

European Rates Weekly

What would a contrarian think?

- **ECB:** Citi's timely forecast for a rate cut in June has been in place for quite some time and still holds after the May meeting, which was largely perceived as dovish. This week, we play Devil's advocate and try to evaluate the odds of and the market reaction to no policy change; in other words "what would a contrarian think?"
- **Negative deposit rate cometh soon:** Expectations of a conventional policy action at the June meeting are growing: at the current market juncture the combined cut of both the refi and the deposit facility rate is rightfully perceived as the easiest option for the ECB from an implementation standpoint. We review the main implications of yet lower policy rates for rates and volatility markets.
- **Don't chase the rally in the UK front-end:** The market-implied timing of the first rate hike has been pushed back to April 2015 following the Inflation Report. However, we see little justification for a sustained rally given the broad strength of recent data. We also take a look at the possible implications of macro-pru policies.
- **A heavy rating calendar ahead:** Next Friday, Spain and the Netherlands feature on S&P's calendar and France and Slovenia feature on Moody's calendar. We do not expect any change in these ratings but believe S&P is likely to revise its outlook on Spain from negative to stable. More broadly, while upward rating pressure is our base case selectively over the medium term, the overall rating distribution is unlikely to change dramatically in the years ahead due to persistently high debt burdens.
- **Euro inflation – record breakers:** This week's issuance in euro linkers was the highest in memory. Moreover, the entry of Spain means that 2014 issuance as a whole is likely to set a new record, despite low inflation prints. We look at both the near-term and medium-term implications for break-evens and real yields.
- **BRRD and the German Pfandbrief Law:** The Bank Recovery and Resolution Directive will lead to necessary amendments in most national covered bond frameworks. Germany is working on it and the implementation should lead to an even stronger law with an increasing tendency of harmonization.
- **Supply:** Next week's EGB supply comes from Belgium (estimated €2.8bn), Finland (up to €1.5bn), Germany (€5bn) and Spain (estimated €5bn). The US Treasury will re-open around \$12million/bp of 10yr TIPS. There is no gilt supply until 28th May.

Alessandro Tentori
+44-20-7986-9224
alessandro.tentori@citi.com

Jamie Searle
+44-20-7986-9493
jamie.searle@citi.com

Matteo Regesta
+44-20-7986-9101
matteo.regesta@citi.com

Peter Goves
+44-20-7986-3215
peter.goves@citi.com

Michael Spies
+49-69-1366-8403
michael.spies@citi.com

Aman Bansal, CFA
+91-22-4277-5021
aman1.bansal@citi.com

See Appendix A-1 for Analyst Certification, Important Disclosures and non-US research analyst disclosures.

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Contents

Duration Scorecard	5
Tradesheet	6
Tradesheet	6
ECB: What Would a Contrarian Think?	8
ECB: Negative Deposit Rate Cometh Soon	10
UK Rates – don't chase the rally	12
EGB Strategy – heavy rating calendar ahead	14
Euro inflation – record breakers	16
Covered Bond Strategy	18
Euro Relative Value Screen – All Maturities	20
Euro Relative Value Screen – Sub-12yr	21
Euro Relative Value Screen – 8yr+	22
UK Relative Value Screen	23
4 Week Auction Calendar: Euro, UK and US	24
EMU: Coupons & Redemptions (Next 3mths)	25
ESP and ITA Bill Issuance Projections	26
Inflation Forecasts, Carry & Weekly Changes	27
Summary of Recent Publications	29
Appendix A-1	33

Figure 1. Strategy Summary Table

Europe	View	Strategies
Direction	Bund yields have rallied around 15bp in the last week with the latest move encouraged by wobbles in the periphery. Any further rally from here will require the Bund breaking key technical levels, opening up further upside. Our near-term duration scorecard is also bullish.	Look for opportunities to fade the rally
Money Market	We continue to like decoupling strategies between EUR and USD money markets. In the UK, we retain a bearish bias on the very front-end and would look to fade the post-Inflation Report rally.	Buy ERM4 vs EDM4 (or use U4) Receive EUR 2y1y vs USD 2y1y
Yield Curve	ECB policy action in June is likely to keep the front-end of core euro area curves very anchored. We also expect ECB policy to support periphery flatteners. In the UK, we like flatteners in the very front-end such as paying 1y1y vs 3y1y. This rolls negatively, but the front-end has plenty of room to sell-off in the coming months, in our view, given the rapidly disappearing slack in the UK labour market.	BTPs 2s10s flatteners Pay GBP 1y1y vs 3y1y
Cross-market	We maintain our long-standing overweight of Bunds vs Treasuries and gilts. The spread widening has much further to run, in our view. We also like selling 2-5yr gilts vs USTs to express a hawkish view on the UK whilst avoiding negative carry.	Sell 2-5yr gilts vs UST Stay short 10yr gilts vs Bunds Long 10yr Bunds vs UST (add on corrections)
EMU Spreads	Today's (significant) wobble in the periphery is likely to be met with buying, in our view. Prospects of ECB policy action, including QE, are likely to mean further compression between the periphery and the core. Selectively, within core markets, we think scope for further spread compression is limited (such as in certain DSL-OAT spreads).	Buy 10yr Netherlands vs France Stop out of short 20yr DSLs vs Bunds
Swap Spreads	Today's sharp widening in periphery spreads is supporting both EUR and GBP swap spreads. However, we expect the recent ranges to hold.	Hold on to long 30yr gilts vs swaps
Inflation	Spain entered the euro inflation market this week. This adds welcome diversification opportunities, but it also means the market has even more supply to digest. Our base case is that euro break-evens remain range-bound near the lows. In terms of RV, we like buying OATei18 vs Boblei18 break-even. In the UK, we remain long front-end (IL17) break-evens and would add on dips.	Buy OATei18 vs Boblei18 break-even Maintain long in IL gilt 2017 break-even Sell BTPei18 vs OATei18 break-even Sell BTPei19 vs BTPei17 and BTPei23 real yield Sell OATei22 vs OATei20 and OATei24 real yield
Volatility	Whilst black swans can, and indeed have, appeared to wreak havoc on carry trades (they showed up at least twice in 2013), we believe that long positions on receiver swaptions in the top left corner are the safest way to play the ECB at the current market juncture, given the limited downside and the current cheap gamma vol valuation.	Maintain 1y3y ATMF Receiver Swaption
SSA	Look to the primary market for liquidity pockets to add exposure selectively. Move up in quality, especially from EMU sovereigns of lower ratings, when spread levels and liquidity permit.	Long Dutch agencies vs the Netherlands Long EU vs other supras with larger supply pipelines UKRAIL spread tighteners vs gilts and peers in the E sector
For a list of outstanding trade strategies please see the Tradesheet section of this report		

Source: Citi Research Note: Futures trading involves a substantial risk of loss.

Duration Scorecard

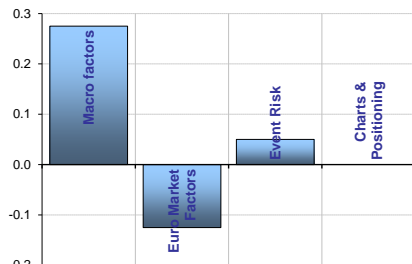
Figure 2. Bund Weekly Cheat Sheet: 16 - 22 May

Bund Directional Scorecard (1w horizon)			
Recommendation		Buy	
Conviction level		Medium	
Signal Strength (+/-2)		RXM4 (EOD Thurs) = 146.67	
		CTD yield = 1.01% 10day del vol = 3.97%	
Macro factors		0.3	Weight = 43%
ECB	2	Citi expects the ECB to cut rates in June	10.0%
Fed, BoE and BOJ	-1	FOMC likely to continue tapering	7.5%
Inflation	1	Citi expects average 2Q HICP to undershoot ECB projection	7.5%
Growth related data	-1	PMI likely to point to slow expansion	5.0%
Citi surprise	1	Citi Economic Surprise Index lowest in 10 months	7.5%
Middle East / Oil	1	Citi expects Brent to fall to \$99 by year-end	5.0%
Euro Market Factors		-0.1	Weight = 30%
Supply	-2	Supply profile non-supportive for 10yr Germany next week	7.5%
Risk appetite	1	GRAMI indicate some pickup in risk aversion	5.0%
Flow	1	Slight improvement in demand for the core	5.0%
Equity	-1	Eurostoxx50 remains near its highest level in 5 years	5.0%
Sovereign credit	-1	Today's periphery weakness likely to be met with buying	5.0%
FX	1	Euro 0.8% weaker in a week (trade-weighted) but likely to bounce	2.5%
Event Risk		0.1	Weight = 13%
Politics	0	Developments in the Ukraine have not meaningfully impacted Bunds	2.5%
3yr LTRO	0	Citi expects a new 1yr LTRO in 2H14	5.0%
QE	1	Citi expects the ECB to embark upon QE in 4Q	5.0%
Charts & Positioning		0.0	Weight = 15%
Technicals	1	Upward channel broken on the upside	5.0%
T-Note	0	Neutral	5.0%
CFTC	-1	Positioning remains short	5.0%

Source: Citi Research NOTE: Futures trading involves a substantial risk of loss.

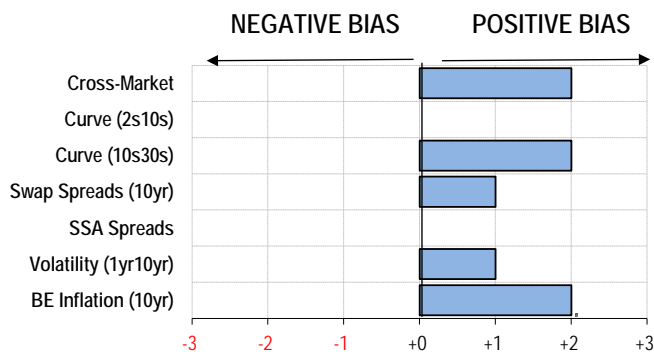
Source: Citi Research NOTE: Futures trading involves a substantial risk of loss.

Figure 3. Contribution to Bund Signals



Source: Citi Research

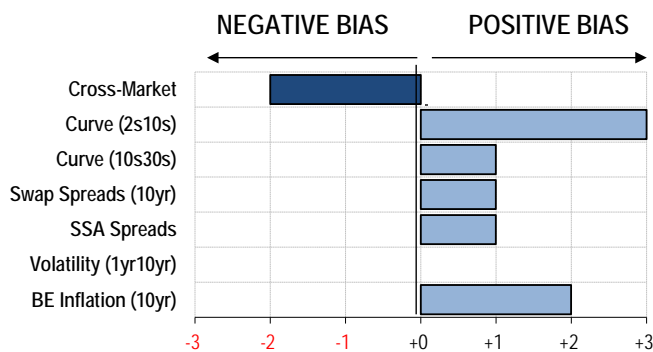
Figure 4. EURO AREA (Near-term Bias)



Source: Citi Research

POSITIVE bias = bullish vs UST, flatter curve, wider swap spreads, tighter SSA spreads, higher implied vol, wider BE inflation

Figure 5. UK (Near-term Bias)



Source: Citi Research

POSITIVE bias = bullish vs Bunds, flatter curve, wider swap spreads, tighter SSA spreads, higher implied vol, wider BE inflation

Tradesheet

New Trade

Please see 15 May [Morning Call](#) for details

1. Buy OATei18 break-even vs Boblei18

Buy OATei18 break-even at 101.8bp

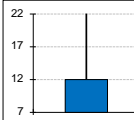
Sell Boblei18 break-even at 81bps

Open 20.8bp. Current 22.5bp. Target 28bp. Stop 17bp

Record of Our Closed Trades

Figure 6. Record of our Closed Trades

Closed Trades this week				
Region	Trade	Open	Levels	Rationale
EUR	Long Bund Jan37 vs DSL Jan37	12bp		
		Current	7bp	Hit Stop 9 May 2014
Cross Market	Buy Bund 4% Jan37 at 2.72%	P&L	-5bp	
	Sell DSL 4% Jan37 at 2.84%	Target	22bp	
		Stop	7bp	European Rates Weekly, 9 January 2014

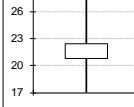
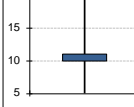

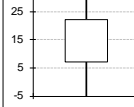
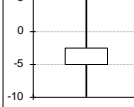
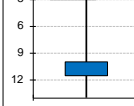
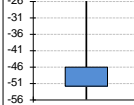


A bar chart with a vertical axis ranging from 7 to 22. A blue bar is shown at the level of 12. A vertical line extends from the top of the bar (12) up to 19, representing a stop level.

Source: Citi Research

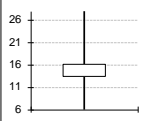
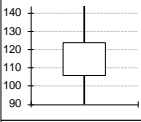
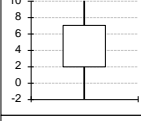
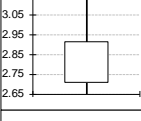
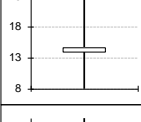
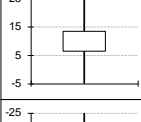
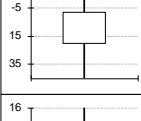
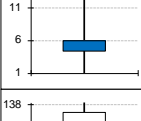
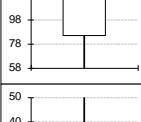
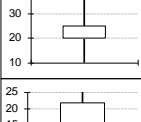
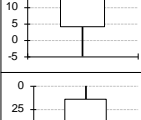
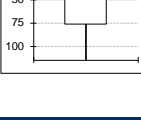
Record of Our Open Trades

Figure 7. Record of our Open Trades

Region	Trade	Levels		Rationale + Publication Date	
EUR	Buy OATei18 break-even vs Boblei18	Open	20.8bp	OATei have underperformed Bundei and BTPei recently and the OATei18-Boblei18 spread is at 10month low.	
Inflation	Buy OATei18 break-even at 101.8bp Sell Boblei18 break-even at 81bps	Current	23bp		
		P&L	2bp		
		Target	28bp		
		Stop	17bp	The Morning Call, 15 May 2014	
EUR	Buy 10yr DSLs vs OATs	Open	11bp	Risk-reward favours spread wideners and upcoming NCR less supportive for France	
Cross Market	Buy DSL 1.75% Jul23s at 1.70% Sell OAT 1.75% May23s at 1.81%	Current	10bp		
		P&L	-1bp		
		Target	20bp		
		Stop	5bp	Euro Rates Weekly, 24 April 2014	
UK	Pay GBP 1y1y vs 3y1y	Open	132bp	The very front-end is still lagging in the sell-off.	
Swap Curve	Pay GBP 1y1y at 1.47% Receive GBP 3y1y at 2.79%	Current	124bp		
		P&L	8bp		
		Target	50bp		
		Stop	170bp	Euro Rates Weekly, 24 April 2014	
UK/US	Sell 5yr gilts vs UST	Open	7bp	The recent outperformance of 5yr UK vs the US looks stretched given respective policy rate outlooks	
Cross Market	Sell gilt 1.75% Jul19 at 1.93% Buy UST 0.875% Jul19 at 1.86%	Current	22bp		
		P&L	15.3bp		
		Target	30bp		
		Stop	-5bp	Euro Rates Weekly, 27 March 2014	
EUR	Buy ERM4 and sell EDM4	Open	-5bp	Attractive entry levels and benefits from ECB policy rate view	
Money Market	Buy ERM4 at 99.69 Sell EDM4 at 99.74	Current	-3bp		
		P&L	2.5bp		
		Target	5bp		
		Stop	-10bp	Euro Rates Strategy, 11 March 2014	
EUR	Buy BNG 2.5% Nov17 vs DSL 1.25% Jan18	Open	10bp	Tactically good entry point for spread compression trade	
SSA	Buy BNG 2.5% Nov17 at 0.63% Sell DSL 1.25% Jan18 at 0.53%	Current	11.5bp		
		P&L	-1.5bp		
		Target	3bp		
		Stop	14bp	European Rates Weekly, 27 February 2014	
EUR	Sell BTPei19 vs BTPei17 and BTPei23	Open	-46bp	Fade the richness of 5yr BTPei.	
Inflation	Buy BTPei17 at 1.04% Sell BTPei19 at 1.53% Buy BTPei23 at 2.48%	Current	-52bp		
		P&L	-6bp		
		Target	-26bp		
		Stop	-56bp	European Rates Weekly, 20 February 2014	

Source: Citi Research NOTE: Futures trading involves a substantial risk of loss.

