

4 March 2021

Credit Strategy

Euro Credit Supply

Larger financial supply in February

Supply for January (€bn)

	Corp	Fin
February	26.0	31.0

Source: ING, Dealogic

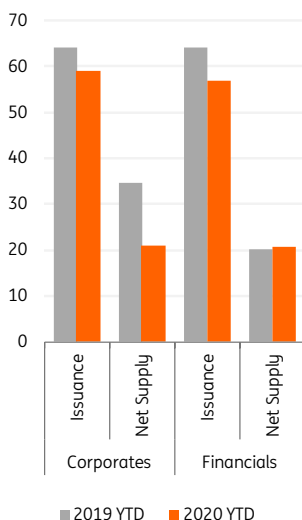
Supply FY & YTD (€bn)

Corporates	FY	YTD
2015	276.3	68.8
2016	308.0	45.0
2017	324.2	60.1
2018	281.9	46.7
2019	392.4	65.2
2020	441.8	67.2
2021	63.6	63.6

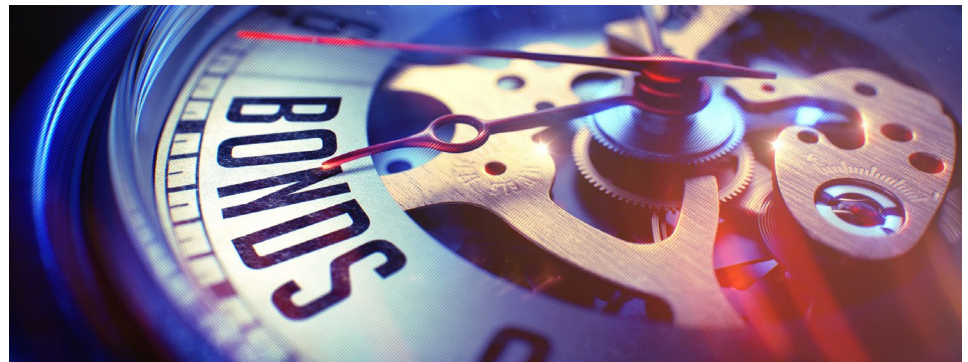
Financials	FY	YTD
2015	257.4	75.1
2016	232.9	54.6
2017	225.4	59.8
2018	225.0	52.9
2019	269.3	53.4
2020	233.1	64.1
2021	57.9	57.9

Source: ING, Dealogic

Supply and Net Supply YTD



Source: ING, Dealogic



Corporate supply long dated, and hybrids start year off big at €12bn

- Supply in February amounted to just €26bn - a slower month relative to the €35bn and €31bn of February 2020 and 2019, respectively. Nonetheless, net supply was positive at €10bn, after redemptions totalled €16bn. Sector developments see real estate and energy pencil in very large supply year-to-date relative to previous years, with €13bn and €16bn respectively.
- In 2021 thus far, 82% of supply has been in the 6-year maturity bucket and longer while 53% has been in the 9-year bucket and longer. Nonetheless, curves are also at historically flat levels and we expect more supply to target the long-end on the back of the current negative yield environment at the short end
- New issue premiums have been little to non-existent this year relative to this time last year (pre-crisis) when new issue premiums were strong. Many new issues have been priced through their curves. Despite this, demand has remained strong for new issues. However, investors are now becoming more sensitive to excessive tightening in new issues.
- Corporate hybrids' supply is up significantly to €12bn year-to-date versus €6bn last year and just €3bn in 2019. We forecast hybrid supply to reach at least €50bn, if not higher. Many corporates will issue hybrids for rating defence predominantly. Additionally, first call dates rise in 2021 and remain high for the coming years, suggesting a large amount of called hybrids and refinancing is then needed.

