

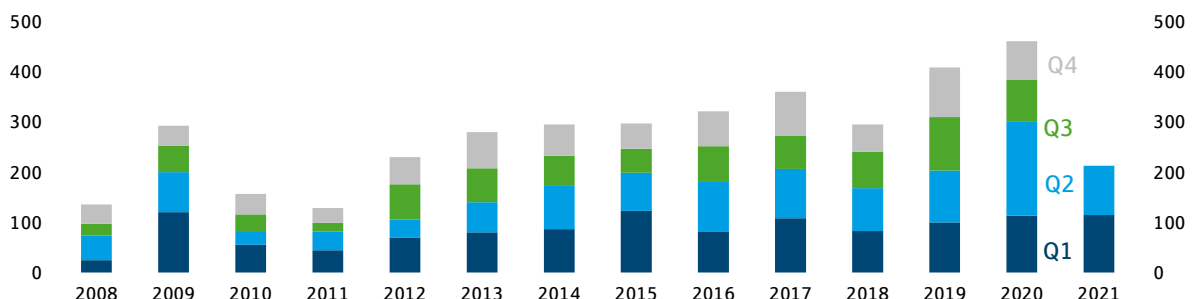


### Primary Market Update EUR Corporate Bonds: ECB acts to stabilise market

- The first half of 2021 saw around EUR 215 billion placed in euro-denominated corporate debt, which was almost EUR 90 billion less than in H1 2020. Issuance was particularly weak between April and June compared to the same period of last year when companies took steps to shore up their liquidity positions in light of the unfolding Covid crisis. However, the ECB's purchase programmes were a key factor in stabilising issuance activity, with average issue volumes falling by EUR 70 million to EUR 520 million year-on-year. The proportion of deals with a volume of EUR 1.5 billion or more declined to a 10-year low.
- Industrials, utilities and automotive companies were responsible for nearly half of all new issuance in the first six months, or around 45 % of market volume. At around 20 % of total market volume, firms from the European periphery were more prominent than in previous years while German companies accounted for the largest share, raising 15.3 % of total debt issuance.
- The popularity of subordinated instruments continued unabated (cf. Credit Special "[Hybrid bonds: Growth bucks the trend](#)"), with their market share climbing to nearly 10 % in the first half of the year. Never before had sub-IG issues attracted so much interest: every fourth euro was raised in this category. The sustainability segment also reached new heights, with its share of total market volume rising to more than 20 %. For the first time, sustainability-linked bonds made up the majority of issuance here. The market share of unrated issues remained high, although it was concentrated in the three 'BBB' classes that accounted for almost half of overall activity. Excluding hybrid bonds, floaters captured 5 % of total market volume.
- The ECB's corporate sector purchases should keep companies' funding costs low. As progress is made in tackling Covid-19 and the economic recovery picks up speed, though, it is likely that firms will see less of a need to raise additional liquidity. That is why we expect total issuance for this year to fall to a level last seen in 2019 of around EUR 400 billion, which would be significantly lower than the previous year's record high.

#### Market activity stabilises in Q2

Issuance volume of euro-denominated corporate bonds\* (in EUR billions)



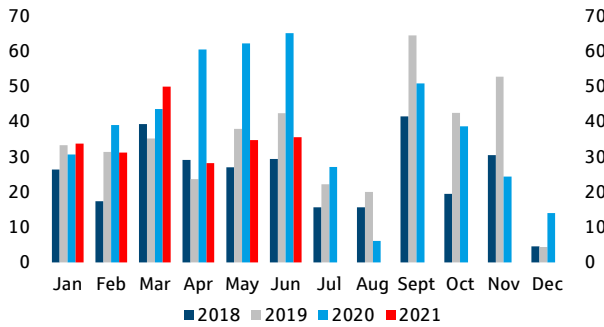
\*includes issues up to 29 June 2021

Sources: Bloomberg, bondradar, Helaba Research & Advisory

\*issues with a minimum volume of EUR 50 million

### Volumes considerably lower in Q2

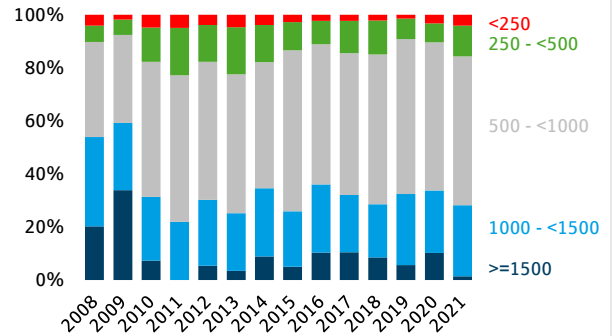
Issuance activity by month\* (volume in EUR billions)



\*includes issues up to 29 June 2021.  
Sources: Bloomberg, bondradar, Helaba Research & Advisory

