

# European Rates Strategy

## The month-end RV pack

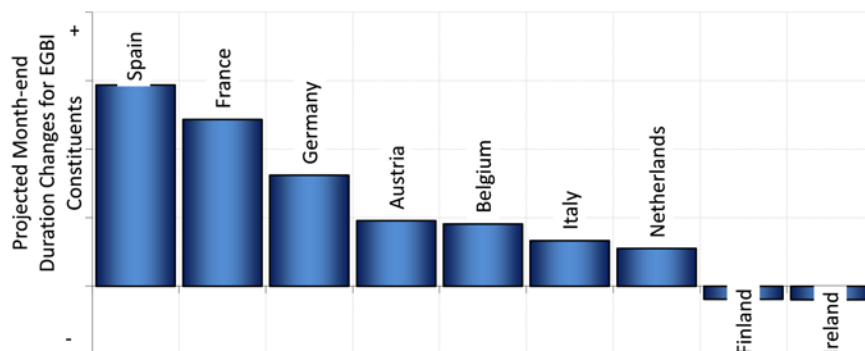
- We present a summary of month-end changes for the EGBI (EMU Government Bond Index) and the EuroILSI (Euro Inflation-linked Securities Index). We have also included RV tables and charts to help identify rich/cheap bonds in each sector vs a fitted yield curve. This can be used to help optimize month-end rebalancing.
- For full details of month-end changes, please see the notes published earlier this month ([EMU Month-end Index Projections](#) and [European Inflation-linked Index Projection](#)).

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Aman Bansal, CFA  
+91-22-4277-5021  
aman1.bansal@citi.com

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Figure 1. EGBI: Projected month-end changes (weighted duration)



Source: Citi Research

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

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## End-June EGBI Projection

Aman Bansal, CFA  
Technical Analysis, Inflation  
+91-22-4277-5021  
[aman1.bansal@citi.com](mailto:aman1.bansal@citi.com)

Projected changes most supportive for Spain, followed by France and Germany

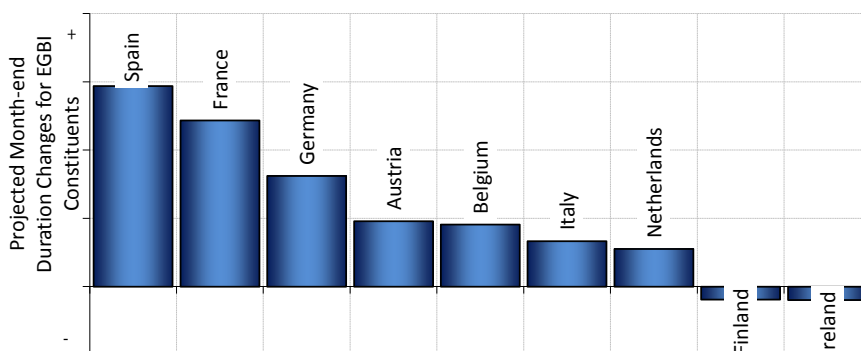
This is a summary of EGBI projections published earlier this month. Click [here](#) for the full note.

We expect the effective duration of the EGBI to extend by 0.05 years at the end of June. At the EGBI level, the projected changes should be supportive for the 10yr sector on the curve vs the wings.

### Projected EGBI changes supportive for Spain and France

- On a weighted duration basis, the Spanish index is expected to extend the most this month, followed by France and Germany. The Spanish extension would be above its 5yr average and is driven by the sizeable 10yr syndication earlier this month.

Figure 2. Weighted duration change at the end of June



Source: Citi Research

Support for 10yr Austria

Steepening pressure on 10s30s Spain

### Changes at a country level

- At a country level, we expect the German index to extend the most. This should put flattening pressure on 2s10s Germany.
- On domestic curves, we expect index changes to be relatively supportive for 10yr Austria. The changes might also put steepening pressure on 10s30s Spain (Figure 3).

Figure 3. Summary of price pressures on individual domestic curves

	2yr	5yr	10yr	30yr	
Germany			↑	↑	Germany
Austria			↑↑	↑↓	Austria
Belgium			↑	↑	Belgium
Spain			↑↓	↓	Spain
Italy			↑↓		Italy
Netherlands			↓		Netherlands
	2yr	5yr	10yr	30yr	

Source: Citi Research

# EMU Rich/Cheap Screen

Figure 4. The 5 richest and cheapest bonds vs a fitted yield curve by country in each sector (6month history)

