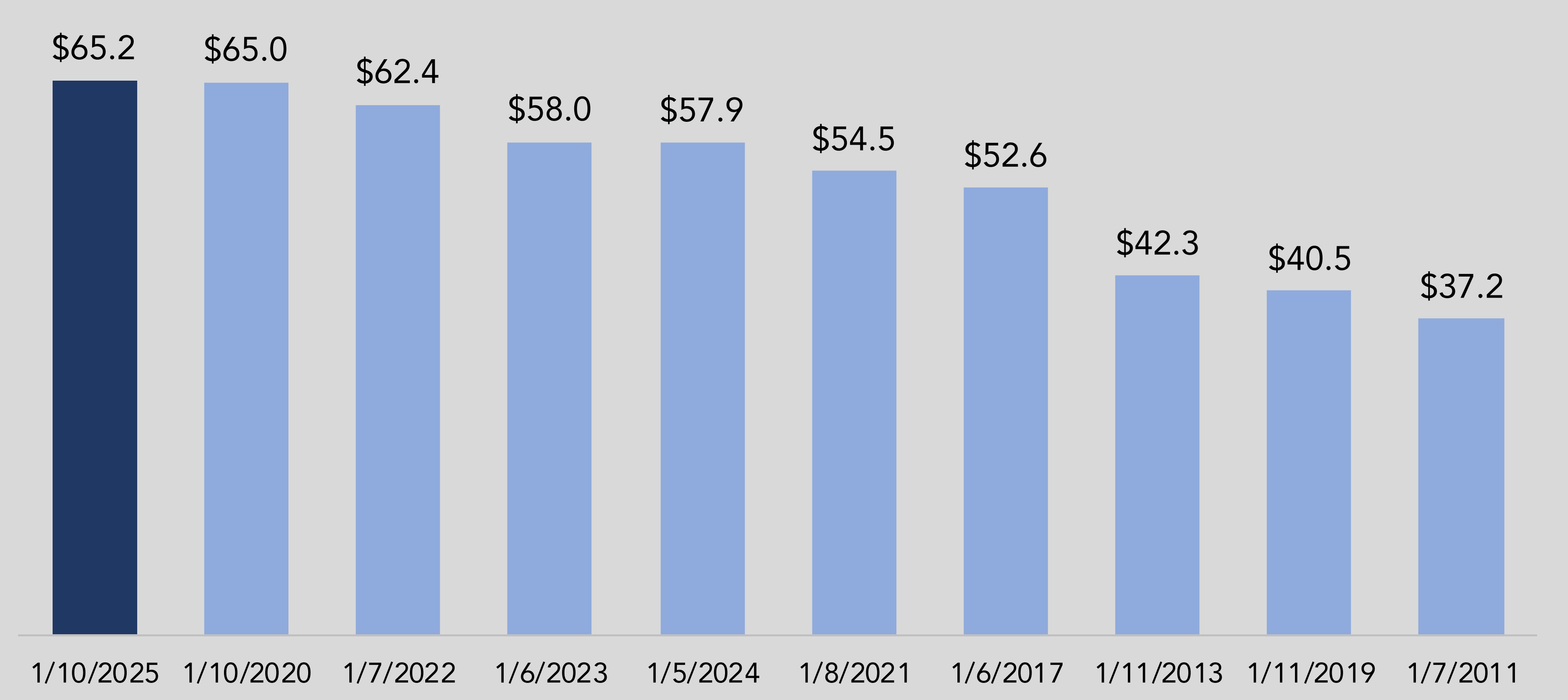
Capital Markets Strategy
Essential inCights for the C-Suite

