

November 18, 2023 12:20 AM GMT

## Global Macro Commentary | Global

## November 17

Front-end USTs pare gains after resilient housing data; Progressive USD weakness puts DXY USD Index flat YTD; Counter-trend crude rally boosts NOK; UK gilts twist flatten after weak retail sales; Fed's Collins says October CPI was "promising news"; DXY at 103.82 (-0.5%); US 10y at 4.435% (-0.0bp).

Please refer to our latest Foundations ([2024 Global EM Fixed Income Outlook](#)), ([2024 Canada Economics & Global Macro Strategy Outlook](#)), and ([2024 US Credit Strategy Outlook](#)) as well as our recent publications and collaborations (Government Bond Auction Pipeline: [The Month Ahead](#); UK Autumn Fiscal Statement Preview: [Eyes on the Inflation Prize?](#); Spain: [Next Stop](#); EM Fixed Income Flows Update: [Where Supply Meets Demand](#); Podcast | [The Global Macro Guide: November 17](#)).

- **USTs** twist flatten after the front-end cheapens alongside stronger-than-expected **US housing data** but the long-end remains supported; **2s30s** flattens ~7.4bp.
- **USD** progressively weakens from the London morning, with losses against all G10 peers; **DXY USD Index** closes 0.5% lower, now flat in 2023.
- A counter-trend rally in **crude oil (Brent: +4.1%)** supports broad **NOK** gains; **USD/NOK** falls 1.2%.
- **UK gilts** twist flatten as the long-end sustains gains after weak **retail sales (ex-autos)**, down 0.1% m/m (P: -1.3%); **10y gilts** rally 4.6bp to 4.10%.
- **Boston Fed President Collins** indicates October US CPI contained some "promising news" and notes there is evidence of the restrictiveness, consistent with the orderly slowdown the Fed is looking for.

PODCAST SERIES

## The Global Macro Guide

In this podcast series, co-hosts Matt Hornbach and Martin Tobias discuss the most important highlights of the week just past, and talk about the most important events of the week to come. ►



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The main G10 central bank event in the week ahead is the Riksbank (Nov 23) Monetary Policy Meeting. In addition, Minutes from the November RBA (Nov 21) and November FOMC (Nov 21) meetings will be released as well as Accounts from the October ECB (Nov 23) meeting. Selected scheduled G10 central bank speaking engagements include SNB President Jordan (Nov 18), Richmond Fed President Barkin (Nov 20), RBA Governor Bullock (Nov 21), BoE Governor Bailey (Nov 21), Riksbank Deputy Governor Flodén (Nov 24), and ECB President Lagarde (Nov 24). In EM, Monetary Policy Meetings are scheduled for the NBH (Nov 21), CBT (Nov 23), and SARB (Nov 23).

PMIs (Nov 23: Australia, France, Germany, Euro Area, and the UK; Nov 24: Japan and the US) and GDP (Nov 20: Thailand and Chile; Nov 22: Singapore; Nov 23: Norway and Peru; Nov 24: Germany and Mexico) will headline next week's economic calendar. CPI (Nov 21: Canada; Nov 23: Mexico; Nov 24: Japan) and Consumer Confidence (Nov 22: Euro Area and the US – UMich) will also be closely watched.

Sovereign supply will feature issuance from Germany, Finland, Italy, Japan, Australia, New Zealand, and China while the UST will conduct a new 20y and a 10y TIPS re-opening auctions. For further details, please refer to our economists' regional weeklies: Japan Economics – Key Data Watch [Calendar](#), CEEMEA Economics [Weekly](#), [Week Ahead](#) in Latin America, and US Economics – [Friday Finish](#). Our Global Bond Auction [Pipeline](#) includes a supply and redemption summary for the week and month ahead.

## Developed Markets

### *United States:*

The Friday session marked a quiet end to an active week. Global sovereign bond curves broadly twist flattened, except in Italy where losses across the curve perhaps reflected concern about a Moody's credit rating review, which ultimately included a revised ratings outlook to stable, from negative, and affirmation of Baa3 ratings. Front-end losses in global sovereign duration came amid a counter-trend rally in crude oil (Brent: +4.1%) that also supported broad NOK gains. USD weakness was the other standout in the G10 and the DXY USD Index closed 0.5% lower, now flat in 2023, while USD/JPY (-0.7%) returned below 150. Losses in China equities (Hang Seng: -2.12%) were in stark contrast to broad gains in Europe (Euro Stoxx 50: +0.89%) and in the US (S&P 500: +0.13%).

The defining theme from the week was the consequential endogenous easing in financial conditions after US October CPI data clearly [underscored](#) the broader disinflation trend remains intact. This supported a steep rally in US Treasuries, led by the 5y tenor, as markets pulled forward the start of the Fed rate cut cycle. Acute US dollar weakness translated into the worst weekly loss for the DXY USD Index (-1.84%) since mid-July. The S&P 500 (+2.24%) strung together its third consecutive week of gains and advanced through and held the 4,500 level. Both high yield and investment corporate credit spreads were markedly tighter and have now entirely retraced the widening since the September FOMC meeting.

Our economists [flagged](#) this easing in financial conditions equated to a full 25bp policy rate move from the Fed. Yet, there was not the typical Fed pushback to FCI

easing that market participants have become accustomed to in this cycle.

Boston Fed President Collins indicated October US CPI contained some “promising news” and noted there is evidence of the restrictiveness that is consistent with the orderly slowdown the Fed is looking for. San Francisco Fed President Daly characterized recent economic data, which has shown a further deceleration in inflation, as “very, very encouraging.” Cleveland Fed President Mester conveyed uncertainty about whether another rate hike is still needed. She was explicitly asked about market pricing of rate cuts next year and did not push back, instead noting the debate is now about how long to keep rates restrictive.

The endogenous nature to the easing in financial conditions, as it came from softer inflation data, is why there has not been pushback from the Fed. Said another way, further progress on inflation was an indication to them, the current level of the fed funds rate leaves them well positioned to bring inflation back down to their 2% target.

*Japan:*

**JGBs** continued to be driven by demand to square short positions by the fast money community. JGB futures drove the rally and hit a local high of 146.06 06 (-7.3bp d/d) at one point. After demand to square short positions ran its course, JGBs erased most of their rally in the Tokyo session. Yet, JGBs still rallied across the curve, compared to the previous closes; 10y JGBs rallied 3.3bp d/d to 0.75%. Initially, TONA OIS bull-flattened but long-end OIS sold off as demand to square short positions ran its course. XCCY basis continued to tighten across the curve amid the improved risk sentiment.

During Tokyo trading hours, CCY/JPY pairs essentially traded rangebound given limited catalysts. As UST yields rallied further from the London morning, **USD/JPY** quickly fell below 150. As lower UST yields buoyed risk market performance from London hours, JPY outperformed the most and retraced its recent broad weakness; **AUD/JPY** fell below 97.00 at one point while **EUR/JPY** fell below 142.50. There may have been some positioning squaring in JPY carry trades ahead of the weekend, as USD/JPY trades extremely rich relative to levels implied by rate differentials (145.00 at time of writing). As US economic data has increasingly shown signs of slowing down, any weak US growth data could lead to further squaring of JPY carry trades.

