



Global Rates Model Portfolio Update

Global Rates, FX & Commodities Strategy

3 September 2019

▶ UK

▶ RATES

▶ GLOBAL MARKETS

Position	Entry Level	Target Level	Exit Level	Trade Size	PnL
Rec GBP 5y5y vs. EUR 5y5y	67bps	55bps	75bps	25K DV01	300K

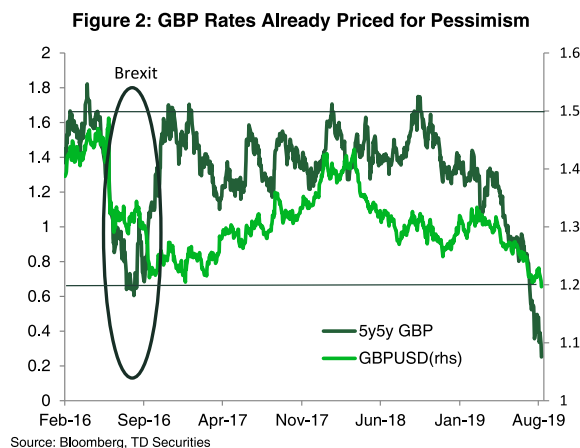
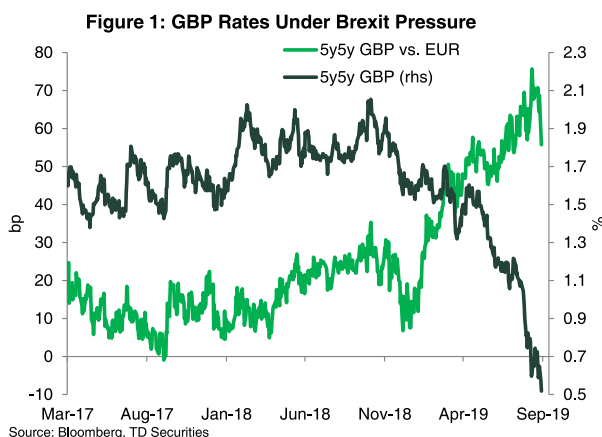
▶ For open and closed trades, please see the Global Rates Weekly

Take Profit on Rec GBP 5y5y vs. EUR 5y5y

Brexit events have shaped up pretty quickly this week. Today we see the Parliament returning from its summer break. If the parliament is able to garner support to extend Art 50, the UK heads for an election as soon as mid-October. Meanwhile, if the parliament fails, then a "no-deal" scenario will continue to loom until the end of October.

GBP rates have seen a strong rally in the last couple of sessions. 10y Gilts are currently trading below the lows seen during the Brexit referendum and the front-end is currently pricing around 18bps in cuts by the BoE by end-2019.

GBP rates can potentially move even lower from here as markets bring forward rate cuts from the BoE. However, in that scenario, we do think that EUR rates will struggle to sell-off much vs GBP. Uncertainty around Brexit also increases this pressure on the ECB to act.



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Recent Publications

Global Rates, FX & Commodities Strategy

Global Macro		
Region	Publication	Date
Weekly	Upcoming Week - The Big Three (2 Sept)	30 Aug
Commentary	Trading the RBA - Buying Time	2 Sep
	Canadian GDP Growth Rebounds in Q2, But the Future Remains Murky	30 Aug
	Boris Suspends Parliament: An End-October Brexit Deal is Now More Likely	28 Aug
	Fire in the (Jackson) Hole	23 Aug
Europe	ECB: Stand Ready, Set, Act!	30 Aug
Rates		
Weekly	In Bonds We Trust	30 Aug
US	The Curve's Unconscious Recoupling	30 Aug
	Get on the SOFR	29 Aug
	Revisiting Ultra-Longs: Tale of Tradeoffs	23 Aug
Canada	Canadian Credit Curve: Heed the Rates Curve	23 Aug
Europe	Syndicated Tap of UKT 54s	2 Sep
Asia-Pacific	Asia: A New Wave of Easing Redux	23 Aug
Trades	Buy EUR EIB Swapped Into USD	27 Aug
	Portfolio Update	23 Aug
	Add to Can-US 10 Year (0.9 Risk-Weight)	22 Aug
	Receive 5y5y GBP vs EUR	22 Aug
	Pay RBNZ Sep'19 OIS	22 Aug
FX		
Analysis	Asia: A New Wave of Easing Redux	23 Aug
	Not So Fast USDCAD	22 Aug
EM		
Analysis	China's PMI = Previous Momentum Intact	2 Sep
	Asia: A New Wave of Easing Redux	23 Aug
Commodities		



Global Strategy

Global Rates, FX & Commodities Strategy

Global Strategy

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