



# Bond Strategy

Real Vision Chartbook


As of 6/17/2020

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*Disclaimer: See bio section of PowerPoint*





Bio

## **Street Creds**



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George Goncalves is a bond market veteran with over 20yrs on the sell-side and buy-side. George is a well known expert in the financial markets after having established a wide network among institutional investors as well as having been an active guest on *Bloomberg TV* and *CNBC*. Recently he has been on *Real Vision* where his first appearance called for the last liquidity induced stock mkt rally into early 2020.

Currently he is an independent freelance researcher who could be found under the twitter handle of [@bondstrategist](https://twitter.com/bondstrategist) and is a senior contributor to the [macrohive.com](https://macrohive.com). He focuses on global rates, credit, the Fed/global central bank policy, US dollar funding dynamics and all things that are macro-related.

For nearly a decade George was at Nomura Securities, first as the chief US rates strategist and later as the head of Fixed Income Strategy for the Americas. Over his tenure at Nomura he ended up running teams of analysts covering US rates, US credit (IG and High Yield) and emerging market rates. Prior to that George was the Head of FI Strategy at Cantor Fitzgerald and a senior research analyst at both Morgan Stanley and Bank of America. George started out in the Fixed Income markets on the buy-side at the formerly known Merrill Lynch Asset Management division in institutional portfolio management, trading and managing Treasuries, S/T credit obligations and MBS securities as an assistant PM analyst.

Over the years George has interacted with many debt issuers (from the Treasury to global corporates to GSEs etc.) and established a wide network of institutional investors from FX reserves managers, Bank Treasury portfolio managers, real money (insurance, pensions, mutual funds) and macro hedge funds.

George has written a chapter on TIPS and inflation products for the IFR Market Intelligence book series and was voted one of the top 20 rising stars in Fixed Income by Institutional Investor Magazine in 2007.

In 1998 he received his joint degree in Finance/Economics and Political Science from the Rutgers University's School of Management and from the Honors College at Rutgers.

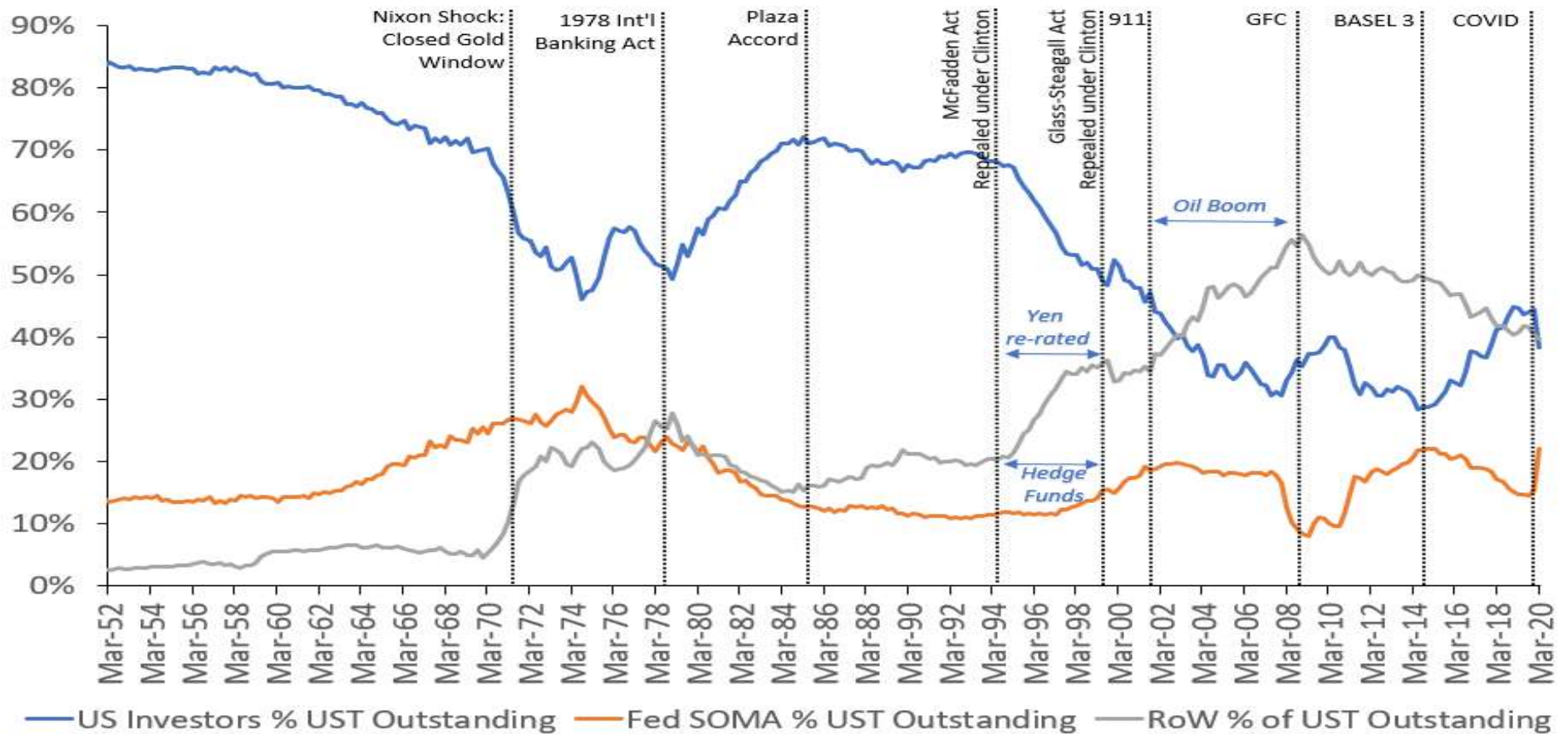
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# Markets

