

Rates Flash

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Quotes on **12 Oct** 08:30 CET Changes vs. **08 Oct** 07:42

Swap rates vs 6M Euribor

1Y	-0.237	0.4
2Y	-0.088	0.0
5Y	0.450	-1.0
10Y	1.066	-1.2
30Y	1.607	-1.3

Forward swap rates

1y1y	0.06	-0.3
5y5y	1.72	-1.7
10y10y	2.14	-0.6
20y20y	1.66	-1.9

Curve slopes

2/5Y	53.8	-1.0
2/10Y	115.4	-1.2
10/30Y	54.1	-0.1

Future swap spreads

Bund	53.3	2.6
Bobl	52.6	2.4
Schatz	43.6	1.6

Inflation & real rate

5y5y BEI	1.675	-1.5
5y5y real rate	0.04	-0.2

XC spreads

USD-EUR 10Y	213.8	-4.3
SEK-EUR 10Y	4.7	1.2

Atmf straddle Vol, % Vol, bp Fwd Px ΔPrice Fwd rate Break-evens

3Mx10Y	34.4	38.1	144	3	1.11	0.96	1.26
1Yx10Y	34.1	43.6	324	2	1.28	0.94	1.64
5Yx5Y	37.3	61.6	522	4	1.70	0.64	2.83

ECB excess liquidity 1897.9

€ Stoxx 50 fut	3233	-2.94%
VIX	25.0	10.2
Gold	1217	1.78%
Brent oil	81.32	-2.37%
EURUSD	1.1592	0.75%
USDJPY	112.42	-1.24%
Main 5Y	71	2
Xover 5Y	285	-2
Sen Fin 5Y	93	6

Asset	Yield	Spd to MSCI World	Spd to 10Y Tsy
MSCI World	6.5%	-	3.3%
S&P 500	6.0%	-0.5%	2.8%
Topix	7.6%	1.1%	4.4%
MSCI EM	9.1%	2.6%	5.9%
Euro Stoxx	7.4%	0.9%	4.2%
DAX	8.0%	1.5%	4.8%
CAC	7.3%	0.8%	4.2%
FTSEMIB	9.4%	2.9%	6.2%
HEX25	6.1%	-0.4%	3.0%
OMX	6.6%	0.1%	3.4%
EUR HY	3.3%	-3.2%	0.1%
EUR IG	1.2%	-5.3%	-2.0%
10Y Tsy	3.18%	-3.3%	-
10Y Bund	0.54%	-6.0%	-2.64%

Est earnings yields. 1/BEst PE ratio. IG: 5y swap + iTrx
Main. HY: 5y swap + Xover.

