

FX OPTIONS MARKET UPDATE

- EU summit starts today and O/N vols marked higher, EURUSD O/N at 16 and EURGBP O/N at 10.

	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	7.80	0.51	7.33	0.50	8.59	0.67	7.68	0.56	5.94	0.34	9.23	0.60	8.85	0.62
3 mth	7.69	0.21	7.82	0.44	8.79	0.55	7.89	0.37	6.24	0.07	9.27	0.28	9.17	0.68
	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	6.92	0.22	6.02	-0.12	5.58	-0.12	7.78	0.39	11.02	0.90	9.22	0.16	10.23	0.35
3 mth	6.79	-0.03	6.51	-0.13	5.71	-0.15	7.58	0.33	11.03	0.59	9.48	0.14	10.11	0.15
	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	6.22	1.29	17.25	-9.04	12.75	0.07	16.51	0.40	17.20	0.47	9.13	0.31	15.72	-0.10
3 mth	5.85	0.83	16.49	-3.39	13.14	-0.03	15.10	0.26	16.90	0.40	9.56	0.26	16.65	-0.04



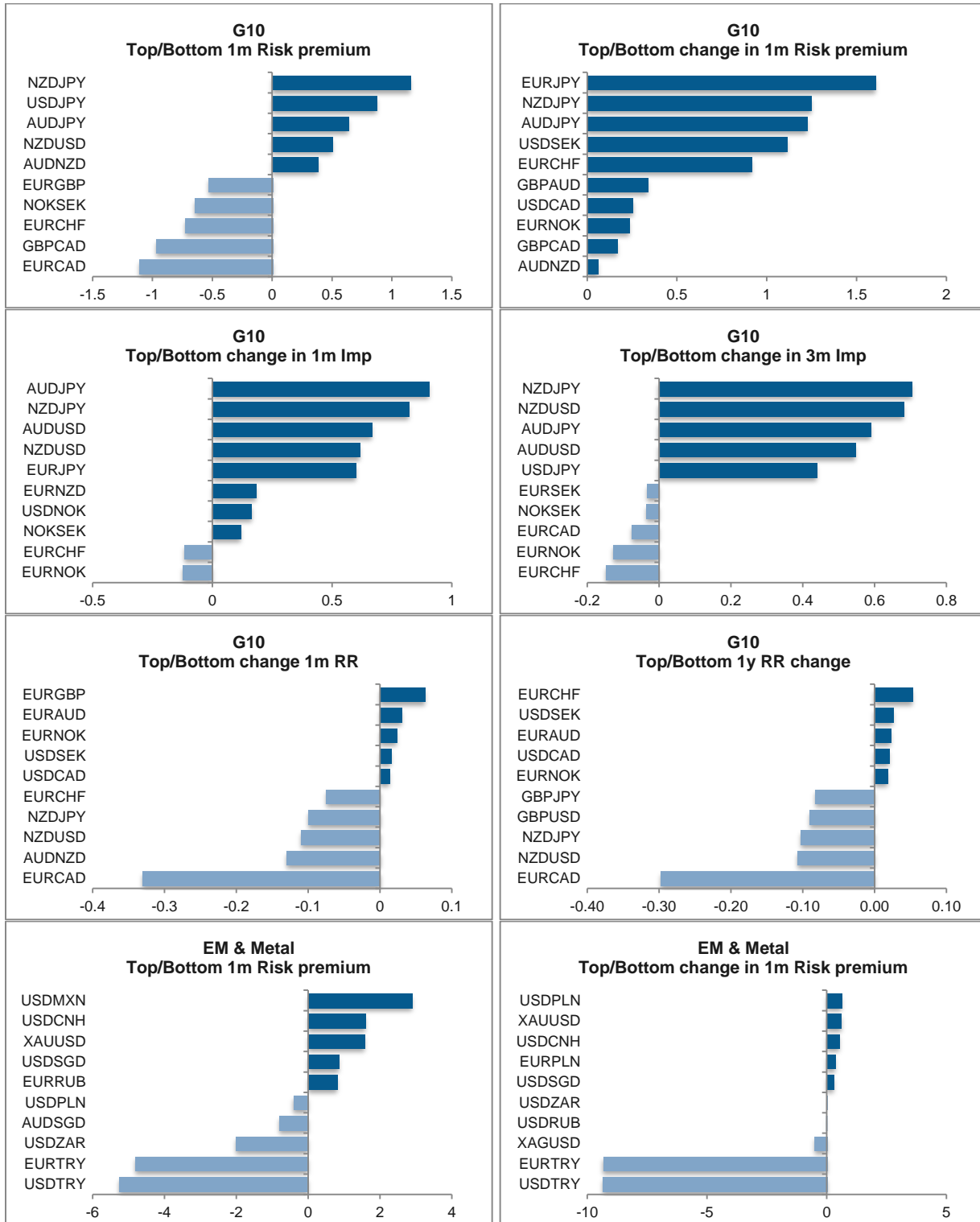
Risk off mood continues and EURUSD has traded down to just above the 1.1500 support once again. EURUSD 1 month vol is up 0.5 from yesterday and risk reversals continues to trade at the highs.

We prefer to buy No Touches with trigger just below 1.1500 instead of selling vanilla puts if you think 1.1500 will hold. A break of 1.1500 could trigger some stops and build up some downside momentum in spot. A No Touch

would limit potential losses on a break. 1 month 1.1450 No Touch cost around 32% with 1.1535 spot.

If you think 1.1500 will go, then we prefer put spreads to limit the premium and take advantage of high skew. Alternative buy a One Touch with lower trigger. 1 month 1.1200 One Touch cost around 22% with 1.1535 spot.

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- 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.