



Corporate Credit Monthly Update

July 2025

Europe

The euro area is showing signs of recovery after sluggish growth during most of the past two years. Business sentiment, as measured by PMI indices, is improving, supported by a rebound in the manufacturing sector. Consumer confidence is also recovering, driven by rising real wages, slowing inflation, and a labor market that remains solid. Credit growth, now recovering after a phase of contraction, could mark the beginning of a new cycle. The European economic engine, long dormant, thus appears to be regaining momentum, supported by accommodative monetary policy. In June, the ECB lowered its key interest rate by a further 25 basis points, bringing it down to 2%, a widely anticipated decision that nevertheless strengthened market sentiment. The appreciation of the euro has also helped ease inflationary pressures, making imports more affordable for European consumers. However, uncertainties remain, notably the dependence on external demand, particularly from China, and the risk of an oil shock linked to geopolitical tensions in the Middle East.

In the European bond markets, the yield on 7–10-year Bunds increased by 9 basis points to reach 2.50% at the end of the month. At the same time, corporate credit delivered a positive performance in this context of macroeconomic stabilization and ECB support. Spreads tightened in Europe, though to a lesser extent than in the United States. This movement was supported by a gradual return of risk appetite and positive flows into the asset class. High Yield outperformed Investment Grade (+0.44% versus +0.24%), benefiting from stronger market momentum and more attractive carry. The yield in the European corporate market stood at 5.27% at month-end.

The US economy also showed signs of dynamism in June, supported by a still robust labor market, as well as a notable improvement in consumer confidence. After several months of decline, household sentiment rebounded, reflecting renewed optimism regarding their future financial situation. This development is all the more significant given that household consumption remains a central pillar of economic activity in the United States and is likely to influence the growth trajectory in the second half of the year. In this context, the Federal Reserve left its key interest rate unchanged for the fourth consecutive monthly meeting, highlighting both the strength of the economy and the persistence of inflationary pressures. The central bank remains cautious in the face of a disinflationary trend that is still incomplete. Furthermore, oil prices rose by more than +4% over the month, linked to geopolitical tensions in the Middle East and risks to the security of the Strait of Hormuz. The US dollar reached its lowest level in three years, penalized by uncertainties surrounding the Trump administration's trade and fiscal policy.

US bond markets ended the month of June on a positive note. Logically, investor sentiment was boosted by strong corporate earnings, easing trade tensions, and resilient macroeconomic indicators. Yields on 7–10-year Treasuries fell by 17 basis points, ending the month at 4.13%, while the more pronounced decline in short-term rates led to a slight steepening of the curve. In the corporate credit markets, spreads tightened across all rating segments, supported by strong demand and significant inflows. Both Investment Grade and High Yield recorded strong performances (+1.84% for both over the month). The yield in the US corporate market stood at 6.76% at month-end.

United States

Emerging

In emerging countries, economic activity continued its recovery in June, supported by the ongoing slowdown in inflation in several major economies and a more favorable global financial environment. This gradual decline in inflation allowed some central banks, notably in Latin America and Eastern Europe, to maintain or further ease their monetary policies. This domestic support combined with the easing of the US dollar contributed to improving local financial conditions. However, divergences persist: economies dependent on exports to China remain penalized by weak Asian demand, and global geopolitical tensions continue to weigh on the outlook for some countries.

In emerging corporate credit markets, spreads also tightened amid a search for yield and favorable inflows. The High Yield segment slightly outperformed Investment Grade (+1.70% versus +1.54%), benefiting from its attractive carry. Overall, the asset class posted a positive month, although performance remained heterogeneous across regions and sectors. The combined support of local monetary policies, a weaker dollar, and contained volatility on US rates helped maintain the appeal of this segment. At the end of June, the yield in the emerging countries bond market stood at 7.90%.

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Eutelstat (EU)

Eutelsat, the pan-European satellite operator, announced plans to raise €1.35 billion, through a €716 million reserved capital increase and a €634 million rights issue, backed by the French State, Bharti, CMA CGM, and FSP. In parallel, the French military also announced a 10-year contract worth up to €1 billion for priority access to OneWeb capacity, providing further support for the low Earth orbit (LEO) constellation. Management estimates that, pro forma for the transaction, net leverage would reach approximately 2.5x by June 2026, below the company's medium-term target of 3x. Following the announcement, credit rating agencies placed Eutelsat's long-term ratings under review for a potential upgrade.

