Viewpoint | Citi Research

15 Dec 2025 14:26:31 ET | 44 pages

Global Macro Strategy - Views and Trade Ideas

12 Themes of Christmas

Flagship

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With thanks to
Mike Alexeev
Irem Sen

CITI'S TAKE

We publish our traditional festive menu of themes and trades.

#1 AI Everywhere, All the time — We see the AI bubble likely building further in 2026. The big sector rotation happens after the bubble peaks, not before. While diversification is likely still helpful next year, tech should be part of the longs. We buy leveraged Dec26 NDX upside. Trade idea owned by **Charlie Massy Collier**.

#2 Sector rotation around reflation — It will not be only about AI in 2026. We think cyclicals can do well in a reflating economy, as shown by our regime work. We prefer financials over consumer staples.

#3 Election cycles into the midterms — Midterm election years are typically subpar for both bonds and equities. Downside in equity markets typically occurs in Q3 and is more likely when the incumbent party keeps control.

#4 Global cyclical strength — We see long copper as a clean expression of global cyclical strength, and is an all-weather trade, somewhat independent of US growth developments.

#5: Fading central bank pricing — The average length between the last cut and first hike may be shorter than recent history suggests. Front end trades will therefore have to be more idiosyncratic. We pair a NOK front-end payer against a SEK receiver.

#6 IEEPA and trade concerns – We await the IEEPA decision. The overhang of USMCA renegotiations will keep the BoC from moving quickly. We receive CORRA Z6 vs pay IR Z6.

#7 'Tis the season for more spending —We think the European continent offers some opportunities on fiscal, monetary and political divergence, particularly in UK and France. We like going long 30y Gilt vs OATS.

#8 Trading a new Fed Chair — We see the new Fed Chair as a cap on hikes, rather than a turbo-dove base case, and are skeptical of Fed independence fears. We see the run-it-hot stance as an H2 risk to term premia and inflation expectations (both higher).

#9 FX – divergence and USD correlations — We see a year of three thirds for the USD: weaker Q1, stronger summer, weaker again Q4. USD correlations fall as we move into the 'recovery' regime, so we sell USD correlations in dual digitals to leverage up our pro-cyclical view.

#10 AI power demand crowding – Chinese aluminium production capacity is capped by policy tradeoffs on power usage and the environment. Power pricing more in-line with datacenter costs can add >$1,000/t to aluminium production costs and will filter through to prices.

#11 Long Equity vs Credit – Equities and credit have become increasingly interconnected. The distribution of possible outcomes from the AI boom is likely to be skewed negatively for credit relative to equities. We pair long SPX with long CDX IG as a cross-asset RV trade. Trade idea owned by **Vinh Vo**.

#12 Europe energy rotation – We see strong micro and macro fundamentals for European carbon credits next year, and risks of an imminent EU intervention may be overstated.

12 Themes of Christmas

New trade: Buy 1y (18-Dec-26) 32,000 NDX digital call at 14.85%. Price in $1.70m notional, risking $250k premium or 0.25% of GMS PF on the trade. Priced as of 17:30 UKT on 15-Dec-2025, Mar26 fut ref 25,390. Risks to trade include AI bubble bursting, excessively hawkish Fed, US recession risks. Trade idea owned by **Charlie Massy-Collier.**

Reiterate trade: Stay OW Financials vs UW Consumer Staples in our Asset Allocation

Reiterate trade: Long Mar-26 LME copper 12,000 digital call. Entered at 13.2% on 02-Oct-2025 in $250k premium. Current price 37.4%. P/L on trade +$458k/+0.46% of GMS PF. LPH26 ref 11,635 as of 09:00 UKT on 15-Dec-2025. Risks to trade include hawkish CB pricing weighing on global reflation theme, faster than expected scrap response. Trade idea owned by **Charlie Massy-Collier**. NB: Futures trading involves substantial risk of loss.

New trade: Pay 12x15 NOK FRA at 3.87 in NOK151k DV01 vs. Receive 12x15 SEK FRA at 2.225 in SEK140k. Entry spread 164.5bp. Target spread of 225bp. Stop on spread of 129bp. Risking $500k/0.5% of GMS PF. Risks to the trade include a material pick-up in growth data in Sweden and easing inflation dynamics in Norway. Pricing as of 10.00 UKT on 15-Dec-2025.

Pay IR Z6 vs receive CORRA Z6 at spread of +155bp in 25k DV01. Target Level: 200bp, Watch Level: 133bp. Risking 500k or 0.5% of the GMS Portfolio. Spot reference: 2.515 (CORRA), 4.065 (IR) as of 14:30 UKT on 15-Dec-2025. Risks to the trade include an improvement in US-CA trade relations, rebound in CAD inflation, deterioration of the AU labor market. NB: Futures trading involves substantial risk of loss.

Buy 30y Gilts vs. OATs (UKT Jul54 vs FRT May55) at 82bp in $25k DV01. Target 42bp, watch level 102bp. Risking $500k or 0.5% of GMS PF. Pricing as of 11:00 UKT on 15-Dec-2025. Risk to trade: hawkish BoE, Labour leadership challenge.

Buy 3m (13-Mar-26) USDJPY > 160, USDBRL < 5.30 dual digital at 5.50% USD in $2.27mio. Risking $125k or 0.125% of GMS PF. Pricing as of 12:00 UKT on 15-Dec-2025. Implied corr offer +30%, individual digitals offered at 19% and 34% respectively. Risk to trade: hawkish BoJ, Brazilian political risks get worse.

New trade: Buy ES1 at 6863 in $10mio notional and buy CDX IG S45 5yr at 50.774 in $180mio notional. Watch level 6411.3201, target 7768.6100 for ES1 leg. Watch level 44.7491, target 62.8242 for CDX leg. Risking $500k/0.5% of GMS PF on the trade. Pricing as of 10.30 UKT on 15-Dec-2025. Risks to trade include breakdown in correlation between ES1 and CDX. Trade is owned by **Vinh Vo**. Futures trading involves substantial risk of loss.

Reiterate trade: Stay OW Aluminium in our Asset Allocation

New trade: Buy Mar-26 EUA emissions future (MOH26) at EUR 84.75 in 110 lots. EUR 9,322,500 notional. Watch level 80.94. Risking $500k on trade/0.5% of GMS PF. Spot ref MOH26 84.75. Pricing as of 09:10 UKT on 15-Dec-2025. Risks to trade include further delay to ETS2, earlier than anticipated EU price intervention. Trade owned by **Charlie Massy-Collier**. Futures trading involves substantial risk of loss.

Expired Trade: Take profit on Dec CAD OIS receiver at 2.24. Entered at 2.501 on 08-Aug-2025 in 15k DV01. Added additional 15k DV01 (total: 30k DV01) at 2.379 on 09-Sep-2025. Profits on half of trade 26bp or +$304k/0.3% of the GMS PF. Profits on previous half of trade was 28bp or +$331k/+0.33% of GMS PF on 31-Oct-2025. Total PnL on trade was +$635k/+0.64% of GMS PF.

Figure 1. Themes and Trades

Themes	Trades
Goldilocks	Buy (Dec-26 Expiry) NDX Digital Call
	Long Aluminium
	Buy (Mar-26 Expiry) LME copper 12,000 digital call
	Buy (Mar-26 Expiry) USDJPY > 160, USDBRL < 5.30 dual digital
Policy Dispersion	Buy 30y Gilts vs. OATs (UKT Jul54 vs FRT May55)
	Pay IR Z6 vs. Receive CORRA Z6
	Pay 12x15 NOK FRA vs. Receive 12x15 SEK FRA
Idiosyncratic	Buy Mar-26 EUA emissions future
	Buy ES1 and buy CDX IG S45 5yr
Sector Rotations for Reflation	OW Financials vs UW Consumer Staples
New Fed Chair	Later in 2026
US Midterms	

Note Futures trading involves substantial risk of loss. NDX, LME, and EUA emissions trade ideas owned by **Charlie Massy-Collier**; ES1 vs. CDX trade idea owned by **Vinh Vo**.

Source: Citi Research

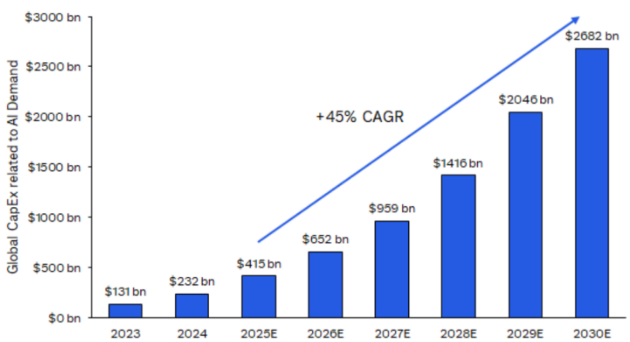
Theme 1 - AI: Everywhere, All the Time

New trade: Buy 1y (18-Dec-26) 32,000 NDX digital call at 14.85%. Price in $1.70m notional, risking $250k premium or 0.25% of GMS PF on the trade. Priced as of 17:30 UKT on 15-Dec-2025, Mar26 fut ref 25,390. Risks to trade include AI bubble bursting, excessively hawkish Fed, US recession risks. Trade idea owned by **Charlie Massy-Collier.**

We have discussed at length that we believe the US equity market is in a bubble, but that it is too early to cut equity risk, given that bubbles can be quite profitable in their early innings, especially as our fundamental equity analysts predict very strong capex growth to persist (Figure 2). Our equity strategist colleagues are also bullish, with fewer bubble concerns (see US Equity Strategy - 2026 Outlook: A Persistent But Volatile Bull). To decide when the bubble may peak, we are suggesting focusing on liquidity, sentiment, and breakdown of leadership.

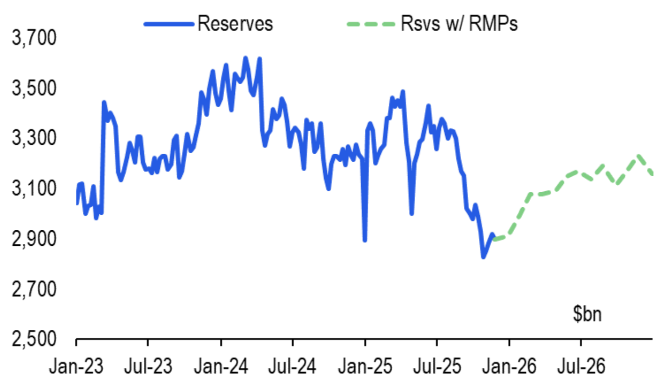
Liquidity favorable. Liquidity is crucial for a bubble's health. From this point of view, the fact that the Fed has cut into a building bubble is bullish, especially as Chair Powell was more open to future cuts during his presser after the December FOMC than the market has expected. We are also encouraged by the end of QT and the fact that the Fed is starting to buy T-Bills, which could increase bank reserves by around 300bn by the end of next year (Figure 3, see full report here). While the correlation of equities with bank reserves has recently become weaker, we think for the bubble to peak we need to see a more hawkish monetary policy and/or more hawkish balance sheet policy.

Figure 2. Bottom-up analysts forecast strong global AI capex growth for many more years



Source: Citi Research, Bloomberg

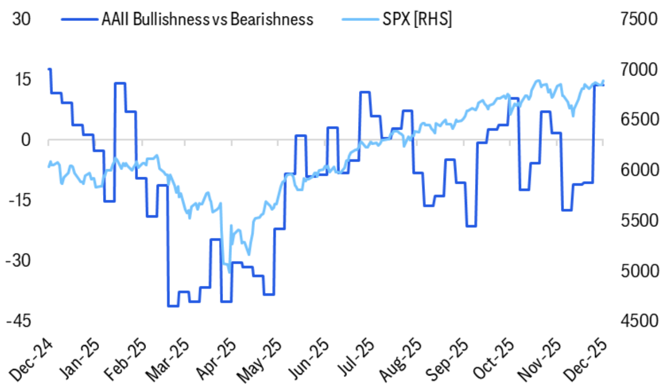
Figure 3.Bank reserves at the Fed are going to rise thanks to Reserve Management Purchases (RMP) and QT ending



Source: Citi Research, Bloomberg

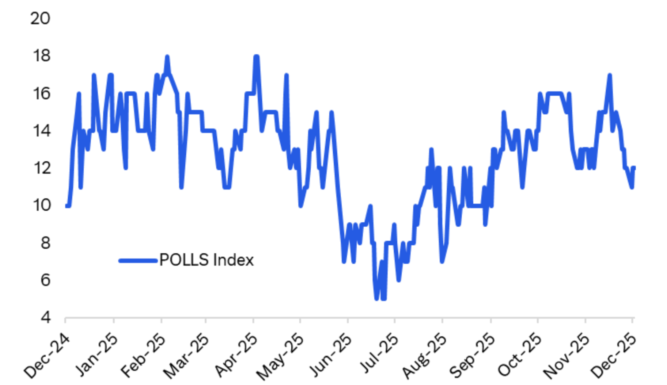
Sentiment not sufficiently bullish for a peak. More tactically, we find it interesting, that sentiment never got overly bullish (Figure 4). This is seen in the American association of individual investor survey. This is remarkable, given that the equity market has big retail participation. Citi's POLLS survey is also well below the danger zone of 18 (Figure 5).

Figure 4. Retail investors not overly bullish.



Source: Citi Research, Bloomberg

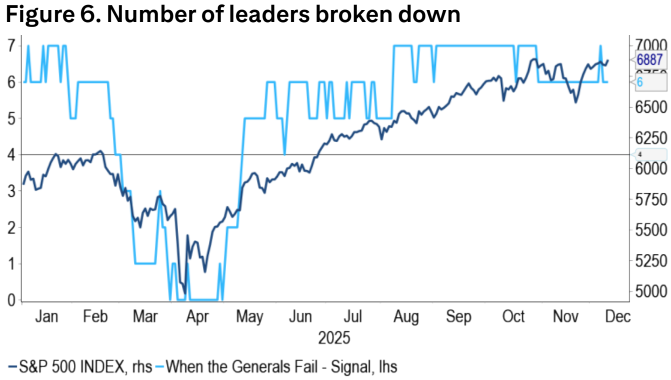
Figure 5.Citi's POLLS warning indicator well behaved.



Source: Citi Research, Bloomberg

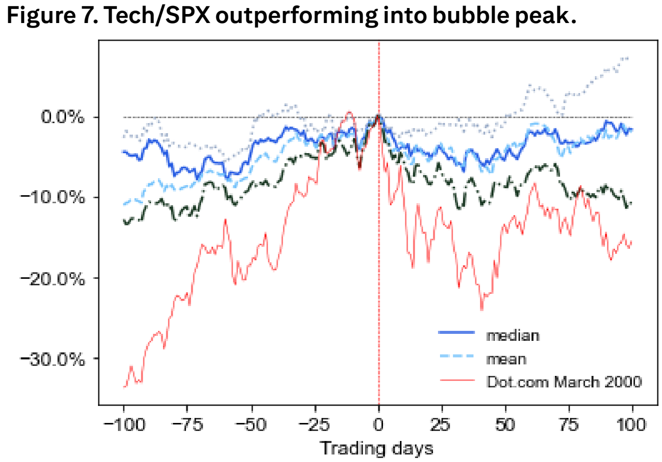
Leadership still intact. The third element is a change in leadership. This comes in two components. We had described our "Generals" framework here (link). Currently, only one of the Top7 has broken down (META). This is positive. The leadership debate also shows up on an industry level. Essentially, Tech typically keeps outperforming the market into the bubble peak. The big broadening trade only happens *after* the peak of the bubble as we show in No pAIn, No gAIn. Given that we can't be certain when the bubble peaks, that does not mean that some diversification is not justified to reduce risk. Cyclicals should outperform defensives (more on that below), and we also recently upgraded healthcare. But it is important to stick the course with tech, too, given likely continued leadership as the bubble inflates further. We see the current NDX underperformance as a consolidation, with renewed upside next year.

Figure 6. Number of leaders broken down



Source: Citi Research, Bloomberg

Figure 7. Tech/SPX outperforming into bubble peak.



Source: Citi Research, Bloomberg

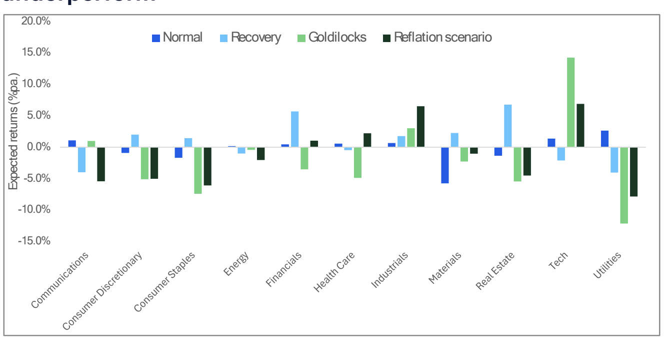
Theme 2: Sector rotation around reflation

Our global economics team see a potential for a Goldilocks environment for the year ahead. Expecting global growth of 2.7% for '26 and 2.8% with inflation contained (2.5%), our macro strategy team point to the rising data momentum indicative of a reflation (see [Global Macro Strategy – Correlation Corner - # 4: 2026 reflation – what if?)]() with stronger growth ([Global Macro Strategy - Views and Trade Ideas: Exploring the US 'run it hot' scenario – what are the trades?]())

We examine performance through the clustering lens highlighting the Goldilocks and Recovery regimes. We discussed the ["secular Goldilocks" theme]() in the summer and our economists views may push us to a recovery regime which is a likely transition point (Fig 20 [here]()). We also run some scenario analysis for a reflation scenario see our [quant update]() for details. The key difference between the recovery and goldilocks macro-clusters is that the level of LEIs is lower in the recovery cluster relative to goldilocks (-0.33 vs +1.35), inflation in both cases is around -1σ below trend.

