

2 June 2021
Credit Strategy

US Dollar Credit Supply

Substantial supply in May

Supply for May (US\$bn)

	Corporates	Financials
May	81.3	52.2

Source: ING, Dealogic

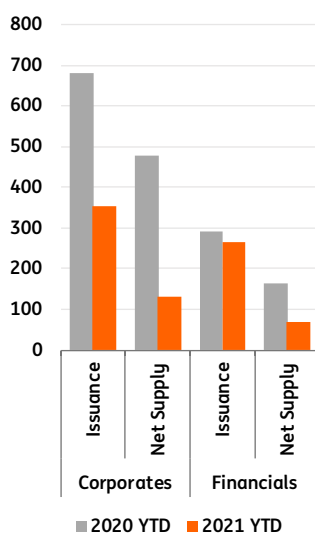
Supply FY and YTD (US\$bn)

Corporates	FY	YTD
2015	710	340
2016	697	357
2017	745	349
2018	655	289
2019	704	306
2020	1167	696
2021	353	353

Financials	FY	YTD
2015	423	222
2016	388	201
2017	430	233
2018	450	231
2019	364	185
2020	520	292
2021	264	264

Source: ING, Dealogic

Supply and Net Supply YTD



Source: Dealogic, ING



Substantial US\$81bn in May, pushing YTD corporate supply to US\$353bn

- Corporate supply amounted to a substantial US\$81bn in May, pencilling in the second highest month for supply this year after the considerable US\$133bn in March. YTD supply is now sitting at US\$353bn, which is very much in line with the YTD figures from 2015, 2016 and 2017. This is running notably ahead of 2018 and 2019. We are in line for our forecast to approach US\$800bn by the year end. After June, supply will likely be sitting around the halfway mark of US\$400bn. Redemptions are up to US\$51bn in June, meaning we can expect heavy supply for the coming month.
- TMT continues their supplying spree, issuing another US\$34bn in May. TMT supply YTD has accumulated a substantial US\$139bn, already exceeding 2019's full year figure of US\$128bn. The real estate sector supplied US\$6bn in May. On a YTD basis, real estate supply is sitting at US\$22bn, up from US\$18bn last year YTD and US\$14bn in 2019 YTD. We expect real estate supply will remain relatively heavy.
- There was a small pick-up in Reverse Yankee supply in May, amounting to €5bn. On a YTD basis, Reverse Yankee supply is sitting at €26bn. We had forecasted Reverse Yankee supply to reach €80bn in 2021. Currently we are running behind expectation, despite the cross-currency basis swap pulling even tighter and the wide long end of the USD EUR spread differential. The 10yr area of the curve is certainly attractive for US issuers to issue in Euro but the 5yr area is still not. We still expect USD spread underperformance against EUR, particularly when we begin seeing widening on the back of inflationary fears, tapering and a rise in rates. We can expect to see more Reverse Yankee supply when the spread differential widens.

Financial YTD supply running ahead of previous years, except for last year

- Financial supply amounted to US\$52bn in May, an increase compared to previous years, except for last year. Redemptions were high in June at US\$42bn, leaving just US\$10bn in net supply. Redemptions are lower in June at just US\$22bn, and as a result we may see a slight slowdown in supply for June. Financials supply has accumulated up to US\$264bn thus far this year. This is up significantly on previous years apart from last year. YTD supply in 2019 pencilled in just US\$185bn and US\$232bn in both 2017 and 2018.
- Bank Capital supply reached US\$11bn in May, pushing YTD supply up to US\$45bn. This is ahead of last year's YTD supply of US\$32bn and US\$18bn in 2019. Pillar 2 buffers by AT1 and Tier 2 for European issuers has been a catalyst for the increased USD bank capital supply.

