

5 May 2021
Credit Strategy

Euro Credit Supply

The usual slow April

Supply for April (€bn)

	Corporates	Financials
April	19.2	14.7

Source: ING, Dealogic

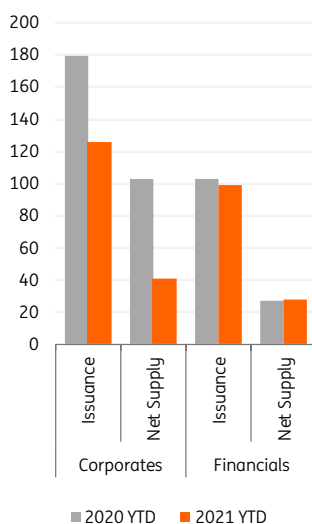
Supply FY and YTD (€bn)

Corporates	FY	YTD
2015	276	136
2016	308	123
2017	324	109
2018	282	110
2019	393	122
2020	442	181
2021	126	126

Financials	FY	YTD
2015	257	119
2016	235	121
2017	226	99
2018	226	106
2019	269	104
2020	233	103
2021	99	99

Source: ING, Dealogic

Supply and Net Supply YTD



Source: ING, Dealogic



Corporate supply only €19bn in April, unsurprisingly lower than last year

- As is the norm for April there was little supply at just €19bn. This is in line with previous years except for last year which saw over €66bn as the rush to finance on the back of the crisis had begun. Net supply remained positive at just €3bn as redemptions totalled €16bn for the month. Supply on a YTD basis is now sitting at €126bn, which is still on the higher side compared to previous years. However, we are seeing a growing difference versus the substantial supply last year of €181bn YTD.
- The majority of supply in April came from the Consumer and Industrial & Chemical sectors, with €6bn and €7bn respectively. Interestingly, the Autos and Utilities sectors saw a notable negative net supply as redemptions of €3bn exceed the €1bn in supply in both cases. Corporate hybrids have seen relatively substantial supply this year thus far, already amounting to €17bn, running ahead of the €6bn YTD from 2020. Already this has exceeded many previous full year figures. Increased Corporate hybrids supply was certainly expected as many corporates issue them for rating defence.
- Over April, Reverse Yankee supply amounted to €2.8bn. On a YTD basis, Reverse Yankee supply is sitting at €13.5bn, down versus €18bn last year YTD. Nonetheless, we still expect substantial Reverse Yankee supply. We expect this to be driven by USD underperformance later this year, resulting in a wider USD EUR spread differential particularly in the 5yr area. When combined with the tight Cross Currency basis swap the 3m vs 6m roll offers an attractive cost saving for US corporates issuing in Euro.

2021 YTD financial supply runs closely to previous YTD levels

- Financial supply (excluding covered bonds) amounted to €15bn during the month of April, falling €5bn short of April 2020 supply. The 2021 YTD financial supply now aggregates to €99bn for the first four months of 2021, close to the 2020 YTD level of €103bn. We especially note that supply from financial services companies nearly doubled (€21bn in 2021 YTD vs €11bn in 2020 YTD).
- ESG financial supply totals €17.6bn YTD, which is almost five times the 2020 YTD level (€3.6bn). Covered bond supply has been notably low this year, sitting at €30bn YTD versus €60bn pencilled in by this time last year.
- With redemptions of €16bn in April, net supply was negative at €1bn. Redemptions will be somewhat similar in May. However, we note a significant jump in bank capital redemptions (€6.6bn in May vs €0.9bn in April), therefore we might expect higher supply in this bond category.

