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An Option is an Option

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Options on Futures

Futures options are very similar to equity options, but there are key differences:

- Underlying product
- Settlement
- Multiplier

Similarities:

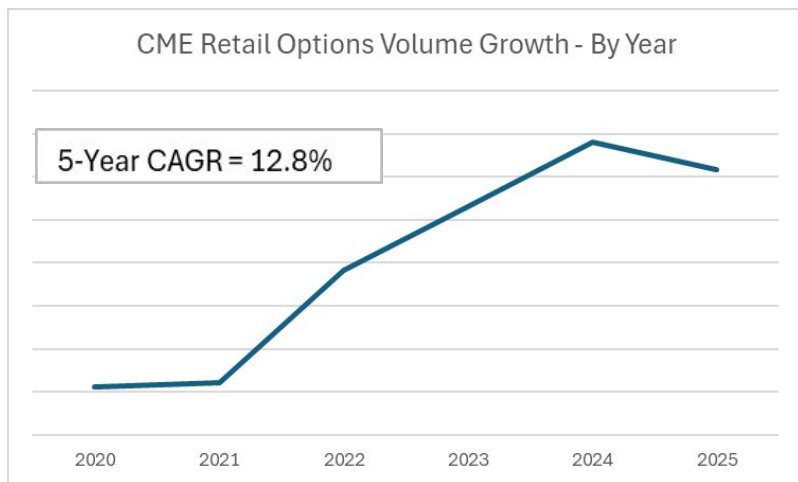
- General Optionality
- Greeks (Delta, Gamma, Theta)

Bridge between these products is smaller than most traders believe

CME Group Options – Quick Facts



Options are among the fastest growing products among Retail traders at CME Group



*Source: CME Group

“An Option is an Option”

Many of the options strategies and much of the options “math” is transferable from options on stocks to options on futures.

Options on Futures are margined using the same capital-efficient SPAN margining as Futures.

Like Futures, Options on Futures are available nearly around-the-clock, 5 days a week.

“An Option is an Option”

Let's look at a simple example:

Tuesday Jan 13 | 9:20 AM

1 E-mini S&P 500	6895 Call
DTE	3.25 (Friday, Jan 16 th)
Future Px	6871.5 (Offer)
IV	17.94%

Option Mid	35.25 (\$1,762.50)
• Delta	0.42
• Gamma	0.003
• Vega	2.529
• Theta	-7.006

