EUROPE INTELLIGENCE BRIEF — MONDAY, AUGUST 24, 2026

The Second Price Of Safety

Germany and the wider currency area are selling record amounts of government debt, and the German finance ministry says plainly why: a massive investment in security and defence.

The lenders have begun charging for it. French ten-year borrowing is at its costliest since 2008 and German thirty-year borrowing since 2011, which means the continent is paying for its rearmament twice.

Read in German, French, Italian, Spanish, Dutch, Polish and English, from national debt offices, the survey compilers and the wires.

IN THIS ISSUE

EDITOR'S LEADER · 01

THE CONTINENT IS CHARGED FOR ITS OWN REARMAMENT

Paying Twice

On Friday this brief described German factories running at four-year highs on defence orders. Here is the invoice for the same decision, arriving from a different direction.

Germany and the wider currency area are selling record volumes of government debt. Asked why, the German finance ministry told Reuters the borrowing reflects a massive investment in security and defence made necessary after the invasion of Ukraine.

That is an unusually direct answer from a finance ministry. It is also, read carefully, a statement that the borrowing is not going to stop.

What the lenders are charging

German thirty-year borrowing reached 3.79%, the highest since 2011, and the currency area's benchmark issuer sold a bond at that maturity with the highest cost in fifteen years. German ten-year borrowing sat around 3.26%, close to a fifteen-year high.

French ten-year borrowing broke above 4.13%, the highest since 2008, with French long borrowing near its costliest in eighteen years and not far off five per cent. Italian ten-year borrowing reached 4.09% and Spanish 3.71%.

So the continent decided to buy security, and the market that funds the purchase has repriced the whole of European government debt around it. That is the second bill and nobody voted on it.

> *The borrowing reflects a massive investment in security and defence.*
>
> GERMAN FINANCE MINISTRY, TO REUTERS · FRIDAY 21 AUGUST 2026

How much more is coming

Barclays estimates gross currency-area bond supply will reach a record 1.54 trillion euros next year, with net issuance around 574 billion. Those are the volumes the same buyers are being asked to absorb.

France draws the closest attention, with a deficit expected to stay above five per cent while its politicians fail to agree on measures. A country borrowing at eighteen-year highs into an unresolved budget and a presidential election is the continent's most exposed position.

And it is not only Europe's doing

American thirty-year borrowing reached its costliest since 2007 in the same week, which pulled European costs up alongside it. European institutions themselves attribute a good deal of the pressure to volatility in the American market.

That is worth stating plainly rather than letting the defence story carry all the weight. Europe is being charged for its own choices and for somebody else's at the same time.

EXECUTIVE SUMMARY · 02

TEN ITEMS, RANKED BY CONSEQUENCE

The Day At A Glance

Here is Monday's news, in order of consequence for Latin American readers. Every item is dated.

#	ITEM	WHY IT MATTERS
1	Germany and the currency area are selling record debt volumes	Issuance has reached levels without precedent as governments fund security, welfare and weather costs. The pressure is feeding directly into borrowing costs.
2	The German finance ministry names defence as the reason	It told Reuters the borrowing reflects a massive investment in security after the invasion of Ukraine. Few finance ministries answer that directly.
3	German long borrowing at its costliest since 2011	The thirty-year rate reached 3.79%. The currency area's benchmark issuer sold at that maturity with the highest cost in fifteen years.
4	French borrowing at its costliest since 2008	Ten-year borrowing broke above 4.13% and long-dated French borrowing is near eighteen-year highs, not far off five per cent.
5	Italy and Spain moved with them	Italian ten-year borrowing reached 4.09% and Spanish 3.71%. The rise was general rather than country-specific.
6	A record 1.54 trillion euros of supply is forecast for next year	Barclays puts gross issuance at that level, with net issuance around 574 billion. The same buyers must absorb it.
7	France faces the closest scrutiny	Its deficit is expected to stay above five per cent while budget measures remain unagreed. A presidential election follows next year.
8	American borrowing costs pulled European ones higher	Thirty-year American borrowing reached its costliest since 2007 in the same week. European institutions attribute much of the pressure to that market.
9	British ten-year borrowing sat at 5.06%	It is the highest of the major European borrowers. The budget falls on 27 October.
10	The oil levy proposal remains live	Six member states want finance ministers to discuss it in Dublin next month. It is carried here as context to the borrowing question, not repeated.

