



Trade Radar

Trades & Fades

James & Will, Astor Ridge

Nov 15th



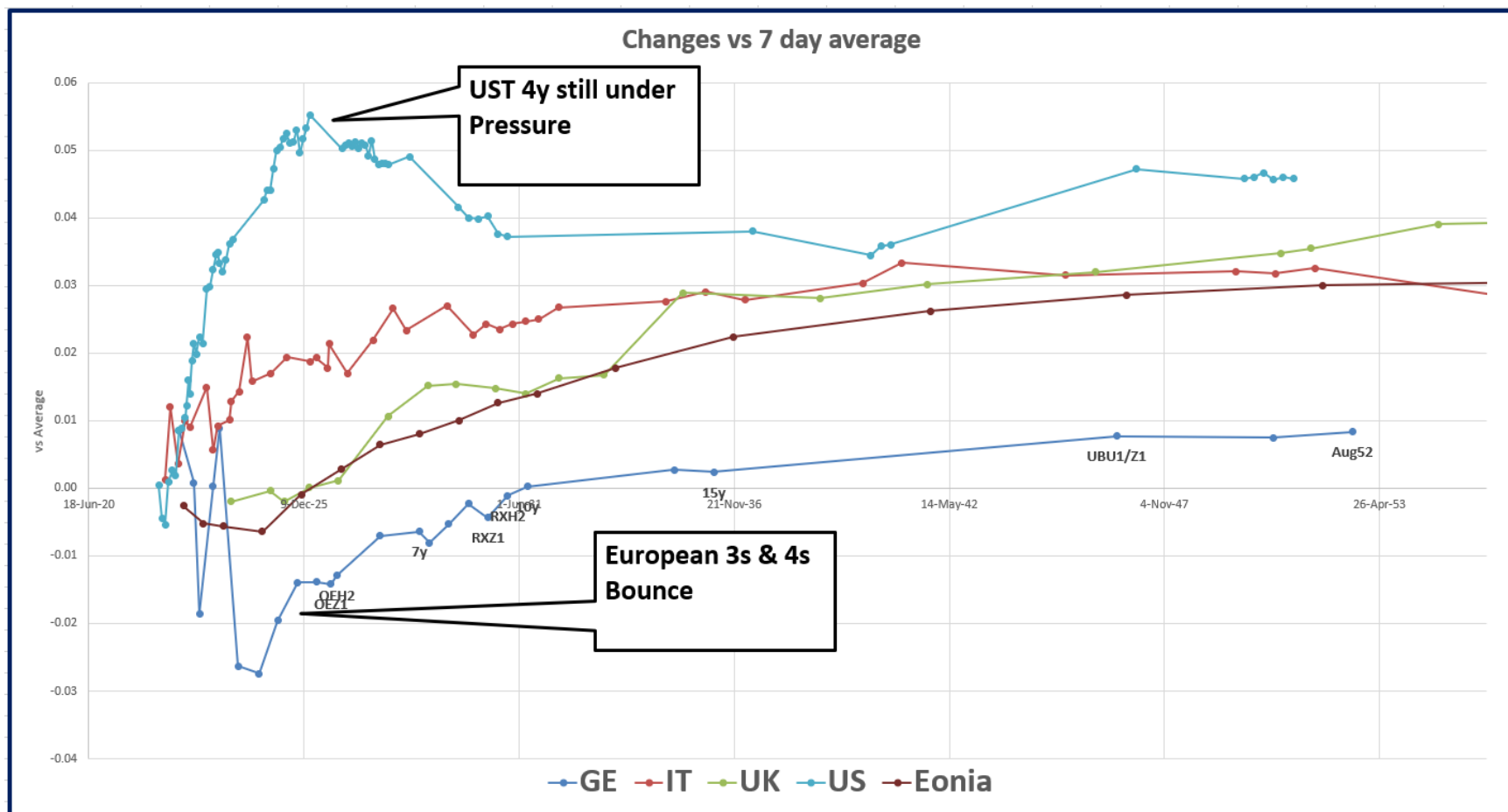
- 'What Just Happened?...'
- Last week's changes