Figure 8. Record of our Open Trades (continued)

EUR	Sell BTPe18 break-even vs OATe18	Open 13.5bp Current 16bp P&L 3bp Target 28bp Stop 6bp	BTPe1 likely to reverse some of the richness now that Boble18 and OATe18 auctions are over.	
Inflation	Sell BTPe18 break-even at 79.5bp Buy OATe18 break-even at 93bp		European Rates Weekly, 20 February 2014	
EUR	BTP 10s30s steepener	Open 106bp Current 124bp P&L 18bp Target 144bp Stop 90bp	Macro factors, cash flow profile, expect strong demand for new 10yr BTP and +ve carry are supportive for steepeners	
Curve	Buy BTP Aug23 at 3.49% Buy BTP Sep44 at 4.54%		European Rates Weekly, 20 February 2014	
EUR	Buy OATe20 and OATe24 vs OATe22	Open 2bp Current 7bp P&L 5bp Target 10bp Stop -2bp	OATe22 looks too rich on the curve; OATe24 likely to perform after auction is out of the way	
Inflation	Buy OATe20 at 0.10% Sell OATe22 at 0.42% Buy OATe24 at 0.72%		Euro Inflation Strategy, 19 February 2014	
UK	Buy IL gilt 2017 break-evens	Open 2.71% Current 2.92% P&L 20.7bp Revised Target 3.15% Revised Stop 2.70%	We believe that RPI-CPI wedge to widen over the medium-term	
Inflation	Buy IL gilt 2017 break-evens at 2.71%		UK Rates Strategy, 18 February 2014 Revised: UK Inflation Strategy, 25 March 2014	
EUR	Buy 30yr Netherlands vs Austria	Open 14bp Current 14.6bp P&L 0.6bp Target 24bp Stop 8bp	Close to historically tight levels. Uncertainty surrounding the Austria banking sector should weigh on Austrian bonds	
Cross Market	Buy DSL Jan42 at 2.67% Sell RAGB Jun44 at 2.81%		European Rates Weekly, 12 February 2014	
UK / US	Sell UKT 2.25% Sep23 vs UST 2.5% Aug23	Open 6.5bp Current 14bp P&L 7bp Target 30bp Stop -5bp	We expect the MPC to hike three quarters ahead of the Fed	
Cross Market	Sell UKT 2.25% Sep23 at 2.82% Buy UST 2.5% Aug23 at 2.77%		European Rates Weekly, 23 January 2014	
EUR	Long 10yr Spain vs Italy	Open 20bp Current -2bp P&L 22bp Target -25bp Stop 45bp	Spain has a stable rating and lower political risks compared with Italy	
Cross Market	Buy Bono 4.4% Oct23s at 4.26% Sell BTP 4.5% May23s at 4.06%		European Rates Weekly 5 Dec 2013	
EUR	Sell France vs Belgium and Germany	Open 6bp Current 4bp P&L -2bp Target 16bp Stop 1bp	Attractive entry level, possible auction concession and non-supportive cash flow profile for OATs into year-end	
Cross Market	Sell BTAN 1.75% Feb17 at 0.51% Buy OLO 4% Mar17 at 0.66% Buy Bobl 0.5% Apr17 at 0.30%		Euro Rates Strategy, 8 November 2013.	
EUR / UK	Sell UKT Sep23 vs DBR Aug23	Open 85bp Current 132bp P&L 47bp Target 140bp Stop 58bp Revised Stop 85bp	Entry levels are attractive for medium-term gilt-Bund wideners	
Cross Market	Sell UKT 2.25% Sep23 at 2.60% Buy DBR 2% Aug23 at 1.75%		European Rates Weekly, 24 October 2013. Revised Stop: UK Rates Strategy, 11 November 2013	
UK	Sell 30yr gilt swap spreads vs 10yr	Open 20bp Current 25bp P&L 5bp Target 50bp Stop 10bp	Fiscal risks, supply pressures and the absence of QE to put steepening pressure on the gilt curve.	
Swap spread	Sell gilt 3.25% Jan44 ASW at 20bp Buy gilt 1.75% Sep22 ASW at 0bp		UK Rates Strategy, 30 July 2013	
EUR	Receive EUR 10y2y vs 12y3y	Open 4bp Current 22bp P&L 18bp Target 25bp Stop -5bp	Cheapness of the sector due to legacy ASW positions. The trade offers a positive roll-down for relatively low volatility	
Curve	Receive EUR 10y2y at 3.1% Pay EUR 12y3y at 3.14%		The Morning Call, 23 January 2013	
UK	Sell GBP 2y2y ATMf straddle	Open 76bp Current 14bp P&L 62bp Target 0bp Stop 114bp	The fundamental backdrop in the UK supports selling GBP 2y2y vol	
Volatility	Sell GBP 2y2y ATMf (1.04%) straddle at 76bps		IIRS 12 July 2012	

Source: Citi Research

ECB: What Would a Contrarian Think?

Alessandro Tentori
Head of International Rates Strategy
+44-20-7986-9224
alessandro.tentori@citi.com

What new information does Mr Praet have since March?

Small downward revision to the SPF

Citi's timely forecast for a rate cut in June¹ has been in place for quite some time and still holds after the May meeting, which was largely perceived as dovish. In this brief note, we play Devil's advocate and try to evaluate the odds of and the market reaction to no policy change, in other words "what would a contrarian think"?

Staff Projections are based on technical assumptions. Compared to the March projections, current market levels suggest that both average money market rates and average 10y yields are lower and average energy prices are higher than assumed. Furthermore, the level of Euro real effective rates is in line with technical assumptions, while the bilateral EUR/USD is slightly higher than assumed in 2015 and 2016 (but this was already the case in the March projections).

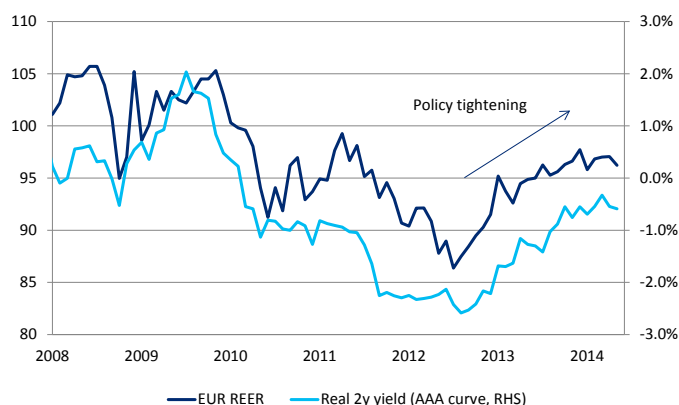
The SPF² is also relevant information to the GC and the latest release suggests that inflation expectations have been revised down, albeit more or less in line with the March Staff Projections. According to Mr Constancio, this revision was "very small", is "not unexpected" and the focus of the GC is and will be the inflation in the medium-term (meaning that a downward adjustment to 2014's HICP will need to be weighed against the prospect of a gradual rise in 2016).

Figure 9. Real effective Euro is within standard deviations



Source: Citi Research, BOE

Figure 10. Policy tightening from FX and rates?



Source: Citi Research

Is the Euro really so strong?

There is a very lively discussion about the level, the reasons and the implications of Euro's strength for monetary policy. Interestingly, Mr Weidmann has suggested that the real effective Euro is not very far from its inception level in 1999 and cannot be defined as "too strong or too weak". Figure 9 shows how the Euro is hovering 5% above its long-term average and well within a standard deviation.

Market implied policy is tighter compared to 2013's average, but has improved since April...

Moreover, we need to take into account the aggregate effect of lower real interest rates and a lower bilateral and real effective Euro since the last Staff Projections: Real 2y AAA rates are now some 5bp below the 2014 average and the EUR REER is 0.7% below the 2014 average. Both series are above 2013 averages, though (Figure 10) and contribute to an implied tightening of policy. The tightening delivered by financial markets may reflect improving fundamentals – and historically the ECB has never cut rates with the composite PMI at 54 – but the main point is that we've observed an easing of implied policy since the April meeting. This might please the GC and remove the sense of urgency that markets are so heavily discounting as we speak.

¹ ["ECB: Dovish Draghi signals unanimous commitment to act"](#) (3 April 2014)

² ["Survey of Professional Forecasters"](#) (ECB Monthly Bulletin, May 2014, p. 51)

Markets are already positioned for action

Ok, so we've made the contrarian, totally out-of-consensus case for no policy change at the June ECB meeting, but what about markets? Markets have positioned for policy action in the aftermath of the dovish April meeting and our perception is investors are happy to sit on "low-for-longer" trades, waiting for ECB delivery and enjoying the positive carry in the meantime.

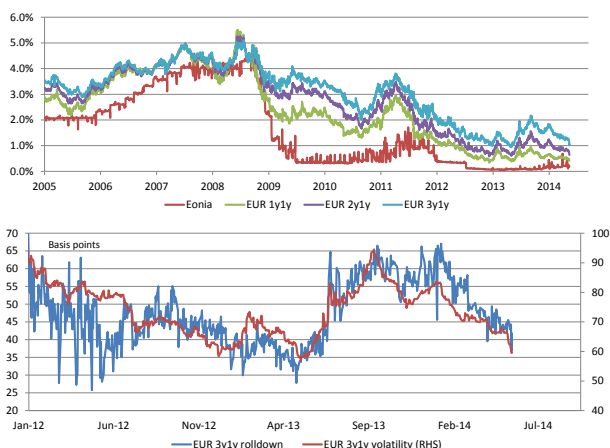
Risk-adjusted carry still looks interesting...

In terms of "low-for-longer" trades like EUR 3y1y, we're currently trading very close to the lows experienced in Dec-12 and May-13. During both episodes, the ECB sounded particularly dovish and discussed negative deposit rates. Adjusting for volatility, the roll-down into 2y1y stands out as being particularly attractive at 0.7bp per bpvol (compared to about +0.6bp during the Dec-12 and May-13 lows). Furthermore, the absolute 12m-profit from carrying 3y1y (42bp) compares vs past levels of 34bp when the rate was at or below 1%.

...but what about the relationship between forwards and vol?

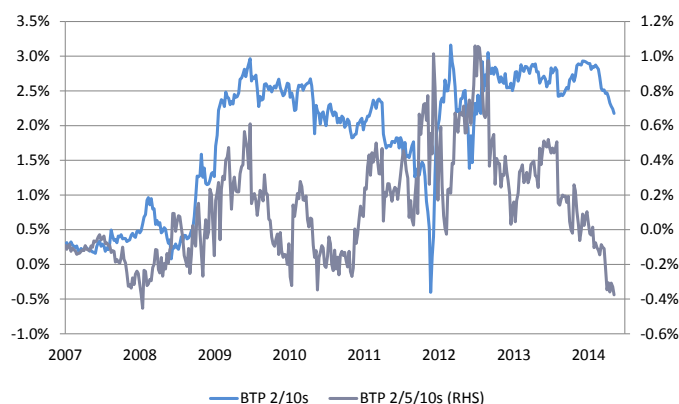
Volatility is a key component of the juicy risk-adjusted carry and in Figure 11 we can appreciate the relationship between declining 1y roll-down and declining 3y1y implied vol. This relationship is also a source of concern, in the sense that vol typically would jump in a sell-off and a bear steepening of the carry fwd space, thus exposing "low-for-longer" strategies to a significant vanna risk.

Figure 11. Front-end forwards and declining volatility



Source: Citi Research

Figure 12. Peripheral curve continue to flatten



Source: Citi Research

Trade Idea

BTP flatteners still supported by domestic and international flows

We continue to believe that expressing carry trades via non-core EGBs is a way to mitigate the delta sensitivity inherent in all carry strategies. The reason for this apparent superiority of peripheral EGBs has to do with the negative convexity in domestic portfolios³ (both insurance and banks) as well as the partially surprising return to EGB markets of investors who for different reasons have been absent ever since the second half of 2011. We like being long BTP Mar-24 vs Apr-16 @215bp with targets in the 200/175bp area. A near term risk to this position is definitely the upcoming European Election as expect the BTP curve to retain its directionality (bear steepening / bull flattening) in the first leg of a potential sell off. In the event of a second, credit-driven leg, curve's directionality is not well defined a priori and we've seen episodes of aggressive bear flattening in the past.

³ "ECB: Thoughts on Asset Purchases" (16 April 2014)

Matteo Regesta
Derivatives
+44-20-7986-9101
matteo.regesta@citi.com

ECB: Negative Deposit Rate Cometh Soon

Expectations of a conventional policy action at the June meeting are growing: at the current market juncture the combined cut of both the refi and the deposit facility rate is rightfully perceived as the easiest option for the ECB from an implementation standpoint. We review below the main implications of yet lower policy rates.

