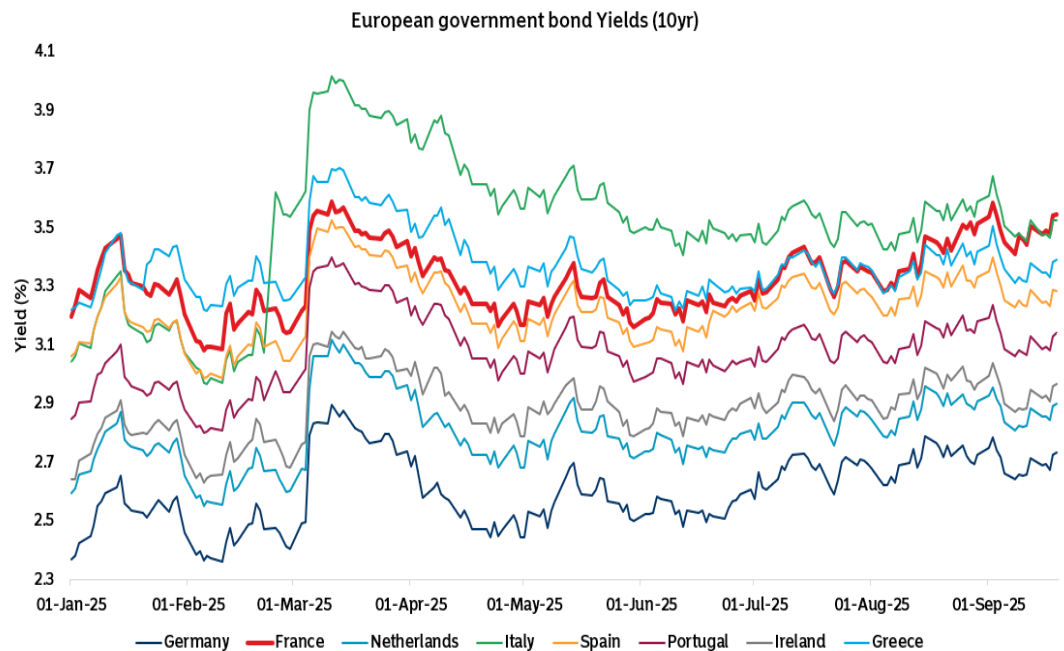


## French yields surpass the PIIGS'

Grégoire Sharma



Source: Momentum Global Investment Management, Bloomberg Finance L.P. Data to 19 September 2025.

### What this chart shows

This week's chart highlights a striking reversal in eurozone bond markets: the yield on France's 10-year government bonds has climbed above those of several key peripheral countries, including the so called 'PIIGS' (Portugal, Italy, Ireland, Greece, and Spain). This shift reflects a deepening concern over France's fiscal trajectory, with markets reacting to high and rising debt levels, a persistent budget deficit and growing political fragmentation. The recent credit rating downgrade of France by Fitch to A+ has only intensified scrutiny. In contrast, peripheral countries, traditionally considered riskier, have seen their sovereign yields compress as a result of ongoing fiscal consolidation, improved credit ratings, and relative political stability. France, once firmly placed in the eurozone's "core," is now seeing its sovereign risk priced more like that of its southern neighbours.

### What this is important

France now faces higher borrowing costs than countries historically viewed as more fiscally vulnerable, a significant shift with long-term implications for European debt markets. With Spain recently upgraded to A+ by S&P and Portugal to A by Fitch, there's a growing convergence between peripheral and core sovereign spreads relative to Germany. This challenges long-held assumptions about the eurozone's credit hierarchy. Periphery countries, despite their progress, still carry structural vulnerabilities. As spreads compress, the distinction between "core" and "periphery" risks becoming blurred. If France's debt-to-GDP ratio exceeds 120% by 2027, as projected by Fitch Ratings, some may argue it shares more in common with Italy or Greece than with Germany. Investors need to reassess whether France's current yield levels fully reflect its deteriorating fiscal outlook. Should spreads between France and Germany widen further and volatility pick up, markets may begin to price French debt more like a peripheral issuer. The chart underscores a pivotal shift: in today's market, credit risk is being redefined not by geography, but by fundamentals.



# Global Matters Weekly

22 Sep 2025

For more information, please contact your adviser or alternatively contact:

Belvest Investment Services Limited  
研富投資服務有限公司  
9th Floor, Centre Mark II  
305-313 Queen's Road Central  
Sheung Wan, Hong Kong

Tel +852 2827 1199  
Fax +852 2827 0270  
belvest@bis.hk  
[www.bis.hk](http://www.bis.hk)

## Important notes

This communication is issued by Belvest Investment Services Limited and/or Belvest related companies (collectively, and individually Belvest) solely to its clients, qualified prospective clients or institutional and professional investors. Unless stated otherwise, any opinions or views expressed in this communication do not represent those of Belvest. Opinions or views of any Belvest company expressed in this communication may differ from those of other departments or companies within Belvest, including any opinions or views expressed in any research issued by Belvest. Belvest may deal as Distributor or Agent, or have interests, in any financial product referred to in this email. Belvest has policies designed to negate conflicts of interest. Unless otherwise stated, this e-mail is solely for information purposes.

This message may contain confidential information. Any use, dissemination, distribution or reproduction of this information outside the original recipients of this message is strictly prohibited. If you receive this message by mistake, please notify the sender by reply email immediately.

Unless specifically stated, neither the information nor any opinion contained herein constitutes as an advertisement, an invitation, a solicitation, a recommendation or advise to buy or sell any products, services, securities, futures, options, other financial instruments or provide any investment advice or service by Belvest.

No representation or warranty is given as to the accuracy, likelihood of achievement or reasonableness of any figures, forecasts, prospects or return (if any) contained in the message. Such figures, forecasts, prospects or returns are by their nature subject to significant uncertainties and contingencies. The assumptions and parameters used by Belvest are not the only ones that might reasonably have been selected and therefor Belvest does not guarantee the sequence, accuracy, completeness or timeliness of the information provided herein. None of Belvest, its group members or any of their employees or directors shall be held liable, in any way, for any claims, mistakes, errors or otherwise arising out of or in connection with the content of this e-mail.

This e-mail and any accompanying attachments are not encrypted and cannot be guaranteed to be secure, complete or error-free as electronic communications may be intercepted, corrupted, lost, destroyed, delayed or incomplete, and/or may contain viruses. Belvest therefore does not accept any liability for any interception, corruption, loss, destruction, incompleteness, viruses, errors, omissions or delays in relation to this electronic communication. If verification is required please request a hard-copy version. Electronic communication carried within the Belvest system may be monitored.