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CME Group

Titans of Precious Metals: Futures and Options on Futures Strategies for Gold and Silver

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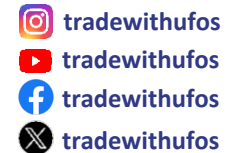
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Titans of Precious Metals: Futures and Options on Futures Strategies for Gold and Silver



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Agenda

1. Introductions
2. Understanding Gold and Silver
3. Comparative Analysis: Gold vs. Silver
4. Futures Trading Strategies
5. Options on Gold Futures
6. Additional Resources
7. Questions & Answers

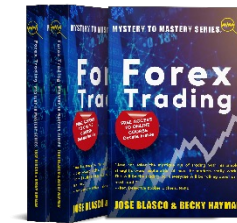
Introduction

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.

Jose Blasco

is a versatile multi-asset trader with expertise in options, equities, futures, and currencies. As the Principal of Traddictiv PTE. LTD., he develops advanced trading technology and implements diverse strategies across global markets. With accolades as an award-winning instructor, published author, and former engineering professor, Jose regularly appears in in-person and online events, sharing his knowledge, experience, and passion for trading and technology with others. His multilingual skills keep him connected to international markets, providing a global perspective for his trading endeavors.



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Contract Specifications

Market	Root	Expirations	Tick	Tick Value	Closed	Hours*	Margins**
Gold	GC	G, J, M, Q, V, Z	0.1	\$10	1 ^{h/d}	6-5p	10,000
Silver	SI	H, K, N, U, Z	0.005	\$25	1 ^{h/d}	6-5p	11,500

*All times are expressed as US EST (New York Time)

**Margin requirements are subject to change and may vary based on broker and/or market conditions.

All details concerning contract specifications and margins can be found here:

- www.cmegroup.com/markets/metals/precious/gold.html
- www.cmegroup.com/markets/metals/precious/silver.html

