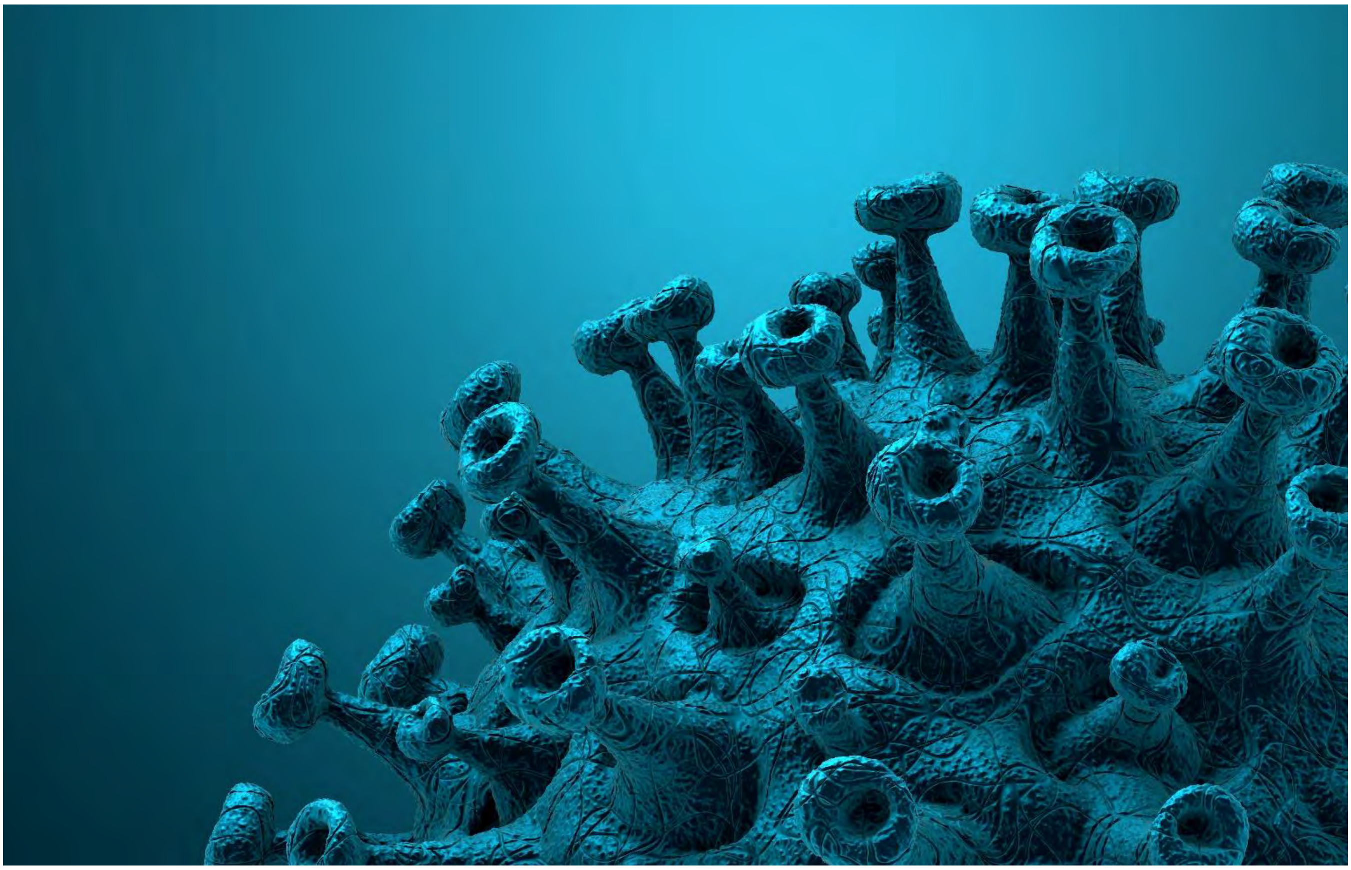
Finance for Europe

Impact of COVID-19 on European Capital Markets: Market Update

July 2020



Association for Financial Markets in Europe
www.afme.eu

Table of Contents

Executive Summary

The purpose of this report is to provide an update on how European capital markets have performed during the COVID-19 outbreak. This report follows a first publication launched in mid-April which assessed the initial impact of COVID-19 on Europe's capital markets.

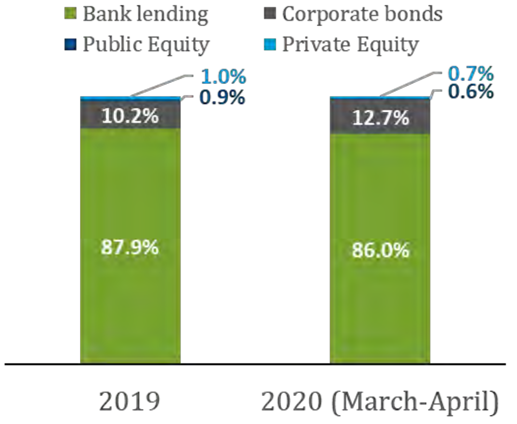
Capital markets resilience

During these unprecedented times, European capital markets have continued to provide access to finance and facilitate risk management for corporates and investors.

> *"During these unprecedented times, European capital markets have continued to provide access to finance and facilitate risk management for corporates and investors."*

- **Issuance levels of investment grade (IG) bonds have reached record weekly, monthly and quarterly volumes.** Q2 2020 saw the highest ever quarterly value of IG bond issuance for Non-financial corporates in Europe totalling EUR 225bn in proceeds. The increase has been largely driven by Central Bank support.
- **An ESG recovery.** European social, sustainable, and green bond issuance reached EUR 55.2bn in Q2 2020, the highest quarterly issuance volume to date. The increase was predominantly driven by social bond issuance.
- **European market liquidity has deteriorated over the last few months.** In most asset classes, bid ask spreads remain above pre-COVID levels with equity and corporate bond market bid-ask spreads respectively remaining elevated at about 30% and 40% higher than pre-crisis levels as of late June. Government bond bid-ask spreads also continue above pre-COVID levels, particularly for Italian and French sovereign bonds. **Price volatility in equity and in fixed income markets also remain elevated and above pre-COVID levels.**
- **Follow on equity offerings have continued to support the recovery** as companies seek to recapitalise and improve their balance sheet capacity. European secondary equity offerings totalled EUR 28bn in 2Q 2020, the largest quarterly volume since Q1 2017.
- **After two months of a virtually inactive IPO market, the European primary equity market reopened in May with EUR 3.6bn in proceeds from 24 deals**. Issuance volumes continue subdued compared to pre-COVID levels.
- **European listed SMEs have also benefited from access to equity capital, predominantly from secondary offerings on Junior exchanges** which totalled EUR 2.7bn between March and June of 2020. This amount, however, continues to represent a minor portion of SME funding.
- **Record volumes of bank lending.** Euro area statistics have shown a marked increase in corporate net lending and in gross lending to SMEs. Further increases in bank balance sheets are also to be expected as corporates continue to draw down on their existing borrowing facilities and banks channel government support programmes to clients.

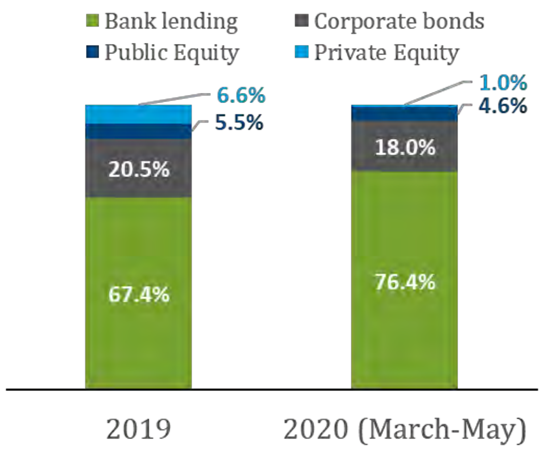
Euro area non-financial corporates funding sources (% of total flow)



Source: ECB, Dealogic, Eikon

"European corporates have benefited from an unprecedented amount of funding from capital markets instruments, predominantly fixed income securities."

UK non-financial corporates funding sources (% of total flow)



Source: Bank of England, Dealogic, Eikon

Substantial capital markets support for the recovery

European corporates have benefited from an unprecedented amount of funding from capital markets instruments, predominantly fixed income securities.

The large volume in capital markets support has signified a rebalancing of the Euro area's non-financial corporate funding structure. In 2019FY, bank lending represented 87.9% of the total new flow of finance for non-financial corporates (NFCs), followed by 10.2% from corporate bonds. Over the last months since the COVID outbreak (March-May), the record volume in investment grade bond issuance and the increase in secondary equity offerings has resulted in a larger proportion of capital markets funding for euro area NFCs. Bank lending has also rapidly increased albeit at a lower rate than that of bond issuance. (See top chart.)

The increase in IG bond issuance has been largely driven by Central Bank support. Between March and May, the ECB has purchased 19.5% of the new flow of euro area bond issuance with purchases of EUR 39bn of corporate bonds[1] compared with EUR 179bn of euro area IG bond issuance.

In the UK, bank lending has gained a more prominent role in the recovery process from representing 67.4% of NFC funding in 2019FY to 76.4% since the COVID outbreak (March-May). (See bottom chart.)

European listed SMEs have also benefited from access to equity capital, predominantly from secondary offerings on Junior exchanges which accumulated a total of EUR 2.7bn in proceeds between March and June of 2020. This amount, however, represents a minor portion compared with the EUR400bn in new bank lending to SMEs in the Euro area and the UK originated between March and May of 2020.

Deterioration in market liquidity

European market liquidity deteriorated following the COVID-19 outbreak.

In the equity market, bid-ask spreads rose by c10bps between February and mid-March and remain elevated at approximately 30% higher compared to the beginning of the year. According to the AMF, as of early May French top of book market depth of CAC40 constituent shares remained at less than half of pre-COVID levels. A similar market depth decline continues in other key pan-European equity markets, particularly for SME equity indices.

In the corporate bond market, bid-ask spreads rose 60bps in mid-March and remain approximately 40% higher than pre-crisis levels as of late June. Government bond bid-ask spreads also continue above pre-COVID levels, particularly for Italian and French sovereign bonds.

AFME will continue to assess the implications of COVID19 for our members and to engage with authorities across Europe.

[1] EUR10.6bn from PEPP and EUR25bn from CSPP.

Selected market spreads and indices: 2020

Spreads	30-Jun	31-Mar	1-Jan	bps Chg
Corporate				
European AAA	70	136	53	**+17**
European High Yield	512	866	308	**+204**
Sovereign				
5Y German CDS	8	14	5	**+3**
5Y Italian CDS	100	104	57	**+43**
5Y UK CDS	20	28	13	**+7**
Securitisation				
European CMBS Snr Euro FL	175	250	103	**+72**
European Autos A Euro FL 4-5 Yr	180	275	76	**+104**
UK Cards A GBP FL 7 Yr	250	350	150	**+100**
ECB eligible Spanish Snr RMBS	91	135	48	**+43**
Dutch RMBS Snr FL 5Yr	35	55	16	**+19**
UK Prime RMBS AA Euro FL 5 Yr	170	260	115	**+55**
UK Cards BBB GBP FL 7 Yr	350	500	190	**+160**
Italian RMBS BBB FL 10 Yr	400	500	252	**+148**
Banks				
T1 CoCo	552	674	316	**+236**
HY CoCo	555	683	335	**+220**

Indices	30-Jun	31-Mar	1-Jan	% Chg
STOXX 600	360.05	314.88	416.17	**-13.5%**
FTSE 100	6282	5672	7604	**-17.4%**
DAX	12727	9936	13386	**-4.9%**
CAC40	5084	4396	6042	**-15.8%**
FTSE MIB	20072	17051	23836	**-15.8%**
S&P 500	3130	2585	3258	**-3.9%**
VSTOXX	32	49	13	**150.3%**
VIX	29	54	12	**129.5%**

Source: *JP Morgan, Bank of America, Barclays, Eikon, US Federal Reserve, CBOE, STOXX*

1. Equity Market

Primary Market

European IPO market reopens

After two months of an inactive IPO market, the European primary equity market reopened in May with 24 new initial public offerings totalling EUR 3.6bn in proceeds over the last four months.

