



# Trade Radar

Thoughts coming into December

Trades & Fades

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7<sup>th</sup> December

Bespoke Trading Strategies  
& Modelling



# Futures Rolls

Futures	Futures Roll	Change in	Spread to 3m	Change on								
Rolls	Z1/H2	(Mid)	Implieds	Ois	Day	% Rolled	Bid	Ask	AR View	Comments	Name	
	RX	-1.895	-0.02%	-0.62%	-0.080	92%	-1.900	-1.890	Buy	Front month rich but still squeeze potential.	RXZ1RXH2 comdty	
	IK	2.165	-0.07%	-0.16%	0.000	87%	2.160	2.170	Neutral	Same Ctd, but cash is cheap vs wings	IKZ1IKH2 comdty	
	OE	1.235	-0.03%	-0.53%	-0.030	91%	1.230	1.240	Buy/Sell	Back mth Cheap vs Off TR, Aug26 no delivery setup	OEZ1OEH2 comdty	
	DU	0.153	-0.02%	-0.45%	0.010	93%	0.150	0.155	Sell	Back Month is cheap and Front rolls poorly	DUZ1DUH2 comdty	
	OAT	2.505	0.03%	-0.42%	0.010	90%	2.500	2.510	Buy higher	H2 - could go offered into tomorrow's supply	OATZ1OATH2 comdty	
	UB	1.850	0.05%	-0.59%	0.000	82%	1.840	1.860	Neutral	Repo has small effect on dvo1 - squeeze potential	UBZ1UBH2 comdty	
	BTS	0.285	0.01%	-0.14%	-0.040	86%	0.280	0.290	Buy Front month	Drop out into richer sector - no one to oppose	BTSZ1BTSH2 comdty	

Z1													
FUT	FUT_CTD	FUT_CTD_ISIN	FUT_CNVS_FACTOR	FUT PX	CTD PX	Implied	Ch. Implieds	Gross	Open_int (k)	Open_int_Change (k)	Roll	Roll Override	Ch. On Day in Roll (ticks)
RXZ1	DBR 0 08/15/30	DE0001102507	0.603058	172.44	104.024	-11.31%	-19.13%	0.03	105	-242.3	-1.890		-8.0
IKZ1	BTPS 1.65 12/01/30	IT0005413171	0.706291	152.21	107.516	-2.31%	-6.72%	0.01	43	-53.0	2.160		0.0
OEZ1	DBR 0 08/15/26	DE0001102408	0.761347	135.33	103.037	-1.37%	-1.27%	0.00	129	-225.4	1.240		-3.0
DUZ1	BKO 0 09/15/23	DE0001104859	0.902300	112.31	101.317	5.61%	3.05%	-0.02	80	-144.3	0.155		1.0
OATZ1	FRTR 1.5 05/25/31	FR0012993103	0.682206	168.76	115.1315	-0.53%	4.16%	0.01	54	-105.8	2.510		1.0
UBZ1	DBR 2.5 08/15/46	DE0001102341	0.767342	219.52	168.4515	0.48%	6.83%	0.00	65	-35.8	1.840		0.0
BTSZ1	BTPS 0 01/15/24	IT0005424251	0.884938	113.68	100.6365	-13.15%	-17.75%	0.04	30	-27.4	0.290		-4.0

H2										
FUT	FUT_CTD	FUT_CTD_ISIN	FUT_CNVS_FACTOR	FUT PX	CTD PX	Implied	Ch. Implieds	Gross	Open_int (k)	Open_int_Change (k)
RXH2	DBR 0 02/15/31	DE0001102531	0.594076	174.34	103.8835	-1.20%	-0.02%	0.315	1199	186.3
IKH2	BTPS 1.65 12/01/30	IT0005413171	0.712467	150.05	107.516	-0.74%	-0.07%	0.614	286	40.5
OEH2	OBL 0 10/09/26	DE0001141844	0.765612	134.10	102.9535	-1.11%	-0.03%	0.289	1234	165.2
DUH2	BKO 0 12/15/23	DE0001104867	0.902156	112.15	101.4435	-1.03%	-0.02%	0.264	1115	102.2
OATH2	FRTR 1.5 05/25/31	FR0012993103	0.688498	166.25	115.1315	-1.01%	0.03%	0.669	490	81.9
UBH2	DBR 2.5 08/15/46	DE0001102341	0.768712	217.67	168.4515	-1.17%	0.05%	1.126	298	35.2
BTSH2	BTPS 0 04/15/24	IT0005439275	0.884882	113.40	100.524	-0.72%	0.01%	0.183	177	25.5