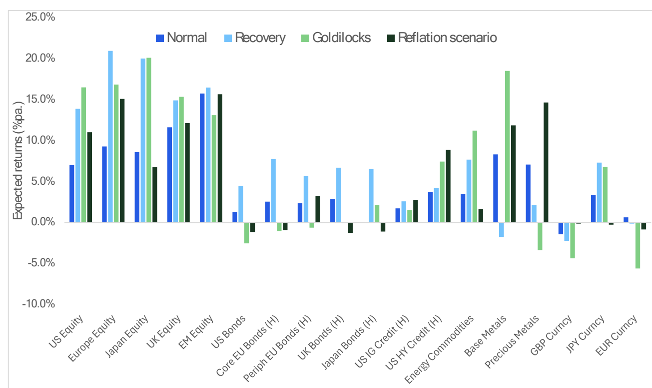
Goldilocks mean all outperformance is tech-centric, consumer sectors tend to underperform. Industrials also outperform in reflationary times. On a cross-asset basis, commodities, and equities are the top performers. Figure 8 shows the sector returns which don't point to a broad rotation yet – tech tends to do well, especially in Goldilocks times. We are overweight technology in our [global asset allocation (GAA) model]() (see Fig 33 [here]() for the full sector positioning). Scenarios are generally risk-on on a cross-asset basis. Figure 9 shows average monthly excess returns (annualized) in each of the regimes. Equities tend to do well in the most likely scenarios – better than the Normal environment that we are in now. Base metals do better under Goldilocks and our Reflation scenario (See also Theme 4: Global cyclical rebound – long copper) than the Recovery cluster.

Figure 8. Tech and industrials are the top performers in reflation/goldilocks, utilities and consumer stocks underperform



Source: Citi Research, Bloomberg

Figure 9. Goldilocks and reflation are risk-on strategies, base metals also have higher returns. Bonds tend to have lower returns.



Source: Citi Research, Bloomberg

Broad sector rotation likely only comes at the peak bubble, and we don't think we are there yet. Cyclicals should outperform defensives. We do not think the AI-story is over yet, as discussed in Theme 1 - AI: Everywhere, All the Time and [Global Asset Allocation - House Views for 2026 – No pAIn, No gAIn](). Larger sector rotation can come at or around the peaks, but we do think cyclicals can do well in a reflating economy, as shown by our regime work. We are currently overweight financials, which is our cyclical pick, and are underweight consumer staples in [our global asset allocation portfolio.]() Industrials are an upgrade candidate, too. Our US equity strategy team also like [cyclical beta]() and are underweight staples (with industrials, our upgrade candidate, underweight via autos as they prefer tech as well). The other possibility is [small caps flagged]() by our equity strategists. The risk to either trade is if the strong economy constrains the Fed from easing next year or weaker economic growth. We examine the sensitivity by backtesting the performance of financials vs consumer staples when Citi's global data momentum index is above or below 0 and US 2Y rates are trending upwards or downwards (vs the 55d MA). Figure 10 shows weaker but still positive returns if 2Y yields are rising while data momentum remains positive whereas small caps tend to lag (Figure 11). Small caps have the advantage in the sweet spot of a reflating economy and dovish Fed keeping 2Y yields below their 55d (light blue lines in the figures). However it is far from certain the Fed will be able to maintain its accommodative next year in a reflating economy; at this stage we prefer to be **overweight financials against staples.**

Figure 10. Financials vs Staples positive returns in a reflating economy, even more so if rates are falling.

Long Financials - Short Consumer Staples

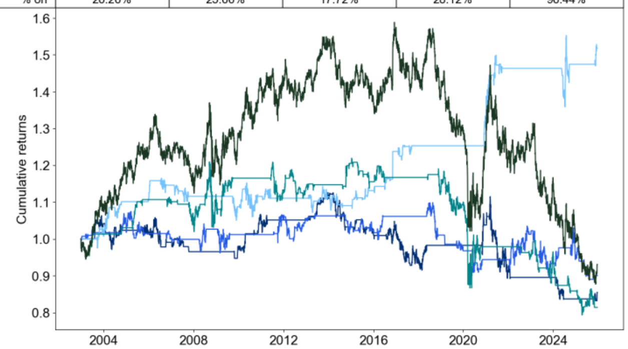
	CECIDGL > 0 & USD 2y > 55dma	CECIDGL < 0 & USD 2y > 55dma	CECIDGL > 0 & USD 2y < 55dma	CECIDGL < 0 & USD 2y < 55dma	Unconditional
Return	1.03%	-2.60%	1.24%	1.18%	1.10%
Volatility	7.01%	11.70%	6.40%	16.97%	22.67%
Risk/Reward	0.15	-0.22	0.19	0.069	0.049
max DD	-27.57%	-62.44%	-26.49%	-62.41%	-75.82%
Active IR	0.29	-0.44	0.46	0.13	0.049
% on	26.26%	25.66%	17.72%	28.10%	96.43%

Source: Citi Research, Bloomberg

Figure 11. Whereas small caps (S&P600) may lag if the Fed is forced to get hawkish.

Long S&P600 - Short SPX

	CECIDGL > 0 & USD 2y > 55dma	CECIDGL < 0 & USD 2y > 55dma	CECIDGL > 0 & USD 2y < 55dma	CECIDGL < 0 & USD 2y < 55dma	Unconditional
Return	-0.56%	-0.31%	1.92%	-0.66%	0.29%
Volatility	5.06%	5.39%	4.46%	6.88%	11.01%
Risk/Reward	-0.11	-0.058	0.43	-0.096	0.026
max DD	-26.12%	-19.19%	-9.80%	-34.93%	-44.75%
Active IR	-0.21	-0.11	1.0	-0.18	0.027
% on	26.26%	25.66%	17.72%	28.12%	96.44%



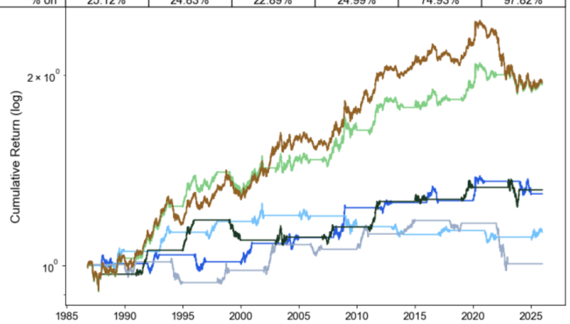
Source: Citi Research, Bloomberg

Theme 3 – Election time

Mid-term election years not great for bonds. The presidential cycle and its impact on markets has been studied for a long time. While it is mostly put in the context of the equity markets, the bond market patterns are also of interest, going into the midterms. Overall, the performance of the bond market during midterms are sub-par, as per Figure 12. While much of this is the result of the 2022 bond bear market occurring during a midterm election, even before 2022, mid-terms were on the weaker side of bond performance. If we just analyze years, where prior to the mid-terms one party controls the Presidency, House and Senate, rates usually move higher. This is the case both in the five cases where at least one of the chambers were lost, but also in the two cases, where the majority remained intact across the board. This is in line with the idea that the party in control engages in some fiscal stimulus. Rates then fell after a loss of the majority, and kept rising otherwise, in line with the notion that losing the majority puts constraints on the use of fiscal policy. The data also suggests that the prior expectation is that the majority is lost, even before accounting for recent poor poll ratings/results for Republicans (e.g., AP, 11-Dec-25).

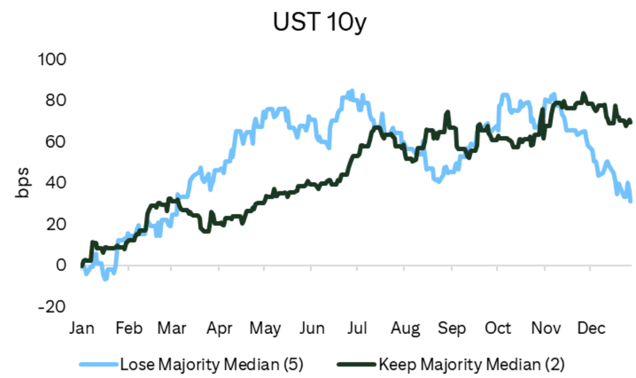
Figure 12. Bonds underperform during mid-term years

	General Election	Year After General	Midterm Election	Year After Midterm	All except Midterm	Unconditional
Return	0.70%	0.33%	0.04%	0.74%	1.77%	1.81%
Volatility	2.42%	2.14%	2.21%	2.48%	4.07%	4.63%
Risk/Reward	0.29	0.16	0.018	0.3	0.43	0.39
max DD	-6.97%	-13.45%	-16.94%	-10.15%	-10.87%	-23.10%
Active IR	0.57	0.31	0.039	0.59	0.5	0.39
% on	25.12%	24.83%	22.89%	24.99%	74.93%	97.82%



Source: Citi Research, Bloomberg

Figure 13. And years that start out with full control by one party sees rising rates.

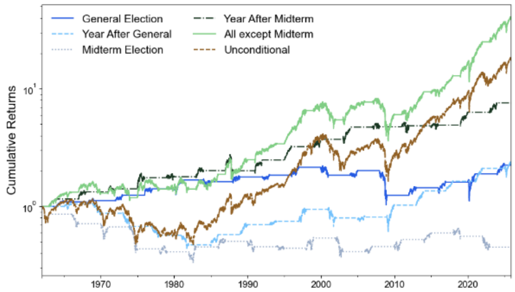


Source: Citi Research, Bloomberg

But affordability has taken center stage. Given that the current administration has taken unconventional approaches, one question is what could be different this time around. As the Republican party seems to have honed in on affordability as one reason for the recent subpar performance in local elections, it is plausible that there will be policy measures addressing affordability going into the mid-terms. This could be to lower oil prices (by taking measures to alleviate tensions in Venezuela, Russia/Ukraine), to lower mortgage rates (maybe using Fannie and Freddie, or leaning on the Fed), to lower selected food prices (removing tariffs), which would be bond friendly. On the other hand, the administration may make consumers whole for lost purchasing power (sending 2000 USD checks, though to do that without Congress may require some creative thinking). This would of course be highly bond-unfriendly, in our view. In any case, currently chair Powell is quite dovish, and his successor will likely be more so. It is therefore not obvious to us that the mid-term calendar will indeed be negative for bonds.

Mid-terms more consistently negative for equities historically. For equities we also get sub-par returns, and this time they are not driven by one single year. The information ratios for the SPX since 1960 differ markedly depending on the year of the presidential cycle. To be precise, the information ratio for the SPX in the midterm year is -0.21, compared to 0.36 unconditionally. Once more, we also focus on episodes where one party controlled the House, Senate and the White House going into the mid-terms. Here we also see underperformance. But in the 5 cases where the majority was lost, the SPX went mostly sideways. The case where the majority was retained saw decent losses in the median case, which started only in Q3, though (and is based on only three sample points). As such the presidential calendar is in line with sub-par returns, but downside risks only rise a few months before the election. Given that it is not fully clear to us why it should be negative when the status quo prevails, we would not put too much emphasis on the presidential cycle, and especially not early in the year.

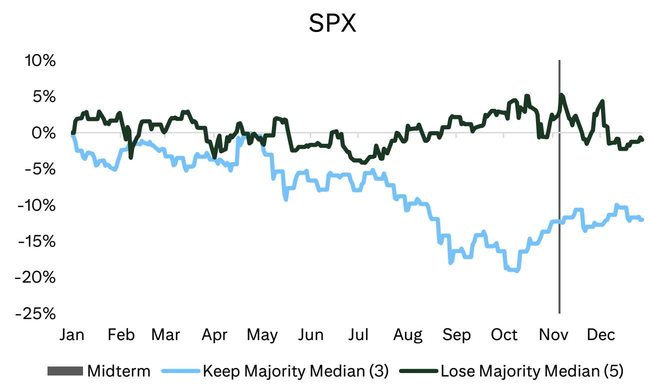
Figure 14. Mid-term election years are subpar for returns historically



	General Election	Year After General	Midterm Election	Year After Midterm	All except Midterm	Unconditional
Return	1.67%	1.62%	-0.88%	3.49%	6.79%	5.91%
Volatility	9.06%	7.24%	8.59%	7.98%	14.07%	16.49%
Risk/Reward	0.18	0.22	-0.10	0.44	0.48	0.36
max DD	-53.41%	-58.46%	-66.71%	-33.83%	-56.59%	-60.76%
Active IR	0.38	0.46	-0.21	0.89	0.57	0.36
% on	24.29%	24.24%	24.41%	24.37%	72.89%	97.30%

Source: Citi Research, Bloomberg

Figure 15. But significant downside only closer to election.



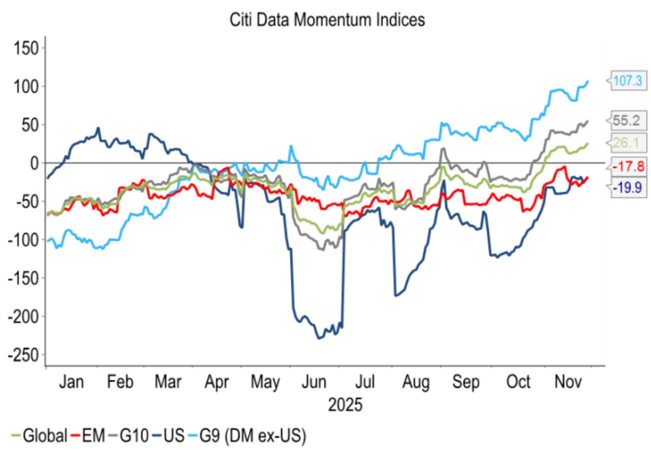
Source: Citi Research

Theme 4: Global cyclical rebound – long copper

Reiterate trade: Long Mar-26 LME copper 12,000 digital call. Entered at 13.2% on 02-Oct-2025 in $250k premium. Current price 37.4%. P/L on trade +$458k/+0.46% of GMS PF. LPH26 ref 11,635 as of 09:00 UKT on 15-Dec-2025. Risks to trade include hawkish CB pricing weighing on global reflation theme, faster than expected scrap response. Note: Futures trading involves substantial risk of loss. Trade idea owned by **Charlie Massy-Collier**.

Strong DM growth is supportive for copper. Our base for 2026 is that DM ex-US (G9) data momentum remains strong, as it has been since July, and this will support cyclical assets. There are question-marks over the US, particularly if we continue to see further cracks in either the labour market or the AI investment boom. On the other hand, we will likely see benefits of loose financial conditions and fiscal policy in 2026 in the US, too, keeping us overall comfortable, just with higher uncertainty. Therefore, we scan across oil, gold, and copper to see how these assets perform across different combinations of US and G9 data momentum. Copper performs well as long as G9 data momentum > 0. Oil requires coordinated US and G9 data momentum above 0. Gold performs when G9 > 0 and US < 0, likely due to a weak USD, but returns are poor when US data momentum > 0. As such, our preferred expression of global cyclicality going into 2026 is long copper via a Mar-26 expiry 12,000 digital call, and we are also overweight base metals in our GAA portfolio (Exploring the US 'run it hot' scenario – what are the trades?, 03-Oct-2025).

Figure 16. G9 data momentum likely to remain strong



Source: Citi Research, Bloomberg, Macrobond

Figure 17. Copper is an "all-weather" trade for strong global data momentum

		BCOM, total return indices		
	Currently on	Gold	Copper	Oil
G9 > 0, US > 0	FALSE	-0.02	0.36	0.67
G9 > 0, US < 0	TRUE	1.88	1.26	0.01
G9 < 0, US > 0	FALSE	0.46	-0.19	-0.80
G9 < 0, US < 0	FALSE	0.48	-0.03	0.17

Source: Citi Research, Bloomberg

Strong fundamental setup. Citi Commodities Research are also bullish on the fundamentals (Global Commodities, 05-Dec-2025). US inventories are high, whilst RoW inventories are depleted, and they expect the US to continue to hoard copper inventory due to lingering 2027/2028 US copper import tariff risks, as evidenced by the strong COMEX-LME arb. In a bullish US growth scenario, the US could even draw further on already depleted ex-US stock. This amplifies the channel through which strong RoW copper demand is bullish for copper prices. In their base case they see copper rallying to 13,000/t by Q2 2026, and 15,000/t in the bull case. As such, we may well look to roll up to higher strikes/longer dated options going forward.

Theme 5: Fading central bank pricing

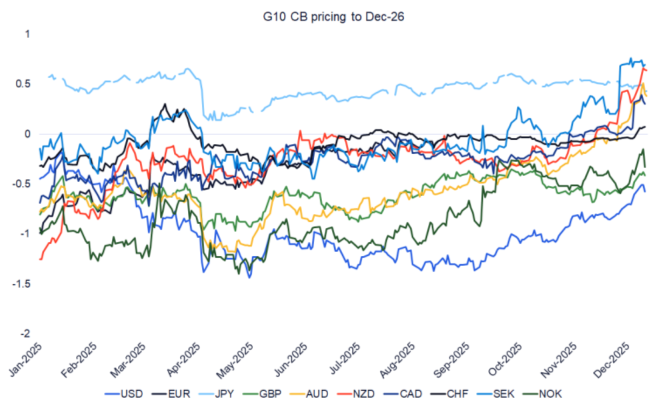
New trade: Pay 12x15 NOK FRA at 3.87 in NOK151k DV01 vs. Receive 12x15 SEK FRA at 2.225 in SEK140k. Entry spread 164.5bp. Target spread of 225bp. Stop on spread of 129bp. Risking $500k/0.5% of GMS PF. Risks to the trade include a material pick-up in growth data in Sweden and easing inflation dynamics in Norway. Pricing as of 10.00 UKT on 15-Dec-2025.

