

Cc: Paul Morris/db/dbcom@dbamericas, Tazia Smith/db/dbcom@dbamericas
Date: 01/24/2014 03:18 PM
Subject: Re: Jeffrey - quick update on Mexico and markets

Sure was last when I was in the office down about 150k.

Tazia - can u pls help Jeffrey I am at a dinner nowhere close to any screens. Can u get an update where the market is now.

Vinit

On 24 Jan 2014, at 20:01, "Jeffrey Epstein" <jeevacation@gmail.com> wrote:

in the future and for all time i need dollar amounts not percentages. does not tell me much, I see no reason not to take loss and get in at better level.s. TAKE QUICK LOSSES is and will always be my direction

On Fri, Jan 24, 2014 at 6:25 AM, Vinit Sahni <[REDACTED]> wrote:
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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 tights (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.

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