

# Sailing through new storms – from a good base

Canada and US Spring visits

Kalin Anev Janse

April 2026

European Stability Mechanism



# Disclaimer

IMPORTANT: YOU ARE ADVISED TO READ THE FOLLOWING CAREFULLY BEFORE READING, ACCESSING OR MAKING ANY OTHER USE OF THE MATERIALS THAT FOLLOW.

THIS PRESENTATION AND ITS CONTENTS ARE CONFIDENTIAL AND ARE NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN, INTO, TO RESIDENTS IN, OR FROM, ANY JURISDICTION IN, INTO, TO RESIDENTS IN, OR FROM, WHICH SUCH DISTRIBUTION IS UNLAWFUL, INCLUDING THE UNITED STATES OF AMERICA, CANADA, AUSTRALIA AND JAPAN (other than in COMPLIANCE WITH AN APPLICABLE EXEMPTION UNDER THE LAWS OF SUCH JURISDICTION).

THIS PRESENTATION IS BEING DELIVERED IN CONNECTION WITH A PROPOSED MEETING WITH THE EUROPEAN STABILITY MECHANISM ("ESM") AND COPIES OF THE PRESENTATION MUST BE RETURNED AT THE END OF THE MEETING. THIS DOCUMENT MAY NOT BE REMOVED FROM THE PREMISES. BY ATTENDING THE MEETING WHERE THIS PRESENTATION IS MADE, YOU AGREE TO BE BOUND BY THE FORTHCOMING LIMITATIONS AND TO MAINTAIN ABSOLUTE CONFIDENTIALITY REGARDING THE INFORMATION DISCLOSED IN THIS PRESENTATION.

This presentation (the "Presentation") has been prepared by and is the sole responsibility of ESM, and has not been verified, approved or endorsed by any lead auditor, manager, bookrunner or underwriter retained by ESM.

The Presentation is provided for information purposes only and does not constitute, or form part of, any offer or invitation to underwrite, subscribe for or otherwise acquire or dispose of, or any solicitation of any offer to underwrite, subscribe for or otherwise acquire or dispose of, any debt or other securities of ESM (the "Securities") and is not intended to provide the basis for any credit or any other third party evaluation of Securities. If any such offer or invitation is made, it will be done so pursuant to separate and distinct offering materials (the "Offering Materials") and any decision to purchase or subscribe for any Securities pursuant to such offer or invitation should be made solely on the basis of such Offering Materials and not on the basis of the Presentation.

The Presentation should not be considered as a recommendation that any investor should subscribe for or purchase any Securities. Any person who subsequently acquires Securities must rely solely on the final Offering Materials published by ESM in connection with such Securities, on the basis of which alone purchases of or subscription for such Securities should be made. In particular, investors should pay special attention to any sections of the final Offering Materials describing any risk factors relating to ESM or any Securities. The merits or suitability of any Securities or any transaction described in the Presentation to a particular person's situation should be independently determined by such person. Any such determination should involve, inter alia, an assessment of the legal, tax, accounting, regulatory, financial, credit and other related aspects of the Securities or such transaction.

The Presentation may contain projections and forward-looking statements. Any such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause ESM's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Any such forward-looking statements will be based on numerous assumptions regarding ESM's present and future strategies and the environment in which ESM will operate in the future. Further, any forward-looking statements will be based upon assumptions of future events which may not prove to be accurate. Any such forward-looking statements in the Presentation will speak only as at the date of the Presentation and ESM assumes no obligation to update or provide any additional information in relation to such forward-looking statements.

None of this presentation, its contents, the oral presentation thereof or any question-and-answer session that follows such oral presentation (Presentation Materials) are an offer of securities for sale in the United States (as defined in Regulation S under the Securities Act) or in any other jurisdiction where such offer is unlawful. Any Securities referred to in this presentation have not been and will not be registered under the Securities Act or under the securities laws of any state or other jurisdiction of the United States, and any such Securities may not be offered or sold in the United States absent registration under the Securities Act or an available exemption from registration. There will be no public offering of Securities in the United States.

No Presentation Materials may be communicated, and none of such Presentation/Materials have been approved, by an authorised person for the purposes of section 21 of the UK Financial Services and Markets Act 2000 (the FSMA). Accordingly, such Presentation Materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of any such Presentation Materials is exempt from the restriction on financial promotions under section 21 of the FSMA on the basis that it is only directed at and may only be communicated to (1) those persons who are existing members or creditors of ESM or other persons within Article 43 of the Financial Services Act 2000 (Financial Promotion) Order 2005 and (2) any other persons to whom the Presentation Materials may lawfully be communicated.

The Presentation must not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any purpose without the prior written consent of ESM.

The Presentation is not intended for use by any person or entity in any jurisdiction or country where such use would be contrary to local law or regulation.

