



Weekly Market Update



Primary market environment: The upcoming ECB meeting is already casting its shadow. In view of rising core inflation, there will probably be no pause in the rate hike cycle. Overall, risk aversion in the market as a whole has eased somewhat. In the case of energy prices, the momentum of the recent decline is easing.

Primary market barometer

SSA



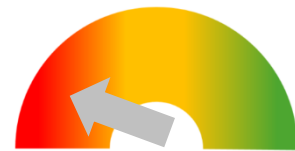
The SSA segment remains in demand as a low-risk asset. The country issues have all gone through. Overall, however, the success of new placements is strongly dependent on bond maturities. Anything over 5 years is currently almost impossible to place.

Covered Bonds



The search for quality assets continued despite a recent improvement in overall market sentiment. In addition, covered bonds remain the banks' preferred refinancing instrument. Short maturities in particular are very popular with investors.

Senior Unsecured

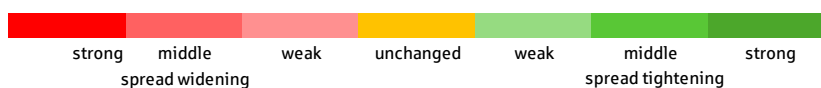


The primary market environment for senior unsecured bank bonds has brightened in recent days. Smaller issuers were also able to operate successfully in the market, although high spread concessions are still necessary.

Risk trend indicator urges caution

Spread trend indicator*, ASWspread change versus ...

| IBOXX EURO | 1 day | 1 week | 4 week | 13 weeks | 52 weeks | 104 weeks |
|----------------------------|-------|--------|--------|----------|----------|-----------|
| Germany | 0,19 | 0,67 | -0,08 | 0,39 | -1,71 | -2,24 |
| European Union | 0,22 | 0,81 | 0,94 | 1,05 | 1,75 | 1,04 |
| Germany Covered | -0,06 | 0,27 | 0,05 | -0,08 | 0,56 | -0,11 |
| EU Covered | -0,01 | 0,08 | 0,04 | 0,02 | 0,32 | 0,13 |
| Banks senior preferred | 0,09 | 0,51 | 0,72 | 0,92 | 2,94 | 2,12 |
| Banks senior bail-in (SNP) | 0,09 | 0,51 | 0,76 | 1,20 | 3,12 | 2,18 |
| Banks subordinated | -0,01 | 0,18 | 0,62 | 0,91 | 2,91 | 1,86 |
| Supranational | 0,12 | 0,58 | 0,50 | 0,41 | 0,96 | 0,24 |
| Agencies | 0,15 | 0,61 | 0,30 | 0,07 | -0,50 | -0,97 |
| Sub-Sovereigns Germany | 0,04 | 0,28 | 0,08 | -0,37 | -1,06 | -1,68 |
| Sub-Sovereigns | 0,11 | 0,60 | 0,41 | 0,00 | 0,05 | -0,81 |



*ASW levels standardized and 2T-smoothed, since 14.2.22 changed calculation of ASW levels by Markit.
Sources: Refinitiv, Helaba Research & Advisory

Our risk trend indicator is dominated by the colour red. This shows that despite a recent improvement in overall market sentiment, there is no basis for an all-clear.



SSA

The focus continues to be on "low-risk assets". The issues of the federal states have all gone through. The EUR 2.5 billion bond placed today by the state of NRW hit the mark with its 5-year maturity. With an order book of EUR 8.4 billion (incl. JLM), the original marketing spread was narrowed by 2 bps to MS-12. Overall, around 80% of new issues currently have a maturity of up to 5 years, the "sound barrier" settling just above this mark. Longer maturities can hardly be placed in the current market environment. Given the under-performance of the long end on the secondary market, this is hardly surprising. Thus, the last EU is trading around 11 bp wider and sentiment is clearly clouding over.

Overall, it seems, high oversubscription rates in the primary market are now a thing of the past. KfW barely made it across the finish line with a book-to-cover ratio (B/C) of 1.1. The ESM (B/C 2.1) and BPI Financement (B/C 2.0) fared better in this respect, although new issue premiums of 3 and 5 bps respectively had to be offered.

Outlook: The coming week will be dominated by the ECB's interest rate decision. In this respect, possible primary market activities will be limited to the time window from Monday to Wednesday.

