

From: Richard Kahn <[REDACTED]>
To: "jeffrey E." <jeevacation@gmail.com>
Subject: Fwd: Jeffrey - Two 9month expiry Rupee option trades + historical charts
Date: Fri, 23 May 2014 15:24:43 +0000

i wanted to follow up regarding Rupee trade
i see DB presented two ideas below
do you like either or want to see other ideas on getting long Rupee or pass
please advise

Richard Kahn
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[REDACTED]

Begin forwarded message:

> From: Tazia Smith <[REDACTED]>
> Subject: Fw: Jeffrey - Two 9month expiry Rupee option trades + historical charts
> Date: May 20, 2014 at 3:20:04 PM EDT
> To: jeevacation@gmail.com
> Cc: Paul Morris <[REDACTED]>, Nav Gupta <[REDACTED]>, Vinit Sahni
<[REDACTED]>, [REDACTED], Vahe Stepanian <[REDACTED]>
>
> Jeffrey -
>
> Traders' view is that accurate history on the option itself (9mo ATM USDpINRc, for example) doesn't exist
given the forward points, vol, liquidity, etc backdated inputs would not be accurate. That said, I've included the 6
and 12mo ATM USDINR implied vol history here to provide some context of historical relative value.
Bloomberg is pretty accurate historically for G10 currencies, for INR it's bit off, but will give you a sense:
>
> As of 8/28/13 (USDINR high of 68.825 spot), bloomberg suggests the ATM 9mo USDcINRp would cost
5.01% (see screenshot below).
>
> Going back to 5/20/13 when spot was at it's 52wk low (rupee strength vs USD) of 55.1137, the 9mo ATM
USDcINRp cost ~1.65% according to Bloomberg.
>
> This compares to the present ~1.3% vs. 58.60 spot that Nav laid out.
>
>
> 6mo USDINR AMT Implied Vol History
>
>
> 1yr USDINR AMT Implied Vol History
>

>
>
> 9mo ATM USDcINRp as of 8/28/13 = \$51k premium vs. \$1mm notional
>
>
>
> 9mo ATM USDcINRp as of 5/20/13 = \$16.6k premium vs. \$1mm notional
>
> Used with permission of Bloomberg Finance LP
>
>
>
>
> ----- Forwarded by Tazia Smith/db/dbcom on 05/20/2014 02:03 PM -----
>
>
> From:
> Nav Gupta/db/dbcom@DBEMEA
>
> To:
> jeevacation@gmail.com, DBComAdmins@dbcom,
>
> Cc:
> Tazia Smith/db/dbcom@DBAMERICAS, Paul Morris/db/dbcom@DBAMERICAS, [REDACTED]
>
> Date:
> 05/20/2014 01:13 PM
>
> Subject:
> Jeffrey - Two 9month expiry Rupee option trades + historical charts
>
>
>
> USDINR - 6 Month History
>
>
> USDINR 12 Month History
>
>
>
>
> Trade 1: 9month expiry vanilla USDINR puts
> Ref spot: USDINR 58.6
>
>
>
>
> Scenario Analysis for Trade 1
> Table shows value of option (as % of notional) on movement in spot, decaying with time
>

>
>
>
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>
>
> Trade 2: Buy a 9month 1% OTM Spot USDINR put and sell a 9m 15% OTM Spot USDINR call for net zero
premia
> Put strike: 58.08, call strike: 67.58
> Ref spot: USDINR 58.6
>
> Scenario Analysis for Trade 2
> Table shows net value of a long put and short call option (as % of notional) on movement in spot, decaying
with time
>
>
>
> Nav
>
>
>
> "jeffrey E." ---20/05/2014 17:22:18---can you send me a chart of where this has been over the past 6 months?
thaks
>
> From:
> "jeffrey E." <jeevacation@gmail.com>
>
> To:
> Nav Gupta/db/dbcom@DBEMEA,
>
> Cc:
> Vinit Sahni/db/dbcom@DBEMEA, Tazia Smith/db/dbcom@DBAMERICAS, Paul
Morris/db/dbcom@DBAMERICAS
>
> Date:
> 20/05/2014 17:22
>
> Subject:
> Re: Jeffrey - Rupee Appreciation - Nav
>
>
>
>
> can you send me a chart of where this has been over the past 6 months? thaks
>
>
> On Tue, May 20, 2014 at 9:49 AM, Nav Gupta <[REDACTED]> wrote:
> Jeffrey
>
> After pricing lots of possibilities, are two ways i like best to play usdinr lower
>
> 1) buy vanilla European style USDINR puts
>
> Ref spot: 58.67

