European Rates Weekly

How Cheap Are Core Yields?

- **Bund yields at 1.75% look too high:** The recent move higher in Bund yields is an opportunity to re-enter longs for the "low-for-longer" scenario, in our view. Decomposing Bund yields into their building blocks, we project a 10y yield path based on ECB & consensus expectations. Based on our fair value estimate, current Bund yields look 30bp-35bp too high.

- **The gilt sell-off looks overdone:** 10yr gilts look around 50bp too cheap vs a model-based assessment of 'fair value'. Moreover, our gilt 'scorecard' suggests that the balance of risks is now skewed towards lower gilt yields. Gilts are likely to rally as soon as domestic drivers are able to reassert themselves. Carney's arrival at the Bank of England next week may be the catalyst.

- **Buy 10yr DSL ASW:** We recommend buying 10yr DSLs vs swaps due to strong seasonal support, large cash flows in EMU core during July, the impact from wider Bund spreads and the attractive entry level on offer. We target a 2bp level.

- **Deutschland bond debut:** Germany has issued its inaugural Deutschland bond in a joint issue involving both the Federal Republic and the Länder. Rating agencies have been generally supportive. Such bonds serve to enhance investor choice within the highly rated SSA universe, offering diversified exposure to German credit quality.

- **Irish and German covered bonds:** Moody's recently praised essential features of the Irish and the German covered bond laws. Apart from that, we provide further reasons why we think certain covered bonds of these jurisdictions offer value - although higher volatility needs to be accepted in different range bounds.

- **EMU July Supply Outlook:** We forecast €67bn of gross supply in July, €7bn lower than June. July has the highest coupon payments (€36bn) and redemptions (€109bn) in 2013. The July NCR is strongly supportive for France (-€24bn), Germany (-€18bn), the Netherlands (-€18bn) and Spain (-€16bn).

- **EMU relative value trades:** We highlight a number of relative value opportunities on French, Dutch, Spanish and Italian yield curves. Specifically, Bono Oct16s offer attractive 3month carry on a microfly.

- **Supply:** Within Europe, next week's bond supply of around €17bn comes from Austria (€1.65bn), Germany (€4bn), Spain (around €3.75bn) and France (around €7.75bn). The UK DMO will issue £3.5bn of a conventional gilt (2.25% 2023) on Tuesday. There is no UST issuance until 9 July 2013.

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Figure 1. Strategy Summary Table

Europe	View	Strategies
Direction	On various metrics, core markets look to have overshot and positions flushed out. Bunds are also relatively cheap to our fair value analysis. We are also constructive in the near-term.	Long Bunds
Money Market	Positioning in front-end carry trades is much more balanced following several sessions of unwinds. We would increasingly look to add, but selectively given that markets remain choppy.	Buy ERZ3 1x2 call spread
Yield Curve	We continue to hold our EUR 30s50s recommendation. EUR 2s5s10s is 9bp too cheap vs 1s2s and we expect the gap to narrow. GBP 2s5s10s also looks too cheap vs 1s2s, but only by 5bp following the recent correction.	Look to receive 2s5s10s in EUR. EUR 30s50s flatteners
Cross-market	We continue to expect sustained widening in the UST-Bund spread given economic growth projections. Gilt-Bunds has already widened quickly towards our medium-term targets. Some correction is probably due in the near-term.	Take profits on underweight gilts vs Bunds Prefer Bunds to UST over the medium term
EMU Spreads	EMU spreads are retracing from the recent wides following the Fed-inspired market volatility. Domestic and non-domestic buying at auctions is also encouraging. Insofar as positioning is cleaner, we would expect a period of consolidation in the absence of negative shocks.	Prefer 2yr Spain vs Italy
Swap Spreads	We believe Bunds are too tight in ASW given the deterioration in euro area credit deterioration. Seasonal support and large cash flows in EMU core during July are supportive for 10yr DSL ASW wideners. In the UK, long-end swap spreads look good value, especially in the 20yr sector.	Long RXU3 ASW spreads Buy gilt 2032 swap spread. Buy Schatz vs swaps Buy 10yr DSL vs swaps
Inflation	Euro linkers have retraced some of the recent weakness, but they still look cheap on all the usual metrics. We like buying cash break-evens vs inflation swaps. In the UK, we favour 5s10s or 5s30s break-even flatteners.	Buy Bundei20 break-even vs inflation swap as a tactical trade IL gilt 5s10s or 5s30s break-even flatteners Sell 5yr, 5yr euro HICPxT as a long-term fundamental trade
Volatility	Positioning continues to dominate the price action in vol and in the underlying. Gamma remains directional and we would look to sell EUR 3m5y bpv above 90. Wait for better levels to enter long front-end receivers. Long-end payers such as EUR 15y5y still offers favourable rate and vol roll for investors with a bearish view.	Sell EUR 3m5y bpv when above 90 If bearish, buy payers in EUR 15y5y for favourable vol and rate roll
SSA	Agency spreads are softer, but remain at historically rich levels. We think the current (weak) tone can continue in the near term, especially as liquidity thins over the summer months. Absolute yield levels will likely be governed by the moves in Bunds rather than USTs.	Maintain front-end KfW vs France over the medium term Prefer EU vs EIB in the sub 5yr sectors
For a list of outstanding trade recommendations please see the Tradesheet section of this report		

Source: Citi Research

Duration Scorecard

Figure 2. Bund Weekly Cheat Sheet: 28th June – 4th July

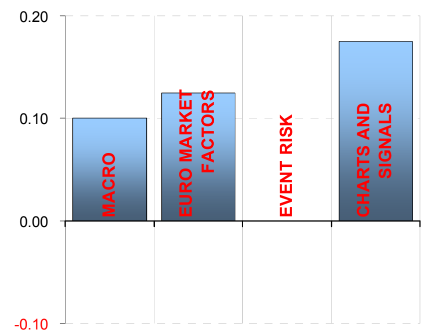
Bund Directional Scorecard (1wk horizon)

RECOMMENDATION	Long	RXU3 (EOD Thurs) = 141.67
Conviction level	20%	CTD yield = 1.3% 10day del vol = 8.02%

	SIGNAL STRENGTH (+/-2)		
MACRO	**0.1**		**Weight = 35%**
ECB	2	Draghi likely to reiterate accommodative policy stance next week	10.0%
Fed and BOJ	-1	Market pricing in tapering for this year following Fed guidance	10.0%
Inflation	0	Inflation likely to be up in June, but subdued over medium term	2.5%
Growth related data	0	Final PMI readings likely to confirm the uptick	5.0%
Citi surprise	0	Citi Economic Surprise Index approaching zero	5.0%
Middle East / Oil	0	Oil range-bound around $103	2.5%
EURO MARKET FACTORS	**0.1**		**Weight = 30%**
Supply	2	Heavy supportive cash flow from Germany and Finland	10.0%
Risk appetite	-1	Risk sentiments improving tentatively	5.0%
Positioning	0	Positioning more balanced following recent wash out	5.0%
Equity	0	Equities rebounding from lows	2.5%
Sovereign credit	-1	Peripheral spreads reversing the recent widening	5.0%
FX	1	EUR effective exchange rate down 0.7% in a week	2.5%
EVENT RISK	**0.0**		**Weight = 8%**
Politics	0	No major political event scheduled next week	2.5%
3yr LTRO	0	Excess liquidity remains high at €264bn	2.5%
Stability mechanisms	0	Unlikely to see ESM activation in the short-term	2.5%
CHARTS AND SIGNALS	**0.2**		**Weight = 28%**
Technicals	2	10yr Bund yields has broken key resistance at 1.73%	10.0%
T-Note	1	RSI suggests UST are oversold	7.5%
CFTC	-1	Longs starting to build up	5.0%
ARTS	-1	Mild short	5.0%

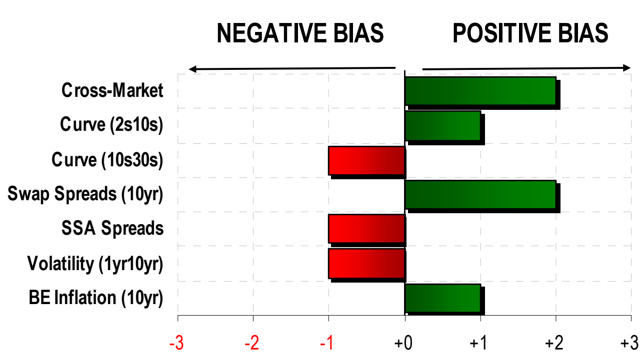
ource: Citi Research

Figure 3. Contribution to Bund Signals



Source: Citi Research

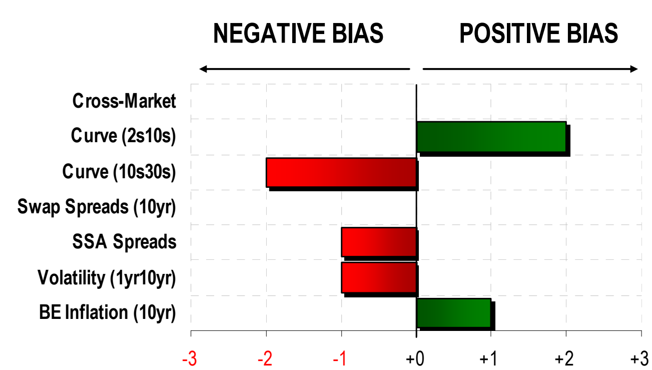
Figure 4. EURO AREA (Near-term Bias)



Source: Citi Research

POSITIVE bias = bullish vs UST, flattener curve, wider swap spreads, tighter SSA spreads, higher implied vol, wider BE inflation

Figure 5. UK (Near-term Bias)



Source: Citi Research

POSITIVE bias = bullish vs gilts, flattener curve, wider swap spreads, tighter SSA spreads, higher implied vol, wider BE inflation

Tradesheet

New Trades

Please see *Euribor trade* for details

1. Buy ERZ3 1x2 call spread

Buy ERZ3 99.750/.875 1x2 call spread at 1c

Open 1c. Current 1.5c. Target 12.5c. Stop -3c.

Please see p13 for details

2. Buy 10yr DSL ASW

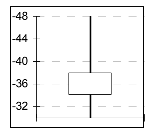
Buy DSL 1.75% Jul23 ASW at 10bp

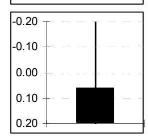
Open 10bps. Current 10bps. Target 2bps. Stop 14bps.

Record of Our Closed Trades

Figure 6. Record of our Closed Trades

Region	Trade	Levels		Rationale
Europe	**Buy Schatz ASW**	Open	-34bp	
		Current	-38bp	Hit Revised Stop on 25 June 2013
Swap Spread	Buy Schatz 0.25% Mar15 ASW at -34bp	**P&L**	**4bp**	
		New Target	-48bp	
		New Stop	-38bp	*European Interest Rate Strategy 8 May 2013* *Revised Levels: The Morning Call, 25 June*
Europe	**Buy Bundei23**	Open	0.06%	
		Current	0.2%	Hit Stop on 24 June 2013
Inflation	Buy Bundei23 real yield at 0.06%	**P&L**	**-0.14%**	
		Target	-0.2%	
		Stop	0.2%	*The Morning Call 13 June 2013*



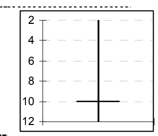


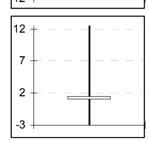
Source: Citi Research

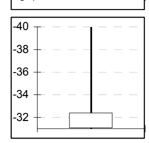
Record of Our Open Trades

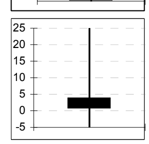
Figure 7. Record of our Open Trades

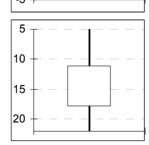
Region	Trade	Levels		Rationale + Publication Date
Europe	**Buy 10yr DSL ASW**	Open	10bp	
		Current	10bp	Supportive cash flows and seasonals in July
Swap Spread	Buy DSL 1.75% Jul23 ASW at 10bp	**P&L**	**0bp**	
		Target	2bp	
		Stop	14bp	*European Rates Weekly 27 June 2013*
		Time stop	1 August 2013	
Europe	**Buy ERZ3 1x2 call spread**	Open	1c	
		Current	1.5c	Dec Euribor has cheapened 30/35c since May ECB rate cut. Howevre, a cut to the deposit rate would be required for a signifcant rally.
Money Market	Buy ERZ3 99.750/.875 1x2 call spread at 1c	**P&L**	**0.5c**	
		Target	12.5c	
		Stop	-3c	*Euribor, 24 June 2013*
Europe	**Buy RXU3 ASW**	Open	-31bp	
		Current	-32bp	Bund spreads do not reflect the deterioration in sovereign and private credit conditions
Swap Spread	Buy RXU3 ASW at -31bp	**P&L**	**1bp**	
		Target	-40bp	
		Original Stop	-27bp	*Bund: Buy RXU3 ASW @-31 11 June 2013*
		Revised Stop	-31bp	*Revised Stop: The Morning Call, 25 June 2013*
Europe	**Receive EUR 10y2y vs 12y3y**	Open	4bp	
		Current	1bp	Cheapness of the sector due to legacy ASW positions. The trade offers a positive roll-down for relatively low volatility
Curve	Receive EUR 10y2y at 3.1% Pay EUR 12y3y at 3.14%	**P&L**	**-3bp**	
		Target	25bp	
		Stop	-5bp	*The Morning Call, 23 January 2013*
Europe	**Receive EUR 30s50s**	Open	18bp	
		Current	11bp	Long-end of EUR swap curve is pricing in more than required de-hedging by Dutch pension funds. CVA activity should support the trade.
Curve	Receive EUR 50yr at 2.54% Pay EUR 30yr at 2.36%	**P&L**	**7bp**	
		Target	5bp	
		Stop	22bp	*European Rates Weekly 11 October 2012*







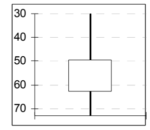


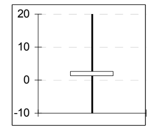


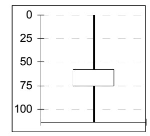
Source: Citi Research

Figure 8. Record of our Open Trades (continued)

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
			Current	49bp	
Volatility	Sell EUR 1y3yF ATMF (=1.36%) straddle for 98bp		**P&L**	**14bp**	
	Buy EUR 1y3yF ATMF-25 receiver for 35bp		Target	30bp	
			Stop	73bp	*IIRS 9 August 2012*
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
			Current	3bp	
Cross Market	Buy KfW 1.375% Feb17 at 0.62%		**P&L**	**2bp**	
	Sell OAT 5% Oct16s at 0.63%		Target	20bp	
			Stop	-10bp	*IIRS 2 August 2012*
UK	**Sell GBP 2y2y ATMF straddle**		Open	76bp	The fundamental backdrop in the UK supports selling GBP 2y2y vol
			Current	58bp	
Volatility	Sell GBP 2y2y ATMF (1.04%) straddle at 76bps		**P&L**	**18bp**	
			Target	0bp	
			Stop	114bp	*IIRS 12 July 2012*







Source: Citi Research

Bund: Fair Value Analysis

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We decompose Bund yields into their building blocks in order to project a 10y yield path based on ECB & Consensus expectations. Note that this path may differ from Citi's macroeconomic forecasts. This is especially the case in 2014, where we expect Eurozone GDP to be 0% against ECB's own projection at 1.1%. Current Bund yields (1.70-1.75%) look 30/35bp too high compared to our model values.

