



Daily Bond Auction Preview

28th 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: The Netherlands to sell EUR 1.5-2.5% 0.00% 2038 DSL

Rabobank

- The auction provides an opportunity to go long versus EUR swap or to take advantage of the bond's attractive outright yield.
- The bond currently has the second lower price among all DSLs.
- On a cross-market basis, the Netherlands' spread versus Germany has widened since mid-December 2022 both France and Belgium have richened versus the Netherlands since the back-end of December 2022.
- "In February 2023 two announcements were made regarding the Dutch State's stake in lender ABN AMRO (this stake is held via the entity NLF1)...the recent activity by NLF1 with regards to its stake in ABN AMRO is likely to raise a total of EUR 1.25bn for the Dutch State. This should result in a corresponding reduction in the State's 2023 funding need which in practice will mean, all other things being equal, slightly less net DTC issuance than otherwise anticipated."

Auction History

- Netherlands sold EUR 1.835bn vs. Exp. EUR 1.5-2.5bn 0.00% 2038 DSL with an average yield 0.118% (prev. 0.188%) (9th Nov 2021)

On the issue date at 09:00GMT, the DSTA will announce the price at which Primary Dealers can buy the bond. The issuance will take the form of a tap auction, during which the DSTA may revise the price at any time.

PREVIEW: Germany to sell EUR 6bn 2.50% 2025 Schatz

IFR

- "Schatz may be trading at historically cheap outright valuations, but that isn't necessarily encouraging for investors."
- In each of the last five new issues, Schatz auctions were all technical failures, going back to February 2022.
- That being said, the market for taps (vs new issues) is on a firmer footing, with each of the last four Schatz taps fully covered.
- Competing supply is a slight issue, with the EU seeing strong demand at its 2025 and 2028 auctions on Monday.

Auction History

- 2.50% 2025 Schatz: b/c 1.10x, average yield 2.64% & retention 17.85%

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

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