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Assessing SSA appetite after the latest round of supply

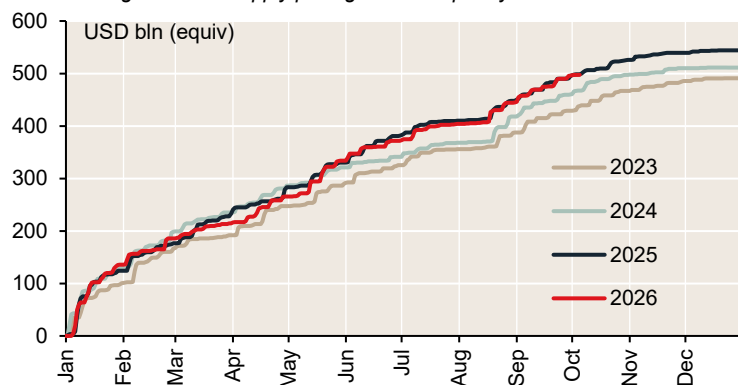
By Ethan Currie

Around this time last year ([link](#)), we assessed whether an anticipated seasonal issuance window was pressuring notionally tight SSA spreads. This *Market View* revisits the topic after the latest wave of benchmark deals. Gross supply is tracking in line with 2025, with benchmark issuance similarly concentrated as issuers (effectively) pick their targets. Recent deals have generally been well absorbed and oversubscribed, but demand has softened. Slightly larger NICs have been needed to attract those orderbooks, while secondary valuations have pulled back more than at any point last year. We don't see a near-term catalyst to drive spreads sharply back to their YTD tight, and SSA valuations are not immune to a broader risk-off move. That said, we view SSA product as well positioned in the current climate. Sound credit fundamentals should help limit further G-basis weakness as sovereign risk is repriced. Meantime, a deceleration in supply and more attractive entry points—on both a spread and outright basis—should provide a *relative* backstop. In this regard, there's scope for outperformance against other IG credits.

Déjà vu for supply pacing → Through late September, gross bond supply from our select group of Global SSAs (see methodology notes) is tracking almost exactly in-line with the YTD tally in 2025, at \$496 bln (USD equivalent). That's a slightly slower pace than that set in 2020/21.

Year-to-date SSA supply is tracking in-line with 2025

Global SSA gross bond supply pacing: 2026 vs. prior years

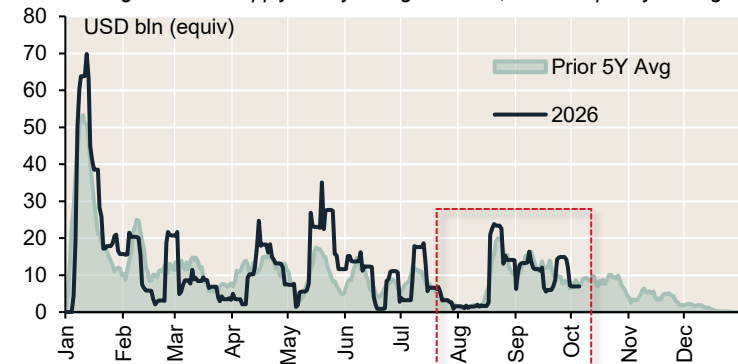


Source: NBC, BBG | Note: Deals to 5-Oct-2026; For methodology, see SSA Monitor

When it rains, it pours → Supply has grown increasingly concentrated, and this year has not reversed that trend. The latest Aug/Sep wave came as anticipated, while Jan/May offered up especially pronounced supply.

