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May 5, 2022

CME Group

Trading Geopolitics with Oil and Gold

Tariq Dennison

TEP, Wealth Manager
GFM Asset Management

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GFM
ASSET MANAGEMENT

Trading Geopolitical Commodities

Strategies using micro oil and gold futures

by Tariq Dennison

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Image credit: MS Office Stock Photo

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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”



“Geopolitical” Commodities

- Supply depends on a few countries
- Demanding countries have tensions with those supply countries
- Commodity is important enough to fight wars over

Examples

- Gold & Silver, for centuries
- Oil since 1901
 - *10 Jan 1901 = Spindletop in Texas*
- Spices, 1453-1947
 - *1453 = Fall of Constantinople*
 - *1947 = Indian Independence*
- Sugar, 1493-1806
 - *1493 = Columbus brings sugar cane*
 - *1806 = Britain blockades Napoleon, Europe switches to sugar beets*
- Expect more metals with the rise of EVs...

Oil

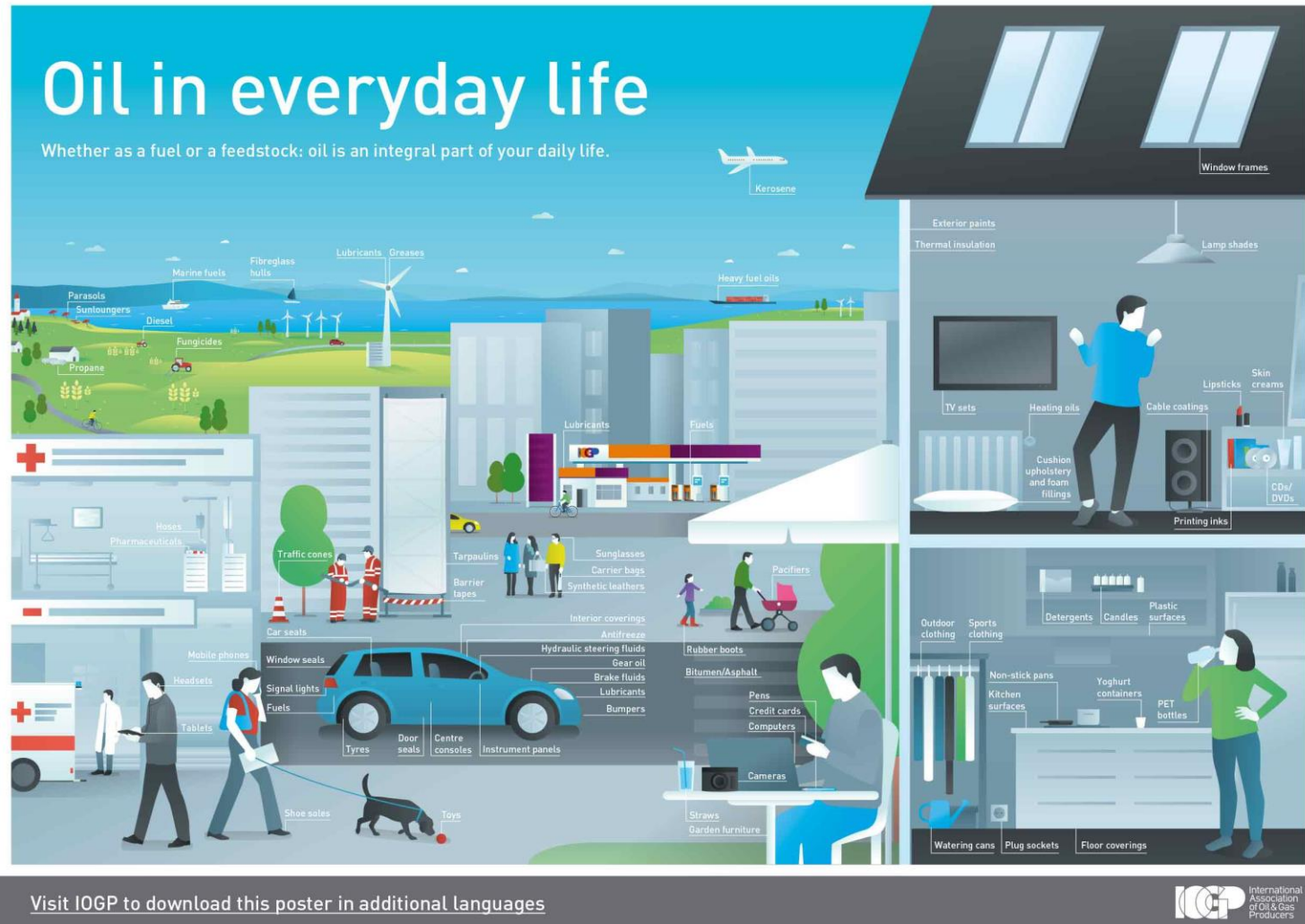
- Ongoing uses
- Past & future
- Supply & demand
- WTI vs Brent
- Oil futures curves & strategies
- Oil options

Gold

- Valuable but useless
- History & effectiveness as a store of value
- Supply & demand
- Gold futures & strategies

Oil

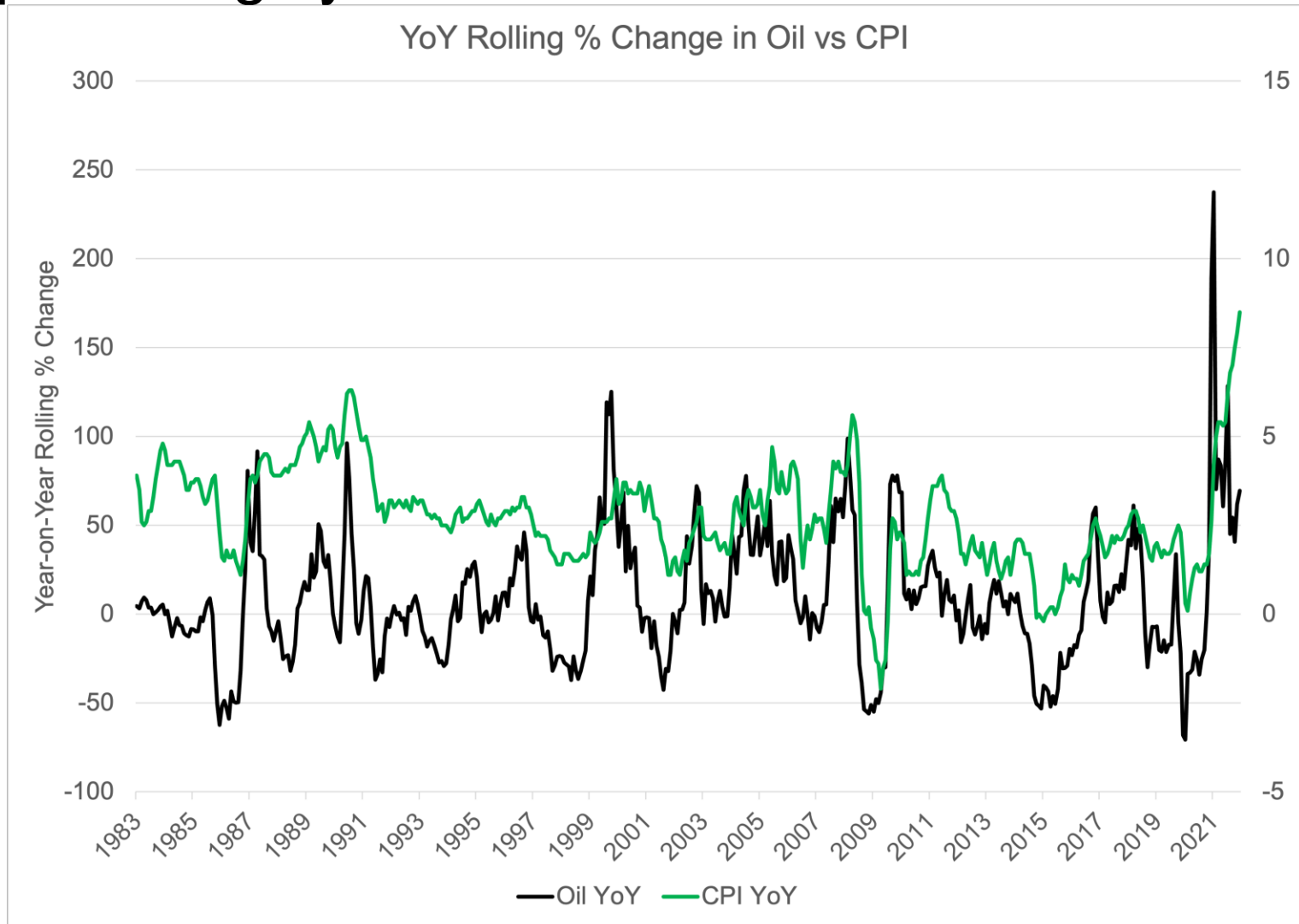
Try going a day, even a few minutes, without using oil



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

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Oil prices highly correlated with inflation



Source: Koyfin, Author's calculations

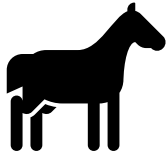
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What we did before oil

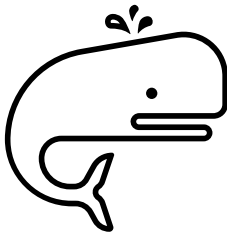
For energy:



Wood burning

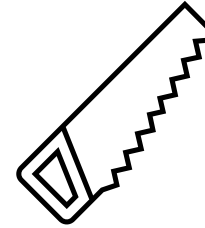


Horse power

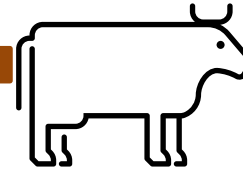


Whale oil

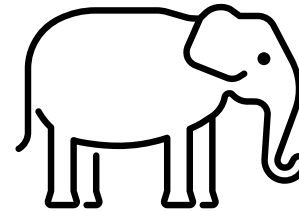
For materials:



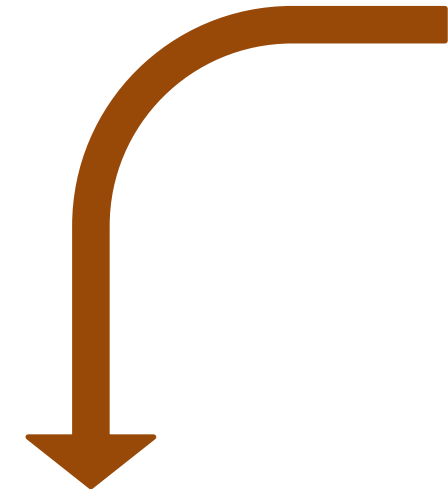
Wood (worked by hand)



Leather



Ivory



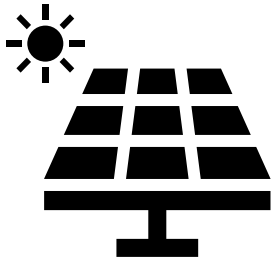
Fertilizer

Source: MS Office Stock Image Icons

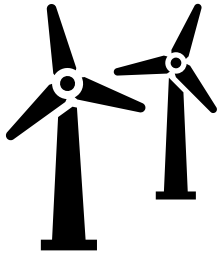
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What we might do “after oil”

For energy:



Solar

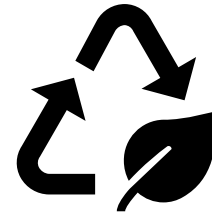


Wind



Batteries (metals)

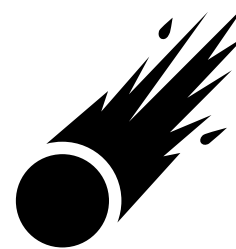
For materials:



Recycled petroplastics?



