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CME Group

How to Beat Inflation with Simple Futures Strategies

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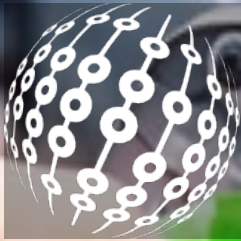
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GFM
ASSET MANAGEMENT

How to beat inflation

Strategies using micro treasury and oil futures

by Tariq Dennison

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Image credit: <https://express.co.uk.trem.media/news/uk/755127/Inflation-forecast-price-rise-food-petrol>

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About Tariq Dennison TEP

- Independent Advisor Managing Accounts on the IBKR platform
 - US Advisor: GFM Asset Management LLC
 - HK Advisor: GFM Group Limited
- In the market since 1998
 - Commerzbank (NY, London, Frankfurt)
 - Bear Stearns (NY)
 - J.P. Morgan (NY)
 - Canadian Imperial Bank of Commerce
 - Societe Generale (HK)
- Masters in Financial Engineering
 - University of California at Berkeley
- Lecturer at ESSEC Singapore
 - Fixed Income
 - Alternative Assets
- Focus on US-Asia corridor
- Author “Invest Outside the Box”



Inflation: Past, Present, Future

- What is inflation?
- What causes (and sustains) inflation?
- How does inflation affect different markets?
- Past and projected economic growth

Trading Strategies

- Inflation & Interest Rates
- Micro Treasury Strategies
- Inflation & Commodities
- Micro Crude Oil

What is inflation?

One example: Price of a cup of coffee

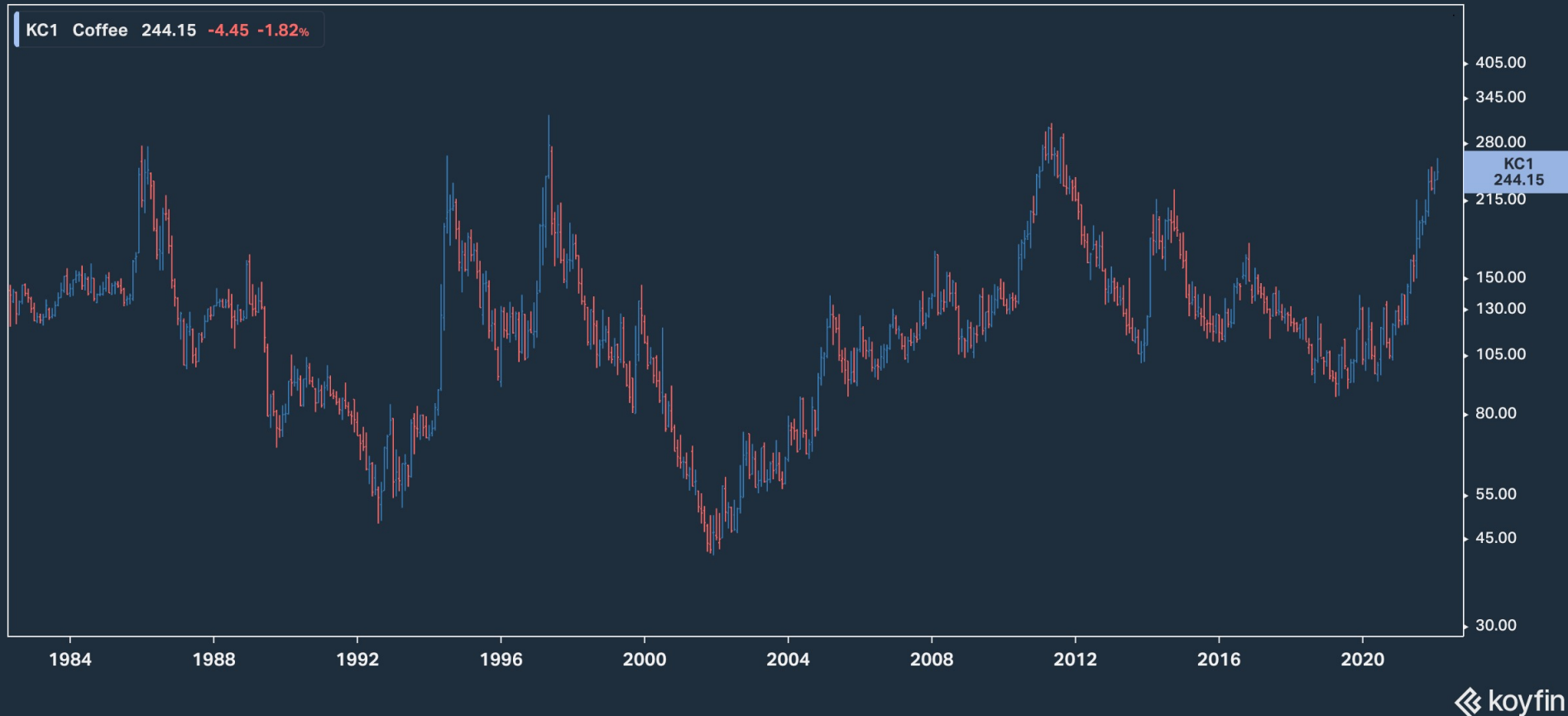


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Source: <https://www.investopedia.com/terms/i/inflation.asp>

Cost of a cup has risen much faster and more steadily than raw coffee prices, but that's another webinar...

NYMEX Coffee Futures, Front Month, 1982-2022

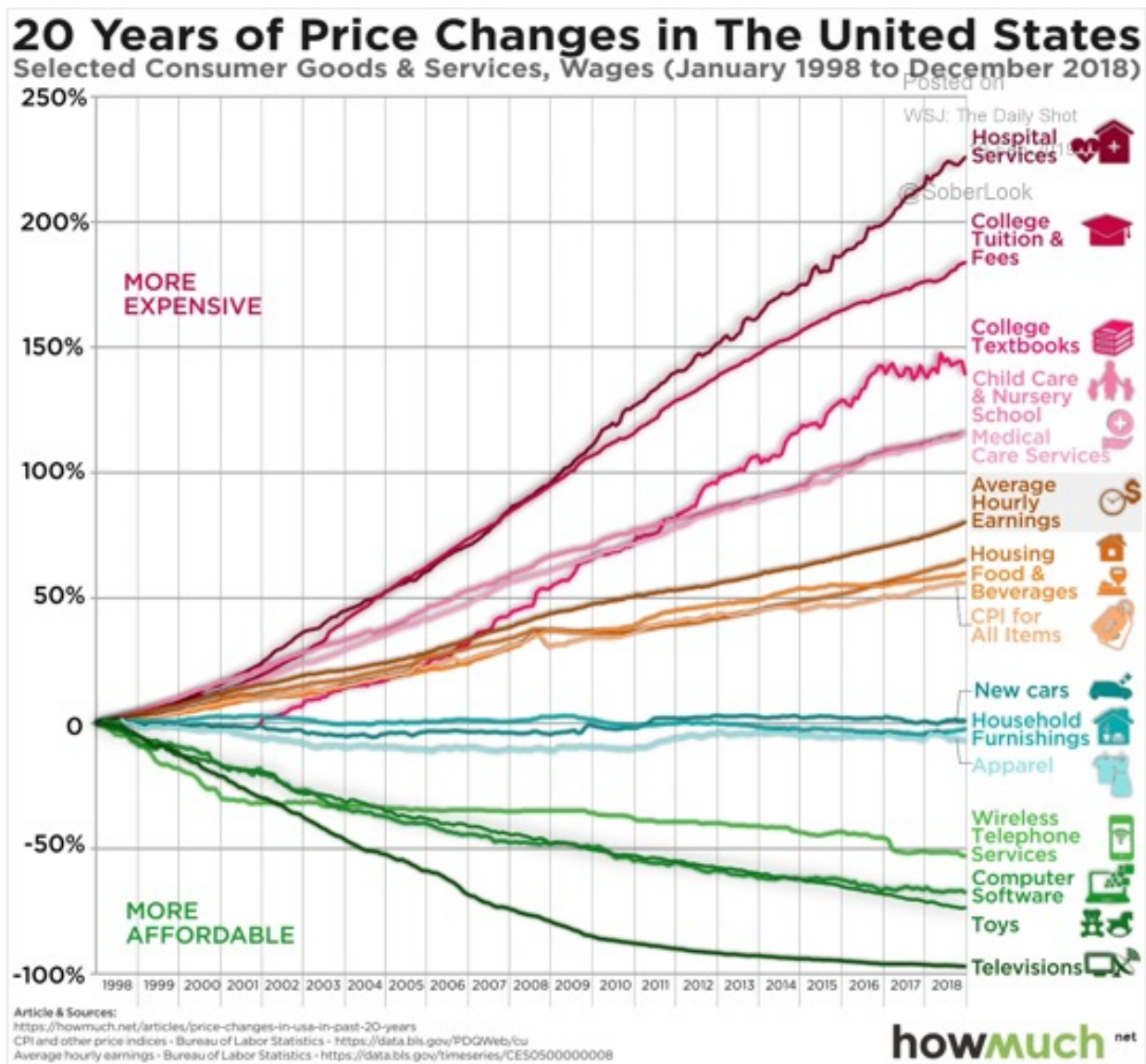


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Source: Koyfin



Of course, not all prices track coffee



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Source: <https://twitter.com/RonStoefler/status/1100073079999483905?s=20&t=k7uufO8UFfH66CTiybb2xQ>

