From:	Paul Morris [[redacted]]
Sent:	9/10/2015 3:56:04 PM
To:	Daniel Sabba [[redacted]]
CC:	Stewart Oldfield [redacted]
Subject:	RE: hi jeffrey - a trade to play on global central bank liquidity... [C]

Classification: **Confidential**

Daniel, not sure I follow this

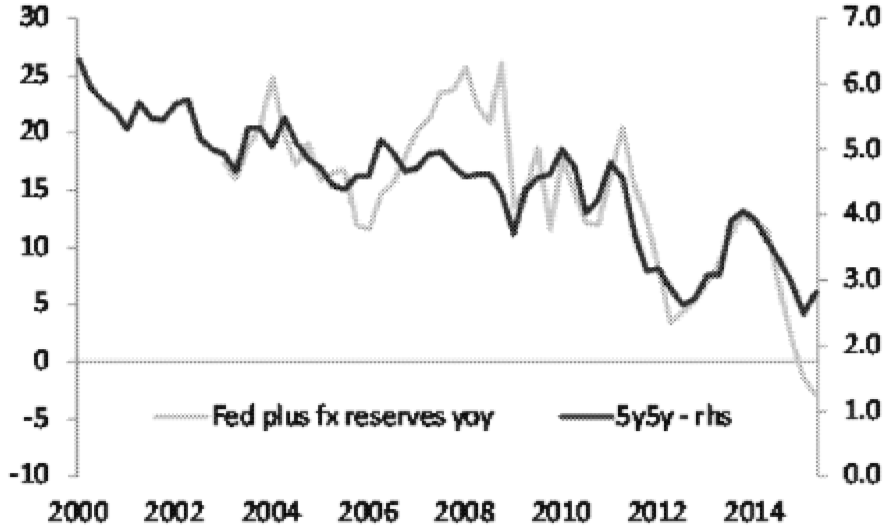
Paul Morris
Managing Director
Deutsche Bank Private Bank
Office: [redacted]
Cell [redacted]

From: Daniel Sabba
Sent: Thursday, September 10, 2015 3:05 PM
To: 'jeffrey E.'
Cc: Paul Morris; Todd Stevens; Stewart Oldfield; Vahe Stepanian; Ariane Dwyer; 'Richard Kahn'
Subject: hi jeffrey - a trade to play on global central bank liquidity... [C]

Classification: **Confidential**

Regardless of FOMC hiking next week, we have already observed a decrease in global central bank liquidity. We have noticed this is very correlated to USD 5y swap rates 5y forward and, consequently, to the shape of the yield curve. Given central banks play a major role in overall market liquidity, investors should consider the effects that Fed tightening and China's FX unwind will have on liquidity levels. For the last decade liquidity has been has been positive for real rates and the curve; however, as liquidity decreases this is likely to have negative implications for risk assets. See below and attached.

Fed + FX reserves YoY change and 5y5y rates



World Equities YoY and central bank reserves