

2 February 2022
Credit Strategy

Supply for January (€bn)

	Corporates	Financials
January	36.3	33.9

Source: ING, Dealogic

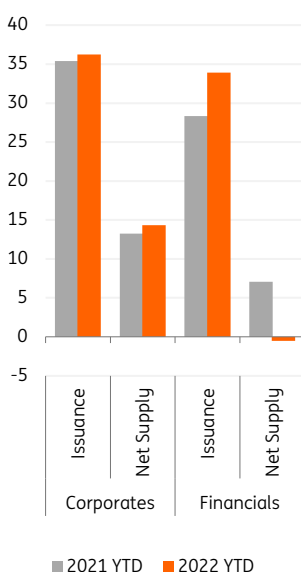
Supply FY and YTD (€bn)

Corporates	FY	YTD
2016	308	9
2017	324	31
2018	282	31
2019	393	34
2020	444	29
2021	337	41
2022	37	37

Financials	FY	YTD
2016	235	28
2017	228	37
2018	226	29
2019	268	29
2020	234	45
2021	265	30
2022	37	37

Source: ING, Dealogic

Supply and Net Supply YTD



Euro Credit Supply

Lower corporate supply; higher financial supply in 2022



Substantial corporate supply in week 2, driven by Real Estate

- Corporate supply amounted to €36bn in January, to kick start the year. This was mainly pushed by the substantial level of supply coming in week 2, a total of €20bn. This was met with an increase in ECB activity, helping to subdue the widening induced by supply indigestion. The Real Estate sector was very notable in January, pencilling in €13bn in supply. On the back of the large supply in Real Estate last year and again last month, demand is beginning to slip slightly, with NIP needing to be significant at up to 25-30bp, notably higher than other sectors.
- We forecast lower supply for this year, at around €290bn on the back of recent pre-funding, high levels of cash on the balance sheet, less need for rating defence in hybrids, robust loan issuance, manageable M&A and only mildly attractive funding opportunities for foreign issuers. Already redemptions were higher in 2021, resulting in a drop in net supply to €122bn, which played into the strong technical picture seen in 2021. Redemptions are higher again in 2022, pencilled in at €223bn. Therefore, we expect net supply to drop by half of 2021's figure, to around the €67bn mark, a 10-year low.
- We expect supply will be concentrated in the belly of the curve in 2022. The long end will become unattractive on the back of rising and steepening rates, and thus issuers will be inclined towards the belly. This may cause some supply indigestion at times, but we ultimately remain constructive and favour the short end to belly of the curve.

Financial supply forecasted to rise and reach up to €290bn in 2022

- Financials supply totalled €34bn in January, of which €24bn was bank supply. Covered bonds had a very strong start to the year with supply totalling €29bn, double that of last year. On the back of no further easing of TLTRO conditions, we expect to see financial supply increase in 2022 versus last year. However, we consider that bank bond supply will still continue to be limited by the TLTRO-III programme as the programme offers banks funding until end-2024.
- We forecast financial supply to increase up to €290bn this year. The increase is driven particularly by higher issuance in senior unsecured debt. We forecast covered bond supply to hit €110bn in 2022.

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Fig 1 Euro corporate supply overview (€bn)

	2018	2019	2020	2021	2021 Jan	2021 Dec	2022 Jan	2021 YTD	2022 YTD	% diff
Auto	53	55	39	32	5	0	5	5	5	3%
Consumer	25	37	67	38	1	0	0	1	0	-100%
Healthcare	36	52	39	22	4	0	0	4	0	-100%
Industrial & Chemicals	36	56	74	53	5	0	3	5	3	-47%
Real Estate	28	32	39	60	9	1	13	10	13	25%
TMT	42	74	67	39	1	3	2	2	3	54%
Utility	34	46	52	52	3	0	9	5	9	66%
Others	18	28	20	27	5	0	3	5	3	-33%
Corporate Hybrid	19	22	42	35	7	0	2	9	2	-76%