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Fig 1 Euro corporate supply overview (€bn)

	2017	2018	2019	2020	2020 Apr	2021 Mar	2021 Apr	2020 YTD	2021 YTD	% diff
Auto	57	53	55	39	3	6	1	15	13	-11
Consumer	41	25	37	67	13	6	7	40	15	-62
Healthcare	21	36	52	39	2	3	-	10	7	-27
Industrial & Chemicals	55	36	56	73	14	6	7	32	21	-34
Real Estate	26	28	32	40	4	5	0	13	19	44
TMT	49	42	74	67	5	9	2	29	20	-32
Utility	58	44	59	99	23	9	1	37	25	-33
Others	17	18	28	17	3	1	1	5	5	17
Corporate Hybrid	13	19	22	42	-	4	2	6	17	199

Source: ING, Dealogic

Fig 2 Euro financial supply overview (€bn)

	2017	2018	2019	2020	2020 Apr	2021 Mar	2021 Apr	2020 YTD	2021 YTD	% diff
Bank Senior	144	165	174	138	20	16	10	75	60	-20
of which Bail-in	65	60	82	77	11	4	4	47	28	-41
of which Pref	79	105	92	62	9	12	6	28	32	17
Bank Capital	38	21	31	40	-	5	2	12	12	5
Finance	31	27	41	34	3	5	2	11	21	95
Insurance	12	12	22	21	2	3	1	6	6	3
Covered	129	150	151	101	9	7	7	60	30	-49

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	8.5	392.7
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	33.2	28.5	45.0	19.2									125.9
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	-1.5	221.0
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	11.0	12.5	14.1	3.0									40.6

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	30.4	13.0	7.2	12.1	26.3	13.9	21.0	4.0	226.0
2018	27.4	20.8	33.7	22.0	13.1	11.5	25.4	20.5	24.6	6.4	19.3	1.2	225.8
2019	27.6	25.7	21.9	26.0	18.9	33.7	14.5	14.5	27.0	25.2	28.5	5.2	268.7
2020	45.4	18.7	14.7	24.3	24.8	27.9	13.2	8.7	13.2	16.6	22.5	3.1	232.8
2021	25.3	30.7	28.4	14.7									99.1
Net Supply	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2017	-9.3	-8.0	-5.3	0.6	4.4	-6.0	-12.5	-0.8	-0.1	-9.7	7.5	-4.7	-43.8
2018	-0.5	1.0	7.5	5.6	-3.6	-3.7	15.0	16.1	13.0	-5.0	7.0	-7.9	44.5
2019	5.3	12.5	0.2	6.0	0.3	18.5	3.9	2.2	5.9	10.6	15.8	-1.0	80.1
2020	21.2	-0.9	-2.6	9.6	14.5	6.7	-3.5	-3.1	-3.5	11.3	0.2	-8.3	41.6
Redemptions	21.3	14.9	19.7	15.0	9.8	13.3	8.3	5.6	26.1	10.6	15.2	9.3	169.1
2021	4.0	15.7	8.7	-0.2									28.2

