

# European Rates Supply Preview: Week ahead

## Moderate gross issuance volume

### EGBs: Germany, Finland, France and Spain

**Gross EGB auctions volume increases to c.€16.4bn with Germany, Finland, France and Spain in the market.** There are no significant redemption and coupon flows in the week.

**The EU cancelled the optional auction that was scheduled on Monday.**

**On Tuesday, Germany taps the BKO Dec25 for €4.5bn.**

**On Thursday, 1) Finland runs ORI Facility; 2) France taps the OAT Oct27, May32, May 34 and the OAT€1 Mar29 for up to €5bn 3) Spain adds 5y/15y and a linker.**

Short-term downside rating risks abate for France but, with timid declines of Debt/GDP, this risk is coming back in Q1/Q2. Despite this, one notch downgrades are largely priced in and cheap OAT valuations make us constructive on the sector (see [Viewpoint](#)). Short-term, we highlight the Eurogroup meeting this week which will have developments on countries' draft budgets assessments and, potentially, fiscal rulebook reform.

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

Rich PO front end and belly, cheap SP front end

	2y	5y	7y	10y	15y	25y
Austria	2.1	-0.1	-0.7	-1.3	-1.5	1.1
Netherlands	-0.4	0.0	0.2	-0.2	0.1	-1.8
Belgium	-1.4	-0.6	-0.1	-0.9	0.1	2.9
France	-0.1	-0.1	0.5	-1.2	-1.7	0.8
Italy	-1.9	1.2	1.1	-1.0	0.9	-1.1
Spain	4.5	-1.3	-1.0	-0.6	0.8	1.4
Portugal	-2.5	2.7	1.1	-2.6	-0.4	0.7

**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.

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### Bills: FR, GE, NE, BE, SP, GR + the EU

On Monday, 1) **France** offers two 3m, one 6m and one 12m lines for up to €7.5bn; 2) **Germany** offers the 3m and 12m lines for €2bn each; 3) **the Netherlands** offer the 3m and 6m lines for €2bn each. On Tuesday, 1) **Belgium** offers the 3m line for €1bn; 2) **Spain** offers the 6m and 12m lines (amount TBA). On Wednesday, 1) **Greece** offers the 12m line for €375mln; 2) the EU offers the 3m line for €1bn and the 6m line for €1.5bn.

### UK: UKTI Nov33 and Green UKT Jul33

**In the UK**, the DMO taps the UKTI Nov33 for £1.5bn and the Green UKT Jul33 for £3bn.

### US: No auctions on schedule

**In the US**, the Treasury there are no auctions on schedule.

For a complete list of our open trade recommendations, as well as our trade recommendations closed over the last 12 months, see latest [Global Rates Weekly](#).

Trading ideas and investment strategies discussed herein may give rise to significant risk and are not suitable for all investors. Investors should have experience in relevant markets and the financial resources to absorb any losses arising from applying these ideas or strategies.

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**Refer to important disclosures on page 8 to 9. Analyst Certification on page 7.** 12633736

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04 December 2023

Rates Research  
Europe

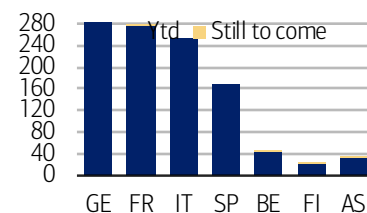
European Rates Research  
MLI (UK)

Erjon Satko  
Rates Strategist  
BofASE (France)  
+33 1 8770 0304  
[erjon.satko@bofa.com](mailto:erjon.satko@bofa.com)

See Team Page for List of Analysts

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

Year to date versus expected 2023 target

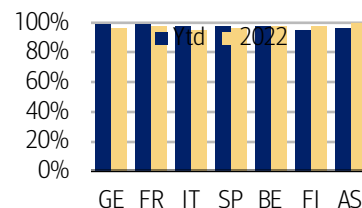


**Source:** BofA Global Research Note that this is only an indication of issuance evolution in the EUR FIXED COUPON market. It does not incorporate the funding through inflation linked bonds, CTZs and CCTs

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

98% 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

No significant redemptions and coupons flows with a moderate gross supply leading to a positive net supply of €16.4bn

