

It comes in waves (SSA bond supply, that is)

By Ethan Currie

Sentiment remains mixed as markets sift through geopolitical headlines and the first round of ‘hard data’ following the onset of the Mideast conflict. Despite this, risk appetite has broadly picked up after stepping lower in the initial phase of the war. Earlier in the year, January and February saw plentiful SSA issuance, which was met with equally strong investor demand. That seasonal window came to a close and supply became more muted when issuers strategically stepped back amid less supportive deal conditions in March. As we highlighted last month ([here](#)), that pullback in issuance coincided with relative outperformance in SSA credit, even as broader volatility persisted across asset classes. With supply constrained, SSA spreads generally performed well—these credits exhibited lower volatility than corporate counterparts and remained relatively tighter on a G-spread basis.

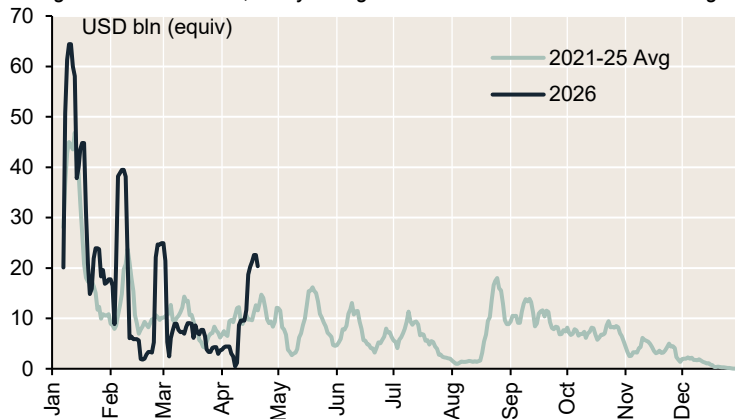
Now that supply has re-emerged, how have valuations (and demand) held up? TLDR: Quite well. SSA supply tends to come in waves—the biggest of which at the start of the calendar year. While issuance typically remains steady into early spring, an April jump the size of this year’s is

less common (Chart 1). And despite the March slowdown, YTD gross issuance is at its highest level since 2012 (Chart 2), during the latter stages of the European sovereign debt crisis. Importantly, even with a brisker pace of issuance and a sharp pickup this month, deals have been well absorbed. That’s reflected in strong oversubscription and pricing through new issue concessions (Chart 3).

At least in recent years (since 2021), larger SSA supply waves have not categorically put pressure on spreads. In fact, there is little observable relationship between elevated supply periods and G-spread performance over the past five years (Chart 4). If you broaden this sample to incorporate times of subdued supply, the correlation is also weak. Whether issuance follows favourable spread conditions, or spreads remain resilient in the face of increased deal volume, the takeaway is the same: the SSA market continues to demonstrate efficiency and broad investor demand. The resilience of this product stands out under varying market conditions, and we view the current environment as supportive for further issuance, particularly if geopolitical de-escalation continues.

Chart 1: March’s lull gives way to April’s bond supply

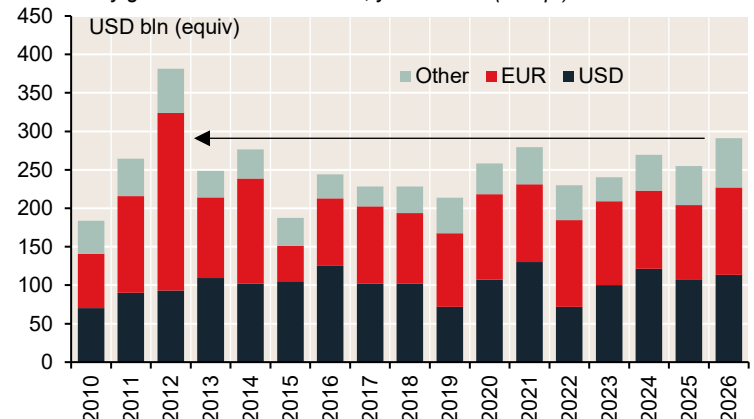
SSA gross bond issuance, 7-day rolling sum: 2026 to date vs 2021-25 average



Source: NBC, Bloomberg | Note: Based on 39 ticker composite, contact NBC for more details

Chart 2: Fastest gross issuance pace in SSAs since 2012

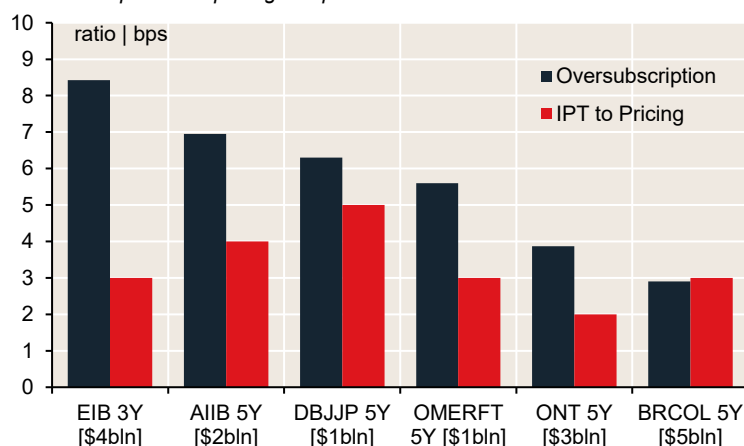
All currency gross SSA bond issuance, year-to-date (20-Apr)



Source: NBC, Bloomberg | Note: Based on 39 ticker composite, contact NBC for more details

Chart 3: Despite brisk pace, deals absorbed well in primary

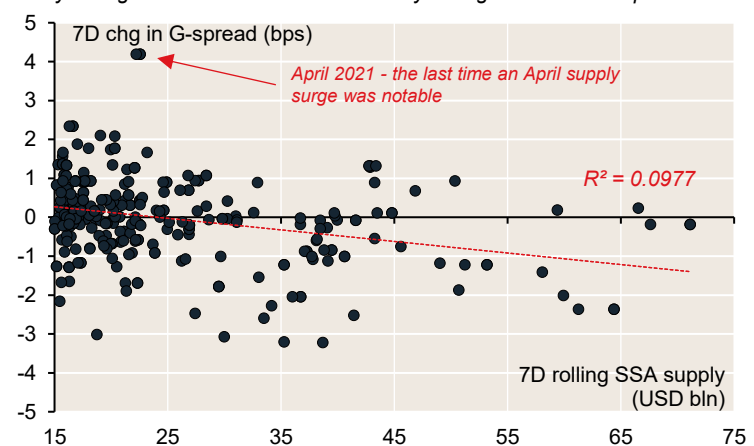
Oversubscription and pricing compression of recent SSA USD deals



Source: NBC | Note: All USD issues in month of April; IPT to pricing inverted; includes select deals in the SSA / PSE / provincial universe, ranked by oversubscription in this case

Chart 4: Supply surges ≠ Spread weakness

7-day rolling sum of SSA issuance vs 7-day change in ‘Tier 1’ G-spread



Source: NBC, Bloomberg | Note: Based on daily sample since 2021 for points where rolling / weekly sum of issuance is >15bln (plotted on Chart 1); G-spread is a representative 5Y USD IBRD bond constructed by rolling maturities to construct a constant maturity proxy



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