Subject: Fw: GBP + AAPL [C]
From: Vahe Stepanian <[redacted]>
Date: Thu, 05 Dec 2013 13:00:35 -0500
To: Paul Morris <[redacted]>
Cc: [redacted]

Classification: Confidential

Paul - would like to send JE the below as a follow up to Tuesday. If he wants to write calls vs. AAPl, think now is an opportune time.
Let me know what you think

Thanks,
Vahe

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Good Afternoon Jeffrey - following up Tuesday's email (included below):

1) WSJ has reported that AAPL has signed a deal w/China mobile, providing it a boost in the world's largest mobile market. Shares have reacted, reaching a new 52 wk. high @ ~$572 (vs. $565.00 close yesterday) on the back of the report. Consider selling Jan 595 or 600 Calls (currently $12.20 and $10.70 bid, respectively).

2) We believe the GBP trade is still relevant ahead of payrolls tomorrow. ADP came in ahead of street expectations yesterday (215k vs. 170k expected; revised October +54k), and street is calling for headline number of +185k tomorrow morning. GBP is currently ~1.6350 (vs. USD), but is bouncing around today and we'd look to enter trade on additional GBP strength.

Thank you,
Vahe
(212) 454-1539

----- Forwarded by Vahe Stepanian/db/dbcom on 12/05/2013 08:50 AM -----

From: Vahe Stepanian/db/-
dbcom

To:
jeevacation@gmail.com,

Cc: [redacted], Paul Morris/db/-
dbcom@DBAMERICAS

Date: 12/03/2013 10:20
AM

Subject: GBP + AAPL
[C]

Classification: Confidential

Good Morning Jeffrey,

Hope you had a great holiday weekend. As you have likely seen, GBP is currently at a 2 yr. high vs. USD (@ ~1.64; see graph below). The most recent move up has been attributed to a rise in construction activity for a seventh month, the fastest pace since August 2007. I recall you mentioned in our meeting that your view is to sell GBP if it approaches 1.65.

For what it's worth, our DB analysts have a bearish view on the pound. A recent (DB) FX note discusses reasons why it's tough to build a fundamentally bullish case for sterling with the market pricing the first BoE hikes by mid-2015 (well ahead of the ECB and even the Fed). We see potential for GBP to
reverse to the mid-1.50s by year-end.

With that said, we priced up a few options that I've included below - consider
selling a call, buying a put or a risk reversal. Recognize that GBP vol. is currently relatively low (vs. historical levels).

Spot ref = 1.6397

1) Sell European GBP Call on GBP/USD

Strike: 1.67
Notional: GBP 5,988,023.95 (or ~$10mm)
Expiry: Tue 03-Jun-2014 (6m)

Settlement: Thu 05-Jun-2014
Premium: USD -103,400

2) Sell European GBP Call on GBP/USD

Strike: 1.70
Notional: GBP 5,882,352.94 (or ~$10mm)
Expiry: Wed 03-Dec-2014 (12m)
Settlement: Fri 05-Dec-2014

Premium: USD -123,900

3) Buy European GBP Put on GBP/USD

Strike: 1.6376 (ATMF)
Notional: GBP 5,988,023.95 (or ~$10mm)
Expiry: Tue 03-Jun-2014 (6m)
Settlement: Thu 05-Jun-2014

Premium: USD 219,365.27

Also worth mentioning – AAPL has run up quite a bit in the past few days (currently trading @ ~$560; up from $519.80 on 11/22). I know you're looking to sell calls, will provide levels if still interested. Recall you're long 2k AAPL @ ~$529.06.

Have a great day.

Thank you,
Vahe

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Vahe Stepanian
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