

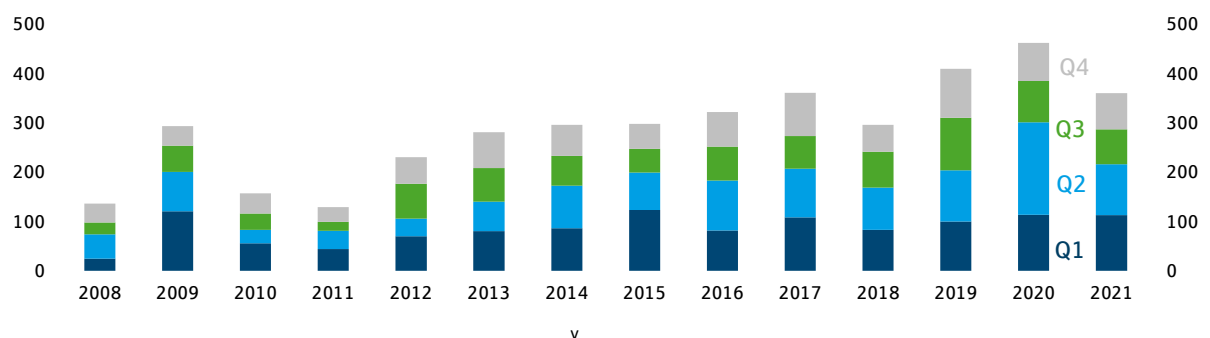


Primary market update EUR corporate bonds: Volumes of ESG-linked bonds explode

- 2021 saw a considerably lower issuance volume than in the previous year, with EUR 360 billion divided among just under 690 issues. The substantial liquidity buffers that companies had accumulated in the wake of the Covid-19 crisis in 2020 are likely to have been the principal reason why some corporate treasury departments were less active on the bond market. Total issuance in the second quarter, in particular, was significantly below the equivalent figure for 2020. However, in the last three months of the year the decline was relatively modest at EUR 4 billion, bringing total Q4 placement volume to EUR 73 billion.
- The average size of a bond issue was EUR 522 million which, although in benchmark territory, was lower than last year's figure. Notably, there were barely any very large deals (>EUR 1.5 billion). They accounted for only 2.6 % of the market, their lowest level for 10 years. However, sustainable bonds remained very much in fashion and, in the fourth quarter, crossed the threshold of 40 % of total issuance for the first time. In another premiere, sustainability-linked bonds accounted for more than half of all ESG bonds.
- More than a third of market volume was placed by industrials and utilities, both of which retained their top spots in terms of number of deals. Companies from the European periphery were also able to maintain their high year-on-year market share in Q4. Issuers from the United States increased their share of the market from 16.8 % in the first nine months to 18.4 % for the year as a whole.
- The share of subordinated note amounted to 8.5 % in 2021 and was thus substantially below that of the first three quarters of the year. Hybrid bond issuance was rather muted, especially in Q4, while sub-investment grade bonds still made up a sizeable proportion of total placement volume with a market share of 25 %. Long maturities were once again extremely popular in the final quarter, not least due to expectations of rising rates as a result of the ECB's decision to scale back its purchase programme. Notes with maturities of over 7 years comprised more than 60 % of market volume. The appeal of floating-rate notes, excluding hybrids, was somewhat higher, achieving a market share of 6 % in 2021.
- As companies reduce surplus liquidity on their balance sheets, their funding requirements should gradually pick up again next year. We expect euro-denominated issuance to reach or even exceed the EUR 400 billion mark in 2022. Furthermore, bonds with sustainability features will gradually become the market standard. For that reason, we expect a further rise in both the volume and market share of ESG issues.

Reduced funding needs lead to lower bond volumes

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



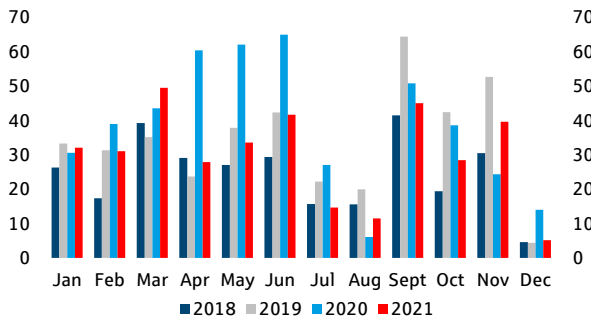
*includes issues up to 17 December 2021.

