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Credit Supply Outlook 2027

October 2026

Supply still hyper



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Summary

- We are set for another heavy year of supply across currencies and products in 2027, although volumes may ease slightly from 2026 in many areas.
- Hyperscalers and the wider tech sector remain major drivers of issuance and feature prominently across our forecasts.
- EUR corporate supply is forecast at €444bn, easing modestly from 2026 amid higher rates, wider spreads, hyperscaler fatigue and a more volatile backdrop.
- TMT and utilities capex should continue to drive EUR corporate supply.
- Bank bond supply will remain high, driven largely by redemptions, while the modest macro outlook is unlikely to push issuance much higher.
- USD corporate issuance is set for another hefty year, with supply forecast at around $1tr, driven by hyperscalers.
- Hyperscalers will also drive Reverse Yankee supply, bringing significant volumes to the EUR market despite less attractive economics.
- Higher debt costs will weigh slightly on hybrid issuance, but volumes should remain elevated, supported by utilities capex, rating defence, active M&A and Moody's new structure.
- ESG supply is set for another strong year.

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Corporate supply: a return to €444bn

Higher rates, wider spreads, steeper curves, hyperscaler fatigue and a more volatile backdrop should see corporate supply ease modestly from record highs. We forecast €444bn of supply in 2027



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We expect corporate supply to fall back to €444bn in 2027, around 8.5% lower than 2026's record level

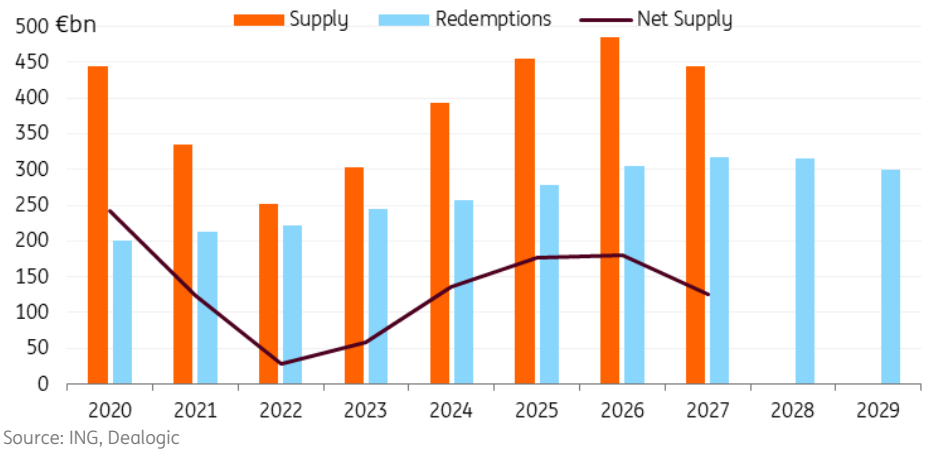
It's all the 4s... again

2026 is set to be a record year for euro supply at €485bn. Elevated redemptions, capex, M&A, ALM activity, hybrid issuance and, of course, the heavy reverse Yankee supply, particularly from US tech issuers, have all supported issuance volumes.

Looking to 2027, many of these drivers remain in place, but higher rates, slightly wider spreads, steeper curves, hyperscaler fatigue and a more volatile backdrop should see supply slow modestly from record highs.

As such, we expect supply to fall back to €444bn in 2027, approximately 8.5% lower than 2026's record level. That would bring issuance back in line with the €444bn seen in 2020 and close to the €455bn printed in 2025. More importantly, it would mark the first decline in net supply in several years, providing a more supportive technical backdrop for credit spreads. Net supply is pencilled in at €126bn after redemptions rise up to €318bn.

Corporate supply to fall to €444bn



Source: ING, Dealogic

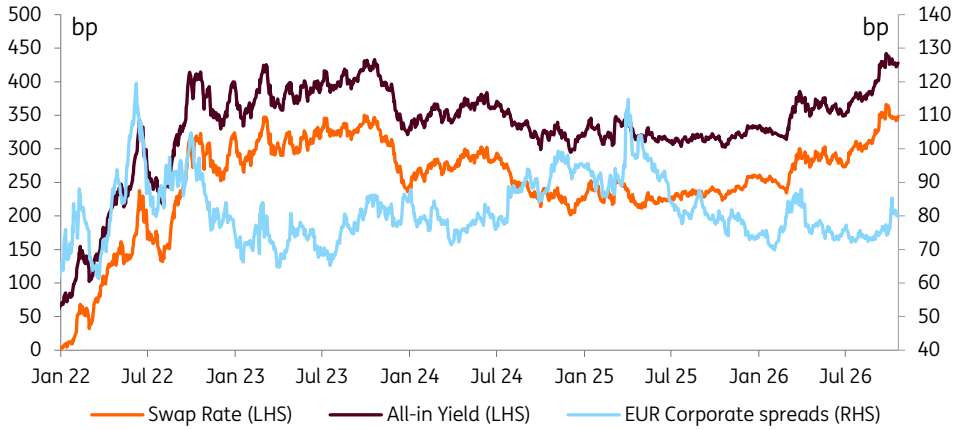
Higher rates, higher cost of debt

All-in yields in EUR IG credit have risen back towards 4.5%, driven largely by higher underlying rates rather than wider credit spreads.

Looking ahead, our rates strategists expect a modest steepening bias in 2027, with slightly more downward momentum at the front end of the curve. The broader message, however, is that rates should remain elevated enough to keep all-in yields attractive.

We expect only limited changes in outright rates, curve shape and swap spreads, leaving all-in yields broadly intact. As a result, the search for yield should remain a powerful tailwind for credit markets throughout 2027, although the same elevated rates continue to increase the cost of debt for issuers.

All-in yield for credit rises



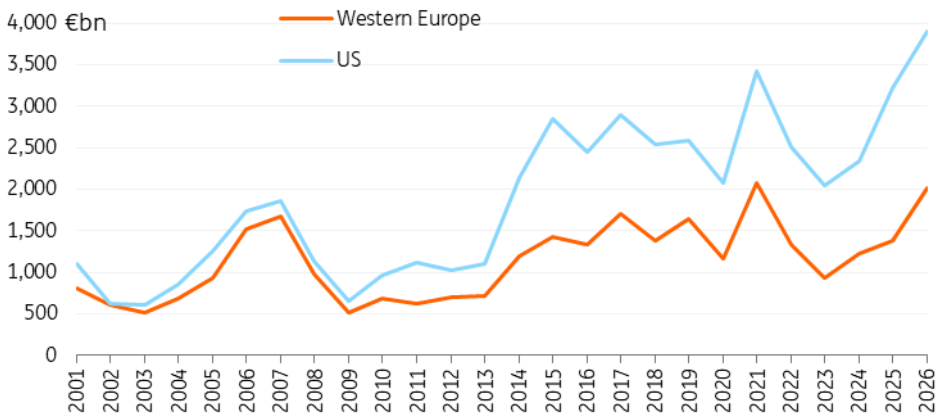
Source: ING, IHS Markit

Capex and M&A are on the rise

Utilities capex will remain a key driver of issuance, with the sector set for another heavy funding year as we forecast around €75bn of supply in 2027. M&A activity should also continue to support primary market volumes. While technology has grabbed the headlines, M&A outside the sector has also accelerated, with both US and European deal activity reaching new highs in 2026.

The pipeline remains healthy, suggesting momentum should carry into at least the first half of 2027. However, higher rates, rising debt costs and somewhat tighter liquidity conditions are likely to become a greater constraint over time. As a result, we expect M&A-related issuance to remain supportive of supply, albeit at a more moderate pace as the year progresses.

M&A activity reaching new highs



Source: ING

It's all about utilities and TMT

Across sectors, issuance should broadly converge towards redemption needs. Utilities and TMT are the key exceptions, where funding requirements remain elevated amid energy-transition investment and continued tech issuance. Read more on these two sectors and the influence from Corporate Hybrids and Reverse Yankee issuance later in this report.