US 1-year Inflation Hits Highest Rate in 40 Years

Observation:

Jan 2022: **7.5** (+ more)
Updated: Feb 10, 2022

Units:

Percent Change from Year Ago,
Seasonally Adjusted

Frequency:

Monthly

1Y | 5Y | 10Y | Max

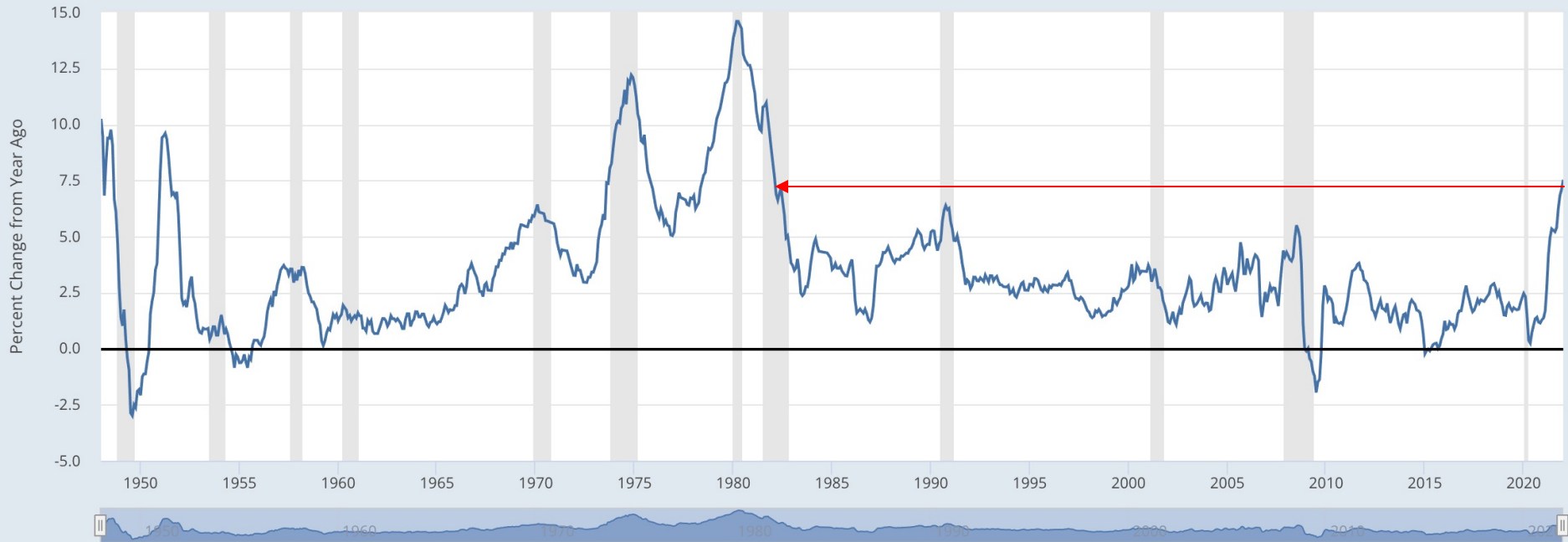
1948-01-01

to

2022-01-01

EDIT GRAPH

FRED — Consumer Price Index for All Urban Consumers: All Items in U.S. City Average



Shaded areas indicate U.S. recessions.

Source: U.S. Bureau of Labor Statistics

fred.stlouisfed.org

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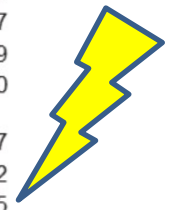
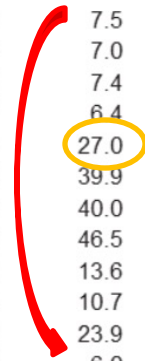
Source: <https://fred.stlouisfed.org/series/CPIAUCSL#0>



Some, but not most, of that, is due to food & energy

Table A. Percent changes in CPI for All Urban Consumers (CPI-U): U.S. city average

	Seasonally adjusted changes from preceding month							Un-adjusted 12-mos. ended Jan. 2022
	Jul. 2021	Aug. 2021	Sep. 2021	Oct. 2021	Nov. 2021	Dec. 2021	Jan. 2022	
All items.....	0.5	0.3	0.4	0.9	0.7	0.6	0.6	7.5
Food.....	0.7	0.4	0.9	0.9	0.8	0.5	0.9	7.0
Food at home.....	0.6	0.4	1.2	0.9	0.9	0.4	1.0	7.4
Food away from home ¹	0.8	0.4	0.5	0.8	0.6	0.6	0.7	6.4
Energy.....	1.6	1.9	1.2	3.7	2.4	0.9	0.9	27.0
Energy commodities.....	2.4	2.5	1.2	4.7	4.2	1.3	-0.6	39.9
Gasoline (all types).....	2.5	2.5	1.1	4.6	4.5	1.3	-0.8	40.0
Fuel oil ¹	0.6	-2.1	3.9	12.3	3.5	-2.4	9.5	46.5
Energy services.....	0.7	1.2	1.2	2.4	0.2	0.3	2.9	13.6
Electricity.....	0.2	1.0	0.6	1.4	0.2	0.5	4.2	10.7
Utility (piped) gas service.....	2.2	1.6	2.9	5.9	0.3	-0.3	-0.5	23.9
All items less food and energy.....	0.3	0.2	0.3	0.6	0.5	0.6	0.6	6.0
Commodities less food and energy commodities.....	0.4	0.4	0.3	1.1	0.9	1.2	1.0	11.7
New vehicles.....	1.5	1.2	1.3	1.3	1.2	1.2	0.0	12.2
Used cars and trucks.....	0.0	-1.2	-0.5	2.5	2.4	3.3	1.5	40.5
Apparel.....	0.1	0.3	-0.7	0.6	0.7	1.1	1.1	5.3
Medical care commodities ¹	0.2	-0.2	0.3	0.6	0.1	0.0	0.9	1.4
Services less energy services.....	0.3	0.1	0.2	0.4	0.4	0.3	0.4	4.1
Shelter.....	0.4	0.2	0.4	0.5	0.5	0.4	0.3	4.4
Transportation services.....	-0.9	-1.2	-1.0	0.2	0.7	0.0	1.0	5.6
Medical care services.....	0.2	0.2	0.2	0.4	0.3	0.3	0.6	2.7



¹ Not seasonally adjusted.

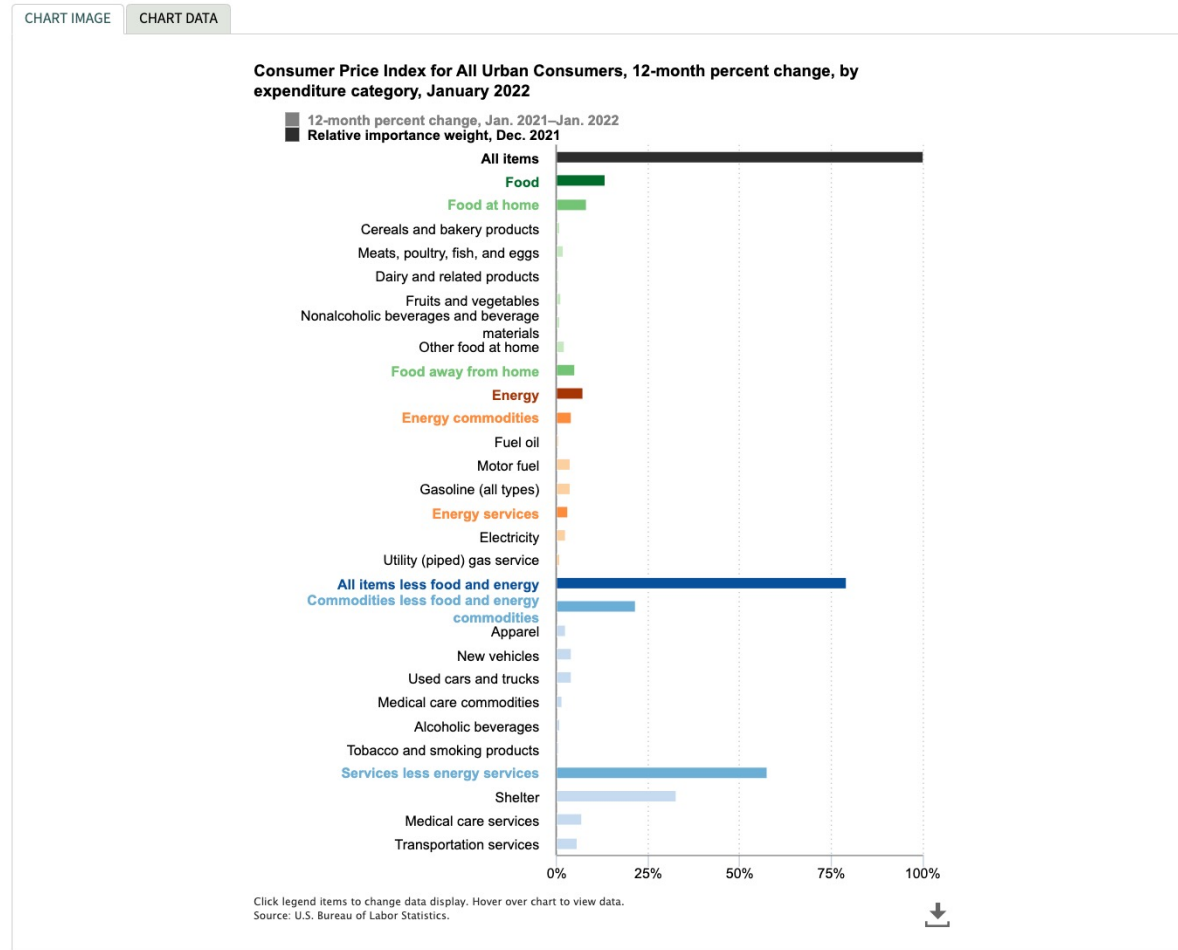
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Because volatile food & energy only ~20% of CPI

