Important disclosures and certifications are contained from page 5 of this report.

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Reading the Markets Sweden:
SGB1067 (Oct-36) looks cheap ahead of auction

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SGB1067 (Oct-36) looks cheap ahead of SNDO auction

The spread between SGB1068 (Feb-37) and SGB1067 (Oct-36) has inverted during August and at current pricing we find the SGB1067 (Oct-36) attractive on the SGB curve. The inversion has occurred both in outright terms and on the ASW curve. In ASW terms it can be noted that the implied ASW forward spread between the SGB1066 (May-35) and SGB1067 (Oct-36) is positive.

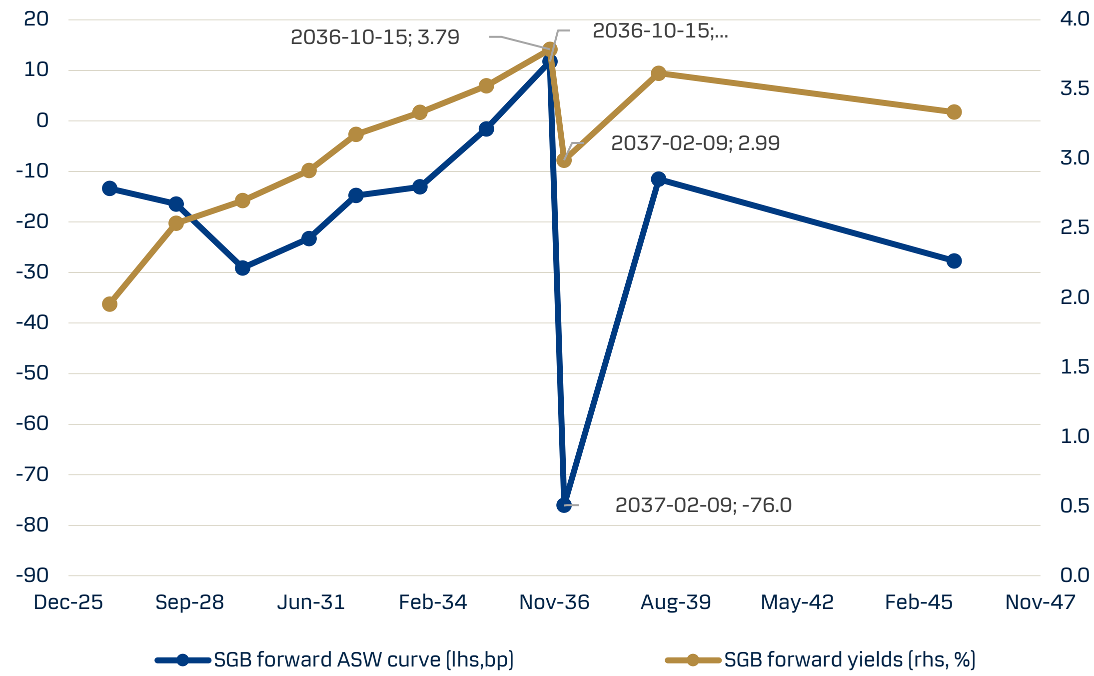
The recent cheapening of the SGB1067 (Oct-36) and the inversion vs SGB1068 (Feb-37) can likely be attributed to:

- **Recent supply concentration in the SGB1067.** This will however shift from here and after the auction on 18 August, only SEK2bn is planned from the SNDO until the end of November and instead the issuance will shift into the new benchmark SGB1068 (Feb-37). See table on slide 4.

- **The 10Y futures roll** where the 10Y future will change the underlying bond from SGB1067 (Oct-36) to SGB1068 (Feb-37) for the December contract. However, looking at the open interest in the 10Y SGB futures, much of the roll activity is seemingly behind us.

