



EUR Corporate bonds: Primary market Q2 2022

Interest rate hikes result in weakest Q2 performance for almost ten years

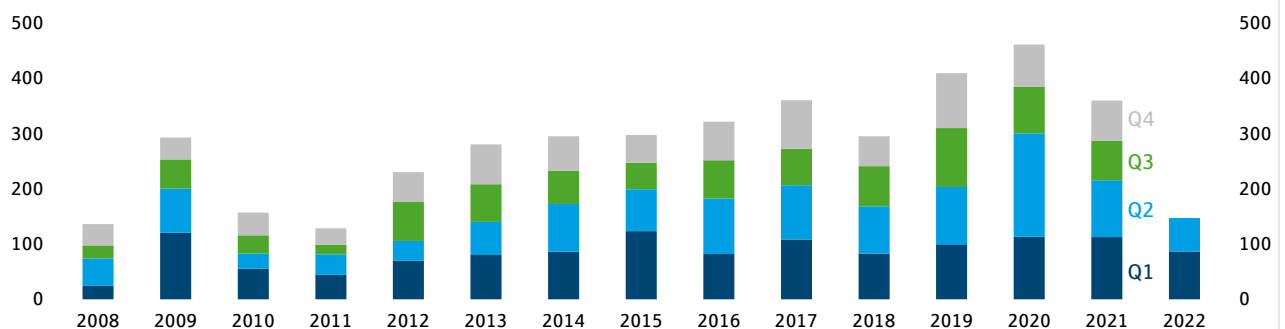


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The primary market for euro-denominated corporate bonds saw a volume of around EUR 60 billion raised from 122 issues in the second quarter of 2022, a decline of EUR 40 billion versus the same period of the previous year and the lowest ever level of issuance since 2013. Having briefly picked up in May, June turned out to be a particularly disappointing month for new issuance in our view. It is likely that the soaring cost of refinancing and the difficult economic environment led to some investors holding back. Overall, just over EUR 150 billion has been placed since the start of the year - EUR 65 billion down on the first half of 2021. We now believe there is a strong likelihood that the market will not match last year's performance for the year as a whole, even if there is a resurgence in activity over the next two quarters.

Sharp decline in volume due to challenging macroeconomic environment in H1

Euro corporate bonds*: Issuance volume in €bn



*issues with a minimum volume of EUR 50 million.

Sources: Bloomberg, bondradar, Helaba Research & Advisory

No major single issues so far - market share of sustainable bonds rises

At EUR 530 million, the average single bond issue size in the first six months of 2022 was only marginally above the equivalent figure for the previous year. To date, there have been no large tranches with an issuance volume of more than EUR 1.5 billion. Four separate bonds with a total volume of EUR 3.85 billion were placed by the Dutch company Tennet at the beginning of May - the largest transaction this year. The second quarter saw the share of sustainable bonds increase to 36 %, which was only 5 percentage points lower than the record level achieved in Q4 2021. The majority of these issues were use-of-proceeds green bonds. In the forthcoming quarters, we expect to see renewed interest in sustainability-linked bonds.

Utilities far and away the largest sector - German issuers account for largest market share

Almost a quarter of total issuance in the first half of 2022 was attributable to utilities, which also dominated the number of individual bond transactions (63). Activity was largely driven by companies from core European countries, which together issued close to three quarters of total placement volume. Since the start of the year, issuers based in Germany have continued to rank highest in terms of deal volume with EUR 30 billion or a 21 % market share. With issuance amounting to EUR 10 billion and a market share of 7 %, there was a continued reluctance among US firms to launch new deals.

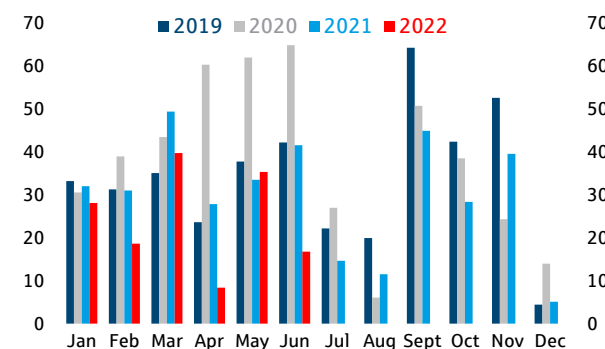
IG issuers dominant - maturities on the decline

In terms of total volume, the share of subordinated issuance was down to 6 %, while investment grade notes comprised almost 85 % of the market - more than ever before. Of the latter, the "BBB" and "BBB+" rating classes each accounted for 20 percentage points. Debt with a maturity of more than 7 years was also less popular in the second quarter than in 2021. Demand for floaters (excluding hybrid bonds) remained rather high and commanded a 7 % share of the market.

