



**FIXED INCOME DAILY**

16 June 2017

**AUTHOR**  
Viola Julien  
Ulrich Wortberg  
69/91 32-18 91  
research@helaba.de

**EDITOR**  
Ralf Umlauf

**SALES**  
Savings Banks  
+49 69/91 32-17 06/  
-17 15/-18 15  
+49 211/ 30174-9286

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+49 69/91 32-18 30  
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- Fed lifts interest rate range as expected to 1.00-1.25% - hesitant cycle.
- US: Regional industrial sentiment indicators mixed in June, on balance clearly in expansionary territory – production in May weaker than expected.
- UK: Bank of England leaves monetary policy on hold – minority vote for rate hike.

**“With the economic growth that is ongoing in Spain, I don’t think there are specific risks in the case of Spain.” ECB Vice President Vitor Constancio**

The US central bank still sees a need for rate hikes, although it has signalled that it intends to continue to proceed very cautiously. The Fed chair ultimately gave the impression that the latest wage, price and economic data have not painted a clear picture and that the FOMC is being increasingly guided by incoming economic data.

In terms of data, the focus will remain on the US today as revisions to the final consumer prices in the euro area are not foreseeable. As a result, the core rate will probably remain at 0.9% y/y, a level that is still too low in the eyes of the ECB and a rapid withdrawal of monetary stimulus is therefore unlikely. Across the Atlantic, attention will initially turn to the housing starts and housing permits. Conditions seem solid in light of the robust labour market, low interest rates and healthy sentiment in the construction sector (NAHB index) and a rise in housing starts is foreseeable after two weaker months. The preliminary Michigan sentiment index will also attract interest. Indications from other consumer surveys suggest caution. Bloomberg consumer confidence has not shifted from its sideways trend for months and the TIPP index even declined slightly in June. All in all, the previous month’s level looks set to be confirmed at most. In this context and given the Fed’s policy, consumer inflation expectations (5-10Y) are worth noting. Expectations are low at 2.4% and we do not see scope for a marked increase. Consequently, the cautious approach of the central bank in Washington should be considered justified overall.

**Bund futures:** The uptrend channel in place since May remains intact despite the setback. While the support line at 164.00 still appears secure, the resistance line at 165.79 also remains in focus. The indicators, however, do not provide a uniform picture. Above all, the development of the stochastic and fading price momentum call for caution. Against this backdrop and in view of a lack of fundamental support, we consider a consolidation possible. Resistance levels are found at 165.26, 165.44 and 165.55. We pinpoint supports at 164.40/50 and 163.89. **Trading range: 164.00 – 165.26.**

	15.06.	+/-
Bund-Fut.	164,59	-0,87
Bobl-Fut.	132,73	-0,46
Schatz-Fut.	112,06	-0,10
T-Note-Fut.	126,77	-0,08
Dow Jones	21359,90	-0,1%
S&P 500	2432,46	-0,2%
DAX	12691,81	-0,9%
EUR-USD	1,145	+0,0%
ÖI US-LCF	44,51	+0,1%
Gold	1251,50	-0,1%

Source: Bloomberg

Time	Country	Period	Indicator/event	Consensus	Prior	Impact
11:00	EZ	May	Consumer prices, final	+1.4% y/y	+1.4% (prelim.)	low
			- ex food and energy, final	+0.9% y/y	+0.9% (prelim.)	
14:30	US	May	Housing starts	1218k	1172k	medium
			Housing permits	1249k	1228k	
16:00	US	May	Fed index of labour market conditions	3.0	3.5	low
16:00	US	June	Michigan sentiment, preliminary	97.0	97.1	medium
18:45	US		Fed speech: Kaplan			