Supply per sector shows it's all utilities and TMT

	2026 YTD	2026 FY	Reds	Net Supply	2027 FY	Reds	Net Supply
Auto	45	50	47	3	40	44	-4
Consumer	39	50	36	14	40	39	1
Healthcare	23	35	28	7	27	28	-1
Industrials & Chemicals	55	65	54	11	60	59	1
Real Estate	25	35	26	9	28	28	0
TMT	97	125	42	83	150	47	103
Utility	72	80	36	44	75	40	35
Oil & Gas	11	15	13	2	9	14	-5
Others	28	30	21	9	15	20	-5
Total	**394**	**485**	**304**	**181**	**444**	**318**	**126**

Source: ING, Dealogic

Bank bond supply stays cruising at altitude in 2027

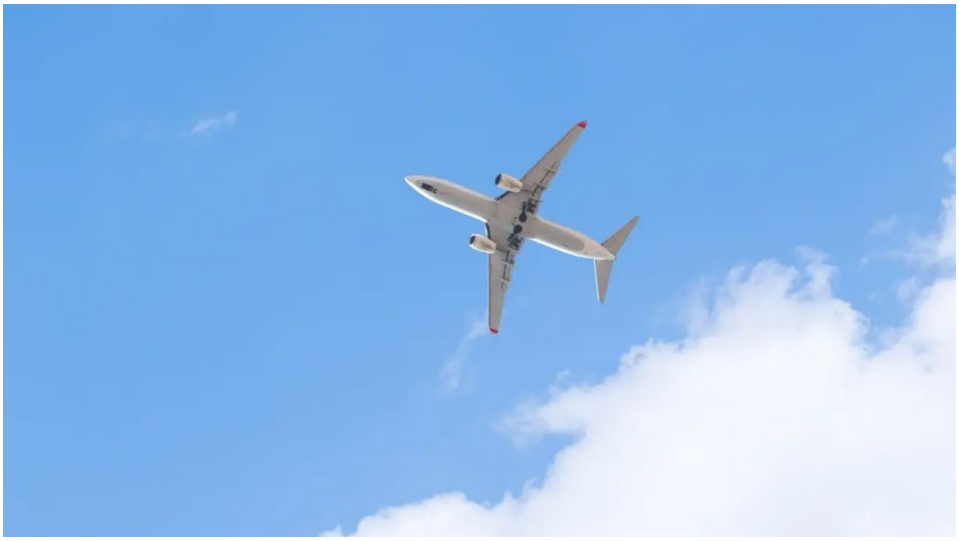
We expect EUR bank bond supply to reach €450bn in 2027. Redemptions remain the main driver of the high supply, but the modest macroeconomic outlook is not expected to push supply up any further. We foresee covered bond issuance reaching €185bn, senior unsecured bond supply at €210bn and another €55bn in subordinated bank bonds



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High redemption volumes are expected to keep EUR bank bond supply elevated in 2027

Variables driving next year's bank bond supply

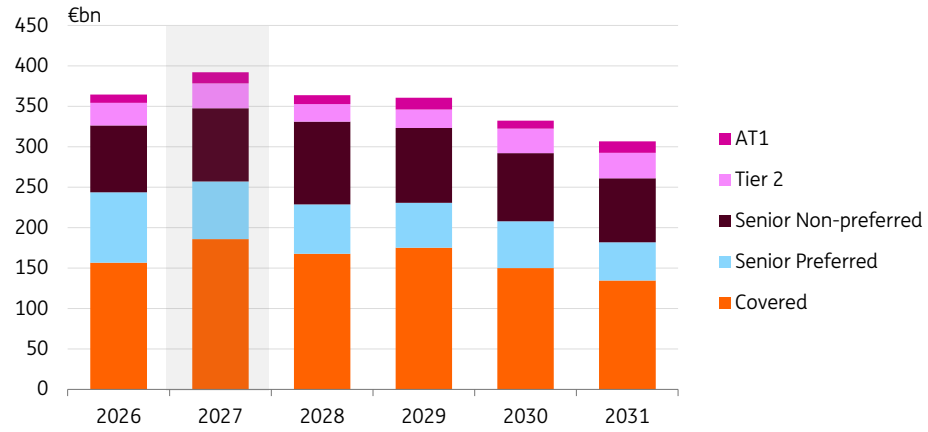
We expect EUR bank bond supply to reach €450bn in 2027, down slightly from the €455bn forecast for 2026. In our view, several variables will be steering next year's issuances.

Redemptions will remain the central driver for the elevated 2027 bank bond supply forecast. Nearly €400bn of bonds mature in 2027, up €30bn year-on-year and the highest level in a decade. The increase is especially significant in the covered bond segment where €186bn will mature, a historical high.

The subordinated segment will also rise, with redemptions totalling €45bn, up about €6bn from 2026. Of this total, €31bn is in Tier 2 instruments and €14bn in AT1s. The senior unsecured segment will partially offset these increases, with total redemptions reaching more than €162bn, down from more than €170bn recorded this year. The majority stems from senior bail-in bonds (senior non-preferred or senior HoldCo) with more than €90bn and an additional €71bn maturing in senior preferred instruments.

Despite diverging trends across segments, elevated redemption volumes remain the main driver of bank issuance in the euro bond primary market, as institutions refinance maturing instruments.

Bank bond redemptions per segment

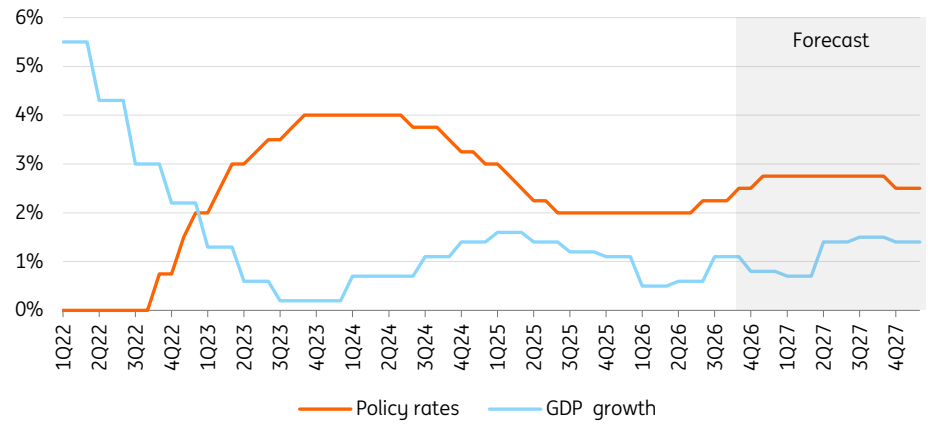


Source: ING

At first glance, high redemption levels point to stronger supply in 2027. However, other factors play a role, such as the macroeconomic environment. Eurozone GDP growth is forecast to increase slightly in the second half of next year to reach 1.5%, still well below levels seen after the pandemic.

Furthermore, our economists pencil in an additional ECB rate hike in 2026, bringing policy rates to 2.75% in early 2027. The higher interest rate environment is not expected to positively impact lending growth, especially as geopolitical instability remains. As a result, we do not see the modest macroeconomic backdrop acting as a catalyst for bank bond supply in 2027.

Policy rates and GDP growth forecasts



Source: ING

Asset swap spread levels initially proved very resilient to geopolitical instability and related economic changes this year. Despite some volatility in March, following the outbreak of the US-Israel conflict with Iran, spread levels recovered quickly and reached levels close to their historical low. However, a broader escalation of the conflict across the Middle East, coupled with the absence of a clear path to resolution, could put further pressure on spreads.

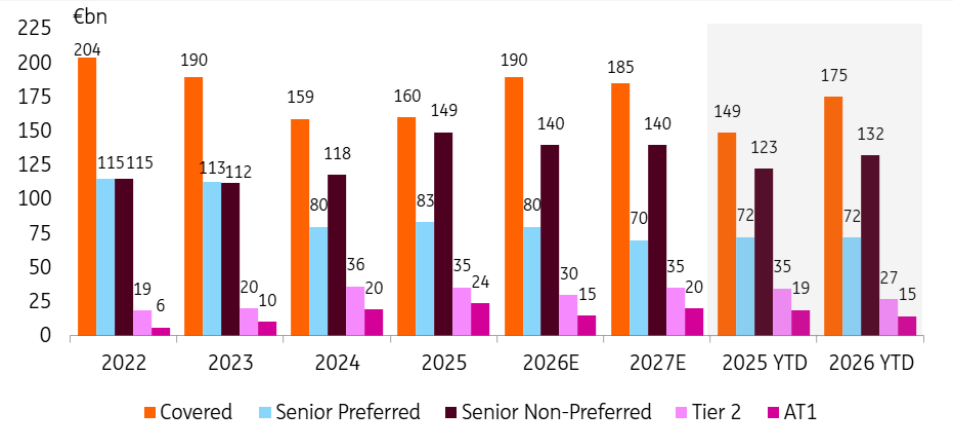
In addition, budget and political concerns in France and OAT-Bund volatility, as well as broader European fiscal concerns, have recently led to spreads widening again. The combination of French political uncertainty and the Middle East conflict could trigger some periods of volatility in the market in 2027. However, we believe these uncertainties will not be a strong negative for bank bond supply. Depending on the timing, though,

periodic widening may make financial institutions less keen to pre-fund redemptions coming up in 2028.

Our 2027 supply forecast

When accounting for these three main variables, we expect the EUR bank bond supply to reach €450bn in 2027. This translates into a net supply of €57bn, down from €89bn in 2026.

Forecasted EUR bank bond supply for 2027



YTD = 16/10
Source: ING

Our estimate includes €185bn in covered bonds, comprising €180bn in benchmark-sized issuances, including floating rate notes, and €5bn in sub-benchmark bonds. This is a €5bn drop versus our 2026 forecast. It reflects the pre-financing already made by issuers this year in preparation for the historically high redemptions.

