

PRIMARY MARKET UPDATE EUR-CORPORATE BONDS*

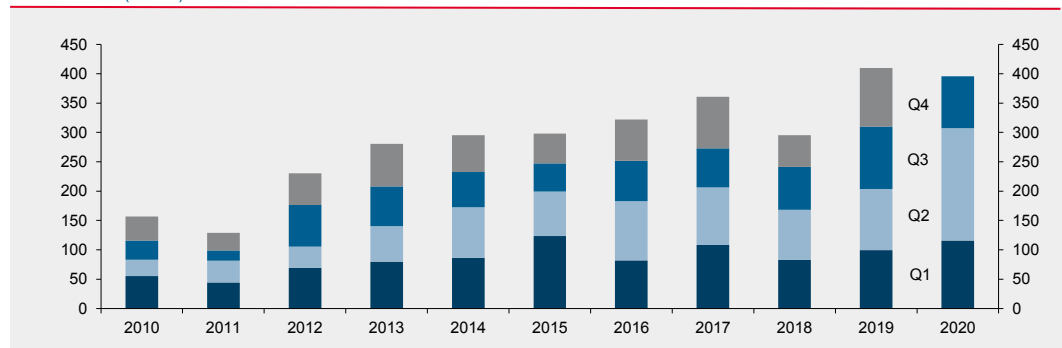
7. October 2020

In calmer waters

- The third quarter of the year saw issuance activity return to normal on the primary market for euro corporate bonds. Following a mammoth EUR 308 billion placed in the first half of 2020, from July to September issuers raised a more modest EUR 88 billion, EUR 18 billion less than in Q3 2019. Nevertheless, with a volume of EUR 396 billion in the first three quarters, the market has been trading at record levels and is expected to reach its previous annual all-time high of EUR 410 billion before the end of October. Q3 also saw the trend towards green financing continue unabated. At EUR 7.3 billion, its share of total volume amounted to approx. 8 % - rising to as much as 9 % when ESG-linked bonds are included.
- Both in terms of total issuance as well as number of transactions, industrials remained the most important group of investors in Q3. The healthcare sector moved up to second place with a volume of EUR 43 billion placed since the year kicked off. The market share of issuers from the European periphery was once again below that of the previous year, while French and German companies were responsible for almost 40 % of total issuance.
- Larger benchmarks proved considerably more popular in the first three quarters than last year. The market share of junior bonds increased to 6.8 % versus 5.5 % in the first nine months of 2019. At 83 % of total issuance volume, the proportion of investment-grade corporates remained rather high. The 'BBB' segment has been the most important source of issuance, with a total of EUR 164 billion raised so far this year.
- Since January, more than half of funds placed on the euro primary market flowed into long-dated bonds with maturities of over 7 years. The average issue had a volume of around EUR 645 million - higher than in the previous year. Non-rated companies, in particular, placed substantially more on average than in 2019. There was also a further rise in demand for floaters in the third quarter.
- We anticipate that market activity will once again be somewhat more subdued in the current quarter than in the first six months of the year. Currently, our projection for the year as a whole is a total issuance volume of between EUR 450 and 470 billion.

Nearing all-time record volume already

Volume in EUR (billions)



Sources: Bloomberg, bondradar, Helaba Research

*issues with a minimum volume of EUR 50 million

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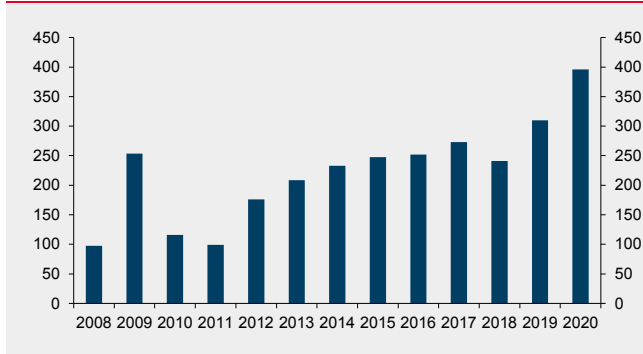
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Approx. EUR 85 bn higher than last year

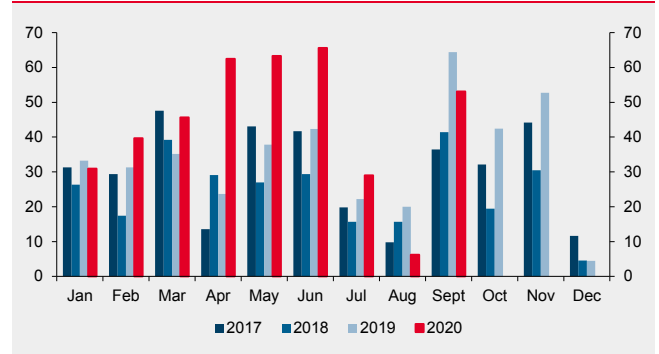
Issuance activity in 9M by year (volume in EUR billions)



Sources: Bloomberg, bondradar, Helaba Research

September volume slightly below previous year ...

