

Buy 6m \$109.41 call (105% of Jun14 ref):	\$3.51/bbl
Sell 6m \$85 put:	\$0.95/bbl
Net Debit:	\$2.56/bbl (~2.5%)
Indicative cost on \$5mm Notional:	\$125,000
Max Loss:	\$87.56/bbl

For your reference:

6m \$104.2 call (ATM):	\$5.90/bbl (~5.7%)
6m \$109.41 call (105% of Jun14 ref):	\$3.51/bbl (~3.4%)
6m \$85 put:	\$0.95/bbl (~0.9%)
6m \$90 put:	\$1.58/bbl (~1.5%)

(2) ATM 6mo Swap

A futures look-alike in the form of a Jun14 ATM swap, which has positive carry of ~\$2/bbl (differential between Jun14 and spot)

(3) Absolute Return Note on Brent

Structure Absolute Return Note on Brent Crude

Underlier:	Brent
Barrier Observation:	European
Maturity:	2yrs
Upside Max:	Uncapped
Barrier Level:	82.5%
Max Loss:	100%

In fully-funded form, the absolute return structure prices well on crude. You can unwind this early to capture a move. This vehicle gives room to monetize moves in crude prices both on the upside and downside. This structure has a relatively high delta, should crude move higher and can help offset/compensate for your premium paid should crude move lower, but stay above the barrier.

Implied Vol & Price Curves:

The degree of backwardation has subsided but vols are still very low compared to their average over the last 10 years. Investors looking to express a bullish view on Brent crude oil can take advantage of premiums which are close to 10-year lows.

IPE Brent 1mo Implied Vol - Mid Implied Vol