



Bond Market Outlook

ECB Bond Market Contact Group

Sophie Landry

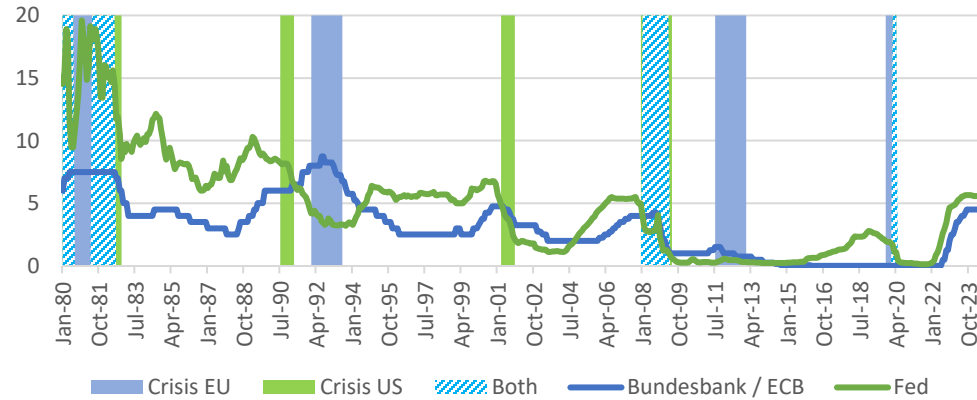
26th June 2024



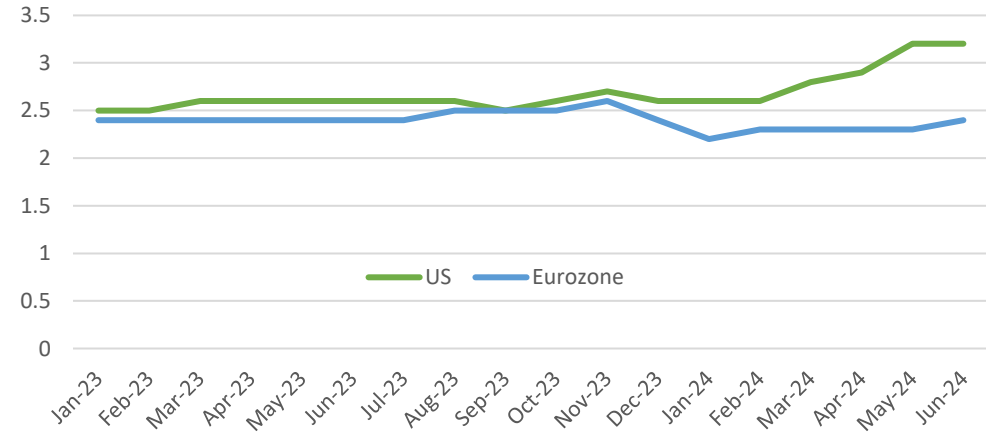
European
Investment Bank

Data-dependent, not Fed dependent

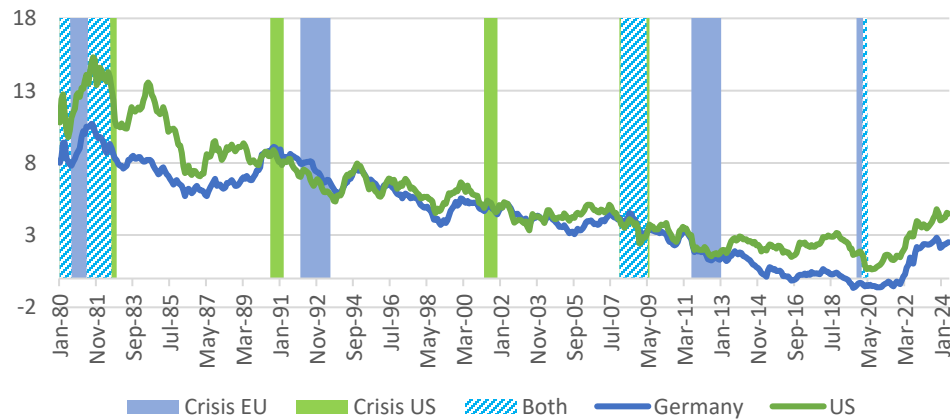
Short Term (Policy) Rates (%)



