

Supply matters

- The Bundestag approved the German defence and infrastructure package, and a vote by the Bundesrat will follow on Friday. Bavarian support should lead to a two-thirds majority.
- Net issuance should act as a tailwind for OLOs in Q2, particularly against OATs.
- Bunds will have the largest transfer of funding from the public to the private sector. OATs will see the largest increase in this transfer among the big 4.

Another step towards German fiscal loosening was taken yesterday when the Bundestag approved the defence and infrastructure package. The timeframe for the EUR500bn infrastructure budget should be spread over 12 years (10 years in the original proposal). With Bavaria's support, there should be enough votes to ensure passage in the Bundesrat vote on Friday. Our view is that the packages will pass, but any impact on the hard data will be delayed. This should potentially lead to the Bund 10-30Y segment flattening in the short term, conditional to USTs.

The prospects of increased EGB supply should bring more caution when it comes to supply matters, particularly regarding net issuance and QT paces. As a reminder, we estimate OATs to have the largest net issuance in 2025, followed by BTPs (see Figure 1). YTD we estimate that BTPs have had the largest amount of net issuance, mostly thanks to frontloaded syndications and large retail bond issuance. Looking at the upcoming quarter, we estimate that OATs will have the largest net issuance, possibly acting as a headwind to valuation against EGB peers (see Figure 2), but we estimate negative net supply for OLOs, on the back of large redemptions in June, possibly acting as a tailwind for spreads against peers.

Looking at the share of yearly QT redemptions to gross supply among Big 4 EGB issuers, we estimate that France will see the most significant increase in its QT share, from 14.7% in 2024 to 22.8% in 2025. Meanwhile, Germany will experience the largest transfer of assets from the public to the private sector, with QT expected to account for 29.7% of its gross issuance in 2025. In terms of QT timing, Bunds have a balanced maturity schedule throughout 2025, with redemptions spread evenly except for a notable EUR15bn peak in October. BTPs follow a similar pattern, with redemptions distributed uniformly across the year. In contrast, OATs and Bonos show an irregular maturity distribution, with their redemptions concentrated in specific periods rather than spread evenly. Large uneven QT flows could act as temporary headwinds for OAT and Bono spreads against peers throughout the year. In particular, OAT spreads could suffer from that in May.



Riccardo Lamia

Interest Rates Strategist

+33 1 41 89 63 83

riccardo.lamia2@ca-cib.com

Bert Lourenco

Head of Rates Research

Alex Li

Head of US Rates Strategy

Jean-François Perrin

Senior Inflation Strategist

Guillaume Martin

Interest Rates Strategist

Matthias Loise

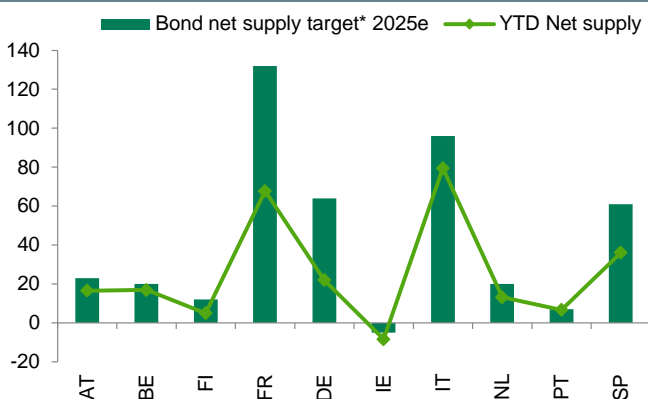
Inflation Strategist

Upcoming supply

Date	Bond	Amount (bn)
19-Mar	Bund 1.8% 08/53	1.50
19-Mar	Bund 0% 08/50	1.00
20-Mar	TII 2.125% 01/35	18.00
20-Mar	IRISH 2.60% 10/34	1.00
20-Mar	IRISH 1.70% 05/37	
20-Mar	OAT 2.4% 09/28	
20-Mar	OAT 2.75% 02/30	13.50
20-Mar	OAT 0.0% 05/32	
20-Mar	OAT 3.0% 05/33	
20-Mar	OAT 0.60% 07/34	
20-Mar	OAT 0.10% 03/36	2.00
20-Mar	OAT 1.80% 07/40	
20-Mar	OAT 0.10% 07/53	
20-Mar	Bono 0.5% 04/30	
20-Mar	Bono 3.15% 04/35	6.50
20-Mar	Bono 3.45% 07/43	

