

Weekly Supply Monitor

Euro, UK and US Supply Outlook

- **Europe:** Next week's bond supply of around €19bn comes from Belgium (around €4.25bn), the Netherlands (min €5bn) and Italy (around €9.5bn). There are very light coupon payments (€1bn) but heavy redemptions (€14bn from Italy) next week, on a trade-date basis.
- **US:** We expect the US Treasury to issue \$99bn across the 2-, 5- and 7-year sectors next week. There are \$5bn of coupon payments and \$58bn of redemptions next week, on a trade-date basis.
- **UK:** The UK DMO is expected to issue around £4bn of a new conventional gilt (3.5% 2068) next week. There are no gilt cash flows over the next three weeks (on a trade-date basis).
- **Spanish and Italian bill supply:** Spain will issue around €3.5bn across 3month and 9month bills on 25 June. Italy will issue €9bn of 6month bills on 26 June.

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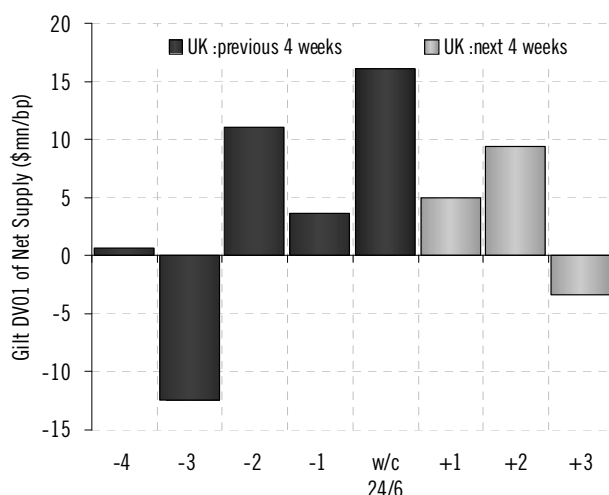
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Figure 1. Next week's net DV01 of gilt supply is the highest in the previous four and the next four weeks



Source: Citi Research, Bloomberg, DMO

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

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Weekly Supply Monitor

Provisional auction calendar for the next four weeks

Figure 2. Provisional Auction Calendar for the Next Four Weeks, Gross Issuance (Billions), DV01 (USD Millions)

Date	Country	Nominal Size (Local Ccy, bn)	Issue Details	DV01 \$million/bp	Approx. Number 10yr Futures		
					TYU3 (UST)	G U3 (Gilt)	RXU3 (Bund)
24 Jun (Mon)	Belgium	4.3	OLO 1.25% Jun18, 3% Sep19, 2.25% Jun23 and 4.5% Mar26 (issue confirmed, estimated size including the post-auction facility)				32k
24 Jun (Mon)	US	3 - 3.75	Outright Treasury Coupon Purchases: 31/3/2019 - 31/5/2020		-22k		
25 Jun (Tue)	Netherlands	5.0	New DSL Jan19 via DDA (issue confirmed, size minimum €5bn)				20k
25 Jun (Tue)	Italy	2.5	CTZ (estimated size)				4k
25 Jun (Tue)	Italy	1.0	BTPei (estimated size)				8k
25 Jun (Tue)	UK	4.0	Syndication of New 3.5% Treasury Gilt 2068 (issue confirmed, week commencing 24 June)			98k	
25 Jun (Tue)	US	35.0	2-Year		88k		
25 Jun (Tue)	US	1.25 - 1.75	Outright Treasury Coupon Purchases: 15/2/2036 - 15/5/2043		-37k		
26 Jun (Wed)	US	35.0	5-Year		212k		
26 Jun (Wed)	US	2.75 - 3.5	Outright Treasury Coupon Purchases: 15/8/2020 - 15/5/2023		-30k		
27 Jun (Thu)	Italy	6.0	BTP 5yr and 10yr (estimated tenor and size)				35k
27 Jun (Thu)	US	29.0	7-Year		241k		
27 Jun (Thu)	US	4.25 - 5.25	Outright Treasury Coupon Purchases: 30/6/2017 - 28/2/2018		-19k		
28 Jun (Fri)	US	1.25 - 1.75	Outright Treasury Coupon Purchases : 15/2/2036 - 15/5/2043		-37k		

Weekly \$DV01 of Issuance

63.1

Total Number of Futures Contracts

396k

98k

99k

Date	Country	Nominal Size (Local Ccy, bn)	Issue Details	DV01 \$million/bp	Approx. Number 10yr Futures		
					TYU3 (UST)	G U3 (Gilt)	RXU3 (Bund)
02 Jul (Tue)	Austria	1.5	RAGB 10yr and 30yr (estimated size and tenors). We believe that this auction will be cancelled as we expect Austria to do a 5yr syndication in July.				21k
02 Jul (Tue)	UK	3.6	2¼% Treasury Gilt 2023 (issue confirmed, estimated size)			31k	
04 Jul (Thu)	Spain	3.8	Bono 2yr, 5yr and 15yr (estimated tenors and size)				22k
04 Jul (Thu)	France	7.8	OAT 5yr, 10yr and 15yr (estimated tenors and size)				65k

Weekly \$DV01 of Issuance

22.0

Total Number of Futures Contracts

0k

31k

108k

Date	Country	Nominal Size (Local Ccy, bn)	Issue Details	DV01 \$million/bp	Approx. Number 10yr Futures		
					TYU3 (UST)	G U3 (Gilt)	RXU3 (Bund)
09 Jul (Tue)	Netherlands	2.0	DSL Jul23 re-opening (issue confirmed, size €1.5-2.5bn)				15k
09 Jul (Tue)	UK	1.5	01/8% Index-linked Treasury Gilt 2029 (issue confirmed, estimated size)			12k	
09 Jul (Tue)	US	32.0	3-Year		81k		
10 Jul (Wed)	US	21.0	10-Year (re-opening)		235k		
11 Jul (Thu)	Italy	4.5	BTP 3yr and 30yr (estimated tenors and size)				26k
11 Jul (Thu)	Italy	1.3	CCTeu (estimated size)				5k
11 Jul (Thu)	UK	2.6	3¼% Treasury Gilt 2044 (issue confirmed, estimated size)			45k	
11 Jul (Thu)	US	13.0	30-year (re-opening)		304k		

Weekly \$DV01 of Issuance

66.0

Total Number of Futures Contracts

620k

58k

47k

Date	Country	Nominal Size (Local Ccy, bn)	Issue Details	DV01 \$million/bp	Approx. Number 10yr Futures		
					TYU3 (UST)	G U3 (Gilt)	RXU3 (Bund)
18 Jul (Thu)	Spain	3.8	Obligaciones 2yr, 5yr and 10yr (estimated tenors and size)				17k
18 Jul (Thu)	France	10.0	BTAN, OAT 2yr and 5yr / OATi (estimated tenors and size)				41k
18 Jul (Thu)	US	15.0	10-Year TIPS		185k		

Weekly \$DV01 of Issuance

23.7

Total Number of Futures Contracts

185k

0k

57k

The next release of the tentative outright Treasury operation schedule will be at 3 p.m. on June 28, 2013. Therefore we have only provided details of Fed buybacks up to 28 June.

The auction calendar above does not include auctions for Germany after 30th June as the auction calendar for 3Q13 has not yet been announced.

Additional issues expected in July: Austria 5yr (€4bn). Belgium 30yr (€4bn). Ireland 5yr and 10yr (€1.3bn). These are not included in the cash flow tables or gross supply charts of this report as the timing of these supply events have not been announced.

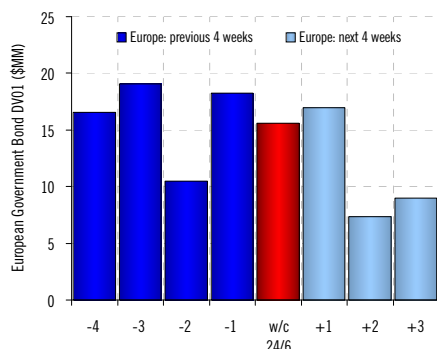
Source: DMOs, Citi Research

Global Net Supply by Week (8 Week Period)

DV01 of Supply: Historical & Projected EUR, USD & GBP Supply by Week

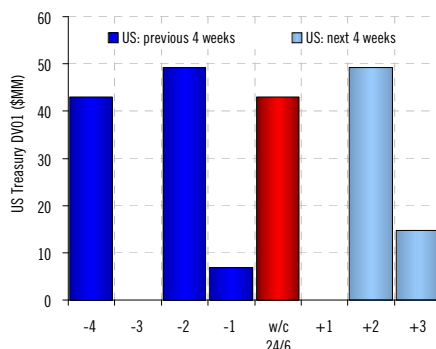
- Figure 3 to Figure 5 show the \$DV01 of projected issuance over the next four weeks and the previous four weeks. The DV01 of issuance in the week commencing 24 June is shown in red.
- The DV01 of next week's gilt issuance is the highest in the previous four weeks and the next four weeks.

