

5 April 2023

Credit Strategy

Supply for March (US\$bn)

	Corporates	Financials
March	68.7	25.6

Source: ING, Dealogic

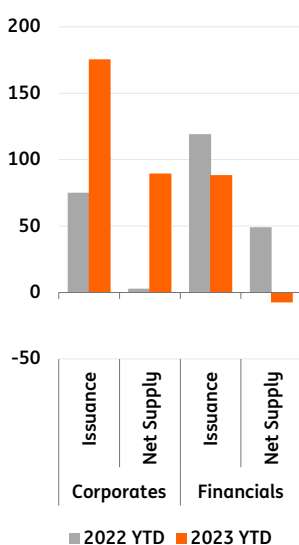
Supply FY and YTD (US\$bn)

Corporates	FY	YTD
2017	744	211
2018	655	184
2019	704	207
2020	1165	347
2021	723	242
2022	556	201
2023	245	245

Financials	FY	YTD
2017	425	141
2018	436	139
2019	365	125
2020	525	168
2021	576	152
2022	534	197
2023	114	114

Source: ING, Dealogic

Supply and Net Supply YTD



Source: Dealogic, ING

US Dollar Credit Supply

Market turmoil results in low supply



There could be more attractive reverse yankee opportunities

- Corporate supply of US\$69bn in March is down 46% compared to March last year. Net supply was flat at just US\$1bn, after redemptions of US\$68bn. On a YTD basis, supply is still higher than 2022 YTD and comparable with 2021 YTD, now sitting at US\$245bn, after a pretty heavy month of supply in February.
- Utilities and Consumers are among the sectors with a significant increase in issues compared to the previous year. There was twice the amount issued in Consumers YTD, US\$30bn compared to the previous year's US\$15bn. Utilities saw an increase of 80% from US\$30bn in the first quarter of 2022, to US\$54bn at the same time in 2023.
- The equation may be changing for reverse yankee supply, with more attractive swapping conditions for US issuers resulting from USD credit underperformance versus EUR credit. The USD EUR spread differential has jumped wider in the past few weeks. However, the cross-currency basis swap has widened slightly in the initial turmoil but has since narrowed. There are now some attractive funding opportunities for reverse yankee issuers.

AT1 market limbo and concerns on regional banks results in low financial supply

- Financials supply is significantly lower YTD compared to last year. With March supply only at US\$26bn, supply in 2023 YTD is now at US\$114bn compared to US\$197bn last year. The low supply seen in March, US\$26bn compared to US\$77bn seen last March, was due to the current market turmoil and uncertainty in the credit markets leaving primary markets closed for much of the month.
- Supply of subordinated bonds decreased by 85% compared to last month, down from US\$8.4bn in February to US\$1.3bn in March. The decision by Swiss authorities to wipe out the Credit Suisse AT1 bonds has resulted in large uncertainty in the Bank capital space and has left the AT1 market in limbo. In addition, another drag on bank risk comes from the US regional banks. Uncertainty prevailed, not least because of mixed messages from US Treasury Secretary Janet Yellen, which added confusion over whether or not support is offered to depositors.
- Read more on the AT1 market in limbo and our concerns on regional banks in our report [Market turmoil leaves credit in limbo](#), and as explained in our podcast [Listen: Constructive on credit](#).

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Fig 1 USD corporate supply overview (US\$bn)

	2019	2020	2021	2022	2022 Mar	2023 Feb	2023 Mar	2022 YTD	2023 YTD	% diff
Auto	36	41	30	29	5	4	5	12	9	-22%
Consumer	96	192	75	57	6	4	7	15	30	101%
Healthcare	108	129	96	72	21	12	16	33	54	63%
Industrial & Chemicals	83	206	80	86	15	5	8	26	34	32%
Real Estate	58	55	55	26	5	4	3	11	8	-27%
TMT	127	265	217	137	42	5	6	47	40	-15%
Utility	104	132	113	99	16	7	19	30	54	80%
Oil & Gas	56	92	27	21	2	4	3	10	13	28%
Others	34	53	30	29	14	2	2	17	3	-84%

Source: ING, Dealogic

Note: USD supply numbers include just IG corporates from America and Europe.

