

This Table shows mid-market premiums (in % of notional) as spot and time change.

EURUSD binary option prices Spot: 1.382

Spot		At exp	1m	2m	3m	6m	9m	12m
± X%	Abs Spot							
5.0	1.451	0	0	0	1	3	6	8
2.5	1.416	0	0	1	2	6	10	12
0.0	1.382	0	1	3	6	12	16	19.5
-2.5	1.347	0	7	13	18	25	28	30
-5.0	1.313	100	48	48	47	46	45	45
-7.5	1.278	100	95	88	82	71	66	62
-10.0	1.244	100	100	99	96	88	82	77

19.5 is mid (offer is 21)

**4) Scale into £4mm Nationwide (UK Building Society) 6.875% perpetual which yields 6.4% in GBP and is likely to be called in 5years**

European Bank AT1 Hybrid Bonds (aka CoCo's) have rallied significantly. We were unable to get the BBVA issue at the right levels.

A very similar bond which has rallied 30bp less than the BBVA is the Nationwide (UK Building Society) 6.875% perpetual which currently yields 6.4% and is likely to be called in 5years time. It has a tier1 capital trigger of 7% and current tier1 capital ratio is 13% which is fair margin.

The Nationwide one i'm suggesting today is rated Fitch/S&P BB+, its parent is Fitch/S&P rated single-A  
The BBVA bond we tried to buy earlier is rated Fitch BB-, its parent is S&P rated BBB-

I suggest scaling £2mm at 6.5% and £2mm at 6.75%. Transaction cost is 6bp from mid.

**Yield to call of Nationwide 6.875% perpetual ISIN XS1043181269**

