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# Monthly Summary – March 2022

4<sup>th</sup> April 2022

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**MUFG Securities EMEA**

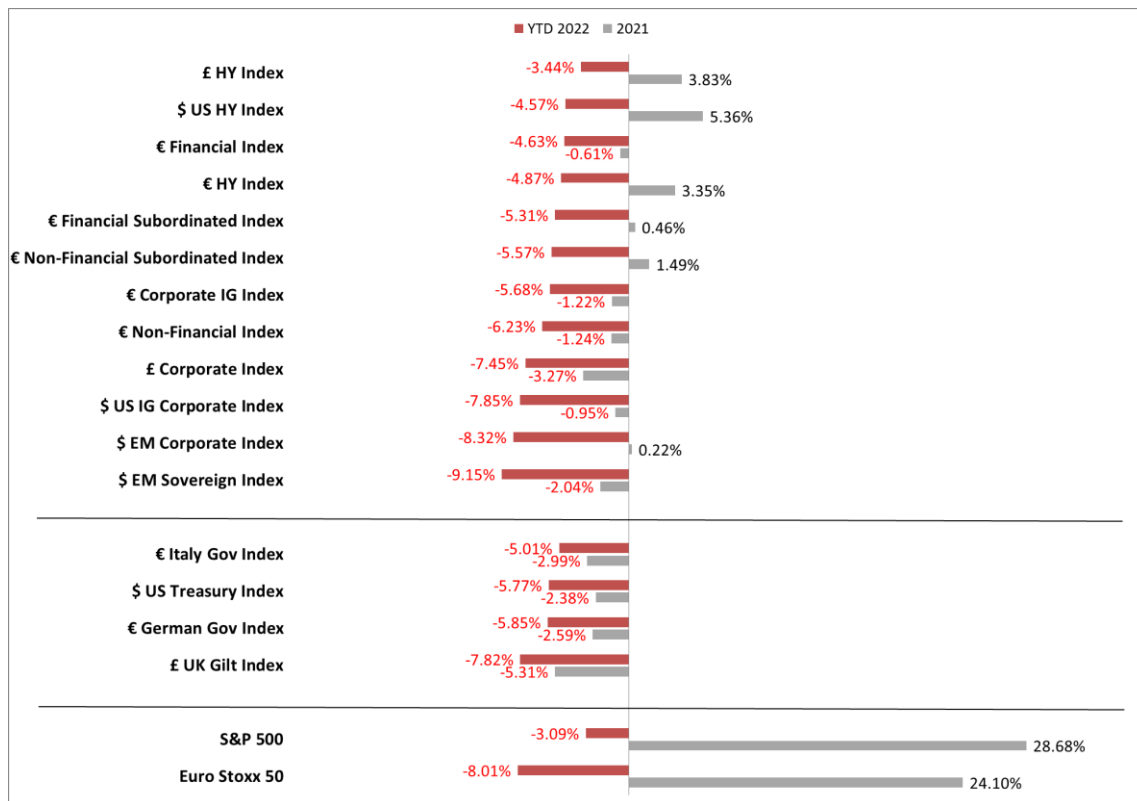
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2022 continues to be dominated by a cautious risk off tone driven by concerns about the war in Ukraine and inflation. Whilst market sentiment has improved during the last month nearly all asset classes are in the red on a YTD basis and credit is having a terrible run in terms of performance.

Synthetic indices remained volatile over the month with XO breaching 415bps but over the month both Main and XO were tighter by -4bps and -41bps at 73bps and XO 338bps respectively. Rates continued their sell off on the back of ever rising inflation and the 10 Bund yield ended the month on 0.60% which is 50bps higher on the month. Likewise the UST 10 ended the month on 2.40% some 55bps higher and in the UK the 10 year Gilts ended at 1.63% so a more moderate +23bps on the month.

New issue senior volumes returned in style with healthy new issue concession to entice demand, more than €40bn printed over the month in the senior corporate space and €4bn in corporate hybrids. However total returns remain deeply in negative territory driven by rates, spreads came back a little but it remains a difficult and technical environment as we await Q1 reporting season that starts after the Easter holidays.