Most recent benchmark deal wave comes as anticipated

Global SSA gross bond supply: 7 day rolling issuance, 2026 vs. prior year avg



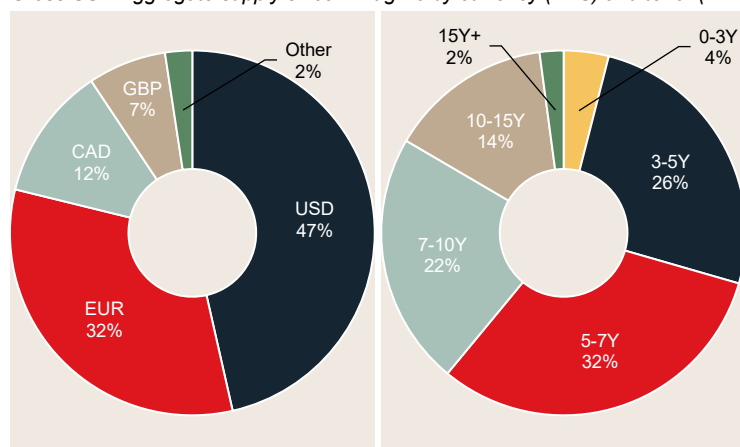
Source: NBC, BBG | Note: Deals to 5-Oct-2026; For methodology, see SSA Monitor

These issuers completed ~\$93 bln (USD equivalent) in funding in August and September, with over half that arriving in the top five busiest days of the stretch (and almost \$20 bln coming on August 18th alone).

Breaking down the supply → The weighted average term of supply has stepped down this fall—moving from 6.7 years in Jan-Jul, to 5.6 years in Aug-Sep as credit curves steepened (in some cases, from inverted levels). Canadian provincial and PSE issues have also been active in both CAD and foreign markets. Including these names, still nearly half of benchmark supply has arrived in USD since August.

Visualizing benchmark SSA supply in the post summer surge

Gross SSA Aggregate supply since 1-Aug-26 by currency (LHS) and tenor (RHS)

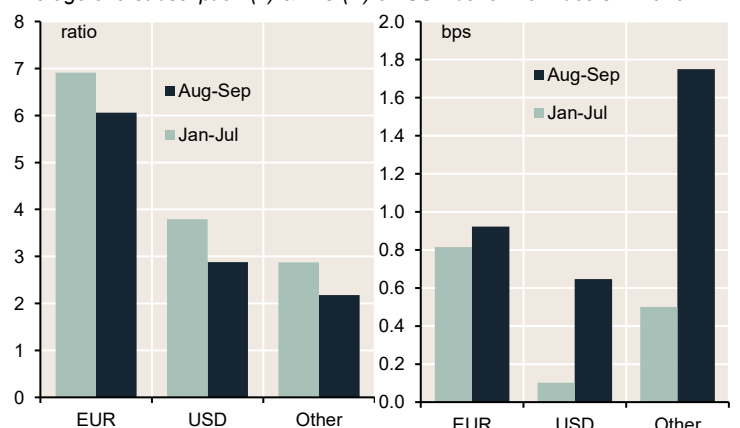


Source: NBC, Bloomberg | Note: Deals to 5-Oct-2026; For methodology, see SSA Monitor; For this chart, NBC's 'SSA Aggregate' (Global SSA + Provi + PSE) universe is used

No significant signs of strain in primary → As we've flagged previously, concentrated supply doses haven't resulted in a retreating buyer base. In fact, following pronounced seasonal windows, spreads have typically performed well over the past couple of years. Today, there's evidence of softer conditions—orderbooks have been small(er) and new issue concessions have stepped up on average. However, we'd be hard pressed to suggest that significant demand destruction has occurred in this market. Still, deals remain oversubscribed and NICs in core currencies (USD/EUR) are by no means extreme.

