

European Rates Supply Preview: Week ahead

Large repayment flows and negative net issuance

EGBs: Germany, the Netherlands, Italy, Portugal and Ireland in the market + EU syndication

Gross EGB auctions volume is stable at c.€22bn with Germany, the Netherlands, Italy, Portugal and Ireland in the market. Finland, Germany and Italy repay c.€50.8bn coupons and redemptions flows during the week.

During the week EU runs a syndication.

On Tuesday, 1) Germany taps the BKO Sep25 for €5.5bn; 2) the Netherlands taps the DSL Jan26 for up to €2.5bn.

On Wednesday, 1) Italy runs an auction for 3y, 7y and >10y BTPs (details TBA). 2) Portugal taps the PGB Jul32 and the PGB Oct35; 3) Germany taps the DBR Aug52 for €1bn and the DBR Aug53 for €1.5bn; 4) Ireland runs an auction. We revise our assumption about Italy's conventional vs non issuance targets for 2023, leading to a reduction of the YTD funding frontloading. That said, we still think there is a €10-20bn upside risk in gross funding for the rest for the year (including BTP Valore).

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

Cheap long-end and 5y, rich 10y spreads

	2y	5y	7y	10y	15y	25y
Austria	0.5	2.1	-0.5	-2.9	-2.4	2.9
Netherlands	-2.1	2.5	1.0	-0.9	-0.3	2.3
Belgium	-3.2	2.4	0.9	-1.4	-1.7	1.3
France	-1.3	1.2	-0.3	-2.7	-2.2	2.1
Italy	-1.3	2.8	0.2	-2.7	-0.6	1.8
Spain	1.4	-0.3	-1.5	-2.8	0.8	4.6
Portugal	-1.0	3.1	1.4	-1.5	-0.4	-1.9

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](#).

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Bills: FR, GE, BE, FI, IT and SP

On Monday, 1) France offers 3m lines, 6m and 12m for €6.6bn; 2) Germany offers the 6m for €4bn. On Tuesday, 1) Belgium offers the 3m line for €1bn; 2) Finland offers the 6m line for €1bn; 3) Italy offers the 12m for €7bn; 4) Spain offers the 3m and 9m line.

UK: UKT Mar51 and UKT Jan33

In the UK, the DMO taps the UKT Mar51 for £900mln and UKT Jan33 for £3.75bn.

US: 3y, 10y Notes and 30y Bond

In the US, the Treasury issues the new 3y Note, taps the 10y Note and 30y Bond

For a complete list of our open trade ideas and risks, 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 10.

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Rates Research
Europe

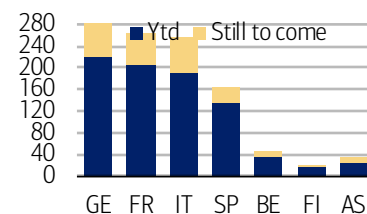
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Exhibit 1: Euro fixed coupon bond issuance, ytd vs. our estimates for the rest of 2023

Year to date versus expected 2023 target

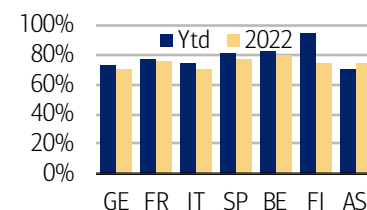


Source: BofA Global Research Note that this is only an indication of issuance evolution in the EUR FIXED COUPON market. It does not incorporate the funding through inflation linked bonds, CTZs and CCTs

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

76% 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

Increase in redemptions and coupons flows with a moderate gross supply leading to a negative net supply of €28.3bn