McGraw Hill (US)

McGraw Hill, a leading global provider of educational content and learning solutions, announced on June 30, 2025, the filing of a registration statement for an initial public offering (IPO) in the United States. While the size, timing and net proceeds of the IPO remain undisclosed, the company stated that the funds raised will be used to repay a portion of its senior secured first lien term loan due August 2031, which has an outstanding balance of \$1.1 billion as of March 31, 2025. Following the proposed offering, Platinum Equity, McGraw Hill's current majority shareholder, is expected to retain more than 50% of the voting rights, maintaining control of the company. For the fiscal year ending March 2025, McGraw Hill reported revenues of \$2.1 billion (+7% yoy) and adjusted EBITDA of \$896 million (+23% yoy). Net leverage improved significantly, falling to 3.2x, compared to 4.5x in FY24.

Investment Energy Resources (EM)

Investment Energy Resources, one of the largest private renewable energy producers in Central America and the Caribbean, reported strong Q1 2025 results, mainly driven by improved hydro resource availability in Guatemala. Renewable energy production surged by 27% year-on-year, with revenues up 14% to \$115 million, and EBITDA rising 51% to \$73.5 million. Net leverage declined by 0.3x, reaching 4.1x, and the company reiterated its guidance of an EBITDA above \$200 million in FY25, with net leverage decreasing below 4.0x.

Significant Primary Issues

Europe

Issuer	Yield	Maturity	Amount	Rating
FiberCop	4.75%	2030	€1.20Bn	BB+
TeamSystem	Euribor +3.25%	2032	€1.25Bn	B-

United States

Issuer	Yield	Maturity	Amount	Rating
Allied Universal	6.875%	2030	\$1.05Bn	B
Iqvia Inc.	6.25%	2032	\$2.00Bn	BB

Emerging

Issuer	Yield	Maturity	Amount	Rating
Axian Telecom	7.29%	2030	\$600M	B+
Czechoslovak Group	6.50%	2030	\$1.00Bn	BB+

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Macro-Economic Events

Europe

Eurozone: inflation edged up to 2% in June, from 1.9% in May, which was its lowest level for eight months. This figure is in line with market expectations and the ECB's official target. Among the major economies, inflation unexpectedly slowed in Germany, rose slightly in France and Spain, and remained stable in Italy. Inflation rose in services, while it fell in non-energy industrial goods and food. The fall in energy prices eased. Core inflation, which excludes energy and food, remained stable at 2.3%, its lowest level since January 2022.

Germany: the unemployment rate remained stable at 6.3% in June, for the fourth month running, in line with May's figure and slightly below market expectations (6.4%). However, this remains the highest level since September 2020. The number of unemployed rises, approaching the symbolic 3 million mark for the first time in ten years. The labour market continues to reflect the economic weakness of the German economy and the reluctance of companies to hire.

Switzerland: the central bank lowered its key rate to 0% in June, compared with 0.25% previously. This is the sixth consecutive cut since March 2024, when the rate was still 1.75%. This decision is aimed at curbing the appreciation of the Swiss franc, which is seen as a safe haven against a backdrop of trade and geopolitical uncertainties. As a result, the key rate is approaching negative territory, a situation that Switzerland experienced between 2015 and 2022. The SNB has also revised its short-term inflation forecast downwards, to 0.2% for 2025 (compared with 0.4% previously).

US & EM

United States: U.S. forces carried out military strikes against Iranian nuclear sites. On June 22, seven B-2 bombers targeted uranium enrichment facilities at Fordow and Natanz, as well as nuclear technology sites in Isfahan, as part of Operation Midnight Hammer. This intervention, described by President Trump as limited and not an entry into war, was intended to precede a return to negotiations. The strikes triggered strong international reactions and put pressure on oil markets.

China: the manufacturing PMI rebounded to 50.4 in June from 48.3 in May, exceeding market expectations (49.0) and moving back into expansionary territory. This upturn is explained by a rise in production - the strongest since November 2024 - supported by a recovery in new domestic orders, against a backdrop of an improvement in the business climate. By contrast, external demand remains subdued. New export orders fell for the third month in a row, albeit by less than in May, as a result of the additional tariffs imposed by the United States.

