



GLOBAL PROJECT BONDS MARKET OVERVIEW

Recently closed transactions

ENERGY

- **Renewable Japan Solar Green Bond:** ¥5.71BN (\$53MM) Green Bond, the proceeds are intended to finance the development of a solar project in Korekara, Hachinohe City. The transaction includes a fixed rate tranche of ¥4.00BN (\$37MM) and a floating rate tranche of ¥1.71BN (\$16MM). Both of the tranches are set to mature August 2040. (Sponsor: Renewable Japan)
- **Izcalli Investments Spanish Solar Portfolio (AA):** €207MM in 19-year senior secured notes backing portfolio of 9 solar assets in Spain. The solar assets benefit from payments from the Spanish Electricity System under the 2013 Spanish Regulatory Regime. The assets are managed by Qualitas Energy which is also acting as O&M provider. The notes were wrapped by Assured Guaranty which provided guarantee on principals and interest payments. As a result, the bonds were rated AA by S&P. This transaction is noteworthy, as it is the first wrapped issuance in Spain post financial crisis and the largest renewable energy transaction guaranteed by Assured Guarantee. (Sponsor: Qualitas Energy)
- **JSC's Polish Solar Portfolio:** €30MM in senior secured notes to finance the construction of 66 solar parks with an aggregated capacity of 65.5MW in Poland. The solar assets, which are expected to be connected to the grid in Q2 2020, were awarded 15-year subsidies in the Polish renewables auction. JSC Atsinaujinancios energetikos investicijos, the issuer, is a subsidiary of the Energy and Infrastructure SME Fund, which is managed by Lithuanian fund manager Lords LB Asset Management. (Sponsor: Lords LB Asset Management)
- **Adani Green Energy Solar Portfolio:** \$500MM in 5.5-year senior secured green bonds backing a portfolio of 25 operational solar projects with 930MW of aggregated capacity located in India. The notes priced at a 6.250% coupon. (Sponsor: Adani Green Energy)
- **CAAB Energia Italian Solar Portfolio:** €8MM in 14-year senior secured notes backing a portfolio of 15 operational solar assets located on the roofs of facilities of food distribution group Centro Agro Alimentare di Bologna in Italy. The assets have been operating since April 2013 and benefit from by 20-year feed-in tariffs. The fully-amortizing notes priced at a 4.970% coupon rate. (Sponsor: Pagano & Ascolillo and Filizola)

INFRASTRUCTURE

- **Perth Airport Pty Ltd (Baa2 / BBB / --):** \$225MM in senior secured notes backing the Perth airport in Australia. The transaction was issued in two tranches of 10-year (\$100MM) and 15-year (\$75MM) maturities and priced with spreads of 135bps and 160bps both on top of 10-year US treasuries leading to coupon rates of 3.450% and 3.700% respectively.
- **Brussels Airport (Baa1 / -- / BBB+):** €500MM in senior secured notes backing Brussels Airport. The transaction was issued in three tranches: €100MM in 15-year notes, €150MM in 20-year notes and €250MM in 30-year notes. (Sponsor: Ontario Teachers' Pension Plan Board, Belgium Government, APG, QIC, and Swiss Life) **Crédit Agricole CIB acted as Joint Lead Placement Agent.**

EMEA TRANSACTION SPOTLIGHT:

Brussels Airport

- **The Issuer:** Brussels Airport Company NV/SA is the owner and operator of Brussels Airport, Belgium's largest airport.
 - ✓ The airport is ideally positioned at the heart of Europe with limited competition. BRU has one of the densest catchment areas in Europe with c. 15 million within a 90 minute drive and over 25 million people within a two hour drive from the airport.
 - ✓ Brussels is a major political and business center, as well as prominent tourist destination with c. 8.4 million visitors per annum.
 - ✓ BAC has historically benefited from long-term and supportive shareholders who have a strong commitment to maintaining an investment grade rating and this is expected to continue following the announcement of Macquarie's 36% share sale to a consortium of new owners; which includes QIC (16.8%), APG (16.8%) and Swiss Life (2.4%).
 - ✓ Use of proceeds from this issuance will be used to prefund the Company's Eurobond maturing in July 2020 along with general corporate purposes.
- **The Transaction:** The transaction was initially launched at €300MM and was well received by investors as the book was oversubscribed by c. 6.6x times with €1.97BN in orders received. The transaction was upsized to €500MM and the issuer was able to achieve a competitive pricing which was tightened from initial price talk.
 - ✓ The transaction was issued in three tranches: €100MM in 15-year notes, €150MM in 20-year notes and €250MM in 30-year notes.
 - ✓ The transaction also had a 9 month delay draw feature for the 20-year and 30-year tranches.
 - ✓ The notes were marketed under Section 4(a)(2) / Reg. D format (Private Placement) to a limited list of investors.

Crédit Agricole CIB acted as Joint Lead Placement Agent.

* Source: Crédit Agricole Corporate & Investment Bank, 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)	
Renewable Japan	APac	YEN	5,71	28-Jun	21	--	--	--	BBB (Japan)	
Izcalli Investments Spanish Solar Portfolio	EMEA	EUR	207	19-Jun	19	--	--	--	-- / AA / --	
JSC's Polish Solar Portfolio	EMEA	EUR	30	19-Jun	--	--	--	--	--	
CAAB Energia Italian Solar Portfolio	EMEA	EUR	8	19-Jun	14	--	4.970%	--	--	
Adani Green Energy Solar Portfolio	APac	USD	500	19-Jun	6	--	6.250%	--	--	
La Bufa Wind	LatAm	USD	225	19-May	18	12	5.770%	--	--	
Archimede Sicily CSP Plant	EMEA	EUR	5	19-May	23	--	6.070%	--	--	
FLNG Liquefaction 2, LLC	Nam	USD	865	19-May	20	12	4.390%	190bps	-- / BBB / BBB	
Tablares Wind Farm	EMEA	EUR	--	19-May	--	--	--	--	--	
Niles Energy Center	NAm	USD	150	19-Apr	8	--	6.750%	--	--	
Shady Hills Energy Center	NAm	USD	422	19-Apr	33	25	--	195bps	--	
Andali Energia	EMEA	EUR	20 / 10	19-Apr	2	--	8.000%	--	--	
APLNG	APac	USD	600	19-Apr	6 / 14 / 19	--	--	--	--	
Springbok 3	NAm	USD	--	19-Apr	--	--	--	--	--	
ERG S.P.A.	EMEA	EUR	500	19-Apr	6	6	1.875%	190bps	- / - / BBB-	
Hilltop CCGT	NAm	USD	350	19-Mar	11	9	5.830%	325bps	BBB- (Kroll)	
Skinansfjellet and Gravdal Wind Farms	EMEA	EUR	350	19-Mar	--	--	--	--	--	
Northwest Hydro Facilities	NAm	CAD	546 / 538	19-Mar	18 / 20	--	4.290% / 4.342%	--	A low (DBRS)	
Dakota Access Pipeline	NAm	USD	650 / 1,000 / 850	19-Mar	4 / 6 / 10	--	3.625% / 3.900% / 4.625%	--	NAIC-2	
Noboribetsu Solar Project	APac	YEN	8,900	19-Feb	22	--	--	150bps	BBB (Japan's rating)	
Brooklyn Navy Yard Cogeneration Partners (BNYCP)	NAm	USD	323	19-Feb	--	--	--	--	B2 / -- / --	
Australia Pacific LNG Processing Pty Ltd	APac	USD	600	19-Feb	12	10	4.850%	220bps	Baa2 / -- / --	
Deepwater Poseidon drillship	NAm	USD	550	19-Jan	8	--	7.000%	99bps	--	
Lestari Banten Energi	APac	USD	775	19-Jan	20	--	6.880%	--	Baa3 / -- / BBB-	
Vila do Conde Transmissora de Energia (VCTE) and LT Triângulo (LTT) transmission projects	LatAm	BRL	565	19-Jan	--	--	--	CDI+750bps	--	
Valiente and Soitilo Wind	EMEA	EUR	--	19-Jan	--	--	--	--	--	