*Europe:*

**GBP** trended lower after a downside surprise in October retail sales but managed to reverse losses amid the broad-based US dollar weakness. Brent crude oil prices recovered to ~\$80/bbl, after Thursday's sharp decline, this provided additional support for **NOK**, which displayed the largest gains against the US dollar (**USD/NOK**: -1.1%).

*Dollar Bloc:*

US dollar (DXY USD Index: -0.4%) weakness continued Friday as the currency ended its worst week since July, now flat in 2023. USD/JPY fell 0.7%, even as US yields moved higher throughout the NY trading session.

## Emerging Markets

Asia:

AxJ currencies gained broadly on Friday in reaction to further soft US data, released overnight on Thursday. **IDR**, **THB**, and **CNH** outperformed, up 0.4%. Initially, CNH underperformed and remained stable during the AxJ session, but rallied sharply after the PBoC and CSRC released a statement which [said](#) they will meet the reasonable financing needs for property developers and support private companies' financing in the capital market. **USD/CNH** fell to an intraday low of 7.21, the lowest level since August. This also supported gains in THB and **SGD**. Against the weak environment, **INR** underperformed, largely stable at ~83.3.

AxJ rates rallied broadly as most curves bull-flattened on Friday following the UST move overnight on Thursday. Like Thursday, Singapore and Hong Kong rates outperformed in sympathy with USTs, while Korea diverged. 10y swap yields fell 7bp in **Singapore**, 6bp in **Hong Kong**, and inched 1bp higher in **Korea**. **China** rates remained stable amid media reports that regulators had [asked](#) some national banks to cap interest rates on interbank funding.

Latin America:

Most LatAm currencies ended the session weaker, despite a lower USD. **COP** (-0.03%) ended unchanged after initial weakness, down 1.2%, before a reversal after Governor Villar cautioned on avoiding premature cuts. **MXN** (-0.01%) fell slightly after comments which signaled an upcoming non-continuous cutting cycle from Banxico Deputy Governor Heath, while **BRL** (-0.8%) underperformed peers. In rates, **DIs** rallied with gains concentrated in the belly (January 2027s: -8bp). **TIIEs** sold off in the long-end (10y: +6bp), while the **IBR** curve underperformed peers in the front end (2y: +11bp).

Exhibit 1: G4 Rates Closes (5pm NY)

Tenor	US			Germany			UK			Japan		
	17-Nov	1d Δ (bp)	2wk	17-Nov	1d Δ (bp)	2wk	17-Nov	1d Δ (bp)	2wk	17-Nov	1d Δ (bp)	2wk
2y	4.886	4.8		2.958	1.4		4.531	0.1		0.039	(1.4)	
3y	4.619	3.4		2.718	1.6		4.227	(1.9)		0.087	(2.3)	
5y	4.441	2.2		2.529	1.3		4.110	(3.3)		0.324	(3.1)	
7y	4.468	1.5		2.521	0.4		3.962	(4.0)		0.501	(4.5)	
10y	4.435	(0.0)		2.586	(0.3)		4.101	(4.6)		0.752	(3.3)	
20y	4.796	(1.8)		2.843	(2.0)		4.517	(4.7)		1.467	(4.4)	
30y	4.589	(2.6)		2.798	(2.8)		4.539	(4.7)		1.678	(3.2)	

Source: Morgan Stanley Research, Bloomberg

Exhibit 2: Inflation Closes (5pm NY)

Tenor	US TIPS			10y Real Yields, BEI							
	17-Nov	1d Δ (bp)	2wk	10y	17-Nov	1d Δ (bp)	2wk	10y	17-Nov	1d Δ (bp)	2wk
5y	2.204	0.5		DBRi	0.411	(2.7)		BTPi	2.276	(1.8)	
BEI	2.234	1.8		BEI	2.113	2.2		BEI	1.957	2.6	
10y	2.159	0.6		UKTi	0.446	(1.9)					
BEI	2.290	(0.6)		BEI	3.655	(2.8)					
30y	2.234	(1.0)		JGBi	-0.624	(4.5)					
BEI	2.378	(1.5)		BEI	1.335	(0.4)					

Source: Morgan Stanley Research, Bloomberg

**Exhibit 3:** Macro Closes (5pm NY)

Majors				EM				Equities / Commodities			
Spot	17-Nov	1d Δ (%)	2wk	Spot	17-Nov	1d Δ (%)	2wk	Index	17-Nov	1d Δ (%)	2wk
DXY	103.82	(0.5)		CNH	7.22	(0.4)		S&P	4514.02	0.1	
EUR	1.092	0.6		INR	83.27	0.0		Stoxx	4340.77	0.9	
GBP	1.246	0.4		THB	35.10	(1.0)		FTSE	7504.25	1.3	
JPY	149.63	(0.7)		KRW	1296.75	(0.0)		Nikkei	33585.20	0.5	
CHF	0.886	(0.3)		ZAR	18.36	(0.1)		VIX	13.80	(3.6)	
AUD	0.652	0.7		MXN	17.23	0.0		Gold (S)	1980.82	(0.0)	
CAD	1.372	(0.2)		BRL	4.91	0.8		WTI (Fut)	75.89	4.1	

Source: Morgan Stanley Research, Bloomberg

Please refer to our [Market Data](#) section for a more comprehensive snapshot.**The Day Ahead***Developed Markets*

- On Monday, at 12:00pm ET, **Richmond Fed President Barkin** will speak in an interview on Fox Business

*Emerging Markets*

- On Monday, at 9:15am HKT, consensus expects the **China 5y Loan Prime Rate** to remain at 4.20% and the **1y Loan Prime Rate** to remain at 3.45%
- At 10:30am HKT, consensus expects **Thailand 3Q23 GDP** picked up to 2.1% y/y (P: 1.8%), as sequential growth improved to 1.3% q/q (P: 0.2%)
- At 12:00pm HKT, consensus expects the **Malaysia Trade Surplus** narrowed to MYR17.4bn in **October** (P: MYR24.5bn)
- At 4:00pm HKT, **Taiwan Export Orders** for **October** will be released, the prior month was -15.6% y/y
- At 4:20pm HKT, the **Taiwan Current Account Balance** for **3Q23** will be released (P: US\$22.2bn)
- at 6:30am ET, our economists expect **Chilean 3Q23 GDP** was 0.4% q/q (C: 0.3%; P: -0.3%). An upside surprise could lead to a larger market reaction as participants reassess the likelihood of a 50bp or 75bp cut at the December meeting (-64bp)

**Exhibit 4:** G4 Central Bank Implied Pricing

Central Bank OIS															
Fed				ECB				BOE				BOJ			
Fed	Implied	1d Δ (bp)	Total Δ	ECB	Implied	1d Δ (bp)	Total Δ	BOE	Implied	1d Δ (bp)	Total Δ	BOJ	Implied	1d Δ (bp)	Total Δ
EFFR (11/16)	5.330	0.0	—	EO尼亚 (11/16)	3.906	0.0	—	SONIA (11/16)	5.187	0.0	—	TONAR (11/16)	-0.027	0.0	—
12/13/23	5.332	(0.0)	0.2	12/14/23	3.894	0.2	(1.2)	12/14/23	5.196	0.3	0.9	12/19/23	-0.018	0.2	0.9
01/31/24	5.332	1.0	0.2	01/25/24	3.890	0.1	(1.6)	02/01/24	5.201	(1.0)	1.4	01/23/24	-0.009	0.1	1.8
03/20/24	5.256	1.1	(7.4)	03/07/24	3.819	2.8	(8.7)	03/21/24	5.148	(0.4)	(3.9)	03/19/24	0.019	(0.9)	4.6
05/01/24	5.139	2.0	(19.1)	04/11/24	3.708	2.7	(19.9)	05/09/24	5.048	(1.0)	(13.9)	04/26/24	0.042	(2.0)	6.9
12/18/24	4.408	6.2	(92.2)	10/17/24	3.083	3.7	(82.3)	09/19/24	4.676	0.4	(51.1)	09/20/24	0.173	(4.0)	20.0

