

## Fixed Income

# CZGB Auction Alert

## Risk-off sentiment pushes yields lower

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**Issuance activity:** Tomorrow, MinFin is scheduled to auction CZK4.0bn of 2028 bonds, CZK5.0bn of 2033 bonds and CZK4.0bn of 2035 bonds. Overall, MinFin has issued CZK100.5bn in primary actions ytd with additional CZK10.4bn and EUR250.0mn in the secondary market. MinFin's full-year gross issuance plan remains at CZK350-450bn.

### Bonds on offer in the 9 April auction

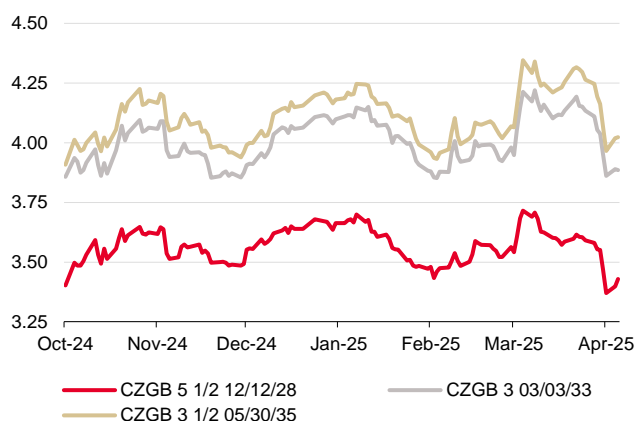
ISIN	Coupon	Maturity	Indicated volume	Mod. Duration	Indicative price, KB IB
CZ0001006696	5.50%	12.12.2028	Max. CZK4.0bn	3.3	106.95-107.15
CZ0001007256	3.00%	03.03.2033	Max. CZK5.0bn	6.8	93.95-94.25
CZ0001006431	3.50%	30.05.2035	Max. CZK4.0bn	8.1	95.40-95.70

Source: Finance Ministry, Bloomberg, Economic & Strategy Research, Komerční banka

**Market situation:** Czech CPI inflation stood at 2.7% yoy in March, according to the statistical office's flash estimate. With the CNB expecting 2.6% yoy, the deviation from the central bank's February forecast remained at +0.1pp (the same as in February) after +0.3pp in January. With the aggressive US tariff policy raising concerns about a global slowdown, central bank pricing has adjusted to reflect a more accommodative stance. Meanwhile, bonds as an asset class continued their global rally. In ASW terms, however, CZGBs are now close to the cheapest levels in 90D, while 10y CZGB-Bund spreads tightened by around 10bp week-on-week.

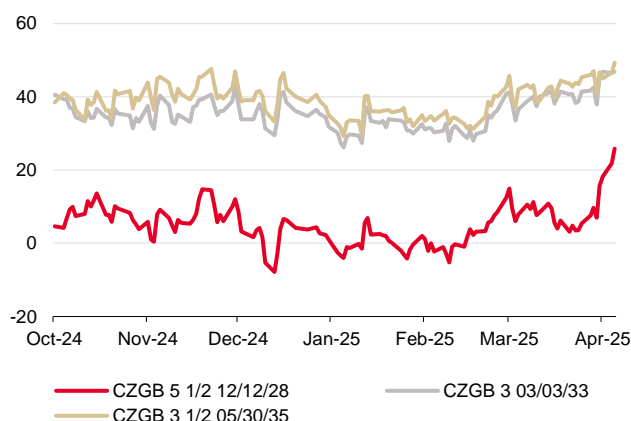
**Rates outlook:** We expect three more 25bp cuts in the repo rate, namely in the May, August and November meetings, bringing the key CNB rate to 3% by end-2025. Risks now appear more balanced, as the continued hawkish stance of the CNB board could be offset by the medium-term growth risk stemming from increased trade barriers.

