

Euro Rates Update

Nordea Research, 02 marts 2016

Contents

Government bond yields, curve slopes and spreads..... 1

Swaps and Forwards..... 2

- Carry..... 3

- Money market rates..... 3

- Inflation linked bonds..... 3

- Inflation swaps..... 3

Credit & money market spreads..... 4

Swaption volatilities..... 4

Swap & cross-country spreads..... 4

Country relative value..... 5

- Overview of rich & cheap bonds..... 5

- Individual country overviews.....

US Treasury Yields				
	2Y	5Y	10Y	30Y
	0.80	1.25	1.78	2.67
Δ 1D	-0.4	1.3	2.6	4.1
Δ 1W	3.3	0.7	1.8	4.0

German Benchmark Yields				
	2Y	5Y	10Y	30Y
	-0.56	-0.39	0.14	0.90
Δ 1D	0.9	1.2	3.1	7.4
Δ 1W	-2.3	-5.1	-4.3	1.1

German Curve Slopes				
	2-5Y	5-10Y	2-10Y	10-30Y
	-16.8	-52.9	-69.7	-75.5
Δ 1D	0.3	1.8	2.1	4.4
Δ 1W	-2.8	0.8	-2.0	5.3

EUR Swap Curve Slopes				
	2-5Y	5-10Y	2-10Y	10-30Y
	-18.5	-54.2	-72.7	-52.6
Δ 1D	0.2	1.0	1.2	3.3
Δ 1W	-2.1	1.4	-0.7	3.3

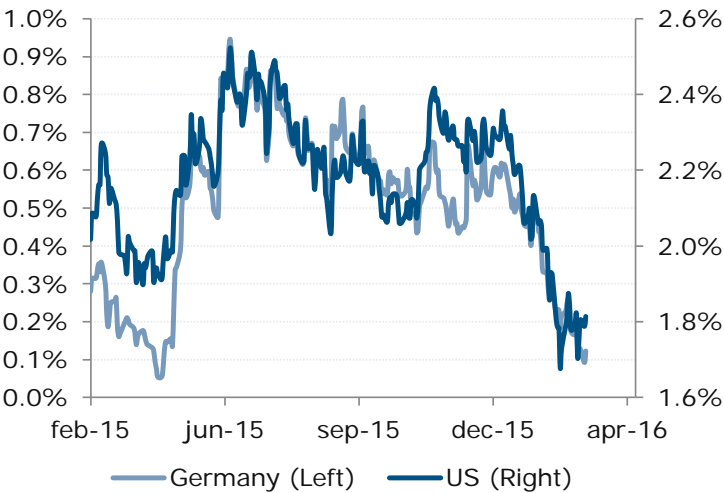
German Asset Swap Levels				
	2Y	5Y	10Y	30Y
	-34.4	-37.1	-36.8	-10.2
Δ 1D	0.0	0.4	1.1	2.6
Δ 1W	0.1	-0.1	-0.7	1.5

10Y Benchmark Yields				
	Yield	Δ 1D	Spread	Δ 1D
GER	0.141	3.1	-	-
FRA	0.501	3.5	38.1	0.5
ITA	1.403	-2.9	128.1	-5.9
ESP	1.505	-4.0	139.4	-7.0
BEL	0.475	3.5	40.7	0.5
HOL	0.284	3.2	20.8	0.2
AUT	0.426	4.2	31.8	1.2
GRE	9.494	-17.5	946.5	-20.4
POR	2.892	6.2	278.6	3.2
FIN	0.442	3.5	34.5	0.5
IRL	0.799	0.1	76.4	-2.8

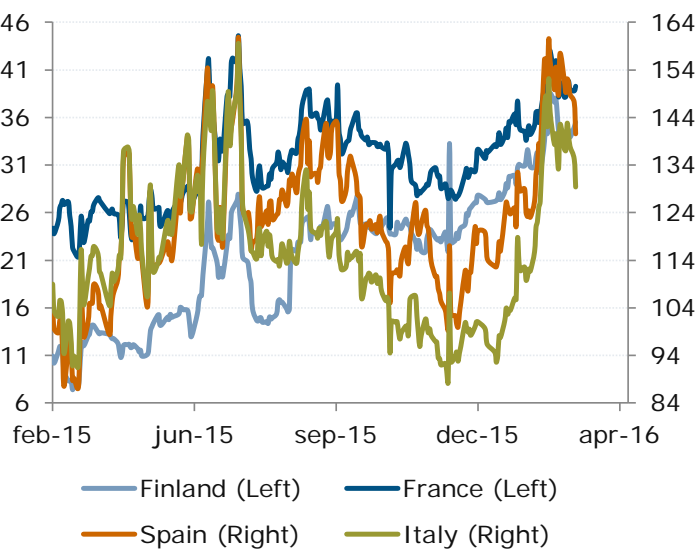
Spread = Maturity interpolated spread to German government par yield curve

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

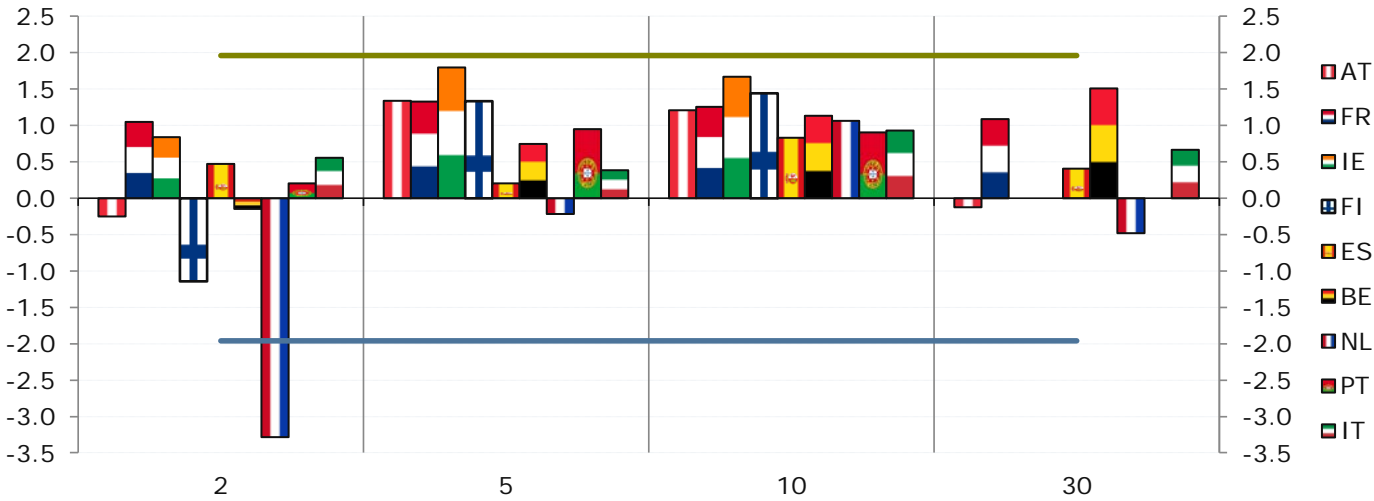
German & US 10-year benchmark yields, %



10 year spreads against Germany, bp



Z-scores of benchmark vs. Germany



Upcoming Issuance (source: Bloomberg)						
Date		Country	Coupon		Maturity	Amount (EURbn)
02 mar		GE	0.00%		2021	4.00
03 mar		SP				
03 mar		FR				
07 mar		LN	2.10%		2021	
08 mar		AS				

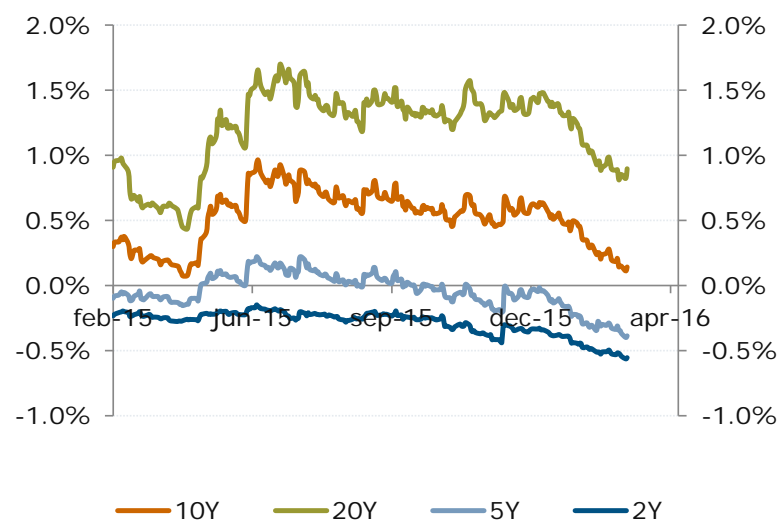
All bond quotes are taken at 16:15 CET.

## Bond Yields & Curves

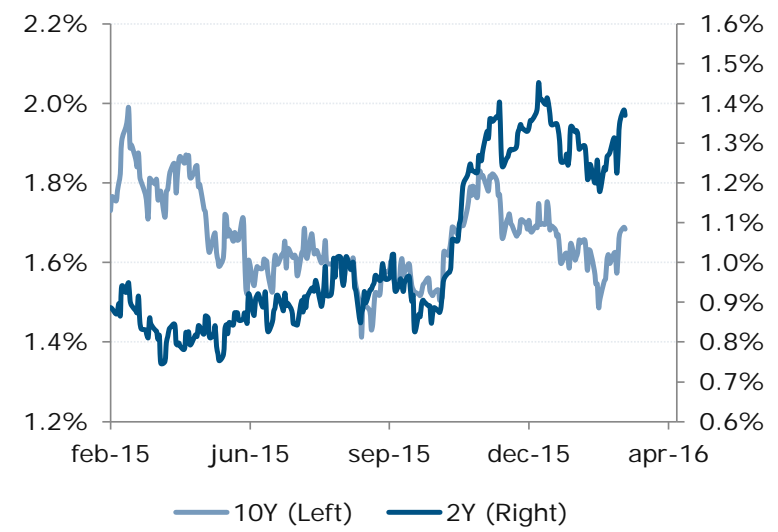
### Yield Levels

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

German benchmark bond yields, %



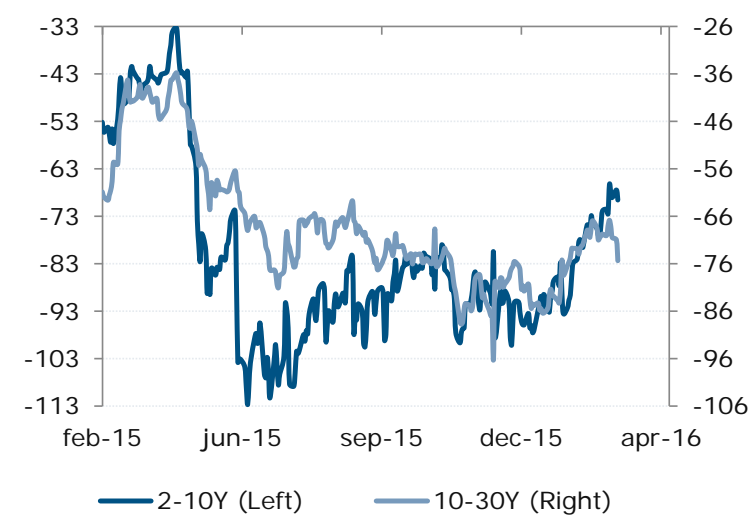
USA-Germany spreads, annualized yields, %