The primary market, however, continues to be relatively subdued compared to the more robust issuance volumes observed in 2019 and prior to the COVID outbreak. Between April and June of 2020, 28 IPO deals were announced worth EUR 3.7bn EUR, which contrasts with a 2010-19 quarterly average of 69 deals and EUR 7.7bn.

One IPO issued on EURONEXT- Amsterdam (Dutch Food and Beverages company, JDE Peet's) accounted for c70% of the IPO deal value between March and June of 2020, which further attests the lack of primary listings in the current market environment. (See chart 1.2.)

The continued high cost of equity and the elevated levels of market-implied volatility may be preventing a more active primary listing market. According to market research[2], the equity risk premium of AAA European markets has recently declined from c8% observed at the peak of the crisis in March 2020 to levels closer to 6% but continues above the pre-COVID levels of 5%.

In the rest of the world, the IPO market activity has recently resumed. In the US, IPO issuance totalled EUR15bn from 38 deals in June 2020, a substantial increase from less than EUR 5bn observed in March, April and May.

APAC exchanges also reported a monthly increase in IPO proceeds of 25% MoM in June 2020, although APAC primary market activity has been relatively resilient during the year compared to Europe and Americas. (See chart 1.3.)

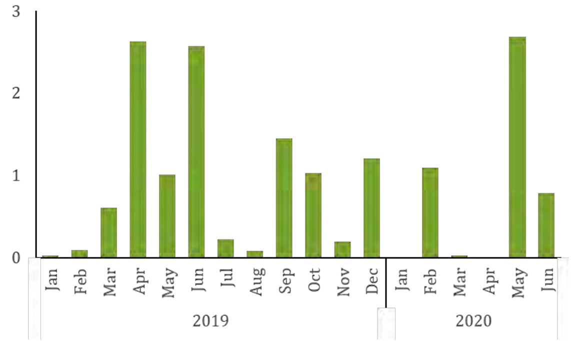
Secondary equity offerings continue to support the European recovery

Follow on equity offerings have continued to support the recovery as companies seek to recapitalise and improve their balance sheet capacity to navigate the COVID market environment.

European secondary equity offerings totalled EUR 28bn in 2Q 2020, the largest quarterly volume since Q1 2017.

Most equity offerings have been raised on UK and NASDAQ OMX exchanges, followed by Swiss and German exchanges accounting for 80% of the total European proceeds between March and June of 2020. Equity secondary issuance on Italian exchanges resumed in April after more than 30 days of inactivity. (See chart 1.5.)

1.1 European IPO issuance (EURbn)

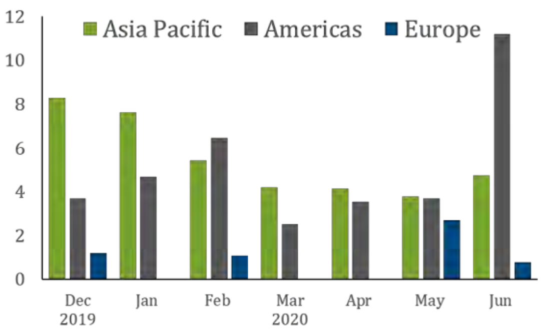


Source: *Dealogic*

1.2 IPOs by Exchange (March-June)

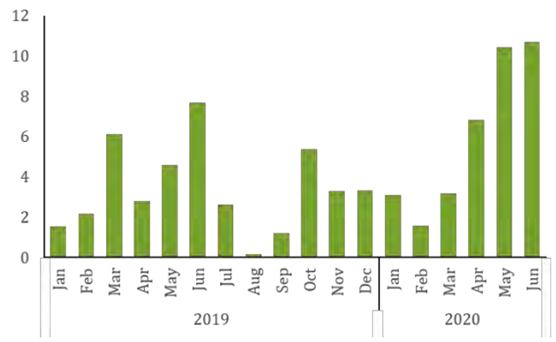
Source: *Dealogic*

1.3 Global IPO issuance (EURbn)



Source: *Dealogic*

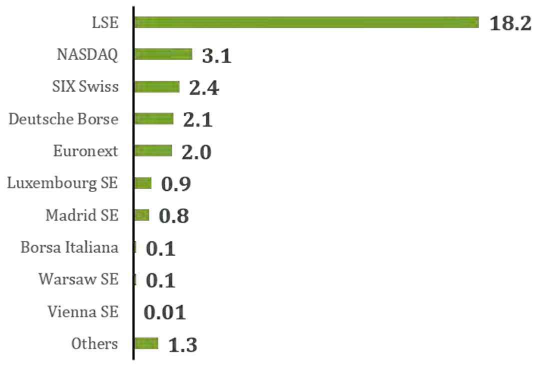
1.4 Follow-on issuance (EURbn)



Source: *Dealogic*

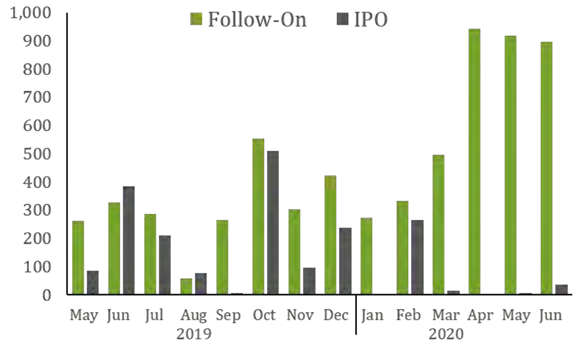
[2] See Aswath Damodaran here.

1.5 Total follow-on by exchange. March-June 2020 (EURbn)



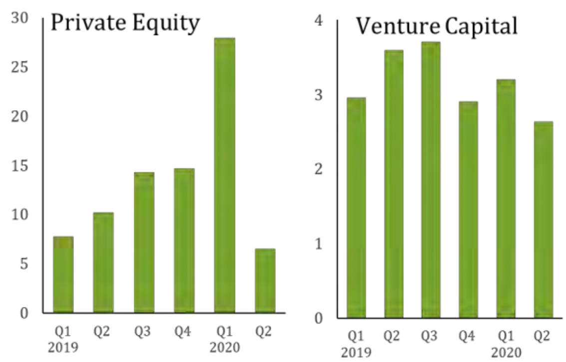
Source: *Dealogic*

1.6 Equity issuance on Jr exchanges (EURmm)



Source: *Dealogic*

1.7 European Private Equity and Venture capital investment (EURbn)



Source: *Eikon. VC: seed and early stage. Ex-debt.*

Equity raising by SMEs

Listed SMEs on junior exchanges have also benefitted from access to equity capital in the current volatile environment. Although the IPO market on Jr exchanges continues virtually inactive, secondary equity offerings have significantly increased totalling a total of EUR 2.7bn in proceeds—the largest quarterly volume since Q1 2015.

The sizeable increase in equity raising by listed SMEs highlights the importance of a robust and liquid public market that can assist corporates raise capital during challenging market circumstances.

European venture capital investment (predominantly invested on SMEs) has also remained relatively resilient, with a decrease of 10% QoQ in 2Q 2020. (See chart 1.7.)

Decline in Private Equity activity

Private equity deal making has deteriorated during the COVID-19 outbreak. Total equity investments into European companies declined in Q2 2020 according to Eikon data.

Private equity companies face the dual dilemma between providing sufficient resources for their existing portfolio companies (some which in financial distress as consequence of the COVID outbreak) and exploring possible opportunistic acquisitions of companies in need of equity recapitalisation.

Funding conditions are, however, difficult for new deal making. Rising costs of leveraged loan financing, high borrowing costs in the high yield debt market, rising CLO yields, and subdued fundraising as investor prefer to allocate resources into liquid and safe assets, may be preventing a more active PE market. The continued high market volatility and cost of equity are also impeding PE exits through IPOs in current circumstances.

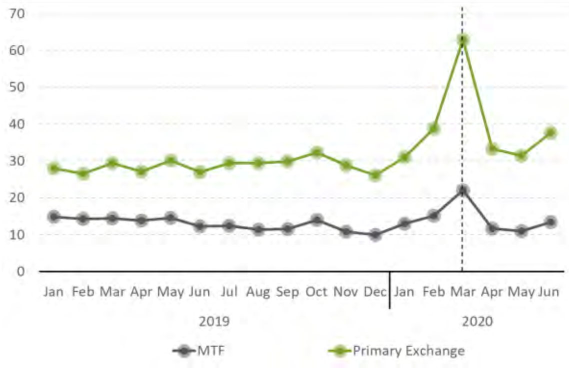
On the other hand, private equity funds currently benefit from record amounts in "dry powder" of cEUR 300bn in Europe and above $2tn globally which can be used to support the cash needs of current portfolio companies in distress or to explore possible opportunistic acquisitions. Dry powder refers to the amount of cash reserves or liquid assets that private equity firms have on hand to make investments.

Funding the recovery with Equity

As a policy measure to support the economic recovery and facilitate access to finance for companies affected by the COVID outbreak, the governments of Germany, France and the UK have launched financial assistance programmes to support equity investments into SMEs. An EU-level equity facility is also expected to be launched, most likely led by the European Investment Fund (EIF).

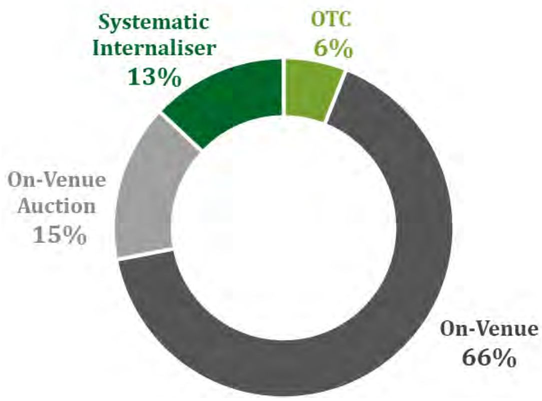
The size of these equity facility programmes, however, is rather small compared to the EUR 2.6tn in state loan guarantees issued by European governments. In Germany, for example, the size of the Venture Capital facility totals EUR 2bn compared with EUR 900bn in state loan guarantees.

1.8 European equity trading by venue (Average daily, EURbn)



Source: *Big XYT*

1.9 European equity trading by type (Jan – Jun 2020)



Source: *BigXYT*

Access to equity will continue to be a crucial as companies optimise their balance sheets to adjust to the new market circumstances.

Equity trading

By venue

There has been a partial normalisation of average daily trading volumes of equities[3] traded on European MTFs and exchanges during Q2 2020, after a surge in trading during March 2020 when volumes rose to almost double that observed in March 2019. Total trading volume in April and May stabilised to volumes similar to pre-COVID levels, while during June 2020 activity reached EUR 51.1 bn on average per day, an increase of 30% YoY (vs. EUR 39.27 bn).

