Market Outlook

ECB Bond Market Contact Group

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Bunds and treasuries broke their upward yield trend

Market-based Central Bank Expectations

Open interest positioning for RX futures

Source: Nomura, Bloomberg
2023: Happy Ending?

German Repo vs ECB deposit rate and €STR

Share of German bonds with a repo rates below €STR

€STR Invoices of German Futures

Eurozone Supply Net of Redemptions and QT

Source: Nomura, Bloomberg, Debt Management Offices, ECB
Debt Sustainability vs Global Risk Factors

2024 Decomposition of Debt/GDP Ratios

10y BTPs vs S&P 500

10y BTP spreads vs Euro Stoxx over the last six months

Source: European Commission, Bloomberg, Nomura

y = -0.1116x + 652.73
R² = 0.7249
Discussion Points

• Have we seen the peak in rates for this cycle?

• Is the pricing of rate cuts appropriate or has the market gotten ahead of itself?

• What do you think the trigger for a rate cut could be? Will the ECB or the Fed cut first/more?

• Do you expect any market ructions into year-end?

• Are Q1 supply and/or debt sustainability a concern for market participants?

• Do you expect sovereign spreads to decouple from risk assets?
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