

To: epstein, jeffrey (jeevacation@gmail.com)[epstein, jeffrey (jeevacation@gmail.com)]; jeevacation@gmail.com[jeevacation@gmail.com]
From: Paul S Barrett
Sent: Wed 11/3/2010 3:07:14 PM
Subject: RE: Trades

Jeffrey

Any thoughts on the below ideas?

Paul Barrett, CFA
Managing Director
Global Investment Opportunities Group
JPMorgan Private Bank



From: Paul S Barrett
Sent: Monday, November 01, 2010 2:56 PM
To: 'Epstein, Jeffrey (jeevacation@gmail.com)'
Subject: Trades

Hi Jeffrey

Left you a message.

- I think we should buy \$3MM of BP via a TRS. Stock is still down \$22 (-33%) from the highs in April. Our px target is \$48/share.

- Our EURHUF position (fwd plus covered option) is down \$260K. We should shut it down. Flows into HUF are picking up on a stabilization of their domestic credit markets and I can't see a catalyst on this position.

- We should put on a 10yr swap spread widener (buy 10yr treasuries and pay fixed in swaps). If the Fed commits to buying more treasuries, Treasuries should become more expensive relative to swaps. We would need to do around \$20MM to make it worthwhile. We should set up a line of credit for this trade.

Also what do you think of this QE2 trade:

2 weeks

Buy 1355 Gold Call

Sell 1330 Gold put

Cost = \$11/oz

If the Fed delivers a large QE2 number, precious metals should do well. If they only promise a gradual approach, we could see gold sell off near term at which time we would be exercised into a long gold position at 1330/oz. Either way, I think the Fed's easy money/inflationary bent should support the precious metals complex. I think this would be a great hedge against our long USD/short JPY position.

Paul Barrett, CFA

Managing Director

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