**CHART 1: ASSET CLASS TOTAL RETURN PERFORMANCE SUMMARY**



Source: Bloomberg, ICE BofAML, MUFG

## CHART 2: ASSET CLASS TOTAL RETURN PERFORMANCE

Index	2022 YTD	March 2022	2021	2020
£ HY Index	-3.44%	-0.05%	3.83%	4.59%
\$ US HY Index	-4.57%	-0.98%	5.36%	6.17%
€ Financial Index	-4.63%	-1.27%	-0.61%	2.22%
€ HY Index	-4.87%	-0.17%	3.35%	2.76%
€ Financial Subordinated Index	-5.31%	-0.66%	0.46%	2.79%
€ Non-Financial Subordinated Index	-5.57%	0.01%	1.49%	2.54%
€ Corporate IG Index	-5.68%	-1.95%	-1.22%	2.65%
€ Non-Financial Index	-6.23%	-2.11%	-1.24%	2.86%
£ Corporate Index	-7.45%	-1.41%	-3.27%	9.30%
\$ US IG Corporate Index	-7.85%	-2.76%	-0.95%	9.81%
\$ EM Corporate Index	-8.32%	-2.16%	0.22%	8.47%
\$ EM Sovereign Index	-9.15%	-1.04%	-2.04%	5.67%
€ Italy Gov Index	-5.01%	-2.06%	-2.99%	8.00%
\$ US Treasury Index	-5.77%	-3.23%	-2.38%	8.22%
€ German Gov Index	-5.85%	-3.62%	-2.59%	2.95%
£ UK Gilt Index	-7.82%	-2.53%	-5.31%	8.84%

Source: Bloomberg, ICE BofAML, MUFG

Whilst sentiment changed to become more positive in March the wall of red returns continued for the straight third month across nearly all credit sub asset classes. Whilst credit spreads tightened the rates sell-off continued and was felt across all currencies with long durations again being the most impacted.

Euro subordinates out-performed their senior equivalents with the € Non-Financial Subordinate Index ending the month on 0.01% on the month and € Financial Subordinate Index at -0.66%. On the senior side we see the € Non-Financial Senior down by -2.11% and € Financial Senior Index at -1.27% in March, taking YTD returns to -6.23% and -4.63% respectively.

