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## Press release

### AFME data finds Europe's capital markets have performed well despite market stress from COVID-19

20 April 2020

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AFME has today published new research on the initial impact of COVID-19 on Europe's capital markets. The report analyses the recent trends during the current abnormal market circumstances.

**Julio Suarez, Director of Research at AFME**, said: *"Overall, while prices and spreads have shifted considerably, European capital markets have continued to operate well following the outbreak of COVID-19, with liquidity ranging from very good to mixed, depending on the sector. In fact, there have been record volumes of new issuance in certain sectors. Our data also shows that banks operating in Europe are well-positioned from a solvency and liquidity perspective to support households and businesses during this period of abnormal economic pressure."*

#### Key findings:

- **Issuance of investment grade corporate bonds surpassed EUR 50bn** in the first week of April; this amount was also the highest weekly amount ever issued in Europe. **French companies have been particularly active in this respect.** This is remarkable, given that many, if not most, financial market participants are working remotely.
- Non-financial corporates have also rapidly **increased secondary equity offerings** in an effort to raise cash buffers and withstand business closure for several weeks.
- Markets are more volatile than a few months ago, which has made it costly for some companies to list through IPOs. **IPO issuance on European exchanges has declined 83%** compared to a year ago.
- Markets have been playing their role in providing liquidity and price formation, contributing to capital allocation and helping investors manage their portfolios. **Equity trading has surged 94% year on year in March-20, corporate bond trading increased 31% year on year, and FX trading rose 61% year on year in March-20.** The rapid increase in securities trading and post-trade activity has been carried out without any major disruption from a business continuity perspective.
- **Securitisation secondary markets have suffered disproportionate reductions in liquidity** due to central bank support which is more limited in scope and slower and more difficult to access than for other fixed income sectors.
- **Banks operating in Europe are well-positioned from a solvency and liquidity perspective** to support households and businesses during this period of abnormal economic pressure.

The report also summarises AFME's approach to COVID-19 and the areas AFME have been focusing on to ensure that markets remain well-functioning and liquid in light of the recent impact of the coronavirus.

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#### **About AFME:**

AFME (Association for Financial Markets in Europe) advocates for deep and integrated European capital markets which serve the needs of companies and investors, supporting economic growth and benefiting society. AFME is the voice of all Europe's wholesale financial markets, providing expertise across a broad range of regulatory and capital markets issues. AFME aims to act as a bridge between market participants and policy makers across Europe, drawing on its strong and long-standing relationships, its technical knowledge and fact-based work. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. AFME participates in a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association (ASIFMA) through the GFMA (Global Financial Markets Association). For more information please visit the AFME website: [www.afme.eu](http://www.afme.eu). Follow us on Twitter @AFME\_EU