

4 February 2021
Credit Strategy

Euro Credit Supply

High corporate supply to kick off 2021

Supply for January (€bn)

	Corp	Fin
January	31.8	25.9

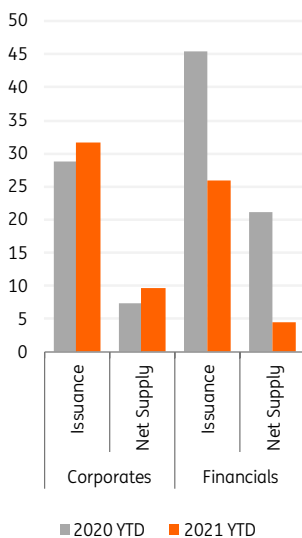
Source: ING, Dealogic

Supply FY & YTD (€bn)

Corporates	FY	YTD
2015	276.3	23.8
2016	308.0	8.3
2017	324.2	28.6
2018	281.9	26.0
2019	392.4	31.0
2020	441.8	28.6
2021	31.8	31.8
Financials	FY	YTD
2015	257.4	47.8
2016	232.9	27.4
2017	225.4	31.1
2018	225.0	26.4
2019	269.3	27.1
2020	233.1	45.3
2021	25.9	25.9

Source: ING, Dealogic

Supply and Net Supply YTD



Source: ING, Dealogic

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Corporate supply pencils in a substantial €32bn in January

- As expected, euro corporate supply was substantial in the first weeks of the year, amounting to €31.8bn. This is up on last year's €28.7bn, but just shy of January 2019's record €34.3bn. Redemptions were also high in January, pencilling in €22.2bn, the second highest month for redemptions in 2021 after €30.9bn in March. It is likely February will also see relatively strong supply, as corporates take advantage of the tight spread levels, however this will be dampened by earnings. Redemptions are low in February at just €16bn, thus net supply is expected to be high.
- Corporate hybrids' supply amounted to a notable €7bn in January, up considerably from just €2bn in January 2020. In fact, hybrids have already exceeded the sum of the first 4 months of last year. Hybrid supply increased substantially last year, from summer onwards, pencilling in €42bn, nearly double that of 2019. For 2021, we expect that hybrid supply strength to continue, amounting to at least €50bn, if not more. Interestingly, real estate supply was also elevated in January, accounting for €8bn. This is the highest sector supply this month although real estate corporates generally come to the market early in the year. In avoiding negative yields, issuers are being pushed to the longer end, as 82% of supply was above 6yr maturity. Corporate Reverse Yankee supply totalled just €1.5bn in January. We think this will increase later in 2021 as we expect USD spreads to underperform against their EUR counterparts.

Slow beginning of the year for financial issuers

- Financial supply ended the month of January at €25.9bn (excluding covered bonds). On a YTD basis, this represents a drop of 44%. Bank senior unsecured bond supply aggregated to €14bn (of which €7bn in preferred and €7bn in non-preferred senior). The non-preferred senior supply showed a stronger decrease YTD than preferred senior, with -67% and -28% respectively. Covered bond supply reached €13bn, a decrease of 58% versus 2020 YTD. As expected, the bank supply (excluding finance and insurance) has been broadly dampened by the ongoing access to cheap liquidity on the back of the extension to the favourable TLTRO-III terms from the ECB.
- In January 2021, financial issuers focused on issuing on longer maturities. 85% were issued within the 6yr+ maturity bucket. By doing so, they're still trying to avoid issuing at deeply negative yields. On a geographical basis, French financial issuers once again took the lead, followed by those in the BeNeLux. The French bank supply is mainly driven by strong lending developments. However, French banks are also the largest TLTRO drawers and their appetite has already been reflected in their issuance, somewhat behind last year's level.
- Redemptions were €26.2bn, exceeding the primary issuance. This aggregates the net supply to a negative figure, €0.3bn. Redemptions in February 2021 are expected to decrease by more than half of January 2021.