Source: ING, Dealogic

Fig 2 Euro financial supply overview (€bn)

	2018	2019	2020	2021	2021 Jan	2021 Dec	2022 Jan	2021 YTD	2022 YTD	% diff
Bank Senior	165	174	138	145	15	1	24	17	27	60%
of which Bail-in	60	82	77	51	7	0	11	8	11	43%
of which Pref	105	92	62	94	8	1	14	9	15	77%
Bank Capital	21	31	40	39	4	0	2	4	2	-39%
Financial Services	27	40	36	60	8	2	5	8	5	-43%
Insurance	12	22	20	21	1	0	2	1	3	188%
Covered	150	151	101	101	14	3	29	14	29	106%

Note: Dealogic sorts some Banks into the Financial Services sector

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
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	49.4	68.8	62.1	62.9	21.8	6.6	49.6	28.7	21.7	8.7	444.3
2021	35.4	28.4	44.8	19.8	35.6	37.0	10.1	18.3	43.8	26.3	32.8	4.4	336.6
2022	36.3												36.3
Net Supply	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
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	19.1	52.7	40.6	52.6	5.0	-1.6	29.3	13.4	-3.7	-1.6	240.2
2021	13.3	12.4	13.9	3.6	18.0	18.5	-2.3	8.6	24.0	8.6	13.4	-9.7	122.2
Redemptions	21.9	17.2	28.5	18.0	18.5	25.3	14.6	7.0	27.4	10.4	21.8	12.6	223.3
2022	14.3												14.3

Redemptions shown for 2022 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
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	27.9	5.2	268.1
2020	45.2	18.6	14.7	26.1	24.8	27.9	13.2	8.7	13.2	16.6	22.5	2.6	233.9
2021	28.3	32.4	28.6	15.0	29.8	23.1	5.5	12.2	36.8	21.9	28.7	3.1	265.5
2022	33.9												33.9
Net Supply	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
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	15.2	-1.0	79.5
2020	21.0	-1.0	-2.6	10.8	14.5	6.7	-3.5	-3.1	-3.5	11.3	0.2	-8.7	42.1
2021	7.1	17.5	8.9	0.1	20.0	9.8	-2.9	6.6	10.7	11.3	13.5	-6.2	96.3
Redemptions	34.4	20.7	23.2	17.8	13.8	14.4	11.0	10.0	24.5	16.9	12.4	12.0	211.0
2022	-0.5												-0.5

Covered Bonds excluded from aggregate throughout

Redemptions shown for 2022

Source: ING, Dealogic

Fig 5 Corporate supply and redemptions by month, 2022 (€bn)

Supply	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Autos	5.2												5.2
Consumer	0.0												0.0
Healthcare	0.0												0.0
Industrial	2.5												2.5
Real Estate	12.6												12.6
TMT	2.1												2.1
Utility	9.1												9.1
Others	3.1												3.1
Redemptions	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Autos	3.6	2.0	2.0	4.2	2.5	3.3	2.8	2.4	5.3	0.1	3.2	0.8	31.9
Consumer	0.6	4.3	3.6	1.2	2.2	0.7	1.1	1.7	2.8	0.0	3.4	0.8	22.5
Healthcare	2.5	1.3	2.9	0.7	0.2	2.4	0.6	0.0	1.4	0.0	2.4	2.9	17.1
Industrial	4.7	2.1	5.0	1.3	5.0	3.6	3.5	1.4	2.8	2.3	2.1	2.9	36.7
Real Estate	2.0	0.2	0.7	0.9	1.8	1.2	1.2	0.5	1.6	2.6	1.3	1.0	15.1
TMT	2.1	3.1	5.8	3.1	3.1	8.2	3.2	0.8	3.0	0.9	2.7	2.6	38.4
Utility	5.9	3.2	2.9	1.8	1.5	4.5	1.5	0.0	5.9	3.0	3.5	0.1	33.7
Others	0.5	1.2	1.1	0.9	1.0	1.4	0.7	0.2	2.3	1.0	1.9	1.6	13.6

