

3 October 2013 | 24 pages

Western Europe

Weekly Supply Monitor

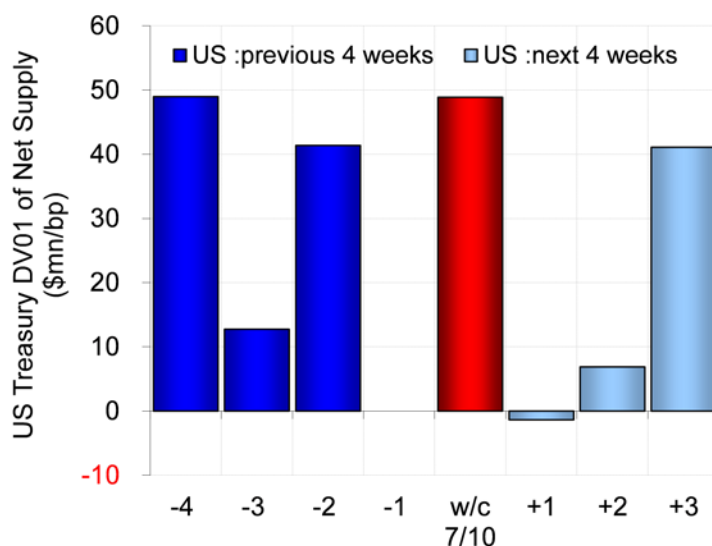
Euro, UK and US Supply Outlook

- **Europe:** Next week's bond supply comes from the Netherlands (€1.5-2.5bn), Germany (€4bn) and Italy (around €8bn). €3.5bn of coupon payments (36% of these fall in 2yr Germany) and a €16bn Bobl redemption will be eligible for reinvestment next week.
- **US:** The US Treasury will issue around \$64bn across the 3-, 10- and 30-year sectors. There are no cash flows next week.
- **UK:** The UK DMO will issue £1.75bn of the linker '19 next Tuesday. There are no cash flows next week.
- **Spanish and Italian bill supply:** Italy will issue around €9bn of 12month bills next Thursday.
- **EMU 2014 Supply Projections:** We forecast €864bn of bond issuance from EMU-10 sovereigns in 2014, €14bn higher than 2013. For full details, see the original note ([EMU 2014 Supply Projections](#)).

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Figure 1. The DV01 of next week's net US Treasury issuance is the highest in an eight week period



Source: DMOs, Citi estimates

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 TYZ3 (UST) G Z3 (Gilt) RXZ3 (Bund)
07 Oct (Mon)	US	2.75 - 3.5	Outright Treasury Coupon Purchases: 15/11/2020 - 15/8/2023		-27k
08 Oct (Tue)	Netherlands	2.0	DSL 1.25% Jan19 reopening (issue confirmed, size €1.5-2.5bn)		
08 Oct (Tue)	UK	1.8	01/8% Index-linked Treasury Gilt 2019 (issue and size confirmed)		12k
08 Oct (Tue)	US	30.0	3-Year		74k
08 Oct (Tue)	US	1.25 - 1.75	Outright Treasury Coupon Purchases: 15/2/2036 - 15/8/2043		-32k
09 Oct (Wed)	Germany	4.0	Bobl 167-Oct18 reopening (issue and size confirmed)		
09 Oct (Wed)	US	21.0	10-Year (re-opening)		230k
10 Oct (Thu)	US	13.0	30-year (re-opening)		297k
10 Oct (Thu)	US	1 - 1.5	Outright TIPS Purchases: 15/1/2018 - 15/2/2043		-23k
11 Oct (Fri)	Italy	5.5	BTP 3yr, 5yr and 30yr (estimated tenors and size)		
11 Oct (Fri)	Italy	2.5	CCTeu (estimated size)		32k
11 Oct (Fri)	US	1.25 - 1.75	Outright Treasury Coupon Purchases: 15/2/2036 - 15/8/2043		-32k

Weekly \$DV01 of Issuance

51.9

Total Number of Futures Contracts

486k

12k

68k

Date	Country	Nominal Size (Local Ccy, bn)	Issue Details	DV01 \$million/bp	Approx. Number 10yr Futures TYZ3 (UST) G Z3 (Gilt) RXZ3 (Bund)
15 Oct (Tue)	US	4.75 - 5.75	Outright Treasury Coupon Purchases: 31/7/2018 - 30/6/2019		-31k
16 Oct (Wed)	Germany	5.0	Schatz 0.25% Sep15 reopening (issue and size confirmed)		
16 Oct (Wed)	US	1.25 - 1.75	Outright Treasury Coupon Purchases: 15/2/2036 - 15/8/2043		-32k
17 Oct (Thu)	Spain	3.0	Obligaciones 2yr, 5yr and 30yr (estimated tenors and size)		
17 Oct (Thu)	France	9.0	BTAN, OAT 2yr and 5yr / OATi (estimated tenors and size including the post auction facility)		22k
17 Oct (Thu)	UK	4.8	1¼% Treasury Gilt 2018 (issue confirmed, estimated size)		22k
17 Oct (Thu)	US	2.75 - 3.5	Outright Treasury Coupon Purchases: 15/11/2020 - 15/8/2023		-27k

Weekly \$DV01 of Issuance

6.6

Total Number of Futures Contracts

-90k

22k

68k

Date	Country	Nominal Size (Local Ccy, bn)	Issue Details	DV01 \$million/bp	Approx. Number 10yr Futures TYZ3 (UST) G Z3 (Gilt) RXZ3 (Bund)
21 Oct (Mon)	US	3 - 4	Outright Treasury Coupon Purchases: 31/7/2019 - 30/9/2020		-23k
22 Oct (Tue)	UK	3.8	Syndicated re-opening of 3½% Treasury Gilt 2068 (second half of October, estimated size)		93k
22 Oct (Tue)	US	1.25 - 1.75	Outright Treasury Coupon Purchases: 15/2/2036 - 15/8/2043		-32k
23 Oct (Wed)	Germany	2.0	Bund 2.5% Jul44 reopening (issue and size confirmed)		
23 Oct (Wed)	US	2.75 - 3.5	Outright Treasury Coupon Purchases: 15/11/2020 - 15/8/2023		-27k
24 Oct (Thu)	US	7.0	30-year TIPS (re-opening)		84k
24 Oct (Thu)	US	1.25 - 1.75	Outright Treasury Coupon Purchases: 15/2/2036 - 15/8/2043		-32k

Weekly \$DV01 of Issuance

19.1

Total Number of Futures Contracts

-31k

93k

42k

Date	Country	Nominal Size (Local Ccy, bn)	Issue Details	DV01 \$million/bp	Approx. Number 10yr Futures TYZ3 (UST) G Z3 (Gilt) RXZ3 (Bund)
28 Oct (Mon)	Belgium	3.0	OLO 5yr,10yr and 15yr (estimated size and tenors)		27k
28 Oct (Mon)	Italy	4.0	New CTZ Dec15 (estimated issue and size)		7k
28 Oct (Mon)	Italy	0.8	BTPei (estimated size)		6k
28 Oct (Mon)	US	32.0	2-Year		79k
28 Oct (Mon)	US	4.25 - 5.25	Outright Treasury Coupon Purchases: 31/10/2017 - 30/6/2018		-22k
29 Oct (Tue)	UK	1.5	Minit tender (estimated date and size)		0k
29 Oct (Tue)	US	35.0	5-Year		207k
29 Oct (Tue)	US	1.25 - 1.75	Outright Treasury Coupon Purchases: 15/2/2036 - 15/8/2043		-32k
30 Oct (Wed)	Italy	6.3	BTP 5yr and 10yr (estimated tenor and size)		
30 Oct (Wed)	Germany	4.0	Bund 2% Aug23 reopening (issue and size confirmed)		39k
30 Oct (Wed)	US	29.0	7-Year		235k
31 Oct (Thu)	US	0.75 - 1	Outright Treasury Coupon Purchases : 15/11/2024 - 15/2/2031		-14k

Weekly \$DV01 of Issuance

53.9

Total Number of Futures Contracts

452k

0k

111k

The next release of the tentative outright Treasury operation schedule will be at 3 p.m. on October 31, 2013. Therefore we have only provided details of Fed buybacks upto 31 October.

