

Other Current Recommendations

	Trade Detail	Rationale	Risks	Opened	Entry	Current	P/L
Treasury RV	Sell rich bond futures against cheap off-the-run bonds	Sell the rich classic bond futures versus off-the-run bonds in the 2026 to 2028 sector	Classic bond futures richen	11/26/14	+21 bp	+12 bp	+337k
Treasury RV	Short ultra long futures vs 30s	Ultra long futures are rich	Ultra continue to richen	6/12/14	+12 bp	+6 bp	+480k
Inflation	Short 1/2026 breakevens vs 5yr and 30yr breakevens	10s look rich; sell the rich 1/2026s	10s richen further	1/23/15	+15 bp	+0 bp	+229k
Inflation	Long 30yr TIPS breakevens versus 10yr TIPS breakevens	10s-30s breakeven curve appears too flat on a long term basis	Long term inflation expectations decline	11/26/14	+16 bp	+6 bp	+389k
Inflation	Long 1/2029 breakevens vs 10yr breakevens	10yr TIPS to 1/2029 breakeven curve is too flat	1/2029 breakeven cheapen further	10/3/14	+2 bp	-2 bp	+206k
Inflation	Long 30yr TIPS breakevens	The long end inflation market looks undervalued; 30yr TIPS breakevens near multi-year lows	Long term inflation expectations decline	12/12/2014	1.91%	1.91%	-862k
Inflation Swaps	Long 2yr2yr inflation swaps	We like being long 2yr2yr or 2yr3yr forward breakevens to take advantage of cheap 5s, while avoiding negative carry in front end TIPS	Medium term inflation expectations decline	12/12/2014	1.77%	2.04%	+2,467k
Agencies	Buy long-dated GSE debt: Buy \$100mm FNMA 6.625 11/30s vs. T 5.325 2/31s	Legislative momentum of Johnson-Crapo on GSE reform is credit bullish for long-dated GSE debt.	Reform bill stalls in Congress or language on government guarantee modified.	3/14/14	+48 bp	+40 bp	+2,039k
Muni	Receive \$100m 3y3y SIFMA ratio at 78.2%. (Sorid)	Attractive roll down profile	Further ratio curve steepening	4/25/13	78.2%	77.8%	+590k
Option	1X2 1Y 5Y5Y ATMF/41 receiver spreads costless	Long-end rallies on premature or fast rate hikes (policy mistake)	Rally below the breakevens; unlimited downside	9/26/14	0¢	-87.8¢	-1,004k
Option	Buy \$100mn 6M 2y1y 25bp OTM MC payers vs. Sell 100mn 1Y 4Y1Y 45bp OTM MC payers at zero net cost	Curve flattens on a hawkish FOMC	Curve bear steepens	9/12/14	0¢	-0.6¢	-5k
Option	Sell \$100mn 6M5Y ATMF vs. buy \$200mn 6M5Y 30bp OTM payers at zero net cost	Skew trades rich in a sell-off	Rates sell off half-way and stay there till the expiry	9/12/14	0 bp	0.0 bp	-2k
Option	Buy \$1bn 6M 5s/10s ATMF/15 curve cap spread vs. sell \$1bn 6M 5s/10s 5bp OTM curve floor at zero net cost	Curve steepens as the market converges to Fed	Curve flattens beyond the floor strike; unlimited downside	9/5/14			

Source: Deutsche Bank

