

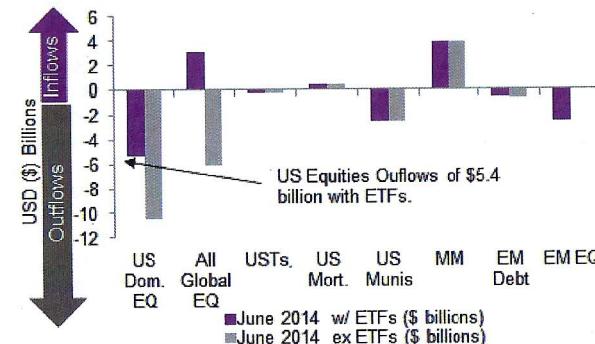


360 PERSPECTIVE

GLOBAL FLOW STRATEGY & SOLUTIONS

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THE TRADER'S SOUND BITE : Flow Commentary from Across Our Trading/Sales Desks (6-Jul-15)

View from our US and European equity, rates, FX & commodity trading desks.

EQUITIES/VOLATILITY

SPX: Markets were very nervous by the surprise referendum called over the week and as a result SPX sold off 1-2% while volatility surged 40-50 bps annualized on the front 1y, granted it was probably too low before given the high uncertainty over Greece future, skew steepened a lot also. However, flow remained rather quiet given the circumstances.

VIX: The trend was the same on VIX vol, with front 2 months vol spiking drastically to levels we haven't seen since Jan both in absolute terms and relative to current levels of VIX spot. However, flow was also rather calm.

Brad BELSKY & William BOUSSARD
US Index Volatility Trader & VIX Trader

SX5E: We have seen a very shaky week when it comes to vol, mainly due to the news flow on Greece. Vol spiked in the short term, but the flow was actually better seller of all the risk parameters across all the term structure with sellers of July downside via some unwinds of puts from 3350 to 3450 strikes, and seller of convexity on the 1M-6M bucket. Weeklies were fairly active with the trend being to sell 3rd of July (vol -6.5 pts) and buy 10th of July (+1.9).

V2X: July volatility is well bid due to several buying flows on both tails (OTM puts for those positioning for a quick resolution of the Greek situation & OTM Calls for those playing Grexit). Long term vol is quite offered (>Sep). We have seen a lot of buyers of V2X/VIX spread from Dec to Feb expiries (between 2.5 and 3)

Dan COHEN & Laurent VAN HOLLEMEERSCH
SX5E Volatility Trader & VSTOXX Trader

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FX

FX: Greek tape bombs meet with an ever sleepier Foreign Exchange market.

- The conventional wisdom is that aside from small bursts of volatility, the US dollar should reign, albeit at a slower pace than forecasted earlier this year.
- Hedge Funds pulled few arrows from the quiver but activity was largely focused on short tenor EURUSD 1.10-1.05 put spreads, but the predominant message has been that most would wait until the Greek Binary risk has waned.
- Money is certainly sidelined, we expect good influxes as soon as we become US data centric again.
- FX market has also been keeping a wary eye on the Chinese Equity market, painful for locals but contagion free to date. Corporate activity has been mixed yet similarly sluggish in volumes.

Jean-Luc HELSON
FX Sales/Trading

COMMODITIES

OIL VOLATILITY: Volatility Market was rather quiet last week. As a result ATM Vol was offered on the short term for carry purposes and lost -1% on the 1M while gaining +0.50% on the 1Y. Smile wise, Back End calls were offered alongside the ATM.

Cyril CANAS
Oil Volatility Trading

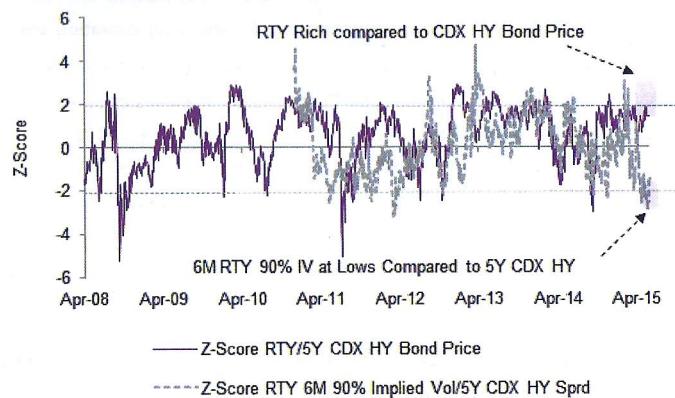


TRADE IDEA #1: RTY EQUITY IMPLIED VOLATILITY CHEAP RELATIVE TO 5Y CDX HY PROTECTION (1 of 3)

MARKET PARAMETERS: We coordinated with US credit trading on this trade idea: Thomas Schreck and Ruben Marciano. The volatility compression in the Russell 2000 combined with low credit spreads in CDX HY has made relative value trades around the credit versus equity indices attractive.

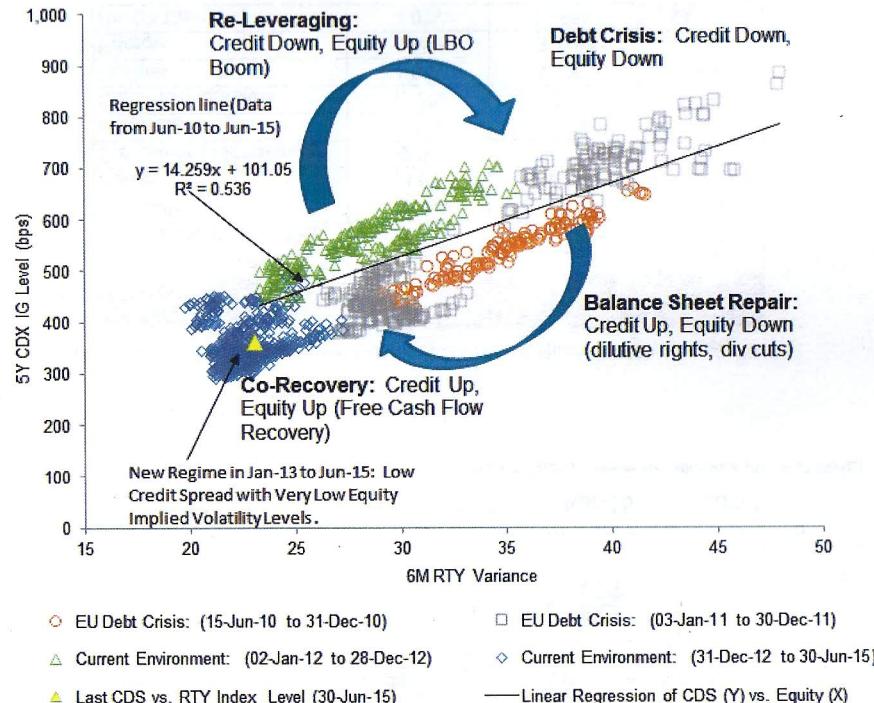
- Figure 1 shows that both the 5Y CDX HY credit spread and Russell 2000 (RTY) 6M variance swap levels are currently at lows (15-Jun-10 to 29-Jun-15).
- Figure 2 shows that 6M trailing price ratio Z-Score shows that spot Russell 2000 (RTY) is rich compared to both 5Y CDX HY (also rich compared to S&P 500). Therefore, we could expect the RTY to sell-off. In addition, Figure 2 shows that the RTY 6M variance is low versus 5Y CDX HY level making buying volatility on RTY attractive. The current 6M variance level of 20.7% is at the 7%-tile range (lows) from Jan 20014 to Jun 2015.

