

MNI EGB Supply – W/C 3 February, 2025

7 February 2025 - By Tim Davis and Amana Hussain

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THIS WEEK

Belgium is due to hold an ORI auction today. Already this week Austria, Spain and France held auctions, Finland held an ORI auction and Croatia a syndication. **We look for estimated gross issuance for the week of E24.7bln**, down from E40.9bln issued last week.

- On Tuesday, **Croatia** held a syndication, launching the new 12-year 3.25% Feb-37 CROATI (ISIN: XS2997390153) for E2bln (MNI expected E1.5bln), with final books in excess of E4.4bln.
- On Tuesday, **Austria** held an RAGB auction selling E863mln (E750mln allotted) of the 5-year 3.45% Oct-30 RAGB (ISIN: AT0000A38239) and E863mln (E750mln allotted) of the 15-year 3.20% Jul-39 RAGB (ISIN: AT0000A3D3Q8).
 - A further E132mln of each of these RAGBs was sold in the non-competitive round.
- On Thursday, **Spain** held a Bono/Obli and ObliEi auction selling a combined E6.192bln (upper end of E5.5-6.5bln target range): E2.587bln of the recently launched 3-year 2.40% May-28 Bono (ISIN: ES0000012O59), E1.737bln of the 3.10% Jul-31 Obli (ISIN: ES0000012N43), and E1.867bln of the on-the-run 30-year 4.00% Oct-54 Obli (ISIN: ES0000012M93) were sold. E570mln (mid-range of the E250-750mln target range) of the 1.15% Nov-36 Obli-Ei (ISIN: ES0000012O18) was also issued.
 - The take-up was skewed towards the 3-year 2.40% May-28 Bono which saw a similar amount sold to at its launch auction in January.
 - The amount sold of the 7-year Obli was lower than in January with the 30-year take-up a bit higher than in November.
 - All the stop prices were in excess of the pre-auction mid-prices.
- On Thursday, **France** held a very strong LT OAT auction selling a combined E12.999bln (top of the target range): E8.641bln of the new 10-year 3.20% May-35 OAT (ISIN: FR001400X8V5), E1.589bln of the 30-year on-the-run 3.25% May-55 OAT (ISIN: FR001400OHF4), E1.604bln of the 1.25% May-36 OAT (ISIN: FR0013154044) and E1.165bln of the 1.25% May-38 OAT (ISIN: FR0014009O62) were sold.
 - The allocation was heavily in favour of the new 10-year 3.20% May-35 OAT which saw a record E8.641bln sold. That is the highest ever single line allocation at a French auction - and only the E10bln syndication of the 3.60% May-42 OAT two weeks ago was larger in terms of any French issuance operation. The 3.20% May-35 OAT also saw the second ever highest volume of bids at an auction - second only to the 2.75% Feb-30 OAT at the MT OAT auction two weeks ago.
 - For the other OATs on offer, due to the smaller volumes sold the bid-to-covers were all incredibly strong (ranging from 4.29x to 5.73x). The stop prices on all of these were much higher than the secondary market mid-price and the discount between the low price and the average price was 0.01 for the 1.25% May-36 OAT and 0.02 for the other two issues (so very tight tails).
 - OAT futures were already moving higher ahead of the bidding deadline, with the strength of the auction pushing futures even higher but not quite managing to make a new intraday day.
- Finland** held an ORI operation on Thursday selling E227mln of the long 4-year 2.875% Apr-29 RFGB (ISIN: FI4000557525) and E175mln of the short 8-year 1.50% Sep-32 RFGB (ISIN: FI4000523238).
- To conclude the week on Friday, **Belgium** will hold an ORI operation with a combined E500mln of the 5.00% Mar-35 OLO (ISIN: BE0000304130) and the 1.90% Jun-38 OLO (ISIN: BE0000336454) on offer.

NOMINAL FLOWS: This week sees E17.8bln of redemptions from a formerly 8-year Italian CCTEU. Coupon payments for the week total E6.8bln of which E5.2bln are Italian, E1.3bln are from EU-bonds and E0.2bln are Austrian. **This leaves estimated net flows for the week at close to flat (positive E0.1bln)**, down from positive E14.9bln last week.

