

Focus on: Credits

27 March 2024



EUR corporate bonds: Primary market Q1 2024

A promising start to the year

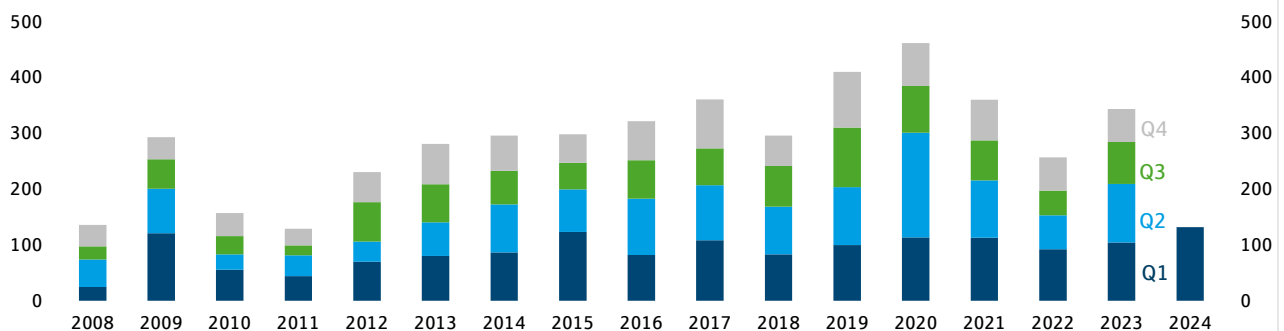


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In the first three months of the year, primary market issuance of EUR-denominated corporates totalled some 130 billion across 210 individual bonds, the highest ever for a first-quarter. February in particular was a much better month than in previous years. With an average size of just under EUR 630m, individual bonds have been significantly larger since January than in 2023. The difference in size was most pronounced in the very long maturity segment. From today's perspective, we expect the market volume to continue to recover from its low in 2022. Driving factors should be unchanged corporate investment needs and, not least, the more stable pricing environment, which should facilitate placement planning.

Best Q1 of all time

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



*issues with a minimum volume of EUR 50 million

Sources: Bloomberg, bondradar, Helaba Research & Advisory

Smaller benchmark bonds with unchanged high market share - Green remains dominant format in ESG bonds

Single tranches in the benchmark size range of EUR 500 million to less than EUR 1 billion remained the dominant issuance format. Their market share remained unchanged at just under 70 % of total issuance. The largest overall transactions were issued by Siemens (EUR 5bn in 4 tranches in February), Anheuser-Busch Inbev (EUR 4.5bn in 3 tranches in March), Volkswagen Leasing (EUR 2.75bn in 3 tranches in January) and Booking Holding (EUR 2.75bn in 4 tranches in February). The market share of bonds with ESG components increased to 30 % compared to the previous quarter, but was still around 8 percentage points below the level of the same quarter in 2023. The vast majority of sustainable bonds were issued as green bonds with earmarked use of proceeds. Sustainability-linked bonds accounted for slightly less than one fifth of ESG issuance in Q1.

Industry sector with the most bonds - German companies strongest issuer group by country

The industrials sector was both the largest (21 %) and the most prolific (44) in terms of issuance in the first quarter. Utilities and Automobiles were the second and third most important sectors. Together, the top three sectors accounted for more than half of the market volume. The share of non-European issuers was exceptionally high at 22 % of the placement volume (full year 2023: 19 %). Nevertheless, German issuers were the most important group of issuers by country of origin. One in five euros was raised by them.

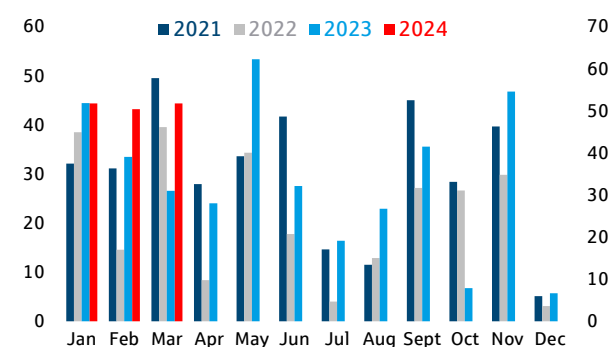
Little demand for subordinated securities - short maturities noticeably less in vogue

As in 2023, there was little demand for subordinated bonds (5 % of the volume). The market share of investment grade corporates remained well above 80 %. Almost a quarter of the issuance was BBB+ rated. After short maturities of up to 3 years were in high demand in 2023, reaching a market share of 10 %, a normalisation set in during the first quarter of 2024. Their share fell to 5 %. By contrast, long maturities (over 7 years) again accounted for more than half of the market. Floating rate securities also had a low market share in the first three months, at just 5 %.