Last week in Pictures – Yield Changes

Yield Changes vs the weekly average

Euro Curves Bounce

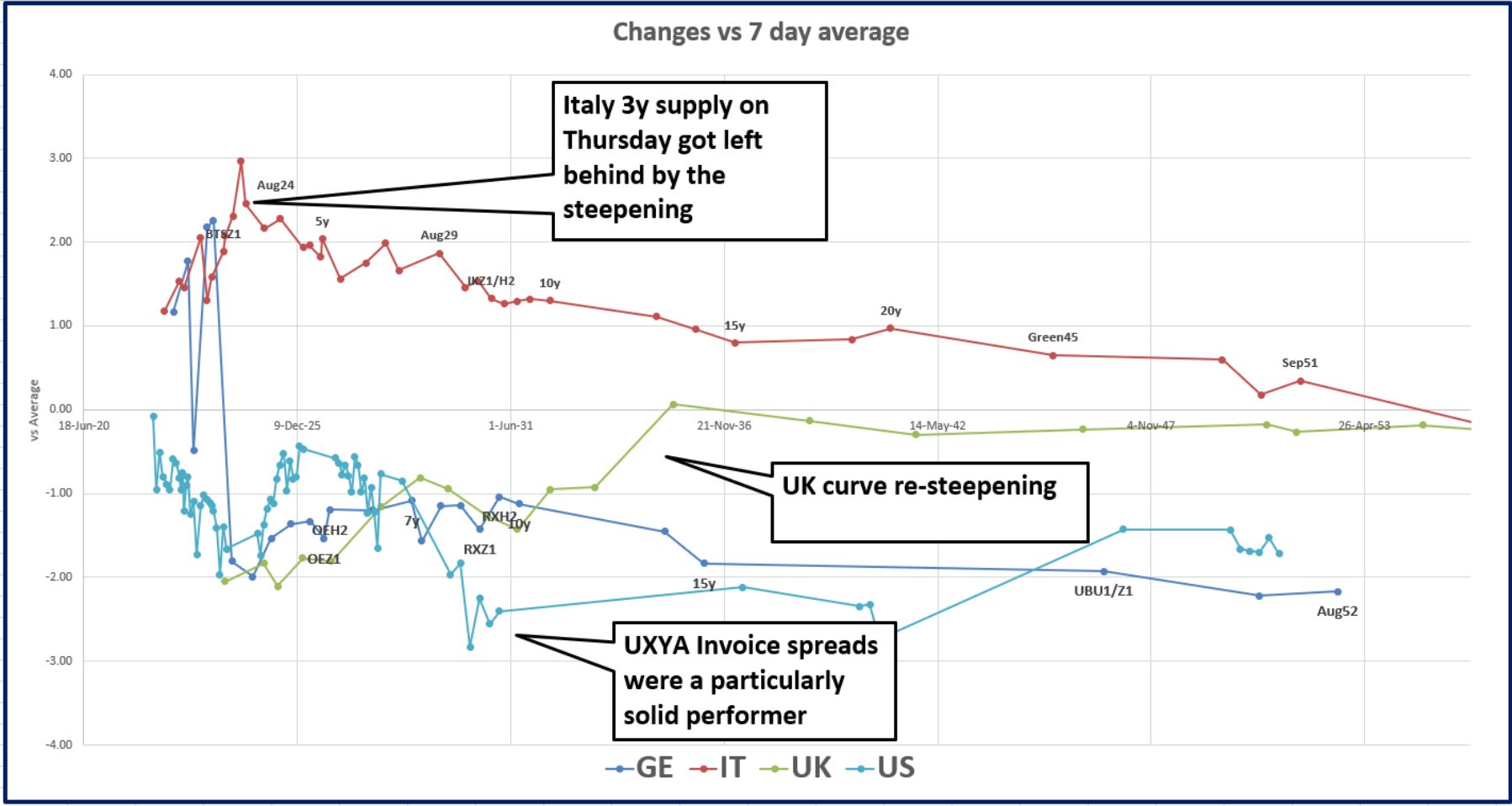


Last week in Pictures – Swap Spread Changes

Swap Spread (vs the weekly average – smooths out the data if the start date is particularly anomalous)

