SSA Weekly: EU 2039 tap is 18.6x covered

w/e 20th June 2025

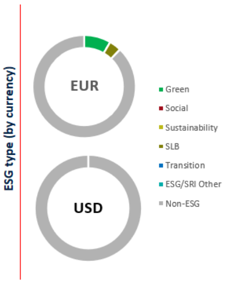
Issuance this week - SSA

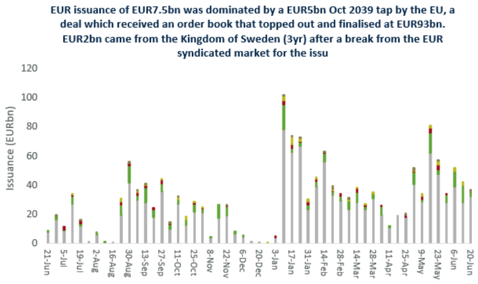
EUR (bn)
7.5

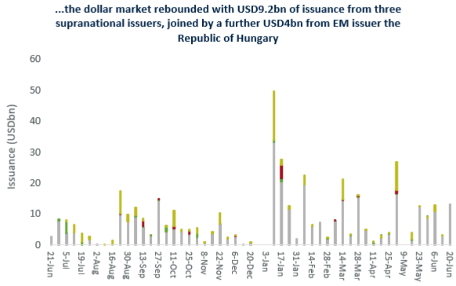
GBP (bn)
0.35

USD (bn)
9.2

(13.2bn incl EM)







Source: Informa Global Markets (charts include EM deals)

- **The SSA primary market saw overwhelming investor demand, resulting in massive oversubscription levels (the EU's tap was 18.6x covered) and allowing issuers to significantly tighten pricing from initial guidance, with little to no new issue concession.**
- **High-quality issuers like the European Union, Kingdom of Sweden, and EIB led the charge with heavily oversubscribed deals, while the robust demand extended across the credit spectrum, enabling EM issuer the Republic of Hungary to achieve dramatic spread compression of 30-40bp on their USD offerings.**

Issuer Name	Rating (Moody's/S&P/Fitch)	ESG Type	Deal Type	Currency	Amount (m)	Coupon	Maturity	IPTs	Final Spread (bp) / Yield (%)	IPTs to Pxd	Book Size (m)	Coverage	Peak Book (m)	NICs	Book Managers
Free and Hanseatic City of Hamburg	- / - / AAA		LSA	EUR	500	2.875	6/26/2035	m/s+39a	m/s+37	-2	2,200	4.40	2,200	0	HSBC, JPM, NORDEA, ERSTE, LBBW
Kingdom of Sweden	AAA / AAA / AAA		Bonds	EUR	2,000	2	6/26/2028	m/s+7a	m/s+3	-4	10,400	5.20	10,400		DANSKE, JPM, SEB, GSBE
European Union	AA+ / AA+ / AAA		Bonds Tap	EUR	5,000	3.375	10/4/2039	m/s+75a	m/s+73	-2	93,000	18.60	93,000	0.5	SGCIB, UBS, NATWEST, BofAS, GSBE
L-Bank Landeskreditbank Baden-Wuerttemberg - Foerderbank	AA+ / AA+ / AAA			GBP	350	SONIA+100	6/27/2028	SONIA+40	SONIA+40	0	450	1.29	450		NATWEST, RBC
Islamic Development Bank	AAA / AAA / AAA			USD	1,200	4.246	6/25/2030	SOFR m/s+58a	SOFR m/s+57	-1	1,300	1.08	1,350		CITI, BMO, SGCIB, BBVA, NAT, SCB, EMIRATES NBD CAPITAL, GSI
European Investment Bank (EIB)	AAA / AAA / AAA		Global Bonds	USD	5,000	4.25	8/16/2032	SOFR m/s+53a	SOFR m/s+50	-3	27,500	5.50	27,500	1.5	BARC, CITI, BNPP
Kreditanstalt fuer Wiederaufbau (KfW)	AAA / AAA / AAA		Global Bonds	USD	3,000	4	6/28/2027	SOFR m/s+29a	SOFR m/s+26	-3	10,500	3.50	10,500	0	RBCCM, CIBC, CACIB, BofAS
Republic of Hungary	BBB- / BBB- / BBB			USD	1,000	6	9/26/2035	T+205a		-30	3,700	3.70	4,100		ING, JPM, CITI, BNPP, GSBE
Republic of Hungary	BBB- / BBB- / BBB			USD	1,500	5.375	9/26/2030	T+175a		-30	4,400	2.93	4,900		ING, JPM, CITI, BNPP, GSBE
Republic of Hungary	BBB- / BBB- / BBB			USD	1,500	6.75	9/23/2055	T+235a		-40	4,100	2.73	5,100		ING, JPM, CITI, BNPP, GSBE

