



EUR corporate bonds: Primary market Q2 2023

Market activity remains lively

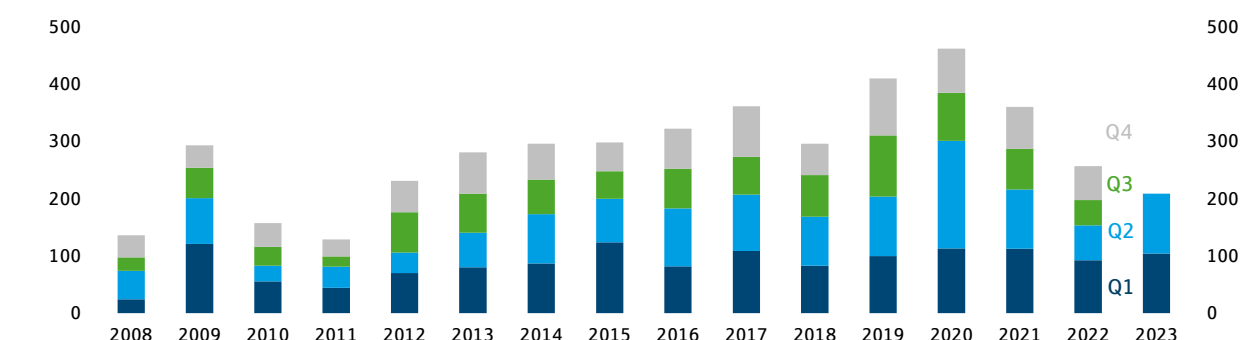


Ulrich Kirschner, CFA
Senior Analyst
Phone +49 69/91 32-28 39

The primary market for euro-denominated corporate bonds maintained its healthy performance into the second quarter of 2023. Around EUR 105 billion was placed between April and June, an increase of more than EUR 40 billion compared with same period in 2022. Total issuance surpassed the previous year's level in all three months. Overall, 357 separate bonds with a volume of almost EUR 210 billion have been placed since the beginning of the year. We expect this dynamic trend to persist into the second half of 2023, too, driven in no small part by a less volatile development in financing costs in addition to an ongoing need for investment in digitalisation, more sustainable business processes and increasingly diversified supply chains. Meanwhile, we take the view that total issuance for the year as a whole is likely to reach a level of around EUR 350 billion - roughly the same as in 2021.

Second-quarter volume also sees year-on-year increase

Euro corporate bonds*: Issuance volume in EUR (billions)



*issues with a minimum volume of EUR 50 million

Sources: Bloomberg, bondradar, Helaba Research & Advisory

Demand for smaller benchmark bonds remains strong - market share of ESG-related bonds sizably lower in Q2

Issues with a benchmark volume of under EUR 1 billion were once again very popular in Q2, accounting for two-thirds of total market volume. At around EUR 585 million, the average issuance size of individual bonds in the first half of this year was once again higher than that of FY 2022. Robert Bosch (EUR 4.5 billion in four tranches) and AT&T (EUR 3.25 billion in three tranches) issued the largest combined placements between April and June. The market share of sustainable instruments fell to 16 %, its lowest level since the start of 2021, with the green bond format still dominating this segment.

Industrials leading the way, while German companies the strongest group of issuers by country

Utilities made a somewhat rarer appearance on the market in Q2 than in the first quarter of the year. This sector now ranks second in terms of number of issues (60) as well as total placement volume (17 %) since 1 January. Industrial companies have now taken their place, with the highest issuance volume (18% or EUR 37 billion) and the most individual bonds (75). With a 22 % share of total volume, non-European issuers were still well represented. Q2 also saw a marked increase in placement activity among German issuers. In the first half of the year, they achieved a market share of 19 %.

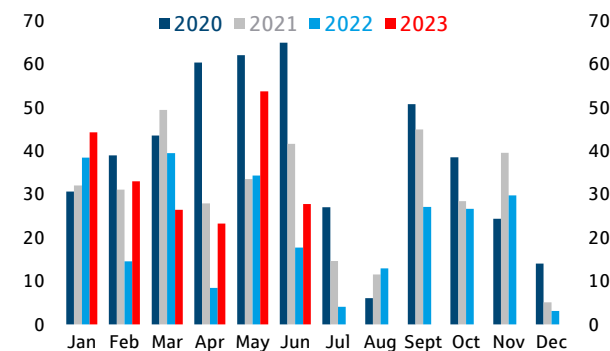
Little demand for subordinated issues - strong issuance of A-rated and short-dated bonds

Demand for subordinated bonds was weak in Q2. From January to June, their share of total issuance fell to a meagre 4 %. Activity among investment grade corporates remained buoyant and they still accounted for more than 80 % of market volume. Issuers from the 'A' rating bracket were significantly more prominent on the bond market in the second quarter, increasing their share of total volume to 11 % since the turn of the year. Collectively, 'A' rating classes accounted for 34 % of total issuance in the first 6 months of 2023. Furthermore, issuers made considerably more use of shorter maturities of up to 3 years, which had a market share of 10 %. In contrast, hybrid bonds proved a less popular funding instrument.

