

---

**From:** Paul Barrett <[REDACTED]>  
**Sent:** Friday, August 17, 2018 6:30 PM  
**To:** jeffrey E.  
**Cc:** Richard Kahn  
**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.

Paul Barrett

Alpha Group Capital LLC

[REDACTED]=New York, NY 10019

[REDACTED] (o) [REDACTED] (c) <=p>

[REDACTED]

From: Paul Barrett  
Sent: Tuesday, August 14, 2018 5:19 PM  
To: 'jeffrey E.' <jeevacation@gmail.com>  
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

Paul Barrett

Alpha Group Capital LLC

[REDACTED]=New York, NY 10019

[REDACTED] (o) [REDACTED] (c) <=p>

[REDACTED]

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' <

Subject: EM

Jeffrey

Summary of some options when ready:

- \* Brazil local currency bond prices have been very stable. Most of the move 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 Denominated

RFLB 6.80% 12/11/2019 @ 7.01% YTM – RUB Denominated

RFLB 6.4% 5/27/2020 @ 7.45% YTM – RUB Denominated

Turkey

Garanti 6.25% 4/20/2021 @ 10.74% YTM – USD Denominated – Turkish Bank

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

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

Paul Barrett

Alpha Group Capital LLC

[REDACTED] =New York, NY 10019

[REDACTED] (o) [REDACTED] (c) <=p>