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Developed Markets
Western Europe

European Rates Weekly

Will foreign investors sell to the ECB?

- **Will foreign investors offer bonds?** We look at flows from central banks and foreign banks to get a sense for their likely response to the ECB's bid for bonds. We expect the central banks' appetite for EGB to remain relatively muted if the ECB continue with their policy of a weaker euro and low(er) interest rates.

- **Event risk still running high for Greece:** We detail specific near-term events including the next euro group meeting, the upcoming Presidential election and the looming expiry of the current EFSF programme.

- **ECB QE implementation risks:** Draghi has indicated that the ECB will buy bonds with a negative yield, and given that half of the German yield curve trades negatively, this looks unavoidable, despite concerns the Bundesbank might have. We also detail how the agency sector will contribute to German QE.

- **UK – forget the QIR, worry about Greece:** The Quarterly Inflation Report justified the re-pricing of the last week, but little more. Far more important is the fast-moving situation in Greece; we like buying 10yr gilts vs BTPs as a hedge. We also expect flattening pressure to reemerge as yield-grab and disinflation dominate over policy.

- **Swap basis premia too high vs. QE:** Spreads have widened this year as the sovereign debt crisis has flared up again. With the view that a compromise will be reached in the next few weeks, spreads look too wide vis-à-vis the forthcoming QE. In this scenario we like U5 three-month FRA/OIS tightener at 16bp.

- **AFL – French Local Financing I:** The new SSA issuer Agence France Locale stands ready to bring its inaugural deal having recently obtained its banking licence and rating. For French sub-sovereigns, which will be financed by the new issuer, we believe the funding level should be attractive.

- **CAFFIL – French Local Financing II:** While AFL enters the market for financing local authorities, CAFFIL sees its role expanding and will eventually also play an important role in export financing. While this development is spread neutral, CAFFIL currently looks attractive versus main European supranational issuers.

- **EMU RV:** We highlight four relative value trade opportunities in the sub-10yr sector of the Italian, Spanish and French yield curves.

- **Supply:** EGB supply next week comes from Germany (€4bn), France (estimated €10bn) and Spain (estimated €5bn). The US Treasury will issue around $9bn of 30yr TIPS next Thursday. There is no gilt supply next week.

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ECB: Will Foreign Investors Offer Bonds?

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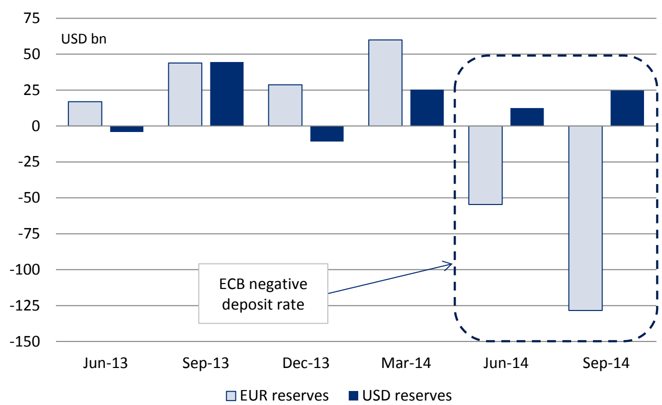
Have international investors changed their behavior and their preference for EGBs in response to ECB's policy? Is there a new trend in international EGB allocation? We look in particular at flows from central banks and foreign banks to get a sense for their likely response to ECB's bid for bonds. The analysis matters in the context of the implicit assumption of 100% rollover when looking at the net supply of EGBs.

We've addressed the question of domestic banks' behavior during QE in a previous note[1] and concluded that there will likely be a difference between core and non-core banks. We now turn our attention to another reservoir of EGB liquidity, i.e. international investors.

Based on our model of global holdings and demand for EGBs[2], we estimate that approximately 40-45% of bonds are held by non-Euro area resident accounts. Central banks (30%) and banks (15%) are the largest investor category within international investors with total holdings estimated in the region of EUR 1.4 trillion.

According to official IMF data, allocated EUR reserves at central banks have dropped by USD 183bn in Q2 and Q3 2014 (Figure 1), back to levels we had not seen since Q4 2-11 (around USD 1.4 trillion). Looking at our flows stats, central banks have been net sellers of EGBs throughout 2014[3].

Figure 1. Central banks have reduced EUR reserves since Q2-14…



Source: IMF, Citi Research

Figure 2. …and have probably continued to reduce in Q4

Source: Citi Research

More specifically, net demand for EGB by central banks dropped in Q4 2014 by a factor of almost 1.4 vs Q3 (Figure 2), suggesting that official data might show another decline in reserves into year end. So far, negative interest rates and ECB's unofficial "weak Euro" policy have had a significant effect on central banks' allocation.

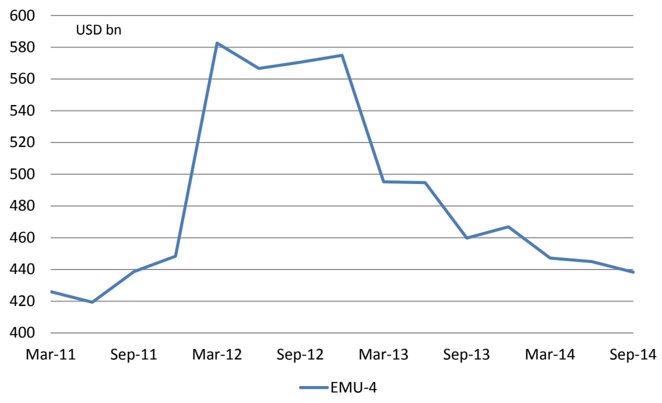
When it comes to foreign banks, the picture is somewhat similar: Total holdings of EMU-4 public sector debt by UK, US and Japanese banks have declined by 25% after reaching a top at around USD 580bn in Q1 2012 (Figure 3).

More in detail:

[1] Citi Euro Rates (2015), "ECB: Will Banks Offer Bonds?" (p. 3)
[2] Citi Euro Rates (2014), "EGB Demand: Facts & Figures for 2015" (p. 53)
[3] We do not disclose figures as the data is proprietary information.

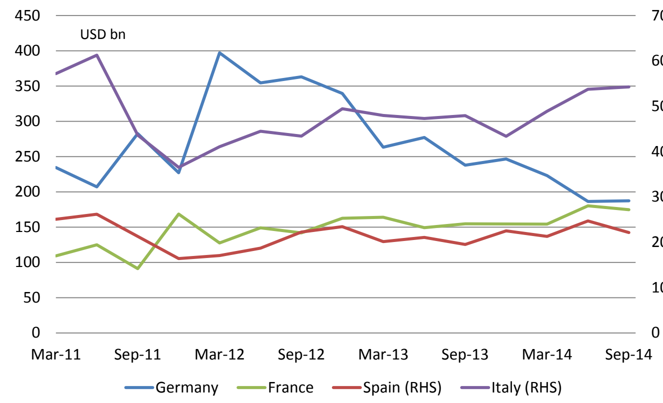
- EGB holdings of UK banks have declined the most since 2012 (USD 170bn, most likely reflecting increased Eurozone credit risk), while increasing for Japanese banks and declining only marginally for US banks.
- Exposure to Bonos, BTPs and OATs has actually increased, while foreign banks seem to have reduced significantly their exposure to Germany (Figure 4). We suspect this “rotation” is probably linked to a valuation argument.

Figure 3. Total holdings of EGBs by US, UK and Japanese banks…



Source: BIS, Citi Research

Figure 4. …and holdings by issuer country

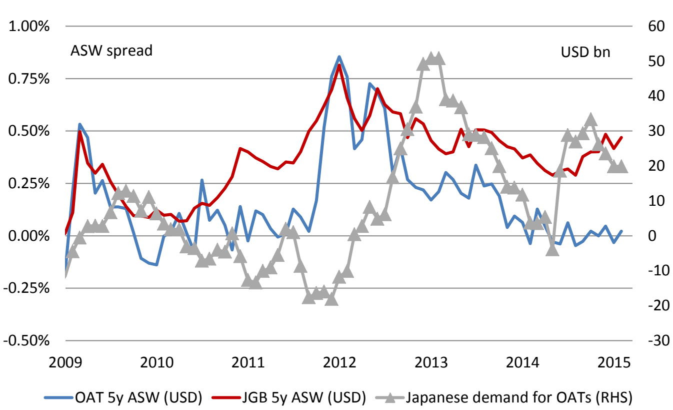


Source: BIS, Citi Research

Example: Japanese investors

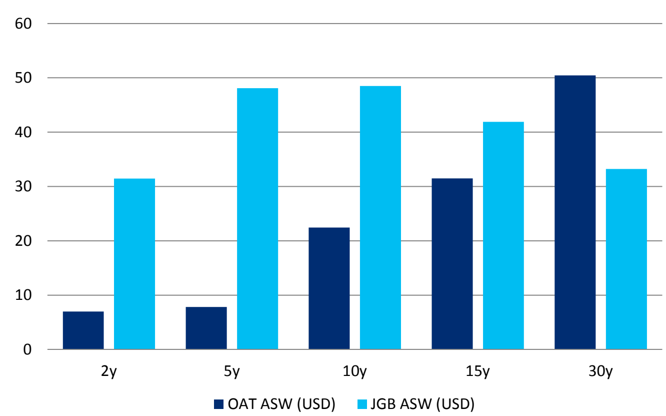
Japanese investors (esp. banks) are a good example of the effect of relative bond valuation on the direction of international flows: Net demand for OATs from Japanese accounts flipped into positive territory during the summer of 2012 (Figure 5), as OATs started to look attractive vs JGBs on a USD-ASW basis, on an absolute yield basis, in terms of rating and liquidity. In addition, ECB policymakers (finally) had just managed to convince bond investors that credit risk was exaggerated. Interesting is also the jump in OAT demand in summer 2014, probably reflecting a combination of anticipated ECB QE as well as expectations of a positive shift in Japan’s official stance towards international investments.

Figure 5. OAT, JGB and Japanese flows into France



Source: MOF, Citi Research

Figure 6. OATs look attractive only at the long-end of the curve



Source: Bloomberg, Citi Research

Japanese investors have long been a benchmark of international demand for core EGB paper: During the past three years they have accumulated USD 82bn worth of OATs and USD 61bn of Treasuries, while reducing their exposure to German sovereign debt by approximately USD 17bn.

Japanese banks have played yet again a key role in the international fixed income arena with reported holdings of USD 112bn of France (23% yoy) and USD 64bn of Germany (-29% yoy) as well as USD 518bn of US public sector exposure (flat yoy).

Conclusion: What can we say about future international demand?

There are several aspects to consider:

- Declining international appetite for EGBs does not necessarily mean that investors will be sellers. From the point of view of the demand and supply equilibrium, not rolling existing bond holdings forces us to consider a hybrid measure of supply that lies between the net and the gross number. In that sense, saying that the ECB will generate a huge negative net supply[4] in certain markets is a conditional statement and has to be taken with a pinch of salt.
- If the ECB continue with their policy of weaker Euro and low(er) interest rates, then we think it is safe to assume that central banks' appetite for EGB will continue to be relatively muted. The SNB is a good example in the sense and it may well become a trend-setter for global central banking in the coming years, i.e. the currency war will not be fought via central balance sheets, but rather via negative interest rates[5].
- Currently, only long-dated OATs look attractive relative to JGBs on an ASW-basis (Figure 6), while still retaining a small advantage in terms of absolute yield. This raises doubts about another year of strong Japanese demand for OATs. Note that non-resident holdings of French government debt are amongst the highest in EMU (around 64%, the number includes both non-French residents as well as foreign investors).

[4] We've computed a revised net supply schedule for EGB issuers including the QE effect, see Citi Euro Rates (2015), "How Open-Ended is QE Really?"

[5] We've briefly touched upon this subject in previous work, see for example Citi Euro Rates (2015), "Where is the Carry Now? (Part II)"

Greece – the near term event calendar

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Event risk is running high for Greece. Following the ECB's decision to suspend its collateral waiver for Greece, this week's euro group meeting, although described as "constructive" by Dijsselbloem, failed to reach agreement on the continuation of financial assistance to Greece. Belgian finance minister Johan Van Overtveldt said that "*like it was today it went from left to right and up and down, and so it's hard to take an average of it, but it will continue to be a very difficult discussion*". Italian financial minister Pier Carlo Padoan indicated after the meeting that "*we had a very fruitful and at times frank discussion*", concluding that "*I am optimistic that as there is a will to go ahead*". In the near-term political brinkmanship is key, and it is precisely this and the associated headline risk which we believe will continue to weigh on Greek government bonds.

Upcoming event risk

Euro group meeting next Monday: Talks resume on Monday among euro area finance ministers at the regular eurogroup meeting (Figure 7). Greece will be central to the agenda, especially with the new government's focus on some form of debt relief whilst also addressing the sovereign's austerity policies.

Upcoming Presidential elections: The election of a new Greek President is also likely to begin next week. In the first round, 180 votes are required for the new candidate. The current coalition has 162 seats. In the event that 180 votes aren't achieved, there will be a second round 5 days later.

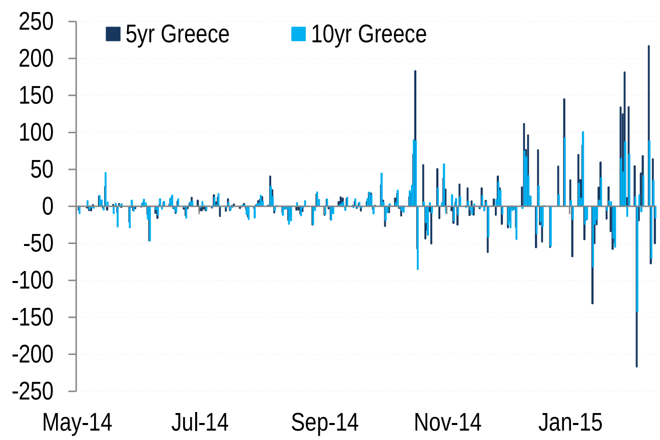
End of current bailout 28th February: More crucially, Greece's current EFSF support programme expires on 28th February (already having been technically extended by two months). The fragile funding arithmetic is likely to remain a concern, especially given the lack of market access, and is likely to weigh on sentiment until further certainty is achieved.

Figure 7. Near-term event calendar regarding Greece

Date	Key event
16-Feb-15	Eurogroup meeting of euro area finance ministers
Week of 16th Feb	Presidential election. If candidate doesn't receive 180 votes, the next vote will take place 5 days later
18-Feb-15	Bi-weekly ECB review of ELA
19-Feb-15	First date ECB minutes may be published
26-Feb-15	2nd LTRO ends
28-Feb-15	End of current Greek bailout
10-Mar-15	Euro-area finance ministers meeting
11-Mar-15	EU finance ministers meeting
13-Mar-15	S&P expects Greece's creditwatch to be resolved
19-Mar-15	European Union leaders meeting

Source: Citi Research, Citi Economics, Bloomberg

Figure 8. Daily change in 5yr and 10yr Greek yields



Source: Citi Research

Key message: volatility to persist for GGBs

With such event risk, ongoing political brinkmanship and clear uncertainty regarding exactly how Greece will be funded over the near term, we remain cautious on Greek government bonds. So far, contagion into the wider EGB market has been relatively limited and with ECB QE set to start in March, we expect this dynamic to continue. Full details can be found in our *Euro Rates Strategy - Greece – brinksmanship to bring more volatility*.

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EGBs: Implementation risks of QE

QE – the German portion: Dow Jones today reported that the Bundesbank will look to buy around €10bn of German sovereign bonds per month. Dow Jones also reported that the Bundesbank will buy some bonds of KfW, LBANK, and NRWBK. This is consistent with the overall programme of €40bn-€45bn of EMU governments and agencies a month (*Euro Rates Strategy - How 'open-ended' is QE really?*). However there was also a remark that buying bonds at negative yields might need further clarification.

