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Jeffrey,

Updated prices and proposed sizes.

1. Buy 10y BTP (March2024). 10y yield is 5bp lower today. I still like eur2mm here 3.125% YTM and suggest work a soft order to add eur1.5mm at 3.25%, eur1.5mm 3.35%.
2. EURUSD spot FX is 1.3802 from 1.3827 yesterday. Suggest buying 2week vanilla 1.40c at 5-6c in EUR 50mm notional (cost EUR25-30k)
3. position for a stronger dollar by buying 1y 5% OTM SPOT EURUSD binary puts at 21% of payout. suggest do half (eur500k payout costing 0.21*500k) now, and the other half when spot 139-140
4. nationwide coco currently 6.42% offered. I suggest scaling in £2mm on an order at 6.5% and £2mm on order at 6.75%

thanks
Nav

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Date: 14/04/2014 18:17

Subje Jeffrey - 4 trades I like - Nav [C]
ct:

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Hi Jeffrey,

There hasn't been much I've really liked recently.
Here are four trades - 3 I like right now and 1 for now or soon.

1) BUY 10y BTPS @ 3.16% - This is a 3-6mth 'buy the rumour sell the fact' tactical trade to position for ECB QE (now)

The ECB is preparing both itself and markets for QE - Its senior board members have stepped up public comments over the past 48hrs. This is the clearest sign so far QE could happen and why I am writing to you now.

Ideally ECB wants to buy ABS from small to medium sized European companies but the outstanding available is relatively small so it will likely buy Eurozone Government Bonds. The spread between Italian BTPs and German Bunds has tightened significantly past 18months but old metrics of value make no sense in Europe because they rely on history when there was no QE.