Furthermore, next year's mortgage lending forecasts point to stagnation, somewhat muting any further increase in covered bond issuances. Besides, with the securitisation package entering its finalisation stage, issuers with high funding needs may shift some secured issuance towards securitisation for diversification purposes. Increasing demand for covered bonds from overseas investors driven by regulatory developments may also result in more currency diversification, away from EUR-denominated issuance.

We forecast senior unsecured supply to reach €210bn next year. This is split between €70bn in senior preferred bonds and €140bn in senior bail-in instruments. It represents a €10bn YoY decline in senior preferred supply, reflecting both the drop in the segment's redemptions from 2027 onwards and the potential impact of the Crisis Management and Deposit Insurance (CMDI) framework. As the CMDI reforms are expected to enter into force in 2028, they could reduce the attractiveness of senior preferred bonds versus senior bail-in instruments in some EU countries, as senior preferred exposures will rank lower than, and no longer pari passu to, uncovered deposits in the creditor hierarchy. The funding cost advantage of senior preferred unsecured issuance could decline. At the same time, issuing senior non-preferred bonds could serve the purpose of increasing the bail-inable layer protecting preferred senior bonds and their current ratings. This could shift some issuers' focus towards the senior non-preferred bucket instead of the senior preferred segment.

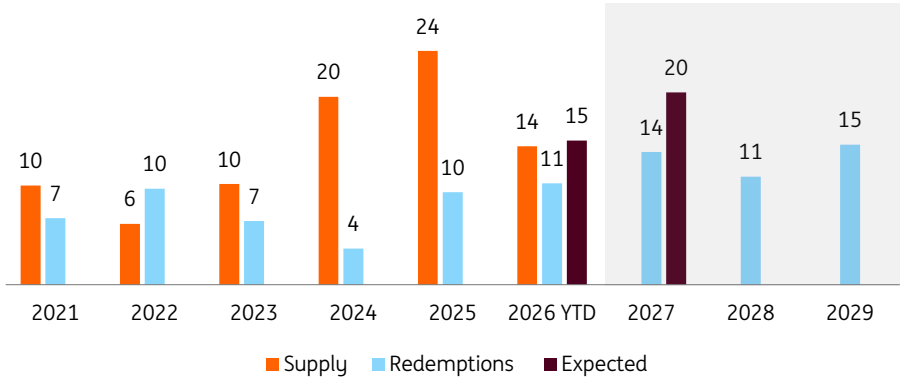
Our forecast for senior non-preferred supply remains stable compared to our 2026 estimate. While redemptions will increase by €6bn in 2027 and further in 2028 to reach €102bn, we believe the impact of higher refinancing needs on non-preferred senior supply will be partially offset by the lack of balance sheet growth against the backdrop of higher interest rates. Furthermore, the outperformance of US dollar debt versus EUR-

denominated debt could see issuers turn more often towards the USD market, potentially negatively affecting EUR senior bail-in supply.

Lastly, we expect Tier 2 supply to reach €35bn and AT1 supply to reach €20bn in 2027. This is a €5bn increase YoY in both AT1 and Tier 2 compared to our 2026 forecast, mainly driven by higher redemption levels. With AT1 redemptions in 2027 increasing by €3bn YoY to €14bn, net supply is likely to be marginally higher next year. In Tier 2, redemptions increase by €4bn to €31bn, essentially meaning net supply will only be marginally higher.

As the chart below highlights, net supply in AT1 has been significant in recent years but has slowed this year as the focus has shifted towards refinancing. As such, while we expect more AT1 supply next year compared to 2026, the levels are relatively in line with the longer-term trend.

Forecast EUR AT1 supply (€bn)



Source: ING

The main driver of supply will also be refinancing for subordinated capital. We expect a further marginal decline in CET1 buffers, although most banks are already operating at target AT1 and Tier 2 ratios. Still, there are some issuers with substantial gaps in either AT1 or Tier 2 ratios, which they may look to improve, leading to a slight increase in supply.

Significant Risk Transfer (SRT) issuance has also increased in recent years and will continue to grow as a tool for banks in terms of balance sheet and capital management, while it is also growing as an investable asset class. Although SRTs provide capital and RWA relief, they do not replace the gone-concern and loss absorption capacity of AT1 and Tier 2 instruments. As such, it plays a more 'complementary' role in capital management, and we do not expect it to have a major impact on bank capital issuance in 2027.

Bank M&A could also be a wildcard for 2027 issuance. With several large M&A transactions potentially taking place, this may lead to some capital optimisation and less incremental supply needs; conversely, goodwill effects, potential regulatory increases in buffer requirements or RWA inflation may lead to a slight increase in the need for capital. However, on the whole, we would expect M&A to have a slight dampener effect on supply.

Finally, spreads are currently quite elevated, and coupons on new issues are generally higher than legacy bonds maturing or callable in 2027. This may also lead to some more wait-and-see from issuers, but we still think that most issuers will continue to drive their capital plans as in previous years.

Forecasted EUR bank bond supply for 2026

	FY 22	FY 23	FY 24	FY 25	FY 26F	FY27F	2025 YTD	2026 YTD
Covered bonds	**204**	**190**	**159**	**160**	**190**	**185**	**149**	**175**
Covered redemptions	*143*	*126*	*117*	*134*	*157*	*186*		
Bank senior unsecured bonds	**230**	**225**	**198**	**233**	**220**	**210**	**195**	**204**
Preferred senior unsecured	115	113	80	83	80	70	72	72
Bail-in senior unsecured	115	112	118	149	140	140	123	132
Senior unsecured redemptions	*174*	*142*	*127*	*142*	*172*	*162*		
Bank subordinated bonds	**25**	**30**	**56**	**60**	**45**	**55**	**54**	**42**
Tier 2 debt	19	20	36	35	30	35	35	27
Additional Tier 1 debt	6	10	20	24	15	20	19	15
Bank capital redemptions	*31*	*24*	*18*	*37*	*37*	*45*		
Total bank supply	**459**	**445**	**413**	**452**	**455**	**450**	**397**	**421**

YTD = 16/10
Source: ING

USD supply: Another trillion for corporates

We forecast another hefty year for USD corporate issuance in 2027, with supply once again set to reach around US$1tr



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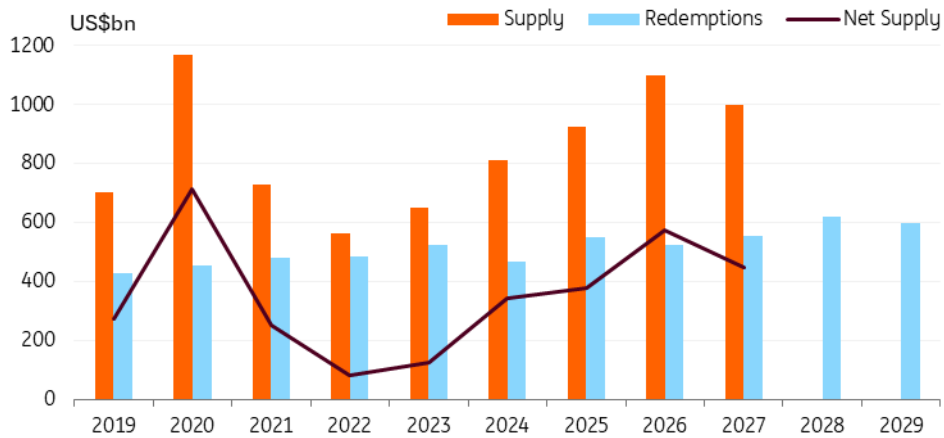


Dollar supply stays strong as corporate issuance heads towards another US$1tr year

We forecast another hefty year for USD corporate issuance in 2027, with gross supply again expected to be around US$1tr. While below the record-like US$1.1tr seen in both 2020 and 2026, issuance is expected to remain exceptionally strong by historical standards.

Redemptions are expected to remain broadly unchanged at US$553bn, leaving net supply of around US$447bn. While this is a modest improvement from 2026, the USD market will continue to face a significantly heavier net supply burden than its EUR counterpart.

USD Corporate supply set to see another big year



Source: ING, Dealogic

Hyperscalers and tech issuers are a driving force

As discussed above, the scale of investment required for data centres, energy infrastructure and digital capacity is unprecedented. The financing burden has spread

well beyond technology firms themselves and is increasingly influencing broader capital markets.

Already in 2026, the hyperscalers have been a major source of debt issuance, raising around US$237bn across currencies, including US$160bn in USD and US$31bn in EUR. Issuance has been led by the usual suspects: Amazon, Alphabet, Meta, Oracle and IBM.

Looking ahead, we expect hyperscaler funding needs to increase further as investment in AI infrastructure, data centres and power capacity accelerates. As a result, we forecast total issuance of around US$280bn in 2027, including approximately US$190bn in USD and US$65bn in EUR (€60bn).

