



GLOBAL MARKETS IN CLEAR VIEW

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Trading the Value of the US Dollar  
with ICE U.S. Dollar Index<sup>®</sup> Futures and Options  
April 19, 2010



**Interactive Brokers**

*The Professional's Gateway to the World's Markets*

# Moderator



## **Ray McKenzie**

Vice President of Market Development  
ICE Futures U.S.

# Forward-Looking Statements

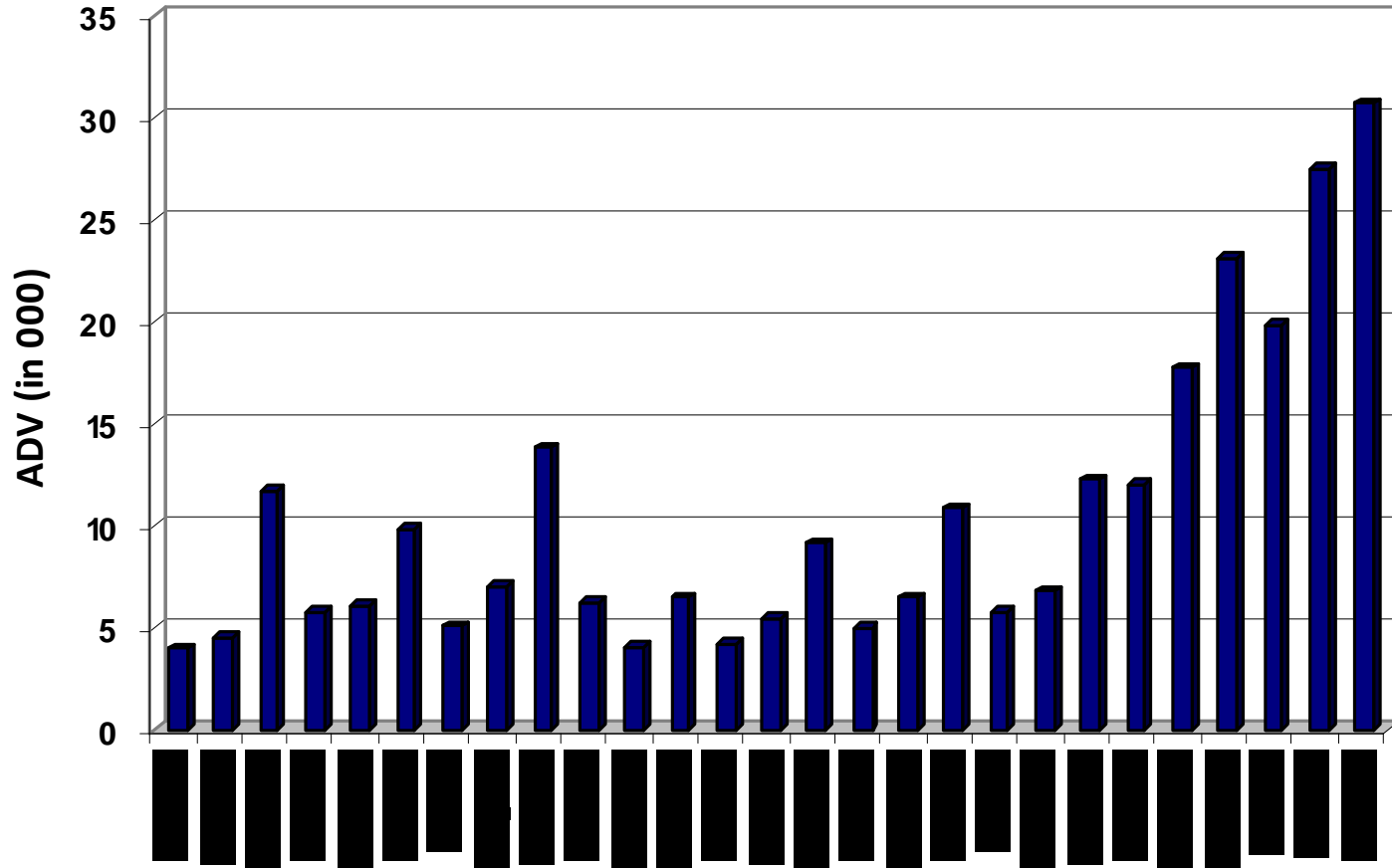
## Forward-Looking Statements

This presentation may contain “forward-looking statements” made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Statements regarding our businesses or expectations of trading with respect to the Russell products that are not historical facts are forward-looking statements that involve risks, uncertainties and assumptions that are difficult to predict. These statements are not guarantees of future performance and actual outcomes and results may differ materially from what is expressed or implied in any forward-looking statement. For a discussion of certain risks and uncertainties that could cause actual results to differ from those contained in the forward-looking statements see IntercontinentalExchange, Inc.’s filings with the Securities and Exchange Commission (the “SEC”), including, but not limited to, the “Risk Factors” in its Annual Report on Form 10-K for the year ended December 31, 2007 as filed with the SEC on February 13, 2008 and its Form 10-Q for the quarter ended June 30, 2008, as filed with the SEC on August 4, 2008. SEC filings are also available in the Investors & Media section of IntercontinentalExchange, Inc.’s website. All forward-looking statements in this presentation are based on information known to us on the date hereof, and we undertake no obligation to publicly update any forward-looking statements. You acknowledge that this presentation and the information provided during the conference call does not provide individualized investment advice and does not advise or recommend any particular investment strategies for the individual circumstances of any person. We recommend that you perform your own due diligence to determine the suitability of any strategy or recommendation contemplated in this presentation or on this conference call. The determination of suitability and the decision to engage in various trading activities are your sole responsibility. You understand that information provided by us is for information purposes only and is not intended to be and does not constitute financial advice of an individualized nature for your unique circumstances.