51% of German bonds are trading with a negative yield

Implementation considerations: Draghi has stated that the ECB will buy bonds with negative yields, but as the Dow Jones story implies, there is clear unease at doing this. However, the sheer number of bonds that only have a positive yield would drastically reduce the eligible pool of German sovereign bonds for the overall QE programme.

Half of German debt already trades with a negative yield: To quantify, there are 43 nominal German bonds that reside in the 2yr-30yr ECB QE maturity bucket. Of these, 20 have a negative yield (at the time of writing), or 47%. If we include the 4 linkers (all of which have a negative yield), then 24 bonds out of 47 bonds have a negative yield or 51%. In terms of outstanding, these 47 German bonds amount to €772.5bn as of today and the 24 with a negative yield amount to €404bn (52%). Hence the positively yielding amount in the 2yr-30yr sector is €368.5bn. Taking into account the "25% rule" that the ECB would potentially buy, this comes down to €92bn in terms of market outstanding amounts at the moment[6]. Based on this rough estimate, at a run rate of around €10bn a month, the ECB would run out of German government bonds it could buy after around 9 months if it excluded negative yields.

(Even) flatter curves

Tendency to focus on the long-end? Clearly bonds with negative yields have to be bought. However, the unease to buy such bonds implies that there may be a tendency to buy longer dated sectors, putting even further flattening pressure on (mostly core) curves. At the moment we simply don't know how any maturity split of ECB purchases within the 2yr-30yr sectors will be applied and we have scenarios of structured DV01 approach in our European Rates Weekly - QE announced. What happens now?

How German agencies join EGB purchases

The agency market is heterogeneous: The euro area agency market is fragmented and definitions vary as to what actually constitutes "an agency" not least because of different risk weights and the variety of guarantee structures that exist. The German sector includes the explicitly guaranteed agenies KfW and RENTEN, other agencies such as FMSWER which is guaranteed by SoFFin as well as development banks of the Laender such as NRWBK (*Euro SSA and Covered Bond Strategy - Overview and opportunities: German agency and covered bonds*).

ECB definitions: The ECB has definitions of agencies which include the four cited above. However, the Dow Jones report mentioned only KfW, LBANK and NRWBK. While these are classified as an agency by the ECB they represent a subset of the broader German agency universe (*Euro SSA Strategy - What is an "agency" for the ECB and its QE progamme?*).

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[6] This is just for illustrative purposes. In our more detailed note linked above, we take into current market values, the impact of net supply and the evolution of bonds rolling out of this bucket over time.

The pool of German agencies: By our calculations and using the complete list of agencies as defined by the ECB, the euro portion of agency debt in the 2y-30yr bucket is currently around €368bn in outstanding amounts. Specifically, the German agency portion is around €227bn. If we simply include just KfW, LBANK and NRWBK then this outstanding amount reduces to €157bn. Such numbers don't take into account the "25% rule" either. Definitions of exactly which agency is to be included can therefore have meaningful implications for the overall QE portfolio composition. We also do not know the relative proportions between government purchases and agency purchases. What we can calculate is that the overall government bond outstanding is around €772.5bn at present and the overall German agency pool is around €227bn. Hence for the German sector overall, the agency portion is around 23%. If only KfW, LBANK and NRWBK account for German agency buying (and we would be surprised if KfW were included, but RENTEN not) then agencies would account for 17% of the overall German pool.

Agencies with negative yields: First, note that many KfW bonds also have a negative yield too: of the 27 euro KfW bonds with an outstanding over €1bn, 16 have a negative yield, or 59%. In terms of market value, the 2yr-30yr bucket for KfW, LBANK and NRWBK is around €169bn. The portion of this composed of bonds with a positive yield is €97bn and again the ECB would buy up to 25% of this.

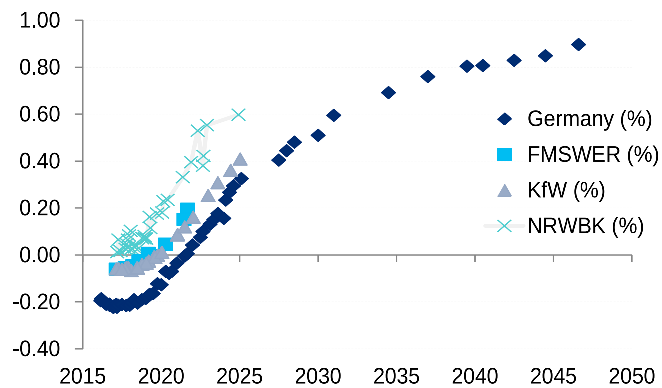
Agencies also have a shorter average maturity: Second, and perhaps more importantly, agency curves tends to be shorter in overall duration. Note that the weighted average life of German agencies is around 3.23yrs and KfW's longest maturity bond is the Jan25s (Figure 10). In contrast, sovereign curves are much longer in average maturity: Germany's weighted average maturity is around 6.5yrs, France is 6.97yrs and Austria is 7.84yrs. This means that, depending on the maturity objectives of the ECB, there is no 10yr+ agency bond that the ECB could buy. Any purchasing of that sector will have to be met with government bonds. However, in shorter dated sectors, the ECB can perhaps buy more agencies – which will also have a less negative yield due their nature as spread products.

Figure 9. Euro agency market as defined by ECB categorizations (€bn)

	0-2yr	2-30yr	30yr+	Total	WAM	WAM of eligible
German agencies	129	227	0	356.48	3.23	4.56
French agencies	24	124	2	150.28	7.10	7.87
Spanish agencies	29	17	0	45.90	2.13	3.99
	183	368	2	553		

Source: Citi Research, ECB, Bloomberg

Figure 10. Agency curves are shorter anyway (yield curves, %)



Source: Citi Research

Conclusion: implementation risks of QE becoming clearer

We have often stated that euro area QE was always going to be structurally more difficult to implement than QE carried out by the Fed and Bank of England given the heterogeneous nature of EMU. This is now clearly starting to show, especially given the current knowledge of ECB QE specifications coupled with the current (negative) yield environment. Overall, we continue to see ECB QE as supportive of the overall low yield environment, but perhaps now with move conviction that curves look set to get flatter even still.

UK: Forget the QIR, worry about Greece

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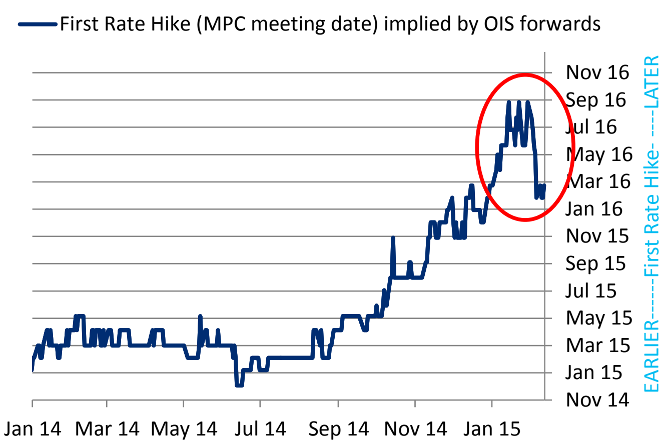
- **The Quarterly Inflation Report (QIR) justified the re-pricing of the last week, but little more.** The MPC are in wait-and-see mode. Low inflation buys them time to err on the side of caution. The initial reaction was bearish, but muted.
- **Far more important is the fast-moving situation in Greece.** An accident cannot be ruled out. Gilts are likely to benefit from any associated flight-to-quality (more so than Bunds) while the EMU periphery may suffer mild contagion. We like buying 10yr gilts vs BTPs at the cheap-end of the range.
- **Yield-grab and global dis-inflation are powerful forces.** We expect this to reassert flattening pressure on the gilt curve (both 2s10s and 10s30s) once the dust settles on the QIR. 30yr gilts look cheap vs Bunds.

The QIR just validates the re-pricing over the last week

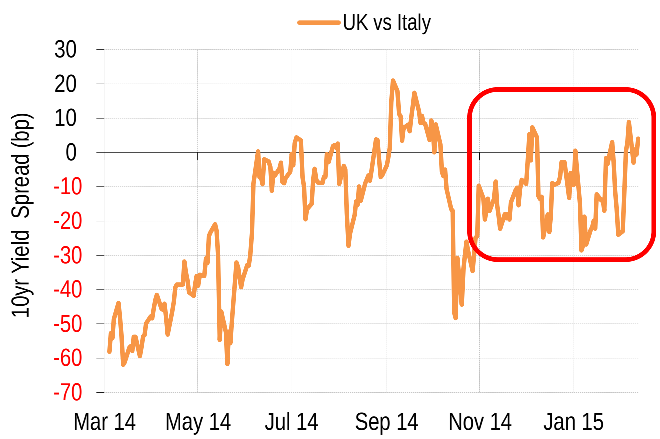
- The forecast for near-term inflation was revised much lower, but Carney was clear that the one-off falls in food/energy prices will be looked through.
- Stronger underlying strength was the real story he said and the 2016 growth forecast was duly revised up to 2.9% from 2.6% (2015 unchanged at 2.9%).
- The medium-term inflation forecast was also pushed higher to a little above 2% at the 2-3yr horizon. While undeniably hawkish, this was based on market pricing of a first rate hike in Q3 2016. It had already moved to Q1 2016 over the last week (Figure 11); sterling has also appreciated, although oil prices are higher.
- The overall risks to the forecasts were "broadly balanced". The Bank Rate could rise more quickly than (last week's) market pricing while the options for further stimulus were also highlighted if CPI undershoots further. Interestingly, this included QE *and* a cut in the Bank Rate. Previously, the Bank Rate was said to be floored at 0.5%, but it seems the MPC now judge that banks/building societies have repaired their balances sheets enough to withstand a rate cut.

Figure 11. The market has pushed back the first rate hike



Source: Citi Research

Figure 12. Gilts are at the cheap-end of the range vs the EMU periphery



Source: Citi Research, Bloomberg.

The initial reaction of gilts was bearish (10s +6bp). **This is the first bearish response to a QIR since February 2014** (although short-sterling led a rally later in the day). However, the scale of the move was not excessive, especially given the recent pick-up in daily volatility. **We doubt the QIR will have a lasting impact**. Moreover, it is difficult for the MPC to sound too hawkish when other central banks are easing and GBP is appreciating. The MPC remain in wait-and-see mode.

Buy gilts vs the periphery on Greek risks

The fast-moving situation in Greece is more important than the QIR for the near-term outlook, in our view. The market seems relatively complacent (partly thanks to ECB QE) and confident that a compromise deal will be reached quickly. But, an accident, or at least protracted negotiations, cannot be ruled out. Gilts are likely to benefit from any risk-off episode as flight-to-quality flows drive gilt/Treasury yields lower (more so than yield-poor Bunds). Contagion into the EMU periphery may be modest compared with previous episodes, but a very mild dose is likely.

One way to hedge against Greek risks is buy gilts vs the periphery. The 10yr UK-Italy spread has cheapened sharply today. The spread is very volatile (13bp today), but the range has been quite well defined in recent months (Figure 12). Current levels offer an opportunity to switch, with a low risk allocation, in our view.

- Buy gilt 2.75% Sep24 vs BTP 3.75% Sep24 at +4bp. Target -35bp, stop +25bp.

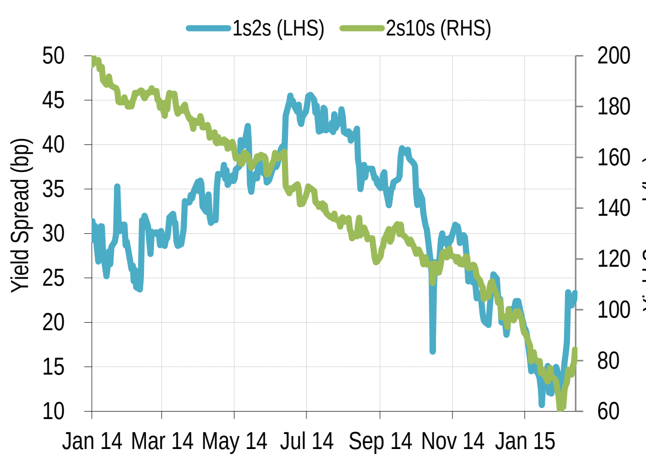
Yield-grab and global dis-inflation are powerful forces

The absence of MPC action allows international drivers to dominate. ECB QE is just two weeks away and global disinflationary trends remain strong. In this context, we expect yield-grab to continue to dominate. There is also potential for flight-to-quality if Greek risks escalate. At the same time, aggregate UK pension fund deficits are ballooning which is likely to keep up the pressure to hedge liabilities and protect from even lower yields. **In our minds, this is an environment which is likely to encourage a sustained period of low yields and flatter curves.**

- **2s10s:** The recent steepening in the 2s10s curve may struggle to gain traction. As Figure 13 shows, the flattening trend remains strong. We think the risk-reward is still with flatteners especially given that bearish risks are largely concentrated in the front-end with data the most likely trigger (more so than the MPC).

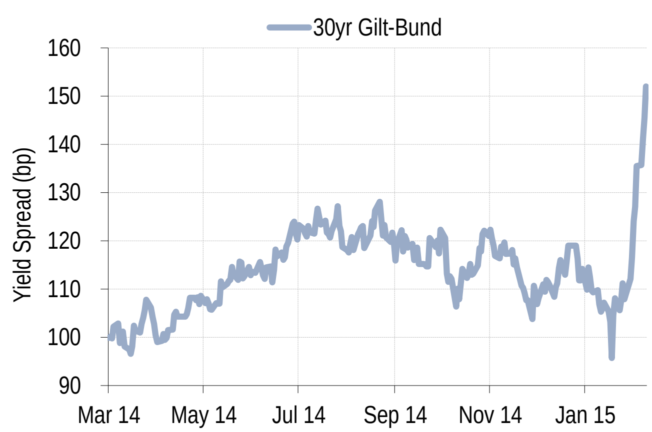
- **10s30s and 30yr gilt-Bund:** The 10s30s gilt curve has notably bear-steepened this week. **Even more striking is the 50bp cheapening of 30yr gilts vs Bunds** (Figure 14). 30yr Bunds have been buoyed by their eligibility in ECB QE purchases. **However, a broad yield-grab environment suggests that such a wide differential may not persist**. Gilt yields may be at record lows, but there is also the reliable backstop of the domestic LDI bid.

Figure 13. The flattening trend (both bear- and bull-) looks strong



Source: Citi Research

Figure 14. Sharp widening in 30yr gilt-Bund spread



Source: Citi Research, Bloomberg.

Swap basis premia still too high vs. QE

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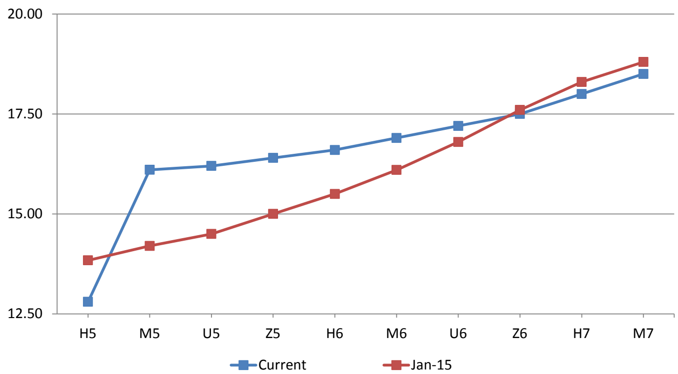
FRA/OIS spreads have widened since the beginning of the year

FRA/OIS spreads have widened since the beginning of the year. We plot the term structure of three-month IMM FRA/OIS in Figure 15: the term structure is roughly unchanged for blue IMM expiries In contrast spreads have meaningfully widened from white to green expiries with U5 having outperformed in the move.