THE NUMBERS AT A GLANCE · EUROPE · MONDAY, AUGUST 24, 2026

GERMANY 10-year borrowing **3.26%** near a 15-year high	**GERMANY** 30-year borrowing **3.79%** highest since 2011	**FRANCE** 10-year borrowing **4.13%** highest since 2008	**ITALY** 10-year borrowing **4.09%** risen with the rest
SPAIN 10-year borrowing **3.71%** risen with the rest	**UNITED KINGDOM** 10-year borrowing **5.06%** costliest of the majors	**EURO AREA** 2027 gross supply **1.54tn** euros, a record	**EURO AREA** 2027 net issuance **574bn** euros, estimated

OUR SIMPLE HEALTH CHECK · TEN EUROPEAN ECONOMIES

How The Countries Are Doing

Our own reading of ten European economies across five dimensions, scored one to five. This is a judgement, not a forecast, and it is not financial advice.

	POLITICS	BUDGET	MONEY	MARKETS	OUTSIDE	WHAT WE SEE
Germany **Berlin**	4	5	4	4	4	Record issuance that the finance ministry attributes to security and defence, with long borrowing at its costliest since 2011.
France **Paris**	5	5	4	4	4	Borrowing at 2008 levels, a deficit expected above five per cent and no agreement on budget measures.
Italy **Rome**	3	5	4	4	4	Ten-year borrowing at 4.09%, moving with the general rise rather than on any domestic trigger.
Spain **Madrid**	4	4	3	3	4	Ten-year borrowing at 3.71%, the lowest of the large economies, alongside the continuing enclave dispute.
United Kingdom **London**	3	5	4	4	4	Ten-year borrowing at 5.06%, the costliest of the majors, with the budget due on 27 October.
Netherlands **Amsterdam**	2	3	3	3	4	An open goods economy exposed to the same funding costs without the same deficit problem.
Poland **Warsaw**	3	4	3	3	5	Among the heaviest defence spenders relative to output, and therefore most exposed to this borrowing question.
Sweden **Stockholm**	4	2	3	3	4	Three weeks from a general election, with migrant transfer plans unresolved with Italy, France and Spain.
Hungary **Budapest**	4	4	3	3	5	Near-total drought carried over from the weekend, with the repair bill still unfunded.
Euro area **Twenty members**	3	5	4	4	4	A record 1.54 trillion euros of gross supply forecast for next year against buyers already demanding more.

How to read the colours: 1 = calm, 2 = fairly good, 3 = mixed, 4 = some strain, 5 = serious strain. Updated Monday, August 24, 2026.

DEEP DIVE · THE SUPPLY · 04

WHO ABSORBS A RECORD YEAR OF ISSUANCE

A Record Year Of Selling

Part One · What Actually Happened

Barclays estimates that gross currency-area government bond supply will reach 1.54 trillion euros next year. Net issuance, after allowing for maturing debt that investors usually roll over, is put near 574 billion.

Those numbers are the whole argument. Every extra billion has to find a buyer, and the price at which buyers appear is what the continent now calls its borrowing cost.

The German finance ministry has told us what the money is for, which is security and defence after the invasion of Ukraine. Governments are also funding ageing populations, health systems and an increasingly expensive weather bill.

None of those spending lines reverses on a political cycle. They are commitments with decades attached, which is precisely why long-dated borrowing has repriced further than short-dated.

The buyers have changed too. Central banks that once absorbed large volumes are no longer doing so at the same scale, leaving private investors to take a record supply at prices they set.

France is where this gets tested first. A deficit above five per cent, an unagreed budget and a presidential election next year is the least comfortable combination on the continent.

Part Two · Three Ways This Can Go

Possibility A · The supply is absorbed at these prices · 45%

Buyers appear at current levels, borrowing costs settle in a range, and governments pay more without anything breaking. Expensive, orderly and the outcome most finance ministries are budgeting for.

Possibility B · France forces a repricing · 35%

Budget failure or election risk widens French costs materially against German ones, and the gap between member states becomes the story again. This is the classic European sequence and it has started before on less.

