Helaba

Focus on: Credit
12 December 2024

EUR Corporate Bonds: Primary Market Q4 2024

Issuance activity surges on back of falling interest rates

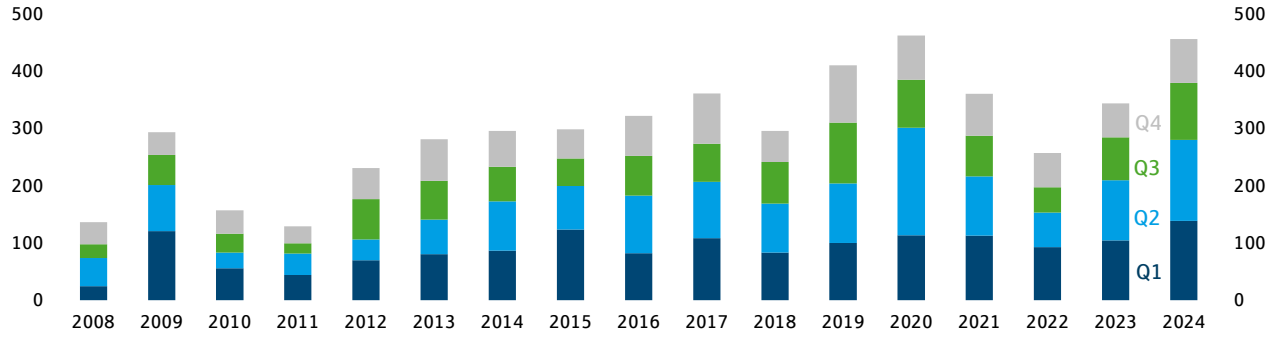


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So far, the final quarter of 2024 has seen euro-denominated corporate bond issuance of just under EUR 77 billion - almost EUR 20 billion more than in the same period of the previous two years. While corporate placement activity was shortly interrupted by the closely watched US presidential election in November, it was back to normal after only a few days. Overall, almost EUR 460 billion has been raised since the beginning of the year, nearly as much as in the record-breaking year of 2020. This represents an increase of more than EUR 100 billion compared to the previous year. Not only was the number of bonds significantly higher than in 2023 (792 vs. 607), but the average volume of issues was also somewhat larger than in the previous year at EUR 575 million. In our opinion, the main factors for the robust performance of the market were a sharp decline in swap rates and a gradual normalisation of their yield curve. In 2025, we believe that key rates are likely to continue falling, especially at the short end of the curve, and regard this scenario as conducive to sustaining the buoyant activity in the market. Consequently, we see scope for a further increase in placement volumes.

Full-year volume close to historic peak

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



*issues with a minimum volume of EUR 50 million, as of 12 December 2024.
Sources: Bloomberg, bondradar, Helaba Research & Advisory

As in prior quarters, smaller benchmark issues remain dominant – green bonds still the most popular ESG format

In the fourth quarter of the year, the most popular type of issuance was once again bonds with a volume of between EUR 500 and just under EUR 1 billion. With around 76 % of market volume, this segment's share remained at the same level as in the preceding quarters. Among the largest total deals in Q4 were those of Danish company DSV (EUR 5 billion in 6 tranches), followed by Volkswagen (EUR 2.75 billion in 3 tranches) and Total Energies (EUR 2.5 billion in 2 tranches). The market share of bonds with ESG features stabilised in the final quarter of 2024 at 21 % of total issuance volume. Since the beginning of January, this segment's market share has reached 23 %. In common with the previous quarters, ESG issuance has almost exclusively consisted of green bonds with earmarked proceeds. In the period from October to December, they accounted for 84 % of all ESG placements.

