

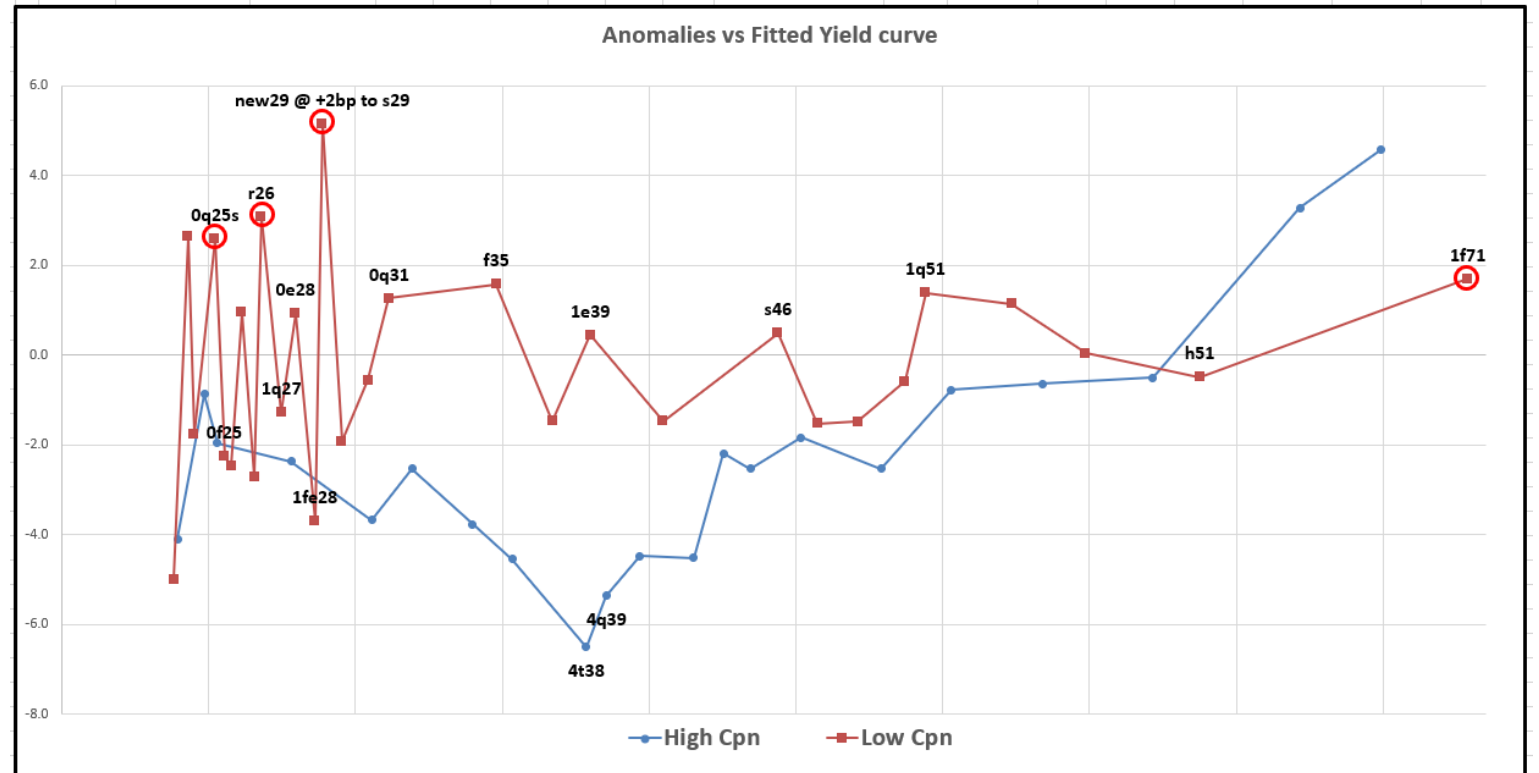
# Upcoming for UKTs

Looking in detail at the UKT curve



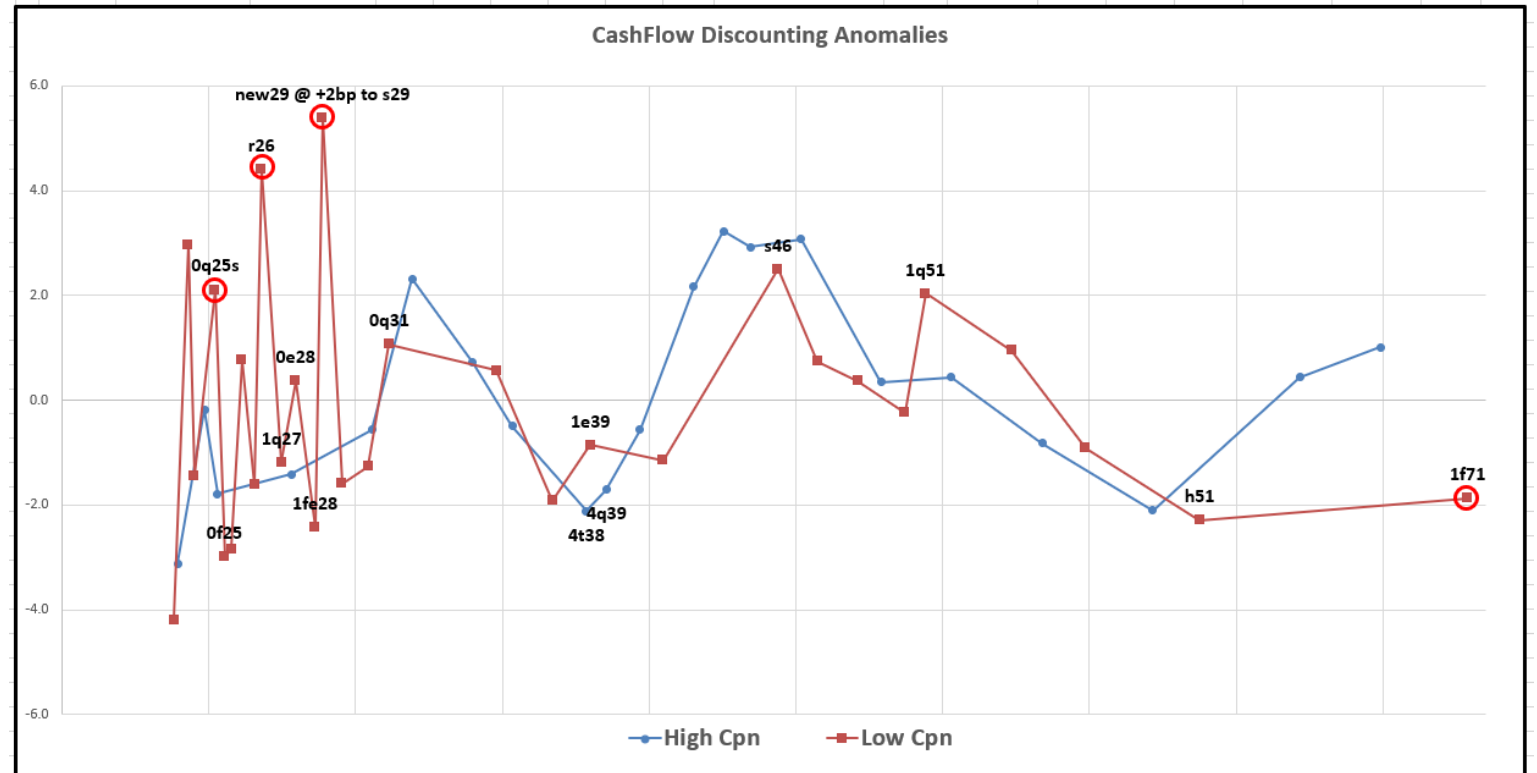
# UKT Curve fitting – simple method - yield curve anomalies

- **Highlighted are the next 4 issues**
  - **0.375% 26**
  - **XXX% jan29 +2bp vs s29**
  - **0.25% 25**
  - **1.625% 71**

