Interest Rates Weekly

15:59 CET
03 September 2026

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Peace, recession… or more of the same

- **Global rates strategy: G10 rates have risen sharply, prompting a reassessment of peak neutral rate.**
- **While Middle East escalation is the latest catalyst, the forces shifting neutral rates higher are more entrenched. Compounded supply shocks and resilient growth means policy is now more likely to oscillate between neutral and restrictive, not accommodative.**
- **In case of further upward pressure, global 2-5-10Y flies should stay stable, acting as a steepening force for real yields.**
- **Term premium should keep building, with sovereign curves stickier than swap equivalent once energy prices drift lower.**
- **Structural steepening drivers remain intact: deficits, demand shifts, political pressures. Proactive ECB makes EUR 10-30Y steepeners appealing.**
- **EUR rates strategy: duration should remain a function of developments in the Middle East with risks of acceleration if the gas storage narrative gathers speed. The sell-off provides a positive risk reward to receive at current levels, but only on a tactical basis and in the belly of the curve.**
- **The curve should be directional with rates. We are neutral on German ASW spreads until a dovish catalyst emerges.**
- **Rising gas prices reignited ECB tightening fears, driving EGB spread widening via fiscal concerns: asymmetry remains skewed wider.**
- **EGB 2027 budget season update: the Netherlands' modest fiscal loosening is unlikely to pressure DSL spreads given solid debt fundamentals, while Finland's consolidation efforts conceal deepening structural weaknesses.**
- **Eurozone inflation analysis: natural gas price remains our number one worry for Eurozone inflation. We have headline HICP above 3.25% until early Q227 and core around 2.7-2.8% in H127. The ECB won't like it.**
- **Eurozone rates strategy: the never-ending energy crisis and the accumulation of strong inflation releases can push the 5Y HICP swap higher. We are not overly excited by a long 5YF5Y real rate, though.**
- **US inflation analysis: don't underestimate the negative base effects – tariffs, OER and rent – on YoY US CPI over the coming year. We have core CPI at 'only' 2.5% YoY in H226 and 2.3% in 2027.**
- **US rates strategy: Treasury yields rose and curve flattened through early this week, with the intermediate sector cheapening. Rising energy prices and a hawkish speech by Kevin Warsh at Jackson Hole pushed rates to new highs. We highlight key drivers of the recent sell-off in Treasuries.**
- **The August payroll data will be a focus this Friday, in which our economists forecast +65k in the headline and the unemployment rate up to 4.2% from 4.1%.**


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- **In rates direction, we expect oil prices and economic data to dictate rates near term. Higher oil prices and stronger data can lead to higher rates, and vice versa.**
- **In curve, we favour flatteners as the market has yet to price in a full 25bp Fed rate hike at the September meeting. The August NPF and inflation data would have to be weaker than expected to prevent a hike.**
- **In relative value, 5Y has underperformed 2Y and 10Y on the curve during sell-off. While 2-5-10Y is in high end of the range over the two years, there is room for the spread to widen further if the Fed starts raising rates.**

Trade ideas

Still open or closed in 2026

Rates and inflation trade ideas so far in 2026

Opening	Type	Trade Idea	Entry (bp)	Current (bp)	Carry-Roll* (bp)	P&L (bp)	Target* (bp)	Stop* (bp)	Closing	Author
25-08-2026	Infla	Buy 5Y HICPx	224.0	238.5	-8.4	6.1	20	-12	Open	JFP-ML
09-07-2026	USD	Treasury 10-30Y flattener	51.40	48.40	-0.1	2.8	45.0	60.0	Open	AL
25-06-2026	USD	Long 5Y swap spread	-28.3	-26.8	0.6	2.9	-24.0	-35.0	Open	AL
25-06-2026	EUR	AI-enhanced SPGB-RFGB tightener	9.5	10.4	0.1	-0.9	5.0	14.0	Open	GM-RL-MD
16-06-2026	EUR	10-30Y EUR IRS steepener	19.0	5.6	0.2	-13.2	35.0	7.0	Open	GM
01-06-2026	Infla	Sell OATei Jul-47 breakeven vs BTPei Feb-46	25.9	23.8	1.9	4.1	10	-6	Open	JFP-ML
15-05-2026	Infla	Sell 5YF5Y HICPx vs buy 10YF20Y	21.7	26.5	0.5	5.4	10	-6	Open	JFP-ML
12-05-2026	USD	Long 20Y swap spread	-70.7	-64.7	0.6	8.3	-60.0	-83.0	Open	AL
05-05-2026	EUR	Sell OLO 2.6% 20/30 vs OAT 2.7% 02/31	12.7	16.1	0.4	-3.0	2.0	20.0	Open	RL
07-04-2026	USD	Buy UST 3Y vs 2Y & 5Y	-8.0	-2.2	-0.1	-3.4	-12.0	-4.0	Open	AL
22-06-2026	Infla	Sell OATei Jul-36 (RY) vs BTPei	19.4	8.0	0.7	12.0	12	-8	19/08/2026	JFP-ML
16/07/2026	EUR	Buy the belly on OAT 5-10-30Y fly	-28.0	-23.5	0.5	-4.0	-33.0	-23.5	03/09/2026	RL
23-06-2026	EUR	10-20Y OAT-Bund box flattener	3.5	5.5	-0.1	-2.1	0.5	5.5	28-07-2026	RL
04-05-2026	EUR	Sell BTP 2.40% 03/29 vs BTP 2.65% 06/28	-8	-9	3	4.1	-12	-4	28-07-2026	RL
23/03/2026	EUR	BTP 3-10Y steepener in ASW box	59	61	1	2.4	78	45	16/07/2026	GM
17/06/2026	EUR	Pay belly in 2-5-10Y	-17.0	-11.0	-0.1	5.9	-11.0	-21.0	08/07/2026	GM
23-04-2026	EUR	Sell belly in 5-7-10Y BTP fly	2.1	3.3	0.5	-0.6	0.8	3.3	22-06-2026	RL
11-05-2026	Infla	Sell 5YF5Y FRCPIx vs HICPx	5.0	-0.2	0.6	5.8	8	-6	17-06-2026	JFP-ML
08-04-2026	Infla	Sell BTPei May-30 vs BTPei Aug-31	21.5	15.5	-10.9	-4.9	12	-8	09-06-2026	JFP-ML
24-04-2026	EUR	Betting on sticky Bund invoice (derivatives)	23c	19c	23c	19c	n/a	n/a	22-05-2026	GM
26-03-2025	USD	Long 30Y swap spread	-78.8	-73.4	6.0	11.4	-60	-85	11-05-2026	AL
17-03-2026	USD	Buy UST 20Y vs 10Y & 30Y	59.0	55.2	0.3	2.2	50	70	11-05-2026	AL
09-04-2026	Infla	Buy FRCPIx May-26 fixing with oil edge	198.0	238.0	20	30.0	20	-15	30-04-2026	JFP-ML
13-04-2026	EUR	3M6M – 2Y6M OIS flattener	6.9	14.0	0.0	-7.0	0	13	20-04-2026	GM
13-03-2026	Infla	Buy 5Y HICPx with oil hedge	232.6	223.3	6.7	-2.6	20	-15	08-04-2026	JFP-ML
11-02-2026	USD	Long 10Y swap spread	-40.2	-47.3	0.3	-6.8	-34	-45	13-03-2026	AL
13-01-2026	USD	Overweight cheap UST 5Y vs 2Y & 10Y	-20.0	-28.0	0.6	4.6	-35	-10	13-03-2026	AL
09-07-2025	EUR	BTP 5-10Y steepener	57.0	46.3	3.5	-7.2	70	50	09-03-2026	RL
05-02-2026	Infla	Sell 3YF2Y FRCPIx	175.2	193.9	8.7	-10	20	-10	09-03-2026	JFP-ML
22-04-2025	EUR	Buy BTP 4.0% 10/31 vs BTP 3.5% 02/31	6.4	6.2	1.8	2.0	2.0	9	09-03-2026	RL
17-06-2025	Infla	Sell OATi Mar-36 vs OATei Jul-36	-1.3	-28.9	6.2	33.8	40	20	09-03-2026	JFP-ML
28-01-2026	Infla	Sell 2Y HICPx	181.6	201.0	9.4	-10.0	15	-10	03-03-2026	JFP-ML
27-11-1025	Infla	Buy BTPei May-36 breakeven	174.1	185.5	-6.2	5.2	15	-10	28-01-2026	JFP-ML

*Source: Crédit Agricole CIB, Bloomberg. *: for inflation trades, stop and target refer to the P&L, not the actual level of the trade. For inflation, carry-roll also includes the energy hedge (if any). Trade ideas – once closed – ranked by order of closing date.*

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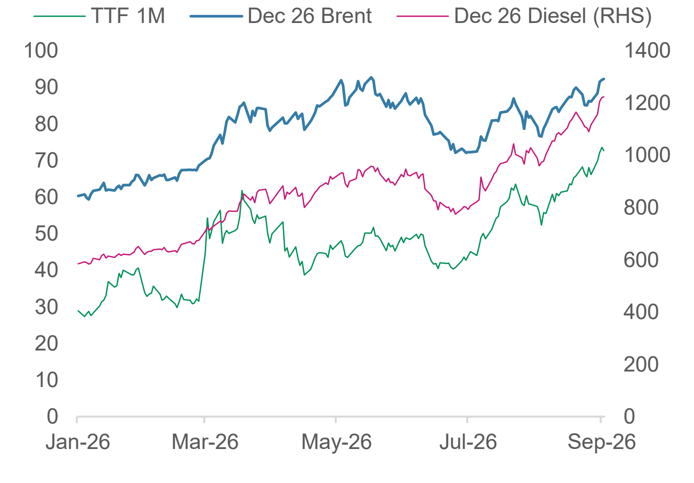
Global rates strategy: rates of confusion

G10 rates have risen materially over the past few sessions, giving us a good opportunity to revisit the key drivers that led us to the current situation and answer whether the time has come to call the peak in rates in our view.

Current weakness reflects mostly blurry central bank expectations

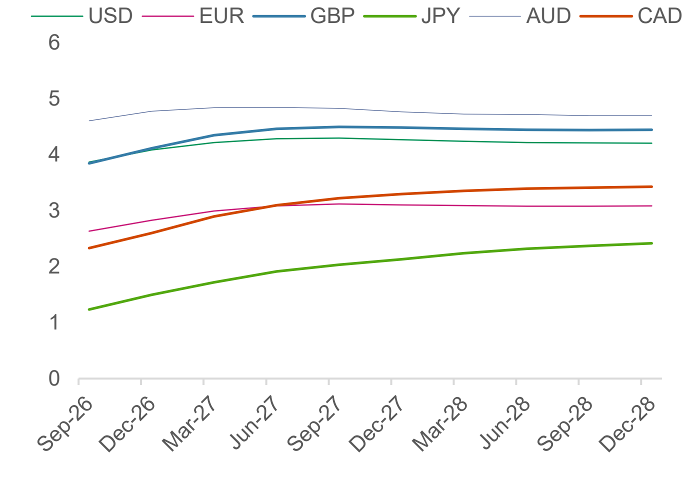
Re-escalation in the Middle East is clearly the catalyst of the latest bout of rates weakness, as higher energy prices sustain an inflationary impulse that central banks have to manage after six months of already higher energy prices, with pressure broadening from simple oil prices into distillates or gas prices (Figure 1). Yet, looking at the relative front ends of the G6 curves, there is clearly a deeper theme at play.