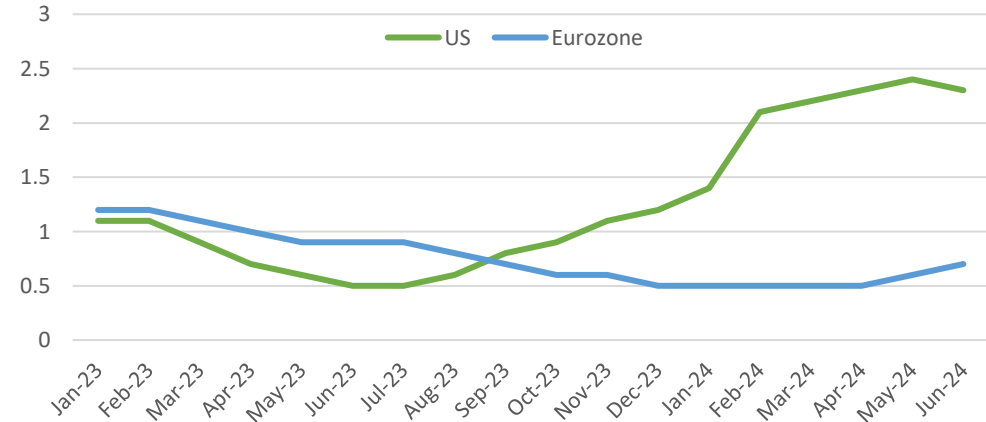
CPI Inflation Consensus Forecasts (%)



10-year Government Bond Yields (%)

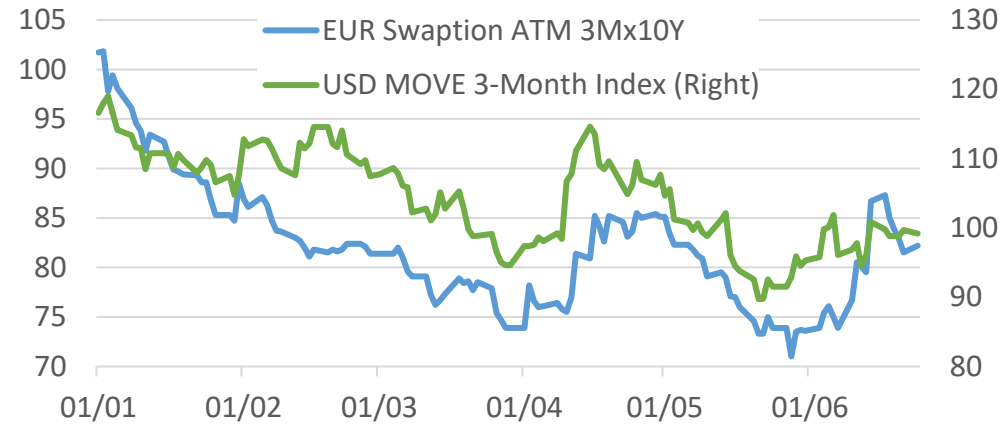


GDP Consensus Forecasts (%)