€ SSA issues week of 17 October 2022

| Coupon | Issuer | Rating (M/S&P/F) | Volume € | Tap | Maturity | Launch-Spread vs. Mid-Swaps | ESG | Launch | Orderbook | 1st Spread-Indication |
|----------|---|------------------|------------|-----|------------|-----------------------------|-----|------------|---------------|-----------------------|
| 3,000% | Bayerische Landesboden-Kreditanstalt | Aaa /-/ | 0,250 Mrd. | | 21.10.2032 | ms -9 Bp | | 17.10.2022 | 0,320 Mrd. | ms - 9 area |
| 1,000% | ESM | Aa1 /AAA/AAA | 2,000 Mrd. | | 23.06.2027 | ms -25 Bp | | 16.05.2022 | 12,700 Mrd. | ms - 22 area |
| 2,500% | KfW | Aaa /AAA/AAA | 3,000 Mrd. | | 19.11.2025 | ms -46 Bp | | 18.10.2022 | 3,200 Mrd. | ms - 46 area |
| 3,375% | Bpifrance Financement | Aa2 /-/AA | 1,250 Mrd. | | 25.11.2032 | FRTRs +58 Bp | | 18.10.2022 | 2,100 Mrd. | FRTRs +60 area |
| 3,000% | MO The Development Bank of the Netherland | - /AAA/AAA | 0,500 Mrd. | | 25.10.2027 | ms -12 Bp | | 18.10.2022 | 1,000 Mrd. | ms - 11 area |
| 3m€+0 Bp | Berlin | Aa1 /-/AAA | 0,500 Mrd. | | 27.01.2027 | not disclosed | | 19.10.2022 | not disclosed | not disclosed |
| 3,000% | NRW | Aa1 /AA/AAA | 2,500 Mrd. | | 27.01.2028 | . | | 20.10.2022 | 8,400 Mrd. | . |

Sources: Bloomberg, Helaba DCM

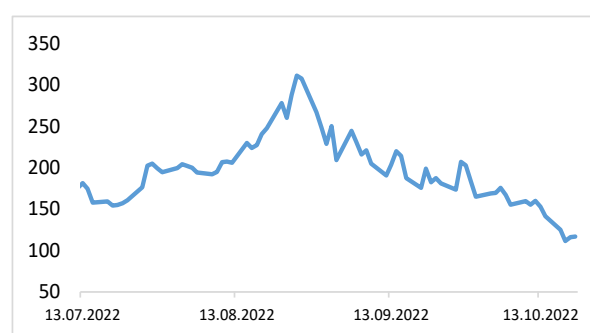


Covered Bonds

Issuing activity in the covered bond segment continues unabated. Since Monday, seven benchmark covered bonds with a volume of EUR 7.25 billion have been placed. The 3-year transaction of the French Société Générale stood out and generated strong demand among investors. The EUR 1.5 billion issue was ultimately priced at MS+2 after going to market at MS+8. Without a doubt, the short maturity proved to be an advantage. It is worth noting that this was already the Bank's fourth benchmark covered issue this year, bringing the total placement volume to EUR 5.75 billion. Berlin Hyp issued a 5-year Pfandbrief with a volume of EUR 750 million at MS+2, reducing the price by 4 bps compared to the original indication.

Natural Gas (TTF) 1-Month Forward - Is the downward trend coming to an end?

EUR/MWh



Sources: Refinitiv, Helaba Research & Advisory

Outlook: The upcoming ECB meeting will also have an impact on the primary market in Covereds, limiting the issuance window to the first half of the week. (users October 2022). The rest of the year will be very bumpy according to our trading assessment. Price dislocations and poor overall market liquidity in the secondary market as well as the massively narrowed Bund/swap spread contribute to this, as do uncertainties regarding possible TLTRO changes.

„The spread developments for longer maturities are extremely discouraging. The securities offered for sale by customers are not finding any real buyers, especially in the absence of central banks. This currently leaves the market makers as the only acceptors, who adjust their pricing accordingly. In plain language: the levels actually traded deviate in part drastically downwards from the "homely" screen world. Certainly, the practically non-existent absolute yield advantage also plays a role (with a view to the structure of the yield curves for swaps).“