Tuesday Jan 13 | 9:20 AM

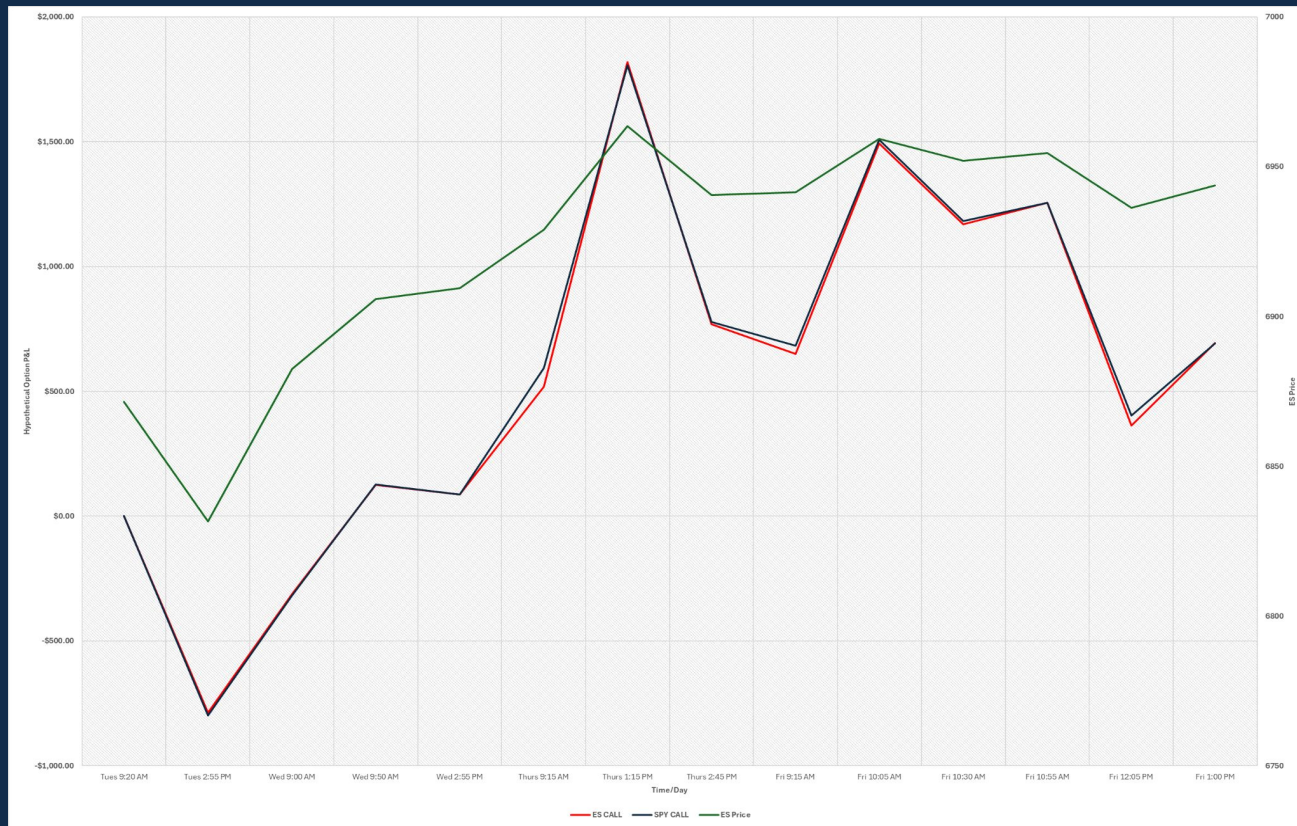
5 SPY	684 Call
DTE	3.25 (Friday, Jan 16 th)
Future Px	681.5 (Offer)
IV	18.09%

Option Mid	3.61 (\$1,805.00)
• Delta	0.426
• Gamma	0.034
• Vega	.2527
• Theta	-.7603

Sources: CME Direct, US-based Broker Dealer

“An Option is an Option”

Jan 16 6,895 ES Call versus Jan 16 684 SPY Call Hypothetical P&L (January 13th - January 16th)



Sources: CME Direct, US-based Broker Dealer

“An Option is an Option”

One Day Later: ES 11 Points | SPY 1.12

Tuesday Jan 13 | 9:20 AM

E-mini S&P 500 **6895 Call**
DTE 3.25
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IV 17.94%

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• Delta 0.426
• Gamma 0.034
• Vega .2527
• Theta -.7603

Wednesday Jan 14 9:00 AM

E-mini S&P 500 **6895 Call**
DTE 2.25
Future Px **6882.5**
IV 16.11%

Option Mid **29**
• Delta 0.45
• Gamma 0.005
• Vega 2.134
• Theta -7.652

Wednesday Jan 14 9:00 AM

SPY **684 Call**
DTE 2.25
SPY Px **682.62**
IV 16.4%

Option Mid **2.975**
• Delta 0.4504
• Gamma 0.0447
• Vega .2131
• Theta -.8799

Price of the underlying increased and the value of the Call declined... WHY?

Sources: CME Direct, US-based Broker-Dealer

"An Option is an Option"

Price of the underlying increased and the value of the Call declined... WHY?

