

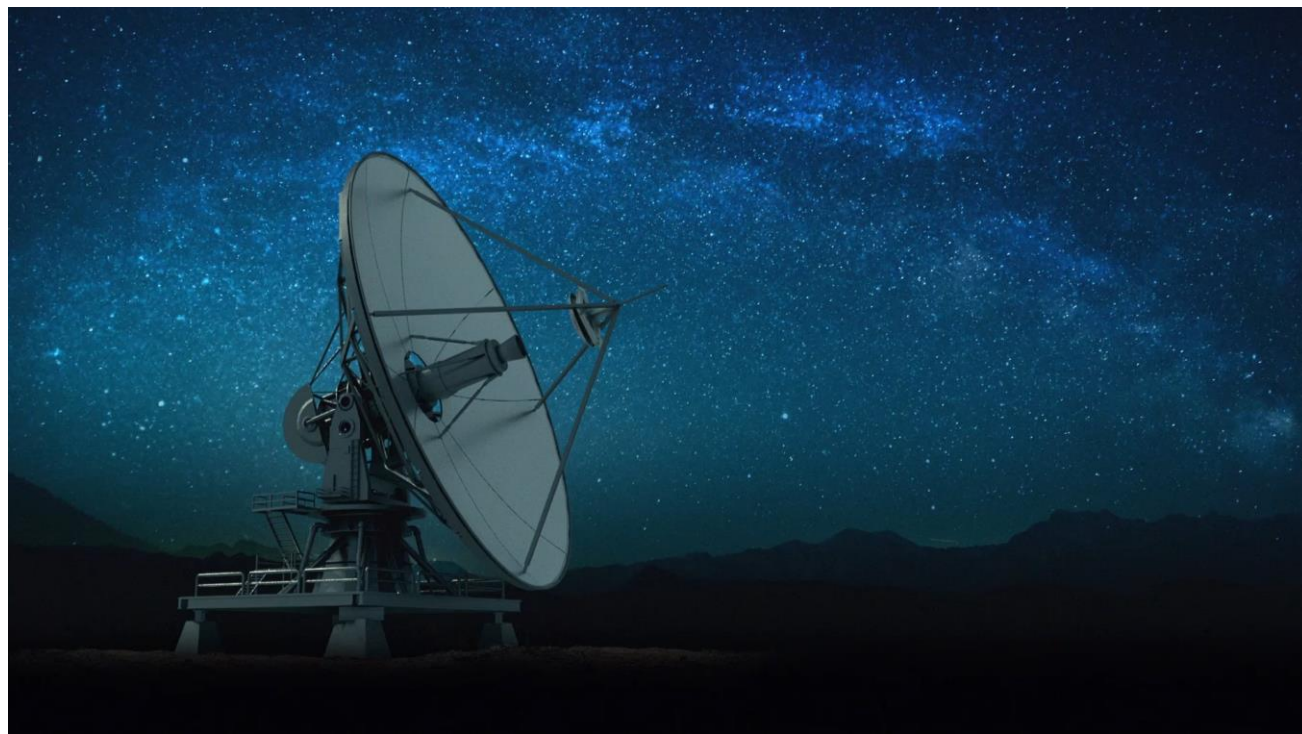


Trade Radar

Trades & Fades

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5th Oct





Trades on my Radar –
looking at things that
have moved a lot and
trying to construct Value
Boundary conditions