Sources: Bloomberg, Helaba Volkswirtschaft/Research

Primary market calendar

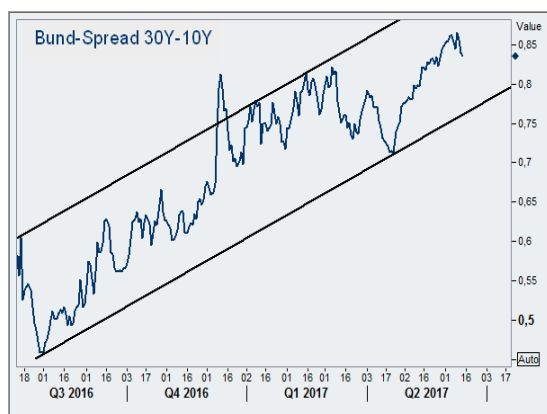
Time	Country	Bond/coupon	Volume
	BE	Announcement of issue volume of OLO auction for 19 June	
	PT	Potential announcement of OT auction on 28 June	

Sources: Bloomberg; Reuters, national debt agencies

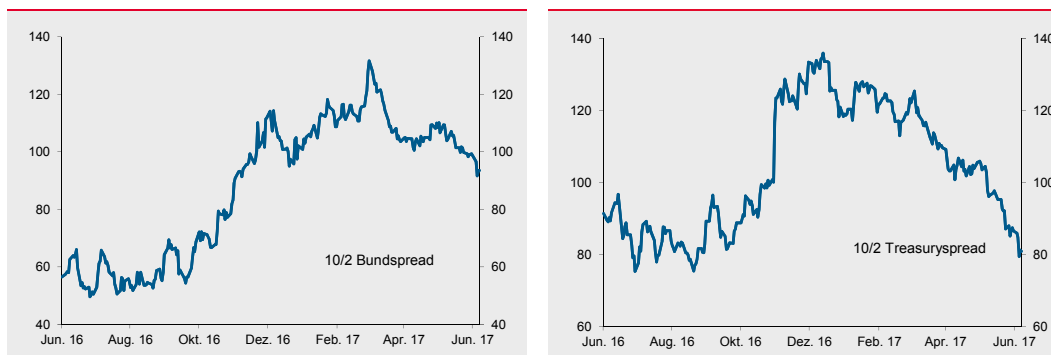
**Primary market:** There are no capital market issues on the agenda at the end of the week. Only the debt agencies in Belgium and Portugal will announce auctions for the next few weeks. After a fairly turbulent week with an unusually large volume of EMU government bond issuance totalling some EUR 30bn, next week's activities will be relatively limited. Events include the German finance agency's tap of the Bund July 2044 by EUR 1bn for the last time. Auctions of this bond have not always gone smoothly, but the last two reopenings were covered. In this setting, it is hoped that the final tap will also be unproblematic. Besides Germany, the Slovakian debt agency will be active in the long maturity segment. The SLOVB May 2026 and March 2037 are on the agenda. However, the volume is comparatively low at up to EUR 0.3bn.

Spreads

The final reopening of the Bund February 2027 on Wednesday attracted bids totalling EUR 3.544bn. It therefore avoided undersubscription, with a bid/cover ratio of 1.5. At +0.26%, the allotment yield was below recent levels. The ten-year Bund yield has fallen sharply in the last four weeks from 0.46% in the middle of May. The German finance agency can also expect reduced financing costs for the tap of the ultra-long bond (Bund February 2044) next week. As the bond is yielding some 20bp less than it did four weeks ago on the secondary market, the decline has been less substantial than in the 10-year segment. Accordingly, the spread between 30 and 10-year Bund yields remains in the uptrend seen for the last year. ■



Charts and table



	Bunds	Spread zu Bund 10J	Euro Swap	Swap/Bund-Spread	Treasuries	Spread zu UST 10J
2J	-0,65	94	-0,18	47	1,36	81
5J	-0,39	67	0,15	54	1,77	40
7J	-0,16	44	0,41	57	2,00	17
10J	0,28	0	0,77	49	2,17	0
30J	1,10	-81	1,44	34	2,79	-62

Source: Bloomberg