Helaba

Focus on: Credits
04 July 2024

EUR corporate bonds: Primary market Q2 2024

Normalization of maturity profiles - issuers are once again focusing on longer maturities

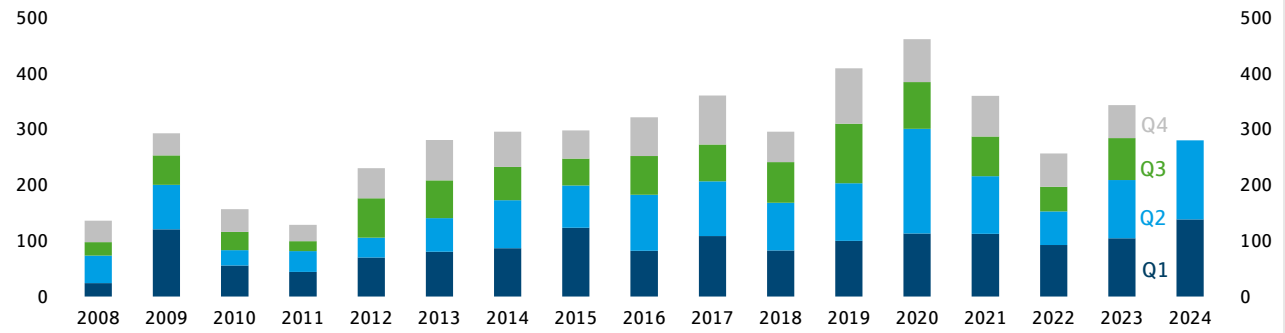


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In the second quarter, EUR 142 billion was placed in 253 individual transactions in the primary market for EUR corporate bonds. As in February and March, the issuance volumes in each month were significantly higher than in the same period last year. At around EUR 560 million, individual issues were slightly smaller than in the first quarter. Overall, however, the placement volume in Q2 this year was only exceeded by the result of the record year of 2020. Given the relatively low volumes in H2 2022 and H2 2023, we expect the market recovery to continue in the second half of the year. Rising investment rates among European companies should remain a key driver.

Placement volume in Q2 close to record result

Euro corporate bonds*: Issuance volume in EUR (billions)



*issues with a minimum volume of EUR 50 million
Sources: Bloomberg, bondradar, Helaba Research & Advisory

Smaller benchmark bonds reach 75 % market share - Green bonds account for nearly 80 % of ESG bonds

In the first half of the year, three out of four individual bonds were issued in the benchmark size range of EUR 500 million to less than EUR 1 billion. This was the highest market share for this issue format to date. The largest overall transactions in the second quarter were issued by Novo Nordisk (EUR 4.65bn in 4 tranches in May) and Swisscom (EUR 4bn in 5 tranches in May). The market share of bonds with an ESG component was relatively low in Q2 at just under 19 %, but slightly higher than in the same quarter last year (16 %). As in previous quarters, green bonds with earmarked use of funds remained the dominant type of issue, accounting for just under 80 % of all ESG placements. Sustainability-linked bonds, on the other hand, were less significant at 14 %.

Industrial issuers remain in top spot - US companies now strongest issuer group by country

The industrials sector brought slightly less volume to the market in the second quarter. However, since the beginning of January the sector has maintained its leading position both in terms of volume (18 %) and number of individual bonds (86). Utilities and Automotive remained the second and third most important sectors. However, the combined market share of the top three sectors fell to just under 50 %. The share of non-European companies increased again in the second quarter. In the first half of 2024 as a whole, 23 % of the total placement volume was placed by issuers based outside Europe (full year 2023: 19 %). US corporates replaced German issuers as the top issuer group by country of origin. In the first six months of the year, they accounted for 18 % of total issuance.

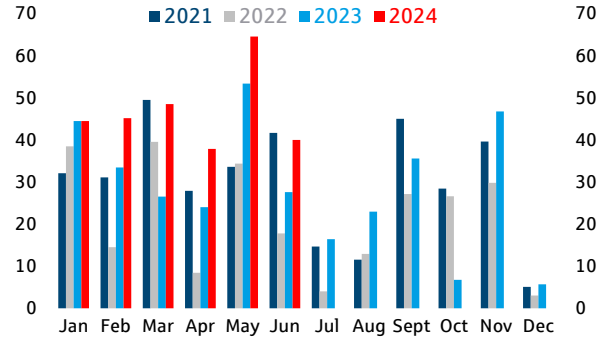
Sub-investment grade bonds back in demand - short maturities less in vogue than in 2023

The market share of subordinated bonds in the second quarter remained at the same low level as in the first quarter of 2024, at 5 % of the volume. Sub-investment grade bonds were much more popular in the first half of the year than in 2022 and 2023. Their share of the total placement rose from 12 % to 18 % year-on-year. The 'BBB' rating categories accounted for 40 % of total issuance. Short maturities of up to 3 years reached a market share of 6 % in H1, well below the level for 2023 (10 %). In contrast, long maturities (over 7 years) continued to account for more than half of the market. In the months from April to June, floating-rate bonds became much more popular. Since January their share has risen to 8 % of issuance.

