

It costs 1% of USD notional. I believe the buyer is well compensated for the knock-in component.
If USDCAD rises to 1.15 the option payout is 5 big figures. If 1.17 trades before expiry the payout is limited to 3 big figures.
Max loss is premium paid.

We can price other structures to fit the risk tolerance (higher or lower) of clients - let us know

Key Macro Highlights

- The economy clearly lags the US. Dec13 unemployment unexpectedly rose last Friday to 7.2%
- South of the border demand for USDCAD is declining as the US heads towards energy independence
- Low inflation and weak exports are likely to preclude any rate hikes in 2014

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Best,
Nav

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