Bioplastics?



Asteroid mining?

Bio fertilizer?

Source: MS Office Stock Image Icons

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While OECD oil demand is expected to decline...

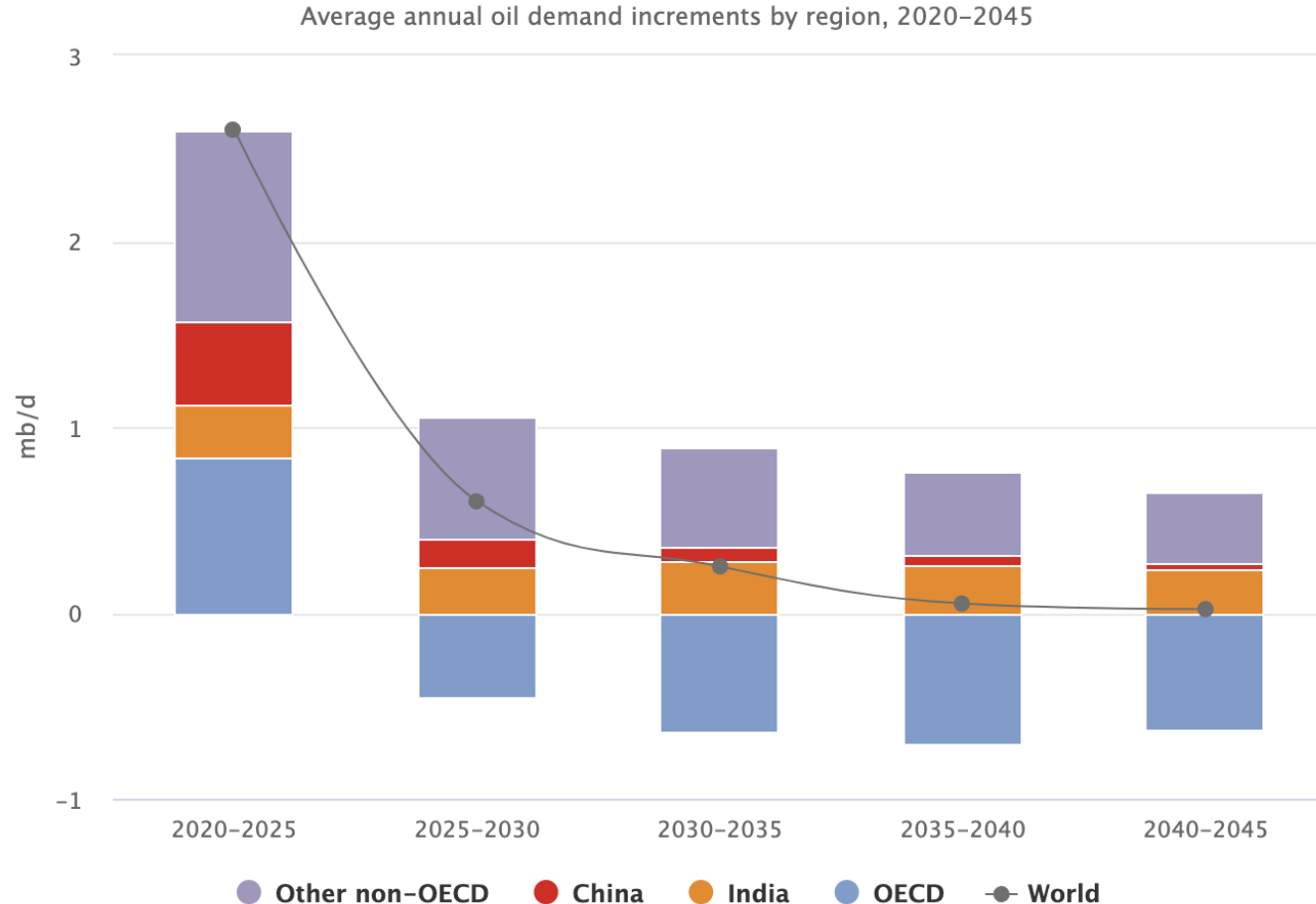


Source: <https://wo.opec.org/chapter.php?chapterNr=207&chartID=953>

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China, India & other non-OECD expected to continue driving total oil demand up through 2045...

Figure 3.3



Source: <https://wo.opec.org/chapter.php?chapterNr=207&chartID=953>

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Today's top importers & exporters... * OECD members vs * OPEC



Crude oil – imports

Crude oil - imports is the total amount of crude oil imported, in barrels per day (bbl/day).

Crude oil – exports

Crude oil - exports is the total amount of crude oil exported, in barrels per day (bbl/day).

216 Results [Clear Filters](#)
Filter Categories: **All** ▼

[DOWNLOAD DATA](#)

| Rank | Country | | bbl/day |
|------|--------------------------------------|---|-----------|
| 1 | <u>United States</u> | * | 7,969,000 |
| 2 | <u>China</u> | | 6,710,000 |
| 3 | <u>India</u> | | 4,057,000 |
| 4 | <u>Japan</u> | * | 3,208,000 |
| 5 | <u>Korea, South</u> | * | 3,057,000 |
| 6 | <u>Germany</u> | * | 1,836,000 |
| 7 | <u>Italy</u> | * | 1,341,000 |
| 8 | <u>Spain</u> | * | 1,325,000 |

216 Results [Clear Filters](#)
Filter Categories: **All** ▼

[DOWNLOAD DATA](#)

| Rank | Country | | bbl/day |
|------|---|---|-----------|
| 1 | <u>Saudi Arabia</u> | * | 7,341,000 |
| 2 | <u>Russia</u> | | 4,921,000 |
| 3 | <u>Iraq</u> | * | 3,092,000 |
| 4 | <u>Canada</u> | * | 2,818,000 |
| 5 | <u>United Arab Emirates</u> | * | 2,552,000 |
| 6 | <u>Nigeria</u> | * | 2,096,000 |
| 7 | <u>Angola</u> | * | 1,782,000 |
| 8 | <u>Venezuela</u> | * | 1,656,000 |

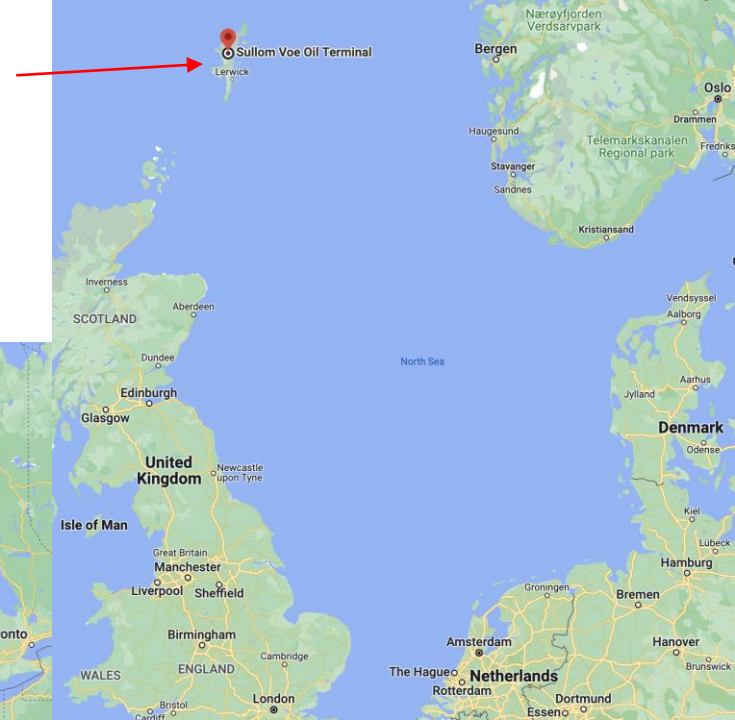
Source: <https://www.cia.gov/the-world-factbook/countries/> <https://www.eia.gov/tools/faqs/faqs/faq.php?id=709&t=6>

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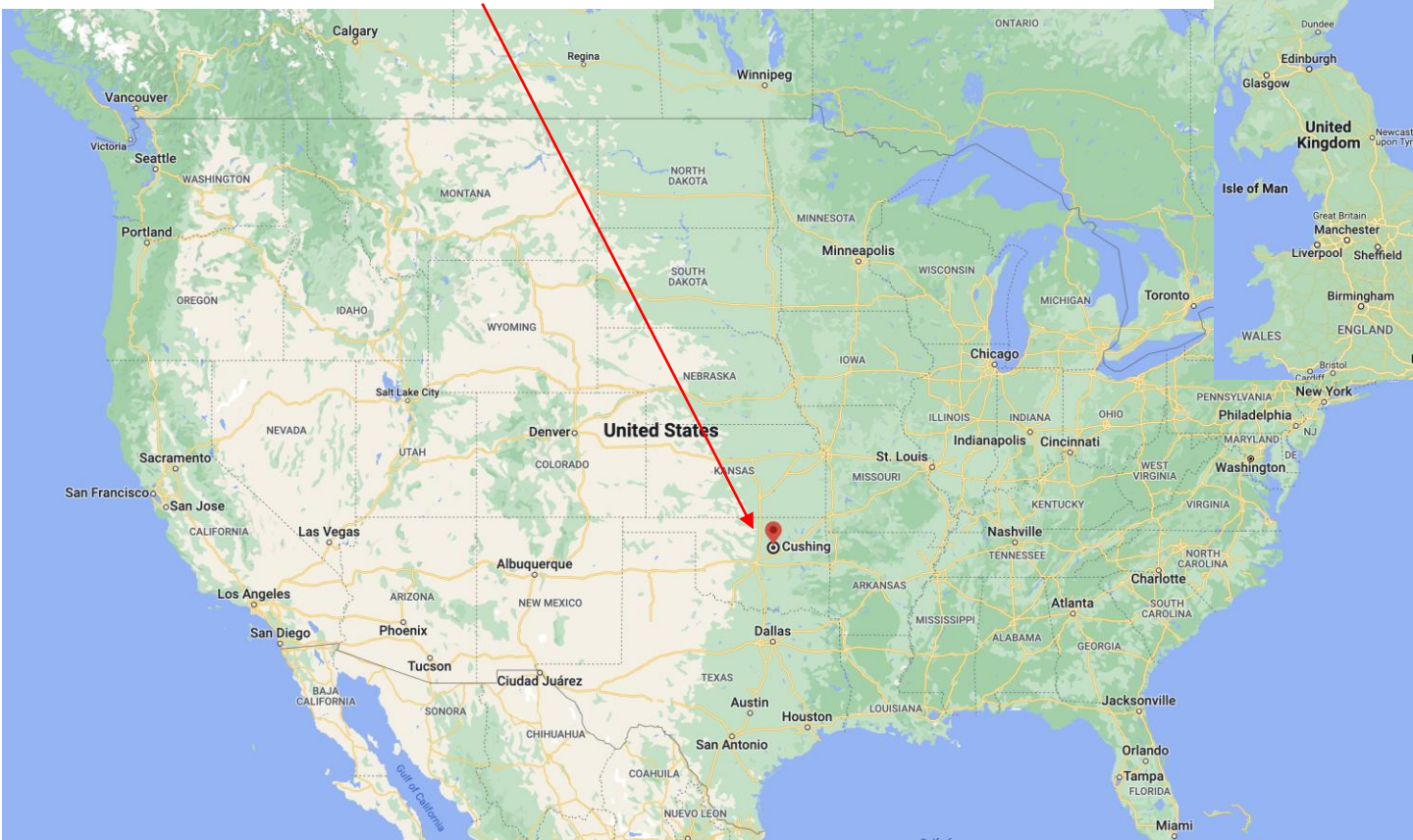
What is WTI?

