Wells Fargo strengthens grip on 'reverse Yankee' bonds market

Since Trump's 'liberation day', the euro market has become increasingly appealing to US issuers. Edward Russell-Walling reports

US investment-grade corporates are becoming increasingly comfortable with raising debt in euro and sterling markets. One of the leading beneficiaries of the resulting growth in what are known as "reverse Yankee" bond issues is the Europe, Middle East and Africa debt capital markets team at Wells Fargo.

Under the leadership of CEO Charles Scharf, the San Francisco-based bank has been shaking off its sleeping-giant image. One of Scharf's priorities has been to grow Wells Fargo's investment banking and advisory business, where revenues increased by 81 per cent between 2019, when he took over, and 2025.

This has been achieved by hiring top-drawer investment banking talent and leveraging the bank's massive balance sheet. It has been helped by last year's removal of a seven-year asset cap, imposed by the Federal Reserve after a fake customer accounts scandal.

One measure of the Scharf strategy's success (and the disappearance of the asset cap) was the bank's rise in Dealogic's global merger and acquisitions league from 17th place in 2024 to eighth last year.

In Europe there has been a similar investment in teams and talent. Wells Fargo has no equity capital markets business outside America, so the emphasis here is firmly on broader capital market products, notably in debt capital markets.

"Many banks provide flow coverage, but our strength is content-led origination," says James Marriott, head of international debt capital markets for Emea and Asia-Pacific.

Marriott says that the bank has developed a good business with Emea and Apac clients, including strategic transactions, regular financing corporate hybrids, additional Tier 1 and Tier 2 for banks and liability management.

"We have built a team with real depth and breadth in those areas, which we are now applying to US clients alongside local coverage," he explains. Which is where the reverse Yankee trade comes in.

Strong performance

Reverse Yankee issuance, or non-USD bonds issued by US corporates and financials, set a new EUR/GBP record in 2025. According to Wells Fargo, using Bloomberg data, volumes reached €157bn equivalent, with issuances denominated mostly in euros. That represented a 61 per cent increase over the year before, and was 8 per cent ahead of the previous record, set in 2019.

Wells Fargo was 11th in the Bloomberg corporate investment-grade reverse Yankee rankings by volume for 2025. It points out that its underwriting volumes grew more than twice as fast as the market itself, by 127 per cent.

"Last year we were the fastest-growing 'big six' US bank by market share for corporate IG EUR/GBP reverse Yankees," Marriott says. That growth has continued in 2026, with Wells Fargo moving into the top 10 by deal volume so far.

In the US, Wells Fargo's investment grade debt franchise is among the top five, Marriott says. The bank has many mature relationships with US corporates, including some 90 per cent of companies in the S&P 500 index. If they are thinking of raising non-dollar funds, Wells Fargo offers several competitive advantages. One is its global, co-ordinated coverage across sector and product teams, providing a deep understanding of its clients, Marriott says.

"Next, there are key differences between US and European markets," he observes. "We understand them well and give insight and advice into those dynamics, including accounting, structuring derivatives and documentation. There is a lot of complexity, and we can steer our clients through it."

A third strength, he claims, is close investor connectivity and discipline in execution, which gives strong outcomes for clients, particularly in volatile markets.

The euro represents the world's second-largest pool of liquidity for US borrowers. It allows them to diversify funding sources and reduce interest expense. "Access to it means they can be more programmatic and strategic with their funding," says Damon Mahon, the bank's head of European fixed income syndicate. "Annual issuance programmes can reliably include a couple of euro deals at yields that have consistently been attractive through the cycle."

Mahon reckons it is unusual to "see a European DCM phone number" on the kick-off call for a reverse Yankee transaction. "That means many US clients, when they think about issuing in Europe, get a lot of US-centric recommendations," he says. "Our [unique selling point] is to bring them locally nuanced advice."

M&A and capital expenditure are two increasingly common drivers for US corporates to diversify their funding sources to include Europe, according to Bradley Cooper. Cooper is an executive director in Wells Fargo's Emea DCM team who focuses specifically on reverse Yankee origination.

"Any US company with European operations will have their eye on the euro market," Cooper says. "There is also a significant number of companies with no European operations but with capex programmes or M&A needs. Historically they have only sporadically accessed this market. Now it makes increasing sense, given their desire to diversify their funding sources and investor base." Sectors being drawn to the market include power, utilities and telecoms, he adds.

Big transactions

Early in 2025, Wells Fargo was an active bookrunner on a $3.5bn issue for IBM, in five-, eight-, 12- and 20-year tranches. On the same day, IBM priced another $4.75bn via a five-tranche deal in the dollar market. Wells Fargo was also an active bookrunner on that.

"We aim to be currency-agnostic and global," says Paddy Duhig, a managing director in Emea DCM at the bank. Apart from highlighting those strengths, the IBM euro deal was an example of "role



From left: Paddy Duhig, James Marriott, Bradley Cooper, Damon Mahon, Sook Leen Seah

uptiering" for Wells Fargo, Duhig says. "We are moving to the left. Until then, our most senior role for IBM was as co-manager."

The IBM deal also showed how the euro can be used to spread out the financing ladder. Dollar tenors tend to reflect those in on-the-run Treasuries, at three, five and 10 years. "In [the euro market] you can do, for example, four, eight and 12 years, which are not typically open in the US dollar market," says Mahon. Using these differences to spread out tranches can help issuers avoid big maturity walls in any one year.

Soon after the IBM transaction, the bank was mandated as active bookrunner on a €1.5bn senior issue for Boston Scientific. Both S&P and Fitch Ratings upgraded Boston Scientific to A- following the investor marketing announcement and ahead of the issuance.

"They brought us in as a bookrunner to help maximise the benefit of the upgrades and reprice their curve," Duhig says. "We did a lot of work through our sales force to educate investors and reposition the credit. Ultimately, the deal priced 7-10 basis points inside their secondary curve."

In November, Wells Fargo was an active bookrunner, billing and delivery agent, marketing co-ordinator and documentation bank on the debut euro issue from Lineage, a US-based international cold storage warehouse business — a €700mn senior deal.

That month the bank was also an active bookrunner on a €2.5bn hybrid transaction for NextEra Energy, one of the largest US electricity companies. This was the company's debut euro deal in any format.

Differences between the US and Europe are more apparent in the hybrid market than most other formats. "Europe has an established, market-accepted structure for corporate hybrids, so its investors are more familiar with the product," says Sook Leen Seah, Wells Fargo's head of capital solutions and liability management. "The European corporate hybrid has coupon step-ups but the US dollar market does not. We walk US issuers through these differences."

She adds that the market is attractive for US issuers because they can achieve tighter pricing than in dollars.

The NextEra deal came in two tranches and was more than three times oversubscribed. "It proved that you can execute your debut euro deal in corporate hybrid format," Seah says. "Not only was it possible but it was a fantastic success."

One of the other benefits is the signalling that use of the euro market gives. "If a large US corporate has a growing footprint in [the euro market], it can take that back to the US dollar market," Marriott says. "It's a healthy signal as stakeholders, including rating agencies, look at breadth of market access."

When the euro market reopened after the US and Israel attacked Iran, three of the first four deals were reverse Yankees, Mahon reports. And for now at least it seems that the only way is up.

"The reverse Yankee market is growing in importance and utility, and we have seen an increase in debut issuers," Marriott concludes. Last year saw a big change in the relative attractiveness of the euro and dollar markets — after President Donald Trump's so-called "liberation day", the dollar market underperformed while the euro market outperformed.

"There are more changeable markets ahead," Marriott predicts. "The euro will play an increasingly important role as an option versus the US dollar." ■