	Date	Settle	Country	Sector	Amount (bn)	Bond	Type	Date	Country	Amt (bn)		Type							
Europe	05-Dec	07-Dec	GE	2y	4.5	BKO 3.1% 12/25	Tap												
	07-Dec	11-Dec	FI	TBA	0.4(e)	RFGB ORI	TBA												
	07-Dec	11-Dec	FR	4y		OAT 2.75% 10/27	Tap												
	07-Dec	11-Dec	FR	5y		OAT€l 0.1% 03/29	Tap												
	07-Dec	11-Dec	FR	8y	4.0-5.0	OAT 0% 05/32	Tap												
	07-Dec	11-Dec	FR	10y		OAT 1.25% 05/34	Tap												
	07-Dec	11-Dec	SP	6y		SPGB 0.6% 10/29	Tap												
	07-Dec	11-Dec	SP	10y	5.5-6.5(e)	SPGB€l 0.7% 11/33	Tap												
	07-Dec	11-Dec	SP	16y		SPGB 3.9% 07/39	Tap												
	Total week						€14.4-16.4(e)							Total week		€0.0			
12-Dec	14-Dec	AS	TBA	1.0-2.0(e)	RAGB	TBA	11-Dec-15-Dec	IT	0-37y	1.4	BTP/CCTeu/Italy	C							
13-Dec	15-Dec	IT	TBA on 07-Dec	4.0-5.0(e)	3y BTPS, 7y BTPS	TBA on 07-Dec	15-Dec	GE	-	18.0	BKO 0% 12/23	R							
15-Dec	18-Dec	BE	TBA on 14-Dec	0.5-0.7(e)	ORI Facility	TBA on 14-Dec	15-Dec	IT	-	8.2	CCTeu 12/23	R							
Total week						€5.5-7.7(e)		Total week		€27.6									
UK	05-Dec	06-Dec	UK	10y	1.5	UKTI 0.75% 11/33	Tap	07-Dec	UK	2-32y	8.7	UKT	C						
	06-Dec	07-Dec	UK	10y	3.0	Green UKT 0.875% 07/33	Tap												
	Total week						£4.5							Total week		£8.7			
	12-Dec	13-Dec	UK	5y	TBA	UKT 4.5 06/28	Tap												
	13-Dec	14-Dec	UK	30y	TBA	UKT 3.75% 10/53	Tap												
Total week						TBA		Total week		£0.0									
	Total week						\$0.0							Total week		\$0.0			
	11-Dec	15-Dec	US	3y	TBA on 07-Dec	T	New							15-Dec	US	-	58.4	T	R
	11-Dec	15-Dec	US	10y	TBA on 07-Dec	T	Tap							15-Dec	US	0-2y	12.8	T	C
	12-Dec	15-Dec	US	30y	TBA on 07-Dec	T	Tap							Total week					

Treasuries, BofA Global Research. (e ) = estimate, C= Coupon, R= Redemption

Source: Treasuries, BofA Global Research.

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### Exhibit 5: Euro-area bill auction calendar next week (€ bn)

Stomg activity in the T-bill market

Auctions	Date	Ctry	Amt €bn	Sector	Maturity
Week 49	04-Dec	FR	2.6-3.0	3m	28-Feb-24
	04-Dec	FR	1.5-1.9	3m	02-May-24
	04-Dec	FR	0.2-0.6	6m	10-Jul-24
	04-Dec	FR	1.6-2.0	12m	27-Nov-24
	04-Dec	GE	2.0	6m	15-May-24
	04-Dec	GE	2.0	12m	20-Nov-24
	04-Dec	NE	2.0	3m	28-Feb-24
	04-Dec	NE	2.0	6m	30-May-24
	05-Dec	BE	1.0	3m	07-Mar-24
	05-Dec	SP	-	6m	08-Mar-24
	05-Dec	SP	-	12m	06-Sep-24
	06-Dec	GR	0.375	12m	06-Dec-24
	06-Dec	EU	1.0	3m	08-Mar-24
	06-Dec	EU	1.5	6m	07-Jun-24

Source: Treasuries, BofA Global Research.