Fig 1. 3M STIR futures for G6 jurisdictions (%)



Source: Crédit Agricole CIB

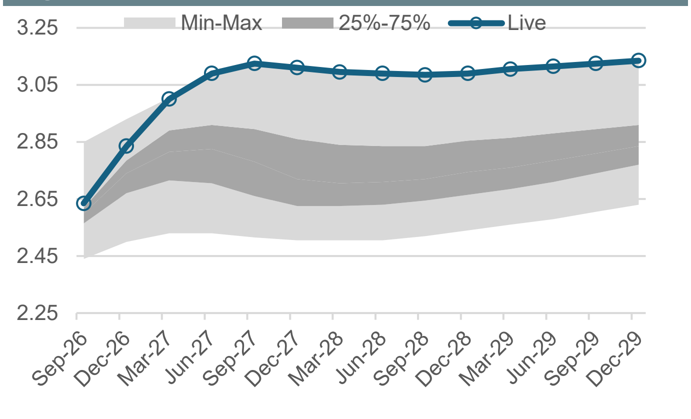
Fig 2. 3M futures for G6 jurisdictions (%)



Source: Crédit Agricole CIB

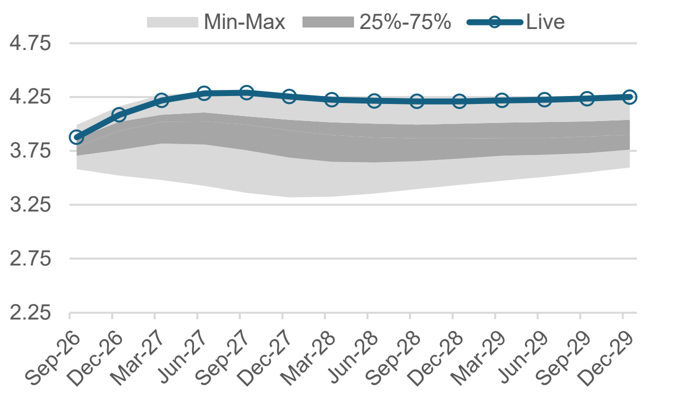
As a loose rule of thumb, the textbook response of central banks to a supply shock embeds a tightening cycle before returning to a more neutral stance afterward. Usually said level of neutral rate is not being affected too much provided the central bank was proactive enough to prevent the supply shock to trigger second-round effects. This medium-term anchorage is the key force driving curve inversions in tightening cycles, leading to yield curves imparting a terminal rate peak followed by a trough (implied easing) before convexity and term premium reassert themselves and the strip begins to steepen. **In the current configuration, only the AUD curve features implied cuts in the G6 space** (Figure 2). It is also worth noting that none of the curves feature any sort of emergency response from the central bank (in the form of fully priced back-to-back hikes or pricing of hikes above 25bp).

Fig 3. EURIBOR Futures since 1 April



Source: Crédit Agricole CIB

Fig 4. SFR Futures since 1 April



Source: Crédit Agricole CIB

This complete erasure of implied cuts is a key feature of the summer price action (Figures 3 and 4).

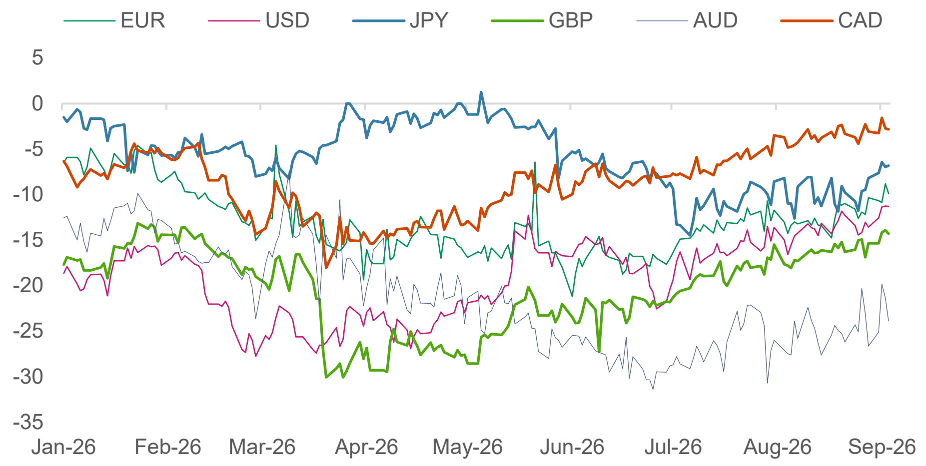
So what drives this shift upwards in market implied neutral rates?

1. For net energy importers like Europe, the **multiplication of energy price shocks compounds the risk and magnitude of second-round effects**. Central banks will be forced to monitor these with more scrutiny, thereby making it particularly hard to pinpoint the timing of a potential easing phase, even if the conflict in the Middle East comes to an end. This is extremely potent for central banks with an explicit scenario-based framework.
2. A more global factor is the resilience of growth despite the multiplication of supply shocks and a high steady state of inflation since 2021. **Persistently high fiscal deficits strengthened household balance sheets** and gave corporates, especially in the technology sector, the breathing room to drive an expansionary cycle. This is not only true for the US – even growth in Europe has held up fairly well despite more direct challenges. This implies the steady state of central bank policy over the coming years is more likely to oscillate between restrictive and neutral territory, a stark opposite of the past decade oscillation between accommodative and neutral.

What does that mean for the rates space?

This theme of higher neutral rate expectations was the main idea behind our pay belly in 2-5-10Y IRS trade idea. We continue to believe that central banks' balanced approach is enough to manage the current supply shock and further rise in energy prices should materialise further out the curve (in H227 segments and beyond) without embedding more than 25bp of hike per quarter. Since we ran out of implied cuts to deprice, the **2-5-10Y flies should remain somewhat stable** (Figure 5), **which in turn should be a steepening force for real yields**.

Fig 5. 2-5-10Y flies (bp)



Source: Crédit Agricole CIB

It will also be increasingly expensive to sustain growth trajectory through public deficit and keep household balance sheets as resilient as they are currently. Term premium should continue to increase from there, especially in the jurisdictions with already-high levels of growth and rates (the US especially). **What does that mean for swap spreads**? In case fiscal space runs out in one jurisdiction, it will be easier to find some anchorage on swap curves as fiscal deficit will be mostly about delaying an economic cooldown rather than fuelling an expansionary cycle. This should make term premia in sovereign curves stickier than their swap counterparts and tighten swap spreads in the process. Conversely, if the fiscal space can continue to expand relatively unabated, this should pressure the central bank reaction function in a sustained manner, leading to similar dynamics between swaps and government bonds.

Where to from now?

The end of the Middle East conflict and subsequent drop in energy prices is an obvious pre-requisite to stop the current sell-off, but we expect the resilient growth point above to strictly limit the downward pressure on the belly of the curve. It is worth noting that outside of net energy importers, validating market expectations will require rather solid data prints, and any cooldown in expected growth could be enough to stabilise the front end slightly lower. Still, this would equate more to a “higher for longer” pricing rather than shifting to a dovish phase, and 2023 is a stark reminder that term premium would continue to be pressured higher.

On a pure risk/reward play, the 2027 implied tightening seems like a low hanging fruit to deprice in case the conflict in the Middle East ceases, but the upside remains very limited, and it will take hard evidence of a prolonged weakness on growth to start undoing part of the past term premium build up. The proactive stance of the ECB makes it the most susceptible of the G6 banks to operate such a pivot (alongside the RBA), but a flipside of this proactivity is that the term premium build-up was more muted than peers. We continue to expect the impaired fiscal room in the Eurozone to eventually single out Bunds and still to underperformance vs swaps. On a more global scale, the mid-terms could provide a strong circuit breaker in the fiscal impulse, but this would open the door to a gradual cooldown of the growth impulse and should mostly anchor the belly of the curve rather than triggering a bull steepening.

As for the long end, the drivers behind last year’s steepening remain firmly in place, be it sticky fiscal deficits, structural shifts in demand (the equity/bond correlation regime, the end of DB schemes, the disappearance of central bank buying flows), and external & political pressures have been renewed. We remain constructive on further steepening of 10-30Y segments especially in Europe, though the path is unlikely to be smooth. Indeed, short positioning in the long end remains a tangible risk and some form of hedge against front-end levels is welcome.

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EUR rates strategy: one step back, two steps forward

The big picture

Directional open trade ideas recap:

- 10-30Y EUR IRS steepener: we recommended this position to capitalise on the structural imbalance in net duration demand amid a higher neutral rate. The late June/early July flattening provided an opportunity to reinforce our position, and that segment of the curve has since steepened by 8bp. We still believe that the trade would benefit in case of further ECB depricing or a massive term premium creation like 2023's 'higher for longer' episode.

EGB RV open trade ideas recap:

- AI-enhanced SPGB-RFGB tightener: we recommend selling RFGB vs Bono long end on the back of fundamental views, enhanced by our EGB RV AI tool. Spain's economy is projected to outperform growth expectations in 2026 despite the global energy supply shock, while Finland faces fiscal pressures from increased defence spending, rising unemployment and a historically high deficit. The trade level is little-changed from entry and our conviction remains; we continue to favour this move playing out over the summer.

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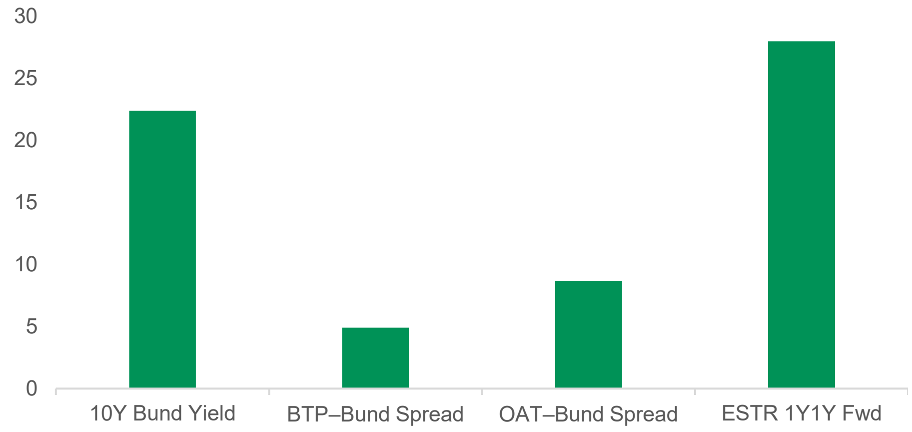
EGBs amid hawkish repricing

EURIBOR strip rose across the curve in August, reflecting markets repricing ECB tightening risk. EGB spreads have widened materially against Bunds during the same period as markets reprice fiscal trajectories across the eurozone. The catalyst is familiar but potent: natural gas prices pushing higher, feeding directly into inflation expectations and bringing back the prospects of government support schemes toward energy that widen deficits. After the 2022 episode, the fiscal cost of energy shocks is a better-known quantity, and markets are not waiting for the budget lines to appear.

The speed at which this repricing has occurred is notable – spread widening has been front-loaded relative to the actual fiscal data, suggesting that market participants are now more pre-emptive in pricing energy-driven fiscal slippage than they were in prior cycles. This behavioural shift reflects a structural change in how sovereign risk is assessed in a post-pandemic, post-energy-crisis world, where the bar for government intervention is perceived to be lower and the associated fiscal cost more readily anticipated.

Fig 6. Changes since 3 August (bp)



Source: Crédit Agricole CIB, Bloomberg

On top of this, the dynamic sits within a broader G10 theme of fiscal anxiety. Gilts carry the Truss scar and more recent fiscal concerns, US term premium reflects deficit trajectory unease, and across Europe the spread dimension absorbs what in other markets shows up as outright yield cheapening. Germany's own fiscal expansion, the landmark defence and infrastructure spending package that broke the debt brake orthodoxy, is also helping with the overall narrative, adding Bund supply pressure to the mix.