Primary strength has continued, but some stress is showing

Average oversubscription (L) & NIC (R) on SSA benchmark deals in 2026



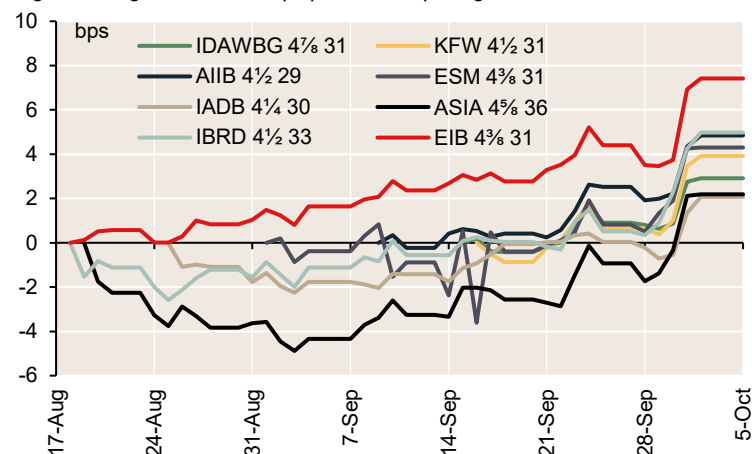
Source: NBC, IGM | Note: Simple (i.e., not weighted) average; Other includes 13 non-USD/EUR



Valuations taking a (well deserved?) breather → After a seemingly uninterrupted year of spread tightening, SSA valuations have softened in recent weeks. To us, that's consistent with a broader cooling in credit risk appetite. And for what it's worth, SSAs have fared relatively better than corporates in this episode (which fundamentals would argue for). While IG spreads are off their tights by nearly 8 bps, representative 'Tier 1' SSAs have outperformed by ~3 bps. Still, most SSA bonds priced in August are wider on a benchmark and swap basis. More recent deals have managed to perform better—more so a function of issuing into a wider market with slight concessions, rather than one of spreads tightening post-deal.

August new issues have backed up in secondary

Aligned change vs. asset swap spread since pricing on select USD deals

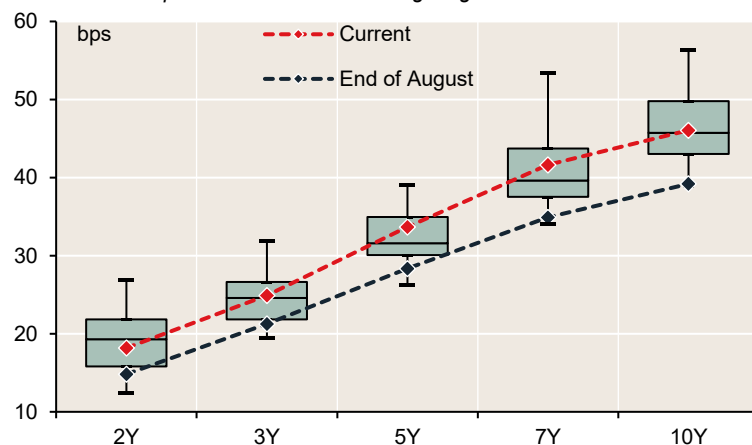


Source: NBC, Bloomberg | Note: Select deals priced 18-Aug-2026 or later

Weaker and steeper (but nothing disjointed) → SSA product was trading near its richest level at the end of August, where select benchmark deals were flirting with G+0, and others traded through USTs for a brief time. Since the risk-off move, once flat-to-inverted credit curves have begun to normalize on a G-basis and provide additional rolldown against SOFR. With spreads (against Treasuries and swaps) off ~6 bps in the long end, they're trading more in line with the 12M trailing average.

Visualizing SSA spread moves since last summer

Global T1 SSA spread to SOFR: 12M trading range and select levels

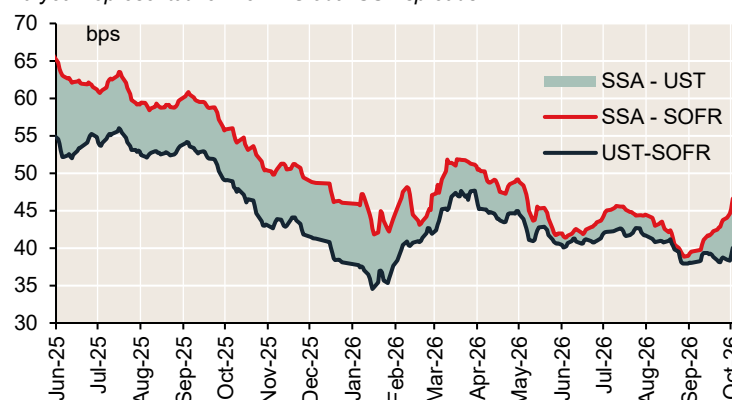


Source: NBC, Bloomberg | Note: Box denotes 2nd and 3rd quartile, whiskers are full 12M range