Figure 3. Estimated \$DV01 of EMU Bond Issuance (weekly)



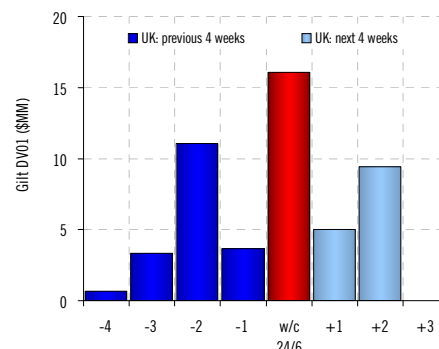
Source: DMOs, Citi Research

Figure 4. Estimated \$DV01 of US Treasury Issuance (weekly)



Source: US Treasury, Citi Research

Figure 5. Estimated \$DV01 of UK Gilt Issuance (weekly)



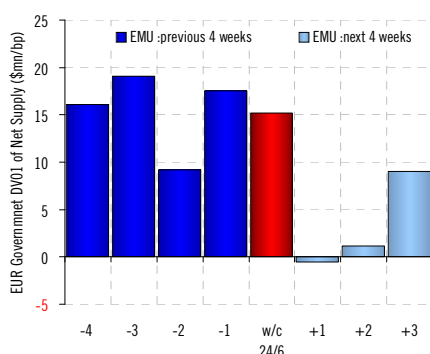
Source: DMO, Citi Research

DV01 of Net Supply (gross supply – coupons): EUR, USD & GBP Supply by Week

Net Supply = Gross Issuance – Coupon Payments

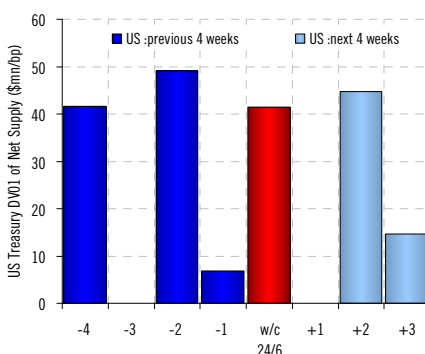
- Figure 6 to Figure 8 show the \$DV01 of projected net supply over the next four weeks and the previous four weeks.
- Next week's net issuance is positive across all the three markets as the DV01 of coupon payments is very light during the week (Figure 6 to Figure 8).

Figure 6. Estimated \$DV01 of Euro Bond Net Issuance (Previous 4 and Next 4 Weeks)



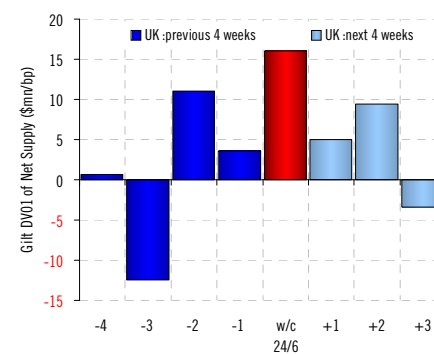
Source: DMOs, Citi estimates

Figure 7. Estimated \$DV01 of US Treasury Net Issuance (Previous 4 and Next 4 Weeks)



Source: US Treasury, Citi estimates

Figure 8. Estimated \$DV01 of UK Gilt Net Issuance (Previous 4 and Next 4 Weeks)



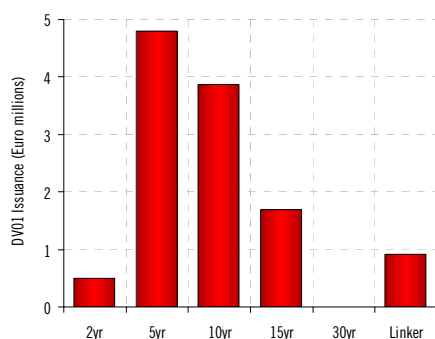
Source: DMO, Citi estimates

Global Supply by Tenor (Next week)

DV01 of EUR, USD and GBP Issuance by Maturity

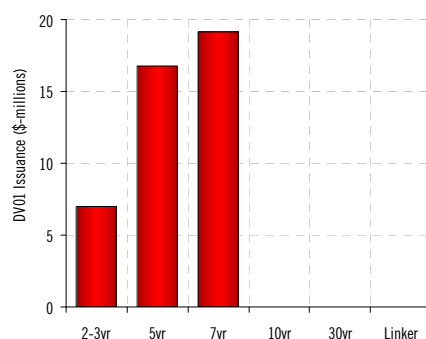
- The DV01 of the next week's euro issuance is around €12million/bp (Figure 9). On this basis, 40% of total issuance comes in the 5yr sector.
- The US Treasury will issue around \$43million/bp across the 2-, 5- and 7-year sectors (Figure 10).
- The UK DMO is expected to issue around £10million/bp of a new conventional gilt (3.5% 2068) in a syndication (Figure 11).

Figure 9. EUR DV01: Split by Maturity (24 June – 30 June)



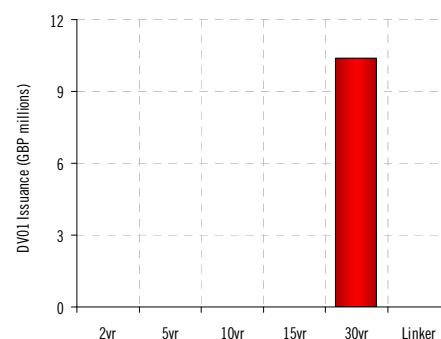
Source: DMOs, Citi Research

Figure 10. USD DV01: Split by Maturity (24 June – 30 June)



Source: US Treasury, Citi Research

Figure 11. GBP DV01 Split by Maturity (24 June – 30 June)

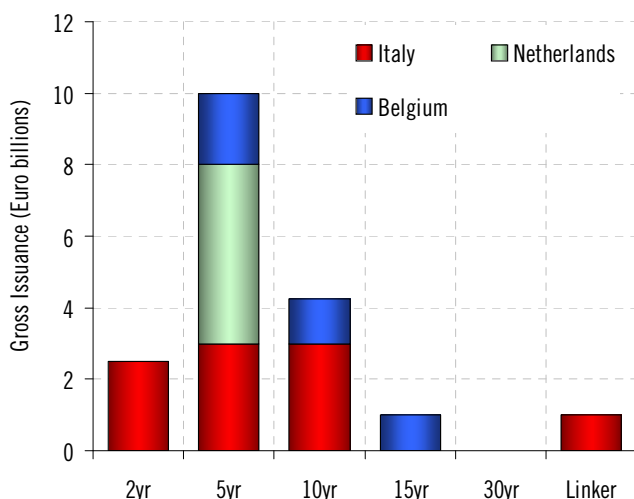


Source: DMO, Citi Research

Euro Gross Supply and DV01 by Country & Maturity

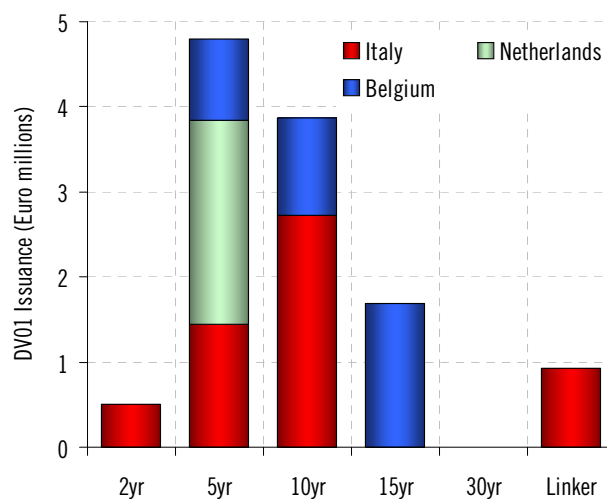
- In Europe, supply comes from Belgium (around €4.25bn), the Netherlands (min €5bn) and Italy (around €9.5bn) – Figure 12.
- Figure 13 shows the country and maturity split in DV01 terms. On this basis, Italy accounts for around half of total issuance.

