



Daily Bond Auction Preview

21st February 2023

Previews of UK, EU and US government bond auctions including the size of issuance, time of the auction(s), estimates, redemptions, coupons and analyst commentary.

PREVIEW: UK to sell GBP 3.5bln 0.5% 2029 Gilt

IFR Analysis:

- There is no natural concession in place with outright yields lower since the prior tap.
- There is no incentive on the curve with 2s7s flatter since the last sale.
- The sale's success will be pinned on relative value.

Auction History

- 0.50% 2029 Gilt: b/c 1.96x, average yield 3.763% & tail 0.8bps

Note, bids are submitted by the 10:00GMT bidding deadline, results due shortly afterwards.

PREVIEW: Germany to sell EUR 5.0bln 2.20% 2028 Bobl

IFR Analysis:

- The tap looks vulnerable given its "okay" history and fragility of interest rate markets.
- Bobl is about as cheap as it has been since its introduction in the middle of January.
- Investors remain worried about the cheap getting cheaper still, despite cheap outright levels but amid worries that central banks remain behind the curve.
- Looking overseas, the German 5yr has underperformed Gilts but outperformed Treasuries.
- Competing supply is a slight issue with another tap from Germany mid-week, whilst Italy is to enter the market this Friday.

Auction History

- 2.20% 2028 Bobl: b/c 1.40x, average yield 2.22% & retention 19.20%

Note, bids are submitted by the 10:30GMT bidding deadline, results due shortly afterwards.

PREVIEW: US to sell USD 42bln 2yr Note

US 2-YEAR NOTE AUCTION RECENT HISTORY:

- High Yield: (prev. 4.139%, six-auction average 4.179%)
- Tail: (prev. -1.3bps, six-auction avg. 0.1bps)
- Bid-to-Cover: (prev. 2.94x, six-auction avg. 2.65x)
- Dealers: (prev. 16.3%, six-auction avg. 20.9%)
- Directs: (prev. 18.7%, six-auction avg. 21.2%)
- Indirects: (prev. 65.0%, six-auction avg. 57.9%)

US 5-YEAR NOTE AUCTION RECENT HISTORY:

- High Yield: (prev. 3.53%, six-auction average 3.855%)
- Tail: (prev. -2.4bps, six-auction avg. 0.2bps)



- Bid-to-Cover: (prev. 2.64x, six-auction avg. 2.42x)
- Dealers: (prev. 8.8%, six-auction avg. 16.6%)
- Directs: (prev. 15.4%, six-auction avg. 17.5%)
- Indirects: (prev. 75.7%, six-auction avg. 65.9%)

US 7-YEAR NOTE AUCTION RECENT HISTORY:

- High Yield: (prev. 3.517%, six-auction average 3.730%)
- Tail: (prev. -2.1bps, six-auction avg. -0.1bps)
- Bid-to-Cover: (prev. 2.69x, six-auction avg. 2.52x)
- Dealers: (prev. 6.1%, six-auction avg. 13.1%)
- Directs: (prev. 16.8%, six-auction avg. 18.8%)
- Indirects: (prev. 77.1%, six-auction avg. 68.1%)

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