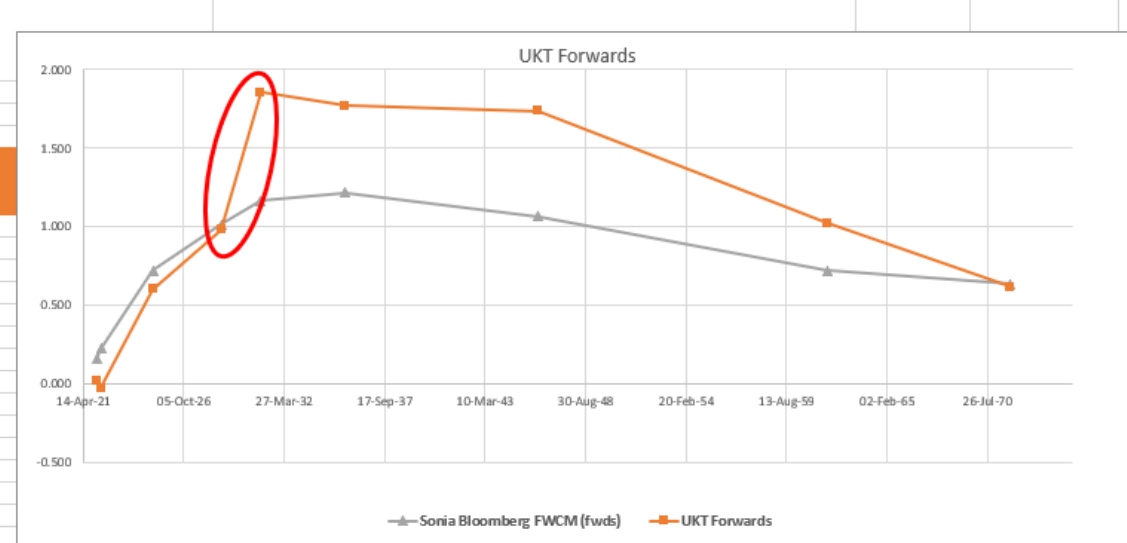
Trade: Sell Ukt 7y vs 4y & G Z1

- UKT Short old 7y vs 4y and Gilt Contract
- Gilt & 4y oversold – supply in newer issues in the 7y
- Stats look good at -16.75bp, add @-19bp
- Fwds look good @-16.25bp



$$(+2.0 * \text{yield}[\text{UKT 1.625 10/22/28 Govt}] - 0.5 * \text{yield}[\text{UKT 0.25 01/31/25 Govt}] - 1.5 * \text{yield}[\text{UKT 4.75 12/07/30 Govt}]) * 100$$

