

European Rates Supply Preview: Week ahead

EGB net supply dragged down by French repayments

EGBs: Germany, the Netherlands, Italy and EU

Gross EGB auctions volume decreases to c.16€bn with Germany, the Netherlands and Italy in the market. Germany, Italy, Austria and France repay €61.1bn in C&R. This may be a window of opportunity for the French 15/20y OATi syndication.

On Monday, the EU taps the EU Oct28 and Jul34 for €2.5bn.

On Tuesday, Germany taps the BKO Jun25 for €6bn.

On Tuesday, the Netherlands tap the DSL Jul28 for up to €2.5bn.

On Wednesday, Germany taps the DBR May38 for €1.5bn and Jul40 for €1bn. Portugal may also announce an auction later today.

On Thursday, Italy runs an auction for the BTPShort and BTP€i (details TBA on 22-May).

Bills: Cyprus, France, Germany, Austria and Italy

On Monday, **Cyprus** offers the 3m line (amount TBA). Also on Monday, **France** offers two 3m lines and one 12m line for €5.6bn. Also on Monday, **Germany** offers the 6m line for €3bn. On Tuesday, **Austria** offers two 3m lines for €2.5bn in total. On Friday, **Italy** offers bills (details TBA).

Exhibit 3: EGB spread residuals (in bp) according to PCA RV (cheap = positive residual)

Cheap Spanish long-end

	2y	5y	7y	10y	15y	25y
Austria	-2.7	1.2	2.0	-0.7	-2.7	1.8
Netherlands	-4.1	1.3	2.5	-0.1	-2.1	-1.1
Belgium	-0.3	2.2	3.2	1.1	-0.9	2.1
France	0.1	0.4	1.3	-1.5	-3.9	-0.3
Italy	-0.3	1.4	1.0	-3.1	-1.9	2.5
Spain	0.1	0.0	-1.2	-3.8	0.5	5.1
Portugal	-0.7	1.6	1.8	-0.9	-1.0	-0.9

Source: BofA Global Research, Bloomberg (BFV rates). Residuals = Actual - Fitted EGB yield (expressed in bp and as a spread to Germany). The current value of dislocation (top-left corner of the table) is the z-score of the current standard deviation of EGB residuals originating from the regression on the first 11 principal components. For the full methodology please refer to report replace this text

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UK: UKTI Mar51 and UKT (G) Jul33

In the UK, the DMO taps the UKTI Mar51 £750mln and UKT (G) Jul33 for £3bn.

US: 2y FRN and 2y, 5y, 7y Notes

In the US, the Treasury issues taps the 2y FRN and issues the new 2y, 5y, 7y Notes for \$144bn in total.

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Refer to important disclosures on page 8 to 9.

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Rates Research
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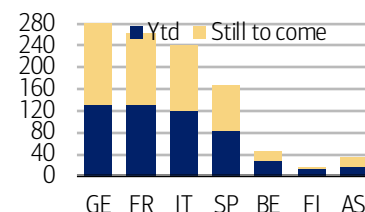
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Exhibit 1: Euro fixed coupon bond issuance, ytd vs. our estimates for the rest of 2023

Year to date versus expected 2023 target

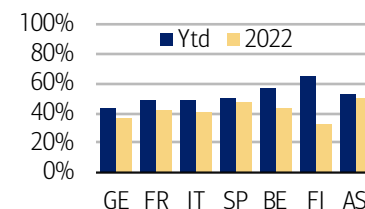


Source: BofA Global Research. Note that this is only an indication of issuance evolution in the EUR FIXED COUPON market. It does not incorporate the funding through inflation linked bonds, CTZs and CCTs

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Exhibit 2: Ytd Euro fixed coupon bond issuance in % of 2022 estimated targets

49% of the issuance done so far



Source: BofA Global Research. Note that this is only an indication of issuance evolution in the EUR FIXED COUPON market. It does not incorporate the funding through inflation linked bonds, CTZs and CCTs

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Global bond supply/redemptions next 2 weeks

Exhibit 4: Eurozone, UK and US government bond supply and C&R in the next two weeks

Increased redemptions and coupons flows with a moderate gross supply lead to a negative net supply of €40.1bn

