



Welcome to our July 2023 Recap:

We are pleased to welcome you to our July 2023 month-end report.

Rates go up, markets go up? We recall the discounted cash flow model from economics and finance. To the best of our recollection, the relationship should be negative, not positive. Equity index futures rallied dramatically this month. The earnings picture seems to look good. The dissolution of the Ukrainian/Russian/Turkish grain and ags deal has resulted in a strong rally in wheat, beans and oats. Wheat vol is aggressively bid. Forex is beginning to bubble. The most interesting aspect of equity markets is their seeming disassociation from reality. We have political scandals, the aftermath of several banking scandals, rising interest rates, political leadership on both sides of the aisle exhibiting signs of dementia, a war in Europe and a brewing war in the East, yet equity markets, housing markets and consumer confidence continue to march up. This is not the market climbing a wall of worry. It is bounding over the Great Wall!

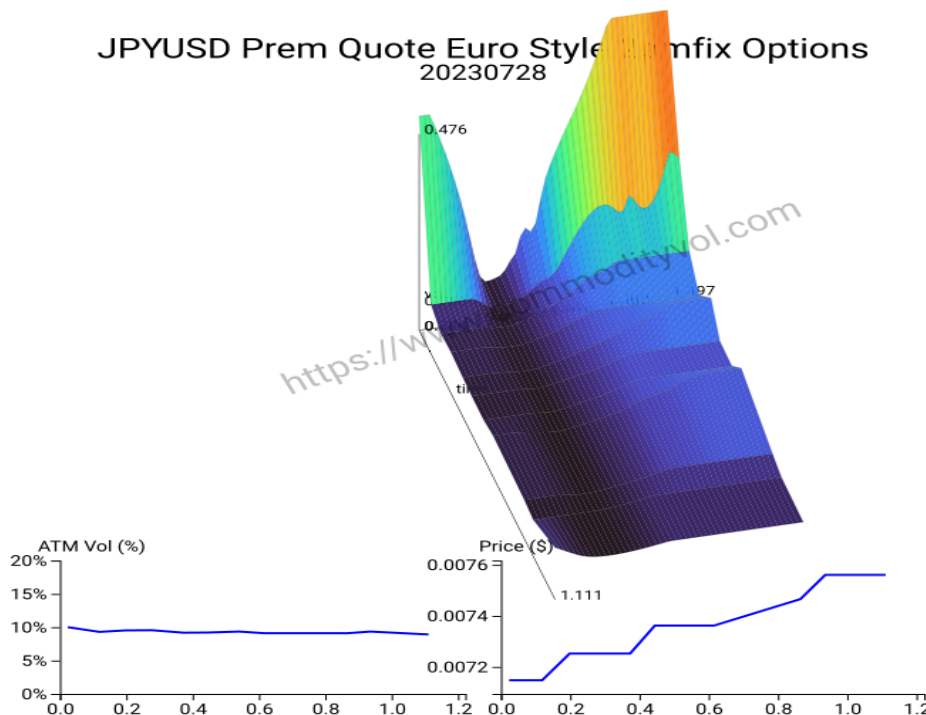
The forex market is beginning to roil. Yen futures rallied 2.2% percent. Vol shot up significantly. We provide the volsurface of Yen. The Pound also showed an incredible shock to front month vol. Crypto vol collapsed. The whole crypto complex seems to have lost its speculative allure.

[Foreign Exchange ATM](#)

[Bitcoin Detail](#)

[Yen Detail](#)

[Pound Detail](#)



The interest rate picture got an update this past week. The Fed moved to increase rates again. Oddly enough, futures fell. The fall seems to be in proportion to the maturity of the contract. In prior Fed moves, prices rose as there was some hope that this was the last increase in rates. Clearly, we were not at the end in the case of of the previous increases. Perhaps, this is a contrarian move signaling the end?

[Interest Rates ATM](#)
[30 Year Detail](#)

Indexes were all up with the exception of the VIX. The incredible equity markets show no fear or worry. As we have detailed in the earlier discussion, these markets have shrugged off any concern in the real economy or the political world. It is the land of plenty and there is no turning back.

[EquityIndex ATM](#)
[SP500 Detail](#)

Metals were all up strongly in price terms. Copper and silver vol were up, with the remainder down. The recurring question about metals is the effect that Chinese economic activity will have on copper. Silver's move is also quite strong and abrupt.

[Metals ATM](#)
[Copper Detail](#)
[Silver Detail](#)

What a perfect storm of events. A purportedly hotter than normal summer combined with the dissolution of the Ukrainian grain deal has made the sector quite strong. In truth, the strength was everywhere in the Ags. Proteins were rallying. Wheat was rallying. Oats and meal also moved in a dramatic fashion. Big moves were present in milk, cattle and wheat vol.

[Ags ATM](#)
[Wheat Detail](#)
[Soybeans Detail](#)
[Corn Detail](#)
[Ags Details](#)

Oil, both WTI and Brent were quite strong, rallying about 14 and 17%, respectively. The broader oil complex, heating oil and refined gasoline, also exhibited quite a bit of strength. Natural gas was subdued. Vol came off in dramatic fashion for both WTI and Brent. Opec+ coordination seems to have won this round. The high prices look like they are here to stay-with little fanfare. Again, as we head into early fall and the summer driving season ebbs, maybe some downward pressure appears on oil.

[Energy ATM](#)
[US Natty Gas Detail](#)
[Details Energy](#)

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At The Money Roundup of Products

InterestRates

exch/prod	desc	futures chng [%]	vol chng [%]
CBT/26	2 YR US Treasury Note	-0.051 [-0.0%]	-0.004 [-16.0%]
CBT/25	5 YR US Treasury Note	-0.023 [-0.0%]	-0.003 [-5.4%]
CBT/21	10 YR US Treasury Note	-0.531 [-0.5%]	-0.001 [-1.1%]
CBT/17	30 YR US Treasury Bond	-2.188 [-1.7%]	+0.003 [+3.1%]
CBT/UBE	Long Term US Treasury Bond	-3.656 [-2.7%]	+0.011 [+9.2%]
CME/S0	One-year Mid-curve Three-month SOFR	-0.020 [-0.0%]	-0.002 [-8.7%]
CME/SR3	Three-month SOFR	-0.005 [-0.0%]	-0.003 [-42.8%]
CME/S3	Three-year Mid-curve Three-month SOFR	-0.025 [-0.0%]	+0.002 [+14.6%]
CME/S2	Two-year Mid-curve Three-month SOFR	+0.025 [+0.0%]	+0.001 [+8.2%]

EquityIndex

exch/prod	desc	futures chng [%]	vol chng [%]
CBT/YM	E-Mini Dow	+1058.000 [+3.1%]	+0.002 [+2.4%]
CME/NQ	E-Mini Nasdaq	+492.750 [+3.2%]	-0.008 [-4.5%]
CME/RTO	E-Mini Russell 2000	+102.500 [+5.4%]	-0.007 [-3.8%]
CME/RTM	E-Mini Russell EOM	+102.500 [+5.4%]	+0.002 [+1.1%]
CME/ES	E-Mini S&P 500	+122.250 [+2.7%]	-0.003 [-2.3%]
CBOE/VIX	VIX Volatility Index	+0.060 [+0.4%]	+0.033 [+5.4%]

Energy

exch/prod	desc	futures chng [%]	vol chng [%]
NYMEX/BZO	Brent Crude Oil Margin	+10.780 [+14.4%]	-0.067 [-20.3%]
NYMEX/BE	Brent Euro Style	+10.520 [+14.2%]	-0.055 [-16.6%]
NYMEX/CVR	Chicago Ethanol(platts) Average Price	-0.095 [-4.1%]	-0.024 [-14.9%]
NYMEX/LO	Crude Oil	+12.010 [+17.2%]	-0.069 [-20.2%]
NYMEX/LN	European Natural Gas	-0.075 [-2.8%]	-0.061 [-9.7%]
NYMEX/E7	Henry Hub Financial Last Day	-0.075 [-2.8%]	-0.052 [-8.4%]
NYMEX/ON	Natural Gas	-0.075 [-2.8%]	-0.062 [-9.9%]
NYMEX/OH	NY Harbor ULSD	+0.608 [+25.6%]	-0.008 [-2.6%]
NYMEX/OB	RBOB	+0.433 [+17.6%]	-0.023 [-6.7%]

Forex

exch/prod	desc	futures chng [%]	vol chng [%]
CME/ADU	AUDUSD 2pmpfix	+0.004 [+0.6%]	+0.007 [+6.0%]
CME/BTC	Bitcoin	-2415.000 [-7.6%]	-0.146 [-32.1%]
CME/CAU	CADUSD 2pmpfix	+0.004 [+0.5%]	+0.011 [+17.7%]
CME/CHU	CHFUSD 2pmpfix	+0.029 [+2.6%]	+0.028 [+41.0%]
CME/ETH	Ethereum Futures	-123.500 [-6.2%]	-0.143 [-32.3%]
CME/EUU	EURUSD 2pmpfix	+0.007 [+0.7%]	+0.012 [+16.8%]
CME/GBU	GBPUSD 2pmpfix	+0.015 [+1.2%]	+0.034 [+43.5%]
CME/JPU	JPYUSD 2pmpfix	+0.000 [+1.3%]	+0.031 [+32.9%]
CME/MP	Mexican Peso	+0.001 [+2.5%]	+0.042 [+54.5%]
CME/NE	New Zealand	+0.007 [+1.1%]	+0.012 [+13.3%]

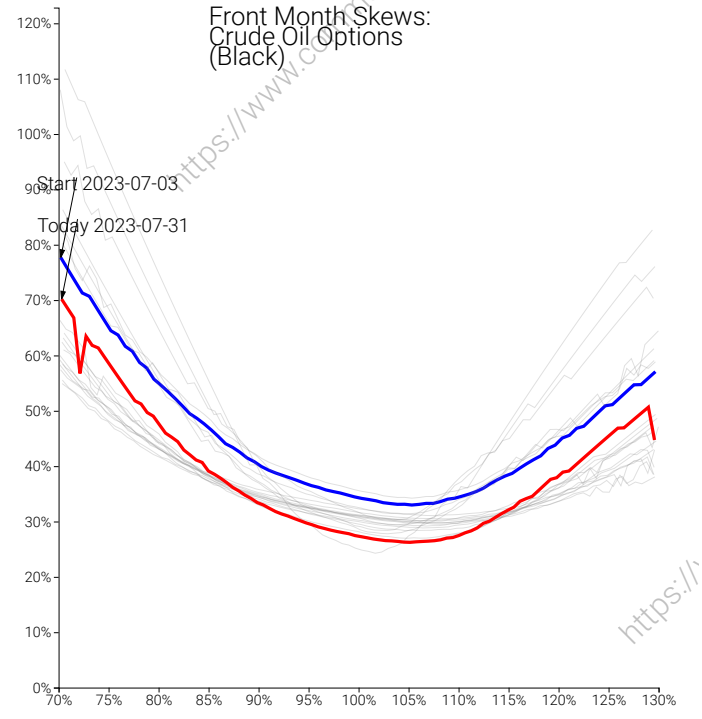
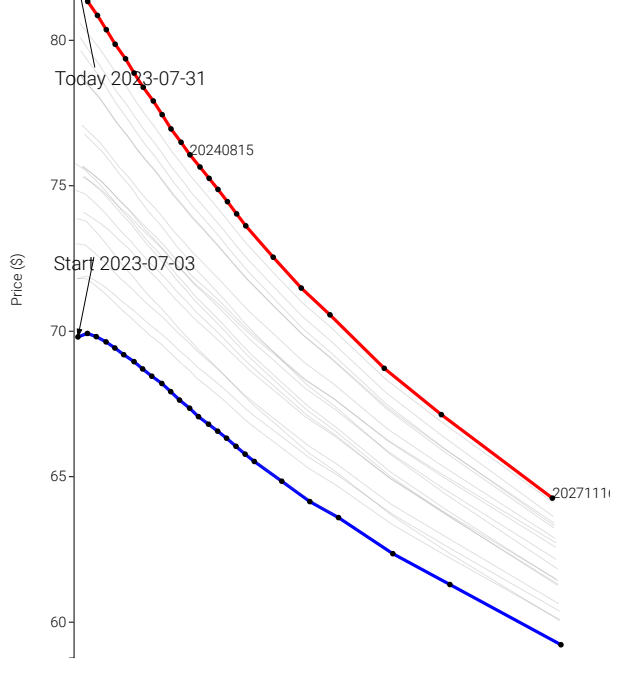
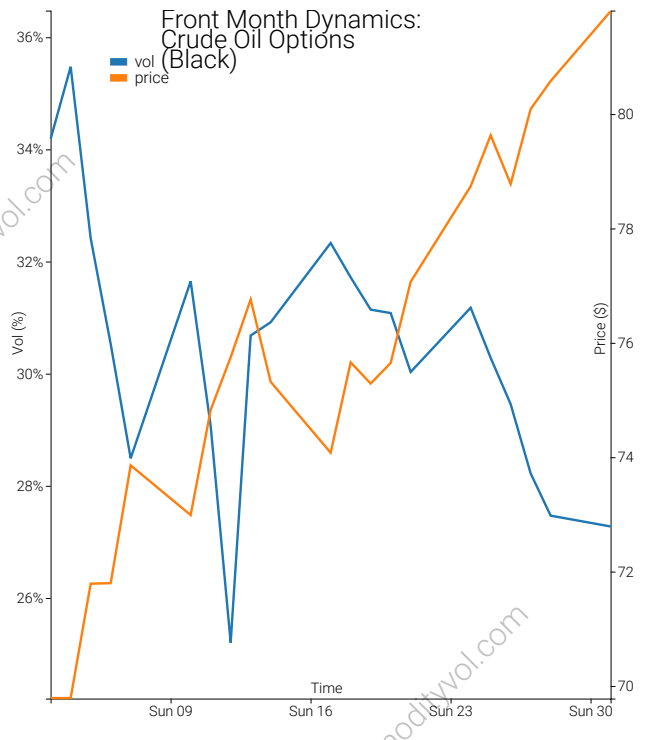
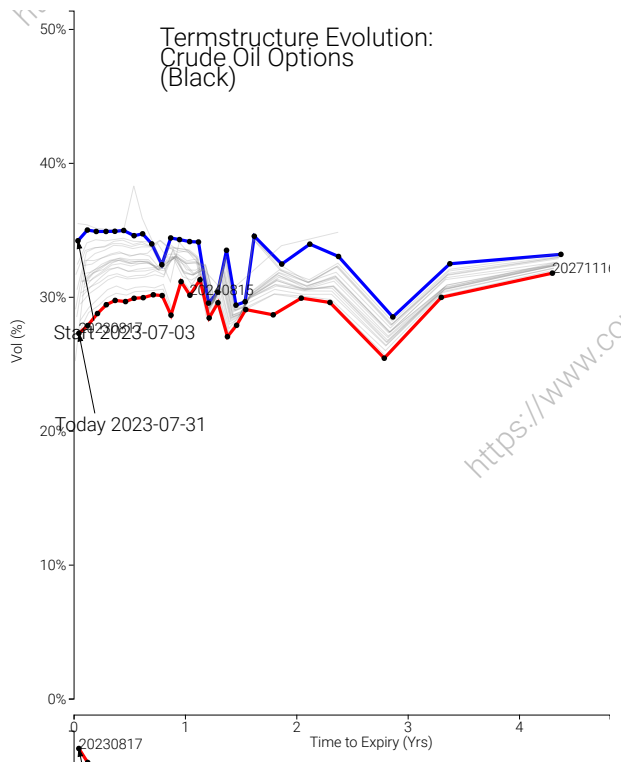
Metals

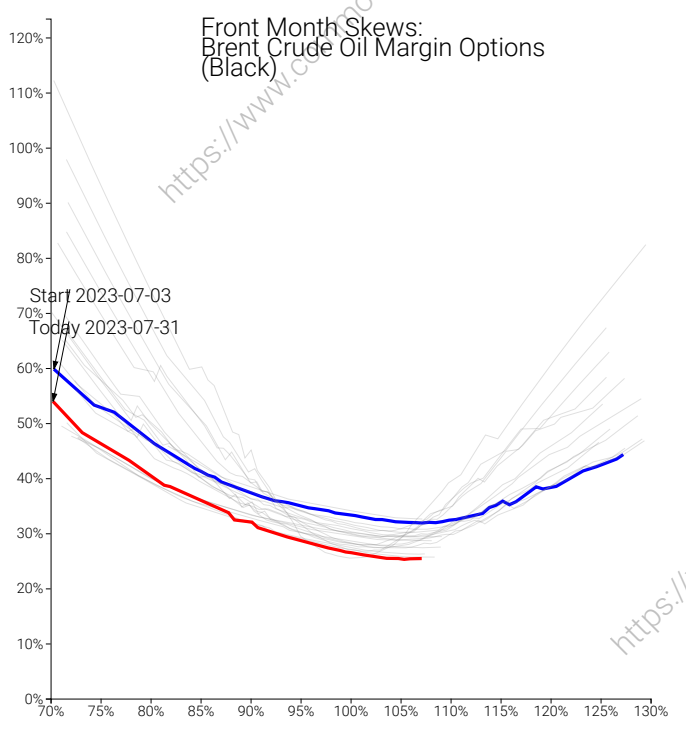
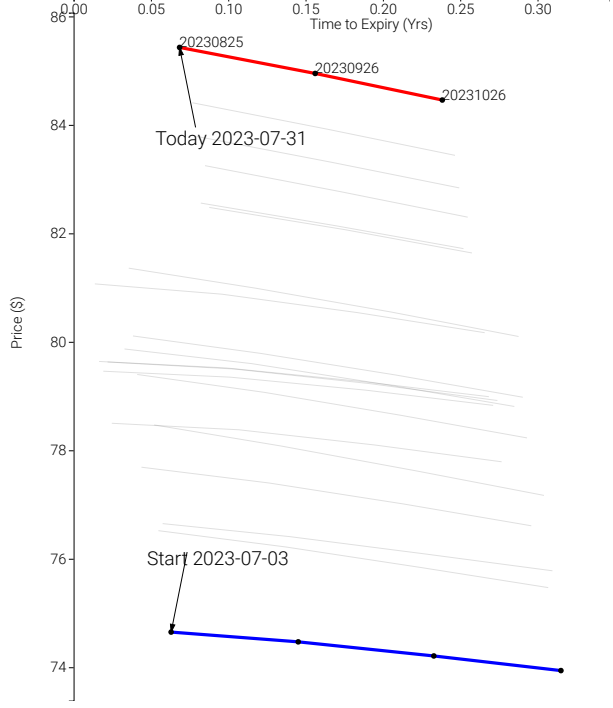
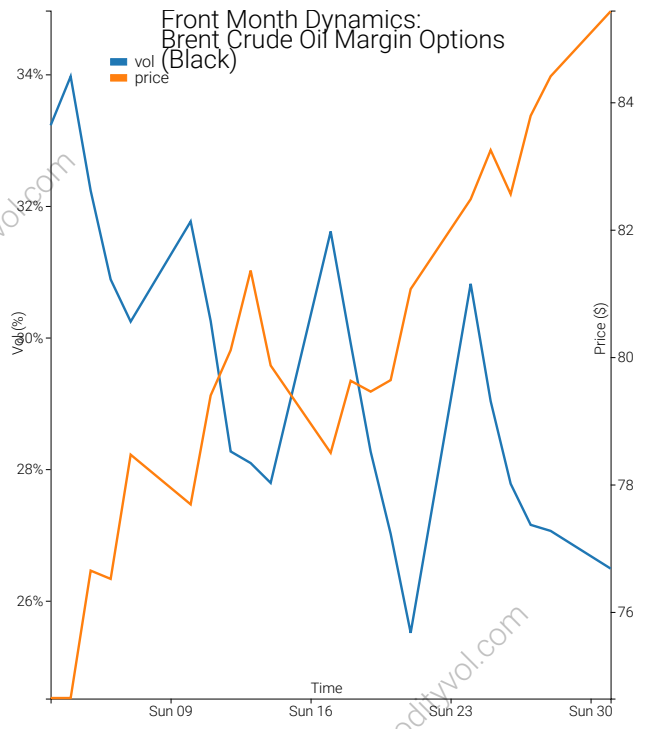
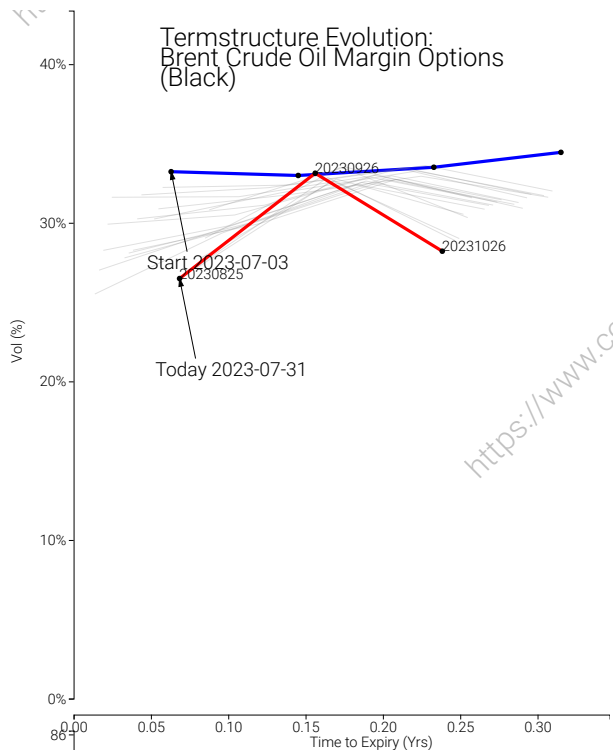
exch/prod	desc	futures chng [%]	vol chng [%]
COMEX/HX	Copper	+0.214 [+5.6%]	+0.020 [+9.7%]
COMEX/OG	Gold	+59.800 [+3.1%]	+0.001 [+0.8%]
NYMEX/PAO	Palladium	+48.600 [+4.0%]	-0.066 [-16.3%]
NYMEX/PO	Platinum	+42.600 [+4.7%]	-0.028 [-11.1%]
COMEX/SO	Silver	+1.860 [+8.0%]	+0.007 [+3.1%]

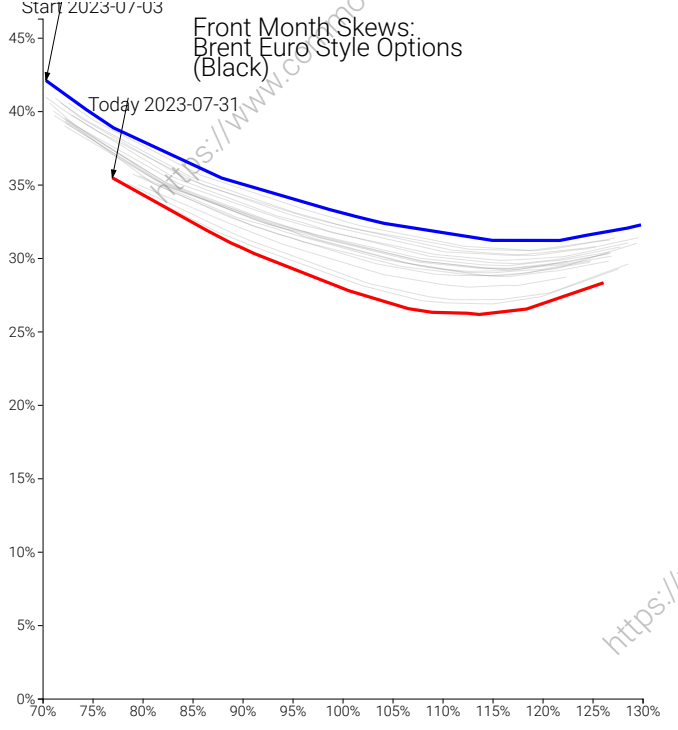
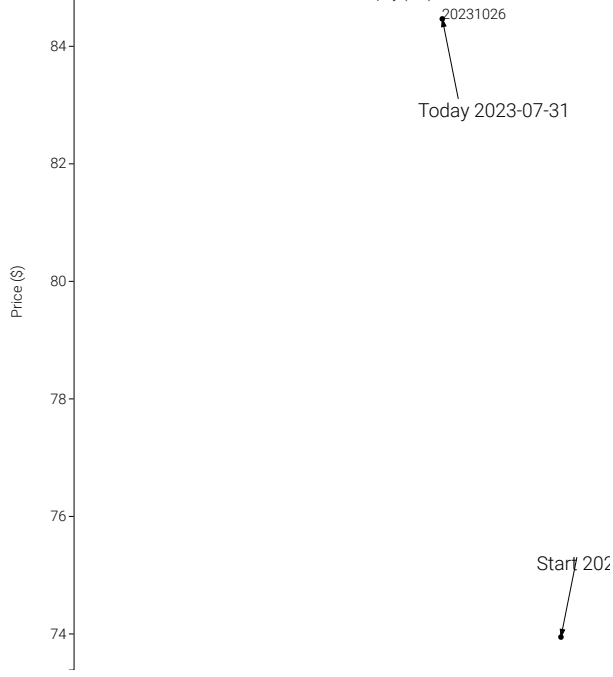
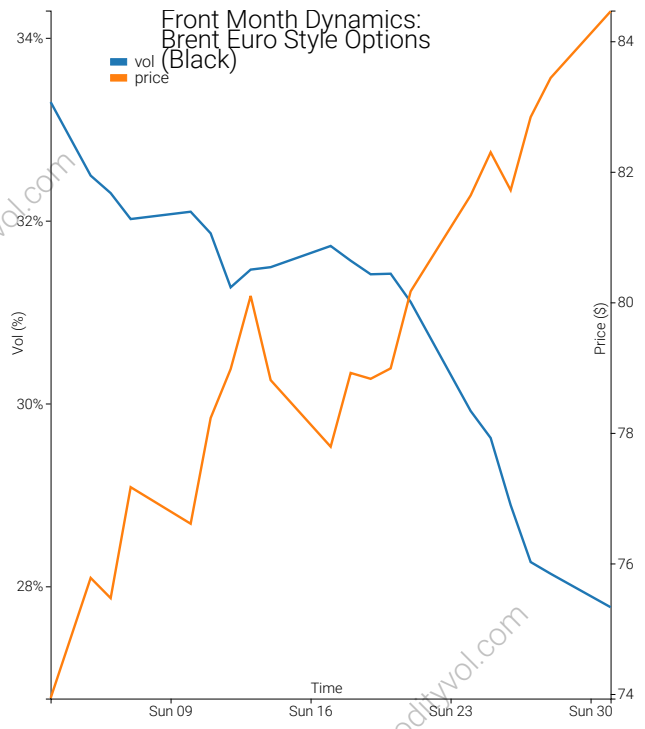
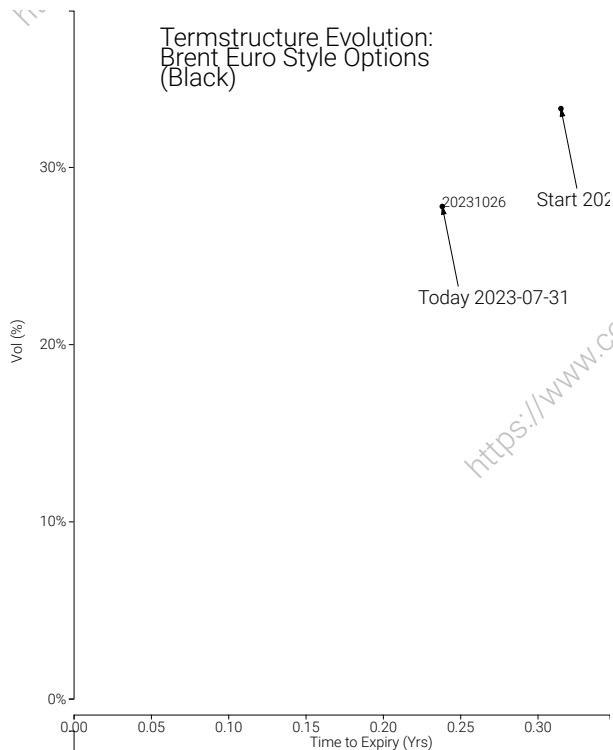
exch/prod	desc	futures chng [%]	vol chng [%]
CME/DK	Class IV Milk	+1.070 [+6.0%]	+0.049 [+72.0%]
CBT/C	Corn	+0.160 [+3.3%]	-0.040 [-10.6%]
CME/62	Feeder Cattle	-2.300 [-0.9%]	-0.044 [-29.1%]
CBT/KW	KC HRW Wheat	+0.162 [+2.0%]	+0.021 [+6.2%]
CME/LN	Lean Hog	+6.300 [+6.4%]	-0.039 [-22.2%]
CME/48	Live Cattle	+1.225 [+0.7%]	-0.012 [-8.0%]
CME/NF	Nonfat Dry Milk	+0.600 [+0.5%]	+0.014 [+19.4%]
CBT/O	Oats	+0.485 [+12.5%]	+0.001 [+0.3%]
CBT/14	Rough Rice	+0.495 [+3.3%]	+0.004 [+2.4%]
CBT/S	Soybean	-0.973 [-6.6%]	-0.044 [-15.2%]
CBT/06	Soybean Meal	+12.100 [+2.9%]	-0.020 [-6.9%]
CBT/07	Soybean Oil	-0.560 [-0.9%]	-0.005 [-1.4%]
CBT/W	Wheat	+0.240 [+3.7%]	+0.032 [+8.5%]

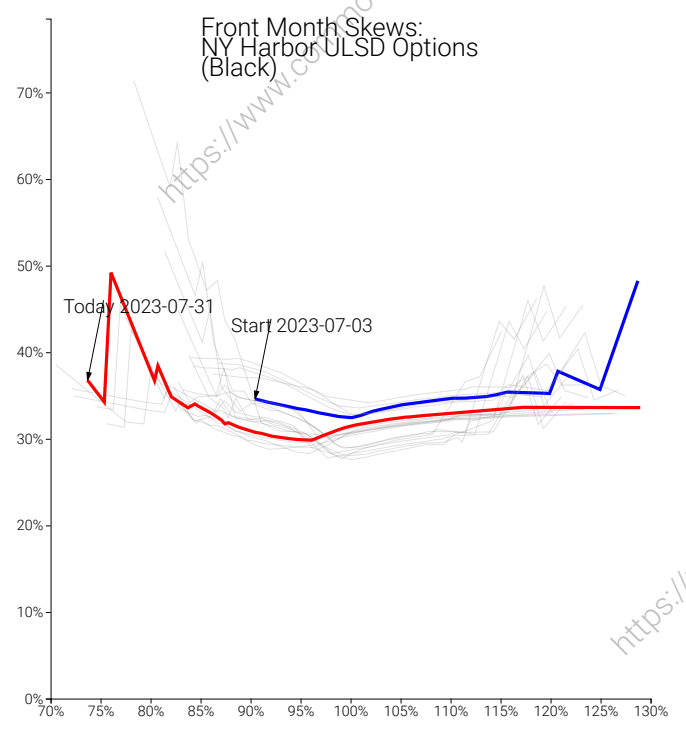
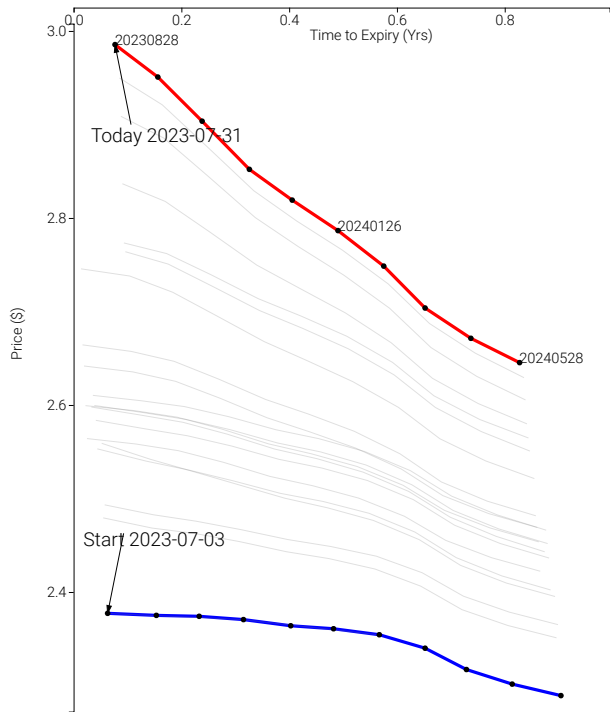
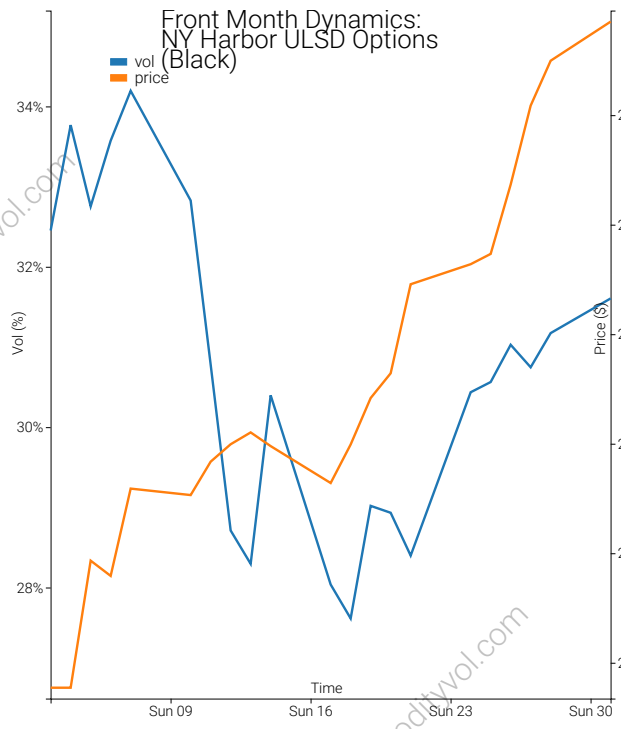
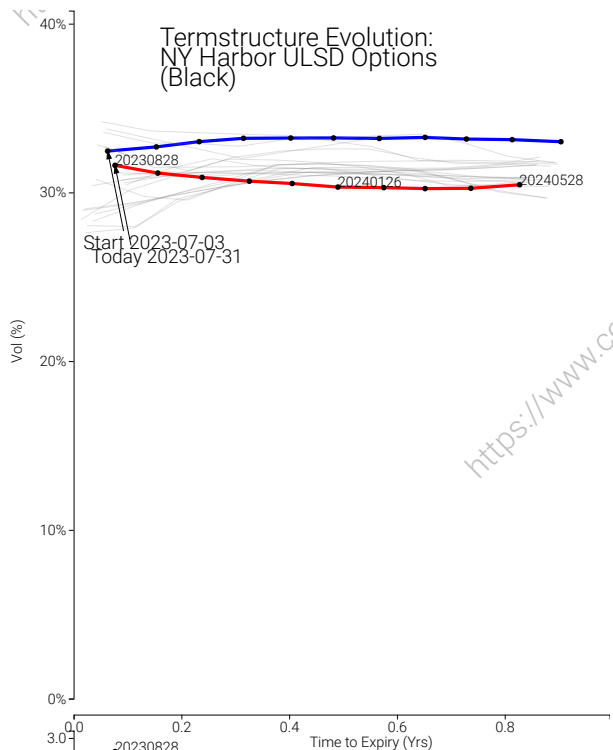
Skews, Termstructures and more

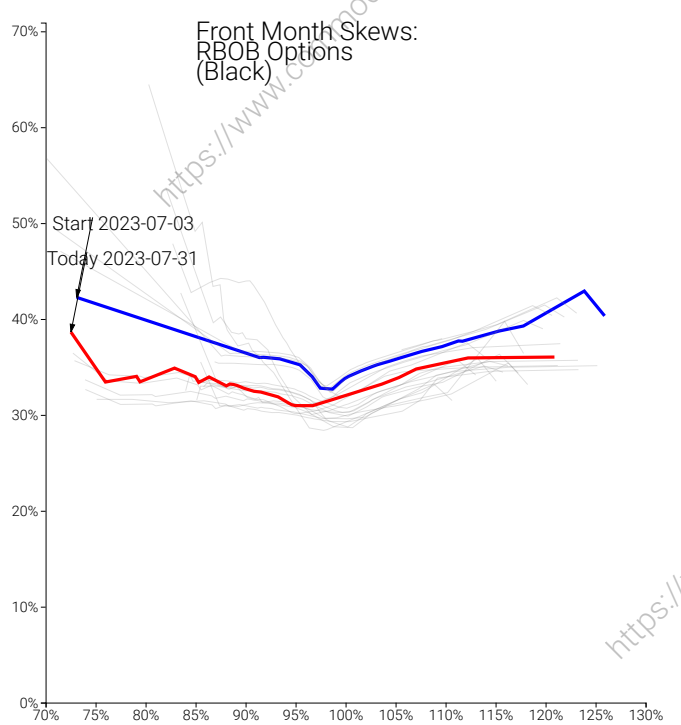
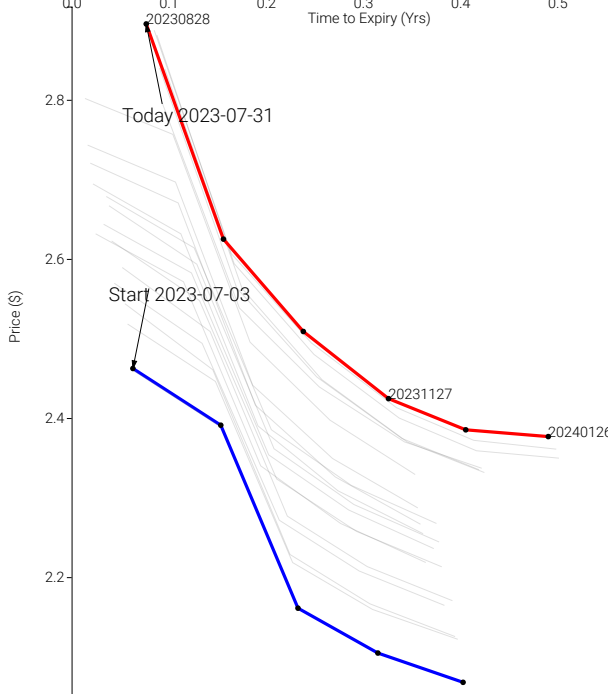
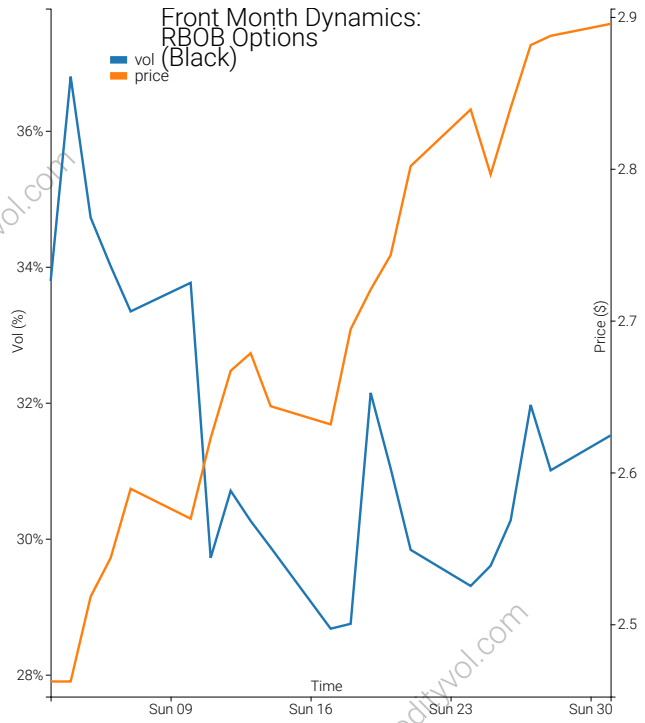
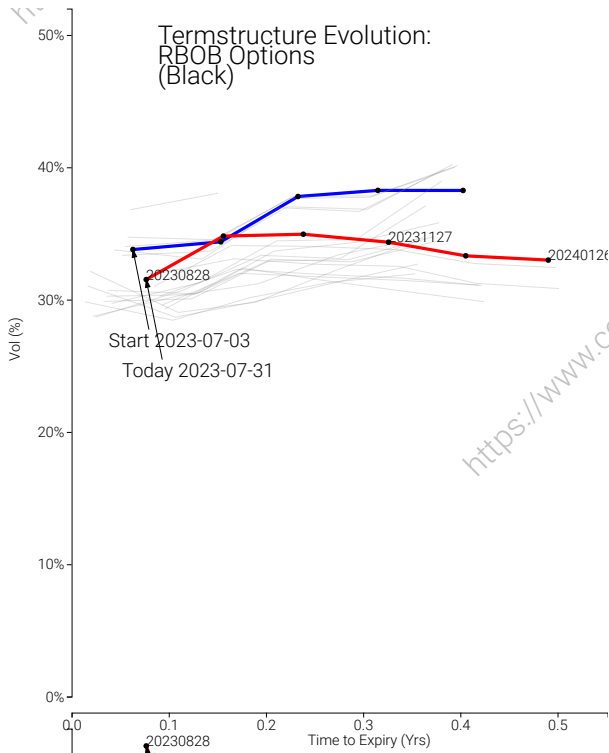
Energy: Crude and Derivatives