Source: ING, Dealogic

Fig 6 Financial supply and redemptions by month, 2022 (€bn)

Supply	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Bank Senior	24.5												24.5
of which NPS	10.8												10.8
of which Pref	13.7												13.7
Bank Capital	2.5												2.5
Financial Services	4.7												4.7
Insurance	2.3												2.3
Covered	28.6												28.6
Redemptions	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Bank Senior	32.2	15.6	19.0	16.7	8.6	9.0	8.1	9.2	20.7	9.4	10.9	7.5	166.9
of which NPS	3.0	6.0	5.8	4.3	1.4	0.3	0.0	0.8	9.0	0.0	1.5	0.0	32.1
of which Pref	29.2	9.6	13.1	12.5	7.2	8.7	8.1	8.4	11.7	9.4	9.4	7.5	134.8
Bank Capital	1.0	2.5	3.8	4.5	0.0	2.1	1.2	0.0	3.0	2.8	3.1	1.3	25.0
Financial Services	1.4	3.1	2.1	0.3	2.6	4.2	1.2	0.8	1.8	5.4	0.8	3.3	26.8
Insurance	0.9	1.5	0.8	0.7	2.5	1.0	0.8	0.0	1.0	0.0	0.0	0.0	9.0
Covered	34.5	9.7	20.9	11.1	6.1	12.2	10.3	5.1	20.3	7.9	7.7	4.0	149.7

Source: ING, Dealogic

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

Corporates	YTD	FY	Reds	Net	Financials	YTD	FY	Reds	Net
2011	13.0	109.2	107.5	1.7	2011	37.7	204.9	387.2	-182.4
2012	23.5	222.1	111.0	111.1	2012	33.6	201.7	412.0	-210.3
2013	23.9	235.1	141.2	93.8	2013	39.4	205.1	341.0	-135.9
2014	25.4	267.7	165.7	102.1	2014	33.4	266.5	322.7	-56.2
2015	23.8	276.3	122.1	154.2	2015	48.1	257.4	320.2	-62.8
2016	8.8	308.0	144.5	163.5	2016	27.9	235.4	262.0	-26.6
2017	31.4	324.3	155.3	169.0	2017	37.4	227.6	269.8	-42.2
2018	30.7	281.9	157.8	124.1	2018	29.2	225.8	181.3	44.5
2019	34.3	392.7	171.8	221.0	2019	28.9	268.1	188.6	79.5
2020	28.7	444.3	204.1	240.2	2020	45.2	233.9	191.9	42.1
2021	40.6	336.6	214.4	122.2	2021	30.1	265.5	169.2	96.3
2022	37.0	37.0	223.3	2022	36.8	36.8	211.0		
2023			245.3	2023			183.6		
2024			246.6	2024			164.2		

Source: ING, Dealogic

Fig 8 Subordinated supply, 2021 and 2022 (€bn)

2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
AT1	0.8	0.2	0.5	0.8	2.3	1.9	0.1	0.0	2.5	0.0	2.5	0.0	11.4
T2	1.8	0.8	4.5	1.1	3.5	2.8	0.1	1.8	2.1	2.8	3.9	0.0	24.9
Bank Capital	2.5	1.0	5.0	1.8	5.7	4.6	0.2	1.8	4.6	2.8	6.4	0.0	36.3
Corp Hybrids	6.9	4.2	4.2	1.9	4.7	2.0	0.3	2.5	5.6	0.6	2.6	0.0	35.2
2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
AT1	0.2												0.2
T2	2.3												2.3
Bank Capital	2.5												2.5
Corp Hybrids	2.1												2.1