Timothy Rahill
Credit Strategist
timothy.rahill@ing.com

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

	2017	2018	2019	2020	2020 May	2021 Apr	2021 May	2020 YTD	2021 YTD	% diff
Auto	38	43	35	40	10	2	0	23	10	-55%
Consumer	105	145	98	192	24	10	4	137	31	-78%
Healthcare	72	86	108	128	24	2	17	57	38	-33%
Industrial & Chemicals	87	100	85	205	20	4	10	132	41	-69%
Real Estate	43	22	59	55	4	3	6	18	22	23%
TMT	238	92	128	265	51	3	34	173	139	-20%
Utility	132	128	162	227	31	3	10	127	59	-54%
Others	30	39	29	54	6	4	2	29	13	-54%

Source: ING, Dealogic

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

	2017	2018	2019	2020	2020 May	2021 Apr	2021 May	2020 YTD	2021 YTD	% diff
Bank Senior	283	262	192	263	32	51	27	173	160	-8%
of which Bail-in	203	161	68	50	11	31	19	28	69	145%
of which Pref	80	101	124	213	20	20	9	144	91	-37%
Bank Capital	37	40	50	70	9	4	11	32	45	41%
Finance	51	41	45	78	4	2	6	31	37	21%
Insurance	32	37	46	69	17	7	6	37	25	-33%
Other	27	69	31	40	10	2	3	20	10	-53%

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
2017	79.1	47.8	83.8	25.9	101.3	53.1	43.1	86.4	66.5	58.3	81.0	18.6	744.8
2018	25.5	58.4	89.1	41.8	73.9	83.2	10.6	59.9	85.0	58.0	59.2	10.2	654.9
2019	53.0	72.2	73.6	32.0	75.3	54.4	43.4	71.1	97.1	38.9	77.0	16.4	704.4
2020	50.5	52.3	191.1	214.8	170.5	112.7	39.5	110.5	94.2	56.9	60.7	12.9	1166.5
2021	31.8	76.0	133.2	30.8	81.3								353.0
Net Supply	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2017	53.9	23.6	46.5	12.7	67.2	12.8	28.1	61.4	31.8	22.7	45.4	-17.3	388.7
2018	-4.9	28.0	43.2	5.3	16.4	39.7	-11.2	35.6	64.2	42.7	20.6	-11.1	268.6
2019	14.6	16.8	13.7	4.9	28.5	16.8	24.7	41.8	63.3	0.2	52.9	-3.4	274.8
2020	9.9	20.1	140.4	185.2	120.5	72.5	13.1	81.6	59.9	12.7	7.7	-8.9	714.8
Redemptions	29.1	51.6	56.8	38.3	45.6	50.7	18.3	31.5	51.1	30.8	50.6	26.4	481.0
2021	2.7	24.3	76.4	-7.6	35.6								131.5

Redemptions shown for 2021 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
2017	79.8	23.5	36.9	38.8	49.1	23.0	49.9	16.5	30.5	54.4	20.0	7.5	429.9
2018	83.3	26.3	26.5	46.4	47.8	40.9	41.7	33.9	56.0	18.4	26.4	2.1	449.7
2019	53.0	22.8	41.5	34.2	33.8	23.6	27.2	17.7	44.8	37.4	20.4	7.4	363.6
2020	61.5	29.0	69.0	59.8	71.9	49.2	18.0	34.8	33.2	32.3	33.2	28.0	519.9
2021	65.7	25.0	55.5	66.0	52.2								264.5
Net Supply	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2017	48.7	-2.7	5.8	25.5	27.7	-2.0	43.1	-3.0	0.9	38.1	5.6	-19.7	168.1
2018	38.5	0.5	-0.2	5.5	10.8	25.3	29.0	12.1	44.5	8.3	4.1	-12.0	166.4
2019	16.9	5.3	19.6	4.7	1.0	8.1	10.2	-7.5	20.3	18.0	9.6	-6.1	100.3
2020	4.8	13.8	42.7	45.8	55.3	17.3	-7.1	7.0	5.8	0.9	18.7	4.3	209.5
Redemptions	48.5	26.6	34.6	42.5	42.2	21.6	31.6	23.7	13.6	21.7	19.1	10.3	335.9
2021	17.2	-1.5	20.9	23.5	10.0								70.1

Redemptions shown for 2021

Source: ING, Dealogic

Fig 5 Corporate supply and redemptions by month, 2021 (US\$bn)