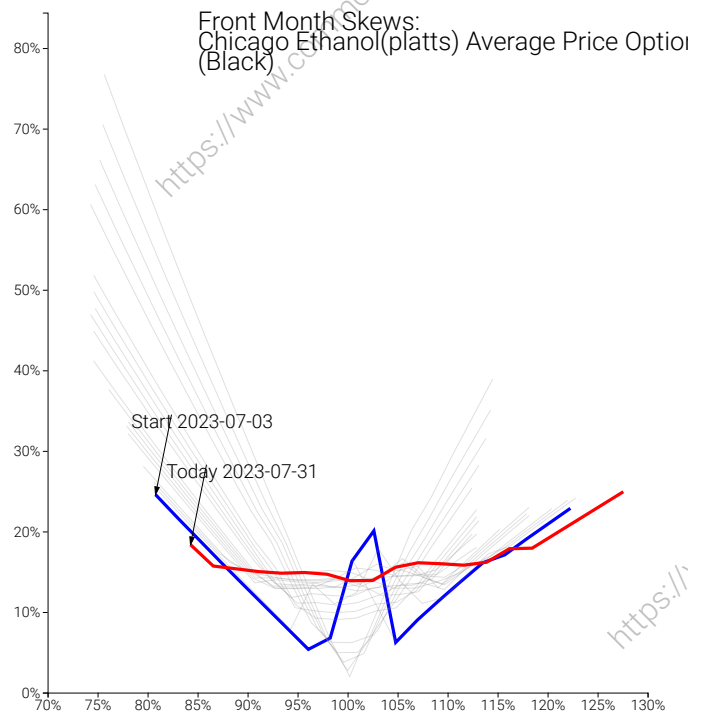
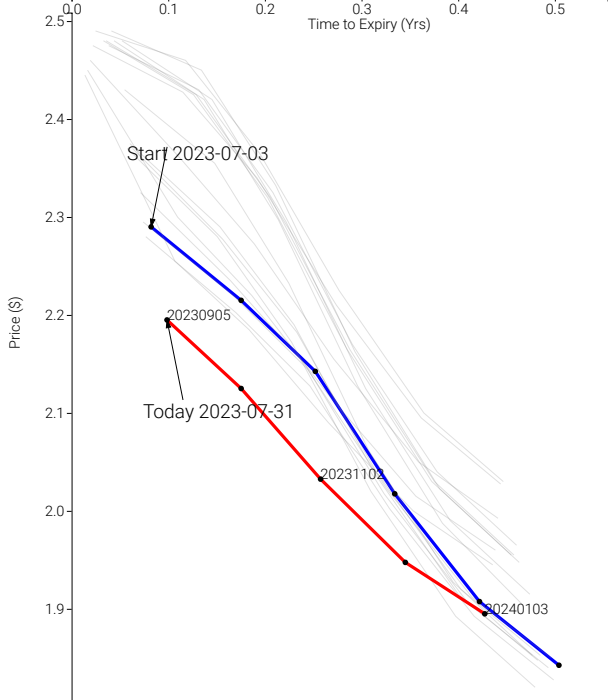
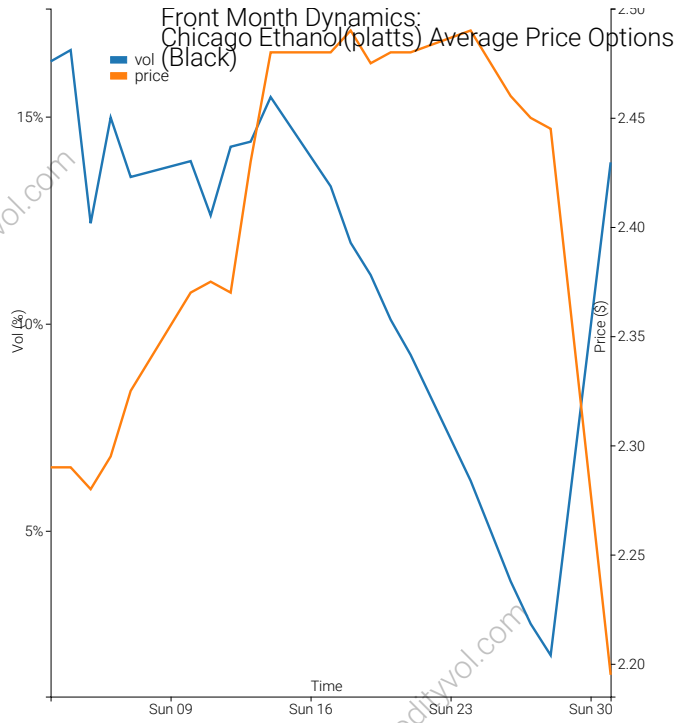
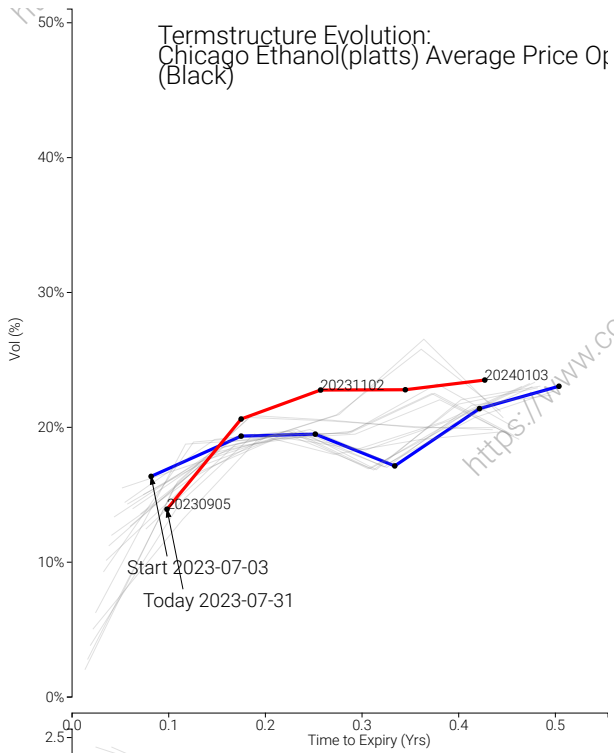




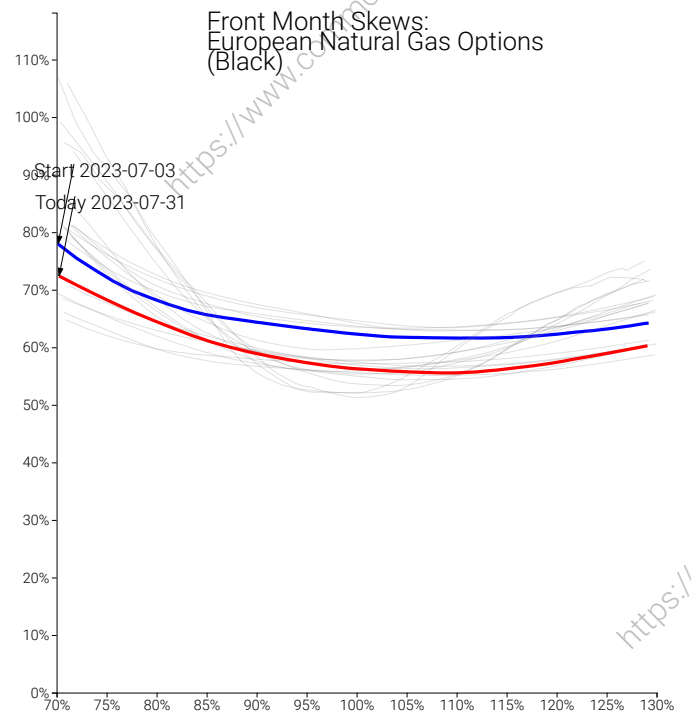
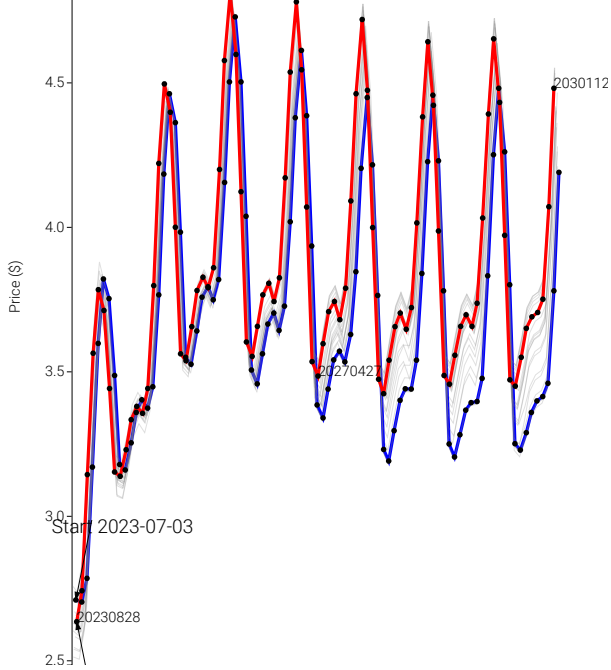
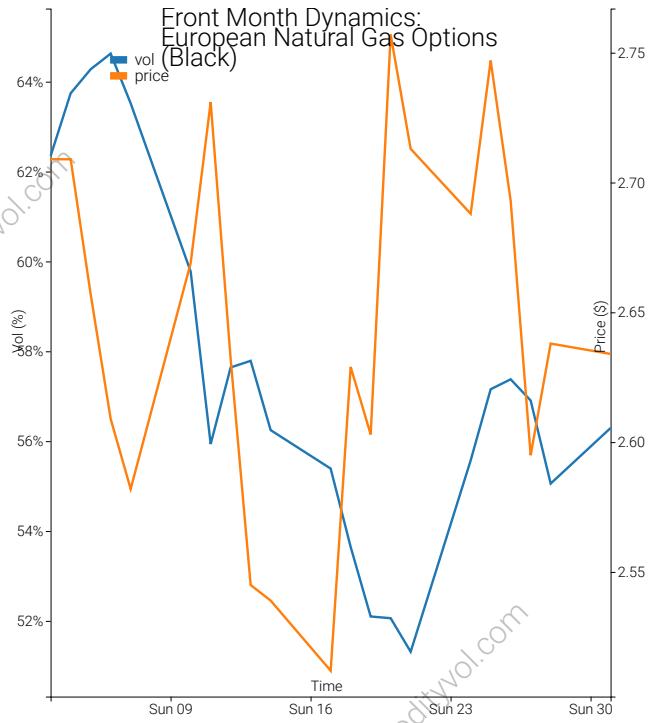
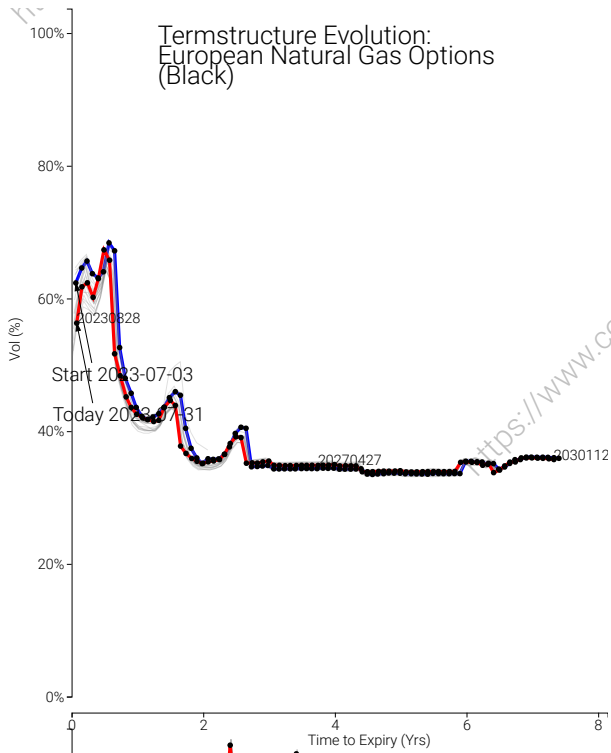


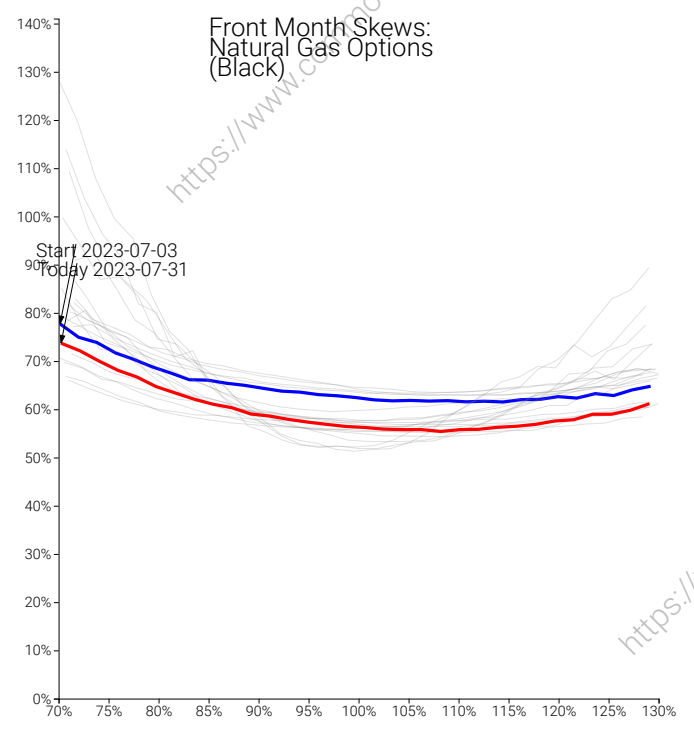
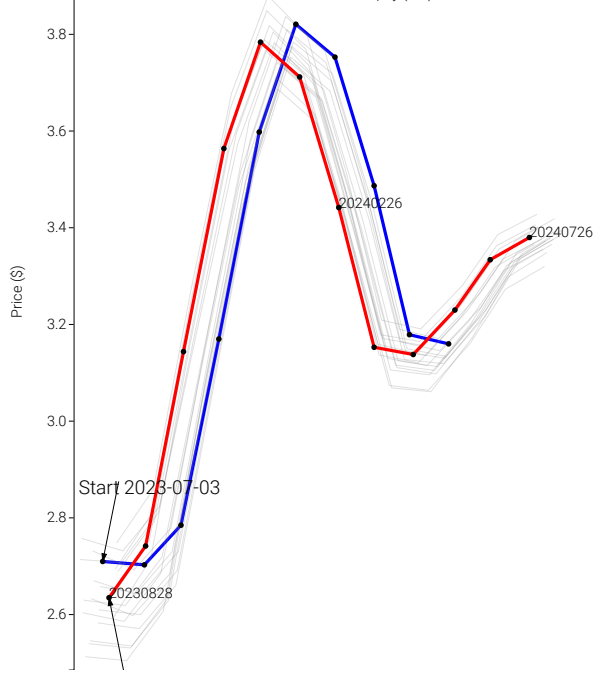
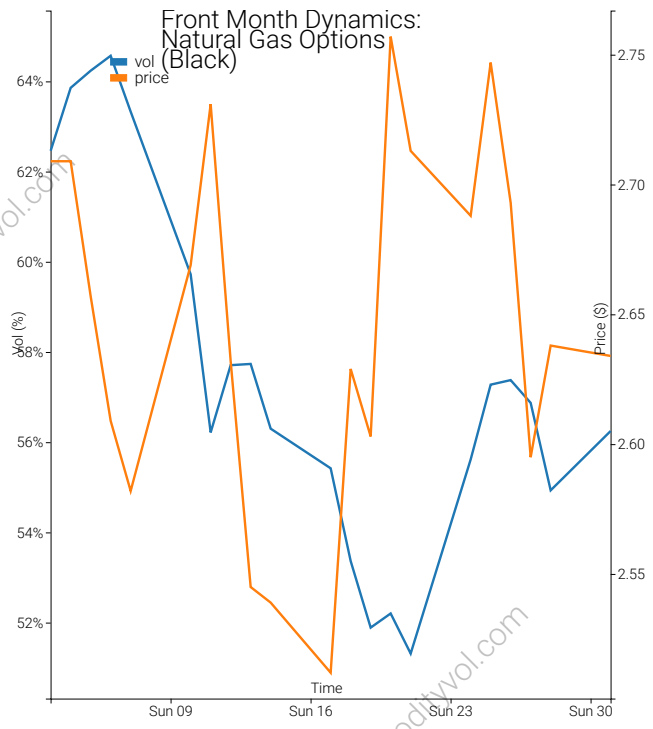
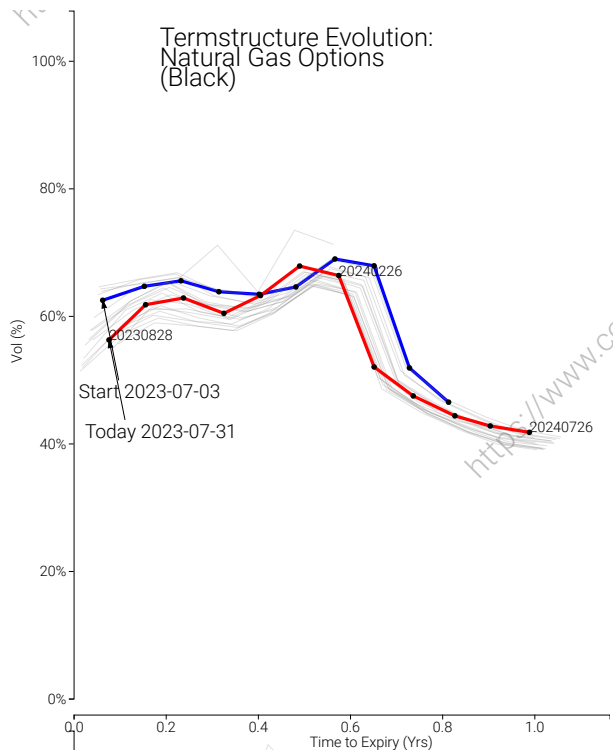


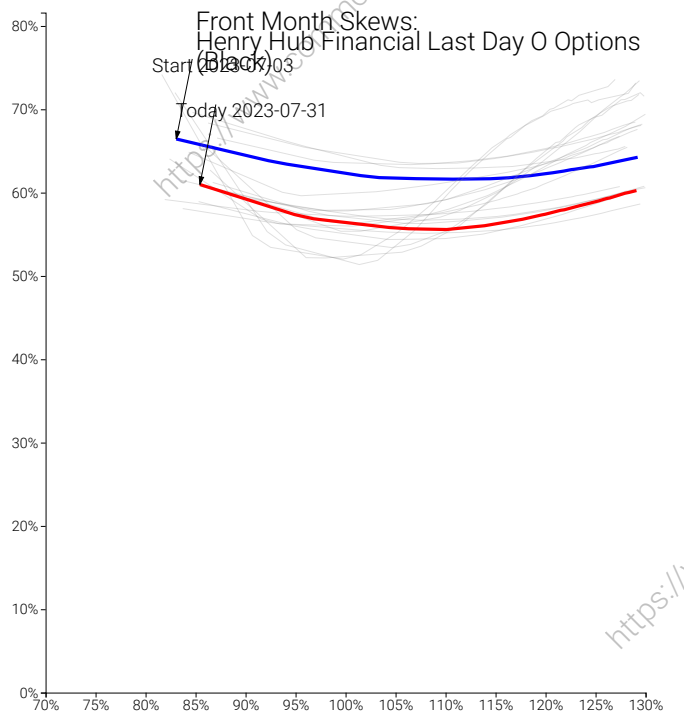
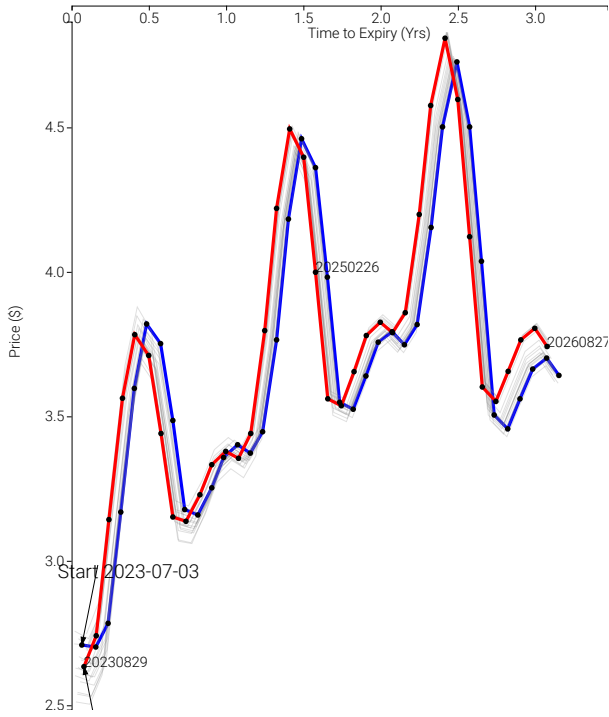
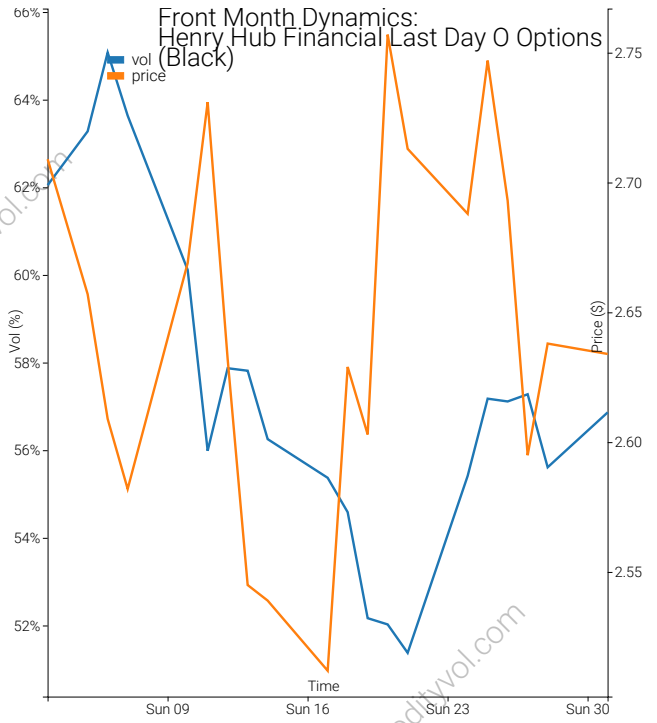
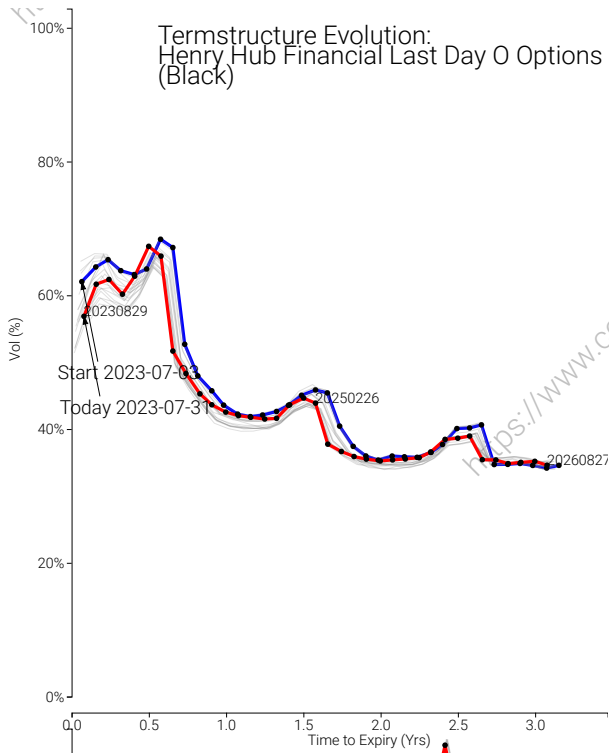




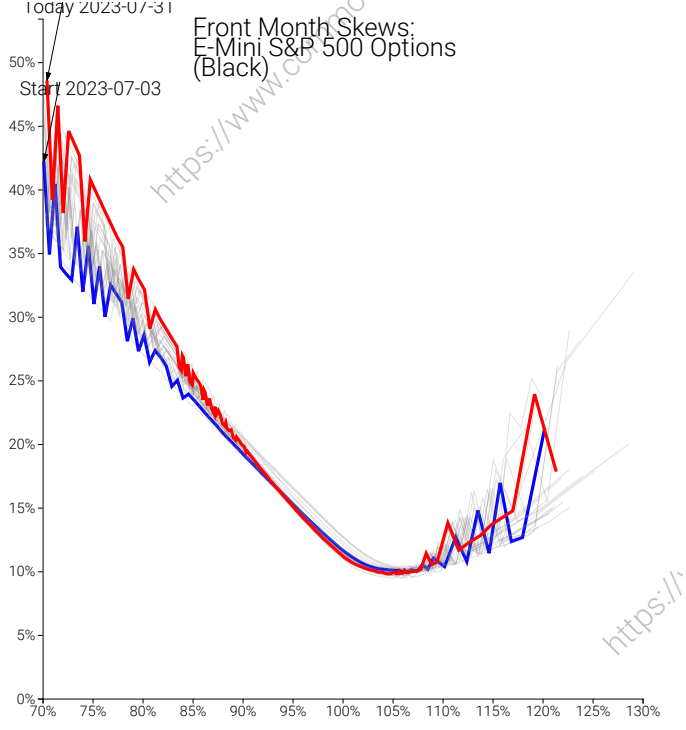
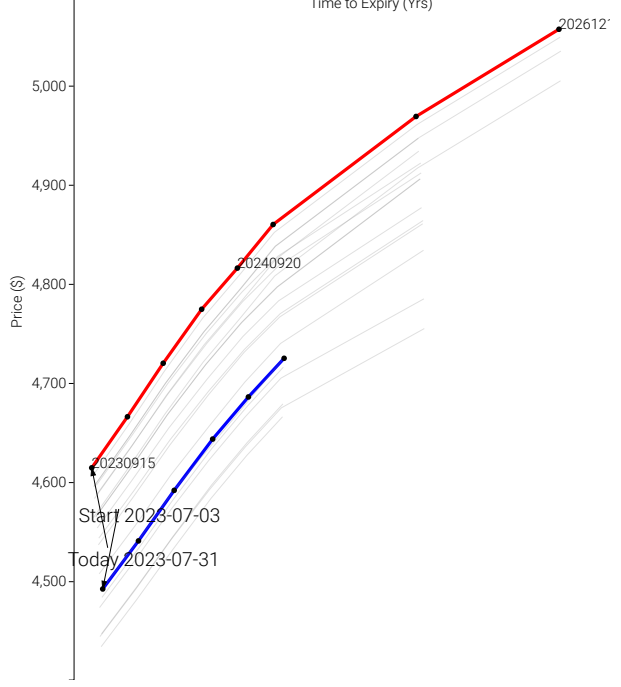
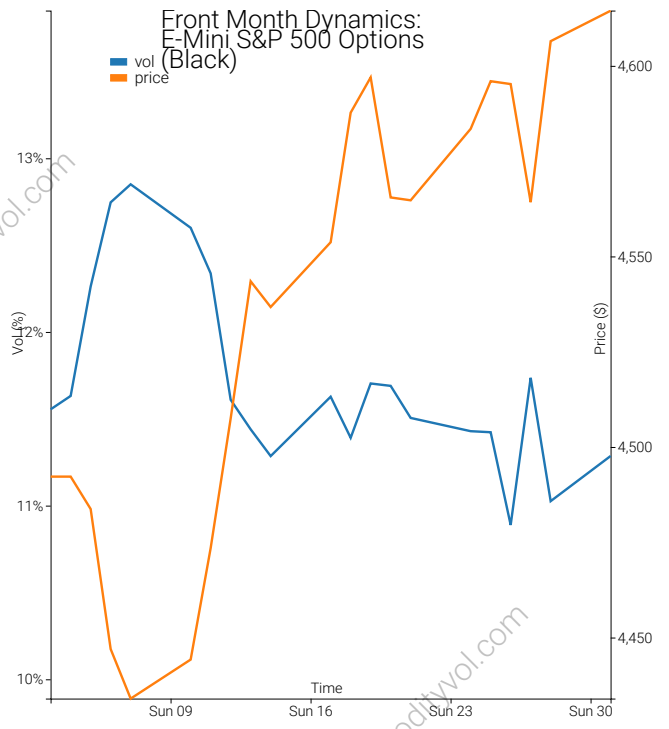
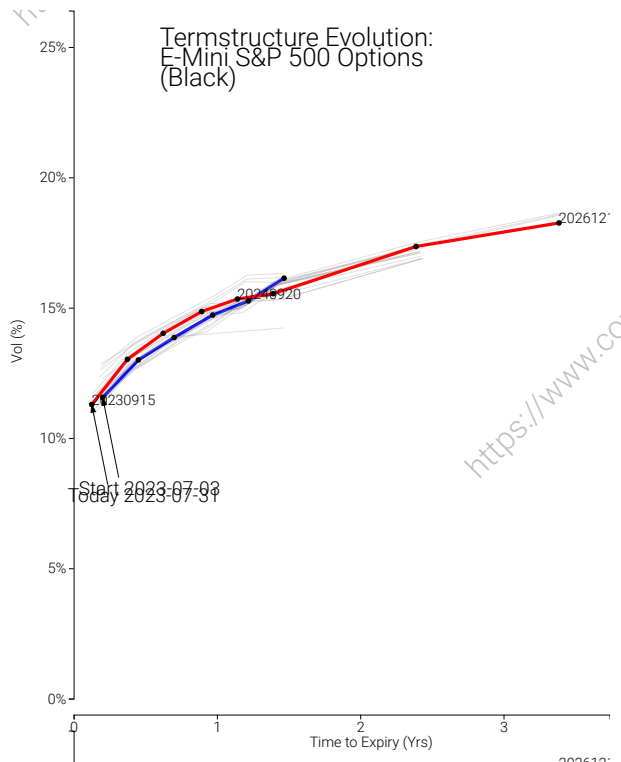
Energy: Natural Gas

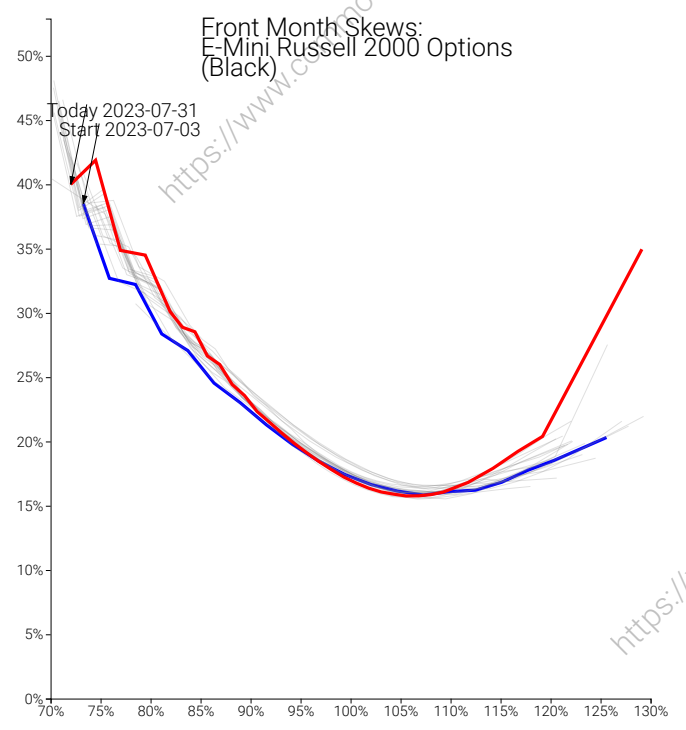
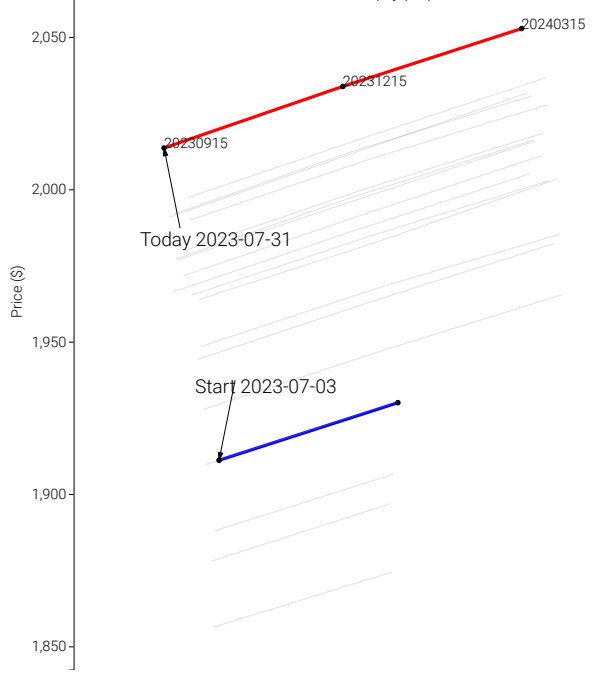
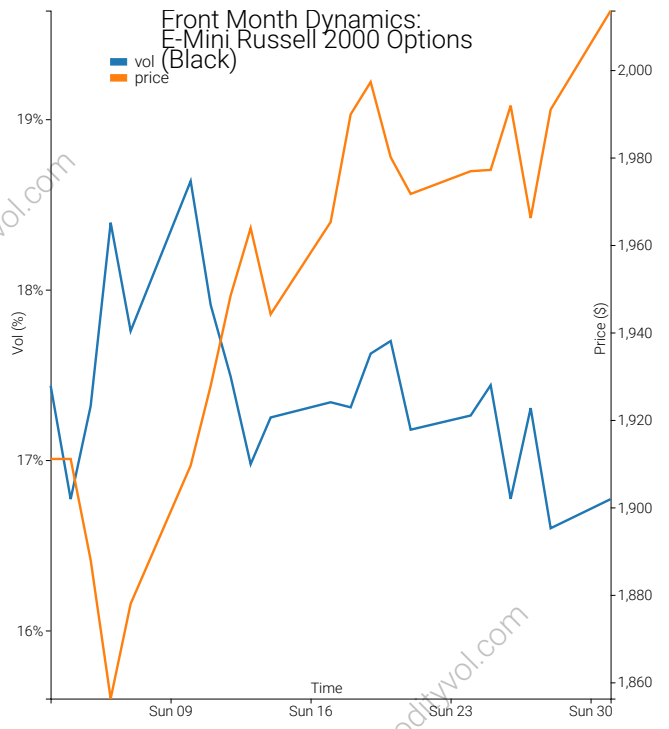
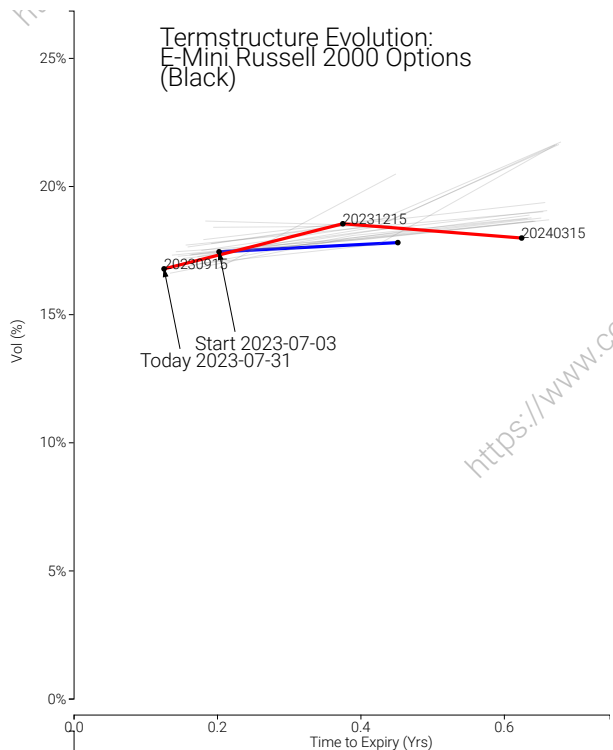


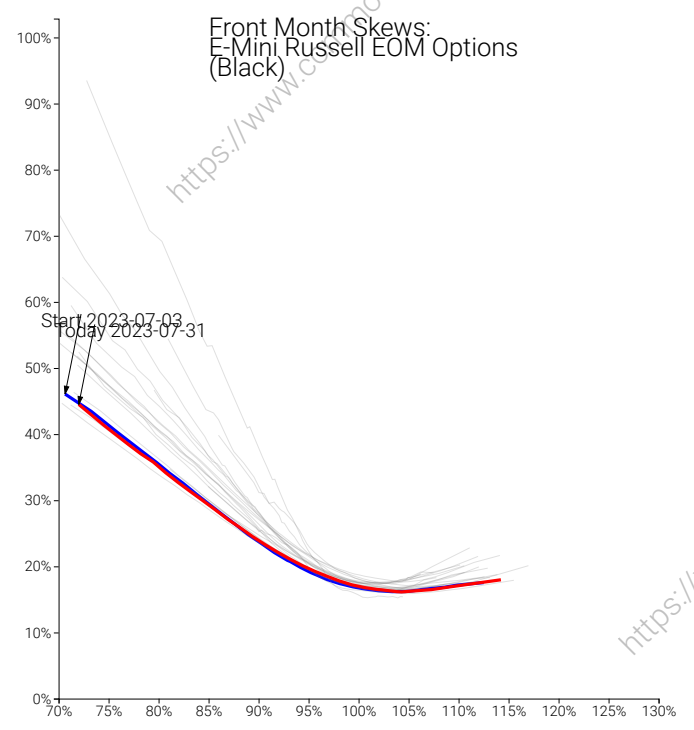
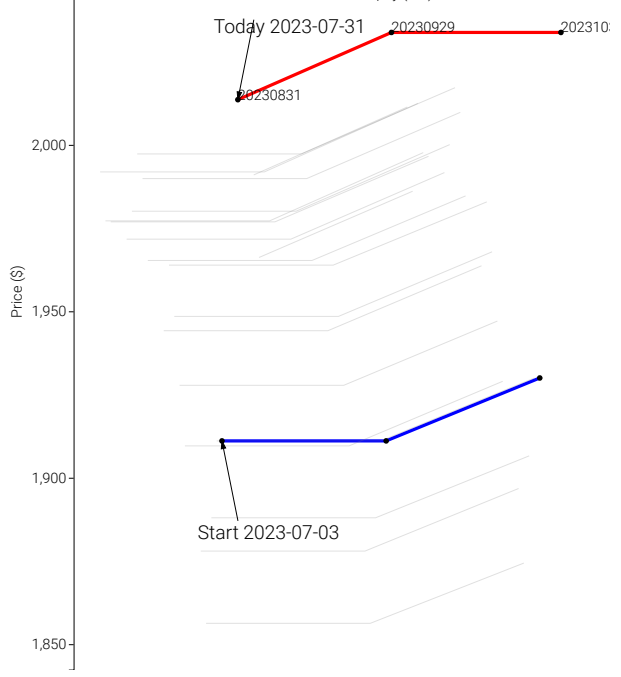
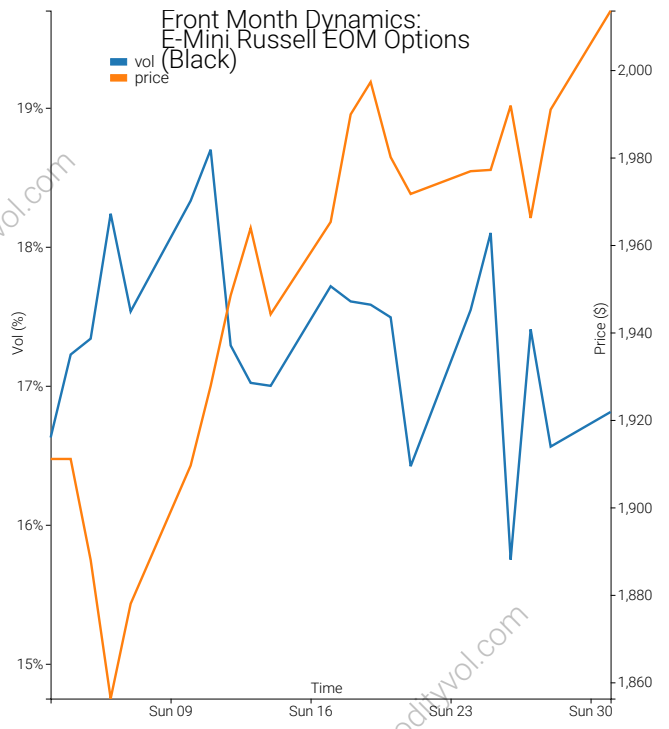
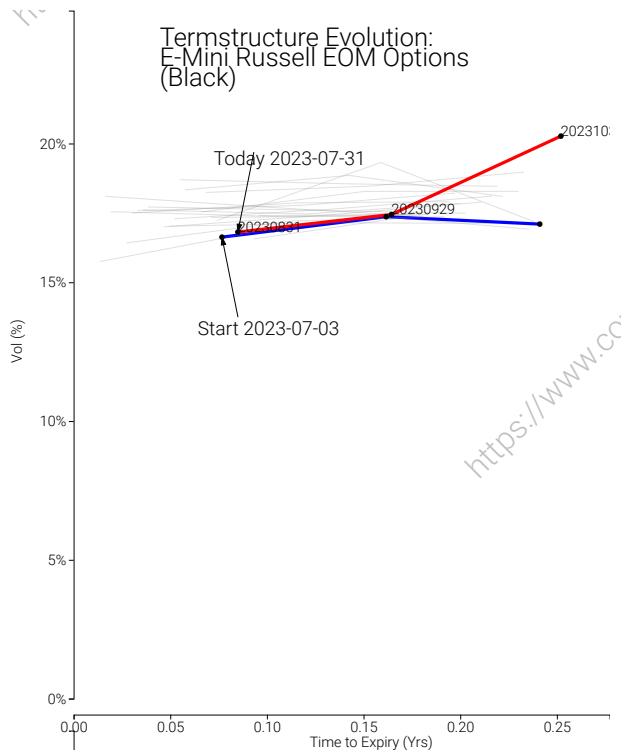


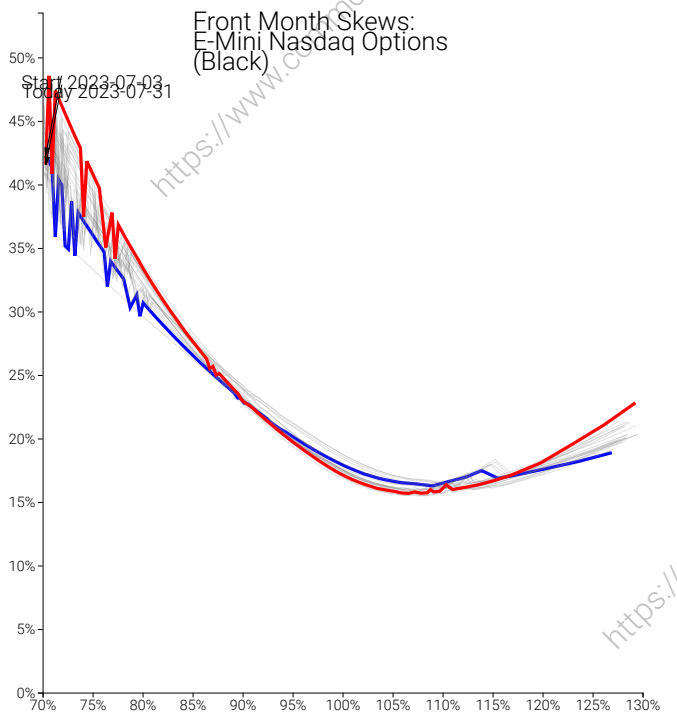
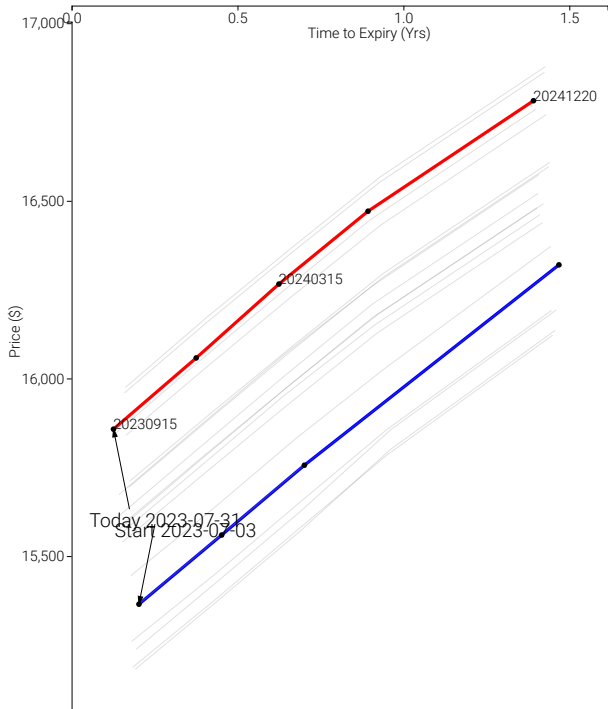
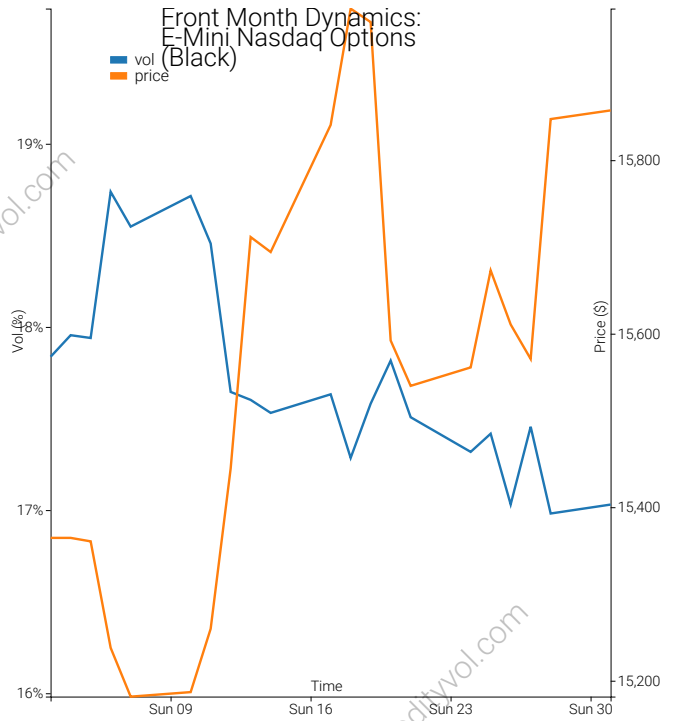
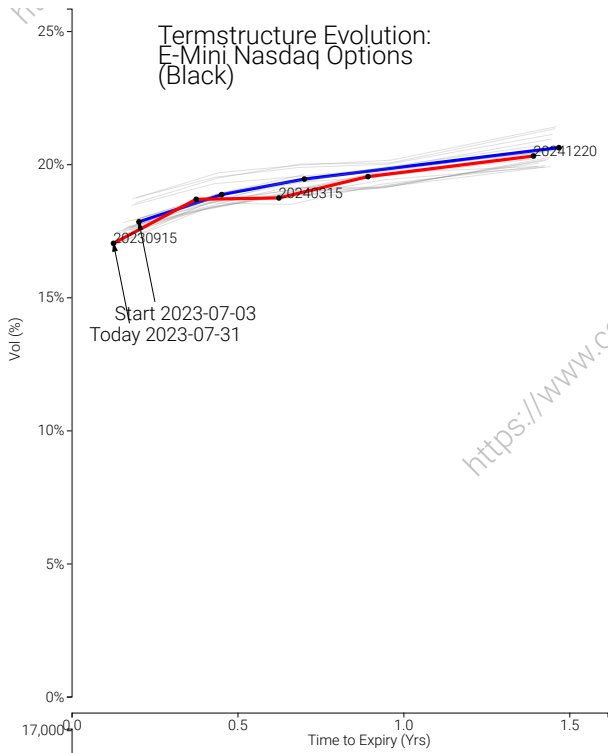