Bund Yields At 1.75% Are Too High

Breaking down Bund yields into natural rate, term premium, liquidity premium and country spread

Our approach to modeling Bunds is straightforward. We decompose the yield on 10y German government bonds into its fundamental building blocks:

- ECB refi rate: We use a Taylor rule to project the path for ECB's policy rate over the coming decade. This is based on GDP and HICP forecasts derived from several sources (e.g. Eurosystem's latest staff projections[1]).
- The average spread between Bund yields and ECB's refi rate since 1999. This is a very rough measure of term premium.
- Excess liquidity premium: The average (expected) spread between ECB refi rate and overnight fixing. We assume excess liquidity will normalize in 2015, when both 3y LTROs will expire.
- EMU spread: Average spread between Bund yields and composite EMU yields since 1999 (excl. Greece, Ireland and Portugal).

Figure 9. Decomposing Bund yields – The upper bound scenario

Eurozone	2013	2014	2015	2016	2017	2018	2019-2022
GDP (ECB + Consensus)	-0.6	1.1	1.5	1.6	1.5	1.5	1.4
Potential growth (EC)	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Output gap	-1.1	0.6	1.0	1.1	1.0	1.0	0.9
HICP (ECB + Consensus)	1.4	1.3	1.8	1.9	1.9	2.0	2.0
ECB target	2.0	2.0	2.0	2.0	2.0	2.0	2.0
ECB refi (Taylor rule)	1.2	2.0	2.4	2.5	2.5	2.5	2.5
ECB refi / Bund spread	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Excess liquidity premium	-0.4	-0.2	-0.1	0.0	0.0	0.0	0.0
Bund spread vs EMU	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6
Bund 10y (implied)	1.4	2.4	3.0	3.2	3.1	3.2	3.1

Source: ECB, Consensus Economics, Citi Research

The sum of the four basic components described above provides us with a decent estimate of what a fair value for Bund yields could be during the next decade. There are two observations to make:

Bund yields are too high relative to our models

1) At current levels (1.70-1.75%), Bund yields are probably some 30/35bp to high compared to a fair value estimate for 2013. Note that this estimate is based on the "upper bound" scenario and our own GDP and HICP forecasts are even lower, as we will show in due course.

2) The divergence between actual yield and model value reflects almost entirely the recent fast rise in US Treasury yields. Not only the underlying bond market structure, but also the broad orientation of economic policy is

[1] http://www.ecb.europa.eu/pub/pdf/other/eurosystemstaffprojections201306en.pdf

differs significantly between the US and the Eurozone. From the last FOMC to the high in yields, Bunds have moved with a beta of approximately 0.6, which appears to be too high from a purely fundamental perspective (a typical beta between JGBs and Treasuries would be lower than 0.5 prior to the crisis).

Citi's GDP and HICP forecasts are less optimistic than Eurosystem and Consensus estimates

3) The macroeconomic assumptions presented in Figure 9 look too optimistic compared to our own forecasts. Over the next 5 years, we're about 0.5% lower on GDP and 0.4% lower on HICP every year as compared to ECB/Consensus estimates. Therefore we see the trajectory for Bund yields computed above as an "upper bound" case.

4) If we were to repeat the exercise using this time Citi forecasts[2], we would have a very different trajectory for Bund yields (Figure 10). Under this scenario, the average Bund yield is approximately 40bp lower per year, the big difference resulting from the jump in 2015-2017 implied by the "upper bound" scenario.

Figure 10. Decomposing Bund yields – Using Citi's macro forecasts

Eurozone	2013	2014	2015	2016	2017	2018	2019-2022
GDP (Citi)	-0.8	0.0	0.7	1.1	1.4		
Potential growth (EC)	0.5	0.5	0.5	0.5	0.5		
Output gap	-1.3	-0.5	0.2	0.6	0.9		
HICP (Citi)	1.4	1.2	1.2	1.3	1.3		
ECB target	2.0	2.0	2.0	2.0	2.0		
ECB refi (Taylor rule)	1.1	1.4	1.7	2.0	2.1		
ECB refi / Bund spread	1.2	1.2	1.2	1.2	1.2		
Excess liquidity premium	-0.4	-0.2	-0.1	0.0	0.0		
Bund spread vs EMU	-0.6	-0.6	-0.6	-0.6	-0.6		
Bund 10y (implied)	1.3	1.8	2.3	2.6	2.8		

Source: Citi Research

Conclusion

The recent rise in Bund yields is an opportunity to establish longs

We see the recent move higher in Bund yields as an opportunity to re-enter longs for the "low-for-longer" scenario. As noted in previous research, the Eurozone is a particular currency area and we do expect the macroeconomic divergence to the US to persist for a longer than usual time period. Hence, the significant difference between a Bund path based on our GDP and HICP forecasts and one based on other sources.

[2] https://ir.citi.com/FutR5J60FYWkD8FGYSDoFk13RLAOFxBSge1flYswYHCpQcOYDflweg%3D%3D

UK Rates: Carney at the helm, buy gilts

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In this article, we aim to take a step back from volatile markets and judge whether the sharp backup in gilt yields is fair or an overshoot. We look at two approaches. The first uses a model-based approach to assess fair value. The second, more subjective approach uses our 'scorecard' framework. Both suggest that the backup in gilt yields is an overshoot and is therefore likely to reverse over the medium-term.

Assessing fair value

Gilt yields have followed Treasury yields higher, despite very different domestic backdrops

10yr gilt yields (currently 2.43%) are around 70bp higher than at the beginning of May. The rise in gilt yields can be partly attributed to improving domestic data. However, the main catalyst has undoubtedly been market concerns over QE tapering by the Fed and the associated backup in Treasury yields. Gilts have followed Treasuries with a relatively high beta, but is this justified given the very different economic conditions in the two regions?

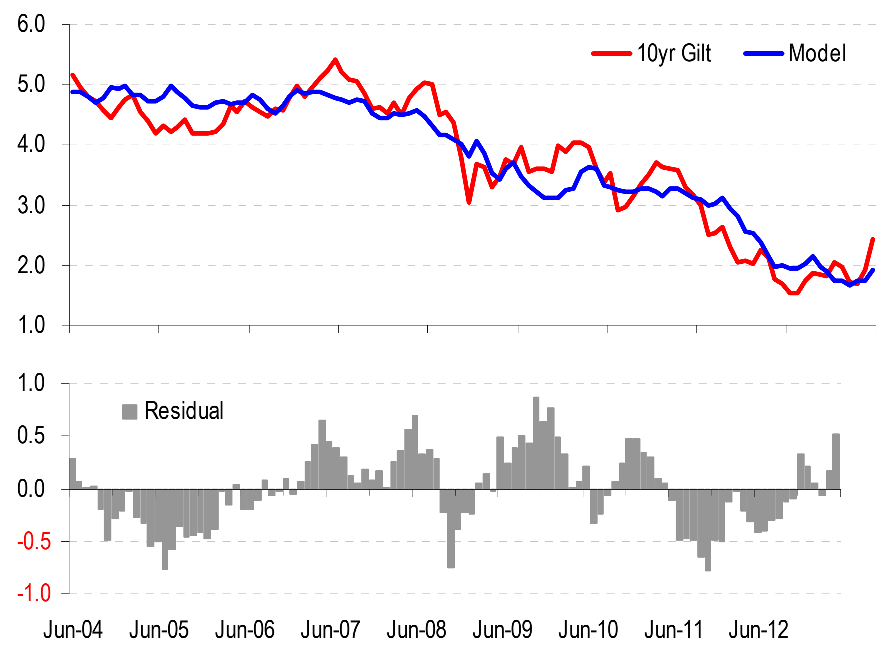
Our fair value model uses variables to represent trends in growth, inflation conditions and risk

In order to help judge if gilts have overshot fundamentals, and if so by how much, we have updated our gilt 'fair value' model. The model uses four independent variables to represent growth, inflation, conditions (including QE, economic surprises and policy rate expectations) and risk factors. Each variable is an index comprised of multiple inputs weighted by market significance. The inputs used are all domestic. The model uses 10 years of monthly data.

The model suggests that fair value for 10yr gilts is 1.92%, 52bp below the current level

The model has a reasonable fit (r-squared 0.89) and currently suggests that the 'fair value' for 10yr gilt yields is 1.92%, 52bp below the actual level (Figure 11). The 'fair value' yield has picked up over the last month by around 18bp, largely owing to the rise in rate hike expectations (which we believe to be overdone). The growth index has also shown a steady improvement over the last year. However, even taking these factors into account, the model suggests that the rise in gilt yields significantly overstates the change in domestic fundamental drivers.

Figure 11. Citi 10yr Gilt Fair Value Model



Source: Citi Research

Turning bullish

Model residuals can persist for some time

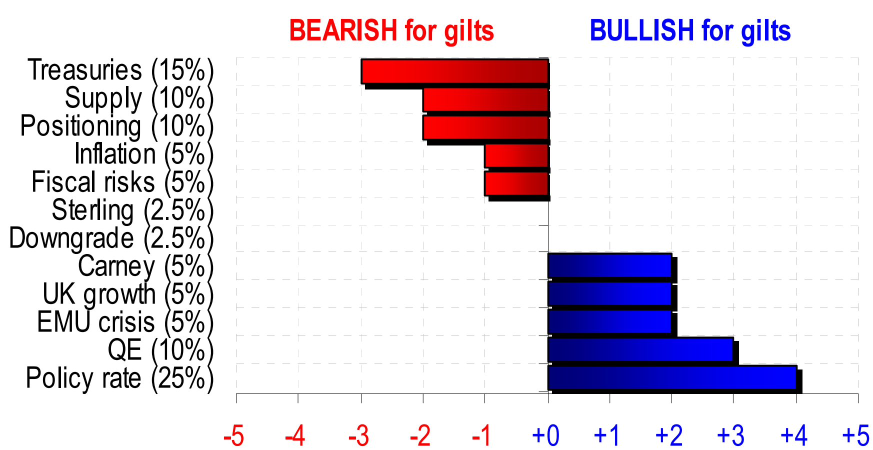
While the 'fair value' model suggests that gilt yields are too high relative to the underlying economic fundamentals, it does not necessarily imply that a correction is imminent. As the model residuals show in Figure 11, a 'cheap' or 'rich' residual can persist for some time and can reach as high as 80-90bp.

A 'scorecard' approach allows the inclusion of potential drivers beyond domestic fundamentals

It is therefore useful to consider alternative, complementary approaches to assess whether the rise in gilt yields is likely to reverse. With so many competing influences on gilts, be it domestic fundamentals or market forces, we find a 'scorecard' approach to be a useful way of assessing the balance of risks The scorecard is far more subjective than the model-based approach presented above, but enables us to incorporate non-fundamental drivers, international factors, our expectations vs what is priced-in and our assessment of how market forces might change.

The drivers are given a score from -5 (most bearish) to +5 (most bullish). The 'final' score is a simple weighted average. The weights reflect our assessment of the importance of each factor, but are adjusted to try and avoid double counting. The individual scores are summarized in Figure 12. The full 'scorecard', assessing both the bearish and bullish case for gilts for each driver, is shown in Figure 13.

Figure 12. Summary of the Citi Gilt 'Scorecard'



Source: Citi Research

The 'scorecard' suggests that the outlook for gilts is 'moderately bullish'

The 'final score' is +0.7 suggesting a 'moderately bullish' medium-term outlook for gilts. This compares with a bearish score of -0.6 at the last update on *29 April*.

Summary – The gilt sell-off looks overdone

The arrival of Carney at Bank of England next week may help to put the focus of the gilt market back on domestic drivers

Any outlook for gilts requires a judgment over the importance of domestic over international drivers. Over the last few weeks, gilts have been heavily influenced by developments in the US. Consequently, 10yr gilts look around 50bp too cheap vs a model-based assessment of 'fundamental fair value'. Gilts are likely to rally as soon as domestic drivers are able to reassert themselves. Carney takes over as Governor next week (and the MPC meet 4 July). While we should not rely on an immediate 'intervention' form Carney, his arrival is likely to help put the focus back on the domestic policy outlook. We continue to expect forward guidance to be introduced and the recent rise in UK rate hike expectations is unjustified, in our view. Moreover, our gilt 'scorecard' suggests that the balance of risks is now skewed towards lower gilt yields over the coming months.

The gilt 'scorecard' (for the medium-term)

Figure 13. Citi Gilt Scorecard (for the medium-term outlook)