Supply	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Autos	2.9	3.0	2.0	2.3	0.3								10.5
Consumer	1.8	8.6	5.9	10.3	3.9								30.5
Healthcare	2.1	1.8	16.1	1.5	16.5								37.9
Industrial	5.9	13.2	8.1	4.2	9.5								40.9
Real Estate	3.5	4.1	6.1	2.8	5.9								22.4
TMT	10.0	31.1	61.5	2.6	33.7								138.9
Utility	4.4	13.0	28.7	3.0	9.7								58.8
Others	1.3	1.2	4.9	4.2	1.7								13.2
Redemptions	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Autos	3.7	4.0	5.2	6.9	2.6	0.0	3.3	1.9	3.3	2.7	5.9	0.5	39.7
Consumer	1.5	15.2	8.6	7.1	6.7	11.3	2.4	2.9	5.7	7.7	7.0	3.2	79.4
Healthcare	2.1	2.4	6.9	1.6	6.0	8.5	0.5	4.8	5.0	1.5	12.7	4.4	56.3
Industrial	8.0	3.8	10.4	9.6	9.2	3.7	2.7	5.1	8.4	5.3	8.8	2.8	77.7
Real Estate	2.2	2.8	2.2	0.6	2.4	2.0	1.6	0.4	0.9	0.3	0.5	1.7	17.8
TMT	4.2	15.0	7.9	9.2	9.9	14.7	3.0	8.5	14.8	6.9	6.7	5.8	106.7
Utility	5.0	7.0	15.4	2.3	6.5	9.0	4.0	5.7	11.4	4.0	7.1	5.8	83.0
Others	2.4	1.4	0.4	1.1	2.3	1.6	0.8	2.2	1.6	2.5	1.9	2.2	20.4

Source: ING, Dealogic

Fig 6 Financial supply and redemptions by month, 2021 (US\$bn)

Supply	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Bank Senior	37.4	8.0	24.5	51.2	27.2								148.3
of which NPS	10.8	2.4	6.2	31.0	18.5								68.9
of which Pref	26.6	5.6	18.3	20.2	8.7								79.4
Bank Capital	13.0	8.3	8.2	4.1	10.8								44.5
Finance	7.2	6.7	15.7	1.7	5.9								37.2
Insurance	7.2	0.3	5.1	6.9	5.5								24.9
Redemptions	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Bank Senior	37.0	17.2	24.1	36.1	28.5	10.9	28.9	18.3	6.8	14.6	11.7	4.9	238.9
of which NPS	6.7	3.5	5.8	0.0	9.3	1.5	4.5	3.9	2.0	2.8	0.0	4.3	44.1
of which Pref	30.3	13.7	18.3	36.1	19.2	9.4	24.4	14.5	4.8	11.8	11.7	0.6	194.9
Bank Capital	6.8	3.5	5.5	1.7	2.8	3.6	1.2	4.7	2.6	0.0	1.0	3.6	36.9
Finance	5.7	5.8	5.0	4.1	10.4	4.8	3.1	3.9	4.2	4.7	6.1	2.7	60.5
Insurance	3.2	1.8	4.4	2.6	2.3	4.5	0.6	1.8	2.7	2.5	0.7	0.7	27.7

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
2010	132.7	365.8	289.1	76.8	2010	129.2	285.6	175.7	109.8
2011	211.9	435.6	293.9	141.7	2011	181.5	258.3	260.5	-2.2
2012	238.0	603.7	409.9	193.8	2012	122.6	264.4	250.0	14.4
2013	258.5	559.8	203.1	356.7	2013	156.4	333.9	256.3	77.6
2014	224.9	549.9	242.4	307.5	2014	207.9	413.7	255.8	157.9
2015	339.7	709.9	247.1	462.9	2015	221.7	422.7	258.4	164.2
2016	357.0	696.7	232.8	464.0	2016	200.9	387.6	295.7	91.9
2017	349.2	744.8	261.8	483.0	2017	232.8	429.9	356.0	73.9
2018	289.2	654.9	283.2	371.7	2018	230.6	449.7	386.3	63.4
2019	306.1	704.4	263.3	441.1	2019	185.2	363.6	429.6	-66.0
2020	695.5	1166.5	310.4	856.2	2020	292.2	519.9	451.8	68.1
2021	353.0	353.0	335.9		2021	264.5	264.5	481.0	
2022			265.7		2022			482.7	
2023			317.7		2023			507.1	

Source: ING, Dealogic

Fig 8 Subordinated supply, 2020 and 2021 (US\$bn)

