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## Too tight, or just right? (discerning value in SSA spreads)

By Ethan Currie & Warren Lovely (with contributions from the NBC SSA desk)

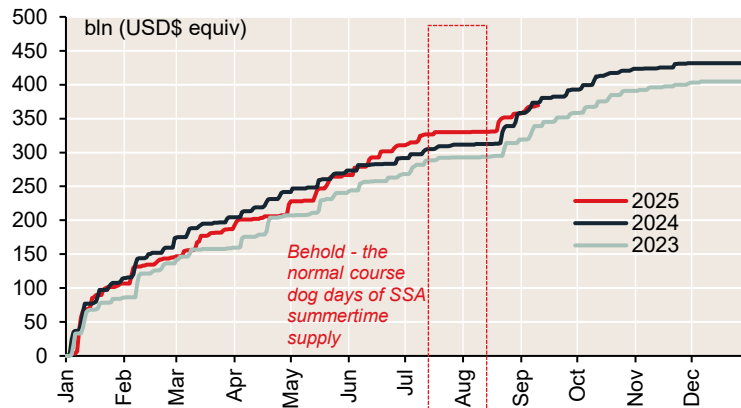
*\*Note: **NBC Strategy is increasing SSA coverage!** See our new [SSA Monitor](#) for desk commentary, supply tracking, and spread performance. Investors can also reference our [SSA Fact Sheet](#) for an overview of issuer debt programs.*

As an anticipated issuance season for SSA names is well underway, now presents an opportunity to assess investor interest in notionally 'tight' yield spreads. While some may have balked at narrower G-spreads, reception to summer trades thus far flags encouraging. This *Market View* takes a deeper dive into SSA supply dynamics – including pacing and investor appetite – keying in on recent benchmark issuance. If August / early September deals are any indicator, perhaps SSA spreads aren't too tight, but *juuuust* right. With levels seemingly in the 'Goldilocks' range, there's scope for follow-up from even more issuers. Read on...

Mid-August new issue activity firmly re-opened the SSA market, ending the summer slowdown and hinting at continued momentum – in both supply and demand – ahead. Benchmark issuance is right in line with the prior calendar year pacing, last August's supply particularly plentiful.

### Chart 1: SSA supply right on schedule in 2025

SSA benchmark issuance pace, last three calendar years – select universe

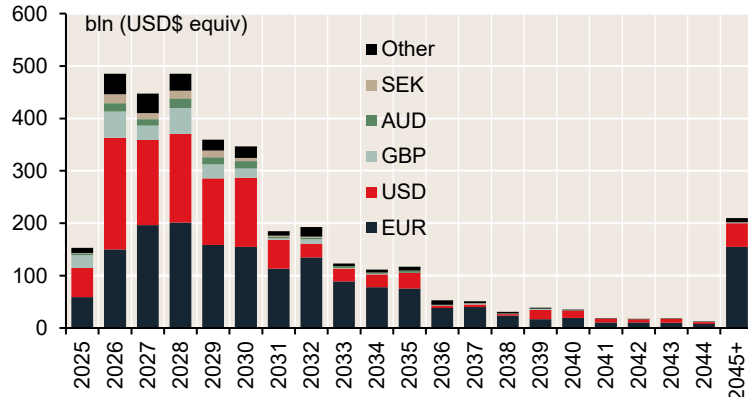


Source: NBC | Note: Deals to 10-Sep-2025; For inclusion criteria / methodology, see end notes

Growth in international sustainability / development operations has directly coincided with upscaled funding targets, and thus the continued expansion of a robust bond universe. For the sake of communicating the depth of this market, we present a composite debt distribution below:

