Subject: Fw: Euro and Yen.... [C]
From: Paul Morris <[redacted]>
Date: Thu, 14 Aug 2014 12:00:05 -0400
To: [redacted]

Classification: Confidential

sorry we were cut short yesterday, we can talk again later, want your feedback, thx

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----- Forwarded by Paul Morris/db/dbcom on 08/14/2014 11:59 AM -----
From: Tazia Smith/db/dbcom To: [redacted], Cc: Paul Morris, Vahe Stepanian/db/dbcom@DBAmericas, Matt Glassman/db/dbcom@DBAMERICAS Date: 08/13/2014 09:20 AM Subject: Euro and Yen.... [C]

Classification: Confidential

Good Morning Rich -

Weak retail sails saw the dollar sell off this morning. Indicative level on the EURUSD risk reversal is 89.5/97.8 vs. 1.3397 spot, or $89,500 bid on 10mm euro notional (9/8/14 EURUSD 1.345:1.38). That's down from ~$101k before the retail sails number (inter-day EURUSD chart below).

Separately, we've been revisiting USDJPY call/triple one-touch again. As of this morning, a 103 USDJPY 1yr call could be funded (for zero-cost up front premium) with 100, 99, and 98 strike one-touches, each with a 1.5% payout if that strike is touched. In other words the vanilla call would cost 2.78%, if USDJPY touched 100 then 1.5% cost, if USDJPY touched 99 than 3% total cost, and if USDJPY touched 98, then 4.5% total cost - so a 4.5% max loss, or ~36% more expensive vs. vanilla option in the worst case scenario. If we place a low probability that USDJPY drops back below 100, then this is interesting.   Putting this back on the radar - provided Jeffrey's view remains 'yen weaker'. Watching spot and pricing. Recall Jeffrey's current position is at 101 call, 99, 98, 97 one-touch. (1yr and interday charts below).

Last - but certainly not least! - please meet Matt Glassman a new sr. member of our team who has joined us this week from Goldman institutional cross-asset sales.

Best Regards,
Tazia

Indicative level, subject to market movement. Source: DB FX Sales, 8/13/14

Spot ref = 102.27 (Very spot sensitive)

Could do the following at zero cost...
Using a strike of 103.00 for the upside call.

Leg 1: European Option Call

<Client> buys European USD Call on USD/JPY

Strike: 103
Notional: USD 10,000,000
Expiry: Thu 13-Aug-2015 (1y)

Settlement: Mon 17-Aug-2015

ZoneCut: NY
Premium: USD 278,000
Premium Date: Fri 15-Aug-2014

Leg 2: One Touch
<Client> sells One Touch on USD/JPY payout

Barrier: 100
Payout: USD 150,000
Payout Ccy: <PayCurrency>
Postpone Rebate: <PostponeRebate Y/N>

Expiry: Thu 13-Aug-2015 (1y)

Settlement: Mon 17-Aug-2015

ZoneCut: NY
Premium: USD -110,000
Premium Date: Fri 15-Aug-2014

Leg 3: One Touch
<Client> sells One Touch on USD/JPY payout

Barrier: 99
Payout: USD 150,000
Payout Ccy: <PayCurrency>
Postpone Rebate: <PostponeRebate Y/N>

Expiry: Thu 13-Aug-2015 (1y)

Settlement: Mon 17-Aug-2015

ZoneCut: NY
Premium: USD -95,000
Premium Date: Fri 15-Aug-2014

Leg 4: One Touch
<Client> sells One Touch on USD/JPY payout

Barrier: 98
Payout: USD 150,000
Payout Ccy: <PayCurrency>
Postpone Rebate: <PostponeRebate Y/N>

Expiry: Thu 13-Aug-2015 (1y)

Settlement: Mon 17-Aug-2015

ZoneCut: NY
Premium: USD -73,000
Premium Date: Fri 15-Aug-2014

EURUSD Interday Chart

USDJPY Interday Chart

USDJPY 1-Yr Price History
Used with permission of Bloomberg Finance LP

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