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Finnish Government Bond Auction on Tuesday

Marketing communication

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On Tuesday, March 18, State Treasury Finland will tap their RFGB 09/34 and RFGB 04/38

On **Tuesday, March 18**, State Treasury Finland will tap their **RFGB 09/34** and **RFGB 04/38**, with a target amount totaling **€1.5bn**. The main story in **European government bonds** lately has been discussions on easing the **German debt brake**, which has driven the **10Y Bund yield** about **40 basis points higher** in March. This move has led to a significant performance in all **semi-core** markets, most notably **OAT**, but also **Finland, Austria, the Netherlands, Belgium**, etc.

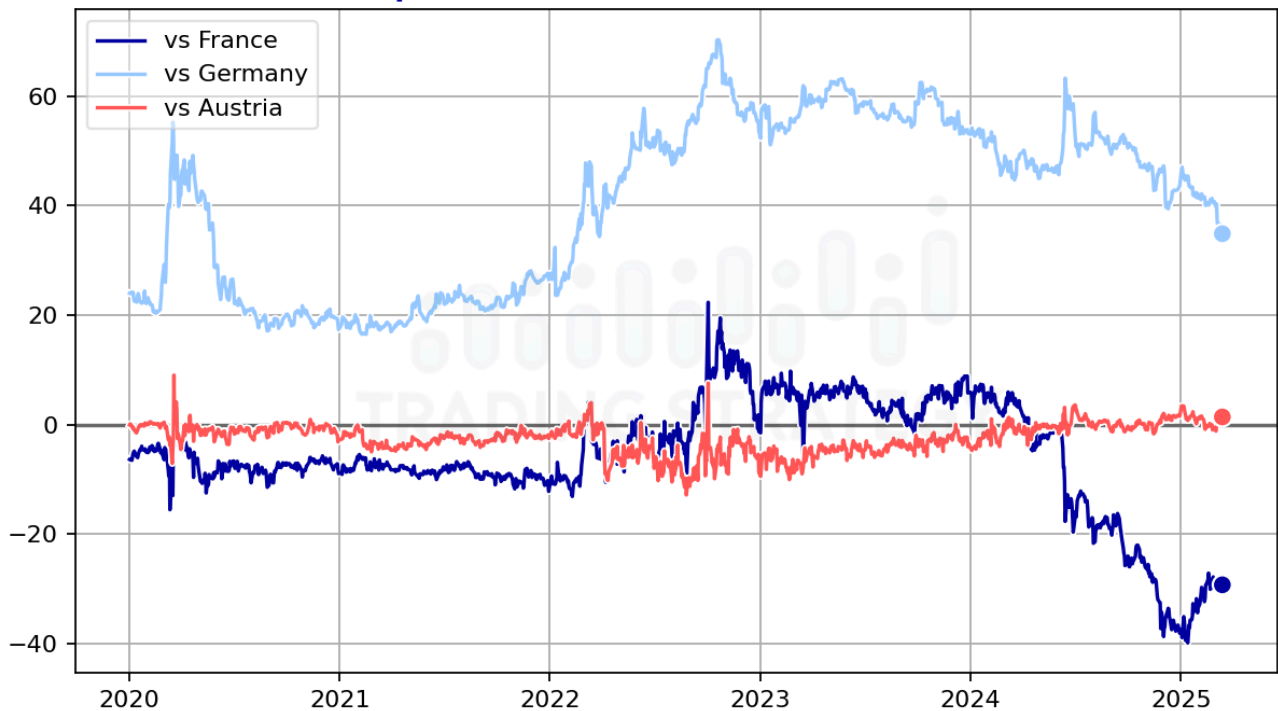
Since **Finland** is one of the more well-equipped countries in terms of **defense spending** in the Eurozone, we reiterate our view from the last auction comment: **all else equal, Finland should be less impacted** by the overall increase in defense spending in the Eurozone.

Looking at the two bonds versus their most common peer, **Austria**, Finland is currently trading at favorable levels. If one is looking to add **semi-core risk** outside of **France and Belgium**, **Finland appears to be a strong option**.