Comment from the Helaba trading floor

€ Covered Bond issues week of 17 October 2022

| Coupon | Issuer | Rating (M/S&P/F) | Volume € | Tap | Maturity | Launch-Spread vs. Mid-Swaps | ESG | Launch | Orderbook | 1st Spread-Indication |
|--------|-----------------------------|------------------|------------|-----|------------|-----------------------------|-----|------------|------------|-----------------------|
| 3,125% | BPCE SFH | Aaa /AAA/- | 1,750 Mrd. | | 24.01.2028 | ms +13 Bp | | 17.10.2022 | 2,200 Mrd. | ms + 15 area |
| 3,000% | Deutsche Pfandbriefbank AG | Aa1 /-/- | 0,500 Mrd. | | 25.01.2027 | ms +3 Bp | | 17.10.2022 | 0,675 Mrd. | ms + 5 area |
| 3,000% | Societe Generale SFH | Aaa /-/AAA | 1,500 Mrd. | | 28.10.2025 | ms +2 Bp | | 18.10.2022 | 4,000 Mrd. | ms + 8 area |
| 3,000% | Berlin Hyp AG | Aaa /-/- | 0,750 Mrd. | | 25.10.2027 | ms -2 Bp | | 18.10.2022 | 1,230 Mrd. | ms + 2 area |
| 3,250% | Toronto-Dominion Bank | Aaa /-/- | 1,250 Mrd. | | 27.04.2026 | ms +18 Bp | | 19.10.2022 | 1,500 Mrd. | ms + 20 area |
| 3,125% | Hamburg Commercial Bank AG | Aa1 /-/- | 0,500 Mrd. | | 01.07.2026 | ms +8 Bp | | 20.10.2022 | 0,680 Mrd. | ms + 9 area |
| t.b.d. | Credit Mutuel Home Loan SFH | Aaa /AAA/AAA | 1,000 Mrd. | | 31.10.2029 | ms +17 Bp | | 20.10.2022 | 1,250 Mrd. | ms + 19 area |

Sources: Bloomberg, Helaba DCM



Senior Unsecured

The primary market environment for senior unsecured bank bonds has improved slightly in the past few days, although securities can still only be placed with investors with high spread concessions and shorter maturities are generally preferred. Issuing activity picked up again on Tuesday. Banco Commercial Portugues managed to fill the book well with EUR 850 million for its three-year EUR 350 million non-callable senior preferred bond. However, the coupon was high at 8.5% and the new issue premium at 25 bps. Nevertheless, other banks from the European periphery could follow suit and also become active on the primary market in the near future if there is still a need for refinancing. Yesterday, RBI also placed a EUR 500 million SP bond at MS+270. The cash market could not follow the good sentiment in the other market segments and traded significantly wider on a weekly basis. The pref segment widened by an average of 12-15 bps, with no jurisdiction able to escape. The non-prefs recorded a spread widening of 20 bp on average. For German banks, this was even more pronounced at 25 bp. Flows are mainly on the bid side, real money remains the seller, but the volumes are smaller and are still being digested to some extent by the dealers.

“The bear market rally is currently in full swing. The stock markets rapidly gained height (e.g. the DAX almost 1,000 points in the meantime), the iTraxx indices narrowed brilliantly by almost 20 bp from the high and the Bund swap spreads ran tighter at extremely high levels. The positive mood of investors is currently not dampened by the central banks, even though they want to make big interest rate moves in the coming months. Next week, the ECB meeting is on the agenda and a 75 bp rate hike is expected.”

Comment from the Helaba trading floor

Outlook: The bank reporting season for Q3 2022 starts and so does the black-out period. As already mentioned here, problem loan ratios and interest rate results will be of particular interest.

€ Senior preferred issues week of 17 October 2022

| Coupon | Issuer | Rating (M/S&P/F) | Volume € | Tap | Maturity | Launch-Spread vs. Mid-Swaps | ESG | Launch | Orderbook | 1st Spread-Indication |
|--------|----------------------------------|------------------|----------|-----|------------|-----------------------------|-----|------------|-----------|-----------------------|
| 8,500% | Banco Comercial Portugues, S.A. | Baa3 /BB+/BB | 0,350bn | | 25.10.2025 | ms +550 bps | | 18.10.2022 | 0,850bn | 9% area |
| 5,750% | Raiffeisen Bank International AG | A2 /-/ | 0,500bn | | 27.01.2028 | ms +270 bps | | 19.10.2022 | 0,800bn | ms + 280 area |

