

PRIMARY MARKET UPDATE EUR-CORPORATE BONDS*

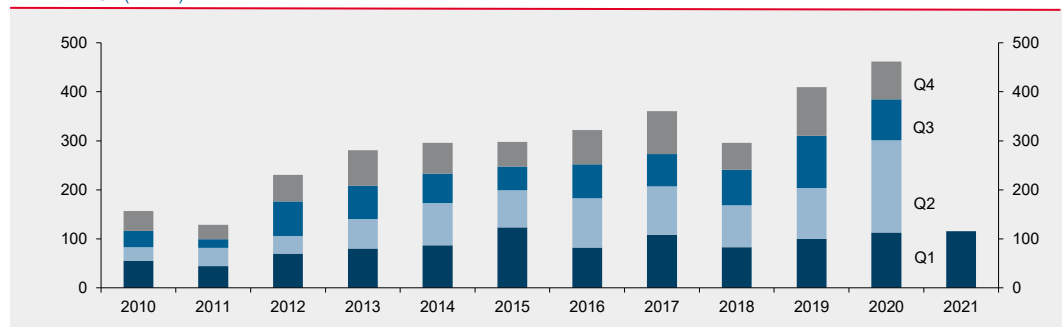
13. April 2021

Strong start to the year

- The primary market for EUR corporate bonds got off to a rather buoyant start in the first quarter of 2021. From January to March there were around 200 issues with a total volume of EUR 116 billion, which was the highest Q1 volume since 2015. Growth in sustainable bonds continued unabated, with green bonds reaching a new all-time high and accounting for around EUR 13 billion or 11 % of the market. When sustainable and sustainability-linked bonds are factored in, sustainable issuance represented close to 16 % of total placement volume.
- Approximately one third of market share came from industrials and utilities. In addition, the largest number of bonds were issued by the industrial sector. Almost 18 % of total volume originated from issuers in the European periphery while German, French or US companies accounted for every second euro placed.
- There were barely any large benchmark notes with a volume of EUR 1.5 billion or more issued in the first quarter. Subordinated bonds, by contrast, were very popular and captured a market share of more than 11 % (EUR 13 billion). Most of these were hybrid perpetual securities. Unrated bonds and high-yield securities achieved their best market share for over 10 years, with placement volumes of EUR 10 billion and EUR 27 billion, respectively. However, around half of total market volume was attributable to BBB rating classes.
- The average issue size, at EUR 562 million, was slightly smaller than in the previous year. Long durations were very popular, with more than 60 % of issuance having a maturity of over 7 years. The substantial proportion of floaters was mainly due to the high level of hybrid issues.
- Since it is likely that the ECB's purchase programmes will prevent any significant increase in refinancing costs for corporates, we believe market activity will remain strong over the months ahead. The trend towards sustainable bonds, in particular, is expected to continue. Furthermore, there are many indications that hybrids will remain attractive to investors thanks to their supportive effect on credit quality. Nevertheless, the second quarter will probably not reach the record placement volumes of the same period last year, which was marked by the onset of the Covid-19 crisis. Overall, we anticipate that total issuance volume in 2021 will approach the EUR 400 billion mark.

Q1 issuance volume exceeds previous year

Volume in EUR (billions)



Sources: Bloomberg, bondradar, Helaba Research

*issues with a minimum volume of EUR 50 million

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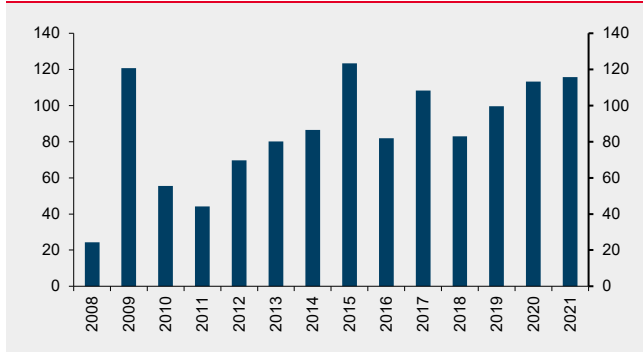
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Total issuance in Q1 just below previous record