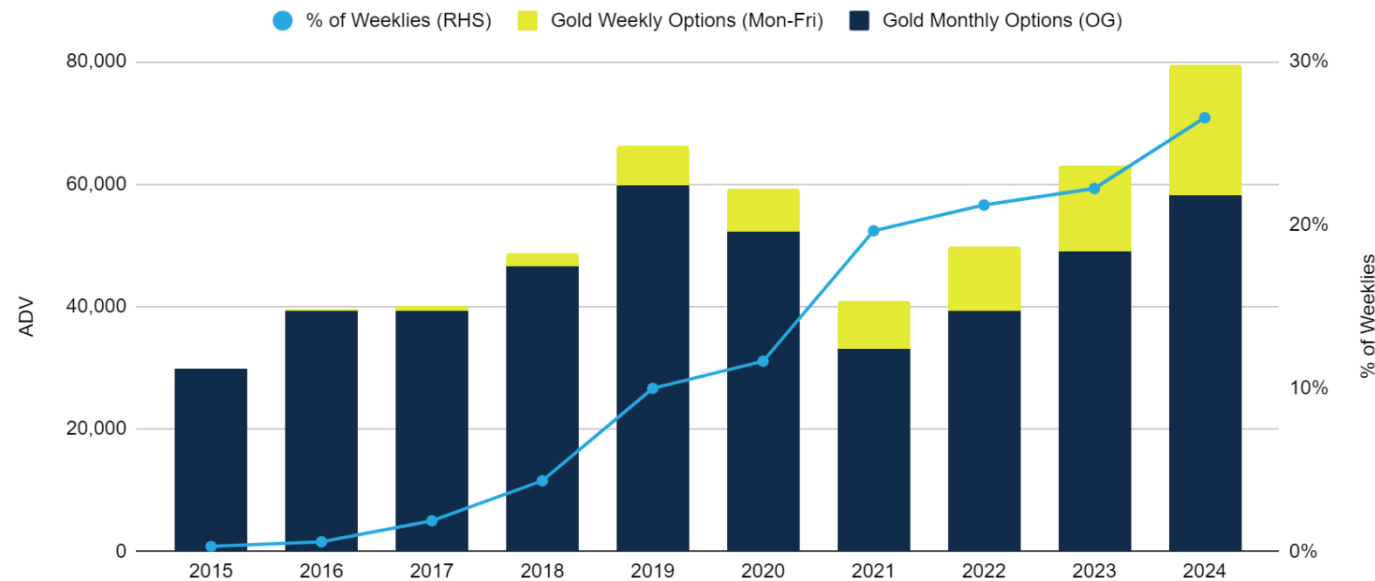


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Gold Weekly Options

- Gold Options (Monthly and Weekly) 2024 YTD Average Daily Volume (ADV) of 79,342 contracts is up 26% compared to FY2023.
- CME now offers Gold Weekly Options that expire Monday through Friday. 2024 YTD ADV of Gold Weekly Options stands at a historical high of 21,076 contracts, up 51% compared to FY2023. The weekly options allow for more precise hedging/position taking at a higher level of capital efficiency.

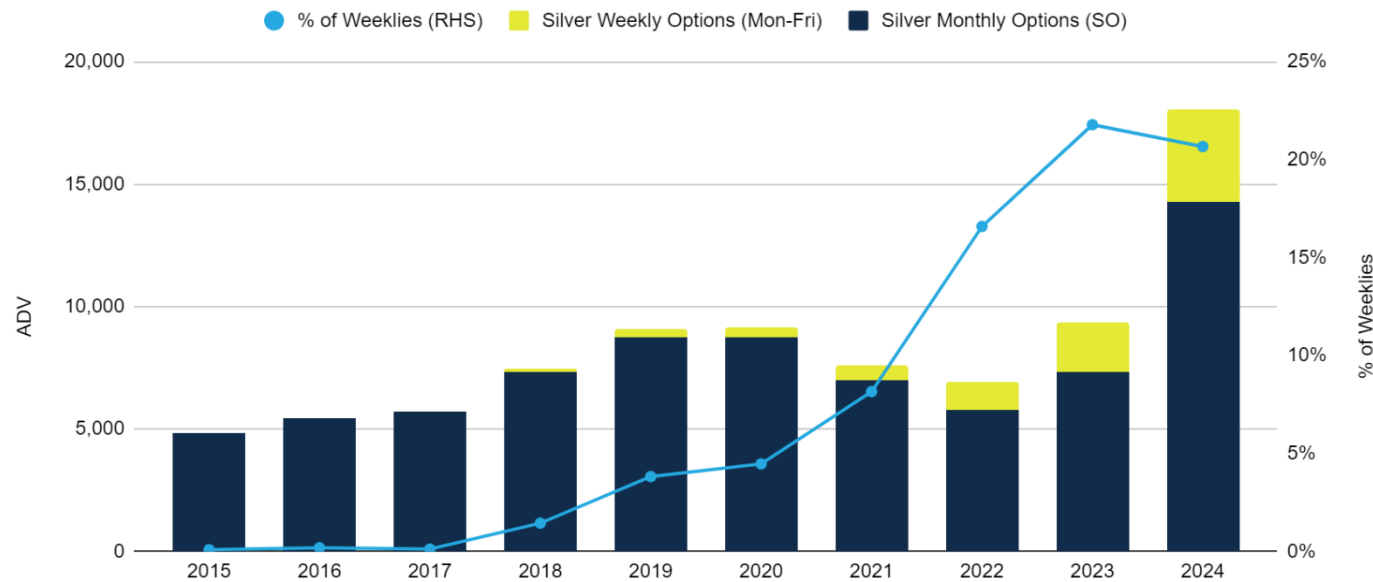


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Silver Weekly Options

- Silver Options (Monthly and Weekly) 2024 YTD Average Daily Volume (ADV) of 18,017 contracts is up 92% compared to FY2023.
- Similar to Gold, Silver has its own set of weekly options that expire Monday through Friday as well. 2024 YTD ADV of Silver Weekly Options stands at a historical high of 3,723 contracts, up 82% compared to FY2023.



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Their Importance

Historical Significance:

- Used as a store of value and medium of exchange for thousands of years.
- Cultural and historical significance in many societies.