Fig 1 Euro corporate supply overview (€bn)

	2017	2018	2019	2020	2020 Jan	2021 Dec	2021 Jan	2020 YTD	2021 YTD	% diff
Auto	57	53	55	39	5	1	5	5	5	-3%
Consumer	41	25	37	67	1	0	1	1	1	-32%
Healthcare	21	36	52	39	2	0	4	2	4	78%
Industrial & Chemicals	55	36	56	73	4	1	5	4	5	5%
Real Estate	26	28	32	40	7	4	8	7	8	20%
TMT	49	42	74	67	3	1	1	3	1	-68%
Utility	58	44	59	99	7	2	7	7	7	3%
Others	17	18	28	17	0	0	2	0	2	489%
Corporate Hybrid	13	19	22	42	2	1	7	2	7	211%

Source: ING, Dealogic

Fig 2 Euro financial supply overview (€bn)

	2017	2018	2019	2020	2020Jan	2020Dec	2021Jan	2020YTD	2021YTD	%diff
Bank Senior	144	165	174	138	31	1	14	31	14	-54%
of which Bail-in	65	60	82	77	21	1	7	21	7	-67%
of which Pref	79	105	92	62	10	0	7	10	7	-28%
Bank Capital	38	21	31	40	8	1	4	8	4	-48%
Finance	31	27	42	34	4	1	6	4	6	0%
Insurance	12	12	22	21	3	-	2	3	2	-41%
Covered	129	150	151	101	32	-	13	32	13	-58%

Source: ING, Dealogic

Fig 3 Euro corporate supply and net supply by month (€bn)

Issuance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2017	30.2	26.6	42.6	7.5	45.5	44.5	17.2	9.9	31.3	18.8	42.2	8.0	324.2
2018	26.6	17.4	36.2	22.3	31.6	26.0	13.8	17.7	36.4	18.1	30.4	5.4	281.9
2019	34.3	30.9	36.5	17.2	36.9	42.9	22.1	22.9	58.2	39.8	42.4	8.2	392.4
2020	28.7	35.4	49.1	66.3	62.6	62.9	21.8	6.4	49.6	28.7	21.7	8.7	441.8
2021	31.8												31.8
Net Supply	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2017	13.5	10.9	25.2	-4.5	30.5	25.5	10.6	5.6	18.2	3.7	30.2	-0.5	168.9
2018	14.0	-3.4	21.4	9.0	17.6	11.7	2.1	11.1	28.1	2.4	12.7	-2.5	124.1
2019	16.4	18.3	14.1	3.7	26.0	29.1	4.3	18.9	38.8	30.3	22.6	-1.8	220.7
2020	7.4	27.2	18.8	49.6	41.1	52.6	5.0	-1.8	29.3	13.4	-3.7	-1.6	237.1
Redemptions	22.2	16.0	30.9	16.2	17.6	18.4	12.4	9.7	19.8	17.7	19.4	14.1	214.4
2021	9.6												9.6

Redemptions shown for 2021 only

Source: ING, Dealogic

Fig 4 Euro financial supply and net supply by month (€bn)

Issuance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2017	35.7	17.1	27.9	17.6	29.9	13.0	7.1	12.1	26.3	13.9	21.0	3.9	225.4
2018	27.4	20.7	33.7	22.0	12.5	11.5	25.4	20.5	24.6	6.4	19.3	1.2	225.0
2019	27.6	25.7	21.9	26.0	19.2	33.7	14.5	14.7	27.0	25.2	28.4	5.3	269.3
2020	45.4	18.7	14.8	24.4	24.8	27.9	13.2	8.7	13.2	16.6	22.5	3.1	233.1
2021	25.9												25.9
Net Supply	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2017	-9.3	-8.0	-5.3	0.6	4.5	-6.0	-12.6	-0.8	-0.1	-9.4	7.5	-4.7	-43.6
2018	-0.5	0.8	7.5	5.6	-4.1	-3.7	15.0	16.1	13.0	-5.0	7.0	-7.4	44.3
2019	5.3	12.5	0.2	6.0	0.5	19.0	3.9	2.4	5.9	10.6	15.7	-0.9	81.2
2020	21.2	-0.9	-2.5	9.7	14.5	6.7	-3.5	-3.1	-3.5	11.3	0.2	-8.3	41.9
Redemptions	21.3	14.9	19.7	15.0	9.8	13.0	8.3	5.6	26.1	10.6	15.2	9.3	168.8
2021	4.6												4.6

Covered Bonds excluded from aggregate throughout

Redemptions shown for 2021

Source: ING, Dealogic

Fig 5 Corporate supply and redemptions by month, 2021 (€bn)