Sources: Bloomberg, Helaba DCM

€ Senior Non-preferred issues week of 17 October 2022

| Coupon | Issuer | Rating (M/S&P/F) | Volume € | Tap | Maturity | Launch-Spread vs. Mid-Swaps | ESG | Launch | Orderbook | 1st Spread-Indication |
|--------|----------------|------------------|------------|-----|------------|-----------------------------|-----|------------|---------------|-----------------------|
| 4,813% | Morgan Stanley | A1 /A-/A | 1,000 Mrd. | | 25.10.2028 | ms +175 Bp | | 18.10.2022 | not disclosed | ms + 195 area |
| 5,148% | Morgan Stanley | A1 /A-/A | 1,750 Mrd. | | 25.01.2034 | ms +200 Bp | | 18.10.2022 | not disclosed | ms + 225 area |
| t.b.d. | Rabobank | A3 /A-/A+ | 1,000 Mrd. | | 27.01.2028 | ms +155 Bp | | 20.10.2022 | 1,800 Mrd. | ms + 175 area |

Sources: Bloomberg, Helaba DCM

Reporting dates of selected banks

| Issuer | Date | Issuer | Date |
|-------------------|-------|------------------------------|-------|
| DNB BANK ASA | 10/20 | SKANDINAVISKA ENSKILDA BAN-A | 10/26 |
| NORDEA BANK ABP | 10/20 | DEUTSCHE BANK AG-REGISTERED | 10/26 |
| BANKINTER SA | 10/20 | BARCLAYS PLC | 10/26 |
| UBS GROUP AG-REG | 10/25 | BANCO SANTANDER SA | 10/26 |
| UNICREDIT BANK AG | 10/25 | STANDARD CHARTERED PLC | 10/26 |
| UBS GROUP AG-REG | 10/25 | SWEDBANK AB - A SHARES | 10/27 |
| HSBC HOLDINGS PLC | 10/25 | CREDIT SUISSE GROUP AG-REG | 10/27 |
| UNICREDIT SPA | 10/26 | LLOYDS BANKING GROUP PLC | 10/27 |

Sources: Bloomberg, Helaba Research & Advisory



Short news

10/18 The demand of **euro area banks** for **liquidity** from the European Central Bank (ECB) has changed little in the one-week main refinancing operation. According to the ECB, 3.640 billion euros were allotted at the fixed rate of 1.25 percent, compared with 3.622 billion the previous week. The bids of 26 institutions (previous week: 19) were fully serviced. Euro area banks thus obtained 0.018 billion euros more ECB liquidity. (Dow Jones)

10/18 ECB/TLTRO: Some European Central Bank policymakers reckon it's legally feasible to revise long-term lending conditions for banks after the terms became more generous because of changes in the economy, according to officials familiar with the matter. The so-called TLTRO loans were first issued in 2014 to encourage banks to lend as Europe's debt crisis weighed on growth and threatened to trigger a bout of deflation. They served a similar purpose after the pandemic struck.

Since then, however, record consumer-price gains of 10% and interest rates rising rapidly after years below zero have undermined the case for those contracts, said the officials, who asked not to be identified as the debate is private. (Bloomberg)

10/17 EBA on supervisory practices: **The European Banking Authority (EBA)** published today the conclusion of its peer review of how competent authorities supervise institutions' ICT risk management and have implemented the EBA Guidelines on ICT risk assessment under the supervisory review and evaluation process (SREP). Overall, the analysis suggests that the competent authorities across the EU have applied a risk-based approach to the supervision of ICT risk management. The EBA has not identified any significant concerns regarding the supervisory practices but makes some general recommendations for further improvements.

10/17 Moody's – Household debt rises: Household borrowing during the pandemic moderated the effects of the economic downturn, but it has led to a large debt legacy. Despite a drop in the second quarter of this year, global

household debt remained high at around \$57 trillion, \$8 trillion higher than in Q1 2020, according to the Institute of International Finance.

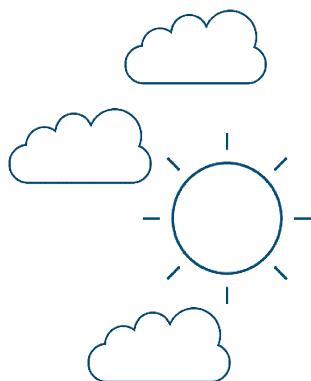
10/14 Moody's Investors Service ("Moody's") has upgraded the ratings of Deutsche Bank AG's (DB / the issuer) structured mortgage Pfandbriefe from Aa1 to Aaa. The rating action is prompted by the upgrade of the issuer's CR rating from A2(cr) to A1(cr).

