



## EUR corporate bonds: Primary market Q3 2024

### Normalisation of yield curve fuelling rise in volumes

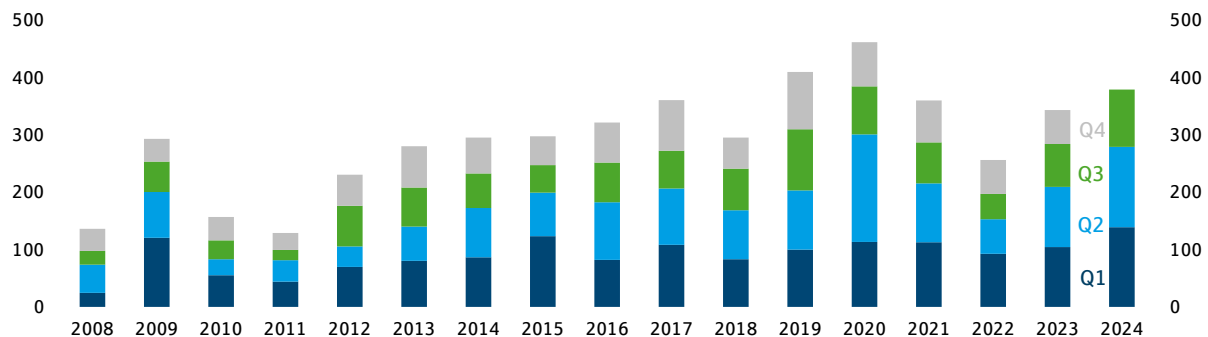


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Buoyant growth on the primary market for euro-denominated corporate bonds continued into the third quarter of 2024 with almost EUR 100 billion across 186 issues placed from July to September - the highest amount since 2019. Although individual bonds were somewhat smaller than in the first half of the year, resulting in average placement amounts since January falling to around EUR 580 million, higher volumes were recorded than in every month of the previous year. Taken together, the first nine months saw almost EUR 380 billion in total issuance. We anticipate that the market will sustain its good performance given that, in particular, swap rates have fallen significantly and that, while inverted until recently, there has been a gradual normalisation in the swap curve. For the year as a whole, total issuance volume is likely to reach EUR 450 billion and therefore approach a level similar to that in the record-breaking year of 2020.

### Placement volume in Q3 – best performance since 2019

Euro corporate bonds\*: Issuance volume in EUR (billions)



\*issues with a minimum volume of EUR 50 million

Sources: Bloomberg, bondradar, Helaba Research & Advisory

### Smaller benchmarks retain 75 % market share - green issues continue to dominate ESG segment

The dominant issuance size in Q3 was once again the EUR 500 million to just under EUR 1 billion range. As in same period of the previous year, this category accounted for 75 % of bond placements in the first nine months. The largest deals of the quarter included a placement by the KKR subsidiary Optics Bidco in July (EUR 3.7 billion in 8 tranches) and an issue by BMW in August (EUR 2.5 billion in 3 tranches). Compared to Q2, there was a further decline in the market share of bonds with an ESG component, which remained at a relatively low level of 18 % in the third quarter. Over the last four years, this proportion has only been lower in two quarters. The prevalence of green use of proceeds bonds continued to grow, with nearly 85 % of all ESG-related issues placed with this structure.

**Industrials and utilities take 1st and 2nd place respectively - US corporates retain top spot in country ranking**

Activity in the third quarter was particularly strong among utilities, which generated by far the highest volume of EUR 19 billion or 19.2 % of total corporate bond issuance. In terms of the first nine months of the year, the industrial and utility sectors placed both the largest volume with 17 % each and the biggest number of individual bonds (utilities 180, industrials 107) on the market. The first three quarters saw non-European corporates remain considerably more active than in the prior year, achieving a market share of 22 %, with the majority being US issuers. At 16.4 % of total market volume, they represented the most prolific country of issuance, followed by German and French companies with 16.2 % each.

