

From: Nadean Novogratz [REDACTED]
Sent: 8/20/2018 2:31:05 PM
To: Paul Barrett [REDACTED]
CC: Martin Zeman [REDACTED]; Stewart Oldfield [REDACTED]; Xavier Avila [REDACTED]
Subject: RE: Follow-up

Hi Paul, I hope all is well. Below is our latest upside commentary.

- Upside implieds have dripped lower with 1M buckets in the high 7s despite 5-day realized hitting 12.3v on Thursday, the highest reading since late June.
- We continue to suggest avoiding end-of-summer gamma buckets given light calendar and possibility of November Trump/Xi meeting perhaps cooling down trade rhetoric.
- 28Sep 289s capture Sep FOMC, PCE, GDP, and Italian Budget deadline for 8.1v.
- Higher implied forward of 9.4v is justified given that week's busy schedule.

SPY 286 Straddle vs. 285.60						
Tenor	Price		Vol	Inter-Period Fwd Vol	Economic Events	Cumulative Q2 Earnings Reported (%)
	\$	%				
Friday, August 24, 2018	1.03	0.36%	7.6		FOMC mins (Aug)	92%
Friday, August 31, 2018	1.71	0.60%	8.2	8.6	PCE	94%
Friday, September 07, 2018	2.18	0.76%	8.4	8.8	ISM (both), ADP, NFP	94%
Friday, September 14, 2018	2.64	0.93%	8.5	8.9	PPI, CPI	94%
Friday, September 21, 2018	2.98	1.05%	8.5	8.4	PMI	95%
Friday, September 28, 2018	3.25	1.14%	8.9	10.3	FOMC Decision, PCE, GDP	97%
Friday, October 05, 2018	3.58	1.25%	9.2	10.6	ISM (both), ADP, NFP	99%

SPY 289 Call vs. 285.60						
Tenor	Price		Vol	Inter-Period Fwd Vol	Economic Events	Cumulative Q2 Earnings Reported (%)
	\$	%				
Friday, August 24, 2018	0.16	0.06%	7.2		FOMC mins (Aug)	92%
Friday, August 31, 2018	0.52	0.18%	7.4	7.6	PCE	94%
Friday, September 07, 2018	0.83	0.29%	7.6	7.9	ISM (both), ADP, NFP	94%
Friday, September 14, 2018	1.18	0.41%	7.7	7.9	PPI, CPI	94%
Friday, September 21, 2018	1.50	0.53%	7.8	8.4	PMI	95%
Friday, September 28, 2018	1.72	0.60%	8.1	9.4	FOMC Decision, PCE, GDP	97%
Friday, October 05, 2018	2.00	0.70%	8.3	9.2	ISM (both), ADP, NFP	99%

Kind regards,
Nadean

From: Nadean Novogratz
Sent: Monday, July 30, 2018 12:46 PM
To: 'Paul Barrett'
Cc: Martin Zeman; Stewart Oldfield; Xavier Avila; Davide-A Sferrazza; Devin Anderson
Subject: RE: Follow-up

Thank you, Paul.

Off of the inexpensive upside discussion last week. We had a client come in and initiate a new trade with this theme.

Client here bought SPX Nov18 2950 calls paying 11.55.

Currently, 3mo 105% implied vols is trading **below** realized vol...