

- In June, the overall NEU CP market amounted to € 300.4 billion. The outstanding amount carried on decreasing over one year (-20.4%) as a result of the seasonality of banking and corporate issuers, and the continuation of the return to pre-crisis levels of public issuers outstanding amounts (-44%).
- To a certain extent, the evolution of forward repayments reflects the shortening of average duration at issuance. Forward repayments expected within the next 3 months accounted for 54% of volumes issued at the end of June 2021, up 9 points compared to the situation in June 2019.
- The average rates at issuance of financial and corporate sectors evolved in a narrow range, with a maximum variation on the pillar 9 months of +2 bps for financial issuers and -4 bps for corporate issuers.
- Issuers' seasonality remained globally little impacted by the COVID crisis and financial measures taken to alleviate its impact (TLTRO and PGE). Banks seasonality, which has evolved in recent years (reducing outstanding in February / March and May), has stabilized in 2021 on the levels attained in the previous year.

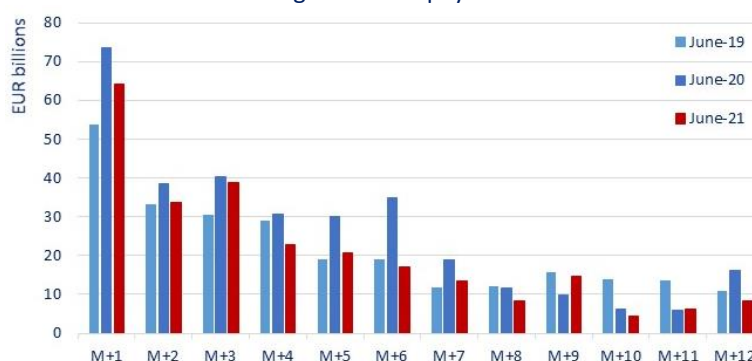
## 1. Market overview

### Stocks (EUR billions) and annual variation

	Jun-21	May-21	Jun-20	Var. (%)
NEU CP	252,7	261,1	317,4	-20,4%
Financial issuers	151,7	153,5	175,1	-13,4%
Corporate issuers	58,8	64,4	70,7	-16,8%
Public issuers	37,3	38,9	66,7	-44,1%
Securitization vehicles	4,9	4,3	4,9	0,0%
NEU MTN	47,7	49,3	51,1	-6,7%
<b>Total</b>	<b>300,4</b>	<b>310,4</b>	<b>368,5</b>	<b>-18,5%</b>

Source : Banque de France

### Looking forward repayments

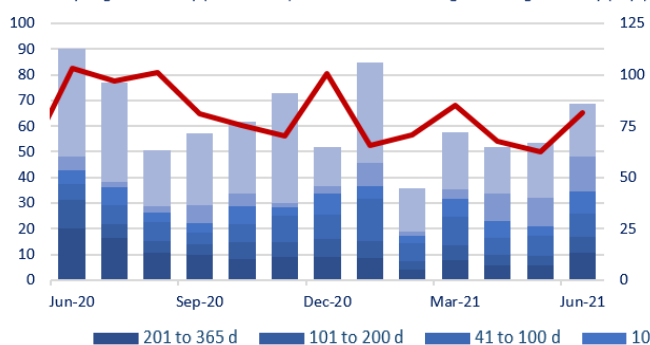


- NEU CP outstanding amounts went on decreasing at the end of June (annualized rate -20.4%) as a result of the return to normal for public sector stocks (-44%) and the seasonality effects for financial and corporates stocks.
- To a certain extent, forward repayments reflect the shortening of average maturities. At the end of June 2021, maturities under 3 months accounted for 54% of the overall NEU CP outstanding amount (all currencies combined), compared to 48% in June 2020 and 45% in June 2019.

