

April 16, 2025

## CME Group

# Trade Smarter, Hedge Better: Why CME FX Options Are A Trader's Essential Tool

---

**Jose Blasco**

Trader & Founder  
Traddictiv

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

[www.ibkrcampus.eu/webinars](http://www.ibkrcampus.eu/webinars)

Exchange and Industry Sponsored Webinars are presented by unaffiliated third parties. IBKR is not responsible for the content of these presentations.

You should review the contents of each presentation and make your own judgment as to whether the content is appropriate for you. IBKR does not provide recommendations or advice. This presentation is not an advertisement or solicitation for new customers. It is intended only as an educational presentation.

## Disclosure:

Options involve risk and are not suitable for all investors. For information on the uses and risks of options, you can obtain a copy of the Options Clearing Corporation risk disclosure document titled Characteristics and Risks of Standardized Options by visiting [ibkr.com/occ](http://ibkr.com/occ). Multiple leg strategies, including spreads, will incur multiple transaction costs.

Futures are not suitable for all investors. The amount you may lose may be greater than your initial investment. Before trading futures, please read the [CFTC Risk Disclosure](#). For a copy visit your local Interactive Brokers Website.

Security futures involve a high degree of risk and are not suitable for all investors. The amount you may lose may be greater than your initial investment. Before trading security futures, please read the [Security Futures Risk Disclosure Statement](#). For a visit copy your local Interactive Brokers Website.

There is a substantial risk of loss in foreign exchange trading. The settlement date of foreign exchange trades can vary due to time zone differences and bank holidays. When trading across foreign exchange markets, this may necessitate borrowing funds to settle foreign exchange trades. The interest rate on borrowed funds must be considered when computing the cost of trades across multiple markets.

The Order types available through Interactive Brokers Trader Workstation are designed to help you limit your loss and/or lock in a profit. Market conditions and other factors may affect execution. In general, orders guarantee a fill or guarantee a price, but not both. In extreme market conditions, an order may either be executed at a different price than anticipated or may not be filled in the marketplace.

There is a substantial risk of loss in trading futures and options. Past performance is not indicative of future results.

Any stock, options or futures symbols displayed are for illustrative purposes only and are not intended to portray recommendations.

IRS Circular 230 Notice: These statements are provided for information purposes only, are not intended to constitute tax advice which may be relied upon to avoid penalties under any federal, state, local or other tax statutes or regulations, and do not resolve any tax issues in your favor.

Interactive Brokers LLC is a member of NYSE FINRA SIPC

Interactive Brokers Canada Inc - Is a member of the Canadian Investment Regulatory Organization (CIRO) and Member - Canadian Investor Protection Fund

Interactive Brokers (U.K.) Limited is authorised and regulated by the Financial Conduct Authority. FCA Register Entry Number 208159

Interactive Brokers Ireland Limited is regulated by the Central Bank of Ireland. CBI, reference number C423427

Interactive Brokers Australia Pty. Ltd. - ABN 98 166 929 568 is licensed and regulated by the Australian Securities and Investments Commission AFSL: 453554

Interactive Brokers Singapore Pte. Ltd. - Is licensed and regulated by the Monetary Authority of Singapore. MAS, Licence No. CMS100917

Interactive Brokers Hong Kong Limited is regulated by the Hong Kong Securities and Futures Commission, and is a member of the SEHK and the HKFE

Interactive Brokers India Pvt. Ltd. member: NSE, BSE, SEBI. Regn. No. SEBI Registration No. INZ000217730; NSDL: IN-DP-NSDL-301-2008

As with all investments, your capital is at risk

#### Disclaimers:

The following videos/clips/demonstrations are for educational and instructional purposes only. Traddictiv provides these videos purely for the purpose of demonstrating a method of using the product. Users understand that all the content used in the video is purely for demonstration purposes only and is not a guide and does not provide any indication or prediction of actual results.

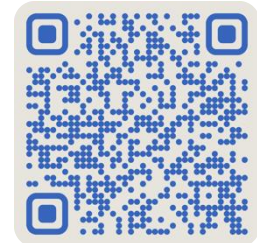
As a User you understand and agree that hypothetical results obtained through the demonstration, do not indicate, in any way, the results you may receive on using our products.

