

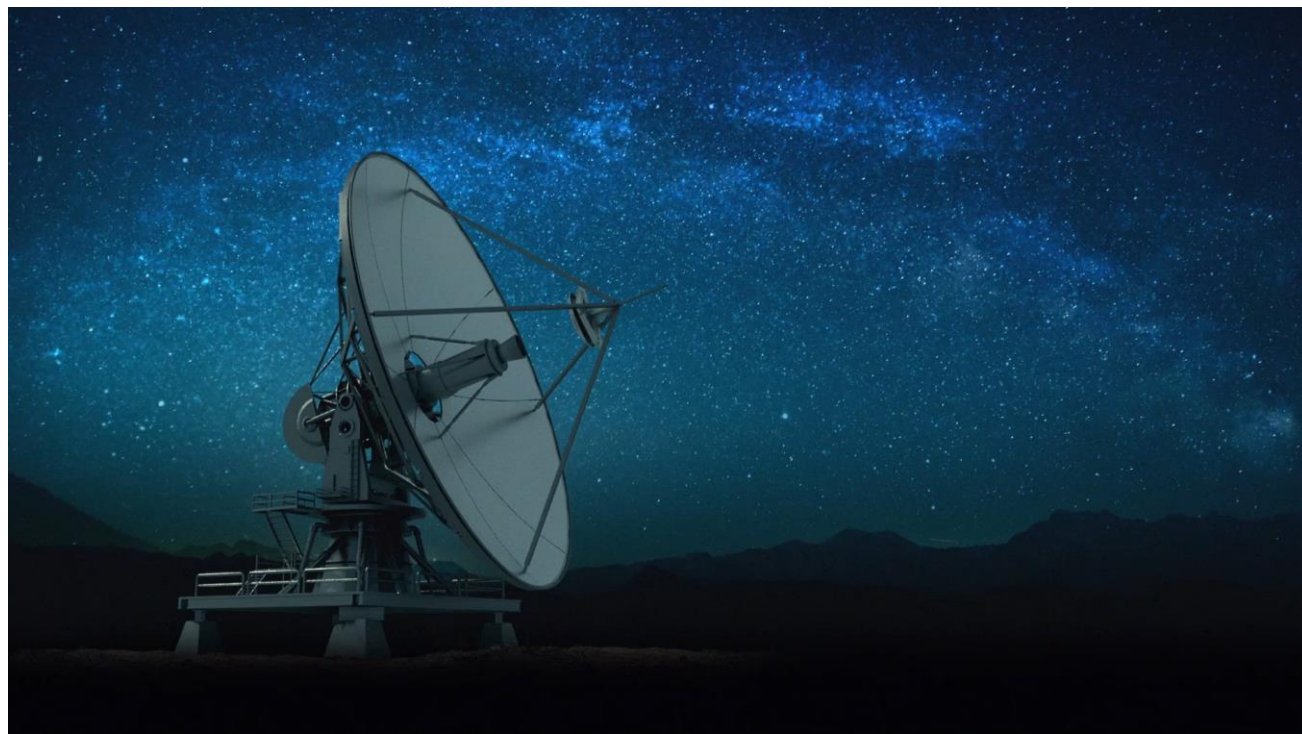


Trade Radar

Trades & Fades

James & Will, Astor Ridge

11th Oct



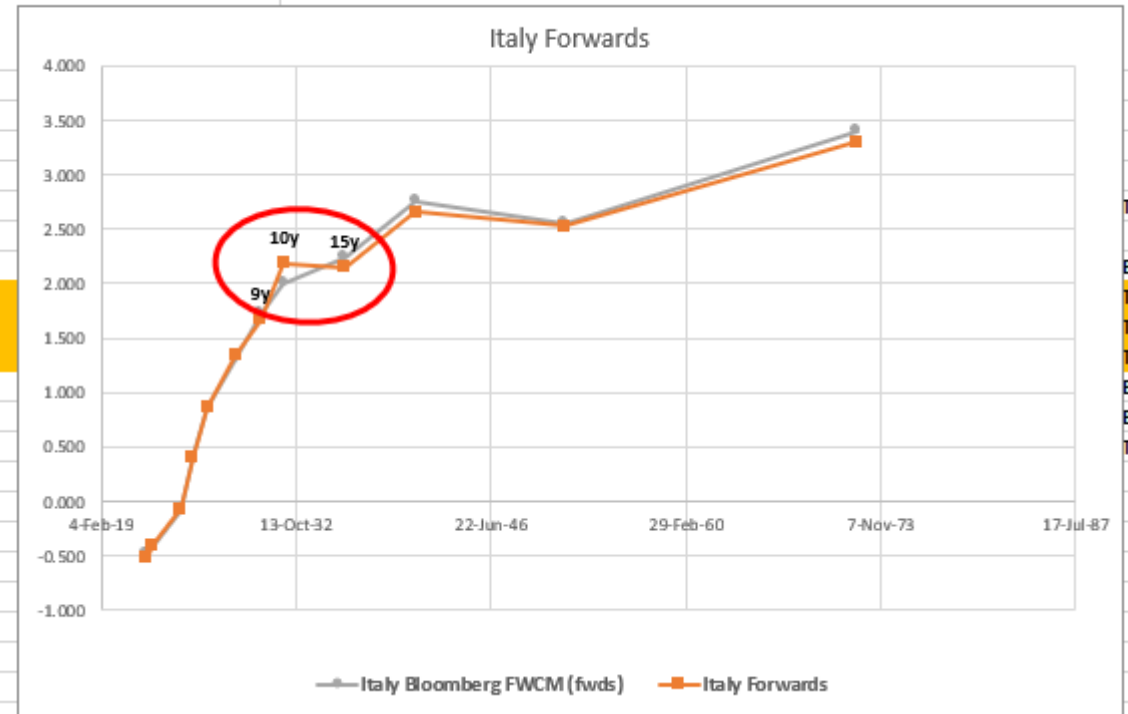
- Wash out week
- Sometimes when someone just has to sell, then prices get to a point where you just have to buy



Italy 10y point continues to cheapen – target is flat forwards 9y1y vs longer....the curve should have slope

The curve should have slope. When it doesn't then the bullet is oversold...

Bond benchmarks	Yield	shift (bp)	used yield	Fwd vs Prior Bond	Italy Bloomberg FWCM (fwd)	spread fwd bond - Italy
BOTS 0 12/31/21	-0.562	0	-0.562			
BOTS 0 03/31/22	-0.541	0	-0.541	-0.524	-0.473	-0.051
BOTS 0 09/14/22	-0.471	0	-0.471	-0.401	-0.421	0.020
BTPS 0 08/15/24	-0.202	0	-0.202	-0.070	-0.083	0.014
BTPS 1.85 07/01/25	-0.063	0	-0.063	0.403	0.413	-0.010
BTPS 0 08/01/26	0.147	0	0.147	0.866	0.852	0.014
BTPS 0.5 07/15/28	0.488	0	0.488	1.343	1.306	0.037
BTPS 1.35 04/01/30	0.717	0	0.717	1.676	1.727	-0.052
BTPS 0.95 12/01/31	0.948	0	0.948	2.188	2.000	0.188
BTPS 1.45 03/01/36	1.276	0	1.276	2.148	2.242	-0.094
BTPS 1.8 03/01/41	1.587	0	1.587	2.660	2.758	-0.098
BTPS 1.7 09/01/51	1.863	0	1.863	2.531	2.558	-0.027
BTPS 2.15 03/01/72	2.257	0	2.257	3.299	3.400	-0.101
#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
#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
#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
#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
#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
Italy Forwards	0.270 3V	0.570 4V	0.971 9V	2.870 9V	3.771 1V	4.872V