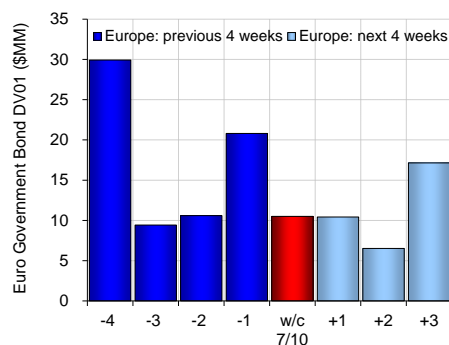
Source: DMOs, Citi Research

Global Net Supply by Week (8 Week Period)

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

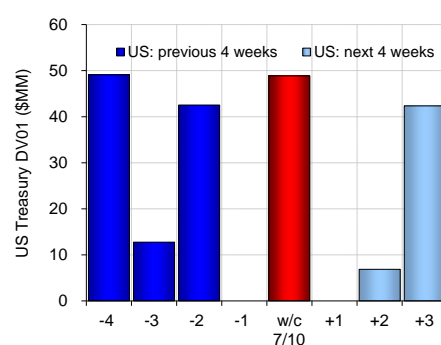
- Figure 3 to Figure 5 show the \$DV01 of projected issuance over the next four weeks and the previous four weeks. The DV01 of issuance in the week commencing 7 October is shown in red.
- The DV01 of next week's US Treasury issuance is amongst the highest in the previous four weeks and the next four weeks (Figure 3).

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



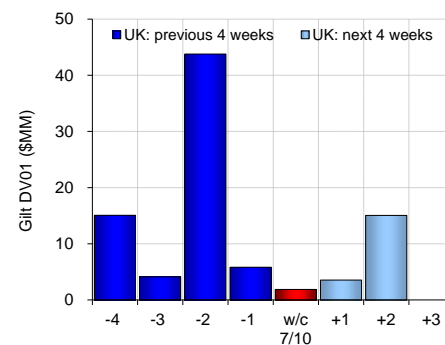
Source: DMOs, Citi Research

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



Source: US Treasury, Citi Research

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



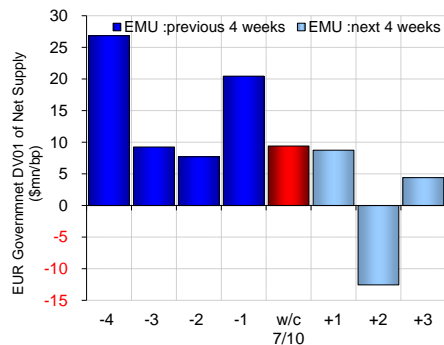
Source: DMO, Citi Research

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

Net Supply = Gross Issuance – Coupon Payments

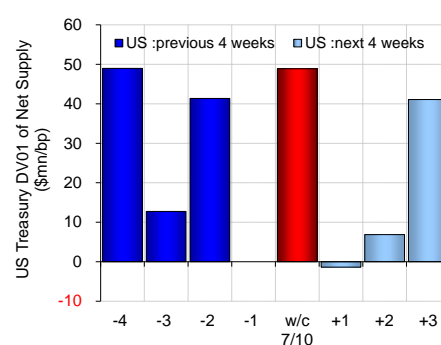
- Figure 6 to Figure 8 show the \$DV01 of projected net supply over the next four weeks and the previous four weeks.
- Next week's net DV01 of US Treasury issuance is the highest in the previous four weeks and the next four weeks (Figure 8).

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



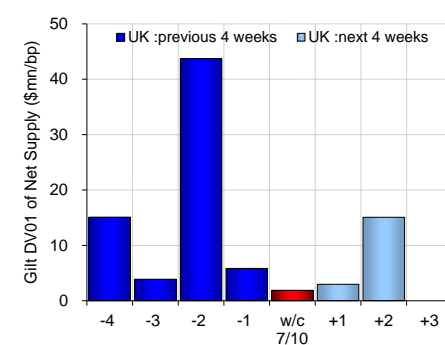
Source: DMOs, Citi estimates

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)



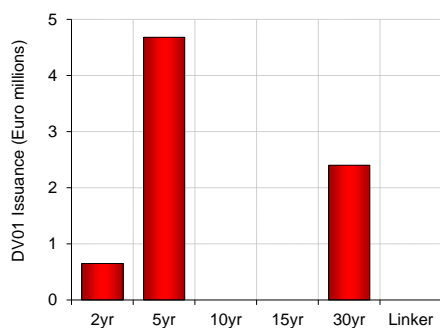
Source: DMO, Citi estimates

Global Supply by Tenor (Next week)

DV01 of EUR, USD and GBP Issuance by Maturity

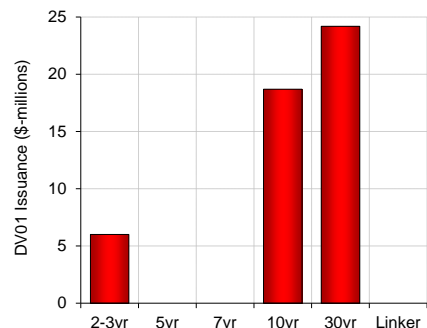
- The DV01 of the next week's euro issuance is around €8million/bp (Figure 9).
- The US Treasury will issue around \$49million/bp across the 3-, 10- and 30-year sectors (Figure 10).
- The UK DMO will re-open £1million/bp of the linker '19 next Tuesday (Figure 11).

Figure 9. EUR DV01: Split by Maturity (7 Oct – 13 Oct)



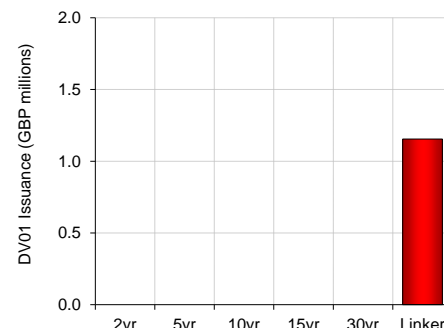
Source: DMOs, Citi Research

Figure 10. USD DV01: Split by Maturity (7 Oct – 13 Oct)



Source: US Treasury, Citi Research

Figure 11. GBP DV01 Split by Maturity (7 Oct – 13 Oct)

