

Subject: FW: Turkey and CNH [C]
From: Paul Morris <[REDACTED]>
Date: Fri, 30 Oct 2015 18:13:11 -0400
To: Stewart Oldfield <[REDACTED]>

Intended to cc you, je called to tell me rich called the desk for pricing on yen/krw and was told likely get on Monday, he wasn't too happy, don't know what these guys are doing all day.

-----Original Message-----

From: Paul Morris
Sent: Friday, October 30, 2015 01:35 PM Eastern Standard Time
To: Vahe Stepanian; Daniel Sabba
Subject: RE: Turkey and CNH [C]

> Classification: Confidential

Vahe sound like he is looking for pricing for long yen /short Korean won, let's get this to him today not Monday, he's looking to trade

thanks

Paul Morris

Managing Director

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Office: [REDACTED]

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From: Vahe Stepanian
Sent: Friday, October 30, 2015 11:27 AM
To: jeffrey E.
Cc: Daniel Sabba; Ariane Dwyer; Paul Morris; Stewart Oldfield; Richard Kahn
Subject: Turkey and CNH [C]

Classification: Confidential

Jeffrey – we're following up our phone calls earlier this week with two trade ideas:

1) Buy Turkey 5y CDS – currently @ ~253

- It seems Turkey has rallied recently on the back of the broader macro EM rally and FOMC dovishness, although fundamentally not much has changed in Turkey
- General elections are taking place this weekend, which have created increased tension within Turkey and continue to generate headlines
- Recent opinion polls still point to another hung parliament (additional details in attached DB research piece)
- Outright short EM positions have cleaned up extensively and we believe it makes sense to slowly build out those positions
- Cheap funding has resulted in large rise in corporate debt in Turkey, some of which has been funded in foreign currency
- Turkey foreign reserves amongst lowest of EM countries, second only to Ukraine

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2) Revisiting CNH as we know you're generally bearish Asian currencies.

Given vols and skew, indicative pricing for 1y, USD/CNH 6.5 – 7.0 call spread:

Spot Ref: 6.3935 (pricing as of 10/27/15)

Leg 1: European Option Call

S0FL buys European USD Call on USD/CNH

Strike: 6.5

Notional: USD 10,000,000

Expiry: Thu 27-Oct-2016 (1y)

Premium: USD 287,100 (2.87%)

Delta: 53%

Strike vol: 6.24%

Leg 2: European Option Call

S0FL sells European USD Call on USD/CNH

Strike: 7.0

Notional: USD 10,000,000

Expiry: Thu 27-Oct-2016 (1y)

Premium: USD -127,100 (1.27%)

Delta: 24%

Strike vol: 9.15%

Net premium: USD 160,000 (1.60%)

Thank you,

Vahe

Vahe Stepanian

Assistant Vice President | Key Client Partners
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