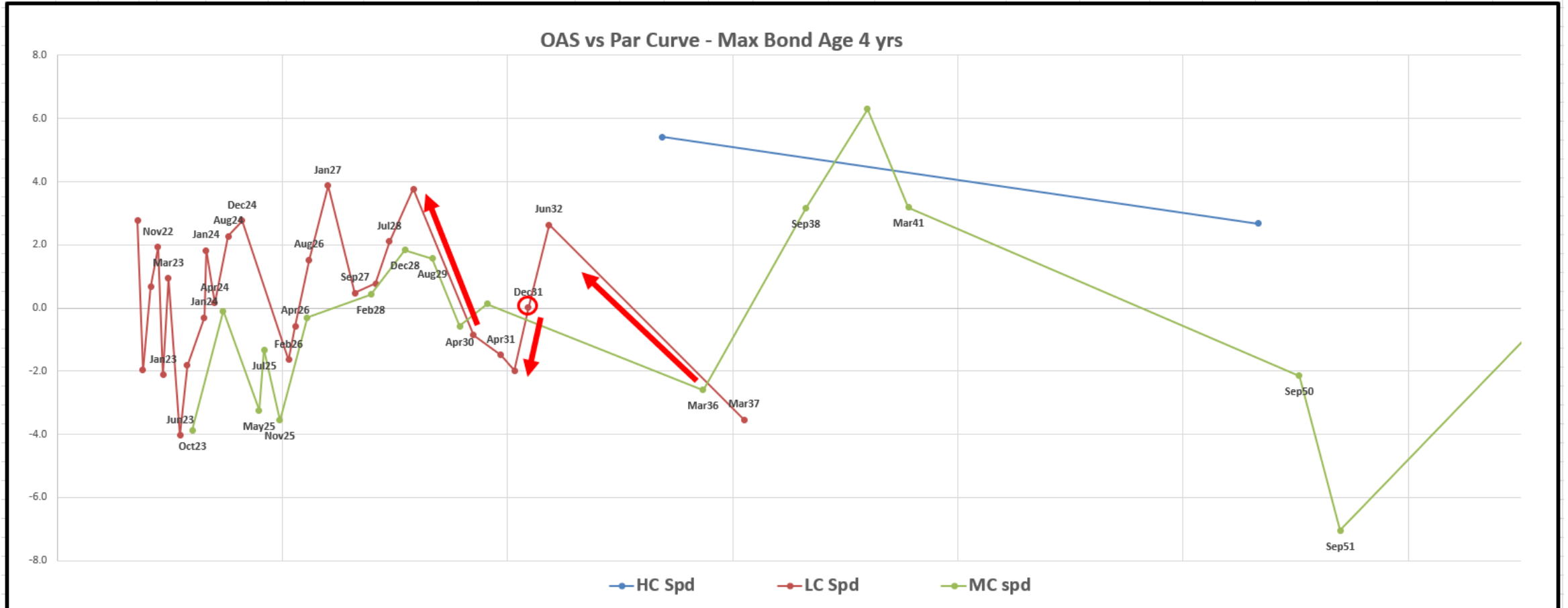


Trade Italy: -9y / +10y / -old15y

- Weighting
-1.9 / 2 / -0.1
- $(+2.0 * \text{yield}[\text{BTPS } 0.95 \text{ 12/01/31 Govt}] - 1.9 * \text{yield}[\text{BTPS } 1.35 \text{ 04/01/30 Govt}] - 0.1 * \text{yield}[\text{BTPS } 1.45 \text{ 03/01/36 Govt}]) * 100$
- Carry: -0.4bp /3mo @-5bp spread
- 10y Dec31 is €18.75Bln, prior issues are 20 and 22 billion. Q4 announced a new June 32 which means the Dec31 will tuck in down the curve