Source: Morgan Stanley Research, Bloomberg

**Central Bank Monitor***Developed Markets*

- **BoE Deputy Governor Ramsden** delivered a balanced speech. He highlighted services inflation remains rather sticky and the labor market is still tight. At the same time, he appeared more confident about inflation expectations remaining anchored, and the realization of the Bank's forecasts
- **Boston Fed President Collins** said if labor supply expands, more growth may not lead to an increase in inflation. Regarding monetary policy, Collins cautioned the Fed should not take further rate hikes off the table
- **San Francisco Fed President Daly** said the Fed must resist pressure to act quickly on monetary policy when patience is needed. However, Daly cautioned she is not certain whether inflation is on a path back to 2% and it is too early to declare victory on inflation

### Emerging Markets

- **RBI** asked banks to increase buffers for some consumer loans as it seeks to check a runaway rise in risky debt. RBI also **stated** risk weights on consumer credit will be raised by 25% to 125%, which has excluded mortgages, loans for education and cars, and debt backed by gold
- **HKMA Chief Executive Yue** said HKMA has no plans to change its dollar peg despite some criticism. He also **noted** markets are not worried about the currency link
- **BCB Governor Campos Neto** reiterated the **importance** of sticking to the fiscal rule because changing it could cost the government more in credibility than the extra fiscal spending would be worth
- **BanRep Governor Villar** warned premature cuts could put upward pressure on CPI. This comes after weaker-than-expected GDP data and comments from the Colombian Government which suggested BanRep should start the easing cycle. Markets are currently split between a 50bp and 75bp cut (-35bp) for the December meeting
- **Banxico Deputy Governor Heath** noted although inflation is still high, there will be a time to lower the policy rate, in a "very cautious and very spaced way." This is **in-line** with recent Banxico communication after their dovish pivot in November. Markets have recently repriced the likely start of the easing cycle to March (-35bp)

### Economic Release Notes

#### Developed Markets

- In the **UK, Retail Sales (ex-autos)** fell by 0.1% m/m in **October** (C: 0.5%; P: -1.3%), another miss to the downside. Although the ONS continued to flag the impact of weather on volumes sold – September was too hot, October too wet – the 3m/3m change is -1.1%, with an even larger drop in the sales of big-ticket items. Our economists **expect** a mild correction in 4Q23 UK GDP and a technical recession at the turn of the year, a forecast more dire than the BoE
- In the **US, Housing Starts** rose by 1.9% m/m in **October** (C: -0.6%; P: 3.1%) to a 1372k annual pace. Single-family starts only inched up to 970k (P: 968k) and this slowing in single-family activity was corroborated in permits.

Completions of single-family homes have also leveled out. Our economists expect further slowing in single-family in coming months as higher mortgage rates weigh on activity. Multi-family permits rose by 11k in to 519k and by 24k to 402k for housing starts

### Emerging Markets

- In **Malaysia**, the **final** reading of **3Q23 GDP** was confirmed at 3.3% y/y (C: 3.2%; 2Q23: 2.9%) while the **Current Account Balance** remained stable at MYR9.1bn in **3Q23** (P: MYR9.1bn)

### Tactical Trading Model Signals – Currently Active Strategies

**G4 10y Futures Smarter (beta) Trading Strategy – A "Smarter" (beta) Way to Trade G4 10y Futures Duration?** (please see [Exhibit 15](#) found later in this publication for detailed breakdown)

- l **US 10y**: Total 100%, Trade Longs Only: 100%, Fade Shorts Portfolio: 0%
- l **German 10y**: Total 200%, Trade Longs Only: 100%, Fade Shorts Portfolio: 100%
- l **Japan 10y**: Total 200%, Trade Longs Only: 100%, Fade Shorts Portfolio: 100%
- l **UK 10y**: Total 200%, Trade Longs Only: 100%, Fade Shorts Portfolio: 100%

### Notes:

Please note that the [US Holiday Trading Strategy](#) corresponding to Thanksgiving became active on Friday, November 17. A new 10y futures long initiated then would be held until Tuesday, November 21 in accordance with the T-4 and T-2 holding period references.

### What's Inside

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# Market Data

Exhibit 5: Select Closes (5pm NY)

Government Bonds										IR Swaps											
US				Germany				UK		Japan		USD		EUR		GBP		JPY			
Tenor	17-Nov	1d Δ (bp)		17-Nov	1d Δ (bp)		17-Nov	1d Δ (bp)		17-Nov	1d Δ (bp)		17-Nov	1d Δ (bp)		17-Nov	1d Δ (bp)				
2y	4.886	4.8		2.958	1.4		4.531	0.1		0.039	(1.4)		2y	4.705	4.3	3.484	1.9	4.708	(0.5)	0.220	(2.8)
3y	4.619	3.4		2.718	1.6		4.227	(1.9)		0.087	(2.3)		3y	4.400	3.8	3.237	1.6	4.429	(1.6)	0.346	(2.3)
5y	4.441	2.2		2.529	1.3		4.110	(3.3)		0.324	(3.1)		5y	4.158	2.1	3.067	1.4	4.127	(3.1)	0.534	(2.6)
7y	4.468	1.5		2.521	0.4		3.962	(4.0)		0.501	(4.5)		7y	4.099	1.0	3.038	0.5	3.986	(3.9)	0.706	(3.3)
10y	4.435	(0.0)		2.586	(0.3)		4.101	(4.6)		0.752	(3.3)		10y	4.093	(0.0)	3.076	(0.1)	3.933	(4.4)	0.923	(3.4)
20y	4.796	(1.8)		2.843	(2.0)		4.517	(4.7)		1.467	(4.4)		20y	4.104	(2.0)	3.066	(0.6)	3.939	(4.5)	1.420	(3.4)
30y	4.589	(2.6)		2.798	(2.8)		4.539	(4.7)		1.678	(3.2)		30y	3.917	(2.8)	2.840	(1.9)	3.853	(4.5)	1.526	(3.5)
Curve/Fly										Curve/Fly											
2s5s	-44.5	(2.6)		-42.9	(0.1)		-42.1	(3.5)		28.5	(1.7)		2s5s	-54.7	(2.1)	-41.7	(0.5)	-58.1	(2.6)	31.4	0.2
2s10s	-45.0	(4.8)		-37.2	(1.7)		-43.0	(4.8)		71.3	(1.9)		2s10s	-61.2	(4.3)	-40.8	(2.0)	-77.6	(3.9)	70.3	(0.6)
5s10s	-0.5	(2.2)		5.7	(1.6)		-0.9	(1.3)		42.8	(0.2)		5s10s	-6.5	(2.2)	0.9	(1.5)	-19.4	(1.3)	38.9	(0.7)
5s30s	14.8	(4.8)		26.9	(4.1)		42.9	(1.3)		135.4	(0.1)		5s30s	-24.0	(4.9)	-22.7	(3.3)	-27.4	(1.4)	99.3	(0.9)
10s30s	15.4	(2.6)		21.2	(2.5)		43.8	(0.0)		92.6	0.1		10s30s	-17.6	(2.8)	-23.6	(1.8)	-8.0	(0.1)	60.4	(0.1)
2s5s10s	-43.9	(0.4)		-48.6	1.5		-41.2	(2.2)		-14.3	(1.5)		2s5s10s	-48.2	0.0	-42.6	1.1	-38.7	(1.3)	-7.5	0.9
5s10s30s	-15.9	0.3		-15.5	0.9		-44.7	(1.3)		-49.8	(0.3)		5s10s30s	11.1	0.6	24.5	0.2	-11.4	(1.2)	-21.5	(0.6)
10s20s30s	56.8	(1.0)		30.2	(0.9)		39.5	(0.2)		50.4	(2.3)		10s20s30s	19.7	(1.1)	21.6	0.8	9.2	(0.2)	39.1	0.1