Source: Nordea

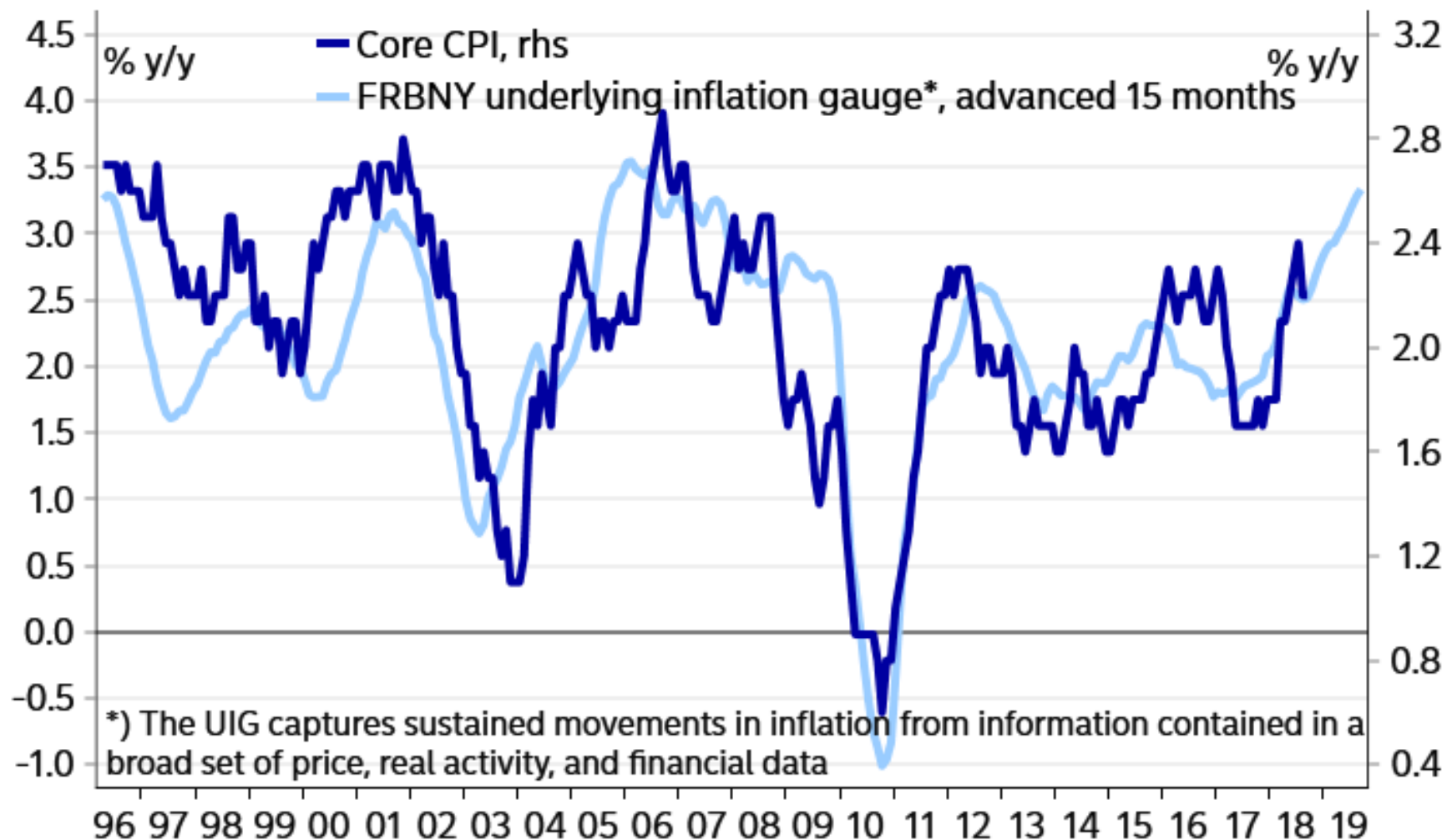
MSCI World Index



MSCI Emerging Markets Index

