

MNI EGB Supply – W/C 13 May, 2024

14 May 2024 - By Tim Davis

THIS WEEK

The EU and Italy have both announced syndications while the Netherlands, Germany, Spain and France are all due to hold auctions in the upcoming week while the EU is scheduled to hold a syndication. There is also the possibility of further syndications with Austria and the ESM (or possibly EFSF) as the most likely further candidates to hold transactions in our view.

We pencil in estimated gross issuance for the week at E43.5bln, up from E19.8bln last week.

- The **EU** has a syndication scheduled for Tuesday with a new 30-year Oct-54 EU-bond on offer (ISIN: TBC). We look for a transaction size of E7-8bln.
 - We had been unsure of whether the EU would choose to launch a new conventional 15-year or a new 30-year. Given that we have had the launch of the new 30-year announced for this week, we now expect the next syndication (W/C 10 June) to see a new conventional 15-year EU-bond launched.
- **Italy** will also come to the market in the “near future” (we expect Tuesday) week to launch a short long 15-year Oct-37 BTP Green (ISIN: TBC). Italy plans green issuance for 2024 of E11.5-13.5bln and has already sold E1.25bln. This seems to suggest that there would be an absolute upper limit of E10bln for the transaction today. If the MEF prefers to keep its options open for more than one further green auction later this year, it would suggest a slightly smaller transaction size today. We pencil in a rather wide E6-10bln range with around E7bln the most likely size in our view.
 - We had noted on Friday that we thought the next Italian syndication could be brought forward given the lower-than-expected take up in last week’s BTP Valore. We had thought a 2040 BTP Green would be more likely than a 2037 maturity, however, given the gaps in the green curve.
- The **Netherlands** will kick off auctions for the week on Tuesday with E1.5-2.0bln of the off-the-run short 5-year 0% Jan-29 DSL (ISIN: NL0015000LS8) on offer.
- Also on Tuesday, **Germany** will come to the market to look to sell E5bln of the 2.90% Jun-26 Schatz (ISIN: DE000BU22056).
- **Germany** will return to the market on Wednesday with a 30-year Bund auction. E1bln of the 1.80% Aug-53 Bund (ISIN: DE0001102614) will be on offer alongside E1bln of the 2.50% Aug-54 Bund (ISIN: DE000BU2D004).
- **Spain** will look to hold a Bono / Obli auction on Thursday with a smaller-than-usual E4.5-5.5bln size. On offer will be the on-the-run 3-year 2.50% May-27 Bono (ISIN: ES0000012M77), the on-the-run 5-year 3.50% May-29 Bono (ISIN: ES0000012M51) and the 1.00% Jul-42 Green Obli (ISIN: ES0000012J07).
 - We think the omission of the on-the-run 10-year 3.25% Apr-34 Obli (ISIN: ES0000012M85) in both of May’s auctions, combined with the smaller auction size this week makes the launch of a new 10-year Obli via syndication increasingly likely. The earliest possible date for this would be next week. This would be earlier-than-usual but would have two advantages: first it would be before the large 3-year Bono redemption of E19.5bln due at the end of this month and second it would be before the ECB’s June meeting where a rate cut is likely. If we do not see a Spanish syndication before the end of May, we expect it at the latest in the W/C 10 June. We look for a E10-15bln transaction size.
- **France** will then look to hold a MT OAT auction on Thursday E10.5-12.0bln of MT OATs with the on-the-run 3-year 2.50% Sep-27 OAT (ISIN: FR001400NBC6), the 2.75% Feb-29 OAT (ISIN: FR001400HI98), the on-the-run 5-year 2.75% Feb-30 OAT (ISIN: FR001400PM68) and the 2.50% May-30 OAT (ISIN: FR0011883966) on offer.
- Later on Thursday, **France** will conclude issuance for the week E1.5-2.0bln of IL OATs on offer. On offer will be the 0.10% Mar-29 OATeI (ISIN: FR0013410552), the 0.10% Jul-53 OATeI (ISIN: FR0014008181), the 0.10% Mar-28 OATi (ISIN: FR0013238268) and the 0.10% Mar-32 OATi (ISIN: FR0014003N51).
- In terms of countries with a chance of a syndication in the upcoming weeks:
 - **Austria** (we pencil in for either May or June). We don’t have a strong conviction over the maturity.
 - **ESM / EFSF**: We expect a E2.0bln ESM syndication and another EFSF (E4-5bln) syndication in the remainder of Q2.
 - We look for a new **French** 20-year OATeI in Q2. We pencil this in for May but given that the second syndication of the year was brought forward into February (with 25-year Green and 30-year OATs having already been issued this year so far).
 - **Germany**: There is still a Green syndication expected this year, but only E1.5bln left of the 2024 E12.0bln syndicated target. However, we note that since the syndication programme was launched in 2020 the smallest transaction size

so far has been E3bln for a tap of a 30-year conventional Bund. Also, with the upcoming launch of the new Green Bobl, we look for this syndication to come later in the year.

