

Report | 1 April 2025

CREDIT

Euro Credit Supply: Underwhelming supply in 1Q25

Supply has been lower than expected so far this year, partially explained by the rather volatile markets and economic uncertainties



Executive summary

Corporate Supply underwhelms

Corporate supply was underwhelming in March, totalling just €28bn. This is lower than the normal €40-45bn seen in previous years but is aligned with that of 2023. YTD supply is now pencilled in at €106bn, trailing the €120bn seen by this time last year. Whilst supply has been lower than previously expected in the first quarter of this year, the YTD total is still above that of 2021, 2022 and 2023. The slower supply is partially explained by the rather volatile markets and economic uncertainties.

Whilst most sectors see a lower supply this year versus last year, there is an uptick in some of the smaller sectors such as Healthcare, Real Estate and most notably Oil & Gas. Regardless, Industrials, Utilities and TMT continue to drive most supply.

Reverse Yankee supply to stay strong

USD credit is struggling more than EUR credit but is coming from very tight and rich levels. USD spreads are still looking a bit on the expensive side within the defined range. Nonetheless, USD spreads have widened versus EUR spreads which now opens notably more attraction for Reverse Yankee issuance. A cost saving advantage can be found for

many US issuers considering how tight the Cross Currency Basis Swap is.

Already we saw a pick-up in Reverse Yankee supply coming to the market, with €3.4bn in corporates and €8.1bn in financials being issued in March. As such, the YTD corporates total now sits at €22bn, up on the €18bn seen by this time last year, and €15bn for financials.

Slowdown in Financials' senior unsecured bond issuances in March

The supply of senior unsecured bonds nearly reached €15bn last month. This is split with €4.1bn in the senior preferred segment and €10.8bn in the senior bail-in one. These levels are slightly lower than what we recorded in March 2024 with just over €16bn.

The difference is mainly stemming from the senior bail-in supply, which is nearly €1.5bn behind March 2024. However, looking at the YTD levels, senior non-preferred issuances are still well ahead of last year's level with €54bn in 2025 YTD, a €10bn increase compared to 2024 YTD. The differential is still driven by the significant supply from US names with over €10bn issued since the start of the year. This is well ahead of the UK in second place at €6.25bn.

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