Chartbook: Euro-denominated corporate bond issues

February volume well above previous years

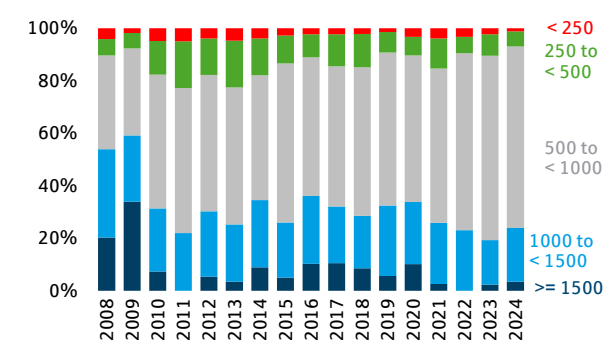
Euro corporate bonds: Issuance volume in EUR (billions)



Sources: Bloomberg, bondradar, Helaba Research & Advisory

Smaller benchmark bonds continue to dominate

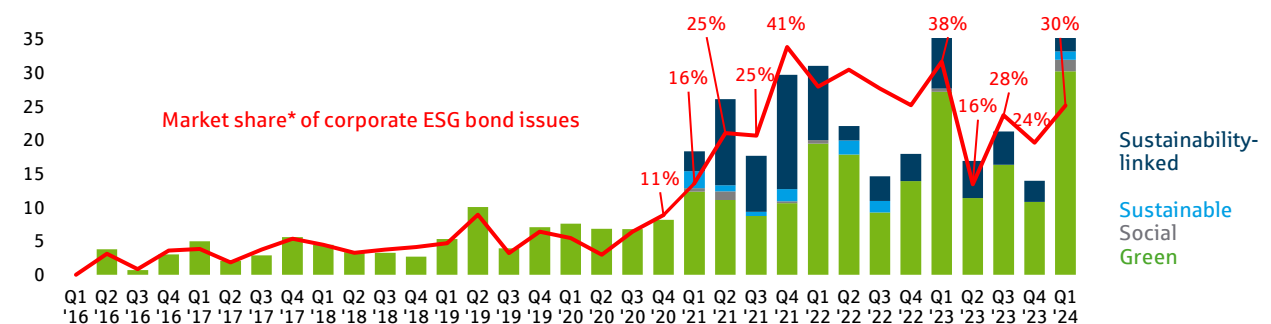
Euro corporate bonds: Placements by issue size in EUR (millions)