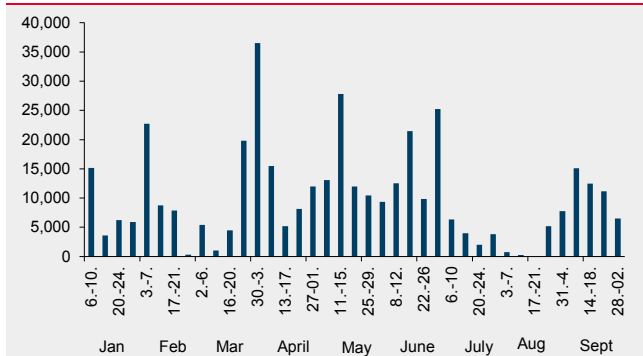
Issuance activity by month (volume in EUR billions)



Sources: Bloomberg, bondradar, Helaba Research

... but average weekly volume over EUR 10 bn

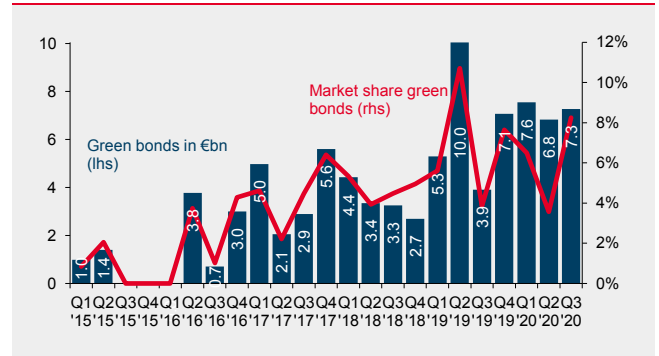
Issuance activity by week of the month (volume in EUR millions)



Sources: Bloomberg, bondradar, Helaba Research

Green bonds see higher market share in Q3

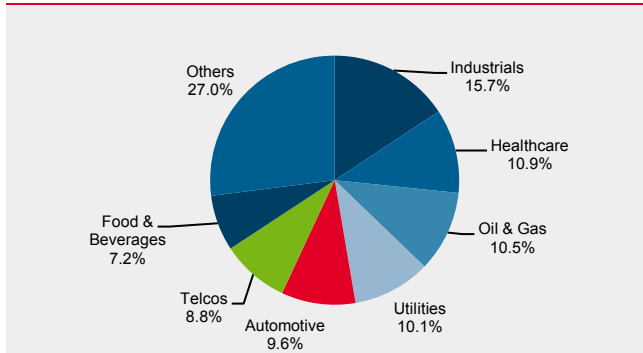
Corporate green bond placements in EUR billions or market share in %



Sources: Bloomberg, bondradar, Helaba Research

Industrials place highest volume ...

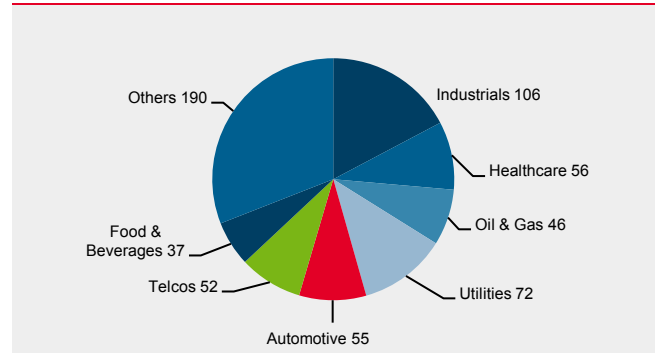
Issuance activity by sector in 9M 2020 (distribution by volume)



Sources: Bloomberg, bondradar, Helaba Research

... and the most issues

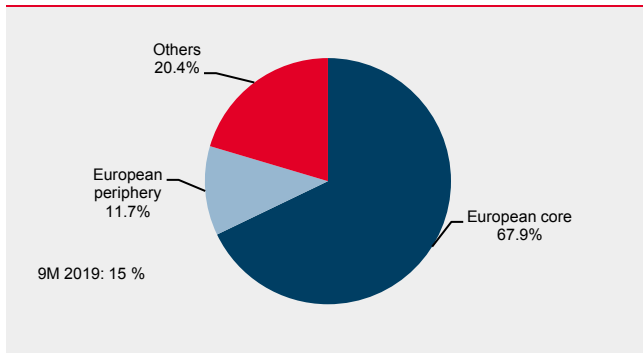
Issuance activity by sector in 9M 2020 (distribution by number of issues)