Some steepening empathy to be had vs Swaps in Italy

Trying to see if there's a decent fade to US swap spreads

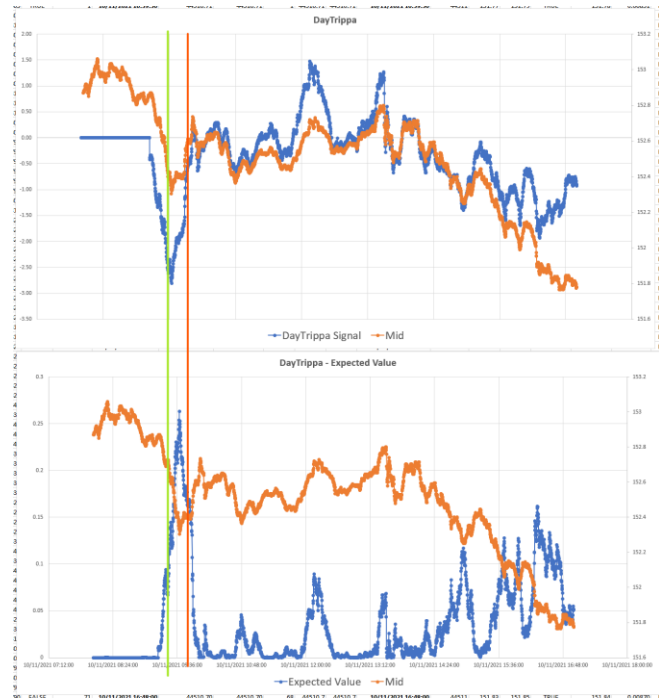


Supply

- Finland 10y & 25y
- German 30y tap
- UK 25y tap
- Spain 6y, 8y, & 10y
- France 2y, 5y & Old 6y – Oct27 is one of our favourite shorts on the Frtr curve – short that vs the 5y – for best tuck-in (anomaly roll)
- Following Week
- Belgium TBA
- EU
- Nether 8y tap
- Italy 5y & 10y Tba

Algo Intraday Trading

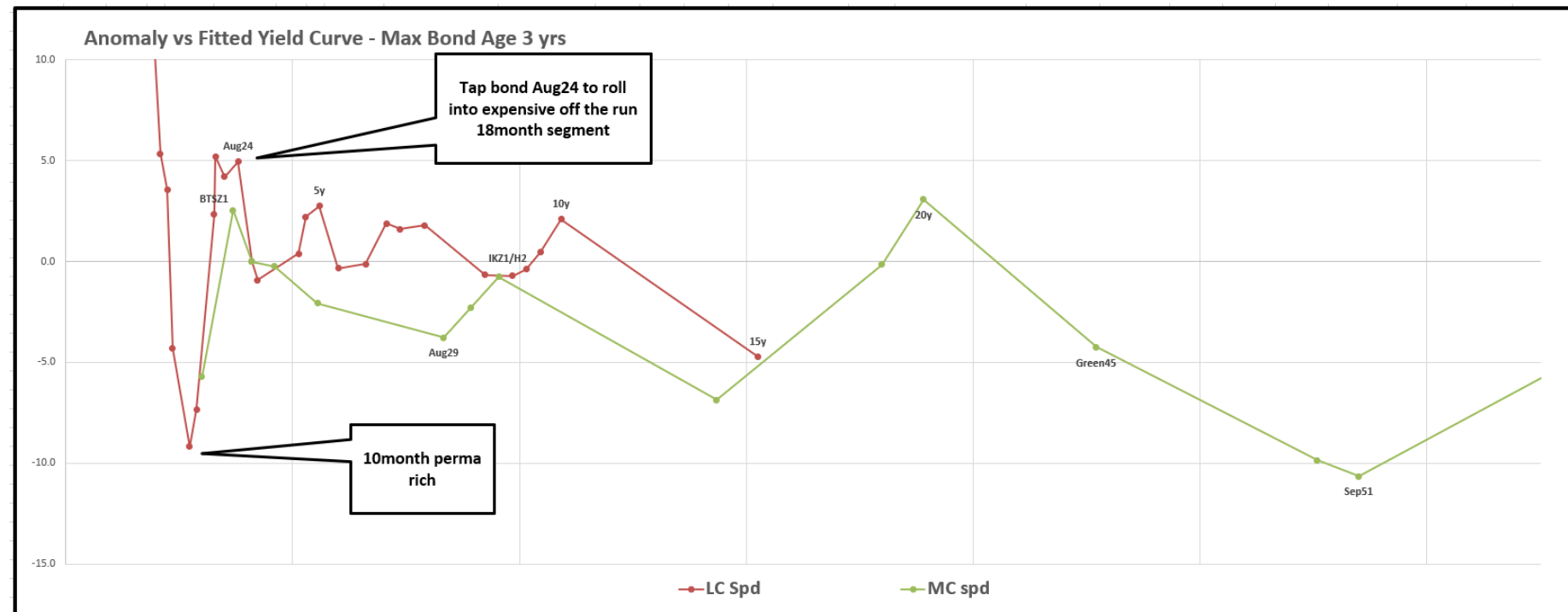
- IK continues to offer good vol of vol and therefore our Trading Algo saw some good opportunities – see data for Thursday 11th
- Call for details



