

PRIMARY MARKET UPDATE EUR-CORPORATE BONDS*

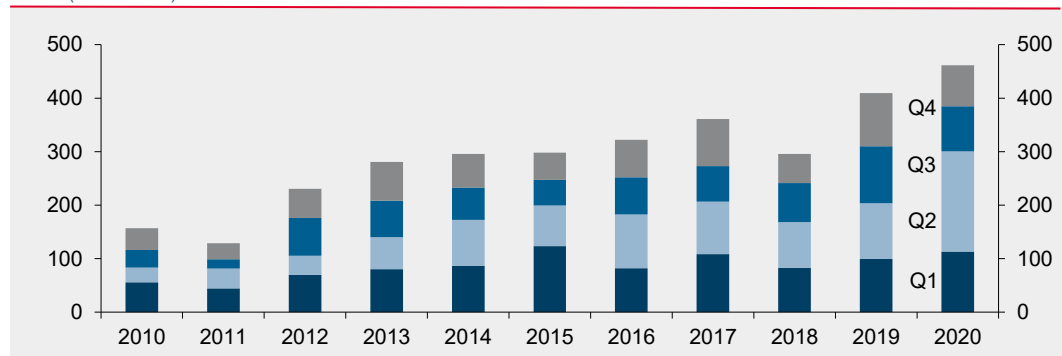
18 January 2021

Liquidity is king

- As expected, the primary market for EUR corporate bonds achieved a new record high in the past financial year. A total of some EUR 460 billion was issued in 772 separate transactions - almost EUR 50 billion more than in 2019. This stellar performance was largely driven by strong placement activity in the second quarter. In view of the growing level of uncertainty, companies were eager to shore up their liquidity position by launching additional refinancing measures at the outset of the Covid-19 crisis. By contrast, the other quarters were considerably quieter.
- The industrial, utility, oil & gas and healthcare sectors accounted for almost half the total market volume and number of deals in 2020. The popularity of green financing increased, especially in the second half of the year, with the segment capturing a market share of more than 10 % in Q4. For the year as a whole, an average of around 6 % of all issuances were structured as green bonds.
- Around two-thirds of the total issuance was placed by companies domiciled in core European countries. French and German issuers alone were responsible for approximately 36 % of total placement volume. Demand for larger benchmark-sized bonds remained somewhat stronger than in the previous year. Subordinated issues were also more popular than in 2019, garnering a market share of 8.7 %.
- Investment grade bonds comprised just under 80 % of volume in 2020. Nevertheless, with a share of 5.8 %, the proportion of unrated bonds was comparatively high (2019: 1.7 %). In terms of duration, issuers tended to prefer long maturities; consequently, bonds with a maturity of more than 7 years made up close to 57 % of market volume. At around EUR 600 million, the average bond was slightly smaller than in the year before. Floaters, whose share of the market soared to 11 %, enjoyed skyrocketing popularity (2019: 3 %).
- Turning our attention to 2021, we expect the majority of issuers to once again shift their focus to replacing notes as they mature as well as to financing structural investment programmes given the abundant supply of liquidity (cf. "[Markets and Trends 2021 - A helping hand from Nanny](#)", December 2020). We currently estimate an issuance volume in 2021 in a range of between EUR 300 and EUR 350 billion.

Q2 propels market volume to record level

Volume (in EUR billion)



Sources: Bloomberg, bondradar, Helaba Research

*issues with a minimum volume of EUR 50 million

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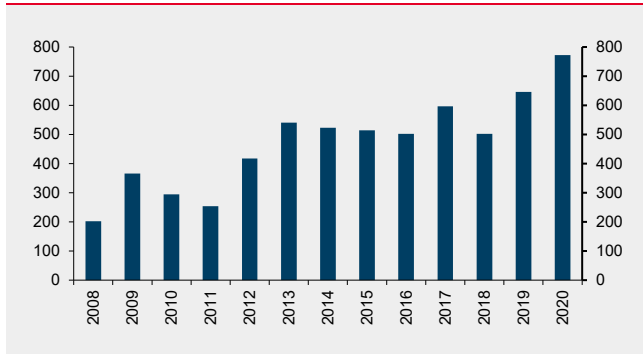
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Number of transactions hits all-time high