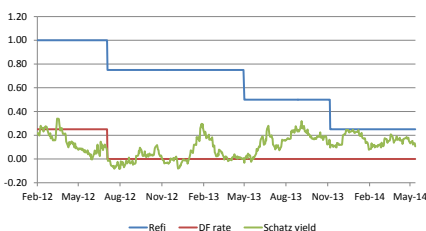
- Impact on rates: Lower. With respect to the front-end we observe that Schatz already traded in negative territory in the past, in particular, after the deposit facility rate had been taken to zero, its yield traded almost invariably below zero from July until early September 2012 (Figure 1). It is likely that the core front-end would flirt again with negative rates in the aftermath of another round of rate cuts.
- Impact on basis risk: There are technical constraints on the repo market. For instance we believe that custodians would not lend in the wholesale market at negative GC rates: stickiness of GC implies that Schatz spread vs. Euribor is likely to undergo tightening pressure in case of negative deposit facility rate. Indeed Libor asset swap spread compression was experienced in Denmark after the Nationalbank cut the deposit rate for banks to -0.20% in July 2012: as shown in Figure 14, the asset swap spread of two year government bond increased by some 23bp over the two month following the cut.
- Impact on swaption implied volatility: In the scenario of cut in the policy rates (refi and the deposit facility rate), temporary uncertainty as to where fixing would go should generate a transitory increase in realized volatility which in turn would prompt gamma volatility at the front-end to be better bid. We expect the implied volatility rally to quickly run out of momentum after few market sessions. Indeed, with the exception of few market episodes, strong vol directionality (Figure 15) implies that gamma implied volatility in the top left corner would be bound to visit yet lower levels in the medium term.
- Impact on spread options: implied correlation on spread options is generally very high, indeed back to levels seen in 2012 on some curve segments. In other words, it is as if spread option market is lagging in pricing a further rate cut. In fact, anticipation of rate cuts would have put downward pressure on correlation given that further easing implies firmer front-end. In particular spread options look cheap vs. swaptions: Figure 16 shows the ratio of implied spread volatility to swaption implied volatility. At present swaptions command a high premium vs. spread options. It should decrease in case of further easing. For instance, one 1y 2s10s spread vol and 1y10y swaption vol should converge as rate cuts pin the 2y swap.

Conclusion

In our view the market implications of further conventional monetary easing are relatively uncomplicated, as we have illustrated above.

However there is a risk to our baseline scenario. It could be argued that rates might actually increase as banks try to offset costs stemming from holding minimum inalienable buffers at the deposit facility. Moreover, pressure on liquidity could come from further disruption of money market funds which might find their activity yet more complex after another round of conventional easing.

Figure 13. Schatz yield is likely to re-visit negative territory in case of combined refi and depo rate cuts



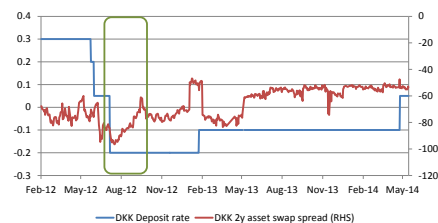
Source: Citi Research

Figure 15. High R2 between implied vol and rates in the top left corner argue for yet lower implied vol in case of further easing

	1y	2y	3y	4y	5y	6y	7y	8y	9y	10y	15y	20y	30y
1m	58%	63%	55%	49%	43%	39%	36%	32%	28%	23%	15%	8%	4%
2m	62%	65%	58%	52%	45%	40%	36%	32%	28%	24%	15%	8%	4%
3m	65%	67%	58%	52%	47%	43%	39%	34%	28%	24%	16%	9%	4%
6m	70%	70%	64%	59%	54%	50%	44%	38%	31%	26%	18%	11%	6%
1y	80%	76%	73%	68%	62%	57%	49%	40%	32%	26%	18%	11%	7%
2y	81%	79%	76%	71%	63%	58%	50%	42%	35%	28%	18%	12%	8%
3y	79%	74%	70%	63%	55%	49%	44%	38%	33%	28%	17%	12%	10%
4y	70%	62%	57%	49%	39%	35%	32%	29%	26%	24%	16%	11%	9%
5y	60%	49%	41%	34%	26%	22%	21%	19%	19%	18%	13%	9%	9%
6y	47%	36%	30%	24%	18%	16%	14%	14%	14%	13%	10%	9%	8%
7y	35%	27%	23%	20%	16%	12%	11%	10%	11%	11%	8%	8%	7%
8y	27%	21%	18%	15%	13%	11%	9%	8%	9%	9%	8%	7%	7%
9y	22%	18%	16%	14%	12%	10%	8%	8%	8%	8%	7%	7%	7%
10y	22%	18%	17%	15%	13%	11%	8%	8%	7%	7%	6%	6%	5%
15y	17%	16%	14%	12%	11%	9%	7%	6%	5%	3%	1%	1%	2%
20y	7%	6%	4%	3%	3%	1%	1%	0%	0%	0%	1%	0%	0%
30y	4%	5%	5%	4%	4%	4%	4%	3%	3%	3%	0%	0%	0%

Source: Citi Research

Figure 14. A cut in deposit facility rate is arguably going to put tightening pressure on the Schatz spread



Source: Citi Research

Figure 16. Decoupling between spread vol and swaption vol valuation should fade as a result of lower correlation

	2s5s/5y	2s10s/10y	2s20s/20y	2s30s/30y
1m	0.55	0.73	0.78	0.79
2m	0.57	0.74	0.81	0.81
3m	0.61	0.77	0.85	0.86
6m	0.60	0.76	0.86	0.90
9m	0.58	0.73	0.84	0.90
1y	0.54	0.68	0.80	0.88
2y	0.45	0.59	0.73	0.83
3y	0.39	0.54	0.69	0.80
4y	0.38	0.53	0.67	0.77
5y	0.39	0.55	0.66	0.75

Source: Citi Research

UK Rates – don't chase the rally

Jamie Searle
UK, European Inflation
+44-20-7986-9493
jamie.searle@citi.com

Next week's MPC minutes will be the next major focus

The market responded more to the dovish tone that the slightly more hawkish projections

There was bullish news in the jobless rate but bearish news in average earnings

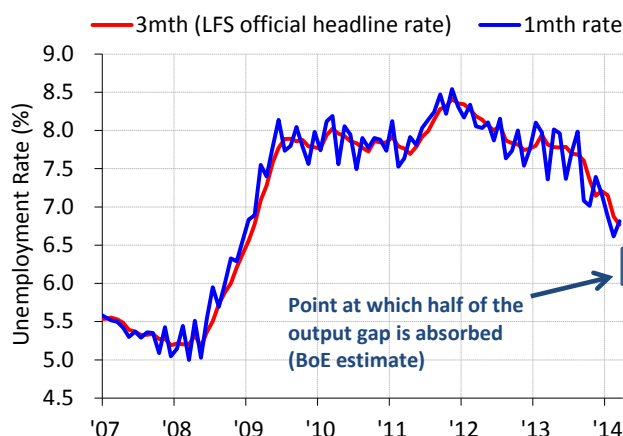
The market rallied sharply following the latest Bank of England Quarterly Inflation Report (QIR) and labour market data. However, we doubt that this rally will have any legs, especially in the front-end. While the knew-jerk market reaction was justified, and helped along by positioning, the events this week were arguably close to neutral for the medium-term outlook with both bullish and bearish elements. The market will now look to next week's MPC minutes (21 May) to gauge the individual views of MPC members, especially given the apparent contradiction between the slightly more hawkish projections in the QIR and the dovish tone struck by Governor Carney in the press conference.

This week's events had both bullish and bearish elements

■ **QIR slightly more hawkish, but the press conference was dovish:** Governor Carney was careful not to 'endorse' market expectations and stressed the uncertainty over the timing of the first rate hike. Much more emphasis was placed on the speed (gradual) and destination (lower than pre- crisis) of the eventual hiking cycle. In short, not much was learnt today: while the projections in the QIR were a little more hawkish, Governor Carney sounded more dovish than we (and the market) anticipated. The market, understandably, focused more on the latter. For a full write up from our economics team, click [here](#).

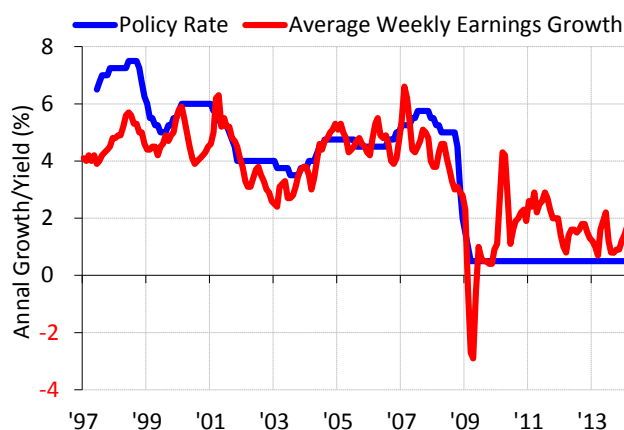
■ **Slack is being used up quickly, but pay growth is yet to respond:** The headline 3mth jobless rate was in line with consensus expectations at 6.8%. However, this was still lower than the 6.9% last month and cements the downward trend (it has now fallen 0.9%pts since August 2013, Figure 17). Overall, the labour market data provided further evidence that slack is being used up quite quickly. For a full write up from our economics team, click [here](#). However, the market rallied on the back of average weekly earnings growth which was unchanged at 1.7%, well below the median of 2.1%. This number is increasingly important as strong wage growth is one of the missing pieces before rate hikes become more imminent. Historically, pay trends have had a high correlation with the policy cycle (Figure 18).

Figure 17. The jobless rate continues to trend lower



Source: Citi Research, BoE.

Figure 18. Average earnings will be a key driver of the hiking cycle



Source: Citi Research, ONS, BoE.

What about macro-pru?

Macro-pru polices are unlikely to influence the timing of the first rate hike

There is increasing attention on macro-prudential policies and some suggestion that they could offer a substitute to monetary policy and delay the eventual hiking cycle. This is unlikely to be the case, in our view. The distinction between macro-pru (set

by the FPC and targeting financial stability) and monetary policy (set by the MPC and targeting inflation) was made very clear by Carney in the press conference. There is no direct substitution. The only way macro-pru could impact monetary policy is indirect via the impact such policies may have on the outlook for growth and inflation (e.g. through housing transactions and construction). While it is, therefore, possible that macro-pru may have some future impact on the level of policy rates, it is very unlikely to delay the timing of the first rate hike which will be chiefly dictated by the MPC's assessment of the tightness of the labour market. Similarly, it is also highly unlikely that rate hikes will be brought forward to deal with issues of financial stability, such as the rapid rise in house prices. As Carney said, base rates will only be used in such circumstances as the "last line of defense"

Market outlook – back in the old range awaiting impetus

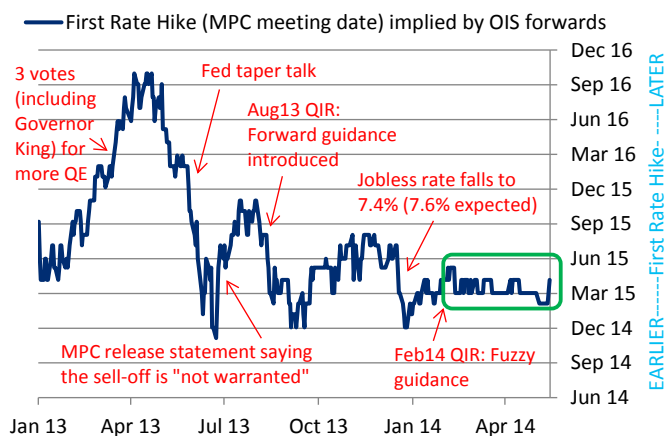
The front-end rally in unlikely to have legs, but (even) stronger data or a change in MPC rhetoric is need to fuel a sustained sell-off

The knee-jerk rally this week was justified given the dovish tone of the press conference and the lower-than-expected average earnings data. However, we doubt it will have legs. The market-implied timing of the first rate hike has been pushed back by two months to April 2015. For the last week or so, it had been February following the strong PMI data (Figure 19). This week's rally has pushed the (OIS) implied timing back into the old range in which it had been stuck for several months. Given the strength of the data, including the bearish elements this week (see above) we see little justification for a sustained rally. At the same time, the data needs to show greater capacity use and, in particular, upward wage pressure to fuel a sustained sell-off. This may take time, but we expect the data to come through and continue to expect the first rate hike in November (which the market only attaches a 25% probability to, Figure 20).

Range-bound near-term, bearish medium-term

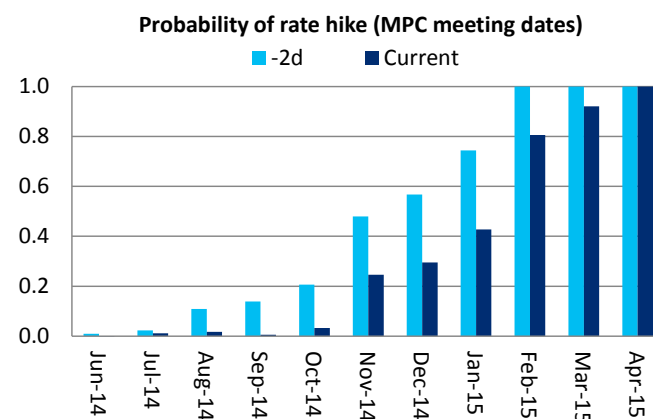
■ **View summary:** We expect the market to be range-bound in the near-term, but our medium-term view remains heavily skewed towards higher yields (well beyond the forwards).

Figure 19. The market has pushed back the first MPC rate hike to April



Source: Citi Research

Figure 20. The implied probability of 'early' rate hikes has fallen



Source: Citi Research

EGB Strategy – heavy rating calendar ahead

Peter Goves
EGB and SSA Strategy
+44-20- 7986-3215
peter.goves@citi.com

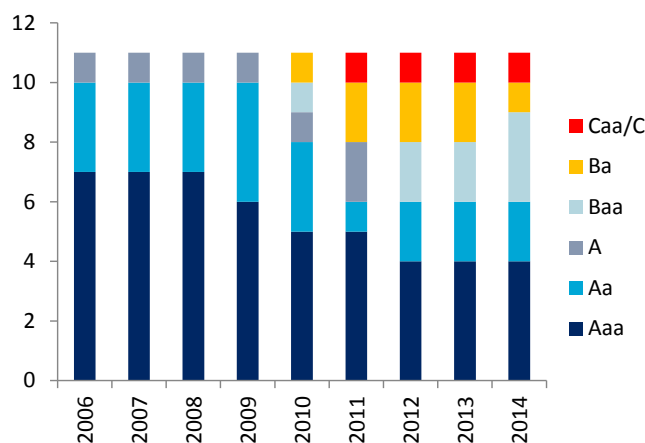
The first few months of the year have been very busy for the rating agencies. Together with a plethora of outlook revisions (typically from negative to stable), there have now been *three* upgrades by Moody's:

- Ireland from Ba1 to Baa3 on 17th January
- Spain from Baa3 to Baa2 on 21st February
- Portugal from Ba3 to Ba2 on 9th May

17/18 euro area sovereigns now have a positive or stable “outlook”

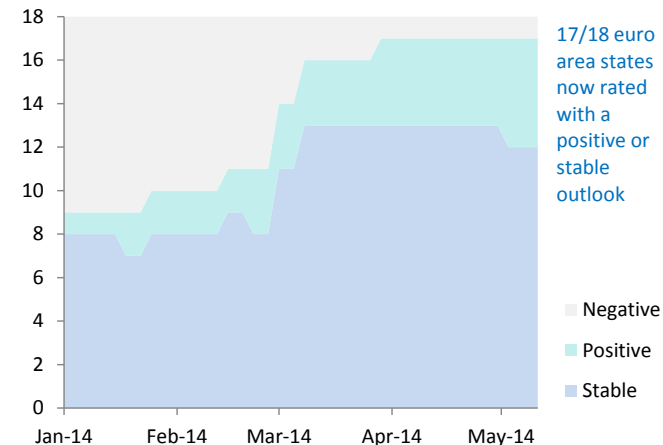
The upgrade of Ireland from Ba1 to Baa3 has already made a change in the broad rating distribution of EMU-11 as rated by Moody's (Figure 21). Only two sovereigns in this set are rated sub-Investment Grade now (Portugal at Ba2 and Greece at Caa3).