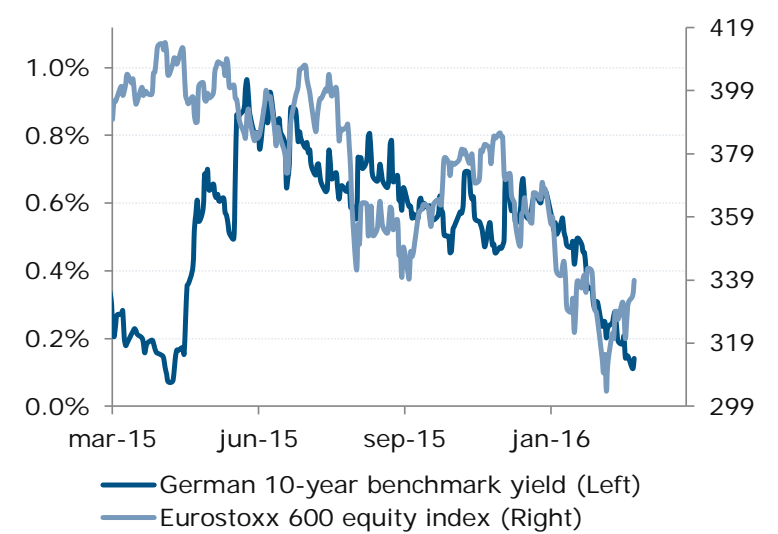
### Bond Curve Shape

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

German yield curve slopes, bp

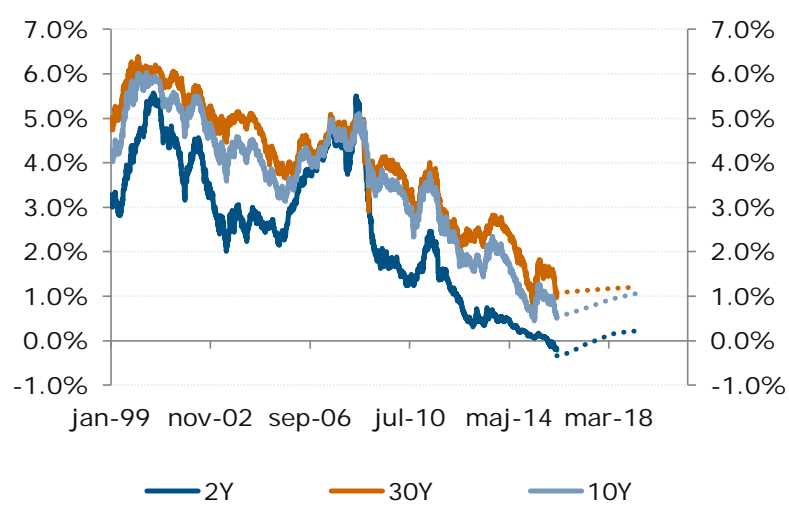


Bonds vs. equities



## Swaps and Forwards

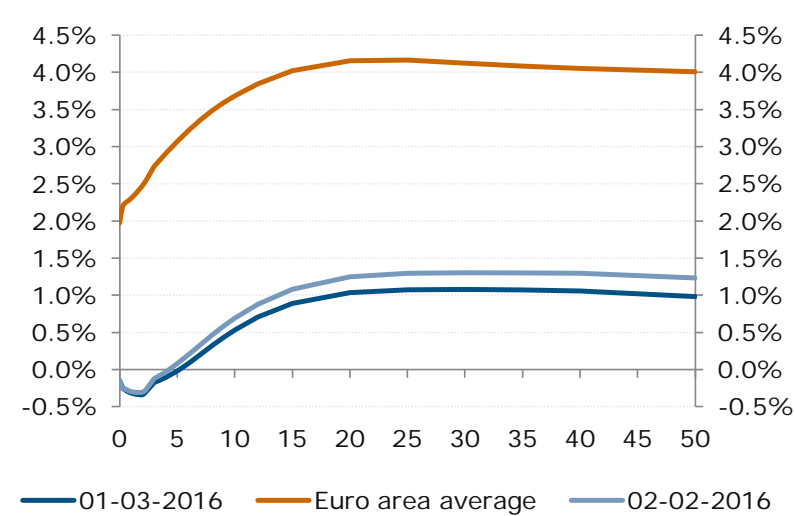
EUR swap rates and implied forwards, %



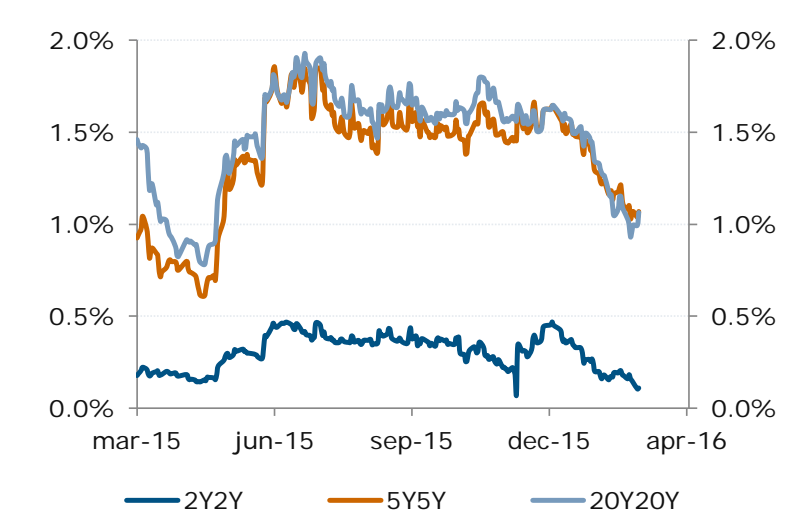
EUR-USD spreads and implied forwards, %



EUR swap curve shape vs. historical

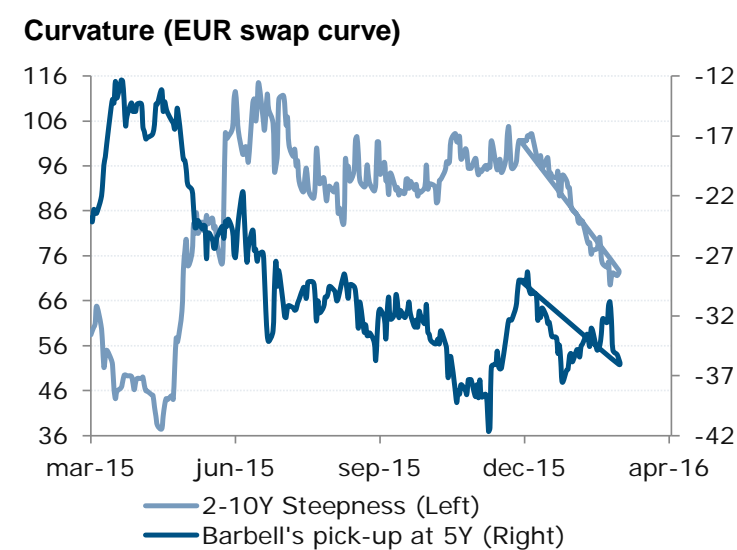
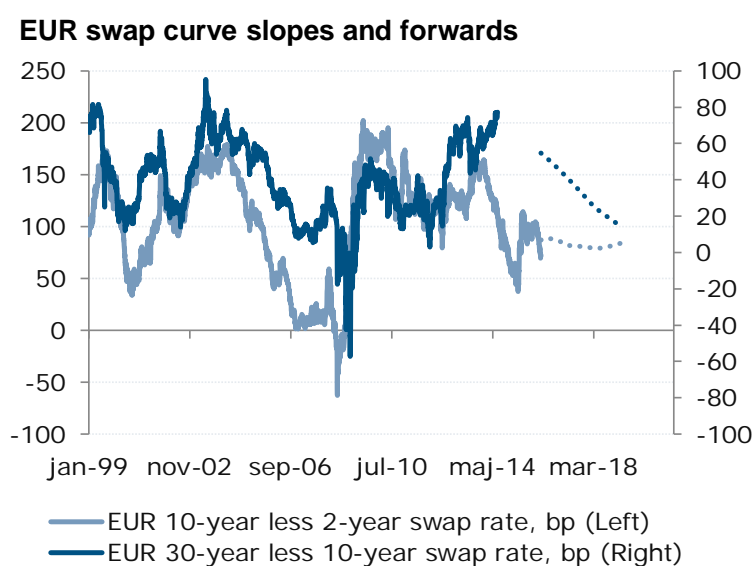


Historical forward rates, %



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

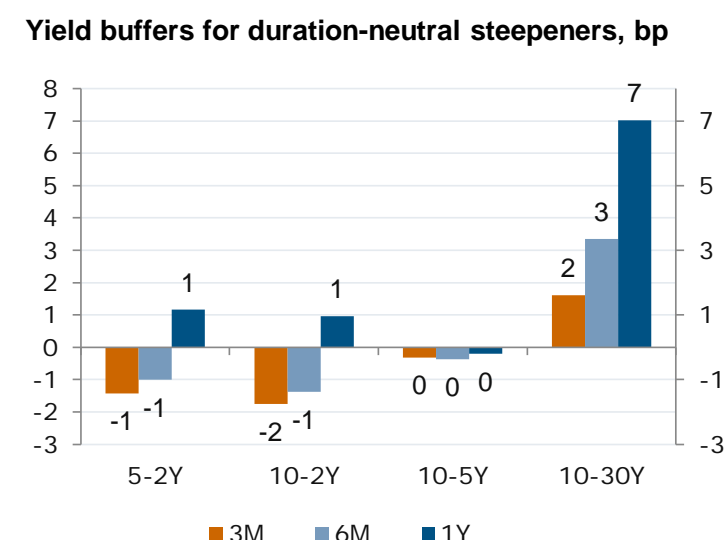
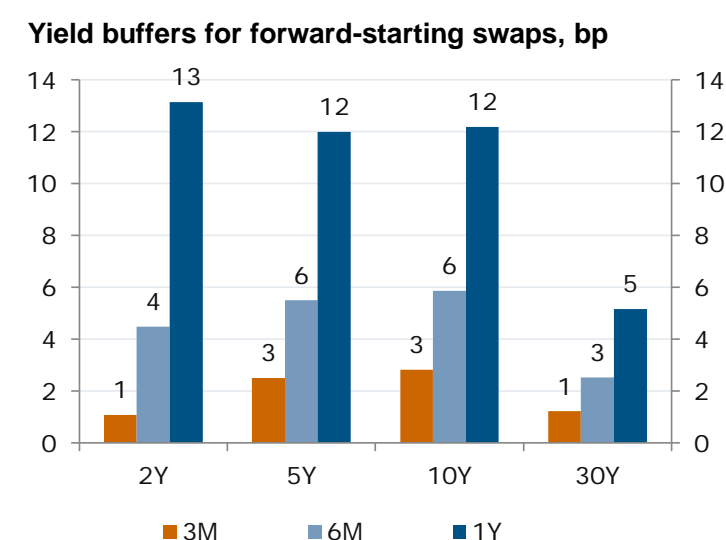
5Y pick-up over a duration and cash neutral 2-10Y EUR swap barbell.



## Carry

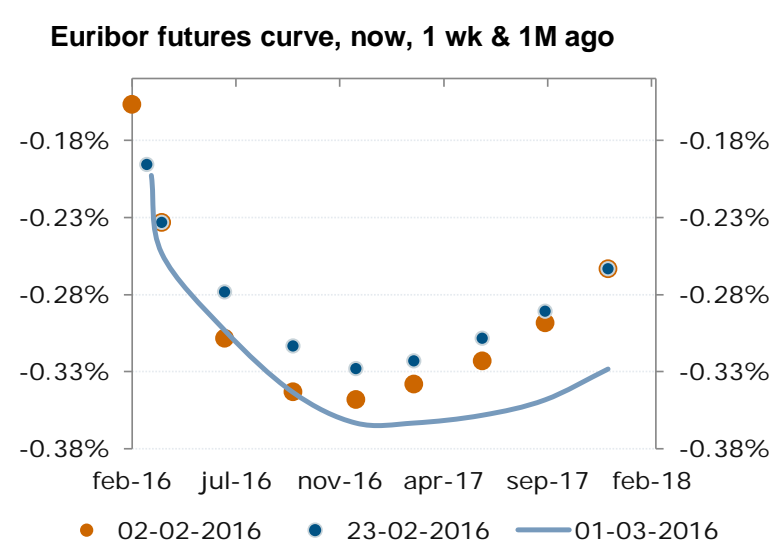
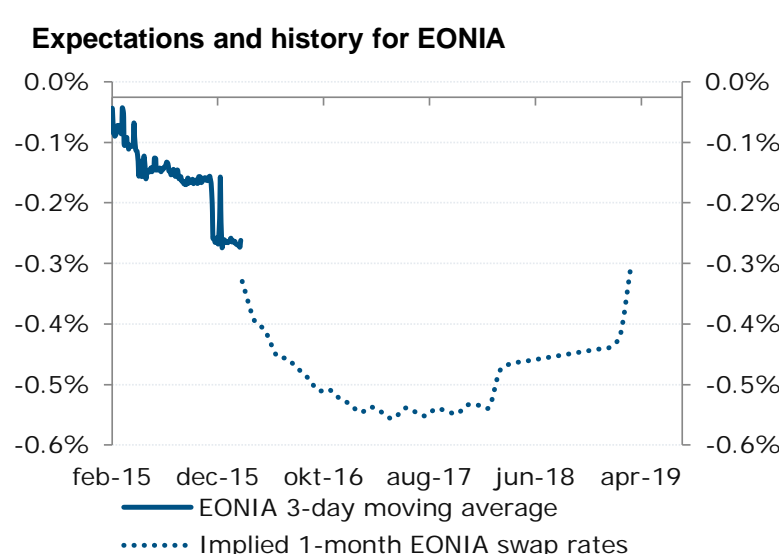
The carry on the given horizon illustrates how much the spot swap rate may rise for a receiver swap position in a forward-starting swap to result in zero profit.

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.



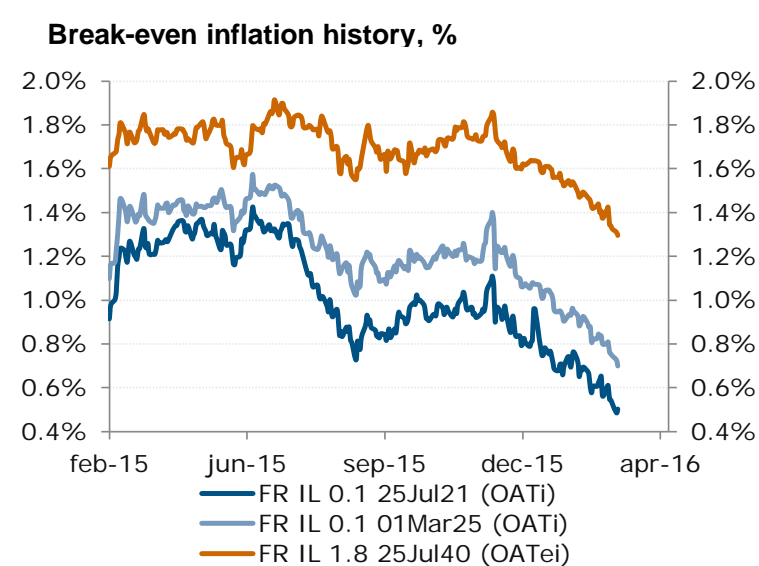
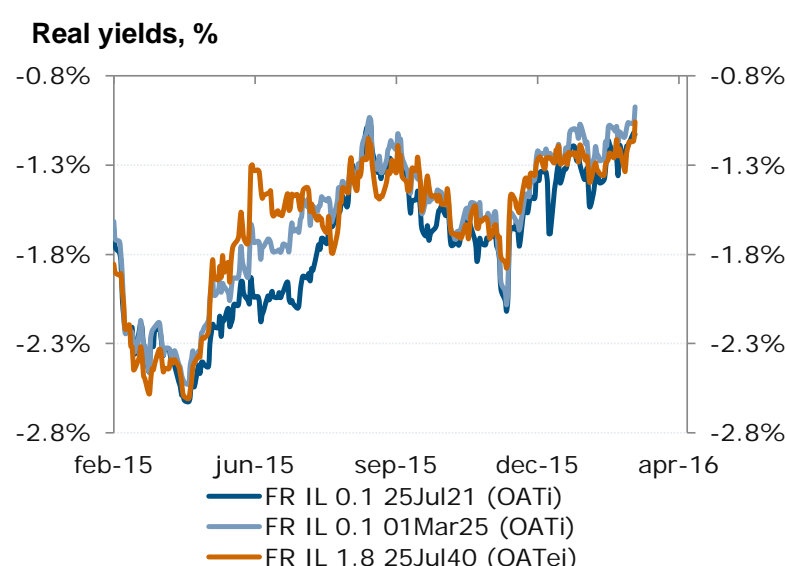
## Money Market Rates

