

Euro Rates Update

Nordea Research, 18 February 2016

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US Treasury Yields				
	2Y	5Y	10Y	30Y
	0.76	1.28	1.84	2.71
Δ 1D	4.1	5.6	5.9	5.4
Δ 1W	8.0	11.7	8.9	11.5

German Benchmark Yields				
	2Y	5Y	10Y	30Y
	-0.50	-0.29	0.28	0.98
Δ 1D	0.7	0.7	1.1	0.7
Δ 1W	1.6	-1.2	2.7	4.2

German Curve Slopes				
	2-5Y	5-10Y	2-10Y	10-30Y
	-20.7	-56.7	-77.5	-70.7
Δ 1D	0.0	0.4	0.4	-0.4
Δ 1W	-2.7	3.9	1.2	1.5

EUR Swap Curve Slopes				
	2-5Y	5-10Y	2-10Y	10-30Y
	-22.9	-57.0	-79.9	-50.9
Δ 1D	0.5	0.4	0.9	-1.0
Δ 1W	0.4	0.9	1.3	0.1

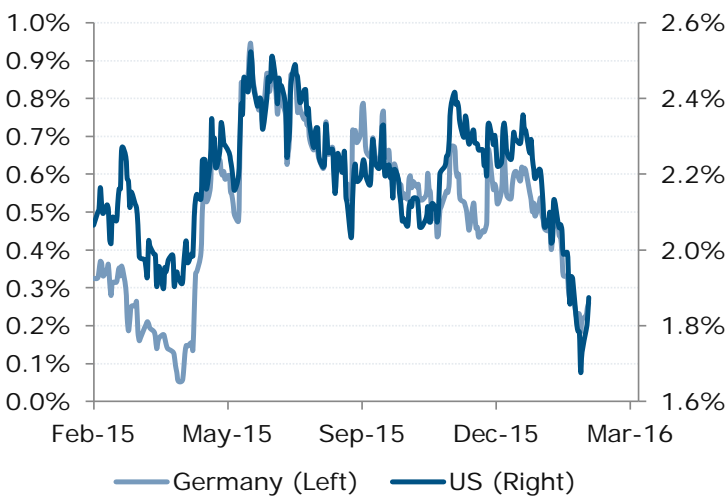
German Asset Swap Levels				
	2Y	5Y	10Y	30Y
	-32.5	-36.8	-35.4	-12.2
Δ 1D	0.6	0.4	0.5	1.2
Δ 1W	1.0	-2.2	0.4	1.8

10Y Benchmark Yields				
	Yield	Δ 1D	Spread	Δ 1D
GER	0.278	1.1	-	-
FRA	0.649	-0.7	39.5	-1.7
ITA	1.611	-3.5	135.5	-4.5
ESP	1.749	-2.8	150.5	-3.8
BEL	0.619	-1.2	42.0	-2.1
HOL	0.417	0.2	21.0	-0.7
AUT	0.597	-0.2	35.6	-1.2
GRE	10.470	-4.0	1031.3	-4.9
POR	3.379	1.5	313.9	0.4
FIN	0.588	-0.8	35.9	-1.8
IRL	0.901	-0.1	73.7	-0.9

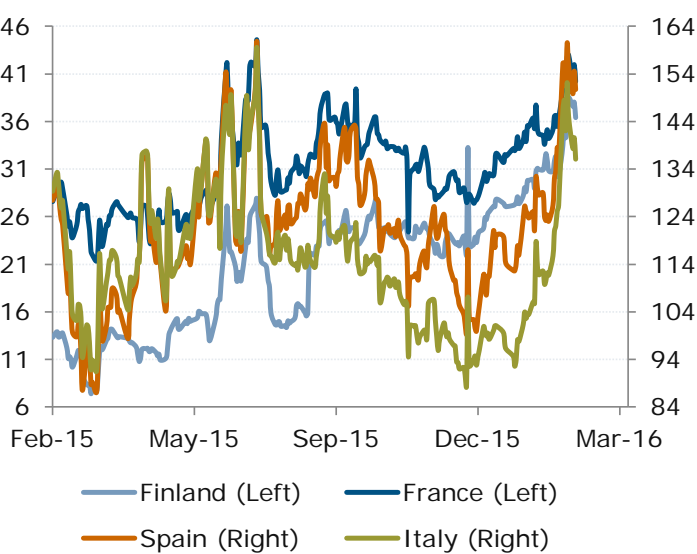
Spread = Maturity interpolated spread to German government par yield curve

Global Research  
nordearesearch@nordea.com  
+45 33 33 61 02

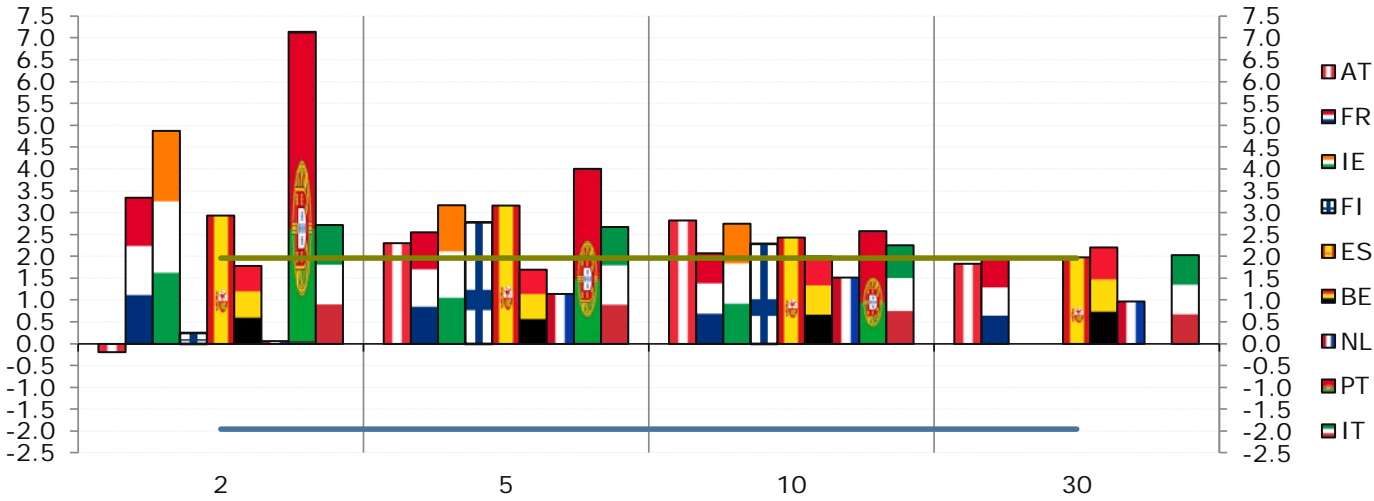
German & US 10-year benchmark yields, %



10 year spreads against Germany, bp



Z-scores of benchmark vs. Germany



Upcoming Issuance (source: Bloomberg)						
Date		Country	Coupon		Maturity	Amount (EURbn)
18 Feb		FR				
22 Feb		LN				
22 Feb		BE				
24 Feb		IT				
24 Feb		GE				1.00
26 Feb		IT				

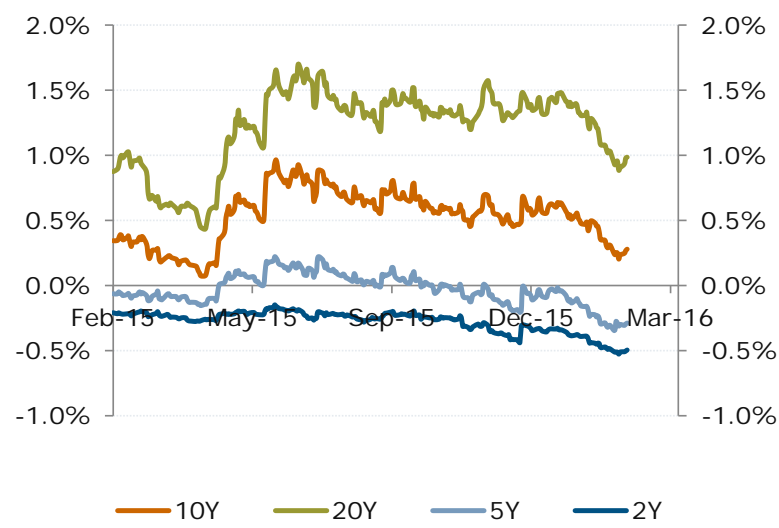
All bond quotes are taken at 16:15 CET.

## Bond Yields & Curves

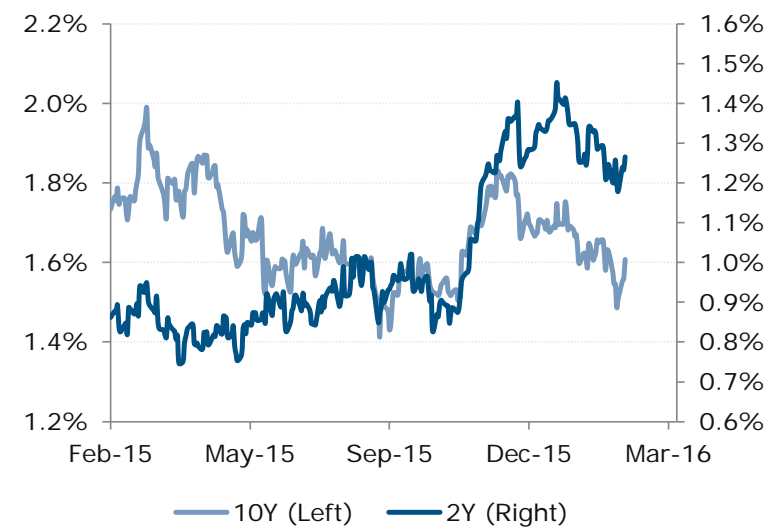
### Yield Levels

German & US benchmark bonds on-the-run Nordea Analytics benchmarks.

German benchmark bond yields, %



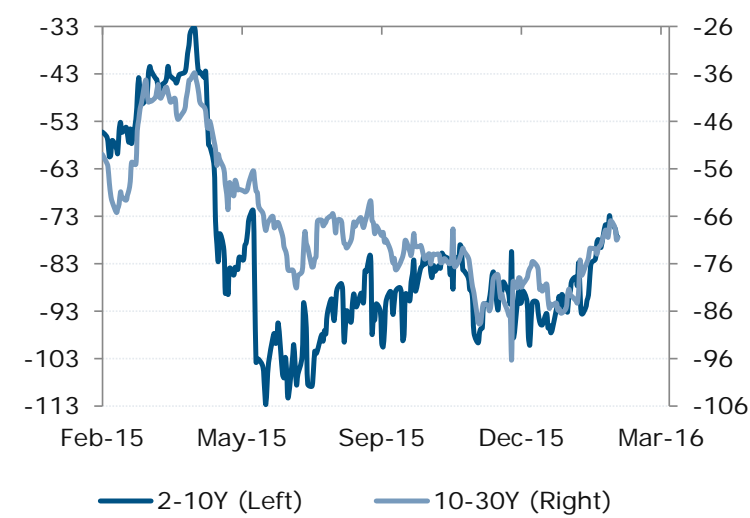
USA-Germany spreads, annualized yields, %



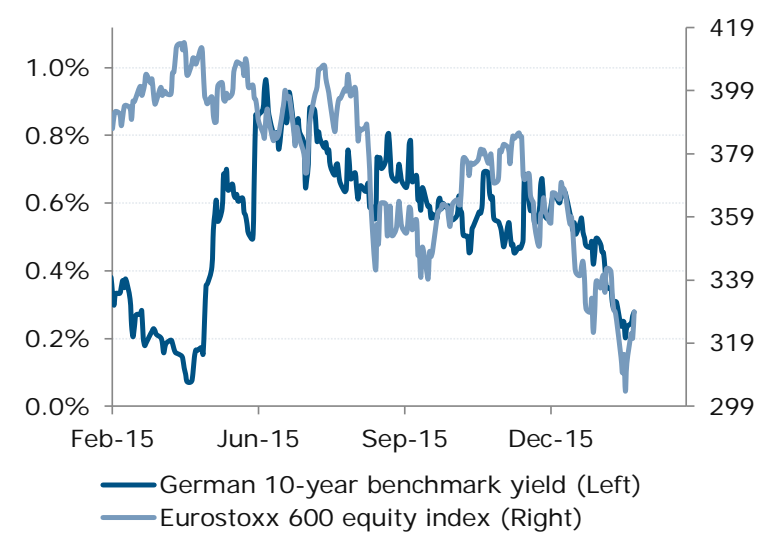
### Bond Curve Shape

German curve slopes are yield spreads between Nordea Analytics benchmark bonds.