	Date	Settle	Country	Sector	Amount (bn)	Bond	Type		Date	Country	Amt (bn)		Type	
Europe	22-May	24-May	EU	5y	2.5	EU 0% 10/28	Tap		22-May	IT	-	8.6	BTP 0.45% 05/23	R
	22-May	24-May	EU	11y	2.5	EU 3.25% 07/34	Tap		22-May-26-May	IT	0-3y	0.3	BTP	C
	23-May	25-May	GE	2y	6.0	BKO 0% 06/25	Tap		23-May	AS	11-26y	0.3	RAGB	C
	23-May	25-May	NE	5y	2.0-2.5	DSL 0.75% 07/28	Tap		25-May	FR	-	41.7	OAT 1.75% 05/23	R
	24-May	26-May	GE	15y	1.5	DBR 1% 05/38	Tap		25-May	FR	0-49y	10.2	OAT	C
	24-May	26-May	GE	27y	1.0	DBR 4.75% 07/40	Tap							
	25-May	29-May	IT	TBA on 22-May	3.0-5.0(e)	BTPShort, BTPEI	TBA on 22-May							
							Total week	€18.5-21.0(e)						
	30-May	01-May	IT	TBA	7.0-9.0(e)	5y BTPS, 10y BTPS, CCTeu	TBA		28-May-01-Jun	IT	0-40y	2.5	BTPS/Italy Float	C
	31-May	02-May	GE	6y	3.0	DBR 2.1% 11/29	Tap		31-May	SP	3y	0.4	SPGB 2.8% 05/26	C
	01-Jun	05-May	FR	TBA on 26-May	11.0-12.0(e)	>8y OAT	TBA on 26-May							
	01-Jun	05-May	SP	TBA on 26-May	5.0-6.0(e)	SPGB/SPGBEI	TBA on 26-May							
	02-Jun	05-May	BE	TBA on 01-Jun	0.5-0.7(e)	ORI Facility	ORI							
							Total week	€26.5-30.7(e)						
UK	23-May	24-May	UK	27y	0.75	UKTI 0.125% 03/51	Tap		22-May	UK	0-42y	0.9	UKTI	C
	24-May	25-May	UK	10y	3.0	UKT (G) 0.875% 07/33	Tap							
							Total week	£3.75(e)						
							Total week	TBA						
US	23-May	31-May	US	2y	42.0	T	New							
	24-May	26-May	US	2y	24.0	FRN	Tap							
	24-May	31-May	US	5y	43.0	T	New							
	25-May	31-May	US	7y	35.0	T	New							
							\$144.0							
							\$0.0							
	31-May		US	-	149.0	T	R		31-May	US	0-6y	11.9	T	C
							Total week	\$0.0						
						Total week	\$160.9							

Exhibit 6: Issuance of EUR denominated fixed coupon bonds YTD versus estimated 2023 target – comparison with % reached at same time in '22 ()**

Issuance volumes led by France

	EZ total	AS	BE	FI	FR***	GE	GR*	CY	IR	IT**	NE	PO	SP
Issued week 15 May	26.8	-	4.0	0.9	11.0	4.0	0.4		-	-	-	-	6.5
Issued YTD, Gross	557.9	18.0	25.6	11.8	129.3	131.3	6.7		4.8	119.1	22.9	5.1	83.3
As% of 2023	49%	53%	57%	66%	49%	43%			68%	49%	46%	33%	50%
Difference vs 22	5%	3%	14%	33%	8%	7%			-14%	9%	-9%	-34%	2%
Gross supply left	591.9	15.7	19.4	6.2	134.7	171.5	0.3		2.3	121.9	27.1	10.1	82.7
Redemptions (bn) **	463.3	21.9	21.3	5.8	104.7	91.0			0.0	143.7	17.5	9.7	47.7
Net supply left	128.6	-6.2	-1.9	0.4	30.0	80.5	0.3		2.3	-21.8	9.6	0.4	35.0

Source: BofA Global Research, Bloomberg. Difference vs 22: positive when the country is more advanced than in 2022. Numbers may not add-up due to rounding. Numbers between bracket correspond to provisory figures (awaiting second day allocation), (***) NOT netted for buy-back operations (estimated at €20bn).(*) we expect very small Euro bond issuance from these countries, as they will mainly rely on EU/IMF help to pay back their debt and fund their deficit; (+) Exclusively held by the ECB/EIB(**) This is an indication of issuance evolution in the EUR FIXED COUPON bonds. It may not translate the full picture of evolution of state funding as it does not incorporate inflation linked bonds, zeros and floating rate notes issuance / redemp. The table only tracks auctions and syndications

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Exhibit 7: Total bond and Bill issuance in 2023 across all bond types, with buybacks included where relevant