In Figure 16 we plot six-month FRA/OIS spreads out of IMM expiries. Red and green expiries have significantly tightened while the widening on white expiries has underperformed the corresponding move on three-month FRA/OIS.

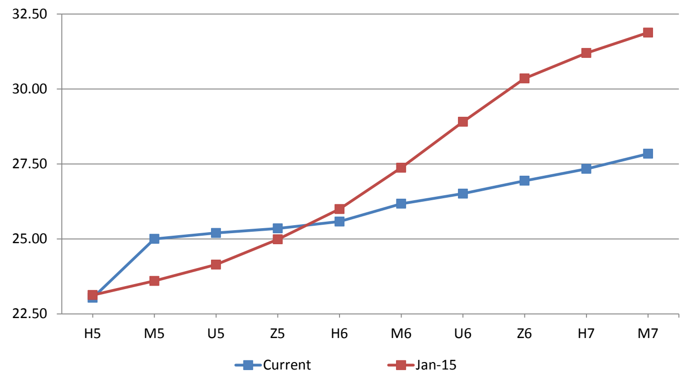
The widening outperformance of three-month FRA/OIS spreads vs. six-month on white expiries can be intuitively explained with the fact that the six-month FRA/OIS spreads can be further decomposed into six-month Eonia/Euribor and a single 3s6s roll. Clearly, with the front-end sell off on the Euribor strip in January, as it usually happens in those circumstances, three-month FRA/OIS have been more volatile.

Figure 15. Three-month FRA/OIS spreads widened in January in the Euribor sell-off ...



Source: Citi Research

Figure 16. ... with six-month FRA/OIS spreads having underperformed at the front-end.



Source: Citi Research

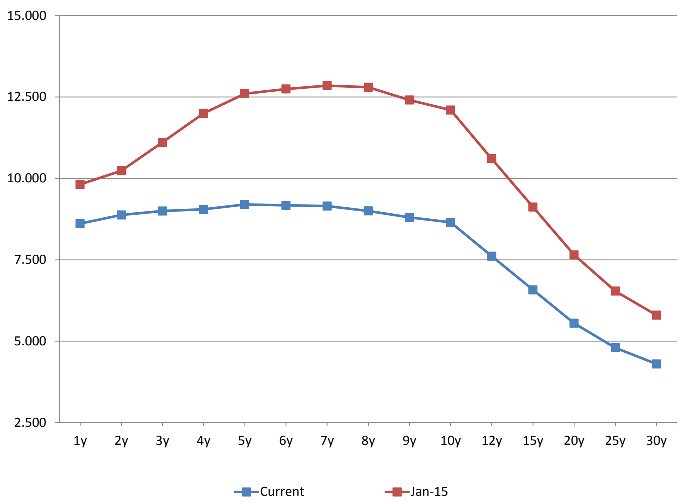
Tightening pressure of 3s6s basis has been more intense in the belly of the curve

In the meantime 3s6s basis has tightened across the term structure (Figure 17). The compression has been significantly less pronounced at the front-end: the Greek crisis means that the tightening pressure stemming from QE expectation and announcement has been partly contained by the market in risk-off mode.

On the other hand, and somewhat paradoxically, it is the uncertainty in the market in January that might be the reason behind the significant 3s6s compression in the belly of the curve. That is, uncertainty in the market might have made financials hesitate about their issuance programs, which in turn prompt dealers to bid 3s6s wideners.

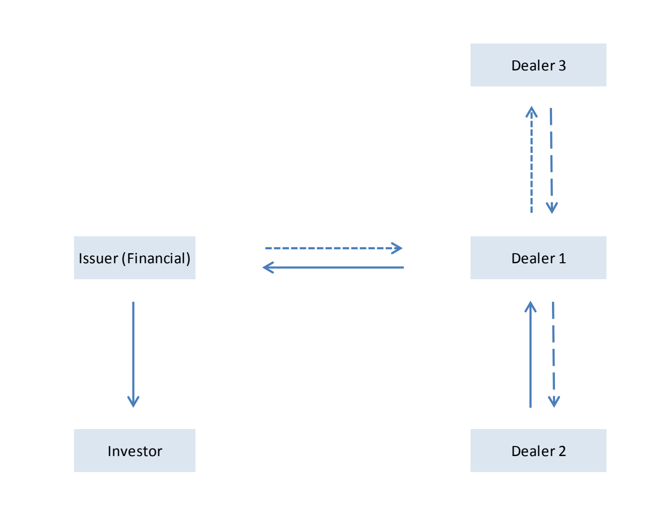
The mechanics is outlined in Figure 18: the issuer enters into a vanilla interest swap with dealer 1 to get rid of duration and be exposed to a floating liability; it is usually vs 3s. In turn, dealer 1 hedges the swap with the issuer via receiving fixed in a swap with dealer 2. However, in the dealer market, swaps are usually vs 6s. As a result, dealer 1 is put in a 3s6s basis tightener and has to hedge this exposure by bidding 3s6s wideners in the market (with dealer 3 in the chart). Last year, this natural demand for basis wideners coming from supply has supported an upper slope in the term structure up to the intermediate sector of the curve.

Figure 17. As a result of the Greek crisis, the tightening pressure has been more pronounced in the belly of curve



Source: Citi Research

Figure 18. Less supply has required less demand of 3s6s wideners



Source: Citi Research

Conclusion

In essence swap basis spreads have been subject to widening pressure at the front-end this year as the sovereign debt crisis has flared up again.

Given the small size of the Greek economy and the fact that only 12% of Greek debt is privately owned, the name of the game in the Eurozone, at the moment, is a trade-off between moral hazard and signalling: on one hand it would appear that core EMU countries are concerned that a debt reduction, if granted to Greece, would give the wrong fiscal incentives to other EMU members; on the other, Grexit would signal that the Euro is not irreversible, as previously solemnly claimed.

With the view that a compromise will be reached over the next few weeks, spreads look too wide vis-à-vis the forthcoming implementation of more broad-based asset purchase program by the ECB. In this scenario we like U5 three-month FRA/OIS tightener at 16 bp.

SSA Strategy – French Local Financing I

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Agence France Locale (AFL) is at the ready

Good things come to those who wait: When we wrote about the *new French agency for the first time in August 2014*, we were quite confident that the issuer would come to the market by the end of the year despite the fact that some details would still have to be cleared. Six months later, investors can finally expect the French entity issuing its inaugural bond after having received an Aa2 rating by Moody's at the end of January. Since then, the issuer has been updating investors in Europe. In the following section, we give a brief overview on the issuer, its guarantee structure and add our pricing thoughts.

Rating drivers: Within the French agency market, AFL is rated one notch lower than its peers as well as the sovereign. Moreover, it obtains a negative outlook which reflects the negative outlook for the sovereign. Note however that we do not expect *France to be downgraded in 2015*. The main rating drivers for AFL are idiosyncratic factors despite the fact that the rating outlook is brought in line with France, and Moody's saying that a downgrade of France would most probably also lead to a downgrade of AFL given the issuer's membership structure. The stand-alone Bank Financial Strength Rating (BFSR) stands at C. The long-term rating enjoys four notches of support given the guarantee structure and systemic support assumptions. Yet, the latter is rather moderate as the issuer will have only a small market share in the beginning. This could eventually turn out differently in the longer term. Moody's also says that an upgrade of the BFSR is possible once the franchise is up and stable, controls a higher market share, generates sustainable profits and its capital base for a business increase. Moody's cites the following three main idiosyncratic rating rationales:

- Dedicated business model and low asset risk offset risks related to the start-up nature of AFL

  Generally, Moody's sees AFL's exposure to the French public sector to be of low risk and be additionally limited by the strict limitation of the institution's lending to French local authorities. Considering the strict concentration on this business in conjunction with strict operating and internal rules, Moody's expects sustainable loan origination activity as well as adequate solvency and a well matched funding strategy. The fact that all loans will be eligible for central bank refinancing is an additional risk mitigating factor. As the issuer received its banking licence at the beginning of 2015[7] it also means that it will comply with equity leverage and liquidity ratios stipulated under CRR and the issuer will be regulated and supervised by the French prudential supervisory authority like any other credit institution. More specifically, the minimum equity capital ratio is set at 12.5% while the institution's leverage ratio will be more than 3.5%. One risk factor that Moody's points out is the uncertainty that AFL will be able to develop as planned and stay an attractive funding option for the French sub-sovereign market.

- Substantial involvement of French sub-sovereigns being the institution's founding members

  Moody's thinks that a critical mass of members has been reached making the business idea a success, particularly as the issuer can also rely on strong political support. The question if the number of members will increase in the future is probably a function of the funding advantage that local authorities will achieve under the umbrella of AFL. Apart from its own market presence, the

[7] http://www.agence-france-locale.fr/en-us/DispActu.aspx?ListId=9e48f143-28f4-49c3-a9c3-f3d67eb00557&ID=9

main benchmark will likely be CAFFIL as it is highly involved in local government financing (for more information on CAFFIL's expanded role, please see the covered bond text below).

- Risks associated with the issuer's start-up nature

  This is an obvious risk for any company that is just getting started. Yet, Moody's expects that even if the issuer being put in a run-off mode quickly after inception, commitments should be satisfied by own resources without having to activate the member's guarantee.

Guarantee and regulatory effects: AFL can rely on an explicit joint and several guarantee from its members, i.e. the member local authorities. It is important to note that French local authorities themselves are not explicitly guaranteed by the central government. Yet, we think it likely that systemic support from the French government for AFL will be substantial. However, this isn't expressed in an explicit guarantee similar to Unédic's support mechanism. As already outlined in our *previous coverage of the issuer* we think that BPIFrance (Ticker OSEOFI) is the best peer in the French SSA segment as it also lacks an implicit guarantee from the central government. This translates – similar to BPIFrance – into 20% risk weight. Within the ECB repo collateral framework, these bonds would have to be classified as IG4 bonds (Credit institution (Agencies excluded)) which would eventually translate into Category IV in terms of valuation haircut. Following our *expectations on the eligibility criteria for agencies under the QE program* we would expect AFL's debut bond not to qualify for ECB purchases. The following table gives an overview of the main French agencies being active issuers.

Figure 19. Overview: Main French agencies

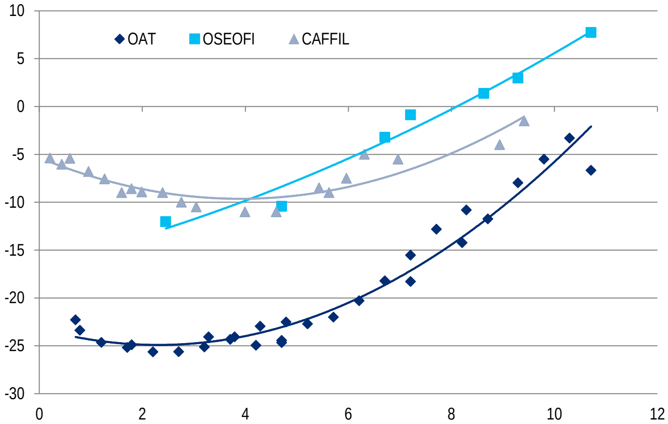
Ticker	Issuer	Purpose / Mission Statement	Established	Guarantee / Ownership Structure	Moody's Rating	S&P Rating	2014 Bond Issuance (€bn)	Bond Debt Outstanding (€bn)	Risk weight*	ECB liquidity category	LCR*
CADES	Caisse d'Amortissement de la Dette Sociale	Dedicated fund to amortise French social debt	1996 Government Ordinance 96-50	100% owned by the French government, Etablissement Public Administratif	Aa1 Neg		18.2	129	0%	IG7	1
UNEDIC	UNEDIC	Fund to manage France's unemployment insurance system	1958	UNEDIC is a private entity but Ministerial Order Jan 2013 grants an explicit guarantee to UNEDIC's bond issuance programme	Aa1 Neg	AA Neg	7.6	22	0%	IG7	1
AGFRNC	Agence Francaise de Developpement - AFD	Public development agency for France's official overseas aid assistance policies	1941	Implicit guarantee from the status as Etablissement Public a caractere Industriel et Commercial		AA Neg	4.8	20	20%	IG4	2A
RESFER	Reseau Ferre de France	Develops, modernises and markets access to the railway network and infrastructure	1997	100% owned by France. Implicit guarantee from the status as Etablissement Public a caractere Industriel et Commercial	Aa1 Neg	AA Neg	3.3	32	20%	IG3	2A
OSEOFI	Bpifrance Financement SA	French agency to provide support for innovative and growing companies	Key merger in Dec 2010. OSEO EPIC created 2005	OSEO EPIC holds 61.51% capital. Article 6 of OSEO company articles indicates that "the State and the OSEO public corporation hold more than 50% of the company's capital"	Aa1 Neg		3.4	7	20%	IG4	2A
tba	Agence France Locale	Agency to fund financing needs of French member local authorities	2013	100% owned by French member local authorities. Explicit joint and several guarantee from its members	Aa2 Neg		0.0	0	20%	IG4	2A

Source: Citi Research, Issuers, Bloomberg, Dealogic; *Citi expectation

Expected funding level and comps: As already mentioned above, we think that from a funding level perspective OSEOFI will probably be the best peer for the spread level of AFL's inaugural bond. Yet, from a business profile perspective, it is the secondary market curve of the French covered bond issuer CAFFIL that the newly created entity probably has to compete with. Figure 20 shows swap spread

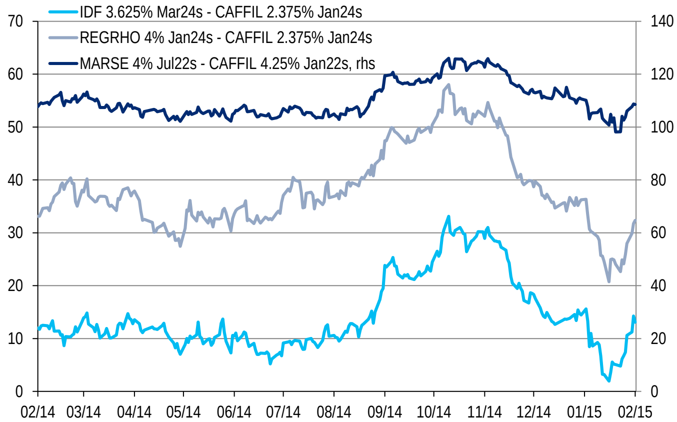
levels for both issuers as well as the French government bond market. In the 5-10yr part of the curve, CAFFIL is currently trading slightly tighter than OSEOFI. This should generally be the level of AFL bonds in the future in our opinion. Yet, given the rating differential between AFL (Aa2/--/--), OSEOFI (Aa1/--/--) and CAFFIL (Aaa/AA+/--) as well as a necessary new issue premium we would expect AFL to price slightly wider than CAFFIL at current stage.

Figure 20. YYS levels for French peers in government, agency and covered bond markets, bp



Source: Citi Research

Figure 21. Where do French cities and regions trade? Yield spread development of selected French cities versus CAFFIL, bp



Source: Citi Research

Attractive levels for local authorities? Most importantly, the funding levels of AFL should be lower than of (potential) members and guarantors. And this should be the case if AFL funds itself at similar levels as CAFFIL. Figure 21 shows yield spreads between CAFFIL and Ile-de-France (IDF), Region Rhône-Alpes (REGRHO) and Marseille (MARSE). IDF clearly trades relatively tight to CAFFIL which does not surprise us given the region's rating of --/AA/AA being in line with the rating of the French sovereign. For lower-rated sub-sovereigns like City of Marseille (--/A/A+) the funding advantage would be substantial.