		All Maturities			1-3yr Sector			3-6.5yr Sector			6.5-15yr Sector			15yr+ Sector		
		Rank	Bond	Z-Score	Rank	Bond	Z-Score	Rank	Bond	Z-Score	Rank	Bond	Z-Score	Rank	Bond	Z-Score
GERMANY	Richest	1	3.25 Jul42	-3.9	1	0.50 Apr17	-1.2	1	1.00 Feb19	-2.6	1	1.50 Feb23	-1.9	1	3.25 Jul42	-3.9
		2	1.00 Feb19	-2.6	2	0.75 Feb17	-0.7	2	0.25 Apr18	-2.6	2	2.50 Jan21	-1.1	2	2.50 Jul44	-1.4
		3	0.25 Apr18	-2.6				3	3.75 Jan19	-2.4	3	3.25 Jul21	-0.5	3	4.75 Jul40	-0.4
		4	3.75 Jan19	-2.4				4	1.00 Oct18	-2.4	4	2.00 Aug23	-0.3	4	2.50 Aug46	-0.1
		5	1.00 Oct18	-2.4				5	4.25 Jul18	-2.3	5	1.50 May23	-0.3			
	Cheapest	5	1.75 Oct15	1.9	5	2.00 Feb16	1.8				5	1.75 Jul22	0.5	5	4.25 Jul39	0.2
		4	1.75 Feb24	1.9	4	1.75 Oct15	1.9				4	2.25 Sep21	0.5	4	4.00 Jan37	1.2
		3	3.50 Jan16	2.1	3	3.50 Jan16	2.1				3	1.50 Sep22	0.5	3	4.75 Jul34	1.4
		2	0.00 Dec15	2.1	2	0.00 Dec15	2.1	2	0.50 Apr19	0.4	2	2.00 Jan22	0.5	2	5.50 Jan31	1.4
		1	4.00 Jul16	2.3	1	4.00 Jul16	2.3	1	2.25 Sep20	0.8	1	1.75 Feb24	1.9	1	6.25 Jan30	1.5
FRANCE	Richest	1	1.00 Nov18	-1.7				1	1.00 Nov18	-1.7						
		2	1.00 May18	-1.7				2	1.00 May18	-1.7						
		3	1.00 May19	-1.6				3	1.00 May19	-1.6						
		4	3.75 Oct19	-1.5				4	3.75 Oct19	-1.5						
		5	4.25 Apr19	-1.4				5	4.25 Apr19	-1.4						
	Cheapest	5	3.50 Apr26	2	5	2.50 Jul16	1.5				5	3.00 Apr22	0.6	5	4.00 Oct38	0
		4	2.25 Feb16	2.2	4	0.25 Nov15	1.5				4	3.25 Oct21	1.4	4	2.50 May30	0.4
		3	2.75 Oct27	2.4	3	3.00 Oct15	1.5				3	3.50 Apr26	2	3	4.00 Apr60	0.6
		2	3.75 Apr21	2.9	2	3.25 Apr16	2	2	3.50 Apr20	1.5	2	2.75 Oct27	2.4	2	4.75 Apr35	0.7
		1	2.50 Oct20	3	1	2.25 Feb16	2.2	1	2.50 Oct20	3	1	3.75 Apr21	2.9	1	5.75 Oct32	0.9
ITALY	Richest	1	5.00 Mar22	-3.3	1	4.75 May17	-1.6	1	4.25 Sep19	-2.5	1	5.00 Mar22	-3.3	1	4.75 Sep44	-2
		2	4.25 Sep19	-2.5	2	2.25 May16	-1.3	2	4.50 Feb20	-2.2	2	4.50 Mar24	-2.2			
		3	4.50 Mar24	-2.2	3	4.00 Feb17	-1.1	3	4.25 Mar20	-1.8	3	5.50 Sep22	-2.2			
		4	4.50 Feb20	-2.2	4	1.15 May17	-0.7	4	4.75 Jun17	-1.6	4	5.50 Nov22	-0.3			
		5	5.50 Sep22	-2.2	5	3.75 Apr16	-0.6	5	5.25 Aug17	-1.6	5	4.50 May23	-0.1			
	Cheapest	5	2.75 Nov16	2.3	5	4.75 Sep16	0.5				5	3.75 May21	1.1	5	5.00 Aug39	2.2
		4	5.00 Sep40	2.5	4	2.75 Dec15	1.2				4	3.75 Sep24	1.5	4	5.00 Aug34	2.3
		3	4.00 Feb37	2.9	3	3.00 Nov15	1.5	3	2.50 May19	0.8	3	3.75 Aug21	1.6	3	5.75 Feb33	2.3
		2	4.50 Mar26	2.9	2	1.50 Dec16	1.8	2	3.50 Dec18	0.9	2	4.50 Mar26	2.9	2	5.00 Sep40	2.5
		1	4.75 Sep28	3.3	1	2.75 Nov16	2.3	1	4.00 Sep20	1.2	1	4.75 Sep28	3.3	1	4.00 Feb37	2.9
N'LANDS	Richest	1	4.50 Jul17	-2.4				1	4.50 Jul17	-2.4						
		2	4.00 Jul18	-1.6				2	4.00 Jul18	-1.6						
		3	1.25 Jan18	-1.5				3	1.25 Jan18	-1.5						
		4	1.75 Jul23	-1.2				4	4.00 Jul19	-0.7						
		5	3.75 Jan42	-0.9				5	1.25 Jan19	-0.2						
	Cheapest	5	2.50 Jan17	0.6												
		4	4.00 Jul16	1.3	4	0.50 Apr17	0.3									
		3	4.00 Jan37	1.5	3	0.00 Apr16	0.4									
		2	3.50 Jul20	2	2	2.50 Jan17	0.6				2	3.25 Jul21	0.3	2	2.50 Jan33	0
		1	2.25 Jul22	2.2	1	4.00 Jul16	1.3	1	3.50 Jul20	2	1	2.25 Jul22	2.2	1	4.00 Jan37	1.5
SPAIN	Richest	1	5.85 Jan22	-1.9	1	3.30 Jul16	-0.8	1	4.85 Oct20	-1.9	1	5.85 Jan22	-1.9	1	5.15 Oct44	-0.6
		2	4.85 Oct20	-1.9	2	3.25 Apr16	-0.2	2	4.50 Jan18	-1.4	2	5.50 Apr21	-1.4	2	4.20 Jan37	-0.3
		3	5.50 Apr21	-1.4				3	4.00 Apr20	-0.9	3	5.40 Jan23	-0.6			
		4	4.50 Jan18	-1.4							4	3.80 Apr24	-0.6			
		5	4.00 Apr20	-0.9							5	4.80 Jan24	-0.2			
	Cheapest	5	4.30 Oct19	1.2	5	3.80 Jan17	0.2	5	5.50 Jul17	0.7						
		4	2.75 Apr19	1.7	4	4.25 Oct16	0.3	4	3.75 Oct18	1	4	5.15 Oct28	0.2			
		3	3.75 Oct15	1.7	3	3.15 Jan16	0.8	3	4.30 Oct19	1.2	3	4.40 Oct23	0.8	3	4.90 Jul40	0
		2	5.90 Jul26	2	2	4.00 Jul15	0.8	2	2.75 Apr19	1.7	2	4.65 Jul25	1	2	5.75 Jul32	0.2
		1	4.60 Jul19	2.1	1	3.75 Oct15	1.7	1	4.60 Jul19	2.1	1	5.90 Jul26	2	1	4.70 Jul41	0.7
BELGIUM	Richest	1	1.25 Jun18	-3.4	1	4.00 Mar17	0	1	1.25 Jun18	-3.4	1	4.00 Mar22	-2.3	1	4.00 Mar32	-1.5
		2	4.00 Mar22	-2.3							2	4.25 Sep22	-1.4	2	4.25 Mar41	-0.9
		3	4.00 Mar32	-1.5							3	2.60 Jun24	-0.8			
		4	4.25 Sep22	-1.4												
		5	4.25 Mar41	-0.9												
	Cheapest	5	3.00 Sep19	1.1				5	5.50 Sep17	1						
		4	3.00 Jun34	1.1				4	3.00 Sep19	1.1						
		3	4.00 Mar19	1.2	3	3.25 Sep16	0.3	3	4.00 Mar19	1.2	3	2.25 Jun23	0.4	3	3.75 Jun45	0
		2	4.00 Mar18	1.5	2	3.75 Sep15	0.4	2	4.00 Mar18	1.5	2	4.25 Sep21	0.4	2	5.00 Mar35	0.6
		1	3.50 Jun17	2.4	1	2.75 Mar16	0.6	1	3.50 Jun17	2.4	1	4.50 Mar26	0.7	1	3.00 Jun34	1.1

