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All Signal, No Noise

MARKET ANALYSIS

MNI EGB Supply – W/C 8 July, 2024

11 July 2024 - By Tim Davis and Amana Hussain

THIS WEEK

Italy still looks to hold an auction this week, whilst the EU has held a syndication and the Netherlands, Austria and Germany have held auctions already this week. **We pencil in an estimated gross issuance for the week at E22.8bln,** down from E27.4bln last week.

- On Tuesday, the **EU** held a dual-tranche syndication to launch the new long 5-year 2.875% Oct-29 EU-bond (ISIN: EU000A3L1CN4) for E5bln and tapped the 30-year 3.375% Oct-54 EU-bond (ISIN: EU000A3K4EY2) for E4bln. The transaction size was at the top end of our expected range for both bonds sold.
- On Tuesday, **the Netherlands** kicked off auctions for the week by selling E1.825bln of the 3.25% Jan-44 Green DSL (ISIN: NL0015001RG8) at a conventional auction. The target range was E1.5-2.0bln.
- Also on Tuesday, **Austria** came to the market to sell a combined E1.4375bln: E920mln of the 2.90% May-29 Green RAGB (ISIN: AT0000A33SH3) and E517.5mln of the 3.15% Jun-44 RAGB (ISIN: AT0000A0VRQ6).
- **Germany** on Wednesday, held a 15-year Bund auction. E500mln (E457mln allotted) of the 0% May-36 Bund (ISIN:DE0001102549) was sold alongside E1.5bln (E1.294bln allotted) of the on-the-run 1.00% May-38 Bund (ISIN: DE0001102598).
- **Italy,** on Thursday will conclude issuance for the week by holding a 3/7/20-year BTP auction. On offer will be E1.25-1.50bln of the 1.10% Apr-27 BTP (ISIN: IT0005484552), E1.75-2.00bln of the on-the-run 3-year 3.45% Jul-27 BTP (ISIN: IT0005599904), E1.00-1.25bln of the 0.90% Apr-31 BTP (ISIN: IT0005422891), E1.75-2.00bln of the on-the-run 7-year 3.45% Jul-31 BTP (ISIN: IT0005595803) and E1.50-1.75bln of the on-the-run 20-year 4.45% Sep-43 BTP (ISIN: IT0005530032).

NET NOMINAL FLOWS: This week sees a single redemption of E1.4bln from a formerly 10-year Croatian government bond. Coupon payments for the week are E0.5bln, of which E0.3bln are from the EU, and E0.2bln are from the EFSF. This leaves **estimated net flows for the week at positive E20.9bln**, versus positive E5.0bln last week.

For a calendar of all announced EGB/EU/ESM/EFSF 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 15 July)

The EU, Germany, Greece, Spain and France all look to hold auctions in the W/C 15 July. **We pencil in an estimated gross issuance for the week at E31.0bln.**

- On Monday 15 July, **the EU** will kick off issuance for the week by selling up to E3bln of the on-the-run long 3-year 2.875% Dec-27 EU-bond (ISIN: EU000A3K4EW6) and up to E2bln of the off-the-run short 15-year 3.375% Oct-38 EU-bond (ISIN: EU000A3K4D74).
- On Tuesday 16 July, **Germany** will sell E4bln of the new 5-year Oct-29 Bobl (ISIN: DE000BU25034). The coupon will be announced the preceding day.
- On Wednesday 17 July, **Greece** will look to hold a GGB auction. Details will likely be announced the preceding day.
- **Germany** will return to the market on Wednesday 17 July to hold a 30-year Bund auction. On offer will be E1bln of the 2.50% Aug-54 Bund (ISIN: DE000BU2D004) and E1bln of another issue.
- **Spain** will look to hold a Bono/Olbi auction on Thursday 18 July. The bonds on offer will be announced on Friday with the size of the auction announced on Monday 15 July. We expect the on-the-run 10-year 3.45% Oct-34 Obli (ISIN: ES0000012N35) to be on offer, possibly alongside the on-the-run 5-year 3.50% May-29 Bono (ISIN: ES0000012M51). In total we expect three Bono/Oblis to be on offer but think we will probably see a return to E4.5-5.5bln auction target ranges.

