

YIELD CURVE STEEPENING.

The best way to play the coming inflationary wave?

The MacroTourist

KEVIN MUIR - MACROVOICES

BONDS BULLS HAVE THIS UNDER CONTROL



US 10-year Yields

with QE programs shaded

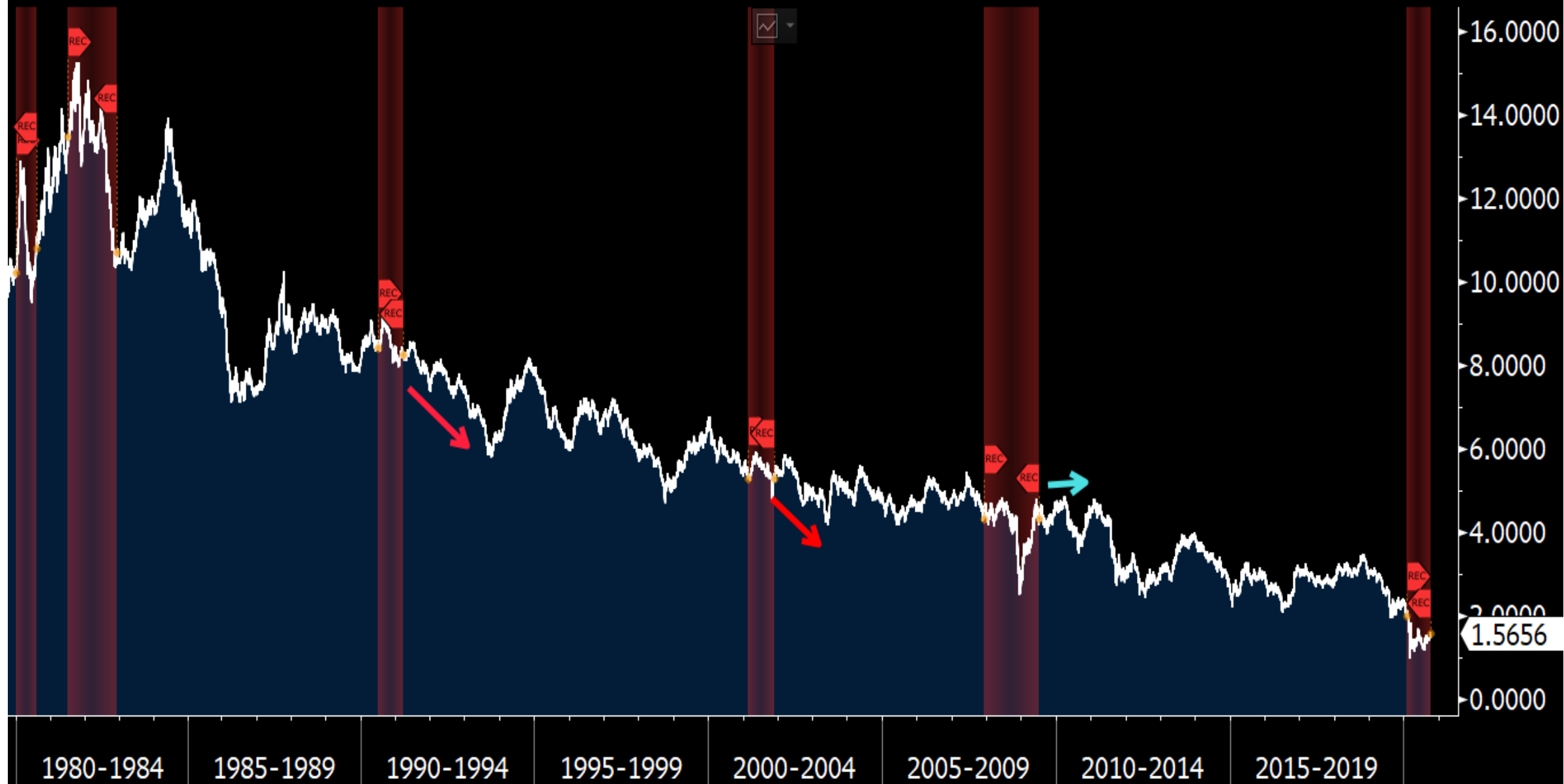


“And my theory was, QE; the buying of bonds by the government, would cause risk to go and thereby decrease the demand for bonds from other entities. It took about five weeks, but it worked. Then we stopped QE, and sure enough, like the day we stopped QE, bonds went up, stocks went down. Everyone blamed it on Boehner and Obama having a hissy fit with each other in the White House, but I have followed this for eight years, and it was seven for seven. When the government buys bonds, bonds go down. And stocks go up, and vice versa. ”

