

[IG Weekly Wrap Up:] Three Days, \$37bln

By Ken Jacques | February 20 2024

The IGM logo is located in the top right corner of the page. It consists of the letters 'IGM' in a bold, white, sans-serif font. The background of the logo area features a stylized, colorful geometric pattern of overlapping triangles in shades of red, orange, and teal, set against a dark blue background with faint grid lines and a line graph.

Despite the second ex-SSA zero issuance day of the year on Tuesday, high grade issuers (18) still managed to raise \$37bln this week, topping the average weekly estimate of \$34bln, and coming close to the highest estimate of \$40bln.

The weekly average contraction from IPT/PX came in at 29.1bp. 3bp wider than the year-to-date average of 26.1bp, and nearly 5bp wider than the 2023 average of 24.5bp. Vying for a piece of this week's \$37bln pie, investors submitted \$171.7bln in orders (4.64x covered), and that wasn't even at the peak. In comparison, the 175 deals that have priced thus far this year were oversubscribed by an average 3.82x the average oversubscription rate for all of 2023 came in at 3.55x.

But the most glaring evidence of seemingly insatiable investor appetite for corporate paper could be seen in the cost of borrowing. Whereas the 770 deals that priced last year did so with an average NIC of 7.22bp, year-to-date, that cost has been reduced to 2.45bp. This week alone, the average NIC sits at a meager 1.09bp.

Despite next week being only a four-day week, the Street is under the impression that we could see borrowers raise close to \$50bln next week. Should that come to fruition, that would bring ex-SSA issuance for the month to a staggering for February, that is - \$135bln, with four sessions remaining.

That would easily top the decade long February issuance average of \$103.663bln, ranking it in the middle of the pack as the sixth slowest issuance month of any year. But we have seen as much as \$156.65bln (2023) come to market in February. Coming into the month, the Street, on average, was looking for \$150bln in ex-SSA issuance to cross the tape. The educated guesses ranged from a low of \$100bln, to a high of \$175bln.

According to the results of our weekly issuance poll, on average, we should see, as previously mentioned, \$50bln cross the tape next week, though some were not as optimistic, with the lowest estimate coming in at \$40bln, while the highest guess came in at a cool \$70bln.

There are plenty of reasons to be optimistic regarding issuance next week. Not only will potential borrowers be looking to take advantage of (1) tight credit spreads (the average high grade bond is now trading 97bp over comparable Treasuries, its tightest level of the year) (2) the winding down of earnings blackouts (3) voracious investor appetite and (4) the seemingly never ending list of M&A-related transactions in the pipeline.

02/12 WK	37000							
		LAST WEEK			+/- CHNG			
VOLUME	37000	46575	-20.6%		-9575			
DEALS	18	23	-21.7%		-5			
TRANCHES	40	20	100.0%		20			
AVE DEAL SIZE	2056	2025	1.5%		31			
AVE TR SIZE	925	932	-0.8%		-7			
AVG IPT-PXD	-29.10	-26.10	-11.5%		26			
AVG X-CVRD	4.64	3.56	30.3%		-33			
AVG NIC	1.09	2.34	-53.4%		-1			
AVE SCNDRY	-4.4	-2.3	91.3%		-2.1			
WKLY VOL RK	5	3	66.7%		2			
WEEK					YTD			
SECTOR	#DLS	#TR	TTL	%	#DLS	#TR	TTL	%
DOM IND	9	22	22150	59.9%	41	93	77625	28%
DOM FIG	3	6	4000	10.8%	71	113	110700	39%
DOM UTL	1	1	1200	3.2%	19	33	21350	8%
Y IND	2	4	3150	8.5%	9	17	13400	5%
Y FIG	3	7	6500	17.6%	31	59	53240	19%
Y UTL	0	0	0	0.0%	4	4	4330	2%
WEEK					YTD			
TTL DOM	13	29	27350	73.9%	131	239	209675	75%
TTL YNK	5	11	9650	26.1%	44	80	70970	25%
WEEK					YTD			
TTL IND	11	26	25300	68.4%	50	110	91025	32%
TTL FIG	6	13	10500	28.4%	102	172	163940	58%
TTL UTL	1	1	1200	3.2%	23	37	25680	9%
WEEK					YTD			
AAA		0	0	0.0%		3	2100	1%

AA		0	0	0.0%		44	44450	16%
A		27	27200	73.5%		153	145990	52%
BBB		12	8300	22.4%		112	80355	29%
SPLIT		1	1500	4.1%		7	7750	3%
WEEK					YTD			
FIXED	0	0	0	0.0%	140	260	235645	84%
FRN	0	0	0	0.0%	17	17	8000	3%
WEEK					YTD			
(< 5)		7	5350	14.5%		69	52150	19%
(5-19)		24	21250	57.4%		212	190580	68%
(20+)		8	8900	24.1%		34	32875	12%
PERP		1	1500	4.1%		4	5040	2%
	#DLS	#TR	TTL		+/-			
					CHNG			
FEB 24	43	92	85025		-57%			
JAN 24	132	227	195620		714%			
DEC 23	25	31	24025		-76%			
NOV 23	73	121	100725		23%			
OCT 23	45	87	81880		-36%			
SEP 23	88	160	128015		88%			
AUG 23	44	84	68100		-24%			
JUL 2023	50	87	90125		-3%			
JUN 2023	69	115	93145		-39%			
MAY 2023	83	153	152450		132%			
APR 2023	36	65	65700		-35%			
MAR 2023	90	139	101040		-35%			
FEB 2023	82	164	156650					
	#DLS	#TR	TTL		+/-			
					CHNG			
Q1 2024	157	279	243645		18%			
Q4 2023	146	238	205930		-28%			
Q3 2023	182	341	286240		-8%			
Q2 2023	187	333	311295		-23%			

Q1 2023	262	460	405490		111%			
Q4 2022	128	209	192330		-32%			
Q3 2022	168	294	283250		5%			
Q2 2022	289	325	269610		-42%			
Q1 2022	254	519	463841		#VALUE!			
	#DLS	#TR	TTL		+/- CHNG			
2024 YTD	175	319	280645		13.2%	vs 2023		
2023 YTD	131	233	247825		26.8%	vs 2022		
2022 YTD	121	326	195491		43.6%	2024	VS	2022
	#DLS	#TR	TTL		+/- CHNG			
2024 YTD	175	319	280645		-76.8%	vs 2023		
2023 FINAL	773	1373	1209655		0.0%	vs 2022		
2022 FINAL	727	1348	1209831		-15.1%			