Driver	BEARISH case for gilts	BULLISH case for gilts	Net Score -5 BEAR-BULL +5	Weight*
Policy rate	**An extended period of low policy rates may not prevent long-dated gilt yields from rising if Treasury yields are rising.** (i.e. the curve is likely to bear steepen) Rates will eventually have to normalise. *(see also US growth/Treasuries)*	**We expect forward guidance to be introduced after August which could imply that policy rates will be on hold for much longer than what is currently priced into the market following the sharp backup in front-end yields.** Citi expects policy rates to be on hold until 2017. A rate cut or negative rates on banks reserves are policy options.	**+4**	25%
QE	**QE on hold for now and Carney appears to prefer forward guidance as a policy option.** The MPC now has a wider policy toolkit available to it. Recent MPC minutes have only discussed +£25bn. More QE could stoke inflation fears and/or weaken sterling.	**QE could be used by the MPC to cap any unwelcome rise in gilt yields, such as the last few weeks.** Citi forecasts +£75bn QE in total. Three members of MPC already voting for more QE (although this includes outgoing Governor King)	**+3**	10%
New BoE Governor	Expectations for Carney are quite high and there is a risk of disappointment in terms of 'monetary activism'. **Carney only has one vote on the MPC.** Carney may look at buying non-gilts assets *(see also QE).*	**Carney takes over as Governor next week.** We expect Carney to argue in favour of the introduction of forward rate guidance. *(see also Policy rates).* The departures of Deputy Governors Bean and Tucker over the next year could alter the policy bias of the MPC.	**+2**	5%
EMU crisis/ Safe haven	**In the last few weeks, gilt yields have risen despite sharply higher yields in the EMU periphery.** Fiscal risks+inflation+BoE policy+sterling depreciation may eventually challenge the UK's relative safe haven status.	**The EMU crisis is far from over. Gilts remain a relative safe haven.** The UK will continue to benefit from monetary policy independence and being non-euro. Foreigners have been net buyers of gilts in 9 out of the last 10mths.	**+2**	5%
UK growth	**The data has improved recently and there is a risk that growth continues to beat expectations given ongoing policy accommodation.**	**The data may be improving, but the economy is a long way from achieving 'escape velocity'.** UK growth continues to 'bounce along the bottom'. Exports are weak, productivity is low. *(see also Policy rates, QE and Fiscal risks)*	**+2**	5%
US growth/ Treasuries	**The market has reacted strongly to the Fed's timetable for tapering. Gilts yields have risen with a high beta to Treasuries, highlighting their vulnerability to a sustained sell-off in the latter.** US economic recovery in H2 could drag G10 yields even higher.	**Gilt yields have been dragged higher by Treasuries, but this is not supported by domestic fundamentals which are likely to reassert themselves when markets calm.** European growth is likely to remain very weak: G10 yields may de-couple as growth de-couples.	**-3**	15%
Supply	Gilt issuance is historically elevated and will likely remain so for many years to come. With QE on hold, net issuance is effectively rising. *(see also Fiscal risks)*	**Strong demand for the new 55yr gilt (2068 maturity) highlights domestic support for gilts (on any backup in yields)** Gross supply will be lower in FY2013/14 than in FY2012/13 (but only thanks to the one-off APF transfer).	**-2**	10%
Positioning	A backup in yields could be greatly accelerated by the unwind of structural long positions in core rates (owing to safe haven buying at historically low yield levels).	The recent backup in yields has washed out carry trades and has probably made tactical positioning a lot cleaner.	**-2**	10%
Inflation	CPI is likely to remain above the 2% target for years to come (largely due to regulated and administered prices). The new MPC remit keeps the 2% target but allows greater tolerance for a persistent inflation overshoot. Forward guidance, if introduced, could formalise tolerance for above target inflation by including a 'knockout' at 2.5%.	**Headline inflation is likely to peak in June and fall thereafter.** Core inflationary pressures are muted. **Global inflation expectations have been falling despite the recent rise in nominal yields.** Market is well used to UK inflation overshooting. Sterling has appreciated over the last few months.	**-1**	5%
Fiscal risks	The UK's fiscal position remains weak and is vulnerable to any slowdown in growth. The speed of austerity has been slowed. The spending review for 2015-16 has been completed, but the cuts are tiny in the grand scheme of things. Risk of pre-election 'give-away' (election by 7 May 2015).	Markets currently driven more by CB backstops and the policy outlook than fiscal risks. 10yr Gilt-OAT spreads already near the 2yrs lows (fiscal risks in France arguably greater than in the UK). 10s30s gilt curve already steeper than 10s30s UST/Bund.	**-1**	5%
Sterling	Sterling depreciation may resume if Carney encourages full use of the MPC's toolkit. Inflation impact via higher imported food and energy prices *(see also Inflation).* Tail risk that sterling depreciation snowballs	Sterling has appreciated over the last few months since Governor King said GBP is close to fair value. Long-term relationship between gilt yields and sterling is poor. As is relationship between sterling and overseas holdings of gilts.	**+0**	2.5%
Downgrade	The UK has now lost its AAA-rating from both Moody's and Fitch. S&P affirmed the AAA-rating on 5 April, but kept the negative outlook. Downgrades may have political implications over the longer-term. *(see also Fiscal risks, Safe haven).*	The loss of the UK's AAA-rating had been well anticipated by the gilt market, as evident from the lack of reaction to the downgrades from both Moody's and now Fitch.	**+0**	2.5%
	FINAL SCORE	***Moderately Bullish***	**+0.7**	100%

Source: Citi Research

*The weights are adjusted to avoid double counting and do not necessarily reflect the importance of the driver in isolation

EMU Trade Idea: Buy 10yr DSL ASW

Large Core Cash Flows in July

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€107bn of coupons and redemptions will be paid from EMU core & soft core issuers in July

- There will be a significant amount of coupon payments and redemptions (€107bn) in a number of core & soft core EMU markets during July. For these issuers, July accounts for 26% of all coupons and redemptions in 2013 (€410bn).
- On a country level, July accounts for 52% of all coupons and redemptions for the Netherlands in 2013. Meanwhile for Finland it is 86% (Figure 14).
- The first set of cash flows will be next Thursday (4 July) from Germany (€34bn) and Finland (€7bn) - Figure 15.

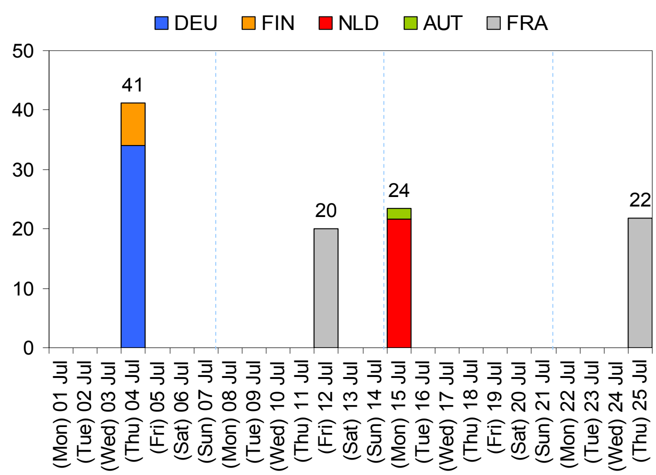
Figure 14. Core & soft core: July cash flows vs 2013 total

	A	B	C = A + B
Country	July Coupons	July Redemptions	July Coupons + Redemptions
DEU	12	22	34
FIN	1	6	7
NLD	6	16	22
AUT	2		2
FRA	6	36	42
Total	27	80	107

	D	C / D
Country	2013 Coupons + Redemptions	July as a % of total 2013
DEU	190	18%
FIN	8	86%
NLD	41	52%
AUT	20	9%
FRA	150	28%
Total	410	

Source: Citi Research, DMOs, Bloomberg

Figure 15. July coupons and redemptions by issuer and date (€bn)



Source: Citi Research, DMOs, Bloomberg

4 Supports for 10yr DSL ASW wideners

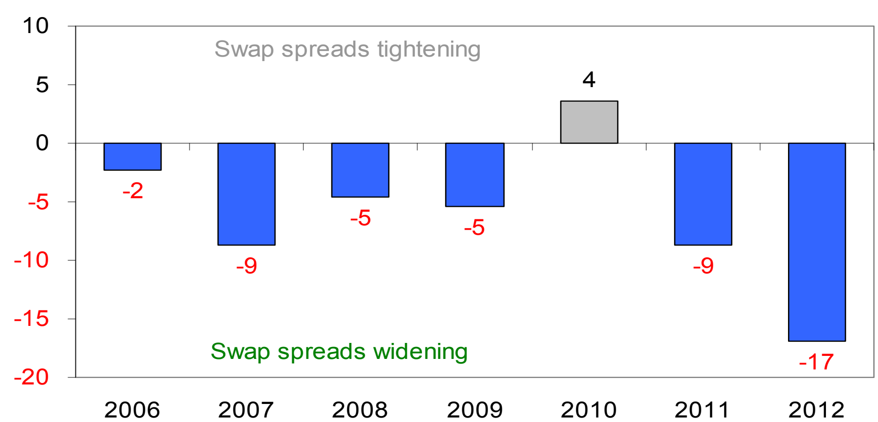
We see four reasons to buy 10yr DSL ASW spreads at current levels.

Four reasons why we like buying 10yr DSLs vs euro swaps:

(1) seasonal support
(2) large DSL cash flows
(3) impact from wider Bund spreads
(4) attractive entry level

- **Seasonals:** In six of the last seven years, 10yr DSL swap spreads have widened in July (average widening has been 4bps).

Figure 16. Seasonal support for 10yr DSLs: ASW spreads have widened in 6 of the last 7yrs (bp)



Source: Citi Research

- **Large cash flows:** As mentioned previously, July accounts for 52% of 2013 coupon payments and redemptions for the Netherlands (Figure 14). Further, the net cash requirement[3] for the Netherlands in July is strongly supportive for bonds (-€18bn) – see *EMU July Supply Outlook* for further details.
- On a more micro level, there will be €1.6bn coupon payments in the 10yr sector (Figure 17).

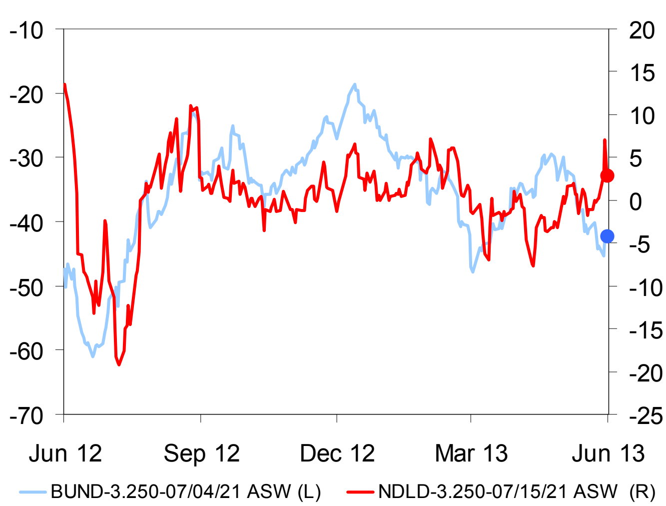
Figure 17. A break down of DSL coupon payments for July (in both gross and DV01 terms)

DSL Coupons in July	2yr	5yr	10yr	Total
Nominal (€bn)	2.3	1.8	1.6	**5.7**
DV01 (€million/bp)	0.5	0.9	1.4	**2.8**

Source: Citi Research

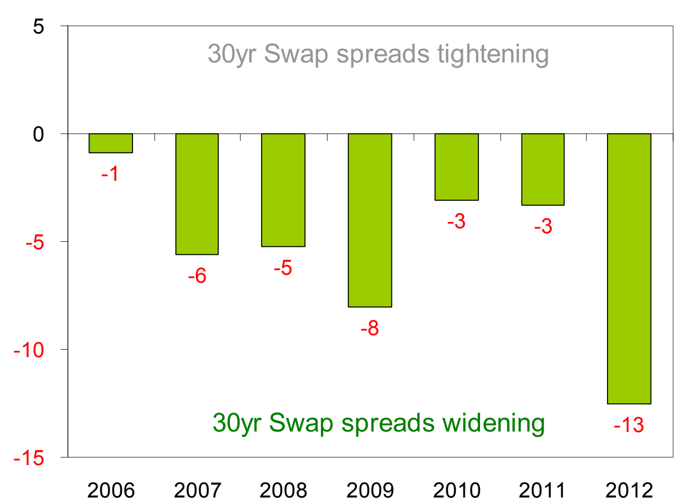
- **Fundamentals:** We continue to see value in Bund swap spread wideners and expect this to also be supportive for DSL swap spread wideners (*EGB swap spreads*).
- **Attractive entry level:** With 10yr DSL ASW spreads lagging the move in Bund spreads, current levels offer an attractive entry point for buying 10yr DSLs vs euro swaps (Figure 18).

Figure 18. 10yr DSL ASWs have lagged the move seen in Bund spreads



Source: Citi Research

Figure 19. 30yr DSL ASWs have consistently widened in July (bp)



Source: Citi Research

Trade details: Buy DSL 1.75% Jul23 ASW

Buy DSL 1.75% Jul23 ASW at 10bp. Target 2bp. Stop 14bp

- Based on the four reasons discussed above, we recommend buying DSL 1.75% Jul23 vs swaps (ASW) at 10bp. Our target is 2bp and stop 14bp.

Appendix: Seasonal support for 30yr ASW spread wideners

30yr DSL ASW spreads have consistently widened in July

A similar story also applies to 30yr DSL swap spreads (cash flow support for DSLs and seasonals). As shown in Figure 19 above, 30yr DSL ASW spreads have widened in each of the last seven years

[3] Net cash requirement = gross supply less coupons and redemptions

SSA Strategy – Deutschland bonds

New bond has entered the market

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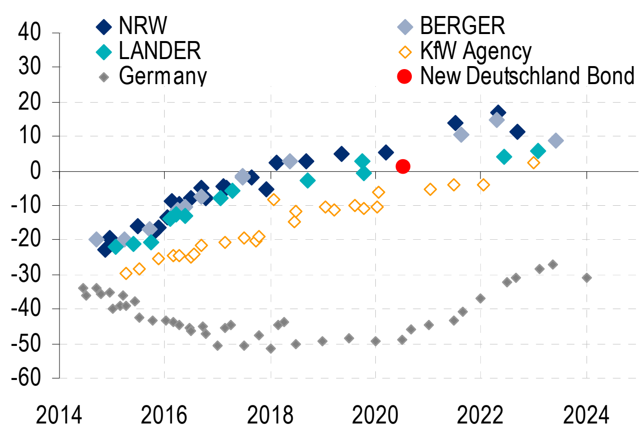
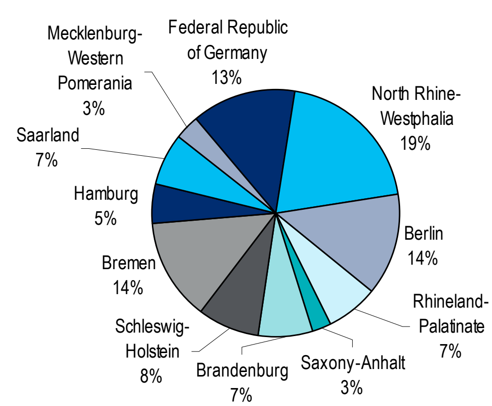
Deutschland bonds: In a widely anticipated transaction, Germany has issued its inaugural Deutschland bond, a joint issue between 10 Länder and the Federal Republic (13.5% if the issue). The €3bn 7yr benchmark transaction priced at mid-swaps +1bp, not too far away from the existing LANDER curve (Figure 20). This suggests that a higher participation rate of the Federal Republic is perhaps needed for Deutschland bonds to trade significantly tighter than existing LANDER bonds (where the Republic is not part of the joint structure). The current structure of participants is shown in Figure 21.

Figure 20. Select Länder and peer yield curves (%)



Source: Citi Research; pricing at 26th June

Figure 21. Proportions of participants of the Deutschland bond



Source: Citi Research

No rating impact; Moody's highlights the credit positives

S&P and Moody's rating impact: As S&P notes[4] this joint bond has no impact on ratings for either Germany or the Länder. This rating agency says it will track the development of this new financial instrument and notes the credit positive that the market access for the Länder it rates is strong. Separately, Moody's also published on this subject[5] arguing that "Deutschland bonds are credit positive". Moody's notes the following three factors underpinning its views:

- Deutschland bonds reinforce the cohesiveness of the institutional framework
- Deutschland bonds should lower funding costs for weaker participating states
- Deutschland bonds should enhance liquidity and the investor base

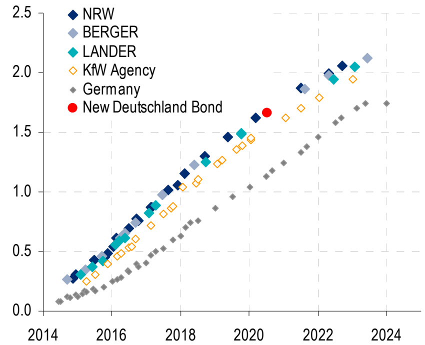
Not euro bonds

Not euro bonds: Furthermore, we agree with S&P (26th June 2012) that such bonds do not constitute (and are not a precursor for) "euro bonds". Firstly, Germany's regional states are highly economically connected, with various legal mechanisms to enhance fiscal consolidation (such as the equalisation scheme and the "debt brake"). Secondly, although there is some degree of market differentiation among the states, spread differences tend to be slight (as opposed to the yield differences of Austria and Greece for example). This makes the German Länder market much more homogenous and viable for Deutschland bonds and renders comparisons with the "states" of Europe somewhat spurious in our view.