# Trade Smarter, Hedge Better: Why CME FX Options are a Trader's Essential Tool



LinkedIn

**Jose Blasco, MBA, CQF**  
Quantitative Strategist,  
Financial Trader,  
Professor, Author



# Agenda

1. Introductions
2. FX Markets: Volatility & Opportunities
3. Why Use Listed FX Options?
4. Key Features of FX Options-on-Futures
5. Real-Time Practical Applications: Trading / Hedging
6. Free Bonus Resources
7. Questions & Answers

# Introduction



LinkedIn

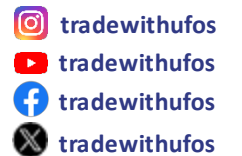


**Jose Blasco** is an expert at the intersection of AI, financial trading, and risk management, renowned for pioneering the use of advanced technologies to navigate the complexities of global markets. As the founder of Traddictiv PTE. LTD., he specializes in creating cutting-edge trading technologies that leverage machine learning and AI, significantly enhancing strategic market analysis and decision-making processes.

With a solid foundation in quantitative finance, evidenced by his Certificate in Quantitative Finance (CQF), and a broad spectrum of experience spanning financial trading and quantitative research, Jose's work embodies the fusion of technical expertise with practical financial acumen. An acclaimed educator and communicator, he has been recognized with prestigious awards for his ability to demystify complex financial and technological concepts for a global audience, fostering a deeper understanding and application of AI in finance.

Jose's multifaceted career is marked by a commitment to innovation, excellence in research and teaching, and a passion for bridging theoretical knowledge with real-world application.

**Traddictiv Pte. Ltd.** is a trading technology company that provides intelligent tools for traders, investors and hedgers. They also offer education for everyone from the hobbyist to the professional, always along with their patented and easy-to-use trading technology.



## FX Volatility (I)

- Macroeconomic Sensitivity
- Geopolitical Events
- Central Bank Policy Divergence
- Volatility as Opportunity

## FX Volatility (II)

- Macroeconomic Sensitivity:
  - FX markets respond immediately to macro releases — inflation reports, employment data, GDP numbers.
  - Example: In October 2024, Euro FX went down sharply after stronger-than-expected CPI and a hawkish FOMC tone pushed USD yields higher, reviving rate hike expectations.
- Geopolitical Events:
  - Conflicts, elections, and trade disputes can trigger sharp currency moves.
  - Example: In November 2024, on U.S. Election Day, the Yen experienced heightened volatility, swinging over 200 pips intraday as markets speculated on potential fiscal policy shifts tied to the election outcome.

*Any trading symbols, entities or investment products displayed are for illustrative purposes only and are not intended to portray recommendations.*

## FX Volatility (III)


- Central Bank Policy Divergence:
  - Asynchronous rate policies between countries cause significant volatility.
  - Example: Yen Futures collapsed over 30% in 2022 as the Fed hiked rates and the Bank of Japan held firm on easing.
- Volatility as Opportunity:
  - These movements create potential for tactical trades and portfolio rebalancing — if volatility is managed properly.
  - Example: In early 2025, the euro strengthened against the USD as new tariffs from the Trump administration reduced global exports intentions to the U.S., lowering demand for dollars. This shift boosted the euro amid growing concerns about the long-term impact on USD valuation.

*Any trading symbols, entities or investment products displayed are for illustrative purposes only and are not intended to portray recommendations.*



## FX Opportunities (I)

- Global Liquidity
- Diverse Strategy Potential
- Portfolio Diversification
- Profit Potential in All Conditions

 Important Note: While FX markets offer significant opportunities, such benefits come with inherent risks. FX products are typically leveraged, which means both gains and losses can be magnified. Traders must carefully manage risk, understand margin requirements, and be prepared for market volatility. This consideration applies not only to the content of this slide, but also to the upcoming slides where more examples, benefits and opportunities are presented.

*Any trading symbols, entities or investment products displayed are for illustrative purposes only and are not intended to portray recommendations.*

## FX Opportunities (II)

- Global Liquidity:
  - FX markets are the most liquid in the world, with over \$7.5 trillion traded daily.
  - Near 24-hour access allows for global participation across time zones.
- Diverse Strategy Potential:
  - FX allows positioning across major pairs, emerging markets, and cross-currency relationships.
  - Traders can build strategies for trending, range-bound, or volatile markets.