### Yield of bonds on tap (%)



Source: Bloomberg, Economic & Strategy Research, Komerční banka

### ASW of bonds on tap (bp)



Source: Bloomberg, Economic & Strategy Research, Komerční banka

## Government bond overview

Government bond overview									Rich-cheap analysis										
Bond	Dur.	Issued last 90D	Issuance limit	Yield	Δ1W	Δ1M	FX hedged	ASW	Δ1W	Δ1M	Min	90D	Max	Z-Score	Rank	Spline spread	Rank	Carry Roll 90D	Rank
2.40 Sep-25	0.4	0.0	85%	3.45	-1	-3	2.20	-15	3	1	-69	<div><div></div></div>	-15	1.4	21	-16.8	1	-38.3	24
6.00 Feb-26	0.9	0.0	71%	3.26	-6	-11	2.14	-15	5	6	-81	<div><div></div></div>	-15	2.1	16	3.7	18	-19.7	23
1.00 Jun-26	1.2	0.0	100%	3.23	-7	-22	2.15	-9	12	5	-33	<div><div></div></div>	-7	1.4	22	8.5	24	-13.1	22
0.25 Feb-27	1.8	0.0	112%	3.31	-6	-25	2.34	8	14	9	-15	<div><div></div></div>	8	2.8	10	4.2	19	-5.8	21
2.50 Aug-28	3.1	0.0	94%	3.42	-16	-31	2.65	18	12	12	-9	<div><div></div></div>	18	4.2	2	4.3	20	-1.1	20
5.50 Dec-28	3.3	5.8	81%	3.41	-14	-31	2.72	20	15	15	-13	<div><div></div></div>	20	4.2	1	7.2	23	-1.1	19
5.75 Mar-29	3.5	0.0	123%	3.45	-15	-30	2.79	23	15	16	-10	<div><div></div></div>	23	4.0	3	5.8	22	-0.5	18
2.75 Jul-29	3.9	0.0	100%	3.55	-10	-27	2.86	27	16	18	-6	<div><div></div></div>	27	3.6	6	-2.1	7	0.5	17
0.05 Nov-29	4.5	5.6	62%	3.58	-11	-30	2.85	23	14	13	-5	<div><div></div></div>	24	2.7	11	-2.0	10	0.9	15
0.95 May-30	4.8	0.0	100%	3.63	-13	-31	2.92	26	12	14	0	<div><div></div></div>	27	3.1	8	-3.0	3	1.3	14
5.00 Sep-30	4.7	0.0	101%	3.65	-13	-30	3.03	35	13	14	-2	<div><div></div></div>	35	3.7	5	-1.9	11	1.4	13
1.20 Mar-31	5.5	0.0	100%	3.69	-15	-35	2.96	27	9	9	4	<div><div></div></div>	28	2.4	14	-2.2	6	1.7	12
6.20 Jun-31	5.0	16.2	100%	3.71	-14	-25	3.12	41	11	19	0	<div><div></div></div>	41	3.9	4	-2.1	9	1.8	11
1.75 Jun-32	6.4	0.0	100%	3.80	-17	-38	3.06	30	8	6	7	<div><div></div></div>	33	1.9	18	-2.1	8	2.3	9
4.50 Nov-32	6.3	21.5	95%	3.83	-18	-38	3.19	39	6	4	18	<div><div></div></div>	39	2.8	9	-1.7	12	2.4	8
3.00 Mar-33	6.8	5.4	45%	3.87	-18	-35	3.16	36	7	8	18	<div><div></div></div>	38	2.0	17	-3.1	2	2.6	7
2.00 Oct-33	7.5	0.0	100%	3.92	-18	-36	3.15	34	4	3	17	<div><div></div></div>	35	1.8	19	-2.4	4	2.7	6
4.90 Apr-34	7.3	4.6	108%	3.96	-15	-34	3.29	46	9	5	23	<div><div></div></div>	46	3.5	7	-1.3	14	2.8	5
3.50 May-35	8.1	13.1	96%	4.03	-16	-31	3.29	41	5	5	22	<div><div></div></div>	41	2.5	12	1.0	15	2.9	3
3.60 Jun-36	8.7	15.7	32%	4.09	-15	-30	3.35	42	5	4	24	<div><div></div></div>	42	2.2	15	3.4	17	2.9	4
4.20 Dec-36	9.0	0.0	100%	4.15	-16	-29	3.44	49	6	7	25	<div><div></div></div>	49	2.5	13	1.2	16	3.0	1
1.95 Jul-37	10.2	3.4	60%	4.23	-16	-32	3.36	40	5	2	26	<div><div></div></div>	43	1.1	23	-1.4	13	2.9	2
1.50 Apr-40	12.7	4.1	64%	4.32	-15	-26	3.38	35	4	2	27	<div><div></div></div>	43	0.3	24	5.0	21	2.2	10
4.00 Apr-44	12.9	1.8	5%	4.46	-15	-18	3.62	58	5	13	42	<div><div></div></div>	66	1.4	20	-2.3	5	0.9	16