  

Bond Futures							Inflation-Linked				USD Spreads, Basis			
Contract	Settle	Chg	Agg Vol.	Vol. 1d Δ	Vol. 60d Z	OI 1w Chg	Bond	Real Yld	1d Δ (bp)	BEI	1d Δ (bp)	Tenor	Spread	Change
TU	101-156	0-281	662,971	-46,753	-0.22	37,117	TII 5y	2.204	0.5	2.234	1.8	2y	-18.00	(0.50)
FV	105-260	0-270	1,120,300	-229,821	-0.39	149,369	TII 10y	2.159	0.6	2.290	(0.6)	3y	-21.88	0.38
TY	108-240	0-28+	1,438,027	-333,971	-0.60	131,926	TII 30y	2.234	(1.0)	2.378	(1.5)	5y	-28.25	(0.13)
UXY	112-130	0-000	438,569	-49,528	-0.38	37,435	DBRI 10y	0.411	(2.6)	2.113	2.2	10y	-34.25	0.00
US	115-130	0-030	377,110	-96,819	-0.79	3,701	BTPI 10y	2.276	(1.8)	1.957	2.6	20y	-69.25	(0.25)
WN	120-040	0-110	206,094	-86,729	-0.67	18,216	UKTI 10y	0.446	(1.8)	3.655	(2.8)	30y	-67.13	(0.25)
DU	105.15	-0.04	643,086	-125,041	-0.07	-16,136	JGBI 10y	-0.624	(4.5)	1.335	(0.5)			
OE	116.85	-0.13	789,590	-144,635	0.13	40,653								
RX	131.04	-0.16	897,873	-122,786	-0.18	12,875								
UB	127.34	0.06	156,712	29,563	0.95	-2,895								
IK	113.95	-0.26	226,283	24,093	0.08	-625								
G	97.19	0.06	205,566	9,516	0.00	8,577								
JB	145.73	0.4	46,001	8,495	0.27	5,779								
CN	118.05	0.01	80,405	-46,895	-0.77	-23,740								

  

STIR Futures						
Pack	\$ Avg.	1d Δ (bp)	€ Avg.	1d Δ (bp)	£ Avg.	1d Δ (bp)
Whites	5.241	1.56	3.679	2.00	5.125	1.31
Reds	4.298	7.38	2.802	2.25	4.330	3.13
Greens	3.789	4.50	2.624	3.13	3.876	0.87
Blues	3.798	1.25	2.703	3.62	3.759	(0.50)

  

Central Bank OIS										Sovereign 10y				
Fed	Implied	1d Δ (bp)	ECB	Implied	1d Δ (bp)	BOE	Implied	1d Δ (bp)	BOJ	Implied	1d Δ (bp)	Country	Last	1d Δ (bp)
EFFR (11/16)	5.330	0.0	EDONIA (11/16)	3.906	0.0	SONIA (11/16)	5.187	0.0	TONAR (11/16)	-0.027	0.0	Australia	4.467	(8.4)
12/13/23	5.332	(0.0)	12/14/23	3.894	0.2	12/14/23	5.196	0.3	12/19/23	-0.018	0.2	Austria	3.147	(0.2)
01/31/24	5.332	1.0	01/25/24	3.890	0.1	02/01/24	5.201	(1.0)	01/23/24	-0.009	0.1	Belgium	3.191	(0.3)
03/20/24	5.256	1.1	03/07/24	3.819	2.8	03/21/24	5.148	(0.4)	03/19/24	0.019	(0.9)	Canada	3.676	0.3
05/01/24	5.139	2.0	04/11/24	3.708	2.7	05/09/24	5.048	(1.0)	04/26/24	0.042	(2.0)	Denmark	2.827	0.9
06/12/24	4.996	2.9	06/06/24	3.550	2.8	06/20/24	4.940	(0.6)	06/14/24	0.102	(2.0)	Finland	3.134	(0.4)
07/31/24	4.860	4.3	07/18/24	3.394	5.3	08/01/24	4.807	(1.0)	07/31/24	0.114	(6.1)	France	3.152	0.2
09/18/24	4.700	4.9	09/12/24	3.239	4.9	09/19/24	4.676	0.4	09/20/24	0.173	(4.0)	Ireland	2.972	0.9
11/07/24	4.552	6.0	10/17/24	3.083	3.7							Italy	4.353	0.6

  

G10 Crosses (5pm NY)										
Q / B	USD	EUR	JPY	GBP	CAD	AUD	NZD	CHF	NOK	SEK
USD	--	1.092	0.007	1.246	0.729	0.652	0.599	1.129	0.093	0.095
EUR	0.916	--	0.612	1.142	0.668	0.597	0.549	1.035	0.085	0.087
JPY	149.630	163.270	--	186.456	109.035	97.479	89.547	168.965	13.837	14.215
GBP	0.803	0.876	0.536	--	0.585	0.523	0.481	0.906	0.074	0.076
CAD	1.372	1.497	0.009	1.710	--	0.894	0.822	1.550	0.127	0.130
AUD	1.535	1.675	1.026	1.913	1.119	--	0.920	1.734	0.142	0.146
NZD	1.669	1.822	0.011	2.081	1.217	1.088	--	1.885	0.154	0.159
CHF	0.886	0.966	0.592	1.104	0.645	0.577	0.530	--	8.194	8.417
NOK	10.808	11.795	7.223	13.470	7.880	7.041	6.477	12.207	--	1.028
SEK	10.519	11.481	7.036	13.112	7.673	6.857	6.308	11.883	0.973	--

  

Equity Indices					
Index	Last	1d Δ (%)	Index	Last	1d Δ (%)
S&P	4514	0.13	Nikkei	33585	0.48
SX5E	4341	0.89	Hang Seng	17454	(2.12)
FTSE	7504	1.26	MSCI EM	982	(0.13)

  