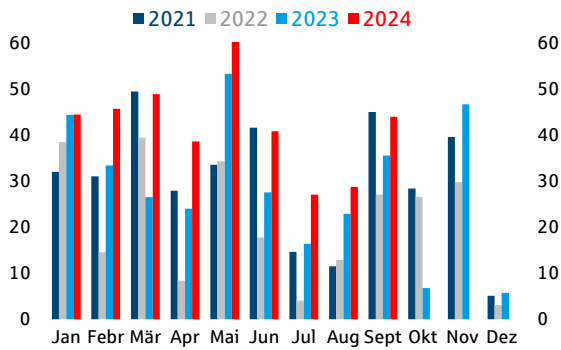
**Subordinated bonds in the ascendant - maturity mix returning to normal**

Q3 also witnessed a sharp increase in the market share of subordinated bonds to 7.5 % against 5 % in the first six months of the year. This growth drove up their share to 6 % of issuance volume in the first three quarters, with nearly all notes consisting of hybrid bonds. The popularity of sub-investment grade debt was also markedly higher in the third quarter than in same period of 2022 and 2023. From January to September, it accounted for a market share of just under 19 %. Once again, the "BBB" rating categories comprised around 40 % of total issuance. A key factor that contributed to greater demand for longer maturities than in 2023 was the normalisation in base rates, while the market share of short maturities of up to 3 years stagnated at 6 %. Appetite for floating-rate notes picked up again significantly in the third quarter, with their market share rising to 9 % of issuance volume in the first nine months (+8 % in the first half of the year).

## Chartbook: Euro-denominated corporate bond issuance

### 9M volumes considerably higher than prior year

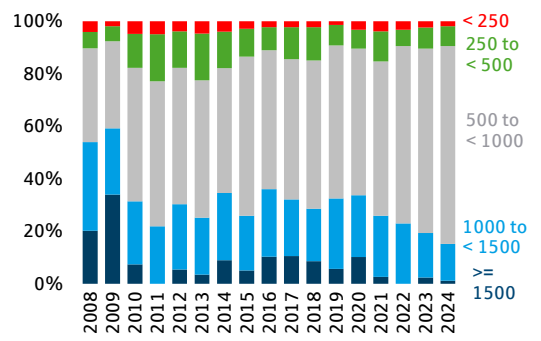
Euro corporate bonds: Issuance volume in EUR (billions)



Sources: Bloomberg, bondradar, Helaba Research & Advisory

### Considerable market share of small benchmarks

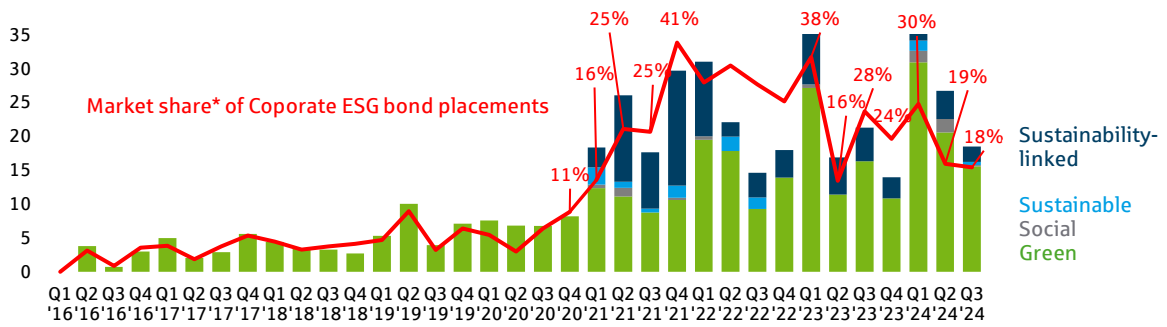
Euro corporate bonds: Placements by issue size in EUR (millions)\*