Sources: Bloomberg, bondradar, Helaba Research

Issues from euro periphery below previous year's level

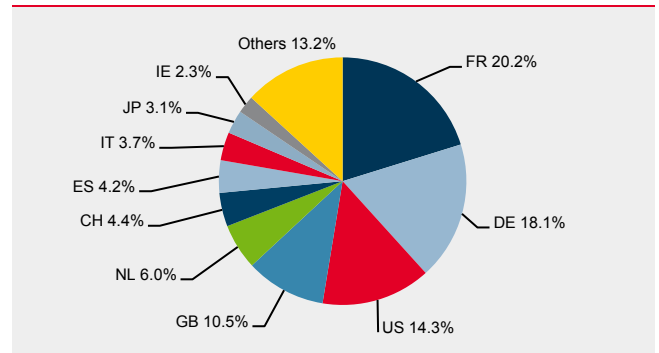
Issuance activity by region in 9M 2020 (distribution by volume)



Sources: Bloomberg, bondradar, Helaba Research

Largest group of issuers still from France

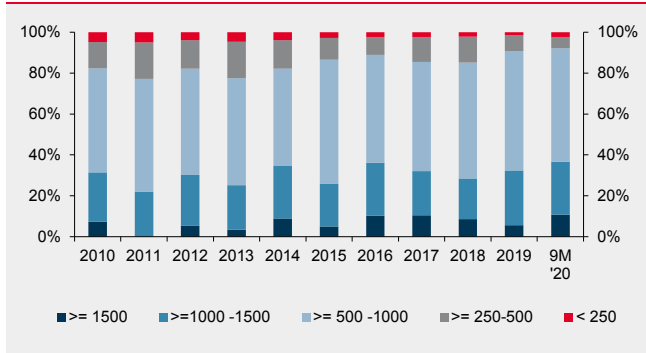
Issuance activity by country of origin in 9M 2020 (distribution by volume)



Sources: Bloomberg, bondradar, Helaba Research

Higher market share for large benchmarks

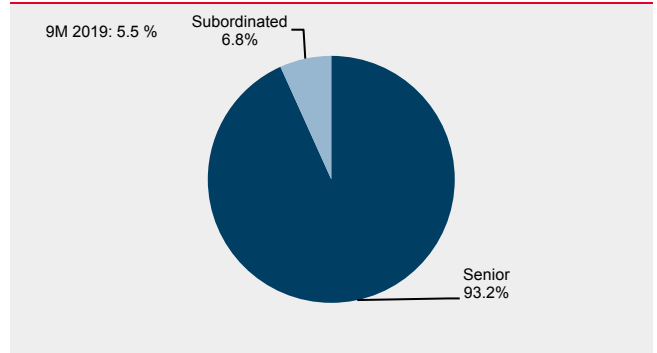
Placements by issue size (distribution by volume in EUR millions)



Sources: Bloomberg, bondradar, Helaba Research

Junior issues more popular than last year

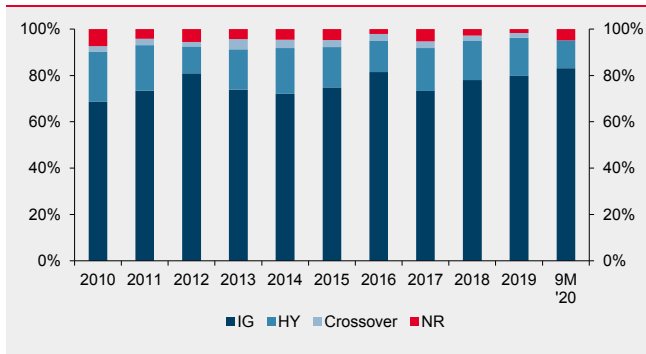
Ranking of new issues in 9M 2020 (distribution by volume)