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



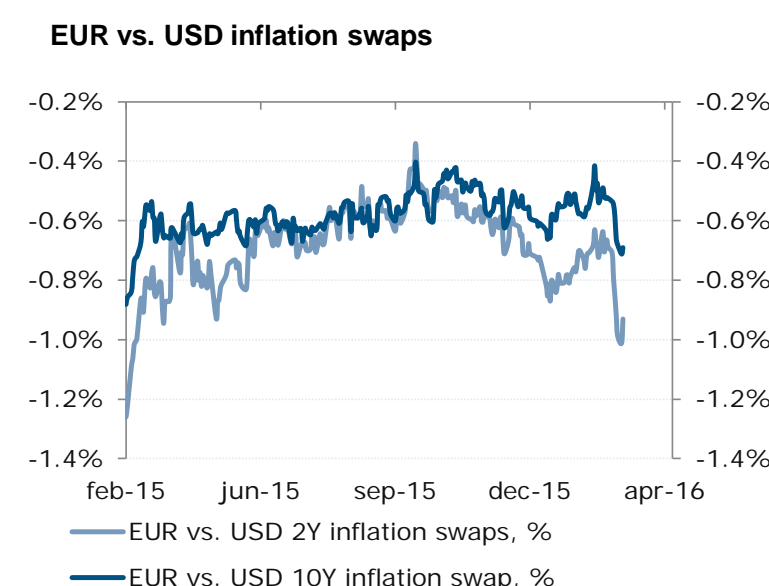
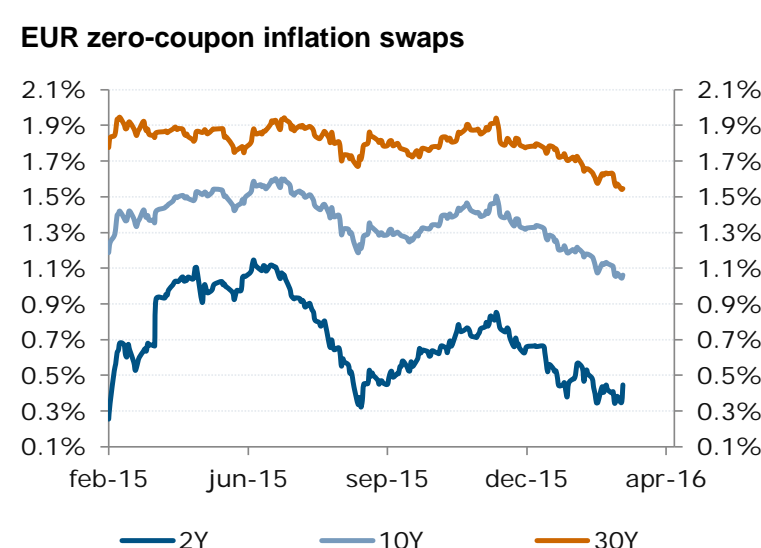
## Inflation-linked Bonds

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



## 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.



## Credit & Money Market Spreads

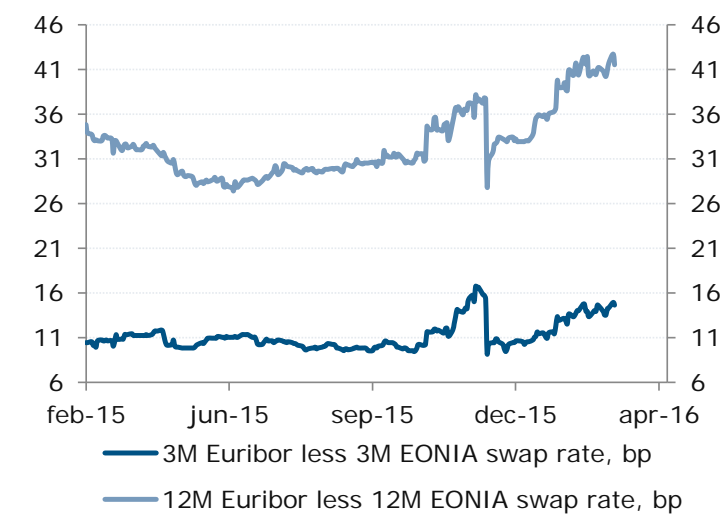
Credit default swap indices illustrate the annual cost of buying protection against a credit event of a company. iTraxx® Europe is comprised of the 125 most liquid CDS contracts referencing European investment grade credits, iTraxx® Crossover of 50 sub-investment grade credits.

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**



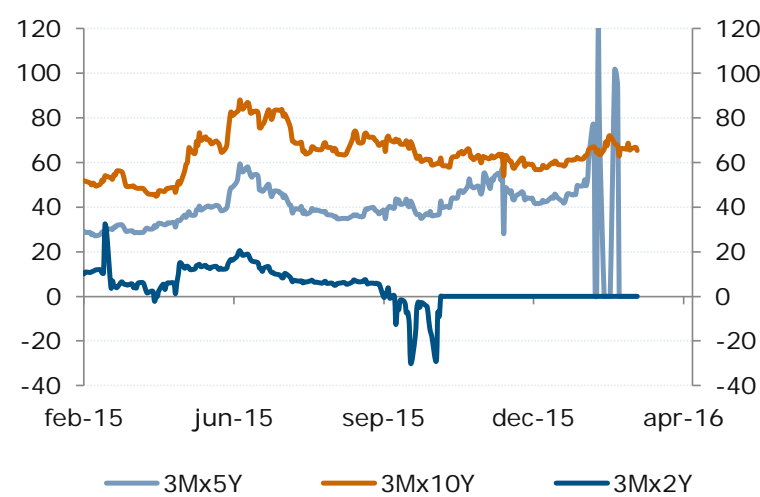
**Money market rates vs. EONIA swap rates**



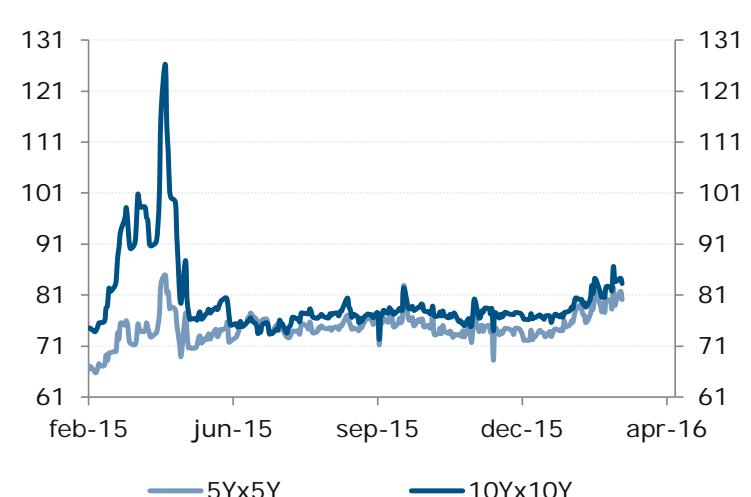
## Swaption Volatilities

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

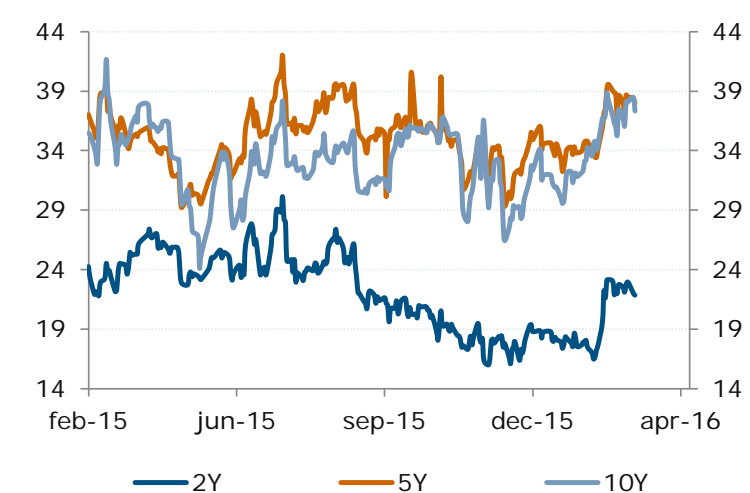
Swap spread:  
Benchmark bond's spread to EUR swap curve.

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

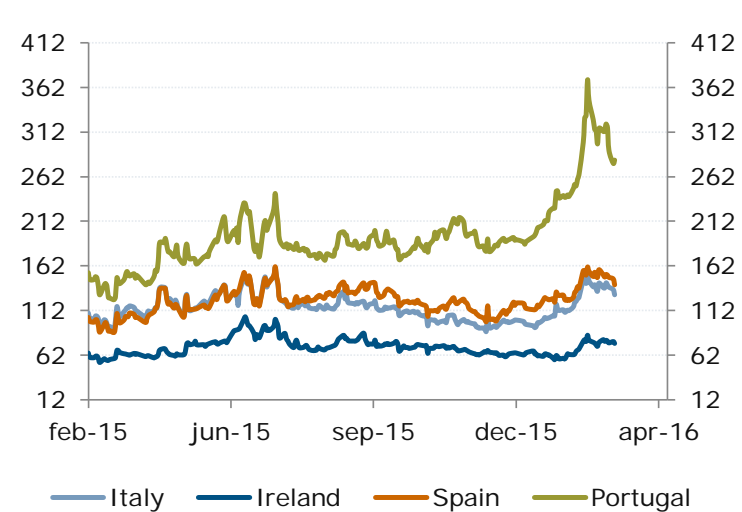
1Y break-even spread changes indicate how much a bond's spread against an equivalent bond trading on the German curve may widen in order to give the same return in one year.

The break-even spread change is based on the spread against the following two German benchmark bonds:  
DE TB 16Mar18  
DE 0.5 15Feb26

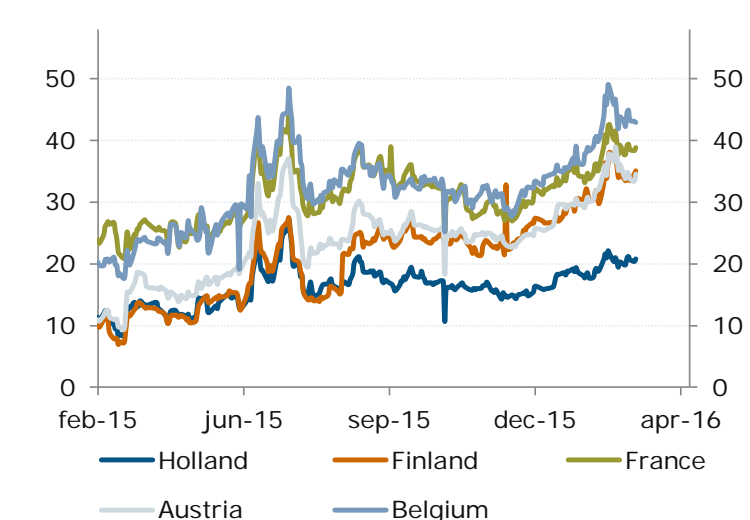
**German swap spreads, bp**



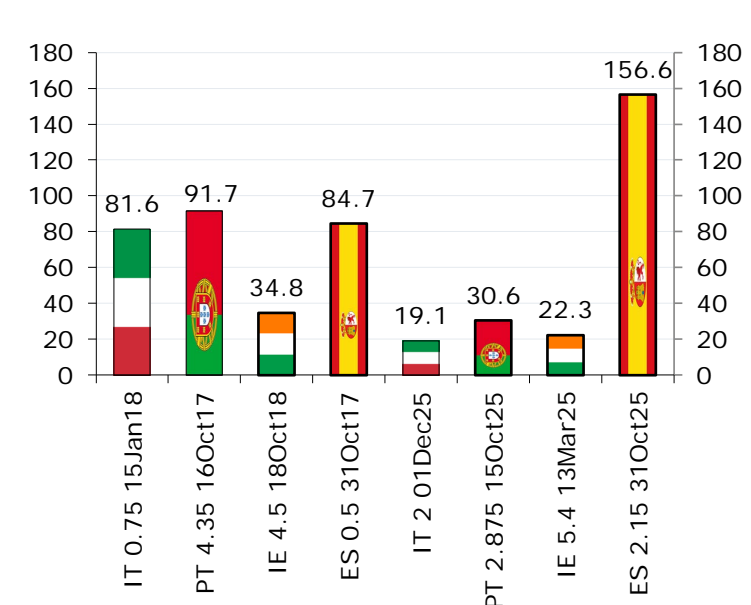
**10Y non-AAA spreads against Germany, bp**