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

Issuance volume led by Italy

	EZ total	AS	BE	FI	FR***	GE	GR*	CY	IR	IT**	NE	PO	SP
Issued week 27 Nov	10.3	-	-	-	-	3.5	-	-	-	6.8	-	-	-
Issued YTD, Gross	1152.5	33.6	44.3	20.9	274.2	283.6	10.0	-	7.0	254.0	46.0	11.8	167.1
As% of 2023	98%	96%	98%	96%	99%	99%	-	-	100%	98%	100%	91%	98%
Difference vs 22	2%	-4%	0%	-2%	1%	2%	-	-	0%	3%	4%	-9%	1%
Gross supply left	17.7	1.4	0.7	1.0	2.9	2.7	-	-	-	4.8	-	1.2	3.1
Redemptions (bn) **	21.1	-	-	-	-	18.0	-	-	-	3.1	-	-	-
Net supply left	-3.4	1.4	0.7	1.0	2.9	-15.3	-	-	-	1.7	-	1.2	3.1

**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. Changes of funding pace is due to EUR FIXED COUPON bonds target revision. Gross supply for Austria is net of private placements.

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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 quarter

2023	Austria	Belgium	Finland	France	Germany	Greece	Ireland	Italy	Netherlands	Portugal	Spain	Totals
EUR fixed coupon bonds (1)	35	45	22	277	286	10	7	259	46	13	170	1170
Change versus 2022	2	1	4	17	64	4	0	42	2	1	25	161
Other Bonds (EUR linkers/floating/zero cpn) (2)	0	0	0	26	5	0	0	81	0	0	9	122
Gross Bond Issuance (3) = (1)+(2)	35	45	22	303	291	10	7	340	46	13	179	1292
Change versus 2022	2	1	4	17	63	2	0	69	2	1	28	188
Total Redemptions* (4)	28	21	11	156	185	5	7	266	30	10	92	811
Net Bond issuance (*inc. Buybacks)	7	24	11	147	106	5	0	74	16	3	87	481
Change versus 2022	0	8	4	24	45	2	5	33	3	-1	4	126
Net Bill issuance (6)	6	1	1	20	10	1	0	0	4	4	-5	42
Net Total (5)+(6)	13	25	12	167	116	6	0	74	20	7	82	523

**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**

Monthly supply through the quarter

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec (est.)	2023
Austria	6	2	2	7	2	1	2	1	1	8	1	1	35
Belgium	7	6	4	5	4	5	3	4	2	4	1	1	45
Finland	4	0	2	5	1	2	0	3	1	2	1	1	22
France	27	32	31	24	24	28	26	22	28	28	27	5	303
Germany	28	32	27	30	27	23	24	31	22	22	23	5	291
Greece	4	0	3	0	0	0	2	0	0	0	0	0	10
Ireland	4	0	1	0	0	1	0	0	1	0	0	0	7
Italy	31	31	37	39	31	37	27	15	30	39	19	5	340
Netherlands	6	8	4	7	2	4	3	0	5	7	0	0	46
Portugal	3	5	1	0	0	0	1	0	2	0	0	1	13
Spain	25	19	15	14	14	25	14	7	15	14	10	6	179
Total	145	134	127	131	105	127	101	83	107	125	81	24	1292