Fig 2 USD financial supply overview (US\$bn)

	2019	2020	2021	2022	2022 Mar	2023 Feb	2023 Mar	2022 YTD	2023 YTD	% diff
Bank	194	264	282	344	38	26	10	116	69	-40%
of which NPS	68	50	107	58	4	5	8	14	27	94%
of which Pref	126	214	175	286	34	21	2	102	42	-59%
Bank Capital	50	70	93	53	6	1	1	18	13	-26%
Finance	47	82	115	67	14	3	4	28	9	-69%
Insurance	47	69	63	48	13	4	8	24	16	-33%
Other	27	40	20	22	7	0	3	9	6	-30%

Source: ING, Dealogic

Fig 3 USD corporate supply and net supply by month (US\$bn)

Issuance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2019	53.0	72.2	73.6	32.0	76.1	53.9	43.4	71.2	97.1	39.0	75.8	16.4	703.7
2020	50.5	52.3	191.1	213.6	170.5	113.9	39.3	110.5	92.6	56.9	60.7	12.9	1164.9
2021	32.0	76.1	132.5	33.0	83.4	58.3	33.4	59.6	75.1	31.8	61.6	45.7	722.5
2022	29.4	45.8	125.7	44.8	44.1	33.8	25.0	51.7	42.9	41.1	65.4	6.0	555.8
2023	48.1	128.5	68.7										245.3
Net Supply	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2019	14.6	16.8	13.7	4.3	29.3	16.2	24.4	41.9	63.3	0.6	51.7	-3.5	273.4
2020	9.9	20.1	140.4	184.0	121.3	74.3	12.9	81.6	58.3	12.7	7.7	-8.9	714.4
2021	2.9	24.5	75.7	-6.0	37.8	7.6	15.1	28.0	24.0	1.5	11.0	19.3	241.4
2022	-1.9	4.8	69.3	18.9	-9.4	-16.9	-3.6	3.6	2.4	9.1	19.0	-22.8	72.7
Redemptions	39.4	46.7	67.7	51.6	57.9	54.1	28.0	34.6	55.3	23.7	41.5	27.1	527.7
2023	8.7	81.8	1.0										91.5

Redemptions shown for 2023 only

Source: ING, Dealogic

Fig 4 USD financial supply and net supply by month (US\$bn)

Issuance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2019	53.0	22.9	42.8	30.1	33.8	24.8	27.2	18.0	43.7	37.7	22.4	8.4	364.6
2020	62.2	29.4	69.5	60.3	72.6	49.0	18.0	34.4	33.4	33.6	33.9	28.5	524.9
2021	67.7	26.3	57.5	66.7	55.0	52.1	40.4	34.4	41.6	70.1	43.5	20.7	576.0
2022	85.5	33.7	77.3	50.3	47.2	24.3	52.6	61.7	17.8	43.4	33.8	6.5	534.2
2023	66.7	21.7	25.6										114.1
Net Supply	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2019	16.8	5.5	21.1	0.5	1.0	9.2	10.2	-7.2	19.1	19.1	11.6	-5.5	101.5
2020	5.3	14.5	43.2	45.5	56.1	18.8	-5.6	6.5	6.0	4.0	18.7	6.2	219.2
2021	19.2	0.3	22.4	24.4	12.9	32.5	8.8	10.7	28.0	48.4	24.2	10.4	242.1
2022	39.9	9.3	58.6	27.6	18.4	6.9	30.3	45.3	-11.8	30.9	14.8	-6.2	264.0
Redemptions	67.9	28.0	23.6	19.0	31.0	22.6	24.8	26.8	23.3	23.2	23.8	19.3	333.3
2023	-1.2	-6.2	2.0										-5.4

Redemptions shown for 2023 only

Source: ING, Dealogic

Fig 5 Corporate supply and redemptions by month, 2023 (US\$bn)