## 2. Issuances and stocks of NEU CP by sector and by original maturity

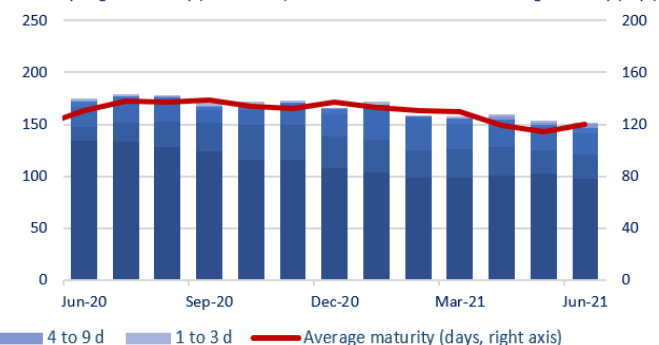
### Financial issuers

Issuance by original maturity (EUR billions)



Original average maturity (days)

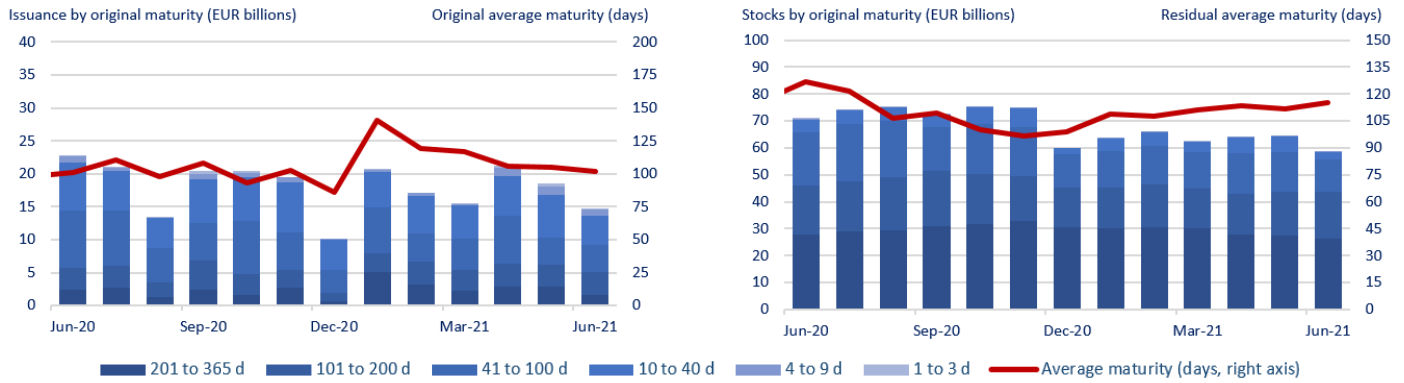
Stocks by original maturity (EUR billions)



Residual average maturity (days)

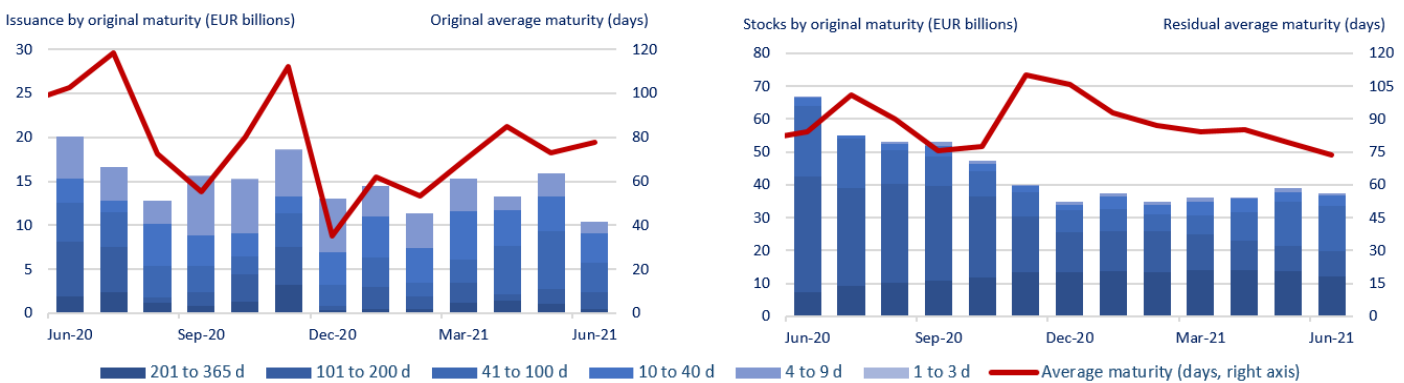
- Financial sector issuances were back on the rise in June with € 68.6 billion, compared with € 53.4 billion in May.
- The average initial duration rebounded (82 days in June 2021 against 63 days in May), following a seasonal evolution less marked than a year earlier (103 days).
- Stocks decreased slightly (-1.8 billion €) while its residual duration increased slightly (120 days in June against 114 days in May).