Rebound in February for financial supply, however covered supply remains low

- €30bn in financial bonds (excluding covered bonds) was supplied during the month of February, which is up on February 2020 and January 2021. Supply totals €58bn YTD, running behind 2020 YTD supply of €64bn. 2021 is lagging 2020 due to January 2020 being a very sizeable month pencilling in the largest monthly supply all year.
- Low supply for covered bonds in February with only €1.75bn was supplied, compared to €13bn in January 2021 and €9bn in February 2020. Making it the slowest month of February recorded in the past 25 years for covered bond supply.
- In January, we noted that 85% of the new issues were 6-year maturity and longer. The trend continued in February, albeit a tad lower with 78% issued in the 6-year+ maturity. Redemptions amounted to €18bn in February, leading to net supply of €12bn, up compared to -€0.3bn last month.

Timothy Rahill

Credit Strategist

Amsterdam +31 20 563 8170
timothy.rahill@ing.com

Julie Cichon

Sector Strategist, Financials

Amsterdam +31 20 563 8993
julie.cichon@ing.com

Fig 1 Euro corporate supply overview (€bn)

	2017	2018	2019	2020	2020 Feb	2021 Jan	2021 Feb	2020 YTD	2021 YTD	% Diff
Auto	57	53	55	39	3	5	1	8	6	-24%
Consumer	41	25	37	67	9	1	1	10	4	-62%
Healthcare	21	36	52	39	-	4	1	2	5	104%
Industrial & Chemicals	55	36	56	73	3	5	3	8	9	1%
Real Estate	26	28	32	40	2	9	5	9	13	56%
TMT	49	42	74	67	16	1	8	21	9	-58%
Utility	58	44	59	99	1	7	7	8	16	102%
Others	17	18	28	17	1	2	0	1	3	106%
Corporate Hybrid	13	19	22	42	4	7	4	6	12	105%

Source: ING, Dealogic

Fig 2 Euro financial supply overview (€bn)

	2017	2018	2019	2020	2020 Feb	2021 Jan	2021 Feb	2020 YTD	2021 YTD	% Diff
Bank Senior	144	165	174	138	11	14	20	43	35	-17%
of which Bail-in	65	60	82	77	8	7	13	29	20	-33%
of which Pref	79	105	92	62	3	7	8	14	16	15%
Bank Capital	38	21	31	40	4	4	1	12	6	-50%
Finance	31	27	42	34	3	6	8	6	14	116%
Insurance	12	12	22	21	1	2	1	3	3	-18%
Covered	129	150	151	101	9	13	2	42	16	-61%

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	33.1	26.0											59.1
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	10.9	10.0											20.9

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	31.0											56.9
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	16.1											20.7

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	1.4											5.9
Consumer	0.8	1.2											2.0
Healthcare	4.0	0.6											4.6
Industrial	4.8	2.7											7.5
Real Estate	8.7	4.6											13.3
TMT	0.8	7.9											8.7
Utility	7.4	7.3											14.7
Others	2.2	0.5											2.6
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	14.5	20.4											34.8
of which NPS	7.0	12.6											19.6
of which Pref	7.5	7.8											15.3
Bank Capital	4.0	1.3											5.3
Finance	5.9	8.1											14.0
Insurance	1.5	1.0											2.5
Covered	13.4	2.2											15.6
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	28.2	131.6	93.6	38.0	2010	83.2	319.3	351.3	-32.0
2011	22.8	109.2	107.5	1.7	2011	67.0	204.5	387.1	-182.6
2012	41.5	222.1	111.0	111.1	2012	62.3	200.3	412.0	-211.6
2013	36.0	235.7	141.2	94.4	2013	50.0	204.5	341.0	-136.5
2014	46.4	267.7	165.7	102.1	2014	57.1	267.5	322.3	-54.9
2015	68.8	276.3	122.5	153.9	2015	75.1	257.4	320.0	-62.5
2016	45.0	308.0	144.5	163.5	2016	54.6	232.9	261.7	-28.9
2017	60.1	324.2	155.3	168.9	2017	59.8	225.4	269.0	-43.6
2018	46.7	281.9	157.8	124.1	2018	52.9	225.0	180.8	44.3
2019	65.2	392.4	171.8	220.7	2019	53.4	269.3	188.1	81.2
2020	67.2	441.8	204.7	237.1	2020	64.1	233.1	191.2	41.9
2021	63.6	63.6	214.4		2021	57.9	57.9	168.8	
2022			223.2		2022			211.1	
2023			233.7		2023			174.9	