## ICE U.S. Dollar Index (DX)

- Most widely recognized benchmark for the value of the U.S. dollar
- Tracked widely by the media, institutions, and individual traders
- **Products based on the DX are available on ICE as tradable contracts**
- Both futures and options are available on the ICE electronic trading platform:
  - Futures: Electronic trading only
  - Options: On the screen and on the trading floor

# US Dollar Index Futures ADV



# U.S. Dollar Index (DX) Futures Contract Specs

[www.theice.com/usdx](http://www.theice.com/usdx)

**Electronic Trading Hours (Mon – Thurs/Fri)**  
8 p.m. – 6 p.m. ET the next day  
Open on Sunday night is 6:00 PM ET  
\*The trading platform is available 30 minutes before the opening for order entry.  
(Futures available only in electronic trading)

**Contract Symbol: DX**

**Quotation: Dollar Index points, calculated to three decimal places .010 = \$10**

**Tick Size: .005 = \$5**

**Contract Listings: Four months in the March/June/September/December quarterly expiration cycle**

**Price Limits: None**

**Daily Settlement: The volume-weighted average of all electronic trades transacted in the closing session (14:59 to 15:00 Eastern time).**

**Last Trading Day: Trading ceases at 10:16 ET two days prior to final settlement**

**Final Settlement: The U.S. Dollar Index is physically settled on the third Wednesday of the expiration month against six component**

**Position Limits: None**

**Currencies Included in the U.S. Dollar Index:**

**Euro  
Japanese Yen  
British Pound  
Canadian Dollar  
Swedish Krona  
Swiss Franc**

# U.S. Dollar Index Options Are Now Electronic!

## DX Options Contract Specifications

### Quarterly and Serial Options Available Onscreen

- Mar quarterly cycle, plus two closest calendar months
- For a serial option, the futures contract underlying the option is the next quarterly futures contract

### Electronic Trading Hours :

8:00 p.m. – 6 p.m. ET; 6:00 p.m. – 6:00 p.m. Sunday evening

### Floor Trading Hours:

8:00 to 3 p.m. ET (closing period 2:59-3:00 p.m.)

### Quotation:

U.S. Dollar Index points, calculated to three decimal places  $.010 = \$10$  (same as futures)

**Tick size:**  $.005 = \$5$  (same as futures)

### Strike Price Increments:

Intervals of one U.S. Dollar Index trading point (1.00)

### Last Trading Day:

Two Fridays before the third Wednesday of the expiring contract month (futures contract is physically settled)

Multiple market-makers support the options

!

# Price Information

## Free Real-Time Prices

[www.theice.com/usdx](http://www.theice.com/usdx)

Free historical data, including tick data, is available by calling 646-733-5015 or emailing [data@theice.com](mailto:data@theice.com)

Free ICE Index Package from Data Vendors (includes Russell indexes, USDX, and currency pairs)



## ICE US Dollar Index Real-Time Prices

-- Select a Realtime Feed --

[Subscribe to U.S. Dollar Index Updates](#)

Updated: 10 Mar 2010 2:51:14 PM

ICE Cash DX

80.406

### ICE US Dollar Index

Mar10 **80.420** **-0.185** High: 80.865 Settle: 80.605  
 Low: 80.315 Volume: 27,308  
 Last: 80.420 OI: 38,814  
 Notional: 2,196M

Qty	Bid	Offer	Qty
26	80.415	80.425	102
113	80.410	80.430	98
163	80.405	80.435	103
135	80.400	80.440	103
241	80.395	80.445	40

### ICE US Dollar Index

Jun10 **80.690** **-0.190** High: 81.130 Settle: 80.880  
 Low: 80.595 Volume: 13,414  
 Last: 80.690 OI: 16,973  
 Notional: 1,082M

Qty	Bid	Offer	Qty
19	80.690	80.700	3
27	80.685	80.705	20
63	80.680	80.710	73
78	80.675	80.715	63
73	80.670	80.720	105

### ICE US Dollar Index

Mar10/Jun10 **0.280** **+0.005** High: 0.285 Settle: 0.275  
 Low: 0.255 Volume: 10,435  
 Last: 0.280 OI: 0

Qty	Bid	Offer	Qty
238	0.270	0.280	784
294	0.265	0.285	1854
250	0.260	0.290	1758
967	0.255	0.295	1510
1088	0.250	0.300	729



## For More Information

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+1 312 836 6720

ICE FX Sales Team  
[icefx@theice.com](mailto:icefx@theice.com)

### Useful Links:

ICE USDX Product Information

[www.theice.com/usdx](http://www.theice.com/usdx)