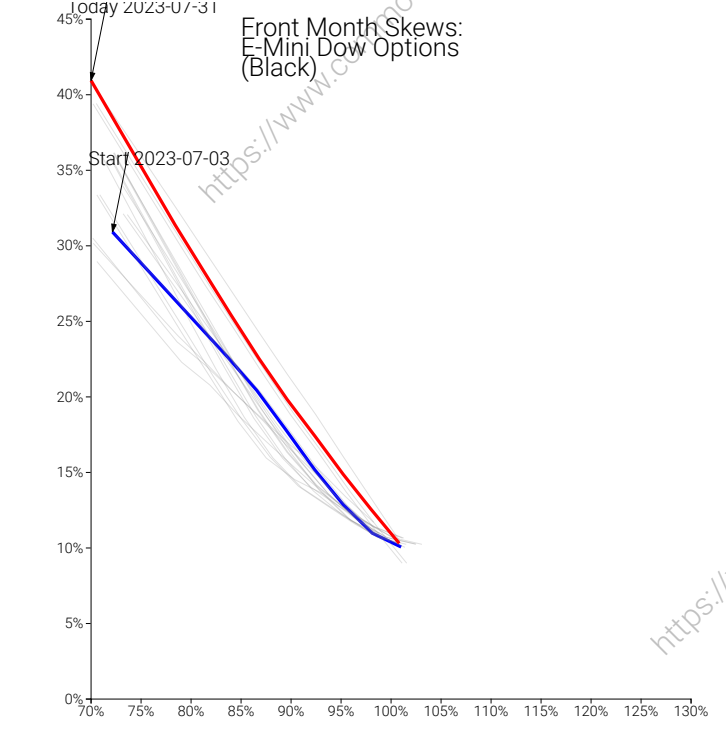
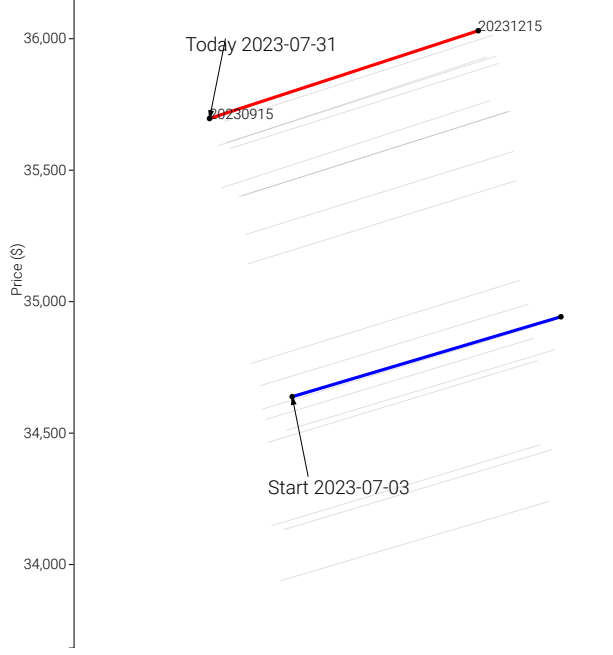
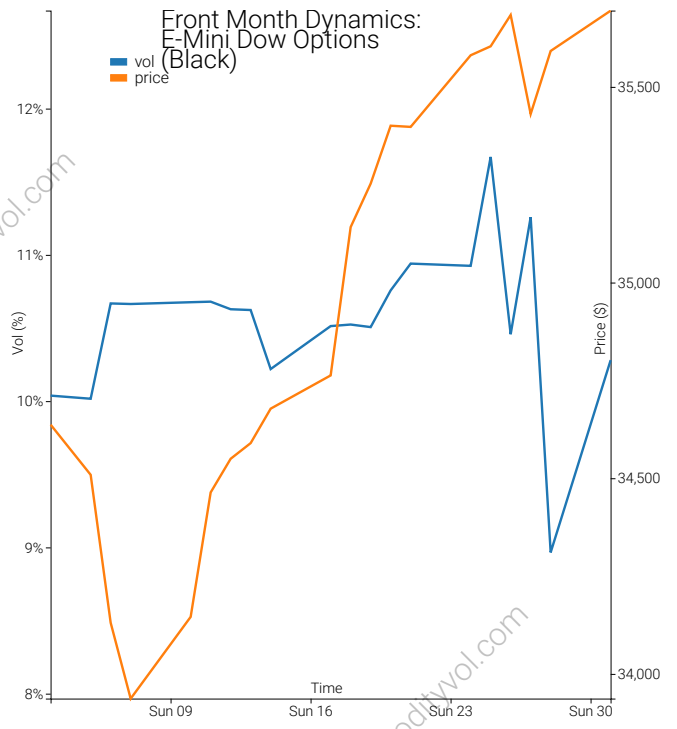
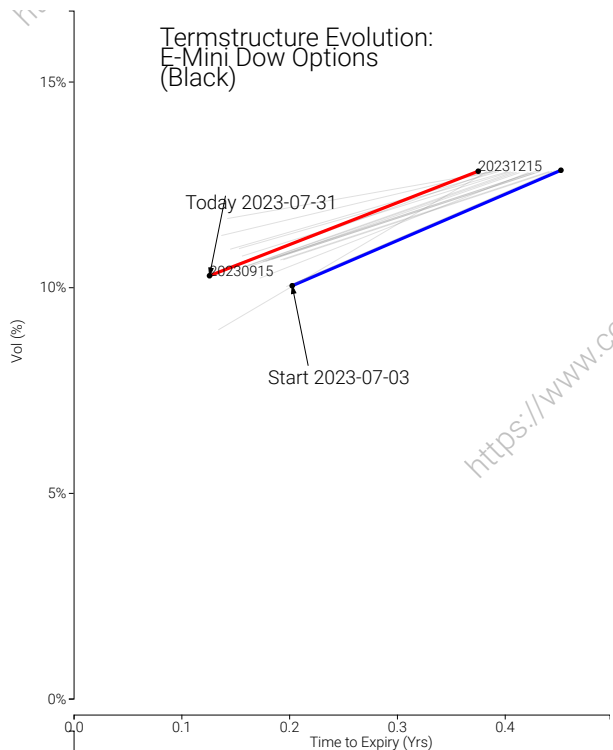
EquityIndex

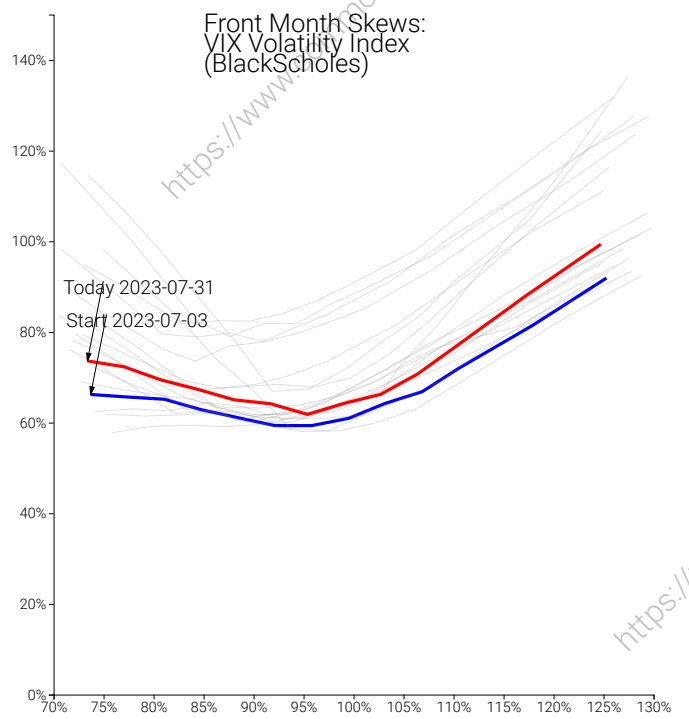
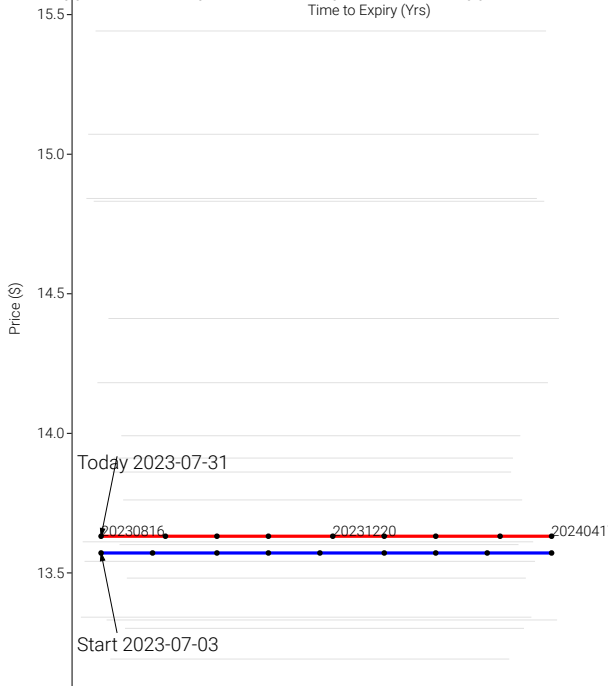
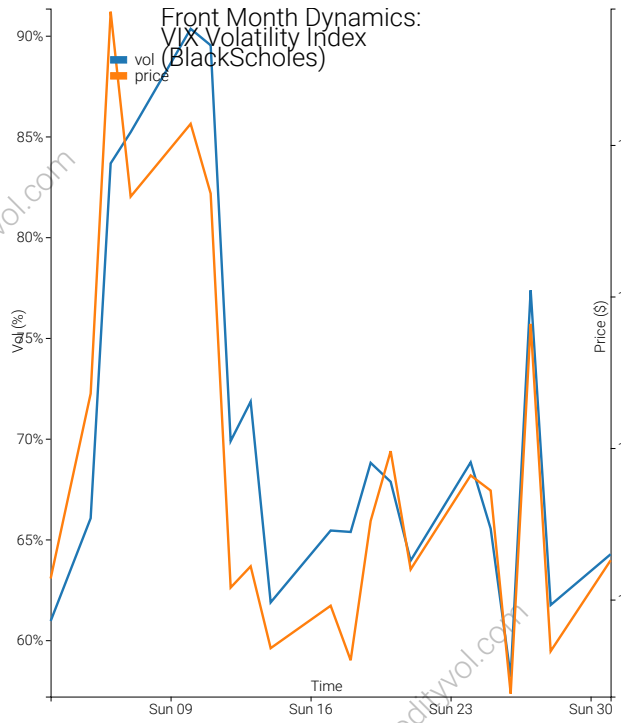
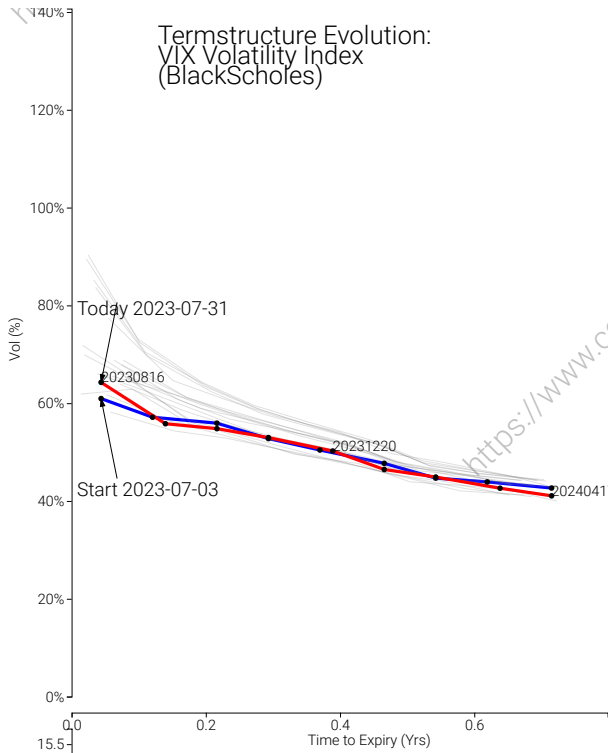




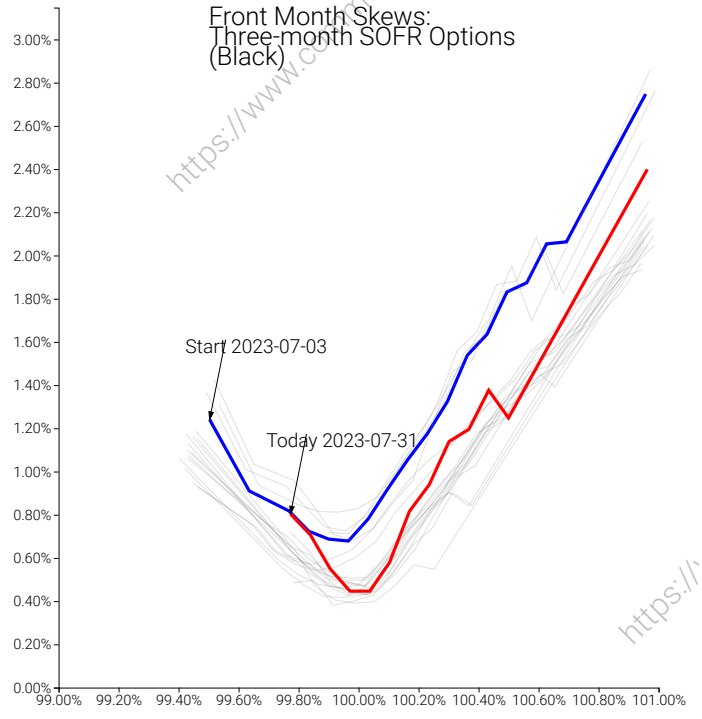
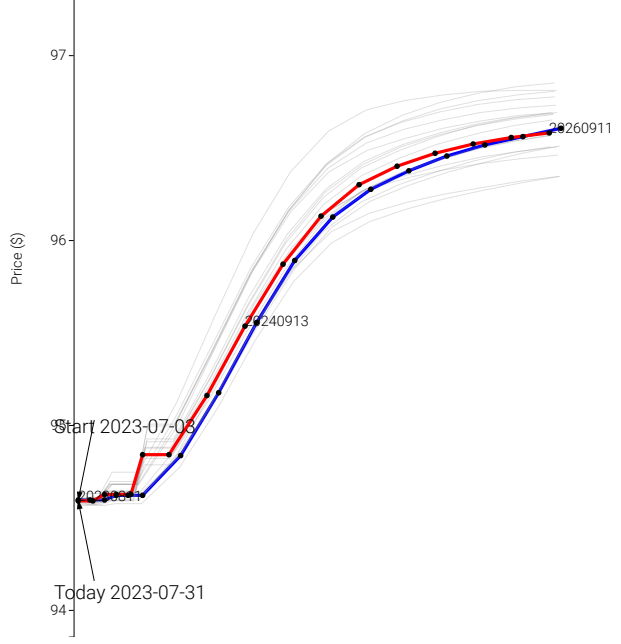
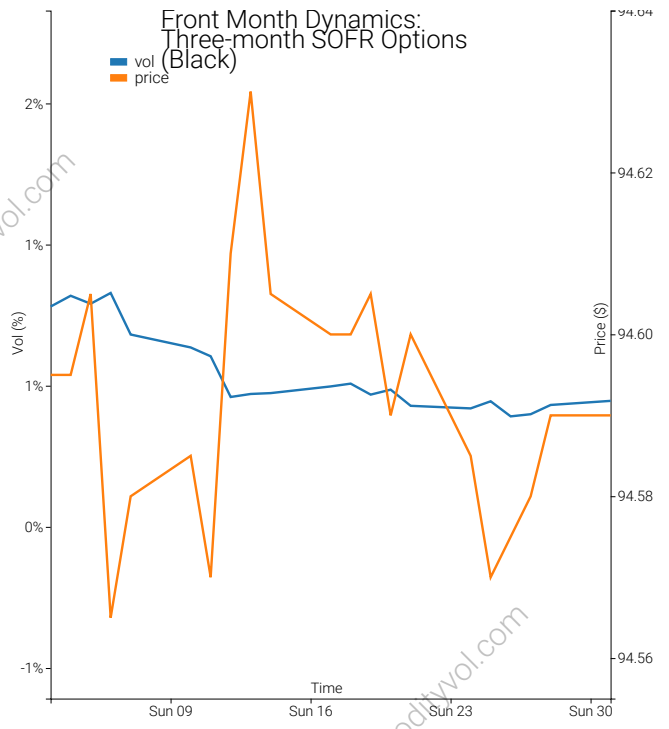
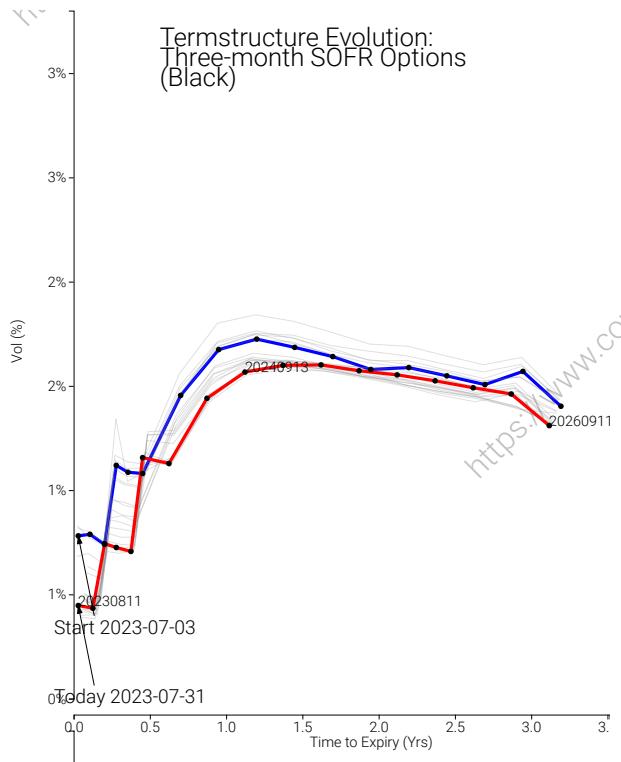


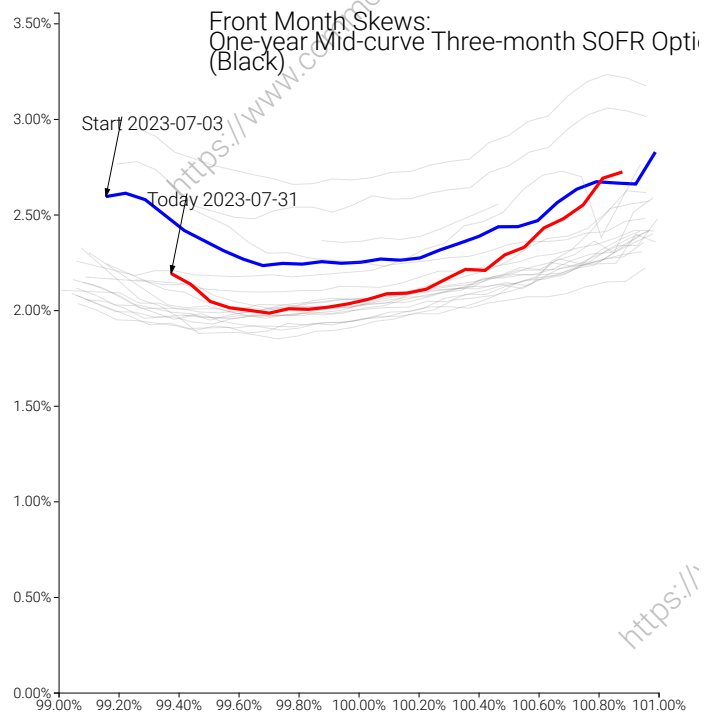
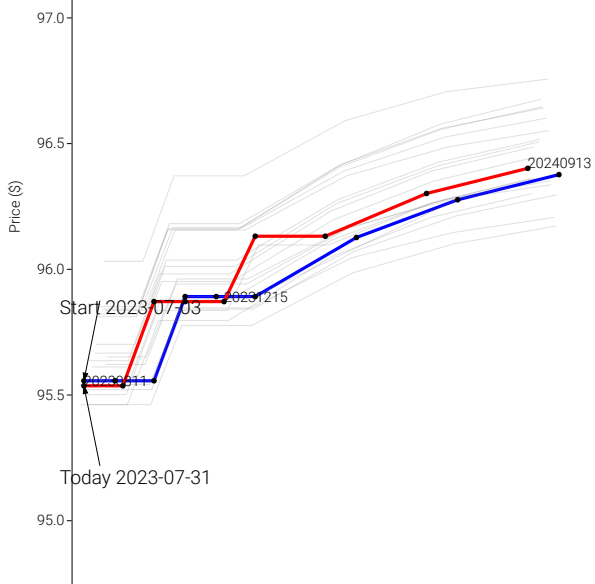
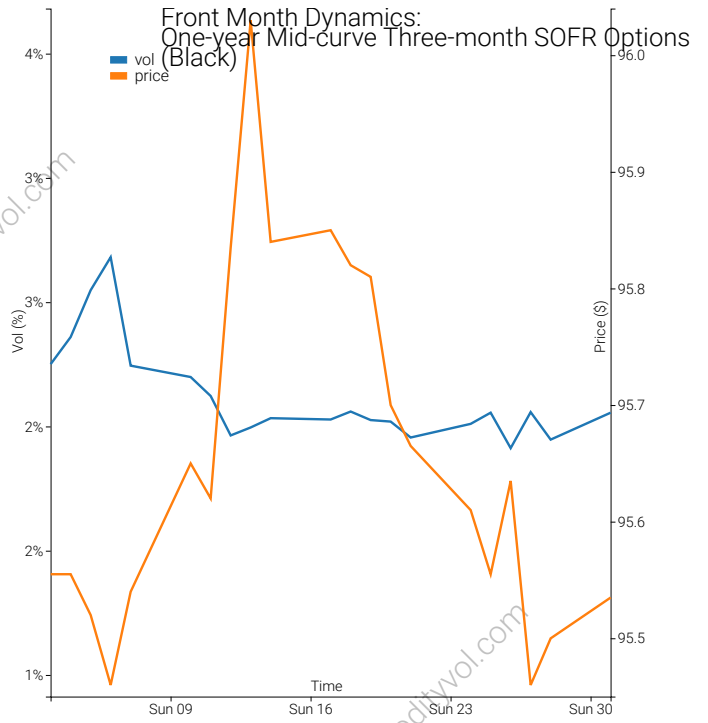
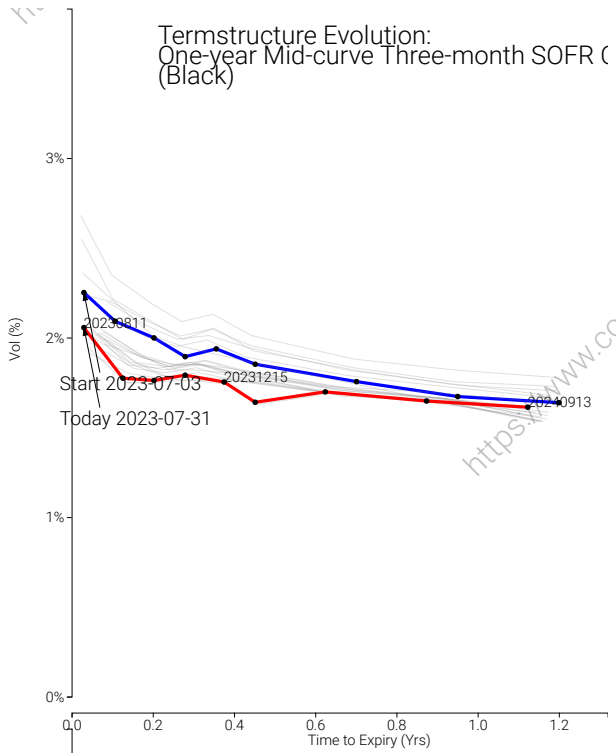


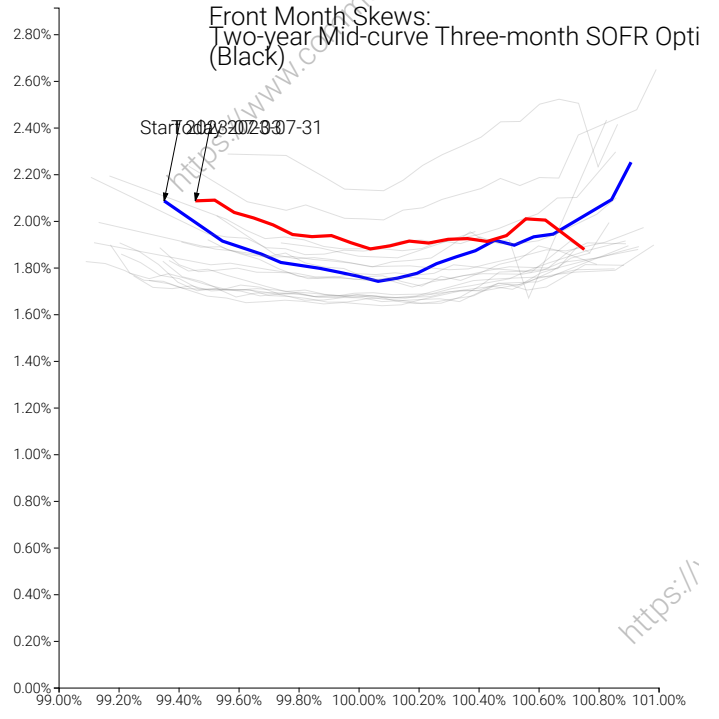
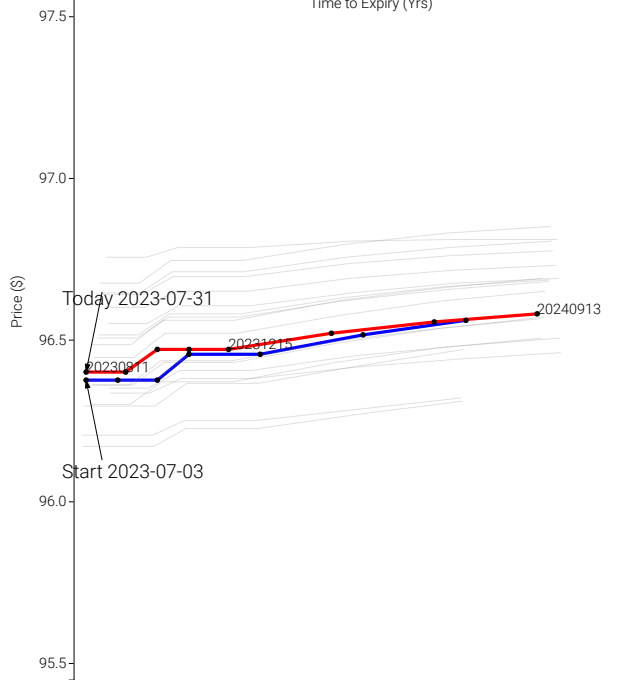
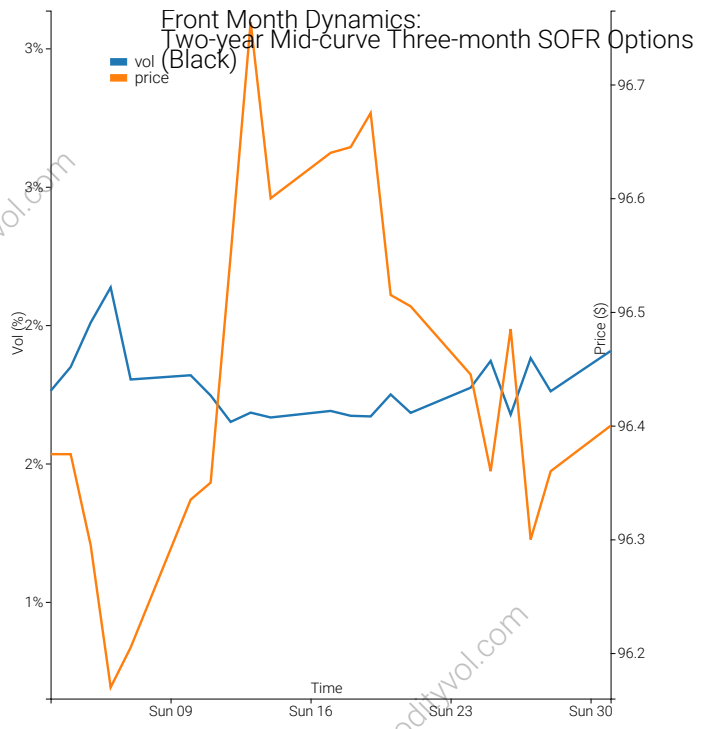
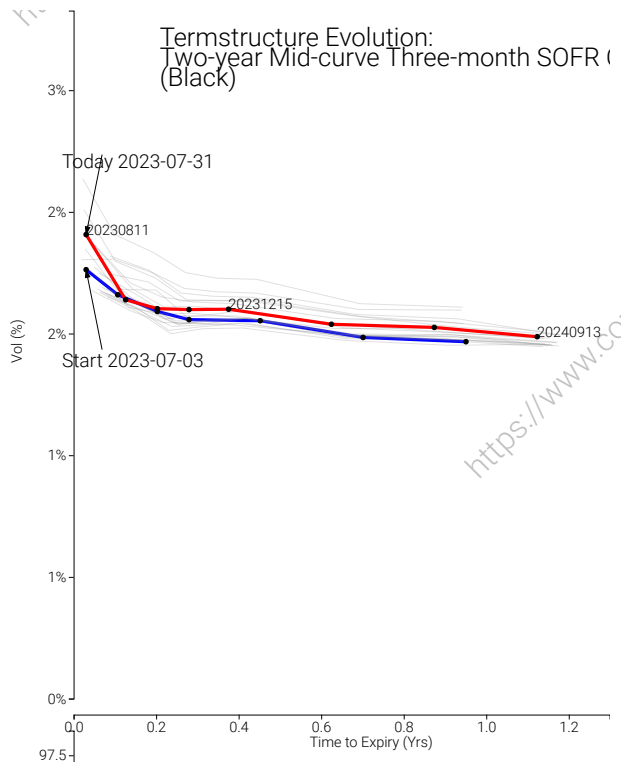


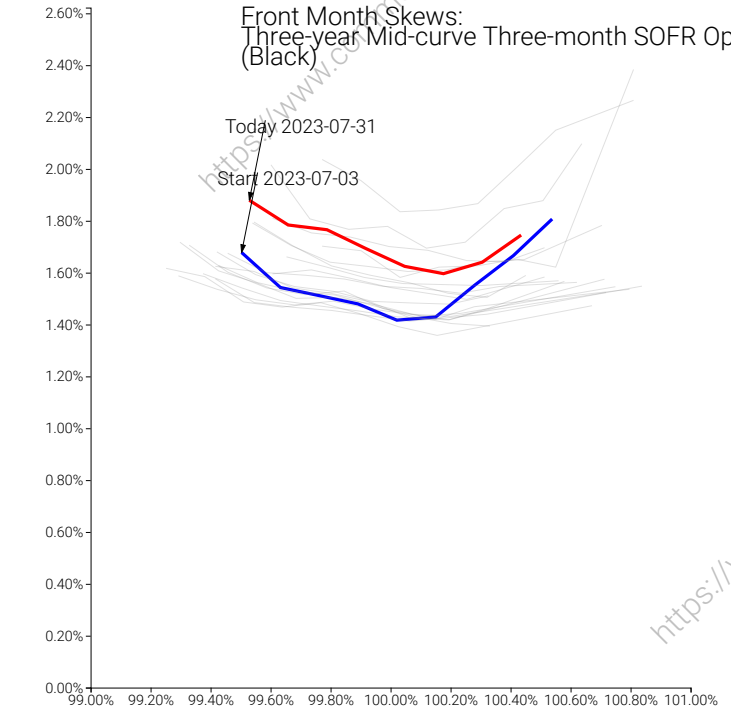
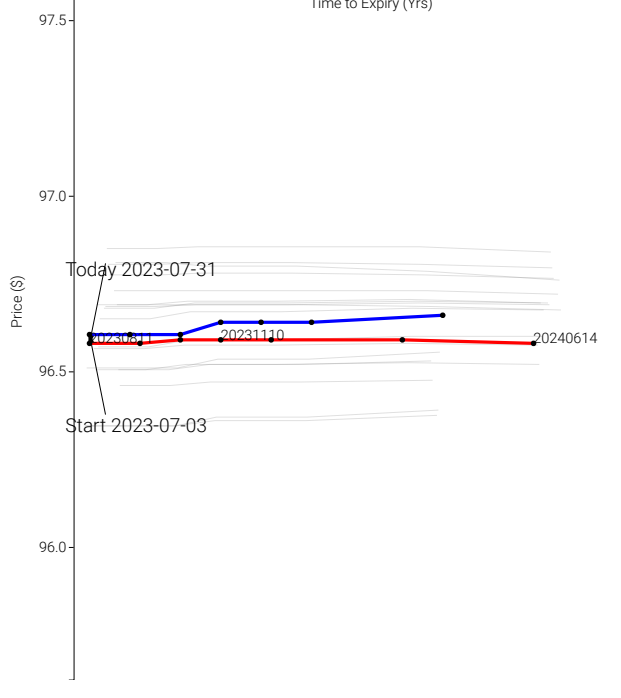
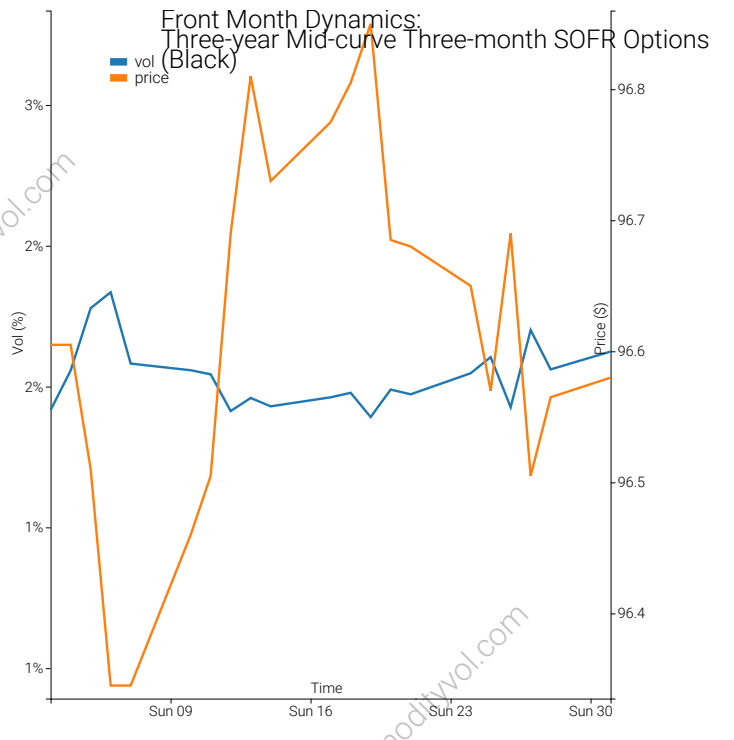
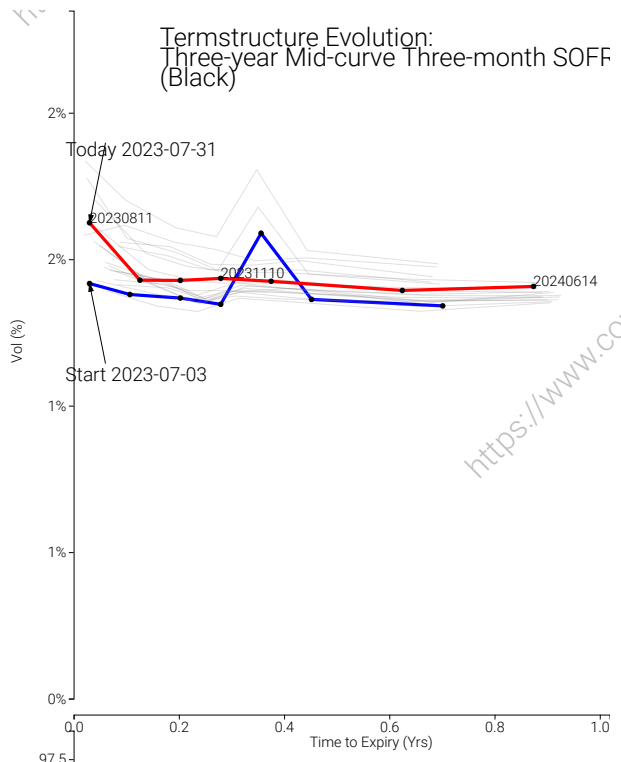


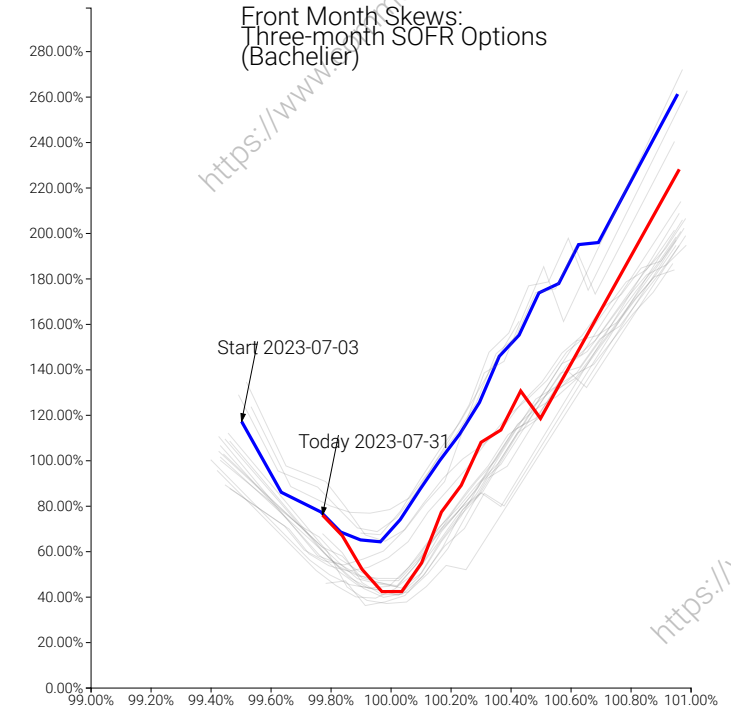
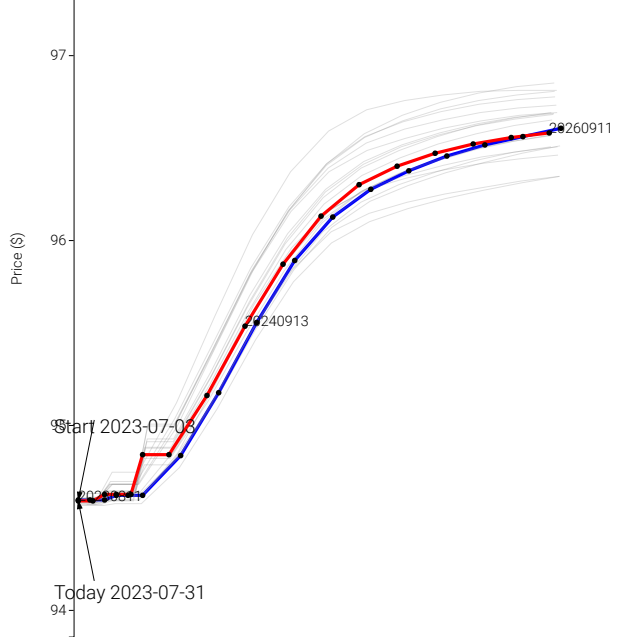
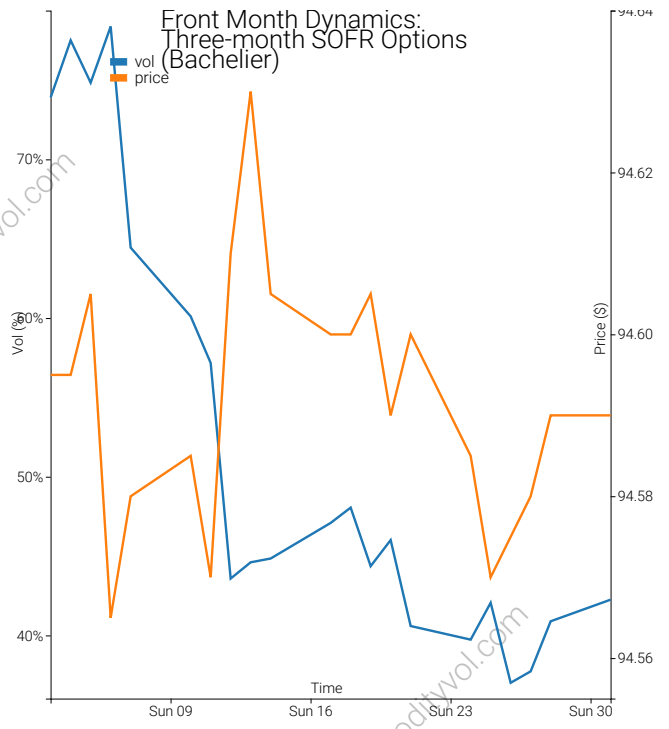
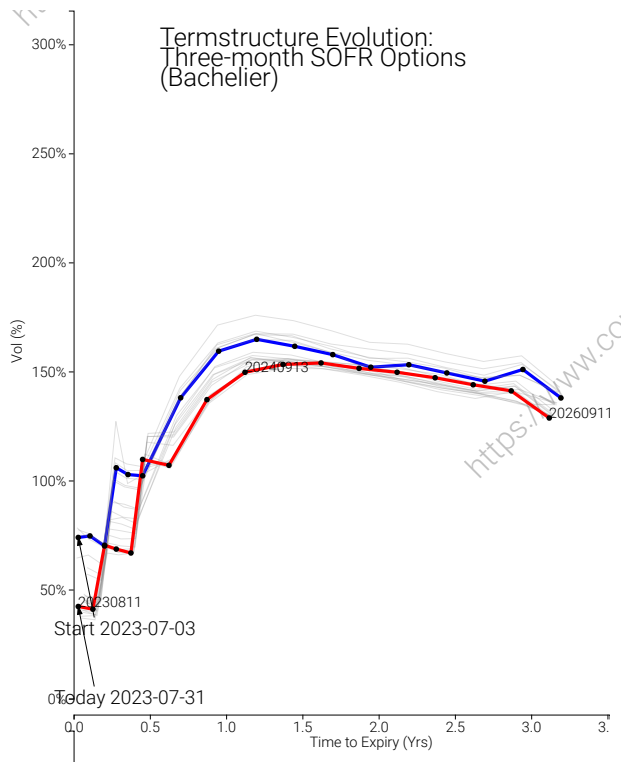
InterestRates: Fixed Income and STIRS