Sources: Bloomberg, bondradar, Helaba Research

Market share of IG issues at over 80 %

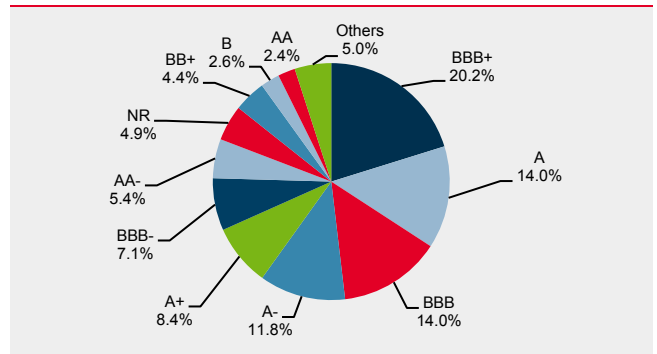
Issuance by credit quality groups (distribution by volume)



Sources: Bloomberg, bondradar, Helaba Research

'BBB' segment most important group of issuers

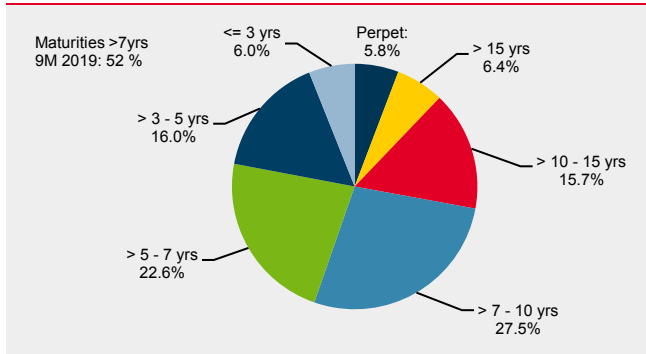
Issuance by rating classes in 9M 2020 (distribution by volume)



Sources: Bloomberg, bondradar, Helaba Research

Sharp growth in market share of long-dated issues

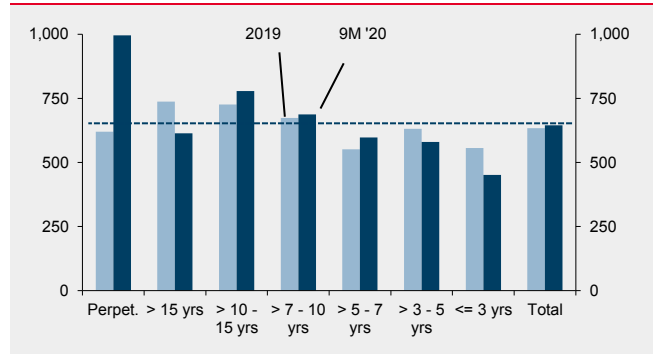
Issuance by maturity in 9M 2020 (distribution by volume)



Sources: Bloomberg, bondradar, Helaba Research

Average volumes still slightly above previous year ...

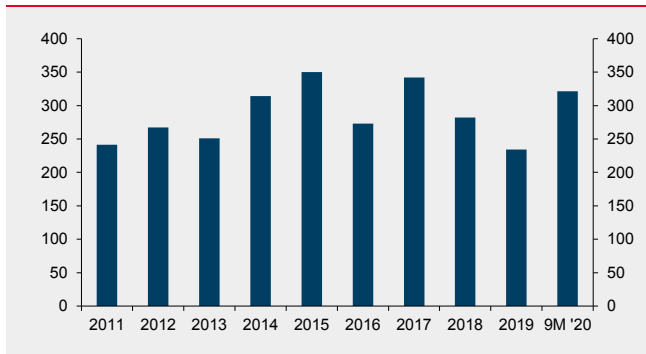
Average issue size by maturity (in EUR millions)



Sources: Bloomberg, bondradar, Helaba Research

... with unrated bonds seeing particularly strong rise

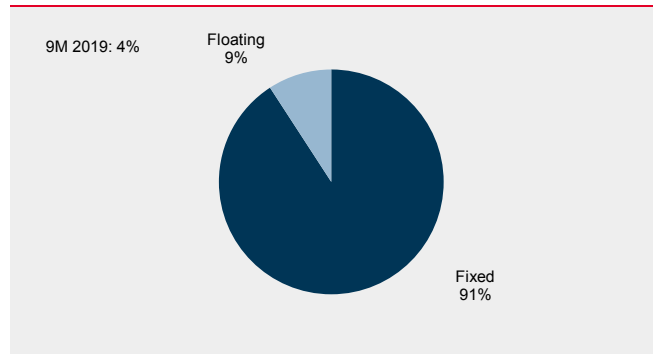
Average issue size of unrated issuers (in EUR millions)



Sources: Bloomberg, bondradar, Helaba Research

Floater see greater market share

Fixed-coupon and floating-rate issues in 9M 2020 (volumes in %)



Sources: Bloomberg, bondradar, Helaba Research