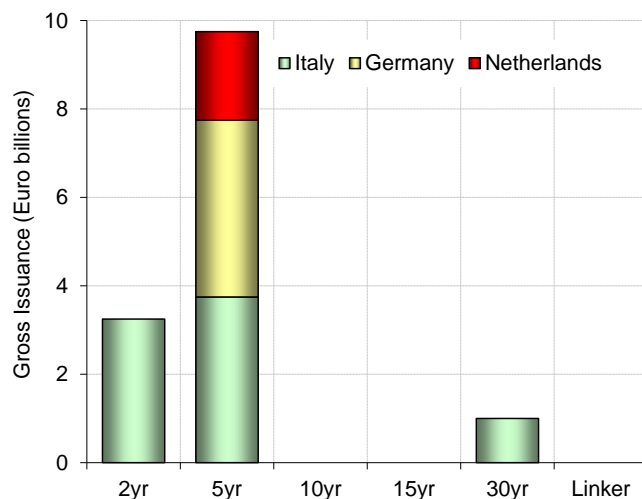


Source: DMO, Citi Research

Euro Gross Supply and DV01 by Country & Maturity

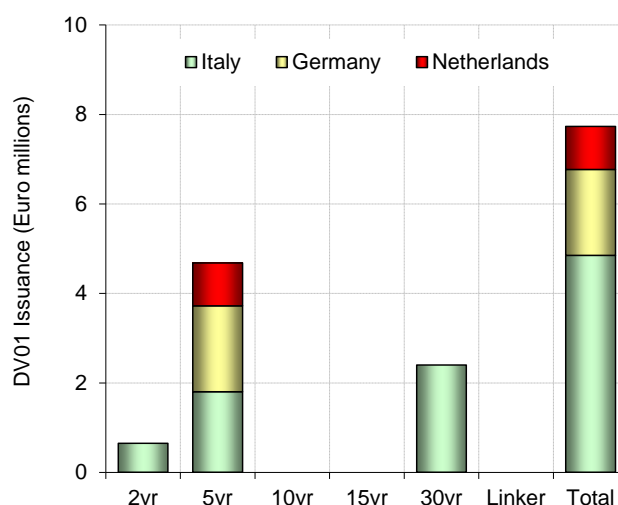
- In Europe, next week's supply comes from the Netherlands (€1.5-2.5bn), Germany (€4bn) and Italy (around €3bn) – Figure 12.
- Figure 13 shows the country and maturity split in DV01 terms. On this basis, Italy accounts for around 63% of total issuance.

Figure 12. Euro Gross Issuance next week



Source: DMOs, Bloomberg, Citi Research

Figure 13. Euro DV01 Issuance next week

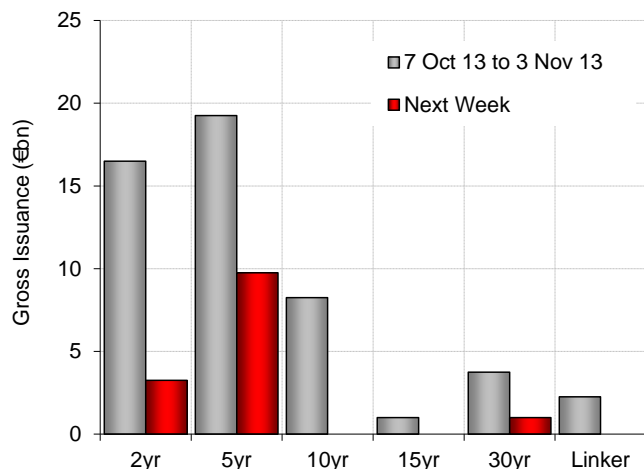


Source: DMOs, , Bloomberg, Citi Research

Expected Euro Issuance by Maturity for the Next 4 Weeks

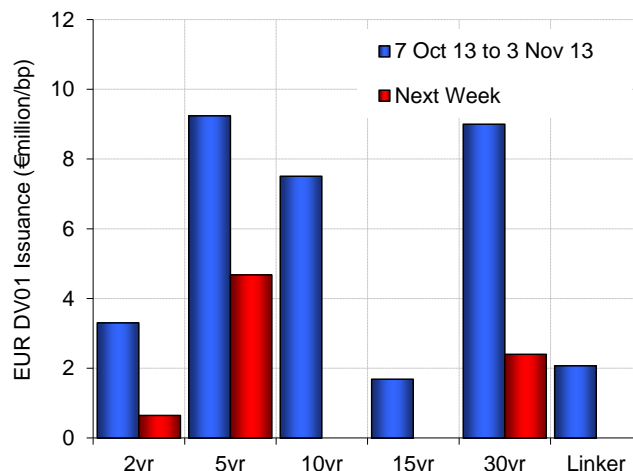
- Over the next four weeks, the 5yr sector is expected to account for around 38% of total gross issuance (€8bn) - Figure 14.
- In DV01 terms, the 5- and 30-year sectors are forecasted to account for around 28% of total issuance each (€33million/bp) - over the next four weeks (Figure 15).

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 Cash Flows (Next 4 Weeks)

Euro coupons and redemptions for the next four weeks

EMU: €3.5bn of coupons (36% of these fall in 2yr Germany) and a €16bn of Bobl redemption (on a trade-date basis)

- €3.5bn of coupon payments (36% of these fall in 2yr Germany) and a €16bn of Bobl redemption will be eligible for reinvestment next week (Figure 16). A breakdown of redemptions by country for the next four weeks can be found overleaf.

Figure 16. Euro Coupon Payments and Redemptions over the Next Four Weeks (EUR-Billions)*

Week Commencing	Coupon Payments						Total	Redemptions
	2yr	5yr	10yr	15yr	30yr	Linker		
07 Oct	2.9	0.7					3.5	16.0
14 Oct	0.9	1.2	0.6				2.6	13.1
21 Oct	4.1	4.3	4.3	2.9	1.0		16.6	21.1
28 Oct	3.1	1.9	3.0	3.0			11.0	34.0
Total	10.9	8.1	7.8	6.0	1.0		33.8	84.2

Source: Bloomberg, Citi Research

*This table is on a trade-date basis

US coupons and redemptions for the next four weeks

US: zero cash flows next week (on a trade-date basis)

- There are no cash flows next week (Figure 17). However, \$1.8bn of coupon payments and \$32.3bn of redemptions will be eligible for reinvestment in the week beginning 14 October.

Figure 17. UST Coupon Payments and Redemptions over the Next Four Weeks (USD-Billions)*

Week Commencing	Coupon Payments						Total	Redemptions
	2-3yr	5yr	7yr	10yr	30yr	Linker		
07 Oct								
14 Oct	0.5					1.3	1.8	32.3
21 Oct								
28 Oct	3.1	1.2	0.1				4.4	61.4
Total	3.6	1.2	0.1			1.3	6.2	93.7

Source: Bloomberg, Citi Research

*This table is on a trade-date basis

UK coupons and redemptions for the next four weeks

UK: minimal cash flows over the next four weeks (on a trade-date basis)

- There are minimal coupon payments and redemptions over the next four weeks (Figure 18).