Consumer prices up 7.5 percent over year ended January 2022

FEBRUARY 16, 2022

Over the 12 months from January 2021 to January 2022, the Consumer Price Index for All Urban Consumers (CPI-U) rose 7.5 percent. This is the largest 12-month increase since the 12-month period ending February 1982. Food prices increased 7.0 percent over the past year, while energy prices rose 27.0 percent.



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Source: <https://www.bls.gov/opub/ted/2022/consumer-prices-up-7-5-percent-over-year-ended-january-2022.htm>

Milton Friedman quote:

*Inflation is always and everywhere a **monetary** phenomenon*

M1 Money Supply Has Spiked, But Long-Term...

Observation:
Jan 2022: **20,716.1** (+ more)
Updated: Feb 22, 2022

Units:
Billions of Dollars,
Seasonally Adjusted

Frequency:
Monthly

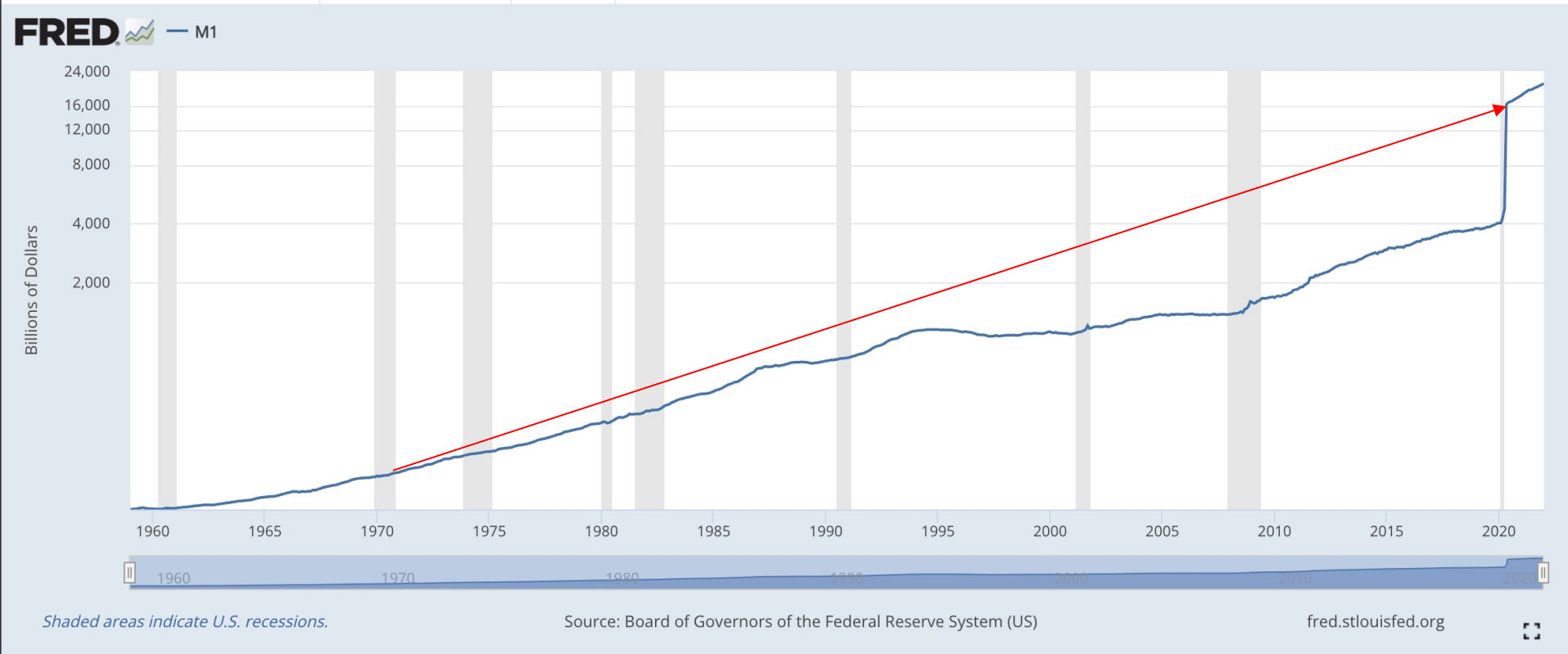
1Y | 5Y | 10Y | Max

1959-01-01

to

2022-01-01

EDIT GRAPH



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Source: <https://fred.stlouisfed.org/series/M1SL#0>

High inflation historically meant high rates, but now?