Figure 2: 6M Rolling Z-Score of RTY Spot is Rich Relative to 5Y CDX HY Level while 6M 90% Implied Volatility is Cheap Relative the 5Y CDX HY (6-Apr-08 to 29-Jun-15)



Source: SG HY & Bank Loan Strategy, Flow Strategy & Solutions

Figure 1: shows that both the 5Y CDX HY credit spread and Russell 2000 (RTY) 6M variance swap levels are currently at lows (15-Jun-10 to 29-Jun-15)



Source: Flow Strategy & Solutions, Bloomberg, LP

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TRADE IDEA #1: RTY EQUITY IMPLIED VOLATILITY CHEAP RELATIVE TO 5Y CDX HY PROTECTION (2 of 3)

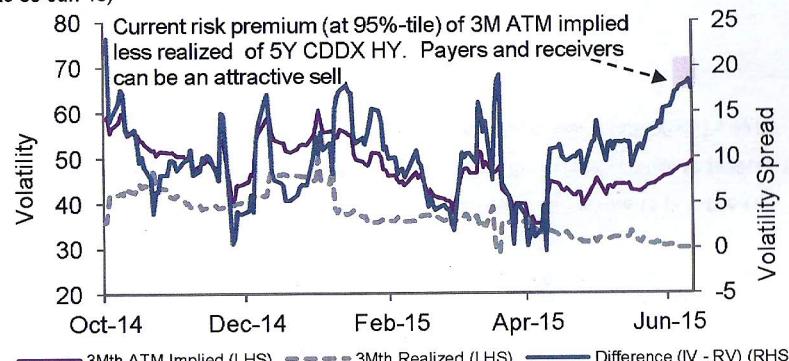
MARKET PARAMETERS:

- Figure 3 shows that the current 3M risk premium (implied – realized) is high, indicating it can be an attractive sell of call and puts on CDX HY.
- Table 1 breaks-out the difference between the weights in the CDX HY vs. Russell 2000. The Russell has more Financials and Health Care and less Consumer Discretionary and Staples than the CDX HY.

TRADES IMPLEMENTATIONS:

- Vega Neutral: Buy straddle on RTY and sell straddle on 5Y CDX HY vega neutral.
 - Cost: We sell \$100 million Sep-15 straddles at 330 cents (generating \$3.3 million) on 5Y CDX HY and we buy 310 RTY Sep-15 straddle contracts at \$79.9 for a total cost of \$2.477 million. Net credit is \$822K (0.82% credit on \$100 million notional CDX HY straddles or 2.06% credit on the notional amount of RTY straddles).
 - See Appendix for details on the sizing of this trade.
- Premium Neutral 5Y CDX HY vs. RTY: Higher vega exposure on RTY.
 - Sell \$100 mill of 5Y CDX HY @ 106.25 price & buy 903 contracts of the RTY Sep-15 1225 put (@48.7 ref. 1246.2).
 - Sell \$100 mill of 5Y CDX HY @ 106.25 price & buy 1,325 contracts of the RTY Sep-15 1120 put (@33.2 ref. 1246.9).

Figure 3: Current Risk Premium in ATM Payers & Receivers is High so Sell Them
(7-Oct-14 to 30-Jun-15)



Source: SG HY & Bank Loan Strategy, Flow Strategy & Solutions

Table 1: Breakout of Index Sector Weighting for CDX HY vs. Russell 2000 (Jun 30, 2015)

Sector	5Y CDX HY	Russell 2000 (RTY)	Diff RTY - HY
Information Technology & Telecommunication Svc	14.0%	15.1%	1.1%
Materials	10.0%	6.4%	-3.6%
Financials	13.0%	24.7%	11.7%
Consumer Discretionary	32.0%	14.4%	-17.6%
Industrials	8.0%	12.7%	4.7%
Consumer Staples	10.0%	2.7%	-7.3%
Utilities	4.0%	4.3%	0.3%
Energy	5.0%	3.1%	-1.9%
Health Care	4.0%	16.5%	12.5%

Source: SG HY & Bank Loan Strategy, Flow Strategy & Solutions

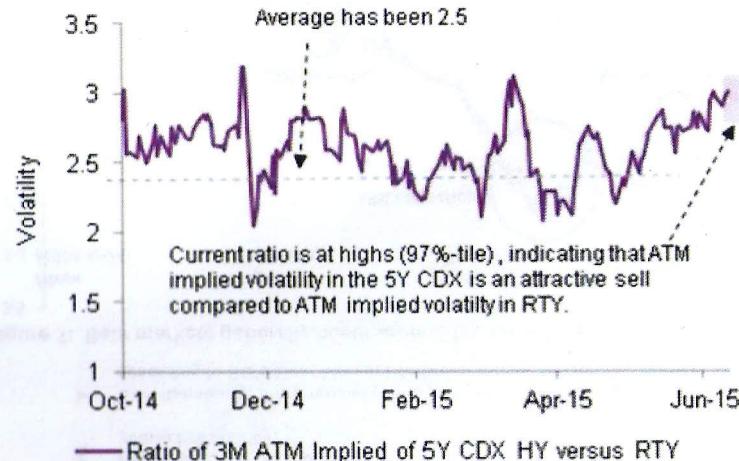
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TRADE IDEA #1: RTY EQUITY IMPLIED VOLATILITY CHEAP RELATIVE TO 5Y CDX HY PROTECTION (3 of 3)

APPENDIX:

- ATM implied volatility is 16% for the RTY and 49% for ATM 5Y CDX HY. As shown in Figure 4, the historical ratio has been 2.5 times the amount of vega in RTY than vega in 5Y CDX HY.
- Combined vega for 5Y CDX HY Sep-15 straddle is 6.3 cents, which is \$63K on \$100 million notional. Therefore, we need 2.5 times the amount of the combined vega for the RTY straddle or \$157.5K where the vega of the Sep-15 straddle is \$5.08, requiring buying 310 RTY straddle contracts.