German yield curve slopes, bp



Bonds vs. equities



## Swaps and Forwards

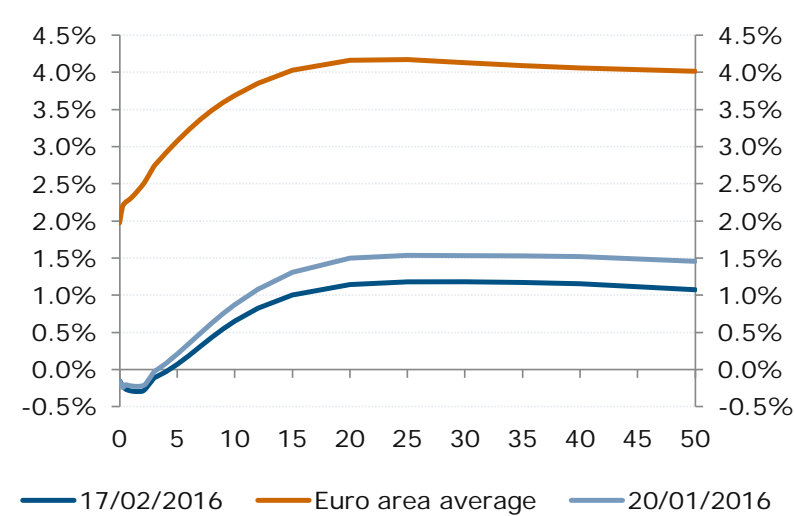
EUR swap rates and implied forwards, %



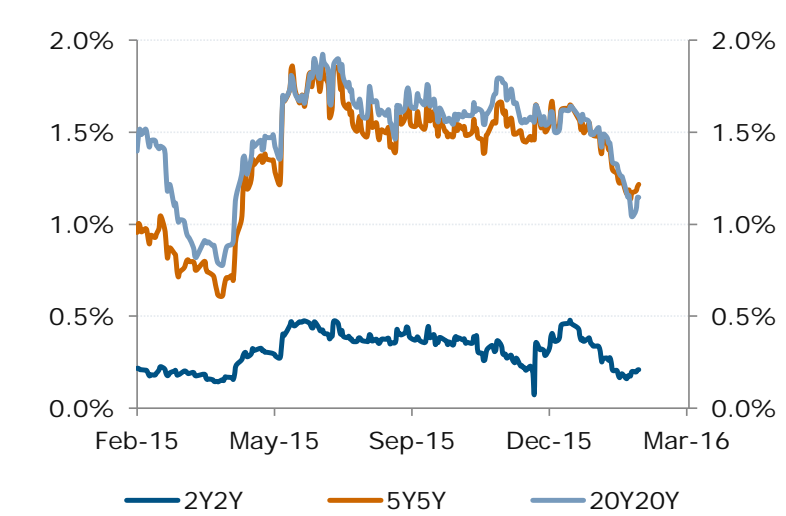
EUR-USD spreads and implied forwards, %



EUR swap curve shape vs. historical



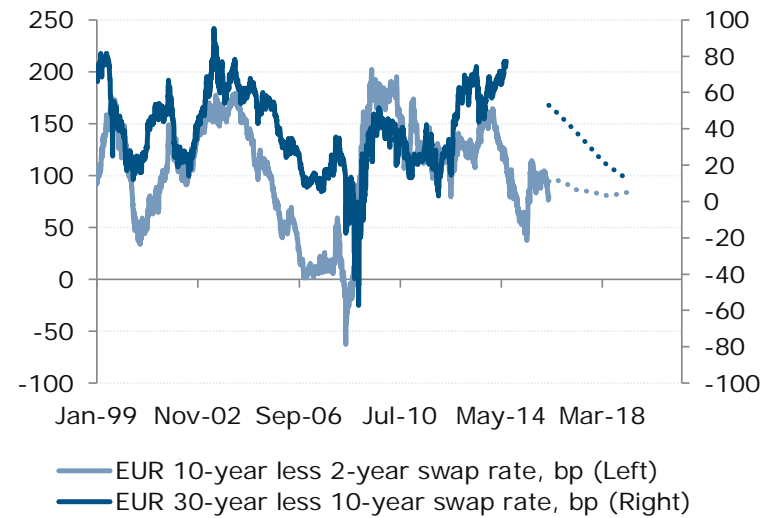
Historical forward rates, %



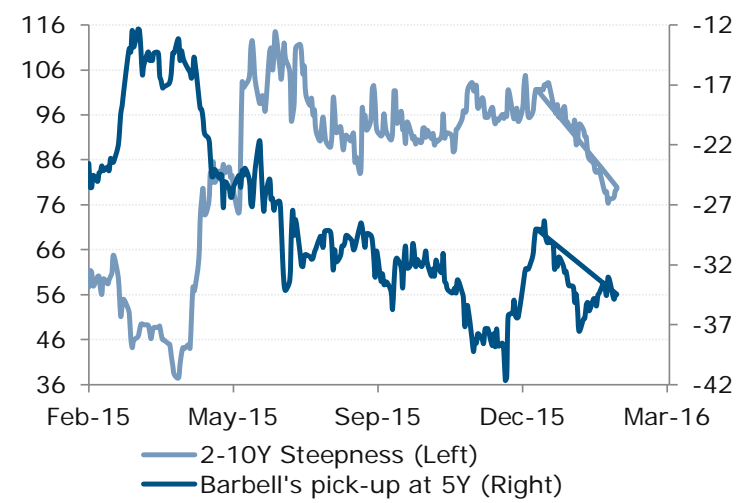
E.g. 2Y2Y swap rate illustrates the rate of a 2-year swap with a 2-year forward start.

5Y pick-up over a duration and cash neutral 2-10Y EUR swap barbell.

EUR swap curve slopes and forwards



Curvature (EUR swap curve)

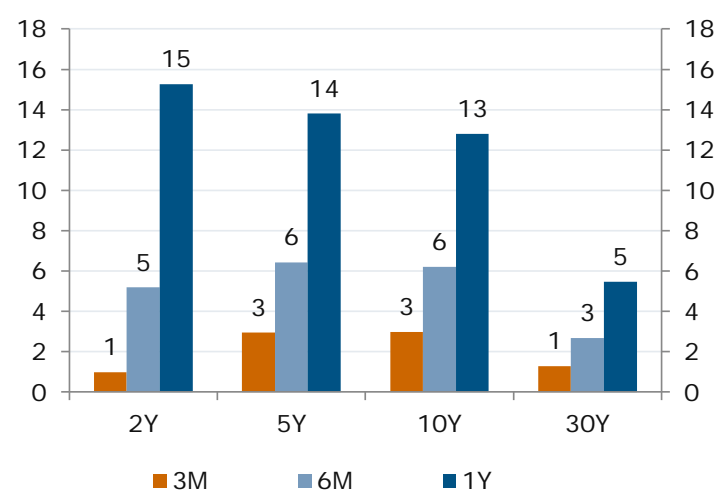


## Carry

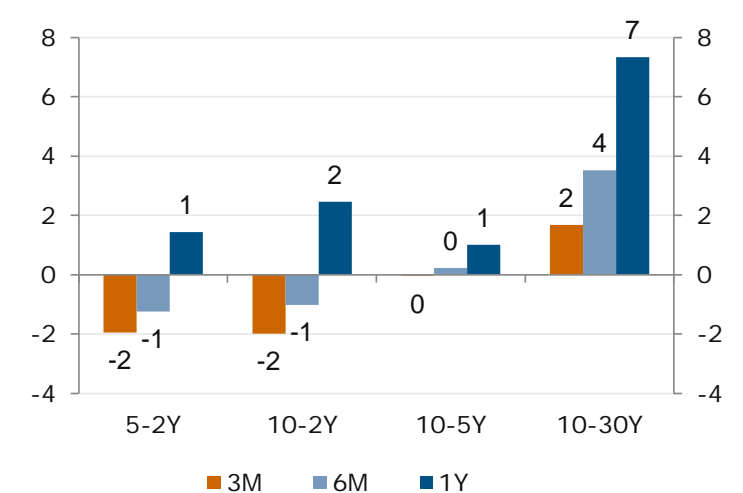
The carry on the given horizon illustrates how much the spot swap rate may rise for a receiver swap position in a forward-starting swap to result in zero profit.

Yield buffers for steepeners tell how much the curve may flatten in order to result in a zero-profit in a forward starting steepener position.

Yield buffers for forward-starting swaps, bp



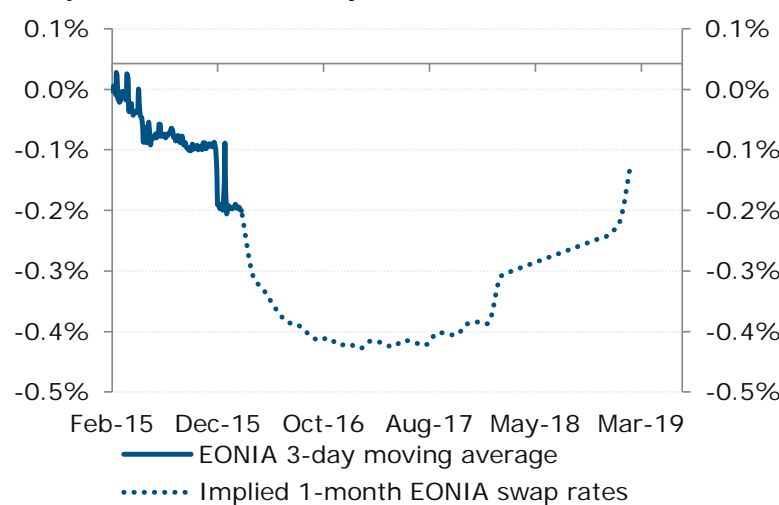
Yield buffers for duration-neutral steepeners, bp



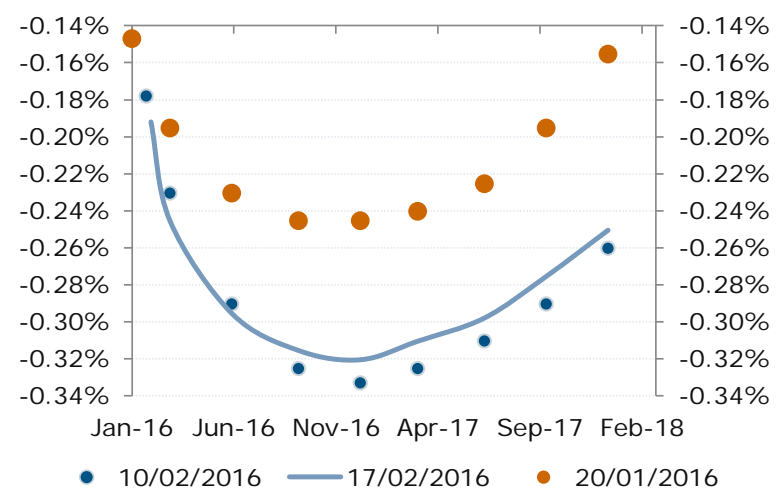
## Money Market Rates

The EONIA (Euro Overnight Index - Average) rate is the effective overnight reference rate for the euro.

Expectations and history for EONIA



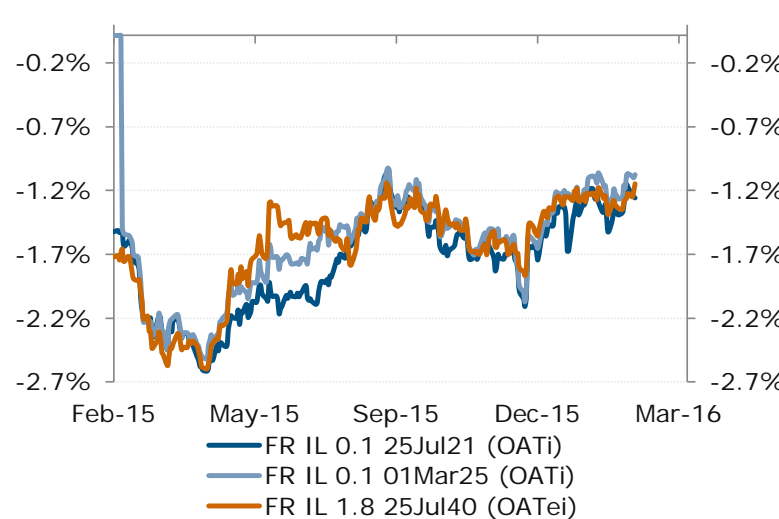
Euribor futures curve, now, 1 wk & 1M ago



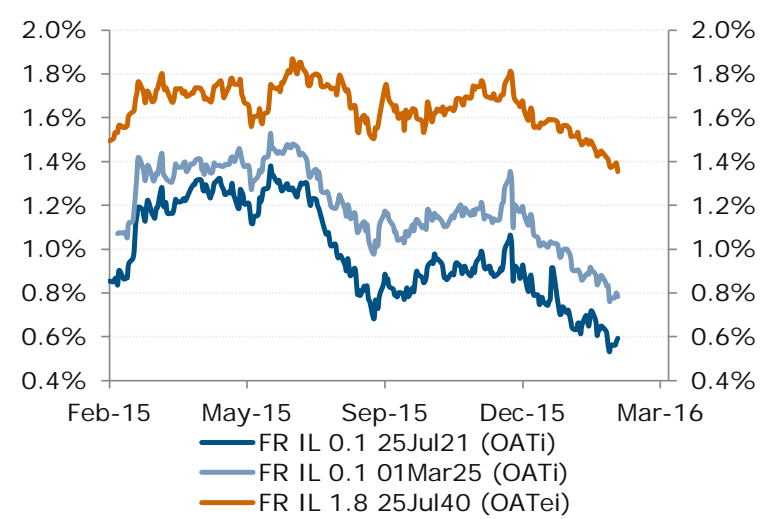
## Inflation-linked Bonds

Break-even inflation calculated as a yield spread to a nominal comparable bond.

Real yields, %



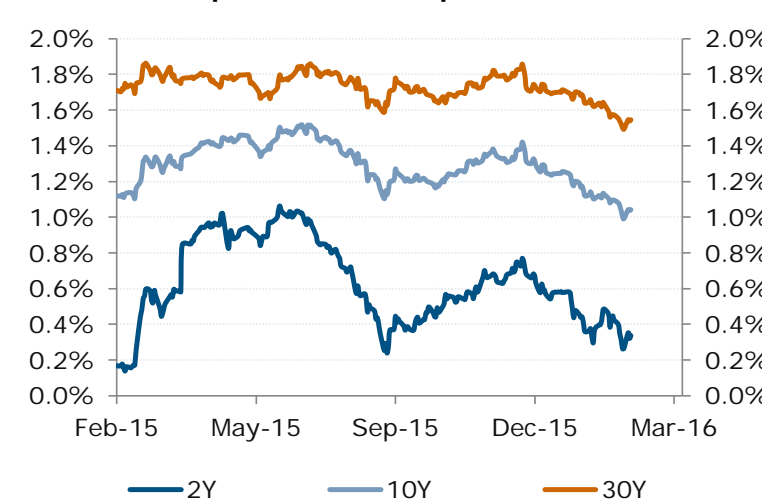
Break-even inflation history, %



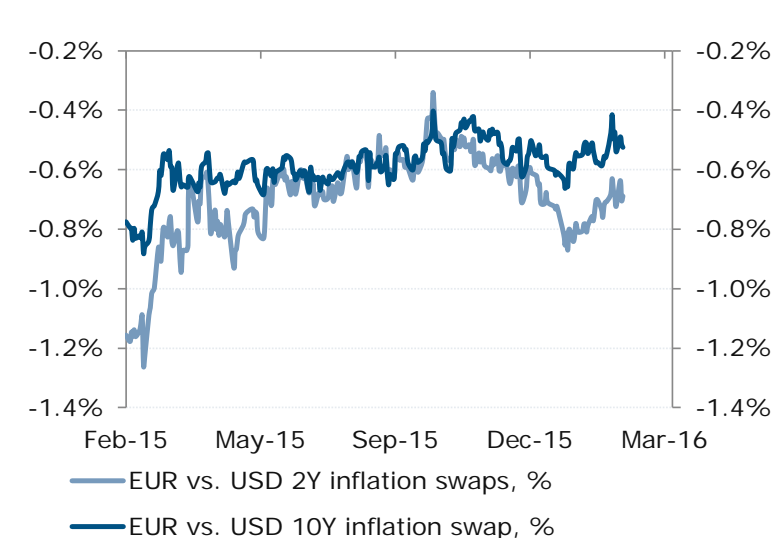
## Inflation Swaps

A zero-coupon inflation swap is a derivative contract, in which one party pays a fixed rate (the break-even inflation rate) and the other party pays a floating rate based on realized inflation. The zero-coupon inflation swap illustrates the average expected inflation rate during the life of the swap.