Industrials and utilities retain first and second spots - France tops country ranking

Industrial companies and utilities were the most active sectors in the fourth quarter of 2024, with issuance volumes of EUR 17.2 billion across 29 individual bonds and EUR 11.9 billion across 24 individual bonds, respectively. On a year-to-date basis, both have therefore managed to retain their leading positions and together account for around one-third of market volume and of total bonds issued. In terms of placement volume, non-European corporates achieved a market share of 20 % in 2024, which was marginally higher than in 2023 (19 %). However, their activity slowed somewhat in the final quarter of the year. Since January, one noteworthy decline has been the share of total volume attributable to US issuers, which fell from 16.4 % (as of the end of Q3) to 15.2 %. The most active issuers by country were French and Germany companies, which represented 16.3 % and 16.1 % of the market.

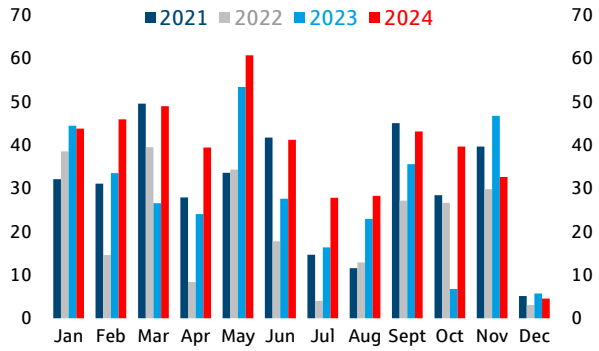
Subordinated bonds in the ascendant – maturity breakdown returning to normal

The fourth quarter of the year also saw brisk subordinated issuance with more than 7 % of placement volume in this segment, compared to just under 6 % for 2024 as a whole. Hybrids made up the overwhelming majority of these deals. Activity from sub-investment grade issuers remained fairly strong in Q4, lifting their market share for the full year to almost 21 %. In contrast, 'BBB' rating categories accounted for only 40 % of total issuance. The normalisation of policy rates has contributed to a further rebound in demand for longer maturities over the last few months. This is reflected in the fact that more than half of bonds were issued with maturities of more than seven years. The market share of short maturities of up to three years remained unchanged at 6 %. Strong demand for floating rate notes continued unabated in Q4, with their share of total issuance reaching 9 % since January (7 % in 2023).

Chartbook: Euro-denominated corporate bond issuance

US election only puts brief damper on activity

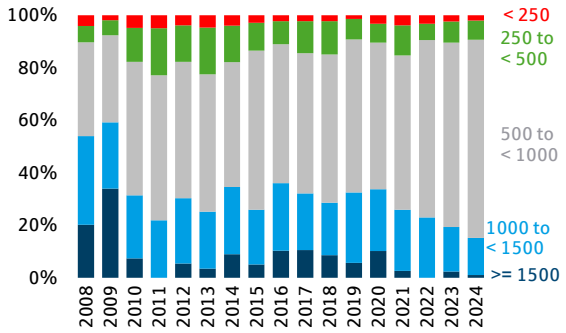
EUR corporate bonds: Issuance volume in EUR (billions)



*as of 12 December 2024. Sources: Bloomberg, bondradar, Helaba Research & Advisory

Small benchmarks dominate market

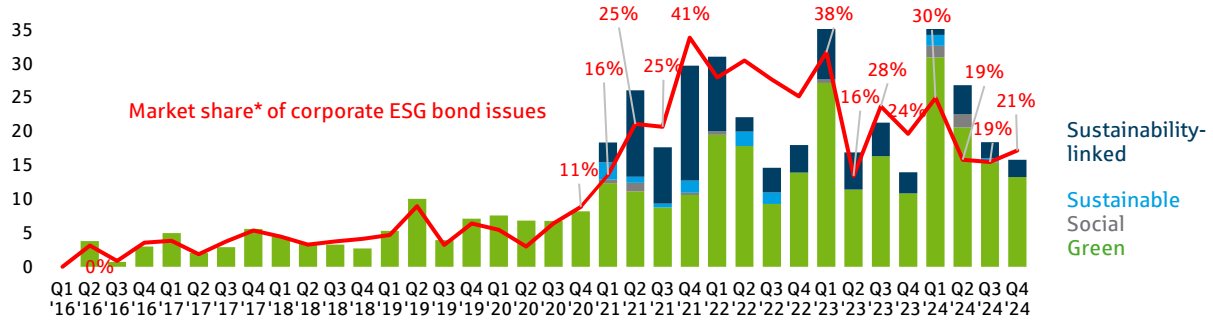
EUR corporate bonds: Placements by issue size in EUR (millions)*



