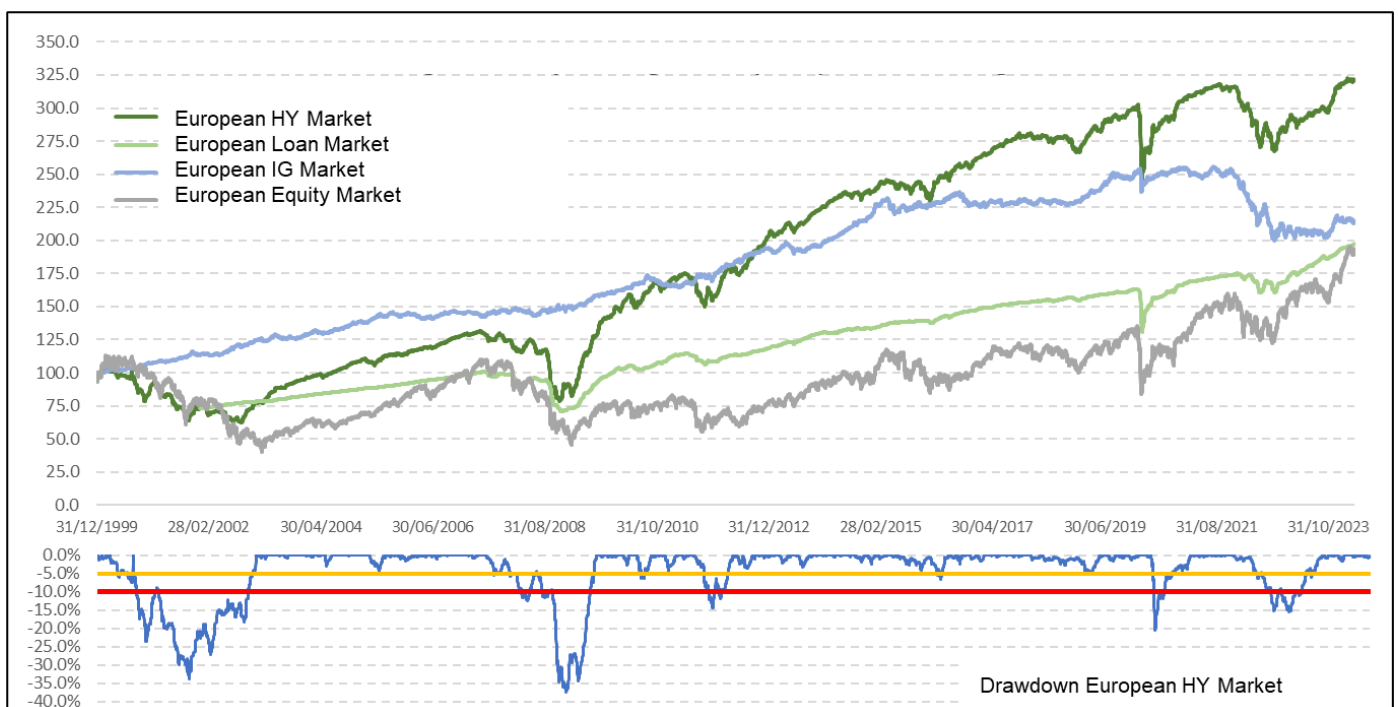


Macroeconomic Scenario

The most recent FED meeting (1st of May) ended with the central bank maintaining an easing bias (a predisposition to cut rates) but having to qualify it better in terms of timing (the reference to rate cuts 'this year' was removed) and preconditions (recognition that further evidence is needed on the inflation front). In fact, to date the data are still contradictory: new job announcements at three-year lows, high labour costs, weak consumer confidence and manufacturing ISM but, at the same time, rising price expectations. At the same time, Governor Powell called it unlikely that a hike would be the next move, but he believes that rates should be at this level for a longer period than expected. In fact, inflation remains supported by global geopolitical competition, which will continue to provoke an arms race, and by an equally costly energy transition that will be timed more by strategic concerns than environmental reasons. In early January, the market had come to expect 163 basis points of US rate cuts by December. Today the markets settle for a total of 129 basis points of cuts by the end of 2027, largely to be made not in 2024 but in 2025.

In the Eurozone, although a first cut by the ECB in June is practically certain, doubts are rising concerning subsequent moves during 2024, due to a possible stall in the disinflation process. Expectations of ECB cuts in 2024 have fallen to around 70bp due also to the indications of the last FED meeting, although cyclical conditions are very different between the two areas. Indeed, Eurozone PMIs suggest an attempt to change course, with first-quarter 2024 GDP unexpectedly growing by 0.3% q/q and inflation stable at 2.4% y/y in April.



EU HY Credit Market

European primary High Yield issuances since the beginning of the year have reached €29.9 billion (\$31.8 billion), compared to €13.5 billion in the same period of 2023.