During June 2020, exchanges based in western and southern Europe saw the greatest relative increases in trading volumes, while those in northern Europe seen trading rise at less than the average percentage increase. The increase in trading can be observed across all exchanges and all but one MTF in AFME's analysis[4].

By type

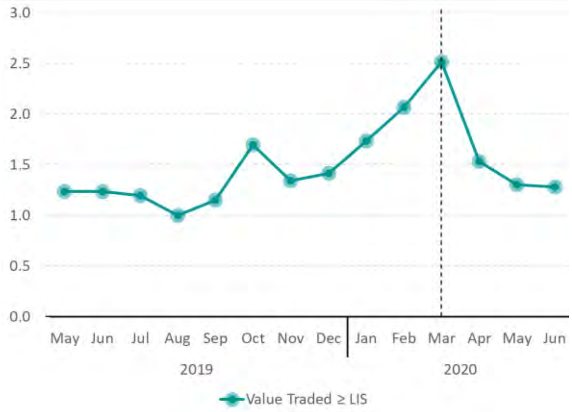
The liquidity split in equities trading shows that during the course of 2020 the percentage of addressable liquidity[5] is split between 81% on venue, 13% on systematic internalisers (SI) and 6% OTC on average. We note that excluding large-in-scale trading would result in a further increase in on-venue trading (92%) and SI and OTC figures of 6% and 2% respectively.

[3] Addressable trading only.

[4] Venues in the analysis include Aquis Exchange, Athens Stock Exchange, Bolsa de Madrid, Borsa Italiana, Cboe BXE, Cboe CXE, Cboe DXE, Cboe LIS, Equiduct, Euronext Amsterdam, Euronext Brussels, Euronext Lisbon, Euronext Paris, Instinet Blockmatch, Irish Stock Exchange, ITG Posit, Liquidnet, LSE, Nasdaq Nordic, Oslo Bors ASA, Prague Stock Exchange,SigmaX MTF, SIX Swiss Exchange, Turquoise, Turquoise Plato Uncross, UBS MTF, Wiener Borse AG, WSE, Xetra

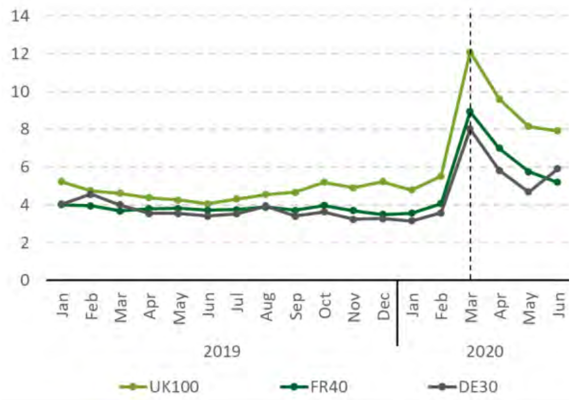
[5] Non-addressable liquidity includes i) transactions that do not contribute to the price discovery process; ii) transactions that occur outside trading hours; and iii) pre-negotiated transactions that are large in scale, when they are non-addressable. When seeking to understand the addressable liquidity landscape in Europe, these transactions should not be considered. For a more detailed explanation of what is addressable and non-addressable liquidity, please refer to a section below.

1.10 Blocktrading (average daily, EURbn)



Source: *Big XYT*

1.11 Bid-ask spreads for selected European indices (bps)



Source: *Big XYT*

Blocktrading

Average daily large in scale (LIS) trading decreased to EUR 1.27 bn in June 2020, corresponding to a 49% decline from March 2020, when volumes peaked at EUR 2.51 bn. Similarly, to overall equity trading, the decline in traded volumes was concentrated in April.

However, activity has remained relatively stable thereafter and unlike overall equity trading, blocktrading volumes did not significantly increase towards the end of Q2 2020, with average daily trading volumes up 3% in June 2020 compared to June 2019 (EUR 1.23 bn)

Bid-ask spreads

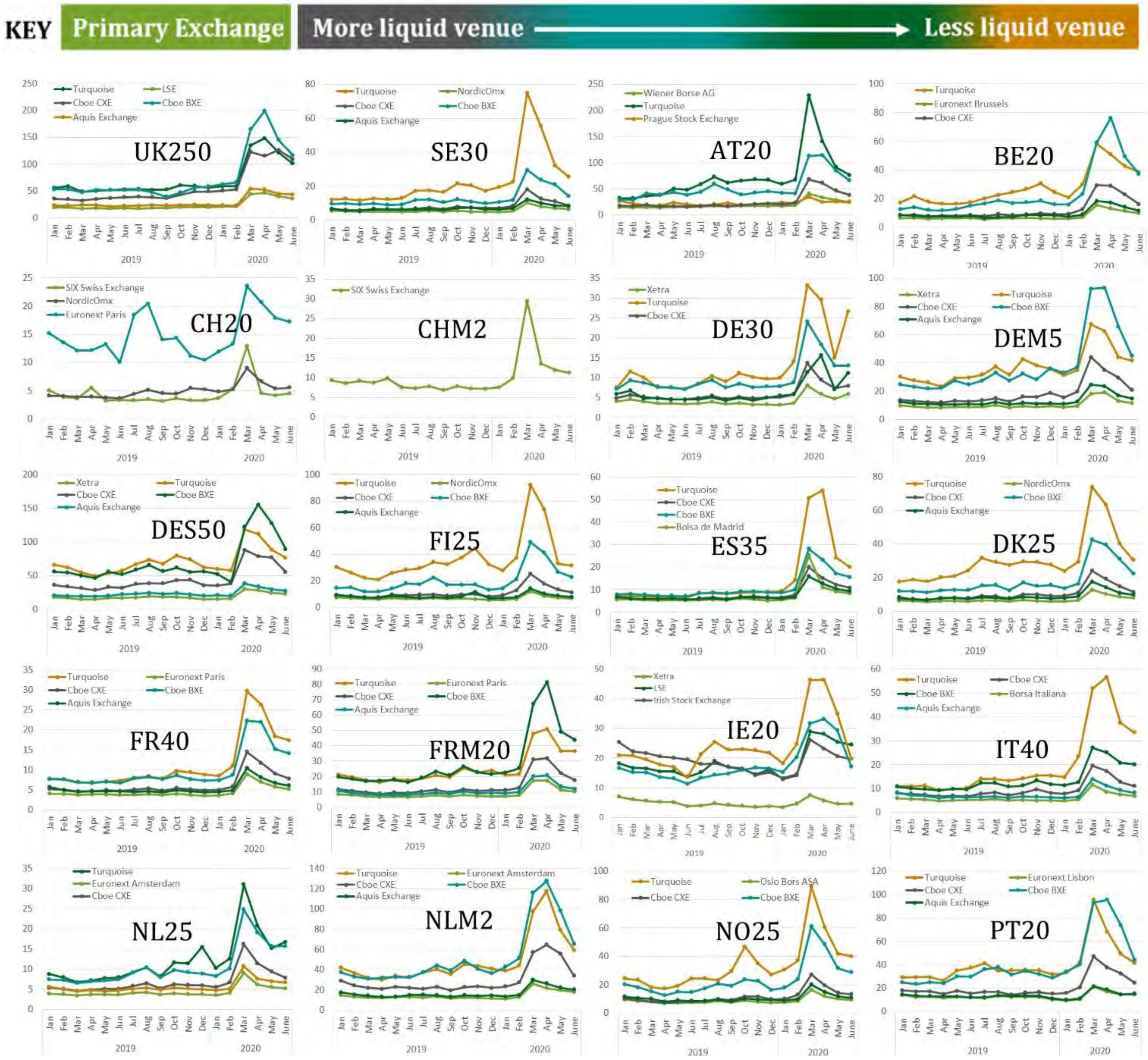
Equity spreads for most venues have stabilised throughout Q2 2020, falling from peaks in March 2020, but remain above pre-COVID levels observed throughout 2019.

From the sample of most liquid exchanges[6] for various European indices in AFME's analysis, there was an average increase of 45% in bid-ask spreads between December 2019 and June 2020.

There is significant heterogeneity among exchanges in the shape of the bid-ask spread curve post-March 2020. As can be seen in chart 1.11, some curves can be characterised by a flattening out in spreads (UK100), whereas others seem yet to find a floor in spreads (FR40) and in others, spreads have started to rise again during June 2020 (DE30). When looking at bid-ask spreads of exchanges with lower levels of liquidity, many have yet to find a ceiling in spreads, and are still increasing as of June 2020.

For index-level analysis see chart 1.12 on the next page.

1.12 Bid-ask spreads for selected European indices: primary exchange and selected venues (bps)



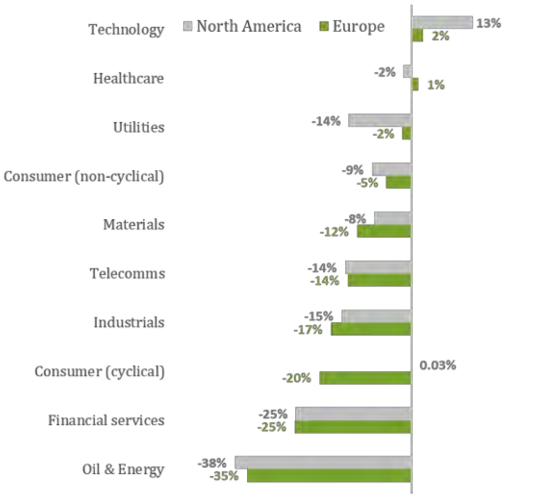
Source: *Big XYT*

1.13 Price indices YtD variation (as of 30 June)

Europe	YtD %
STXE 600	-13.6%
FTSE100	-18.0%
DAX	-7.6%
CA40	-17.4%
FTSE MIB	-17.8%
IBEX 35	-24.2%
OMXS30	-6.0%
MSCI Small Cap	-16.6%
Americas	
S&P 500	-5.5%
NASDAQ 100	14.1%
S&P Small Cap	-19.7%
BOVESPA	-17.2%
MXSE IPC	-13.3%
Asia	
JPNK 400	-8.6%
S&P/ASX 200	-11.8%
HANG SENG	-13.4%

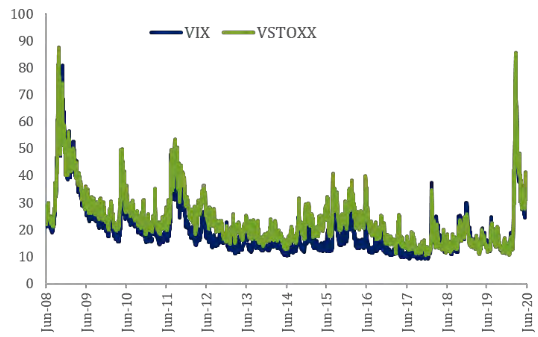
Source: Eikon

1.14 Europe & North America equity shares YtD variation by sector



Source: Eikon. US consumer (cyclical) includes Amazon.

1.15 Equity market-implied volatility: VSTOXX (Europe) and VIX (USA)



Source: CBOE and STOXX

Equity valuations

Equity shares continue to post YtD losses

Equity share prices have partially recovered from the large losses observed in March 2020. The STOXX 600 index declined 25% YtD by mid-March just before the ECB announced the large monetary support. As of late June, STOXX 600 has lost 13.6% YtD.

Most European equity share indices continue with double digit year-to-date losses (as of 30 June 2020) with the Spanish IBEX35 leading the decline among the main European equity indices with a total decline of 24.2% YtD.