Sources: Bloomberg, bondradar, Helaba Research & Advisory

*issues with a minimum volume of EUR 50 million

Q4 volumes only slightly below previous year

Issuance activity by month* (volume in EUR billions)

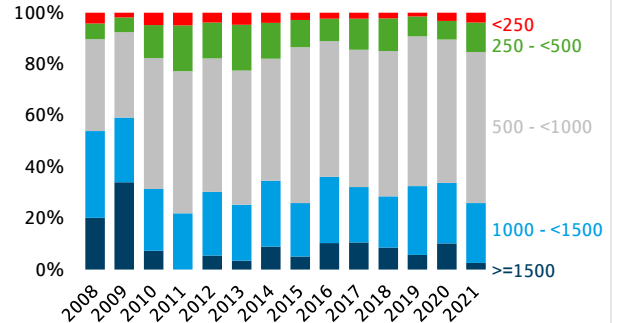


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Sources: Bloomberg, bondradar, Helaba Research & Advisory

Little demand for mega deals all year

Issuance activity by volume* (in EUR millions)

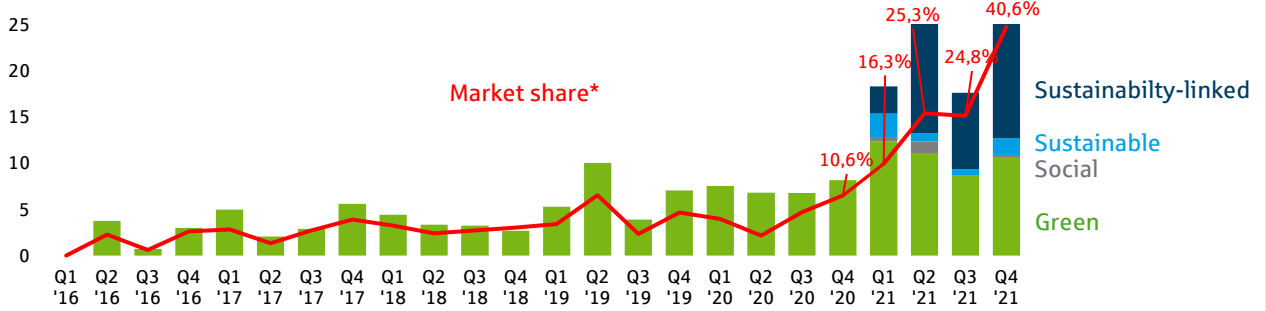


*includes issues up to 17 December 2021.

Sources: Bloomberg, bondradar, Helaba Research & Advisory

Bonds with sustainability component scaling new heights

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

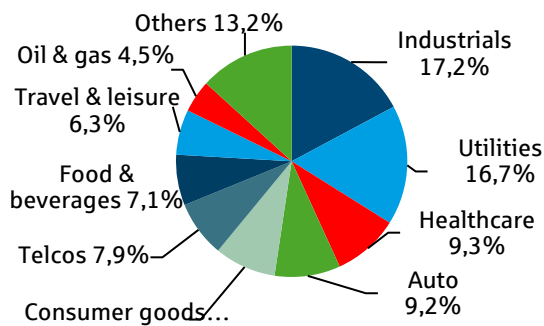


*includes sustainable, social and sustainability-linked bonds from Q1 2021; includes issues up to 17 December 2021.

Sources: Bloomberg, bondradar, Helaba Research & Advisory

Industrials & utilities lead on volume ...

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

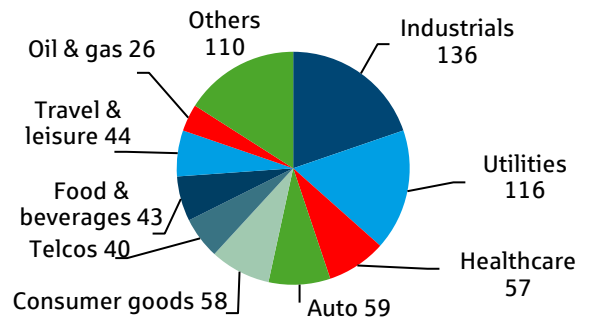


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Sources: Bloomberg, Helaba Research & Advisory

... and number of issues

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

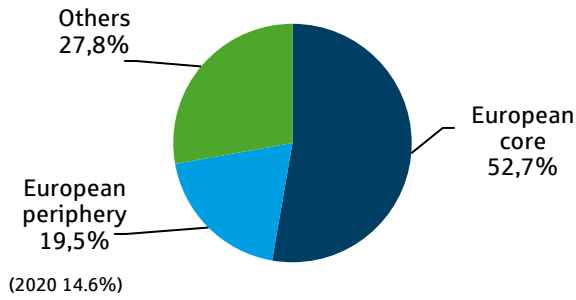


*includes issues up to 17 December 2021.