EUR zero-coupon inflation swaps



EUR vs. USD inflation swaps



## Credit & Money Market Spreads

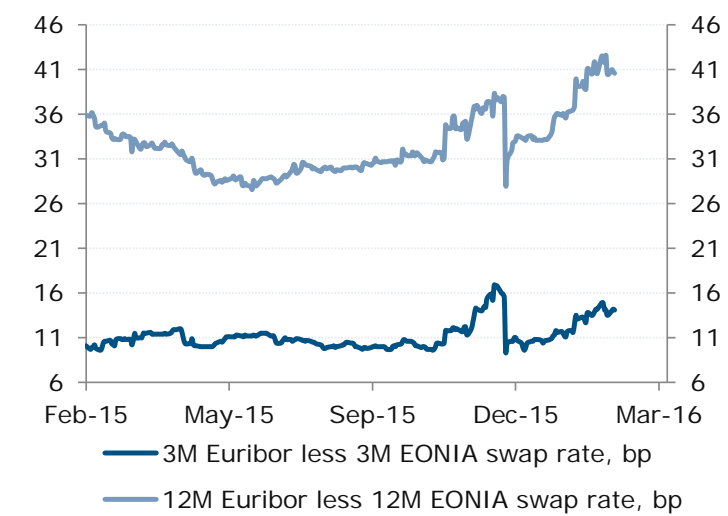
Credit default swap indices illustrate the annual cost of buying protection against a credit event of a company. iTraxx® Europe is comprised of the 125 most liquid CDS contracts referencing European investment grade credits, iTraxx® Crossover of 50 sub-investment grade credits.

The spread between Euribor and EONIA swap rate illustrates the money market credit risk premium, i.e. the difference between Euribor rates and the expected future ECB minimum bid rate.

**iTraxx® credit default swap spreads**



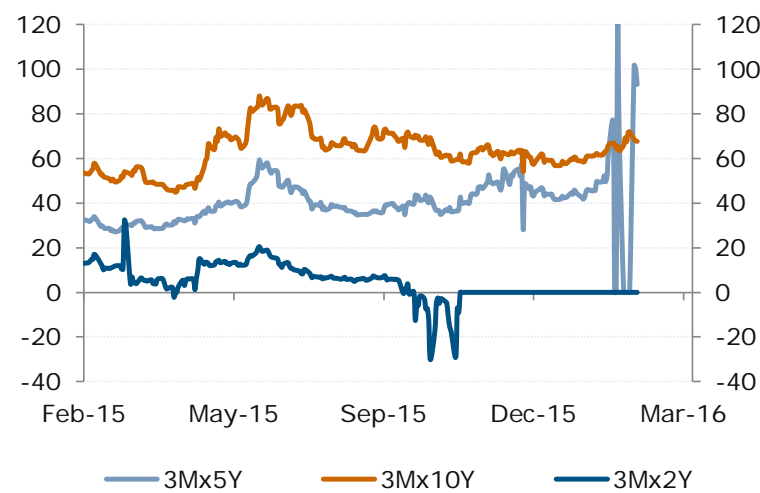
**Money market rates vs. EONIA swap rates**



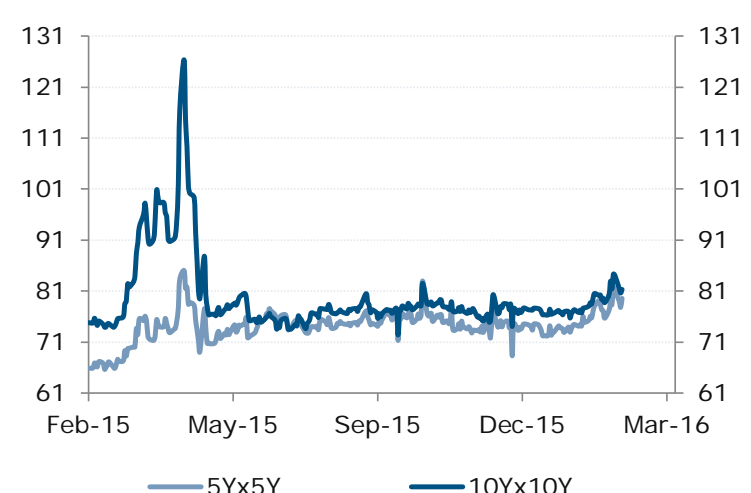
## Swaption Volatilities

ATMF (At The Money Forward) swaption bp vol measures the normalized volatility, i.e. the absolute changes in the forward rate in basis points.

**Short-dated ATMF swaption bp vol**



**Long-dated ATMF swaption bp vol**



## Swap & Cross-country Spreads

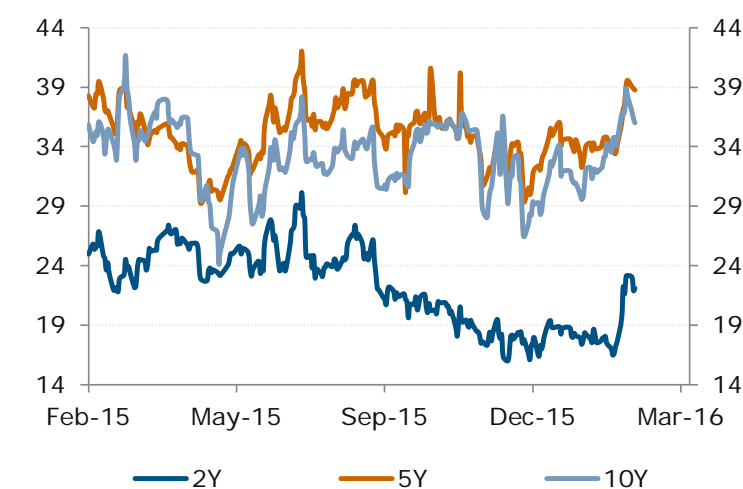
Swap spread:  
Benchmark bond's spread to EUR swap curve.

10Y country spreads are maturity interpolated spreads against the German government curve.

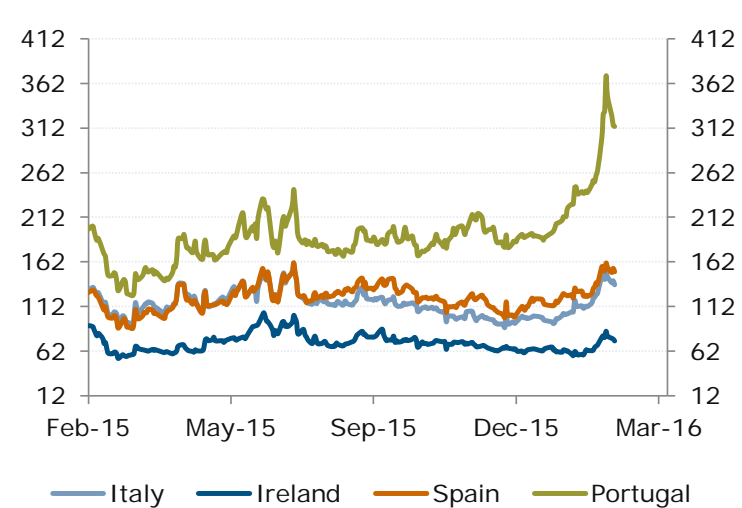
1Y break-even spread changes indicate how much a bond's spread against an equivalent bond trading on the German curve may widen in order to give the same return in one year.

The break-even spread change is based on the spread against the following two German benchmark bonds:  
DE TB 15Dec17  
DE 0.5 15Feb26

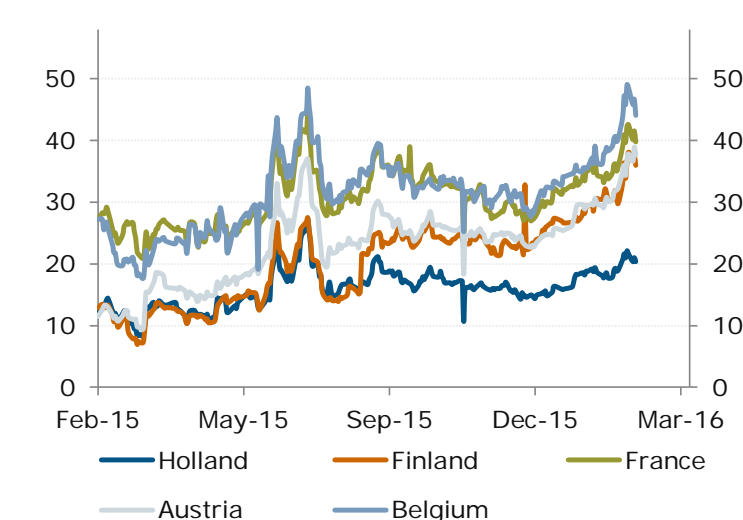
**German swap spreads, bp**



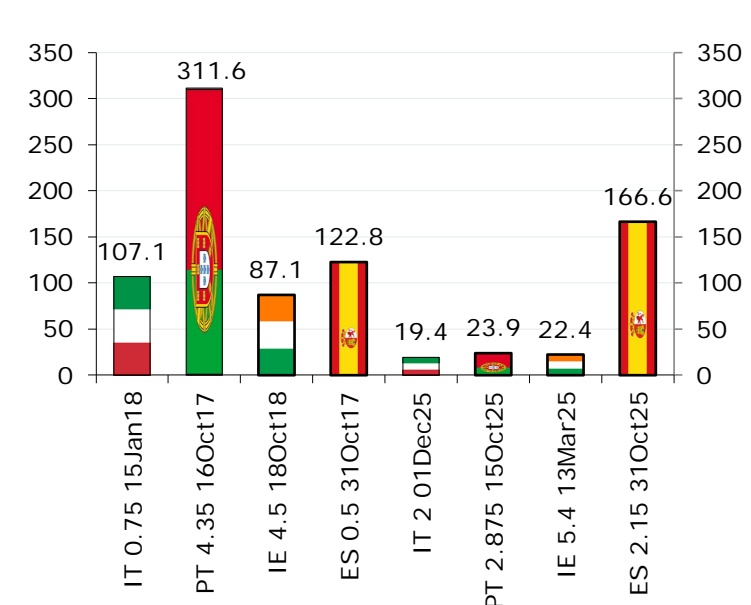
**10Y non-AAA spreads against Germany, bp**