% Rolled	Spread to 3m Ois
92%	-0.62%
87%	-0.16%
91%	-0.53%
93%	-0.45%
90%	-0.42%
82%	-0.59%
86%	-0.14%

Last Update: 07/12/2021 16:05  
 "Change since" date 06/12/2021

# Eurex Basis flows: list next page

## Eurex basis flows:

- seeing some selling of DBR 2048 vs UBH2 as people look for ways to get long the back month Buxl contract (back month CTD implies hovering around -1.18%)
- Similarly seeing selling of DBR 5y-7y cash vs OEH2
- Conversely buying of FRTR 5/30 to sell OATH2
- Little bit of buying in BTP 3/26 (vs IK), following on from the buying in 6/26 yesterday.
- X-issuer selling of Nether 1/38 on fly vs OE&UB
- Buying of 5y Spain vs OE and buying of Irish 5/37 vs RX

# Eurex Basis Flows

DE							
Trade Type	Contract	Bond	Notional (mm)	DV01 (k)	Spread	Mid-Spread	Direction Guess
Curve	FGBMH2	DBR 0.5 02/15/25	15	5	10.6	10.8	
Curve	FGBSH2	DBR 1.5 05/15/24	20	5	2.2	2.2	
Curve	FGBMH2	DBR 0.5 08/15/27	15	9	2.7	2.8	
Curve	FGBSH2	BKO 0 09/15/23	70	13	0.0	0.2	
Curve	FGBMH2	DBR 0.5 02/15/26	31	13	5.3	5.3	
Curve	FGBMH2	DBR 0.5 02/15/26	30	13	5.3	5.2	
Curve	FGBMH2	DBR 0.5 08/15/27	25	15	3.0	2.9	
Curve	FGBSH2	BKO 0 09/15/23	84	15	0.3	0.4	
Curve	FGBMH2	DBR 0 08/15/26	32	16	3.6	3.5	
Curve	FGBMH2	OBL 0 04/11/25	50	17	9.1	9.2	
Curve	FGBMH2	OBL 0 04/11/25	75	26	9.1	9.1	
Curve	FGBXH2	DBR 4.25 07/04/39	16	40	10.1	9.9	Steepener
Curve	FGBLH2	DBR 0 08/15/31	40	40	4.7	4.8	
Curve	FGBXH2	DBR 2.5 07/04/44	24	74	3.4	3.3	
Curve	FGBXH2	DBR 1.25 08/15/48	25	81	#VALUE!	6.4	
Curve	FGBXH2	DBR 1.25 08/15/48	25	82	6.5	6.4	
Curve	FGBMH2	DBR 0 11/15/27	140	86	3.8	3.6	Steepener
Curve	FGBXH2	DBR 1.25 08/15/48	35	114	6.5	6.4	
Curve	FGBXH2	DBR 1.25 08/15/48	40	130	6.6	6.5	

FR							
Trade Type	Contract	Bond	Notional (mm)	DV01 (k)	Spread	Mid-Spread	Direction Guess
Curve	FOATH2	FRTR 0 11/25/29	15	12	11.0	11.0	
Curve	FOATH2	FRTR 1.25 05/25/34	20	26	23.0	23.0	
Curve	FOATH2	FRTR 2.5 05/25/30	100	97	11.4	11.3	

IT							
Trade Type	Contract	Bond	Notional (mm)	DV01 (k)	Spread	Mid-Spread	Direction Guess
Curve	FBTPH2	BTPS 4.5 03/01/26	15	7	72.3	72.3	
Curve	FBTPH2	BTPS 4.5 03/01/26	21	10	72.1	72.0	
Curve	FBTPH2	BTPS 4.5 03/01/26	25	12	72.3	72.2	
Curve	FBTPH2	BTPS 1.65 03/01/32	23	23	12.8	13.0	Flattener
Curve	FBTPH2	BTPS 2.7 03/01/47	10	23	90.4	90.8	Flattener

\* DV01 is calculated using the posted futures size, not the bond size. This is because of posting errors that frequently occur with the cash

\* Mids are taken at the time the trade is posted, not necessarily at the time the trade was executed

\* Every day there are some mis-postings. These tend not to be corrected but we are leaving them in.