Europe	Date	Settle	Country	Sector	Amount (bn)	Bond	Type	Date	Country		Amt (bn)		Type	
	TBA	TBA	EU	TBA	TBA	TBA	Synd	15-Sep	FI	-	5.8	RFGB 0 09/23	R	
	12-Sep	14-Sep	GE	2y	5.5	BKO 3.1% 09/25	Tap	15-Sep	GE	-	16.0	BKO 0% 09/23	R	
	12-Sep	14-Sep	NE	TBA	2.0-2.5	DSL 0% 01/26	Tap	15-Sep	IT	-	26.7	BTPS 2.6% 09/23	R	
	13-Sep	15-Sep	IT	3y, 7y, >10y	7.0-9.0(e)	3y BTPS, 7y BTPS, >10y BTPS	TBA on 08-Sep	15-Sep	FI	4-27y	0.3	RFGB	C	
	13-Sep	15-Sep	PO	TBA	0.75-1.0	PGB 1.65% 07/32	Tap	15-Sep	IT	3-35y	2.0	BTPS/Italy	C	
	13-Sep	15-Sep	PO	TBA		PGB 0.9% 10/35	Tap							
	13-Sep	15-Sep	GE	29y	1.0	DBR 0% 08/52	Tap							
	13-Sep	15-Sep	GE	30y	1.5	DBR 1.80% 08/53	Tap							
	14-Sep	16-Sep	IR	TBA on 11-Sep	1.0-2.0(e)	IRISH	TBA on 11-Sep							
	Total week						€18.75-22.5(e)	Total week						€50.8
	18-Sep	20-Sep	BE	TBA on 13-Sep	2.0-3.0(e)	BGB	TBA on 13-Sep	20-Sep	AS	94y	0.1	RAGB 2.1% 09/2117	C	
	19-Sep	21-Sep	FI	TBA	1.0-1.5(e)	RFGB	TBA							
	20-Sep	22-Sep	GR	TBA	0.2-0.3(e)	GGB	TBA							
	21-Sep	25-Sep	FR	TBA on 15-Sep	12.0-14.0(e)	2-8y OAT/OAT€i	TBA on 15-Sep							
21-Sep	25-Sep	SP	TBA on 15-Sep	5.5-6.5(e)	SPGB	TBA on 15-Sep								
Total week						€20.7-25.3(e)	Total week						€0.1	
UK	12-Sep	13-Sep	UK	28y	0.9	UKTI 0.125% 03/51	Tap							
	13-Sep	14-Sep	UK	9y	3.75	UKT 3.25% 01/33	Tap							
	Total week						£4.65	Total week						£51.0
	19-Sep	20-Sep	UK	30y	TBA	UKT 3.75% 10/53	Tap	22-Sep	UK	1-50y	0.5	UKTI	C	
Total week						TBA	Total week						£0.5	
	11-Sep	15-Sep	US	3y	44.0	T	New	15-Sep	US	-	52.1	T	R	
	12-Sep	15-Sep	US	10y	35.0	T	Tap	15-Sep	US		2.4	T	C	
	13-Sep	15-Sep	US	30y	20.0	T	Tap							
	Total week						\$99.0	Total week						\$54.5
	19-Sep	02-Oct	US	20y	TBA on 14-Sep	T	Tap							
	21-Sep	29-Sep	US	10y	TBA on 14-Sep	TIPS	Tap							
Total week						TBA on 14-Sep	Total week						\$0.0	

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)

Strong activity in the T-bill market

Auctions	Date	Ctry	Amt €bn	Sector	Maturity
Week 37	11-Sep	FR	0.4-0.8	3m	29-Nov-23
	11-Sep	FR	2.0-2.4	3m	6-Dec-23
	11-Sep	FR	1.3-1.7	6m	7-Feb-24
	11-Sep	FR	1.7-2.1	12m	4-Sep-24
	11-Sep	GE	4.0	6m	20-Mar-24
	12-Sep	BE	1.0	3m	11-Jan-24
	12-Sep	FI	1.0	6m	14-May-24
	12-Sep	IT	7.0	12m	13-Sep-24
	12-Sep	SP	-	3m	08-Dec-23
	12-Sep	SP	-	9m	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 4 Sep	22.8	1.4	-	-	10.0	5.0	-		-	-	-	-	6.4
Issued YTD, Gross	882.6	23.9	37.1	17.1	204.5	218.1	9.2		6.0	189.0	33.0	9.8	134.9
As% of 2023	76%	71%	82%	95%	77%	74%			86%	74%	66%	69%	81%
Difference vs 22	2%	-4%	2%	20%	1%	4%			-14%	4%	-7%	-12%	4%
Gross supply left	275.4	9.9	7.9	0.9	59.5	76.9	0.9		1.0	66.0	17.0	4.4	31.1
Redemptions (bn) **	243.9	12.1	8.5	5.8	44.9	52.5			-	84.3	-	9.4	26.5
Net supply left	31.5	-2.2	-0.6	-4.8	14.5	24.4	0.9		1.0	-18.3	17.0	-5.0	4.5

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.