Conclusion: Agence France Locale should get off the starting block quite soon. After receiving the banking licence and Moody's rating during the last days, we think that its inaugural issuance will be placed on the market during the next weeks. Despite being rated one notch lower than other main French agencies, we still think that its pricing will be very attractive for its members and consequently expect further French local authorities to join the AFL. This should be supportive for achieving long-term market share expectations and should add further tailwind to be eventually rated in line with the majority of the French agency market.

Covered Bonds – French Local Financing II

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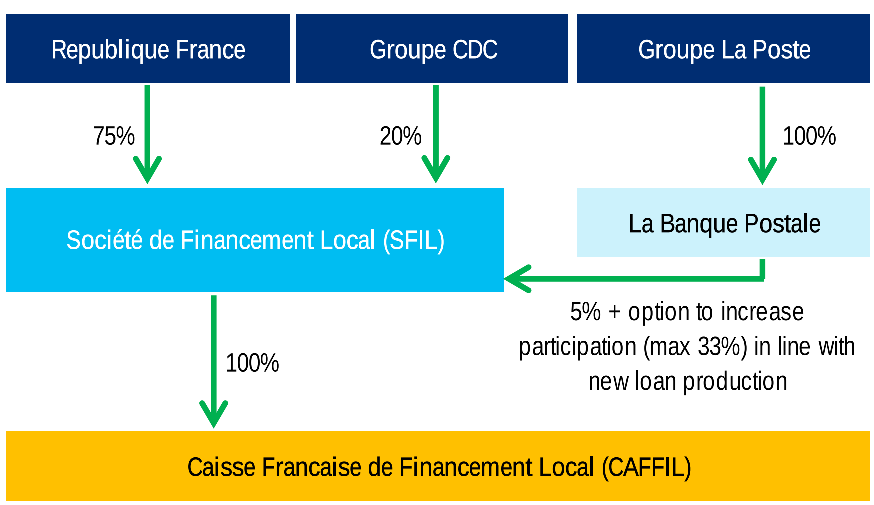
CAFFIL sees its role expanding

New role for SFIL: Last week, the French Ministry of Finance in conjunction with the Ministry of Economics announced that SFIL (Société de Financement Local) will get a decisive role in a new mechanism to support French exporting companies.[8] This means that the public sector company will take on an expanded role for the French public sector as of 2Q15. While still being among the most important financing channels for local authorities and French public sector entities and hospitals, the company will also play a main role in the French Republic's goal to increase French export sales by strengthening companies' export capacity. Specifically, SFIL (Société de Financement Local) will *"refinance loan contracts to export clients insured by the French export credit agency Coface and thus contribute to improve competitiveness for large export contracts"*.[9] The covered bond issuing affiliate CAFFIL (Caisse Francaise de Financement Local) – currently the second biggest issuer of French Obligations Foncières in benchmark size – will therefore probably become an even more active covered bond issuer in the future.

SFIL, CAFFIL and the corporate structure: CAFFIL is 100% owned by the French state, either directly or indirectly via CDC and La Poste (Figure 22). While CAFFIL is refinancing loans on financial markets for its parent company SFIL, La Banque Postale (LBP) is in charge of originating the new loans. CDC is a key liquidity provider for SFIL. In its expanded role, SFIL will also act as a development bank in a broader setup to refinance export credit loans. More specifically, CAFFIL will raise funds in capital markets on behalf of French banks that work closely with French exporters. These funds should obviously come at a lower cost given the funding level of CAFFIL but still should fit the maturity and amount of export credits needed.

Figure 22. Ownership structure of SFIL and CAFFIL



Source: CAFFIL, Citi Research

Risk profile: Before the announcement of the French government to provide SFIL with a bigger role, the risk profile of CAFFIL was generally in line with the risk characteristics of the French state. Yet, there are slight differences which can mainly be traced back to the cover pool composition. While exposure to France constitutes the lion's share at more than 75%, the fact that the cover pool still has exposure to

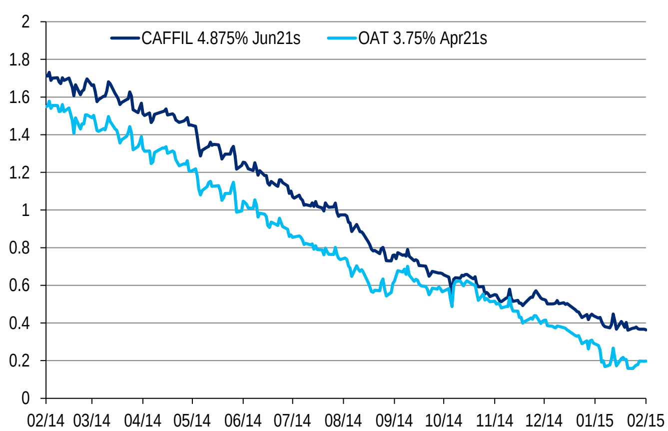
[8] http://proxy-pubminefi.diffusion.finances.gouv.fr/pub/document/18/18687.pdf
[9] http://sfil.fr/en/wp-content/uploads/sites/2/2014/03/20150206-Caffil-Presse-Release.pdf

countries other than France (e.g. around 11% to Italy) make up the difference. How does the expanded role affect the issuer's risk profile? While export credit loans will theoretically increase exposure to other and mostly riskier borrowers than French public sector entities, the risk profile will remain unchanged in our opinion. This is mainly due to the fact that new loans which will become part of the CAFFIL's cover pool will be irrevocably and unconditionally guaranteed in total by Coface (Compagnie Française d'Assurance pour le Commerce) on behalf and with the guarantee of the French State (enhanced guarantee / "garantie rehaussée"[10]).

Timing and supply expectations: SFIL expects that after having obtained all required legal authorizations, the new set-up will be operational in the second quarter of 2015. This would eventually mean that the first impact on the cover pool composition and size should already be seen this year. According to SFIL, as reported by Bloomberg, this will have a substantial impact on funding volumes. After ~€4bn of fundraising in 2014, the entity expects to issue up to €5.5bn in 2015 and €7bn annually as of 2016 whereas up to €2bn will be used for refinancing French export credits. With around 50% being issued as benchmark bonds in 2014 and assuming this rate is held constant in 2015, one could expect additional €2bn of new benchmark Obligations Foncières this year.

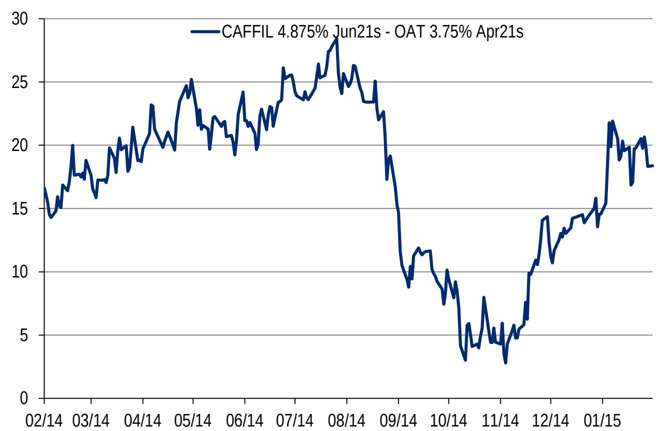
Current spread environment: The time when CAFFIL provided a spread pick-up versus other French covered bond issuers is over and we don't think that the issuer looks attractive in terms of secondary market levels in comparison to its peers. Yet, on a cross-asset basis CAFFIL looks relatively attractive at current stage in our opinion. As already outlined in our *European SSA and Covered Bond Monthly - Spread Markets in a QE Environment* as well as shown in the *Biweekly Covered Bond Chart Pack*, French covered bonds are one of the core covered bond segments where spreads to reference government bond markets achieved levels recorded before the ECB announced an intervention in the sovereign and covered bond market in September. For several issuers, covered bonds even started to look cheap versus French OATs. In the case of CAFFIL, we don't see current spreads as attractive entry positions as relative valuations are more distorted in other cross-asset trades and we don't think CAFFIL covered bonds will trade back to the lows recorded in October/November of last year.

Figure 23. Yield development CAFFIL & OAT in the belly of the curve, bp



Source: Citi Research

Figure 24. Yield spread versus French government bonds, bp

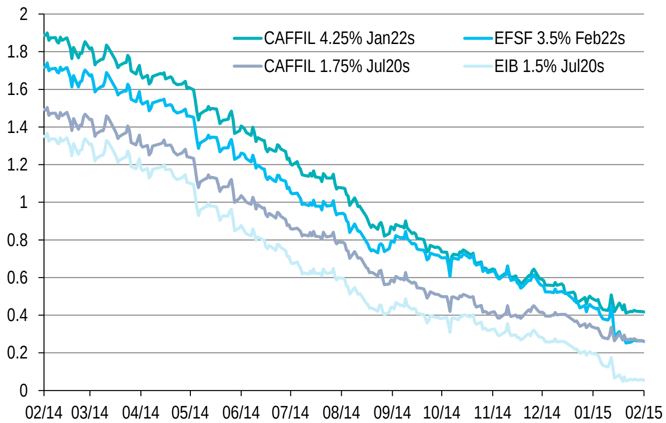


Source: Citi Research

[10] http://www.coface.fr/content/download/30831/373457/file/2013_10_Fiche+descriptive+garantie+rehauss%C3%A9e.pdf

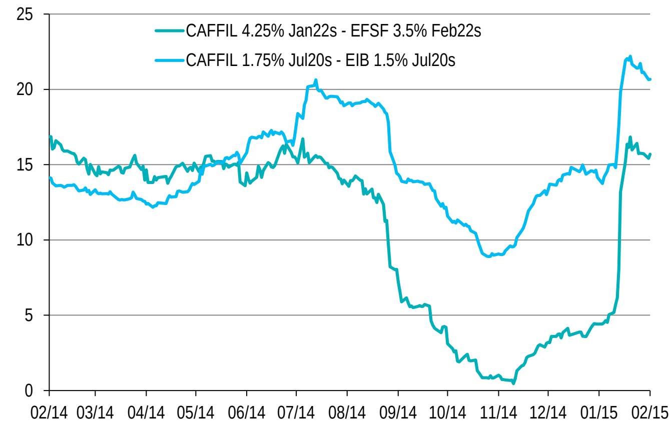
RV opportunities versus SSA: We think that the supra market is currently looking rich versus French covered bonds. The re-pricing of the spread between both segments was clearly driven by the inclusion of *European Supra debt* in the QE program. Yet, we think that the spread widening ran too far. It is particularly in the belly of the curve where CAFFIL now offers a substantial spread pick-up. As an example, yield spreads to EIB are at levels which were reached in August 2013 for the last time and an all-time high in ASW terms. As we don't expect a substantial drop of CBPP3 purchases with the start of QE but only a very modest decrease in weekly volumes, the main spread support for covered bonds should remain intact. Hence, currently, we would rather prefer CAFFIL to EIB in the 5yr sector, offering a yield and ASW spread pick-up of 21bp.

Figure 25. Yield development CAFFIL & Supras in the belly of the curve, bp



Source: Citi Research

Figure 26. Yield spread versus main European supras in the belly of the curve, bp



Source: Citi Research

Conclusion: Since the inception of CAFFIL as the successor of Dexia Municipal Agency but with a completely different ownership structure, the covered bond issuer has proven that it can fund local authorities and public sector entities at very competitive levels. The expansion of the institution's business focus to export credit is therefore sensible and will eventually make CAFFIL an even more important player in the French covered bond market. The final guarantee and issuance structure will probably be presented in due course before the organizational framework is setup. Thereafter, we can also better assess the impact on the issuer's cover pool. Apart from that, we think that CAFFIL covered bonds currently look attractive, particularly versus main European supra issuers at current spread levels.

Tradesheet

Recommended Trades

Figure 27. Open Trades

Trade	Entry date	Entry level	Dv01 (EUR k)	PC1	Live	Target	Stop	Carry 3m (bp)	Carry 3m (EUR k)	PnL (bp)	PnL (EUR k)
Buy gilt Sep24 vs BTP Sep24	12-Feb-15	4.0	12.5	Neutral	4.0	-35.0	25.0	-2.3	-29	0.0	0
Buy PGB Feb45s vs BTP Sep46	05-Feb-15	77.0	20	Neutral	76.3	65.0	83.0	1.6	32	0.7	14
Buy BTPei24 real yield vs OATei24	05-Feb-15	110.0	12.5	Neutral	106.5	60.0	135.0	1.8	23	3.5	44
Buy Bund Jul28 vs RFGB Jul28	15-Jan-15	16.5	15	Neutral	16.5	25.0	10.0	0.1	2	0.0	0
Buy Ireland Jun19 vs OAT May19	08-Jan-15	35.0	25	Neutral	27.9	20.0	43.0	4.9	123	7.1	177
Pay EUR 5y5y/15y15y	11-Dec-14	45.0	25	Long	35.8	70.0	35.0	6.4	160	-9.2	-230
Sell EUR 5y5y ATMF payer (PnL)	11-Dec-14	0.0	15	Long		800.0	-100.0	0.2	3	41.3	619
Pay 2y1y GBP vs USD	11-Dec-14	-46.0	12.5	Neutral	-43.4	15.0	-75.0	5.0	63	2.6	32
Buy Bund Aug24 vs UKT Sep24	11-Dec-14	119.0	12.5	Neutral	139.5	160.0	98.0	-1.7	-21	20.5	256
Buy DSL Jul20 vs BNG Sep20	05-Dec-14	18.0	15	Long	18.0	30.0	10.0	1.6	24	0.0	0
Buy Bono Jan17 vs ICO Jan17	05-Dec-14	11.0	10	Long	10.5	20.0	5.0	1.1	11	-0.5	-5
Sell IL Mar24 real yield vs TIPS Jan24	04-Dec-14	135.0	12.5	Neutral	106.9	100.0	153.0		0	28.1	351
Buy IL Mar24 breakeven vs 10yr RPI	04-Dec-14	37.0	25	Neutral	37.9	20.0	45.0		0	-0.9	-21
Buy RAGB Jul20 vs OLO Sep20	04-Dec-14	4.0	20	Neutral	1.4	15.0	-1.0	-1.0	-20	-2.6	-52
EUR HICPxT 5s10s flattener (PnL)	03-Dec-14	0.0	25	Neutral		20.0	-10.0		0	9.3	231
Buy UKT Jul68 vs Jan44	23-Oct-14	-0.7	50	Short	-2.5	-4.5	1.2	-0.8	-40	1.8	90
Buy CCTeu Jun17 z-spread vs BTP Jun17	06-Aug-14	15.0	25	Neutral	8.9	0.0	25.0	-0.9	-23	6.1	152
Pay GBP 1y1y vs 3y1y	24-Apr-14	132.0	25	Long	79.0	50.0	170.0	-4.0	-100	53.0	1326
Please refer to original publications for details											
Book PnL										160.7	2984
Book Dv01 (PC1 weighted, EUR k)			40								
Book 3m carry								12	206		

Source: Citi Research

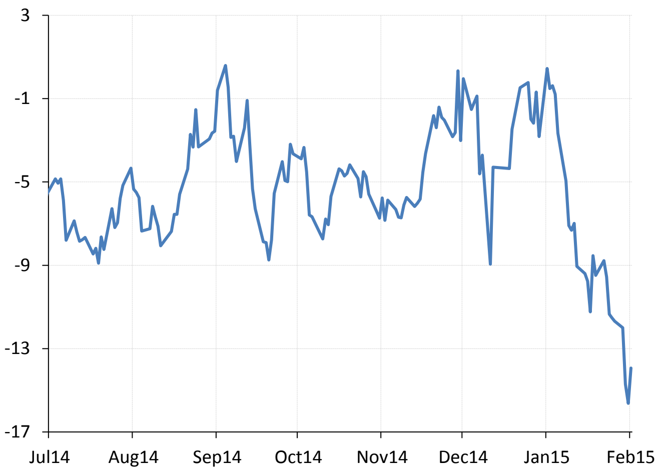
Relative Value Trades

We highlight four relative value trade opportunities in the sub-10yr sector of the Italian, Spanish and French yield curves.