Supply	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Autos	4.5												4.5
Consumer	0.8												0.8
Healthcare	4.0												4.0
Industrial	4.5												4.5
Real Estate	8.2												8.2
TMT	0.8												0.8
Utility	6.9												6.9
Others	2.2												2.2
Redemptions	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Autos	3.7	2.7	4.0	3.0	2.4	2.3	3.0	3.0	4.4	1.4	2.4	2.1	34.2
Consumer	2.5	3.7	3.0	2.6	1.6	1.0	1.2	1.2	3.6	3.1	3.9	0.1	27.5
Healthcare	1.1	0.0	5.3	0.8	0.6	3.4	0.1	0.6	2.5	1.0	2.1	0.2	17.5
Industrial	1.5	3.2	4.1	3.8	4.0	5.6	1.6	0.1	1.9	3.6	1.9	3.4	34.7
Real Estate	0.1	1.8	1.3	1.0	2.2	0.8	0.9	0.0	0.5	0.9	1.4	0.9	11.8
TMT	5.6	1.3	6.6	1.1	4.8	1.2	2.6	1.3	5.6	1.9	3.4	5.1	40.3
Utility	6.4	3.1	5.9	2.9	1.3	1.7	2.9	3.5	1.3	4.1	2.9	0.9	36.8
Others	1.2	0.4	0.9	1.1	0.8	2.6	0.1	0.1	0.0	1.9	1.4	1.4	11.6

Source: ING, Dealogic

Fig 6 Financial supply and redemptions by month, 2021 (€bn)

Supply	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Bank Senior	14.4												14.4
of which NPS	7.0												7.0
of which Pref	7.4												7.4
Bank Capital	4.0												4.0
Finance	5.9												5.9
Insurance	1.5												1.5
Covered	13.3												13.3
Redemptions	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Bank Senior	17.8	12.6	14.5	9.0	6.0	8.4	6.9	5.0	22.9	8.3	11.5	6.7	129.8
of which NPS	2.0	1.5	1.5	0.0	1.0	0.8	0.5	0.0	0.6	1.8	1.8	2.1	13.5
of which Pref	15.9	11.1	13.0	9.0	5.0	7.7	6.4	5.0	22.3	6.5	9.7	4.6	116.3
Bank Capital	1.3	3.9	4.2	4.1	6.6	3.5	1.0	0.0	4.5	1.3	0.3	0.6	31.2
Finance	3.5	1.0	2.6	2.7	2.2	2.4	1.4	0.2	1.9	1.5	2.9	1.9	24.0
Insurance	0.0	0.9	0.3	0.1	0.1	1.6	0.0	0.4	1.3	0.0	0.8	0.7	6.1
Covered	26.2	13.8	14.7	22.6	10.1	7.3	6.2	4.8	10.6	13.2	11.9	1.1	142.6

Source: ING, Dealogic

Fig 7 Euro supply, redemptions and net supply by year (€bn)

Corporates	YTD	FY	Reds	Net	Financials	YTD	FY	Reds	Net
2010	16.2	131.6	93.6	38.0	2010	46.2	319.3	351.3	-32.0
2011	12.5	109.2	107.5	1.7	2011	32.8	204.5	387.1	-182.6
2012	21.1	222.1	111.0	111.1	2012	28.3	200.3	412.0	-211.6
2013	23.0	235.7	141.2	94.4	2013	37.8	204.5	341.0	-136.5
2014	24.3	267.7	165.7	102.1	2014	33.3	267.5	322.3	-54.9
2015	23.8	276.3	122.5	153.9	2015	47.8	257.4	320.0	-62.5
2016	8.3	308.0	144.5	163.5	2016	27.4	232.9	261.7	-28.9
2017	28.6	324.2	155.3	168.9	2017	31.1	225.4	269.0	-43.6
2018	26.0	281.9	157.8	124.1	2018	26.4	225.0	180.8	44.3
2019	31.0	392.4	171.8	220.7	2019	27.1	269.3	188.1	81.2
2020	28.6	441.8	204.7	237.1	2020	45.3	233.1	191.2	41.9
2021	31.8	31.8	214.4		2021	25.9	25.9	168.8	
2022			223.2		2022			211.1	
2023			232.4		2023			174.7	

Source: ING, Dealogic

Fig 8 Subordinated supply, 2020 and 2021 (€bn)