Figure 18. Gilt Coupon Payments and Redemptions over the Next Four Weeks (GBP-Billions)*

Week Commencing	Coupon Payments						Total	Redemptions
	2yr	5yr	10yr	15yr	30yr	Linker		
07 Oct								
14 Oct						0.2	0.2	
21 Oct								
28 Oct								
Total						0.2	0.2	

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 07 Oct (Mon)		Coupons	Redemptions	WEEK 2	Week Beginning 14 Oct (Mon)		Coupons	Redemptions
		Austria					Austria	1.0	13.1
		Belgium					Belgium		
		Germany	1.4	16.0			Germany		
		Finland					Finland		
	Coupons	France				Coupons	France		
2yr	2.9	Greece			2yr	0.9	Greece		
5yr	0.7	Ireland			5yr	1.2	Ireland	1.6	
10yr		Italy	0.8		10yr	0.6	Italy		
15yr		Netherlands			15yr		Netherlands		
30yr		Portugal	1.4		30yr		Portugal		
Linker		Spain			Linker		Spain		
	3.5		3.5	16.0		2.6		2.6	13.1
WEEK 3	Week Beginning 21 Oct (Mon)		Coupons	Redemptions	WEEK 4	Week Beginning 28 Oct (Mon)		Coupons	Redemptions
		Austria					Austria		
		Belgium					Belgium		
		Germany					Germany		
		Finland					Finland		
	Coupons	France	16.3	21.1		Coupons	France		
2yr	4.1	Greece			2yr	3.1	Greece		
5yr	4.3	Ireland			5yr	1.9	Ireland		
10yr	4.3	Italy			10yr	3.0	Italy	5.5	17.8
15yr	2.9	Netherlands			15yr	3.0	Netherlands		
30yr	1.0	Portugal	0.4		30yr		Portugal		
Linker		Spain			Linker		Spain	5.5	16.2
	16.6		16.6	21.1		11.0		11.0	34.0

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. All three tables are on a settlement date basis.

EMU cash flow profile over the next four weeks

EMU: virtually flat next week

- The euro NCR is flat next week as €17bn of gross supply is balanced by €1.3bn of coupon payments and €16bn of redemptions (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
07 Oct	17.0	1.3	15.6	16.0	-0.4
14 Oct	13.0	4.1	8.9		8.9
21 Oct	14.0	17.6	-3.6	34.2	-37.8
28 Oct	11.8	11.0	0.7	34.0	-33.3
Total	55.7	34.1	21.7	84.2	-62.5
Average	13.9	8.5	5.4	21.1	-15.6
12m moving avg	16.7	3.6	13.1	11.3	1.7

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 14 October as \$64bn of gross supply easily outweighs \$1.8bn of coupon payments, \$32.3bn of redemptions and around \$11.4bn of buybacks that will be settling in this week (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
07 Oct					5.9	-5.9
14 Oct	64.0	1.8	62.2	32.3	11.4	18.6
21 Oct					11.1	-11.1
28 Oct	103.0	4.4	98.6	61.4	7.1	30.1
Total	167.0	6.2	160.8	93.7	35.5	31.7
Average	41.8	1.5	40.2	23.4	8.9	7.9
12m ma	41.4	2.9	38.5	24.7	10.2	3.6

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 four weeks

- The UK NCR profile is non-supportive for gilts over the next four weeks (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
07 Oct	1.8		1.8			1.8
14 Oct	4.8	0.2	4.5			4.5
21 Oct	3.8		3.8			3.8
28 Oct	1.5		1.5			1.5
Total	11.8	0.2	11.6			11.6
Average	3.0	0.1	2.9			2.9
12m moving avg	2.8	0.9	2.0	1.2		0.7

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	10 Oct (Thu)	Italy	12 month (14 October 2014; issue confirmed, estimated size)	9
Total Size in Week 1				9.0
Week 2	15 Oct (Tue)	Spain	6month (16 April 2014) and 12month (new) - tenors confirmed, estimated size	4.4
Total Size in Week 2				4.4
Week 3	22 Oct (Tue)	Spain	3month (24 January 2014) and 9 month (18 July 2014) - tenors confirmed, estimated size	3.6
Total Size in Week 3				3.6
Week 4	29 Oct (Tue)	Italy	6 month (30 April 2014; issue confirmed, estimated size)	9.75
Total Size in Week 4				9.75

Italy announces issue size 3 business days before the auction

Spain announces issue details 1 business day before the auction

Source: DMOs, Citi Research

This table is on a calendar-date basis

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	1.1	1.1	2.6	4.0		9	10	-1
Jul	0.9	1.9	3.0	2.9		9	5	3
Aug	1.1	1.4	3.1	3.0		9	11	-3
Sep	0.8	1.7	2.8	3.8		9	8	1
Oct	1.0	1.4	2.6	3.0		8	8	
Nov	1.0	1.4	2.6	3.0		8	11	-3
Dec	1.0	1.4	2.6	3.0		8	9	-1
Total	12.8	19.8	30.3	41.4	2.5	107	102	4

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		9.2		7.0		16	16	
Jul		9.8		7.0	2.5	19	11	9
Aug		9.8		8.6		18	18	
Sep		8.6		9.8	3.0	21	20	2
Oct		9.8		9.0		19	17	2
Nov		9.8		8.5		18	16	3
Dec		10.0		8.5		19	25	-7
Total	3.0	114.5		101.5	8.5	227	216	11

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

Source: DMOs, Bloomberg, Citi Research

This table is on a calendar-date basis

EMU: Coupons & Redemptions (Next 3mths)

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

Redemptions = €119bn											
Redemptions	DEU 31	FRA 21	NLD 0	ITA 38	ESP 16	BEL 0	AUT 13	FIN 0	PRT 0	GRC 0	IRL 0
(Fri) 11-Oct-13	16.0										
(Sun) 20-Oct-13							13.1				
(Fri) 25-Oct-13		21.1									
(Thu) 31-Oct-13					16.2						
(Fri) 01-Nov-13				17.8							
(Fri) 13-Dec-13	15.0										
(Sun) 15-Dec-13				20.0							

Source: DMOs, Bloomberg, Citi Research

This table is on a calendar-date basis

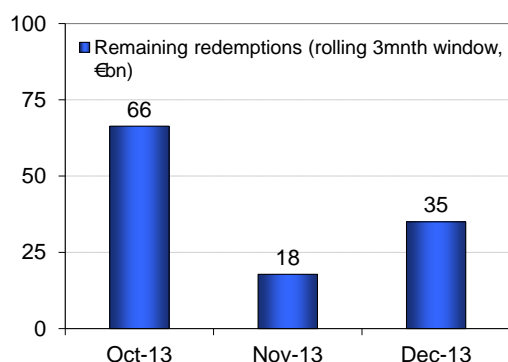
Figure 26. EMU-10 Coupon Payments over the next three months (€bn)

Coupons = €38bn											
Coupons	DEU 2	FRA 16	NLD 0	ITA 10	ESP 6	BEL 0	AUT 1	FIN 0	PRT 2	GRC 0	IRL 2
(Wed) 09-Oct-13	0.28										
(Thu) 10-Oct-13	0.43										
(Fri) 11-Oct-13	0.6										
(Sat) 12-Oct-13	0.1										
(Sun) 13-Oct-13	0.1										
(Mon) 14-Oct-13	0.2										
(Tue) 15-Oct-13				0.8					1.0		
(Wed) 16-Oct-13									0.4		
(Fri) 18-Oct-13											1.6
(Sun) 20-Oct-13							1.0				
(Fri) 25-Oct-13		16.3							0.4		
(Thu) 31-Oct-13					5.5						
(Fri) 01-Nov-13				5.5							
(Fri) 15-Nov-13				0.7							
(Fri) 22-Nov-13							0.3				
(Mon) 25-Nov-13		0.2									
(Sun) 01-Dec-13				1.4							
(Fri) 13-Dec-13	0.04										
(Sun) 15-Dec-13				0.9							
(Wed) 01-Jan-14				0.4							