Chartbook: Euro-denominated corporate bond issues

Volume in Q2 months well above previous year

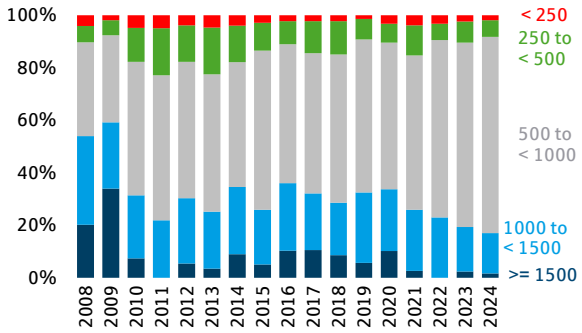
Euro corporate bonds: Issuance volume in EUR (billions)



Sources: Bloomberg, bondradar, Helaba Research & Advisory

Smaller benchmark bonds gain market share

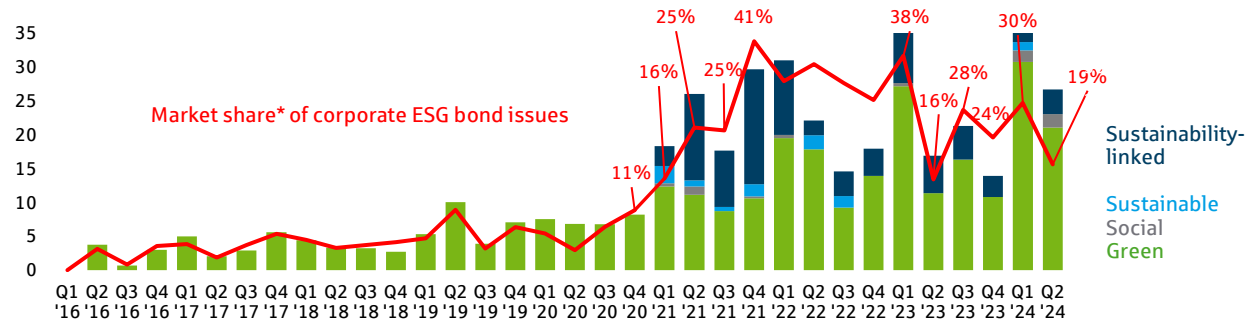
Euro corporate bonds: Placements by issue size in EUR (millions)*



*as of 28.06.2024. Sources: Bloomberg, bondradar, Helaba Research & Advisory

Share of bonds with sustainability component falls to 19 %

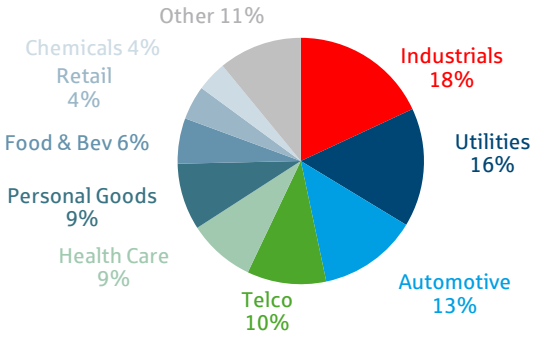
Euro corporate ESG bond placements in EUR (billions)



*includes sustainable, social and sustainability-linked bonds since Q1 2021.
Source: Helaba Research & Advisory

Industrial sector places largest volume ...

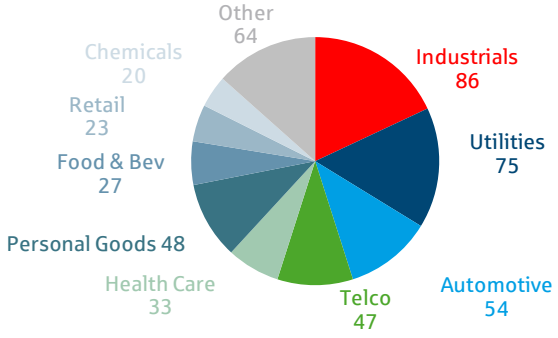
Euro corporate bonds: issuance volume by sector, H1 2024



Sources: Bloomberg, Helaba Research & Advisory

... and most individual bonds

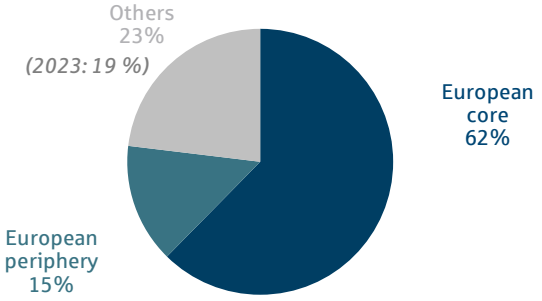
Euro corporate bonds: number of issues by sector, H1 2024