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	1.7	6.1	1.0									13.2
Consumer	0.8	1.3	6.1	6.9									15.0
Healthcare	4.0	0.7	2.7	0.0									7.3
Industrial	4.8	4.1	5.7	6.7									21.3
Real Estate	8.7	4.9	5.0	0.4									19.0
TMT	0.8	7.9	9.2	2.1									19.9
Utility	7.4	7.5	8.9	0.9									24.7
Others	2.3	0.5	1.4	1.3									5.4
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	13.8	19.9	16.3	10.1									60.2
of which NPS	7.0	12.6	4.1	4.3									27.9
of which Pref	6.8	7.4	12.2	5.8									32.3
Bank Capital	4.0	1.3	5.0	1.8									12.1
Finance	5.9	8.2	4.6	2.1									20.7
Insurance	1.5	1.0	2.6	0.8									5.9
Covered	13.5	2.2	7.4	7.3									30.4
Redemptions	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Bank Senior	17.8	13.1	16.9	12.2	6.0	8.4	6.9	5.0	22.9	8.3	11.5	6.7	135.9
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	11.6	15.4	12.2	5.0	7.7	6.4	5.0	22.3	6.5	9.7	4.6	122.4
Bank Capital	1.3	3.5	1.8	0.9	6.6	3.5	1.0	0.0	4.5	1.3	0.3	0.6	25.1
Finance	3.5	1.0	2.6	2.7	2.2	2.7	1.4	0.2	1.9	1.5	2.9	1.9	24.3
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	63.2	131.6	93.6	38.0	2010	149.4	319.3	351.4	-32.1
2011	38.3	109.2	107.5	1.7	2011	130.0	204.8	387.3	-182.5
2012	69.5	222.1	111.0	111.1	2012	84.6	201.7	412.0	-210.3
2013	86.4	235.7	141.2	94.4	2013	84.0	204.5	341.0	-136.5
2014	91.9	267.7	165.7	102.1	2014	112.0	268.0	322.7	-54.7
2015	136.3	276.3	122.5	153.9	2015	119.0	257.4	320.0	-62.6
2016	123.4	308.0	144.5	163.5	2016	121.4	234.6	262.0	-27.5
2017	108.9	324.2	155.3	168.9	2017	99.3	226.0	269.8	-43.8
2018	109.8	281.9	157.8	124.1	2018	105.5	225.8	181.3	44.5
2019	121.7	392.7	171.8	221.0	2019	103.8	268.7	188.6	80.1
2020	180.8	441.8	204.7	237.1	2020	103.0	232.8	191.2	41.6
2021	125.9	125.9	214.4		2021	99.1	99.1	169.1	
2022			223.7		2022			211.3	
2023			234.3		2023			175.4	

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	0.0	0.5	0.8									2.0
T2	1.8	0.8	4.5	1.1									8.1
Bank Capital	2.5	0.8	5.0	1.8									10.1
Corp Hybrids	6.9	4.2	4.2	1.9									17.1

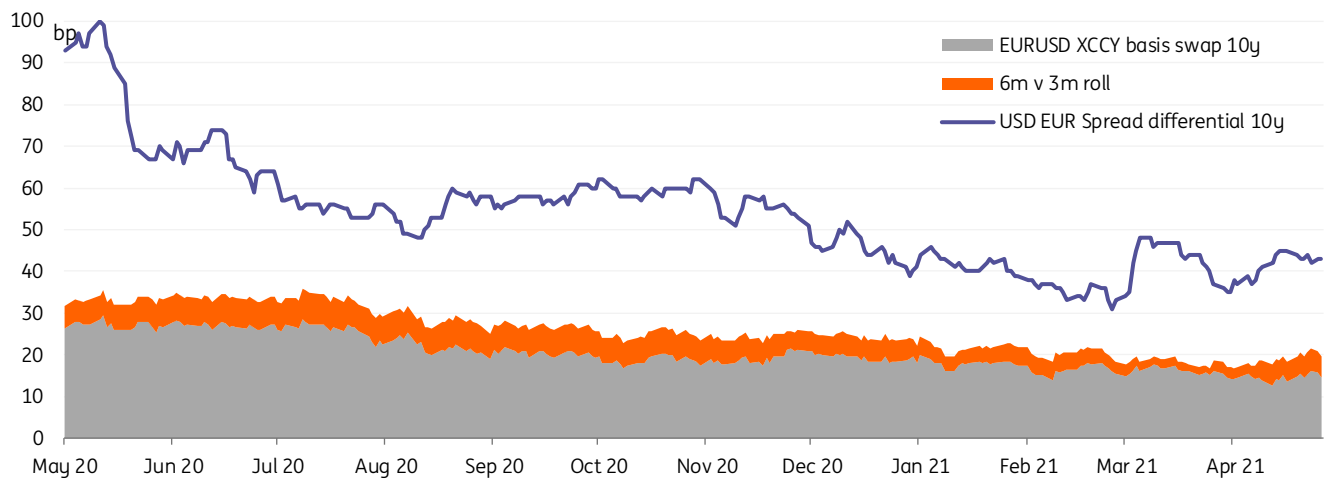
Source: ING, Dealogic

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	5.2	11.7	2.8									21.2
Financial	2.4	2.1	3.8	5.3									13.5
Total	3.9	7.3	15.5	8.1									34.7