FX (5pm NY)					
Currency	Last	1d Δ (%)	Currency	Last	1d Δ (%)
DXY	103.815	(0.51)	Gold	1980.820	(0.00)
EUR	1.092	0.58	CNY	7.217	(0.43)
JPY	149.630	(0.73)	INR	83.270	0.04
GBP	1.246	0.39	IDR	15493.000	(0.33)
CHF	0.886	(0.34)	KRW	1296.750	(0.01)
CAD	1.372	(0.23)	MYR	4.681	(0.14)
AUD	0.652	0.70	SGD	1.344	(0.26)
NZD	0.599	0.33	TWD	31.846	(0.50)
SEK	10.519	(0.68)	THB	35.095	(1.05)
NOK	10.808	(1.17)	CZK	22.443	(0.43)
ARS	353.962	0.14	HUF	347.540	0.08
BRL	4.910	0.85	ILS	3.719	(0.38)
CLP	885.000	0.43	PLN	4.018	(0.27)
COP	4092.480	0.03	RUB	N/A	--
MXN	17.232	0.02	UAH	36.271	0.06
PEN	3.763	(0.32)	ZAR	18.359	(0.08)

Source: Morgan Stanley Research, Bloomberg

# Supply Calendar

**Exhibit 6:** Upcoming Issuance

Day	Date	Country	Time (GMT)	Time (EST)	Event
Monday	20-Nov	Norway	10:00 AM	5:00 AM	NOK2 Billion of 119-day Bills
		Netherlands	10:30 AM	5:30 AM	EU2.5 Billion 69-day Bills
		Germany	10:30 AM	5:30 AM	Call for Bids
		Netherlands	10:30 AM	5:30 AM	EU2 Billion 159-day Bills
		Belgium	11:00 AM	6:00 AM	Auction of Bonds
		France	1:50 PM	8:50 AM	EU1.9 Billion of 343-day Bills
		France	1:50 PM	8:50 AM	EU2.8 Billion of 84-day Bills
		France	1:50 PM	8:50 AM	EU1.8 Billion of 162-day Bills
		U.S.	4:30 PM	11:30 AM	USD75 Bln 13-Week Bills
		U.S.	4:30 PM	11:30 AM	USD68 Bln 26-Week Bills
		U.S.	6:00 PM	1:00 PM	USD16 Bln 20-Year Bonds
Tuesday	21-Nov	Japan	3:35 AM	10:35 PM	20-Year Bonds
		Switzerland	10:00 AM	5:00 AM	91-day Bills
		Germany	10:30 AM	5:30 AM	EU3.5 Billion of 2.4% 2028 Bonds
		Finland	11:00 AM	6:00 AM	EU300 Million of 0.125% 2036 Bonds
		Finland	11:00 AM	6:00 AM	EU700 Million of 3% 2033 Bonds
		Canada	3:30 PM	10:30 AM	C\$11.6 Billion of 98-day Bills
		Canada	3:30 PM	10:30 AM	C\$4.2 Billion of 168-day Bills
		Canada	3:30 PM	10:30 AM	C\$4.2 Billion of 350-day Bills
		U.S.	4:30 PM	11:30 AM	USD26 Bln 2-Year FRN Reopening
		U.S.	4:30 PM	11:30 AM	USD75 Bln 41-Day CMB
		U.S.	6:00 PM	1:00 PM	USD15 Bln 10-Year TIPS Reopening
Wednesday	22-Nov	Australia	12:00 AM	7:00 PM	A\$800 Million 3.5% 2034 Bonds
		Denmark	9:15 AM	4:15 AM	2.25% 2033 Bonds
		Denmark	9:15 AM	4:15 AM	1.75% 2025 Bonds
		Denmark	9:15 AM	4:15 AM	0.1% 2034 Linkers
		Norway	10:00 AM	5:00 AM	Bonds
		Sweden	10:00 AM	5:00 AM	SEK1.5 Billion of 2.5% 2025 Bonds
		Sweden	10:00 AM	5:00 AM	SEK1 Billion of 1.75% 2033 Bonds
		Germany	10:30 AM	5:30 AM	EU1 Billion of 1% 2038 Bonds
		Germany	10:30 AM	5:30 AM	EU500 Million of 0% 2035 Bonds
		U.S.	4:30 PM	11:30 AM	4-Week Bills
		U.S.	4:30 PM	11:30 AM	8-Week Bills
		U.S.	4:30 PM	11:30 AM	17-Week Bills
		Australia	11:30 PM	6:30 PM	A\$1 Billion 140-Day Bills
		Australia	11:30 PM	6:30 PM	A\$1 Billion 91-Day Bills
		Thursday	23-Nov	New Zealand	1:35 AM
New Zealand	1:35 AM			8:35 PM	NZ\$225 Million 3% 2029 Bonds
New Zealand	1:35 AM			8:35 PM	NZ\$225 Million 3.5% 2033 Bonds
Friday	24-Nov	Japan	3:30 AM	10:30 PM	3-Month Bills
		Japan	3:30 AM	10:30 PM	5.6 Trillion Yen of 3-Month Bills
		Japan	8:00 AM	3:00 AM	for Enhanced-Liquidity 5-15.5 YR
		Italy	10:00 AM	5:00 AM	Bonds
		Italy	10:00 AM	5:00 AM	I/L Bonds
		U.K.	11:00 AM	6:00 AM	GBP1 Billion of 30-day Bills
		U.K.	11:00 AM	6:00 AM	GBP2.5 Billion of 183-day Bills
		U.K.	11:00 AM	6:00 AM	GBP2 Billion of 91-day Bills

Source: Morgan Stanley Research, Bloomberg

# Cyclical and Secular Trends

## Government Bonds

In [The Tactical Bull Market Is Back](#), we discussed a simple methodology based on the Ichimoku Kinko charting technique for classifying market movements as bullish, bearish, or range-bound. Then, we define whether the movement is cyclical or secular in nature.

**Exhibit 7:** Summary of cyclical (tactical & strategic) and secular bull, bear, and range-bound rates markets

					Cyclical	Cyclical	Secular
	Daily	Daily	Daily	200d MA	Tactical	Strategic	
	Last	Cloud Lower	Cloud Upper		Daily	Weekly	Monthly
<b>UST 2y</b>	4.886	4.957	5.053	4.652	Bull Market	Bear Market	Bear Market
<b>UST 5y</b>	4.441	4.465	4.652	4.111	Bull Market	Bear Market	Bear Market
<b>UST 10y</b>	4.435	4.413	4.623	3.991	Range bound	Bear Market	Bear Market
<b>UST 30y</b>	4.589	4.566	4.767	4.126	Range bound	Bear Market	Bear Market
<b>DBR 2y</b>	2.964	3.122	3.166	2.974	Bull Market	Bear Market	Bear Market
<b>DBR 5y</b>	2.531	2.686	2.755	2.540	Bull Market	Bear Market	Bear Market
<b>DBR 10y</b>	2.588	2.733	2.825	2.525	Bull Market	Bear Market	Bear Market
<b>DBR 30y</b>	2.802	2.894	3.019	2.629	Bull Market	Bear Market	Bear Market
<b>UKT 2y</b>	4.546	4.951	5.045	4.458	Bull Market	Bear Market	Bear Market
<b>UKT 5y</b>	4.119	4.547	4.592	4.125	Bull Market	Bear Market	Bear Market
<b>UKT 10y</b>	4.104	4.457	4.482	4.118	Bull Market	Bear Market	Bear Market
<b>UKT 30y</b>	4.541	4.783	4.882	4.435	Bull Market	Bear Market	Bear Market
<b>JGB 10y</b>	0.756	0.693	0.756	0.554	Bear Market	Bear Market	Bear Market
<b>JGB 20y</b>	1.476	1.420	1.521	1.241	Range bound	Bear Market	Bear Market
<b>JGB 30y</b>	1.685	1.676	1.746	1.472	Range bound	Bear Market	Bear Market
<b>JGB 40y</b>	1.912	1.842	1.928	1.665	Range bound	Bear Market	Bear Market
<b>ACGB 2y</b>	4.153	3.952	4.013	3.722	Bear Market	Bear Market	Bear Market
<b>ACGB 5y</b>	4.144	3.985	4.077	3.707	Bear Market	Bear Market	Bear Market
<b>ACGB 10y</b>	4.467	4.319	4.440	3.950	Bear Market	Bear Market	Bear Market
<b>ACGB 20y</b>	4.769	4.630	4.748	4.296	Bear Market	Bear Market	Bear Market
<b>NZGB 2y</b>	5.127	5.308	5.308	5.137	Bull Market	Bear Market	Range bound
<b>NZGB 5y</b>	4.709	4.922	4.922	4.643	Bull Market	Bear Market	Range bound
<b>NZGB 10y</b>	4.874	4.985	4.985	4.668	Bull Market	Bear Market	Bear Market
<b>CAN 2y</b>	4.472	4.744	4.823	4.368	Bull Market	Bear Market	Bear Market
<b>CAN 5y</b>	3.824	4.105	4.226	3.660	Bull Market	Bear Market	Bear Market
<b>CAN 10y</b>	3.678	3.858	4.021	3.428	Bull Market	Bear Market	Bear Market
<b>CAN 30y</b>	3.490	3.697	3.796	3.333	Bull Market	Bear Market	Bear Market

