



## EUR corporate bonds: Primary market 2022

### Interest rate hikes put brakes on issuance activity

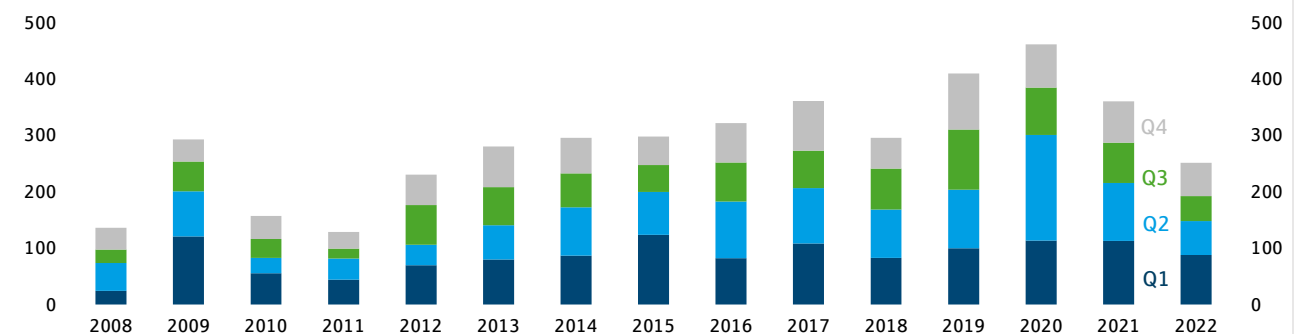


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As expected, the primary market for euro-denominated corporate bonds closed out 2022 on a sluggish note, with total issuance of around EUR 250 billion spread across 466 individual transactions. Overall, this figure was approximately EUR 125 billion less than the average of the past five years. It was not until Q4, which saw issuance of just under EUR 60 billion, that the gap between activity in 2022 and the respective quarters of the previous three years had narrowed more significantly than in the first nine months. A key factor in this recovery was likely the fact that sharp increase in funding costs, which had dominated much of 2022, did not extend into the final quarter of the year. Looking ahead to 2023, we expect that a further stabilisation in conditions on the market, a limited increase in refinancing costs at most as well as the fact that companies will still need to invest in sustainable business processes and more diversified supply chains will result in greater issuance activity (see also [Markets and Trends 2023: Global economy on a ridge walk, p12](#)). As things stand today, we believe it is likely that next year will see a placement volume of more than EUR 300 billion.

#### Q4 sees modest uptick in activity

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 issues still dominant - market share of ESG bonds around 31 %

Bonds with a benchmark volume of under EUR 1 billion were the most common instrument in the fourth quarter as well. They accounted for around two-thirds of total issuance for the year as a whole. Once again, no larger tranches from EUR 1.5 billion were placed. Notes issued in the final quarter of the year were slightly larger on average than in the first nine months. There was a modest rise in the average volume from EUR 533 million in 9M 2022 to EUR 539 million in FY 2022. The biggest single transactions in Q4 were those by Booking Holding (EUR 3.5 billion in 4 tranches), Tennet Holding (EUR 3 billion in 4 tranches) and EDF (EUR 3 billion in 3 tranches). Bonds with sustainability elements made up 30 % of total market volume in the fourth quarter, slightly less than in Q3 (33 %). Their share for 2022 as a whole amounted to 31 % with a placement volume of EUR 79 billion. Green bonds remained the most popular format, capturing a market share for the whole of 2022 of 21 %.

## Utilities far ahead of other sectors – French issuers account for 20 % of market volume

Due to utility companies' growing demand for liquidity as a consequence of the energy crisis, this sector placed by far the largest number of bonds (107) as well as the biggest volume (just under EUR 62 billion) on the market in 2022. They were followed by industrials, which generated EUR 40 billion in 95 individual transactions. Market activity was dominated by core European issuers, who accounted for 71 % of total issuance. With a market share of 14 % for the entire year, non-European issuers remained largely absent. French issuers were responsible for a fifth of total issuance.