2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
AT1	10.3	5.3	0.0	0.1	4.3	4.9	2.0	3.5	0.9	2.9	0.2	3.0	37.2
T2	1.3	0.4	0.0	0.3	4.2	3.0	0.0	2.8	1.9	0.9	2.9	0.0	17.5
Bank Capital	11.6	5.6	0.0	0.3	8.5	7.9	2.1	6.3	2.7	3.7	3.0	3.0	54.7
2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
AT1	8.2	6.2	4.3	2.6	7.6								28.8
T2	4.7	1.0	1.1	0.8	1.8								9.3
Bank Capital	12.8	7.2	5.4	3.4	9.4								38.1

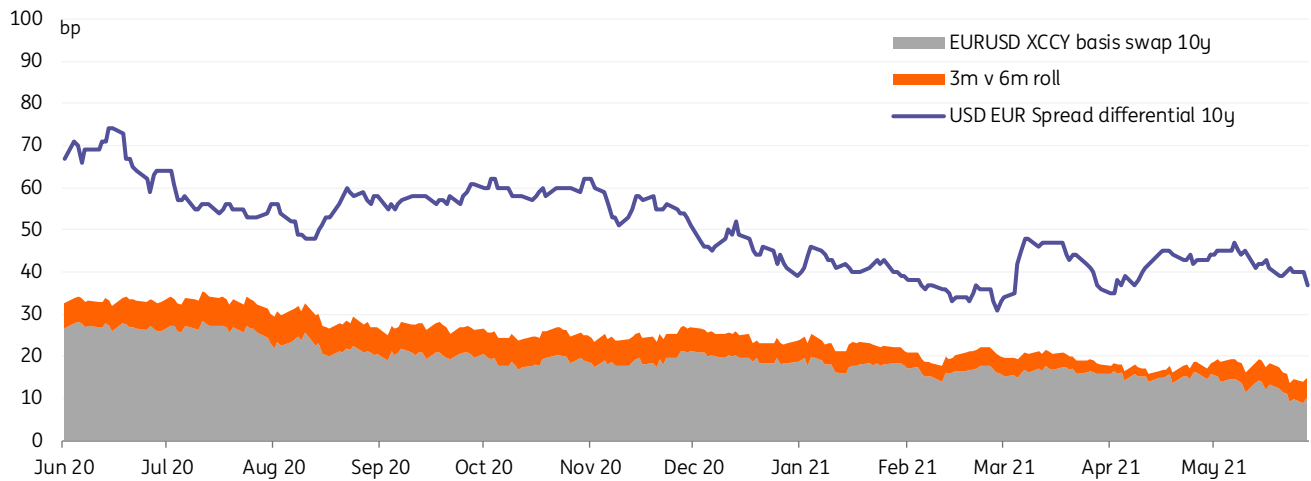
Source: ING, Dealogic

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	4.7								25.9
Financial	2.4	2.1	3.8	5.3	0.6								14.1
Total	3.9	7.3	15.5	8.1	5.3								40.0

Source: ING, Dealogic

Fig 10 Cross currency basis swap and USD EUR spread differential



Source: ING, ICE, Refinitiv

Fig 11 US, Yankee and Reverse Yankee supply (US\$bn)

Corporates	Domestic	Yankee	Rev Yankee (€)	Financials	Domestic	Yankee	Rev Yankee (€)
2010	306.5	70.9	9.0	2010	169.9	118.5	18.1
2011	355.9	92.3	6.4	2011	169.5	89.3	5.7
2012	482.6	140.3	16.6	2012	206.5	57.9	7.5
2013	465.6	113.4	32.5	2013	257.6	77.9	14.4
2014	465.8	114.3	42.9	2014	290.9	126.2	33.8
2015	609.5	109.3	61.9	2015	301.6	129.6	28.7
2016	586.2	116.1	65.6	2016	272.5	116.4	45.2
2017	651.9	107.0	63.6	2017	315.2	116.0	34.5
2018	518.0	139.2	31.4	2018	307.6	143.2	17.6
2019	613.1	96.7	99.3	2019	267.1	98.1	28.8
2020	1061.3	117.8	67.4	2020	396.0	125.8	23.0
2021 YTD	310.5	44.0	25.9	2021 YTD	188.6	75.9	14.1

Source: ING

Fig 12 ESG supply per month 2021 (US\$bn)