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



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

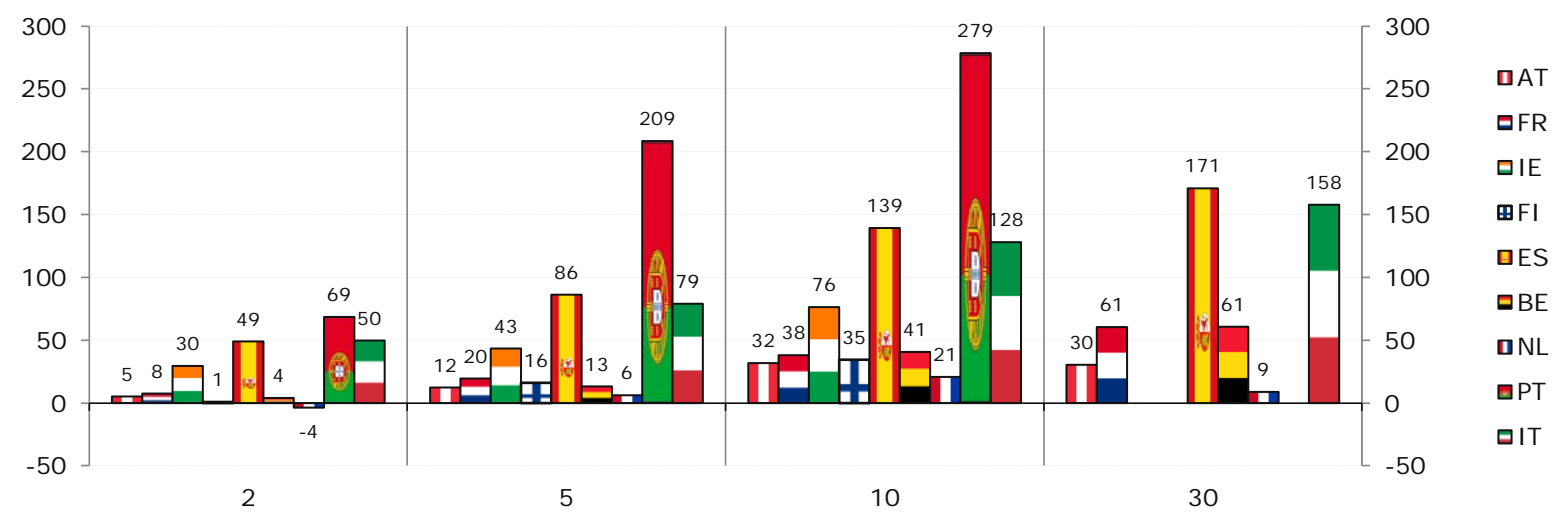




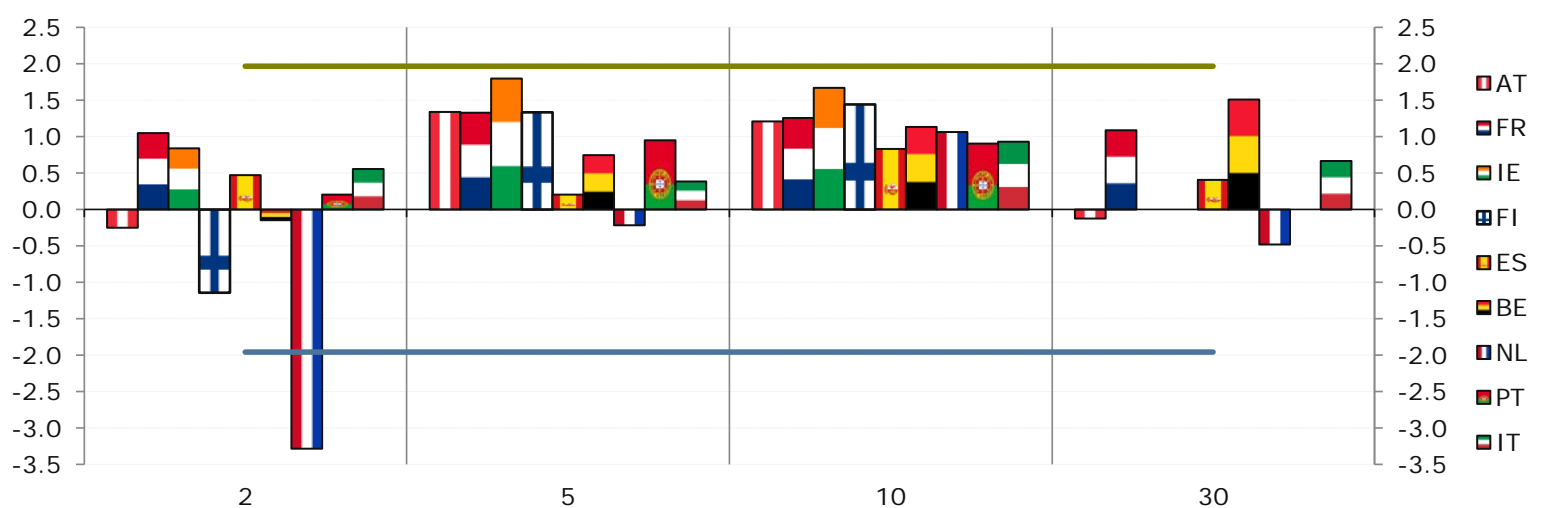


## Country Relative Value

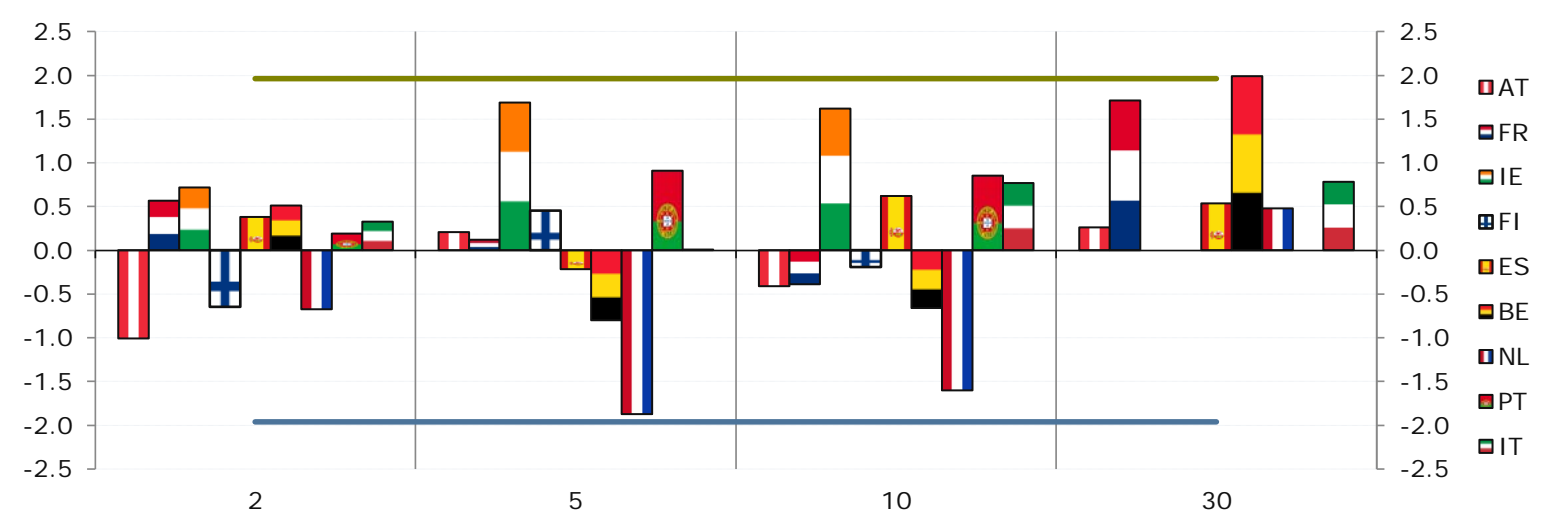
Benchmark spreads over the maturity-interpolated German par curve, bp



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	NL	15 apr 17	0.500	-3.6	-3.12	ES	31 jan 19	0.250	29.0	-2.78
	BE	22 jun 18	1.250	9.3	2.01	IE	18 jun 19	4.400	8.6	1.20
5Y: Rich	DE	04 jan 22	2.000	-26.7	-1.68	DE	04 jan 22	2.000	-41.0	-1.69
	IE	18 okt 20	5.000	46.8	1.87	IE	18 okt 20	5.000	15.7	1.85
7Y: Rich	DE	15 maj 23	1.500	-33.2	-1.35	BE	22 jun 23	2.250	-14.0	-2.61
	AT	20 apr 22	3.650	19.6	1.96	IE	15 mar 22	0.800	15.0	1.75
10Y: Rich	DE	15 aug 25	1.000	-37.9	-1.24	DE	15 aug 25	1.000	-37.7	-1.48
	KfW	15 jan 25	0.625	22.5	1.70	IE	13 mar 25	5.400	57.5	1.60
15Y: Rich	DE	04 jan 37	4.000	-66.6	-1.20	DE	04 jan 31	5.500	-27.8	-0.60
	IE	15 maj 30	2.400	81.2	1.42	NL	15 jan 37	4.000	-2.6	1.81
20Y: Rich	DE	15 aug 46	2.500	-74.9	-1.29	AT	20 jun 44	3.150	33.7	0.73
	BE	22 jun 45	3.750	60.8	1.46	BE	22 jun 45	3.750	74.5	2.22

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

Current spread - 60-day average  
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
--------	-------------

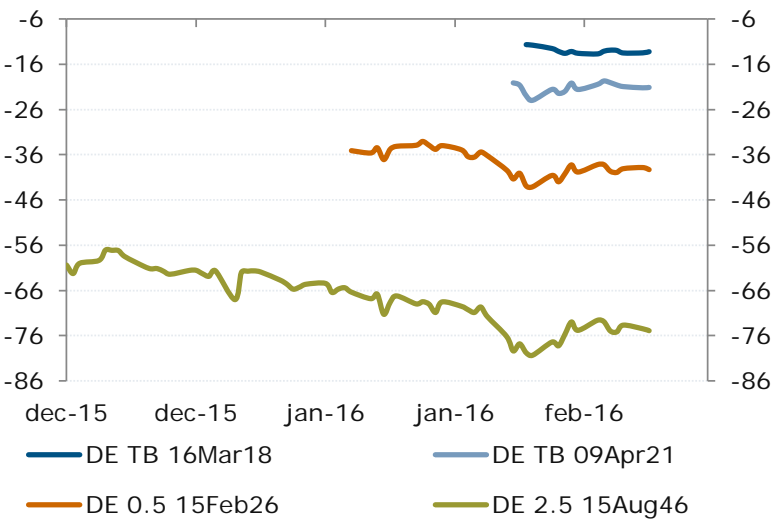
Moody's / S&P / Fitch

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

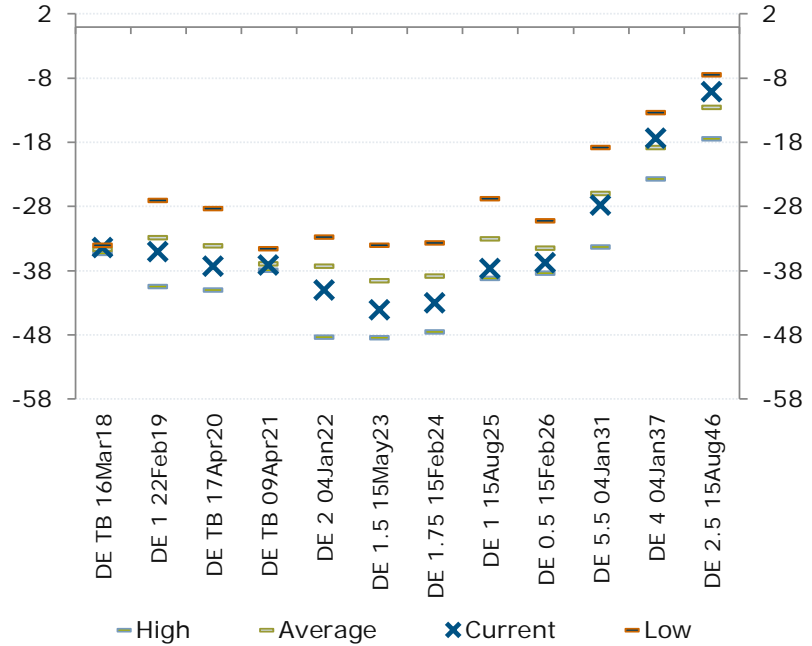
Germany

Benchmark Bonds				Spread vs. France				Asset Swap Spread		
Coupon	Maturity	Volume	Yield	01-mar	60D Avg.	Z-score	Δ B/E Spd 1Y	01-mar	60D Avg.	Z-score
0.000	16 mar 18	5.0B	-0.555	-13.2	-13.0	-0.39	-0.4	-34.4	-34.6	0.64
1.000	22 feb 19	16.0B	-0.530	-16.1	-12.7	-1.73	0.0	-35.0	-32.8	-1.05
0.000	17 apr 20	20.0B	-0.476	-19.5	-16.2	-1.39	1.9	-37.3	-34.1	-1.46
0.000	09 apr 21	5.0B	-0.388	-21.1	-21.2	0.10	-5.4	-37.1	-36.9	-0.27
2.000	04 jan 22	20.0B	-0.351	-26.7	-22.6	-1.68	1.7	-41.0	-37.3	-1.69
1.500	15 maj 23	18.0B	-0.229	-33.2	-29.5	-1.35	1.0	-44.1	-39.5	-1.63
1.750	15 feb 24	18.0B	-0.134	-34.7	-32.3	-1.02	1.4	-43.0	-38.9	-1.39
1.000	15 aug 25	23.0B	0.078	-37.9	-33.7	-1.24	1.1	-37.7	-33.0	-1.48
0.500	15 feb 26	10.0B	0.141	-39.3	-37.6	-0.65	0.6	-36.8	-34.5	-1.00
5.500	04 jan 31	17.0B	0.478	-55.6	-50.4	-1.08	0.3	-27.8	-25.9	-0.60
4.000	04 jan 37	23.0B	0.746	-66.6	-60.0	-1.20	-0.1	-17.3	-18.8	0.72
2.500	15 aug 46	14.0B	0.896	-74.9	-68.0	-1.29	-0.7	-10.2	-12.5	1.28

