31 August 2026

DGB Auction preview

Debt Office to tap in the 10Y and old 30Y benchmarks

On Wednesday, the Danish Debt Management Office will tap in the 10Y benchmark DGB 2.25% 11/35 and the old 30Y benchmark DGB 0.25% 11/52. The Debt Office has already announced that it will sell up to DKK2bn in the DGB 0.25% 11/52. So far, the Debt Office has issued DKK43.4bn out of an issuance target of DKK65bn. Hence, it has fulfilled two-thirds of the issuance target for 2026 and is on track to meet the full-year target with 6-7 auctions left for the year (including the one on Wednesday).

We do not expect any revision of the issuance target for 2026 as the Danish economy is doing very well and last week the Ministry of Finance published an updated forecast on the borrowing requirement for 2026 and the first estimate for 2027 based on the economic assessment from the Ministry for Taxation and Economic Growth (*see here* – in Danish).

The gross borrowing requirement for 2026 was lowered from DKK120bn to DKK115, given a lower net financing requirement of DKK7bn and an increase in buybacks of DKK2bn. Furthermore, the first estimate of the borrowing requirement in 2027 was very low – DKK88bn as the ministry expects a negative net financing requirement of DKK40bn (which is a surplus), as shown below. This is due to a solid Danish economy including an increase in capital gains tax from the Danish Life Insurance companies and pension funds

The net and gross financing requirement for 2026 and 2027 (DKKbn)

	2026		2027
	May '26	Aug '265	Aug '26
Net financing requirement	16	9	-40
Repayment of LT debt(**)	48	51	66
Repayment of ST debt(***)	17	17	20
Net purchase of state owned funds	1	1	0
Net purchase of bonds for special purposes(****)	38	37	43
Gross finance requirement	120	115	88

Source: Danske Bank

(*) based on the changes in the Ministry of Economics budget update from December. (**) Incl. payments from the central government in cross-currency swaps and buybacks of long-term debt with maturity date beyond the current year. (***) Repayment of short-term debt corresponds to the outstanding amount of Treasury bills and commercial paper in the beginning of the year. (****) Net purchases of bonds for special purposes includes public housing bonds, bonds for financing of private nursing homes and KommuneKredit bonds.

Hence, the supply of DGBs is set to remain low also in 2027, where we expect the Debt Office will maintain an issuance target of DKK65bn. Given the significant supply of EGBs, including Germany, we keep our long recommendation on DGBs, especially DGB 2.25% 11/35, as it is the bond that offers the best carry and roll-down relative to Germany. The 30Y benchmark looks expensive based on the spread to a matching German government bond, as shown on page 2.

Today's key points

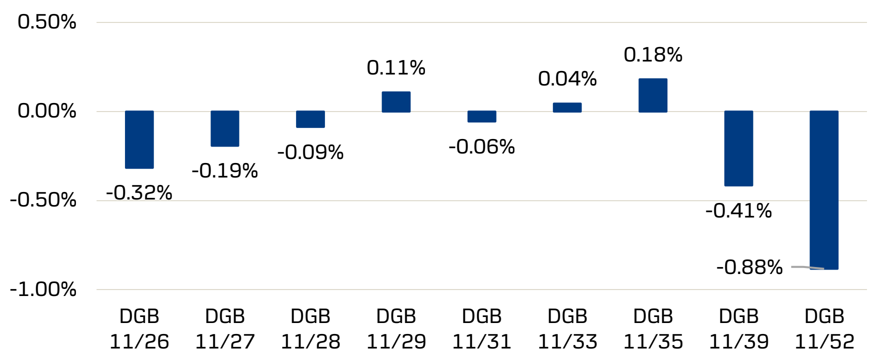
- On Wednesday, the Danish Debt Management Office will tap in the 10Y benchmark DGB 2.25% 11/35 and the old 30Y benchmark DGB 0.25% 11/52. The Debt Office has already announced that it will sell up to DKK2bn in the DGB 0.25% 11/52.
- The Debt Office has so far fulfilled two-thirds of the issuance target for 2026. Hence, it is well on track to fulfil the target of DKK65bn for 2026.
- The supply of DGBs is set to remain low given the solid Danish economy. This is also reflected in the downward revision of the gross borrowing requirement for 2026, as well as a big surplus for 2027.
- Hence, we keep our recommendation of buying DGB 2.25% 11/35 relative to both Germany and DKK swaps. We still consider the 30Y bond too expensive.