Corporate	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Green	0.9	1.2	2.7	0.1	4.2								9.0
Social	0.0	0.0	0.0	0.0	0.0								0.0
Sustainable	0.0	0.8	0.0	0.3	1.0								2.1
ESG	0.9	1.9	2.7	0.4	5.2								11.1
Financial	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Green	0.0	1.0	0.8	0.0	0.0								1.8
Social	0.3	2.3	0.0	0.0	0.0								2.6
Sustainable	0.0	0.8	1.5	0.8	1.0								4.1
ESG	0.3	4.1	2.3	0.8	1.0								8.5

Source: ING, Dealogic

Fig 13 ESG supply per year and YTD (US\$bn)

Corporate	2017	2018	2019	2020	2021	2017 YTD	2018 YTD	2019 YTD	2020 YTD	2021 YTD
Green	3.6	6.3	14.3	19.3	9.0	1.4	1.7	6.3	5.2	9.0
Social	0.0	0.0	0.0	1.5	0.0	0.0	0.0	0.0	0.0	0.0
Sustainable	0.0	0.0	1.0	7.5	2.1	0.0	0.0	1.0	1.8	2.1
ESG	3.6	6.3	15.3	28.3	11.1	1.4	1.7	7.3	6.9	11.1
Financial	2017	2018	2019	2020	2021	2017 YTD	2018 YTD	2019 YTD	2020 YTD	2021 YTD
Green	1.7	4.2	7.0	7.1	1.8	1.4	3.0	1.5	2.6	1.8
Social	0.0	0.1	0.5	6.6	2.6	0.0	0.0	0.5	1.8	2.6
Sustainable	1.0	0.1	0.1	2.6	4.1	0.0	0.0	0.0	0.2	4.1
ESG	2.7	4.3	7.6	16.2	8.5	1.4	3.0	2.0	4.6	8.5

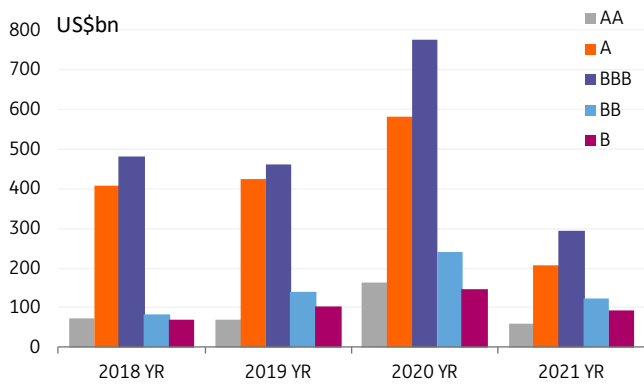
Source: ING, Dealogic

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	3.8	0.5	2.0	23.1	12.2	9.3	2.5	8.5	11.4	2.1	9.3	0.3	85.0
Corp 3-6yr	8.3	6.5	36.2	46.0	31.5	16.0	4.9	14.4	13.0	8.0	13.4	3.5	201.5
Corp 6-9yr	2.9	6.3	15.7	17.0	9.7	16.0	6.6	8.1	16.8	8.6	6.1	1.8	115.5
Corp 9-12yr	14.1	16.3	66.6	67.3	62.3	38.1	9.3	39.9	26.7	18.6	13.6	2.4	375.3
Corp 12-17yr	0.7	0.5	0.3	2.1	3.5	1.2	4.6	3.0	1.8	0.6	2.4	0.5	21.0
Corp 17yrs+	20.7	22.2	70.3	59.3	51.3	32.1	11.6	36.6	24.6	19.0	16.0	4.5	368.3
Fin 0-3yr	19.2	3.8	3.5	6.2	6.6	7.1	2.1	3.2	3.4	2.3	6.5	3.6	67.3
Fin 3-6yr	8.4	2.9	9.5	8.5	17.6	8.9	3.0	5.8	9.3	7.8	4.9	6.1	92.7
Fin 6-9yr	4.9	6.1	3.6	15.6	10.6	10.6	2.4	2.0	8.1	2.9	7.3	7.3	81.4
Fin 9-12yr	17.3	10.6	32.3	13.0	23.6	10.4	4.4	7.5	6.3	7.8	5.0	2.2	140.4
Fin 12-17yr	0.1	0.2	0.0	0.0	0.2	2.2	0.5	4.0	1.5	0.2	4.0	0.0	12.9
Fin 17yrs+	11.7	5.4	20.1	16.6	13.4	9.9	5.6	12.4	4.6	11.2	5.5	8.8	125.3
2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Corp 0-3yr	2.3	12.3	30.1	3.8	14.5								62.9
Corp 3-6yr	4.7	16.3	18.3	5.1	12.8								57.2
Corp 6-9yr	2.7	5.8	11.8	3.7	6.2								30.1
Corp 9-12yr	10.7	16.3	35.3	10.8	22.1								95.1
Corp 12-17yr	1.9	1.0	1.3	1.0	0.3								5.5
Corp 17yrs+	9.5	24.4	36.6	6.5	25.4								102.2
Fin 0-3yr	13.6	3.7	11.6	7.5	8.9								45.2
Fin 3-6yr	10.4	5.2	9.6	8.8	16.8								50.8
Fin 6-9yr	13.3	2.3	11.5	12.7	4.1								43.8
Fin 9-12yr	12.3	4.5	8.3	20.3	12.2								57.5
Fin 12-17yr	0.0	0.0	0.0	0.0	0.0								0.1
Fin 17yrs+	16.1	9.3	14.6	16.8	10.2								67.0