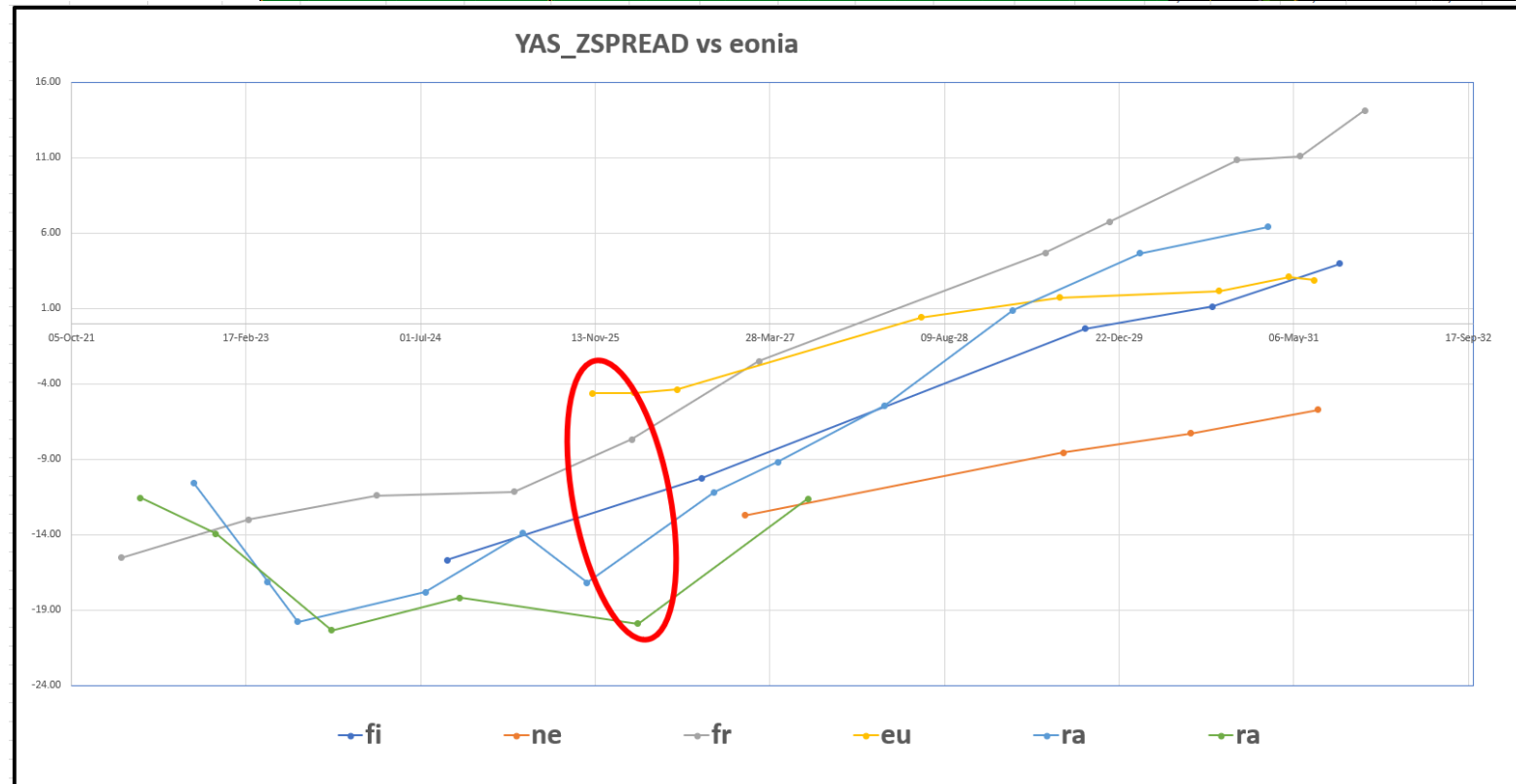
Bond benchmarks	Yield	shift (bp)	used yield	Fwd vs Prior Bond	Sonia Bloomberg Fwcm (fwds)	spread fwd bond - Sonia
UKTB 0 11/01/21	-0.020	0	-0.020			
UKTB 0 01/04/22	0.008	0	0.008	0.019	0.155	-0.136
UKTB 0 04/04/22	-0.010	0	-0.010	-0.029	0.223	-0.251
UKT 0.25 01/31/25	0.506	0	0.510	0.601	0.720	-0.118
UKT 1.625 10/22/28	0.745	0	0.750	0.977	1.012	-0.035
UKT 4.75 12/07/30	0.929	0	0.969	1.852	1.163	0.689
UKT 0.625 07/31/35	1.248	0	1.229	1.768	1.215	0.553
UKT 0.875 01/31/46	1.416	0	1.433	1.735	1.062	0.673
UKT 0.5 10/22/61	1.295	0	1.282	1.020	0.717	0.303
UKT 1.625 10/22/71	1.207	0	1.184	0.614	0.634	-0.020
#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
#N/A	#N/A	0	#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



Bond Yield adjusted for coupon differentials ot equate them as par bonds

Trade: Sell Austria HC 26 to buy EU Nov25

- EU as a Triple AAA credit is cheap
- HC longer tenors have underperformed – slight taper fade
- +5bp of upside
- Vs OIS looks good