[4] S&P Ratings Direct: "*Germany's Proposed Joint Federal And State Bond Issue Has No Rating Impact*" S&P, 25th June 2013

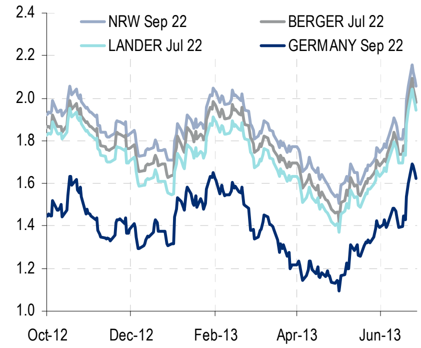
[5] Moody's Investment Service: "*German Länder: Deutschland Bonds are Credit Positive*" 26th June 2013

Figure 22. Select German Yield Curves (%)



Source: Citi Research, Bloomberg

Figure 23. Select German Yields Time History



Source: Citi Research, Bloomberg

Conclusion – diversification for investors

Further opportunity to diversity within German debt securities

In our view, Deutschland bonds represent yet another example of SSA market evolution. The involvement of the German Republic in such bonds provides investors another opportunity to gain exposure to a diversified pool of German credit quality. Liquidity of such issues should also be enhanced if issued in size, and opportunities are probably best sought in the primary market. Overall though, German related debt remains the bedrock of European bond markets, and fundamentally Deutschland bonds serve to enhance investor choice within the highly rated SSA universe.

Covered Bond Strategy

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Moody's recently praised essential features of the Irish and the German covered bond law. We provide further reasons why we think certain covered bonds in these jurisdictions offer value, although higher volatility may need to be accepted.

Irish and German covereds – better value?

Last week, Moody's noted a special feature of the Irish covered bond law. The law draws on certain characteristics which are very special in the covered bond regulatory universe. Moreover, these have helped to keep the cover pool quality fairly constant despite Irish property prices suffering a severe correction over recent years.

In its report, Moody's refers to the Prudent Market Value Concept (PMVC). This requires issuers to mark down property values by using a property index (since 2010 Irish issuers use the CSO index). In times of property price deterioration, this leads to the necessity that the covered bond programs have to be managed very actively. While there is the option to reduce covered bond issuance, there is also the possibility of adding eligible collateral to the cover pool or cancel retained covered bonds which would free up collateral that has been pledged to the central bank.

In any case, issuers have to manage a prudent market valuation cap of 75%. This again is a supportive factor for the cover pool quality. The consequence of declining property prices, against the backdrop of such valuation, is that the amount of ineligible OC has been constantly growing. This is because PMVC valuations demanded an increase in cover pool volume to have enough assets to fulfill OC requirements. Apart from the legal framework, Irish ACS issuers committed within their T&C to also fulfill minimum OC of 5% on a PMV basis. Over the last few years, issuers have all complied with this.

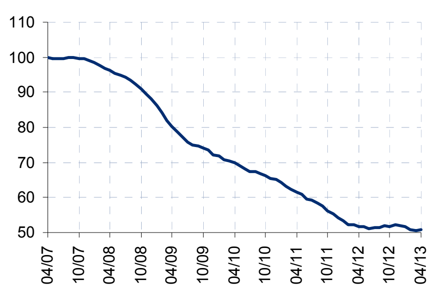
Figure 24. Definition of the PMVC and a simplifying example

The Prudent market value of a mortgage is the nominal value of the mortgage capped at 75% of the indexed property valuation. Indexed LTV levels for loans in the cover pool can exceed the 75% threshold; however, the balance of the loan above the 75%, while remaining in the cover pool, is disregarded for legislative or contractual OC calculation purposes.

Loan	100,000
Indexed Valuation	100,000
	i.e. 100% LTV
Prudent market value cap at 75%	75,000
	100,000*75%/100%
Bonds can be issued up to (min. 5% OC)	71,400

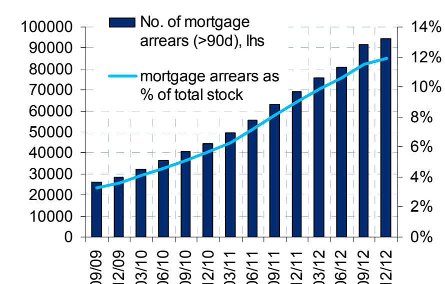
Source: Irish covered bond act, Moody's, BoI

Figure 25. Irish house price development, 2007=100



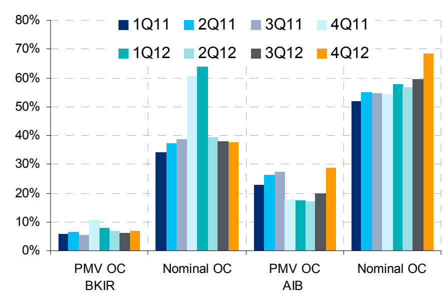
Source: Central Statistics Office Ireland

Figure 26. Loans in arrears increase on a lower pace



Source: Central Bank of Ireland

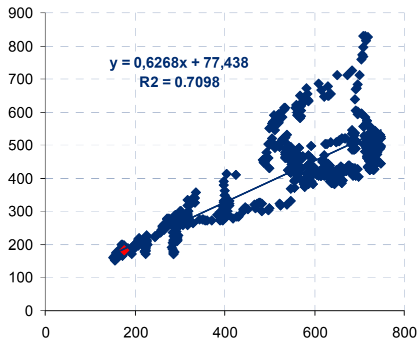
Figure 27. The gap between nominal OC and PMV OC has been widening



Source: Moody's, Issuers

Moody's also points out that this regulatory feature had several implications against the backdrop of house prices falling to around 50 (indexed at September 2007 =100). On the one hand, the amount of assets transferred to the pool was constantly rising. The covered bond law states that although the amount of the loans exceeding the 75% threshold loses eligibility for overcollateralization calculations, they remain in the cover pool. And this can clearly be seen as a further support for covered bond investors. On the other hand, the gap between nominal OC and PMV OC has constantly increased over recent years. Apart from this very useful feature within the covered bond law, there is another supportive contractual element which both Irish MACS (residential mortgage covered bond) issuers BKIR and AIB have implemented. Loans that are in arrears more than one quarter or one month, respectively, are treated as ineligible and will be removed from the cover pool.

Figure 28. AIB 06/17 vs IRISH 10/18: 3y correlation

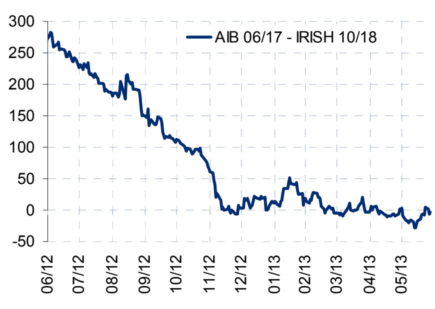


Source: Citi Research; red dot = now

In spite of the legal and contractual safeguards, we think a further support for Irish MACS may come from the rating side. Currently, Moody's is the only rating agency which still rates the Irish sovereign to sub-investment class. Citi economists continue to believe that economic and market events may prompt Moody's to restore Ireland's investment grade rating in the quarters ahead (*European Economic Forecast Highlights - May 2013*). This would have implications on the ratings of Irish mortgage covered bonds. AIB and BKIR were downgraded in 02/11: the last time when additional government's willingness to support the Irish banks was put into question. However, this indirectly shows that the tie to the sovereign – albeit a lower assumed willingness to support – is given. This is why a sovereign comeback to investment grade could lead to the upgrade of the MACS issuers and covered bonds as well. Apart from the rating improvement our economists expect that Ireland's path back to fiscal sustainability will probably remain vulnerable to further shocks and could longer than expected. Given the high correlation between govies and MACS, higher volatility can also be expected in the covered bond segment.

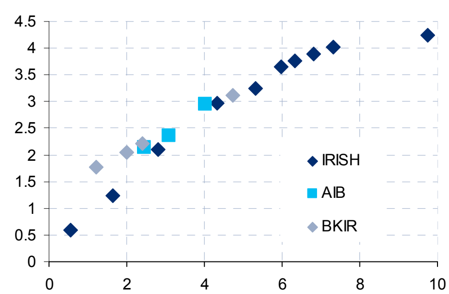
On the market side, a further shrinkage of the ACS market (only BKIR and AIB left as active issuers) is likely, while public sector covered bond issuance cannot be expected in the short and mid term. Both public sector covered bond programs are in a wind-down scenario. Therefore, redemptions of €8.8bn until end 2014 will not be outweighed with new issuance of MACS. The shrinkage of the market should also be a supportive factor for secondary market levels of the covered bonds outstanding.

Figure 29. Outperformance of AIB slowed down, ASW-Spreads, bp



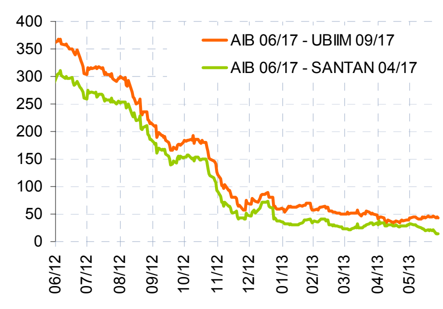
Source: Citi Research

Figure 30. Yield differentials are low in the belly of the curve, %



Source: Citi Research

Figure 31. AIB offers pick-up versus selected Italian and Spanish covered bonds, ASW, bp



Source: Citi Research

We became more defensive on Irish mortgage covered bonds

Moody's latest report pointed out the high quality of the Irish ACS law. However, in most cases, the quality of the legal framework is not the main driver for secondary market movements. For MACS, it is still the high correlation to the sovereign which mostly determines secondary market pricing. This is the main reason why we recently became a bit more defensive on peripheral covered bonds. As we expect peripheral sovereign bonds widening vs bunds over the next months, the same pattern will probably be observable for the covered bonds. However, this doesn't mean that we have changed our standpoint on the relative value between MACS and IRISH. We would continue to prefer the secured paper (by residential assets), especially given the fact that the "trading through the sovereign" pattern couldn't be observed steadily in the Irish market compared to other peripheral segments.

Mortgage lending value in Germany – more of the better

LTV of 60% for all loans is stronger than average

While the Irish covered bond issuers use prudent market valuations for the OC calculations and issuance capacity, German Pfandbrief issuers rely on the mortgage lending value and further measures which should avoid spill-overs from rising property prices. Moody's recently summarized these measures and points out the higher standard compared to other covered bond jurisdictions:

- Residential loans are capped at a loan to value of 60%. This is lower than in many other jurisdictions where the LTV cap for residential assets is at 75% or 80%.
- Valuation is based on mortgage lending value. This is the prudently calculated value of a property. It represents the value which throughout the entire life of the loan can probably be achieved for a property that is sold on the free market — irrespective of temporary (for example, economically-induced) value fluctuations in the respective property market. This requirement serves to eliminate speculative influences. In many other segments, valuation is made by indexation which leads to higher issuance capacity in times of rising property prices. In Germany, upward valuation can only be done if it is made sure that the quality of the property has been improved in a significant way.

This leads to positive side effects and to higher recovery rates

The two following examples show the relative advantage of these measures in the German Pfandbrief Act which is the steady amount of issuance capacity in times of rising property prices on the one hand and higher recovery rates in case of an issuer default on the other hand. The first example assumes that issuance capacity is derived from the original property value where no credit is given to house price increases. Therefore it is around 60% (not exactly, given legal OC requirements). This implies that in case of an issuer default and the necessity to sell assets under stress, full recovery can be achieved if the transaction price is at 40% of the market value. In the second example where issuance capacity is derived from current property valuations, the threshold price for full recovery is much higher and would stand at 60% of the current property value. This also means that in the first example a house price decrease of more than 60% could be withstood while in the second example the buffer for a house price decrease would be at 40%.

Figure 32. Consequences of different valuation methods

Assumptions		Example 1		Example 2	
Loan amount	€ 90	Maximum issuance capacity	~ € 60	Maximum issuance capacity	€ 90
LTV threshold	60%	*LTV threshold x original property value*		*LTV threshold x current property value*	
Original property value	€ 100	Threshold price fo full recovery	40% of market price	Threshold price fo full recovery	60% of market price
Current property value	€ 150	*Maximum issuance capacity / current property value*		*Maximum issuance capacity / current property value*	

Source: Moody's, Citi Research

We stay neutral on German pfandbriefe

We can only join Moody's stance on the Pfandbrief law which — in comparison to some other jurisdictions — tries to provide legal clarity as far as possible for situations of going concern and gone concern. German pfandbriefe have reacted similarly to all other interest bearing securities after the FOMC. However, volatility was much lower causing the Pfandbrief segment to outperform all other covered bond segments based on credit spreads to swaps. Although we think that market volatility may increase over the rest of the year than over the first six months, we expect Pfandbriefe to trade sideways. We therefore continue to be neutral on German pfandbriefe.

EMU-10: July Supply Outlook

Mohit Aggarwal

Nishay Patel

This section is a summary of yesterday's *Euro Rates Strategy* publication. For further details please see the original note.

Gross Issuance in July (€67bn)

€67bn of gross supply in July – 75% comes from France, Germany and Italy

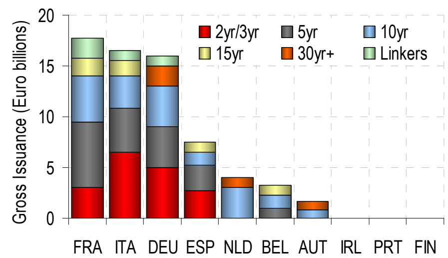
- We forecast €67bn of gross supply in July, €7bn lower than June and €3bn lower than the 2013 monthly average. Around 75% of total issuance in July comes from France (€18bn), Germany (€16bn) and Italy (€17bn) – Figure 33

DV01 of Issuance in July (€50million/bp)

€50million/bp of DV01 issuance. The 10yr sector accounts for around a third of total issuance

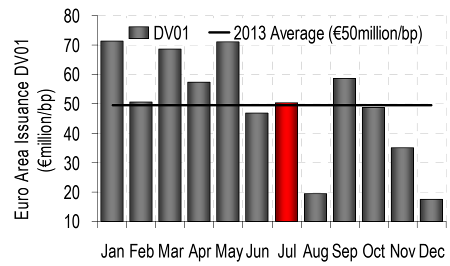
- Figure 34 shows the DV01 of issuance for July and the 2013 monthly average. The projected DV01 of issuance in July is in line with the 2013 average (€50milllion/bp). Within conventional issuance, the 10-year sector accounts for around a third of total issuance at €16million/bp. The DV01 of each of the maturity bucket in July is virtually in line with the corresponding 2013 monthly average (Figure 35).