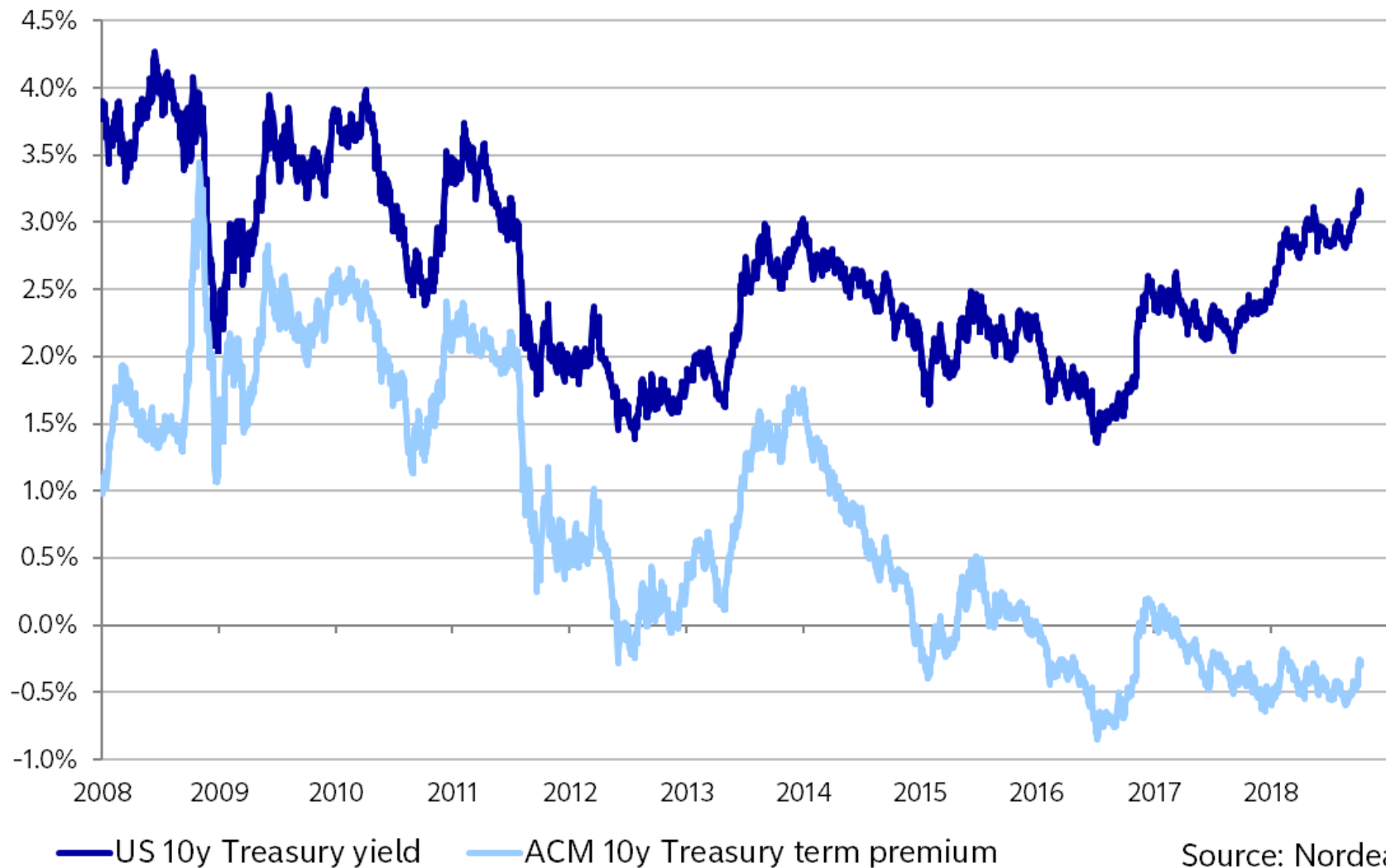


Underlying inflation pressures remain in the US...