Observation:
2022-02-23: **1.99** (+ more)
Updated: Feb 24, 2022

Units:
Percent,
Not Seasonally Adjusted

Frequency:
Daily

1Y | 5Y | 10Y | Max

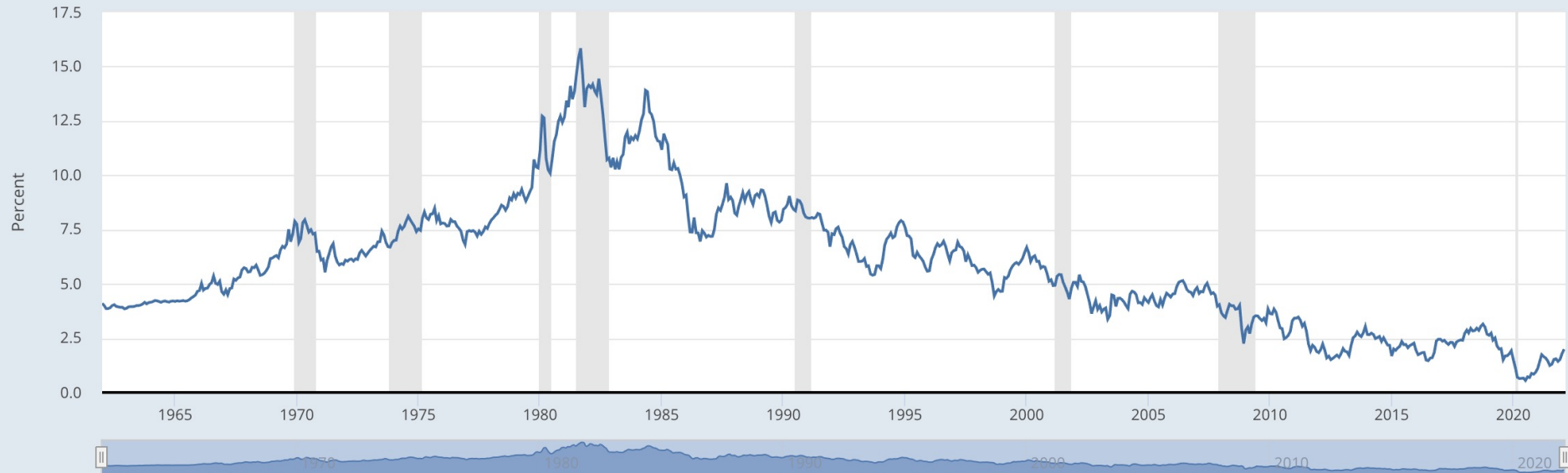
1962-01-02

to

2022-02-23

EDIT GRAPH

FRED — Market Yield on U.S. Treasury Securities at 10-Year Constant Maturity



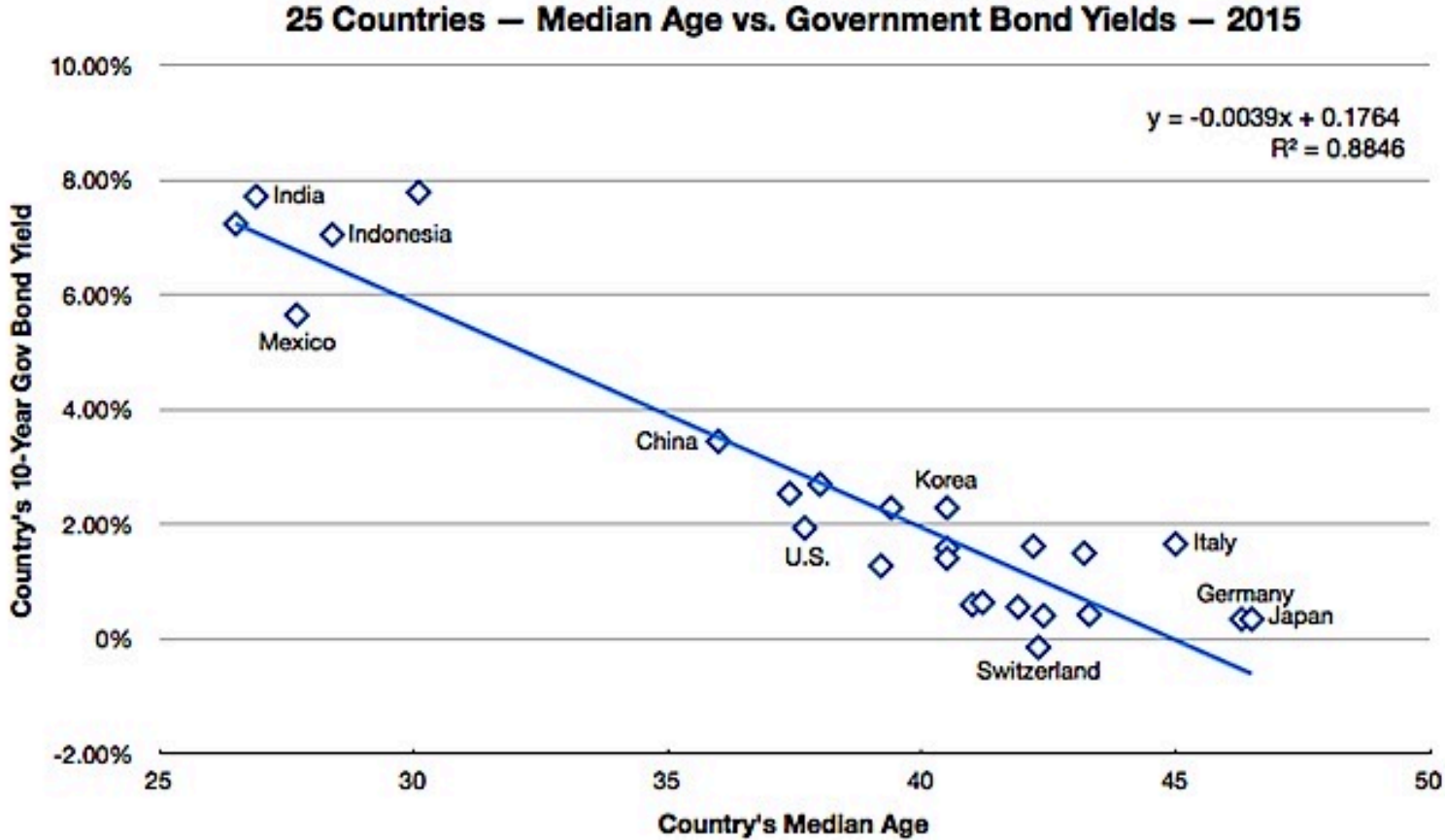
Source: Board of Governors of the Federal Reserve System (US)

fred.stlouisfed.org

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Source: <https://fred.stlouisfed.org/series/DGS10>

One big difference: populations are older now



Source: <https://www.bogleheads.org/forum/viewtopic.php?t=158040>

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Key metric to watch: *Real* (ex-inflation) yields

Observation:
2022-02-22: **-0.51** (+ more)
Updated: Feb 23, 2022

Units:
Percent,
Not Seasonally Adjusted

Frequency:
Daily

1Y | 5Y | 10Y | Max

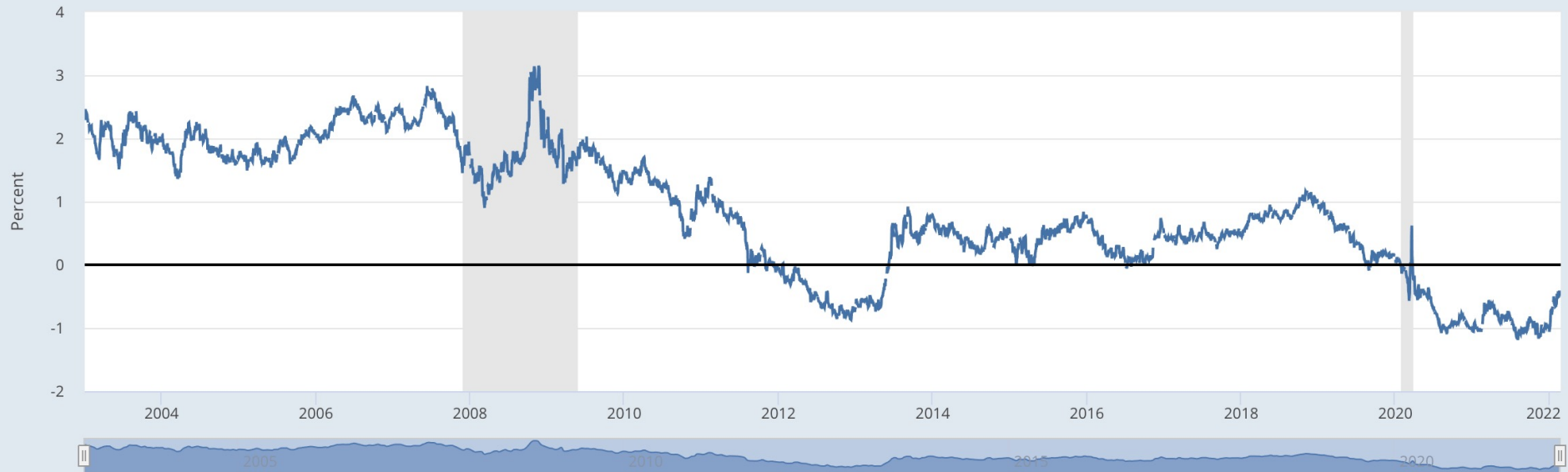
2003-01-02

to

2022-02-22

EDIT GRAPH

FRED — Market Yield on U.S. Treasury Securities at 10-Year Constant Maturity, Inflation-Indexed



Shaded areas indicate U.S. recessions.

Source: Board of Governors of the Federal Reserve System (US)

fred.stlouisfed.org

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Source: <https://fred.stlouisfed.org/series/DFII10>



For now, the inflation bond market says “transitory”...

Observation:
2022-02-18: **2.41** (+ more)
Updated: Feb 18, 2022

Units:
Percent,
Not Seasonally Adjusted

Frequency:
Daily

1Y | 5Y | 10Y | Max

2003-01-02 to 2022-02-18

EDIT GRAPH

FRED — 10-Year Breakeven Inflation Rate



Shaded areas indicate U.S. recessions.

Source: Federal Reserve Bank of St. Louis

fred.stlouisfed.org

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Source: <https://fred.stlouisfed.org/series/T10YIE>



Expected Fed hikes have flattened the curve

Observation:
2022-02-18: **0.45** (+ more)
Updated: Feb 18, 2022

Units:
Percent,
Not Seasonally Adjusted

Frequency:
Daily

1Y | 5Y | 10Y | Max

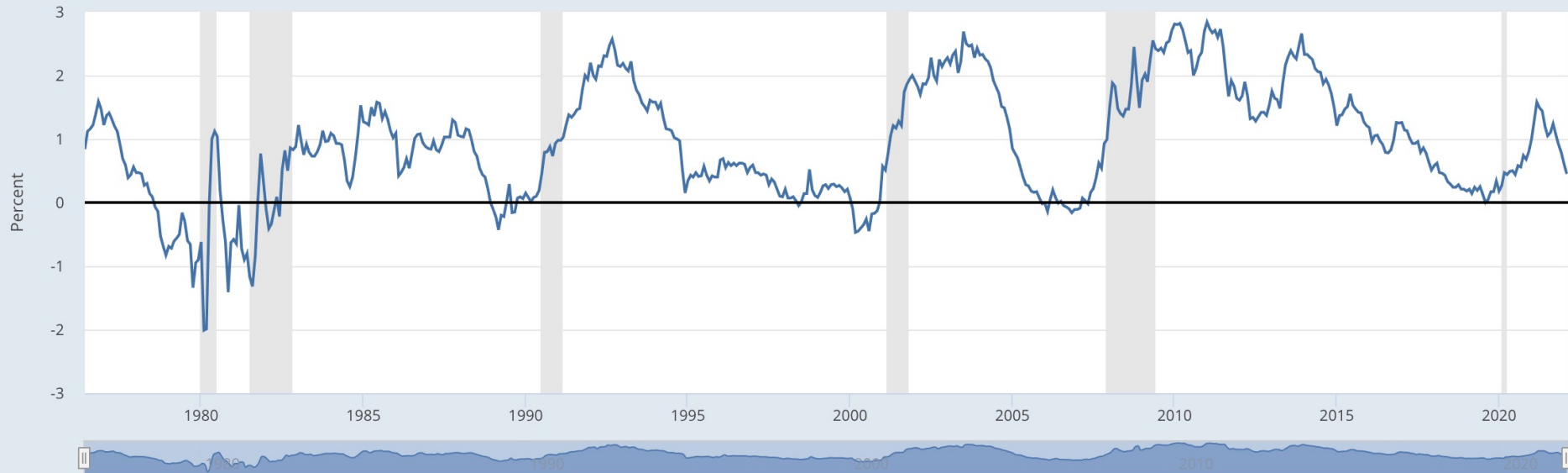
1976-06-01

to

2022-02-18

EDIT GRAPH

FRED — 10-Year Treasury Constant Maturity Minus 2-Year Treasury Constant Maturity