**10Y AAA/AA+ spreads to Germany, bp**



**1Y B/E spread changes against Germany, bp**

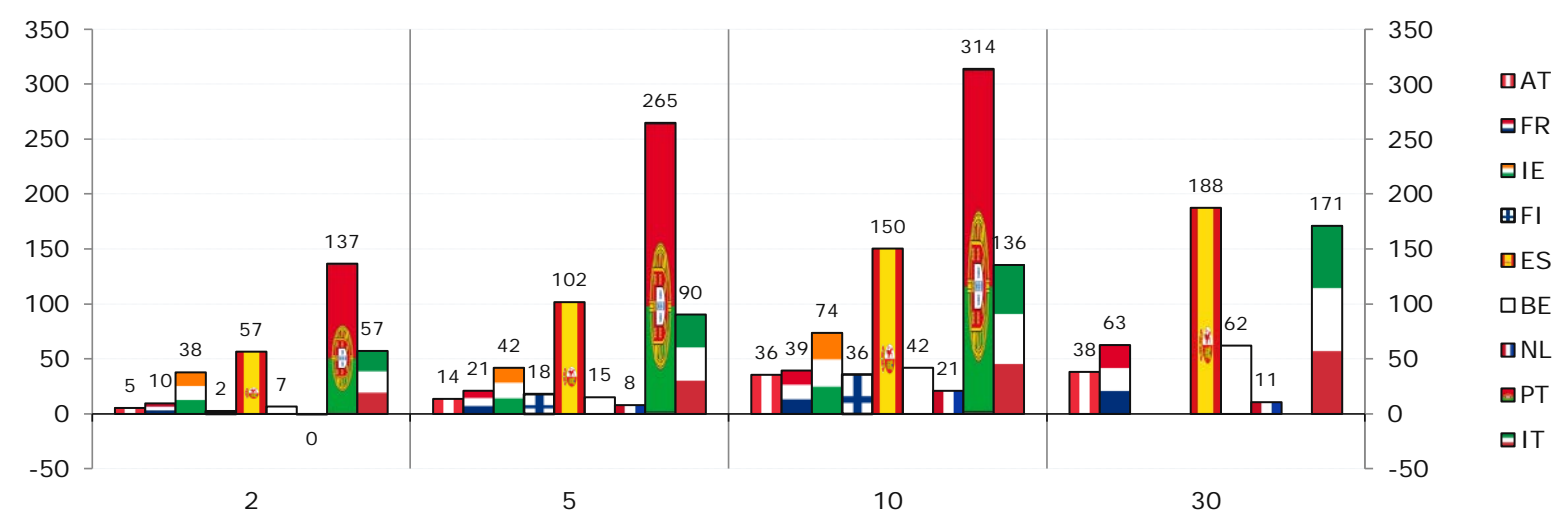




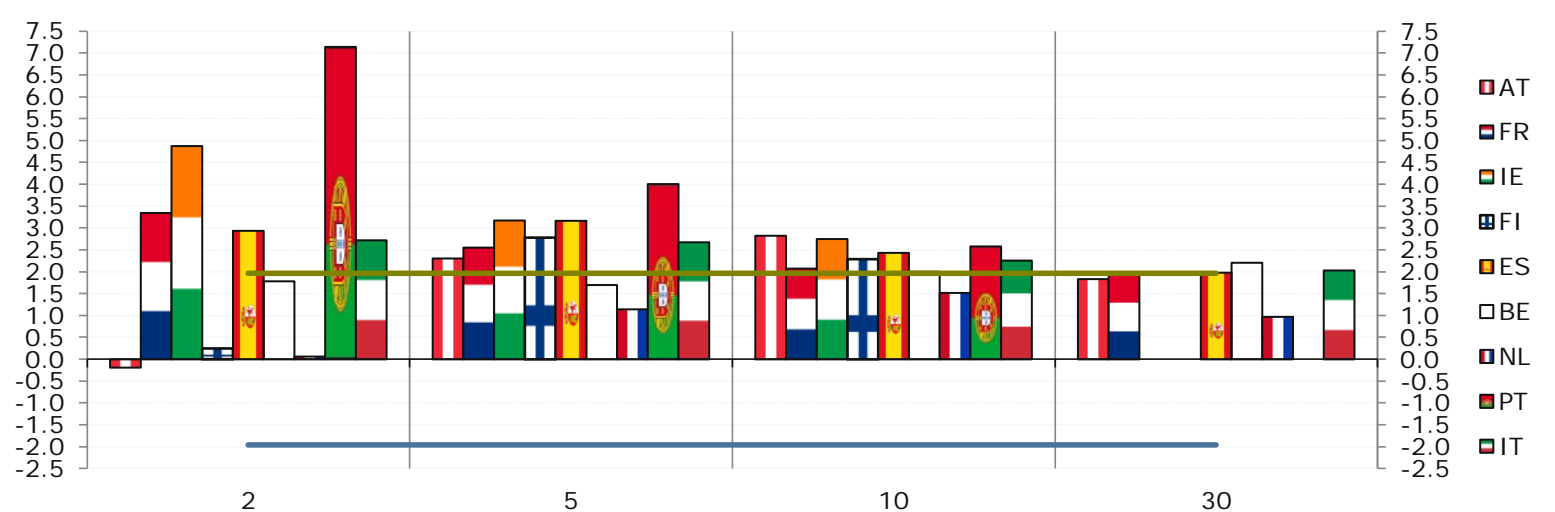


## Country Relative Value

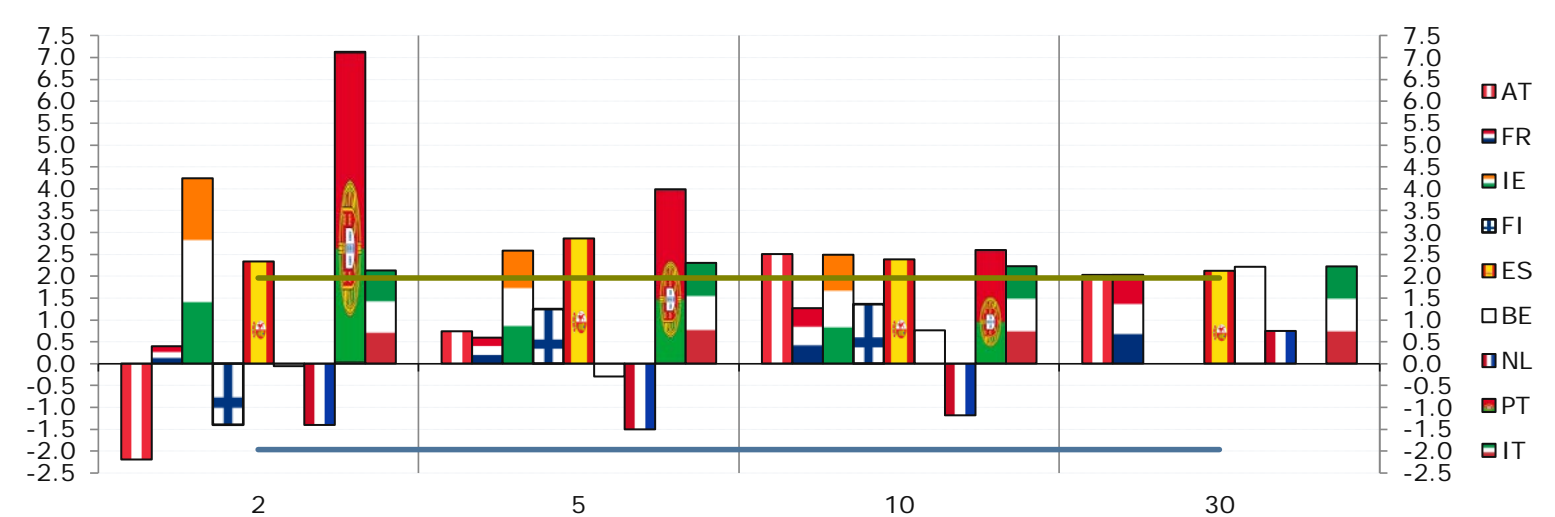
Benchmark spreads over the maturity-interpolated German par curve, bp



Z-scores of benchmark vs. Germany



Z-scores of benchmark vs. swap curve



The richest and cheapest benchmark bonds against Germany and the swap curve by sectors:

Against German Curve						Against Swap Curve				
	Issue	Maturity	Coupon	Spread	Z-score	Issue	Maturity	Coupon	Spread	Z-score
2Y: Rich	DE	15 Dec 17	0.000	-11.2	-2.32	KfW	12 Feb 18	0.625	-18.4	-2.32
	PT	16 Oct 17	4.350	136.7	5.90	PT	16 Oct 17	4.350	108.7	5.98
5Y: Rich	DE	04 Jan 22	2.000	-27.1	-2.34	DE	17 Apr 20	0.000	-37.0	-2.04
	PT	15 Jun 20	4.800	264.8	3.63	PT	15 Jun 20	4.800	241.4	3.55
7Y: Rich	DE	15 Feb 24	1.750	-36.4	-1.97	DE	15 May 23	1.500	-43.2	-2.29
	FI	15 Apr 23	1.500	29.6	3.52	PT	17 Oct 22	2.200	255.5	2.79
10Y: Rich	DE	15 Feb 25	0.500	-37.4	-1.83	DE	15 Feb 25	0.500	-38.2	-2.17
	AT	21 Oct 24	1.650	31.6	3.07	AT	21 Oct 24	1.650	-5.2	2.50
15Y: Rich	DE	04 Jan 31	5.500	-58.2	-2.14	DE	04 Jan 31	5.500	-29.5	-1.44
	AT	15 Mar 37	4.150	35.7	2.90	AT	15 Mar 37	4.150	34.6	3.12
20Y: Rich	DE	15 Aug 46	2.500	-75.6	-1.88	DE	15 Aug 46	2.500	-12.2	0.35
	FI	04 Jul 42	2.625	24.3	2.64	FI	04 Jul 42	2.625	19.2	3.28

To exploit the historical cheapness/  
richness of bonds, we calculate  
60-day z-scores:

$$\frac{\text{Current spread} - 60\text{-day average}}{\text{standard deviation}}$$

Bond is

- rich if z-score < -1.96
- cheap if z-score > 1.96

We evaluate bonds included in the  
country specific tables below.  
Bonds are ranked by z-scores.



	15	16	17
GDP, %, y/y	1.5	1.5	2.0
Public balance	0.4	0.2	0.2
Debt/GDP	74.2	71.9	68.9

Source: European Commission, Winter 2015 forecast

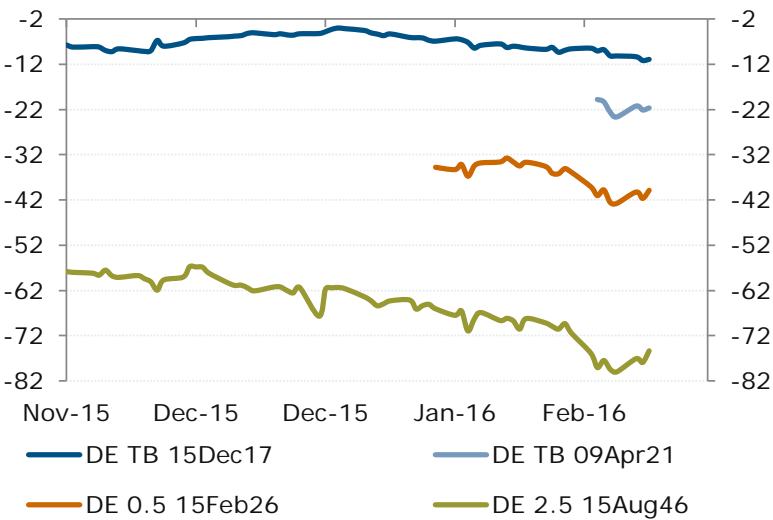
Rating	Aaa/AAA/AAA
Moody's / S&P / Fitch	

Δ B/E Spd 1Y is calculated as a spread to a synthetically created par bond trading on the French curve.

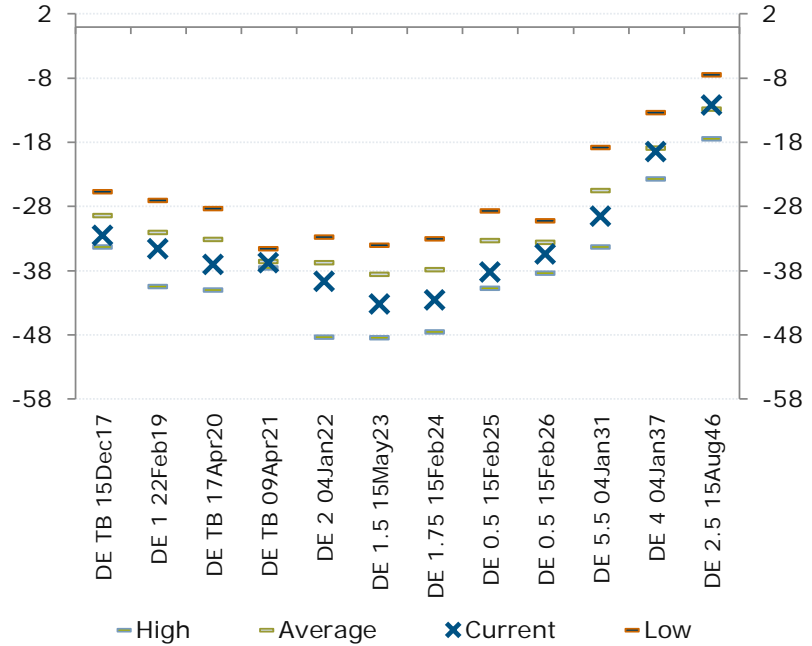
Germany

Benchmark Bonds				Spread vs. France				Asset Swap Spread		
Coupon	Maturity	Volume	Yield	17-Feb	60D Avg.	Z-score	Δ B/E Spd 1Y	17-Feb	60D Avg.	Z-score
0.000	15 Dec 17	13.0B	-0.497	-11.2	-7.6	-2.32	47.2	-32.5	-29.4	-2.14
1.000	22 Feb 19	16.0B	-0.460	-15.6	-12.1	-2.17	1.8	-34.6	-32.0	-1.21
0.000	17 Apr 20	20.0B	-0.393	-20.2	-15.5	-2.13	2.6	-37.0	-33.2	-2.04
0.000	09 Apr 21	5.0B	-0.289	-21.9	-21.9	-0.03	-17.4	-36.8	-36.5	-0.23
2.000	04 Jan 22	20.0B	-0.236	-27.1	-22.1	-2.34	4.1	-39.7	-36.8	-1.66
1.500	15 May 23	18.0B	-0.107	-34.1	-28.7	-1.96	2.5	-43.2	-38.6	-2.29
1.750	15 Feb 24	18.0B	-0.013	-36.4	-31.4	-1.97	1.6	-42.5	-37.9	-2.10
0.500	15 Feb 25	23.0B	0.149	-37.4	-30.7	-1.83	0.2	-38.2	-33.3	-2.17
0.500	15 Feb 26	10.0B	0.278	-40.2	-37.0	-1.08	-0.2	-35.4	-33.6	-0.86
5.500	04 Jan 31	17.0B	0.581	-58.2	-48.6	-2.14	-0.1	-29.5	-25.5	-1.44
4.000	04 Jan 37	23.0B	0.840	-68.6	-57.8	-2.08	0.4	-19.5	-18.9	-0.26
2.500	15 Aug 46	14.0B	0.985	-75.6	-65.7	-1.88	-0.3	-12.2	-12.8	0.35

Spreads against the French curve, bp



Asset swap term structure, bp



	15	16	17
GDP, %, y/y	0.4	1.0	1.8
Public balance	-4.3	-4.1	-4.1
Debt/GDP	95.3	97.1	98.2

Source: European Commission, Winter 2015 forecast

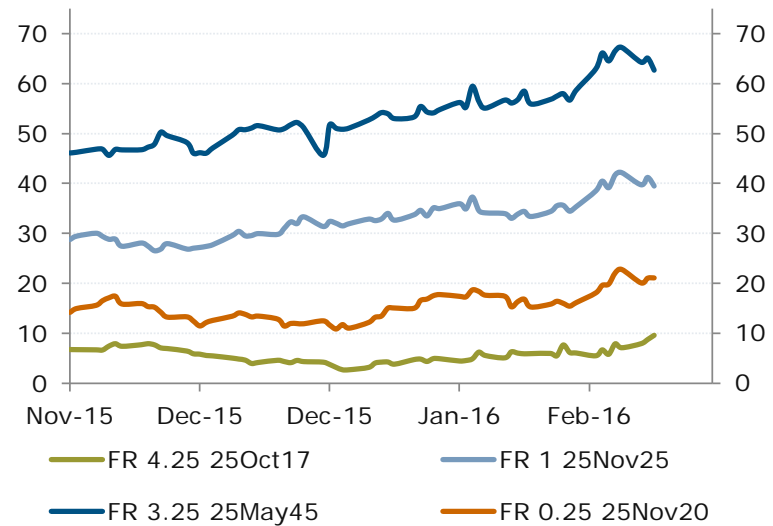
Rating	Aa1/AA/AA
Moody's / S&P / Fitch	

Δ B/E Spd 1Y is calculated as a spread to a synthetically created par bond trading on the German curve.