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
--------	-----------

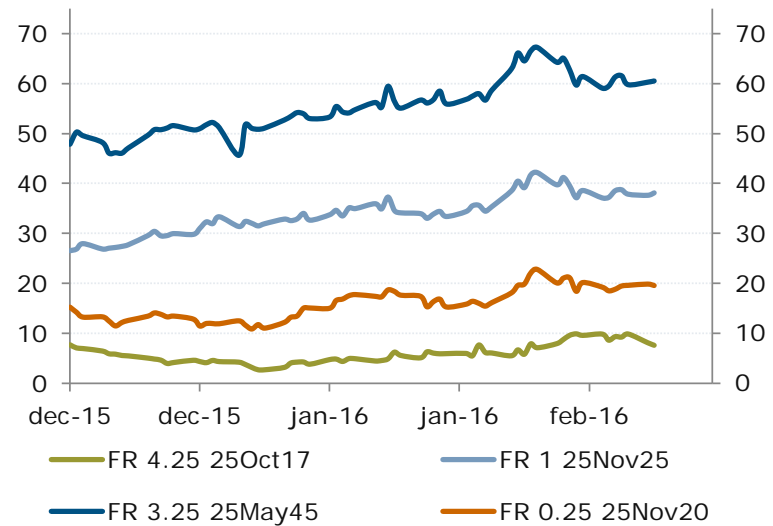
Moody's / S&P / Fitch

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

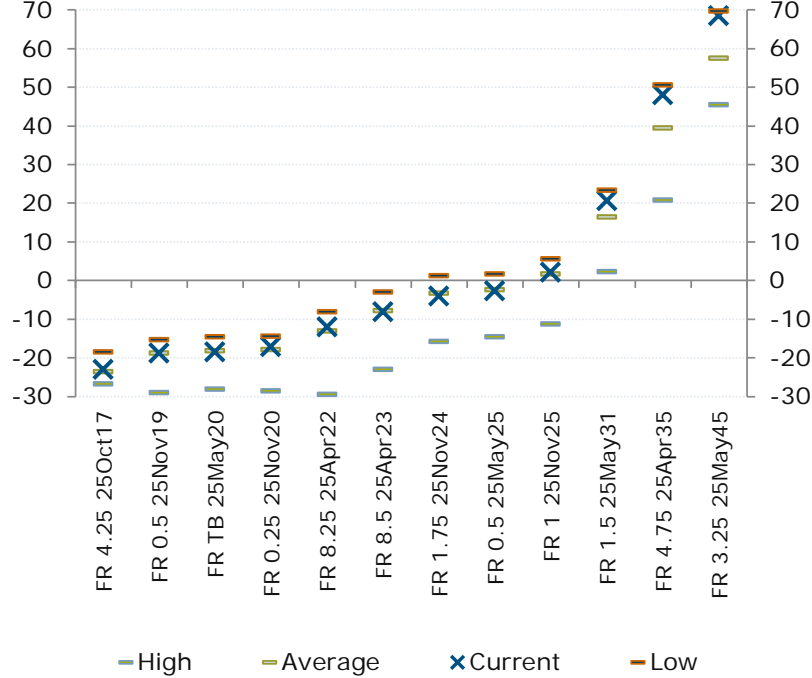
France

Benchmark Bonds				Spread vs. Germany				Asset Swap Spread		
Coupon	Maturity	Volume	Yield	01-mar	60D Avg.	Z-score	Δ B/E Spd 1Y	01-mar	60D Avg.	Z-score
4.250	25 okt 17	34.03B	-0.446	7.6	6.0	1.05	0.8	-23.1	-23.6	0.29
0.500	25 nov 19	26.98B	-0.322	17.3	14.9	1.37	-0.9	-18.8	-18.9	0.05
0.000	25 maj 20	22.01B	-0.275	18.8	16.1	1.45	-6.1	-18.6	-18.2	-0.26
0.250	25 nov 20	20.95B	-0.224	19.6	16.2	1.28	-1.4	-17.2	-17.9	0.37
8.250	25 apr 22	1.99B	-0.097	21.9	17.2	1.75	0.0	-12.1	-13.2	0.41
8.500	25 apr 23	10.03B	0.027	24.3	20.4	1.66	0.5	-8.1	-7.8	-0.13
1.750	25 nov 24	30.99B	0.319	32.6	29.8	1.06	0.4	-4.2	-3.3	-0.49
0.500	25 maj 25	31.02B	0.417	35.8	32.8	1.07	0.1	-2.7	-2.5	-0.15
1.000	25 nov 25	25.99B	0.501	38.1	34.2	1.22	0.1	2.0	1.6	0.21
1.500	25 maj 31	9.44B	1.054	48.5	44.0	0.93	-0.8	20.5	16.4	1.30
4.750	25 apr 35	25.03B	1.212	43.5	38.9	0.92	0.0	47.9	39.3	1.65
3.250	25 maj 45	17.01B	1.545	60.5	55.8	1.05	0.5	68.4	57.4	1.87

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

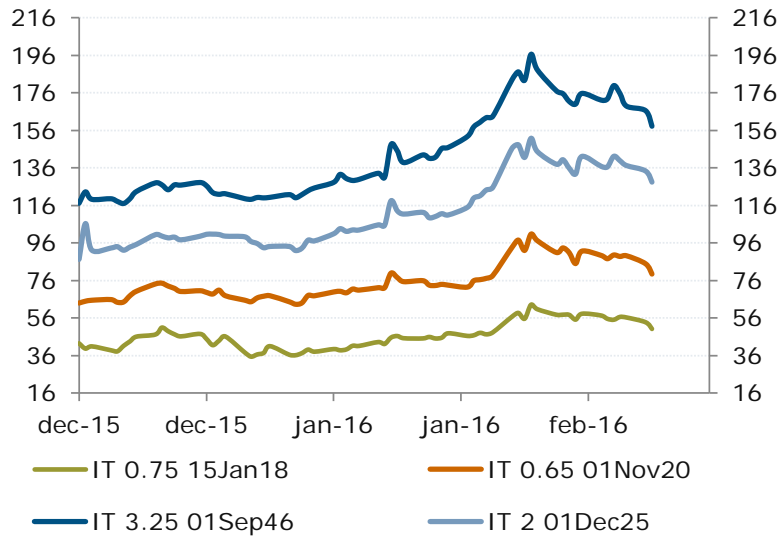
Rating	Baa2/BBB-/BBB+
Moody's / S&P / Fitch	

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

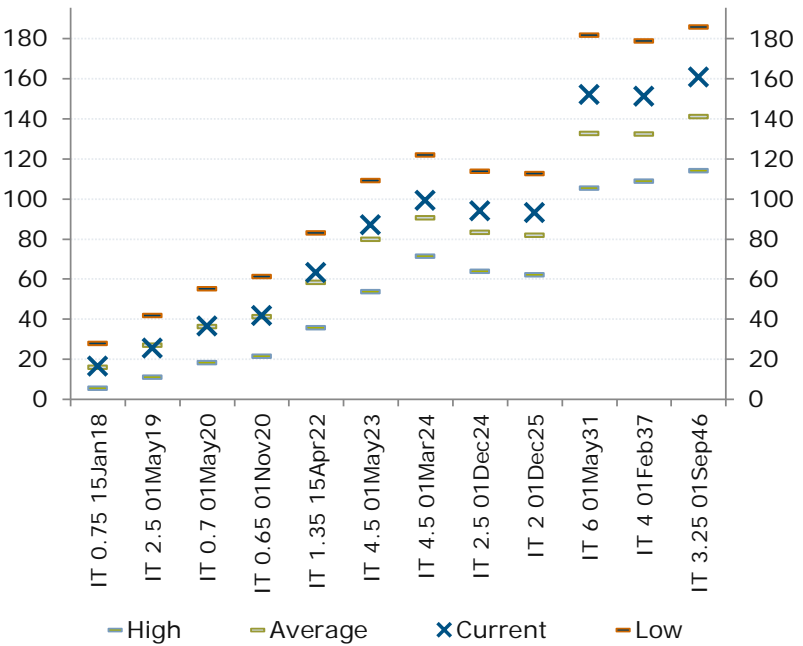
Italy

Benchmark Bonds				Spread vs. Germany				Asset Swap Spread		
Coupon	Maturity	Volume	Yield	01-mar	60D Avg.	Z-score	Δ B/E Spd 1Y	01-mar	60D Avg.	Z-score
0.750	15 jan 18	15.46B	-0.045	49.8	46.5	0.54	10.2	16.5	15.9	0.12
2.500	01 maj 19	18.01B	0.067	58.9	58.2	0.11	-3.1	25.5	26.8	-0.23
0.700	01 maj 20	15.99B	0.268	73.6	71.0	0.33	-2.1	36.5	36.3	0.03
0.650	01 nov 20	14.02B	0.366	79.1	76.0	0.36	-1.7	41.7	40.9	0.10
1.350	15 apr 22	17.01B	0.718	103.7	96.0	0.71	-10.5	63.1	58.3	0.50
4.500	01 maj 23	18.02B	0.938	115.1	105.1	0.80	-1.0	86.9	79.6	0.63
4.500	01 mar 24	23.71B	1.134	124.6	113.2	0.79	-1.3	99.0	90.3	0.67
2.500	01 dec 24	20.99B	1.275	127.9	114.4	0.87	-5.5	94.0	83.2	0.81
2.000	01 dec 25	17.01B	1.403	128.1	113.5	0.89	-0.2	93.1	81.7	0.83
6.000	01 maj 31	29.75B	1.931	136.6	120.2	0.80	-1.6	152.1	132.5	0.91
4.000	01 feb 37	26.01B	2.270	144.0	131.3	0.65	-1.0	151.2	132.4	0.92
3.250	01 sep 46	13.24B	2.523	157.9	144.5	0.64	-0.1	160.6	140.9	0.95

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

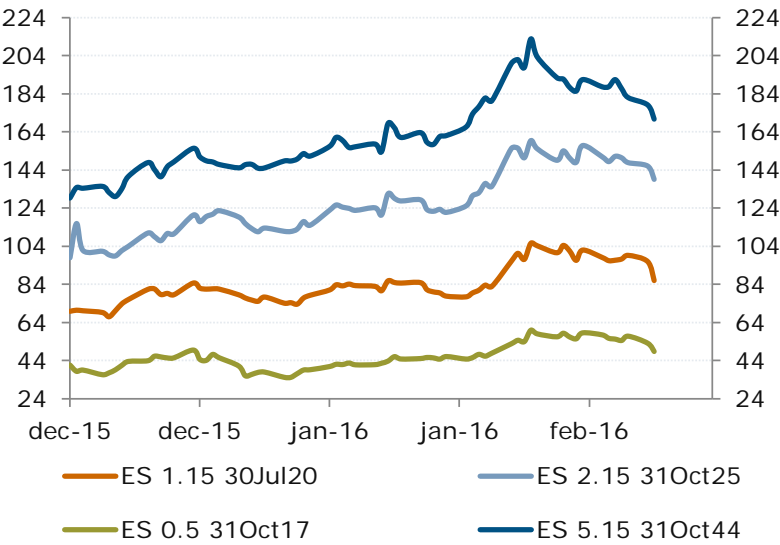
Rating	Baa2/BBB/BBB+
Moody's / S&P / Fitch	

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

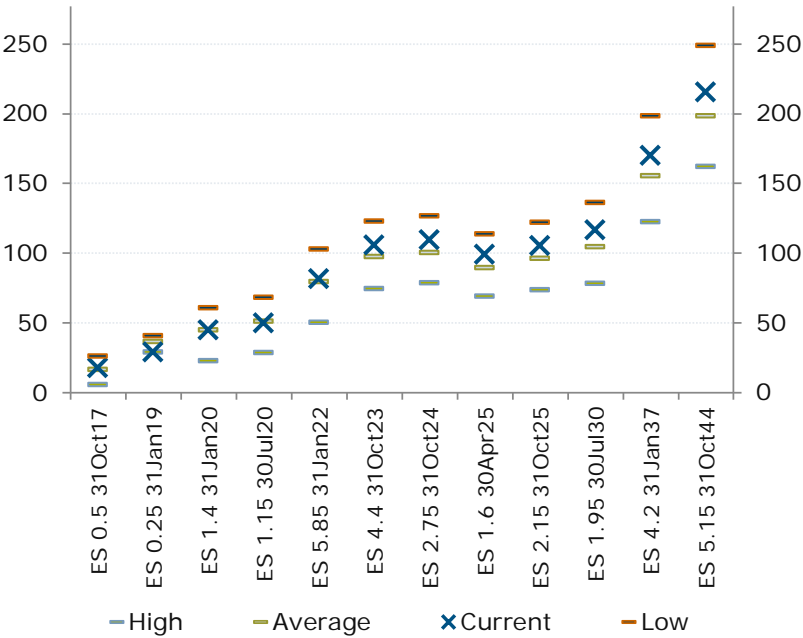
Spain

Benchmark Bonds				Spread vs. Germany				Asset Swap Spread		
Coupon	Maturity	Volume	Yield	01-mar	60D Avg.	Z-score	Δ B/E Spd 1Y	01-mar	60D Avg.	Z-score
0.500	31 okt 17	16.99B	-0.033	49.1	46.5	0.45	12.5	17.8	16.6	0.28
0.250	31 jan 19	4.86B	0.112	64.4	72.1	-2.73	-11.2	29.0	36.5	-2.78
1.400	31 jan 20	21.91B	0.319	80.5	78.2	0.30	-0.2	44.6	44.7	0.00
1.150	30 jul 20	17.02B	0.416	86.3	84.8	0.18	-19.7	49.9	50.9	-0.13
5.850	31 jan 22	22.01B	0.713	104.9	100.2	0.46	-3.4	81.2	79.5	0.17
4.400	31 okt 23	20.01B	1.156	130.8	120.2	0.81	0.2	105.4	97.2	0.68
2.750	31 okt 24	23.99B	1.400	141.6	130.0	0.81	-7.9	109.4	100.3	0.73
1.600	30 apr 25	19.09B	1.429	137.8	125.7	0.85	2.1	98.8	89.4	0.79
2.150	31 okt 25	20.96B	1.505	139.4	127.7	0.79	-5.4	105.2	96.2	0.72
1.950	30 jul 30	11.51B	2.029	150.8	138.6	0.72	-7.6	116.4	104.6	0.85
4.200	31 jan 37	17.02B	2.417	158.7	151.2	0.43	-1.4	169.6	155.4	0.77
5.150	31 okt 44	11.23B	2.647	171.0	164.3	0.38	-0.8	215.2	198.3	0.80

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

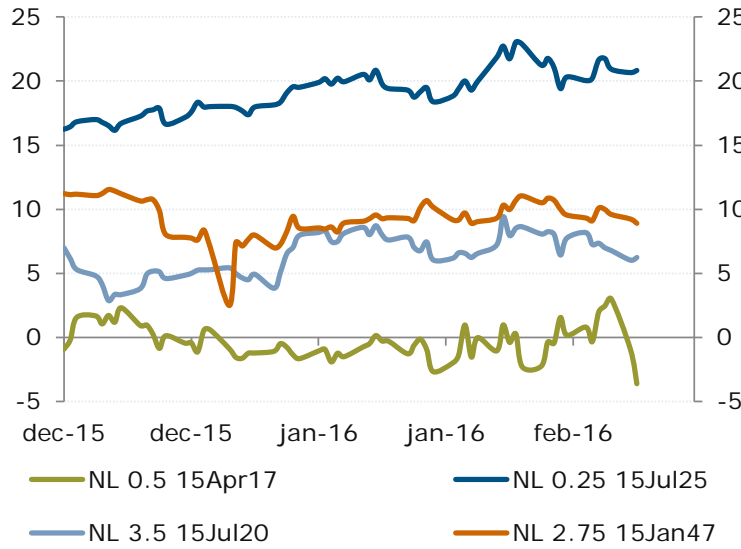
Rating	Aaa/AA+/AAA
Moody's / S&P / Fitch	

