



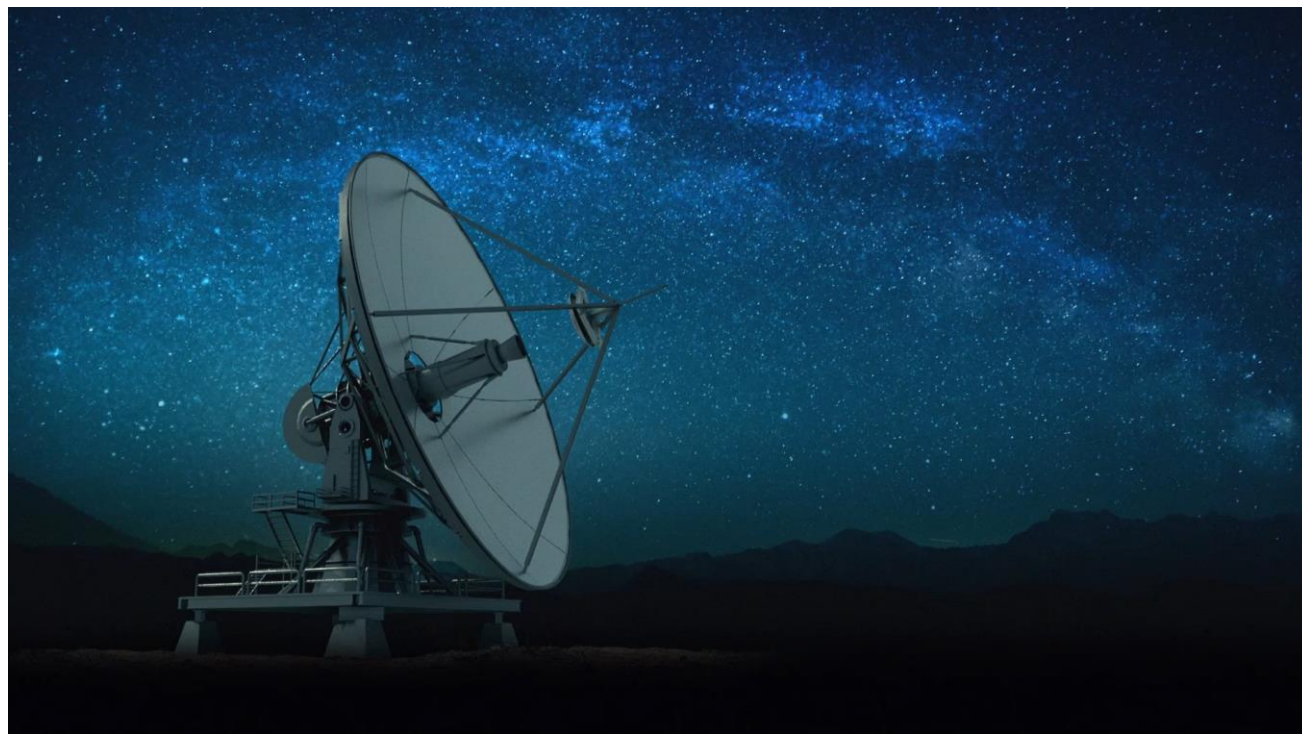
# Trade Radar

Trades & Fades

James & Will, Astor Ridge

8<sup>th</sup> Nov

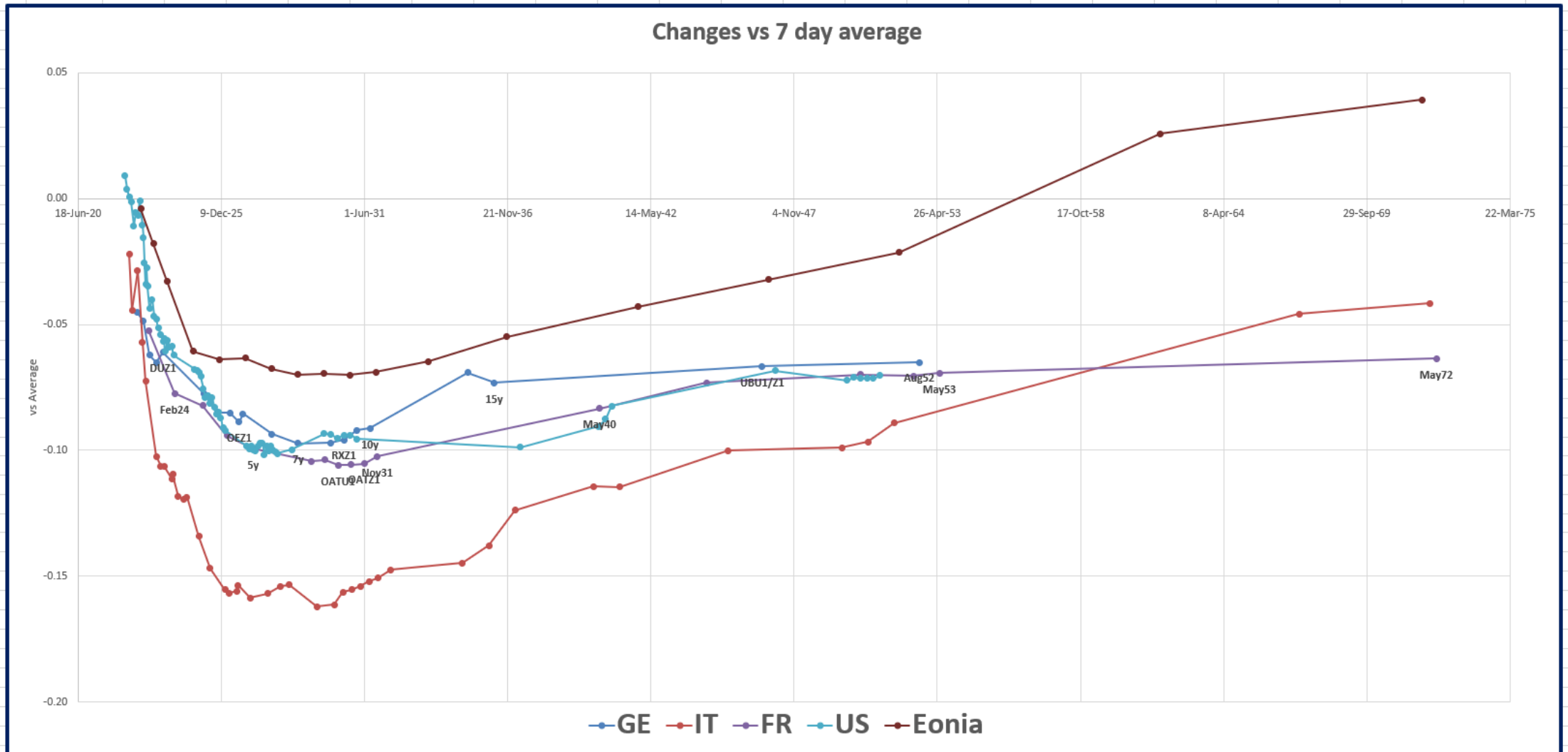
Bespoke Trading Strategies  
& Modelling



- Vol goes up – stops go off
- Lagarde doveish
- BoE disappoints
- Long forwards low
- IK/RX - Credit comes back



# What just happened: Bull Steepening led by 10y



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- Over 3 months: bear flattening led by 4y point in most curves
- The relief rally is most present in the 10y segment over the short horizon
- PCA Factors: PCA1 Delta, getting close to Flat