Figure 12. Euro Gross Issuance next week



Source: DMOs, Bloomberg, Citi Research

Figure 13. Euro DV01 Issuance next week

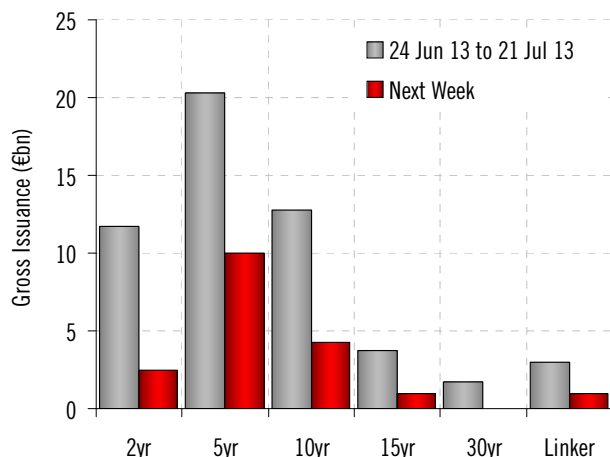


Source: DMOs, , Bloomberg, Citi Research

Expected Euro Issuance by Maturity for the Next 4 Weeks

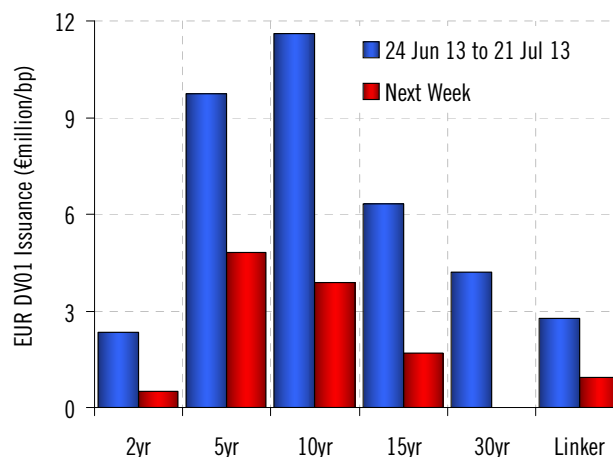
- Over the next four weeks, the 5yr sector should account for around 38% of gross supply (Figure 14).
- In DV01 terms, the 10yr sector should account for a third of total issuance over the next four weeks (Figure 15).

Figure 14. Euro Gross Issuance over the Next Four Weeks



Source: DMOs, Bloomberg, Citi Research

Figure 15. Euro DV01 Issuance over the Next Four Weeks



Source: DMOs, Bloomberg, Citi Research

Explanation of Trade-date and Settlement-date

Throughout the *Supply Monitor* section coupons and redemption payments are allocated on a trade date basis *except in the cash flow tables* shown above. In these cash flow tables; gross supply, coupons and redemptions are on a settlement date basis. This is to keep everything in line with US supply settling during the middle or end of the month instead of just T+3 as in Europe for example.

Trade date basis: In Europe if the coupon payment falls on Monday 4th March, for example, it would be allocated to the previous week (the week commencing 25 February) as that would be when you would trade to use the money you know is coming in on Monday 4th March. In other words, you don't wait for the money to hit your account to use it. Since we are trying to account for the impact of those payments we allocate them on a trade date basis, rather than settlement date.

Settlement date basis: The net cash requirement tables (Figure 20, Figure 21 and Figure 22) are on a settlement basis. In the US, conventional supply settles either during the middle of the month or at the end of the month. (If there is a Treasury auction during the last week of the month it will settle in the following week). Consequently, if you participate in the UST 3-year auction on 8 January the money would leave your account during the w/c 14 January. In addition, TIPS often settle during a different week from conventional supply.

Global Coupons by Tenor (Next 4 Weeks)

Euro coupons for the next four weeks – maturity split

EMU: heavy cash flow schedule over the next three weeks

- Cash flows of over €100bn will be available for reinvestment over the next three weeks (Figure 16 and Figure 19).

Figure 16. Maturity Split of Euro Coupon Payments over the Next Four Weeks (EUR-Billions)*

Week Commencing	2yr	5yr	10yr	15yr	30yr	Linker	Total
24 Jun	0.5	0.5					0.9
01 Jul	4.0	2.8	1.7	2.6	2.2		13.2
08 Jul	5.8	1.8	2.1	0.4			10.2
15 Jul				0.0			
Total	10.3	5.0	3.8	3.0	2.2		24.4

Source: Bloomberg, Citi Research

*This table is on a trade-date basis

US coupons for the next four weeks – maturity split

US: \$4.9bn next week

- Next week sees \$4.9bn of coupon payments from the sub-7yr maturity (Figure 17). There will be significant coupon flows in the week commencing 8 July again – a majority of which comes from linkers.

Figure 17. Maturity Split of UST Coupon Payments over the Next Four Weeks (USD-Billions)*

Week Commencing	2-3yr	5yr	7yr	10yr	30yr	Linker	Total
24 Jun	3.1	1.6	0.2				4.9
01 Jul							
08 Jul	0.6					4.6	5.2
15 Jul							
Total	3.7	1.6	0.2			4.6	10.1

Source: Bloomberg, Citi Research

*This table is on a trade-date basis

UK coupons for the next four weeks

UK: zero over the next three weeks

- There are no coupon payments or redemptions available for reinvestments over the next three weeks. However, coupon payments of £2.4bn will be eligible for reinvestment in the week commencing 15 July.

Figure 18. Maturity Split of Gilt Coupon Payments over the Next Four Weeks (GBP-Billions)*

Week Commencing	2yr	5yr	10yr	15yr	30yr	Linker	Total
24 Jun							
01 Jul							
08 Jul							
15 Jul	0.7	0.3			1.0	0.4	2.4
Total	0.7	0.3			1.0	0.4	2.4

Source: Bloomberg, Citi Research

*This table is on a trade-date basis

Euro Coupons and Redemptions Split by Maturity & Country (Next 4 Weeks)

■ Figure 19 below shows a weekly breakdown of euro coupons and redemptions, split by sector and country over the next four weeks.

Figure 19. Euro Coupons and Redemptions by Maturity and Country for the Next 4 weeks (EUR Billions)

WEEK 1	Week Beginning 24 Jun (Mon)		Coupons	Redemptions	WEEK 2	Week Beginning 01 Jul (Mon)		Coupons	Redemptions
		Austria					Austria		
		Belgium	0.5				Belgium		
		Germany					Germany	12.1	22.0
		Finland					Finland	1.2	6.0
	Coupons	France				Coupons	France		
2yr	0.5	Greece			2yr	4.0	Greece		
5yr	0.5	Ireland			5yr	2.8	Ireland		
10yr		Italy	0.5	14.3	10yr	1.7	Italy		
15yr		Netherlands			15yr	2.6	Netherlands		
30yr		Portugal			30yr	2.2	Portugal		
Linker		Spain			Linker		Spain		
	0.9		0.9	14.3		13.2		13.2	28.0
WEEK 3	Week Beginning 08 Jul (Mon)		Coupons	Redemptions	WEEK 4	Week Beginning 15 Jul (Mon)		Coupons	Redemptions
		Austria	1.8				Austria		
		Belgium					Belgium		
		Germany					Germany		
		Finland					Finland		
	Coupons	France	2.3	17.7		Coupons	France		
2yr	5.8	Greece			2yr		Greece		
5yr	1.8	Ireland			5yr		Ireland		
10yr	2.1	Italy	0.4		10yr		Italy		
15yr	0.4	Netherlands	5.7	16.0	15yr	0.0	Netherlands		
30yr		Portugal			30yr		Portugal		
Linker		Spain			Linker		Spain		
	10.2		10.2	33.7		0.0		0.0	0.0

Source: Bloomberg, Citi Research

*This table is on a trade-date basis

Cash Flow Profile (Next 4 Weeks)

The three tables on this page show the upcoming gross and net supply, coupons and redemptions, and the resultant NCR, for each of the next four weeks.

EMU cash flow profile over the next four weeks

EMU: non-supportive for bonds next week

- The euro net cash requirement (NCR) is non-supportive for bonds next week as around €31bn of gross supply easily outweighs €0.8bn of cash flows settling during the week (Figure 20).

Figure 20. Estimated Euro Weekly Cash Flow Profile for Next Four weeks, EUR Billions

Settling in Week Commencing	A Gross Supply	B Coupons	A - B Net Supply	C Redemptions	A - B - C NCR
24 Jun	30.7	0.8	29.9		29.9
01 Jul	7.5	13.7	-6.2	42.3	-48.5
08 Jul	13.5	2.3	11.2	17.7	-6.5
15 Jul	5.8	7.9	-2.1	16.0	-18.1
Total	57.5	24.7	32.8	76.0	-43.1
Average	14.4	6.2	8.2	19.0	-10.8
12m moving avg	16.8	3.7	13.0	11.2	1.8

Source: DMOs, Citi Research, Bloomberg

**This table is on a settlement-date basis*

US net cash requirement (NCR) over the next four weeks

US: non-supportive for bonds in week 2

- The US NCR is non-supportive for bonds in the week commencing 1 July as around \$99bn of gross supply easily outweighs \$63bn of cash flows and around \$10bn of buybacks (Figure 21).