Chartbook: Euro-denominated corporate bond issues

May sees strong market performance

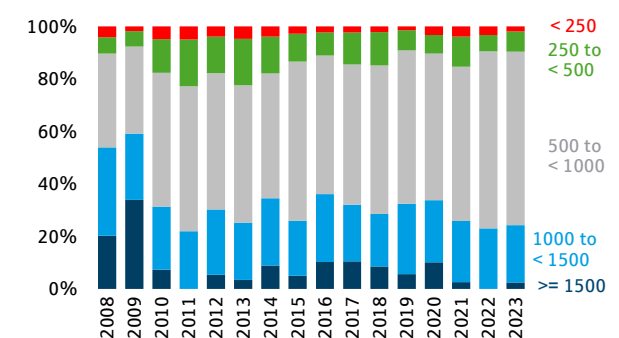
Euro corporate bonds*: Issuance volume in EUR (billions)



Sources: Bloomberg, bondradar, Helaba Research & Advisory

Unwavering popularity of small benchmark issues

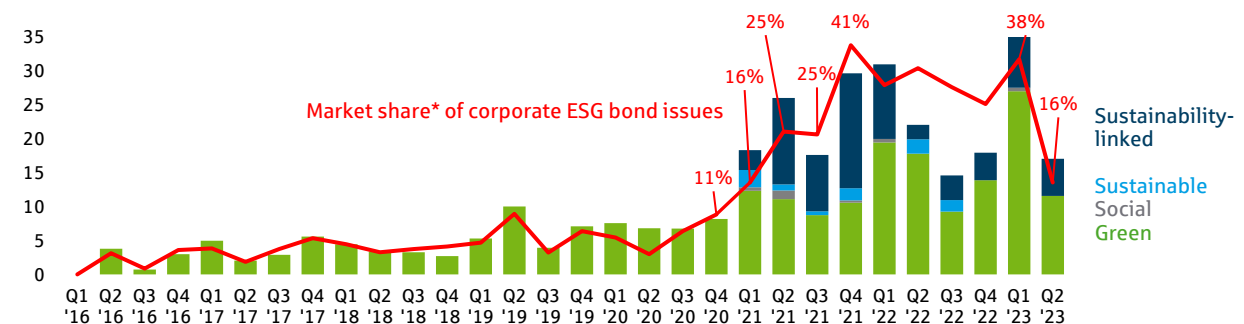
Euro corporate bonds*: Placements by issue size in EUR (millions)



Sources: Bloomberg, bondradar, Helaba Research & Advisory

Sharp fall in bonds with sustainability components

Euro corporate ESG bond placements* in EUR (billions)

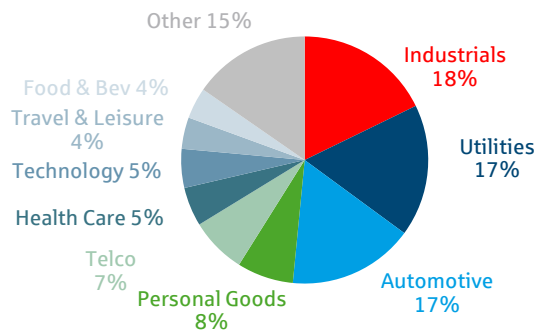


*includes sustainable, social and sustainability-linked bonds since Q1 2021.

Sources: Bloomberg, Helaba Research & Advisory

Industrials leading in terms of volume ...

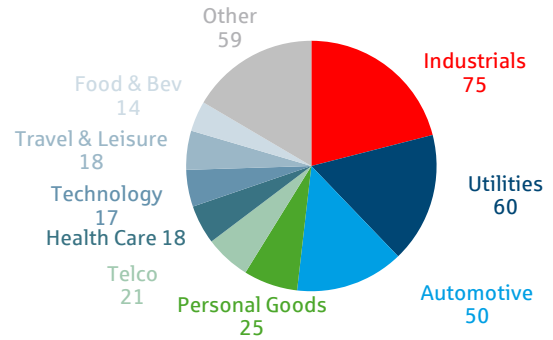
Euro corporate bonds: issuance volume by sector, H1 2023



Sources: Bloomberg, Helaba Research & Advisory

... and number of issues

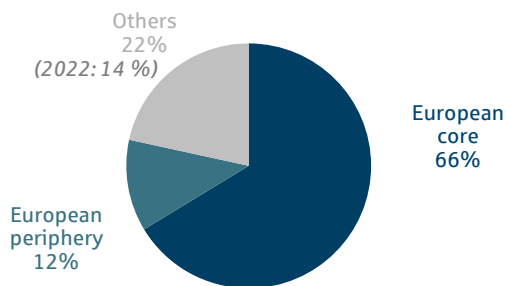
Euro corporate bonds: number of issues by sector, H1 2023



Sources: Bloomberg, Helaba Research & Advisory

Non-European issuers more active

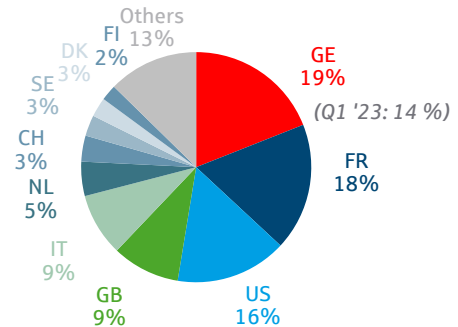
Euro corporate bonds*: Issuance volume by region, H1 2023