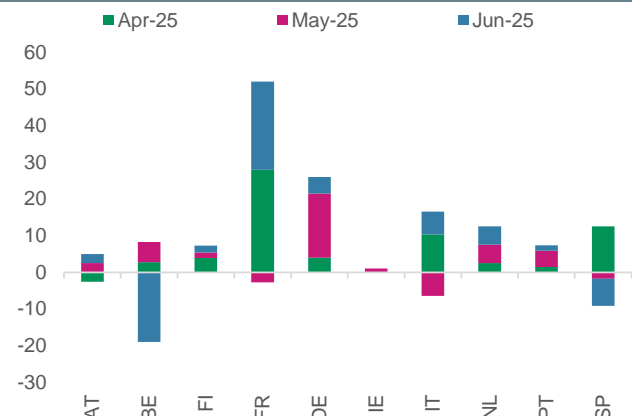
Source: DMOs, Crédit Agricole CIB

Fig 1. EGBs YTD net supply and 2025 target (EURbn)



Source: Crédit Agricole CIB

Fig 2. EGBs net supply Q2 estimates (EURbn)



Source: Crédit Agricole CIB

Recent publications

*** NEW *** Inflation-linked Weekly: [Tariff retaliation, round one](#), 18 March

USD Rates Chart Pack: [Futures Positions & Curve Analysis](#), 17 March

EGB Market Essentials: [Political noises](#), 14 March

Interest Rate Focus: [EUR Rates forecast update: bridges to bazookas](#), 14 March

Inflation-linked Trade Idea: [Sell 5Y Bunde \(RY\) vs OATe & BTPe, target reached](#), 12 March

Inflation-linked Focus: [US February CPI: core less weak than it looks](#), 12 March

Inflation-linked Weekly: [High hopes](#), 11 March

Inflation-linked Trade Idea: [Sell 5Y5Y FRCPIx](#), 10 March

Inflation-linked Trade Idea: [Selling 5YF5Y HICPx vs US CPI](#), 10 March

Upcoming data highlights

CET	Country	Indicator/Event	Period	Consensus	Previous
11:00	EC	Labour Costs YoY	4Q	--	4.60%
11:00	EC	CPI YoY	Feb F	2.40%	2.40%
11:00	EC	CPI MoM	Feb F	0.50%	0.50%
11:00	EC	CPI Core YoY	Feb F	2.60%	2.60%
12:00	US	MBA Mortgage Applications	14-Mar	--	11.20%
12:30	EC	ECB's Centeno Speaks at Financial Education Event in Lisbon			
13:00	EC	ECB's Guindos Speaks			
13:00	SP	ECB's Guindos at Event in Madrid			
14:00	EC	ECB's Villeroy Speaks in Paris			
14:00	EC	ECB's Elderson Speaks in London			
19:00	US	FOMC Rate Decision (Upper Bound)	19-Mar	4.50%	4.50%
19:00	US	FOMC Rate Decision (Lower Bound)	19-Mar	4.25%	4.25%
19:00	US	Fed Interest on Reserve Balances Rate	20-Mar	4.40%	4.40%
19:00	US	FOMC Median Rate Forecast: Current Yr	19-Mar	4.13%	4.38%
19:00	US	FOMC Median Rate Forecast: Next Yr	19-Mar	3.75%	3.88%

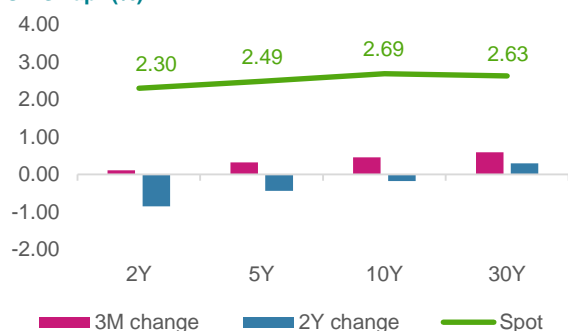
Source: Bloomberg

EUR Rates Dashboard

Spreads and their 3-month change vs Bunds (bp)

	2Y	3M ▲	5Y	3M ▲	10Y	3M ▲	30Y	3M ▲
Swap*	-13	1	-3	7	12	11	49	5
OAT	15	-3	39	-17	68	-11	95	-15
BTP	27	-10	53	-17	112	-4	149	-9
Bono	17	-4	32	-13	63	-6	103	-7
UST	186	-34	161	-58	148	-67	147	-65
Gilt	203	-28	184	-38	183	-37	211	-40
JGB	-136	11	-136	-1	-131	-13	-53	-33

