La dette européenne à haut rendement a le vent en poupe !

Par Vincent JUVYNS, Global Market Strategist, J.P. Morgan Asset Management

Dans la perspective des baisses de taux des banques centrales, qui sont attendues dans le courant du second semestre, les investisseurs sont plus que jamais à la recherche de classes d'actifs susceptibles de leur permettre de continuer à profiter des taux élevés actuels au cours des prochaines années.

A cet égard, nous estimons que la dette européenne à haut rendement est l'une des options qui mérite d'être considérée.

Excellents fondamentaux

Les fondamentaux de cette classe d'actifs sont en effet solides puisque d'une part, 67% du marché est noté BB[1], soit l'une des plus haute notation de l'univers «haut rendement», et d'autre part, elle bénéficie du fait que les entreprises se sont peu endettées ces dernières années, dans la mesure où la pandémie de Covid et l'invasion de l'Ukraine les ont contraint à protéger leurs bilans.

En outre, puisqu'il s'agit d'un marché à taux fixe, les coûts d'emprunt des entreprises européennes à haut rendement sont restés relativement contenus malgré la hausse marquée des taux obligataires au niveau mondial. Ainsi, le coupon moyen pondéré sur ce marché s'élève actuellement à seulement 4,0%[2].

Risques liés au mur de la dette

La principale crainte des investisseurs au sujet du marché européen des emprunteurs à haut rendement porte sur sa capacité à faire face au «mur de refinancement la dette» qui se profile, puisque 44% du marché actuel devra être refinancé d'ici la fin 2026[3]. Cependant, 65% de la dette arrivant à échéance ces deux prochaines années est notée BB3, soit une notation élevée, ce qui devrait permettre aux émetteurs de se refinancer aisément sur les marchés obligataires.

La hausse des coûts de financement devrait néanmoins entrainer une augmentation du taux défaut à environ 2,5%, soit un niveau plus élevé que l'année dernière et légèrement supérieur à la moyenne à long terme en Europe (1,6%[4]). Dans l'univers du haut rendement européen, nous pensons que c'est le secteur immobilier qui subira les défauts les plus nombreux.

Facteurs techniques positifs

Les facteurs techniques ont clairement été l'un des principaux facteurs de soutien au marché européen à haut rendement en 2023. En effet, malgré une demande stable, la faiblesse des émissions nettes et le grand nombre d'»étoiles montantes» (titres passant des catégories High Yield à la catégorie supérieure Investment Grade) ont nettement réduit la taille du marché. En 2024, l'offre devrait rester faible, dans la mesure où la majorité des émissions obligataires sera encore utilisée pour renouveler des obligations existantes, arrivant à échéance. Du coté de la demande, nous nous attendons en revanche à ce que celle-ci se renforce en 2024 compte tenu des perspectives de baisses de taux des banques centrales.

Valorisations

Après leur baisse fin 2023, les spreads des obligations européennes à haut rendement sont actuellement proches de leur moyenne sur 10 ans. Ils restent toutefois supérieurs à leurs homologues du marché américain, lequel présente pourtant une qualité de crédit moyenne inférieure. En outre, cette comparaison des spreads historiques doit être ajustée pour tenir compte de la duration qui est actuellement extrêmement courte (3,6 ans jusqu'à l'échéance contre une moyenne de 4,8 ans sur 10 ans)[5].

Enfin, les rendements globaux («all-in»), qui se situent dans le 85ème centile sur les 10 dernières années, demeurent élevés[6]. Compte tenu de la configuration actuelle (faible duration et rendements élevés), il faudrait une augmentation d'environ 230 points de base[7] des taux pour neutraliser le portage annualisé actuel de l'indice.

Conclusion

Bien que les besoins de refinancement des emprunteurs obligataires à haut rendement vont probablement augmenter au cours de prochaines années et conduire à une augmentation de leurs coûts de financement et du taux de défaut, nous estimons que la hausse de la charge d'intérêt moyenne devrait être graduelle et donc gérable pour la plupart des émetteurs.

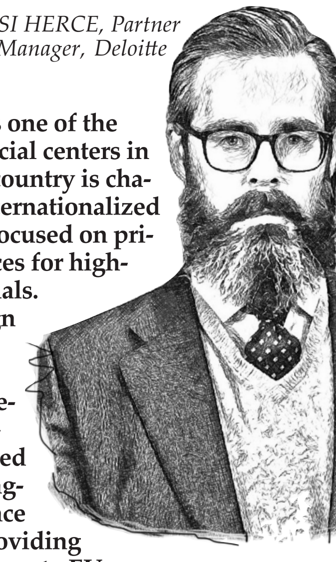
Par ailleurs, les bons fondamentaux des émetteurs de crédit à haut rendement conjugués à une situation technique favorable, caractérisée par une offre stable et une demande en hausse, devraient également soutenir ces marchés.