### Weaker demand for large-volume issues

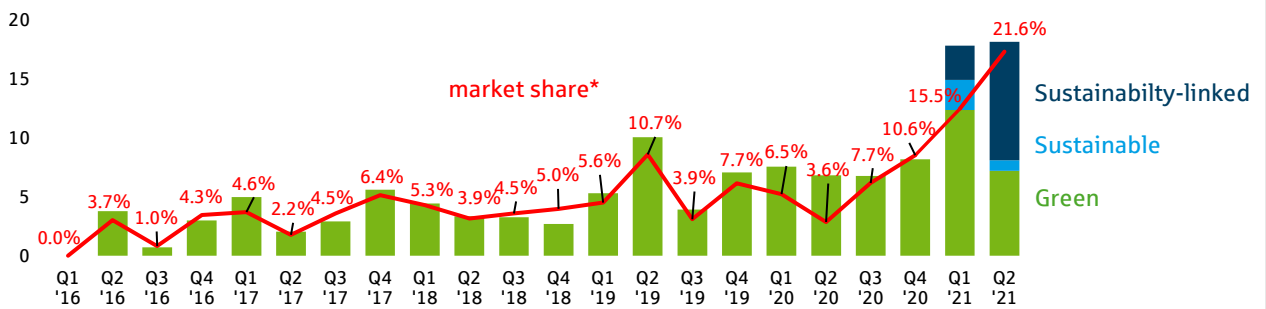
Issuance activity by volume\* (in EUR millions)



\*includes issues up to 29 June 2021.  
Sources: Bloomberg, bondradar, Helaba Research & Advisory

### Importance of sustainability bond segment continues to grow

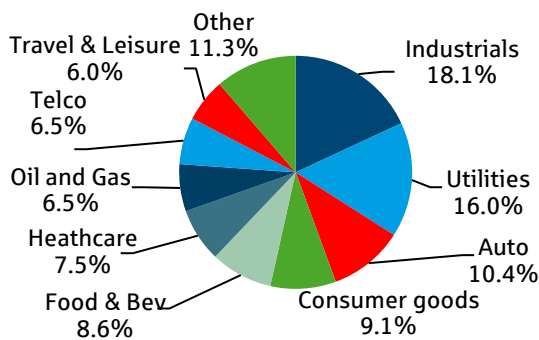
Corporate ESG bond placements\*\* (in EUR billions or market share in %)



\*including sustainable bonds and sustainability-linked bonds from Q1 2021; \*\*includes issues up to 29 June 2021.  
Sources: Bloomberg, bondradar, Helaba Research & Advisory

### Three sectors share 45 % of market volume

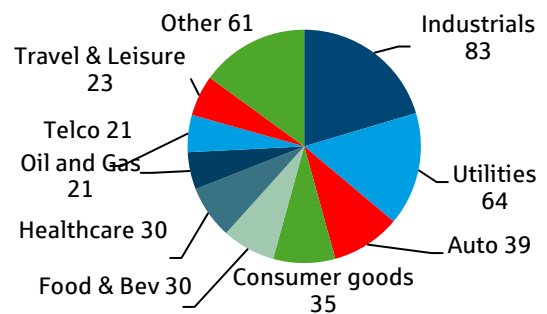
Issuance activity by sector in H1 2021\* (distribution by volume)



\*includes issues up to 29 June 2021.  
Sources: Bloomberg, Helaba Research & Advisory

### Every 2nd bond from industrials, utilities or auto

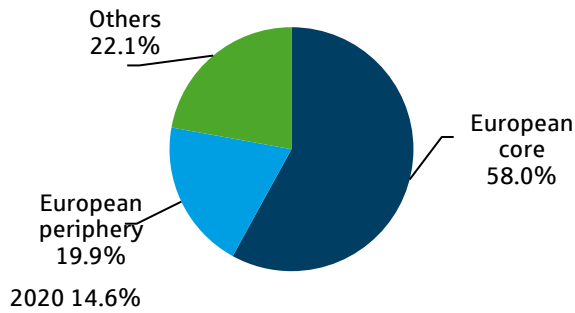
Issuance activity by sector in H1 2021\* (distribution by number of issues)



\*includes issues up to 29 June 2021.  
Sources: Bloomberg, Helaba Research & Advisory

### High market share of European periphery

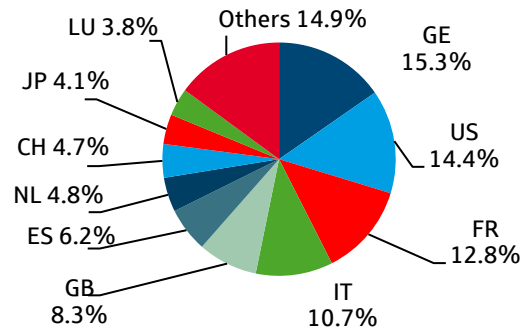
Issuance activity by region in H1 2021\* (distribution by volume)



\*includes issues up to 29 June 2021.  
Sources: Bloomberg, Helaba Research & Advisory