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

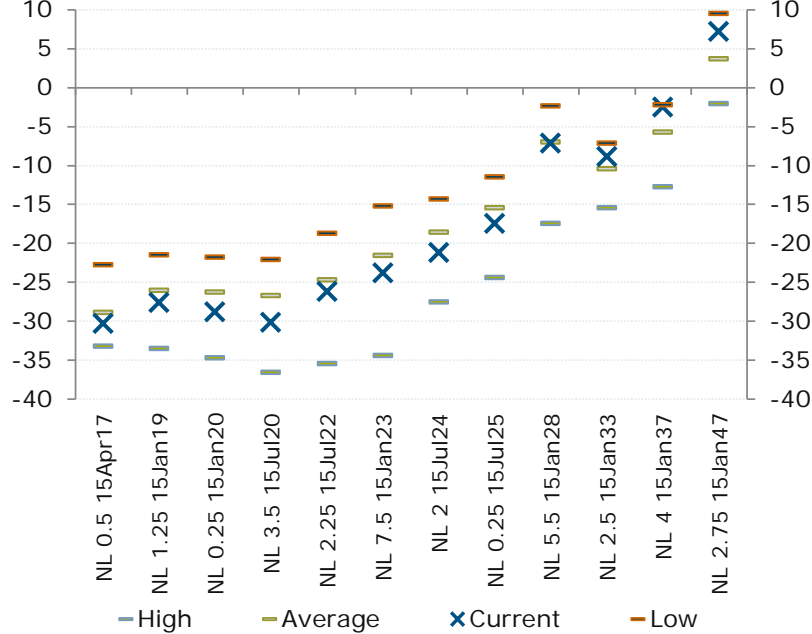
Netherlands

Benchmark Bonds				Spread vs. Germany				Asset Swap Spread		
Coupon	Maturity	Volume	Yield	01-mar	60D Avg.	Z-score	Δ B/E Spd 1Y	01-mar	60D Avg.	Z-score
0.500	15 apr 17	13.03B	-0.510	-3.6	-0.3	-3.12	-23.5	-30.4	-28.9	-0.77
1.250	15 jan 19	15.01B	-0.464	6.9	6.4	0.36	-0.1	-27.6	-26.1	-1.06
0.250	15 jan 20	15.84B	-0.411	7.8	7.8	-0.02	-6.0	-28.9	-26.3	-1.25
3.500	15 jul 20	15.02B	-0.388	6.2	6.5	-0.21	0.4	-30.2	-26.8	-1.61
2.250	15 jul 22	15.01B	-0.156	13.8	11.6	1.25	0.3	-26.3	-24.7	-0.79
7.500	15 jan 23	2.37B	-0.113	13.3	11.1	1.49	0.4	-23.9	-21.6	-1.09
2.000	15 jul 24	15.32B	0.113	17.2	15.8	1.01	0.1	-21.2	-18.6	-1.32
0.250	15 jul 25	15.01B	0.284	20.8	19.3	1.04	0.0	-17.5	-15.5	-1.22
5.500	15 jan 28	13.02B	0.474	14.8	11.2	1.28	-0.1	-7.2	-7.0	-0.09
2.500	15 jan 33	12.01B	0.776	10.9	9.7	0.48	-0.9	-8.9	-10.5	1.11
4.000	15 jan 37	13.99B	0.863	3.4	3.3	0.01	-0.1	-2.6	-5.8	1.81
2.750	15 jan 47	10.99B	1.035	8.9	9.4	-0.45	0.0	7.1	3.6	1.76

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

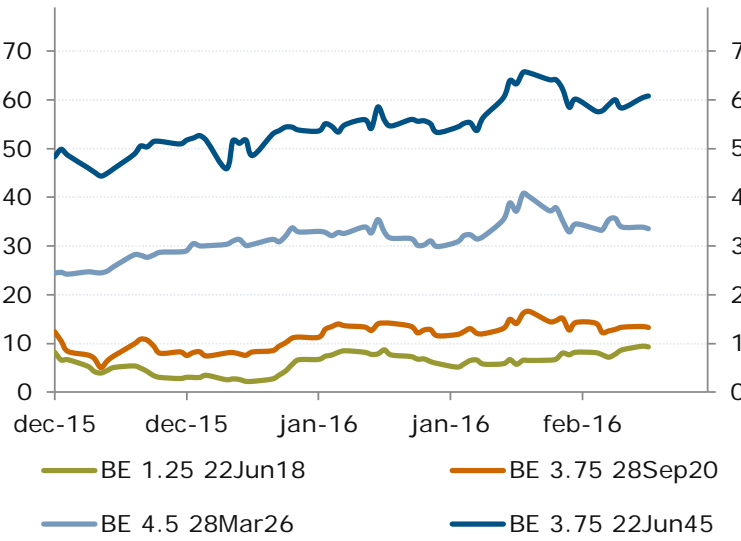
Rating	Aa3/AA/AA
Moody's / S&P / Fitch	

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

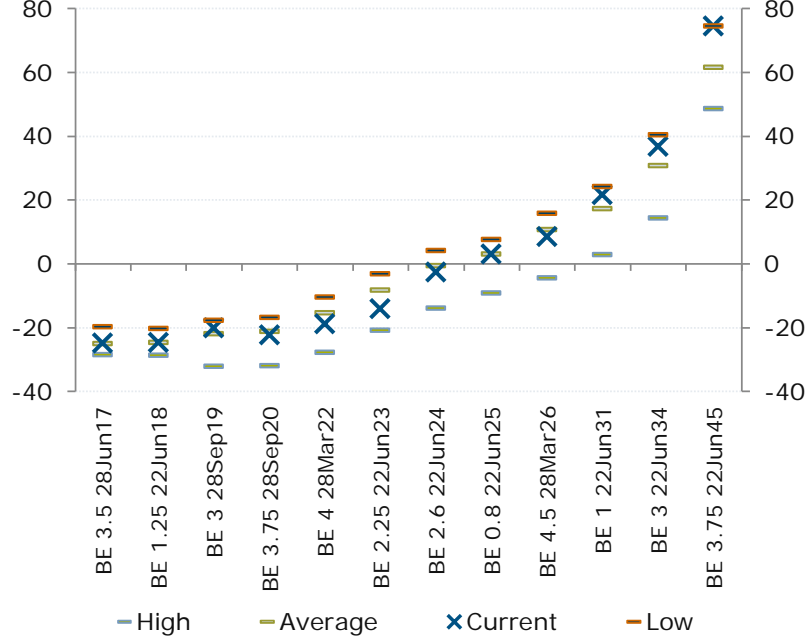
Belgium

Benchmark Bonds				Spread vs. Germany				Asset Swap Spread		
Coupon	Maturity	Volume	Yield	01-mar	60D Avg.	Z-score	Δ B/E Spd 1Y	01-mar	60D Avg.	Z-score
3.500	28 jun 17	13.34B	-0.452	4.1	4.3	-0.13	-9.4	-24.8	-25.0	0.13
1.250	22 jun 18	11.01B	-0.454	9.3	6.1	2.01	-2.3	-24.6	-24.6	0.02
3.000	28 sep 19	12.01B	-0.352	15.1	11.1	1.84	4.2	-20.1	-22.0	0.85
3.750	28 sep 20	19.01B	-0.300	13.3	11.6	0.74	-0.4	-22.3	-21.1	-0.54
4.000	28 mar 22	14.02B	-0.131	19.2	18.7	0.31	2.2	-18.7	-15.3	-1.38
2.250	22 jun 23	13.99B	0.062	25.8	27.6	-1.07	1.8	-14.0	-8.2	-2.61
2.600	22 jun 24	15.85B	0.273	34.1	32.3	0.64	2.4	-2.5	-0.5	-0.92
0.800	22 jun 25	16.02B	0.475	40.7	37.5	1.09	2.9	3.0	3.1	-0.02
4.500	28 mar 26	9.02B	0.494	33.5	31.8	0.61	1.9	8.6	10.7	-0.89
1.000	22 jun 31	4.52B	1.103	52.9	48.3	1.04	-0.9	21.6	17.4	1.38
3.000	22 jun 34	6.47B	1.212	46.6	43.2	0.77	-1.3	36.8	30.9	1.45
3.750	22 jun 45	8.01B	1.548	60.8	54.9	1.46	0.7	74.5	61.6	2.22

Spreads against the German curve, bp



Asset swap term structure, bp







	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

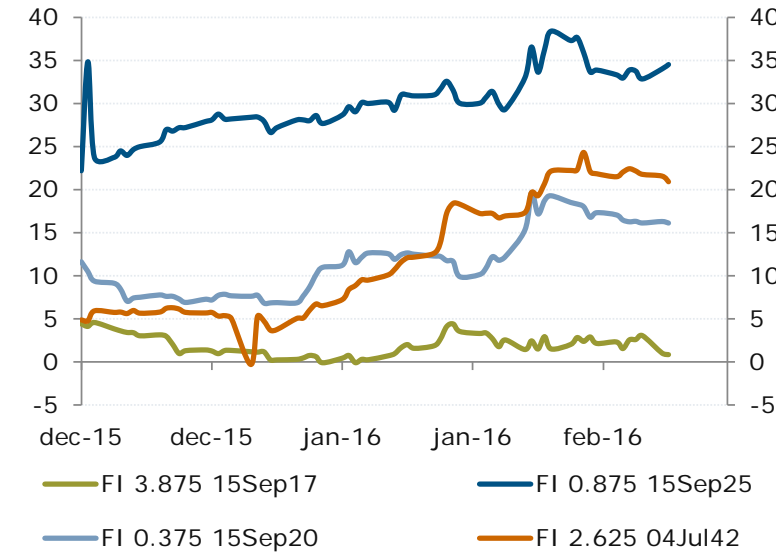
Rating	Aaa/AA+/AAA
Moody's / S&P / Fitch	

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

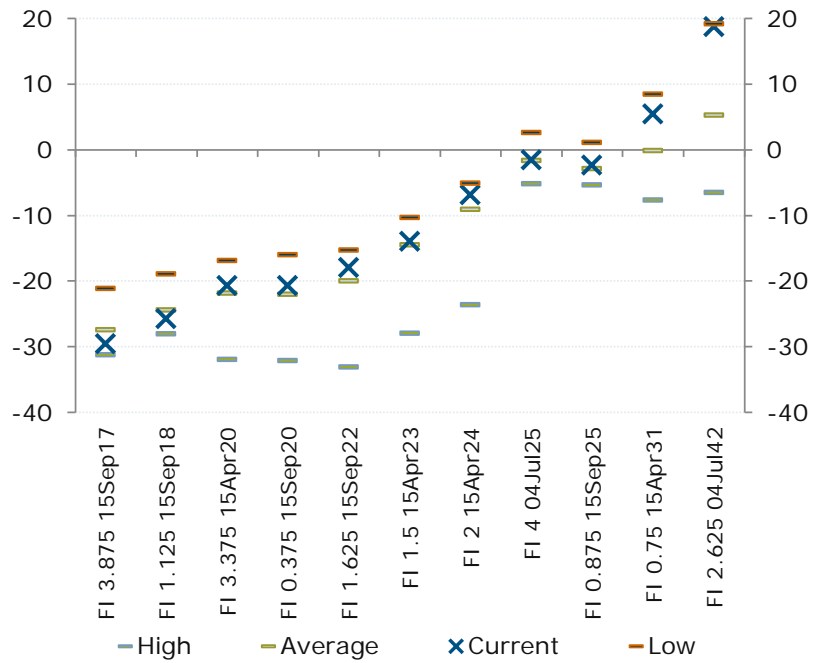
Finland

Benchmark Bonds				Spread vs. Germany				Asset Swap Spread		
Coupon	Maturity	Volume	Yield	01-mar	60D Avg.	Z-score	Δ B/E Spd 1Y	01-mar	60D Avg.	Z-score
3.875	15 sep 17	6.0B	-0.504	0.9	2.0	-1.11	2.5	-29.6	-27.4	-0.87
1.125	15 sep 18	5.03B	-0.460	8.1	6.5	1.55	0.4	-25.7	-24.4	-0.73
3.375	15 apr 20	6.5B	-0.321	15.1	11.3	1.31	0.3	-20.7	-21.8	0.44
0.375	15 sep 20	6.03B	-0.275	16.1	12.0	1.28	-0.3	-20.6	-22.0	0.56
1.625	15 sep 22	5.0B	-0.054	22.5	16.9	1.57	-0.3	-18.0	-20.0	0.73
1.500	15 apr 23	5.0B	0.052	27.0	22.8	1.43	-0.4	-14.0	-14.5	0.31
2.000	15 apr 24	5.0B	0.223	31.7	25.9	1.69	-0.2	-6.9	-9.1	1.12
4.000	04 jul 25	6.03B	0.353	28.1	24.3	1.20	0.1	-1.6	-1.6	0.02
0.875	15 sep 25	4.03B	0.442	34.5	30.4	1.39	0.4	-2.4	-2.9	0.42
0.750	15 apr 31	3.5B	0.934	37.1	30.4	1.02	-0.8	5.5	-0.2	1.30
2.625	04 jul 42	4.03B	1.137	20.9	12.6	1.29	0.3	18.8	5.3	2.00

Spreads against the German curve, bp



Asset swap term structure, bp



	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

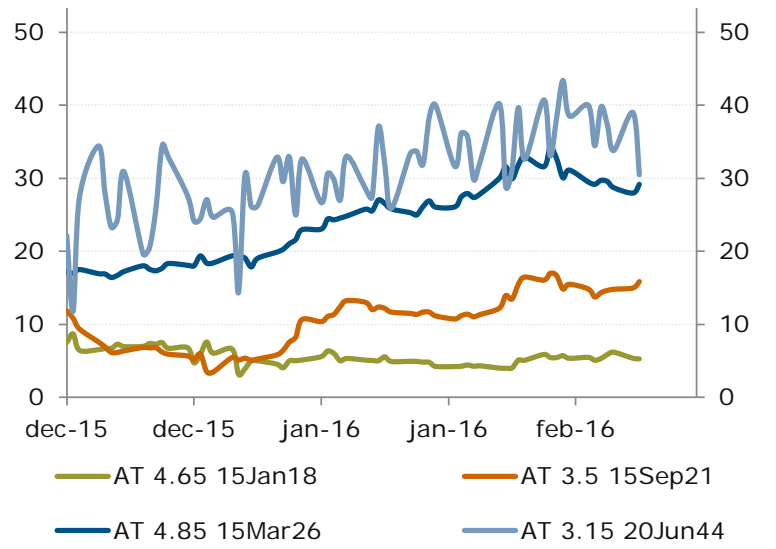
Rating	Aaa/AA+/AA+
Moody's / S&P / Fitch	