Source: Federal Reserve Bank of St. Louis

fred.stlouisfed.org

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Source: <https://fred.stlouisfed.org/series/T10Y2Y>

Strategies with Micro Treasury Futures

What Drives 2Y Yields

- FED POLICY
 - Exp¹ hikes 👍 2Y Yields
 - Exp cuts 👎 2Y Yields
- Fed hikes when:
 - Inflation worrying, AND
 - Employment robust
- Fed cuts when employment is weak, and investment can stimulate
- Powell isn't Volker














¹ Exp = Expected

What Drives 10-30Y Yields

- Longer-term nominal growth expectations
- Demographics – Older populations mean:
 - More pension assets
 - Less demand to borrow
 - Slower growth
 - Resistance to inflation
- Compare US vs Japan

Introducing Micro Yield Futures

Note: These are VERY different from the bigger treasury futures

CLEARING 	GLOBEX 	FLOOR 	CLEARPORT 	PRODUCT NAME 	EXCH 	ASSET CLASS 	PRODUCT GROUP 	CATEGORY 	SUB-CATEGORY 	CLEARED AS 	VOLUME 	OPEN INTEREST 
10Y	10Y	-	10Y	Micro 10-Year Yield Futures	CBOT	Interest Rate	US Treasury	-	-	Futures	7,815	1,051
2YY	2YY	-	2YY	Micro 2-Year Yield Futures	CBOT	Interest Rate	US Treasury	-	-	Futures	402	913
30Y	30Y	-	30Y	Micro 30-Year Yield Futures	CBOT	Interest Rate	US Treasury	-	-	Futures	1,119	2,325
5YY	5YY	-	5YY	Micro 5-Year Yield Futures	CBOT	Interest Rate	US Treasury	-	-	Futures	113	728

Source: <https://www.cmegroup.com/markets/products.html#assetClass=sg-39&sortAsc=true&sortField=name>







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What Micro 10yr Yield Futures Quotes Look Like

MICRO 10-YEAR YIELD FUTURES - QUOTES

VENUE: **GLOBEX**

AUTO-REFRESH IS OFF *Last Updated 24 Feb 2022 08:10:31 AM CT. Market data is delayed by at least 10 minutes.*

MONTH	CHART	LAST	CHANGE	PRIOR SETTLE	OPEN	HIGH	LOW	VOLUME	UPDATED
 FEB 2022 10YG2		1.870	-0.109 (-5.51%)	1.979	1.978	1.978	1.853	609	07:59:56 CT 24 Feb 2022
 MAR 2022 10YH2		1.923	-0.121 (-5.92%)	2.044	2.040	2.040	1.920	124	07:45:34 CT 24 Feb 2022
 APR 2022 10YJ2		-	-	2.044	-	-	-	0	18:12:45 CT 23 Feb 2022

Source: <https://www.cmegroup.com/markets/interest-rates/us-treasury/micro-10-year-yield.quotes.html>
24 Feb 2022

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Right Click > Financial Instrument Info > Description

DESCRIPTION File Configure

Stock Description

2 Year Micro Treasury Yield

Security Type **FUT**
Underlying [2YY IND](#)
Contract Month **FEB22**
Expiration Date **FEB 28 '22**
Last Trading Date **FEB 28 '22 14:00 CST**
Currency **USD**
Multiplier **1000**
Exchange **ECBOT**
Trading Class **2YY**
Symbol **2YY FEB 22**
Product Type **Fixed Income**
Settlement Method **Cash**

Trading Schedule: February 22, 2022 [Calendar](#)
Regular Trading Session 08:30 - 16:00 (22:30 - 06:00 your time)
Total Available Hours 17:00* - 16:00 (07:00 - 06:00 your time)
Exchange Time Zone (UTC-06:00) US/Central

Note: Trader Workstation follows timezone adjustments for daylight savings time

** Times in italics are on the calendar date preceding trade date*



	LAST
2YY ∞ Feb28'22 @ECBOT	◆ 1.543
5YY ∞ Feb28'22 @ECBOT	◆ 1.855
10Y ∞ Feb28'22 @ECBOT	◆ 1.941
30Y ∞ Feb28'22 @ECBOT	◆ 2.204

Source: Interactive Brokers, 22 Feb 2022

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Sample Micro 2-Year Yield Futures Trade

✕ Order Confirmation
▼

▼ 2 Year Micro Treasury Yield

Financial Instrument	Bid	Bid Yield	Ask	Ask Yield	Last	Last Yield
2YY ∞ Feb28'22 @EC...	◆ 1.547		1.556 ◆		◆ 1.544	

Order Description

BUY 1

Order Type LMT Routing ECBOT Time in Force DAY

Limit Price 1.500 Clearing IB

Messages

Amount

Amount	1,500 USD
Commission (est.)	0.57 USD
Total	1,500.57 USD

Balances (in USD)

	Current	Change	Post-trade*
Equity with Loan	50,168	-0.57	50,167
Initial Margin	0.00	1,387	1,387
Maintenance Margin	0.00	1,110	1,110
Position	0	1	1

*This is a current projection and is subject to change.
[Margin Requirements Per Contract](#)

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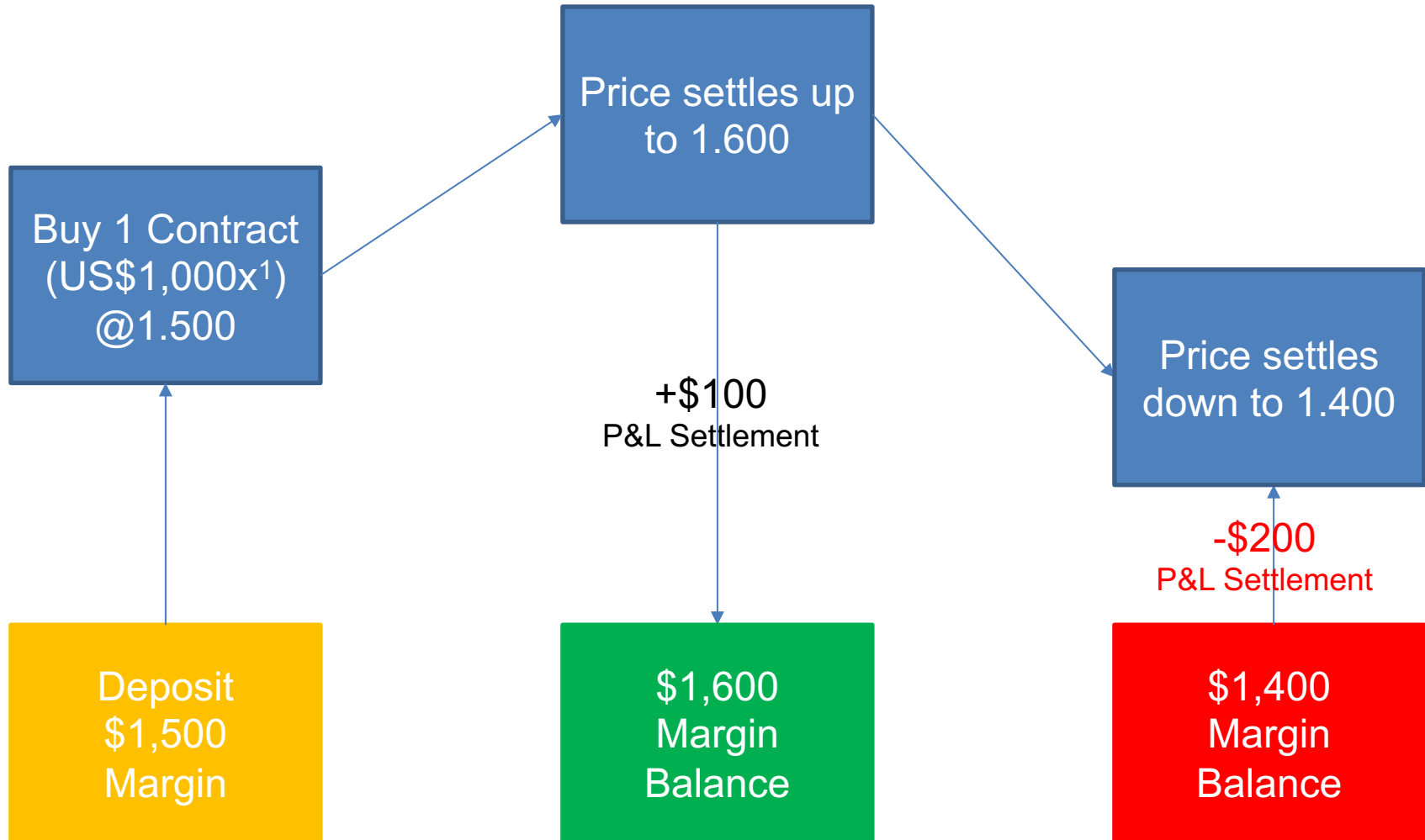
Override and Transmit