Source: Citi Research

# EMU Bond digest: Z-Scores and 1m changes

Figure 5. Coupon Adjusted Spread to Fitted Curve by Country (6m History); Richest and Cheapest Bonds Highlighted

	Germany			France			Italy			Netherlands			Spain			Belgium		
	Bonds	6m Z-Score	1m change	Bonds	6m Z-Score	1m change	Bonds	6m Z-Score	1m change	Bonds	6m Z-Score	1m change	Bonds	6m Z-Score	1m change	Bonds	6m Z-Score	1m change
1 - 3yr	3.25 Jul15	0.3	0.2	2.00 Jul15	1.7	3.6	4.50 Jul15	-0.9	0.6	3.25 Jul15	-0.3	1.3	4.00 Jul15	0.2	1.8	3.75 Sep15	1.5	1.4
	0.25 Sep15	-0.3	-1.3	3.00 Oct15	1.0	1.7	3.75 Aug15	-0.5	0.8	0.00 Apr16	1.4	0.7	3.75 Oct15	1.3	2.5	2.75 Mar16	-0.3	1.1
	1.75 Oct15	-0.4	-1.6	0.25 Nov15	0.7	2.5	3.00 Nov15	0.8	1.9	4.00 Jul16	1.1	1.0	3.15 Jan16	0.9	2.1	3.25 Sep16	0.7	2.0
	0.00 Dec15	0.0	-1.0	2.25 Feb16	1.4	2.4	2.75 Dec15	0.9	2.1	2.50 Jan17	0.7	1.0	3.25 Apr16	-0.5	0.7	4.00 Mar17	1.0	2.3
	3.50 Jan16	0.6	-0.1	3.25 Apr16	1.1	2.3	3.75 Apr16	-0.9	0.3	0.50 Apr17	0.7	0.7	3.30 Jul16	-0.4	0.8	3.50 Jun17	2.0	3.8
	2.00 Feb16	1.0	-0.3	2.50 Jul16	2.1	2.5	2.25 May16	-0.7	0.5				4.25 Oct16	1.1	2.3			
	0.25 Mar16	1.4	0.1	5.00 Oct16	1.6	2.4	3.75 Aug16	-0.9	0.4				3.80 Jan17	-0.4	1.0			
	2.75 Apr16	1.2	-0.4	0.25 Nov16	1.1	1.8	4.75 Sep16	-0.5	0.7				2.10 Apr17	0.2	1.5			
	0.25 Jun16	1.6	0.5	1.75 Feb17	0.7	2.1	1.75 Nov16	1.4	2.5									
	4.00 Jul16	2.6	1.1	3.75 Apr17	1.5	2.3	1.50 Dec16	1.0	2.1									
	1.25 Oct16	0.7	-0.7				4.00 Feb17	-0.8	0.4									
	3.75 Jan17	1.1	0.0				4.75 May17	-1.2	0.1									
	0.75 Feb17	1.1	-0.3				1.15 May17	0.1	1.2									
	0.50 Apr17	1.3	-0.3				4.75 Jun17	-1.7	-0.3									
	4.25 Jul17	1.3	0.0	1.00 Jul17	-0.6	1.1	5.25 Aug17	-1.5	-0.1	4.50 Jul17	0.0	0.9	5.50 Jul17	-0.2	1.1	5.50 Sep17	0.8	2.5
	0.50 Oct17	-0.3	-1.6	4.25 Oct17	-2.1	-0.5	3.50 Nov17	-0.8	0.5	1.25 Jan18	-2.1	-0.4	4.50 Jan18	-1.6	-0.2	4.00 Mar18	0.3	2.1
	4.00 Jan18	0.3	-0.9	4.00 Apr18	-2.1	-0.5	4.50 Feb18	-0.7	0.6	4.00 Jul18	-0.5	0.7	4.10 Jul18	0.4	1.7	1.25 Jun18	-2.0	0.0
3 - 6.5yr	0.50 Feb18	-0.1	-1.5	1.00 May18	-2.2	-0.7	3.50 Jun18	-0.1	1.3	1.25 Jan19	-1.9	0.0	3.75 Oct18	1.2	2.5	4.00 Mar19	1.6	3.3
	0.25 Apr18	-1.2	-2.5	4.25 Oct18	-1.4	0.0	4.50 Aug18	0.1	1.5	4.00 Jul19	-0.9	0.9	2.75 Apr19	1.0	2.4	3.00 Sep19	0.9	2.6
	4.25 Jul18	-0.9	-2.1	1.00 Nov18	-2.2	-0.6	3.50 Dec18	1.4	2.7	3.50 Jul20	0.9	2.8	4.60 Jul19	2.0	3.3	3.75 Sep20	1.2	3.1
	1.00 Oct18	-0.9	-2.3	4.25 Apr19	-1.5	0.0	4.25 Feb19	-0.3	1.1				4.30 Oct19	1.0	2.3			
	3.75 Jan19	-1.2	-2.2	1.00 May19	-2.5	-0.9	4.50 Mar19	-0.4	1.0				4.00 Apr20	-0.8	0.5			
	1.00 Feb19	-1.3	-3.0	3.75 Oct19	-1.7	-0.1	2.50 May19	1.1	2.4				4.85 Oct20	-2.5	-1.0			
	0.50 Apr19	-0.1	-0.9	3.50 Apr20	-0.9	0.7	4.25 Sep19	0.9	2.3									
	3.50 Jul19	-1.6	-2.6	2.50 Oct20	0.6	2.3	4.50 Feb20	0.0	1.4									
	3.25 Jan20	-1.2	-2.3				4.25 Mar20	-0.4	1.1									
	3.00 Jul20	-0.9	-2.1				4.00 Sep20	1.9	3.3									
	2.25 Sep20	1.0	-0.4															
	2.50 Jan21	-0.2	-1.4	3.75 Apr21	-0.6	1.3	3.75 Mar21	2.0	3.3	3.25 Jul21	-0.3	1.8	5.50 Apr21	-2.3	-0.9	4.25 Sep21	-0.4	1.6
	3.25 Jul21	-0.8	-1.8	3.25 Oct21	1.6	3.4	3.75 May21	1.7	3.0	2.25 Jul22	1.5	3.3	5.85 Jan22	-1.9	-0.5	4.00 Mar22	-1.2	0.8
	2.25 Sep21	0.7	-0.5	3.00 Apr22	2.0	3.7	3.75 Aug21	1.5	2.8	3.75 Jan23	1.6	3.0	5.40 Jan23	1.0	2.3	4.25 Sep22	-1.7	0.3
	2.00 Jan22	1.0	-0.2	2.25 Oct22	1.5	3.3	4.75 Sep21	-0.4	1.1	1.75 Jul23	-0.3	1.4	4.40 Oct23	2.2	3.4	2.25 Jun23	1.1	3.1
	1.75 Jul22	0.1	-0.9	1.75 May23	-0.3	1.9	5.00 Mar22	0.7	2.0	2.00 Jul24	-0.3	1.4	4.80 Jan24	2.9	4.0	2.60 Jun24	-0.6	1.5
	1.50 Sep22	0.2	-0.9	4.25 Oct23	-1.0	1.0	5.50 Sep22	-0.5	0.8				3.80 Apr24	3.0	3.9	4.50 Mar26	-0.1	2.1
6.5 - 15yr	1.50 Feb23	1.0	-0.2	2.25 May24	-0.9	1.3	5.50 Nov22	0.8	2.0				4.65 Jul25	2.6	3.6			
	1.50 May23	0.0	-1.2	3.50 Apr26	1.8	3.8	4.50 May23	1.1	2.3				5.90 Jul26	2.4	3.2			
	2.00 Aug23	-1.2	-2.1	2.75 Oct27	2.9	4.5	4.75 Aug23	1.3	2.4				5.15 Oct28	1.1	1.7			
	1.75 Feb24	-1.2	-2.4				4.50 Mar24	-0.3	0.8									
	1.50 May24	-0.5	-0.6				3.75 Sep24	1.2	1.6									
							5.00 Mar25	0.4	1.4									
							4.50 Mar26	1.2	1.9									
							4.75 Sep28	1.7	2.2									
	6.25 Jan30	0.0	-1.9	2.50 May30	3.1	3.5	3.50 Mar30	0.6	0.5	2.50 Jan33	-0.1	-0.3	5.75 Jul32	-1.8	-1.2	4.00 Mar32	1.9	3.4
	5.50 Jan31	0.1	-1.9	5.75 Oct32	0.7	2.2	5.75 Feb33	1.3	1.9	4.00 Jan37	0.4	0.4	4.20 Jan37	-1.5	-0.8	3.00 Jun34	-2.5	-0.8
	4.75 Jul34	0.6	-1.3	4.75 Apr35	-0.8	0.8	5.00 Aug34	1.5	1.8	3.75 Jan42	-2.3	-1.7	4.90 Jul40	-0.8	-0.2	5.00 Mar35	2.5	4.1
	4.00 Jan37	0.9	-0.9	4.00 Oct38	-3.1	-1.5	4.00 Feb37	2.0	1.9	2.75 Jan47	-0.1	0.1	4.70 Jul41	0.4	0.8	4.25 Mar41	2.1	3.7
	4.25 Jul39	1.0	-0.7	4.50 Apr41	-4.2	-2.7	5.00 Aug39	1.7	1.8				5.15 Oct44	0.0	0.5	3.75 Jun45	-1.2	0.3
	4.75 Jul40	1.1	-0.6	3.25 May45	-4.7	-3.1	5.00 Sep40	1.6	1.8									
	3.25 Jul42	-0.3	-1.7	4.00 Apr55	-1.3	0.0	4.75 Sep44	-1.9	-1.8									
	2.50 Jul44	-0.5	-2.0	4.00 Apr60	4.3	5.3												
	2.50 Aug46	-0.3	-1.7															
15yr+																		
Bonds that switch sector this month																		
	Germany	Old Sector	New Sector	France	Old Sector	New Sector	Italy	Old Sector	New Sector	Netherlands	Old Sector	New Sector	Spain	Old Sector	New Sector	Belgium	Old Sector	New Sector
	0.00 Jun15	1-3yr	dropped				3.00 Jun15	1-3yr	dropped							3.50 Jun17	3-6.5yr	1-3yr
							4.75 Jun17	3-6.5yr	1-3yr									