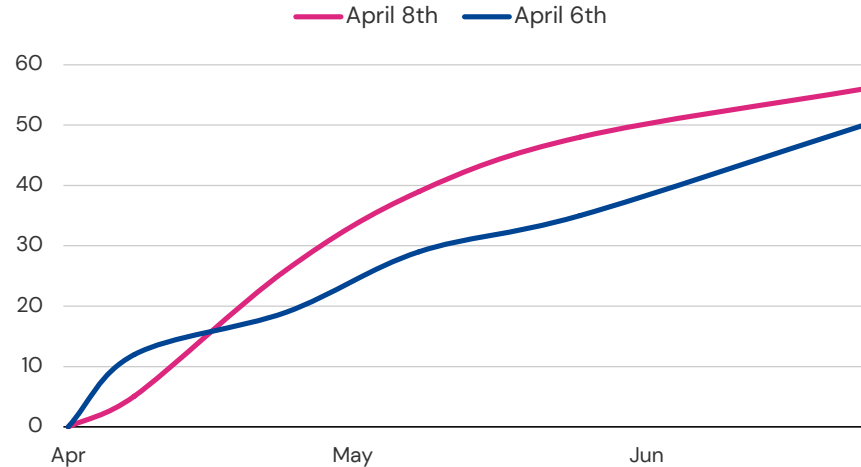
ESM's registered office and seat is at 6a, Circuit de la Foire Internationale, L-1347 Luxembourg

# Middle East conflict drove inflation expectations

- Ceasefire announcement improved chances for normalisation of the oil and gas supply.
- Still, the uncertainty is elevated and coming back to pre-war deliveries can take time.

## Odds of Strait of Hormuz traffic normalisation by date

(Prediction market odds, %)



Note: As of 8 April 2026.  
Source: Bloomberg



- The Middle East conflict had driven an increase of up to 100bps in one-year ahead market inflation expectations.
- Longer-term metrics are well anchored, for now.

## Market inflation expectations

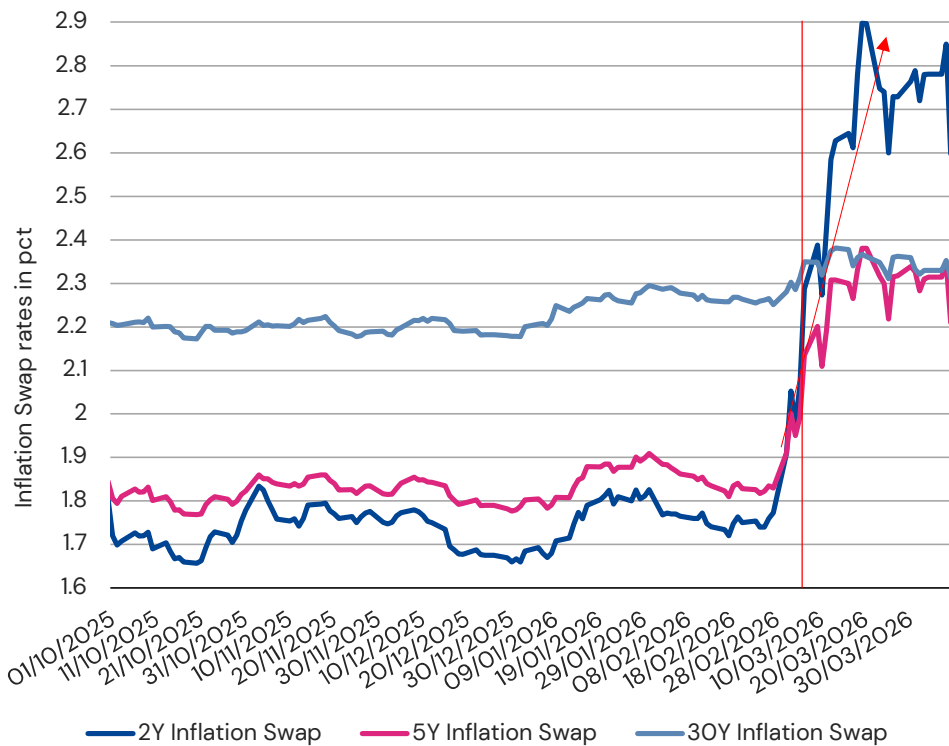
(Inflation swap rates, %)