Supply through the year

2023	Austria	Belgium	Finland	France	Germany	Greece	Ireland	Italy	Netherlands	Portugal(**)	Spain	Totals
EUR fixed coupon bonds (1)	34	45	18	264	303	7	7	241	50	15	166	1150
Change versus 2022	1	2	0	4	81	1	0	17	6	3	22	136
Other Bonds (EUR linkers/floating/zero cpn) (2)	0	0	0	26	7	0	0	70	0	0	7	110
Gross Bond Issuance (3) = (1)+(2)	34	45	18	290	310	7	7	311	50	15	173	1260
Change versus 2022	1	1	0	4	81	-1	0	40	6	3	22	156
Total Redemptions* (4)	28	21	11	156	189	5	7	266	30	10	92	815
Net Bond issuance (*inc. Buybacks)	6	24	7	134	121	2	0	45	20	5	81	445
Change versus 2022	-1	8	0	11	60	-1	5	4	7	1	-2	90
Net Bill issuance (6)	6	1	1	3	42	1	0	0	4	4	-5	57
Net Total (5)+(6)	12	25	8	138	163	3	0	45	24	9	76	503

Source: BofA Global Research, Countries Treasuries. Note: Numbers are expressed in EUR bn and may not add up due to rounding. (2) Total bonds correspond to the sum of EUR-denominated fixed coupon bonds

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Exhibit 8: Forecasted European government bond gross supply in 2023

Supply through the year

	Jan	Feb	Mar	Apr	May (est.)	Jun (est.)	Jul (est.)	Aug (est.)	Sep (est.)	Oct (est.)	Nov (est.)	Dec (est.)	2023
Austria	6	2	2	7	5	2	1	1	5	1	1	1	34
Belgium	7	6	4	4	5	5	4	2	5	3	0	0	45
Finland	4	0	2	5	2	0	0	2	1	1	1	0	18
France	27	32	31	24	31	27	30	13	29	25	17	3	290
Germany	28	32	28	30	32	19	25	27	27	25	29	8	310
Greece	4	0	3	0	0	0	0	0	0	0	0	0	7
Ireland	4	0	1	0	1	0	0	0	1	0	0	0	7
Italy	31	31	37	34	23	29	21	11	27	25	28	14	311
Netherlands	6	8	2	6	5	6	3	0	6	3	4	0	50
Portugal	3	1	1	0	2	1	0	0	2	2	2	0	15
Spain	25	19	15	13	13	22	14	7	18	14	7	5	173
Total	145	131	127	123	120	112	98	64	121	98	90	31	1260

Source: BofA Global Research. Note: Numbers are expressed in EUR bn.

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Exhibit 9: Projected supply net of coupons, redemptions, buybacks and QE

Monthly supply through the year

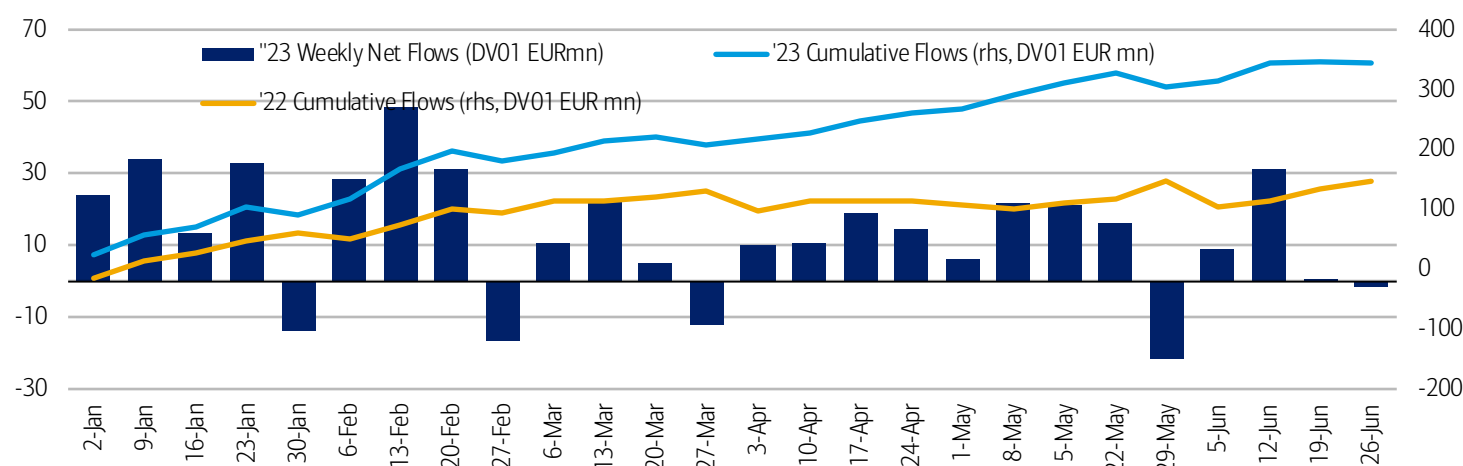
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2023
Austria	6	2	1	1	5	2	-7	1	5	-8	1	1	10
Belgium	7	6	2	4	5	-9	4	2	5	-4	0	0	22
Finland	4	0	2	0	2	0	0	2	-3	1	1	0	10
France	27	19	9	6	-16	27	9	14	29	-18	14	4	123
Germany	26	12	16	-2	13	7	22	10	16	12	30	-4	158
Greece	-2	0	2	0	0	0	0	0	0	0	0	0	0
Ireland	4	0	-6	0	1	0	0	0	1	0	0	0	0
Italy	14	27	-1	23	-15	10	9	-26	-1	-5	-3	3	34
Netherlands	-8	9	2	7	6	6	-11	0	6	3	4	0	24
Portugal	3	0	1	-1	2	1	0	0	2	-6	2	0	4
Spain	0	18	15	11	-6	21	-8	6	18	-7	1	4	71
Total	81	91	42	50	-3	66	18	10	77	-34	50	7	456

