

European Rates Weekly

Are Markets Starting 2013 Too Optimistically?

- **Outperformance vs. USD Rates in 2013:** Business cycle, inflation and policy decoupling between the US and the euro area are the main drivers behind our theme of an underperformance of USD rates compared to EUR rates.
- **Euro Money Markets:** Financial markets continue to diverge from our baseline macroeconomic scenarios. The front-end of the Eonia curve has witnessed a “spectacular” turn-around between the December and the January ECB meetings.
- **Spain - 2013 Issuance Projections:** Following the recent release of the 2013 funding outlook by the Spanish Treasury, we provide our estimates for 2013 bond & bill issuance. We also highlight major changes to the 2013 funding programme compared with previous years.
- **UK Inflation and CPAC:** The ONS recommended keeping the RPI in its current form. While the removal of uncertainty is welcome, this did come somewhat as a surprise. Although volatility is likely in the near term, we expect break-evens soon to consolidate, and be guided more by broader themes of risk appetite going forward.
- **The EFSF and ESM in 2013:** We update our primer on the ESM given the prospect of supply in 2013 and growing investor interest. To date, the ESM has provided €39.5bn of FRNs and bills to Spain as part of the bank recap package. Separately, the EFSF has indicated a long-term funding range of €55bn-€60bn for 2013.

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

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Figure 1. Strategy Summary Table

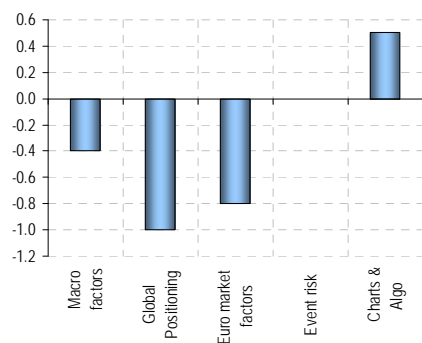
Europe	View	Strategies
Direction	We no longer expect an ECB rate cut in Q1 and now believe this is more likely in Q2, followed by a further rate cut in 2H. Bund yields have risen in line with global core yields and current risk sentiment suggests this may continue in the near-term.	We prefer cross-market risk to outright directional risk. On a weekly basis, we sell Bunds targeting 1.65%.
Money Market	We expect roll-down strategies to remain very popular trades and to consistently beat forwards-based expectations. We do not expect the exercise of the January 2013 early repayment option to alter the structure of carry trades. Short-lived periods of weakness offer opportunities to scale into risk.	Receive EUR 1y3yF
Yield Curve	Periphery curves continue in their bull steepening trend, with supply doing little to alter this dynamic. So long as core market yields remain elevated, we expect the flattening in 5s10s Germany and the cheapening of 2s5s10s to persist.	Gilt supply pipeline supportive of 20s30s tactical steepener
Cross-market	We maintain a preference for Bunds over Treasuries over the longer-term. Seasonals into year-end support gilts over Treasuries.	Receive EUR 5yr5yr, pay USD 5yr5yr Risk reward favours gilts over Bunds
EMU Spreads	Periphery spreads have pierced 12m lows and across some maturities are back at levels last seen in mid 2011. We see little reason for periphery yields to move sharply higher in the near-term, especially given the healthy demand seen at recent bond auctions.	Wait to buy spikes in front end Spanish yields (or to box Bono steepeners with BTP flatteners). Sell OATs vs Bunds should the spread break the 60bp-85bp range of the medium term
Swap Spreads	We expect further narrowing of 5 and 10yr German swap spreads as the current mutually beneficial stand-off between the Troika and Spain continues. We suggest selling Schatz vs EONIA as a way to express a deposit rate cut into negative territory.	Sell Schatz vs EONIA 30yr gilts to outperform vs swaps
Inflation	The ONS announcement not to alter the RPI calculation methodology was somewhat of a surprise. UK break-evens gapped some 30bp-35bp with positioning and illiquidity probably exacerbating the move. An overshoot seems likely in our view. Going forward, the removal of the CPAC uncertainty is welcome and we expect UK break-evens to be more guided by broader themes of risk appetite and UK economic performance.	Sell 10yr euro break-evens above 2% Overweight Germany vs France and Italy Sell 5yr, 5yr forward French CPIxT vs euro HICPxT. Sell 5yr UK break-evens or 5s10s break-even steepeners.
Volatility	EUR front-end fwds are considerably elevated vs spot and do not reflect further ECB action. EUR calendar spreads in the 10yr tenor are too high. The EUR 5s20s curve has scope to steepen further. GBP 2y2y vol is too rich vs fundamentals, we continue to suggest selling straddles on a rolling basis.	Buy EUR 2y10y bpv vs 5y10y bpv (or buy 2y10bpv vs 5y10bpv and 7y10bpv) Buy EUR 3y2y ATMf receiver (the 1yr roll on the underlying offsets the option cost) or buy EUR 4y1y receiver Sell GBP 2y2y ATMf straddles
SSA	Spreads in the European SSA market remain firm, despite the return of issuance in January. Attention will soon turn to EFSF supply. We advocate seeking out new issue premia and relative value trading strategies on core curves where supply distortions might arise.	Long front-end KfW vs France Long front-end EU vs other supranationals with larger supply pipelines

Duration Scorecard

Figure 2. Bund Weekly Cheat Sheet – Week 14th - 18th January

Weekly Citi Bund Cheat Sheet: Week 14th - 18th January				
Category	Variable	Score	Weight	Comments
Macro factors		-0.4	10.0%	
	ECB	-1	2.0%	1Q rate cut no longer likely
	FED	0	2.0%	No upcoming Fed meeting
	Inflation	0	2.0%	Inflation pressures remain benign
	Growth related data	0	2.0%	Economic conditions remain weak
	Global risk appetite	-1	2.0%	Risk-on momentum
Global Positioning		-1.0	25.0%	
	CFTC	-1	8.3%	Minor increase in overall duration
	T-Note	-1	8.3%	Range broken, next resistance level 2%
	Citi surprise	-1	8.3%	EUR surprise index improved to positive territory
Euro market factors		-0.8	25.0%	
	Supply	-1	5.0%	Germany, France, Spain, Ireland
	Positioning	0	5.0%	Reduction in overweights in core markets
	Equity	-1	5.0%	Equity markets up
	Sovereign credit	-2	5.0%	Strong peripheral performance
	FX	0	5.0%	Tactical rebound continuing
Event risk		0.0	20.0%	
	Elections	0	5.0%	Italy elections not until mid February
	EU & G20 Summits	0	5.0%	Next Eurogroup 21st January
	Stability mechanisms	0	5.0%	Spain unlikely to request help in the near-term
	Middle East / Oil	0	5.0%	Oil still near 3m low
Charts & Algo		0.5	20.0%	
	Technical	1	10.0%	Bund yields approaching 1.6% resistance level
	ARTS	0	10.0%	Neutral
Recommendation				
	Actual RXH3	142.70		(Thursday close)
	Actual CTD yield	1.31%		
	10d del. volatility	7.4%		
	Conviction level	39%		
Trade		Sell		

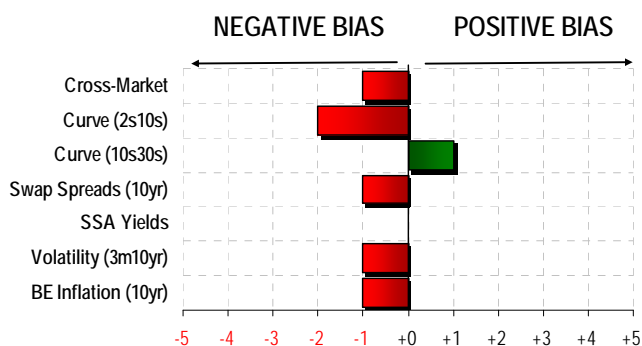
Figure 3. Contribution to Bund Signals



Source: Citi Research

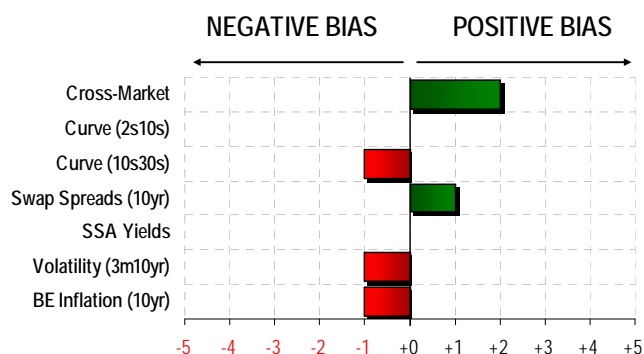
Source: Citi Research

Figure 4. EURO AREA (Near-term Bias)



Source: Citi Research

Figure 5. UK (Near-term Bias)



Source: Citi Research

Tradesheet

New Trade

Originally recommended in *The Morning Call* 8th January

1. Gilt 20s30s steepener

Buy Gilt 4.75% Dec30 at 2.82%

Sell Gilt 4.5% Dec42 at 3.28%

Open 46.8bps. Current 47bps. Target 54bps. Stop 43bps.

Record of Our Closed Trades

Figure 6. Record of our Closed Trades

Region	Trade	Levels	Rationale	
US / Europe	Pay USD 2y 2y fwd vs EUR	Open 40bp Current 0bp P&L 40bp Target 0bp Stop 60bp	Hit Target 17 Dec 2012 IIRS 23 February 2012	
<i>Cross Market</i>	Pay USD 2y 2y fwd at 1.27% Receive EUR 2y 2y fwd at 1.67%			
Europe / US	Buy USD Payer Spread vs EUR (delta-weighted and fx-adjusted)	Open 5bp Current -5bp P&L -10bp Target 25bp Stop -5bp	Hit Stop 17 Dec 2012 IIRS 12 July 2012	
<i>Duration</i>	Buy 108 units USD 2yr5yr ATMf payer at 2.1% Sell 108 units USD 2yr5yr ATMf+100 payer at 0.8% Sell 100 units EUR 2yr5yr ATMf payer at 1.9% Buy 100 units EUR 2yr5yr ATMf+100 payer at 0.64%			
US / Europe	Long 10yr Bund vs UST	Open 14bp Current 35bp P&L 21bp Target 35bp Stop 4bp	Hit Target 18 Dec 2012 Interest Rate Strategy Update 25 June 2012	
<i>Cross Market</i>	Sell UST 1.75% May22 at 1.62% Buy Bund 1.75% Jul22 at 1.48%			
UK / US	Buy Gilt 1.75% Sep22s vs UST 1.625% Aug22s	Open 21bp Current 12bp P&L 9bp Target 5bp Stop 29bp	Hit time stop: 31 Dec 2012 European Rates Weekly 22 November 2012	
<i>Cross Market</i>	Buy Gilt 1.75% Sep22s at 1.86% Sell UST 1.625% Aug22s at 1.65%			
Europe	Italy 2s10s flattener	Open 280bp Current 290bp P&L -10bp Target 250bp Stop 290bp	Hit Stop 10 Jan 2013 Assessing the Impact of a Theoretical OMT... 12 September 2012	
<i>Curve</i>	Sell BTP 4.25% Jul14 at 2.20% Buy BTP 5.5% Sep22 at 5.00%			
Europe	Sell 5yr Austria vs 5yr Germany	Open 24bp Current 16bp P&L -8bp Target 40bp Stop 16bp	Hit Stop 10 Jan 2013 IIRS 13 September 2012	
<i>EMU Spreads</i>	Sell RAGB 4% Sep16 at 0.59% Buy Bobl 1.25% Oct16 at 0.35%			

