Helaba

Focus on: Credit
9 April 2025

EUR corporate bonds: Primary market Q1 2025

Issuance defies global uncertainty

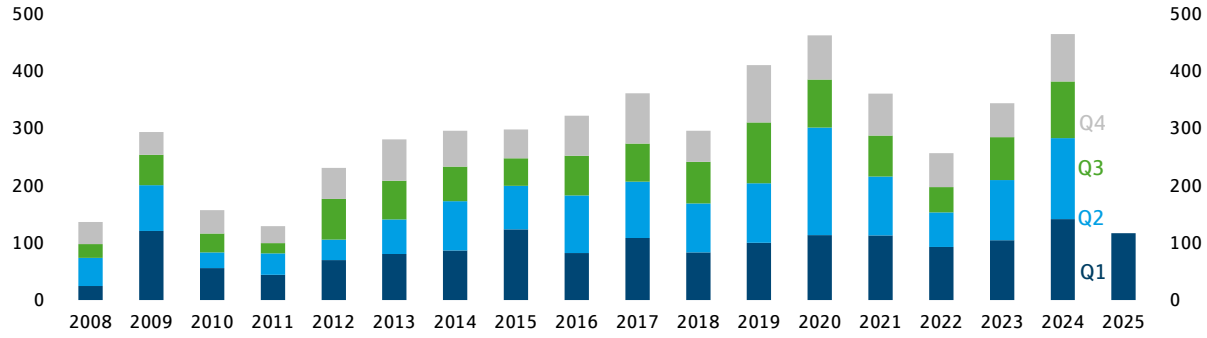


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Placements on the primary market for euro-denominated corporate bonds totalled just under EUR 117 billion in the opening quarter of 2025 - around EUR 25 billion less than in a year-on-year comparison. The pace of activity cooled off somewhat, particularly in March, which to a large extent reflected volatile movements in interest rates. In spite of this, total issuance volume in Q1 2025 still achieved its second-highest level for the past ten years; similarly, the number of bond issues came in at a respectable 200. The average placement size of EUR 583 million was slightly up on the average for the whole of 2024. Despite a recent sharp increase in risk premiums, issuance of EUR 5.3 billion in the first six trading days of the second quarter was marginally higher than in the same period last year. Despite what appears to be solid growth at the moment, we see mounting risks that tensions over trade policy and a challenging macroeconomic backdrop could potentially put the brakes on issuance activity. For this reason, there is no ruling out the possibility that the corporate bond market in 2025 may lag behind the record year of 2024.

Opening quarter sees second-largest volume in 10 years

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



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

Popularity of larger benchmark sizes ticks up - green formats dominate ESG segment

The market share of issues with a volume of between EUR 1 billion and EUR 1.5 billion rose slightly compared to Q1 2024. At the same time, bonds of between EUR 500 million and EUR 1 billion once again commanded the lion's share of the market, accounting for more than 70 % of total issuance volume. The biggest overall transactions in the first three months of the year were those by Johnson&Johnson (EUR 4 billion in 5 tranches), Carlsberg Breweries (EUR 4 billion in 4 tranches), IBM (EUR 3.5 billion in 4 tranches), TotalEnergies (EUR 3.15 billion in 3 tranches) and AT&T (EUR 2.75 billion in 3 tranches). However, the market share of bonds with an ESG dimension fell to 17 % in the first quarter. In common with previous quarters, use-of-proceeds bonds remained the most favoured issuance format by a clear margin.

Industrial sector places highest volume and most bonds - French issuers with almost 25% of market

In the first quarter, industrials not only placed the largest bond volume of EUR 19.8 billion (17 %) but also the biggest number of individual bonds (39). The market share of non-European corporates rose to 26 %, significantly more than the 20 % they held in 2024. This increase was largely attributable to significant activity by US firms that placed a number of major deals. In total, American issuers collectively accounted for 22 % of market volume and formed the second-largest issuer group. But the largest volume came from French corporates, which together were responsible for 23 % of total issuance.

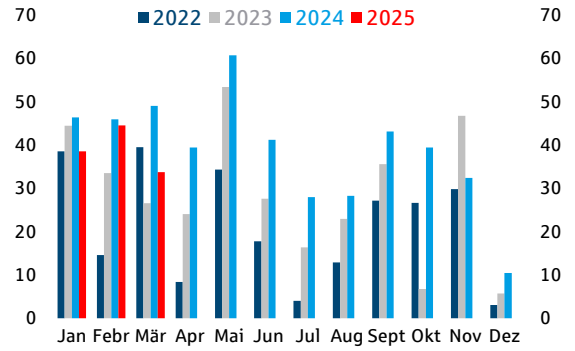
Nearly every second bond from "BBB" rating categories - maturity mix continues to normalise

There was somewhat less demand for subordinated bonds from January to March 2025. They made up approx. 5 % of total placement volume versus a share of 6 % in FY 2024 and primarily consisted of hybrid notes. The market share of sub-investment grade issues fell to just under 15 % compared with 21 % in the first quarter of 2024. Companies in the "BBB" rating categories raised 46 % of total bond market volume. There was also a continued trend towards a normalisation in the maturity profile in the first three months of the year: Excluding perpetuals, around half of bonds were issued with a duration of more than seven years. Conversely, the market share of short-dated bonds of up to 3 years declined to 5 %. Demand for floating-rate notes remained buoyant, accounting for 8 % of issuance volume in Q1 2025.

