

A light blue world map is centered in the background. A white circle highlights the European continent. Overlaid on the map is the word 'eurex' in a large, bold, green, lowercase sans-serif font.

eurex

The International Derivatives Exchange

July 2008

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Eurex Product Portfolio

<u>Interest Rate</u>	<u>Equity Index</u>	<u>Equity Index</u>		<u>Other Asset Classes</u>
Futures & Options on Benchmark 2yr, 5yr, 10yr and 30yr European Government Bonds	Futures & Options on European benchmark equity indexes	Austrian Equity Futures & Options	Italian Equity Futures & Options	Volatility Index Futures
Futures on Swiss Confederation Government Bonds - CONF Futures	Futures & Options on European benchmark sector equity indexes	Belgian Equity Futures	Norwegian Equity Futures	Exchange Traded Fund Futures & Options
Futures on one month and 3 month EURIBOR and Options on the 3 month EURIBOR futures	Futures & Options on German benchmark equity indexes	British Equity Futures	Portuguese Equity Futures	Credit Futures
	Futures & Options on Swiss benchmark equity indexes	Dutch Equity Futures & Options	Russian Equity Futures & Options	Emission Futures
	Futures & Options on Finish benchmark equity indexes	Finnish Equity Futures & Options	Spanish Equity Futures & Options	
		French Equity Futures & Options	Swedish Equity Futures & Options	
		German Equity Futures & Options	Swiss Equity Futures & Options	
		Greek Equity Futures	U.S. Equity Options	
		Irish Equity Futures		

• CFTC Approved Products

<u>Interest Rate</u>	<u>Equity Index</u>	<u>Other Asset Classes</u>	<u>In Approval Process</u>
Futures & Options on Benchmark 2yr, 5yr, 10yr and 30yr European Government Bonds - Euro-Schatz, Euro-Bobl, Euro-Bund, Euro-Buxl	Futures on the DAX® and MDAX®	Emission Futures: EUA futures, Options on EUA Futures, CER Futures	Futures on the SLI® Swiss Leader Index, SMIM Swiss Market Index Midcap
Futures on Swiss Confederation Government Bonds - CONF Futures	Futures on the Dow Jones EURO STOXX 50® Index, Dow Jones EURO STOXX® Banks Index		Futures on the DJ EURO STOXX® Select Dividend 30 Index
Futures on one month and 3 month EURIBOR and Options on the 3 month EURIBOR futures	Futures on the Dow Jones STOXX 50® Index, Dow Jones STOXX® 600 Banks Index, Dow Jones STOXX® 600 Index, Dow Jones STOXX® Mid 200 Index		Futures on the VDAX-New® Futures
	Futures on the Dow Jones Global Titans 50 Index		
	Futures on the Dow Jones STOXX® Large 200 Index, Dow Jones STOXX® Small 200 Index, 7 Additional Dow Jones STOXX® 600 Sector Index		
	Futures on the RDXxt® USD - RDX Extended Index		

•Eurex Products in relation to U.S. Index Futures

Eurex Products	U.S. Index Futures					
	S&P 500 E-Mini Future (ESA)	S&P 500 Future (SPM8)	Nasdaq 100 E-mini Future (NQA)	Nasdaq 100 Future (NDM8)	DJIA Mini (DMM8)	DJIA Index Future (DJM8)
1 DAX® Index Futures (GXA)	3.94	0.79	6.78	1.35	4.37	2.18
1 DJ EURO STOXX 50® (VGA)	0.84	0.17	1.44	0.29	0.93	0.46

European Market Outlook e-Newsletter

- Free weekly e-newsletter
- Produced by CRB (division of Barchart)
- Covers week ahead in European Markets
 - What's driving markets
 - Economic calendar
- Sign up under www.eurexchange.com/myeurex
 - Step 1 – Create account
 - Step 2 – Confirm by clicking link in e-mail that you receive
 - Step 3 – Sign up for newsletter
 - If you sign up after Monday's e-newsletter is sent out, you will receive first newsletter NEXT week!

Product Symbols for Popular Providers

Eurex Products	Popular Providers						
	Tradestation Technologies	Interactive Brokers	eSignal	Data Transmission Network	CQG	Townsend Analytics	Bloomberg
DAX® Index Futures	FDAX	DAX	AX	XG#	F.DD	//XFDAX	GXA <CMDTY>
DJ EURO STOXX 50®	FESX	ESTX50	ET	EX#	F.DSX	/FESX	VGA <CMDTY>

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Identifying Dow Jones EURO STOXX 50® Index Futures Trading Opportunities with Moving Averages

Prepared and Presented by Daniel Gramza

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Daniel Gramza is currently completing two books:

TRADING IN THE EYE OF THE STORM

THE HANDBOOK OF JAPANESE CANDLE TRADING STRATEGIES

You can be notified when these books are available by contacting Daniel Gramza.

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AGENDA

Eurex Overview

Mathematical Studies

Price Overlay

Moving Averages

Trading Applications

Q&A

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Are the *Eurex Equity Indexes* right for YOU?

Are you making the most effective use of your trading capital?

Have you diversified your investments beyond US corporate stocks?

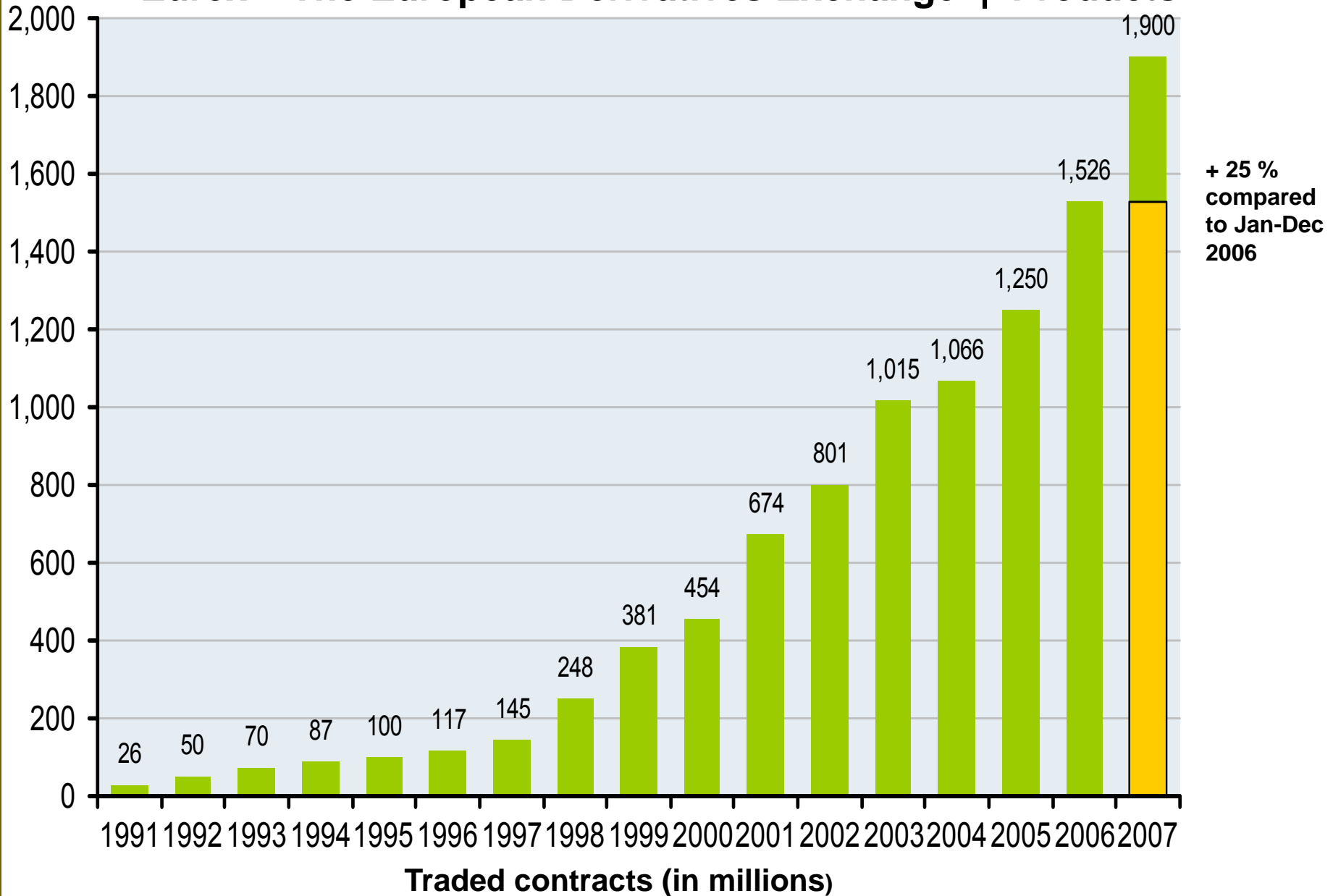
Have you diversified your investments beyond the US?

Are you taking direct advantage of the European market movement?

Do you hedge or protect your portfolio from adverse price movement?

Strong Growth in Contract Volume

Eurex – The European Derivatives Exchange | Products



Dow Jones Euro STOXX 50[®] - Underlying Index

- Benchmark equity index
- Tracks the development of the European economy
- Focus on the Euro zone countries that have adopted the Euro as their currency
 - Austria, Belgium, Finland, France, Germany, Greece,
 - Ireland, Italy, Luxembourg, the Netherlands,
 - Portugal and Spain
- Captures approximately 95% of the free float market capitalization of the represented countries

Dow Jones Euro STOXX 50[®] - Underlying Index

- Index of 50 European Blue-chips firms

Companies that are included in the index:

Banco Santander, Carrefour, L'Oreal, Nokia, Renault, etc.

Calculated by STOXX Ltd., created in 1998

Dow Jones EURO STOXX 50[®] Index

Futures → Cash Settlement

Trading hours:

7:50AM – 10:00PM CET 12:50AM – 3:00PM CST

Minimum tick size:

1 index point = €10 / \$15.30*

Multiplier:

10

Contract size:

at 4,400 index level = (10) X (€4,400) = €44,000 is approx. \$67,320*

Contract months:

The 3 nearest quarterly months of Mar, Jun, Sep, Dec

Expiration:

The 3rd Friday of the maturity month at 12:00PM CET / 5:00AM CST

*EUR/USD = 1.5300

Reasons to trade on Eurex

Trade different time zones

Trading hours are from 12:50 AM CST - 3:00 PM CST.

Many moves that begin in Asia and Europe carry over into similar domestic USA products.

Diversification

New opportunities and product offerings in foreign markets

Decrease market exposure to US Corporate stock market

Large volume

Large open interest

Depth of market

Good movement / volatility

Reasons to trade on Eurex

Access to the European equity and debt markets

Benefit from the leverage effect of futures contracts

Lower transaction costs in futures

Hedge

Take foreign exchange risk

 Euro-denominated contract

AGENDA

Eurex Overview

Mathematical Studies

Price Overlay

Moving Averages

Trading Applications

Q&A

Mathematical Study Applications

The first step in using a mathematical study is to determine what YOU WANT the mathematical study to add to your trading strategy.

