

FX OPTIONS MARKET UPDATE

- EM trades stronger after the dovish FED, EURPLN has broken out of the range with vols better bid.

	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	6.08	0.03	6.78	0.32	7.98	-0.07	10.16	-0.02	9.17	-0.03	7.10	0.06	7.96	0.05
3 mth	6.51	-0.03	7.23	0.16	8.51	-0.18	10.71	0.47	9.53	0.31	7.76	-0.02	8.53	-0.07

	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	5.52	0.11	5.52	0.06	4.43	-0.02	6.38	0.30	10.06	0.23	7.62	0.06	7.64	0.00
3 mth	5.68	-0.10	5.97	-0.05	4.76	-0.19	6.60	0.09	10.57	0.02	8.12	-0.04	8.02	-0.13

	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	5.74	0.32	14.74	-0.33	10.51	-0.21	11.06	-0.03	13.73	-0.24	9.44	0.59	16.15	0.83
3 mth	5.85	0.11	16.34	-0.75	11.36	-0.21	11.84	-0.18	14.59	-0.52	10.29	0.56	17.44	0.67



USDCAD took out the short term support at 1.3085 after the dovish FED yesterday and traded down to 1.3135, where the 200 dma comes in. BoC has been slightly hawkish lately and we think we can see further CAD appreciation against USD with a potential move down to 1.2800.

Vols have traded better bid over the last days and risk reversals is trading better offered,