EUR Swap* (%)



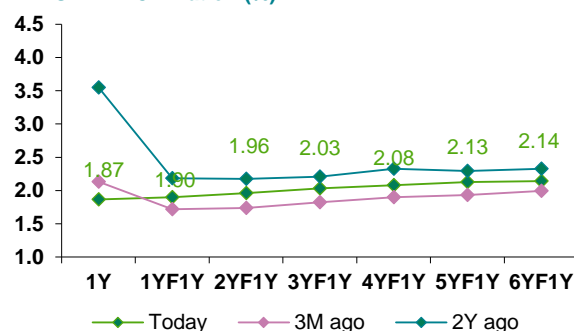
EUR Swap Curve (bp)

Slope	Spot	3M ▲	2Y ▲
2-5Y	19	21	41
2-10Y	39	34	68
5-10Y	21	13	27
10-30Y	-6	14	47
5-30Y	15	26	74
2-30Y	33	48	115

EUR Swaption Normal Implied (bp)

Straddles	Spot	3M ▲	2Y ▲
3M10Y	83	16	-62
1Y1Y	74	-7	-70
2Y2Y	83	2	-45
5Y5Y	78	5	-25
10Y10Y	70	2	-10
20Y20Y	56	3	1

EUR 1Y ZC Inflation (%)



References (%)

ECB Depo	ESTR Fixing	3M Euribor	6M Euribor	RX1	EURUSD	HICP YoY
2.50	2.42	2.43	2.42	127.94	1.09	2.40

* Swap vs 6M Euribor

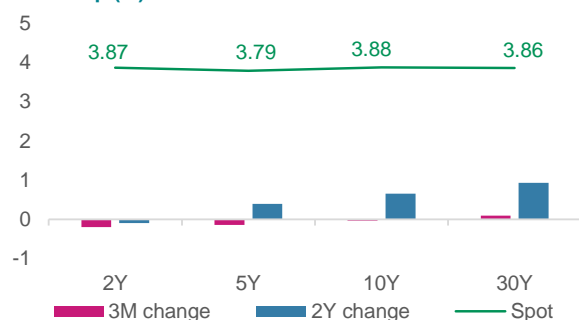
Source: Crédit Agricole CIB, Bloomberg

USD Rates Dashboard

Spreads and their 3-month change vs Treasuries (bp)

	2Y	3M ▲	5Y	3M ▲	10Y	3M ▲	30Y	3M ▲
Swap	17	-2	28	-5	41	-7	74	-9
DBR	186	-37	161	-61	148	-71	148	-68
OAT	172	-38	122	-46	80	-62	52	-53
Gilt	-17	-14	-22	-30	-35	-39	-63	-30
CAN	148	25	136	8	125	4	132	0
ACGB	28	-5	14	-17	-11	-19	-36	-17
JGB	323	-45	297	-57	279	-57	200	-40

USD Swap (%)



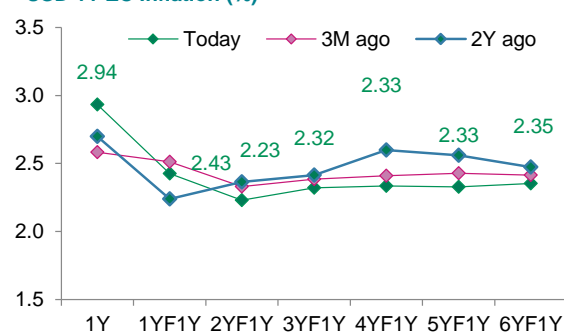
USD Swap Curve (bp)

Slope	Spot	3M ▲	2Y ▲
2-5Y	-8	5	49
2-10Y	1	16	75
5-10Y	9	11	26
5-30Y	7	23	53
10-30Y	-2	12	27
2-30Y	-1	29	102

USD Swaption Normal Implied (bp)

Straddles	Spot	3M ▲	2Y ▲
3M10Y	102	6	-51
1Y1Y	111	-1	-98
2Y2Y	110	4	-44
5Y5Y	98	1	-10
10Y10Y	85	2	6
20Y20Y	66	-1	11

USD 1Y ZC Inflation (%)



References (%)