The rest of the technology sector will also remain very busy in 2027, with an expected US$200bn forecast to come to market.

M&A is substantial

M&A activity should continue to support primary market volumes. While technology has grabbed the headlines, M&A outside the sector has also accelerated, with both US and European deal activity reaching new highs in 2026. The pipeline remains healthy, suggesting momentum should carry into at least the first half of 2027.

However, higher rates, rising debt costs and somewhat tighter liquidity conditions are likely to become a greater constraint over time. As a result, we expect M&A-related issuance to remain supportive of supply, albeit at a more moderate pace as the year progresses.

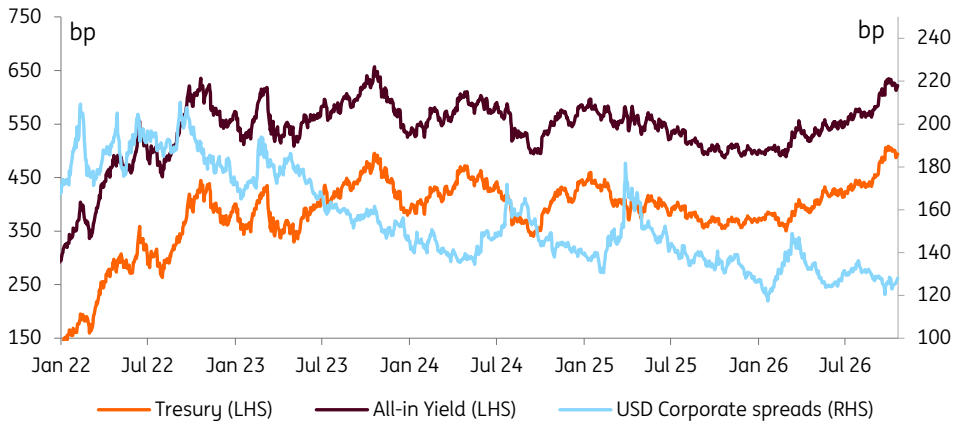
Higher rates, higher cost of debt

All-in yields in USD IG credit have risen back towards 5.2% (5yr), driven largely by higher underlying rates rather than wider credit spreads.

Looking ahead, our rates strategists expect a modest steepening bias in 2027, with slightly more downward momentum at the front end of the curve. The broader message, however, is that rates should remain elevated enough to keep all-in yields attractive.

We expect only limited changes in outright rates, curve shape and swap spreads, leaving all-in yields broadly intact. As a result, the search for yield should remain a powerful tailwind for credit markets throughout 2027, although the same elevated rates continue to increase the cost of debt for issuers.

Cost of debt has risen



Source: ING, IHS Markit

Sectors supply shows the amount of tech issuance

Most sectors are expected to see relatively modest net supply in 2027. The clear exception is TMT, which will once again dominate issuance volumes. We forecast around US$180bn of supply from the hyperscalers alone, with a further US$850bn coming from the broader technology universe. Telecoms should add another US$60bn, leaving TMT firmly at the centre of the supply story.

Utilities remain another major source of issuance as rising capex requirements continue to drive funding needs, extending a trend that has defined the sector in recent years. Healthcare and Industrials should also remain active issuers, although a sizeable portion of gross supply will be offset by elevated redemption profiles.

In short, while net supply remains contained across much of the market, technology and utilities continue to shoulder the bulk of issuance growth in 2027.

Supply per sector (US$bn)

	2026 YTD	2026 FY	Reds	Net Supply	2027 FY	Reds	Net Supply
Auto	38	40	34	6	45	41	4
Consumer	67	75	90	-15	70	81	-11
Healthcare	109	120	61	59	90	65	25
Industrials & Chemicals	121	135	84	51	120	100	20
Real Estate	33	35	35	0	30	30	0
TMT	380	400	117	283	425	121	304
Utility	156	180	51	129	160	61	99
Oil & Gas	42	55	36	19	35	32	3
Others	60	60	17	43	25	23	2
Total	**1,008**	**1,100**	**525**	**575**	**1,000**	**553**	**447**

Source: ING, Dealogic

Reverse Yankee supply will come mostly from hyperscalers

2027 is set to be another heavy year for issuance across currencies and products, even if supply moderates somewhat from 2026 levels in many segments. Hyperscalers and the wider technology sector will remain key drivers of funding activity and are among the largest contributors to our overall supply forecasts



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We expect hyperscalers alone to account for around €60bn of Reverse Yankee issuance in 2027

The key question for 2027 is whether Reverse Yankee supply can remain as convincing as it has been in recent years. The economics for US issuers looking to fund in euros and swap proceeds back into dollars have deteriorated markedly, with much of the historical funding advantage having evaporated. In many cases, the maths is now far less compelling on an issuer-by-issuer basis.

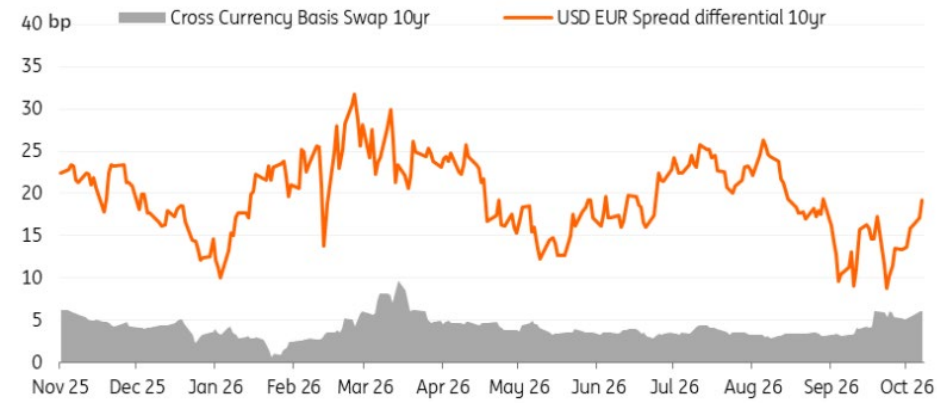
However, the hyperscaler story remains difficult to ignore. We expect hyperscalers alone to account for around €60bn of Reverse Yankee issuance in 2027, up sharply from the roughly €31bn issued in euros during 2026.

As a result, we continue to expect elevated Reverse Yankee supply, albeit increasingly concentrated within the technology sector. Overall, we forecast another €100bn of Reverse Yankee issuance in 2027, matching that of 2026.

€100bn Reverse Yankee supply forecast for 2027

Importantly, this leaves only around €40bn of issuance from non-hyperscaler borrowers, a notable decline on what we saw in 2026. The decline reflects the reduced cost-saving incentive for US corporates to issue in euros and swap back to dollars.

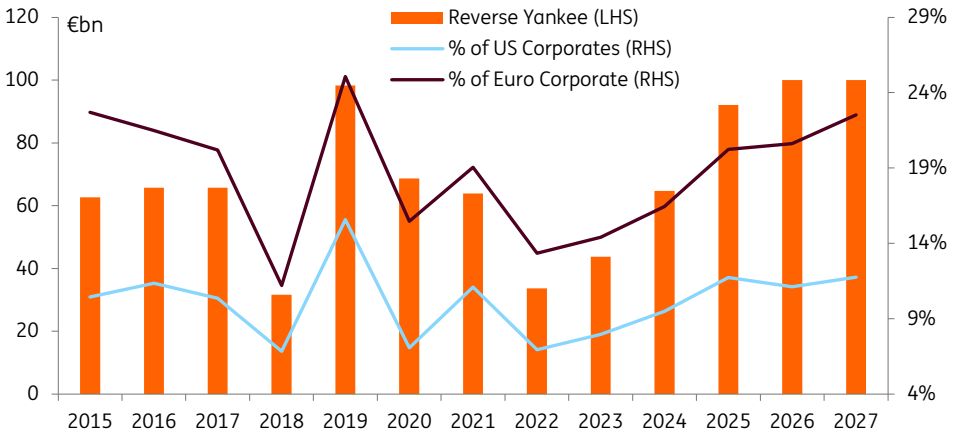
XCCY & USD EUR spread differential 10yr



Source: ING, IHS Markit

Reverse Yankee issuance has historically been closely linked to both USD and EUR corporate supply. On average, it has represented around 10-11% of US corporate issuance and 20-21% of EUR corporate issuance. For 2027, this increases marginally up to 12% and 23% respectively on the back of the larger hyperscaler and tech issuance. This also suggests that continued strength in overall corporate funding volumes should still provide a supportive backdrop, even if the currency economics become less attractive.

