

From: Jeffrey Epstein <jeevacation@gmail.com>
To: Laurie Cameron <[REDACTED]>
Subject: Re: Position and view summary
Date: Wed, 31 Jul 2013 01:15:33 +0000

harry told me we are off to a bad start. ?

On Tue, Jul 30, 2013 at 4:35 PM, Laurie Cameron <[REDACTED]> wrote:

I hope that you are well. I started trading last week. Below please find a summary of my positions and views. All currency positions traded are against the USD.

GLL

- sold two small (\$200k notl value) January puts on GLL, which is a double short gold ETF.
- The vol was 41%, high (in absolute terms -- in relative terms the 52 week high vol is around 100%)
- The price was just below 90; approximately 22% below the high of 115 traded one month ago

AUD

- sold 6 month AUD call
- the spot price was approx .92 which is just under a ceiling that the AUD has not been able to breach in the past six weeks.; If it were to rise above .94 we would sell more
- Rationale - my view is that AUD will decline over the next 12-18 months. The economy and the currency rose as a result of rising commodity prices over the past 12 years. Approx 75% of exports (mostly to China) are natural resources and by-products. Approx 52% of exports to China are Iron Ore. As the Chinese economy slows, demand for steel will continue to decrease and the mining based Australian economy will slow further. JPM just sent around a note this morning changing their forecast for the outcome of next week's RBA meeting: while they were originally expecting no drop in rates, they now expect a reduction of 25 bps as the benefits of a lower AUD are no longer helping the economy. Only stimulus that would help now is lower AUD in my view.

NZD

- sold 6 month NZD call
- Rationale - NZD is in favor vs the AUD. It rises more than the AUD but falls with the AUD. Selling it pays more than selling AUD. Interest rates yield 1% more than the AUD. The economy is small, based on farming and tourism.
- sold a 3 month NZD put (for HALF of the call notional)
- Rationale: Just to be safe over the data/meeting heavy week: I don't think that it is smart to have 100% of the position dependent on a rising USD. I sold the 3m NZD put as a 'hedge' in case short term volatility pushes the USD down in the week ahead. I believe that only a July Non-Farm payroll number Friday below 125k could do this.
- I will close this second position if the USD is pushed down (NZD up) abruptly this week.

CAD

- short 6m CAD call
- Rationale - I don't expect the Canadian economy to suffer as much the Australian economy to, but CAD is expensive vs USD. A drop in U.S. corporate tax rates could further encourage U.S. capital home from Canada. I believe the CAD is overvalued and should end the year above 1.10 per \$1USD.

JPY

- short 6m JPY call
- Rationale - The weaker JPY policy has been the most successful part of Abenomics (fiscal, economic and currency policy measures aimed at jump-starting the Japanese economy). Multinational corporate earnings have disappointed this week in Japan as exports have trailed off since the JPY stabilized in late April and currency translation of foreign income has also been reduced due to the stable JPY. A weaker JPY is essential for the success of Abenomics and the health of Japanese exporters and the Japanese stock

markets in general. Our payoff is at 101 JPY/USD (need to see over the next six months).

In Summary ...

Strong USD should be a matter of U.S. policy essential to U.S. as monetary policy tightens

I believe that a strong dollar is not only in the U.S.' interest, it is crucial to survival of the U.S. Treasury market in a rising rate environment. If the U.S. Treasury established a 'stronger dollar policy' with other global central banks, the capital flight into the U.S. bond markets would allow monetary policy to creep up without causing a major sell-off. Cheaper EUR and JPY would support German and Japanese export growth and help counteract effects of a slowing China.

FOMC tomorrow - Although some Fed watchers think that Fed could revise down its unemployment target to 6.5%, as there is no press conference tomorrow, target will likely be revised during next meeting.

NFP Friday - July non-farm payrolls will be closely watched Friday morning. Expectation is for 175k. Below 150k wld likely put some pressure on the USD, above 200k wld cause a USD rally.

Harry is receiving daily positions with mark to markets. Thank you for your time and your confidence.

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