MATHEMATICAL STUDIES

Mathematical studies are DIRECTIONAL techniques that are classified as:

1. Trend following or
2. Counter trend techniques

There are two general categories of mathematical studies:

1. Price overlay studies
 - Moving averages_
2. Oscillator studies
 - Stochastics
 - RSI
 - MACD

MOVING AVERAGES

A moving average represents how a series of prices change over time.

It is typically represented as a line.



MOVING AVERAGES

Simple Moving Average

The average price for a specified number of trading periods.

As each new period is added on, the first period is dropped.

MOVING AVERAGES

For Example: Calculate a 5 period moving average

On Trading Days	1	2	3	4	5
Closing Prices were	1.1	1.2	1.6	0.8	1.9

5-day Average = $\frac{\text{sum of the last five day's closing prices}}{5}$
of Closing Prices

therefore,

5-day Average = $\frac{1.1 + 1.2 + 1.6 + 0.8 + 1.9}{5} = 1.32$
of Closing Prices

MOVING AVERAGES

At the end of the 6th day, Day 1's price is dropped, and Day 6's price is added:

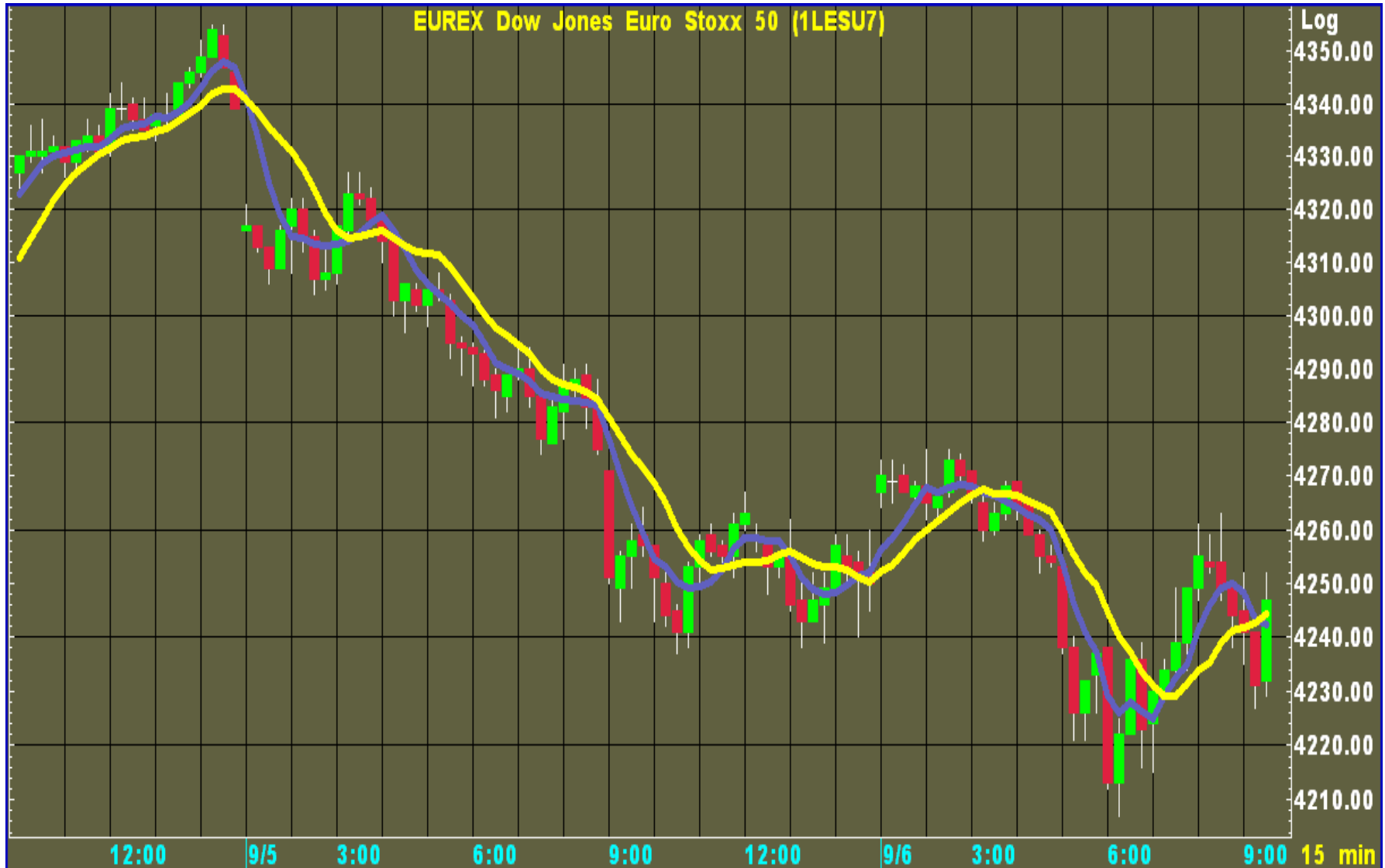
On Trading Days	1	2	3	4	5	6
Closing Prices were	1.1	1.2	1.6	0.8	1.9	2.1

therefore,

$$\text{New 5-day Moving Average of Closing Prices} = \frac{1.2 + 1.6 + 0.8 + 1.9 + 2.1}{5} = 1.52$$

MOVING AVERAGE FEATURES

Most effective in a trending market.

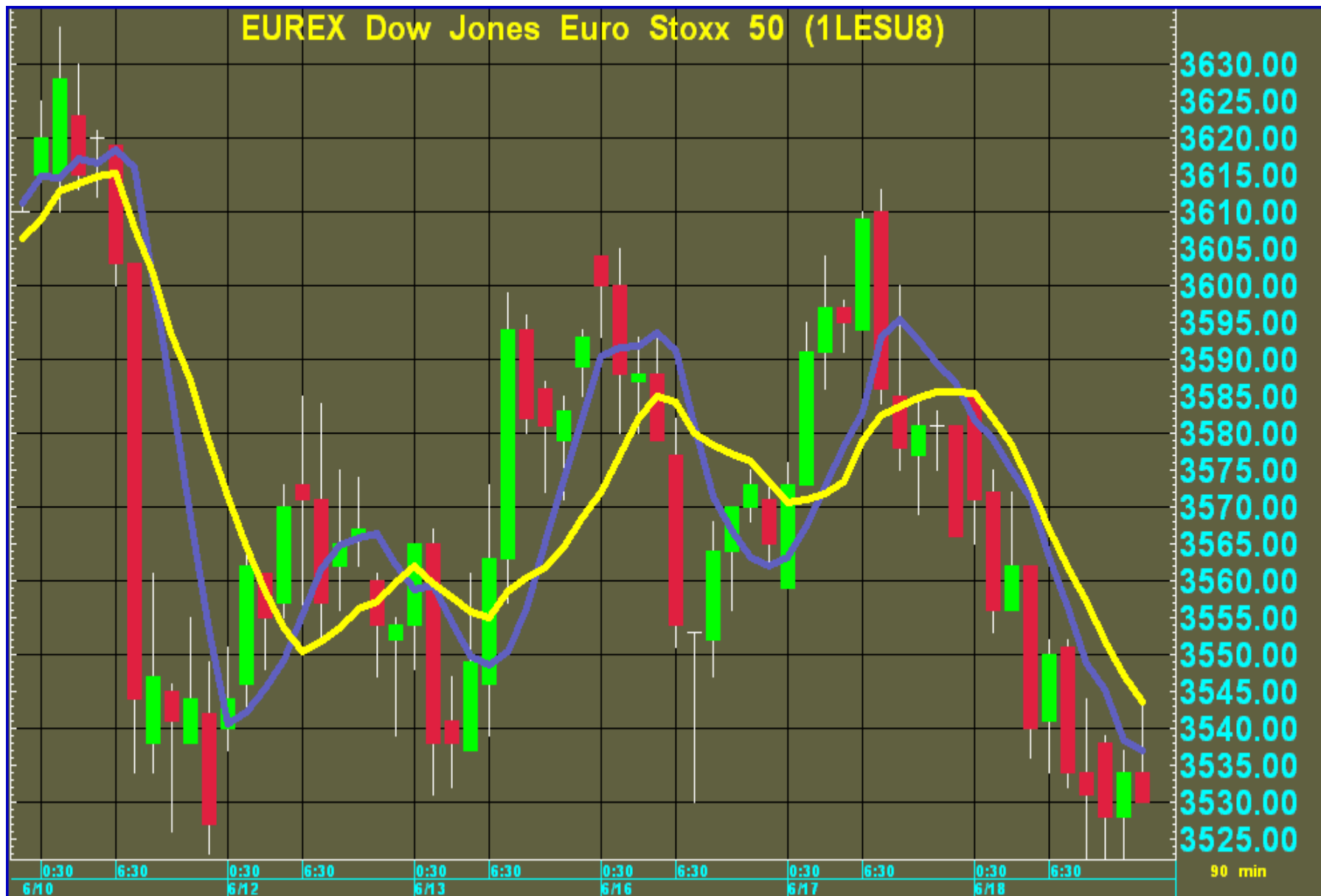


MOVING AVERAGE FEATURES

Have a tendency to lag behind market directional change.



MOVING AVERAGE FEATURES



MOVING AVERAGE FEATURES (Cont'd)

Can whipsaw a trader in a sideways market.



MOVING AVERAGE APPLICATIONS

As a trend indicator by comparing current prices to longer term moving averages.

Example: Prices must be above the 30-week moving average in order to consider the market in an uptrend.



MOVING AVERAGE APPLICATIONS (Cont'd)

As a buy and sell indicator.