Figure 21. EMU-11 rating distribution over time (Moody's rating)



Source: Citi Research, Moody's

Figure 22. Moody's rating outlook assignments for the euro area in 2014



Source: Citi Research, Moody's

Perhaps more striking are the revisions in rating “outlooks” seen already in 2014. In fact, only one sovereign in the euro area now carries a negative outlook by Moody's (France). However, we think a further downgrade of France by Moody's is unlikely. Moody's is likely to maintain the negative outlook in our view until it can review the 2015 budget in the autumn ([Will Valls Succeed Where Others Have Failed?](#)). Five sovereigns have a positive outlook from Moody's. These are Cyprus (Caa3), Ireland (Baa3), Latvia (Baa2), Portugal (Ba2) and Spain (Baa2).

Figure 23. Upcoming rating calendar.

Date	Sovereign	Rating Agency	Current Rating	Current Outlook
23-May-14	Netherlands	S&P	AA+	Stable
23-May-14	Spain	S&P	BBB-	Stable
23-May-14	France	Moody's	Aa1	Neg
23-May-14	Slovenia	Moody's	Ba1	Stable
30-May-14	Latvia	S&P	BBB+	Pos
06-Jun-14	Italy	S&P	BBB	Neg
06-Jun-14	Finland	Moody's	Aaa	Stable
06-Jun-14	Ireland	S&P	BBB+	Pos
13-Jun-14	Italy	Moody's	Baa2	Stable
13-Jun-14	Latvia	Moody's	Baa2	Pos
20-Jun-14	Spain	Moody's	Baa2	Pos

Source: Citi Research

Upcoming rating calendar – views on specific sovereigns

Next Friday (23rd May) in particular is rather a “heavy” day in terms of the sovereign ratings calendar (Figure 23). We detail our sovereign specific views below.

S&P on the Netherlands: We expect no change in the AA+ stable rating of the Dutch sovereign. S&P downgraded the Netherlands from AAA to AA+ in November 2013 on growth prospects being weaker than they had expected. The stable outlook reflects S&P's view that the policy consensus of containing public debt and deficits will be maintained.

S&P on Spain: At BBB-, S&P rates Spain the lowest out of Moody's (Baa2) and Fitch (BBB+). S&P's outlook was revised to stable from negative in November last

year. While we do not expect a rating change next Friday, we think it likely that S&P revises its outlook to positive given improved economic performance.

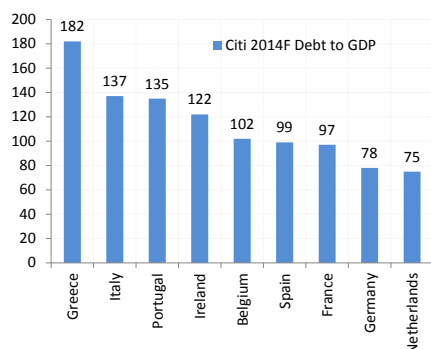
Moody's on France: As detailed above, Moody's rates France Aa1 with a negative outlook (the only negative outlook by Moody's for euro area sovereigns). Fundamentally, PM Manuel Valls has confirmed the quickening up in pace of reforms while earmarking €50bn of expenditure savings to finance the €30bn Responsibility and Solidarity Pact. Priority is now given to GDP growth over budget deficit reduction with France expected to miss its 3%-of-GDP 2015 budget deficit target. However, the renewed focus on boosting corporate competitiveness and shrinking the size of the public sector should add to GDP growth in coming years. On balance, we think that the likelihood of a further rating downgrade is now very small ([Will Valls Succeed Where Others Have Failed?](#)).

Conclusion: Improved credit quality but debt burdens a challenge

The tide has certainly turned for EMU ratings: euro area credit quality has not only ceased to deteriorate but is now actively improving with three upgrades already witnessed in the first five months of 2014. While this is welcome and reflects not only fundamental improvements but broader assessments of "market access" too, rating transitions are likely to be slow in our view. This is to say, upgrades are likely to be of the "one notch" order. This was actually explicitly stated by Moody's in their report regarding Portugal: *"If the review leads to an upgrade of Portugal's rating, it would likely be a one-notch adjustment to Ba1. An upgrade of the rating beyond Ba1 at the conclusion of the review is unlikely given the vulnerabilities associated with the very high public debt ratio."*

Event risk might be lower (a key factor in Moody's scorecard), but the simple fact remains that debt burdens themselves remain historically very high (Figure 24). This remains a key credit challenge that is unlikely to change over the near or even medium term. As such, while upward rating pressure is our base case selectively, the overall rating distribution is unlikely to change dramatically in the years ahead.

Figure 24. Citi forecasts for 2014 debt to GDP levels (%)



Source: Citi Research

Euro inflation – record breakers

Welcome Spain!

Jamie Searle
UK, European Inflation
+44-20-7986-9493
jamie.searle@citi.com

Spain entered the euro inflation market this week with an inaugural 10yr: SPGBei24. The entry of Spain into the market – joining France, Italy and Germany – has been well anticipated since such intentions were made clear at the end of last year. Spain is a welcome new entrant to the market, as shown by the order book reportedly in excess of €20bn. It brings added depth by allowing the inflation-linked investor community to diversify their holdings into a new market. At the same time, it allows Spain to diversify its investor base. Spain intend, over the next few years, to establish a liquid curve supported by frequent re-openings. Below, we consider several implications of the new Spanish linker on the outlook, especially with regard to issuance trends.

2014 issuance and *medium-term* view on break-evens

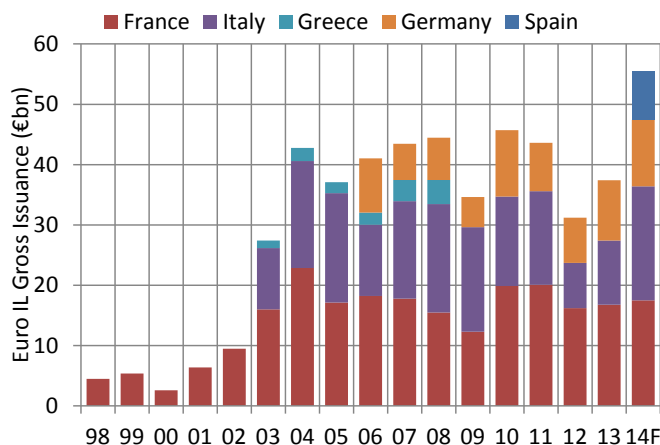
The entry of Spain means that 2014 may be a record year for euro linker issuance by some distance

■ **A record year of issuance:** Even without the entry of Spain, it was already looking like 2014 could be a record year for euro inflation issuance, and certainly much higher than the last two years. As Figure 25 shows, with the addition of Spain, 2014 looks likely to beat the record by a distance (note, we have penciled in €8bn for Spain in 2014 in anticipation of a second syndication later in the year). Moreover, it is noticeable that in both 2012 and 2013 net issuance was in single digits (gross supply less redemptions). This year, the only redemption is BTPei14 in September. The net issuance figure is around €37bn according to our forecasts (Figure 26).

The supply burden is likely to help keep break-evens near the historic lows

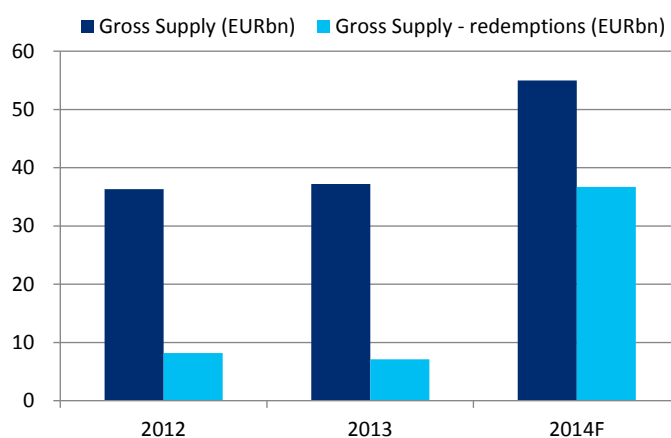
■ **Medium-term view:** The heavy supply burden this year comes at a time when headline inflation is printing below 1% and deflation risks are a growing concern for the ECB. This is one reason why we expect euro break-evens to remain at historically depressed levels over the coming year.

Figure 25. Euro linker gross supply forecasts for 2014 (vs history)



Source: Citi Research

Figure 26. Euro linker net issuance



Source: Citi Research

This week's supply and *near-term* view on break-evens

This week is the largest for issuance into euro linkers for many years

■ **A record week of issuance:** In addition to the inaugural linker from Spain which raised €5bn, Germany and France also held their regular monthly auctions this week (that both auctions are in the same week is a simple quirk of the calendar and only happens when the month begins on a Wednesday or Thursday). As a result, this week's euro linker supply totaled €7.5bn – the highest in memory. The concentration of supply has weighed on euro break-evens, especially OATei. This

Historically attractive levels, positive carry and the possibility of ECB action point to a near-term bounce in break-evens

With a low inflation accrual, total returns are likely to be driven by price returns

BTPEi and SPGBei have the best potential returns, in our view

may reflect interest to switch into the Spanish linker (we note that investors in France were allocated 21% of the new SPGBei24, second only to investors in Spain who took 27%).

- **Near-term view:** Once the market has digested this week's very heavy supply, there are reasons to be bullish on break-evens in the near-term. Carry is very positive until the end of this month, the forwards are now at multi-years lows, and ECB action in June (especially if it is a broad "package" of measures) should push break-evens higher from the bottom of the range.
- **TRADE IDEA:** Adding a relative value overlay, we think there is potential for 5yr OATei to outperform and recently recommended the following trade:
 - Buy OATei18 vs Boblei18 break-even
 - Open = 20.8bp (15 May, see [The Morning Call](#)), current = 22.5bp, target 28bp, stop 17bp.

Overweight Italy and Spain in real yield space

- **Returns driven by real yields:** The muted inflation outlook means that the majority of the total return on euro linkers, for the foreseeable future, is likely to be driven by real yields. We see scope for a further significant fall in periphery yields over the coming quarters (today's sell-off is likely to be met with buyers, in our view). With break-evens likely to be fairly range-bound at low levels, real yields are likely to largely keep up with the rally in nominals.
- **Overweight Italy and Spain:** By way of illustration, our yield, break-even and inflation forecasts (see [Global Economic Outlook and Strategy](#)) imply that 10yr BTPEi could offer total returns of around 10% to year-end compared with just below 2% for 10yr OATei and flat for 10yr Bunde. This suggests overweighting BTPEi and the new SPGBei in a euro real yield portfolio context.

Covered Bond Strategy

Michael Spies
Covered Bonds, SSA
+49-69-1366-8403
michael.spies@citi.com

The implementation of BRRD is on his way...

... and will affect several legal frameworks, among others the German Pfandbrief Act

Introduction of SSM will shift supervisory roles

Concentration risk to be mitigated further...

...as this might occur more often given the new derivation of risk weights

Higher OC requirements to be published on the Bafin website

The Bank Recovery and Resolution Directive will lead to necessary amendments in most national covered bond frameworks. Germany is working on it and the implementation should lead to an even stronger law with an increasing tendency of harmonization.

BRRD and the German Pfandbrief Law

A few weeks ago, the European Parliament approved the final text of the EU's Bank Recovery and Resolution Directive (BRRD) and the Single Resolution Mechanism Regulation (SRM) in its last assembly before the upcoming European Parliament election. For the BRRD, this has been the final step at the EU level – apart from the publication in the official journal of the EU thereafter – but the transposition into national laws now is still required until January 1st 2015. For the SRM, a number of further steps are still needed, but are mostly regarded as formalities. Moreover, no transposition into national law is needed. The SRM would be operational from January 2015, with the bail-in provisions to be applied from January 2016.

Ergo, it is now up to the national lawmakers to implement BRRD. Not surprisingly, in most countries this will also affect national covered bond frameworks. In the case of Germany, a first draft bill has been sent out for written consultations. Obviously, the centerpiece of the implementation will lie in the creation of a national recovery and resolution law. Moreover, the German banking act and banking supervision law need to be amended due to the Single Supervisory Mechanism (SSM) while the Restructuring act, the Financial Market Stabilization law, the Act on the Reorganization of Credit Institutions as well as the Pfandbrief act are also affected. We will focus on the most important effects on the pfandbrief framework.

- **§ 3:** With respect to supervision, the rights of the authority will be strengthened as the issuer and the respective organs have to propound information on the state of the collateral including its economic recoverability to the national supervisory body if seen as necessary. This additional right can mainly be traced back to the introduction of the SSM. Many supervisory rights will be shifted to European level and supervisory instruments will be in hand of the ECB's joint supervisory team. The new amendments should assure that the public supervisory in the interest of pfandbrief holders can be maintained in any case.
- **§ 4:** Matching cover: for the statutory overcollateralization, exposure to the ECB, other EU central banks and credit institutions located in the European Union, Switzerland, USA, Canada and Japan which fulfill a minimum quality prescribed by credit quality step 1 (i.e. risk weighting of 20% following Art. 120 (1) of CRR) is currently eligible. The new amendment should enable the national authority to allow exposure to credit institutions found under credit quality step 1 as well as step 2 as eligible assets if a substantial debtor concentration due to the limitation to credit quality step 1 can be acknowledged. If the concentration cannot be ascertained anymore the eligibility criteria should again be constrained. This will be reviewed on a semi-annual basis.

The main reason for this amendment is the implementation of CRR and the fact that risk weights from credit institutions are now derived directly from the credit ratings of the entity and not from the rating of the country of domicile. This leads to a much smaller number of applicable credit institutions (at least in Germany), increasing the risk of higher counterparty concentration. This is also in line with CRR Art. 129 which allows cover pool exposure to credit quality step 2 rated institutions. Hence, CRR compliance of pfandbriefe will continue to be unequivocally given.

- **§ 4:** In the future, the regulator will be allowed to impose pfandbrief issuers to hold more collateral than stipulated by law if the regulator assesses that the cover pool volume and quality is not high and/or good enough to assure a

sufficient cover of all liabilities (including derivatives). If this problem is seen as solved this ordinance can be reversed, at the earliest, however, six month thereafter. With this amendment, the national regulator will be able to act more flexible on different risk profiles of cover pools, especially in case of heightened concentration risk, ALM risk (currency, interest rate) or if market prices deviate substantially from values used for cover calculations. Obviously, this "cover add-on" will deviate between pfandbrief programs and the quantitative assessment of the necessary surplus collateral will be determined on a step by step basis.