Sources: Bloomberg, bondradar, Helaba Research & Advisory

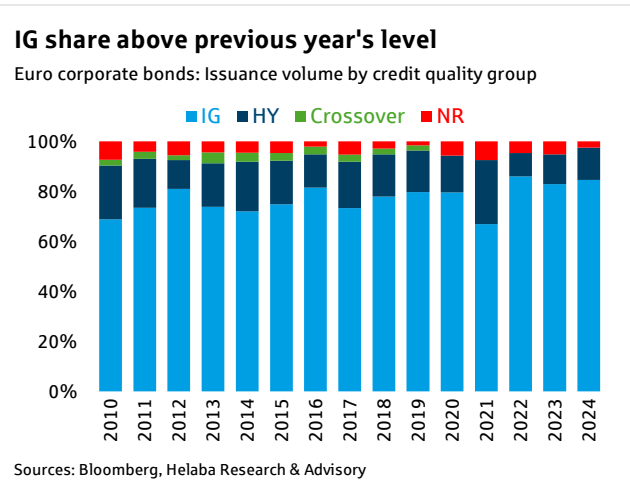
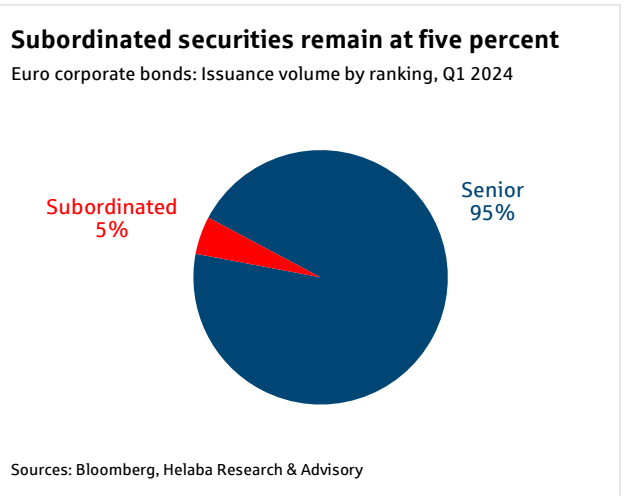
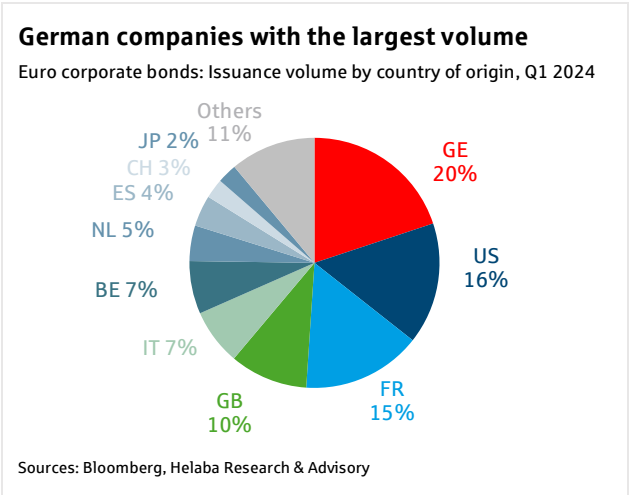
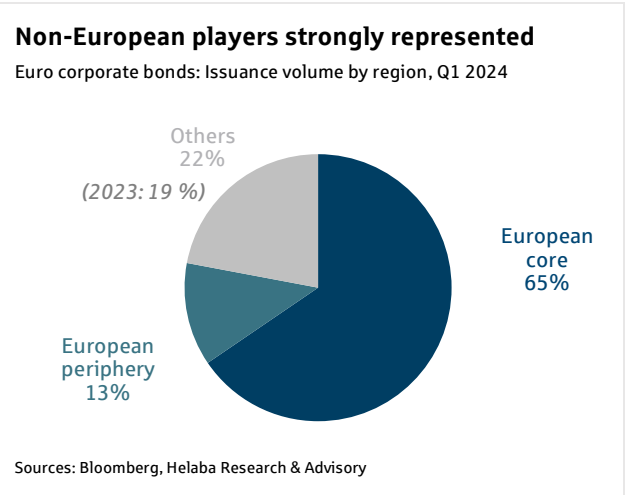
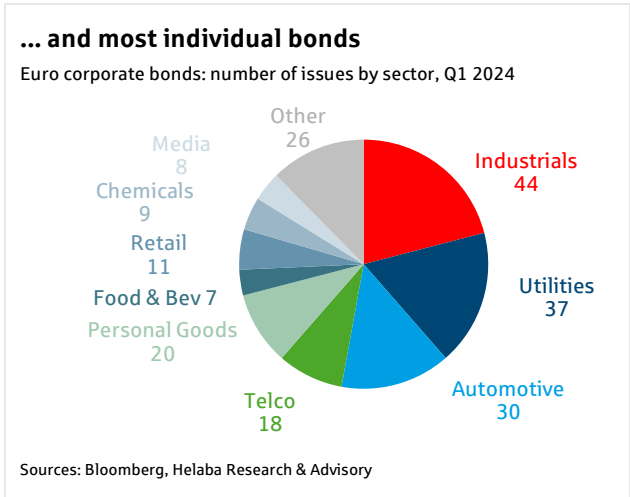
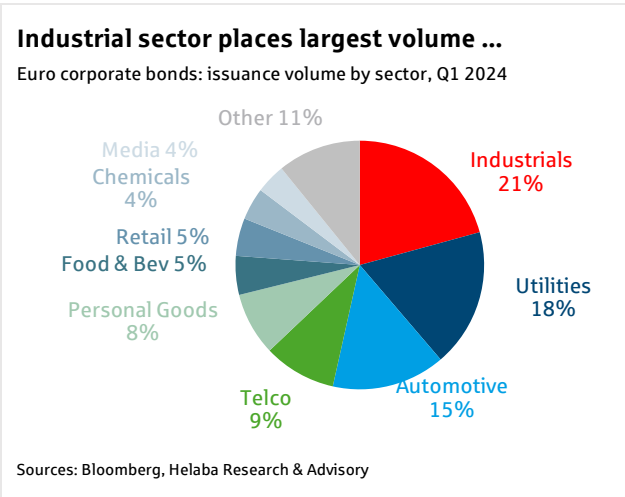
Share of bonds with sustainability component back at 30%

