

# THE GLOBAL PRODUCT CERTIFICATION PROGRAM

CERT <GO> GET THE BEST OUT OF BLOOMBERG

## F206: Repo Analysis

### OBJECTIVE

This course will show how the Repo Market adds liquidity to bond markets and how the various Bloomberg calculators can help Repo participants analyse their trades. Cost of carry analysis and switch break-even analysis also is covered.

### DATA

#### BTMM

Use BTMM<GO> to access a one-stop shop for all money market and treasury-based rates and prices. The button marked "Change Country" can be used to get rates from different countries.

#### MRKT

Use MRKT<GO><PAGE FWD>11<GO> to see repo rates from different counterparties.

#### BLP

BLP will present the markets you look at in the way that you need. Repo rates, currencies, futures contracts and even whole broker pages can be inserted into your desktop to help make more use of your analysis/pricing screens.

### CALCULATORS

#### FPA

FPA<GO> will price up a repo giving you the forward price and cashflows if you input the start date, nominal amount and repo rate. Alternatively if you need an implied or break-even repo rate then type in the forward price. This is also the ideal function if you need to price up a bond with a delayed settlement date such as selling a US Treasury to match the settlement date of a Eurobond.

#### BSR

BSR takes the repo a couple of steps further with the ability to see how the repo cashflows are adjusted when the repo goes over a coupon date. You can also set the cash value of the repo and have the nominal amount of the collateral calculated for you, invaluable when your client asks you to calculate the amount of collateral required for a specified loan amount.

#### YAS

Staying with forward prices, YAS<GO> will give you the chance to calculate a forward price whilst being able to simultaneously check out the bond's value by spreading it to the risk-free and swap curves.

### FURTHER USES OF REPO

#### COC

Repo plays a part in determining the cost of owning a bond. Whilst you are waiting for the market to move, you need to know how much a bond either costs to own or how much it makes for you. Cost-of-Carry via COC<GO> gives you the answer to that question. By comparing the income from the bond (converted to a money-market return and called "REPO EQUIV" in the COC screen) with the cost of financing ("REPO RATE") you can calculate how much the bond will earn/cost and a breakeven price/yield.

#### BAR

Use BAR<GO> to calculate your breakeven spread for a bond switch like a curve extension trade where you sell a bond with a short maturity and buy a bond with a longer maturity. Using repo rates in this kind of trade gives you the true spread that you need for the trade to break-even especially if the bond you are selling has a very low repo rate.

#### HELP HELP

To submit a question to our 24-hour analytics desk, press <HELP> twice from anywhere else on the system. Use HDSK to display a list of your outgoing Help Desk messages sent using HELP HELP.