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

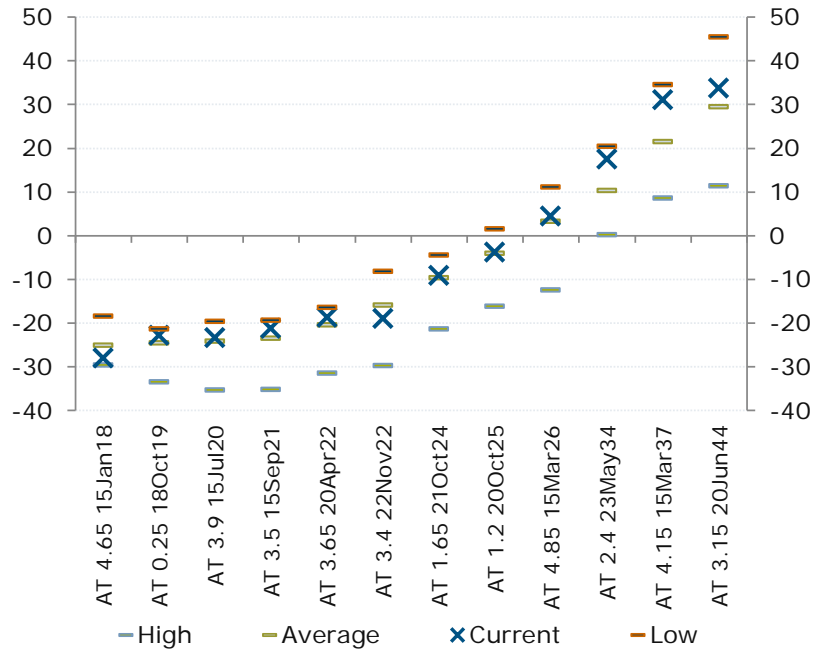
Austria

Benchmark Bonds				Spread vs. Germany				Asset Swap Spread		
Coupon	Maturity	Volume	Yield	01-mar	60D Avg.	Z-score	Δ B/E Spd 1Y	01-mar	60D Avg.	Z-score
4.650	15 jan 18	12.06B	-0.490	5.3	5.5	-0.22	-4.8	-28.0	-25.1	-1.23
0.250	18 okt 19	7.95B	-0.368	13.1	9.1	1.63	0.1	-22.8	-24.6	0.79
3.900	15 jul 20	13.01B	-0.326	12.4	8.9	1.30	0.0	-23.3	-24.1	0.34
3.500	15 sep 21	14.99B	-0.203	15.9	10.8	1.67	1.4	-21.2	-23.5	0.76
3.650	20 apr 22	8.71B	-0.121	19.6	14.4	1.96	2.5	-18.7	-20.4	0.68
3.400	22 nov 22	10.99B	-0.059	20.1	19.3	0.23	-6.3	-19.0	-15.9	-0.89
1.650	21 okt 24	10.35B	0.263	28.3	24.2	1.36	1.9	-9.1	-9.7	0.35
1.200	20 okt 25	9.28B	0.426	31.8	28.0	1.17	1.7	-3.8	-4.0	0.12
4.850	15 mar 26	8.01B	0.447	29.2	24.4	1.03	1.8	4.4	3.2	0.35
2.400	23 maj 34	5.19B	1.063	32.1	27.0	0.91	-1.6	17.4	10.3	1.53
4.150	15 mar 37	12.22B	1.132	29.8	25.0	0.93	0.4	31.1	21.4	1.70
3.150	20 jun 44	6.72B	1.241	30.5	31.2	-0.15	-1.4	33.7	29.5	0.73

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

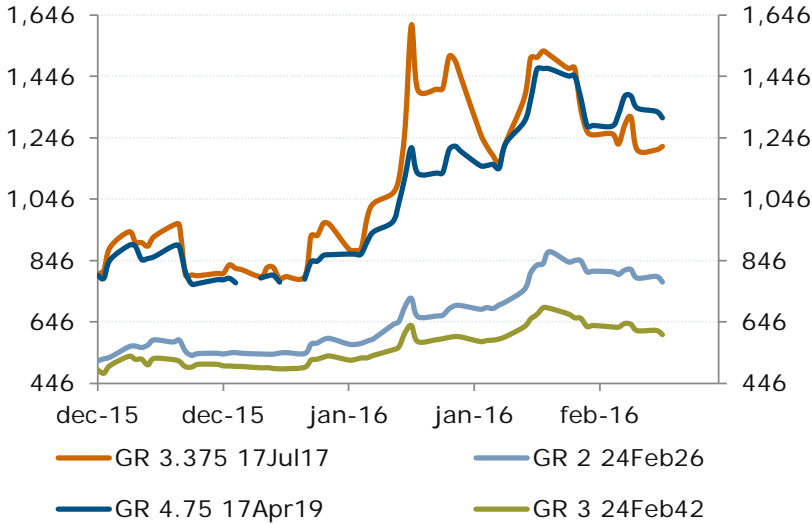
Rating	Caa1/B-/CCC
--------	-------------

Moody's / S&P / Fitch

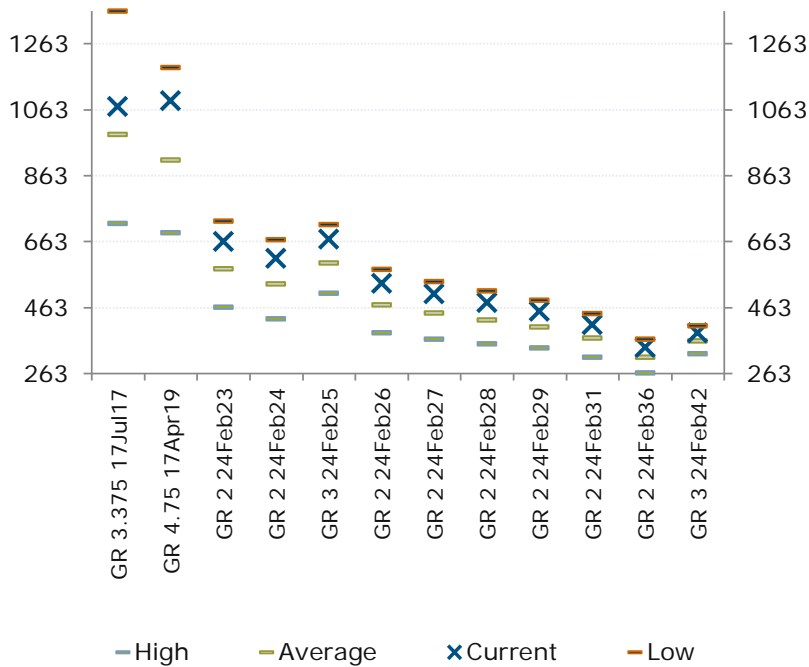
Δ B/E Spd 1Y is calculated as a spread to a synthetically created par bond trading on the German curve.

Benchmark Bonds				Spread vs. Germany				Asset Swap Spread		
Coupon	Maturity	Volume	Yield	01-mar	60D Avg.	Z-score	Δ B/E Spd 1Y	01-mar	60D Avg.	Z-score
3.375	17 jul 17	2.02B	11.684	1,218.1	1,124.2	0.41	126.3	1,071.8	987.3	0.45
4.750	17 apr 19	4.02B	12.586	1,310.9	1,066.3	1.11	-55.2	1,090.0	910.1	1.12
2.000	24 feb 23	1.04B	8.895	913.0	781.4	1.04	-50.6	662.8	579.5	1.09
2.000	24 feb 24	1.25B	8.471	858.5	733.8	1.06	-51.6	611.7	534.5	1.12
3.000	24 feb 25	1.84B	9.494	946.5	824.3	1.09	-46.6	668.9	597.9	1.16
2.000	24 feb 26	1.37B	7.904	775.5	663.9	1.13	-37.5	536.1	470.2	1.19
2.000	24 feb 27	1.21B	7.653	740.9	641.9	1.12	-35.7	504.4	446.5	1.19
2.000	24 feb 28	1.84B	7.451	711.4	618.5	1.08	-36.8	477.5	423.8	1.16
2.000	24 feb 29	1.48B	7.227	680.7	597.4	1.06	-32.5	451.7	403.4	1.16
2.000	24 feb 31	1.29B	6.837	628.2	563.9	0.94	-31.3	409.5	370.5	1.09
2.000	24 feb 36	1.33B	6.148	534.6	492.4	0.75	-40.9	340.8	311.4	1.02
3.000	24 feb 42	1.05B	6.967	604.1	570.1	0.63	-54.4	385.7	360.3	1.03

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

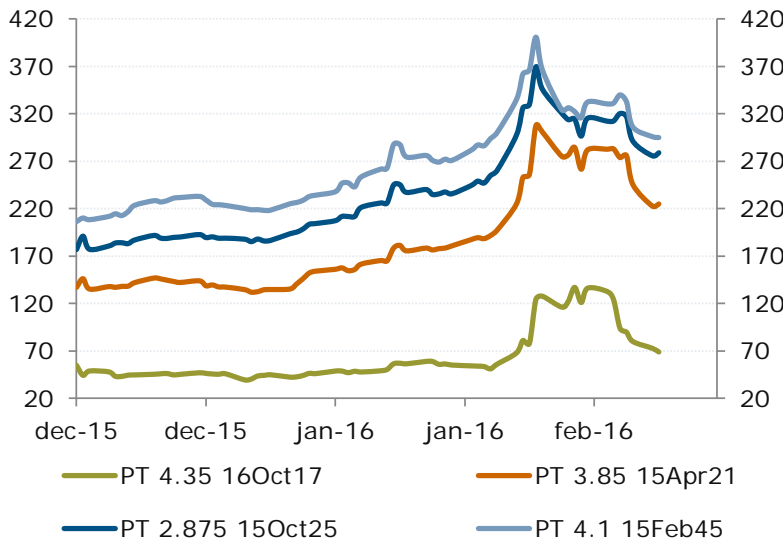
Rating	Ba1/BB/BB+
--------	------------

Moody's / S&P / Fitch

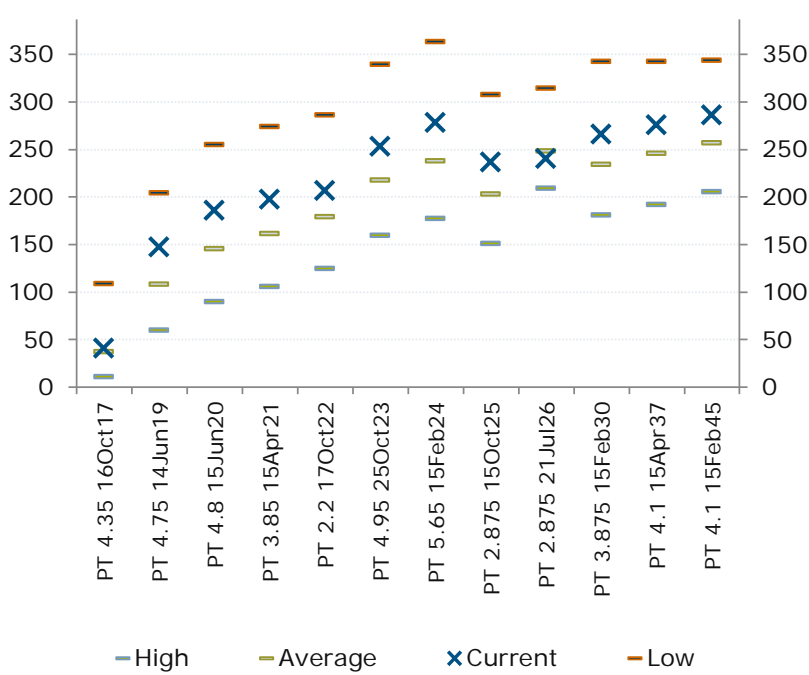
Δ B/E Spd 1Y is calculated as a spread to a synthetically created par bond trading on the German curve.

Benchmark Bonds				Spread vs. Germany				Asset Swap Spread		
Coupon	Maturity	Volume	Yield	01-mar	60D Avg.	Z-score	Δ B/E Spd 1Y	01-mar	60D Avg.	Z-score
4.350	16 okt 17	8.99B	0.166	68.6	64.1	0.19	-33.5	40.7	37.0	0.17
4.750	14 jun 19	10.99B	1.207	172.3	132.8	1.00	-9.5	147.3	108.1	0.99
4.800	15 jun 20	10.99B	1.628	208.6	167.7	0.91	0.4	185.7	145.7	0.89
3.850	15 apr 21	9.55B	1.857	224.6	187.6	0.81	4.1	197.2	161.6	0.81
2.200	17 okt 22	3.0B	2.257	252.6	221.4	0.70	-2.3	206.9	179.3	0.69
4.950	25 okt 23	8.02B	2.571	272.6	236.0	0.77	-1.2	252.9	217.9	0.77
5.650	15 feb 24	12.02B	2.783	290.0	248.0	0.88	0.5	278.4	237.7	0.89
2.875	15 okt 25	10.52B	2.892	278.6	239.4	0.87	1.3	236.9	202.7	0.89
2.875	21 jul 26	4.0B	3.025	283.7	294.2	-0.30	2.0	240.6	248.1	-0.27
3.875	15 feb 30	4.05B	3.427	293.4	259.5	0.72	1.1	266.2	234.3	0.82
4.100	15 apr 37	8.02B	3.710	287.4	261.3	0.59	-0.9	275.7	245.6	0.82
4.100	15 feb 45	2.5B	3.885	294.6	270.2	0.59	-0.1	286.3	257.1	0.88