Source: DMOs, Bloomberg, Citi Research

This table is on a calendar-date basis

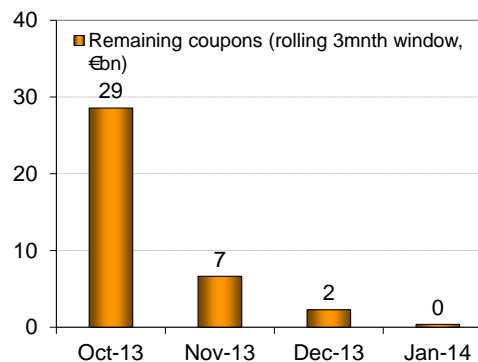
Figure 27. EMU-10 remaining redemptions over the next 3 months (€bn)



Source: DMOs, Bloomberg, Citi Research

This chart is on a calendar-date basis

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



Source: DMOs, Bloomberg, Citi Research

This chart is on a calendar-date basis

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

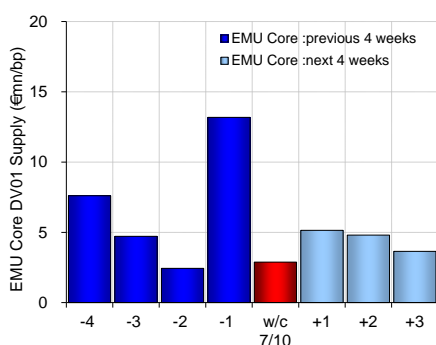
Figure 29 to Figure 31 show the projected EUR DV01 of core bond issuance, coupon payments and net issuance for the next four weeks and also the previous four weeks. Figure 32 to Figure 34 show the similar breakup for non-core issuance.

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

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

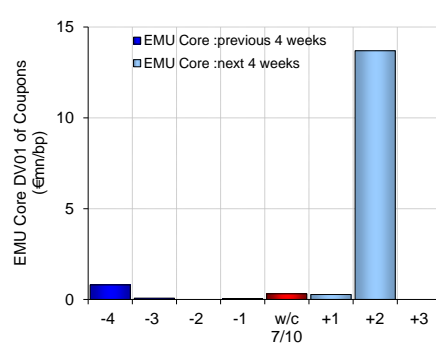
- There are minimal core coupon payments until week 3 (Figure 30).
- The DV01 of net core issuance is negative in week 3 (Figure 31)

Figure 29. Estimated €DV01 of Core Bond Issuance



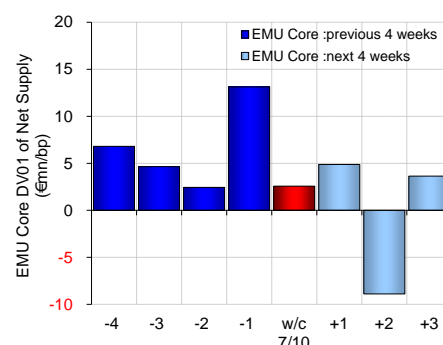
Source: DMOs, Citi estimates

Figure 30. Estimated €DV01 of Core Coupons (Trade-date basis)



Source: US Treasury, Citi estimates

Figure 31. Estimated €DV01 of Net Core Issuance



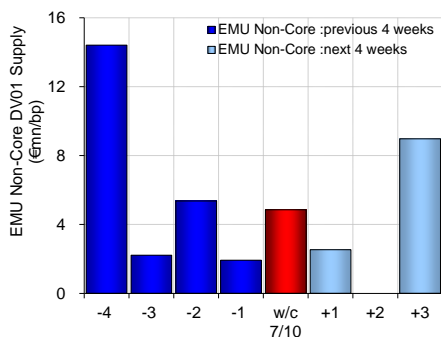
Source: DMO, Citi estimates

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

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

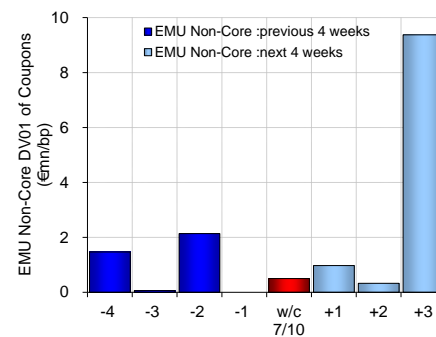
- There will be minimal non-core coupon payments over the next three weeks (Figure 33).

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



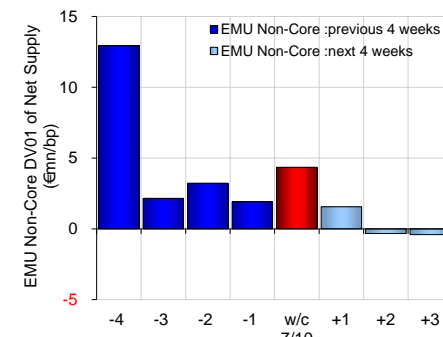
Source: DMOs, Citi estimates

Figure 33. Estimated €DV01 of Non-Core Coupons (Trade-date basis)



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		6.0					6.0
Coupons	1.3	0.1					1.4
Net Supply	-1.3	5.9					4.6

Source: DMOs, Bloomberg, Citi Research

This table is on a trade-date basis

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	RXZ3	TYZ3
DV01 of issuance		2.9					2.9	3.9	+25	+48
Coupons	0.3	0.1					0.3	0.4	+3	+5
Net Supply	-0.3	2.8					2.6	3.5	+23	+43
Number of RX Futures (x1000)	-2	+25								
Number of TY Futures (x1000)	-4	+47								

Source: DMOs, Bloomberg, Citi Research

This table is on a trade-date basis

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	3.3	3.8			1.0		8.0
Coupons	1.6	0.6					2.1
Net Supply	1.7	3.2			1.0		5.9

Source: DMOs, Bloomberg, Citi Research

This table is on a trade-date basis

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

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

EMU Non-Core	2yr	5yr	10yr	15yr	30yr	Linkers	Total		Number of 10yr Futures (x1000)	
							€DV01	\$DV01	RXZ3	TYZ3
DV01 of issuance	0.7	1.8			2.4		4.9	6.6	+43	+81
Coupons	0.3	0.3					0.6	0.8	+5	+10
Net Supply	0.3	1.5			2.4		4.3	5.8	+38	+71
Number of RX Futures (x1000)	+3	+14			+21					
Number of TY Futures (x1000)	+6	+26			+40					

Source: DMOs, Bloomberg, Citi Research

This table is on a trade-date basis

Appendix: US & UK Net Supply (Next Week)

US: Next week's Nominal Net Supply by Tenor

- Figure 39 and Figure 40 show a breakdown of next week's US Treasury issuance, coupon payments and net issuance by tenor 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	30.0			21.0	13.0		64.0
Coupons							
Net Supply	30.0			21.0	13.0		64.0

Source: DMO, Bloomberg, Citi Research

This table is on a trade-date basis

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	RXZ3	TYZ3
DV01 of issuance	6.0			18.7	24.2		35.9	48.9	+318	+602
Coupons										
Net Supply	6.0			18.7	24.2		35.9	48.9	+318	+602
Number of RX Futures (x1000)	+39			+121	+157					
Number of TY Futures (x1000)	+74			+230	+298					

Source: DMO, Bloomberg, Citi Research

This table is on a trade-date basis

UK: Next week's Nominal Net Supply by Tenor

- Figure 41 and Figure 42 show a breakdown of next week's UK bond issuance, coupon payments and net issuance by tenor 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						1.8	1.8
Coupons							
Net Supply						1.8	1.8