Cancel

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How a 2Y Yield Cash-Settled Futures Trade Works



¹ This means US\$1,000 per whole point of yield

Outright Yield Trade

- Need to be right about direction, means having a view on absolute:
 - Inflation
 - Economic growth, and/or
 - Fed policy
- Experienced bond & bond futures traders will find micro yield trading notably different

Spread Trade

- Example: Micro 2Y vs 10Y Yield spread trade on flattening or steepening
- P&L precise on basis point moves in the spread, no need to “duration match”
- Leverage means even small errors can wipe you out.

Sample P&L of buy 1x 2YY @1.5, sell 1x 10YY @1.9

End 2YY / 10YY	1.6	1.7	1.8	1.9	2	2.1	2.2
1.2	\$ (0.00)	\$ (100.00)	\$ (200.00)	\$ (300.00)	\$ (400.00)	\$ (500.00)	\$ (600.00)
1.3	\$ 100.00	\$ (0.00)	\$ (100.00)	\$ (200.00)	\$ (300.00)	\$ (400.00)	\$ (500.00)
1.4	\$ 200.00	\$ 100.00	\$ (0.00)	\$ (100.00)	\$ (200.00)	\$ (300.00)	\$ (400.00)
1.5	\$ 300.00	\$ 200.00	\$ 100.00	\$ (0.00)	\$ (100.00)	\$ (200.00)	\$ (300.00)
1.6	\$ 400.00	\$ 300.00	\$ 200.00	\$ 100.00	\$ (0.00)	\$ (100.00)	\$ (200.00)
1.7	\$ 500.00	\$ 400.00	\$ 300.00	\$ 200.00	\$ 100.00	\$ (0.00)	\$ (100.00)
1.8	\$ 600.00	\$ 500.00	\$ 400.00	\$ 300.00	\$ 200.00	\$ 100.00	\$ (0.00)

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Strategies with Micro Crude Oil Futures

Micro WTI vs “big” contract volume...

CLEARING	GLOBEX	FLOOR	CLEARPORT	PRODUCT NAME	EXCH	ASSET CLASS	PRODUCT GROUP	CATEGORY	SUB-CATEGORY	CLEARED AS	VOLUME	OPEN INTEREST
CL	CL	-	CL	Crude Oil Futures	NYMEX	Energy	Crude Oil	-	Outrights	Futures	946,537	2,060,522
BZ	BZ	-	BZ	Brent Last Day Financial Futures	NYMEX	Energy	Crude Oil	-	Outrights	Futures	119,499	211,843
LO	LO	-	LO	Crude Oil Option	NYMEX	Energy	Crude Oil	-	Outrights	Options	119,146	2,152,929
MCL	MCL	-	MCL	Micro WTI Crude Oil Futures	NYMEX	Energy	Crude Oil	North American	Outrights	Futures	87,358	9,233
QM	QM	-	QM	E-mini Crude Oil Futures	NYMEX	Energy	Crude Oil	-	Outrights	Futures	30,272	4,083

Source: <https://www.cmegroup.com/markets/products.html#assetClass=sg-10&sortAsc&sortField=vol>, 24 Feb 2022

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What is WTI?

- WTI = “West Texas Intermediate”
- WTI is a “light, sweet” crude oil standard
 - Light = Low in density and viscosity, smooth flow at room temp
 - Sweet = Low sulfur content, 0.5% by weight
 - Oil sands produce “heavy, sour” crude, valued at a discount to WTI
- WTI is also a North American standard
 - Physical delivery priced to Cushing, Oklahoma
 - Often compared to “Brent Crude”, delivered at Sullom Voe, an island between Scotland and Norway

Why Cushing's Location Matters...



Source: <https://www.businessinsider.com/cushing-oklahoma-is-the-center-of-the-oil-universe-2016-3?r=US&IR=T>

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Oil's impact is on FAR more than energy

Oil in everyday life

Whether as a fuel or a feedstock: oil is an integral part of your daily life.

The infographic illustrates the extensive use of oil-derived products in various aspects of daily life:

- Transportation:** Kerosene (airplane), Marine fuels, Heavy fuel oils, Diesel, Propane, Lubricants, Greases, Fibreglass hulls.
- Construction & Home:** Window frames, Exterior paints, Thermal insulation, Lamp shades, TV sets, Heating oils, Cable coatings, Lipsticks, Skin creams, Cushion upholstery and foam fillings, Printing inks, CDs/DVDs.
- Healthcare & Agriculture:** Paracetamols, Sunscreens, Fungicides, Propane, Hoses, Pharmaceuticals, Traffic cones, Barrier tapes, Synthetic leathers, Sunglasses, Carrier bags, Pacifiers.
- Automotive & Personal Care:** Car seats, Interior coverings, Antifreeze, Hydraulic steering fluids, Gear oil, Brake fluids, Lubricants, Bumpers, Rubber boots, Bitumen/Asphalt, Pens, Credit cards, Computers, Cameras, Straws, Garden furniture, Shoe soles, Toys.
- Consumer Goods & Daily Use:** Outdoor clothing, Sports clothing, Detergents, Candles, Plastic surfaces, Non-stick pans, Kitchen surfaces, Yoghurt containers, PET bottles, Watering cans, Plug sockets, Floor coverings.

Visit IOGP to download this poster in additional languages

IOGP International Association of Oil & Gas Producers

Source: <https://www.iogp.org/oil-in-everyday-life/>

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“Big” Oil Futures

- 1,000 barrels/contract
- Physically deliverable
- Deliverable any time in delivery month, so financial traders get out the month before contract expiry

Micro Crude Oil Futures

- 100 barrels/contract
- Financially settled, based on prices of the big contract
- Settlement price automatically calculated “4 business days prior to the 25th calendar day of the month prior to the contract month“

Right Click > Financial Instrum



	LAST
MCL Mar'22 @NYMEX	◆ c93.91
MCL Apr'22 @NYMEX	◆ 92.91
MCL May'22 @NYMEX	◆ 91.33
MCL Jun'22 @NYMEX	◆ 89.69
MCL Jul'22 @NYMEX	◆ 88.09
MCL Aug01'22 @NYMEX	◆ 87.18
MCL Sep01'22 @NYMEX	◆ 85.40
MCL Oct01'22 @NYMEX	◆ 85.00
MCL Nov01'22 @NYMEX	◆ c81.47
MCL Dec01'22 @NYMEX	◆ 83.07
MCL Jan01'23 @NYMEX	◆ 83.10
MCL Feb01'23 @NYMEX	◆ 82.50
MCL Mar01'23 @NYMEX	◆ c78.74

DESCRIPTION File Configure

Stock Description

Micro WTI Crude Oil

Security Type **FUT**
 Underlying **MCL IND**
 Contract Month **APR22**
 Expiration Date **MAR 21 '22**
 Last Trading Date **MAR 21 '22 14:30 EST**
 Currency **USD**
 Multiplier **100**
 Exchange **NYMEX**
 Trading Class **MCL**
 Symbol **MCLJ2**
 Product Type **Energy**
 Settlement Method **Cash**

Trading Schedule: February 22, 2022 [Calendar](#)
 Regular Trading Session 09:30 - 17:00 (22:30 - 06:00 your time)
 Total Available Hours 18:00* - 17:00 (07:00 - 06:00 your time)
 Exchange Time Zone (UTC-05:00) US/Eastern
Note: Trader Workstation follows timezone adjustments for daylight savings time
** Times in italics are on the calendar date preceding trade date*

Margin Information

Margin Requirements Per Contract [More](#)
 Initial **937.50 USD**
 Maintenance **750.00 USD**

Source: Interactive Brokers, 22 Feb 2022

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Sample Micro WTI Trade

✕ Order Confirmation
▼

▼ Micro WTI Crude Oil

Financial Instrument	Bid	Bid Yield	Ask	Ask Yield	Last	Last Yield
MCL Apr'22 @NYMEX	◆ 92.74		92.75 ◆		◆ 92.74	

