

FX OPTIONS MARKET UPDATE

- EURUSD O/N trades at 12 vol ahead of ECB, equivalent of 60 pips for a straddle.
- GBPUSD O/N for 12 March trades at 25 vol, equivalent of 140 pips for a straddle.

	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	5.83	0.32	5.43	-0.18	7.99	-0.22	11.43	1.28	10.54	1.35	6.21	0.09	8.12	0.10
3 mth	6.16	0.31	5.95	-0.09	8.43	-0.01	10.40	0.89	9.44	0.88	6.80	0.05	8.36	-0.02
	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	5.62	-0.15	5.63	-0.02	3.86	-0.05	6.08	-0.09	8.72	-0.56	7.49	0.19	7.49	0.05
3 mth	5.95	-0.05	5.91	-0.05	4.23	-0.01	6.23	-0.10	9.57	-0.14	7.93	0.15	7.96	0.05
	USDCNH		USDTRY		USD RUB		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	4.59	-0.17	15.22	-0.03	10.19	-0.22	9.12	-0.75	15.45	0.04	8.55	0.20	13.81	-0.14
3 mth	4.92	-0.08	15.22	-0.31	10.87	-0.26	10.34	-0.61	16.22	0.22	8.94	0.14	15.06	-0.19



USDMXN has started the year trading in a 19.00/19.50 range and vol has been sold off sharply over the last weeks. Vols are now hitting levels we haven't seen in 18 months.

With spot trading close to the top of the range it's a good opportunity to buy some options for a directional trade, either a break out of the range to the topside or a trade back down to 19.00.