Source: Citi Research

Record of Our Open Trades

Figure 7. Record of our Open Trades

Region	Trade	Levels	Rationale + Publication Date	
UK	Gilt 20s30s steepener	Open 46.8bp Current 47bp P&L 0bp Target 54bp Stop 43bp	The recent bear steepening of the gilt curve presents an opportunity to enter tactical steepeners ahead of the January syndication The Morning Call, 8 January 2013	
<i>Curve</i>	Buy Gilt 4.75% Dec30 at 2.82% Sell Gilt 4.5% Dec42 at 3.28%			
Europe	Buy NWB 3.5% Jan21s vs BNG 2.625% Sep20s	Open 8bp Current 5bp P&L 3bp Target 3bp Stop 11bp	Yield compression trade for fundamentally similar Dutch agencies European Rates Weekly 15 November 2012	
<i>Curve</i>	Buy NWB 3.5% Jan21 at 1.71% Sell BNG 2.625% Sep20 at 1.63%			

Source: Citi Research

Figure 8. Record of our Open Trades (continued)

Europe / US	Sell 10yr US CPI ZC swap vs	Open	71bp	The Fed's inflationary stance looks well priced and some reversal of recent trends is likely in the near-term. The US-euro inflation swap differential is at appealing historical levels <i>Global Inflation Strategy 9 October 2012</i>	
	EUR HICPxt ZC swap	Current	74bp		
<i>Inflation</i>	Sell 10yr US CPI ZC swap at 2.79%	P&L	-3bp		
	Buy 10yr EUR HICPxt ZC swap at 2.08%	Target	50bp		
		Stop	80bp		
Europe	Receive EUR 30s50s	Open	18bp	Long-end of EUR swap curve is pricing in more than required de-hedging by Dutch pension funds. CVA activity should support the trade. <i>European Rates Weekly 11 October 2012</i>	
		Current	14bp		
<i>Curve</i>	Receive EUR 30s50s at 18bp	P&L	4bp		
		Target	5bp		
		Stop	22bp		
Europe	Receive EUR 1y3yF	Open	136bp	ECB rate cut and very high carry should be supportive for this trade <i>IIRS 13 September 2012</i>	
		Current	109bp		
<i>Duration</i>	Receive EUR 1y3yF at 1.36%	P&L	27bp		
		Target	50bp		
		Stop	150bp		
Europe	Sell EUR 1y3yF ATMf straddle and buy ATMf-25 receiver	Open	63bp	Fwd levels in front-end EUR swaps are too high in an environment where additional policy measures by the ECB are likely to be undertaken <i>IIRS 9 August 2012</i>	
		Current	41bp		
<i>Volatility</i>	Sell EUR 1y3yF ATMf (=1.36%) straddle for 98bp	P&L	22bp		
	Buy EUR 1y3yF ATMf-25 receiver for 35bp	Target	30bp		
		Stop	73bp		
Europe	Long KfW 1.375% Feb17s vs OAT 5% Oct16s	Open	1bp	Spread compression looking overdone and we look for KfW to outperform should the EMU crisis intensify <i>IIRS 2 August 2012</i>	
		Current	2bp		
<i>Cross Market</i>	Buy KfW 1.375% Feb17 at 0.62%	P&L	1bp		
	Sell OAT 5% Oct16s at 0.63%	Target	20bp		
		Stop	-10bp		
UK	Sell GBP 2y2y ATMf straddle	Open	76bp	The fundamental backdrop in the UK supports selling GBP 2y2y vol <i>IIRS 12 July 2012</i>	
		Current	52bp		
<i>Volatility</i>	Sell GBP 2y2y ATMf (1.04%) straddle at 76bps	P&L	24bp		
		Target	0bp		
		Stop	114bp		
US / UK	Long 30yr Gilt vs UST	Open	36bp	With Operation Twist extension largely priced in, QE resumption should help gilts outperform treasuries <i>UK Rates Strategy 20 June 2012</i>	
		Current	21bp		
<i>Cross Market</i>	Buy UKT 4.5% Dec42 at 3.09%	P&L	15bp		
	Sell UST 3% May42 at 2.74%	Target	0bp		
		Stop	50bp		

Source: Citi Research

Outperformance vs USD Rates in 2013

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Decoupling between the US and the euro area remains the key theme for 2013

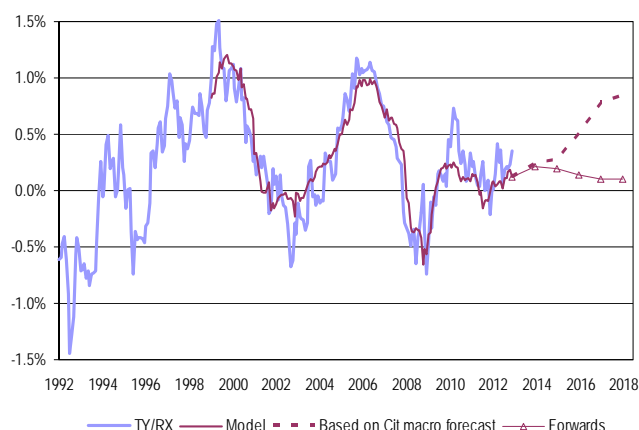
Differential policy action should result

Business cycle, inflation and policy decoupling between the US and the euro area are the main drivers behind our theme of an underperformance of USD rates compared to EUR rates (Figure 9). The current short-term improvement in market sentiment should offer opportunities to re-load on Treasury/Bund-flavored spread widening strategies.

Looking at our [macro projections](#) for 2013/2014, the decoupling in macroeconomic terms between the US and the euro area stands out. While US GDP is expected to grow 1.6% in 2013 and 3% in 2014, our forecast for the Eurozone is less rampant and we actually expect two years of contraction (-0.7% in 2013 and -0.4% in 2014). Accordingly, we also expect a diverging inflation trajectory in our baseline scenarios.

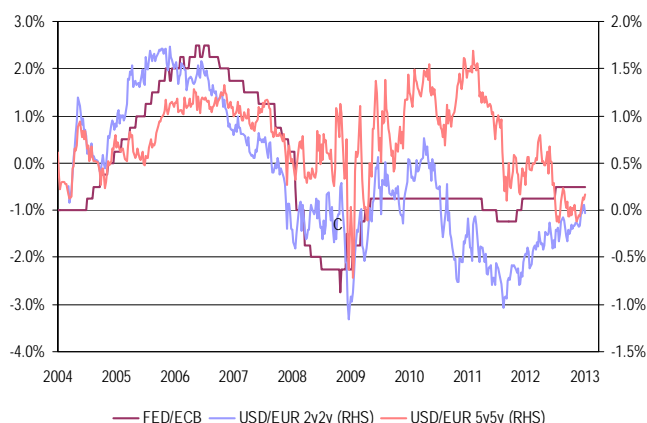
Within this macro framework, we also expect the ECB to cut its main refinancing rate during the first half of the year. A cut of the deposit facility rate into negative territory (-0.25%) is a distinct possibility, although the ECB might have some operational issues with negative interest rates.

Figure 9. Treasury/Bund model based on macro fundamentals



Source: Citi Research

Figure 10. Forwards spreads vs Fed/ECB policy differential



Source: Citi Research

Wider USD/EUR 5y5y spreads...

One of our [key trades](#) for 2013 is to receive EUR 5y5y vs pay USD 5y5y (Figure 10). The strategy has performed already with the spread widening by more than 30bp in a month (live around 45bp). At this stage, we think investors should wait for better entry levels before adding risk to this strategy. For example, we would favor 25bp as a level to re-enter the USD/EUR 5y5y spread, while retaining the original long-term average 80bp target (roll-down is still negative to the tune of 7bp/12 months).

...but recently the mood of European investors has improved

In terms of positioning, our sense is that the consensus has moved progressively towards our growth decoupling story for 2013/2014 since the Dec-12 ECB meeting. More recently, however, European investors appear to favor a less bearish trajectory for the Eurozone than the one penciled in in our Global Outlook. This results from a near-term extrapolation of some business cycle indicators that have recently shown signs of stabilization. In our view, the ECB's asymmetric risk assessment (downside risks to growth and contained inflation pressures pulling HICP below 2%) does not substantiate such an extrapolation, though.

Euro Money Markets

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Financial markets continue to diverge from our baseline macroeconomic scenarios. More specifically, the front-end of the Eonia curve has witnessed a “spectacular” turn-around between the December and the January ECB meetings (Figure 11): Dec ECB has flipped from flat (implying 7bp in cuts) to +15 in a month! Of course, the volatility of excess liquidity around the repayment of LTROs needs to be controlled for, but so far our impression has been that markets are not particularly worried.

ECB: Optimistic Markets

Financial markets have improved

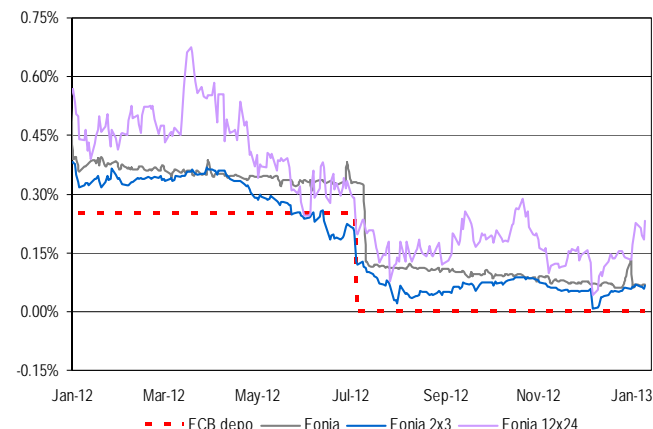
The big difference vs. the Dec meeting, according to Mr Draghi, is the improvement in financial markets: When 2y BTP is at 2% markets are in disarray, while at 1.30% everything has been stabilized! Not only have markets digested well the substantial revision to staff projections (especially GDP growth), but also markets are – in our view – disproportionately overweighting a minor improvement/stabilization in “conjunctural” indicators, while ignoring the ECB’s asymmetric risk assessment.