Figure 21. US Weekly Cash Flow Profile for Next Four weeks, USD Billions

Settling in Week Commencing	A Gross Supply	B Coupons	A - B Net Supply	C Redemptions	D Buybacks	A - B - C - D NCR
24 Jun	7.0		7.0		14.0	-7.0
01 Jul	99.0	4.9	94.1	58.3	10.3	25.5
08 Jul					10.3	-10.3
15 Jul	66.0	5.2	60.8	60.3	10.3	-9.8
Total	172.0	10.1	161.9	118.6	44.9	-1.6
Average	43.0	2.5	40.5	29.7	11.2	-0.4
12m moving avg	41.4	3.1	38.4	24.3	10.3	3.8

Source: US Treasury, Citi Research, Bloomberg

**This table is on a settlement-date basis*

UK cash-flow profile over the next four weeks

UK: non-supportive over the next three weeks

- The UK NCR remains non-supportive for bonds over the next three weeks due to the absence of any cash flows over this period (Figure 22).

Figure 22. UK Weekly Cash Flow Profile for Next Four weeks, GBP Billions

Settling in Week Commencing	A Gross Supply	B Coupons	A - B Net Supply	C Redemptions	D Buybacks	A - B - C - D NCR
24 Jun	4.0		4.0			4.0
01 Jul	3.6		3.6			3.6
08 Jul	4.1		4.1			4.1
15 Jul		0.2	-0.2			-0.2
Total	11.7	0.2	11.5			11.5
Average	2.9	0.1	2.9			2.9
12m moving avg	2.8	0.9	1.9	0.7		1.2

Source: DMO, Citi Research, Bloomberg

**This table is on a settlement-date basis*

ESP and ITA Bill Issuance Projections

This page contains our projections for Spanish and Italian bill supply in 2013. Please note that this is the only page in this document (other than page 1) which refers to bills.

Auction calendar for the next four weeks

Figure 23. 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	25 Jun (Tue)	Spain	3month (20 September 2013), 9month (14 March 2014) - tenors confirmed, estimated issue and size	3.5
	26 Jun (Wed)	Italy	6 month (31 Dec 2013; issue confirmed, estimated size)	9
Total Size in Week 1				12.5
Week 3	10 Jul (Wed)	Italy	12 month (14 July 2014; issue confirmed, estimated size)	8.25
Total Size in Week 3				8.25
Week 4	16 Jul (Tue)	Spain	6month (24 January 2014) , 12month (new bond) - tenors confirmed, estimated size	4.75
Total Size in Week 4				4.75

Italy announces issue size 3 business days before the auction

Spain announces issue details 1 business day before the auction

Source: DMOs, Citi Research

2013 projections for bill supply

Figure 24. 2013 Italy and Spain Bill Supply – Citi Forecast (Euro Billion)

SPAIN	3m	6m	9m	12m	18m	Gross Supply	Redemptions	NCR
Jan	1.3	1.8		3.2	2.5	9	5	3
Feb	1.0	2.9	3.7	3.6		11	9	2
Mar	1.8	2.3	2.6	4.0		11	12	-2
Apr	0.9	1.3	2.2	4.6		9	8	1
May	0.9	1.2	2.6	3.3		8	6	2
Jun	1.0	1.1	2.5	4.0		9	10	-1
Jul	1.0	1.3	2.5	3.5		8	5	3
Aug	1.0	1.3	2.5	3.5		8	11	-3
Sep	1.0	1.3	2.5	3.5		8	7	2
Oct	1.0	1.3	2.5	3.5		8	4	4
Nov	1.0	1.3	2.5	3.5		8	9	-1
Dec	1.0	1.3	2.5	3.5		8	8	
Total	12.9	18.1	28.6	43.8	2.5	106	94	12

ITALY	3m*	6m	9m	12m	Flexible BOT	Gross Supply	Redemptions	NCR
Jan		9.8		9.8		20	21	-2
Feb		10.1		9.7		20	19	
Mar		9.4		7.8		17	19	-2
Apr	3.0	9.2		8.9		21	18	3
May		9.2		7.0	3.0	19	16	4
Jun		9.0		7.0		16	16	
Jul		9.0		8.3		17	20	-3
Aug		9.0		8.3		17	18	-1
Sep	3.0	9.0		8.3		20	20	
Oct		9.0		8.3		17	17	
Nov		8.5		7.5		16	16	
Dec		10.0		7.5		18	22	-5
Total	6.0	111.2		98.1	3.0	218	223	-5

*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

EMU: Coupons & Redemptions (Next 3mths)

Figure 25. EMU-10 Bond Redemptions over the next three months (€bn)

Redemptions = €151bn											
Redemptions	DEU 39	FRA 36	NLD 16	ITA 39	ESP 15	BEL 0	AUT 0	FIN 6	PRT 0	GRC 0	IRL 0
(Mon) 01-Jul-13				14.3							
(Thu) 04-Jul-13	22.0							6.0			
(Fri) 12-Jul-13		17.7									
(Mon) 15-Jul-13			16.0								
(Thu) 25-Jul-13		18.7									
(Tue) 30-Jul-13					14.9						
(Thu) 01-Aug-13				24.7							
(Fri) 13-Sep-13	17.0										

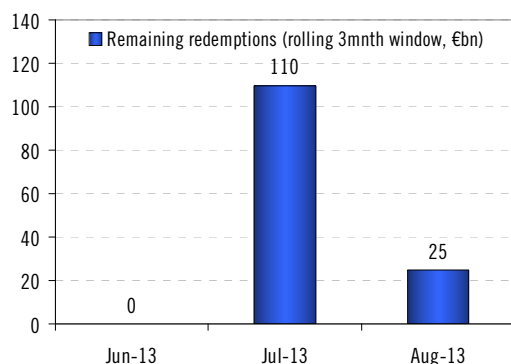
Source: DMOs, Bloomberg, Citi Research

Figure 26. EMU-10 Coupon Payments over the next three months (€bn)

Coupons = €58bn											
Coupons	DEU 13	FRA 6	NLD 6	ITA 18	ESP 8	BEL 1	AUT 3	FIN 2	PRT 0	GRC 0	IRL 0
(Thu) 20-Jun-13	0.2						0.1				
(Sat) 22-Jun-13						0.3					
(Fri) 28-Jun-13						0.5					
(Mon) 01-Jul-13				0.5							
(Thu) 04-Jul-13	12.1							1.2			
(Fri) 12-Jul-13		2.3									
(Mon) 15-Jul-13			5.7	0.4			1.8				
(Sat) 20-Jul-13											0.0
(Thu) 25-Jul-13		4.0									
(Tue) 30-Jul-13					8.4						
(Thu) 01-Aug-13				8.9							
(Sun) 18-Aug-13											0.0
(Sun) 01-Sep-13				6.5							
(Wed) 04-Sep-13	1.0										
(Fri) 13-Sep-13	0.1										
(Sun) 15-Sep-13				1.9			1.3	0.5			

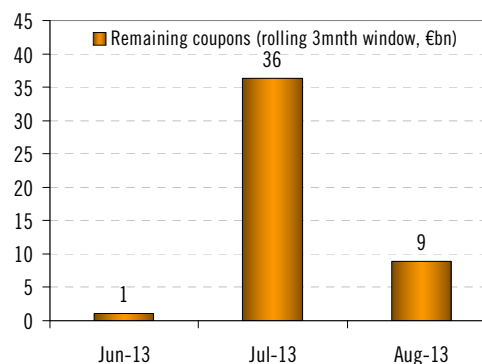
Source: DMOs, Bloomberg, Citi Research

Figure 27. EMU-10 remaining redemptions over the next 3months (€bn)



Source: DMOs, Bloomberg, Citi Research

Figure 28. EMU-10 remaining coupons over the next 3months (€bn)



Source: DMOs, Bloomberg, Citi Research

Appendix: EMU Core & Non-Core Net Supply (8 weeks)

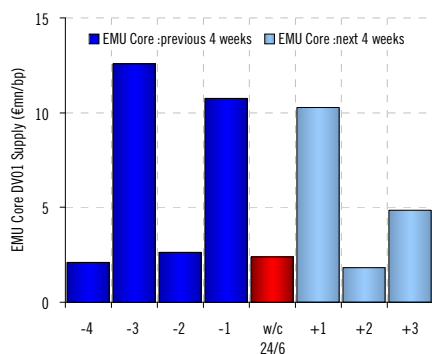
Figure 29 to Figure 31 show the projected EUR DV01 of core bond issuance, coupon payments and net issuance for the next four weeks and also the previous four weeks. Figure 32 to Figure 34 show the similar breakup for non-core issuance.

EMU core issuers = Germany, France, Netherlands, Austria & Finland

DV01 of core supply: Germany, France, Netherlands, Austria & Finland

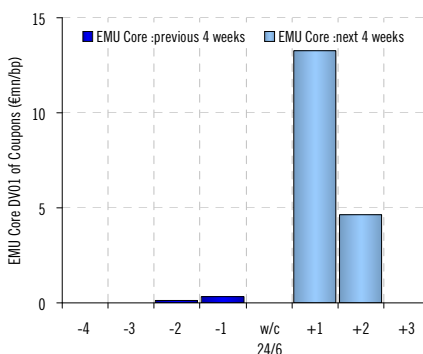
- The DV01 of core coupon payments is significant in the week commencing 1 July (Figure 30).
- Next week's net core issuance is significantly less than non-core issuance (Figure 31 and Figure 34).