Figure 4: Historical Ratio of ATM Implied Volatility of 5Y CDX HY / RTY
 (7-Oct-15 to 18-Jun-15)



Source: Bloomberg, SG Flow Strategy & Solutions, Bloomberg

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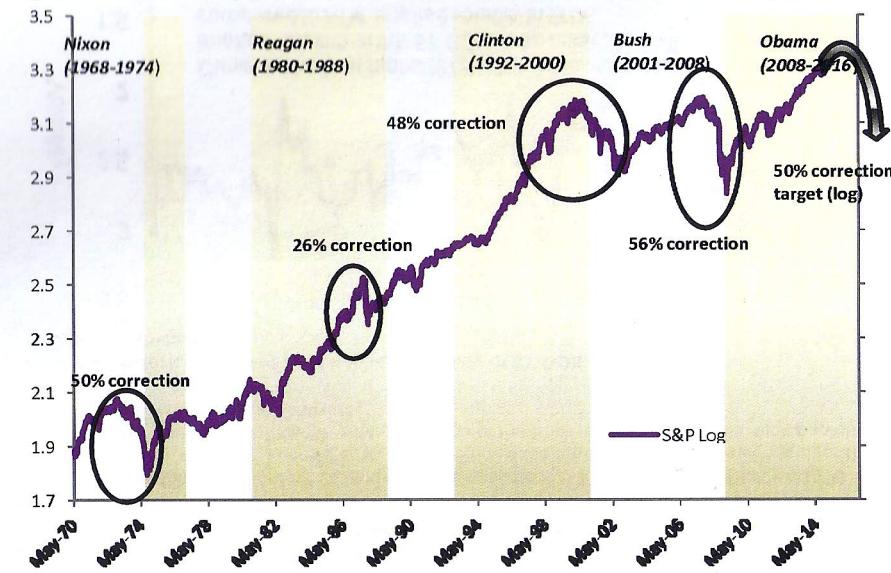
TRADE IDEA #2: SEVEN YEAR ITCH: BEAR MARKET ODDS HIGHEST SINCE '07 (1 of 2)

RATIONALE & MARKET PARAMETERS:

In the next few months US equity markets enter a period that historically tends to mark the start of bear markets. Simultaneously, SG's quantitative *Bear Market Prediction* Model now puts the odds of a bear market at the highest level since the summer of 2007 (see our Global Quantitative Research group report ["Forecasting the demise of the longest post war bull market"](#). *Andrew Lapthorne, 11-Mar-15*)

- Historically, the US markets start a bear market in the seventh year of a two-term (=eight years) Presidency.
- Simultaneously, the probability for a bear market in US equities has risen to 25% in May, according to SG's Bear Market Prediction model, the highest reading since Sept of 2007.

Figure 1: Bear markets generally occur around the end of a 2-term Presidency (1970-2015)



Source: SG Cross-Asset Research, Flow Strategy & Engineering

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TRADE IMPLEMENTATIONS

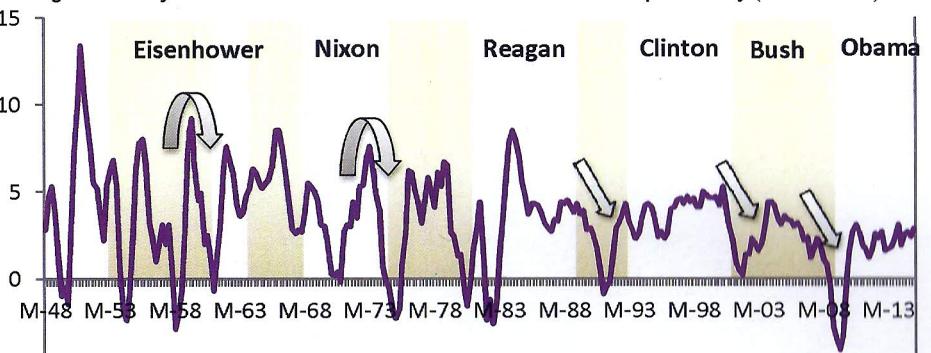
- Buy 6M Put 95% SPX contingent on CMS 10Y < 2.46% for x% - discount 42%

MARKET PARAMETERS

The relationship between markets and Presidential cycles

- Potential drastic fiscal and monetary policy changes after eight years of economic, fiscal and regulatory policy consistency are key "disrupters" for economic and corporate stability. The uncertainty that comes with a change in government and policies, lobby groups and corporate influence, creates uncertainty. This may be a catalyst for companies to become more defensive and risk averse ahead of time and wait until more clarity on policy is established.
- The footprint of the US government in the US economy is larger than ever; Combined, Federal, State and Local governments' expenditures have risen from 29% in 2000 to 36.5% of GDP last year. Since the 2008 crisis, the surge in US government spending has been responsible for ~50% of the total expansion in US GDP.
- The government's influence is not limited to spending but extends to regulation and taxation, which impact matters such as tax incentives to promote and dissuade certain industries (renewable energy), tariffs, M&A approvals, healthcare policy etc.

Figure 2: Many recessions occurred around the end of a two term presidency (1948 to 2014)



Source: SG Cross-Asset Research, Flow Strategy & Engineering

TRADE IDEA #2: SEVEN YEAR ITCH: BEAR MARKET ODDS HIGHEST SINCE '07 (2 of 2)

Bear Market Prediction Model: is a product of our quantitative research team led by Andrew Lapthorne, Head of Quantitative Equity Research. The Prediction Model is a probit model using a statistical technique that generates the probability of a bear market given a set of observable indicators (a.k.a. covariates). A probit is a regression whereby the dependent variable can only take 2 values, in this case recession or not.