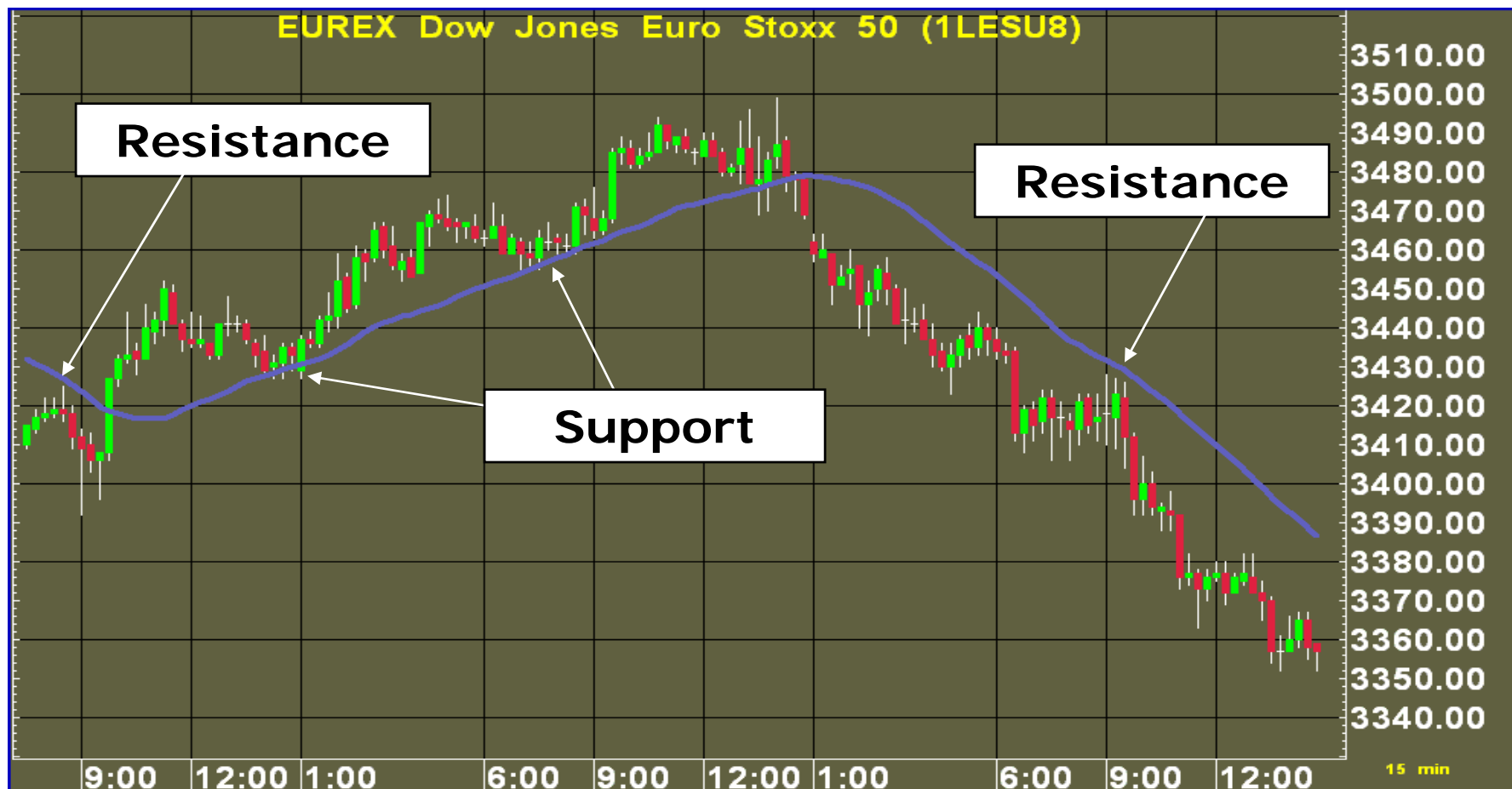
Example: When two or more moving averages cross.



MOVING AVERAGE APPLICATIONS (Cont'd)

As support and resistance reference.

Example: Moving average is a resistance reference for prices below the moving average and a support reference for prices above the moving average.



MOVING AVERAGE PARAMETERS

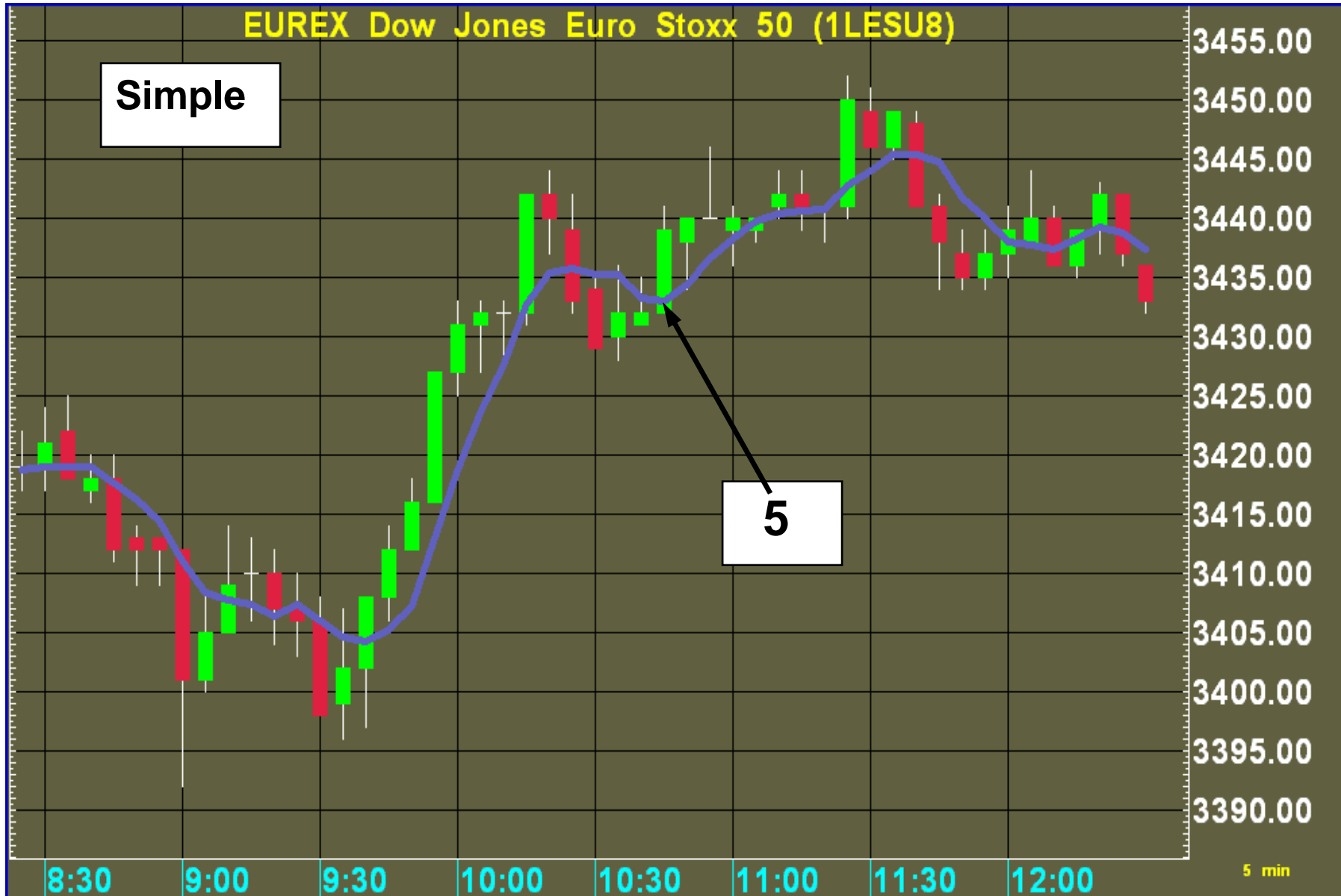
Moving Average parameters are based on three variables:

1. Sensitivity

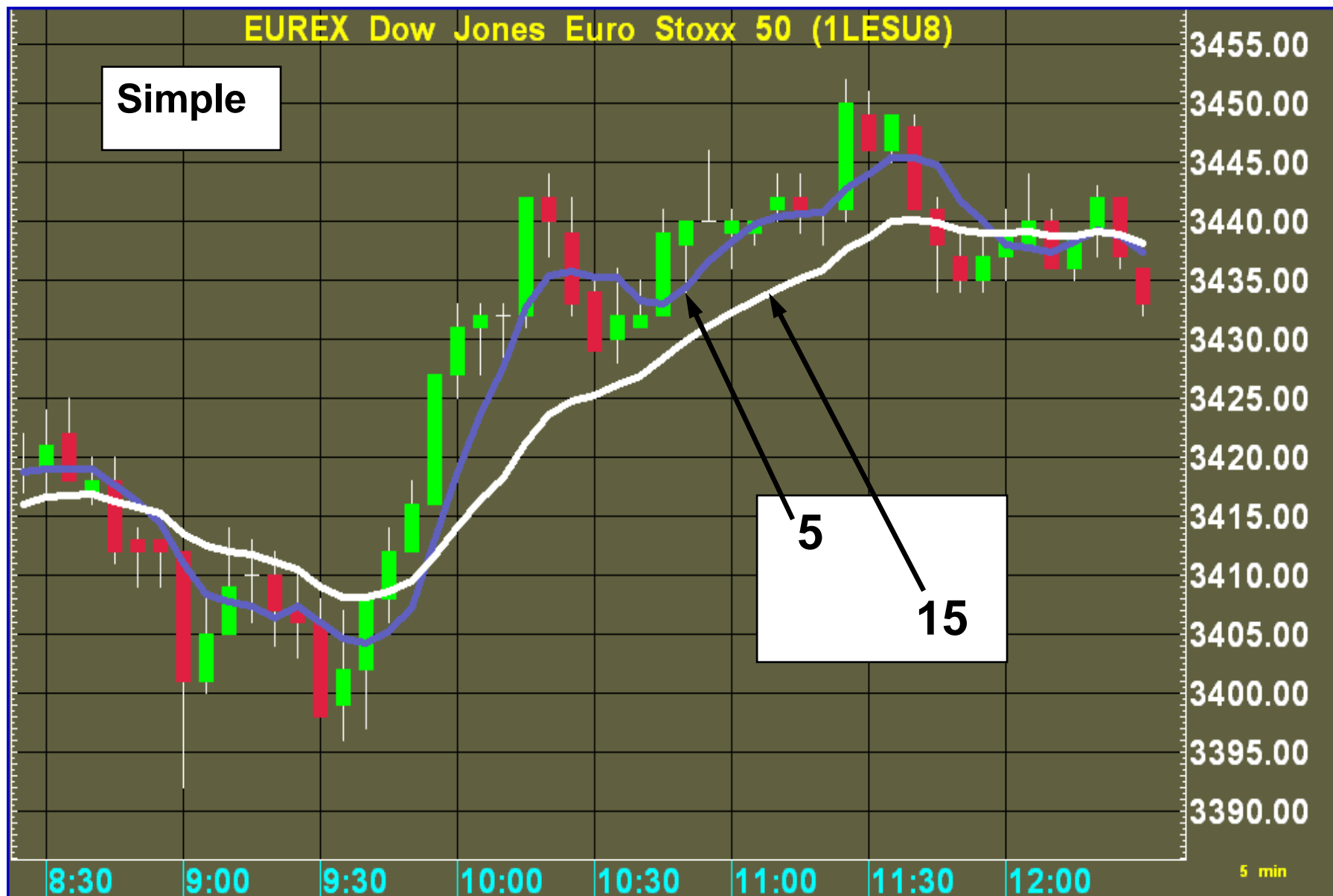
The number of periods used to calculate a moving average can be changed to increase or decrease its sensitivity.