[For a calendar of all announced EGB/EU/ESM/EFSS auctions see the MNI EZ/UK Bond Supply Calendar here.](#)

NEXT WEEK (W/C 10 February)

The Netherlands, Germany, Greece, Italy and potentially Portugal are all due to hold auctions in the W/C 10 February, whilst the EU is scheduled to hold a syndication. We also pencil in syndications from Belgium, Germany, Italy and Spain. **We look for estimated gross issuance for the week of E54.3bln.**

- **The EU** has a syndication scheduled for the W/C 10 February. We had been pencilling in a launch of a new 10-year EU-bond with either an October or December 2035 maturity. However, our conviction has reduced somewhat after the EU chose to reopen the current 10-year benchmark (the 3.00% Dec-34 EU-bond) at its auction on 27 January. This may indicate that a March launch could be possible for the new 10-year (rather than February). If we don't see a new 10-year EU-bond launched, we think that the next most likely candidate would be a 20-year EU-bond maturing in 2045 (note that 2045 is one of only two years without an NGEU or SURE bond maturity).
- On Tuesday 11 February, **the Netherlands** will hold an auction to sell E1.5-2.0bln of the 2.75% Jan-47 DSL (ISIN: NL0010721999).
- Also on Tuesday 11 February, **Germany** will look to sell E5bln of the 2.40% Apr-30 Bobl (ISIN: DE000BU25042)
- On Wednesday 12 February, **Greece** will hold a GGB auction. The details will be announced the preceding day. We note that Greece has reopened either a 5-year GGB or 10-year GGB at each of the last 16 auctions (every auction since July 2023).
- On Wednesday 12 February, **Germany** will return to the market to hold a 30-year Bund auction. E1.5bln of the the 0% Aug-50 Bund (ISIN: DE0001102481) will be on offer alongside E1bln of the 2.50% Aug-54 Bund (ISIN: DE000BU2D004).
- Also on Wednesday 12 February, **Portugal** will potentially hold an OT auction. If it does, details will be announced on Friday 7 February.
- On Thursday 13 February, **Italy** will hold a 3/7 and 15-50-year BTP auction. Details will be announced on Monday 10 February. We expect a reopening of the 3-year 2.70% Oct-27 BTP (ISIN: IT0005622128) alongside the 7-year 3.15% Nov-31 BTP (ISIN: IT0005619546) but we don't have a strong conviction regarding the 15+ year BTP. We also note that there is a possibility that the 15+ year BTP auction is cancelled if we see a syndication earlier in the week.
- **Syndication we think are likely in are in the W/C 10 February:**
 - **Belgium:** We pencil in a 30-year Jun-56 OLO in the first half of February. This would likely see the 24 February conventional auction cancelled. We look for a E5bln transaction size (consistent with the last 3 years), with some upside risk.
 - **Germany:** We pencil in a 30-year Bund syndication. We expect a similar size to last year (E6bln with E1bln retained). We had originally pencilled the syndication in for either late January or the first week of February, however we think that the volatility seen post-Trump's Canadian, Mexican and Chinese tariffs on Monday scuppered the chances for an early February syndication. We still think there is a good chance that we see the transaction take place in the W/C 10 February, however, with E30.5bln of a former 10-year Bund due to mature on 15 February (and with the DFA likely to want to keep a decent cash buffer).
 - **Italy:** 15-year BTP: We look for a 2040 BTP to be launched via syndication in February. We note that since 2019 a new 15-year BTP has launched in either January or February in 4/6 years (the exceptions being 2022 when it launched in May and 2023 when there was no 15-year launch at all). We look for a launch size of E8-10bln. There is also potential for a new 30-year BTP€I, although we think that is less likely until later in the year. As we note above, there is a chance that if we see a conventional BTP launch via syndication that we see the 15+ year auction cancelled. If we don't see a syndication in the W/C 10 February it may be that we don't see the next Italian syndication until March. The W/C 17 February will see the launch of the inaugural retail BTP Piu while the W/C 24 February will see auctions of BTP-ST/BTP€i as well as 5/10-year BTP/CCTeu
 - **Spain:** We expect the second Spanish syndication of 2025 to be held in February (we pencil in the W/C 10 February but the W/C 24 February is possible). We think that the most likely new issue would be either a 20-year 2045 Obli (there is currently no 2045 Obli) or a long 15-year 2041 Obli (there is already the 4.70% Jul-41 Obli but that was launched back in 2009 and already has E22.7bln outstanding but Spain tends to launch a new long 15-year on alternate years). In terms of other gaps on the curve, 2036 is likely to be too close to the new 10-year issues launched this year, 2038 is a possibility and then there are no other gaps until 2047.
- **Other syndications we think are possible in February:**

- **Slovakia:** We look for a new 12-year 2037 SloVGB to launch via syndication in February. Historically, Slovakia left its first syndication of the year until April but there has been a February syndication in each of the past two years. Slovakia has not in recent years tapped an existing issue and we don't expect that to change this year (we expect there would have been an announcement if that was the case). We pencil in a transaction size of E2.5-3.5bln.

NOMINAL FLOWS: The W/C 10 February sees no redemptions. Coupon payments for the week total E0.4bln of which E0.2bln are from EFSF-bonds. **This leaves estimated net flows for the week at positive E53.9bln.**