Essentially it looks for variables that have historically tended to correlate with the occurrence of a bear market. The first three models are based on macro indicators while the other three are based on fundamental equity data.

For a comprehensive description of the model we refer to the March 11, 2015 report from our Global Quantitative Research group called "[Forecasting the demise of the longest post war bull market](#)". *Andrew Lapthorne, 11-Mar-15.*

Table 1: SG Bear Market Prediction model: highest odds since 2007

	Jan-00	Feb-00	Mar-00	Apr-00	Jul-07	Aug-07	Sep-07	Oct-07	Mar-15	Apr-15	May-15
Bear signal count	7.00	10.00	9.00	11.00	10.00	11.00	14.00	15.00	12.00	11.00	12.00
Average Probability	19%	21%	17%	26%	20%	21%	27%	28%	18%	17%	25%
Median Probability	20%	16%	20%	23%	15%	17%	28%	26%	17%	8%	25%

Source: SG Cross- Asset Research Quantitative Strategy, SG Flow Strategy & Solutions, "[Forecasting the demise of the longest post war bull market](#)". *Andrew Lapthorne, 11-Mar-15.*

Figure 3: SG Bear Market Prediction model comprised of 6 probit models which calculate probability of bear market

Macro	Time series	Direction	Prob. bear market
Model 1	Rolling 12-month change in WTI price a year ago	↑	↑
	Term structure spread (10Y - 3M) a year ago	↑	↓
	Rolling 12-month change in Industrial Production a year ago	↑	↓
Model 2	Term structure spread (10Y - 3M) a year ago	↑	↓
	Rolling 12-month change in Industrial Production a year ago	↑	↓
	Rolling 12-month change in M1 a year ago	↑	↓
Model 3	Rolling 12-month change in M2 a year ago	↑	↑
	Monthly change in high yield/treasury spread 3-month ago	↑	↑
	Rolling 12-month change in US\$ exchange rate 3 months ago	↑	↓
Fundamental	Rolling 12-month change in CPI 3-month ago	↑	↓
	Net % of bank tightening lending standard for loan to small firm	↑	↓
	Net % of bank reporting stronger loan demand - large/mid firm	↑	↓
	Rolling 12-month change in the architecture billing index	↑	↓
Model 1	Rolling 12-month change in S&P 500 operating margin	↓	↓
	Rolling 12-month change in S&P 500 profit margin	↓	↓
	Rolling 12-month change in S&P 500 debt-to-assets ratio	↑	↑
	Rolling 12-month change in S&P 500 return-on-assets	↑	↑
Model 2	Rolling 12-month change in S&P 500 EPS	↑	↓
Model 3	Piotroski scoring system - based on 9 fundamental factors	↑	↑
	DY.BB.DEBT (net buyback + div + debt reduction/mkt cap)	↑	↑
	Quality Income (Merton + Piotroski + dividend yield)	↑	↑
	Dispersion	↑	↑
	FY2.Growth	↑	↑
	Graham & Rea 10 factor screen	↑	↑
	EV/EBITDA	↑	↑

Source: SG Cross- Asset Research Quantitative Strategy, SG Flow Strategy & Solutions, "[Forecasting the demise of the longest post war bull market](#)". *Andrew Lapthorne, 11-Mar-15.*

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PNL REVIEW OF CLOSING TRADES SINCE LAST 360 (1 of 1)

2014 Closing or Expiring Trades Since Last 360 Perspective from 15-May-15 to 2-Jul-15: No Closing or expiring trades.

YTD 2014 PnL in Review:

- **YTD 2015 Winning Trades:** As shown in Table 1, winning trades are the short Euro, long miners near the bottom, and long chocolate due to shortage with HSY.
- **YTD 2015 Losing Trades:** As shown in Table 1, some long calls in FXI and an EM outperformance relative value trade started the year off with a loss.
- As shown in Table 2, the average across all strategies was 7.6% annualized (4.3% actual average, not annualized). We have closed 18 trades in 2015 YTD with a median return of 12.2% (avg. 11.1%) for the winning trades and a median return of -1.7% (avg. -4.4%) for the losing trades, over the period held (not annualized).

Table 1: Examples of Winning and Losing Closed Strategies in 2015 (2-Jan-15 to 2-Jul-15)

Category	Strategy	BB Ticker	Initiation Date	Expiry Date	Trade Type	Initial Cost (\$)	Close Date	Current Value (\$)	# of Days	Strategy		Strategy Return vs Initial Spot	Wgt. Ann. PnL
										PnL (\$)	PnL (%) on Init Spot over Duration of Trade		
Some Closed Winning Trades in 2015													
FX	EURO: Buy an FXE Jan-15 134 put and sell the FXE Jan-15 136 call for a cost of \$0.13 (0.08% premium with FXE ref 135.7).	FXE	8-Apr-14	16-Jan-15	Listed Option	0.1	22-Jan-15	22.1	289	22.0	16.2%	16.2%	20.4%
FX	EURO: Buy a 20-Mar-15 EURUSD 1.292 put (ATMF) at a premium 2.25% in € (ref. spot 1.2915, ATMF 1.292).	EURUSD	9-Sep-14	20-Mar-15	OTC Option	0.029	20-Mar-15	0.2	192	0.2	14.0%	14.0%	26.6%
Equity	FCX: Listed Stock Option: Buy FCX Jan-15 30 put and pay \$2.30 (6.8% with an FCX ref. 33.0).	FCX	26-Feb-14	16-Jan-15	Listed Option	2.3	16-Jan-15	10.8	325	8.5	25.8%	25.8%	29.0%
Equity	HSY: Buy HSY Straddle Listed Options: Buy HSY Jan-15 85 put and buy the HSY Jan-15 100 call for \$2.18 (2.35% premium with HSY @ 92.63).	HSY	22-Oct-14	16-Jan-15	Listed Option	2.2	16-Jan-15	10.2	86	8.0	8.5%	8.5%	36.14%
Some Closed Losing Trades in 2015													
Equity	EMERGING MARKET: Listed Options: Buy the FXI Jan-15 42/47 call spread for \$1.34 (3.20% premium with ref. 41.24).	FXI	28-Jul-14	16-Jan-15	Listed Option	1.3	16-Jan-15	0.2	172	-1.1	-2.7%	-2.7%	-5.8%
Equity	EMERGING MARKET: Buy Put EWZ and Sell Put EEM: Buy EWZ Jan-15 36 put and sell the EEM Jan-15 39 put for \$0.10 (EWZ @ 42.2 and EEM @ 41.8).	EWZ and EEM	4-Nov-14	16-Jan-15	Listed Option	0.1	16-Jan-15	0.0	73	-0.1	-0.3%	-0.3%	-1.3%

Source: SG Flow Strategy & Solutions, Bloomberg

* PnL (%) on Initial Spot is over the duration of the trade and is not annualized. And ** PnL Gearing is Final PnL (ex Initial Cost)/Initial Cost, similar to a payout ratio.