2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
AT1	2.8	2.8	0.0	0.0	0.7	2.9	2.9	1.8	0.7	2.1	1.0	0.0	17.6
T2	4.8	1.0	0.0	0.0	4.3	2.5	0.5	0.5	2.7	1.5	1.8	0.4	19.9
Bank Capital	7.6	3.8	0.0	0.0	4.9	5.4	3.4	2.3	3.4	3.6	2.8	0.4	37.4
Corp Hybrids	2.2	3.5	0.0	0.0	0.8	10.4	1.0	4.8	5.5	10.2	2.6	1.2	42.2
2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
AT1	0.8												0.8
T2	1.8												1.8
Bank Capital	2.5												2.5
Corp Hybrids	6.9												6.9

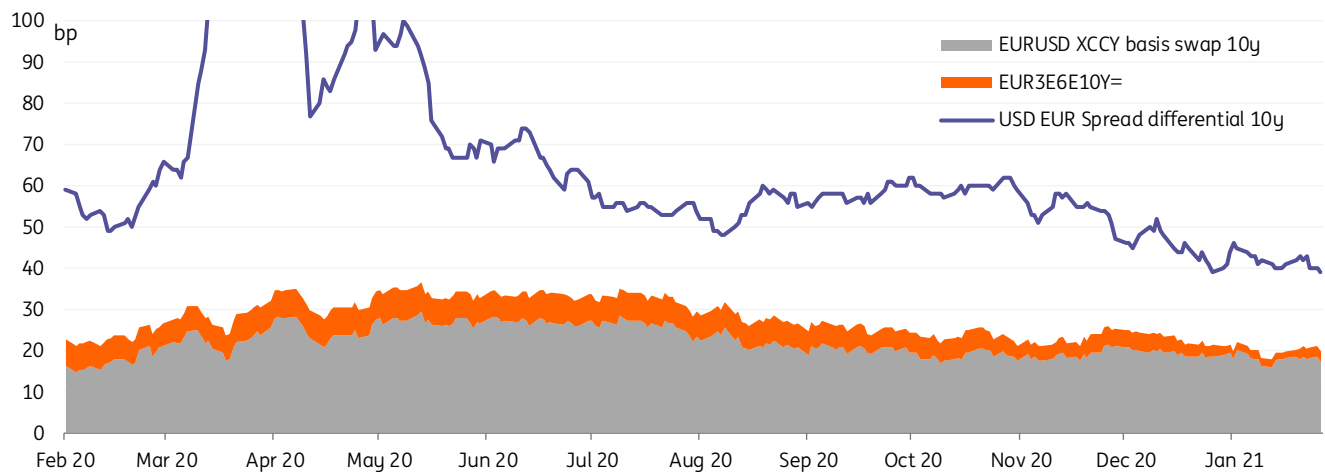
Source: ING, Dealogic

Fig 9 Reverse Yankee supply, 2020 and 2021 (€bn)

2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Corporate	4.9	15.0	6.8	5.9	7.8	9.8	0.1	0.0	13.6	3.3	0.0	0.4	67.4
Financial	4.0	3.2	6.0	4.8	0.0	4.7	0.0	0.0	0.0	0.1	0.3	0.4	23.5
Total	8.9	18.1	12.8	10.7	7.8	14.5	0.1	0.0	13.6	3.5	0.3	0.8	90.9
2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Corporate	1.5												1.5
Financial	2.4												2.4
Total	3.9												3.9

Source: ING, Dealogic

Fig 10 Cross currency basis swap & USD EUR spread differential



Source: ING, ICE, Refinitiv

Fig 11 European, Yankee and Reverse Yankee supply (€bn)

Corporates	European	Yankee (US\$)	Rev Yankee	Financials	European	Yankee (US\$)	Rev Yankee
2010	101.2	72.1	9.0	2010	238.7	118.5	18.1
2011	85.6	93.4	6.4	2011	165.6	89.3	5.7
2012	158.8	141.5	15.5	2012	155.9	57.9	6.4
2013	154.6	113.4	32.5	2013	144.9	77.9	14.4
2014	159.4	114.3	42.9	2014	173.5	127.0	33.8
2015	149.5	110.4	61.9	2015	145.7	130.3	28.7
2016	182.2	116.1	65.1	2016	132.2	116.4	44.7
2017	193.9	107.1	63.1	2017	130.6	116.8	34.0
2018	181.3	139.2	30.9	2018	126.6	144.4	17.0
2019	237.8	97.0	99.3	2019	176.2	98.7	28.8
2020	284.2	117.8	67.4	2020	150.9	125.8	23.5
2021 YTD	23.1	0.5	1.5	2021 YTD	18.5	23.2	2.4

