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**From:** Paul Barrett <[REDACTED]>  
**Sent:** Monday, October 15, 2018 7:03 PM  
**To:** J  
**Cc:** Richard Kahn  
**Subject:** RE: EM

TRY Spot 5.7799. 1yr Forward at ~7.2900.

Saudi or Turkey Index – will get pricing but I assume you get the total return of the Index and pay L + 50-100bps.

SAUDI

TURKEY

Paul Barrett

Alpha Group Capital LLC

142 W 57th Street, 11th Floor, New York, NY 10019

[REDACTED]

[REDACTED] <mailto:[REDACTED]>

From: J <jeevacation@gmail.com>  
Sent: Monday, October 15, 2018 2:57 PM  
To: Paul Barrett <[REDACTED]>  
Subject: Re: EM

Prices?

On Mon, Oct 15, 2018 at 2:56 PM Paul Barrett <[REDACTED] <mailto:[REDACTED]>>>  
wrote:

Jeffrey

Rich mentioned you are looking at Turkey and Saudi.

1 year Turkish Lira forwards are implying local interest rates around 29.30%. Could be a good way to play it.

Also we could do total return swaps on Saudi or Turkish indices. Better liquidity than the ETFs.

Paul Barrett

Alpha Group Capital LLC

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

[REDACTED]

[REDACTED] <mailto:[REDACTED]>

From: Paul Barrett  
Sent: Monday, August 13, 2018 4:10 PM  
To: 'Jeffrey E.' <jeevacation@gmail.com <mailto:jeevacation@gmail.com>>  
Cc: 'Richard Kahn' <[REDACTED] <mailto:[REDACTED]>>>  
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 FX 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 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

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:

Brazil

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

Itau 6.2% 12/21/2021 @ 4.73% YTM – USD Denominated

Brazil 12.5% 1/5/2022 @ 7.00% YTM – BRL Denominated

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

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

[REDACTED]

[REDACTED] <mailto:[REDACTED]>

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