*Any trading symbols, entities or investment products displayed are for illustrative purposes only and are not intended to portray recommendations.*

## FX Opportunities (III)

- Portfolio Diversification:
  - Currencies often behave differently from stocks or bonds — they can hedge macro exposure or enhance returns.
- Profit Potential in All Conditions:
  - Long USD in a risk-off environment?
  - Long AUD in a commodity boom?
  - FX gives the flexibility to act.

## Listed FX Options (I)

Listed FX Options combine institutional-grade functionality with exchange-traded transparency and risk management.

- FX Options (Listed):
  - Transparent pricing, real-time market data
  - Standardized contracts and centralized clearing
  - No bilateral credit exposure or ISDA required
- OTC FX Options:
  - Customizable terms, but opaque pricing
  - Requires bilateral credit relationships
  - Counterparty risk and limited margin efficiency

*Any trading symbols, entities or investment products displayed are for illustrative purposes only and are not intended to portray recommendations.*

## Listed FX Options (II)

### Why Traders Choose Listed FX Options?

- Counterparty Risk Reduction:  
Cleared trades eliminate bilateral default risk
- Margin Efficiency: Cross-margining with other Exchange (CME) products, freeing up bilateral credit lines, etc.
- Liquidity & Transparency: Central Limit Order Book (CLOB) access with firm quotes, especially active during APAC hours

*Any trading symbols, entities or investment products displayed are for illustrative purposes only and are not intended to portray recommendations.*

## FX Options-on-Futures

- European-Style Options:  
Exercise only at expiration — consistent with institutional norms
- Delivery Into Quarterly Futures:  
Exercise results in a position in the underlying FX futures
- Granular Strike Selection:  
Wide range of strike prices to tailor strategies precisely
- Multiple Maturities:  
Trade daily (M, T, X, Th, F), weekly, monthly, and quarterly expirations

*Any trading symbols, entities or investment products displayed are for illustrative purposes only and are not intended to portray recommendations.*

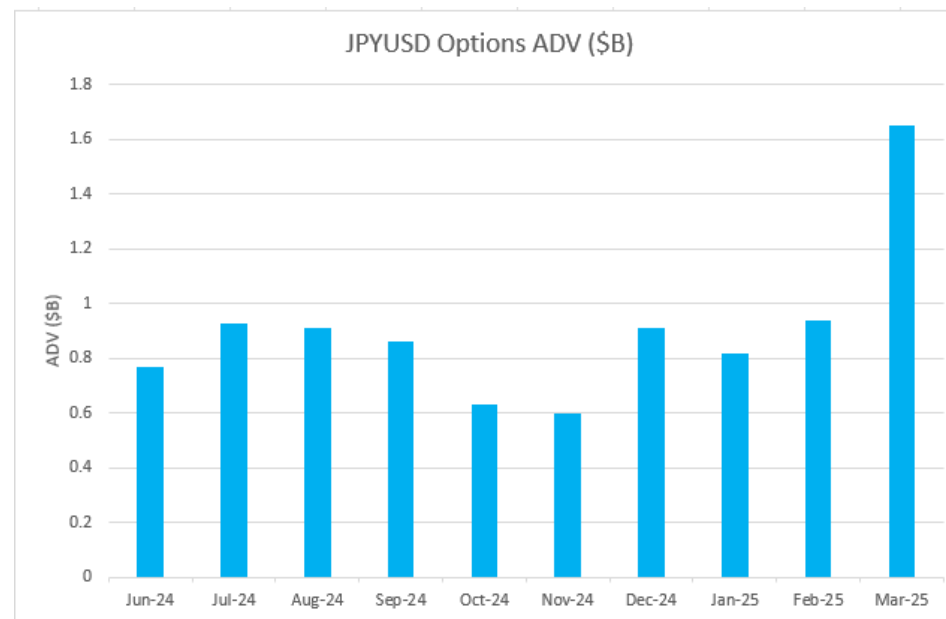
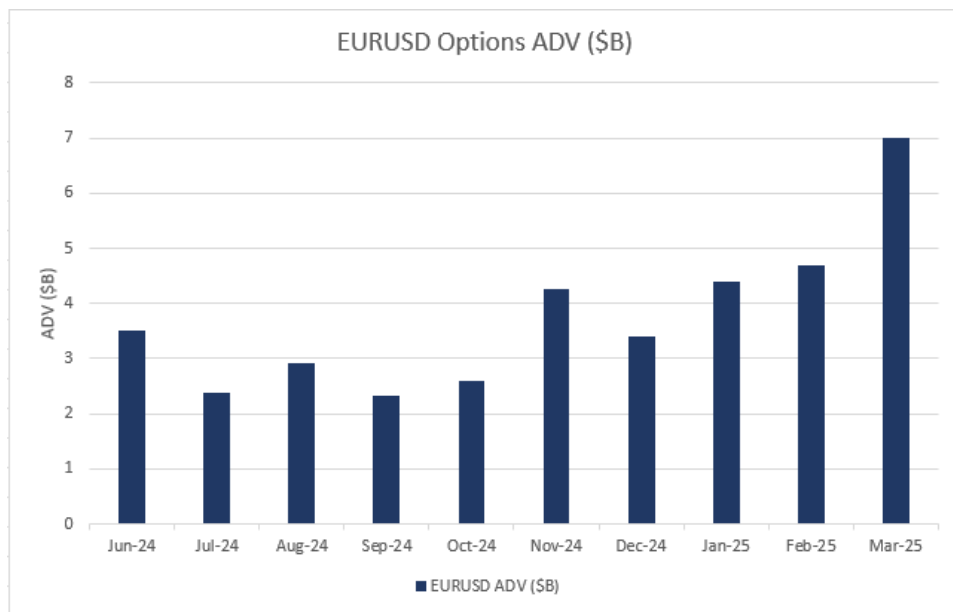