Italy: fade the richness of Feb18s and Jun18s

- Sell 4.5% Feb18 vs 2.75% Nov16 and 1.5% Aug19 (3m carry: 0.3bp) - Figure 28
- Sell 3.5% Jun18 vs 4.75% Jun17 and 4.25% Sep19 (3m carry: -0.6bp) - Figure 29

Figure 28. Italy: 2.75% Nov16, 4.5% Feb18, 1.5% Aug19 microfly (bp)



Source: Citi Research

Figure 29. Italy: 4.75% Jun17, 3.5% Jun18, 4.25% Sep19 microfly (bp)

Source: Citi Research

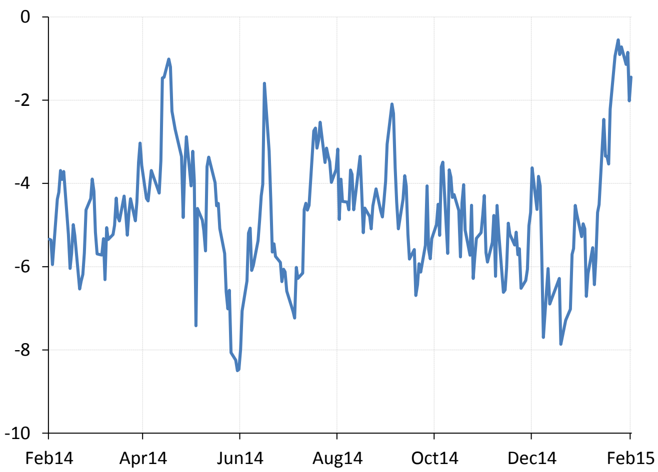
Spain: take advantage of cheapness of Oct19s

- Buy 4.3% Oct19 vs 2.75% Apr19 and 4% Apr20 (3m carry: 0.2bp) - Figure 30

France: take advantage of cheapness of Oct23s

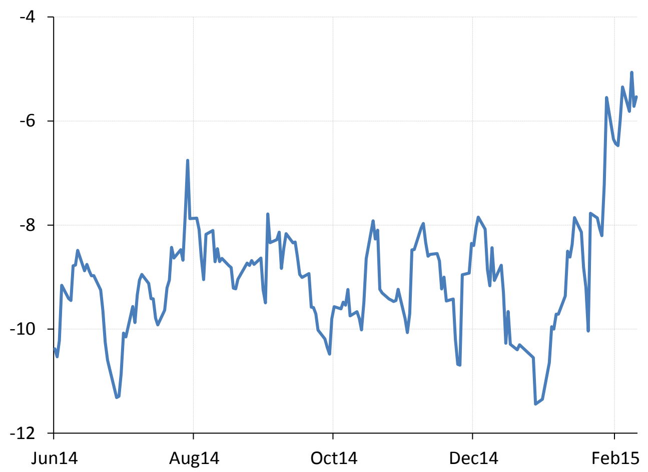
- Buy 4.25% Oct23 vs 2.25% Oct22 and 1.75% Nov24 (3m carry: 0.4bp) - Figure 31

Figure 30. Spain: 2.75% Apr19, 4.3% Oct19, 4% Apr20 microfly (bp)



Source: Citi Research

Figure 31. France: 2.25% Oct22, 4.25% Oct23, 1.75% Nov24 microfly (bp)



Source: Citi Research

Euro Relative Value Screen – All Maturities

Figure 32. Coupon adjusted spread (CAS) to fitted curve and swap curve by country (6m history) - all bonds on each curve

GERMANY

Versus Govt Curve (CAS)

	Rank	Bond	ZScore	Issued	Size (€bn)
Richest	1	0.50 Apr19	-2.31	May14	16
	2	0.00 Apr20	-2.11	Jan15	5
	3	4.75 Jul40	-1.98	Jul08	16
	4	1.00 Feb19	-1.83	Jan14	16
	5	0.00 Mar17	-1.00	Feb15	5
	5	1.50 May24	1.49	May14	18
	4	2.50 Jan21	1.56	Nov10	19
	3	0.50 Feb18	1.57	Jan13	17
	2	3.25 Jul21	1.63	Apr11	19
Cheapest	1	0.25 Apr18	2.60	May13	17

Versus Swap Curve (CAS)

	Rank	Bond	ZScore	Issued	Size (€bn)
Richest	1	1.00 Oct18	-3.29	Sep13	17
	2	3.25 Jan20	-3.20	Nov09	22
	3	3.75 Jan19	-3.20	Nov08	24
	4	0.50 Feb18	-3.17	Jan13	17
	5	0.50 Apr19	-3.16	May14	16
	5	2.00 Aug23	-2.16	Sep13	18
	4	1.00 Aug24	-2.06	Sep14	18
	3	0.00 Apr20	-1.28	Jan15	5
	2	0.50 Feb25	-0.51	Jan15	5
Cheapest	1	0.00 Mar17	0.00	Feb15	5

FRANCE

Versus Govt Curve (CAS)

	Rank	Bond	ZScore	Issued	Size (€bn)
Richest	1	3.50 Apr26	-2.70	Jul10	30
	2	2.50 Oct20	-2.61	Oct10	35
	3	2.75 Oct27	-1.45	Sep12	33
	4	4.00 Apr55	-1.36	Feb05	15
	5	3.75 Apr21	-1.16	May05	36
	5	4.00 Oct38	1.67	Sep06	24
	4	4.75 Apr35	1.74	Apr04	22
	3	4.25 Oct18	1.94	Oct08	28
	2	2.25 May24	2.32	Nov13	28
Cheapest	1	1.75 May23	2.77	May13	29

Versus Swap Curve (CAS)

	Rank	Bond	ZScore	Issued	Size (€bn)
Richest	1	3.50 Apr20	-2.37	Feb10	36
	2	3.75 Oct19 (BTA)	-2.37	Jul09	32
	3	4.25 Apr19	-2.32	Jun03	31
	4	1.00 Nov18	-2.30	Jun13	22
	5	0.50 Nov19	-2.30	Jun14	25
	5	1.75 Nov24	-1.72	Jun14	30
	4	2.25 May24	-1.66	Nov13	28
	3	1.75 May23	-1.62	May13	29
	2	4.25 Oct23 (OAT)	-1.62	May07	33
Cheapest	1	0.50 May25	0.81	Feb15	5

ITALY

Versus Govt Curve (CAS)

	Rank	Bond	ZScore	Issued	Size (€bn)
Richest	1	4.50 Feb18	-2.70	Sep07	25
	2	3.50 Jun18	-2.68	Apr13	20
	3	4.50 Mar26	-1.91	Sep10	21
	4	4.75 Sep28	-1.79	Jan13	18
	5	4.50 Aug18	-1.75	May08	25
	5	4.25 Sep19	1.41	May09	25
	4	4.25 Mar20	1.50	Oct09	24
	3	2.50 Dec24	1.59	Sep14	20
	2	4.00 Feb37	1.98	Oct05	26
Cheapest	1	4.75 Sep44	2.96	May13	15

Versus Swap Curve (CAS)

	Rank	Bond	ZScore	Issued	Size (€bn)
Richest	1	3.50 Mar30	-1.83	May14	14
	2	4.75 Sep44	-1.80	May13	15
	3	4.75 Sep28	-1.79	Jan13	18
	4	5.00 Sep40	-1.79	Sep09	21
	5	4.50 Feb18	-1.75	Sep07	25
	5	4.25 Mar20	-1.24	Oct09	24
	4	3.75 Mar21	-1.22	Sep10	24
	3	1.35 Apr22	-1.00	Feb15	0
	2	1.05 Dec19	-0.53	Dec14	10
Cheapest	1	3.25 Sep46	-0.06	Jan15	7

N'LANDS

Versus Govt Curve (CAS)

	Rank	Bond	ZScore	Issued	Size (€bn)
Richest	1	2.75 Jan47	-3.04	Feb14	7
	2	0.25 Jan20	-1.81	Sep14	7
	3	3.75 Jan42	-1.53	May10	15
	4	3.25 Jul21	-1.40	Mar11	16
	5	2.00 Jul24	-0.59	Mar14	15
	5	4.00 Jul19	0.62	Feb09	14
	4	1.75 Jul23	0.77	Mar13	16
	3	4.00 Jul18	0.99	Feb08	15
	2	2.25 Jul22	1.83	Feb12	15
Cheapest	1	1.25 Jan19	1.90	Jun13	15

Versus Swap Curve (CAS)

	Rank	Bond	ZScore	Issued	Size (€bn)
Richest	1	1.25 Jan18	-2.85	Jul12	15
	2	2.75 Jan47	-2.71	Feb14	7
	3	4.00 Jul18	-2.70	Feb08	15
	4	4.50 Jul17	-2.62	Jul07	15
	5	0.50 Apr17	-2.60	Jan14	15
	5	1.75 Jul23	-1.97	Mar13	16
	4	2.25 Jul22	-1.90	Feb12	15
	3	0.25 Jan20	-1.89	Sep14	7
	2	3.75 Jan23	-1.87	Feb06	11
Cheapest	1	0.00 Apr18	-1.03	Jan15	3

SPAIN

Versus Govt Curve (CAS)

	Rank	Bond	ZScore	Issued	Size (€bn)
Richest	1	5.90 Jul26	-1.53	Mar11	14
	2	4.50 Jan18	-1.06	Nov12	19
	3	0.50 Oct17	-0.87	Sep14	10
	4	4.60 Jul19	-0.81	Feb09	21
	5	1.60 Apr25	-0.81	Jan15	9
	5	2.75 Oct24	2.29	Jun14	24
	4	4.80 Jan24	2.58	Sep08	15
	3	5.75 Jul32	2.67	Jan01	16
	2	4.40 Oct23	2.75	May13	20
Cheapest	1	3.80 Apr24	2.84	Jan14	21

Versus Swap Curve (CAS)

	Rank	Bond	ZScore	Issued	Size (€bn)
Richest	1	5.15 Oct44	-1.10	Oct13	8
	2	4.70 Jul41	-1.07	Sep09	12
	3	0.50 Oct17	-1.03	Sep14	10
	4	4.90 Jul40	-0.99	Jun07	13
	5	5.15 Oct28	-0.98	Jul13	14
	5	1.40 Jan20	0.28	Jul14	14
	4	4.30 Oct19	0.35	Jun09	21
	3	5.50 Apr21	0.36	Jan11	24
	2	4.85 Oct20	0.36	Jul10	18
Cheapest	1	1.60 Apr25	1.89	Jan15	9

BELGIUM

Versus Govt Curve (CAS)

	Rank	Bond	ZScore	Issued	Size (€bn)
Richest	1	4.25 Mar41	-4.47	Apr10	14
	2	4.25 Sep22	-2.72	Jan12	15
	3	4.00 Mar22	-2.13	May06	14
	4	4.25 Sep21	-1.75	Jan11	15
	5	5.00 Mar35	-1.70	May04	19
	5	1.25 Jun18	1.83	Feb13	12
	4	4.00 Mar19	2.04	Jan09	12
	3	2.60 Jun24	2.68	Jan14	16
	2	2.25 Jun23	2.92	Jan13	14
Cheapest	1	3.75 Jun45	5.98	Sep13	5

Versus Swap Curve (CAS)

	Rank	Bond	ZScore	Issued	Size (€bn)
Richest	1	4.00 Mar17	-2.82	Jan07	11
	2	5.50 Sep17	-2.52	Jun02	8
	3	3.50 Jun17	-2.38	Mar11	13
	4	1.25 Jun18	-2.37	Feb13	12
	5	4.00 Mar18	-2.35	Jan08	11
	5	4.50 Mar26	-1.98	Jun11	9
	4	2.60 Jun24	-1.89	Jan14	16
	3	2.25 Jun23	-1.86	Jan13	14
	2	0.80 Jun25	-0.29	Jan15	5
Cheapest	1	1.00 Jun31	0.00	Feb15	4

Source: Citi Research

Euro Relative Value Screen – Sub-12yr

Figure 33. Coupon adjusted spread (CAS) to fitted curve and swap curve by country (6m history) - bonds with a maximum maturity of 12yrs

GERMANY

Versus Govt Curve (CAS)

	Rank		ZScore	Issued	Size (€bn)
Richest	1	0.50 Apr19	-2.31	May14	16
	2	0.00 Apr20	-2.11	Jan15	5
	3	1.00 Feb19	-1.83	Jan14	16
	4	0.00 Mar17	-1.00	Feb15	5
	5	0.50 Feb25	-0.97	Jan15	5
	5	1.50 May24	1.49	May14	18
	4	2.50 Jan21	1.56	Nov10	19
	3	0.50 Feb18	1.57	Jan13	17
	2	3.25 Jul21	1.63	Apr11	19
Cheapest	1	0.25 Apr18	2.60	May13	17

Versus Swap Curve (CAS)

	Rank		ZScore	Issued	Size (€bn)
Richest	1	1.00 Oct18	-3.29	Sep13	17
	2	3.25 Jan20	-3.20	Nov09	22
	3	3.75 Jan19	-3.20	Nov08	24
	4	0.50 Feb18	-3.17	Jan13	17
	5	0.50 Apr19	-3.16	May14	16
	5	2.00 Aug23	-2.16	Sep13	18
	4	1.00 Aug24	-2.06	Sep14	18
	3	0.00 Apr20	-1.28	Jan15	5
	2	0.50 Feb25	-0.51	Jan15	5
Cheapest	1	0.00 Mar17	0.00	Feb15	5

FRANCE

Versus Govt Curve (CAS)

	Rank		ZScore	Issued	Size (€bn)
Richest	1	3.50 Apr26	-2.70	Jul10	30
	2	2.50 Oct20	-2.61	Oct10	35
	3	3.75 Apr21	-1.16	May05	36
	4	0.50 Nov19	-1.13	Jun14	25
	5	3.50 Apr20	-1.08	Feb10	36
	5	1.00 Nov18	1.22	Jun13	22
	4	2.25 Oct22	1.62	Oct12	25
	3	4.25 Oct18	1.94	Oct08	28
	2	2.25 May24	2.32	Nov13	28
Cheapest	1	1.75 May23	2.77	May13	29

Versus Swap Curve (CAS)

	Rank		ZScore	Issued	Size (€bn)
Richest	1	3.50 Apr20	-2.37	Feb10	36
	2	3.75 Oct19 (BTA)	-2.37	Jul09	32
	3	4.25 Apr19	-2.32	Jun03	31
	4	1.00 Nov18	-2.30	Jun13	22
	5	0.50 Nov19	-2.30	Jun14	25
	5	1.75 Nov24	-1.72	Jun14	30
	4	2.25 May24	-1.66	Nov13	28
	3	1.75 May23	-1.62	May13	29
	2	4.25 Oct23 (OAT)	-1.62	May07	33
Cheapest	1	0.50 May25	0.81	Feb15	5

ITALY

Versus Govt Curve (CAS)

	Rank		ZScore	Issued	Size (€bn)
Richest	1	4.50 Feb18	-2.70	Sep07	25
	2	3.50 Jun18	-2.67	Apr13	20
	3	4.50 Mar26	-1.91	Sep10	21
	4	4.50 Aug18	-1.75	May08	25
	5	5.00 Mar25	-1.73	Jul09	22
	5	3.75 Mar21	1.41	Sep10	24
	4	4.25 Sep19	1.42	May09	25
	3	1.05 Dec19	1.43	Dec14	10
	2	4.25 Mar20	1.51	Oct09	24
Cheapest	1	2.50 Dec24	1.61	Sep14	20

Versus Swap Curve (CAS)