Call for modelling details

# PCA factors continued

- PC2: Credit, getting close to flat also

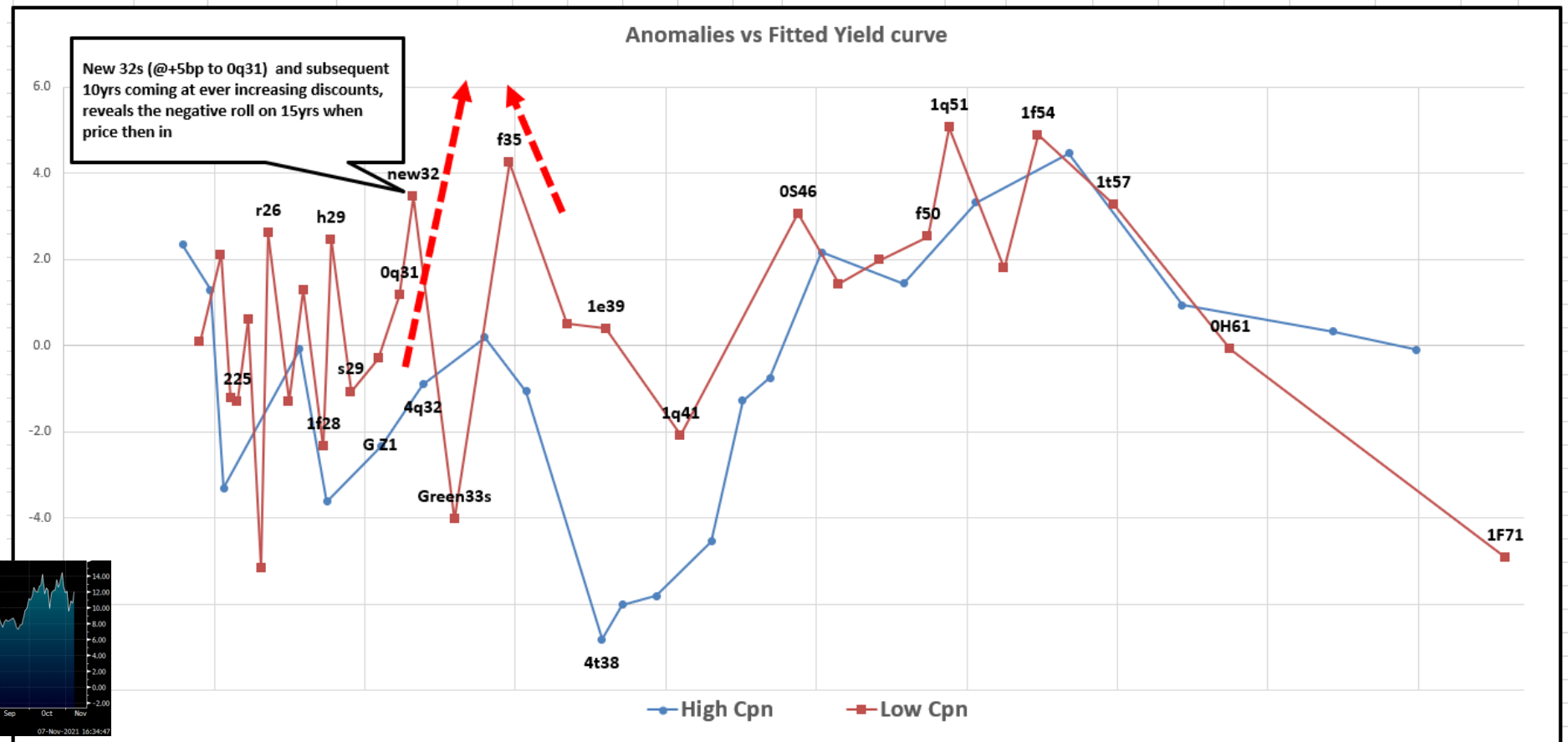


# From last week

+Ukt 32 vs -e28 & -f35

Small incept @ +14 was looking for +16bp

Ukt 35 like 12-14 yrs all over EGBs are losing their 'tuck-in' value (roll) as we look ahead to new 10yrs down the line at ever increasing discounts



