From: Daniel Sabba <[redacted]>
Sent: Thursday, Janu[redacted]
To: Jeffrey Epstein
Cc: Vahe Stepanian
Subject: quick update - crude vol + Brazil CDS [C]

Classification: Confidential

Jeffrey – see cr=de oil trading commentary below.

Implied vols are up si=nificantly.

Mar15 WTI vol (which e=pires in Feb15) up to 53.70% (up 5.9%). More info below.=/p>

Brazil 5y CDS closed a= 211 / 215. When you entered the trade it was 201/205. The 10bps widening =ith a spread DV01 of approximately 4.5k should lead to approximately +=5k PnL on the position.

My CDS trader sees thi= as a bear reversal. Oil failed to hold, pushing most EM names wider with =razil underperforming. This was positive to your position.

Stavros Valavanis
Sent: Thursday, January 15, 2015 3:53 PM
Subject: EOD Commodities Note - 15 Jan

Classification: Public

OIL

&nbs=;

A Picture is worth 1000 words about the action since=yesterday in crude. We rallied 14% from yesterday's lows (a massive =topout) and then sold off 10% from today's highs. There was some bea=ish news today in the morning; the OPEC report was bearish as it reduced the call on its own crude to 28.8 for 2015= and H1 especially down to 27.8. Also, Iraqi Feb exports are planned to be=a record high (up by 600kbd) according to "sources". Also, YPF=apparently had a 9% output growth in 2014. However, the market shrugged this bearish news off initially as we rallied massivel= and broke 51$ in WTI and 52$ in BRE. Nothing specific happened to cause t=e selloff after, and overall it seems that the market is violent and it se=ms like a good time to be on the sidelines; on a normal day the above new would have caused a selloff, but =he fact that we rallied 4$ and then sold off is classic indication of an e=tremely short market. Perhaps the rally was somehow related to the wild FX=moves as Macro clients had gotten very short, and perhaps stopping out of losing fx positions caused them to=take profit on profitable positions as well? Apart from flatprice, one int=resting thing was the arb today, which sold off aggressively after reports=that 10M bbls of WAF crude are heading for storage in the USGC. This happened faster than I would have ex=ected...Perhaps it is time to sell H/M boxes now...

OIL VOLS

&nbs=;

Vols skyrocketed in cal15 today as we had tremendous=intraday moves. Gamma was bid even during the morning upswing, and only go= more bid as we came off. We saw interest in buying WTI put spreads in cal=5. There was some interest to sell variance swaps in mar-may 2015 at some point in the day, but not much seem=d to go through as people got spooked by the continuing rally. Interesting=y, cal16 was much more tame, w z6 vols up only .55 and .35 in wti and bre =espectively. Again there has been no producer flow to note of...M5/Z5 is almost at +10% in WTI, pret=y amazing!

&=bsp; &nbs=; =nbsp; WTI (/change) &=bsp; &nb=p; BRE (/change)=/span>

H15 &nbs=; =nbsp; 53.70% +5.90%&n=sp; = 51.30% +6.20%</=pan>

M15 &nbs=; =nbsp; 46.00% +3.90% = =2.35% +3.75%

Z15 &=bsp; &nbs=; 36.30% +2.15% &n=sp; 34.25% +1.80%</=pan>

Z16 &nbs=; &=bsp; 27.55% +0.55% = 26.90% +0.35%

&nbs=;

&nbs=;