

## Press Release

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24 January 2019

*Report from LBBW Research*

### **Third best year in the history of the Schuldschein market**

After a weak first half of the year, the Schuldschein market increased significantly in the second half of the year in terms of both the number of transactions and volume. “This once again shows the robustness of the Schuldschein market, even in turbulent times,” explains LBBW analyst Barbara Ambrus. “However, the records of the previous two years were not achieved. In view of the weak first six months, the new issue volume of EUR 23 billion with a total of around 140 Schuldscheins is still considered a success.” LBBW was involved in 55 transactions with a volume of around EUR 9 billion and has thus confirmed its leading position in the Schuldschein market. For 2019, LBBW Research is expecting a market volume for new Schuldscheins from companies in the order of between EUR 20 billion and EUR 25 billion.

Despite various market turbulence, triggered by factors including the ongoing Brexit discussion, international trade conflict and trade tariffs, interest rate increase considerations and the global economy slowing down, the Schuldschein market closed 2018 successfully from the perspective of LBBW Research. In the second half of the year, supply and demand increased significantly, doubling the market volume of the first

half of the year. In Q4, the Schuldschein market even reached a new record with a total of 51 new issues. With a volume of EUR 23 billion, it achieved the third-best result in its history, in terms of numbers even the second highest value of 139.

### **Fewer large Schuldscheins, average volume slightly down**

The decrease in volume is almost exclusively a result of the decline in the number of large Schuldscheins (volumes of more than EUR 500 million). By contrast, there were no significant changes in the smaller (up to EUR 200 million) and medium (EUR 200 million to EUR 500 million) volumes. Medium-sized issues accounted for around half of the volume. The proportion of large Schuldscheins was only 14%, this share was more than 40% in 2016.

The average volume of new issues fell only slightly from EUR 175 million in 2017 to EUR 168 million, attributable primarily to the very weak second quarter. The maturity breakdown was almost in line with the previous year. The most popular maturities remained the five- and seven-year maturities, each accounting for just under 30%, followed by long-term Schuldscheins with a term of more than ten years (unchanged at 24%).

### **LBBW remains the market leader on the SSD market**

In 2018, LBBW also maintained its leading position in arranging and placing Schuldscheins. Overall, it was involved in 55 Schuldscheins. The transaction volume was approximately EUR 9 billion. Recently, LBBW was once again named "Best Schuldschein Dealer" by financial news service provider CMDportal.

**Expected market volume for 2019 of EUR 20 billion to EUR 25 billion**

From the LBBW Research perspective, the year ahead will continue to be marked by uncertainty. Aspects in this regard include further developments in the US trade dispute with China and Europe, the Fed's and ECB's interest rate policy and the structure of the upcoming Brexit. "Nevertheless, we consider a market volume for new corporate Schuldscheins in the order of between EUR 20 billion and EUR 25 billion to be realistic in 2019," explains LBBW analyst Barbara Ambrus. This should also be helped by the fact that the Schuldschein market did not experience the interest rate increase to the extent seen on the corporate bond market.