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**From:** Daniel Sabba <[REDACTED]>  
**Sent:** Tuesday, December 23, 2014 2:32 PM  
**To:** jeevacation@gmail.com  
**Subject:** follow-up on short crude vol strategies [C]  
**Attachments:** Short WTI Vol II Guide Final 22Aug.pdf; DB Commodity Brent Short Vol II index.pdf;  
Short Brent Vol II Guide 4April.pdf; DBCMBSV2 index swap TS.pdf

Classification: Confidential

Jeffrey, when would be a good time to talk on this?

Please see strategy details attached (technical index documents, presentation and sample term sheet).

Tickers for the short vol indices:</=ont>

WTI: DBCMWSV2 Index

Brent: DBCMBSV2 Index

Regards,  
Daniel

From: "jeffrey E." <jeevacati=n@gmail.com>  
To: [REDACTED]  
Date: 12/21/2014 06:29 PM  
Subject: Re: Fw: EOD Commodities Nov - 19 Dec=/font>

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ok

On Sun, Dec 21, 2014 at 6:44 PM, Daniel Sabba <[REDACTED]> <mailto:[REDACTED]> > wrote:  
Classification: Public

Jeffrey, I would like to make sure we do this right... Could we please have a call so we can walk through some details of the index? I am out tomorrow but anytime Tuesday works.

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From: "jeffrey E." [jeevacation@gmail.com]  
Sent: 12/21/2014 04:26 PM AST  
To: Daniel Sabba  
Subject: Re: Fw: EOD Commodities Nov - 19 Dec

lets put 5 million to work, . see how you guys do

On Sun, Dec 21, 2014 at 3:24 PM, Daniel Sabba <[REDACTED]> <mailto:[REDACTED]> > wrote:  
Classification: Public

Sell straddles, delta hedging every day. We have an index that does that so you don't need to trade the net delta daily. I can walk you through it if you would like.

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From: "jeffrey E." [jeevacation@gmail.com]  
Sent: 12/21/2014 03:15 PM AST  
To: Daniel Sabba  
Subject: Re: Fw: EOD Commodities Nov - 19 Dec

trade?

On Sun, Dec 21, 2014 at 1:58 PM, Daniel Sabba <[REDACTED]> <mailto:[REDACTED]> > wrote:  
Classification: Public

We broke 51% in short term crude vol.

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From: Prateek Jain  
Sent: 12/19/2014 09:08 PM GMT  
Subject: EOD Commodities Nov - 19 Dec

OIL

It goes down, it goes up. Another high volatility day in crude with WTI up over 5% and BRE up 3.5%. There has been consumer buying in Asia and Europe, which has helped fuel this rally. Furthermore, Rig counts went down again with oil rigs down 10 to 1536 and gas ones down 8 to 338. Interestingly, Williston and Permian rigs took most of the hit, while EF gained 2. Seems consistent with the companies which have been saying they will focus on their best plays which tend to be in the more mature Eagle ford area. Also, a point about OPEC December production. We said yesterday it will be 28.8-28.9Mbpd. Interestingly, Iran actually upped its production around 160kbd mom; Iran's production has been pretty steady so far this year. The extra crude from Iran will probably not find its way to the market however, so the effective OPEC production mom is down more like 350kbd to 29.7, still above the call on OPEC but much less so than most in the market expects. My sense is Iran upped production so as to store and ride the contango as its storage had been depleted at the beginning of the year as China was buying. They have oil in the ground which is pretty much useless (although they are implicitly riding contango there as well). Their thought process probably is that if prices rally, restrictions are lifted, or china comes back for spr buying, why not have it ready. Yes u have to pay cost but it's your national shipping company, probably much cheaper than 75 cents all in (i.e. insurance and freight rates). Happy holidays to everyone-see you in 2 weeks!

Oil vols were a surprise today, rallying along with flatp=ice. With the weekend decay and price rally, one would expect prompt vols to come off 2 vols..interestingly they ended up 1.5 vols.. We heard about some producer activity in cal16, taking advantage of the contango and relat=vely cheaper skew. Also, WTI/Bre vol spread rallied in the back (0.75 in dec5).. Jun5 and Dec5 wti/bre vol spread is now getting into a sell region in my opinion...

G15 &nbs=; 51.50% +1.70% &n=sp; 47.70% +0=50%

H15 49.60% +1.20 % &nbs=; 47.00% +<=font>1.00% &nbs=;

M15 &nbs=; 43.15% <=font>+1.30% &nb=p; 40.00% +0.85% &=bsp; &n=sp;

Z15 &n=sp; 35.30% &nb=p; +0.75% &nbs=; 33.00% &nb=p;+0.00% =nbsp;

#### BASE METALS

3m lvls		dod change	support	resistance
Al \$1906.5	&nbs=;	-\$6	\$1900	\$1945
Cu \$6396.75	&nb=p;	+\$82	\$6300	\$6530
Zn \$2176.5	&nbs=;	+\$51.5	\$2100	\$2200
Ni \$15,635	&nbs=;	-\$15	\$15,300	\$16,300
Pb \$1885		+\$20	\$1830	\$1900

Investor risk appetite has returned following the stabili=ation in the Ruble and oil prices, causing equities and the base complex to rise but Nickel and Aluminium have been left behind by the move. Chinese housing data has improved with completions rising 8.1% yoy but the floor space under construction was only up 10.1%, the smallest increase in 9 years. Copper moved upwards as the bears take profit. It hit highs of ~\$6430 at around noon and dropped off slightly in the afternoon.&n=sp; The IMF has urged Zambia, Africa's 2nd biggest copper producer to resolve the issues with moving from a value added tax regime to a royalty model which has been cited as the cause for the closure of the 117 kMT/yr Lumwana copper mine, with First Quantum and Vedanta expected to follow suit. Chile's Codelco have approved a \$3.3bn investment to transform the Chuquica=ata mine into an underground operation to extend it's life by 40 years and have it producing 320kMT/year Global copper production is approaching the 2 mMT record high at 1.993 mMT. Aluminium traded up in the morning but dropped sharply at around 15:00 to test support at around \$1900. Nickel did not see much in terms of a sustained rally in the morning and came off sharply at around 13:00. Chinese ferro-nickel imports are set to surge in the next 2 years on the removal of a tax on overseas purcha=es and a number of Indonesian projects coming online as Chinese firms have skirted the Indonesian ore export ban by investing in in plants in Indonesia in order to export Nickel Pig Iron. China has been seen importing 200-250kMT in 2015. Zinc prices rose in the morning and were stable throughout the afternoon. Zinc production has hit a new high of 1.17 mMT. Lead has rallied on the news that smelters in Henan are cutting output by up to 30%, causing the global lead surplus to fall to 7451 kMT

Shanghai Aluminium on warrant stocks are down 6.55% to 69.8 kMT. LME Aluminium on warrant stocks are down 2.47%% to 1957.7 kMT. Shanghai Copper on warrant stocks are down 6.41% to 26.6 kMT. LME Copper stocks are flat 140.7 kMT. LME Nickel stocks are up 0.03% to 304.6 kMT.

Copper Vols are up ~0.84% , Ali Vols down ~0.19% in the front, Nickel Vols are up around 0.35%, Lead and Zinc Vols unch

#### Upcoming Data

22/12-US Existing Home Sales- Survey 5.2m, Prior 5.26m

23/12-US Durable Goods Orders-Survey 2.9%, Prior 0.4%, Revised 0.3%

23/12-US Durable Personal Consumption- Prior 0.4%

23/12-US Richmond Fed Manufacturing Index- Survey 7, Prior 4

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