Enfin, la perspective des baisses de taux des banques centrales et d'un atterrissage en douceur de l'économie mondiale, devraient pousser les investisseurs à privilégier cette classe d'actifs afin de pérenniser les rendements obligataires élevés actuels.

1) Source : Bloomberg, 22 janvier 2024. Oblig. à haut rendement européennes : indice ICE BofA Euro High Yield (HE00).
2) Source: Bloomberg, 22 janvier 2024. HY Eur. : indice ICE BofA Euro Developed Markets Non-Financial High Yield Constrained (HECM)
3) Source: Banque d'investissement de J.P. Morgan : Recherche sur le crédit européen, 31 décembre 2023. Les données excluent les émissions bancaires et hybrides.
4) J.P. Morgan. Données au 31 décembre 2023. L'univers de calcul des défauts repose sur le pourcentage en valeur nominale de l'univers des obligations d'entreprises à haut rendement (hors financières) en EUR et GBP. Les défauts comprennent le non-paiement de coupon, les restructurations et les opérations d'échange d'émetteurs en difficulté (distressed).
5) Bloomberg, 22 janvier 2024. HY Eur. : indice ICE BofA Euro Developed Markets Non-Financial High Yield Constrained (HECM)
6) Bloomberg, 22 janvier 2024. HY Eur. : indice ICE BofA Euro Developed Markets Non-Financial High Yield Constrained (HECM)
7) Bloomberg, 22 janvier 2024. HY Eur. : indice ICE BofA Euro Developed Markets Non-Financial High Yield Constrained (HECM)

How does transfer pricing impact the banking sector?

By Enrique MARCHESI HERCE, Partner and Ines TEIXEIRA, Manager, Deloitte Luxembourg



Luxembourg is one of the leading financial centers in Europe. The country is characterized by an internationalized banking industry focused on private banking services for high-net-worth-individuals. Brexit forced foreign banks to rethink their operating model, and many relocated their operations from the United Kingdom and strengthened their presence in Luxembourg, providing them continued access to EU passporting rights across Europe.

Over the last few years, the banking industry has encountered various challenges, including intensive competition, digital transformation, and rising regulatory and tax compliance requirements, which have increased the pressure on banking players to restructure their operations worldwide. Consequently, banks' operating models and risk management frameworks are a central point of attention for tax authorities and regulators, with transfer pricing being one the hot topics.

Operational expectations from the European Central Bank

In 2018, the European Central Bank (ECB) expressed concerns about how international banks would restructure their EU operations post-Brexit and clarified that banks need to retain demonstrable control and oversight of balance sheet risk in the EU, including adequate level of local capital and liquidity, local risk management staff in terms of quantity and quality, as well as appropriate local governance, IT and reporting infrastructures.[1]

The ECB's expectations cover five areas of concern: (i) internal governance, staffing and organization; (ii) business origination and financial market infrastructure access; (iii) booking and hedging strategy; (iv) intragroup arrangements; and (v) IT infrastructure and reporting.

The latter three specifically impact transfer pricing, where the ECB expects supervised entities to:
- Not overly rely on intragroup back-to-back hedging strategies or on remote booking to/from third-country entities/branches;
- Independently monitor and manage risks arising from intragroup exposures and independently price and evaluate intragroup transactions;
- Produce complete and accurate reports on their intragroup arrangements and booking practices on a regular and ad hoc basis.

As most banks did not meet the ECB's expectations, it launched a desk-mapping review (DMR) in May 2020[2] to assess whether banks' EU operations possess appropriate internal governance and risk management capabilities for material trading desks[3]. After identifying 264 trading desks within the scope of the review (which account for €91 billion of risk-weighted assets and €4 billion of net trading income), the ECB targeted 56 desks considered to be material (representing around 40% of the risk-weighted assets) and required targeted supervisory actions.

The ECB defined supervisory measures and began reaching agreements with banks to implement remediation measures. The right-to-be-heard period is currently underway for banks to submit their comments, and final decisions will soon be communicated by the ECB. Banks will have up to 18 months to comply with the requirements imposed by the ECB and ensure that their material desks align with supervisory expectations.[4] Overall, the findings of the DRM suggest that banks will need to boost their local risk management capabilities and improve their internal governance.

The ECB also confirmed that further Brexit-related activities that complement the DRM include, among others, assessing the proper set-up of transfer pricing arrangements, adapting banks' internal models to European requirements, improving funding diversification and local credit risk management, and carrying out a supervisory review of the remaining corporate and investment banking activities.