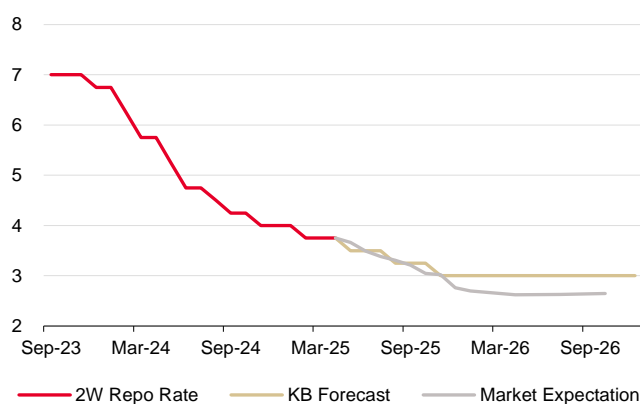
Source: Economic &amp; Strategy Research, Komerční banka, Bloomberg, MinFin

Note: Bonds included in the sample are non-callable bullet bonds issued by the Czech Government with a maturity greater than 3 months and less than 20 years, bonds excluded are zero-coupon bonds, inflation linked bonds and floating bonds; \* insufficient time series; issuance in CZKbn, the issuance limit includes a possible extension according to the issuance terms; FX-hedged vs EUR using xccy; ● actual ASW; ◆ average ASW over the last 90D; Z-score means the number of std. deviations from the average; spline spread = actual yield - estimated yield indicates richness/cheapness vs fair value; estimated yield is derived from the estimated curve using on-the-run bonds for each maturity bucket and cubic spline interpolation; CarryRoll - the carry is calculated as the bond's forward yield at horizon data minus today's yield, the roll is calculated as the bond's spline fitted yield at maturity minus the spline-fitted yield at maturity, less the horizon period; ranks sort bonds from the cheapest to the richest according to a given method.

## Market-implied policy rates

	Spot rate	+/- bp since last week	
2W Repo Rate	3.75%	0.0	
3M PRIBOR	3.68%	-4.0	
Next CNB meeting	Wednesday, 07 May, 2025		
Forward dates	Implied policy rate	Rate change priced in (bp)	+/- bp since last week
1M	3.68%	-7.5	-7.5
2M	3.51%	-24.0	-12.0
3M	3.41%	-34.5	-19.0
6M	3.09%	-66.2	-24.2
9M	2.73%	-102.0	-30.0
12M	2.66%	-108.7	-29.7
15M	2.67%	-107.7	-30.0
18M	2.69%	-106.0	-30.0
21M	2.72%	-103.2	-29.4

Source: Bloomberg, Economic &amp; Strategy Research, Komerční banka



Source: Bloomberg, Economic &amp; Strategy Research, Komerční banka

## Issuance calendar of T-bills and T-bonds

Date	ISIN/Issue number	Coupon	Maturity	Indicated volume
02.04.2025	CZ0001007041	VAR%	18.08.2043	Max. CZK1.0bn
02.04.2025	T-BILL 925/2		12.09.2025	Max. EUR500mn
09.04.2025	CZ0001006696	5.50%	12.12.2028	Max. CZK4.0bn
09.04.2025	CZ0001007256	3.00%	03.03.2033	Max. CZK5.0bn
09.04.2025	CZ0001006431	3.50%	30.05.2035	Max. CZK4.0bn
10.04.2025	T-BILL 927/1		10.04.2026	Max. CZK5.0bn
23.04.2025		X.XX%	24.10.2034	Max. CZK5.0bn
23.04.2025	CZ0001006316	1.95%	30.07.2037	Max. CZK2.0bn
23.04.2025	CZ0001007397	4.00%	04.04.2044	Max. CZK2.0bn
24.04.2025	T-BILL 924/4		01.08.2025	Max. CZK5.0bn