Possibility C · Costs fall back with the American market · 20%

American long borrowing retreats, European costs follow it down, and the supply is absorbed more cheaply than feared. It would confirm that this was never mainly a European story.

OUTCOME	WHAT IT LOOKS LIKE	WHAT IT MEANS FROM LATIN AMERICA
Absorbed at these prices	Record issuance placed, and governments simply pay more.	Sustained global competition for capital, which raises the price for every emerging borrower.
France reprices	The gap between French and German borrowing costs widens materially.	A return of European fragmentation risk and a firmer dollar against the euro.
Costs fall with America	European borrowing costs retreat alongside American ones.	Confirmation that the price of money everywhere is still set in one market.

Chances are Rio Times Intelligence Desk estimates and sum to one hundred. They are a way of ordering possibilities, not financial advice.

EIGHT THINGS, WITH OUR OWN VIEW

Eight Things We Are Watching

Eight things we are watching, with our own view on each. These are opinions from the Rio Times Intelligence Desk and not financial advice.

WHAT	WHEN	OUR VIEW
French budget talks	Weeks	A deficit above five per cent with no agreed measures, into a presidential election year. The continent's most exposed position.
The gap between France and Germany	Daily	Widening would revive fragmentation risk. This is the number that matters more than any single country's level.
Next year's supply	To year end	A record 1.54 trillion euros gross. Watch which auctions struggle first.
German thirty-year borrowing	Daily	At 3.79%, the costliest since 2011, and the clearest measure of what defence commitments cost to fund.
The American market	Daily	European institutions attribute much of the pressure to it. European borrowing costs are not fully in European hands.
The Governing Council	9-10 September	Meets in Berlin. It sets the short rate and has been unable to hold the long one.
British borrowing	To 27 October	At 5.06% on ten-year money, the costliest of the majors, ahead of a first budget.
The oil levy	September	Still on the Dublin agenda. Its appeal grows with every rise in the cost of borrowing.

POWER PLAYERS · 06

WHO IS DECIDING THIS WEEK

Five People Shaping The News

Five figures whose decisions this week shape what follows. We characterise stances and choices, not private motives.

The German finance ministry · Berlin

Told Reuters plainly that record borrowing reflects a massive investment in security and defence. Naming the cause makes the borrowing harder to criticise and impossible to pretend is temporary.

The German Finance Agency · Berlin

Is placing record volumes, including a thirty-year sale at the highest cost in fifteen years. It is the benchmark issuer for the whole currency area.

Agence France Trésor · Paris

Must fund a deficit expected to stay above five per cent while borrowing at 2008 levels and the budget remains unagreed.

Barclays research · London

Put next year's gross currency-area supply at a record 1.54 trillion euros while flagging significant uncertainty in spending plans.

Christine Lagarde and the Governing Council · Frankfurt and Berlin

Meet on 9 and 10 September, having set the short rate while long borrowing costs moved away from them.

DAILY BRIEFING · 07

WHAT HAPPENED WHERE

The Day, Country By Country

What happened where, across the continent, over 21 to 24 August 2026.

GERMANY

German thirty-year borrowing reached 3.79%, the highest since 2011, and the ten-year rate sat around 3.26%, close to a fifteen-year high. The currency area's benchmark issuer sold a thirty-year bond at the highest cost in fifteen years.

The finance ministry told Reuters the high borrowing and rising costs reflect a massive investment in security and defence required after the invasion of Ukraine.

FRANCE

French ten-year borrowing broke above 4.13%, the highest since 2008, with long-dated French borrowing near its costliest in eighteen years and not far off five per cent.

The deficit is expected to stay above five per cent while politicians have not agreed budget measures. A presidential election follows next year.

ITALY, SPAIN AND BRITAIN

Italian ten-year borrowing reached 4.09% and Spanish 3.71%, both moving with the general rise rather than on domestic triggers. British ten-year borrowing sat at 5.06%, the costliest of the major European borrowers.

The British budget falls on 27 October, with July borrowing already reported above the watchdog's forecast.

THE SUPPLY PICTURE

Barclays estimates gross currency-area bond supply will reach a record 1.54 trillion euros next year, with net issuance around 574 billion. It flagged significant uncertainty in government spending plans.