- **Portugal:** We pencil in a late May syndication for now, which could possibly slip into June.
- **Spain:** We expect a third Spanish syndication of the year to see a new 10-year Obli launched, possibly as early in the W/C 20 May to bring it ahead of the end of May redemption and the next ECB meeting as well as avoiding Spanish auction weeks. We look for a E10-15bln transaction size.

NET NOMINAL FLOWS: This week sees redemptions of E37.8bln: E22.5bln from a formerly 10-year Bund and E15.3bln from a formerly 7-year BTP. Coupon payments for the week are E3.9bln: E2.4bln Italian, E0.9bln Irish and E0.6bln German. This leaves **estimated net flows for the week at positive E1.8bln**, versus positive E14.7bln (excluding retail) last week.

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

[For a more detailed look ahead to 2024 Eurozone issuance, see the comprehensive MNI Eurozone Issuance Deep Dive publication here.](#)

NEXT WEEK (W/C 20 May)

Slovakia, Germany, Finland, Greece, Germany (and potentially Portugal) all look to hold auctions in the W/C 20 May. On the syndication side, we see Spain, possibly Italy and (if they don't hold syndications the prior week) Austria and the ESM as the most likely candidates to hold syndications in our view. **We pencil in estimated gross issuance for the week at E28.3bln.**

- **Slovakia** will kick off issuance for the week on Monday 20 May with a SloVGB auction. The 3.00% Feb-26 SloVGB (ISIN: SK4000024675), the 3.00% Feb-28 SloVGB (ISIN: SK4000024683), the 3.75% Mar-34 SloVGB (ISIN: SK4000024865) and the 0.375% Apr-36 SloVGB (ISIN: SK4000018958) will all be on offer.
- **Germany** will come to the market on Tuesday 21 May with E4bln of the 2.10% Apr-29 Bobl (ISIN: DE000BU25026) on offer.
- Also on Tuesday 21 May, **Finland** will hold a conventional auction for E1.0-1.5bln. We don't have a strong conviction around with RFGBs will be on offer. Details will be confirmed on Friday 17 May.
- On Wednesday 22 May, **Greece** will look to hold a GGB auction. Details will be announced the proceeding day.
- Also on Wednesday 22 May, **Germany** will look to sell E4bln of the 10-year 2.20% Feb-34 Bund (ISIN: DE000BU2Z023).
- Finally, Portugal will potentially hold an auction on Wednesday 22 May – although we think it is unlikely as Portugal doesn't really hold more than one auction per month. We will receive confirmation on Friday 17-May.

NET NOMINAL FLOWS: The W/C 20 May sees no redemptions. Coupon payments for the week are E0.7bln: E0.3bln Italian and E0.2bln Austrian. This leaves **estimated net flows for the week at positive E27.6bln.**