	Rank		ZScore	Issued	Size (€bn)
Richest	1	4.50 Feb18	-1.75	Sep07	25
	2	3.50 Jun18	-1.68	Apr13	20
	3	4.50 Mar26	-1.66	Sep10	21
	4	3.50 Dec18	-1.56	Sep13	20
	5	4.50 Aug18	-1.55	May08	25
	5	4.50 Feb20 (MFB)	-1.26	Mar04	21
	4	4.25 Mar20	-1.24	Oct09	24
	3	3.75 Mar21	-1.22	Sep10	24
	2	1.35 Apr22	-1.00	Feb15	0
Cheapest	1	1.05 Dec19	-0.53	Dec14	10

N'LANDS

Versus Govt Curve (CAS)

	Rank		ZScore	Issued	Size (€bn)
Richest	1	0.25 Jan20	-1.81	Sep14	7
	2	3.25 Jul21	-1.40	Mar11	16
	3	2.00 Jul24	-0.59	Mar14	15
	4	0.00 Apr18	-0.33	Jan15	3
	5	1.25 Jan18	-0.31	Jul12	15
	5	4.00 Jul19	0.62	Feb09	14
	4	1.75 Jul23	0.77	Mar13	16
	3	4.00 Jul18	0.99	Feb08	15
	2	2.25 Jul22	1.83	Feb12	15
Cheapest	1	1.25 Jan19	1.90	Jun13	15

Versus Swap Curve (CAS)

	Rank		ZScore	Issued	Size (€bn)
Richest	1	1.25 Jan18	-2.85	Jul12	15
	2	4.00 Jul18	-2.70	Feb08	15
	3	4.50 Jul17	-2.62	Jul07	15
	4	0.50 Apr17	-2.60	Jan14	15
	5	1.25 Jan19	-2.19	Jun13	15
	5	1.75 Jul23	-1.97	Mar13	16
	4	2.25 Jul22	-1.90	Feb12	15
	3	0.25 Jan20	-1.89	Sep14	7
	2	3.75 Jan23	-1.87	Feb06	11
Cheapest	1	0.00 Apr18	-1.03	Jan15	3

SPAIN

Versus Govt Curve (CAS)

	Rank		ZScore	Issued	Size (€bn)
Richest	1	5.90 Jul26	-1.53	Mar11	14
	2	4.50 Jan18	-1.10	Nov12	19
	3	0.50 Oct17	-0.87	Sep14	10
	4	1.60 Apr25	-0.81	Jan15	9
	5	4.60 Jul19	-0.79	Feb09	21
	5	4.30 Oct19	1.65	Jun09	21
	4	2.75 Oct24	2.29	Jun14	24
	3	4.80 Jan24	2.59	Sep08	15
	2	4.40 Oct23	2.76	May13	20
Cheapest	1	3.80 Apr24	2.84	Jan14	21

Versus Swap Curve (CAS)

	Rank		ZScore	Issued	Size (€bn)
Richest	1	0.50 Oct17	-1.03	Sep14	10
	2	5.90 Jul26	-0.93	Mar11	14
	3	2.10 Apr17	-0.82	Nov13	22
	4	4.65 Jul25	-0.81	Feb10	14
	5	4.50 Jan18	-0.64	Nov12	19
	5	1.40 Jan20	0.28	Jul14	14
	4	4.30 Oct19	0.35	Jun09	21
	3	5.50 Apr21	0.36	Jan11	24
	2	4.85 Oct20	0.36	Jul10	18
Cheapest	1	1.60 Apr25	1.89	Jan15	9

BELGIUM

Versus Govt Curve (CAS)

	Rank		ZScore	Issued	Size (€bn)
Richest	1	4.25 Sep22	-2.87	Jan12	15
	2	4.00 Mar22	-2.24	May06	14
	3	4.25 Sep21	-1.83	Jan11	15
	4	3.75 Sep20	-1.18	Jan10	18
	5	4.00 Mar17	-1.13	Jan07	11
	5	4.00 Mar18	0.92	Jan08	11
	4	1.25 Jun18	1.70	Feb13	12
	3	4.00 Mar19	1.98	Jan09	12
	2	2.60 Jun24	2.54	Jan14	16
Cheapest	1	2.25 Jun23	2.77	Jan13	14

Versus Swap Curve (CAS)

	Rank		ZScore	Issued	Size (€bn)
Richest	1	4.00 Mar17	-2.82	Jan07	11
	2	5.50 Sep17	-2.52	Jun02	8
	3	3.50 Jun17	-2.38	Mar11	13
	4	1.25 Jun18	-2.37	Feb13	12
	5	4.00 Mar18	-2.35	Jan08	11
	5	4.25 Sep22	-2.05	Jan12	15
	4	4.50 Mar26	-1.98	Jun11	9
	3	2.60 Jun24	-1.89	Jan14	16
	2	2.25 Jun23	-1.86	Jan13	14
Cheapest	1	0.80 Jun25	-0.29	Jan15	5

Source: Citi Research

Euro Relative Value Screen – 8yr+

Figure 34. Coupon adjusted spread (CAS) to fitted curve and swap curve by country (6m history) - bonds with a minimum maturity of 8yrs

GERMANY

Versus Govt Curve (CAS)

	Rank	Bond	ZScore	Issued	Size (€bn)
Richest	1	4.75 Jul40	-1.98	Jul08	16
	2	2.50 Jul44	-0.99	Apr12	16
	3	0.50 Feb25	-0.97	Jan15	5
	4	1.75 Feb24	-0.97	Jan14	18
	5	2.00 Aug23	-0.88	Sep13	18
	5	4.00 Jan37	-0.17	Jan05	23
	4	3.25 Jul42	0.81	Jul10	15
	3	2.50 Aug46	0.84	Feb14	9
	2	1.00 Aug24	1.21	Sep14	18
Cheapest	1	1.50 May24	1.49	May14	18

Versus Swap Curve (CAS)

	Rank	Bond	ZScore	Issued	Size (€bn)
Richest	1	2.50 Aug46	-2.67	Feb14	9
	2	2.50 Jul44	-2.65	Apr12	16
	3	3.25 Jul42	-2.63	Jul10	15
	4	4.25 Jul39	-2.60	Jan07	14
	5	4.75 Jul40	-2.58	Jul08	16
	5	1.50 Feb23	-2.20	Jan13	18
	4	1.50 May23	-2.17	May13	18
	3	2.00 Aug23	-2.16	Sep13	18
	2	1.00 Aug24	-2.06	Sep14	18
Cheapest	1	0.50 Feb25	-0.51	Jan15	5

FRANCE

Versus Govt Curve (CAS)

	Rank	Bond	ZScore	Issued	Size (€bn)
Richest	1	3.50 Apr26	-2.69	Jul10	30
	2	2.75 Oct27	-1.45	Sep12	33
	3	4.00 Apr55	-1.37	Feb05	15
	4	2.50 May30	-0.91	May14	24
	5	4.00 Apr60	-0.90	Mar10	8
	5	4.25 Oct23 (OAT)	1.05	May07	33
	4	4.00 Oct38	1.67	Sep06	24
	3	4.75 Apr35	1.75	Apr04	22
	2	2.25 May24	2.32	Nov13	28
Cheapest	1	1.75 May23	2.77	May13	29

Versus Swap Curve (CAS)

	Rank	Bond	ZScore	Issued	Size (€bn)
Richest	1	4.00 Oct38	-2.28	Sep06	24
	2	4.00 Apr60	-2.27	Mar10	8
	3	4.75 Apr35	-2.25	Apr04	22
	4	4.50 Apr41	-2.25	Jun09	24
	5	4.00 Apr55	-2.23	Feb05	15
	5	1.75 Nov24	-1.72	Jun14	30
	4	2.25 May24	-1.66	Nov13	28
	3	1.75 May23	-1.62	May13	29
	2	4.25 Oct23 (OAT)	-1.62	May07	33
Cheapest	1	0.50 May25	0.81	Feb15	5

ITALY

Versus Govt Curve (CAS)

	Rank	Bond	ZScore	Issued	Size (€bn)
Richest	1	4.50 Mar26	-1.91	Sep10	21
	2	4.75 Sep28	-1.79	Jan13	18
	3	5.00 Mar25	-1.73	Jul09	22
	4	4.50 May23	-1.64	Mar13	18
	5	4.75 Aug23	-0.11	Apr08	25
	5	5.00 Aug39	1.26	Oct07	19
	4	5.00 Aug34	1.30	Sep03	22
	3	2.50 Dec24	1.61	Sep14	20
	2	4.00 Feb37	1.98	Oct05	26
Cheapest	1	4.75 Sep44	2.92	May13	15

Versus Swap Curve (CAS)

	Rank	Bond	ZScore	Issued	Size (€bn)
Richest	1	3.50 Mar30	-1.83	May14	14
	2	4.75 Sep44	-1.80	May13	15
	3	4.75 Sep28	-1.79	Jan13	18
	4	5.00 Sep40	-1.79	Sep09	21
	5	5.00 Aug39	-1.74	Oct07	19
	5	3.75 Sep24	-1.40	Mar14	20
	4	4.75 Aug23	-1.38	Apr08	25
	3	4.50 Mar24 (IK)	-1.37	Aug13	23
	2	2.50 Dec24	-1.33	Sep14	20
Cheapest	1	3.25 Sep46	-0.06	Jan15	7

N'LANDS

Versus Govt Curve (CAS)

	Rank	Bond	ZScore	Issued	Size (€bn)
Richest	1	3.75 Jan42	-1.30	May10	15
	2	2.75 Jan47	-0.63	Feb14	7
	3	2.00 Jul24	-0.59	Mar14	15
	3	2.50 Jan33	-0.19	Mar12	10
	2	4.00 Jan37	-0.10	Apr05	14
Cheapest	1	1.75 Jul23	0.77	Mar13	16

Versus Swap Curve (CAS)

	Rank	Bond	ZScore	Issued	Size (€bn)
Richest	1	2.75 Jan47	-2.71	Feb14	7
	2	3.75 Jan42	-2.59	May10	15
	3	4.00 Jan37	-2.44	Apr05	14
	3	2.50 Jan33	-2.36	Mar12	10
	2	2.00 Jul24	-2.07	Mar14	15
Cheapest	1	1.75 Jul23	-1.97	Mar13	16

SPAIN

Versus Govt Curve (CAS)

	Rank	Bond	ZScore	Issued	Size (€bn)
Richest	1	5.90 Jul26	-1.52	Mar11	14
	2	1.60 Apr25	-0.80	Jan15	9
	3	5.15 Oct44	-0.70	Oct13	8
	4	4.70 Jul41	-0.37	Sep09	12
	5	4.00 Oct64	0.00	Sep14	1
	5	2.75 Oct24	2.32	Jun14	24
	4	4.80 Jan24	2.61	Sep08	15
	3	5.75 Jul32	2.67	Jan01	16
	2	4.40 Oct23	2.77	May13	20
Cheapest	1	3.80 Apr24	2.86	Jan14	21

Versus Swap Curve (CAS)

	Rank	Bond	ZScore	Issued	Size (€bn)
Richest	1	5.15 Oct44	-1.10	Oct13	8
	2	4.70 Jul41	-1.07	Sep09	12
	3	4.90 Jul40	-0.99	Jun07	13
	4	5.15 Oct28	-0.98	Jul13	14
	5	5.90 Jul26	-0.93	Mar11	14
	5	3.80 Apr24	-0.44	Jan14	21
	4	4.80 Jan24	-0.32	Sep08	15
	3	4.40 Oct23	-0.31	May13	20
	2	4.00 Oct64	0.00	Sep14	1
Cheapest	1	1.60 Apr25	1.89	Jan15	9

BELGIUM

Versus Govt Curve (CAS)

	Rank	Bond	ZScore	Issued	Size (€bn)
Richest	1	4.25 Mar41	-4.51	Apr10	14
	2	5.00 Mar35	-1.70	May04	19
	3	4.00 Mar32	-0.43	Mar12	8
	4	0.80 Jun25	0.30	Jan15	5
	5	4.50 Mar26	0.89	Jun11	9
	5	1.00 Jun31	1.00	Feb15	4
	4	3.00 Jun34	1.79	Mar14	6
	3	2.60 Jun24	2.54	Jan14	16
	2	2.25 Jun23	2.77	Jan13	14
Cheapest	1	3.75 Jun45	5.37	Sep13	5

Versus Swap Curve (CAS)

	Rank	Bond	ZScore	Issued	Size (€bn)
Richest	1	4.25 Mar41	-2.29	Apr10	14
	2	3.75 Jun45	-2.23	Sep13	5
	3	5.00 Mar35	-2.08	May04	19
	4	3.00 Jun34	-2.06	Mar14	6
	5	4.00 Mar32	-2.05	Mar12	8
	5	4.50 Mar26	-1.98	Jun11	9
	4	2.60 Jun24	-1.89	Jan14	16
	3	2.25 Jun23	-1.86	Jan13	14
	2	0.80 Jun25	-0.29	Jan15	5
Cheapest	1	1.00 Jun31	0.00	Feb15	4

Source: Citi Research

UK Relative Value Screen

Figure 35. Coupon adjusted spread (CAS) to fitted curve and swap curve by maturity (6m history)

Versus Govt Curve (CAS)

Maturity		Rank	Bond	ZScore	Issued	Size (€bn)
ALL	Richest	1	4.00 Sep16	-3.29	Mar06	35
		2	2.75 Sep24	-1.74	Mar14	27
		3	5.00 Mar25	-1.59	Sep01	35
		4	2.75 Sep24	-1.56	Nov14	0
		5	4.50 Mar19	-1.50	Sep08	36
		5	4.50 Sep34	1.30	Jun09	30
		4	2.25 Sep23	1.63	Jun13	27
		3	1.75 Sep22	1.71	Jun12	29
		2	4.25 Jun32	1.87	May00	35
	Cheapest	1	1.75 Jan17	2.33	Aug11	29
2yr - 7yr	Richest	1	4.50 Mar19 (WX)	-1.45	Sep08	36
		2	3.75 Sep20	-1.41	Jun10	24
		3	3.75 Sep21	-1.11	Mar11	28
		4	5.00 Mar18	-0.93	May07	35
		5	3.75 Sep19	-0.83	Jul09	28
		5	4.75 Mar20	-0.58	Mar05	33
		4	1.75 Jul19 (5y)	-0.35	Nov13	30
		3	1.00 Sep17	-0.29	Mar12	32
		2	2.00 Jul20	-0.19	Jan15	0
	Cheapest	1	1.25 Jul18	0.23	Feb13	34
7yr - 15yr	Richest	1	2.75 Sep24 (10y)	-2.18	Nov14	0
		2	2.75 Sep24	-2.12	Mar14	27
		3	5.00 Mar25 (G)	-1.69	Sep01	35
		4				
		5				
		5				
		4				
		3	4.25 Dec27	0.36	Sep06	31
		2	2.25 Sep23	1.37	Jun13	27
	Cheapest	1	1.75 Sep22	1.54	Jun12	29
>15yr	Richest	1	3.50 Jul68	-3.01	Jun13	14
		2	3.50 Jan45	-2.13	Sep14	0
		3	4.25 Mar36	-1.86	Feb03	26
		4	3.50 Jan45	-1.48	Jun14	12
		5	4.25 Dec49	-1.26	Sep08	20
		5	4.00 Jan60	0.29	Oct09	21
		4	3.75 Jul52	0.42	Sep11	22
		3	4.25 Dec40	0.49	Jun10	25
		2	4.50 Sep34	0.87	Jun09	30
	Cheapest	1	4.25 Jun32	1.70	May00	35

Versus Swap Curve (CAS)