INFRASTRUCTURE										
Issuer	Geography	Currency	Size (MM)	Date	Tenor	WAL	Pricing	Spread at Issuance	Ratings (Moody's / S&P / Fitch)	
Perth Airport Pty Ltd	Apac	USD	225	19-Jun	10/15	--	3.450% / 3.700%	135bps / 160bps	Baa2 / BBB / --	
Brussels Airport	EMEA	EUR	500	19-Jun	15/20/30	--	--	--	Baa1 / -- / BBB+	
Corridor Bioceanico Highway	LatAm	USD	732	19-May	15	9	5.375%	--	Ba1 / BB / --	
Ravenhall Finance Co Pty	Apac	AUD	462	19-May	23	--	4.230%	--	--	
Autopistas Metropolitanas de Puerto Rico, PR22	LatAm	USD	120	19-May	20	15	7.000%	--	-- / BBB- / --	
Terminal Investment Ltd	EMEA	USD / EUR	100 / 100 / 70 / 110	19-May	10 / 15 / 12(EUR) / 7(EUR)	--	4.470% / 4.730% / 2.270% / 1.830%	195bps / 210bps / MS+160 / MS+160 bps	NAIC-2	
Brisbane Airport	Apac	USD / AUD	107 / 108 / 26(AUD) / 24(AUD)	19-May	10 / 12 / 10(AUD) / 12(AUD)	--	3.620% / 3.720% / 3.480% / 3.660%	115bps / 125bps / 120bps / 130 bps	Baa2 / BBB / --	
Milan Metro Line 5	EMEA	EUR	144	19-May	17	--	--	--	--	
Axione Infrastructures	EMEA	EUR	250	19-Apr	23	--	--	--	--	
Attero Waste	EMEA	EUR	52 / 198 / 113	19-Apr	9 / 10 / 15	--	--	MS+193bps / MS+195bps / MS+205bps	NAIC-2 (BBB)	
GMR Hyderabad International Airport	APac	USD	300	19-Apr	5	--	5.375%	--	Ba1 / BB+ / BB+	
Queensland Motorways	APac	USD / AUD	144 / 245 / 180 / 30 (AUD) / 40 (AUD)	19-Mar	10 / 12 / 15 / 10 (AUD) / 15 (AUD)	--	3.960% / 4.060% / 4.160% / 3.940% (AUD)	160bps / 170bps / 180bps / 3M BBSW+215bps (AUD)	NAIC-2 (BBB)	
Rodovias do Tiete Toll Road Refurbishment PPP	LatAm	BRL	90	19-Mar	12	--	--	--	--	
South East Water	EMEA	GBP	175	19-Mar	12 / 23	--	--	--	--	
Mariscal Sucre International Airport in Quito	LatAm	USD	400	19-Mar	14	--	12.000%	--	B2	
Line 1 Peru Metro Expansion Company Ltd	LatAm	USD	117 / 273	19-Jan	14	8	4.373% / 4.737%	215bps / 215bps	NAIC-2 (BBB)	
Autopistas Metropolitanas de Puerto Rico	NAm	USD	181	19-Feb	20	15	7.500%	--	-- / BBB- / --	
Carlsbad Desalination Plant	NAm	USD	183	19-Feb	1 / 5	--	5.000%	--	Baa3 / -- / --	
Airport Authority Hong Kong (HKIA)	APac	USD	500	19-Feb	10	--	3.450%	78bps	-- / AA+ / --	
Liege tram PPP	EMEA	EUR	136	19-Feb	30	--	--	100-150bps	--	
Flinders Ports Pty Ltd	APac	USD / AUD	91 / 50	19-Feb	10 / 20	10 / 20	4.080% / 4.720%	140bps / 175bps	Baa2 / -- / --	
Italian Street Lighting Cluster PPP	EMEA	EUR	17	19-Jan	20	--	--	--	--	
DSTelecom Fibre to the Home (FTTH)	EMEA	EUR	50	19-Jan	12	--	--	--	--	
Tours-Bordeaux High-speed Rail Project	EMEA	EUR	572 / 333	19-Jan	30 / 35	--	--	MS+140bps / MS+150bps	--	
University of Exeter Streattham Campus Accommodation	EMEA	GBP	140	19-Jan	48	--	--	--	--	