Source: DMO, Bloomberg, Citi Research

This table is on a trade-date basis

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	RXZ3	TYZ3
DV01 of issuance						2.5	3.0	4.1	+27	+50
Coupons										
Net Supply						2.5	3.0	4.1	+27	+50
Number of RX Futures (x1000)						+27				
Number of TY Futures (x1000)						+50				

Source: DMO, Bloomberg, Citi Research

This table is on a trade-date basis

Appendix: Global Supply Forecasts

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

2013/14 Cashflow Tables													
Gross Supply (£bn cash)								A	B	C = A - B	D	E	F = C - D -
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	4.8			18	7	11			11
Jul-13		3.7	2.4	1.6		4.2		12	3	9			9
Aug-13	4.9		2.6	3.6				11	1	10	21		-11
Sep-13	5.0	3.9	2.7	1.7		5.0		18	11	7	9	0.6	-2
Oct-13	4.6	3.5	0.0	1.5	3.7	0.0	1.3	15	0	14	0	1.3	13
Nov-13	4.6	3.5	2.3	1.5				12	1	11			11
Dec-13	4.6		2.3	1.5				8	7	1			1
Jan-14		3.5	2.3	1.5			2.7	10	3	7			7
Feb-14	4.6	3.5	2.3	1.5		4.1	1.3	17	0	17			17
Mar-14	4.6	3.5		3.0			1.3	12	11	2	35		-33
Total	42.9	32.5	25.0	24.3	8.5	13.3	9.3	156	45	111	65	1.9	44

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	35	32	35	29	21	13	15	180	11	44	125	93	32
Feb	35	32	35	29	24	16	9	180	26	45	109	119	-9
Mar	35	32	35	29	21	13	13	178	6	41	131	98	33
Apr	35	32	35	29	21	13	18	183	7	46	130	117	13
May	35	32	35	29	24	16	13	184	24	45	115	118	-3
Jun	35	32	35	29	21	13	7	172	5	45	122	94	27
Jul	35	32	35	29	21	13	15	180	10	44	126	120	6
Aug	34	32	35	29	24	16	16	186	25	46	115	129	-15
Sep	33	31	35	29	21	13	13	175	5	44	126	96	30
Oct	32	30	35	29	21	13	7	167	6	45	116	94	22
Nov	32	30	35	29	24	16	13	179	23	45	111	128	-17
Dec	32	30	35	29	21	13	16	176	5	41	130	99	32
Total	408	377	420	348	264	168	155	2140	154	530	1456	1304	151

Gross issuance forecasts for 2014 vs 2012 and 2013
(for fixed rate government bonds and index-linked notes)

Gross Supply	2012	2013	2014	Gross Supply (£bn)	2012	2013	2014	Tickers used in our supply estimates
EMU-10 (£bn)	829	848	864	Germany	184	183	161	Schatz, Bobl, Bund, Bundel, Boblei
				France	201	189	198	OAT, BTAN, BTANI, OATI, OATei
				Italy	205	217	245	BTP, BTPei, CCT, CTZ
Gross Supply	2012	2013	2014	Spain	98	119	120	Bono, Obligaciones
US (\$bn)	2153	2140	1964	Netherlands	60	52	49	DSL
				Belgium	43	42	39	OLO
Gross Supply *	12/13	13/14		Austria	21	22	29	RAGB
UK (£bn)	165.1	155.7		Finland	11	12	10	RFGB
				Ireland	5	8	7	IRLD
				Portugal	0	6	4	OT
				Total	829	848	864	

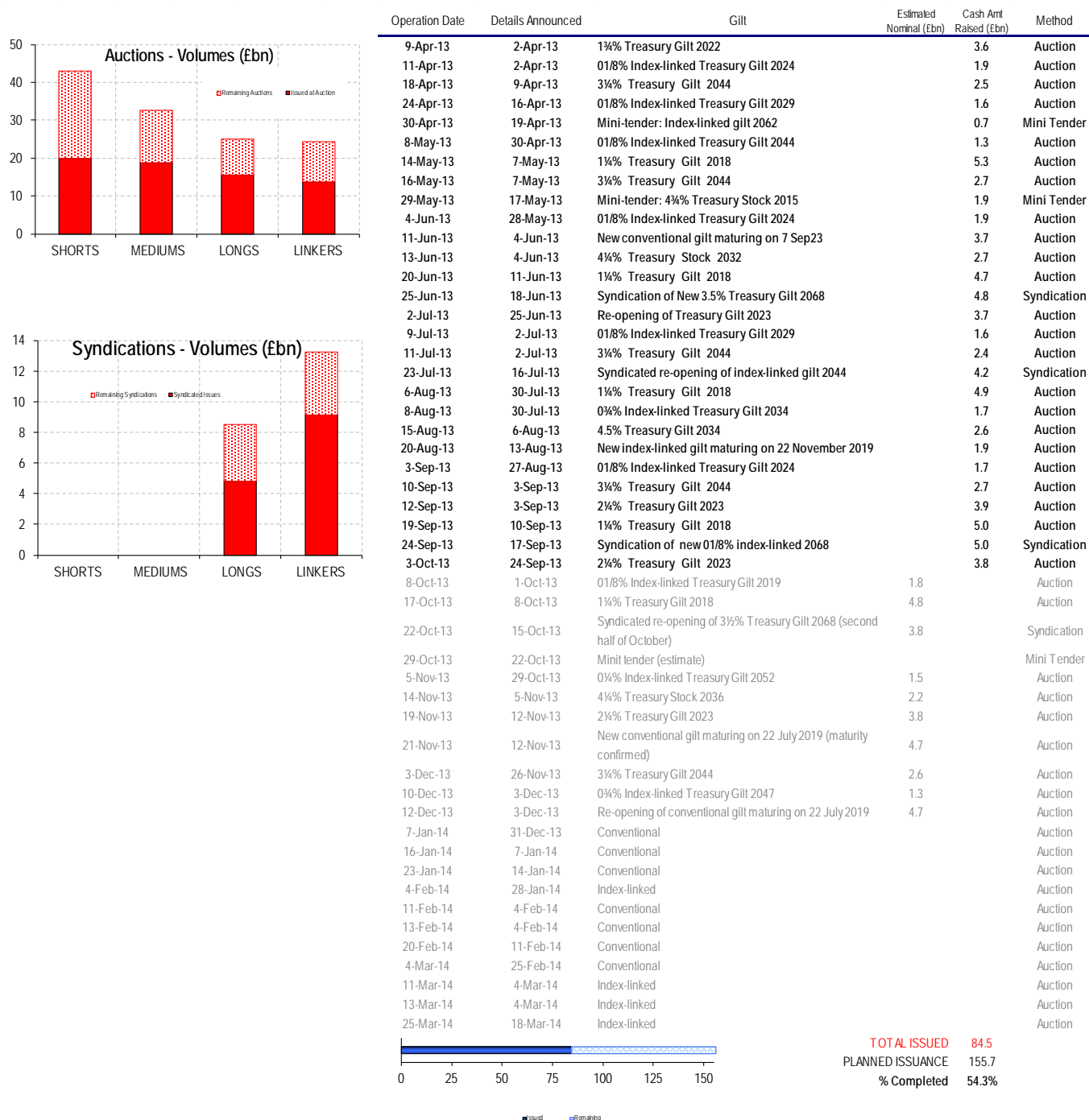
*UK supply forecasts on financial year basis (cash amt)