Source: Citi Research

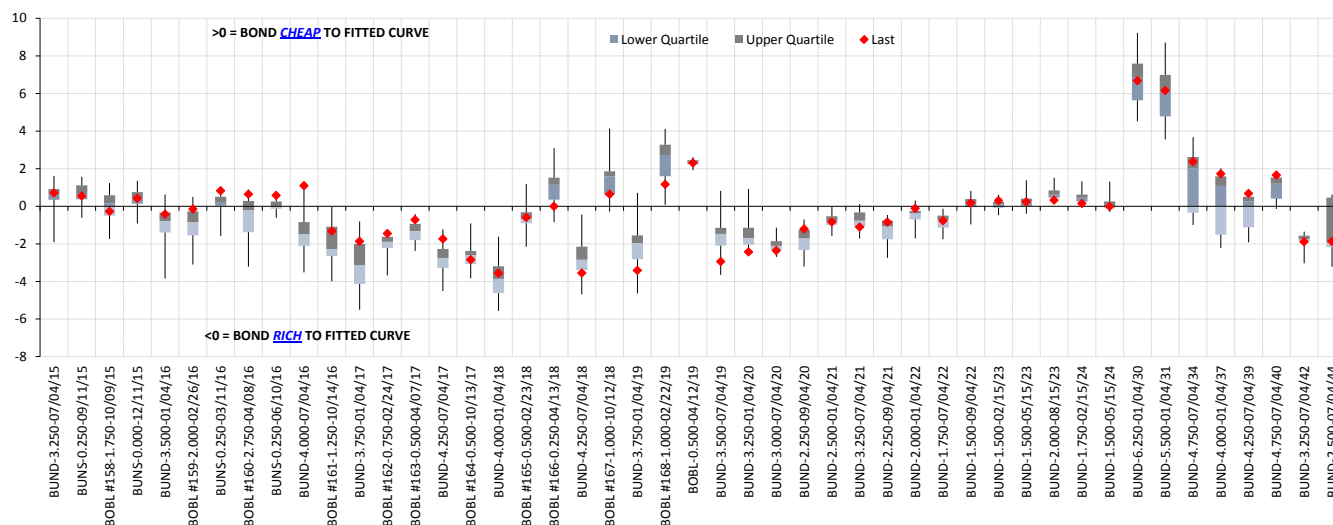
## RV Charts for Conventional Bonds

This section presents a selection of relative value charts<sup>1</sup> for Germany, France, Italy, Spain, the Netherlands and Belgium and places current levels in the context of their 6-month trading range.