The duty to ensure cover assets becomes more specific

- **§ 15:** An additional change affects the duty to insure the cover assets which are eligible for mortgage pfandbriefe. While cover assets which are buildings erected on the property had to be insured with at least an amount of the value of the buildings throughout the duration of the loan, the amount of the insurance has now become more specific. The amount insured needs to consider the new building or reproduction costs while it has to be appropriate to offset expected damage from substantial risks and it has to be appropriate to compensate the pfandbriefbank following a financial loss given the risk event to occur. One advantage of the amendment is the possibility of an issuer acting as insurance holder and also reducing the risk that cover assets become non-performing.

Further clarity on the treatment of claims for money

- **§ 19, 20, 26:** Several amendments affect articles which clarify the treatment of money claims which are linked to the cover pool as supplementary assets for all types of pfandbriefe. This supplement makes clear that such claims against the ECB or other credit institutions can be registered in the cover register. This is an additional assurance that these claims represent a part of the cover pool, also after issuer default. Although this seems to be obvious at first place, the amendment is a further strengthening of the rights of pfandbrief holders.

Transparency rules will be updated...

- **§ 28:** Transparency requirements are regulated by law in the German pfandbrief market and this will again become more detailed. Firstly, the cover assets will now additionally be classified by the nominal asset volume (three classes: up to €10mn, €10mn-€100mn and more than €100mn), related to debtors. Secondly, the type of debtor classification will be refined as claims which are characterized as export credit agency loans will be separately shown. Thirdly, cover pool information for ship and aircraft pfandbriefe will also have to disclose the total amount of loans which are in arrears for more than 90 days. This has already been published for mortgage and public sector pfandbriefe.

...again

These new regulations are only partly necessary to follow the requirements of CRR to disclose certain cover pool data to qualify for preferential risk weights. Most of the disclosure requirements had been introduced recently when the last Pfandbrief law amendment took place. That said, many of the issuers haven't changed its reporting to this level yet. However, this is in line with the law as a transition period of six months (i.e. until 30/06/14) was provided. For the currently discussed disclosure requirements an additional transition period will be introduced, allowing issuers to defer the publication of the newly required data until the 2nd quarter of 2015.

Conclusion

Further positive development while next amendments are probably nigh

We can only welcome the latest proposed amendments to the German pfandbrief law. With respect to disclosure, the German segment takes a further step to an increasing harmonization of national covered bond frameworks. However, investors should also be aware that it probably won't take long until the next amendment is presented. European banking regulation is an open-heart surgery with a patient being awake. Further overhauls of legal frameworks, supervisory responsibilities and mandate shifting between national and supranational bodies will most probably continue to be on the cards and have repercussions on national level.

Euro Relative Value Screen – All Maturities

Figure 27. Coupon adjusted spread (CAS) to fitted curve and swap curve by country (6m history) - all bonds on each curve

		Versus Govt Curve (CAS)					Versus Swap Curve (CAS)				
		Rank		ZScore	Issued	Size (€bn)	Rank		ZScore	Issued	Size (€bn)
GERMANY	Richest	1	1.00 Feb19	-2.90	Jan14	16	1	3.25 Jul42	-0.17	Jul10	15
		2	1.00 Oct18	-2.44	Sep13	17	2	2.50 Jul44	-0.09	Apr12	16
		3	0.25 Apr18	-2.39	Apr13	17	3	4.75 Jul40	-0.01	Jul08	16
		4	3.75 Jan19	-1.98	Nov08	24	4	4.25 Jul39	0.05	Jan07	14
		5	0.50 Feb18	-1.80	Jan13	17	5	3.75 Jan19	0.66	Nov08	24
	Cheapest	5	4.75 Jul34	1.53	Jan03	20	5	2.25 Sep21	1.61	Aug11	16
		4	4.00 Jan37	1.62	Jan05	23	4	3.75 Jan17	1.63	Nov06	20
		3	6.25 Jan30	1.63	Jan00	9	3	1.25 Oct16	1.72	Sep11	16
		2	1.25 Oct16	1.76	Sep11	16	2	1.00 Feb19	1.84	Jan14	16
		1	4.00 Jul16	1.94	May06	23	1	1.75 Feb24	1.98	Jan14	18
FRANCE	Richest	1	1.00 Nov18	-2.36	Nov12	21	1	3.25 May45	-2.83	May12	11
		2	1.00 May19	-2.24	Jan14	17	2	4.50 Apr41	-2.80	Apr09	24
		3	4.25 Apr19 (BTA)	-1.72	Apr03	31	3	4.00 Oct38	-2.77	Oct05	24
		4	4.00 Apr55	-1.69	Apr04	15	4	4.00 Apr55	-2.75	Apr04	15
		5	3.75 Oct19	-1.59	Oct08	32	5	4.75 Apr35	-2.74	Apr03	21
	Cheapest	5	3.75 Apr21	1.72	Apr05	36	5	5.00 Oct16	-0.83	Oct00	29
		4	2.50 Jul16	1.74	Jul10	31	4	1.75 Feb17	-0.82	Feb11	20
		3	3.50 Apr26	2.12	Apr10	30	3	2.50 Jul16	-0.43	Jul10	31
		2	2.75 Oct27	2.42	Oct11	26	2	2.50 May30	-0.41	May14	5
		1	0.25 Nov16	2.54	Apr14	4	1	0.25 Nov16	0.21	Apr14	4
ITALY	Richest	1	5.00 Sep40	-3.52	Sep09	21	1	4.75 Aug23	-1.60	Feb08	25
		2	5.00 Aug39	-3.29	Aug07	19	2	4.50 Mar24	-1.55	Aug03	23
		3	4.25 Feb19 (MFB)	-2.60	Feb03	25	3	5.50 Nov22	-1.53	May12	21
		4	5.25 Aug17	-2.34	Feb02	24	4	4.50 May23 (IK)	-1.52	Mar13	18
		5	5.75 Feb33	-2.33	Feb02	15	5	5.50 Sep22	-1.52	Mar12	20
	Cheapest	5	1.50 Dec16	1.88	Jan14	16	5	2.75 Nov16	-1.00	Sep13	12
		4	4.50 May23 (IK)	1.90	Mar13	18	4	2.25 May16	-0.98	Apr13	15
		3	3.75 Aug21	2.55	Feb06	28	3	2.50 May19	-0.96	Feb14	15
		2	4.75 Sep44	2.64	Mar13	12	2	1.50 Dec16	-0.62	Jan14	16
		1	4.75 Sep21	3.00	Mar11	25	1	1.15 May17	1.37	May14	5
N'LANDS	Richest	1	0.50 Apr17	-1.93	Jan14	9	1	1.75 Jul23	-1.74	Mar13	16
		2	4.00 Jul18	-1.78	Feb08	15	2	3.75 Jan42	-1.63	May10	14
		3	4.50 Jul17	-1.44	Jul07	15	3	3.75 Jan23	-1.42	Jan06	11
		4	1.75 Jul23	-1.44	Mar13	16	4	2.25 Jul22	-1.42	Feb12	15
		5	3.75 Jan42	-1.15	May10	14	5	4.00 Jul18	-1.40	Feb08	15
	Cheapest	5	4.00 Jan37	1.05	Apr05	14	5	2.75 Jan47	-1.07	Feb14	4
		4	3.25 Jul21	1.16	Mar11	16	4	3.50 Jul20	-1.05	Feb10	15
		3	3.50 Jul20	1.54	Feb10	15	3	1.25 Jan18	-0.90	Jul12	15
		2	4.00 Jul16	2.90	Jul06	14	2	2.50 Jan17	-0.76	Jun11	16
		1	2.25 Jul22	3.02	Feb12	15	1	4.00 Jul16	-0.23	Jul06	14
SPAIN	Richest	1	5.85 Jan22 (FBB)	-1.85	Nov11	19	1	4.85 Oct20	-1.53	Jul10	18
		2	5.50 Apr21	-1.80	Jan11	24	2	5.85 Jan22 (FBB)	-1.52	Nov11	19
		3	4.85 Oct20	-1.43	Jul10	18	3	5.50 Apr21	-1.51	Jan11	24
		4	3.30 Jul16	-1.10	Apr13	17	4	5.40 Jan23	-1.50	Jan13	17
		5	4.00 Apr20	-0.80	Jan10	22	5	4.80 Jan24	-1.49	Sep08	15
	Cheapest	5	4.40 Oct23	0.83	May13	18	5	5.50 Jul17	-1.14	Mar02	20
		4	4.30 Oct19	1.24	Jun09	21	4	2.10 Apr17	-1.09	Nov13	16
		3	4.60 Jul19	1.37	Feb09	18	3	3.80 Jan17	-1.06	Oct06	21
		2	5.90 Jul26	1.61	Mar11	14	2	4.25 Oct16	-1.04	Sep11	21
		1	2.75 Apr19	1.66	Jan14	16	1	3.30 Jul16	-1.03	Apr13	17
BELGIUM	Richest	1	4.00 Mar22	-2.03	May06	14	1	4.25 Mar41	-2.05	Apr10	14
		2	4.00 Mar32	-1.88	Mar12	8	2	3.75 Jun45	-2.01	Sep13	4
		3	1.25 Jun18	-1.86	Feb13	12	3	5.00 Mar35	-1.89	May04	19
		4	4.25 Sep22	-1.81	Jan12	15	4	4.00 Mar32	-1.88	Mar12	8
		5	4.25 Mar41	-1.23	Apr10	14	5	4.00 Mar22	-1.80	May06	14
	Cheapest	5	4.00 Mar17	0.86	Jan07	11	5	4.00 Mar18	-0.96	Jan08	12
		4	3.75 Jun45	1.04	Sep13	4	4	5.50 Sep17	-0.89	Jun02	8
		3	4.25 Sep21	1.13	Jan11	15	3	3.25 Sep16	-0.78	Jan06	13
		2	4.00 Mar18	1.75	Jan08	12	2	4.00 Mar17	-0.69	Jan07	11
		1	3.00 Jun34	2.94	Mar14	5	1	3.50 Feb64	0.00	Feb14	0

Source: Citi Research

Euro Relative Value Screen – Sub-12yr

Figure 28. Coupon adjusted spread (CAS) to fitted curve and swap curve by country (6m history) - bonds with a maximum maturity of 12yrs

GERMANY

Richest

Cheapest

	Rank		ZScore	Issued	Size (€bn)
1	1.00 Feb19	-2.90	Jan14	16	
2	1.00 Oct18	-2.44	Sep13	17	
3	0.25 Apr18	-2.39	Apr13	17	
4	3.75 Jan19	-1.98	Nov08	24	
5	0.50 Feb18	-1.80	Jan13	17	
5	1.50 Sep22	1.12	Sep12	18	
4	2.25 Sep21	1.16	Aug11	16	
3	3.75 Jan17	1.34	Nov06	20	
2	1.25 Oct16	1.76	Sep11	16	
1	4.00 Jul16	1.94	May06	23	

FRANCE

Richest

Cheapest

	Rank		ZScore	Issued	Size (€bn)
1	1.00 Nov18	-2.34	Nov12	21	
2	1.00 May19	-2.22	Jan14	17	
3	4.25 Apr19 (BTA)	-1.71	Apr03	31	
4	3.75 Oct19	-1.61	Oct08	32	
5	4.25 Oct18	-1.19	Oct07	28	
5	5.00 Oct16	1.43	Oct00	29	
4	3.75 Apr21	1.71	Apr05	36	
3	2.50 Jul16	1.75	Jul10	31	
2	3.50 Apr26	2.11	Apr10	30	
1	0.25 Nov16	2.54	Apr14	4	

ITALY

Richest

Cheapest

	Rank		ZScore	Issued	Size (€bn)
1	4.25 Feb19 (MFB)	-2.59	Feb03	25	
2	5.25 Aug17	-2.33	Feb02	24	
3	4.50 Feb18	-2.26	Sep07	25	
4	3.50 Dec18	-2.18	Sep13	17	
5	4.25 Sep19	-2.14	May09	25	
5	3.75 Mar21	1.83	Sep10	24	
4	1.50 Dec16	1.90	Jan14	16	
3	4.50 May23 (IK)	1.90	Mar13	18	
2	3.75 Aug21	2.55	Feb06	28	
1	4.75 Sep21	3.00	Mar11	25	

N'LANDS

Richest

Cheapest

	Rank		ZScore	Issued	Size (€bn)
1	0.50 Apr17	-1.93	Jan14	9	
2	4.00 Jul18	-1.78	Feb08	15	
3	4.50 Jul17	-1.44	Jul07	15	
4	1.75 Jul23	-1.44	Mar13	16	
5	2.00 Jul24	-0.50	Mar14	9	
5	1.25 Jan18	0.96	Jul12	15	
4	3.25 Jul21	1.16	Mar11	16	
3	3.50 Jul20	1.54	Feb10	15	
2	4.00 Jul16	2.90	Jul06	14	
1	2.25 Jul22	3.02	Feb12	15	

SPAIN

Richest

Cheapest

	Rank		ZScore	Issued	Size (€bn)
1	5.85 Jan22 (FBB)	-1.85	Nov11	19	
2	5.50 Apr21	-1.80	Jan11	24	
3	4.85 Oct20	-1.43	Jul10	18	
4	3.30 Jul16	-1.10	Apr13	17	
5	4.00 Apr20	-0.80	Jan10	22	
5	3.75 Oct18	0.73	Jul13	19	
4	4.40 Oct23	0.83	May13	18	
3	4.30 Oct19	1.24	Jun09	21	
2	4.60 Jul19	1.37	Feb09	18	
1	2.75 Apr19	1.66	Jan14	16	

BELGIUM

Richest

Cheapest

	Rank		ZScore	Issued	Size (€bn)
1	4.00 Mar22	-2.03	May06	14	
2	1.25 Jun18	-1.82	Feb13	12	
3	4.25 Sep22	-1.79	Jan12	15	
4	2.60 Jun24	-0.70	Jan14	8	
5	4.00 Mar19	-0.15	Jan09	11	
5	3.25 Sep16	0.82	Jan06	13	
4	3.75 Sep20	0.86	Jan10	18	
3	4.00 Mar17	0.86	Jan07	11	
2	4.25 Sep21	1.14	Jan11	15	
1	4.00 Mar18	1.75	Jan08	12	

Richest

Cheapest

	Rank		ZScore	Issued	Size (€bn)
1	3.75 Jan19	0.66	Nov08	24	
2	1.00 Oct18	0.66	Sep13	17	
3	0.25 Apr18	0.75	Apr13	17	
4	4.25 Jul18	0.81	May08	21	
5	4.00 Jan18	0.85	Nov07	20	
5	2.25 Sep21	1.61	Aug11	16	
4	3.75 Jan17	1.63	Nov06	20	
3	1.25 Oct16	1.72	Sep11	16	
2	1.00 Feb19	1.84	Jan14	16	
1	1.75 Feb24	1.98	Jan14	18	