*as of 12 December 2024. Sources: Bloomberg, bondradar, Helaba Research & Advisory

Recent stabilisation in share of bonds with sustainability component

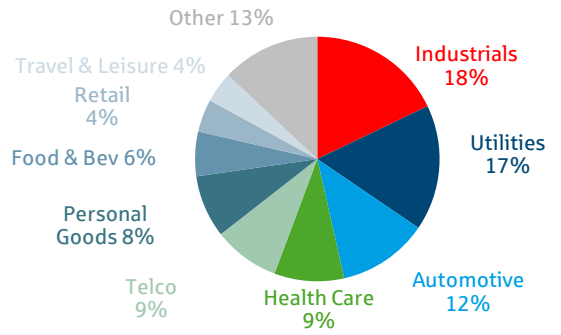
Corporate ESG bond placements in EUR (billions)*



*includes sustainable, social and sustainability-linked bonds from Q1 2021. As of 12 December 2024.
Sources: Bloomberg, Helaba Research & Advisory

Industrial sector places largest volume ...

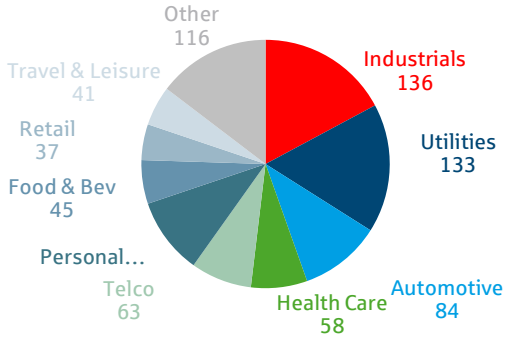
EUR corporate bonds: Issuance volume by sector, 2024



*as of 12 December 2024. Sources: Bloomberg, Helaba Research & Advisory

... and greatest number of bonds

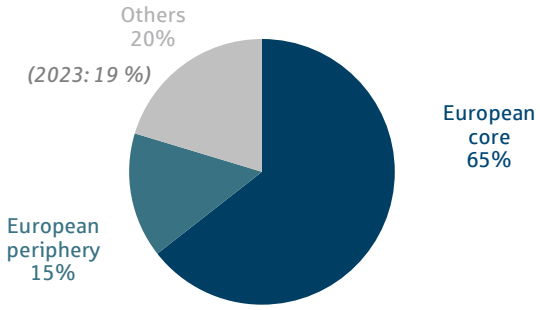
EUR corporate bonds: Number of issues by sector, 2024



*as of 12 December 2024. Sources: Bloomberg, Helaba Research & Advisory

Continued strong showing by non-Europeans

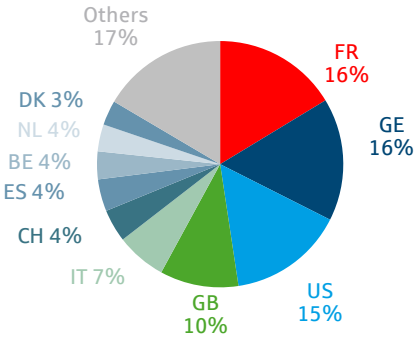
EUR corporate bonds: Issuance volume by region, 2024



*as of 12 December 2024. Sources: Bloomberg, Helaba Research & Advisory

France seizes top spot

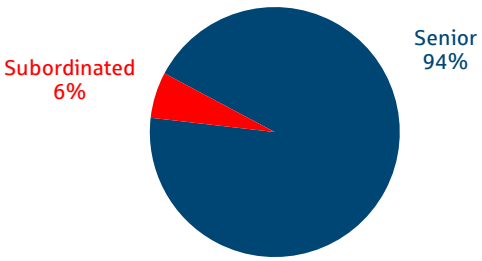
EUR corporate bonds: Issuance volume by country of origin, 2024