What the fall might look like (for spreads and supply) → Any backup in SSAs this year has been quickly reversed, save for September's move. For this group of issuers, the credit story is clear and justifies tight G levels, especially as sovereign risk is reassessed. So, with spreads now offering a relatively more attractive entry point, further weakness should be limited, and we view SSAs better positioned than corporates.

Visualizing SSA spread moves since last summer

10-year representative 'Tier 1' Global SSA spreads

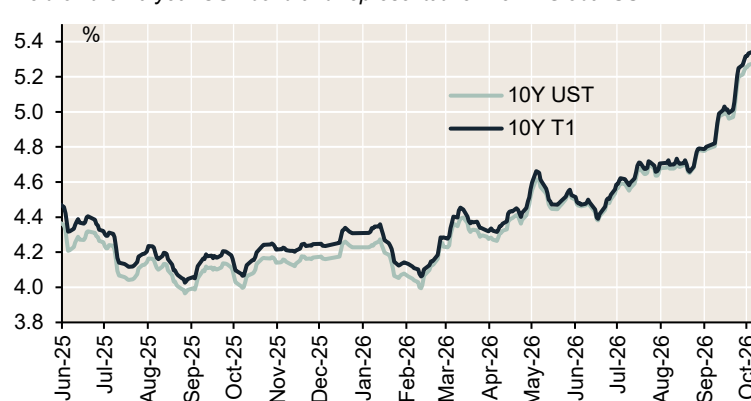


Source: NBC, Bloomberg | Note: 3-day moving average

It's important to flag also that, for the all-in yield buyer, an extra basis point (or two) only adds to a more compelling opportunity amidst the move in sovereign rates, providing another valuation backstop.

Loftier yield environment may attract all-in buyers

Yield on the 10-year UST bond and representative 'Tier 1' Global SSA

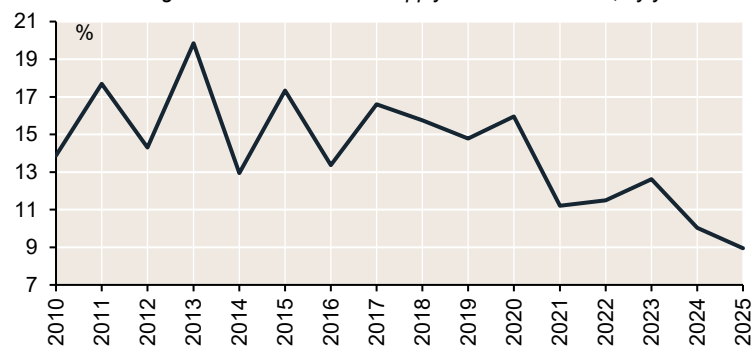


Source: NBC, Bloomberg | Note: 3-day moving average

On the supply front, there's relatively less uncertainty. Issuers with a December-ended fiscal year are well advanced on their funding targets and benchmark deals are set to decelerate. Using prior year supply shares from Oct-Dec, we estimate 2026 gross supply at ~\$555 bln (2-3% increase from 2025). An anticipated issuance lull (relative to sovereigns and corporates) into year-end should also help to limit spread weakness.

Funding frontloading has gotten more extreme post-COVID

Share of annual gross Global SSA bond supply issued in Oct-Dec, by year



Source: NBC, Bloomberg

For universe inclusion & research methodologies, see our [SSA Monitor](#).



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