Source: Morgan Stanley Research, Bloomberg

## Foreign Exchange

**Exhibit 8:** Summary of cyclical (tactical and strategic) and secular bull, bear, and range-bound FX markets

					Cyclical	Cyclical	Secular
	Daily	Daily	Daily	200d MA	Tactical	Strategic	
	Last	Cloud Lower	Cloud Upper		Daily	Weekly	Monthly
<b>DXY</b>	103.82	104.55	106.16	103.62	Bear Market	Range bound	Bull Market
<b>USDJPY</b>	149.63	145.84	148.42	141.39	Bull Market	Bull Market	Bull Market
<b>USDCAD</b>	1.3723	1.3526	1.3627	1.3509	Bull Market	Bull Market	Bull Market
<b>USDCHF</b>	0.8857	0.8968	0.9093	0.8992	Bear Market	Bear Market	Bear Market
<b>USDNOK</b>	10.8077	10.5783	10.8460	10.6463	Range bound	Bull Market	Bull Market
<b>USDSEK</b>	10.5193	10.9021	11.0189	10.6859	Bear Market	Range bound	Bull Market
<b>EURUSD</b>	1.0915	1.0576	1.0757	1.0805	Bull Market	Bull Market	Bear Market
<b>GBPUSD</b>	1.2462	1.2240	1.2428	1.2444	Bull Market	Bull Market	Bear Market
<b>AUDUSD</b>	0.6515	0.6382	0.6458	0.6594	Bull Market	Bear Market	Bear Market
<b>NZDUSD</b>	0.5991	0.5962	0.6014	0.6099	Range bound	Bear Market	Bear Market
<b>EURJPY</b>	163.27	156.55	157.11	152.74	Bull Market	Bull Market	Bull Market
<b>NOKSEK</b>	0.9733	1.0176	1.0246	1.0041	Bear Market	Bear Market	Bull Market
<b>AUDNZD</b>	1.0876	1.0729	1.0774	1.0814	Bull Market	Range bound	Bull Market
<b>USDBRL</b>	4.9098	4.9583	5.0673	4.9875	Bear Market	Bear Market	Range bound
<b>USDMXN</b>	17.23	17.59	17.84	17.64	Bear Market	Bear Market	Bear Market
<b>USDARS</b>	353.96	311.36	349.98	268.88	Bull Market	Bull Market	Bull Market
<b>USDCLP</b>	885.00	884.83	903.77	837.59	Range bound	Range bound	Bull Market
<b>USDCOP</b>	4,092.48	4,141.26	4,181.80	4,338.16	Bear Market	Bear Market	Bull Market
<b>USDPEN</b>	3.7627	3.7225	3.7919	3.7352	Range bound	Range bound	Bull Market
<b>USDZAR</b>	18.36	18.95	19.19	18.62	Bear Market	Range bound	Bull Market
<b>USDTRY</b>	28.7044	26.6923	27.6013	23.7737	Bull Market	Bull Market	Bull Market
<b>USDILS</b>	3.7186	3.8002	3.8818	3.7228	Bear Market	Bull Market	Bull Market
<b>USDRUB</b>	118.69	76.43	77.44	#N/A	Bull Market	Bull Market	Bull Market
<b>USDPLN</b>	4.0180	4.2313	4.3493	4.2089	Bear Market	Bear Market	Bull Market
<b>USDCZK</b>	22.4431	22.6155	23.1733	22.1709	Bear Market	Range bound	Bull Market
<b>USDHUF</b>	347.54	360.72	367.57	351.73	Bear Market	Bear Market	Bull Market
<b>USDCNY</b>	7.2143	7.2351	7.2931	7.0954	Bear Market	Bull Market	Bull Market
<b>USDIDR</b>	15,493.00	15,410.00	15,567.50	15,199.91	Range bound	Bull Market	Bull Market
<b>USDINR</b>	83.27	82.47	83.04	82.54	Bull Market	Bull Market	Bull Market
<b>USDKRW</b>	1,296.75	1,315.48	1,343.31	1,311.40	Bear Market	Bear Market	Bull Market
<b>USDMYR</b>	4.6810	4.6177	4.7037	4.5679	Range bound	Bull Market	Bull Market
<b>USDPHP</b>	55.67	55.74	56.75	55.69	Bear Market	Bull Market	Bull Market
<b>USDSGD</b>	1.3435	1.3555	1.3680	1.3472	Bear Market	Range bound	Range bound
<b>USDTWD</b>	31.8460	31.8040	32.2055	31.2036	Range bound	Bull Market	Bull Market
<b>USDTHB</b>	35.0950	35.6325	36.5228	34.9013	Bear Market	Range bound	Bull Market
<b>GOLD</b>	1,981	1,863	1,883	1,937	Bull Market	Bull Market	Bull Market

<b>SILVER</b>	23.72	21.85	22.85	23.29	Bull Market	Bull Market	Range bound
<b>CRUDE OIL</b>	75.89	84.76	85.69	76.75	Bear Market	Range bound	Bull Market

Source: Morgan Stanley Research, Bloomberg

# Pivot Points

Pivot points are charting levels used by day traders to determine market direction, support, and resistance levels. We calculate daily pivot points using the previous week's open, high, low, and closing levels.

