Daily Bond Auction Preview - 1st July 2026

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.

The UK to sell GBP 1.25bln 0.125% 2031 I/L Treasury Gilt

Analysis:

- Demand for I/L bonds increased throughout the Iran conflict, amid concern that higher energy prices would pass through into inflation.
- However, the UK's May inflation surprised to the downside, with core inflation printing at 2.6% Y/Y vs exp. 2.7%, though, it did tick higher from 2.5%. Headline inflation held steady at 2.8% Y/Y. UK inflation expectations cooled in June, evidenced by the Citi/YouGov poll finding that year-ahead inflation expectations in June fell to 3.8% from 4.7%.

Recent History:

- 0.125% 2031 I/L Gilt: b/c 3.75x, real yield 0.651%

Results due shortly after the 10:00BST bidding deadline

Germany to sell EUR 3.5bln 2.50% 2032 Bund

Analysis:

- Currently, the German 7yr yield trades at 2.72%. Global yields have come off a fair way since the signing of the MoU, allowing for ships to pass through the Strait of Hormuz and bring oil back to the market.
- The ECB delivered a 25bp hike a day before the signing of the MoU, despite some concern around the broader economy. Crude prices have now returned to pre-conflict levels, and 5yr inflation breakevens remain steady around 2.1%, potentially signalling no need for the ECB to hike further.
- Despite this, commentary by ECB officials remains net-hawkish. Nagel stated that inflation may stay significantly above target, while Schnabel continued to reiterate that the ECB will need to raise rates further. To note, both of these policymakers are known to have hawkish views.
- On the other hand, President Lagarde has spoken on both sides of the argument. She initially stated that there is no evidence yet of de-anchoring of inflation expectations or second-round effects that would warrant a more forceful policy response at this stage. This was taken as a somewhat dovish take; however, at her introductory speech at Sintra, she reversed and said we are more likely to face shocks in the coming years that push inflation away from target.
- Recent single-economy inflation data in the EZ showed inflation metrics cooling by more than the market expected. The ECB will take some comfort in the prints, with the broader EZ print expected at 10:00BST.
- As for this auction, demand should be robust.

Recent History:

- 2.50% 2032: b/c 2.4x, avg. yield 2.8%, retention 23.94%

Results due shortly after the 10:30BST bidding deadline