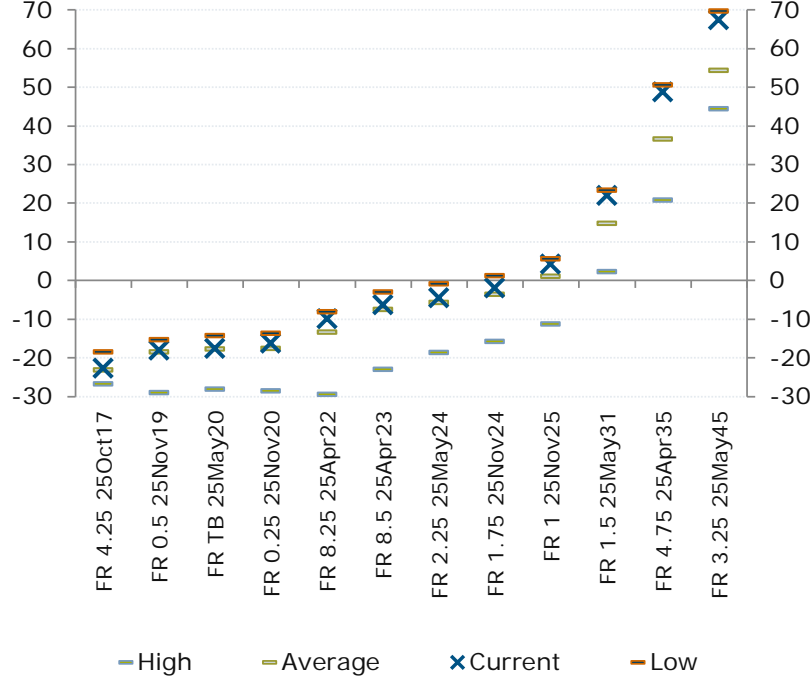
France

Benchmark Bonds				Spread vs. Germany				Asset Swap Spread		
Coupon	Maturity	Volume	Yield	17-Feb	60D Avg.	Z-score	Δ B/E Spd 1Y	17-Feb	60D Avg.	Z-score
4.250	25 Oct 17	34.03B	-0.403	9.6	5.8	3.17	1.8	-22.8	-23.2	0.16
0.500	25 Nov 19	26.98B	-0.239	17.6	14.5	1.99	-1.7	-18.1	-18.6	0.29
0.000	25 May 20	22.01B	-0.184	19.5	15.7	2.39	-20.6	-17.7	-17.8	0.10
0.250	25 Nov 20	15.95B	-0.124	21.1	15.7	2.42	-2.6	-16.3	-17.7	0.70
8.250	25 Apr 22	1.99B	0.023	22.0	16.6	2.50	-2.6	-10.0	-13.4	1.18
8.500	25 Apr 23	10.03B	0.152	24.5	19.8	2.34	-2.3	-6.4	-7.6	0.58
2.250	25 May 24	30.55B	0.372	32.6	27.4	1.81	-1.8	-4.6	-5.8	0.54
1.750	25 Nov 24	30.99B	0.462	34.1	28.7	1.87	-1.1	-2.1	-3.6	0.75
1.000	25 Nov 25	25.99B	0.649	39.5	32.8	2.00	-0.2	4.2	1.1	1.41
1.500	25 May 31	9.44B	1.188	52.1	42.2	2.18	0.1	22.0	14.7	1.89
4.750	25 Apr 35	25.03B	1.335	47.3	36.8	2.14	-0.6	48.7	36.6	2.12
3.250	25 May 45	17.01B	1.650	62.7	53.7	1.86	0.5	67.3	54.3	2.33

Spreads against the German curve, bp



Asset swap term structure, bp





	15	16	17
GDP, %, y/y	-0.5	0.6	1.3
Public balance	-3.0	-2.6	-2.0
Debt/GDP	131.9	133.0	131.9

Source: European Commission, Winter 2015 forecast

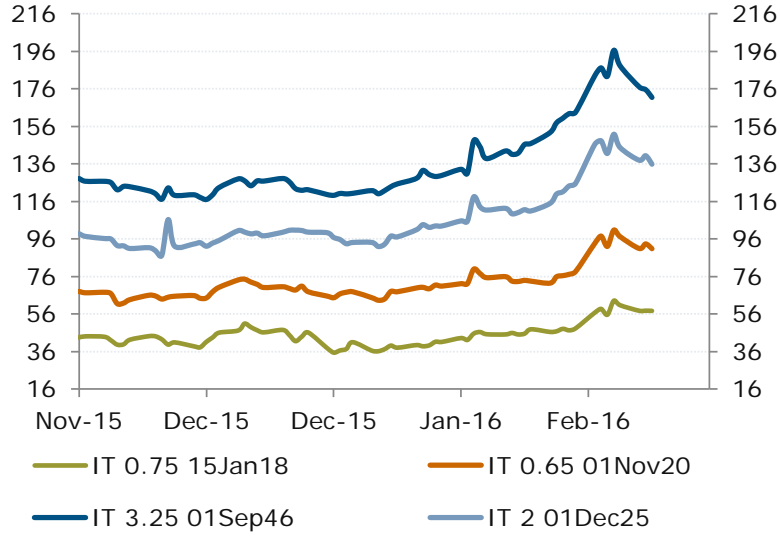
Rating	Baa2/BBB-/BBB+
Moody's / S&P / Fitch	

Δ B/E Spd 1Y is calculated as a spread to a synthetically created par bond trading on the German curve.

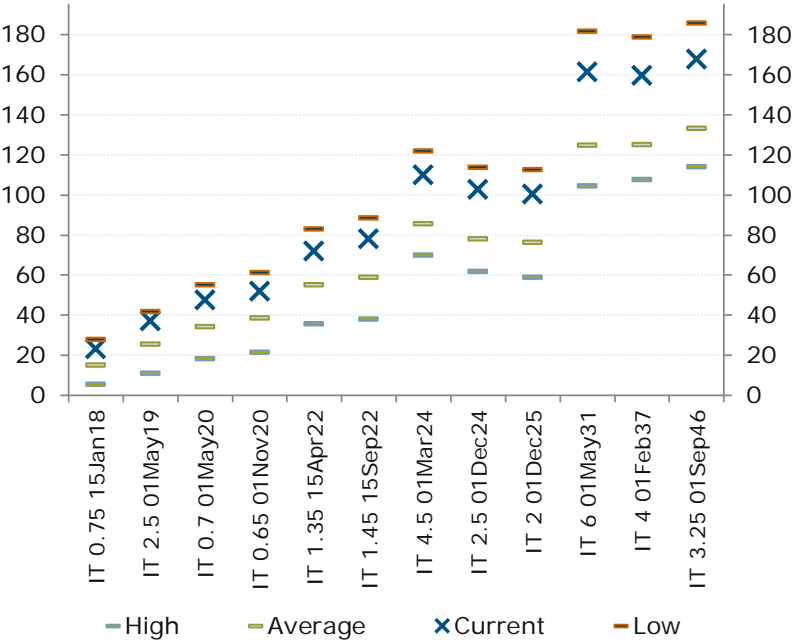
Italy

Benchmark Bonds				Spread vs. Germany				Asset Swap Spread		
Coupon	Maturity	Volume	Yield	17-Feb	60D Avg.	Z-score	Δ B/E Spd 1Y	17-Feb	60D Avg.	Z-score
0.750	15 Jan 18	15.46B	0.067	57.3	44.6	2.56	44.7	23.2	15.0	1.92
2.500	01 May 19	18.01B	0.251	70.0	56.0	2.79	-2.0	37.1	25.3	2.40
0.700	01 May 20	15.99B	0.465	84.9	68.0	2.71	-5.9	47.4	34.0	2.35
0.650	01 Nov 20	11.15B	0.564	90.5	72.7	2.50	-6.9	51.9	38.3	2.15
1.350	15 Apr 22	17.01B	0.919	111.9	92.3	2.33	-16.4	71.9	55.1	2.08
1.450	15 Sep 22	17.03B	1.029	118.7	96.2	2.41	-6.2	77.9	58.7	2.19
4.500	01 Mar 24	23.71B	1.360	134.9	107.7	2.34	-3.4	109.9	85.4	2.26
2.500	01 Dec 24	20.99B	1.495	137.1	108.2	2.36	-3.4	102.7	77.8	2.32
2.000	01 Dec 25	17.01B	1.611	135.5	106.9	2.12	-1.3	100.2	76.1	2.09
6.000	01 May 31	29.75B	2.142	147.8	113.2	2.21	0.3	161.4	124.6	2.20
4.000	01 Feb 37	26.01B	2.486	157.2	124.6	2.13	0.4	159.6	124.9	2.24
3.250	01 Sep 46	13.24B	2.740	171.1	137.3	1.92	-0.3	167.5	133.2	2.10

Spreads against the German curve, bp



Asset swap term structure, bp



	15	16	17
GDP, %, y/y	1.4	2.3	2.5
Public balance	-5.6	-4.5	-3.7
Debt/GDP	98.3	101.5	102.5

Source: European Commission, Winter 2015 forecast

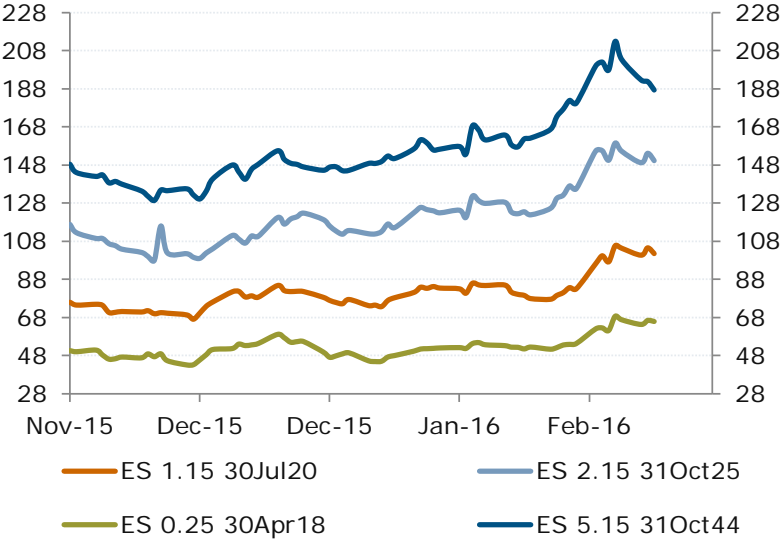
Rating	Baa2/BBB/BBB+
Moody's / S&P / Fitch	

Δ B/E Spd 1Y is calculated as a spread to a synthetically created par bond trading on the German curve.

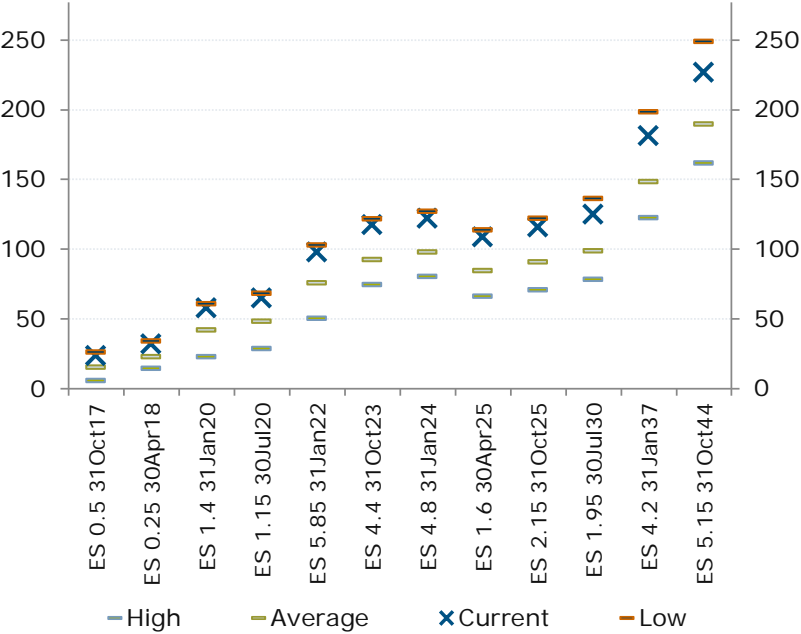
Spain

Benchmark Bonds				Spread vs. Germany				Asset Swap Spread		
Coupon	Maturity	Volume	Yield	17-Feb	60D Avg.	Z-score	Δ B/E Spd 1Y	17-Feb	60D Avg.	Z-score
0.500	31 Oct 17	16.99B	0.067	56.7	44.4	2.76	46.1	23.6	15.2	2.23
0.250	30 Apr 18	16.99B	0.162	66.1	52.5	3.05	32.0	31.8	22.4	2.58
1.400	31 Jan 20	21.91B	0.529	93.3	74.6	2.91	-3.2	57.5	42.0	2.69
1.150	30 Jul 20	15.03B	0.654	101.7	81.2	2.96	-25.9	64.7	48.0	2.67
5.850	31 Jan 22	22.01B	0.965	118.4	96.3	2.75	0.5	97.6	75.7	2.39
4.400	31 Oct 23	20.01B	1.389	142.0	114.8	2.56	0.7	117.2	92.2	2.34
4.800	31 Jan 24	16.01B	1.438	143.8	117.3	2.51	0.5	122.1	97.9	2.32
1.600	30 Apr 25	19.09B	1.667	148.7	119.6	2.43	0.6	108.5	84.3	2.33
2.150	31 Oct 25	20.96B	1.749	150.5	121.2	2.30	-1.7	115.6	90.7	2.23
1.950	30 Jul 30	11.51B	2.256	163.5	132.0	2.14	-1.4	124.7	98.7	2.07
4.200	31 Jan 37	17.02B	2.670	175.5	144.7	2.01	-0.4	181.1	148.0	2.11
5.150	31 Oct 44	11.23B	2.896	187.5	157.2	1.88	-1.4	226.5	189.5	2.06

Spreads against the German curve, bp



Asset swap term structure, bp





	15	16	17
GDP, %, y/y	0.7	1.4	1.7
Public balance	-2.8	-2.2	-1.8
Debt/GDP	69.5	70.5	70.5

Source: European Commission, Winter 2015 forecast

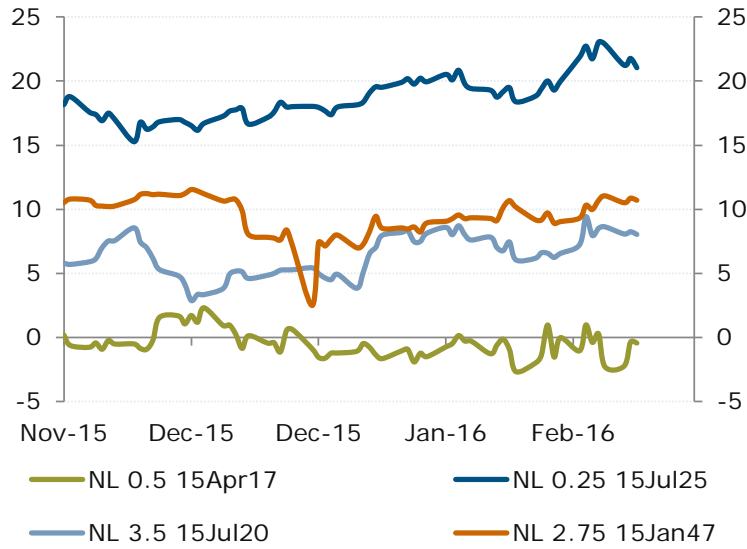
Rating	Aaa/AA+/AAA
Moody's / S&P / Fitch	

Δ B/E Spd 1Y is calculated as a spread to a synthetically created par bond trading on the German curve.