**Exhibit 9:** US Treasury benchmark daily pivots, support, and resistance levels

	UST 2y	UST 3y	UST 5y	UST 7y	UST 10y	UST 30y
<b>Daily resistance 3</b>	4.986	4.717	4.538	4.554	4.516	4.685
<b>Daily resistance 2</b>	4.961	4.693	4.514	4.533	4.482	4.652
<b>Daily resistance 1</b>	4.940	4.673	4.495	4.516	4.461	4.632
<b>Daily pivot high</b>	4.878	4.613	4.438	4.464	4.426	4.599
<b>Daily pivot low</b>	4.865	4.601	4.426	4.453	4.414	4.589
<b>Daily Support 1</b>	4.840	4.577	4.401	4.431	4.392	4.566
<b>Daily Support 2</b>	4.819	4.557	4.383	4.414	4.371	4.545
<b>Daily Support 3</b>	4.790	4.530	4.356	4.390	4.362	4.532

Source: Morgan Stanley Research

**Exhibit 10:** US Treasury futures daily pivots, support, and resistance levels

	TU1	FV1	TY1	UXY1	US1	WN1
<b>Daily resistance 3</b>	101-246	106-130	109-173	113-093	116-250	121-265
<b>Daily resistance 2</b>	101-221	106-071	109-091	112-316	116-140	121-130
<b>Daily resistance 1</b>	101-203	106-033	109-040	112-257	116-088	121-052
<b>Daily pivot high</b>	101-176	105-29+	108-277	112-163	115-20+	120-09+
<b>Daily pivot low</b>	101-171	105-280	108-255	112-135	115-150	120-025
<b>Daily Support 1</b>	101-151	105-235	108-195	112-066	115-040	119-210
<b>Daily Support 2</b>	101-133	105-197	108-14+	112-007	114-308	119-132
<b>Daily Support 3</b>	101-120	105-170	108-106	111-286	114-210	119-000

Source: Morgan Stanley Research

**Exhibit 11:** 10y government bond yield daily pivots, support and resistance levels

	UST 10y	CAN 10y	DBR 10y	UKT 10y	JGB 20y	ACGB 10y
<b>Daily resistance 3</b>	4.516	3.722	2.647	4.173	1.531	4.518
<b>Daily resistance 2</b>	4.482	3.711	2.633	4.156	1.509	4.499
<b>Daily resistance 1</b>	4.461	3.703	2.617	4.139	1.495	4.487
<b>Daily pivot high</b>	4.426	3.677	2.575	4.092	1.472	4.468
<b>Daily pivot low</b>	4.414	3.671	2.567	4.084	1.465	4.462
<b>Daily Support 1</b>	4.392	3.660	2.553	4.067	1.450	4.449
<b>Daily Support 2</b>	4.371	3.652	2.537	4.050	1.436	4.437
<b>Daily Support 3</b>	4.362	3.639	2.518	4.029	1.429	4.431

Source: Morgan Stanley Research

**Exhibit 12:** Foreign exchange rates daily pivots, support, and resistance levels

	DXY	EURUSD	USDJPY	GBPUSD	AUDUSD	USDCAD
<b>Daily resistance 3</b>	104.80	1.0976	151.45	1.2525	0.6558	1.3797
<b>Daily resistance 2</b>	104.51	1.0961	150.85	1.2509	0.6547	1.3773
<b>Daily resistance 1</b>	104.34	1.0942	150.47	1.2490	0.6534	1.3758
<b>Daily pivot high</b>	104.06	1.0893	149.87	1.2442	0.6500	1.3734
<b>Daily pivot low</b>	104.00	1.0885	149.70	1.2434	0.6495	1.3728
<b>Daily Support 1</b>	103.78	1.0870	149.27	1.2418	0.6484	1.3710
<b>Daily Support 2</b>	103.60	1.0851	148.89	1.2399	0.6471	1.3695
<b>Daily Support 3</b>	103.45	1.0829	148.63	1.2377	0.6456	1.3684

Source: Morgan Stanley Research

**Exhibit 13:** Foreign exchange rates daily pivots, support, and resistance levels

	EURJPY	EURCHF	EURNOK	EURSEK	NOKSEK	AUDNZD
<b>Daily resistance 3</b>	164.46	0.9694	11.9198	11.5461	0.9816	1.0920
<b>Daily resistance 2</b>	163.91	0.9686	11.8804	11.5184	0.9795	1.0909
<b>Daily resistance 1</b>	163.57	0.9677	11.8561	11.5013	0.9774	1.0897
<b>Daily pivot high</b>	163.01	0.9655	11.8167	11.4736	0.9717	1.0866
<b>Daily pivot low</b>	162.80	0.9651	11.8065	11.4637	0.9707	1.0860
<b>Daily Support 1</b>	162.46	0.9643	11.7773	11.4459	0.9686	1.0849
<b>Daily Support 2</b>	162.12	0.9635	11.7530	11.4288	0.9665	1.0837
<b>Daily Support 3</b>	161.99	0.9625	11.7340	11.4210	0.9639	1.0823

Source: Morgan Stanley Research

# G4 Smarter (beta) Trading Strategy

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Enhancements to a G4 10y government bond futures momentum strategy have produced higher Sharpe ratios and stronger returns, relative to total return government bond indices for the G4, US, Germany, Japan, and the UK since 2000. See [A "Smarter" \(Beta\) Way to Trade G4 10y Futures Duration?](#) for more information on these strategies.

## Trading Strategy 1 – "Trade Longs/Fade Shorts"

When the 5-day moving average crosses above the 20-day moving average, buy the futures contract (long duration) and hold for a 25-business-day period. When the 5-day moving average crosses below the 20-day moving average, buy the futures contract and hold for a 25-business-day period. In short, this strategy buys futures when the Simple Moving Average Crossover (SMAX) generates both a long and a short signal, given the historical outperformance of long signals traded long and the underperformance of short signals traded short. Given that the SMAX could generate both a long and a short signal within the predefined holding period, an investor may have a 200% long position since each of the two signals would be traded in separate portfolio sleeves.

## Trading Strategy 2 – Trade "Longs Only"

When the 5-day moving average crosses above the 20-day moving average, buy the futures contract (long duration) and hold for a 25-business-day period. When the 5-day moving average crosses below the 20-day moving average, do nothing. In short, an investor ONLY trades long signals initiated by the SMAX given their historical precedent to outperform.

**Exhibit 14:** Trading Signals for G4 Smarter (beta) Trading Strategy

Current Risk, G4 10y Futures	G4 Strategy Weight	Trade Longs Portfolio	Fade Shorts Portfolio	Total Risk Trade Longs Only	Total Risk Trade Longs/Fade Shorts (max 200%)	Trade Longs Portfolio Entry Date	Trade Longs Portfolio Exit Date	Fade Shorts Portfolio Entry Date	Fade Shorts Portfolio Exit Date
JB 10y Future	32.50%	100%	100%	100%	200%	11/14/2023	12/20/2023	10/23/2023	11/29/2023
GE 10y Future	29.25%	100%	100%	100%	200%	10/30/2023	12/4/2023	10/20/2023	11/24/2023
US 10y Future	30.50%	100%	0%	100%	100%	11/6/2023	12/12/2023	-	-
UK 10y Future	7.75%	100%	100%	100%	200%	11/9/2023	12/8/2023	10/19/2023	11/23/2023

Source: Morgan Stanley Research



# US Holiday Trading Strategy

Combining the individual trading signals based on 10y Treasury future (TY) price patterns before and after US holidays has generated an annual strategy with no down years since 1987. See [Trading 10y Treasury Futures Around US Holidays](#) for more information.