Governments across the area continue to borrow to fund defence, ageing populations, health systems and weather-related costs. None of those commitments reverses quickly.

THE AMERICAN PULL

American thirty-year borrowing reached its costliest since 2007 during the week, briefly touching 5.34% before settling at 5.27%. European borrowing costs rose alongside it.

Several European market institutions attribute much of the continued pressure on European bonds to volatility in the American market rather than to domestic conditions.

CARRIED OVER

The proposal by six member states for a levy on oil company profits remains on the agenda for next month's finance ministers' meeting in Dublin. It is context here rather than news.

Hungary's near-total drought and the flooding in Poland and northern Italy also carry over from the weekend, with the repair costs still unfunded.

DEALS, SECTORS AND DATES

Pipeline, Sectors, And The Calendar

Sectors, dates and structural questions across the continent over the next month.

WHAT	WHO	WHERE IT STANDS
Record bond issuance	Germany and the euro area	Gross supply forecast at 1.54 trillion euros next year, with net issuance near 574 billion.
Thirty-year German sale	German Finance Agency	Placed at the highest cost in fifteen years.
French budget	Paris	Measures unagreed with the deficit expected to stay above five per cent.
Oil profits levy	Six member states	Still requested for the Dublin finance ministers' meeting next month.
British budget	HM Treasury	27 October, with ten-year borrowing at 5.06%.

Sector Watch · Four Things to Track

Government debt

A record supply year meeting buyers who have stopped absorbing at the old prices. Everything else in European finance follows from this.

Defence

The spending is now visible in three places at once: order books, budgets and borrowing costs. Only the first of those looks like growth.

Banking and mortgages

Higher government borrowing costs pass into mortgage and corporate rates, which slows the economies doing the borrowing.

Energy

The levy proposal is a direct attempt to fund some of this without issuing more debt. Its appeal rises with every increase in borrowing costs.

Calendar · Next 30 Days

DATE	WHAT
25 August	German business climate reading for August.
This week	Continued heavy issuance across the currency area.
September	Finance ministers meet in Dublin, with the oil levy requested as an item.
9-10 September	The European Central Bank Governing Council, hosted in Berlin.
13 September	The Swedish general election.
27 October	The British budget.

BOTTOM LINE · SOURCES · 09

WHAT THE DAY ADDS UP TO

What Monday Tells Us

Three days ago this brief reported German factories at four-year highs, with defence orders named as a driver. Today the same decision appears as a price.

The German finance ministry has now said openly that record borrowing reflects a massive investment in security. That is the most honest sentence any European government has produced this month.

It also settles an argument. Rearmament is not a stimulus that pays for itself; it is a purchase, and the continent is now being charged interest on it at the highest rates in over a decade.

France is where this stops being theoretical. Borrowing at 2008 levels, a deficit above five per cent, no agreed budget and a presidential election next year is a combination that has ended badly before.

For Latin American readers the effect is arithmetic. A record European supply year and a two-decade high in American long borrowing means every emerging borrower is competing for the same money at a price neither of them set.

	DETAIL
PRIMARY	German finance ministry statement to Reuters, 21 August 2026. German Finance Agency auction results. National ten-year and thirty-year borrowing costs as at 21 August 2026.
REPORTING	Reuters, Euronews Business, Investing.com, MacroMicro, China.org.cn · 18-24 August 2026.
LANGUAGES	German, French, Italian, Spanish, Dutch, Polish and English.
VERIFICATION NOTE	Borrowing costs quoted are as at the 21 August close and will have moved by the time this is read. German ten-year borrowing is described as at a fifteen-year high by some accounts and as close to one by others, and we use the more cautious formulation. The Barclays supply estimates are projections published in July and are explicitly flagged by their authors as subject to spending uncertainty.
CONTEXT NOT NEWS	The oil levy, the German fire response and the weekend flooding were carried in our 23 August edition and appear here only as background.
EXCLUDED	No conflict coverage. The war appears only where a European fiscal decision turns on it, as with the defence attribution.
SKIPPED	No major European statistical release fell on Monday itself; the German business climate reading follows on 25 August.

Compiled by the Rio Times Intelligence Desk from major outlets in the region's main languages. editor@riotimesonline.com · riotimesonline.com ·