Sources: Bloomberg, Helaba Research & Advisory

Non-European firms remain strongly represented

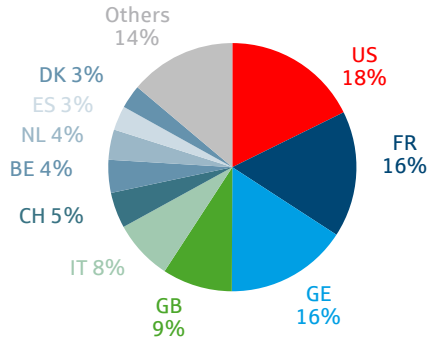
Euro corporate bonds: Issuance volume by region, H1 2024



Sources: Bloomberg, Helaba Research & Advisory

US companies in the top spot

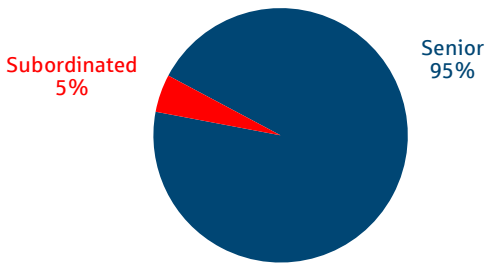
Euro corporate bonds: Issuance volume by country of origin, H1 2024



Sources: Bloomberg, Helaba Research & Advisory

Subordinated bonds remain at five percent

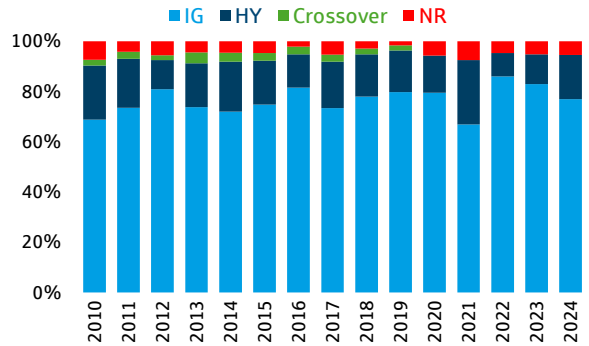
Euro corporate bonds: Issuance volume by ranking, H1 2024



Sources: Bloomberg, Helaba Research & Advisory

Non-IG bonds with higher market share

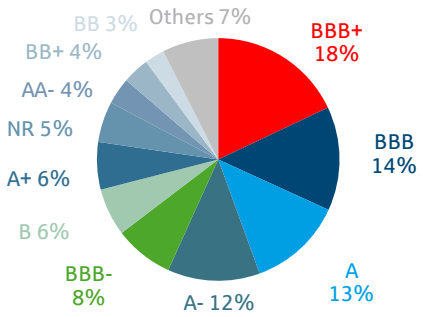
Euro corporate bonds: Issuance volume by credit quality group*



*as of 28.06.2024. Sources: Bloomberg, Helaba Research & Advisory

'BBB' categories contribute 40 % of volume

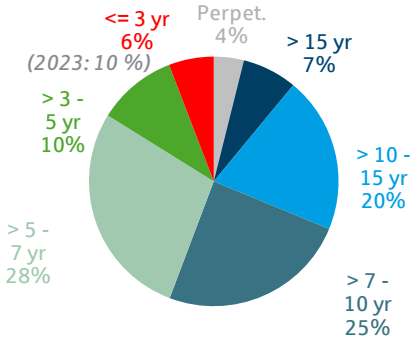
Euro corporate bonds: Issuance volume by rating class, H1 2024



Sources: Bloomberg, Helaba Research & Advisory

Longer tenors make up more than half of market

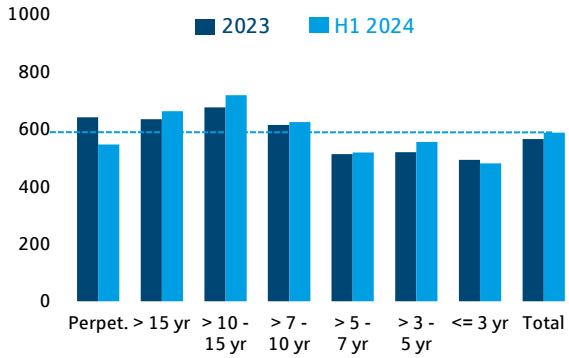
Euro corporate bonds: Issuance volume by maturity, H1 2024



Sources: Bloomberg, Helaba Research & Advisory

Average bond size slightly larger than in 2023

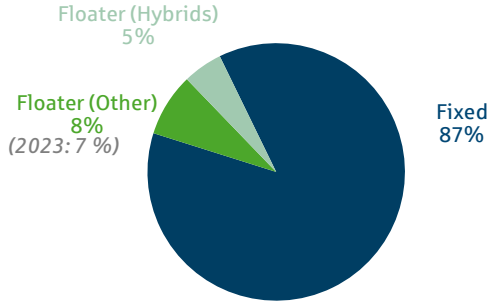
Euro corporate bonds: Average issuance size by maturity in EURm



Sources: Bloomberg, Helaba Research & Advisory

Floating rate bonds more in demand again

Euro corporate bonds: Issuance volume by fixed vs. floating, H1 2024



Sources: Bloomberg, Helaba Research & Advisory

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