IOER	Fed Funds	SOFR	GCF Repo	CME Term SOFR 3M	TY1	DXY	CPI YoY	Core PCE YoY
4.40	4.33	4.32	4.38	4.30	110.63	103.36	2.80	2.65

Source: Crédit Agricole CIB, Bloomberg

Global Markets Research contact details

Jean-François Paren Head of Global Markets Research +33 1 41 89 33 95					
	Asia (Hong Kong, Singapore & Tokyo)		Europe (London & Paris)		Americas (New York)
Macro Strategy	Takuji Aida Chief Economist Japan +81 3 4580 5360	Ken Matsumoto Macro Strategist Japan +81 3 4580 5337	Louis Harreau Head of Developed Markets Macro & Strategy +33 1 41 89 98 95	Valentin Giust Global Macro Strategist +33 1 41 89 30 01	Nicholas Van Ness ** US Economist +1 212 261 7601
Interest Rates			Bert Lourenco Head of Rates Research +44 (0) 20 7214 6474 Guillaume Martin Interest Rates Strategist +33 1 41 89 37 66 Riccardo Lamia Interest Rates Strategist +33 1 41 89 63 83	Jean-François Perrin Senior Inflation Strategist +33 1 41 89 73 49 Matthias Loise Inflation Strategist +33 1 41 89 20 06	Alex Li ** Head of US Rates Strategy +1 212 261 3950
Emerging Markets	Xiaojia Zhi Chief China Economist Head of Research, Asia ex-Japan +852 2826 5725 Eddie Cheung CFA Senior Emerging Market Strategist +852 2826 1553	Jeffrey Zhang Emerging Market Strategist +852 2826 5749 Yeon Jin Kim Emerging Market Analyst +852 2826 5756	Sébastien Barbé Head of Emerging Market Research & Strategy +33 1 41 89 15 97		Olga Yangol ** Head of Emerging Market Research & Strategy, Americas +1 212 261 3953
Foreign Exchange	David Forrester Senior FX Strategist +65 6439 9826		Valentin Marinov Head of G10 FX Research & Strategy +44 20 7214 5289	Alexandre Dolci FX Strategist +44 20 7214 5064	
Quant Research			Alexandre Borel Data Scientist +33 1 57 87 34 27		

** employee(s) of Crédit Agricole Securities (USA), Inc.

Certification

The views expressed in this report accurately reflect the personal views of the undersigned analyst(s). In addition, the undersigned analyst(s) has not and will not receive any compensation for providing a specific recommendation or view in this report.

Bert Lourenco, Alex Li, Jean-François Perrin, Guillaume Martin, Matthias Loise, Riccardo Lamia

Important: Please note that in the United States, this fixed income research report is considered to be fixed income commentary and not fixed income research. Notwithstanding this, the Crédit Agricole CIB Research Disclaimer that can be found at the end of this report applies to this report in the United States as if references to research report were to fixed income commentary. Products and services are provided in the United States through Crédit Agricole Securities (USA), Inc.

Foreign exchange disclosure statement to clients of CACIB

[-cib.com/sites/default/files/2017-02/2016-05-04-cacib-fx-disclosure-april-2016_0.pdf](https://cib.com/sites/default/files/2017-02/2016-05-04-cacib-fx-disclosure-april-2016_0.pdf)

Additional recommendation obligations – available from analyst(s) upon request:

- A list of all the recommendation changes on any financial instrument or issuer disseminated within the last 12 months.
- Where Crédit Agricole CIB is a market-maker or liquidity provider in the financial instruments of the issuer.

Valuation and methodology

Based on their expertise, each analyst defines the information that is relevant to produce their recommendations. This information may change over time. All recommendations focus on FX instruments, either G10 FX spot or G10 FX derivative markets. Crédit Agricole CIB is currently disclosing investment recommendations either at the issuer level, at the financial instrument level or at the country level. Credit Agricole CIB investment recommendations are based on a risk and reward analysis:

- Risk analysis may be conducted at the financial instruments level. Among the information normally used to define the risks, are (1) publications produced by other research teams within Crédit Agricole CIB (Economics, FX, Credit Research, Emerging Markets), (2) country analysis, (3) regulatory filings; (4) regular discussions with relevant stakeholders such as experts or regulatory bodies or (5) any other publicly available sources.
- Reward analysis is usually based on valuation models. Valuation may be based on proprietary models or external models provided by sources considered as reliable (eg, Bloomberg). Among other factors, valuation models may be based on relative value models, quantitative models, cross-asset models.
- Investment recommendations may also be based on other technical aspects, including positioning flows and observing the market and underlying movements in particular instruments or issuers. This analysis will take into account key criteria such as market liquidity of the financial instrument at the time of production of the recommendation.