Chief Analyst, Ph.D
Jens Peter Sørensen
+45 45 14 14 87
jenssr@danskebank.dk

DGBs relative to Bunds

The best carry and roll-down on the DGB curve relative to Bunds is found in the 10Y segment, as shown below, where we look at the carry and roll-down on a 12mth horizon including the funding cost on DGBs relative to a matching German government bond.

Excess carry on DGBs relative to a matching German government bond including funding

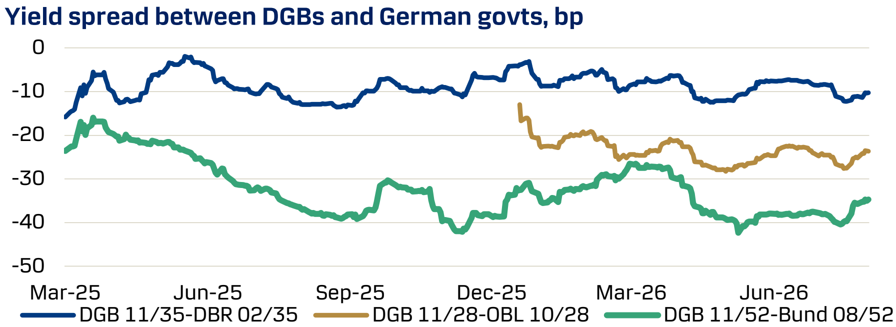


Source: Danske Bank

Note: Past performance is not a reliable indicator of current or future results.

The 30Y benchmark has cheapened modestly relative to Bund 08/52 but is still very rich, as shown below. This is also reflected in the carry (above).

The 2Y, 10Y and old 30Y benchmark relative to matching German government bonds



Source: Danske Bank

Note: Past performance is not a reliable indicator of current or future results.

General disclaimer and disclosure

The following disclaimer and disclosure apply to all communication as such, including communication to which it is attached, linked to or otherwise referenced (the "Communication"). For the parts that refer to the term "investment recommendation", the disclaimer and disclosure are only applicable as far as the Communication falls under the definition in Regulation (EU) No 596/2014. The Communication has been prepared by personnel in the LC&I's Sales & Trading departments or non-independent Research departments of Danske Bank A/S. The views set forward in the Communication may differ from views or opinions in other departments of Danske Bank A/S. It constitutes a short-term view and is subject to change and Danske Bank A/S does not undertake to notify any recipient of the Communication of any such change. A list of all previous investment recommendations on any financial instrument made in the past 12 months, including all previous investment recommendations made by the producer is available upon request, free of charge.

The LC&I's Sales & Trading departments' or non-independent Research departments' personnel are not independent research analysts, and the Communication is not intended to constitute "investment research" as that term is defined by applicable regulations. The Communication has as such not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of the communication. The personnel in the LC&I's Sales & Trading departments or non-independent Research departments may be remunerated based on investment banking revenues, and may receive bonuses or other remuneration linked to specific investment banking transactions. Danske Bank A/S or its personnel may hold a position in any financial instrument discussed herein. Personnel is subject to a Personal Account Dealing policies. Further, Danske Bank A/S may act as market maker or have performed other services for the entities mentioned, which could include investment banking or other services, leading to payments or promises of payments. Prices and availability are indicative and may change without notice.

The Communication is provided for informational purposes only and should not be considered investment, legal or tax advice. It does not constitute or form part of, and shall under no circumstances be considered as, an offer to sell or a solicitation of an offer to purchase or sell any relevant financial instruments. Danske Bank A/S is not acting as an advisor, fiduciary or agent. Recipients of the Communication should obtain advice based on their own individual circumstances from their own tax, financial, legal and other advisors about the risks and merits of any transaction before making an investment decision, and only make such decisions on the basis of the investor's own objectives, experience and resources. All investments carry risks. The value of any investment may fluctuate, and investors may get back less than they invested. Past performance is not indicative of future results.