Order Description

SELL 1

Order Type LMT	Routing NYMEX	Time in Force DAY
Limit Price 93.00	Clearing IB	

Messages

Amount	Balances (in USD)																				
Amount 9,300 USD	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="border-bottom: 1px solid gray;"></th> <th style="border-bottom: 1px solid gray;">Current</th> <th style="border-bottom: 1px solid gray;">Change</th> <th style="border-bottom: 1px solid gray;">Post-trade*</th> </tr> </thead> <tbody> <tr> <td>Equity with Loan</td> <td>50,163</td> <td>-0.77</td> <td>50,163</td> </tr> <tr> <td>Initial Margin</td> <td>0.00</td> <td>1,874</td> <td>1,874</td> </tr> <tr> <td>Maintenance Margin</td> <td>0.00</td> <td>750</td> <td>750</td> </tr> <tr> <td>Position</td> <td>0</td> <td>-1</td> <td>-1</td> </tr> </tbody> </table>		Current	Change	Post-trade*	Equity with Loan	50,163	-0.77	50,163	Initial Margin	0.00	1,874	1,874	Maintenance Margin	0.00	750	750	Position	0	-1	-1
	Current	Change	Post-trade*																		
Equity with Loan	50,163	-0.77	50,163																		
Initial Margin	0.00	1,874	1,874																		
Maintenance Margin	0.00	750	750																		
Position	0	-1	-1																		
Commission (est.) 0.77 USD																					
Total 9,299.23 USD																					

*This is a current projection and is subject to change.
[Margin Requirements Per Contract](#)

Don't display this message again.

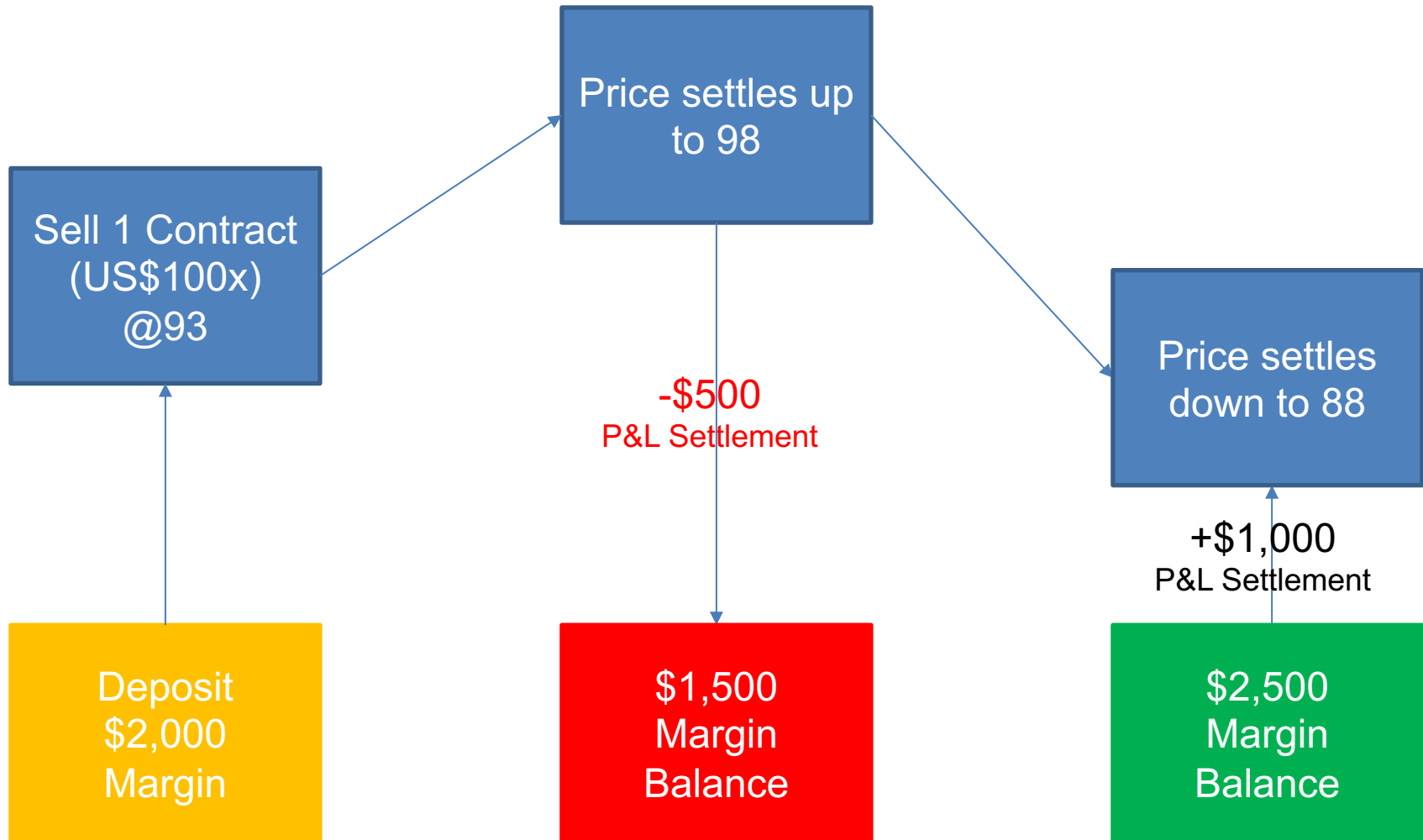
Override and Transmit

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DATA POWERED BY GFIS

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How This Cash-Settled Futures Trade Works



A few words on “roll yield”

MICRO WTI CRUDE OIL FUTURES - QUOTES

VENUE: **GLOBEX**

AUTO-REFRESH IS OFF *Last Updated 25 Feb 2022 05:42:02 AM CT. Market data is delayed by at least 10 minutes.*

MONTH	CHART	LAST	CHANGE	PRIOR SETTLE	OPEN	HIGH	LOW	VOLUME	UPDATED
 APR 2022 MCLJ2		92.12	-0.69 (-0.74%)	92.81	92.82	95.64	91.86	45,106	05:31:58 CT 25 Feb 2022
 MAY 2022 MCLK2		90.46	-0.48 (-0.53%)	90.94	91.71	93.68	90.17	2,794	05:31:41 CT 25 Feb 2022
 JUN 2022 MCLM2		88.50	-0.34 (-0.38%)	88.84	89.52	91.45	88.50	383	05:24:20 CT 25 Feb 2022
 JUL 2022 MCLN2		86.47	-0.52 (-0.60%)	86.99	88.04	89.39	86.47	57	05:27:46 CT 25 Feb 2022
 AUG 2022 MCLQ2		85.38	-0.11 (-0.13%)	85.49	87.03	87.03	85.38	29	05:02:24 CT 25 Feb 2022
 SEP 2022 MCLU2		85.10	+0.81 (+0.96%)	84.29	85.40	85.40	85.10	2	02:50:03 CT 25 Feb 2022

Source: <https://www.cmegroup.com/markets/energy/crude-oil/micro-wti-crude-oil.quotes.html>

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Can also look at the “roll yield curve” on “big” WTI

CRUDE OIL FUTURES - QUOTES

VENUE: GLOBEX

AUTO-REFRESH IS OFF Last Updated 25 Feb 2022 05:36:32 AM CT. Market data is delayed by at least 10 minutes.