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											0.8
T2	1.8	0.8											2.5
Bank Capital	2.5	0.8											3.3
Corp Hybrids	6.9	4.2											11.0

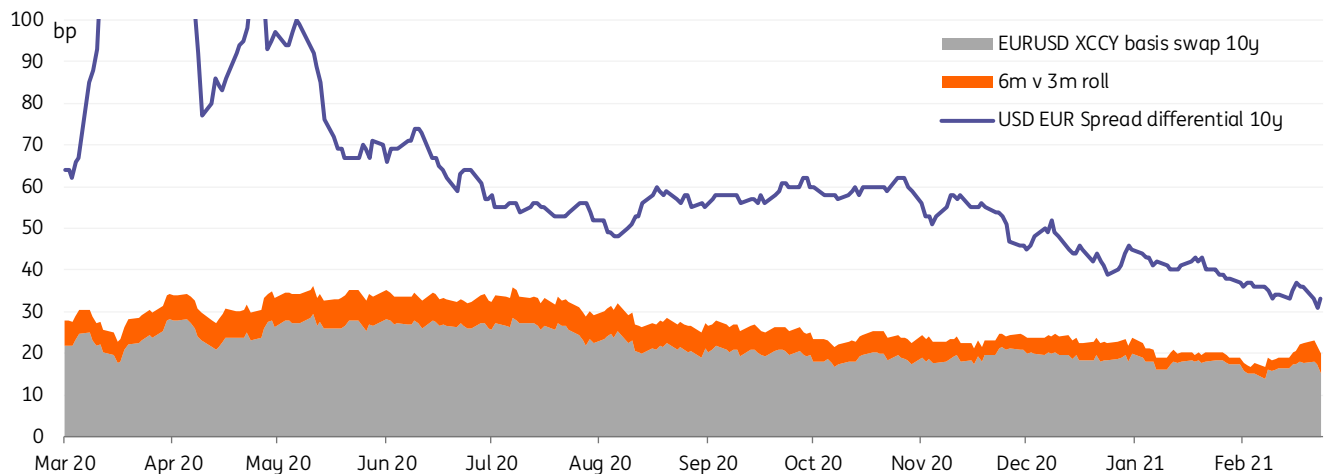
Source: ING, Dealogic

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											6.7
Financial	2.4	2.1											4.5
Total	3.9	7.3											11.2

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	35.5	8.7	8.7	2021 YTD	33.5	31.5	4.5

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	5.2											8.8
Social	0.0	0.0											0.0
Sustainable	0.0	1.0											1.0
ESG	3.6	6.2											9.8
Financial	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Green	0.5	4.8											5.3
Social	1.3	1.0											2.3
Sustainable	0.0	0.0											0.0
ESG	1.8	5.8											7.6
Covered	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Green	1.5	0.0											1.5
Social	0.5	0.0											0.5
Sustainable	0.0	0.0											0.0
ESG	2.0	0.0											2.0

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	29.4	34.9	8.8	2.4	2.6	6.2	8.3	8.8
Social	0.0	0.3	2.5	1.3	0.0	0.0	0.0	0.0	0.0	0.0
Sustainable	0.0	0.0	0.9	2.6	1.0	0.0	0.0	0.0	0.6	1.0
ESG	17.9	12.5	32.8	38.8	9.8	2.4	2.6	6.2	8.8	9.8
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	5.3	1.0	0.6	3.8	1.1	5.3
Social	0.0	1.3	2.8	4.8	2.3	0.0	0.0	0.0	1.0	2.3
Sustainable	0.1	0.8	2.1	1.8	0.0	0.0	0.8	0.0	0.0	0.0
ESG	8.5	14.9	26.7	24.6	7.6	1.0	1.3	3.9	2.1	7.6
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	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	1.0	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	1.0	2.3	2.0