Figure 29. Estimated €DV01 of Core Bond Issuance



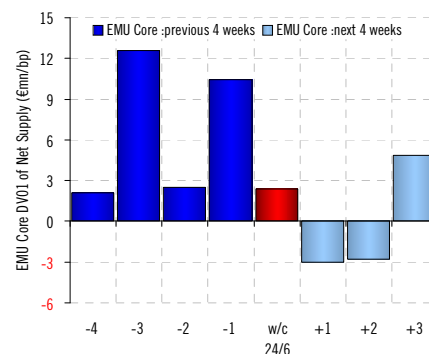
Source: DMOs, Citi estimates

Figure 30. Estimated €DV01 of Core Coupons



Source: US Treasury, Citi estimates

Figure 31. Estimated €DV01 of Net Core Issuance



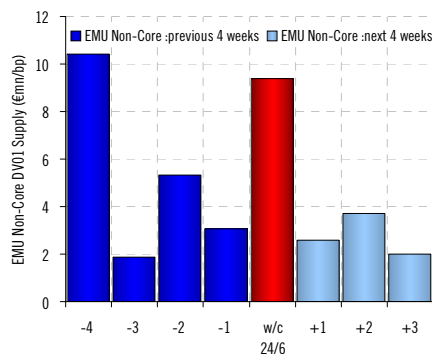
Source: DMO, Citi estimates

DV01 of non-core supply: Italy, Spain, Belgium, Ireland & Portugal

EMU non-core issuers = Italy, Spain, Belgium, Ireland & Portugal

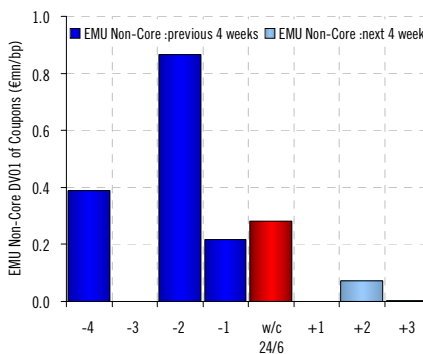
- The DV01 of non-core coupon payments is light over the next four weeks (Figure 33).

Figure 32. Estimated €DV01 of Non-Core Bond Issuance



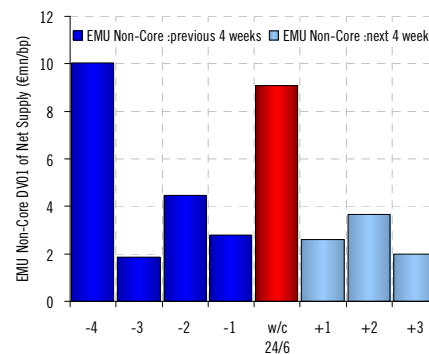
Source: DMOs, Citi estimates

Figure 33. Estimated €DV01 of Non-Core Coupons



Source: US Treasury, Citi estimates

Figure 34. Estimated €DV01 of Net Non-Core Issuance



Source: DMO, Citi estimates

Appendix: EMU Core & Non-Core Net Supply (Next Week)

Figure 35 and Figure 36 show the split by tenor of next week's core bond issuance, coupon payments and net issuance in both nominal and DV01 terms.

We have also included the equivalent number of 10yr Futures. Figure 37 and Figure 38 shows a break down for non-core issuers. Figure 35 to Figure 38 are on a trade-date basis.

EMU core issuers = Germany, France, Netherlands, Austria & Finland

EMU Core: Next week's Nominal Net Supply by Tenor

Figure 35. EMU core issuance, coupons and net supply by tenor for next week

EMU Core	2yr	5yr	10yr	15yr	30yr	Linkers	Total
Gross Supply		5.0					5.0
Coupons							
Net Supply		5.0					5.0

Source: DMOs, Bloomberg, Citi Research

EMU Core: DV01 of Net Supply + Futures Equivalent

Figure 36. DV01 of EMU core issuance, coupons and net supply by tenor for next week

EMU Core	2yr	5yr	10yr	15yr	30yr	Linkers	Total		Number of 10yr Futures (x1000)	
							€DV01	\$DV01	RXU3	TYU3
DV01 of issuance		2.4					2.4	3.2	+20	+40
Coupons										
Net Supply		2.4					2.4	3.2	+20	+40
Number of RX Futures (x1000)		+20								
Number of TY Futures (x1000)		+40								

Source: DMOs, Bloomberg, Citi Research

EMU non-core issuers = Italy, Spain, Belgium, Ireland & Portugal

EMU Non-Core: Next week's Nominal Net Supply by Tenor

Figure 37. EMU non-core issuance, coupons and net supply by tenor for next week

EMU Non-Core	2yr	5yr	10yr	15yr	30yr	Linkers	Total
Gross Supply	2.5	5.0	4.3	1.0		1.0	13.8
Coupons	0.5	0.5					0.9
Net Supply	2.0	4.5	4.3	1.0		1.0	12.8

Source: DMOs, Bloomberg, Citi Research

EMU Non-Core: DV01 of Net Supply + Futures Equivalent

Figure 38. DV01 of EMU non-core issuance, coupons and net supply by tenor

EMU Non-Core	2yr	5yr	10yr	15yr	30yr	Linkers	Total		Number of 10yr Futures (x1000)	
							€DV01	\$DV01	RXU3	TYU3
DV01 of issuance	0.5	2.4	3.9	1.7		0.9	9.4	12.4	+79	+156
Coupons	0.1	0.2					0.3	0.4	+3	+5
Net Supply	0.4	2.2	3.9	1.7		0.9	9.1	12.0	+76	+151
Number of RX Futures (x1000)	+3	+18	+33	+14		+8				
Number of TY Futures (x1000)	+7	+36	+64	+28		+15				

Source: DMOs, Bloomberg, Citi Research

Appendix: US & UK Net Supply (Next Week)

US: Next week's Nominal Net Supply by Tenor

- Figure 39 and Figure 40 show the split by tenor of next week's US bond issuance, coupon payments and net issuance in both nominal and DV01 terms. These figures are on a trade-date basis.

Figure 39. US Treasury issuance, coupons and net supply by tenor

US	2-3yr	5yr	7yr	10yr	30yr	Linkers	Total
Gross Supply	35.0	35.0	29.0				99.0
Coupons	3.1	1.6	0.2				4.9
Net Supply	31.9	33.4	28.8				94.1

Source: DMO, Bloomberg, Citi Research

US: DV01 of Net Supply + Futures Equivalent

Figure 40. US Treasury DV01 of gross and net supply

US	2-3yr	5yr	7yr	10yr	30yr	Linkers	Total		Number of 10yr Futures (x1000)	
							€DV01	\$DV01	RXU3	TYU3
DV01 of issuance	7.0	16.8	19.1				32.5	42.9	+273	+541
Coupons	0.6	0.8	0.1				1.2	1.5	+10	+19
Net Supply	6.4	16.0	19.0				31.3	41.4	+264	+521
Number of RX Futures (x1000)	+41	+102	+121							
Number of TY Futures (x1000)	+80	+202	+239							

Source: DMO, Bloomberg, Citi Research

UK: Next week's Nominal Net Supply by Tenor

- Figure 41 and Figure 42 show the split by tenor of next week's UK bond issuance, coupon payments and net issuance in both nominal and DV01 terms. These figures are on a trade-date basis.

Figure 41. UK gilt issuance, coupons and net supply by tenor

UK	2yr	5yr	10yr	15yr	30yr	Linkers	Total
Gross Supply					4.0		4.0
Coupons							
Net Supply					4.0		4.0

Source: DMO, Bloomberg, Citi Research

UK: DV01 of Net Supply + Futures Equivalent

Figure 42. UK gilt DV01 of gross and net supply

UK	2yr	5yr	10yr	15yr	30yr	Linkers	Total		Number of 10yr Futures (x1000)	
							€DV01	\$DV01	RXU3	TYU3
DV01 of issuance					8.7		10.2	13.5	+86	+169
Coupons										
Net Supply					8.7		10.2	13.5	+86	+169
Number of RX Futures (x1000)					+86					
Number of TY Futures (x1000)					+169					