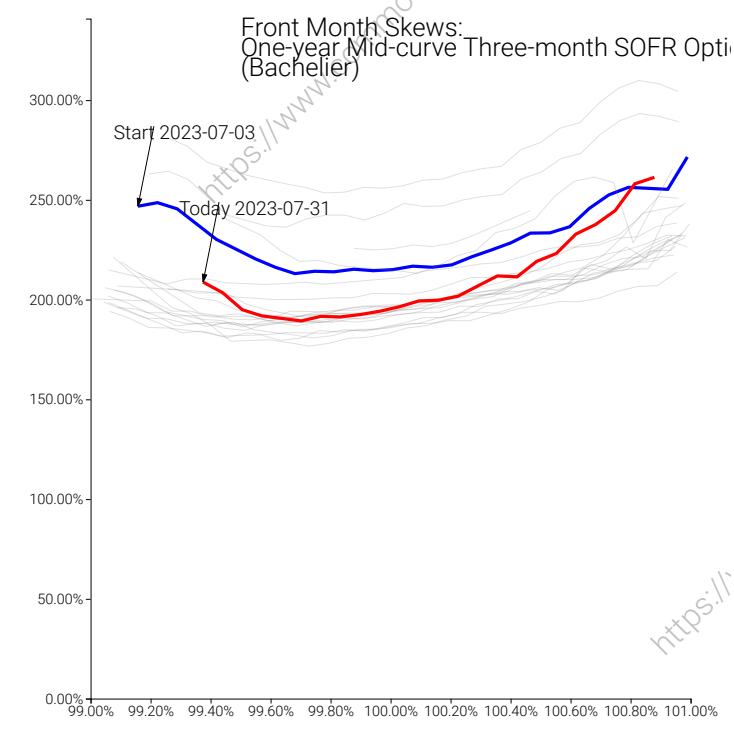
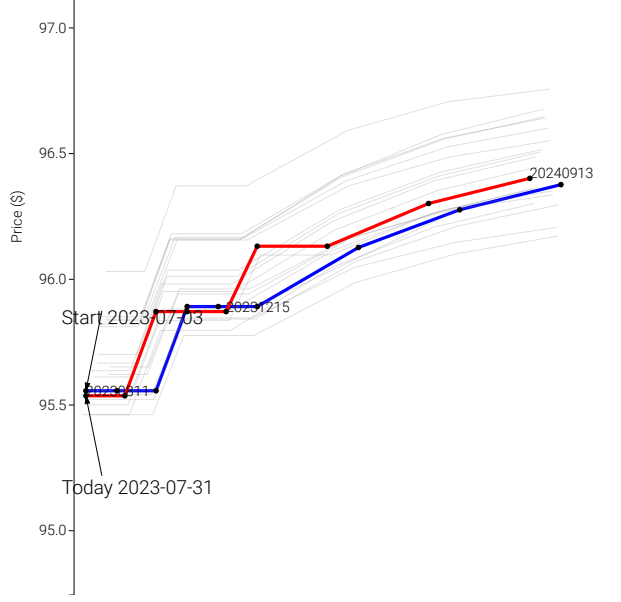
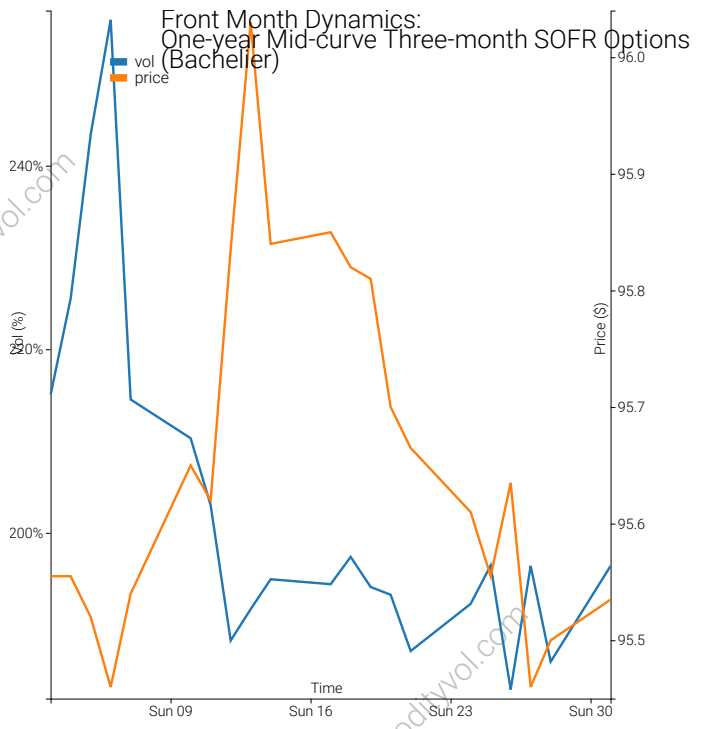
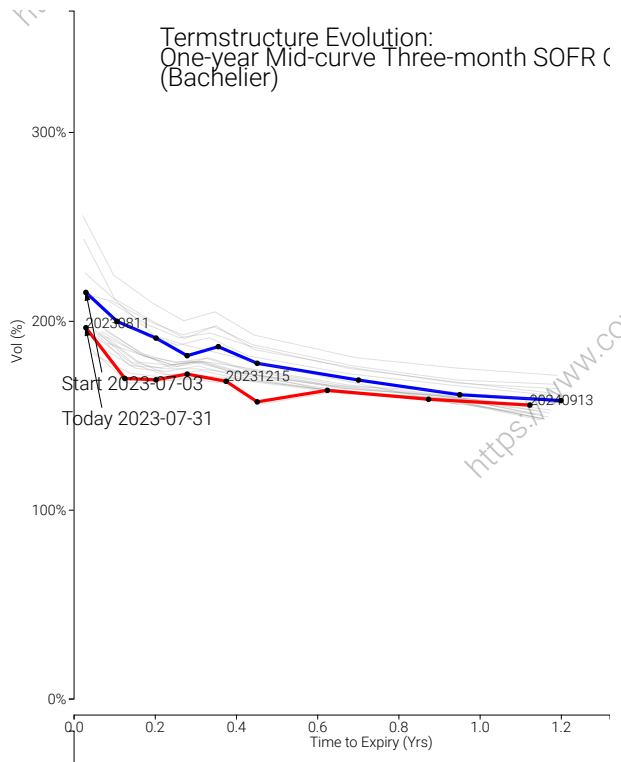


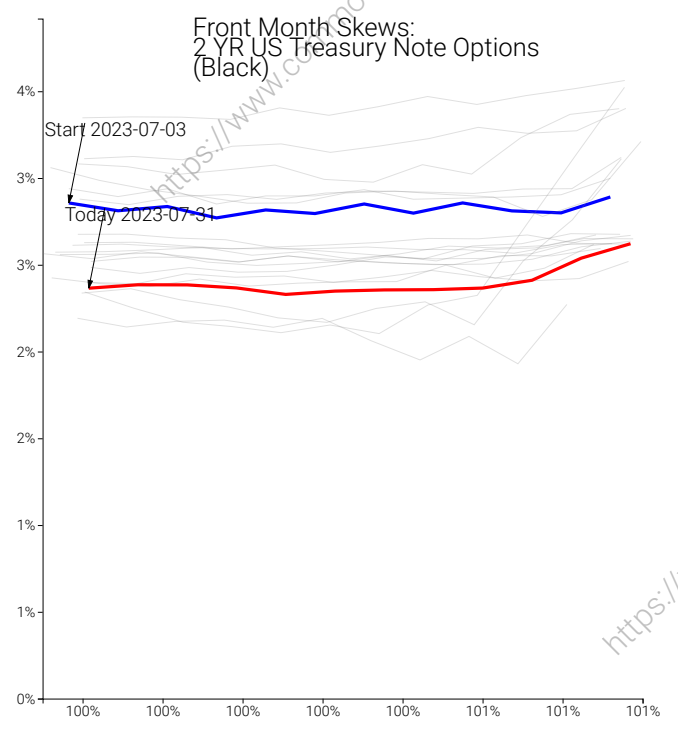
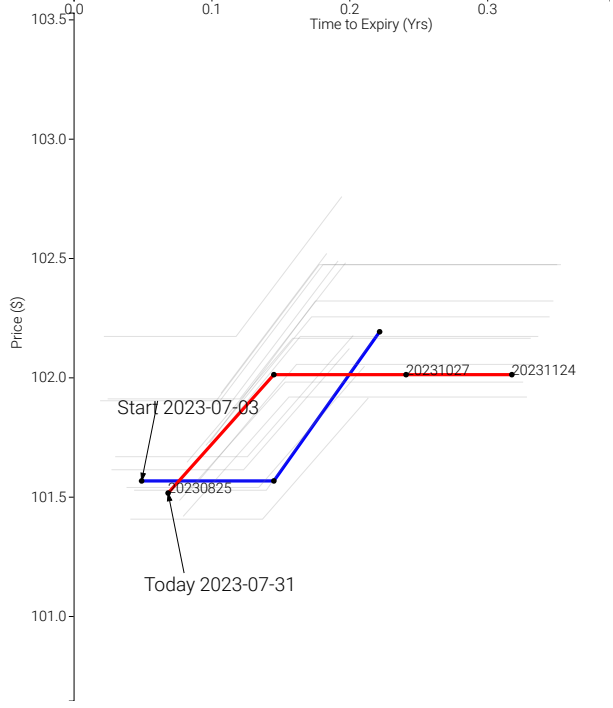
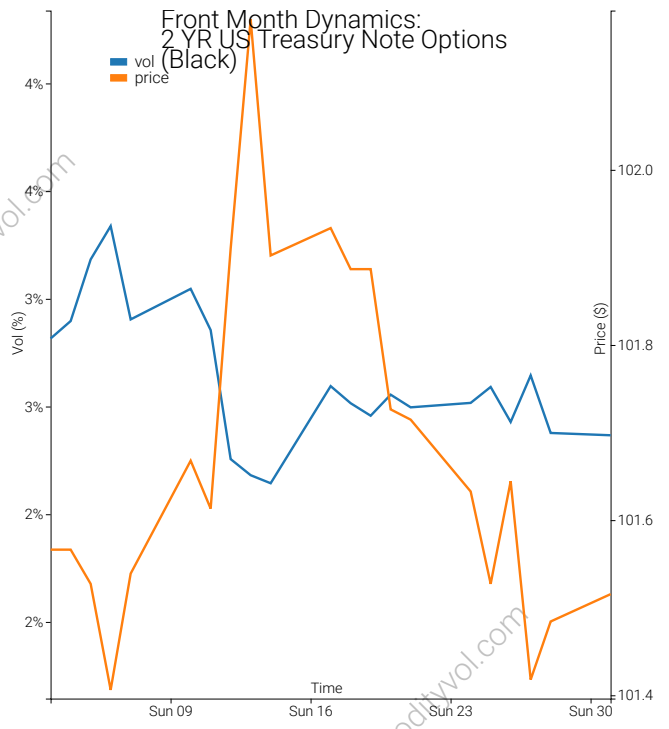
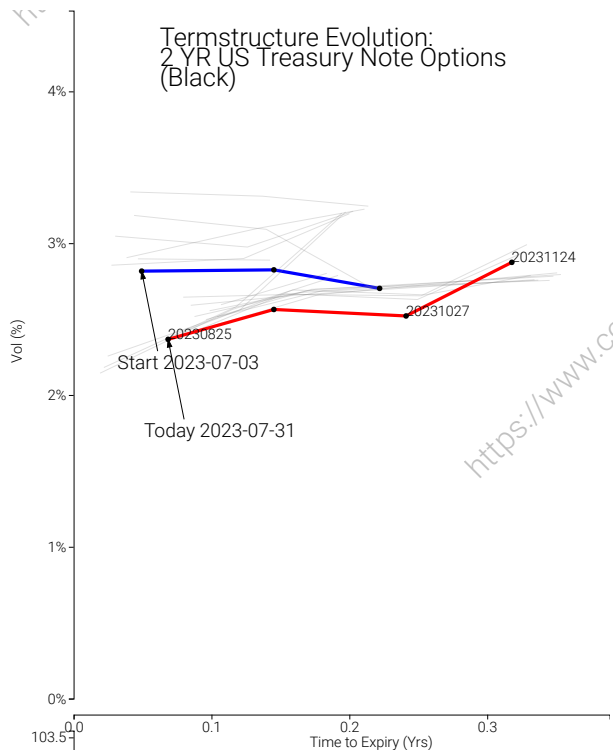


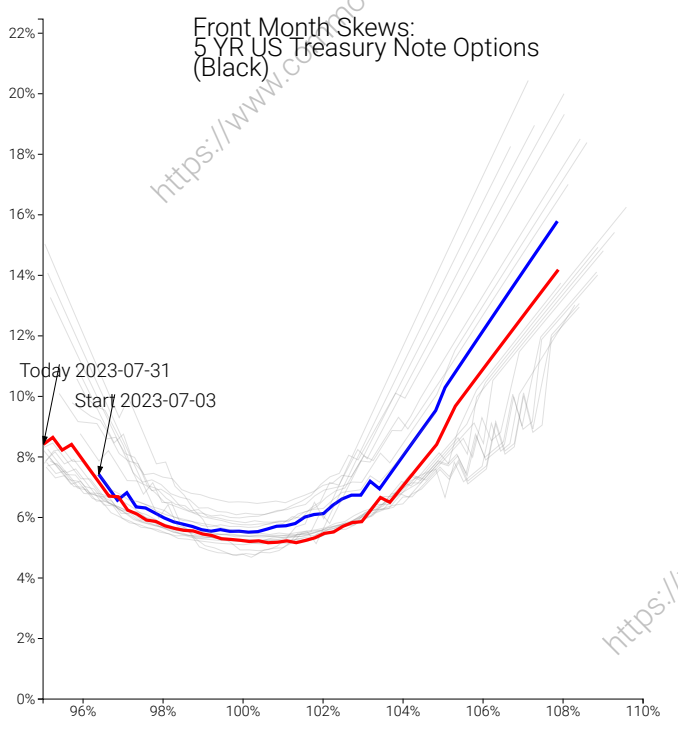
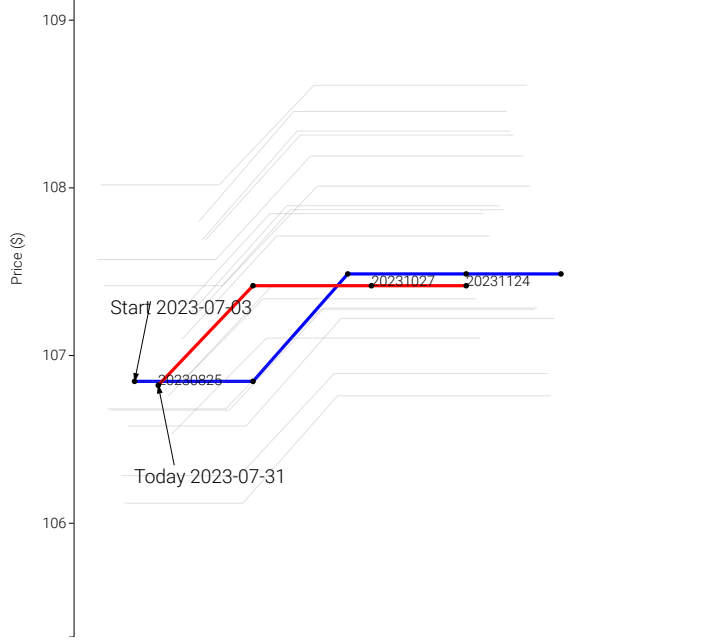
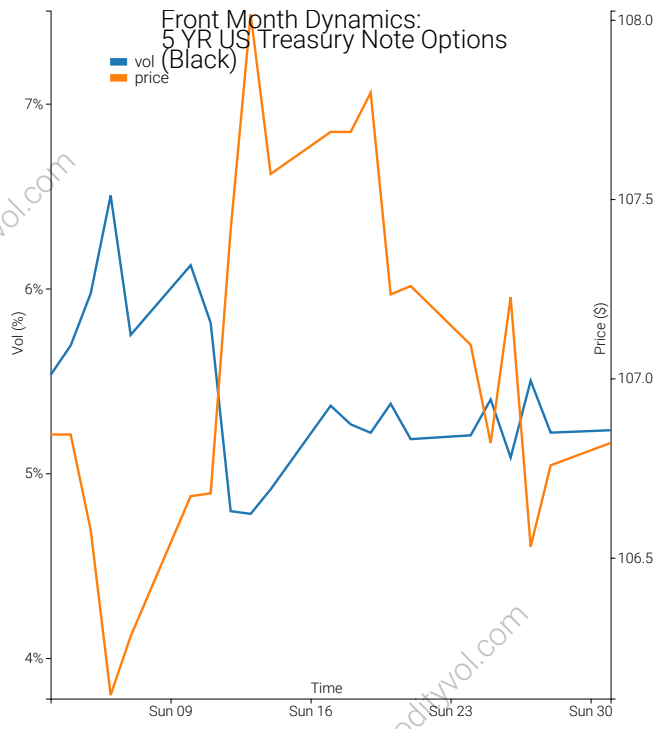
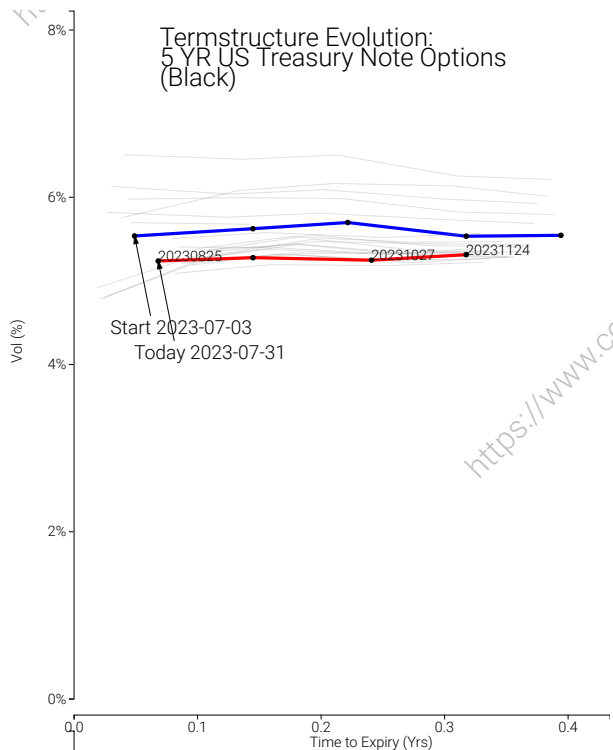


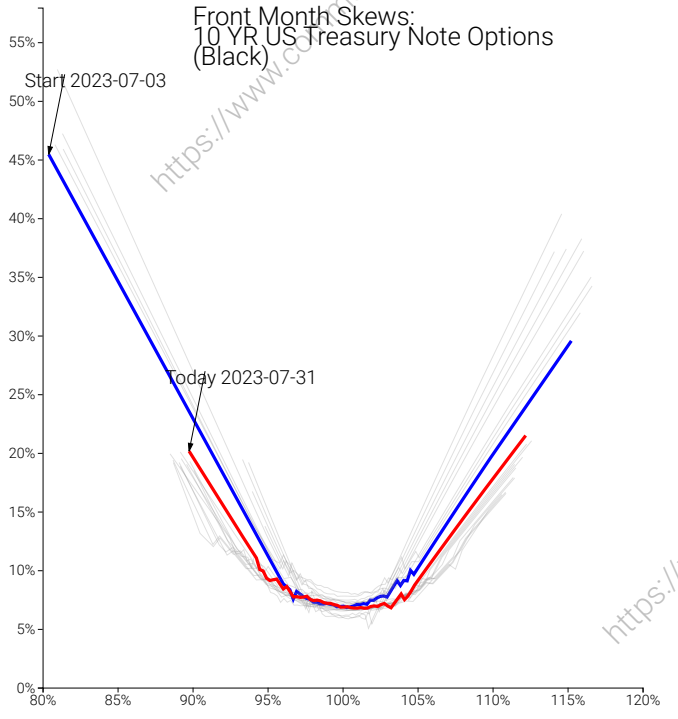
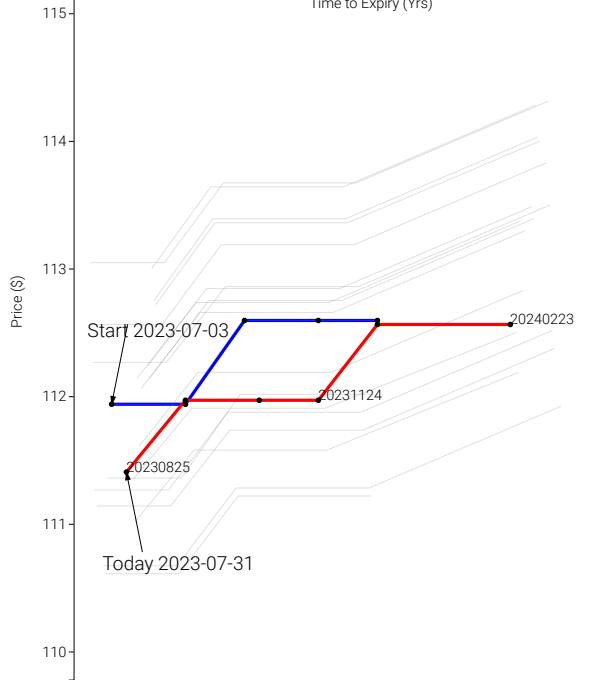
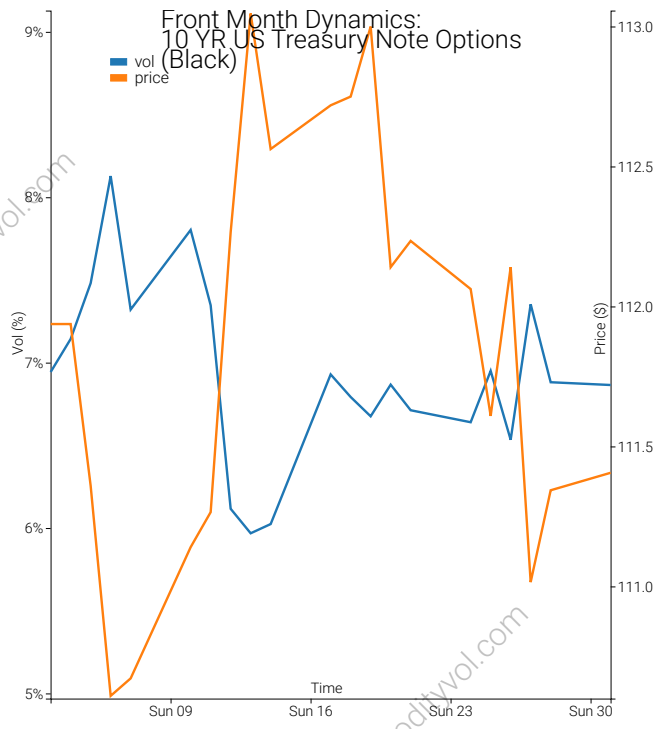
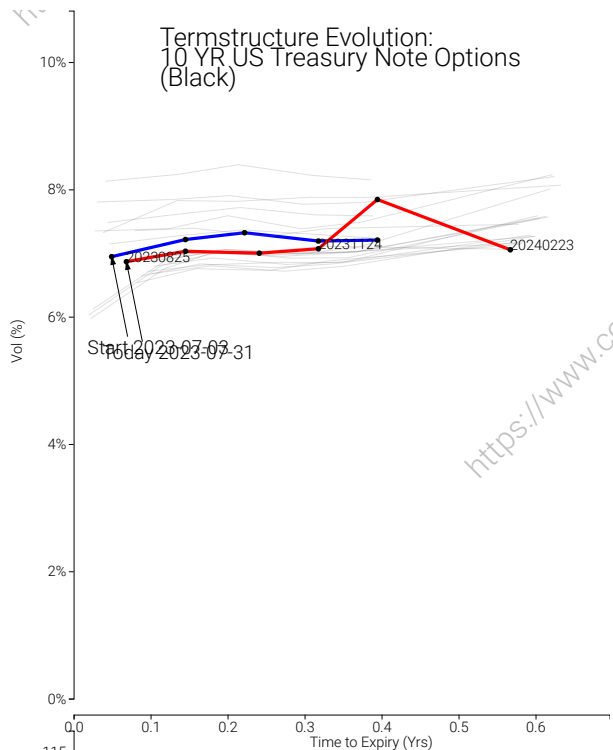


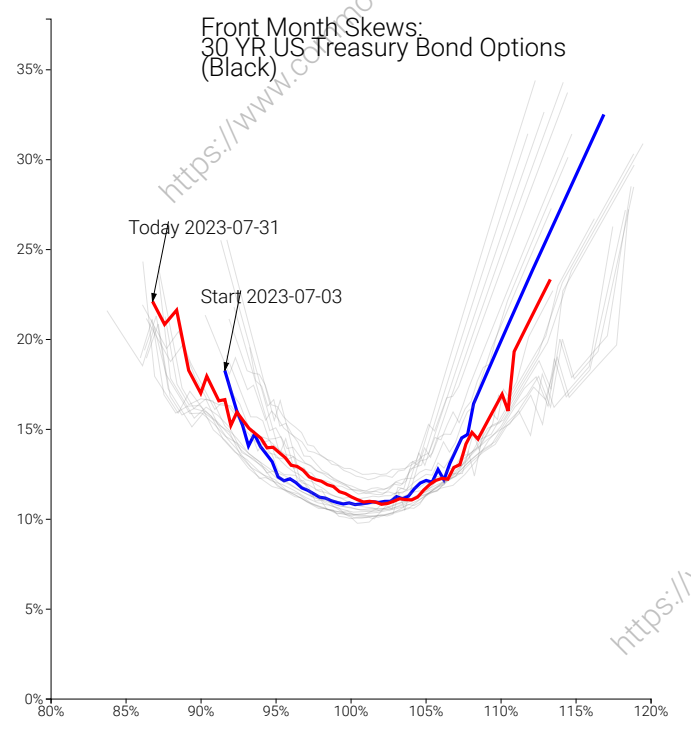
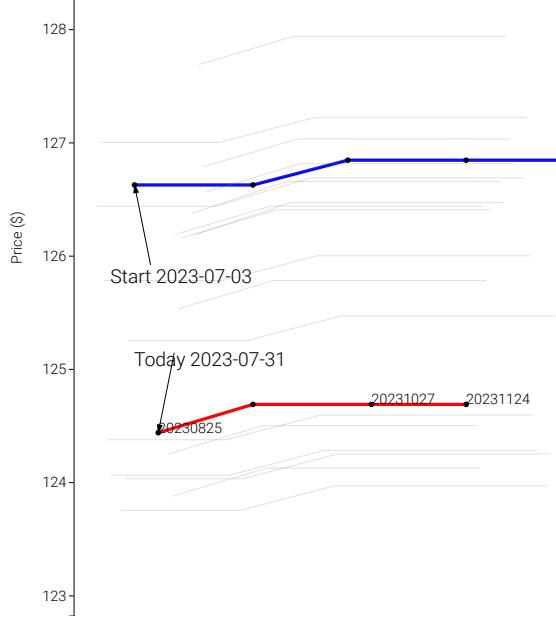
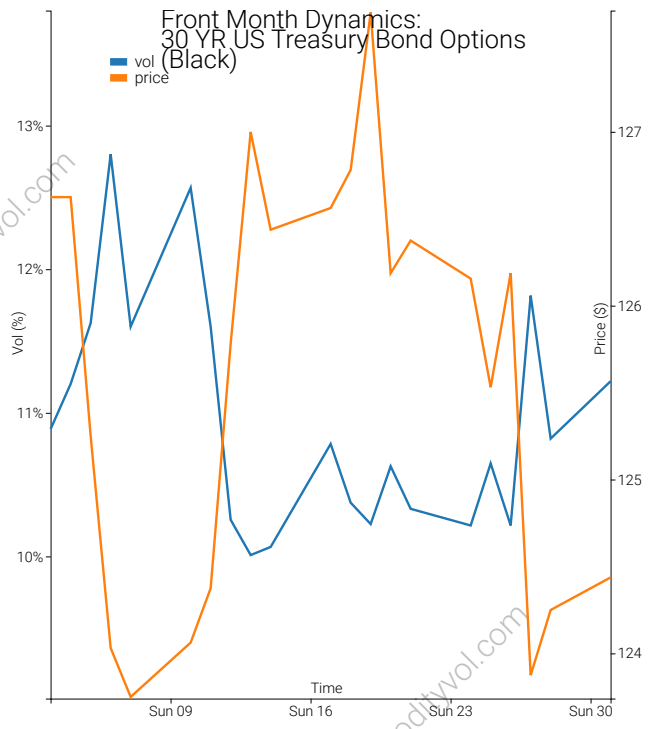
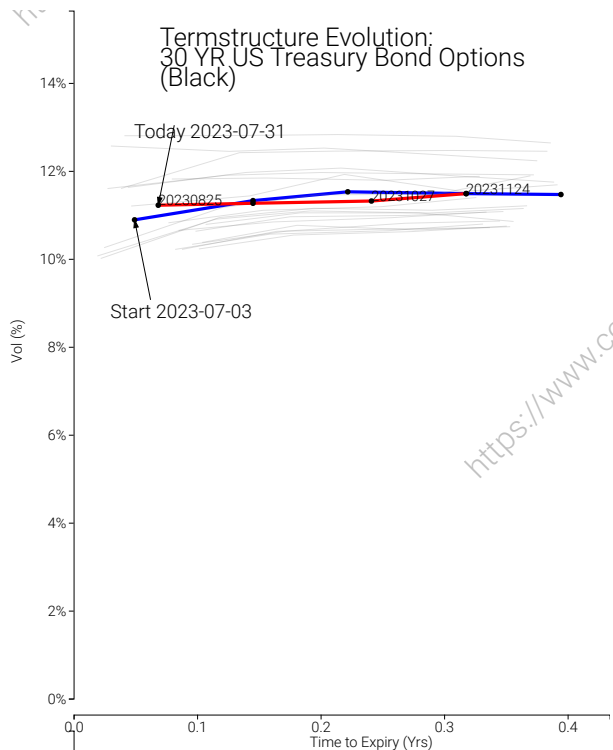


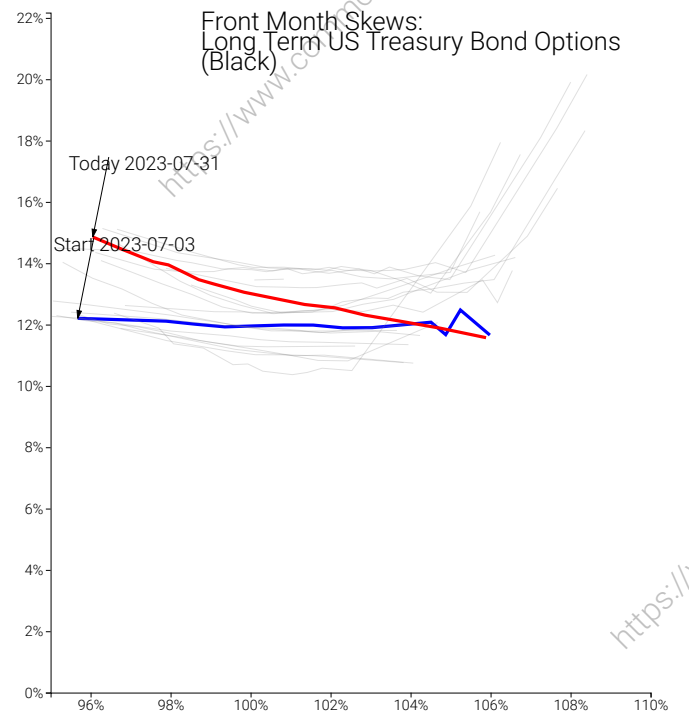
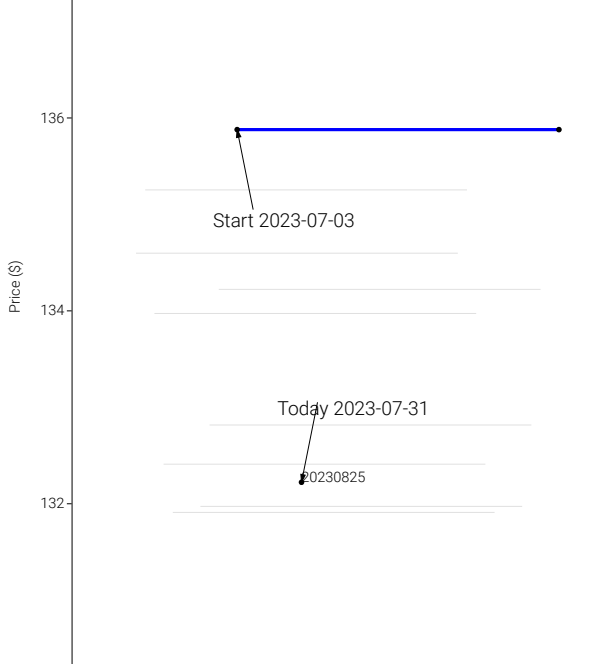
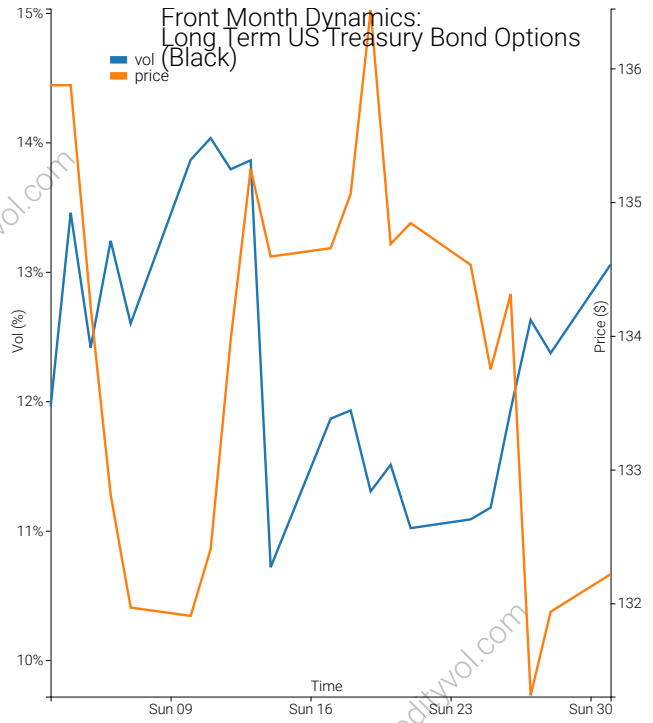
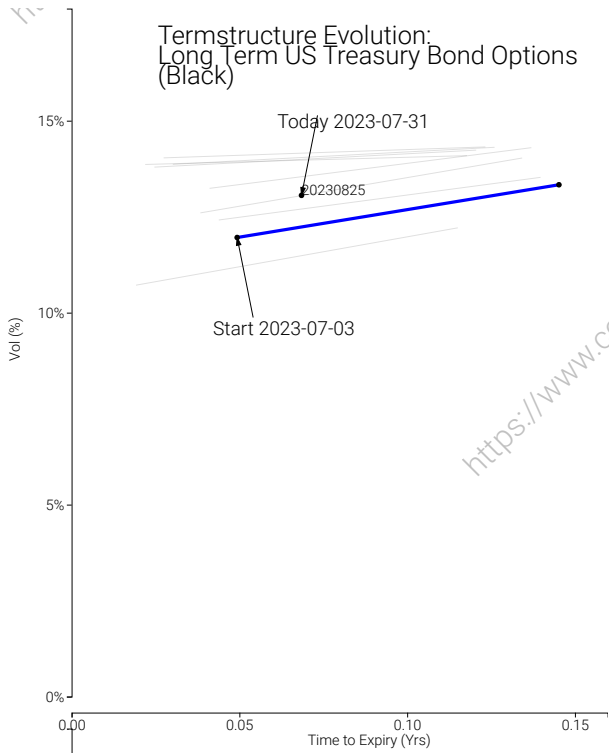




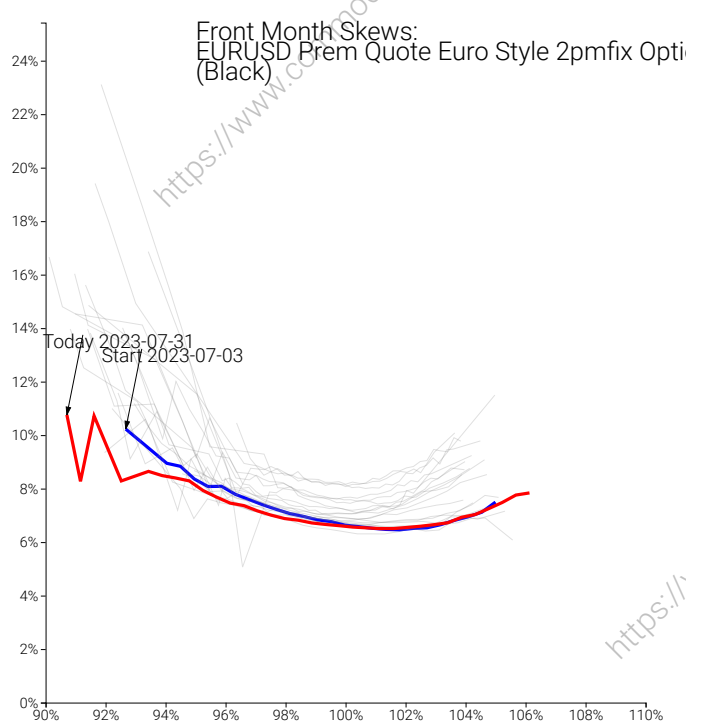
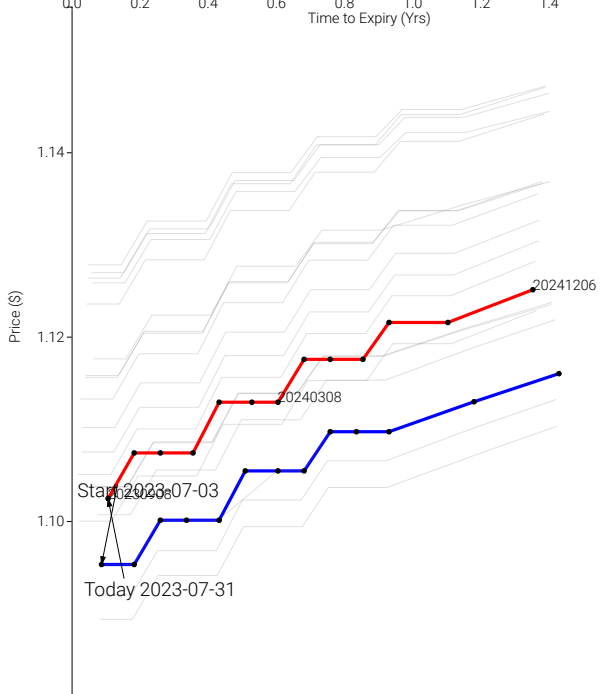
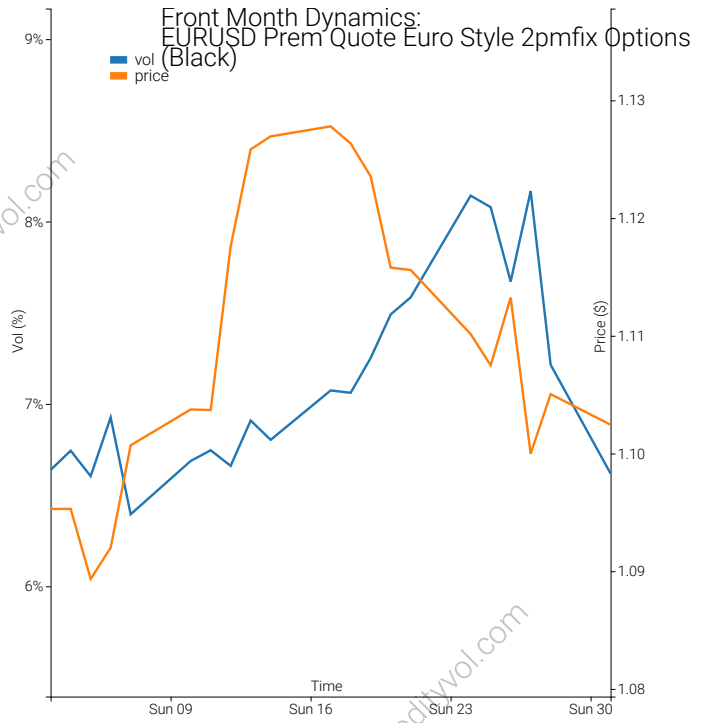
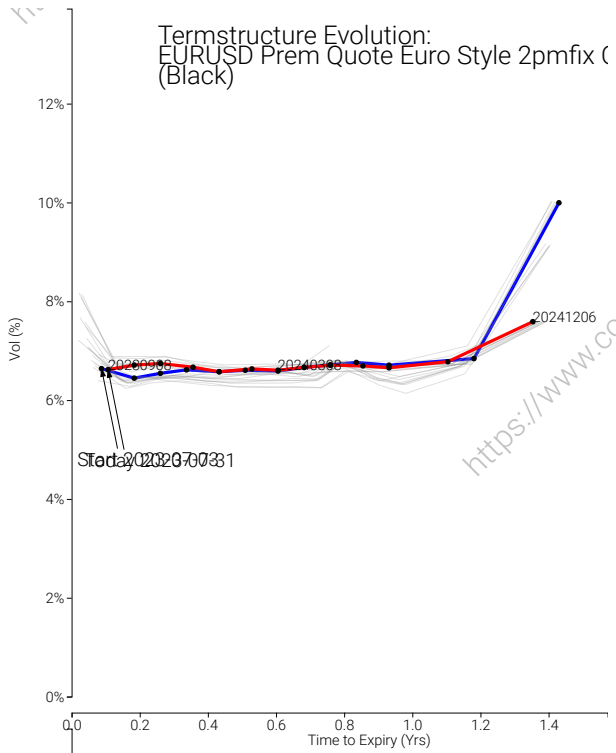