A positive (negative) value indicates that a bond is cheap (rich) relative to the fitted curve.

### Germany: current yield vs fitted yield curve

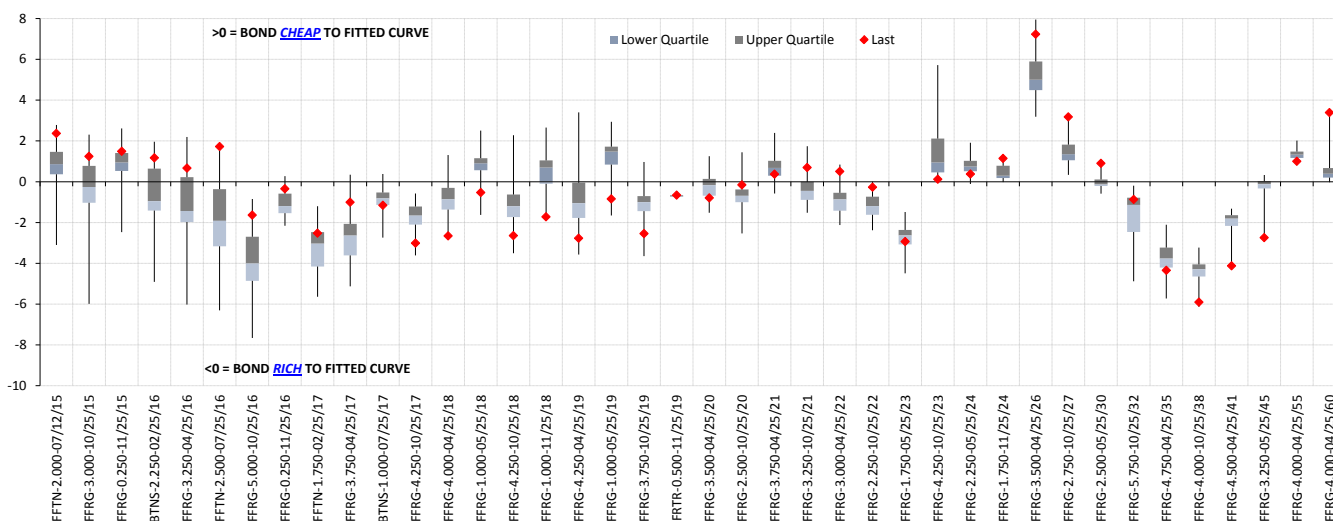
Figure 6. Germany: Current bond curve minus fitted curve (bps), 6-month history.



Source: Citi Research

### France: current yield vs fitted yield curve

Figure 7. France: Current bond curve minus fitted curve (bps), 6-month history.



Source: Citi Research

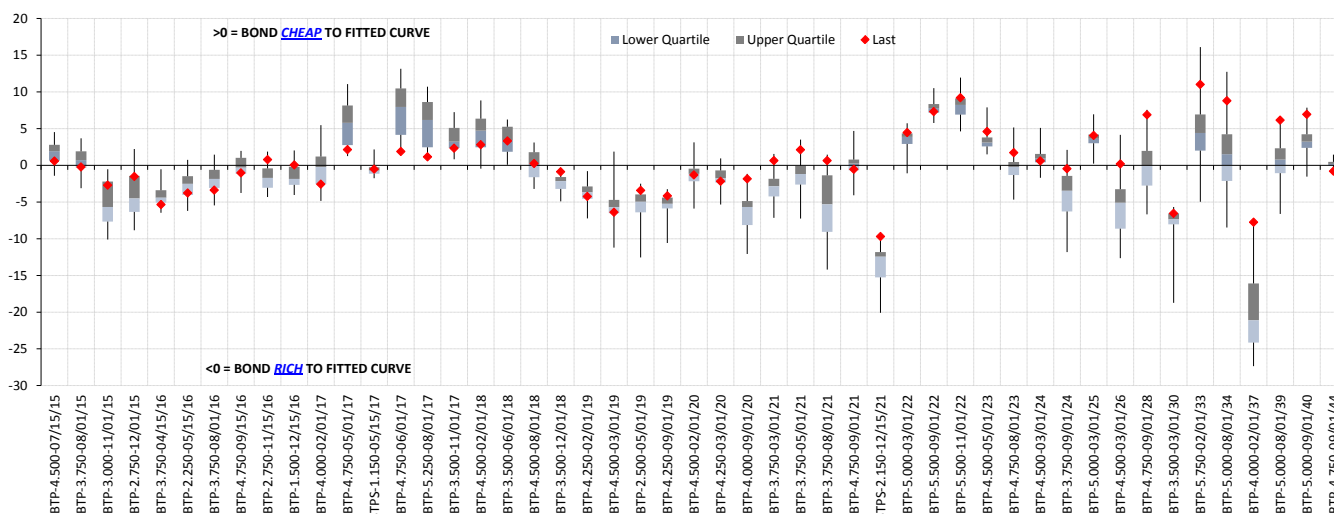
<sup>1</sup>Criteria: (1) Fixed rate bonds issued in local currency, (2) Maturity > 1 year and (3) Issued since 1 May 2000.

Lower Quartile Range = the range between the median and the lower quartile (the 25<sup>th</sup> percentile)

Upper Quartile Range = the range between the median and the upper quartile (the 75<sup>th</sup> percentile)