Reverse Yankee supply



Source: ING, Dealogic

Hybrid supply fades, but will stay elevated

Corporate hybrid supply should remain reasonably elevated in 2027, although below recent peaks. We forecast €35bn in corporate hybrid supply next year



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Hybrid supply is set to come off its record highs, but remains elevated

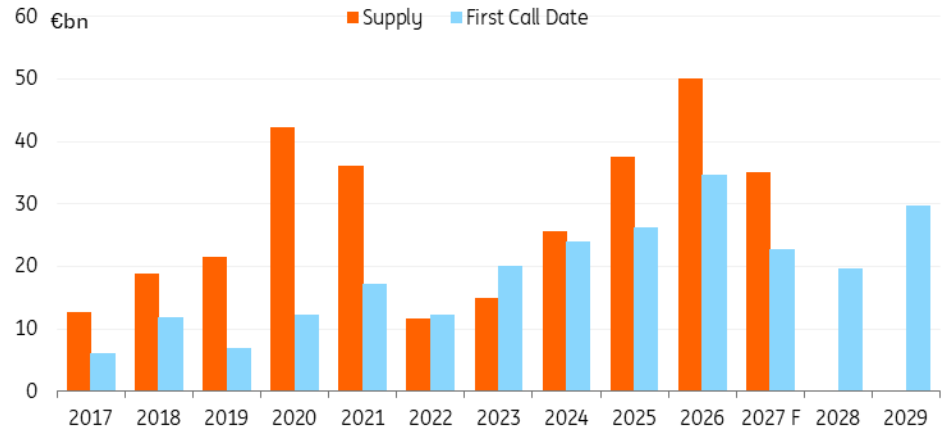
Corporate hybrid supply should remain reasonably elevated in 2027, although below recent peaks. First call volumes will fall to just €23bn. However, some hybrid first calls scheduled for 1H27 have yet to be refinanced, implying true refinancing needs are closer to €19bn for 2027.

The same goes for 2028, where a good proportion of 1H28 calls will be refinanced in (late) 2027; however, this number is limited in volume as we see a further drop in first calls in 2028 at just €19bn (€12bn in 1H), so we estimate that half of those will be refinanced early, thus adding €6bn to the refinancing need in 2027. This takes the total refinancing need to €25bn.

However, the following should continue to support issuance as in 2026, and we estimate this will add another €10bn. Making up our forecast of €35bn, is:

- Rising utility capex requirements.
- Rating-defence considerations.
- A still-active M&A backdrop.
- And the new 30NCs Moody's structure.

Hybrid supply vs first-call dates



Source: Dealogic

On the hybrid structure front, we remain comfortable with both the methodology and the underlying structures. The new Moody's 30NC format has also proved popular, accounting for €15bn of issuance in 2026. The fact that the Moody's 30NC structure is just one notch down from the Basic Credit Assessment, rather than the usual two notches, results in IFRS debt accounting rather than IFRS equity accounting.

In 2026, issuance in this format reached €15bn, accounting for 32% of the €46bn market, with three issuers managing to attach an investment-grade rating to this format rather than under the traditional boilerplate format. We are confident that this 30NC structure has helped supply hit its 2026 dizzying heights.

The main downside risk to our €35bn forecast is that higher rates continue to raise the cost of hybrid funding, although the headwind is materially less severe than in 2022-23. Combined with slightly wider spreads and a more volatile market backdrop, issuance could moderate further from the above.

Expected 2027 TMT supply points to a new record

European TMT gross bond supply may reach €150bn in 2027, driven by tech funding for AI and data centres rather than traditional telecoms. Strong cash flows and credit quality support issuance, but disciplined funding will be key to market absorption



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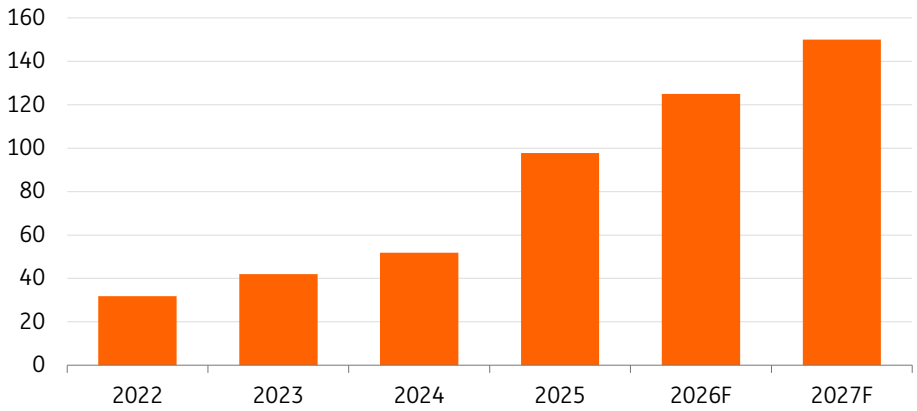


AI and data centre investment is expected to be the main driver of TMT bond issuance in 2027

We expect another year of strong supply for the European TMT sector. We expect €150bn of gross issuance and €103bn of net issuance, given €47bn of debt redemptions. The additional issuance is not coming from the traditional telecom or media issuers, but from global tech companies.

As we expect the data centre build-out to continue in 2027, issuers are likely to return to the European investment-grade credit market to raise part of the required funding. Meanwhile, we do not see a major reason for traditional sectors to reduce or increase indebtedness, as factors driving indebtedness higher are countered by factors driving debt lower, as we'll explain below.

European investment-grade TMT supply (€bn)



Source: *Dealogic, ING*

Telecoms supply

We will break down the main factors affecting debt issuance, starting with FY27 capex requirements. As a percentage of sales, we expect capex to decline in FY27. However, companies such as Orange and Vodafone are integrating recent acquisitions and may need to invest additional capital to realise merger synergies. Overall, we expect aggregate capex to increase slightly because of the impact of consolidation. We, therefore, do not expect lower capex to result in less issuance. Nevertheless, the companies BT and KPN are exceptions, as both clearly intend to reduce capex in FY27.

We also do not expect EBITDA growth to drive materially higher indebtedness. Low-single-digit EBITDA growth gives companies some capacity to issue additional debt while maintaining stable leverage. However, higher interest rates incentivise reducing relative indebtedness. Instead, we expect the increase in debt issuance to be driven mainly by M&A. Several debt-funded acquisitions of smaller networks could generate around €6bn of net issuance. A further €4bn could come from US operators raising euro-denominated funding for spectrum payments in 2027.

Technology supply

In 2027, we believe the AI build-out will continue. Tech companies currently report healthy returns on investment, demand for AI services continues to outpace supply, and companies want to maintain their market positions. We therefore expect further capex growth in 2027, with the large hyperscalers investing close to US$1tr in fiscal 2027.

Like in 2026, we expect these companies to finance their investments largely from operating cash flow, but also through debt issuance, with additional funding coming from European markets. We expect hyperscale data centre operators to issue at least €60bn in 2027, somewhat above the approximately €35bn issued year-to-date in 2026, including issuance by NTT.

In addition to the €60bn of issuance from hyperscale data centre operators, we expect €38bn of net supply from other technology issuers. Companies are likely to pursue acquisitions and raise additional funding for investment, including semiconductor, software and payment services companies. Including €10bn from telecom issuers, this brings total TMT net supply to €103bn. This would translate into gross supply of approximately €150bn, which, in our view, is close to the amount the European market may be able to absorb.

Supply discipline will be important

Companies will need to issue prudently and provide clear guidance on future funding plans, as spreads may only tighten once the market no longer expects substantial new supply. Nevertheless, current spreads look attractive relative to the issuers' high ratings, with much of the widening driven by supply and liquidity effects. Relatively wide CDS spreads also suggest that technical factors, rather than a material deterioration in credit risk, are weighing on valuations. This combination of high credit quality and attractive spreads should attract new money to the investment-grade market.

Challenge 1: Does debt issuance reduce credit quality?

First, we expect the hyperscale data centre operators Amazon, Microsoft, Alphabet, Meta and Oracle to grow their combined EBITDA by US$230bn, or 29%, in FY27, to around US$1tr. Moreover, with the exception of Oracle, these companies are expected to operate with limited net debt, with Microsoft holding more cash than debt. The main caveat is their significant lease commitments, many of which are not yet reflected in balance-sheet lease liabilities because the underlying leases have not commenced. Given our aggregate EBITDA projection of around US$1tr for fiscal 2027, alongside generally strong balance sheets and operating cash-flow generation, we are not yet concerned that these commitments materially weaken credit quality.

We prefer to wait for the 10-K filings before assessing the full impact, as annual reports provide more comprehensive lease and contractual-commitment disclosures. Over time, there is a risk that rating agencies will attach greater weight to these liabilities, particularly if returns on investment start to decline. In our view, this is not a material concern for 2027 and may never become one, given the sector's strong growth and ability to fund a significant part of investment from operating cash flow. Companies also retain flexibility to scale back future investment that has not yet been committed if returns start to disappoint.

Challenge 2: Do credit benchmarks accommodate more supply?

Do European credit markets have the capacity to absorb additional supply from technology companies? We think the current share of technology issuers remains modest. Alphabet accounts for only 1.16% of the iBoxx € Non-Financials index, while Amazon and IBM account for 0.68% and 0.91%, respectively.