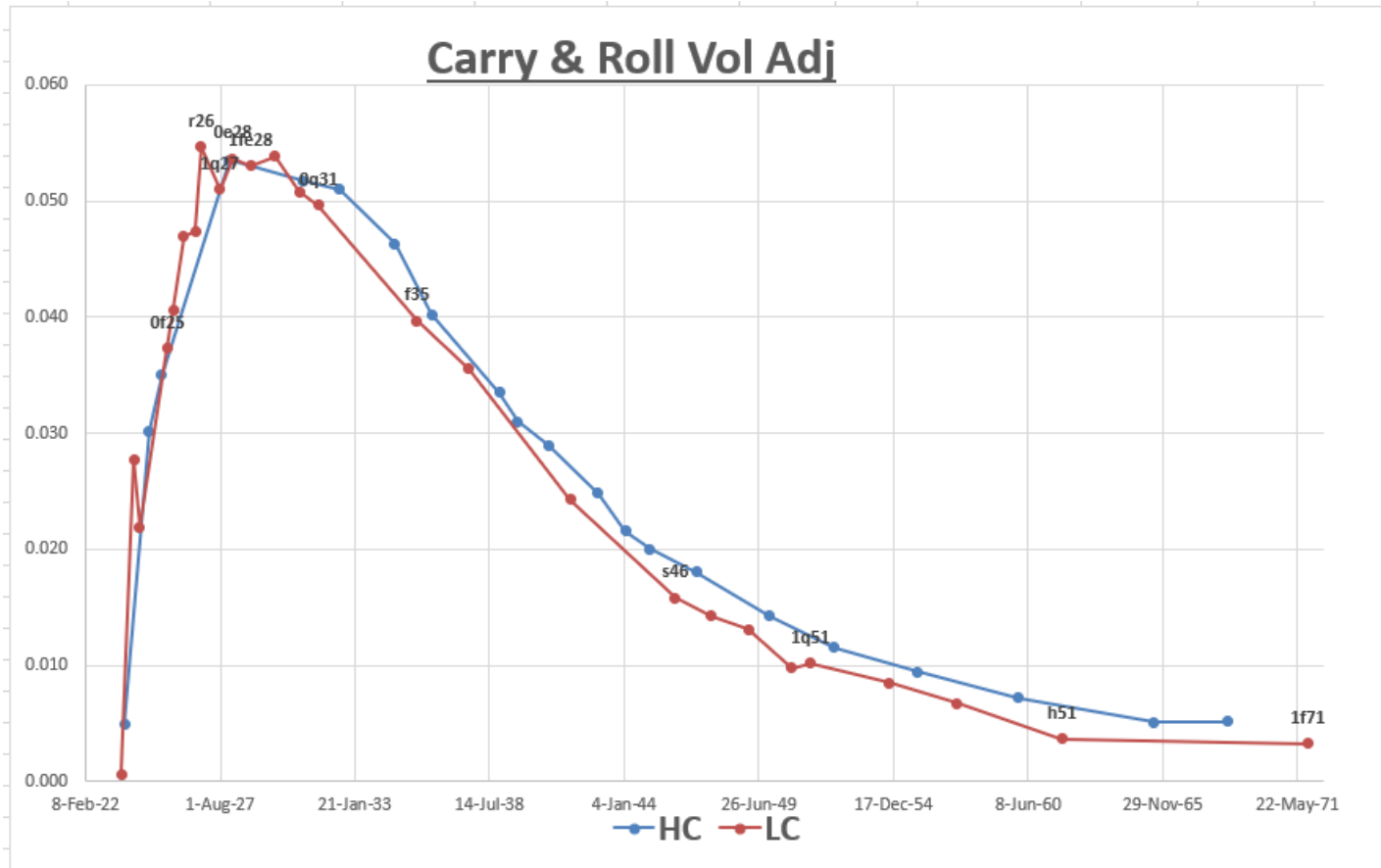


# UKT Curve fitting – cash-flow discounting – yield curve anomalies

- Highlighted are the next 4 issues
  - 0.375% 26
  - XXX% jan29 +2bp vs s29
  - 0.25% 25
  - 1.625% 71



\* Correctly Discounting each cashflow to a smooth Zero curve gives a much better explanation of UKT Bond Value – partic. the H/L coupon differential