ICE USDX Brochure

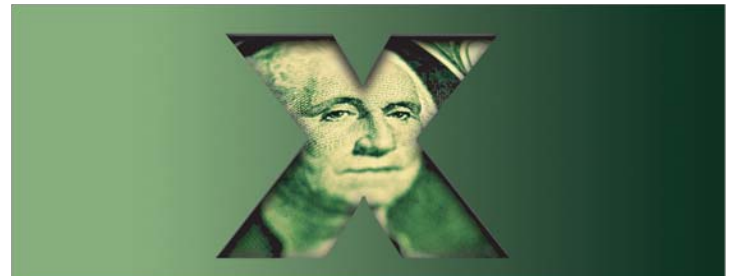
[www.theice.com/publicdocs/ICE\\_USDX\\_Brochure.pdf](http://www.theice.com/publicdocs/ICE_USDX_Brochure.pdf)

ICE USDX Incentive Program

[www.theice.com/publicdocs/futures\\_us/usdxapplication.pdf](http://www.theice.com/publicdocs/futures_us/usdxapplication.pdf)

ICE USDX Webinars

[www.theice.com/webinars](http://www.theice.com/webinars)



## Presenter



**David Hightower**  
**Principal, Hartfield Trading**  
**Senior Researcher, Hightower Report**

**23 years commodity-specific experience**

**Frequent guest on CNN, Bloomberg Television**

**Frequent speaker at industry meetings**



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[www.theice.com/usdx](http://www.theice.com/usdx)

# Trading the Value of the US Dollar with Dollar Index (DX) Futures and Option

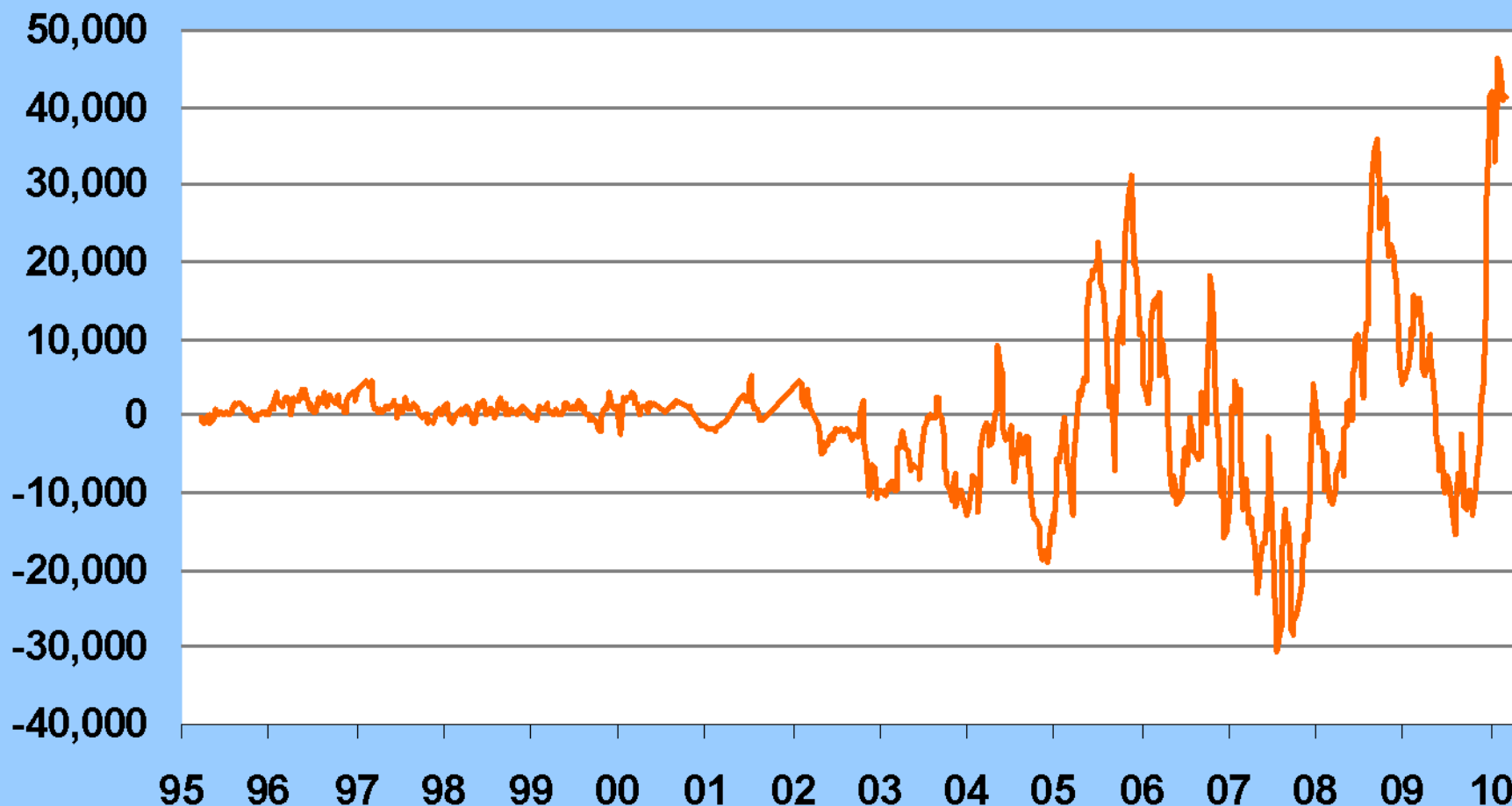
David Hightower  
April 19, 2010

# Volatility Here To Stay!

- The process of Change can produce sharp turns
- Ultimate trends off major change can be significant
- Dollar status back in vogue as Euro standing declines
- Change in the Chinese currency mostly impacts the Dollar
- Dollar Reserve Status still intact