Trade: Ragb 37 into Bgb 37 Hedged with 60% -OAT / +RX

- Austria has cheapened but remains bid in this old HC
- Bgb 37 have cheapened with France but don't suffer the same election fears
- -OAT / +RX hedge maintains credit balance and negative sentiment on France
- +3bp potential with futures hedge



$$100 * ((\text{yield}[\text{BGB 1.45 06/22/37 Govt}] - \text{yield}[\text{RAGB 4.15 03/15/37 Govt}]) + -0.6 * (\text{yield}[\text{FRTR 1.5 05/25/31 Govt}] - \text{yield}[\text{DBR 0 08/15/30 Govt}])))$$

Trade: Buy cheap belg37 vs Bgb 29 and Frtr 20y

- Belgium is cheap in old 20y
- Keep neg sentiment on current French 20y
- Monetise Belgium richness in shorter tenors
- Avoids the 10y swing point in the bear market
- Target +3bp



$$(+2.0 * \text{yield}[\text{BGB 1.45 06/22/37 Govt}] - 0.4 * \text{yield}[\text{BGB 0.9 06/22/29 Govt}] - 1.6 * \text{yield}[\text{FRTR 0.5 05/25/40 Govt}]) * 100$$

Trade: Sell Italy Aug31 to buy Apr31

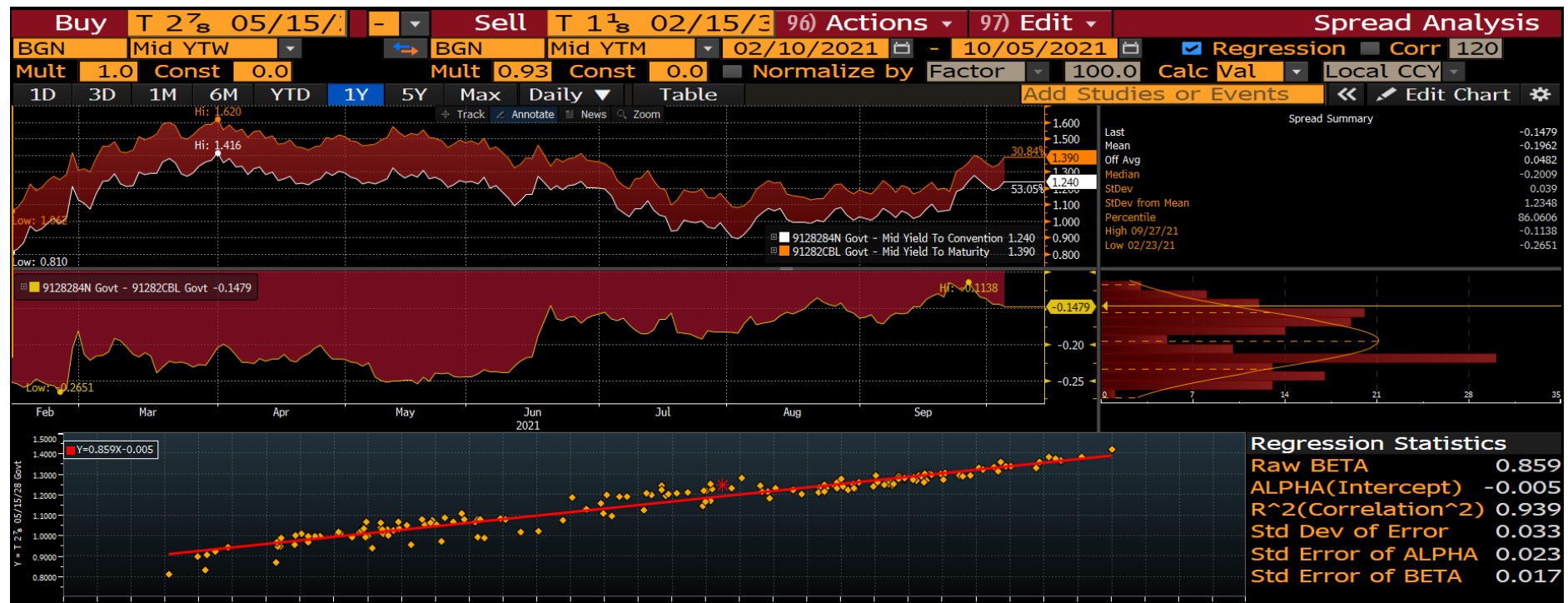


- Far Ctd should trade worse than nearer ones
- New Btps 32, Q4 could steepen the Btp deliv structure in bits where it's too flat
- Vs fitted curve looks good