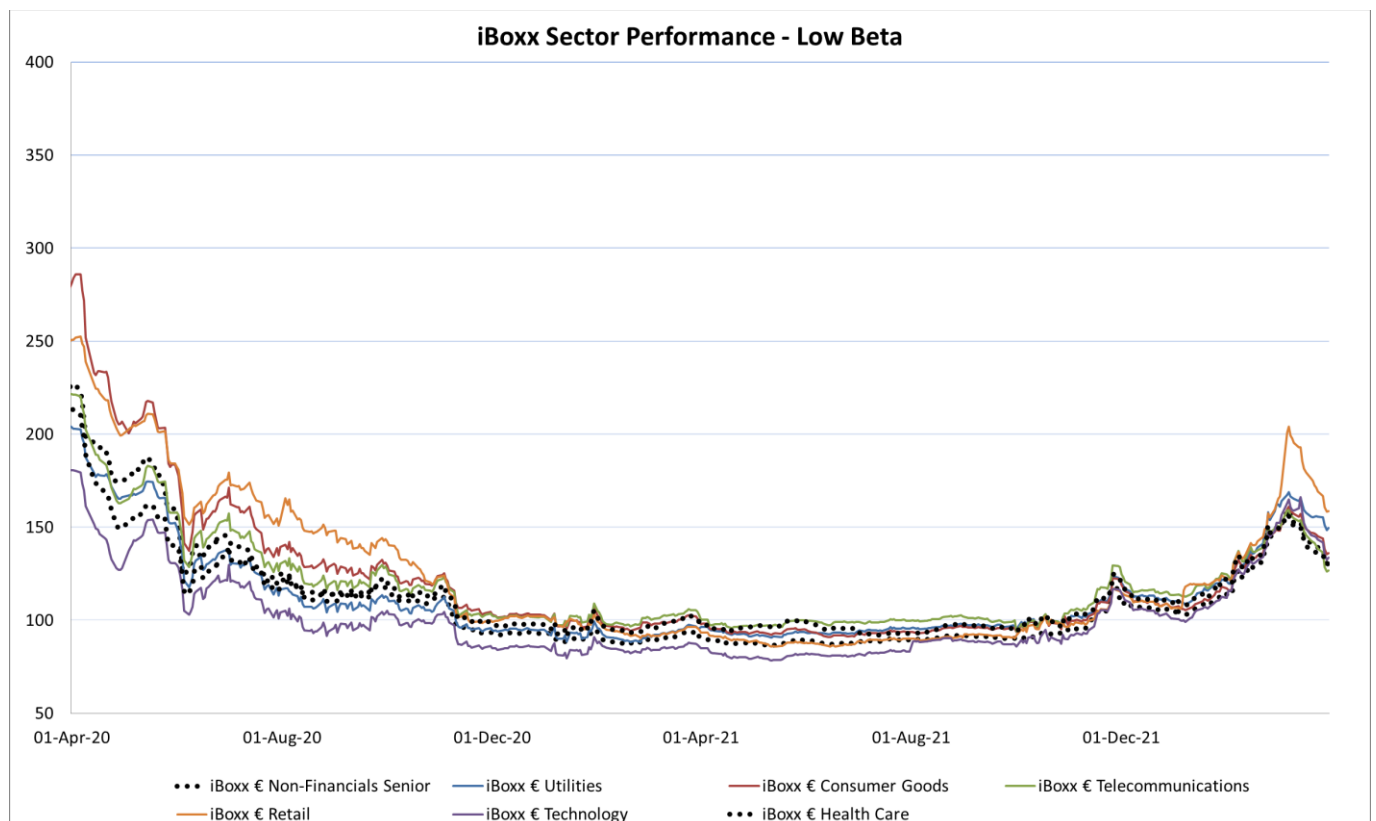
The naturally longer duration Sterling and USD corporate indices saw the most pain on a YTD basis with the £ Corporate Index down -7.45% and \$ IG Corporates down -7.85%. Comparatively speaking the shorter duration HY indices managed to hold up a bit better on a YTD with \$ HY down -4.57%, € HY down -4.87% and £ HY down -3.44%.

CHART 3: CDS AND IBOXX SECTOR Z SPREAD PERFORMANCE BY 1M CHANGE

Rank	Index	31/3/22	1W chg	1M chg	1Y chg
CDS	MARKIT ITRX EUR	73	-7	-4	+21
CDS	MARKIT ITRX XOVER	338	-34	-41	+86
	Non-Financials	131	-9	-19	+32
1	Travel & Leisure	115	-10	-16	+33
2	Telecommunications	127	-13	-24	+24
3	Industrials	130	-11	-15	+38
4	Healthcare	131	-6	-19	+31
5	Technology	134	-11	-19	+48
6	Consumer Goods	136	-10	-13	+37
7	Utilities	150	-6	-13	+54
8	Automotive	153	-6	-3	+41
9	Retail	159	-13	-4	+64
10	Oil and Gas	163	-10	-71	+49
11	Real Estate	196	-11	-11	+65