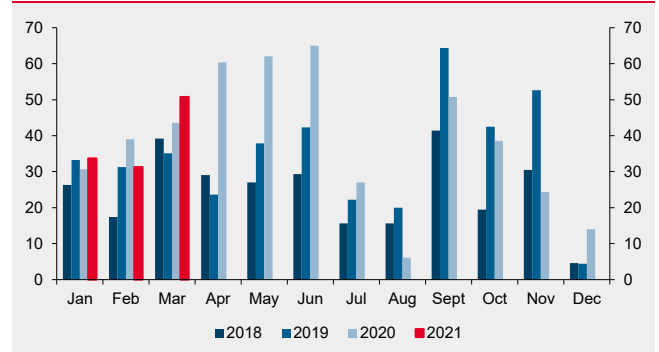
Issuance activity in Q1 by year (volume in EUR billions)



Sources: Bloomberg, bondradar, Helaba Research

High volumes issued in March

Issuance activity by month (volume in EUR billions)



Sources: Bloomberg, bondradar, Helaba Research

Green issues reach all-time high volume

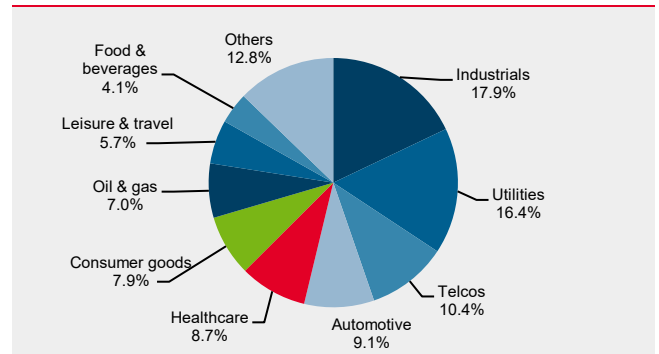
Corporate ESG bond placements in EUR billions or market share in %



*from Q1 2021 including sustainable bonds and sustainability-linked bonds
Sources: Bloomberg, bondradar, Helaba Research

Industrials and utilities account for third of market

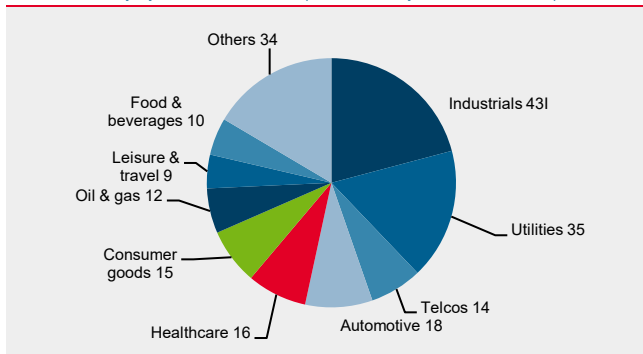
Issuance activity by sector in Q1 2021 (distribution by volume)



Sources: Bloomberg, bondradar, Helaba Research

Industrial sector places most bonds

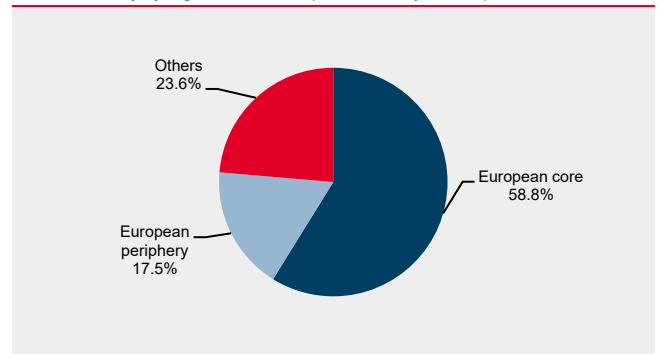
Issuance activity by sector in Q1 2021 (distribution by number of issues)



Sources: Bloomberg, bondradar, Helaba Research

Strong showing by issuers in European periphery

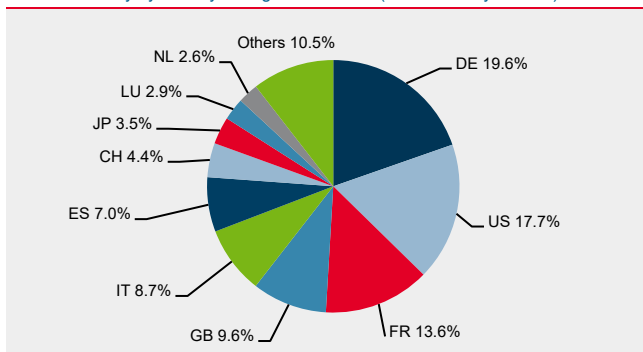
Issuance activity by region in Q1 2021 (distribution by volume)



Sources: Bloomberg, bondradar, Helaba Research

German companies in pole position for volume ...