Italian Anomaly Values: Apr30 / Dec31 / Mar36



Spanish supply leaves 7y oversold

- -Spgb -jan25 / +jan28 / -
oct29
- -.7 / +2 / -1.3
- (+2.0 * YIELD[SPGB 0
01/31/28 Corp] - 0.7 *
YIELD[SPGB 0 01/31/25
Corp] - 1.3 * YIELD[SPGB
0.6 10/31/29 Corp]) * 100



Spanish 7y trade has edge vs Swaps

- $(+2.0 * P2509[SPGB\ 0\ 01/31/28\ Corp] - 0.7 * P2509[SPGB\ 0\ 01/31/25\ Corp] - 1.3 * P2509[SPGB\ 0.6\ 10/31/29\ Corp])$
- P2509 is OIS BBG Code



Italy 30y on Wednesday

- Use the 30y supply to take off short bullets in 30y vs 50y & 15y
- -15y / +old 30y / -50y
- Slight delta short



$(+2.0 * \text{YIELD}[\text{BTPS } 2.45 \text{ 09/01/50 Corp}] - 1.0 * \text{YIELD}[\text{BTPS } 0.95 \text{ 03/01/37 Corp}] - 1.1 * \text{YIELD}[\text{BTPS } 2.15 \text{ 03/01/72 Corp}]) * 100$

Old 15y Med Coupon Italy trade cheap in the sell-off as it rolls to 10y sector – but close to having value

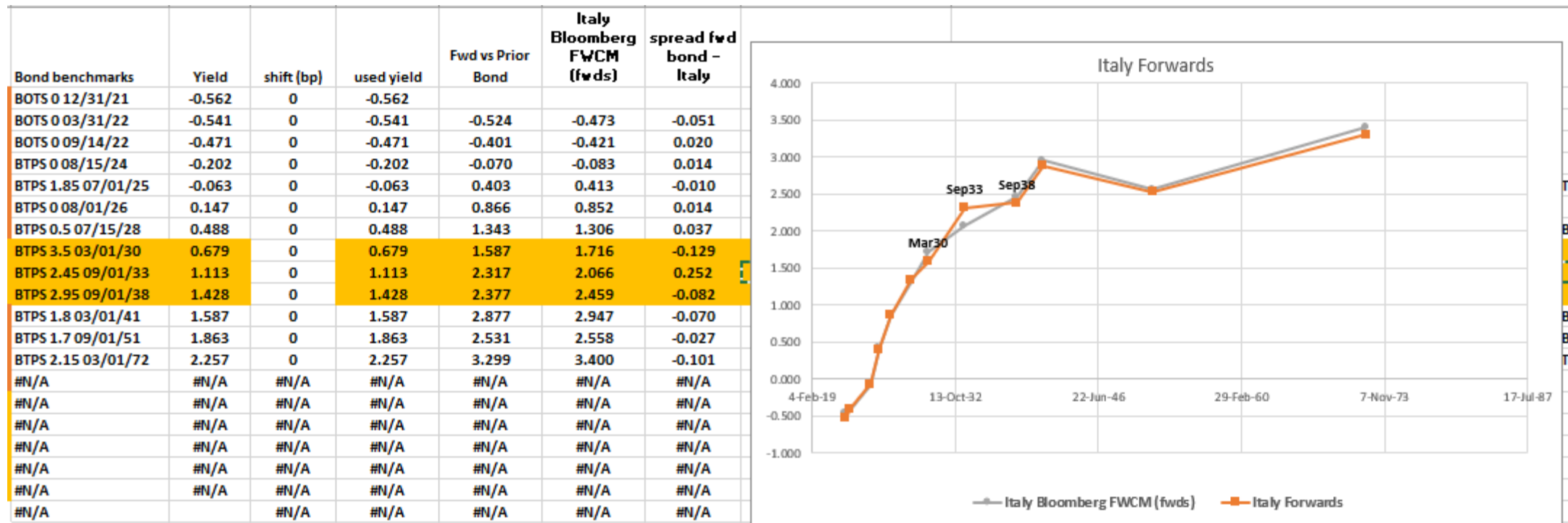
- -mar30 / +sep33 / -sep38, trade here
+11.25 add



$$(+2.0 * \text{YIELD}[\text{BTPS } 2.45 \text{ 09/01/33 Corp}] - 1 * \text{YIELD}[\text{BTPS } 3.5 \text{ 03/01/30 Corp}] - 1 * \text{YIELD}[\text{BTPS } 2.95 \text{ 09/01/38 Corp}]) * 100$$