FY 2018 Global Project Bond League Tables (Source: PFI)

#	Lead Manager	(\$MM)	# deals
1	Citigroup	7,882	28
2	MUFG	3,681	17
3	Bank of America	2,868	14
4	JP Morgan	2,544	12
5	Crédit Agricole	2,171	14
6	SMBC	1,973	16
7	HSBC	1,741	10
8	Societe Generale	1,656	8
9	BNP Paribas	1,547	10
10	RBC Capital Markets	1,393	9

FY 2018 Global Project Bond League Tables (Source: IJGlobal)

#	Lead Manager	(\$MM)	# deals
1	Citigroup	4,705	18
2	JP Morgan	2,776	11
3	MUFG	2,463	14
4	HSBC	2,007	13
5	Crédit Agricole	1,917	15
6	Societe Generale	1,831	10
7	RBC	1,811	10
8	Bank of America	1,636	5
9	Sumitomo	1,494	16
10	Santander	1,441	17

* Source: Crédit Agricole Corporate & Investment Bank, Bloomberg, PFI, IJGlobal



GLOBAL BOND MARKET OVERVIEW

Market update June 2019

EUR Bond Corporate Market

- The IG corporate market has continued to perform strongly during June. This month 40 deals closed, for a volume of €31.2BN (from €31.0 BN in May) and average transaction size reached €600MM in June (vs. €650MM in May) The volume YTD has reached €180.14BN (i.e +20% vs. 2018 YTD). Despite the global political uncertainty (The loss of confidence in both main parties, has given rise to fringe parties like the Greens and the Brexit party, US-Chinese trade war, Italy not respecting the European budgetary rules), investors remained active: the oversubscription levels are still strong (3.0x).
- This allowed the issuers to tighten their prices vs. IPTs by c. 25bps in average since March and to launch their transactions at low NIPs (average NIP is around 3.45bps in June 2019 versus 18bps in June 2018). The average maturity is around 8.6 years.
- Mounting concerns regarding global growth and inflation expectations are keeping rates under pressure, and the 10-year German Bund is again trading in negative territory. The low rate environment is helping issuer reaching historically low yields.

GBP Market

- During this first part of the year, the Sterling primary market has had a strong start. It follows suit with both the EUR and USD primary market. Monthly volumes were up to £4.2BN in June 2019 (vs. £2.5BN in June 2018) and £3.7BN in May 2019 (vs. £1.1BN in May 2018). This month 9 deals closed.
- The Bank of England Monetary Policy Committee (“MPC”) voted unanimously on 20th June to keep rates on hold at 0.75 per cent, adding that its consensus view was that further rate rises were likely to be “at a gradual pace and to a limited extent”.

US Investment Grade Public Corporate Bond Market

- Rates stabilized after big moves downward again on Thursday as investors added to bets that weaker growth will lead to interest rate cuts.
- Equity performance was mixed amid ongoing concern trade frictions may already be jeopardizing global economic growth after dismal NonFarm Payrolls last Friday and weaker-than-expected CPI this Wednesday (1.9% reported YoY vs 2.0% expected).
- Stocks are still highly sensitive to the continuous stream of geopolitical headlines. Losses from the beginning of this week quickly reversed Thursday upon escalated tensions in the Middle East with the Dow closing at 26,089.61 on Friday, up 0.41% since the previous Friday while the S&P 500 closed at 2,886.98, up 0.47% over the same period.