Source: ING

Fig 12 ESG supply per month 2021 (€bn)

Corporate	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Green	3.5												3.5
Social	0.0												0.0
Sustainable	0.0												0.0
ESG	3.5												3.5
Financial	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Green	1.5												1.5
Social	0.5												0.5
Sustainable	0.0												0.0
ESG	2.0												2.0
Covered	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Green	0.5												0.5
Social	1.3												1.3
Sustainable	0.0												0.0
ESG	1.8												1.8

Source: ING, Dealogic

Fig 13 ESG supply per year & YTD (€bn)

Corporate	2017	2018	2019	2020	2021	2017 YTD	2018 YTD	2019 YTD	2020 YTD	2021 YTD
Green	17.9	12.2	29.3	35.9	4.5	1.3	2.3	5.1	6.5	4.5
Social	0.0	0.3	0.0	1.3	0.0	0.0	0.0	0.0	0.0	0.0
Sustainable	0.0	0.0	0.9	2.6	0.0	0.0	0.0	0.0	0.5	0.0
ESG	17.9	12.5	30.2	39.8	4.5	1.3	2.3	5.1	7.0	4.5
Financial	2017	2018	2019	2020	2021	2017 YTD	2018 YTD	2019 YTD	2020 YTD	2021 YTD
Green	8.4	12.9	21.8	17.9	1.5	0.0	0.6	2.0	0.8	1.5
Social	0.0	1.3	2.8	3.8	1.3	0.0	0.0	0.0	0.0	1.3
Sustainable	0.1	0.8	2.1	1.8	0.0	0.0	0.0	0.0	0.0	0.0
ESG	8.5	14.9	26.7	23.6	2.8	0.0	0.6	2.0	0.8	2.8
Covered	2017	2018	2019	2020	2021	2017 YTD	2018 YTD	2019 YTD	2020 YTD	2021 YTD
Green	1.0	4.5	4.5	5.1	1.5	0.0	1.0	0.0	1.3	1.5
Social	0.3	1.0	2.0	2.5	0.5	0.0	0.0	0.0	1.0	0.5
Sustainable	0.0	0.5	0.0	0.6	0.0	0.0	0.0	0.0	0.0	0.0
ESG	1.3	6.0	6.5	8.2	2.0	0.0	1.0	0.0	2.3	2.0

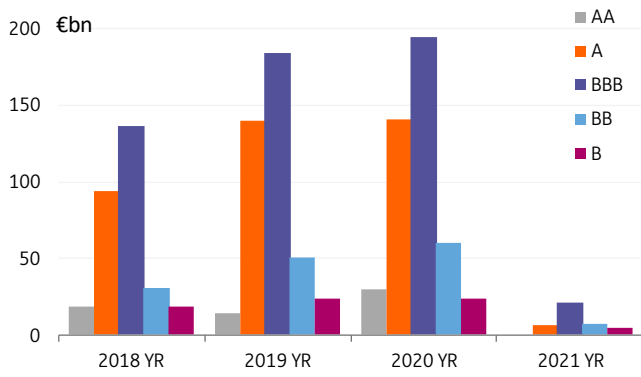
Source: ING, Dealogic

Fig 14 Investment grade issuance by maturity, 2020 and 2021 (US\$bn)