Supply	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Autos	4.6	0.0	4.8										9.4
Consumer	5.0	18.3	6.7										30.0
Healthcare	2.6	34.7	16.3										53.5
Industrial	11.8	14.1	8.0										33.9
Real Estate	2.2	2.8	3.3										8.2
TMT	6.8	27.6	6.0										40.3
Utility	14.4	21.1	18.6										54.1
Oil & Gas	0.0	10.1	3.1										13.2
Others	0.8	0.0	2.0										2.7
Redemptions	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Auto	3.3	3.6	3.0	3.0	4.3	2.1	1.8	3.0	0.8	1.5	3.3	2.2	31.9
Consumer	3.4	10.0	13.0	13.8	10.9	8.1	1.7	4.4	6.1	5.0	5.3	4.2	85.8
Healthcare	2.7	3.7	7.3	3.8	6.2	5.4	4.8	4.9	7.6	3.8	7.1	7.5	64.8
Industrial	8.7	6.4	9.0	8.7	11.1	5.5	6.0	6.4	4.2	2.2	6.9	2.1	77.2
Real Estate	2.5	2.2	1.1	2.3	1.4	4.4	0.6	2.3	2.4	1.3	2.0	1.6	24.0
TMT	7.5	13.7	9.3	9.3	12.2	15.8	3.8	5.0	20.5	2.9	2.4	3.9	106.2
Utility	2.6	5.1	18.5	4.6	6.1	6.1	6.7	4.1	7.1	4.3	8.5	2.5	76.2
Oil & Gas	5.1	0.0	4.2	5.5	5.8	4.0	1.3	3.3	4.1	1.2	4.1	2.6	41.2
Others	3.7	2.0	2.3	0.8	0.1	2.5	1.4	1.1	2.5	1.5	2.1	0.4	20.3

Source: ING, Dealogic

Fig 6 Financial supply and redemptions by month, 2023 (US\$bn)

Supply	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Bank Senior	54.2	4.7	10.2										69.1
of which NPS	16.7	2.6	8.0										27.2
of which Pref	37.5	2.1	2.2										41.9
Bank Capital	3.8	8.4	1.3										13.4
Finance	1.5	3.4	3.8										8.7
Insurance	5.7	3.1	7.6										16.3
Redemptions	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Bank Senior	50.0	17.0	15.4	12.8	18.5	11.9	16.1	17.0	9.0	15.0	11.9	9.5	204.2
of which NPS	23.2	10.4	4.0	13.0	8.0	3.5	7.8	8.0	6.2	2.8	3.8	4.5	95.0
of which Pref	26.8	6.6	11.4	-0.2	10.5	8.4	8.4	9.0	2.9	12.3	8.1	5.0	109.3
Bank Capital	5.9	3.0	6.1	3.0	15.1	5.4	3.9	4.5	6.5	3.6	5.3	8.2	70.3
Finance	11.5	6.6	6.3	3.1	3.6	4.4	7.5	6.0	7.4	4.6	4.4	2.7	68.1
Insurance	4.1	2.3	1.7	2.2	2.6	5.6	0.5	1.4	3.9	2.1	4.0	3.6	33.9

Source: ING, Dealogic

Fig 7 USD supply, redemptions and net supply by year (US\$bn)

Corporates	YTD	FY	Reds	Net	Financials	YTD	FY	Reds	Net
2012	151.9	604.5	250.0	354.4	2012	96.0	266.3	410.0	-143.7
2013	150.7	557.8	256.3	301.5	2013	101.5	330.4	200.0	130.4
2014	150.8	550.2	255.4	294.8	2014	129.7	413.9	240.2	173.8
2015	179.6	710.9	258.4	452.5	2015	133.4	423.2	244.2	178.9
2016	209.5	697.6	295.1	402.5	2016	108.4	386.9	234.3	152.5
2017	210.5	743.8	355.7	388.0	2017	140.9	425.2	262.7	162.5
2018	183.5	654.5	385.9	268.6	2018	138.9	436.3	280.9	155.4
2019	206.8	703.7	430.3	273.4	2019	124.6	364.6	263.1	101.5
2020	346.9	1164.9	450.5	714.4	2020	168.4	524.9	305.7	219.2
2021	241.6	722.5	481.1	241.4	2021	151.5	576.0	333.9	242.1
2022	201.2	555.8	483.2	72.7	2022	196.5	534.2	270.1	264.0
2023	245.3	245.3	527.7		2023	114.1	114.1	333.3	
2024			470.3		2024			337.6	
2025			536.0		2025			372.5	