G10 policy rates are starting to diverge, we prefer to play this through relative value. While policy rates in G10 countries have eased this year, investors are shifting their focus to the divergences in forward pricings across central banks. We illustrate some of this through Figure 18, which suggests that a number of central banks have started to price in some hikes for next year, reflecting persistent upside inflation risks. Most recently, we saw the Fed ease policy rates further while the Bank of Canada delivered a hold following a string of strong growth data and lower than expected unemployment rate. In this outlook, we make the case that central bank divergences are best played through relative value trades, as the repricing is more sensible in some countries than in others.

On a longer history, pauses between last cuts and first hikes are not as long as recent cycles. In Figure 19, we investigate the median pauses between final cuts and first hikes across G10 easing/hiking cycles. While recent pauses have been longer, we think it is incorrect to extrapolate this pattern into outright receivers at this stage of the cycle given that the longer-term median length of pauses are much shorter than recent history. Below we analyse prior cycles across three periods: 1970-1990, 1990-2005 and more recently the 2005-2025. Across these buckets, we focus on the 1990-2005 period as being most analogous to the current environment for a couple of reasons.

We are shifting towards a higher inflation regime, most analogous to the 1990-2005 period. The earliest cycles of 1970-1990 were dominated by huge inflation shocks in a regime where central banks focused on money supply rather than explicit inflation targets. At the other extreme, the 2005-2025 period was shaped by highly idiosyncratic factors, including post-GFC deleveraging and sustained disinflation driven by globalization which led to excess supply of goods and constrained central banks' ability to raise inflation. The zero bound became binding for some central banks, impacting the length of the pauses. By contrast, the late-1990s and early 2000s cycles unfolded in a structurally higher inflation backdrop. We think there is a reasonable case that the current macro environment is shifting towards a higher inflation regime, which is most analogous to that of the 1990-2005 period.

Figure 18. G10 central banks have started to price in hikes for next year, we think divergences are better played via RV



Source: Citi Research

Figure 19. On a longer history, pauses from last cuts until next hikes are not very prolonged

Average number of months between the last cut and the first hike			
	1970-1990	1990-2005	2005-2025
AUD		8	11
CAD		3	23
EUR	11	18	29
JPY		37	99
GBP	2	3	14
USD	2	12	53
NZD		5	19
CHF		14	88
NOK	4	6	15
SEK	2	1	12
Median	2	7	21

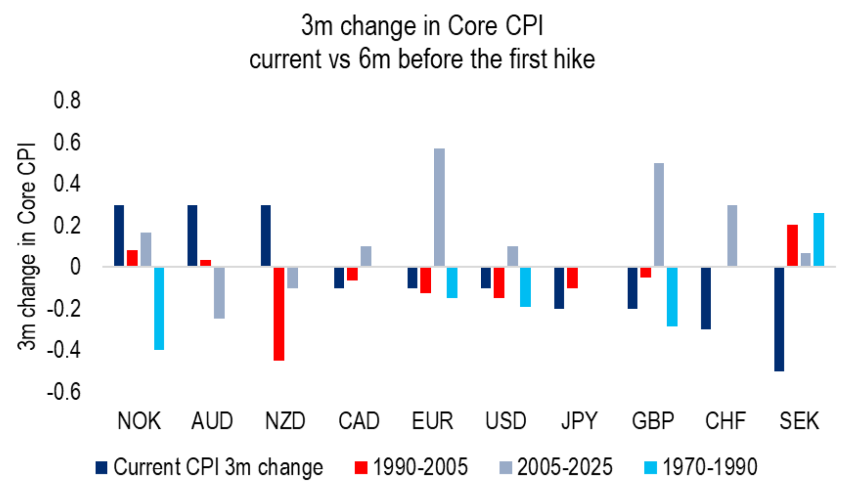
Source: Citi Research

NOK, AUD and NZD inflation momentum are picking up fast when compared to previous hiking cycles. In Figure 20, we assess where risks are skewed towards receivers against payers by comparing current inflation momentum (3m change in core CPI) with the median momentum observed six-months ahead of the first hike in past cycles. On this metric, we show that inflation momentum is accelerating most rapidly in NOK, AUD, and NZD, with the Antipodeans exhibiting a stronger pick up than what is typically observed ahead of historical hiking cycles. NOK front-end pricing appears more vulnerable, with the curve embedding a degree of dovishness that is difficult to reconcile with stickier inflation dynamics. As such, NOK front-end payers stand out to us as a candidate to fade current forward pricings.

We prefer to fade CB divergence in relative value terms, pairing NOK payers against SEK front-end receivers. Inflation momentum in Sweden remains subdued, especially when benchmarked against historical pre-hiking environments using the same framework as above. We think the recent sell-off in SEK front-rates was primarily driven by improving growth sentiment, marked by the stronger than expected GDP numbers for the third quarter. However, the Riksbank also remains concerned on the external sectors which continue to face headwinds from trade tensions and political uncertainty in the US. We note that

Sweden is one of the EU economies more sensitive to trade developments with the US and the effective tariff rate on Swedish exports have surged to 15%. In addition, Sweden faces growing competition from China, particularly in the EV sector. While the German fiscal stimulus and European rearmament plans both represent positive external demand shocks, we expect their effects to materialize gradually and sequentially after the downside risk that could come from the US. Swedish labour market weakness is also persistent marked by the higher than expected unemployment rate. Taken together, our base case is for the Riksbank to stay on hold here through to end-26 and consequentially, we think that market pricing is currently overly hawkish. Consistent with this, our Citi Econ also expects the Riksbank to keep rates anchored at 1.75% through end-2027 (see here). While our colleagues are also forecasting an additional 50bps of cut in Norway in 2026, they also acknowledge the risk of Norges Bank adopting a more hawkish stance is non-negligible should the fiscal stimulus prove larger than expected. Taken together, we think risks skew better to receive Dec26 SEK here against NOK as a relative value play at current pricings because we think that the scenario of Riksbank hiking at the time same as the Norges Bank are cutting are slim. Moreover, our trade would retain positive expected value even under our economists' base case of the Norges cutting twice more while the Riksbank stay on hold.

Figure 20. Current inflation momentum in NOK, AUD and NZD are fast relative to what we would expect if hiking cycles were looming meanwhile momentum in SEK is subdued.



Source: Citi Research

Theme 6 – Trade still *important* in 2026

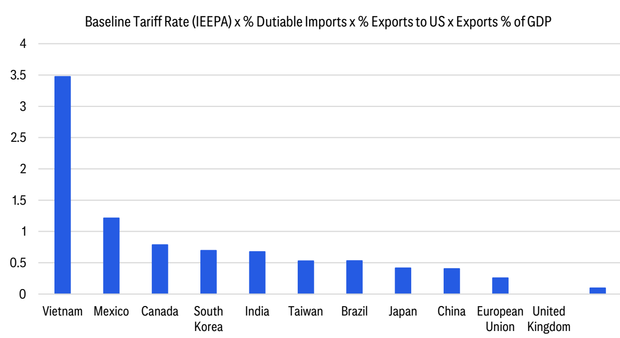
Pay IR Z6 vs receive CORRA Z6 at spread of +155bp in 25k DV01. Target Level: 200bp, Watch Level: 133bp. Risking 500k or 0.5% of the GMS Portfolio. Spot reference: 2.515 (CORRA), 4.065 (IR) as of 14:30 UKT on 15-Dec-2025. Risks to the trade include an improvement in US-CA trade relations, rebound in CAD inflation, deterioration of the AU labor market. Trade owned by **Alice Zheng**. NB: Futures trading involves substantial risk of loss.

Peak trade fears may be in the rear-view mirror but trade uncertainty still remains relevant. There are several main trade themes we discuss below:

1. What will happen with IEEPA tariffs?
2. What to expect with USMCA renegotiations in July?
3. Push and pull with China – what's next?

Awaiting Supreme Court ruling on IEEPA tariffs. Markets have been anxiously awaiting the Supreme Court decision on IEEPA tariffs, which includes the fentanyl tariffs on China/Canada/Mexico and reciprocal/10% baseline tariff on trading partners. We are not expecting a decision until early 2026. Questions from the justices were seen as unfavorable towards the administration, leading to probability markets repricing the likelihood of the government winning the case from 40% to its current levels in the mid-20%. We polled our clients before and after the Nov-05 hearing and results are similar. There is a sizeable group (38%) who think the fentanyl tariffs (on China, Canada, and Mexico) will stand but not the other reciprocal tariffs, which would benefit Vietnam, South Korea, and India (Figure 21) the most *if* trade deals are also overturned. In the knee-jerk reaction to an overturning, the trades would be higher equities, long BRL and MXN, and lower inflation; those were the trades that worked during the hearing. Some clients also like steeper US curves, though (Figure 22). We ran an event study before and after the hearing when probability markets repriced higher the risks of IEEPA being repealed study, to see which consensus trades worked at the time. Most did, but 5s30s disappointed expectations. For more, see Tech, Tariffs, and Tight Budgets.

Figure 21. Vietnam, Mexico, Canada, and South Korea to benefit if IEEPA were overturned



Source: Citi Research

Figure 22. How to trade IEEPA overturning – Long equities, long BRL/MXN, and short inflation

Trade	Client survey results	Asset level before (11/5 8am)	Asset level after (11/5 1pm)	Change	Trade worked?
Sell USDBRL Sell USDMXN	18%	5.40 18.65	5.36 18.59	-0.76% -0.35%	Yes Yes
Steeper USD curve (UST 5s30s)	33%	97.4 bps	95.6 bps	-1.8 bps	No
Lower inflation (1y Infl Swap)	7%	2.84%	2.80%	-4.2 bps	Yes
Long ES1 Long RTY	24%	6796 2446	6853 2478	0.84% 1.31%	Yes Yes
Other trades / too short to trade	18%				

Source: Citi Research

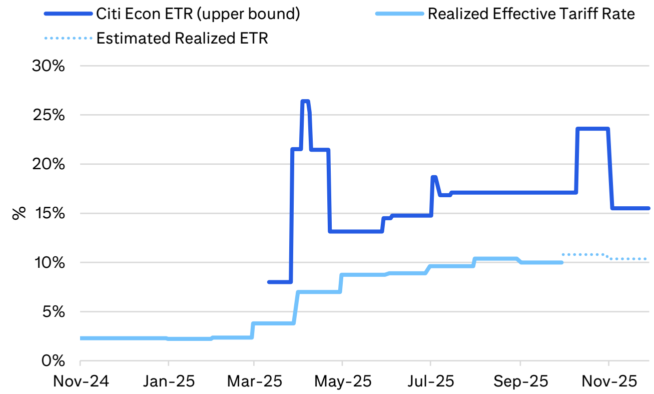
Uncertainty on existing deals and refunds. Individual jurisdictions (Japan, Korea, European Union, etc.) may still choose to adhere to their trade deals because the Administration can still use other authorities, such as 232 or 301, to impose tariffs and the desire to reopen the negotiations may be limited. Figure 23 details the multitude of methods at the Administration's disposal. Many deals have carveouts for specific sectors (JP/KR auto tariffs at 15%, EU pharmaceuticals at 15%) which could go away if IEEPA is struck down and leave tariffs rates higher than before. The refund process is also unclear as IEEPA tariffs are still being collected and roughly account for 55% of all tariffs being collected (Tax Foundation 7-Nov-25). Since February, this amounts to $125bn, which could be easily funded with the TGA sitting at over $800bn. We would expect repayments to take some time and may just require a minimal increase in T-bill issuance if there is long refund period. We estimate that the realized effective tariff rate has risen to 10.8% in November (based on collected revenues and assuming goods imports to be unchanged for Oct/Nov). This compared to a theoretical estimate of our economists of 15.3%. If IEEPA were to be overturned, this latter rate would likely sit closer to 9%.

Figure 23. The administration can use other ways to impose tariffs

Non-IEEPA avenues	Tariff rate and duration	Requirement
Section 232	No duration or rate limit	-National security justification -Commerce Dept. investigation
Section 201	(can be) 50% for 4 years (extend up to 8 years)	-Used to safeguard tariffs to protect domestic industries -Intl. Trade Commission investigation
Section 301	No rate limit up to 4 years (no limit to extend)	-Discrimination against US business or, Trade agreements violation -Trade Representative investigation
Section 122	15% for 150 days (extension must be Congress approved)	-International payments problem
Section 338	50% with no duration limit	-Discrimination against US commerce
Tariffs Announced	Pharmaceuticals (up to 200%) Semiconductors (up to 100%)	-Section 232 investigations initiated citing national security concerns and supply chain dependencies
Tariffs In Place	Steel (50%) Aluminum (50%) Copper (50%) Auto and auto parts (25%)	

Source: Citi Research

Figure 24. The effective tariff rate is around 11%, but would fall closer to 9% if IEEPA was overturned



Source: Citi Research, Haver Analytics, Census Bureau

USMCA up for renegotiations but will it be? In early December, USTR Jamieson Greer signaled that the US could withdraw from the USMCA next year and split into separate agreements with Canada and Mexico. Nearly 30% of US imports come from CA and MX so any uncertainty would certainly strain growth and could result in some more front running in H1 next year. The U.S. administration must provide a report to Congress by January 2, 2026, outlining its intentions for the deal. USTR Greer has also suggested the US could withdraw entirely, add side agreements, or replace USMCA.

Receive CORRA Z6. We do not expect a near term thaw in trade relations (CBC News, 7-Dec-25). If there are separate agreements, it seems highly likely that future US-Canada deals will be less favorable to Canada. BoC Governor Macklem has consistently highlighted that tariffs are and will be a structurally negative weight on the Canadian economy, which makes it unlikely that the BoC will hike before July, when USMCA negotiations formally begin and sets up the BoC for holding rates lower for longer. The sell-off on the back of the strong November jobs reports seems overdone with leading inflation indicators pointing to declines next year, making it unlikely for any data-justified hikes either. Our Canadian economists are still forecasting two more cuts for the BoC in March and April.

Pay IR Z6 on the other side given global front-end pricing is volatile. Pricing of global monetary policy cycles is turning, which makes us uneasy to receive front end rates outright. Our economists expect the Board to hike twice in H1 (Feb + May), needing to front load the cycle given inflation drifting away from target and non-transitory inflation sources. With the Australian economy showing some signs of overheating, it is a strong payer candidate. The most recent inflation print showed prices picking up to 3.8%YoY in October and the more important quarterly metric rising 1.3%, against expectations of 1.1%. At the December policy meeting, the RBA also signaled that the next move would likely be a hike rather than a cut. The softer November employment report offers us better entry into the payer trade, at level below the RBA's hawkish turn. The labor market is still tight, and domestic growth has picked up.

US-China trade worries on the back burner for now. With a temporary trade deal negotiated until the Q4 of 2026, trade tensions between the US and China have just been put on the back burner. As we highlight in Macro Mezze: USD, US/China/EU tensions, gold flows, credit hedges, OATs, China has higher leverage in negotiations via a quasi-monopoly on rare earth minerals, less reliance on US imports and a lower household sensitivity to markets. The combination of these factors means that if equities sell off from escalating trade tensions, the US is likely to fold first. Even if tariffs go higher, which is unlikely given the administration's new focus on affordability, we estimated the 2025 annualized transshipped value from China to the US via ASEAN to be roughly worth $90bn, 1/3 of China's 2024 goods exports to the US. The effect of transshipments could partially explain why we have yet to see the realized effective tariff rate rise as much as initial expectations. More details in Trade War: Beginning of the end, or end of the beginning?.

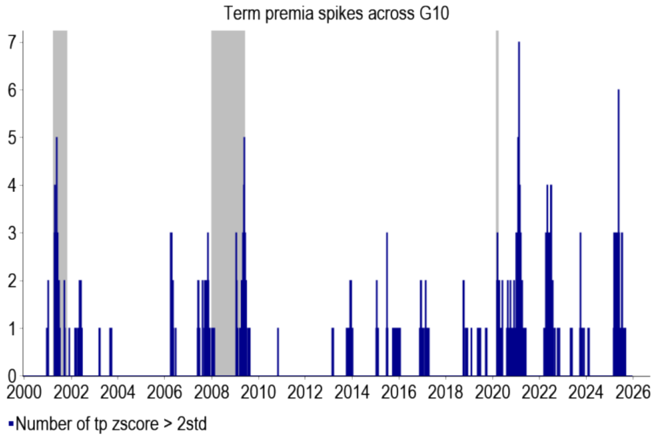
Chips and AI could be less of a US bargaining tool next time around. The Trump administration just announced that NVDIA would be allowed to sell the advanced H200 chips to China, after previously only allowing the less powerful H20 chips BBC, 8-Dec-25). But this may not matter much because the Chinese government has limited access of local firms to NVDA chips and Chinese tech giants have been training AI models abroad (in areas like Singapore, Malaysia) to avoid chip restrictions (Reuters, 27-Nov-2025). Additionally, China's latest Five-Year Plan affirmed support for local industrial production of AI chips to reduce reliance of foreign technology. The leverage the US may have had over its AI technology have been declining as China changes its strategy. There may be attempts to regulate Chinese AI training in Southeast Asian data centers using NVDA chips, but this seems difficult to implement.

