
From: Jabor Y. [REDACTED]
Sent: Wednesday, June 8, 2016 9:36 AM
To: jeffrey E.
Subject: Re:

Thank you. Not quite sure, but we may come to NY after 10 days.=C2♦ Will discuss more on this then and also the Marrakech plot.

O= Monday, June 6, 2016, jeffrey E. <jeevacation@gmail.com <mailto:jeevacation@gmail.com>> wrote:

- =C2♦ Credit lines at many banks floor the floating index at 0%. With 1-month Euribor fixing at -0.25%, the benefit of negative interest rates can be used to your advantage.

- =C2♦ You can bypass the floor by borrowing in USD at 1-month Libor (plus a spread) and using a cross-currency swap to create a synthetic EUR loan. The cross currency basis swap pays USD Libor and you pay -0.35% (so 35bps actually get paid to you as it is negative). This allows you to not only capture the benefit of negative rates but also cheapen the funding by the cross-currency differential in the market.

theerfore

- =C2♦ By creating a synthetic EUR loan via cross-currency swaps, you can reduce funding costs of Sheik Hamad by roughly 60 bps for 2 years (combination of savings from negative Euribor rates and negative cross-currency basis).

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=C2♦ please note

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JEE

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