



CREDIT SPECIAL

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Primary market EUR corporate bonds: Liquidity hoarding before Easter leads to record volume

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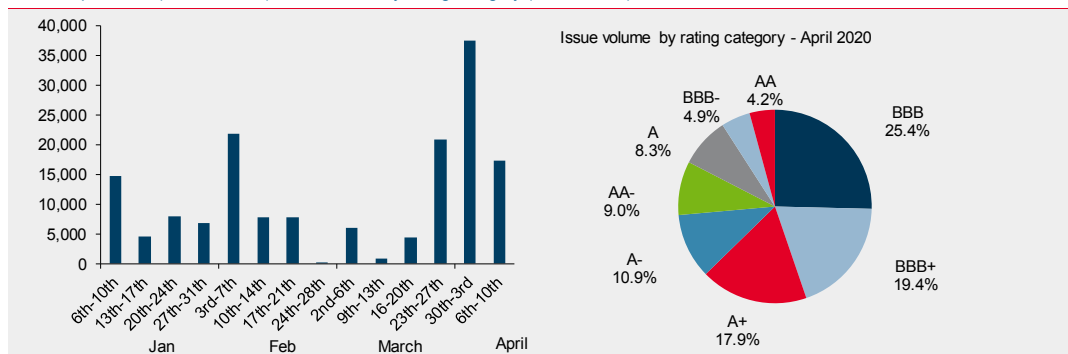
Corporate issuers continue to shore up liquidity on massive scale. During the first 6 trading days of April, the primary market for EUR corporate bonds saw a record-breaking issuance of €39bn - more than in any April before.

Issue spreads remain elevated, however, they seem to recede for solid credits in the non-cyclical space. In our view, that is a sign that the market is getting more constructive again. Moreover, investors' interest remains high as the sizable oversubscription of several deals shows. Furthermore, yesterday's placement of €1bn from Russian gas major Gazprom points to the fact that corporates from Emerging Markets start to venture into the segment again.

Nevertheless, we do not see any reopening of the market in sub-investment grade space, so far. While there is a good chance that market conditions may continue to improve over the coming weeks, it will take some time for a full return to normality. In the coming weeks, we believe that issuance from 'A'-rated categories (and better) will continue to represent a higher market share than in the past.

EUR corporate bond market: record issuance in April driven by good credits

Issuance per week (volume in €m) and Issuance by rating category (volume in %)



Sources: Bloomberg, Helaba Research ■

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