Table 2: For Closed Trades, Average and Median Return and Gearing of Winning, Losing and Even Strategies (2-Jan-15 to 2-Jul-15)

Trade Category	Number of Trades	Average Return vs Spot	Median Return vs Spot	Average Return (Annualized)	Median Return (Annualized)	Average Gearing	Median Gearing
Winning	9	11.1%	12.2%	19.1%	20.4%	21.5	3.7
Losing	8	-2.7%	-1.7%	-4.4%	-2.3%	-0.9	-1.0
Even	1	0.0%	0.0%	0.0%	0.0%	NA	NA
All	18	4.3%	0.04%	7.6%	0.1%	10.4	0.1

Source: SG Flow Strategy & Solutions, Bloomberg

* Gearing is Final PnL (ex Initial Cost)/Initial Cost, similar to a payout ratio

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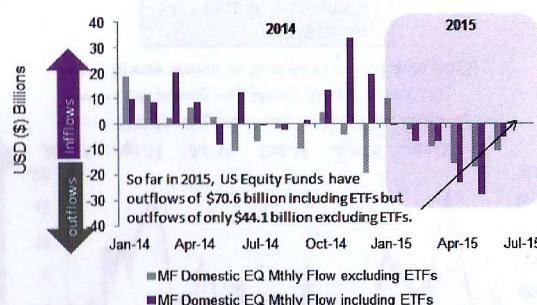
FOLLOW THE MONEY: Equity Market US and All Flows (1 of 2)

Summary: The following table shows the inflows and outflows over the month (month-to-date) and over the year (year-to-date) across different asset classes.

Asset Classes	June 2015 w/ ETFs (\$billions)	2014 YTD w/ ETFs (\$billions)	June 2015 ex ETFs (\$billions)	2015 YTD ex ETFs (\$billions)
US Domestic Equities	Outflows \$5.36	Outflows \$70.56	Outflows \$10.49	Outflows \$44.13
All Global Equities	Inflows \$3.12	Inflows \$46.54	Inflows \$6.11	Inflows \$1186
US Treasuries	Outflows \$0.31	Inflows \$6.45	Outflows \$0.31	Inflows \$6.45
US Mortgages	Inflows \$0.36	Inflows \$5.65	Inflows \$0.36	Inflows \$5.65
US Municipal	Outflows \$2.52	Inflows \$6.23	Outflows \$2.52	Inflows \$6.23
Money Junekets	Inflows \$3.92	Outflows \$11145	Inflows \$3.92	Outflows \$11145
Emerging Debt	Outflows \$0.5	Inflows \$0.03	Outflows \$0.65	Outflows \$128
Emerging Equities	Outflows \$2.53	Inflows \$9.7	Inflows \$0.08	Inflows \$9.12

Source : SG Flow Strategy & Solutions, Bloomberg, AMG / Lipper

For Jun 2015, Outflows including ETFs into US Domestic Equity Mutual Funds.
(2-Jan-14 to 2-Jul-15)

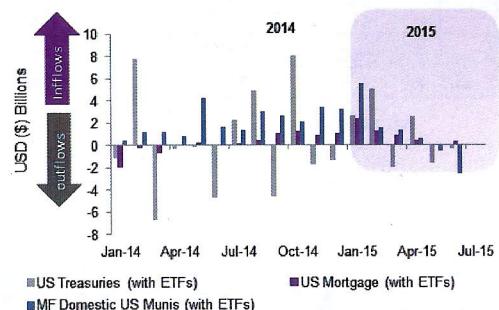


Summary for US Domestic Equity Flows (all below in \$billions)		Summary for All Global Equity Flows (all below in \$billions)			
Time Period	US Domestic ex ETFs	US Domestic with ETFs	Time Period	All Global Equity ex ETFs	All Global Equity with ETFs
Jun 2015 (MTD)	-10.5	-5.4	Jun 2015 (MTD)	-6.1	3.1
2015 YTD	-44.1	-70.6	2015 YTD	11.9	46.5
Last 12 Months	-75.2	-5.2	Last 12 Months	-1.5	139.7

Source: SG Flow Strategy & Solutions, Bloomberg.

Note: - = outflows and + = inflows

US Mortgages, Munis and Treasuries (2-Jan-14 to 2-Jul-15)



**Summary for US Treasuries, Municipalities and Mortgages
(all below in \$billions)**

Time Period	US Treasuries (with ETFs)	US Mortgage (with ETFs)	MF Domestic Munis (with ETFs)
Jun 2015 (MTD)	-0.3	0.4	-2.5
2015 YTD	6.5	5.6	6.2
Last 12 Months	11.8	10.6	20.8

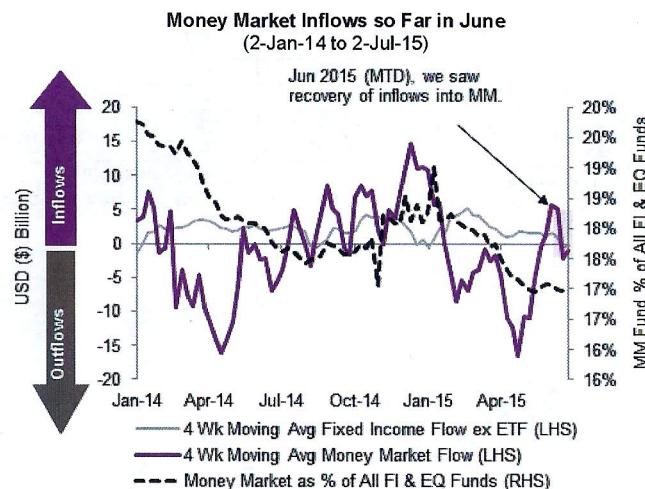
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FOLLOW THE MONEY: Bond Market and Money Market Flows (2 of 2)

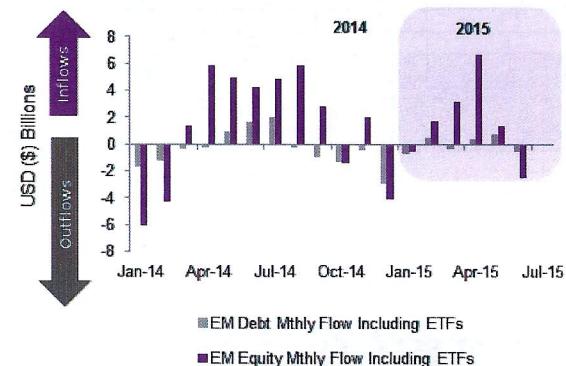


Source: SG Flow Strategy & Solutions, Bloomberg.