In Europe and in the US, small caps have seen more severe price losses compared to blue chip indices. The European MSCI small cap index has declined 16.6% YtD (vs. -13.6% YtD STOXX600). In the United States, the S&P small cap index has declined 19.7% YtD (vs. a 5.5% YtD loss of the S&P 500).

There is a visible heterogeneity in the price performance across sectors. The technology sector has led the recovery in share prices, with a YtD increase of 13% for North American companies and 2% YtD for European technology companies. The oil and energy sector continue to lead by the largest price declines both on US and European exchanges, with losses above 35% YtD.

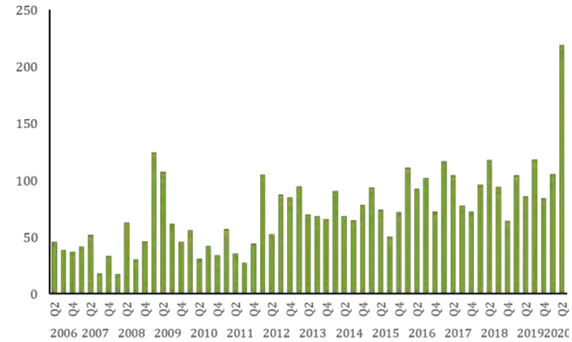
The financial services industry continues as one of the industries with the largest price losses during the year. Banks in Europe have been particularly affected by the regulatory measures aimed at freezing dividend distribution to preserve capital and support lending into the real economy. This, in addition to concerns over possible large increases in future loan losses. (See chart 1.14.)

Market volatility continues above pre-COVID levels

The Covid-19 crisis has also led to the rapid increase in volatility observed across asset classes. Market-implied volatility for European equities rose to levels last seen during the 2008-2009 Global Financial Crisis, with the Euro Stoxx 50 Volatility Index reaching 85.6 on 16 March 2020 vs. a 5-year average of 19.7.

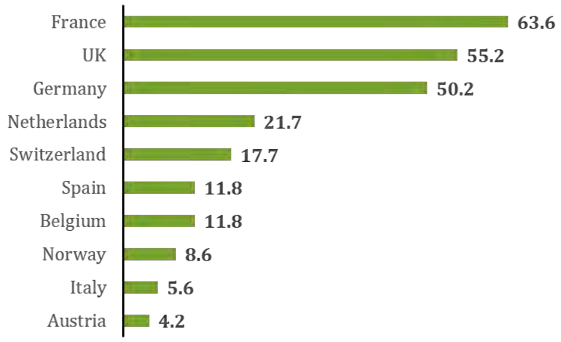
By late June, however, it had stabilised at levels close to 40bps (albeit at above pre-COVID levels) reflecting ongoing uncertainty regarding the future economic outlook, the speed of recovery and possible concerns on some non-European governments having to extend lockdown measures for longer than expected in order to contain the spread of the virus.

2.1 Non-financial corporate investment grade bond issuance (EURbn)



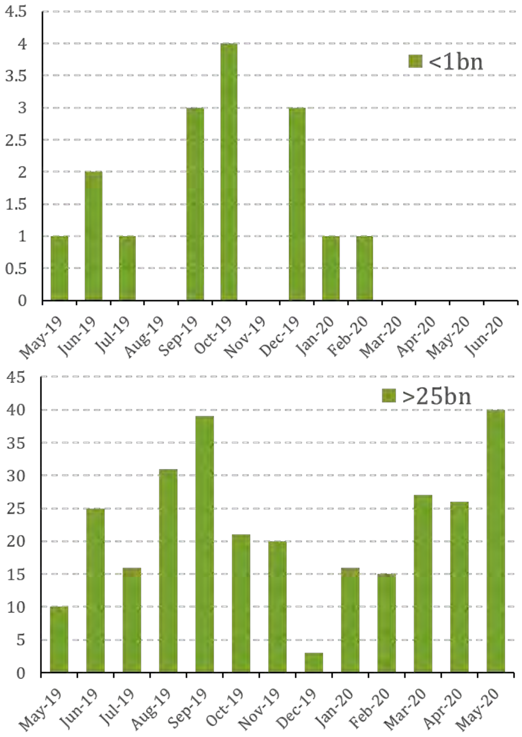
Source: Dealogic

2.2 NFC IG bond issuance by company nationality (EURbn): March-June. Top 10 company nationalities.



Source: Dealogic

2.3 Number of bond issuers in FR and DE by company size (EUR balance sheet size)



Source: Dealogic

2. Corporate Bond Market

European corporates have continued to endure the economic consequences of the COVID-19 outbreak. Although some of the lockdown measures have been lifted since early June, the subdued economic demand and the risk of further contagion flare ups continue to put pressure on business activity in the corporate sector.

Primary market

Ample capital markets support for IG issuance

During the initial outbreak of COVID-19 in Europe, from late February to mid-March, markets were effectively closed to capital raising for many companies, in particular for smaller and non-investment grade firms. The rapid increase in spreads and in new issue premia made it uneconomical for companies to raise capital.

The monetary policy interventions of central banks, such as the ECB Pandemic Emergency Purchase Programme launched on mid-March, helped markets reopen in subsequent weeks. Between March and May, the ECB has purchased roughly 19.5% of the equivalent new flow of euro area bond issuance (EUR 39bn of EUR 179bn of euro area IG bond issuance).

Issuance levels for investment grade securities have reached record weekly, monthly and quarterly volumes. The second quarter of 2020 was, by far, the highest quarterly value of investment grade bond issuance in Europe reaching a total of EUR 225bn. (See chart 2.1.)

Firms headquartered in France, the United Kingdom and Germany have led investment grade bond issuance volumes. Companies headquartered in Italy only resumed issuance of investment grade bonds by mid-May, with the local bond market effectively closed from late February until mid-May.

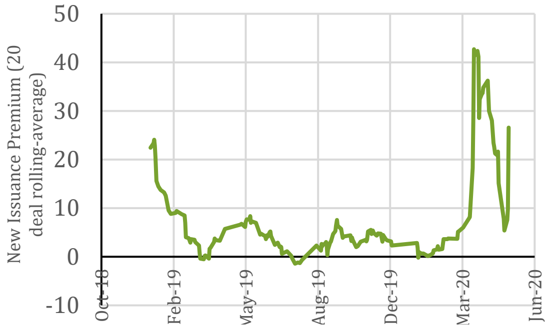
The top three sectors accounted for 39% of proceeds; the leading sector was oil & gas (EUR 54bn or 19% of the total), followed by food & beverage (EUR 28bn, 10%) and utility & energy (EUR 28bn, 10%).

Bond issuance led by large corporates

Average deal volumes of IG bonds issued between March and June of 2020 have stood at EUR 1bn, which is EUR0.3bn above the average deal volumes in 2019FY (EUR 0.7bn). The significant increase suggests that debt issuance during the COVID-19 outbreak has been undertaken predominantly by large firms.

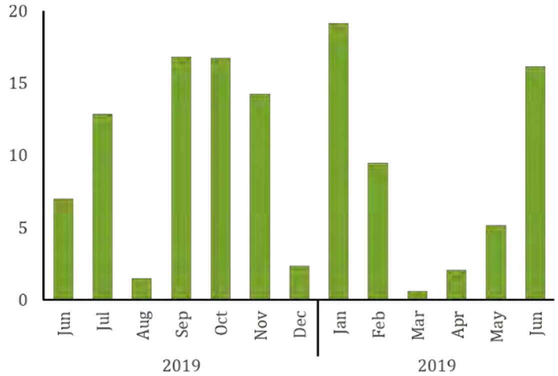
According to Dealogic and Eikon data, less than one percent of new debt issuance by French and German companies was by smaller firms, suggesting that all but the largest corporates remain reliant on bank or government lending. Dealogic has not reported IG bond issuance by companies of balance sheet size of less that EUR1bn since February 2020. (See chart 2.3.)

2.4 New Issue Premium, European investment grade corporate bonds (bps)



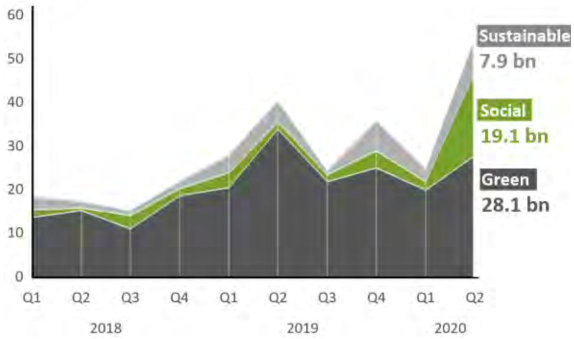
Source: *JP Morgan*

2.5 NFC High Yield bond issuance (EURbn)



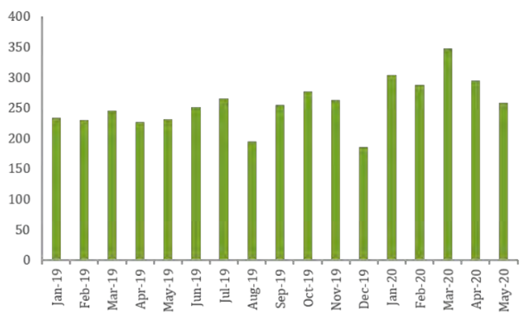
Source: *Dealogic*

2.6 Quarterly European Social, Sustainable and Green bond issuance (2018-2020)



Source: *Dealogic*

2.7 European credit trading (average daily, EURbn)



Source: *Traxx, a MarketAxess company*

Increase in cost of debt issuance

There has been a significant increase in new issue premia across the credit spectrum, which makes it more expensive for companies to raise new capital and may deter smaller borrowers due to the high proportion of funds raised represented by the premia paid. The rapid increase in market volatility (see chart 2.10) and market spreads (see chart 2.9) contributed to the sharp increase.

The new issue premium is extra yield that a buyer receives, and a seller pays, for a new bond, when compared to seasoned bonds from the same issuer that are trading in the secondary market. A new issue premium is a standard feature of the bond market and reflects the initial relative lack of liquidity due to a narrower investor base compared to a broader range of investors in the secondary market. This premium is paid by the issuer to attract new investment.

High Yield (HY) bond and leverage finance

European leveraged finance saw a greatly reduced issuance volumes both in High Yield bonds and Leveraged Loans in March and April of 2020, as consequence of the rapid increase in borrowing costs in the leveraged finance market.

Most recently, High Yield bond issuance has come back strongly with EUR 16.1bn in proceeds in June (EUR 0.6bn in March). Average deal volumes have risen from EUR 0.5bn in 2019FY to EUR 0.9bn for the 18 deals issued in June 2020.

The ECB included bonds issued by “fallen angels” (i.e. companies rated at IG rating that were recently downgraded below IG ratings) as eligible for collateral in credit operations with the ECB. The US Federal Reserve included “fallen angel” bonds as eligible for the monetary large-scale asset purchase programme and for collateral in credit operations.

Social bonds contribute to the recovery

European social, sustainable, and green bond issuance reached EUR 55.2 bn in Q2 2020, representing a record quarterly volume. During Q2 2020, issued volumes of green bonds increased 51% (QoQ), sustainable volumes increased 167% (QoQ) and social bonds increased 872% (QoQ).

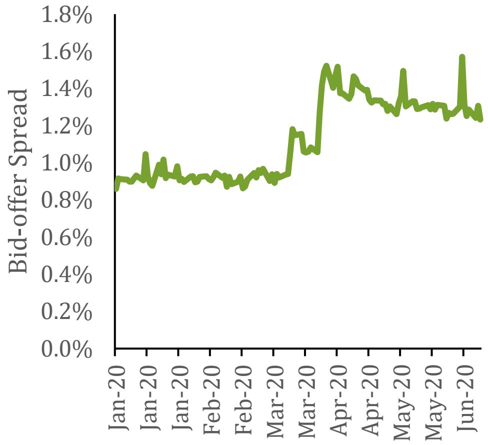
The increased activity in the social bond space has taken issuance volumes in this asset class category to unprecedented levels, with EUR 19.1 bn issued in Q2 2020, which is greater than the entire volume of social bonds issued in 2018-19 combined (EUR 17.3 bn).