Figure 11. ECB expectations analysis

Meeting	Reserve Period		Eonia 10 Dec	Eonia live	Change
10-Jan-13	16-Jan-13	12-Feb-13	0.05	0.08	
07-Feb-13	13-Feb-13	12-Mar-13	0.01	0.07	0.06
07-Mar-13	13-Mar-13	09-Apr-13	-0.01	0.08	0.09
04-Apr-13	10-Apr-13	07-May-13	-0.02	0.08	0.10
02-May-13	08-May-13	11-Jun-13	-0.02	0.08	0.10
06-Jun-13	12-Jun-13	09-Jul-13	-0.01	0.08	0.09
04-Jul-13	10-Jul-13	06-Aug-13	-0.02	0.08	0.10
01-Aug-13	07-Aug-13	10-Sep-13	-0.03	0.09	0.12
05-Sep-13	11-Sep-13	08-Oct-13	-0.02	0.10	0.12
02-Oct-13	09-Oct-13	12-Nov-13	-0.02	0.11	0.13
07-Nov-13	13-Nov-13	10-Dec-13	-0.01	0.13	0.14
05-Dec-13	11-Dec-13	14-Jan-14	0.00	0.15	0.15

Source: ECB, Citi Research

Figure 12. Back up in short-term interest rates since Dec meeting



Source: Citi Research

Discussion about policy transmission

The transmission mechanism debate is back: According to Mr Draghi, the improvement in financial markets will be enough to allow Eurosystem excess cash to find its way into the real economy. Central banks have an easy life in managing a funding crisis, they just need to flood the market with cash. However, central banks cannot force private decision-makers to scale up their operations. Investment decisions are made on the back of confidence and future visibility. The price of credit and the abundance of liquidity are necessary, but not sufficient. In light of the ECB’s own forecasts, how can the ECB be so sure about restoring transmission? Cutting rates by 25bp has probably zero impact at this stage. But as Mr Draghi has clearly stressed during the Q&A, the ECB’s mandate is price stability. Given their well defined loss function, the ECB will have to respond by adjusting the policy rate.

Carry trades stay on, ECB won’t hike!

Strategy: Pricing in rate hikes and/or the probability of a significant collapse in excess liquidity starting from 30 Jan does not make sense from our perspective. Carry positions at the front end of the EUR swap curve are still quite popular, but the experience we’ve had so far with price action and our investor intelligence point to a “buy-on-dip” mentality, rather than at liquidation. We recommend using the current environment to re-load on risk in the 3y1y (1.22%) or 4y1y (1.70%) area.

Spain: 2013 Issuance Projections

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A breakdown of our €100bn Bono and Obligaciones issuance projection by tenor and month can be found in the [Appendix](#) section of our latest [Weekly Supply Monitor](#)

A full write up on this year's CAC requirements can be found in our special focus piece on the [Impact of CACs on 2013 EMU Issuance](#)

The Spanish Treasury (Tesoro) published their 2013 funding outlook¹ earlier this week. In this section we highlight major changes to their 2013 funding programme compared to previous years and provide our estimates for 2013 bond and bill issuance.

Bonds and long-term loans

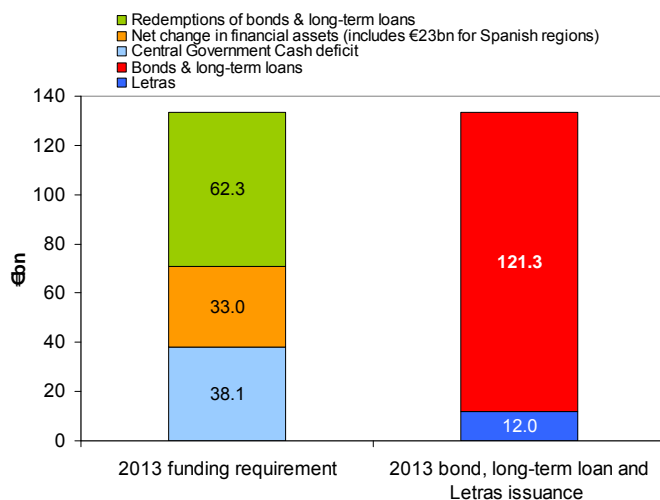
Issuance projections: The Spanish Treasury plans to issue €121.3bn of gross medium- and long-term issuance in 2013 (Figure 13). Issuance will be split between bonds and long-term loans (this includes debt in other currencies, Bonos & Obligaciones, and assumed debts). Following the publication of the 2013 funding outlook earlier this week, our estimate for 2013 Bono and Obligaciones specifically remains in line with our provisional estimate of €100bn².

New developments: The Spanish Treasury launched a new 2yr benchmark bond (2.75% March 2015) earlier today for €3.4bn. This issue will supplement existing 3-, 5-, 10-, 15- and 30-yr benchmarks.

CACs: 2013 will mark the first year that all new euro government securities with a maturity above one year will include a collective action clause (CAC). Not only will CACs be included in all new issues from 1 January 2013, the requirements mean that bonds with CACs should account for 55% of issuance for each country in 2013.

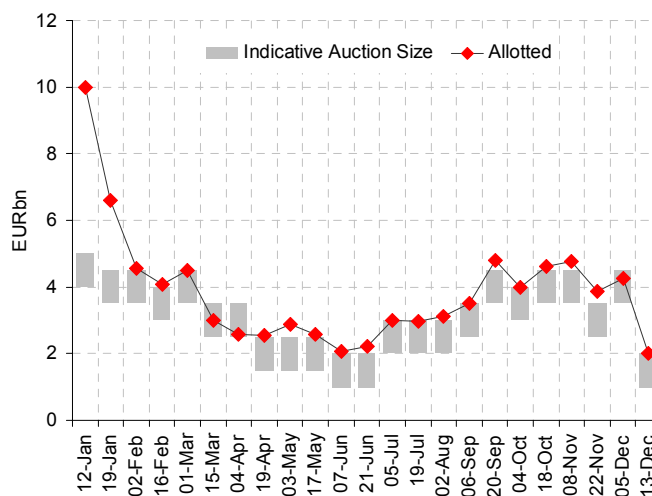
New bonds: As stated previously, Spain issued a new 2yr earlier today. For the remainder of the year, we expect Spain to issue a new 3yr in 1Q13, either a new 2yr or 3yr in 3Q13 and if market conditions allow, the Tesoro may decide to issue new 10yr in coming months (this would be the first new 10yr since Nov-11). New issuance beyond the 10yr point seems unlikely in 1Q13, in our view.

Figure 13. A breakdown of the 2013 funding requirement and issuance by asset type.



Source: Citi Research, Spanish Treasury

Figure 14. Indicative size range vs amount allotted in 2012



Source: Citi Research, Spanish Treasury

Average auction size: Taking into account today's supply of €5.8bn and our 2013 projection of €100bn for Bonos and Obligaciones the average auction size in the remaining 23 auctions scheduled for 2013 will be in the region of €4bn. By comparison, the indicative auction sizes for 2012 are shown in Figure 14 below. It is

¹ <http://www.tesoro.es/doc/EN/home/estrategia/KoS%20FUNDING%20STRATEGY.pdf>

² Euro Rates Strategy - 2013 Supply Outlook: EMU governments & SSA markets, 19 December 2012

worth noting that this average auction size could be lower if a new syndicated issue is launched and if *special auctions* are conducted (see below).

Special auctions: In 2013 the Treasury will have the option of convening special auctions, outside of its regular schedule, to provide liquidity to certain off-the-run bonds in order to improve the functioning of the secondary market. These special auctions will be convened two days before they take place. The Treasury will auction up to four references and only primary dealers will be allowed to participate. So far this year, the Treasury has not conducted any special auctions.

Bills

Net increase: As stated by the Spanish Treasury earlier this week, there will be a net increase of €12bn of Letras in 2013 in order to meet the net funding requirement of €71bn (net change in financial assets + central government cash deficit) - Figure 13. In contrast, 2012 saw a net decrease of around €5.5bn of Letras.

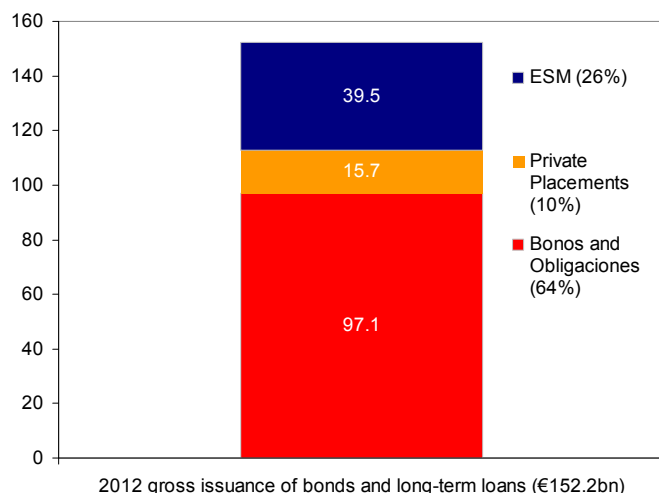
New Developments: From February 2013 and onwards, the Tesoro will no longer issue 18month Letras. Instead, the Tesoro will begin to issue 9month Letras along with the usual issues of 3m, 6m and 12m Letras. As from February 2013, 6m and 12m Letras will be auctioned on the third Tuesday of each month and 3m and 9m Letras will be auctioned on the fourth Tuesday of each month.

Other sources of funding

A number of channels: Outside of auctions (and syndications) the Tesoro can meet its annual funding requirement through a variety of measures: private placements, ESM loans, state lottery funds, privatization of assets and credit lines by banks to regional governments to meet their funding needs.

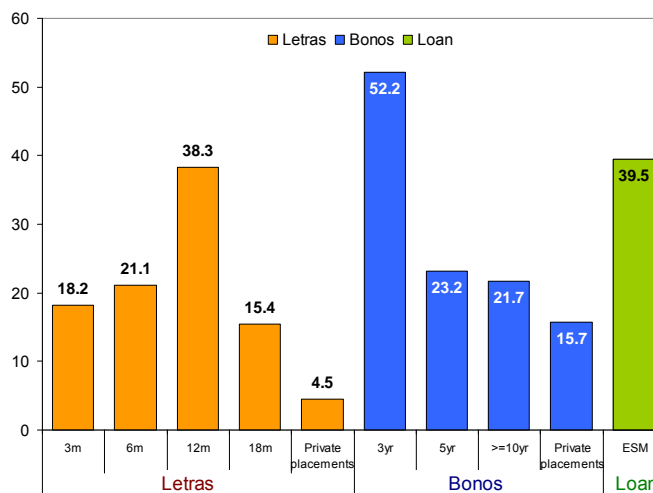
In 2012, the ESM loan provided €39.5bn of capital (more details on page 13) and private placements raised €20.2bn (€15.7bn came from bonds and the remainder from Letras). It is worth noting that the Tesoro will only conduct private placements if the General Secretary of the Treasury and Financial Policy considers them preferable to any other alternative given market conditions.

Figure 15. Total Medium and Long Term Funding in 2012 (€bn)



Source: Citi Research, Tesoro

Figure 16. 2012 Borrowing by asset type and maturity (€bn)



Source: Citi Research, Tesoro

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UK Inflation Strategy

RPI calculation methodology – as you were

- The ONS recommended to preserve the status quo and to keep the existing RPI in its current form. This follows a public consultation where the overwhelming majority of individual responses preferred not to alter RPI methodology.
- UK index linked gilts will continue to be indexed on the existing RPI.
- This is supportive for UK break-evens in the near term, which gapped some 25bp on the open of 10th January, albeit poor liquidity likely exacerbated the move.
- Near-term volatility aside, the removal of uncertainty is welcome and should support the market more generally going forward.

