



# Daily G7 Bond Auction Preview

Previews of UK, EU and US T-bill and bond auctions including size of issuance, time of auction, estimates and commentary in regards to potential market impact.



12<sup>th</sup> July 2011

## AUCTION PREVIEW: NDL EUR 1.5-2.5bln 3.25% Jul'21 DSL Auction

Today the Dutch Debt agency is conducting its 3.25% 15-Jul-21 DSL auction, where it expect to raise an amount in the range of EUR 1.5-2.5bln. Today is the third tap on this line, with the last auction on this line being held in May'11, with an issue price of 98.69 (yield 3.405%). The last three auctions on this line had an average issue price of 101.56 (average yield 2.797%).

The Netherlands is one of the safer AAA rated European sovereigns, which has enjoyed relative flight-to-safety market sentiment in recent auctions and it would be a surprise if today's auction did not follow similar lines. However, tomorrow there is a corresponding 3.25% Bund auction from Germany so it well may be that investors hold back and wait for the primary core European paper.

It is worth noting that the Dutch Treasury has so far raised EUR 100.25bln in 2011.

The Dutch Treasury will announce the issue price at 0900 BST. Results are expected between 0930-0945 BST.

## AUCTION PREVIEW: IT EUR 6.75bln 12-month BOT Auction

Today the Italian Treasury is conducting its 12-month BOT auction, where it expects to raise approximately EUR 6.75bln. The last 12-month auction was conducted in Jun'11, with a bid/cover ratio of 1.71 (yield 2.174%). The last three 12-month auctions saw an average bid/cover ratio of 1.71 (average yield 2.079%).

Today's T-Bill issuance precedes the EUR 5bln BTP auctions due on Thursday, so will provide an important gauge of how the market currently views the Italian sovereign. The Italian/German 10-year government bond yield spread widened to record highs yesterday as contagion fears continue to weigh on the Eurozone, allied with Italy's own political instability, in which the incumbent finance minister seems to be the one link holding the chain together.

It is worth noting that the Italian treasury has so far raised EUR 207.77bln in 2011.

Results are expected between 1000-1015BST.

## AUCTION PREVIEW: ECB's 7-day, and 1-month Refinancing Operations

Today the ECB is conducting its 7-day, and 1-month refinancing operations. For the 7-day refinancing operation a RTRS poll expects the ECB to allot EUR 134bln with the expected range being EUR 100-170bln. In the last 7-day refinancing operation the ECB allotted an amount of EUR 120.02bln which was in line with estimates, with 185 total bidders.

For the 1-month refinancing operation a RTRS poll expects the ECB to allot EUR 75bln with the expected range being EUR 45-105bln. In the last 1-month refinancing operation the ECB allotted EUR 69.40bln which was less than the estimate of EUR 82bln, with 60 total bidders.

Results are expected between 1000-1030BST.

## AUCTION PREVIEW: GRE EUR 1.25bln 26-week T-Bill Auction

Today the Greek Treasury is conducting its 26-week T-bill auction, where it expects to raise an amount of approximately EUR 1.25bln. The last 26-week T-bill auction was conducted in Jun'11, with a bid/cover ratio of 2.58 (yield 4.960%). The last three 26-week T-bill auctions saw an average bid/cover ratio of 3.32 (average yield 4.880%).

Despite the Greek turmoil over the last few months Greek T-Bills have benefited from relatively healthy bid/cover ratios, however with the emergency EU policy makers meeting yesterday possibly scrapping the French debt roll-over scheme the solution to Greece's woes is again up in the air. Even though investors may well steer clear of such uncertainty, foreign investors bought 37% of the last 26-week issuance which was an increase of the 34.2% previously.

It is worth noting that the Greek Treasury has so far raised EUR 14.76bln in 2011.

Results are expected between 1000-1100BST.

## AUCTION PREVIEW: BEL EUR 2.7-3.2bln combined 3-, and 12-month T-Bill Auctions

Today the Belgian debt agency is conducting its 3-, and 12-month T-Bill auctions, where it expects to raise a combined amount of between approximately EUR 2.7-3.2bln. In terms of historical data:

- The 3-month T-Bill auction was last held in Jul'11, with a bid/cover ratio of 2.97 (yield 1.313%). The last three 3-month auctions saw an average bid/cover ratio of 3.94 (average yield 1.243%).

- The 12-month T-Bill auction was last conducted in Jun'11, with a bid/cover ratio of 2.18 (yield 1.625%). The last three 12-month T-Bill auctions saw an average bid/cover ratio of 2.39 (average yield 1.655%).

It is worth noting that the Belgian Treasury has so far raised EUR 45.97bln in 2011.

Results are expected between 1000-1100 BST.

Sources: <http://www.dsta.nl/english> [http://www.debtagency.be/en\\_index.asp](http://www.debtagency.be/en_index.asp) [www.publicdebt.it](http://www.publicdebt.it) <http://www.pdma.gr/%28S%283flrj545ap4rn5rced1efyab%29%29/ODDXH/ffMain.aspx?lang=en-US> RTRS