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Sent: 9/25/2017 8:20:26 AM
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Subject: Global Macro + FX Blueprint with Trade Ideas Attached [C]

Classification: **Confidential**

Good morning, Paul,

This weekend saw elections in Germany (Merkel kind of won) and New Zealand (also a Pyrrhic victory). We have Macron coming back to the forefront of the news cycle and the never-ending Brexit drama.

We'd like to highlight the [FX Blueprint](#) just out this weekend with the main themes we see in the markets for the year end. Here are a few ideas on the back of the research piece:

Theme 1+8: Buy a 15Dec AUDUSD 1% OTMS Put USDCAD 1% OTMS Put Dual for 8.6%

Vanilla Digitals offered at 42% and 41.5% so zero corr offer of 17.4% (this means that if correlation was zero between AUDUSD and USDCAD, the offer would be 17.4% instead of 8.6%)

Theme 1+9: Buy a 15Dec USDJPY 1% OTMS Call USDTRY 1% OTMS Put Dual for 9.3%

Vanilla Digitals offered at 29.5% and 42.5% so zero corr offer of 12.55%

Theme 3: Buy a 20Dec USDJPY 115 Dig Call with USDCNH 6.70 KO for 9.25%

Spot 112.20 / 6.6050

Theme 4: Buy a 15Dec EURCHF 1.5% OTMS Call EURSEK 1.5% OTMS Put Dual for 7.9%

Vanilla Digis offered at 33.5% and 32% so zero corr offer of 10.7%

Macro Summary:

1. Politics dominate headlines and are driving price action this morning as we got the German and New Zealand election outcomes over the weekend, which both came in largely as expected. Angela Merkel saw a disappointing yet still overwhelming victory in yesterday's German election, which has her set for a fourth term as Chancellor. Merkel's CDU/SCU polled 33% (37% in final polls on Friday) against the SPD's 20.5% (22% in final polls). Combined these two parties saw their lowest share of the vote since World War II (since 1949 for Merkel's party). The AfD (Alternatives for Germany) came third with 12.6% of votes (11% expected on Friday) and will now be the first far right party in the Bundestag since the Nazi party. They beat the pro-business FDP (10.7% - Free democrats Party), Greens (8.9%) and the post-Communist Left (9.2%). Given that the SPD now want to be the main opposition rather than join in another grand coalition, the so called Jamaican coalition of the CDU/SCU, FDP and Greens is likely, but there will be some big ideological differences to negotiate around. The FDP are known to be against further Euro integration which will be one of the key takeaways from the election. [Full Recap](#)

2. In New Zealand, the National Party won the most votes but not enough to form a government. The final outcome now rests with NZ First leader Winston Peters who could support either side. While the most likely outcome remains a national/NZ first coalition the uncertainty around the upcoming coalition negotiations has weighed on the currency (-.7%). Volumes were lighter than what the price action suggests, however we have seen some unwinding of NZDUSD downside structures. Important dates to watch from here are October 7 (deadline for counting special votes – which will make up about 15% of the total) and October 12 – Writ day which formalizes the government's makeup.