

FX OPTIONS MARKET UPDATE

- 1 month EUR trades higher as it now has rolled over to include next ECB.

	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	6.12	0.37	6.40	0.08	8.74	0.94	10.58	0.74	9.93	0.98	6.91	0.19	8.73	0.92
3 mth	6.44	0.14	6.96	0.01	8.80	0.44	11.57	0.93	10.62	1.04	7.39	-0.08	8.92	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	5.32	-0.11	5.17	-0.18	4.40	-0.05	6.48	0.24	10.13	0.51	7.23	0.08	7.45	0.06
3 mth	5.54	-0.07	5.74	-0.09	4.66	-0.08	6.61	-0.01	10.37	0.09	7.86	0.09	7.93	0.08
	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	5.67	0.16	15.70	0.72	10.86	0.30	11.59	0.62	14.83	0.92	8.29	-0.57	14.77	-0.55
3 mth	5.76	0.09	17.00	0.16	11.44	0.02	12.18	0.23	15.44	0.94	9.46	-0.41	16.50	-0.43



RBA left rates on hold as expected but was more dovish in the statement than expected. Market is now pricing in a potential rate cut for 2019, compared to one hike a couple of weeks ago. AUDUSD traded down from the top of the trend channel and with the dovish outlook we think we could see a test of the support just below 0.7000 and a move down the bottom of the trend channel.

Vols have traded a touch higher after the sharp move lower in spot yesterday, but trades higher