Source: DMO, Bloomberg, Citi Research

Appendix: Global Supply Forecasts

Figure 43. UK, US and EMU-10 Gross Supply – Citi forecasts

2013 Cashflow Tables													
Gross Supply (£bn cash)								A	B	C = A - B	D	E	F = C - D - E
UK	Auctions				Syndications			Gross Supply	Coupons	Net Supply	Redemptions	Buybacks	NCR
	Shorts	Mediums	Longs	Linkers	Long	Linker	Mini Tender						
Apr-13		3.6	2.5	3.5			0.7	10	0	10			10
May-13	5.3		2.7	1.3			1.9	11	1	11			11
Jun-13	4.7	3.7	2.7	1.9	4.3	0.0	0.0	17	7	10	0		10
Jul-13		3.6	2.4	1.6		4.2	1.5	13	3	10			10
Aug-13	4.7		2.4	3.2				10	1	10	21		-11
Sep-13	4.7	3.6	2.4	1.6		4.2		17	11	6	9		-3
Oct-13		3.6	2.4	1.6			1.5	9	0	9			9
Nov-13	4.7	3.6	2.4	1.6	4.3			17	1	16			16
Dec-13	4.7	3.6		1.6			1.5	11	7	4			4
Jan-14	4.7		2.4	1.6				9	3	6			6
Feb-14	4.7	3.6	2.4	1.6		4.2	1.5	18	0	18			18
Mar-14	4.7	3.6		3.2			1.5	13	10	3	35		-33
Total	42.9	32.5	25.0	24.3	8.5	12.5	10.0	156	44	112	65		47

Gross Supply (\$bn nominal)								A	B	C	D = A - B - C	E	F = D - E
US	2yr	3yr	5yr	7yr	10yr	30yr	TIPS	Gross Supply	Coupons	Fed Purchases	Net Supply	Redemptions	NCR
Jan-13	35	32	35	29	21	13	15	180	11	44	125	93	32
Feb-13	35	32	35	29	24	16	9	180	26	45	109	119	-9
Mar-13	35	32	35	29	21	13	13	178	6	41	131	98	33
Apr-13	35	32	35	29	21	13	18	183	7	46	130	117	13
May-13	35	32	35	29	24	16	13	184	24	45	115	118	-3
Jun-13	35	32	35	29	21	13	7	172	5	45	122	94	27
Jul-13	35	32	35	29	21	13	15	180	10	45	125	120	5
Aug-13	35	32	35	29	24	16	16	187	25	45	117	129	-13
Sep-13	35	32	35	29	21	13	13	178	5	20	153	96	57
Oct-13	32	30	34	29	21	13	7	166	6	20	140	94	46
Nov-13	32	30	34	29	24	16	13	178	23	20	135	128	7
Dec-13	32	30	34	29	21	13	16	175	5	20	150	99	52
Total	411	378	417	348	264	168	155	2141	154	436	1551	1304	247

Gross issuance forecasts for 2013 vs 2012

(for fixed rate government bonds and index-linked notes)

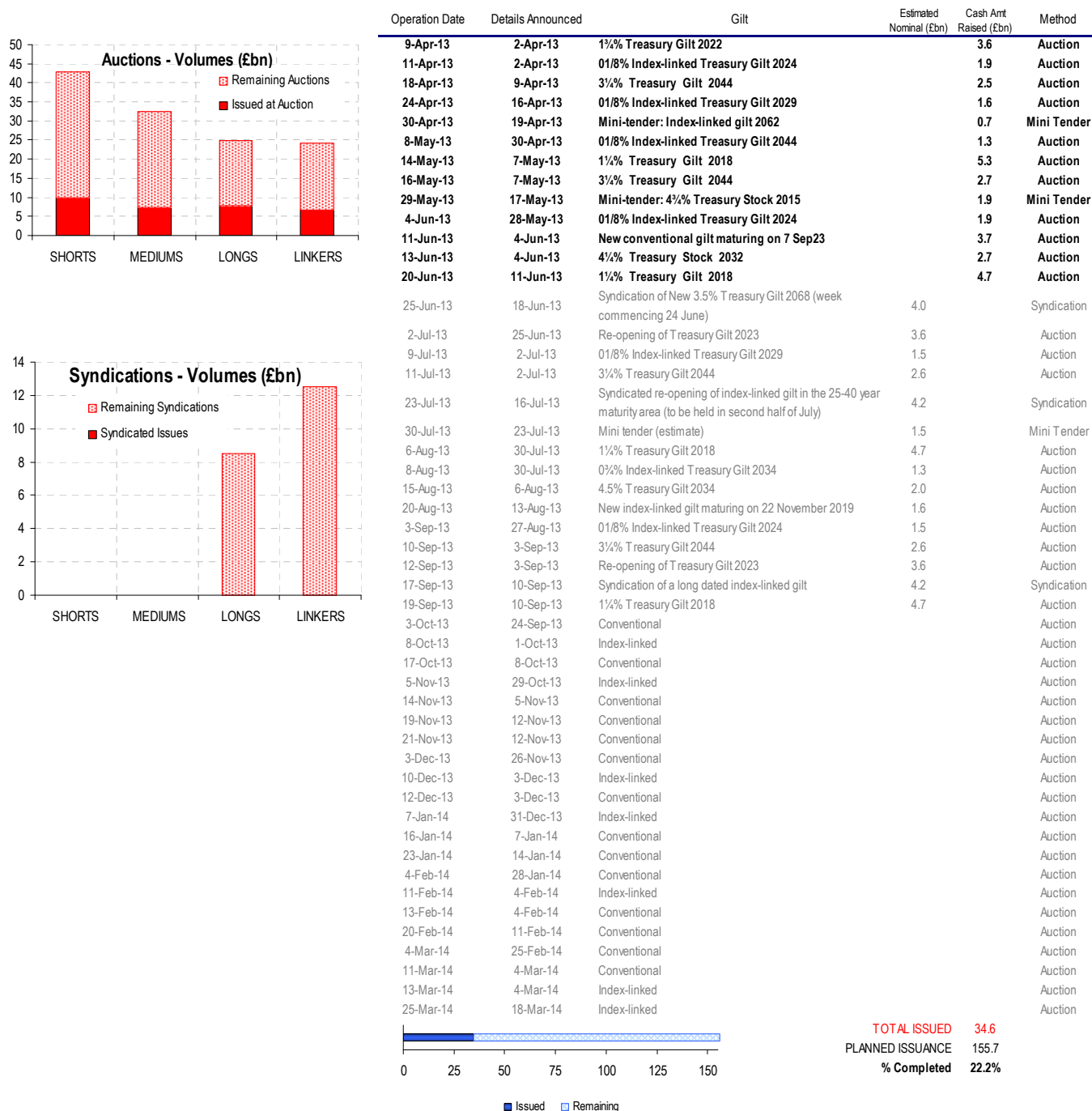
Gross Supply	2012	2013	Gross Supply (€bn)	2012	2013	Tickers used in our supply estimates
EMU-10 (€bn)	829	839	Germany	184	183	Schatz, Bobl, Bund, Bundeil, Boblei
			France	201	186	OAT, BTAN, BTANI, OATi, OATei
			Italy	205	205	BTP, BTPei, CCT, CTZ
			Spain	98	120	SPGB
			Netherlands	60	50	DSL
			Belgium	43	44	OLO
			Austria	21	22	RAGB
			Finland	11	12	RFGB
			Ireland	5	10	IRLD
			Portugal	0	7	OT
			Total	829	839	

*UK supply forecasts on financial year basis (cash amt)

Source: DMOs, Bloomberg, Citi Research

UK Gilt Remit and Progress for FY2013/14

Figure 44. UK Gilt Remit and Progress for FY2013/14



Source: DMO, Bloomberg, Citi Research

EMU 2013 Supply, Coupons & Redemptions

Figure 45. 2013 Euro Government Bond Supply – Citi Forecasts (Euro in Billions)

EMU-10	2yr/3yr	5yr	10yr	15yr	30yr	Linkers	Gross Supply	Coupons	Net Supply	Redemptions	NCR
Jan	25.1	25.7	25.2	8.7	4.6	5.8	95	28	67	71	-4
Feb	17.4	27.5	19.4	5.7	1.0	4.6	76	12	63	21	42
Mar	21.2	22.1	30.1	5.1	5.9	3.8	88	18	70	31	40
Apr	21.2	17.2	27.4	5.0	3.5	3.5	78	28	49	100	-50
May	17.9	24.0	30.0	5.4	6.8	3.3	87	6	81		81
Jun	20.3	24.7	18.9	5.0	1.2	3.5	74	5	68	34	34
Jul	16.8	23.0	18.7	3.8	8.8	4.0	75	36	39	110	-71
Aug	13.0	12.6	10.0	1.0			37	9	28	25	3
Sep	18.0	24.1	20.0	4.0	2.3	4.0	72	17	56	58	-2
Oct	15.5	21.0	22.2	1.5	3.8	4.0	68	27	40	66	-26
Nov	18.5	19.2	15.2	2.0	0.8	2.5	58	6	52	18	34
Dec	10.0	12.2	7.9	1.5			32	2	30	35	-5
Total	215	253	245	49	39	39	839	195	644	568	76