Richest

Cheapest

	Rank		ZScore	Issued	Size (€bn)
1	1.75 May23	-2.37	May12	26	
2	3.25 Oct21	-2.34	Oct10	36	
3	3.00 Apr22	-2.30	Feb12	33	
4	2.25 Oct22	-2.22	Oct11	25	
5	2.25 May24	-2.21	Nov13	28	
5	3.75 Apr17	-0.88	Apr06	35	
4	5.00 Oct16	-0.83	Oct00	29	
3	1.75 Feb17	-0.82	Feb11	20	
2	2.50 Jul16	-0.43	Jul10	31	
1	0.25 Nov16	0.21	Apr14	4	

Richest

Cheapest

	Rank		ZScore	Issued	Size (€bn)
1	4.75 Aug23	-1.60	Feb08	25	
2	4.50 Mar24	-1.55	Aug13	23	
3	5.50 Nov22	-1.53	May12	21	
4	4.50 May23 (IK)	-1.52	Mar13	18	
5	5.50 Sep22	-1.52	Mar12	20	
5	2.75 Nov16	-1.00	Sep13	12	
4	2.25 May16	-0.98	Apr13	15	
3	2.50 May19	-0.96	Feb14	15	
2	1.50 Dec16	-0.62	Jan14	16	
1	1.15 May17	1.37	May14	5	

Richest

Cheapest

	Rank		ZScore	Issued	Size (€bn)
1	1.75 Jul23	-1.74	Mar13	16	
2	3.75 Jan23	-1.42	Jan06	11	
3	2.25 Jul22	-1.42	Feb12	15	
4	4.00 Jul18	-1.40	Feb08	15	
5	3.25 Jul21	-1.36	Mar11	16	
5	2.00 Jul24	-1.15	Mar14	9	
4	3.50 Jul20	-1.05	Feb10	15	
3	1.25 Jan18	-0.90	Jul12	15	
2	2.50 Jan17	-0.76	Jun11	16	
1	4.00 Jul16	-0.23	Jul06	14	

Richest

Cheapest

	Rank		ZScore	Issued	Size (€bn)
1	4.85 Oct20	-1.53	Jul10	18	
2	5.85 Jan22 (FBB)	-1.52	Nov11	19	
3	5.50 Apr21	-1.51	Jan11	24	
4	5.40 Jan23	-1.50	Jan13	17	
5	4.80 Jan24	-1.49	Sep08	15	
5	5.50 Jul17	-1.14	Mar02	20	
4	2.10 Apr17	-1.09	Nov13	16	
3	3.80 Jan17	-1.06	Oct06	21	
2	4.25 Oct16	-1.04	Sep11	21	
1	3.30 Jul16	-1.03	Apr13	17	

Richest

Cheapest

	Rank		ZScore	Issued	Size (€bn)
1	4.00 Mar22	-1.80	May06	14	
2	4.25 Sep22	-1.76	Jan12	15	
3	4.50 Mar26	-1.72	Jun11	8	
4	2.25 Jun23	-1.70	Jan13	14	
5	4.25 Sep21	-1.67	Jan11	15	
5	3.50 Jun17	-1.04	Mar11	13	
4	4.00 Mar18	-0.96	Jan08	12	
3	5.50 Sep17	-0.89	Jun02	8	
2	3.25 Sep16	-0.78	Jan06	13	
1	4.00 Mar17	-0.69	Jan07	11	

Source: Citi Research

Euro Relative Value Screen – 8yr+

Figure 29. Coupon adjusted spread (CAS) to fitted curve and swap curve by country (6m history) - bonds with a minimum maturity of 8yrs

		Versus Govt Curve (CAS)					Versus Swap Curve (CAS)				
		Rank		ZScore	Issued	Size (€bn)	Rank		ZScore	Issued	Size (€bn)
GERMANY	Richest	1	3.25 Jul42	-1.43	Jul10	15	1	3.25 Jul42	-0.17	Jul10	15
		2	2.50 Jul44	-1.22	Apr12	16	2	2.50 Jul44	-0.09	Apr12	16
		3	1.50 May23	-0.93	May13	18	3	4.75 Jul40	-0.01	Jul08	16
		4	1.50 Feb23	-0.90	Jan13	18	4	4.25 Jul39	0.05	Jan07	14
		5	2.50 Aug46	-0.23	Feb14	3	5	4.00 Jan37	0.71	Jan05	23
	Cheapest	5	1.50 Sep22	1.12	Sep12	18	5	2.00 Aug23	1.21	Sep13	18
		4	5.50 Jan31	1.41	Oct00	17	4	1.75 Jul22	1.42	Apr12	24
		3	4.75 Jul34	1.53	Jan03	20	3	6.25 Jan30	1.47	Jan00	9
		2	4.00 Jan37	1.62	Jan05	23	2	1.50 Sep22	1.47	Sep12	18
		1	6.25 Jan30	1.63	Jan00	9	1	1.75 Feb24	1.98	Jan14	18
FRANCE	Richest	1	4.00 Apr55	-1.59	Apr04	15	1	3.25 May45	-2.83	May12	11
		2	4.25 Oct23 (OAT)	-1.11	Oct06	33	2	4.50 Apr41	-2.80	Apr09	24
		3	2.25 May24	-0.60	Nov13	28	3	4.00 Oct38	-2.77	Oct05	24
		4	2.50 May30	-0.20	May14	5	4	4.00 Apr55	-2.75	Apr04	15
		5	4.50 Apr41	-0.16	Apr09	24	5	4.75 Apr35	-2.74	Apr03	21
	Cheapest	5	4.00 Oct38	0.76	Oct05	24	5	2.25 Oct22	-2.22	Oct11	25
		4	4.75 Apr35	1.21	Apr03	21	4	2.25 May24	-2.21	Nov13	28
		3	5.75 Oct32	1.22	Oct00	26	3	4.25 Oct23 (OAT)	-2.17	Oct06	33
		2	3.50 Apr26	2.17	Apr10	30	2	3.50 Apr26	-2.15	Apr10	30
		1	2.75 Oct27	2.49	Oct11	26	1	2.50 May30	-0.41	May14	5
ITALY	Richest	1	5.00 Sep40	-3.51	Sep09	21	1	4.75 Aug23	-1.60	Feb08	25
		2	5.00 Aug39	-3.29	Aug07	19	2	4.50 Mar24	-1.55	Aug13	23
		3	5.75 Feb33	-2.33	Feb02	15	3	5.50 Nov22	-1.53	May12	21
		4	5.00 Aug34	-2.17	Aug03	22	4	4.50 May23 (IK)	-1.52	Mar13	18
		5	4.00 Feb37	-1.72	Aug05	26	5	5.50 Sep22	-1.52	Mar12	20
	Cheapest	5	5.50 Nov22	0.82	May12	21	5	5.00 Aug34	-1.41	Aug03	22
		4	3.75 Sep24	1.61	Mar14	11	4	4.50 Mar26	-1.38	Sep10	21
		3	4.50 Mar26	1.75	Sep10	21	3	4.75 Sep44	-1.37	Mar13	12
		2	4.50 May23 (IK)	1.90	Mar13	18	2	4.00 Feb37	-1.30	Aug05	26
		1	4.75 Sep44	2.66	Mar13	12	1	3.75 Sep24	-1.02	Mar14	11
N'LANDS	Richest	1	1.75 Jul23	-1.40	Mar13	16	1	1.75 Jul23	-1.74	Mar13	16
		2	3.75 Jan42	-1.13	May10	14	2	3.75 Jan42	-1.63	May10	14
		3	2.00 Jul24	-0.52	Mar14	9	3	3.75 Jan23	-1.42	Jan06	11
		4	3.75 Jan23	-0.27	Jan06	11	4	2.25 Jul22	-1.42	Feb12	15
	Cheapest	4	2.75 Jan47	-0.22	Feb14	4	4	4.00 Jan37	-1.34	Apr05	14
		3	2.50 Jan33	0.46	Mar12	10	3	2.50 Jan33	-1.28	Mar12	10
		2	4.00 Jan37	1.07	Apr05	14	2	2.00 Jul24	-1.15	Mar14	9
		1	2.25 Jul22	3.15	Feb12	15	1	2.75 Jan47	-1.07	Feb14	4
SPAIN	Richest	1	5.75 Jul32	-0.76	Jan01	15	1	5.40 Jan23	-1.50	Jan13	17
		2	4.20 Jan37	-0.61	Jan05	16	2	4.80 Jan24	-1.49	Sep08	15
		3	4.90 Jul40	-0.42	Jun07	13	3	4.40 Oct23	-1.48	May13	18
		4	5.40 Jan23	-0.33	Jan13	17	4	4.65 Jul25	-1.41	Feb10	14
		5	5.15 Oct44	-0.10	Oct13	5	5	3.80 Apr24	-1.40	Jan14	17
	Cheapest	5	4.70 Jul41	0.32	Sep09	12	5	4.90 Jul40	-1.34	Jun07	13
		4	4.65 Jul25	0.50	Feb10	14	4	5.90 Jul26	-1.30	Mar11	14
		3	5.15 Oct28	0.72	Jul13	10	3	5.15 Oct28	-1.27	Jul13	10
		2	4.40 Oct23	0.82	May13	18	2	4.20 Jan37	-1.27	Jan05	16
		1	5.90 Jul26	1.61	Mar11	14	1	5.75 Jul32	-1.24	Jan01	15
BELGIUM	Richest	1	4.00 Mar32	-1.91	Mar12	8	1	4.25 Mar41	-2.05	Apr10	14
		2	4.25 Sep22	-1.79	Jan12	15	2	3.75 Jun45	-2.01	Sep13	4
		3	4.25 Mar41	-1.26	Apr10	14	3	5.00 Mar35	-1.89	May04	19
		4	2.60 Jun24	-0.68	Jan14	8	4	4.00 Mar32	-1.88	Mar12	8
		5	3.50 Feb64	0.00	Feb14	0	5	4.25 Sep22	-1.76	Jan12	15
	Cheapest	5	2.25 Jun23	0.29	Jan13	14	5	4.50 Mar26	-1.72	Jun11	8
		4	5.00 Mar35	0.39	May04	19	4	2.25 Jun23	-1.70	Jan13	14
		3	4.50 Mar26	0.71	Jun11	8	3	2.60 Jun24	-1.48	Jan14	8
		2	3.75 Jun45	0.92	Sep13	4	2	3.00 Jun34	-1.42	Mar14	5
		1	3.00 Jun34	2.87	Mar14	5	1	3.50 Feb64	0.00	Feb14	0

Source: Citi Research

UK Relative Value Screen

Figure 30. Coupon adjusted spread (CAS) to fitted curve and swap curve by maturity (6m history)

ALL

Richest

Cheapest

Rank		ZScore	Issued	Size (€bn)
1	5.00 Sep14	-1.84	Jul02	41
2	4.50 Mar19	-1.57	Sep08	35
3	3.25 Jan44	-1.24	Oct12	27
4	4.25 Dec27	-1.11	Sep06	29
5	2.25 Sep23	-1.07	Jun13	27
5	4.75 Sep15	0.77	Sep03	38
4	3.75 Jul52	1.27	Sep11	22
3	4.25 Jun32	1.29	May00	35
2	1.75 Sep22	1.57	Jun12	28
1	4.25 Sep39	2.01	Mar09	19

Richest

Cheapest

Rank		ZScore	Issued	Size (€bn)
1	5.00 Sep14	-1.88	Jul02	41
2	2.75 Jan15	-1.88	Nov09	29
3	3.75 Sep20	-1.51	Jun10	24
4	4.75 Mar20	-1.50	Mar05	33
5	4.50 Mar19	-1.37	Sep08	35
5	4.25 Jun32	-0.39	May00	35
4	4.75 Dec30	-0.37	Oct07	29
3	1.75 Sep22	-0.33	Jun12	28
2	4.00 Jan60	0.00	Jan12	0
1	2.75 Sep24	0.75	Mar14	7

2yr - 7yr

Richest

Cheapest

Rank		ZScore	Issued	Size (€bn)
1	4.50 Mar19	-1.54	Sep08	35
2	5.00 Mar18	-0.97	May07	34
3	3.75 Sep19	-0.62	Jul09	28
4	1.75 Jul19 (5y)	-0.56	Nov13	22
5	1.75 Jan17	-0.09	Aug11	29
5	1.00 Sep17	-0.07	Mar12	31
4	4.75 Mar20	0.01	Mar05	33
3	4.00 Sep16	0.14	Mar06	35
2	1.25 Jul18 (WX)	0.18	Feb13	34
1	3.75 Sep20	0.19	Jun10	24

Richest

Cheapest

Rank		ZScore	Issued	Size (€bn)
1	3.75 Sep20	-1.51	Jun10	24
2	4.75 Mar20	-1.50	Mar05	33
3	4.50 Mar19	-1.37	Sep08	35
4	3.75 Sep19	-1.32	Jul09	28
5	5.00 Mar18	-1.30	May07	34
5	1.75 Jul19 (5y)	-1.18	Nov13	22
4	1.25 Jul18 (WX)	-1.11	Feb13	34
3	1.00 Sep17	-1.08	Mar12	31
2	1.75 Jan17	-0.96	Aug11	29
1	4.00 Sep16	-0.95	Mar06	35

7yr - 15yr

Richest

Cheapest

Rank		ZScore	Issued	Size (€bn)
1	4.25 Dec27	-1.10	Sep06	29
2	2.25 Sep23 (10y)	-1.03	Jun13	27
3	5.00 Mar25 (G)	-0.93	Sep01	34
4				
5				
5				
4				
3	3.75 Sep21	-0.48	Mar11	28
2	4.00 Mar22	0.30	Feb09	37
1	1.75 Sep22	1.57	Jun12	28

Richest

Cheapest

Rank		ZScore	Issued	Size (€bn)
1	3.75 Sep21	-1.15	Mar11	28
2	4.00 Mar22	-0.74	Feb09	37
3	4.25 Dec27	-0.55	Sep06	29
4				
5				
5				
4				
3	5.00 Mar25 (G)	-0.45	Sep01	34
2	1.75 Sep22	-0.33	Jun12	28
1	2.75 Sep24	0.75	Mar14	7

>15yr

Richest

Cheapest

Rank		ZScore	Issued	Size (€bn)
1	3.25 Jan44 (30y)	-1.15	Oct12	27
2	3.50 Jul68	-0.54	Jun13	10
3	4.25 Dec55	-0.23	May05	23
4	4.50 Sep34	-0.21	Jun09	26
5	4.00 Jan60	-0.03	Oct09	19
5	4.50 Dec42	0.56	Jun07	26
4	4.25 Mar36	0.60	Feb03	26
3	4.25 Jun32	1.32	May00	35
2	3.75 Jul52	1.45	Sep11	22
1	4.25 Sep39	2.10	Mar09	19

Richest

Cheapest

Rank		ZScore	Issued	Size (€bn)
1	4.25 Dec55	-1.21	May05	23
2	4.00 Jan60	-1.19	Oct09	19
3	4.25 Dec49	-1.17	Sep08	19
4	3.75 Jul52	-1.16	Sep11	22
5	4.25 Dec46	-1.15	May06	21
5	4.25 Sep39	-0.60	Mar09	19
4	4.50 Sep34	-0.59	Jun09	26
3	4.25 Jun32	-0.39	May00	35
2	4.75 Dec30	-0.37	Oct07	29
1	4.00 Jan60	0.00	Jan12	0

Source: Citi Research

4 Week Auction Calendar: Euro, UK and US

Aman Bansal, CFA

This is an excerpt from our latest [Weekly Supply Monitor](#) published earlier today. For further details (such as a breakdown of upcoming coupon payments, redemptions and our longer term supply forecasts) please see the full note.