Figure 33. July Gross Issuance by Country and Maturity (€bn)



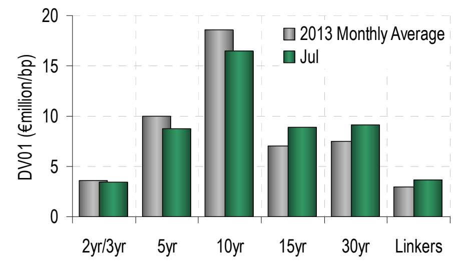
Source: DMOs, Citi Research

Figure 34. DV01 of Euro Government Supply, 2013F (€million/bp)



Source: DMOs, Citi Research

Figure 35. Monthly DV01 of Issuance by Maturity (€million/bp)



Source: DMOs, Citi Research

Very large coupons (€36bn) and redemptions (€109bn)

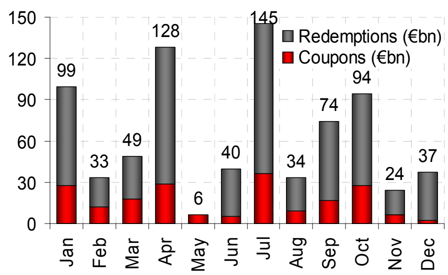
- July has the highest coupons and redemptions in 2013 (Figure 36). 66% of coupon payments and 68% of redemptions in July come from Germany, France and the Netherlands.

July Net Cash Requirement (-€78bn): lowest in 2013

We expect July NCR to be strongly supportive for France, Germany, the Netherlands and Spain

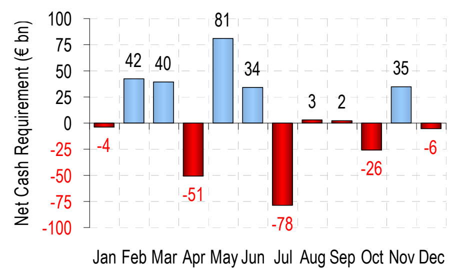
- The EMU NCR (-€78bn) is strongly supportive for bonds in July as €67bn of gross supply is easily outweighed by €36bn of coupon payments and €109bn of redemptions. On a country level, the NCR is strongly supportive for France (-€24bn), Germany (-€18bn), the Netherlands (-€18bn) and Spain (-€16bn) - Figure 37 and Figure 38.

Figure 36. Euro Cash Flows, 2013 (€bn)



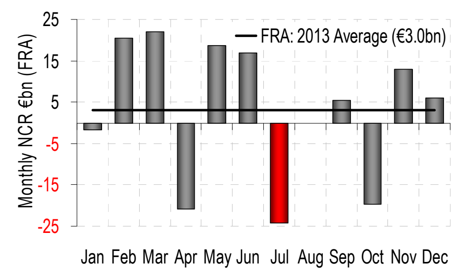
Source: Bloomberg, Citi Research

Figure 37. Euro Government NCR, 2013F (€bn)



Source: DMOs, Citi Research, Bloomberg

Figure 38. France: Monthly NCR 2013F (€bn)



Source: DMO, Citi Research, Bloomberg

EMU relative value trades

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We highlight a number of relative value opportunities on French, Dutch, Spanish and Italian yield curves. Specifically, Bono Oct16s offer attractive 3month carry on a microfly.

France: Taking advantage of cheapness of Oct16s and Feb17s

Buy Oct16s vs surrounding issues

- Buy 5% Oct16 vs 3% Oct15 and 4.25% Oct17 (3m carry: +1.1bp) – Figure 39

Buy Feb17s vs surrounding issues

- Buy 1.75% Feb17 vs 2.5% Jul16 and 4.25% Oct17 (3m carry: +0.6bp) – Figure 40

The Netherlands: Taking advantage of cheapness of Jul21s

Buy Jul21s vs surrounding issues

- Buy 3.25% Jul21 vs 4% Jul18 and 3.75% Jan23 (3m carry: -0.7bp) - Figure 41.

Figure 39. France: 3% Oct15, 5% Oct16, 4.25% Oct17 microfly (bp)

Source: Citi Research

Figure 40. France: 2.5% Jul16, 1.75% Feb17, 4.25% Oct17 microfly (bp)

Source: Citi Research

Figure 41. Netherlands: 4% Jul18, 3.25% Jul21, 3.75% Jan23 microfly (bp)

Source: Citi Research

Spain: Fading the richness of Oct16s

Sell Oct16s vs surrounding issues

- Sell 4.25% Oct16 vs 3.75% Oct15 and 3.8% Jan17 (3m carry: +7.3bp) — Figure 42

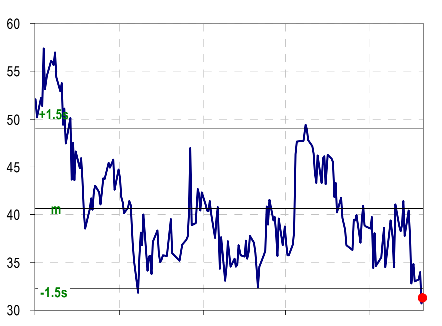
Or, Sell 4.25% Oct16 vs 3.75% Oct15 and 5.5% Jul17 (3m carry: +4.4bp) — Figure 43

Italy: Switch into Aug17s

Switch into the 4yr sector

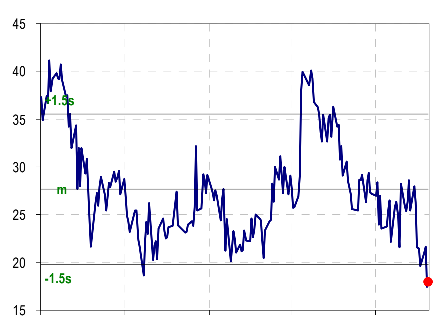
- Switch from 3.5% Nov17 to 5.25% Aug17 at 6bp (3m carry: +2.6bp) — Figure 44.

Figure 42. Spain: 3.75% Oct15, 4.25% Oct16, 3.8% Jan17 microfly (bp)



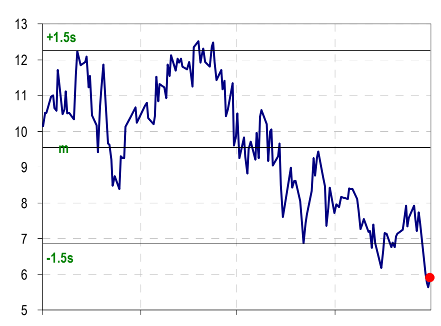
Source: Citi Research

Figure 43. Spain: 3.75% Oct15, 4.25% Oct16, 5.5% Jul17 microfly (bp)



Source: Citi Research

Figure 44. Italy: 3.5% Nov17 – 5.25% Aug17 yield spread (bp)



Source: Citi Research

Relative value tables

Regular readers will be familiar with the Relative Value Appendix showing individual bonds from the major EMU/UK 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 45 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 45. Yield Spread and CAS to Fitted Relative Value Curve (6m History)

GERMANY

Versus Govt Curve (CAS)

	Rank		ZScore	Issued
Richest	1	**6.25 Jan30**	-2.80	Jan00
	2	**5.50 Jan31**	-2.36	Oct00
	3	**1.25 Oct16**	-2.15	Sep11
	4	**2.25 Sep21**	-2.07	Aug11
	5	**4.00 Jul16**	-2.01	May06
	5	**1.50 Feb23**	1.25	Jan13
	4	**4.75 Jul40**	1.43	Jul08
	3	**4.25 Jul39 (UB)**	1.46	Jan07
	2	**3.75 Jan19**	2.17	Nov08
Cheapest	1	**3.50 Jul19**	2.33	May09

Versus Swap Curve (CAS)

	Rank		ZScore	Issued
Richest	1	**6.25 Jan30**	-1.23	Jan00
	2	**3.25 Jul21**	-1.21	Apr11
	3	**2.00 Jan22**	-1.18	Nov11
	4	**2.25 Sep21**	-1.13	Aug11
	5	**1.75 Jul22 (RX)**	-1.02	Apr12
	5	**2.00 Feb16**	0.63	Jan11
	4	**4.25 Jul39 (UB)**	0.71	Jan07
	3	**4.75 Jul40**	0.73	Jul08
	2	**3.25 Jul42**	0.81	Jul10
Cheapest	1	**2.50 Jul44 (30y)**	1.05	Apr12

Source: Citi Research

Figure 46 (overleaf) looks at bonds of all maturities. For investors with maturity restrictions we have also provided another set of summary tables (Figure 47 and Figure 49) which looks at bonds shorter than 12 years and longer than 8 years, and uses the same criteria as Figure 46 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.

EMU relative value table – all maturities

Figure 46. Coupon Adjusted Spread to Fitted Curve and Swap Curve by Country (6m History); All bonds on each curve

GERMANY

Versus Govt Curve (CAS)

	Rank	Bond	ZScore	Issued
Richest	1	6.25 Jan30	-2.80	Jan00
	2	5.50 Jan31	-2.36	Oct00
	3	1.25 Oct16	-2.15	Sep11
	4	2.25 Sep21	-2.07	Aug11
	5	4.00 Jul16	-2.01	May06
	5	1.50 Feb23	1.25	Jan13
	4	4.75 Jul40	1.43	Jul08
	3	4.25 Jul39 (UB)	1.46	Jan07
	2	3.75 Jan19	2.17	Nov08
Cheapest	1	3.50 Jul19	2.33	May09

Versus Swap Curve (CAS)

	Rank	Bond	ZScore	Issued
Richest	1	6.25 Jan30	-1.23	Jan00
	2	3.25 Jul21	-1.21	Apr11
	3	2.00 Jan22	-1.18	Nov11
	4	2.25 Sep21	-1.13	Aug11
	5	1.75 Jul22 (RX)	-1.02	Apr12
	5	2.00 Feb16	0.63	Jan11
	4	4.25 Jul39 (UB)	0.71	Jan07
	3	4.75 Jul40	0.73	Jul08
	2	3.25 Jul42	0.81	Jul10
Cheapest	1	2.50 Jul44 (30y)	1.05	Apr12

FRANCE

Versus Govt Curve (CAS)

	Rank	Bond	ZScore	Issued
Richest	1	3.00 Oct15	-3.75	Oct04
	2	2.00 Jul15	-3.11	Jun10
	3	3.25 May45	-3.03	May12
	4	4.50 Apr41 (30y)	-3.01	Apr09
	5	3.25 Apr16	-2.11	Apr05
	5	3.75 Apr17	2.24	Apr06
	4	4.00 Apr55	2.43	Apr04
	3	3.00 Apr22 (OAT)	2.61	Feb12
	2	2.75 Oct27	3.01	Oct11
Cheapest	1	4.00 Apr60	4.85	Apr09

Versus Swap Curve (CAS)

	Rank	Bond	ZScore	Issued
Richest	1	1.00 Nov18 (5y)	-1.10	Nov12
	2	2.25 Oct22	-0.67	Oct11
	3	4.25 Oct23	-0.65	Oct06
	4	3.75 Apr21	-0.58	Apr05
	5	3.00 Apr22 (OAT)	-0.57	Feb12
	5	0.25 Nov15 (2y)	1.66	Nov12
	4	2.25 Feb16	1.70	Feb10
	3	2.50 Jul16	1.72	Jul10
	2	3.75 Apr17	1.97	Apr06
Cheapest	1	1.75 Feb17	2.08	Feb11

ITALY

Versus Govt Curve (CAS)

	Rank	Bond	ZScore	Issued
Richest	1	4.75 Aug23	-3.30	Feb08
	2	2.25 May16	-2.28	Apr13
	3	4.75 Sep21	-1.66	Mar11
	4	4.00 Feb37	-1.58	Aug05
	5	2.75 Dec15	-1.47	Dec12
	5	4.75 May17	2.05	Feb12
	4	4.00 Feb17	2.23	Aug06
	3	4.50 Mar19 (MFB)	2.36	Sep08
	2	4.75 Jun17	2.42	Jun12
Cheapest	1	5.25 Aug17	2.47	Feb02

Versus Swap Curve (CAS)

	Rank	Bond	ZScore	Issued
Richest	1	0.00 Jun15	-1.33	Jun13
	2	4.00 Feb37	-1.14	Aug05
	3	5.00 Aug34	-0.89	Aug03
	4	5.00 Aug39	-0.74	Aug07
	5	5.75 Feb33	-0.67	Feb02
	5	4.00 Feb17	0.54	Aug06
	4	3.75 Aug15	0.54	Feb05
	3	4.75 Sep44	0.58	Mar13
	2	4.75 Sep16	0.63	Sep11
Cheapest	1	2.25 May16	1.27	Apr13

N'LANDS

Versus Govt Curve (CAS)

	Rank	Bond	ZScore	Issued
Richest	1	3.75 Jan23	-3.34	Jan06
	2	2.25 Jul22	-3.30	Feb12
	3	4.50 Jul17	-2.56	Jul07
	4	2.50 Jan33	-2.40	Mar12
	5	3.50 Jul20	-1.88	Feb10
	5	4.00 Jul18	0.41	Feb08
	4	1.25 Jan19	0.93	Jun13
	3	1.25 Jan18 (5y)	2.37	Jul12
	2	1.75 Jul23 (10y)	2.94	Mar13
Cheapest	1	3.75 Jan42 (30y)	3.27	May10

Versus Swap Curve (CAS)

	Rank	Bond	ZScore	Issued
Richest	1	1.25 Jan19	-1.15	Jun13
	2	3.75 Jan23	-0.19	Jan06
	3	2.50 Jan33	-0.08	Mar12
	4	4.00 Jan37	0.00	Apr05
	5	2.25 Jul22	0.44	Feb12
	5	4.50 Jul17	2.09	Jul07
	4	2.50 Jan17	2.35	Jun11
	3	4.00 Jul16	2.38	Jul06
	2	0.00 Apr16	2.45	Jan13
Cheapest	1	1.25 Jan18 (5y)	2.68	Jul12

SPAIN

Versus Govt Curve (CAS)

	Rank	Bond	ZScore	Issued
Richest	1	3.30 Jul16	-2.14	Apr13
	2	4.90 Jul40	-1.49	Jun07
	3	4.40 Oct23 (10y)	-1.37	May13
	4	3.25 Apr16	-1.04	Nov10
	5	4.85 Oct20	-0.77	Jul10
	5	5.90 Jul26	1.41	Mar11
	4	4.00 Apr20	1.49	Jan10
	3	3.80 Jan17	1.84	Oct06
	2	5.50 Jul17	1.92	Mar02
Cheapest	1	3.75 Oct15	2.02	Sep12

Versus Swap Curve (CAS)

	Rank	Bond	ZScore	Issued
Richest	1	4.20 Jan37	-1.20	Jan05
	2	4.80 Jan24	-1.18	Sep08
	3	5.90 Jul26	-1.15	Mar11
	4	4.90 Jul40	-1.15	Jun07
	5	4.65 Jul25	-1.15	Feb10
	5	4.40 Oct23 (10y)	-0.35	May13
	4	3.15 Jan16	-0.33	Sep05
	3	3.75 Oct15	-0.21	Sep12
	2	4.00 Jul15	-0.19	Jan12
Cheapest	1	3.30 Jul16	0.15	Apr13

BELGIUM

Versus Govt Curve (CAS)

	Rank	Bond	ZScore	Issued
Richest	1	5.00 Mar35	-2.52	May04
	2	3.75 Sep20	-2.10	Jan10
	3	4.25 Sep22	-1.51	Jan12
	4	4.00 Mar17	-1.40	Jan07
	5	3.25 Sep16	-1.29	Jan06
	5	1.25 Jun18 (5y)	0.71	Feb13
	4	4.00 Mar18	0.74	Jan08
	3	5.50 Sep17	0.97	Jun02
	2	4.00 Mar32	1.18	Mar12
Cheapest	1	2.25 Jun23 (10y)	1.21	Jan13