	Statistics (LTM)				
	Min	Max	Average	Current	Δ 01/01/19
IG Index	110 bps	161 bps	127 bps	131 bps	-27 bps
A Index	87 bps	126 bps	99 bps	101 bps	-22 bps
BBB Index	140 bps	205 bps	162 bps	166 bps	-35 bps

Key Transaction in June

Aircastle Limited (Baa3/BBB-) issued \$650MM in 7-years senior notes. With an orderbook over 2.5x covered, the company was able to upsize from \$500MM and price at the tight-end of guidance with a minimal 2.5bps in concessions. [Credit Agricole acted as Active Joint Bookrunner.](#)

USPP Market Highlight

- About \$25.0BN of USPP have been issued YTD.
- A closer look at issuance by region shows the cross border issuance for YTD 2019 at 51%, while FY 2018 ended at 49%. Countries leading the way in volume are the US, the UK and Australia
- Energy and Infrastructure (including transportation) issuances have been accounting for 63% of the total issuance YTD accounting for 35% and 28% respectively.



EMEA BOND MARKET OVERVIEW

EMEA market – Public secondary levels

Sources: Crédit Agricole CIB, Bloomberg

ENERGY										
Pricing date	Issuer	Country	Moody's	S&P	Maturity	Size	Coupon	Bid I Spread	Bid YTM	
21/02/2017	2i Rete Gas	Italy	Baa2	BBB	2026	435	1.750%	129	1.25	
24/10/2017	2i Rete Gas	Italy	Baa2	BBB	2027	550	1.608%	132	1.38	
04/09/2018	2i Rete Gas	Italy	Baa2	BBB	2025	500	2.195%	113	1.01	
09/03/2017	AZA	Italy	Baa3	BBB	2024	300	1.250%	88	0.66	
10/12/2013	Elenia Finance	Finland	NR	BBB	2020	500	2.875%	34	-0.04	
31/03/2017	Elia	Belgium	NR	BBB+	2027	250	1.375%	93	0.95	
20/11/2014	Fluxys Belgium	Belgium	NR	NR	2034	100	3.250%	126	1.79	
20/11/2014	Fluxys Belgium	Belgium	NR	NR	2029	250	2.750%	150	1.73	
28/09/2017	Fluxys Belgium	Belgium	NR	NR	2032	50	2.375%	148	1.90	
28/09/2017	Fluxys Belgium	Belgium	NR	NR	2027	300	1.750%	142	1.47	
22/11/2013	Madrilena Red de Gas Finance	Spain	NR	BBB	2023	275	4.500%	54	0.30	
05/04/2017	Madrilena Red de Gas Finance	Spain	NR	BBB	2029	300	2.250%	110	1.28	
05/04/2017	Madrilena Red de Gas Finance	Spain	NR	BBB	2025	300	1.375%	85	0.69	
05/07/2017	National Grid	UK	Baa1	BBB+	2024	500	1.000%	56	0.37	
21/09/2017	NorteGas	Spain	NR	BBB-	2027	750	2.065%	124	1.29	
21/09/2017	NorteGas	Spain	NR	BBB-	2022	550	0.918%	54	0.20	
24/03/2014	Redexis Gas	Spain	Baa3	BBB	2021	650	2.750%	69	0.31	
20/09/2018	RTE	France	NR	A	2038	500	1.125%	54	1.20	
20/09/2018	RTE	France	NR	A	2030	500	1.500%	43	0.72	
30/08/2017	SSE	UK	A3	A-	2025	600	0.875%	72	0.60	
28/08/2018	SSE	UK	A3	A-	2027	650	1.375%	86	0.90	
13/03/2017	Statkraft	Norway	Baa1	A-	2025	500	1.125%	32	0.16	
19/07/2017	Terna	Italy	Baa1	BBB	2027	1 000	1.375%	64	0.70	
03/06/2013	Vier Gas Transport	Germany	NR	BBB+	2025	750	2.875%	34	0.22	
03/06/2013	Vier Gas Transport	Germany	NR	A-	2020	750	2.000%	23	-0.12	
01/07/2013	Vier Gas Transport	Germany	NR	A-	2023	750	3.125%	18	-0.09	
17/09/2018	Vier Gas Transport	Germany	NR	A-	2028	500	1.500%	41	0.55	
20/11/2015	Viesgo (IE2 Holdco)	Spain	NR	BBB-	2023	500	2.375%	70	0.44	
23/05/2016	Viesgo (IE2 Holdco)	Spain	NR	BBB-	2026	550	2.875%	113	1.07	

