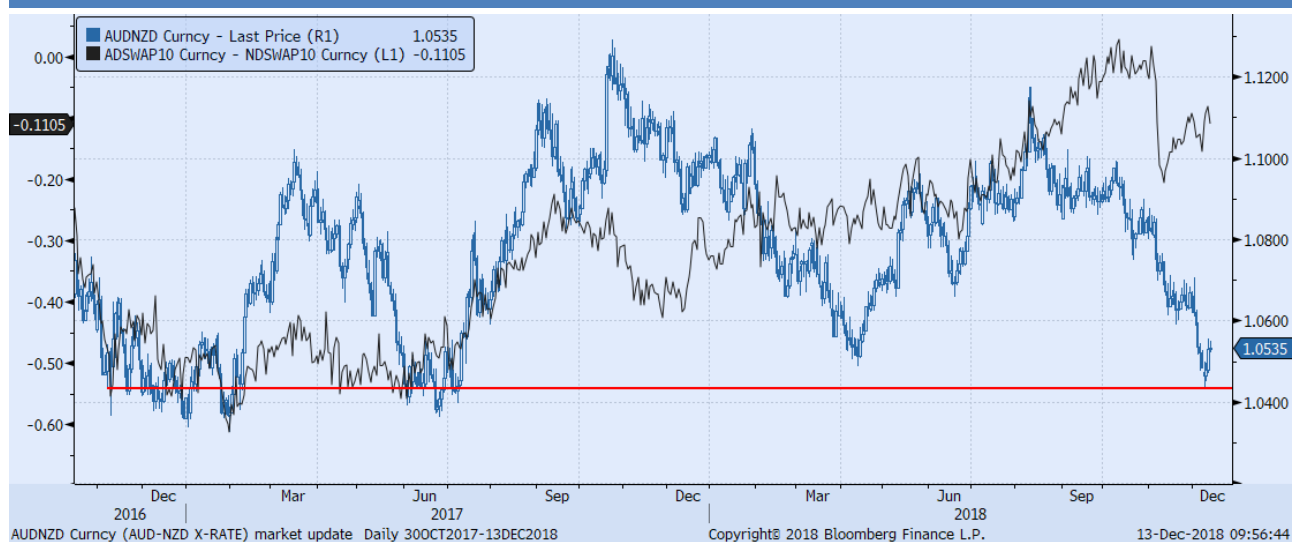


FX OPTIONS MARKET UPDATE

- T. May survived the no confidence vote yesterday, vol has market lower with 1 month down 1%.

	EURUSD		USDJPY		AUDUSD		GBPUSD		EURGBP		EURJPY		NZDUSD	
	Imp.	1w chng	Imp.	1w chng	Imp.	1w chng	Imp.	1w chng	Imp.	1w chng	Imp.	1w chng	Imp.	1w chng
1 mth	6.71	0.02	5.80	-0.41	8.10	-0.28	11.46	-1.11	9.65	-1.39	7.23	-0.36	8.03	-0.31
3 mth	7.19	-0.03	6.69	-0.22	9.01	-0.04	13.35	-0.60	11.48	-1.02	8.25	-0.16	9.00	-0.08
	EURSEK		EURNOK		EURCHF		USDCAD		AUDJPY		USDNOK		USDSEK	
	Imp.	1w chng	Imp.	1w chng	Imp.	1w chng	Imp.	1w chng	Imp.	1w chng	Imp.	1w chng	Imp.	1w chng
1 mth	6.38	0.03	5.88	-0.04	5.07	0.10	6.73	0.57	9.06	-0.44	8.10	0.00	8.46	-0.15
3 mth	6.66	0.08	6.38	-0.06	5.68	0.07	6.83	0.00	10.22	-0.17	8.72	-0.05	9.07	-0.01
	USDCNH		USDTRY		USDRUB		USDMXN		USDZAR		XAUUSD		XAGUSD	
	Imp.	1w chng	Imp.	1w chng	Imp.	1w chng	Imp.	1w chng	Imp.	1w chng	Imp.	1w chng	Imp.	1w chng
1 mth	5.82	-0.06	20.13	0.95	12.47	-0.24	14.50	-0.50	17.62	0.72	8.92	-0.15	16.17	-0.03
3 mth	6.33	0.05	20.34	0.35	13.47	-0.28	14.66	-0.42	17.81	0.61	10.38	0.03	18.45	-0.05



AUDNZD has traded lower over the last month on back of US/China trade tension and lower equity market. Spot took out the 2018 lows last week but have bounced back higher from the support area from 2016/2017.

AUD vs NZD interest rate spread (black line) trades on the high and indicates AUDNZD higher back up to the 1.1000 area again.