Versus Swap Curve (CAS)

	Rank	Bond	ZScore	Issued
Richest	1	4.25 Sep22	1.16	Jan12
	2	3.75 Sep20	1.19	Jan10
	3	4.25 Sep21	1.19	Jan11
	4	4.00 Mar22	1.32	May06
	5	3.75 Sep15	1.38	Mar05
	5	4.00 Mar17	2.04	Jan07
	4	4.00 Mar18	2.10	Jan08
	3	3.50 Jun17	2.23	Mar11
	2	5.50 Sep17	2.25	Jun02
Cheapest	1	1.25 Jun18 (5y)	2.34	Feb13

Source: Citi Research

EMU relative value table – max 12yr maturity

Figure 47. Coupon Adjusted Spread to Fitted Curve and Swap Curve by Country (6m History); Bonds with a Maximum Maturity of 12yrs

GERMANY

	Versus Govt Curve (CAS) Rank		ZScore	Issued		Versus Swap Curve (CAS) Rank		ZScore	Issued
Richest	1	1.25 Oct16	-2.15	Sep11	Richest	1	3.25 Jul21	-1.21	Apr11
	2	2.25 Sep21	-2.07	Aug11		2	2.00 Jan22	-1.18	Nov11
	3	4.00 Jul16	-2.01	May06		3	2.25 Sep21	-1.13	Aug11
	4	3.25 Jul21	-1.97	Apr11		4	1.75 Jul22 (RX)	-1.02	Apr12
	5	2.00 Jan22	-1.90	Nov11		5	2.50 Jan21	-0.97	Nov10
	5	0.25 Apr18 (5y)	1.18	Apr13		5	3.25 Jul15	0.30	May05
	4	4.25 Jul18 (OE)	1.23	May08		4	1.75 Oct15	0.40	Sep10
	3	1.50 Feb23	1.25	Jan13		3	2.75 Apr16	0.51	Apr11
	2	3.75 Jan19	2.17	Nov08		2	3.50 Jan16	0.62	Nov05
Cheapest	1	3.50 Jul19	2.33	May09	Cheapest	1	2.00 Feb16	0.63	Jan11

FRANCE

	Rank		ZScore	Issued		Rank		ZScore	Issued
Richest	1	3.00 Oct15	-3.75	Oct04	Richest	1	1.00 Nov18 (5y)	-1.10	Nov12
	2	2.00 Jul15	-3.10	Jun10		2	2.25 Oct22	-0.67	Oct11
	3	3.25 Apr16	-2.11	Apr05		3	4.25 Oct23	-0.65	Oct06
	4	1.75 May23 (10y)	-1.80	May12		4	3.75 Apr21	-0.58	Apr05
	5	5.00 Oct16	-1.79	Oct00		5	3.00 Apr22 (OAT)	-0.57	Feb12
	5	4.25 Oct17	1.64	Oct06		5	0.25 Nov15 (2y)	1.66	Nov12
	4	1.75 Feb17	1.71	Feb11		4	2.25 Feb16	1.70	Feb10
	3	2.25 Oct22	2.02	Oct11		3	2.50 Jul16	1.72	Jul10
	2	3.75 Apr17	2.25	Apr06		2	3.75 Apr17	1.98	Apr06
Cheapest	1	3.00 Apr22 (OAT)	2.60	Feb12	Cheapest	1	1.75 Feb17	2.09	Feb11

ITALY

	Rank		ZScore	Issued		Rank		ZScore	Issued
Richest	1	4.75 Aug23	-3.29	Feb08	Richest	1	0.00 Jun15	-1.33	Jun13
	2	2.25 May16	-2.27	Apr13		2	4.75 Aug23	-0.59	Feb08
	3	4.75 Sep21	-1.63	Mar11		3	5.00 Mar25	-0.40	Mar09
	4	2.75 Dec15	-1.45	Dec12		4	3.75 Aug21	-0.35	Feb06
	5	5.00 Mar22	-1.37	Sep11		5	4.50 May23 (10y)	-0.31	Mar13
	5	4.75 May17	2.07	Feb12		5	4.00 Feb17	0.54	Aug06
	4	4.00 Feb17	2.26	Aug06		4	3.00 Nov15 (BTS)	0.54	Nov10
	3	4.50 Mar19 (MFB)	2.37	Sep08		3	3.75 Aug15	0.54	Feb05
	2	4.75 Jun17	2.43	Jun12		2	4.75 Sep16	0.64	Sep11
Cheapest	1	5.25 Aug17	2.45	Feb02	Cheapest	1	2.25 May16	1.27	Apr13

N'LANDS

	Rank		ZScore	Issued		Rank		ZScore	Issued
Richest	1	2.25 Jul22	-3.41	Feb12	Richest	1	1.25 Jan19	-1.16	Jun13
	2	3.75 Jan23	-3.39	Jan06		2	3.75 Jan23	-0.21	Jan06
	3	4.50 Jul17	-2.75	Jul07		3	2.25 Jul22	0.43	Feb12
	4	3.50 Jul20	-1.99	Feb10		4	3.50 Jul20	0.86	Feb10
	5	3.25 Jul21	-1.07	Mar11		5	3.25 Jul21	0.88	Mar11
	5	0.00 Apr16	0.17	Jan13		5	4.50 Jul17	2.05	Jul07
	4	4.00 Jul18	0.23	Feb08		4	2.50 Jan17	2.33	Jun11
	3	1.25 Jan19	0.90	Jun13		3	4.00 Jul16	2.36	Jul06
	2	1.25 Jan18 (5y)	2.10	Jul12		2	0.00 Apr16	2.44	Jan13
Cheapest	1	1.75 Jul23 (10y)	2.90	Mar13	Cheapest	1	1.25 Jan18 (5y)	2.63	Jul12

SPAIN

	Rank		ZScore	Issued		Rank		ZScore	Issued
Richest	1	3.30 Jul16	-2.13	Apr13	Richest	1	4.80 Jan24	-1.18	Sep08
	2	4.40 Oct23 (10y)	-1.41	May13		2	5.85 Jan22 (FBB)	-1.03	Nov11
	3	3.25 Apr16	-1.02	Nov10		3	5.50 Apr21	-1.00	Jan11
	4	4.85 Oct20	-0.79	Jul10		4	5.40 Jan23	-1.00	Jan13
	5	5.50 Apr21	-0.74	Jan11		5	4.85 Oct20	-1.00	Jul10
	5	4.30 Oct19	1.28	Jun09		5	4.40 Oct23 (10y)	-0.35	May13
	4	4.00 Apr20	1.48	Jan10		4	3.15 Jan16	-0.33	Sep05
	3	3.80 Jan17	1.83	Oct06		3	3.75 Oct15	-0.21	Sep12
	2	5.50 Jul17	1.91	Mar02		2	4.00 Jul15	-0.19	Jan12
Cheapest	1	3.75 Oct15	2.04	Sep12	Cheapest	1	3.30 Jul16	0.15	Apr13

BELGIUM

	Rank		ZScore	Issued		Rank		ZScore	Issued
Richest	1	3.75 Sep20	-2.15	Jan10	Richest	1	4.25 Sep22	1.16	Jan12
	2	4.25 Sep22	-1.53	Jan12		2	3.75 Sep20	1.19	Jan10
	3	4.00 Mar17	-1.42	Jan07		3	4.25 Sep21	1.19	Jan11
	4	3.25 Sep16	-1.30	Jan06		4	4.00 Mar22	1.32	May06
	5	3.50 Jun17	-1.12	Mar11		5	3.75 Sep15	1.37	Mar05
	5	4.00 Mar19	0.63	Jan09		5	4.00 Mar17	2.04	Jan07
	4	1.25 Jun18 (5y)	0.64	Feb13		4	4.00 Mar18	2.10	Jan08
	3	4.00 Mar18	0.72	Jan08		3	3.50 Jun17	2.22	Mar11
	2	5.50 Sep17	0.95	Jun02		2	5.50 Sep17	2.25	Jun02
Cheapest	1	2.25 Jun23 (10y)	1.19	Jan13	Cheapest	1	1.25 Jun18 (5y)	2.34	Feb13

Source: Citi Research

EMU relative value table – min 8yr maturity

Figure 48. Coupon Adjusted Spread to Fitted Curve and Swap Curve by Country (6m History); Bonds with a Minimum Maturity of 8yrs

Versus Govt Curve (CAS) / Versus Swap Curve (CAS)

GERMANY

	Rank	Versus Govt Curve (CAS)	ZScore	Issued		Rank	Versus Swap Curve (CAS)	ZScore	Issued
Richest	1	6.25 Jan30	-2.80	Jan00	Richest	1	6.25 Jan30	-1.23	Jan00
	2	5.50 Jan31	-2.36	Oct00		2	3.25 Jul21	-1.21	Apr11
	3	2.25 Sep21	-2.07	Aug11		3	2.00 Jan22	-1.18	Nov11
	4	3.25 Jul21	-1.97	Apr11		4	2.25 Sep21	-1.13	Aug11
	5	2.00 Jan22	-1.90	Nov11		5	1.75 Jul22 (RX)	-1.02	Apr12
	5	1.50 Sep22	0.57	Sep12		5	4.00 Jan37	0.42	Jan05
	4	4.00 Jan37	0.72	Jan05		4	4.25 Jul39 (UB)	0.71	Jan07
	3	1.50 Feb23	1.25	Jan13		3	4.75 Jul40	0.73	Jul08
	2	4.75 Jul40	1.43	Jul08		2	3.25 Jul42	0.81	Jul10
Cheapest	1	4.25 Jul39 (UB)	1.46	Jan07	Cheapest	1	2.50 Jul44 (30y)	1.05	Apr12

FRANCE

	Rank	Versus Govt Curve (CAS)	ZScore	Issued		Rank	Versus Swap Curve (CAS)	ZScore	Issued
Richest	1	3.25 May45	-3.01	May12	Richest	1	2.25 Oct22	-0.67	Oct11
	2	4.50 Apr41 (30y)	-3.00	Apr09		2	4.25 Oct23	-0.65	Oct06
	3	1.75 May23 (10y)	-1.78	May12		3	3.00 Apr22 (OAT)	-0.57	Feb12
	4	4.00 Oct38	-1.52	Oct05		4	3.25 Oct21	-0.56	Oct10
	5	4.75 Apr35	0.41	Apr03		5	3.50 Apr26	-0.45	Apr10
	5	3.50 Apr26	2.15	Apr10		5	4.00 Oct38	0.69	Oct05
	4	4.00 Apr55	2.44	Apr04		4	4.50 Apr41 (30y)	0.69	Apr09
	3	3.00 Apr22 (OAT)	2.66	Feb12		3	4.00 Apr60	1.37	Apr09
	2	2.75 Oct27	3.01	Oct11		2	3.25 May45	1.37	May12
Cheapest	1	4.00 Apr60	4.86	Apr09	Cheapest	1	4.00 Apr55	1.37	Apr04

ITALY

	Rank	Versus Govt Curve (CAS)	ZScore	Issued		Rank	Versus Swap Curve (CAS)	ZScore	Issued
Richest	1	4.75 Aug23	-3.26	Feb08	Richest	1	4.00 Feb37	-1.14	Aug05
	2	4.75 Sep21	-1.61	Mar11		2	5.00 Aug34	-0.90	Aug03
	3	4.00 Feb37	-1.57	Aug05		3	5.00 Aug39	-0.74	Aug07
	4	5.00 Mar22	-1.35	Sep11		4	5.75 Feb33	-0.68	Feb02
	5	5.00 Aug39	-1.25	Aug07		5	5.00 Sep40 (30y)	-0.63	Sep09
	5	5.75 Feb33	0.14	Feb02		5	4.75 Sep21	-0.18	Mar11
	4	4.75 Sep28	0.56	Jan13		4	5.00 Mar22	-0.14	Sep11
	3	5.50 Sep22	1.16	Mar12		3	5.50 Sep22	0.01	Mar12
	2	5.50 Nov22 (IK)	1.31	May12		2	5.50 Nov22 (IK)	0.04	May12
Cheapest	1	4.75 Sep44	1.37	Mar13	Cheapest	1	4.75 Sep44	0.58	Mar13

N'LANDS

	Rank	Versus Govt Curve (CAS)	ZScore	Issued		Rank	Versus Swap Curve (CAS)	ZScore	Issued
Richest	1	2.25 Jul22	-3.42	Feb12	Richest	1	3.75 Jan23	-0.19	Jan06
	2	3.75 Jan23	-3.39	Jan06		2	2.50 Jan33	-0.06	Mar12
	3	2.50 Jan33	-2.68	Mar12		3	4.00 Jan37	0.01	Apr05
	3	3.25 Jul21	-1.09	Mar11		3	3.75 Jan42 (30y)	0.49	May10
	2	3.75 Jan42 (30y)	2.79	May10		2	3.25 Jul21	0.89	Mar11
Cheapest	1	1.75 Jul23 (10y)	2.86	Mar13	Cheapest	1	1.75 Jul23 (10y)	1.30	Mar13

SPAIN

	Rank	Versus Govt Curve (CAS)	ZScore	Issued		Rank	Versus Swap Curve (CAS)	ZScore	Issued
Richest	1	4.90 Jul40	-1.48	Jun07	Richest	1	4.20 Jan37	-1.19	Jan05
	2	4.40 Oct23 (10y)	-1.37	May13		2	4.80 Jan24	-1.18	Sep08
	3	4.20 Jan37	-0.02	Jan05		3	4.90 Jul40	-1.15	Jun07
	4	5.40 Jan23	0.04	Jan13		4	5.90 Jul26	-1.15	Mar11
	5	5.85 Jan22 (FBB)	0.16	Nov11		5	4.65 Jul25	-1.15	Feb10
	5	5.75 Jul32	0.70	Jan01		5	5.75 Jul32	-1.11	Jan01
	4	4.70 Jul41 (30y)	0.71	Sep09		4	4.70 Jul41 (30y)	-1.11	Sep09
	3	4.80 Jan24	0.95	Sep08		3	5.85 Jan22 (FBB)	-1.03	Nov11
	2	4.65 Jul25	1.39	Feb10		2	5.40 Jan23	-1.00	Jan13
Cheapest	1	5.90 Jul26	1.43	Mar11	Cheapest	1	4.40 Oct23 (10y)	-0.34	May13

BELGIUM

	Rank	Versus Govt Curve (CAS)	ZScore	Issued		Rank	Versus Swap Curve (CAS)	ZScore	Issued
Richest	1	5.00 Mar35	-2.62	May04	Richest	1	4.25 Sep22	1.15	Jan12
	2	4.25 Sep22	-1.72	Jan12		2	4.25 Sep21	1.18	Jan11
	3	4.50 Mar26	-1.04	Jun11		3	4.00 Mar22	1.31	May06
	4	4.25 Mar41 (30y)	-0.57	Apr10		4	4.50 Mar26	1.39	Jun11
	4	4.25 Sep21	-0.32	Jan11		4	2.25 Jun23 (10y)	1.45	Jan13
	3	4.00 Mar22	0.08	May06		3	5.00 Mar35	1.52	May04
	2	4.00 Mar32	0.54	Mar12		2	4.00 Mar32	1.80	Mar12
Cheapest	1	2.25 Jun23 (10y)	1.05	Jan13	Cheapest	1	4.25 Mar41 (30y)	2.03	Apr10