Note: as of 8 April 2026.  
Source: Bloomberg

# Market inflation expectations spiked but nowhere near 2022 levels

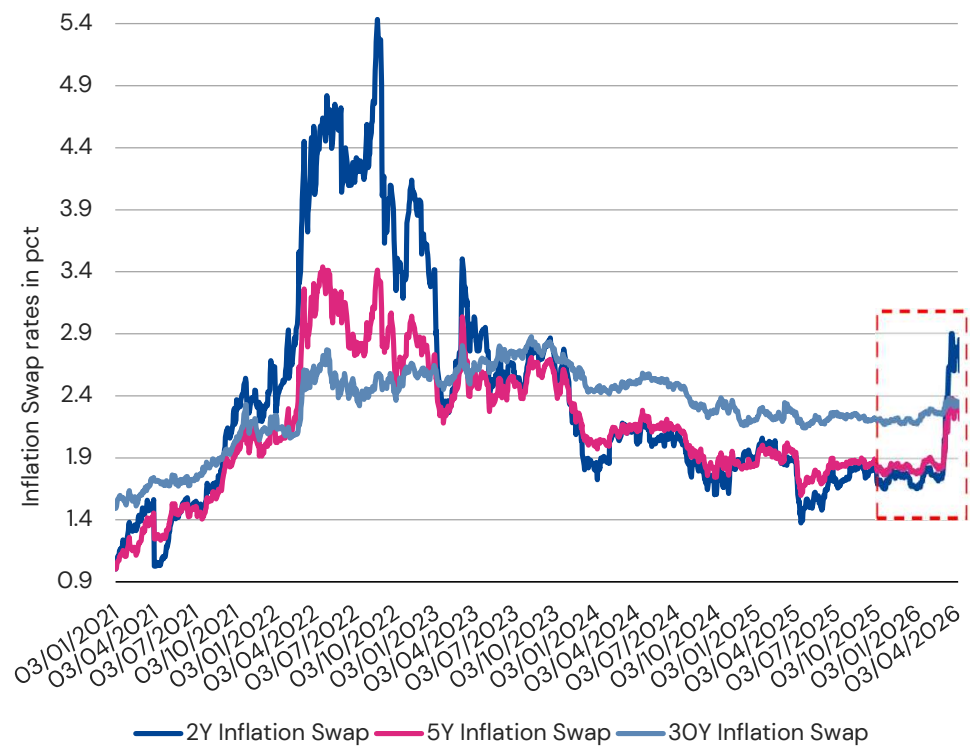
EUR inflation swap levels across tenors



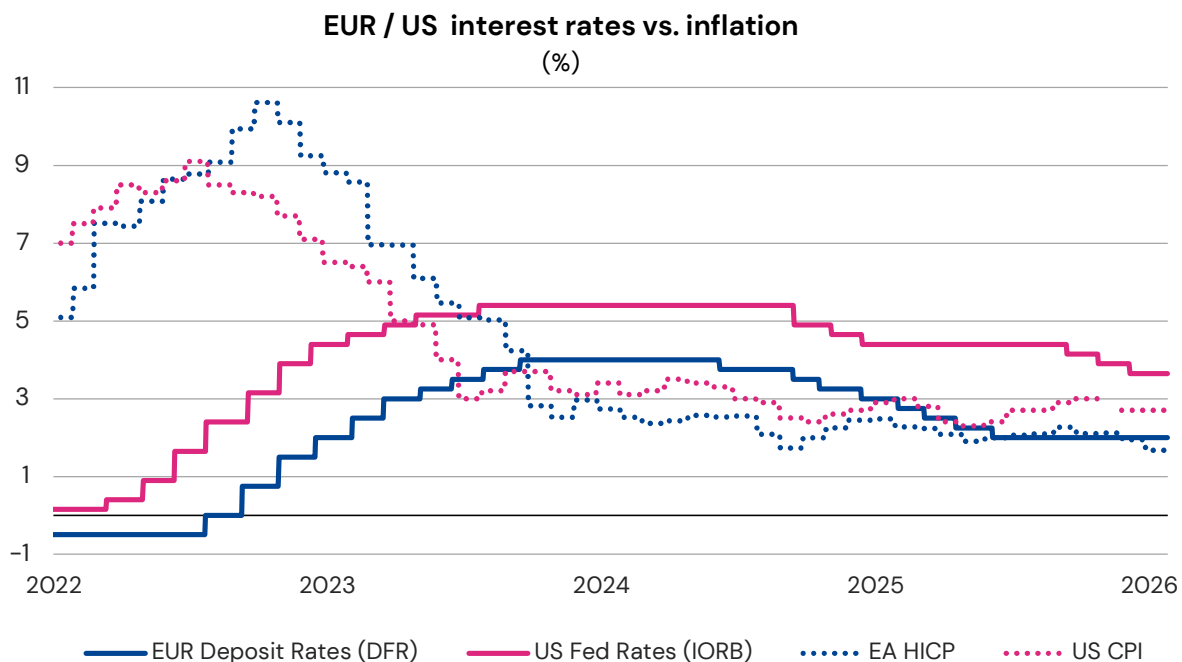
Note: As of 8 April 2026.  
Sources: Bloomberg, ESM



EUR inflation swap levels across tenors



# ECB v. Fed policy rates: fastest tightening in history followed by a return to 2% – ECB job was done



- After rapidly hiking policy rates between the second half of 2022 and summer 2024, the ECB managed to bring inflation to 2% target.
- In contrast to a slower path seen in the US.

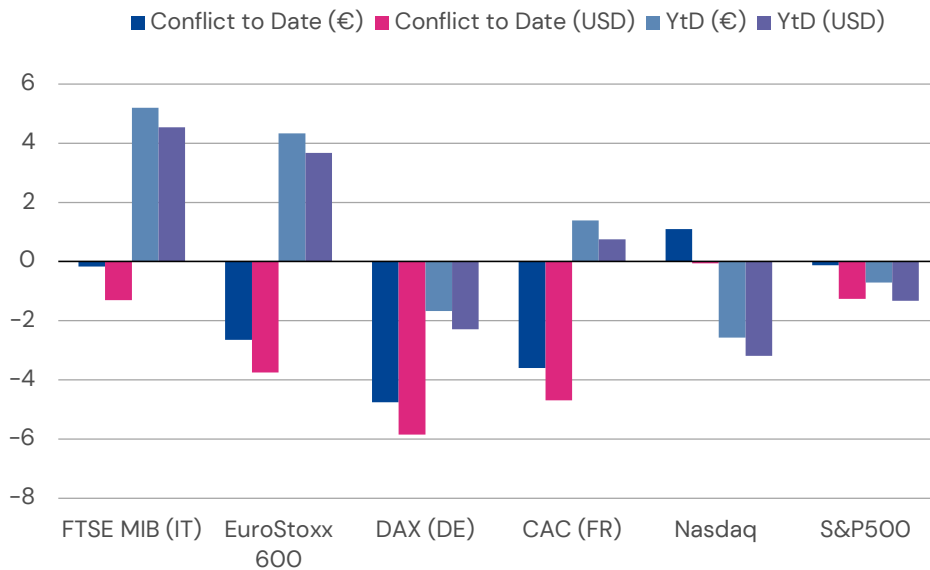
Sources for Rates: ECB Deposit Rates, US Fed Interest on Reserve Balances (IORB)  
Sources for Inflation: For the euro area (EA), it is measured by the Harmonized Index of Consumer Prices (HICP), adjusted for working days and seasonality. For the US, the Consumer Price Index (CPI) is used for comparison; data for 10 October is missing due to the government shutdown