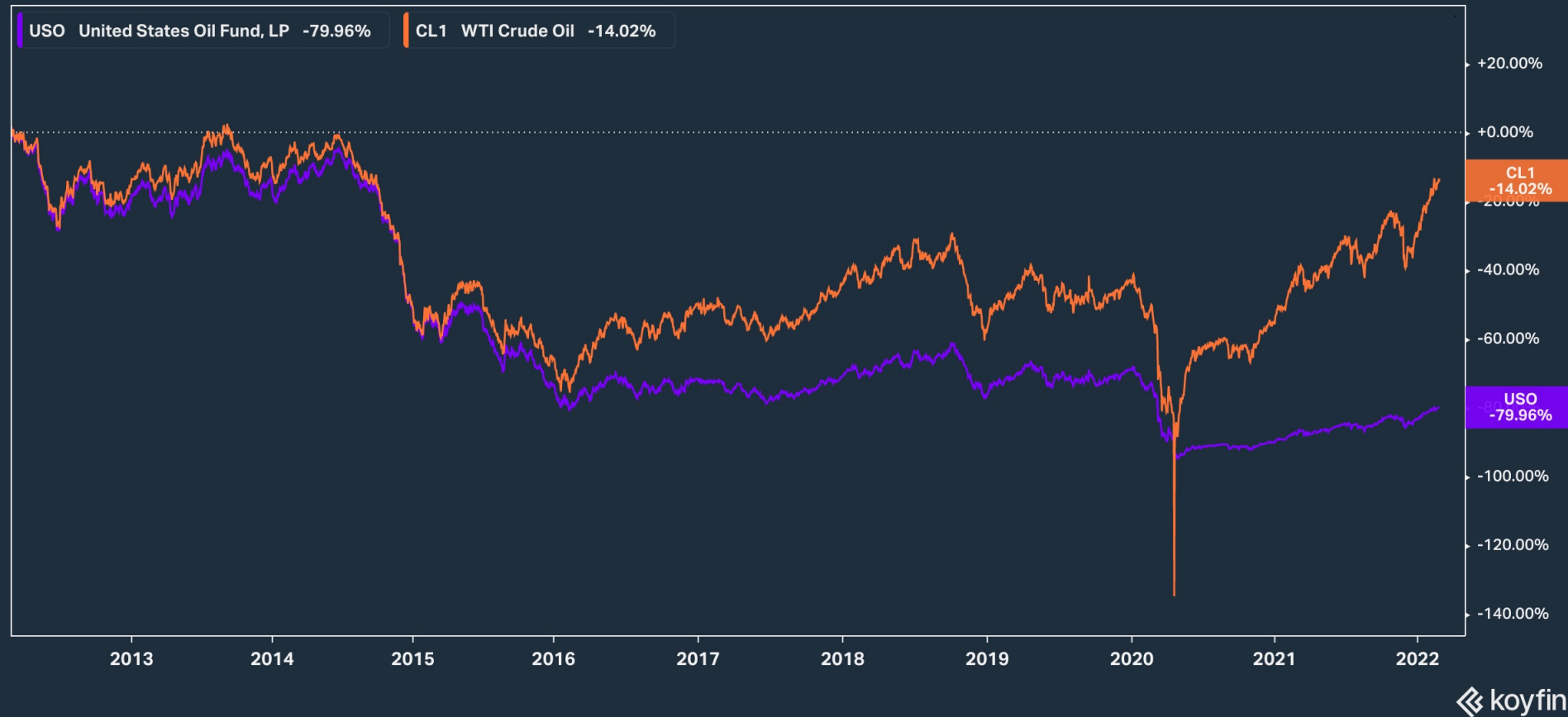
MONTH	OPTIONS	CHART	LAST	CHANGE	PRIOR SETTLE	OPEN	HIGH	LOW	VOLUME	UPDATED
APR 2022 CLJ2	OPT		92.26	-0.55 (-0.59%)	92.81	93.32	95.64	92.15	128,155	05:26:31 CT 25 Feb 2022
MAY 2022 CLK2	OPT		90.54	-0.40 (-0.44%)	90.94	91.48	93.73	90.44	32,205	05:26:15 CT 25 Feb 2022
JUN 2022 CLM2	OPT		88.50	-0.34 (-0.38%)	88.84	89.29	91.50	88.42	24,335	05:26:31 CT 25 Feb 2022
JUL 2022 CLN2	OPT		86.71	-0.28 (-0.32%)	86.99	87.47	89.46	86.63	7,653	05:26:15 CT 25 Feb 2022
AUG 2022 CLQ2	OPT		85.27	-0.22 (-0.26%)	85.49	87.47	87.72	85.18	6,847	05:25:41 CT 25 Feb 2022
SEP 2022 CLU2	OPT		84.30	+0.01 (+0.01%)	84.29	85.90	86.50	84.24	8,182	05:25:40 CT 25 Feb 2022
OCT 2022 CLV2	OPT		83.36	+0.06 (+0.07%)	83.30	84.76	85.12	83.36	2,693	05:25:34 CT 25 Feb 2022
NOV 2022 CLX2	OPT		82.70	+0.25 (+0.30%)	82.45	83.85	84.02	82.26	3,445	05:25:18 CT 25 Feb 2022
DEC 2022 CLZ2	OPT		81.43	-0.25 (-0.31%)	81.68	82.04	83.74	81.37	16,738	05:26:11 CT 25 Feb 2022
JAN 2023 CLF3	OPT		80.88	-0.04 (-0.05%)	80.92	82.08	82.73	80.88	2,601	05:24:58 CT 25 Feb 2022
FEB 2023 CLG3	OPT		80.47	+0.28 (+0.35%)	80.19	81.55	81.55	80.47	1,092	05:24:58 CT 25 Feb 2022
MAR 2023 CLH3	OPT		80.73	+1.21 (+1.52%)	79.52	80.73	80.73	80.73	3,403	05:25:34 CT 25 Feb 2022
APR 2023 CLJ3	OPT		79.91	+1.01 (+1.28%)	78.90	79.91	79.91	79.91	1,521	05:24:21 CT 25 Feb 2022
MAY 2023 CLK3	OPT		-	-	78.32	-	-	-	1,227	05:24:21 CT 25 Feb 2022
JUN 2023 CLM3	OPT		77.51	-0.28 (-0.36%)	77.79	78.23	79.32	77.39	3,296	05:25:43 CT 25 Feb 2022

Source: <https://www.cmegroup.com/markets/energy/crude-oil/light-sweet-crude.quotes.html>

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Example of “roll yield” over the past decade

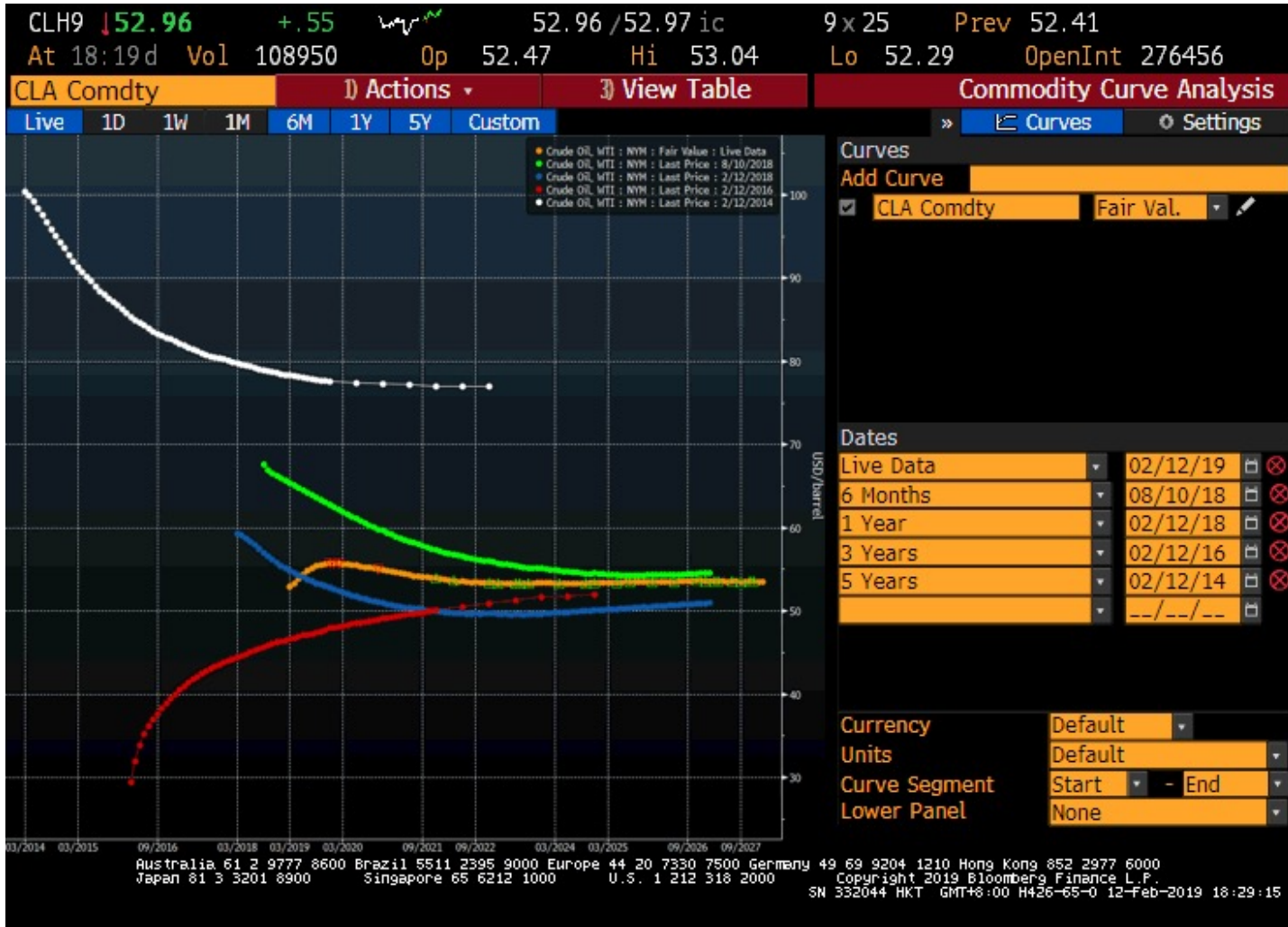
Crude Oil Roll Yield, 2012-2022



Source: Koyfin

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Some Historic CL Curve Snapshots



Source: Bloomberg

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Outright Micro WTI

- Directional view on oil prices at a specific delivery date
- Need to consider roll yields for positions beyond contract expiry

(Calendar) Spread Trade

- Exposure to changes in the oil curve, not the absolute level of oil prices
- Like 2Y-10Y, front end is more event driven, back end more tied to long-term fundamentals

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Questions?

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