Fig 7. G10 10Y Bond Yields YTD evolution

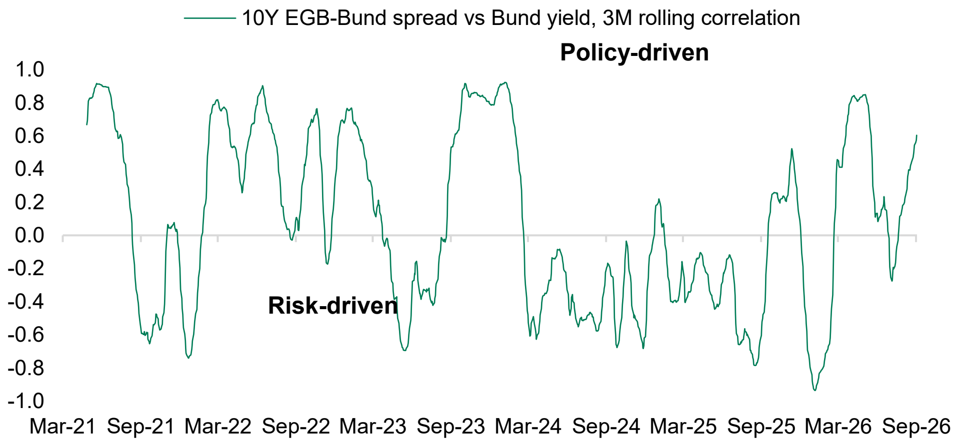
Country	Jan 1 (%)	Sep 2 (%)	YTD Chg (bps)	YTD Low (%)	Low Date	YTD High (%)	High Date
Australia	4.75	5.23	48	4.64	Mar-02	5.23	Sep-02
UK	4.48	5.23	75	4.23	Feb-27	5.23	Sep-02
US	4.17	4.8	63	3.95	Feb-27	4.8	Sep-01
New Zealand	4.42	4.79	37	4.34	Feb-27	4.9	Mar-23
Norway	4.18	4.5	32	4.13	Feb-27	4.58	May-19
Canada	3.43	3.79	36	3.13	Feb-27	3.79	Sep-02
Germany	2.86	3.37	52	2.64	Feb-27	3.37	Sep-02
Sweden	2.84	3.15	31	2.63	Feb-27	3.15	Sep-02
Japan	2.07	3.03	96	2.07	Jan-01	3.03	Sep-02
Switzerland	0.32	0.44	12	0.21	Feb-27	0.6	May-21

Source: Crédit Agricole CIB, Bloomberg

The uncomfortable feedback loop is that higher-for-longer ECB rates market pricing, warranted by the inflation re-acceleration, mechanically worsens debt servicing costs for high-deficit sovereigns like Italy and France, whose OAT-Bund spreads have been under pressure. As highlighted in Figure 8, displaying the 3-month correlation between 10Y EGB spreads to Bund yields, the last leg of EGB spread widening appears to be more related to ECB policy expectation feeding through rather than a stark deterioration of risk sentiment.

This distinction matters for how investors should position. A risk-sentiment-driven widening would typically invite dip-buying once volatility subsides, as it reflects temporary market stress rather than a fundamental reassessment of creditworthiness. A policy-driven widening, by contrast, is more insidious: it is self-reinforcing as long as inflation remains elevated, and it does not resolve until either the ECB pivots or fiscal trajectories credibly improve: neither of which appears imminent. France warrants close attention given the ongoing political fragmentation that continues to cloud the medium-term fiscal outlook, limiting the government's ability to deliver the consolidation measures that markets would need to see to stabilise spreads. Italy on the other hand carries over one of the largest debt burdens, making its finances particularly sensitive to rate increases.

Fig 8. 10Y EGB-Bund spread vs Bund yield, 3M rolling correlation



Source: Crédit Agricole CIB, Bloomberg

When reading our inflation strategists' most recent takes, we find it difficult to identify a strong catalyst warranting a reversal of the current trend, barring any surprise from Middle East tensions or a temporary reprieve from Friday's NFP figures. A materially weaker-than-expected NFP print could temper global rate repricing, possibly tempering ECB tightening expectations and offer some near-term relief to spreads. However, these would likely represent tactical pauses rather than structural turning points. Until there is greater clarity on the inflation trajectory and a credible path toward fiscal consolidation in the eurozone's higher-deficit members, the asymmetry of risks remains skewed toward further spread widening. In this environment, we maintain a cautious stance on OATs and BTPs relative to Bunds and continue to be generally cautious on duration.

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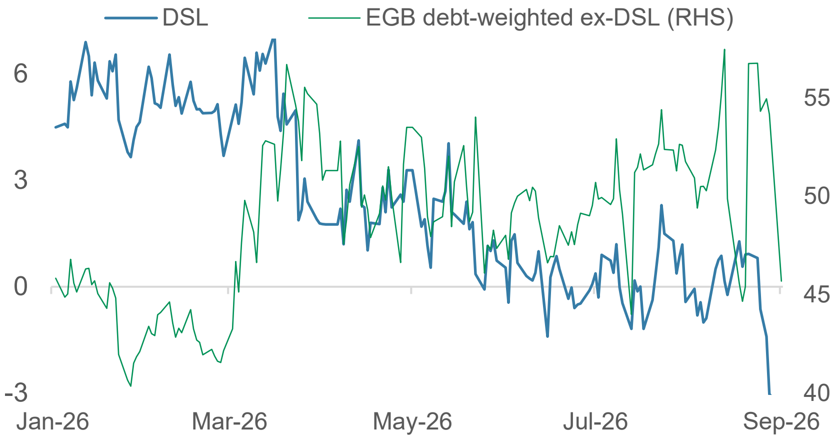
2027 budgets: updates from the Netherlands and Finland

With summer over, budget season is back on the agenda for most EGB issuers, which could introduce additional fundamental-driven noise and weigh on risk sentiment. This week, budget-related news came in from the Netherlands and Finland.

On the Dutch side, a net loosening of the 2027 fiscal balance can be expected, though this should not be a significant driver of DSL widening in our view, given the Netherlands' relatively contained debt levels: gross debt is projected at 46.5% of GDP in 2027, with a budget balance of -2.1%, an improvement from the -2.8% expected for 2026. This is even more the case in a context where broad EGB widening tends to disproportionately penalise fiscally weaker issuers; such a dynamic is already playing out through the relative outperformance of higher-rated sovereigns over the month of August.

The indicative budget package includes a EUR1.5bn reversal of prior social security cuts, alongside a EUR750m tax increase on higher incomes. However, despite rising defence spending and a marked slowdown in export growth (from 2.5% of GDP over 2019-22 to just 0.4% over 2023-26) the 2026 growth forecast has been left unchanged at 1.4% (unchanged compared to the pre-Iran war forecasts). So, as we look ahead to Prinsjesdag, the government's official budget presentation on 15 September, we do not expect immediate upward pressure on DSL yields, even as the Netherlands still has slightly over 30% of its annual funding target left to cover, with EUR17.5bn remaining and a new 10Y issuance anticipated later this month.

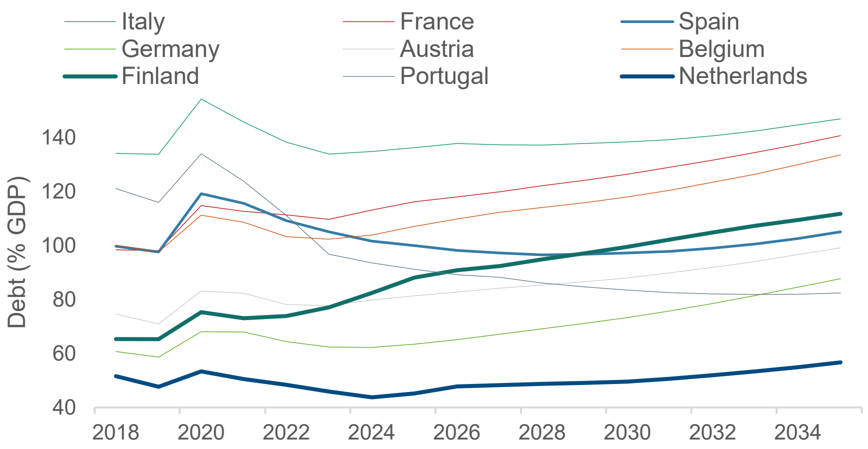
Fig 9. DSLs 2026 outperformance (10Y matched-maturity ASW, bp)



Source: Bloomberg, Crédit Agricole CIB

On the Finnish side, however, the prospect of fiscal consolidation in 2027 looks more like a short-term fix than a lasting remedy to deeper structural issues. Despite these near-term efforts, we maintain that Finland's weak underlying fundamentals will continue to weigh on RFGB yields, as outlined in our Bono – RFGB tightener. The budget proposal for next year emphasises efforts to reduce the country's indebtedness by EUR1bn, targeting a central budget deficit of EUR12.4bn. The Prime Minister has also put forward an infrastructure investment plan aimed at boosting longer-term growth.

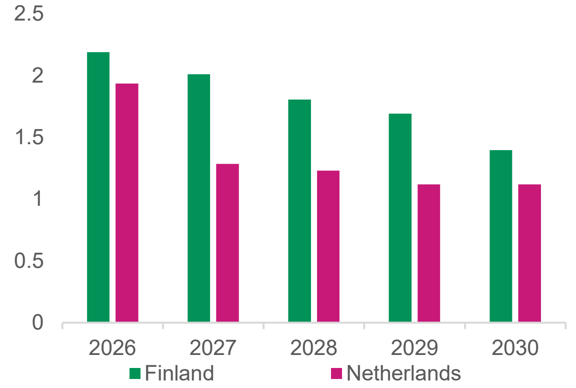
Fig 10. Finnish debt ratio on a worsening path



Source: EC debt sustainability monitor, Crédit Agricole CIB

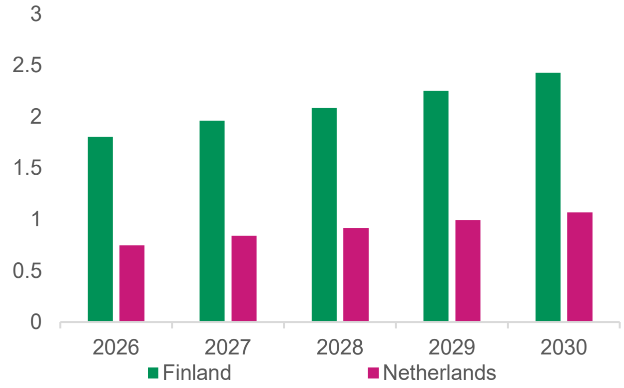
That said, Finland continues to face headwinds from elevated unemployment, projected at 10.2% for 2026, as well as a growing defence spending burden (a reflection of the country's geographical exposure) with the defence budget expected to rise from 2.6% of GDP in 2026 to 3.2% by 2029. Compounding these pressures, interest expenditure is projected to reach 3% by 2033, pointing to a gradual, relatively faster than peers, deterioration in Finland's fiscal position. By the end of the decade, debt-to-GDP levels are expected to surpass those of Austria, Spain and Portugal. We can therefore expect a long-term widening trajectory for RFGBs, progressively converging toward the spreads of the aforementioned peers. The next date to await for Finland is 21 September when the budget proposal will be presented to the Parliament.

Fig 11. Primary deficit (% GDP) expected to decrease for both countries…



Source: EC debt sustainability monitor, Crédit Agricole CIB

Fig 12. …while the interest expense burden (% GDP) to become a heavier weight



Source: EC debt sustainability monitor, Crédit Agricole CIB

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Inflation: the never-ending energy crisis

Eurozone inflation analysis

Headline inflation is now firmly above 3.25%, as we should not see any number below this level before Q227, unless a resolution in the Middle East is quickly found. In contrast, Eurozone core inflation has barely re-accelerated so far, currently standing around 2.4-2.5% vs 2.3% at end-2025 and before the US-Iran conflict started at end-Q1.

We should not be so surprised though: **second-round effects always take time to materialise,** and natural gas – which matters more than crude oil for core inflation – only passed the EUR60/MWh mark from end-July.

The natural gas price remains by far our number one worry for Eurozone inflation, as it feeds into electricity prices, food processing, core goods processing and even services after some time. Natural gas is now up almost 150%[1] from H225, to be compared with oil only up by less than 50%[2].

In our inflation forecasts – updated on Tuesday 1 September – we had core stable around 2.4-2.5% for the rest of 2026, **but we also had core around 2.8% YoY in Q127 and 2.7% in Q227, levels which the ECB will not like.** This acceleration would come from both core goods and services, with services likely hit by a wave of resets in early 2027, a classic after a peak in headline inflation.

