

Chart of the Day



Pre-funding has been an important theme for corporates in 2023. Issuers moved at a record pace this January and February to take advantage of strong investor appetite for well capitalized balance sheets at attractive yields.

The record \$299 bn of IG issuance in January-February, which represents ~25% of full 2023 supply forecasts of \$1.2 trillion, sought to move ahead of rising risk in the months ahead, namely: stronger-than-anticipated Fed policy tightening, higher rates, and looming US recession fears.

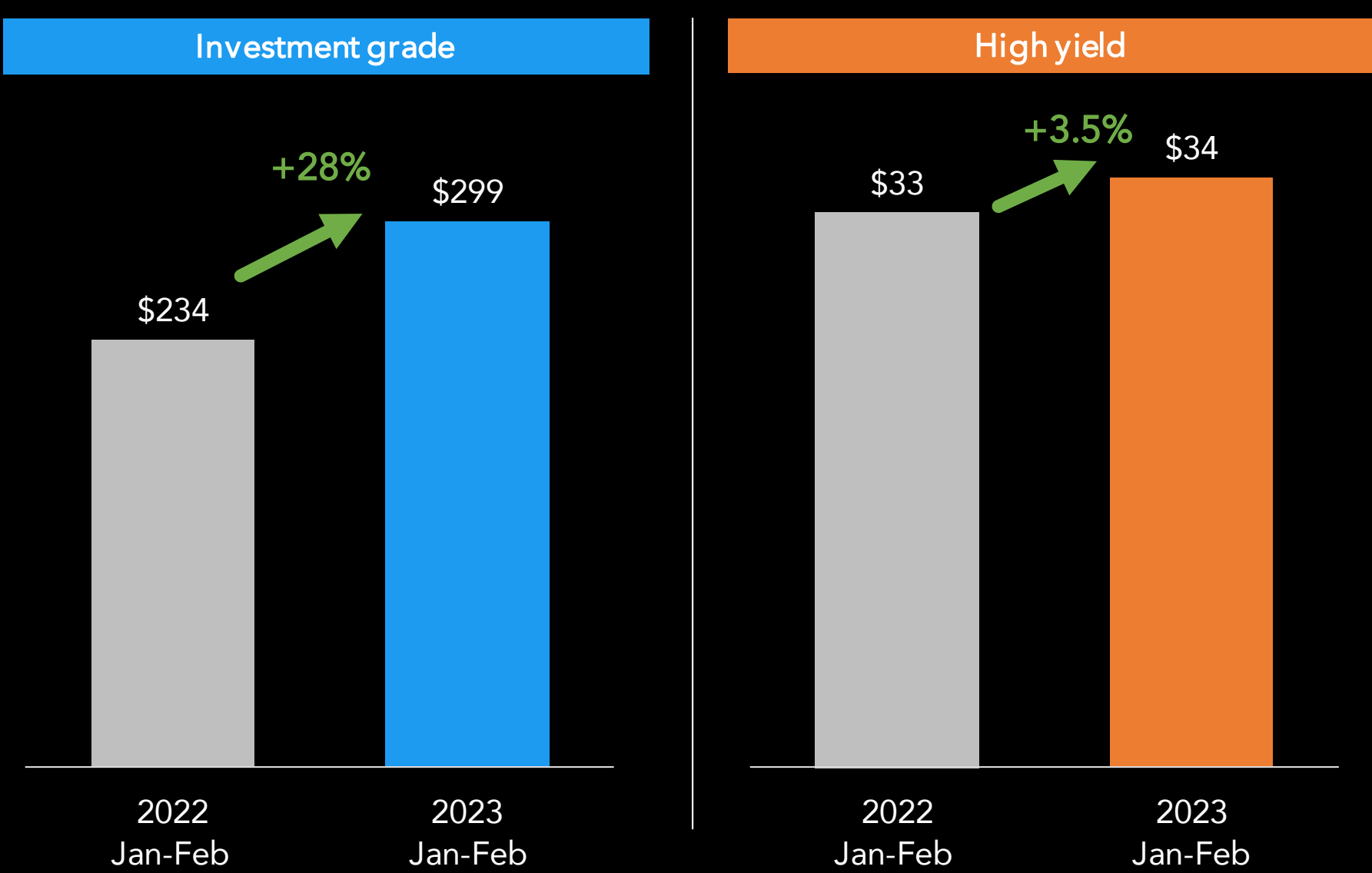
The record YTD issuance could dampen supply in March, with consensus expectations in the \$130-150 bn range, well below the 5 year average in what has historically been one of the strongest new issuance months of the year.