We guess at directions based which side of mid the trade was dealt on, specifically these levels through mid:

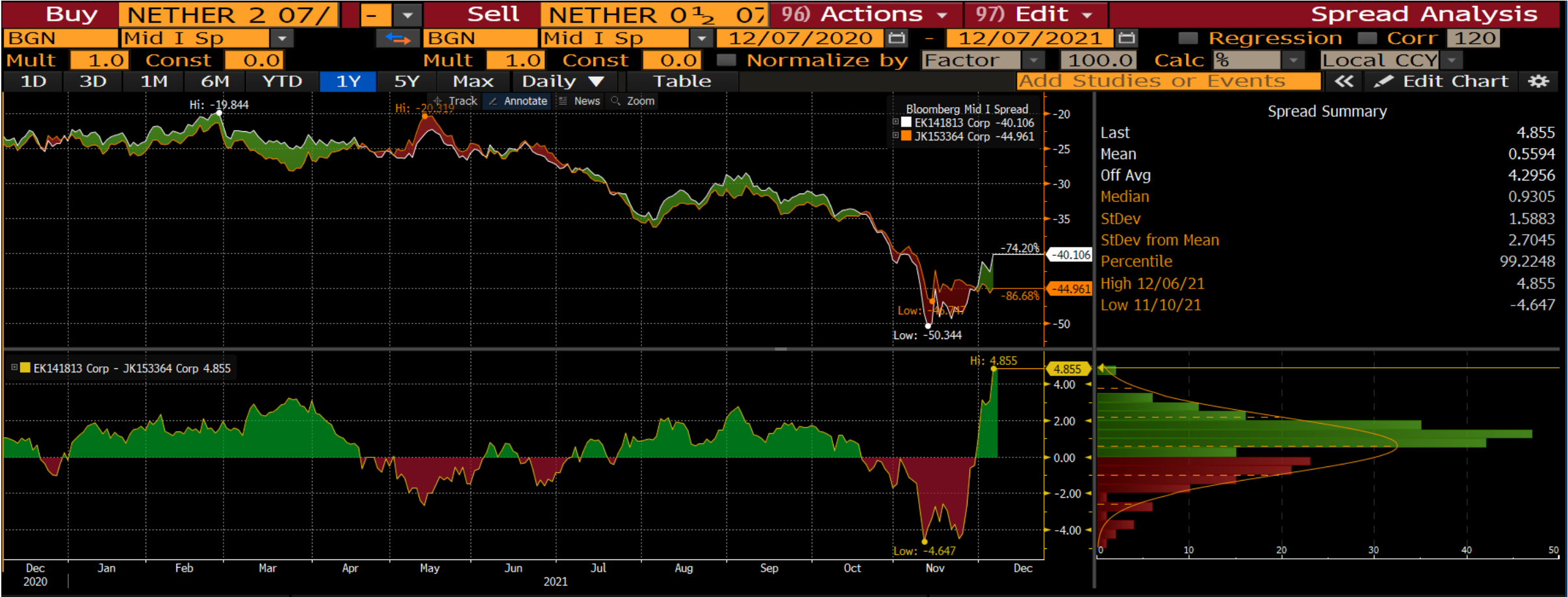
For Curve (basis points)	0.2
For Spreads (Basis Points)	0.2
For CTDs (Cents)	0.2

