
From: Paul Barrett [REDACTED]
Sent: Thursday, August 23, 2018 2:19 PM
To: jeffrey E.
Cc: Richard Kahn
Subject: EM Update

Brazil Update:

BRL continues to weaken. Elections are October 7: El=ction Day (first-round) and then October 28: Second-round vote. Further we=kness going into the election could give us a very interesting entry point= Recall we saw big relief rallies in ZAR and MXN post-elections.

TRY Update:

Quiet week given EID. Spot at 6.0900. No new increme=tal news.

RUB Update:

Central Bank intervening to support RUB. Spot at 68.=0. Down about 2% on the week. "Russia's cent=al bank said it will suspend sales of rubles to purchase foreign exchange =through the end of September in an effort to steady the currency, helping pull it back from the lowest level in two years.R=1;

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From: Paul Barrett
Sent: Friday, August 17, 2018 2:30 PM
To: 'jeffrey E.' <jeevacation@gmail.com>
Cc: 'Richard Kahn' <[REDACTED]>
Subject: RE: EM

Jeffrey

EM Update

FX Spot Changes<=o:p>

=/p> 1 Week

1 month

3 month

6 month

1 yr

BRL

-2%

-2.58%

-6.18%

-18.02%

-19%

RUB

0.45%

-7.11%

-7.75%

-16%

-12%

TRY

6.08%

-21%

-26.44%

-38.21%

-42.00%

- * TRY hit a high (strong) level of 5.7100 yesterday during a conference=call with the finance minister
- * Down 6% today at 6.060=
- * 1yr Implied interest rate still around 28-29%</=:p>
- * Turkey open half day on Monday and then closed for the rest =f the week (EID)
- * RUB and BRL bond prices remain very =table

Here is an interesting RUB Cashless Risk Reversal:

- * Buy 6 month 65 RUB Call (cost 2.00% if you wanted to just buy the RUB=call)
- * Sell 6 month 73.50 RUB Put with an at-expiry kn=ck in at 78
- * Red Line is the RUB put strike=/li>
- * White line is the knock in level (we need to be weaker/above the=white line at expiry for the short RUB put to knock-in – so down 16%=from here)
- * BIGGEST RISK: Another round of US sanct=ons in the coming months targeting state controlled banks which would free=e their USD transactions or a hawkish speech by Powell at Jackson Hole next week.

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From: Paul Barrett

Sent: Tuesday, August 14, 2018 5:19 PM

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Cc: 'Richard Kahn' [REDACTED]

Subject: FW: EM

Decent recovery today in Turkey.

TRY up 8%...still down 23% MTD

BRL up 50bps

RUB up 2%

Turkey rally driven by:

- &nb=p; massively oversold conditions in the short term=o:p>
- &nb=p; finally hints of more conventional solutions to=the current problems in Turkey
- &nb=p; FIN Minister: "FISCAL POLICY TO BE AN EVE= STRONGER ANCHOR. PRIORITY IS TO FIGHT AGAINST INFLATION, C/A DEFICI="
- &nb=p; Finance minister holding a conference call on T=ursday morning

I still think it is still too early to get involved.=They still have a massive amount of \$ denominated corporate debt that need= to be rolled over this year and the market will want to see a more viable=central bank plan to contain the situation.

Paul

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From: Paul Barrett
Sent: Monday, August 13, 2018 4:10 PM
To: 'jeffrey E.' <jeevac=tion@gmail.com <mailto:jeevacation@gmail.com>>
Cc: 'Richard Kahn' <[REDACTED]>
Subject: EM

Jeffrey

Summary of some options when ready:

- * Brazil local currency bond prices have been very stable. Most of the =ove has been in USDBRL. Best Option – Brazil 12.5% 2022 @7% YTM denom in BRL (vs 1yr F= forward implying 6.9%)
- * Russian RUB govt bonds down 2=points. Mainly a RUB move. Best Option - Russia 6.4% 5/27/2020 @ 7.45% YTM denom in RUB (vs 1yr=FX forward implying 7.06%)
- * Turkey TRY denominated gov= bonds down 10 points since last week and 36 points since April (63 price)= Yielding 21%. I prefer using a 1yr TRY forward which equates to a 27% yie=d and not worry about illiquidity in their bond market.

FX Spot Changes<=o:p>

=/p> 1 month

3 month

6 month

1 yr

BRL

-1.33%

-7.80%

-15.44%

-18%

RUB

-7.93%

-8.85%

-15%

-12%

TRY

-31%

-38.27%

-45.50%

-49.40%

Implied Interest Rate=based on FX Forwards

=/p> Spot

3 month

6 month

1 yr

BRL

=3.9000

3.34%

4.30%

6.91%

RUB

=nbsp; 68.03

3.43%

4.71%

7.06%

TRY

6.9800

8.33%

14.69%

27.88%

* FX vol has also exploded. Do you want to see some option price=? The risk reversals are also pricing very well given how USD call vol has=exploded vs USD puts.

- * BRL 3 month vol has gone from 12% to 20%
- * RUB 3 month vol has gone from 10% to 16%
- * TRY 3 month vol has gone from 20% to 47%

Below is a list of the most liquid bonds:=/p>

Brazil

Petrobras 5.299% 1/27/2025 @ 6.35% YTM – USD D=nominated

Itau 6.2% 12/21/2021 @ 4.73% YTM – USD Denomin=ted

Brazil 12.5% 1/5/2022 @ 7.00% YTM – BRL Denomi=ated

Russia

RFLB 6.7% 5/15/2019 @ 6.58% YTM – RUB Denomina=ed

RFLB 6.80% 12/11/2019 @ 7.01% YTM – RUB Denomi=ated

RFLB 6.4% 5/27/2020 @ 7.45% YTM – RUB Denomina=ed

Turkey

Garanti 6.25% 4/20/2021 @ 10.74% YTM – USD Den=minated – Turkish Bank

Turkey Sovereign 7% 6/5/2020 @ 8.44% YTM– USD =enominated

Turkey Sovereign 12.4% 03/08/28 @ 21 YTM– TRY =enominated

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