Note: - = outflows and + = inflows

US Money Markets (MM) (excluding ETFs) saw cash levels decrease to 16.96% (24-Jun-15) from 19.62% (1-Jan-14) as a percentage of All Fixed Income and Equity Funds. Longer-term the level should be around the 15% level.

For Jun 2015, Emerging Market Equity and Debt has Small Outflows including ETFs
 (2-Jan-14 to 2-Jul-15)



Summary for EM Debt and Equity (all below in \$billions)				
Time Period	EM Debt ex ETFs	EM Equities ex ETFs	EM Equity with ETFs	EM Debt with ETFs
Jun 2015 (MTD)	-0.6	0.1	-2.5	-0.5
2015 YTD	-1.3	9.1	9.7	0.0
Last 12 Months	-6.9	13.1	14.8	-5.9

Source: SG Flow Strategy & Solutions, Bloomberg.

Note: - = outflows and + = inflows

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CROSS-ASSET SENTIMENT BAROMETER 6-Jul-15)

Table of Current Major Assets in the Listed Product Sentiment Barometer

OVERVIEW: Below is the full table of current major assets listed product sentiment indicators.

- Bullish:** The ETFs where the derivatives market is most bullish with low put/call ratios, skew and short interest are MSCI EAFE, Financials, REITs, Metals & Mining, Hong Kong, Materials, MSCI EM, Utilities, and 20Y US Treasury Bonds.
- China Bearish:** The ETFs where the derivatives market is most bearish with high put/call ratios, skew, and short interest are Consumer Discretionary, Brazil, S&P 500, Banks, Russia, HealthCare, Biotech, Silver, Agriculture and Nasdaq.
- The average cross-asset sentiment barometer stayed at 43% over the two weeks, which makes the monitor slightly more bullish across all 54 ETFs or indices from multiple asset-classes as shown in the data below.

Current Major Assets Listed Product Sentiment Barometers (Most Bullish to Less Bullish) 2-Jul-15

Rank	Style	Index	Return		Listed Products Short Positionings						Consis-tent	Last		
			YTD	6/4/15	Avg	Rank	1Y %-tile Rank	ETF P/C	3M Skew	ETF Short	Fut Net Short	Signal*	Trend	14D
1	Cntry	MSCI EAFE	3%	-5.2%	14%	12%	9%	3%	30%	Y	↑	37		
2	Sector	Financials	-1%	-0.5%	16%	9%	17%	23%	9%	Y		47		
3	Sector	REITs	-5%	-2.0%	23%	10%	17%	4%	48%	Y		42		
4	Sector	Mtl & Mining	-23%	-14.1%	25%	12%	7%	53%	13%	N	↓	20		
5	Cntry	Hong Kong	8%	-7.6%	25%	4%	6%	17%	52%	N		43		
6	Sector	Materials	0%	-3.8%	26%	2%	18%	37%	22%	Y		34		
7	Cntry	MSCI EM	-1%	-3.7%	26%	7%	36%	35%	9%	Y		42		
8	Sector	Utilities	-11%	-2.8%	29%	1%	19%	2%	65%	N		45		
9	Rates	20Y Trea Bd	-7%	-1.5%	29%	5%	1%	64%	48%	4%	N		43	
10	Cntry	China	6%	-10.5%	32%	3%	0%	28%	70%	N	↑	39		
11	Rates	Investment Gr	-3%	-0.8%	34%	11%	3%	4%	96%	N		44		
12	Cntry	Taiwan	5%	1.6%	37%	6%	9%	14%	87%	N	↓	52		
13	Sector	Region'l Bk	7%	1.8%	38%	17%	68%	33%	13%	N		49		
14	Cntry	Germany	0%	-6.4%	39%	20%	76%	12%	30%	N		38		
15	FX	Yen	-3%	1.3%	40%	19%	50%	18%	39%	Y		49		
16	FX	Euro	-9%	-1.6%	42%	10%	80%	63%	13%	12%	N		44	
17	Vol	VIX	-10%	18.1%	42%	6%	13%	55%	48%	54%	N		58	
18	Commo	Natural Gas	-10%	4.1%	43%	15%	25%	59%	9%	79%	N		51	
19	Sector	Energy	-7%	-4.3%	44%	4%	41%	83%	9%	N		35		
20	Cntry	Korea	-2%	-3.9%	46%	4%	27%	49%	61%	Y	↑	44		
21	Cntry	S&P MidCap	4%	-1.5%	47%	5%	48%	78%	43%	19%	Y		40	
22	Cntry	Canada	-8%	-4.2%	47%	1%	76%	43%	22%	N	↑	32		
23	FX	AUD	-8%	-2.1%	48%	-2%	22%	35%	96%	39%	Y		41	
24	Cntry	EuroStx50USD	16%	-3.7%	49%	7%	72%	9%	65%	N	↑	42		
25	Sector	Industrials	-4%	-3.1%	49%	5%	26%	57%	65%	Y	↑	36		
26	Sector	Homebdr	8%	2.3%	49%	-6%	37%	68%	43%	Y		52		
27	Sector	Agri Equities	5%	-0.8%	50%	-5%	45%	18%	87%	N		50		

Source : SG Flow Strategy & Solutions, Bloomberg

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SOCIETE GENERALE
Corporate & Investment Banking

Current Major Assets Listed Product Sentiment Barometers (Less Bearish to Most Bearish) 2-Jul-15