Chartbook: Euro-denominated corporate bond issues

June sees decline in issuance activity

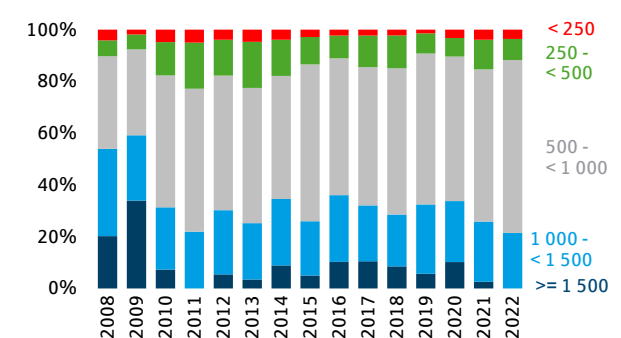
Euro corporate bonds: Issuance volume in €bn



Sources: Bloomberg, bondradar, Helaba Research & Advisory

No major bond issues this year so far

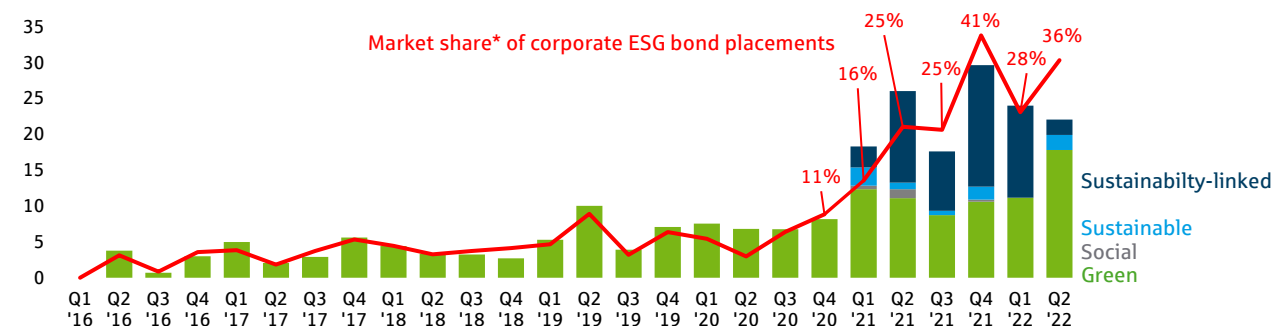
Euro corporate bonds: Placements by issue size in €bn



Sources: Bloomberg, bondradar, Helaba Research & Advisory

Share of bonds with sustainability component rises in Q2

Corporate ESG bond placements* in €bn

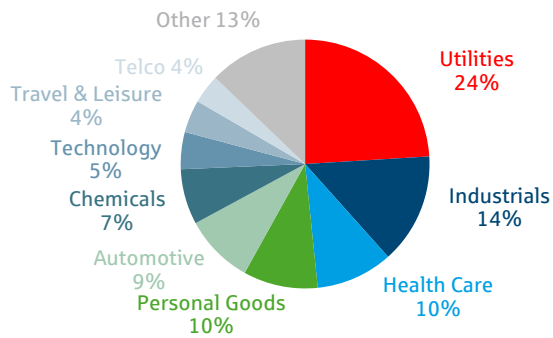


*includes sustainable, social and sustainability-linked bonds from Q1 2021.

Sources: Bloomberg, Helaba Research & Advisory

Utilities & industrials ahead in terms of volume ...

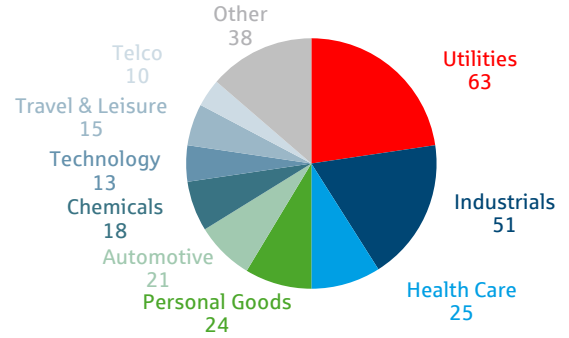
Euro corporate bonds: Issuance volume by sector, H1 2022



Sources: Bloomberg, Helaba Research & Advisory

... and number of issues

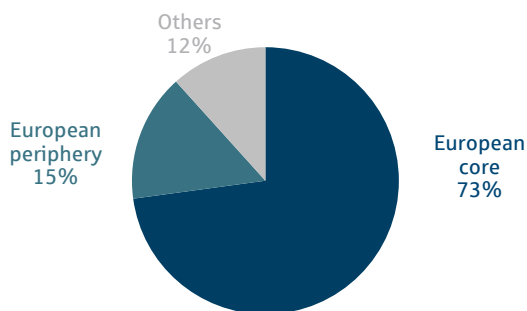
Euro corporate bonds: Number of issues by sector, H1 2022



Sources: Bloomberg, Helaba Research & Advisory

European core dominant

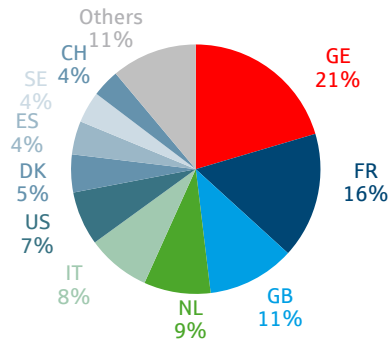
Euro corporate bonds: Issuance volume by region, H1 2022



