

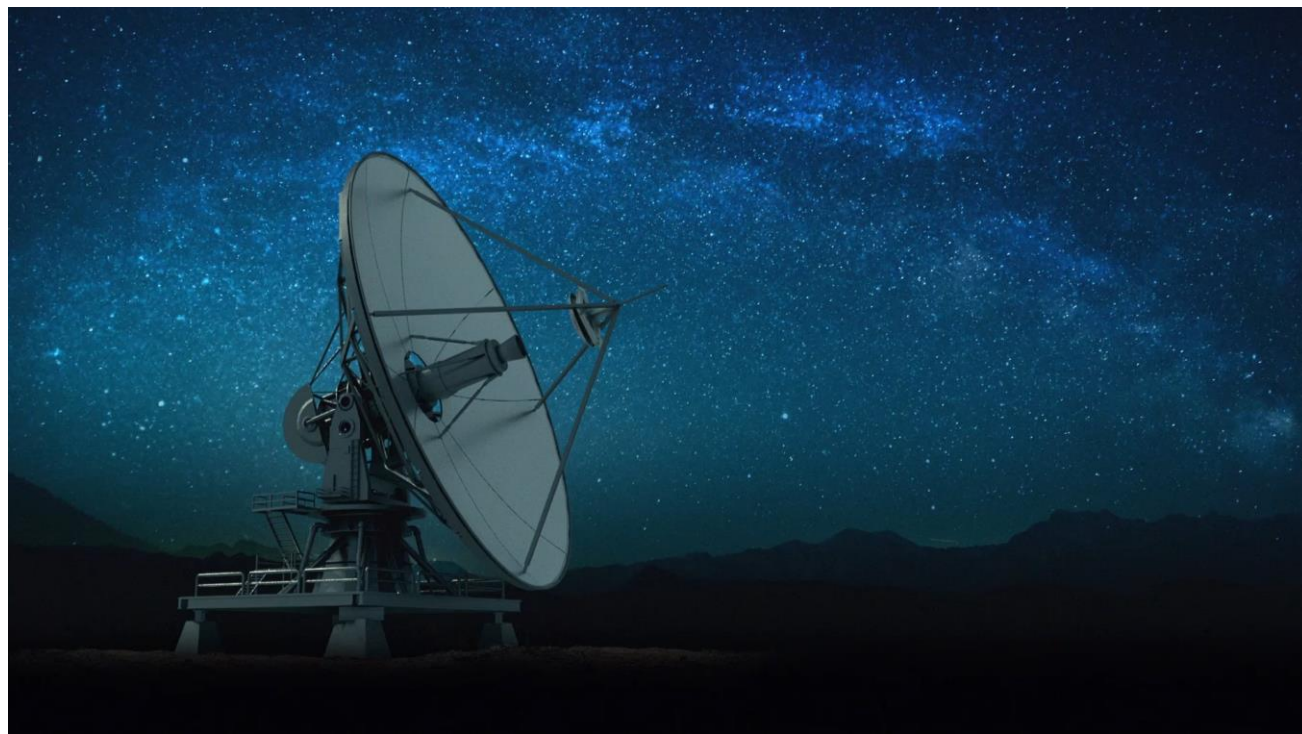


Trade Radar

Trades & Fades

James & Will, Astor Ridge

5th Oct

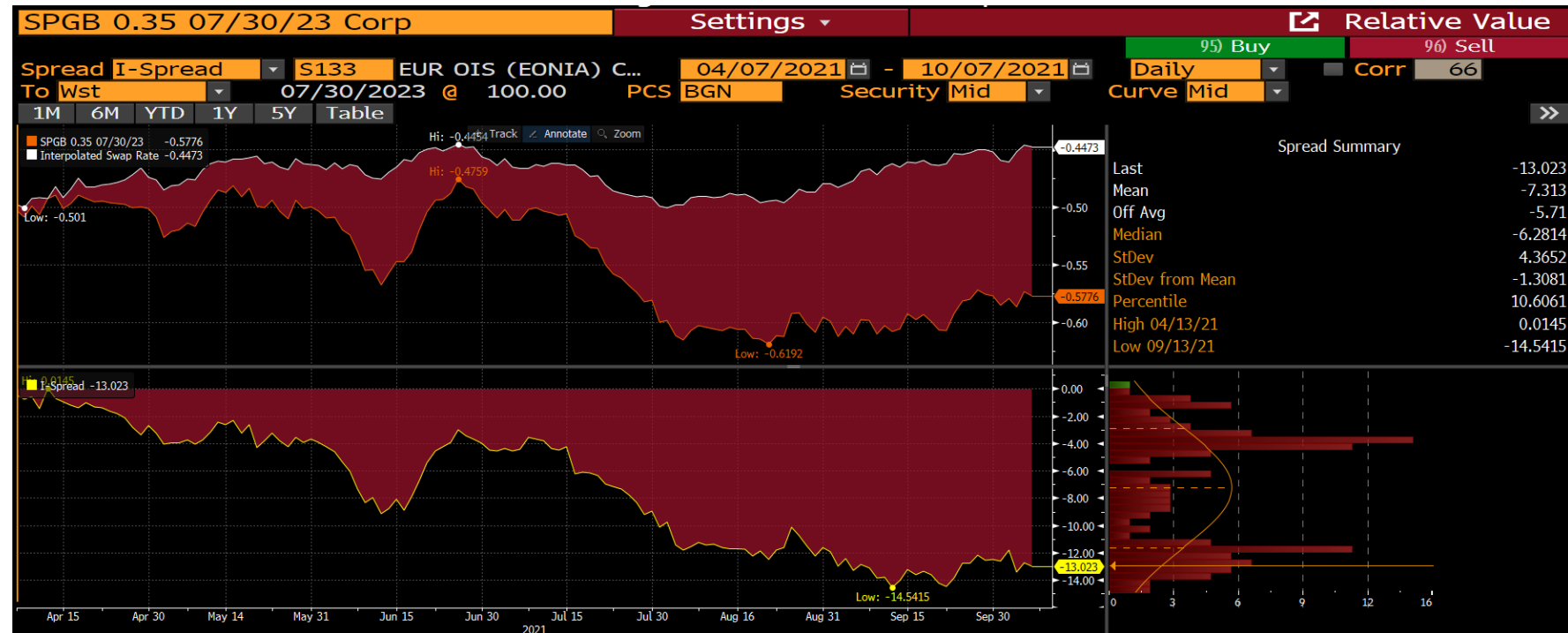


- Trades on my Radar
– looking at things
that have moved and
trying to construct
Value, Boundary
conditions



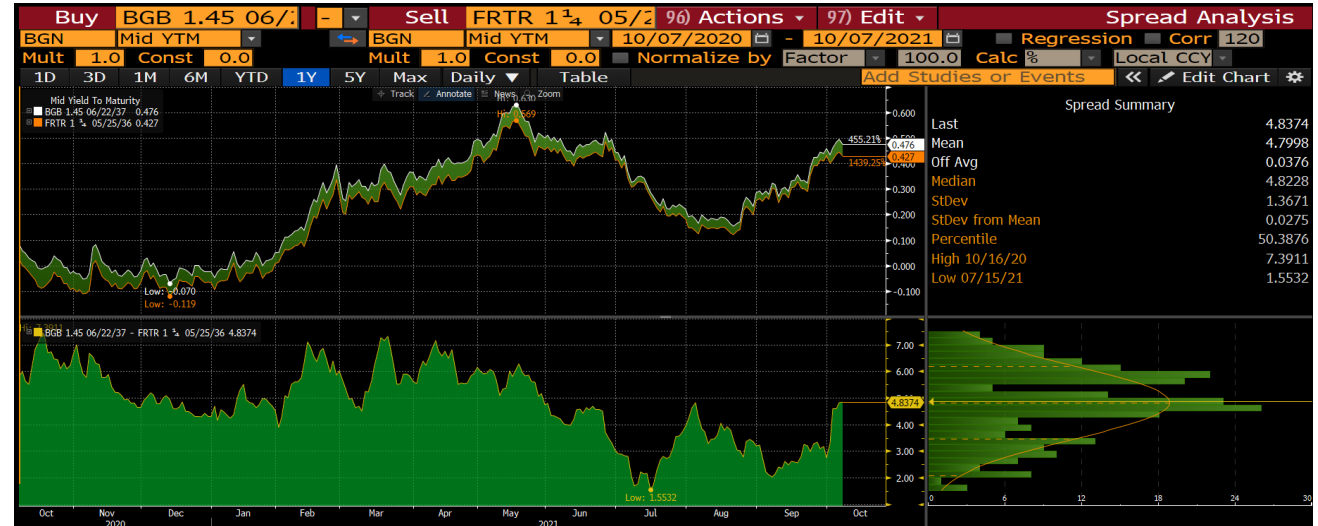
Sell Spain 2yr vs OIS

- Spain has had an apotheosis as it seems to head towards behaving like a semi-core issuer
- But vol would deny this and so I lie having small shorts vs swaps
- This is counter trend so – think we can be very picky about level
- But I like the idea if relatively safe short in Spain with hidden blow up potential
- Carry in Spain is almost non-existent sub 2 yrs