mni Eurozone Issuance Profile

2024 Issuance

	Austria	Belgium	Finland	France	Germany	Greece	Ireland	Italy	Neth.	Portugal	Slovakia	Slovenia	Spain	EU	EFSF	ESM	Total	Other
YTD Issuance	22.0	27.0	12.1	145.6	110.0	8.1	5.0	160.7	24.7	11.5	8.4	2.0	82.3	52.8	11.0	2.0	686.0	4.5
YTD Cash Proc.	20.9	26.5	12.1	143.1	106.5	8.0	4.9	160.9	23.0	10.8	7.8	2.0	81.5	53.1	11.0	2.0	674.0	4.5
2024 Target	47.5	41.0	22.5	289.5	277.5	10.0	8.0	336.0	40.0	16.0	10.0	2.5	173.1	136.0	20.0	6.0	1435.6	
YTD Cash % Trgt	44.0	64.5	53.6	49.4	38.4	80.2	60.8	47.9	57.5	67.4	77.8	79.4	47.1	39.0	55.1	33.3	47.0	
Cash Proceeds:																		
Conventional																		
<3.5 YR	0.9	-	-	5.6	29.4	-	-	23.6	-	-	1.5	-	12.1	2.7	-	-	75.9	0.4
3.5 - 5.5 YR	4.7	-	2.2	33.7	19.7	0.7	-	14.2	1.9	0.9	1.0	-	13.0	11.5	-	-	103.6	-
5.5 - 8 YR	1.8	7.3	-	10.1	6.1	-	-	59.0	4.5	0.4	-	-	8.0	5.4	5.0	2.0	109.4	0.2
8 - 11 YR	10.8	9.5	6.1	42.1	27.7	4.3	4.1	20.7	8.8	6.0	4.5	2.0	28.4	14.0	4.0	-	192.9	1.2
11 - 16 YR	-	1.4	-	8.6	1.8	-	-	15.2	1.4	1.0	0.1	-	6.9	1.7	2.0	-	40.1	-
16 - 21 YR	-	0.3	0.2	6.3	4.0	-	0.8	2.6	2.3	1.4	-	-	2.0	6.2	-	-	26.1	-
21 - 26 YR	1.0	-	-	8.8	0.7	-	-	-	-	0.7	0.2	-	-	6.9	-	-	18.3	-
26 - 32 YR	0.9	6.1	3.5	15.3	17.0	2.9	-	5.0	4.2	0.4	0.5	-	7.0	4.7	-	-	67.5	-
32 YR +	0.9	0.3	-	1.7	-	-	-	0.5	-	-	-	-	0.9	-	-	-	4.3	-
Total conv	20.9	24.9	12.1	132.2	106.5	8.0	4.9	140.7	23.0	10.8	7.8	2.0	78.4	53.1	11.0	2.0	638.2	1.8
Linker																		
CCTeu / FRN	-	-	-	-	-	-	-	7.8	-	-	-	-	-	-	-	-	7.8	-
< 6 YR	-	-	-	5.1	-	-	-	3.6	-	-	-	-	-	0.7	-	-	9.4	-
6 - 11 YR	-	-	-	2.3	-	-	-	-	-	-	-	-	-	0.6	-	-	2.8	-
11 - 21 YR	-	-	-	2.9	-	-	-	8.8	-	-	-	-	-	1.9	-	-	13.6	-
21 - 32 YR	-	-	-	0.6	-	-	-	-	-	-	-	-	-	-	-	-	0.6	-
Total linker	-	-	-	10.8	-	-	-	12.4	-	-	-	-	-	3.2	-	-	26.4	-
EMTN/Fgn Debt	-	1.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.1	2.7

2024 Issuance: Nominal

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Conventional													
<3.5 YR	20.2	16.6	15.3	21.8	3.0	-	-	-	-	-	-	-	76.9
3.5 - 5.5 YR	27.3	25.4	28.0	21.1	2.4	-	-	-	-	-	-	-	104.2
5.5 - 8 YR	22.8	10.8	38.7	21.7	17.2	-	-	-	-	-	-	-	111.2
8 - 11 YR	65.1	48.1	30.6	40.4	11.3	-	-	-	-	-	-	-	195.5
11 - 16 YR	22.8	1.0	10.2	6.5	2.7	-	-	-	-	-	-	-	43.2
16 - 21 YR	0.7	10.4	4.1	7.2	4.8	-	-	-	-	-	-	-	27.2
21 - 26 YR	10.7	0.1	8.1	0.1	-	-	-	-	-	-	-	-	19.0
26 - 32 YR	27.4	24.5	6.6	12.2	2.2	-	-	-	-	-	-	-	73.0
32 YR +	0.2	0.4	0.5	2.5	2.2	-	-	-	-	-	-	-	5.8
Total conv	197.2	137.3	142.2	133.5	45.9	-	-	-	-	-	-	-	656.2
Linker													
CCTeu / FRN	1.5	2.5	1.5	2.3	-	-	-	-	-	-	-	-	7.8
< 6 YR	2.3	2.7	1.3	1.8	-	-	-	-	-	-	-	-	8.2
6 - 11 YR	0.5	0.6	-	0.7	0.5	-	-	-	-	-	-	-	2.2
11 - 21 YR	2.7	1.1	6.8	2.2	-	-	-	-	-	-	-	-	12.7
21 - 32 YR	-	0.3	-	0.3	-	-	-	-	-	-	-	-	0.6
Total linker	5.5	4.7	8.1	5.0	0.5	-	-	-	-	-	-	-	23.8
EMTN/Fgn Debt	1.1	1.5	0.1	1.3	0.0	-	-	-	-	-	-	-	3.9
Total	205.2	146.1	151.9	142.1	46.4	-	-	-	-	-	-	-	691.6