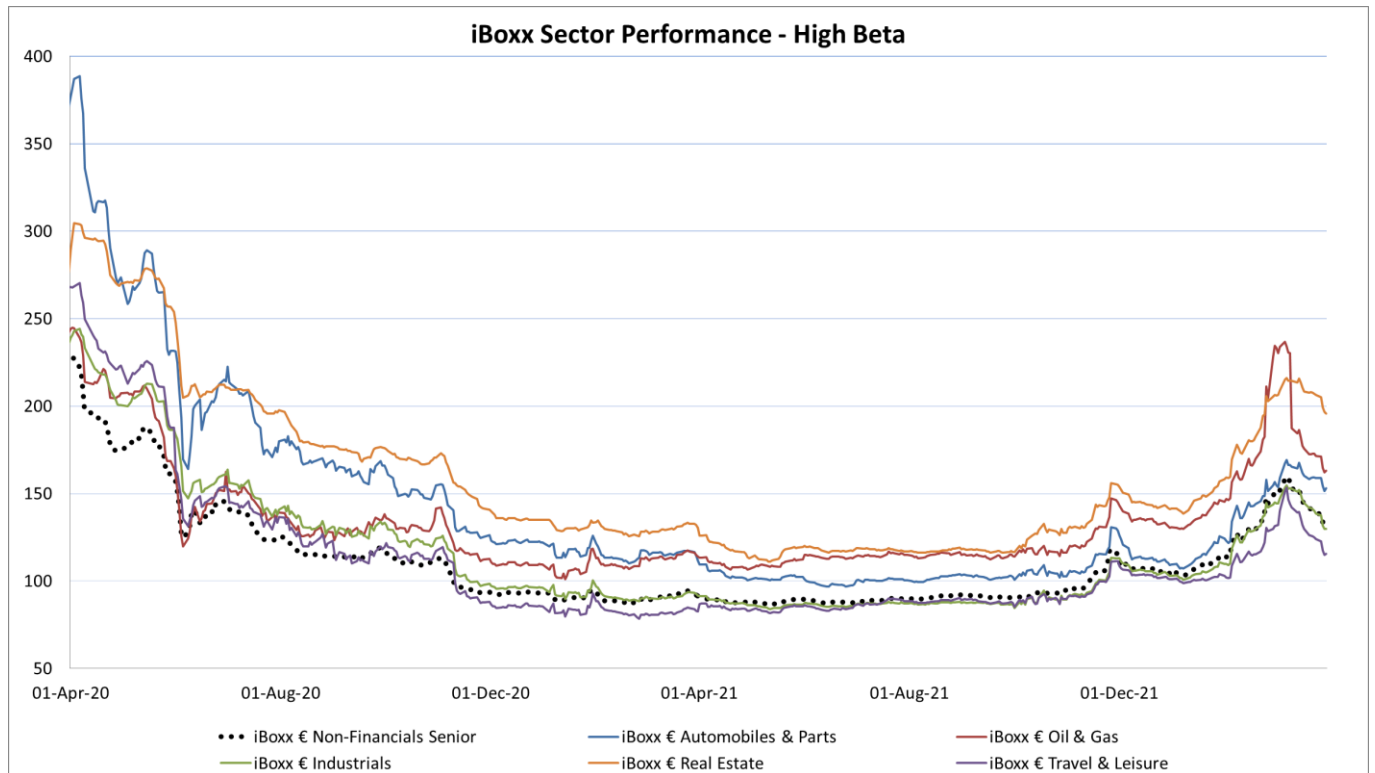
Source: IHS Markit, MUFG, Bloomberg

CHART 4: IBOXX SECTOR PERFORMANCE- LOW BETA



Source: IHS Markit, MUFG

CHART 5: IBOXX SECTOR PERFORMANCE- HIGH BETA



Source: IHS Markit, MUFG

March new issue volumes made up for the lack of activity in February as market volatility eased off. Overall we saw a bumper €40bn in gross senior corporate issuance and an additional €4bn in hybrid issuance.

In the senior space we saw a lot of activity from a wider range of sectors with 55 tranches pricing over the month, notable deals included multi tranche deals from Boston Scientific Crop and inaugural new issues from Haleon (GSK Consumer Healthcare), L'Oreal and Daimler Trucks all of which attracted big investor demand.

Hybrid issuance reopened with a VW two tranche deal that followed shortly to refinance a call that had come due earlier in the month, and proved to be the right issuer to get the ball rolling in the subordinated space. VW was quickly followed by a two tranche deal from Bayer that refinanced its October 2022 call date and a single tranche deal from Swedish telecoms provider Telia.

