Daily Bond Auction Preview - 4th August 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 4.25bln 4.625% 2032 Treasury Gilt

Analysis:

- Currently, the UK 5yr yield trades at 4.52%, in the middle of the broader 4.23-4.72% range formed since the Iran conflict.
- The UK 2-10yr spread has continued to steadily steepen since the 42bp low made at the start of the Middle East war, currently at 64bps. Looking at the differential between the 2-yr and the BoE's interest rate, it is currently at 58bps, around the levels last seen at the start of the Russian invasion of Ukraine. The Bank started hiking rates in response to the higher energy prices to a peak of 5.25%.
- In last week's policy announcement, Governor Bailey downplayed the idea that the Bank is moving closer to raising rates. Traders do not agree, with a rate hike fully priced in by year end. Further inaction by the BoE could lead to further steepening of rates, as elevated energy prices pose an upside risk to inflation.

Recent History:

- 4.25% 2032: No recent history

Results due shortly after the 10:00BST bidding deadline

Germany to sell EUR 6bln 2.70% 2028 Schatz

Analysis:

- Currently, the German 2yr yield trades at 2.76%, holding at the 20-SMA and the top of the Mar-Jun range.
- News from US President Trump announcing that he cancelled strikes on Iran at the request of Tehran and other Middle East countries have helped ease yields, hoping that the Strait of Hormuz will re-open soon.
- Despite the positive news, analysts worry that the gas shortage in the EU will keep prices elevated and then feed into sticky inflation. European Union inventories were only 57.1% full at the start of August, compared with a five-year average of 74%. Market pricing indicates a 72% chance of a hike in September while 38bps of hikes are priced in for year-end.

Recent History:

- 2.70% 2028: b/c 1.13x, average yield 2.77%, retention 29.63%

Results due shortly after the 10:30BST bidding deadline

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