UKT  
Vol/Var adjusted  
Carry and Roll

bp per 3m/annualised  
vol

- Top of the curve in Carry and Roll (vol adjusted) is the 5y -8y segment

The new 29s not shown here  
but will look cheap

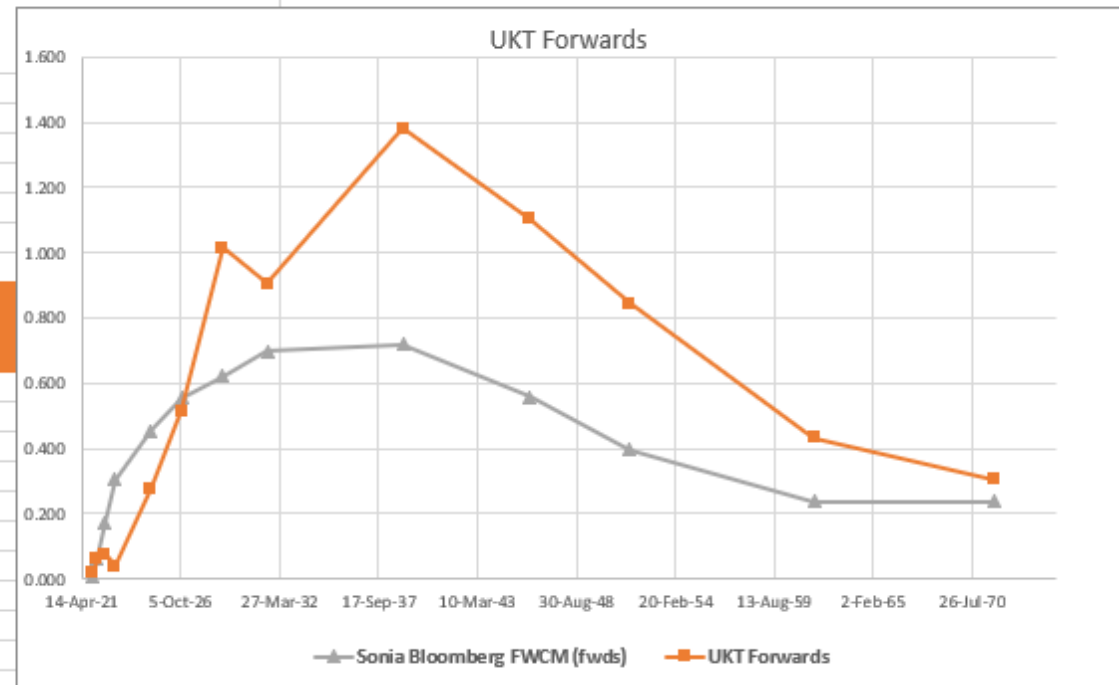
# UKT Forwards Rates

– avoiding rich buyback issues

Makes the forwards of the fly:

+new29 -31s +39s look interesting and inconsistent with the shape of the Sonia curve and the rest of the Bond curve

Bond benchmarks	Yield	shift (bp)	used yield	Fwd vs Prior Bond	Sonia Bloomberg FWCM (fws)	spread fwd bond - Sonia
UKTB 0 09/13/21	-0.009	0	-0.009			
UKTB 0 11/15/21	0.011	0	0.011	0.017	0.008	0.009
UKTB 0 02/14/22	0.037	0	0.037	0.061	0.063	-0.002
UKT 0.5 07/22/22	0.056	0	0.056	0.077	0.173	-0.096
UKT 0.125 01/31/23	0.093	0	0.093	0.038	0.305	-0.266
UKT 0.25 01/31/25	0.200	0	0.200	0.277	0.453	-0.175
UKT 0.375 10/22/26	0.304	0	0.304	0.514	0.554	-0.040
UKT 0.7 01/31/29	0.517	0	0.517	1.014	0.621	0.393
UKT 0.25 07/31/31	0.614	0	0.614	0.907	0.697	0.209
UKT 1.125 01/31/39	0.925	0	0.925	1.380	0.718	0.662
UKT 0.875 01/31/46	0.972	0	0.972	1.103	0.558	0.544
UKT 1.25 07/31/51	0.952	0	0.952	0.845	0.395	0.450
UKT 0.5 10/22/61	0.830	0	0.830	0.434	0.237	0.197
UKT 1.625 10/22/71	0.752	0	0.752	0.305	0.237	0.067
#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
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