Typical periods = 5, 8, 13, 21

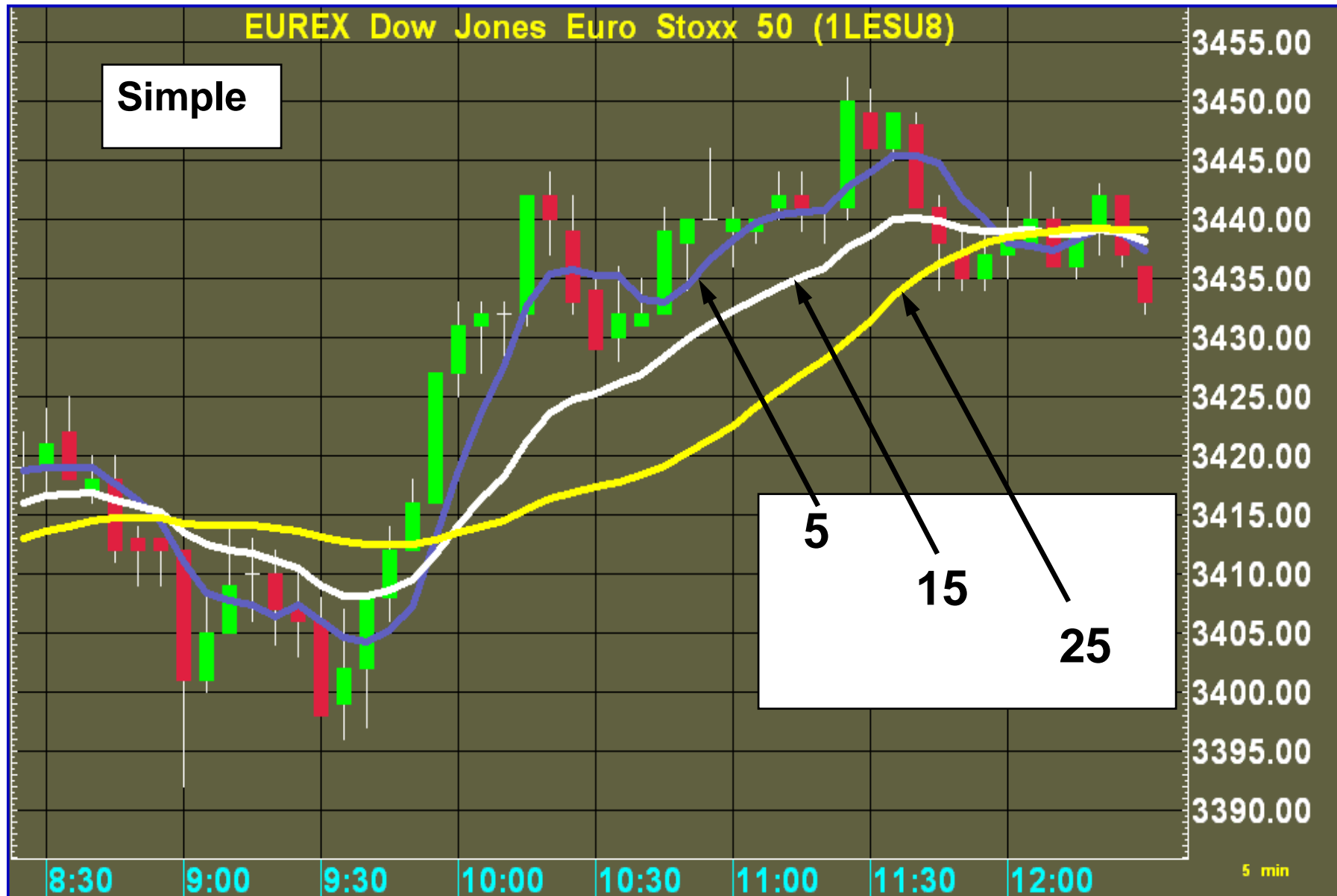
5 PERIOD MOVING AVERAGE



5 and 15 PERIOD MOVING AVERAGE



5, 15 and 25 PERIOD MOVING AVERAGE



MOVING AVERAGE PARAMETERS

2. Types of Moving Averages

Weighted

Exponential

Simple

Modified

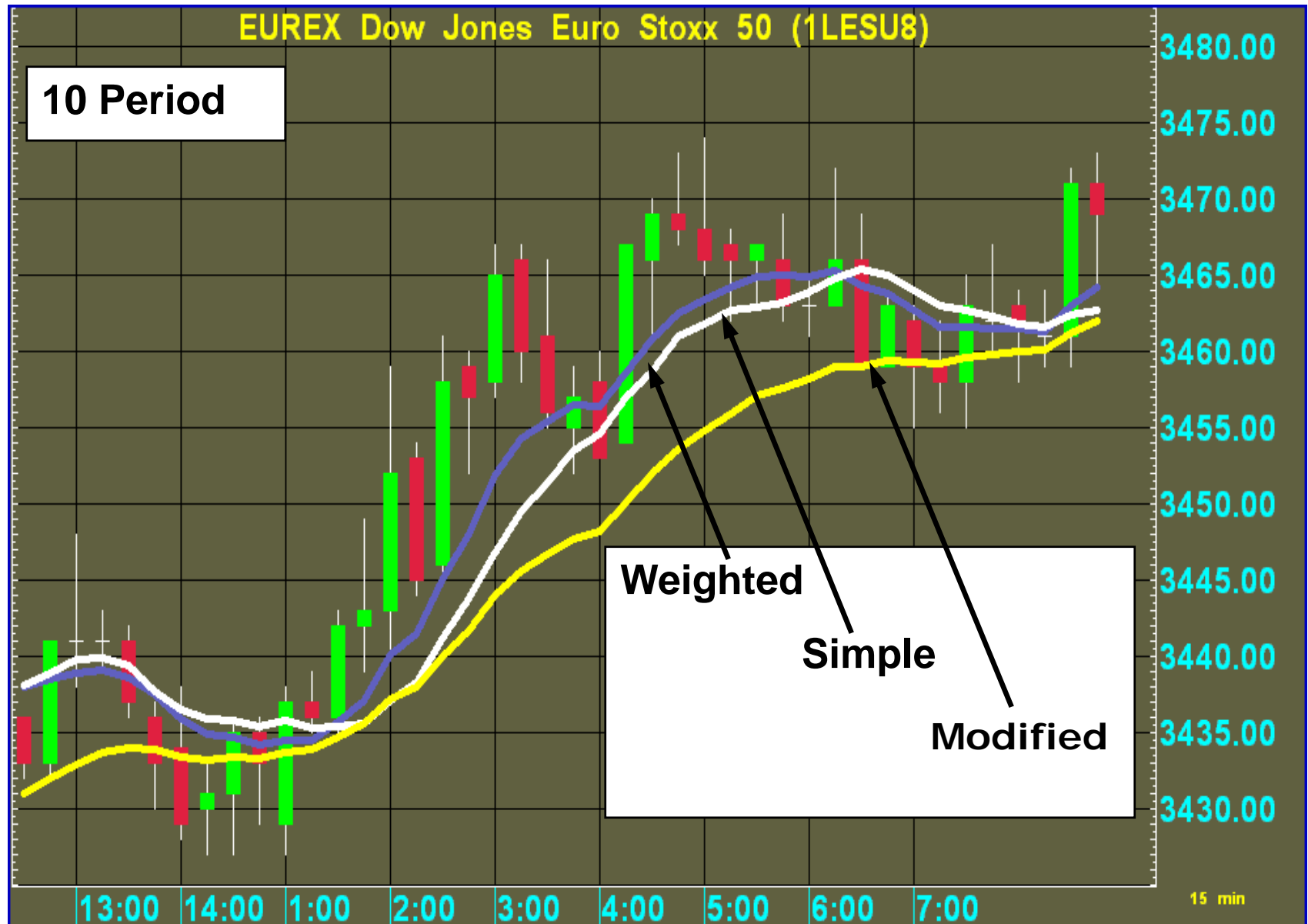