Source: BofA Global Research. Note: Numbers are expressed in EUR bn.

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Exhibit 10: Weekly DV01 of gross issuance net of reinvestment flows (from privates and ECB)

Net supply in DV01 terms is seen accelerating over May



Source: ECB, Treasuries, Own calcs

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Eurozone bond supply/redemption quarterly**Exhibit 11: Euro-area government bond auctions (incl. fixed coupons, IL, CTZ, CCT), coupons and redemptions (only EUR) for Q2 2023**

Flows through the quarter

Auctions	Date	Ctry	Amt	Sector(s)	Date	Country	Amount	Type
Syndication	May	FR		10/20y OATi				
Wk 13					Wk 13	1-Apr	IT	0.9 C
Wk 14	4-Apr	AS	1.0-2.0(e)	RAGB	Wk 14			
	4-Apr	NE	3.0-5.0	DSL 2.50% 01/30				
	5-Apr	GE	4.0	DBR 2.1% 11/29				
	6-Apr	FR	11.0-12.0(e)	>8y OAT				
Wk 15	11-Apr	GE	5.0	OBL 2.2% 4/28	Wk 15	14-Apr	GE	18.5 R
	12-Apr	PO	0.75-1.25(e)	PGB (potential auction)		14-Apr	PO	0.4 C
	13-Apr	IT	7.0-9.0(e)	3y BTPS, 7y BTPS, >10y BTPS		15-Apr	GE	16.5 R
	13-Apr	SP	5.0-6.0(e)	SPGB/SPGBEI		15-Apr	FI	5.0 R



Exhibit 11: Euro-area government bond auctions (incl. fixed coupons, IL, CTZ, CCT), coupons and redemptions (only EUR) for Q2 2023