### German companies in pole position

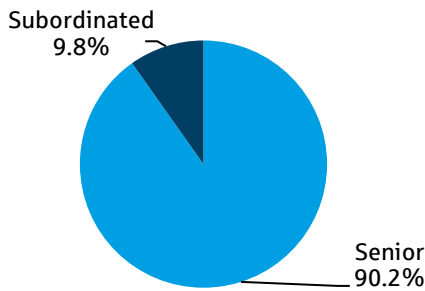
Issuance activity by country of origin in H1 2021\* (distribution by volume)



\*includes issues up to 29 June 2021.  
Sources: Bloomberg, Helaba Research & Advisory

### Subordinated notes account for 10 % of market

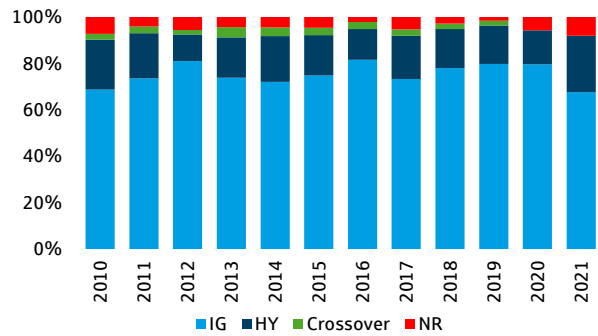
Ranking of new issues in H1 2021 (distribution by volume)



\*includes issues up to 29 June 2021.  
Sources: Bloomberg, Helaba Research & Advisory

### Record-breaking popularity of sub-IG deals

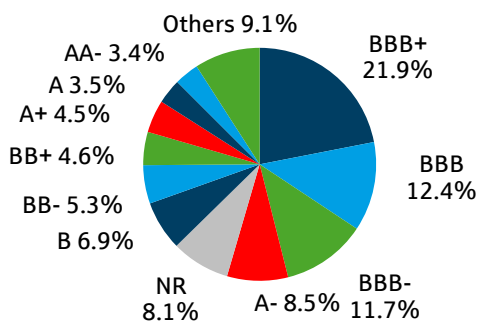
Issuance by credit quality groups (distribution by volume)



\*includes issues up to 29 June 2021.  
Sources: Bloomberg, bondradar, Helaba Research & Advisory

### BBB rating classes remain dominant

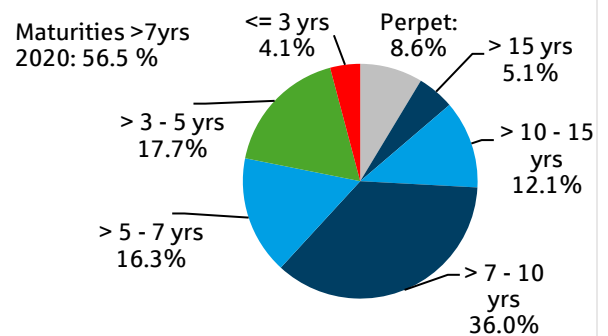
Issuance by rating class in H1 2021 (distribution by volume)



\*includes issues up to 29 June 2021.  
Sources: Bloomberg, Helaba Research & Advisory

### Continued trend towards long maturities

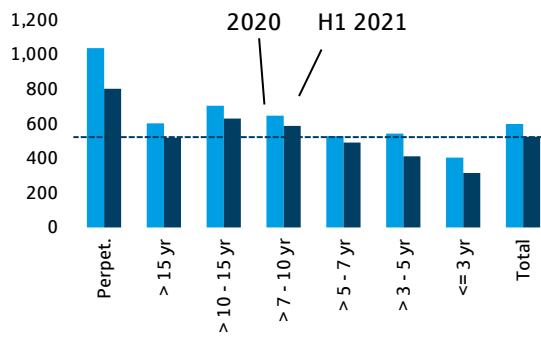
Issuance by maturity in H1 2021 (distribution by volume)



\*includes issues up to 29 June 2021.  
Sources: Bloomberg, Helaba Research & Advisory

### Average bond size smaller than last year

Average issue size by maturity\* (in EUR millions)

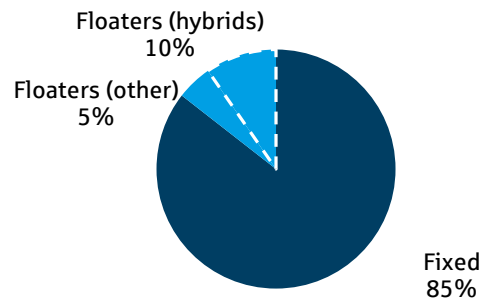


\*includes issues up to 29 June 2021.

Sources: Bloomberg, Helaba Research & Advisory

### Weak demand for floaters

Fixed-coupon and floating-rate issues in H1 2021\* (volumes in %)



\*includes issues up to 29 June 2021.

Sources: Bloomberg, Helaba Research & Advisory



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