Report | 3 June 2026 CREDIT

US Dollar Credit Supply: Supply continues at a strong pace

Supply remains hefty in May, pushing the year-to-date figures further ahead of previous years

Executive summary

Strong supply in USD and EUR for US corporates

Strong supply of US$89bn seen in May, an increase on the norm from previous years. YTD supply now sits at US$563bn for corporates, running largely ahead of most previous years, except for 2020 when we had the large Covid supply influx.

USD credit has been outperforming over the past few weeks, tightening down to very expensive levels and approaching the tights from the beginning of the year. As such, the USD EUR spread differential has come down leading to a slightly less cost-saving advantage in doing a Reverse Yankee deal. However, this is of course very name dependent.

Following multiple multi-tranche deals, the corporate Reverse Yankee supply figure has risen to €64bn YTD, running largely ahead of all previous years. We forecast a record-breaking €120bn for corporate reverse Yankee supply in 2026, as there is still a lot of financing to be done and if USD underperforms against EUR we will see the cost-saving advantage offer opportunities, not to mention the rush of US tech issuers coming to the EUR market.

Slowdown in bank bond issuances in May

Banks issued US$63bn in bonds over May, which is US$25bn behind what we recorded in April. The bulk of last month's USD denominated supply remains in the senior non-preferred segment making up 63% of the new issues.

While still limited, we note a significant increase in senior preferred issuances with over US$11bn printed in May. Subordinated bond supply also reached US$11bn, in line with the April level. However, when it comes to covered bonds, issuances dropped below US$1bn. That contrasts with both April and March when the segment reached over US$4bn on the backdrop of the Iran war uncertainty, leading issuers to prefer the less volatile part of the liability structure.

Outside from US issuers, UK names have issued US$33bn since the start of the year, followed by Japanese and Canadian banks with nearly US$29bn and US$28bn, respectively. Despite the slowdown in total issuances this month, we note renewed interest in sustainable instruments. Indeed, issuers printed nearly US$1.5bn in green bonds over May and another US$0.5bn in sustainable bonds. The USD denominated sustainable bonds supply doubled YoY to reach over US$7bn in 2026 YTD.

We expect issuances to remain high next month and, aside from a resurgence of tensions in the Middle East, issuers to keep their focus on the senior unsecured segment ahead of the summer.

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