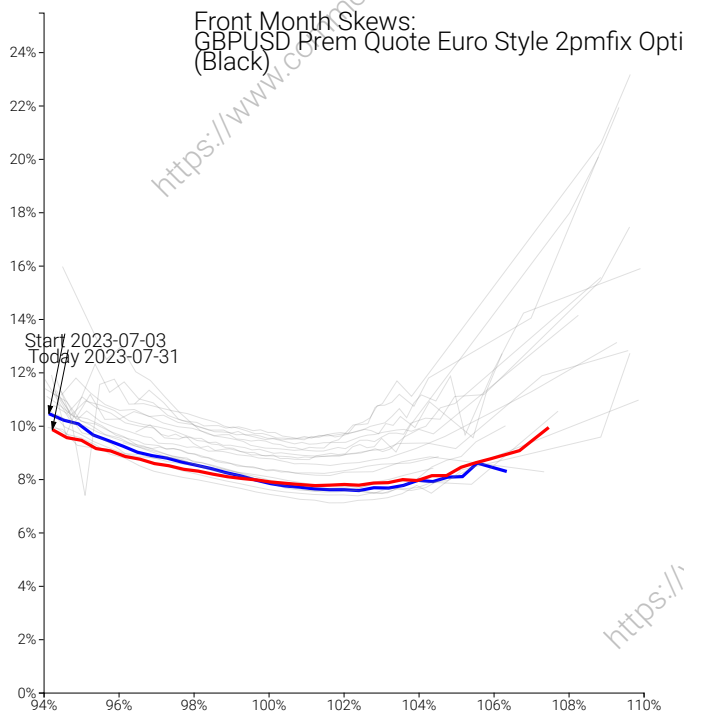
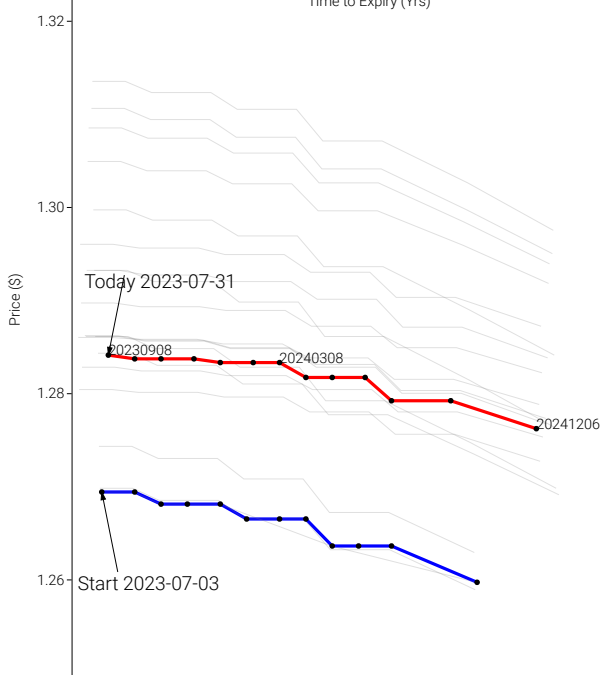
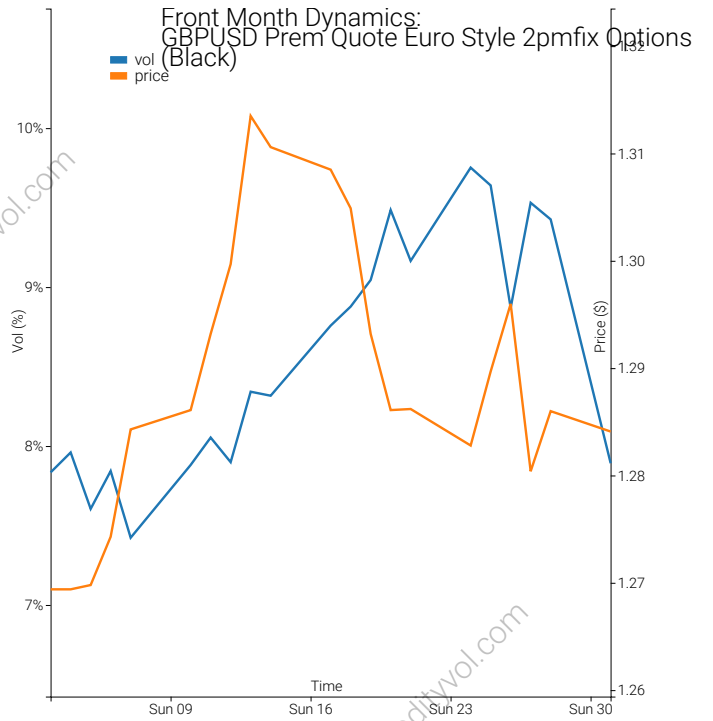
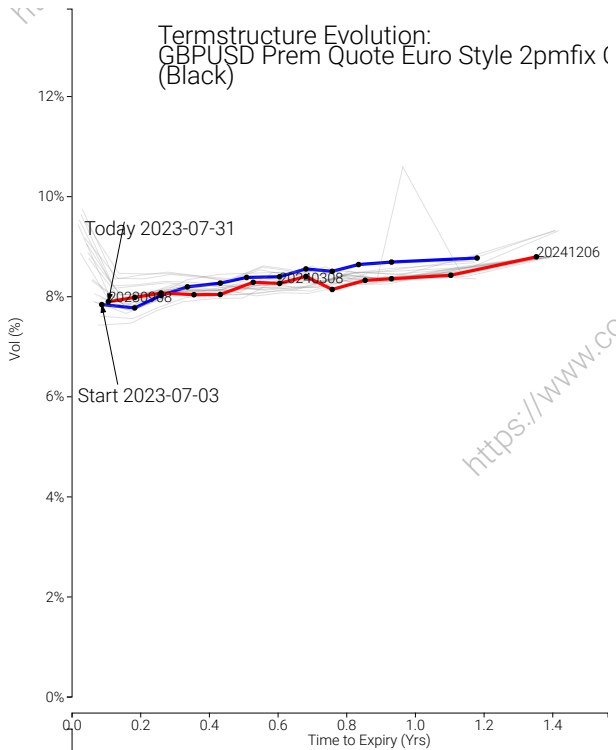


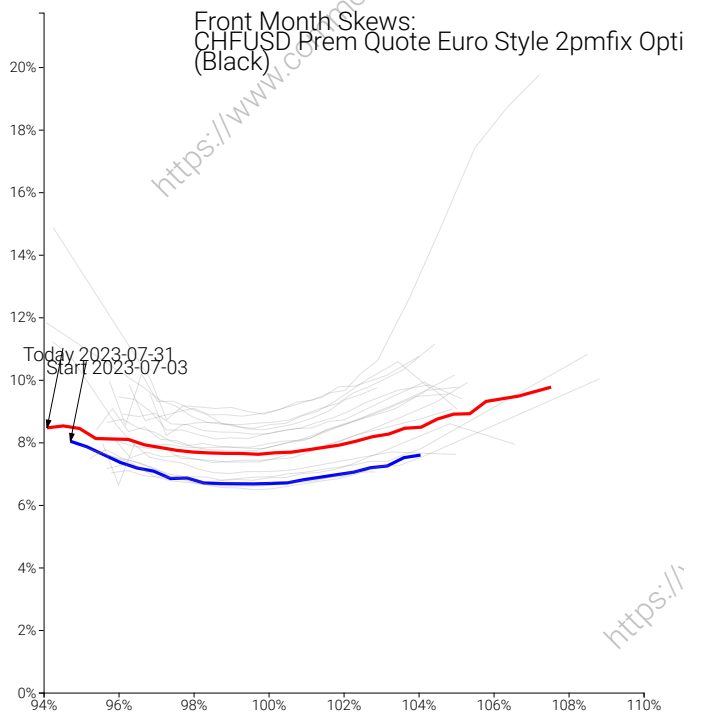
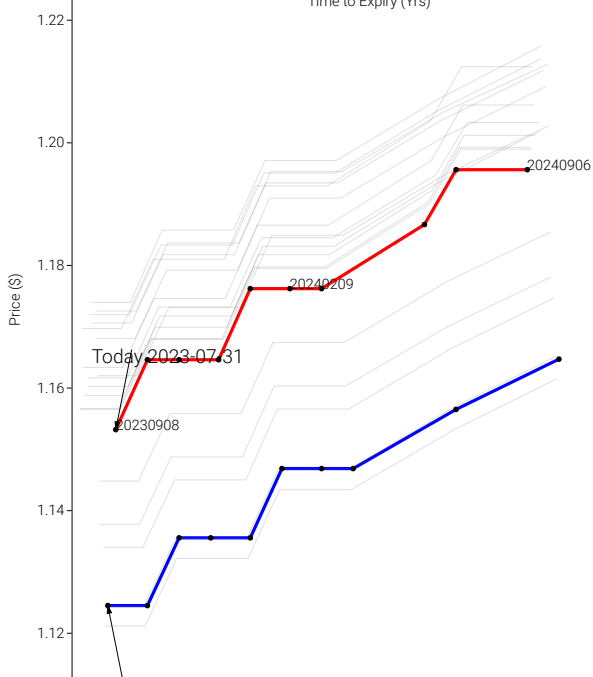
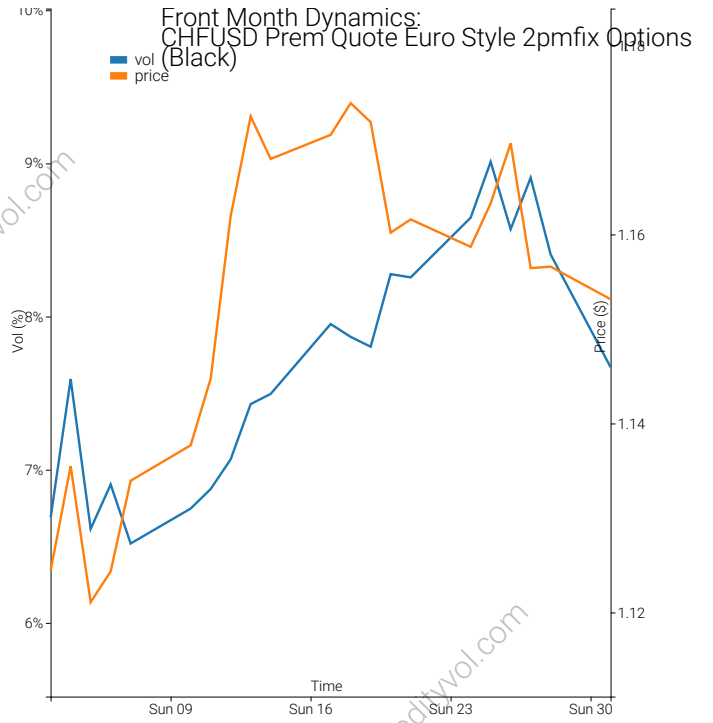
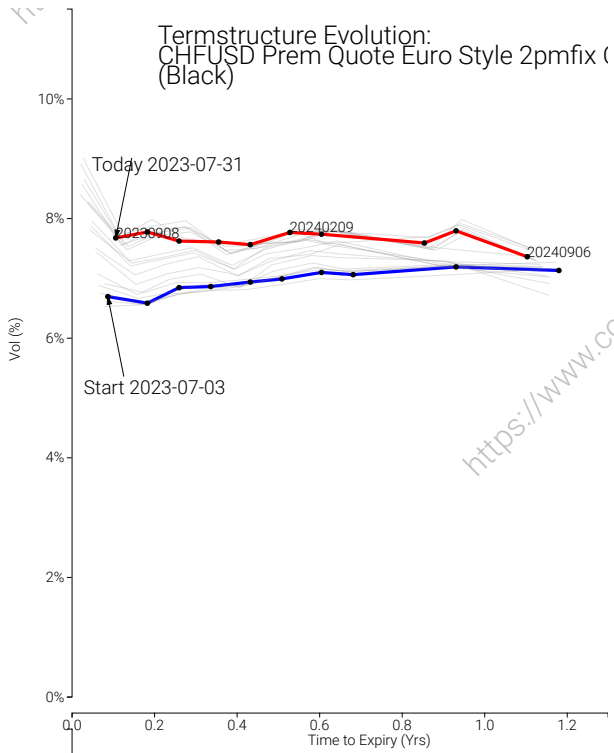


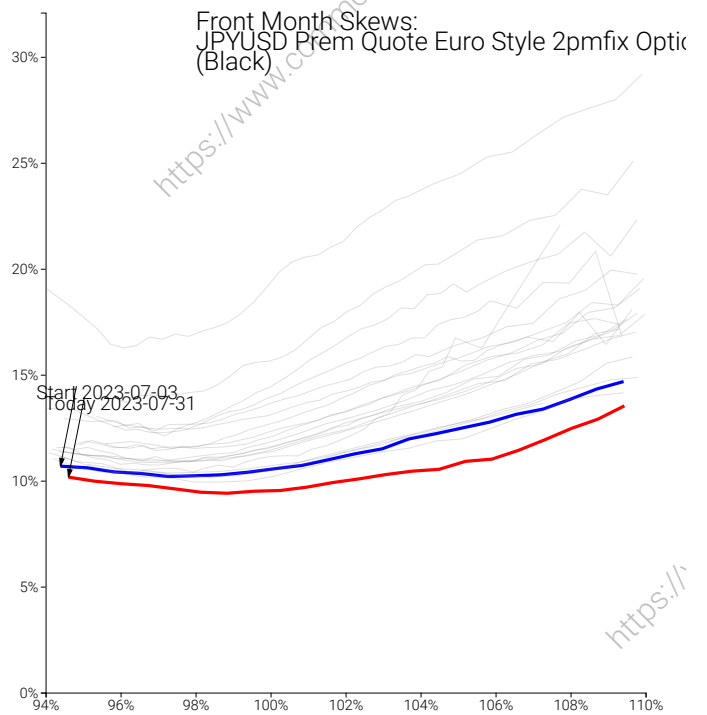
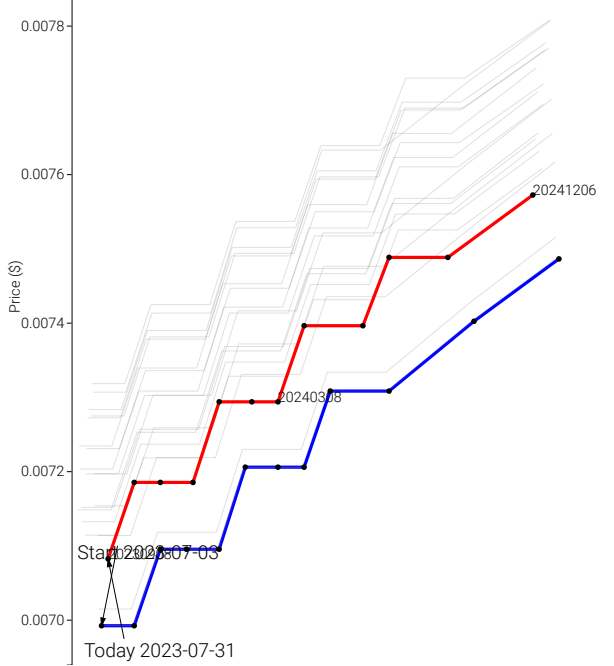
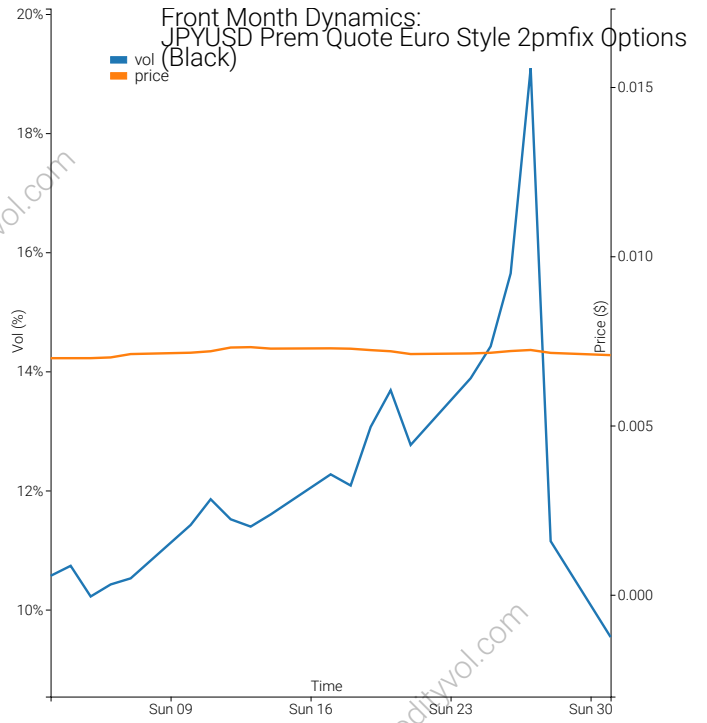
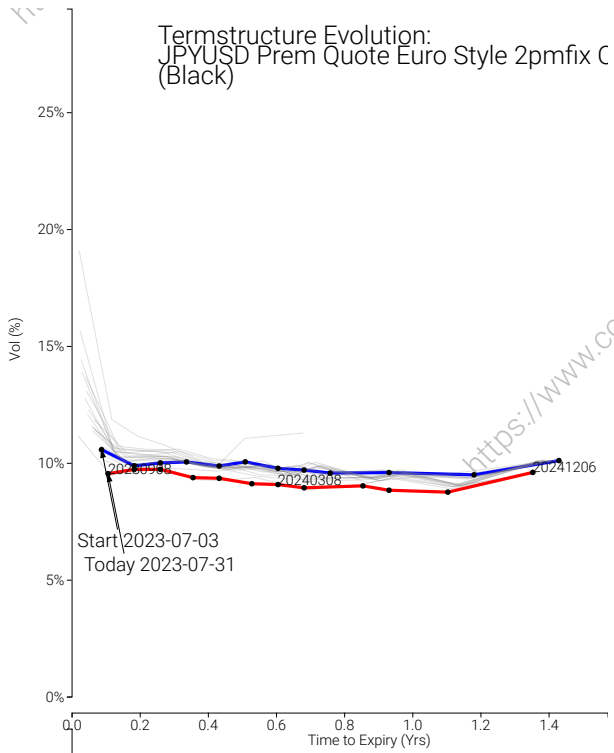


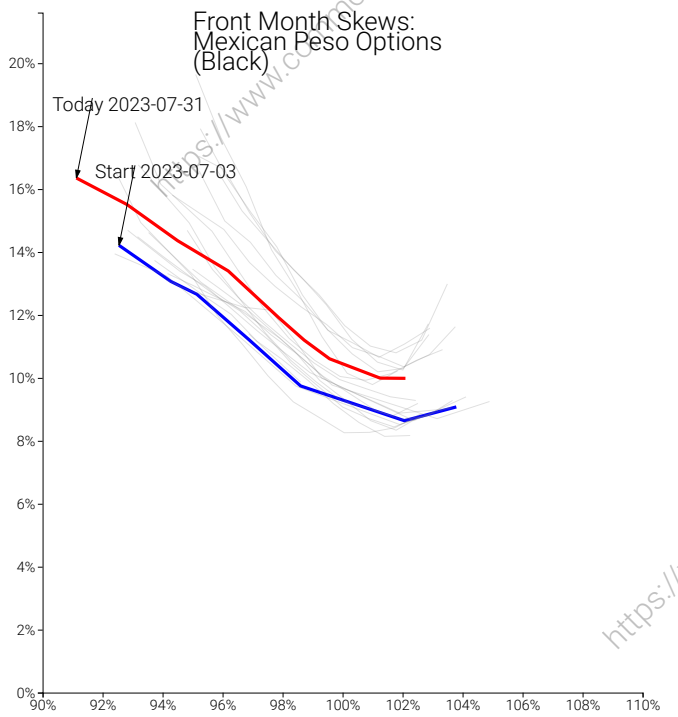
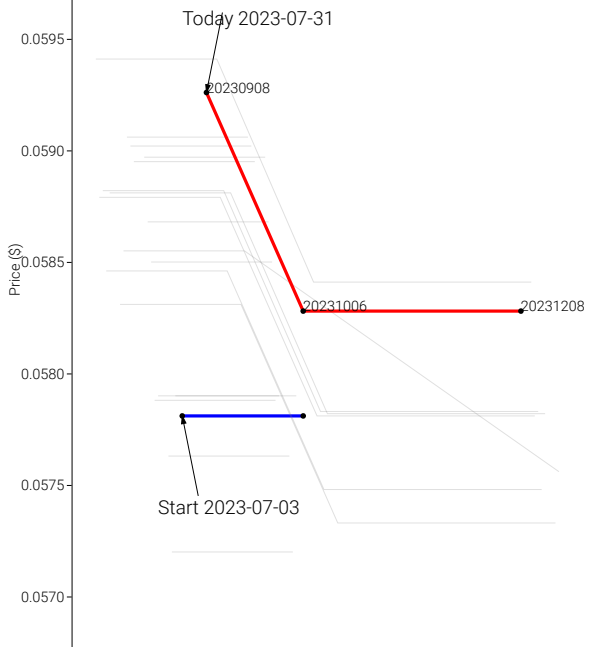
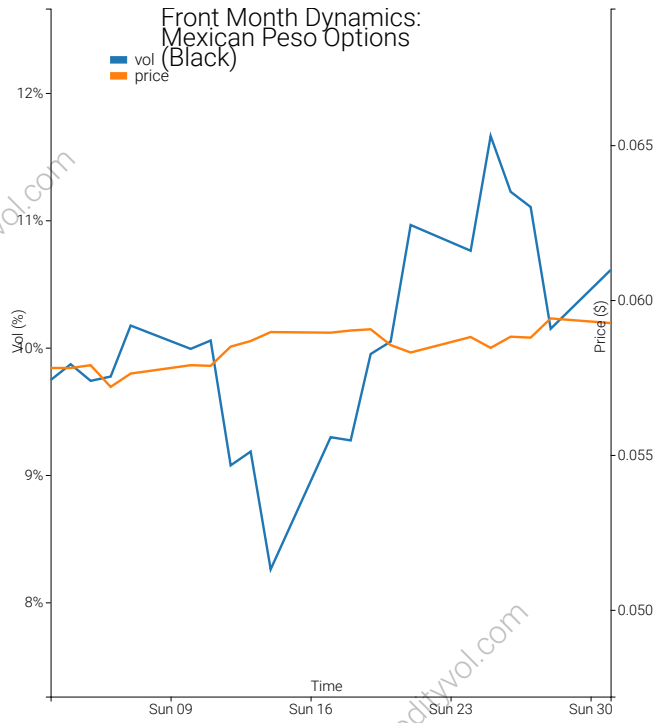
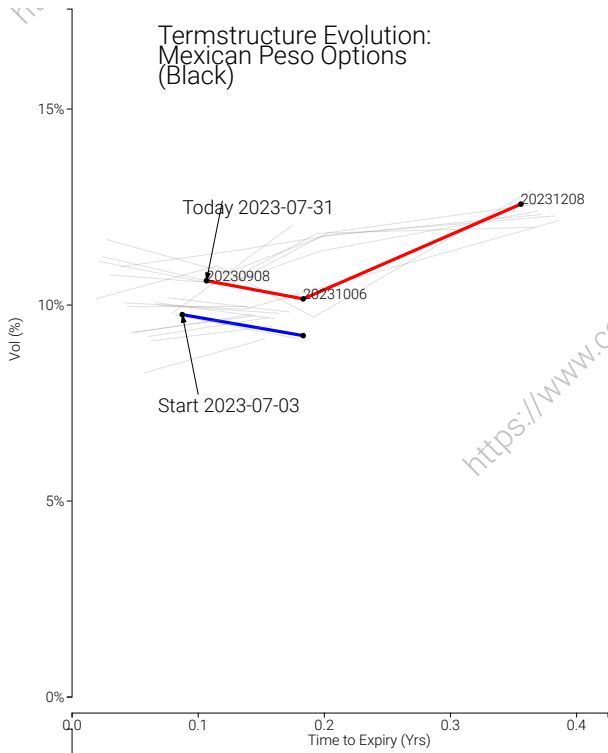
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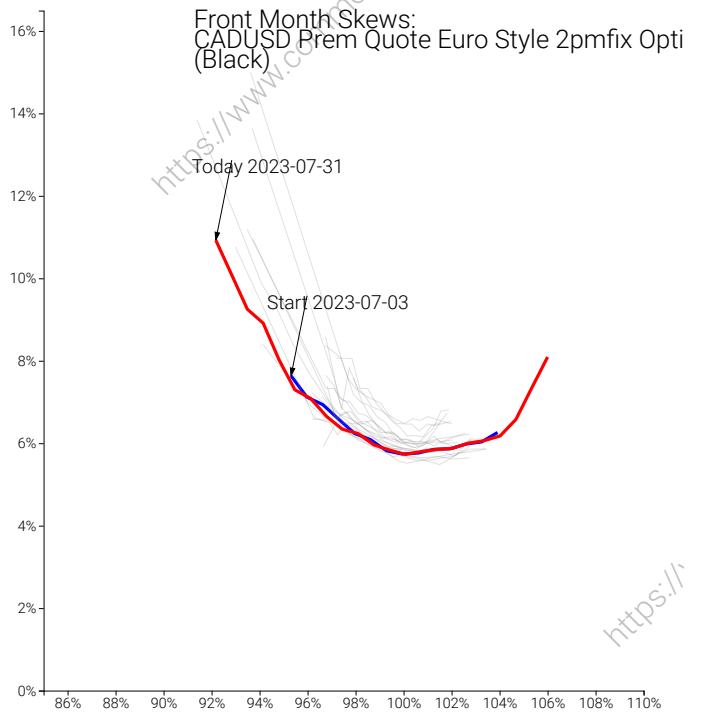
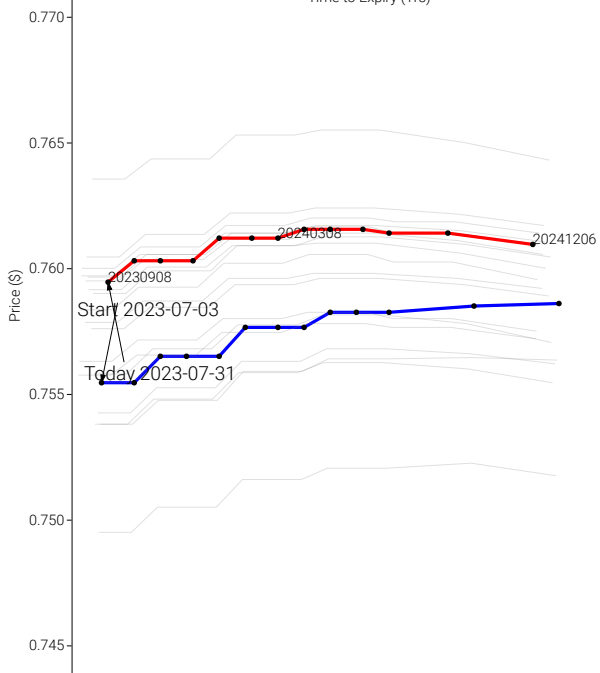
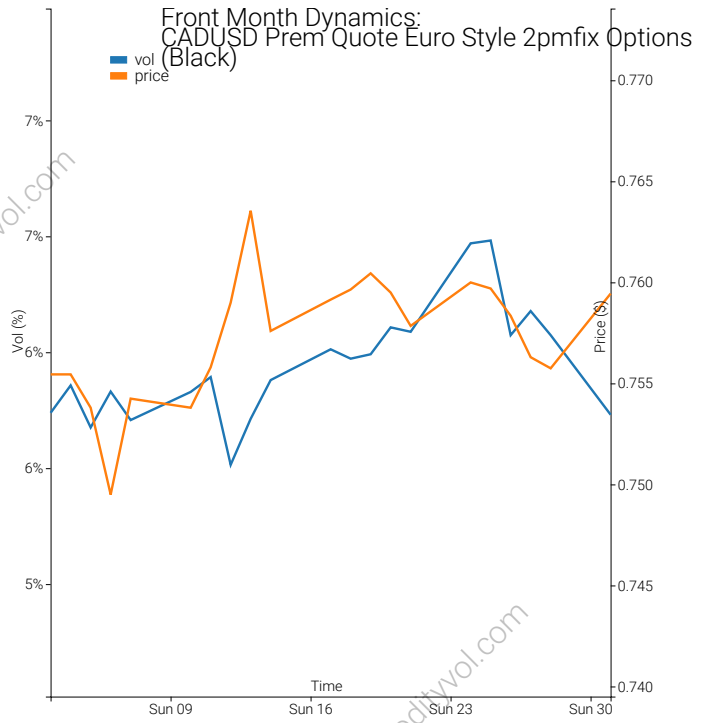
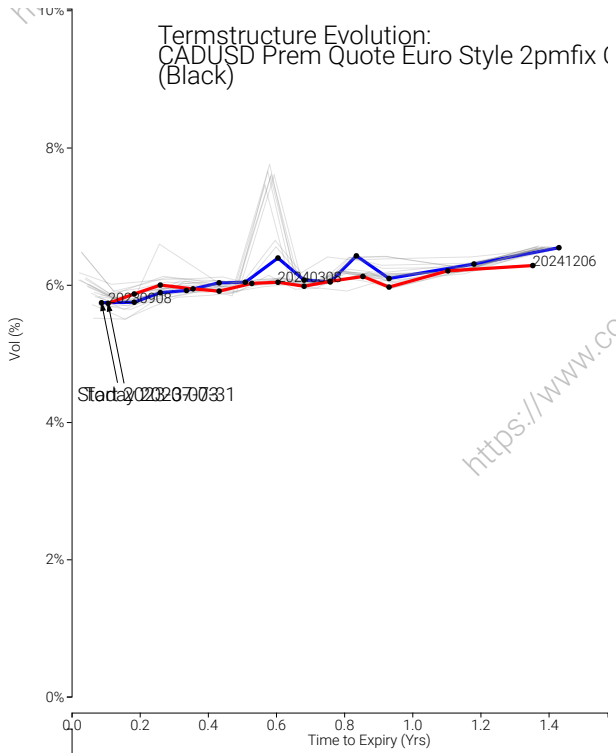


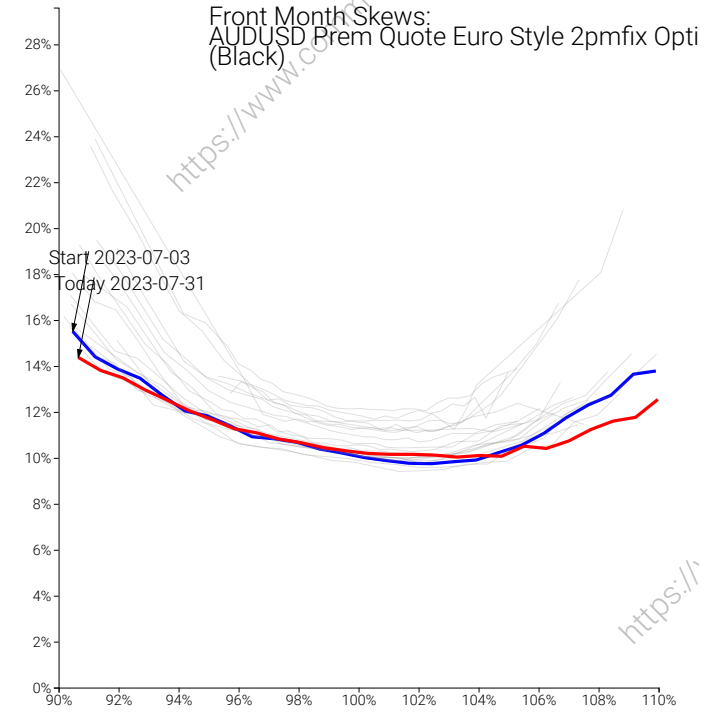
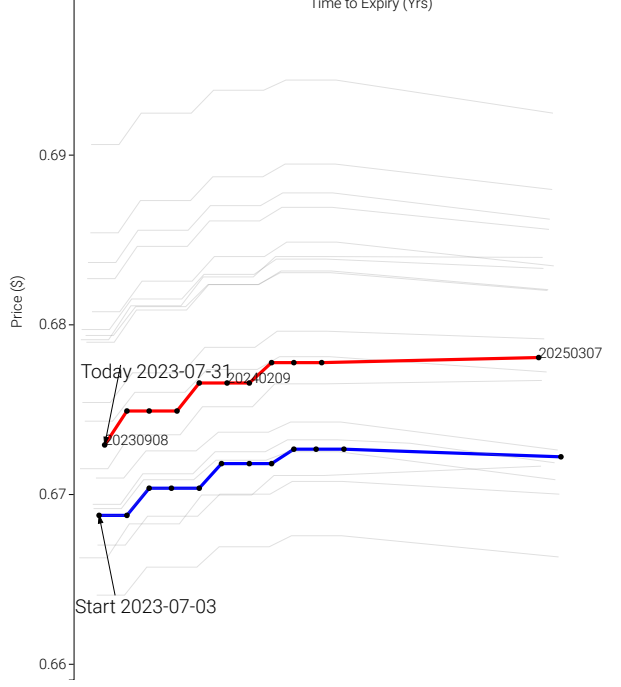
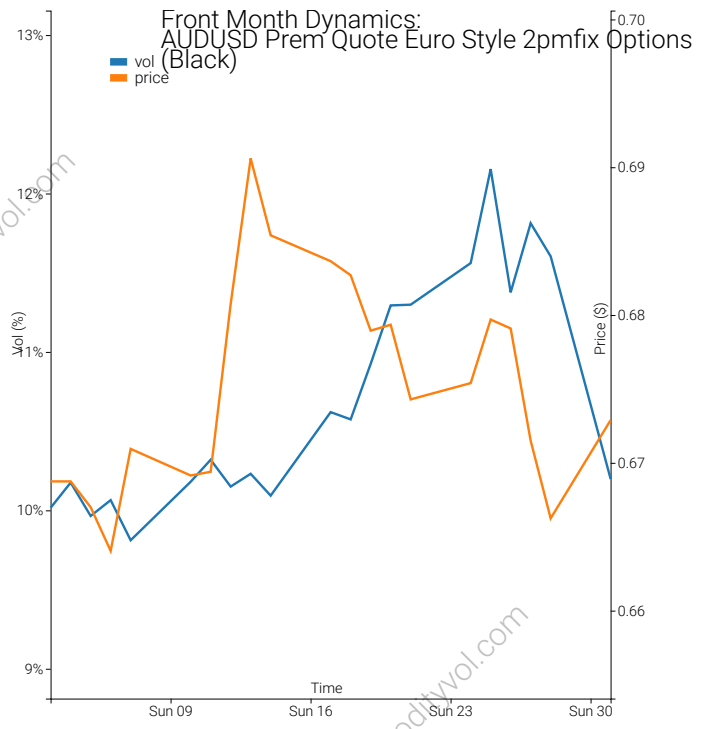
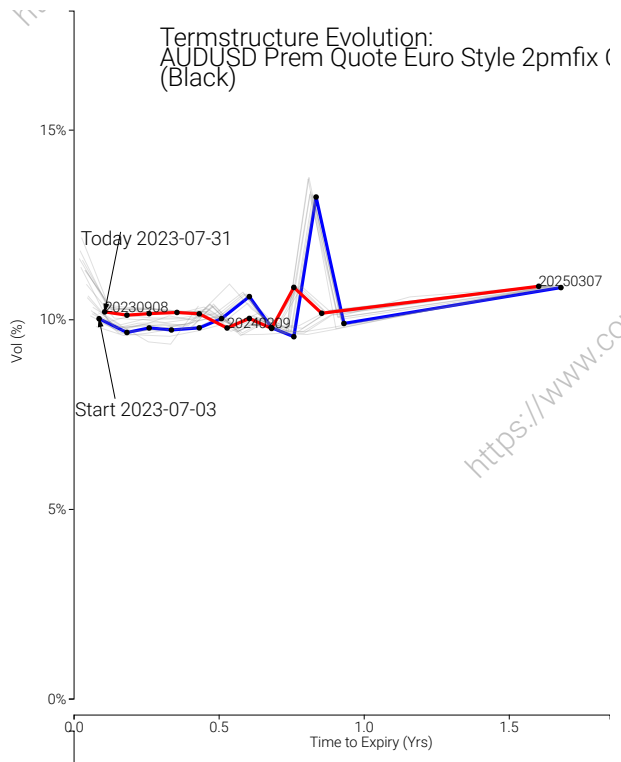


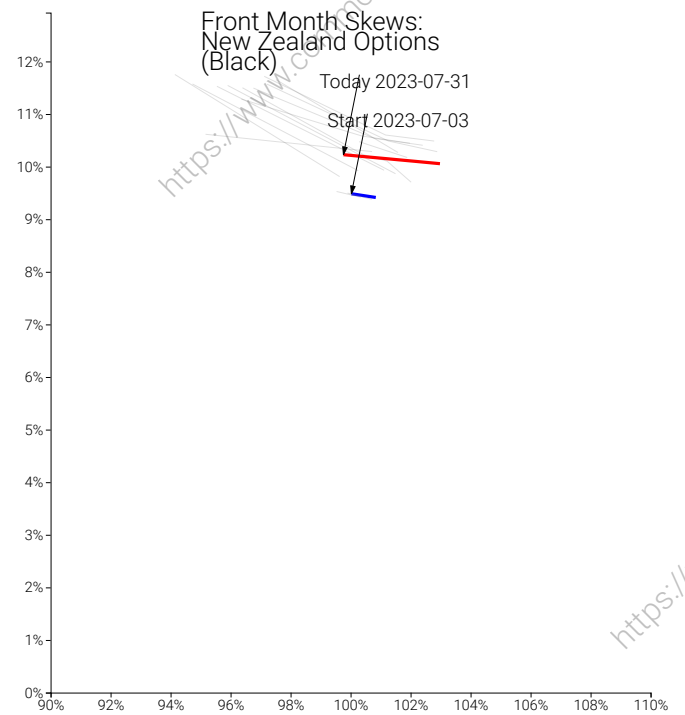
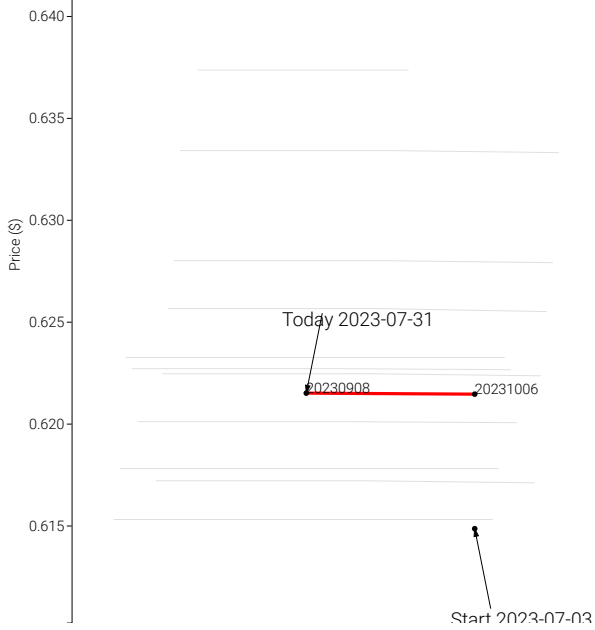
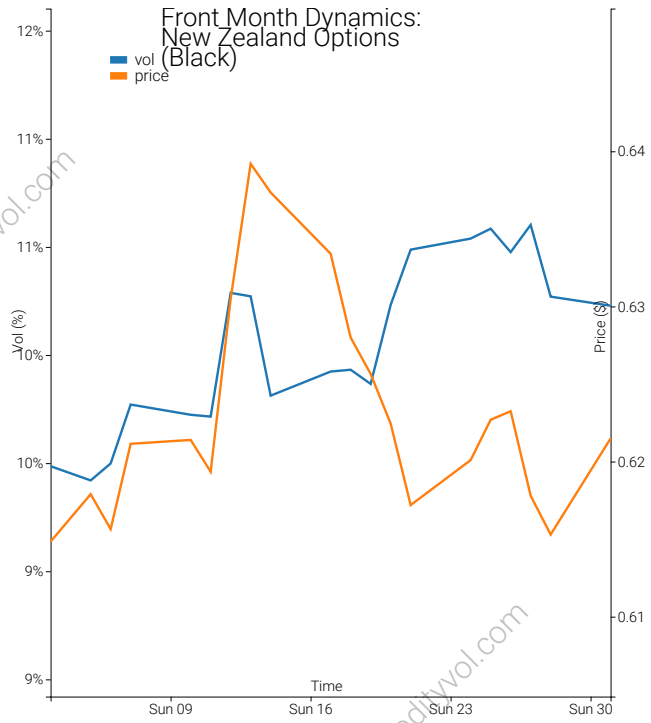
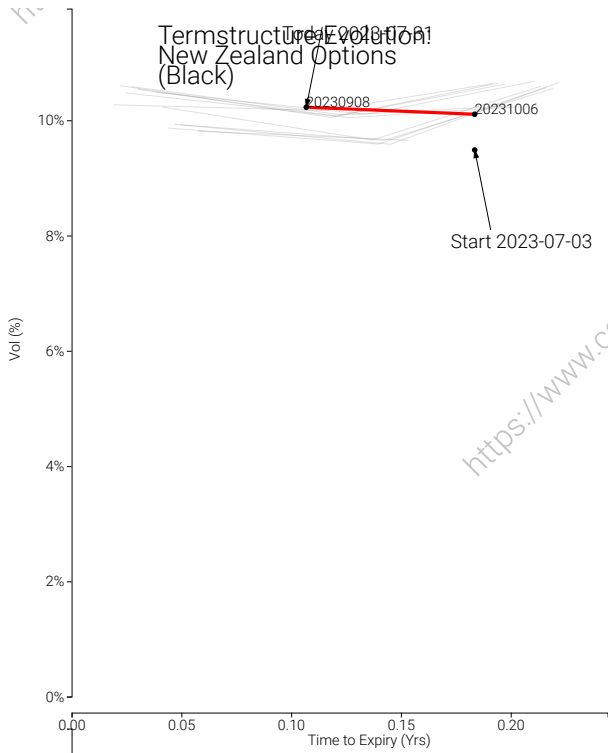