In the US, Oracle's share of more than 2% in the iBoxx $ Domestic Non-Financials index illustrates that individual technology issuers can reach materially higher benchmark weights, while several high-yield indices apply a 3% issuer cap. In addition, many large technology companies have not yet raised funding from European credit markets.

We therefore see significant room for technology companies to increase issuance in European investment-grade markets. The inclusion of eligible new bonds in benchmarks also creates a strong technical incentive for benchmark-aware investors to participate in new deals, as not owning the bonds could increase their tracking error.

Benchmark sizes selected TMT names in Europe, USA (%)

iBoxx € Non-Financials		iBoxx $ Domestic Non-Financials	
Alphabet	1.16	Alphabet	1.52
Amazon	0.68	Amazon	2.35
Microsoft	0.13	Microsoft	0.46
Orange	1.53	Oracle	2.16
IBM	0.91	IBM	0.63
Prosus	0.27	Meta	1.65
Infineon	0.25	Apple	1.15

Source: Dealogic, ING

Investment boom keeps utilities bond supply elevated

We expect utilities to see another year of high bond supply in 2027. Alongside a modest uptick in redemptions, stubbornly high capital expenditure continues to push companies towards bond markets



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We expect high bond supply in 2027 for utilities due to redemptions and high capital expenditures

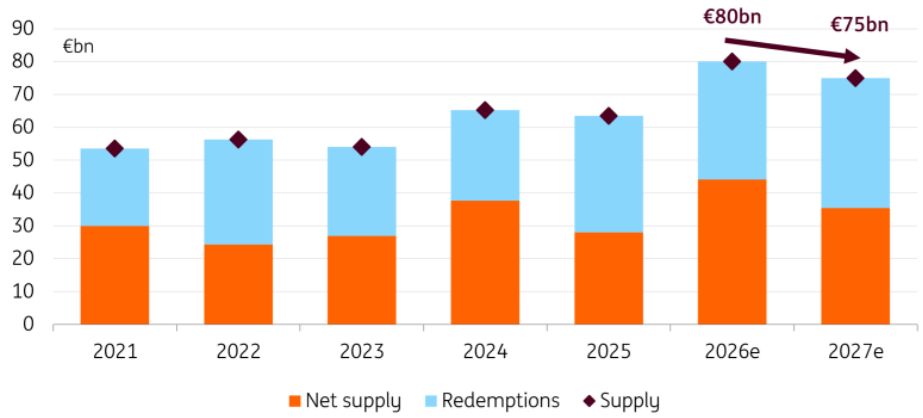
We forecast European utilities to raise €75bn via bond markets in 2027

2027 is likely to be another eventful year for European utilities. Geopolitical uncertainty, volatility in energy markets and significant investment pipelines, together with the associated funding needs, should remain key drivers for the sector going into next year.

We forecast €75bn of total bond supply from investment-grade utilities in 2027, only slightly below the €80bn we have pencilled in for full-year 2026. Net supply also remains firmly positive at €35bn next year, although somewhat below the €44bn in 2026.

Utilities bond supply set to stay elevated with high capex and redemptions

Realised and forecast euro-denominated bond issuance vs redemptions from investment grade utilities



Source: ING, Dealogic

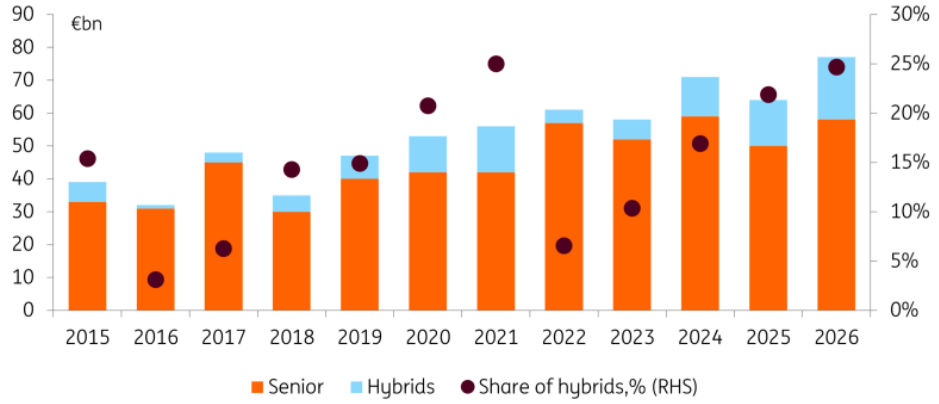
Corporate hybrids remain an important part of the funding mix

Utilities have raised €19bn with corporate hybrids so far in 2026, the highest level since 2015. Hybrid issuance helps protect the credit profiles of these companies as they finance their extensive investment pipelines with debt alongside cash flows.

While we expect corporate hybrids to remain an important part of the funding mix of utilities in 2027, the choice between senior and hybrid funding will always reflect market conditions and the relative pricing of the two instrument classes.

Utilities hybrid supply at record highs in 2026

Euro-denominated bond issuance from investment grade utilities



Source: ING, Dealogic

High capital expenditure drives supply

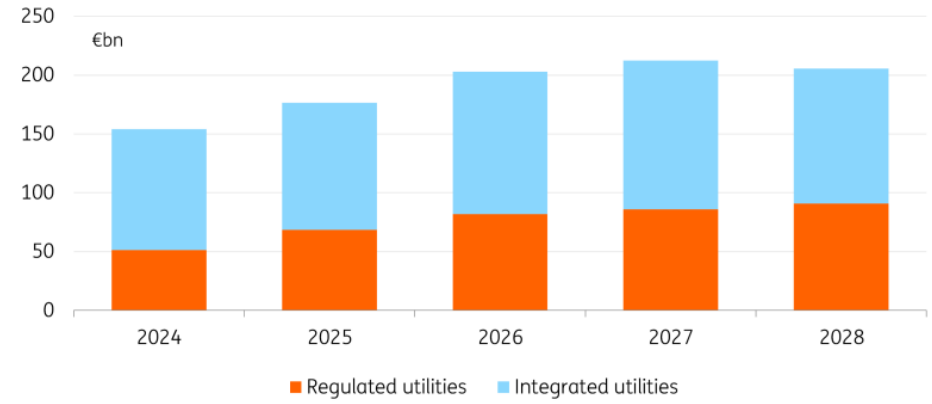
Alongside redemptions, bond supply continues to be driven by large capital expenditure. We expect combined investment to top €200bn next year for large European utility issuers. German names have the highest investment needs for 2027, up around 30% year-on-year, while Italian, UK, and Dutch names are also among those seeing a clear increase.

The energy transition continues to drive significant investment needs, with growing electrification and renewable generation requiring substantial expansion and reinforcement of transmission and distribution grids. Regulated utilities are particularly impacted by higher grid investments, but integrated utilities are also likely to see higher capital expenditure next year.

Higher interest rates may make some companies more selective in their investments. The bulk of these programmes is likely to proceed, however, as the acute investment needs of many network utilities are unlikely to change any time soon. Potential execution constraints could delay the timing of some capex, but we do not expect this to have a major impact on overall bond supply.

Investments to remain at high levels

European utilities capital expenditure



Source: ING estimates, company data

Sustainable bank bond supply set for further growth in 2027

Sustainable bank bond supply is close to reaching a record in 2026, despite Europe's ESG simplification agenda. We expect another increase to €100bn in 2027, supported by sustainable lending growth, higher redemptions and resilient investor demand



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Sustainable bank bond supply is blooming, nearing a record in 2026

Banks issued an unexpectedly large amount of sustainable debt this year despite Europe's ESG deregulation efforts. Up to mid-October 2026, they issued more than €86bn in sustainable bonds across different instrument types, up by almost €20bn from the same period last year.

This was a surprisingly strong increase given that favourable primary market conditions offered issuers little greenium, despite continued evidence that sustainable bonds attract higher investor demand, as reflected in stronger oversubscription rates. This suggests that the availability of sustainable assets was not a meaningful constraint on banks' sustainable debt issuance, thanks to higher redemptions and sustainable lending growth.

Issuers are also increasingly directing ESG bond issuance towards European capital markets, often at the expense of North American markets, reflecting the growing divergence in political and regulatory priorities between the two regions.