# Dollar - COT - Futures and Options

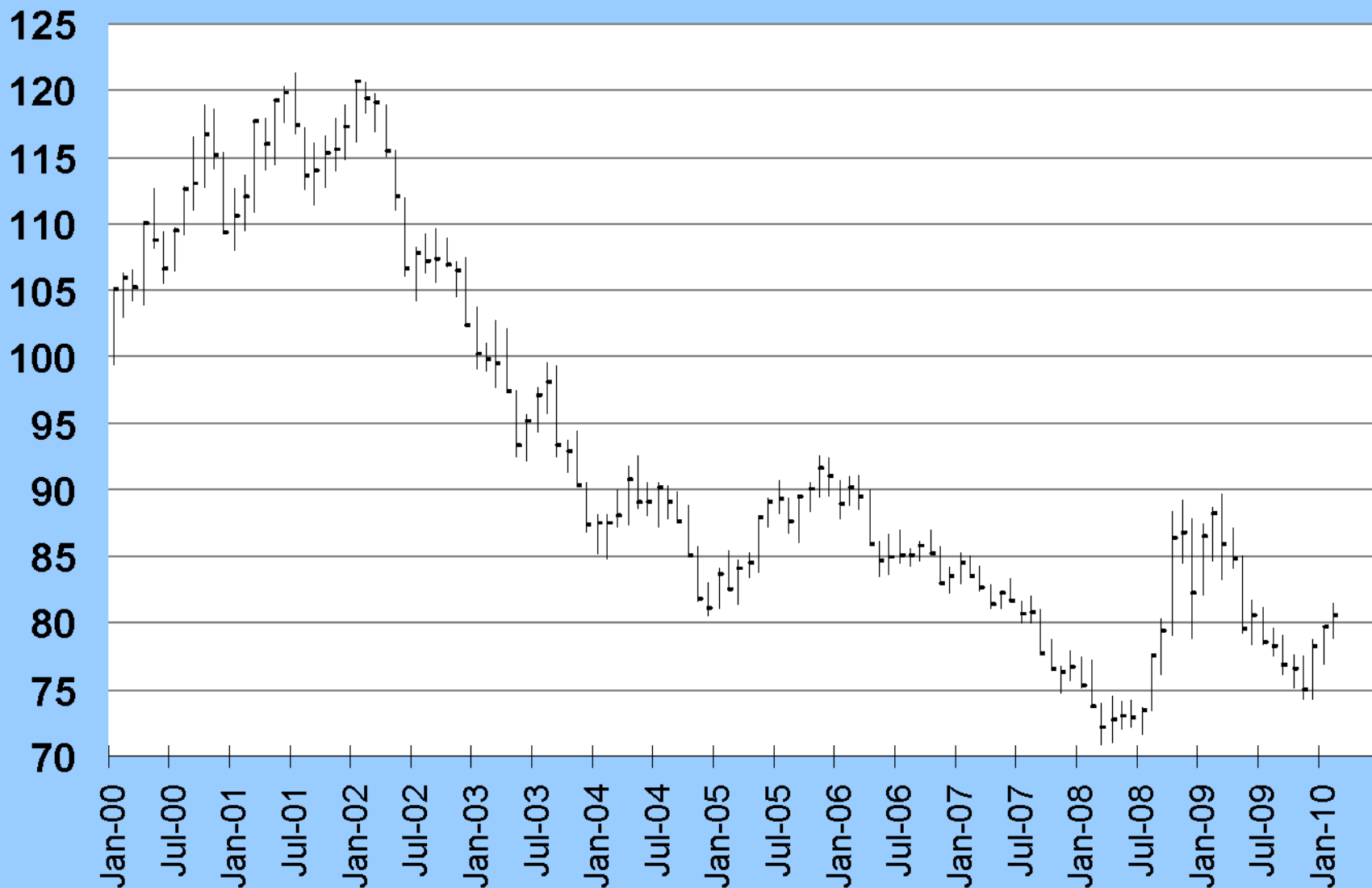
Non-Commercial and Nonreportable Combined Net Position  
Number Of Contracts