**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

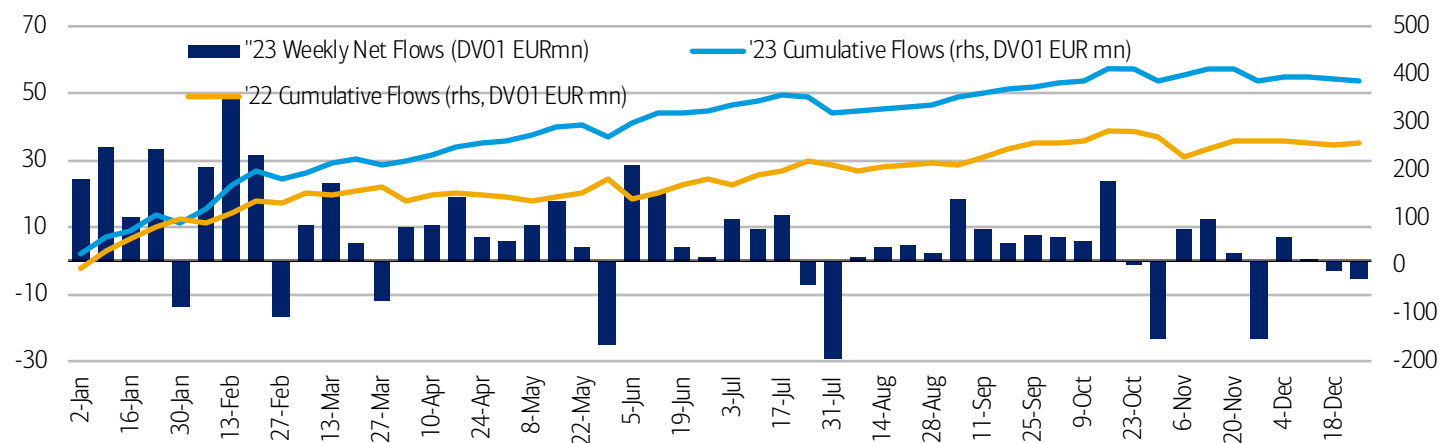
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2023
Austria	6	2	1	1	2	1	-6	1	1	-1	2	2	11
Belgium	7	6	2	5	4	-9	3	4	2	-3	1	1	22
Finland	4	0	2	1	1	2	0	3	-3	2	1	1	14
France	27	23	9	11	-19	28	7	18	17	-15	25	6	137
Germany	26	12	14	2	8	11	22	13	11	9	23	-8	143
Greece	-2	0	2	0	0	0	2	0	0	0	0	0	3
Ireland	4	0	-6	0	0	1	0	0	1	0	0	0	0
Italy	14	27	-1	28	-7	19	15	-22	2	9	-13	-7	63
Netherlands	-8	9	4	8	2	4	-11	0	5	7	0	0	20
Portugal	3	4	1	-1	0	0	1	0	2	-9	0	1	1
Spain	0	18	15	12	-5	25	-8	6	14	-7	4	5	78
<b>Total</b>	<b>81</b>	<b>99</b>	<b>43</b>	<b>65</b>	<b>-14</b>	<b>81</b>	<b>23</b>	<b>25</b>	<b>52</b>	<b>-7</b>	<b>43</b>	<b>0</b>	<b>492</b>

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 accelerates markedly in September



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 Q4 2023**

Flows through the quarter

Auctions	Date	Ctry	Amt	Sector(s)	Date	Country	Amount	Type	
Syndication									
Wk 40	3-Oct	AS	1.0-2.0(e)	RAGB	Wk 40	1-Oct	IT	16.0	R
	4-Oct	GE	3.0	DBR 2.4% 11/30		1-Oct	IT	1.1	C
	5-Oct	SP	5.5-6.5(e)	SPGB/SPGB€I					
	5-Oct	FR	9.0-10.5	>8y OAT					
Wk 41	10-Oct	GE	0.6-0.7(e)	DBRi	Wk 41	13-Oct	GE	18.5	R
	11-Oct	GE	1.5	DBR 0% 08/52					
	11-Oct	GE	1.0	DBR					
	11-Oct	PO	0.75-1.25(e)	PGB (potential auction)					
	12-Oct	IT	7.0-9.0(e)	3y BTPS, 7y BTPS, >10y BTPS					
Wk 42	17-Oct	FI	1.0-1.5	RFGB	Wk 42	15-Oct	IT	16.1	R

**Exhibit 11: Euro-area government bond auctions (incl. fixed coupons, IL, CTZ, CCT), coupons and redemptions (only EUR) for Q4 2023**