# 2026 is not 2022: from a new base amidst dual-sided risks

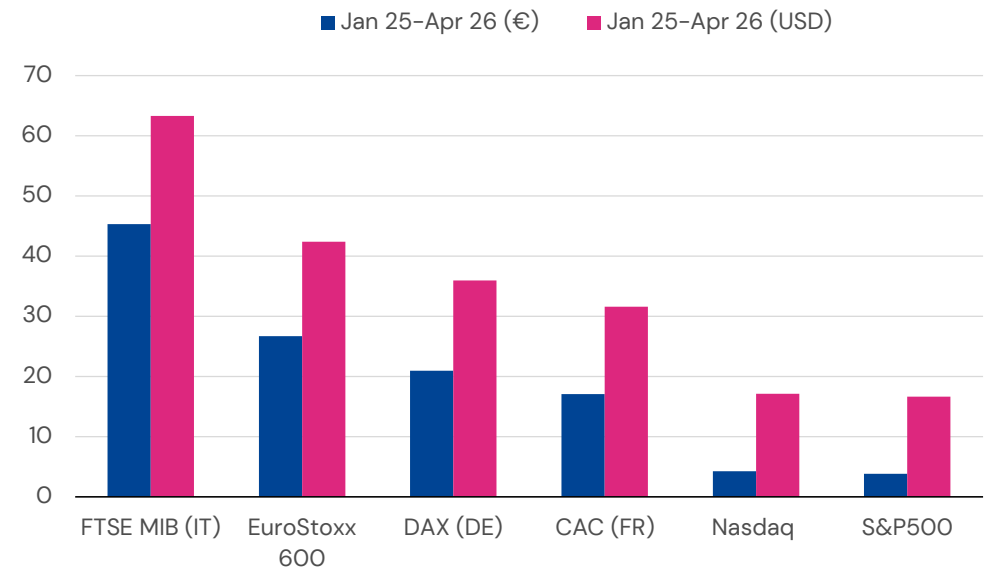
- **Real economy: from one-sided to dual-sided risks**
  - From post-COVID savings-induced pent-up demand confronted by supply chain constraints, fuelling inflation (2022);
  - To potentially higher inflation and weaker demand on energy cost spikes, also raising growth concerns (2026).
- **Financial sector liquidity: shift to a reduced ECB balance sheet**
  - From Full QE (2022);
  - To Full QT (2026).
- **Monetary policy: less accommodative / more restrictive**
  - From negative official ECB rates (2022);
  - To positive ones (2026).
- **Rates markets: higher cost of funding**
  - From negative nominal and real yields (2022);
  - To multi-year high nominal and real yields and steepest yield curves (2026).

# Euro area (EA) equities as a whole resist inflation and growth fears, as well as monetary policy repricing

European and US equity markets  
(in %)