Chartbook: Euro-denominated corporate bond issuance

Issuance volume weakens in March

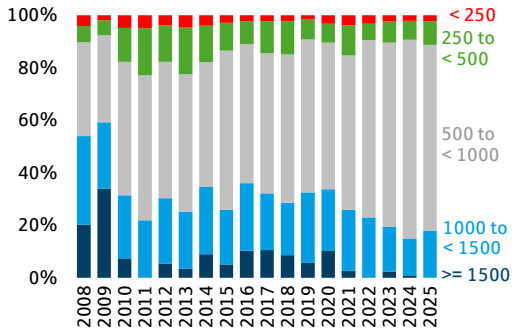
EUR corporate bonds: Issuance volume in EUR (billions)



Sources: Bloomberg, bondradar, Helaba Research & Advisory

Larger benchmarks somewhat more popular

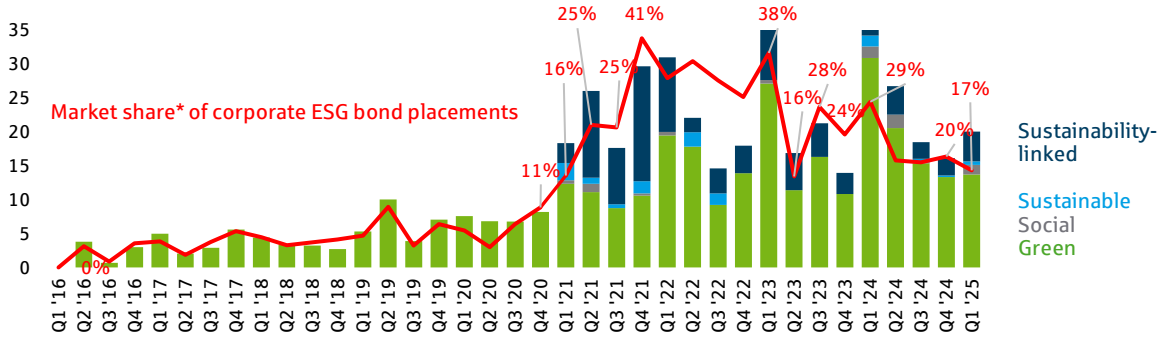
EUR corporate bonds: Placements by issue size in EUR (millions)



Sources: Bloomberg, bondradar, Helaba Research & Advisory

Further decline in bonds with sustainability component

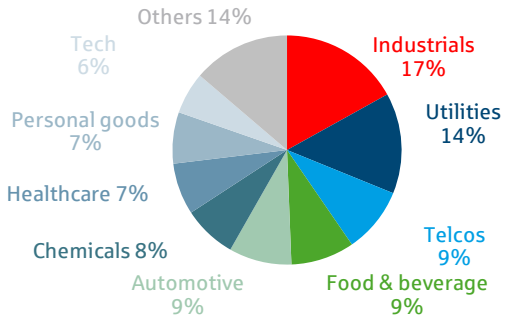
Corporate ESG bond placements in EUR (billions)



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

Industrial sector places largest volume ...

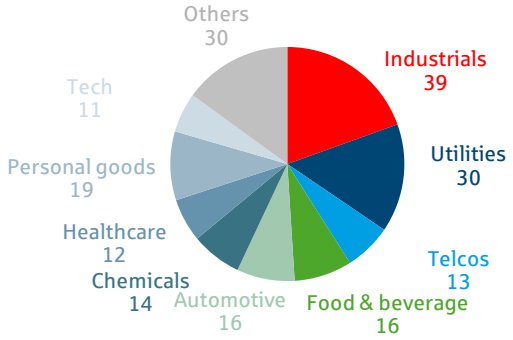
EUR corporate bonds: Issuance volume by sector, Q1 2025



Sources: Bloomberg, Helaba Research & Advisory

... and most individual issues

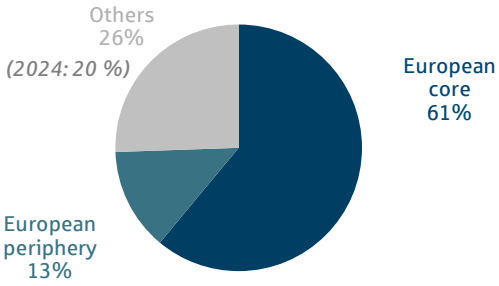
EUR corporate bonds: Number of issues by sector, Q1 2025