Figure 31. Provisional auction calendar for the next four weeks, gross issuance (local currency, billion), DV01 (\$ million/bp)

Date	Country	Nominal Size (Local Ccy, bn)	Issue Details	DV01 \$million/bp	Approx. Number 10yr Futures		
					TYM4 (UST)	G M4 (Gilt)	RXM4 (Bund)
19 May (Mon)	Belgium	2.8	OLO 3% Sep19 and 2.6% Jun24 (issue confirmed, estimated size)				16k
19 May (Mon)	US	1.5 - 2	Outright Treasury Coupon Purchases: 29/2/2020 - 15/5/2021		-11k		
20 May (Tue)	Finland	1.5	RFGB 2% Apr24 and 2.625% Jul42 (issue confirmed, size upto €1.5bn)				18k
20 May (Tue)	US	2.25 - 2.75	Outright Treasury Coupon Purchases: 15/8/2021 - 15/5/2024		-24k		
21 May (Wed)	Germany	5.0	New Bund May24 (issue and size confirmed)				38k
22 May (Thu)	Spain	5.0	Bono 2yr, 5yr and 10yr (estimated tenor and size)				25k
22 May (Thu)	US	13.0	10-Year TIPS (re-opening)		156k		
Weekly \$DV01 of Issuance				25.0			
Total Number of Futures Contracts					121k	0k	97k

Date	Country	Nominal Size (Local Ccy, bn)	Issue Details	DV01 \$million/bp	Approx. Number 10yr Futures		
					TYM4 (UST)	G M4 (Gilt)	RXM4 (Bund)
27 May (Tue)	Italy	3.0	CTZ (estimated size)				5k
27 May (Tue)	Italy	1.5	BTPei (estimated size)				12k
27 May (Tue)	Netherlands	2.0	DSL Jan19 re-opening (issue confirmed, size €1.5-2.5bn)				8k
27 May (Tue)	US	30.0	2-Year		99k		
27 May (Tue)	US	0.85 - 1.1	Outright Treasury Coupon Purchases: 15/2/2036 - 15/5/2044		-23k		
28 May (Wed)	Germany	2.0	Bund Aug46 re-opening (issue and size confirmed)				40k
28 May (Wed)	UK	1.5	0.25% Index-linked Treasury Gilt 2052 (issue confirmed, estimated size)			56k	
28 May (Wed)	US	13.0	2-Year FRN (re-opening)		0k		
28 May (Wed)	US	35.0	5-year		193k		
28 May (Wed)	US	2.25 - 2.75	Outright Treasury Coupon Purchases: 15/8/2021 - 15/5/2024		-24k		
29 May (Thu)	Italy	5.8	BTP 5yr and 10yr (estimated tenor and size)				36k
29 May (Thu)	Italy	1.8	CCTeu (estimated size)				7k
29 May (Thu)	US	29.0	7-year		229k		
29 May (Thu)	US	0.85 - 1.1	Outright Treasury Coupon Purchases: 15/2/2036 - 15/5/2044		-23k		
30 May (Fri)	US	2.5 - 3.25	Outright Treasury Coupon Purchases: 31/3/2019 - 29/2/2020		-16k		
Weekly \$DV01 of Issuance				59.7			
Total Number of Futures Contracts					435k	56k	108k

Date	Country	Nominal Size (Local Ccy, bn)	Issue Details	DV01 \$million/bp	Approx. Number 10yr Futures		
					TYM4 (UST)	G M4 (Gilt)	RXM4 (Bund)
03 Jun (Tue)	Austria	3.5	RAGB 10yr and 30yr (estimated tenors and size)				27k
03 Jun (Tue)	UK	4.0	1.75% Treasury Gilt 2019 (issue confirmed, estimated size)			21k	
04 Jun (Wed)	Germany	4.0	Bobl Apr19 re-opening (issue and size confirmed)				16k
05 Jun (Thu)	France	8.3	OAT 5yr, 10yr and 15yr (estimated tenors and size)				87k
Weekly \$DV01 of Issuance				24.6			
Total Number of Futures Contracts					0k	21k	130k

Date	Country	Nominal Size (Local Ccy, bn)	Issue Details	DV01 \$million/bp	Approx. Number 10yr Futures		
					TYM4 (UST)	G M4 (Gilt)	RXM4 (Bund)
10 Jun (Tue)	Germany	1.0	Boblei/Bundei (estimated size)				8k
10 Jun (Tue)	Netherlands	3.0	DSL Apr17 re-opneing (issue confirmed, size €2.5-3.5bn)				5k
10 Jun (Tue)	UK	3.3	2.75% Treasury Gilt 2024 (issue confirmed, estimated size)			31k	
10 Jun (Tue)	US	28.0	3-Year		92k		
11 Jun (Wed)	Germany	4.0	Schatz Jun16 re-opening (issue and size confirmed)				7k
11 Jun (Wed)	US	21.0	10-Year (re-opening)		235k		
12 Jun (Thu)	Italy	7.0	BTP 3yr, 7yr and 15yr (estimated tenor and size)				44k
12 Jun (Thu)	UK	1.5	01/8% Index-linked Treasury Gilt 2019 (issue and size confirmed)			9k	
12 Jun (Thu)	US	13.0	30-year (re-opening)		299k		
Weekly \$DV01 of Issuance				64.4			
Total Number of Futures Contracts					626k	40k	63k

The next release of the tentative outright Treasury operation schedule will be at 3 p.m. on May 30, 2014. Therefore we have only included Fed buybacks up to May 30 in this calendar. Additional issue expected in May: Spain 10yr syndication (€4bn). It is not included in the table above as the timing of this supply event has not been announced.

Source: DMOs, Citi Research

EMU: Coupons & Redemptions (Next 3mths)

Figure 32. EMU-11 Bond redemptions over the next three months (€bn)

Redemptions = €183bn											
Redemptions	DEU 40	FRA 26	NLD 14	ITA 73	ESP 16	BEL 0	AUT 10	FIN 0	PRT 4	GRC 0	IRL 0
(Fri) 30-May-14				12.8							
(Sun) 01-Jun-14				19.4							
(Fri) 13-Jun-14	15.0										
(Mon) 16-Jun-14									4.4		
(Tue) 01-Jul-14				13.9							
(Fri) 04-Jul-14	25.0										
(Sat) 12-Jul-14		25.6									
(Tue) 15-Jul-14			13.7				9.6				
(Wed) 30-Jul-14					16.4						
(Fri) 01-Aug-14				27.2							

Source: DMOs, Bloomberg, Citi Research

This table is on a calendar-date basis

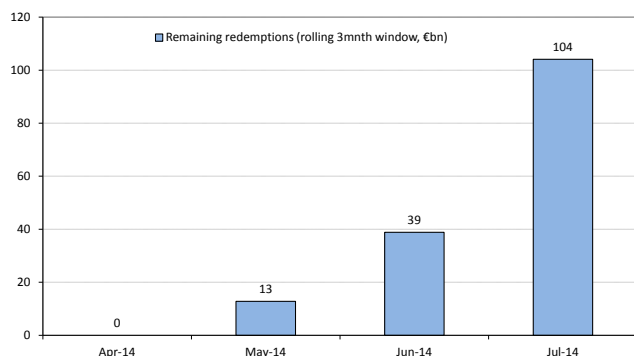
Figure 33. EMU-11 Coupon payments over the next three months (€bn)

Coupons = €51bn											
Coupons	DEU 12	FRA 7	NLD 5	ITA 12	ESP 8	BEL 1	AUT 2	FIN 1	PRT 2	GRC 0	IRL 0
(Thu) 15-May-14	0.3			0.8							
(Tue) 20-May-14											0.0
(Fri) 23-May-14							0.1				
(Sun) 25-May-14		2.0									
(Sun) 01-Jun-14				1.6							
(Sat) 14-Jun-14									0.5		
(Sun) 15-Jun-14				0.6					0.9		
(Mon) 16-Jun-14									0.2		
(Wed) 18-Jun-14							0.1				0.3
(Fri) 20-Jun-14	0.2						0.2				
(Sun) 22-Jun-14						1.0					
(Sat) 28-Jun-14						0.5					
(Tue) 01-Jul-14				0.4							
(Fri) 04-Jul-14	11.4							0.9			
(Sat) 12-Jul-14		1.4									
(Tue) 15-Jul-14			5.3	0.4			1.8				
(Sun) 20-Jul-14											0.0
(Fri) 25-Jul-14		3.8									
(Wed) 30-Jul-14					8.4						
(Fri) 01-Aug-14				8.4							

Source: DMOs, Bloomberg, Citi Research

This table is on a calendar-date basis

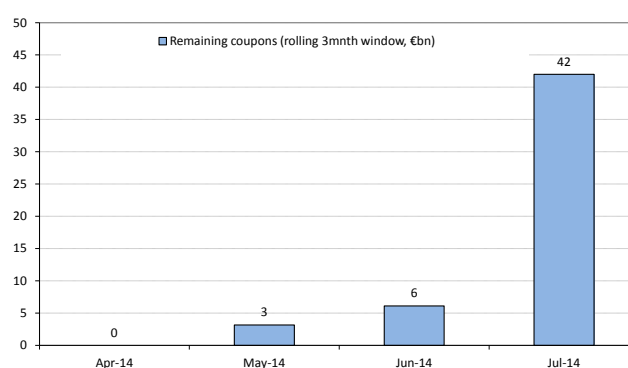
Figure 34. EMU-11 remaining redemptions over the next 3 months (€bn)



Source: DMOs, Bloomberg, Citi Research

This chart is on a calendar-date basis

Figure 35. EMU-11 remaining coupons over the next 3 months (€bn)



Source: DMOs, Bloomberg, Citi Research

This chart is on a calendar-date basis

ESP and ITA Bill Issuance Projections

This page contains our projections for Spanish and Italian bill supply in 2014.

Auction calendar for the next four weeks

Figure 36. Italy and Spain provisional bill auction calendar for the next four weeks: Gross issuance (€ billion), DV01 (€ million/bp)

Week	Date	Country	Issue Details	Total Size (€bn)
Week 1	20 May (Tue)	Spain	3month (22 August 2014) and 9month (20 February 2015) - tenors confirmed, estimated issue and size	4
Total Size in Week 1				4.0
Week 2	28 May (Wed)	Italy	6 month (28 November 2014; issue confirmed, estimated size)	8.5
Total Size in Week 2				8.5
Week 4	11 Jun (Wed)	Italy	12 month (12 June 2015; issue confirmed, estimated size)	7.5
Total Size in Week 4				7.5

Italy announces issue size 3 business days before the auction

Spain announces issue details 1 business day before the auction

Source: DMOs, Citi Research

This table is on a calendar-date basis

2014 projections for bill supply

Figure 37. 2014 Italy and Spain Bill Supply – Citi Forecast (€ billion)

SPAIN	3m	6m	9m	12m	18m	Gross Supply	Redemptions	NCR
Jan	1.0	1.0	2.2	3.1		7	8	-1
Feb	0.9	0.9	2.2	3.6		8	11	-4
Mar	1.3	1.0	2.0	3.5		8	10	-2
Apr	1.1	1.2	2.0	3.7		8	12	-4
May	1.0	1.2	2.5	3.3		8	8	
Jun	1.0	1.2	2.5	3.5		8	14	-6
Jul	0.8	1.0	3.0	3.8		9	8	1
Aug	0.8	1.0	3.0	3.8		9	8	1
Sep	0.8	1.0	3.0	3.8		9	8	1
Oct	0.8	1.0	3.0	3.8		9	9	
Nov	0.8	1.0	3.0	3.8		9	8	1
Dec	0.8	1.0	3.0	3.8		9	7	2
Total	10.7	12.6	31.3	43.2		98	110	-12

ITALY	3m*	6m	9m	12m	Flexible BOT	Gross Supply	Redemptions	NCR
Jan		8.1		9.3		17	20	-2
Feb		8.6		8.0		17	19	-3
Mar		8.3		7.6		16	16	-1
Apr	3.0	7.7		7.5		18	17	1
May		8.5		7.2	3.0	19	14	5
Jun		8.5		7.5		16	16	
Jul		8.5		7.5		16	15	1
Aug		8.5		8.0		17	17	-1
Sep		8.5		8.0	3.0	20	18	1
Oct		8.5		8.0		17	17	
Nov		7.0		7.0		14	16	-2
Dec		7.0		6.0		13	14	-1
Total	3.0	97.7		91.5	6.0	198	199	-1

*3month bills will be issued only for specific cash needs. In this case, auctions shall be held on the 12 month BOT auction dates

Source: DMOs, Bloomberg, Citi Research

This table is on a calendar-date basis

Inflation Forecasts, Carry & Weekly Changes

Figure 38. Citi Inflation Forecasts

Month	EUR HICPxT			France CPIxT			UK RPI			US CPURNSA		
	Index Forecast	MoM Change	YoY Change	Index Forecast	MoM Change	YoY Change	Index Forecast	MoM Change	YoY Change	Index Forecast	MoM Change	YoY Change
Mar 14	117.39	1.0	0.4	126.29	0.5	0.5	254.80	0.2	2.5	236.29	0.6	1.5
Apr 14	117.57	0.2	0.6	126.24	-0.0	0.6	256.00	0.5	2.6	237.07	0.3	2.0
May 14	117.58	0.0	0.5	126.52	0.2	0.8	256.70	0.3	2.7	237.47	0.2	1.9
Jun 14	117.60	0.0	0.5	126.65	0.1	0.7	256.80	0.0	2.8	237.57	0.0	1.7
Jul 14	116.80	-0.7	0.4	126.20	-0.4	0.7	256.50	-0.1	2.7	237.67	0.0	1.7
Aug 14	116.90	0.1	0.3	126.58	0.3	0.5	257.50	0.4	2.6	238.17	0.2	1.8

Source: Citi Research, Bloomberg

Shaded = Already released

Figure 39. US TIPS Inflation-linked Carry (based on forecasts above) – One week changes