Contract	ikZ1 Comdty	
Dates	10/11/2021 07:30:00	
	10/11/2021 17:00:00	
Min Vol (Ann.)	27.5	
Data Length	450 * 10s	
Min Sharpe	2	
Mn/Max Sharpe	1.48 / -2.81	
Trades	Direction	Price
10/11/2021 10:00:50	flat	152.6700
10/11/2021 09:32:00	Long	152.5450

Trade 1 : Italy +2y -3y +5y

- 2y Aug24 got left behind in the supply
- Call for Dets



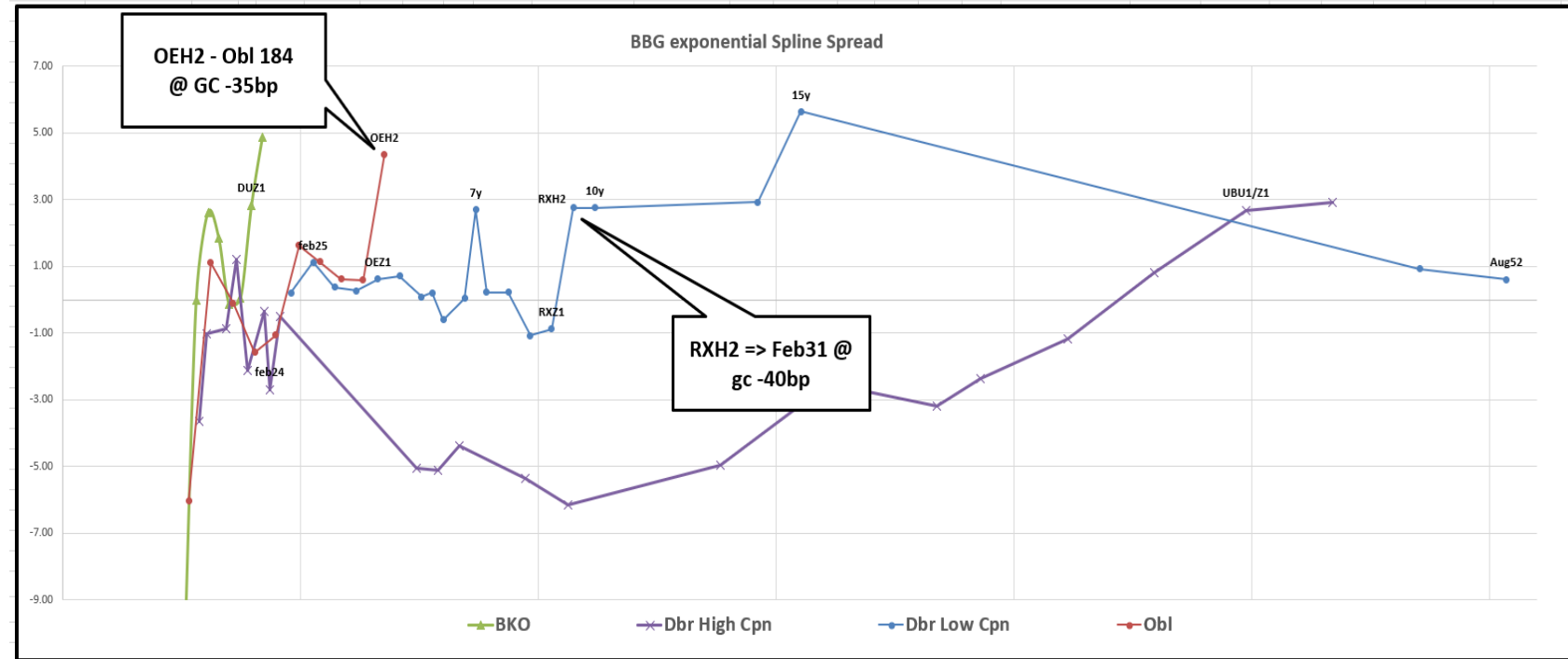
Year End turn gets spicey – Eurex futures rolls go bid-tastic