Flows through the quarter

Auctions	Date	Ctry	Amt	Sector(s)		Date	Country	Amount	Type
						15-Apr	GE	0.2	C
						15-Apr	FI	0.5	C
						15-Apr	IT	1.2	C
						15-Apr	PO	0.4	C
Wk 16	18-Apr	FI	1.0-1.5(e)	RFGb	Wk 16	18-Apr	PO	0.2	C
	18-Apr	NE	1.5-2.5(e)	DSL		20-Apr	AS	6.2	R
	19-Apr	GE	4.0	DBR 2.3% 2/33		20-Apr	IT	9.3	R
	20-Apr	FR	11.0-12.0(e)	2-8y OAT/OAT€i		22-Apr	BE	0.3	C
	20-Apr	SP	5.0-6.0(e)	SPGB					
	21-Apr	IT	3.0-5.0(e)	BTPShort, BTP€i					
Wk 17	24-Apr	BE	2.0-3.0(e)	BGB	Wk 17	25-Apr	FR	10.6	R
	25-Apr	GE	6.0	BKO 0% 6/25		25-Apr	FR	9.3	C
	27-Apr	IT	7.0-9.0(e)	5y BTPS, 10y BTPS, CCTeu					
	27-Apr	FI	0.4(e)	RFGb ORI					
Wk 18					Wk 18	30-Apr	SP	21.8	R
						30-Apr	SP	3.4	C
						30-Apr	IT	0.3	C
Total Apr			up to €77.6-93.7(e)		Total Apr			€ 105.0	
Wk 18	3-May	GE	3.0	DBR 2.1% 11/29	Wk 18	1-May	IT	17.1	R
	4-May	FR	11.0-12.0(e)	>8y OAT		1-May	IT	4.3	C
	4-May	SP	5.0-6.0(e)	SPGB/SPGB€i					
	5-May	BE	0.5-0.7(e)	ORI Facility					
Wk 19	9-May	AS	1.0-2.0(e)	RAGb	Wk 19				
	9-May	GE	5.0	OBL 2.2% 4/28					
	10-May	PO	0.75-1.25(e)	PGB (potential auction)					
	11-May	IR	1.0-2.0(e)	IRISH (potential auction)					
	11-May	IT	7.0-9.0(e)	3y BTPS, 7y BTPS, >10y BTPS					
Wk 20	16-May	FI	1.0-1.5(e)	RFGb	Wk 20	15-May	GE	22.5	R
	17-May	GE	4.0	DBR 2.3% 2/33		15-May	IT	10.1	R
	17-May	FR	11.0-12.0(e)	2-8y OAT/OAT€i		15-May	GE	0.8	C
	18-May	SP	5.0-6.0(e)	SPGB		15-May	IT	0.8	C
						15-May	IE	0.9	C
Wk 21	22-May	BE	2.0-3.0(e)	BGB	Wk 21	22-May	IT	8.6	R
	23-May	GE	6.0	BKO 0% 6/25		22-May	IT	0.1	C
	23-May	NE	1.5-2.5(e)	DSL		23-May	AS	0.3	C
	24-May	GE	1.5	DBR 1% 5/38		25-May	FR	41.7	R
	25-May	IT	3.0-5.0(e)	BTPShort, BTP€i		25-May	FR	10.2	C
						26-May	IT	0.2	C
Wk 22	30-May	IT	7.0-9.0(e)	5y BTPS, 10y BTPS, CCTeu	Wk 22	30-May	IT	0.1	C
	31-May	GE	3.0	DBR 2.1% 11/29		31-May	SP	0.2	C
Total May			up to €79.2-94.5(e)		Total May			€ 117.9	
Wk 22	1-Jun	FR	11.0-12.0(e)	>8y OAT	Wk 22	1-Jun	IT	2.3	C
	1-Jun	SP	5.0-6.0(e)	SPGB/SPGB€i					
	2-Jun	BE	0.5-0.7(e)	ORI Facility					
Wk 23	6-Jun	AS	1.0-2.0(e)	RAGb	Wk 23				
	7-Jun	PO	0.75-1.25(e)	PGB (potential auction)					
	8-Jun	FI	0.4(e)	RFGb ORI					
Wk 24	13-Jun	FI	1.0-1.5(e)	RFGb	Wk 24	15-Jun	IT	12.3	R
	13-Jun	GE	5.0	OBL 0% 10/28		15-Jun	IT	0.7	C
	13-Jun	IT	7.0-9.0(e)	3y BTPS, 7y BTPS, >10y BTPS		15-Jun	PO	0.2	C
	13-Jun	NE	1.5-2.5(e)	DSL 07/33		15-Jun	GR	0.1	C
	14-Jun	GE	4.0	DBR 2.3% 2/33		16-Jun	GE	16.0	R
	15-Jun	FI	0.4(e)	RFGb ORI					
	15-Jun	FR	11.0-12.0(e)	2-8y OAT/OAT€i					
	15-Jun	SP	5.0-6.0(e)	SPGB					
Wk 25	19-Jun	BE	2.0-3.0(e)	BGB	Wk 25	18-Jun	GR	0.2	C

Exhibit 11: Euro-area government bond auctions (incl. fixed coupons, IL, CTZ, CCT), coupons and redemptions (only EUR) for Q2 2023

Flows through the quarter

Auctions	Date	Ctry	Amt	Sector(s)	Date	Country	Amount	Type	
	20-Jun	GE	5.5	BKO 0% 6/25	18-Jun	PO	0.1	C	
					20-Jun	AS	0.2	C	
					22-Jun	BE	12.8	R	
					22-Jun	BE	3.9	C	
					22-Jun	IT	0.1	C	
Wk 26	27-Jun	IT	3.0-5.0(e)	BTPShort, BTP€I	Wk 26	25-Jun	FR	0.6	C
	27-Jun	NE	1.5-2.5(e)	DSL 2.50% 07/33		28-Jun	IT	0.1	C
	30-Jun	IT	7.0-9.0(e)	5y BTPS, 10y BTPS, CCTeu					
Total Jun			up to €72.5-87.8(e)		Total Jun			€ 49.8	