ONS recommends retaining RPI calculations

The eagerly anticipated ONS announcement delivered a verdict of no change. Somewhat surprisingly, the ONS recommended option 1 on the choice menu and, as such, to keep the existing RPI in its current form. However, the ONS also recommended introducing a new “RPIJ” index using the Jevons index rather than the Carli index which will put it around 0.99% YoY below existing RPI. Existing index linked gilts will, however, continue to be indexed to the existing RPI ([UK - ONS Decide On Option 1](#)).

On statistical grounds, the ONS remain convinced that the Carli index should really not be used to calculate RPI due to its upward bias. However, they appear to have been impressed by the weight of responses to their consultation with 332 of the 406 replies received favouring no change to the RPI (Figure 17).

The market gaps – overshoot likely on poor liquidity

For the UK inflation market, we had argued that the binary nature of the decision meant there was considerable potential for UK break-evens to gap in either direction ([The Morning Call 9th January](#)). Given the recommendation not to alter RPI calculation methodology, real yields richened over 30bp (to reach a new all time low in the 10yr or -0.99%). 10yr breakevens gapped from 250bp to 284bp (Figure 18).

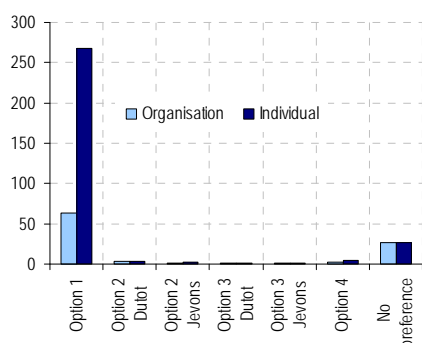
This puts break-evens back at levels last seen in August 2011 and represented one of the biggest intraday moves ever in history. This was also likely exacerbated by positioning and relatively poor secondary market liquidity which will probably cause a market overshoot in the very near term.

Uncertainty removed – supportive for break-evens in the medium term

The removal of this uncertainty surrounding the RPI index is clearly beneficial for inflation-linked investors. The decision potentially to change the calculation methodology of the RPI index has long plagued the inflation market and it is possible to point to several episodes in recent trading history where CPAC news has influenced market trends.

The decision not to change the reference index for UK linkers is welcome from an inflation market perspective and supportive for UK break-evens over the medium terms. For conventionals, however, the decision removes the opportunity for potential savings in government expenditure, which is hardly a credit positive. Going forward, aside from illiquidity and positioning exacerbating near-term volatility, break-evens are likely to consolidate soon and be guided more by broader themes of risk sentiment, QE expectations and the backdrop of a weak, low inflationary economic environment.

Figure 17. Summary of responses received



Source: Citi Research, ONS, CPAC

Figure 18. 10y UK Break-evens (bp)



Source: Citi Research, Bloomberg

The EFSF and ESM in 2013

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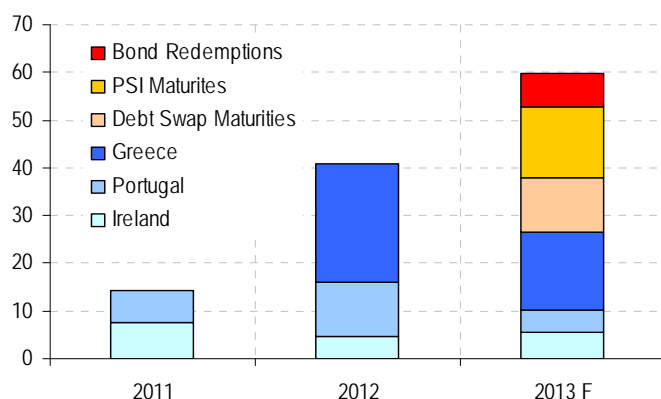
The prospect of ESM supply in 2013 is already attracting investor interest and we update our primer on the support facility looking at both its structure and investment policy of its own paid-in capital. Full details can be found in our recent piece [Euro SSA Strategy - The EFSF and ESM in 2013](#). Below, we detail upcoming EFSF/ESM supply and the potential market impact.

EFSF supply: The EFSF has announced a long-term funding target of €55bn-€60bn for 2013 and intends to issue across the whole curve up to 30yrs. This amount reflects commitments to Ireland (€5.6bn), Portugal (€4.5bn) and Greece (€16.5bn) as well as redemptions for PSI bonds (2nd Greek bailout, €14.85bn), the redemption of securities issued in the recent Greek debt swap (€11.3bn) and the redemption of the 0.125% Dec13s (€7bn). A full break down is shown in Figure 19. Figure 20 indicates the planned long-term programme on a quarterly basis.

Issuance was resilient in 2012 and we expect healthy demand in 2013

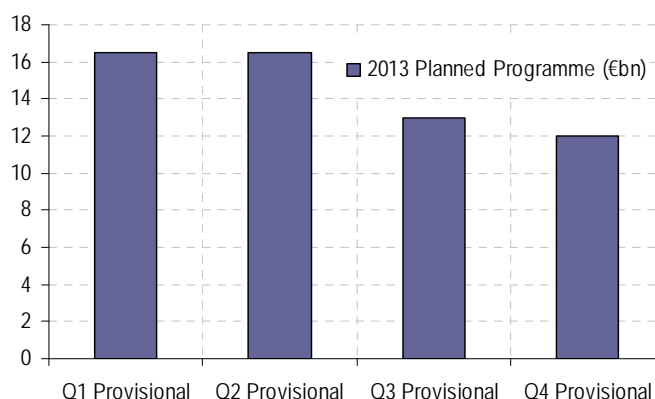
Market impact and investment opportunities: Such high-quality supply is likely to improve market liquidity and provide further investment opportunities, in our view. Given the strong outright performance in 2012, relative value trading on core curves and seeking out new issue premia are recommended strategies for 2013.

Figure 19. EFSF Annual Funding Programme Breakdown (€bn)



Source: EFSF, Citi Research

Figure 20. EFSF Quarterly Funding Programme Planned for 2013 (€bn)



Source: EFSF, Citi Research

Figure 21. ESM Issuance on 5th Dec 2012 (€bn)

ESM Issue	Type	Amt (€bn)
ESM FRN Dec15s	FRN	12
ESM FRN Jun14s	FRN	6.5
ESM Dec14s	FRN	12
ESMTB zero Feb13s	Bill	2.5
ESMTB zero Oct13s	Bill	6.468
Total		39.47

Source: ESM, Citi Research

EFSF to continue servicing existing commitments: The EFSF will cease to enter new programmes after 30th June 2013. However, it will continue to service and roll over existing debt (as the loans it makes to sovereigns tend to have a higher maturity than EFSF bonds issued). It will also continue to meet existing Troika commitments in 2013 and 2014.

ESM supply: On 3rd December last year, Spain requested €39.5bn for the recapitalization of its banking sector as part of the pre-agreed package. This had earmarked up to €100bn of EFSF/ESM resources. Two days later, the ESM issued three FRNs and two bills for that purpose (Figure 21). The securities were subsequently transferred to the FROB, which will allocate resources in line with the Spanish bank recap package. As such, these bills and FRNs do not constitute tradable secondary market securities. Also note that this assistance was originally assumed by the EFSF and was later transferred to the ESM (without senior status).

ESM in 2013: The ESM indicated in its December newsletter that “*given its funding requirements, ESM is expected to launch its long-term funding programme in the second half of the year*”. The ESM has also taken over the EFSF’s regular bill programme which has been met with good demand. Given the prospect for ESM supply this year, we have updated our recent primer on the ESM to highlight its principal characteristics and compare it with other core SSAs ([Euro SSA Strategy](#)).

European Relative Value Tables

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Regular readers will be familiar with the Relative Value Appendix showing individual bonds from the major EMU markets in the context of their 6-month trading range relative to our fitted curve. We have expanded this approach and summarized the results below.

For example, Figure 22 shows the five cheapest and richest bonds in Germany relative to a fitted yield curve (shown on the left half of the page) and to the euro swap curve (right half of page). The table identifies benchmarks and CTDs and also gives the amount outstanding and initial issue date.

Figure 22. Yield Spread and CAS to Fitted Relative Value Curve (6m History)

GERMANY

<

Source: Citi Research

Figure 23 (overleaf) looks at bonds of all maturities. For investors with maturity restrictions we have also provided another set of summary tables (Figure 24 and Figure 25) which looks at bonds shorter than 12 years and longer than 8 years, and uses the same criteria as Figure 23 to highlight the richest and cheapest bonds in these narrower maturity spectrums.

These summary tables should help facilitate efficient screening of bonds and, among other things, provide a selection of starting points when considering switches.

Relative Value Tables – All Maturities

Figure 23. Yield Spread and CAS to Fitted Relative Value Curve by Country (6m History); All bonds on each curve

GERMANY

	Rank		ZScore	Issued
Richest	1	2.25 Sep20	-1.70	Aug10
	2	2.75 Apr16	-1.22	Apr11
	3	2.00 Feb16	-1.00	Jan11
	4	2.50 Jul44 (30y)	-0.91	Apr12
	5	2.25 Apr15	-0.66	Apr10
Cheapest	5	2.50 Jan21	2.00	Nov10
	4	3.25 Jul21	2.15	Apr11
	3	1.75 Jul22	2.18	Apr12
	2	2.00 Jan22 (RX)	2.92	Nov11
	1	3.75 Jan17	3.23	Nov06

FRANCE

	Rank		ZScore	Issued
Richest	1	2.50 Oct20	-1.98	Oct09
	2	5.75 Oct32	-1.68	Oct00
	3	3.75 Oct19	-1.48	Oct08
	4	3.50 Apr20	-1.44	Feb10
	5	3.75 Apr21	-1.31	Apr05
Cheapest	5	4.25 Oct23	1.45	Oct06
	4	4.25 Oct18	1.48	Oct07
	3	2.50 Jan15	1.48	Jan10
	2	3.50 Apr26	1.54	Apr10
	1	3.50 Apr15	1.56	Apr04

ITALY

	Rank		ZScore	Issued
Richest	1	3.75 Aug21	-2.79	Feb06
	2	5.75 Feb33	-2.29	Feb02
	3	3.75 Aug16	-1.70	Feb06
	4	4.75 Sep16	-1.65	Sep11
	5	4.75 Jun17	-1.55	Jun12
Cheapest	5	3.00 Apr15 (BTS)	1.47	Jan10
	4	4.25 Feb15	1.65	Aug04
	3	4.50 Feb18 (MFB)	1.79	Aug07
	2	4.50 Aug18	1.87	Feb08
	1	4.25 Feb19	2.76	Feb03

N'LANDS

	Rank		ZScore	Issued
Richest	1	4.00 Jul19	-0.91	Feb09
	2	2.50 Jan17	-0.86	Jun11
	3	4.00 Jul16	-0.59	Jul06
	4	3.25 Jul15	-0.47	Jun05
	5	3.75 Jan42 (30y)	-0.09	May10
Cheapest	5	4.00 Jan37	1.77	Apr05
	4	4.00 Jul18	2.18	Feb08
	3	2.75 Jan15	2.42	Jul09
	2	2.25 Jul22 (10y)	2.59	Feb12
	1	1.25 Jan18	2.66	Jul12