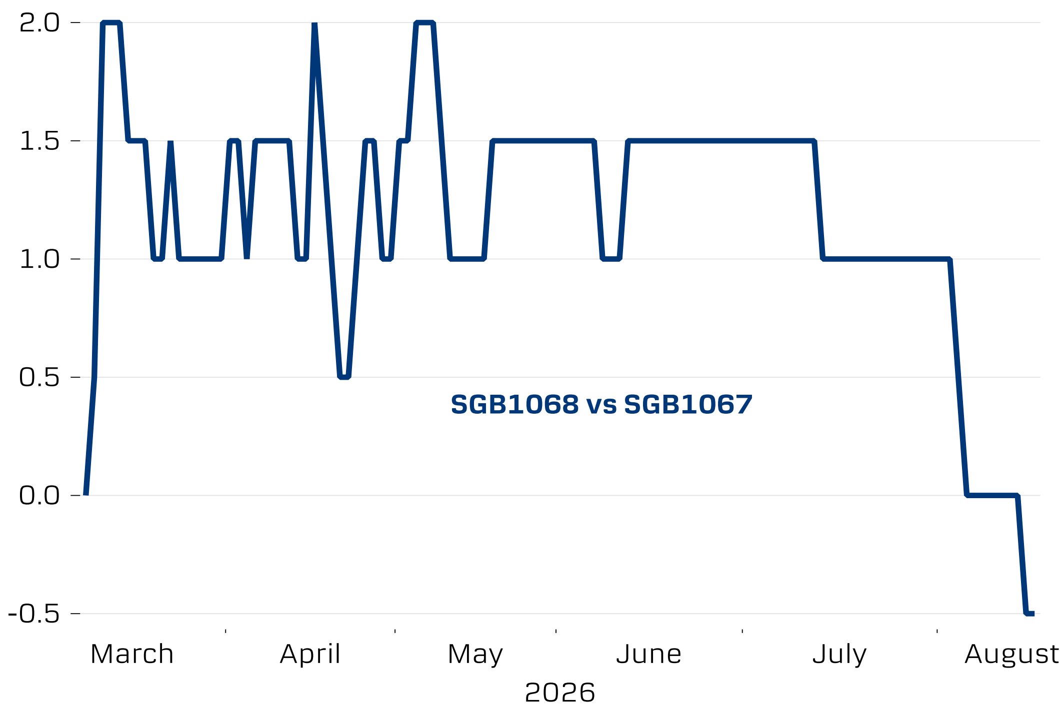
On 19 August, the SNDO will auction SEK5bn of the SGB1067 (Oct-36) and we thus see the auction as an attractive opportunity to get hold of the cheapest bond on the SGB curve.

SGB1067 (Oct-36) looks cheap on the forward curve – both in outright terms and on the ASW curve