- 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

Brent @Sullum Voe



WTI @Cushing, OK, USA



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

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Now to TWS...

MCL vs CL on IBKR TWS

| | LAST | CHANGE | FUT OI | VLM | | LAST | CHANGE | FUT OI | VLM |
|---------------------|----------|--------------|--------|-------|------------------|----------|--------------|--------|-------|
| MCL May'22 @NYMEX | ♦ 102.74 | -1.51 -1.45% | 14.9K | 41.7K | CL May'22 @NYMEX | ♦ 102.75 | -1.50 -1.44% | 87.8K | 66.9K |
| MCL Jun'22 @NYMEX | ♦ 102.27 | -1.52 -1.46% | 3.63K | 5.26K | CL Jun'22 @NYMEX | ♦ 102.28 | -1.51 -1.45% | 291K | 35.4K |
| MCL Jul'22 @NYMEX | ♦ 101.49 | -1.40 -1.36% | 391 | 133 | CL Jul'22 @NYMEX | ♦ 101.39 | -1.50 -1.46% | 145K | 13.2K |
| MCL Aug01'22 @NYMEX | ♦ 100.84 | -0.92 -0.90% | 165 | 16 | CL Aug'22 @NYMEX | ♦ 100.19 | -1.57 -1.54% | 79.4K | 6.38K |
| MCL Sep01'22 @NYMEX | ♦ 98.85 | -1.67 -1.66% | 60 | 7 | CL Sep'22 @NYMEX | ♦ 98.96 | -1.56 -1.55% | 97.6K | 6.11K |
| MCL Oct01'22 @NYMEX | ♦ c99.32 | | 15 | | CL Oct'22 @NYMEX | ♦ 97.79 | -1.53 -1.54% | 64.7K | 2.88K |
| MCL Nov01'22 @NYMEX | ♦ c98.17 | | 17 | | CL Nov'22 @NYMEX | ♦ 96.69 | -1.48 -1.51% | 57.5K | 2.50K |
| MCL Dec01'22 @NYMEX | ♦ 96.28 | -0.78 -0.80% | 247 | 1 | CL Dec'22 @NYMEX | ♦ 95.57 | -1.49 -1.54% | 235K | 10.2K |
| MCL Jan01'23 @NYMEX | ♦ c95.98 | | 25 | | CL Jan'23 @NYMEX | ♦ 94.73 | -1.25 -1.30% | 42.7K | 1.13K |
| MCL Feb01'23 @NYMEX | ♦ c94.92 | | 7 | | CL Feb'23 @NYMEX | ♦ 93.35 | -1.57 -1.65% | 37.0K | 586 |
| MCL Mar01'23 @NYMEX | ♦ 92.66 | -1.25 -1.33% | 21 | 1 | CL Mar'23 @NYMEX | ♦ 92.43 | -1.48 -1.58% | 49.1K | 843 |
| MCL Apr01'23 @NYMEX | ♦ 91.80 | -1.15 -1.24% | 3 | 1 | CL Apr'23 @NYMEX | ♦ c92.95 | | 28.3K | 520 |

Micro WTI Crude Oil

Security Type: **FUT**
 Underlying: **MCL IND**
 Contract Month: **DEC22**
 Expiration Date: **NOV 18 '22**
 Last Trading Date: **DEC 01 '22 14:30 EST**
 Currency: **USD**
 Multiplier: **100**
 Exchange: **NYMEX**
 Trading Class: **MCL**
 Symbol: **MCLZ2**
 Product Type: **Energy**
 Settlement Method: **Cash**

Trading Schedule: April 14, 2022 [Calendar](#)
 Regular Trading Session: 09:30 - 17:00 (21:30 - 05:00 your time)
 Total Available Hours: 18:00* - 17:00 (06:00 - 05:00 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

Light Sweet Crude Oil

Security Type: **FUT**
 Underlying: **CL IND**
 Contract Month: **DEC22**
 Expiration Date: **NOV 21 '22**
 Last Trading Date: **NOV 21 '22 14:30 EST**
 Currency: **USD**
 Multiplier: **1000**
 Exchange: **NYMEX**
 Trading Class: **CL**
 Symbol: **CLZ2**
 Product Type: **Energy**
 Settlement Method: **Physical Delivery**
 Physical Delivery: **Not permitted at Interactive Brokers**

Trading Schedule: April 14, 2022 [Calendar](#)
 Regular Trading Session: 09:30 - 17:00 (21:30 - 05:00 your time)
 Total Available Hours: 18:00* - 17:00 (06:00 - 05:00 your time)
 Exchange Time Zone: (UTC-05:00) US/Eastern

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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“

Sample Micro WTI Trade

✕
Order Confirmation

▼
Micro WTI Crude Oil

| Financial Instrument | Bid | Ask | Last |
|----------------------|---------|---------|---------|
| MCL Dec01'22 @NYMEX | ♦ 95.20 | 98.50 ♦ | ♦ 96.28 |

Order Description

BUY 1

Order Type LMT Routing NYMEX Time in Force DAY
 Limit Price 95.00 Clearing IB

Messages

| Amount | Balances (in USD) |
|---|---|
| Amount 9,500 USD | <u>Current</u> <u>Change</u> <u>Post-trade*</u> |
| Commission (est.) 0.77 USD | Equity with Loan 49,852 -0.77 49,851 |
| Total 9,500.77 USD | Initial Margin 8,223 2,172 10,394 |
| | Maintenance Margin 6,752 1,714 8,466 |
| | Position 0 1 1 |

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

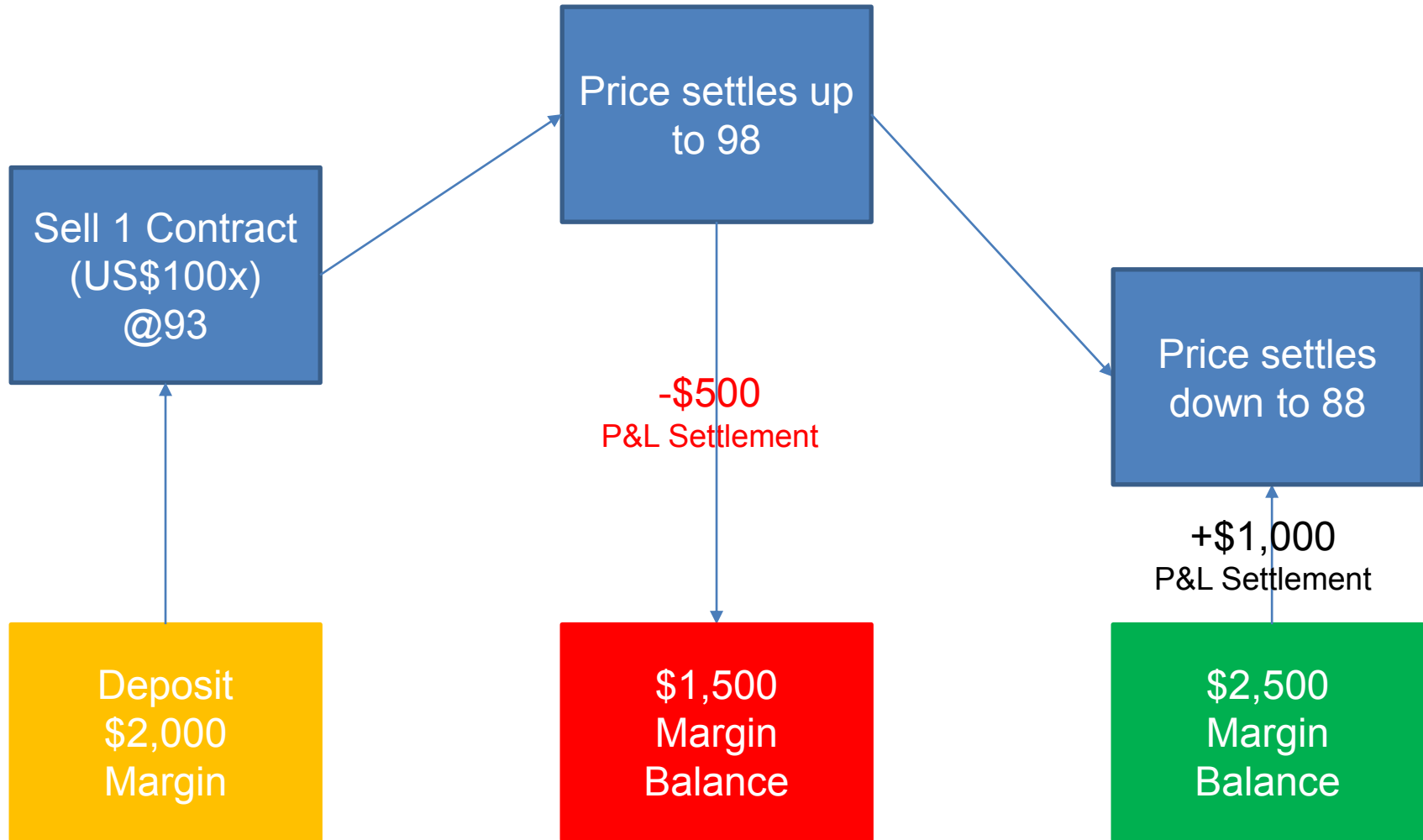
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How This Cash-Settled Futures Trade Works



What about crude oil options?

CL Dec'22 @NYMEX PUT/CALLs (Side by Side) 95.36 -1.70 (-1.75%) ?