CHART 6: MONTHLY SENIOR EURO IG NEW ISSUANCE SUMMARY

ISSUE DATE	BOND	SECTOR	MATURITY	MS SPREAD	FINAL SIZE	FINAL BOOK	Z SPREAD	Z-SPD CHG SINCE ISSUE
23/02/2022	UNANA 1.25 31	Consumer, Non-cyclical	28/02/2031	48	2,050M	3.2x	14	-34
23/02/2022	DBHNGR 1.375 34	Industrial	03/03/2034	47	3,000M	4.0x	32	-15
03/03/2022	BSX 0.75 25	Consumer, Non-cyclical	08/03/2025	55	2,900M	2.9x	37	-18
03/03/2022	BSX 1.375 28	Consumer, Non-cyclical	08/03/2028	93	3,000M	4.0x	72	-21
03/03/2022	BSX 1.625 31	Consumer, Non-cyclical	08/03/2031	105	2,600M	3.5x	80	-25
03/03/2022	BSX 1.875 34	Consumer, Non-cyclical	08/03/2034	120	2,600M	5.2x	88	-32
08/03/2022	BASGR 0.75 26	Basic Materials	17/03/2026	40	2,000M	2.0x	11	-29
08/03/2022	BASGR 1.5 31	Basic Materials	17/03/2031	75	2,000M	2.0x	48	-27
08/03/2022	IBESM 1.375 32	Utilities	11/03/2032	60	3,100M	3.1x	24	-36
08/03/2022	BRK 1.5 30	Financial	18/03/2030	85	1,000M	2.0x	43	-42
08/03/2022	BRK 2 34	Financial	18/03/2034	110	1,700M	2.3x	77	-33
08/03/2022	VWSDC 1.5 29	Energy	15/06/2029	88	1,600M	3.2x	52	-36
08/03/2022	VWSDC 2 34	Energy	15/06/2034	120	1,100M	2.2x	90	-30
09/03/2022	AEMSPA 1.5 28	Utilities	16/03/2028	100	3,500M	7.0x	79	-21
09/03/2022	DSVDC 1.375 30	Industrial	16/03/2030	78	1,600M	2.7x	51	-27
14/03/2022	LXSGR 1.75 28	Basic Materials	22/03/2028	100	1,200M	2.0x	93	-7
14/03/2022	EDPPL 1.875 29	Utilities	21/09/2029	100	6,100M	4.9x	73	-27
16/03/2022	SGROLN 1.25 26	Financial	23/03/2026	70	2,900M	4.5x	52	-18
16/03/2022	SGROLN 1.875 30	Financial	23/03/2030	110	4,000M	8.0x	83	-27
21/03/2022	ANNGR 1.375 26	Financial	28/01/2026	85	3,200M	3.8x	65	-20
21/03/2022	ANNGR 1.875 28	Financial	28/06/2028	115	2,800M	3.5x	96	-19
21/03/2022	ANNGR 2.375 32	Financial	25/03/2032	135	5,000M	5.9x	101	-34
21/03/2022	NESNVX 0.875 27	Consumer, Non-cyclical	29/03/2027	13	1,800M	3.0x	-5	-18
21/03/2022	NESNVX 1.25 31	Consumer, Non-cyclical	29/03/2031	28	2,300M	3.8x	6	-22
21/03/2022	NESNVX 1.5 35	Consumer, Non-cyclical	29/03/2035	42	2,600M	3.3x	19	-23
21/03/2022	AKZANA 1.5 28	Basic Materials	28/03/2028	70	4,200M	7.0x	51	-19
21/03/2022	AKZANA 2 32	Basic Materials	28/03/2032	100	4,200M	7.0x	72	-28
22/03/2022	HALEON 1.25 26	Consumer, Non-cyclical	29/03/2026	55	3,600M	4.2x	31	-24
22/03/2022	HALEON 1.75 30	Consumer, Non-cyclical	29/03/2030	75	3,900M	5.2x	53	-22
22/03/2022	HALEON 2.125 34	Consumer, Non-cyclical	29/03/2034	100	3,600M	4.8x	75	-25
22/03/2022	ORFP 0.375 24	Consumer, Non-cyclical	29/03/2024	7	3,300M	3.3x	-17	-24
22/03/2022	ORFP 0.875 26	Consumer, Non-cyclical	29/06/2026	12	3,400M	2.7x	-12	-24
23/03/2022	EOANGR 0.875 25	Utilities	08/01/2025	35	4,250M	5.7x	24	-11
23/03/2022	EOANGR 1.625 31	Utilities	29/03/2031	60	5,000M	6.7x	46	-14
23/03/2022	CAFP 1.875 26	Consumer, Non-cyclical	30/10/2026	110	3,500M	4.7x	82	-28
23/03/2022	CAFP 2.375 29	Consumer, Non-cyclical	30/10/2029	150	3,700M	4.9x	107	-43
24/03/2022	ABBNVX 0.625 24	Industrial	31/03/2024	23	2,800M	4.0x	9	-14
24/03/2022	IMCDNA 2.125 27	Consumer, Cyclical	31/03/2027	138	900M	3.0x	112	-26
24/03/2022	TVOYFH 2.625 27	Utilities	31/03/2027	185	1,350M	2.3x	171	-14
24/03/2022	LIN 1 27	Basic Materials	31/03/2027	18	1,650M	3.3x	10	-8
24/03/2022	LIN 1.375 31	Basic Materials	31/03/2031	38	1,800M	2.4x	22	-16
24/03/2022	LIN 1.625 35	Basic Materials	31/03/2035	48	2,600M	3.3x	29	-19
24/03/2022	NOVOB 0.75 25	Consumer, Non-cyclical	31/03/2025	13	2,300M	4.6x	-3	-16
24/03/2022	NOVOB 1.125 27	Consumer, Non-cyclical	30/09/2027	25	1,900M	3.8x	15	-10
24/03/2022	NOVOB 1.375 30	Consumer, Non-cyclical	31/03/2030	35	2,500M	5.0x	22	-13
28/03/2022	STLA 2.75 32	Consumer, Cyclical	01/04/2032	158	1,900M	1.9x	148	-10
28/03/2022	PSGSM 2.5 29	Consumer, Non-cyclical	06/04/2029	155	725M	1.5x	157	+2
29/03/2022	DBOERS 1.5 32	Financial	04/04/2032	40	4,000M	6.7x	29	-11
30/03/2022	CEZCP 2.375 27	Utilities	06/04/2027	135	3,200M	5.3x	125	-10
30/03/2022	SANFP 0.875 25	Consumer, Non-cyclical	06/04/2025	0	2,700M	3.2x	1	+1
30/03/2022	SANFP 1.25 29	Consumer, Non-cyclical	06/04/2029	13	2,400M	3.7x	12	-1
30/03/2022	CLNXSM 2.25 26	Industrial	12/04/2026	150	3,100M	3.1x	153	+3
30/03/2022	EQTSS 2.375 28	Financial	06/04/2028	130	1,500M	2.0x	128	-2
30/03/2022	EQTSS 2.875 32	Financial	06/04/2032	165	1,350M	1.8x	166	+1
30/03/2022	DTRGR 1.25 25	Consumer, Cyclical	06/04/2025	43	2,800M	4.5x	37	-6
30/03/2022	DTRGR 1.25 25	Consumer, Cyclical	06/04/2025	63	3,400M	5.4x	53	-10
31/03/2022	RIFP 1.375 29	Consumer, Non-cyclical	07/04/2029	45	3,400M	4.5x	38	-7