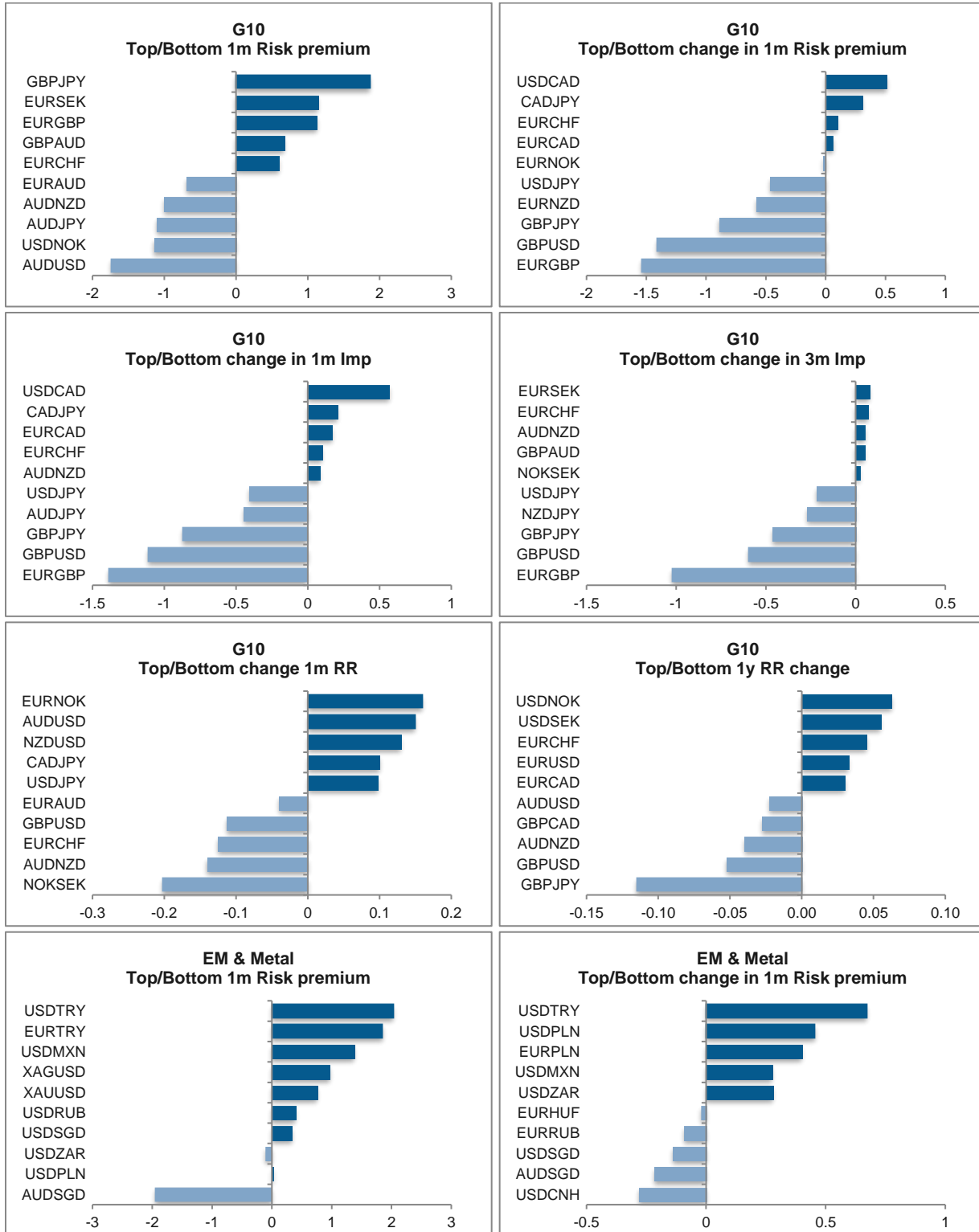
We are looking to go long AUDNZD mid term for a move higher to 1.10 with ratio call spreads.

Alternative finance it with selling shorter dated puts to reduce the premium or sell the puts on its own.

Buy 3-month AUDNZD 1.0600 call in 1 mio
Sell 3-month AUDNZD 1.0900 call in 1.5 mio
Cost 75 pips

Sell 1-month AUDNZD 1.0450 put in 1 mio
Receive 31 pips

FX OPTIONS MARKET UPDATE



- Risk premium: Implied minus realized volatility. A positive risk premium means implied volatility trades above realized volatility, i.e. the implied volatility can be seen as “rich”.
- Change: The difference between current price and where it closed 1w ago.