Source: ING, Dealogic

Fig 8 Subordinated supply, 2022 and 2023 (US\$bn)

2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
AT1	3.5	0.0	0.0	3.0	0.0	2.7	1.3	6.9	0.1	0.0	2.5	0.0	19.9
T2	2.9	0.2	2.2	2.0	0.2	2.2	1.0	0.2	3.7	2.0	1.1	0.0	17.7
Bank Capital	6.4	0.2	2.2	5.0	0.2	4.9	2.3	7.0	3.8	2.0	3.6	0.0	37.6
2023	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
AT1	0.0	6.4	1.3										7.6
T2	3.0	2.0	0.0										5.0
Bank Capital	3.0	8.4	1.3										12.6

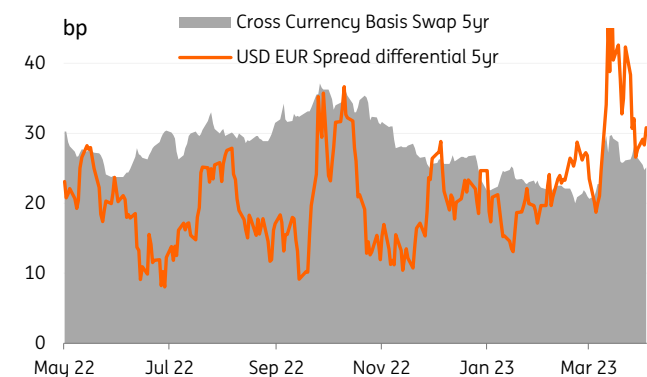
Source: ING, Dealogic

Fig 9 Reverse Yankee supply, 2022 and 2023 (€bn)

2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Corporate	2.3	2.6	6.4	0.6	2.3	2.5	1.5	1.2	4.3	3.7	5.3	0.0	32.5
Financial	0.5	3.0	3.8	4.5	7.0	0.1	0.0	0.5	3.7	3.3	2.3	0.1	28.6
Total	2.8	5.6	10.1	5.0	9.3	2.6	1.5	1.7	7.9	6.9	7.5	0.1	61.1
2023	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Corporate	5.5	5.5	2.8										13.8
Financial	1.5	0.0	1.1										2.6
Total	7.0	5.5	3.9										16.3

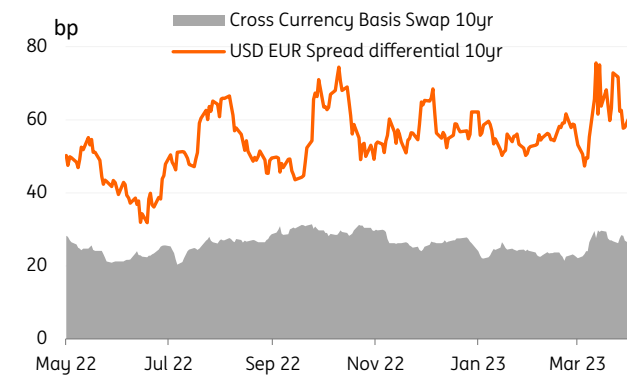
Source: ING, Dealogic

Fig 10 XCCY 5yr



Source: ING, Dealogic

Fig 11 XCCY 10yr



Source: ING, Dealogic

Fig 12 US, Yankee and Reverse Yankee supply (US\$bn)

Corporates	Domestic	Yankee	Rev Yankee (€)	Financials	Domestic	Yankee	Rev Yankee (€)
2012	483.3	141.6	16.8	2012	206.9	59.4	7.6
2013	464.6	112.3	32.2	2013	254.2	77.9	14.4
2014	468.1	112.4	42.7	2014	291.2	126.1	32.4
2015	611.2	109.7	61.8	2015	303.6	128.0	28.7
2016	589.2	113.9	66.2	2016	273.2	114.9	45.5
2017	655.6	101.9	65.4	2017	312.6	113.5	35.8
2018	527.3	129.5	31.1	2018	304.4	133.0	17.7
2019	613.6	95.1	98.9	2019	270.0	95.8	28.3
2020	1030.6	148.1	68.3	2020	402.0	124.9	24.2
2021	627.0	98.1	58.9	2021	412.3	168.1	40.5
2022	484.7	82.1	32.5	2022	388.7	147.5	28.6
2023	220.2	33.5	13.8	2023	65.6	49.9	2.6