-Stanley Druckenmiller

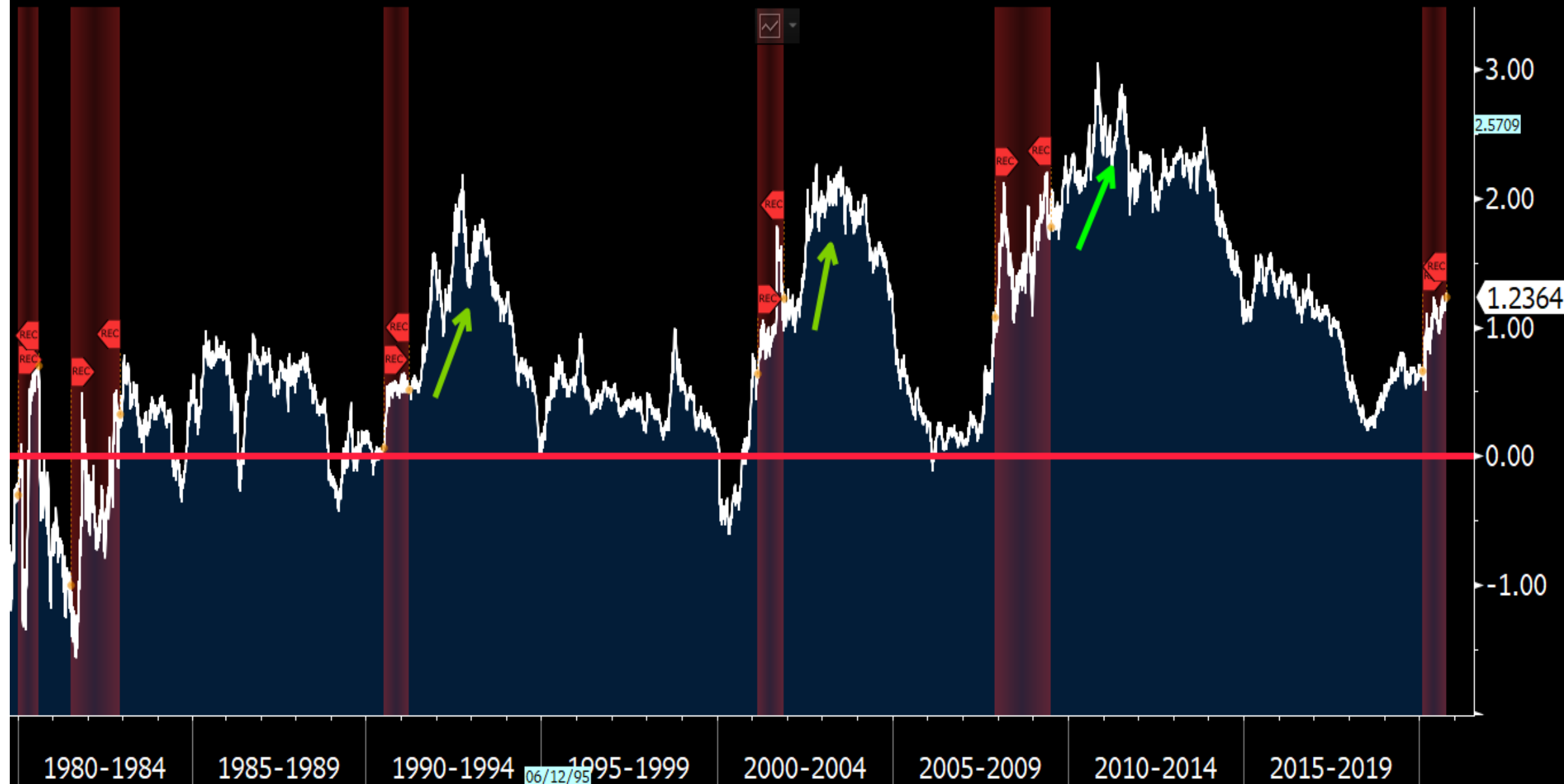
US 30-year Yield

from 1979 with recessions highlighted



US 5/30 Yield Spread

from 1979 with recessions highlighted



Current 'on-the-run' Treasury notes and bonds

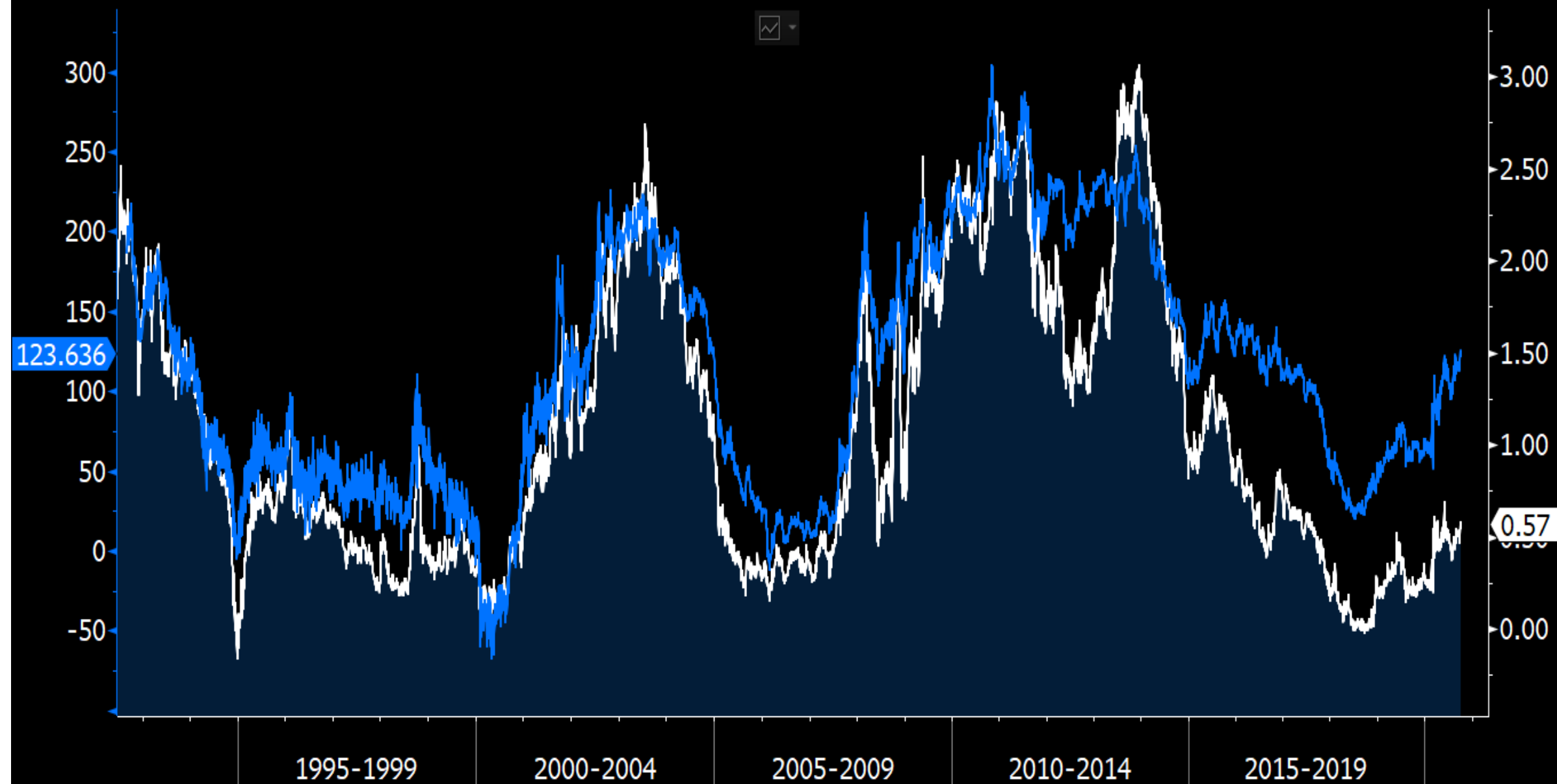
US Bonds FIT »						
T 0	$\frac{1}{8}$	09/30/22	0.147	99-30 $\frac{3}{8}$	99-30 $\frac{5}{8}$	- 00 $\frac{1}{8}$
T 0	$\frac{1}{8}$	09/15/23	0.178	99-26 $\frac{3}{4}$	99-27	+ 01
T 0	$\frac{1}{4}$	09/30/25	0.312	99-22	99-22 $\frac{1}{4}$	+ 03 $\frac{3}{4}$
T 0	$\frac{3}{8}$	09/30/27	0.512	99-01	99-02	+ 08+
T 0	$\frac{5}{8}$	08/15/30	0.735	98-30	98-30+	+ 14
T 1	$\frac{1}{8}$	08/15/40	1.300	96-28+	96-30	+ 27+
T 1	$\frac{3}{8}$	08/15/50	1.537	96-02+	96-04+	+1-07

