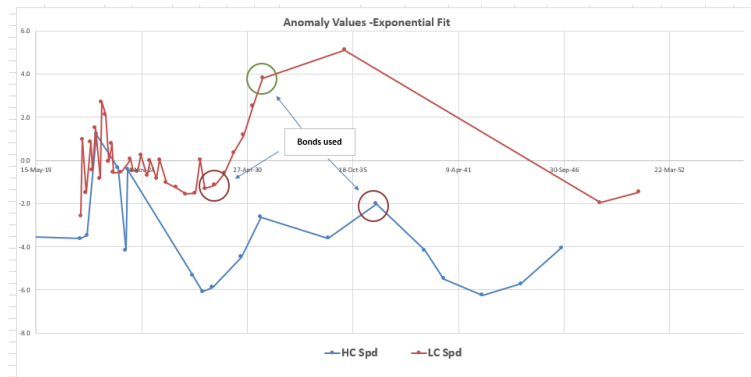
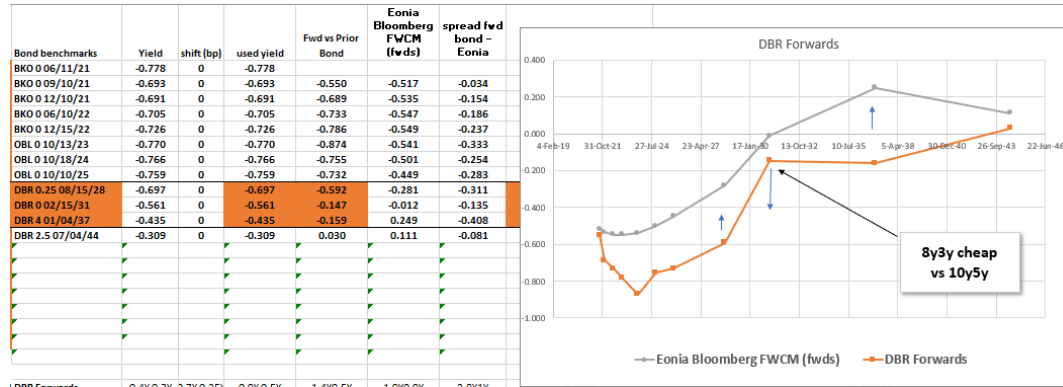


Dbr 0% Feb31 Trade – Buy vs Dbr Aug28 and Dbr Feb37

- New Dbr issues come cheap -
- Dbr Feb 31 new issue will continue to be tapped until it reaches €27Bln by mid May
- On our forwards model it looks cheap vs a the 7 ½ yr and the 16y
- In forward rates we are paid to own this new issue. The two shorts roll into supply points the Aug28 will 7 1/2y bond and in April, the Buba will launch a new Nov28 7y – the prior 7y put something of a cap on the older issues in that sector – we expect the same effect on Aug28s
- In March the Buba will launch a new 15y Mar36 bond, which also could cause a cheapening in the old HC Feb37 as it rolls towards 15yrs

Germn Forward Curve Feb/31 @ +3 bp vs Aug/30



Anomalies vs Fitted German Curve - above