Theme 7: 'Tis the season for more spending

Buy 30y Gilts vs. OATs (UKT Jul54 vs FRT May55) at 82bp in $25k DV01. Target 42bp, watch level 102bp. Risking $500k or 0.5% of GMS PF. Pricing as of 11:00 UKT on 15-Dec-2025. Risk to trade: hawkish BoE, Labour leadership challenge.

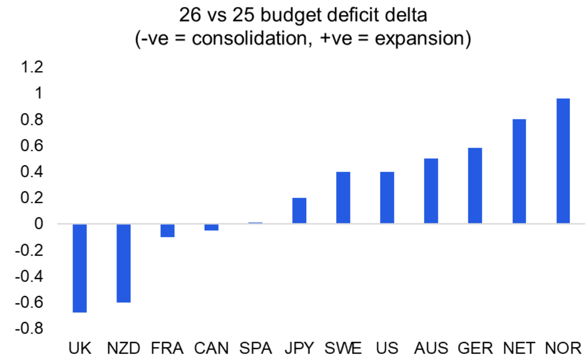
Long gone are the days of austerity. If the big pandemic-driven fiscal marked the end of the widespread austerity regimes in G10, 2025 saw the fiscal bug spread across G10. Besides sustained US government spending, the notable guests to join the fiscally expansionary club were of course Germany and Japan. Figure 25 captures the shift in regime. We calculate term premium across G10 as the rolling 1y residual of 5s30s regressed on 5s where available (otherwise we use 2s10s). We then take the 1y z-score and take the count of weekly episodes where term premium has risen above 2std. As shown in Figure 25 the number of term premia spikes increased in 2020 and continued to do so in 2025. Besides two notable cases of fiscal consolidation (UK and NZ), most G10 countries are expected to continue the fiscal expansion in 2026. Below we explore a few cross-asset opportunities for next year on the theme of greater fiscal: US steepener, long Gilts vs. Oats, and Japan. The European continent is likely to see clear divergence among countries on monetary and fiscal policy, particularly UK vs. France, so we add a long 30y Gilts vs. OATs trade in our portfolio. On US and Japan, we prefer to wait for now. We think USTs steepener can find some steam again, particularly given issuance risks in Q4, so we wait to be closer to the fire to add the trade on. In Japan, we like the hybrid combination of equities higher and 10y higher, but given ongoing tech weakness, and FX intervention risk, we wait for the dust to settle before adding it.

Figure 25. As fiscal remains expansionary, the number of term premia spikes have picked up since 2020



Source: Citi Research

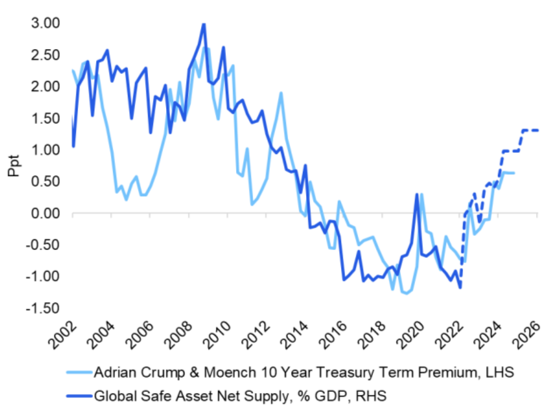
Figure 26. Most G10 countries are expected to maintain an expansionary fiscal regime in 2026, as per Bloomberg



Source: Citi Research, Bloomberg

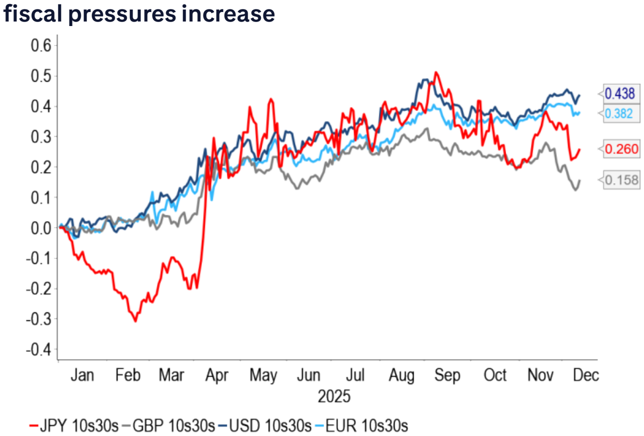
Global bond glut likely to remain in place. For global fixed income markets, we think the theme of the global bond glut will continue to remain relevant next year. In [De-dollarization and the global bond glut: myths and reality] (30-May-2025) we laid out our framework to explain rising term premia across G10. We calculate the safe asset net supply by collecting data on demand (e.g. international reserves, central bank QE, HQLA) and supply (e.g. sovereign and corporate debt, securitization products, etc.). We found the rise in net supply helps explain the directionality in term premium, shown in Figure 27 as the ACM measure. While tactically steepeners have not always worked this year, on a more structural basis our view is that the trend will continue. As we head into 2026, we think pressures from the supply side will remain. We focus below on a few key regions.

Figure 27. Global safe asset net supply explains term premia



Source: Citi Research

Figure 28. 10s30s have steepened across G10 in 2025 as fiscal pressures increase



Source: Citi Research

Steepening bias in the US but wait for H2. Our [US rates strategists] have laid out the case for steepeners and remain in the trade for 2026. The current Fed seems willing to side with labour market weakness rather than upside inflation worries, and there is a clear risk the next Fed chair may be overly dovish, supporting a 5s30s steepener. Beyond the Fed, there are also issuance risks in H2 2026. Our rates strategists expect coupon issuance increases to be announced at the Nov 26 refunding. Forward guidance could be adjusted already over the summer. Hence, we like to wait closer to Q2 to enter the trade given Q3/4 term premia risks (see our "Trading a New Fed Chair Theme" below for more).

In Europe, we like long Gilts vs OATs. We entered the trade in our latest asset allocation (No pAIn, No gAIn, 04-Dec-2025). As shown above, the UK is one of the few countries in G10 to pursue fiscal consolidation. As outlined in depth by UK economics and rates, the latest projections leave FY26/27 as potentially the lowest DV01 issuance in 5 years. On the BoE, Rates Strategy remain in front end flatteners and Citi Economics call for a total of 125bps to end-26. Political risks remain around the May local elections, where the current Labour leadership could be challenged, but we think that is more of a Q2 risk. For OATs, supply risks are growing as per Citi Rates Strategy, and while political risks have been mostly priced out, we find an increasing risk of snap legislative elections, and the smaller tail risk of parliamentary elections. On the monetary policy side, our economists think the ECB is done with its cutting cycle. We like to play the divergence in monetary, fiscal and political risks, and add a long 30y Gilts vs. Oats to our portfolio. Similarly, our rates strategists are long 30y Gilts vs. Bunds (Spot ref 5.238 Gilts, 3.472 Bunds as of 13:36 EST 15-Dec-2025).

Japan's unusual steepening into a hiking cycle. We think the current 2s10s steepening curve dynamics are a telling sign of Japan policy tending towards fiscal dominance. In our view, the order of priority for the current government is economic outlook (equities), interest rates, and lastly FX. In our view this means the government will remain fiscally expansionary and will continue to slow down the BoJ's monetary policy normalization in 2026. For markets, equities should continue to outperform, while pressure will continue to push long-end higher. Our rates strategist think the 10y can continue to grind higher, though it should start to find some support above 2%. For the 30y, our strategists expect a reduction in issuance to contribute to an improvement in supply/demand, that could flatten the curve. In equities, our strategists expect the Japan bull market to continue in 2026, and forecast annual highs of 4,000 and 60,000 for TPX and NKY respectively. We like the hybrid combination of equities higher and 5y and 10y higher, but given ongoing tech weakness, and FX intervention risk, we wait for the dust to settle before adding it.

Theme 8: Trading a new Fed chair

Limited Fed independence risk, but plenty of behind the curve risk. We agree with CitiFX Strategy that risks around Fed Governor Lisa Cook being fired are overstated. SCOTUS has voted against the administration every step of the way, including reaffirming the Federal Reserve's unique importance (Politico, 22-May-25) while allowing President Trump to fire other government workers and giving Lisa Cook the right to stay in her seat until the hearing (ABC New, 1-Oct-25) while not doing the same for the FTC's firings (Reuters, 22-Sep-25). The evidence against Cook seems mixed at best, and the gap between the hearing (January) and the regional Fed reappointment deadline (end February but likely decided slightly earlier by Board of Governor members) is very close. Putting this together, it seems unlikely for the stars to align for meaningful Fed reconfiguration risk. Bessent has suggested residency requirements for regional Fed chairs, but this seems like a longer-term idea, not an imminent plan. Bloomberg reported that Hassett had discussed this idea with Bessent (5-Dec-25), noting *"I think it wouldn't require anybody to go in and fire anybody who's there now"*. Even if the FOMC did have more Trump appointed members, it's not that clear to us that you get a more dovish Fed. Waller and Bowman have avoided sounding as dovish as Miran, which is particularly notable given Waller is still in the running for Fed chair. However, we do envisage that a Fed under a new Fed chair could be seen by the market as staying behind the curve as the US economy rebounds. Warsh has jumped in the Polymarket predictions (Figure 30) since President Trump's comments on Friday suggesting Hassett and Warsh are frontrunners. On the margin vs Hassett, Warsh may be more hawkish on balance sheet policy, but he still seems fairly dovish on rates. In particular we'd flag (our emphasis in bold) Warsh's quote from his WSJ op-ed *"Second, inflation is a choice, and the Fed's track record under Chairman Jerome Powell is one of unwise choices. The Fed should re-examine its great mistakes that led to the great inflation. It should abandon the dogma that inflation is caused when the economy grows too much and workers get paid too much.* ***Inflation is caused when government spends too much and prints too much. Money on Wall Street is too easy, and credit on Main Street is too tight. The Fed's bloated balance sheet, designed to support the biggest firms in a bygone crisis era, can be reduced significantly. That largesse can be redeployed in the form of lower interest rates to support households and small and medium-size businesses."***

Figure 29. Latest FOMC configuration for 2026

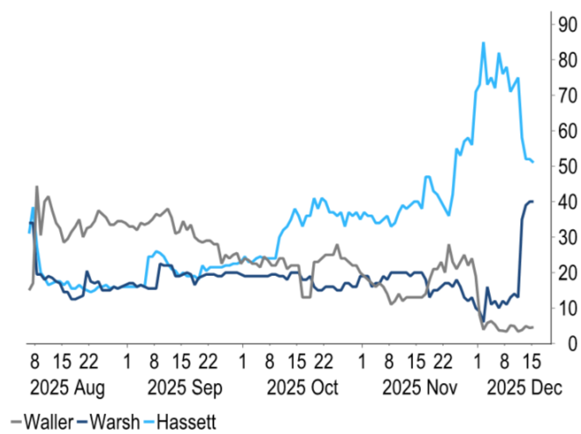
Key	2026 FOMC voting members

** = risk of replacement, Citi Econ estimates are for current member*
Simple majority required for approval Senate, unclear for Board of Governors
2026 alternates listed in the same order as the voter that they pair with (e.g. Chicago replaced Cleveland if absent)

Fed Board of Governors	Name	Appointed by	Final approval or confirmation	Citi Econ estimate for 2026 dot
Chair	Powell*	Obama/Trump/Biden	Senate	3.125
Board of Governors	Jefferson	Biden	Senate	3.375
Board of Governors	Bowman	Trump	Senate	2.875
Board of Governors	Waller	Trump	Senate	2.625
Board of Governors	Cook*	Biden	Senate	3.375
Board of Governors	Barr	Biden	Senate	3.625
Board of Governors	Miran	Trump	Senate	2.125
Regional Fed Chairs - 2026 FOMC voters				
New York	Williams	NY Fed board	Fed Board of Governors	3.125
Cleveland	Hammack	Cleveland Fed board	Fed Board of Governors	3.875
Philadelphia	Paulson	Philadelphia Fed board	Fed Board of Governors	3.125
Dallas	Logan	Dallas Fed board	Fed Board of Governors	3.875
Minneapolis	Kashkari	Minneapolis Fed board	Fed Board of Governors	3.375
Regional Fed Chairs: 2026 alternate voters				
New York	Shukla	NY Fed board	Fed Board of Governors	
Chicago	Goolsbee	Chicago Fed board	Fed Board of Governors	3.125
Richmond	Barkin	Richmond Fed board	Fed Board of Governors	3.625
Atlanta	Bostic	Atlanta Fed board	Fed Board of Governors	3.625
San Francisco	Daly	SF Fed board	Fed Board of Governors	2.875
Regional Fed chairs: 2026 non-voters				
St Louis	Musalem	St Louis Fed board	Fed Board of Governors	3.625
Kansas City	Schmid	Kansas City Fed board	Fed Board of Governors	3.875

Source: Citi Research

Figure 30. Kevin or Kevin: Polymarket predictions suggest the Fed Chair race is suddenly a coin-flip between Hassett & Warsh

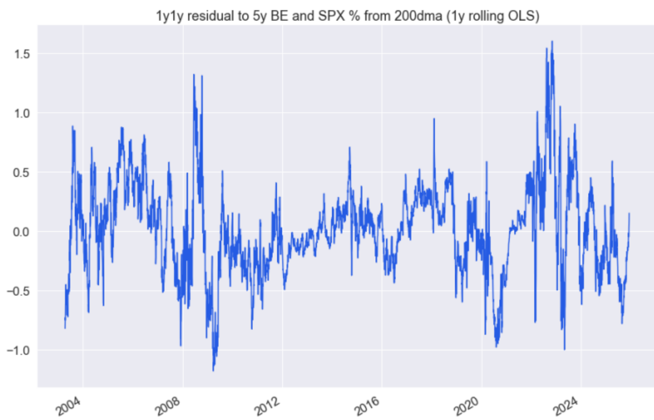


Source: Citi Research, Bloomberg

A new Fed chair: Whoever is likely to become chair, we think it's more likely that the market perceives him to represent a cap in yields to the topside, not necessarily a material downside risk. This creates term premia risk later in year. The risk to these assumptions is that if inflation picks, and Trump wants the Fed to tackle it, any new Fed chair will pivot as quickly as Trump. Not our base case, but something to consider. This only will happen with big upside inflation risk.

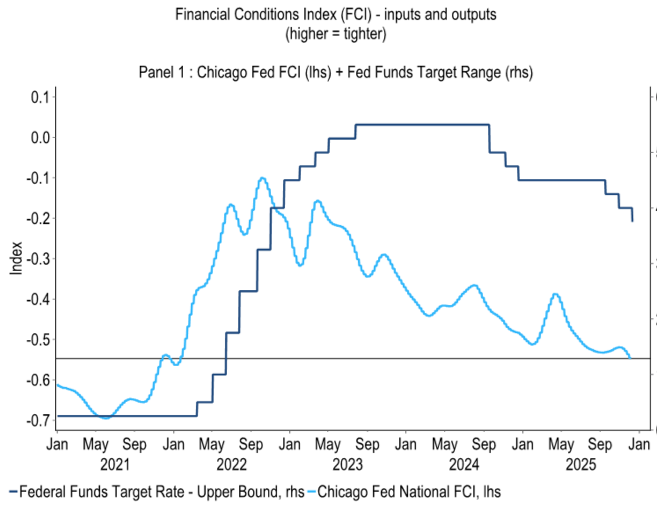
How to measure 'run it hot' risk, and what are the trades? We refresh our Fed reaction function model in Figure 30, which looks at the residual of 1y1y vs a FV model driven by breakevens and equities as proxies for inflation and growth. The excessive dovish pricing seen earlier in the year has faded sharply, so we see Fed risks as reasonably balanced (see our FX section). However, the Chicago Fed's FCI is lower than before the Fed started hiking, suggesting overall conditions in the US economy are incredibly loose. With breakevens relatively sanguine across the curve, we think leaning into ways to express real rates lower, or buying inflation optionality, or thinking about H2 USD curve steepeners could make sense. We don't have a perfect trade in mind just yet, given NFP and CPI this week risks timing issues for trading the correct Powell's replacement narrative. Our US rates strategists lean dovish in their view for next year and hold a bull steepening bias.

Figure 31. Gauging the Fed reaction function – extreme dovish pricing has receded



Source: Citi Research

Figure 32. Chicago Fed FCI suggests conditions are looser than before the Fed started hiking in 2022



Source: Citi Research

Theme 9: FX – divergence and USD correlations

Buy 3m (13-Mar-26) USDJPY > 160, USDBRL < 5.30 dual digital at 5.50% USD in $2.27mio. Risking $125k or 0.125% of GMS PF. Pricing as of 12:00 UKT on 15-Dec-2025. Implied corr offer +30%, individual digitals offered at 19% and 34% respectively. Risk to trade: hawkish BoJ, Brazilian political risks get worse.

A year of three thirds? Sell-side catchphrase bingo typically calls for 'a year of two halves' in any year-ahead outlook. We prefer a year of three thirds for the USD:

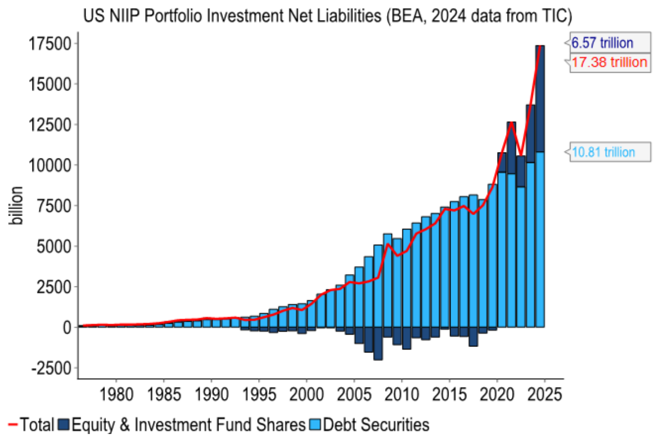
1. **Weaker into Q1:** We see Citi's Fed forecast as 'dovish on Powell, hawkish on next Fed chair', with 2 cuts penciled in for January and March, because of likely weak labor market data, and none thereafter, as the new FOMC chair may not find the votes to keep cutting with better data. This leaves risk the USD falls back to local lows to start 2026.