Economic Importance:

- Gold is often seen as a "safe haven" asset.
- Silver has significant industrial applications.

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Influences and Price Drivers

Gold:

- Predominantly used in jewelry and as a financial asset.
- Central banks hold gold as part of their reserves.
- Used in electronics, dentistry, and aerospace.
- Inflation rates, interest rates, and currency values (especially USD).
- Wars, elections, and other significant political events.
- Investor demand and trends in financial markets.

Silver:

- Widely used in industrial applications including electronics, solar panels, and photography. Also used in jewelry and silverware.
- Acts as an investment asset, often correlated with gold.
- Technology advancements and industrial growth.
- Investment demand influenced by market speculation and trends.

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Volatility and Liquidity

Gold:

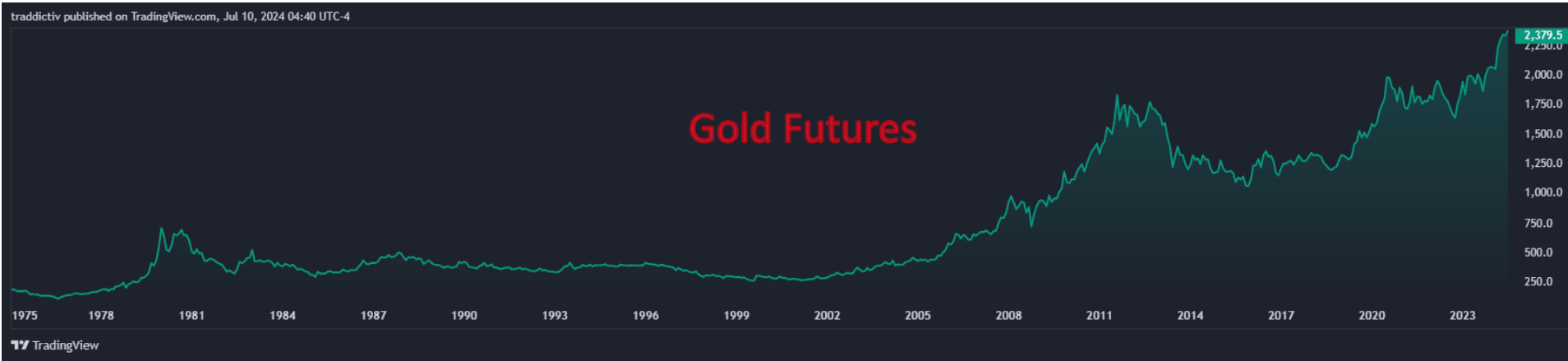
- **Lower Volatility:**
Generally less volatile due to its status as a stable store of value.
- **Higher Liquidity:**
More widely traded, with higher daily trading volumes and better liquidity.

Silver:

- **Higher Volatility:**
More prone to sharp price swings due to dual role in industry and investment.
- **Moderate Liquidity:**
Still highly traded but with slightly lower volumes compared to gold, leading to higher volatility.

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Performance and Trends



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Real-Time Applications

Gold and Silver Futures offer versatile trading opportunities, allowing traders to engage in various strategies ranging from very short-term intraday trades to long-term investing. Intraday traders might focus on quick scalping opportunities using minute-by-minute price changes, while swing traders could hold positions for several days to capitalize on medium-term trends. Position traders might maintain their trades for weeks or months to benefit from larger market movements, and long-term investors may use futures to hedge their portfolios or invest in precious metals over years.

We are going to look at this live using TradingView real-time price charts.

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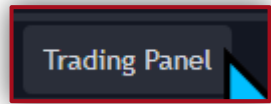
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Charts

We will use TradingView connected to IBKR

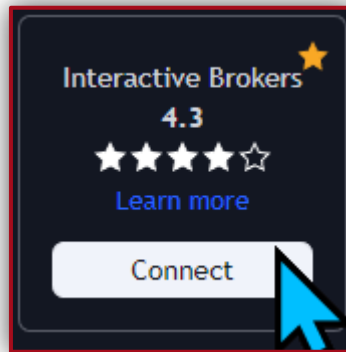
1.