As a reminder, our inflation forecasts are bottom-up, based on our 1000-HICP component[3] model. You can check the details in the dashboard 'Eurozone inflation forecasts and analytics' on our data platform Red Mount Analytics. We use the Brent and natural gas futures curve as raw energy price inputs. Crédit Agricole CIB forecasts for Eurozone core and headline inflation are ranked **no.1 in Bloomberg[4] for their short-term accuracy.**

Fig 13. Near-term HICP and French CPI forecasts

	Eurozone HICP						France CPI						
	Ex-tob. Index	Ex-tob. MoM	Ex-tob. YoY	Headline YoY	Core MoM	Core YoY	Ex-tob. Index	Ex-tob. MoM	Ex-tob. YoY	Headline YoY	Brent USD/brl	TTF (Gas) EUR/MWh	EUR/USD
Jan-26	100.02	-0.59	1.62	1.68	-1.07	2.19	99.57	-0.38	0.25	0.29	65	34	1.18
Feb-26	100.66	0.64	1.83	1.89	0.76	2.41	100.20	0.63	0.88	0.90	70	33	1.18
Mar-26	101.95	1.28	2.50	2.55	0.84	2.28	101.18	0.98	1.67	1.69	101	53	1.17
Apr-26	103.01	1.04	2.98	3.03	0.94	2.20	102.24	1.05	2.15	2.16	102	45	1.16
May-26	103.09	0.08	3.13	3.17	0.32	2.56	102.37	0.13	2.41	2.42	103	47	1.17
Jun-26	102.98	-0.11	2.71	2.75	0.19	2.36	102.09	-0.27	1.73	1.76	84	45	1.15
Jul-26	103.21	0.22	2.92	2.94	-0.03	2.48	102.67	0.57	2.10	2.12	84	54	1.15
Aug-26	103.68	0.46	3.24	3.26	0.23	2.42	103.41	0.72	2.40	2.42	88	62	1.16
Sep-26	103.89	0.20	3.35	3.37	0.14	2.41	102.58	-0.81	2.59	2.60	91	71	1.16
Oct-26	104.27	0.37	3.50	3.52	0.27	2.40	102.73	0.15	2.67	2.68	89	71	1.16
Nov-26	103.87	-0.38	3.43	3.44	-0.54	2.41	102.51	-0.21	2.65	2.65	87	71	1.16
Dec-26	104.18	0.30	3.55	3.57	0.45	2.51	102.70	0.19	2.76	2.77	85	68	1.16
Jan-27	103.70	-0.46	3.68	3.70	-0.86	2.74	102.33	-0.37	2.77	2.79	83	66	1.16
Feb-27	104.27	0.55	3.59	3.61	0.68	2.65	103.05	0.71	2.85	2.86	82	53	1.16
Mar-27	105.21	0.90	3.20	3.22	1.19	3.00	103.50	0.43	2.29	2.31	81	48	1.16
Apr-27	105.64	0.41	2.55	2.59	0.60	2.65	103.98	0.46	1.70	1.73	80	46	1.16
May-27	105.97	0.31	2.79	2.82	0.37	2.69	104.10	0.12	1.69	1.72	79	46	1.16
Jun-27	106.12	0.14	3.05	3.08	0.22	2.72	104.26	0.15	2.13	2.14	78	46	1.16
2024			2.24	2.37		2.84			1.85	2.00	80	35	1.08
2025			2.05	2.13		2.42			0.89	0.94	68	36	1.13
2026			2.90	2.93		2.39			2.02	2.04	87	55	1.16
2027			2.70	2.75		2.65			1.86	1.88	79	48	1.16
2028			1.92	1.98		2.10			1.25	1.26	74	32	1.16

Forecasters: JF Perrin and M. Loise, as of 01Sep 2026

Forecasts in grey

Source: Crédit Agricole CIB. Read more at RMA by Crédit Agricole CIB

[1] *TZT1 contract in Bloomberg at EUR72/MWh now, vs EUR31/MWh in H225*

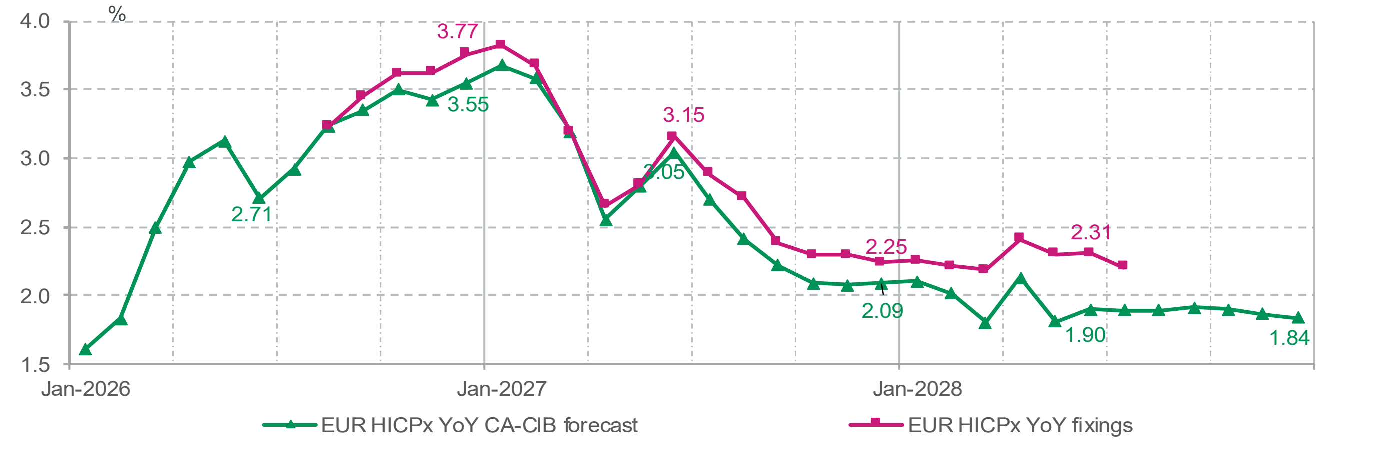
[2] *CO1 contract at USD96/bl now, vs USD66/bl in H225*

[3] *It's actually around 80 components and subcomponents multiplied by 13 geographical zones*

[4] *For example, CPEMEXUY, ECCPEMUM, ECCPEMUY / menu ECOS / 'Economist Rnak history'*

As of last Tuesday – our most recent update – our forecasts stood marginally below what the market was pricing. Since then, the +USD5/bl and +USD2/MWh increase in natural gas price logically pushed market-implied levels higher.

Fig 14. Our EZ HICPx forecasts vs market fixings as at 1 September 15:30 CET



Source: Bloomberg, Crédit Agricole CIB

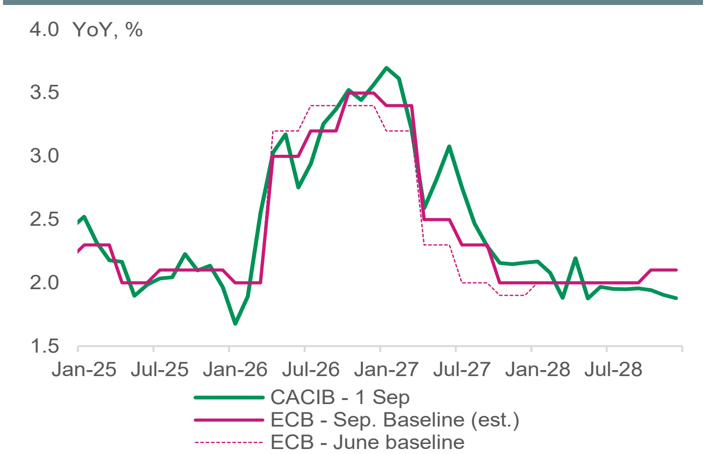
The ECB is also going to publish its new inflation forecasts next week. We expect that they will come out with a +20bp upward revision in their take for core in 2027, see below. This upward revision in core would namely come from a few upside surprises in core goods in Q2, and from the higher natural gas prices, which imply more second-round effects than three months ago. You can read all the details in the Inflation-Linked Focus, [ECB HICP forecasts: more pressure for 2027](), published earlier today

Fig 15. Expected ECB inflation forecasts

Inflation forecasts	2026	2027	2028
ECB Dec – headline **(difference vs Jun forecasts)**	**2.9%** **(-0.1)**	**2.6%** **(+0.3)**	**2.0%** **(=)**
CACIB 1 Sep – headline	2.93%	2.75%	1.98%
ECB Dec – core **(difference vs Jun forecasts)**	**2.5%** **(=)**	**2.7%** **(+0.2)**	**2.2%** **(=)**
CACIB 1 Sep – core	2.39%	2.65%	2.10%

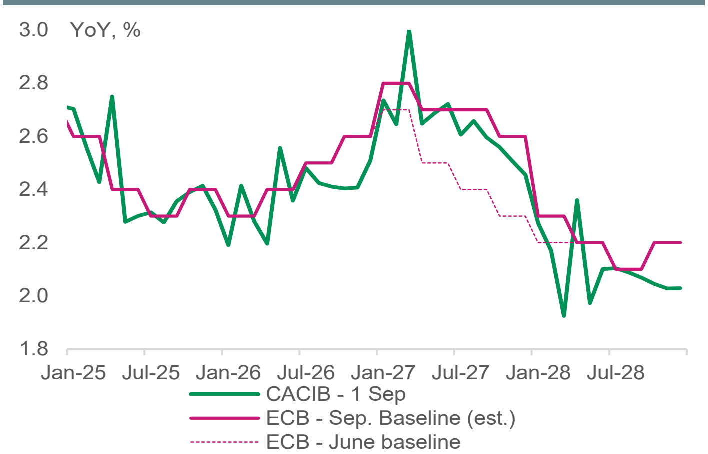
Source: Crédit Agricole CIB

Fig 16. Eurozone headline inflation



Source: ECB, Crédit Agricole CIB

Fig 17. Eurozone core inflation



Source: ECB, Crédit Agricole CIB

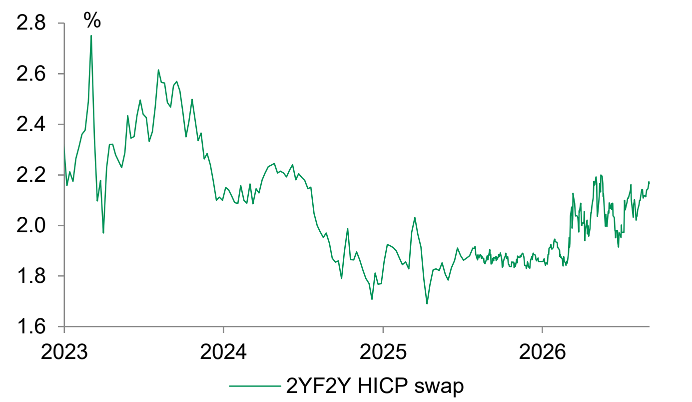
Eurozone inflation Strategy

Direction: long inflation

The direction in inflation swaps and breakevens remains 90% or so about energy. Still, within our energy market-neutral framework (we assume energy prices track their futures curves), **we believe that the accumulation of strong inflation numbers in H226 and H127 will lead to further increases in inflation swaps overall**.

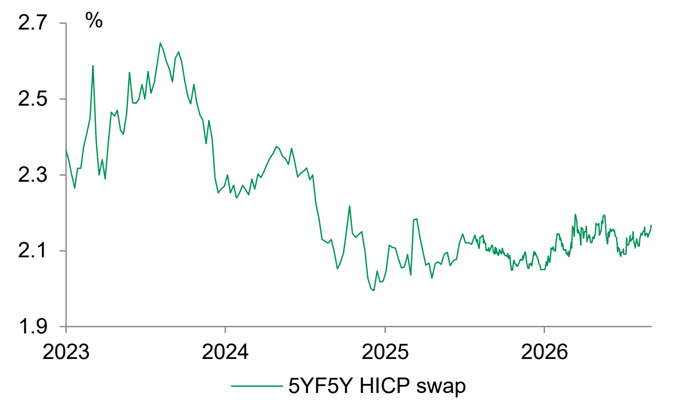
The very front end of the inflation curve – see Figure 14 again – is well prepared for strong inflation numbers, but the longer end looks far less prepared. **The 2YF2Y and the 5YF5Y HICPx forwards, both around 2.15%, look set to face upward pressure as time passes**. Again, we do not see headline inflation below 3.25% before Q227, and core inflation will be on an overall upwards pressure until mid-2027 probably.

Fig 18. The 2YF2Y HICPx swap at 2.16%...



