

From: Richard Kahn <[REDACTED]>
To: Jeffrey Epstein <jeevacation@gmail.com>
Subject: Fwd: Swaption Indications
Date: Mon, 11 Jul 2016 16:20:06 +0000
Attachments: 10yr10yr_u100_u300_payer_spread_7.11.pdf

Sent from my iPhone

Begin forwarded message:

From: "Weitzman, Maria P - [REDACTED]" <[REDACTED]>
Date: July 11, 2016 at 12:16:48 PM EDT
To: Richard Kahn <[REDACTED]>
Cc: "Darrah, John W - [REDACTED]" <[REDACTED]>, "Pollard, James S" <[REDACTED]>, "Graff, Guido M - [REDACTED]" <[REDACTED]>, "Minsky, Julie" <[REDACTED]>
Subject: RE: Swaption Indications

Rich,

Attached please find an analysis as of July 8th which depicts the impact of rate movements at different time horizons. (This is based on an assumption that rates will rise or fall evenly across the curve, which as we know is unlikely.) Additionally, the second analysis shows a volatility shock of 10% to the upside.

As mentioned, modeling those scenarios is difficult as there are many variables and underlying assumptions that would need to be considered such as volatility and skew – both of which would impact the options significantly in either direction.

Please feel free to reach out to John with any questions.

Best,

Maria

Maria Betzios Weitzman
Director
Merrill Lynch GWRS Markets Group
[REDACTED]
[REDACTED]

*Please note that estimated prices or spread levels reflected are based upon model assumptions and are not reflective of the opinion of BofAML as to the accuracy of such assumptions. BofAML may use proprietary internal models and/or third party models to determine estimated prices or spread levels based on model assumptions. While BofAML believes these models to be reliable, we do not represent that they are accurate or complete, and they should not be relied upon as such.

From: Richard Kahn [mailto: [REDACTED]]
Sent: Friday, July 08, 2016 9:48 AM
To: Weitzman, Maria P - [REDACTED]
Cc: Darrah, John W - [REDACTED]; Pollard, James S; Graff, Guido M - [REDACTED]; Minsky, Julie
Subject: Re: Swaption Indications

My principal likes this trade idea and would like to see a graph of profits year 1 through 5 at different spot rates. Thank you.

Rich

Sent from my iPhone

On Jul 6, 2016, at 3:46 PM, Weitzman, Maria P - [REDACTED] <[REDACTED]> wrote:

Rich,

John and I were speaking earlier in the day and he had inquired about some indications on interest rate payer swaptions. Below please find indicative pricing on a few iterations of 10 year 10 year payer swaptions:

10yr Reference Swap Rate: 1.2950
10yr ATM (At the Money Forward Rate): 2.0360

Strikes	Upfront Cost
2.0360 (ATMF):	8.60% offer (8.05% mid)
2.0410 (ATMF+50)	6.65% offer (6.15% mid)
3.0360 (ATMF+100):	5.25% offer (4.68% mid)

To cheapen up the swaption, the client can choose to cap the upside such as:
ATMF+100/ATMF+300: **3.35%** (2.85% mid)

My team is responsible for Rates, FX and Commodities OTC derivative products, so please feel free to reach out to me through John with any additional thoughts or questions.

Thanks,

Maria

Maria Betzios Weitzman
Director
Merrill Lynch GWRS Markets Group
[REDACTED]
[REDACTED]

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