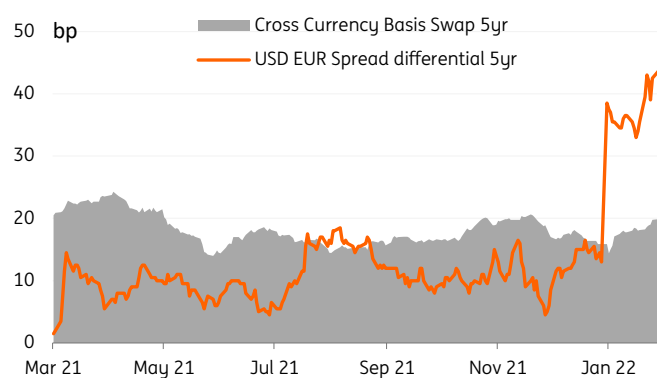
Source: ING, Dealogic

Fig 9 Reverse Yankee supply, 2021 and 2022 (€bn)

2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Corporate	2.1	5.2	11.7	2.8	4.5	0.1	0.5	3.7	13.9	9.7	5.4	0.0	59.4
Financial	3.4	3.6	3.8	5.3	4.6	0.9	0.6	0.4	6.0	6.8	3.8	0.0	39.1
Total	5.5	8.8	15.5	8.1	9.1	1.0	1.1	4.1	19.9	16.5	9.2	0.0	98.5
2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Corporate	2.1												2.1
Financial	0.8												0.8
Total	2.9												2.9

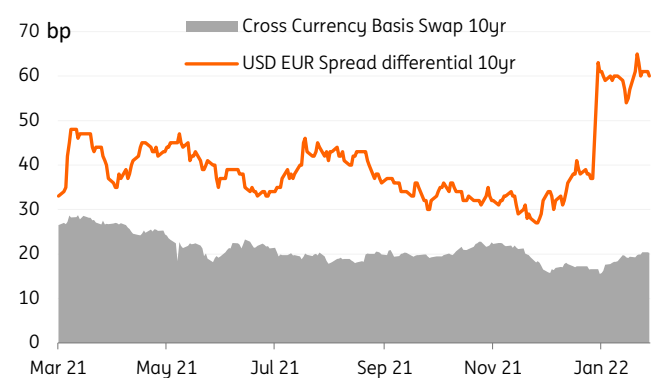
Source: ING, Dealogic

Fig 10 XCCY 5yr



Source: ING, ICE, Refinitiv

Fig 11 XCCY 10yr



Source: ING, ICE, Refinitiv

Fig 12 European, Yankee and Reverse Yankee supply (€bn)

Corporates	European	Yankee (US\$)	Rev Yankee	Financials	European	Yankee (US\$)	Rev Yankee
2011	85.6	92.0	6.4	2011	165.9	89.3	5.7
2012	158.8	140.6	16.6	2012	156.2	57.9	7.5
2013	154.5	112.7	32.5	2013	144.9	77.5	14.4
2014	159.4	114.1	42.9	2014	173.9	125.4	32.3
2015	149.3	109.3	62.1	2015	145.7	128.0	28.7
2016	181.9	114.5	65.9	2016	133.4	115.0	46.1
2017	192.5	102.4	65.2	2017	131.3	113.9	35.8
2018	181.2	131.6	31.6	2018	124.3	133.0	20.4
2019	238.1	97.1	99.3	2019	175.6	96.2	28.3
2020	285.8	116.6	68.3	2020	151.8	124.9	24.3
2021	188.8	93.9	59.4	2021	139.5	168.1	39.1
2022	21.8	5.9	2.1	2022	25.7	29.0	3.1

Source: ING

Fig 13 ESG supply per month 2022 (€bn)

Corporate	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Green	9.0												9.0
Social	0.7												0.7
Sustainable	0.5												0.5
ESG	10.2												10.2
Financial	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Green	4.4												4.4
Social	1.0												1.0
Sustainable	0.3												0.3
ESG	5.7												5.7
Covered	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Green	0.0												0.0
Social	0.0												0.0
Sustainable	0.0												0.0
ESG	0.0												0.0

