

Subject: RE: Turkey and CNH [C] [I]  
From: Vahe Stepanian <[REDACTED]>  
Date: Mon, 02 Nov 2015 08:35:02 -0500  
To: Paul Morris <[REDACTED]>  
Cc: Daniel Sabba <[REDACTED]>

Classification: For internal use only

Paul – Turkey 5y CDS currently ~235 on the back of election results.

{cid:image002.jpg@01D11549.5C3B96A0}

From: Paul Morris  
Sent: Monday, November 02, 2015 8:07 AM  
To: Vahe Stepanian; Daniel Sabba  
Subject: FW: Turkey and CNH [C]

Morning where is CDS this am?

-----Original Message-----

From: jeffrey E. [jeevacation@gmail.com]  
Sent: Monday, November 02, 2015 05:23 AM Eastern Standard Time  
To: Vahe Stepanian  
Cc: Daniel Sabba; Ariane Dwyer; Paul Morris; Stewart Oldfield; Richard Kahn  
Subject: Re: Turkey and CNH [C]

there was an election this weekend? shouldnt that have been part of the analysis. a MAJOR part. an early check has your reccommendation down 7 % on the open. and that is the unleveraged play

On Fri, Oct 30, 2015 at 11:27 AM, Vahe Stepanian <[REDACTED]> wrote:

Classification: Confidential

Jeffrey – we’re following up our phone calls earlier this week with two trade ideas:

1) Buy Turkey 5y CDS – currently @ ~253

- It seems Turkey has rallied recently on the back of the broader macro EM rally and FOMC dovishness, although fundamentally not much has changed in Turkey
- General elections are taking place this weekend, which have created increased tension within Turkey and continue to generate headlines
- Recent opinion polls still point to another hung parliament (additional details in attached DB research piece)
- Outright short EM positions have cleaned up extensively and we believe it makes sense to slowly build out those positions
- Cheap funding has resulted in large rise in corporate debt in Turkey, some of which has been funded in foreign currency
- Turkey foreign reserves amongst lowest of EM countries, second only to Ukraine

{cid:image001.png@01D11302.4255DA00}

2) Revisiting CNH as we know you're generally bearish Asian currencies.

Given vols and skew, indicative pricing for 1y, USD/CNH 6.5 – 7.0 call spread:

Spot Ref: 6.3935 (pricing as of 10/27/15)

Leg 1: European Option Call

S0FL buys European USD Call on USD/CNH

Strike: 6.5

Notional: USD 10,000,000

Expiry: Thu 27-Oct-2016 (1y)

Premium: USD 287,100 (2.87%)

Delta: 53%

Strike vol: 6.24%

Leg 2: European Option Call

S0FL sells European USD Call on USD/CNH

Strike: 7.0

Notional: USD 10,000,000

Expiry: Thu 27-Oct-2016 (1y)

Premium: USD -127,100 (1.27%)

Delta: 24%

Strike vol: 9.15%

Net premium: USD 160,000 (1.60%)

Thank you,

Vahe

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Vahe Stepanian

Assistant Vice President | Key Client Partners

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Tel. [REDACTED]

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