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

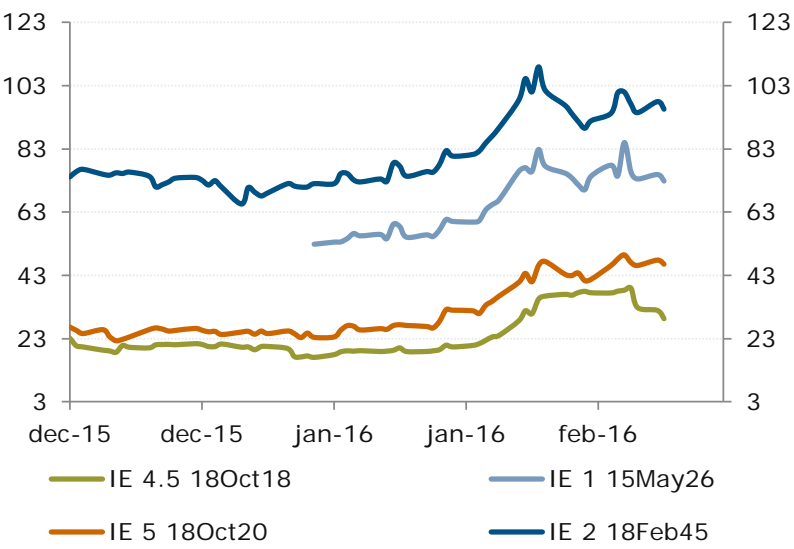
Rating	Baa1/A/A-
--------	-----------

Moody's / S&P / Fitch

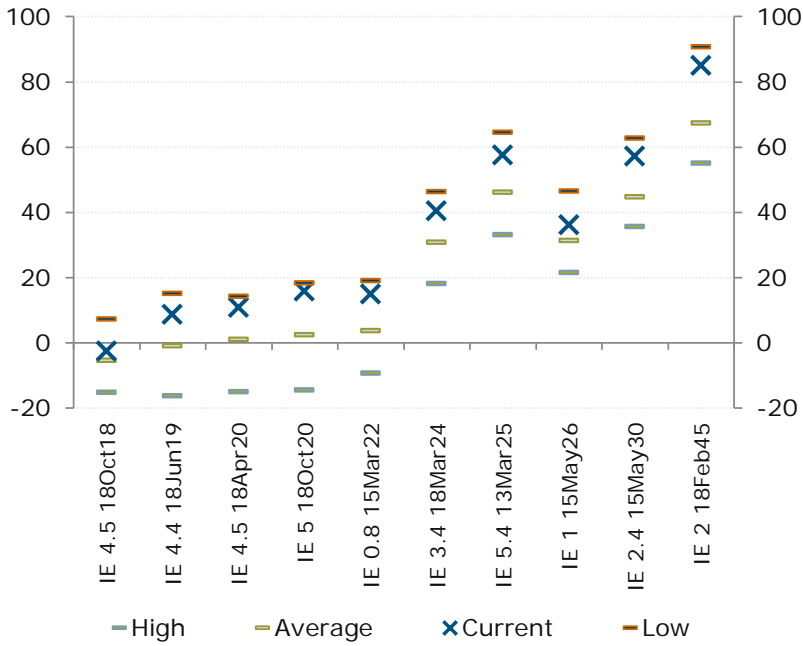
Δ B/E Spd 1Y is calculated as a spread to a synthetically created par bond trading on the German curve.

Benchmark Bonds				Spread vs. Germany				Asset Swap Spread		
Coupon	Maturity	Volume	Yield	01-mar	60D Avg.	Z-score	Δ B/E Spd 1Y	01-mar	60D Avg.	Z-score
4.500	18 okt 18	9.58B	-0.243	29.6	24.5	0.81	-3.5	-2.6	-5.4	0.51
4.400	18 jun 19	7.06B	-0.106	41.0	30.0	1.35	1.9	8.6	-0.9	1.20
4.500	18 apr 20	11.77B	-0.036	43.5	31.7	1.70	-0.2	10.8	0.9	1.60
5.000	18 okt 20	8.99B	0.040	46.8	32.1	1.87	0.1	15.7	2.4	1.85
0.800	15 mar 22	4.25B	0.228	55.5	40.7	1.91	-0.2	15.0	3.7	1.75
3.400	18 mar 24	8.01B	0.627	73.2	60.6	1.61	-0.3	40.4	30.8	1.63
5.400	13 mar 25	11.35B	0.799	76.4	63.3	1.58	-0.5	57.5	46.1	1.60
1.000	15 maj 26	4.0B	0.902	73.1	66.1	0.76	1.0	36.1	31.2	0.72
2.400	15 maj 30	7.78B	1.320	81.2	67.8	1.42	-0.2	57.2	44.7	1.71
2.000	18 feb 45	5.95B	1.896	95.8	81.9	1.41	-1.7	85.0	67.3	1.74

Spreads against the German curve, bp



Asset swap term structure, bp



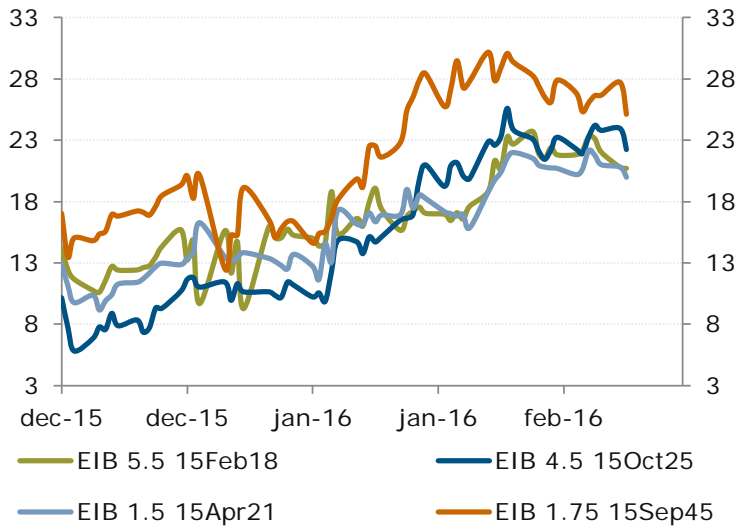


Δ B/E Spd 1Y is calculated as a spread to a synthetically created par bond trading on the German curve.

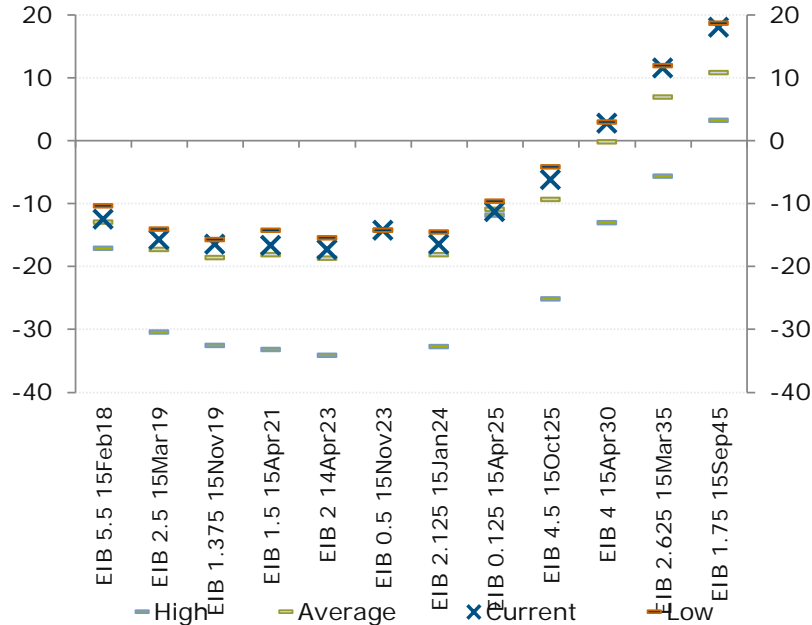
European Investment Bank (EIB)

Benchmark Bonds				Spread vs. Germany				Asset Swap Spread		
Coupon	Maturity	Volume	Yield	01-mar	60D Avg.	Z-score	Δ B/E Spd 1Y	01-mar	60D Avg.	Z-score
5.500	15 feb 18	0.64B	-0.345	20.6	16.9	1.22	1.2	-12.5	-13.0	0.28
2.500	15 mar 19	2.9B	-0.341	18.7	15.0	1.49	-0.1	-15.7	-17.4	0.81
1.375	15 nov 19	3.0B	-0.304	19.2	14.9	1.57	-0.5	-16.5	-18.6	0.98
1.500	15 apr 21	5.0B	-0.190	19.9	15.9	1.17	-0.6	-16.7	-18.2	0.57
2.000	14 apr 23	5.0B	0.012	23.1	18.0	1.31	-0.6	-17.4	-18.7	0.55
0.500	15 nov 23	1.5B	0.129	27.7	27.7	0.00	1.8	-14.3	-14.3	0.00
2.125	15 jan 24	5.0B	0.102	23.0	17.7	1.23	-0.6	-16.5	-18.2	0.67
0.125	15 apr 25	3.0B	0.325	27.9	28.4	-0.43	-0.2	-11.3	-11.0	-0.80
4.500	15 okt 25	7.75B	0.328	22.2	15.4	1.20	-0.5	-6.2	-9.4	0.86
4.000	15 apr 30	6.5B	0.722	21.9	17.4	0.97	0.0	2.7	-0.3	1.30
2.625	15 mar 35	1.7B	1.012	23.9	21.5	0.54	0.0	11.5	6.9	1.34
1.750	15 sep 45	1.3B	1.191	25.0	21.5	0.67	-0.2	18.0	10.8	1.44

Spreads against the German curve, bp



Asset swap term structure, bp

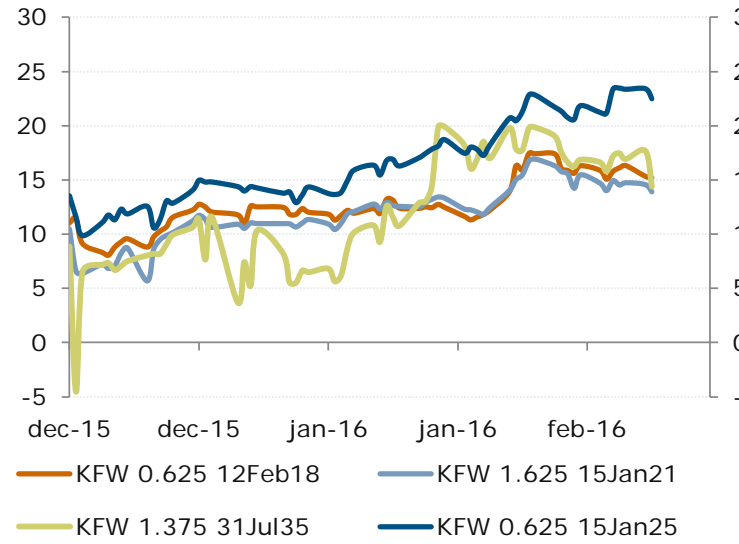


Δ B/E Spd 1Y is calculated as a spread to a synthetically created par bond trading on the German curve.

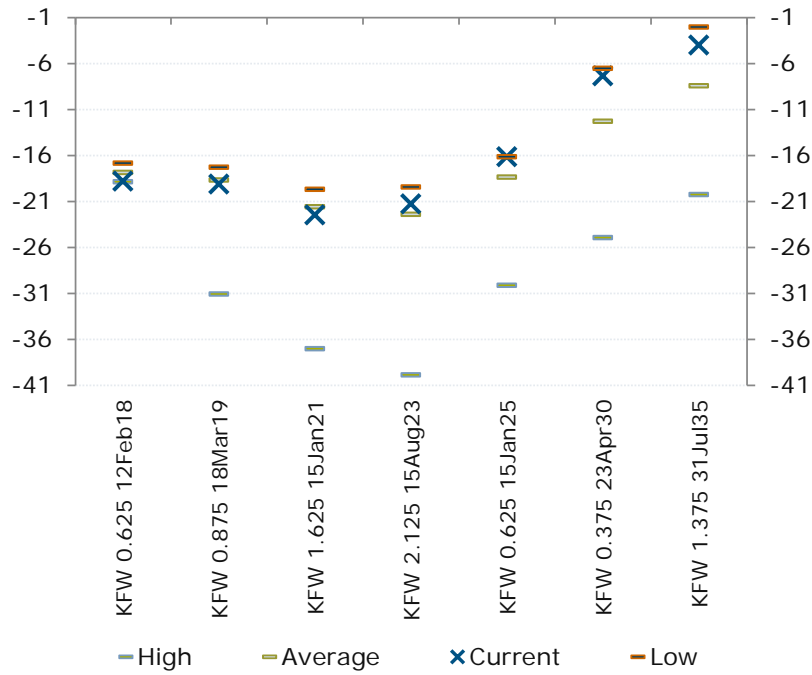
Kreditanstalt für Wiederaufbau (KfW)

Benchmark Bonds				Spread vs. Germany				Asset Swap Spread		
Coupon	Maturity	Volume	Yield	01-mar	60D Avg.	Z-score	Δ B/E Spd 1Y	01-mar	60D Avg.	Z-score
0.625	12 feb 18	2.0B	-0.398	15.2	12.7	1.29	1.2	-18.8	-17.9	-2.40
0.875	18 mar 19	5.0B	-0.370	15.7	14.0	1.01	0.1	-19.1	-18.7	-0.54
1.625	15 jan 21	5.0B	-0.269	13.9	12.0	0.89	-0.4	-22.5	-21.6	-0.68
2.125	15 aug 23	3.0B	0.012	19.0	14.1	1.38	-0.4	-21.3	-22.4	0.52
0.625	15 jan 25	3.0B	0.238	22.5	16.7	1.70	0.1	-16.2	-18.4	1.52
0.375	23 apr 30	2.0B	0.764	25.9	18.9	1.12	-0.3	-7.4	-12.3	1.38
1.375	31 jul 35	1.0B	0.929	14.4	11.9	0.51	-0.6	-4.1	-8.4	1.16

Spreads against the German curve, bp



Asset swap term structure, bp



Nordea Markets is the name of the Markets departments of Nordea Bank Norge ASA, Nordea Bank AB (publ), Nordea Bank Finland Plc and Nordea Bank Danmark A/S. The information provided herein is intended for background information only and for the sole use of the intended recipient. The views and other information provided herein are the current views of Nordea Markets as of the date of this document and are subject to change without notice. This notice is not an exhaustive description of the described product or the risks related to it, and it should not be relied on as such, nor is it a substitute for the judgement of the recipient. The information provided herein is not intended to constitute and does not constitute investment advice nor is the information intended as an offer or solicitation for the purchase or sale of any financial instrument. The information contained herein has no regard to the specific investment objectives, the financial situation or particular needs of any particular recipient. Relevant and specific professional advice should always be obtained before making any investment or credit decision. It is important to note that past performance is not indicative of future results. Nordea Markets is not and does not purport to be an adviser as to legal, taxation, accounting or regulatory matters in any jurisdiction. This document may not be reproduced, distributed or published for any purpose without the prior written consent from Nordea Markets.