
From: Tazia Smith [REDACTED]
Sent: 8/8/2014 10:27:46 AM
To: [REDACTED]
CC: Vahe Stepanian [REDACTED] Paul Morris [REDACTED]
Subject: Airlines [C]
Attachments: pic19230.gif; pic23176.gif; pic29464.gif; pic08684.gif

Classification: Confidential

Hi Rich -

Will send through some vol/vix tactical solutions per our discussion with the traders yesterday; have had additional conversations and Nav asserts the view that flows are 3:1 in demand for hedges. I believe the short-vol flows that Jenna is referring to is very short term, but what Nav points out is that hedged demand could bid up longer dated contracts which increase term structure risk to your short term trades (I rising curve).

Please note the airlines are under-performing, at least partly related to elevated geopolitical risk related not just to US action in Iraq but the potential for Russia to restrict airspace and thus key routes over Siberia. Crude higher yesterday/today, reverting back now. See below.

As you know, Jeffrey's Jan \$20 risk reversal is presently marking to ~\$1.04mm net gain.

American Airlines 12mo Price History
(Embedded image moved to file: pic19230.gif)

Brent Crude - Spot 3 day inter-day
(Embedded image moved to file: pic23176.gif)

(Embedded image moved to file: pic29464.gif)

Tazia Smith
Director | Key Client Partners - US

DB Securities Inc
Deutsche Asset & Wealth Management
345 Park Avenue, 10154-0004 New York, NY, USA
Tel. +1(212)454-2889
Fax +1(646)257-3131
Mobile +1 (917)327-4107
Email tazia.smith@db.com

(Embedded image moved to file: pic08684.gif)