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CREDIT

US Dollar Credit Supply: Reverse Yankee supply set to increase

Corporate Reverse Yankee supply increased in February, with a considerable €16bn coming to the market



Executive summary

February corporate supply on the low side relative to previous years

Supply totalled a very strong US\$95bn in February, but this fell short of the US\$130-140bn seen in the past two years. YTD supply now sits at US\$150bn, trailing the US\$213bn by this time last year and the US\$184bn by this time in 2023. This is still, however, up on most previous years before that.

Reverse Yankee supply set to stay strong

Corporate Reverse Yankee supply increased in February, with a considerable €16bn coming to the market. YTD Reverse Yankee supply is now at €19bn, running ahead of last year's €17bn.

Reverse Yankee supply is set to remain strong in the coming months as the cross-currency basis swap continues to trade at very low levels (resulting in lower cost for swapping). In addition, USD credit has been seen as weak and underperforming versus EUR spreads over the past week. The spread differential has widened and is back into positive territory in the short end. This is set to open up more opportunities for a cost-saving advantage for doing Reverse Yankee deals.

USD Financial supply remains higher than last year despite February slowdown

After a strong start to 2025, USD Financial supply slowed last month. Reaching \$27bn in US bank bond issuances, the total is still \$13bn above that of February 2024. We note a slight decline in senior non-preferred issuances as well as stagnation in bank capital supply. The overall increase is therefore stemming from senior preferred issuances at \$20bn.

Last month's supply brings YTD issuances to \$97bn in the bank senior segment, well ahead of the \$83bn recorded in 2024 YTD. The increase is also noticeable in the bank capital segment at nearly \$25bn, \$7bn ahead of last year.

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