2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2020
Corp 0-3yr	1.8	4.4	1.7	2.3	6.3	4.6	0.4	0.7	4.0	0.8	1.8	0.4	29.2
Corp 3-6yr	5.5	3.0	11.9	20.4	9.3	9.3	4.1	0.3	8.3	2.0	2.3	2.1	78.6
Corp 6-9yr	11.5	12.1	16.5	19.6	23.8	13.9	9.3	0.7	15.2	7.9	7.0	1.6	139.0
Corp 9-12yr	5.3	4.0	9.0	12.9	10.2	11.8	2.5	0.0	8.2	2.6	4.7	1.3	72.4
Corp 12yrs+	4.7	11.8	10.0	11.1	13.0	23.3	5.5	4.8	13.8	15.3	5.9	3.4	122.5
Fin 0-3yr	2.9	3.6	0.6	2.2	2.9	2.3	0.6	0.2	0.9	1.2	0.9	0.2	18.4
Fin 3-6yr	8.3	2.7	6.0	11.2	9.6	6.6	1.3	1.0	2.3	2.6	4.1	0.1	55.8
Fin 6-9yr	20.6	6.6	6.0	7.3	4.4	6.1	5.2	4.1	4.6	4.7	6.8	2.0	78.3
Fin 9-12yr	7.4	2.6	1.9	3.8	5.4	4.6	2.8	0.5	3.0	3.8	6.4	0.8	42.9
Fin 12yrs+	6.2	3.2	0.2	0.0	2.6	8.3	3.4	2.9	2.4	4.3	4.3	0.0	37.6
2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Corp 0-3yr	2.3												2.3
Corp 3-6yr	3.5												3.5
Corp 6-9yr	8.8												8.8
Corp 9-12yr	6.8												6.8
Corp 12yrs+	10.5												10.5
Fin 0-3yr	0.4												0.4
Fin 3-6yr	3.3												3.3
Fin 6-9yr	8.0												8.0
Fin 9-12yr	8.8												8.8
Fin 12yrs+	5.4												5.4

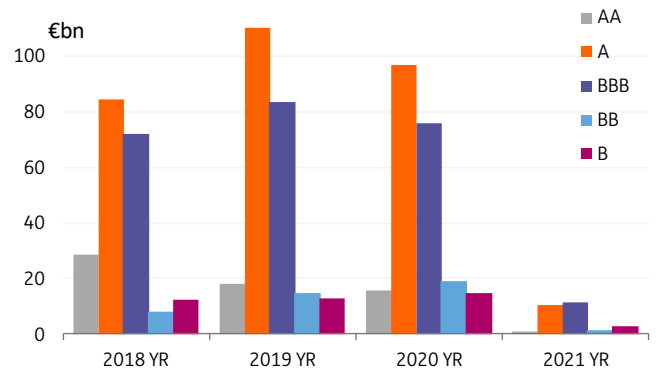
Source: ING, Dealogic

Fig 15 Corporate supply per S&P rating (€bn)



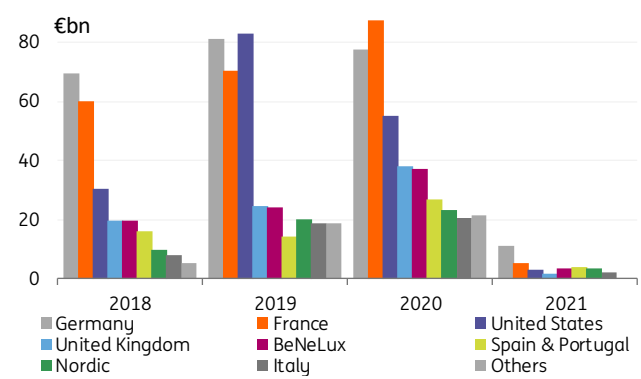
Source: ING, Dealogic

Fig 16 Financial supply per S&P rating (€bn)



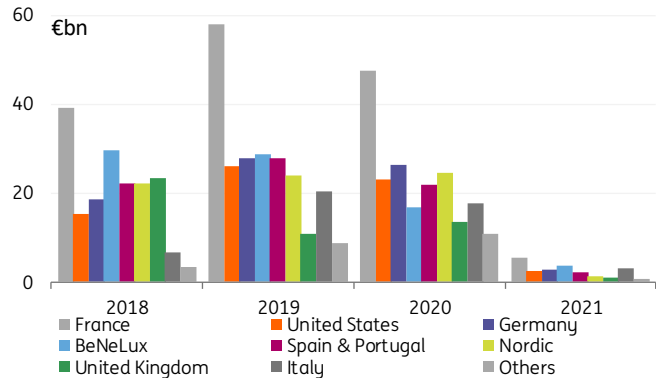
Source: ING, Dealogic

Fig 17 Corporate supply per country (€bn)



Source: ING, Dealogic

Fig 18 Financial supply per country (€bn)



Source: ING, Dealogic

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