Sep 33s Italy, cheap

- Mar30/Sep33 to Sep33/Sep38 fwds close to flat : add @ +13.5bp
- Target +6bp



Sell Btps 8/31 to Buy Btps 4/31

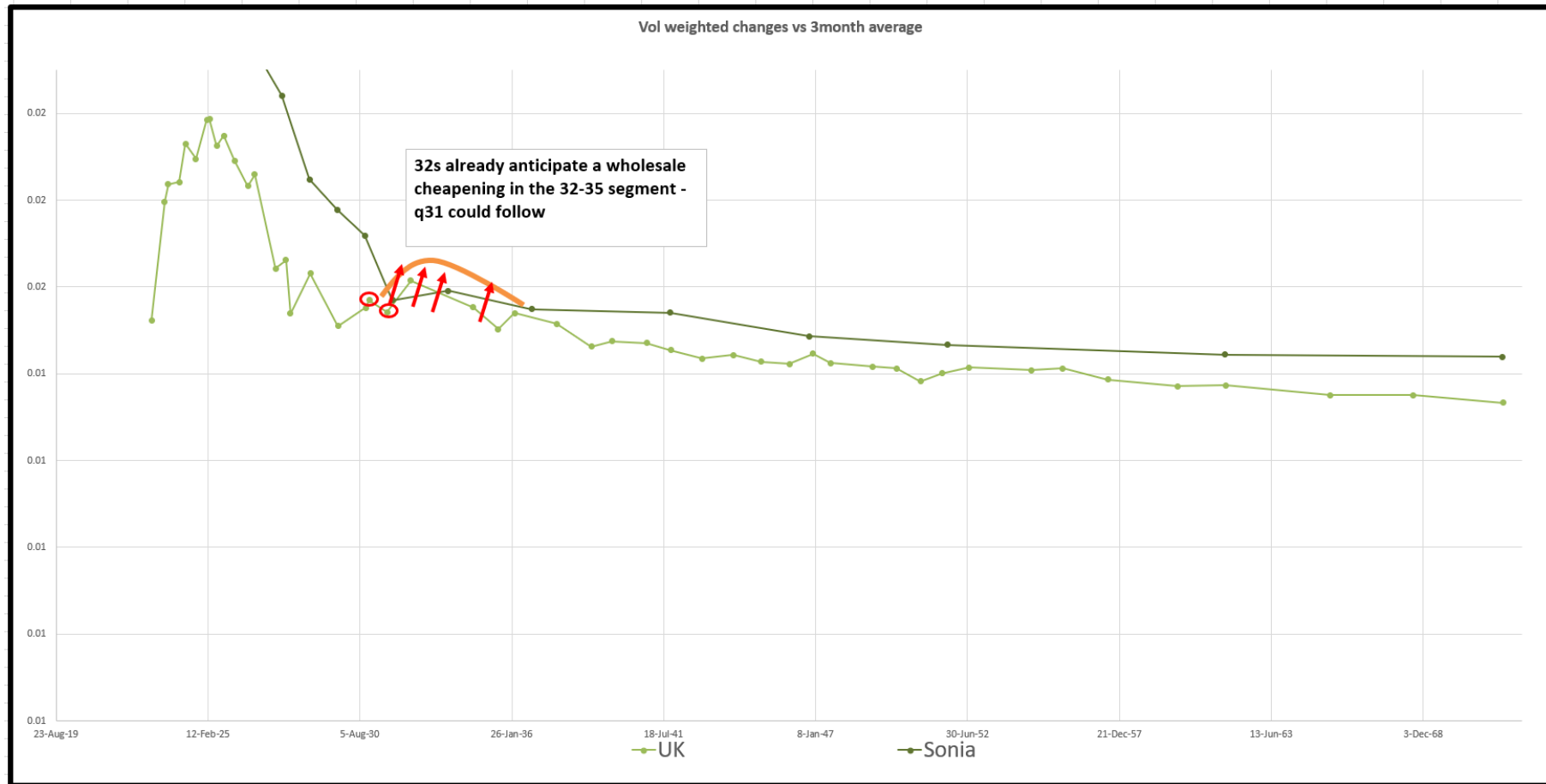