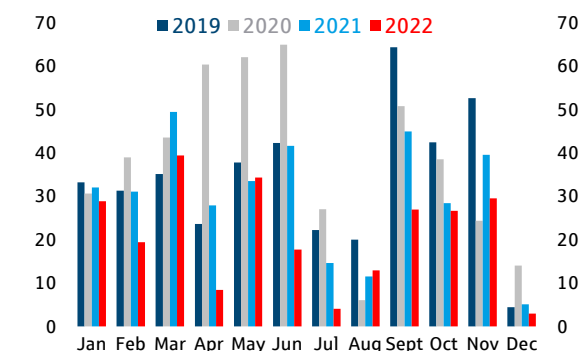
## Little demand for subordinated issues – strong issuance activity in medium-term maturity segment

With a market share of only 5 % for the whole of 2022, demand for subordinated debt was weak. Companies with investment grade ratings raised EUR 210 billion, equivalent to almost 84 % of total placement volume – the highest proportion in 10 years. The most popular rating classes were those in the 'BBB+' to 'A-' range, which together accounted for nearly 60 % of the market. The medium-term maturity segment, comprising bonds with maturities of between 5 and 7 years, also enjoyed lively interest. Almost a quarter of this year's total placement volume was issued in this segment. Fixed-coupon bonds were the most common type of instrument, commanding a market share of 89 %.

## Chartbook: Euro-denominated corporate bond issues

### Autumn issuance reduces gap to 2021

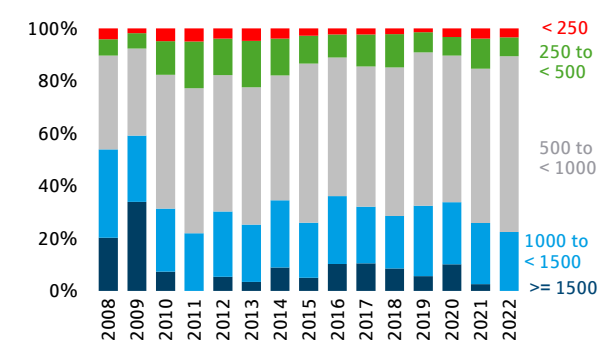
Euro corporate bonds\*: Issuance volume in EUR (billions)



Sources: Bloomberg, bondradar, Helaba Research & Advisory

### Smaller benchmark bonds dominate

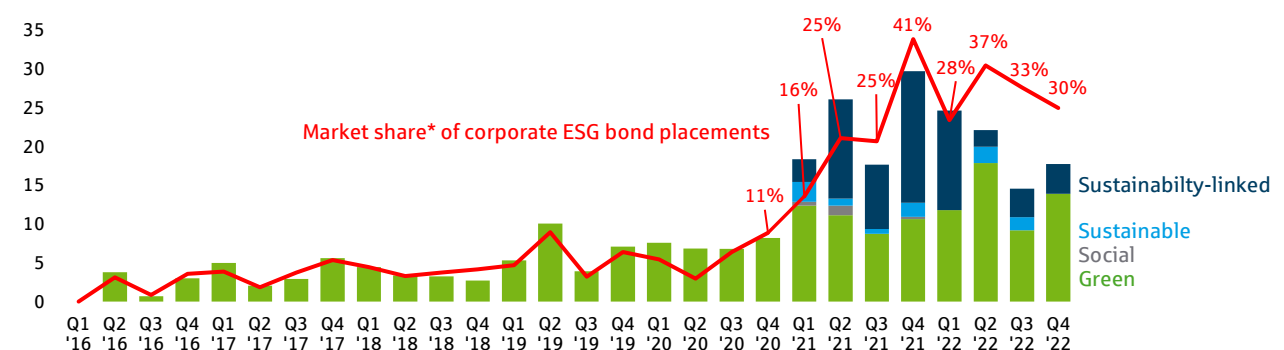
Euro corporate bonds\*: Placements by issue size in EUR (millions)



