

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.

### Italy to sell EUR 1.75-2.0bln 2.20% 2028 BTP and EUR 1.5-2.0bln 1.10% 2031, 1.80% 2036 BTPei

#### Analysis:

- Short-dated yields have surged as markets price in rate hikes due to higher energy prices. The IT-DE spread has been the worst affected among EGB spreads, with investors unwinding positions.
- Investors could use the inflation-linked bonds as a way to diversify, as I/L bonds generally tend to outperform relative to the nominal bond when breakeven inflation increases.
- Amid the Iran conflict, local politics have been forgotten. Italians rejected the government's proposal to reform the judiciary, with the result putting PM Meloni under pressure ahead of her 2027 re-election campaign. The PM has since called for the Tourism Minister to resign in an attempt to clean house and limit the damage from the referendum loss.

#### Recent History:

- 2.20% 2028: b/c 1.62x & average yield 2.16%
- 1.10% 2031 BTPei: b/c 1.75x & real yield 0.84%
- 1.80% 2036 BTPei: b/c 1.74x & real yield 1.51%

*Results due shortly after the 10:00GMT bidding deadline*

### Germany to sell EUR 2.0bln 2.60% 2041 and 0.00% 2052 Bund

#### Analysis:

- Yields have risen since the start of the Iran war, with worries about higher energy prices feeding into inflation. Front-end yields have driven the recent curve flattening, while 15yr yields remain near to the 2025 highs of 3.305%.
- UBS thinks investors should take advantage of the higher yield environment. The bank details that participants have front-loaded the negative inflationary aspect of the supply shock but have failed to consider the growth impact if the war goes on for longer.

#### Recent History:

- 2.60% 2041: b/c 2.69x, average yield 3.09%, retention 14.7%
- 0.00% 2052: b/c 1.5x, average yield 3.45%, retention 19.0%

*Results due shortly after the 10:30GMT bidding deadline*

### US to sell USD 70bln 5-year Note

#### US 5-YEAR NOTE auction recent history:

- High Yield: prev. 3.615%, six-auction avg. 3.680%
- Tail: prev. 0.7bps, six-auction avg. 0.3bps
- Bid-to-Cover: prev. 2.32x, six-auction avg. 2.36x
- Dealers: prev. 12.8%, six-auction avg. 10.8%
- Directs: prev. 24.7%, six-auction avg. 27.5%
- Indirects: prev. 62.5%, six-auction avg. 61.7%

*Results due shortly after the 17:00GMT bidding deadline*