*as of 12 December 2024. Sources: Bloomberg, Helaba Research & Advisory

Market share of subordinated paper remains high

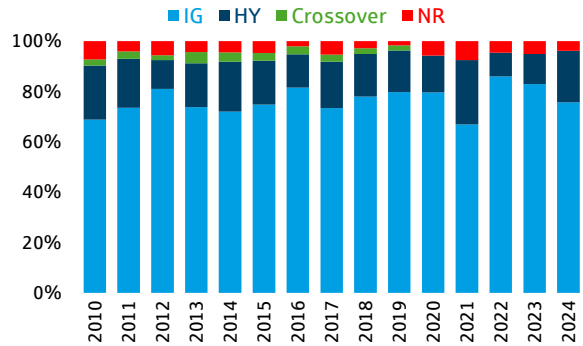
EUR corporate bonds: Issuance volume by ranking, 2024



*as of 12 December 2024. Sources: Bloomberg, Helaba Research & Advisory

Sub-IG issuers place one in five bonds

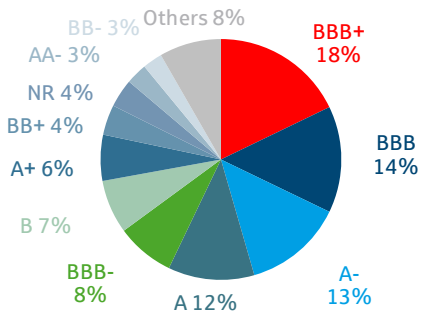
EUR corporate bonds: Issuance volume by credit quality group*



*as of 12 December 2024. Sources: Bloomberg, Helaba Research & Advisory

40 % of volume in "BBB" rating categories

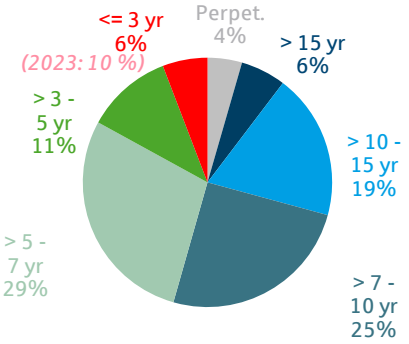
EUR corporate bonds: Issuance volume by rating category, 2024



*as of 12 December 2024. Sources: Bloomberg, Helaba Research & Advisory

Longer tenors comprise more than half of market

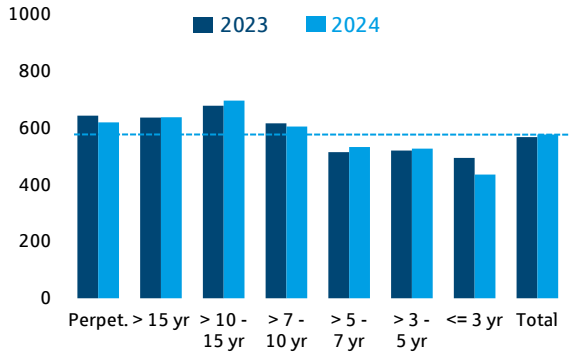
EUR corporate bonds: Issuance volume by maturity, 2024



*as of 12 December 2024. Sources: Bloomberg, Helaba Research & Advisory

ø bond volumes marginally higher than 2023

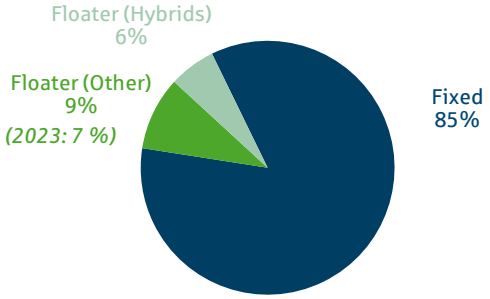
EUR corporate bonds: Average issuance size in EUR (millions)



*as of 12 December 2024. Sources: Bloomberg, Helaba Research & Advisory

Popularity of floating rate notes undiminished

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



*as of 12 December 2024. Sources: Bloomberg, Helaba Research & Advisory

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