WEIGHTED MOVING AVERAGE



WEIGHTED AND SIMPLE MOVING AVERAGE



WEIGHTED, SIMPLE AND MODIFIED MOVING AVERAGE



MOVING AVERAGE PARAMETERS

3. Prices Used to Calculate the Moving

Average

Close

Open

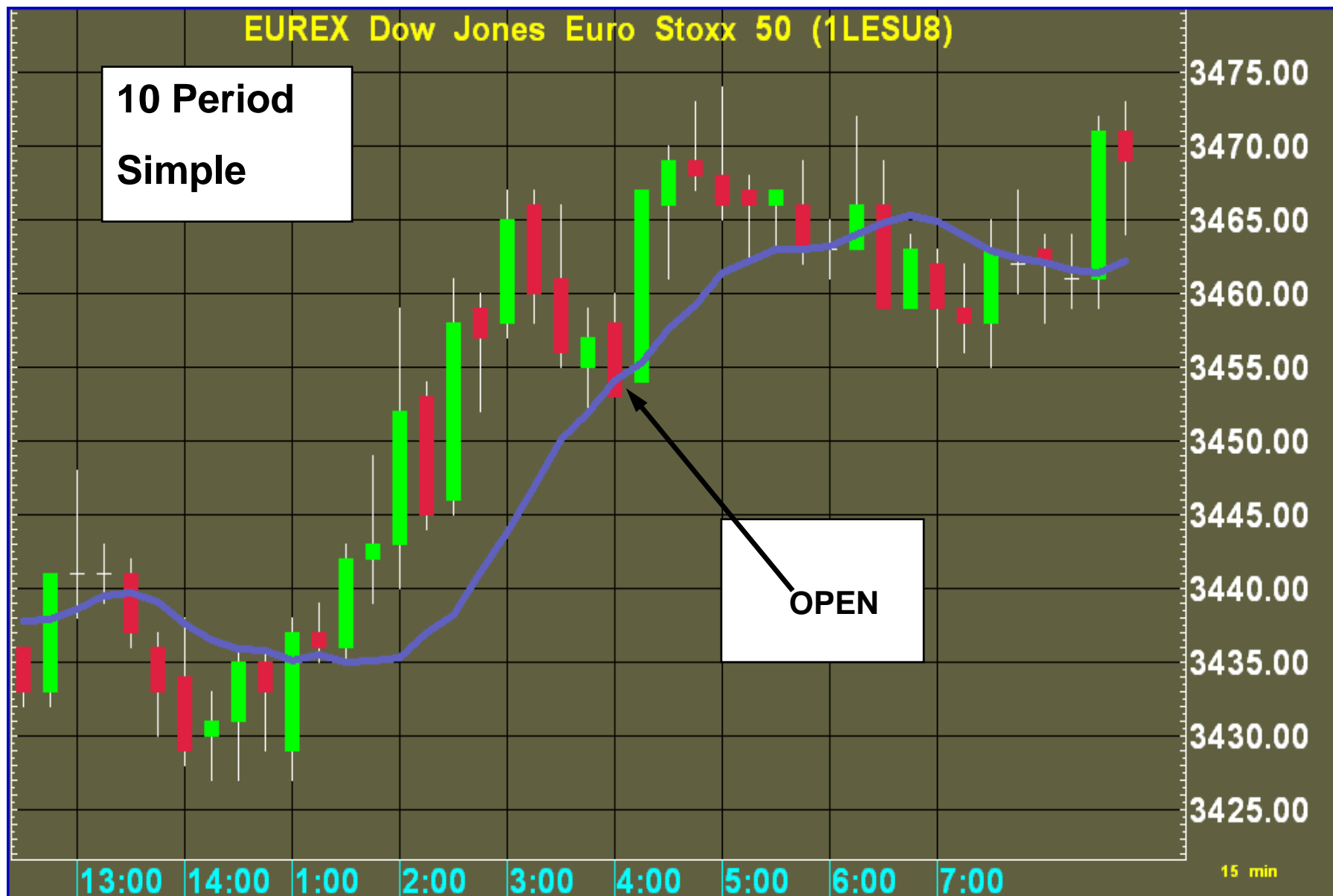
High

Low

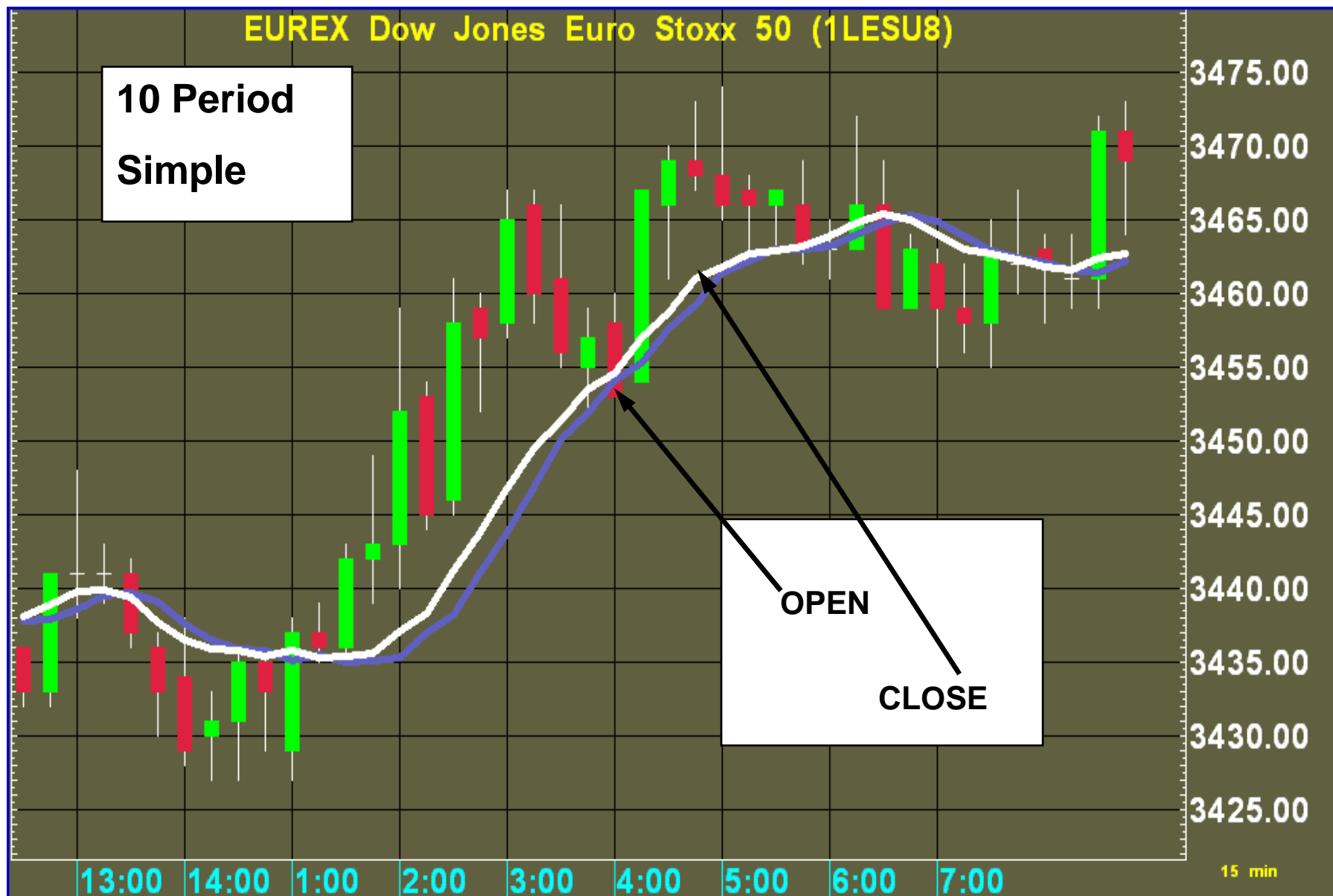
Midpoint

Average