- **France** on Thursday 18 July will then look to hold an MT OAT auction. We expect the on-the-run 3-year 2.50% Sep-27 OAT (ISIN: FR001400NBC6) to be on offer alongside the on-the-run 2.75% Feb-29 OAT (ISIN: FR001400HI98) and two other MT OATs. Details will be announced Friday.
- **France** will then return later in the day to hold an IL OAT auction. Details for this will also be announced Friday.

NET NOMINAL FLOWS: The W/C 15 July sees two large redemptions totalling E29.2bln: E11.8bln from a formerly 5-year Austrian RAGB and E17.4bln of a formerly 10-year Dutch DSL. Coupon payments for the week are E3.5bln, of which E1.4bln are Dutch, E0.9bln are Italian, E0.7bln are Austrian, E0.2bln are Greek and E0.2bln are from the EFSF. This leaves **estimated net flows for the week at negative E1.7bln**.

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		32.3	33.0	16.5	204.4	162.0	8.6	5.0	211.5	31.8	14.5	9.8	2.0	118.6	82.8	15.0	2.0	949.8	8.0
YTD Cash Proc.		30.3	32.4	16.2	198.9	156.4	8.5	4.9	211.6	29.4	13.8	9.1	2.0	116.5	82.2	15.0	2.0	929.2	7.8
2024 Target		47.5	41.0	22.5	289.5	279.0	10.0	8.0	358.0	40.0	16.0	11.5	2.5	173.1	140.0	20.0	6.0	1464.6	
YTD Cash % Trgt		63.7	79.0	72.1	68.7	56.1	84.7	60.8	59.1	73.4	86.0	79.5	79.4	67.3	58.7	74.8	33.3	63.4	
Cash Proceeds:																			
Conventional	<3.5 YR	1.3	-	0.2	13.5	43.4	-	-	35.8	-	-	1.8	-	17.9	5.0	-	-	119.0	0.6
	3.5 - 5.5 YR	5.7	1.1	3.0	39.9	28.6	0.7	-	20.6	3.4	0.9	1.1	-	17.7	18.8	1.5	-	143.2	0.1
	5.5 - 8 YR	3.1	7.3	-	20.9	9.5	-	-	63.8	4.5	0.4	-	-	13.8	5.4	7.5	2.0	137.9	0.3
	8 - 11 YR	12.4	12.5	7.7	57.7	41.4	4.8	4.1	28.4	10.6	6.0	5.4	2.0	40.9	16.4	4.0	-	254.2	1.2
	11 - 16 YR	4.3	1.7	-	10.9	3.8	-	-	25.6	2.5	1.0	0.1	-	8.5	7.7	2.0	-	68.2	-
	16 - 21 YR	0.5	0.3	0.2	6.3	5.5	-	0.8	2.6	4.2	1.4	-	-	3.3	7.7	-	-	32.7	-
	21 - 26 YR	1.0	-	0.1	8.8	0.7	-	-	1.4	-	0.7	0.2	-	-	6.9	-	-	19.9	-
	26 - 32 YR	1.0	7.1	4.1	18.3	23.5	2.9	-	5.0	4.2	3.3	0.5	-	8.9	14.5	-	-	93.5	-
	32 YR +	1.0	0.3	-	2.6	-	-	-	0.5	-	-	-	-	0.9	-	-	-	5.3	-
	Total conv	30.3	30.3	15.3	178.9	156.4	8.5	4.9	183.7	29.4	13.8	9.1	2.0	112.1	82.2	15.0	2.0	873.8	2.2
CCTeu / FRN		-	-	-	-	-	-	-	11.8	-	-	-	-	-	-	-	-	11.8	-
Linker	< 6 YR	-	-	-	7.8	-	-	-	4.5	-	-	-	-	0.7	-	-	-	13.0	-
	6 - 11 YR	-	-	-	3.2	-	-	-	1.5	-	-	-	-	1.3	-	-	-	6.0	-
	11 - 21 YR	-	-	-	8.0	-	-	-	10.1	-	-	-	-	2.5	-	-	-	20.6	-
	21 - 32 YR	-	-	-	1.1	-	-	-	-	-	-	-	-	-	-	-	-	1.1	-
	Total linker	-	-	-	20.0	-	-	-	16.1	-	-	-	-	4.5	-	-	-	40.6	-
EMTN/Fgn Debt		-	1.1	0.9	-	-	-	-	-	-	-	-	-	-	-	-	-	2.1	5.7

