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**Subject:** Longer Dated EUR Downside (3y structures) [C]  
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Classification: **Confidential**

Jeffrey,

We wanted to flag an idea on long dated EUR downside. Digital Risk Reversals benefit from the high forwards, along with elevated levels of vols and skew. The following example is a premium neutral trade with observation at expiry.

1.1125 EURUSD spot ref  
+485 3y swap points

**3y 1.0750 / 1.3175 Digital risk reversal (zero net premium)**

Client buys 3y Digital put struck at 1.0750, European observation  
Client sells 3y Digital call struck at 1.3175, European observation  
Net premium: Zero

We compared this with vanilla risk reversals – for a 3y structure, 1.0750 / 1.2300 vanilla reversal is zero net premium.

Please note the levels below are indications – please reach out for live levels.  
Daniel

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