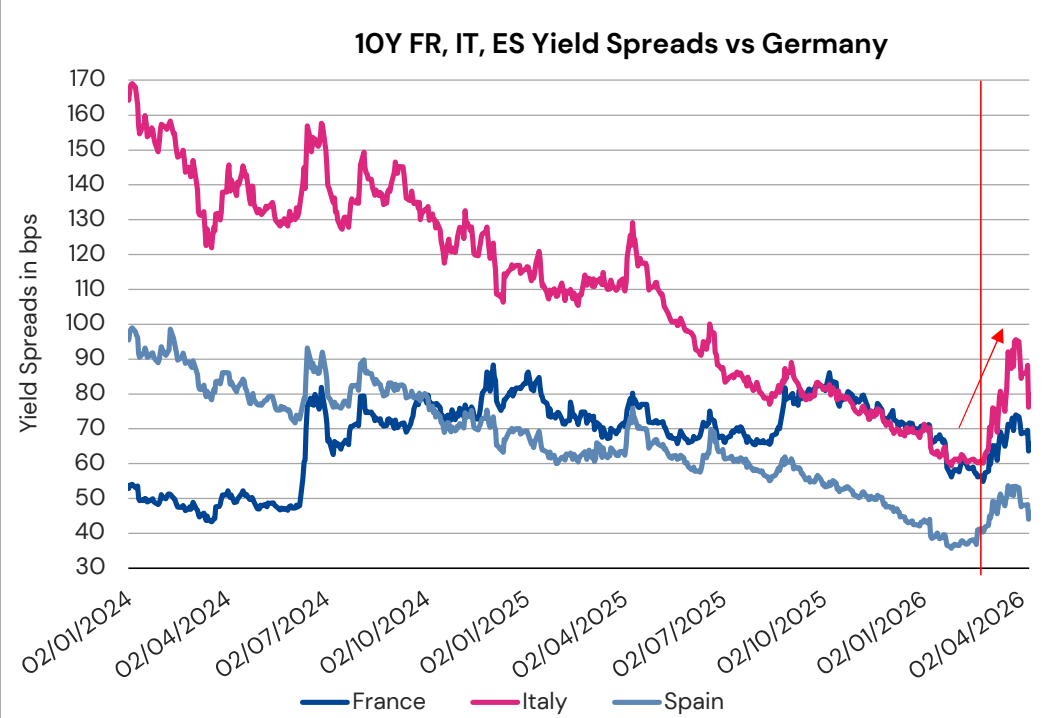
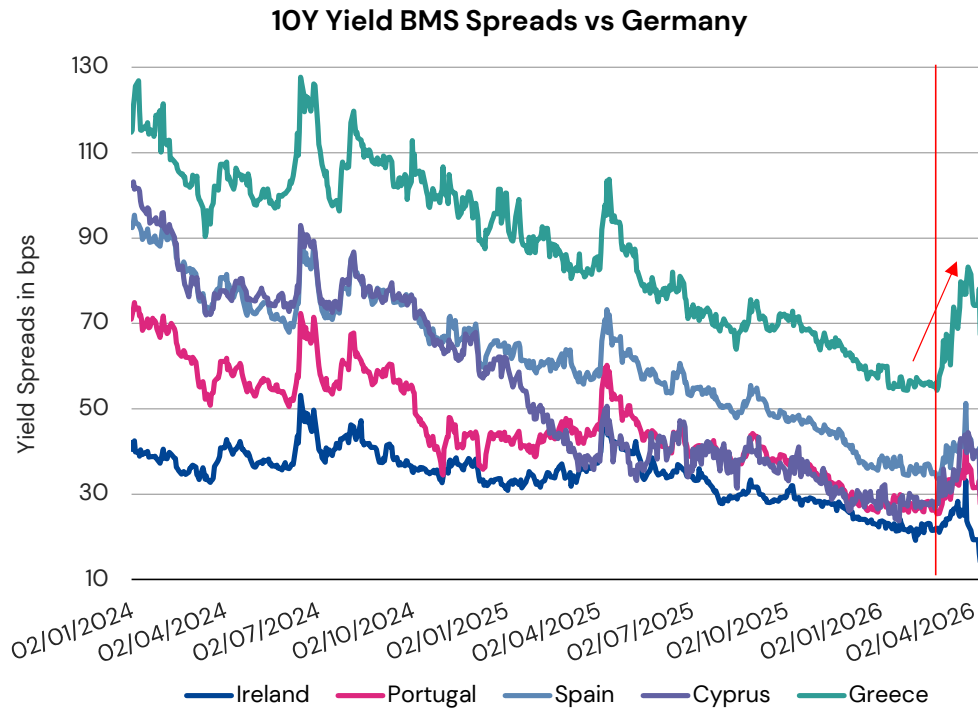


European and US equity markets  
(in %)