\*\* Copyright © 2025 traddictiv PTE.LTD All rights reserved. \*\* The names traddictiv, tradewithufos, AutoUFOs, AutoClimate, 拓迪福, 交易外星人 and their corresponding associated logos and imageries are trademarks and/or copyrighted material of traddictiv PTE.LTD Singapore. All rights reserved.

## Transparent & Liquid (I)

- Central Limit Order Book (CLOB): All-to-all trading model with anonymous access and firm pricing
- No “Last Look”: Orders are firm — no requotes or delays common in OTC
- Consistent On-Screen Liquidity: Reliable pricing and executable quotes throughout the trading day
- Block and EOO Access: For customized OTC-like execution with central clearing benefits

## Transparent & Liquid (II)



Source:

- <https://www.cmegroup.com/markets/fx/g10/euro-fx.html>
- <https://www.cmegroup.com/markets/fx/g10/japanese-yen.html>

**Any trading symbols, entities or investment products displayed are for illustrative purposes only and are not intended to portray recommendations.**



# Trading Applications

- Directional Strategies:  
Bullish/bearish market views (e.g., long call, vertical spreads)
- Non-Directional Strategies:  
Iron Condors, Credit Spreads, Butterflies, and more
- Volatility-Based Trading:  
Use options to express views on implied vs realized volatility
- Event-Driven Plays:  
Position around central bank decisions, NFP, inflation prints

*Any trading symbols, entities or investment products displayed are for illustrative purposes only and are not intended to portray recommendations.*

# Hedging Applications (I)

- Why Hedge?
  - Reduce uncertainty for future currency conversions
  - Lock in favorable exchange rates or define worst-case outcomes
- Common Hedging Use Cases:
  - Corporates with future cash flows (receivables/payables)
  - Portfolio managers with FX exposure in assets
  - Traders holding spot FX positions overnight

## Hedging Applications (II)

- Protective Puts: Buying a put option to protect against downside risk while holding a long FX spot or futures position.
- Covered Calls: Selling a call option against a long FX position to generate premium income with limited upside.
- Risk Reversals: Combining a long call and short put (or vice versa) to create a cost-effective hedge with directional bias.
- Collars: Using a protective put and a covered call together to cap both upside and downside, often at little to no net cost.
- Partial/Dynamic Hedging: Hedging only a portion of exposure or adjusting hedge size dynamically based on market movements or sensitivity.

