

FX OPTIONS MARKET UPDATE

- EURPLN vols higher with spot up close to the top of the resent range.

	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	7.21	-0.22	7.15	0.16	8.77	0.33	9.26	-0.14	7.11	-0.23	8.90	-0.31	8.88	0.44
3 mth	7.42	-0.17	7.37	0.07	8.79	0.26	10.15	0.00	8.32	-0.12	9.06	-0.25	8.88	0.26
	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	6.50	-0.02	5.63	-0.16	5.58	-0.03	6.71	0.18	10.61	0.32	8.36	-0.17	9.09	-0.19
3 mth	6.53	-0.05	6.09	0.03	5.72	0.00	6.88	0.11	10.64	0.35	8.73	-0.08	9.29	-0.11
	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	5.59	0.67	21.05	-1.50	13.58	0.14	16.26	2.24	18.67	0.03	10.91	0.39	17.36	0.04
3 mth	6.39	0.56	21.29	-1.06	13.38	0.13	15.00	1.63	18.15	0.01	10.69	0.53	17.29	-0.04



USDMXN rallied over 3.5% yesterday after the new airport was scrapped in a national consultation over the weekend. The cancellation of the already started project will involve significant costs and will push GDP lower by 0.5-1.0%. AMLO's speech also suggesting this type of consultations might be used in future decisions. The outcome sends negative signals about the way policy will be under AMLO.

Vols traded sharply higher yesterday with 1 month up 2.5% to 16.5 and 1 month risk reversal trades 0.75% higher to 3.25.

Risk is still to the topside in the medium term but we can first see a short term move lower after the big rally yesterday.

