

Investment-Grade Notes Increase, IPOs Decline in 2015

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Investment-Grade Notes

The U.S. investment-grade notes market ended the year 13 percent higher by dollar value (2 percent higher by issuances) than in 2014, with \$1.3 trillion (2,021 issuances).¹

The increase came at a time when many issuers were looking to access the market ahead of the anticipated interest rate increase (which was also true, but to a lesser extent, in the high-yield market), and despite the fact that the spread over Treasury for investment-grade notes was at its highest since 2011. European investment-grade issuances were down 18 percent by deal value over 2014 issuances with \$793 billion in 2015. Dollar value in the U.S. and Europe was driven by several large issuances related to M&A financing, including Actavis Plc (\$21 billion, acquisition of Allergan Inc.), AT&T Inc. (\$17.5 billion, acquisition of DirecTV), AbbVie Inc. (\$16.7 billion, acquisition of Pharmacyclics, LLC) and Visa Inc. (\$16 billion, acquisition of Visa Europe Ltd.).

Initial Public Offerings

Initial public offerings in the U.S. in 2015 had their weakest year since 2009, declining 42 percent by dollar value (32 percent lower by issuances) from 2014 levels to \$34 billion (172 issuances). A decrease in the number of technology and Internet companies going public in the U.S. contributed significantly to this decline, with IPOs in those sectors dropping from 62 offerings (\$41 billion) in 2014 to 29 offerings (\$9 billion) in 2015. IPOs in Europe were up by value, with €50 billion in 2015 (€42 billion in 2014) but down by deal volume, with 175 offerings (228 deals in 2014).

¹ Sources for the data in this article are: Bloomberg, Standard & Poor's Ratings Services, Dealogic, Reuters and Mergermarket.