Chart of the Day

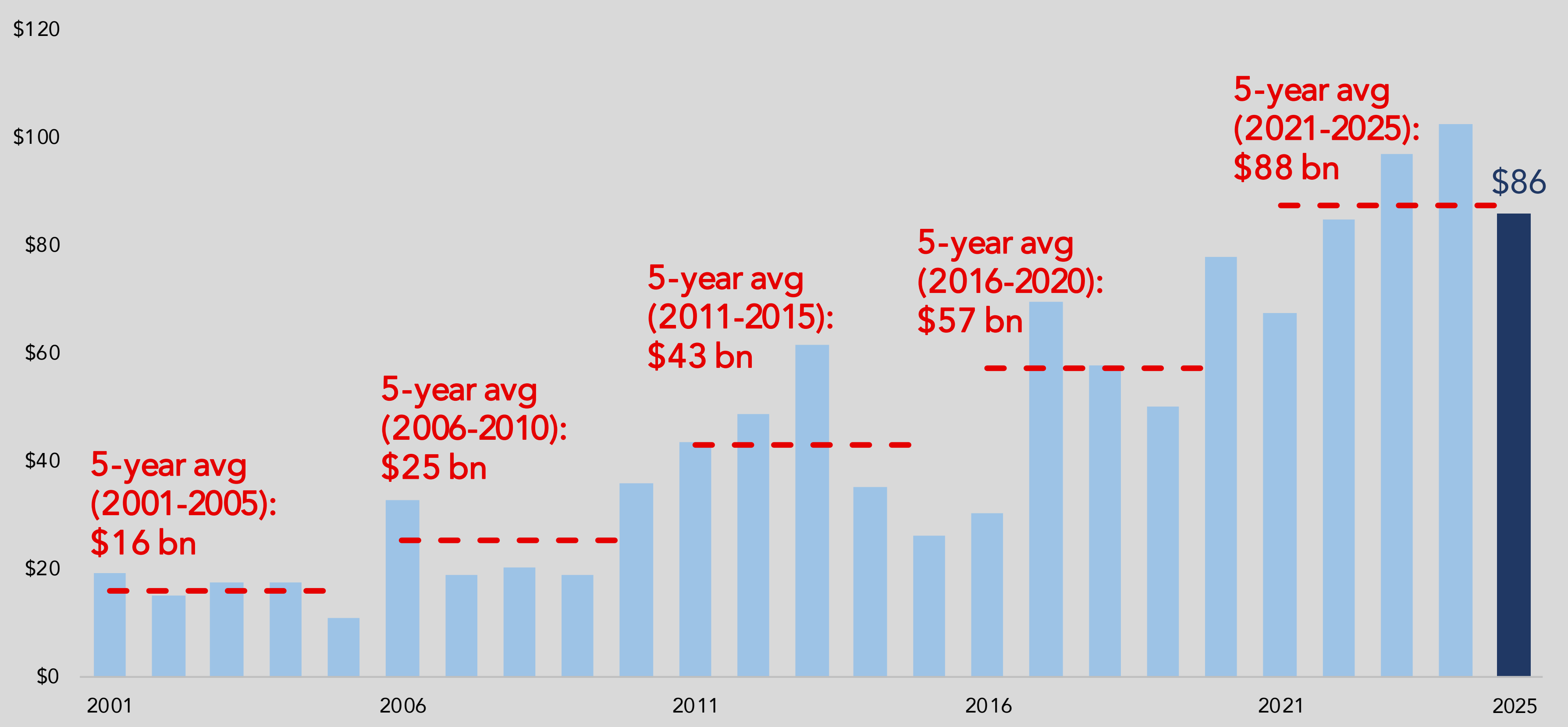
The strength of USD bond issuance markets has been evident in the New Year as issuers have moved early to tap robust investor demand and historically tight credit spreads. With $65 billion of issuance across 41 deals and 84 tranches, last week was the largest first full week of the year on record. Combined with the $16bn of issuance during the shortened Jan 2-3 week, January USD IG issuance is almost halfway to its full month estimate of $173bn.