Flows through the quarter

Auctions	Date	Ctry	Amt	Sector(s)	Date	Country	Amount	Type	
	17-Oct	NE	4.0-5.0(e)	New Green 20y DSL	15-Oct	GE	0.7	C	
	17-Oct	GE	5.0	BKO 12/25	15-Oct	IT	2.7	C	
	18-Oct	GE	4.0	DBR 2.6% 8/33	20-Oct	AS	12.1	R	
	18-Oct	GR	0.1-0.3(e)	GGB	20-Oct	AS	0.6	C	
	19-Oct	SP	5.5-6.5(e)	SPGB					
Wk 43	23-Oct	BE	2.0-3.0(e)	BGB	Wk 43	22-Oct	BE	8.3	R
	24-Oct	NE	1.5-2.5(e)	DSL		25-Oct	FR	44.9	R
	24-Oct	GE	4.0	OBL 2.4% 10/28		25-Oct	PO	9.4	R
	25-Oct	GE	1.25	DBR 1% 05/2038		25-Oct	FR	8.9	C
	25-Oct	GE	0.75	DBR					
	25-Oct	IT	3.0-5.0(e)	BTPShort, BTP€I					
	25-Oct	PO	0.75-1.25(e)	PGB (potential auction)					
	26-Oct	FI	0.4(e)	RFGB ORI					
Wk 44	31-Oct	GE	1.0(e)	Green DBR	Wk 44	30-Oct	IT	0.5	C
	31-Oct	IT	7.0-9.0(e)	5y BTPS, 10y BTPS, CCTeu		31-Oct	ES	21.1	R
						31-Oct	SP	8.8	C
Total Oct			up to €70.6-85.9(e)		Total Oct			€ 169.7	
Wk 44	1-Nov	GE	3.0	DBR 2.4% 11/30	Wk 44	1-Nov	IT	12.0	R
	2-Nov	SP	5.5-6.5(e)	SPGB/SPGB€I		1-Nov	IT	4.8	C
	2-Nov	FR	9.5-11.5(e)	>8y OAT					
	3-Nov	BE	0.5-0.7(e)	ORI Facility					
Wk 45	7-Nov	AS	1.0-2.0(e)	RAGB	Wk 45				
	8-Nov	GE	4.0	DBR 2.6% 8/33					
	10-Nov	IT	7.0-9.0(e)	3y BTPS, 7y BTPS, >10y BTPS					
Wk 46	14-Nov	NE	1.5-2.5(e)	DSL	Wk 46	15-Nov	GE	0.6	C
	14-Nov	GE	5.0	BKO 12/25		15-Nov	IT	1.0	C
	15-Nov	GE	1.0	DBR 0% 08/52					
	15-Nov	GE	1.0	DBR					
	15-Nov	PO	0.75-1.25(e)	PGB (potential auction)					
	15-Nov	GR	0.1-0.3(e)	GGB					
	16-Nov	SP	5.5-6.5(e)	SPGB					
	16-Nov	FR	9.5-11.5(e)	2-8y OAT/OAT€					
Wk 47	21-Nov	GE	3.5	OBL 2.4% 10/28	Wk 47	20-Nov	IT	6.3	R
	21-Nov	FI	1.0-1.5	RFGB		25-Nov	FR	2.7	C
	22-Nov	GE	1.0	DBR 1% 05/38					
	22-Nov	GE	0.5	DBR					
Wk 48	29-Nov	GE	3.5	DBR 2.6% 8/33	Wk 48	29-Nov	IT	13.1	R
	29-Nov	IT	7.0-9.0(e)	5y BTPS, 10y BTPS, CCTeu		30-Nov	SP	5.5	R
						30-Nov	SP	0.9	C
Total Nov			up to €71.4-84.8(e)		Total Nov			€ 46.9	
Wk 48					Wk 48	1-Dec	IT	2.5	C
Wk 49	5-Dec	GE	4.5	BKO 12/25	Wk 49				
	7-Dec	FI	0.4(e)	RFGB ORI					
	7-Dec	FR	9.5-11.5(e)	>8y OAT or/and 2-8y OAT/OAT€					
	7-Dec	SP	5.5-6.5(e)	SPGB/SPGB€I					
Wk 50	12-Dec	AS	1.0-2.0(e)	RAGB	Wk 50	15-Dec	GE	18.0	R
	13-Dec	IT	7.0-9.0(e)	3y BTPS, 7y BTPS		15-Dec	IT	7.7	R
	15-Dec	BE	0.5-0.7(e)	ORI Facility		15-Dec	IT	1.1	C
Wk 51					Wk 51	22-Dec	IT	3.1	R
Wk 52					Wk 52				
Total Dec			up to €28.4-34.7(e)		Total Dec			€ 32.4	

Source: 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
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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# Research Analysts

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## European Rates Research

**Ralf Preusser, CFA**

Rates Strategist  
MLI (UK)  
[ralf.preusser@bofa.com](mailto:ralf.preusser@bofa.com)

**Sphia Salim**

Rates Strategist  
MLI (UK)  
[sphia.salim@bofa.com](mailto:sphia.salim@bofa.com)

**Mark Capleton**

Rates Strategist  
MLI (UK)  
[mark.capleton@bofa.com](mailto:mark.capleton@bofa.com)

**Ronald Man**

Rates Strategist  
MLI (UK)  
[ronald.man@bofa.com](mailto:ronald.man@bofa.com)

**Erjon Satko**

Rates Strategist  
BoFASE (France)  
[erjon.satko@bofa.com](mailto:erjon.satko@bofa.com)

**Agne Stengeryte, CFA**

Rates Strategist  
MLI (UK)  
[agne.stengeryte@bofa.com](mailto:agne.stengeryte@bofa.com)

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