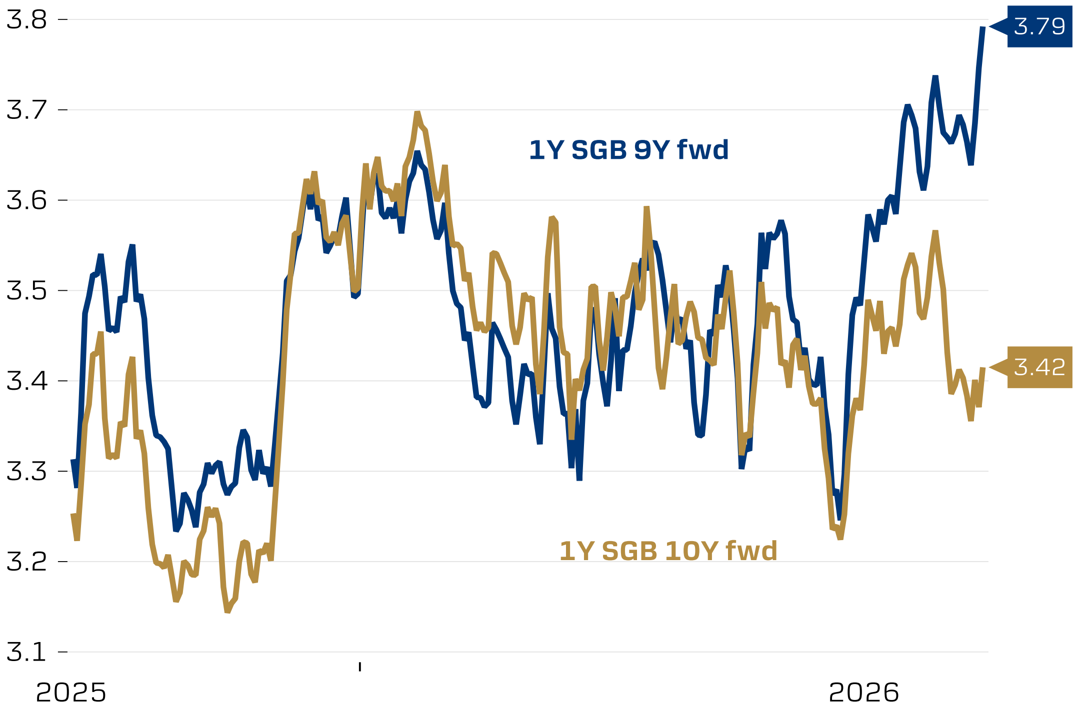


SGB1067 (Oct-36) looks cheap ahead of SNDO auction

SGB1068 (Feb-37) vs SGB1067 (Oct-36) has inverted



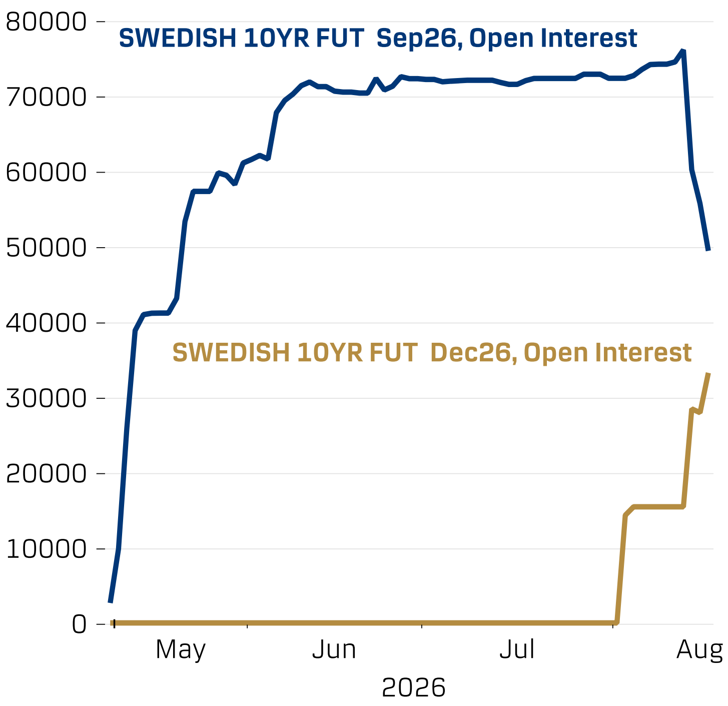
Clear discrepancy in forward yields around the SGB1067 bond



SGB1067 (Oct-36) looks cheap ahead of SNDO auction

10y SGB outright yield above 2023 highs

A lot of the 10Y Sep/Dec SGB futures roll has already been done



Supply table until next borrowing report (26 Nov) – hardly any SGB1067 left

	Nominal SGB	Size (SEKbn) 28 May - 26 Nov	completed	remaining	Left DV01 pct.	%-of nom
10y	SGB1067 (Oct-36)	27.00	25.00	2.00	3%	2.9%
10y	SGB1068 (Feb-37)	33.00		33.00	55%	47.1%
pre 10y	SGB1068 (Feb-37)	9.00	1.00	8.00	13%	11.4%
5y	SGB1062 (May-31)	6.00	6.00	0.00	0%	0.0%
5y	SGB1056 (Jun-32)	11.00		11.00	11%	15.7%
2y	SGB1060 (May-28)	16.25	10.00	6.25	2%	8.9%
>12y	SGB1063 (Nov-45)	0.75		0.75	2%	1.1%
>12y	SGB1053 (Mar-39)	2.00		2.00	4%	2.9%
other	SGB1065 (Nov-33)	4.00	1.00	3.00	4%	4.3%
other	SGB1066 (May-35)	4.00		4.00	6%	5.7%
	Total issuance	**113**	**43**	**70**		

SEK41bn of the remaining SEK70bn until the end of November to be issued in SGB1068, and only SEK2bn left in SGB1067 after the 19 August auction.

Source: Danske Bank, Macrobond. Bloomberg, SNDO. Note: Past performance is not a reliable indicator of current or future results.

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