Bond	RY (%)	Chg (bp)	Carry-adj chg	Carry: RY (bp)			Reference Conventional	BE (bp)	Chg (bp)	Carry-adj chg	Carry: BE (bp)			ZC Swap - BE Spread (bp)	Chg (bp)
				1 Jul	1 Aug	1 Sep					1 Jul	1 Aug	1 Sep		
Repo (%)				0.09	0.09	0.10									
TIPS 7/15	-2.00	2	-7	38	40	29	US-4.250-08/15/15	209	-9	-0	38	40	29	4	7
TIPS 1/16	-1.52	-9	-16	30	34	29	US-2.625-02/29/16	181	6	13	28	31	25	7	-6
TIPS 4/16	-1.32	-5	-11	27	31	28	US-2.000-04/30/16	170	3	9	25	27	23	5	-4
TIPS 7/16	-1.55	-10	-15	23	25	21	US-4.875-08/15/16	203	7	12	20	21	15	6	-7
TIPS 1/17	-1.16	-4	-8	20	24	22	US-3.125-01/31/17	189	3	7	17	18	14	9	-1
TIPS 4/17	-0.95	-2	-6	19	22	21	US-0.875-04/30/17	182	3	7	15	16	13	9	-1
TIPS 7/17	-1.12	-9	-13	17	20	18	US-4.750-08/15/17	208	8	11	13	14	9	5	-6
TIPS 1/18	-0.76	-1	-5	16	19	19	US-3.500-02/15/18	195	2	5	12	12	9	11	-0
TIPS 4/18	-0.59	-3	-7	15	19	18	US-0.625-04/30/18	189	6	9	11	12	9	12	-5
TIPS 7/18	-0.74	-0	-3	14	17	17	US-4.000-08/15/18	208	0	3	10	10	6	10	0
TIPS 1/19	-0.47	0	-3	14	17	17	US-2.750-02/15/19	202	1	3	9	9	6	11	-0
TIPS 4/19	-0.31	2	-1	13	16	16	US-1.625-04/30/19	195	0	3	9	9	6	15	0
TIPS 7/19	-0.42	-1	-4	12	15	15	US-3.625-08/15/19	211	2	5	8	8	5	13	-2
TIPS 1/20	-0.18	-2	-4	12	15	15	US-3.625-02/15/20	201	3	5	7	7	5	20	-2
TIPS 7/20	-0.16	-2	-4	11	14	14	US-2.625-08/15/20	215	3	5	7	6	4	16	-3
TIPS 1/21	0.04	-2	-5	10	13	14	US-3.625-02/15/21	204	4	6	6	6	4	24	-4
TIPS 7/21	0.05	1	-2	10	12	13	US-2.125-08/15/21	218	1	2	5	5	3	19	-1
TIPS 1/22	0.22	1	-1	9	12	12	US-2.000-02/15/22	209	0	2	5	5	3	25	-1
TIPS 7/22	0.21	-1	-3	8	11	12	US-1.625-08/15/22	219	2	3	5	4	2	23	-3
TIPS 1/23	0.33	-2	-4	8	10	11	US-2.000-02/15/23	214	2	4	4	4	2	26	-3
TIPS 7/23	0.32	1	-1	8	10	11	US-2.500-08/15/23	220	-0	1	4	4	2	26	-1
TIPS 1/24	0.41	1	-1	8	10	11	US-2.750-02/15/24	216	-0	1	4	3	2	28	-1
TIPS 1/25	0.46	0	-2	8	10	11	US-7.625-02/15/25	208	-1	0	4	3	1	39	0
TIPS 1/26	0.54	-0	-2	7	9	10	US-6.000-02/15/26	213	-1	0	3	3	1	38	-0
TIPS 1/27	0.60	-3	-5	7	9	9	US-6.625-02/15/27	215	2	3	3	2	1	39	-3
TIPS 1/28	0.69	-1	-2	6	8	9	US-6.125-11/15/27	213	-0	1	3	2	1	44	-0
TIPS 4/28	0.66	-1	-3	6	8	9	US-5.500-08/15/28	223	0	1	3	3	1	33	-1
TIPS 1/29	0.72	-1	-2	6	8	9	US-5.250-02/15/29	222	-0	1	3	2	1	37	-0
TIPS 4/29	0.70	-3	-4	6	8	9	US-5.250-02/15/29	223	2	3	3	2	1	35	-2
TIPS 4/32	0.82	-3	-4	5	7	8	US-5.375-02/15/31	221	1	2	2	2	0	42	-1
TIPS 2/40	1.04	-4	-4	4	5	6	US-4.625-02/15/40	224	1	1	1	1	0	44	-1
TIPS 2/41	1.04	-1	-2	4	5	6	US-4.750-02/15/41	225	-2	-1	1	1	0	44	1
TIPS 2/42	1.10	-4	-5	3	4	5	US-3.125-02/15/42	226	1	2	1	0	-1	43	-1
TIPS 2/43	1.10	-2	-3	3	4	5	US-3.125-02/15/43	228	-0	-0	1	0	-1	41	-0
TIPS 2/44	1.10	-3	-3	3	4	5	US-3.625-02/15/44	229	-0	0	1	0	-1	40	-0

Source: Citi Research, Bloomberg

Figure 40. EUR Inflation-linked Carry (based on forecasts above) – One week changes

Bond	RY (%)	Chg (bp)	Carry-adj chg	Carry: RY (bp)			Reference Conventional	BE (bp)	Chg (bp)	Carry-adj	Carry: BE (bp)			ZC Swap - BE Spread (bp)	Chg (bp)
				1 Jul	1 Aug	1 Sep					1 Jul	1 Aug	1 Sep		
Repo (%)				0.17	0.14	0.12									
OATei15	-1.13	9	-7	35	28	21	FFRG 4/15	126	-14	1	35	28	21	15	-5
BUNDei16	-0.53	6	-4	25	23	22	BUND 1/16	60	-10	1	25	24	23	1	-2
BTANI16	-0.76	3	-1	2	9	11	FFRG 4/16	91	-7	-3	2	9	11	25	0
BTPei16	0.29	31	22	25	27	30	BTP 8/16	66	-17	-9	20	18	17	41	7
OATi17	-0.74	-1	-4	1	6	8	FFRG 4/17	99	-6	-3	1	5	6	24	0
BTPei17	0.53	28	22	18	20	23	BTP 8/17	74	-16	-10	14	12	10	40	9
BOBLEi18	-0.65	-4	-9	11	10	9	BUND 1/18	80	-7	-2	11	10	9	16	1
OATei18	-0.62	-5	-10	11	9	9	FFRG 4/18	104	-5	-1	10	8	6	27	-1
BTPei18	0.65	20	15	14	16	18	BTP 8/18	89	-8	-3	10	8	7	33	2
OATi19	-0.48	-7	-9	1	5	6	FFRG 4/19	108	-6	-4	0	3	3	32	1
BTPei19	0.89	17	12	12	14	16	BTP 9/19	96	-5	-1	8	7	5	33	-1
BUNDei20	-0.47	-8	-12	8	7	7	BUND 1/20	98	-5	-2	7	6	5	21	-0
OATei20	-0.33	-5	-9	8	8	8	FFRG 4/20	117	-8	-5	7	5	4	25	3
OATi21	-0.07	-7	-9	2	5	6	FFRG 4/21	114	-7	-6	0	1	1	40	2
BTPei21	1.41	16	12	10	12	14	BTP 9/21	112	-2	1	6	4	3	33	-3
OATei22	0.02	-6	-9	7	7	7	FFRG 4/21	106	-8	-5	5	4	2	51	3
BUNDei23	-0.15	-9	-12	6	5	5	BUND 1/22	107	-5	-3	4	3	2	41	0
OATi23	0.15	-8	-10	2	4	6	FFRG 10/23	143	-7	-6	0	1	0	27	2
BTPei23	1.76	12	9	9	11	13	BTP 8/23	119	1	4	4	3	2	42	-6
OATei24	0.30	-6	-9	5	6	6	FFRG 10/23	129	-9	-7	3	2	1	43	4
BTPei24	1.90	11	9	8	10	12	BTP 9/24	127	3	5	4	3	1	42	-7
SPGBEi24	1.80	-	-	8	9	11	SPAG 4/24	119	-	-	4	2	1	51	-
BTPei26	2.08	12	10	7	9	11	BTP 3/26	127	1	3	3	2	1	53	-4
OATei27	0.48	-10	-12	5	5	6	FFRG 4/26	155	-2	-1	3	1	0	32	-0
OATi29	0.49	-11	-12	1	4	5	FFRG 4/29	176	-2	-2	-1	0	-1	25	1
BUNDei30	0.28	-11	-13	4	4	4	BUND 1/30	162	-2	-1	2	1	-1	25	0
OATei32	0.67	-11	-13	4	4	5	FFRG 10/32	175	-2	-1	2	1	0	24	0
BTPei35	2.33	13	11	5	6	7	BTP 8/34	156	4	5	1	0	-1	45	-5
OATei40	0.78	-12	-13	3	3	3	FFRG 4/41	190	-1	0	1	0	-1	18	-1
BTPei41	2.64	15	14	4	5	7	BTP 9/40	147	1	2	1	0	-1	61	-3

Source: Citi Research

Figure 41. UK Gilts Inflation-linked Carry (based on forecasts above) – One week changes

Bond	RY (%)	Chg (bp)	Carry-adj chg	Carry: RY (bp)			Reference Conventional	BE (bp)	Chg (bp)	Carry-adj chg	Carry: BE (bp)			ZC Swap - BE Spread (bp)	Chg (bp)
				1 Jun	1 Jul	1 Aug					1 Jun	1 Jul	1 Aug		
Repo (%)				0.42	0.42	0.42									
UKTi Jul16	-1.99	-5	-6	1	3	6	UKT 9/16	280	-3	-3	0	1	2	38	9
UKTi Nov17	-1.64	-8	-8	1	10	13	UKT 3/18	303	-4	-4	0	6	7	12	-5
UKTi Nov19	-1.11	-9	-10	1	7	10	UKT 9/19	292	-4	-4	0	4	4	27	1
UKTi Apr20	-0.99	-10	-10	1	4	6	UKT 3/20	288	-4	-4	0	0	0	24	-0
UKTi Nov22	-0.68	-9	-9	1	6	8	UKT 3/22	293	-3	-3	0	2	2	32	3
UKTi Mar24	-0.43	-8	-9	1	5	7	UKT 3/25	307	-3	-3	0	2	2	14	-4
UKTi Jul24	-0.44	-8	-9	1	3	5	UKT 3/25	308	-3	-3	0	0	-1	24	0
UKTi Nov27	-0.29	-6	-7	1	4	6	UKT 12/27	318	-4	-5	0	1	1	25	2
UKTi Mar29	-0.18	-6	-7	1	4	5	UKT 12/30	325	-2	-2	0	1	0	17	-2
UKTi Jul30	-0.21	-6	-6	1	2	4	UKT 6/32	335	-2	-2	0	0	-1	17	-7
UKTi Nov32	-0.18	-6	-6	1	3	4	UKT 6/32	332	-3	-3	0	0	0	25	2
UKTi Mar34	-0.14	-6	-6	1	3	4	UKT 9/34	335	-2	-2	0	0	0	20	-2
UKTi Jan35	-0.14	-5	-6	1	2	3	UKT 3/36	339	-2	-2	0	-1	-1	20	1
UKTi Nov37	-0.14	-4	-5	0	2	4	UKT 12/38	341	-2	-3	0	0	0	21	2
UKTi Mar40	-0.12	-4	-4	0	2	3	UKT 9/39	343	-3	-3	0	0	-1	18	0
UKTi Nov42	-0.15	-4	-4	0	2	3	UKT 12/42	346	-3	-3	0	0	-1	19	2
UKTi Mar44	-0.11	-4	-4	0	2	3	UKT 1/44	346	-3	-3	0	0	-1	16	-0
UKTi Nov47	-0.14	-4	-4	0	2	2	UKT 12/46	346	-2	-3	0	0	-1	18	0
UKTi Mar50	-0.14	-4	-4	0	2	2	UKT 12/49	345	-3	-3	0	0	-1	17	-0
UKTi Mar52	-0.14	-4	-5	0	1	2	UKT 7/52	346	-2	-2	0	0	-1	16	-1
UKTi Nov55	-0.18	-4	-5	0	1	2	UKT 12/55	346	-2	-3	0	0	-1	18	0
UKTi Mar62	-0.18	-5	-5	0	1	2	UKT 1/60	346	-2	-3	0	0	-1	18	-0
UKTi Mar68	-0.17	-5	-5	0	1	1	UKT 7/68	347	-2	-3	0	0	-1	17	-0

Source: Citi Research

Summary of Recent Publications

Date	Publication	Topic	Page	Region
15-May-14	NOTE	Weekly Supply Monitor: Euro, UK and US Supply Outlook	-	Global
15-May-14	NOTE	Covered Bond Strategy: LCR: Positive surprise ahead	-	EUR
14-May-14	NOTE	UK Rates Strategy: Stuck in the range	-	UK
13-May-14	NOTE	Covered Bond Strategy: BRRD and the German Pfandbrief Law	-	EUR
12-May-14	NOTE	European Flow Monitor: Spain And Portugal Continue To Lead EGB Demand	-	EUR
12-May-14	NOTE	Portugal upgraded - the long road back to Investment Grade?	-	EUR
08-May-14	European Weekly	ECB: Expectations 2.0	8	EUR
		EUR Vol: Skew to Stay Steep	10	EUR
		UK/Inflation – why CPI doesn't matter	12	UK
		Irish bond outlook – yields to get lower still	14	EUR
		Euro inflation – the importance of the euro	17	EUR
08-May-14	NOTE	French Covered Bonds: 17th April - 07th May	-	EUR
08-May-14	NOTE	Weekly Supply Monitor: Euro, UK and US Supply Outlook	-	Global
08-May-14	NOTE	Covered Bond Strategy - S&P rating actions to be limited to few covered bonds	-	EUR
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07-May-14	NOTE	Outlook for Irish bonds - stretched valuations or further tightening ahead?	-	EUR
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06-May-14	NOTE	European Flow Monitor: Net demand for non-core highest in a year	-	EUR
06-May-14	NOTE	Alert: European Rates Strategy - Bund Technical Flash: Bearish very near term	-	EUR
02-May-14	NOTE	Weekly Supply Monitor: Euro, UK and US Supply Outlook	-	Global
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30-Apr-14	NOTE	SSA and Covered Bond Monthly: A closer look at German guarantee structures	-	EUR
29-Apr-14	NOTE	European Rates Strategy: The month-end RV pack	-	EUR
28-Apr-14	NOTE	European Flow Monitor: Net demand for the non-core continues	-	EUR
24-Apr-14	European Weekly	EGBs: Assessing OAT-DSL spreads	8	EUR
		ECB's Dovish Rhetoric and Swaption Carry	10	EUR
		UK Rates – big week for the front-end	12	UK
		SSA Strategy – UKRAIL to leave £ market	15	UK
24-Apr-14	NOTE	Weekly Supply Monitor: Euro, UK and US Supply Outlook	-	Global
22-Apr-14	NOTE	European Flow Monitor: Net demand for the non-core continues	-	EUR
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Notes

Notes

Appendix A-1

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