

European Flow Analysis

Clear increase in appetite for France

- **Core vs Periphery:** we saw a clear move to risk on last week with falling demand for the core and sharply increased demand for sub-AAs.
- **Where on the curve?** Demand for the short end increased the most last week, and decreased the most for the belly of the curve.
- **Core demand trend:** Demand for the core over the last month has been focused on up to 10yrs, but has bypassed the long end.
- **Country demand trend:** 4-week moving averages show a clear upswing in demand for France, ongoing positive demand for Italy but waning appetite for Spain, despite last week's buying.

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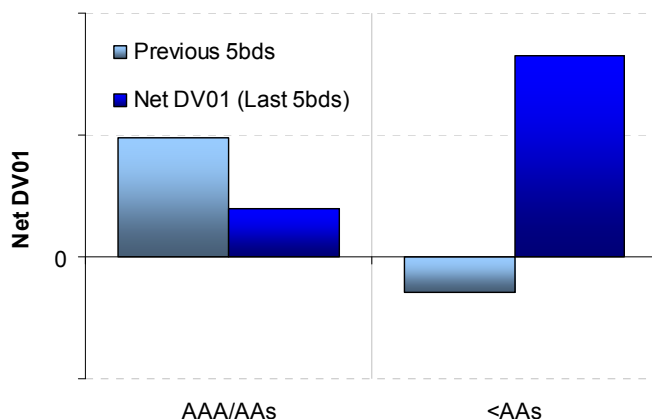
Short and medium term flows in Europe¹

Short term perspective

On this page we show the changes in net demand over the past fortnight.

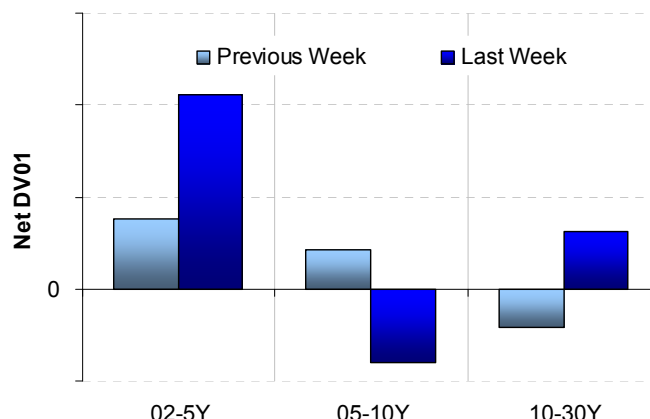
- **Core vs Periphery:** clear move to risk on last week with falling demand for the core and sharply increased demand for sub-AAAs.
- **Where on the curve?** Demand for the short end increased the most, and decreased the most for the belly of the curve.
- **France vs Germany:** net buying of France remained relatively constant while we saw net selling of Germany.
- **Italy and Spain:** the previous week's net selling of Spain was largely reversed last week. Demand for Italy was muted but positive.

Figure 1. Core vs Periphery: clear move to risk on last week with falling demand for the core and sharply increased demand for sub-AAAs



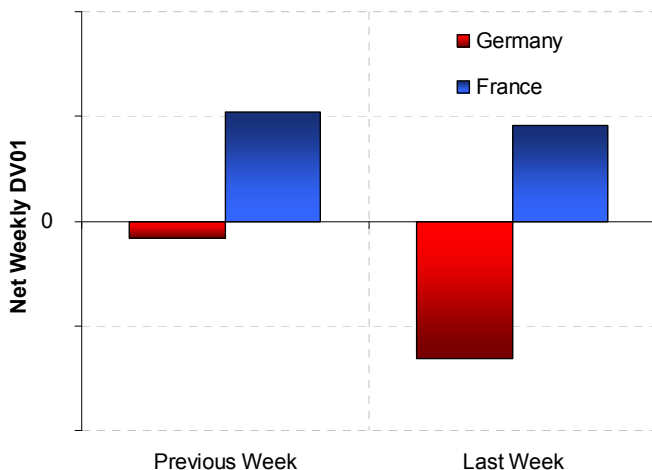
Source: Citi Research

Figure 2. Where on the curve? Demand for the short end increased the most, and decreased the most for the belly of the curve.



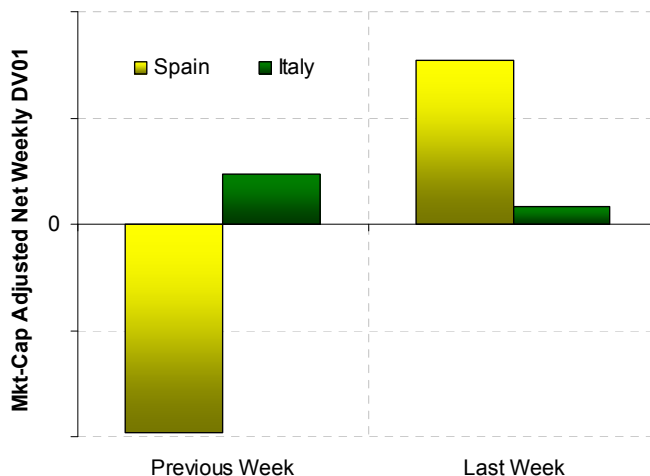
Source: Citi Research

Figure 3. France vs Germany: net buying of France remained relatively constant while we saw net selling of Germany



Source: Citi Research

Figure 4. Italy and Spain: the previous week's net selling of Spain was largely reversed last week. Demand for Italy was muted but positive.



