



BOND MARKET CONTACT GROUP

Update on recent euro area bond supply absorption and the outlook for future issuance

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EURO ISSUANCE YTD: MASSIVE AND WELL ABSORBED

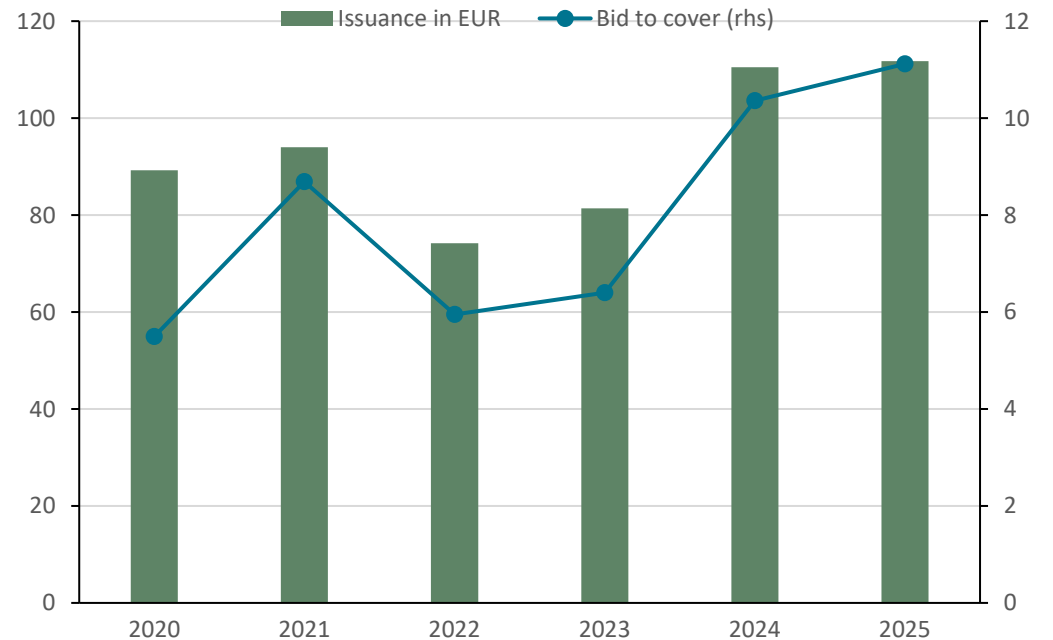
Non-Govies Euro issuance : dynamic, resilient and high-performing

	Amount issued (bn)	Average spread tightening (at syndication)	Spread Performance since Launch*	Average of Cover Ratio (Books)
Corporate	93,47	35,41	-5,78	4,16
FIG	142,21	22,45	-10,07	3,42
SSA	314,56	8,16	1,63	5,36

Source : Bloomberg, Carmignac, 31/01/2025

*: ex Floater and Perp

Nominal Govies syndication issuances and bid to cover ratio (9 first weeks of each year)



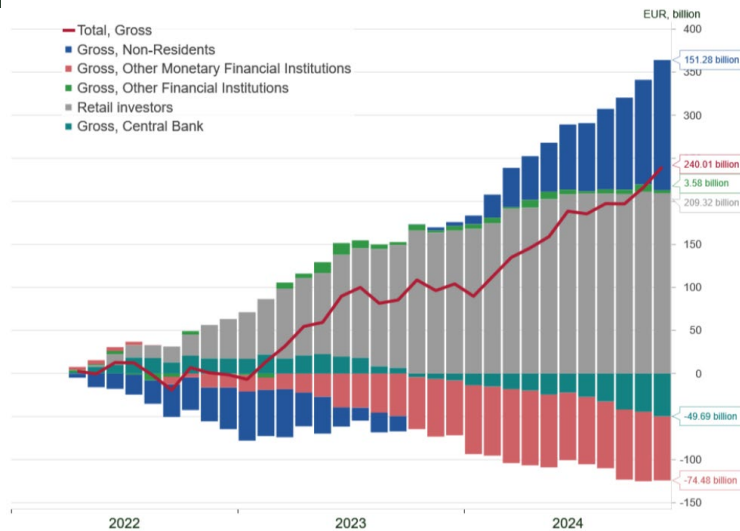
Source : CACIB, 28/02/2025

WHO WILL REPLACE THE NON-PRICED SENSITIVE BUYER?

