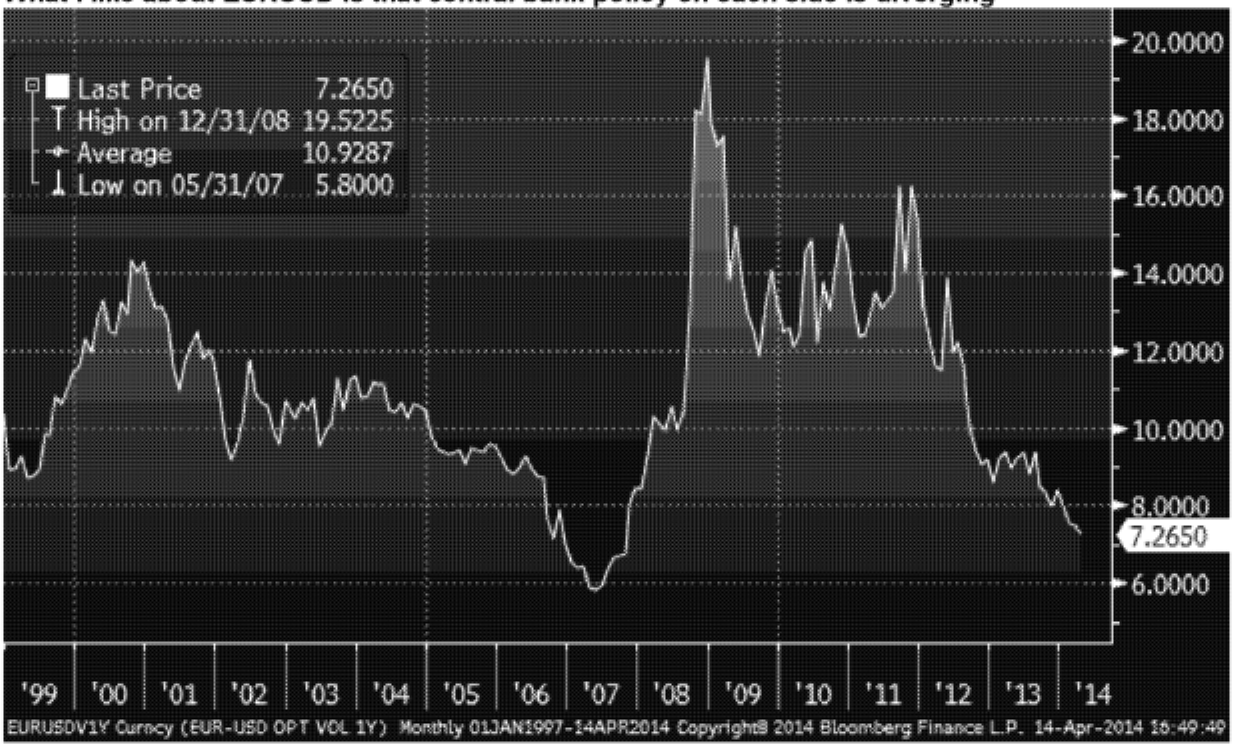
Current strike (spot - 5%) would be 1.3120

At expiry if EURUSD has fallen by more than 5% from current levels the option payout is EUR1mm. Upfront premium is EUR210k.
The option is liquid and can be unwound at any time.

i) Yellen has done a poor job of communicating the Fed's thinking but its increasingly clear the Fed will brake later than usual
ii) Betting on higher US interest rates *in the rates market* isn't cost effective because the forward curve is already pricing in higher rates
iii) The Dollar hasn't appreciated yet because short rates in the US haven't risen meaningfully
iv) THE KEY POINT - FX volatility is very low in currency pairs like EURUSD where central bank policy on each side is increasingly diverging. The low vol makes this bet inexpensive to put on.
v) Because FX vol is so low betting now or soon with a one year time horizon costs very little. id rather be early than late here
vi) i prefer 1y expiry because this trade could take 6-12mths to play out

1Y EURUSD VOL: Low - but then again most most vols are
What I like about EURUSD is that central bank policy on each side is diverging



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

EURUSD binary option prices Spot: 1.382

Spot								
± X%	Abs Spot	At exp	1m	2m	3m	6m	9m	12m
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)