Source: DMOs, Bloomberg, Citi Research

This table is on a calendar-date basis

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	37	58	92	-35
Feb	17.4	27.5	19.4	5.7	1.0	4.6	76	9	66		66
Mar	21.2	22.1	30.1	5.1	5.9	3.8	88	12	76	31	46
Apr	21.2	17.2	27.4	5.0	3.5	3.5	78	34	44	100	-56
May	17.9	24.0	30.0	5.4	6.8	3.3	87	3	85	17	67
Jun	22.4	25.4	18.8	4.8	1.2	3.6	76	5	72	31	40
Jul	18.0	20.0	22.2	8.3	4.5	2.3	75	45	30	119	-89
Aug	9.3	16.2	8.7		0.8	1.1	36	7	29		29
Sep	22.0	19.2	21.7	2.7	6.9	3.2	76	10	65	58	8
Oct	17.5	20.6	19.5	3.4	3.8	3.3	68	34	34	84	-50
Nov	19.0	18.7	15.9	2.3	0.8	3.3	60	3	57		57
Dec	10.0	13.9	7.7	1.5			33	1	32	35	-3
Total	221	250	247	53	40	38	848	199	649	567	81

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	20		20
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	1	18		18
Jun	3.3	6.0	3.8	2.3		1.5	17		17		17
Jul	3.9	4.8	6.3	3.3		1.3	20	6	13	36	-22
Aug											
Sep	4.4	3.1	7.7		2.2	1.5	19		19	11	8
Oct	3.0	4.5	5.1	2.4		1.5	16	16		21	-21
Nov	3.0	4.5	4.0			1.5	13		13		13
Dec		1.8	2.8	1.5			6		6		6
Total	34.7	54.6	59.7	17.4	6.7	16.2	189	44	146	107	39

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	11	14	21	-7
Feb	6.8	4.5	5.2	1.0	1.0	1.3	20	6	13		13
Mar	5.2	5.4	3.1	2.0		1.0	17	2	15		15
Apr	6.5	5.0	3.5	1.7		0.8	17	6	11	29	-18
May	6.0	6.5	3.5	1.5	6.0	1.0	24	2	22	17	5
Jun	8.5	6.2	2.9	1.7		1.2	20	1	19	14	5
Jul	6.6	5.0	4.9	1.5			18	9	9	25	-16
Aug	3.1	4.3	2.8			1.1	11	7	5		5
Sep	7.4	5.2	3.0	1.6		0.8	18	2	16	11	5
Oct	7.3	6.8	3.3		1.0	0.8	19	6	13	18	-5
Nov	6.5	4.5	3.3	1.5		0.8	17	2	14		14
Dec	3.0	4.5	3.3				11	1	10	20	-10
Total	74.4	62.3	41.9	18.5	8.0	11.4	217	56	161	155	6

Given that the majority of Italian redemptions occur on the 1st of the month and the Italian Treasury conducts an end-month BTP auction, the coupons & redemptions in the table above are on a trade-date basis (e.g. the redemption on 1 Aug will appear in July). In our view, this is a better representation of the monthly net cash requirement.

Source: DMOs, Bloomberg, Citi Research

All the numbers in this table except the Italian cash flows are on a calendar-date basis

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	2.5	4.6	1.2	3.5			12	9	3	15	-12
Aug	1.1	2.7					4		4		4
Sep	2.5	1.9	2.8	1.0			8		8		8
Oct	2.2	2.4	1.2		0.8		7	6	1	16	-15
Nov	2.0	3.0	1.0	0.8			7		7		7
Dec	2.0	3.0	1.0				6		6		6
Total	35.9	35.7	36.6	9.0	1.9		119	27	92	60	32

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	6.1					9		9		9
Jul			3.4		0.8		4	6	-2	16	-18
Aug											
Sep	2.6		2.3				5		5		5
Oct		2.0					2		2		2
Nov	2.5		2.0				5		5		5
Dec											
Total	15.9	15.0	16.6	2.0	2.3		52	10	42	32	10

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		1.7	1.3	0.8			4	1	3		3
Jul		1.6	1.5		0.9		4		4		4
Aug		1.2	1.1		0.8		3		3		3
Sep					4.0		4	5	-1	14	-14
Oct		1.0	1.0	1.0			3		3		3
Nov		1.0	1.0		0.8		3		3		3
Dec											
Total		15.2	14.8	4.9	7.2		42	13	30	26	3

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			0.9		0.8		2	2			
Aug			0.8				1		1		1
Sep		4.0	0.9		0.8		6	1	4		4
Oct								1	-1	13	-14
Nov		0.7	0.7				1		1		1
Dec		0.7	0.7				1		1		1
Total		6.5	10.2		5.1		22	7	14	13	1

** Reuters reported on 10 September that it is reasonable to expect a new 30yr issuance from Spain before the end of this year or early 2014. We expect the new bond to be issued in early 2014.

Source: DMOs, Bloomberg, Citi Research

This table is on a calendar-date basis

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		4.0					4		4		4
Sep								1	-1		-1
Oct											
Nov		1.0					1		1		1
Dec											
Total		5.0	5.0	1.0	0.5		12	2	9	6	3

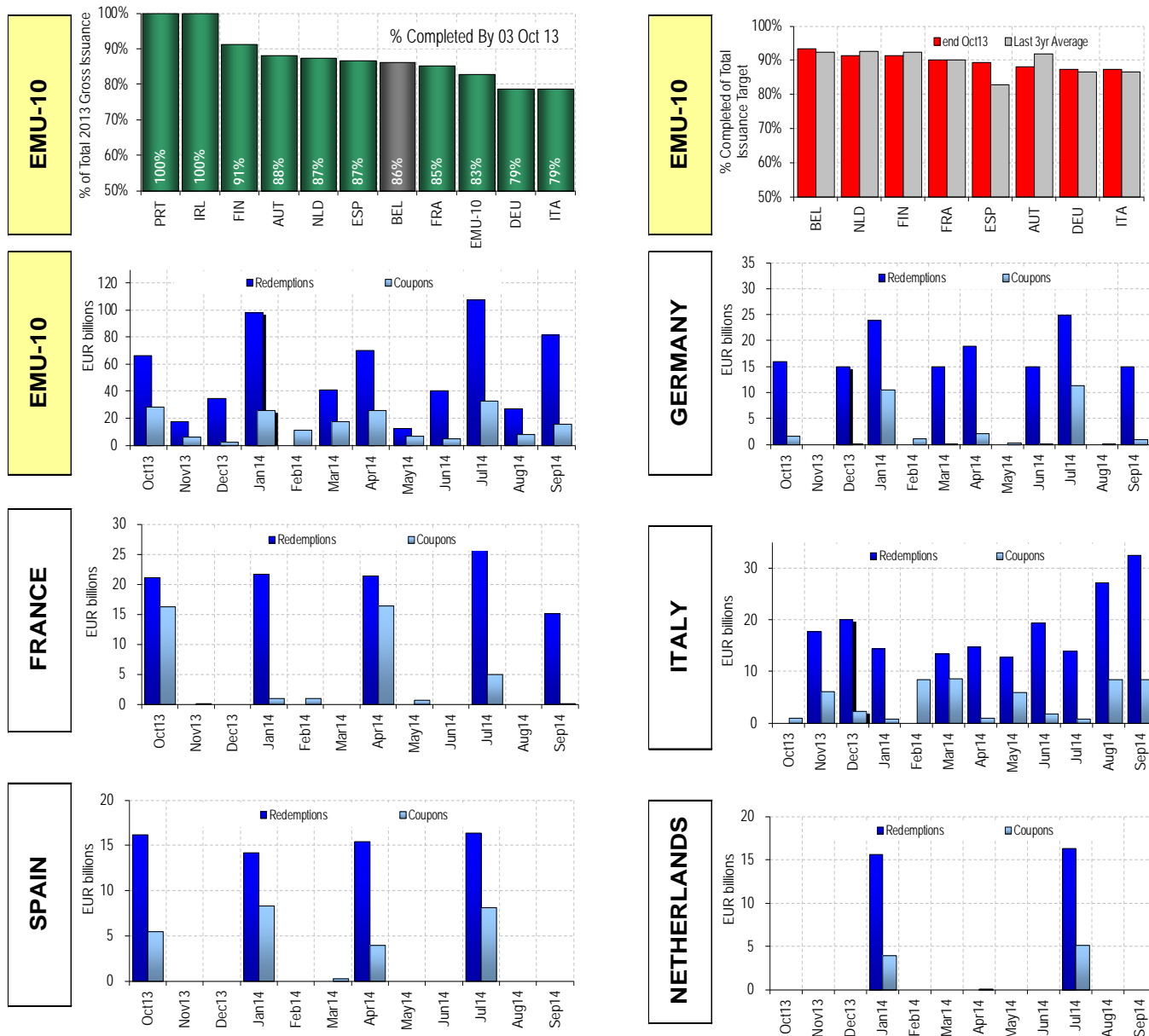
IRELAND	2yr/3yr	5yr	10yr	15yr	30yr	Linkers	Gross Supply	Coupons	Net Supply	Redemptions	NCR
Jan		2.5					3		2		2
Feb											
Mar			5.0				5	1	4		4
Apr								1	-1	5	-6
May											
Jun											
Jul											
Aug											
Sep											
Oct								2	-2		-2
Nov											
Dec											
Total		2.5	5.0				8	4	3	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								2	-2		-2
Nov											
Dec											
Total		2.5	3.0				6	4	1	6	-4