\*as of 1 October 2024. Sources: Bloomberg, bondradar, Helaba Research & Advisory

### Further decline in share of notes with sustainability component

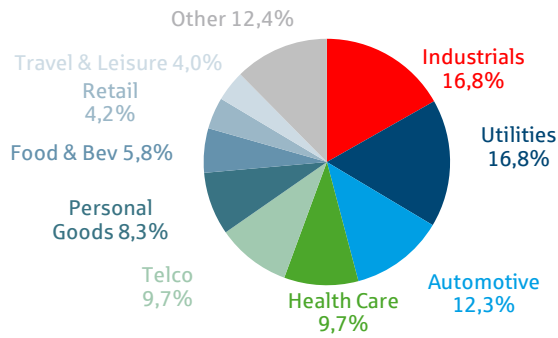
Corporate ESG bond placements in EUR (billions)



\*includes sustainable, social and sustainability-linked bonds from Q1 2021.  
Sources: Bloomberg, Helaba Research & Advisory

**Industrial sector places largest volume, ...**

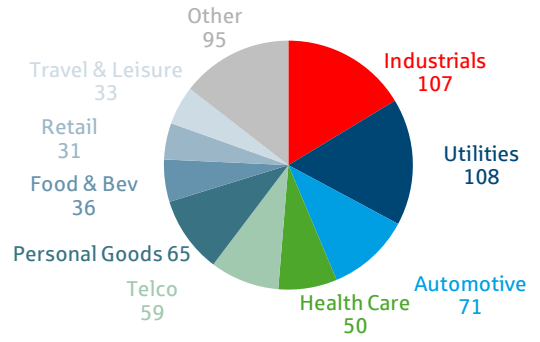
EUR corporate bonds: Issuance volume by sector, 9M 2024



Sources: Bloomberg, Helaba Research & Advisory

**... while utilities issue most bonds**

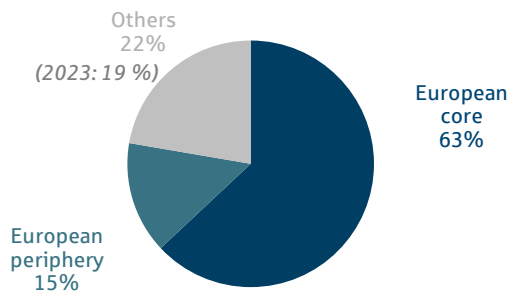
EUR corporate bonds: Number of issues by sector, 9M 2024



Sources: Bloomberg, Helaba Research & Advisory

**Activity of non-European issuers remains strong**

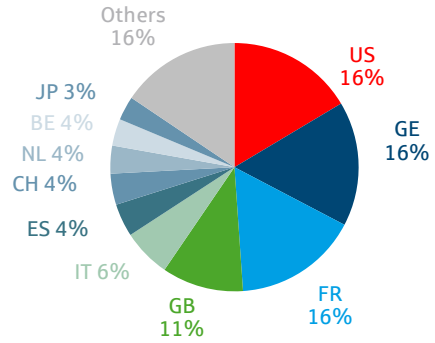
EUR corporate bonds: Issuance volume by region, 9M 2024



Sources: Bloomberg, Helaba Research & Advisory

**US firms still out in front**

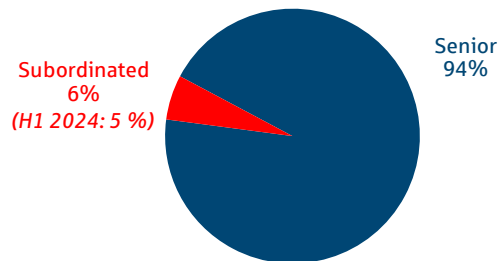
EUR corporate bonds: Issuance volume by country of origin, 9M 2024