Source: ING, Dealogic

Fig 10 Cross currency basis swap and 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	70.9	9.0	2010	238.7	118.5	18.1
2011	85.6	92.3	6.4	2011	165.9	89.3	5.7
2012	158.8	140.3	16.6	2012	156.2	57.9	7.5
2013	154.6	113.4	32.5	2013	144.9	77.9	14.4
2014	159.4	114.3	42.9	2014	174.0	127.2	33.8
2015	149.5	109.3	61.9	2015	145.7	130.3	28.7
2016	182.2	116.1	65.6	2016	133.4	116.4	45.2
2017	193.9	107.0	63.6	2017	131.3	116.8	34.5
2018	181.3	139.2	31.4	2018	127.1	144.4	17.6
2019	238.1	96.7	99.3	2019	175.7	98.7	28.8
2020	284.2	117.8	67.4	2020	150.6	125.8	23.5
2021 YTD	67.6	30.7	21.2	2021 YTD	54.2	53.0	13.5

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	3.6	5.4	7.9	1.2									18.0
Social	0.0	0.0	0.2	0.0									0.2
Sustainable	0.0	1.0	0.5	0.6									2.1
ESG	3.6	6.4	8.5	1.8									20.3
Financial	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Green	0.5	4.8	5.1	1.6									12.0
Social	1.3	1.0	0.5	0.0									2.8
Sustainable	0.8	0.0	2.1	0.0									2.9
ESG	2.5	5.8	7.7	1.6									17.6
Covered	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Green	1.5	0.0	1.0	0.0									2.5
Social	0.5	0.0	0.5	0.0									1.0
Sustainable	0.0	0.0	0.0	0.0									0.0
ESG	2.0	0.0	1.5	0.0									3.5

Source: ING, Dealogic

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

Corporate	2017	2018	2019	2020	2021	2017 YTD	2018 YTD	2019 YTD	2020 YTD	2021 YTD
Green	17.9	12.2	29.4	34.9	18.0	4.9	5.1	8.5	13.3	18.0
Social	0.0	0.3	2.5	1.3	0.2	0.0	0.3	0.0	0.0	0.2
Sustainable	0.0	0.0	0.9	2.6	2.1	0.0	0.0	0.3	1.1	2.1
ESG	17.9	12.5	32.8	38.8	20.3	4.9	5.4	8.7	14.4	20.3
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	12.0	1.0	3.3	7.5	2.6	12.0
Social	0.0	1.3	2.8	4.8	2.8	0.0	0.0	0.0	1.0	2.8
Sustainable	0.1	0.8	2.1	1.8	2.9	0.0	0.8	0.1	0.0	2.9
ESG	8.5	14.9	26.7	24.6	17.6	1.0	4.1	7.5	3.6	17.6
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	2.5	0.0	1.0	0.0	1.3	2.5
Social	0.3	1.0	2.0	2.5	1.0	0.0	0.0	1.0	2.0	1.0
Sustainable	0.0	0.5	0.0	0.6	0.0	0.0	0.5	0.0	0.0	0.0
ESG	1.3	6.0	6.5	8.2	3.5	0.0	1.5	1.0	3.3	3.5

