Report | 1 July 2025 CREDIT

Euro Credit Supply: Strong June supply despite geopolitical turmoil

Despite the geopolitical turmoil, both corporates and financials primary markets remained active in June

Executive summary

Corporate supply on way to reach €400bn forecast

Supply was strong in June totalling €46bn, a busy month relative to previous years. Corporate supply is now at €250bn YTD, ahead of most previous years. Supply has now jumped ahead of last year's €239bn YTD. New issues continue to be met with very strong demand, despite relatively expensive trading levels. We expect supply to begin to slow as we enter July.

Reverse Yankee supply will continue to increase

USD spreads saw a touch of underperformance last week, pushing the USD EUR spread differential wider. We expect this will continue as USD spreads should underperform more from relatively tight levels. There was €7bn in reverse Yankee issues in June, putting YTD supply at €49bn, in line with the €48bn seen by this time last year. We forecast supply will total €85bn in 2025, This would mark the second-highest year for Reverse Yankee supply on record, after the €98bn of 2019. We believe opportunistic funding will be the driver for the increase in supply. Redemptions for Reverse Yankee bonds are set to rise in 2025 to €47bn, up from the €39bn maturing in 2024.

Financial supply drops in the senior unsecured segment

Last month's covered bond issuances totalled €21bn, a considerable €17bn increase from last year's June figure. On a YTD basis, covered bond supply stands at €105bn, down 7% YoY.

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