Source: Nordea Markets and Macrobond

10y Treasury term premium still negative



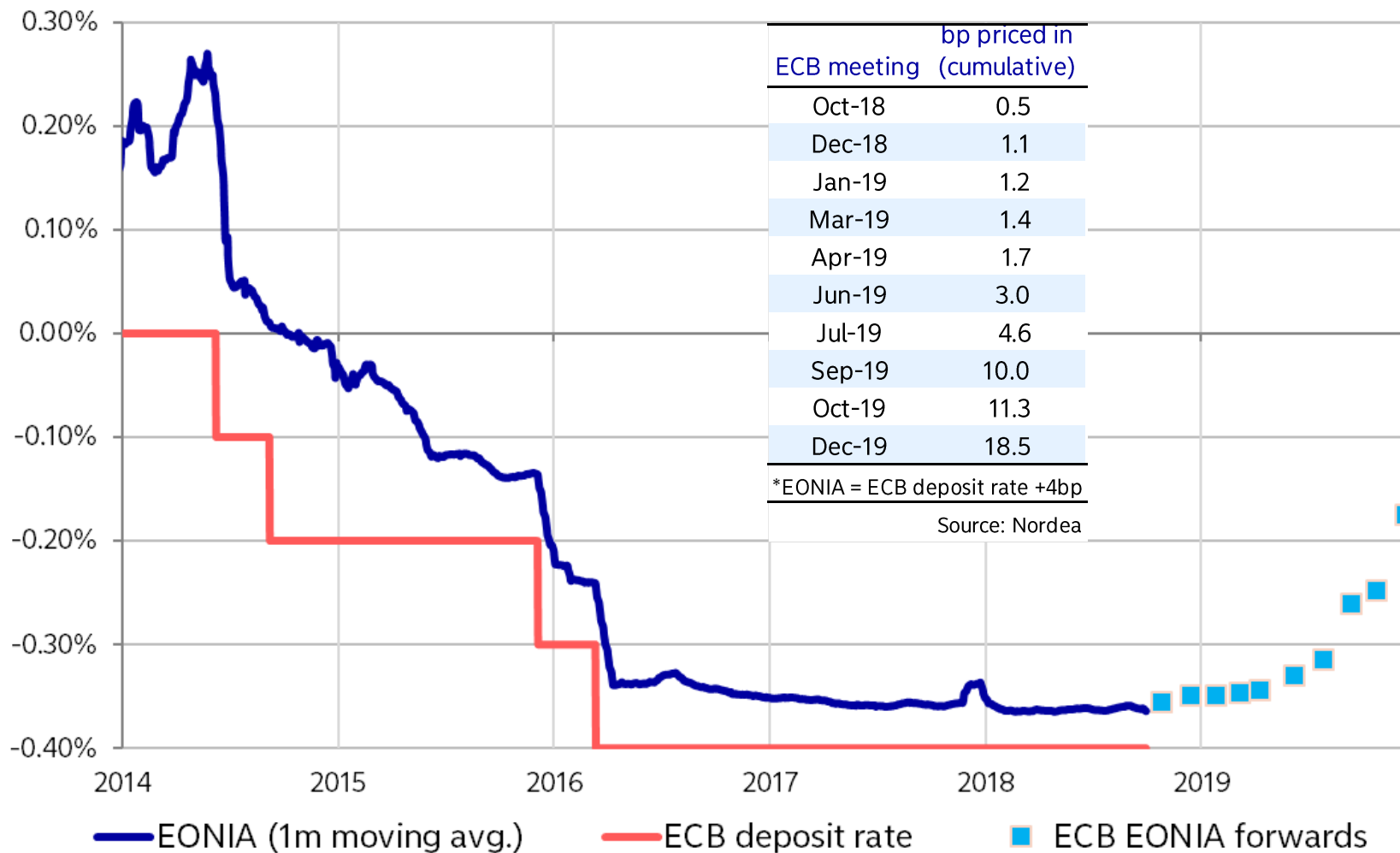
UST 10y yield: 3.126% has become key support level