Source: Crédit Agricole CIB, Bloomberg

Fig 19. ...and 5YF5Y at 2.17%



Source: Crédit Agricole CIB, Bloomberg

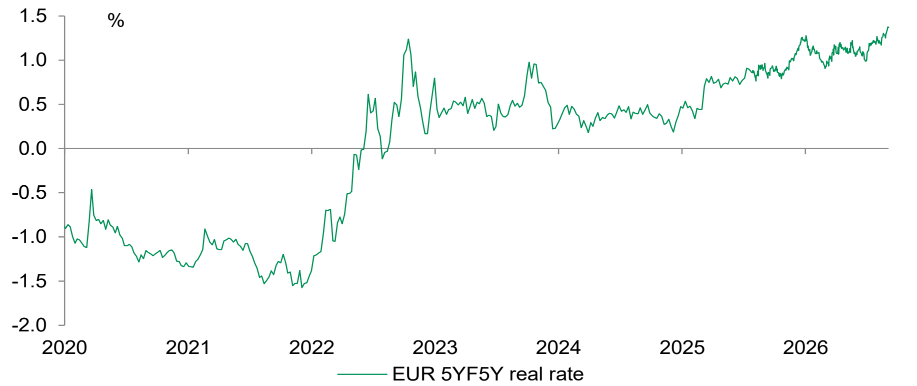
Trade-wise, we recommended a long inflation exposure last week: Buy 5Y HICPx, targeting 20bp widening (clean of roll of course). The trade recommendation embeds a short crude oil hedge, so that a sudden decline in the crude oil price (another rumour of a peace deal) does not torpedo the trade.

Real yields: almost all about nominal rates

We wrote a short article on the 5YF5Y real rate in Europe (the 5YF5Y nominal – 5YF5Y HICPx) in last Tuesday's Inflation-Linked Weekly.

The level looks very stretched – we agree – and should the ECB sound a bit dovish next week, it could easily retrace a bit. **That said, we insist on the fact that the 5YF5Y nominal swaps and the 5YF5Y HICPx follows different journeys**. The nominal swaps are about central bank uncertainty, over-abundance of fixed income products and fiscal issues; see again the EUR rates section.

Fig 20. 5YF5Y real rate in Europe (swaps-based)



Source: Crédit Agricole CIB, Bloomberg

On the other hand, the 5YF5Y inflation swap is a risky asset with an unfavourable roll-down: it does not do well if the ECB keeps a hawkish stance... Simply put, a 5YF5Y real rate forward can of course rally (in case of a European recession or a ceasefire in the Middle East), but there is no guarantee at all it will.

RV, HICPx curve, French inflation

These are more niche topics, so please read our Inflation-Linked Weekly or the Inflation Slide deck (60pp) at Red Mount Analytics for more.

Essentially, we still prefer BTPei breakevens vs OATei overall, we maintain a positive view on very long HICPx forwards vs the 5YF5Y area and we took profit on our Sell French vs Eurozone inflation recommendation in June.

US inflation analysis

We only made a minor adjustment to our US CPI profile this week, reflecting higher gasoline prices. We still expect core CPI between 2.4% YoY and 2.60% YoY until year-end. For a much more detailed US CPI analysis, please refer to our still-valid Inflation-linked Focus, US CPI outlook update, adding 2028, 21 August.

We emphasise the negative base effects on US YoY CPI, going ahead:

- The MoM effects of tariffs in H225 continue to leave the YoY calculation,
- The +25bp one-off in rent and OER (55% of the services CPI basket) recorded in April (BLS methodology to deal with the Government shutdown in Q425) will also leave the YoY calculation in April 2027.

We have headline CPI relatively stable around 3.4-3.5% YoY until February 2027, before the strong MoM number of March 2026 leaves the YoY calculation.

Our CPI path remains close to what the market prices in until end-Q127, **but 30-40bp below market in H227 and 2028**. We will publish our CPI preview on Friday.

Fig 21. 2026-27 CPI path for selected components

		Head.	Core	Food, selected items			Energy, selected items			Core goods, selected items				Services, selected items						
	Head CPI index NSA			Food	Food at home	Food away from home	Energy	Motor fuels	Elec.	Core goods	Apparel	New vehicles	Used cars and trucks	Serv.	OER	Rent	Lodging away from home	Medical care services	Motor vehicle insur.	Airfares
Weight		100	79.05	13.52	8.23	5.29	7.43	3.97	2.55	18.83	2.44	3.75	2.68	60.22	25.85	7.72	1.45	6.84	2.57	1.09
Jan-26	325.252	2.39	2.50	2.88	2.09	3.98	-0.14	-7.35	6.33	1.12	1.73	0.37	-1.96	2.95	3.26	2.84	-1.98	3.86	0.55	2.23
Feb-26	326.785	2.41	2.46	3.06	2.45	3.90	0.48	-5.50	4.80	0.99	2.53	0.45	-3.20	2.92	3.19	2.68	-1.11	4.10	0.16	7.05
Mar-26	330.213	3.26	2.60	2.68	1.90	3.78	12.53	19.25	4.56	1.18	3.36	0.47	-3.18	3.05	3.10	2.56	2.57	3.67	0.76	14.89
Apr-26	333.020	3.81	2.75	3.18	2.89	3.55	17.87	29.09	6.09	1.13	4.17	0.23	-2.69	3.27	3.30	2.79	4.55	3.21	0.20	20.71
May-26	335.123	4.25	2.85	3.08	2.74	3.54	23.54	40.89	5.92	1.06	4.79	0.24	-1.99	3.42	3.32	2.92	5.22	3.56	-2.01	26.70
Jun-26	333.952	3.53	2.59	3.01	2.75	3.37	15.70	27.19	4.03	0.82	3.88	0.50	-1.77	3.16	3.25	2.84	4.90	2.92	-4.11	26.54
Jul-26	333.918	3.36	2.48	2.98	2.68	3.40	14.73	24.81	4.20	0.81	3.86	0.54	-1.87	3.01	3.23	2.86	2.97	2.65	-4.46	25.55
Aug-26	334.930	3.38	2.40	2.81	2.42	3.35	16.37	28.05	4.20	0.76	3.45	0.56	-2.12	2.92	3.14	2.80	2.19	2.71	-4.41	21.48
Sep-26	335.981	3.44	2.40	2.83	2.37	3.48	17.28	28.66	4.82	0.79	3.39	0.64	-1.32	2.91	3.22	2.79	0.77	2.80	-4.03	18.33
Oct-26	336.085																			
Nov-26	335.365	3.47	2.61	3.30	3.03	3.71	14.28	23.32	3.67	1.06	3.50	0.80	-0.73	3.10	3.44	3.04	0.78	3.31	-4.95	22.30
Dec-26	335.102	3.41	2.57	3.00	2.71	3.44	14.84	26.02	3.98	1.18	3.16	1.11	0.76	3.01	3.33	2.95	-1.68	3.29	-4.71	16.48
Jan-27	336.512	3.46	2.54	3.05	2.70	3.60	16.02	28.96	4.36	1.31	2.51	1.02	2.83	2.93	3.33	2.90	-0.75	3.26	-4.00	8.54
Feb-27	337.649	3.32	2.53	2.86	2.39	3.58	14.20	25.35	5.26	1.40	1.64	1.04	3.96	2.89	3.33	2.96	-1.21	3.07	-4.06	5.72
Mar-27	338.714	2.57	2.47	3.04	2.64	3.66	2.87	1.63	5.29	1.28	1.03	1.02	3.82	2.85	3.29	2.97	-2.04	3.40	-3.60	-0.18
Apr-27	339.541	1.96	2.29	2.84	2.23	3.78	-3.08	-8.61	4.03	1.22	0.78	1.09	2.96	2.62	3.03	2.68	-3.56	3.73	-3.03	-4.00
May-27	340.332	1.55	2.16	2.92	2.35	3.81	-6.80	-14.87	3.82	1.20	0.38	1.14	1.92	2.46	2.96	2.55	-4.02	3.58	-1.60	-9.07
Jun-27	340.874	2.07	2.26	3.02	2.43	3.94	-1.56	-6.95	4.46	1.10	0.76	1.06	0.90	2.63	2.96	2.61	-3.02	3.93	0.22	-10.58
Jul-27	341.079	2.14	2.27	3.14	2.65	3.90	-1.04	-6.12	4.52	0.88	0.56	0.98	0.22	2.71	2.92	2.59	-0.50	3.81	0.72	-11.40
Aug-27	341.439	1.94	2.26	3.22	2.75	3.94	-3.83	-11.33	4.31	0.69	0.47	0.89	-0.07	2.75	2.92	2.60	-0.08	3.85	1.01	-11.41
Sep-27	342.199	1.85	2.23	3.27	2.85	3.93	-4.88	-13.29	4.31	0.56	0.38	0.79	-0.21	2.76	2.87	2.56	0.34	3.89	1.31	-10.53
Oct-27	342.667	1.96	2.23	3.29	2.89	3.91	-3.57	-11.15	4.31	0.45	0.29	0.70	-0.30	2.79	2.86	2.57	1.21	3.90	1.60	-9.24
Nov-27	342.412	2.10	2.25	3.33	2.97	3.89	-2.12	-9.25	4.31	0.36	0.20	0.61	-0.39	2.84	2.85	2.58	2.06	3.89	1.89	-7.88
Dec-27	342.456	2.19	2.28	3.37	3.03	3.89	-1.42	-8.39	4.31	0.27	0.10	0.52	-0.48	2.91	2.84	2.59	2.91	3.87	2.19	-6.43
2024		2.95	3.44	2.26	1.19	4.09	-1.28	-5.18	4.22	-1.08	0.69	-0.56	-5.84	5.00	5.48	5.12	-0.22	2.82	17.94	-1.85
2025		2.71	2.91	2.87	2.27	3.77	0.13	-5.17	4.78	0.80	0.13	0.32	2.85	3.56	3.99	3.60	-0.90	3.41	6.04	-1.79
2026		3.33	2.56	2.99	2.55	3.61	13.61	21.70	4.70	0.97	3.34	0.55	-1.79	3.07	3.27	2.84	1.23	3.26	-2.58	18.61
2027		2.26	2.31	3.11	2.66	3.82	0.40	-2.84	4.44	0.89	0.76	0.91	1.26	2.76	3.01	2.68	-0.72	3.68	-0.61	-5.54
2028		2.24	2.29	3.14	2.66	3.88	-0.34	-5.93	4.31	0.18	0.07	0.30	-0.38	2.95	2.76	2.51	2.81	3.78	3.64	-2.82

Forecasters: JF Perrin and N. Van Ness 01 September 2026

Source: Crédit Agricole CIB, Bloomberg

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US rates strategy

The big picture

Treasury yields rose and curve flattened through **early this week**, with the intermediate sector cheapening. Rising energy prices and a hawkish speech by Kevin Warsh at Jackson Hole pushed rates to new highs. We highlight key drivers of the recent sell-off in Treasuries.

The August payroll data will be a focus **this Friday**, in which our economists forecast +65k in the headline and the unemployment rate up to 4.2% from 4.1%.

In rates **direction**, we expect oil prices and economic data to dictate rates near term. Higher oil prices and stronger data can lead to higher rates, and vice versa.

In **curve**, we favour flatteners as the market has yet to price in a full 25bp Fed rate hike at the September meeting. The August NPF and inflation data would have to be weaker than expected to prevent a hike.

In **relative value**, 5Y has underperformed 2Y and 10Y on the curve during sell-off. While 2-5-10Y is in high end of the range over the two years, there is room for the spread to widen further if the Fed starts raising rates.

Fig 22. Treasury yields surge

Source: Bloomberg, Crédit Agricole CIB

Fig 23. Markets price 40bp Fed hike premium by year-end

Source: Bloomberg, Crédit Agricole CIB

Understanding the sell-off

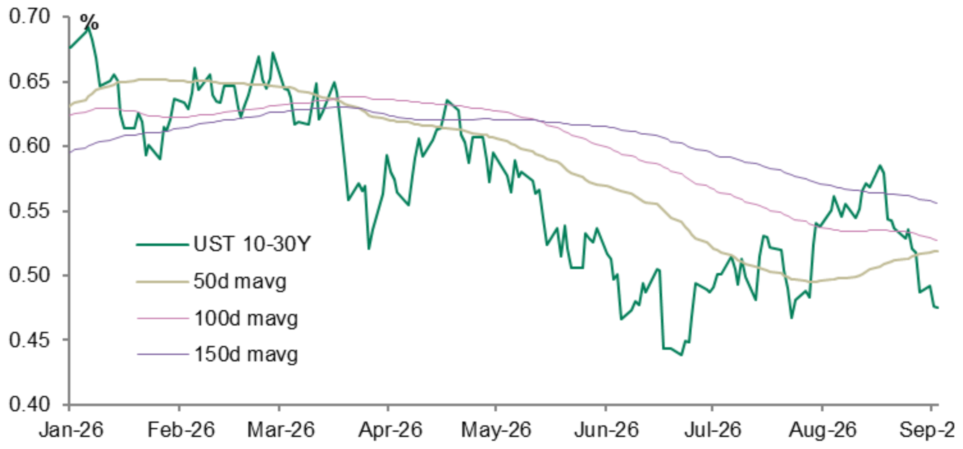
Treasury yields rose and curve flattened through **early this week**, with the intermediate sector cheapening. Rising energy prices and a hawkish Warsh speech at Jackson Hole pushed rates to new highs. The sell-off in Treasuries stalled yesterday, while yields outside the US continued grinding higher (Figure 22).