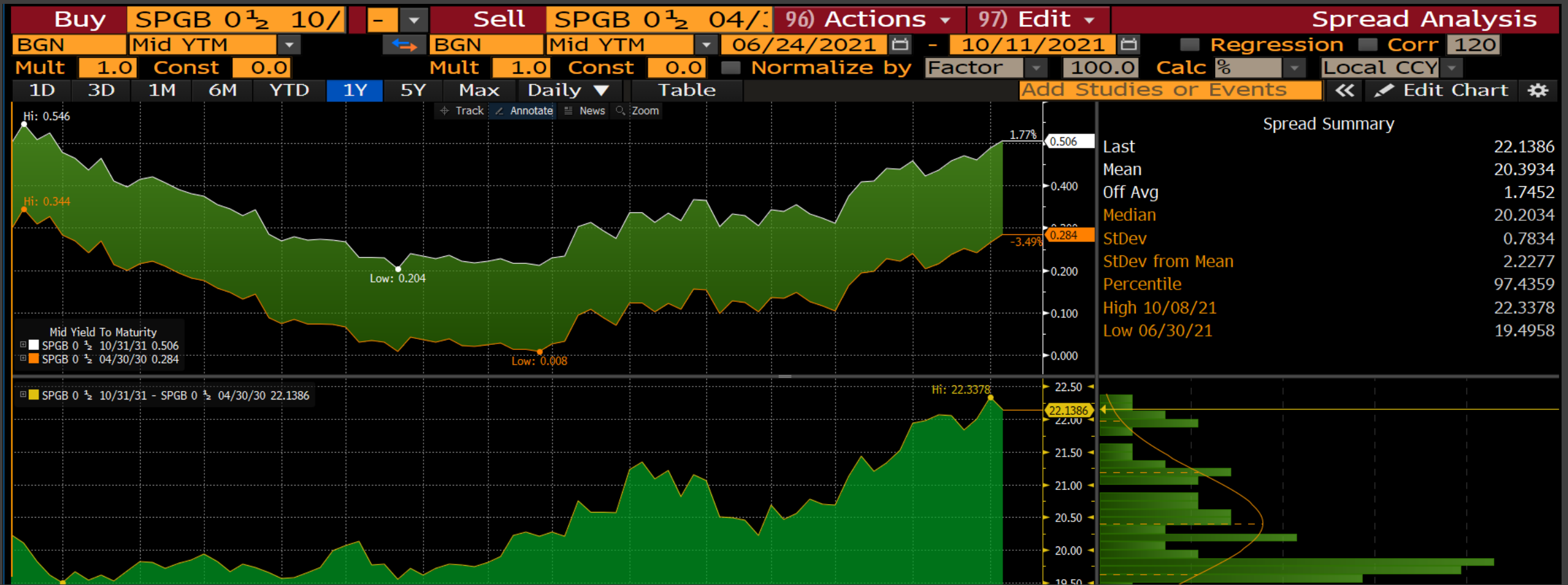
- Aug31 are now richer on anomaly than the 'sooner to be CTD' apr31 – with a new jun32 coming & a sell-off in rates – this should have steepened