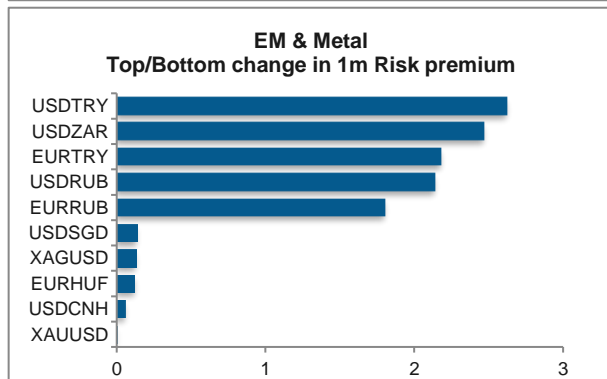
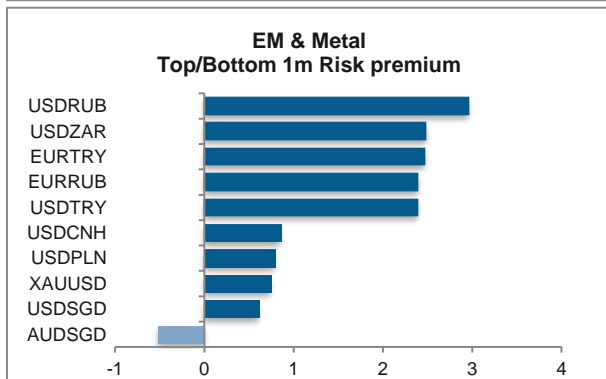
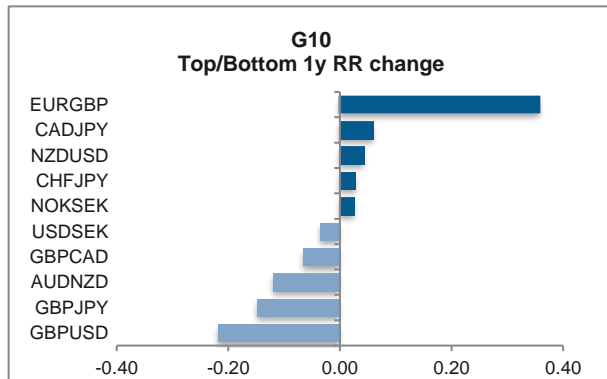
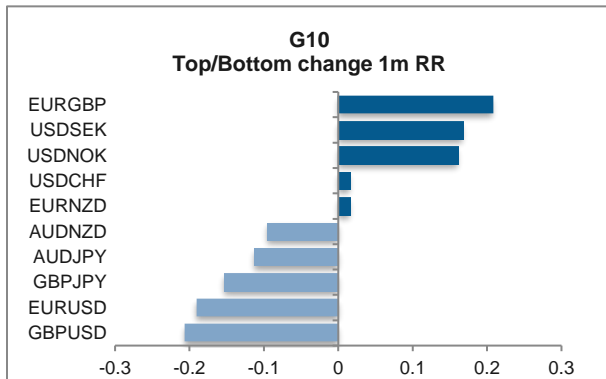
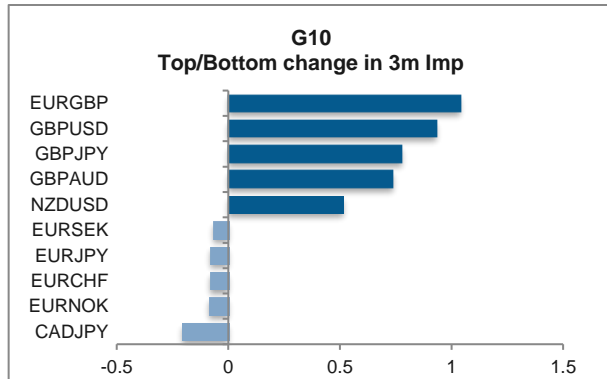
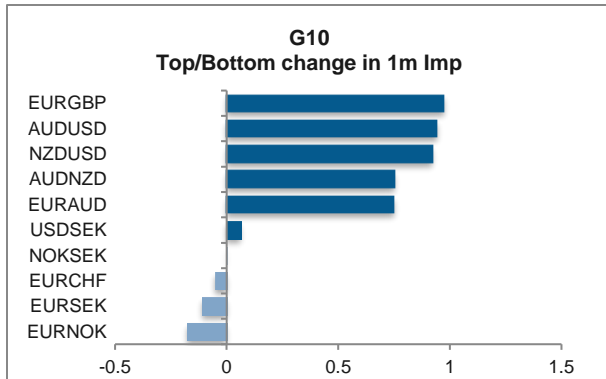
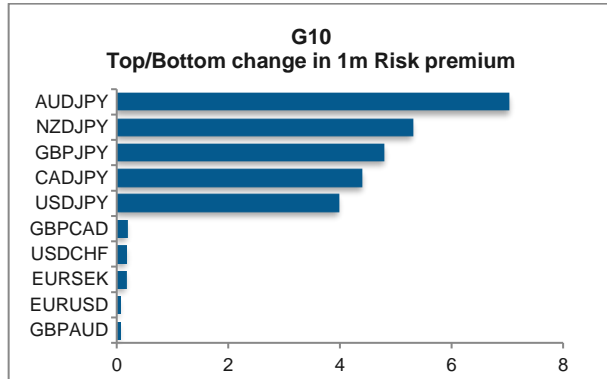
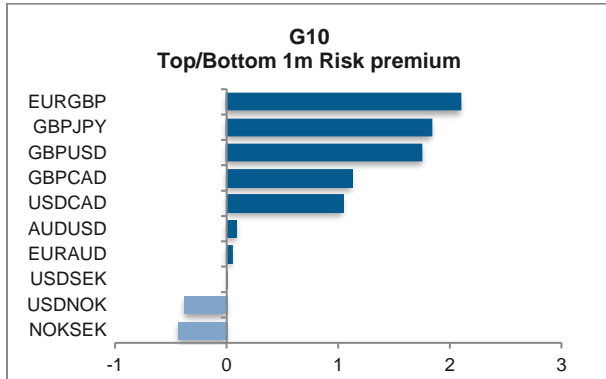
from low levels. Risk reversal still trades a relative low level and we think we can get a big pick up in both ATM and RR when spot gets down to the support. Implied currently trades at fair value.

**Buy 1 month 0.7000 AUDUSD put
Cost 32 pips**

**Buy 3 month 0.6900 AUDUSD put
Cost 55 pips**

Spot ref. 0.7100

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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.