## Corporate issuers



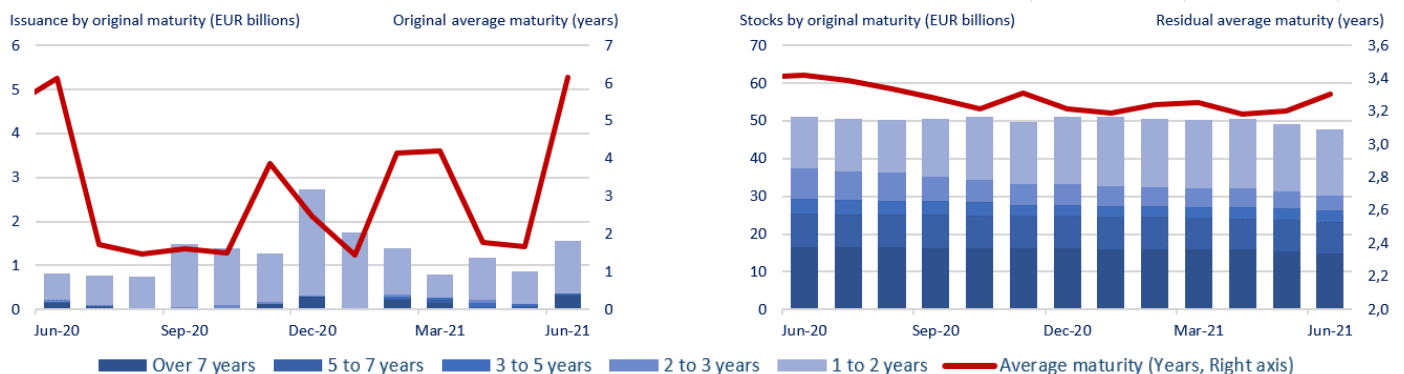
- Corporate issuance volumes continued to fall back in June (€ 14.7 billion after € 18.5 billion in May).
- The average initial duration of issuances decreased slightly (102 days in June, after 105 days in May).
- If the outstanding amounts have fallen significantly, it is the consequence of a seasonal behavior due to the closing of the half-yearly accounts. Nevertheless, there was a slight increase in residual duration at 115 days (112 days in May).

## Public issuers



- Public sector issuances fell in June (€ 10.4 billion) and reached a low point since February 2019 (€ 9.4 billion). The average initial duration at issuance rebounded slightly (78 days in June, after 73 days in May).
- Outstanding amounts decreased by € 1.6 billion and the average residual duration continued to fall (74 days in June, after 79 in May and a higher 110 days in November 2020).
- The decline in the average residual duration is directly linked to the progress of foreign currency issuances. Those are usually carried out on shorter durations than issuances in euros, and accounted for 32% of outstanding amounts at end June 2021 (15% one year earlier and 3% at the end June 2019).

### 3. Issuances and stocks of NEU MTN by original maturity

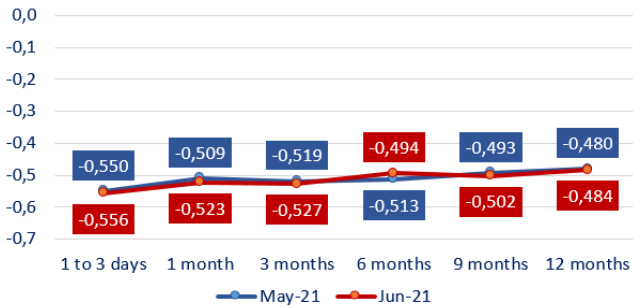


- NEU MTN issuances doubled at € 1.6 billion in June, the 1 to 2 years bucket remaining preponderant (77% of volumes). Long-term issuances (over 7 years) accounted for 20% of the total issued this month and explain the significant rebound in the average initial duration, which reached 6.2 years in June.
- Outstanding amounts decreased by 1.6 billion euros over one month.
- The average residual duration of stocks progressed slightly (3.3 years).