Sources: Bloomberg, Helaba Research & Advisory

Largest market share from German issuers

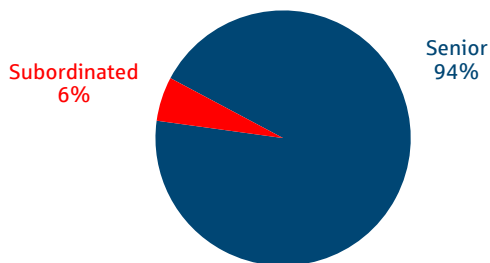
Euro corporate bonds: Issuance volume by country of origin, H1 2022



Sources: Bloomberg, Helaba Research & Advisory

Only 6 % of issuance in subordinated notes

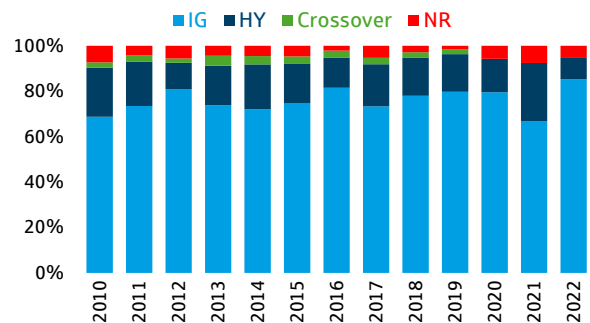
Euro corporate bonds: Issuance volume by ranking, H1 2022



Sources: Bloomberg, Helaba Research & Advisory

IG notes with market share of almost 85 %

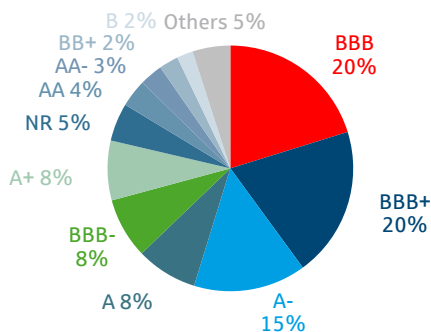
Euro corporate bonds: Issuance volume by credit quality group, H1 22



Sources: Bloomberg, Helaba Research & Advisory

Continued dominance of BBB rating classes

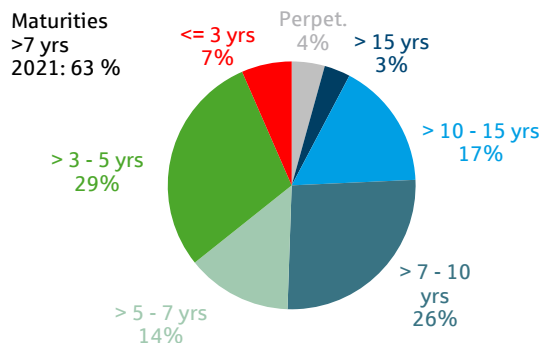
Euro corporate bonds: Issuance volume by rating class, H1 2022



Sources: Bloomberg, Helaba Research & Advisory

Proportion of long-term debt lower than in 2021

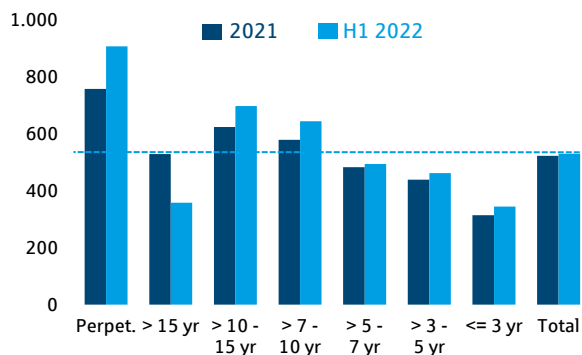
Euro corporate bonds: Issuance volume by maturity, H1 2022



Sources: Bloomberg, Helaba Research & Advisory

Average bond size minimally larger than in 2021

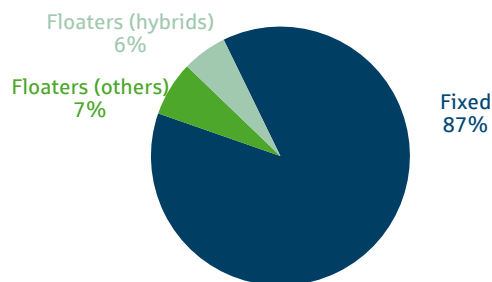
Euro corporate bonds: Average issuance size by maturity in €m



Sources: Bloomberg, Helaba Research & Advisory

Pure floaters more popular than in previous year

Euro corporate bonds: Issuance volume of fixed-/ floating-rate issues, H1 2022



Sources: Bloomberg, Helaba Research & Advisory



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