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EMEA SECONDARY: MARKETS REGAIN GROUND ON MEXICAN TARIFF POSTPONEMENT; ITRAXX AT 295

LFI Reporters, *LevFin Insights*

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European markets regained some ground this afternoon after Mexican President Claudia Sheinbaum announced - in a statement later confirmed by the US administration - that the tariffs on Mexican imports to the US had been postponed for one month. The news reeled the iTraxx Crossover index back in to the day's tight, currently at 295 from Friday night's 288 close and well inside the day's 301 wide. The US had announced blanket 25% tariffs against Mexico and Canada (with a carve-out 10% tariff on oil) after the European close on Friday, and threatened to widen the scope of tariffs to include the EU.

European equity indices, although off lows, are less sanguine: the Euro Stoxx 50 is down 1.3%, the Dax is down 1.4%, and the CAC 40 is down 1.2%, while the FTSE 100 is down 1.04%.

The S&P 500 index at 5,999 is down 0.68%, with the Dow Jones down 0.34% at 44,391 and the Nasdaq down 1.28% at 19,378.

Moves this afternoon are more diverse. **Victoria Plc's** €250mn 3.75% March 2028 notes are now the biggest faller, 2.375 points lower at 68.75.

Auto parts suppliers remain under pressure with US OEM supply chains clearly under threat. **Dana's** €325mn 3% July 2029 notes are seven-eighths of a point lower at 96.75, and **Adler Pelzer's** €400mn 9.5% April 2027 notes are down three-quarters of a point to 97.125. **Grupo Antolin's** €250mn 10.375% January 2030 notes, indicated 1.25 points lower at 78.625.

International shipping giant **CMA CGM's** €600mn 5.5% July 2029 notes are seven-eighths of a point lower at 102.625. **Hapag-Lloyd's** €300mn 2.5% April 2028 notes are down a quarter-point at 97.25.

Elsewhere, **Merlin Entertainment's** \$500mn 7.375% February 2031 notes are 1.25 points lower at 96.875. **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 mixed - the 10-year Bund is yielding 2.385% from 2.4597% at Friday's close, and the 10-year Gilt is at 4.487% from 4.5382%. The 10-year UST is at 4.5125% from 4.5387% at Friday's close, and the two-year UST is at 4.2365% from 4.1971%.

The dollar is mixed now; against the euro it is at \$1.0283 (Friday's close: \$1.0362), while cable is at \$1.2399 (Friday's close: \$1.2395).

Dated Brent is at \$75.54, down 13 cents on Friday's close. The VIX index is at 18.16, from 16.43 on Friday.

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