Tuesday 9:20 AM Market Value				
↑ Delta Impact				
↓ Theta Impact				
↓ Vega Impact				
Wednesday 9:00 AM Theoretical Value				
Wednesday 9:00 AM Market Value				

ES 6,895 Call	SPY 684 Call
35.25	3.61
4.785	0.482
-7.329	-0.8201
-4.266	-0.394
28.44	2.88
29	2.97



- The increase in the price of the underlying has a positive impact on the value of the option (Delta)



- However, Time (Theta) and Volatility (Vega) have a negative impact on the value of the option









- These impacts *can* be exaggerated in shorter-dated options

Sources: CME Direct, US-Based Broker-Dealer

“An Option is an Option”

Options volume by strategy

38% of CME Group’s Retail options volume is executed via spreads

	 AG	 EN	 EQ	 FX	 IR	 ME	Total
Vertical	47%	38%	43%	29%	35%	47%	42%
Gen. Spread	17%	22%	36%	15%	22%	21%	32%
Strangle	7%	15%	4%	34%	15%	13%	7%
Ratio	3%	5%	5%	9%	7%	4%	5%
Iron Condor	2%	4%	4%	3%	2%	6%	4%

Further strategies represent 6% or less each

Source: CME Group Data

What's A Tick?

Equities Options

- Typically trade in 100 share increments
- SPY 548 Call:
3.77 Bid @ 3.79 Ask
- Because this typically represents an option on 100 shares of SPY, in Dollar Value this market would represent:
\$ 377.00 @ \$379.00

Futures Options

- *Options on futures* represent an option on ONE futures contract
- Therefore, the dollar value of the bid/offer is consistent with the dollar value of the futures tick

EXAMPLE

Micro E-mini S&P 500
future contract size = **5 × Price of S&P 500** (5 × ~5,562)

Index Point = **\$5.00**

.25 Index Points = **\$1.25**

Therefore, the market depicted here 26.25 @ 26.50 represents
\$131.25 @ \$132.50

Last	QS	+	C Qty	C Bid	C Ofr	C Qty	Strike	P Qty	P Bid	P Ofr	P Qty	+	QS	Last
- E-mini S&P 500 Tue Wk3 Opt Feb26, 0.25 days,...							ATM		6805.00 ▼ ▲				2 strikes - +	
E-Mini S&P 500 Future Mar26								16	6,805.50	6,806.00	20	+		- 6,805.75
↓ 26.50	QS	+	21	26.25	26.50	1	6805.00	15	25.25	25.75	14	+	QS	↑ 25.00

Capital Efficient

Short 3-Day ATM ES Call

Order details:

-1	Feb 14	6,065 strike	Call
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Estimated Margin Required: **17,342.61**

Short 3-Day ATM 5 Call SPY

Order details:

-5	Feb 14	602 strike	Call
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Estimated Margin Required: **60,492.00**

Note: margins subject to change Source: Data from US-based Broker-Dealer.

Capital Efficient

Short 30-Day ES Strangle

Order details:

-1	Mar 14	5,975 strike	Put
-1	Mar 14	6,150 strike	Call

Estimated Margin Required: **13,806.27**

Short 30-Day 5 SPY Strangle

Order details:

-5	Mar 14	595 strike	Put
-5	Mar 14	610 strike	Call

Estimated Margin Required: **57,077.50**

Note: margins subject to change

CME Trading Tools

CME Group Volatility Index (CVOL) Data delayed

Dashboard End-of-Day Tsy (Yield) Tsy (Price) STRs FX Metals Energy Ags Aggregates

Tsy (Yield)					
PRODUCT	SYMBOL	CVOL	CHG	FUTURE ¹	CHG
2 Yr	TUVY	119.47	0.36	102.06188	0.02313
30 Yr	USVY	102.99	-1.59	119.075	-0.025
5 Yr	FVY	116.28	-1.62	106.2638	0.0438
Treasury	TVL	110.21	-1.93		
10 Yr	TVY	108.64	-2.38	110.1175	0.0375

Tsy (Price)					
PRODUCT	SYMBOL	CVOL	CHG	FUTURE ¹	CHG
2 Yr	TUPL	1.93	0.01	102.06188	0.02313
5 Yr	FVPL	4.37	-0.07	106.2638	0.0438
Treasury	TPVL	6.18	-0.13		
10 Yr	TYPL	6.11	-0.15	110.1175	0.0375
30 Yr	USVPL	11.30	-0.21	119.075	-0.025

