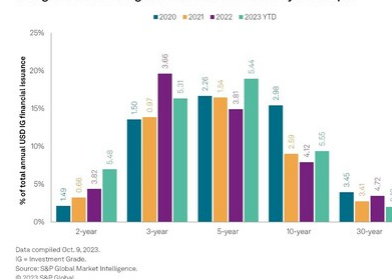


S&P Global Market Intelligence 2024 Capital Markets Outlook says issuance looks to rebound despite notably higher rates

NEW YORK, Nov. 13, 2023 /PRNewswire/ -- Global economies have proved more resilient than first anticipated heading into 2023, particularly in the face of the U.S. banking liquidity crunch, but investors are still waiting to see how economies and markets digest a higher-for-longer interest rate environment before becoming more supportive of new deal activity, according to a new S&P Global Market Intelligence report released today. The newly published, *2024 Capital Markets Outlook: Issuance looks to rebound despite notably higher rates*, is part of S&P Global Market Intelligence's Big Picture 2024 Outlook Report series.

In the new report, S&P Global Market Intelligence's financial institution research analysts highlighted that corporates maintained access to debt markets in 2023 despite significant interest rate increases and the U.S. banking sector's liquidity crunch during the spring, but equity issuance has plummeted. Market volatility could ease and investor support for new transactions could grow as inflation declines and the Federal Reserve ends its rate-hike cycle, provided that economic conditions continue to hold up in a higher-for-longer interest rate environment. If economic strength persists in the face of uncertainty and the Fed can end its tightening cycle soon, animal spirits in the capital markets could grow, leading to a resurgence in issuance activity.

Changes in investment grade financials bond maturity and coupon



"While equity issuance activity has been abysmal, the debt markets have remained open despite considerably higher interest rates and macroeconomic uncertainty," said **Nathan Stovall, Director of Financial Institutions Research at S&P Global Market Intelligence**. "There are some signs of life in the U.S. IPO market and future activity could look even more promising as the Fed nears the end of its rate hike cycle, but investors are not fully waving the green flag yet, with the economic outlook for 2024 remaining patchy for most major economies, including the U.S."

Key highlights from the report include:

- Corporate bond issuance stabilized in 2023 after a massive drop off in 2022 following the surge fueled by ultra-low interest rates and the Fed's bond-buying program. Investment grade issuance dipped just 1.5% year-over-year to \$1 trillion through the first nine months of 2023, compared to the 15% year-over-year drop in 2022. In the high-yield market, issuance has climbed 45% year over year in 2023 through the end of September, a recovery from an 80% year-over-year drop in 2022.
- Global equity issuance has fallen since the Fed began raising interest rates in the first quarter of 2022. The aggregate amount of global equity issued has come in below \$101 billion in each of the last seven quarters through the end of the third quarter of 2023. That is less than half of the more than \$215 billion in global equity deals in each quarter of 2021. Still, there are some signs of life in the IPO market. While the number of IPOs and the total value raised has fallen considerably through the first nine months of 2023, activity rebounded in the third quarter.
- Weaker economic growth is expected in 2024 in most major economies, including the U.S. Even as central banks reach peak cyclical policy rates, most are maintaining biases toward tightening.

To request a copy of the *2024 Capital Markets Outlook: Issuance looks to rebound despite notably higher rates*, please contact press.mi@spglobal.com.

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