**Chart 1:** Fed trying to balance out the tug-of-war between Foreign and US Investors as supply mushrooms

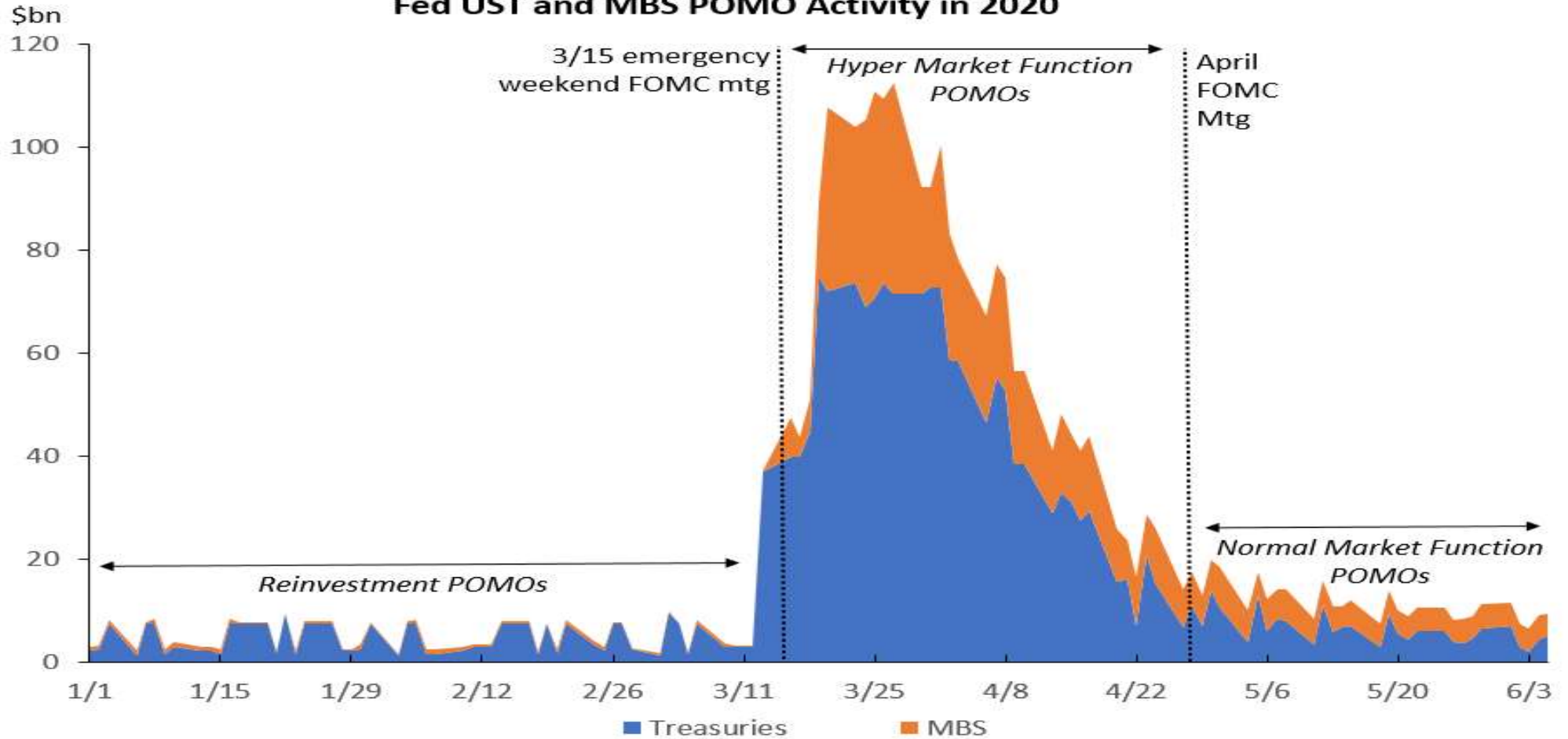
UST Holders Analysis: Going Back to Domestic-Based (not so fast)?