*Any trading symbols, entities or investment products displayed are for illustrative purposes only and are not intended to portray recommendations.*

# Live Demonstration

- Using TradingView to plan trades, assess risk and execute
- Executing orders with Interactive Brokers (TWS/IBKR Desktop)
- Showcasing trades with risk management in action



*Any trading symbols, entities or investment products displayed are for illustrative purposes only and are not intended to portray recommendations.*

# IBKR Platforms

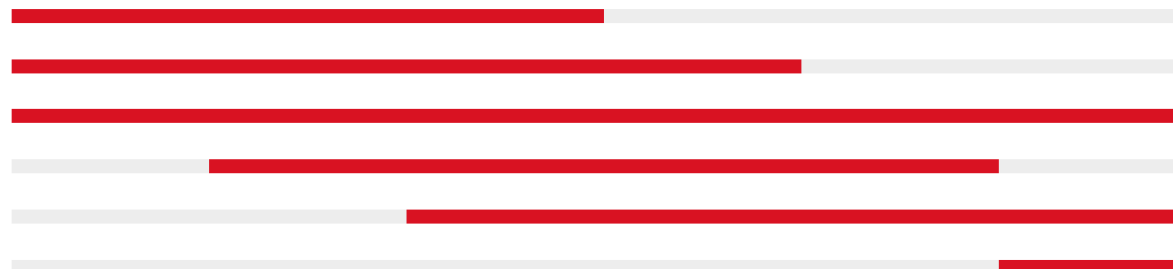
## Trading Platforms by Trading Experience

IBKR GlobalTrader	Mobile
Client Portal	Web
IBKR Desktop	Desktop <b>New</b>
IBKR Mobile	Mobile
Trader Workstation (TWS)	Desktop
IBKR APIs	Desktop

## Specialty Trading Platforms

IBKR ForecastTrader	Web
IMPACT	Mobile

Beginner Intermediate Advanced



Beginner Intermediate Advanced



**Any trading symbols, entities or investment products displayed are for illustrative purposes only and are not intended to portray recommendations.**

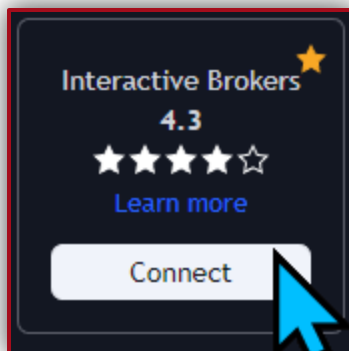


\*\* Copyright © 2025 traddictiv PTE.LTD All rights reserved. \*\* The names traddictiv, tradewithufos, AutoUFOs, AutoClimate, 拓迪福, 交易外星人 and their corresponding associated logos and imageries are trademarks and/or copyrighted material of traddictiv PTE.LTD Singapore. All rights reserved.

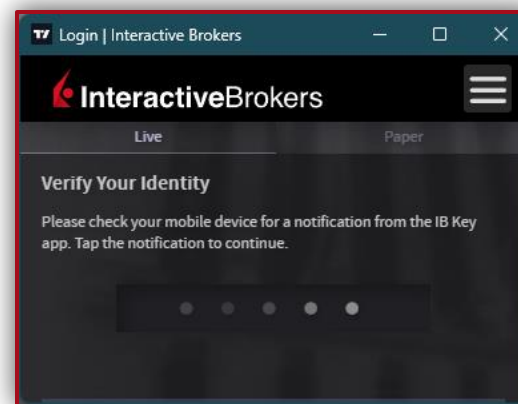
# IBKR + TradingView



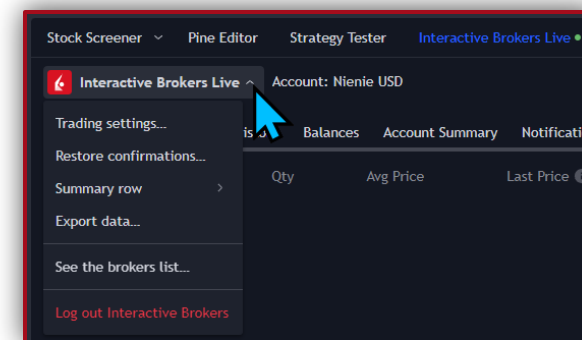
2. Select Interactive Brokers



3. Enter your Credentials and Verify your Identity



4. The Trading Panel has now changed to IBKR Live



**Any stock, options or futures symbols displayed are for illustrative purposes only and are not intended to portray recommendations, or an invitation or inducement to trade a particular financial instrument or to engage in an investment activity. There is a substantial risk of loss in trading futures and options. Past performance is not indicative of future results.**