Duration hedging cash bonds and futures

POSITION DURATION MANAGEMENT													Page 1 of 3	
Mode: H Cash, HEDGE , Aggreg.					Settle 10/ 6/20					<div>Buy 9 969 943.34 Sel -2 035 556.83</div>				
"MACRO" Portfolio? N					Recompute Fut/Opt Hedge N									
Inflation = 0.0 ? N														
Tkr	Cpn	Mty	<Key>	Price	CnvYld	ModDur	Cvx	Val01		M	Par	1000MV	BPV	
T 0	¹ / ₄	09/25		99.695	0.3117	4.95	.27	.0493	Buy	10000		9 970	4.93M	
T 1	³ / ₈	08/50		96-04+	1.5366	24.22	6.80	.2334	Sht	-2113		-2 036	-4.93M	
Futures/Options				Price	Proxy Issue					Num	Contr			
FVZ0				125-25	1 ¹ / ₈ 2/25			.0543Long		100		n/a	5.43M	
WNZ0				218-07	3 2/47			.4274Shrt		-13		n/a	-5.56M	
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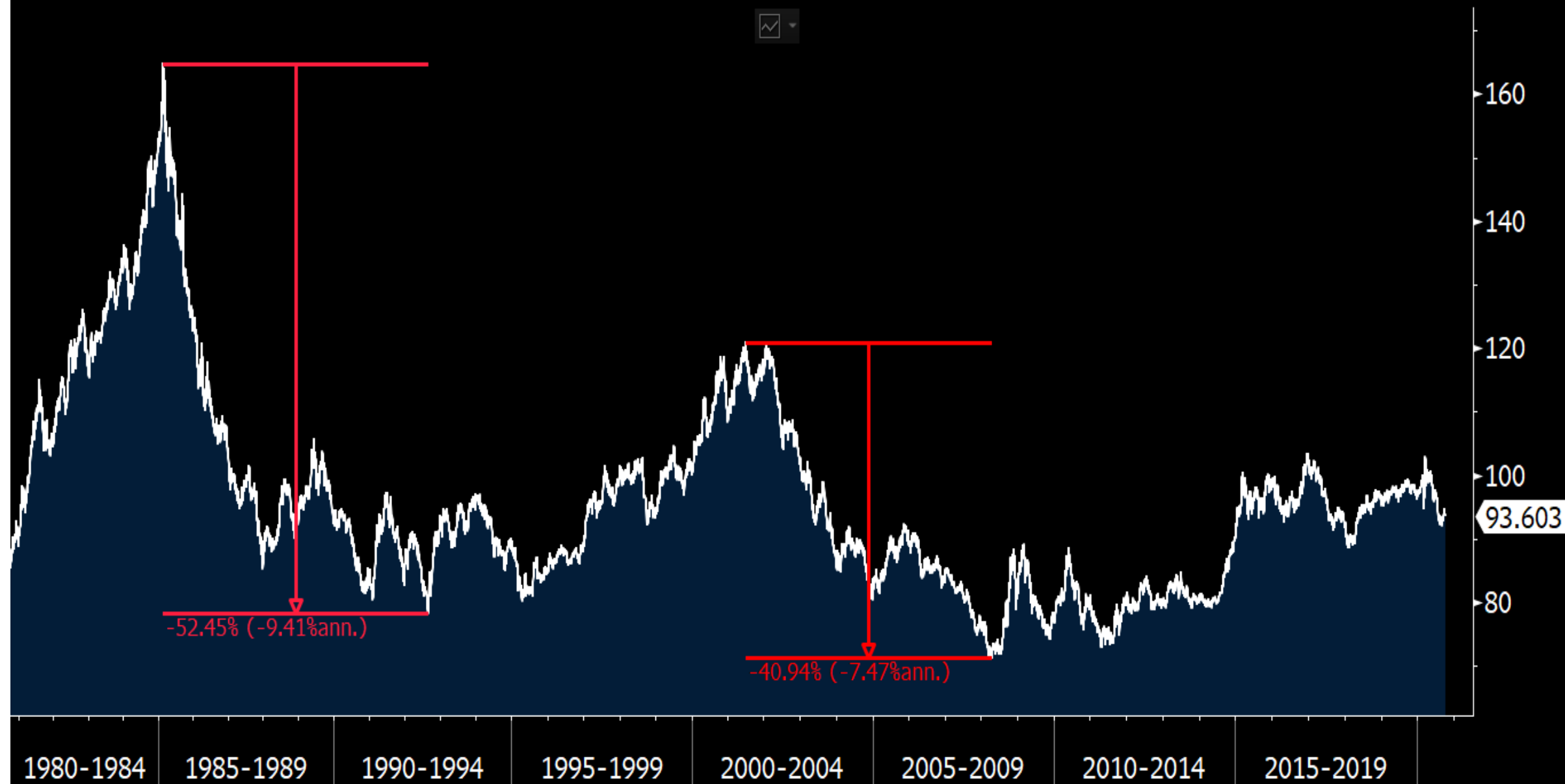
ED 8/20 Sprd vs. US 5/30 yield curve

from 1990 to present



US Dollar Index

from 1980 to present day



Want to see some examples of Kevin's letter?

Just send an email to

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