UST 10y yield: next major resistance at 3.766%

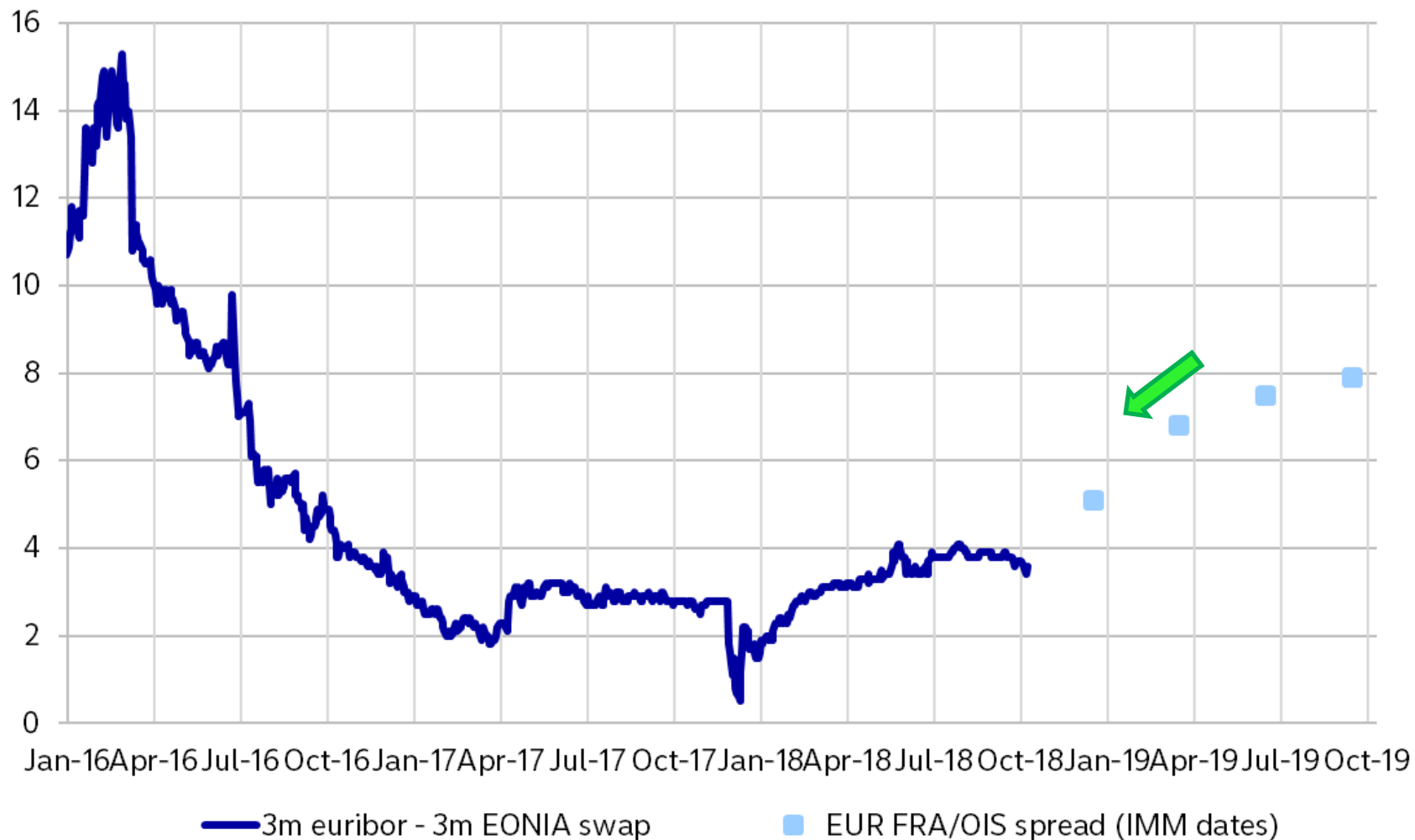


ECB pricing



Source: Nordea

Nice roll-down for March-2019 EUR FRA/OIS



Source: Nordea

EUR rates monitor (EOB 11 October 2018)

