
From: jeffrey E. <jeevacation@gmail.com>
Sent: Thursday, August 23, 2018 2:23 PM
To: Richard Kahn
Subject: Fwd: EM Update

and he wantd to buy br denominated bonds Best Option – Brazil 12.5% 2022 @7% YTM denom in BRL (vs 1yr=FX forward implying 6.9%) ask him how much we woudl have lost ahead=

----- Forwarded message -----

From: Paul Barrett [mailto:]
Date: Thu, Aug 23, 2018 at 10:18 AM
Subject= EM Update
To: "jeffrey E." <jeevacation@gmail.com <mailto:jeevacation@gmail.com> >
Cc: Richard Kahn []

=br>

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 =entral bank said it will suspend sales of rubles to purchase foreign excha=ge through the end of September in an effort to steady the currency, helping pull it back from the lowest level in two years. =80

Paul Barrett

Alpha Group Capital LLC

142 W 57 <<https://maps.google.com/?q=142+W+57&entry=gmail&source=g>> th Street, 11th<sup> Floor, New York,
NY 10019

646-876-5277 (o) [REDACTED] (c) </=>

[REDACTED] /a> <mailto:[REDACTED]

=/span>

From: Paul Barrett

Sent: Friday, August 17, 2018 2:30 PM

To: 'jeffrey E.' <<mailto:jeevacation@gmail.com= target=> <=span>

FX Spot Changes

1 Week<=span>

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 6.0600=u>
- * 1yr Implied interest rate still around 28-29%=u>
- * Turkey open half day on Monday and then closed for the rest of the week (EID)
- * RUB and BRL bond prices remain very stable

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 knock in at 78
- * Red Line is the RUB put strike=u>
- * 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 6% from here)
- * BIGGEST RISK: Another round of US sanctions in the coming months targeting state controlled banks which would freeze their USD transactions or a hawkish speech by Powell at Jackson Hole next week.

Paul Barrett

Alpha Group Capital LLC

142 W 57 <<https://maps.google.com/?q=142+W+57&entry=gmail&source=g>> th Street, 11th<sup> Floor, New York, NY 10019

646-876-5277 (o) [REDACTED] (c) </=>

[REDACTED] <mailto:[REDACTED]>

=/span>

From: Paul Barrett

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

To: 'jeffrey E.' <jeevacation@gmail.com <mailto:jeevacation@gmail.com= target=> >

Cc: 'Richard Kahn' [REDACTED] <mailto:[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:

- =A0 massively oversold conditions in the short term=u>
- =A0 finally hints of more conventional solutions to=the current problems in Turkey
- =A0 FIN Minister: "FISCAL POLICY TO BE AN E=EN STRONGER ANCHOR. PRIORITY IS TO FIGHT AGAINST INFLATION, C/A DEFI=IT"
- =A0 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

Paul Barrett

Alpha Group Capital LLC

142 W 57 <<https://maps.google.com/?q=142+W+57&entry=gmail&source=g>> th Street, 11th<sup> Floor, New York, NY 10019

646-876-5277 (o) [REDACTED] (c) </=>

[REDACTED] <mailto:[REDACTED]>

=/span>

From: Paul Barrett

Sent: Monday, August 13, 2018 4:10 PM

To: 'jeffrey E.' <jeevacation@gmail.com <mailto:jeevacation@gmail.com= target=> >

Cc: 'Richard Kahn' [REDACTED] <mailto:[REDACTED]>

Subject: EM

Jeffrey

Summary of some options when ready:=/b>

* Brazil local currency bond prices have been very stable. Most of the mo=e has been in USDBRL. Best Option – Brazil 12.5% 2022 @7% YTM denom in BRL (vs 1yr=FX forward implying 6.9%)

* Russian RUB govt bonds dow= 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 govt 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% yield and not worry about illiquidity in their bond market.

FX Spot Changes

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

Spot

3 month

6 month

1 yr

BRL

=3.9000

3.34%

4.30%

6.91%

RUB

=C2 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 prices? 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:<=u>

Brazil

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

Itau 6.2% 12/21/2021 @ 4.73% YTM – USD Denom=nated

Brazil 12.5% 1/5/2022 @ 7.00% YTM – BRL Deno=inated

Russia

RFLB 6.7% 5/15/2019 @ 6.58% YTM – RUB Denomi=ated

RFLB 6.80% 12/11/2019 @ 7.01% YTM – RUB Deno=inated

RFLB 6.4% 5/27/2020 @ 7.45% YTM – RUB Denomi=ated

Turkey

Garanti 6.25% 4/20/2021 @ 10.74% YTM – USD D=nominated – Turkish Bank

Turkey Sovereign 7% 6/5/2020 @ 8.44% YTM– US= Denominated

Turkey Sovereign 12.4% 03/08/28 @ 21 YTM– TR= Denominated

Paul Barrett

Alpha Group Capital LLC

142 W 57 <<https://maps.google.com/?q=142+W+57&=entry=gmail&source=g>> th Street, 11th<=sup> Floor, New York,
NY 10019

646-876-5277 (o) [REDACTED] (c) </=>

[REDACTED]mailto:[REDACTED]

=/span>

--

=A0 please note

The information contained in this communication is confidential, may be attorney-client privileged, may constitute inside information, and is intended only for the use of the addressee. It is the property of JEE. Unauthorized use, disclosure or copying of this communication or any part thereof is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by return e-mail or by e-mail to jeevacation@gmail.com, and destroy this communication and all copies thereof, including all attachments. copyright -all rights reserved