2. **Stronger into summer:** In line with CitiFX Strategy's 2026 forecasts, tailwinds from fiscal, SPX wealth effects (we find US HH wealth rises 3% for every 10% rise in S&P500), lower rates (we see a strong rates beta to sectoral hiring dispersion), resilient capex ($4.4Tr in the US over next 5y) and lower tariffs (see Theme 6 – Trade still *important* in 2026) should bolster the US economy next year. As we move past peak cyclical weakness, and if the AI Bubble continues without issues, US capital inflows should dominate, absent a very dovish Fed or another round of hedging flows.

3. **Term premia risks into year-end:** Citi Rates Strategy expect coupon issuance to be announced in Nov'26. Q3/4 also bring risk of Fed policy error pricing, if the new FOMC chair steers the Fed to stay behind the curve. We

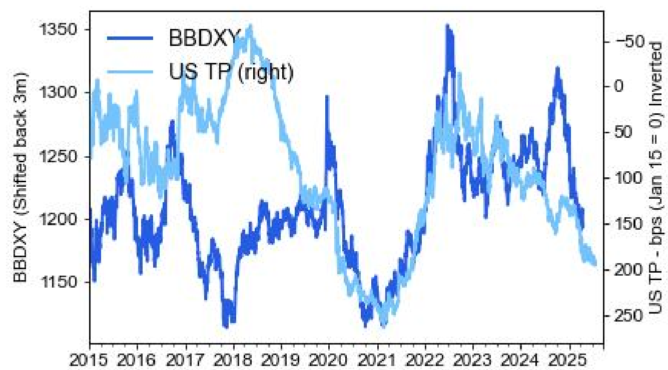
observe that large swings higher in US term premia have been associated with moves lower in the broad Dollar.

Figure 33. An AI Bubble should continue to support the rapidly growing equity share of US portfolio liabilities, but this potentially adds vulnerabilities in equity selloffs



Source: Citi Research

Figure 34. Higher term premia (inverted, residual of 5s30s regressed on 5s) is bad for the broader USD in recent years



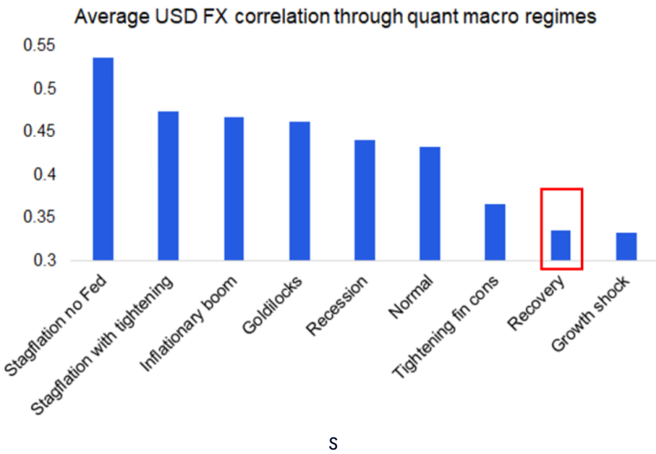
Source: Citi Research

Hedging flows – done for now but watch the next large equity selloff. We've outlined at length why we think huge growth in US NIIP equity liabilities represents a structural risk to the Dollar's "safe haven" appeal, as the 'Exorbitant Privilege' shifts from USTs to SPX. To that extent, we believe the hedging story, which we've shown played a large part in USD weakness in 2025, is dormant but will only be confirmed as over if the next large equity selloff results in USD higher, not lower. This in theory should happen – 6m DXY/SPX realized correlations have fallen sharply in H2 - but this correlation is not guaranteed in the event of a US driven macro slowdown or a negative AI Bubble catalyst. If the next equity selloff once again sees USD adding to portfolio vol for foreign multi-asset managers, hedging flows could return. For now, there is little incentive for further changes, especially with a data-dependent Fed. We are not strong believers in Fed independence risks or debasement risks, which feeds into our asset allocation preference for base metals, and more neutral view on gold.

A less USD-centric 2026. We discussed in our latest edition of Correlation Corner how USD FX correlations historically fall in the 'recovery' regime in the Quant Global Macro regime model (Figure 35). We attribute this to more dispersion in cycles at a time when the front-end rates market has already seen huge moves in rates pricing. In G10, on a 12m forward basis, in the last 3 months we have moved from only the BoJ priced to hike, to now 7/10 central banks priced to hike, with only the Fed, BoE and Norges priced to cut. The dispersion risks in G10 next year are large and should create RV opportunities which can be expressed in correlation space.

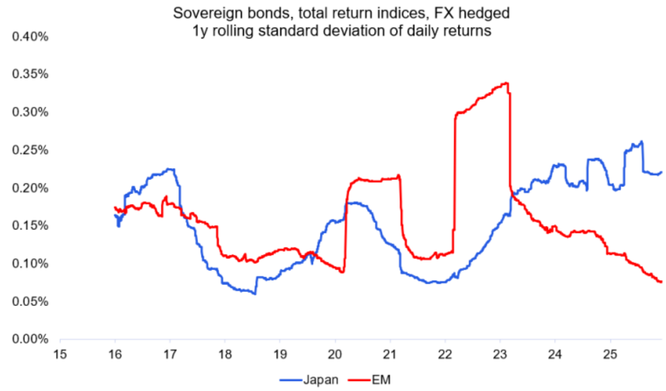
Long BRL, short JPY. Our EM Strategists still favour HY EMFX despite the political noise in Brazil, which we think leaves good entry levels. Essentially, the election is still far away, and much can happen both with respect to who the Lula challenger will end up being, and, how well this person will do in the polls. We doubt that the market will trade election risk continuously from now to November. In Japan, fiscal dominance remains a concern (our work shows rising JPY term premia drove JPY FX lower this year) and the pace of JPY depreciation has slowed, which to us leaves risk for a grind beyond 160 early next year. We think 160 was only a realistic intervention level because JPY was falling quickly, this is not the case anymore. Relative fiscal prudence arguably favours EM over Japan bond flows (Figure 36) and is how we are positioned in our asset allocation, OW EM and UW JGBs.

Figure 35. Average pairwise USD correlations across major pairs, indexed, tested through the QGMS Regime Model



Source: Citi Research

Figure 36. Fiscal prudence favors EM > Japan bonds



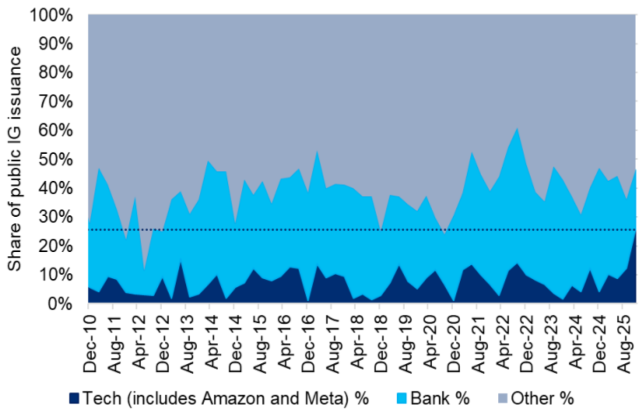
Source: Citi Research

Theme 10: Long Equity vs Credit

New trade: Buy ES1 at 6863 in $10mio notional and buy CDX IG S45 5yr at 50.774 in $180mio notional. Watch level 6411.3201, target 7768.6100 for ES1 leg. Watch level 44.7491, target 62.8242 for CDX leg. Risking $500k/0.5% of GMS PF on the trade. Pricing as of 10.30 UKT on 15-Dec-2025. Risks to trade include breakdown in correlation between ES1 and CDX. Trade is owned by **Vinh Vo**. Futures trading involves substantial risk of loss.

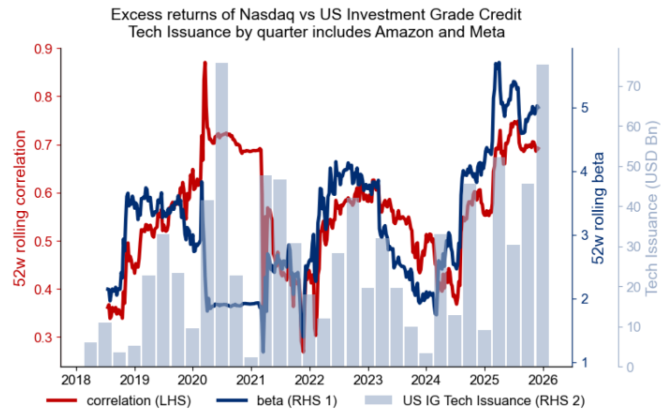
Downside risks from the AI boom are heavily skewed negative for credit relative to equities. We have been short IG credit as a relative value play against long equity in our Asset Allocation for some time. In this outlook, we translate our short credit risk view to our GMS portfolio through a buying a 5y CDX. The combination of large tech deals and announcements on investment spending have shifted the AI narrative from one that was predominantly an equities story to a question of debt financing. As this debt starts to gain share in the credit market, the hedging properties of credit may improve and it will be hard for credit to outperform if AI stocks are selling, and vice versa. We see this as an opportunity to short credit risk at current valuation. That said, we see this primarily as an AI hedge because the distribution of possible outcomes from the AI boom is likely to be heavily skewed negative for credit markets for a couple of reasons.

Figure 37. Tech issuances start to digest an increasing part of the US public IG market debt



Source: Citi Research

Figure 38. Equities and credit have become increasingly interconnected as tech companies pile into debt

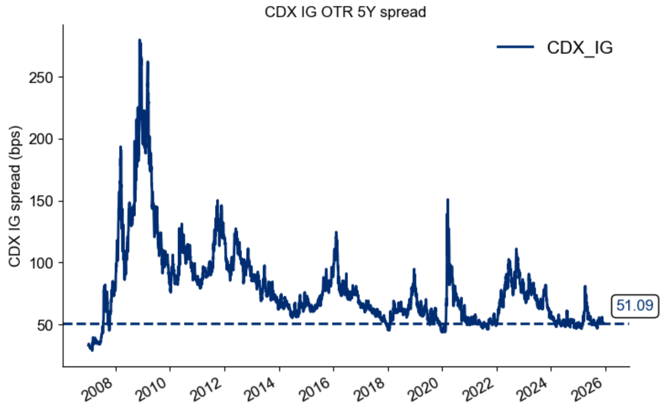


Source: Citi Research

Asymmetry #1: credit does not have the same upside as equities while risks of deteriorating ratings looms as firms ramp up capex in the AI race. First, we are currently at a time in the cycle where capex is sharply increasing, and where the asymmetry of spread returns for credit usually becomes quite pronounced. In particular, the downside risk of any outsized AI investments that may not live up to expectations will probably sound more bearish to credit investors. This is layered on top of the risk of deteriorating ratings as corporates try to keep up with the AI race and ramp up capex. Our credit strategists note here that lower-rated investment grade corporates could see their balance sheet stretched as the investment required to serve Gen-AI models to enterprise customers ramps up. Moreover, the recent increase in tech issuance shown in Figure 36 only represents public issuance portion, while large private credit deals that are not disclosed on balance sheets could also further contribute to the glut. Meanwhile, we also recognize that our trade is in derivative space and does not capture the entirety of the increased issuance story, that said we still expect the performance of the CDX to follow the cash market.

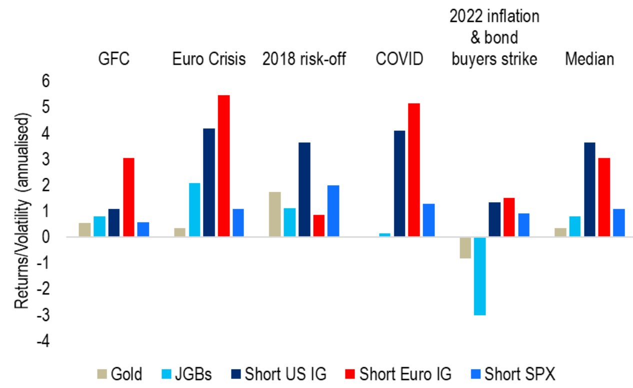
Asymmetry #2: Spreads currently trade at historic tights and credit typically underperforms in risk-off scenarios on a vol adjusted basis. The margin for error in credit markets remains narrow as US IG credit spreads are trading near post-GFC tights (Figure 39). We reiterate that risks are better skewed to stay underweight IG credit as the flurry of negative credit headlines and some weaker activity data continue to test market resilience. We remind ourselves in Figure 40 that on a risk-adjusted basis, IG credit typically underperforms in times of economic turbulence. Taken the two arguments above, we add an outright long CDX position in our GMS portfolio as to capture any asymmetric hedge to our bullish AI view in equities space.

Figure 39. US IG spreads are trading near post-GFC tights



Source: Citi Research

Figure 40. Short credit outperforms on a risk adjusted basis in risk off scenarios

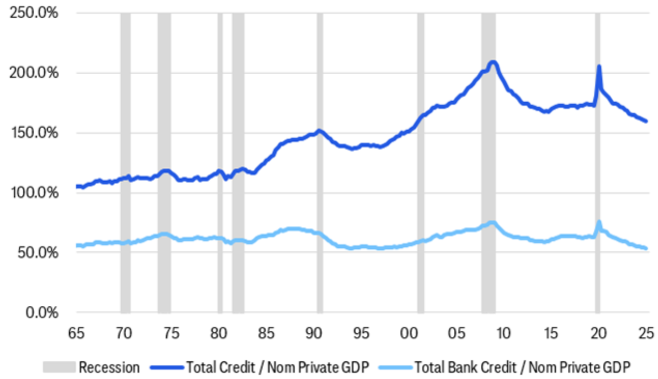


Source: Citi Research

No run-up in overall credit extension, no smoking gun, still good macro hedge. The high-profile defaults in the US have also intensified the debate around the rapid growth of private credit and the associated risks of weaker lending standards. Beyond the headlines, our credit strategists remain sanguine in regard to the concerns in private credit space- see US High-Yield Credit Strategy - Between the Beats: Cutting Through the Colorful Metaphors. Furthermore, we would point out that despite the private credit boom, overall credit is not booming in the US. This is illustrated by Figure 41, which shows that overall credit (households and corporates) as a share of GDP has been falling. Typically credit induced growth shocks (example: GFC, early 80s Savings and Loans crisis) have followed a large run-up in credit outstanding. With debt levels normalizing to pre Covid, total credit outstanding is not waving any red flags.

Overall, this means that we do not expect a big credit problem, that leads to a large negative macro impact. We see our short credit risk trade much more as a hedge. In particular, if we are wrong on the US growth outlook, and if the US labor market should weaken more drastically leading to renewed recession fears, the credit hedge should protect equities. As we mentioned above, with the AI narrative slowly shifting to a question of debt financing, private credit is becoming an increasingly popular source of funding for AI related purposes (The Speculative Grade Beat - Outlook 2026: HY Bond and Leveraged Loan Supply), which may improve the hedge further. We continue to think short IG credit risk is a good macro hedge to our bullish AI view if any spillover into public credit markets. Consequentially, we go long SPX and buy CDX as protection for any AI downside.

Figure 41. Even with private credit booming, overall credit is not. Credit meltdown requires a run up in credit



Source: Citi Research

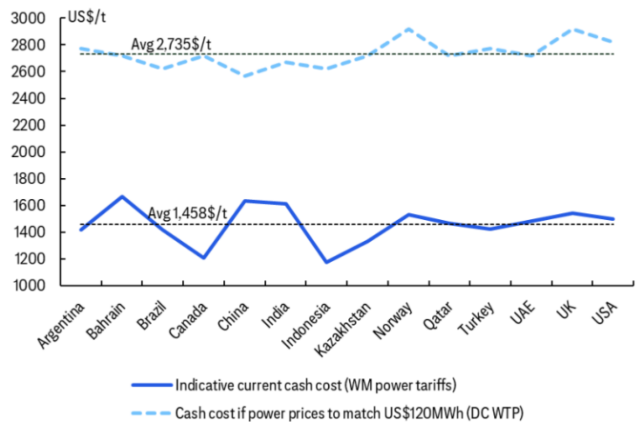
Figure 42. US equities have outperformed US IG credit even on a vol adjusted basis

Source: Citi Research

Theme 11: AI crowds out power capacity from other industries – long Aluminium

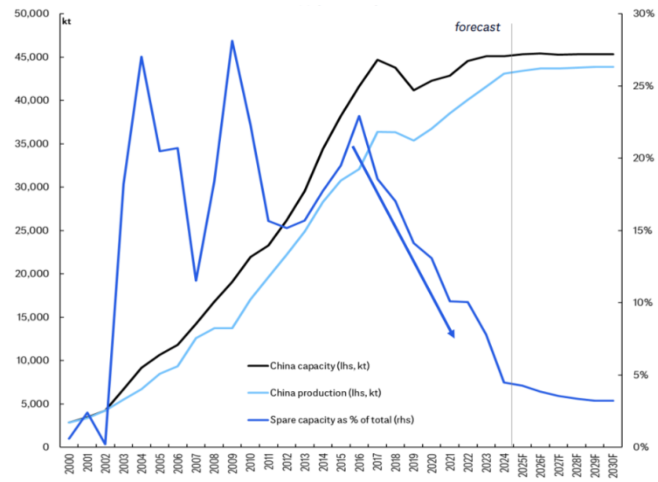
Fundamentals supportive for aluminium. From a bottom-up perspective, Citi metals strategists are also bullish aluminium, which represents ~27% of the base metals index we are overweight in our GAA portfolio (Global Commodities, 05-Dec-2025). They see prices averaging $3,000/t in 2H 2026. Demand is likely to be strong due to China's strategic priorities: expanding digital infrastructure, AI leadership and tech self-sufficiency, which are aluminium intensive. On the supply-side, power demand for smelting will have to compete with power demand for data centers, where we are seeing rapidly increasing power consumption. Data centers will likely be given priority access given other environmental, energy and carbon policies which disincentivize power-intensive aluminium smelting. Citi Commodities Research analysed likely implications for the aluminium cost curve in the event of power prices paid by aluminium smelters converging with datacenter prices, finding that global aluminium total production costs would rise from $1,200-$1,600 to the $2,600-$2,950 range (Figure 43). In line with some of these trade-offs, there is already a de-facto primary aluminium supply cap at 45mio tonnes/year. This is a problem for supply because China has historically been the main driver of aluminium supply growth (Figure 44). The result is a large deficit in 2026/2027.