Maturity		Rank	Bond	ZScore	Issued	Size (€bn)
ALL	Richest	1	1.75 Jul19	-2.97	Nov13	30
		2	4.00 Sep16	-2.93	Mar06	35
		3	1.25 Jul18	-2.90	Feb13	34
		4	2.00 Jul20	-2.71	Sep14	16
		5	2.00 Jul20	-2.69	Sep14	0
		5	3.75 Jul52	0.76	Sep11	22
		4	3.25 Jan44	0.76	Oct12	27
		3	3.50 Jan45	0.76	Jun14	12
		2	4.00 Jan60	0.82	Oct09	21
	Cheapest	1	3.50 Jul68	0.93	Jun13	14
2yr - 7yr	Richest	1	1.75 Jul19 (5y)	-2.97	Nov13	30
		2	1.25 Jul18	-2.90	Feb13	34
		3	2.00 Jul20	-2.71	Sep14	16
		4	2.00 Jul20	-2.69	Sep14	0
		5	3.75 Sep19	-2.64	Jul09	28
		5	3.75 Sep21	-2.50	Mar11	28
		4	4.75 Mar20	-2.29	Mar05	33
		3	1.00 Sep17	-2.29	Mar12	32
		2	5.00 Mar18	-2.23	May07	35
	Cheapest	1	2.00 Jul20	-1.18	Jan15	0
7yr - 15yr	Richest	1	4.25 Dec27	-2.30	Sep06	31
		2	4.00 Mar22	-2.29	Feb09	38
		3	5.00 Mar25 (G)	-2.05	Sep01	35
		4				
		5				
		5				
		4				
		3	2.75 Sep24 (10y)	-1.96	Nov14	0
		2	1.75 Sep22	-1.86	Jun12	29
	Cheapest	1	2.25 Sep23	-1.73	Jun13	27
>15yr	Richest	1	4.75 Dec30	-1.20	Oct07	32
		2	4.25 Jun32	-0.07	May00	35
		3	4.50 Sep34	0.35	Jun09	30
		4	4.25 Mar36	0.48	Feb03	26
		5	3.50 Jan45	0.60	Sep14	0
		5	3.75 Jul52	0.76	Sep11	22
		4	3.25 Jan44 (30y)	0.76	Oct12	27
		3	3.50 Jan45	0.76	Jun14	12
		2	4.00 Jan60	0.82	Oct09	21
	Cheapest	1	3.50 Jul68	0.93	Jun13	14

Source: Citi Research

4 Week Auction Calendar: Euro, UK and US

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 36. Auction calendar for the next four weeks (provisional): gross issuance (local currency, billions) and DV01 (USD million/bp)

Date	Country	Nominal Size (Local Ccy, bn)	Issue Details	DV01 $million/bp	Approx. Number 10yr Futures TYH5 (UST)	G H5 (Gilt)	RXH5 (Bund)
18 Feb (Wed)	Germany	4.0	Bund Feb25 re-opening (issue and size confirmed)				30k
19 Feb (Thu)	France	10.0	OAT 2yr-7yr, index-linked OAT (estimated size)				35k
19 Feb (Thu)	Spain	5.0	Bono 3yr, 5yr and 10yr (estimated tenors and size)				19k
19 Feb (Thu)	US	9.0	30-Year TIPS		325k		
			Weekly $DV01 of Issuance	38.6			
			Total Number of Futures Contracts		325k	0k	83k

Date	Country	Nominal Size (Local Ccy, bn)	Issue Details	DV01 $million/bp	Approx. Number 10yr Futures TYH5 (UST)	G H5 (Gilt)	RXH5 (Bund)
24 Feb (Tue)	Italy	3.5	New CTZ Feb17 (estimated size)				5k
24 Feb (Tue)	Italy	1.0	BTPei (estimated size)				7k
24 Feb (Tue)	US	26.0	2-year		81k		
25 Feb (Wed)	Germany	4.0	Bobl Apr20 re-opening (issue and size confirmed)				15k
25 Feb (Wed)	US	13.0	2-Year FRN (re-opening)		40k		
25 Feb (Wed)	US	35.0	5-year		183k		
26 Feb (Thu)	Italy	8.0	BTP 1.05% Dec19 and new BTP Jun25 (estimated issue and size)				43k
26 Feb (Thu)	Italy	2.5	CCTeu Dec20 (estimated size)				9k
26 Feb (Thu)	US	29.0	7-year		217k		
			Weekly $DV01 of Issuance	53.9			
			Total Number of Futures Contracts		521k	0k	80k

Date	Country	Nominal Size (Local Ccy, bn)	Issue Details	DV01 $million/bp	Approx. Number 10yr Futures TYH5 (UST)	G H5 (Gilt)	RXH5 (Bund)
03 Mar (Tue)	Austria	1.1	RAGB 5yr and 15yr (estimated tenors and size)				9k
03 Mar (Tue)	UK	3.8	2% Treasury Gilt 2020 (issue confirmed, estimated size)			19k	
05 Mar (Thu)	France	9.0	OAT >7yr (estimated size)				87k
05 Mar (Thu)	Spain	5.0	Bono 5yr, 10yr and 15yr (estimated tenors and size)				36k
			Weekly $DV01 of Issuance	23.1			
			Total Number of Futures Contracts		0k	19k	133k

Date	Country	Nominal Size (Local Ccy, bn)	Issue Details	DV01 $million/bp	Approx. Number 10yr Futures TYH5 (UST)	G H5 (Gilt)	RXH5 (Bund)
10 Mar (Tue)	Netherlands	3.0	DSL Apr18 re-opening (issue confirmed, size €2.5-3.5bn)				5k
10 Mar (Tue)	Germany	1.0	Bundei (estimated size)				7k
10 Mar (Tue)	UK	2.2	3.5% Treasury Gilt 2068 (issue confirmed, estimated size)			49k	
10 Mar (Tue)	US	24.0	3-Year		75k		
11 Mar (Wed)	Germany	5.0	Schatz Mar17 re-opening (issue and size confirmed)				8k
11 Mar (Wed)	US	21.0	10-Year (re-opening)		222k		
12 Mar (Thu)	Ireland	1.0	Ireland 2.4% May30 (estimated issue and size)				13k
12 Mar (Thu)	Italy	8.0	BTP 0.75% Jan18, Apr22 and 15yr/30yr (estimated issue and size)				58k
12 Mar (Thu)	Spain	5.0	Bono 3yr, 5yr and 10yr (estimated tenors and size)				20k
12 Mar (Thu)	UK	1.4	1.125% Index-linked Treasury Gilt 2037 (issue confirmed, estimated size)			20k	
12 Mar (Thu)	US	13.0	30-year (re-opening)		283k		
			Weekly $DV01 of Issuance	73.9			
			Total Number of Futures Contracts		580k	70k	110k

Source: DMOs, Citi Research

EMU: Coupons & Redemptions (Next 3mths)

Figure 37. EMU-11 Bond redemptions over the next three months (€bn)

Redemptions	DEU 51	FRA 20	NLD 13	ITA 30	ESP 29	BEL 11	AUT 0	FIN 0	PRT 0	GRC 0	IRL 2
	Redemptions = €157bn										
(Wed) 18-Feb-15											2.2
(Fri) 27-Feb-15	17.0										
(Sun) 01-Mar-15				12.4							
(Fri) 13-Mar-15	15.0										
(Sat) 28-Mar-15						11.3					
(Tue) 31-Mar-15					10.5						
(Fri) 10-Apr-15	19.0										
(Wed) 15-Apr-15			12.8	17.3							
(Sat) 25-Apr-15		20.2									
(Thu) 30-Apr-15					18.8						

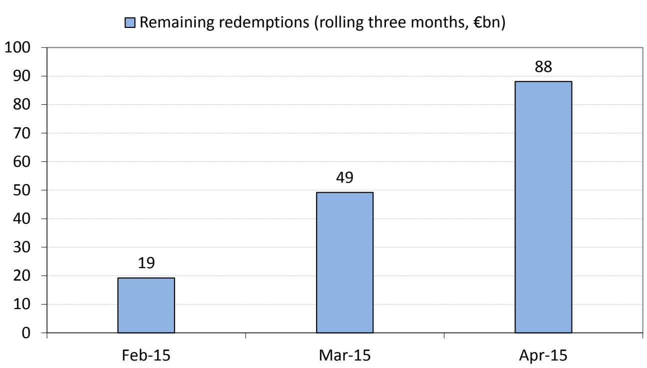
Source: DMOs, Bloomberg, Citi Research *This table is on a calendar-date basis*

Figure 38. EMU-11 Coupon payments over the next three months (€bn)

Coupons	DEU 4	FRA 17	NLD 0	ITA 17	ESP 6	BEL 6	AUT 2	FIN 1	PRT 1	GRC 1	IRL 2
	Coupons = €57bn										
(Sun) 15-Feb-15	0.6								0.9		
(Wed) 18-Feb-15											0.2
(Fri) 20-Feb-15							0.3				
(Sun) 22-Feb-15	0.2										
(Mon) 23-Feb-15	0.1										
(Tue) 24-Feb-15	0.1									0.6	
(Wed) 25-Feb-15		1.1									
(Thu) 26-Feb-15	0.3										
(Fri) 27-Feb-15	0.4										
(Sun) 01-Mar-15				8.0							
(Wed) 11-Mar-15	0.0										
(Fri) 13-Mar-15	0.0										0.6
(Sun) 15-Mar-15				1.9			1.4				0.0
(Wed) 18-Mar-15											0.3
(Fri) 20-Mar-15											0.2
(Sat) 28-Mar-15						6.1					
(Tue) 31-Mar-15					0.3						
(Tue) 07-Apr-15	0.1										
(Wed) 08-Apr-15	0.5										
(Fri) 10-Apr-15	0.4										
(Sun) 12-Apr-15	0.1										
(Mon) 13-Apr-15	0.0										
(Wed) 15-Apr-15	0.7		0.2	0.7				0.8	0.6		
(Fri) 17-Apr-15										0.1	
(Sat) 18-Apr-15											0.9
(Mon) 20-Apr-15							0.3				
(Wed) 22-Apr-15				0.2							
(Sat) 25-Apr-15		16.0									
(Thu) 30-Apr-15					5.5						
(Fri) 01-May-15				6.0							

Source: DMOs, Bloomberg, Citi Research *This table is on a calendar-date basis*

Figure 39. EMU-11 remaining redemptions over the next 3 months (€bn)



Source: DMOs, Bloomberg, Citi Research *This chart is on a calendar-date basis*

Figure 40. 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 2015.

Auction calendar for the next four weeks

Figure 41. Provisional Bill Auction Calendar for the Next Four Weeks, Gross Issuance (Billions), DV01 (EUR Million/bp)

Week	Date	Country	Issue Details	Total Size (€bn)
Week 1	17 Feb (Tue)	Spain	6month (21 Aug 2015) and 12month (19 Feb 2016) - issue confirmed, estimated size	4.5
			Total Size in Week 1	4.5
Week 2	24 Feb (Tue)	Spain	3month (15 May 2015) and 9month (20 Nov 2015) - issue confirmed, estimated size	3
	25 Feb (Wed)	Italy	6 month (31 Aug 2015) - issue confirmed, estimated size	8
			Total Size in Week 2	11.0
Week 4	10 Mar (Tue)	Spain	6month (18 Sep 2015) and 12month (11 Mar 2016) - issue confirmed, estimated size	4.5
	11 Mar (Wed)	Italy	12 month (14 March 2016) - issue confirmed, estimated size	7.5
			Total Size in Week 4	12.0

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

2015 projections for bill supply

Figure 42. 2015 Italy and Spain Bill Supply – Citi Forecast (Euro Billion)

SPAIN	3m	6m	9m	12m	18m	Gross Supply	Redemptions	NCR
Jan	0.6	0.9	2.1	5.0		8	7	1
Feb	1.0	1.0	2.0	3.5		8	9	-1
Mar	1.0	1.0	2.0	3.5		8	9	-1
Apr	1.0	1.0	2.0	3.5		8	8	-0
May	1.0	1.0	3.0	3.5		9	8	
Jun	1.0	1.0	3.0	4.0		9	9	
Jul	1.0	1.0	2.0	4.0		8	10	-2
Aug	1.0	1.0	2.0	3.5		8	9	-1
Sep	1.0	1.0	3.0	4.0		9	8	1
Oct	1.0	1.0	3.0	3.0		8	7	1
Nov	1.0	1.0	3.0	3.5		9	8	1
Dec	1.0	1.0	3.0	3.0		8	8	
Total	11.6	11.9	30.1	44.0		97	100	-2

ITALY	3m*	6m	9m	12m	Flexible BOT	Gross Supply	Redemptions	NCR
Jan		7.7		8.4		16	16	
Feb		8.0		7.0		15	16	-1
Mar		8.0		7.5		16	15	
Apr		7.5		8.0		16	14	1
May		7.5		8.0		16	13	2
Jun		8.0		7.5		16	15	1
Jul		7.0		7.5		15	14	
Aug		7.5		7.5		15	16	-1
Sep		7.5		8.5		16	17	-1
Oct		7.0		7.5		15	16	-1
Nov		6.0		7.0		13	14	-1
Dec		6.5		5.5		12	14	-2
Total		88.2		89.9		178	179	-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 43. Citi Inflation Forecasts

	EUR HICPxT			France CPIxT			UK RPI			US CPURNSA		
Month	Index Forecast	MoM Change	YoY Change	Index Forecast	MoM Change	YoY Change	Index Forecast	MoM Change	YoY Change	Index Forecast	MoM Change	YoY Change
Dec 14	117.01	-0.1	-0.2	125.81	0.1	-0.0	257.50	0.2	1.6	234.81	-0.6	0.8
Jan 15	115.38	-1.4	-0.5	124.86	-0.8	-0.1	255.60	-0.7	1.2	234.20	-0.3	0.1
Feb 15	115.73	0.3	-0.5	125.65	0.6	-0.0	256.60	0.4	0.9	234.90	0.3	0.1
Mar 15	116.96	1.1	-0.4	126.42	0.6	0.1	257.20	0.2	0.9	236.40	0.6	0.0
Apr 15	117.16	0.2	-0.3	126.43	0.0	0.2	258.20	0.4	1.0	236.90	0.2	-0.1
May 15	117.10	-0.1	-0.3	126.59	0.1	0.3	259.00	0.3	1.2	237.40	0.2	-0.2

Source: Citi Research, Bloomberg

Shaded = Already released

Figure 44. US TIPS Inflation-linked Carry (based on forecasts above) – One week changes