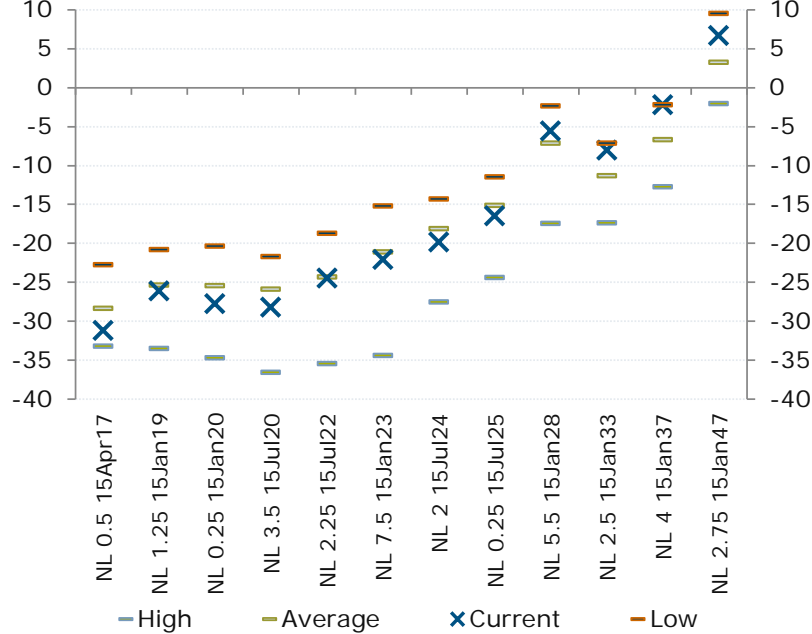
Netherlands

Benchmark Bonds				Spread vs. Germany				Asset Swap Spread		
Coupon	Maturity	Volume	Yield	17-Feb	60D Avg.	Z-score	Δ B/E Spd 1Y	17-Feb	60D Avg.	Z-score
0.500	15 Apr 17	13.03B	-0.488	-0.4	-0.5	0.08	1.5	-31.2	-28.4	-1.36
1.250	15 Jan 19	15.01B	-0.386	7.8	6.2	1.20	0.0	-26.2	-25.4	-0.43
0.250	15 Jan 20	15.84B	-0.323	8.5	7.8	0.55	-18.9	-27.8	-25.5	-1.09
3.500	15 Jul 20	15.02B	-0.286	8.0	6.5	1.11	-0.3	-28.2	-25.9	-1.19
2.250	15 Jul 22	15.01B	-0.032	14.2	11.4	1.77	0.4	-24.5	-24.4	-0.06
7.500	15 Jan 23	2.37B	0.010	13.5	10.8	2.12	0.1	-22.1	-21.2	-0.57
2.000	15 Jul 24	15.32B	0.246	17.9	15.3	2.06	-0.4	-19.9	-18.1	-1.03
0.250	15 Jul 25	15.01B	0.417	21.0	18.8	1.46	-0.5	-16.6	-15.2	-0.90
5.500	15 Jan 28	13.02B	0.607	16.5	10.3	2.94	0.4	-5.6	-7.2	0.78
2.500	15 Jan 33	12.01B	0.899	14.0	8.7	2.30	0.3	-8.1	-11.4	1.68
4.000	15 Jan 37	13.99B	0.977	6.4	2.7	2.07	0.0	-2.2	-6.7	2.23
2.750	15 Jan 47	10.99B	1.138	10.7	9.6	0.97	0.0	6.6	3.2	2.04

Spreads against the German curve, bp



Asset swap term structure, bp



	15	16	17
GDP, %, y/y	1.0	1.1	1.4
Public balance	-3.2	-2.6	-2.4
Debt/GDP	106.4	106.8	106.6

Source: European Commission, Winter 2015 forecast

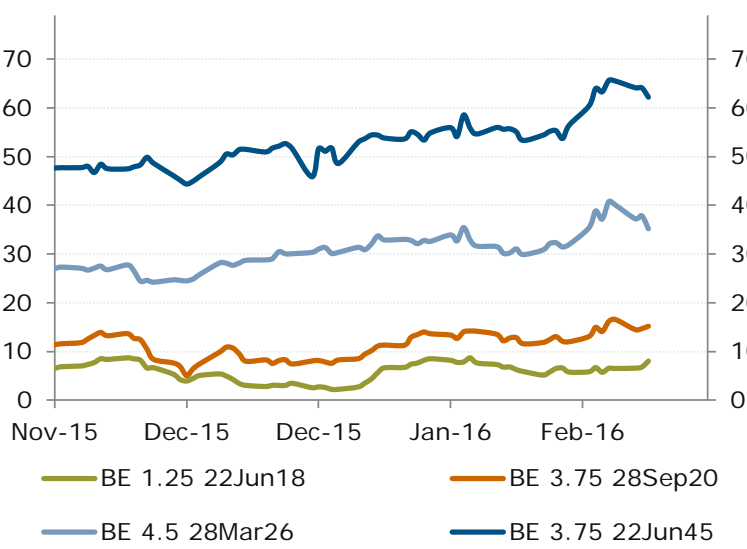
Rating	Aa3/AA/AA
Moody's / S&P / Fitch	

Δ B/E Spd 1Y is calculated as a spread to a synthetically created par bond trading on the German curve.

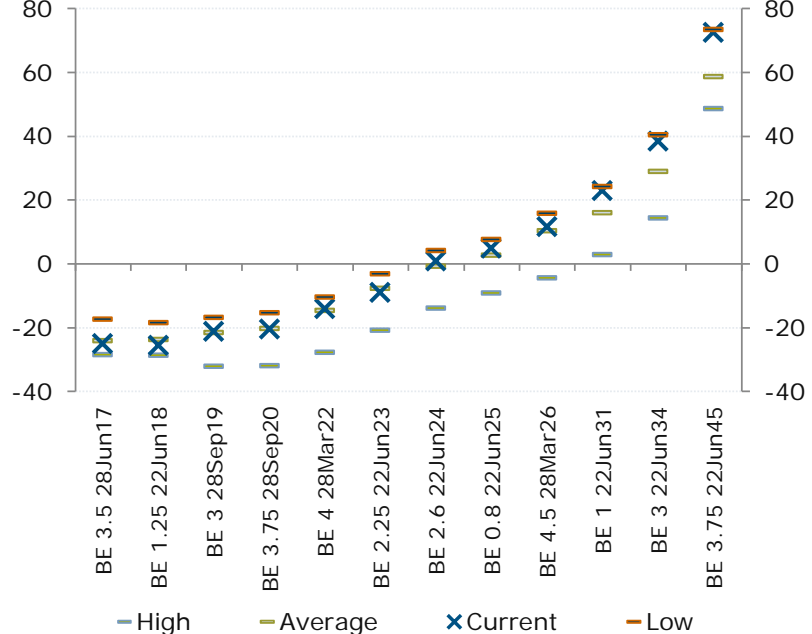
Belgium

Benchmark Bonds				Spread vs. Germany				Asset Swap Spread		
Coupon	Maturity	Volume	Yield	17-Feb	60D Avg.	Z-score	Δ B/E Spd 1Y	17-Feb	60D Avg.	Z-score
3.500	28 Jun 17	13.34B	-0.422	6.8	4.1	1.77	-1.6	-25.1	-24.2	-0.37
1.250	22 Jun 18	11.01B	-0.412	8.0	6.0	1.28	1.6	-25.5	-23.7	-0.73
3.000	28 Sep 19	12.01B	-0.289	13.6	10.9	1.40	0.4	-21.2	-21.5	0.10
3.750	28 Sep 20	19.01B	-0.197	15.2	11.5	1.63	-0.9	-20.5	-20.3	-0.08
4.000	28 Mar 22	14.02B	0.016	22.0	18.7	1.71	-1.9	-14.0	-14.7	0.32
2.250	22 Jun 23	13.99B	0.224	29.8	27.3	1.37	-2.1	-9.0	-7.7	-0.71
2.600	22 Jun 24	15.85B	0.425	36.8	31.2	1.82	-1.7	0.9	-0.7	0.66
0.800	22 Jun 25	16.02B	0.619	42.0	36.3	1.93	-1.0	4.9	2.7	1.08
4.500	28 Mar 26	9.02B	0.643	35.2	30.7	1.40	-1.5	11.7	10.4	0.48
1.000	22 Jun 31	4.0B	1.237	56.5	46.8	2.24	0.5	23.0	16.0	1.93
3.000	22 Jun 34	6.47B	1.343	51.2	41.7	2.19	0.2	38.4	29.0	2.05
3.750	22 Jun 45	8.01B	1.646	62.2	53.2	2.13	0.0	72.5	58.7	2.58

Spreads against the German curve, bp



Asset swap term structure, bp







Finland

	15	16	17
GDP, %, y/y	0.0	0.8	1.4
Public balance	-2.7	-2.5	-2.2
Debt/GDP	58.9	61.2	62.6

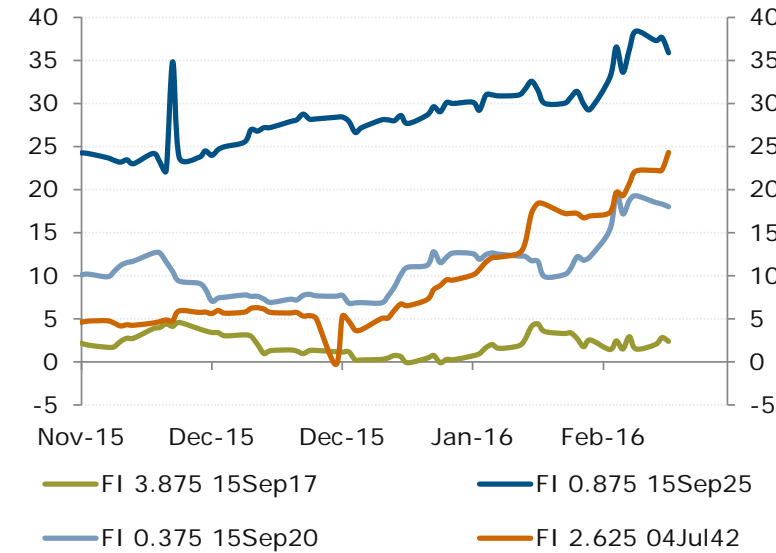
Source: European Commission, Winter 2015 forecast

Rating	Aaa/AA+/AAA
Moody's / S&P / Fitch	

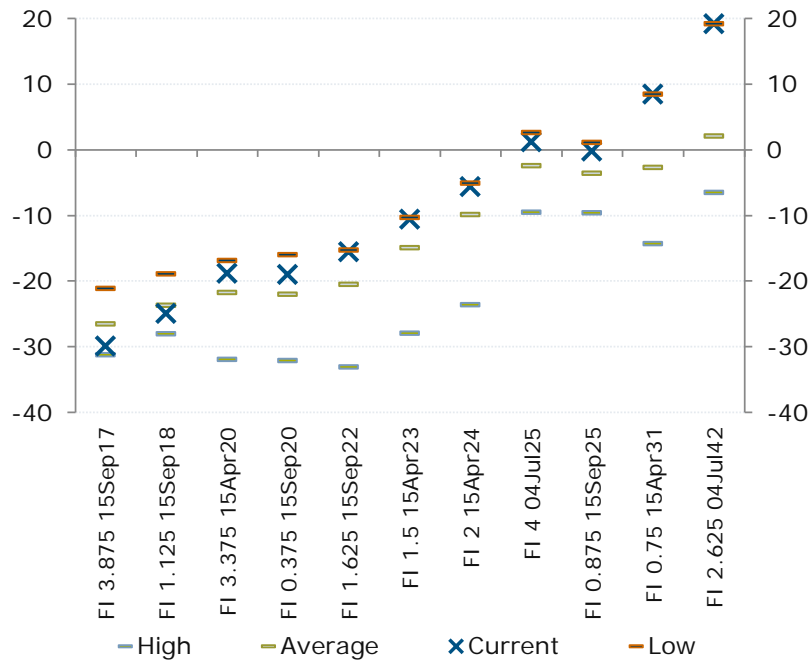
Δ B/E Spd 1Y is calculated as a spread to a synthetically created par bond trading on the German curve.

Benchmark Bonds				Spread vs. Germany				Asset Swap Spread		
Coupon	Maturity	Volume	Yield	17-Feb	60D Avg.	Z-score	Δ B/E Spd 1Y	17-Feb	60D Avg.	Z-score
3.875	15 Sep 17	6.0B	-0.472	2.4	2.1	0.25	-2.5	-29.9	-26.5	-1.33
1.125	15 Sep 18	5.03B	-0.399	8.2	6.5	1.81	0.2	-24.9	-23.7	-0.60
3.375	15 Apr 20	6.5B	-0.222	16.6	10.6	2.69	-0.4	-18.8	-21.7	1.18
0.375	15 Sep 20	6.03B	-0.172	18.0	11.2	2.63	-0.5	-19.0	-22.0	1.22
1.625	15 Sep 22	5.0B	0.079	23.6	16.0	2.90	-0.2	-15.6	-20.5	1.79
1.500	15 Apr 23	5.0B	0.199	29.6	21.7	3.52	0.1	-10.6	-14.9	2.20
2.000	15 Apr 24	5.0B	0.355	32.5	24.2	2.57	-0.3	-5.6	-9.8	1.75
4.000	04 Jul 25	6.03B	0.499	29.6	22.6	1.93	-0.4	1.2	-2.4	1.37
0.875	15 Sep 25	4.03B	0.588	35.9	28.9	2.19	-1.1	-0.2	-3.6	1.80
0.750	15 Apr 31	3.5B	1.084	42.3	27.5	2.40	0.6	8.4	-2.7	2.32
2.625	04 Jul 42	4.03B	1.253	24.3	10.0	2.64	0.2	19.2	2.1	3.28

Spreads against the German curve, bp



Asset swap term structure, bp



Austria

	15	16	17
GDP, %, y/y	0.2	0.8	1.5
Public balance	-2.9	-2.0	-1.4
Debt/GDP	86.8	86.4	84.5

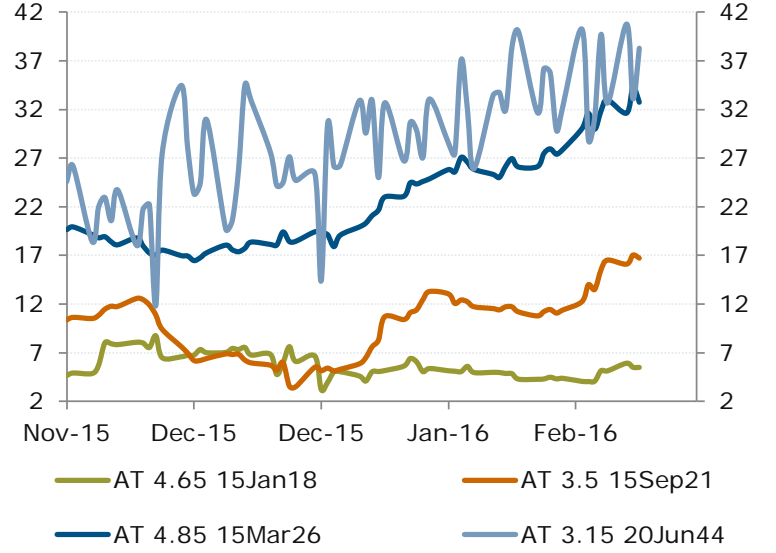
Source: European Commission, Winter 2015 forecast