Source: Citi Research

UK relative value table

Figure 49. Coupon Adjusted Spread to Fitted Curve and Swap Curve by Country (6m History)

ALL

	Versus Govt Curve (CAS) Rank		ZScore	Issued		Versus Swap Curve (CAS) Rank		ZScore	Issued
Richest	1	4.75 Dec30	-2.63	Oct07	Richest	1	3.75 Sep20	-1.64	Jun10
	2	4.75 Sep15	-2.38	Sep03		2	4.75 Mar20	-1.57	Mar05
	3	4.25 Sep39	-2.12	Mar09		3	2.25 Sep23	-1.48	Jun13
	4	4.50 Dec42	-1.89	Jun07		4	3.75 Sep19	-1.45	Jul09
	5	3.75 Sep20	-1.72	Jun10		5	4.50 Mar19	-1.35	Sep08
	5	2.75 Jan15 (2y-WB)	1.30	Nov09		5	4.25 Dec46	1.57	May06
	4	4.25 Dec27	1.52	Sep06		4	3.75 Jul52	1.60	Sep11
	3	3.25 Jan44 (30y)	1.62	Oct12		3	4.25 Dec55	1.60	May05
	2	5.00 Mar25 (G)	1.71	Sep01		2	3.25 Jan44 (30y)	1.68	Oct12
Cheapest	1	2.25 Sep23	1.90	Jun13	Cheapest	1	4.00 Jan60	1.74	Oct09

2yr - 7yr

	Versus Govt Curve (CAS) Rank		ZScore	Issued		Versus Swap Curve (CAS) Rank		ZScore	Issued
Richest	1	4.75 Sep15	-2.38	Sep03	Richest	1	4.75 Mar20	-1.57	Mar05
	2	5.00 Mar18 (WX)	-1.25	May07		2	3.75 Sep19	-1.45	Jul09
	3	4.75 Mar20	-0.90	Mar05		3	4.50 Mar19	-1.35	Sep08
	4	4.00 Sep16	-0.80	Mar06		4	5.00 Mar18 (WX)	-1.29	May07
	5	1.25 Jul18 (5y)	-0.61	Feb13		5	1.25 Jul18 (5y)	-1.19	Feb13
	5	3.75 Sep19	0.03	Jul09		5	1.00 Sep17	-0.91	Mar12
	4	1.75 Jan17	0.18	Aug11		4	1.75 Jan17	-0.36	Aug11
	3	4.50 Mar19	0.28	Sep08		3	4.00 Sep16	-0.31	Mar06
	2	1.00 Sep17	0.32	Mar12		2	4.75 Sep15	0.00	Sep03
Cheapest	1	2.00 Jan16	0.60	Nov10	Cheapest	1	2.00 Jan16	0.58	Nov10

7yr - 15yr

	Versus Govt Curve (CAS) Rank		ZScore	Issued		Versus Swap Curve (CAS) Rank		ZScore	Issued
Richest	1	3.75 Sep20	-1.72	Jun10	Richest	1	3.75 Sep20	-1.64	Jun10
	2	1.75 Sep22 (10y)	0.04	Jun12		2	2.25 Sep23	-1.48	Jun13
	3	3.75 Sep21	0.19	Mar11		3	3.75 Sep21	-1.25	Mar11
	4					4			
	5					5			
	5					5			
	4					4			
	3	4.25 Dec27	1.52	Sep06		3	1.75 Sep22 (10y)	-0.97	Jun12
	2	5.00 Mar25 (G)	1.71	Sep01		2	5.00 Mar25 (G)	0.98	Sep01
Cheapest	1	2.25 Sep23	1.90	Jun13	Cheapest	1	4.25 Dec27	1.29	Sep06

>15yr

	Versus Govt Curve (CAS) Rank		ZScore	Issued		Versus Swap Curve (CAS) Rank		ZScore	Issued
Richest	1	4.75 Dec30	-2.63	Oct07	Richest	1	4.75 Dec30	0.68	Oct07
	2	4.25 Sep39	-2.12	Mar09		2	4.25 Mar36	0.99	Feb03
	3	4.50 Dec42	-1.89	Jun07		3	4.25 Sep39	1.06	Mar09
	4	4.25 Dec49	-1.32	Sep08		4	4.75 Dec38	1.12	Apr04
	5	4.25 Dec46	-1.13	May06		5	4.25 Jun32	1.17	May00
	5	4.75 Dec38	0.16	Apr04		5	4.25 Dec46	1.57	May06
	4	4.00 Jan60	0.80	Oct09		4	3.75 Jul52	1.60	Sep11
	3	4.25 Jun32	0.98	May00		3	4.25 Dec55	1.60	May05
	2	4.50 Sep34	1.15	Jun09		2	3.25 Jan44 (30y)	1.68	Oct12
Cheapest	1	3.25 Jan44 (30y)	1.62	Oct12	Cheapest	1	4.00 Jan60	1.74	Oct09

Source: Citi Research

4-Week Auction Calendar: US, EMU-10, UK

Mohit Aggarwal

Nishay Patel

This is an excerpt from our latest *Weekly Supply Monitor* published today. For further details (upcoming coupon payments, redemptions and longer-term supply forecasts) please see the original note.

Figure 50. Provisional Auction Calendar for the Next Four Weeks, Gross Issuance (Billions), DV01 (USD Millions)

Date	Country	Nominal Size (Local Ccy, bn)	Issue Details	DV01 $million/bp	Approx. Number 10yr Futures TYU3 (UST)	G U3 (Gilt)	RXU3 (Bund)
02 Jul (Tue)	Austria	1.65	RAGB 2.4% May34 and 4.65% Jan18 (issue confirmed, size €1.65bn)				20k
02 Jul (Tue)	UK	3.5	2¼% Treasury Gilt 2023 (issue and size confirmed)			30k	
03 Jul (Wed)	Germany	4.0	Bobl-166 Apr18 reopening (issue and size confirmed)				16k
04 Jul (Thu)	Spain	3.8	Bono 2yr, 5yr and 15yr (estimated tenors and size)				22k
04 Jul (Thu)	France	7.8	OAT 5yr, 10yr and 15yr (estimated tenors and size)				66k
			Weekly $DV01 of Issuance	**23.8**			
			Total Number of Futures Contracts		**0k**	**30k**	**124k**

Date	Country	Nominal Size (Local Ccy, bn)	Issue Details	DV01 $million/bp	Approx. Number 10yr Futures TYU3 (UST)	G U3 (Gilt)	RXU3 (Bund)
09 Jul (Tue)	Germany	1.0	Boblei '18 reopening (estimated date and issue)				8k
09 Jul (Tue)	Netherlands	2.0	DSL Jul23 re-opening (issue confirmed, size €1.5-2.5bn)				15k
09 Jul (Tue)	UK	1.5	01/8% Index-linked Treasury Gilt 2029 (issue confirmed, estimated size)			12k	
09 Jul (Tue)	US	32.0	3-Year		81k		
10 Jul (Wed)	Germany	5.0	Schatz Jun15 reopening (issue and size confirmed)				14k
10 Jul (Wed)	US	21.0	10-Year (re-opening)		238k		
11 Jul (Thu)	Italy	5.0	BTP 3yr and 15yr (estimated tenors and size)				28k
11 Jul (Thu)	Italy	1.3	CCTeu (estimated size)				5k
11 Jul (Thu)	UK	2.6	3¼% Treasury Gilt 2044 (issue confirmed, estimated size)			46k	
11 Jul (Thu)	US	13.0	30-year (re-opening)		308k		
			Weekly $DV01 of Issuance	**69.4**			
			Total Number of Futures Contracts		**627k**	**58k**	**70k**

Date	Country	Nominal Size (Local Ccy, bn)	Issue Details	DV01 $million/bp	Approx. Number 10yr Futures TYU3 (UST)	G U3 (Gilt)	RXU3 (Bund)
17 Jul (Wed)	Germany	4.0	Bund 1.5% May23 reopening (issue and size confirmed)				31k
18 Jul (Thu)	Spain	3.8	Obligaciones 2yr, 5yr and 10yr (estiamted tenors and size)				17k
18 Jul (Thu)	France	9.0	BTAN, OAT 2yr and 5yr / OATi (estimated tenors and size)				35k
18 Jul (Thu)	US	15.0	10-Year TIPS		187k		
			Weekly $DV01 of Issuance	**27.4**			
			Total Number of Futures Contracts		**187k**	**0k**	**83k**

Date	Country	Nominal Size (Local Ccy, bn)	Issue Details	DV01 $million/bp	Approx. Number 10yr Futures TYU3 (UST)	G U3 (Gilt)	RXU3 (Bund)
23 Jul (Tue)	Netherlands	2.0	DSL Jul21 and Jan42 re-opening (issue confirmed, size €1.5-2.5bn)				28k
23 Jul (Tue)	UK	4.2	Syndicated re-opening of index-linked gilt in the 25-40 year maturity area (to be held in second half of July)			58k	
23 Jul (Tue)	US	35.0	2-Year		89k		
24 Jul (Wed)	US	35.0	5-Year		214k		
25 Jul (Thu)	US	29.0	7-Year		244k		
26 Jul (Fri)	Italy	3.0	CTZ (estimated size)				5k
26 Jul (Fri)	Italy	1.0	BTPei (estimated size)				8k
			Weekly $DV01 of Issuance	**58.5**			
			Total Number of Futures Contracts		**547k**	**58k**	**41k**

The next release of the tentative outright Treasury operation schedule will be at 3 p.m. on June 28, 2013. Therefore we have not provided details of Fed buybacks in this table.

Source: DMOs, Citi estimates

EUR: Coupons & Redemptions (next 3 mths)

Figure 51. EMU-10 Redemptions over the next three months (€bn)

	Redemptions = €167bn										
Redemptions	DEU 39	FRA 46	NLD 16	ITA 39	ESP 15	BEL 0	AUT 0	FIN 6	PRT 6	GRC 0	IRL 0
(Mon) 01-Jul-13				14.3							
(Thu) 04-Jul-13	22.0							6.0			
(Fri) 12-Jul-13		17.7									
(Mon) 15-Jul-13			16.0								
(Thu) 25-Jul-13		17.9									
(Tue) 30-Jul-13					14.9						
(Thu) 01-Aug-13				24.7							
(Fri) 13-Sep-13	17.0										
(Mon) 23-Sep-13									5.8		
(Wed) 25-Sep-13		10.7									

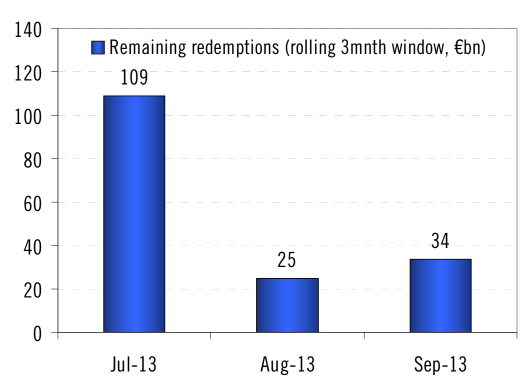
Source: DMOs, Bloomberg, Citi Research

Figure 52. EMU-10 Coupon Payments over the next three months (€bn)

	Coupons = €58bn										
Coupons	DEU 13	FRA 7	NLD 6	ITA 18	ESP 8	BEL 0	AUT 3	FIN 2	PRT 0	GRC 0	IRL 0
(Fri) 28-Jun-13						0.5					
(Mon) 01-Jul-13				0.5							
(Thu) 04-Jul-13	12.1							1.2			
(Fri) 12-Jul-13		2.2									
(Mon) 15-Jul-13			5.7	0.4			1.8				
(Sat) 20-Jul-13											0.002
(Thu) 25-Jul-13		4.0									
(Tue) 30-Jul-13					8.5						
(Thu) 01-Aug-13				8.9							
(Sun) 18-Aug-13											0.0
(Sun) 01-Sep-13				6.5							
(Wed) 04-Sep-13	1.0										
(Fri) 13-Sep-13	0.1										
(Sun) 15-Sep-13				1.9			1.3	0.5			
(Fri) 20-Sep-13	0.04										0.02
(Mon) 23-Sep-13									0.3		
(Wed) 25-Sep-13		0.3									

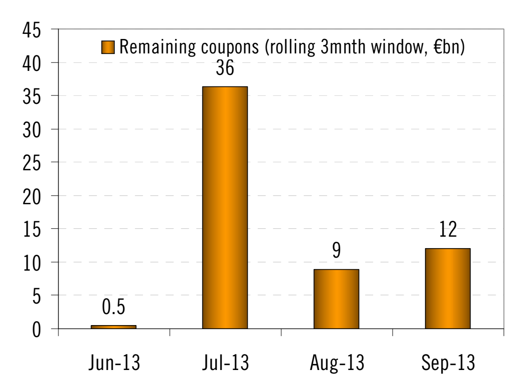
Source: DMOs, Bloomberg, Citi Research

Figure 53. EMU-10 remaining redemptions over the next 3months (€bn)



Source: DMOs, Bloomberg, Citi Research

Figure 54. EMU-10 remaining coupons over the next 3months (€bn)



Source: DMOs, Bloomberg, Citi Research

ESP and ITA Bill Issuance Projections

This page contains our projections for Spanish and Italian bill supply in 2013.