Bond	RY (%)	Chg (bp)	Carry-adj chg	Carry: RY (bp) 2 Mar	1 Apr	1 May	*Reference Conventional*	BE (bp)	Chg (bp)	Carry-adj chg	Carry: BE (bp) 2 Mar	1 Apr	1 May	ZC Swap - BE Spread (bp)	Chg (bp)
Repo (%)				*0.12*	*0.13*	*0.13*									
TIPS 0.125% 4/16	-0.49	-8	5	-32	-64	-44	*US-2.000-04/30/16*	80	9	-5	-33	-66	-48	15	13
TIPS 2.5% 7/16	-0.91	-0	11	-28	-56	-43	*US-4.875-08/15/16*	138	11	-1	-29	-60	-48	21	4
TIPS 2.375% 1/17	-0.57	10	18	-20	-38	-26	*US-3.125-01/31/17*	122	2	-6	-21	-42	-32	24	3
TIPS 0.125% 4/17	-0.43	13	20	-17	-32	-21	*US-0.875-04/30/17*	118	2	-6	-18	-36	-27	20	1
TIPS 2.625% 7/17	-0.76	14	21	-16	-31	-22	*US-4.750-08/15/17*	162	1	-7	-18	-36	-29	9	0
TIPS 1.625% 1/18	-0.38	20	25	-13	-24	-15	*US-3.500-02/15/18*	144	-5	-11	-14	-28	-22	17	3
TIPS 0.125% 4/18	-0.21	21	25	-11	-21	-12	*US-0.625-04/30/18*	134	-3	-9	-13	-25	-19	21	1
TIPS 1.375% 7/18	-0.41	22	26	-11	-20	-13	*US-4.000-08/15/18*	158	-3	-8	-12	-25	-20	18	-0
TIPS 2.125% 1/19	-0.18	24	28	-9	-17	-10	*US-2.750-02/15/19*	150	-4	-9	-11	-21	-17	18	0
TIPS 0.125% 4/19	-0.06	24	28	-8	-15	-8	*US-1.625-04/30/19*	144	-3	-8	-10	-19	-15	19	-1
TIPS 1.875% 7/19	-0.20	24	28	-8	-15	-9	*US-3.625-08/15/19*	163	-4	-8	-10	-19	-16	18	-0
TIPS 1.375% 1/20	-0.04	23	26	-7	-13	-7	*US-3.625-02/15/20*	153	-3	-7	-9	-17	-14	22	-1
TIPS 1.25% 7/20	-0.07	22	25	-7	-12	-7	*US-2.625-08/15/20*	169	-2	-6	-8	-16	-13	16	-2
TIPS 1.125% 1/21	0.08	20	23	-6	-11	-5	*US-3.625-02/15/21*	162	-0	-3	-7	-14	-12	18	-4
TIPS 0.625% 7/21	0.05	20	22	-5	-10	-5	*US-2.125-08/15/21*	173	1	-2	-7	-13	-11	16	-5
TIPS 0.125% 1/22	0.16	19	22	-5	-9	-4	*US-2.000-02/15/22*	164	-0	-3	-6	-12	-10	22	-4
TIPS 0.125% 7/22	0.14	19	21	-5	-8	-4	*US-1.625-08/15/22*	170	-0	-2	-6	-11	-9	22	-4
TIPS 0.125% 1/23	0.23	19	21	-4	-7	-3	*US-2.000-02/15/23*	166	0	-2	-5	-11	-9	23	-4
TIPS 0.375% 7/23	0.21	19	21	-4	-7	-3	*US-2.500-08/15/23*	171	-1	-3	-5	-10	-8	25	-3
TIPS 0.625% 1/24	0.29	19	20	-4	-7	-3	*US-2.750-02/15/24*	166	-0	-2	-5	-10	-8	26	-3
TIPS 0.125% 7/24	0.25	19	20	-4	-6	-3	*US-2.375-08/15/24*	174	-1	-3	-5	-9	-8	25	-2
TIPS 2.375% 1/25	0.32	19	20	-4	-6	-3	*US-7.625-02/15/25*	163	-1	-3	-5	-9	-8	34	-2
TIPS 0.25% 1/25	0.31	-	-	-3	-6	-3	*US-2.000-02/15/25*	168	-	-	-4	-8	-7	28	-
TIPS 2% 1/26	0.40	17	19	-3	-6	-2	*US-6.000-02/15/26*	164	-1	-2	-4	-9	-7	36	-1
TIPS 2.375% 1/27	0.45	14	15	-3	-5	-2	*US-6.625-02/15/27*	165	2	1	-4	-8	-7	37	-3
TIPS 1.75% 1/28	0.50	14	15	-3	-5	-2	*US-6.125-11/15/27*	166	3	1	-4	-7	-6	38	-2
TIPS 3.625% 4/28	0.50	14	15	-3	-5	-2	*US-5.500-08/15/28*	170	1	-0	-4	-8	-6	33	-1
TIPS 2.5% 1/29	0.53	14	15	-3	-4	-2	*US-5.250-02/15/29*	170	1	-1	-4	-7	-6	36	0
TIPS 3.875% 4/29	0.54	13	14	-3	-5	-2	*US-5.250-02/15/29*	169	1	-1	-4	-7	-6	35	0
TIPS 3.375% 4/32	0.62	13	14	-2	-4	-1	*US-5.375-02/15/31*	167	1	-1	-3	-6	-5	42	2
TIPS 2.125% 2/40	0.72	12	13	-2	-3	-1	*US-4.625-02/15/40*	180	3	2	-2	-4	-4	33	1
TIPS 2.125% 2/41	0.72	12	13	-1	-2	-1	*US-4.750-02/15/41*	177	3	3	-2	-4	-4	36	0
TIPS 0.75% 2/42	0.77	12	12	-1	-2	-1	*US-3.125-02/15/42*	179	4	3	-2	-4	-3	35	-1
TIPS 0.625% 2/43	0.76	12	13	-1	-2	-1	*US-3.125-02/15/43*	182	4	3	-2	-4	-3	32	-0
TIPS 1.375% 2/44	0.75	12	12	-1	-2	-1	*US-3.625-02/15/44*	182	4	3	-2	-4	-3	32	-1

Source: Citi Research, Bloomberg

Figure 45. EUR Inflation-linked Carry (based on forecasts above) – One week changes

Bond	RY (%)	Chg (bp)	Carry-adj chg	Carry: RY (bp) 2 Mar	1 Apr	1 May	*Reference Conventional*	BE (bp)	Chg (bp)	Carry-adj chg	Carry: BE (bp) 2 Mar	1 Apr	1 May	ZC Swap - BE Spread (bp)	Chg (bp)
Repo (%)				*-0.02*	*-0.03*	*-0.05*									
BUNDei16	0.80	6	7	-5	-132	-104	*DBR 1/16*	-100	-8	-9	-4	-129	-99	0	8
BOBLei18	-0.25	7	8	-3	-49	-40	*DBR 1/18*	4	-10	-11	-3	-48	-39	8	-1
BUNDei20	-0.57	5	6	-2	-31	-26	*DBR 1/20*	45	-9	-9	-2	-31	-26	-46	-59
BUNDei23	-0.70	5	5	-1	-19	-16	*DBR 1/22*	75	-7	-7	-1	-19	-16	-31	-49
BUNDei30	-0.58	6	6	-1	-10	-9	*DBR 1/30*	110	-8	-9	-1	-11	-10	-80	-106
OATei18	-0.46	9	10	-3	-45	-38	*FRTR 4/18*	39	-10	-11	-3	-45	-38	-22	-39
OATei20	-0.59	9	10	-2	-30	-25	*FRTR 4/20*	67	-9	-9	-2	-30	-26	-6	-24
OATei22	-0.52	10	11	-2	-21	-18	*FRTR 4/21*	71	-10	-10	-2	-22	-19	-19	-50
OATei24	-0.42	9	10	-1	-16	-13	*FRTR 10/23*	88	-8	-8	-1	-17	-15	-13	-41
OATei27	-0.32	9	9	-1	-13	-11	*FRTR 4/26*	104	-9	-9	-1	-14	-12	-35	-64
OATei30	-0.27	6	7	-1	-10	-8	*FRTR 5/30*	124	-5	-6	-1	-11	-10	-53	-77
OATei32	-0.28	3	3	-1	-10	-8	*FRTR 10/32*	130	-2	-3	-1	-11	-10	-70	-97
OATei40	-0.17	-1	-0	0	-7	-5	*FRTR 4/41*	143	-0	-1	-1	-8	-7	-56	-87
BTANi16	-0.49	5	4	0	-59	-14	*FRTR 4/16*	37	-5	-5	0	-58	-13	73	72
OATi17	-0.57	8	7	0	-34	-9	*FRTR 4/17*	46	-8	-8	0	-34	-8	61	47
OATi19	-0.63	12	11	0	-19	-5	*FRTR 4/19*	61	-12	-12	0	-19	-5	56	31
OATi21	-0.62	12	12	0	-12	-3	*FRTR 4/21*	80	-11	-11	0	-13	-4	33	6
OATi23	-0.52	13	13	0	-10	-2	*FRTR 10/23*	98	-12	-12	0	-11	-4	25	3
OATi29	-0.30	12	11	0	-6	-1	*FRTR 4/29*	117	-10	-10	0	-7	-3	4	-35
BTPei16	0.59	10	11	-4	-96	-75	*BTPS 8/16*	-31	-7	-8	-5	-99	-81	148	123
BTPei17	0.40	12	13	-3	-58	-46	*BTPS 8/17*	2	-9	-10	-4	-61	-50	111	86
BTPei18	0.26	11	12	-2	-42	-33	*BTPS 8/18*	32	-7	-7	-3	-44	-37	83	64
BTPei19	0.36	13	13	-2	-33	-26	*BTPS 9/19*	42	-7	-8	-2	-35	-30	84	59
BTPei21	0.51	10	11	-1	-23	-17	*BTPS 9/21*	69	-5	-6	-2	-26	-22	65	41
BTPei23	0.62	12	12	-1	-18	-13	*BTPS 8/23*	89	-2	-2	-2	-21	-18	54	32
BTPei24	0.70	14	14	-1	-16	-12	*BTPS 9/24*	94	-4	-4	-2	-18	-16	44	21
BTPei26	0.84	10	10	-1	-14	-10	*FRTR 5/30*	14	-9	-9	-1	-15	-12	133	97
BTPei35	1.00	6	6	0	-8	-6	*BTPS 8/34*	142	1	0	-1	-10	-9	11	-12
BTPei41	1.25	5	5	0	-6	-4	*BTPS 9/40*	138	3	2	-1	-8	-8	20	-20
SPGBEI19	0.22	9	9	-2	-31	-24	*SPGB 10/19*	61	-2	-3	-2	-33	-28	108	95
SPGBEI24	0.60	19	19	-1	-15	-11	*SPGB 4/24*	97	-4	-4	-2	-18	-16	72	52

Source: Citi Research

Figure 46. UK Gilts Inflation-linked Carry (based on forecasts above) – One week changes

Bond	RY (%)	Chg (bp)	Carry-adj chg	Carry: RY (bp) 2 Mar	1 Apr	1 May	*Reference Conventional*	BE (bp)	Chg (bp)	Carry-adj chg	Carry: BE (bp) 2 Mar	1 Apr	1 May	ZC Swap - BE Spread (bp)	Chg (bp)
Repo (%)				*0.44*	*0.44*	*0.44*									
UKTi Jul16	-1.30	-2	-4	4	12	21	*UKT 9/16*	168	2	2	4	13	22	50	-9
UKTi Nov17	-1.38	2	2	-1	-34	-26	*UKT 9/17*	205	-0	-0	-1	-35	-28	44	2
UKTi Nov19	-1.22	7	7	0	-19	-13	*UKT 9/19*	230	-0	-1	-1	-21	-17	36	1
UKTi Apr20	-1.09	8	7	1	4	6	*UKT 3/20*	225	0	0	1	2	3	33	-6
UKTi Nov22	-0.92	14	14	0	-12	-8	*UKT 3/22*	231	-4	-4	-1	-14	-11	47	4
UKTi Mar24	-0.77	17	17	0	-9	-6	*UKT 3/25*	243	-3	-3	-1	-11	-9	28	-2
UKTi Jul24	-0.78	16	15	1	3	4	*UKT 3/25*	244	-2	-2	0	1	1	40	-2
UKTi Nov27	-0.73	16	16	0	-7	-4	*UKT 12/27*	260	-1	-1	-1	-9	-7	37	1
UKTi Mar29	-0.66	18	18	0	-6	-4	*UKT 12/30*	271	0	0	-1	-7	-6	25	-4
UKTi Jul30	-0.68	17	17	1	2	3	*UKT 12/30*	273	1	1	0	0	0	35	-2
UKTi Nov32	-0.72	17	17	0	-5	-3	*UKT 6/32*	287	2	2	-1	-7	-6	28	-0
UKTi Mar34	-0.66	16	16	0	-4	-3	*UKT 9/34*	290	2	2	-1	-6	-5	23	-3
UKTi Jan35	-0.69	16	16	0	1	2	*UKT 3/36*	299	3	3	0	0	0	20	-1
UKTi Nov37	-0.67	17	16	0	-4	-2	*UKT 12/38*	300	3	2	0	-5	-5	24	0
UKTi Mar40	-0.66	16	16	0	-3	-2	*UKT 12/40*	304	3	3	0	-5	-5	18	-2
UKTi Nov42	-0.69	14	14	0	-3	-2	*UKT 12/42*	307	5	5	0	-4	-4	19	-2
UKTi Mar44	-0.65	15	15	0	-3	-2	*UKT 1/44*	307	5	5	0	-4	-4	16	-3
UKTi Nov47	-0.66	15	15	0	-3	-2	*UKT 12/46*	306	5	4	0	-4	-4	19	-1
UKTi Mar50	-0.65	16	16	0	-2	-2	*UKT 12/49*	304	4	4	0	-4	-3	18	-3
UKTi Mar52	-0.66	15	15	0	-2	-1	*UKT 7/52*	306	5	5	0	-3	-3	14	-3
UKTi Nov55	-0.68	15	15	0	-2	-1	*UKT 12/55*	305	6	6	0	-3	-3	17	-3
UKTi Mar58	-0.65	15	15	0	-2	-1	*UKT 1/60*	303	6	6	0	-3	-3	17	-4
UKTi Mar62	-0.67	14	14	0	-2	-1	*UKT 1/60*	305	6	6	0	-3	-3	15	-4
UKTi Mar68	-0.67	14	14	0	-2	-1	*UKT 7/68*	307	6	6	0	-2	-2	14	-4

Source: Citi Research

Summary of Recent Publications

Date	Publication	Topic	Page	Region
11-Feb-15	NOTE	UK Rates Strategy: Buy gilts on a (likely) neutral Inflation Report	-	UK
10-Feb-15	NOTE	Covered Bond Strategy: CAFFIL sees its role expanding	-	EUR
9-Feb-15	NOTE	European Flow Monitor: Net selling of Germany despite Greece	-	EUR
9-Feb-15	NOTE	Covered Bond Strategy: Getting the Extra Spread	-	EUR
9-Feb-15	NOTE	Alert: Unscheduled rating actions on Greece by Moody's/S&P	-	EUR
6-Feb-15	NOTE	Alert: UK Rates Strategy - Technicals point to a near-term rally in gilts	-	UK
6-Feb-15	NOTE	Euro Inflation Strategy: BTPei likely to fly on QE and index changes	-	EUR
5-Feb-15	European Weekly	Greece: brinkmanship to bring more volatility	3	EUR
		Where is the Carry Now? (Part II)	6	EUR
		EGBs – 30yr supply and dislocations	11	EUR
		EUR: Thoughts on the Bobl/Bund Box	14	EUR
		Euro inflation: BTPei likely to fly	15	EUR
		Why & Where to Go Long the EURUSD CCY Basis	18	EUR
		SSA dislocations in the long-end	20	EUR
		Covered Bonds from Singapore	22	EUR
5-Feb-15	NOTE	Euro Rates Strategy: Greece – brinksmanship to bring more volatility	-	EUR
5-Feb-15	NOTE	Weekly Supply Monitor: Euro, UK and US Supply Outlook	-	EUR
5-Feb-15	NOTE	European SSA and Covered Bond Monthly: Spread Markets in a QE Environment	-	EUR
4-Feb-15	NOTE	European Rates Strategy: Where is the Carry Now? (Part II)	-	EUR
2-Feb-15	NOTE	European Flow Monitor: Net selling of EGBs post ECB	-	EUR
30-Jan-15	NOTE	EGB Supply in February: Cash flows supportive for Germany	-	EUR
29-Jan-15	NOTE	EUR Rates Strategy: Swaptions & Negative Strikes – A Quick Intro for the Layman	-	EUR
29-Jan-15	European Weekly	ECB: Will Banks Offer Bonds?	3	EUR
		EGBs: A long March to QE	6	EUR
		How 'open-ended' is QE really?	10	EUR
		Net cash requirement adjusted for QE	12	EUR
		Have gilts joined the EMU periphery?	13	UK
		UK Inflation: It's déjà vu all over again	15	UK
		Swaptions & Negative Strikes	17	EUR
		European SSA Strategy	20	EUR
		Covered Bond Strategy	23	EUR
29-Jan-15	NOTE	Weekly Supply Monitor: Euro, UK and US Supply Outlook	-	Global
29-Jan-15	NOTE	European Rates Strategy: The month-end RV pack	-	EUR

Appendix A-1

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