## Italy: current yield vs fitted yield curve

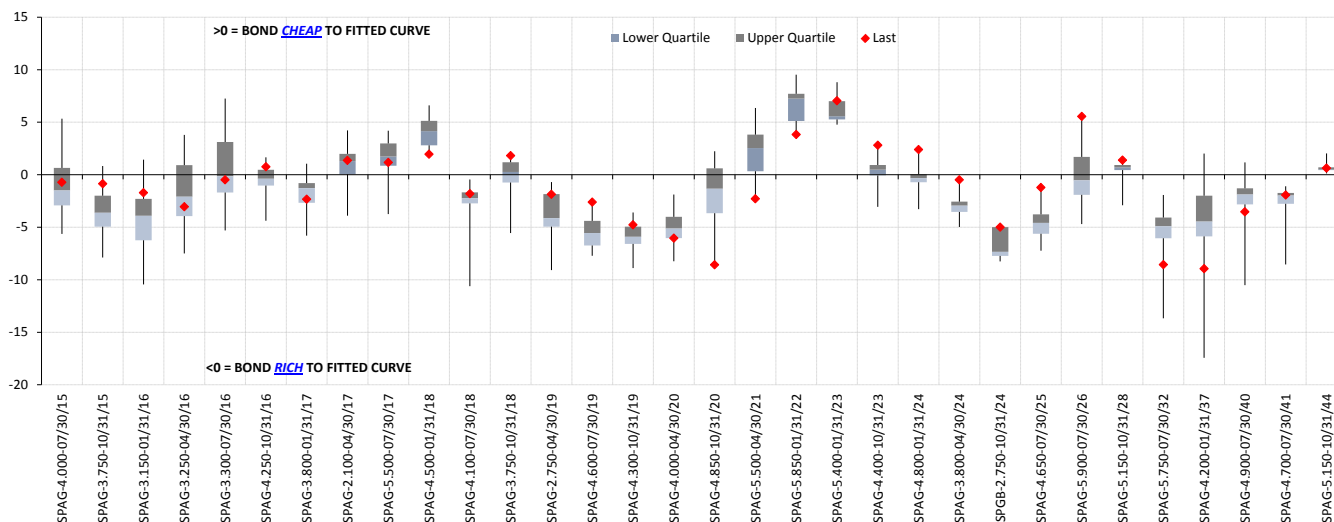
Figure 8. Italy: Current bond curve minus fitted curve (bps), 6-month history.



Source: Citi Research

## Spain: current yield vs fitted yield curve

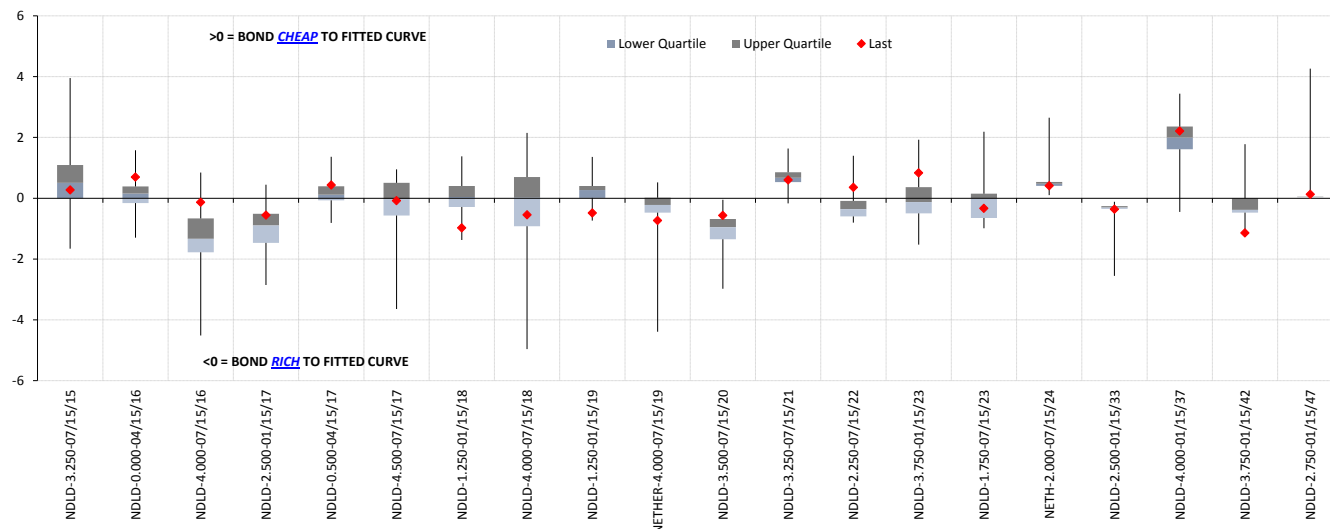
Figure 9. Spain: Current bond curve minus fitted curve (bps), 6-month history.



Source: Citi Research

## Netherlands: current yield vs fitted yield curve

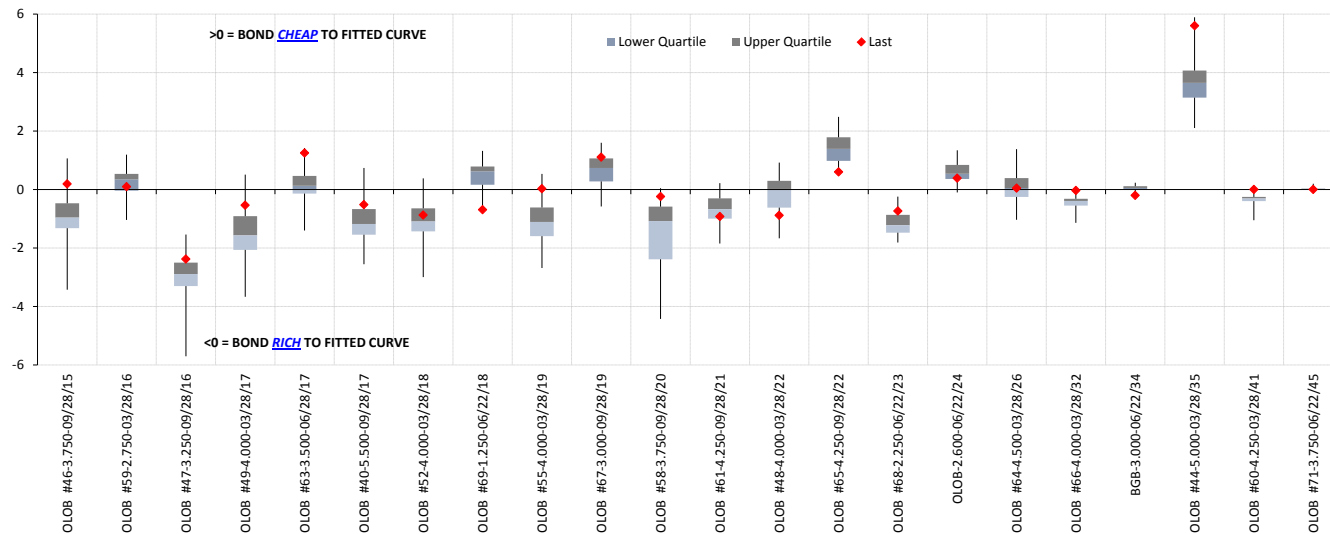
Figure 10. Netherlands: current bond curve minus fitted curve (bps), 6-month history.