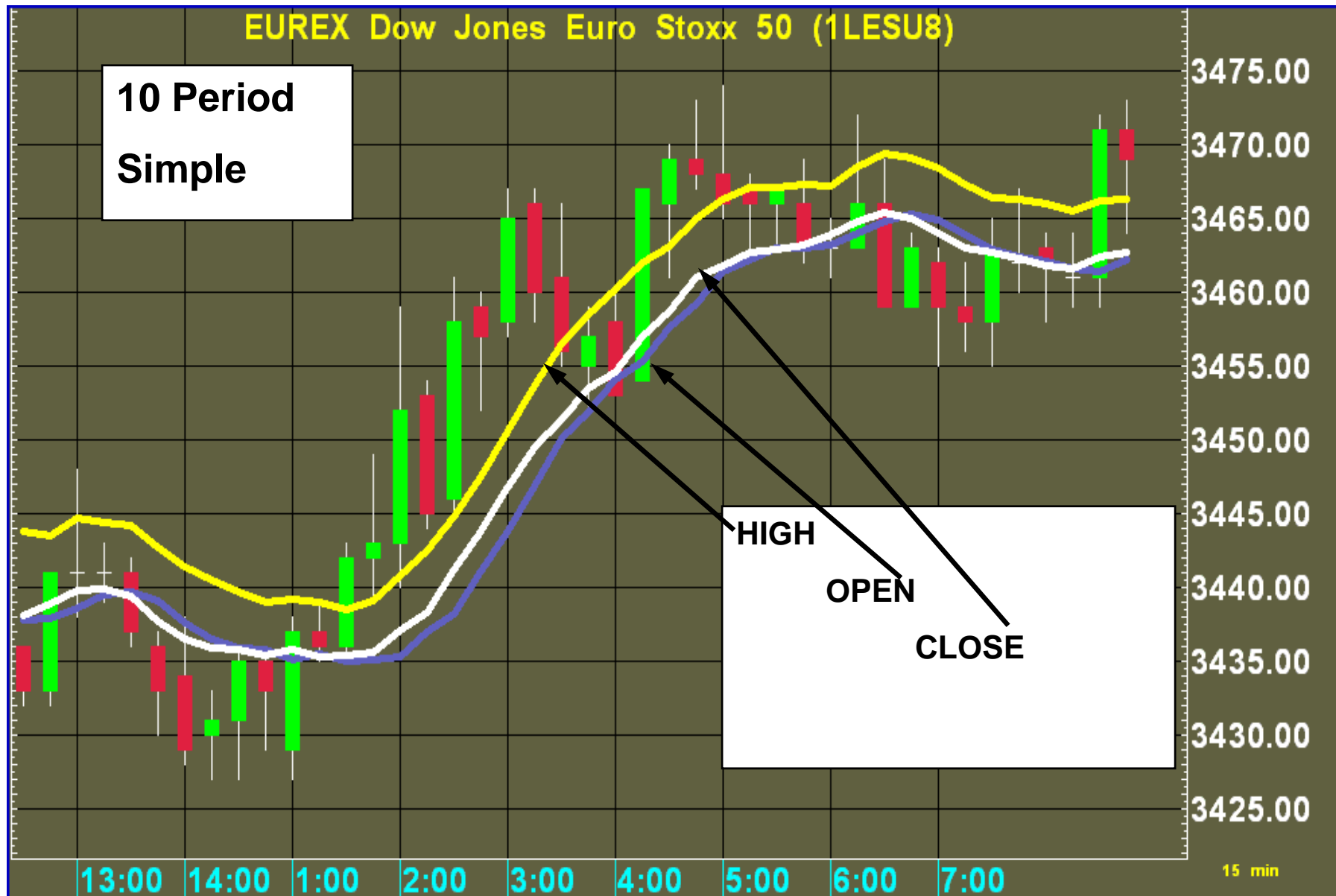
OPEN MOVING AVERAGE



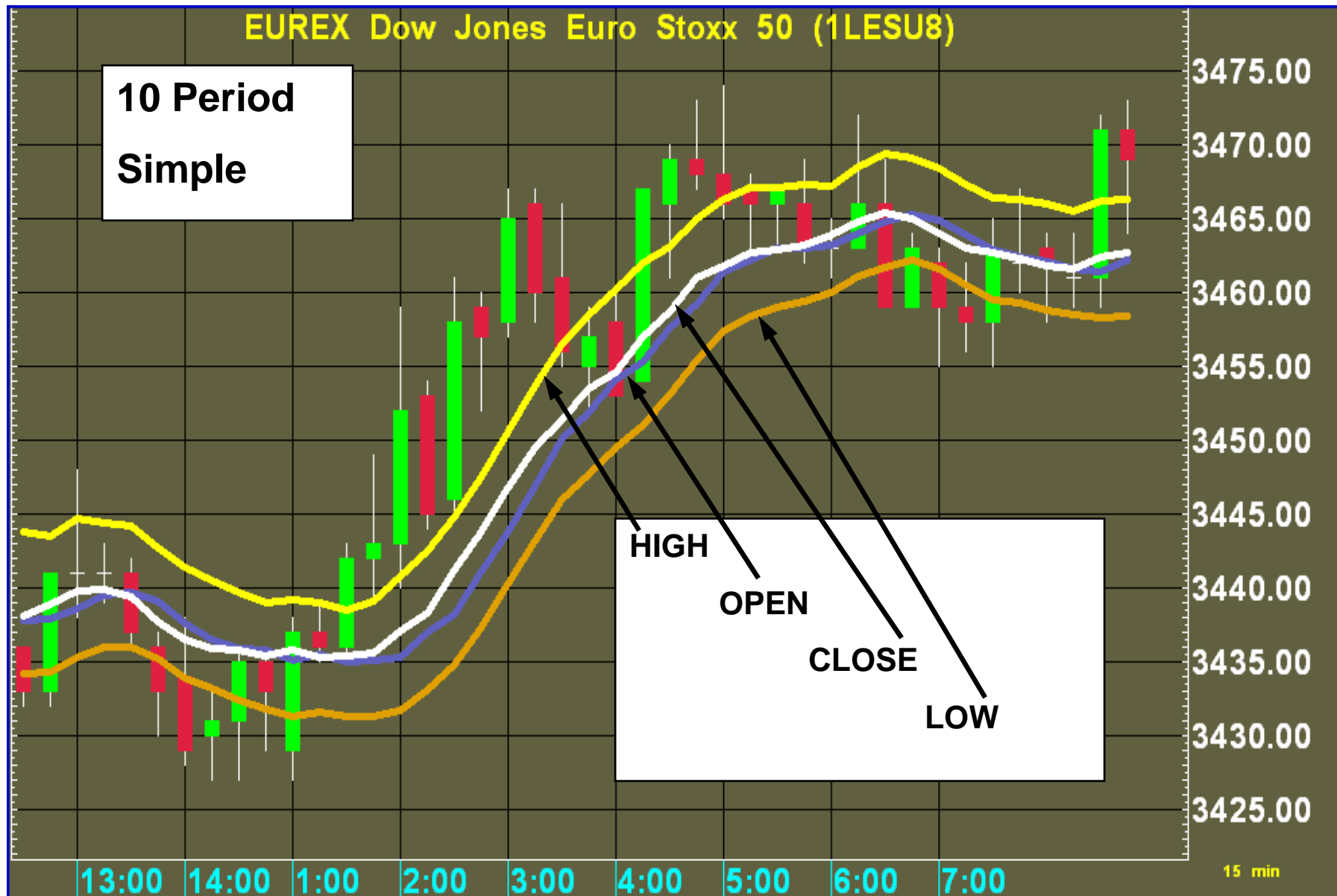
OPEN AND CLOSE MOVING AVERAGE



OPEN, CLOSE, HIGH AND LOW MOVING AVERAGE



OPEN, CLOSE, HIGH AND LOW MOVING AVERAGE



AGENDA

Eurex Overview

Mathematical Studies

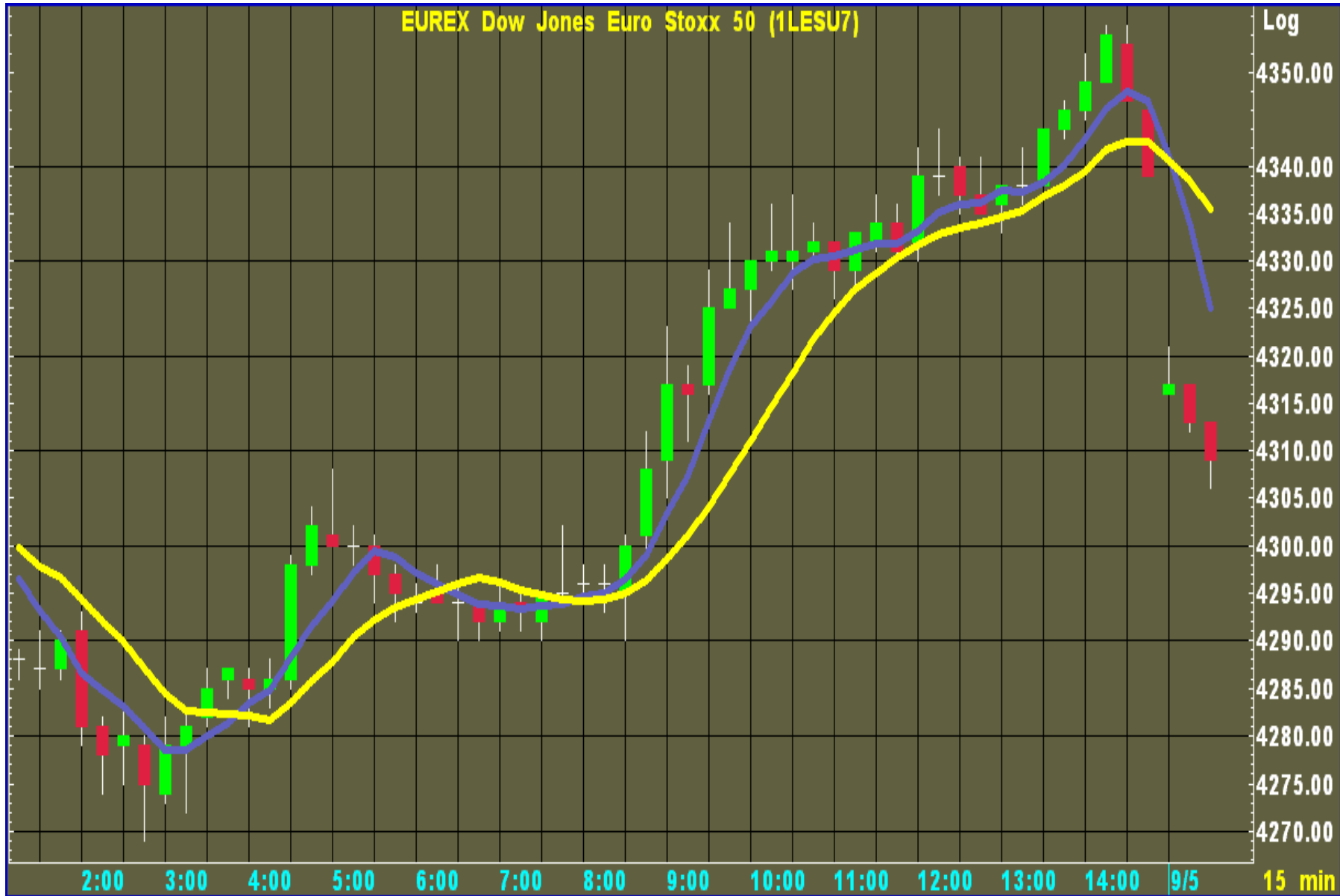