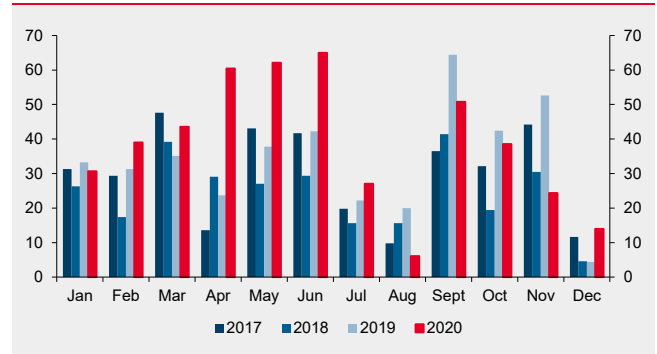
Issuance activity by year (number of issues)



Sources: Bloomberg, bondradar, Helaba Research

Momentum eases off in H2

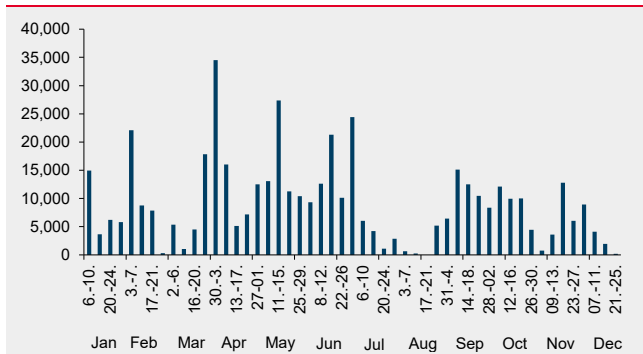
Issuance activity by month (volume in EUR billion)



Sources: Bloomberg, bondradar, Helaba Research

Strong weekly volumes in months of March to June

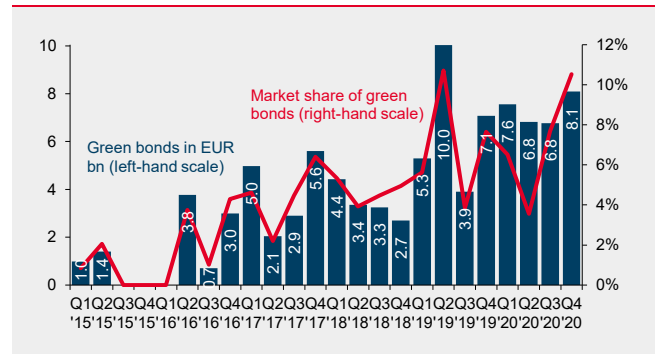
Issuance activity by week of the month (volume in EUR million)



Sources: Bloomberg, bondradar, Helaba Research

Share of green bonds in Q4 near historic peak

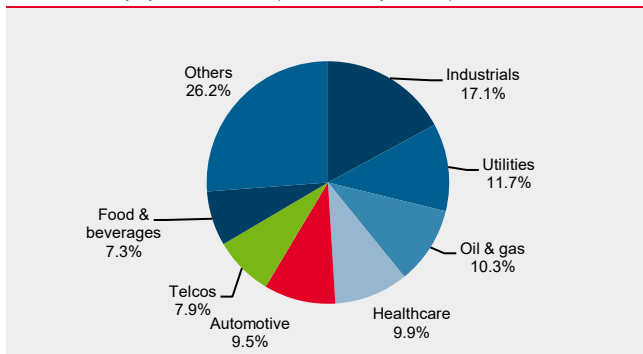
Corporate green bond placements in EUR billions or market share in %



Sources: Bloomberg, bondradar, Helaba Research

Four sectors issue half of total market volume

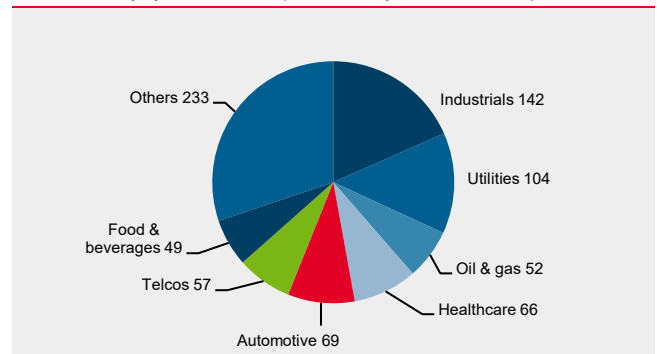
Issuance activity by sector in 2020 (distribution by volume)