Source: FRED Data, TheBondStrategist.com

**Chart 2:** From doing the equivalent of all prior QEs combined to a more normal but still high level of buying

**Fed UST and MBS POMO Activity in 2020**



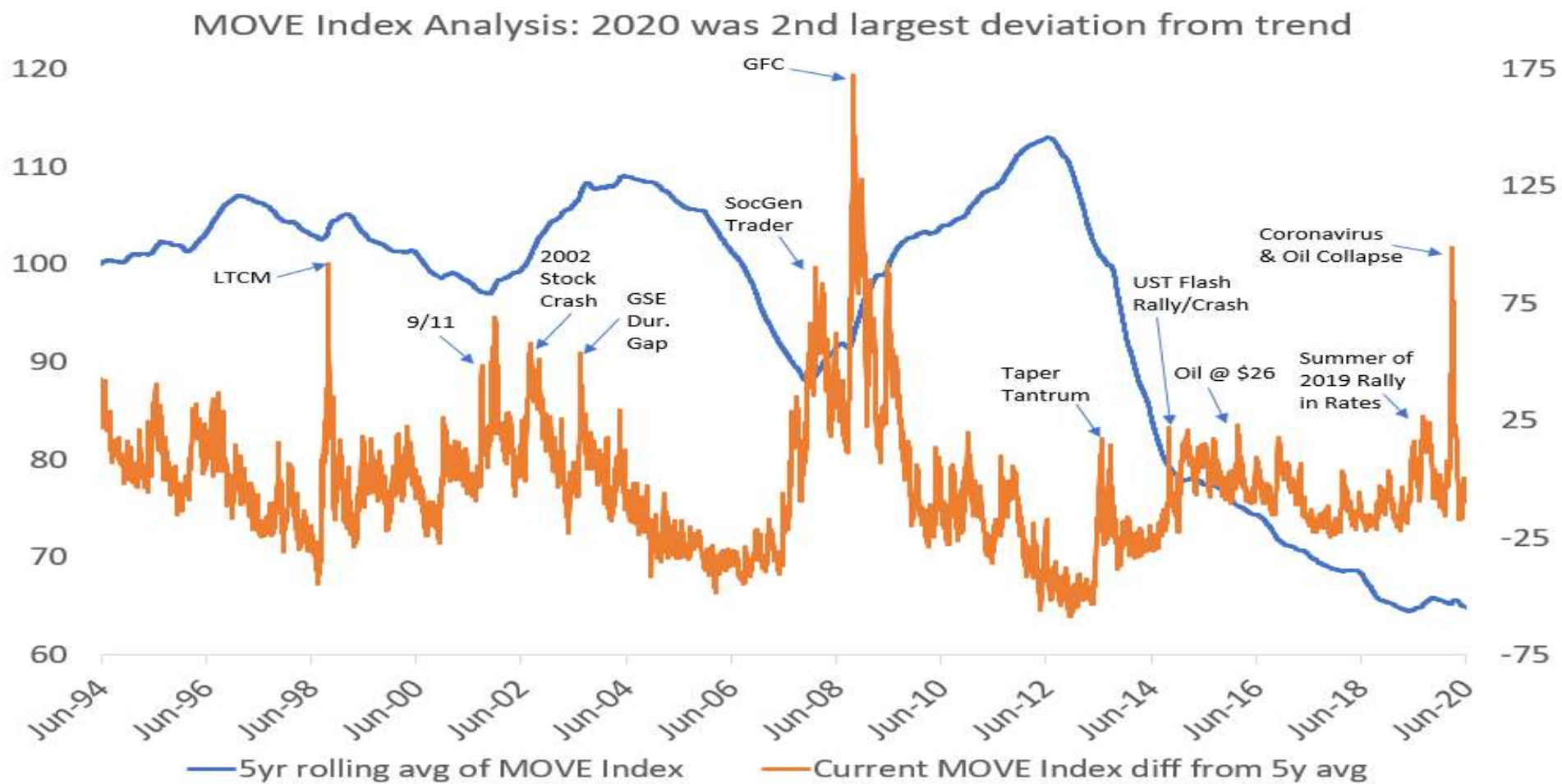
Source: Bloomberg, Federal Reserve, Macrohive, TheBondStrategist.com

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**Chart 3:** Rates market functioning and low vol has been the driver of most asset classes, we need stable USTs