SEP / OCT LO 1000 154 DAYS OCT / NOV LO 1000 186 DAYS NOV / DEC LO 1000 216 DAYS DEC / JAN'23 LO 1000 245 DAYS MORE

TABBED VIEW PUT/CALL All STRIKES NYMEX TRADING CLASS 1000

| CALLS | | | | | | | | STRIKE | PUTS | | | | | | | | |
|----------|--------|-------|-------|-----------|-------|-------|--------|--------|----------|--------|-------|--------|-----------|-------|-------|--------|-------|
| OPTN ... | VOLUME | BID | SI... | BID x ASK | DELTA | IMPLD | ...ASK | SI... | OPTN ... | VOLUME | BID | SI... | BID x ASK | DELTA | IMPLD | ...ASK | SI... |
| 402 | 15 | 14.69 | 14.91 | 0.650 | 43% | 21 | 90 | 150 | 14 | 8.36 | 8.49 | -0.351 | 42.8% | 46 | | | |
| 18 | 16 | 14.42 | 14.64 | 0.643 | 42.8% | 21 | 90.5 | 13 | 68 | 8.56 | 8.74 | -0.357 | 42.9% | 74 | | | |
| 14 | 16 | 14.16 | 14.38 | 0.637 | 43% | 22 | 91 | 31 | 37 | 8.80 | 8.97 | -0.364 | 43.3% | 52 | | | |
| 233 | 16 | 13.90 | 14.12 | 0.630 | 42.8% | 23 | 91.5 | 33 | 37 | 9.04 | 9.21 | -0.371 | 42.9% | 52 | | | |
| 22 | 17 | 13.65 | 13.88 | 0.623 | 43% | 24 | 92 | 20 | 36 | 9.28 | 9.46 | -0.378 | 42.9% | 52 | | | |
| 78 | 26 | 13.40 | 13.62 | 0.617 | 42.8% | 26 | 92.5 | 6 | 62 | 9.52 | 9.70 | -0.384 | 42.9% | 47 | | | |
| 102 | 34 | 13.15 | 13.37 | 0.610 | 43% | 26 | 93 | 51 | 62 | 9.77 | 9.96 | -0.391 | 43.3% | 68 | | | |
| 207 | 35 | 12.91 | 13.13 | 0.603 | 42.8% | 26 | 93.5 | 2 | 31 | 10.03 | 10.21 | -0.398 | 42.8% | 46 | | | |
| 237 | 35 | 12.67 | 12.89 | 0.596 | 42.9% | 26 | 94 | 30 | 30 | 10.28 | 10.48 | -0.405 | 42.7% | 66 | | | |
| 14 | 27 | 12.45 | 12.67 | 0.590 | 42.7% | 33 | 94.5 | 90 | 61 | 10.55 | 10.74 | -0.411 | 42.8% | 46 | | | |
| 35 | 6 | 12.23 | 12.41 | 0.583 | 42.7% | 6 | 95 | 16 | 7 | 10.84 | 11.01 | -0.418 | 42.7% | 52 | | | |
| | 27 | 12.00 | 12.22 | 0.576 | 42.8% | 61 | 95.5 | 1 | 39 | 11.09 | 11.28 | -0.425 | 42.8% | 35 | | | |
| 70 | 27 | 11.78 | 12.00 | 0.569 | 43% | 61 | 96 | 70 | 39 | 11.37 | 11.56 | -0.432 | 42.8% | 45 | | | |
| 35 | 18 | 11.57 | 11.78 | 0.563 | 42.8% | 33 | 96.5 | 13 | 39 | 11.65 | 11.85 | -0.438 | 42.9% | 64 | | | |
| 5 | 1 | 11.36 | 11.57 | 0.556 | 43.4% | 33 | 97 | | 28 | 11.93 | 12.13 | -0.445 | 42.9% | 45 | | | |
| 34 | 57 | 11.14 | 11.36 | 0.550 | 43% | 34 | 97.5 | 28 | 58 | 12.21 | 12.42 | -0.452 | 42.9% | 64 | | | |
| 1 | 19 | 10.95 | 11.16 | 0.543 | 42.8% | 34 | 98 | 1 | 28 | 12.51 | 12.72 | -0.458 | 42.9% | 45 | | | |
| 31 | 19 | 10.75 | 10.96 | 0.537 | 43% | 34 | 98.5 | | 58 | 12.80 | 13.01 | -0.464 | 42.9% | 45 | | | |
| | 28 | 10.55 | 10.76 | 0.530 | 42.9% | 34 | 99 | | 27 | 13.11 | 13.32 | -0.471 | 42.9% | 45 | | | |
| 25 | 19 | 10.36 | 10.56 | 0.524 | 43.4% | 45 | 99.5 | | 27 | 13.41 | 13.62 | -0.477 | 42.9% | 45 | | | |
| 1.45K | 7 | 10.18 | 10.35 | 0.517 | 43% | 16 | 100 | 2 | 7 | 13.74 | 13.92 | -0.484 | 43% | 22 | | | |
| 9 | 20 | 10.00 | 10.20 | 0.511 | 43% | 35 | 100.5 | | 27 | 14.03 | 14.24 | -0.490 | 43.1% | 45 | | | |
| 51 | 20 | 9.82 | 10.02 | 0.505 | 43.3% | 65 | 101 | | 18 | 14.35 | 14.56 | -0.496 | 43.1% | 45 | | | |
| 67 | 20 | 9.63 | 9.83 | 0.498 | 43.3% | 35 | 101.5 | | 17 | 14.67 | 14.88 | -0.503 | 43.1% | 45 | | | |
| | 20 | 9.47 | 9.67 | 0.492 | 43.2% | 71 | 102 | | 17 | 14.99 | 15.20 | -0.509 | 43.2% | 45 | | | |

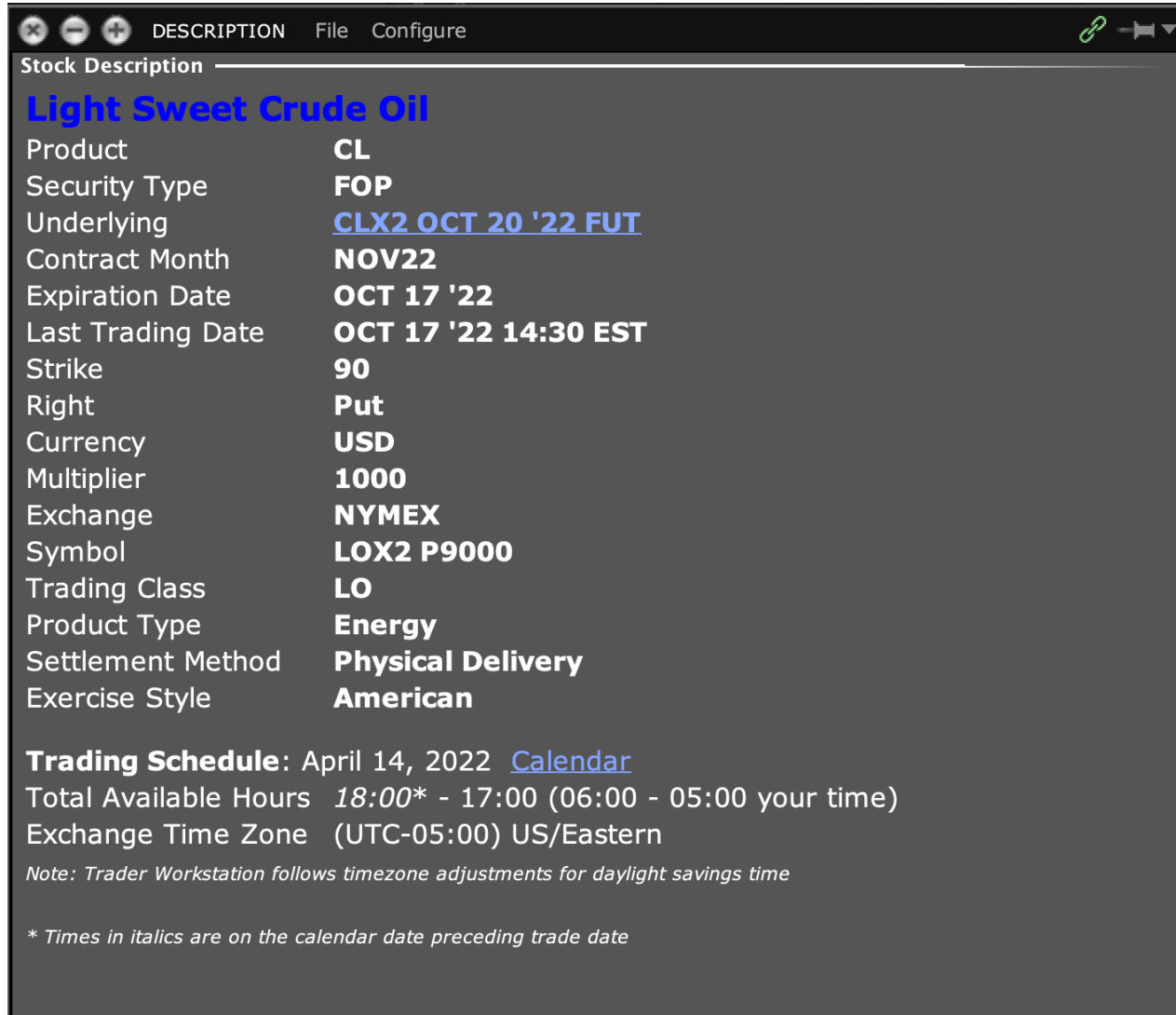
IV: 43.1%

OFF Strategy Builder

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Description of the Oct 90 put on the Nov CL Futures



The screenshot shows a window titled "DESCRIPTION" with a menu bar containing "File" and "Configure". The main content area is titled "Stock Description" and displays the following information:

| | |
|------------------------------|-----------------------------------|
| Light Sweet Crude Oil | |
| Product | CL |
| Security Type | FOP |
| Underlying | <u>CLX2 OCT 20 '22 FUT</u> |
| Contract Month | NOV22 |
| Expiration Date | OCT 17 '22 |
| Last Trading Date | OCT 17 '22 14:30 EST |
| Strike | 90 |
| Right | Put |
| Currency | USD |
| Multiplier | 1000 |
| Exchange | NYMEX |
| Symbol | LOX2 P9000 |
| Trading Class | LO |
| Product Type | Energy |
| Settlement Method | Physical Delivery |
| Exercise Style | American |

Trading Schedule: April 14, 2022 [Calendar](#)
Total Available Hours 18:00* - 17:00 (06:00 - 05:00 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*

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Sample Micro WTI Option Trade (Put Buy)

Order Confirmation
▼

▼ Light Sweet Crude Oil
🔍

| Financial Instrument | Bid | Ask | Last |
|----------------------------------|------|------|-------|
| CL FOP (LO) Nov'22 90 PUT @NYMEX | 8.40 | 8.52 | c7.86 |

Order Description

BUY 1

| | | |
|------------------|---------------|-------------------|
| Order Type LMT | Routing NYMEX | Time in Force DAY |
| Limit Price 7.50 | Clearing IB | |

Messages

| Amount | |
|-------------------|---------------------|
| Amount | 7,500 USD |
| Commission (est.) | 2.37 USD |
| Total | 7,502.37 USD |

| Balances (in USD) | Current | Change | Post-trade* |
|--------------------|---------|--------|-------------|
| Equity with Loan | 49,846 | 105 | 49,951 |
| Initial Margin | 8,223 | 7,608 | 15,830 |
| Maintenance Margin | 6,753 | 5,656 | 12,409 |
| Position | 0 | 1 | 1 |

Performance Profile

Don't display this message again.

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Gold

What is gold, and why buy it?

- Element 79, relatively chemically & industrially inert
- Costs to store it, without yield
- Compared with land / real estate, gold is:
 - Fungible: one ounce interchangeable with another
 - Portable: high value / transport cost ratio
 - Divisible: usable in coins and value accounting
- Limited and expensive supply makes it attractive as a relatively stable store of relative value, but only has value if buyers think it does!