Note: As of 8 April 2026.  
Sources: Bloomberg, ESM

# Recent volatility due to conflict, not as dramatic as performance of bonds in last 2 years

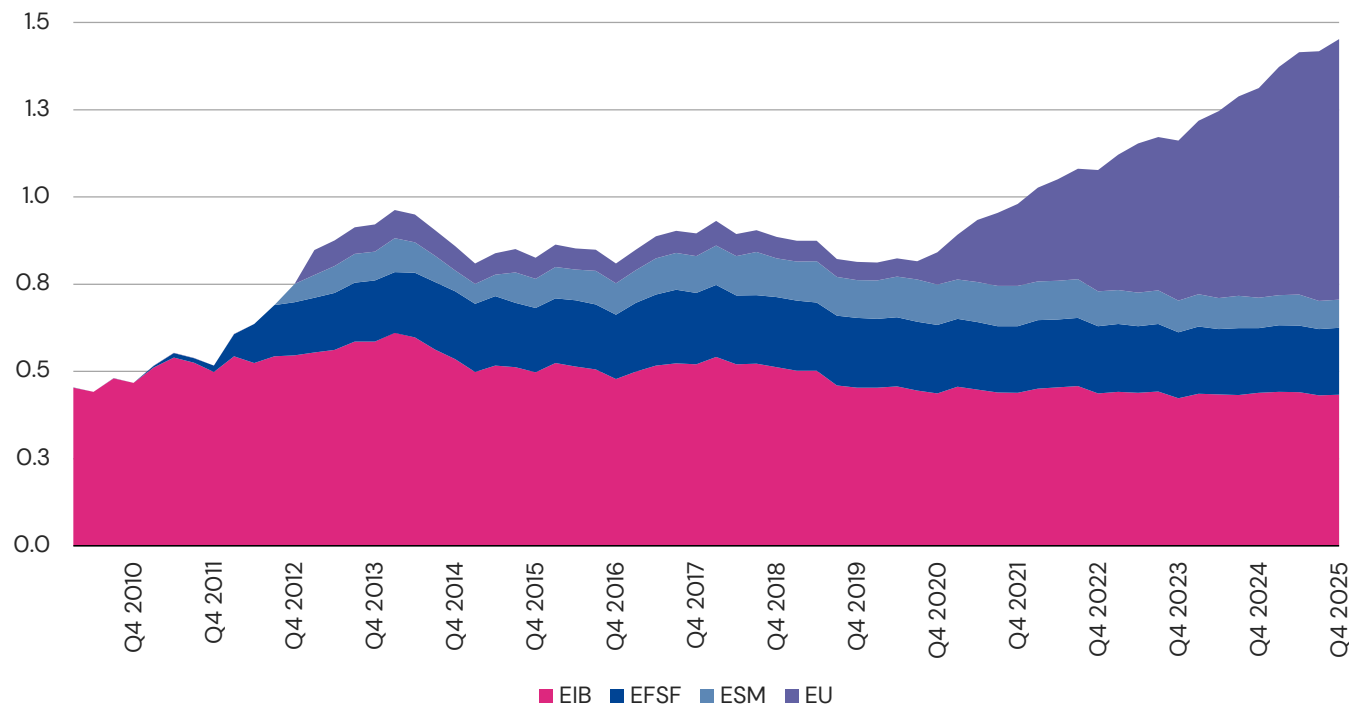


Note: As of 8 April 2026.  
Sources: Bloomberg, ESM



# European safe assets reach record of €1.4trn at start of 2026

**Outstanding European safe assets**  
(in € trillions)



**European safe assets become equivalent to 5<sup>th</sup> largest country in Europe**

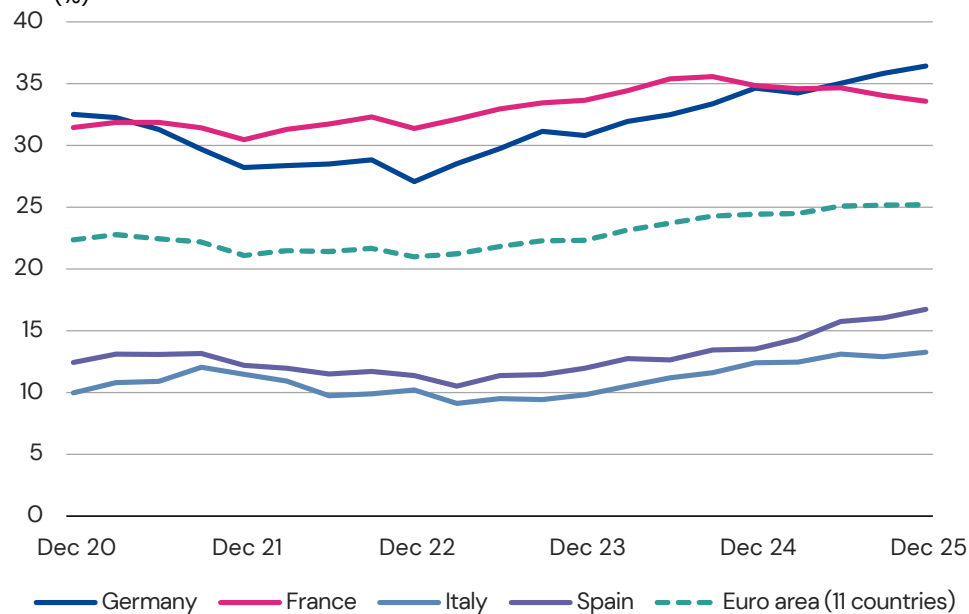
1. France: €3.0 trillion
2. Italy: €2.7 trillion
3. Germany: €2.5 trillion
4. Spain: €1.5 trillion
5. E-names: €1.4 trillion

Note: As of end of Q4 2025.  
Source: ESM calculations based on Bloomberg data

# Euro becoming more popular as global currency

Net buying of euro area government bonds by foreigners increased their holdings share from 21% low to above 25%.

Share of international holdings of German, French, Italian and Spanish governments bonds (%)