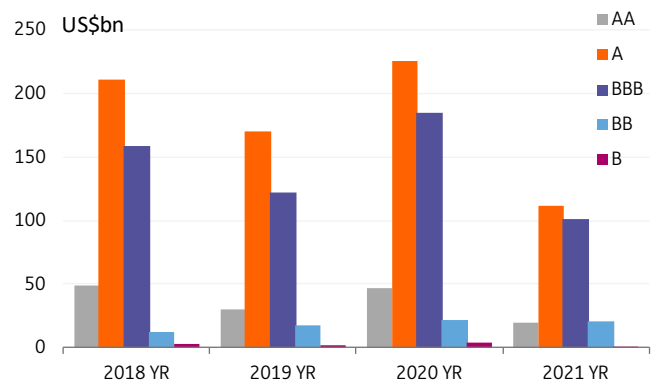
Source: ING, Dealogic

Fig 15 Corporate supply per S&P rating (US\$bn)



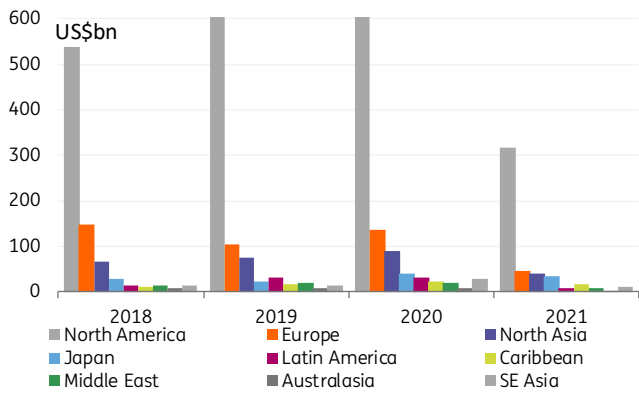
Source: ING, Dealogic

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



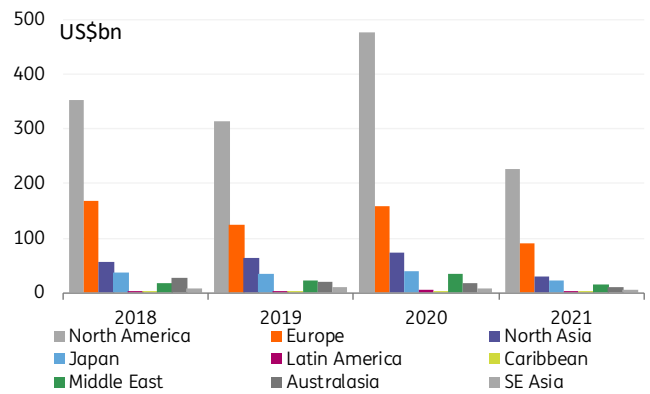
Source: ING, Dealogic

Fig 17 Corporate supply per country (US\$bn)



Source: ING, Dealogic

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



Source: ING, Dealogic

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