SPAIN

	Rank		ZScore	Issued
Richest	1	4.90 Jul40	-1.52	Jun07
	2	4.25 Oct16	-1.21	Sep11
	3	5.90 Jul26	-1.15	Mar11
	4	5.50 Jul17 (5y)	-0.95	Mar02
	5	4.30 Oct19	-0.93	Jun09
Cheapest	5	4.00 Apr20	1.00	Jan10
	4	5.50 Apr21	1.06	Jan11
	3	4.20 Jan37	1.19	Jan05
	2	4.40 Jan15	1.27	Jun04
	1	5.85 Jan22 (10y-FBB)	1.45	Nov11

BELGIUM

	Rank		ZScore	Issued
Richest	1	4.00 Mar32	-1.32	Mar12
	2	3.75 Sep20	-1.22	Jan10
	3	3.00 Sep19	-1.10	Apr12
	4	3.50 Jun17 (5y)	-0.65	Mar11
	5	4.00 Mar19	-0.53	Jan09
Cheapest	5	4.25 Sep22 (10y)	1.00	Jan12
	4	4.00 Mar17	1.04	Jan07
	3	4.00 Mar22	1.12	May06
	2	4.25 Sep21	1.24	Jan11
	1	4.00 Mar18	2.33	Jan08

	Rank		ZScore	Issued
Richest	1	2.50 Jul44 (30y)	1.02	Apr12
	2	2.25 Apr15	1.04	Apr10
	3	2.50 Feb15	1.06	Jan10
	4	2.00 Feb16	1.08	Jan11
	5	1.75 Oct15	1.09	Sep10
Cheapest	5	2.00 Jan22 (RX)	1.83	Nov11
	4	1.75 Jul22	1.88	Apr12
	3	2.25 Sep21	1.88	Aug11
	2	0.50 Oct17 (5y)	2.57	Sep12
	1	1.50 Sep22 (10y)	2.80	Sep12

	Rank		ZScore	Issued
Richest	1	5.75 Oct32	-0.33	Oct00
	2	3.75 Oct19	-0.30	Oct08
	3	2.50 Oct20	-0.29	Oct09
	4	3.50 Apr20	-0.27	Feb10
	5	4.75 Apr35	-0.21	Apr03
Cheapest	5	4.00 Apr55	0.55	Apr04
	4	2.00 Jul15	0.60	Jun10
	3	4.00 Apr60	0.60	Apr09
	2	3.50 Apr15	0.67	Apr04
	1	2.25 Oct22 (10y)	0.69	Oct11

	Rank		ZScore	Issued
Richest	1	5.50 Nov22 (10y-IK)	-1.77	May12
	2	3.50 Nov17 (5y)	-1.73	Nov12
	3	4.00 Feb37	-1.70	Aug05
	4	5.75 Feb33	-1.68	Feb02
	5	5.00 Aug39	-1.67	Aug07
Cheapest	5	4.25 Feb15	-1.26	Aug04
	4	2.50 Mar15	-1.26	Mar12
	3	3.00 Apr15 (BTS)	-1.25	Jan10
	2	3.00 Jun15	-1.24	Jun10
	1	2.75 Dec15	-0.60	Dec12

	Rank		ZScore	Issued
Richest	1	3.75 Jan42 (30y)	-0.85	May10
	2	4.00 Jan37	-0.56	Apr05
	3	2.50 Jan33	-0.53	Mar12
	4	2.50 Jan17	0.34	Jun11
	5	4.00 Jul16	0.47	Jul06
Cheapest	5	3.75 Jan23	0.90	Jan06
	4	2.75 Jan15	0.95	Jul09
	3	2.25 Jul22 (10y)	1.33	Feb12
	2	3.25 Jul21	1.34	Mar11
	1	3.50 Jul20	1.38	Feb10

	Rank		ZScore	Issued
Richest	1	3.75 Oct15	-2.33	Sep12
	2	4.90 Jul40	-1.86	Jun07
	3	4.20 Jan37	-1.84	Jan05
	4	4.70 Jul41 (30y)	-1.84	Sep09
	5	5.75 Jul32	-1.68	Jan01
Cheapest	5	3.15 Jan16	-1.30	Sep05
	4	4.10 Jul18	-1.28	Feb08
	3	4.40 Jan15	-1.26	Jun04
	2	3.00 Apr15	-1.25	Mar10
	1	4.00 Jul15	-1.25	Jan12

	Rank		ZScore	Issued
Richest	1	3.00 Sep19	-1.20	Apr12
	2	4.00 Mar19	-1.20	Jan09
	3	3.50 Jun17 (5y)	-1.18	Mar11
	4	3.75 Sep20	-1.17	Jan10
	5	5.50 Sep17	-1.16	Jun02
Cheapest	5	4.25 Sep22 (10y)	-0.88	Jan12
	4	3.75 Sep15	-0.86	Mar05
	3	4.25 Mar41 (30y)	-0.83	Apr10
	2	4.50 Mar26	-0.77	Jun11
	1	3.50 Mar15	-0.76	Mar09

Source: Citi Research

Relative Value Tables – Max 12Yr Maturity

Figure 24. Yield Spread and CAS to Fitted Relative Value Curve by Country (6m History); Bonds with a Maximum Maturity of 12yrs

	Versus Fitted Yield Curve				Versus Swap Curve (CAS)			
	Rank		ZScore	Issued	Rank		ZScore	Issued
GERMANY		Richest				Richest		
	1	2.25 Sep20	-1.70	Aug10	1	2.25 Apr15	1.04	Apr10
	2	2.75 Apr16	-1.22	Apr11	2	2.50 Feb15	1.06	Jan10
	3	2.00 Feb16	-1.00	Jan11	3	2.00 Feb16	1.08	Jan11
	4	2.25 Apr15	-0.66	Apr10	4	1.75 Oct15	1.09	Sep10
	5	3.25 Jan20	-0.49	Nov09	5	2.75 Apr16	1.12	Apr11
	5	2.50 Jan21	2.00	Nov10	5	2.00 Jan22 (RX)	1.83	Nov11
	4	3.25 Jul21	2.15	Apr11	4	1.75 Jul22	1.88	Apr12
	3	1.75 Jul22	2.18	Apr12	3	2.25 Sep21	1.88	Aug11
	2	2.00 Jan22 (RX)	2.92	Nov11	2	0.50 Oct17 (5y)	2.57	Sep12
	1	3.75 Jan17	3.23	Nov06	1	1.50 Sep22 (10y)	2.80	Sep12
		Cheapest				Cheapest		
FRANCE		Richest				Richest		
	1	2.50 Oct20	-1.98	Oct09	1	3.75 Oct19	-0.30	Oct08
	2	3.75 Oct19	-1.48	Oct08	2	2.50 Oct20	-0.29	Oct09
	3	3.50 Apr20	-1.44	Feb10	3	3.50 Apr20	-0.27	Feb10
	4	3.75 Apr21	-1.31	Apr05	4	3.75 Apr21	-0.16	Apr05
	5	2.25 Feb16	-0.90	Feb10	5	4.25 Apr19	-0.11	Apr03
	5	4.00 Apr18	1.36	Apr07	5	2.50 Jan15	0.40	Jan10
	4	4.25 Oct23	1.45	Oct06	4	4.25 Oct23	0.43	Oct06
	3	4.25 Oct18	1.48	Oct07	3	2.00 Jul15	0.60	Jun10
	2	2.50 Jan15	1.48	Jan10	2	3.50 Apr15	0.67	Apr04
	1	3.50 Apr15	1.56	Apr04	1	2.25 Oct22 (10y)	0.69	Oct11
		Cheapest				Cheapest		
ITALY		Richest				Richest		
	1	3.75 Aug21	-2.79	Feb06	1	5.50 Nov22 (10y-IK)	-1.77	May12
	2	3.75 Aug16	-1.70	Feb06	2	3.50 Nov17 (5y)	-1.73	Nov12
	3	4.75 Sep16	-1.65	Sep11	3	3.75 Aug21	-1.57	Feb06
	4	4.75 Jun17	-1.55	Jun12	4	5.00 Mar22	-1.49	Sep11
	5	4.75 Sep21	-1.51	Mar11	5	5.50 Sep22	-1.49	Mar12
	5	3.00 Apr15 (BTS)	1.47	Jan10	5	4.25 Feb15	-1.26	Aug04
	4	4.25 Feb15	1.65	Aug04	4	2.50 Mar15	-1.26	Mar12
	3	4.50 Feb18 (MFB)	1.79	Aug07	3	3.00 Apr15 (BTS)	-1.25	Jan10
	2	4.50 Aug18	1.87	Feb08	2	3.00 Jun15	-1.24	Jun10
	1	4.25 Feb19	2.76	Feb03	1	2.75 Dec15	-0.60	Dec12
		Cheapest				Cheapest		
N'LANDS		Richest				Richest		
	1	4.00 Jul19	-0.91	Feb09	1	2.50 Jan17	0.34	Jun11
	2	2.50 Jan17	-0.86	Jun11	2	4.00 Jul16	0.47	Jul06
	3	4.00 Jul16	-0.59	Jul06	3	4.50 Jul17 (5y)	0.55	Jul07
	4	3.25 Jul15	-0.47	Jun05	4	3.25 Jul15	0.62	Jun05
	5	3.50 Jul20	0.15	Feb10	5	1.25 Jan18	0.67	Jul12
	5	3.75 Jan23	1.52	Jan06	5	3.75 Jan23	0.90	Jan06
	4	4.00 Jul18	2.18	Feb08	4	2.75 Jan15	0.95	Jul09
	3	2.75 Jan15	2.42	Jul09	3	2.25 Jul22 (10y)	1.33	Feb12
	2	2.25 Jul22 (10y)	2.59	Feb12	2	3.25 Jul21	1.34	Mar11
	1	1.25 Jan18	2.66	Jul12	1	3.50 Jul20	1.38	Feb10
		Cheapest				Cheapest		
SPAIN		Richest				Richest		
	1	4.25 Oct16	-1.21	Sep11	1	3.75 Oct15	-2.33	Sep12
	2	5.50 Jul17 (5y)	-0.95	Mar02	2	4.50 Jan18	-1.64	Nov12
	3	4.30 Oct19	-0.93	Jun09	3	4.80 Jan24	-1.52	Sep08
	4	3.15 Jan16	-0.58	Sep05	4	4.85 Oct20	-1.44	Jul10
	5	3.80 Jan17	-0.37	Oct06	5	5.50 Apr21	-1.44	Jan11
	5	4.50 Jan18	0.98	Nov12	5	3.15 Jan16	-1.30	Sep05
	4	4.00 Apr20	1.00	Jan10	4	4.10 Jul18	-1.28	Feb08
	3	5.50 Apr21	1.06	Jan11	3	4.40 Jan15	-1.26	Jun04
	2	4.40 Jan15	1.27	Jun04	2	3.00 Apr15	-1.25	Mar10
	1	5.85 Jan22 (10y-FBB)	1.45	Nov11	1	4.00 Jul15	-1.25	Jan12
		Cheapest				Cheapest		
BELGIUM		Richest				Richest		
	1	3.75 Sep20	-1.22	Jan10	1	3.00 Sep19	-1.20	Apr12
	2	3.00 Sep19	-1.10	Apr12	2	4.00 Mar19	-1.20	Jan09
	3	3.50 Jun17 (5y)	-0.65	Mar11	3	3.50 Jun17 (5y)	-1.18	Mar11
	4	4.00 Mar19	-0.53	Jan09	4	3.75 Sep20	-1.17	Jan10
	5	5.50 Sep17	-0.13	Jun02	5	5.50 Sep17	-1.16	Jun02
	5	4.25 Sep22 (10y)	1.00	Jan12	5	4.25 Sep21	-0.94	Jan11
	4	4.00 Mar17	1.04	Jan07	4	4.00 Mar22	-0.92	May06
	3	4.00 Mar22	1.12	May06	3	4.25 Sep22 (10y)	-0.88	Jan12
	2	4.25 Sep21	1.24	Jan11	2	3.75 Sep15	-0.86	Mar05
	1	4.00 Mar18	2.33	Jan08	1	3.50 Mar15	-0.76	Mar09
		Cheapest				Cheapest		