Sources: Bloomberg, Helaba Research & Advisory

European periphery leading on market share

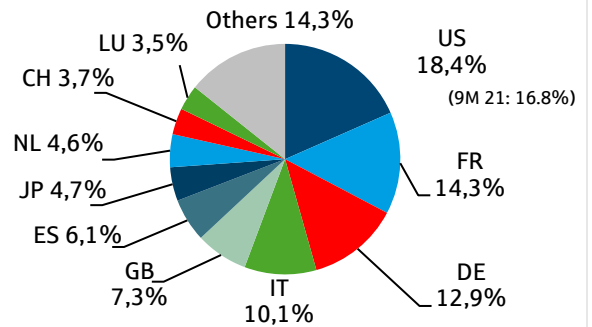
Issuance activity by region in 2021* (distribution by volume)



*includes issues up to 17 December 2021.
Sources: Bloomberg, Helaba Research & Advisory

Market share of US companies rises considerably

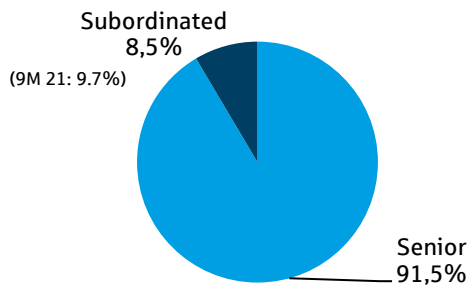
Issuance activity by country of origin in 2021* (distribution by volume)



*includes issues up to 17 December 2021.
Sources: Bloomberg, Helaba Research & Advisory

Subordinated notes still popular

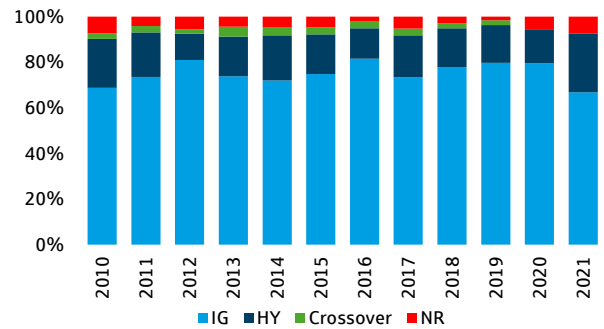
Ranking of new issues in 2021* (distribution by volume)



*includes issues up to 17 December 2021.
Sources: Bloomberg, Helaba Research & Advisory

Hybrids stable with 25 % market share

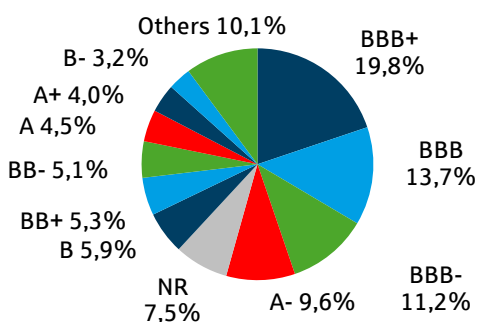
Issuance* by credit quality group (distribution by volume)



*includes issues up to 17 December 2021.
Sources: Bloomberg, bondradar, Helaba Research & Advisory

BBB rating classes retain dominance

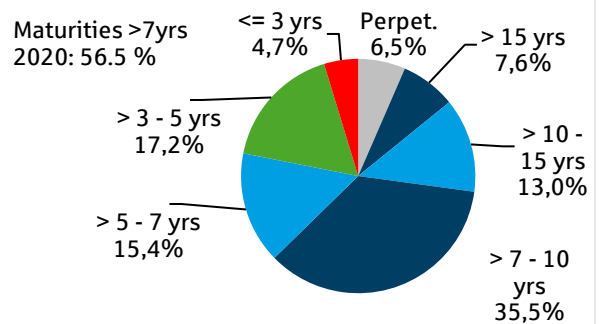
Issuance by rating class in 2021* (distribution by volume)



*includes issues up to 17 December 2021.
Sources: Bloomberg, Helaba Research & Advisory

Long maturities retain high market share

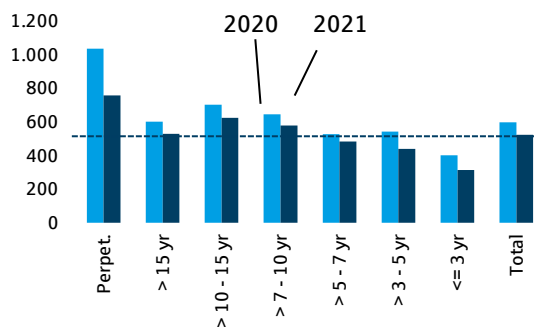
Issuance by maturity in 2021* (distribution by volume)



*includes issues up to 17 December 2021.
Sources: Bloomberg, Helaba Research & Advisory

Bonds remain smaller on average than 2020

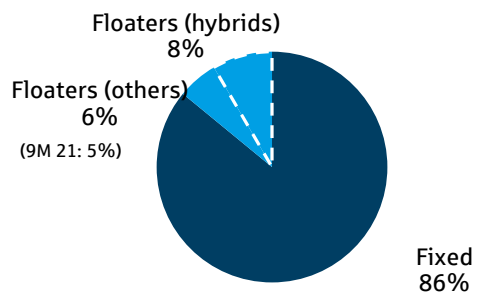
Average issue size by maturity* (in EUR millions)



*includes issues up to 17 December 2021.
Sources: Bloomberg, Helaba Research & Advisory

Popularity of floaters sees slight rebound

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



*includes issues up to 17 December 2021.
Sources: Bloomberg, Helaba Research & Advisory



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