**\*\* Copyright © 2025 traddictiv PTE.LTD All rights reserved. \*\* The names traddictiv, tradewithufos, AutoUFOs, AutoClimate, 拓迪福, 交易外星人 and their corresponding associated logos and imageries are trademarks and/or copyrighted material of traddictiv PTE.LTD Singapore. All rights reserved.**

# Vertical Debit Spread

- Use Case:
  - Directional Trading
  - Expect upside or downside in Euro FX or Japanese Yen
- Key Benefits:
  - Defined risk and reward
  - Lower premium than long call/put alone
  - Capital-efficient and margin-friendly
- Strategy Setup (Bullish/Bearish Bias):
  - Buy Call/Put @ Strike X
  - Sell Call/Put @ Strike Y
  - Max. Risk is the Net debit paid for the spread

*Any trading symbols, entities or investment products displayed are for illustrative purposes only and are not intended to portray recommendations.*



# Hedging with a Protective Put

- Scenario:
  - Holding a long Euro FX spot or futures position
  - Concerned about downside
- Strategy:
  - Buy a put option on Euro FX futures
  - Choose a strike near current market or slightly below
  - Set expiration based on the hedging horizon
- Benefits:
  - Defined downside protection
  - Unlimited upside preserved
  - No need to manage ISDA or OTC credit exposure

*Any trading symbols, entities or investment products displayed are for illustrative purposes only and are not intended to portray recommendations.*



# Additional Resources

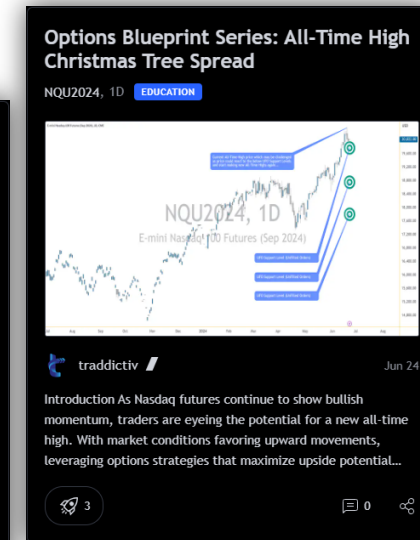
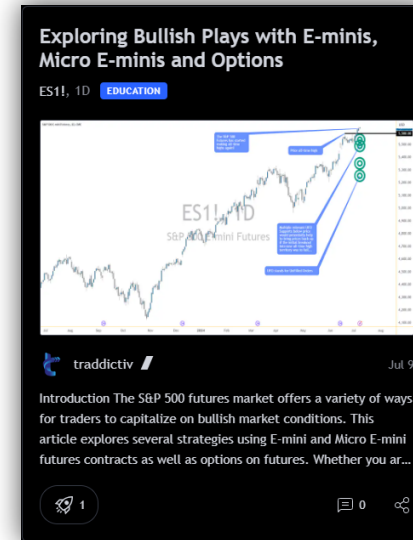
Eager for some more food for thought?

## TRADINGVIEW

- Read more on TradingView:  
[www.tradingview.com/u/traddictiv](https://www.tradingview.com/u/traddictiv)
- Be notified and learn from our articles

## YOUTUBE

- Join our YouTube Channel:  
[www.youtube.com/@tradewithufos](https://www.youtube.com/@tradewithufos)
- Watch CME Futures and Options video-lessons



*Any stock, options or futures symbols displayed are for illustrative purposes only and are not intended to portray recommendations, or an invitation or inducement to trade a particular financial instrument or to engage in an investment activity. There is a substantial risk of loss in trading futures and options. Past performance is not indicative of future results.*

\*\* Copyright © 2025 traddictiv PTE.LTD All rights reserved. \*\* The names traddictiv, tradewithufos, AutoUFOs, AutoClimate, 拓迪福, 交易外星人 and their corresponding associated logos and imageries are trademarks and/or copyrighted material of traddictiv PTE.LTD Singapore. All rights reserved.

# Interactive Q&A



- Clarify concepts discussed in the webinar
- Address platform-related queries (TradingView or IBKR)

Watching this recorded and have questions?  
Go to  [www.tradewithufos.com/questions](http://www.tradewithufos.com/questions)