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EMEA SECONDARY: INVESTORS WATCH HIGH-YIELD FROM THE SIDELINES AS US TARIFFS UNSETTLE MARKETS; INDICES IN THE RED

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European markets are on the back foot after the US announced blanket 25% tariffs against Mexico and Canada (with a carve-out 10% tariff on oil), and on a threat by the US administration to widen tariffs to include the EU.

The iTraxx Crossover opened at 301 but has since tightened to 297 - still around eight points wider from Friday's 289 close. European indices are less sanguine: the Euro Stoxx 50 is down 1.7%, the Dax is down 1.67%, and the CAC 40 is down 1.63%, while the FTSE 100 is down 1.08%.

The S&P 500 future is currently 5,981, down 1.41%. The S&P 500 index closed down 0.5% at 6,040 on Friday, with the Dow Jones down 0.75% at 44,544 and the Nasdaq down 0.28% at 19,627.

With regard to secondary high-yield, sources are reporting that investors are largely sitting on the sidelines and watching events unfold.

Unsurprisingly, the biggest moves on screens this morning come from auto parts suppliers, with US OEM supply chains clearly under threat.

Grupo Antolin's €250mn 10.375% January 2030 notes are indicated down a point at 78.75 and **Dana's** €325mn 3% July 2029 notes are also a point lower at 96.625, while **Forvia's** curve is half a point lower, led by the €700mn 5.5% June 2031 notes, down seven-eighths of a point to 100.75. **Mahle's** €500mn 6.5% May 2031 notes are three-quarters of a point softer at 100.375, and **Adler Pelzer's** €400mn 9.5% April 2027 notes are down a similar amount to 97.125. **ZF Friedrichshafen's** €650mn 6.125% March 2209 notes are also down about three-quarters of a point at 103.5, leading the group's curve half a point lower on average.

International shipping giant **CMA CGM's** €600mn 5.5% July 2029 notes are three-quarters of a point lower at 102.75. **Hapag-Lloyd's** €300mn 2.5% April 2028 notes are down a quarter-point at 97.25.

Elsewhere, **Eutelsat's** curve is also half a point lower on average, led by the €600mn 1.5% October 20928 notes, indicated five-eighths of a point lower at 72, while **Cheplapharm's** curve is three-eighths of a point softer, led by the €725mn 7.5% May 2030 notes at 92.125 and the €325mn May 2030 FRNs at 91.75, both roughly three-quarters of a point lower.

Sovereign yields are bifurcated by region - the 10-year Bund is yielding 2.405% from 2.4597% at Friday's close, and the 10-year Gilt is at 4.5055% from 4.5382%. Meanwhile, the 10-year UST is at 4.5469% from 4.5387% at Friday's close, and the two-year UST is at 4.2717% from 4.1971%.

The dollar is sharply higher this morning; against the euro it is at \$1.0243 (Friday's close: \$1.0362), while cable is at \$1.2310 (Friday's close: \$1.2395).

Dated Brent is at \$76.24, up 56 cents on Friday's close. The VIX index is at 19.93, from 16.43 on Friday.

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