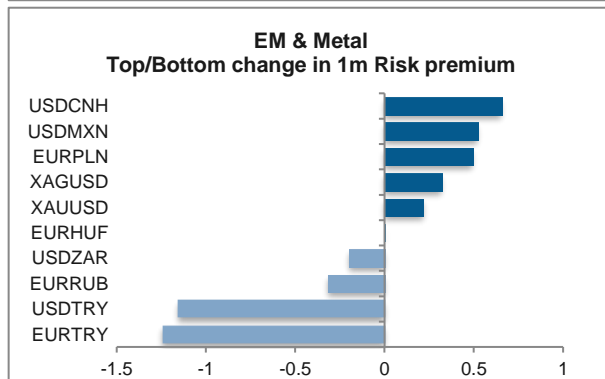
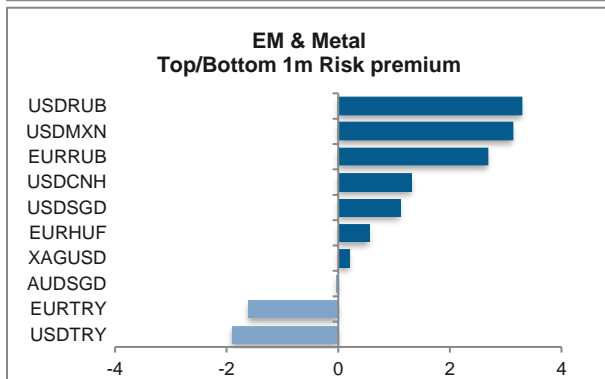
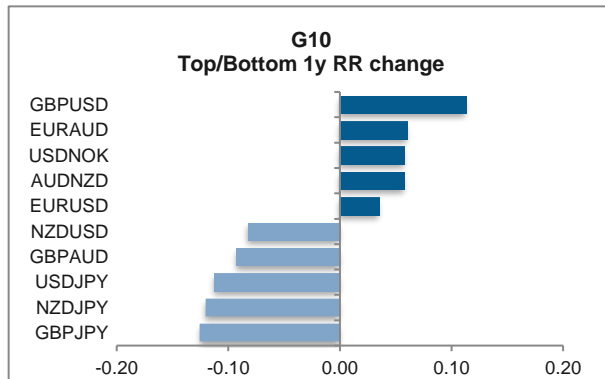
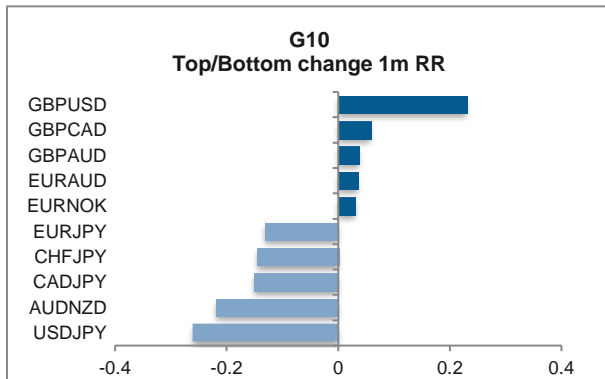
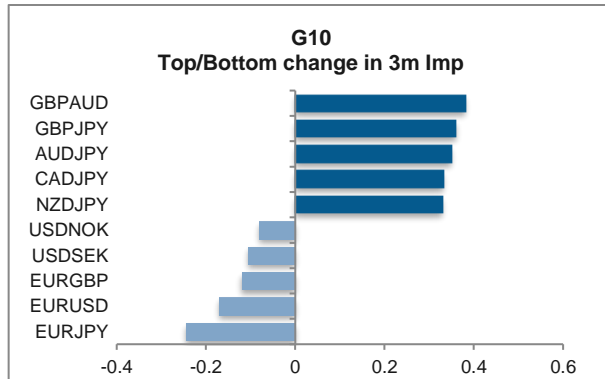
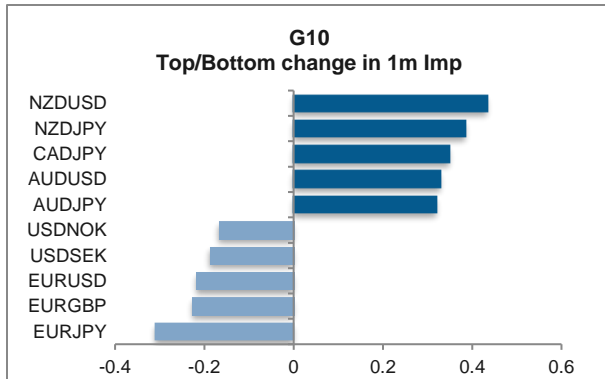
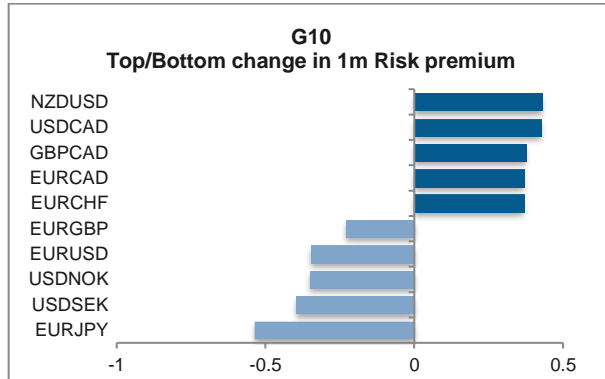
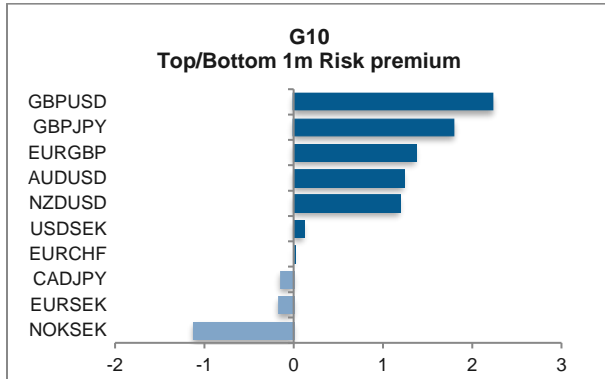
Buy 1 month 20.20 USDMXN call
Sell 1 month 20.80 USDMXN call
Cost 2200pips

Alt.

Sell 1 week 19.80 USDMXN put
Receive 550 pips

Spot ref. 20.0600

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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.