- The turn looks to be about -4.5% for 3 days – that’s worth about 15bp on a 3mo repo
- I’ve richened my GC rates for each issuer by 15bp – but still the implieds for the March contracts are trading about 40bp through that
- The easiest way to view that is actually to ‘adjust’ the spot price of the CTD’s cheaper by the benefit of that extra 40bp (otherwise we spend our lives trying to adjust every bond forward – it’s the same only in spot terms)
- That gives us a new plot of rich/cheap anomalies

Trade 2: Mar Obl contracts vs off the run 26s

- The repo has significant effect on the RV in shorter tenors
- This looks a great set up and is the reason in the first instance Oct26 (ctd to Mar) got beaten up
- But you have to remember delivery is a circular process – if a futures CTD cheapens initially, it always rehabs back into the curve – usually as a front month but sometimes not till post-delivery
- Call for details – this looks decent but you need repo over yr end. RXH2 also

- In the Graph, I've used BBG Exponential Spline Spread (not simple anomaly) as it's a better indicator of RV value to the specific curve – call for details



Trade 3: Sell Frtr Oct27 vs OEH2 & Btps Mar28

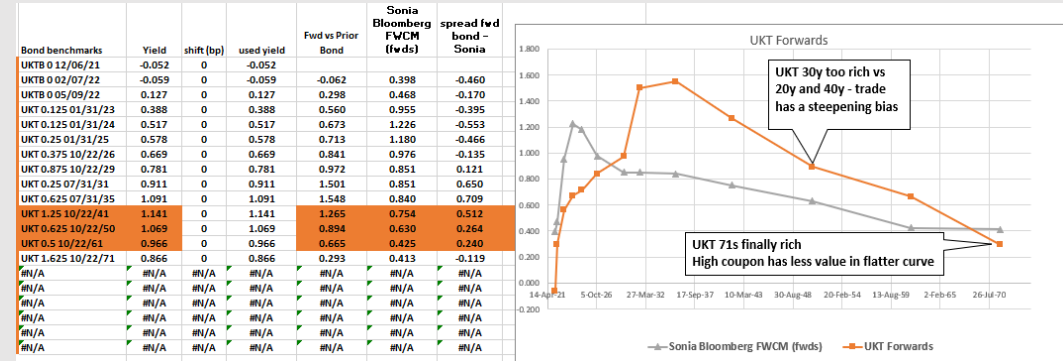
- Slightly mis-weighted – but this everything in it
- Back months
- Credit
- French elections
- Issue idiosyncrasy
- Anti-Pepp



(+0.0* HELLOPPPLA.25 00/15/27 Comp) - 1.6* HELLOPPPLA.25 00/15/28 Comp) - 0.4* HELLOPPPLA.25 00/15/28 Comp) * 100

Trade 4: Ukt +20y / -old30y / +40y

- The forwards on this just look wrong – and typically is what forces the turning point on the most sticky of bonds (Old 30y)
- Look at Sonia forwards – that’s the market thinking that inflation is still transitory – but the jury and the punchbowl are still out



Last week's trades...

Austria 15y: Ragb 34
for history / Ragb 36
tap

- Trade update from last week

$100 * ((\text{yield}[\text{RAGB } 2.4 \text{ 05/23/34 Govt}] - \text{yield}[\text{RAGB } 0 \text{ 02/20/30 Govt}]) + -1 * (\text{yield}[\text{DBR } 0 \text{ 05/15/35 Govt}] - \text{yield}[\text{BJ948280 Corp}]))$

worked...