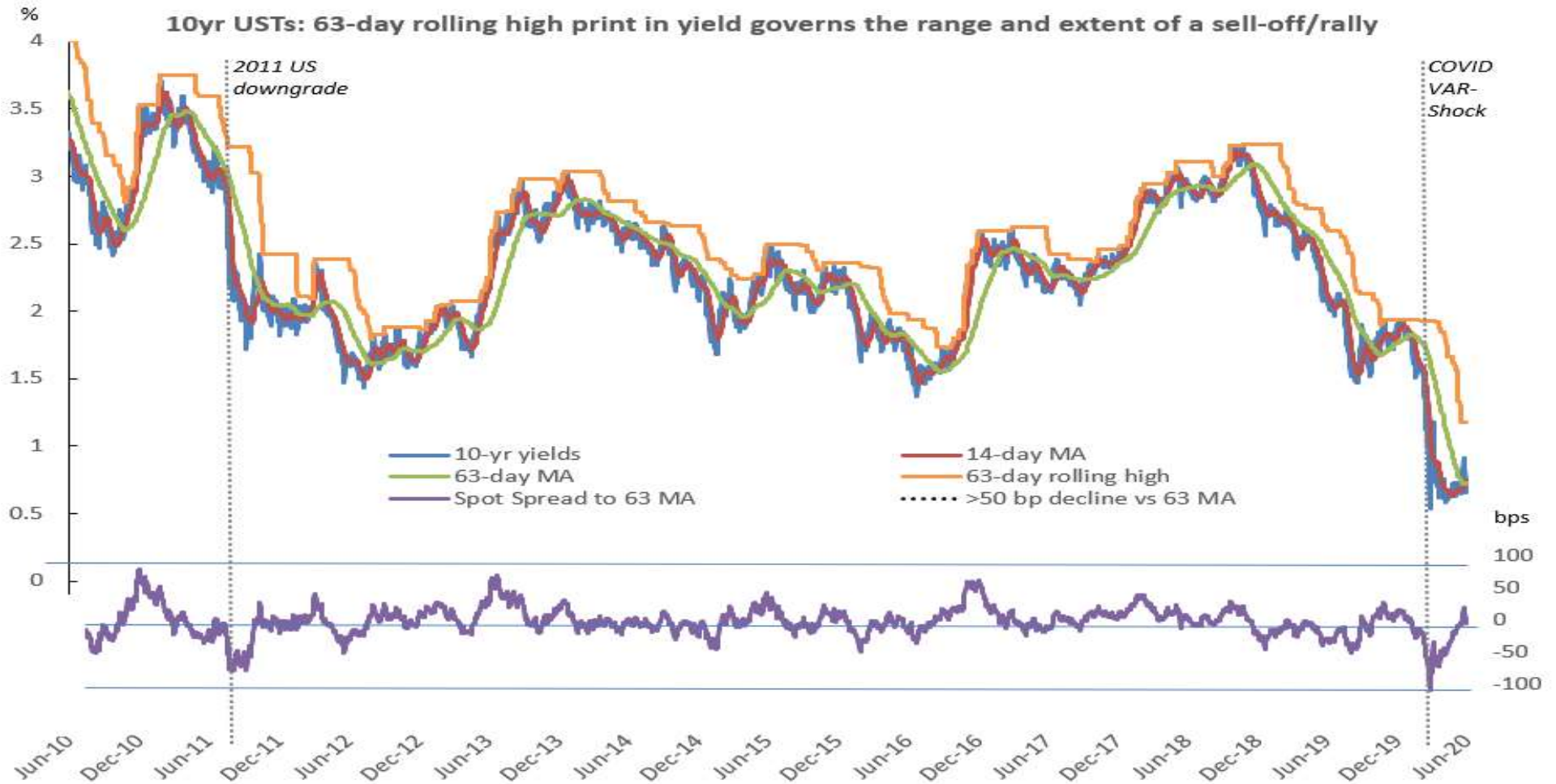


Source: Reuters, TheBondStrategist.com

Source: Reuters and FRED data proxy, thebondstrategist.com

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**Chart 4:** The last decade book-ended by 2 major events - the US credit downgrade and the COVID VAR-Shock