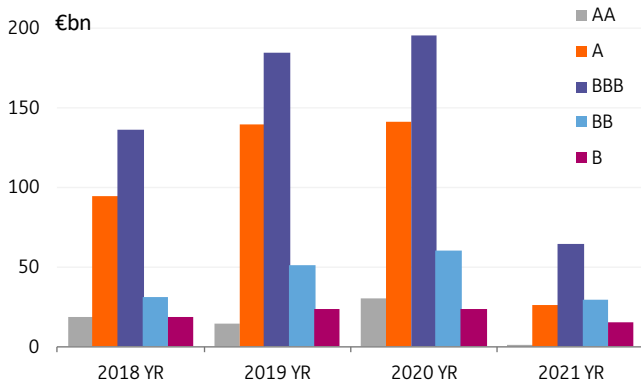
Source: ING, Dealogic

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	3.1	1.4	1.6	1.0									7.0
Corp 3-6yr	3.9	3.1	7.6	2.8									17.4
Corp 6-9yr	8.8	9.2	13.3	5.4									36.7
Corp 9-12yr	6.9	6.0	8.9	2.0									23.8
Corp 12yrs+	10.5	8.8	13.7	8.1									41.0
Fin 0-3yr	0.6	0.8	0.4	4.8									6.6
Fin 3-6yr	3.3	5.9	8.0	1.8									19.0
Fin 6-9yr	7.5	12.0	5.7	5.1									30.2
Fin 9-12yr	9.3	9.9	8.3	1.6									29.1
Fin 12yrs+	4.6	2.0	6.1	1.5									14.3

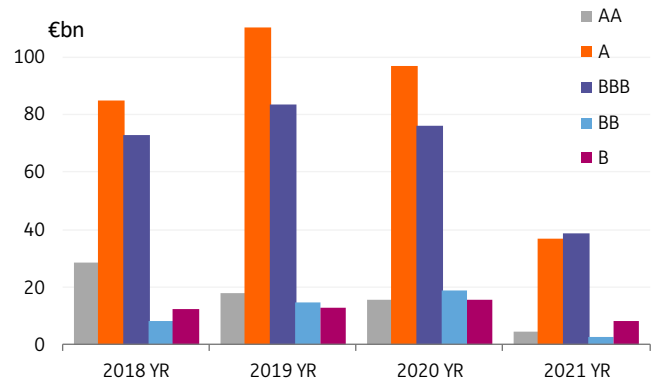
Source: ING, Dealogic

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



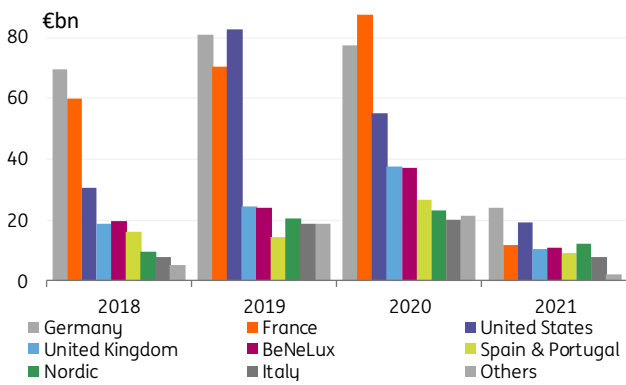
Source: ING, Dealogic

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



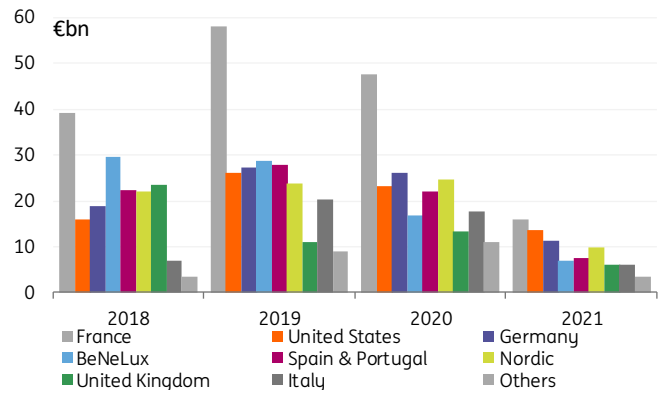
Source: ING, Dealogic

Fig 17 Corporate supply per country (€bn)



Source: ING, Dealogic

Fig 18 Financial supply per country (€bn)



Source: ING, Dealogic

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