# UKT: +s46 / -f50 / +1t57

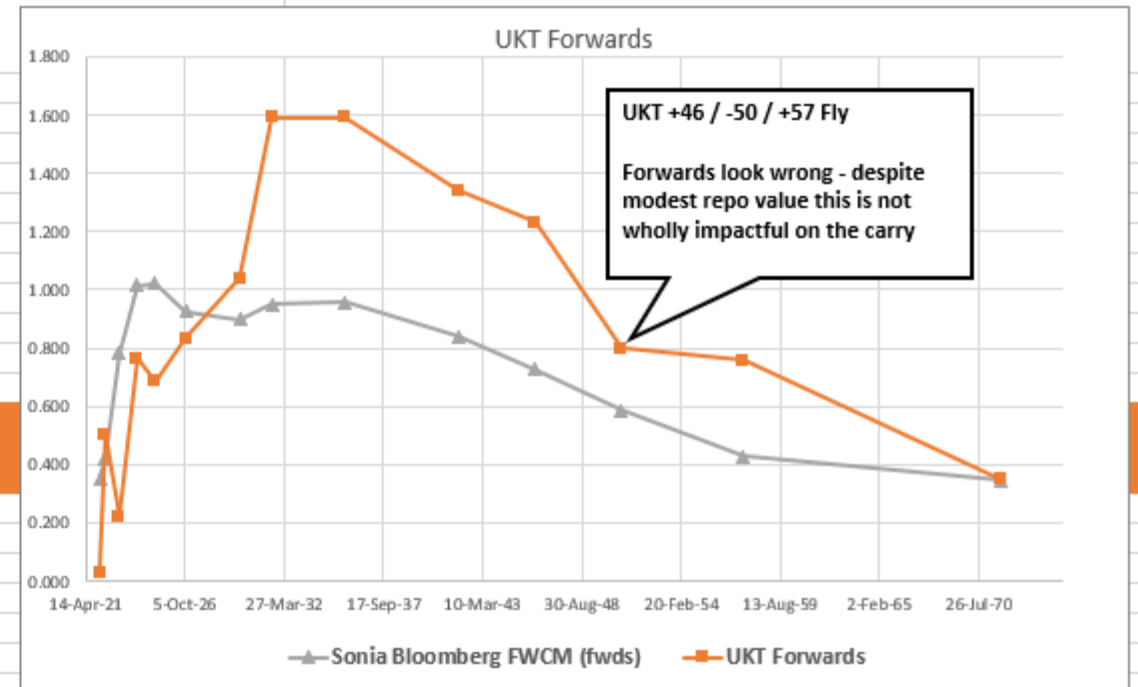
## Weights: +1.5 / -2 / +0.5

- UKT f50 has done very well - on Swap Spread outperforming 25y and 30y over 3 months
- Tuesday 16<sup>th</sup> Nov has supply in s46 and then 7<sup>th</sup> Dec there's supply in 1q51 which we will want to be short the f50 for to get that spread on at a nice level



Bond forwards suggest that s46/f50 is too flat relative to f50/1t57

Bond benchmarks	Yield	shift (bp)	used yield	Fwd vs Prior Bond	Sonia Bloomberg FWCM (fws)	spread fwd bond - Sonia
UKTB 0 11/29/21	-0.038	0	-0.038			
UKTB 0 01/31/22	0.008	0	0.008	0.025	0.354	-0.329
UKTB 0 05/03/22	0.263	0	0.263	0.504	0.422	0.081
UKT 0.125 01/31/23	0.238	0	0.238	0.222	0.780	-0.558
UKT 0.125 01/31/24	0.473	0	0.473	0.764	1.014	-0.250
UKT 0.25 01/31/25	0.538	0	0.538	0.684	1.020	-0.336
UKT 0.375 10/22/26	0.639	0	0.639	0.832	0.925	-0.093
UKT 0.875 10/22/29	0.786	0	0.786	1.038	0.900	0.138
UKT 0.25 07/31/31	0.931	0	0.931	1.591	0.951	0.641
UKT 0.625 07/31/35	1.117	0	1.117	1.591	0.955	0.636
UKT 1.25 10/22/41	1.181	0	1.181	1.341	0.838	0.502
UKT 0.875 01/31/46	1.189	0	1.189	1.231	0.725	0.506
UKT 0.625 10/22/50	1.130	0	1.130	0.798	0.587	0.211
UKT 1.75 07/22/57	1.075	0	1.075	0.758	0.426	0.332
UKT 1.625 10/22/71	0.916	0	0.916	0.349	0.346	0.003
#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
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#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A