INFRASTRUCTURE AND TRANSPORTATION										
Pricing date	Issuer	Country	Moody's	S&P	Maturity	Size	Coupon	Bid I Spread	Bid YTM	
10/05/2016	Abertis	Spain	NR	BBB	2026	1 150	1.375%	100	0.96	
02/11/2016	Abertis	Spain	NR	BBB	2027	500	1.000%	109	1.12	
05/12/2013	Aeroporti Di Roma	Italy	Baa1	BBB+	2021	600	3.250%	61	0.24	
01/06/2017	Aeroporti Di Roma	Italy	Baa1	BBB+	2027	500	1.625%	131	1.33	
28/05/2013	Aeroports de Paris	France	NR	A+	2028	600	2.750%	36	0.49	
01/10/2014	Aeroports de Paris	France	NR	A+	2025	500	1.500%	29	0.13	
15/07/2015	Aeroports de Paris	France	NR	A+	2023	500	1.500%	22	-0.07	
06/12/2017	Aeroports de Paris	France	NR	A+	2027	500	1.000%	26	0.33	
04/10/2018	Aeroports de Paris	France	NR	A+	2038	500	2.125%	55	1.21	
18/03/2015	Alpha Trains	Luxembourg	Baa2	NR	2025	350	2.064%	128	1.16	
01/06/2016	APRR	France	Baa2	A-	2026	700	1.125%	31	0.21	
16/11/2016	APRR	France	Baa2	A-	2031	500	1.875%	42	0.73	
16/11/2016	APRR	France	Baa2	A-	2027	500	1.250%	29	0.28	
31/05/2017	APRR	France	Baa2	A-	2032	500	1.625%	46	0.84	
06/11/2017	APRR	France	NR	A-	2033	700	1.500%	47	0.90	
04/05/2016	ASF	France	A3	A-	2026	500	1.000%	26	0.20	
05/01/2017	ASF	France	A3	A-	2027	1 000	1.250%	22	0.21	
05/04/2017	ASF	France	A3	A-	2026	500	1.125%	24	0.17	
10/01/2018	ASF	France	A3	A-	2030	1 000	1.375%	42	0.66	
21/06/2018	ASF	France	A3	A-	2028	700	1.375%	33	0.45	
26/01/2017	Atlantia	Italy	Baa2	BBB	2025	750	1.625%	186	1.71	
06/07/2017	Atlantia	Italy	Baa2	BBB	2027	1 000	1.875%	196	2.01	
18/09/2017	Autostrade	Italy	Baa1	BBB+	2029	700	1.875%	215	2.39	
03/05/2017	Brisa	Portugal	Baa3	NR	2027	300	2.375%	94	0.98	
25/06/2013	Brussels Airport	Belgium	Baa1	NR	2020	500	3.250%	32	-0.04	
26/04/2017	Brussels Airport	Belgium	Aa1	NR	2024	300	1.000%	51	0.31	
03/02/2014	Heathrow Funding	UK	NR	A-	2030	750	1.500%	79	1.06	
13/05/2014	Heathrow Funding	UK	NR	A-	2022	600	1.875%	43	0.09	
28/06/2017	Heathrow Funding	UK	NR	A-	2032	500	1.875%	85	1.27	
17/11/2017	HIT	France	Baa3	NR	2027	500	1.625%	116	1.23	
17/11/2017	HIT	France	Baa3	NR	2023	500	0.625%	72	0.42	
09/10/2014	Infra Park (Indigo)	France	NR	BBB	2025	650	2.125%	60	0.45	
12/07/2017	Infra Park (Indigo)	France	NR	BBB	2037	125	2.951%	148	2.10	
19/07/2013	SANEF	France	Baa1	NR	2019	300	2.500%	-6	-0.46	
06/11/2015	SANEF	France	Baa1	NR	2026	600	1.875%	77	0.69	
11/10/2016	SANEF	France	Baa1	NR	2028	300	0.950%	84	1.00	
17/04/2018	Sydney Airport	Australia	Baa1	BBB+	2028	500	1.750%	79	0.89	
01/12/2017	Tank & Rast	Germany	Baa3	BBB-	2027	300	2.375%	230	2.39	
01/12/2017	Tank & Rast	Germany	Baa3	BBB-	2024	300	1.625%	191	1.75	
06/09/2017	Transurban	Australia	Baa1	BBB+	2028	500	1.750%	81	0.90	
20/01/2015	VTG Finance	Luxembourg	NR	NR	Perp	250	5.000%	519	4.88	