Source: Citi Research

## Belgium: current yield vs fitted yield curve

Figure 11. Belgium: Current bond curve minus fitted curve (bps), 6-month history.



Source: Citi Research

## European Inflation-Linked Index Highlights

Here we provide a summary of our ILSI index projections (see the full note [here](#)), and relative value analysis to position for index changes at the end of this month.

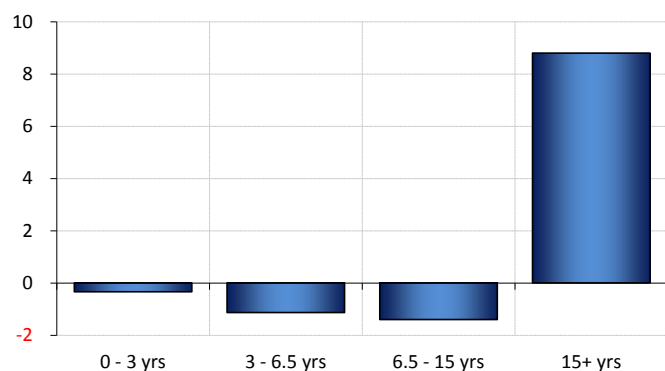
The European Inflation-linked Securities Index (EuroILSI) is projected to extend by 0.06 at the end of June. This would be its second-largest extension in a year, attributed to the sizeable OATei30 syndication earlier this month.

### Month-end changes supportive for the long-end of the curve

### Projected EuroILSI changes supportive for France

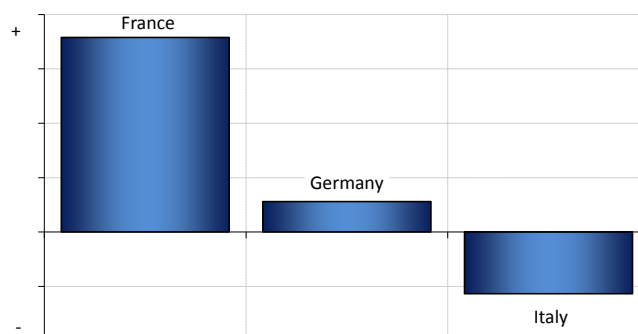
- At the Euro level, changes should be supportive for the long-end of the curve and put flattening pressure on 10s30s part of the curve (Figure 12). We expect index changes to be relatively supportive for France (Figure 13). On the other hand, the projected changes might weigh on BTPei real yields.

Figure 12. Projected duration changes: Split by sector



Source: Citi Research

Figure 13. Projected weighted duration changes: Split by country



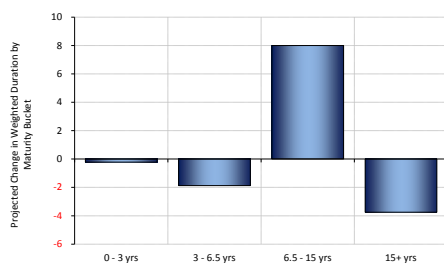
Source: Citi Research

## Changes at a country level

### Changes relatively supportive for French real yields

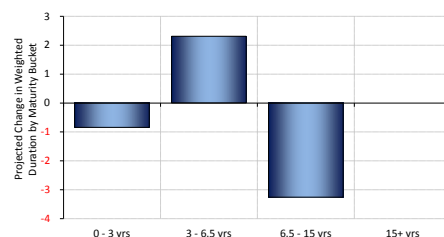
- At a country level for individual EuroILSI constituents, the French index is projected to extend by its largest amount since August 2012. This will be followed by the German index which would also extend by its largest amount in six months. On the other hand, the Italian index is expected to register contraction.
- Figure 14 to Figure 16 show the curve splits of the projected changes. On individual curves, the index changes should be supportive for 15yrs+ French and 10yr German real yields.

Figure 14. Germany: End-June Projected Index Change by Maturity (Weighted Duration)



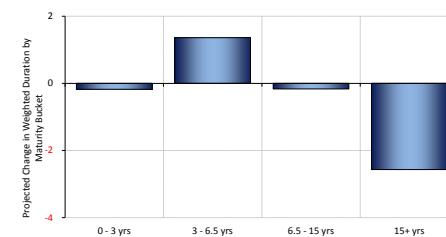
Source: Citi Research

Figure 15. France: End-June Projected Index Change by Maturity (Weighted Duration)



Source: Citi Research

Figure 16. Italy: End-June Projected Index Change by Maturity (Weighted Duration)



Source: Citi Research

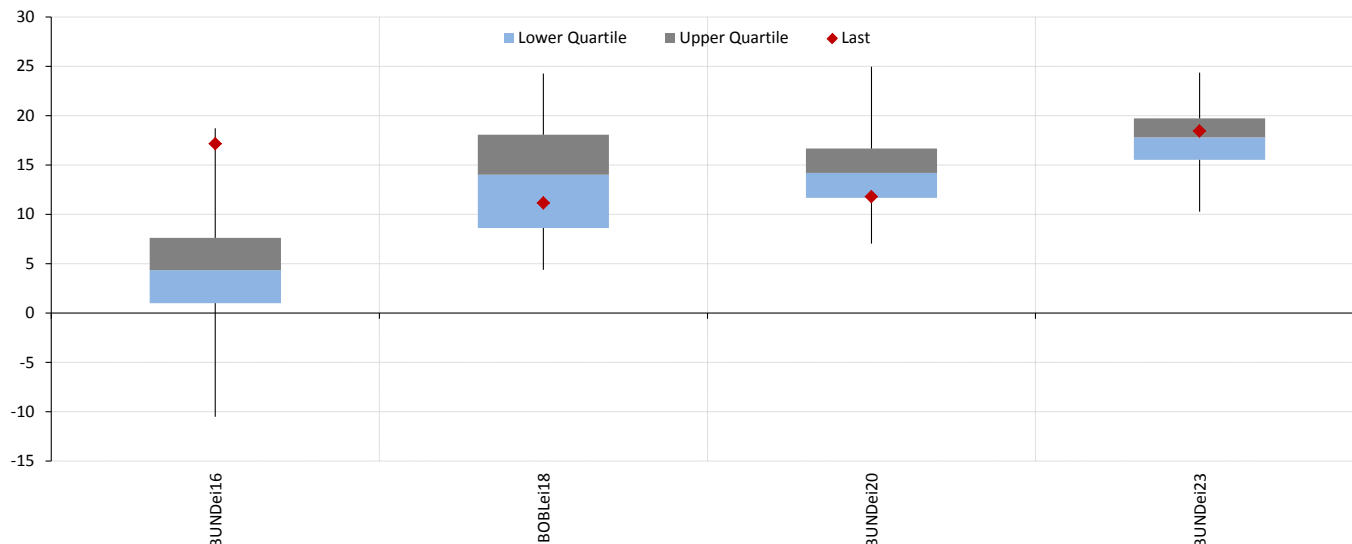


## RV Charts for Inflation-Linked Bonds

This section presents a selection of relative value charts<sup>2</sup> for Germany, France and Italy and places their current ASW spread to reference conventionals in the context of its 6-month trading range.