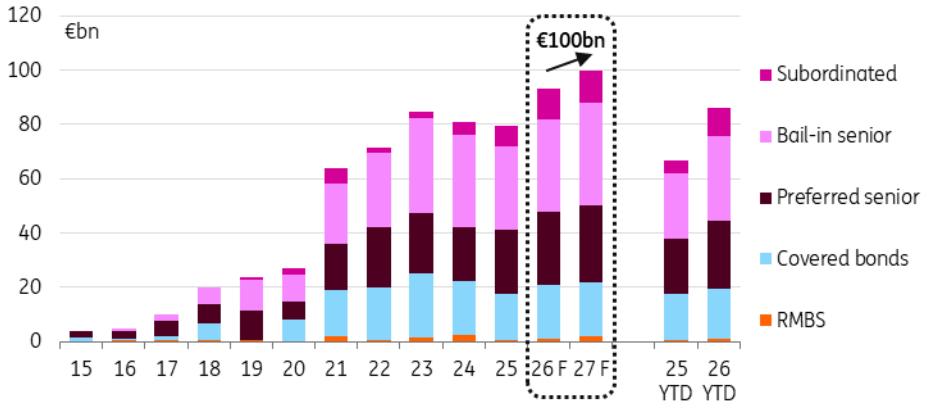
The bulk of the YTD supply (€76.6bn) (re)financed green assets, with green supply up €25bn from 2025. Instead, issuance in social and sustainability formats did not exceed €9.6bn, trailing last year's supply by €4.5bn. All instrument types, from secured to unsecured to subordinated, contributed to the higher ESG supply volumes. However, sustainable T2 and bail-in senior (senior non-preferred and HoldCo) issuance increased particularly strongly, as the funding cost advantage from sustainable issuance was better for these instruments than for covered bonds and preferred senior debt.

Issuance under the European Green Bond Standard (EuGBS) rose from €2.5bn to almost €12bn YTD. For many banks, ICMA-aligned green bond issuance remained the more practical option as it allows them to finance a broader pool of assets, rather than fully commit the bond proceeds to Taxonomy-aligned activities. This is particularly relevant

when non-EU assets are financed, for which the EU regulation-based do-no-significant-harm requirements (DNSH) are difficult to apply.

That said, with the revisions to the EU Taxonomy's technical screening criteria around the corner (expected in 4Q 2026), we expect more banks to inaugurate European Green Bond Programmes, as more types of green assets will become available due to the EU's simplification agenda.

Sustainable bank bond supply will reach €100bn in 2027 (€bn)



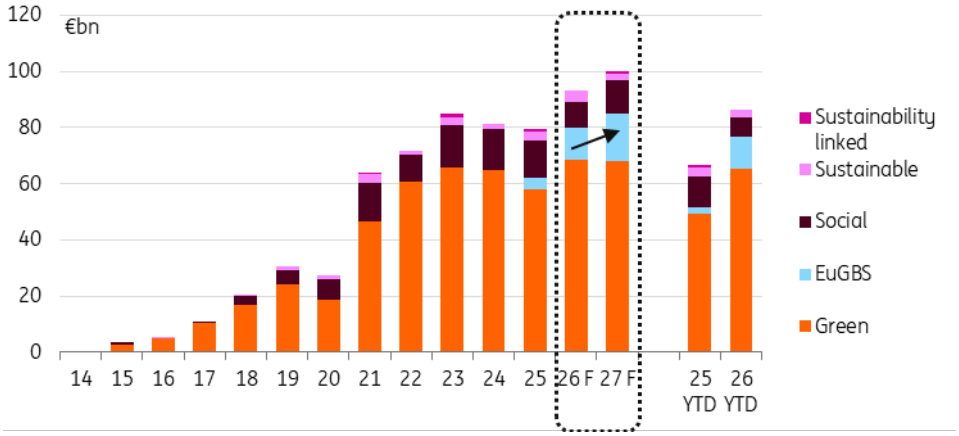
Includes only euro-denominated bank bonds with a minimum size of €250m
Source: IGM, ING

What is driving growth in ESG supply in 2027?

We expect sustainable bank bond supply to reach €100bn in FY2027, up from €93bn in FY2026 and equivalent to 22% of total euro-denominated bank bond supply. Green issuance remains dominant at €85bn, of which €17bn (20%) will be issued under the EU Green Bond Standard (EuGBS). Social, sustainable and sustainability-linked supply will total €15bn, of which 80% will be issued in social format.

Greater availability of social assets, together with regulatory initiatives such as the Affordable Housing Act presented by the European Commission in September 2026, should help social issuance to gain further traction in 2027.

Green supply will reach €85bn of which 20% will be issued as EuGBs (€bn)



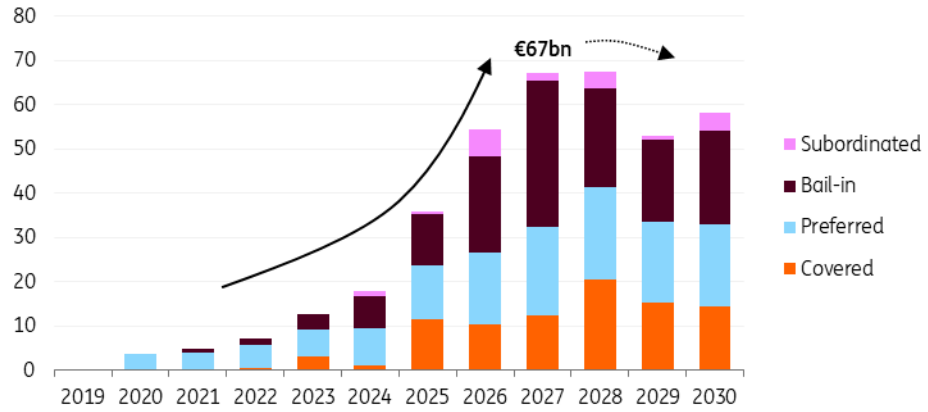
Includes only euro-denominated bank bonds with a minimum size of €250m
Source: IGM, ING

Sustainable loan origination will, in general, remain an important driver of ESG supply. Higher interest rate levels will dampen lending growth in 2027, but sustainable lending will likely be impacted to a lesser extent.

Borrowing for energy efficiency improvements or with a low carbon footprint could trim borrowing costs, while high energy prices and costs may incentivise companies and households to move forward with investments to reduce their energy dependence and use. Banks' net-zero commitments also support the continued focus on the greening of their balance sheets.

Moreover, banks will repay €67bn in EUR sustainable debt in 2027 up from €54bn in 2026. These redemptions should release some assets for refinancing, although loan amortisation, look-back periods and changes in use-of-proceeds criteria may prevent a full refinancing with new sustainable debt. In 2026, banks replaced 70% of their sustainable redemptions partially or fully with new sustainable supply. A comparable trend for 2027 would already cover close to half of our supply estimate for next year.

Sustainable bank bond redemptions rise to €67bn in 2027 (€bn)



Includes only euro-denominated bank bonds with a minimum size of €250m
Source: IGM, ING

Besides these fundamental supply drivers, periods of geopolitical or sovereign debt market volatility could encourage banks to apply a green or social label to a larger share of their issuance. This may help them broaden and diversify their investor base and support the execution of their transactions.

EU simplification and asset-identification developments

The EU's efforts to simplify ESG rules will have mixed implications for the growth of sustainable asset pools. The reduced corporate sustainability reporting scope may impede asset identification, while revisions to the Taxonomy's technical screening criteria could support the growth of eligible green assets.

This year's narrowing of the scope of the EU Corporate Sustainability Reporting Directive (CSRD) to companies with more than 1,000 employees and a turnover above €450m makes it more difficult for European banks to identify assets on their balance sheets that are suitable for sustainable bond issuance. The simplification of the European sustainability reporting standards (ESRS) and the value chain cap add to this challenge.

However, the voluntary reporting standards applicable from 1 January 2027 could still provide banks with some essential data on smaller companies in their value chain. This may include information on energy consumption, greenhouse gas emissions, waste generation, and recycling efforts, which could support the identification and origination of eligible sustainable assets.

The narrower CSRD scope will also have implications for EU Taxonomy disclosures, which are likely to be more important than the broader ESRS disclosures for the identification of eligible green assets. The restricted scope reduces the availability of Taxonomy alignment data, as smaller companies and banks are excluded from these disclosures. The 10% materiality threshold may also allow smaller exposures to be excluded from

Taxonomy alignment assessment, further limiting the value of Taxonomy disclosures for asset identification.

While these disclosure changes may complicate asset identification, the proposed revisions to the Taxonomy's technical screening criteria could support green portfolio growth once they enter into force in early 2027. For instance, the substantial contribution criteria for green buildings constructed before 2027 remain mostly unchanged. The criteria would also be expanded to include buildings that achieve a reduction in primary energy demand of at least 60%. Combined with the streamlining of DNSH criteria, this could support the expansion of Taxonomy-aligned green portfolios.

The technical screening criteria for buildings built after 1 January 2027 will converge more closely with the revised European Energy Performance of Buildings Directive (EPBD 2024/1275). However, they would already subject all new buildings to the Zero Emission Building (ZEB) criterion and life-cycle global warming potential (GWP) calculations ahead of the EPBD's 1 January 2030 deadline.

