2 September 2026

Irish auction preview

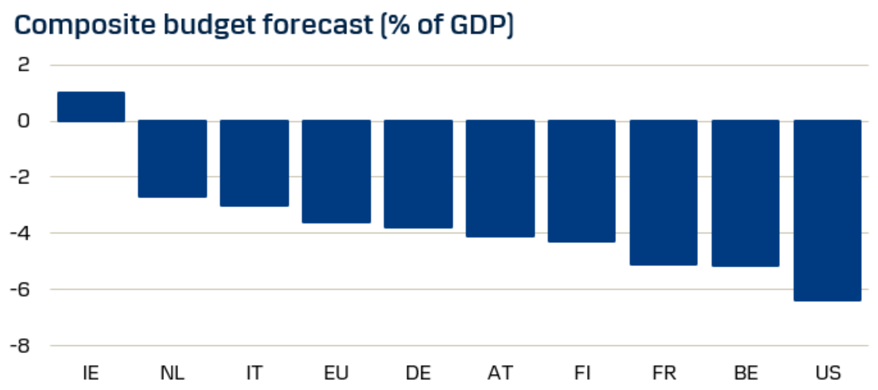
The NTMA will tap EUR1-1.25bn in IRISH 0.35% 10/32 and IRISH 0.4% 05/35

The Irish debt office (NTMA) will tap EUR1-1.25bn in IRISH 0.35% 10/32 and IRISH 0.4% 05/35 on Thursday. It is a bit unusual to tap in two off-the-run bonds that also trade significantly below par.

This marks the second and last auction in Q3 according to NTMA's issuance schedule. NTMA has so far sold EUR9.25bn through two syndicated deals and two tap auctions in 2026 relative a total issuance target of EUR10-14bn. Looking ahead, we expect one to two tap auctions in Q4, ending the year at the middle of the issuance range around EUR12bn in total issuance.

Moody's upgrade of Ireland's sovereign debt rating to Aa2 (positive) from Aa3 (positive) was largely unsurprising, as it lagged rating upgrades by both S&P and Fitch over the past year. Still, maintaining the positive outlook keeps the prospect of another rating upgrade within the next six months alive. We expect this to happen in 2027, as Ireland remains one of only few euro area countries with a budget surplus as shown below.

Budget surplus/deficit relative to GDP – Ireland continues to post a surplus



Note: Forecasts are based on Bloomberg private contributors. Source: Bloomberg, Danske Bank

Irish government bonds continue to trade in a tight range to Aaa-rated peers like Germany and the Netherlands as well as semi-core EGBs such as France and Belgium as shown below. The ASW-spread curve looks steeper for Ireland compared to especially Germany, and given the differences in expected supply, we continue to favour Ireland over Germany.

Due to solid macroeconomic fundamentals, a pick-up to Aaa-rated peers and the outlook for a rating upgrade we maintain our buy recommendation on Ireland versus core EU, despite the less liquid market and already significant tightening to peers in terms of ASW-spreads. Investors should use the auction to buy Ireland relative to e.g. Germany.

Today's key points

- The Irish debt office (NTMA) will tap EUR1-1.25bn across IRISH 0.35% 10/32 and IRISH 0.4% 05/35 on Thursday.
- Moody's upgrade of Ireland's sovereign debt rating to Aa2 (positive) keeps the prospect of another rating upgrade within the next six months alive. We expect this to happen in 2027, as Ireland remains one of only few euro area countries with a budget surplus.
- We maintain our long recommendation of buying Ireland versus core EU, due to solid macroeconomic fundamentals, a pick-up to Aaa-rated peers and the outlook for possible rating upgrades. Furthermore, relative supply is also in favour of Ireland despite a tight spread to peers. We recommend using the auction tomorrow to buy Ireland relative to e.g. Germany.

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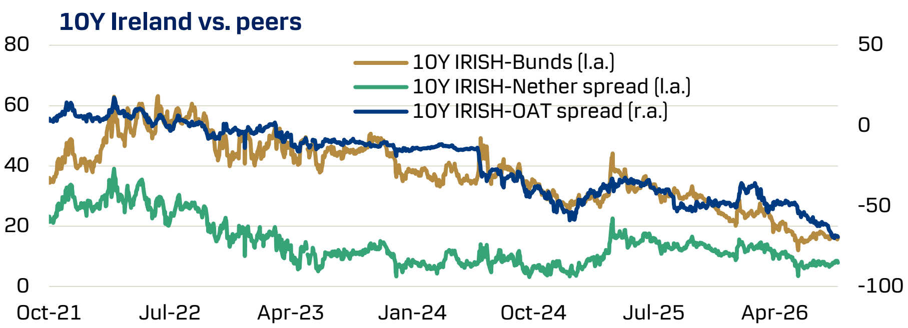
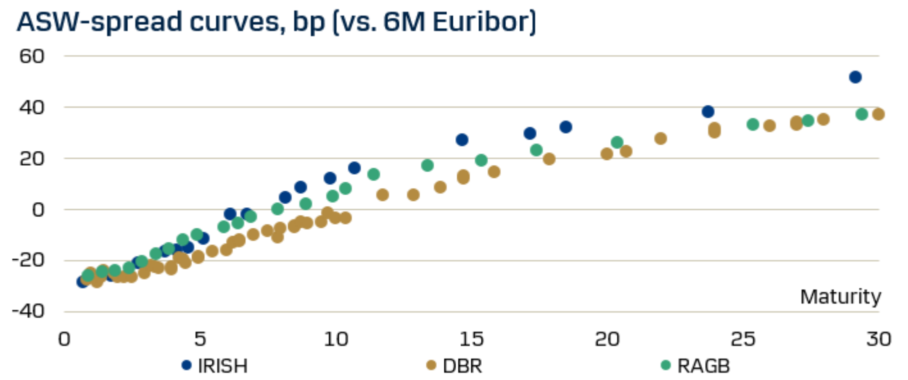
Ireland has performed well versus peers



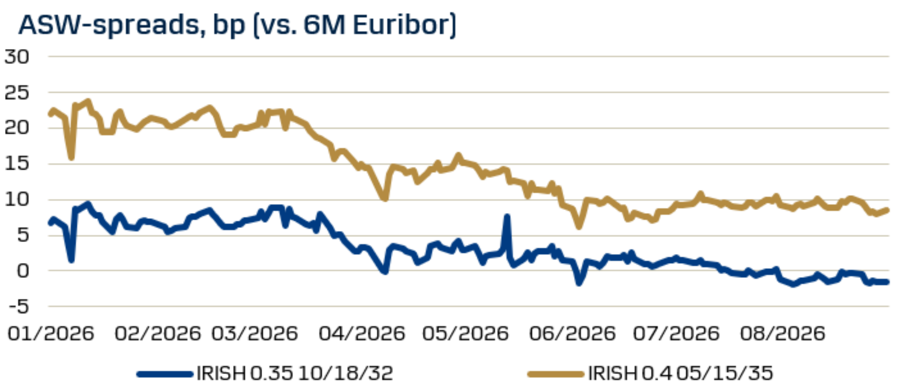
Note: Past performance is not a reliable indicator of current or future results. Source: Danske Bank

The Irish ASW-spread curve looks comparatively steep



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

IRISH 0.35'32 and 0.4'35 have performed this year



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