Source: MUFG, Bloomberg

CHART 7: HYBRID ISSUANCE SUMMARY 2022

DATE	DESCRIPTION	CURRENCY	SECTOR	CALL DATE	MS SPREAD	YIELD	FINAL SIZE	BOOK MULTIPLE	Z SPREAD	Z PERFOR MANCE	YIELD	YIELD PERFOR MANCE
10/01/2022	TTEFP 2 PERP	EUR	Energy	Jan-27	189.8	2.001%	1,000M	1.6x	201	+11	3.14%	+114
10/01/2022	TTEFP 3.25 PERP	EUR	Energy	Jul-36	269.3	3.250%	750M	3.2x	284	+14	4.20%	+95
13/01/2022	ATSAV 5 PERP	EUR	Industrial	Oct-26	494.2	5.000%	350M	4.4x	449	-45	5.51%	+51
02/02/2022	TRNIM 2.375 PERP	EUR	Utilities	Nov-27	212.1	2.450%	1,000M	4.1x	209	-3	3.24%	+79
16/02/2022	DBOERS 2 48	EUR	Financial	Mar-28	146.8	2.125%	500M	4.2x	109	38	2.21%	+8
21/03/2022	VW 3.748 PERP	EUR	Consumer, Cyclical	Dec-27	292.4	3.750%	1,000M	4.4x	272	-20	3.82%	+7
21/03/2022	VW 4.375 PERP	EUR	Consumer, Cyclical	Mar-31	336	4.375%	1,250M	3.0x	321	-15	4.42%	+5
22/03/2022	BAYNGR 4.5 2082	EUR	Consumer, Non-cyclical	Jun-27	375.1	4.625%	500M	1.4x	324	-51	4.31%	-31
22/03/2022	BAYNGR 5.375 2082	EUR	Consumer, Non-cyclical	Jun-30	445.8	5.500%	800M	1.5x	381	-65	4.99%	-51
22/03/2022	TELIAS 2.75 2083	EUR	Communications	Mar-28	194.6	2.875%	500M	2.0x	157	-37	2.70%	-18