### Germany: ASW box vs 6-month history

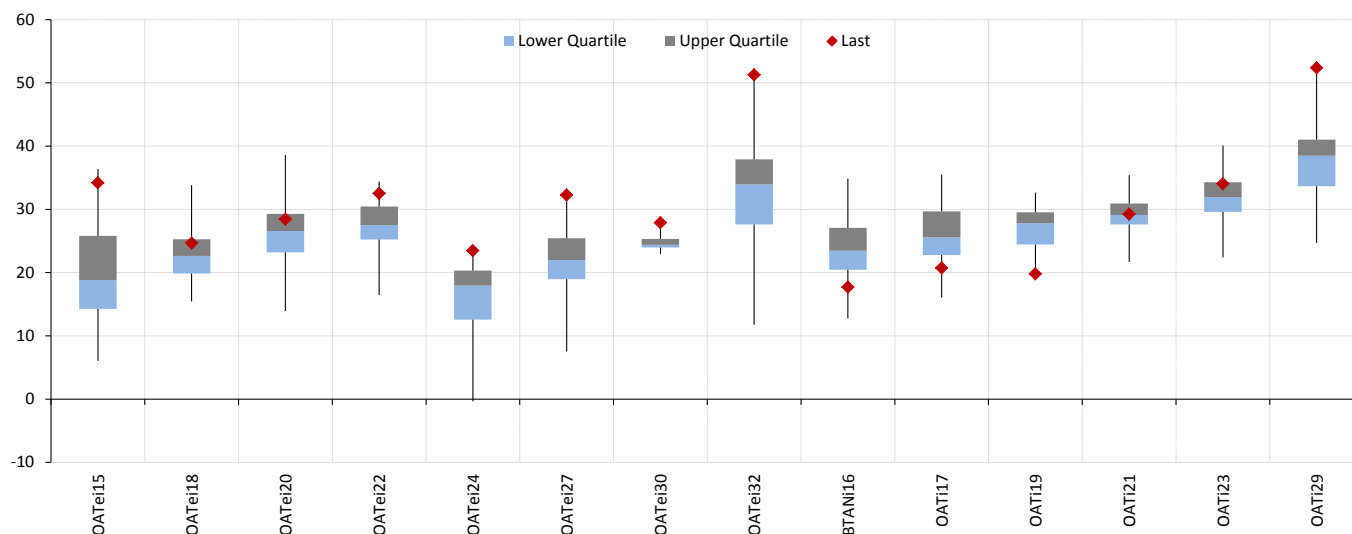
Figure 17. Germany: ASW box (Asset swap spread vs reference conventional)



Source: Citi Research

### France: ASW box vs 6-month history

Figure 18. France: ASW box (asset swap spread vs reference conventional)



Source: Citi Research

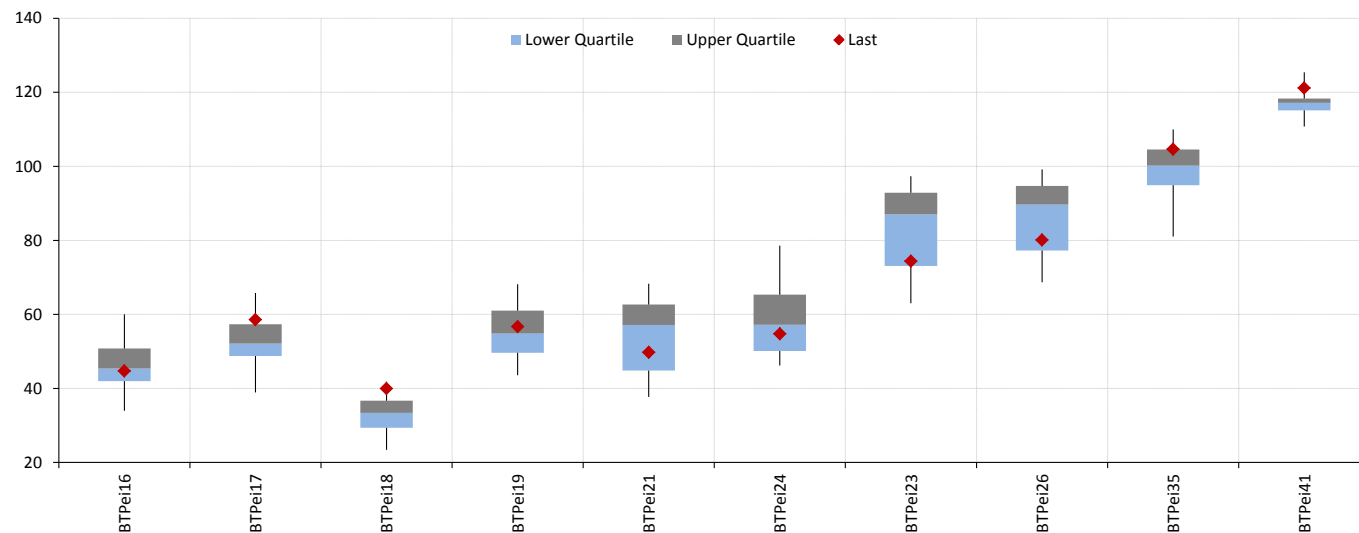
<sup>2</sup> Criteria: (1) Inflation-linked bonds issued in local currency and (2) Maturity > 1 year.

Lower Quartile Range = the range between the median and the lower quartile (the 25<sup>th</sup> percentile)

Upper Quartile Range = the range between the median and the upper quartile (the 75<sup>th</sup> percentile)

## Italy: ASW box vs 6-month history

Figure 19. Italy: ASW box (asset swap spread vs reference conventional)



Source: Citi Research

## Appendix A-1

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