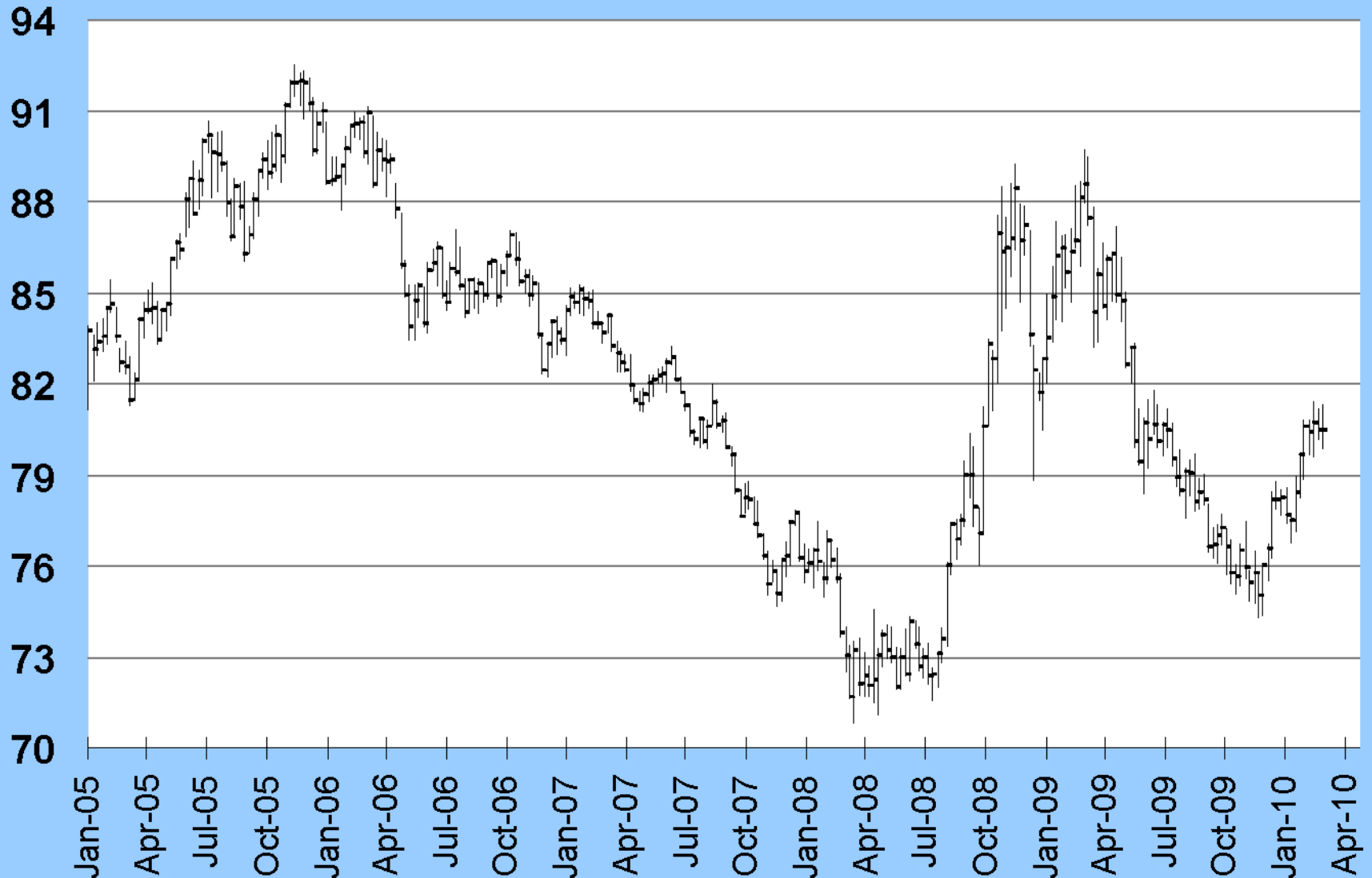
The Hightower Report

Max: 46,307 (2/2/2010) - Min: -30,547 (7/24/2007) - Most Recent: 41,279 (03/02/2010)

# Monthly Nearby US Dollar



# Weekly Nearby US Dollar



# Reward $\neq$ Risk

- How to use strategy over opinion to weather surprise storms and capitalize on opportunity in the US dollar.
- How to combine options and futures to create strategies for known events.
- How to make countertrend futures reactions pay for long term options positions.

# Strategy Over Opinion

- Complexion of the market Personality
- Possible Events Out to Option Expiration
- Technical Considerations
- Fundamental Bias
- Historical pricing