UKT 71 tap – fwd swap spread vs 40y

- Trade update from last week

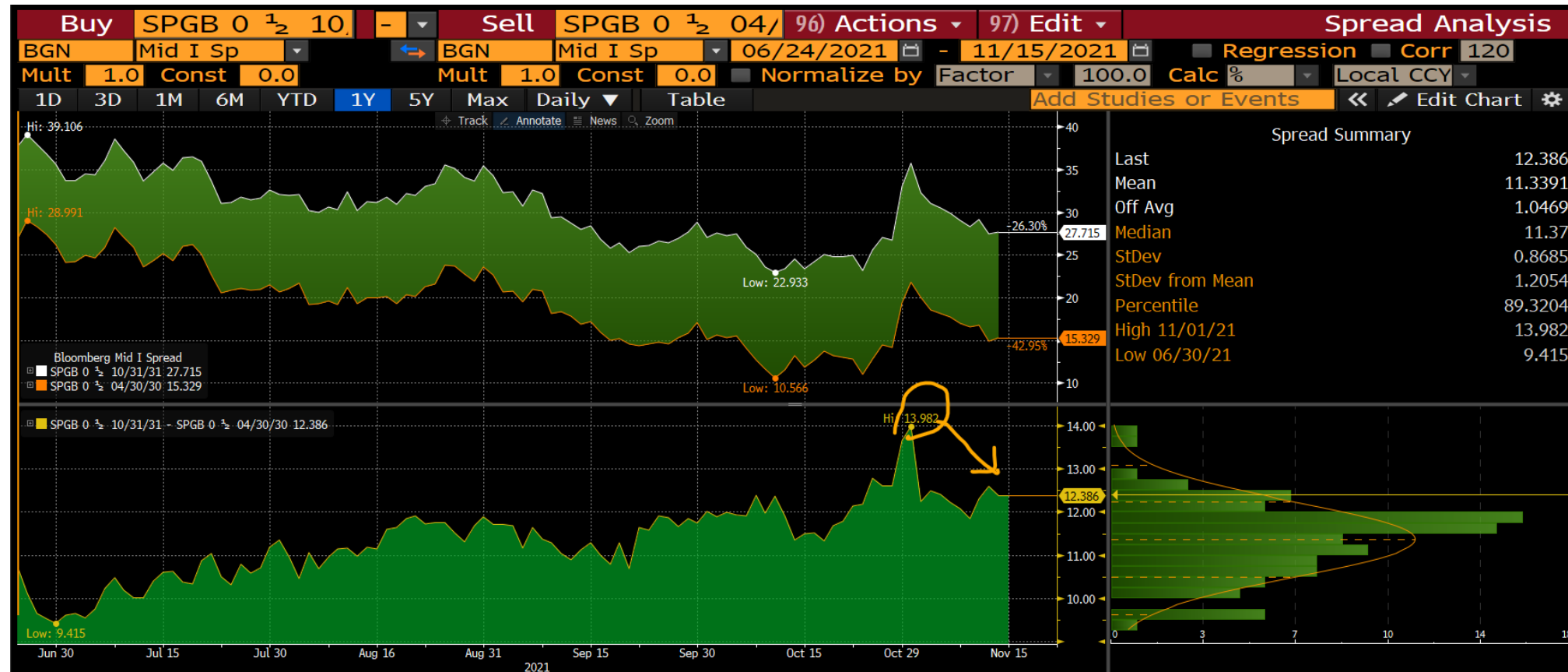
(P2509[UKT 1.625 10/22/71 Corp] - 0.85 * P2509[UKT 0.5 10/22/61 Corp])

worked...



Spain 10y: Trade update from last week vs old 10y

- working



France Supply : sell Frtr May30 vs IK & RX – Last week, working



- The flavour of the last few months has been a desire to be short France ahead of elections
- France typically trades on a ratio or 'blend' vs IK and RX
- We like Short the OLD Frtr May30 (Ctd into OATU1) vs long IKZ1 and RXZ1
- Weighting -2 / +0.35 / +1.65
- With a watershed on Wednesday as dealers position and the market gets short



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