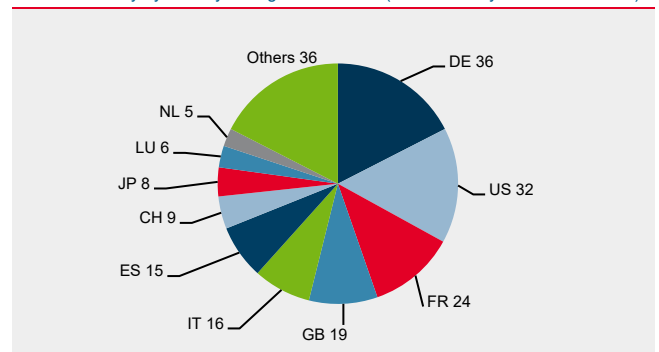
Issuance activity by country of origin in Q1 2021 (distribution by volume)



Sources: Bloomberg, bondradar, Helaba Research

... and number of deals

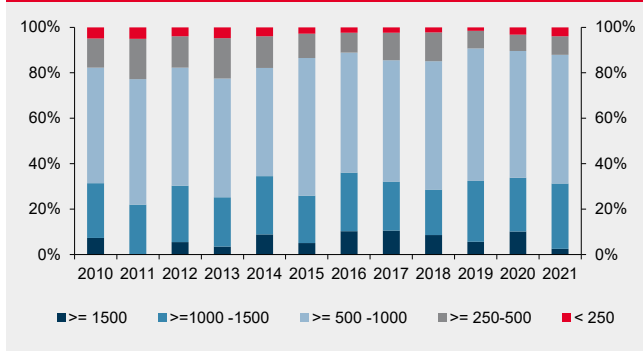
Issuance activity by country of origin in Q1 2021 (distribution by number of issues)



Sources: Bloomberg, bondradar, Helaba Research

Less demand for large benchmark issues

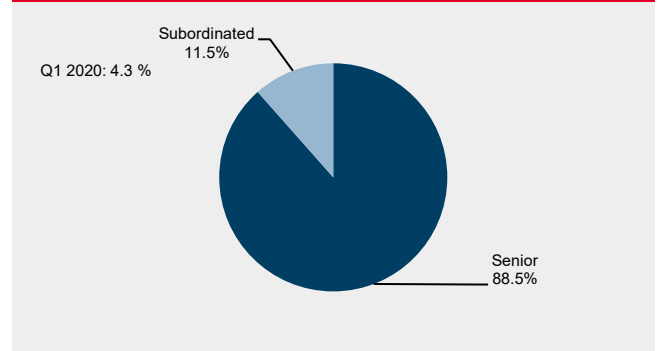
Placements by issue size (distribution by volume in EUR millions)



Sources: Bloomberg, bondradar, Helaba Research

Subordinated notes on very high level

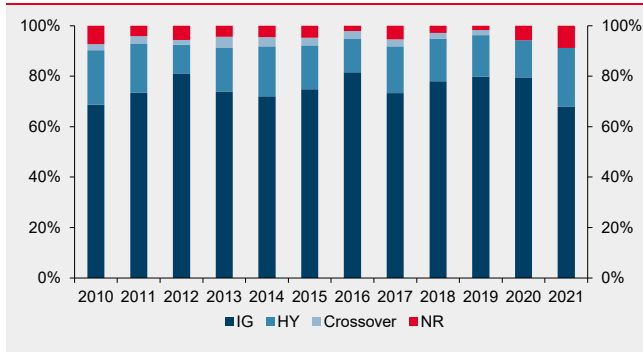
Ranking of new issues in Q1 2021 (distribution by volume)



Sources: Bloomberg, bondradar, Helaba Research

Market share of high-yield bonds rises sharply

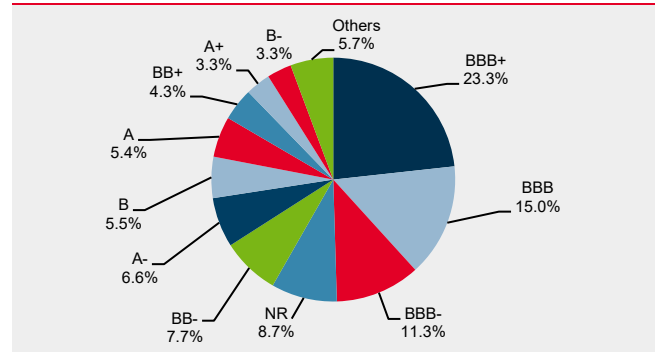
Issuance by credit quality groups (distribution by volume)