Rank	Style	Index	Return		Listed Products Short Positionings						Consis-tent	Last			
			YTD	2014	IXI	FEZ	Avg	Rank	1Y %-tile Rank	ETF P/C	3M Skew	ETF Short	Fut Net Short	Signal*	Trend
28	FX	CAD	-8%	-1.0%	50%	8%	4%	71%	52%	73%	N		37		
29	Sector	Oil & Gas	-8%	-9.5%	51%	-2%	29%	54%	70%	Y		28			
30	Cntry	Rus 2000	3%	-0.7%	52%	-5%	79%	83%	43%	2%	N		41		
31	Sector	Jr Gold Miners	-1%	-5.9%	53%	15%	42%	94%	22%	N		39			
32	Rates	High Yield	-1%	-1.3%	53%	4%	45%	18%	95%	N	↑	40			
33	Sector	Retails	3%	-0.7%	54%	1%	76%	7%	78%	N	↓	45			
34	Cntry	Mexico	-4%	-1.0%	55%	17%	25%	88%	52%	N	↓	45			
35	Sector	Transport'n	-11%	-4.1%	56%	3%	29%	48%	91%	N		36			
36	Commo	Gold	-1%	-0.9%	57%	-14%	39%	78%	26%	87%	N		38		
37	Sector	Technology	1%	-3.5%	59%	-12%	27%	54%	95%	N		39			
38	Sector	Cons Stapl	-1%	-0.1%	59%	-3%	69%	22%	87%	N		47			
39	Cntry	DJ Indus.	-1%	-1.5%	59%	6%	49%	84%	9%	95%	N		43		
40	Cntry	Japan	14%	-1.5%	60%	11%	8%	53%	83%	94%	N		47		
41	FX	DXY (USD)	5%	0.5%	60%	3%	78%	20%	87%	54%	N		55		
42	Sector	Gold Miners	-3%	-6.8%	60%	1%	61%	89%	30%	Y		35			
43	Commo	Oil	-11%	-7.6%	61%	7%	65%	71%	91%	17%	Y		37		
44	Cntry	Australia	-6%	-3.7%	62%	21%	57%	64%	65%	Y		40			
45	Cntry	Nasdaq	4%	-1.6%	63%	9%	23%	88%	48%	92%	N		44		
46	Commo	Agriculture	-7%	3.7%	64%	1%	34%	71%	95%	56%	Y		71		
47	Commo	Silver	0%	-3.2%	64%	32%	100%	71%	0%	87%	Y	↓	33		
48	Sector	Biotech	23%	2.6%	73%	8%	92%	79%	48%	Y		52			
49	Sector	HealthCare	10%	0.7%	73%	0%	74%	47%	100%	Y	↑	49			
50	Cntry	Russia	20%	-0.9%	75%	13%	55%	95%	74%	Y	↓	43			
51	Sector	Banks	7%	1.6%	76%	5%	65%	63%	100%	N	↓	50			
52	Cntry	S&P 500	1%	-1.6%	77%	13%	12%	95%	100%	100%	N		42		
53	Cntry	Brazil	-13%	-2.5%	80%	40%	51%	98%	91%	N	↓	46			
54	Sector	Cons Discr	7%	0.7%	81%	19%	78%	92%	74%	Y		52			
Average			-1%	-1.9%	50%	3%	41%	51%	56%	56%			43		

Source: SG Global Engineering & Strategy, Bloomberg

* Consistent = Each %-tile Rank is no more than 33% away from each other

Bullish
Bearish

All Closed Trades in 2015 (1 of 2)

We have several Open Trades since the beginning of 2015. To get a copy or access to those trades you can contact your SG sales representative.

Closed Trades from 2-Jan-15 to 2-Jul-15 (YTD 2015)

Added since Last 360	Trade Number	Category	Strategy	BB Ticker	Initiation Date	Expiry Date	Trade Type	Initial Cost (\$)	Close Date	Current Value (\$)	# of Days	Strategy		PnL	Gearing*	Strategy Return vs Initial Spot	Wgt. Ann PnL	Annualized for Each Asset Class	
												PNL (\$)	PNL (%) on Init Spot					Median	Avg
	1	Equity	Buy a 18,000-20,000 Dec14 Call spread on NKY @ 260 ref 15,480, Hedged in USD	NKY	15-Jan-14	12-Dec-14	Listed Option	2.5	12-Dec-14	0.0	331	-2.5	-1.6%	-1.0	-1.6%	-1.8%	-1.5%	8.5%	
	2	Equity	Listed Options: Buy the FXI Jan-15 42/47 call spread for \$1.34 (3.20% premium with ref. 41.24).	FXI	28-Jul-14	16-Jan-15	Listed Option	1.3	16-Jan-15	0.2	172	-1.1	-2.7%	-0.8	-2.7%	-5.8%			
	3	Equity	Buy Put EWZ and Sell Put EEM: Buy EWZ Jan-15 36 put and sell the EEM Jan-15 38 put for \$0.10 (EWZ @ 42.2 and EEM @ 41.8).	EWZ and EEM	4-Nov-14	16-Jan-15	Listed Option	0.1	16-Jan-15	0.0	73	-0.1	-0.3%	-1.0	-0.3%	-1.3%			
	4	Equity	Listed Stock Option: Buy FCX Jan-15 30 put and pay \$2.30 (6.8% with an FCX ref. 33.0).	FCX	25-Feb-14	16-Jan-15	Listed Option	2.3	16-Jan-15	10.8	325	8.5	25.8%	3.7	25.8%	29.0%			
	5	Equity	Swap on NIFTY: Buy a Dec-16 Swap a 6M Total Return (TR)Swap in USD on NIFTY Index of India at a cost is in 1M USD Libor + 1.15%.	NIFTY	26-Aug-14	20-Feb-15	1-Delta	130.8	24-Feb-15	146.8	182	16.0	12.2%	0.1	12.2%	24.5%			
	6	Equity	Buy FXI 20-Feb-15 36 put for \$1.52 (4.1% with FXI ref. 37.6).	FXI	6-Oct-14	20-Feb-15	Listed Option	1.5	24-Feb-15	0.0	141	-1.5	-3.9%	-1.0	-3.9%	-10.2%			
	7	Equity	Buy Put & Sell Call: Buy EWZ Jan-15 36 put and sell the EWZ Jan-15 44 call for a cost of \$0.3 (1.2% premium with EWZ @ 39.8). Implied volatility for 10% OTM puts and calls at highs, so selling call to buy put makes sense. Buy Call: Buy EWT Jan-15 16 call for a cost of \$0.14 (0.9% premium with EWT @ 15.4). Implied volatility is 17%-tile, so buy call.	Several	18-Nov-14	16-Jan-15	1-Delta	0.4	16-Jan-15	0.0	59	-0.4	-0.4%	-1.0	-0.4%	-2.7%			
	8	Equity	Buy HSY Straddle Listed Options: Buy HSY Jan-15 85 put and buy the HSY Jan-15 100 call for \$2.18 (2.35% premium with HSY @ 92.63).	HSY	22-Oct-14	16-Jan-15	Listed Option	2.2	16-Jan-15	10.2	86	8.0	8.5%	3.7	8.5%	36.1%			
	9	Commodities	Buy Dec-14 19 / 15 put spread on SLV (ref. @ 19.4) and sell Dec-14 22 call @ total net cost of \$0.43 (2.2% premium).	SLV	15-Jan-14	20-Dec-14	Listed Option	0.4	19-Dec-14	3.6	338	3.2	16.4%	7.4	16.4%	17.7%	17.7%	17.7%	
	10	Rates	Buy a TLT Dec-14 107/100 puts spread	TLT	8-Apr-14	20-Dec-14	1-Delta	0.6	19-Dec-14	0.0	255	-0.6	-0.6%	0.0	-0.6%	-0.8%	-0.8%	-0.8%	
	11	FX	Buyan FXE Jan-15 134 put and sell the FXE Jan-15 136 call for a cost of \$0.13 (0.08% premium with FXE ref 135.7).	FXE	8-Apr-14	16-Jan-15	Listed Option	0.1	22-Jan-15	22.1	289	22.0	16.2%	168.9	16.2%	20.4%	12.4%	11.9%	
	12	FX	Buy FXE Oct-14 130 strike call and sell the FXE Mar-15 133 strike call for a credit of \$0.08 (credit of 0.06% with FXE ref. 127.8).	FXE	9-Sep-14	20-Mar-15	Listed Option	-0.1	20-Mar-15	0.0	192	0.1	0.1%	1.1	0.1%	0.1%			
	13	FX	Buy FXE 20-Mar-15 129/122 put spread for \$1.82 (premium of 1.4% with FXE ref. 129.54).	FXE	9-Sep-14	20-Mar-15	Listed Option	1.8	20-Mar-15	4.6	192	2.8	2.2%	1.5	6.5%	12.4%			
	14	FX	Buya 20-Mar-15 EURUSD 1.292 put (ATMF) at a premium 2.25% in € (ref. spot 1.2915; ATMF 1.292).	EURUSD	9-Sep-14	20-Mar-15	OTC Option	0.0	20-Mar-15	0.2	192	0.2	14.0%	6.2	14.0%	26.6%			