Click on the TradingView Trading Panel



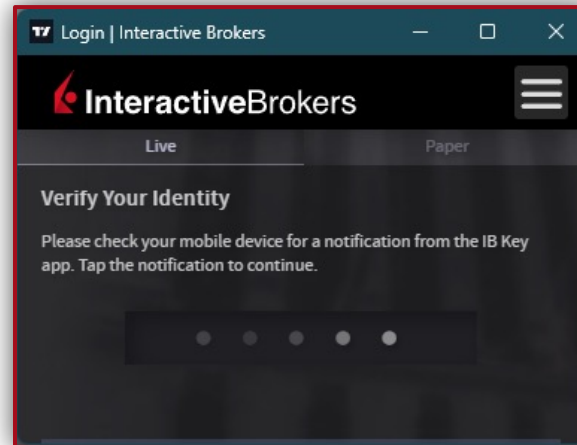
2.

Select Interactive Brokers



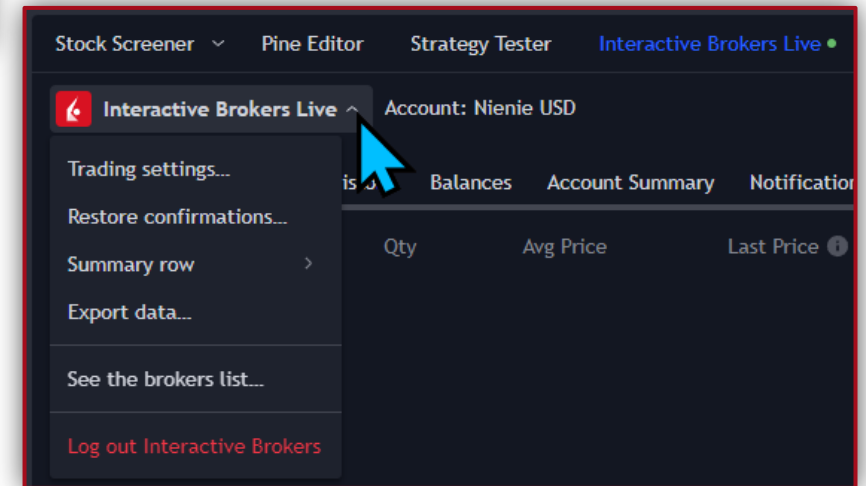
3.

Enter your Credentials and Verify your Identity



4.

The Trading Panel has now changed to Interactive Brokers Live



Options Applications

There are numerous ways to use options, offering a vast array of opportunities for traders and investors. Options on Gold Futures can be utilized for various strategies, including hedging, income generation, and more. Traders can employ simple strategies or more complex strategies such as spreads, straddles, and condors to manage risk and maximize returns. These strategies provide flexibility to capitalize on market volatility and protect against adverse price movements.

For this webinar, we will be positioning ourselves as long-term investors looking to capture a bullish move on Gold, but willing to use options to build a risk buffer that would allow Gold Futures to move against us by some amount without adding risk.