### Chart 2: Diverse (and huge) bond stock up for grabs in SSAs

SSA composite debt distribution profile (current) – select universe

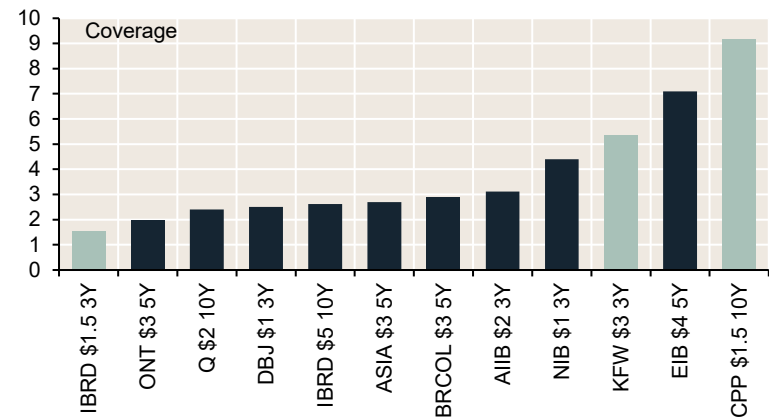


Source: NBC | Note: For inclusion criteria / methodology, see end notes

Issuance was well-absorbed in different forms, with SSA supply coming across different tenors and currencies. Standout USD activity was seen in the 5Y bucket, EIB raising USD\$4bln and tightening 3bps on the back of a 7x oversubscribed orderbook supported by a will-not-grow clause. That wasn't the only deal that saw a healthy amount of oversubscription either. In fact, coverage was solid across tickers and currencies – IBRDs 10Y USD benchmark boasted a peak book of over USD\$13 bln (*NBC Senior Co-Manager*), and KFW's EUR issuance was another standout in the SSA space, with coverage of over 5x.

### Chart 3: Strong coverage in summer, across SSAs & currencies...

Coverage ratio (peak orderbook amount / issued amount), by deal

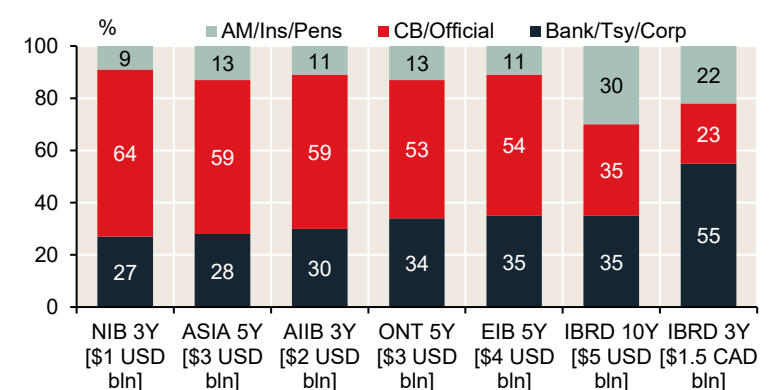


Source: NBC, Bloomberg, Investor relation websites | Note: Light bars denote non-USD issue

Canadian issuers were also active in USD, with provincials (BRCOL [*NBC Joint Lead Manager*], Q, ONT), and public sector entities (CPPIBC) attracting a substantial investor base. While Greenback-denominated issuance was most pronounced, the return of the Maple market was also observed. IBRD's 3-year \$CAD issuance drew \$CAD 2.3 bln of investor interest, marking the largest SSA Maple transaction YTD, and IBRD's largest CAD orderbook (*NBC Joint Lead Manager*). All told, recent SSA supply has shown to attract a diverse set of investors, both geographically and on an institutional level. Large allotments to official money managers is a clear testament to an alive-and-well trade theme involving a reach for incremental yield in highly credit-favourable debt.