# UST: -USZ1 / +T 1.125 May40 / -WNZ1

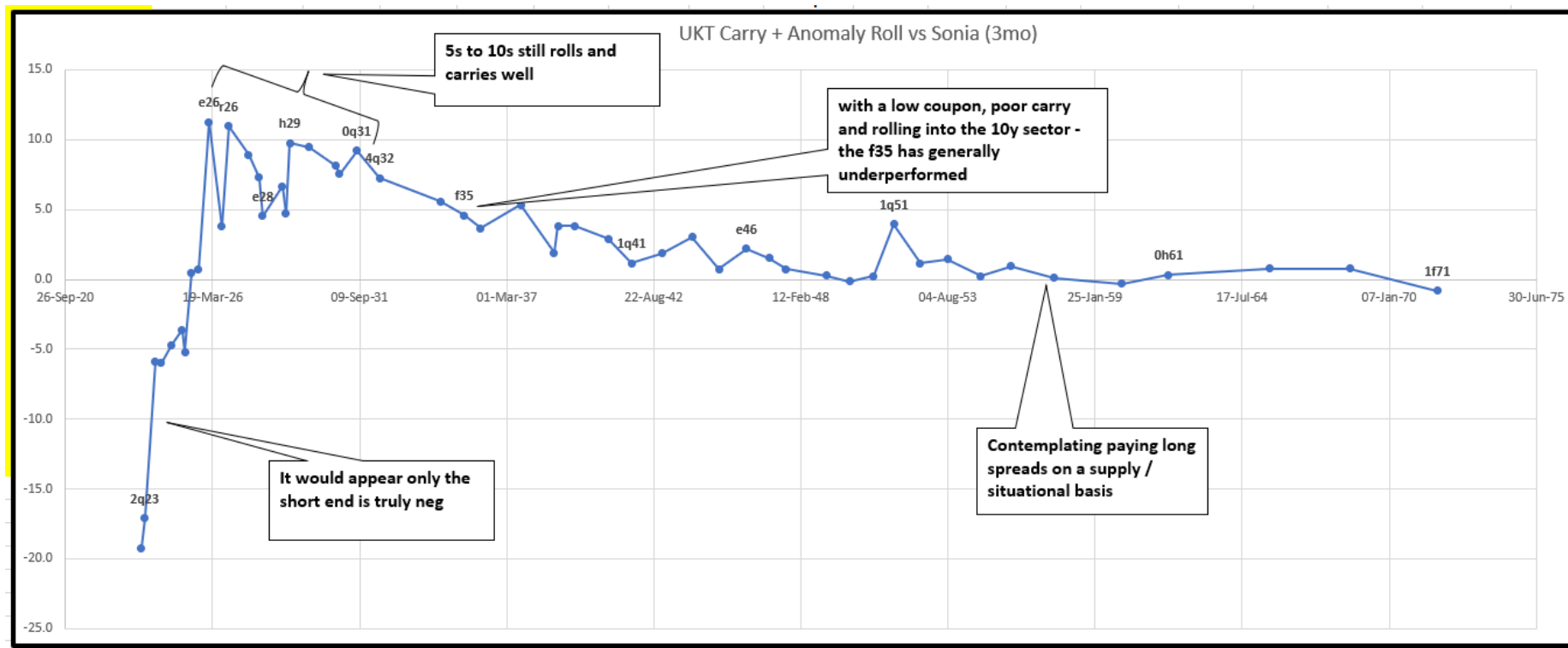
Still like this one @ > +40bp, (Major level +44bp, Sharpe +1.5bp vs 3mo avg)





# UKT Invoice spreads surge:

- UKT Carry and Roll (just the anomaly roll) gives a clue – on short end spreads
- **Ongoing repo bids have made swap spreads feed on themselves.** The huge basis between specific collateral funding and Sonia levels, coupled with the truly epic roll of UKT fwds > 7yrs vs swaps means these spreads could be here to stay. I can only see them cheapening if the absolute level was so low that most international RM funds were to divest, leaving just domestic and indexed managers to take up the slack



# Germany: +10y -old15y +Buxl : be short 12-15 yrs

- This one was a blinder – now we're focussing on forthcoming 10yrs , old 15yrs can wave good bye to any sort of roll....
- Weights: +1.2 / -2 / +0.8
- Still has legs.. And for extra Nitro & sleepness nights short the Dbr 39s as well as Dbr 35s



# France: Short old 7y Frtr Oct27, +5y and OATZ1

- This is a better trade than short OATU1 !!!  
Weights: Call....  
Roll is the right way round on short this high coupon

The Oct27 roll nowhere and fwds look all wrong, just greedy on the level





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