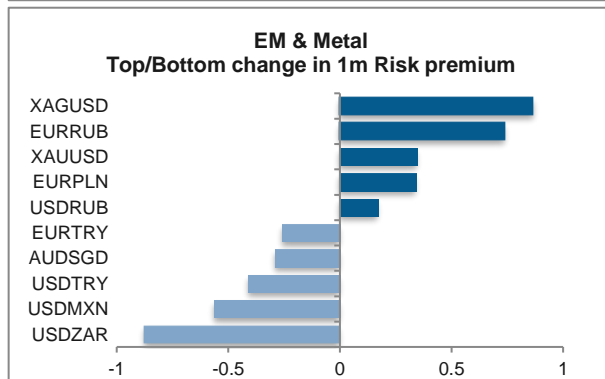
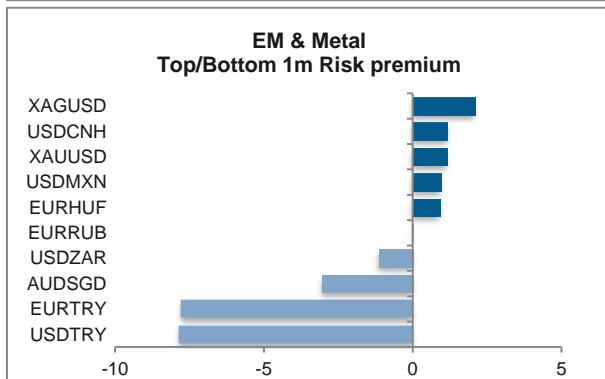
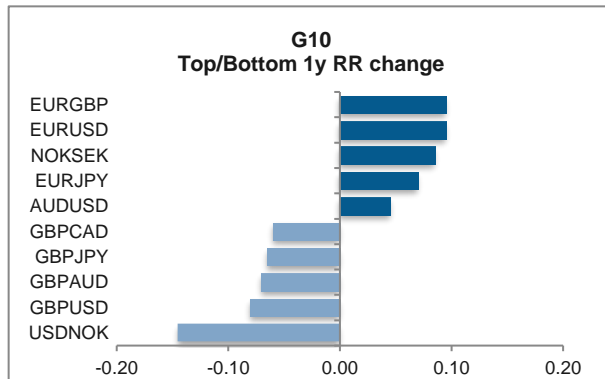
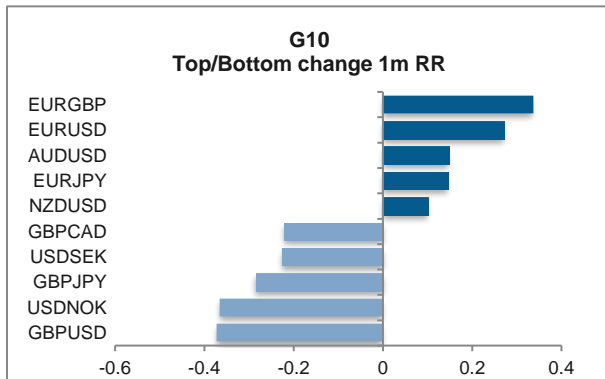
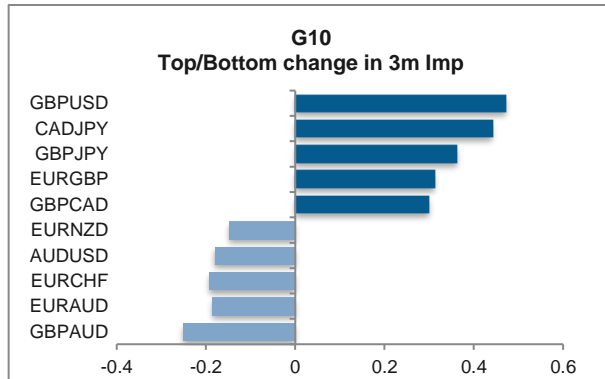
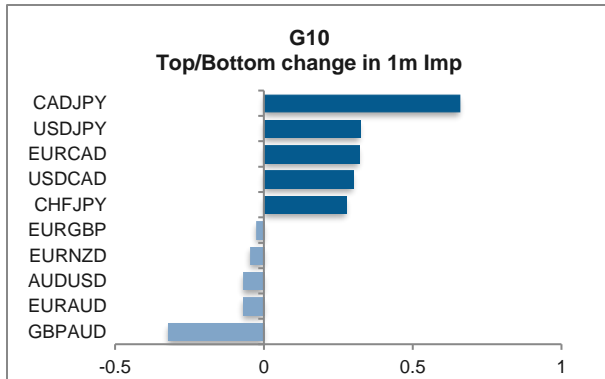
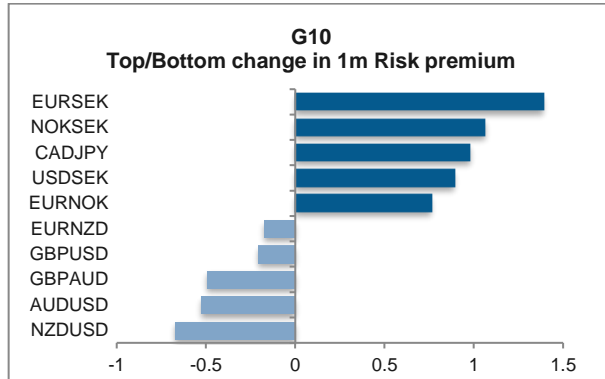
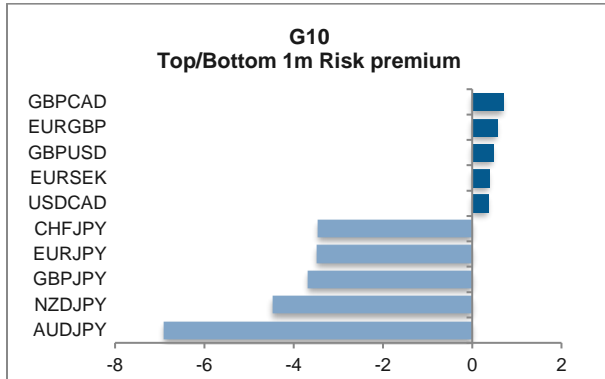
which has been driven by demand for downside strikes.

We like to go short USDCAD here through low cost strategies like ratio put spreads, which take advantage of the better bids for downside.

Buy 2 month 1.3100 USDCAD put in 1 mio
Sell 2 month 1.2800 USDCAD put in 2 mio
Cost 62 pips (Breakeven 1.2562)

Spot ref. 1.3150

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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.