Strategy  
 \*Customize

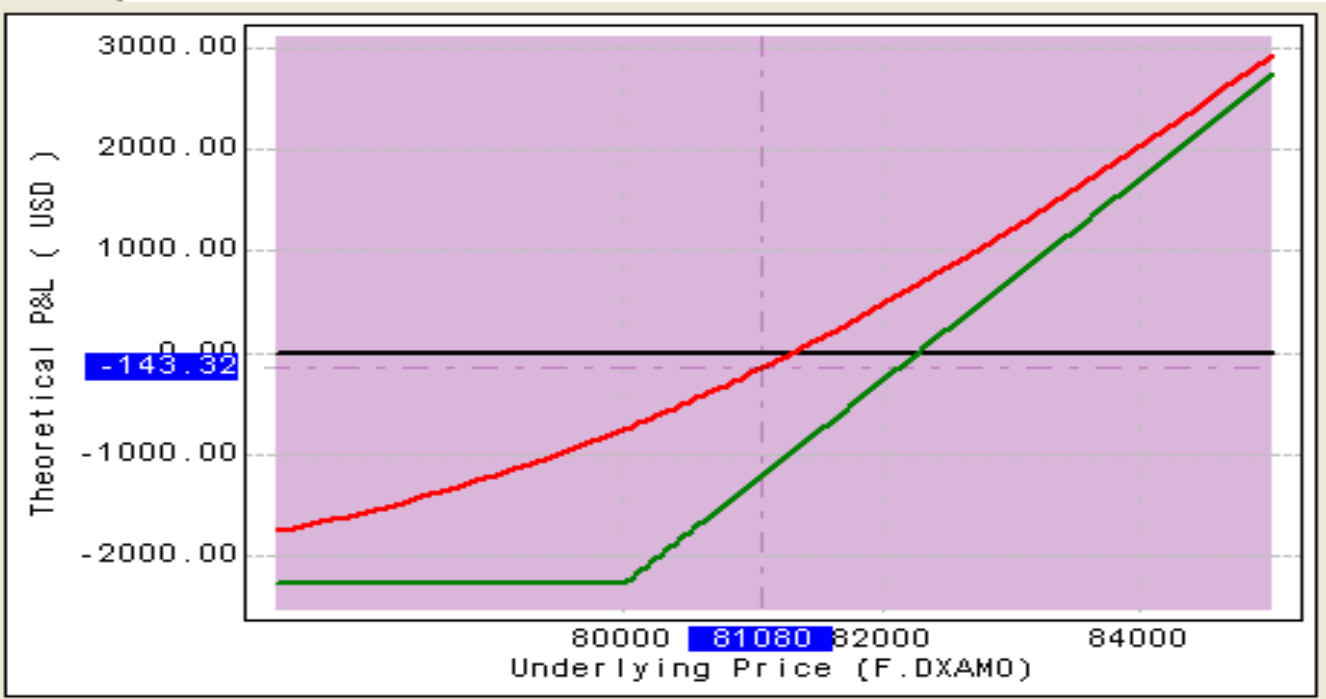
Underlying contracts  
 F.DXM0 | F.DXAM0  
 Price: 81080 (B.A.TR.YC)  
 Hist Vol (60 days): 7.05  
 Interest rate: 0.36 (F.EDAA)  
 Underlying DTE: 98

Plot | Range | WhatIf  
 Model: Black  
 X-Axis: Underlying Price  
 Y-Axis: USD  
 Z-Axis: Days to Expiration  
 Points per X-Axis: (30-120 pts) Z-Axis: (10-100)  
 60 10

Trades | Greeks | Costs | TradeTimes | VolumeOI | Underlying

	Symbol	Long / Short	Qty	Exp Month	Strike	Call / Put / Under	Entry	Comm	DT
<b>Position</b>								0.00	
<b>New 1</b>	F.DXM0	Long	1			Under	81080	0.00	
<b>New 2</b>	DX	Long	1	JUN0	80	Put	1200	0.00	
<b>Entry</b>			0					0.00	

P&L | Delta | Gamma | Theta | Vega | Rho | Time Value | Table



Strategy  
 \*Customize

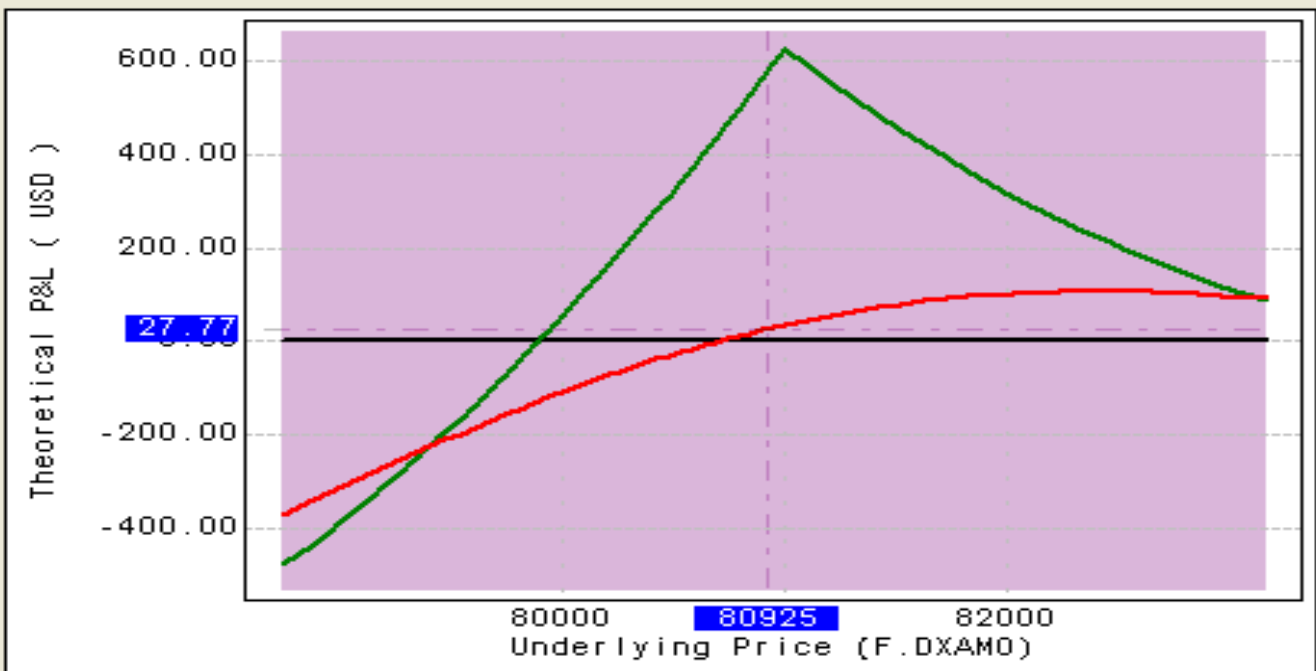
Underlying contracts  
 F.DXAM0  
 Price: 80925 (B.A,TR,YC)  
 Hist Vol (60 days): 7.02  
 Interest rate: 0.30 (F.EDAA)  
 Underlying DTE: 98