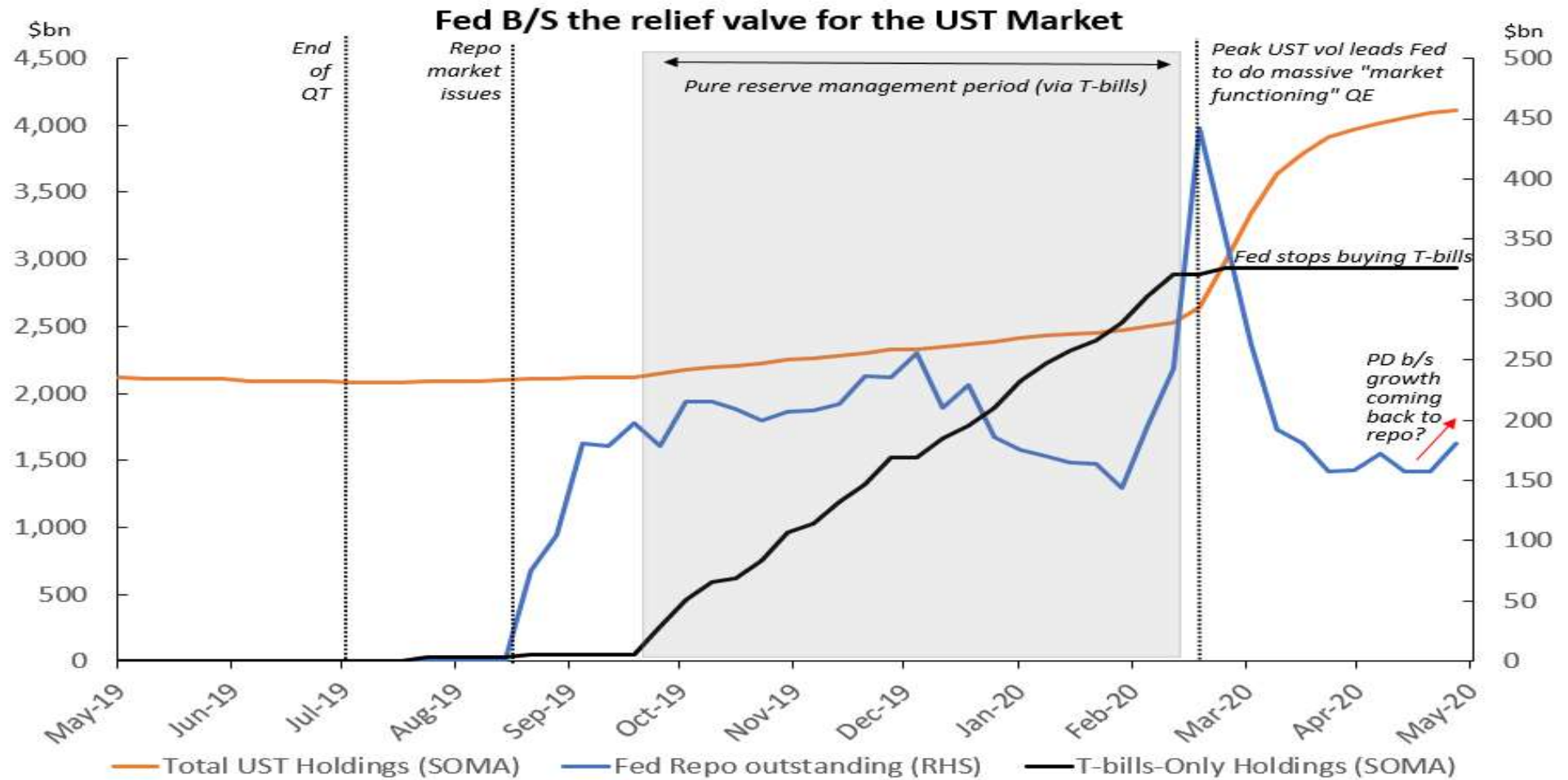
Source: FRED data, TheBondStrategist.com

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**Chart 5:** Fed tapering and a shift to longer-date UST supply will see if Repo usage spikes again into the Summer

