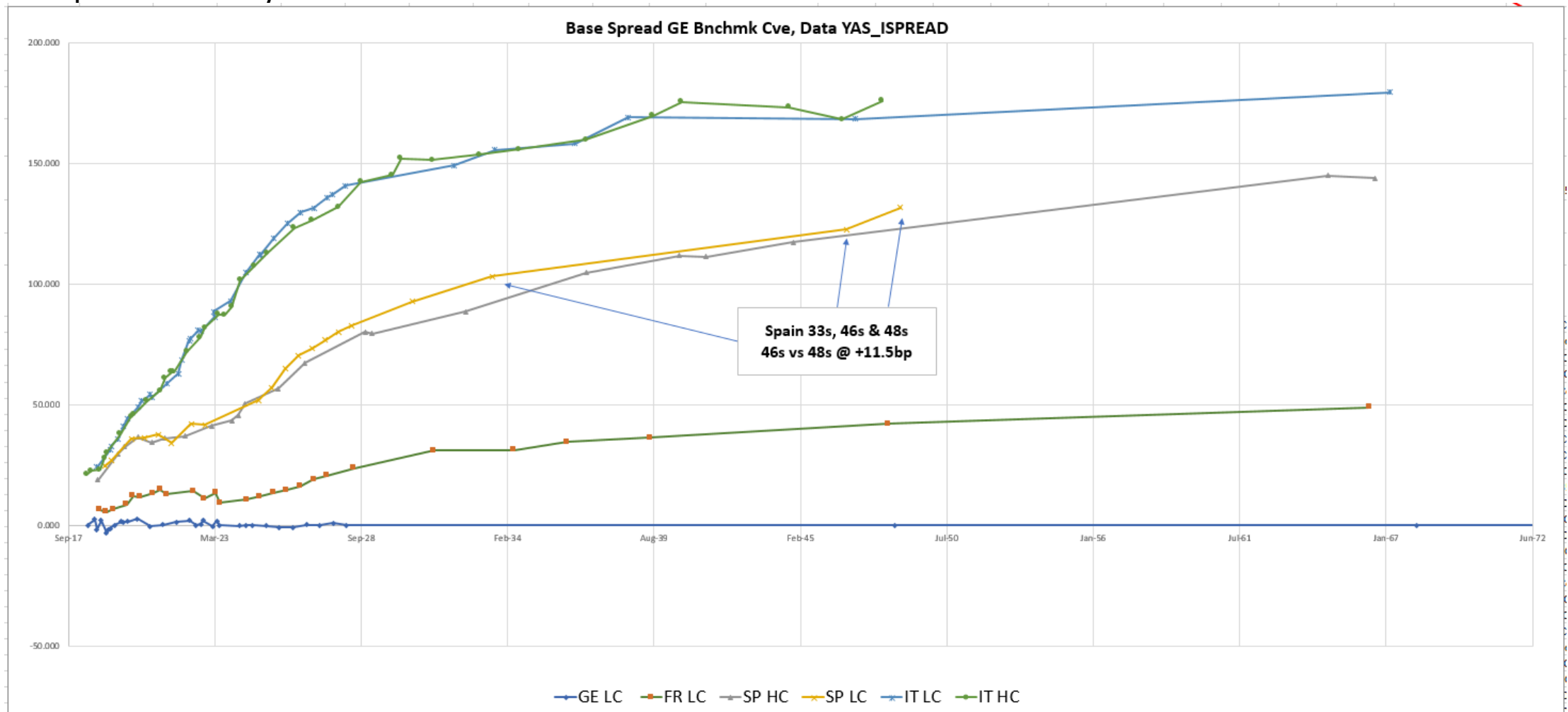


Spain, Italy & France vs Germany as baseline

Today's new Spain 48s Spgb TBA% 48 looks set to come somewhere between +12bp and +10bp over the old LC 30y, Spgb 2.9 10/46

It would appear that use of the precedent of 46s 48s in Italy could have influenced the initial spread – however the Italian relationship is idiosyncratic to the High/Low coupon structure of its curve

The Butterfly structure in Spgb +33s -46s +48 on the following weighting scheme: +0.1/-2/+1.9, looks an interesting way to express this relationship, with some curve protection offered by the 'anchor' of the 2033's





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