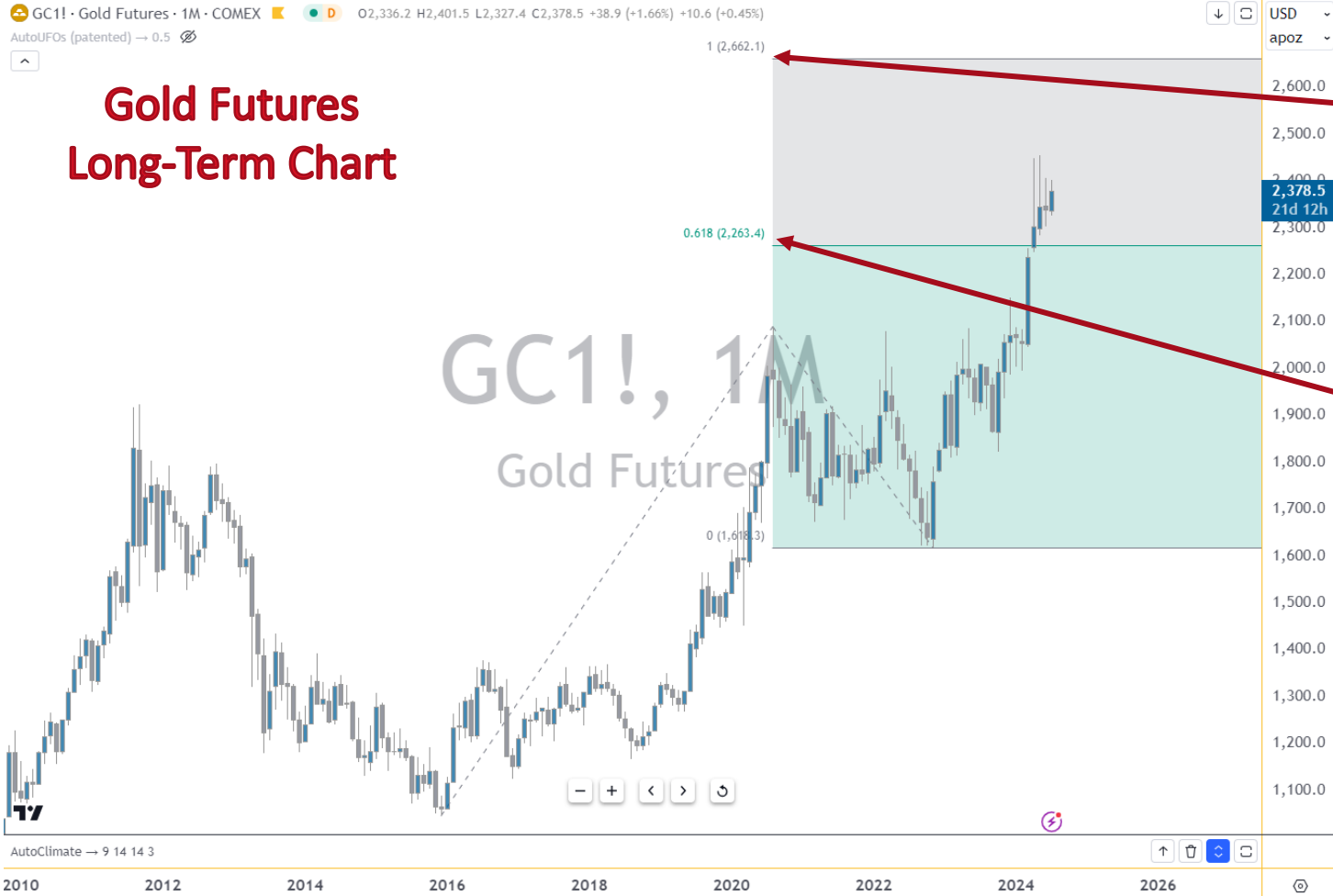
We will explore this concept using real-time options chains with the Interactive Brokers platform.