Figure 43. Repricing smelters' power to US$120/MWh (in-line with data center costs) would sharply lift cash costs across all regions



Source: Citi Research, Wood Mackenzie

Figure 44. China aluminium production de-facto capped at 45mio tonnes/year



Source: Citi Research, Wood Mackenzie

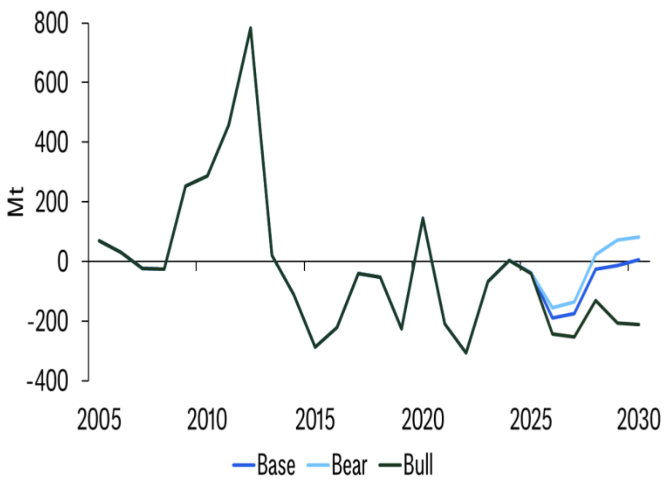
How likely is supply growth elsewhere? Indonesia has been suggested as a potential source of supply growth, but would require re-allocating resources away from nickel production, which is unlikely at current prices (Metal Matters, 25-Nov-2025). This leaves scrap to clear the market, however an increase in scrap recovery rates to the level needed would likely require prices to be sustained >$3,000/t. We therefore remain bullish on aluminium.

Theme 12: Europe energy rotation

New trade: Buy Mar-26 EUA emissions future (MOH26) at EUR 84.75 in 110 lots. EUR 9,322,500 notional. Watch level 80.94. Risking $500k on trade/0.5% of GMS PF. Spot ref MOH26 84.75. Pricing as of 09:10 UKT on 15-Dec-2025. Risks to trade include further delay to ETS2, earlier than anticipated EU price intervention. Trade owned by **Charlie Massy-Collier**. Futures trading involves substantial risk of loss.

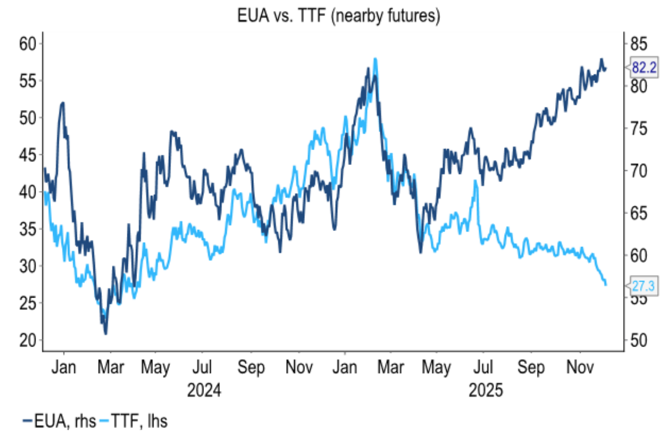
Bullish supply setup. Citi commodities research are bullish on European carbon allowances next year, seeing prices reaching EUR 115/t over the next 6-12m, with a bull case scenario of EUR 150/t (vs. Z26 future at ~85) (Global Commodities, 05-Dec-2025). Fundamentals are structurally supportive. Whilst there are some concerns surrounding the delay of ETS2 to 2028, implementation will ultimately be bullish given the regulation expands the scope of firms covered under ETS whilst the supply of permits remains constrained (How the EU ETS2 could stoke EU inflation – and affect Italy the most, 27-Oct-2025). In addition, we expect that we are still some ways away from EU price intervention to constrain prices. We last saw intervention with prices around EUR 100/t in 2022, and recent policies, such as CBAM-linked export subsidies and the Industrial Decarbonisation Bank suggests that EU policymakers are starting to lean more towards industrial support to impacted sectors over ETS adjustments. Free allocations are also likely to continue to fall aggressively, even in a more bearish scenario, such that we should see large EUA deficits in 2026 and 2027 (Figure 45).

Figure 45. Even the bear case sees large EUA deficits in 2026/2027



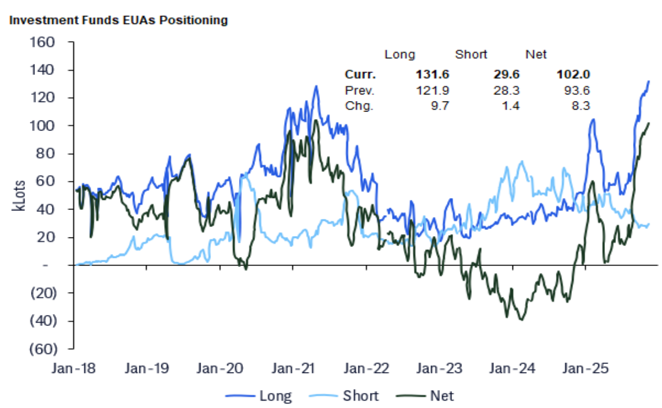
Source: Citi Research, Bloomberg

Figure 46. EUA and TTF prices have decoupled, suggesting limited scope for gas switching should renewable output slow



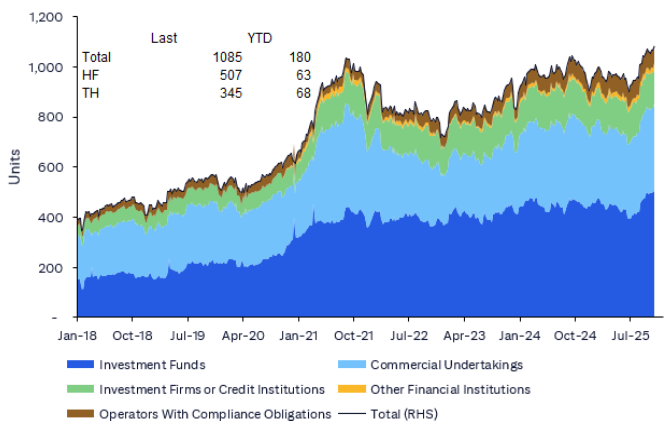
Source: Citi Research, Bloomberg, Macrobond

Figure 47. Investment funds EUA positioning is stretched in absolute terms…



Source: Citi Research, Bloomberg

Figure 48. …but there are 1/3 more investment funds this time, leaving more room to add

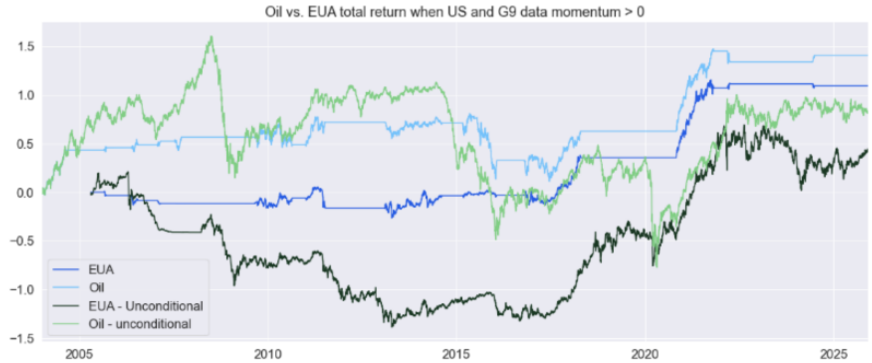


Source: Citi Research, Bloomberg

Note: Futures trading involves substantial risk of loss.

Demand should also be solid in 2026. From a macro perspective, we would also note that EUAs perform well through global reflationary environments. We flagged this as a potential upside risk for oil in 2026, but avoided an overweight due to poor fundamentals. However, EUAs generally outperform oil when G9 and US data momentum > 0, and face tighter balances over the next two years, so we are expecting prices to be supported by both macro and micro factors (Figure 49). An additional short-term catalyst comes from seasonal risks of weak European renewables output in winter. This may lift the call on fossil fuels. Decoupling between gas and EUA prices since July implies that power systems may already have maximized gas switching, which may amplify this effect, increasing demand for more carbon-intensive sources of power, further supporting EUA prices (Figure 46).

Figure 49. When US and G9 data momentum > 0 (global reflation), EUA > Brent



	EUA	Oil	EUA - Unconditional	Oil - unconditional
Return	17.48%	19.98%	2.25%	3.94%
Volatility	21.39%	28.61%	27.38%	34.87%
Risk/Reward	0.82	0.70	0.08	0.11
max DD	-28.95%	-54.63%	-82.80%	-95.79%
Hit Ratio	52.58%	53.51%	50.45%	52.60%
% spent in regime	34.46%	32.12%	93.62%	96.40%

Source: Citi Research, Bloomberg

Speculative positioning is a risk. Speculative net long positioning is as stretched as it was in 2021, presenting risk of an unwind should we see political risks escalate, or strong renewables output through the winter (Figure 47). However, we would note that the speculative investor base has risen by about 1/3 since 2021, meaning that there may well be more room for the current rally to run (Figure 48).

Figure 50. Trade Summary

GMS PF Notional P&L	$	%
YTD (all trades)	7,952,309	8.0%
Trailing 12m	6,763,274	6.8%
Full sample (from start of 2023)	22,042,012	22.0%

Trades (since inception)	Open	Closed	Total
Total	13	193	206
In profit	5	93	98
In loss	8	100	108
Profitable trades	38%	48%	48%