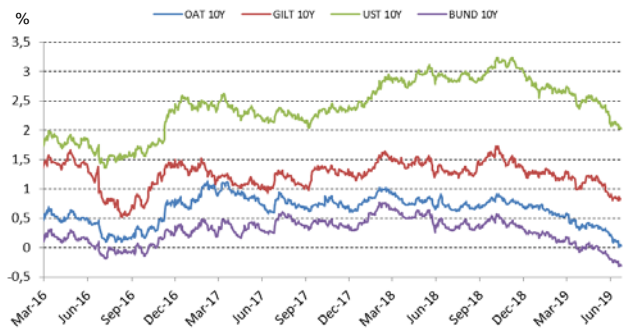
MACROECONOMIC ENVIRONMENT

- US President Donald Trump again threatened further tariffs on Chinese imports if he does not get a meeting with his Chinese counterpart Xi Jinping at the G20 summit while at the same time US Commerce Secretary Ross played down the chances of such a meeting taking place. Mexico was unable to escape the President's ire either, despite reaching an agreement, as Mr Trump threatened tougher sanctions should it fail to deliver on its commitments within 45 days. However, markets were reassured by J. Powell's comments on the fact that the Fed was monitoring the implications of the trade negotiations on economy and that the Fed would act to sustain economic expansion. Vice-Chairman Clarida added the central bank would put in place policies that would sustain price stability and maximum employment, and Bullard even explicitly called for a rate cut.
- After Theresa May's resignation, the Conservative Party begins its process of selecting a new leader. A total of ten candidates ran in this election. On 20th June, two final candidates were selected and the final decision is expected to take place at the end of July. More votes after today are likely to be needed to see the number of candidates whittled down to two, who will then be put forward for nomination to the 120,000 Conservative Party members. Boris Johnson is the clear favourite amongst the Conservative Party rank and file and so the only way to prevent him from winning the leadership contest would be ensure he is not on one of the final two candidates selected. As a hard-Brexiter one must consider that a Boris Johnson led government increases the risk of a no-deal Brexit, whether by accident or by design.
- The European Commission has recommended a disciplinary action against Italy over its disrespect of the budgetary rules. This procedure could eventually result in billions of euros fine. According to a new commission report, Italy 2018 debt is seen at 132.2% of GDP, far above the EU's 60% limit. The Commission has also warned France over public finances, without starting any procedure though.
- On 18th June, Mario Draghi surprised markets by making a dovish announcement, stating that another round of stimulus may be forthcoming. Mario Draghi enumerated the tools the ECB still has at its disposal in a bit more detail and these include 1) offering more generous TLTRO III terms (i.e. remove the 10bp rate premium over the deposit rate); 2) introducing a tiered deposit rate; 3) re-starting QE; and 4) cutting policy rates. The following day, the Fed also adopted a very dovish tone at its meeting. While maintaining its policy rate unchanged, the FOMC statement dropped references to the word 'patience' in determining future adjustments – usually a not so subtle hint that a rate cut is coming - whilst noting increased uncertainty in the outlook.