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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	295	10	7	241	50	14	166	1144
Change versus 2022	1	1	0	4	73	4	0	24	6	2	21	135
Other Bonds (EUR linkers/floating/zero cpn) (2)	0	0	0	26	5	0	0	70	0	0	7	108
Gross Bond Issuance (3) = (1)+(2)	34	45	18	290	300	10	7	311	50	14	173	1252
Change versus 2022	1	1	0	4	71	-1	0	40	6	2	22	145
Total Redemptions* (4)	28	21	11	156	189	5	7	266	30	10	92	815
Net Bond issuance (*inc. Buybacks)	6	24	7	134	111	5	0	45	20	4	81	437
Change versus 2022	-1	8	0	11	50	-1	5	4	7	0	-2	79
Net Bill issuance (6)	6	1	1	3	32	1	0	0	4	4	-5	47
Net Total (5)+(6)	12	25	8	138	143	6	0	45	24	8	76	484

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	Jun	Jul	Aug	Sep (est.)	Oct (est.)	Nov (est.)	Dec (est.)	2023
Austria	6	2	2	7	2	1	2	1	6	2	1	1	34
Belgium	7	6	4	5	4	5	3	3	5	3	0	0	45
Finland	4	0	2	5	1	2	0	3	0	0	0	0	18
France	27	32	31	24	24	28	26	18	32	26	18	3	290
Germany	28	32	27	30	27	23	23	27	22	25	28	8	300
Greece	4	0	3	0	0	0	2	0	0	1	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	18	17	19	10	311
Netherlands	6	8	4	6	2	4	2	0	8	4	5	0	50
Portugal	3	5	1	0	0	0	1	0	2	1	2	0	14
Spain	25	19	15	14	14	25	13	6	16	13	6	4	173
Total	145	134	127	130	105	127	99	74	111	92	81	27	1252

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

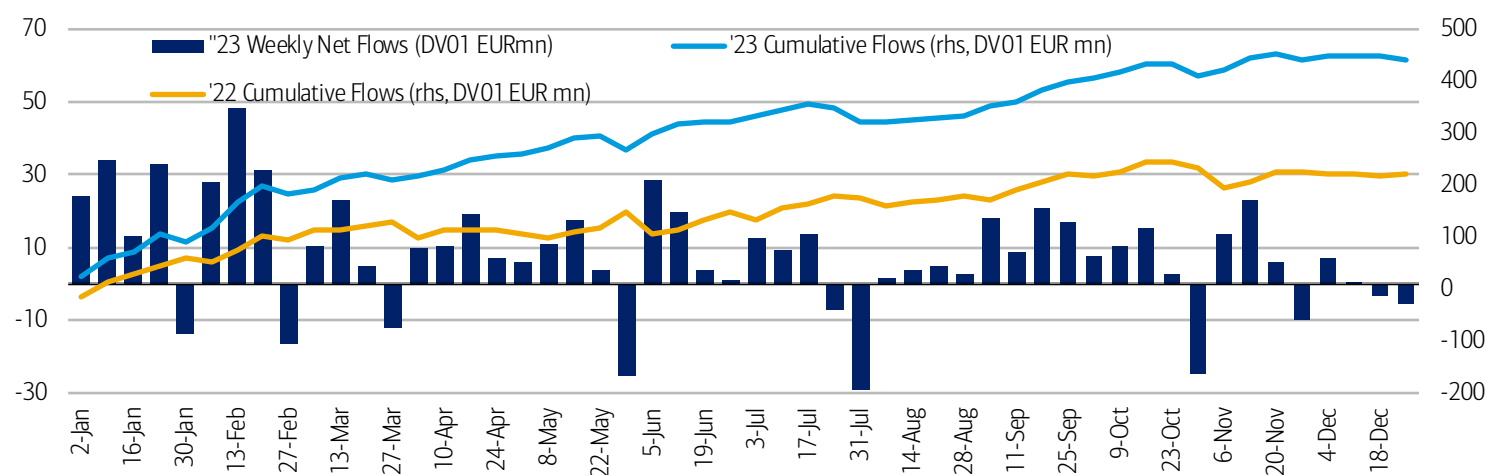
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2023
Austria	6	2	1	1	2	1	-6	2	6	-8	1	1	10
Belgium	7	6	2	5	4	-9	3	3	5	-4	1	0	22
Finland	4	0	2	1	1	2	0	2	-3	1	1	0	10
France	27	19	9	6	-23	28	4	16	33	-15	16	4	123
Germany	26	12	14	-2	8	11	21	10	11	12	29	-4	148
Greece	-2	0	2	0	0	0	2	0	0	1	0	0	3
Ireland	4	0	-6	0	0	1	0	0	1	0	0	0	0
Italy	14	27	-1	28	-7	19	15	-29	-8	-12	-11	-1	34
Netherlands	-8	9	4	7	2	4	-11	0	8	4	5	0	24
Portugal	3	4	1	-1	0	0	1	0	1	-7	1	0	3
Spain	0	18	15	12	-5	25	-9	6	16	-9	0	3	71
Total	81	95	42	57	-18	81	18	8	71	-37	44	4	448

