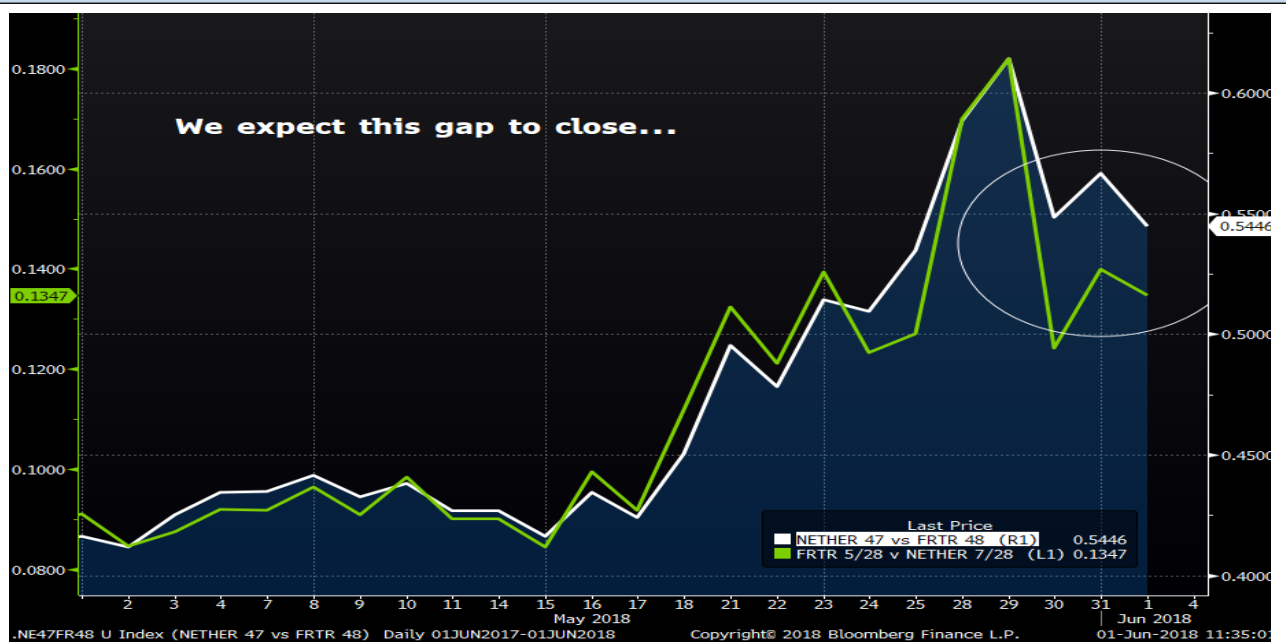
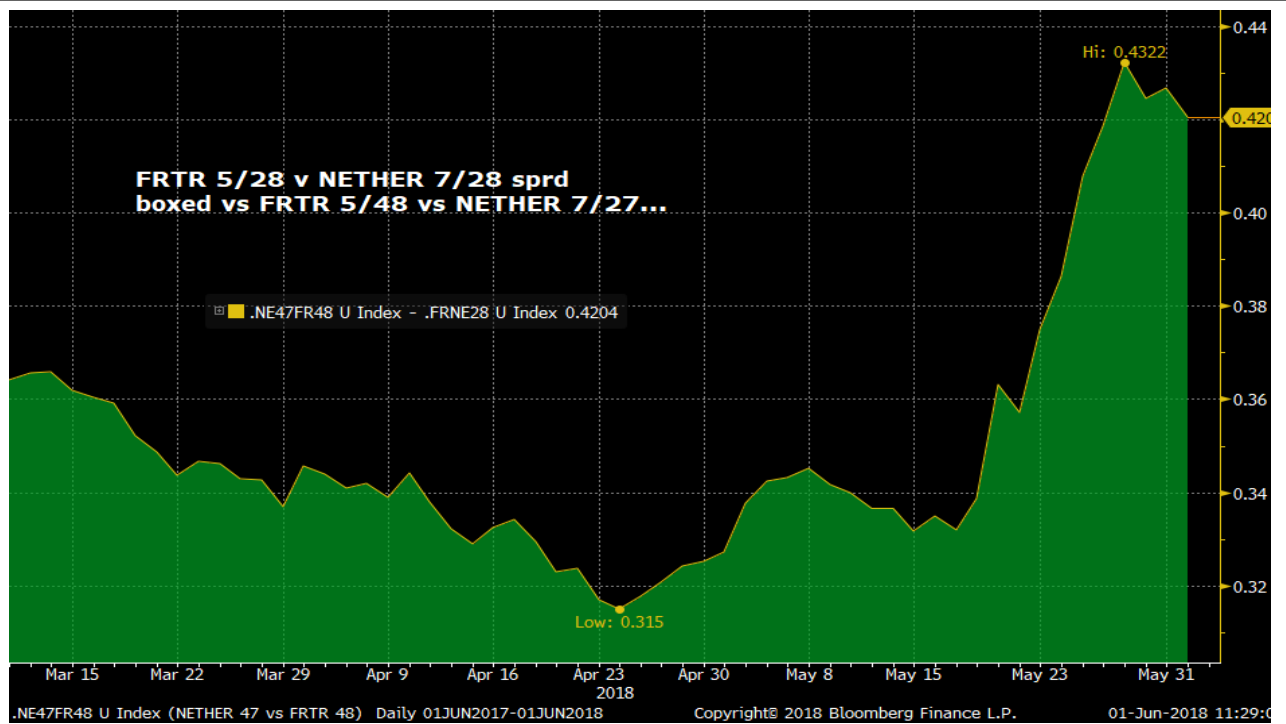


FRTR 5/28-5/48 vs NETHER 7/28-1/47 Box Trade

- FRTR .75 5/28 v FRTR 2.0 5/48 flattener vs NETHER .75 7/28 v NETHER 2.75 1/47 Steeper Box, enter at +41bps, targeting +36bps, stop at +43.5bps.
- OATs supply for next Thursday of 9bn EUR of a new FRTR .75 11/28 and taps of their FRTR 5.5 4/29, FRTR 1.5 5/31 and FRTR 1.25 5/36 is concentrated in a narrow 8yr window of the OATs curve.
- FRTR 0.75 5/28s trade rich to the curve as the market flocked to benchmark issues during illiquid flight to quality flows that also drove a sharp steepening of 10-30s, especially vs DBR/NETHER.
- News from Rome this am is hopeful but questions remain. Market reaction, however, has been positive with spreads across EGBs tightening vs DBRs. The steepening of the FRTR curve vs core has coincided with this BTPS-driven weakness and further normalization should bull flatten FRTR 10-30s.
- Holland's DSTA has scheduled just one DSL auction this quarter, a tap of their Jan 24s on Jun 12th. They are planning a new 15-30yr maturity, however, timing of which will be announced late Q2.
- Carry and roll on this box is -.6bps over 3 mos which is modest given recent market swings.

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