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Sent: Wednesday, April 19, 2017 7:41 PM
To: Jeffrey E.; Richard Kahn
Subject: Tactical USO call spread

Buy USO May 26th expiry 11x 11.50 call spreads for \$0.15 going into OPEC (3.3x max gross payout)

Another idea: VIX. We can't trade this in your account here at BAML since we don't have margin, but I like this trade going into event risk over the next month, in case you'd like to trade it away.

Sell 1x the VIX 17-May-17 15 straddle to buy 1.35x the 17 calls, collecting ~\$2.00.

You lose if VIX falls resets lower below 13 (we think this is less likely as we expect VIX stay supported going into event risk over the next month.)

If there is a tail event and VIX really spikes, the payoff potential is significant.

If you think VIX stays around 14-15, you earn some premium.

Illustrative payoff:

Source: BAML, Bloomberg

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