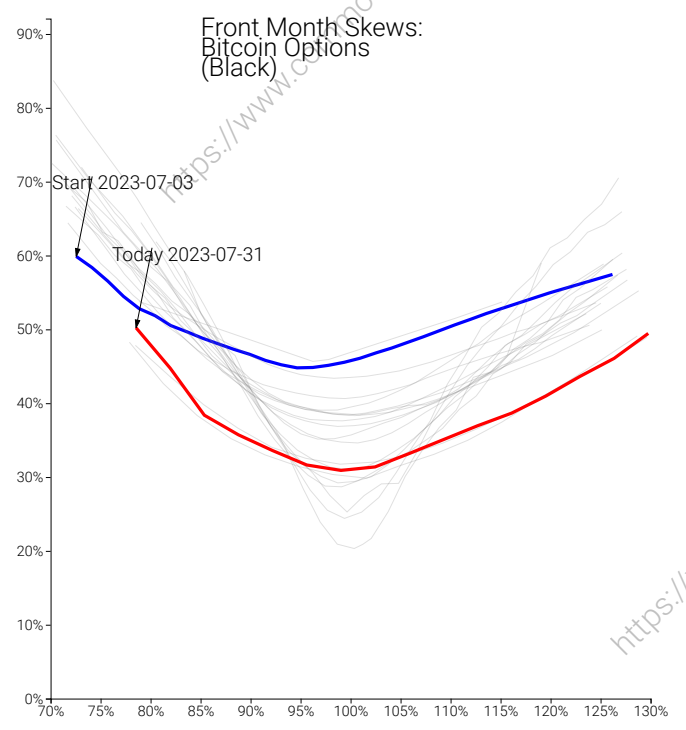
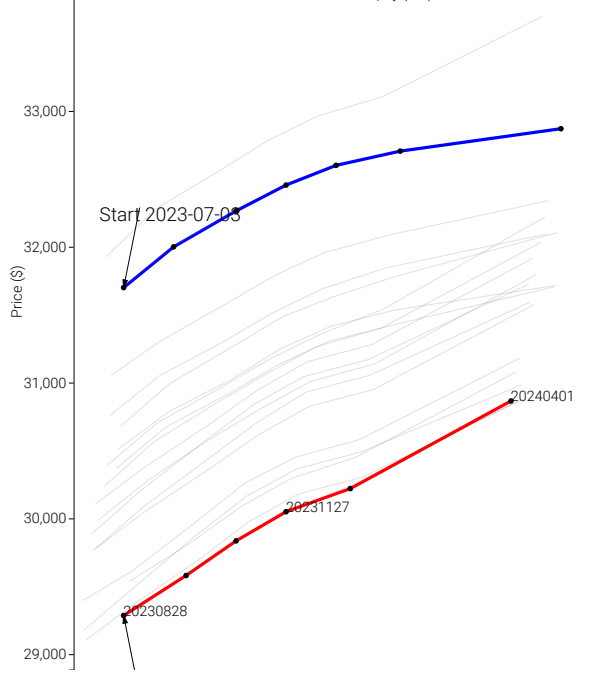
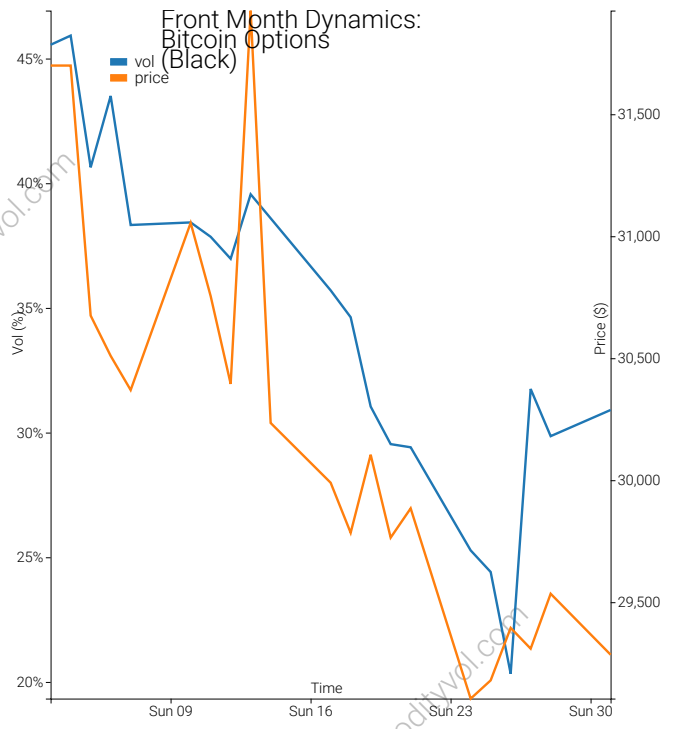
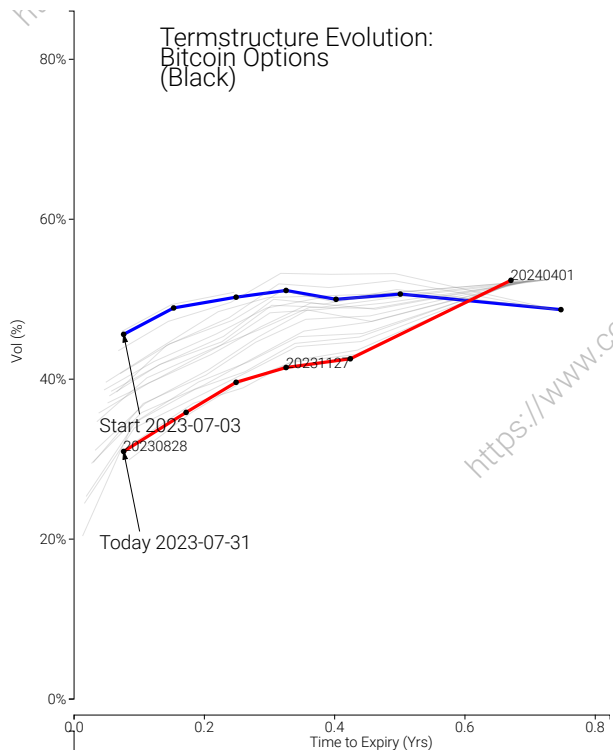


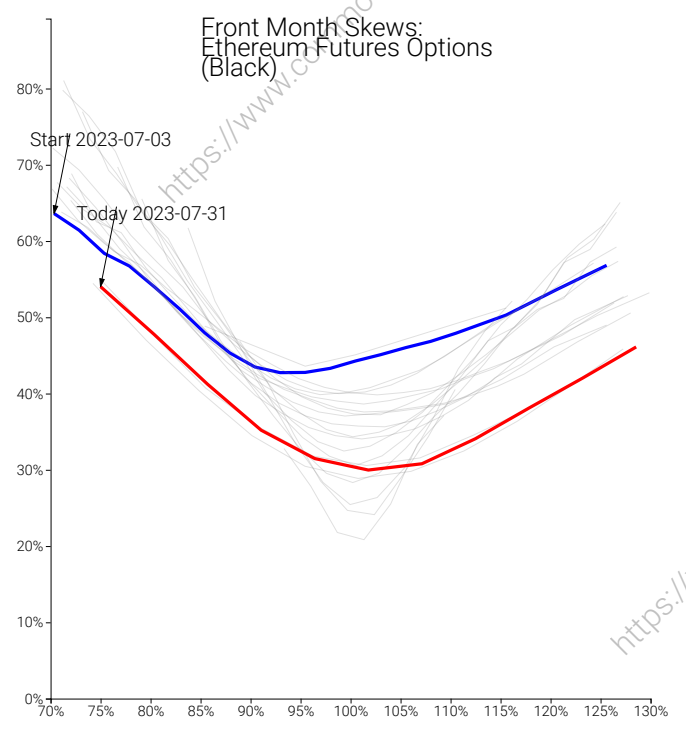
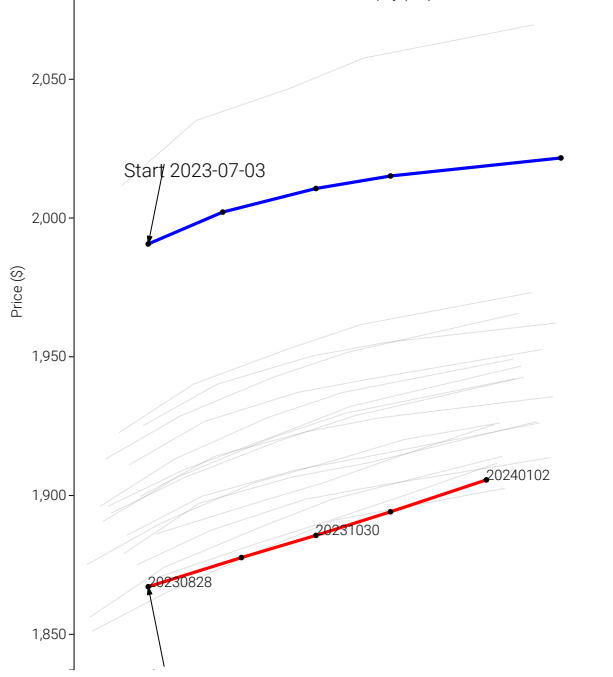
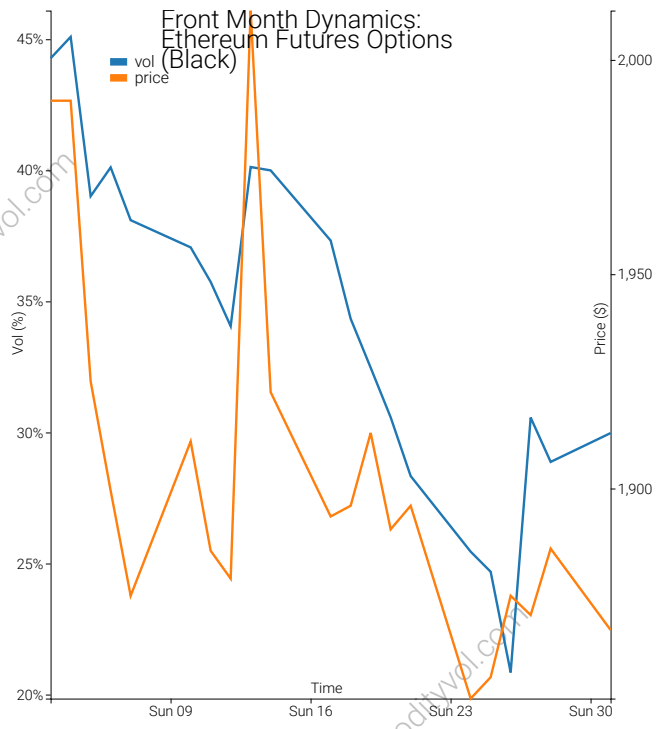
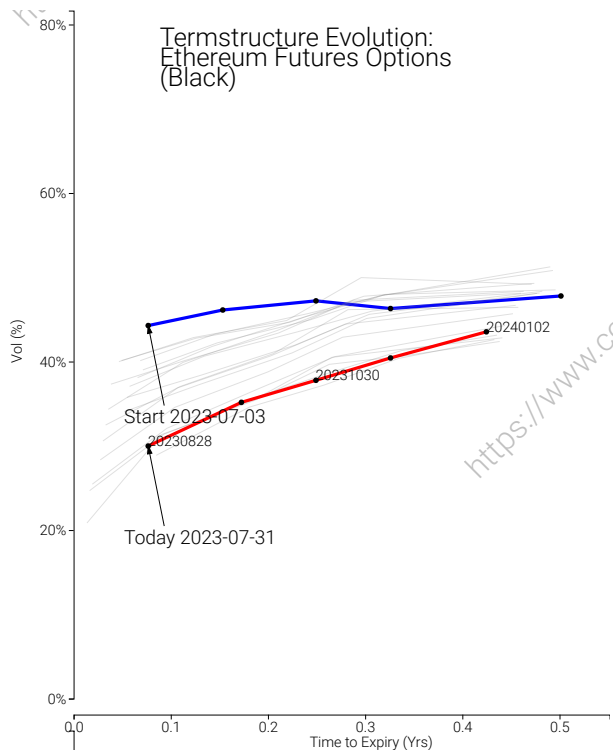




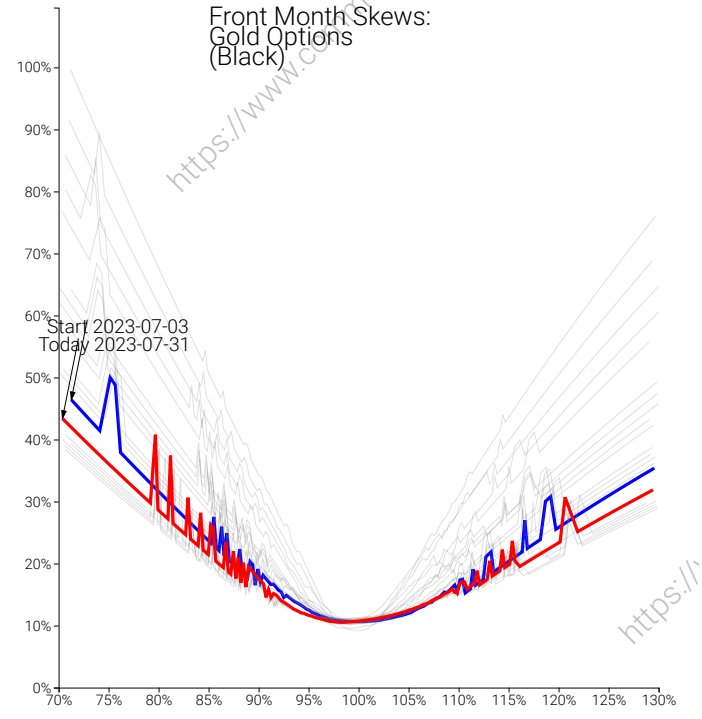
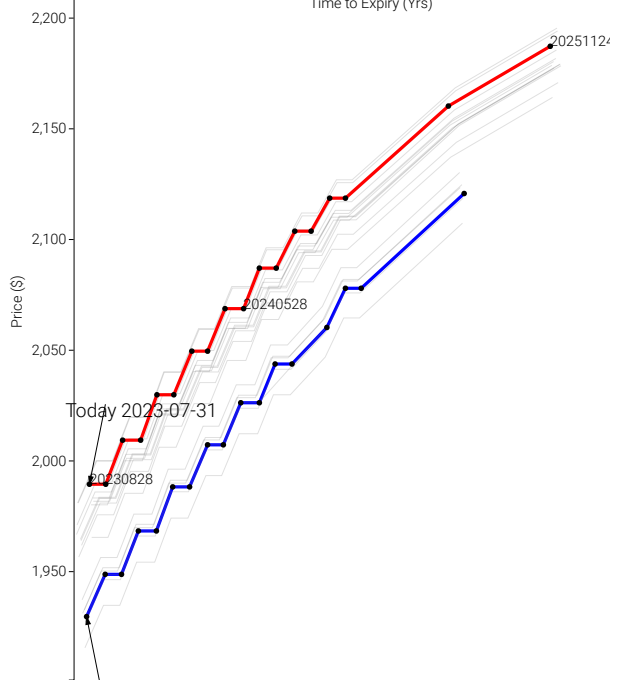
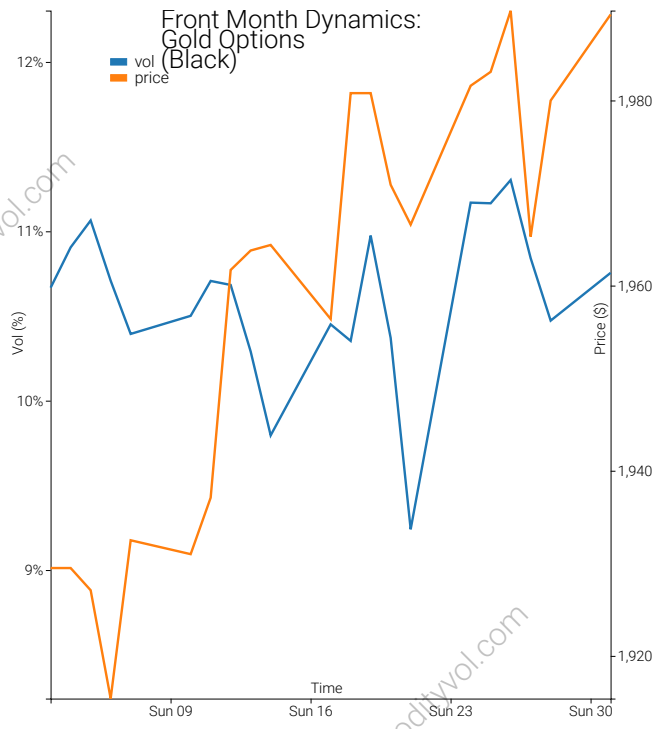
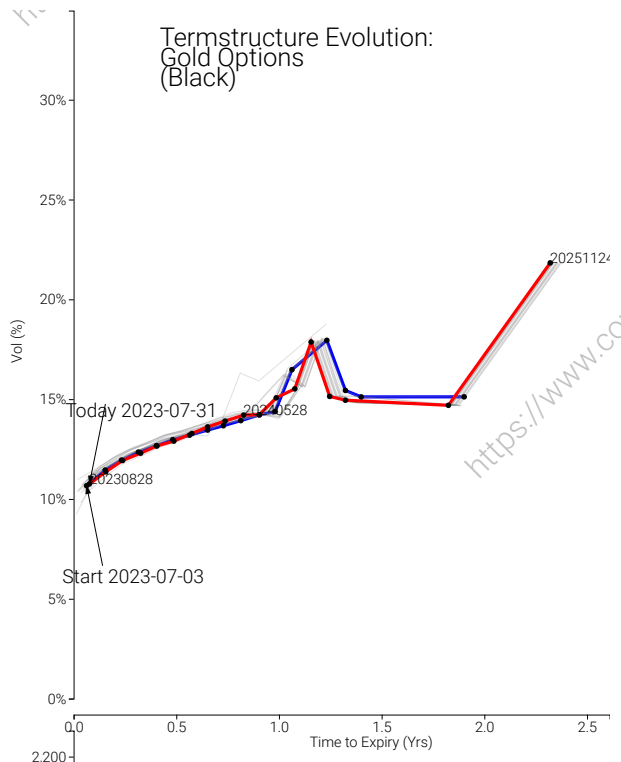


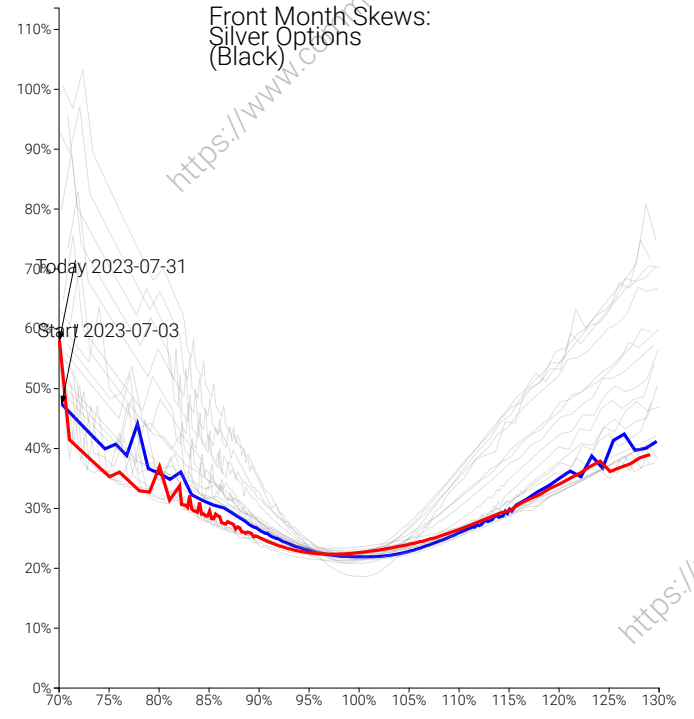
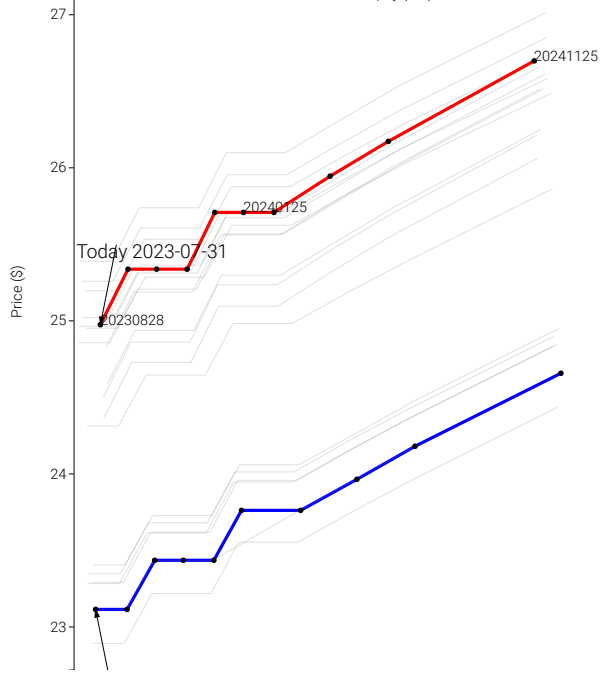
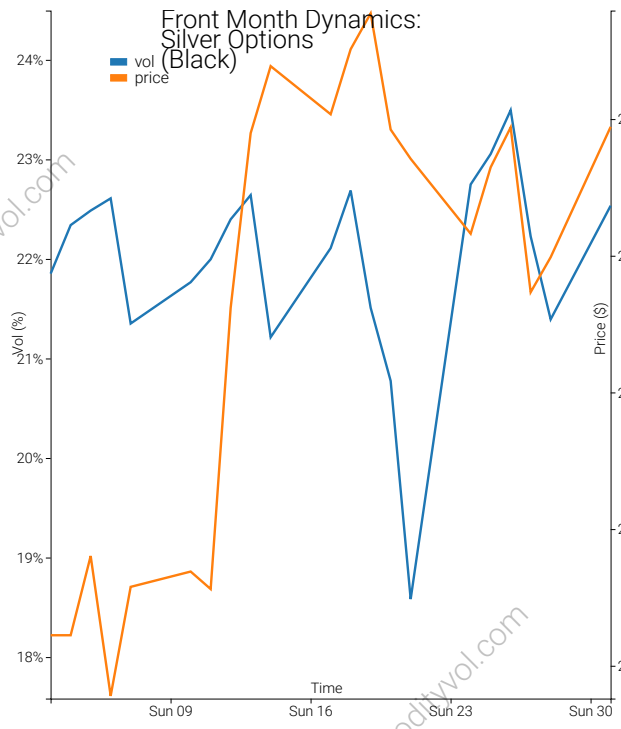
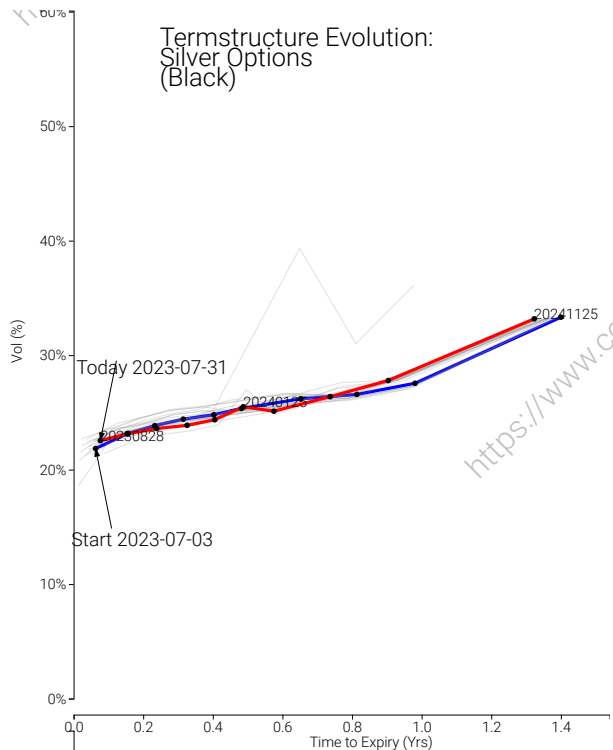


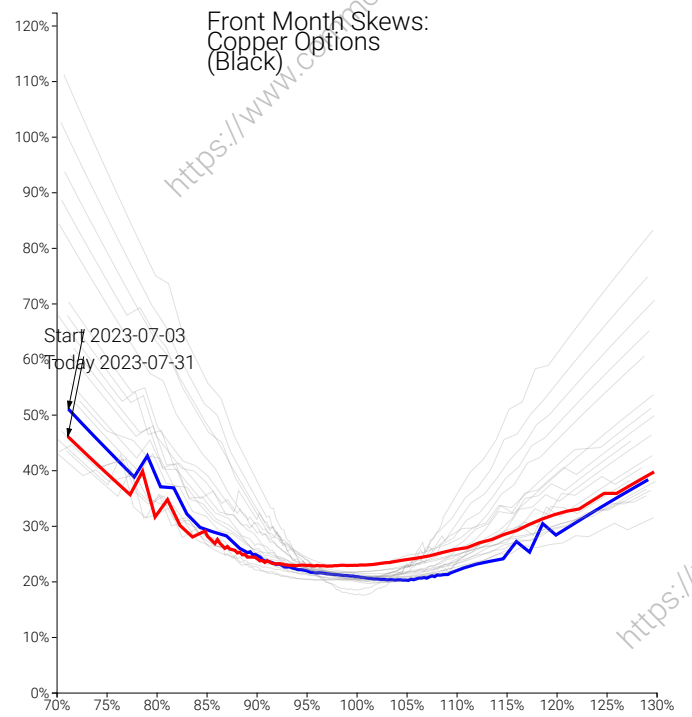
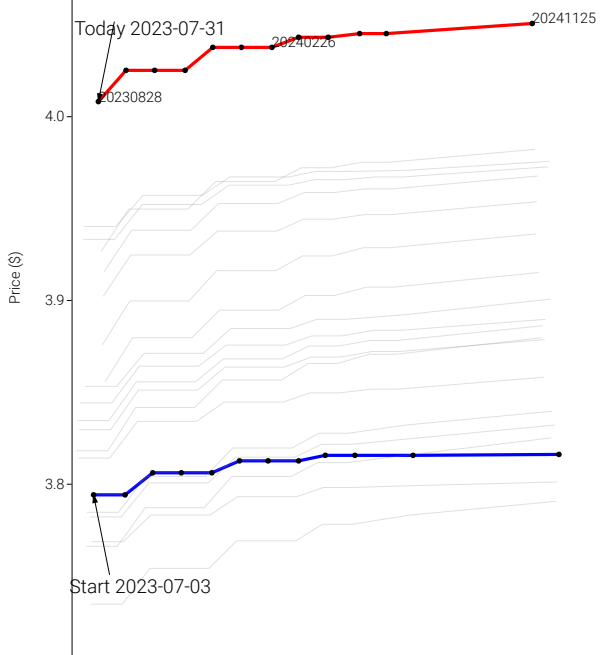
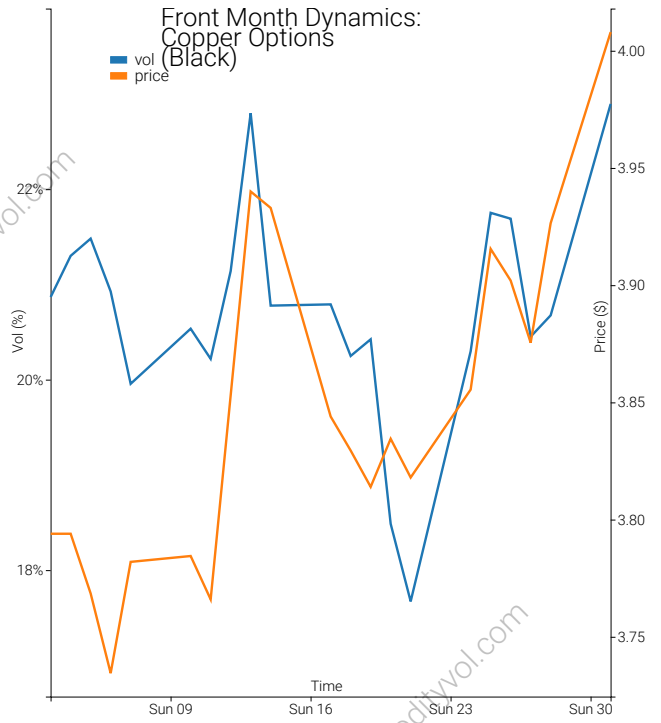
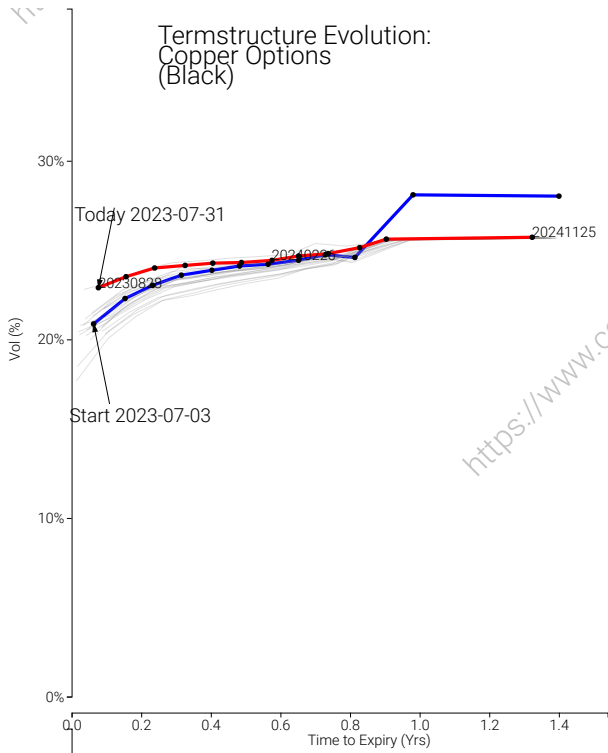


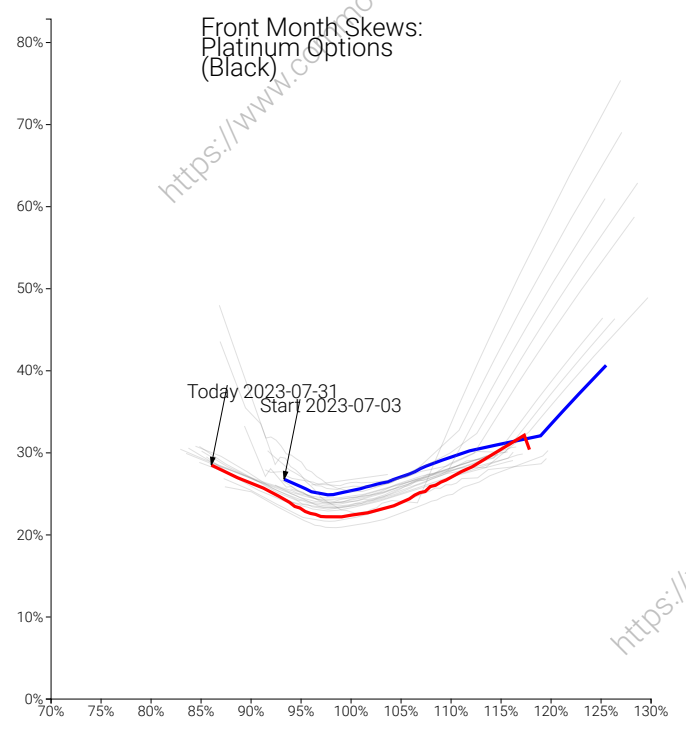
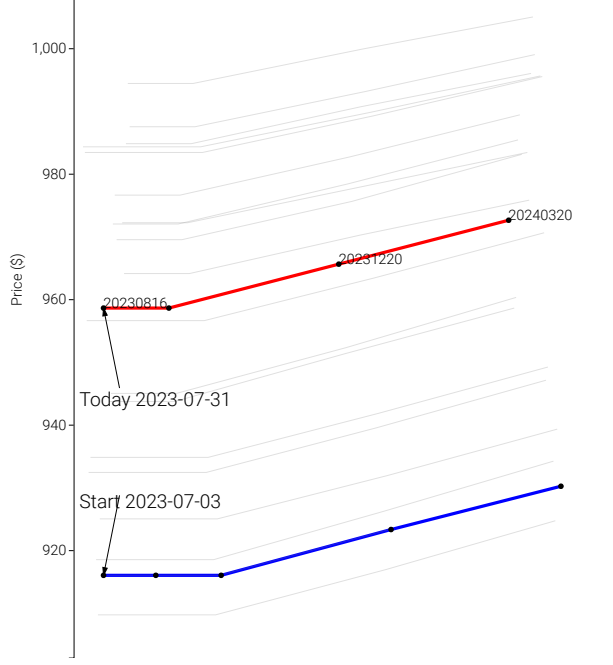
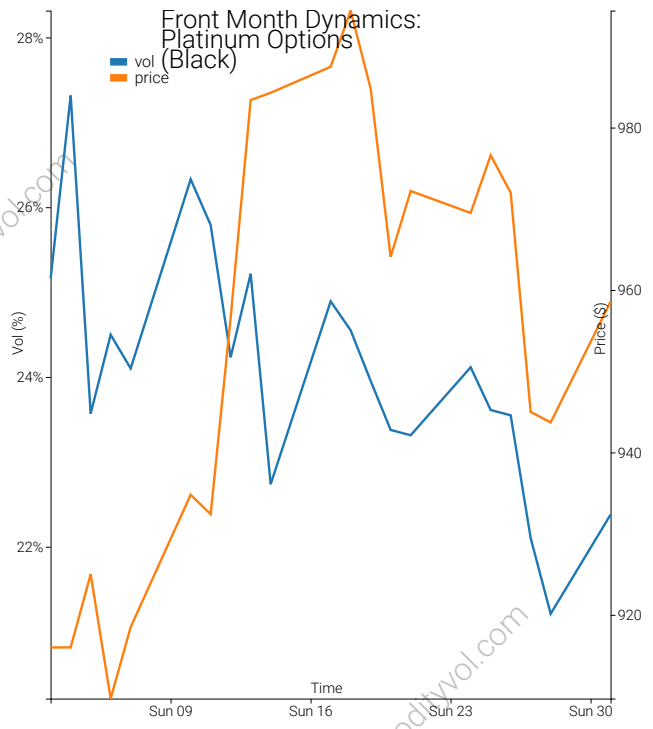
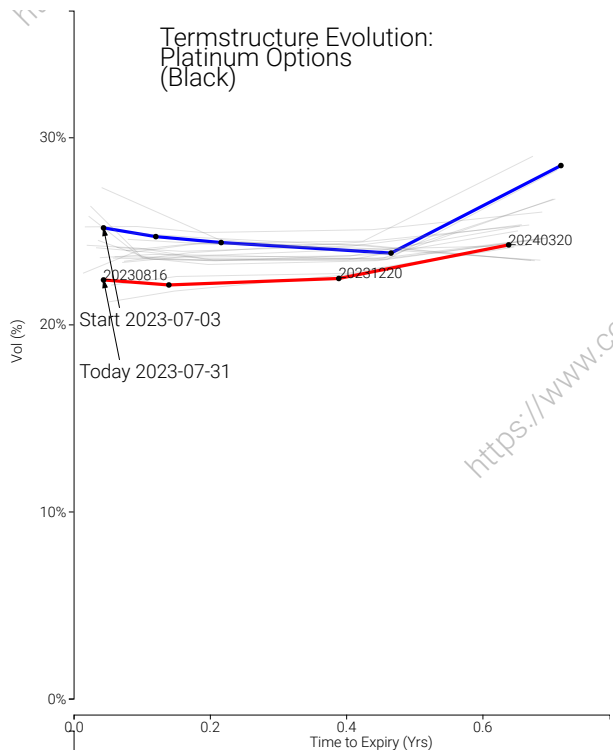


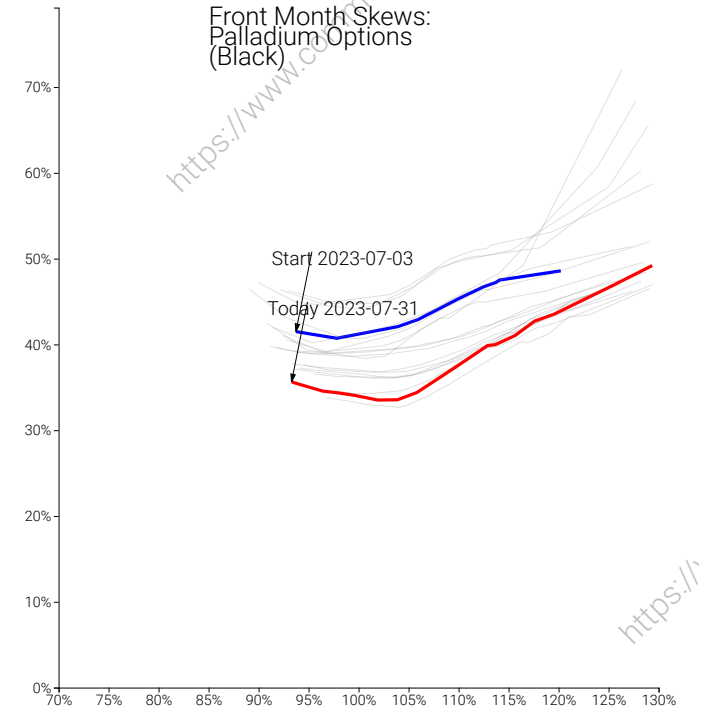
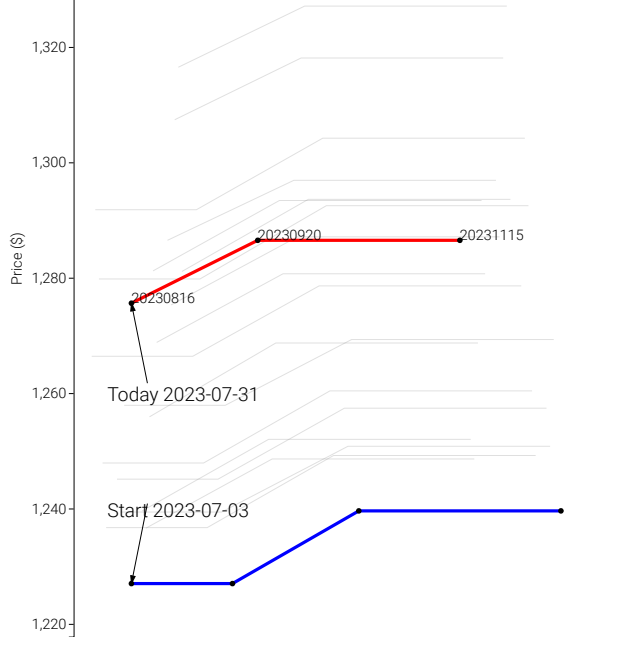
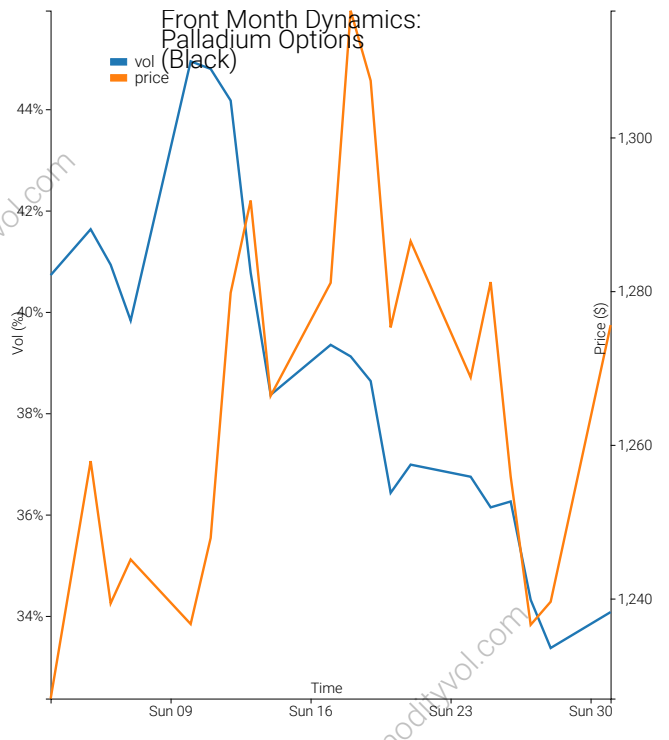
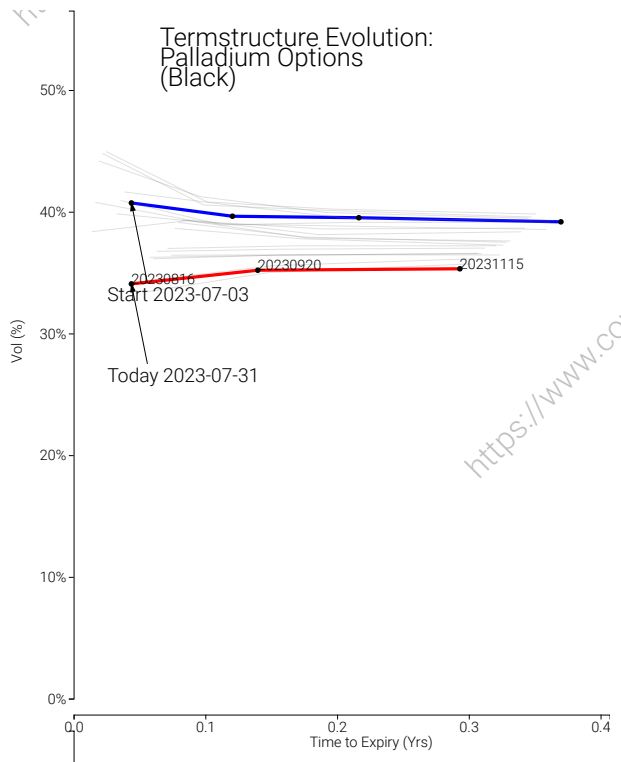
Metals