The German government announced the issuance in Q3 2020 of an inaugural 10Y green Bund of EUR 8-12bn which will further contribute to an ESG post-crisis recovery.

Credit trading

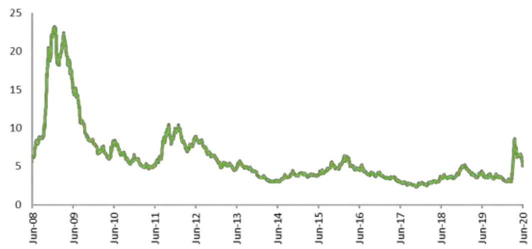
European average daily corporate bond trading has recently normalised during the first two months of Q2 2020, according to Traxx after a sharp increase observed in March 2020 as portfolio flows slowly return to the credit markets. (See chart 2.7.)

2.8 European corporate bond bid-ask spread (%)



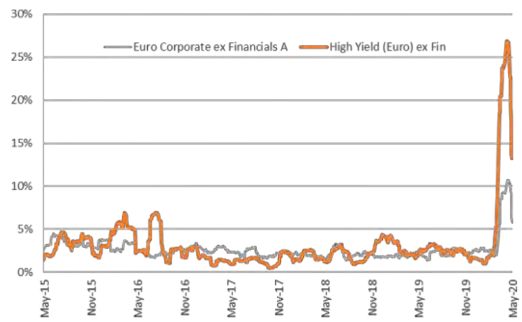
Source: *Refinitiv. Weighted average calculation of a basket of European HY and IG bonds*

2.9 European HY spreads (%)



Source: *Barclays*

2.10 Corporate bond volatility (%)



Source: *Eikon. Annualised volatility of daily returns*

2.11 European HY default rate

Source: *S&P and Moody's*

Erosion in corporate bond liquidity

Whilst there are significant challenges with producing a non-biased and consistent bid-ask spread estimator, AFME has created a bespoke weighted index of 76 non-financial corporate bonds for which reliable data is available, to estimate this impact. The data suggests that in corporate bond markets, average bid-offer spreads remain approximately 40% higher than pre-crisis levels

Analysis by a leading European bond trading platform, comparing activity on its platform on 20th February versus 20th March, supports this, showing increases in bid-offer spreads of between 50% and 300% across different asset classes. Further, the data shows a reduction of up to 25% in the number of instruments for which quotes were available, indicating a severe erosion in liquidity for these instruments.

Credit quality

High Yield spreads, price volatility

Markets have priced some degree of stress and credit losses in the corporate bond and loan markets.

European high yield spreads rose from 300bps in January 2020 to a maximum of 866bps at the end of March. Most recently, however, high yield spreads have declined to 512bps in late-June 2020. Markets have also priced some degree of elevated stress in the leveraged loan market. European leverage loan prices declined roughly 20 per cent with a recent partial recovery.

In addition to increasing spreads, the Covid-19 crisis has also led to the rapid increase in volatility observed across asset classes. Implied volatility for European equities rose to levels last seen during the 2008-2009 Global Financial Crisis, particularly for HY products. (See chart 2.10.)

Downgrades and rising bond default rates

The sharp increase in HY and IG spreads has been mirrored by a rapid increase in default and credit rating downgrades in the corporate sector.

95% of Moody's European corporate actions in 1Q'20 were downgrades (76 to 4 upgrades), a worse ratio than 34 downgrades to 6 upgrades in 4Q'19 and 16 downgrades to 10 upgrades in 1Q'19, reflecting the ongoing credit concerns on the corporate sector. For the months of April and May of 2020, Moody's reported 97 downgrades and no upgrades in the European corporate sector.

As of May 2020, Moody's reported the trailing 12-month speculative-grade default rate at 2.3%, up from 1.5% in December 2019 and from 1.0% in March 2019. S&P reported the trailing 12-month speculative-grade default rate at 2.7%, an increase from 2.2% in December 2019 and from 2.0% in March 2019. S&P and Moody's have reported 15 bond defaults in the first five months of 2020, with missed interest payment as the most common reason for default.

3. Securitisation

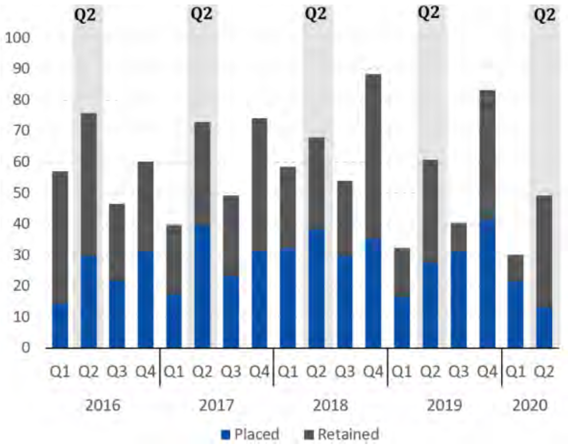
Primary market

ABS, CMBS and RMBS

During Q2 2020, EUR 49.3 bn of securitised product was issued in Europe, representing a 64% increase (QoQ), compared to the record-low issuance volumes observed in Q1 2020. However, overall, issuance remains extremely low compared to historical standards— Q2 2020 saw the lowest Q2 issuance observed since 2010.

Aggregating the first two quarters of 2020 we see the lowest issuance of securitised product in the first half of the year ever observed[7], with only EUR 79.4 bn being issued in 2020 year-to-date. This is 8% (EUR 6.6 bn) lower than in the first half of 2013, previously the lowest half-year issuance on record, and 15% (EUR 13.7 bn) lower than in the first half of 2019.

3.1 European securitisation issuance (EURbn)



Source: AFME, SIFMA, BofA Global research

Simple transparent and standardised (STS) securitisation issuance

While the STS market remained active during Q2 2020, with ESMA receiving notifications of 65 STS securitisations, this represented a decrease of 26% compared to Q1 2020, in which there were 88 notifications, and down 20% compared to Q4 2019, when ESMA recorded 81 STS notifications. This reverses the upward trend observed since the inception of the STS regime. (See chart 3.2)

Issuers of STS securitisations are continuing to utilise private markets (including ABCP) – sone 69% of deals labelled STS in Q2 2020 were private, following 88% in Q1 2020 and only 27% over the entire year of 2019. While conditions have now improved somewhat this may be partly due to the difficult liquidity conditions in the public bond markets which began with the onset of the COVID-19 pandemic, compounded by lack of meaningful central bank support which played a much bigger role in other fixed income sectors (*see below and next page*).

3.2 Number of STS notifications

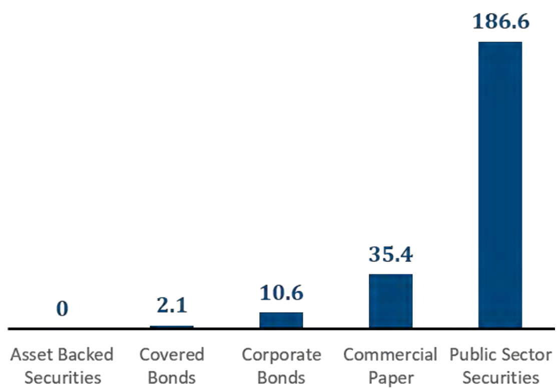
Source: ESMA

Lack of Central Bank support for the securitisation market

Objectively, data shows a significant lack of central bank support for securitisations since the onset of COVID-19. As of May, there have been no purchases of asset backed securitisations under the ECB Pandemic Emergency Purchasing Programme (PEPP).

While the ECB's Asset Backed Securities Purchase Programme (ABSPP) did see large purchases of securities in March, this was followed by a net reduction in holdings throughout April to June.

3.3 ECB PEPP purchases (EURbn, cumulative)



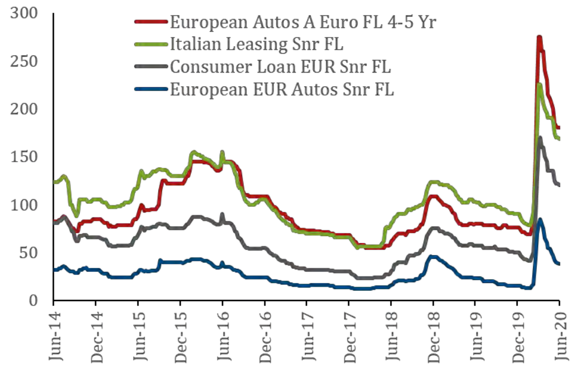
Source: ECB. ABCP is not elegible for Commercial Paper purchases

[7] AFME records of issued securitised product date back to 2007

3.4 European CMBS spreads (CMBS Snr Euro)

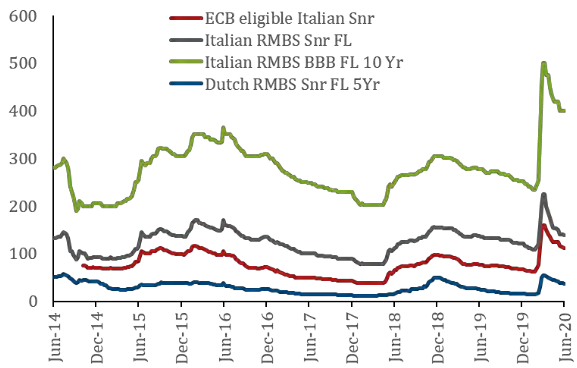
Source: *JP Morgan*

3.5 European ABS spreads



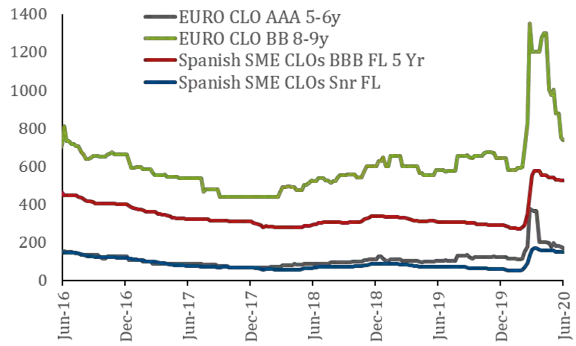
Source: *JP Morgan*

3.6 European RMBS spreads



Source: *JP Morgan*

3.7 European CLO spreads



Source: *JP Morgan*

Credit quality and valuations

Spreads

After securitisation spreads significantly widened, across all asset classes, during March/April 2020, there has been a partial normalisation in pricing of securitisation markets, with spreads falling to lower values, while remaining above pre-COVID levels.

As of 30 June 2020, European CMBS senior Euro floating spreads, at 175bp, have widened 72bps when compared to 1 Jan 2020, while they have tightened 75bps compared to 31 March 2020 when spreads were at their widest.

For European ABS, spreads on European EUR Autos have widened 23bps between 1 Jan 2020 and 30 June 2020, to 38bps, for senior, while spreads on A rated Auto 4-5Yr have widened 104bps, to 180bps, and spreads on Consumer Loan senior have widened 70bps, to 120bps, over the same period. Spreads on Italian Leasing senior, increased by 78bp, to 168bp over this period.