Sources: Bloomberg, bondradar, Helaba Research & Advisory

### Issues with sustainability element maintain solid market share

Euro corporate ESG bond placements\* in EUR (billions)

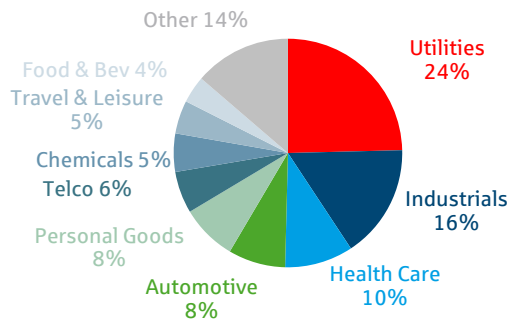


\*includes sustainable, social and sustainability-linked bonds from Q1 2021.

Sources: Bloomberg, Helaba Research & Advisory

### Utilities sizably ahead in terms of volume ...

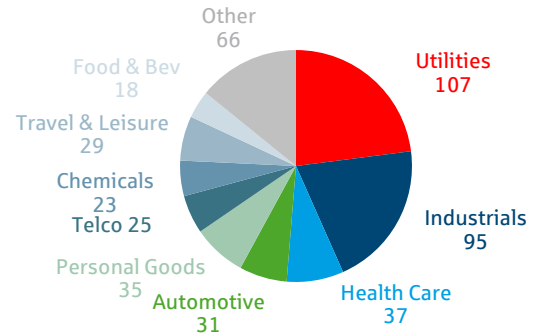
Euro corporate bonds\*: Issuance volume by sector, 2022



Sources: Bloomberg, Helaba Research & Advisory

### ... and number of issues

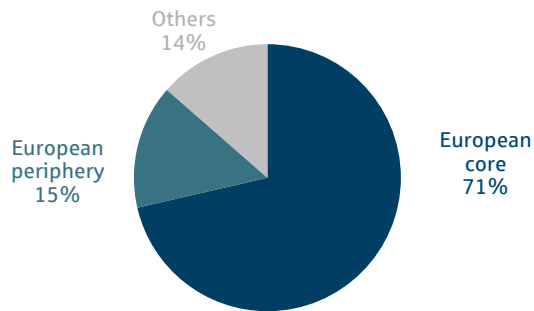
Euro corporate bonds\*: Number of issues by sector, 2022



Sources: Bloomberg, Helaba Research & Advisory

### Core European countries still dominant

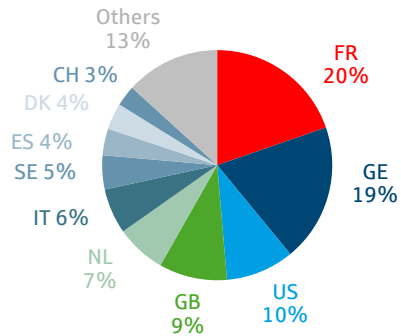
Euro corporate bonds\*: Issuance volume by region, 2022



Sources: Bloomberg, Helaba Research & Advisory

### French issuers capture largest share of market

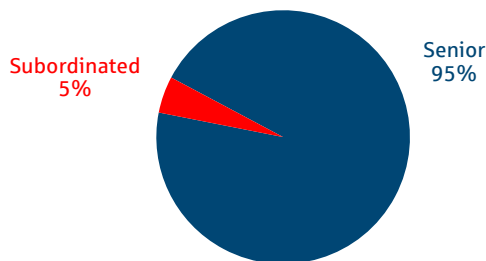
Euro corporate bonds\*: Issuance volume by country of origin, 2022