Source: DMOs, Bloomberg, Citi Research

This table is on a calendar-date basis

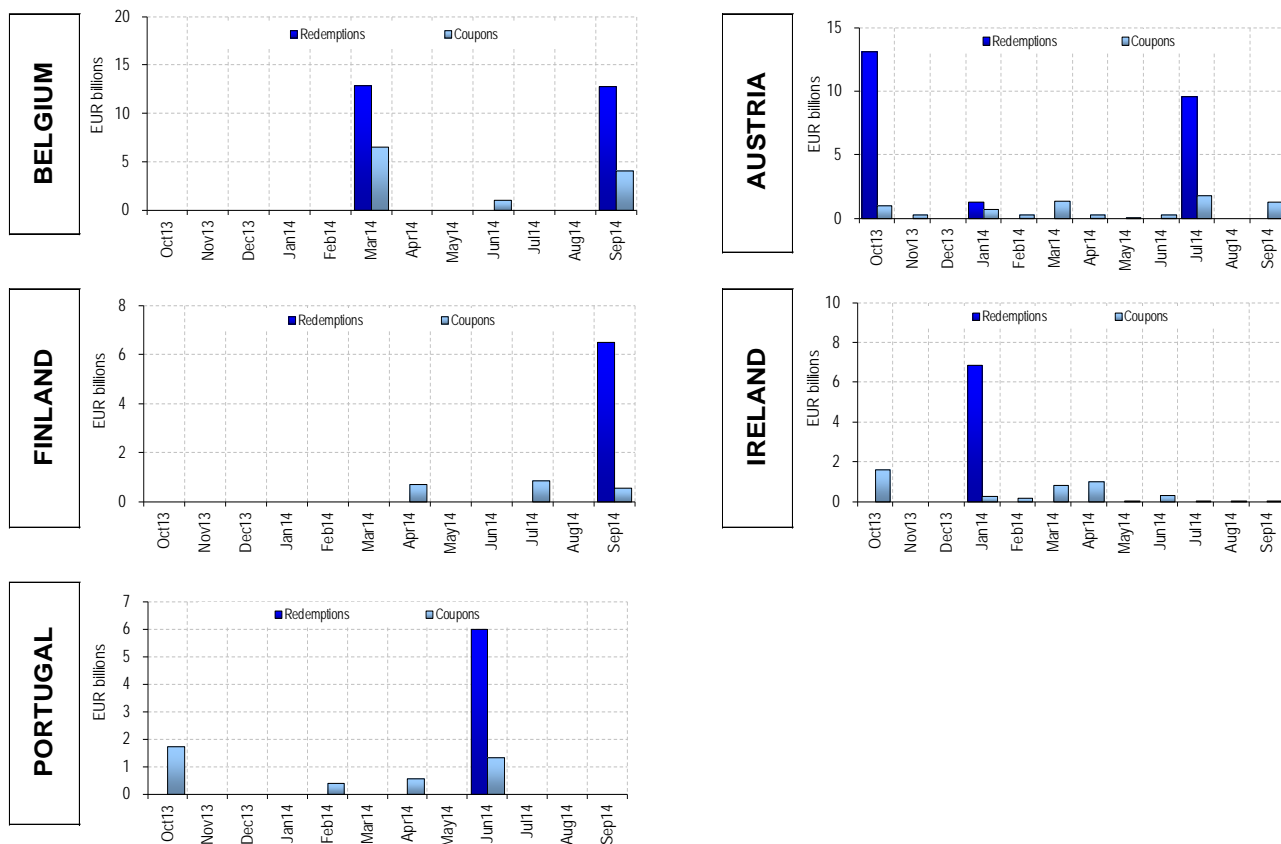
Figure 48. 2013 EMU Issuance Progress and Cash flow profile – Citi Forecasts (Euro in Billions)



Source: DMOs, Bloomberg, Citi Research

This table is on a calendar-date basis

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



	Sector					Total
	2yr	5yr	10yr	15yr	30yr	
Germany	465	268	180	83	82	1078
France	418	339	262	144	109	1271
Netherlands	119	80	59	23	28	310
Italy	557	376	256	169	94	1453
Spain	272	124	122	47	41	607
Belgium	87	82	56	33	35	292
Austria	70	51	37	17	19	194
Finland	18	27	22	4	3	73
Ireland	21	42	26	0	1	89
Portugal	37	32	18	0	7	93

	S&P		Moody's		Fitch	
	Rating	Outlook	Rating	Outlook	Rating	Outlook
Germany	AAA	Stable	Aaa	-ve	AAA	Stable
France	AA+	-ve	Aa1	-ve	AA+	Stable
Netherlands	AAA	-ve	Aaa	-ve	AAA	-ve
Italy	BBB	-ve	Baa2	-ve	BBB+	-ve
Spain	BBB-	-ve	Baa3	-ve	BBB	-ve
Belgium	AA	-ve	Aa3	-ve	AA	Stable
Austria	AA+	Stable	Aaa	-ve	AAA	Stable
Finland	AAA	Stable	Aaa	Stable	AAA	Stable
Ireland	BBB+	+ve	Ba1	Stable	BBB+	Stable
Portugal	BB	-ve watch	Ba3	-ve	WD	-ve

Source: DMOs, Bloomberg, Citi Research

This table is on a calendar-date basis

Appendix A-1

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