Rating	Aaa/AA+/AA+
Moody's / S&P / Fitch	

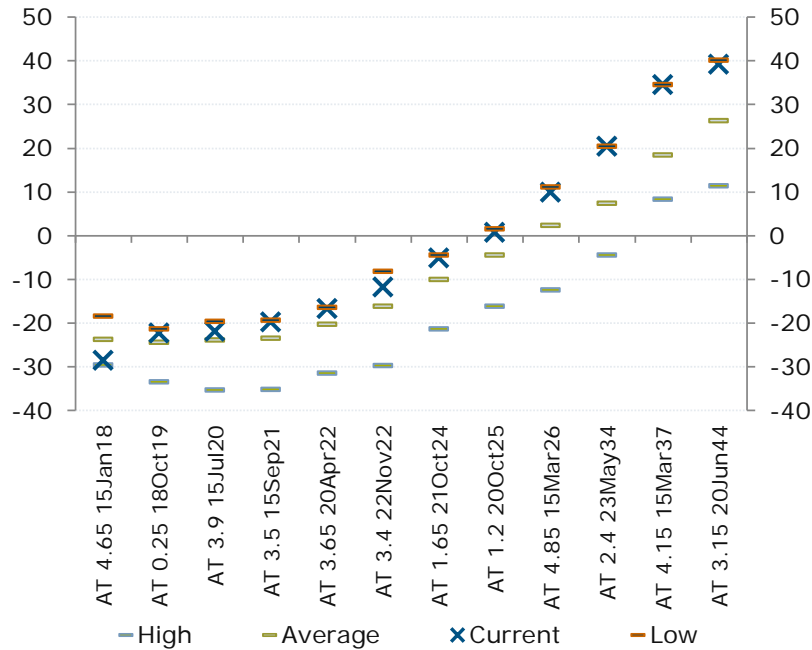
Δ B/E Spd 1Y is calculated as a spread to a synthetically created par bond trading on the German curve.

Benchmark Bonds				Spread vs. Germany				Asset Swap Spread		
Coupon	Maturity	Volume	Yield	17-Feb	60D Avg.	Z-score	Δ B/E Spd 1Y	17-Feb	60D Avg.	Z-score
4.650	15 Jan 18	12.06B	-0.451	5.4	5.7	-0.20	1.5	-28.5	-23.8	-1.76
0.250	18 Oct 19	7.95B	-0.289	13.3	8.5	2.34	-0.1	-22.3	-24.5	0.92
3.900	15 Jul 20	13.01B	-0.230	13.7	8.3	2.22	1.9	-22.0	-23.9	0.79
3.500	15 Sep 21	14.99B	-0.091	16.7	10.3	2.39	1.6	-19.7	-23.5	1.27
3.650	20 Apr 22	8.71B	0.001	19.9	14.0	2.52	0.7	-16.7	-20.3	1.36
3.400	22 Nov 22	10.99B	0.117	25.6	18.5	2.24	2.8	-11.7	-16.2	1.33
1.650	21 Oct 24	10.35B	0.423	31.6	22.9	3.07	-0.6	-5.2	-10.1	2.50
1.200	20 Oct 25	9.66B	0.597	35.6	26.6	2.68	-0.8	0.8	-4.5	2.44
4.850	15 Mar 26	8.01B	0.616	32.7	22.8	2.17	-1.0	9.9	2.3	1.96
2.400	23 May 34	5.19B	1.207	37.8	24.4	2.56	0.9	20.4	7.4	2.47
4.150	15 Mar 37	12.22B	1.275	35.7	22.8	2.90	-0.1	34.6	18.4	3.12
3.150	20 Jun 44	6.72B	1.402	38.3	28.9	1.76	1.2	39.2	26.2	2.20

Spreads against the German curve, bp



Asset swap term structure, bp





Greece

	15	16	17
GDP, %, y/y	1.0	2.5	3.6
Public balance	-2.5	1.1	1.6
Debt/GDP	176.3	170.2	159.2

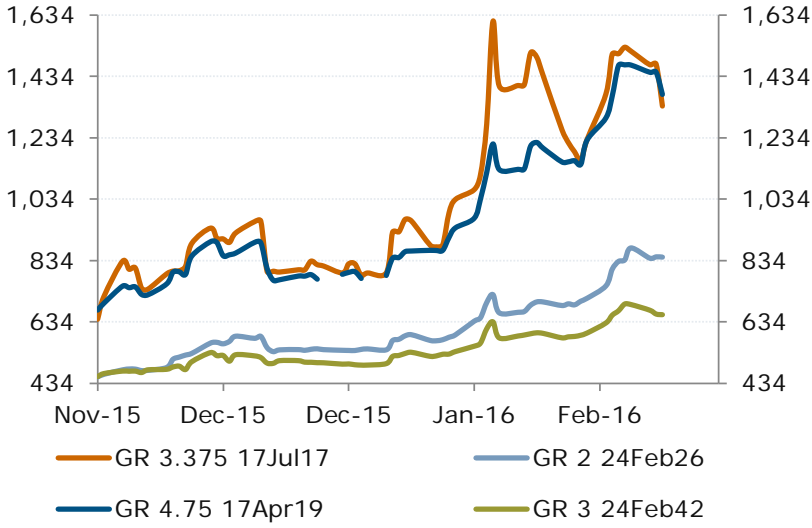
Source: European Commission, Winter 2015 forecast

Rating	Caa1/B-/CCC
Moody's / S&P / Fitch	

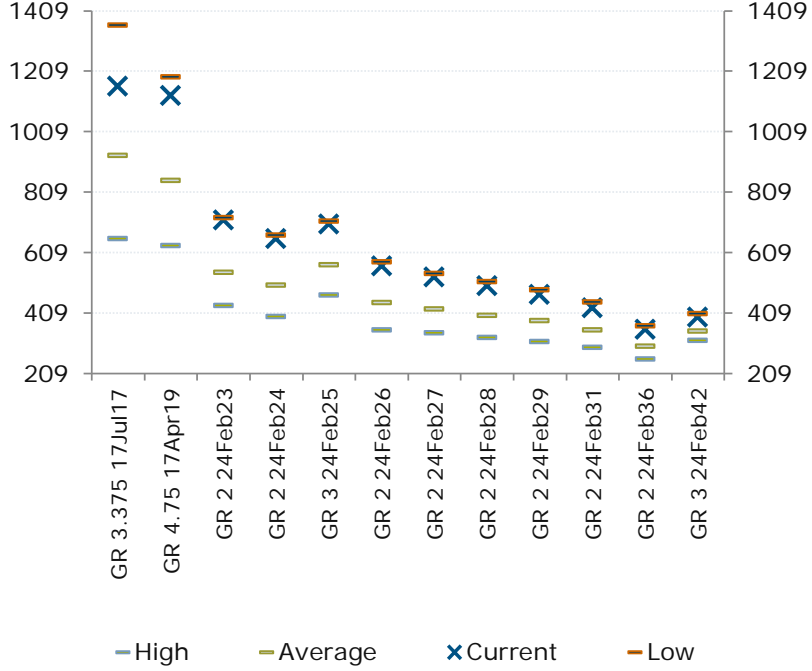
Δ B/E Spd 1Y is calculated as a spread to a synthetically created par bond trading on the German curve.

Benchmark Bonds				Spread vs. Germany				Asset Swap Spread		
Coupon	Maturity	Volume	Yield	17-Feb	60D Avg.	Z-score	Δ B/E Spd 1Y	17-Feb	60D Avg.	Z-score
3.375	17 Jul 17	2.02B	12.883	1,337.4	1,054.1	1.15	-558.0	1,160.1	929.9	1.17
4.750	17 Apr 19	4.02B	13.302	1,375.2	979.7	1.94	-196.9	1,129.5	846.7	1.89
2.000	24 Feb 23	1.04B	10.125	1,023.9	724.2	2.61	-22.3	716.5	544.5	2.45
2.000	24 Feb 24	1.25B	9.558	954.9	679.1	2.55	-5.1	655.8	501.9	2.39
3.000	24 Feb 25	1.84B	10.470	1,031.3	770.6	2.49	-10.6	702.9	568.1	2.34
2.000	24 Feb 26	1.37B	8.733	844.9	616.4	2.48	5.2	564.8	443.1	2.33
2.000	24 Feb 27	1.21B	8.379	801.1	598.7	2.44	4.0	527.6	422.4	2.29
2.000	24 Feb 28	1.84B	8.159	770.9	577.9	2.40	7.3	499.3	401.6	2.26
2.000	24 Feb 29	1.48B	7.886	735.9	560.1	2.37	-2.9	471.0	383.3	2.24
2.000	24 Feb 31	1.29B	7.462	680.9	531.7	2.25	6.8	426.7	353.4	2.16
2.000	24 Feb 36	1.33B	6.719	583.2	467.6	2.07	3.9	354.4	298.4	2.05
3.000	24 Feb 42	1.05B	7.580	657.2	547.5	2.04	-5.3	396.1	349.8	2.07

Spreads against the German curve, bp



Asset swap term structure, bp



Portugal

	15	16	17
GDP, %, y/y	1.0	1.6	1.7
Public balance	-4.6	-3.2	-2.8
Debt/GDP	128.9	124.5	123.5

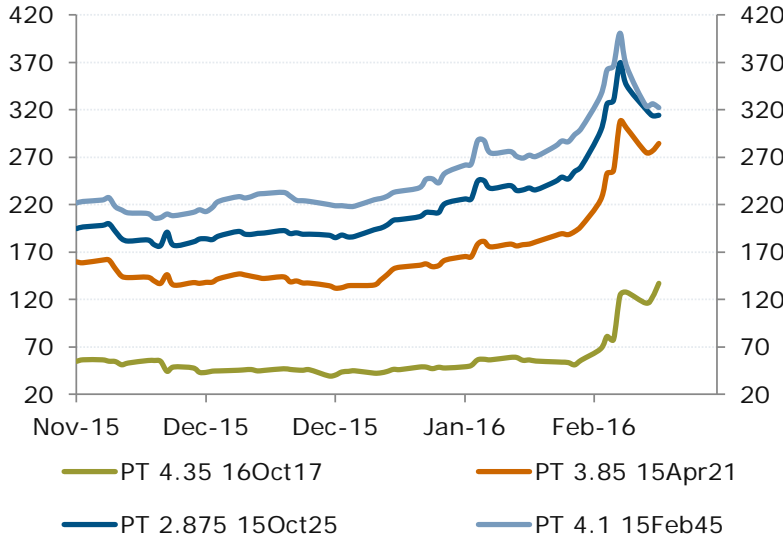
Source: European Commission, Winter 2015 forecast

Rating	Ba1/BB/BB+
Moody's / S&P / Fitch	

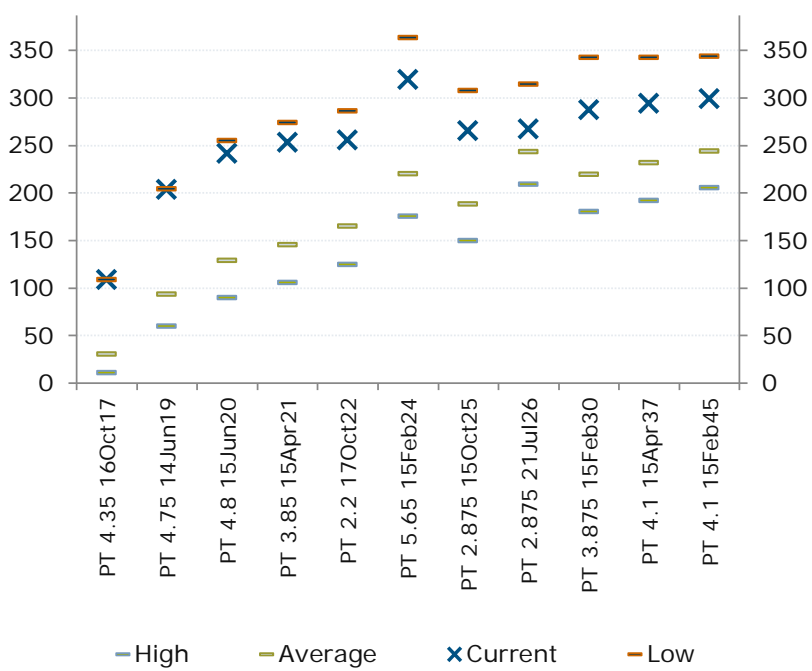
Δ B/E Spd 1Y is calculated as a spread to a synthetically created par bond trading on the German curve.