Source: ING

Fig 13 ESG supply per month 2023 (US\$bn)

Corporate	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Green	0.0	2.6	1.5										4.1
Social	0.0	0.0	0.0										0.0
Sustainable	0.0	0.0	0.8										0.8
ESG	0.0	2.6	2.3										4.9

Financial	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Green	1.3	0.0	0.0										1.3
Social	0.0	0.0	0.0										0.0
Sustainable	0.0	0.0	0.0										0.0
ESG	1.3	0.0	0.0										1.3

Source: ING, Dealogic

Fig 14 ESG supply per year and YTD (US\$bn)

Corporate	2019	2020	2021	2022	2023	2019 YTD	2020 YTD	2021 YTD	2022 YTD	2023 YTD
Green	14.4	18.5	30.2	24.4	4.1	5.1	2.3	4.7	8.2	4.1
Social	0.0	1.5	0.6	0.1	0.0	0.0	0.0	0.0	0.1	0.0
Sustainable	1.0	7.5	9.6	4.9	0.8	0.0	1.8	0.8	4.0	0.8
ESG	15.4	27.5	40.3	29.3	4.9	5.1	4.0	5.5	12.3	4.9

Financial	2019	2020	2021	2022	2023	2019 YTD	2020 YTD	2021 YTD	2022 YTD	2023 YTD
Green	5.0	7.1	9.4	4.7	1.3	1.5	0.5	1.8	1.1	1.3
Social	0.5	6.6	5.3	2.5	0.0	0.5	0.0	2.6	2.5	0.0
Sustainable	0.1	2.6	7.3	8.5	0.0	0.0	0.2	2.3	0.1	0.0
ESG	5.6	16.2	21.9	15.8	1.3	2.0	0.7	6.7	3.7	1.3

Source: ING, Dealogic

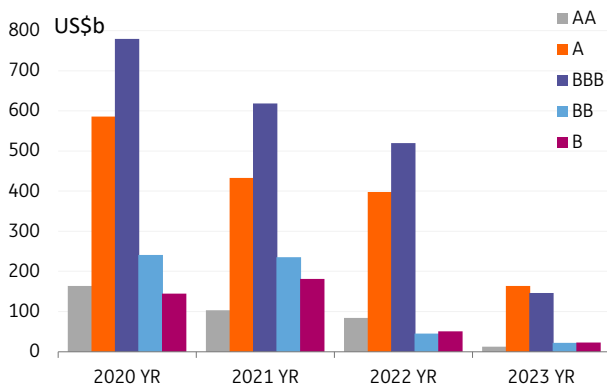
Fig 15 Investment grade issuance by maturity, 2022 and 2023 (US\$bn)

2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2022
Corp 0-3yr	6.0	4.5	18.1	7.5	7.0	6.8	5.5	3.3	7.6	8.2	13.5	0.5	88.4
Corp 3-6yr	5.5	4.2	18.0	6.0	6.8	8.4	5.0	7.7	7.1	6.7	14.8	1.9	92.0
Corp 6-9yr	0.2	1.2	10.3	6.8	2.3	1.4	2.0	4.1	0.9	2.9	7.6	0.0	39.7
Corp 9-12yr	10.9	15.5	34.9	12.3	12.4	9.3	8.6	19.4	15.4	13.9	18.4	2.2	173.2
Corp 12-17yr	1.3	1.4	1.1	0.8	0.7	0.1	0.3	0.3	0.1	0.4	0.4	0.1	7.0
Corp 17yrs+	5.6	19.0	43.2	11.4	14.5	7.8	3.7	16.9	11.9	9.0	10.6	1.4	154.9
Fin 0-3yr	17.9	3.0	12.5	13.4	15.1	8.3	3.8	13.3	2.3	6.7	6.7	4.6	107.8
Fin 3-6yr	13.9	7.1	21.1	9.1	6.8	4.3	12.5	14.6	8.5	11.7	7.7	0.9	118.0
Fin 6-9yr	14.8	10.2	16.4	10.0	8.6	4.8	13.8	10.5	0.8	8.1	5.6	0.2	103.8
Fin 9-12yr	25.5	10.5	15.8	7.8	10.5	3.5	20.5	12.9	4.5	15.6	8.6	0.0	135.6
Fin 12-17yr	1.0	0.1	2.5	2.0	0.7	0.0	0.0	0.2	0.1	0.0	0.0	0.0	6.6
Fin 17yrs+	12.4	2.8	9.1	8.0	5.1	3.5	2.1	10.2	1.5	1.3	5.2	0.7	62.0