Using historical data since 1983, we created a trading strategy using 10y Treasury futures (TY) that trades 11 times per year, either long or short, before or after the following US holidays: New Year's Day, Martin Luther King Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Columbus Day, Thanksgiving, and Christmas. [Exhibit 15](#) displays the trading rules:

**Exhibit 15:** Trading rules for US holiday trading model using US 10y futures contracts (TY)

Holiday	Day of Week	Direction	Before/After Holiday	Trading Rule (business days, 3pm NY unless specified)	Trade Entry (business days)	Trade Exit (business days)
New Year's Day	Rotates	Long TY	After	Buy TY New Years +1, Sell TY New Years +4	New Year + 1	New Year + 4
Martin Luther King Day 1	Monday	Long TY	Before	Buy TY Tuesday before MLK, Sell Friday before MLK	MLK - 4	MLK - 1
Martin Luther King Day 2	Monday	Short TY	After	Sell TY Tuesday after MLK, Buy Friday after MLK	MLK + 1	MLK + 4
President's Day	Monday	Long TY	After	Buy TY Tuesday after Pres. Day, Sell TY Friday after Pres. Day	Pres. Day + 1	Pres. Day + 4
Good Friday	Friday	Long TY	After	Buy TY Monday after Good Friday, Sell TY Friday after Good Friday	Good Friday + 1	Good Friday + 5
Memorial Day	Monday	Long TY	After	Buy TY Tuesday after Mem. Day, Sell TY Friday after Mem. Day	Mem. Day + 1	Mem. Day + 4
Independence Day (July 4th)	Rotates	Long TY	After	Buy TY Independence Day + 2, Sell TY Independence Day + 4	Ind. Day + 2	Ind. Day + 4
Labor Day	Monday	Long TY	Before	Buy TY Monday before Labor Day, Sell TY Thursday before Labor Day	Labor Day - 4	Labor Day - 2
Columbus Day	Monday	Short TY	Before	Sell TY Monday before Col. Day, Buy TY Thursday before Col. Day	Colum. Day - 5	Colum. Day - 2
Thanksgiving	Thursday	Long TY	Before	Buy TY Friday before Thanksgiving, Sell TY Tuesday before Thanksgiving	Thanksgiving - 4	Thanksgiving - 2
Christmas	Rotates	Short TY	Before	Sell TY Christmas Day - 4, Buy TY Christmas Day - 1	Christmas - 4	Christmas - 1

Source: Morgan Stanley Research. Note: Past performance is no guarantee of future results.

# In Case You Missed It

## Global Macro

### [2024 Canada Economics & Global Macro Strategy Outlook: Sailing Into the Wind](#)

17 Nov 2023

We see a soft landing in 2024, but risks are skewed to the downside as tighter monetary policy weighs on growth. An economic rebound in 2025 is driven by falling interest rates. Our strategists recommend pairing paid April 2024 BoC with received December 2024 BoC positions.

### [Podcast | Global: The Global Macro Guide: November 17](#)

17 Nov 2023

In this podcast series, host Martin Tobias and recurring guest Francesco Grechi discuss the most important highlights of the week just past, and talk about the most important events of the week to come.

### [Government Bond Auction Pipeline: The Month Ahead](#)

17 Nov 2023

We review the supply, coupon and redemption picture for the US, UK, Euro, JPY, AUS, NZ, CAN and CNY government bond markets over the next month. This week, G7 net DV01 to be 41.6 m/bp, compared to an average\* \$50 m/bp. US \$33 m/bp; Euro \$6.7 m/bp; JPN \$2.5 m/bp.

### [UK Autumn Fiscal Statement Preview: Eyes on the Inflation Prize?](#)

17 Nov 2023

We expect a fairly low-key fiscal event, with modest net fiscal easing, given still-limited medium-term fiscal space and the focus on avoiding excessive fiscal loosening when inflation is still too high. In the near term, we see just under £19 billion of lower cash requirements in FY2023/24.

### [Spain: Next Stop: 2024 Budget](#)

17 Nov 2023

What happened? After a period of negotiations with a large number of parties, Pedro Sanchez secured the support of parliament's majority, and was invested as Prime Minister yesterday, with 179 votes in favour. His government will consist of a wide-ranging coalition, gathering parties from both the left and the right.

### [Podcast | Thoughts on the Market: Macro Economy: The 2024 Outlook Part 2](#)

15 Nov 2023

Our roundtable discussion on the future of the global economy and markets continues, as our analysts preview what is ahead for government bonds, currencies, housing and more.

### [UK Inflation Watch: A Big Step Closer to Fine](#)

15 Nov 2023

Today's print was a soft one. With the peak drag from energy now behind us, the harder part of disinflation lies ahead. We see continued stronger disinflation in food prices, with core goods prices in mild deflation by mid-next year. While services disinflation may be more gradual, it should still continue, as softer economic momentum weighs on pricing

power. We see the print as supportive of our call of BoE cuts next year, from May.

#### [Global Futures Rolls Report: US Treasury and Gilt Futures Rolls](#)

15 Nov 2023

We present our views on US Treasury and gilt futures contract rolls for the December to March cycle. We look at the fundamental drivers of the roll, investor positioning, delivery optionality, relative value, and repo. Finally, we suggest optimal rolling strategies.

#### [Global Macro Strategy: Global FX Positioning: More Neutral G10 \(ex JPY\) Positioning](#)

14 Nov 2023

In the week ending Monday, November 13, options pricing data indicate that investors added long USD (DXY) and NOK (versus EUR) positions, and increased AUD and NZD positions. In the futures market, USD shorts were added against AUD and GBP, while investors bought USD against CAD and NZD in the week ending Tuesday, November 7.

#### [2024 Global Strategy Outlook: Threading the Needle](#)

12 Nov 2023

The end of hikes and start of cuts mean high grade bonds outperform, USD stays strong, and EM assets lag. US stocks see positive returns but risks are front-loaded. With markets pricing in a smooth macro transition, there's little room for error.

## Global EM

#### [2024 Global EM Fixed Income Outlook: Changing Track](#)

17 Nov 2023

The bond market train is changing track, on its way to positive returns. EM participates, with local duration and IG/BB USD bonds best positioned near term, but gains depend on falling core yields. The path could be bumpy, with a stronger USD and wider credit spreads for the next 1-2 quarters before a recovery.

#### [EM Fixed Income Flows Update: Where Supply Meets Demand](#)

17 Nov 2023

EM flows: EMDD outflows increased to US\$1.6bn this week versus outflows of US\$53m in the previous week.

#### [Colombia Economics & Fixed Income Strategy: Colombia 3Q23 GDP: Shrinking as Rates Bite](#)

15 Nov 2023

Colombia's economy shrank in 3Q23: According to Colombia's statistical agency (DANE), the economy shrank -0.3% YoY in the third quarter, below consensus (+0.5%) and our expectations (+0.2%), marking the first contraction in YoY terms since 2020. Sequentially, the economy expanded 0.2%, confirming the further deceleration that we have been calling for. This marked deceleration raises expectations for a rate cut by BanRep on December 19, when we expect a 50bp cut.

#### [Turkey Economics and Strategy: September BoP: Some Signs of Improvement](#)

14 Nov 2023

The current account balance was better than expected in September, but we see it going back to a deficit from November, as favourable seasonality ends and non-energy imports

decline slowly. Increased private sector net borrowing and a modest recovery in portfolio inflows should support CBT reserves.

#### [EM Sovereign Credit Strategy: Rich & Cheap Watch](#)

14 Nov 2023

10Y sovereign bond spreads widened by 21bp in the past week (1W) and EMBIG-D widened by 12bp. Spreads widened the most in B and tightened the most in A. Region-wise, spreads widened the most in SSA and tightened the most in Asia.

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