Source: ING, Dealogic - classified as ESG under Dealogic

Fig 14 ESG supply per year and YTD (€bn)

Corporate	2018	2019	2020	2021	2022	2018 YTD	2019 YTD	2020 YTD	2021 YTD	2022 YTD
Green	12.2	29.4	34.9	56.0	9.0	2.3	5.1	6.5	5.6	9.0
Social	0.3	0.0	1.3	3.5	0.7	0.0	0.0	0.0	0.0	0.7
Sustainable	0.0	0.9	2.6	6.1	0.5	0.0	0.0	0.5	0.0	0.5
ESG	12.5	30.3	38.8	65.6	10.2	2.3	5.1	7.0	5.6	10.2
Financial	2018	2019	2020	2021	2022	2018 YTD	2019 YTD	2020 YTD	2021 YTD	2022 YTD
Green	12.9	21.8	17.9	42.5	5.0	0.6	2.0	0.8	1.5	5.0
Social	1.3	2.8	4.8	7.5	1.0	0.0	0.0	0.0	1.3	1.0
Sustainable	0.8	2.1	1.8	5.5	0.3	0.0	0.0	0.0	0.8	0.3
ESG	14.9	26.7	24.6	55.5	6.3	0.6	2.0	0.8	3.5	6.3
Covered	2018	2019	2020	2021	2022	2018 YTD	2019 YTD	2020 YTD	2021 YTD	2022 YTD
Green	4.5	4.5	5.1	10.8	0.0	1.0	0.0	1.3	1.5	0.0
Social	1.0	2.0	2.5	4.8	0.0	0.0	0.0	1.0	0.5	0.0
Sustainable	0.5	0.0	0.6	0.7	0.0	0.0	0.0	0.0	0.0	0.0
ESG	6.0	6.5	8.2	16.3	0.0	1.0	0.0	2.3	2.0	0.0

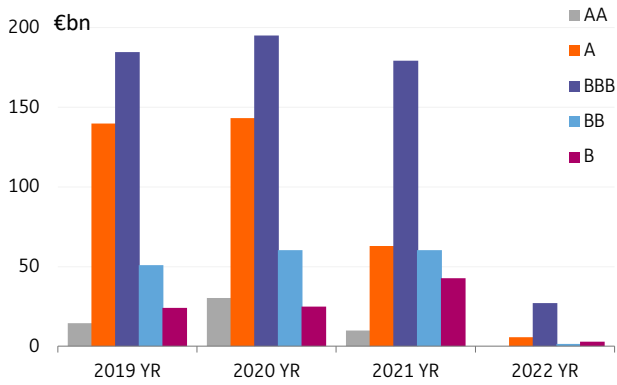
Source: ING, Dealogic - classified as ESG under Dealogic

Fig 15 Investment grade issuance by maturity, 2021 and 2022 (US\$bn)