2025 Trade Summary as of December 15, 2025; 09:37 New York Time	Open Date	Close Date	DV01 ($)	Notional ($)	Open	Current/ Close	Target on spot	Watch Level	Trade P&L	$ Trade P&L (Since inception)	$ Trade P&L (YTD)	P&L as % of PF (Since inception)	P&L as % of PF (YTD)
Open Trades													
Vol-weighted carry basket with a tariff twist: Long BRL, COP, and MXN vs EUR and USD	01-May-2025	Open		13,000,000	100.00	108.96	104.00	98.18	8.96%	1,165,174	1,165,174	1.17%	1.17%
Receive Jan 29 DI offshore IRS	08-May-2025	Open	9,000	-	13.30	12.88	12.00	14.00	42 bp	-82,701	-82,701	-0.08%	-0.08%
Buy 16-Dec-2025 expiry, USD denom dual digital CLF6 < 61.02, AUDUSD > 0.6739	10-Jul-2025	Open		1,666,667	15.00	9.40	0.00	0.00	-5.6%	-215,833	-215,833	-0.22%	-0.22%
Buy 6m (12-Jan-2026) EURUSD 1.21 digi call with 2m (10-Sep-2025) 1.21 WKO	10-Jul-2025	Open		1,592,357	15.70	6.61	1.22	1.15	-9.09%	-144,753	-144,753	-0.14%	-0.14%
20Feb26, Dual Digi NDX > 25240 , US 5s30s > 87.1bps	06-Aug-2025	Open		931,373	10.20	7.40	0.00	0.00	-2.8%	-27,451	-27,451	-0.03%	-0.03%
Buy Mar-26 expiry LME copper 12,000 digital call	02-Oct-2025	Open		1,893,939	13.20	33.33	100.00	0.00	20.13%	381,280	381,280	0.38%	0.38%
Vol-weighted carry basket with a copper twist: Long BRL, MXN, TRY, ZAR and CLP vs CAD, CNH, and SGD	02-Oct-2025	Open		25,000,000	100.00	101.23	104.00	98.00	1.23%	319,962	319,962	0.32%	0.32%
3m (09-Jan-2026) USDTRY 43.80 digital put	09-Oct-2025	Open		1,020,408	0.49	0.96	100.00	0.00	46.97%	479,268	479,268	0.48%	0.48%
Feb-Mar ECB OIS flattener (EUR DV01)	09-Oct-2025	Open	87,000		-5.00	-0.33	-25.00	0.00	-4.7 bp	-476,842	-476,842	-0.48%	-0.48%
Buy 18-Mar-2026 CDX IG S45 5y payer hedge (70/90 payer spread, funded with 50/45 receiver spread)	16-Oct-2025	Open		400,000,000	1.28	0.00		0.00	-1.28	-50,000	-50,000	-0.05%	-0.05%
Buy MSCI All Argentina 25-50 USD Index	27-Oct-2025	Open		5,092,587	4710.51	4858.41	5870.00	4270.00	3.09%	157,678	157,678	0.16%	0.16%
BoJ Dec/Jan steepener	30-Oct-2025	Open	65,000		7.70	1.02	25.00	0.00	-6.7 bp	-430,846	-430,846	-0.43%	-0.43%
2m (31-Dec-2025) SPX 105%/107.5% (7243.95/7416.43) call spread	31-Oct-2025	Open		135,135,135	0.37%	0.00%	2.50%	0.00%	-0.37%	-499,349	-499,349	-0.50%	-0.50%
Buy 1y (Dec-26) 32,000 NDX call	15-Dec-2025	Open		1,750,000			100%	0	0.00%	0	0	0.00%	0.00%
Pay 12x15 NOK FRA vs receive 12x15 SEK FRA	15-Dec-2025	Open	-		164.5	1.645	225	129	0.00%	0	0	0.00%	0.00%
Receive CORRA Z6 vs Pay IR Z6	15-Dec-2025	Open	25,000		155	155	200	135	0.00%	0	0	0.00%	0.00%
Buy 30y Gilts vs OATs	15-Dec-2025	Open	25,000		82	82	40	100	0.00%	0	0	0.00%	0.00%
Buy ES1 and buy CDX IG S45 5y	15-Dec-2025	Open		10mm and 180mm	6863, 50.774	6863, 50.774	7624.45, 60.53	6538.0, 44.81	0.00%	0	0	0.00%	0.00%
Buy 3m (13-Mar-26) USDJPY > 160, USDBRL < 5.30 dual digital	15-Dec-2025	Open		2,250,000	5.50%		100	0	0.00%	0	0	0.00%	0.00%
Buy Mar-26 EUA emissions future (MOH26) at 110 lots	15-Dec-2025	Open		9,264,000	84.75	84.75		80.43	0.00%	0	0	0.00%	0.00%
									Total P&L	**575,587**	**575,587**	**0.58%**	**0.58%**
Closed Trades in 2025													
Receive Dec 2025 CAD OIS	08-Aug-2025	10-Dec-25	15,000		2.501	2.240	2.00	2.65	26.1 bps	304,639	304,639	0.30%	0.30%
Buy Dec-26 SARON futures (SSYZ6)	03-Dec-2025	9-Dec-25	50,000		100.095	99.965	100.29	100.05	-13 bp	-570,507	-570,507	-0.57%	-0.57%
Long HC1 vs VG1	18-Sep-2025	03-Dec-2025		6,666,667	1.74	1.58	1.99	1.60	-9.17%	-611,425	-611,425	-0.61%	-0.61%
Pay 6m fwd GBP 5s30s	10-Jul-2025	27-Nov-2025	25,000		84.60	83.48	145.00	65.00	-1.1 bp	-44,129	-44,129	-0.04%	-0.04%
Sell 10y Gilt ASW	13-Dec-2024	27-Nov-2025	25,000	-	49.00	50.25	70.00	39.00	1.2 bp	41,804	-42,675	0.04%	-0.04%
Buy NQ1 vs. SPW (was vs RTY1 before 10-Jul-2025)	05-Jun-2025	21-Nov-2025		8,333,333	Old: 10.31 Now: 3.07	Old: 10.43 Now: 3.26	11.86	9.69	4.06%	358,458	358,458	0.36%	0.36%
Buy ESZ5	31-Oct-2025	21-Nov-2025		16,666,667	6899.00	6554.75	7416.00	6692.00	-5.12%	-801,698	-801,698	-0.80%	-0.80%
Receive INR 2y NDOIS	06-Oct-2025	13-Oct-2025	15,000	-	5.37	5.42	5.10	5.5	-5 bp	-81,796	-81,796	-0.08%	-0.08%
Buy USDCHF spot	04-Nov-2025	13-Oct-2025		26,060,889	0.81	0.79	0.84	0.795	-2.15%	-525,341	-525,341	-0.53%	-0.53%
Receive 2y F-TIIE	05-Feb-2025	06-Nov-2025	9,000		8.51%	7.06%	7.90%	8.80%	145 bp	650,803	650,803	0.65%	0.65%
SOFR M6/M7 Steepener	02-Oct-2025	30-Oct-2025	20,000	-	-17.00	-23.00	15.00	-30	-6 bp	-120,000	-120,000	-0.12%	-0.12%
Receive Dec 2025 CAD OIS (partial unwind)	01-Sep-2025	27-Oct-2025	15,000		2.50	2.22	2.00	3500	28.1 bp	331,000	331,000	0.33%	0.33%
Buy Gold Spot (partially unwound)	01-Sep-2025	21-Oct-2025		5,800,000	3476.89	4128.05	3750.00	3500	18.73%	1,073,077	1,073,077	1.07%	1.07%
Buy Gold Spot (partial unwind)	01-Sep-2025	09-Oct-2025		5,800,000	3476.89	3959.73	3750.00	3300	13.89%	792,226	792,226	0.79%	0.79%
Receive BoJ October meeting OIS	29-Jul-2025	06-Oct-2025	30,000		62.500	52.250	50.00	70	10.3 bp	307,500	307,500	0.31%	0.31%
3m (06-Oct-2025) USDTRY 41.85 Digital Put	03-Jul-2025	06-Oct-2025		1,086,957	46.000	100.000	0.00	0	54%	586,957	586,957	0.59%	0.59%
Pay 1y1y JPY OIS	13-Jun-2025	06-Oct-2025	30,000		85.000	100.000	110.00	68	15 bp	450,000	450,000	0.45%	0.45%
Long 1m (26-Sep-2025) EURUSD 1.17 call RKO 1.21	27-Aug-2025	26-Sep-2025		37,500,000	0.310	0.000	1.21	1.15	-0.31%	-125,164	-125,164	-0.13%	-0.13%
Enter 6m fwd 5s30s USD steepener	08-May-2025	23-Sep-2025	30,000	-	40.000	59.550	90.00	15	19.6 bp	281,259	281,259	0.28%	0.28%
Receive 5y ZAR IRS	27-Jun-2025	18-Sep-2025	20,000		7.345	6.928	6.50	7.6	41.7 bp	834,000	834,000	0.83%	0.83%
Buy a 2m 40/42 XAGUSD Call Spread	29-Jul-2025	16-Sep-2025		24,358,974	0.390	1.617	42.00		3.23%	786,603	786,603	0.79%	0.79%
Long 1m (26-Sep-2025) EURUSD 1.17 call RKO 1.21	27-Aug-2025	16-Sep-2025		37,500,000	0.310	0.935	1.21	1.15	0.63%	255,235	255,235	0.26%	0.26%
EURIBOR H6Z7 steepener	10-Jul-2025	09-Sep-2025	30,000		44.00	24.00	100.00	27	-20 bp	-600,000	-600,000	-0.60%	-0.60%
Vol-weighted carry basket with a tariff twist: Long BRL, COP, and MXN vs EUR and USD	01-May-2025	04-Sep-2025		13,000,000	100.00	104.00	104.00	98.18	4%	519,971	519,971	0.52%	0.52%
Buy KRS1	14-Aug-2025	01-Sep-2025		9,771,523	2951.00	2778.00	3250.00	2800	-5.86%	-572,848	-572,848	-0.57%	-0.57%
Long FT1	26-Jun-2025	27-Aug-2025		7,489,357	22158.00	24464.00	25115.00	20727	10.41%	780,531	780,531	0.78%	0.78%
Buy 3m (19-Aug-2025) USDJPY < 142.50, USD30YSOFR > 4.50%	19-May-2025	19-Aug-2025		1,273,885	7.85	0.00	141.00 / 4.55	0	-7.85%	-100,000	-100,000	-0.10%	-0.10%
Pay SNB December meeting OIS	05-Jun-2025	13-Aug-2025	25,000		-25.50	-21.50	0.00	-25.5	4 bp	100,000	100,000	0.10%	0.10%
2m (13-Aug-25) Worst of EURUSD < 1.1429, USDJPY < 142.69, USDCHF < 0.8034	13-Jun-2025	13-Aug-2025		100,000,000	0.05	0.00	0.00	0	-0.05%	-50,000	-50,000	-0.05%	-0.05%
Buy 3m (08-Aug-25) EURCHF < 0.91 EURUSD > 1.1350 Dual Digital	08-May-2025	08-Aug-2025		1,111,111	9.00	0.00	1.10	0	-9%	-100,000	-100,000	-0.10%	-0.10%
Buy 3m (08-Aug-25) USDKRW < 1350, USDJPY <140 Dual Digital	08-May-2025	08-Aug-2025		909,091	11.00	0.00	1.10	0	-11%	-100,000	-100,000	-0.10%	-0.10%
Receive March ECB Meeting	26-Jun-2025	10-Jul-2025	31,250		-30.00	-25.29	-46.00	-22	-4.7 bp	-146,875	-146,875	-0.15%	-0.15%
Buy 3m (22-Jul-25) EURUSD 1.1850 digital call with 1.2300 KO	23-Apr-2025	10-Jul-2025		2,976,190	8.40	14.30	1.20	1.105	5.9%	177,000	177,000	0.18%	0.18%
Buy EURUSD 12d (08-Jul-2025) 1.18 call vs 6d (02-Jul-2025) 1.18 call	26-Jun-2025	03-Jul-2025		141,562,854	0.18	0.17	1.19	1.15	-0.01%	-7,928	-7,928	-0.01%	-0.01%
Long CORZ6 (hedged with US 2y as of 12-May-2025)	25-Apr-2025	13-Jun-2025	16,667		97.61	97.39	98.21	97.31	-22.5 bp	-452,013	-452,013	-0.45%	-0.45%
Receive NOK 1y1y (hedged with US 2y as of 12-May-2025)	25-Apr-2025	13-Jun-2025	10,000		3.58	3.83	3.00	3.83	-25.4 bp	-269,990	-269,990	-0.27%	-0.27%
Buy VG1	09-Apr-2025	23-May-2025		12,280,000	4940.00	5340.00	5400.00	4800	8.1%	302,704	302,704	0.30%	0.30%
Buy 6m (24-Jul-25) USDCNH 7.30/7.5 call spread	24-Jan-2025	12-May-2025		49,019,608	0.51	0.18	7.50	7.1	-0.34%	-164,216	-164,216	-0.16%	-0.16%
Buy IMM1 (18-Jun-25) EURUSD	03-Apr-2025	12-May-2025		19,000,000	1.11	1.11	1.20	1.105	0.22%	41,713	41,713	0.04%	0.04%
Buy Aug-25 LME Copper 9000/8500 Put Spread	03-Apr-2025	12-May-2025		38,032,000	124.60	114.78	500.00	0	-0.10%	-39,283	-39,283	-0.04%	-0.04%
Buy 2m (02-May-25) EURAUD >1.7132, AUDUSD > 0.6318 dual digital	04-Mar-2025	01-May-2025		831,915	7.75	89.00	1.10		81.25%	689,979	689,979	0.69%	0.69%
Buy 3m (15-May-2025) 4.05 EURPLN digital put	13-Feb-2025	01-May-2025		2,631,579	9.50%	0.00%	4.00		-9.5%	-250,000	-250,000	-0.25%	-0.25%
Buy 2m (05-Jun-25) 140 USDJPY Digital Put	02-Apr-2025	01-May-2025		1,000,000	0.15	0.19	135		3.83%	38,340	38,340	0.04%	0.04%
Buy 1m (12-May-25) USDCHF 0.78 One Touch	10-Apr-2025	01-May-2025		2,000,000	15.75	3.50	0.78		-12.25%	-300,000	-300,000	-0.30%	-0.30%
Buy XAUUSD spot	09-Apr-2025	01-May-2025		(10,024,277)	3091.87	3217.02	3750	3250	3.97%	374,124	374,124	0.37%	0.37%
Buy 1m (08-May-2025) XAUUSD 3250 digital call	09-Apr-2025	23-Apr-2025		1,000,000	22.75	63.50	3250	2940	40.75%	407,500	407,500	0.41%	0.41%
Buy NQ1 vs RTY1	09-Apr-2025	17-Apr-2025		14,050,000	19170.00	18381.25	20500	18500	-4.11%	-809,476	-809,476	-0.81%	-0.81%
Buy 2m (02-May-25) EURAUD >1.7132, AUDUSD > 0.6318 dual digital (Partial)	04-Mar-2025	15-Apr-2025		831,915	7.75	50.00	110.00%	0.00%	42.25%	357,103	357,103	0.36%	0.36%
Long USDKRW vs. USDMXN (vol weighted, NDF to IMM1)	03-Apr-2025	11-Apr-2025		14,000,000	1448.44 / 20.18	1418.265 / 20.5786	7.00%	-3.50%	-1.14%	-573,046	-573,046	-0.57%	-0.57%
Buy 3m (20-Jun-25) EURUSD > 1.10, SPX < 5700 Dual Digital	06-Mar-2025	09-Apr-2025		1,096,491	11.40	31.60	5650 / 1.12	0.00%	20.2%	221,491	221,491	0.22%	0.22%
Buy SFRZ6	02-Apr-2025	09-Apr-2025	12,500		96.74	96.695	98	96.4	-4.5 bp	-56,250	-56,250	-0.06%	-0.06%
Buy 3m (20-Jun-25) EURUSD > 1.10, SPX < 5700 Dual Digital (Partial)	06-Mar-2025	09-Apr-2025		1,096,491	11.40%	44.85%	5650 / 1.12	0.00%	33.45%	366,776	366,776	0.37%	0.37%
Buy 2wk (18-Apr-25) EURNOK 12.00	04-Apr-2025	09-Apr-2025		59,523,810	0.42	1.714	12.8	10.8	1.29%	786,556	786,556	0.79%	0.79%
Receive AUD 2y IRS	30-Jan-2025	09-Apr-2025	10,000		3.78%	3.13%	3.17%	4.02%	64.6 bp	646,100	646,100	0.65%	0.65%
Receive 2y F-TIIE (Partial)	05-Feb-2025	07-Apr-2025	9,000		8.51%	7.77%	7.90%	8.80%	74 bp	540,000	540,000	0.54%	0.54%
Receive AUD 2y IRS (Partial)	30-Jan-2025	07-Apr-2025	10,000		3.78%	3.38%	3.17%	4.02%	39.7 bp	396,703	396,703	0.40%	0.40%
Pay 1y1y JPY OIS (Now US Rates Hedged)	06-Nov-2024	03-Apr-2025	25,000		66.60	76.00	120.00	56.60	9.4 bp	507,720	305,724	0.51%	0.31%
Buy Dec-25 Silver EFP	18-Mar-2025	03-Apr-2025		11,380,000	1.55	1.34	6.82	0.00	-0.59%	-67,742	-67,742	-0.07%	-0.07%
Sell August-2025 Brent futures	04-Mar-2025	03-Apr-2025		9,170,805	69.60	70.90	60.00	73.50	-1.87%	-169,000	-169,000	-0.17%	-0.17%
Receive Jan 28 DI	14-Mar-2025	26-Mar-2025	14,000		14.35	14.84	12.50	15.00	-49 bp	-686,000	-686,000	-0.69%	-0.69%
Buy Dec25 COMEX-LME Copper Arb (partially unwound)	06-Feb-2025	26-Mar-2025		6,003,889	618.00	1970.12	1400.00	200.00	14.19%	783,984	783,984	0.78%	0.78%
Buy 3m (16-Apr-2025) GBPUSD < 1.18, XAUUSD > 2750	16-Jan-2025	26-Mar-2025		1,358,696	9.20	0.00	1.17 / 2800		-9.2%	-125,000	-125,000	-0.13%	-0.13%
Buy 6m (16-Jul-2025) GBPUSD < 1.17, XAUUSD > 2800	16-Jan-2025	26-Mar-2025		1,470,588	8.50	1.70	1.17 / 2800		-6.8%	-100,000	-100,000	-0.10%	-0.10%
Sell 10y Bund ASW	25-Feb-2025	21-Mar-2025	43,478		20.75	26.43	31.00	15.00	5.7 bp	246,859	246,859	0.25%	0.25%
Buy EURUSD 1m fwd (07-April-25)	04-Mar-2025	13-Mar-2025		17,591,371	1.0630	1.0867	1.0930	1.0480	2.23%	387,170	387,170	0.39%	0.39%
Short USDMXN 1m fwd (07-April-25)	05-Mar-2025	10-Mar-2025		13,064,988	20.50	20.47	19.00	21.20	0.15%	19,900	19,900	0.02%	0.02%
Pay June vs Receive Dec ECB	06-Feb-2025	06-Mar-2025	67,000		-25.00	-18.93	-55.00	-10.00	-6.1 bp	-406,963	-406,963	-0.41%	-0.41%
Sell EURPLN IMM1 fwd (19-Mar-2025)	06-Feb-2025	06-Mar-2025		23,464,166	4.1992	4.1785	4.0000	4.2800	0.49%	115,970	115,970	0.12%	0.12%
Buy Dec25 COMEX-LME Copper Arb (partial unwind)	06-Feb-2025	14-Feb-2025		6,003,889	618.00	1075.00	1400.00	200.00	4.80%	256,617	256,617	0.26%	0.26%
Buy AUDUSD, Buy USDCAD (i.e. long AUDCAD), vol-weighted, to IMM1 (19-Mar-2025)	24-Jan-2025	03-Feb-2025		25,000,000	1.4302 / 0.6322	1.4582 / 0.6188	0.94	0.89	0.17%	55,389	55,389	0.06%	0.06%
Buy 6m (24-Jul-25) EURUSD 1.015 digital put with 1m (26-Feb-25) 1.0150/1.0750 window KO	24-Jan-2025	03-Feb-2025		2,252,252	11.10	0.00	1.02	1.08	-11.1%	-250,000	-250,000	-0.25%	-0.25%
Trades Carried over from 2024													
Receive NOK 2y2y	13-Dec-2024	18-Sep-2025	10,000		3.77	3.92	3.27	4.02	-15.4 bp	-243,850	-45,202	-0.24%	-0.05%
Buy Jul-2025 ICE No.11 sugar 21.50 calls (16-Jun-25 expiry)	13-Dec-2024	16-Jun-2025		20,423,913	0.46	0.00	25.00	16.00	-2.45%	-500,000	-282,720	-0.50%	-0.28%
Pay SEK 2y2y	13-Dec-2024	04-Apr-2025	10,000	-	2.25%	2.51%	2.75%	2.00%	26 bp	260,000	167,826	0.26%	0.17%
Buy XAUUSD spot	18-Nov-2024	04-Apr-2025		9,797,354	2609.85	3026.26	3000.00	2480.00	14.8%	1,337,434	1,299,398	1.34%	1.30%
Buy Sep 2029 TurkGBs (FX unhedged)	25-Nov-2024	21-Mar-2025		8,500,000	33.50%	36.19%	28.50	36.00	-269 bp	-588,295	-811,441	-0.59%	-0.81%
Vol-weighted carry basket: Long TRY, COP, and ZAR vs THB, CNH, and TWD, IMM1 fwd (19-Mar-2025)	13-Dec-2024	10-Mar-2025		25,000,000	100.00	100.36	105.00	98.00	0.36%	90,365	101,110	0.09%	0.10%
Buy XAUUSD spot (Partial Unwind)	18-Nov-2024	25-Feb-2025		9,797,354	2609.85	2905.47	3000.00	2480.00	11.33%	970,466	970,466	0.97%	0.97%
Sell 10y Gilt ASW (Partial Unwind)	13-Dec-2024	25-Feb-2025	25,000		49.00	51.22	70.00	39.00	2.2 bp	56,714	14,474	0.06%	0.01%
Buy SML vs. S5UTIL (Trade idea is owned by Adam Pickett)	13-Dec-2024	11-Feb-2025		8,345,015	3.79	3.56	4.24	3.56	-5.99%	-500,000	-215,032	-0.50%	-0.22%
Pay 1y1y JPY OIS (Partial Unwind)	06-Nov-2024	03-Feb-2025	25,000		66.60	84.77	86.60	56.60	18.2 bp	454,161	252,166	0.45%	0.25%
Long USD vs. EUR, CNH basket	06-Nov-2024	23-Jan-2025		31,847,134	100.00	101.73	103.14	98.43	1.73%	549,764	-409,248	0.55%	-0.41%
Buy Jan-26 Platinum EFP	13-Dec-2024	21-Jan-2025		4,886,000	20.00	11.86	95.00	0.00	-0.85%	-101,750	-58,508	-0.10%	-0.06%
Buy 3m [24-Feb-2025] EURUSD 1.015 Digital Put with 1m 1.015 WKO [23-Dec-2024]	21-Nov-2024	21-Jan-2025		2,941,176	8.50%	19.24%	1.00	1.07	10.74%	315,943	-101,946	0.32%	-0.10%
Short EURMXN to IMM1 (19-Mar-2024)	08-Nov-2024	09-Jan-2025		17,756,957	22.193	21.408	20.30	22.15	3.6%	470,139	412,134	0.47%	0.41%
Buy SPX vs. SX5E	06-Nov-2024	08-Jan-2025		14,761,693	1.209	1.186	1.29	1.17	-1.93%	-243,877	-421,558	-0.24%	-0.42%
Long USD vs. EUR, CNH basket (Partial Unwind)	06-Nov-2024	07-Jan-2025		31,847,134	100.00	102.68	103.14	98.43	2.68%	853,993	-105,019	0.85%	-0.11%
Buy 2m (02-Jan-2025) SPX 105% (6037.35) digital call	01-Nov-2024	02-Jan-2025		2,000,000	25.00%	0.00%	6037.35	5700.00	-25%	-500,000	-774	-0.50%	0.00%
									Total P&L	**9,578,279**	**7,376,722**	**9.58%**	**7.38%**

Note: Rec Jan29s owned by **Dirk Willer**, ES1/CDX IG, MSCI Argentina owned by **Vinh Vo**. CORRA/IR owned by **Alice Zheng**. LME copper, SPX, NDX Digi, Mar-26 EUA emissions future owned by **Charlie Massy-Collier.** NB: Futures trading involves substantial risk of loss.