Source: Informa Global Markets

The SSA market witnessed a condensed week of new issuance, heavily front-loaded ahead of mid-week holidays in Europe and the US (Thursday). The overarching theme was one of exceptionally strong investor appetite, particularly for high-quality European names, which translated into massive oversubscription levels, significant spread compression from marketing to final pricing, and minimal NICs. Again.

Euro Issuance Highlights: EU and Sweden Lead the Charge

Tuesday was the centrepiece of the week's activity, showcasing headline worthy demand in the euro market. The **European Union** led the charge with a EUR5bn tap of its Oct 2039 bond. The deal attracted a staggering EUR93bn in orders, resulting in an 18.6x cover ratio. The overwhelming interest allowed for a 2bp spread compression from IPTs to land at a final spread of m/s+73 and with a negligible NIC of just 0.5bp.

That momentum was mirrored by **the Kingdom of Sweden**, which made a triumphant return to the EUR market after a six-year hiatus. Its new EUR2bn 3yr was met with a EUR10.4bn order book (5.2x covered) and saw an even more pronounced price tightening of 4bp, moving from IPTs of m/s+7 area to a final pricing of m/s+3. The week's euro activity concluded on Wednesday with a EUR500m 10yr LSA from the Free and Hanseatic City of Hamburg. The deal was well-received, drawing a EUR2.2bn order book (4.4x covered), enabling a 2bp spread compression to price at m/s+37 and with a 0 NIC.

Robust Demand Across the Dollar Market

Strong sentiment extended into the USD market, where core European heavyweights found a very receptive investor base. The **European Investment Bank (EIB)** priced a USD5bn 7yr Global Bond, which garnered an impressive USD27.5bn in demand (5.5x covered) and tightened 3bp from IPTs to land at SOFR m/s+50. Similarly, **Kreditanstalt fuer Wiederaufbau (KfW)** saw its USD3bn 2yr Global Bond achieve a 3.5x coverage ratio, allowing for 3bp of spread compression to a final level of SOFR m/s+26.

Demand was also evident further down the credit rating spectrum. **The Republic of Hungary** (BBB-/BBB-/BBB) tapped the market with a three-tranche offering, achieving remarkable spread compression across its 5yr, 10yr, and 30yr bonds, which tightened by 30bp, 30bp, and 40bp respectively. In contrast, the **Islamic Development Bank's** USD1.2bn 5yr sukuk saw more modest interest, with a 1.1x coverage ratio and 1bp of price tightening.

Sterling Market Sees Calibrated Pricing

In the sterling market**, L-Bank Landeskreditbank Baden-Wuerttemberg** priced its GBP350m 3yr deal flat to its initial guidance of SONIA+40. With a coverage ratio of 1.29x, the outcome indicated a precisely calibrated initial spread, meeting market expectations without having to leave room for any spread tightening, as is more often than not the case with GBP deals in the SSA space in recent times.

Market Takeaways

In summary, the week was defined by a front-loaded surge of issuance that was met with extraordinary demand. Top-tier issuers were able to command significant price tightening and price with little to no new issue premium. The robust investor appetite extended to lower-rated sovereigns and more complex subordinated structures, which also saw substantial spread compression, underscoring a current deep investor appetite for new paper in the SSA market.

Looking ahead

Next week will be influenced by a slate of key US economic data, headlined by Friday's Core PCE inflation reading, which is critical for the Fed's policy outlook. Earlier in the week, flash PMIs (Mon) from Europe and the German IFO survey (Tues) will provide important updates on growth momentum, alongside the US Q1 GDP print (Thurs).

All told, there is likely to be little in the way of data or events to meaningfully get in the way of issuance but despite that fact estimates for next week’s supply are far from encouraging. Indeed, respondents to our latest poll see between EUR3-10bn surfacing across the course of the week. That appears to be a case of heavyweight issuer having recently visited and also a general sense that a lot of other issuers are already very well advanced with their respective annual funding.