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CREDIT

US Dollar Credit Supply: Strong supply continues

Large levels of supply continue in September, but a slowdown is now expected



TMT sector leads September supply, up 82%

- Corporate supply reached US\$87.5bn in September, a level similar to the previous month. It is also approximately double the amounts seen in the two previous years (US\$43-47bn). On a YTD basis, supply sits at US\$709bn, still ahead of the previous two years. We expect a slowdown in supply in the coming months – windows of opportunity becoming more limited with elections, earnings blackouts, central bank meetings, and economic data releases.
- USD spreads have been tightening versus EUR spreads, namely on the shorter end. The differential in the 5yr has narrowed, leaving limited cost-saving advantages for reverse Yankee supply. We did see €4bn in Reverse Yankees coming to the market in September. While this may be limited in the coming months, volatility around the US elections could open some cost-saving and swapping opportunities.
- Monthly supply was led by the TMT sector, reaching US\$31bn, an 82% increase on the previous month.
- Supply so far this year has been dominated by the Oil & Gas, Healthcare, Utility, and

Industrial & Chemicals sectors. The only sector to record a decrease in its YTD supply compared to the previous year has been the Consumer sector.

Financial supply surges to US\$55bn, boosting YTD totals above 2023 levels

- Financial supply increased to US\$55bn, almost three times the levels seen in August, even if still below the substantial supply seen in January. YTD supply has picked up (to US\$478bn) and now exceeds 2023 levels.
- Bank supply amounted to US\$19bn, of which US\$14bn was Preferred senior supply and US\$5bn Bail-In instruments. Issuance was highest for (3-6yr) and (17yrs+).

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