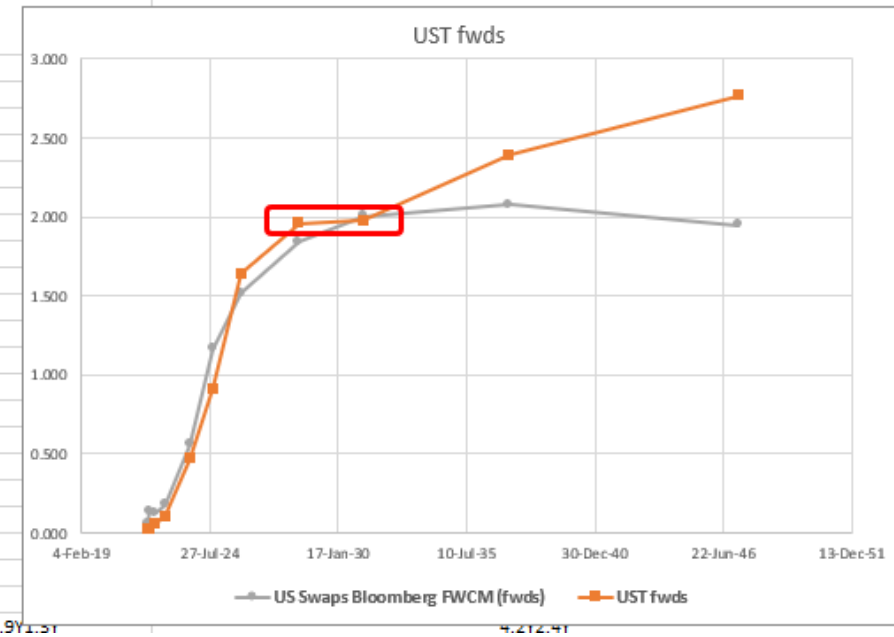
Trade: Buy TYZ1 vs UST Feb31

- Fwds curve too flat, 7y3y too low
- Regression hedge 93%
- Slightly away from target
- Enter -11.75bp
- Target -16bp, regression weighted

Bond ylds adjusted for coupon to make them equivalent to par bonds



Bond benchmarks	Yield	shift (bp)	used yield	Fwd vs Prior Bond	US Swaps Bloomberg FWCM (fwds)	spread fwd bond - US Swaps
B 0 11/02/21	0.076	0	0.076			
B 0 11/30/21	0.038	0	0.038	0.020	0.055	-0.034
B 0 12/30/21	0.034	0	0.034	0.027	0.131	-0.104
B 0 03/31/22	0.048	0	0.048	0.061	0.129	-0.068
B 0 09/08/22	0.075	0	0.075	0.104	0.177	-0.072
T 0.25 09/30/23	0.281	0	0.284	0.468	0.557	-0.089
T 0.375 09/15/24	0.505	0	0.487	0.909	1.164	-0.255
T 0.375 11/30/25	0.803	0	0.819	1.639	1.520	0.119
T 2.875 05/15/28	1.198	0	1.219	1.962	1.842	0.119
T 1.125 02/15/31	1.442	0	1.433	1.977	2.003	-0.026
T 5 05/15/37	1.674	0	1.743	2.391	2.080	0.311
T 3 02/15/47	2.020	0	2.054	2.766	1.948	0.818
#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
UST fwds	0.1Y 0.25Y 0.2Y 0.25Y		0.2Y 0.3Y	0.5Y 0.4Y	0.9Y 1.1Y	2Y 0.9Y





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