When yields are higher, non constrained buyers are emerging. Retail is a perfect example:

Directly in some cases: BTP Valore, Piu

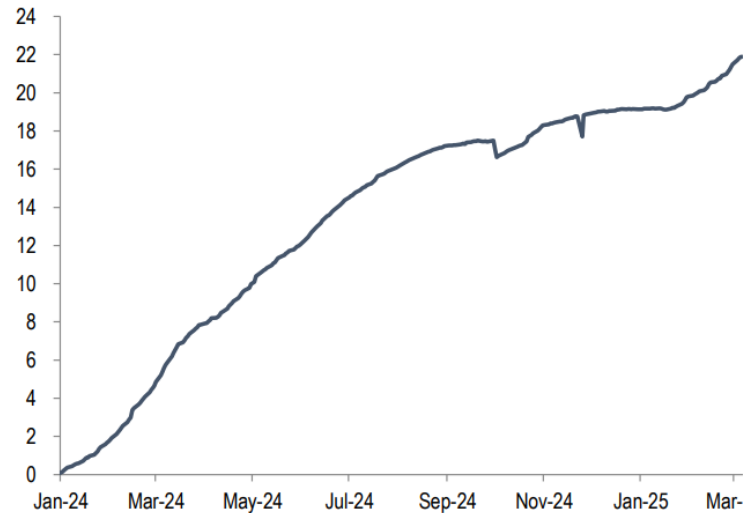
Italy, Public Debt, General Government: Net purchases of BTPs since January 20 22



Source : Macrobond, ECB, 31/12/2024

Through funds and targeted maturity funds in case of corporates

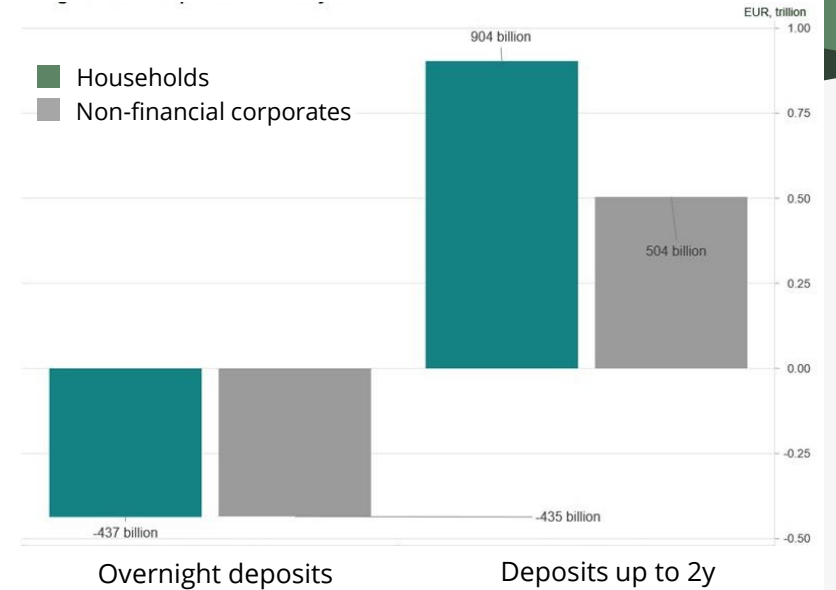
Cumulative inflows for European Credit Target Date Funds



Source : J.P. Morgan, Bloomberg, 05/03/2025

Through increase in cash and term deposit (helping banks financing)