Price Overlay

Moving Averages

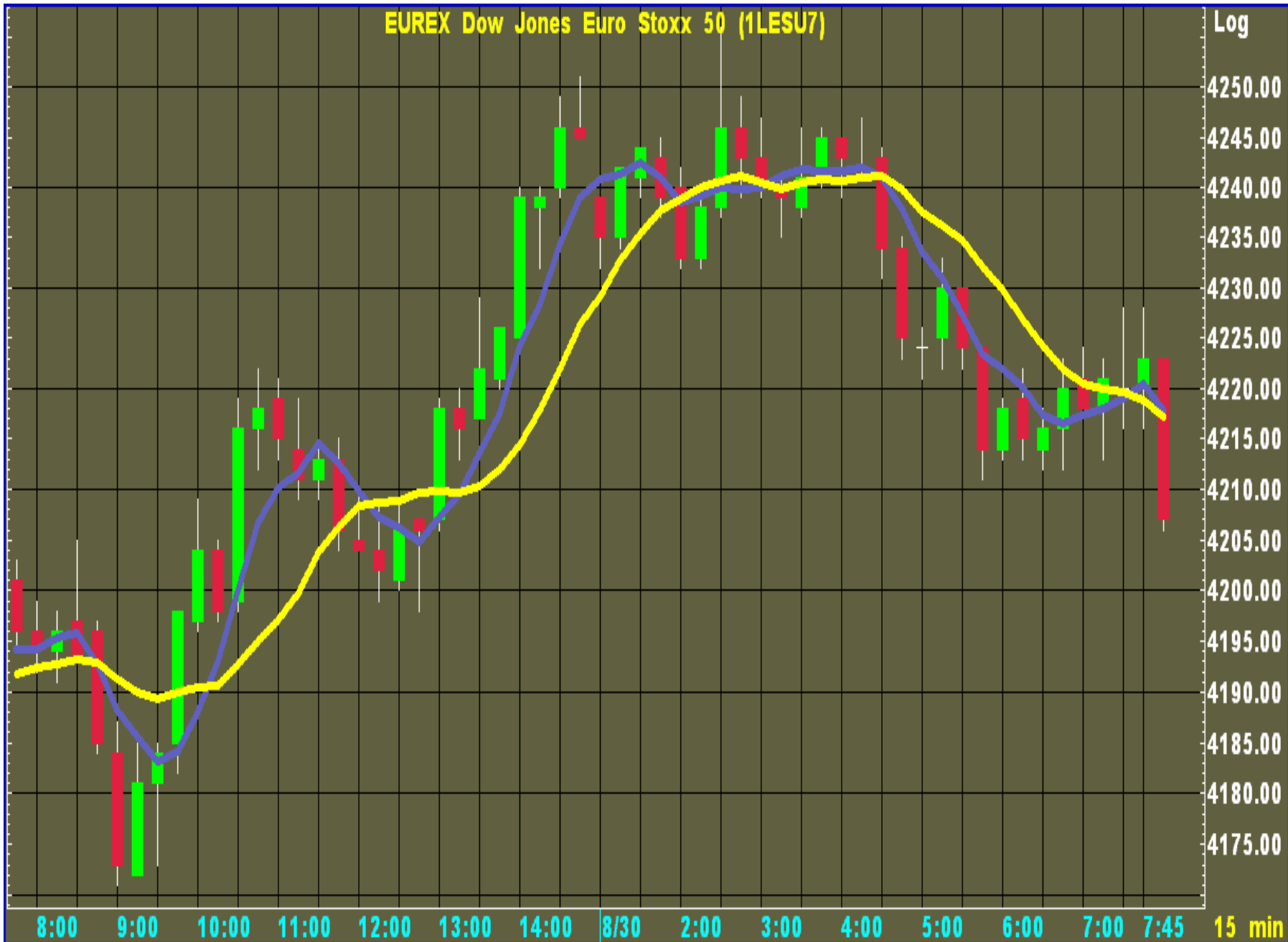
Trading Applications

Q&A

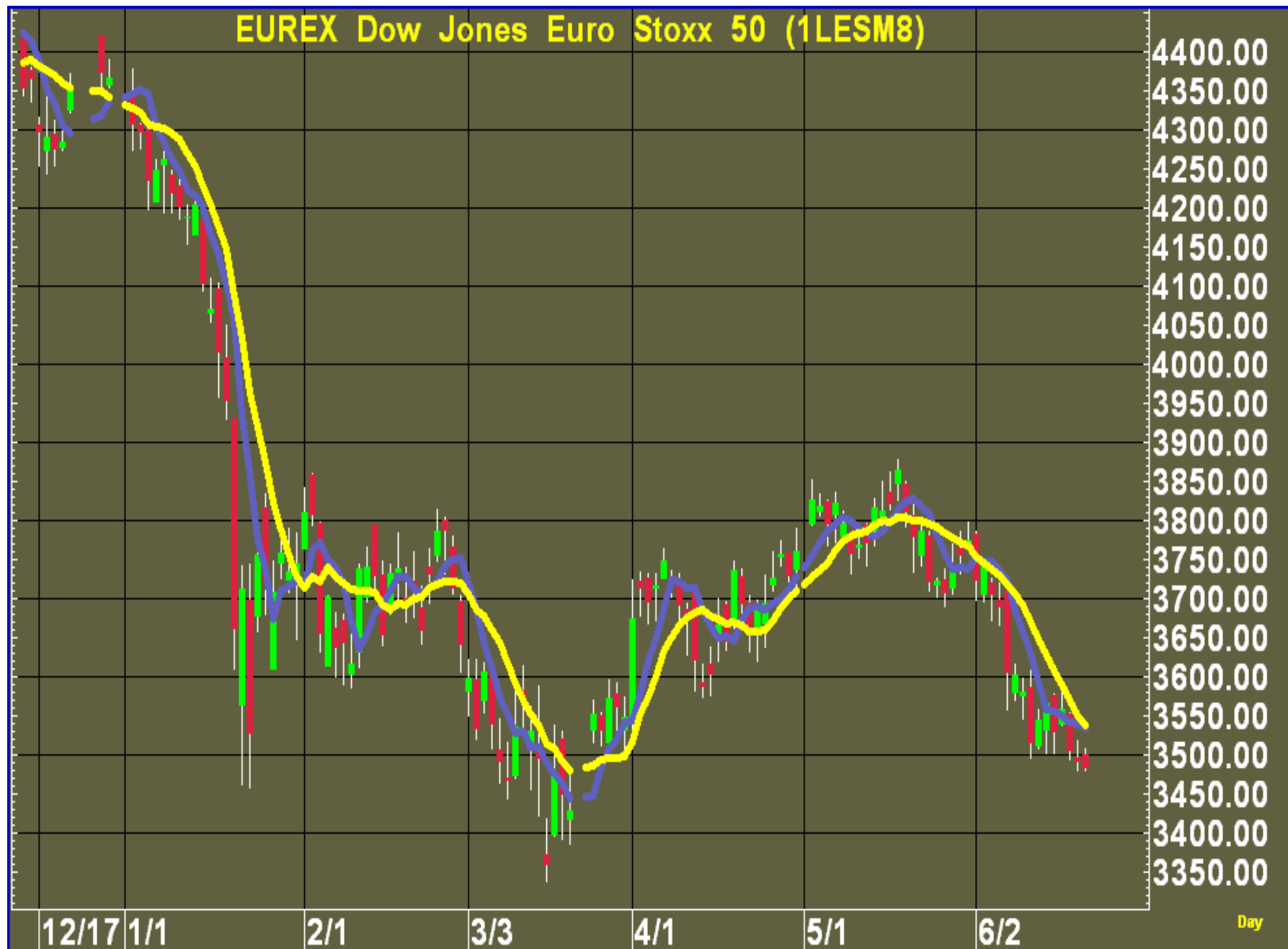
EXAMPLES



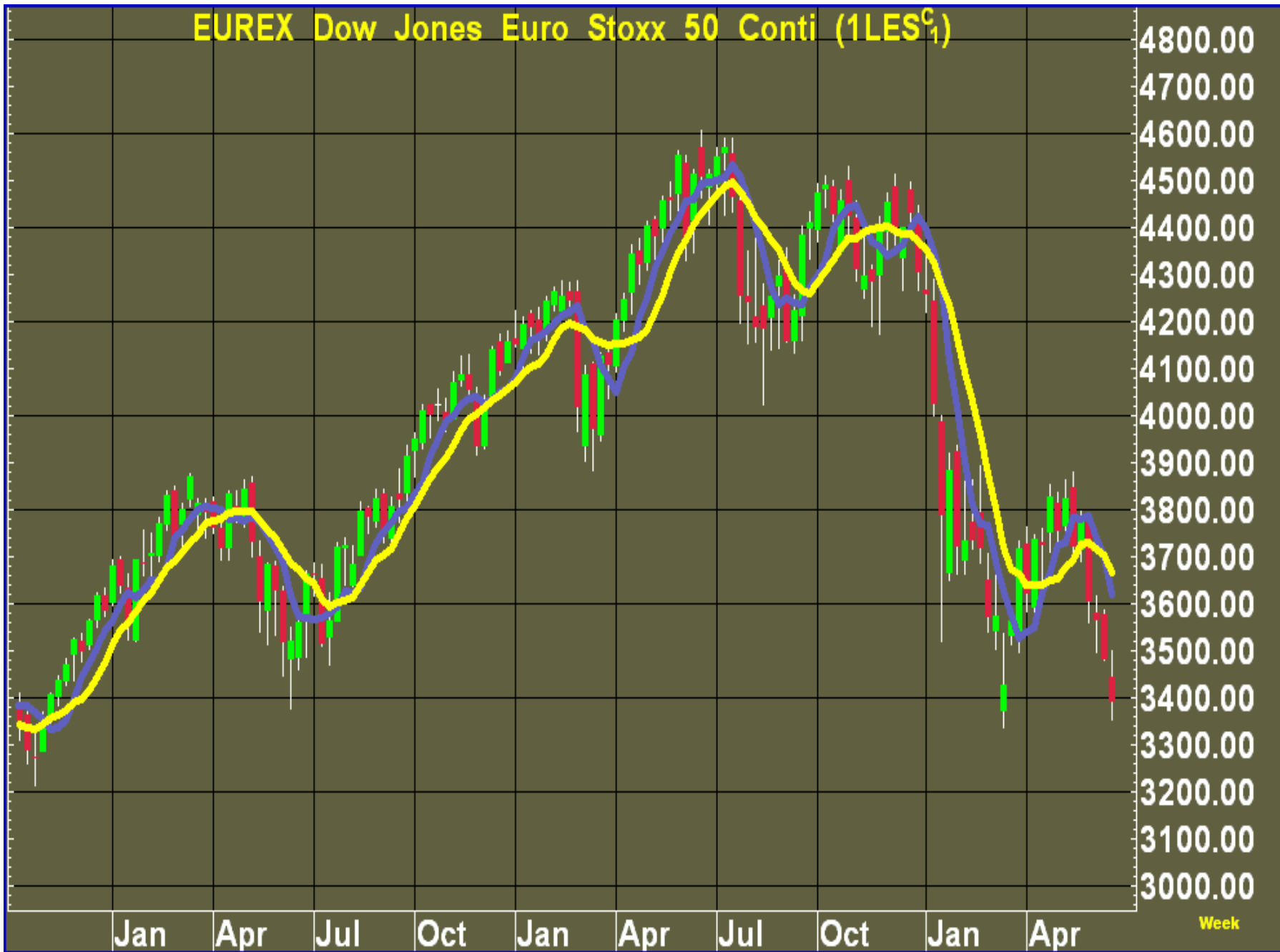
EUREX Dow Jones Euro Stoxx 50 (1LESU7)

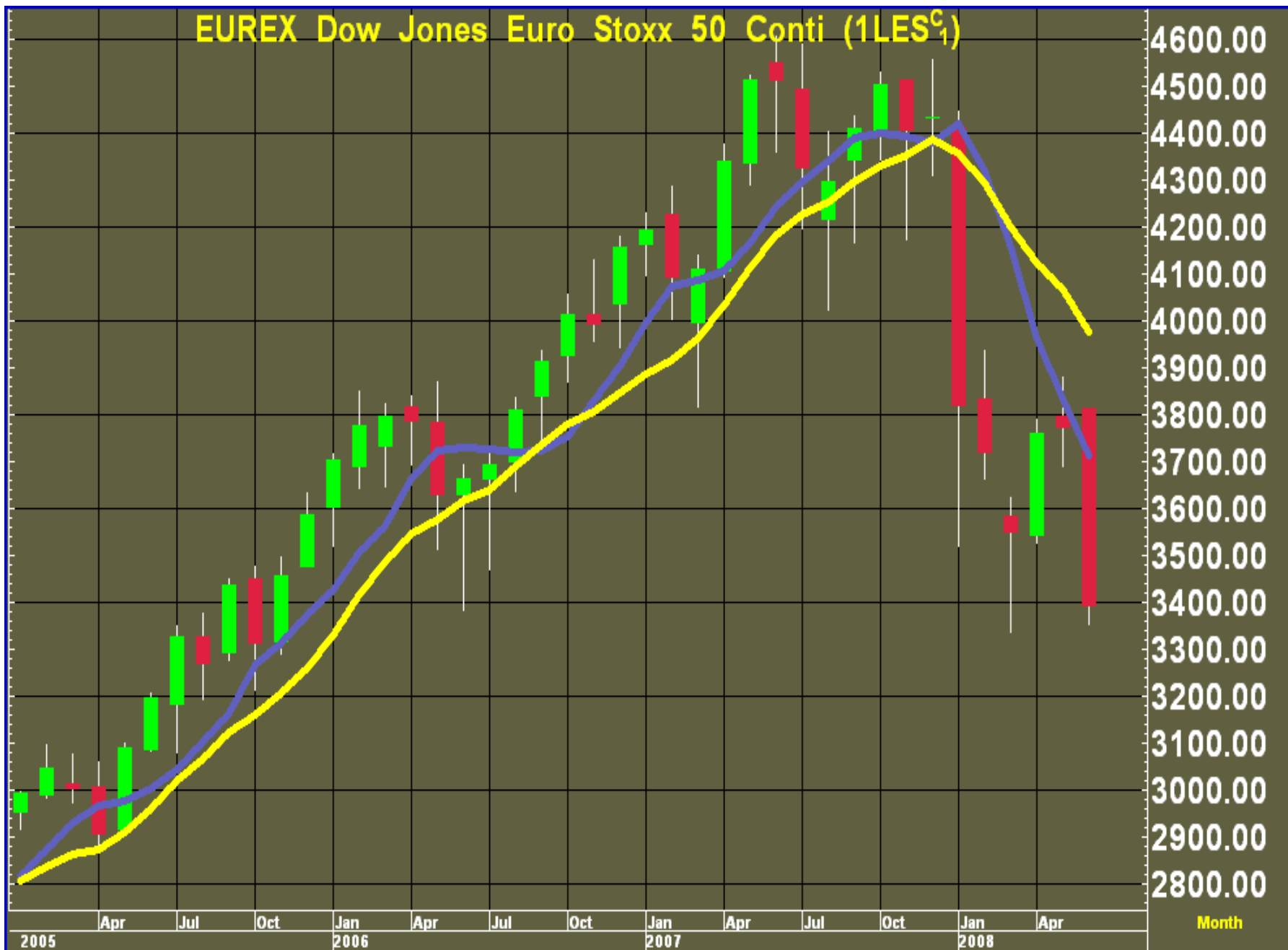


EUREX Dow Jones Euro Stoxx 50 (1LESM8)