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Order Placement



Gold Futures Long-Term Chart

Target: 100%
Fib. Projection

Willing to take profits
at this level

Potential Support:
61.8% Fib. Projection

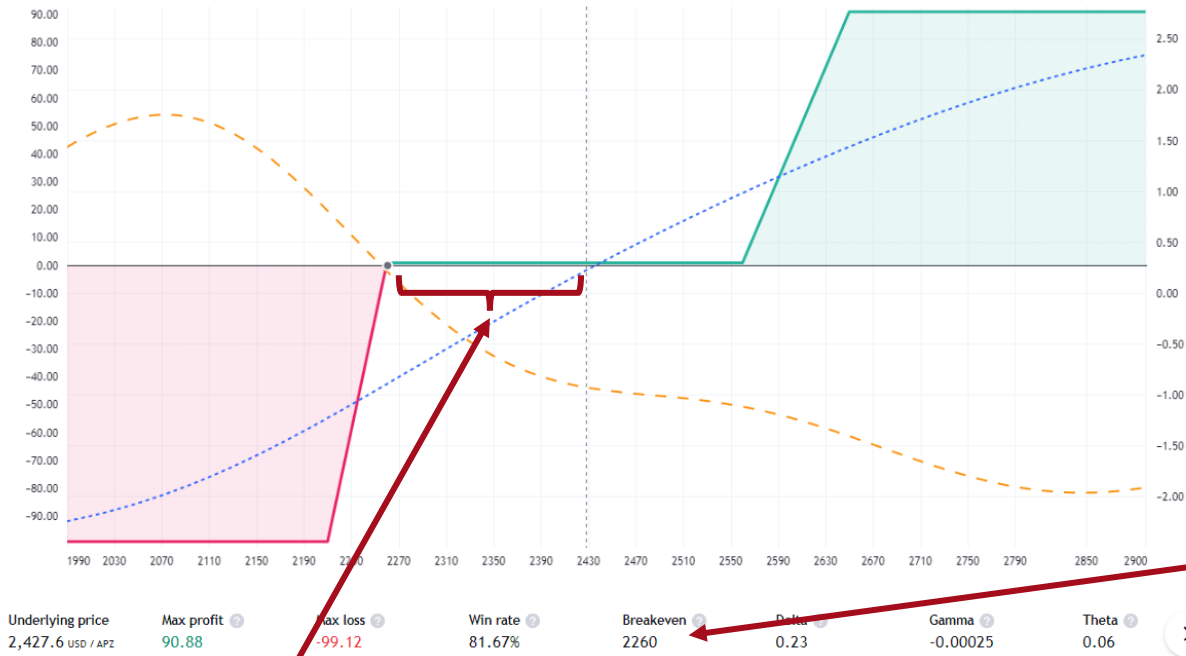
Gold Futures not expected
to go below this level

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Order Placement



Buffer Zone

Type	Strike	Expiration	Size	Price
Call	2650	20241125	-1	24.79
Call	2560	20241125	1	39.97
Put	2260	20241125	-2	19.05
Put	2210	20241125	2	11.02

- Selling 2 Bull Put Spreads
- That pay for a Bull Call Spread

Losses start below 2260 which is 6.9% below the current price in this example

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Risk Management

Importance of Risk Management

- **Protecting Your Capital:** The primary goal of risk management is to protect your trading capital from significant losses.
- **Ensuring Long-Term Success:** Effective risk management helps in sustaining trading activities over the long term by minimizing potential losses.
- **Mitigating Emotional Trading:** Having a risk management plan reduces the impact of emotions on trading decisions, leading to more rational and calculated actions.
- **Convenience of Micro Contracts:** Using Micro futures contracts allows traders to manage position sizes more precisely, reducing risk and making futures trading more accessible for smaller accounts.

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Additional Resources

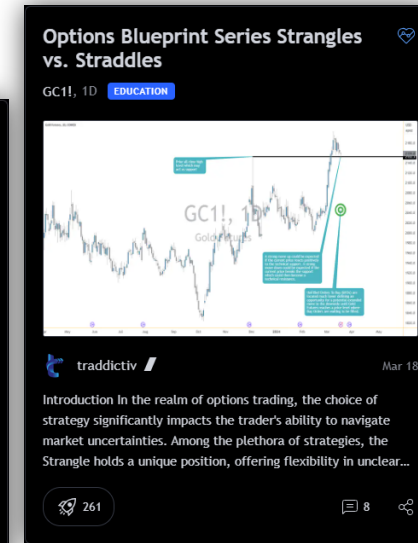
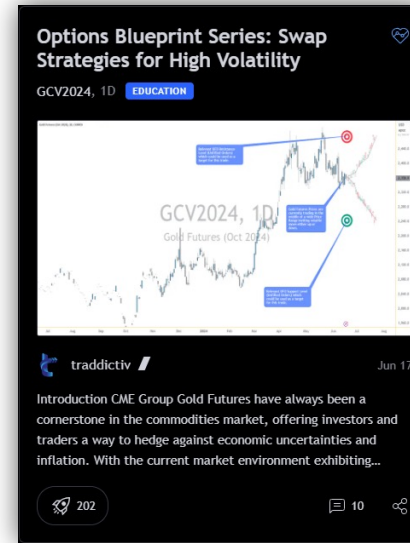
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