Change in bank deposits since July 2022

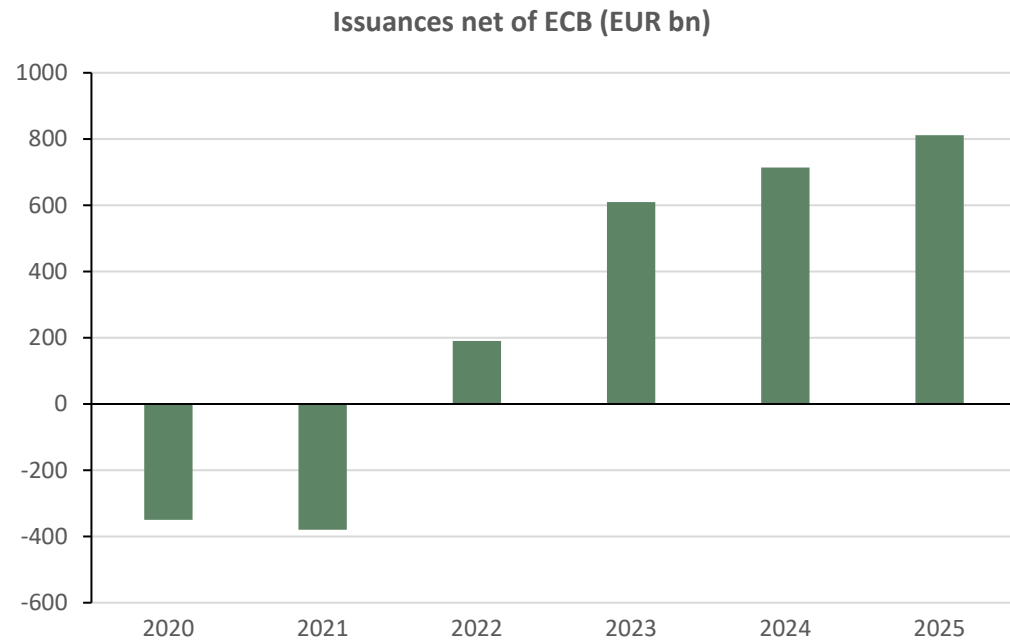


Source : Macrobond, ECB, 28/02/2025

WHAT'S COMING: BIG !

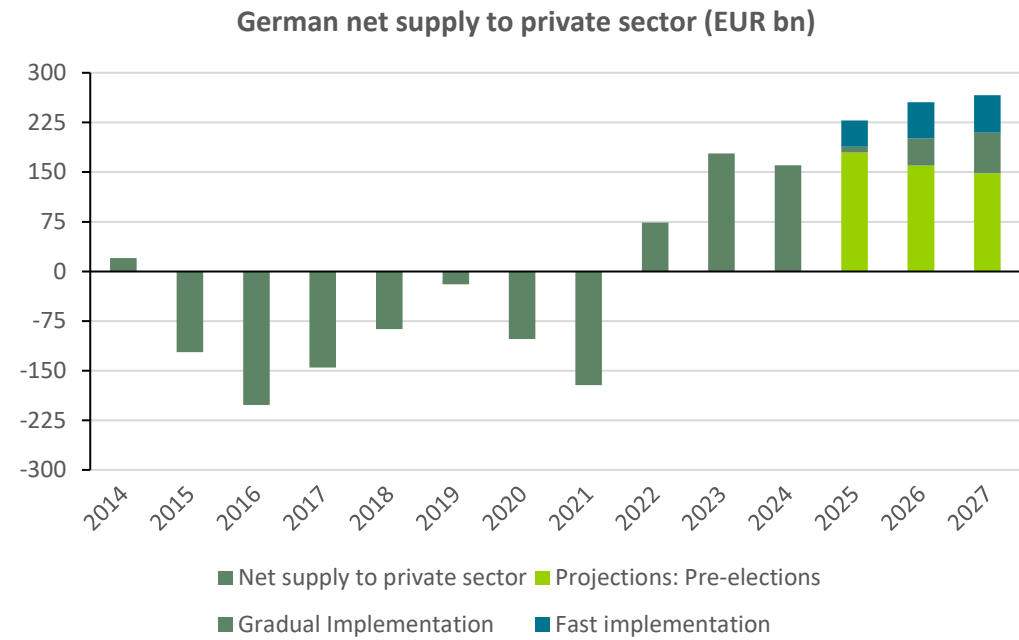
On top of Germany, EU issuance may have to step-up (how much?) and probably at a national level as well (Spain, Italy, France...)

What we knew



Source : SGCIB, 28/02/2025

What is new



Source : Goldman Sachs, 06/03/2025

QUESTIONS FOR DISCUSSION

The economic and political environment has changed so radically in the last 2 weeks that past expectations need to be reshuffled

- How much more issuances can be expected in the next 2/3 years ?
- Is it an open door for other countries in the Euro area ?
- Can we imagine some mechanisms to help absorbing the extra financing need
 - ESSG funds with the second S for Sovereignty ?
 - Deregulation ?
 - Repatriation of part of the European savings in Europe (taxes incentives) ?

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