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	19.1	25.4	2.1	-	-	-	-	-	120.5
	3.5 - 5.5 YR	27.3	25.4	28.0	21.1	21.3	14.8	5.9	-	-	-	-	-	143.9
	5.5 - 8 YR	22.8	10.8	38.7	21.7	26.6	16.9	3.6	-	-	-	-	-	141.2
	8 - 11 YR	65.1	48.1	30.6	40.4	33.5	26.0	14.5	-	-	-	-	-	258.1
	11 - 16 YR	22.8	1.0	10.2	6.5	17.9	10.6	4.2	-	-	-	-	-	73.3
	16 - 21 YR	0.7	10.4	4.1	7.2	10.2	-	2.3	-	-	-	-	-	34.9
	21 - 26 YR	10.7	0.1	8.1	0.1	0.2	1.5	-	-	-	-	-	-	20.7
	26 - 32 YR	27.4	24.5	6.6	12.2	14.2	9.7	6.7	-	-	-	-	-	101.5
	32 YR +	0.2	0.4	0.5	2.5	2.2	0.1	1.6	-	-	-	-	-	7.5
	Total conv	197.2	137.3	142.2	133.5	145.3	105.0	41.0	-	-	-	-	-	901.6
CCTeu / FRN		1.5	2.5	1.5	2.3	2.3	1.8	-	-	-	-	-	-	11.8
Linker	< 6 YR	2.3	2.7	1.3	1.8	1.0	2.1	-0.3	-	-	-	-	-	11.1
	6 - 11 YR	0.5	0.6	-	0.7	2.8	-	0.6	-	-	-	-	-	5.1
	11 - 21 YR	2.7	1.1	6.8	2.2	4.0	2.8	-	-	-	-	-	-	19.6
	21 - 32 YR	-	0.3	-	0.3	0.2	0.3	-	-	-	-	-	-	1.1
	Total linker	5.5	4.7	8.1	5.0	8.0	5.3	0.3	-	-	-	-	-	36.9
EMTN/Fgn Debt		1.1	1.5	0.1	1.3	1.3	2.9	0.0	-	-	-	-	-	8.1
Total		205.2	146.1	151.9	142.1	156.8	114.9	41.4	-	-	-	-	-	958.4