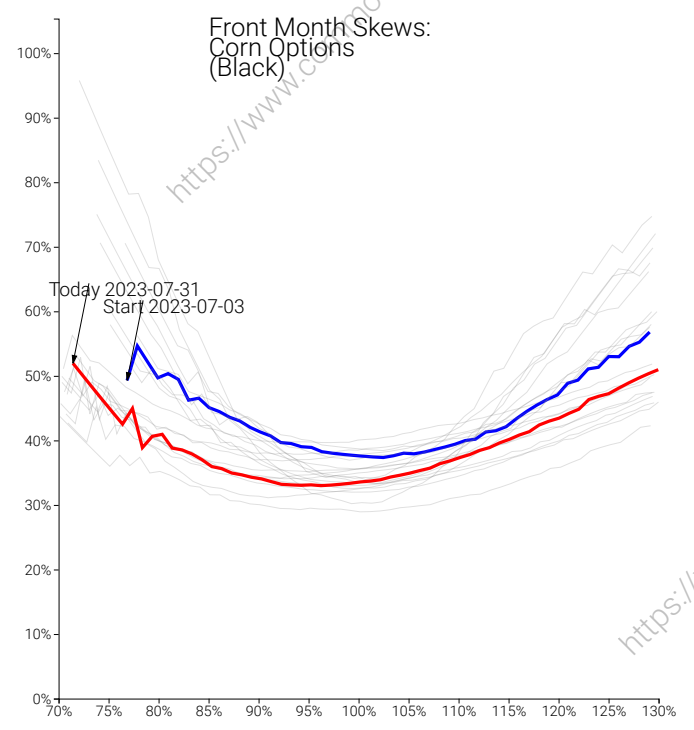
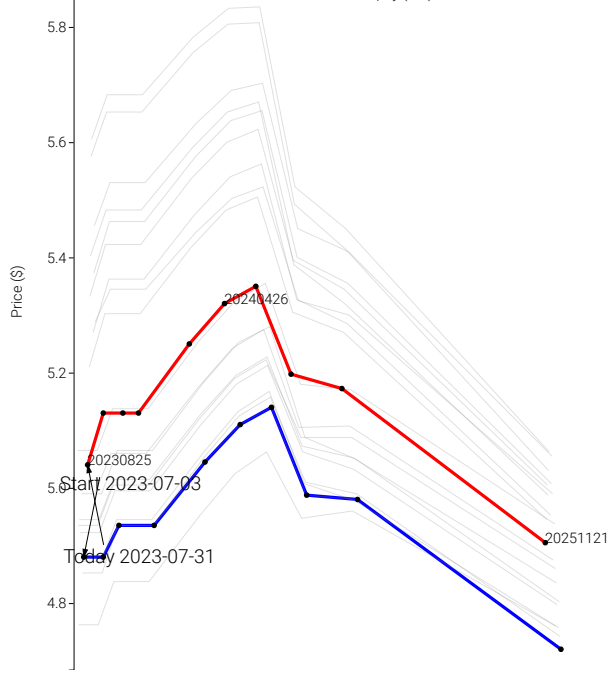
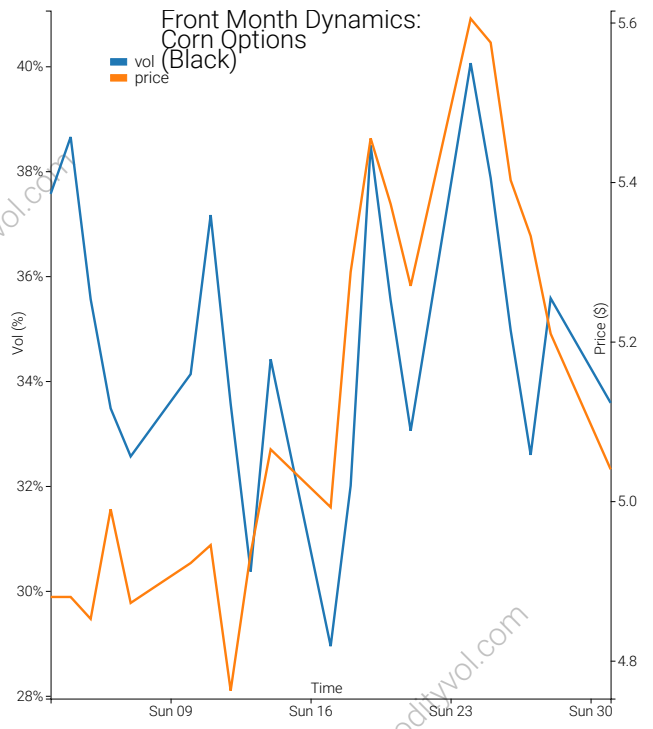
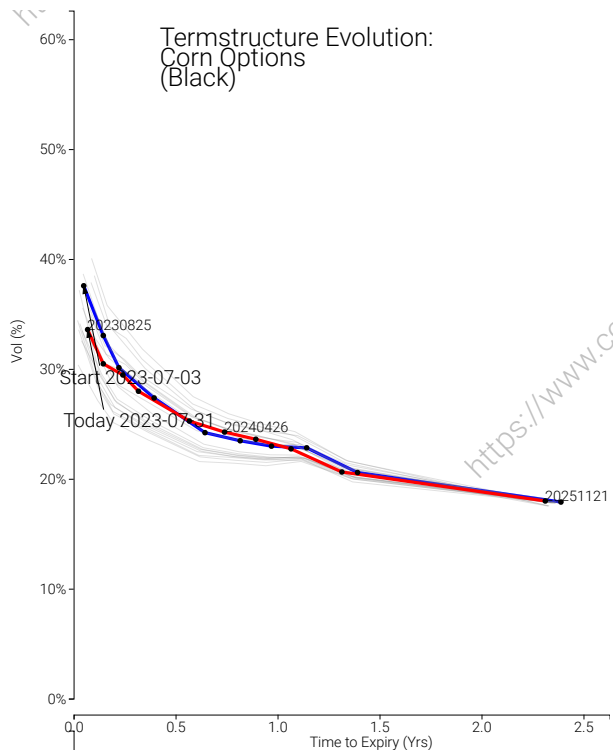


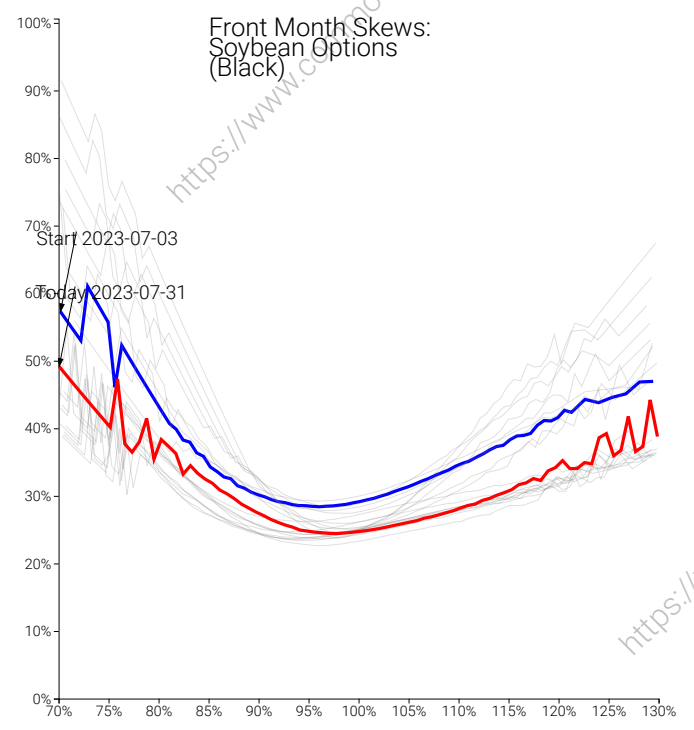
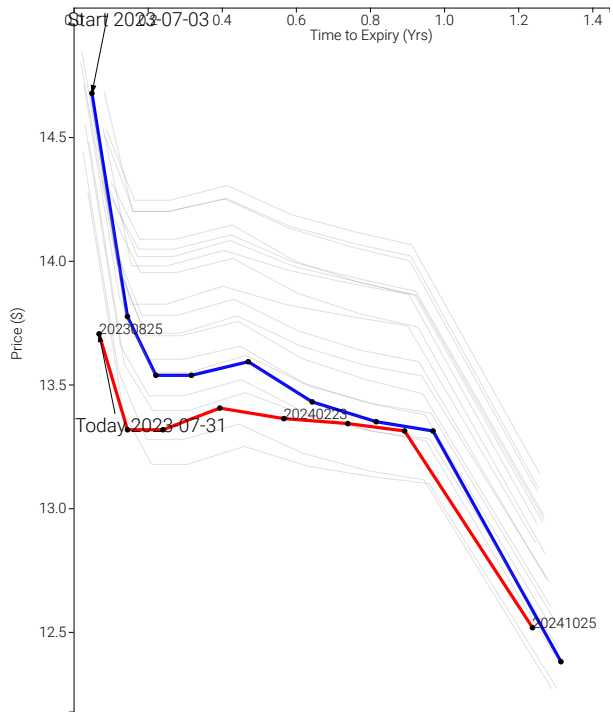
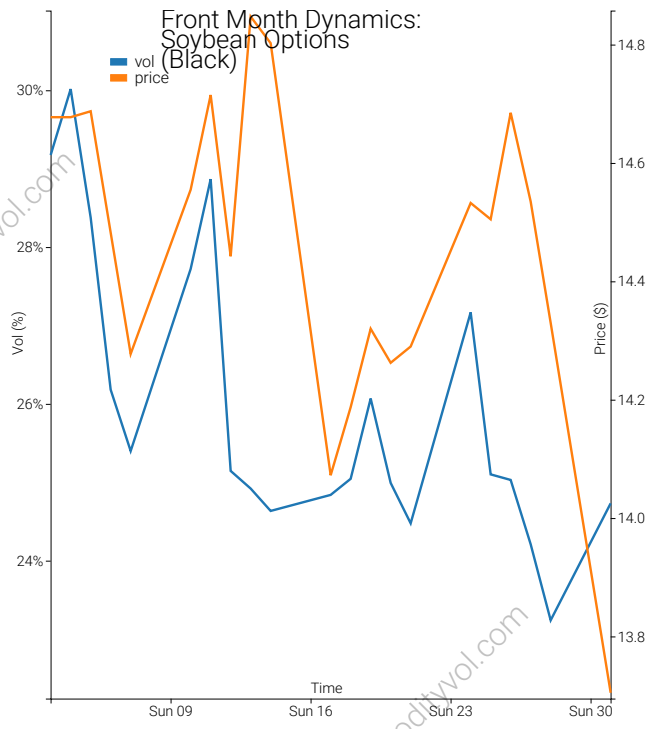
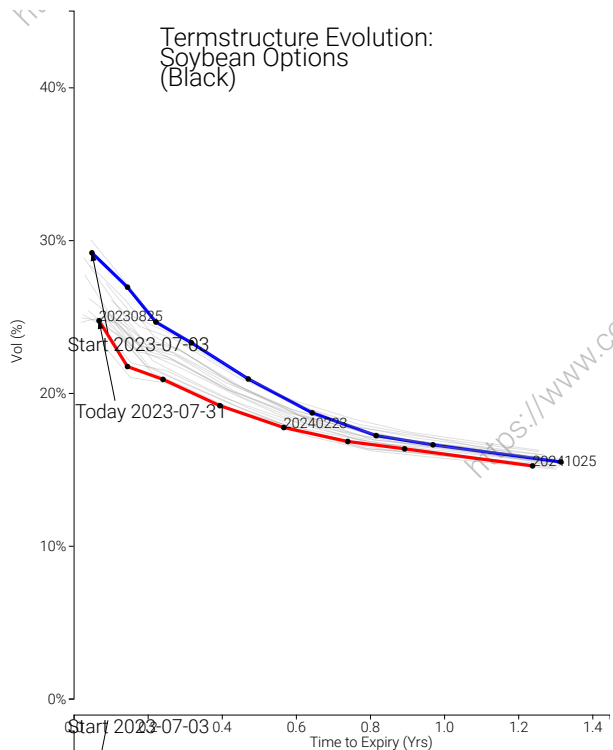


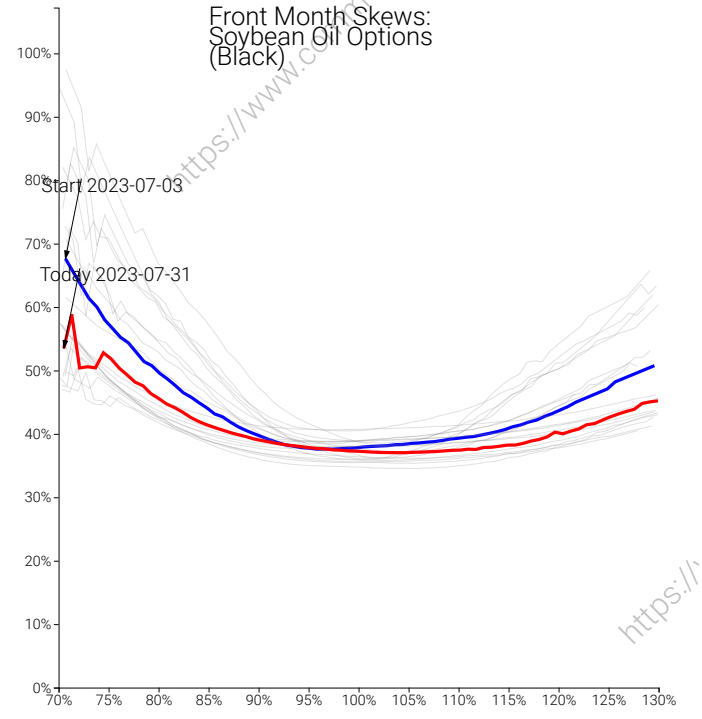
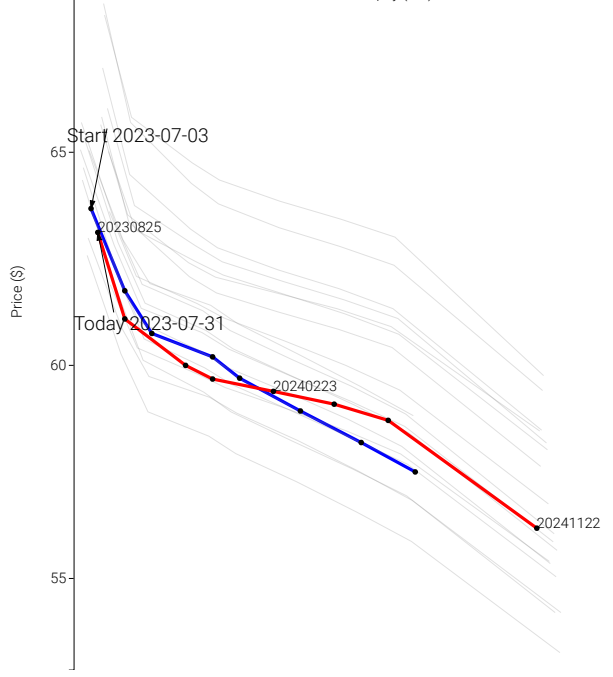
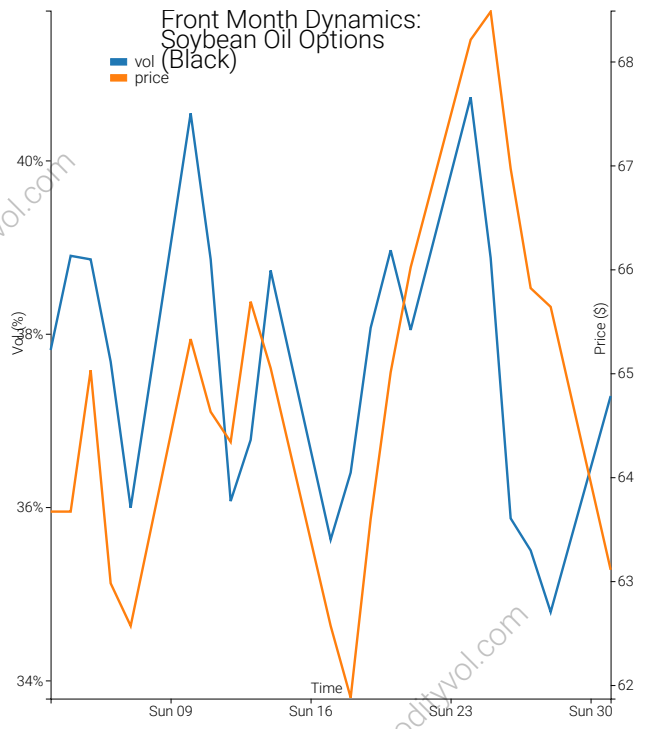
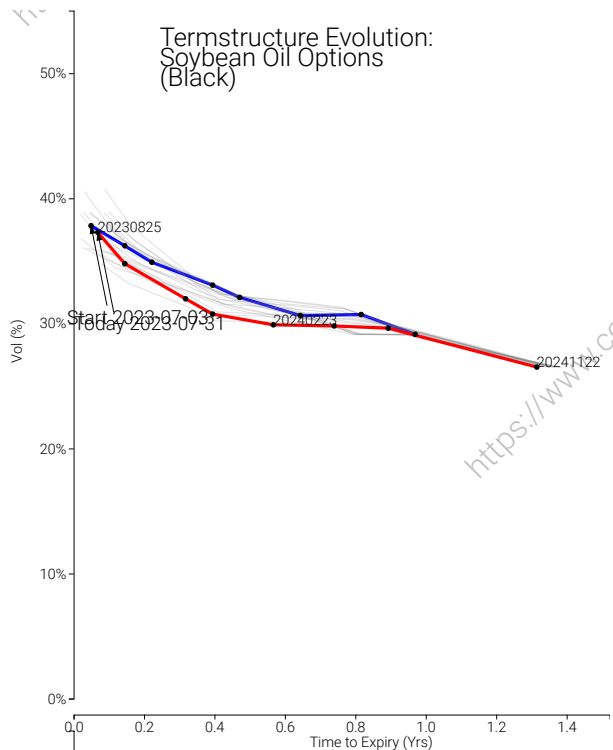


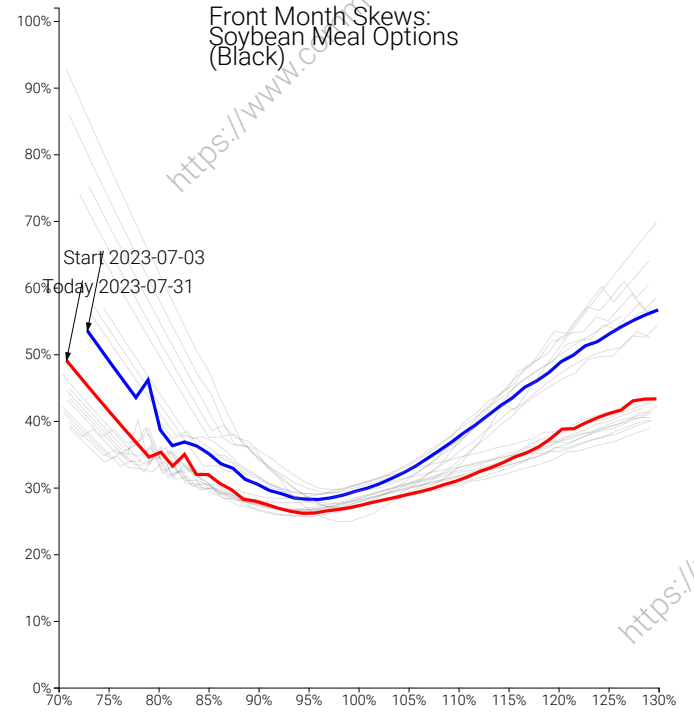
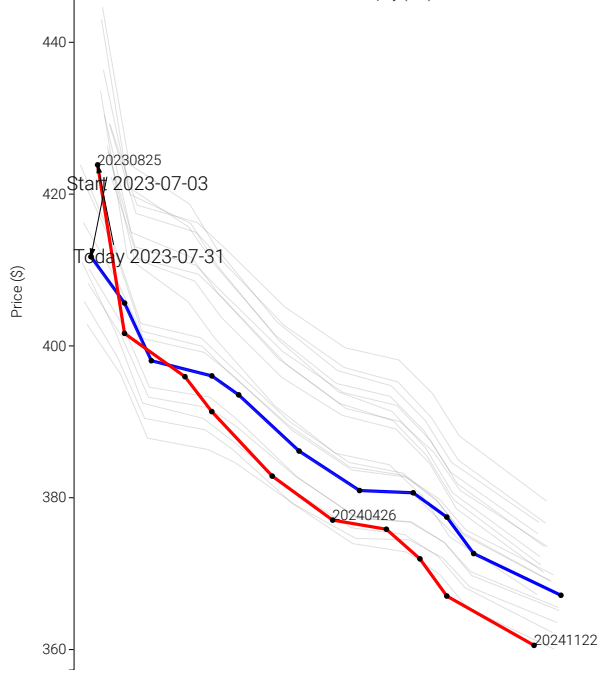
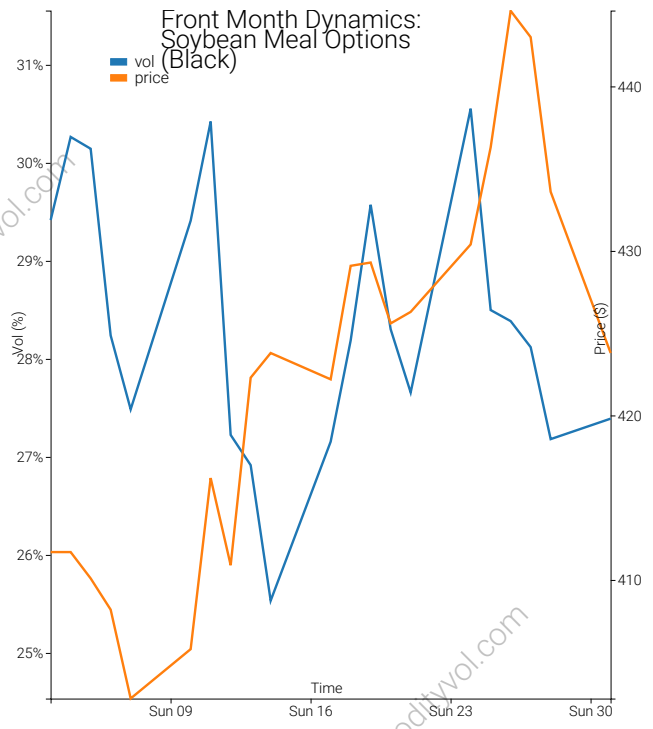
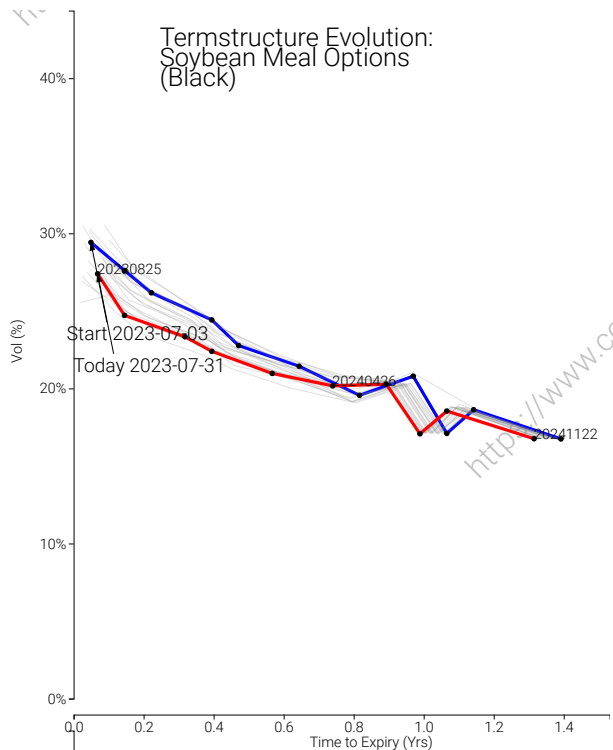


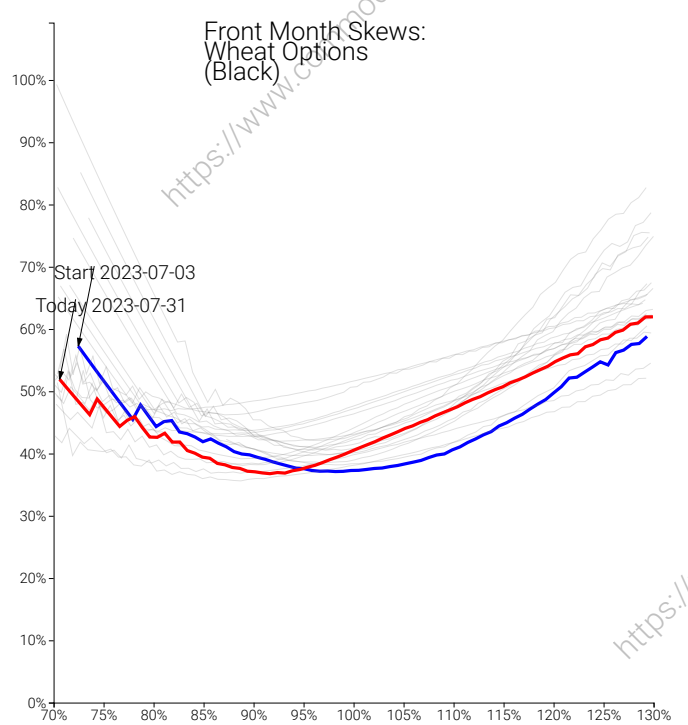
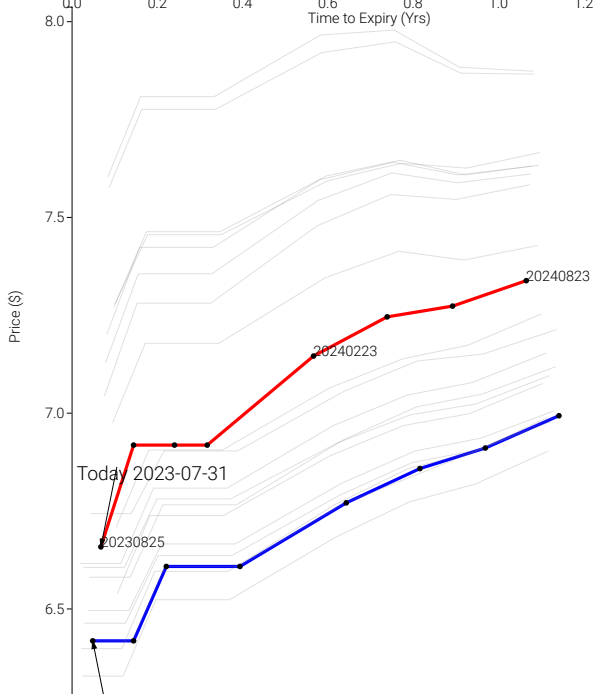
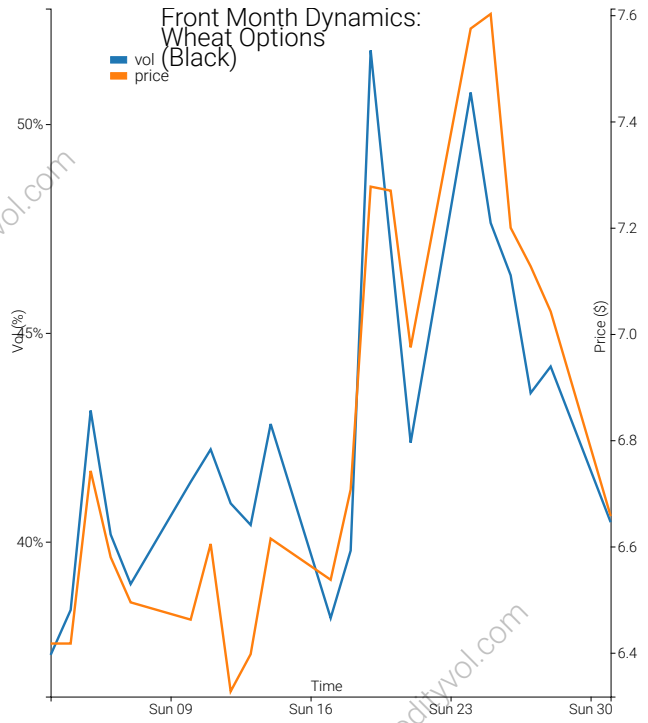
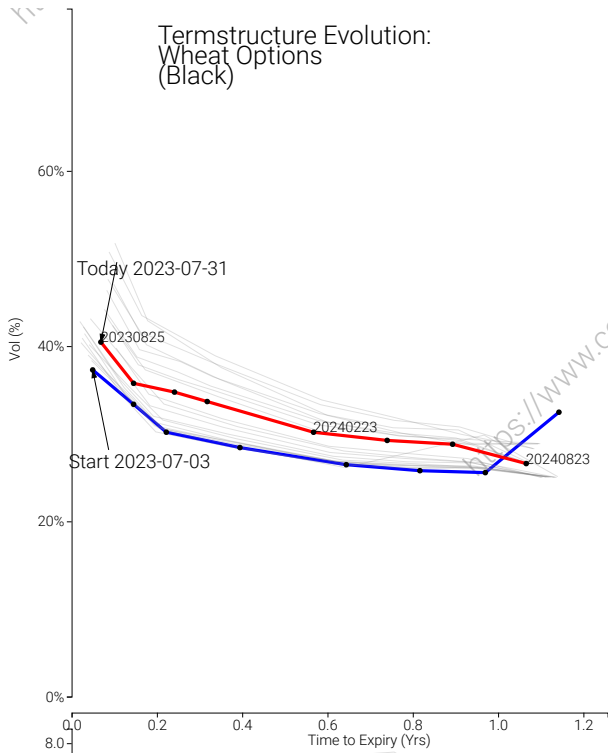
Ags: Grains, Oilseeds, and so forth

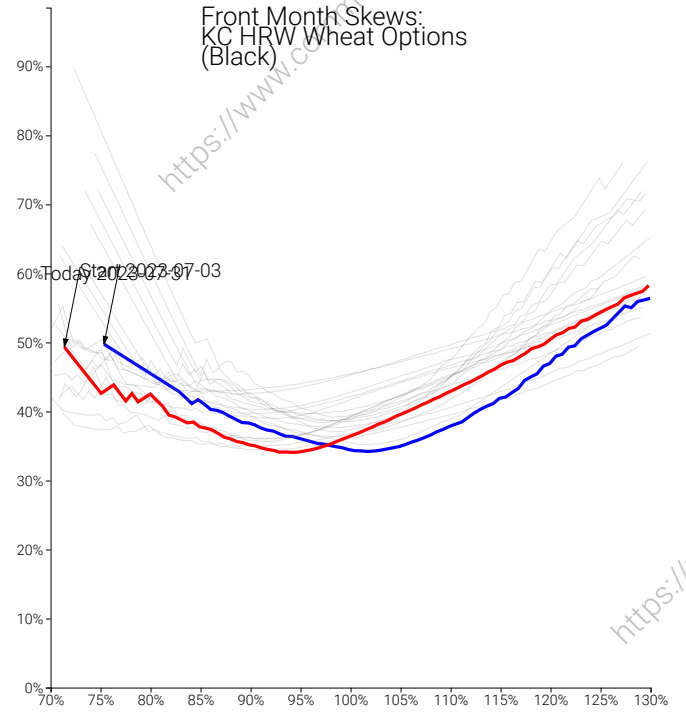
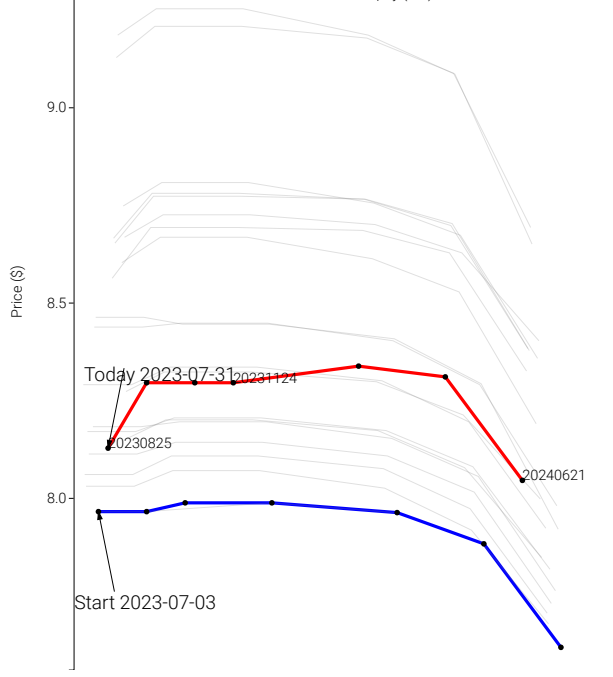
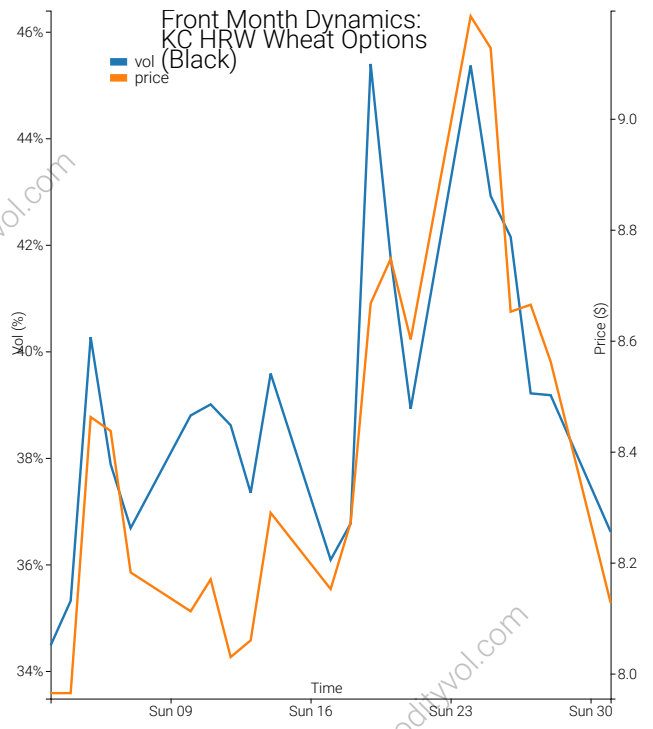
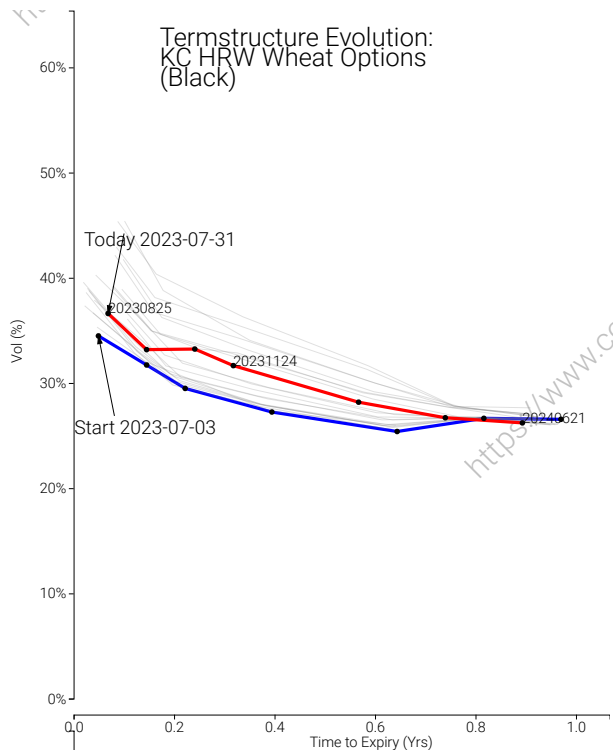


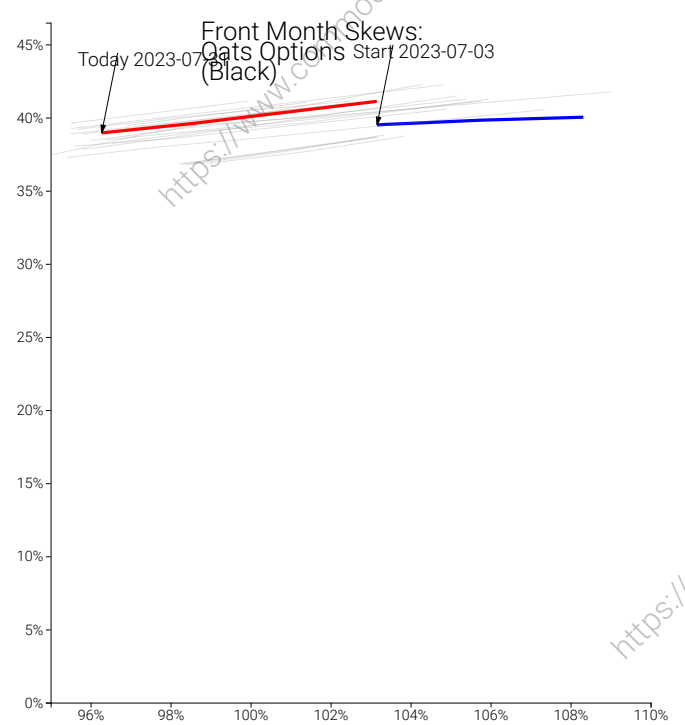
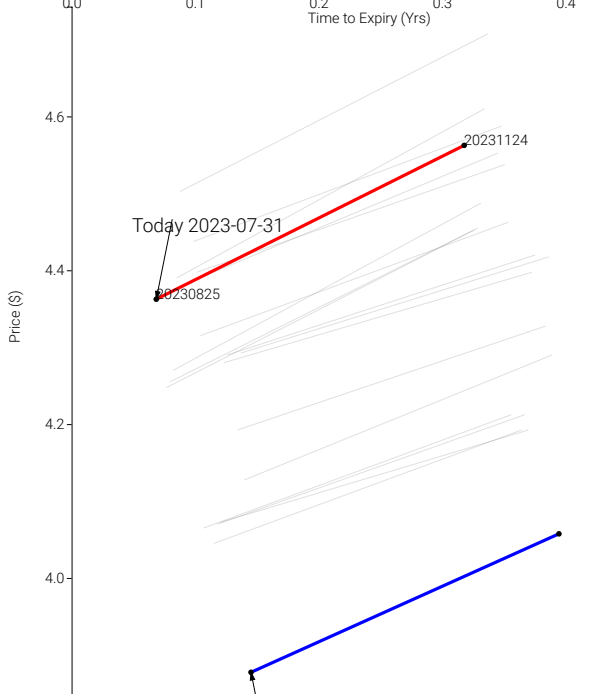
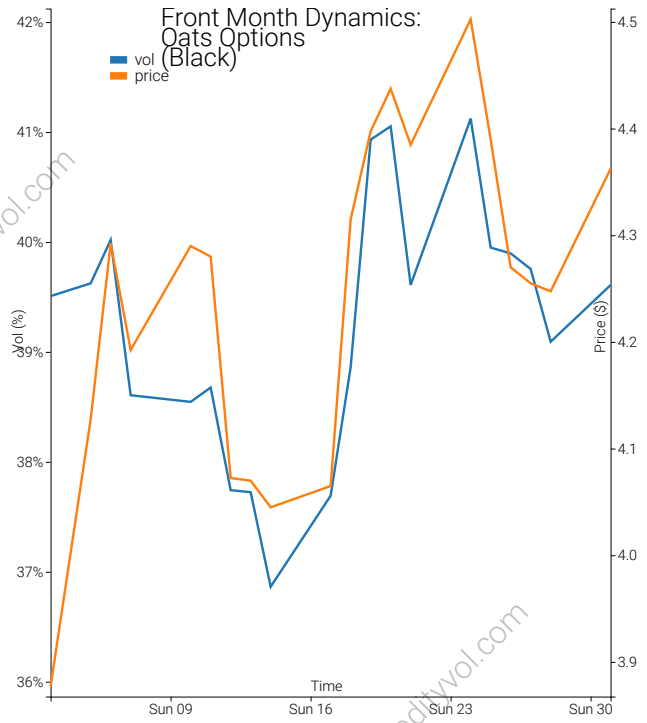
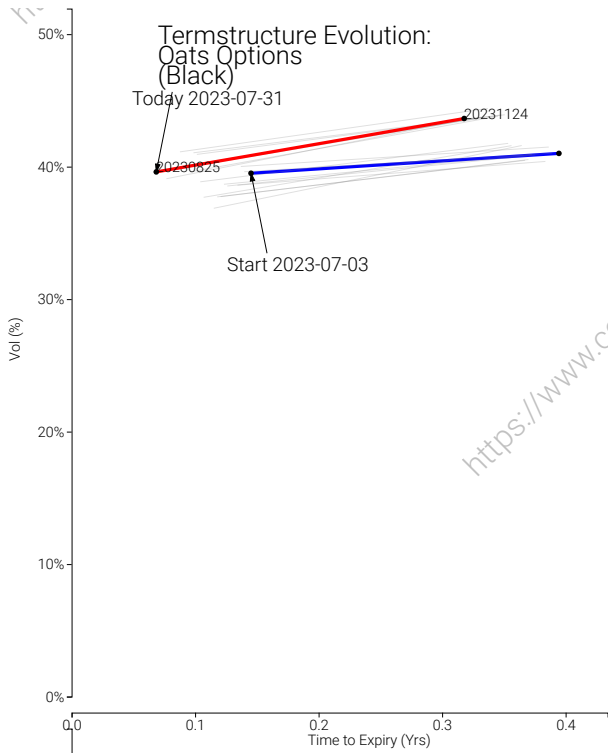


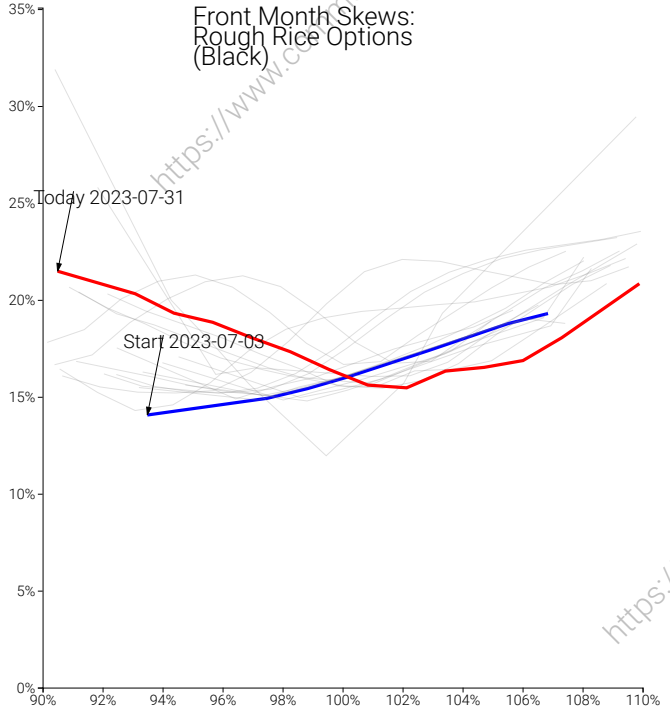
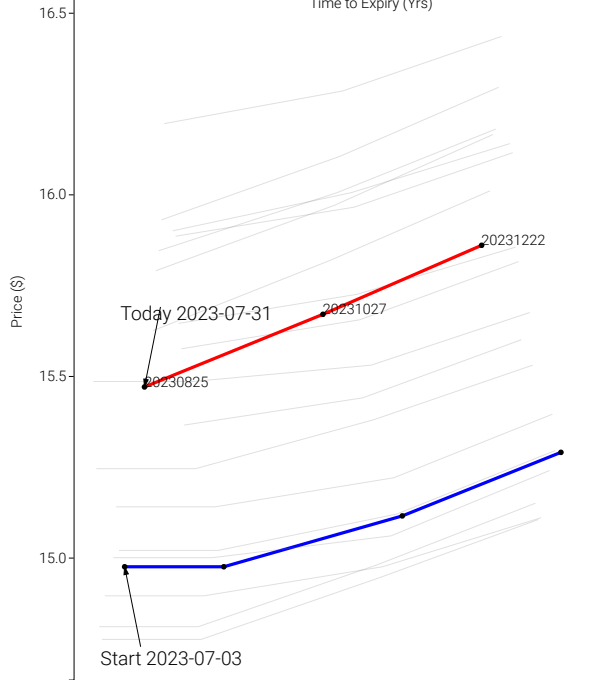
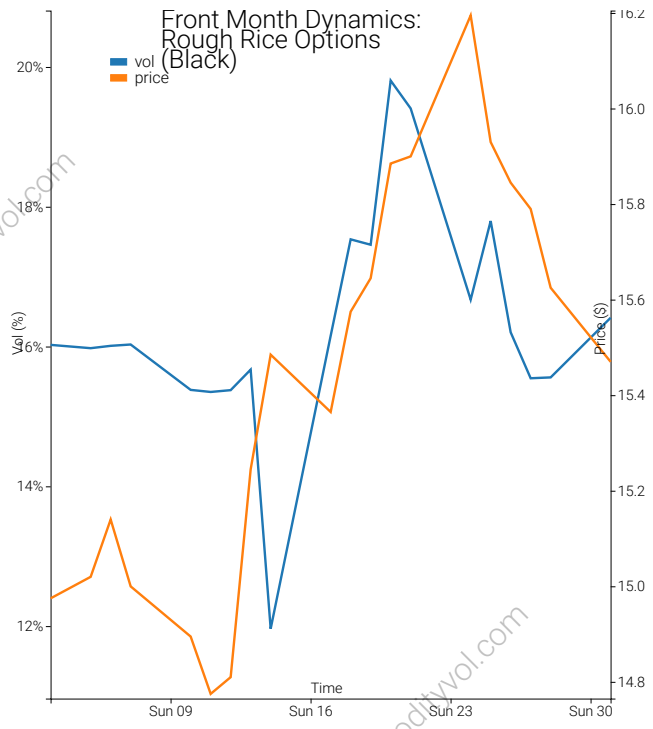
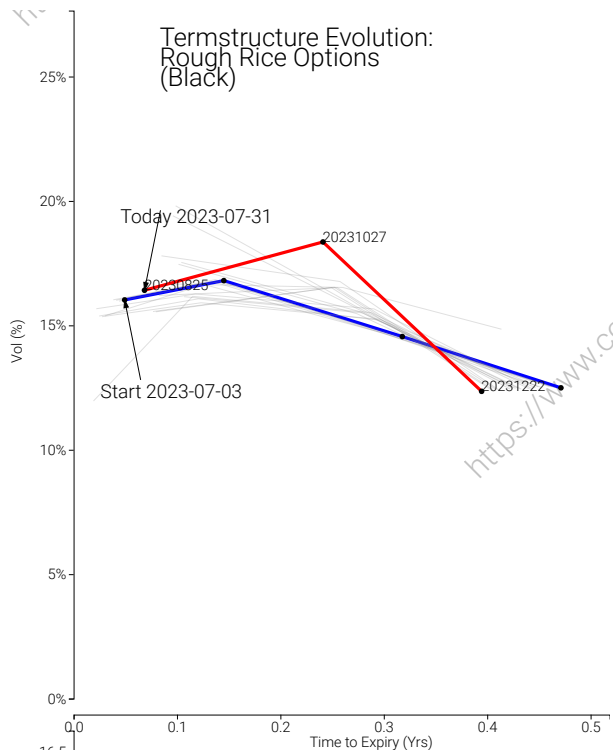