BofA Global Research estimates and national debt GE management agencies. Note: Numbers are expressed in EUR bn. In the leftmost column, C indicates a coupon payment, R a redemption

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Exhibit 12: Common acronyms/abbreviations used in our reports

This list is subject to change

Acronym/Abbreviation	Definition	Acronym/Abbreviation	Definition
1H	First Half	IT	Italy
2H	Second Half	Jan	January
1Q	First Quarter	Jul	July
2Q	Second Quarter	Jun	June
3Q	Third Quarter	lhs	left-hand side
4Q	Fourth Quarter	m	month
ann	annualized	MA	Moving Average
APP	Asset Purchase Programme	Mar	March
Apr	April	MBM	Meeting-by-meeting
AS	Austria	mom	month-on-month
Aug	August	Mon	Monday
BdF	Banque de France (Bank of France)	MPC	Monetary Policy Committee
BE	Belgium	MWh	Megawatt-hour
BEA	Bureau of Economic Analysis	NGEU	NextGenerationEU
BLS	Bank Lending Survey	NE	Netherlands
BoE	Bank of England	Nov	November
BofA	Bank of America	NRRP	National Recovery and Resilience Plan
BoI	Banca d'Italia (Bank of Italy)	NSA	Non-seasonally Adjusted
BoJ	Bank of Japan	OAT	Obligations assimilables du Trésor
BoS	Banco de España (Bank of Spain)	OBR	Office for Budget Responsibility
bp	basis point	Oct	October
BTP	Buoni Poliennali del Tesoro	OECD	Organisation for Economic Co-operation and Development
Buba	Bundesbank	ONS	Office for National Statistics
c	circa	p	preliminary/flash print
CA	Current Account	PBoC	People's Bank of China
CPI	Consumer Price Index	PEPP	Pandemic Emergency Purchase Programme
CSPP	Corporate Sector Purchase Programme	PMI	Purchasing Managers' Index
d	day	PSPP	Public Sector Purchase Programme
GE	Germany	PT	Portugal
Dec	December	QE	Quantitative Easing
DS	Debt sustainability	qoq	quarter-on-quarter
EA	Euro area	QT	Quantitative Tightening
EC	European Commission	RBA	Reserve Bank of Australia
ECB	European Central Bank	RBNZ	Reserve Bank of New Zealand
ECJ	European Court of Justice	rhs	right-hand side
EFSF	European Financial Stability Facility	RPI	Retail Price Index
EGB	European Government Bond	RRF	Recovery and Resilience Facility
EIB	European Investment Bank	SA	Seasonally Adjusted
EMOT	Economic Mood Tracker	SAFE	Survey on the access to finance of enterprises
EP	European Parliament	Sat	Saturday
SP	Spain	Sep	September
ESI	Economic Sentiment Indicator	SMA	Survey of Monetary Analysts
ESM	European Stability Mechanism	SNB	Swiss National Bank

Exhibit 12: Common acronyms/abbreviations used in our reports

This list is subject to change

Acronym/Abbreviation	Definition	Acronym/Abbreviation	Definition
EU	European Union	SPF	Survey of Professional Forecasters
f	final print	Sun	Sunday
Feb	February	SURE	Support to mitigate Unemployment Risks in an Emergency
Fed	Federal Reserve	S&P	Standard & Poor's
FR	France	Thu	Thursday
Fri	Friday	TLTRO	Targeted Longer-term Refinancing Operations
GC	Governing Council	TPI	Transmission Protection Instrument
GDP	Gross Domestic Product	TTF	Title Transfer Facility
GNI	Gross National Income	Tue	Tuesday
GR	Greece	UK	United Kingdom
HICP	Harmonised Index of Consumer Prices	US	United States
HMT	His Majesty's Treasury	WDA	Work-day Adjusted
IMF	International Monetary Fund	Wed	Wednesday
INSEE	National Institute of Statistics and Economic Studies	y	year
IP	Industrial Production	yoy	year-on-year
IR	Ireland	ytd	year-to-date
PCA	Principal Component Analysis	EGB	Eurozone Government Bond
ORI	Optional Reverse Inquiry	C&R	Coupons and redemptions
DV01	Dollar Value of one basis points change		

Source: BofA Global Research

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