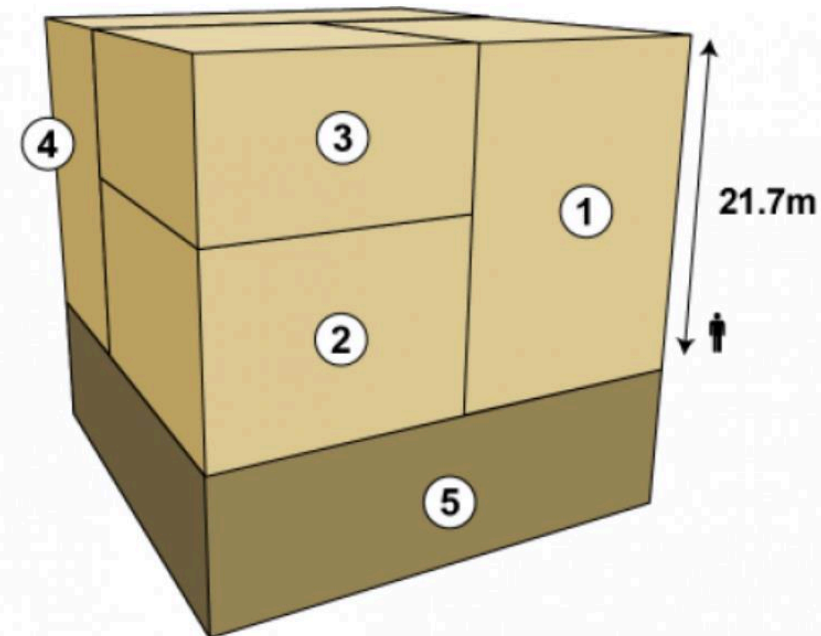
Gold supply by sector, visualized

Total above-ground stocks (end-2019)

Total above-ground stocks (end-2019): 197,576 tonnes

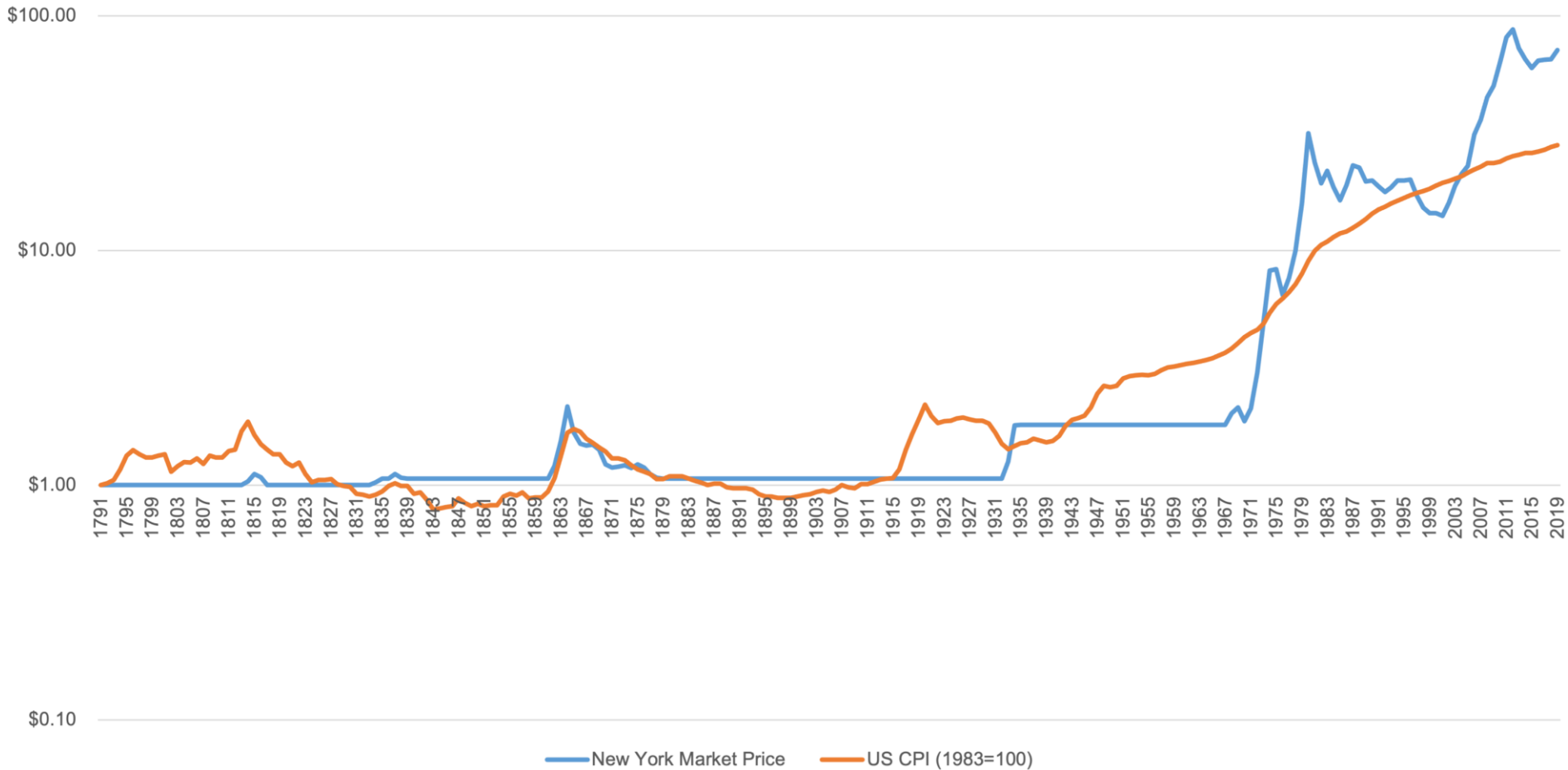
1. Jewellery: 92,947 tonnes, 47.0%
2. Private investment: 42,619 tonnes, 21.6%
3. Official Holdings: 33,919 tonnes, 17.2%
4. Other: 28,090 tonnes, 14.2%
5. Below ground reserves: 54,000 tonnes

Source: Metals Focus; GFMS, Thomson Reuters, US Geological Survey, World Gold Council



Gold vs US Inflation Since 1791

NY Gold Price vs Inflation, indexed to 1791 = US\$1.00

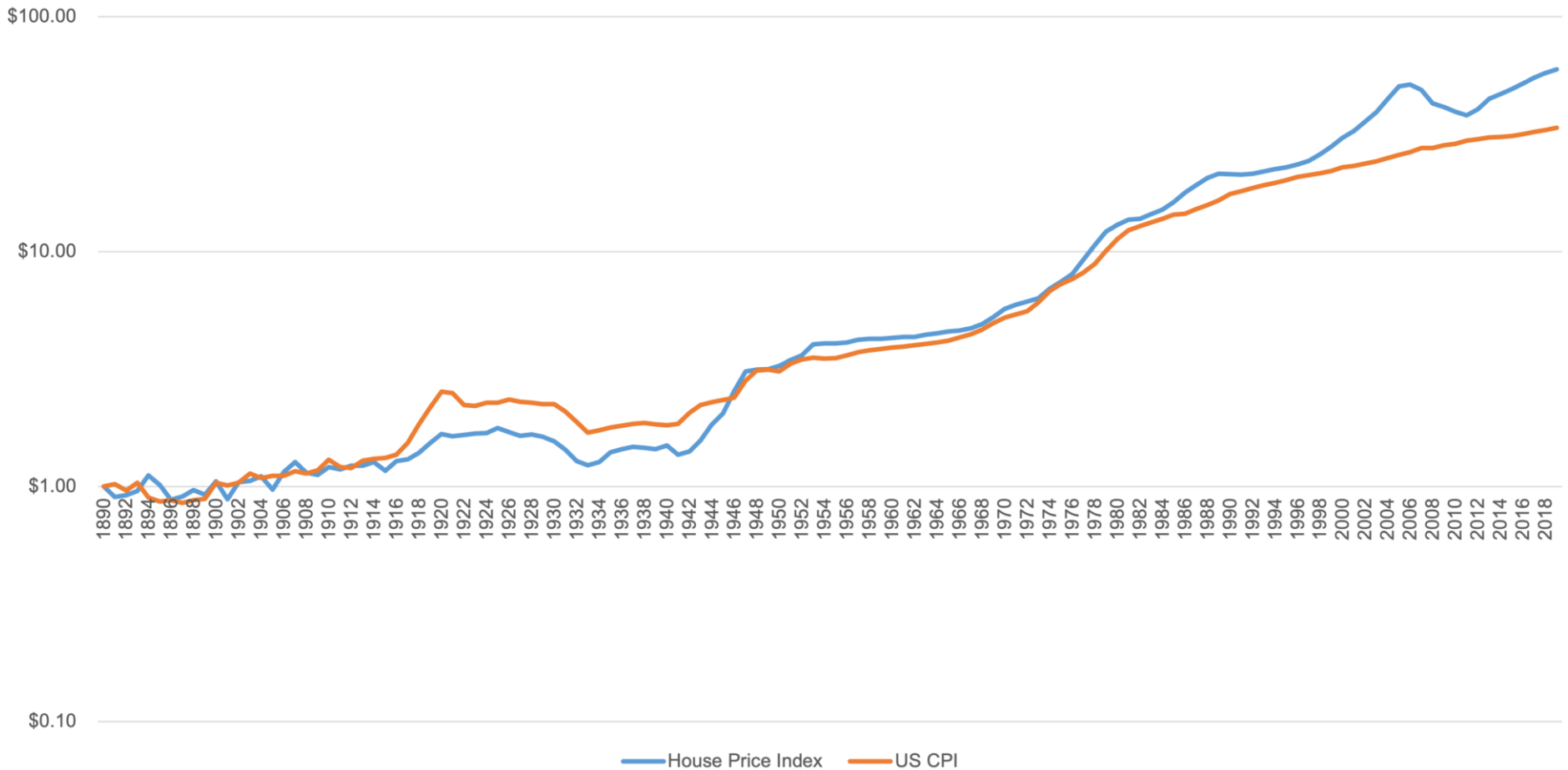


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Source: <https://www.measuringworth.com/datasets/gold/result.php>

Real estate has tracked inflation more closely

US Residential Real Estate Prices vs Inflation

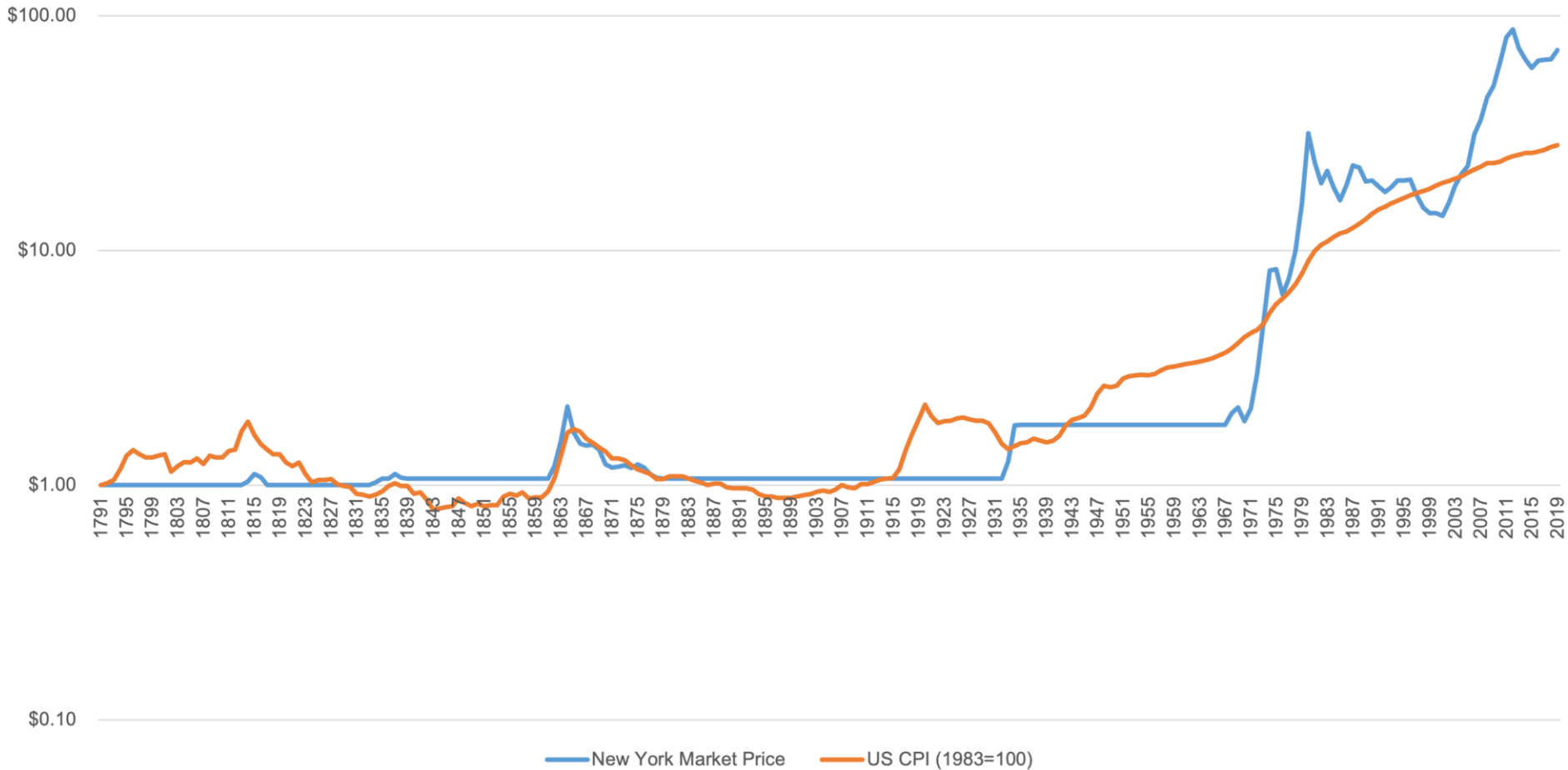


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Source: <http://www.econ.yale.edu/~shiller/data.htm>