Sources: Bloomberg, Helaba Research & Advisory

**Subordinated bonds with greater market share**

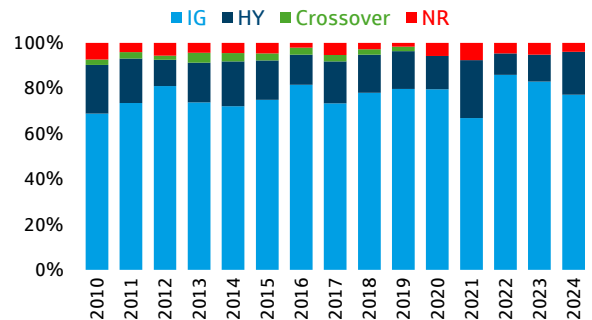
EUR corporate bonds: Issuance volume by ranking, 9M 2024



Sources: Bloomberg, Helaba Research & Advisory

**Sub-IG issuers account for one in five issues**

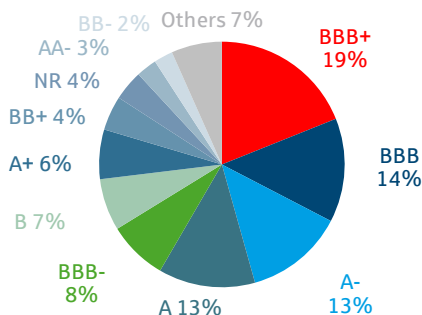
EUR corporate bonds: Issuance volume by credit quality group\*



\*as of 28 June 2024. Sources: Bloomberg, Helaba Research & Advisory

**40 % of volume in “BBB” categories**

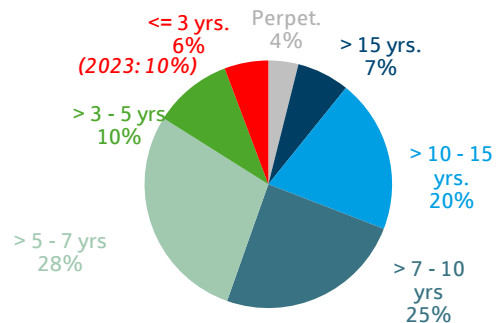
EUR corporate bonds: Issuance volume by rating category, 9M 2024



Sources: Bloomberg, Helaba Research & Advisory

**Long-term bonds constitute over half of market**

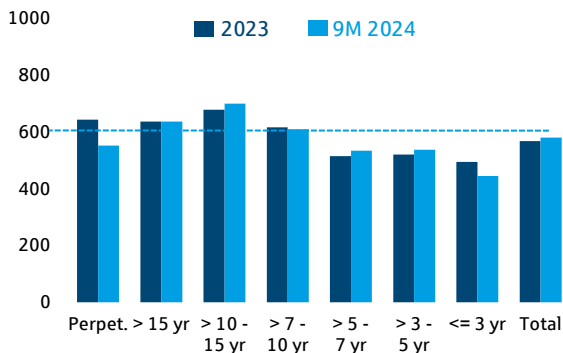
EUR corporate bonds: Issuance volume by maturity, 9M 2024



Sources: Bloomberg, Helaba Research & Advisory

**Average bond volumes slightly higher than 2023**

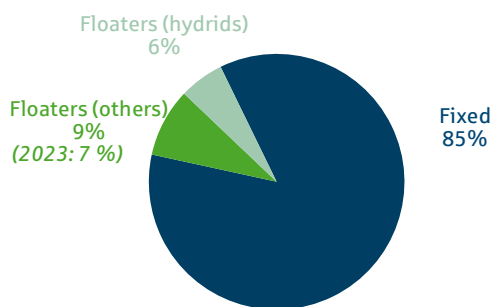
EUR corporate bonds: Average issuance size in EUR (millions)



Sources: Bloomberg, Helaba Research & Advisory

**Floaters significantly more popular**

EUR corporate bonds: Issuance volume by fixed vs. floating, 9M 2024



Sources: Bloomberg, Helaba Research & Advisory



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