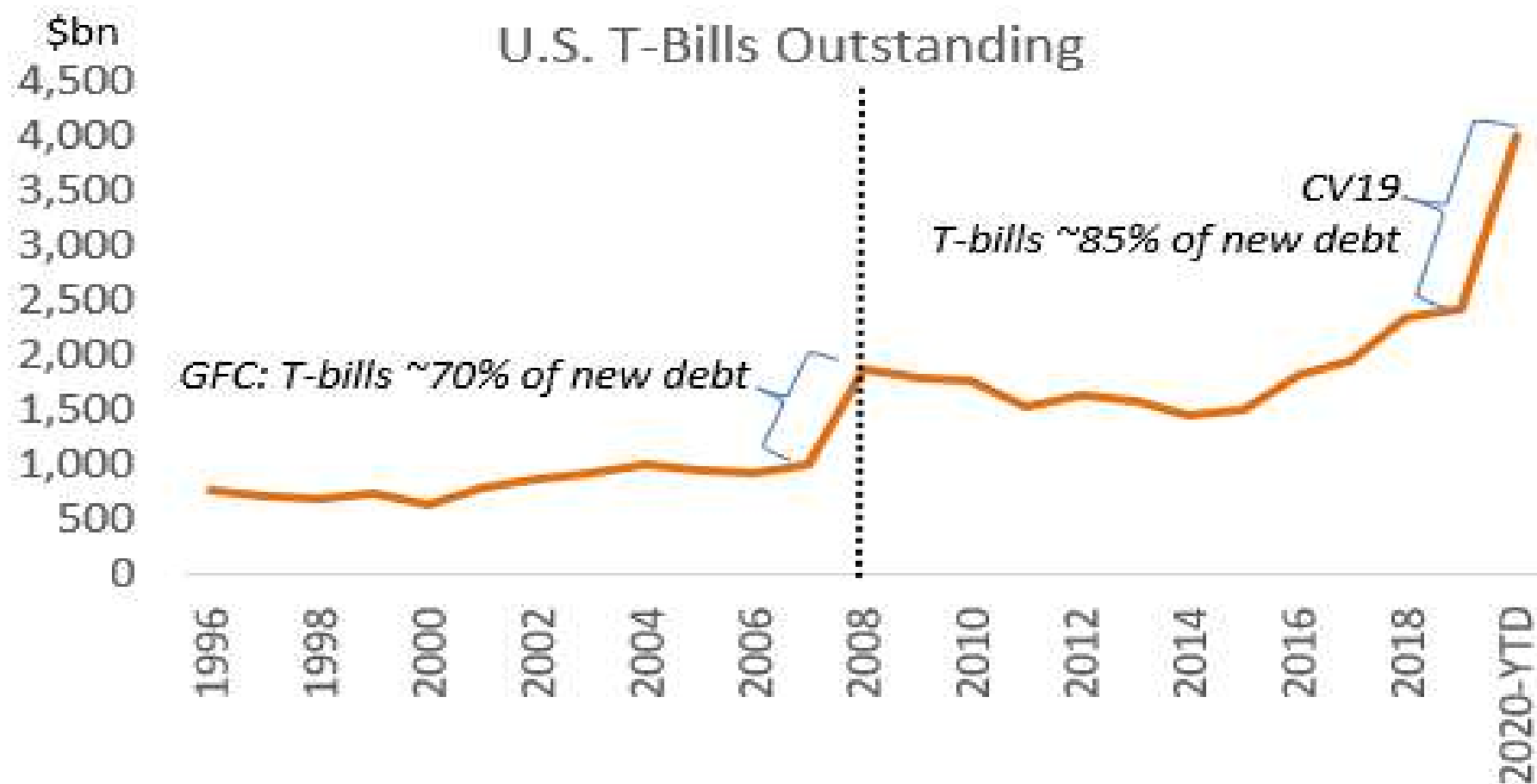


Source: FRED data, TheBondStrategist.com

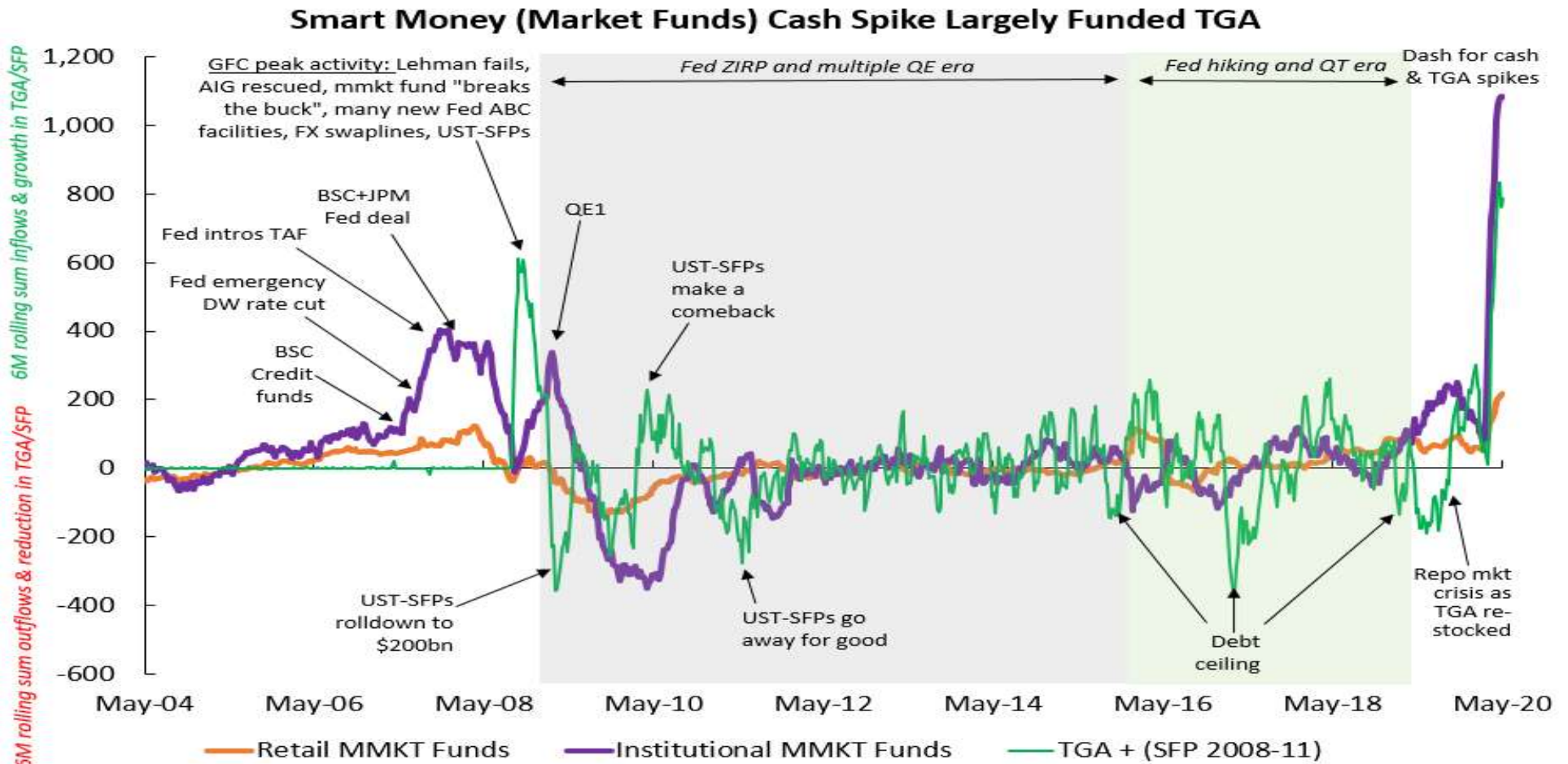
Source: FRED data, thebondstrategist.com