Auction calendar for the next four weeks

Figure 55. 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 2	10 Jul (Wed)	Italy	12 month (14 July 2014; issue confirmed, estimated size)	8.25
			Total Size in Week 2	**8.3**
Week 3	16 Jul (Tue)	Spain	6month (24 January 2014) , 12month (new bond) - tenors confirmed, estimated size	4.75
			Total Size in Week 3	**4.8**
Week 4	23 Jul (Tue)	Spain	3month (18 October 2013), 9month (16 April 2014) - tenors confirmed, estimated size	3.5
			Total Size in Week 4	**3.5**

Italy announces issue size 3 business days before the auction
Spain announces issue details 1 business day before the auction

Source: DMOs, Citi Research

2013 projections for bill supply

Figure 56. 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	0.9	1.1	2.1	4.0		8	10	-1
Jul	1.0	1.3	2.5	3.8		9	5	3
Aug	1.0	1.3	2.5	3.8		9	11	-2
Sep	1.0	1.3	2.5	3.5		8	6	2
Oct	1.0	1.3	2.5	3.5		8	4	4
Nov	1.0	1.3	2.5	3.5		8	9	-1
Dec	1.0	1.3	2.5	3.5		8	8	
Total	12.8	18.1	28.2	44.3	2.5	106	94	12

ITALY	3m*	6m	9m	12m	Flexible BOT	Gross Supply	Redemptions	NCR
Jan		9.8		9.8		20	21	-2
Feb		10.1		9.7		20	19	
Mar		9.4		7.8		17	19	-2
Apr	3.0	9.2		8.9		21	18	3
May		9.2		7.0	3.0	19	16	4
Jun		8.0		7.0		15	16	-1
Jul		9.0		8.3		17	20	-3
Aug		9.0		8.3		17	18	-1
Sep	3.0	9.0		8.3		20	20	
Oct		9.0		8.3		17	17	
Nov		8.5		7.5		16	16	
Dec		10.0		7.5		18	21	-4
Total	6.0	110.2		98.1	3.0	217	222	-5

*3month bills w ill 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 estimates

Inflation Forecasts, Carry & Weekly Changes

Figure 57. Citi Inflation Forecasts

	EUR HICPxT			France CPIxT			UK RPI			US CPURNSA		
Month	Index Forecast	MoM Change	YoY Change	Index Forecast	MoM Change	YoY Change	Index Forecast	MoM Change	YoY Change	Index Forecast	MoM Change	YoY Change
May 13	116.95	0.1	1.4	125.57	0.1	0.7	250.00	0.2	3.1	232.95	0.2	1.4
Jun 13	117.04	0.1	1.5	125.84	0.2	0.8	250.50	0.2	3.6	232.90	-0.0	1.5
Jul 13	116.43	-0.5	1.6	125.42	-0.3	1.0	250.20	-0.1	3.3	232.50	-0.2	1.5
Aug 13	116.65	0.2	1.3	125.87	0.4	0.6	251.20	0.4	3.4	232.70	0.1	1.0
Sep 13	117.16	0.4	1.0	125.56	-0.2	0.7	252.20	0.4	3.3	232.80	0.0	0.6
Oct 13	117.37	0.2	1.0	125.83	0.2	0.8	253.10	0.4	3.1	233.00	0.1	0.7

Source: Citi Research, Bloomberg

Shaded = Already released

Figure 58. US TIPS Inflation- Linked Carry (based on forecasts above) – One week changes

Bond	RY (%)	Chg (bp)	Carry-adj chg	Carry: RY (bp) 1 Aug	1 Sep	1 Oct	Ref	BE (bp)	Chg (bp)	Carry-adj chg	Carry: BE (bp) 1 Aug	1 Sep	1 Oct	ZC Swap - BE Spread (bp)	Chg (bp)
Repo (%)				*0.12*	*0.12*	*0.12*									
TIPS 7/14	-0.97	7	7	7	-5	-39	*US-2.625-07/31/14*	117	-5	-9	6	-7	-42	15	-6
TIPS 1/15	-0.78	9	9	6	-1	-20	*US-2.250-01/31/15*	106	-7	-10	5	-3	-23	17	-3
TIPS 4/15	-0.73	8	8	5	0	-16	*US-2.500-04/30/15*	108	-5	-8	4	-3	-20	8	-5
TIPS 7/15	-1.03	9	9	3	-3	-18	*US-4.250-08/15/15*	143	-7	-9	2	-6	-22	11	-2
TIPS 1/16	-0.73	9	9	4	0	-11	*US-2.625-02/29/16*	130	-7	-9	2	-3	-16	23	-2
TIPS 4/16	-0.65	9	9	4	0	-9	*US-2.000-04/30/16*	129	-5	-7	2	-3	-14	20	-4
TIPS 7/16	-0.80	11	11	3	-1	-10	*US-4.875-08/15/16*	153	-8	-10	1	-5	-16	23	-0
TIPS 1/17	-0.53	24	24	3	1	-6	*US-3.125-01/31/17*	144	-19	-21	1	-3	-12	26	8
TIPS 4/17	-0.44	16	16	3	1	-5	*US-0.875-04/30/17*	147	-10	-12	1	-3	-11	24	3
TIPS 7/17	-0.53	19	19	3	1	-5	*US-4.750-08/15/17*	162	-12	-13	0	-4	-12	29	4
TIPS 1/18	-0.34	27	27	3	2	-3	*US-3.500-02/15/18*	161	-21	-23	0	-3	-11	27	11
TIPS 4/18	-0.32	15	15	3	2	-3	*US-0.625-04/30/18*	168	-9	-10	0	-3	-10	22	3
TIPS 7/18	-0.34	18	18	3	1	-3	*US-4.000-08/15/18*	173	-12	-13	0	-4	-11	33	6
TIPS 1/19	-0.14	17	17	3	2	-2	*US-2.750-02/15/19*	169	-10	-11	0	-3	-9	36	6
TIPS 7/19	-0.15	21	21	2	2	-2	*US-3.625-08/15/19*	182	-14	-15	0	-3	-9	34	11
TIPS 1/20	0.06	20	20	3	2	-1	*US-3.625-02/15/20*	171	-13	-14	0	-3	-8	45	12
TIPS 7/20	0.08	15	15	2	2	-1	*US-2.625-08/15/20*	187	-7	-8	0	-3	-8	40	7
TIPS 1/21	0.24	18	18	2	2	0	*US-3.625-02/15/21*	180	-11	-12	0	-3	-8	43	10
TIPS 7/21	0.27	13	13	2	2	0	*US-2.125-08/15/21*	191	-6	-7	0	-3	-7	42	8
TIPS 1/22	0.41	13	13	2	2	1	*US-2.000-02/15/22*	188	-6	-6	0	-3	-7	42	6
TIPS 7/22	0.42	12	12	2	2	1	*US-1.625-08/15/22*	198	-4	-5	0	-3	-7	40	8
TIPS 1/23	0.48	9	9	2	2	1	*US-2.000-02/15/23*	197	-2	-3	0	-3	-6	40	6
TIPS 1/25	0.69	7	7	2	2	1	*US-7.625-02/15/25*	192	-1	-1	-1	-3	-7	53	4
TIPS 1/26	0.77	4	4	2	2	1	*US-6.000-02/15/26*	201	1	1	-1	-3	-6	47	3
TIPS 1/27	0.86	3	3	2	2	1	*US-6.625-02/15/27*	200	2	2	-1	-3	-6	52	4
TIPS 1/28	0.94	4	4	2	2	1	*US-6.125-11/15/27*	200	0	-0	-1	-3	-6	54	6
TIPS 4/28	0.90	0	0	2	2	2	*US-5.500-08/15/28*	212	4	3	-1	-2	-6	41	2
TIPS 1/29	0.96	-0	-0	2	2	2	*US-5.250-02/15/29*	209	4	4	-1	-2	-5	46	1
TIPS 4/29	0.95	-0	-0	2	2	2	*US-5.250-02/15/29*	211	4	3	-1	-2	-5	45	2
TIPS 4/32	1.08	-1	-1	2	2	2	*US-5.375-02/15/31*	206	5	4	-1	-2	-5	57	2
TIPS 2/40	1.24	-6	-6	1	2	1	*US-4.625-02/15/40*	218	9	8	-1	-2	-4	53	-2
TIPS 2/41	1.25	-6	-6	1	2	1	*US-4.750-02/15/41*	218	8	8	-1	-2	-4	54	-2
TIPS 2/42	1.30	-6	-6	1	1	1	*US-3.125-02/15/42*	222	8	8	-1	-2	-4	51	-1
TIPS 2/43	1.32	-7	-7	1	1	1	*US-3.125-02/15/43*	220	9	8	-1	-2	-4	53	-2

Source: Citi Research, Bloomberg

Figure 59. EUR Inflation- Linked Carry (based on forecasts above)- One week changes

Bond	RY (%)	Chg (bp)	Carry-adj chg	Carry: RY (bp) 1 Aug	1 Sep	1 Oct	Ref	BE (bp)	Chg (bp)	Carry-adj chg	Carry: BE (bp) 1 Aug	1 Sep	1 Oct	ZC Swap - BE Spread (bp)	Chg (bp)
Repo (%)				*0.10*	*0.11*	*0.12*									
BTPei14	0.91	27	27	15	31	-16	*BTP 8/14*	52	-32	-35	4	6	-56	68	34
OATei15	-0.70	7	7	2	2	-30	*FFRG 4/15*	98	-14	-16	1	1	-33	36	8
BUNDei16	-0.38	11	11	2	4	-19	*BUND 1/16*	63	-16	-17	2	3	-20	34	13
BTANi16	-0.45	13	13	0	6	-7	*FFRG 4/16*	102	-17	-19	-1	3	-12	38	10
BTPei16	2.05	-6	-6	9	17	5	*BTP 8/16*	59	-1	-2	1	2	-19	67	-4
OATi17	-0.27	16	16	1	5	-4	*FFRG 4/17*	117	-16	-18	-1	1	-10	32	10
BTPei17	2.42	2	2	7	15	6	*BTP 8/17*	80	-7	-8	0	0	-17	59	5
BOBLei18	-0.27	13	13	1	3	-10	*BUND 1/18*	89	-15	-15	0	0	-13	38	13
OATei18	0.02	12	12	2	3	-8	*FFRG 4/18*	110	-12	-13	0	-1	-14	41	8
BTPei18	2.69	14	14	6	13	6	*BTP 8/18*	77	-20	-21	0	0	-13	70	18
OATi19	0.05	9	9	1	5	-1	*FFRG 4/19*	133	-8	-9	-1	0	-8	39	3
BTPei19	2.76	18	18	6	11	6	*BTP 9/19*	99	-22	-23	0	39	-12	55	21
BUNDei20	-0.11	14	14	1	2	-7	*BUND 1/20*	112	-13	-13	0	0	-10	34	12
OATei20	0.26	9	9	2	3	-5	*FFRG 4/20*	133	-6	-7	0	-1	-11	31	4
OATi21	0.42	8	8	1	4	0	*FFRG 4/21*	142	-5	-6	-1	0	-6	47	2
BTPei21	3.16	9	9	5	10	6	*BTP 9/21*	100	-13	-14	0	34	-10	71	13
OATei22	0.56	10	10	2	3	-3	*FFRG 4/21*	128	-7	-7	0	-1	-9	53	5
BUNDei23	0.16	10	10	1	2	-4	*BUND 1/22*	127	-5	-6	0	-1	-8	47	5
OATi23	0.62	7	7	1	4	1	*FFRG 10/23*	175	-3	-4	-1	-1	-6	28	1
BTPei23	3.39	7	7	4	8	5	*BTP 8/23*	103	-11	-12	0	-1	-8	83	11
OATei24	0.80	5	5	1	3	-2	*FFRG 10/23*	157	-0	-1	-1	-2	-9	36	-2
BTPei26	3.56	17	17	4	7	5	*BTP 3/26*	104	-15	-15	0	23	-7	96	14
OATei27	0.94	2	2	1	3	-1	*FFRG 4/26*	174	1	1	-1	-2	-7	29	-4
OATi29	0.87	5	5	1	3	1	*FFRG 4/29*	202	-2	-3	-1	-1	-5	22	0
OATei32	1.09	2	2	1	2	-1	*FFRG 10/32*	195	1	1	-1	-2	-7	16	-3
BTPei35	3.38	13	13	2	4	3	*BTP 8/34*	160	-14	-15	-1	-2	-7	54	13
OATei40	1.18	3	3	1	2	0	*FFRG 4/41*	209	-2	-2	-1	-1	-5	11	1
BTPei41	3.52	8	8	2	4	3	*BTP 9/40*	156	-8	-8	-1	16	-6	66	8

Source: Citi Research

Figure 60. UK Gilts Inflation- Linked Carry (based on forecasts above)- One Week Changes

Bond	RY (%)	Chg (bp)	Carry-adj chg	Carry: RY (bp) 1 Aug	1 Sep	1 Oct	Ref	BE (bp)	Chg (bp)	Carry-adj chg	Carry: BE (bp) 1 Aug	1 Sep	1 Oct	ZC Swap - BE Spread (bp)	Chg (bp)
Repo (%)				*0.42*	*0.42*	*0.41*									
UKTi Jul16	-1.73	18	17	3	5	8	*UKT 9/16*	248	-23	-23	2	3	4	40	2
UKTi Nov17	-1.43	23	22	1	3	-4	*UKT 3/18*	269	-24	-24	0	-1	-10	24	7
UKTi Apr20	-0.87	25	25	2	5	7	*UKT 3/20*	265	-20	-20	0	1	1	38	8
UKTi Nov22	-0.51	27	27	2	3	1	*UKT 3/22*	275	-16	-16	-1	-1	-6	49	8
UKTi Mar24	-0.26	25	24	2	3	1	*UKT 3/25*	290	-15	-15	-1	-1	-5	36	8
UKTi Jul24	-0.28	24	23	2	4	6	*UKT 3/25*	292	-13	-14	0	0	0	43	7
UKTi Nov27	-0.17	17	17	1	2	1	*UKT 12/27*	311	-7	-7	-1	-2	-5	39	3
UKTi Mar29	-0.04	17	17	1	2	1	*UKT 12/30*	317	-7	-7	-1	-2	-4	34	3
UKTi Jul30	-0.10	16	16	2	3	5	*UKT 6/32*	332	-6	-6	0	-1	-1	27	4
UKTi Nov32	-0.08	11	10	1	2	1	*UKT 6/32*	330	-1	-1	-1	-2	-4	33	-1
UKTi Mar34	0.00	10	10	1	2	1	*UKT 9/34*	331	-2	-2	-1	-2	-4	31	-0
UKTi Jan35	-0.03	10	10	1	2	4	*UKT 3/36*	339	-2	-2	-1	-1	-2	27	0
UKTi Nov37	-0.02	6	6	1	2	1	*UKT 12/38*	342	1	1	-1	-2	-4	28	-3
UKTi Mar40	0.01	5	5	1	1	1	*UKT 9/39*	343	2	2	-1	-2	-4	27	-4
UKTi Nov42	-0.01	4	4	1	1	1	*UKT 12/42*	350	4	4	-1	-2	-4	25	-5
UKTi Mar44	0.05	4	4	1	1	1	*UKT 1/44*	352	4	4	-1	-2	-4	22	-14
UKTi Nov47	0.01	2	2	1	1	1	*UKT 12/46*	354	5	5	-1	-2	-4	23	-6
UKTi Mar50	0.02	2	2	1	1	1	*UKT 12/49*	354	5	5	-1	-2	-4	21	-7
UKTi Mar52	0.04	2	1	1	1	1	*UKT 7/52*	354	5	5	-1	-2	-3	21	-6
UKTi Nov55	-0.02	1	1	1	1	1	*UKT 12/55*	357	5	5	-1	-2	-3	20	-7
UKTi Mar62	-0.03	-0	-0	0	1	0	*UKT 1/60*	358	6	6	-1	-2	-3	20	-6

Source: Citi Research

Summary of Recent Publications

Date	Publication	Topic	Page	Region
26-Jun-13	NOTE	UK Rates Strategy: The Gilt 'Scorecard': Turning Bullish	-	UK
26-Jun-13	NOTE	European Rates Strategy: The Month-end RV Pack	-	EUR
26-Jun-13	NOTE	EMU July Supply Outlook: Sizeable cash flows in the core	-	EUR
24-Jun-13	NOTE	Flow Monitor: Selling in both core and non-core (especially ESP, ITA & FRA)	-	EUR
24-Jun-13	NOTE	European Rates Strategy: EGB Spreads Post-FOMC	-	EUR
21-Jun-13	NOTE	Euro Inflation-Linked Index Projection: Changes supportive for German real yields	-	EUR
21-Jun-13	NOTE	European Month-end Index Projections: EGBI changes very supportive for Finland	-	EUR
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Appendix A-1

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