Market Data Indices

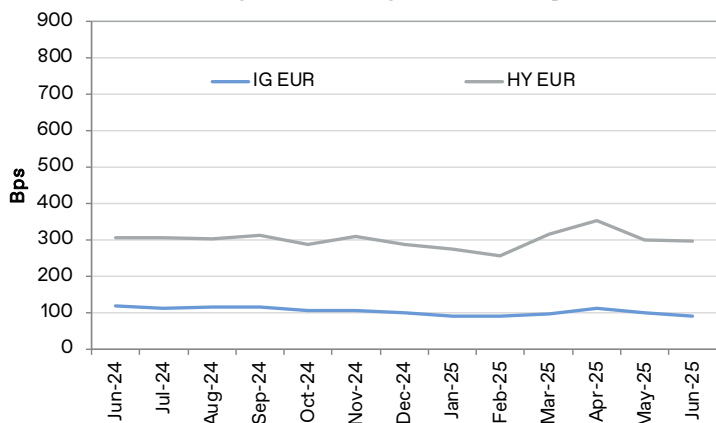
Indices (end of June)	Performance			
	MTD	YTD	Duration	Yield
High Yield				
Corporates High Yield Europe	0.44%	2.74%	3.07	5.48%
Corporates High Yield United States	1.84%	4.57%	2.94	7.04%
Corporates High Yield Europe Excluding Financials	0.46%	2.68%	2.97	5.27%
Corporates High Yield United States Excluding Financials	1.86%	4.53%	2.96	6.76%
High Yield Emerging Markets	1.70%	4.42%	3.78	7.90%
Investment Grade				
Corporates Investment Grade Europe	0.24%	1.68%	4.56	3.22%
Corporates Investment Grade United States	1.84%	4.19%	6.67	5.00%
Investment Grade Emerging Countries	1.54%	4.34%	5.96	5.09%
Governments				
7-10 Year German Bond	-0.45%	-0.21%		2.50%
7-10 Year US Bond	1.58%	5.34%		4.13%

Inflation (end of June)					
Realized inflation	June	May	April	6M	12M
Realized inflation in Europe (rolling 12-month)	2.00%	1.90%	2.20%	2.40%	2.50%
Realized inflation in the United States (rolling 12-month)		2.40%	2.30%	2.90%	3.00%

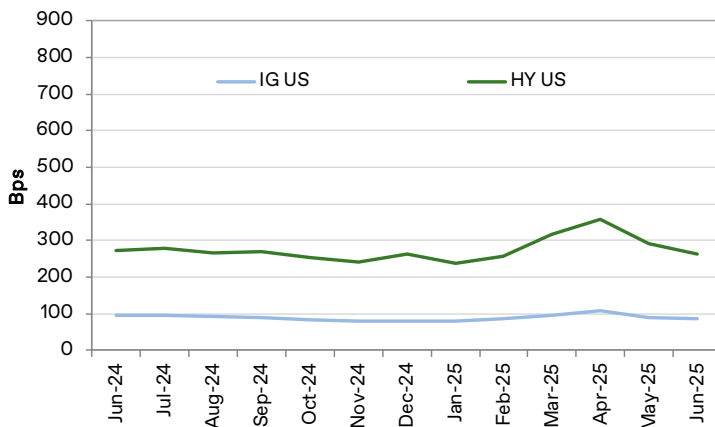
Month-to-date = MTD
Year-to-date = YTD

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EUR Corporate Bond Spreads (OAS) by Index



US Corporate Bond Spreads (OAS) by Index



Corporate Bond Spreads

	June	May	April	12 months
Europe				
Corporates Investment Grade Europe	91	99	112	118
Corporates High Yield Europe	311	322	370	355
Corporates High Yield Europe Excluding Financials	295	300	352	306
Corporate Bonds rated A Europe	81	88	101	105
Corporate Bonds rated BBB Europe	106	114	127	137
Corporate Bonds rated BB Europe	211	218	247	225
Corporate Bonds rated B Europe	351	362	413	435
United States				
Corporates Investment Grade United States	85	90	107	95
Corporates High Yield United States	292	322	387	314
Corporates High Yield United States Excluding Financials	263	293	357	274
Corporate Bonds rated A United States	72	75	89	81
Corporate Bonds rated BBB United States	106	113	134	116
Corporate Bonds rated BB United States	170	195	252	180
Corporate Bonds rated B United States	291	326	396	290
Emerging Countries				
Investment Grade Emerging Countries	103	105	122	104
High Yield Emerging Countries	386	411	469	406
Corporate Bonds rated A Emerging Countries	83	82	95	83
Corporate Bonds rated BBB Emerging Countries	137	142	164	140
Corporate Bonds rated BB Emerging Countries	264	272	313	260
Corporate Bonds rated B Emerging Countries	432	463	518	408

Source: Anaxis AM

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Anaxis specialises in corporate credit for investors who firmly believe in fundamental investing based on in-depth knowledge of issuers. For more than 15 years, Anaxis has focused on corporate credit strategies and has developed comprehensive expertise and methods renowned for their reliability by its clients.

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