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**Chart 6:** UST issuance spike was largely funded by T-Bills and the majority purchased by local US investors



**Chart 7: Follow the Money... Institutional Money Market Funds helped fund the Treasury borrowing Bing...**

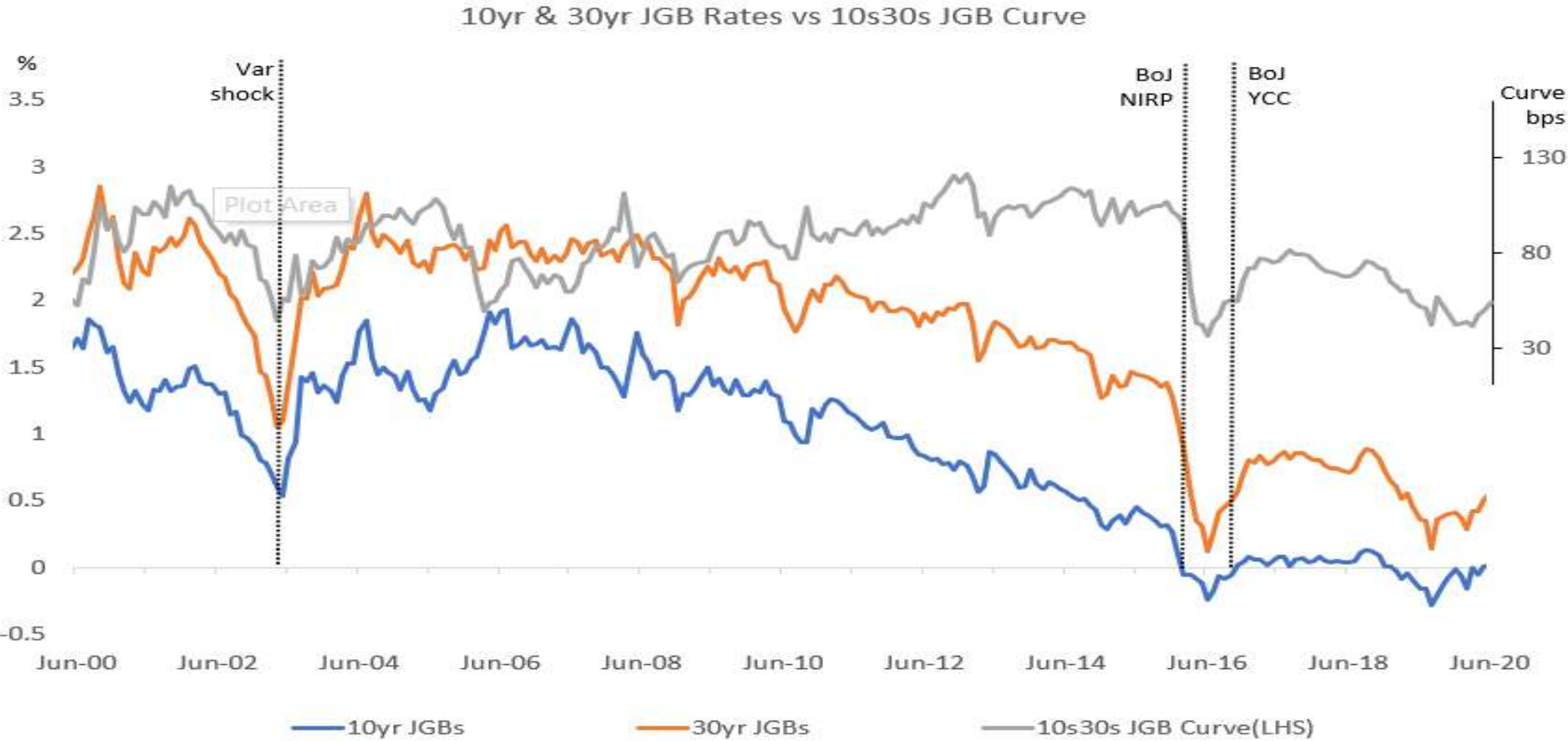


Source: FRED data, Federal Reserve, TheBondStrategist.com

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**Chart 8:** Exploring the JGB long-end and how we got to super low rates and BoJ's attempt to keep curves steep