With regards to Italian RMBS, between 01 January and 30 June 2020, spreads of ECB-eligible senior tranches increased 45bps, to 112bps, while spreads on senior notes increased 17bps, to 138bps and BBB rated FL 10Yr tranches increased 148bps to 400bps. Over the same period, Dutch RMBS senior 5Yr tranches increased 19bps to 35bps.

For Spanish CLOs, spreads on SME senior tranches increased 89bps, to 148bps from 1 January 2020 to 30 June 2020, while spreads on Spanish BBB rated SME CLO 5Yr tranches increased 235bps to 535bps.

By credit quality, EURO CLO AAA rated 5-6Yr tranches, spreads increased 50bps to 170bps, and for EURO CLO BB rated 8-9Yr tranches spreads increased 95bps to 738bps over the same period.

4. Government Bonds

Primary market

Bonds and bills issuance

The large fiscal measures taken by European governments to mitigate the impact of COVID-19 have begun to influence European sovereign primary issuance markets.

Gross issuance of European government debt securities increased substantially during Q2 2020 to EUR 763.9 bn, an increase of 71% (EUR 318.3 bn) compared to Q1 2020, and an increase of 136% (EUR 440.4 bn) compared to Q2 2019. The volume of sovereign issuance in Q2 2020 signifies the largest quarterly European government issuance since Q1 2013. Due to the magnitude of fiscal measures enacted by European governments throughout the crisis, increased issuance (relative to historical volumes) in sovereign primary markets is expected throughout 2020 beyond in most European jurisdictions. As indicated in the European Commission's working document on identifying Europe's recovery needs, government borrowing is expected to reach €1.7trillion over 2020 and 2021, with a total financing need including replacing redeemed debt of €5.4 trillion.

UK bonds and bills issuance

In the UK, the increase in the UK DMO funding programme has commenced, with GBP 48 bn reported in net issuance volumes during April 2020. This was the largest net issuance after redemptions of any month ever in the UK[9]. Furthermore, quarterly net issuance in Q2 2020, considering only April as data for May and June is not yet available, is already the highest quarterly volume issued since Q1 2010.

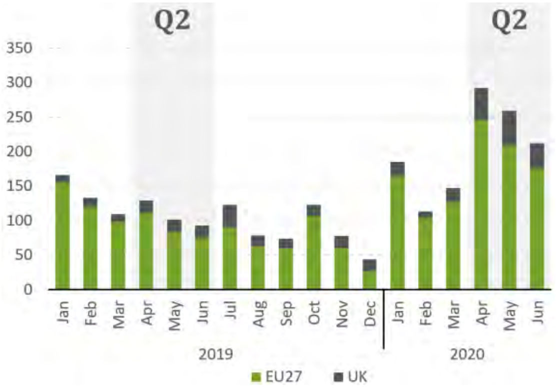
A further GBP 180 bn of gross financing is due to be raised by the UK DMO from May until July 2020, with the increased financing remit being focused on the immediate needs of the UK government with regards to the response to COVID-19. However, this period includes a significantly higher proportion of gilt sales in the 2020-2021 financial year and therefore increased gilt issuance is not expected to continue into the latter end of H2 2020.

Bid-cover ratios

The average European sovereign bid-cover ratio increased to 2.28 during Q2 2020, a 5.4% increase compared to Q1 2020 and a slight 1.5% decrease compared to Q2 2019.

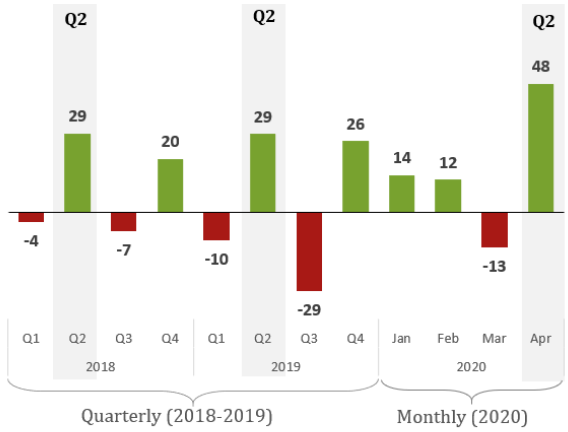
Within maturity brackets, the average bid-cover ratio for auctions of bills declined by 16% compared to Q1 2020, and 17% compared to Q2 2019. While for auctions of bonds in the 1-10Y space, the average bid-cover ratio increased 19% compared to Q1 2020 and decreased 2% compared to Q2 2019.

4.1 European[8] Government bond and bill gross issuance (EURbn)



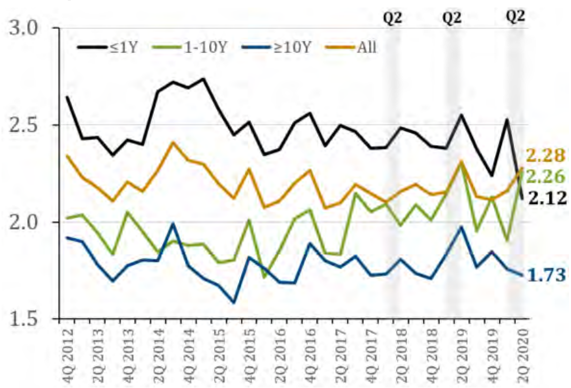
Source: Eikon

4.1 UK Government net bond issuance (EURbn)



Source: UK DMO

4.2 Eurpean bid-cover ratios (2012-2020)

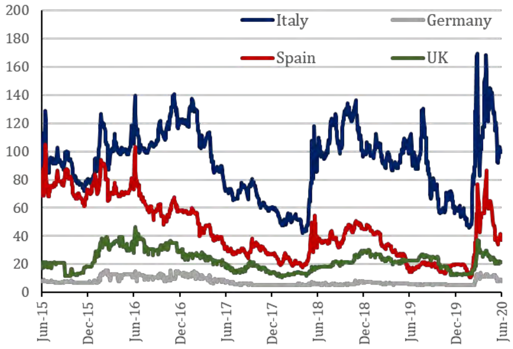


Source: Eikon

[8] European refers to EU27 member states and the UK

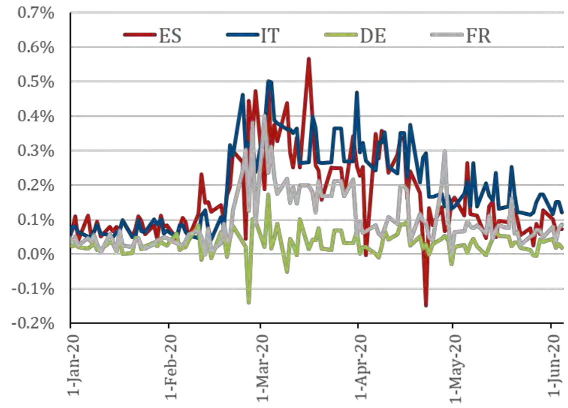
[9] UK DMO records date back to April 2001.

4.4 European 5Y sovereign CDS spreads (bps)



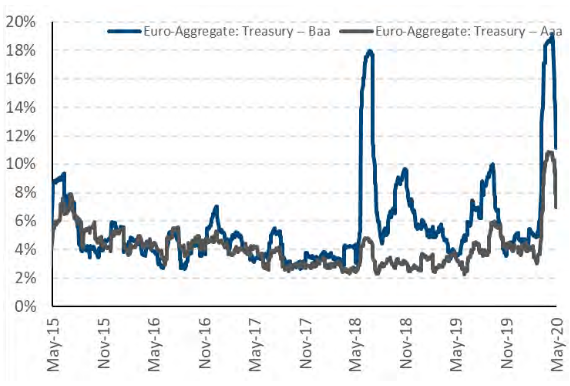
Source: Eikon

4.5 Bid-ask spreads of 5Y sovereign bonds (%)



Source: Eikon

4.6 Sovereign bond volatility



Source: Eikon

The respective quarterly changes have meant average bid-cover ratios of 1-10Y bonds exceed that of bills for the first time in AFME's dataset. While this may suggest a shift in investor appetite to bonds of longer dated maturities, average European bid-cover ratios typically show high quarterly volatility, and near-term trends remain uncertain.

Credit quality

Upgrades and downgrades

After the UK was downgraded in March from AA to AA-, two further downgrades have affected European sovereign issuers. In April, Italy was downgraded to BBB- from BBB, which means the sovereign is rated one notch above junk status by two credit rating agencies. In May, Slovakia was downgraded from A+ to A.

All downgrades have been explicitly linked to the ongoing impact of the COVID-19 crisis on fiscal balances and economic demand.

CDS and sovereign yield curves

The impact of COVID-19 continues to be priced into the risk premia of European sovereign bond markets.

As of 30 June 2020, and compared to 1 January 2020, 5Y CDS spreads have increased by 3bps in Germany, 7bps in the UK and 43bps in Italy. CDS Spreads of European sovereigns appear to be converging to pre-COVID levels, after a period of significant volatility which has seen CDS spreads in both Spain and Italy peak twice between March and May.

Market liquidity deteriorated in March and volatility levels continue above pre-COVID

The bid-ask spreads of major European 5Y sovereign bonds have had a recovery during Q2 2020.

As of 4 June 2020, bid-ask spreads for German and British 5Y sovereign bonds are equal to their value on 1 January 2020, at 0.02% and 0.04% respectively. While bid-ask spreads for Italian and French 5Y sovereign bonds on 4 June 2020 remain 0.04% and 0.05% above values observed on 1 January 2020.

As of 5 May 2020, Euro aggregate treasury volatility was 7% higher for Baa rated securities, and 3% higher for those rated Aaa, compared to 1 Jan 2020. This represents a fall of 8% (Baa) and 4% (Aaa) from the peaks in sovereign bond volatility observed during the months of March and April. (See Chart 4.6.)

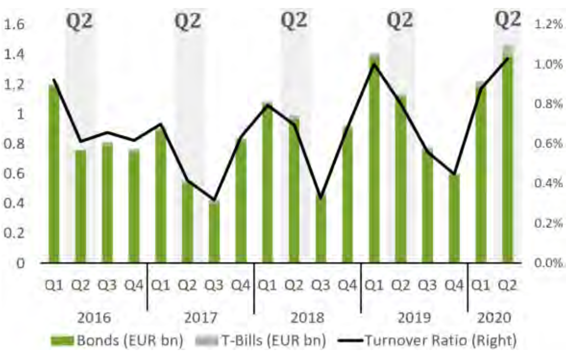
4.6 EU government bond trading (quarterly trading volumes, average daily, EURbn)

Source: *Traxx, a Market Axess company*

4.7 Spain: Average daily trading volume and turnover ratio

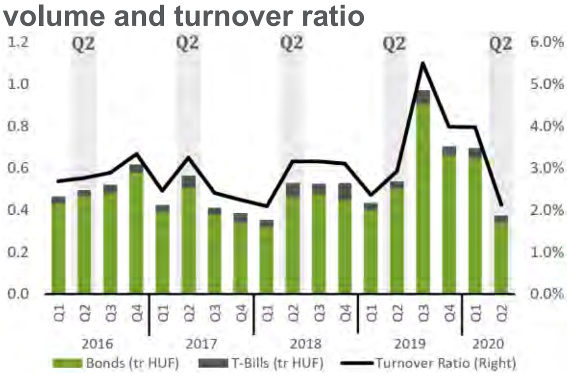
Source: *BME Market Data and Tesoro Público de España*

4.8 Ireland: Average daily trading volume and turnover ratio



Source: *Irish Stock Exchange and ECB*

4.9 Hungary: Average daily trading volume and turnover ratio



Source: *Ministry of Finance of the Republic of Bulgaria*

Government bond trading

European average daily government bond trading fell to EUR 74.9 bn during Q2 2020, according to Traxx, down 8.2% compared to Q1 2020 and a slight decrease of 0.25% compared to Q2 2019. See chart 4.6.