Start / tenor	Rate	1d change	Sigma	5d change	Sigma	1m change	Sigma	5d vs 50d average	RSI 14d	1y carry &roll (a)	Value of convexity (b)	Conv adj carry&roll (a) + (b)	Carry& roll/ vol	Conv adj carry/ vol (c)	Z-score (d)	J-score (c) + (d)	In-the-money probability vs. historical rates*			
																	1y	3y	5y	10y
1y	-0.237	0.3	0.6	0.5	0.5	1.9	0.8	→	73	3.0	0.0	3.0	0.38	0.38	-	-	-	-	-	-
1y1y	0.057	-0.8	-0.6	-0.7	-0.2	10.2	1.6	↑	67	29.4	0.1	29.5	1.32	1.32	1.01	2.33	100%	100%	65%	32%
2y1y	0.460	-2.1	-0.9	-3.0	-0.6	16.0	1.5	↑	63	40.3	0.4	40.7	1.11	1.12	1.10	2.21	100%	100%	89%	46%
3y1y	0.831	-0.8	-0.3	-2.6	-0.4	19.3	1.4	↑	65	37.1	0.9	38.0	0.79	0.81	1.02	1.83	100%	100%	91%	51%
4y1y	1.120	0.5	0.1	-1.9	-0.3	18.9	1.2	↑	65	28.9	1.5	30.4	0.53	0.56	0.88	1.44	100%	100%	89%	47%
5y2y	1.450	-2.2	-0.6	-3.2	-0.4	16.3	1.0	↑	62	21.8	2.0	23.8	0.39	0.43	0.71	1.14	100%	100%	86%	43%
7y3y	1.872	-2.4	-0.7	-3.6	-0.4	11.4	0.7	↑	59	15.0	3.2	18.2	0.26	0.31	0.48	0.79	100%	100%	81%	41%
10y2y	2.124	-1.1	-0.3	-1.1	-0.1	9.0	0.5	↑	62	7.3	4.0	11.3	0.13	0.19	0.41	0.60	100%	99%	77%	38%
12y3y	2.187	-1.3	-0.4	-1.9	-0.2	5.4	0.3	↑	59	1.3	5.1	6.4	0.02	0.11	0.39	0.50	99%	94%	72%	36%
15y5y	2.094	-1.8	-0.5	-1.7	-0.2	4.1	0.2	↑	57	-4.1	6.5	2.4	-0.07	0.04	0.44	0.48	94%	88%	69%	34%
20y5y	1.812	-1.4	-0.4	-3.3	-0.4	2.3	0.1	↑	54	-5.6	7.5	1.9	-0.10	0.03	0.42	0.45	88%	88%	68%	34%
25y5y	1.635	-1.4	-0.4	-3.8	-0.5	1.4	0.1	↑	52	-3.5	9.0	5.5	-0.06	0.10	0.35	0.45	83%	83%	64%	32%
30y10y	1.549	-1.4	-0.4	-2.4	-0.3	4.6	0.3	↑	57	-1.3	10.0	8.7	-0.02	0.17	0.42	0.59	91%	91%	68%	34%