Additional recommendations from the Platform on Sustainable Finance could also make some criteria more restrictive. The Platform has recommended introducing a stricter top-15% benchmark for buildings constructed before 2021, based on 2023-26 building stock data, with the threshold tightening every five years to align with the trajectory towards net-zero by 2050. If incorporated into the final technical screening criteria, this recommendation could initially render more green buildings built before 2021 ineligible under the top-15 criterion. Over time, however, this periodic tightening would be consistent with the EPBD objective of achieving a net-zero building stock by 2050.

Taxonomy-aligned bonds will continue to find demand

The upcoming revisions to the Sustainable Finance Disclosures Regulation (SFDR) should also remain supportive of demand for sustainable bonds, even though these revisions will probably not apply before 2029 (i.e. two years after implementation).

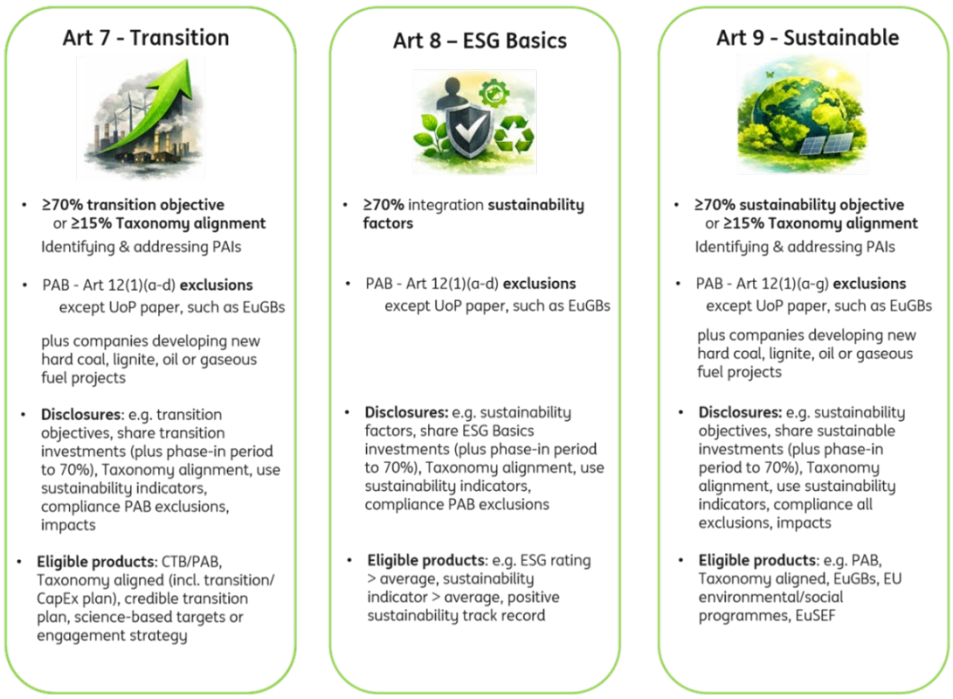
The SFDR review is set to enter trilogue negotiations, with the Council agreeing on its position in June 2026 and the Parliament adopting its negotiating position in September 2026. The European Commission published its first proposals to revise the SFDR in November 2025, providing for three new product categories to replace the current disclosure-based framework.

The **transition category** covers products that invest in companies or assets with a credible path towards sustainability or that pursue certain environmental or social transition-related objectives. The **ESG basics category** includes products that integrate other sustainability considerations beyond sustainability risks in their investment strategy. The **sustainable category** encompasses products investing in companies or assets that already meet high sustainability standards or pursue a particular environmental or social objective.

For each category, a proposed minimum of 70% of the investments should be made according to the respective sustainability claim. For the transition and sustainable categories, the 70% condition would also be met if the proportion of investments in Taxonomy-aligned activities is at least 15%. This would support demand among investors subject to the SFDR for bonds that finance Taxonomy-aligned activities.

The applicable Paris-aligned benchmark (PAB) exclusions do not apply to use-of-proceeds instruments such as European green bonds (EuGBs), or instruments where the proceeds do not fund the activities that should be excluded according to the applicable PAB exclusions, as long as the issuer of the instruments does not breach the UNGC principles or the OECD Guidelines for Multinational Enterprises. This offers flexibility when investments are made in EuGBs or other eligible use-of-proceeds bonds.

New product categories under SFDR 2.0



Source: European Commission, ING

Simplification won't stall banks' sustainable supply

Europe's simplification drive is not derailing sustainable bank bond supply. Growing sustainable loan portfolios, higher redemptions and resilient investor demand should support further growth in 2027, even as overall bank bond supply remains broadly stable.

Corporate ESG bond issuance holds firm into 2027

We expect corporate ESG bond supply in 2027 to be slightly higher than our full-year estimate for 2026. Utilities have been responsible for most of the issuance so far in 2026, and we expect the trend to continue in 2027 given high capital expenditure plans in the sector



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We expect corporate ESG bond supply to remain high in 2027, slightly above 2026 levels

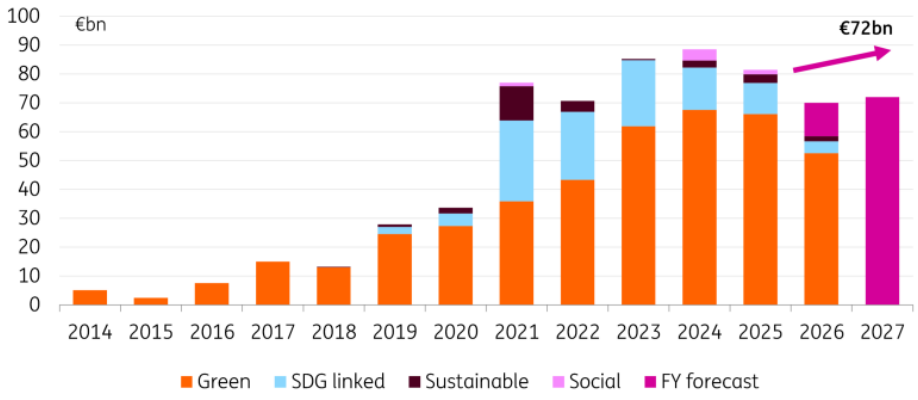
Uncertain market backdrop to benefit ESG issuance

Corporate Environmental, Social and Governance (ESG) issuance is set for another healthy year in 2027, with volumes likely to edge only slightly higher. We expect regulatory drivers such as SFDR 2.0 to continue to support structural demand for ESG bonds in the medium term.

Our forecast incorporates a slight increase in the share of ESG issuance of total bond supply, as we expect corporates to try and take advantage of the wider investor base offered by sustainable issuance amid an uncertain market backdrop. Our conservative overall supply outlook outside hyperscalers, however, limits the potential growth in sustainable issuance.

Corporate ESG supply set to reach €72bn in 2027

Realised and forecast euro-denominated corporate ESG bond supply



Source: ING, IGM

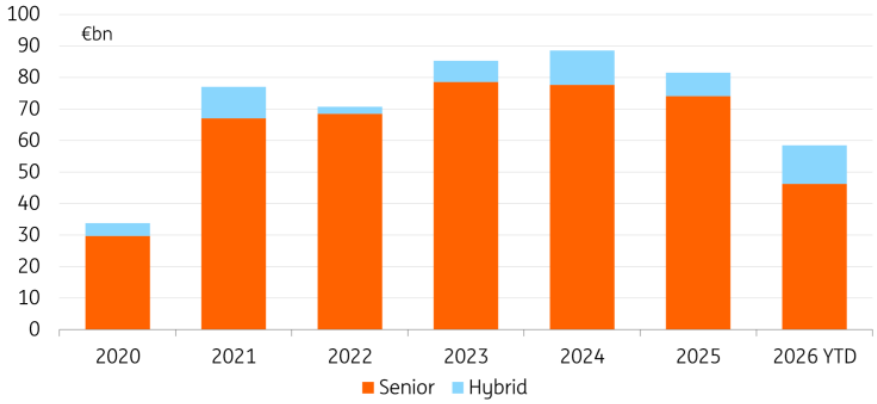
We expect corporate ESG supply to reach €72bn in 2027

We pencil in €72bn in sustainable corporate issuance, slightly higher than our 2026 full-year estimate of €70bn. Net supply is also higher at €41bn, up from €34bn year-on-year, with redemptions falling €5bn YoY to €31bn next year. Supply is likely to remain supported by existing issuers refinancing redemptions and expanding their ESG curves, with utilities expected to remain active, as well as by new issuers entering the market. Over the past two years, 80-90% of issuance has been green, and we think this trend will continue next year.

Utilities accounted for 66% of all issuance so far this year. Given their substantial capital expenditure plans, this dynamic is unlikely to change in 2027. The dominance of utilities in ESG issuance also means that sustainable hybrids will remain commonplace. So far in 2026, around 25% of sustainable issuance from utilities has come in the form of hybrids, as companies seek to protect their credit profiles and ratings against the impact of significant investment pipelines.

Corporate hybrids are a growing driver for ESG supply

Corporate ESG senior and hybrid bond supply



Source: ING, IGM

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