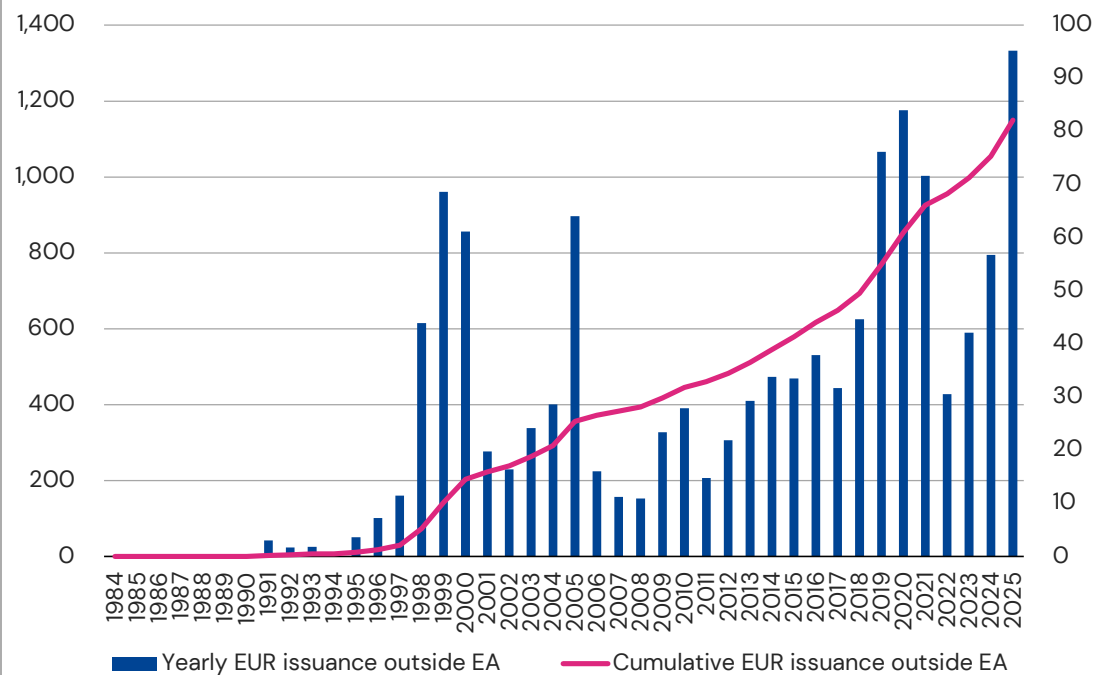


Notes: Estimates up to Q4 2025. Euro area aggregate is based on 11 euro area countries: Germany, France, Italy, Spain, Belgium, the Netherlands, Austria, Portugal, Greece, Ireland, and Finland. Sources: ESM calculations based on ECB SHSS, QSA, and BPS data



Issuances of euro by non-euro countries (e.g. China, Saudi Arabia, Chile, Indonesia): crossing € 1 trillion and 2025 highest on record.

Yearly EUR issuance by countries outside euro area (EA) (in € billion)



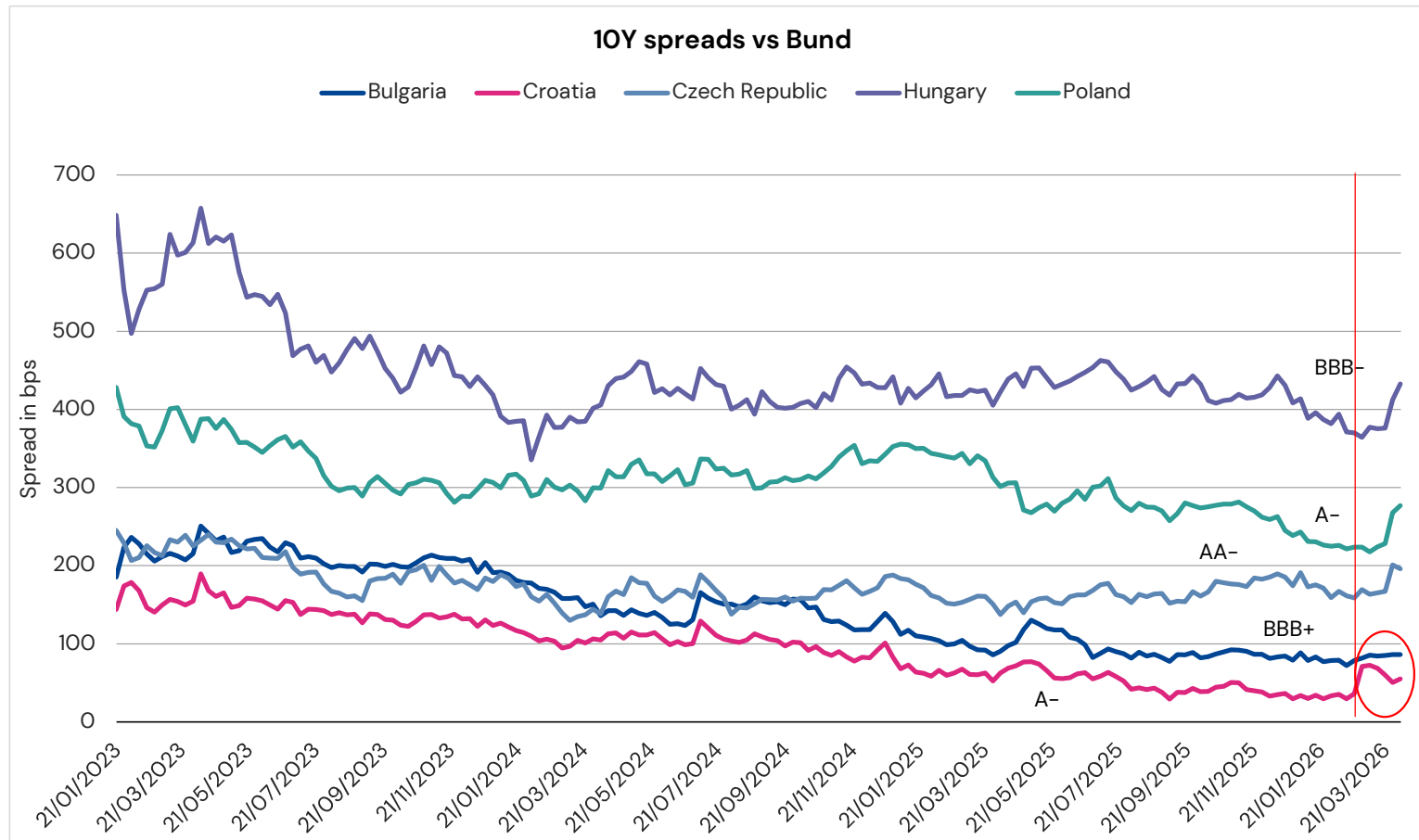
Sources: ESM calculations based on Bloomberg data

# Bulgaria poised to join the ESM

- Bulgaria became the 21<sup>st</sup> country to join the euro area on 1 January 2026.
- Euro area membership makes Bulgaria eligible for ESM membership.
- As an ESM Member, Bulgaria will join the ESM Board of Governors, which oversees key decisions.
- Contributions to the ESM capital are based on population and GDP.
- Bulgaria is eligible to receive a 12-year adjustment period for lower initial contributions.
- ESM membership offers Bulgaria access to financial support and investor protection.

