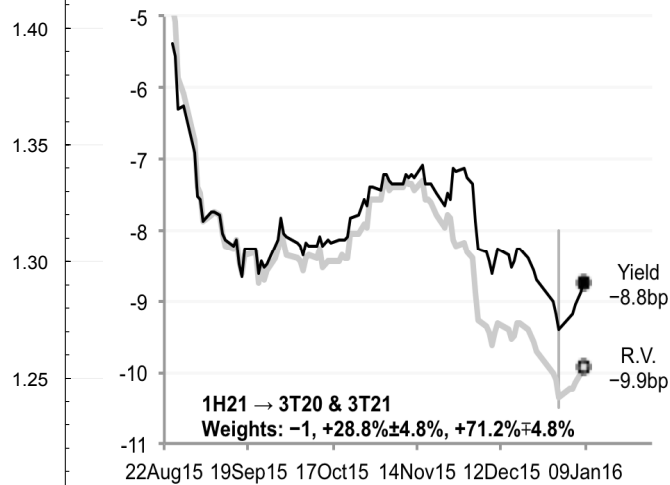
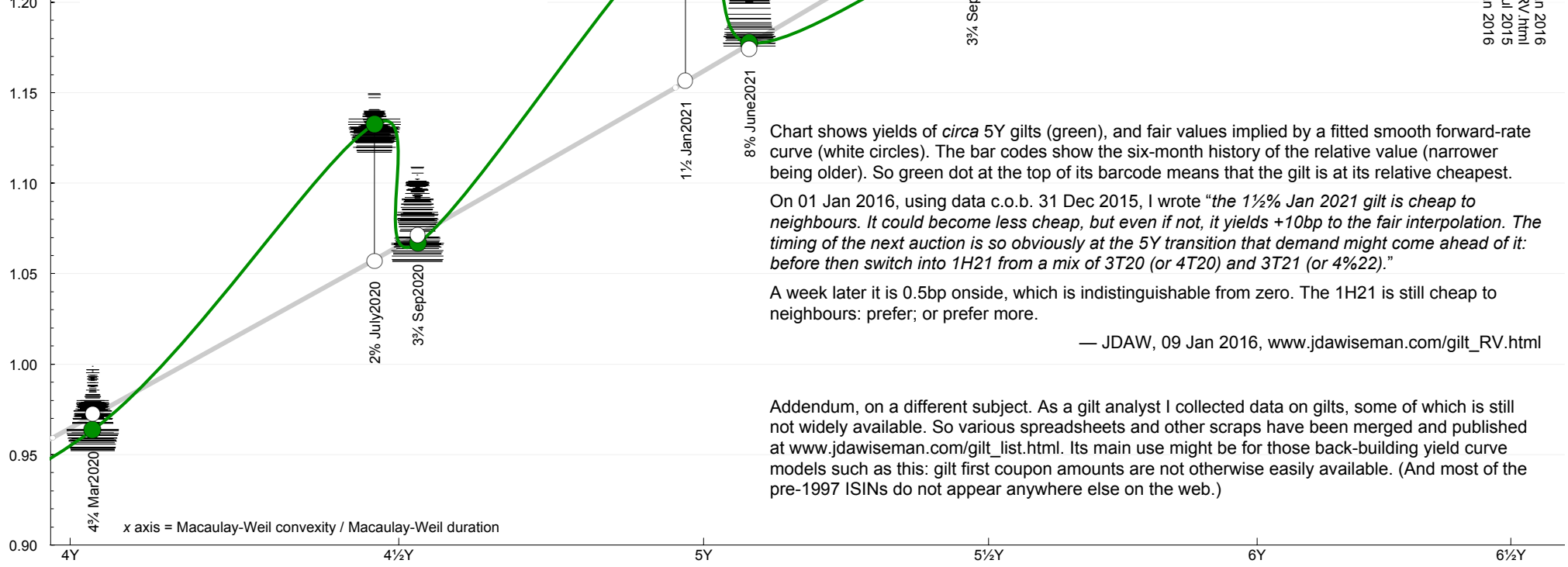


# Gilt Relative Value

(Succeeding the 'Gilt Anomalies' series)



- Unused
- Zero coupon, semi (peak at 2.615% in 2045Q1)
- Par, semi (peak at 2.509% in 2047Q3; and  $\rightarrow 1.772\%$  as  $\text{mat} \rightarrow \infty$ )
- RV history
- Theoretical yield, used bonds
- Market yield, used bonds



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[www.jdawiseman.com/gilt\\_RV.html](http://www.jdawiseman.com/gilt_RV.html)  
 Prices c.o.b. Fri 10 Jul 2015  
 to c.o.b. Fri 08 Jan 2016

Chart shows yields of *circa* 5Y gilts (green), and fair values implied by a fitted smooth forward-rate curve (white circles). The bar codes show the six-month history of the relative value (narrower being older). So green dot at the top of its barcode means that the gilt is at its relative cheapest.

On 01 Jan 2016, using data c.o.b. 31 Dec 2015, I wrote "*the 1½% Jan 2021 gilt is cheap to neighbours. It could become less cheap, but even if not, it yields +10bp to the fair interpolation. The timing of the next auction is so obviously at the 5Y transition that demand might come ahead of it: before then switch into 1H21 from a mix of 3T20 (or 4T20) and 3T21 (or 4%22).*"

A week later it is 0.5bp outside, which is indistinguishable from zero. The 1H21 is still cheap to neighbours: prefer; or prefer more.

— JDAW, 09 Jan 2016, [www.jdawiseman.com/gilt\\_RV.html](http://www.jdawiseman.com/gilt_RV.html)

Addendum, on a different subject. As a gilt analyst I collected data on gilts, some of which is still not widely available. So various spreadsheets and other scraps have been merged and published at [www.jdawiseman.com/gilt\\_list.html](http://www.jdawiseman.com/gilt_list.html). Its main use might be for those back-building yield curve models such as this: gilt first coupon amounts are not otherwise easily available. (And most of the pre-1997 ISINs do not appear anywhere else on the web.)

x axis = Macaulay-Weil convexity / Macaulay-Weil duration