Plot Range WhatIf  
 Model: Black  
 X-Axis: Underlying Price  
 Y-Axis: USD  
 Z-Axis: Days to Expiration  
 Points per X-Axis: (30-120 pts) 60  
 Z-Axis: (10-100) 10

Trades | Greeks | Costs | TradeTimes | VolumeOf | Underlying

	Symbol	Long / Short	Qty	Exp Month	Strike	Call / Put / Under	Entry	Comm
<b>Position</b>								0.00
<b>New 1</b>	DX	Short	1	APRO	81	Call	770	0.00
<b>New 2</b>	DX	Long	1	JUN0	80	Call	1935	0.00
<b>Entry</b>			0					0.00

P&L | Delta | Gamma | Theta | Vega | Rho | Time Value | Table



# Options & Futures Combinations for Known Events

- Unemployment
- Greece Debt Auction
- Health Reform Vote
- War / No War
- Key US Corporate Earnings News



Strategy  
\*Customize

Underlying contracts  
F.DXM0 | F.DXAM0

Price: 81095 (B.A,TR,YC)  
Hist Vol (60 days): 7.06  
Interest rate: 0.36 (F.EDAA)  
Underlying DTE: 98

Plot | Range | WhatIf

Model: Black

X-Axis: Underlying Price

Y-Axis: USD

Z-Axis: Days to Expiration

Points per X-Axis: (30-120 pts)    Z-Axis: (10-100)

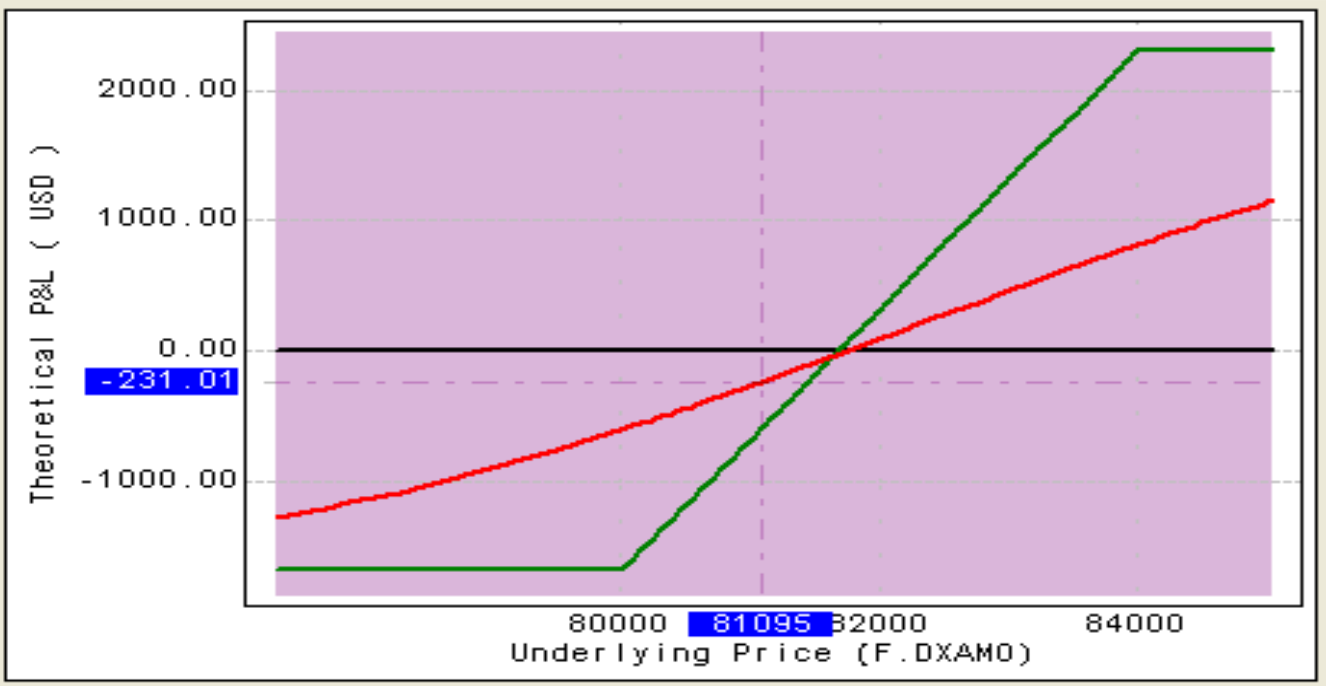
60

10

Trades | Greeks | Costs | TradeTimes | VolumeOI | Underlying

	Symbol	Long / Short	Qty	Exp Month	Strike	Call / Put / Under	Entry	Comm
<b>Position</b>								0.00
<b>New 1</b>	F.DXM0	Long	1			Under	81095	0.00
<b>New 2</b>	DX	Long	1	JUN0	80	Put	1200	0.00
<b>New 3</b>	DX	Short	1	JUN0	84	Call	610	0.00
<b>Entry</b>			0					0.00

