

EM Carry Basket – If you truly believe in the reflation narrative!

Long RUB, MYR, CZK, TRY and ZAR vs. EUR and CHF via 9month FX forwards

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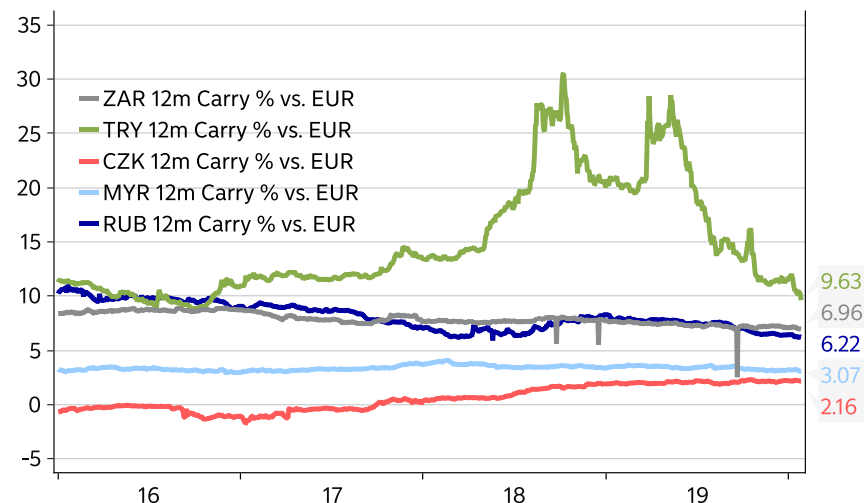
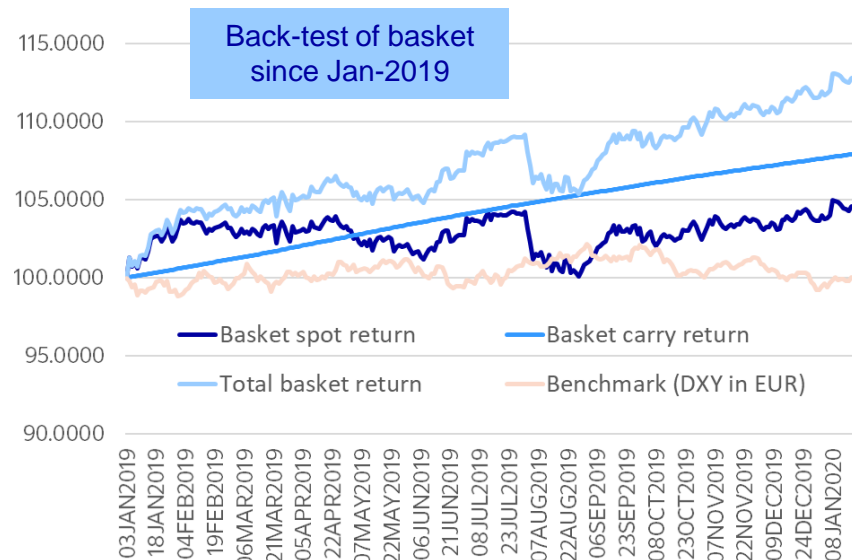
Details: Basket carry 5.46% annualized.

Rationale: USD liquidity is improving, which leaves a decently benign outlook ahead until at least April, when Fed may consider tapering of the T-bill purchases. RUB has a strong Q1 track-record, while CZK fundamentals remain sound. MYR is mostly shielded from the Corona-virus. TRY and ZAR are added to up carry and both should behave as long as USD liquidity remains benign.

This is the trade for those who want to add extra risk/carry compared to our semi-bearish central scenario.

Long Basket		Short Basket	
Currency	%	Currency	%
RUB	37.5%	EUR	66.7%
MYR	12.5%	CHF	33.3%
CZK	25%		
ZAR	12.5%		
TRY	12.5%		

Summary	
Avg. Ann. Return	11.94%
Start Date	03-01-2019
End Date	21-01-2020
Std. Dev	5.62%
Max DD	3.46%
Base Curr.	EUR
Sharpe ratio	2.12



Source: Macrobond and Nordea

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