# Eurex Basis Flows

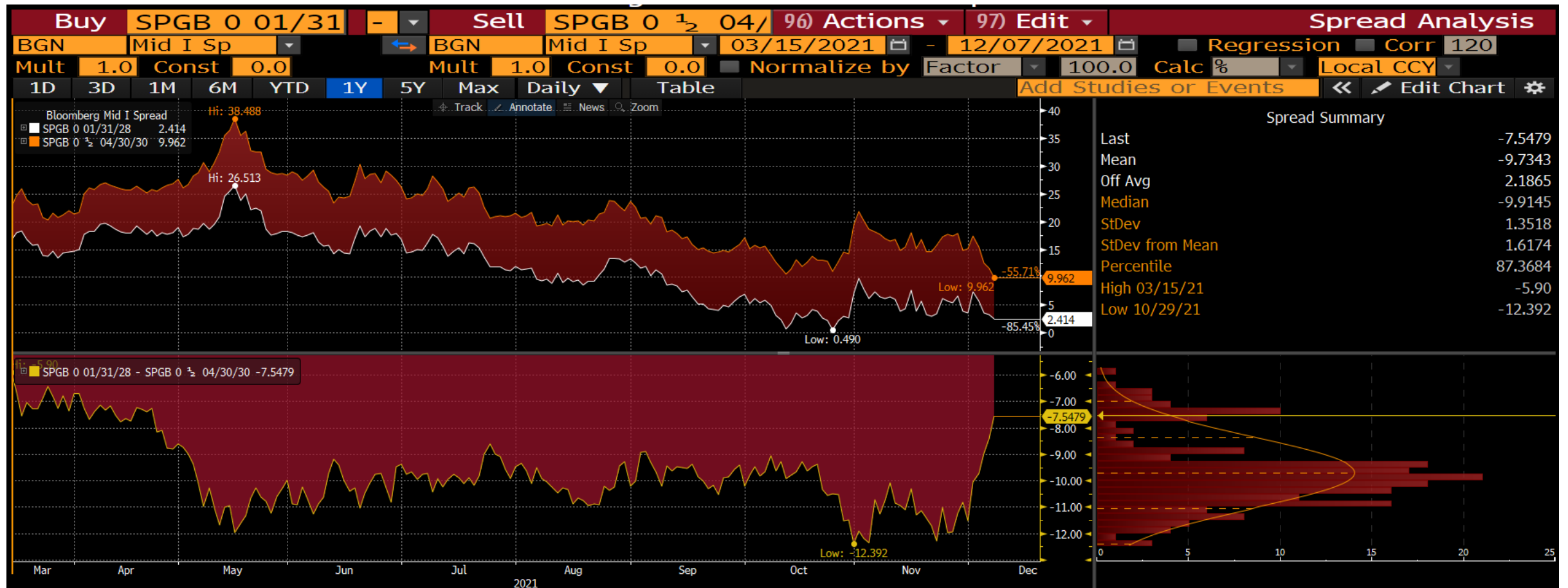
Country Spreads								
Trade Type	Contract	Bond	Notional (m)	DV01 (k)	Spread	Mid-Spre	Basis	Direction Guess
Country Spread	FGBMH2	NETHER 0.25 07/15/25	13	5	0.3	0.7		Tightener
Country Spread	FGBMH2	NETHER 0.5 07/15/26	30	14	2.0	2.0		
Country Spread	FGBLH2	FRTR 0 11/25/30	15	14	31.1	30.9		
Country Spread	FGBMH2	SPGB 0.8 07/30/27	26	15	47.4	48.3		Tightener
Country Spread	FGBMH2	NETHER 0 01/15/38	15	25	57.3	56.7		Widener
Country Spread	FGBLH2	IRISH 1.7 05/15/37	15	25	75.7	76.2		Tightener
Country Spread	FGBXH2	NETHER 0 01/15/38	15	25	17.0	16.9		