New Milestones for USD Corporate Credit in Jan-Feb 2023

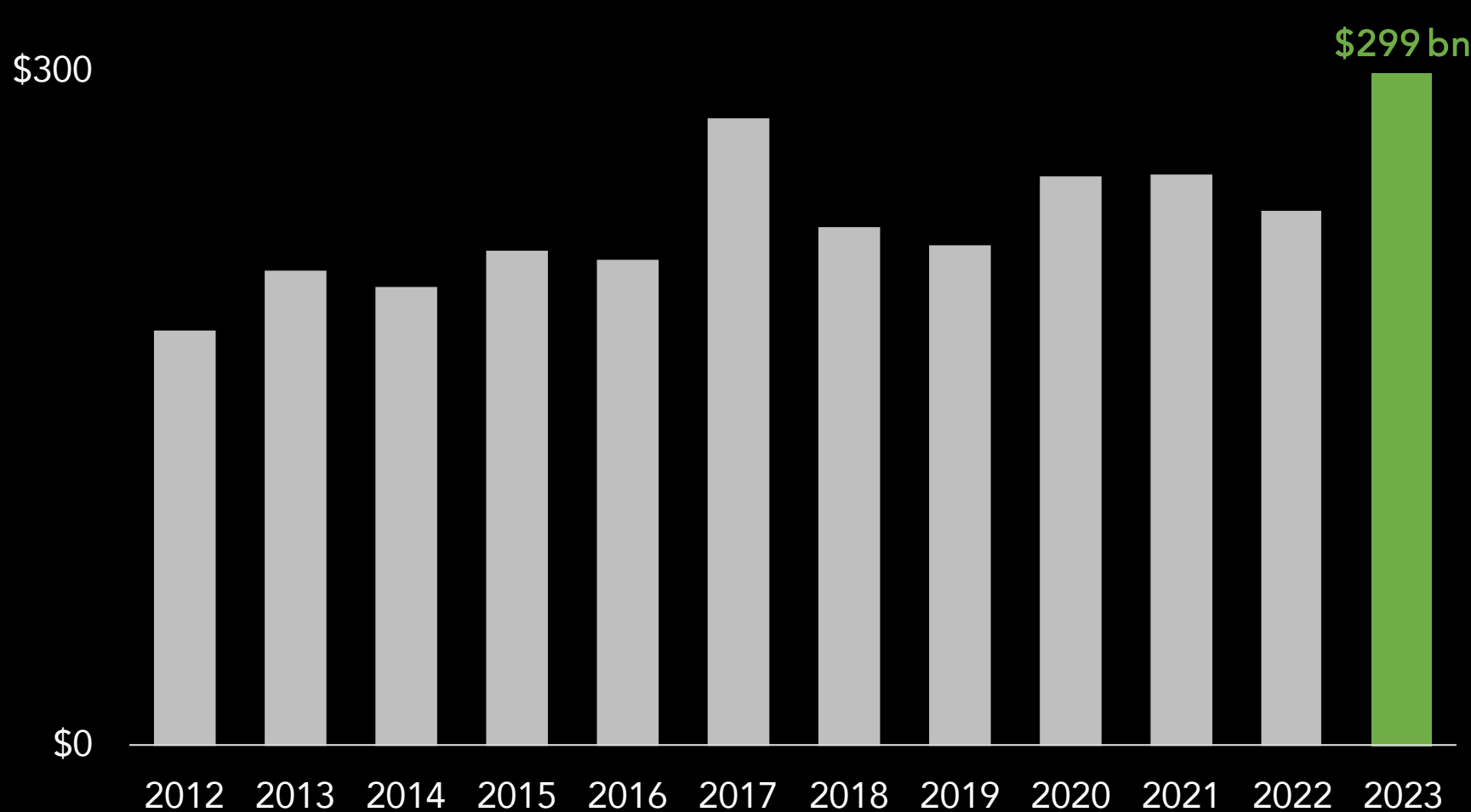
- 1 Largest Jan-Feb IG issuance on record at \$299 bn (prior record was \$265 bn in 2017).
- 2 The record Jan-Feb issuance represents ~25% of full 2023 forecast supply of \$1.2 trillion.
- 3 Largest Feb IG issuance on record at \$154 bn (well above consensus forecasts of \$100 bn and prior record of \$123 bn in 2021)
- 4 First time Feb IG issuance outpaced January since 2015
- 5 Jan-Feb 2023 IG issuance was 28% above 2022 levels
- 6 After January posted the highest HY issuance in a year (\$20.5 bn), Jan-Feb HY issuance in aggregate rose 3.5% Y/Y (though modest at \$34 bn)
- 7 Monday, Feb 27th was only the 14th occasion since early 2016 with > 15 unique borrowers in the same day (16 borrowers raised \$19 bn total)
- 8 Amgen's \$24 bn financing in Feb was the 9th largest on record
- 9 Amgen's \$90 bn + order book was the 6th largest on record
- 10 Numerous \$5 bn + jumbo sized acquisition financings (i.e., Amgen, Phillip Morris, Oracle, CVS)

USD IG & HY issuance volumes increased by 28% and 3.5%, respectively, in the first two months of the year. Most notably, the \$299 bn of USD IG issuance in Jan-Feb was the largest on record (while the \$152 bn in February was also a record).

USD IG & HY Issuance YTD (Jan-Feb 2022 & 2023)



USD IG Issuance (Jan-Feb), bn



Source: (1-2) MUFG CMG, CFR, IFR. Data as of February 28, 2023.

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“Macro stability isn’t everything, but without it, you have nothing.”