Any change in recommendation is disclosed via specific documents indicating both the new and the previous recommendation and the rationale backing the change.

Credit Agricole CIB expressly disclaims any responsibility for: (i) the accuracy of the models or estimates used in deriving the recommendations; (ii) any errors or omissions in computing or disseminating the valuations; and (iii) any uses to which the recommendations are put. Any valuation provided may be different from the valuation of the same product that Credit Agricole CIB may use for its own purposes, including those prepared in its own financial records.

MiFID II contact details

Andrew Taylor
MiFID II Research contact
andrew.taylor@ca-cib.com

Please send your questions on
MiFID II to:
research.mifid2@ca-cib.com

Disclaimer

© 2025, **CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK** All rights reserved.

This research report or summary has been prepared by Crédit Agricole Corporate and Investment Bank or one of its affiliates (collectively "Crédit Agricole CIB") from information believed to be reliable. Such information has not been independently verified and no guarantee, representation or warranty, express or implied, is made as to its accuracy, completeness or correctness.

This report is provided for information purposes only. Nothing in this report should be considered to constitute investment, legal, accounting or taxation advice and you are advised to contact independent advisors in order to evaluate this report. It is not intended, and should not be considered, as an offer, invitation, solicitation or personal recommendation to buy, subscribe for or sell any of the financial instruments described herein, nor is it intended to form the basis for any credit, advice, personal recommendation or other evaluation with respect to such financial instruments and is intended for use only by those professional investors to whom it is made available by Crédit Agricole CIB. Crédit Agricole CIB does not act in a fiduciary capacity to you in respect of this report.

Crédit Agricole CIB may at any time stop producing or updating this report. Not all strategies are appropriate at all times. Past performance is not necessarily a guide to future performance. The price, value of and income from any of the financial instruments mentioned in this report can fall as well as rise and you may make losses if you invest in them. Independent advice should be sought. In any case, investors are invited to make their own independent decision as to whether a financial instrument or whether investment in the financial instruments described herein is proper, suitable or appropriate based on their own judgement and upon the advice of any relevant advisors they have consulted. Crédit Agricole CIB has not taken any steps to ensure that any financial instruments referred to in this report are suitable for any investor. Crédit Agricole CIB will not treat recipients of this report as its customers by virtue of their receiving this report.

Crédit Agricole CIB, its directors, officers and employees may effect transactions (whether long or short) in the financial instruments described herein for their own accounts or for the account of others, may have positions relating to other financial instruments of the issuer thereof, or any of its affiliates, or may perform or seek to perform securities, investment banking or other services for such issuer or its affiliates. Crédit Agricole CIB may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Crédit Agricole CIB is under no obligation to ensure that such other reports are brought to the attention of any recipient of this report. Crédit Agricole CIB has established a "Policy for Managing Conflicts of Interest in relation to Investment Research" which is available upon request. A summary of this Policy is published on the Crédit Agricole CIB website. This Policy applies to its investment research activity.

None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party without the prior express written permission of Crédit Agricole CIB. To the extent permitted by applicable securities laws and regulations, Crédit Agricole CIB accepts no liability whatsoever for any direct or consequential loss arising from the use of this document or its contents.