Gold vs US Inflation Since 1791

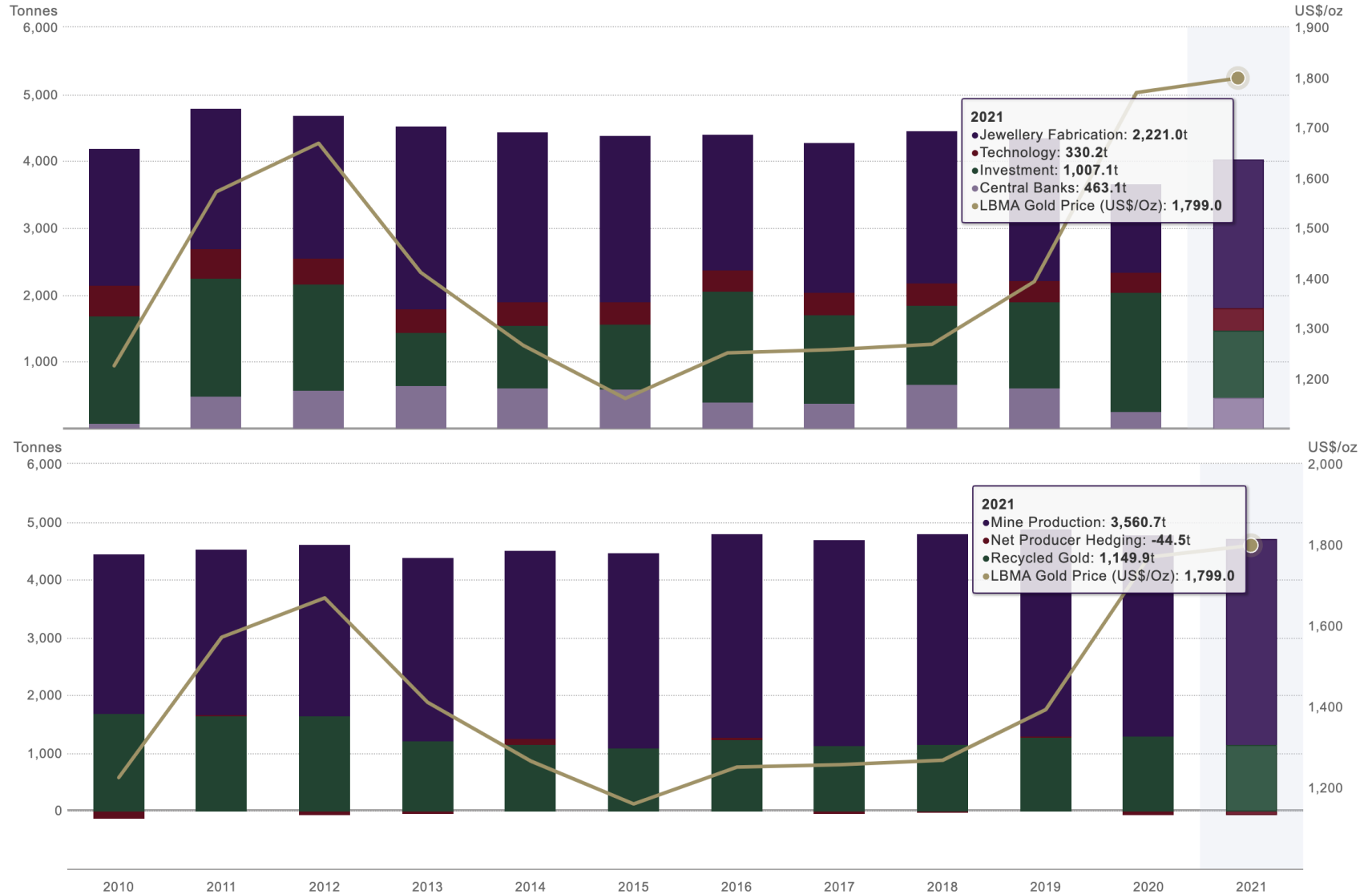
NY Gold Price vs Inflation, indexed to 1791 = US\$1.00



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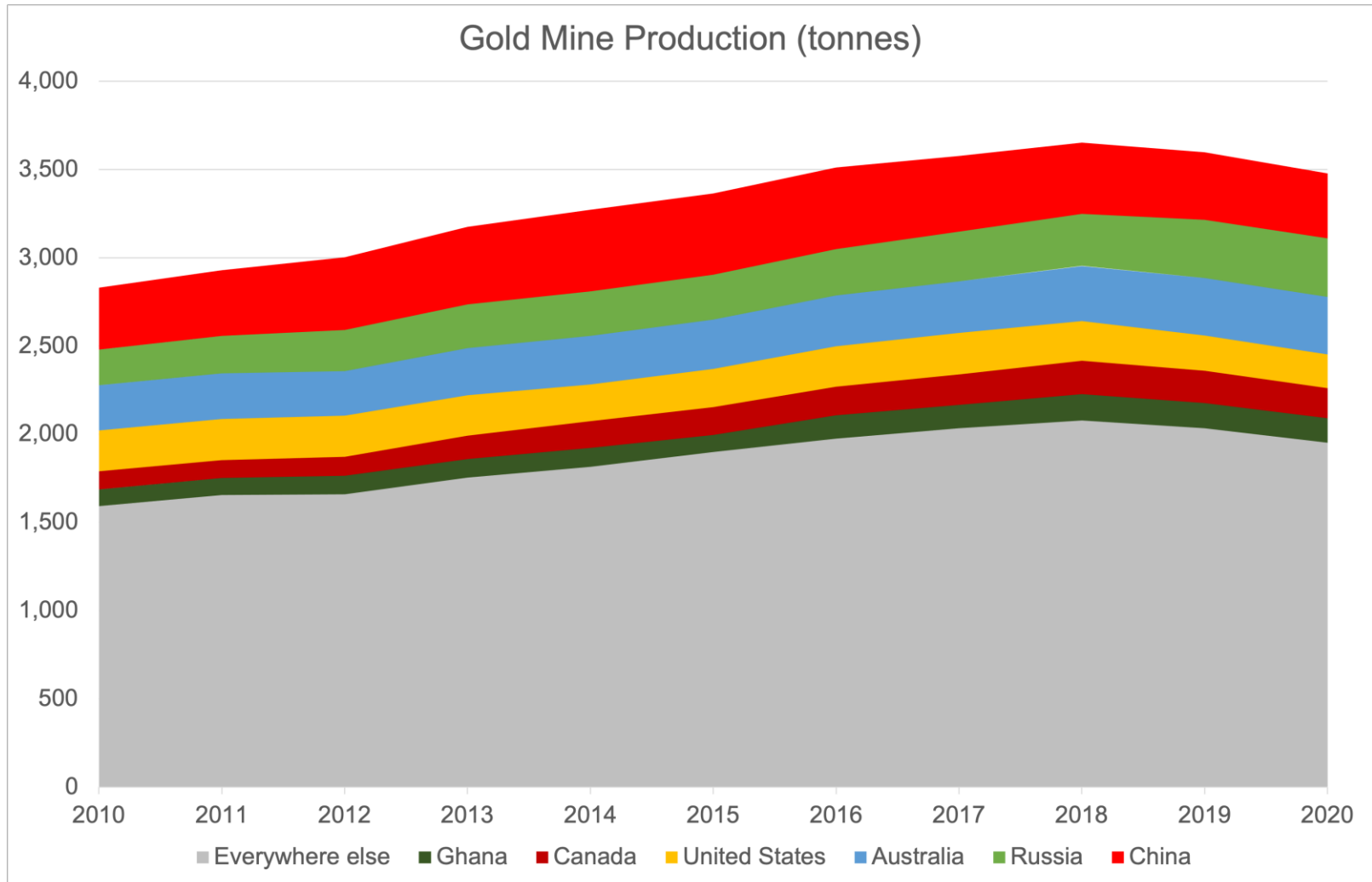
Source: <https://www.measuringworth.com/datasets/gold/result.php>

Mines are 75% of Supply, Jewellery ~50% of Demand



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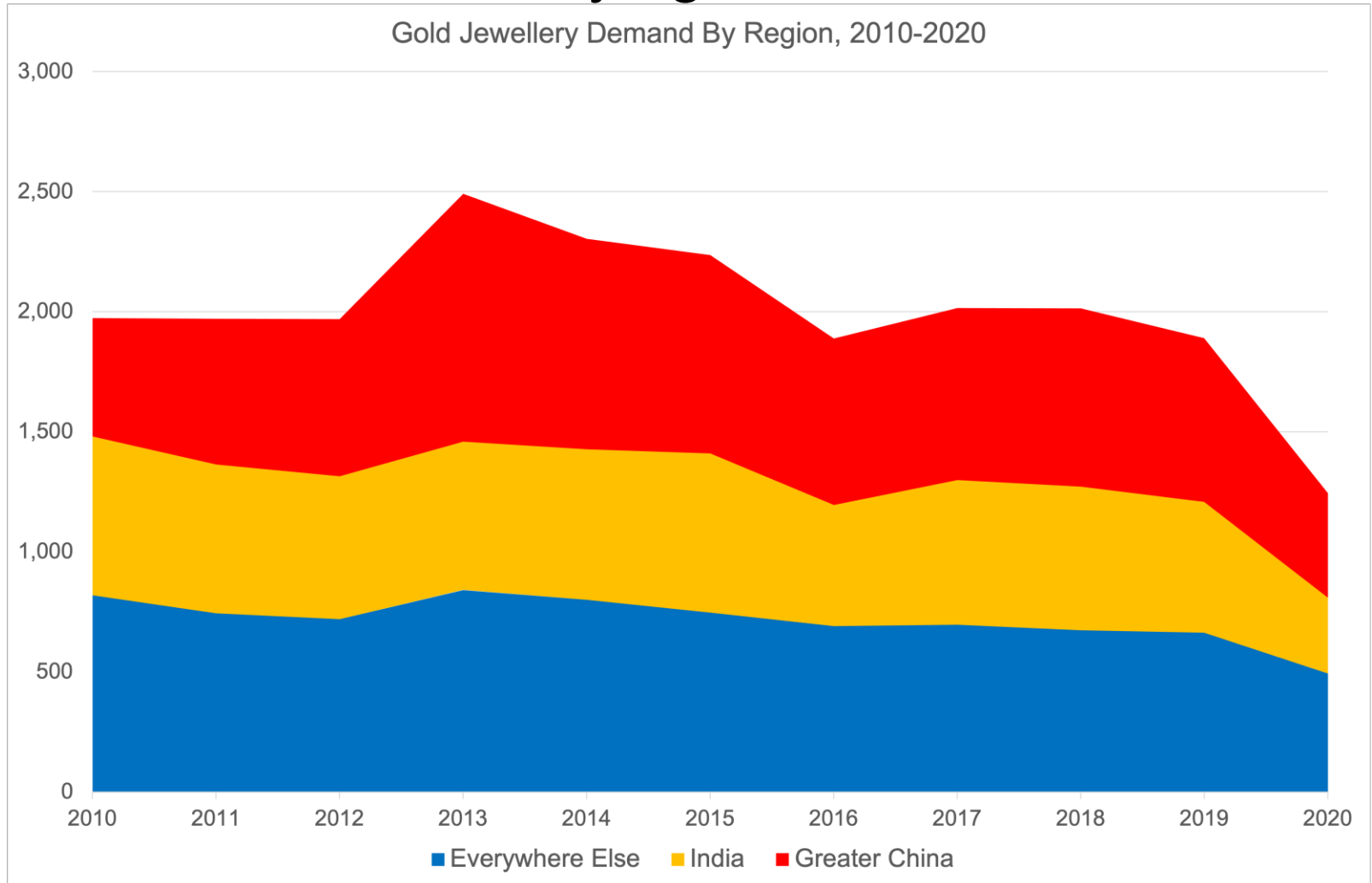
Where new gold has been coming from...