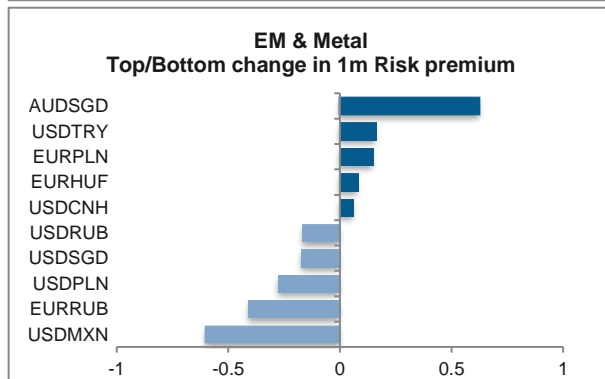
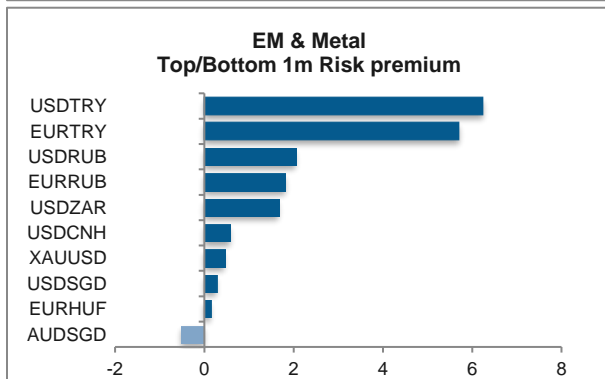
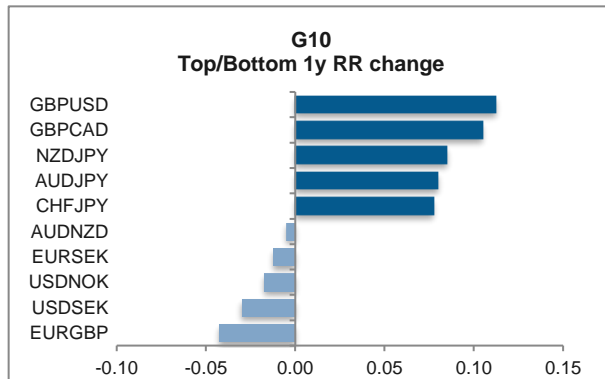
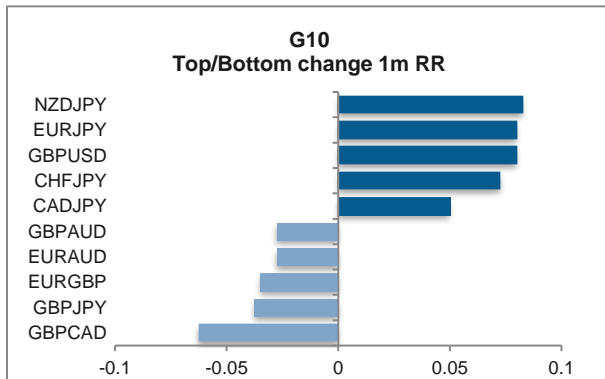
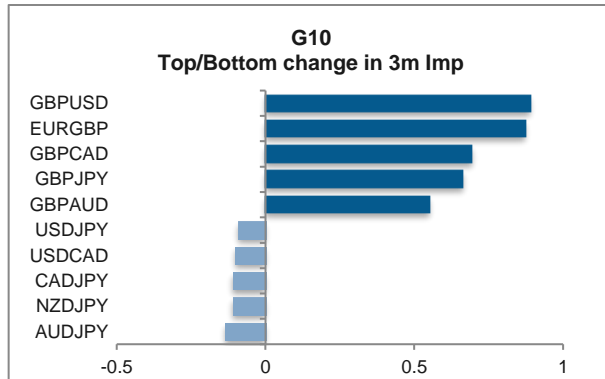
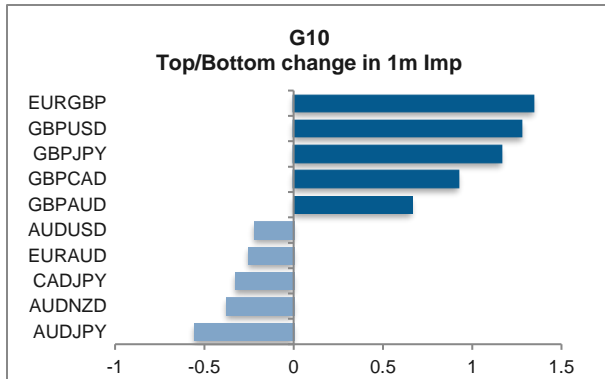
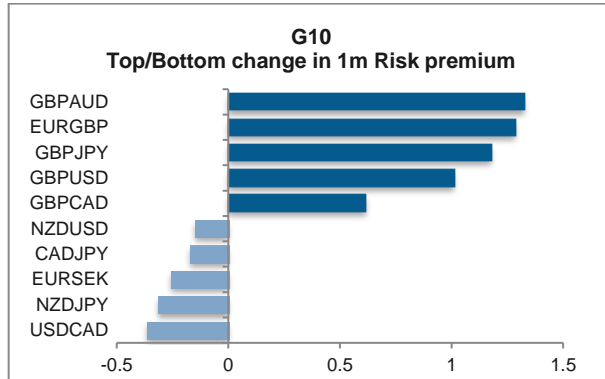
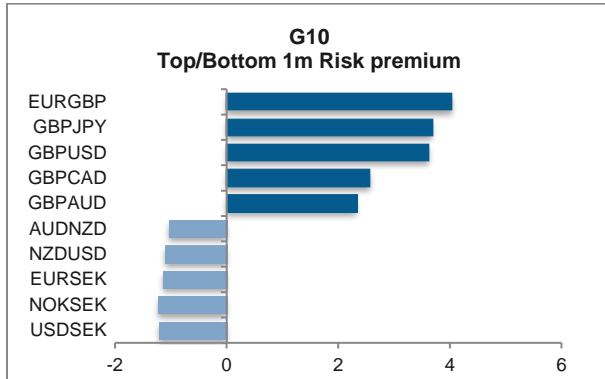
USDMXN offer a 5.5% carry over 1y and carry trades looks interesting now with the low

volatility. One way to structure a carry trade with options is to buy a USDMXN put spread. Buy an ATM forward put and sell an ATM spot put, to capture the carry.

Buy 3 month 19.6450 USDMXN put
Sell 3 month 19.3700 USDMXN put
Cost 1475 pips / Risk reward 1.86
(max profit 2750 pips if spot unchanged or lower)

Spot ref. 19.3700 / Forward 19.6450

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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.