Source: Citi Research

Relative Value Tables – Min 8yr Maturity

Figure 25. Yield Spread and CAS to Fitted Relative Value Curve by Country (6m History); Bonds with a Minimum Maturity of 8yrs

	Versus Fitted Yield Curve				Versus Swap Curve (CAS)			
	Rank		ZScore	Issued	Rank		ZScore	Issued
GERMANY		Richest				Richest		
	1	2.50 Jul44 (30y)	-0.91	Apr12	1	2.50 Jul44 (30y)	1.02	Apr12
	2	5.50 Jan31	-0.13	Oct00	2	4.25 Jul39 (UB)	1.22	Jan07
	3	6.25 Jan30	0.00	Jan00	3	4.75 Jul40	1.22	Jul08
	4	4.75 Jul40	0.40	Jul08	4	3.25 Jul42	1.24	Jul10
	5	2.25 Sep21	0.40	Aug11	5	4.75 Jul34	1.29	Jan03
	5	4.25 Jul39 (UB)	1.19	Jan07	5	3.25 Jul21	1.80	Apr11
	4	4.00 Jan37	1.25	Jan05	4	2.00 Jan22 (RX)	1.83	Nov11
	3	3.25 Jul21	2.15	Apr11	3	1.75 Jul22	1.88	Apr12
	2	1.75 Jul22	2.18	Apr12	2	2.25 Sep21	1.88	Aug11
	1	2.00 Jan22 (RX)	2.92	Nov11	1	1.50 Sep22 (10y)	2.80	Sep12
		Cheapest				Cheapest		
FRANCE		Richest				Richest		
	1	5.75 Oct32	-1.68	Oct00	1	5.75 Oct32	-0.33	Oct00
	2	3.75 Apr21	-1.31	Apr05	2	4.75 Apr35	-0.21	Apr03
	3	2.75 Oct27	-1.22	Oct11	3	4.00 Oct38	-0.18	Oct05
	4	3.25 Oct21 (OAT)	-0.52	Oct10	4	3.75 Apr21	-0.16	Apr05
	5	4.00 Apr55	-0.38	Apr04	5	4.50 Apr41 (30y)	-0.09	Apr09
	5	4.00 Apr60	0.49	Apr09	5	3.50 Apr26	0.31	Apr10
	4	4.00 Oct38	1.21	Oct05	4	4.25 Oct23	0.43	Oct06
	3	4.50 Apr41 (30y)	1.23	Apr09	3	4.00 Apr55	0.55	Apr04
	2	4.25 Oct23	1.45	Oct06	2	4.00 Apr60	0.60	Apr09
	1	3.50 Apr26	1.54	Apr10	1	2.25 Oct22 (10y)	0.69	Oct11
		Cheapest				Cheapest		
ITALY		Richest				Richest		
	1	3.75 Aug21	-2.79	Feb06	1	5.50 Nov22 (10y-IK)	-1.77	May12
	2	5.75 Feb33	-2.29	Feb02	2	4.00 Feb37	-1.70	Aug05
	3	4.75 Sep21	-1.51	Mar11	3	5.75 Feb33	-1.68	Feb02
	4	5.00 Aug39	-1.42	Aug07	4	5.00 Aug39	-1.67	Aug07
	5	5.00 Aug34	-1.22	Aug03	5	5.00 Sep40 (30y)	-1.66	Sep09
	5	5.00 Mar22	0.06	Sep11	5	5.50 Sep22	-1.49	Mar12
	4	4.50 Mar26	0.96	Sep10	4	3.75 Mar21	-1.48	Sep10
	3	4.75 Aug23	1.17	Feb08	3	5.00 Mar25	-1.44	Mar09
	2	5.00 Mar25	1.20	Mar09	2	4.75 Sep21	-1.44	Mar11
	1	4.00 Feb37	1.38	Aug05	1	4.75 Aug23	-1.43	Feb08
		Cheapest				Cheapest		
N'LANDS		Richest				Richest		
	1	3.75 Jan42 (30y)	-0.09	May10	1	3.75 Jan42 (30y)	-0.85	May10
	2	2.50 Jan33	0.28	Mar12	2	4.00 Jan37	-0.56	Apr05
	3	3.25 Jul21	1.05	Mar11	3	2.50 Jan33	-0.53	Mar12
	3	3.75 Jan23	1.52	Jan06	3	3.75 Jan23	0.90	Jan06
	2	4.00 Jan37	1.77	Apr05	2	2.25 Jul22 (10y)	1.33	Feb12
	1	2.25 Jul22 (10y)	2.59	Feb12	1	3.25 Jul21	1.34	Mar11
		Cheapest				Cheapest		
SPAIN		Richest				Richest		
	1	4.90 Jul40	-1.52	Jun07	1	4.90 Jul40	-1.86	Jun07
	2	5.90 Jul26	-1.15	Mar11	2	4.20 Jan37	-1.84	Jan05
	3	4.65 Jul25	-0.77	Feb10	3	4.70 Jul41 (30y)	-1.84	Sep09
	4	4.70 Jul41 (30y)	-0.73	Sep09	4	5.75 Jul32	-1.68	Jan01
	5		#VALUE!		5		#VALUE!	
	5	5.75 Jul32	0.19	Jan01	5	5.90 Jul26	-1.62	Mar11
	3	5.50 Apr21	1.06	Jan11	3	4.80 Jan24	-1.52	Sep08
	2	4.20 Jan37	1.19	Jan05	2	5.50 Apr21	-1.44	Jan11
	1	5.85 Jan22 (10y-FBB)	1.45	Nov11	1	5.85 Jan22 (10y-FBB)	-1.41	Nov11
		Cheapest				Cheapest		
BELGIUM		Richest				Richest		
	1	4.00 Mar32	-1.32	Mar12	1	4.25 Sep21	-0.94	Jan11
	2	4.25 Mar41 (30y)	0.63	Apr10	2	4.00 Mar22	-0.92	May06
	3	4.50 Mar26	0.63	Jun11	3	4.00 Mar32	-0.92	Mar12
	3	4.25 Sep22 (10y)	1.00	Jan12	3	4.25 Sep22 (10y)	-0.88	Jan12
	2	4.00 Mar22	1.12	May06	2	4.25 Mar41 (30y)	-0.83	Apr10
	1	4.25 Sep21	1.24	Jan11	1	4.50 Mar26	-0.77	Jun11
		Cheapest				Cheapest		

Source: Citi Research

Supply Analysis and Forecasts

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Our regular detailed supply analysis is now published separately under the title “*Weekly Supply Monitor*”. Please click [here](#) for the most recent one.

This publication includes 3 main areas:

Analysis of supply in the coming week and month

- Weekly DV01 of supply in EUR, GBP, and USD – historic and projected
- Maturity split of expected issuance next week in EUR, GBP, and USD
- Gross supply (and DV01) next week and month, by maturity and country
- 4-week issuance calendar incl. buybacks (DV01 and futures equivalents)

Profile of cash flows

- Coupons by maturity for each of the next 4 weeks in EUR, GBP, and USD
- Total coupons for each of the next 4 weeks, by maturity sector and country
- Coupon payment dates and amounts by country for next 3 months
- Monthly coupon totals for next 3 months

- Redemptions for each of the next 4 weeks, by maturity sector and country
- Redemption dates and amounts by country for next 3 months
- Monthly redemption totals for next 3 months

- Net cash requirement for each of the next 4 weeks for EUR, GBP and USD
- 2012 monthly net cash requirements by maturity for GBP and USD

Detailed supply forecasts

- 2012 and 2013 forecasts by currency and for each EMU-11 country
- Monthly EMU-11 net and gross supply by country and maturity to end-2012
- YTD issuance progress: percentage and vs 3yr average at this stage
- UK gilt remit progress by maturity + syndications

Analysis of upcoming supply

Coupons...

Redemptions...

Net cash requirements...

Supply forecasts

Click [here](#) for link...

Please click [here](#) for the document.

Provisional auction calendar for the next four weeks

Figure 26. Provisional Auction Calendar for the Next Four Weeks, Gross Issuance (Billions), DV01 (USD Millions)

Date	Country	Estimated Size (Local Ccy)	Issue Details (Estimated)	DV01 \$million/bp	Approx. Number 10yr Futures (Gilt)	Approx. Number 10yr Futures (Bund)
14 Jan (Mon)	US	1.25 - 1.75	Outright Treasury Coupon Purchases: 15/2/2036 - 15/11/2042		-39k	
15 Jan (Tue)	US	0.75 - 1	Outright Treasury Coupon Purchases: 15/2/2023 - 15/2/2031		-16k	
16 Jan (Wed)	Germany	5.0	New Bund Feb23 (issue and size confirmed)			39k
16 Jan (Wed)	US	1.25 - 1.75	Outright Treasury Coupon Purchases: 15/2/2036 - 15/11/2042		-39k	
17 Jan (Thu)	Ireland	1.0	Irish 5yr and 10yr (estimated tenors and size)			6k
17 Jan (Thu)	France	11.5	BTAN 2yr and 5yr / index-linked OAT (estimated size including the post auction facility and tenors)			40k
17 Jan (Thu)	Spain	4.0	Obligaciones 3yr, 5yr and 10yr (estimated size and tenors)			18k
17 Jan (Thu)	UK	1.0	01/8% Index-linked Treasury Gilt 2029 (issue and size confirmed)		18k	
17 Jan (Thu)	US	2.75 - 3.5	Outright Treasury Coupon Purchases: 15/2/2020 - 15/11/2022		-29k	
18 Jan (Fri)	US	1.25 - 1.75	Outright Treasury Coupon Purchases: 15/2/2036 - 15/11/2042		-39k	
Weekly \$DV01 of Issuance				5.3		
Total Number of Futures Contracts					-161k	18k 102k