### Chart 4: ... with diverse investor demand

Allocation to select investor type / group, by deal



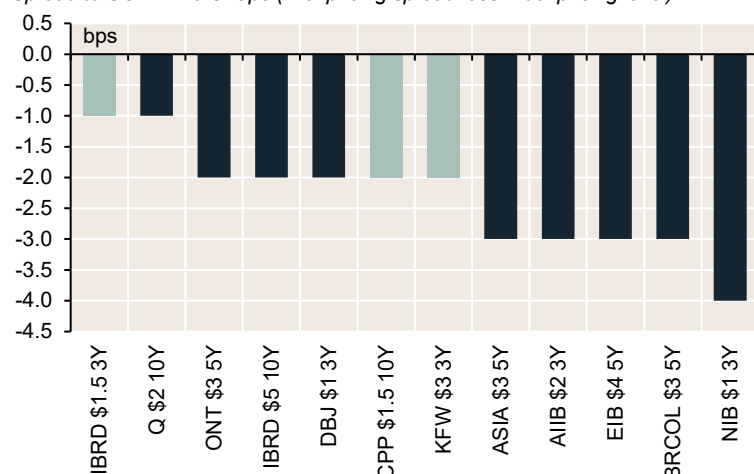
Source: NBC, investor relation website | Note: Select deals shown where data available



Hefty order books allowed recent deals to be priced through initial levels, plenty of which by 3+ bps – that's a trend which is becoming more common recently amidst strong demand and supportive technical factors.

#### Chart 5: Deals priced comfortably through indicative levels...

Spread to SOFR mid-swaps (final pricing spread less initial pricing level)

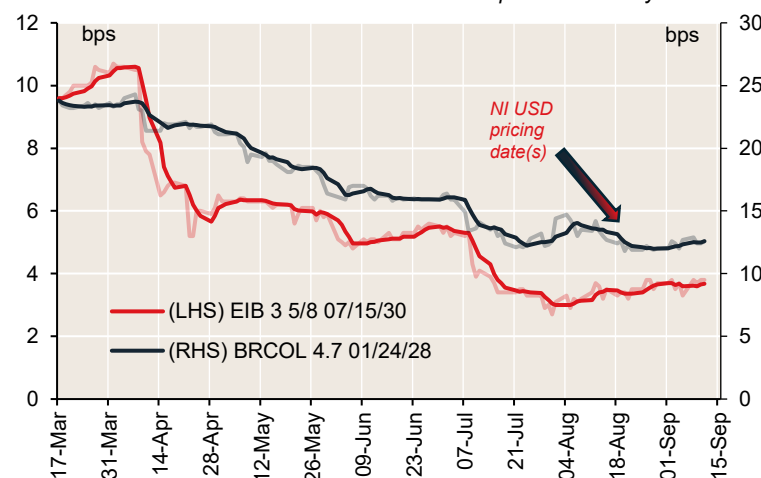


Source: NBC, Bloomberg | Note: Light bars denote non-USD issue

Overall, with deals trading through secondaries, activity remained strong across tickers, tenors, and currencies following the supply, underscoring continued investor confidence and healthy demand as previous issues caught a relative bid as well. Our SSA desk mentioned particularly notable / relative performance from previously issued EIB and BRCOL securities following their recent respective deals – benchmark spreads traded tighter intraday and held up well in subsequent trading sessions.

#### Chart 6: ... as previous issues also held up well in secondary

Select USD-denominated EIB and BRCOL bonds – spread to treasury

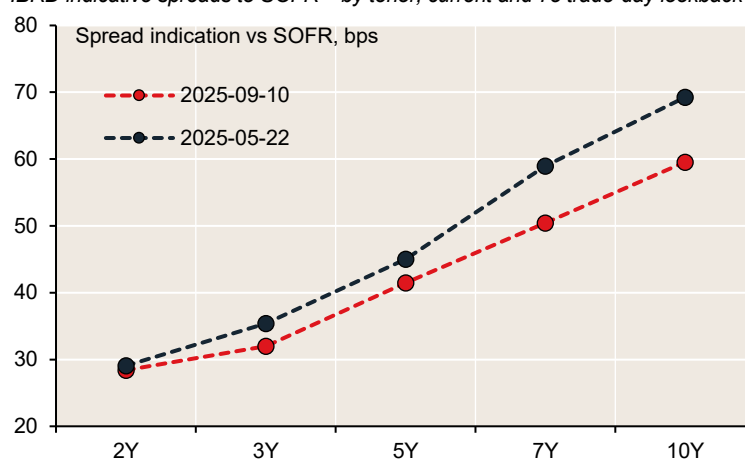


Source: NBC, Bloomberg | Note: Yield spread to YAS benchmark treasury at bond issue date; bolded line is 5D moving average, lighter line is unsmoothed daily level