Sources: Bloomberg, Helaba Research & Advisory

Non-European companies grow market share

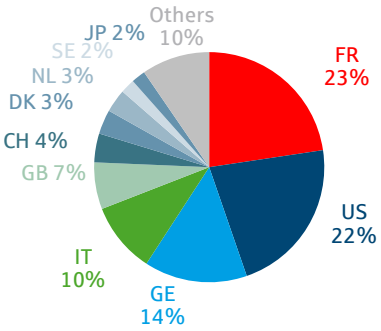
EUR corporate bonds: Issuance volume by region, Q1 2025



Sources: Bloomberg, Helaba Research & Advisory

French issuers take the lead

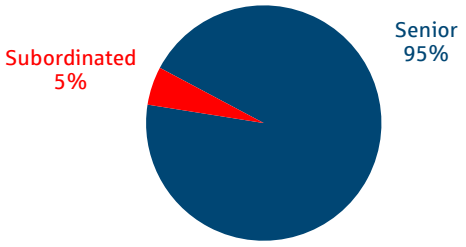
EUR corporate bonds: Issuance volume by country of origin, Q1 2025



Sources: Bloomberg, Helaba Research & Advisory

Less demand for subordinated issues

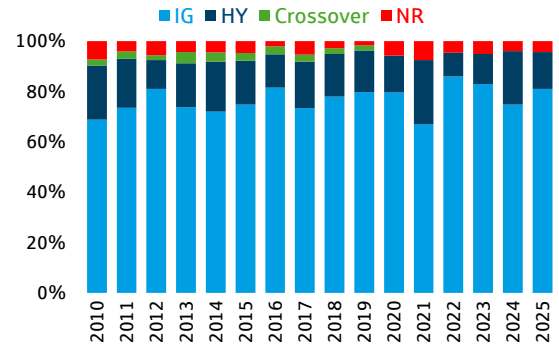
EUR corporate bonds: Issuance volume by ranking, Q1 2025



Sources: Bloomberg, Helaba Research & Advisory

Slightly lower volume of sub-IG issuance

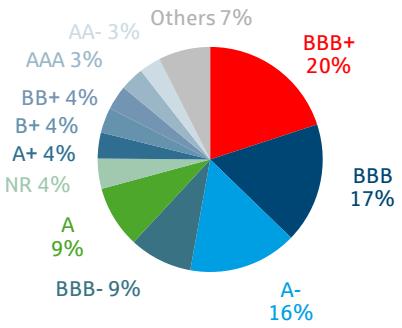
EUR corporate bonds: Issuance volume by credit quality group



Sources: Bloomberg, Helaba Research & Advisory

"BBB" categories smash through 40 % threshold

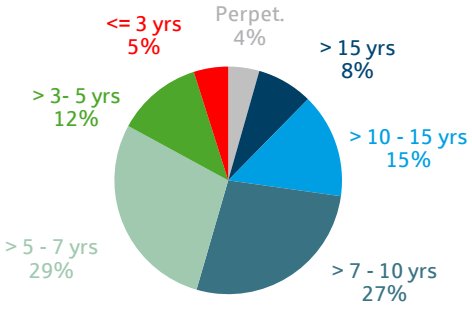
EUR corporate bonds: Issuance volume by rating category, Q1 2025



Sources: Bloomberg, Helaba Research & Advisory

Long-dated bonds with more than 50 % of market

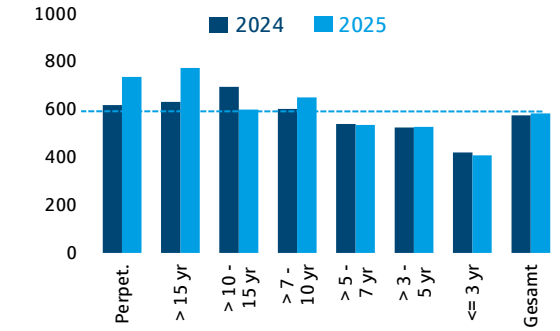
EUR corporate bonds: Issuance volume by maturity, Q1 2025



Sources: Bloomberg, Helaba Research & Advisory

Average bond sizes slightly larger than in 2024

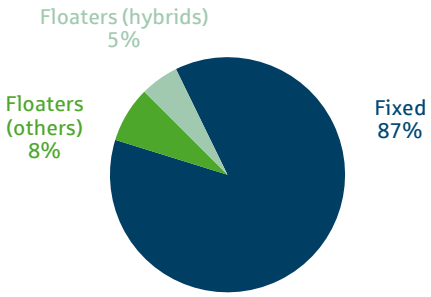
EUR corporate bonds: Average issuance size in EUR (millions)



Sources: Bloomberg, Helaba Research & Advisory

Floating-rate notes remain popular

EUR corporate bonds: Issuance volume by fixed vs. floating, Q1 2025



Sources: Bloomberg, Helaba Research & Advisory

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