Date	Country	Estimated Size (Local Ccy)	Issue Details (Estimated)	DV01 \$million/bp	Approx. Number 10yr Futures (Gilt)	Approx. Number 10yr Futures (Bund)
22 Jan (Tue)	Netherlands	2.0	Off-the-run DSL Jan14 and DSL Jan42 (issue confirmed, size € 1.5-2.5bn)			31k
22 Jan (Tue)	UK	1.9	4% Treasury Gilt 2022 (issue confirmed, estimated size)		18k	
22 Jan (Tue)	US	1 - 1.5	Outright TIPS Purchases: 15/4/2017 - 15/2/2042		-26k	
23 Jan (Wed)	US	1.25 - 1.75	Outright Treasury Coupon Purchases: 15/2/2036 - 15/11/2042		-39k	
24 Jan (Thu)	UK	4.2	Syndication of 3¼% Treasury Gilt 2044 (issue confirmed, estimated date and		88k	
24 Jan (Thu)	US	16.0	10-Year TIPS		191k	
24 Jan (Thu)	US	2.75 - 3.5	Outright Treasury Coupon Purchases: 15/2/2020 - 15/11/2022		-29k	
25 Jan (Fri)	US	3 - 3.75	Outright Treasury Coupon Purchases: 31/10/2018 - 31/12/2019		-23k	
Weekly \$DV01 of Issuance				26.6		
Total Number of Futures Contracts					74k	106k 31k

Date	Country	Estimated Size (Local Ccy)	Issue Details (Estimated)	DV01 \$million/bp	Approx. Number 10yr Futures (Gilt)	Approx. Number 10yr Futures (Bund)
28 Jan (Mon)	Italy	2.8	CTZ (estimated size)			5k
28 Jan (Mon)	Italy	1.0	BTPei (estimated size)			8k
28 Jan (Mon)	US	35.0	2-Year		85k	
28 Jan (Mon)	US	1.25 - 1.75	Outright Treasury Coupon Purchases: 15/2/2036 - 15/11/2042		-39k	
29 Jan (Tue)	US	35.0	5-Year		205k	
29 Jan (Tue)	US	2.75 - 3.5	Outright Treasury Coupon Purchases: 15/2/2020 - 15/11/2022		-29k	
30 Jan (Wed)	Germany	2.0	Bund 2.5% Jul44 re-opening (issue and size confirmed)			41k
30 Jan (Wed)	Italy	7.8	BTP 5yr and 10yr (estimated tenor and size)			43k
30 Jan (Wed)	US	29.0	7-Year		233k	
31 Jan (Thu)	US	1.25 - 1.75	Outright Treasury Coupon Purchases : 15/2/2036 - 15/11/2042		-39k	
Weekly \$DV01 of Issuance				49.1		
Total Number of Futures Contracts					417k	0k 96k

Date	Country	Estimated Size (Local Ccy)	Issue Details (Estimated)	DV01 \$million/bp	Approx. Number 10yr Futures (Gilt)	Approx. Number 10yr Futures (Bund)
05 Feb (Tue)	Netherlands	5.8	New 10yr via DDA (estimate)			44k
05 Feb (Tue)	Austria	1.5	RAGB 5yr and 10yr (estimated size and tenors)			9k
05 Feb (Tue)	UK	1.1	01/8% Index-linked Treasury Gilt 2024 (issue confirmed, estimated size)		14k	
06 Feb (Wed)	Germany	4.0	Bobl Feb18 re-opening (issue and size confirmed)			16k
07 Feb (Thu)	France	6.5	New 10yr OAT (estimated tenor and size, the size includes the amount allotted in the post-auction facility)			50k
07 Feb (Thu)	Spain	4.0	Bono 2yr and 5yr (estimated tenors and size)			10k
Weekly \$DV01 of Issuance				22.1		
Total Number of Futures Contracts					0k	14k 129k

The next release of the approximate purchase and sale amounts and tentative Outright operation schedule will be at 1400 (NY Time) on 31 January 2013
Additional issues expected in January: Finland 5yr and 10yr auction (€1.5bn across both lines). New syndicated Italy 15yr (€3.25bn). These are not included in cash flow tables and gross supply charts.
Additional issues expected in February: Finland 10yr syndication (€4bn). Ireland 5yr and 10yr auction (€1.3bn). These are not included in cash flow tables and gross supply charts.

Source: DMOs, Citi estimates

EUR: Coupons & Redemptions (next 3 mths)

Figure 27. EMU-11 Redemptions over the next three months (€bn)

Redemptions = €99bn											
Redemptions	DEU 18	FRA 18	NLD 16	ITA 21	ESP 14	BEL 13	AUT 0	FIN 0	PRT 0	GRC 0	IRL 0
(Sat) 12-Jan-13		17.7									
(Tue) 15-Jan-13			15.5								
(Thu) 31-Jan-13					14.3						
(Fri) 01-Feb-13				21.0							
(Fri) 15-Mar-13	18.0										
(Thu) 28-Mar-13						12.7					

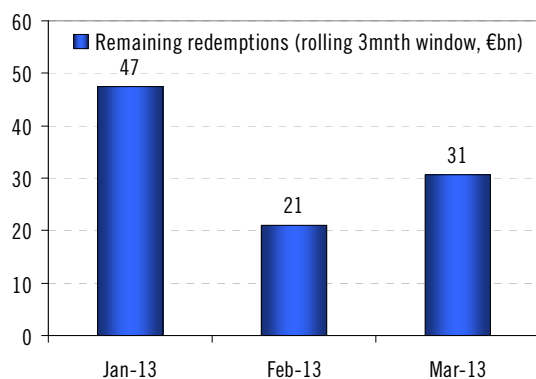
Source: DMOs, Bloomberg, Citi Research

Figure 28. EMU-11 Coupon Payments over the next three months (€bn)

Coupons = €44bn											
Coupons	DEU 2	FRA 3	NLD 4	ITA 18	ESP 8	BEL 7	AUT 2	FIN 0	PRT 0	GRC 0	IRL 1
(Sat) 12-Jan-13		1.4									
(Tue) 15-Jan-13		0.6	3.9	0.4			0.6				0.304
(Sun) 20-Jan-13											0.0
(Sat) 26-Jan-13							0.1				
(Thu) 31-Jan-13					7.5						
(Fri) 01-Feb-13				9.4							
(Fri) 15-Feb-13									0.2		
(Mon) 18-Feb-13											0.2
(Wed) 20-Feb-13							0.3				
(Sun) 24-Feb-13	0.1										
(Mon) 25-Feb-13		0.9									
(Tue) 26-Feb-13	0.3										
(Wed) 27-Feb-13	0.4										
(Fri) 01-Mar-13				6.1							
(Wed) 13-Mar-13											0.6
(Thu) 14-Mar-13	0.0										
(Fri) 15-Mar-13	0.3			1.8			1.4				
(Wed) 20-Mar-13											0.0
(Thu) 28-Mar-13						6.8					
(Mon) 01-Apr-13				0.2							
(Sun) 07-Apr-13	0.1										
(Mon) 08-Apr-13	0.5										

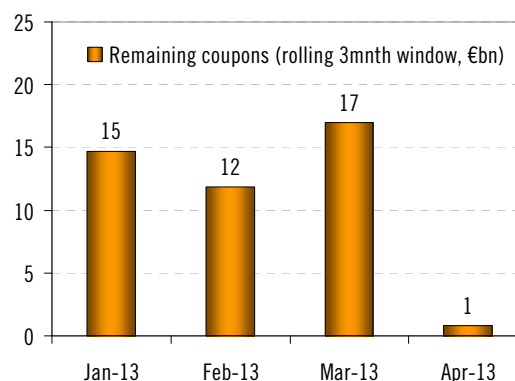
Source: DMOs, Bloomberg, Citi Research

Figure 29. EMU-11 remaining redemptions over the next 3 months (€bn)



Source: DMOs, Bloomberg, Citi Research

Figure 30. EMU-11 remaining coupons over the next 3 months (€bn)



Source: DMOs, Bloomberg, Citi Research

Inflation Forecasts, Carry & Weekly Changes

Figure 31. Citi Inflation Forecasts

Month	EUR HICPxT			France CPIxT			UK RPI			US CPURNSA		
	Index Forecast	MoM Change	YoY Change	Index Forecast	MoM Change	YoY Change	Index Forecast	MoM Change	YoY Change	Index Forecast	MoM Change	YoY Change
Nov 12	115.97	-0.2	2.1	124.61	-0.2	1.3	245.60	0.0	3.0	230.22	-0.5	1.8
Dec 12	116.37	0.3	2.2	125.02	0.3	1.2	246.70	0.4	3.0	229.92	-0.1	1.9
Jan 13	115.23	-1.0	2.0	124.47	-0.4	1.1	245.20	-0.6	3.0	230.92	0.4	1.9
Feb 13	115.44	0.2	1.7	124.87	0.3	1.0	246.50	0.5	2.8	231.31	0.2	1.6
Mar 13	116.29	0.7	1.1	125.78	0.7	0.9	247.10	0.2	2.6	232.61	0.6	1.4
Apr 13	116.99	0.6	1.2	125.81	0.0	0.8	248.80	0.7	2.6	233.40	0.3	1.4

Shaded = Already released

Source: Citi Research, Bloomberg

Figure 32. US TIPS Inflation- Linked Carry (based on forecasts above) – One week changes