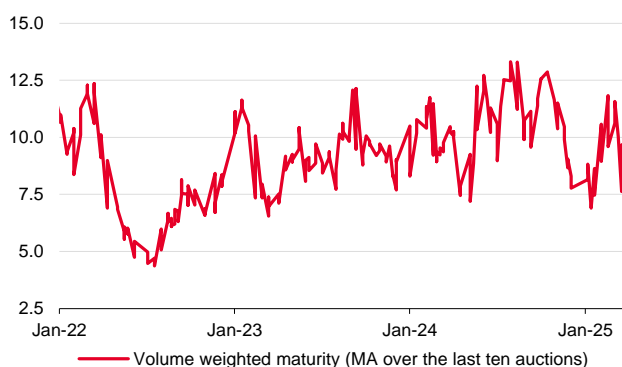
Source: Finance Ministry, Economic &amp; Strategy Research, Komerční banka

## Sovereign rating overview

	Local currency	Outlook	Foreign currency	Outlook	Next rating review
S&P	AA	STABLE	AA-	STABLE	26 September 2025
Moody's	Aa3	STABLE	Aa3	STABLE	18 July 2025
Fitch	AA-	STABLE	AA-	STABLE	8 August 2025

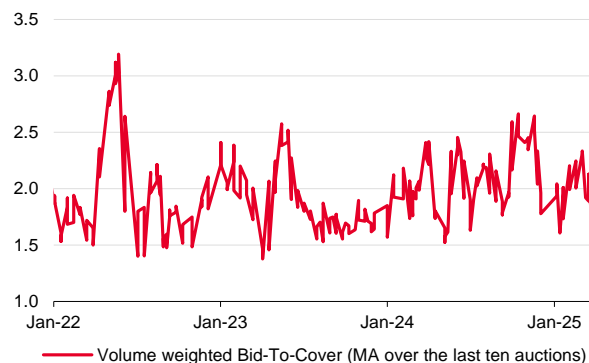
Source: Bloomberg, Economic & Strategy Research, Komerční banka

## Average maturity of newly issued bonds (years)



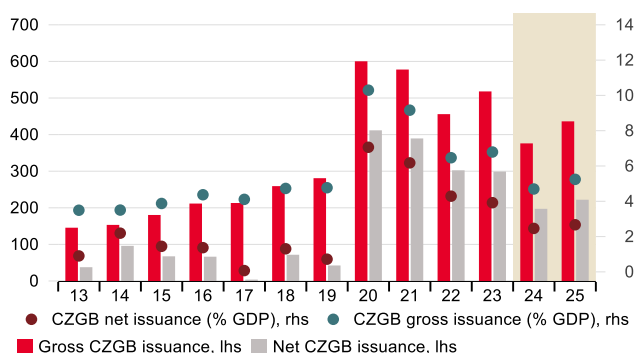
Source: Bloomberg, Economic & Strategy Research, Komerční banka

## Primary market demand (b/c)



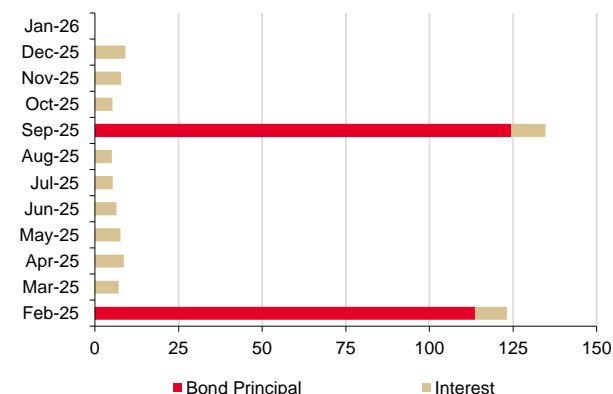
Source: Bloomberg, Economic & Strategy Research, Komerční banka

## CZGB issuance on the primary market (CZKbn)



Source: Finance Ministry, Economic & Strategy Research, KB forecast as of 29/01/2025.

## Maturity of bonds and interest in the next 12 months (CZKbn)



Source: Bloomberg, Economic & Strategy Research, Komerční banka

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