
From: Richard Kahn [REDACTED]
Sent: Wednesday, September 21, 2016 12:32 PM
To: Jeffrey Epstein
Subject: Fwd: MEGA AM: JGBs no longer a capital appreciation asset if 10y pegged near 0%

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
Phone [REDACTED]
Fax [REDACTED]
Cell [REDACTED]

Begin forwarded message:

From: "Ens, Amanda" [REDACTED]
Date: September 21, 2016 at 8:27:42 AM EDT
To: "Rich Kahn" [REDACTED]
Subject: MEGA AM: JGBs no longer a capital appreciation asset if 10y pegged near 0%
Reply-To: "Ens, Amanda" [REDACTED]

=blockquote type="cite">

* &n=sp; The critical change is t=e BoJ has told us JGBs bonds are no longer a capital appreciation asset (as=they have been for 10 years) so now the question is how much income do you n=ed to justify owning them – methinks more than zero!!

· =They have also t=ken a very strong forward guidance stance by introducing an: "inflation-ove=shooting commitment". The BoJ commits itself to "expanding the mone=ary base until the year-on-year rate of increase in the observed consumer p=ice index (CPI) exceeds the price stability target of 2 percent and stays a=ove the target in a stable manner".

· <=span>Previously, the standard \$700m BoJ ETF buy-basket would be split=53% for N225, 42% for Topix and 5% for JPX400. Now will veer more towards 69% Topix, 28% Nikkei and 2.3% of total purchas=s.

=span style="font-family:Symbol;mso-fareast-font-family:Symbol;mso-bidi-fo=t-family:Symbol"> = With TOPIX now 69% of ETF purchases and Topix / 3=y JGB yield correlation positive, for Topix to rally it means JGBs have to s=ll off.

· &=bsp; ** =WTI: API shows U.S. crude in=entories down 7.5 mbbbl last week; consensus f=recast for EIA today is build of 3.25 mbbbl

* <=span>China: The BofAML Chi=a Activity Coincident Tracker (China-ACT) rose to 7.5% yoy in August from a=revised reading of 6.6% in July. There was a broad-based improvement=/a>

China A-share companies' 2Q16 earnings remained lackluster - vs. 1Q16, YoY revenue growth decelerate,

Japan: The BoJ has told us JGBs (and global fixed income??) is no longer a capital appreciation story.

So now we need to figure out how much income is required so justify owning bonds.

from claims in the prior week. This would bring the four-week moving average down to 260,500 from 260,550.

US Existing home sales should rebound 1% mom to 5.44mn saar in August, following the 3.2% plunge in July. As a reminder, pending home sales track signed contracts on existing home sales, and are thus a useful leading indicator for closed contracts by a month or two. Pending sales saw a 1.3% increase in July, supporting an August pick-up in existing home sales.

WTI: API shows U.S. crude inventories down 7.5 mbbbl last week; consensus forecast for EIA today is build of 3.25 mbbbl.

China: The BofAML China Activity Coincident Tracker (China-ACT) rose to 7.5% yoy in August from a revised reading of 6.6% in July. There was a broad-based improvement as six out of seven component indicators rose in August compared to July. In particular, electricity production growth strengthened in August amid hot weather, while contraction of real exports narrowed on favorable calendar effects. However, fiscal revenue growth slowed in August as the effects of tax reduction policies started to emerge. The chance of monetary easing, such as interest rate and RRR cuts, remains low.

=b>Greg Kaldor
Managing Director=/b>

US MEGA (Macro Equi=y & Global Alpha) </=pan>

Bank of America Merrill Lynch

T [REDACTED]

B/Berry [REDACTED]

[REDACTED]

This message, and any attachments, is for the intended recipient(s) only, may contain information that is privileged, confidential and/or proprietary and subject to important terms and conditions available at <http://www.bankofamerica.com/emaildisclaimer> <<http://www.bankofamerica.com/emaildisclaimer>> . If you are not the intended recipient, please delete this message.

<<http://rsch-bems-tr.baml.c=m/q/RI65PicArhRnjFLPxEAxgw~/AAAAQA~/RgRZxP8ePkeIAWvhA8cAat1CCgAFH3riVw-3Z=FSF3JpY2hhcmRrYWhuMTJAZ21haWwuY29tCVVEEAAAAAEeZeyJuYW1lIjoiMDkyMTA4Mjc5MDkyO=I2MToyMDg4MDc4LUhOQTAlLCJhdXRob3lgZW1haWwiOiJhZG1pbkBlb2xkc3BhcmsuY29tliwid=VtcGxhdGUiOiJkZWZhdWx0X3RibXBsYXRlliwiY2xpZW50X2lkIjoINS0wOTIxMDgyNzkwOTI5M=YxOjIwODgwNzgtSE5BMCI9>> 2088078

<=lockquote type="cite">
=/div>

=