Bond	RY (%)	Chg (bp)	Carry-adj chg	Carry: RY (bp)			Ref	BE (bp)	Chg (bp)	Carry-adj chg	Carry: BE (bp)			ZC Swap - BE Spread (bp)	Chg (bp)
				1 Feb	1 Mar	1 Apr					1 Feb	1 Mar	1 Apr		
Repo (%)				0.14	0.13	0.13									
TIPS 1/14	-1.29	-14	-14	-42	-74	-43	US-4.000-02/15/14	148	12	-1	-43	-74	-44	24	1
TIPS 4/14	-1.35	-17	-17	-34	-58	-34	US-1.875-04/30/14	155	14	4	-34	-59	-35	7	-4
TIPS 7/14	-1.74	-13	-13	-30	-51	-34	US-2.625-07/31/14	195	12	2	-30	-52	-35	18	-3
TIPS 1/15	-1.57	-15	-15	-22	-37	-22	US-2.250-01/31/15	184	13	6	-22	-38	-24	14	-8
TIPS 4/15	-1.54	-14	-14	-19	-32	-19	US-2.500-04/30/15	182	10	4	-19	-33	-21	11	-5
TIPS 7/15	-1.76	-17	-17	-18	-30	-19	US-4.250-08/15/15	209	13	7	-18	-31	-21	15	-7
TIPS 1/16	-1.60	-14	-14	-15	-24	-15	US-2.625-02/29/16	200	11	7	-15	-26	-17	19	-6
TIPS 4/16	-1.54	-13	-13	-13	-22	-13	US-2.000-04/30/16	197	10	6	-14	-23	-15	19	-4
TIPS 7/16	-1.69	-14	-14	-13	-21	-13	US-4.875-08/15/16	219	11	7	-13	-23	-16	18	-5
TIPS 1/17	-1.57	-12	-12	-11	-18	-11	US-3.125-01/31/17	215	9	6	-12	-20	-14	20	-3
TIPS 4/17	-1.53	-11	-11	-10	-16	-10	US-0.875-04/30/17	217	9	6	-11	-18	-12	15	-2
TIPS 7/17	-1.63	-12	-12	-10	-16	-10	US-4.750-08/15/17	232	10	6	-11	-18	-13	18	-3
TIPS 1/18	-1.46	-12	-12	-9	-14	-8	US-3.500-02/15/18	227	10	6	-9	-16	-11	21	-3
TIPS 7/18	-1.50	-11	-11	-8	-13	-7	US-4.000-08/15/18	239	10	7	-9	-15	-11	19	-3
TIPS 1/19	-1.29	-12	-12	-7	-11	-6	US-2.750-02/15/19	233	11	8	-8	-14	-10	22	-4
TIPS 7/19	-1.29	-11	-11	-7	-11	-6	US-3.625-08/15/19	245	10	8	-8	-13	-10	20	-4
TIPS 1/20	-1.14	-9	-9	-6	-9	-5	US-3.625-02/15/20	243	8	6	-7	-12	-9	21	-2
TIPS 7/20	-1.09	-8	-8	-5	-9	-4	US-2.625-08/15/20	251	8	6	-7	-11	-8	20	-2
TIPS 1/21	-0.92	-9	-9	-5	-8	-3	US-3.625-02/15/21	243	9	7	-6	-10	-8	26	-3
TIPS 7/21	-0.87	-9	-9	-5	-7	-3	US-2.125-08/15/21	251	8	7	-6	-10	-7	25	-3
TIPS 1/22	-0.74	-6	-6	-4	-6	-2	US-2.000-02/15/22	248	6	5	-5	-9	-7	25	-1
TIPS 7/22	-0.68	-7	-7	-4	-6	-2	US-1.625-08/15/22	253	7	6	-5	-9	-7	26	-2
TIPS 1/25	-0.39	-8	-8	-3	-5	-1	US-7.625-02/15/25	248	8	6	-5	-8	-6	37	-4
TIPS 1/26	-0.27	-8	-8	-3	-4	-1	US-6.000-02/15/26	252	8	7	-4	-7	-6	35	-4
TIPS 1/27	-0.20	-8	-8	-3	-4	-1	US-6.625-02/15/27	255	8	7	-4	-7	-6	35	-4
TIPS 1/28	-0.12	-7	-7	-2	-4	-1	US-6.125-11/15/27	254	7	6	-4	-7	-5	38	-3
TIPS 4/28	-0.09	-8	-8	-3	-4	-1	US-5.500-08/15/28	259	8	7	-4	-7	-5	32	-4
TIPS 1/29	-0.06	-7	-7	-2	-3	0	US-5.250-02/15/29	259	8	7	-4	-6	-5	35	-3
TIPS 4/29	-0.06	-7	-7	-3	-4	0	US-5.250-02/15/29	259	8	7	-4	-6	-5	34	-4
TIPS 4/32	0.08	-8	-8	-2	-3	0	US-5.375-02/15/31	253	8	7	-3	-6	-5	44	-4
TIPS 2/40	0.38	-9	-8	-1	-2	0	US-4.625-02/15/40	256	8	7	-2	-4	-4	43	-4
TIPS 2/41	0.40	-9	-9	-1	-2	0	US-4.750-02/15/41	256	8	7	-2	-4	-3	43	-5
TIPS 2/42	0.46	-9	-9	-1	-2	0	US-3.125-02/15/42	260	8	7	-2	-4	-3	39	-5

Source: Citi Research

Figure 33. EUR Inflation- Linked Carry (based on forecasts above)- One week changes

Bond	RY (%)	Chg (bp)	Carry-adj chg	Carry: RY (bp)			Ref	BE (bp)	Chg (bp)	Carry-adj chg	Carry: BE (bp)			ZC Swap - BE Spread (bp)	Chg (bp)
				1 Mar	1 Apr	1 May					1 Mar	1 Apr	1 May		
Repo (%)				0.07	0.07	0.07									
BTPei14	-0.19	-36	-36	13	-56	-48	BTP 8/14	140	-6	-11	3	-74	-75	31	8
OATei15	-1.40	-1	-0	2	-46	-45	FFRG 4/15	162	4	1	1	-48	-47	27	5
BUNDei16	-1.06	5	5	3	-33	-31	BUND 1/16	123	1	-1	2	-34	-32	33	2
BTANi16	-1.28	7	7	2	-15	-9	FFRG 4/16	168	-3	-5	1	-17	-12	39	6
BTPei16	0.96	-26	-26	10	-17	-10	BTP 8/16	118	0	-2	2	-31	-30	62	4
OATi17	-1.09	0	0	2	-10	-5	FFRG 4/17	176	3	1	0	-14	-10	37	-0
BTPei17	1.27	-24	-24	9	-12	-5	BTP 8/17	140	-1	-2	1	-26	-25	45	5
BOBLei18	-0.81	9	9	2	-19	-17	BUND 1/18	137	-2	-4	1	-21	-20	35	7
OATei18	-0.66	5	5	3	-17	-15	FFRG 4/18	163	-3	-4	0	-21	-21	31	10
OATi19	-0.54	4	4	3	-5	-1	FFRG 4/19	179	-2	-3	0	-10	-7	43	4
BTPei19	1.86	-21	-21	8	-6	-1	BTP 9/19	148	3	1	0	-19	-18	42	1
BUNDei20	-0.56	9	9	2	-13	-11	BUND 1/20	154	-4	-5	0	-16	-16	27	7
OATei20	-0.21	2	2	3	-12	-10	FFRG 4/20	172	-1	-2	0	-17	-16	26	6
OATi21	-0.09	5	5	3	-3	1	FFRG 4/21	185	-3	-4	0	-8	-6	45	4
BTPei21	2.29	-20	-20	7	-4	1	BTP 9/20	129	8	7	0	-15	-15	70	19
OATi22	0.12	3	3	3	-8	-6	FFRG 4/21	164	-1	-2	0	-14	-14	43	5
BUNDei23	-0.22	11	11	2	-8	-7	BUND 1/22	164	-5	-5	0	-12	-11	37	6
OATi23	0.16	1	1	3	-2	2	FFRG 10/23	209	-1	-2	0	-7	-6	31	2
BTPei23	2.57	-22	-22	6	-3	2	BTP 8/23	159	11	10	0	-13	-13	50	-9
BTPei26	2.88	-14	-14	5	-2	2	BTP 3/26	156	7	6	0	-11	-11	62	-6
OATei27	0.55	5	5	2	-5	-3	FRTR 4/26	201	-4	-4	-1	-10	-10	21	6
OATi29	0.48	1	1	2	-1	2	FFRG 4/29	227	0	-0	-1	-6	-5	20	0
OATei32	0.73	6	6	2	-4	-2	FFRG 10/32	216	-4	-4	-1	-9	-9	11	6
BTPei35	3.06	-11	-11	4	-1	2	BTP 8/34	181	5	4	-1	-9	-9	50	-4
OATei40	0.80	7	7	1	-3	-2	FFRG 10/38	233	-3	-4	-1	-7	-7	7	5
BTPei41	3.06	-8	-8	3	-1	2	BTP 9/40	182	4	3	-1	-8	-8	58	-3

Source: Citi Research

Figure 34. UK Gilts Inflation- Linked Carry (based on forecasts above)- One Week Changes

Bond	RY (%)	Chg (bp)	Carry-adj chg	Carry: RY (bp)			Ref	BE (bp)	Chg (bp)	Carry-adj chg	Carry: BE (bp)			ZC Swap - BE Spread (bp)	Chg (bp)
				1 Feb	1 Mar	1 Apr					1 Feb	1 Mar	1 Apr		
Repo (%)				0.41	0.41	0.40									
UKTi Jul16	-2.02	-28	-29	1	2	4	UKT 9/16	271	27	27	0	1	2	34	6
UKTi Nov17	-1.73	-31	-31	-3	3	-14	UKT 3/18	282	25	25	-4	1	-17	19	8
UKTi Apr20	-1.29	-31	-31	1	3	4	UKT 3/20	283	31	32	0	0	0	22	-1
UKTi Nov22	-0.93	-27	-27	-1	3	-5	UKT 3/22	287	30	30	-2	0	-10	35	2
UKTi Mar24	-0.66	-28	-28	-1	3	-4	UKT 3/25	296	30	30	-2	0	-8	25	1
UKTi Jul24	-0.71	-30	-30	1	2	4	UKT 3/25	302	32	32	0	0	0	27	-4
UKTi Nov27	-0.42	-26	-26	0	2	-3	UKT 12/27	302	26	26	-1	0	-7	36	2
UKTi Mar29	-0.25	-25	-25	0	2	-2	UKT 12/30	306	24	24	-1	0	-6	31	4
UKTi Jul30	-0.32	-25	-25	1	2	4	UKT 6/32	324	24	24	0	0	0	21	3
UKTi Nov32	-0.20	-25	-25	0	2	-2	UKT 6/32	312	24	24	-1	0	-6	36	2
UKTi Mar34	-0.10	-25	-25	0	2	-1	UKT 9/34	315	23	23	-1	-1	-5	32	2
UKTi Jan35	-0.15	-25	-26	1	2	3	UKT 3/36	326	24	24	0	-1	-1	23	1
UKTi Nov37	-0.08	-26	-26	0	2	-1	UKT 12/38	326	24	23	-1	-1	-5	28	3
UKTi Mar40	-0.03	-26	-26	0	2	-1	UKT 9/39	326	23	23	-1	-1	-5	29	3
UKTi Nov42	-0.04	-26	-26	0	1	-1	UKT 12/42	331	23	23	-1	-1	-5	29	3
UKTi Mar44	0.03	-25	-25	0	1	-1	UKT 1/44	333	22	22	-1	-1	-4	26	-5
UKTi Nov47	0.01	-26	-26	0	1	-1	UKT 12/46	333	22	22	-1	-1	-4	30	4
UKTi Mar50	0.02	-26	-26	0	1	-1	UKT 12/49	334	22	21	-1	-1	-4	29	5
UKTi Mar52	0.04	-26	-26	0	1	-1	UKT 7/52	335	22	21	-1	-1	-4	28	5
UKTi Nov55	0.00	-27	-27	0	1	-1	UKT 12/55	336	22	22	-1	-1	-4	30	4
UKTi Mar62	0.00	-26	-26	0	1	-1	UKT 1/60	336	21	21	-1	-1	-3	31	5

Source: Citi Research

Summary of Recent Publications

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07-Jan-13	NOTE	Weekly Supply Monitor: Euro, UK and US supply outlook	-	EUR
02-Jan-13	NOTE	Euro Rates Strategy: EMU-10 January Supply Outlook	-	EUR
19-Dec-12	NOTE	Euro Rates Strategy: 2013 Supply Outlook: EMU governments & SSA markets	-	EUR
14-Dec-12	NOTE	Euro Rates Strategy: The Implications of Negative Deposit Rates	-	EUR
14-Dec-12	NOTE	European Month-end Index Projections: Support for France, Italy and Spain	-	EUR
11-Dec-12	NOTE	European Bond Flow Analysis: Continued demand for France and peripherals	-	EUR
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Notes

Appendix A-1

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