2023	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Corp 0-3yr	9.5	18.5	12.4										40.4
Corp 3-6yr	10.4	19.6	12.9										42.8
Corp 6-9yr	2.3	10.5	3.2										16.0
Corp 9-12yr	16.9	43.1	20.0										80.0
Corp 12-17yr	0.7	2.1	0.5										3.3
Corp 17yrs+	8.3	34.8	19.6										62.8
Fin 0-3yr	9.4	3.8	3.7										16.8
Fin 3-6yr	20.5	2.9	3.1										26.5
Fin 6-9yr	17.0	2.3	4.1										23.4
Fin 9-12yr	15.8	6.5	7.9										30.2
Fin 12-17yr	2.0	0.0	0.4										2.5
Fin 17yrs+	2.0	6.3	6.5										14.8

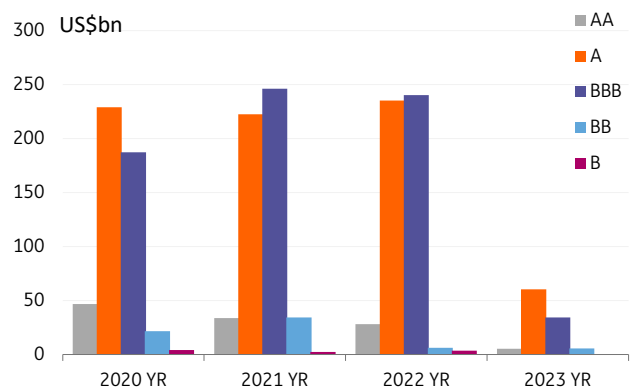
Source: ING, Dealogic

Fig 16 Corporate supply per S&P rating (US\$bn)



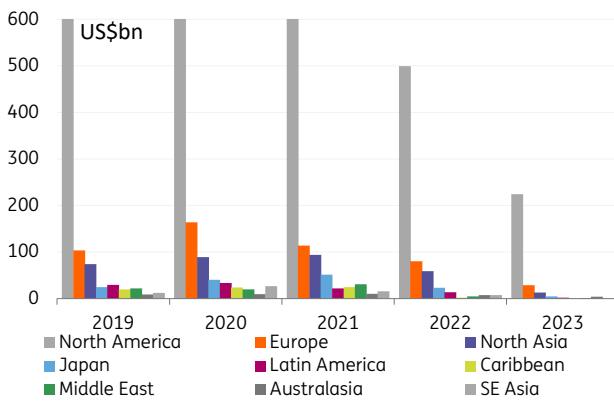
Source: ING, Dealogic

Fig 17 Financial supply per S&P rating (US\$bn)



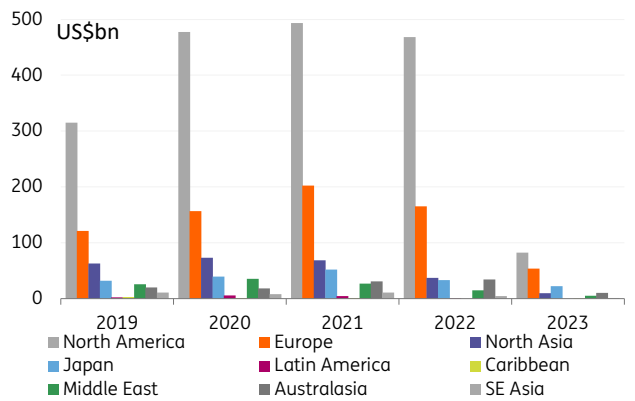
Source: ING, Dealogic

Fig 18 Corporate supply per country (US\$bn)



Source: ING, Dealogic

Fig 19 Financial supply per country (US\$bn)



Source: ING, Dealogic

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