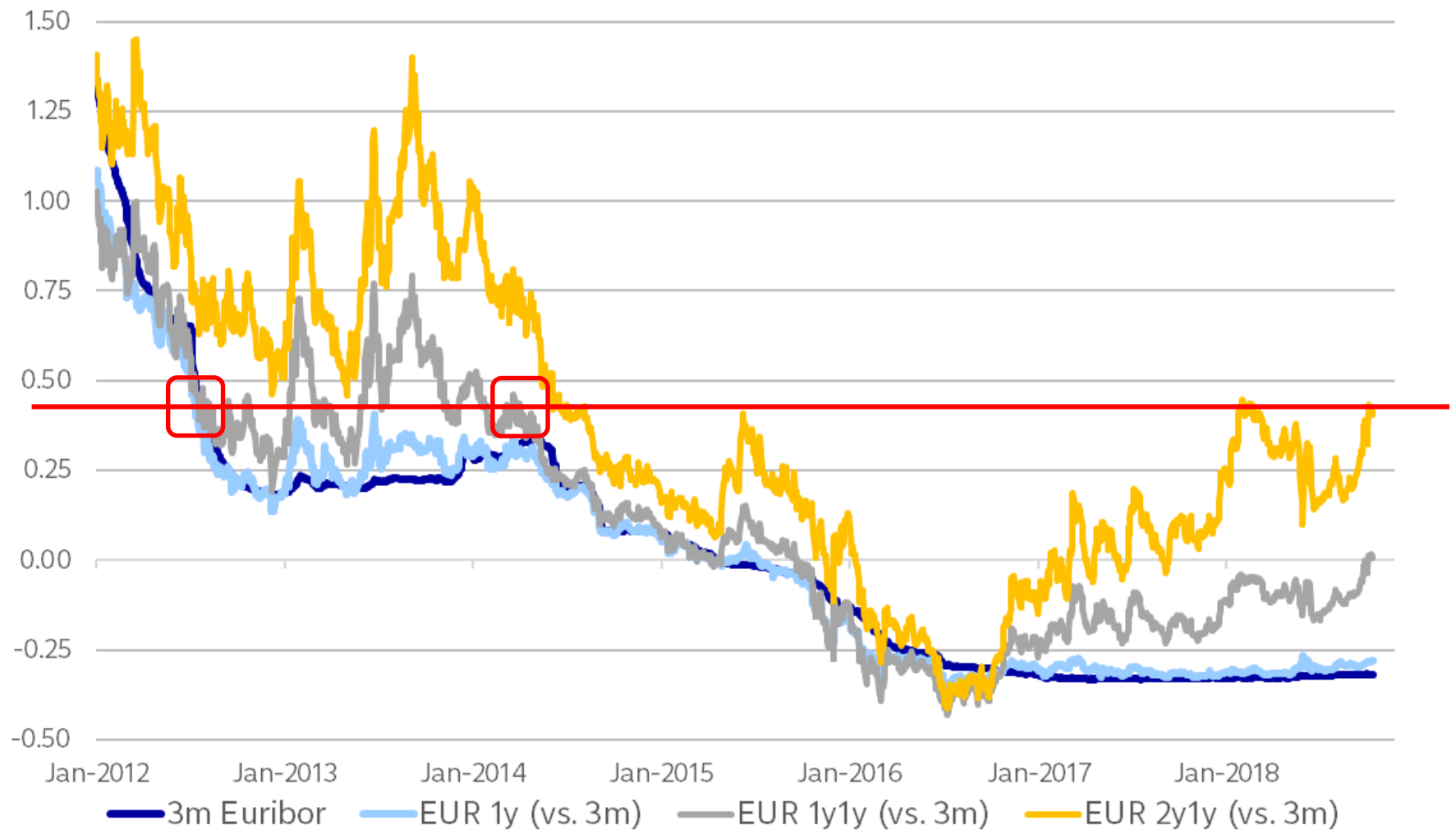
* In-the-money probabilities for receiver swaps, assuming 1y holding period, i.e. earning carry&roll and value of convexity.

For example, in case of the 4y1y, we add the value of convexity to the current swap rate and compare it to the historical 3y1y rates.

We use 36-month realised volatility for carry/vol, z- and j-scores. Average volatility over the holding period. For example, average volatilities of 3y1y and 4y1y for 4y1y.

Source: Nordea.

EUR 2y1y (vs. 3m) vs. 1y1y and 1y spot



Source: Nordea

EUR atmf receiver swaptions. Rates carry, prices, breakeven rate changes until expiry.