The Communication has been prepared independently and solely on the basis of available information that Danske Bank A/S considers to be reliable, but Danske Bank A/S has not independently verified the contents hereof. While reasonable care has been taken to ensure that its contents are not untrue or misleading, no representation or warranty, ex press or implied, is made as to and no reliance should be placed on the fairness, accuracy, completeness, currentness or reasonableness of the information, opinions and projections contained in the Communication and Danske Bank A/S, its affiliates and subsidiaries accept no liability whatsoever for any direct or consequential loss, including without limitation any loss of profits, arising from reliance on the Communication.

For current disclosures of Danske Bank A/S' interests and potential conflicts of interest regarding issuers and financial instruments subject of investment recommendations please refer to the Danske Bank's Disclosure and disclaimer webpage: https://danskeci.com/ci/research/disclosures-and-disclaimers.

Please note that while information on the great majority of relevant issuers and financial instruments are contained on this website, it may not contain information on all relevant issuers and financial instruments. The absence of information on any relevant issuer or financial instrument should not be seen as an indication that Danske Bank A/S does not have any interests or potential conflicts of interest on the issuer or financial instrument. Please contact your Danske Bank A/S representative for information regarding any issuer subject of investment recommendation that is not mentioned on https://danskeci.com/ci/research/disclosures-and-disclaimers.

Danske Bank A/S is authorised and subject to regulation by the Danish Financial Supervisory Authority and is subject to the rules and regulation of the relevant regulators in all other jurisdictions where it conducts business. Danske Bank A/S is subject to limited regulation by the Financial Conduct Authority and the Prudential Regulation Authority (UK). Details on the extent of the regulation by the Financial Conduct Authority and the Prudential Regulation Authority are available from Danske Bank A/S on request.

Disclaimer related to distribution in the United Kingdom

In the United Kingdom, the Communication is for distribution only to (I) persons who have professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the 'Order'); (II) high net worth entities falling within article 49(2)(a) to (d) of the Order; or (III) persons who are an elective professional client or a per se professional client under Chapter 3 of the FCA Conduct of Business Sourcebook (all such persons together being referred to as 'Relevant Persons'). In the United Kingdom, this document is directed only at Relevant Persons, and other persons should not act or rely on this document or any of its contents.

Disclaimer related to distribution in the European Economic Area

The Communication is being distributed to and is directed only at persons in member states of the European Economic Area ('EEA') who are 'Qualified Investors' within the meaning of Article 2(e) of the Prospectus Regulation (Regulation (EU) 2017/1129) ('Qualified Investors'). Any person in the EEA who receives this document will be deemed to have represented and agreed that it is a Qualified Investor. Any such recipient will also be deemed to have represented and agreed that it has not received this document on behalf of persons in the EEA other than Qualified Investors or persons in the UK and member states (where equivalent legislation exists) for whom the investor has authority to make decisions on a wholly discretionary basis. Danske Bank A/S will rely on the truth and accuracy of the foregoing representations and agreements. Any person in the EEA who is not a Qualified Investor should not act or rely on this document or any of its contents.

Disclaimer related to distribution in the United States

The Communication was created by Danske Bank A/S and is distributed in the United States by Danske Markets Inc., a U.S. registered broker-dealer and subsidiary of Danske Bank A/S, pursuant to SEC Rule 15a-6 and related interpretations issued by the U.S. Securities and Exchange Commission. The communication is intended for distribution in the United States solely to 'U.S. institutional investors' as defined in SEC Rule 15a-6. Danske Markets Inc. accepts responsibility for this investment recommendation in connection with distribution in the United States solely to 'U.S. institutional investors'. Any U.S. investor recipient of the Communication who wishes to purchase or sell any Relevant Financial Instrument may do so only by contacting Danske Markets Inc. directly and should be aware that investing in non-U.S. financial instruments may entail certain risks. Financial instruments of non-U.S. issuers may not be registered with the U.S. Securities and Exchange Commission and may not be subject to the reporting and auditing standards of the U.S. Securities and Exchange Commission.

Report completed: 31 August 2026 at 17:01 CET
Report disseminated: 31 August 2026 at 17:45 CET