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, BofA Global Research calculations

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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 Q3 2023**

Flows through the quarter

Auctions	Date	Ctry	Amt	Sector(s)	Date	Country	Amount	Type
Syndication	Sep-Oct	AS	3.0-5.0	TBA				
	Sep-Oct	SP	4.0-6.0	TBA				
Wk 26					Wk 26	1-Jul	IT	0.3
Wk 27	6-Jul	AS	1.0-2.0(e)	RAGB	Wk 27	4-Jul	FI	0.5
	6-Jul	FR	1--11.0(e)	>8y OAT		4-Jul	GE	5.9
	6-Jul	SP	5.5-6.5(e)	SPGB/SPGBEI				
Wk 28	11-Jul	GE	5.0	OBL 10/28	Wk 28	15-Jul	AS	9.8
	11-Jul	NE	1.5-2.5(e)	DSL		15-Jul	AS	0.7
	12-Jul	GE	5.0	DBR 08/33		15-Jul	IT	11.7
	12-Jul	PO	0.75-1.25(e)	PGB (potential auction)		15-Jul	IT	0.7
	13-Jul	IT	7.0-9.0(e)	3y BTPS, 7y BTPS, >10y BTPS		15-Jul	NE	17.5
						15-Jul	NE	1.3
Wk 29	18-Jul	GE	6.0	BKO 09/25	Wk 29	16-Jul	PO	0.1

Exhibit 11: Euro-area government bond auctions (incl. fixed coupons, IL, CTZ, CCT), coupons and redemptions (only EUR) for Q3 2023