Expiry & Tenor	Forward rate = strike	Rates carry until expiry	per year	Annualised	Percentile since March 2004	Atmf swaption yield value	per year	Annualised	Percentile since March 2004	Breakeven rate change until expiry	per year	Annualised	Percentile since March 2004
3m1y	-0.23	5	19	9	59%	3	12	6	11%	2	7	3	76%
3m2y	-0.01	8	30	15	64%	3	14	7	9%	4	16	8	91%
3m3y	0.18	8	32	16	63%	5	19	10	14%	3	12	6	92%
3m5y	0.51	6	26	13	46%	7	28	14	15%	-1	-2	-1	88%
3m7y	0.79	6	22	11	36%	7	30	15	8%	-2	-8	-4	87%
3m10y	1.11	4	17	9	29%	8	30	15	5%	-3	-13	-7	88%
3m20y	1.58	3	10	5	44%	7	28	14	1%	-4	-17	-9	97%
3m30y	1.61	0	2	1	12%	6	26	13	1%	-6	-24	-12	90%
6m1y	-0.17	11	22	15	61%	4	9	6	9%	6	13	9	77%
6m2y	0.07	16	32	23	68%	6	13	9	16%	10	19	14	87%
6m3y	0.26	17	33	23	68%	8	16	11	20%	8	17	12	88%
6m5y	0.59	14	28	20	57%	11	21	15	14%	4	7	5	87%
6m7y	0.86	12	25	18	50%	11	22	16	6%	1	3	2	86%
6m10y	1.17	10	20	14	41%	11	23	16	4%	-1	-3	-2	87%
6m20y	1.61	5	11	8	50%	10	21	15	1%	-5	-10	-7	93%
6m30y	1.63	2	5	3	25%	10	20	14	1%	-7	-15	-10	92%
1y1y	0.01	29	29	29	67%	9	9	9	12%	20	20	20	80%
1y2y	0.26	35	35	35	72%	12	12	12	20%	23	23	23	83%
1y3y	0.46	36	36	36	70%	14	14	14	21%	22	22	22	84%
1y5y	0.77	32	32	32	60%	17	17	17	13%	15	15	15	85%
1y7y	1.02	28	28	28	58%	17	17	17	4%	11	11	11	89%
1y10y	1.30	24	24	24	59%	17	17	17	2%	6	6	6	94%
1y20y	1.68	12	12	12	59%	16	16	16	1%	-4	-4	-4	95%
1y30y	1.69	8	8	8	57%	15	15	15	1%	-8	-8	-8	94%
2y1y	0.41	69	35	49	71%	21	11	15	20%	48	24	34	79%
2y2y	0.66	74	37	53	69%	24	12	17	22%	50	25	35	79%
2y3y	0.81	72	36	51	67%	26	13	19	20%	45	23	32	77%
2y5y	1.07	62	31	44	55%	28	14	20	13%	34	17	24	74%
2y7y	1.28	55	27	39	56%	28	14	20	4%	26	13	19	77%
2y10y	1.51	45	22	32	54%	28	14	19	1%	17	9	12	85%
2y20y	1.78	22	11	16	57%	25	13	18	1%	-3	-2	-2	92%
2y30y	1.74	13	6	9	42%	24	12	17	0%	-11	-6	-8	89%
3y1y	0.79	107	36	62	68%	34	11	20	19%	72	24	42	76%
3y2y	0.99	108	36	62	67%	36	12	21	21%	71	24	41	75%
3y3y	1.11	102	34	59	58%	37	12	21	18%	64	21	37	73%
3y5y	1.33	88	29	51	54%	38	13	22	13%	50	17	29	67%
3y7y	1.51	77	26	45	53%	37	12	22	5%	40	13	23	70%
3y10y	1.69	62	21	36	49%	36	12	21	3%	26	9	15	74%
3y20y	1.86	30	10	17	55%	33	11	19	1%	-3	-1	-2	90%
3y30y	1.80	20	7	11	54%	32	11	18	1%	-12	-4	-7	90%
5y1y	1.30	158	32	70	55%	55	11	25	27%	103	21	46	62%
5y2y	1.47	156	31	70	55%	54	11	24	16%	102	20	46	64%
5y3y	1.56	146	29	65	54%	53	11	24	13%	93	19	42	62%
5y5y	1.72	127	25	57	49%	52	10	23	8%	75	15	33	60%
5y7y	1.84	110	22	49	45%	52	10	23	7%	59	12	26	61%
5y10y	1.94	87	17	39	43%	50	10	22	6%	37	7	17	65%
5y20y	1.95	40	8	18	52%	44	9	20	2%	-4	-1	-2	82%
5y30y	1.86	25	5	11	51%	41	8	19	2%	-16	-3	-7	82%

Source: Nordea

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