GERMANY	2yr/3yr	5yr	10yr	15yr	30yr	Linkers	Gross Supply	Coupons	Net Supply	Redemptions	NCR
Jan	5.0	5.0	5.0		2.0	1.0	18	12	6	24	-18
Feb	5.0	4.0	5.0			1.0	15	1	14		14
Mar	5.0	4.0	4.0			1.0	14		14	18	-4
Apr	5.0	4.0	4.0		2.0	1.0	16	3	13	29	-16
May	5.0	5.0	5.0			1.0	16		16		16
Jun	5.0	4.0	5.0			1.0	15	1	14	17	-3
Jul	5.0	4.0	4.0		2.0	1.0	16	12	4	22	-18
Aug	5.0	4.0	4.0				13		13		13
Sep	5.0	5.0	5.0			1.0	16	1	15	17	-2
Oct	5.0	4.0	9.0		2.0	1.0	21	2	19	16	3
Nov	5.0	4.0	4.0			1.0	14		14		14
Dec	5.0	4.0					9		9	15	-6
Total	60.0	51.0	54.0		8.0	10.0	183	32	151	158	-7

FRANCE	2yr/3yr	5yr	10yr	15yr	30yr	Linkers	Gross Supply	Coupons	Net Supply	Redemptions	NCR
Jan	2.4	7.3	5.2	1.2		1.8	18	2	16	18	-2
Feb	2.0	7.6	5.6	4.0		2.3	21	1	21		21
Mar	5.0	5.5	3.6	1.8	4.5	1.8	22		22		22
Apr	4.3	3.6	8.4			1.7	18	17	1	22	-21
May	3.4	6.2	7.2	1.0		1.4	19		19		19
Jun	3.3	6.0	3.8	2.3		1.5	17		17		17
Jul	3.0	6.5	4.5	1.8		2.0	18	6	11	36	-25
Aug											
Sep	3.0	6.0	4.0		1.5	2.0	17		16	11	5
Oct	3.0	6.0	6.5			2.0	18	16	1	21	-20
Nov	3.0	4.5	4.0			1.5	13		13		13
Dec		1.8	2.8	1.5			6		6		6
Total	32.4	60.8	55.5	13.5	6.0	17.9	186	43	143	108	36

ITALY	CTZ/3yr	5yr/CCT	10yr	15yr	30yr	Linkers	Gross Supply	Coupons	Net Supply	Redemptions	NCR
Jan	7.6	4.5	3.5	6.0		2.9	25	1	24		24
Feb	6.8	4.5	5.2	1.0	1.0	1.3	20	9	10	21	-11
Mar	5.2	5.4	3.1	2.0		1.0	17	8	8		8
Apr	6.5	5.0	3.5	1.7		0.8	17	1	16	29	-13
May	6.0	6.5	3.5	1.5	6.0	1.0	24	6	19		19
Jun	6.4	6.4	3.0	1.7		1.0	19	2	16	17	-1
Jul	6.0	4.3	3.3		1.0	1.0	16	1	15	14	
Aug	5.0	4.3	3.3	1.0			14	9	5	25	-20
Sep	5.0	4.3	5.0			1.0	15	8	7	11	-4
Oct	5.0	5.5	3.3		1.0	1.0	16	1	15		15
Nov	6.0	4.3	3.3	1.0			15	6	9	18	-9
Dec	2.5	3.6	3.3				9	2	7	20	-13
Total	68.0	58.5	42.9	15.9	9.0	10.9	205	55	151	155	-4

Source: DMOs, Bloomberg, Citi Research

Figure 46. 2013 Euro Government Bond Supply – Citi Forecasts (Euro in Billions)

SPAIN	2yr/3yr	5yr	10yr	15yr	30yr	Linkers	Gross Supply	Coupons	Net Supply	Redemptions	NCR
Jan	6.4	3.9	7.0	0.6	0.5		18	8	10	14	-4
Feb	3.6	3.1	3.1	0.7			11		11		11
Mar	2.1	3.5	5.7		0.7		12		12		12
Apr	5.4	3.2	2.4				11	4	7	15	-8
May	3.4	2.9	7.0	2.3			16		16		16
Jun	2.5	1.4	4.1				8		8		8
Jul	2.8	2.5	1.3	1.0			8	8	-1	15	-16
Aug	3.0	2.8	1.3				7		7		7
Sep	2.5	2.5	1.3	4.0			10		10		10
Oct	2.5	2.3	1.3	0.5			7	5	2	16	-14
Nov	2.0	3.8	1.3				7		7		7
Dec	2.5	2.3	1.3				6		6		6
Total	38.7	34.0	36.9	9.2	1.2		120	26	95	60	34

NETHERLANDS	2yr/3yr	5yr	10yr	15yr	30yr	Linkers	Gross Supply	Coupons	Net Supply	Redemptions	NCR
Jan	3.8				1.5		5	4	1	16	-14
Feb		2.7					3		3		3
Mar	4.0	2.5	6.5				13		13		13
Apr				2.0			2		2		2
May		1.7	2.3				4		4		4
Jun	3.0	5.0					8		8		8
Jul			3.0		1.0		4	6	-2	16	-18
Aug											
Sep	2.5		2.5				5		5		5
Oct		1.8					2		2		2
Nov	2.5		1.0	1.0			5		5		5
Dec											
Total	15.8	13.7	15.3	3.0	2.5		50	10	40	32	9

BELGIUM	2yr/3yr	5yr	10yr	15yr	30yr	Linkers	Gross Supply	Coupons	Net Supply	Redemptions	NCR
Jan			4.0				4		4		4
Feb		5.0					5		5		5
Mar		1.2	1.3	1.2			4	7	-3	13	-16
Apr		1.4	2.2	1.3			5		5		5
May		1.1	1.3	0.6	0.8		4		4		4
Jun		2.0	1.3	1.0			4	1	3		3
Jul		1.0	1.3	1.0	4.0		7		7		7
Aug		1.5	1.5				3		3		3
Sep		1.0	1.0		0.8		3	5	-2	14	-15
Oct		1.0	1.0	1.0			3		3		3
Nov		1.0	1.0		0.8		3		3		3
Dec											
Total		16.2	15.8	6.1	6.3		44	12	32	26	6

AUSTRIA	2yr/3yr	5yr	10yr	15yr	30yr	Linkers	Gross Supply	Coupons	Net Supply	Redemptions	NCR
Jan			0.6		0.6		1	1			
Feb		0.6	0.6				1		1		1
Mar			0.9		0.8		2	1			
Apr			3.0		1.5		5		4		4
May		0.7	0.7				1		1		1
Jun			0.7		0.7		1		1		1
Jul		4.0	0.8		0.8		6	2	4		4
Aug											
Sep		0.7	0.7				1	1			
Oct			0.7		0.8		1	1		13	-13
Nov		0.7	0.7				1		1		1
Dec		0.7	0.7				1		1		1
Total		7.2	9.7		5.0		22	7	15	13	1

Source: DMOs, Bloomberg, Citi Research

Figure 47. 2013 Euro Government Bond Supply – Citi Forecasts (Euro in Billions)