Sources: Bloomberg, bondradar, Helaba Research

Industrials issue the highest number of bonds

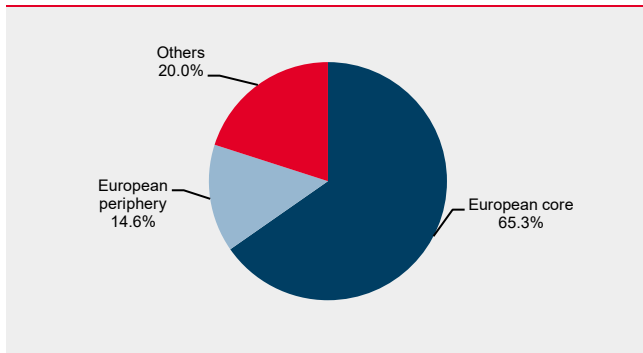
Issuance activity by sector in 2020 (distribution by number of issues)



Sources: Bloomberg, bondradar, Helaba Research

Core Europe issues account for two-thirds of volume

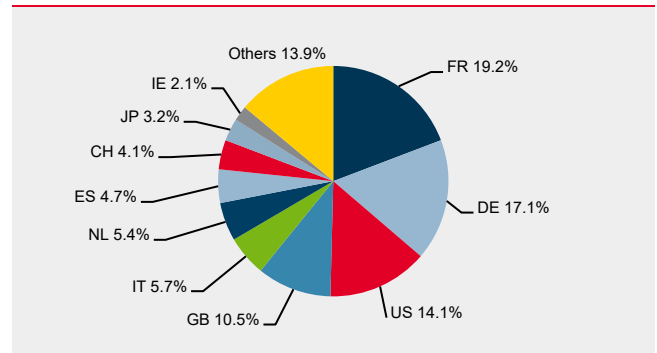
Issuance activity by region in 2020 (distribution by volume)



Sources: Bloomberg, bondradar, Helaba Research

French companies remain leading issuer group

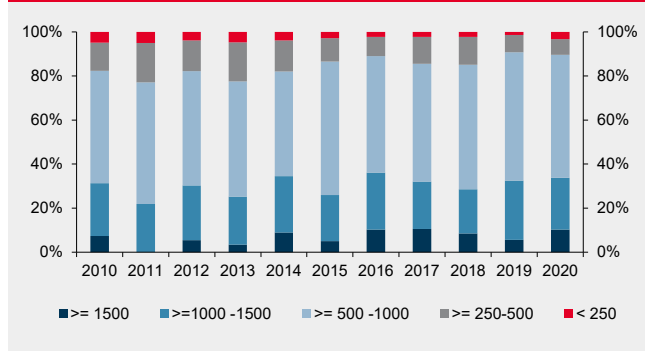
Issuance activity by country of origin in 2020 (distribution by volume)



Sources: Bloomberg, bondradar, Helaba Research

Large benchmark issues take higher market share

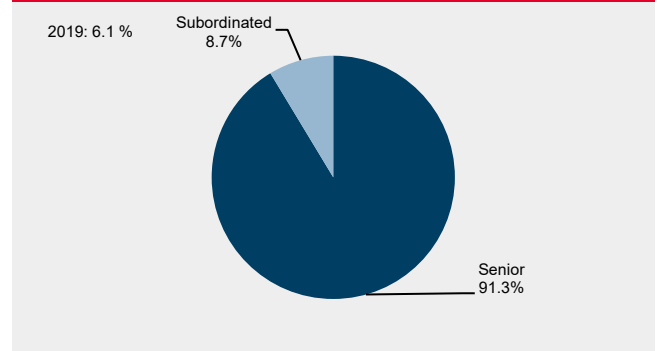
Placements by issue size (distribution by volume in EUR million)



Sources: Bloomberg, bondradar, Helaba Research

Subordinated bonds much more popular than in 2019

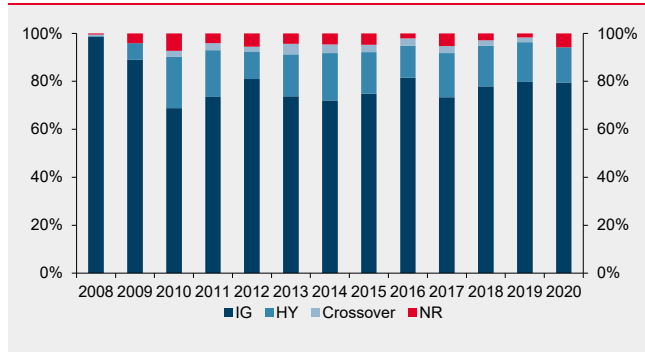
Ranking of new issues in 2020 (distribution by volume)