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Finland, 10Y Yield spreads



Updated: 14-Mar-2025

Source: Nordea Markets

Examining the **curve for funded investors** buying in **ASW**, the sweet spot in the **10Y sector** is slightly shorter than **09/34**. However, between the two bonds, **RFGB 09/34** would be preferred in terms of **risk-adjusted Carry & Roll**. Additionally, maintaining a **mix of semi-core versus Germany and some ASW** has proven optimal in March. As **Bund spreads have widened**, semi-core **ASWs** have remained relatively stable. In **risk-off trading**, where **German ASW** generally strengthens, **semi-core ASW** has also been more resilient. Combined with **Bund spreads near all-time lows**, this setup suggests **more upside than downside from here**.

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Finnish Government bonds ASW vs EUR 6s

	ASW	ASW roll value	ASW + roll	Fixing - OIS spread	Repo - OIS spread	Pickup	Risk adj.
FI 0.5 15Apr26	-8.4	-0.7	-9.1	26.1	27.5	-10.5	-10.0
FI 0 15Sep26	-8.3	5.3	-3.0	26.1	27.5	-4.4	-3.0
FI 1.375 15Apr27	1.9	11.0	12.9	26.1	27.5	11.5	5.8
FI 0.5 15Sep27	1.4	14.2	15.6	26.1	27.5	14.3	5.9
FI 2.75 04Jul28	4.4	6.3	10.7	26.1	27.5	9.4	3.1
FI 0.5 15Sep28	7.2	14.1	21.4	26.1	27.5	20.0	5.9
FI 2.875 15Apr29	13.7	29.5	43.2	26.1	27.5	41.9	11.3
FI 0.5 15Sep29	16.4	31.0	47.5	26.1	27.5	46.1	10.6
FI 2.5 15Apr30	18.8	19.0	37.8	26.1	27.5	36.5	7.9
FI 0 15Sep30	24.2	33.7	57.8	26.1	27.5	56.5	10.6
FI 0.75 15Apr31	27.7	40.9	68.5	26.1	27.5	67.2	11.7
FI 0.125 15Sep31	30.6	34.6	65.2	26.1	27.5	63.8	10.2
FI 1.5 15Sep32	37.3	41.8	79.0	26.1	27.5	77.7	11.3
FI 3 15Sep33	41.4	28.4	69.8	26.1	27.5	68.5	9.4
FI 1.125 15Apr34	46.4	48.1	94.5	26.1	27.5	93.1	11.3
FI 3 15Sep34	45.4	28.6	73.9	26.1	27.5	72.6	9.1
FI 0.125 15Apr36	54.8	53.5	108.3	26.1	27.5	106.9	10.1
FI 2.75 15Apr38	60.6	30.4	90.9	26.1	27.5	89.6	8.6
FI 0.25 15Sep40	66.0	28.6	94.6	26.1	27.5	93.2	6.4
FI 2.625 04Jul42	65.3	-5.4	59.8	26.1	27.5	58.5	4.5
FI 0.5 15Apr43	69.3	53.2	122.5	26.1	27.5	121.1	7.4
FI 3.2 15Apr45	73.4	31.3	104.7	26.1	27.5	103.3	7.2
FI 1.375 15Apr47	73.6	1.6	75.2	26.1	27.5	73.8	4.3
FI 0.125 15Apr52	76.8	15.0	91.8	26.1	27.5	90.4	3.6
FI 2.95 15Apr55	91.8	103.1	194.9	26.1	27.5	193.5	10.6

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Source: Nordea Markets

A few words on the housing market in Finland

Finland's housing market is recovering, with sales increasing and prices stabilizing. However, oversupply, especially in Helsinki, is expected to take time to absorb. Buyers prefer well-located, high-quality properties, while rental markets show regional differences. Policy changes and immigration have reduced demand for smaller apartments, prolonging the rental surplus. Going forward, prices are expected to remain stable, with demand concentrated on quality housing, while certain rental segments may stay under pressure. (read more [here](#))

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