Sources: Bloomberg, Helaba Research & Advisory

### Limited demand for subordinated issues

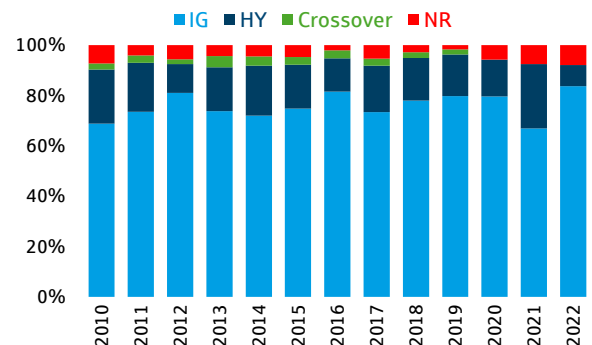
Euro corporate bonds\*: Issuance volume by ranking, 2022



Sources: Bloomberg, Helaba Research & Advisory

### Investment grade share holds up above 80 %

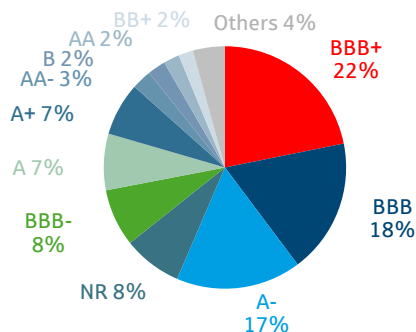
Euro corporate bonds\*: Issuance volume by credit quality group, 2022



Sources: Bloomberg, Helaba Research & Advisory

### "BBB+" to "A-" ratings: market share of almost 60 %

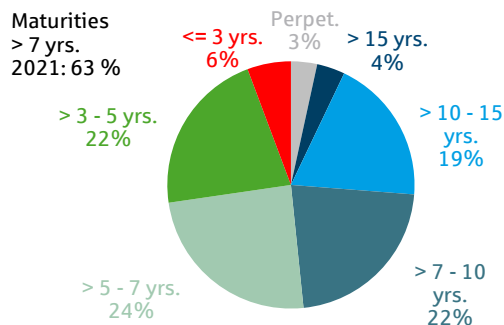
Euro corporate bonds\*: Issuance volume by rating class, 2022



Sources: Bloomberg, Helaba Research & Advisory

### Strong demand for medium-term maturities

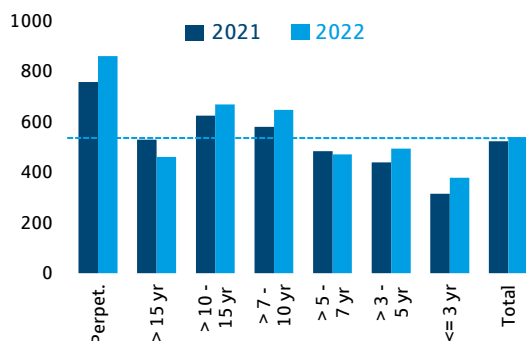
Euro corporate bonds\*: Issuance volume by maturity, 2022



Sources: Bloomberg, Helaba Research & Advisory

### Ø-size of bonds only slightly larger than 2021

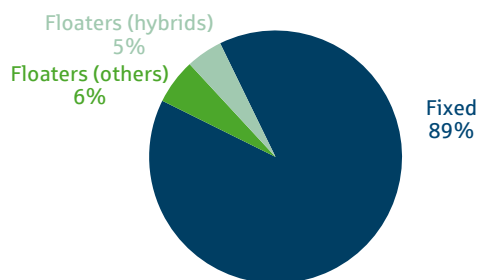
Euro corporate bonds\*: Average issuance size by maturity in EUR (m)



Sources: Bloomberg, Helaba Research & Advisory

### Fixed coupons by far the most popular instrument

Euro corporate bonds: Issuance volume by fixed vs. floating, 2022



Sources: Bloomberg, Helaba Research & Advisory



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