

MNI EGB Supply - W/C January 23, 2023

25 January 2023 - By Tim Davis

THE WEEK AHEAD:

Germany and Italy are still due to hold auctions with a Spanish syndication due. The Netherlands and Germany have already held auctions while the EU has already held a syndication. We look for **gross nominal issuance at first round operations of E25.0bln** for these deals, down from last week's E32.6bln.

- The **EU** held a syndication on Tuesday, tapping the 30-year 3.00% Mar-53 EU-bond (ISIN: EU000A3K4DY4) in a E5bln WNG transaction (the top of our expected E3-5bln range). Demand was strong with books in excess of E51.9bln.
- The **Netherlands** kicked off auctions for the week on Tuesday by selling E1.995bln of the 2.00% Jan-54 DSL (ISIN: NL00150012X2) in the first reopening of the 30-year DSL since it was launched via DDA in September. This was the top of the E1.5-2.0bln target range.
- Also on Tuesday, **Germany** sold E1.5bln (E1.4296bln allotted) of the 0% Oct-25 Green Bobl (ISIN: DE0001030716).
 - The issue has a residual maturity of around 3-years and marked the first of 5 green auctions in 2023 (with 2 green syndications due too). Germany plans to sell E15-17bln of green securities this year.
 - It was a relatively strong auction, with a good bid-to-cover, the LAP being comfortably above the mid-market price (and indeed at a price last seen around 20 minutes before the price softened into the bidding deadline).
 - There is not really a comparable auction to compare this to as this is the first time a Green Bobl has been reopened when it wasn't paired with the current (or previous) on-the-run Bobl. So, this is the shortest ever maturity green issue from Germany.
 - The price of the 0% Oct-25 Green Bobl moved from around 94.00 to 94.02 on the bidding deadline and stayed around the latter rate as the results were released.
- **Spain** announced a mandate to hold a syndication to launch a new 10-year Apr-33 Obli. As we outlined in both the week ahead EGB Issuance, Redemption and Cash Flow Matrix and the Eurozone Issuance Deep Dive 2023 Outlook, MNI had long penciled in this transaction to take place this week and we look for a E10bln transaction size.
- **Germany** will return to the market on Wednesday with E1.5bln of the 15-year 1.00% May-38 Bund (ISIN: DE0001102598) on offer.
- **Italy** will conclude issuance for the week on Thursday. Instead of issuing a new BTP Short Term (which we had expected) it will reopen two existing BTPs: E1.00-1.25bln of the 1.50% Jun-25 BTP (ISIN: IT0005090318) and E1.5-2.0bln of the 2.50% Nov-25 BTP (ISIN: IT0005345183). Also on offer will be E1.25-1.75bln of the 0.10% May-33 BTPei (ISIN: IT0005482994).
- We had penciled in a **French** syndication (albeit with lower conviction) but note that France normally holds its syndications on a Tuesday or a Wednesday so it is now looking unlikely that we will see a French syndication this week.

NET NOMINAL FLOWS: This week sees no redemptions and coupons of just E0.5bln. With gross nominal issuance of E25.0bln we look for net flows of positive **E24.5bln this week**, more than reversing last week's negative -E6.8bln of net issuance.

For a calendar of all announced EGB/EU/ESM/EFSF auctions [see the MNI EZ/UK Bond Supply Calendar here.](#)