Sources: Bloomberg, bondradar, Helaba Research

BBB rating classes represent half of market

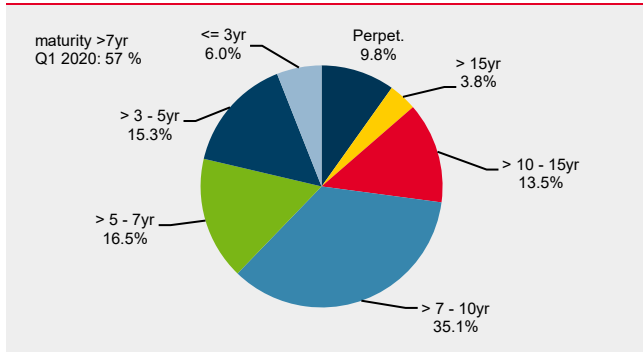
Issuance by rating classes in Q1 2021 (distribution by volume)



Sources: Bloomberg, bondradar, Helaba Research

Long-term refinancing highly popular

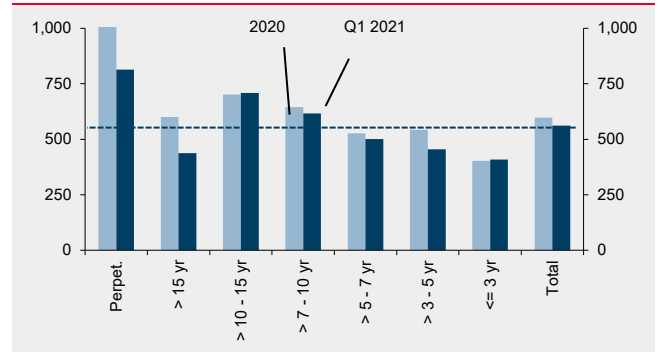
Issuance by maturity in Q1 2021 (distribution by volume)



Sources: Bloomberg, bondradar, Helaba Research

Average deal size somewhat smaller than 2020

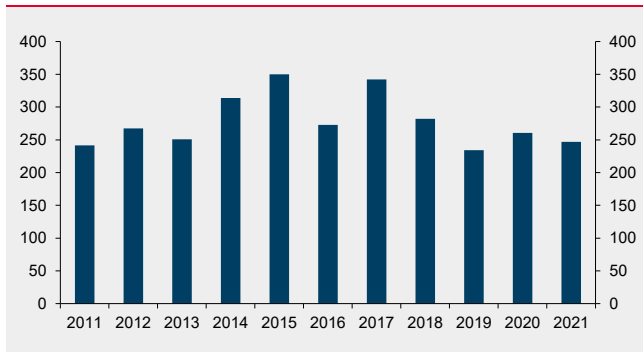
Average issue size by maturity (in EUR millions)



Sources: Bloomberg, bondradar, Helaba Research

Size of unrated bonds typically € 250 million

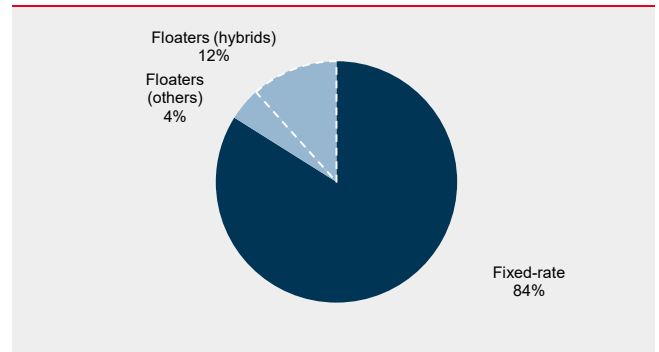
Average issue size of unrated issuers (in EUR millions)



Sources: Bloomberg, bondradar, Helaba Research

Hybrids drive share of floaters

Fixed-coupon and floating-rate issues in Q1 2021 (volumes in %)



Sources: Bloomberg, bondradar, Helaba Research