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Source: <https://www.gold.org/goldhub/data/gold-production-by-country>

... and who has been buying it



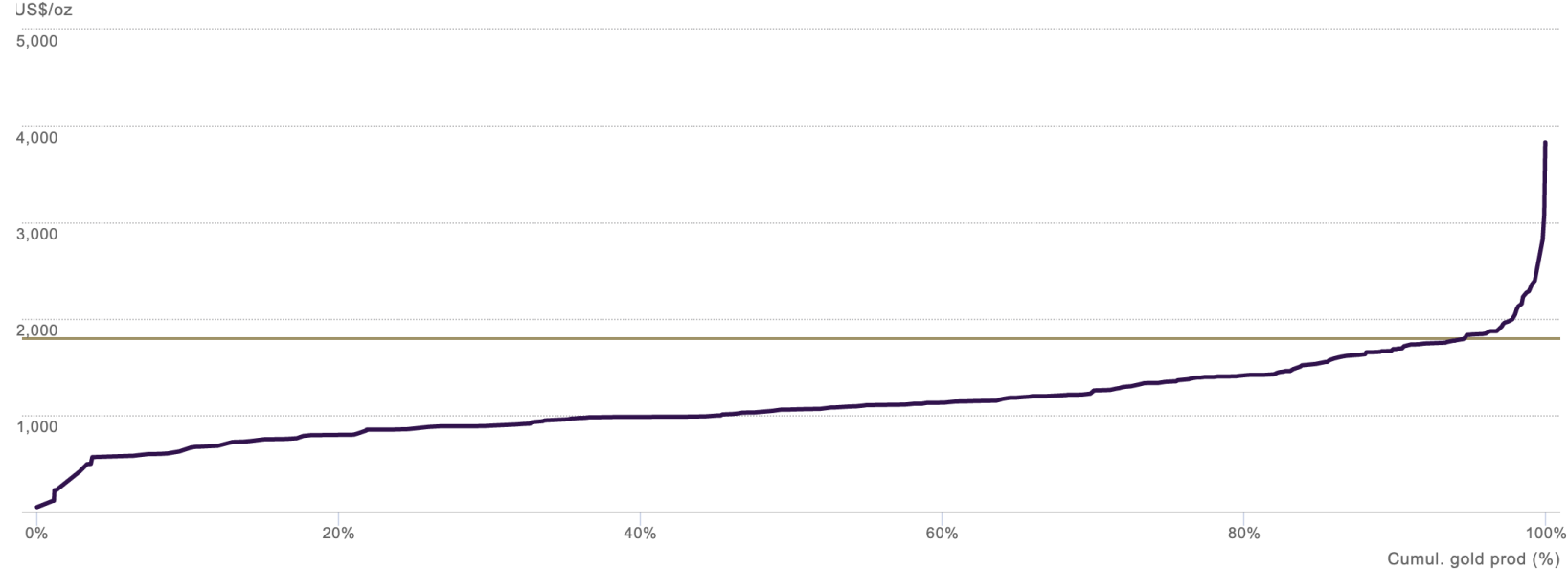
Any stock, options or futures symbols displayed are for illustrative purposes only and are not intended to portray recommendations. There is a substantial risk of loss in trading futures and options. Past performance is not indicative of future results.

Source: <https://www.gold.org/goldhub/research/gold-demand-trends/gold-demand-trends-q3-2021>

The all-important, All-In Supply Cost (AISC) Curve

Q4'21 AISC curve

PDF PNG



All-in Sustaining Cost (US\$/oz) Quarterly Avg Gold Price (US\$/oz)

Data as of 31 December, 2021

Sources: Metals Focus Gold Mine Cost Service; [Disclaimer](#)

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Source: <https://www.gold.org/goldhub/data/aisc-gold>



Micro gold futures on IBKR TWS

Gold vs Micro Gold on IBKR TWS

| | LAST | CHANGE | FUT OI | VLM | | LAST | CHANGE | FUT OI | VLM |
|--------------------|---------|--------------|--------|-------|---------------------|---------|--------------|--------|-------|
| GC Apr27'22 @NYMEX | 1973.80 | -7.20 -0.36% | 1.74K | 66 | MGC Apr27'22 @NYMEX | 1981.00 | | 3.64K | |
| GC May26'22 @NYMEX | 1976.10 | -5.80 -0.29% | 3.51K | 233 | | | | | |
| GC Jun28'22 @NYMEX | 1979.30 | -5.40 -0.27% | 479K | 68.1K | MGC Jun28'22 @NYMEX | 1979.40 | -5.30 -0.27% | 21.6K | 27.7K |
| GC Aug29'22 @NYMEX | 1986.30 | -5.20 -0.26% | 48.3K | 1.60K | MGC Aug29'22 @NYMEX | 1986.20 | -5.30 -0.27% | 1.10K | 155 |
| GC Oct27'22 @NYMEX | 1991.90 | -6.20 -0.31% | 12.8K | 31 | MGC Oct27'22 @NYMEX | 1989.60 | -8.50 -0.43% | 755 | 27 |
| GC Dec28'22 @NYMEX | 2000.30 | -5.40 -0.27% | 28.9K | 90 | MGC Dec28'22 @NYMEX | 2001.00 | -4.70 -0.23% | 2.63K | 47 |
| GC Feb24'23 @NYMEX | 2010.20 | -4.10 -0.20% | 3.76K | 2 | MGC Feb24'23 @NYMEX | 2006.10 | -8.20 -0.41% | 190 | 14 |

DESCRIPTION File Configure

Stock Description

Gold

Security Type **FUT**
 Underlying **GC IND**
 Contract Month **DEC22**
 Expiration Date **DEC 28 '22**
 Last Trading Date **DEC 28 '22 13:30 EST**
 Currency **USD**
 Multiplier **100**
 Exchange **NYMEX**
 Trading Class **GC**
 Symbol **GCZ2**
 Product Type **Metal**
 Settlement Method **Physical Delivery**
 Physical Delivery **Not permitted at Interactive Brokers**

Trading Schedule: April 14, 2022 [Calendar](#)
 Regular Trading Session 09:30 - 17:00 (21:30 - 05:00 your time)
 Total Available Hours 18:00* - 17:00 (06:00 - 05:00 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*

DESCRIPTION File Configure

Stock Description

E-Micro Gold

Security Type **FUT**
 Underlying **MGC IND**
 Contract Month **DEC22**
 Expiration Date **DEC 28 '22**
 Last Trading Date **DEC 28 '22 13:30 EST**
 Currency **USD**
 Multiplier **10**
 Exchange **NYMEX**
 Trading Class **MGC**
 Symbol **MGCZ2**
 Product Type **Metal**
 Settlement Method **Physical Delivery**
 Physical Delivery **Not permitted at Interactive Brokers**

Trading Schedule: April 14, 2022 [Calendar](#)
 Regular Trading Session 09:30 - 17:00 (21:30 - 05:00 your time)
 Total Available Hours 18:00* - 17:00 (06:00 - 05:00 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*

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Sample Micro Gold Trade

✕ Order Confirmation
▼

▼ E-Micro Gold

| Financial Instrument | Bid | Ask | Last |
|----------------------|-----------|-----------|-----------|
| MGC Oct27'22 @NYMEX | ♦ 1991.90 | 1992.20 ♦ | ♦ 1989.60 |

Order Description

SELL 1

Order Type LMT Routing NYMEX Time in Force DAY

Limit Price 2000.00 Clearing IB

Messages

| Amount | Balances (in USD) | | | | | | | | | | | | | | | | | | | | |
|--|---|--------|-------------|--------|-------------|---------------------------------|------------------------------|-------|--------|--|---------------------------|-------|-------|--|-------------------------------|-----|-------|--|---------------------------------|----|----|
| Amount 20,000 USD | <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="border-bottom: 1px solid #ccc;"></th> <th style="text-align: right; border-bottom: 1px solid #ccc;">Current</th> <th style="text-align: right; border-bottom: 1px solid #ccc;">Change</th> <th style="text-align: right; border-bottom: 1px solid #ccc;">Post-trade*</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">Commission (est.) 0.77 USD</td> <td style="padding: 5px; text-align: right;">Equity with Loan 49,836</td> <td style="padding: 5px; text-align: right;">-0.77</td> <td style="padding: 5px; text-align: right;">49,835</td> </tr> <tr> <td style="padding: 5px;">Total 19,999.23 USD</td> <td style="padding: 5px; text-align: right;">Initial Margin 8,221</td> <td style="padding: 5px; text-align: right;">1,237</td> <td style="padding: 5px; text-align: right;">9,458</td> </tr> <tr> <td></td> <td style="padding: 5px; text-align: right;">Maintenance Margin 6,752</td> <td style="padding: 5px; text-align: right;">989</td> <td style="padding: 5px; text-align: right;">7,742</td> </tr> <tr> <td></td> <td style="padding: 5px; text-align: right;">Position 0</td> <td style="padding: 5px; text-align: right;">-1</td> <td style="padding: 5px; text-align: right;">-1</td> </tr> </tbody> </table> | | Current | Change | Post-trade* | Commission (est.) 0.77 USD | Equity with Loan 49,836 | -0.77 | 49,835 | Total 19,999.23 USD | Initial Margin 8,221 | 1,237 | 9,458 | | Maintenance Margin 6,752 | 989 | 7,742 | | Position 0 | -1 | -1 |
| | Current | Change | Post-trade* | | | | | | | | | | | | | | | | | | |
| Commission (est.) 0.77 USD | Equity with Loan 49,836 | -0.77 | 49,835 | | | | | | | | | | | | | | | | | | |
| Total 19,999.23 USD | Initial Margin 8,221 | 1,237 | 9,458 | | | | | | | | | | | | | | | | | | |
| | Maintenance Margin 6,752 | 989 | 7,742 | | | | | | | | | | | | | | | | | | |
| | Position 0 | -1 | -1 | | | | | | | | | | | | | | | | | | |

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

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Full-size gold also has options...