Market Data (current*, vs. 1 week, vs. 4 weeks)

| | | | | | | | | | | | |
|-------------------|-------|-------|--------|--------------------------|-------|------|------|--------------------------|-------|-------|-------|
| E-STOXX 600 Banks | 126 | 7,31% | -4,10% | iBoxx € Cov. Germany | 2,1 | 0,7 | -1,2 | iTraxx Senior Financial | 137,5 | -10,8 | 3,6 |
| 10Yr-Yield | 2,37 | 0,02 | 0,48 | iBoxx € Cov. Bonds | 11,3 | 1,0 | -0,5 | iBoxx € Supranational | 6,5 | 5,72 | 4,39 |
| Swap 10J | 3,25 | -0,06 | 0,56 | iBoxx € Banks PS | 99,6 | 11,0 | 17,9 | iBoxx € Agencies | -12,7 | 8,39 | 4,90 |
| iBoxx € Germany | -68,6 | 9,96 | 0,88 | iBoxx Banks NPS | 152,2 | 14,4 | 24,0 | iBoxx € Sub-Sov. Germany | -1,2 | 3,71 | -0,12 |
| iBoxx € EU | 13,8 | 9,12 | 9,91 | iBoxx Banks Subordinated | 256,7 | 8,1 | 32,0 | iBoxx € Sub-Sovereign | 17,7 | 6,62 | 4,00 |

* Closing prices from the previous day
Sources: Refinitiv, Helaba Research & Advisory, * ASW-Spreads

Leisure tip for the weekend: Current Exhibition at the Gasometer Oberhausen



Gasometer Oberhausen- The current exhibition shows the beauty of nature and the influence of humans on their environment. Under the title "**The Fragile Paradise**", visitors are taken on a visually stunning journey through the turbulent climatic history of our Earth and can see impressive, award-winning photographs and videos of how the animal and plant world has changed in times of the Anthropocene. Thanks to the latest **3D technology**, visitors to the exhibition can virtually explore the world's largest rainforest conservation area, taking on the role of various inhabitants of this primeval forest. The highlight of the exhibition is a **monumental sculpture** of the earth, onto which new, high-resolution satellite images are projected, which hangs freely in the 100m high space of the Gasometer.

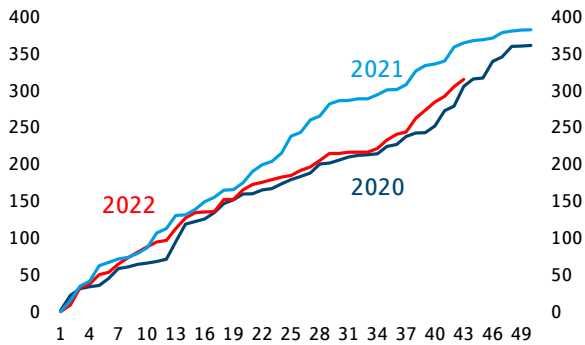
More information: [The Fragile Paradise — Gasometer Oberhausen](#)

Do you have ideas for leisure tips? We would be happy to receive your suggestions at research@helaba.de.
Source: [The Fragile Paradise — Gasometer Oberhausen](#)

Chartbook SSA, Covered Bonds, Senior Unsecured

SSA: Primary volumes

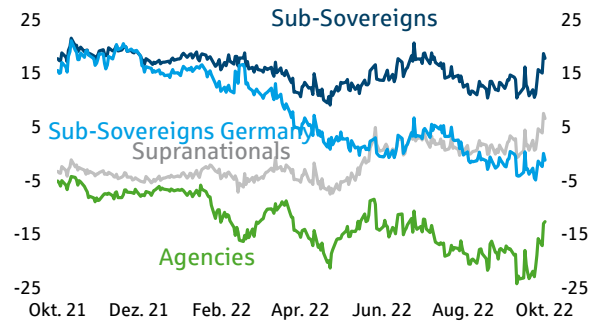
EUR benchmark issue volume cumulative by weeks, bn EUR