Country-specific findings

During Q2 2020, there continues to be evidence of considerable changes in trading activity in country-specific sovereign markets.

Turnover volumes in Spain remained robust during Q2 2020, with average daily traded volume reaching the second highest of any quarter on record. While turnover volumes did fall 12% in Q2 2020, compared to Q1 2020 (the most active quarter in terms of trading), the month of June saw the second largest average daily trading volume on record, with only March reporting higher turnover volumes.

In Ireland, quarterly trading volumes reached the highest volume since 2016[10], breaking from the seasonal trend in trading which has historically delivered a decline in Irish turnover volumes between the first and second quarters of the year.

In Hungary, trading declined 47% during Q2 2020, compared with Q1 2020, with volumes just above record lows observed in Q1 2018.

Further Q1 2020 findings[11]

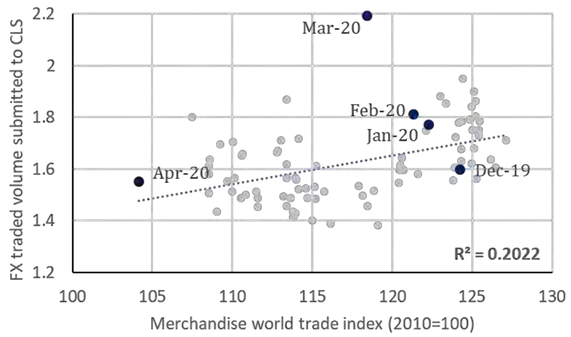
During Q1 2020, average daily turnover volume reached a record-high of GBP 47 bn in the UK, with the week ending 13-March 2020 representing the most active trading week in the Gilts market in AFME records (since 2Q 2016) with average daily trading volumes reaching GBP 59 bn. Six of the top 10 weeks on record for largest traded volume of Gilts took place in Q1 2020.

In Finland, trading activity increased to EUR 736.1 mm during Q1 2020 with turnover volume increasing 65% compared to Q4 2019 (QoQ) and 56% compared to Q1 2019 (YoY). This was driven by a surge in trading in the month of March, when average daily turnover volume reached a 16-year high of EUR 930.9 mm, the highest average daily volume observed since May 2004.

[10] Before 2016, Irish turnover reported annually.

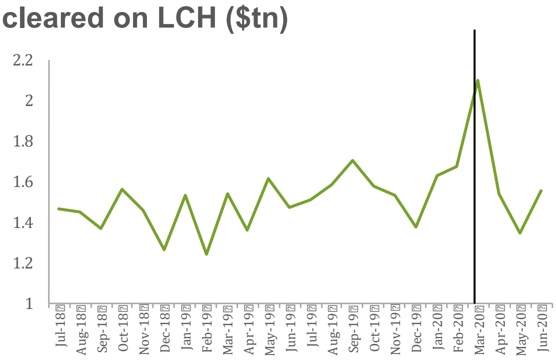
[11] Latest data available is as of 1Q20 for some countries, due to time lags in data reporting.

5.1 FX trading settled on CLS ($bn) and Merchandise world trade index



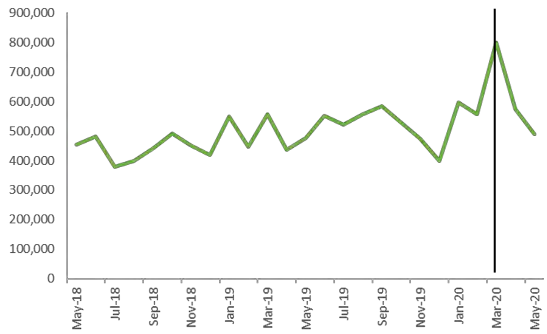
Source: *CLS, Dutch CPB*

5.2 Monthly FX NDF notional value cleared on LCH ($tn)



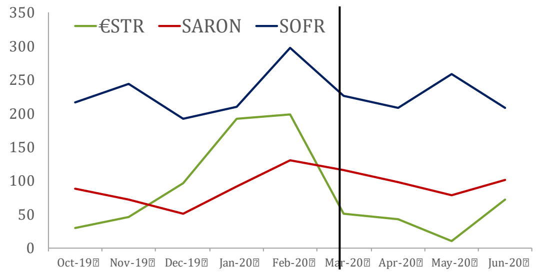
Source: *LCH*

5.3 Swap clearing on LCH (monthly trades registered)



Source: *LCH*

5.4 RFR Swap clearing (monthly registration volume, USD bn)



Source: *LCH*

5. FX, Derivatives and RFR

Turnover

Global FX

March 2020 saw the largest monthly global FX trading volume on records. According to CLS, the average daily volume of FX trading settled on CLS reached $2.2tn in March 2020, a 20% increase against the same month of 2019. The increase was largely driven by the abrupt rise in market volatility as market participants reallocated their portfolios and repriced financial assets to reflect the new economic outlook.

The record trading volume in March 2020 contrasts with the abrupt decline observed in the following months of April and May when FX average daily trading volume settled on CLS reached $1.55tn and $1.48tn respectively. The decline can be in part attributed to the normalisation in market volatility and the decline in global merchandise trade as global exports and imports respond to reduced global demand and restrictions in cross-border mobility. According to the Dutch CPB agency, global merchandise trade declined 12% MoM in April 2020. (See chart 5.1)

The amount of FX non-delivery forwards (NDF) cleared on LCH has also recently normalised from a record daily notional value of $2tn cleared in March 2020 to c$1.5tn cleared on average in April, May and June of 2020. (See chart 5.2.)

Swap trading

Swap trading (IRS, ND IRS, OIS, FRAs and other interest rate swaps) has recently returned to pre-COVID volumes as market volatility conditions start to normalise. Swap clearing on CLH rose to 800,000 trade registered on March 2020 and recently declined to 490,000 on May 2020. See chart 5.3.

Fall in new risk-free rates (RFR) swap volumes

The severe market volatility in March 2020 as consequence of the COVID-19 outbreak resulted in a fall in cleared volumes of RFR swap transactions.

Since March 2020, €STR swap cleared volumes have declined from USD 200bn monthly registrations in February 2020 to less that USD 10bn in May. A decline, albeit of lower magnitude, has been observed in swap transactions of other benchmark risk-free rates like SARON and SOFR. (See chart 5.4.)

For GBP risk, according to Clarus, following the early-March market volatility episode, SONIA use for 2Y tenors rose from 70% of GBP risk (30% in LIBOR) to 92% of GBP risk. For longer tenors (5Y to 50Y), between 15% to 25% of GBP risk is SONIA as LIBOR continues to offer better liquidity than SONIA.

According to ING, the decline in RFR swap trading volumes may be a reflection of temporary migration towards more liquid products in times of market stress.

6. M&A

Deal making

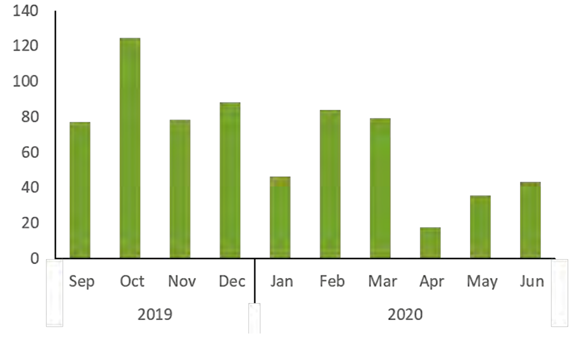
Announced

European volume of M&A transactions has seen a sharp decline in deals announced since the COVID-19 outbreak.

On average, European companies announced deals worth EUR 80bn per month in the preceding months before the COVID outbreak. In the second quarter of 2020, the monthly volume of announced M&A transactions has hardly surpassed EUR 50bn. One single large deal worth EUR 11bn, the merger announced between Liberty Global plc-and Telefonica's UK operations, represented 35% of May's European deal value.

The value of withdrawn M&A deals also increased in the second quarter of 2020, from EUR 28.1bn in Q1 2020 to EUR 45.9bn in Q2 2020 as companies postpone opportunities to consolidate business operations in the current uncertain market environment.

6.1 Announced European M&A (EURbn)



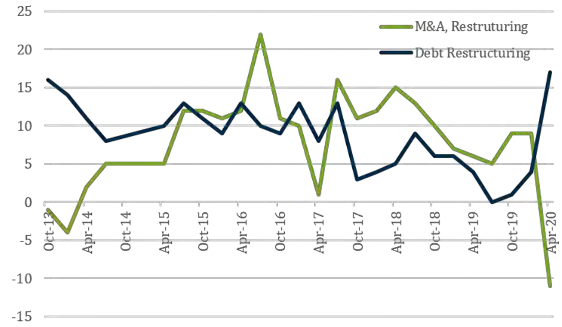
Source: Dealogic

Loan demand for debt restructuring

According to the ECB SAFE survey, euro area companies have focused their financing needs to restructure their existing debt rather than exploring potential new acquisitions.

The demand of debt financing for purposes of M&A transactions has declined from a net positive +10 in January 2020 to -10 in April 2020 (i.e. from a net contributor to a net impairment of loan demand in a lapse of four months).

6.2 Factors affecting borrowing demand



Source: ECB

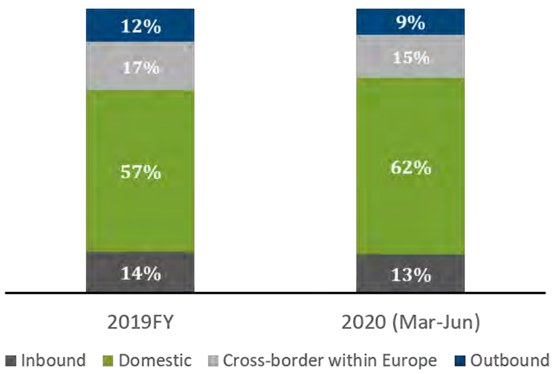
Domestic M&A

Of 2,542 European deals announced between March and June 2020, 62% were between companies of the same nationality. This represents an increase from 57% of the deal volume announced in 2019FY as cross-border mobility restrictions may be reducing companies' appetite to expand businesses outside their local markets in the current global uncertain environment. (See chart 6.3.)

Outbound M&A (i.e. acquisitions of non-European companies by European companies) saw a reduction in deal volume from 12% of the total number of deals in 2019FY to 9% of the deals announced between March and June of 2020.

Intra-European deals (i.e. cross-border deals within Europe) has also seen a marginal decline in total deal volume. Intra-European deals declined in participation from 17% of total deal volume in 2019FY to 15% in Marc-June 2020.

6.3 Announced European M&A by location of parties (% based on volume)



Source: Dealogic

7. Banking sector

Banks interacting in the European market have continued to support the economic recovery, with unprecedented volumes of loans to corporates and SMEs, record volumes of trading, and orderly post-trade activities.

Rapid increase in net lending to corporates to support the recovery

Euro area statistics have shown a marked increase in corporate net lending of EUR 122bn in March, EUR 75bn in April 2020 and EUR 59bn in May. Bank lending to SMEs has also rapidly increased to record gross volumes of EUR 71bn, EUR 103bn and EUR 91bn in the months of March, April, and May of 2020, respectively. (See charts 7.1 and 7.2.)

