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From: Eoin Treacy (FT MONEY LTD) <eointreacy@bloomberg.net>
Sent: Thursday, April 02, 2020 12:36 PM
Subject: (BN) Borrowers Brave Record Jobless Claims With Bigger, Bolder Sales

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BN 03/31 20:40 Even Carnival and Airbus Are Cashing In on the Credit Rebound
BN 03/30 21:21 Investors Clamor for Credit With New Deal Demand Off the Charts
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Borrowers Brave Record Jobless Claims With Bigger, Bolder Sales
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By Molly Smith and Hannah Benjamin
(Bloomberg) -- Even as the number of jobless claims soar, companies around the globe are capitalizing on investors’ thirst for debt by moving ahead with larger and riskier bond offerings.
T-Mobile US Inc. is selling $19 billion of bonds in the year’s second-largest sale, while the high-yield market is coming back to life with three new deals, including one from Tenet Healthcare Corp. T-Mobile and Tenet announced their debt offerings just ahead of what turned out to be 6.6 million more Americans applying for unemployment benefits, double last week’s record. More borrowers like VMware Inc. and Ross Stores Inc. came forward after that, on top of 17 in Europe.
Issuers are seeing a resurgence in risk appetite, as massive demand for new issues has allowed companies to go bigger and bolder with their debt offerings. Cruise line operator Carnival Corp., though technically investment-grade rated, was able to draw massive demand from high-yield investors for a bond sale that ended up being larger and cheaper than expected. Junk bond funds are expected to see a record inflow this week when

Refinitiv Lipper reports data later Thursday, reversing six straight weeks of outflows.
Credit investors' desire for European corporate debt is showing no sign of easing as they threw more than 70 billion euros ($76.5 billion) toward new European bond offerings in just one day. Among the big ones today are oil majors BP Plc and Royal Dutch Shell Plc, taking advantage of rising oil prices after China said it would boost its reserves.
"Primary market activity has resumed with a vengeance," said Wolfgang Bauer, a fund manager at M&G Plc. "It's fair to say that market functionality in the European investment-grade market, particularly on the primary market side, has noticeably improved over the past week."

U.S.

T-Mobile is by far the largest deal on the docket today, and the second-largest this year coming behind Oracle. Investment-grade issuance is set to reach $32.1 billion Thursday.
* Tenet, TransDigm and Restaurant Brands are bringing high-yield offerings, following YUM! Brands which reopened that market Monday
** Carnival, though technically investment-grade rated, was run off the high-yield syndicate desks and was able to boost the size and cut the coupon Wednesday
** For deal updates, click here for the New Issue Monitor
* Boeing is offering buyouts to its entire staff of 161,000 people and weighing new output reductions
* Pimco sees opportunities in bonds issued by high-quality companies in the utility, power, health care, cable and telecom sectors, according to Mark Kiesel, the firm's chief investment officer for global credit
* Bankrupt shale driller Alta Mesa Resources has a tentative deal to sell itself for $220 million, down from $320 million before the buyer demanded a discount because of the coronavirus pandemic
* Banks that agreed to help finance leveraged buyouts are starting to feel the pain from a freeze in the market for risky corporate debt

Europe

Oil giants BP Plc, Royal Dutch Shell Plc and OMV AG all offered euro notes Thursday, capitalizing on a boost in oil prices after China moved forward with plans to bolster its reserves.
* Lloyds Bank Corporate Markets Plc and British American Tobacco Plc rounded out a total of 17 issuers that sold EU25.46b
** Rampant demand has allowed companies to chop pricing on their bonds, with Schneider Electric SE pulling in a staggering 8.8

billion euros of orders for a 500 million-euro seven-year note
** More triple-B rated companies dove into the market, including LafargeHolcim
* “While last week the focus had still been firmly on issuers at the higher end of the investment-grade quality spectrum, this week BBB-rated issuers have joined the new issue pipeline,” said M&G’s Bauer
* Corporate bond spreads continue to ease from the highest levels since 2012, falling 3 basis points to 239 basis points on Wednesday
* Default-swaps insuring the highest-rated corporate debt remain elevated at about 105 basis points. Nonetheless, this compares to a peak of about 138 basis points reached last month, according to a Bloomberg Barclays index
* Banks may ask authorities to advise against calls on some instruments if the economy deteriorates further, Jakub Lichwa, a strategist at Royal Bank of Canada, wrote in a note

Asia

Thursday was a down day for credit in Asia. Yield premiums on Asian dollar bonds and the cost of insuring debt against default in the region both increased, as more dour news on the coronavirus pandemic limited risk-taking. Read more about that here.
* Spreads on top-rated Asian dollar bonds were around 10 basis points wider Thursday, according to traders, after rising 3 basis points Wednesday. They are headed for a seventh straight week of increases, the longest such streak in more than a year, according to a Bloomberg Barclays index
* The Markit iTraxx Asia ex-Japan index of credit-default swaps rose about 5-8 basis points on Thursday, according traders. The gauge widened 13 on Wednesday, according to CMA data
* Chinese investment-grade dollar bonds may continue to outperform other emerging-market peers, says Todd Schubert, head of fixed-income research at Bank of Singapore Ltd. Better-rated Chinese notes are often government related and seem to be considered a safe haven in emerging economies, he says
* South Korea’s 20 trillion won ($16 billion) bond stabilization fund started buying corporate notes and commercial paper from today, the Financial Services Commission said. The regulator believes the fund will act as a safety net for the market
* A sale of asset-backed securities by Korean Air Lines Co. showed carriers pummeled by the coronavirus outbreak can still issue debt, though at a steep cost. Here’s a chart showing the tumble in the airline’s dollar notes:

--With assistance from Lyubov Pronina, Denise Wee, Ken McCallum,
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