Source: MUFG, Bloomberg

The overall tone of the market has improved but we saw greater disparity among names and sectors. Some of the biggest recent underperformers partially retraced some of their losses including WNTRDE and ENAPHO both which were massively impacted by the war in Ukraine. In terms of longer duration bonds the likes of BPLN 2034s and 2040s outperformed following rating agency affirmations on the back of the Rosneft asset write down.

In terms underperformers ENBW topped the longer end underperformance on gas supply concerns, and other names lagged due to Russia-Ukraine headlines including SPPEUS and front end FUMVFH. Rounding up the underperformers in March were higher beta autos such as Renault and Nissan and issuers with an EM flavour such as CHGRID, PRXNA and BRTFOD.

CHART 7: 1-5Y BUCKET BEST PERFORMING BONDS

	Bond	Maturity	Z Spread	1M Chg
1	WNTRDE 0.84 25	25/09/2025	189	-157
2	F 1.615 23	11/05/2023	95	-73
3	BHP 3.25 27	24/09/2027	7	-67
4	EZJLN 1.125 23	18/10/2023	27	-70
5	BHP 3 24	29/05/2024	-20	-52
6	EZJLN 1.75 23	09/02/2023	57	-59
7	HOFP 0.25 27	29/01/2027	40	-49
8	MCD 2.375 24	27/11/2024	-50	-57
9	HOFP 0 26	26/03/2026	17	-45
10	ORCL 3.125 25	10/07/2025	18	-51
11	ABIBB 2.875 24	25/09/2024	-30	-51
12	ABESM 2.375 27	27/09/2027	47	-40
13	HEIANA 2.875 25	04/08/2025	-5	-54
14	TELNO 2.5 25	22/05/2025	-11	-48
15	PLNIJ 2.875 25	25/10/2025	109	-45

CHART 8: 1-5Y BUCKET WORST PERFORMING BONDS

	Bond	Maturity	Z Spread	1M Chg
1	SPPEUS 2.625 25	12/02/2025	778	+472
2	SPPEUS 1.625 27	25/06/2027	626	+168
3	HAOHUA 1.125 24	22/09/2024	185	+88
4	RENAUL 1.75 26	10/04/2026	182	+82
5	RENAUL 1.625 26	26/05/2026	181	+79
6	RENAUL 0.5 25	14/07/2025	148	+71
7	RENAUL 1.125 27	15/01/2027	179	+70
8	RENAUL 1.625 25	11/04/2025	130	+62
9	ATOFP 1.75 25	07/05/2025	173	+60
10	PRXNA 1.207 26	19/01/2026	267	+60
11	RENAUL 2 24	11/07/2024	115	+58
12	FUMVFH 0.875 23	27/02/2023	122	+51
13	BRTFOD 1.75 25	22/07/2025	126	+50
14	EEFT 1.375 26	22/05/2026	189	+49
15	TPEPW 2.375 27	05/07/2027	271	+47