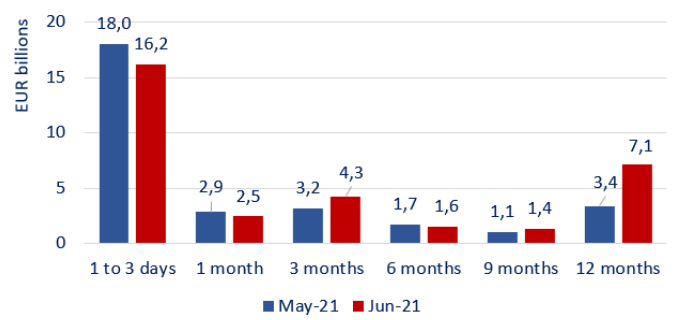
## 4. Average rates of NEU CP and maturities at issuance

### Financial issuers

Average rates at issuance in Euros



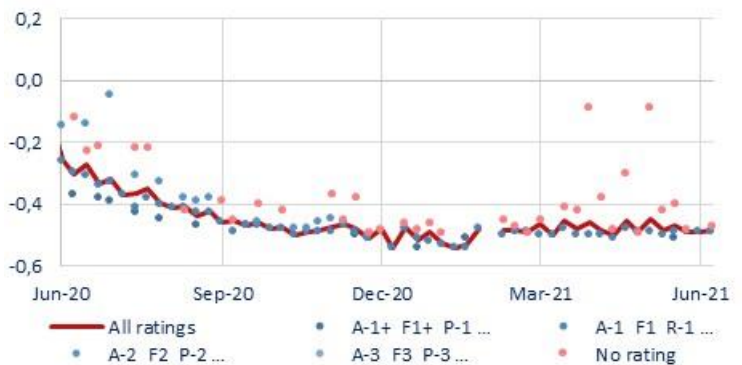
Cumulated issuances



- Average rates are almost unchanged. Compared to May, the maximum variation over one month reached 2 bps on the 6 months pillar.
- Volumes evolved little on most pillars. They increased markedly on the pillars 3 months (plus one third) and 12 months (doubled).

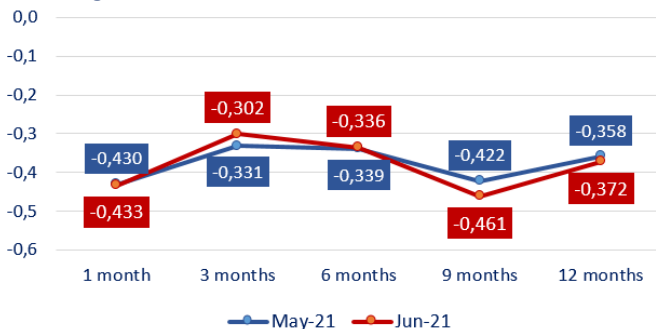
### Dispersion of financial issuers' average rates at issuance on the 12-month maturity pillar (weekly data)

- Issuance rates levels of financial issuers are generally particularly tight on this maturity.
- Only a few issuances, carried out by unrated companies, strike out of the average.
- Interest rate conditions remain broadly unchanged at around -0.50% for nine months now.

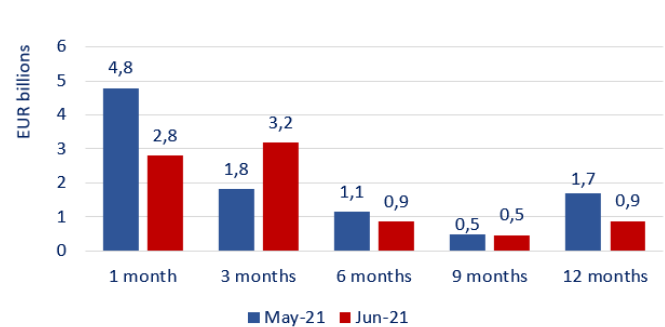


### Corporate issuers

Average rates at issuance in Euros



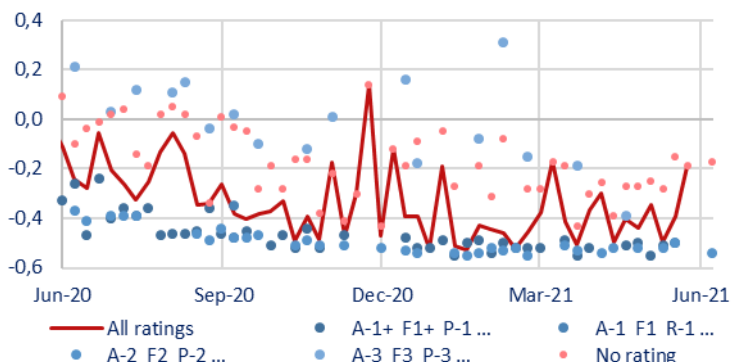
Cumulated issuances



- Average rates are unchanged on the 1-month pillar and strengthened slightly over 3 months (+3 bps). The rates of other maturities are almost unchanged with the exception of 9 months (-4 bps).
- Issuance volume levels are down in June on 1 month (-41%) and 12 months (-48%) pillars, while rebounding on the 3 months pillar (+75%).