2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2020
Corp 0-3yr	3.6	1.4	1.1	1.2	2.0	2.5	1.4	1.5	1.0	3.7	5.2	0.0	24.5
Corp 3-6yr	3.9	2.9	7.7	2.9	7.5	6.5	1.0	3.6	5.2	2.3	5.0	1.9	50.4
Corp 6-9yr	9.5	9.2	13.4	5.6	13.3	12.7	3.5	5.7	13.3	7.4	9.7	1.1	104.3
Corp 9-12yr	6.9	6.0	8.9	2.0	5.4	4.2	3.1	2.5	9.0	3.3	4.1	0.3	55.5
Corp 12yrs+	11.5	8.8	13.8	8.1	7.6	11.1	1.1	5.0	15.3	9.7	8.9	1.1	101.9
Fin 0-3yr	1.0	0.8	0.4	4.9	1.7	2.1	0.6	1.8	2.1	0.8	4.8	0.0	20.9
Fin 3-6yr	3.3	5.9	8.0	1.8	5.7	2.4	0.4	2.1	6.0	5.0	8.9	1.5	51.0
Fin 6-9yr	8.2	12.0	5.7	5.1	8.8	10.5	3.1	5.2	16.6	4.1	5.7	1.0	86.0
Fin 9-12yr	9.9	9.9	8.3	1.7	8.6	3.3	0.7	1.1	5.5	5.3	4.2	0.2	58.7
Fin 12yrs+	6.0	3.7	6.1	1.5	5.1	5.0	0.7	2.0	6.6	6.7	5.0	0.5	48.9
2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Corp 0-3yr	5.0												5.0
Corp 3-6yr	7.9												7.9
Corp 6-9yr	9.2												9.2
Corp 9-12yr	5.6												5.6
Corp 12yrs+	8.6												8.6
Fin 0-3yr	4.6												4.6
Fin 3-6yr	7.0												7.0
Fin 6-9yr	12.9												12.9
Fin 9-12yr	4.1												4.1
Fin 12yrs+	5.4												5.4

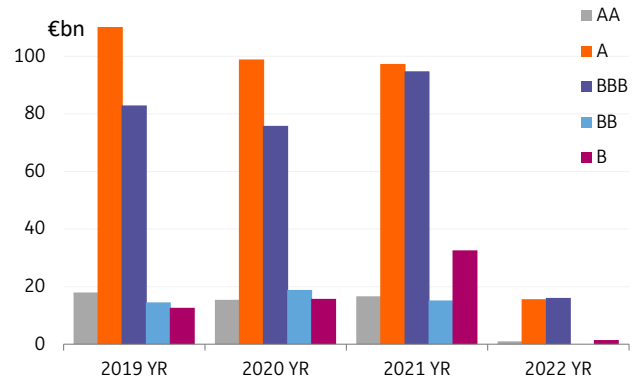
Source: ING, Dealogic

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



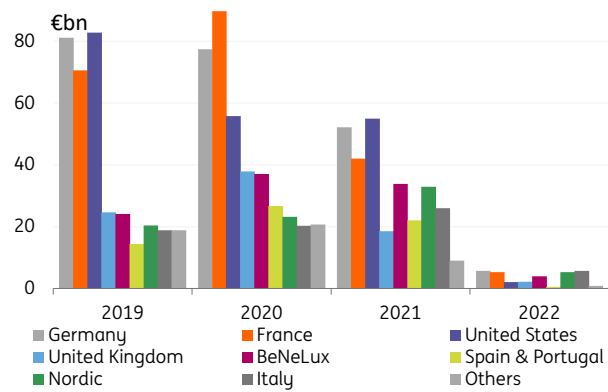
Source: ING, Dealogic

Fig 17 Financial supply per S&P rating (€bn)



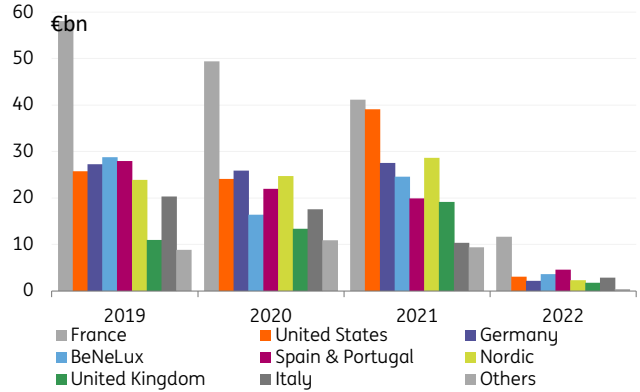
Source: ING, Dealogic

Fig 18 Corporate supply per country (€bn)



Source: ING, Dealogic

Fig 19 Financial supply per country (€bn)



Source: ING, Dealogic

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