

FX OPTIONS MARKET UPDATE

- USDTRY continues to make new highs and vols trades very bid as Erdogan tries to talk down any potential rate hikes.

	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	6.94	-0.08	6.73	-0.10	7.64	-0.45	7.51	-0.47	6.16	-0.56	6.77	-0.33	7.82	-0.49
3 mth	6.75	-0.51	7.08	-0.39	7.69	-0.58	7.54	-0.53	6.38	-0.55	7.27	-0.45	8.12	-0.52
	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	7.21	0.14	6.46	0.23	4.53	-0.19	7.37	0.21	8.11	-0.89	8.74	0.19	9.49	0.24
3 mth	7.13	-0.13	6.62	0.07	4.78	-0.26	7.02	0.02	8.68	-0.85	8.69	-0.18	9.26	-0.14
	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	4.50	-0.51	18.37	1.86	13.39	-0.22	13.57	1.02	13.68	-0.12	9.38	0.13	16.89	-0.06
3 mth	4.61	-0.51	16.91	1.04	13.22	-0.46	13.90	0.23	13.65	-0.28	9.94	-0.20	17.47	-0.38



USDJPY is up and testing the 110.00 resistance for the third time over the last month. A close above 110.00 would open up for a move up to 112.30 where we have the long term trend line. We don't think a break will be very dramatic but more of a grind higher. There might be some stops triggered initially on a clear break with front end vols lifted a bit.

Vols are trading close to YTD lows so we don't see much value in shorting vols here. Instead

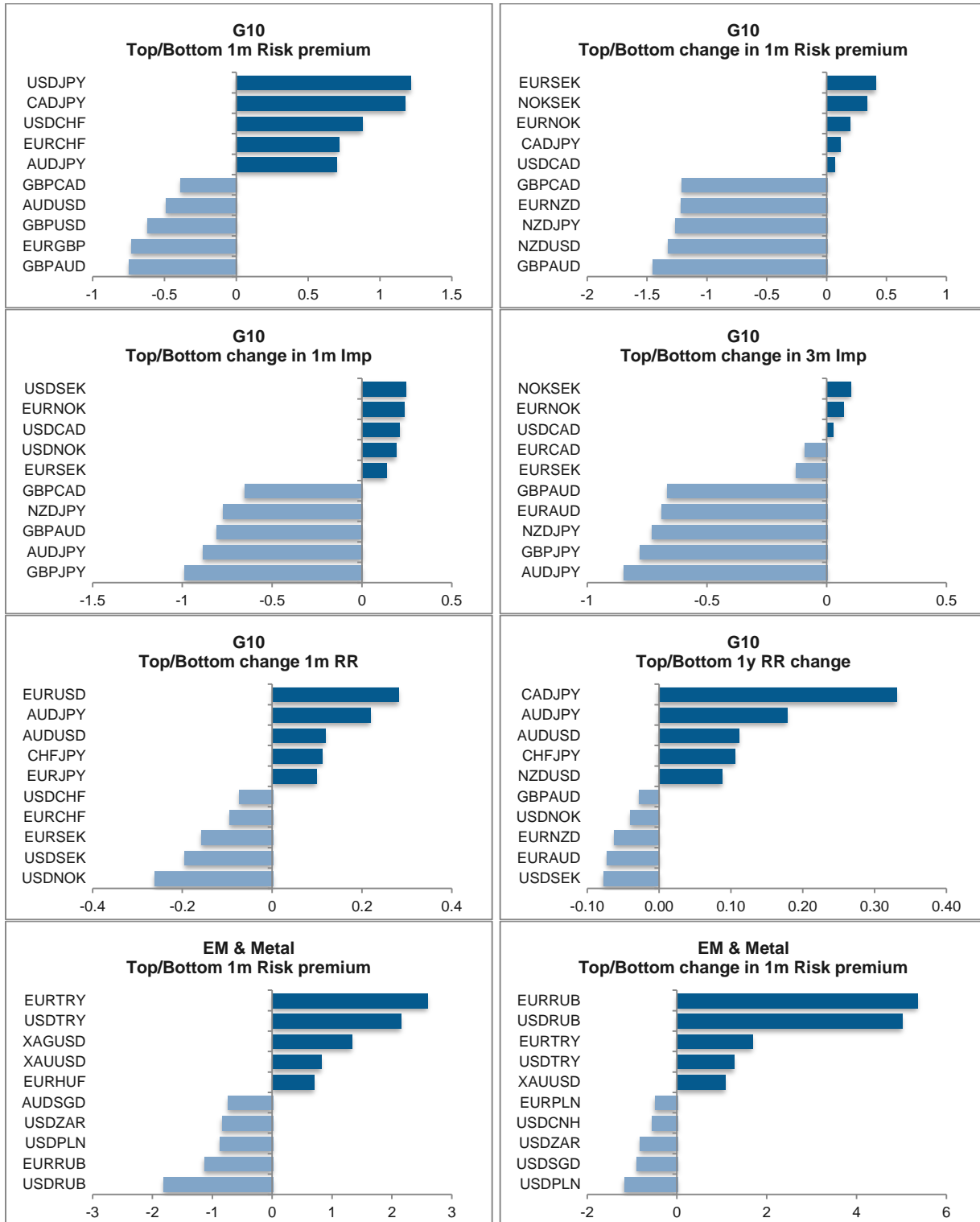
we are looking to buy some cheap front end topside One Touches.

**Buy 2 week 111.00 One Touch
Cost 40%**

**Buy 1 month 112.00 One Touch
Cost 30%**

Spot ref. 109.85

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.