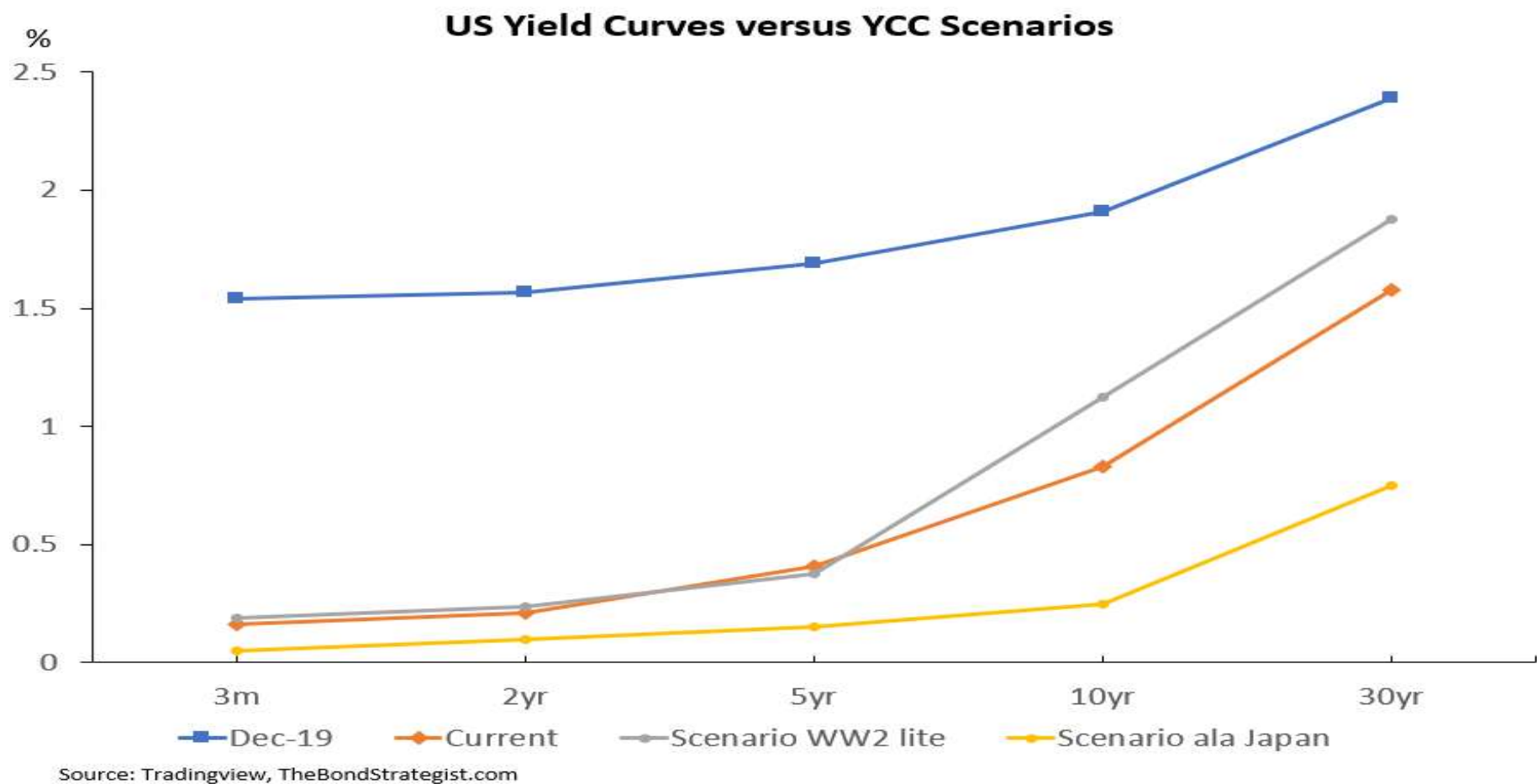


Source: Tradingview, TheBondStrategist.com

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**Chart 9:** YCC pushed to end of 2020 if we see a major sell-off or if they want to avoid going down NIRP route



**Chart 10:** Watch what the 5-year Treasury does next as that holds the keys to the kingdom



Source: Tradingview, thebondstrategist.com

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