Source: Citi Research

- P&L on trades includes carry and roll costs but not trading commissions/costs.

- It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities in this list.

- Closed trade recommendation details available on request.

- Table shows opening levels and current mark where appropriate. Third column is % gain or loss on the trade. Summary statistics show % of trades in profit.

Reasonable Basis and Risks

Please see Figure 51 for hyperlinks to previous publications discussing the rationale and risks around each of the outstanding trade recommendations shown above in Figure 50.

Figure 51. Reasonable Basis and Risks

Trade	Basis & Risks Discussion
Vol-weighted carry basket with a tariff twist: Long BRL, COP, and MXN vs EUR and USD (02-May-2025)	Please see here
Receive Jan 29 DI offshore IRS (08-May-2025)	Please see here
Buy 16-Dec-2025 expiry, USD denom dual digital CLF6 < 97.25%, AUDUSD > 102.50% (10-Jul-2025)	Please see here
Buy 6m (12-Jan-2026) EURUSD 1.21 digi call with 2m (10-Sep-2025) 1.21 WKO (10-Jul-2025)	Please see here
Buy a 20Feb26, USD denom Dual Digi NDX > 108%, US 5s30s > ATMF + 0.25% (06-Aug-2025)	Please see here
Buy Mar-26 expiry LME copper 12,000 digital call (03-Oct-2025)	Please see here
Vol-weighted carry basket with a copper twist: Long BRL, MXN, TRY, ZAR and CLP vs CAD, CNH, and SGD (03-Oct-2025)	Please see here
3m (09-Jan-2026) USDTRY 43.80 digital put (09-Oct-2025)	Please see here
Feb-Mar ECB OIS flattener (EUR DV01) (09-Oct-2025)	Please see here
Buy 18-Mar-2026 CDX IG S45 5y payer hedge (16-Oct-2025)	Please see here
Buy MSCI All Argentina 25-50 USD Index (27-Oct-2025)	Please see here
BOJ Dec/Jan steepener (30-Oct-2025)	Please see here
Buy 2m (31-Dec-2025) SPX Call spread 105/107.5% (31-Oct-2025)	Please see here
Buy 1y (18-Dec-26) 32,000 NDX digital call (15-Dec-2025)	See Above
Pay 12x15 NOK FRA vs. Receive 12x15 SEK FRA (15-Dec-2025)	See Above
Receive CORRA Z6 vs Pay IR Z6 (15-Dec-2025)	See Above
Buy 30y Gilts vs. OATs (UKT Jul54 vs FRT May55) (15-Dec-2025)	See Above
Buy ES1 and buy CDX IG S45 5yr (15-Dec-2025)	See Above
Buy 3m (13-Mar-26) USDJPY > 160, USDBRL < 5.30 dual digital	See Above
Buy Mar-26 EUA emissions future (MOH26) (15-Dec-2025)	See Above

Note: Rec Jan29s owned by **Dirk Willer**, ES1/CDX IG, MSCI Argentina owned by **Vinh Vo**. CORRA/IR owned by **Alice Zheng**. NDX Digi, Mar-26 EUA emissions future owned by **Charlie Massy-Collier.** NB: Futures trading involves substantial risk of loss.

Source: Citi Research

Regarding Options

The portion of this research report regarding non-OCC issued options is not intended for US clients other than Qualified Institutional Buyers. Investing in options is not suitable for all investors. Please see the disclosures concerning the risks of investing in options below and discuss with your Financial Advisor whether this particular options strategy is suitable for you. Note that all option prices are indications, based on prices as of publication date. Interested investors should contact our trading desk for updated price and liquidity information. Also, complex option strategies may entail higher commissions costs. Note that one or more of the following trade ideas are intended for OTC transactions only.

Please contact us for further details on the options recommendations that appear in this note.

Figure 52. Representative Market Conditions

	Opening	Marked to Market/ Current Level as of 15 December, 2025; 09:18 London Time
USDBRL	5.6734	5.3945
USDCOP	4242.6500	3807.2100
USDMXN	19.6134	17.9970
EURBRL	6.3904	6.3365
EURCOP	4804.0000	4471.9000
EURMXN	22.2046	21.1420
Jan 29 DI	13.4000	12.9600
CLF6	62.7500	57.0300
AUDUSD	0.6575	0.6652
EURUSD	1.1690	1.1746
US 5s30s	56.7300	67.6350
LPH26	10481.0000	11511.7600
USDZAR	17.2905	16.7841
USDCLP	961.7875	912.0300
USDCAD	1.3961	1.3769
USDCNH	7.1317	7.0418
USDSGD	1.2889	1.2889
Feb ECB	1.8900	1.9320
Mar ECB	1.8400	1.9290
CDX IG	52.8100	50.4125
MSCI Argentina	4710.5080	4858.4100
Dec 2025 BoJ	0.592	0.7160
Jan 2026 BoJ	0.682	0.7230
NOK 2y	4.1425	4.1425
SEK 2y	2.2410	2.2410
Dec 2026 CORRA	97.4850	97.4800
Dec 2026 IR	95.9350	95.9200
Gilts 30y	81.4000	87.1720
OATs	99.5560	99.5560
ES1	6901.7500	6868.5000
CDX IG S45	50.0630	50.3995
MOH26	84.2200	85.5600

Source: Citi Research

12-Month Trade Recommendation History

Please refer to Figure 53 for a full 12-month trade recommendation change history.

Figure 53. 12-Month Trade Recommendation History

Closed Trades	Recommendation Date	Closed Date	%
Receive Dec CAD OIS (full TP)	8/8/2025	12/12/2025	0.304
Long Dec26 SARON future	12/3/2025	12/9/2025	-0.57
Long HC1 vs. VG1	9/19/2025	12/3/2025	-0.6
GBP 6m fwd 5s30s steepener	7/11/2025	11/27/2025	-0.013
Sell 10y Gilt ASW	12/13/2024	11/27/2025	0.13
Long NQ1 SPW	7/11/2025	11/20/2025	0.35
Long ESZ5	10/31/2025	11/20/2025	-0.8
Receiver 2y INR	10/6/2025	11/13/2025	-0.08
Long USDCHF	11/4/2025	11/13/2025	-0.53
Receive 2y F-TIIE (Partial)	2/5/2025	11/6/2025	0.651
SOFR M6M7 Steepener	10/2/2025	10/30/2025	-0.13
Receive Dec CAD OIS (partial TP)	8/8/2025	10/27/2025	0.33
Buy gold spot (full unwind)	9/1/2025	10/21/2025	1.07
Buy gold spot (partial unwind)	9/1/2025	10/9/2025	0.79
Receive BoJ October meeting OIS	7/29/2025	10/6/2025	0.31
3m (06-Oct-2025) USDTRY 41.85 Digital Put	7/3/2025	10/6/2025	0.59
Pay 1y1y JPY OIS	6/13/2025	10/6/2025	0.45
Long 1m (26-Sep-2025) EURUSD 1.17 call RKO 1.21	8/27/2025	9/26/2025	0.13
Enter 6m fwd 5s30s USD steepener	5/8/2025	9/23/2025	0.28
Receive NOK 2y2y	12/13/2024	9/18/2025	-0.24
Receive 5y ZAR IRS	6/27/2025	9/18/2025	0.83
Buy a 2m 40/42 XAGUSD Call Spread	7/29/2025	9/16/2025	0.79
EURIBOR H6Z7 steepener	7/10/2025	9/9/2025	-0.6
Buy KRS1	8/14/2025	9/1/2025	-0.57
Long FT1	6/26/2025	8/27/2025	0.78
Buy 3m (19-Aug-2025) USDJPY < 142.50, USD30YSOFR > 4.50%	5/19/2025	8/19/2025	-0.1
Pay SNB December meeting OIS	6/5/2025	8/13/2025	0.1
2m (13-Aug-25) Worst of EURUSD < 1.1429, USDJPY < 142.69, USDCHF < 0.8034	6/13/2025	8/13/2025	-0.05
Buy 3m (08-Aug-25) EURCHF < 0.91 EURUSD > 1.1350 Dual Digital	5/8/2025	8/8/2025	-0.1
Buy 3m (08-Aug-25) USDKRW < 1350, USDJPY <140 Dual Digital	5/8/2025	8/8/2025	-0.1
Receive March ECB Meeting	6/26/2025	7/10/2025	-0.15
Buy 3m (22-Jul-25) EURUSD 1.1850 digital call with 1.2300 KO	4/23/2025	7/10/2025	0.18
Buy EURUSD 12d (08-Jul-2025) 1.18 call vs 6d (02-Jul-2025) 1.18 call	6/26/2025	7/3/2025	-0.25
Buy Jul-2025 ICE No.11 sugar 21.50 calls (16-Jun-25 expiry)	12/13/2024	6/16/2025	-0.5
Long CORZ6 (hedged with US 2y as of 12-May-2025)	4/25/2025	6/13/2025	-0.45
Receive NOK 1y1y (hedged with US 2y as of 12-May-2025)	4/25/2025	6/13/2025	-0.27
Buy VG1	4/9/2025	5/23/2025	0.3
Buy 6m (24-Jul-25) USDCNH 7.30/7.5 call spread	1/24/2025	5/12/2025	-0.16
Buy IMM1 (18-Jun-25) EURUSD	4/3/2025	5/12/2025	0.04
Buy Aug-25 LME Copper 9000/8500 Put Spread	4/3/2025	5/12/2025	-0.04
Buy 2m (02-May-25) EURAUD >1.7132, AUDUSD > 0.6318 dual digital	3/4/2025	5/1/2025	0.69
Buy 3m (15-May-2025) 4.05 EURPLN digital put	2/13/2025	5/1/2025	-0.25
Buy 2m (05-Jun-25) 140 USDJPY Digital Put	4/2/2025	5/1/2025	0.04
Buy 1m (12-May-25) USDCHF 0.78 One Touch	4/10/2025	5/1/2025	-0.3
Buy XAUUSD spot	4/9/2025	5/1/2025	0.37
Buy 1m (08-May-2025) XAUUSD 3250 digital call	4/9/2025	4/23/2025	0.41
Buy NQ1 vs RTY1	4/9/2025	4/17/2025	-0.81
Buy 2m (02-May-25) EURAUD >1.7132, AUDUSD > 0.6318 dual digital (Partial)	3/4/2025	4/15/2025	0.36
Long USDKRW vs. USDMXN (vol weighted, NDF to IMM1)	4/3/2025	4/11/2025	-0.57
Buy 3m (20-Jun-25) EURUSD > 1.10, SPX < 5700 Dual Digital	3/6/2025	4/9/2025	0.22
Buy SFRZ6	4/2/2025	4/9/2025	-0.06
Buy 3m (20-Jun-25) EURUSD > 1.10, SPX < 5700 Dual Digital (Partial)	3/6/2025	4/9/2025	0.37
Buy 2wk (18-Apr-25) EURNOK 12.00	4/4/2025	4/9/2025	0.79
Receive AUD 2y IRS	1/30/2025	4/9/2025	0.65
Receive 2y F-TIIE (Partial)	2/5/2025	4/7/2025	0.54
Receive AUD 2y IRS (Partial)	1/30/2025	4/7/2025	0.4
Pay SEK 2y2y	12/13/2024	4/4/2025	0.17
Buy XAUUSD spot	11/18/2024	4/4/2025	1.3
Sell August 25 brent futures	3/4/2025	4/3/2025	-0.17
Pay 1y1y JPY OIS (US rates hedged)	11/6/2024	4/3/2025	0.31
Buy Dec-25 Silver EFP	3/18/2025	4/2/2025	-0.068
Buy Dec25 COMEX-LME Copper Arb	2/6/2025	3/26/2025	1.04
Receive Jan 28 DI	3/14/2025	3/26/2025	-0.69
Buy 3m (16-Apr-2025) GBPUSD < 1.18, XAUUSD > 2750	1/16/2024	3/26/2025	-0.13
Buy 6m (16-Jul-2025) GBPUSD < 1.17, XAUUSD > 2800	1/16/2024	3/26/2025	-0.1
Sell 10y Bund ASW	2/25/2025	3/21/2025	0.25
Buy Sep 2029 TurkGBs (FX unhedged)	11/25/2024	3/21/2025	-0.59
Buy EURUSD 1m fwd (07-April-25)	3/4/2025	3/13/2025	0.39
Short USDMXN 1m fwd (07-April-25)	3/5/2025	3/10/2025	0.02
Vol-weighted carry basket: Long TRY, COP, and ZAR vs THB, CNH, and TWD, IMM1	12/13/2024	3/10/2025	0.09
Pay June vs Receive Dec ECB	2/6/2025	3/6/2025	-0.41
Sell EURPLN IMM1 fwd (19-Mar-2025)	2/6/2025	3/6/2025	0.12
Buy Dec25 COMEX-LME Copper Arb (partial unwind)	2/7/2025	2/14/2025	0.26
Buy SML vs. S5UTIL	12/13/2024	2/11/2025	-0.5
Buy AUDUSD, Buy USDCAD (i.e. long AUDCAD), vol-weighted, to IMM1 (19-Mar-2025)	1/24/2025	2/3/2025	0.06
Buy 6m (24-Jul-25) EURUSD 1.015 digital put with 1m (26-Feb-25) 1.0150/1.0750	1/24/2025	2/3/2025	-0.25
Long USD vs. EUR, CNH basket	11/6/2024	1/23/2025	1.40
Buy Jan-26 Platinum EFP	12/13/2024	1/21/2025	-0.1
Buy 3m [24-Feb-2025] EURUSD 1.015 Digital Put with 1m 1.015 WKO [23-Dec-2024]	11/21/2024	1/21/2025	0.32
Short EURMXN to IMM1 (19-Mar-2024)	11/8/2024	1/9/2025	0.47
Buy SPX vs. SX5E	11/6/2024	1/8/2025	-0.24
Buy 2m (02-Jan-2025) SPX 105% (6037.35) digital call	11/1/2024	1/2/2025	0.42
Pay NZD 5y vs receive AUD 5y IRS	12/11/2024	12/23/2024	-0.56
Receive INR 2y NDOIS	12/2/2024	12/19/2024	-0.5

Source: Citi Research

Note that the following trades are intended for OTC transactions only.

Receive Jan 29 offshore IRS at 13.30 in ~9k DV01. Risks to the trade include higher than expected inflation, fiscal concerns in Brazil, and stronger growth. Trade idea owned by **Dirk Willer**. Note: Futures trading involves substantial risk of loss.

Buy 16-Dec-2025 expiry, USD denom dual digital CLF6 < 97.25%, AUDUSD > 102.50%. Risks to trade include geopolitical escalation, US reflation.

Buy 6m (12-Jan-2026) EURUSD 1.21 digi call with 2m (10-Sep-2025) 1.21 WKO. Risks to trade include a faster than expected move higher in EURUSD.

Buy Mar-26 expiry (04-Mar-2026) LME copper 12,000 digital call.
Risks to trade include continued underperformance of hard economic data. Trade idea owned by **Charlie Massy-Collier**.

Buy 3m (09-Jan-2026) USDTRY 43.8 Digital Put. Risks to trade include a break in the crawling USDTRY peg.

Buy 2m (31-Dec-2025) SPX 105%/107.5% call spread (strikes 7243.95/7416.425, respectively) at 0.37% in $500k premium/$135mio notional. Risks include material slowdown in US labour data, escalation in trade tension. Trade idea owned by **Charlie Massy-Collier**.

Buy 1y (18-Dec-26) 32,000 NDX digital call. Risks to trade include AI bubble bursting, excessively hawkish Fed, US recession risks. Trade idea owned by **Charlie Massy-Collier.**

Pay IR Z6 vs receive CORRA Z6 at spread of +153bp in 25k DV01. Risks to the trade include an improvement in US-CA trade relations, rebound in CAD inflation, deterioration of the AU labor market. Trade owned by **Alice Zheng**. NB: Futures trading involves substantial risk of loss.

Buy 3m (13-Mar-26) USDJPY > 160, USDBRL < 5.30 dual digital at 5.50% USD in $2.27mio. Risk to trade: hawkish BoJ, Brazilian political risks get worse.

Buy ES1 at 6863 in $10mio notional and buy CDX IG S45 5yr at 50.774 in $180mio notional. Risks to trade include breakdown in correlation between ES1 and CDX. Trade is owned by **Vinh Vo**. Futures trading involves substantial risk of loss.

Buy Mar-26 EUA emissions future (MOH26) at EUR 84.75 in 110 lots. EUR 9,322,500 notional. Risks to trade include further delay to ETS2, earlier than anticipated EU price intervention. Trade owned by **Charlie Massy-Collier.** Futures trading involves substantial risk of loss.

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Appendix A-1

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