Sources: Bloomberg, bondradar, Helaba Research

Market share of non-rated issues increases

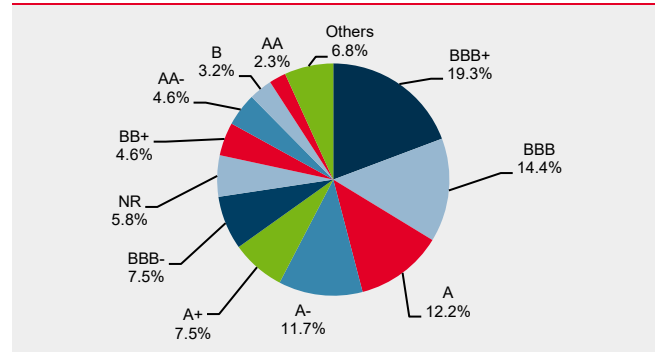
Issuance by credit quality groups (distribution by volume)



Sources: Bloomberg, bondradar, Helaba Research

Broad mix of rating classes

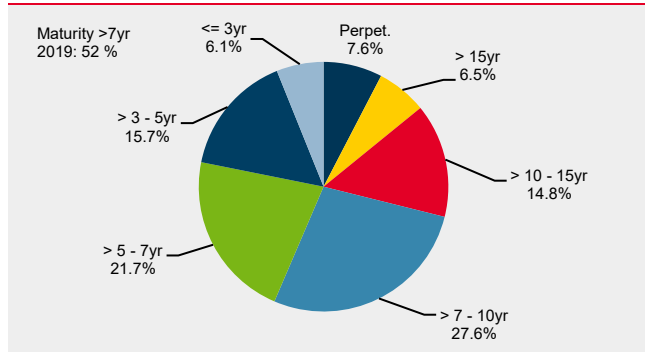
Issuance by rating classes in 2020 (distribution by volume)



Sources: Bloomberg, bondradar, Helaba Research

Strong demand for long maturities

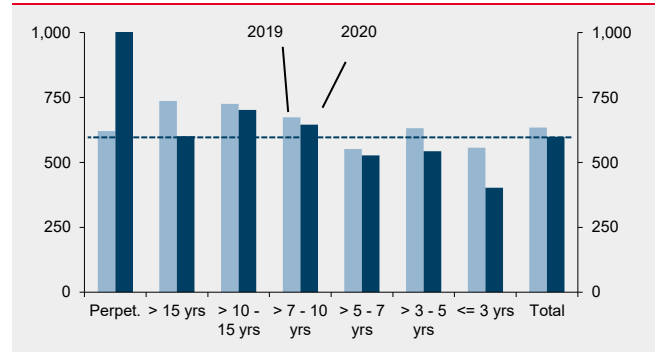
Issuance by maturity in 2020 (distribution by volume)



Sources: Bloomberg, bondradar, Helaba Research

Average volumes fall ...

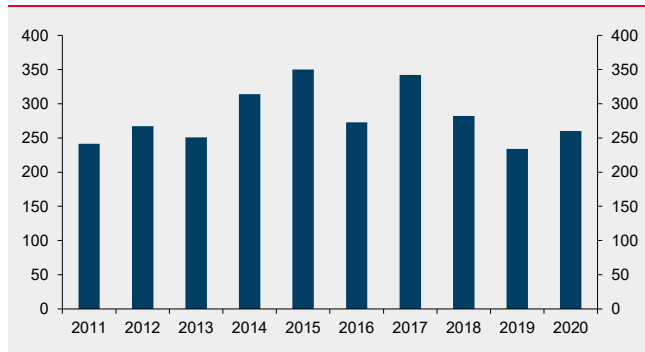
Average issue size by maturity (in EUR million)



Sources: Bloomberg, bondradar, Helaba Research

... though unrated bonds are larger than in 2019

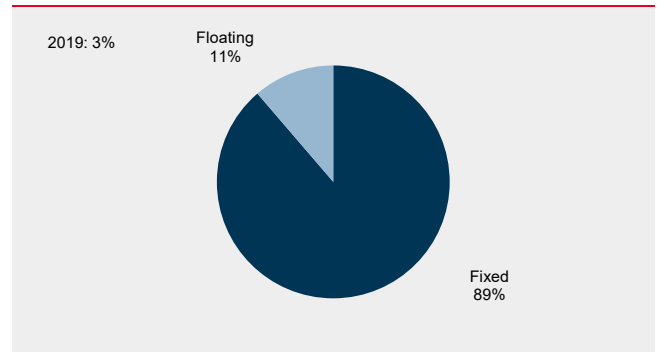
Average issue size of unrated issuers (in EUR million)



Sources: Bloomberg, bondradar, Helaba Research

Sharp jump in market share of floaters

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



Sources: Bloomberg, bondradar, Helaba Research