

On Fri, Jan 24, 2014 at 6:25 AM, Vinit Sahni <[REDACTED]> wrote:
Classification: For internal use only

Jeffrey - quick update, market is long and hurting here. EM driving a risk off move here. Positioning is very skewed here and there is pain on the street in Credit, Equities, Rates and FX. Itraxx main has moved 8bps today from the tight (73 to 81) and liquidity has dried up in credit spreads !!!

1) think MXN bonos still best EM risk there, however correlations in EM are moving up. Chart of Ashmore stock below reflects sentiment in EM (probably one of the best EM funds out there). The MXN bond as moved about 10bps in yield and all EM ccys breaking out, driven by Turkey, USDMXN about 3% weaker since we traded. Net Net we are down around 3.5-4%, as the around 3% on ccy and 1% on bond (using last nights bond prices)

2) Depending on how much risk u have in EM, we need to look at how we want to trade this. If ure exposure to EM v low, we can hang in and take some pain as it will be volatile. Market is unwinding leverage, \$/JPY much lower, EM ccys wider, financials weaker, Nikkei lower, credit spreads wider all etc. The potential China trust product default end of month spooking people here.

3) In EM space Turkey is leading this move - potential mis-steps from the central bank risks leaving it with too few USD reserves.

The contagion channel to other markets is investors who see TRY/BRL/ZAR cheapening and sell their broader EM holdings into DM as we saw yesterday. Until yesterday EM was weakening in a vacuum. It seems to me that right now Turkey is the epi-center of the EM storm. Ukraine, Argentina and China (ICBC trust default Jan31) all add event risk.

<mime.gif>

Any proposed ideas are being delivered to you by the DeAWM Key Client Partners ("KCP") London desk for discussion purposes only, and do not create any legally binding obligation on the part of Deutsche Bank AG and / or its affiliates ("DB"). These ideas are for the consideration of the intended recipients of this mail only. The KCP London desk does not provide investment advice. All intended recipients are Professional investors (as defined by MiFID), who understand the strategy, characteristics and risks associated with any ideas proposed herein and will be able to evaluate it independently. All trades on proposed ideas shall be subject to the relevant internal approvals prior to execution.

<tkmime01.secure>

This e-mail may contain confidential and/or privileged information. If you are not the intended recipient (or have received this e-mail in error) please notify the sender immediately and delete this e-mail. Any unauthorized copying, disclosure or distribution of the material in this e-mail is strictly forbidden.

Please refer to http://www.db.com/en/content/eu_disclosures.htm for additional EU corporate and regulatory disclosures.

--

The information contained in this communication is confidential, may be attorney-client privileged, may constitute inside information, and is intended only for the use of the addressee. It is the property of Jeffrey Epstein
Unauthorized use, disclosure or copying of this communication or any part thereof is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by return e-mail or by e-mail to jeevacation@gmail.com, and destroy this communication and all copies thereof, including all attachments. copyright -all rights reserved