STRs					
PRODUCT	SYMBOL	CVOL	CHG	FUTURE ¹	CHG
SR3 1Y MC	STVL	129.47	0.45	95.9225	0.0475
SR3 SOFR	SRVL	74.24	0.43	94.8575	0.0125
SR3 2Y MC	SZVL	121.53	-0.23	96.3125	0.0375

FX					
PRODUCT	SYMBOL	CVOL	CHG	FUTURE ¹	CHG
AUD/USD	ADVL	8.77	-0.01	0.66818	0.00196
GBP/USD	GBVL	6.45	-0.02	1.26365	-0.00155
CAD/USD	CAVL	5.04	-0.09	0.7313	-0.0004
CS FX	FXVL	7.55	-0.13		
EUR/USD	EUVL	7.51	-0.14	1.07348	-0.00108
JPY/USD	JPVL	10.33	-0.30	0.00630	0.000086

Metals					
PRODUCT	SYMBOL	CVOL	CHG	FUTURE ¹	CHG
Copper	HCVL	23.34	1.35	4.3918	0.0433
Aluminum	ALVL	19.57	0.02	2509.13	36.38
Gold	GCVL	14.16	-0.10	2341.4	4.8
Metals	MVL	16.52	-0.12		
Platinum	POVL	23.58	-0.89	1020.7	14.5
Silver	SHVL	31.13	-1.71	29.678	0.422

Energy					
PRODUCT	SYMBOL	CVOL	CHG	FUTURE ¹	CHG
Nat Gas	NCVL	58.75	2.54	2.652	-0.034
Energy	EVL	45.99	1.99		
WTI	CLVL	27.09	0.25	81.33	-0.41
Heating Oil	HOVL	25.55	0.00	2.5629	0

Ags					
PRODUCT	SYMBOL	CVOL	CHG	FUTURE ¹	CHG
Corn	CVL	35.26	0.58	421.63	-0.88
Soybean Oil	SOVL	30.11	0.39	44.01	0.28
Class III Milk	DCVL	19.05	0.35	19.51	-0.06
Ag Products	AVL	24.42	0.23		
Soybeans	SVL	21.07	0.22	1138.88	2.63
Live Cattle	LEVL	13.98	0.20	187.113	0.663
Feeder Cattle	FCVL	12.21	0.14	261.1	0.45
Soybean Meal	SMVL	26.51	-0.12	345.65	-2.45
Lean Hogs	HEVL	28.62	-0.41	88.05	-0.05
SRW Wheat	WVL	35.59	-0.52	577.13	-2.38

¹ Future prices are based on the highest open interest contract for the product

Volatility Term Structure Tool

Monitor for the onset of price uncertainty by analyzing changes in current implied volatilities versus the previous week's numbers, by expiration.

→ Get Started

Vol2Vol™ Expected Range Tool

See how many standard deviations a strike is from the at-the-money (ATM) futures price. Chart open interest and volume to see where trading is focused and to gauge market sentiment on price.

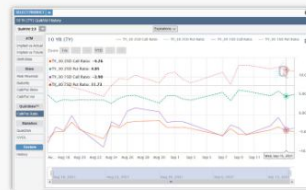
→ Get Started



QuikVol® Tool

Chart and analyze historical volatility data including, implied and actual volatility, skew, constant maturity, and implied volatility cones.

→ Get Started



Options Calculator

Generate fair value prices and Greeks for any CME Group option on futures product, or price a generic option with our universal calculator.

→ Get Started

Economic Event Analyzer

Track upcoming economic events and map to nearby expiring options contracts to manage related event risk.

→ Get Started

Cross-Asset Correlation Tool

Easily analyze pairwise correlations of CME Group futures and options from different asset classes in charts. Available in multiple views: log returns; 30-day implied volatilities; or 20-day realized volatilities.

→ Get Started



Questions