2024 Issuance: Cash Proceeds

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Conventional													
<3.5 YR	20.3	16.5	15.2	21.5	2.9	-	-	-	-	-	-	-	76.3
3.5 - 5.5 YR	27.3	25.1	27.8	21.0	2.5	-	-	-	-	-	-	-	103.6
5.5 - 8 YR	22.6	10.2	38.1	21.7	16.9	-	-	-	-	-	-	-	109.5
8 - 11 YR	65.8	48.0	30.9	39.9	11.0	-	-	-	-	-	-	-	195.6
11 - 16 YR	21.4	0.8	8.9	6.2	2.8	-	-	-	-	-	-	-	40.1
16 - 21 YR	0.5	9.8	3.9	7.6	4.4	-	-	-	-	-	-	-	26.1
21 - 26 YR	10.2	0.1	8.0	0.1	-	-	-	-	-	-	-	-	18.3
26 - 32 YR	25.3	23.2	6.1	10.8	2.1	-	-	-	-	-	-	-	67.5
32 YR +	0.1	0.2	0.2	2.6	1.2	-	-	-	-	-	-	-	4.3
Total conv	193.4	133.9	139.1	131.4	43.8	-	-	-	-	-	-	-	641.6
Linker													
CCTeu / FRN	1.5	2.5	1.5	2.3	-	-	-	-	-	-	-	-	7.8
< 6 YR	2.9	3.0	1.6	2.0	-	-	-	-	-	-	-	-	9.4
6 - 11 YR	0.5	1.1	-	0.7	0.6	-	-	-	-	-	-	-	2.8
11 - 21 YR	2.8	1.4	7.1	2.3	-	-	-	-	-	-	-	-	13.6
21 - 32 YR	-	0.3	-	0.3	-	-	-	-	-	-	-	-	0.6
Total linker	6.2	5.8	8.7	5.2	0.6	-	-	-	-	-	-	-	26.4
EMTN/Fgn Debt	1.1	1.5	0.1	1.2	0.0	-	-	-	-	-	-	-	3.8
Total	202.1	143.7	149.4	140.0	44.4	-	-	-	-	-	-	-	679.6

2023 Issuance: Nominal

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Conventional													
<3.5 YR	31.0	19.5	15.6	21.2	27.6	21.6	21.1	14.6	26.2	17.3	9.3	5.4	230.3
3.5 - 5.5 YR	20.9	23.5	31.7	10.3	23.4	33.3	14.2	16.7	20.7	33.4	22.1	2.7	253.0
5.5 - 8 YR	11.1	18.2	17.1	32.2	14.6	14.5	18.6	16.1	10.7	26.0	9.9	5.1	194.2
8 - 11 YR	57.0	36.8	25.9	46.4	18.8	35.8	23.1	23.4	32.9	28.3	27.5	4.1	360.1
11 - 16 YR	10.3	6.9	19.4	11.2	5.4	6.6	5.1	6.4	3.5	8.6	3.9	3.6	91.0
16 - 21 YR	13.8	15.7	1.6	3.5	13.3	8.1	4.2	1.1	1.2	13.8	5.3	-	81.8
21 - 26 YR	3.6	4.8	6.2	4.9	0.9	-	-	-	0.6	2.3	3.0	-	26.3
26 - 32 YR	12.9	22.6	7.2	9.3	9.0	17.8	13.7	5.7	12.0	6.1	8.1	-	124.4
32 YR +	1.6	0.9	2.5	-	1.7	0.5	2.5	2.0	-	-	2.0	-	13.7
Total conv	162.1	149.1	127.2	139.0	115.0	138.1	102.5	86.0	107.9	135.8	91.1	20.8	1374.7
Linker													
CCTeu / FRN	1.7	4.6	2.9	1.6	1.7	3.0	1.4	1.7	1.7	1.3	1.0	-0.5	22.1
< 6 YR	-	0.5	10.7	0.8	1.8	1.8	0.5	1.4	1.7	2.8	0.7	0.7	23.3
6 - 11 YR	4.1	3.6	2.8	4.0	0.5	1.8	1.9	-	1.7	0.4	0.6	0.5	21.9
11 - 21 YR	0.4	0.5	0.5	0.7	4.4	3.0	2.8	0.5	1.6	3.7	0.9	-	19.0
21 - 32 YR	-	0.2	0.3	0.4	0.5	0.5	-	-	0.2	0.2	0.3	-	2.5
Total linker	4.5	4.8	14.2	5.9	7.1	7.0	5.2	1.9	5.3	7.1	2.5	1.2	66.7
EMTN/Fgn Debt	0.8	0.0	0.1	1.0	0.0	1.8	0.8	-	4.0	0.1	0.7	-0.1	9.1
Total	169.1	158.5	144.4	147.6	123.8	149.9	110.0	89.6	118.9	144.2	95.3	21.4	1472.6

2023 Issuance: Cash Proceeds

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Conventional													
<3.5 YR	30.1	19.3	15.5	21.1	27.5	21.2	21.0						