- **Geopolitics:** although US rates have increased since the Iran war began in late February, recent tension in the Middle East that sent energy prices to above USD90/bl became the latest catalyst to push Treasury yields to new highs. The geopolitical developments have raised concerns among market participants that high energy prices may not go away anytime soon and may keep core inflation elevated or even push it higher, complicating the Fed's inflation battle.
- **A hawkish Fed:** Fed Chair Kevin Warsh delivered a hawkish speech at Jackson Hole last Friday, which has prompted markets to re-price the Fed policy. While Warsh was careful to avoid any forward guidance and a central bank reaction function to economic developments, he listed key principles on monetary policy, eg, confirming interest rates as the Fed's primary tool to address inflation and PCE inflation as the metric by which the 2% target is defined. As the underlying inflation trend may not have meaningfully

improved, Warsh suggested that the Fed still has "work to do", putting rate hikes squarely on the table. Markets now are pricing a two out of three chance the Fed would hike at the September meeting and a 40bp hike premium by yearend (Figure 23).

- **Treasury buybacks:** the US Treasury announced on 19 August that it would raise the size of buybacks in longer-dated nominal coupon Treasuries, ie, 10-20Y and 20-30Y sectors from a maximum of USD2bn per operation to **at least** USD4bn per operation starting 9 September. The Treasury will provide additional information on future buybacks at the 4 November refunding announcement. The increase in longer-dated buyback operation sizes is to provide greater liquidity support in the sector, which has cheapened significantly over the past couple of months.

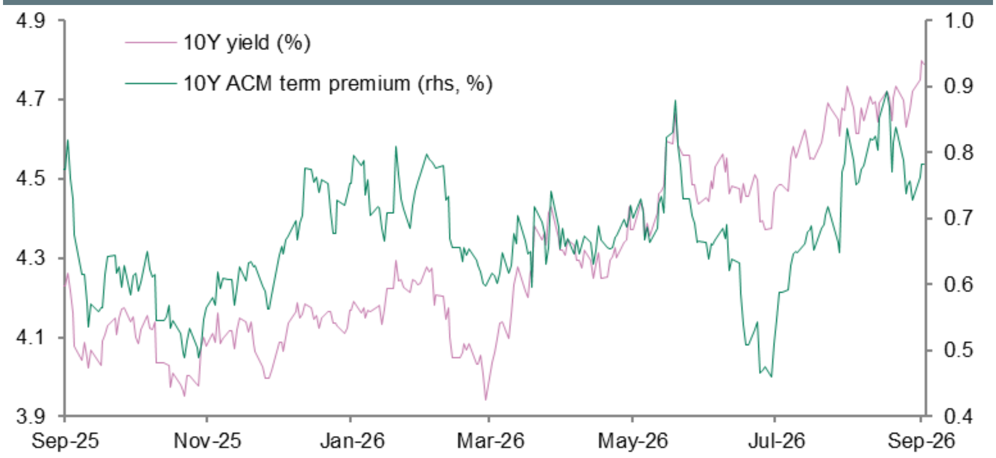
Fig 24. Curve re-flattens following the Treasury buyback announcement



Source: Credit Agricole CIB, Bloomberg

- At the August refunding, the Treasury planned to purchase up to USD38bn in off-the-run securities for liquidity support and up to USD25bn in the 1M to 2Y maturity bucket for cash management purposes, leading to USD152bn for liquidity support & USD100bn for cash management per year. Within liquidity buybacks, the Treasury currently conducts 33 10Y+ buyback operations per year, which would add at least additional USD66bn debt to be bought against total gross issuance of USD444bn 20Y and 30Y supply per year.

Fig 25. Term premium reverts after peaking mid-August

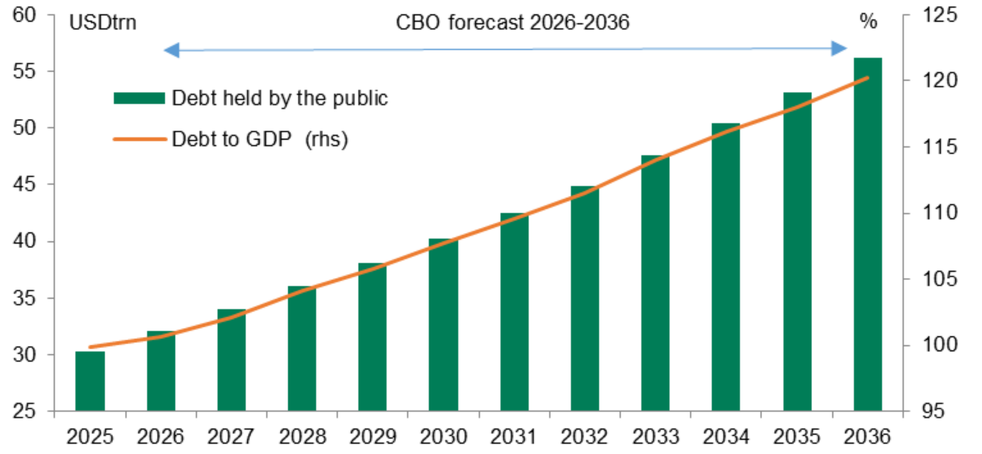


Source: Credit Agricole CIB, Bloomberg

- The Treasury General Account (TGA) has a balance of USD1.02trn. The increased size in buybacks is a drop in the bucket against the massive TGA and bill issuance. As Treasury debt management intended to keep coupon sizes stable "for at least the next several quarters" at the August refunding, it will probably use the TGA and issue more bills to fund the increased buybacks. Issuing more bills should create no major problems given bill auction sizes. The buyback announcement raises the possibility the Treasury reduces longer-dated nominal coupon auction sizes at future refundings if long bond yields stay high.

- **Term premium** reverts: the curve has flattened since mid-August as the market digested the buyback announcement. We recommended 10-30Y curve flattener in early July. That curve peaked at 58.5bp on 17 August and is now trading around 47bp (Figure 24). Term premium has reverted after peaking mid-August. The 10Y Fed ACM term premium hit 90bp on 17 August and is now at 78bp (Figure 25). Term premium is the compensation that investors require for bearing the risk that interest rates may change over the life of a bond. Inflation expectations and the deficit trajectory have been primary factors lately in driving term premium, in our view. US public debt crossed the USD40trn milestone in August, adding to **debt sustainability** worries and putting upward pressure on long term rates. The debt-to-GDP ratio currently stands at 100% and is projected to rise to 120% in 10 years (Figure 26).

Fig 26. Term premium reverts after peaking mid-August

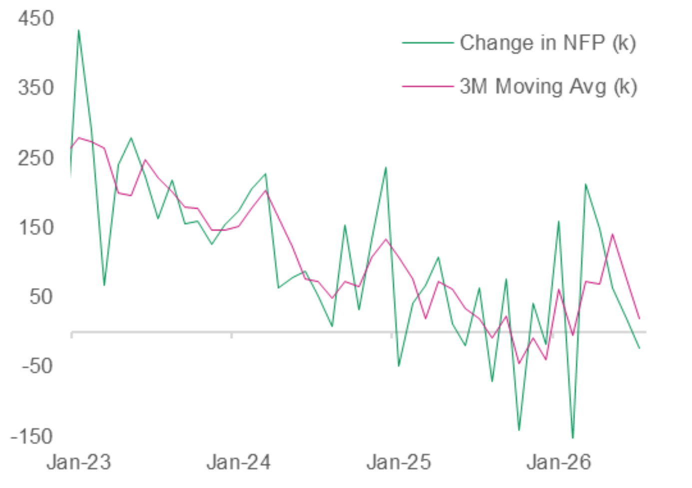


Source: Credit Agricole CIB, Bloomberg

NFP focus

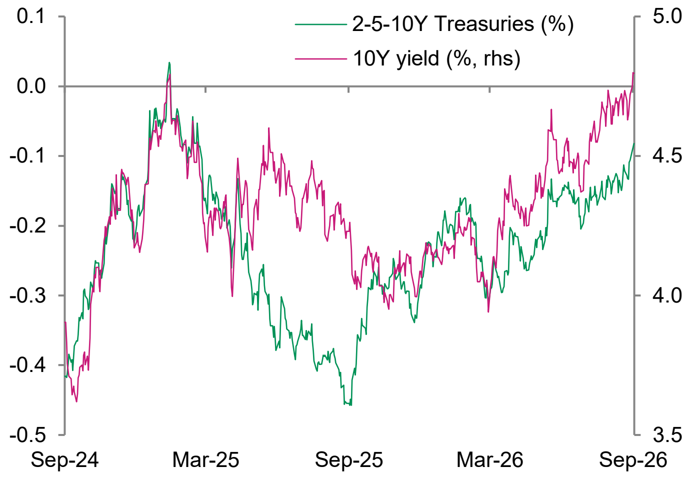
Given the current market pricing on the Fed, the burden appears now on the August NFP and CPI to be weaker than expected to prevent the Fed from hiking at the 16 September meeting, as Warsh seems to want to avoid a curve bear steepening that took place post July FOMC meeting. The August payroll data will be a focus **this Friday**, in which our economists forecast +65k in the headline and the unemployment rate up to 4.2% from 4.1%.

Fig 27. A weak July NFP



Source: Bloomberg, Crédit Agricole CIB

Fig 28. 5Y underperforms 2Y and 10Y



Source: Bloomberg, Crédit Agricole CIB

After a weak July NFP (Figure 27), markets expect some bounce back, though we anticipate that the report could be somewhat of a mixed bag overall. Our economists' forecast is not far from the Street consensus at +55k and represents a clear improvement from July, though it would still be below levels seen in the spring.

In rates **direction**, we expect oil prices and economic data to dictate rates near term. Higher oil prices and stronger data can lead to higher rates, and vice versa. In **curve**, we favour flatteners as the market has yet to price in a full 25bp Fed rate hike at the September meeting. The August NPF and inflation data would have to be weaker than expected to prevent a hike.

In **relative value**, 5Y has underperformed 2Y and 10Y on the curve during sell-off (Figure 28). While 2-5-10Y is in high end of the range over the two years, there is room for the spread to widen further if the Fed starts raising rates. Clearly being long 5Y vs 2Y & 10Y is a highly market directional trade, as the spread tends to outperform when rates decline and vice versa.

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Appendix 1: Positioning & momentum

Here we highlight a few of our **positioning** and **momentum** indices. You can find them, updated daily, in this [dashboard] at Red Mount Analytics.

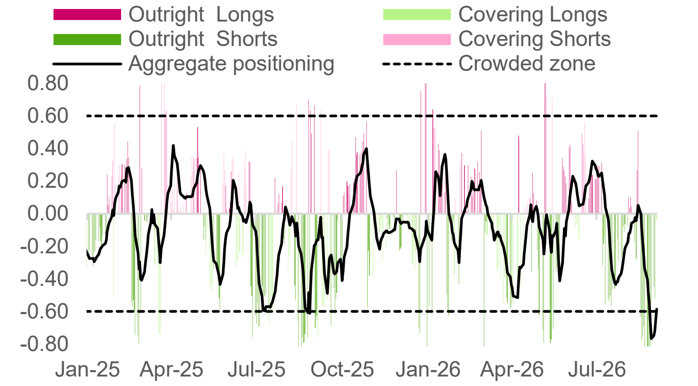
Our open-interest positioning indicator focuses on the relationship between daily changes in price and open interest in order to determine the gauge in bullish and bearish exposure over a given period of time.