In the United Kingdom, new gross bank lending to SMEs between March and May of 2020 totalled £35bn vs £13.7bn in the same period of 2019. Similar large increases have been observed in France (EUR 69.6bn in March-May 2020 vs EUR 29.3bn in same period of 2019), Germany (EUR 43bn vs EUR 40bn), and Spain (EUR 64n vs EUR 49bn).

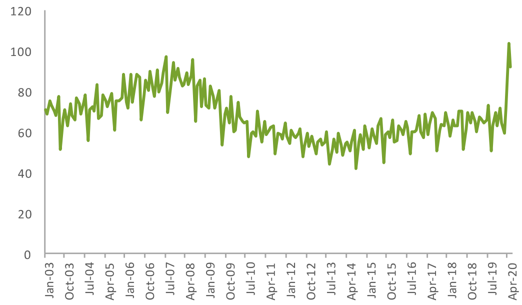
Further increases in bank balance sheets are also to be expected as corporates continue to draw down on their existing borrowing facilities and banks channel government support programmes to clients.

For example, in France, 72% of new gross lending to corporates and SMEs originated between April and May was state-supported with EUR 88bn in French state-guaranteed loans originated by banks compared with EUR 122bn in total new gross lending to SMEs and corporates. Recent data shows that French state loan guarantees have accumulated EUR 108bn as of early July, which represents 30% of the total amount that the French government has budgeted for this recovery programme (EUR 315 bn).

7.1 Euro area net lending to non-financial corporates (EURbn)

Source: ECB

7.2 Euro area gross lending to SMEs (EURbn)



Source: ECB. Loans to NFCs below EUR 1mm. MIR.M.U2.B.A2A.A.B.0.2240.EUR.N

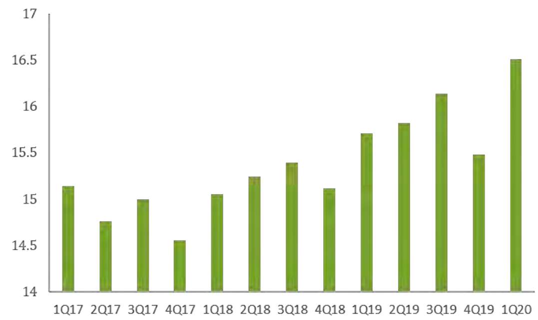
Marginal decline in capital ratios

European systemically important banks (GSIBs) reported in 1Q20 a decline in their capital ratios on the back of increased balance sheet use to support the COVID-19 economic recovery.

Banks' exposure measure, total assets and RWAs sharply increased during Q1 2020 as banks support businesses navigate the pandemic. The leverage ratio risk exposure measure rose 6.7% QoQ due to higher lending and derivatives exposure. RWAs rose 2% QoQ due to the severe market volatility, higher balance sheet size, rating migrations and implementation of regulatory changes to the securitisation framework. See chart 7.3

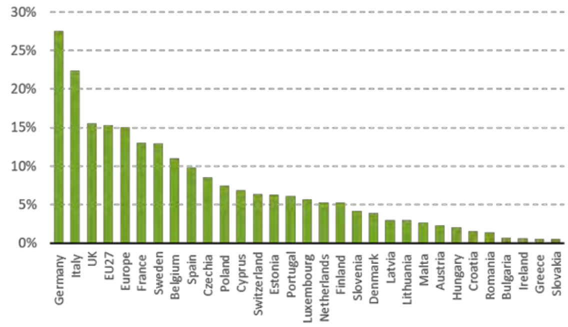
European banks entered the COVID-19 crisis with the highest quarterly solvency ratios on records and will continue to utilize their balance sheets to support the economy and facilitate risk management.

7.3 European GSIBs exposure measure (EUR tn)



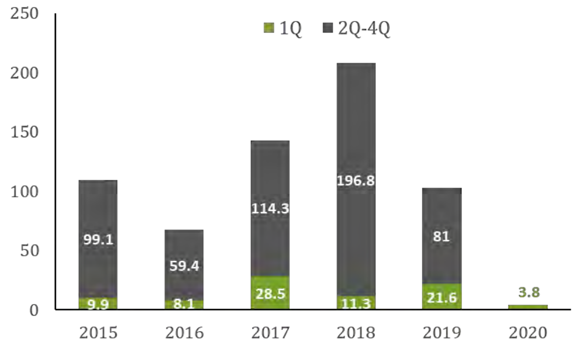
Source: European GSIBs earnings reports

7.4 COVID-related state loan guarantees (% GDP)



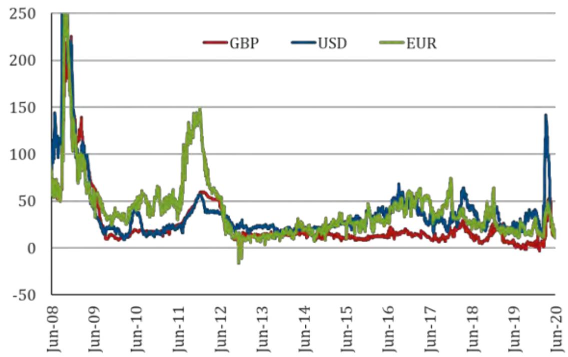
Source: *AFME from various sources*

7.5 European NPLs: 1Q Sales by Year (€ bn)



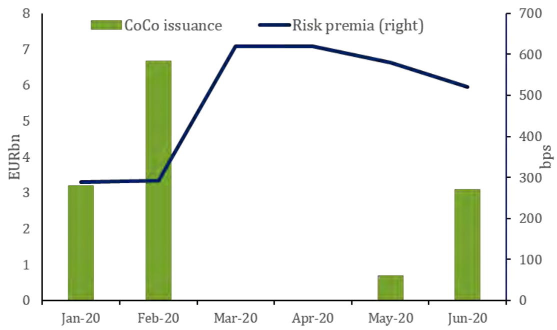
Source: *Debtwire*

7.4 TED spread: difference between 3M bills and 3M LIBOR rates (bps)



Source: *ST Louis FED, Eikon*

7.5 CoCo issuance and OAS: YtD



Source: *Dealogic and Barclays*

A bank-based recovery

State-backed loan guarantees has become the most frequently used policy measure to support access to finance for companies during the COVID outbreak.

The size of the policy support, however, has significantly varied by countries— from less than 1% of GDP in Slovakia to above 25% of GDP in Germany and above 20% of GDP in Italy. The size of the loan guarantees support measure shows the crucial role of the banking sector to facilitate the recovery of corporates and SMEs.

Subdued NPL market

According to Debtwire, the COVID outbreak has resulted in a virtually inactive secondary market for non-performing loans in Europe, with a total volume of loan sales of only EUR 3.8bn in Q1 2020, far below what would be expected if there were normal market conditions. See chart 7.5.

The decline in the NPL market liquidity may pose challenges to the capacity of banks to dispose of both existing distressed assets and those that may originate from the crisis. This may also disrupt European banks ongoing NPL reduction strategies.

Bank liquidity

Bank liquidity continues robust and above the minimum required levels.

The weighted average Liquidity Coverage Ratio (LCR) finalised 1Q 2020 at 142.1%, is above the average ratio at the end of 2019 of 140.4%. The quarterly variation was driven by an increase in cash and central bank deposits of c18% QoQ.

EUR and GBP interbank liquidity has stood roughly within normal levels, although the USD TED spread (difference between 3M T-bills and 3M LIBOR rates) rose momentarily above 1% prior to the large central bank liquidity support announced in mid-March. See chart 7.4.

CoCo and capital issuance

CoCo issuance

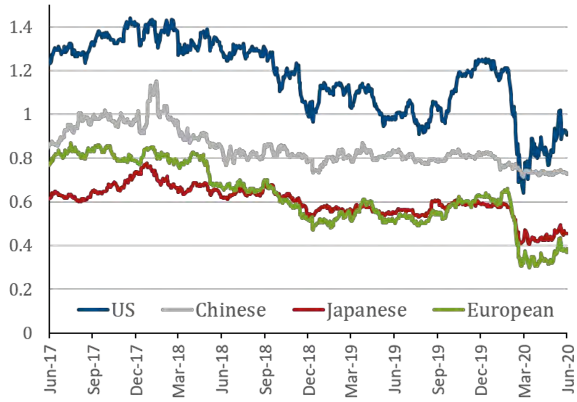
CoCo issuance was abruptly interrupted during the months of March and April due to the sharp increase in CoCo risk premia as a result of the market turbulence generated by the COVID-19 outbreak.

The rising spreads implied a substantial increase in the cost of CoCo debt, which made uneconomical to raise capital in such market conditions.

As shown on chart 7.5, a total of €9.8bn in CoCos were issued in the first two months of 2020 when risk premium was on average at 300bps.

The CoCo market has recently reopened with the issuance of four notes since May-20 equivalent to €3.8bn in proceeds. These notes, however, have been issued with higher coupon rates compared to those issued in 1Q20 (5.8% in 2Q20 vs. 4.6% in 1Q20 for fixed rate bonds).

7.1 Price-to-book ratio of large banks by geographical location



Source: *Eikon. GSIBs by region.*

Decline in banks' valuations

European banks' share prices have only partially recovered from the sharp losses observed in mid- March. Price-to-book ratios stood at 0.4 in late June (from c0.3 in March of this year).

US banks, on the other hand, have seen a more rapid recovery in their valuations with price-to-book ratios reaching levels 0.9-1.0 at the end of June.

Restrictions on dividend distributions and uncertainty regarding the extent and length of these measures continue to pose challenges to European banks' price valuations.

CRR quick fix

Recognising the scale of the pandemic, on 28 April, the European Commission proposed targeted changes to the Capital Requirements Regulation (CRR) to maximise the capacity of banks to lend and to absorb losses related to the pandemic.

The package will help mitigate the capital impacts of IFRS9 expected loss accounting and contribute to banks' capacity to continue to support the economy during the pandemic and through recovery.

This "Quick Fix" initiative complements supervisory guidance that banks should use draw down their capital buffers.

The initiative was approved by co-legislators on late June so that banks can make use of the package in their Q2 reporting.

"The CRR quick fix package will help mitigate the capital impacts of IFRS9 expected loss accounting and contribute to banks' capacity to continue to support the economy during the pandemic and through recovery."

Annex

Disclaimer

Your receipt of this document is subject to paragraphs 3, 4, 5, 9, 10, 11 and 13 of the Terms of Use which are applicable to AFME's website (available at https://www.afme.eu/About-Us/Terms-of-use) and, for the purposes of such Terms of Use, this document shall be considered a "Material" (regardless of whether you have received or accessed it via AFME's website or otherwise).

afme/
Finance for Europe

London Office
39th Floor
25 Canada Square
London E14 5LQ
United Kingdom

Switchboard:
+44 (0) 20 3828 2700

Brussels Office
Rue de la Loi, 82
1040 Brussels
Belgium

Switchboard:
+32 (0) 2 788 3971

Frankfurt Office
Neue Mainzer Straße 75
60311 Frankfurt am Main
Germany

Switchboard:
+49 69 153 258 963

AFME Research
Julio Suarez
Director, Research
Julio.Suarez@afme.eu

Matt Johnston
Analyst, Capital Markets
Matt.Johnston@afme.eu

AFME COVID-19 contacts

Markets
Pablo Portugal
Managing Director, Advocacy
Pablo.Portugal@afme.eu

Prudential
Jacqueline Mills
Managing Director, Head of Frankfurt Office
Jacqueline.Mills@afme.eu

Compliance
Louise Rodger
Director, Compliance
Louise.Rodger@afme.eu

www.afme.eu

Follow AFME on Twitter
@AFME_EU

AFME is registered on the EU Transparency Register, registration number 65110063986-76