Source: Citi Research

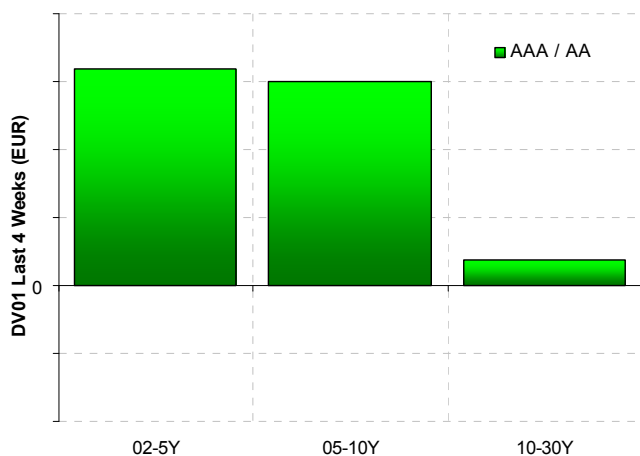
¹ Based on executed Citi customer electronic flow.

Medium term perspective

While the short term flow above is interesting, taking a step back and looking at the trends reveals more significant dynamics:

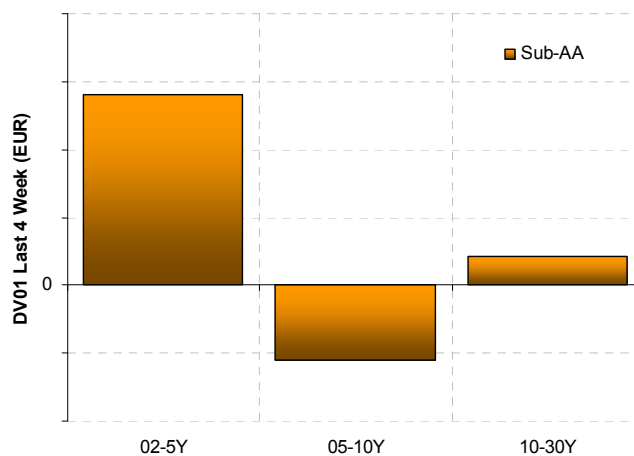
- **Core curve flow over the last month:** demand has been focused on up to 10yrs, but has bypassed the long end.
- **Periphery curve flow over the last month:** mainly in the short end. Little demand for duration.
- **France vs Germany (4-week moving averages):** clear upswing in demand for France but demand for Germany coming off recent highs.
- **Italy and Spain (4wk m.a.):** ongoing positive demand for Italy but appetite for Spain has been waning, despite last week's buying.

Figure 5. Core curve flow over the last month: demand has been focused on up to 10yrs, but has bypassed the long end



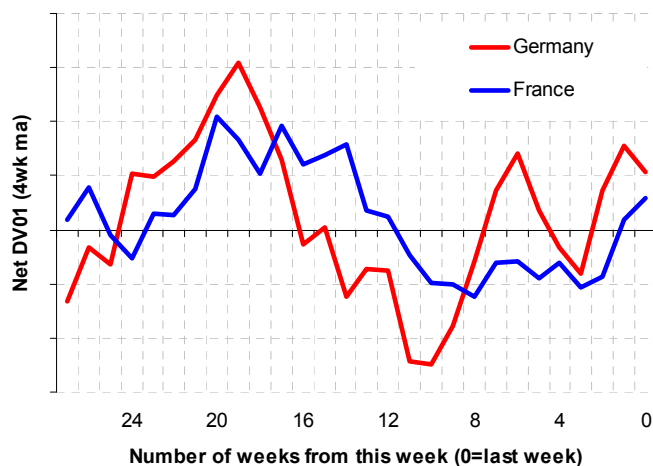
Source: Citi Research

Figure 6. Periphery curve flow over the last month: mainly in the short end. Little demand for duration.



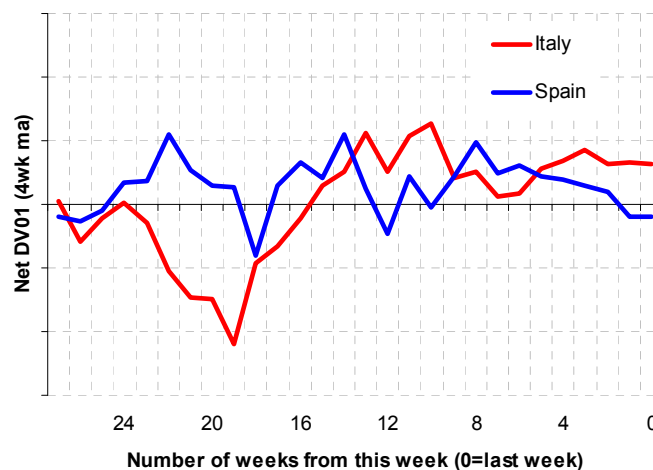
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Figure 7. France vs Germany (4wk m.a.): clear upswing in demand for France but demand for Germany coming off recent highs



Source: Citi Research

Figure 8. Italy and Spain (4wk m.a.): ongoing positive demand for Italy but appetite for Spain has been waning, despite last week's buying



Source: Citi Research

Appendix A-1

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