Expect a record year for EUR corporate supply

The roughly 10% rise in EUR corporate supply still stands, but with US tech issuance joining the mix, the overall figure has climbed. As a result, we now forecast €485bn for 2026

EUR corporate supply forecast at €485bn for 2026

In early 2025, we projected €400bn for EUR corporate supply, which at the time was well above market consensus. However, the year closed even higher at just over €450bn, driven by bumper issuance in the fourth quarter.

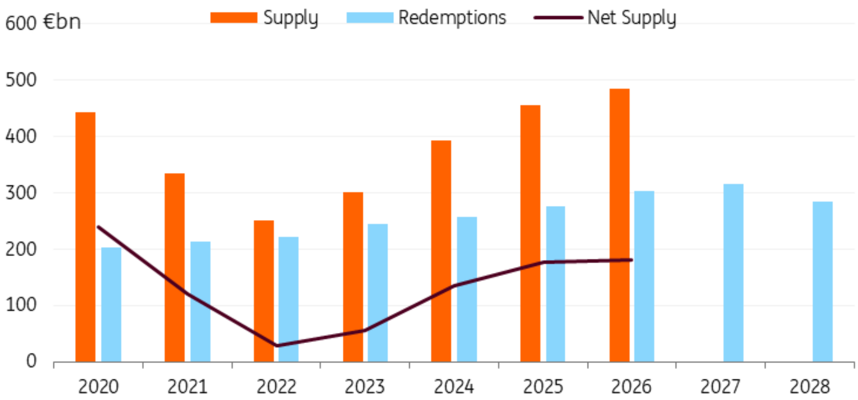
For 2026, our initial forecast was €444bn, implying a 10% increase. While we still like that growth trajectory, the exceptionally heavy November supply changed the 2025 baseline, making the year-end figure significantly larger than anticipated.

Looking ahead, the backdrop remains supportive for robust issuance. Reverse Yankee supply and substantial deals from US tech issuers are set to keep volumes elevated. As a result, we now forecast €485bn for 2026 – a 7-10% increase versus last year and a new record high for EUR corporate supply.

That said, it's important to note that redemptions are also rising, reaching approximately €304bn.

This means net supply will remain broadly stable at around €180bn, in line with 2025 levels.

Net supply remains stable as supply increases



Source: ING, Dealogic

Large US tech issuance

The major cause of the large supply in November came from a newcomer to the party – US tech issuers. In 2025, TMT issuance ended the year just shy of €100bn, of which €44bn has been from telecoms and almost all the rest from tech issuers (as the media sector remains very small). Looking to this year, US tech issuance will remain a strong driver of supply, as the financing of AI and cloud infrastructure developments will be key.

Although large technology companies can fund most of their investments out of their operating cash flow, a slight increase in indebtedness is very well possible. If the gross leverage of Microsoft, Meta, Google, Amazon and Oracle were to increase by 0.25x, this would add US$200bn of debt.

Currently, on average, 20% of their bond financing is done in euros, but given the attractive financing conditions for using Reverse Yankee bonds (see more below), we expect this could easily rise up to 25%. This could equate to up to €50bn in EUR bond supply from US tech issuers.

Other factors that will ensure supply rises by 10% again

- Redemptions are set to rise in 2026 to €304bn – the highest on record. Net Supply will therefore remain stable YoY at €180bn.
- Capex and M&A will rise. The latter, in particular, seems to have developed quickly in recent quarters with a spike to nearly US$1.6tr in M&A deals outside the tech industry over 3Q25 alone; the bulkiest quarter for over four years.
- Disintermediation trend continues. We note a strong correlation between all-in funding levels and the direction of the loan-to-bond ratio, with bond funding in preference as yields are attractive (offering better lock-in yields for longer duration).
- Large Reverse Yankee supply with our forecast at a record-breaking €120bn, as the equation remains for US issuers to catch a cost-saving advantage by coming to the EUR market. This was a substantial driver of supply in 2025 and is expected to be another driver of high supply next year. See below for more details.
- Decent hybrids supply as we forecast €35bn. Refinancing will be notable in 2026 as the number of first call dates jumps.