Sources: Bloomberg, Helaba Research & Advisory

Rising participation among German companies

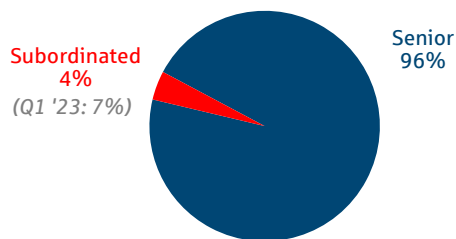
Euro corporate bonds*: Issuance volume by country of origin, H1 '23



Sources: Bloomberg, Helaba Research & Advisory

Hardly any subordinated issuance in Q2

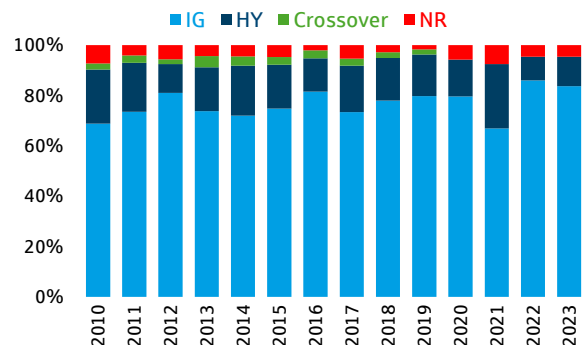
Euro corporate bonds*: Issuance volume by ranking, H1 2023



Sources: Bloomberg, Helaba Research & Advisory

Investment grade share remains high

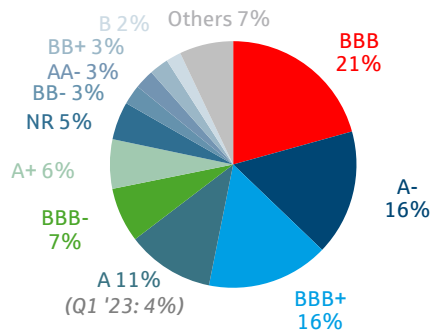
Euro corporate bonds*: Issuance volume by credit quality group



Sources: Bloomberg, Helaba Research & Advisory

Relevance of 'A' rating category grows in Q2

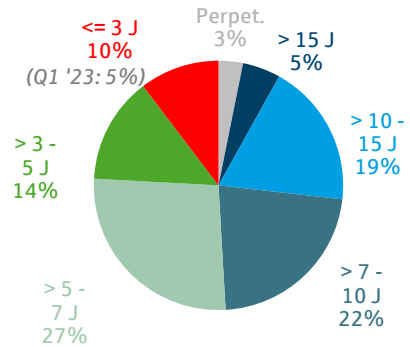
Euro corporate bonds*: Issuance volume by rating class, H1 '23



Sources: Bloomberg, Helaba Research & Advisory

Significant rise in share of short maturities

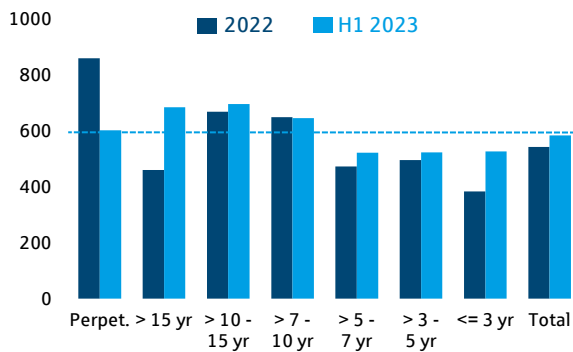
Euro corporate bonds*: Issuance volume by maturity, H1 2023



Sources: Bloomberg, Helaba Research & Advisory

Individual bonds larger than in 2022

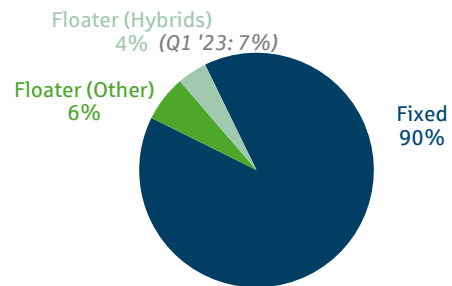
Euro corporate bonds*: Average issuance size by maturity in EUR (millions)



Sources: Bloomberg, Helaba Research & Advisory

Hybrid instruments rarely used in Q2

Euro corporate bonds: Issuance volume by fixed vs. floating, H1 2023



Sources: Bloomberg, Helaba Research & Advisory



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Helaba Research & Advisory
 Editor:
 Stefan Rausch
 Publisher:
 Dr. Gertrud R. Traud
 Chief Economist/
 Head of Research & Advisory
 Neue Mainzer Str. 52-58
 60311 Frankfurt am Main
 Phone +49 69 / 91 32 - 2024
 Internet: www.helaba.com

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