Historical spread data is incorrect for bonds with calls

# Introduction

In summary, the historical spread data will be incorrect for bonds with calls or variable coupons where the spread could be calculated as Worst, Maturity, Next Call, Next Reset, Custom. **The Bloomberg historical data always uses Yield (or Spread) to worst** and does not respect user settings as it does for current pricing.

Therefore, looking back at data, for Yield or Spread changes, would produce errors unless an adjustment was made.

# Bloomberg conversation

13:11:42 DARREN LEFCOE : BLP\_iSPREAD\_MID gives a bad value for EDPPL 1.7 07/20/80

13:11:43 BLOOMBERG HELP DESK : A specialist will assist you shortly.

13:11:53 BLOOMBERG HELP DESK : Hello and welcome to the Bloomberg Help Desk, this is Erik Lundgren Nordin speaking and I am happy to assist you.

13:13:35 BLOOMBERG HELP DESK : May I ask what you refer to with bad value, and what would you expect instead? Thank you!

13:14:11 DARREN LEFCOE : Spread ~ 335, value produced ~ 200

13:14:34 DARREN LEFCOE : Have noticed for a couple of securities...

13:15:15 DARREN LEFCOE : ...basically if this is incorrect, what is the best spread measure to use.

13:18:02 DARREN LEFCOE : You shared: BloombergGRIB\_2020062547872.gif[49KB]Show Image

13:18:09 BLOOMBERG HELP DESK : We could use another field instead, like YAS\_ISPREAD (this would not be possible to use in BDH formula for historical data).

This field represent the I-spread you find on a security's YAS <GO> page

13:18:25 DARREN LEFCOE : Agreed.

13:18:44 DARREN LEFCOE : What is suitable and consistent for historical AND current please.

13:19:34 DARREN LEFCOE : I was uning this, but it seems to have a large error.... blp\_i\_sprd\_mid

13:20:26 DARREN LEFCOE : You shared: BloombergGRIB\_2020062548021.gif[31KB]Show Image

13:21:02 DARREN LEFCOE : ...or, why is the value so far off please ?

13:22:08 BLOOMBERG HELP DESK : We could use a small workaround. We could still use this field YAS\_ISPREAD, but doing the following:

1. Manually create a column with historical dates

2. Use formula like =BDP("ZP454068@BGN Corp","YAS\_ISPREAD","SETTLE\_DT",A1)

Where cell A1 has the date.

Does this work on your end?

13:22:50 BLOOMBERG HELP DESK : They use slightly different methodologies to come up with the values, so as a consequence they can differ

13:23:50 DARREN LEFCOE : That would ammend the settlement date ?

13:28:31 BLOOMBERG HELP DESK : Yes correct, so getting historical data by amending settlement date, we would therefore have several formulas where each references a separate historical settle date, so in effect getting historical data but not with BDH-formula directly, do you see what I mean?

13:29:07 DARREN LEFCOE : I get it. However:

13:29:24 DARREN LEFCOE : [1] It is important to understand the error.

13:29:45 DARREN LEFCOE : [2] use a consistent BDH function.

13:34:30 DARREN LEFCOE : Ie. Is there and error in my settings ?

13:34:31 BLOOMBERG HELP DESK : Okay, so you would like to know they reason why the BLP-I-spread field deviates so much?

13:34:40 BLOOMBERG HELP DESK : The\*

13:34:43 DARREN LEFCOE : Yes please.

13:36:09 DARREN LEFCOE : 13:34:30 DARREN LEFCOE : Ie. Is there and error in my settings ?

13:36:44 BLOOMBERG HELP DESK : Checking this on my end, I get the same value for this field, 204.5 on my end whereas YAS <GO> shows above 300 like you

13:37:02 DARREN LEFCOE : Agreed on the difference, yes.

13:37:14 DARREN LEFCOE : Also all the other measures are ~ 300 to 350

13:47:11 BLOOMBERG HELP DESK : Just letting you know that I am still on this for you

13:50:10 DARREN LEFCOE : Appreciated.

13:53:31 DARREN LEFCOE : Is there an error because of the call date ?

13:53:43 DARREN LEFCOE : (calculation to maturity in place of next call)

13:55:48 BLOOMBERG HELP DESK : Yes I checked on that too, looks like one likely reason yes, also checking if it is regards swap curve defaults on SWDF <GO>, but escalating this for swift assistance, thanks for checking on your end too

14:00:30 DARREN LEFCOE : It looks like it is implementing a yield to worst calculation

14:00:51 DARREN LEFCOE : That is why.

14:02:24 BLOOMBERG HELP DESK : Hello Darren, Min Zhu is here to assist you through Bloomberg Help Desk. Your query is shared with me by my colleague.

14:04:18 BLOOMBERG HELP DESK : SP210- BLP\_I\_SPRD\_MID does not respect user YAS settings, one major difference is that SP210 is calculated based on hard-coded BGN settings and the BLP fields a bit more legacy and serve a purpose to create history which limits their flexibility.

And YAS\_ISPREAD will always match the YAS screen and respect user settings.

14:06:29 DARREN LEFCOE : Okay, perfect.

14:06:35 DARREN LEFCOE : This makes exact sense.

14:07:34 DARREN LEFCOE : Are there different BDH settings for [1] worst, [2] next call please ?

14:08:00 BLOOMBERG HELP DESK : Which field are you referring? - Yas field?

14:14:20 BLOOMBERG HELP DESK : For Yas yield, ytw will always gives you the lowest yield for all scenarios. While YTC gives you the yield of next call

14:14:32 DARREN LEFCOE : An equivalent to blp\_i\_sprd\_mid that does only \*next call\* and does not respect \*worst\*

14:15:06 DARREN LEFCOE : So a historical measure of NEXTCALL

14:15:34 BLOOMBERG HELP DESK : As discussed above BLP fields are hard coded will not reflect user settings

14:19:22 DARREN LEFCOE : Understood. Is there a user setting independent field that captures spread-to-next-call ?

14:20:43 BLOOMBERG HELP DESK : You can use yas field and override the yield flat to yield to call

14:21:24 DARREN LEFCOE : Is there a user setting independent field that captures spread-to-next-call \*for historical data\* ?

14:23:59 BLOOMBERG HELP DESK : =BDP("EC527035@BMRK Corp","YAS\_ZSPREAD", "YAS\_YLD\_FLAG=15", "SETTLE\_DT=20200624")

you can override the settlement date to get historical data

14:26:26 BLOOMBERG HELP DESK : In general, on YAS <GO>, the yield is defaulted to YTW except for certain calc typs such as 1469. To ensure it, we can override the yield to YTW in the formula as in above

14:31:09 BLOOMBERG HELP DESK : Sorry, you were looking at YTC

14:32:53 BLOOMBERG HELP DESK : Please yield flag 10

14:36:14 BLOOMBERG HELP DESK : =BDP("BJ2263660@BGN Corp","YAS\_ZSPREAD", "YAS\_YLD\_FLAG=10", "SETTLE\_DT=20200624")

for historicall data, you can override the settlement date or cell reference the date

14:36:27 BLOOMBERG HELP DESK : Thanks for reaching Help Desk. Please feel free to reach us back if you need further assistance. This is your reference number H#1157700798.