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	18.9	25.3	2.1	-	-	-	-	-	119.6
	3.5 - 5.5 YR	27.3	25.1	27.8	21.0	21.0	15.1	5.9	-	-	-	-	-	143.2
	5.5 - 8 YR	22.6	10.2	38.1	21.7	26.3	15.7	3.6	-	-	-	-	-	138.2
	8 - 11 YR	65.8	48.0	30.9	39.9	32.9	25.6	13.7	-	-	-	-	-	256.9
	11 - 16 YR	21.4	0.8	8.9	6.2	17.3	9.9	3.5	-	-	-	-	-	68.2
	16 - 21 YR	0.5	9.8	3.9	7.6	8.5	-	2.4	-	-	-	-	-	32.7
	21 - 26 YR	10.2	0.1	8.0	0.1	0.1	1.4	-	-	-	-	-	-	19.9
	26 - 32 YR	25.3	23.2	6.1	10.8	13.9	9.0	5.2	-	-	-	-	-	93.5
	32 YR +	0.1	0.2	0.2	2.6	1.2	0.0	1.0	-	-	-	-	-	5.3
	Total conv	193.4	133.9	139.1	131.4	140.2	102.1	37.3	-	-	-	-	-	877.4
CCTeu / FRN		1.5	2.5	1.5	2.3	2.3	1.7	-	-	-	-	-	-	11.8
Linker	< 6 YR	2.9	3.0	1.6	2.0	1.2	2.7	-0.3	-	-	-	-	-	13.0
	6 - 11 YR	0.5	1.1	-	0.7	2.9	-	0.7	-	-	-	-	-	6.0
	11 - 21 YR	2.8	1.4	7.1	2.3	4.0	3.0	-	-	-	-	-	-	20.6
	21 - 32 YR	-	0.3	-	0.3	0.2	0.3	-	-	-	-	-	-	1.1
	Total linker	6.2	5.8	8.7	5.2	8.3	6.0	0.4	-	-	-	-	-	40.6
EMTN/Fgn Debt		1.1	1.5	0.1	1.2	1.2	2.8	0.0	-	-	-	-	-	7.8
Total		202.1	143.7	149.4	140.0	152.0	112.6	37.8	-	-	-	-	-	937.6

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
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
Linker	< 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	14.5	25.7	17.1	9.3	5.5	227.8
	3.5 - 5.5 YR	20.2	22.6	30.2	10.0	22.1	32.9	13.8	16.3	19.8	33.0	21.6	2.8	245.4
	5.5 - 8 YR	10.3	17.2	15.3	31.1	14.3	13.9	18.2	15.2	10.5	25.4	9.7	5.0	186.0
	8 - 11 YR	56.4	34.9	24.8	46.0	18.9	35.7	23.0	23.3	31.9	27.1	27.6	3.5	353.1
	11 - 16 YR	9.4	5.8	16.9	10.9	5.1	6.4	4.8	5.3	2.7	7.2	3.2	3.8	81.4
	16 - 21 YR	13.3	15.4	1.7	2.8	12.4	7.9	3.9	0.7	1.2	12.5	3.7	-	75.5
	21 - 26 YR	3.3	3.6	5.5	4.2	0.9	-	-	-	0.4	1.6	2.5	-	22.0
	26 - 32 YR	10.7	20.8	4.6	7.2	7.7	14.1	11.3	3.7	9.6	4.5	5.9	-	100.1
	32 YR +	1.2	1.0	2.3	-	0.7	0.4	1.1	2.1	-	-	0.7	-	9.4
	Total conv	154.8	140.5	116.9	133.3	109.6	132.6	97.0	81.1	101.9	128.3	84.2	20.6	1300.7
CCTeu / FRN		1.7	4.5	2.8	1.6	1.7	3.0	1.4	1.7	1.7	1.3	1.0	-0.5	22.0
Linker	< 6 YR	-	0.6	10.8	0.9	2.1	1.9	0.6	1.8	1.8	3.0	0.8	0.8	25.2
	6 - 11 YR	4.3	3.7	2.8	4.1	0.6	2.0	1.9	-	2.0	0.5	0.6	0.6	23.1
	11 - 21 YR	0.5	0.5	0.5	0.7	4.5	3.0	3.0	0.5	2.0	3.7	1.0	-	19.7
	21 - 32 YR	-	0.3	0.3	0.4	0.5	0.6	-	-	0.2	0.2	0.2	-	2.7
	Total linker	4.7	5.1	14.4	6.2	7.6	7.5	5.5	2.3	6.1	7.3	2.7	1.4	70.7
EMTN/Fgn Debt		0.7	0.0	0.1	1.0	0.0	1.8	0.8	-	3.7	0.1	0.7	-0.0	8.8
Total		162.0	150.1	134.1	142.1	118.9	144.8	104.8	85.2	113.4	136.9	88.6	21.4	1402.3