Keying in on IBRD now, who offered up the largest \$SSA deal so far this summer and continues to be a highly sought ticker... Govy spreads for this Tier 1 name have grinded tighter over the summer and have remained at 'richer' levels amidst recent supply. Heightened uncertainty in the spring was reflected in *slightly* wider levels across the curve, but that's compressed over recent months, with SSA demand on clear display still. Notwithstanding some choppiness in swaps alongside an evolving FOMC outlook, ASW levels – while also realizing some summertime performance – remain relatively loftier.

#### Chart 7: IBRD spreads tighter, flatter since May...

IBRD indicative spreads to SOFR – by tenor, current and 75 trade-day lookback

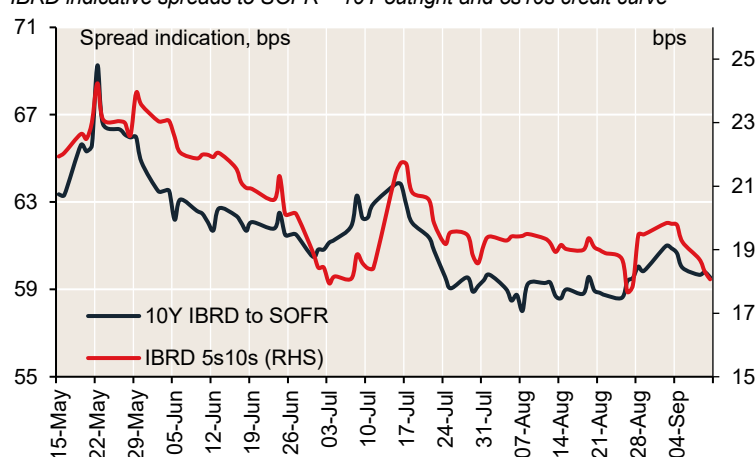


Source: NBC

Strong demand for benchmark issues meant that IBRD's credit curve remained little changed despite fresh supply in the long end.

#### Chart 8: ... even with 10Y supply, credit curve remains flat

IBRD indicative spreads to SOFR – 10Y outright and 5s10s credit curve



Source: NBC

After strong summertime demand was capitalized on by several SSA names, issuers are now likely to wait for clarity ahead of additional supply – political volatility in Europe a top-of-mind issue which could add near-term complexity to timing and pricing considerations. Lessened issuer conviction in EUR then to keep USD deals front and centre? Perhaps... though FOMC uncertainty could weigh there until next week's meeting also. The verdict is in, however – demand for incremental yield offered up by SSAs is stronger than ever. Recent supply absorption has been a clear testament that spreads remain in a not too-tight, but just-right level, and is an encouraging sign for future issuance.

**\*Note:** Select issuers / deals included, dependent on data availability, issue size and timing. For chart 1 & 2 → select issuers included. Benchmark issuance is defined in this case as public deals with minimum size requirements of >=500MM in USD / EUR and >=250 MM in CAD, GBP, AUD. Other currencies and smaller deals / private placements are not included. Amount outstanding is principal amount in USD equivalent from the current issuer as defined by Bloomberg. The simplified SSA universe is defined by the following ticker list (alphabetical): AFDB, AGFRNC, AIIB, ASIA, BNG, BOEN, CADES, CANADA, CDCEPS, COE, EBRD, EDC, EFSF, EIB, ERSTAA, ESM, EUROF, FINL, FINNVE, IADB, IBRD, IDAWBG, IDBINV, IFC, JBIC, KBN, KFW, KOMINS, KOMMUN, KUNTA, LBANK, NEDWBK, NIB, NRW, OKB, RENTEN, SEK



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