- ALM activity is expected to add to the supply. The ALM activity environment is seen as supportive for optimising the maturity profile and funding costs, so more activity is expected from tenders and exchanges.
- Debt will continue to be well absorbed. Demand within primary markets remains very firm as almost every new deal gets considerably oversubscribed, despite NIPs being at all-time lows. The strong demand in 2026, as per the Seven Dwarfs listed in our outlook, should maintain this strong primary market demand. However, the fairytale in primary markets might also begin to falter slightly as spreads widen.
- Certain sectors will see a jump:
  - Real Estate is set to see a further jump this year after a record-breaking 2025. We forecast a rise to €40bn in 2026.
  - TMT supply soared in 2025, driven by tech and even more so a raft of Reverse Yankee deals. We expect this to continue into 2026. On top of that, some European TMT companies will issue some debt to fund M&A and reward shareholders.
  - Utilities supply was low in 2025 despite the expectation for large capex growth and thus more issuance. A portion of this capex growth was financed in equity, etc, but capex didn't see a large jump given the political turbulence. 2026 will be the year this turns into fruition, in our view.
  - Jumps in redemptions should drive higher supply for the likes of Industrials, Autos and Healthcare.

Supply per sector

	2025			2026		
	FY	Reds	Net Supply	FY F	Reds	Net Supply
Auto	48	38	10	50	47	3
Consumer	59	37	22	55	35	20
Healthcare	40	21	20	40	28	12
Industrial & Chemicals	64	46	19	70	53	17
Real Estate	37	23	14	40	26	14
TMT	98	41	57	120	42	78
Utility	62	36	25	70	38	32
Oil & Gas	15	16	-1	15	13	2
Others	32	20	12	25	22	3
Total	455	277	178	485	304	181

Source: ING, Dealogic

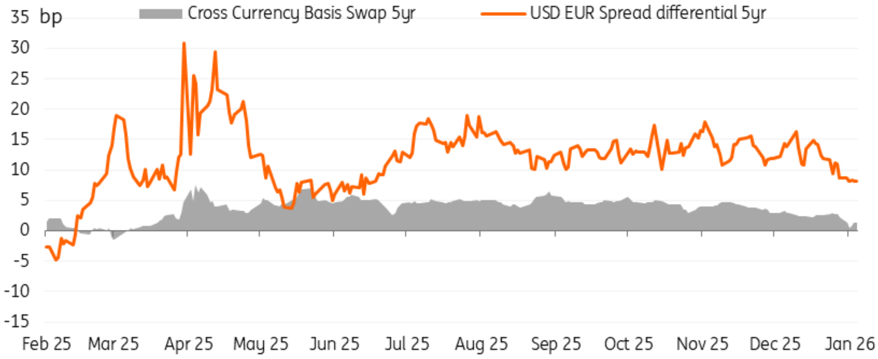
Reverse Yankee supply to reach a record-breaking €120bn

Given the large US tech issuance in EUR, we are likely to see a hefty year of Reverse Yankee supply. We forecast a record-breaking €120bn for 2026.

The cross-currency basis swap equation will continue to offer a cost-saving advantage for US issuers to come to the EUR market and swap back. This is in addition to US issuers also financing their European operations at a lower yield level.

USD spreads are set to underperform slightly more than in EUR. The increased differential between EUR and USD spreads creates a lower cost of issuance in euros, particularly as the cross-currency basis swap remains at historically very low levels.

Cross-currency basis swap and USD EUR spread differential



Source: ING, Refinitiv, IHS Markit

Author

Timothy Rahill
Credit Strategist
timothy.rahill@ing.com

Jeroen van den Broek
Global Head of Sector Research
jeroen.van.den.broek@ing.com