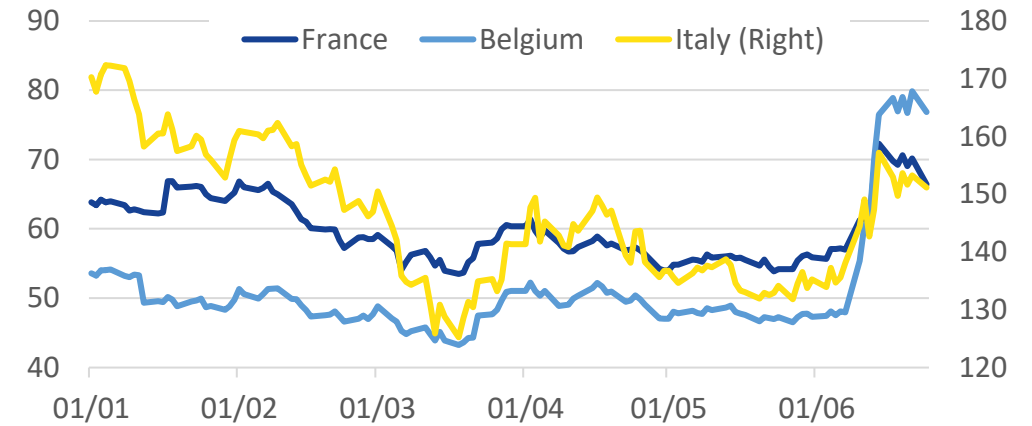


Repricing - Volatility and Spreads

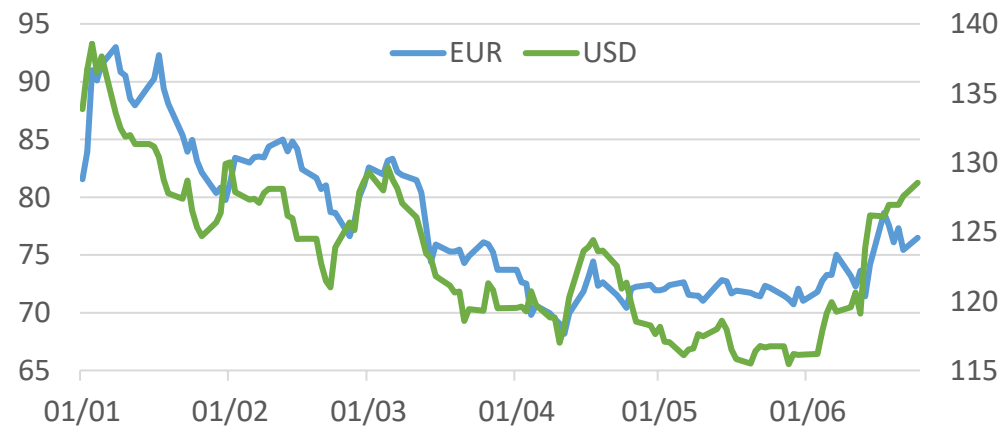
Interest Rate Volatility



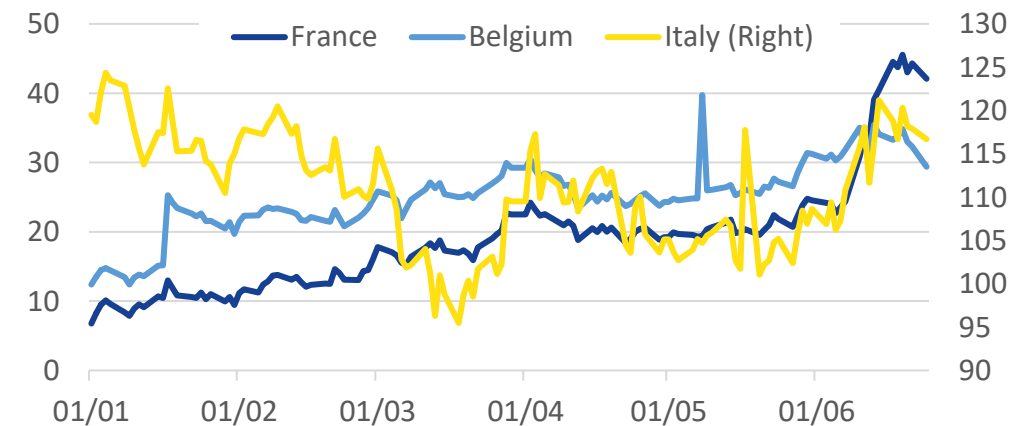
10 year Government Bonds vs. Bund (bps)



Investment Grade Cash Bonds – Spreads (bps)



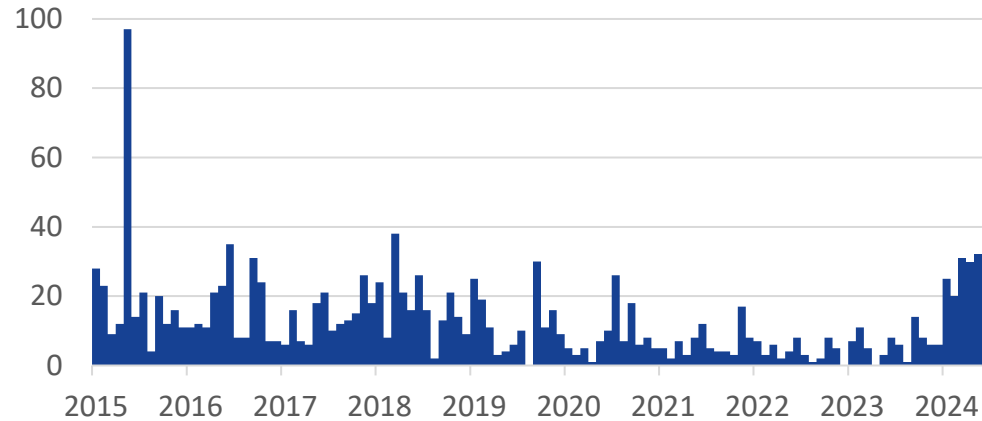
10 year Government Bonds vs. Swap (bps)