Benchmark Bonds				Spread vs. Germany				Asset Swap Spread		
Coupon	Maturity	Volume	Yield	17-Feb	60D Avg.	Z-score	Δ B/E Spd 1Y	17-Feb	60D Avg.	Z-score
4.350	16 Oct 17	8.99B	0.869	136.7	57.0	5.90	55.8	108.7	30.4	5.98
4.750	14 Jun 19	10.75B	1.837	227.9	117.9	4.26	17.3	203.9	93.5	4.16
4.800	15 Jun 20	10.99B	2.274	264.8	150.6	3.63	-1.0	241.4	129.0	3.55
3.850	15 Apr 21	9.55B	2.543	284.2	170.7	3.46	1.7	253.1	145.6	3.35
2.200	17 Oct 22	3.0B	2.938	308.7	205.6	2.89	-1.4	255.5	165.2	2.79
5.650	15 Feb 24	12.02B	3.349	334.4	229.4	2.72	-6.1	319.5	220.0	2.66
2.875	15 Oct 25	10.52B	3.379	313.9	222.2	2.42	0.4	265.2	188.2	2.38
2.875	21 Jul 26	4.0B	3.502	318.4	288.4	0.71	-3.4	267.3	243.1	0.74
3.875	15 Feb 30	4.05B	3.840	324.5	242.6	1.99	-2.7	287.4	219.7	1.98
4.100	15 Apr 37	8.02B	4.113	319.2	245.1	1.88	2.2	293.9	231.5	1.94
4.100	15 Feb 45	2.5B	4.242	322.0	254.5	1.77	0.9	298.9	243.9	1.89

Spreads against the German curve, bp



Asset swap term structure, bp





Ireland

	15	16	17
GDP, %, y/y	4.8	3.5	3.6
Public balance	-4.0	-2.9	-3.1
Debt/GDP	110.8	110.3	107.9

Source: European Commission, Winter 2015 forecast

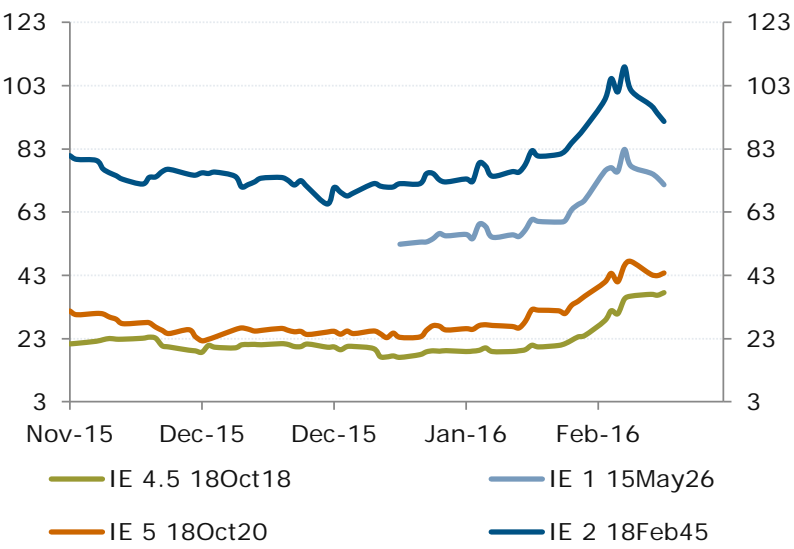
Rating	Baa1/A/A-
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Moody's / S&P / Fitch

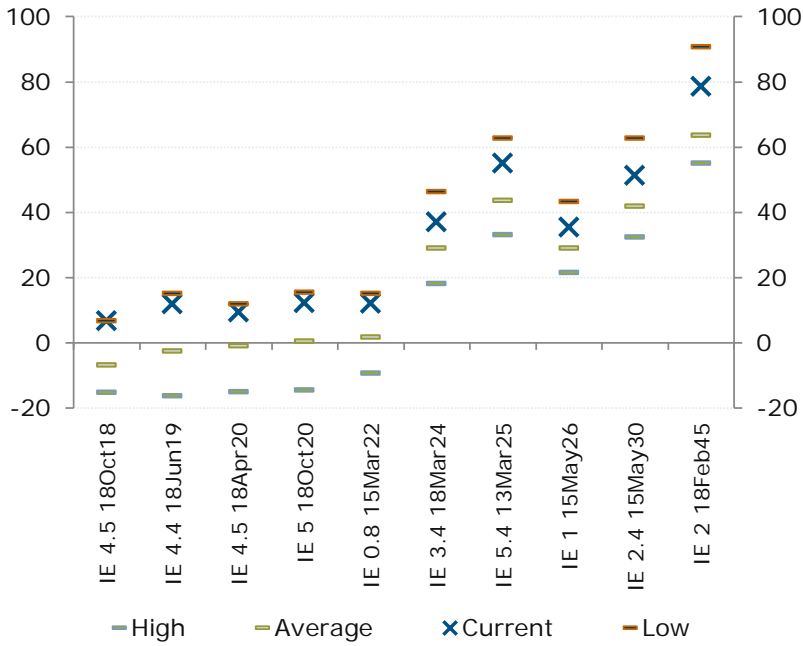
Δ B/E Spd 1Y is calculated as a spread to a synthetically created par bond trading on the German curve.

Benchmark Bonds				Spread vs. Germany				Asset Swap Spread		
Coupon	Maturity	Volume	Yield	17-Feb	60D Avg.	Z-score	Δ B/E Spd 1Y	17-Feb	60D Avg.	Z-score
4.500	18 Oct 18	9.58B	-0.098	37.8	22.6	4.31	-3.1	6.8	-6.8	3.42
4.400	18 Jun 19	7.06B	-0.006	43.5	27.8	3.03	2.2	11.9	-2.6	2.46
4.500	18 Apr 20	11.77B	0.032	42.0	29.2	2.98	-1.1	9.4	-0.9	2.36
5.000	18 Oct 20	8.99B	0.096	44.0	29.6	2.92	-0.4	12.3	0.4	2.39
0.800	15 Mar 22	4.25B	0.305	51.3	38.3	2.73	0.8	12.1	1.8	2.35
3.400	18 Mar 24	8.01B	0.714	69.6	58.0	2.23	-0.7	36.9	28.9	1.88
5.400	13 Mar 25	11.35B	0.901	73.7	60.2	2.53	0.0	55.1	43.6	2.41
1.000	15 May 26	4.0B	1.022	71.9	63.2	1.07	1.3	35.4	29.1	1.06
2.400	15 May 30	7.78B	1.381	77.2	64.8	1.98	-0.1	51.2	41.8	1.91
2.000	18 Feb 45	5.05B	1.942	91.9	78.8	1.85	-2.3	78.6	63.6	2.24

Spreads against the German curve, bp



Asset swap term structure, bp



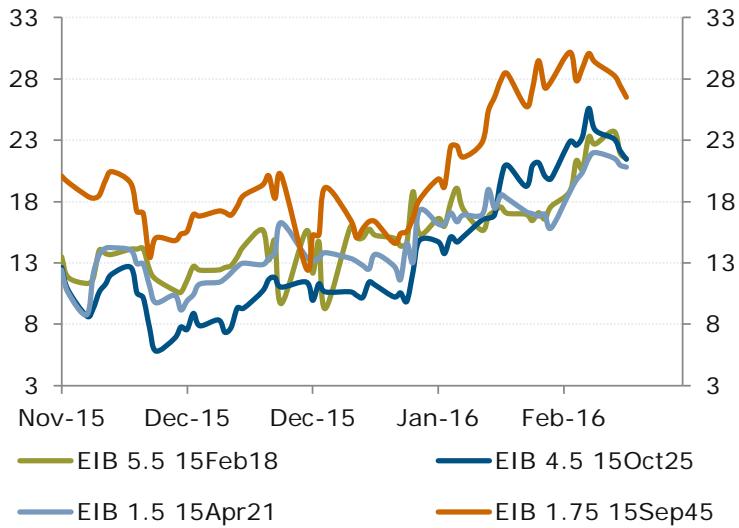


## European Investment Bank (EIB)

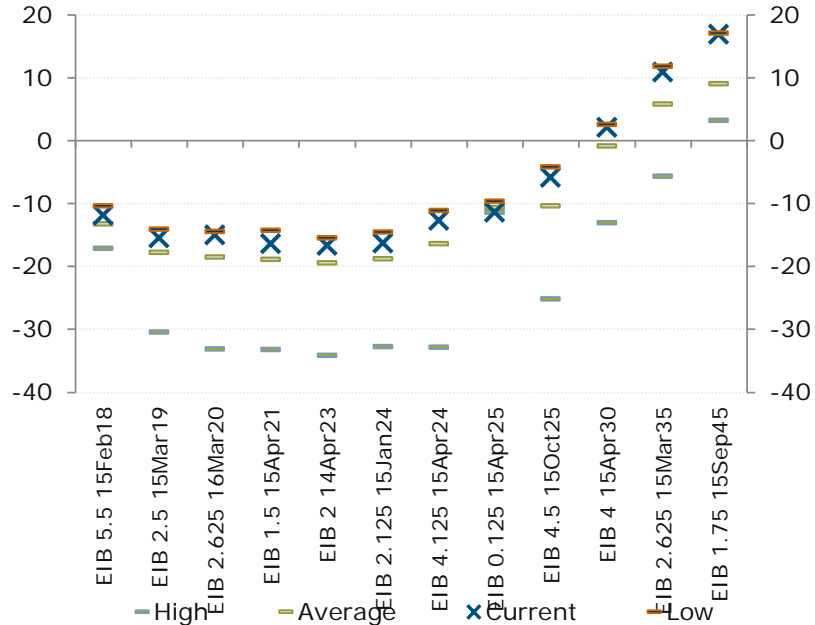
Δ B/E Spd 1Y is calculated as a spread to a synthetically created par bond trading on the German curve.

Benchmark Bonds				Spread vs. Germany				Asset Swap Spread		
Coupon	Maturity	Volume	Yield	17-Feb	60D Avg.	Z-score	Δ B/E Spd 1Y	17-Feb	60D Avg.	Z-score
5.500	15 Feb 18	0.64B	-0.294	21.4	15.5	2.34	-1.1	-11.9	-13.3	1.05
2.500	15 Mar 19	2.9B	-0.273	18.3	13.9	1.89	-0.2	-15.5	-17.8	1.24
2.625	16 Mar 20	3.4B	-0.191	20.5	13.9	1.96	-0.3	-15.0	-18.6	1.22
1.500	15 Apr 21	5.0B	-0.092	20.7	14.6	2.08	0.2	-16.4	-18.9	0.98
2.000	14 Apr 23	5.0B	0.132	22.9	16.7	1.94	-0.2	-16.7	-19.4	1.05
2.125	15 Jan 24	5.0B	0.222	22.8	16.1	1.83	-0.2	-16.3	-18.8	1.03
4.125	15 Apr 24	7.25B	0.253	22.4	14.8	1.78	-0.2	-12.7	-16.5	1.16
0.125	15 Apr 25	3.0B	0.448	27.3	28.5	-0.85	-0.1	-11.4	-10.7	-1.43
4.500	15 Oct 25	7.75B	0.453	21.4	13.6	1.67	-0.3	-5.9	-10.4	1.35
4.000	15 Apr 30	6.5B	0.834	22.9	16.4	1.74	0.3	2.1	-0.9	1.51
2.625	15 Mar 35	1.7B	1.119	25.9	20.6	1.48	-0.2	10.9	5.7	1.75
1.750	15 Sep 45	1.3B	1.289	26.4	20.4	1.33	0.1	16.8	9.0	2.00

Spreads against the German curve, bp



Asset swap term structure, bp

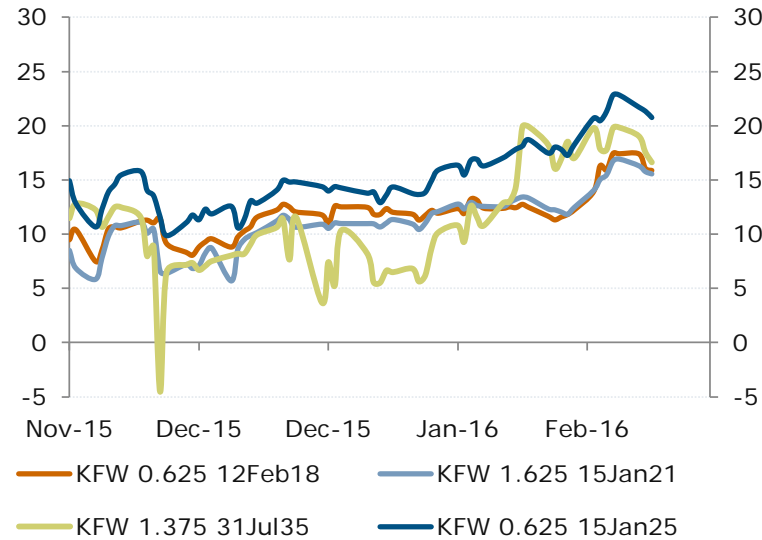


## Kreditanstalt für Wiederaufbau (KfW)

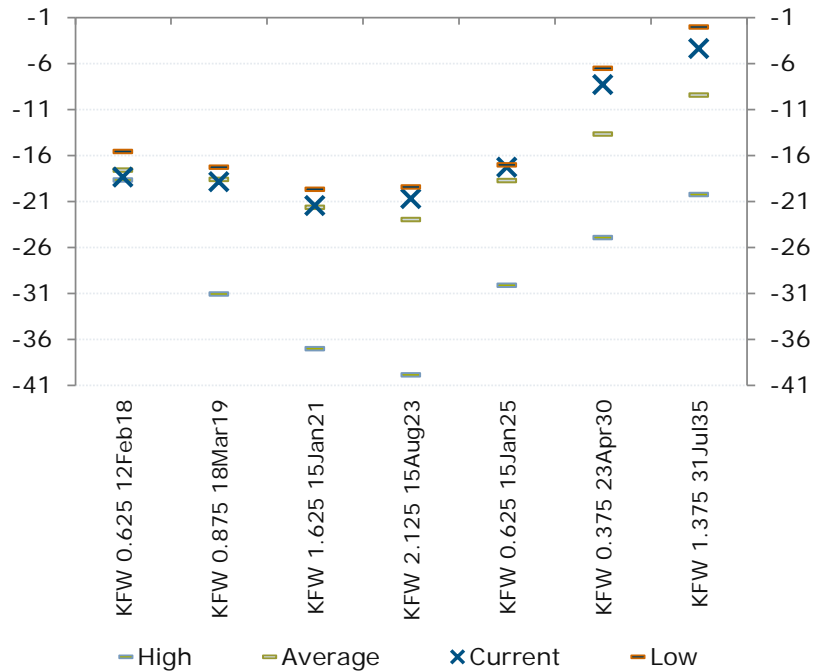
Δ B/E Spd 1Y is calculated as a spread to a synthetically created par bond trading on the German curve.

Benchmark Bonds				Spread vs. Germany				Asset Swap Spread		
Coupon	Maturity	Volume	Yield	17-Feb	60D Avg.	Z-score	Δ B/E Spd 1Y	17-Feb	60D Avg.	Z-score
0.625	12 Feb 18	2.0B	-0.349	15.9	11.9	2.56	-0.7	-18.4	-17.6	-2.32
0.875	18 Mar 19	5.0B	-0.301	15.4	13.3	1.05	-0.8	-18.9	-18.7	-0.23
1.625	15 Jan 21	5.0B	-0.167	15.6	11.2	2.13	0.1	-21.5	-21.7	0.14
2.125	15 Aug 23	3.0B	0.133	18.9	12.8	2.08	0.0	-20.7	-23.0	0.98
0.625	15 Jan 25	3.0B	0.349	20.8	15.4	2.01	-0.1	-17.3	-18.8	1.12
0.375	23 Apr 30	2.0B	0.870	26.4	17.1	1.87	-1.1	-8.4	-13.7	1.67
1.375	31 Jul 35	1.0B	1.037	16.6	11.1	1.31	-0.3	-4.4	-9.5	1.64

Spreads against the German curve, bp



Asset swap term structure, bp



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