Sources: Bloomberg, Helaba Research & Advisory

SSA: Spread development

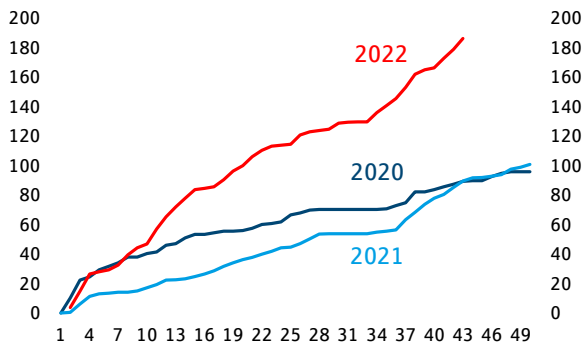
ASW spread, bp



Sources: Bloomberg, Helaba Research & Advisory

Covered Primary volumes

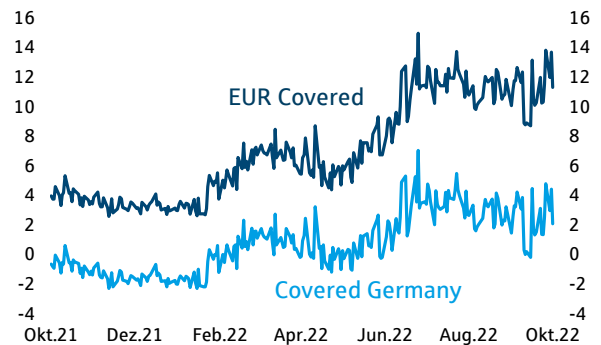
EUR benchmark issue volume cumulative by weeks, bn EUR



Sources: Bloomberg, Helaba Research & Advisory

Covered Bonds: Spread development

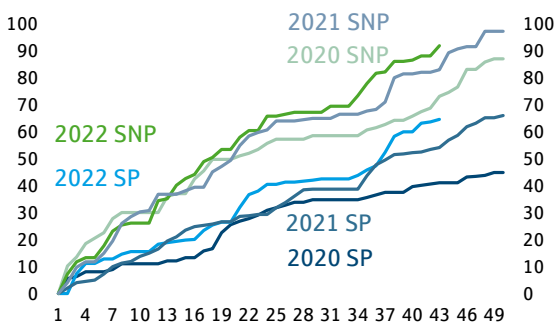
ASW spread, bp



Sources: Bloomberg, Helaba Research & Advisory

Senior Primary volumes

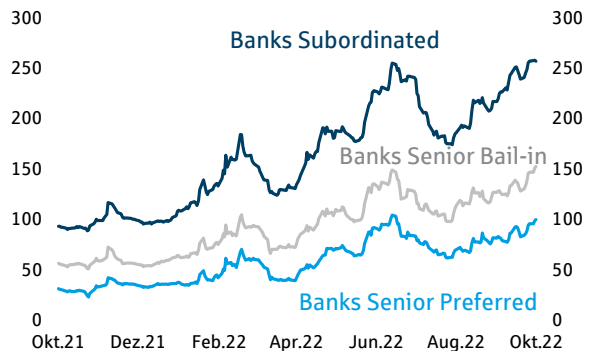
EUR benchmark issue volume cumulative by weeks, bn EUR



Sources: Bloomberg, Helaba Research & Advisory

Senior Unsecured: Spread development

ASW spread, bp



Sources: Bloomberg, Helaba Research & Advisory



News from Research & Advisory

- **FOCUS ON: CREDITS - PRIMARY MARKET UPDATE EUR BENCHMARK BANK BONDS: Q3 2022**
- **FOCUS ON: CREDITS - EUR CORPORATE BONDS: PRIMARY MARKET Q3 2022**
- **FOCUS ON: CREDITS – BANK AND COVERED BOND PROFILES GERMANY**
- **FOCUS ON: SSAs – GERMAN AGENCIES**
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- **EUROPEAN BANKS: ACTIVITIES BECOMING EVER GREENER**
- **IMPLEMENTATION OF THE EU COVERED BOND DIRECTIVE: SPAIN VERSUS FRANCE AND GERMANY (VIDEO)**
- **IMPLEMENTATION OF THE EU COVERED BOND DIRECTIVE – STATE OF PLAY: AUSTRIA VERSUS FRANCE AND GERMANY (VIDEO)**
- **IMPLEMENTATION OF THE EU COVERED BOND DIRECTIVE – STATE OF PLAY IN FRANCE AND GERMANY (VIDEO)**
- **COVERED-BOND-LAWS: IMPLEMENTATION OF THE EU REGULATION (VIDEO)**

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