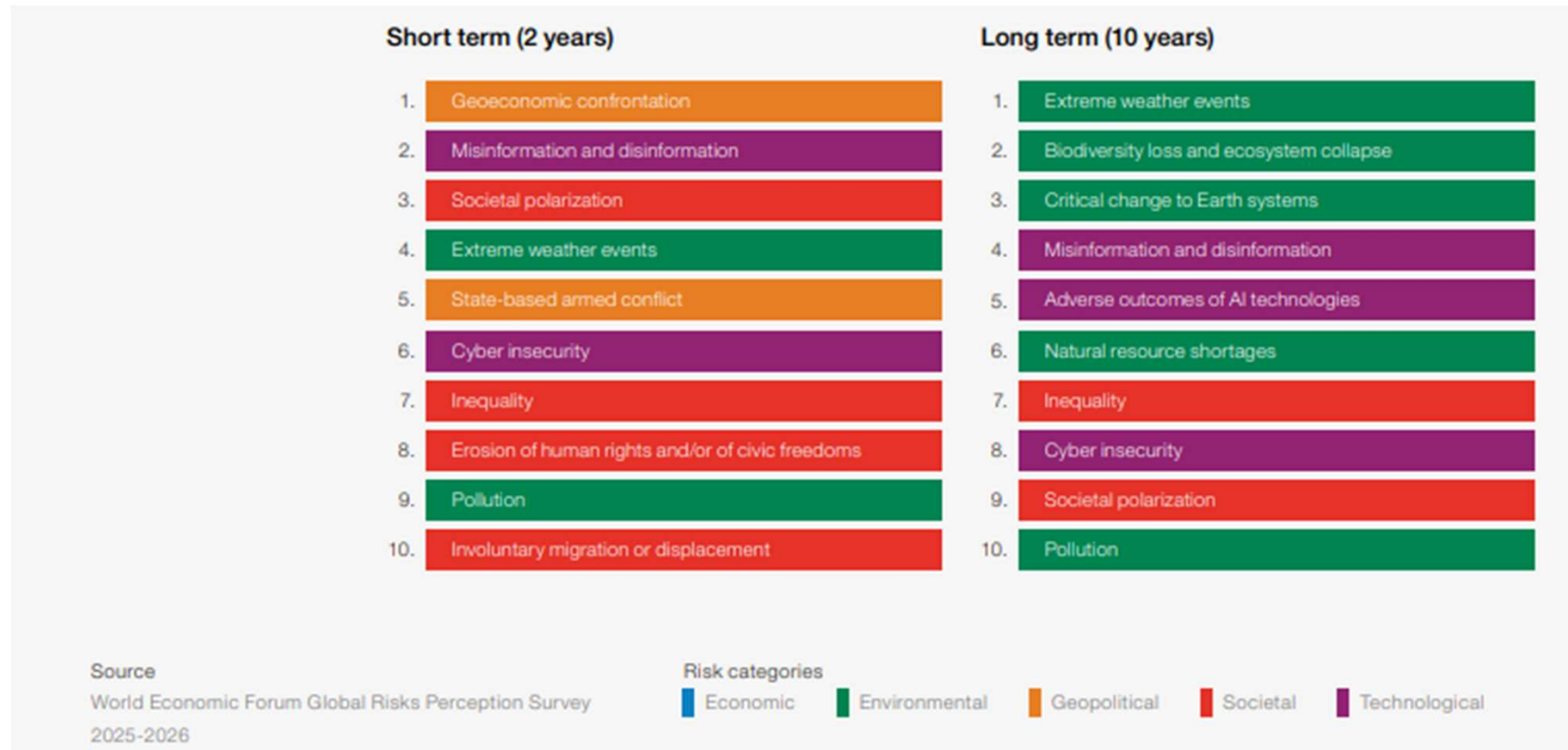


# Recent EUR joiners' spreads widening contained compared to non-EA peers' post-conflict



Note: As of 3 April 2026 (weekly data).  
Sources: Bloomberg, ESM

# WEF DAVOS 2026: the top risks have shifted



# For Europe this offers risks and opportunities

	Risks	Opportunities
Short term	<p>Pressure on fiscal and energy.</p> <p>Political instability or downgrades.</p>	<p>Countries that reform are appreciated by markets and upgraded by rating agencies.</p>
Long term	<p>Escalation of (hybrid) war scenario.</p> <p>Weaker transatlantic alliance.</p>	<p>“More Europe” like the success of SAFE instrument.</p> <p>More European Safe Assets.</p>

# Contact

## ESM Funding and Investor Relations

+352 26 09 62 0

[Investor.relations@esm.europa.eu](mailto:Investor.relations@esm.europa.eu)

LinkedIn profile:



**European Stability Mechanism**  
6a Circuit de la Foire Internationale  
L-1347 Luxembourg

Follow the ESM on X:  
[@ESM\\_Press](https://twitter.com/ESM_Press)

Bloomberg: ESM <GO>

Refinitiv: O#EUEFSF= ; O#EUESM=