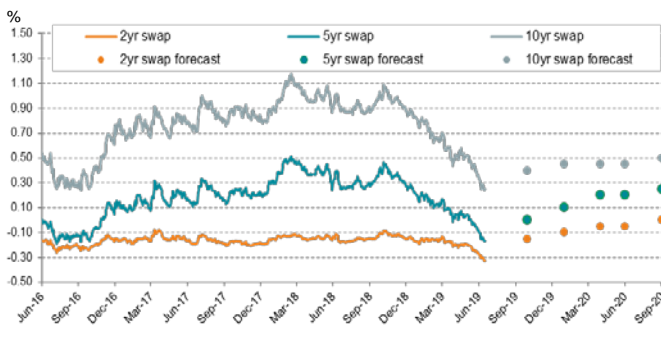
Swap rates (as of June 24th, 2019)

	EUR	MM Var (%)	USD	MM Var (%)	GBP	MM Var (%)
3Y	-0.34%	68.8%	1.69%	-20.6%	0.84%	-11.1%
5Y	-0.21%	338.3%	1.73%	-18.5%	0.88%	-13.2%
7Y	-0.04%	-133.3%	1.81%	-16.5%	0.93%	-13.0%
10Y	0.21%	-49.3%	1.94%	-14.3%	1.02%	-12.7%
12Y	0.35%	-38.4%	2.02%	-13.3%	1.07%	-12.0%
15Y	0.52%	-31.3%	2.09%	-12.5%	1.12%	-11.2%
20Y	0.68%	-26.8%	2.16%	-11.6%	1.18%	-10.2%

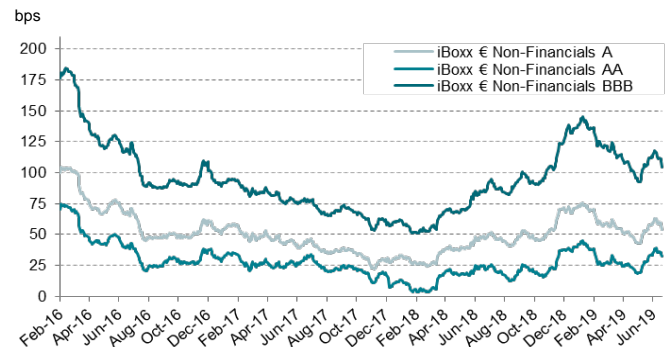
Treasury yields (10Y)



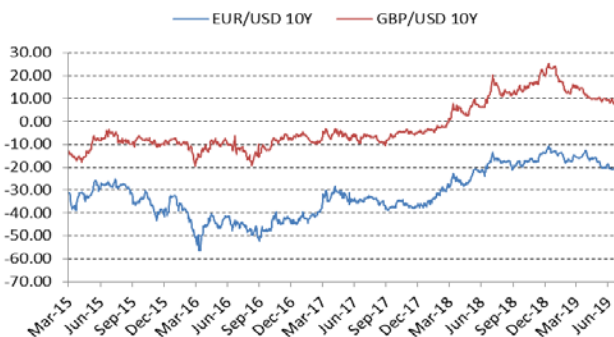
EUR swap rates (historic and forward levels)



Credit spread evolutions (EUR)



10Y basis swap evolution



Main upcoming events

	Events / Data	Expected impact
25-July	ECB Monetary Meeting	N/A
31-July	Fed Meeting	Slightly higher short term USD rates
12-Sept	ECB Monetary Meeting	To cap EUR rates

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Sources: Bloomberg, Crédit Agricole CIB



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