In April, some of well-established HY names in the market refinanced including Carnival, IMA, Techem, TUI Crusies. Looking ahead, May is typically one of the busiest months in terms of primary issuance, with average volumes of €61 billion for investment grade and €7.2 billion for high yield. First-quarter results have been overall relatively solid for most companies in the HY market, however, some well-known idiosyncratic situations (Altice, Intrum, and Ardagh) remain unsolved.

The Euro HY market is now offering an average YTM of 6.81% with BBs yielding at 5.6%, Single Bs at 8.6%. There is some dispersion in the market for credit that more stressed.

In April, the yield of the HY market was negative by 8 bps while the ITraxx Xover increased by approximately 10 bps. However, the total return of the European HY market since the beginning of the year stood at 1.46% at the end of April, showing a certain resilience and outperformance compared to Investment Grade, which was negative by 1.88% at the end of April (+3.34% HY vs IG YTD as of April 30, 2024).

European HY Primary Market (April/May)												
Issuer	Fixed/Floater	Coupon	Euribor	Spread	TENOR	Maturity	Amount	Country	Industry	Payment	Rank	Rating
MULTIVERSITY	FLOATER		EUR003M	4,3%	7.00	17/05/2031	600.000.000 €	ITALY	Other Industrial	Secured		B
MULTIVERSITY	FIXED	7,1%			7.00	17/05/2031	500.000.000 €	ITALY	Other Industrial	Secured		B
MOBILUX FINANCE SAS	FIXED	7,0%			6.00	15/05/2030	250.000.000 €	FRANCE	Retailers	Secured		B+
VERISURE HOLDING AB	FIXED	5,5%			6.00	15/05/2030	525.000.000 €	SWEDEN	Consumer Cyc Services	Secured		B+
ILIAD HOLDING SAS	FIXED	6,9%			7.00	15/04/2031	600.000.000 €	FRANCE	Wirelines	Secured		BB-
LA DORIA SPA	FLOATER		EUR003M	4,5%	5.50	12/11/2029	525.000.000 €	ITALY	Food and Beverage	Secured		B+
ONE HOTEL GMBH	FIXED	7,8%			7.00	02/04/2031	500.000.000 €	GERMANY	Lodging	Secured		B-
ONE HOTEL GMBH	FIXED	7,8%			7.00	02/04/2031	500.000.000 €	GERMANY	Lodging	Secured		B-
VOLVO CAR AB	FIXED	4,8%			6.00	08/05/2030	500.000.000 €	SWEDEN	Automotive	Sr Unsecured		BB+
BOELS TOPHOLDING BV	FIXED	5,8%			6.00	15/05/2030	600.000.000 €	NETHERLANDS	Construction Machinery	Secured		BB
HELIOS SOFT/ION CORP SOL	FIXED	7,9%			5.00	01/05/2029	300.000.000 €	UNITED STATES	Technology	Secured		B
MAHLE GMBH	FIXED	6,5%			7.00	02/05/2031	500.000.000 €	GERMANY	Automotive	Sr Unsecured		BB
ILIAD SA	FIXED	5,4%			7.00	02/05/2031	500.000.000 €	FRANCE	Wirelines	Sr Unsecured		BB
CARNIVAL CORP	FIXED	5,8%			Long 5	15/01/2030	500.000.000 €	PANAMA	Leisure	Sr Unsecured		BB-
TUI CRUISES GMBH	FIXED	6,3%			5.00	15/04/2029	350.000.000 €	GERMANY	Leisure	Sr Unsecured		B-
IMA INDUSTRIA MACCHINE	FLOATER		EUR003M	3,8%	5.00	15/04/2029	900.000.000 €	ITALY	Diversified Manufacturing	Secured		B
TECHEM VERWALTUNGSGESELL	FIXED	5,4%			Long 5	15/07/2029	500.000.000 €	GERMANY	Other Industrial	Secured		B+
DUFROY ONE BV	FIXED	4,8%			7.00	18/04/2031	500.000.000 €	NETHERLANDS	Retailers	Sr Unsecured		BB
ELO SACA	FIXED	5,9%			4.00	17/04/2028	750.000.000 €	FRANCE	Supermarkets	Sr Unsecured		BB+
VALEO SE	FIXED	4,5%			6.00	11/04/2030	850.000.000 €	FRANCE	Automotive	Sr Unsecured		BBB-
EVOCA SPA	FLOATER		EUR003M	5,3%	5.00	09/04/2029	550.000.000 €	ITALY	Other Industrial	Secured		B
NEOPHARMED GENTILI SPA	FIXED	7,1%			6.00	08/04/2030	350.000.000 €	ITALY	Pharmaceuticals	Secured		B+
NEOPHARMED GENTILI SPA	FLOATER		EUR003M	4,3%	6.00	08/04/2030	400.000.000 €	ITALY	Pharmaceuticals	Secured		B+
EUTELSAT SA	FIXED	9,8%			5.00	13/04/2029	600.000.000 €	FRANCE	Cable Satellite	Sr Unsecured		BB+
RENO DE MEDICI SPA	FLOATER		EUR003M	5,0%	5.00	15/04/2029	600.000.000 €	ITALY	Paper	Secured		BB-



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