### Dispersion of corporate issuers' average rate at issuance on the 1-month maturity pillar (weekly data)

- The dispersion of corporate issuance rates appears lower than it was in 2020 Q3.
- Interest rate conditions for highly rated issuers (A1+ ... and A1 ...) remain well oriented, with an average rate around -0.5%, and those of non-rated issuers improved over one year (around -0.2% today against 0% a year earlier).



## 5. Seasonality of NEU CP outstanding amounts

The NEU CP market evolution is impacted by seasonal effects<sup>1</sup>, which are corrected in seasonally adjusted (SA)<sup>2</sup> series. Thus, outstanding amounts reach a maximum in May before going down in June, then usually restart during the summer months before falling back sharply in December.

This seasonality is usually much more marked for corporate issuers (related to the closing of accounts) than for banking issuers. The seasonality of banks that has evolved in recent years (stocks getting increasingly lower in February / March and May) has stabilized in 2021 on the levels attained in the previous year.

### Difference between NSA and SA series of total NEU CP outstanding amounts

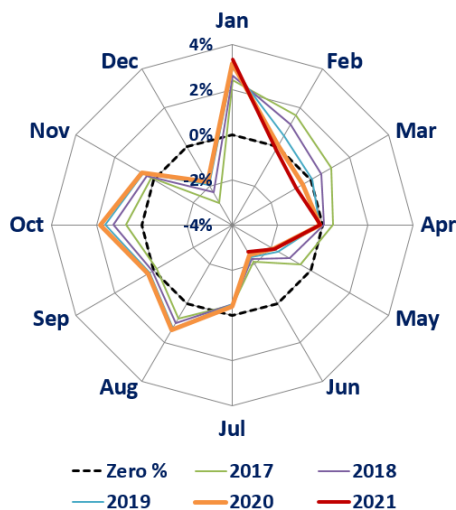


Source: Banque de France- DGSO -DMPM – STCN

### Seasonality of outstanding amounts by category of issuers (SA and NSA gap as a % of outstandings)

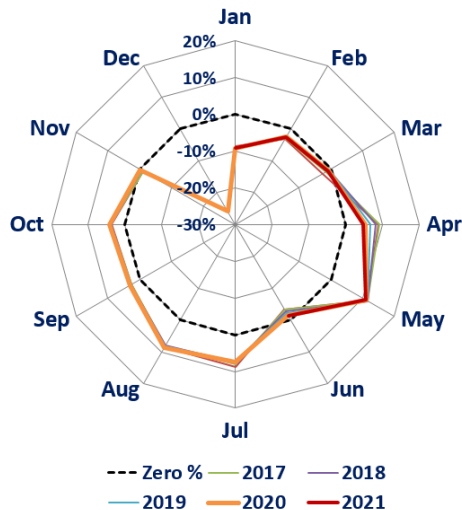
#### Bank NEU CP

(-2.6% as of June 2021, -1.9% in May 2021)



#### Corporate NEU CP

(-1.2% as of June 2021, +11% in May 2021)



Source : Banque de France – DGSO-DMPM-STCN

The seasonality of banking NEU CP has changed in recent years: the decline of stocks in December has faded while the peak registered at the beginning of the year (January) tends to increase. Outstanding amounts then go increasingly down between February and May. The peak in January is a phenomenon that has become amplified since the Covid crisis and is at the origin of a distortion of seasonality. This phenomenon initiated at the beginning of the year 2020 continued in the first half of 2021.

The seasonal decline of corporate NEU CP appears very stable over the last few years and is linked to the closing of the half-yearly (limited effect) and annual (significantly larger effect) accounts.

<sup>1</sup> The decrease in NEU CP market activity at the end of the year is explained in particular by the closing of balance sheets, which results in less demand from investors on the one hand, and a decrease in issuance and an increase in redemptions on the part of issuers on the other. On the contrary, the month of May usually represents the annual high in terms of activity.

<sup>2</sup> SA (seasonally adjusted) NEU CP outstanding series calculated from month-end gross NEU CP series (ARIMA Census X12).