

2014 Outlook Closed Trades

	Trade Detail	Rationale	Risks	Opened	Entry	Closed	Exit	P/L
Treasury RV	Buy 10y Treasuries vs 5s and 30s	10s have underperformed on the curve since May, and appear cheap on fly	Further sell-off in Treasuries, led by a steeper 5s/10s curve	12/6/13	+17 bp	6/25/14	+5 bp (Closed on 6/25)	+1,123k
Option	1y 3s10s conditional bearish flattener for zero premium: Buy 1y3y + 25 bp payer, sell DV01 weighted 1y10y +41.5 bp payer for zero premium.	The curve should bear flatten as soon the Fed tapers and front end sells off	Curve steepens as rates rise	12/6/13	+212.5 bp	12/19/14	+17 bp	0k
Swaps RV	Receive 3y1y/2y1y rate spread at 108 bp	Curve slope is near its historic levels; curve is likely to flatten in both sell-off or rally	Curve steepens	12/6/13	+108 bp	12/19/14	+80bp	+222k
Option	Dual digital option on 5s and 10s: Buy a 6m dual digital that pays out if 5s > 2% & 10s < 3.50%, offer 17% (6:1 leverage)	Curve flattens beyond the current forwards; adding additional leverage by shorting the correlation between 5y and 10y rates	Either of the two conditions is not true at expiration; maximum loss is premium outlay	12/6/13		12/19/14		
Option	Contingent curve cap: Buy 6M 5s10s ATMF curve caps subject to 10s < 3.50%, 5.25c offer, a 40% discount to vanilla at 9c	Front-end of the curve remains anchored, limited sell off in 10s	Curve flattens	12/6/13		12/19/14		
Option	Receiver spreads: Buy \$100mm 2y2y ATMF/25 bp receiver spreads at 28 bp	Macro data disappoints, curve bull flattens	Rates rise as recovery strengthens	12/6/13	+28 bp	12/19/14	+29 bp	+19k
Option	Contingent payers: Buy 1y30y ATMF payers subject to 5s < ATMF+50 bp at 259 bp, a 57% discount to vanilla	Rate hikes unbundled from taper, long end sells off while 5y remains anchored	Curve flattens	12/6/13		12/19/14		
Option	Curve caps: Buy 1y single reset, ATMF 5s30s curve cap at 21.5 bp	Economic recovery disappoints and curve remains steep	Curve flattens	12/6/13	+21.5 bp	12/19/14	0 bp	-197k
Inflation	Long-end US real rates vs long-dated Europe real rates: Buy 2041 US TIPS vs sell 2040 OATei	Long dated real rates in the US appear cheap to those in Europe, especially France	Further sell-off in long dated US rates relative to Europe	12/6/13	+40 bp	9/25/14	+50 bp (Closed on 9/25)	+3,382k
Inflation	Buy 2023 TIPS vs. 7/2019 and 1/2025 TIPS on ASW	The intermediate sector in inflation markets is cheap relative to the wings	Further cheapening of the belly in inflation markets relative to the wings	12/6/13	+38 bp	12/19/14	+8 bp	+2,263k
US Credit	Underweight high-yield into Taper	HY spreads should widen upon the onset of the taper	Tapers gets delayed	12/6/13		12/19/14		

Source: Deutsche Bank

Performance numbers are based on trader end-of-day marks, and do not include bid/offer spreads or transaction costs. We consider the relevant benchmark for our trades to be a zero position, given the leveraged or generally market neutral aspects of these trades. Historical performance is not a guarantee of future performance.