Main transfer pricing considerations

Over the last years, banks have increasingly focused on transfer pricing, particularly when (re)defining their operating models. Going forward, the C-suite and in-house tax teams will need to make additional efforts to adapt the bank's existing transfer pricing arrangements to ECB's ongoing expectations.

Transfer pricing considerations arise when parties to a transaction are related.[5] In these cases, the conditions and remuneration of intragroup transactions should reflect those set between unrelated parties in comparable circumstances — known as the arm's length principle.

Understanding the operating model and main drivers of a banks' value chain is the first step in a transfer pricing analysis. These considerations must be analyzed on a case-by-case basis, as they vary significantly depending on the banks' structure and core business. Although banks typically adopt structures comprising a head office and third country branches, the booking model and risk management framework, as well as the location of teams, committees and main decision-takers, may vary significantly across players. These factors are crucial for transfer pricing purposes and must be assessed in accordance with OECD standards and local transfer pricing rules and regulations.

Transactions carried out between a branch and its head office, known as internal dealings, are in the scope of transfer pricing rules and are specifically covered in the report on the Attribution of Profits to Permanent Establishments published by the Organization for Economic Co-operation and Development (OECD) in 2010 (the 2010 Report). The report introduces the "Authorized OECD Approach" (AOA), stating that profits attributed to a branch should reflect what it would have earned at arm's length if it were a "distinct and separate" entity performing similar functions under comparable conditions.

Part II of the 2010 Report provides specific guidance for the banking sector ("Special considerations for applying the AOA to permanent establishments of banks") and analyses the key-drivers within the traditional banking business, including functions performed, assets used, and risks assumed. By using the Key Entrepreneurial Risk Taking (KERT) function terminology, the AOA describes functions relevant to attributing economic ownership of financial assets and subsequent income and capital[6]

KERT functions require active decision-making regarding the acceptance and/or management of individual risks and portfolio of risks. For a bank, the sales/trading function involving negotiating the contractual terms, establishing the creditworthiness of the client and overall credit exposure qualifies as KERT function in the creation of a financial asset. For the ongoing management of existing financial assets, the risk management function is likely to be the KERT function as it comprises deciding to what extent the various risks should continue to be borne by the bank. The analysis to determine KERT functions needs to be performed on a case-by-case basis, as it strongly depends on the bank's operational setup and particular factors and circumstances, such as business type (wholesale vs. retail, commercial vs. individual), product differences, and business strategies, among others.[7]

Branch activities can span from creating a new financial asset (i.e., sales, marketing, trading, treasury, etc.) to subsequent management (i.e., administrative support, risk monitoring, risk management, treasury). However, there may be situations where the KERT functions are performed not only at branches but also by head office teams. In this scenario, a detailed analysis of the KERT functions becomes even more important as the outcome will determine the (economic) allocation of the financial assets and returns between the head office or the branch. Whilst most jurisdictions adhere to OECD standards and generally accept the AOA, this may not be the case for all countries.

Some jurisdictions have introduced specific rules (e.g., on capital attribution for domestic and foreign branches) which need to be carefully assessed to ensure compliance with domestic transfer pricing rules and to avoid the potential risk of double taxation.

Conclusion

Given the increased pressure on how banks are anticipated to structure their activities according to the ECB's expectations, it is important to ensure that operating models, risk management frameworks and transfer pricing arrangements, among others, are aligned with the latest regulatory requirements and transfer pricing rules and regulations.

1) European Central Bank, Supervisory expectations on booking models, August 2018.
2) European Central Bank, Supervision Blog, "The desks mapping review – integrating Brexit banks into European banking supervision", 19 May 2022.
3) The ECB applied a risk-based, proportionate approach to reconcile banks' essential local risk management requirements with the global nature of their operating models. Out of 264 trading desks scoped by the DMR, ECB qualified 56 as "material" based on the respective size of risk-weighted assets (representing more than €35 billion in aggregate)
4) European Central Bank, Supervision Newsletter, "Post-Brexit stocktake and the way forward", 15 November 2023.
5) Art. 56 Luxembourg Income Tax Law: two enterprises are considered related enterprises where one of them participates directly or indirectly in the management, control, or capital of the other or if the same persons participate directly or indirectly in the management, control, or capital of both enterprises.
6) For the attribution of capital, Part II of the 2010 Report envisages the capital allocation approach, the thin capitalization approach or, as a safe harbor, the quasi-capitalization approach.
7) Paragraphs 8 and 9, Part II of the 2010 Report.