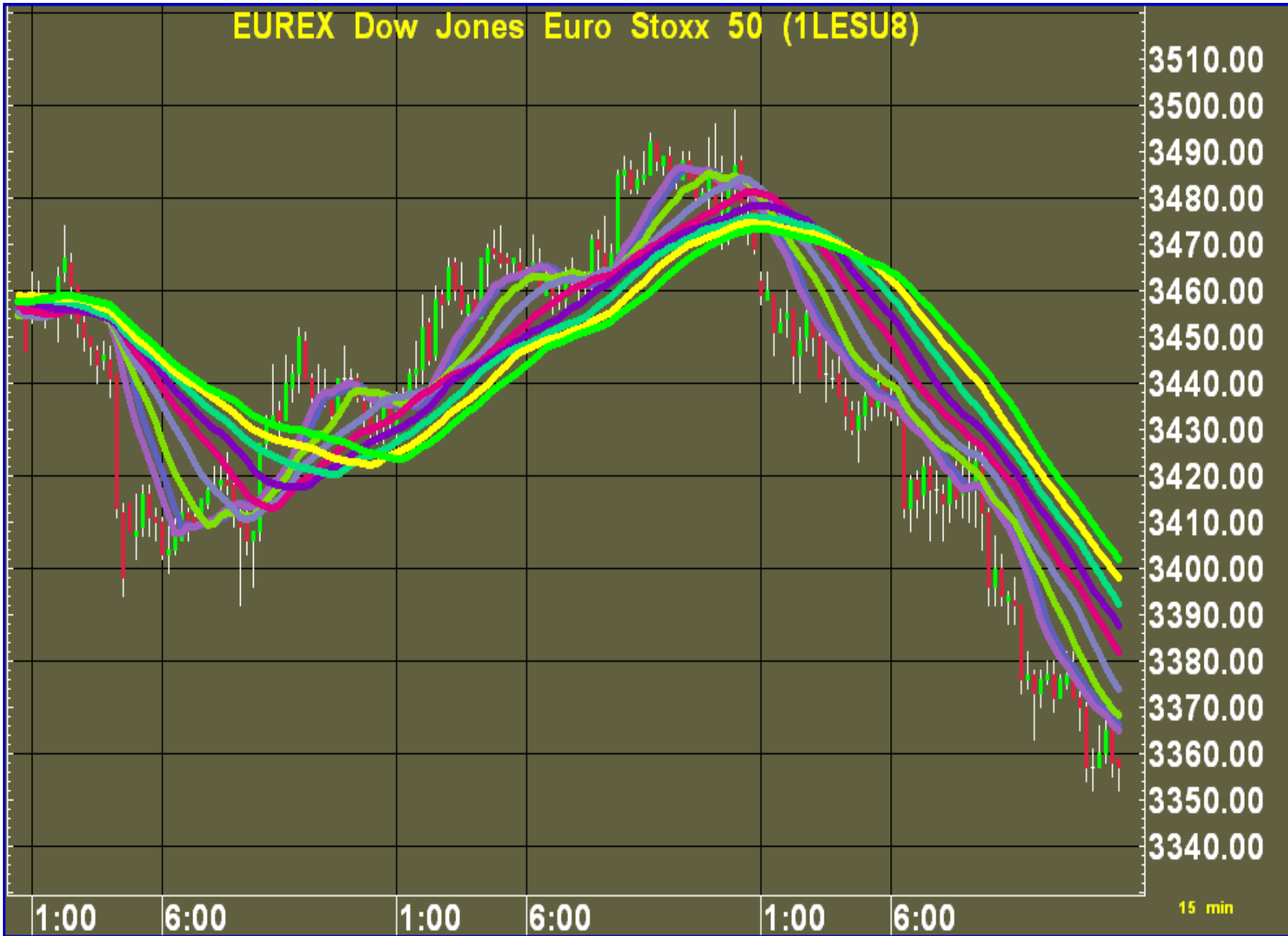


EUREX Dow Jones Euro Stoxx 50 Conti (1LES^C₁)



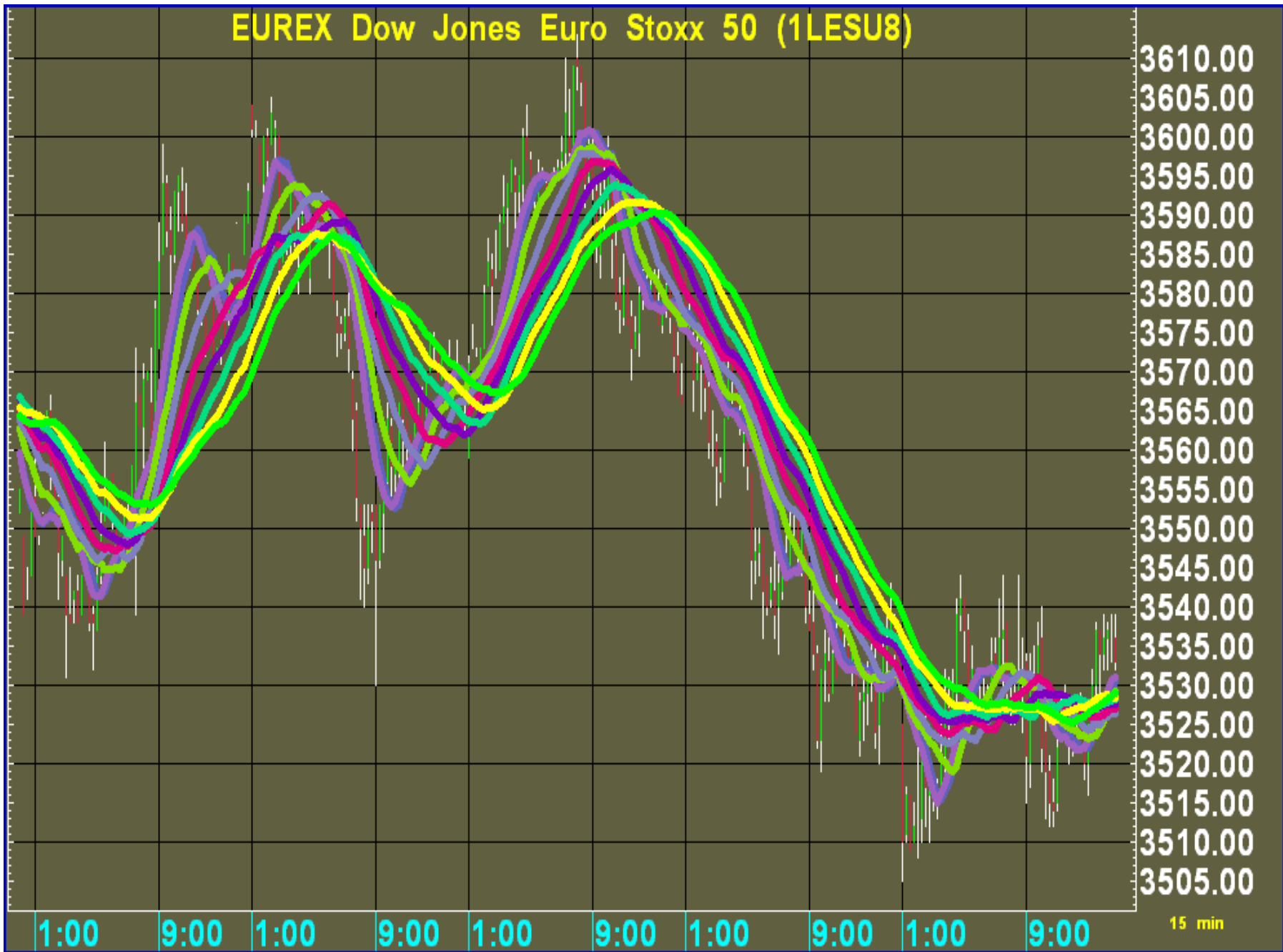


EUREX Dow Jones Euro Stoxx 50 (1LESU8)

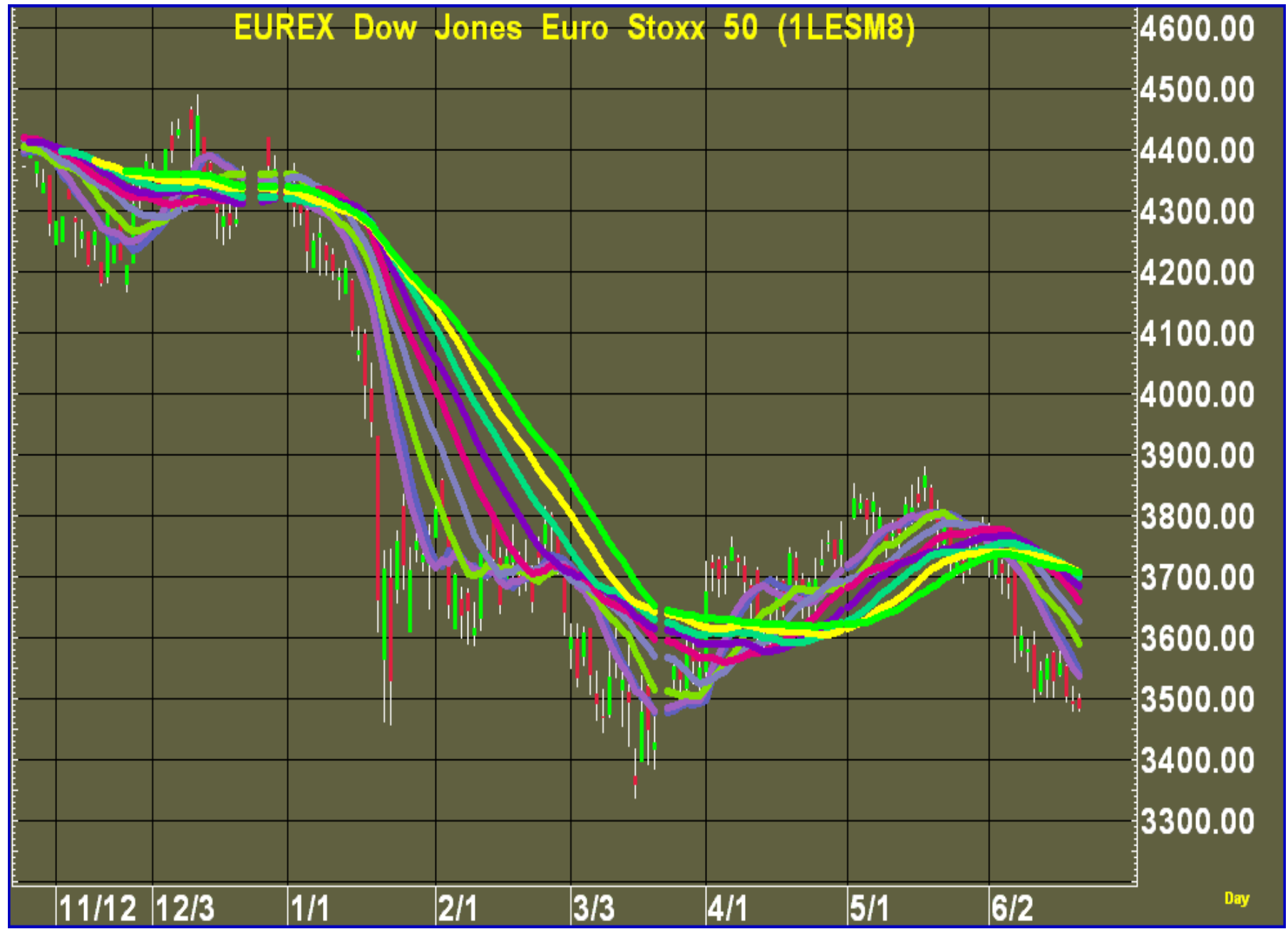


15 min

EUREX Dow Jones Euro Stoxx 50 (1LESU8)



EUREX Dow Jones Euro Stoxx 50 (1LESM8)



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