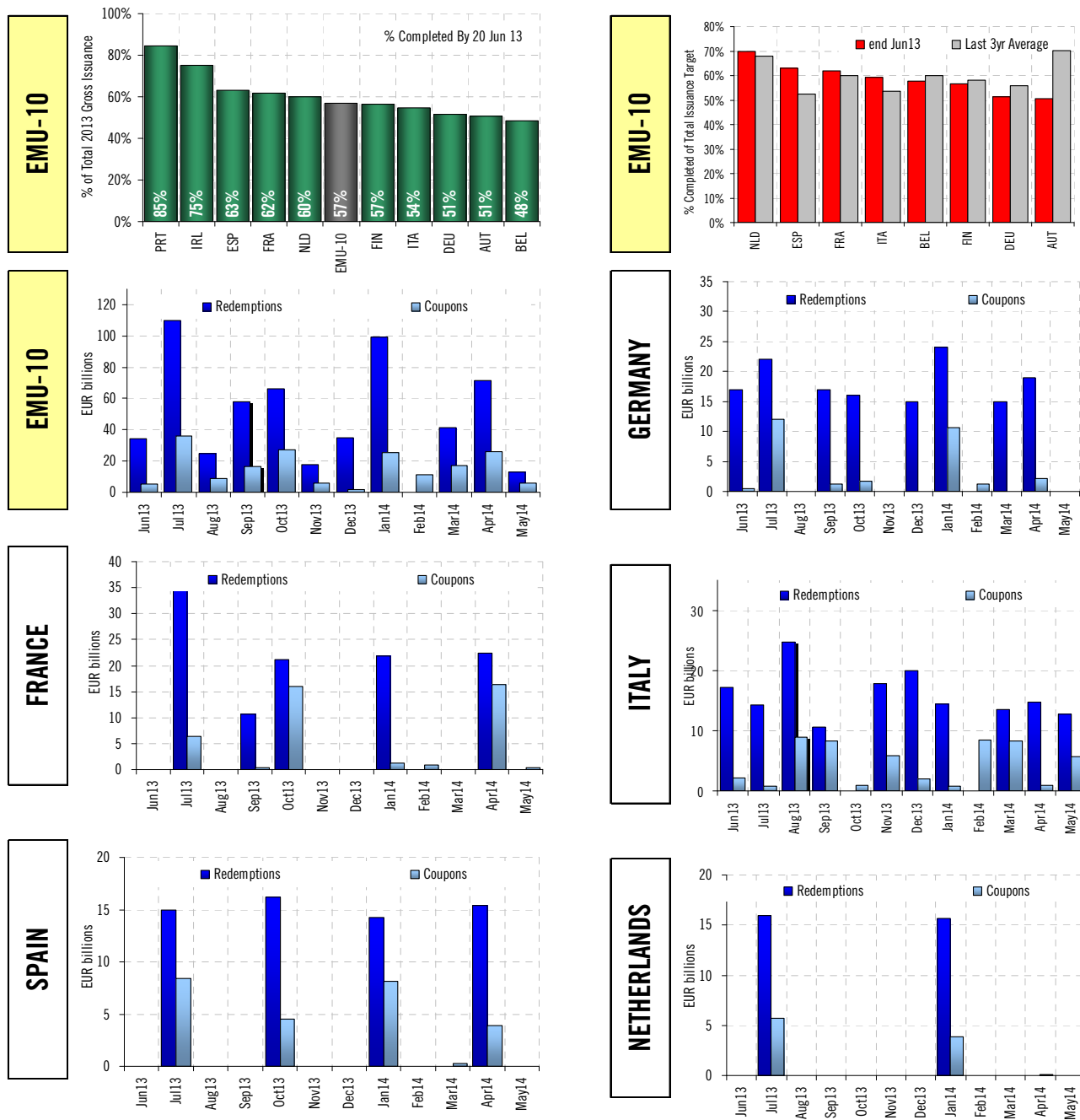
FINLAND	2yr/3yr	5yr	10yr	15yr	30yr	Linkers	Gross Supply	Coupons	Net Supply	Redemptions	NCR
Jan				1.0			1		1		1
Feb											
Mar											
Apr			4.0				4	1	3		3
May											
Jun			1.0		0.5		2		2		2
Jul								1	-1	6	-7
Aug											
Sep		4.0					4	1	3		3
Oct											
Nov		1.0					1		1		1
Dec											
Total		5.0	5.0	1.0	0.5		12	2	9	6	3

IRELAND	2yr/3yr	5yr	10yr	15yr	30yr	Linkers	Gross Supply	Coupons	Net Supply	Redemptions	NCR
Jan		2.5					3		2		2
Feb											
Mar			5.0				5	1	4		4
Apr								1	-1	5	-6
May											
Jun											
Jul		0.7	0.7				1		1		1
Aug											
Sep		0.6	0.6				1		1		1
Oct								2	-2		-2
Nov											
Dec											
Total		3.8	6.3				10	4	6	5	1

PORTUGAL	2yr/3yr	5yr	10yr	15yr	30yr	Linkers	Gross Supply	Coupons	Net Supply	Redemptions	NCR
Jan		2.5					3		3		3
Feb											
Mar											
Apr								1	-1		-1
May			3.0				3		3		3
Jun								1	-1		-1
Jul											
Aug											
Sep										6	-6
Oct		0.5	0.5				1	2	-1		-1
Nov											
Dec											
Total		3.0	3.5				7	4	2	6	-4

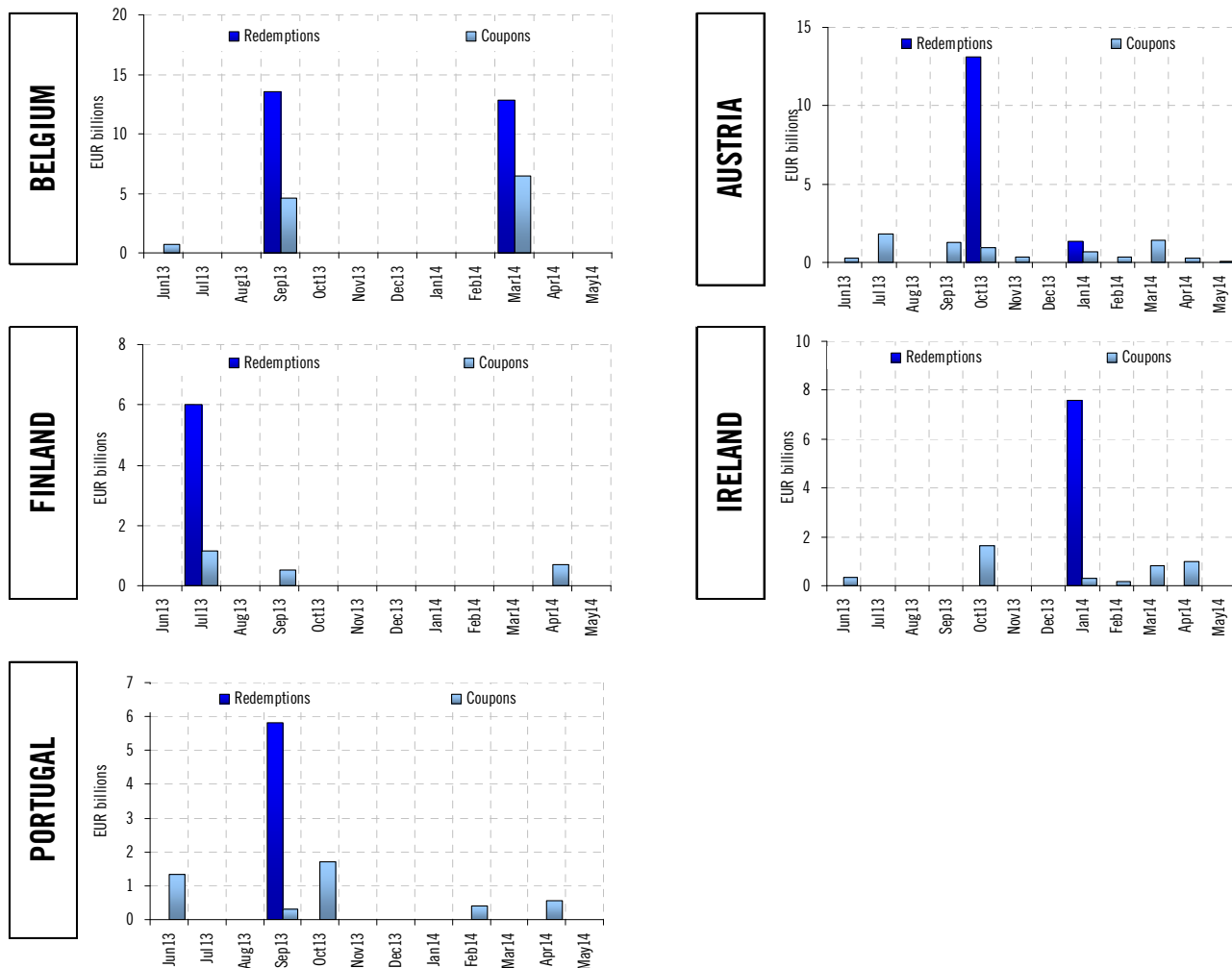
Source: DMOs, Bloomberg, Citi Research

Figure 48. 2013 EMU Issuance Progress and Cash flow profile – Citi Forecasts (Euro in Billions)



Source: DMOs, Bloomberg, Citi Research

Figure 49. 2013 EMU Issuance Progress and Cash flow profile – Citi Forecasts (Euro in Billions)



Size of bond market (fixed rate bonds and linkers)	Sector						Credit Rating (LT local currency)	S&P		Moody's		Fitch			
	2yr	5yr	10yr	15yr	30yr	Total		Rating	Outlook	Rating	Outlook	Rating	Outlook		
	Germany	448	248	198	63	20		977	Germany	AAA	Stable	Aaa	-ve	AAA	Stable
	France	443	319	267	137	21		1188	France	AA+	-ve	Aa1	-ve	AAA	-ve
	Netherlands	114	74	72	23	0		283	Netherlands	AAA	-ve	Aaa	-ve	AAA	-ve
	Italy	464	315	266	144	21		1210	Italy	BBB+	-ve	Baa2	-ve	BBB+	-ve
	Spain	253	131	97	57	0		538	Spain	BBB-	-ve	Baa3	-ve	BBB	-ve
	Belgium	89	71	70	31	18		279	Belgium	AA	-ve	Aa3	-ve	AA	Stable
	Austria	60	46	47	17	0		170	Austria	AA+	Stable	Aaa	-ve	AAA	Stable
	Finland	24	23	15	10	0		72	Finland	AAA	Stable	Aaa	Stable	AAA	Stable
Ireland	21	42	26	0	0	89	Ireland	BBB+	Stable	Ba1	-ve	BBB+	Stable		
Portugal	43	32	18	0	0	92	Portugal	BB	Stable	Ba3	-ve	WD	-ve		

Source: DMOs, Bloomberg, Citi Research

Appendix A-1

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