Within this bullish/bearish framework, there are four possible positioning indications:

- Outright longs: price and OI increases (bullish exposure)
- Outright shorts: price decreases, OI increases (bearish exposure)
- Reducing longs: price and OI decreases (bearish exposure)
- Reducing shorts: price increases, OI decreases (bullish exposure)

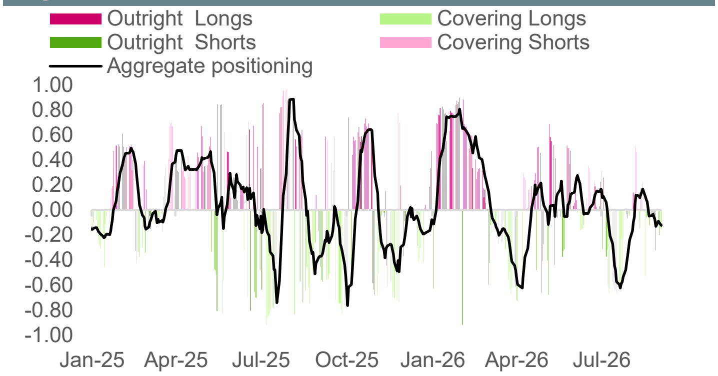
To get the magnitude of the positioning indications, we use the correlation of the daily changes of open interest and futures prices. More precisely, we use the weighted average price/open interest of the two future contracts being traded to limit the impact from futures contracts rolling over. The correlation has the advantage of keeping the index scaled between -1 and +1.

Fig 29. 10Y Bund



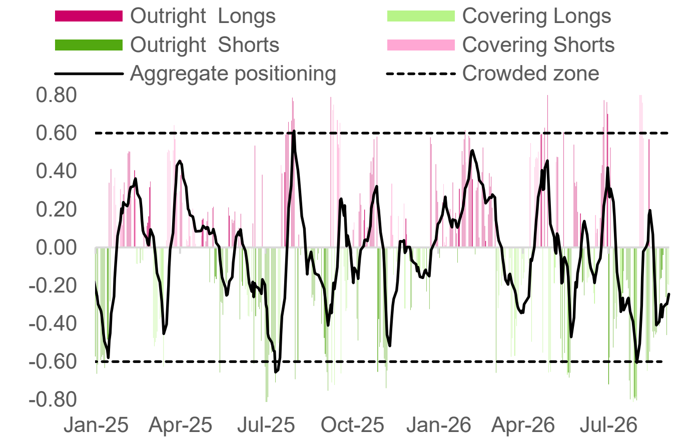
Source: RMA by Crédit Agricole CIB

Fig 30. 10Y BTP



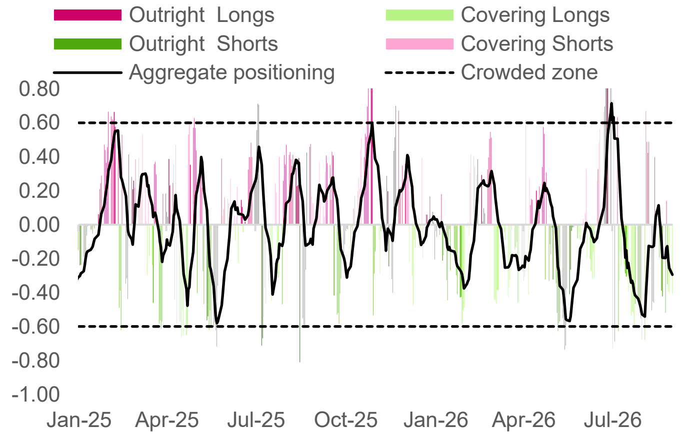
Source: RMA by Crédit Agricole CIB

Fig 31. 10Y OAT



Source: RMA by Crédit Agricole CIB

Fig 32. 10Y UST



Source: RMA by Crédit Agricole CIB

Our momentum indicator gauges the strength of a trend and indicates when a trend has slowed and is possibly ready for a change. In this sense, our momentum positioning index can help us capture market turnarounds, especially for actors like CTAs:

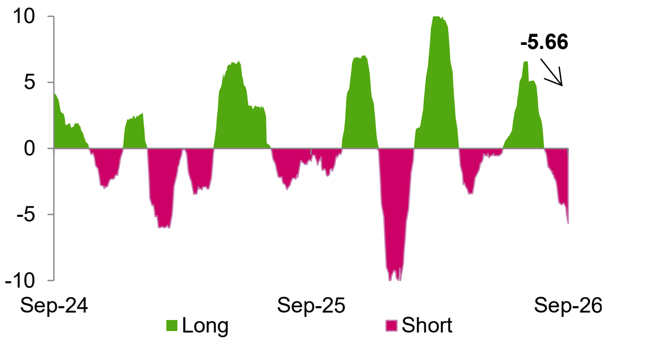
If the index shows a stretched long positioning, then:

- the larger the long position, the more any further rally could face headwinds or/and it will need strong signals for the rally to continue
- in case of negative developments, investors unwinding their positions could trigger a sharp sell-off

If the momentum positioning index shows a close-to-neutral positioning, then:

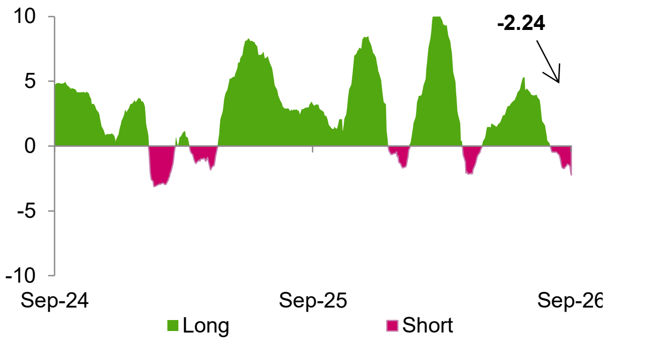
- it reflects a lack of conviction or a wait-and-see mode by market participants

Fig 33. 10Y Bund



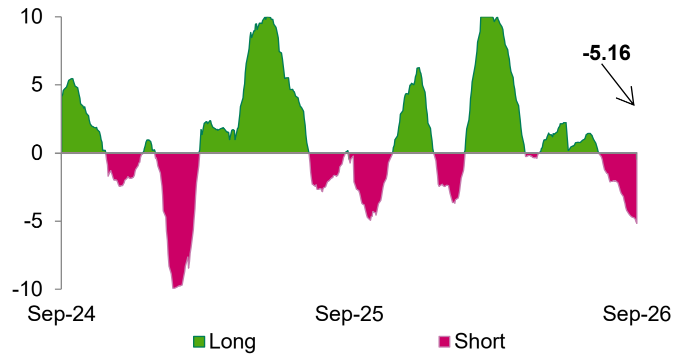
Source: RMA by Crédit Agricole CIB

Fig 34. 10Y BTP



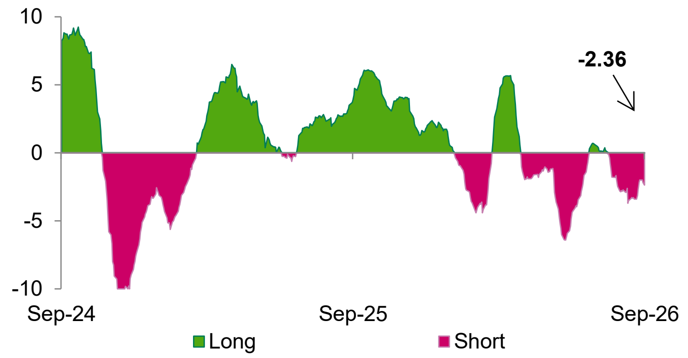
Source: RMA by Crédit Agricole CIB

Fig 35. 10Y OAT



Source: RMA by Crédit Agricole CIB

Fig 36. 10Y UST



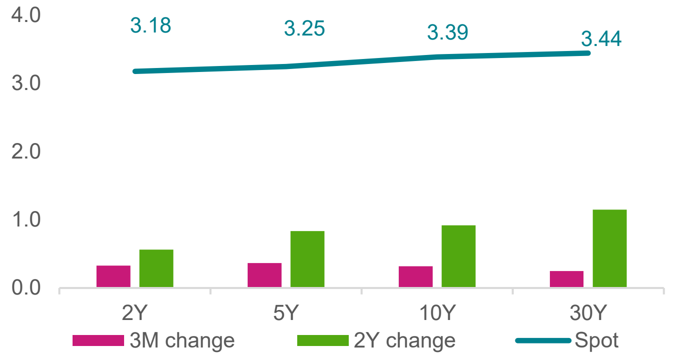
Source: RMA by Crédit Agricole CIB

Appendix 2: EUR Dashboard

Spreads and their three-month change vs Bunds (bp)

	2Y	3M ▲	5Y	3M ▲	10Y	3M ▲	30Y	3M ▲
Swap*	-21	-2	-15	-2	-3	1	38	0
OAT	19	5	53	19	87	24	115	17
BTP	18	0	48	7	83	9	111	8
Bono	2	-4	17	-3	45	2	63	0
UST	139	-2	143	-4	141	-5	142	0
Gilt	160	-10	158	-16	183	-6	201	-4
JGB	-113	14	-83	3	-41	0	24	-3

EUR Swap* (%)



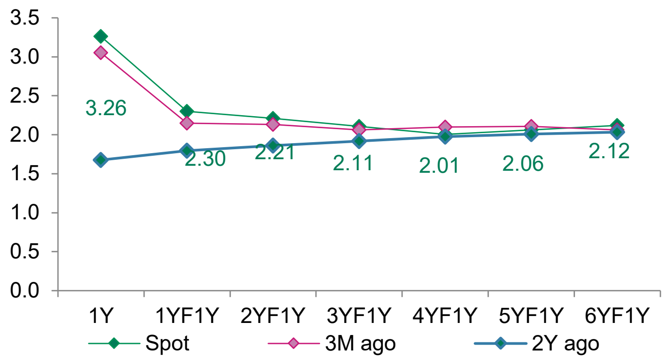
EUR Swap Curve (bp)

Slope	Spot	3M ▲	2Y ▲
2-5Y	7	4	27
2-10Y	21	-1	35
5-10Y	14	-5	8
10-30Y	6	-7	23
5-30Y	20	-12	31
2-30Y	27	-8	59

EUR Swaption Normal Implied (bp)

Straddles	Spot	3M ▲	2Y ▲
3M10Y	66	4	-8
1Y1Y	82	8	-2
2Y2Y	82	9	-5
5Y5Y	75	6	-5
10Y10Y	70	4	-3
20Y20Y	59	2	5

EUR ZC Inflation (%)



References (%)

ECB Depo	ESTR Fixing	3M Euribor	6M Euribor	RX1	EURUSD	HICP YoY
2.25	2.19	2.65	2.77	122.88	1.16	3.30

** Swaps vs 6M Euribor.*

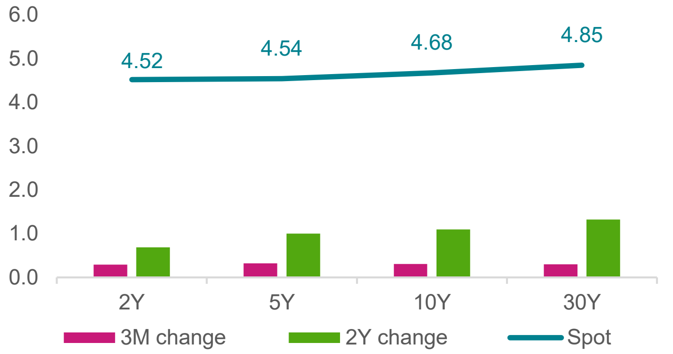
Source: Bloomberg, Crédit Agricole CIB

Appendix 3: USD Dashboard

Spreads and their three-month change vs Treasuries (bp)

	2Y	3M ▲	5Y	3M ▲	10Y	3M ▲	30Y	3M ▲
Swap*	13	-1	27	-1	37	-3	68	-5
DBR	139	-2	142	-4	141	-5	142	0
OAT	120	-7	89	-24	54	-29	27	-18
Gilt	-21	8	-15	12	-42	2	-58	4
CAN	126	-1	111	-2	97	-9	108	-11
ACGB	-42	10	-27	11	-41	1	-41	-1
JGB	252	-16	225	-7	182	-5	118	-82

USD Swap* (%)