GC Dec28'22 @NYMEX PUT/CALLS (Side by Side) 1998.70 -7.00 (-0.35%) ?

SEP / OCT OG 100 166 DAYS OCT / DEC OG 100 195 DAYS NOV / DEC OG 100 222 DAYS DEC / FEB'23 OG 100 257 DAYS MORE

TABBED VIEW PUT/CALL All STRIKES NYMEX TRADING CLASS 100 IV: 18.8%

| CALLS | | | | | | PUTS | | | | | | | | | | |
|----------|--------|-----|-------|-----------------|-------|----------|----------|--------|----------|--------|-----------------|-------|-----------------|--------|----------|----------|
| OPTN ... | VOLUME | BID | SI... | BID x ASK | DELTA | IMPLD... | ASK S... | STRIKE | OPTN ... | VOLUME | BID | SI... | BID x ASK | DELTA | IMPLD... | ASK S... |
| | | | 4 | 137.00 x 139.20 | 0.610 | 17.9% | 1 | 1945 | 2 | 2 | 84.40 x 86.10 | | 84.40 x 86.10 | -0.393 | 18% | 5 |
| 1.16K | | | 6 | 134.60 x 136.80 | 0.603 | 18% | 3 | 1950 | 219 | 2 | 86.90 x 88.60 | | 86.90 x 88.60 | -0.401 | 18% | 2 |
| 356 | | | 6 | 132.20 x 134.40 | 0.595 | 18.1% | 6 | 1955 | | | 89.60 x 91.30 | | 89.60 x 91.30 | -0.408 | 18.1% | 2 |
| 3 | | | 9 | 129.90 x 132.20 | 0.588 | 18.2% | 9 | 1960 | 18 | 2 | 92.20 x 93.90 | | 92.20 x 93.90 | -0.415 | 18.2% | 2 |
| 80 | | | 12 | 127.70 x 130.00 | 0.581 | 18.2% | 12 | 1965 | | | 95.00 x 96.70 | | 95.00 x 96.70 | -0.422 | 18.2% | 2 |
| | | | 2 | 126.10 x 127.90 | 0.574 | 18.3% | 2 | 1970 | 10 | 2 | 97.70 x 99.40 | | 97.70 x 99.40 | -0.429 | 18.3% | 2 |
| 265 | | | 2 | 124.00 x 125.80 | 0.567 | 18.3% | 17 | 1975 | 244 | 2 | 100.60 x 102.30 | | 100.60 x 102.30 | -0.436 | 18.3% | 2 |
| 20 | | | 2 | 121.90 x 123.70 | 0.560 | 18.4% | 5 | 1980 | 30 | 2 | 103.40 x 105.10 | | 103.40 x 105.10 | -0.443 | 18.4% | 2 |
| 320 | | | 2 | 119.80 x 121.60 | 0.553 | 18.4% | 2 | 1985 | 17 | 2 | 106.30 x 108.00 | | 106.30 x 108.00 | -0.450 | 18.4% | 2 |
| 10 | | | 2 | 117.80 x 119.60 | 0.546 | 18.5% | 2 | 1990 | | | 109.40 x 111.10 | | 109.40 x 111.10 | -0.457 | 18.5% | 2 |
| 29 | | | 2 | 115.90 x 117.60 | 0.539 | 18.6% | 2 | 1995 | | | 112.30 x 114.00 | | 112.30 x 114.00 | -0.464 | 18.6% | 2 |
| 12.7K | 10 | | 2 | 114.00 x 115.70 | 0.533 | 18.7% | 2 | 2000 | 705 | 28 | 115.30 x 117.00 | | 115.30 x 117.00 | -0.471 | 18.7% | 2 |
| 5 | | | 2 | 112.00 x 113.80 | 0.526 | 18.7% | 2 | 2005 | | | 118.40 x 120.10 | | 118.40 x 120.10 | -0.478 | 18.7% | 2 |
| 53 | | | 2 | 110.20 x 112.00 | 0.519 | 18.8% | 2 | 2010 | 3 | 25 | 121.60 x 123.30 | | 121.60 x 123.30 | -0.484 | 18.8% | 2 |
| | | | 2 | 108.40 x 110.20 | 0.513 | 18.9% | 2 | 2015 | | | 124.70 x 126.40 | | 124.70 x 126.40 | -0.491 | 18.9% | 2 |
| | | | 2 | 106.70 x 108.40 | 0.506 | 18.9% | 2 | 2020 | | | 127.90 x 129.60 | | 127.90 x 129.60 | -0.497 | 19% | 2 |
| 1.67K | | | 2 | 105.00 x 106.70 | 0.500 | 19% | 2 | 2025 | 3 | 23 | 131.20 x 132.90 | | 131.20 x 132.90 | -0.504 | 19% | 2 |
| 653 | | | 2 | 103.20 x 105.00 | 0.494 | 19.1% | 2 | 2030 | 235 | 25 | 134.40 x 136.20 | | 134.40 x 136.20 | -0.510 | 19.1% | 2 |
| 5 | | | 2 | 101.60 x 103.30 | 0.487 | 19.2% | 2 | 2035 | 3 | 24 | 137.70 x 139.50 | | 137.70 x 139.50 | -0.517 | 19.2% | 2 |
| 4 | | | 2 | 100.00 x 101.70 | 0.481 | 19.3% | 2 | 2040 | | | 141.20 x 143.00 | | 141.20 x 143.00 | -0.523 | 19.3% | 2 |
| | | | 2 | 98.40 x 100.10 | 0.475 | 19.3% | 2 | 2045 | | | 144.60 x 146.40 | | 144.60 x 146.40 | -0.529 | 19.3% | 2 |
| 1.97K | | | 2 | 96.80 x 98.60 | 0.469 | 19.4% | 2 | 2050 | 75 | 22 | 148.00 x 149.80 | | 148.00 x 149.80 | -0.535 | 19.4% | 2 |
| | | | 2 | 95.40 x 97.10 | 0.463 | 19.5% | 2 | 2055 | 9 | 22 | 151.30 x 153.10 | | 151.30 x 153.10 | -0.542 | 19.5% | 2 |
| 53 | | | 3 | 94.00 x 95.60 | 0.457 | 19.6% | 2 | 2060 | | | 154.80 x 156.60 | | 154.80 x 156.60 | -0.547 | 19.5% | 2 |
| | | | 2 | 92.40 x 94.10 | 0.450 | 19.6% | 2 | 2065 | | | 158.30 x 160.10 | | 158.30 x 160.10 | -0.554 | 19.6% | 2 |

OFF Strategy Builder

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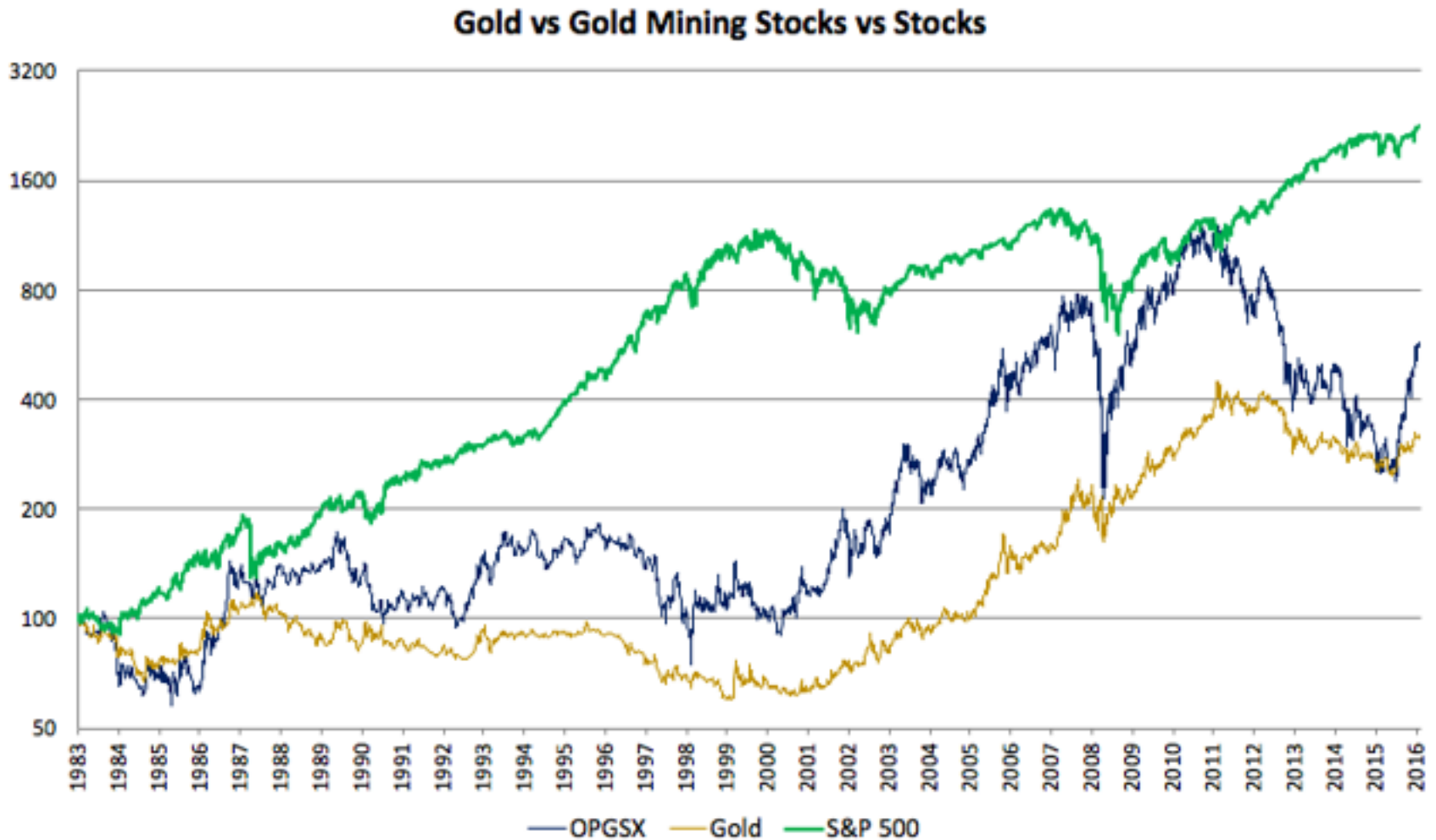
Trading gold via futures

- Only need to fund margin
- Long leverage financing rate built in
- Short position as easy as long position
- What you see is what you pay
- Need to "roll" every contract expiry

... vs an ETF

- Need to fund in full
- Margin loan to leverage long position
- Need to borrow shares to short
- Expense ratio charges gold reserves over time
- Can buy and hold "forever"

What about gold mining stocks?



Source: <https://seekingalpha.com/article/4003777-why-gold-will-underperform-for-another-40-years-without-stagflation-despite-central-bank-ef>

Oil vs Ether

- “Gas fees”
- Wide variety of uses & applications
- Supply has had more room to grow
- Demand based on usage

Gold vs Bitcoin

- “Scarcity as a Service”
- Only one element 79, only 21 million Bitcoin
- Supply curve related to the cost of “mining”
- Demand not related to usage
- More on Crypto in another presentation...

Questions?

GFM Contact

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Seeking Alpha: TARIQ DENNISON