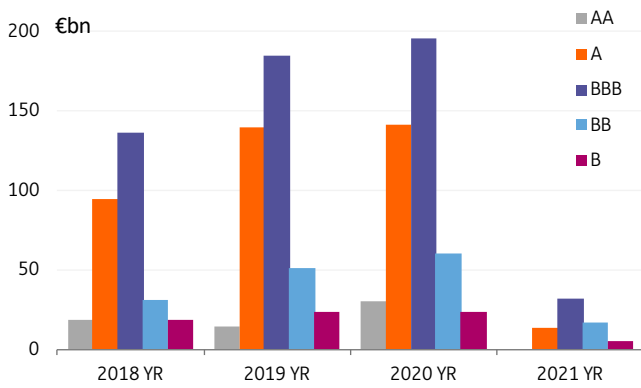
Source: ING, Dealogic

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	3.1	1.4											4.5
Corp 3-6yr	3.9	2.3											6.2
Corp 6-9yr	8.8	8.3											17.1
Corp 9-12yr	6.9	5.7											12.6
Corp 12yrs+	10.5	8.2											18.7
Fin 0-3yr	0.5	0.7											1.2
Fin 3-6yr	3.3	5.9											9.2
Fin 6-9yr	8.0	12.5											20.5
Fin 9-12yr	8.8	9.9											18.7
Fin 12yrs+	5.4	2.0											7.4

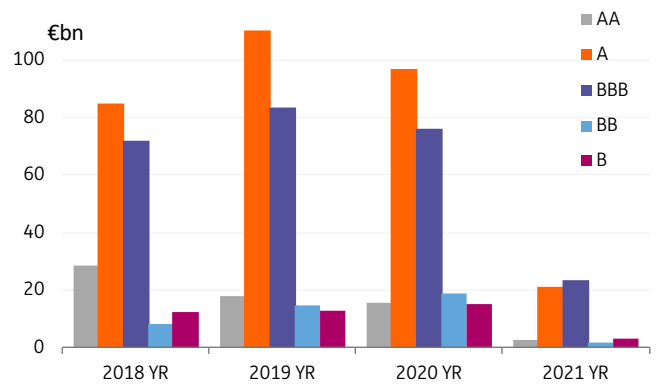
Source: ING, Dealogic

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



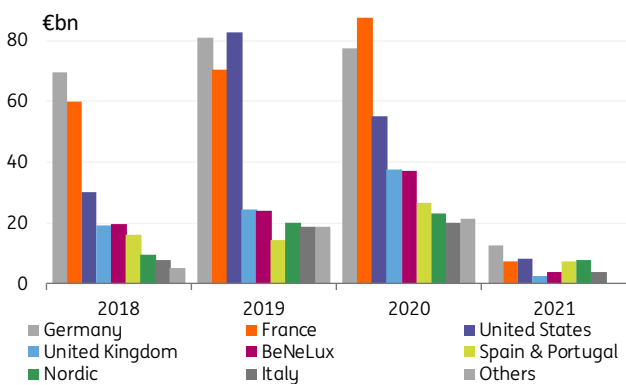
Source: ING, Dealogic

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



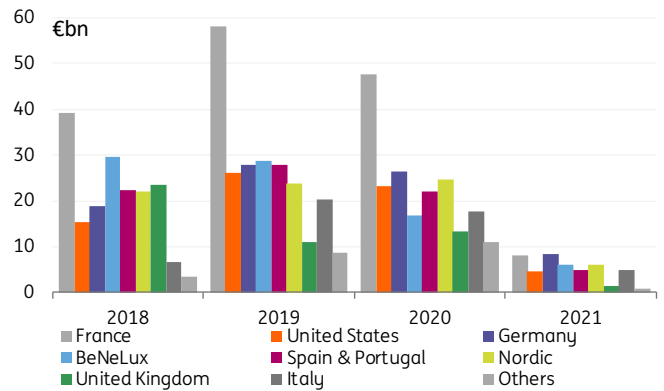
Source: ING, Dealogic

Fig 17 Corporate supply per country (€bn)



Source: ING, Dealogic

Fig 18 Financial supply per country (€bn)



Source: ING, Dealogic

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. (“**ING**”) solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies). The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is deemed authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. The nature and extent of consumer protections may differ from those for firms based in the UK. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority's website. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <https://www.ing.com>.