Keeping Negative sentiment on France

- Sell frtr 36 to
Buy bgb 37
- Some here @+4.8bp
- Decent add at +6.5bp

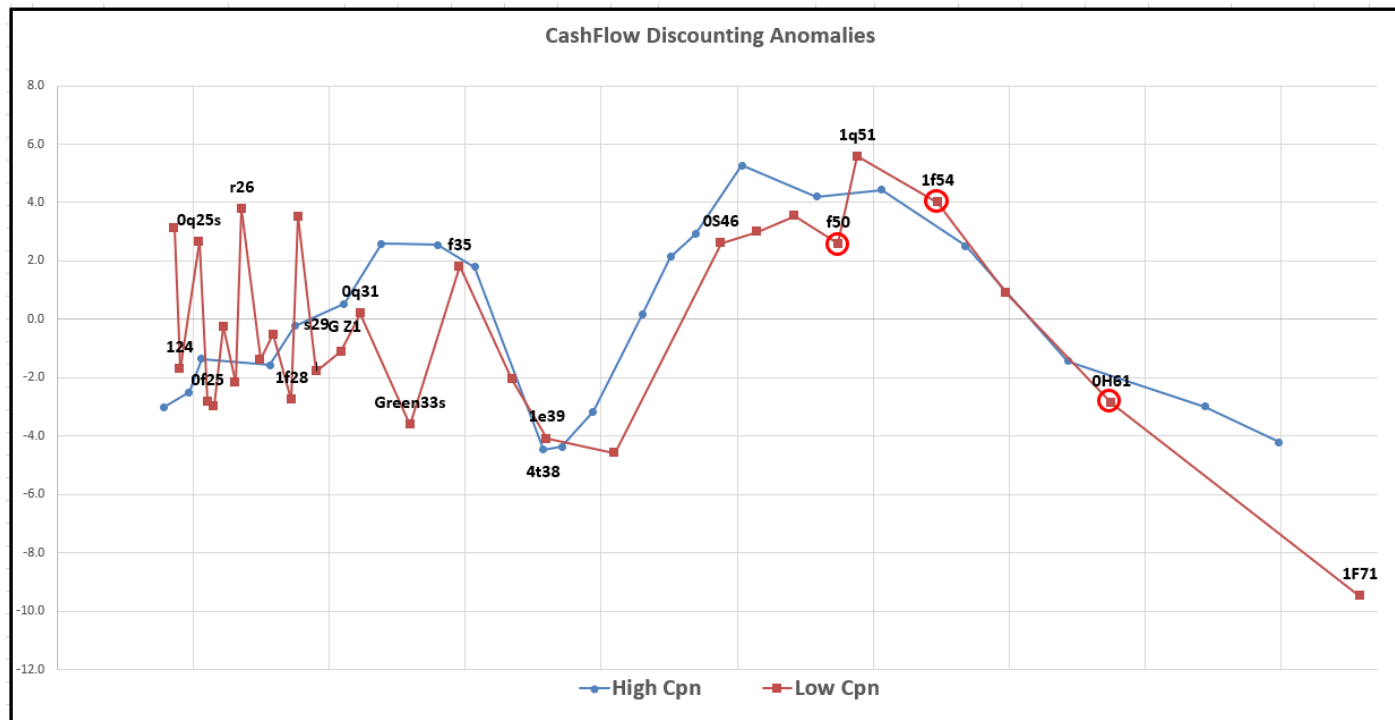




Pepp refreshed under another name?
 Need be long Factor 2 – long Italy vs mix of France and Germany

- $100 * (-0.95 * RV0004P \text{ 10Y BLC Curncy} + 1.4 * RV0005P \text{ 10Y BLC Curncy} - 0.2 * RV0002P \text{ 10Y BLC Curncy})$
- $100 * (-0.95 * RV0004P \text{ 10Y BLC Curncy} + 1.4 * RV0005P \text{ 10Y BLC Curncy} - 0.2 * RV0002P \text{ 10Y BLC Curncy})$

UKT 61s tap – 61s rich, sell as a wing – with more pressure on LDI longs, 71s tap on 2nd Nov



- 54s61s is twice as volatile as 50s54s
Ukt 54s cheap
- So the fly is
- -f50/+1f54/-h61
- Weighting:
-1.3 / +2 / -0.7