CHART 9: 5-10Y BUCKET BEST PERFORMING BONDS

	Bond	Maturity	Z Spread	1M Chg
1	ENAPHO 1.816 31	02/03/2031	326	-270
2	WNTRDE 1.823 31	25/09/2031	234	-108
3	WNTRDE 1.332 28	25/09/2028	225	-104
4	ABESM 2.25 29	29/03/2029	88	-46
5	ABESM 1.625 29	15/07/2029	88	-45
6	DT 3.25 28	17/01/2028	-11	-60
7	ABESM 1.875 32	26/03/2032	108	-45
8	SIEGR 2.875 28	10/03/2028	-15	-55
9	ATIM 2.375 33	25/11/2033	183	-42
10	BXBAU 1.5 27	04/10/2027	97	-43
11	HITTFP 1.625 29	18/09/2029	102	-40
12	ABESM 3 31	27/03/2031	102	-40
13	HITTFP 1.475 31	18/01/2031	104	-42
14	ABESM 1.25 28	07/02/2028	76	-40
15	HOFP 1 28	15/05/2028	50	-41

CHART 10: 5-10Y BUCKET WORST PERFORMING BONDS

	Bond	Maturity	Z Spread	1M Chg
1	CHGRID 0.419 28	08/09/2028	131	+98
2	TEFP 1.125 28	28/05/2028	211	+54
3	NSANY 3.201 28	17/09/2028	200	+46
4	CHGRID 1.303 32	05/08/2032	132	+43
5	PRXNA 1.539 28	03/08/2028	281	+39
6	VITRRA 1 28	24/09/2028	193	+35
7	PRXNA 1.288 29	13/07/2029	288	+34
8	PRXNA 2.778 34	19/01/2034	314	+33
9	LXSGR 0.625 29	01/12/2029	106	+32
10	ENBW 0.125 28	01/03/2028	66	+29
11	PRXNA 2.085 30	19/01/2030	313	+27
12	ENBW 0.25 30	19/10/2030	73	+25
13	LXSGR 0 27	08/09/2027	67	+24
14	VTRS 3.125 28	22/11/2028	165	+24
15	VW 3.375 28	06/04/2028	110	+23

CHART 12: 10Y+ BUCKET BEST PERFORMING BONDS

	Bond	Maturity	Z Spread	1M Chg
1	BPLN 1.104 34	15/11/2034	90	-46
2	BPLN 0.933 40	04/12/2040	110	-31
3	DT 1.75 49	09/12/2049	88	-42
4	BPLN 1.467 41	21/09/2041	117	-31
5	TACHEM 2 40	09/07/2040	110	-29
6	EDF 1.875 36	13/10/2036	97	-32
7	EJRAIL 1.104 39	15/09/2039	51	-35
8	ABIBB 2.75 36	17/03/2036	87	-33
9	EDF 4.5 40	12/11/2040	122	-32
10	ABIBB 3.7 40	02/04/2040	104	-33
11	AIRFP 2.375 40	09/06/2040	95	-33
12	EDF 2 49	09/12/2049	139	-34
13	VOD 2.875 37	20/11/2037	101	-30
14	DT 2.25 39	29/03/2039	66	-27
15	NGGLN 0.872 40	26/11/2040	86	-30

CHART 13: 10Y+ BUCKET WORST PERFORMING BONDS

	Bond	Maturity	Z Spread	1M Chg
1	ENBW 1.875 33	31/10/2033	101	+32
2	ENBW 6.125 39	07/07/2039	131	+29
3	ENBW 0.5 33	01/03/2033	87	+28
4	VGASDE 0.5 34	10/09/2034	92	+17
5	ADPPFP 1.125 34	18/06/2034	103	+15
6	HTHROW 1.875 34	14/03/2034	142	+15
7	EOANGR 0.875 34	18/10/2034	62	+14
8	OMVAV 1 34	03/07/2034	95	+13
9	CKHH 1 33	02/11/2033	129	+11
10	VW 4.125 38	16/11/2038	140	+9
11	VERAV 0.9 41	01/04/2041	48	+8
12	RWE 1 33	26/11/2033	78	+8
13	ADPPFP 2.125 38	11/10/2038	116	+8
14	BATSLN 2 45	13/03/2045	256	+8
15	PM 2 36	09/05/2036	192	+6

Source: Bloomberg, MUFG



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