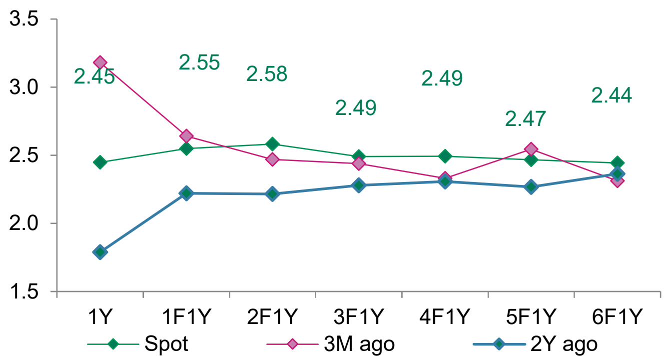
USD Swap Curve (bp)

Slope	Spot	3M ▲	2Y ▲
2-5Y	2	3	32
2-10Y	16	2	41
5-10Y	14	-1	10
5-30Y	31	-2	32
10-30Y	17	-1	23
2-30Y	33	1	64

USD Swaption Normal Implied (bp)

Straddles	Spot	3M ▲	2Y ▲
3M10Y	77	2	-38
1Y1Y	99	-1	-29
2Y2Y	94	-1	-19
5Y5Y	87	1	-10
10Y10Y	84	2	1
20Y20Y	75	3	11

USD ZC Inflation (%)



References (%)

IOER	Fed Funds	SOFR	GCF Repo	3M Libor	TY1	DXY	CPI YoY	Core PCE YoY
3.65	3.63	3.66	3.68	4.85	107.88	99.27	3.40	3.34

** Swaps vs 3M Libor.*

Source: Bloomberg, Crédit Agricole CIB

Appendix 4: Forecasts

Yields and Rates forecasts

		Current	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
EUR	**Refi**	2.40	2.90	2.90	2.90	2.90	2.65	2.65
	Depo	2.25	2.50	2.75	2.75	2.75	2.50	2.50
	ESTR	2.19	2.44	2.70	2.70	2.70	2.45	2.45
	3M Euribor	2.65	2.75	2.85	2.85	2.65	2.50	2.30
Germany	**2Y**	2.98	2.68	2.79	2.73	2.59	2.55	2.52
	5Y	3.10	2.87	2.93	2.91	2.80	2.77	2.76
	10Y	3.36	3.18	3.21	3.23	3.19	3.22	3.27
	30Y	3.83	3.75	3.71	3.83	3.83	3.85	3.91
France	**2Y**	3.17	2.87	2.96	2.89	2.69	2.65	2.60
	5Y	3.64	3.28	3.32	3.30	3.05	3.01	2.97
	10Y	4.24	3.87	3.95	3.99	3.78	3.80	3.83
	30Y	4.98	4.75	4.75	4.89	4.75	4.77	4.81
Italy	**2Y**	3.15	2.89	2.95	2.87	2.71	2.66	2.61
	5Y	3.59	3.38	3.34	3.27	3.12	3.08	3.02
	10Y	4.19	4.03	3.96	3.93	3.85	3.92	3.88
	30Y	4.94	4.86	4.74	4.82	4.79	4.84	4.83
Spain	**2Y**	3.00	2.75	2.85	2.78	2.64	2.60	2.56
	5Y	3.28	3.12	3.14	3.10	2.97	2.94	2.91
	10Y	3.81	3.65	3.65	3.65	3.59	3.62	3.66
	30Y	4.46	4.44	4.35	4.45	4.43	4.44	4.48
Belgium	**10Y**	3.92	3.79	3.80	3.77	3.72	3.75	3.79
Finland	**10Y**	3.67	3.61	3.60	3.61	3.56	3.58	3.62
Greece	**10Y**	4.05	3.99	3.95	3.93	3.85	3.88	3.90
Ireland	**10Y**	3.51	3.38	3.40	3.42	3.38	3.40	3.45
Portugal	**10Y**	3.70	3.60	3.59	3.59	3.54	3.56	3.60
EUR IRS*	**2Y**	3.18	2.88	2.93	2.85	2.70	2.65	2.60
	5Y	3.25	3.00	3.02	2.97	2.85	2.80	2.78
	10Y	3.39	3.20	3.18	3.16	3.08	3.10	3.13
	30Y	3.45	3.30	3.30	3.35	3.30	3.30	3.35
		Current	**Sep-26**	**Dec-26**	**Mar-27**	**Jun-27**	**Sep-27**	**Dec-27**
USD	**FF Target**	3.75	3.75	3.75	3.75	3.50	3.50	3.50
	FF Eff	3.62	3.61	3.61	3.61	3.36	3.36	3.36
	SOFR	3.66	3.63	3.63	3.63	3.38	3.38	3.38
UST	**2Y**	4.36	4.10	4.05	4.00	3.85	3.95	4.00
	5Y	4.53	4.25	4.20	4.15	4.05	4.15	4.20
	10Y	4.77	4.60	4.55	4.55	4.45	4.50	4.50
	30Y	5.25	5.15	5.10	5.10	5.05	5.05	5.00
USD IRS**	**2Y**	4.23	3.96	3.92	3.87	3.72	3.82	3.87
	5Y	4.26	3.98	3.94	3.89	3.80	3.90	3.96
	10Y	4.40	4.20	4.16	4.17	4.08	4.14	4.15
	30Y	4.57	4.43	4.39	4.40	4.36	4.37	4.33

** EUR swap vs 6M Euribor, ** USD swap vs SOFR.*

Source: Crédit Agricole CIB

Appendix 5: Supply calendar

For more details, please have a look at our Primary EGB supply dashboard or our latest EGB Market Essentials.

Fig 37. Supply calendar

Date	Country	Bond	Amount in EURbn	Event
01-Sep	Germany	Bobl 2.9% 10/31	5.50	Auction
03-Sep	France	OAT 1.25% 05/36	13.50	Auction
03-Sep	France	OAT 0.5% 05/40		Auction
03-Sep	France	OAT 4.10% 05/46		Auction
03-Sep	France	OAT 3.7% 11/36		Auction
03-Sep	Spain	Bono 2.35% 03/29	5.00*	Auction
03-Sep	Spain	Bono 2.60% 05/31		Auction
03-Sep	Spain	Bono 3.30% 04/36		Auction
03-Sep	Spain	Bonos Ei 2.05%	0.70*	Auction
03-Sep	Ireland	IRISH 0.4 05/35	0.50*	Auction
03-Sep	Ireland	IRISH 0.35 10/32	0.75*	Auction
04-Sep	Belgium	TBA OLO	0.50*	ORI

Source: Crédit Agricole CIB, DMOs

Appendix 6: Recent rates publications

Inflation-linked Focus – ECB HICP forecasts: more pressure for 2027, 3 September

Interest Rates Trade Idea - Stops hit, 3 September

Inflation-Linked Weekly - Energy, elections, Livret A: a strategy Q&A, 1 September

EGB Market Essentials - Déjà-vu, 28 August

Inflation-linked Focus – August HICP preview: expected to be the highest print in three years, 27 August

Inflation-linked Focus – Inflation slide deck at Red Mount Analytics, 26 August

Inflation-Linked Weekly – The energy crisis is worsening, 25 August

Inflation-Linked Trade idea – Buy 5Y HICPx, 25 August

Inflation-linked Focus – US CPI outlook update, adding 2028, 21 August

Inflation-linked Focus – Back to work: HICP update, 21 August

Interest Rates Focus – Increased buybacks flatten the curve, 19 August

Inflation-linked Trade Idea - Sell OATei Jul-36 vs BTPei May-36, target reached, 19 August

Inflation Linked Focus – US July CPI: a relatively benign month, 12 August

Interest Rates Weekly –Tide came in early, 06 August

Inflation Linked Focus – US CPI: July 2026 preview, 06 August

Interest Rates Focus – From twist steepening to flattening, 05 August

Inflation Linked Focus - July HICP debrief and summer break, 03 August

EGB Markets Essentials – Runaway, 30 July

Interest Rates Focus – Stable Fed policy twist-steepens curve, 30 July

Interest Rates Weekly – Natural reflections, 29 July

Interest Rates Focus – Rates scenarios for the Fed meeting, 28 July

Inflation-linked Weekly – Up and down, 28 July

Interest Rates Trade Idea - Take profit BTP 2-3Y steepener and stop hit on 10-20Y OAT-Bund box flattener, 28 July

Inflation Linked Focus – Eurozone HICP preview, 24 July

EGB Markets Essentials – The undifferentiated common drive, 24 July

Interest Rates Weekly – Let's get real, 22 July

Inflation Linked Focus - Adding 2028 to our HICP path, 21 July

Inflation-linked Weekly – Looking ahead, beyond the double energy crisis, 21 July

EGB Markets Essentials – Bund testing highs, 17 July

Interest Rates Trade Idea - Buy the belly on OAT 5-10-30Y fly, 16 July

Interest Rates Trade Idea - Closing our BTP 3-10Y ASW box, 16 July

Inflation-linked Weekly – Threat, deal, break, repeat, 15 July

Interest Rates Focus – Warsh: "no tolerance for persistently elevated inflation", 15 July

Inflation Linked Focus - US CPI: June 2026 preview, 10 July

EGB Markets Essentials – It's coming home?, 10 July

Interest Rates Trade Idea - 10-30Y curve flattener ahead of auction, 09 July

Interest Rates Trade Idea - Target hit: pay belly in EUR 2-5-10Y IRS fly, 08 July

Inflation Linked Focus - Quick HICP update, 03 July

EGB Markets Essentials - The unbearable lightness of quarter-end, 03 July

Interest Rates Weekly – They had us in the first half, 02 July

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- Central Bank Expectations Monitor
- Futures Positioning
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- EGB RV Monitor Spline Model
- EGB total return
- US Curve Analysis

3 - Derivatives
- Swap Forward Grid Analysis
- Swaption Grid Analysis
- Xccy and FX Forwards

4 - Flows and Supply
- Flows and Market mood EGBs
- Primary EGB supply
- US Auction Statistics
- US Debt Vital Statistics

1 - Fundamentals

This section provides core analytics for interest rates markets such as robust monitoring of central bank policy expectations and market positioning. Features several quality of life improvement features like sovereign credit ratings and our advanced rates forecasts.

2 – Bonds

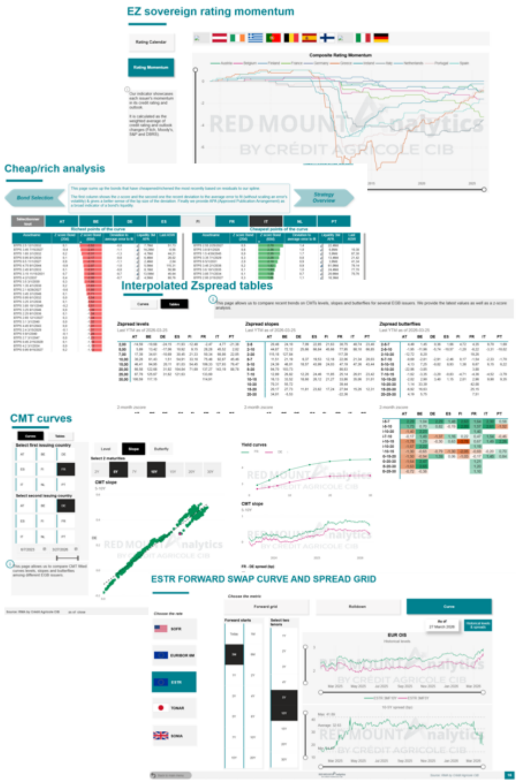
Focused on identifying investment opportunities in sovereign bond markets, this section offers comprehensive relative value analysis tools. It features systematic approaches, from spline models to AI-enhanced signals, alongside a fully interactive RV explorer to scout for attractive switches or butterfly. These dashboards also leverage on our CMT curves to analyse historical moves without being polluted by benchmark rolls.

3 – Derivatives

This section features screeners for interest rate derivatives. You can monitor swap curve analytics (rolldown, volatility adjusted carry) across multiple tenors and analyse swaption volatility surfaces. We also provide a first building block for cross-currency trades.

4 – Flows and supply

This section tracks primary market issuance and demand dynamics in government bond markets. Our market mood dashboard leverages on Crédit Agricole CIB's flows while our overbidding/tail data allows you to gauge investor interest at auctions and syndications. You will find detailed issuance statistics going back to 2009 for EGBs and USTs



Source: RMA by Crédit Agricole CIB

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Source: RMA by Crédit Agricole CIB

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Jean-François Perrin, Alex Li, Guillaume Martin, Riccardo Lamia, Monna Dimitrova

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09/12/25