Euro corporate ESG bond placements in EUR (billions)



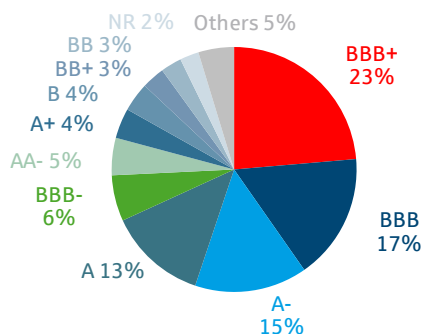
*includes sustainable, social and sustainability-linked bonds since Q1 2021.

Source: Helaba Research & Advisory



'BBB+' class contributes quarter of the volume

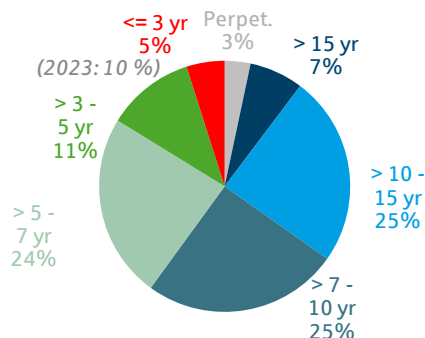
Euro corporate bonds: Issuance volume by rating class, Q1 2024



Sources: Bloomberg, Helaba Research & Advisory

Market share of short maturities normalises

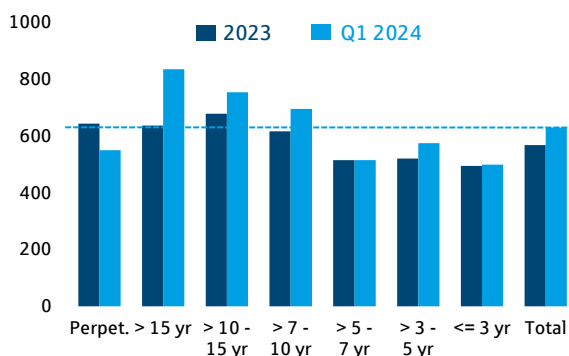
Euro corporate bonds: Issuance volume by maturity, Q1 2024



Sources: Bloomberg, Helaba Research & Advisory

Average bond size noticeably larger than in 2023

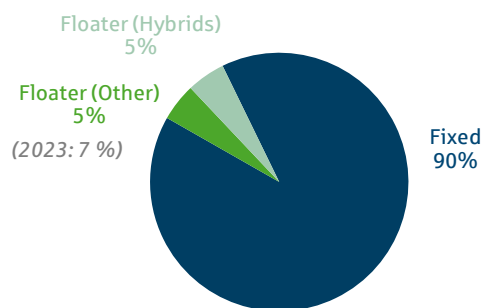
Euro corporate bonds: Average issuance size by maturity in EURm



Sources: Bloomberg, Helaba Research & Advisory

Little demand for floating rate bonds

Euro corporate bonds: Issuance volume by fixed vs. floating, Q1 2024



Sources: Bloomberg, Helaba Research & Advisory



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