UKT: -50 / +54 / -61: vol weighted fly: some here but really add size at +5.2bp if ever got there



Nether 47 supply on Tues Oct 12th

Sell Nether 47s to buy 38s – Nether HC curve too rich vs Swaps



Ragb offered in last sell-off and tap

Switch Bgb 29s into Ragb 29s – shorten in steepened curve for best ever give: -1.5bp



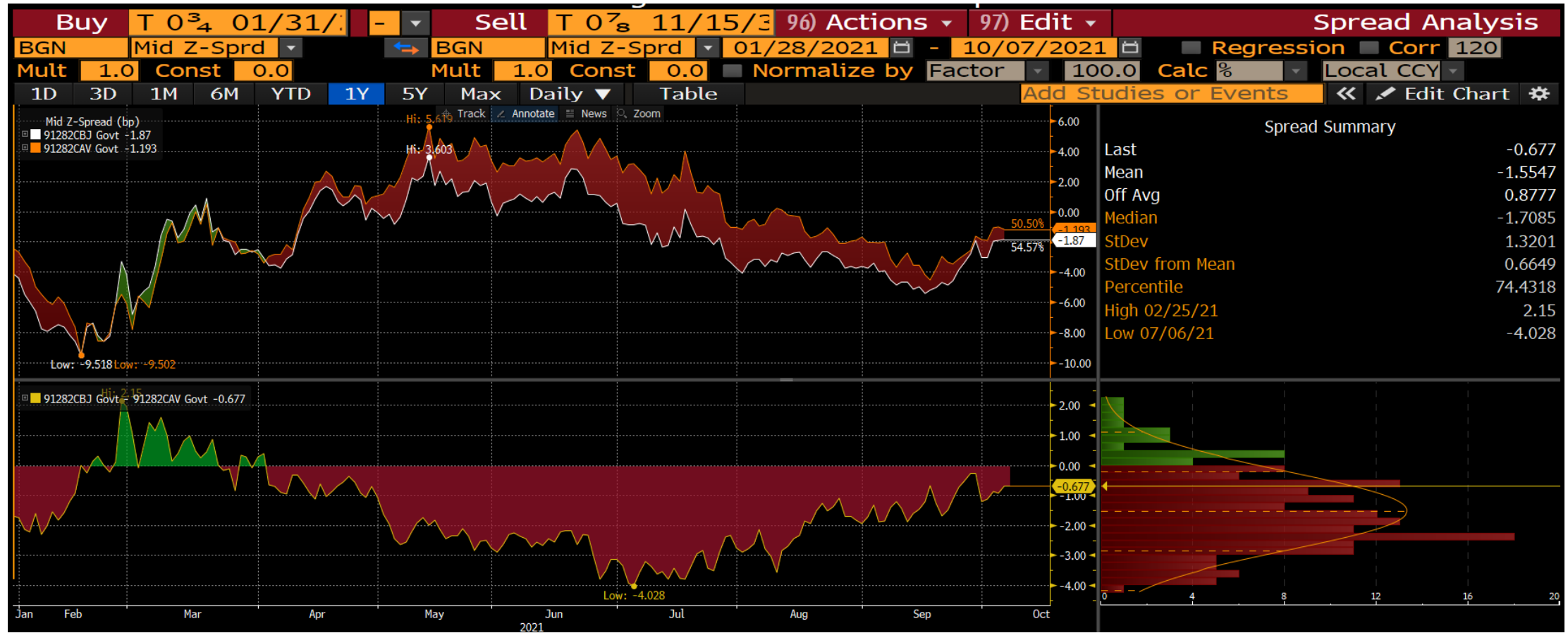
Spain still not rich in 50yrs

- Spain has been bid on a blend vs other issuers for the last few months on the rest of the curve. Spain seems to be starting to evolve into a semi-core country in terms of its spread and curve shape
- But the old50y Spain vs old50y Italy and old50y France seems not to have responded – in the ‘outside PEPP’ tenor – it still should move – do some here and more if it gets extreme (=> +75)



$$(+2.0 * \text{YIELD}[\text{SPGB 3.45 07/30/66 Corp}] - 1.4 * \text{YIELD}[\text{FRTR 1.75 05/25/66 Corp}] - 0.6 * \text{YIELD}[\text{BTTPS 2.8 03/01/67 Corp}]) * 100$$

UST steepener 9s into 7s: vs OIS – not quite there yet – but 7y looks cheap in sell off and vs swap provides some protection – see fwds chart for full detail



-T 0.875 nov30 + T 0.75 jan28



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