P&L | Delta | Gamma | Theta | Vega | Rho | Time Value | Table



# Long Term Option Positions

- Trending
- Uncertain on trend timing change
- Using volatility to finance position trading
- Leverage focused toward fundamentals

Strategy  
 \*Customize

Underlying contracts  
 F.DXM0 | F.DXAM0

Price: 80915 (B.A,TR,YC)  
 Hist Vol (60 days): 7.02  
 Interest rate: 0.36 (F.EDAA)  
 Underlying DTE: 98

Plot | Range | WhatIf

Model: Black

X-Axis: Underlying Price

Y-Axis: USD

Z-Axis: Days to Expiration

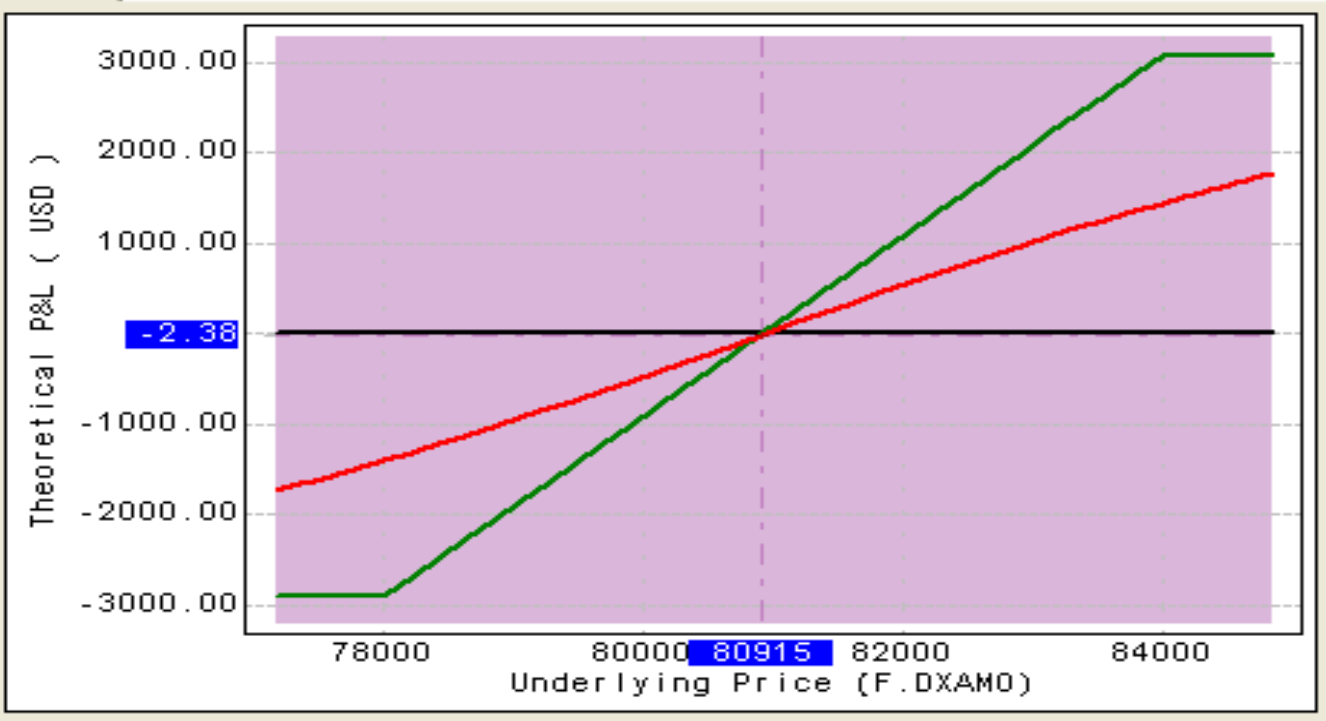
Points per X-Axis: (30-120 pts)      Z-Axis: (10-100)

60      10

Trades | Greeks | Costs | TradeTimes | VolumeOI | Underlying

	Symbol	Long / Short	Qty	Exp Month	Strike	Call / Put / Under	Entry	Comm
<b>Position</b>								0.00
<b>New 1</b>	F.DXM0	Long	1	MAY0		Under	80915	0.00
<b>New 2</b>	DX	Long	1	JUN0	78	Put	605	0.00
<b>New 3</b>	DX	Short	1	JUN0	84	Call	610	0.00
<b>Entry</b>			0					0.00

P&L | Delta | Gamma | Theta | Vega | Rho | Time Value | Table



# Greece Troubles Out UK Travails In?

- Growth / Slow Growth
- Who Will Hike First?
- Dollar - A Split Focus?
- Macro Economic & Interest Rate  
Differentials

# Near Term Currency Markets

- Dollar Winning by Default
- Winning by Macro Economic Differential
- Interest Rate Differential Less Likely Driver for Now!

# 2010 Hightower Trading Guide!



- **Futures and Options Expiration Dates**
- **Ten Years of Supply and Demand Tables**
- **Government & Industry Report Dates**
- **All-Time Contract High and Low Prices**
- **Global Crop Calendars**
- **Over 350 Charts & Graphs**
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