Flows through the quarter

Auctions	Date	Ctry	Amt	Sector(s)	Date	Country	Amount	Type	
	19-Jul	GR	0.2-0.3(e)	GGB	21-Jul	PO	0.4	C	
	20-Jul	FR	12.0-14.0(e)	2-8y OAT/OAT€i					
	20-Jul	SP	5.5-6.5(e)	SPGB					
Wk 30	24-Jul	BE	2.0-3.0(e)	BGB	Wk 30	25-Jul	FR	23.1	R
	25-Jul	IT	3.0-5.0(e)	BTPShort, BTP€i		25-Jul	FR	2.6	C
	26-Jul	GE	4.0	DBR 11/30					
	27-Jul	IT	7.0-9.0(e)	5y BTPS, 10y BTPS, CCTeu					
Wk 31					Wk 31	30-Jul	SP	9.2	C
						31-Jul	SP	21.2	R
						31-Jul	IT	0.3	C
Total Jul		up to €76.4-90.1(e)			Total Jul		€ 105.4		
Wk 31	3-Aug	FR	1--11.0(e)	>8y OAT	Wk 31	1-Aug	IT	20.5	R
	3-Aug	SP	5.5-6.5(e)	SPGB/SPGB€i		1-Aug	IT	4.1	C
	4-Aug	BE	0.5-0.7(e)	ORI Facility					
Wk 32	8-Aug	AS	1.0-2.0(e)	RAGB	Wk 32				
	8-Aug	GE	4.0	OBL 10/28					
	9-Aug	GE	5.0	DBR 08/33					
	9-Aug	PO	0.75-1.25(e)	PGB (potential auction)					
Wk 33	15-Aug	GE	5.5	BKO 09/25	Wk 33	15-Aug	GE	22.5	R
	16-Aug	GE	1.5	DBR 0% 08/52		15-Aug	IT	16.0	R
	17-Aug	FI	0.4(e)	RFGB ORI		15-Aug	GE	3.4	C
	17-Aug	FR	12.0-14.0(e)	2-8y OAT/OAT€i		15-Aug	IT	0.2	C
	17-Aug	SP	5.5-6.5(e)	SPGB					
Wk 34	21-Aug	BE	2.0-3.0(e)	BGB	Wk 34				
	23-Aug	GE	3.0	DBR 11/30					
Wk 35	29-Aug	GE	4.0	OBL 2.40% 10/28	Wk 35				
	30-Aug	IT	7.0-9.0(e)	5y BTPS, 10y BTPS, CCTeu					
Total Aug		up to €77.6-91.4(e)			Total Aug		€ 66.7		
Wk 35	1-Sep	BE	0.5-0.7(e)	ORI Facility	Wk 35	1-Sep	IT	8.0	C
Wk 36	5-Sep	AS	1.0-2.0(e)	RAGB	Wk 36				
	6-Sep	GE	5.0	DBR 08/33					
	7-Sep	FR	1--11.0(e)	>8y OAT					
	7-Sep	SP	5.5-6.5(e)	SPGB/SPGB€i					
Wk 37	12-Sep	GE	5.5	BKO 09/25	Wk 37	14-Sep	IT	0.2	R
	12-Sep	NE	1.5-2.5(e)	DSL		14-Sep	IT	0.1	C
	13-Sep	IT	7.0-9.0(e)	3y BTPS, 7y BTPS, >10y BTPS		15-Sep	FI	5.8	R
	13-Sep	PO	0.75-1.25(e)	PGB (potential auction)		15-Sep	GE	16.0	R
	13-Sep	GE	1.5	DBR 1.80% 08/53		15-Sep	IT	24.8	R
	14-Sep	IR	1.0-2.0(e)	IRISH		15-Sep	FI	0.3	C
						15-Sep	IT	1.5	C
Wk 38	18-Sep	BE	2.0-3.0(e)	BGB	Wk 38	20-Sep	AS	0.1	C
	19-Sep	FI	1.0-1.5(e)	RFGB					
	20-Sep	GR	0.2-0.3(e)	GGB					
	21-Sep	FR	12.0-14.0(e)	2-8y OAT/OAT€i					
	21-Sep	SP	5.5-6.5(e)	SPGB					
Wk 39	26-Sep	GE	4.0	OBL 10/28	Wk 26	24-Sep	FR	0.6	C
	26-Sep	IT	3.0-5.0(e)	BTPShort, BTP€i		28-Sep	IT	0.3	C
	26-Sep	NE	1.5-2.5(e)	DSL 2.5% 07/33					
	27-Sep	GE	4.0	DBR 08/33					
	28-Sep	IT	7.0-9.0(e)	5y BTPS, 10y BTPS, CCTeu					
Total Sep		up to €79.4-96.8(e)			Total Sep		€ 57.5		

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



Exhibit 12: Common acronyms/abbreviations used in our reports

This list is subject to change

Acronym/Abbreviation	Definition	Acronym/Abbreviation	Definition
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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