# Radars Trade: +Nether 24 / -Nether 26: steepener

- supply in the 24s today



# -Spain apr30 / +Spain jan28: vs MMS





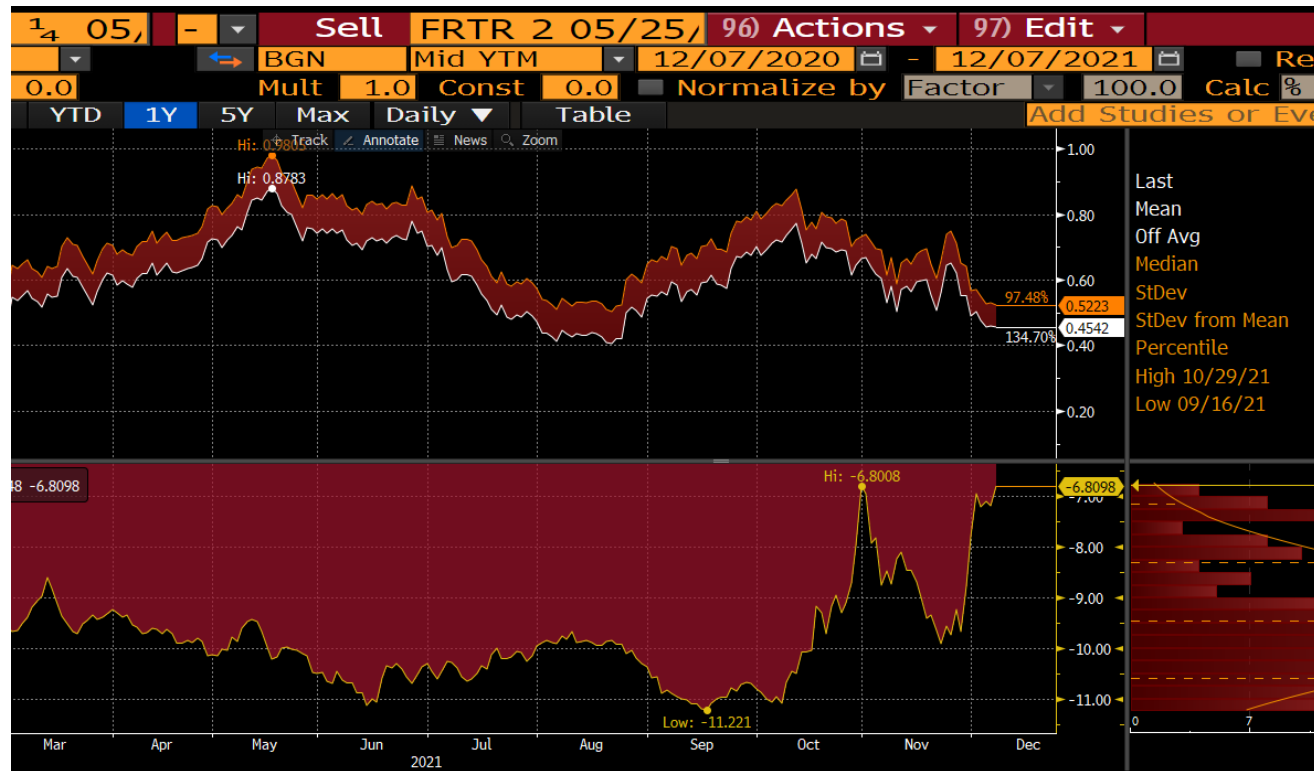
-Frtr May30 /  
+Irish May29

- Always the first out of the traps in the new yr to syndicate
- That said – Irish May29 have been hit hard
- FrtrMay2030 – the weak hands are out of that short I think
- Probably hang on for real extremes though – and it's a pro-PEPP trade





# Frtr May48 / +High Coupon Frtr 3.25% 45



- Simple switch out of the cheaper higher coupon bonds that could see Pepp buying, away from the Lower coupon
- -7bp
- Over flattened the rest of the curve

# Sell Btps Mar36 : vs Btps 7y and 20y

- $(+2.0 * \text{yield}[\text{BTPS } 1.45 \text{ 03/01/36 Govt}] - 0.6 * \text{yield}[\text{BTPS } 0.25 \text{ 03/15/28 Govt}] - 1.4 * \text{yield}[\text{BTPS } 1.8 \text{ 03/01/41 Govt}]) * 100$
- The old 15y Mar36 is a strategic short of mine – on and off for the next 3-4 yrs as it will likely underperform as did mar32 and sep33 as it converges towards the heavily tapped 10y segment – has poor carry but its coupon isn't so low as to make it disappear in a default / credit crisis scenario





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