France: Crédit Agricole Corporate and Investment Bank is authorised by the Autorité de Contrôle Prudentiel et de Résolution ("ACPR") and supervised by the European Central Bank ("ECB"), the ACPR and the Autorité des Marchés Financiers ("AMF"). Crédit Agricole Corporate and Investment Bank is incorporated in France with limited liability. Registered office: 12, Place des États-Unis, CS 70052, 92 547 Montrouge Cedex (France). Companies Register: SIREN 304 187 701 with Registre du Commerce et des Sociétés de Nanterre. **United Kingdom:** Crédit Agricole CIB is authorised and regulated by the Autorité de Contrôle Prudentiel et de Résolution (the "ACPR") and supervised by the European Central Bank (the "ECB"), the ACPR and the Autorité des Marchés Financiers (the "AMF") in France. Crédit Agricole CIB London is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the FCA and the PRA are available from Crédit Agricole CIB London on request. Crédit Agricole Corporate and Investment Bank is a public limited company ("société anonyme") under French law, incorporated in France under SIREN number 304187701 at the Nanterre Trade and Companies Registry, with limited liability and its head office address at 12, Place des États-Unis, CS 70052, 92547 Montrouge Cedex, France. It is registered in England and Wales as an overseas company at Companies House under company number FC008194, with a UK establishment at Broadwalk House, 5 Appold Street, London, EC2A 2DA, United Kingdom (UK establishment number BR001975). **United States of America:** This research report is distributed solely to persons who qualify as "Major U.S. Institutional Investors" as defined in Rule 15a-6 under the Securities and Exchange Act of 1934 and who deal with Crédit Agricole Corporate and Investment Bank. This report does not carry all of the independence and disclosure standards of a retail debt research report. Recipients of this research in the United States wishing to effect a transaction in any security mentioned herein should do so by contacting Crédit Agricole Securities (USA), Inc. (a broker-dealer registered with the Securities and Exchange Commission ("SEC") and the Financial Industry Regulatory Authority ("FINRA")). The delivery of this research report to any person in the United States shall not be deemed a recommendation of Crédit Agricole Securities (USA), Inc. to effect any transactions in the securities discussed herein or an endorsement of any opinion expressed herein. This report shall not be re-distributed in the United States without the consent of Crédit Agricole Securities (USA), Inc. **Italy:** This research report can only be distributed to, and circulated among, professional investors (operatori qualificati), as defined by the relevant Italian securities legislation. **Spain:** Distributed by Crédit Agricole Corporate and Investment Bank, Madrid branch and may only be distributed to institutional investors (as defined in article 7.1 of Royal Decree 291/1992 on Issues and Public Offers of Securities) and cannot be distributed to other investors that do not fall within the category of institutional investors. **Hong Kong:** Distributed by Crédit Agricole Corporate and Investment Bank, Hong Kong branch. This research report can only be distributed to professional investors within the meaning of the Securities and Futures Ordinance (Cap.571) and any rule made there under. **Japan:** Distributed by Crédit Agricole Securities Asia B.V. which is registered for financial instruments business in Japan pursuant to the Financial Instruments and Exchange Act (Act No. 25 of 1948), and is not intended, and should not be considered, as an offer, invitation, solicitation or recommendation to buy or sell any of the financial instruments described herein. This report is not intended, and should not be considered, as advice on investments in securities which is subject to the Financial Instruments and Exchange Act (Act No. 25 of 1948). **Luxembourg:** Distributed by Crédit Agricole Corporate and Investment Bank, Luxembourg branch. It is only intended for circulation and/or distribution to institutional investors and investments mentioned in this report will not be available to the public but only to institutional investors. **Singapore:** Distributed by Crédit Agricole Corporate and Investment Bank, Singapore branch. It is not intended for distribution to any persons other than accredited investors, as defined in the Securities and Futures Act (Chapter 289 of Singapore), and persons whose business involves the acquisition or disposal of, or the holding of capital markets products (as defined in the Securities and Futures Act (Chapter 289 of Singapore)). **Switzerland:** Distributed by Crédit Agricole (Suisse) S.A. This report is not subject to the SBA Directive of January 24, 2003 as they are produced by a non-Swiss entity. **Germany:** Distributed by Crédit Agricole Corporate and Investment Bank, Frankfurt branch and may only be distributed to institutional investors. **Australia:** Distributed to wholesale investors only. This research, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act.

Benchmarks are the subject of recent and on-going reform, which include changes in methodology, discontinuation and/or replacement. Where implemented, reforms may cause benchmarks to perform differently than in the past or have other consequences which may have a material adverse effect on products and services provided by Crédit Agricole CIB currently and/or in the future. You should therefore consult your own independent advisers and make your own assessment about the potential risks imposed by benchmark reforms, when making any investment decision with respect to a product or service linked to or referencing a benchmark. Reforms include (i) the expectation that LIBOR will cease after year-end 2021 and be replaced by Alternative Reference Rates on each currency (e.g. USD/GBP), impacting LIBOR and other benchmarks which are pegged to it and (ii) EONIA will stop being published on 3 January 2022 and be replaced by €STR.

THE DISTRIBUTION OF THIS DOCUMENT IN OTHER JURISDICTIONS MAY BE RESTRICTED BY LAW, AND PERSONS INTO WHOSE POSSESSION THIS DOCUMENT COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS. BY ACCEPTING THIS REPORT, YOU AGREE TO BE BOUND BY THE FOREGOING.

16/08/21