Making room for new UKT 32s – Sell UKT q31 basis vs G Z1



Ukt Vol adjusted changes: delta 3m / 3mo vol

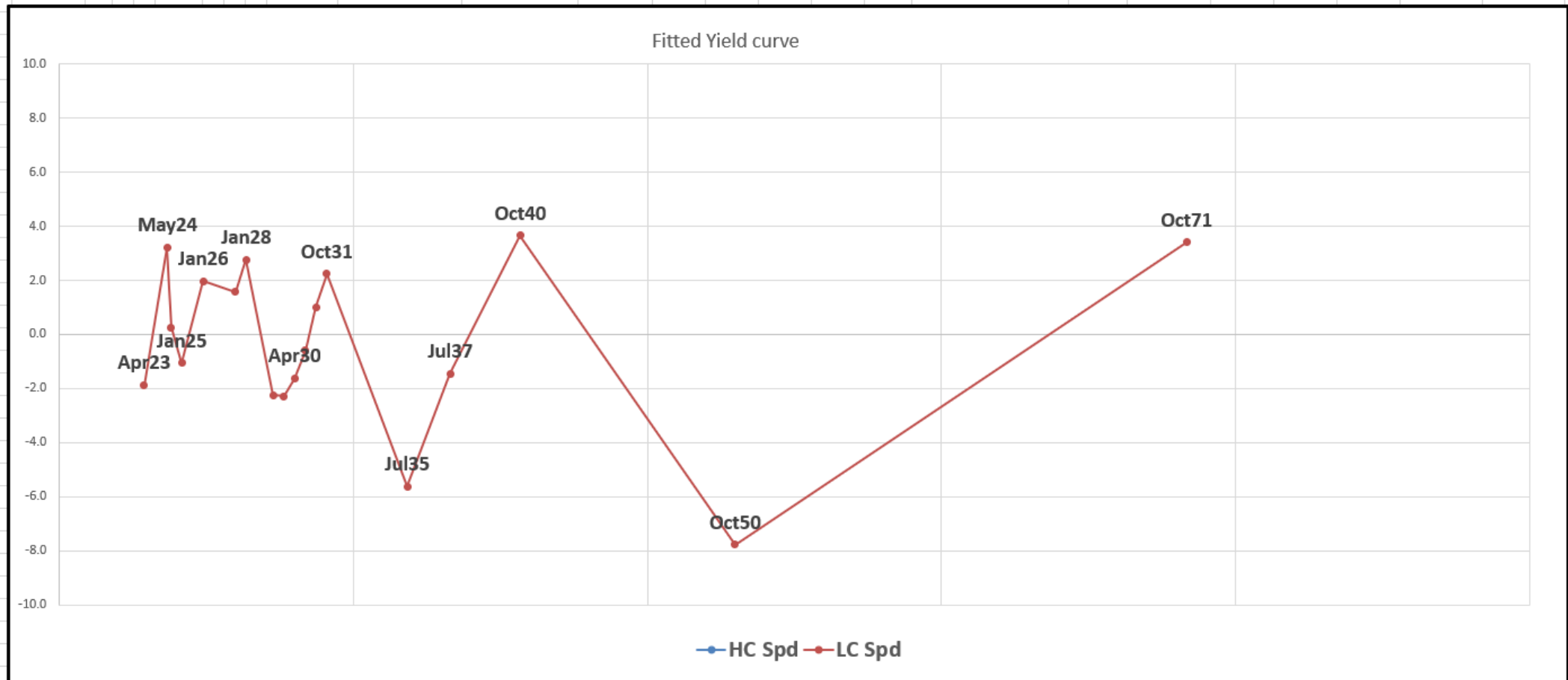




Spanish 10y: Oct31 issue size getting closer to completion: €17bln, Apr31 is €22 Bln and Oct30s is €25Bln

- Buy Spgb 10y Oct31, Sell Spgb Apr30
- As the Oct31 reaches terminal issuance size it can begin to 'tuck in' to the Spanish Curve – see next page for anomaly values

Spgb Anomaly Values





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