Largest first full week USD IG issuance, bn



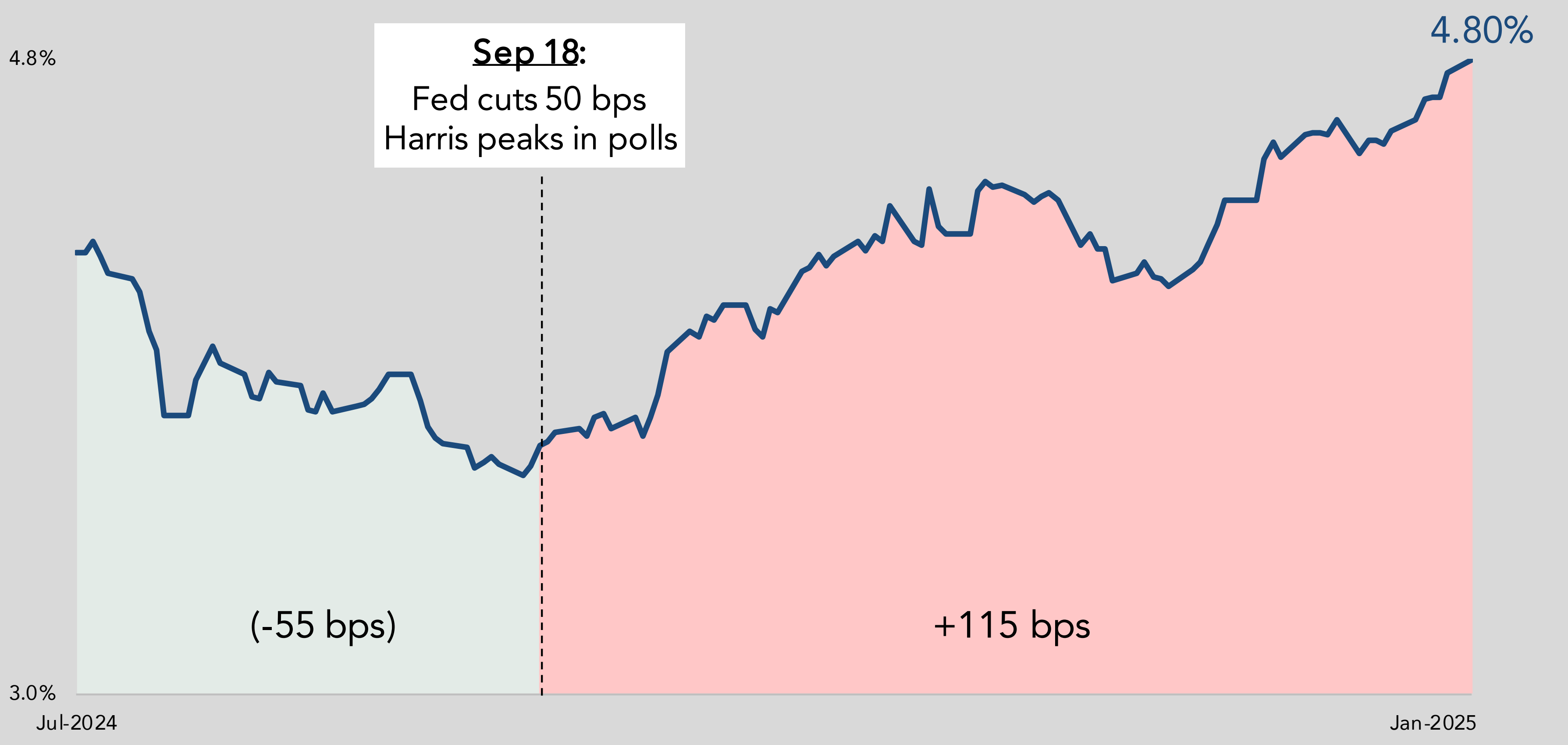
Borrowing in the USD investment grade and high-yield bond markets reached $86 bn on January 10th, in line with the elevated pace of issuance in the post-COVID period. With a litany of policy-related risk to rates and spreads in the year ahead, corporate borrowers have moved quickly to take advantage of strong investor demand for yield.