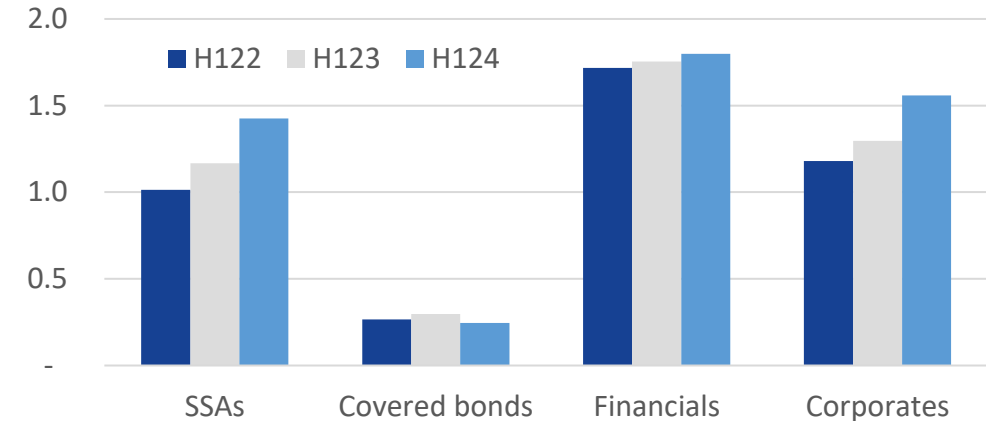
Source: Bloomberg, EIB

Foreign Participation & Solid Primary Supply

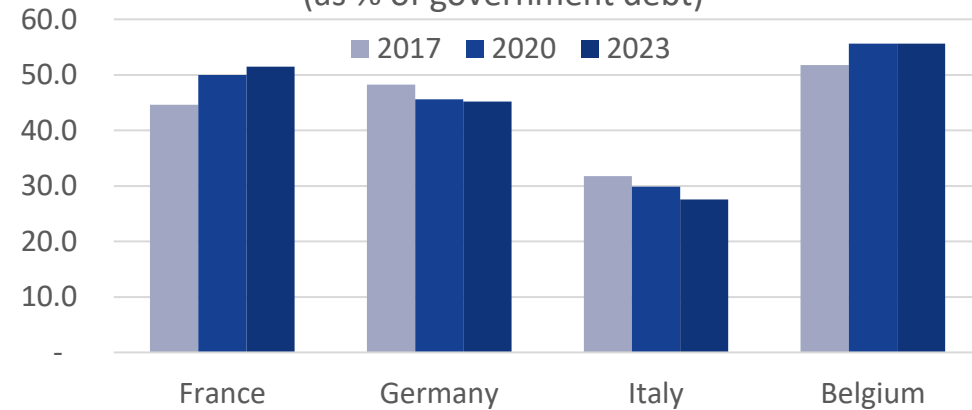
Capital Market Union - News Count



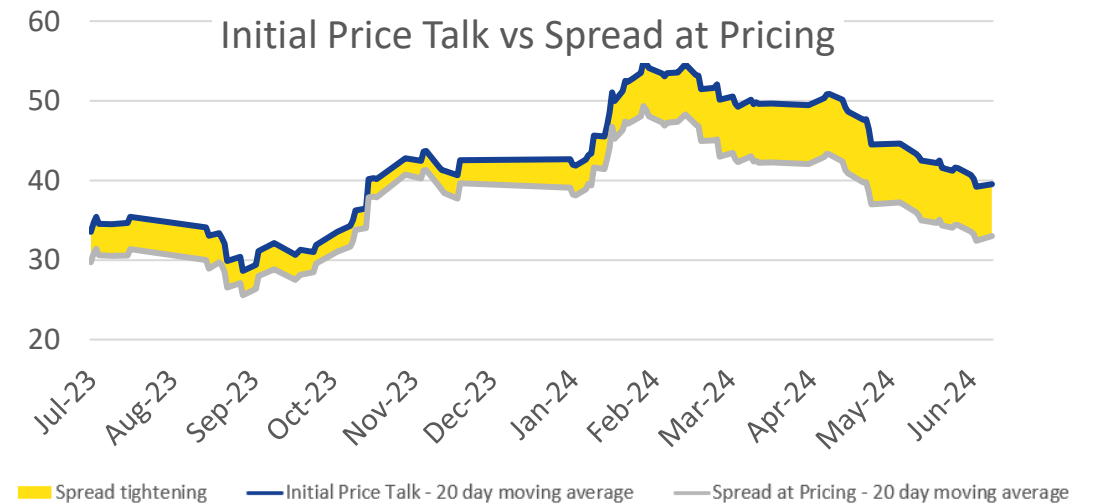
H1 Global Bond Issuance (\$ trn)



Government debt held by non-residents (as % of government debt)



EUR Covered Bond New Issues Initial Price Talk vs Spread at Pricing



Source: Bloomberg, ECB, EIB

Discussion Points

1. Do you perceive a risk of market tantrum in European government bonds similar to the UK mini-budget disruptions?
2. Are there risks of contagion of a country specific situation?
Through which channels?
3. Have liquidity conditions changed in bond and repo markets?

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