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CREDIT

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



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

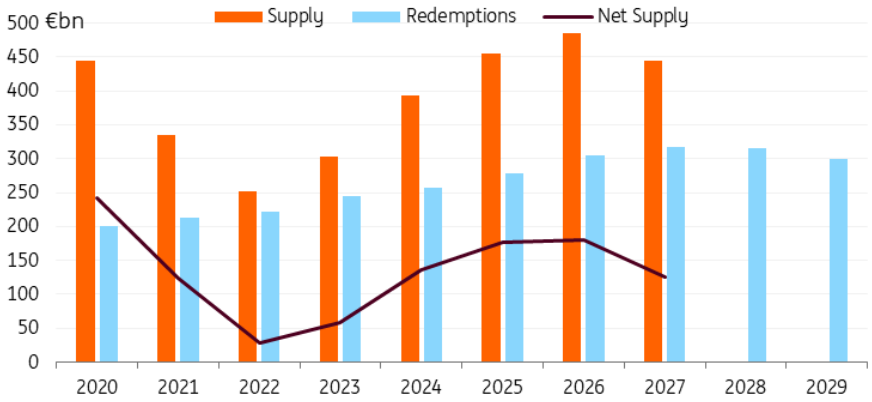
It's all the 4s... again

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

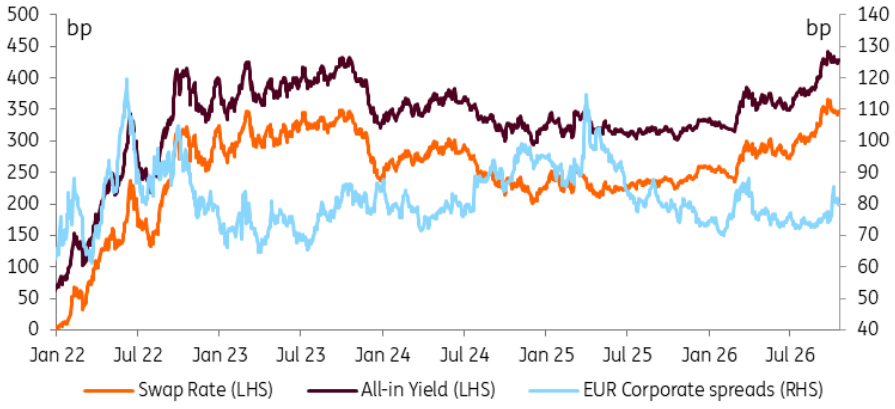
Higher rates, higher cost of debt

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



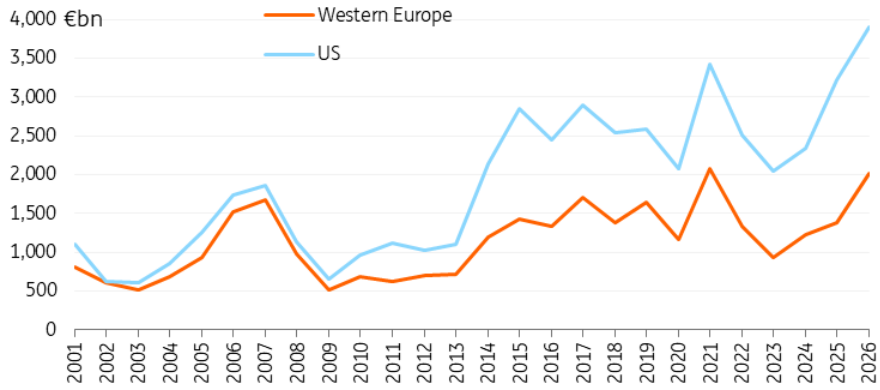
Source: ING, IHS Markit

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

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