Source: SG Flow Strategy & Solutions. Note if highlighted in BLUE then position was held to option expiry.

* PnL Gearing is Final PnL (ex Initial Cost)/Initial Cost, similar to a payout ratio

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All Closed Trades in 2015 (2 of 2)

Closed Trades from 2-Jan-15 to 2-Jul-15 (YTD 2015)

Added since Last 360	Trade Number	Category	Strategy	BB Ticker	Initiation Date	Expiry Date	Trade Type	Initial Cost (\$)	Close Date	Current Value (\$)	# of Days	Strategy		PnL Gearing*	Strategy Return vs Initial Spot	Wgt. Ann PnL	Annualized for Each Asset Class	
												PnL (\$)	PnL (%) on Init Spot				Median	Avg
	15	FX	Buy a 9-Oct-14 (1M) EURUSD 1.2925 call and sell a 9-Mar-15 (6M) EURUSD 1.3350 call for zero cost (1M vol is 7.6 and 6M vol is 7.3).	EURUSD	9-Sep-14	9-Mar-15	OTC Option	0.0	9-Mar-15	0.0	181	0.0	0.0%	0.0	0.0%	0.0%	0.0%	
	16	Cross-Asset (EQ vs. FX)	Buy protection on the 5Y CDXIG USD CDS @ 62.2 bps and sell protection on the 5Y iTraxx Main EUR CDS @ 72 bps, equal notional. Buy FEZ (Euro Stoxx 50 in USD) @ 41.7 and sell SPY (S&P 500) @ 183.1, equal notional. OR Buy Sep-14 SX5E future VGU4 @ 3035 and sell the Sep-14 SPX future SPU4 @ 1813.4, equal notional.	SPX & SX5E vs. CDXIG & ITRX Main	15-Jan-14	20-Dec-14	1-Delta	10000000.00	15-Jan-15	7938320.76	365	-1061679.24	-10.3%	-1.55	-10.3%	-10.3%	-10.3%	-10.3%
	17	Exotics	Buy ATM outperformance option with a Dec-14 expiry on SX5E (Euro Stoxx 50) over the SPX (S&P 500) contingent on SPX higher at maturity, price is 1.80%. The price for 5% OTM is 0.8%.	SPX SX5E	25-Feb-14	20-Dec-14	Exotic Option	1.8	15-Jan-15	0.0	324	-1.8	-1.8%	-1.0	-1.8%	-2.0%	1.3%	1.3%
	18	Exotics	Buy a palladium: Call on dispersion with a maturity of 1Y with a 22% strike, SG offer price is 4.55%. Payoff = Max [0, Average (Absolute [Stock Performance - Average of Basket Performance]) - Strike]	Basket	28-Jan-14	28-Jan-15	Exotic Option	4.6	28-Jan-15	0.1	365	4.6	4.6%	1.0	4.6%	4.6%		

Source: SG Global Engineering & Strategy. Note if highlighted in BLUE then position was held to option expiry.

*PnL Gearing is Final PnL (ex Initial Cost)/Initial Cost, similar to a payout ratio

Averages or Medians	10.4	4.6%	7.6%	0.1%	7.6%
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Some Risks of Options Strategies: The buyer or a call or put spread risk losing 100% of the premium. The gain of the option is limited to the spread between the 2 strikes minus the initial premium or plus the initial credit. However, call spread collar (buy call spread and sell put), has potential downside risk on the put equal to the value of the strike if the stock price goes down to zero plus (minus) the initial premium (credit) of the structure. Alternatively, put spread collar (buy put spread and sell call), has potential downside risk on the call equivalent to the value the stock price minus the strike if the stock price goes above the strike of the call plus (minus) the initial premium (credit) of the structure. Dispersion options can result in a loss of premium if the stocks in the basket become more correlated to each other. Finally, variance swap spreads can lose money. For the variance of 1 minus 2, if the variance 2 is greater than 1, then the client will owe the negative differential to the bank.

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