Annual USD IG & HY issuance from Jan 1 – Jan 10, USD bn

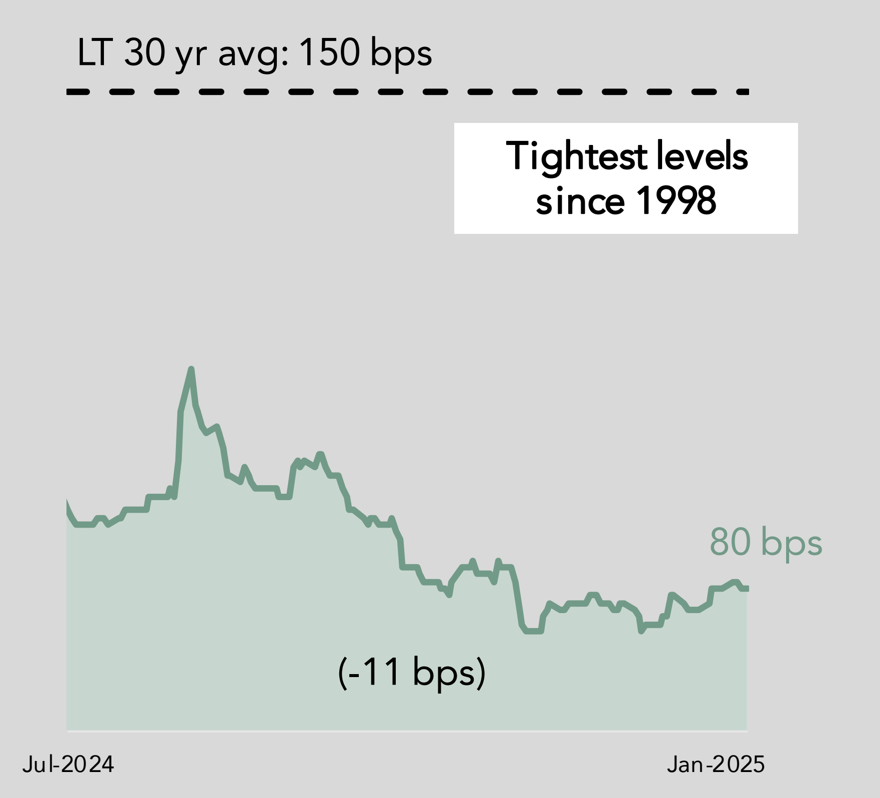


As rates have moved higher early in the year, technical demand from yield-seeking investors remains strong, and credit spreads continue to trade near multi-decade tights. For issuers and investors, volatility is expected to increase following the inauguration, and it remains to be seen how the Fed will respond to the new policy pivot in the year ahead.

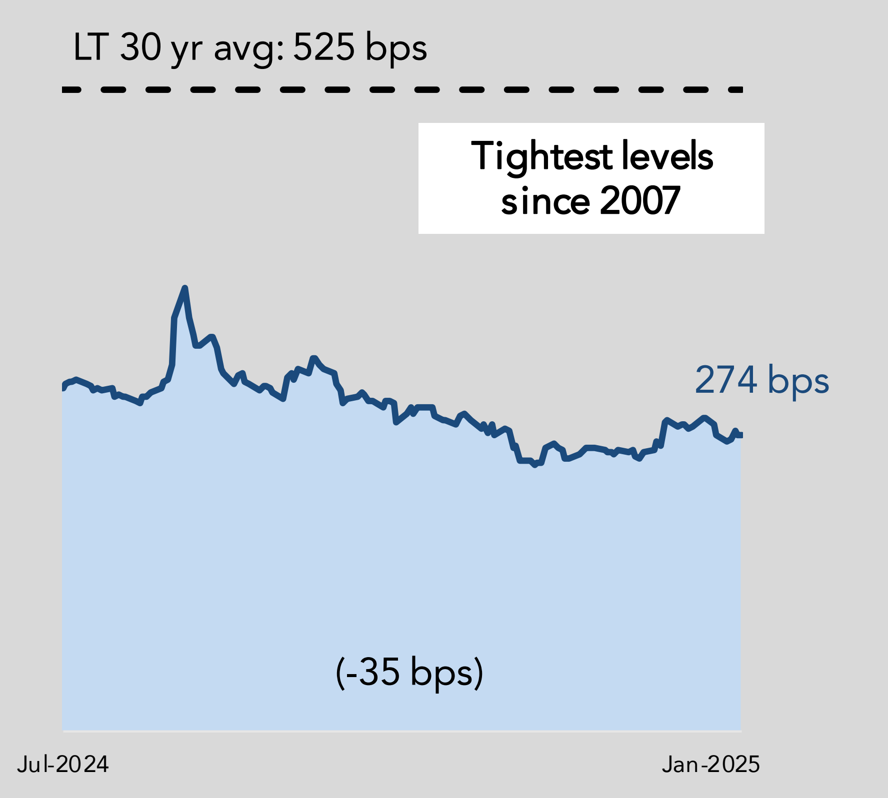
10 year UST



USD IG OAS



USD HY OAS



Source: (1-5) CFR. CreditSights. Bloomberg. Data as of January 13, 2025. For Jan 1-10 issuance, IG is CFR, HY is CreditSights. 30 year average is 1994-2023.

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"Macro stability isn't everything, but without it, you have nothing."