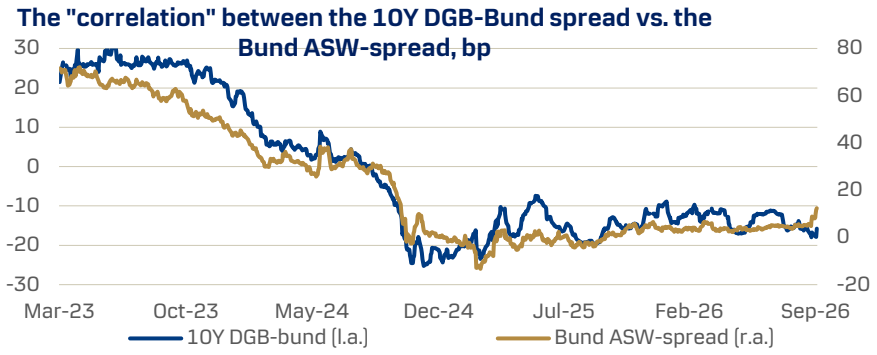
06 October 2026

DGB auction preview

DGBs look expensive on the back of the Bund ASW-spread widening

Tomorrow, the Danish Debt Management Office (DMO) will tap in DGB 2% 11/28 and DGB 2.25% 11/35. We expect it to sell between DKK2bn to DKK3bn given the solid demand for DGBs, even though DGBs look expensive versus EU peers such as Germany (see chart below), Netherlands/Ireland as well as Danish noncallable mortgage bonds as shown on page 2. The DMO is well ahead in reaching the issuance target of DKK65bn as it has sold DKK50bn through taps and regular auctions. It has five auctions left for 2026 including the one tomorrow.

10Y DGB looks expensive versus Germany given the recent widening of the Bund ASW-spread



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

We have not seen much impact from the widening of the OAT-Bund spread on the DGB-Bund spread. Traditionally, we see a spread widening between DGBs and Bunds in a risk-off period and especially when the Bund ASW-spread widens. However, we have not seen any spread widening during the recent 'safe-haven' move in German ASW-spreads.

Traditionally, we look at the DGBs versus German government bonds, but Denmark has also gained versus Netherlands and Ireland as shown below. Hence, investors that are looking for a pick-up should look at Ireland that is slowly regaining its AAA-rating and has many of the same attractive fiscal fundamentals as Denmark. It is also building two sovereign wealth funds.

Furthermore, given the solid pick-up in the Danish noncallables to DGBs, we could see some move from DGBs into noncallables in the 2y-3y segment.

Today's key points

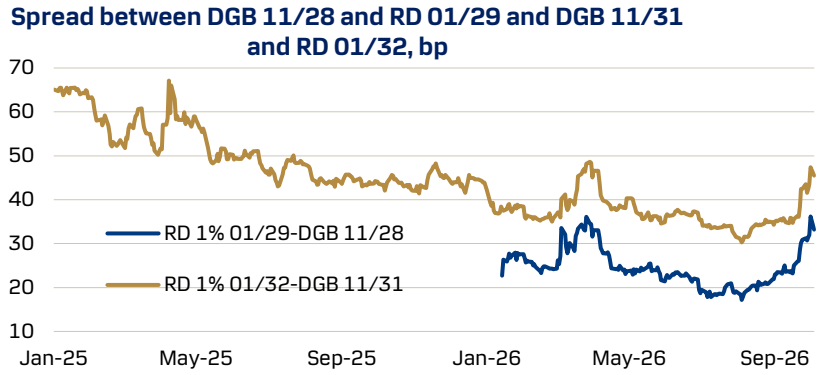
- Tomorrow, the Danish Debt Management Office will tap in DGB 2% 11/28 and DGB 2.25% 11/35. We expect it to sell between DKK2bn to DKK3bn given the solid demand for DGBs, even though DGBs look expensive versus EU peers such as Germany, Netherlands/Ireland as well as Danish noncallable mortgage bonds.
- The DMO is well ahead in reaching the issuance target of DKK65bn as it has sold DKK50bn through taps and regular auctions. It has five auctions left for 2026 including the one tomorrow.
- We have not seen much impact from the 'safe-haven' move in the market and both 10Y and 2Y DGBs look expensive. Here Ireland provides an attractive alternative as it has the same positive fiscal outlook as Denmark.

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DGBs versus noncallables and Netherlands/Ireland

The spread 2Y and 5Y DGBs relative to matching noncallables has widened as shown below and the noncallables look cheap relative to e.g., DGB 11/28.

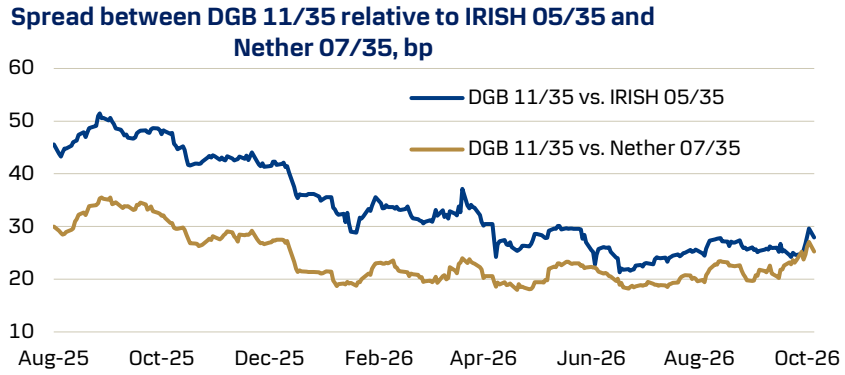
Short-dated DGBs also look expensive relative to noncallables



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

When we look at the 10Y spread to other Eurozone countries, DGB 11/35 also looks expensive and given the solid fundamentals in Ireland, investors could switch out of 10Y DGBs and into 10Y Ireland.

Denmark looks expensive versus Ireland and Netherlands



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

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