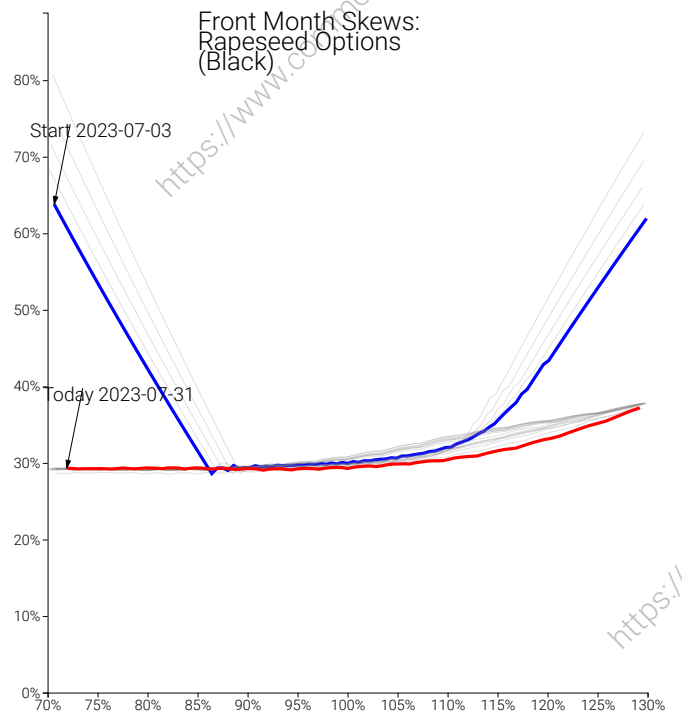
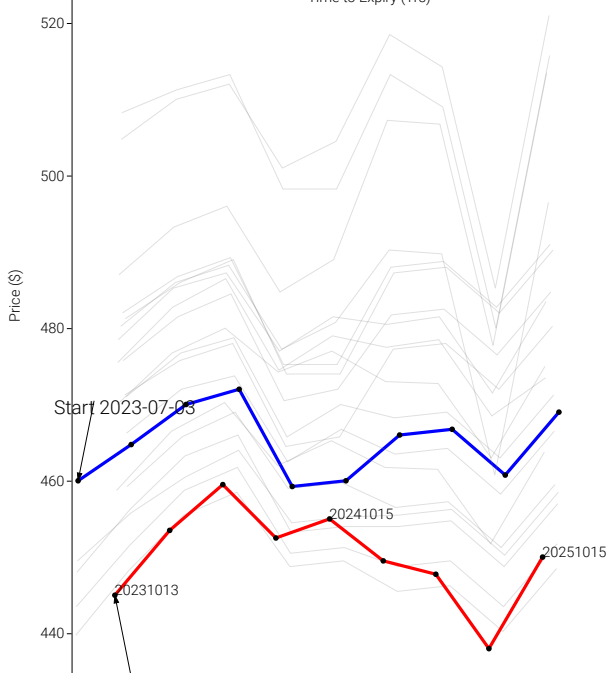
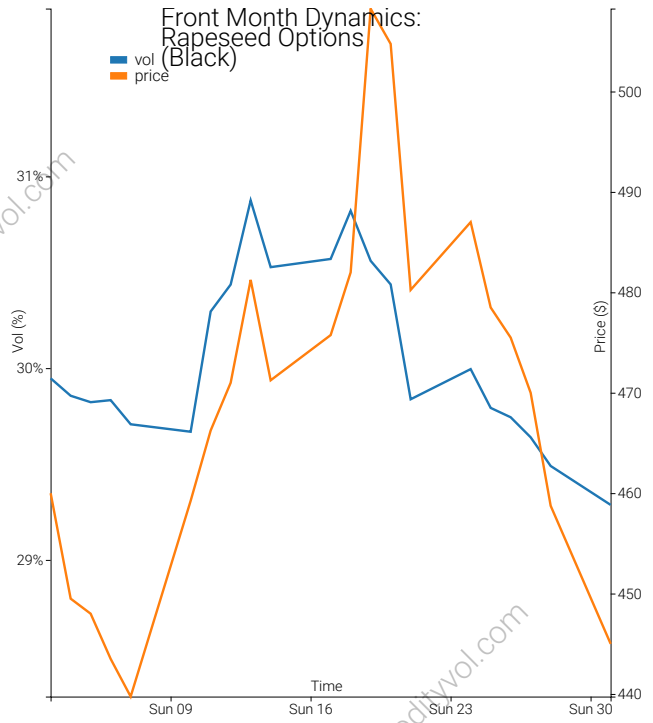
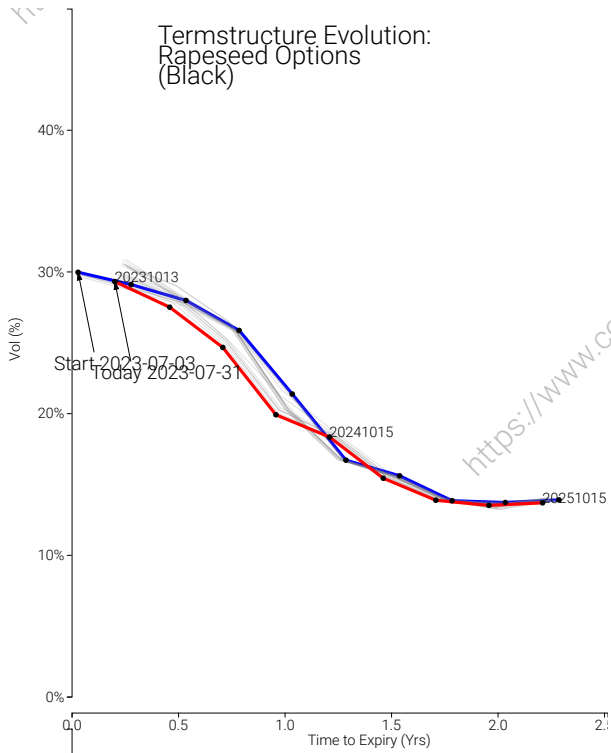




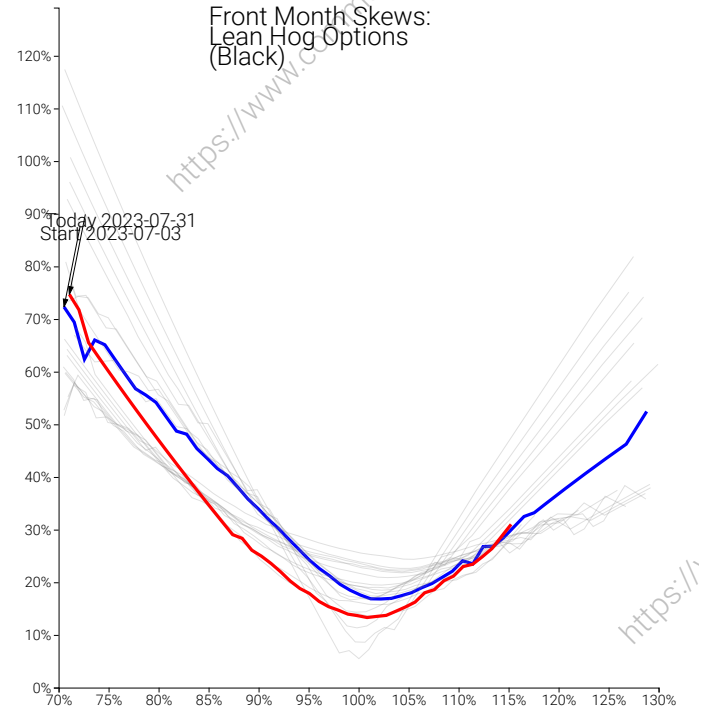
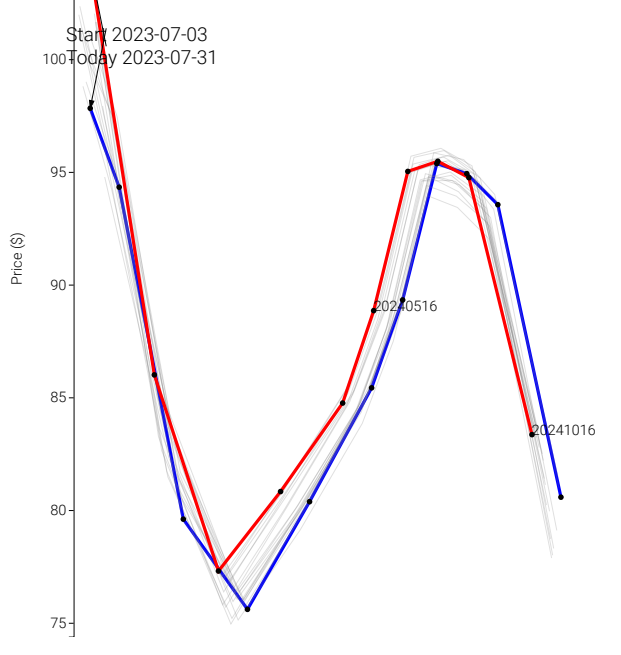
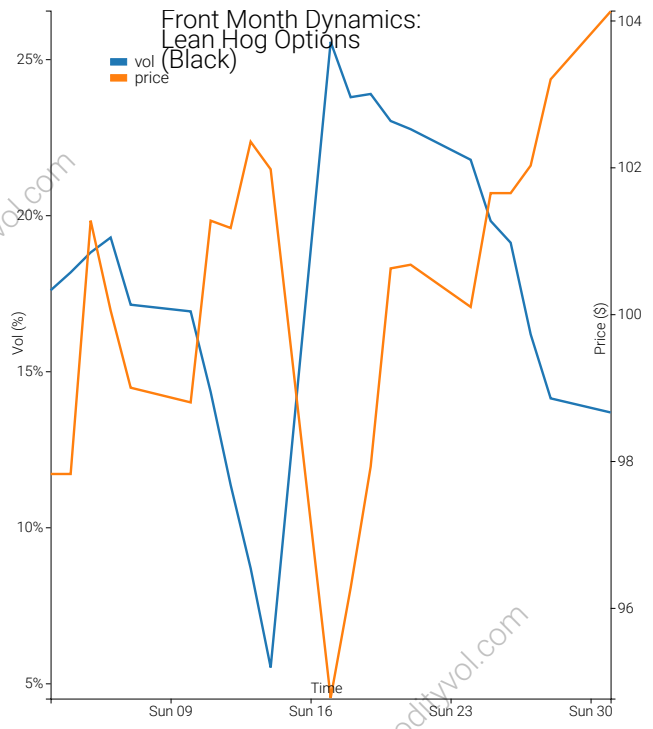
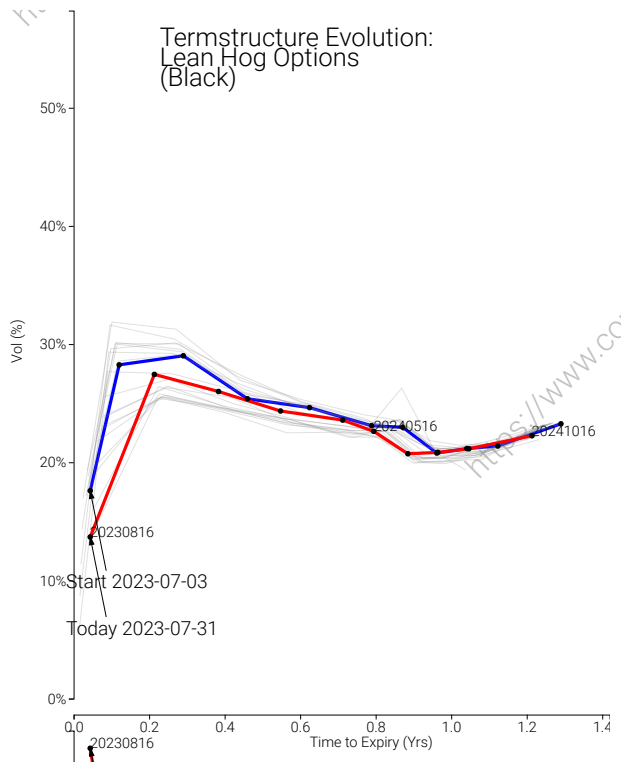


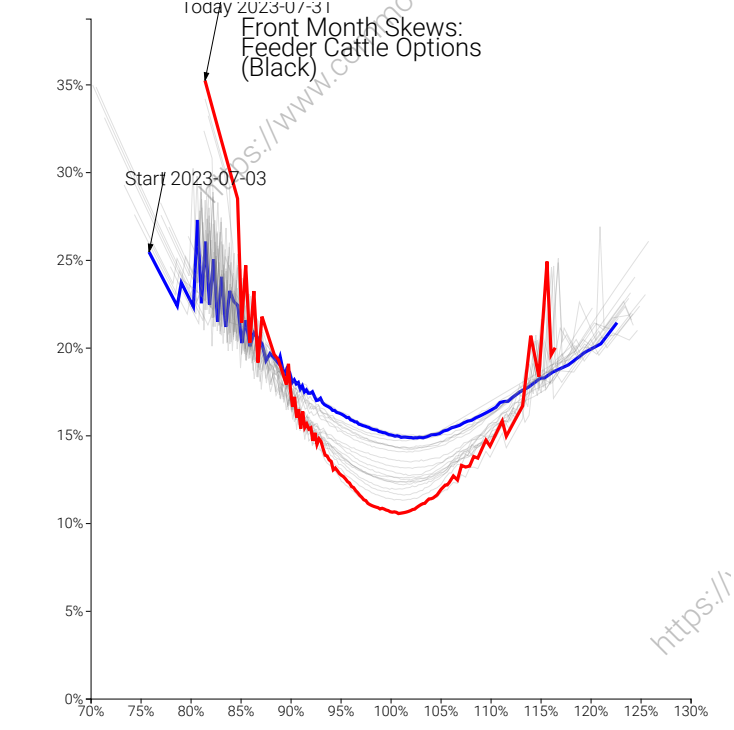
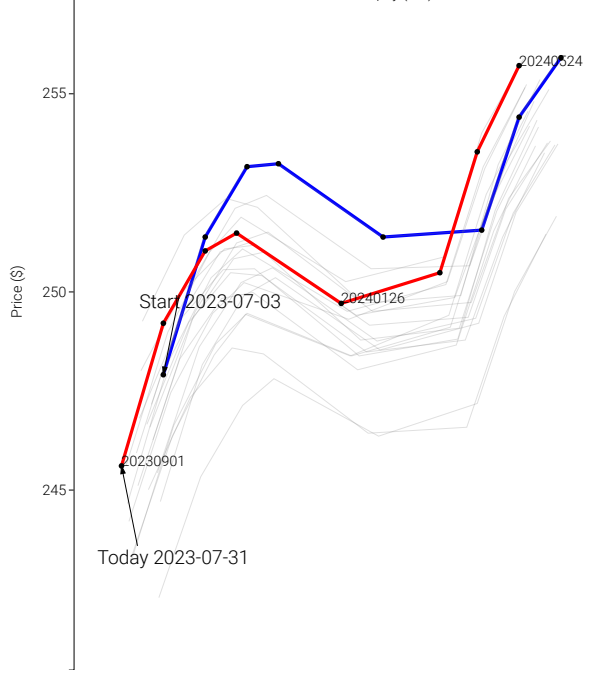
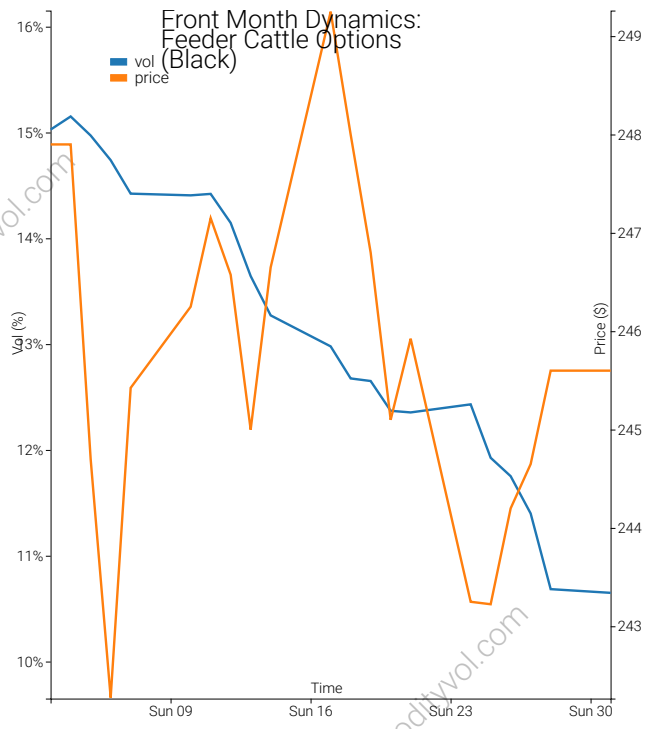
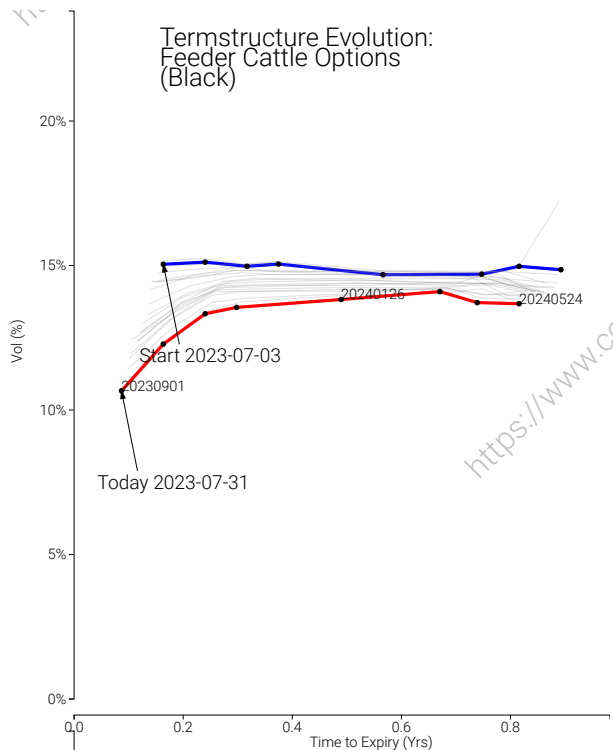


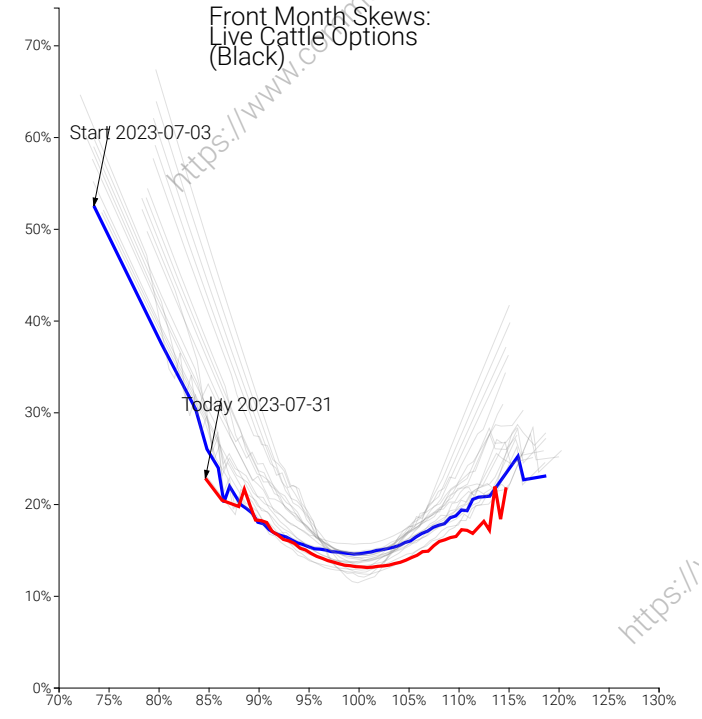
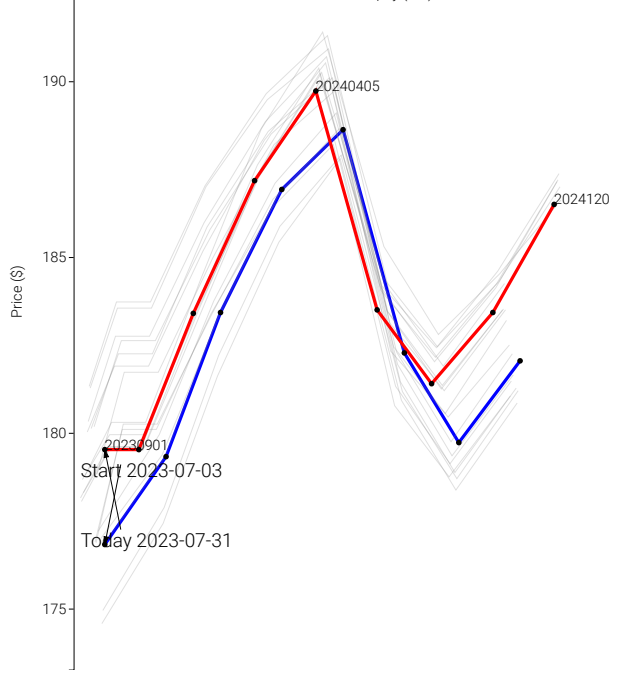
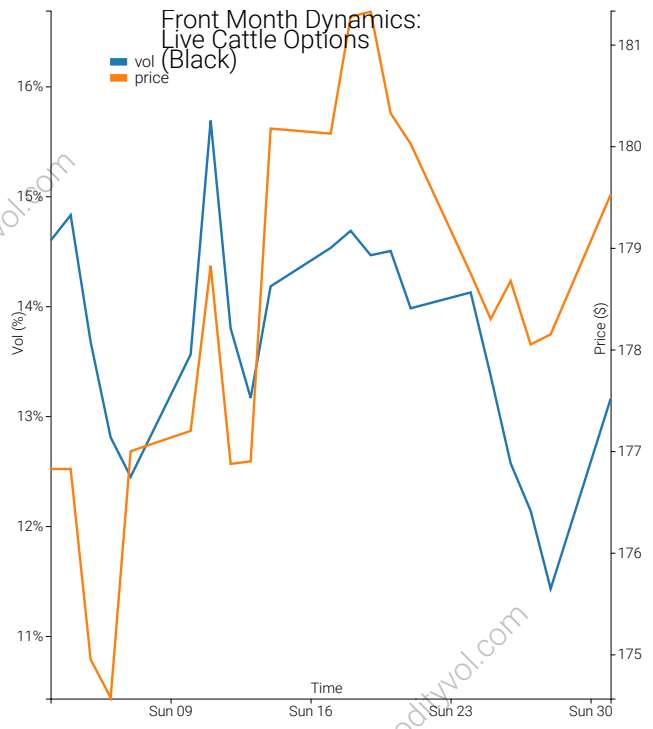
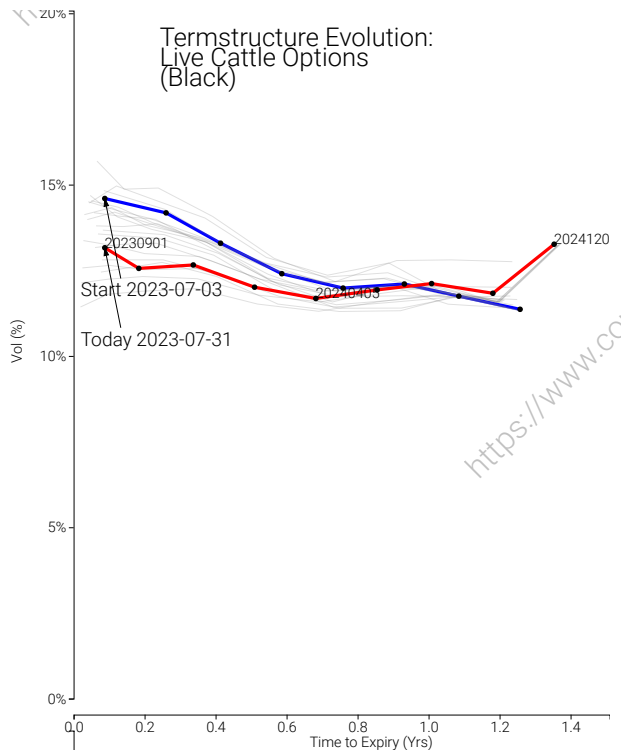


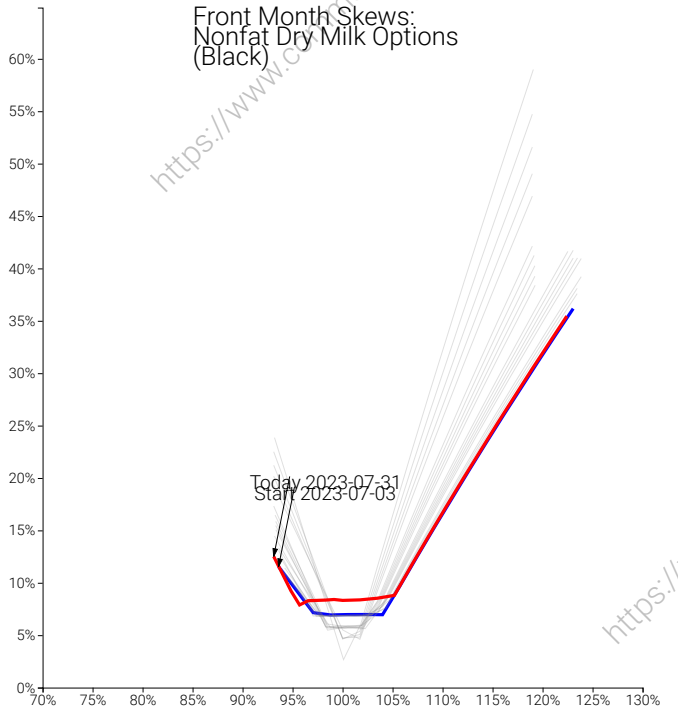
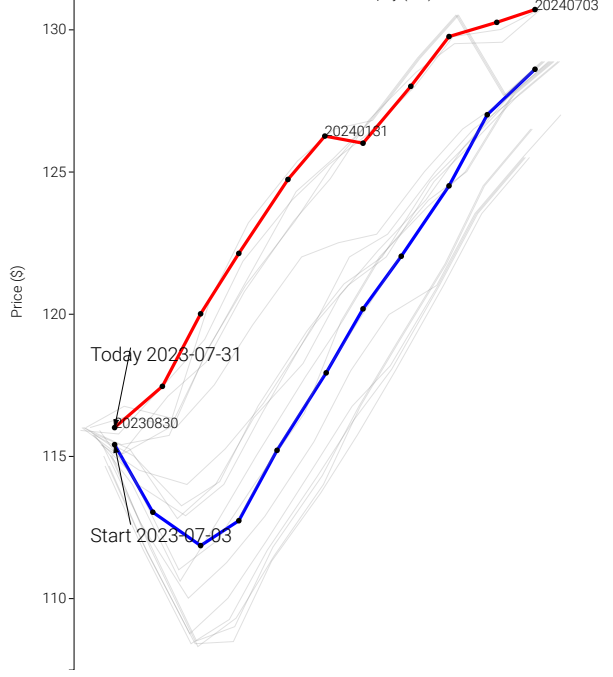
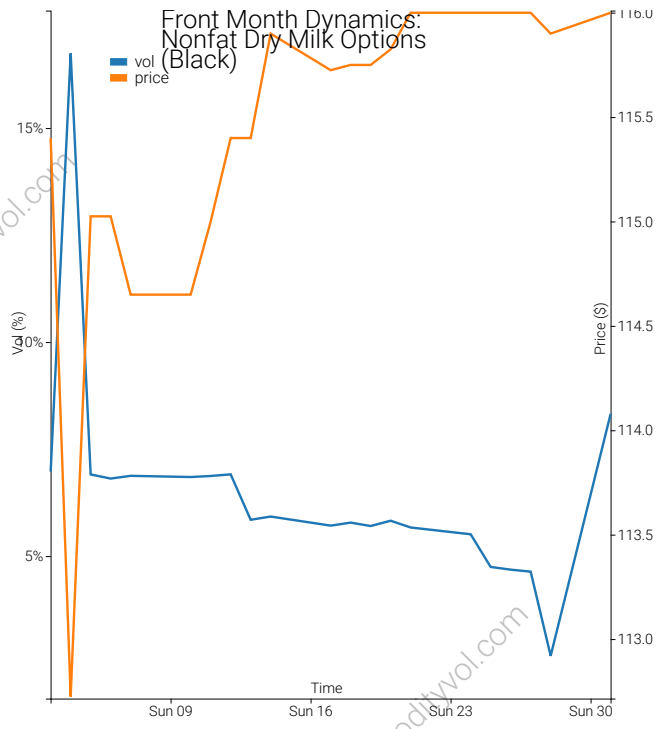
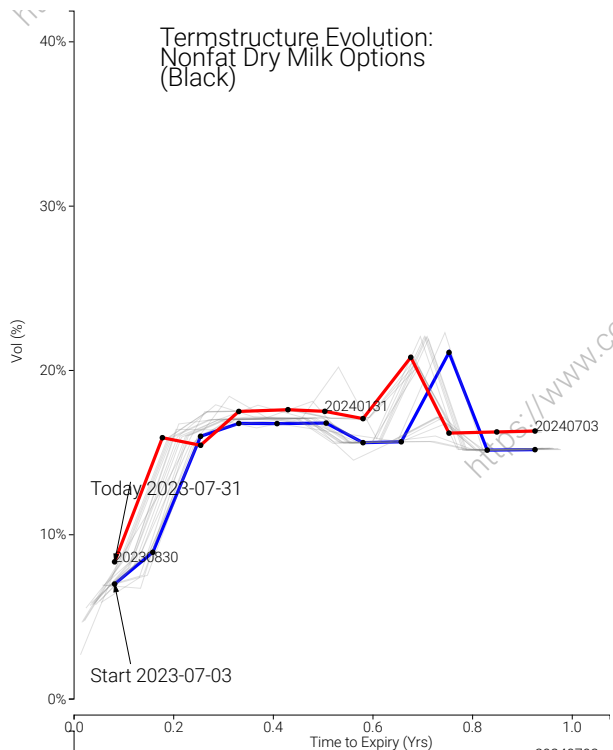


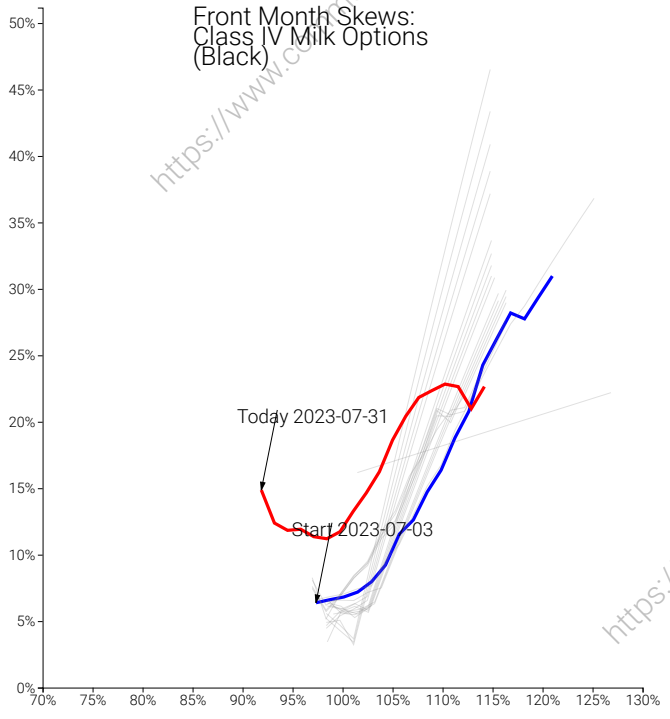
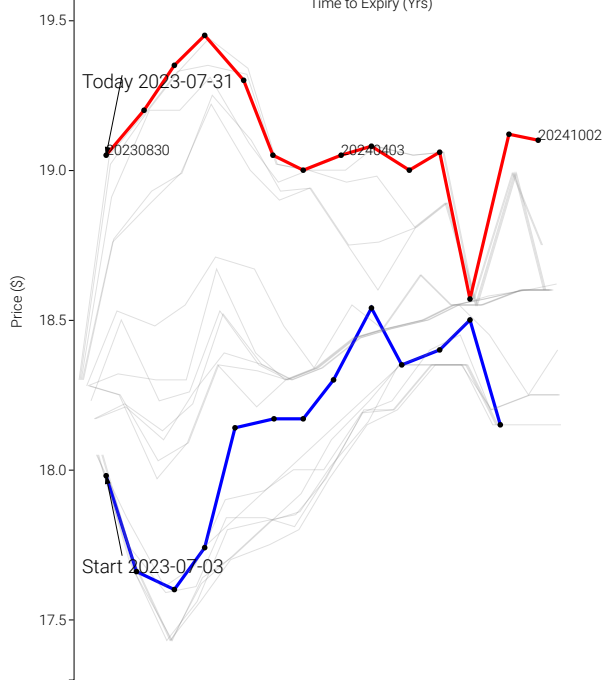
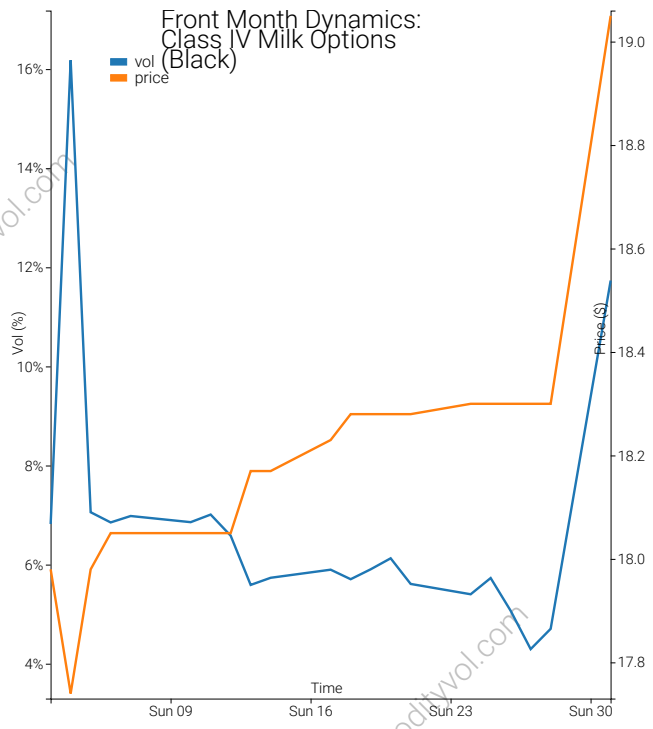
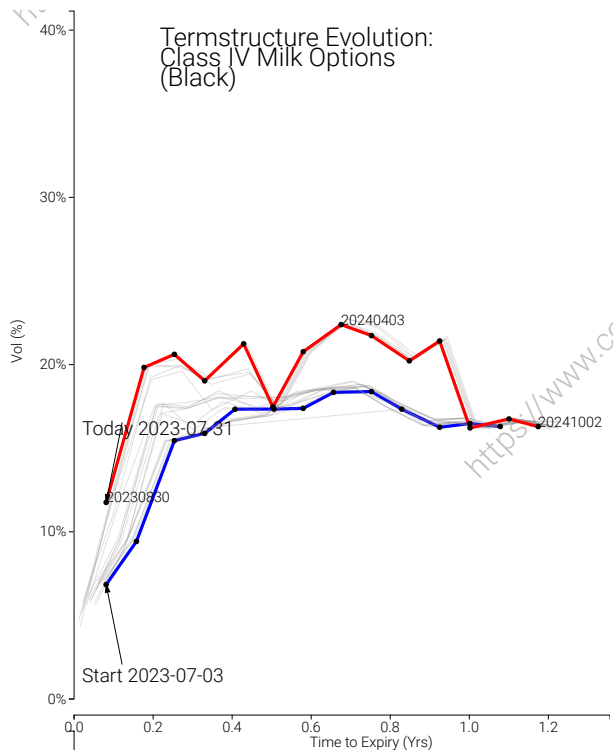
Ags: Proteins, Meats and so forth









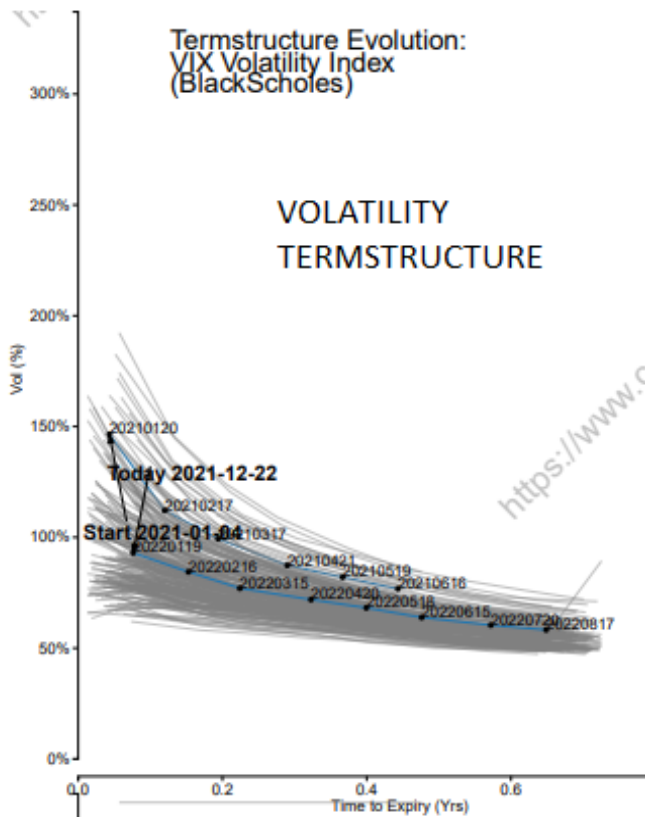


Explanation:

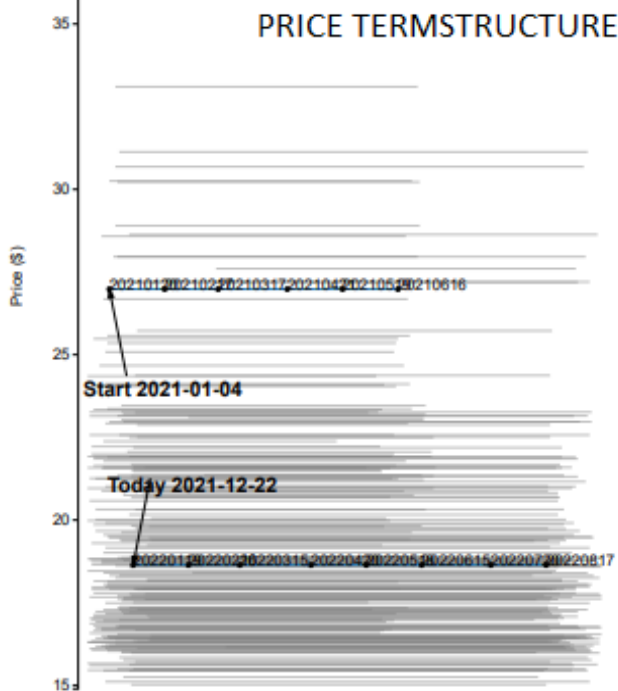
The document is composed of two parts. There is a tabular portion which summarizes the changes in front month futures prices and the changes in the at the money front month implied volatility. The results are presented as raw differences and percentage changes. The plots in this document try to give a feel for the evolution of the futures and options for each product type. The skew/termstructure/xyplots are broken out by major asset classes: Indexes, Fixed Income and so on.

At the Money Volatility and Price Term Structures:

Stacked on top of the other on the left hand side, see the termstructures of vol and the (underlying) futures contract price.

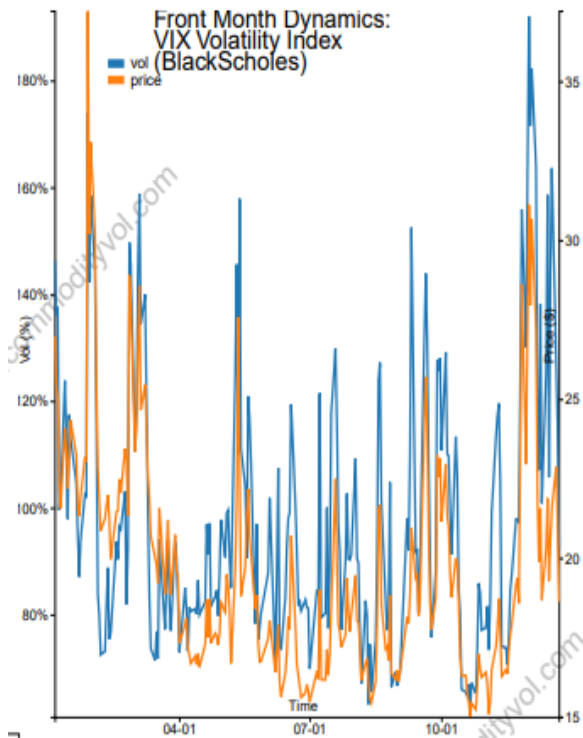


The starting curve is the termstructure at the beginning of the period. This curve is labelled start and is typically colored blue. The ending curve is typically colored red and denoted by the text: Today. The greyed out lines are the termstructures for each day of the period. The hope is that the range of movements becomes apparent.



Front Month At the Money Volatility and Front Month Price Over the Year:

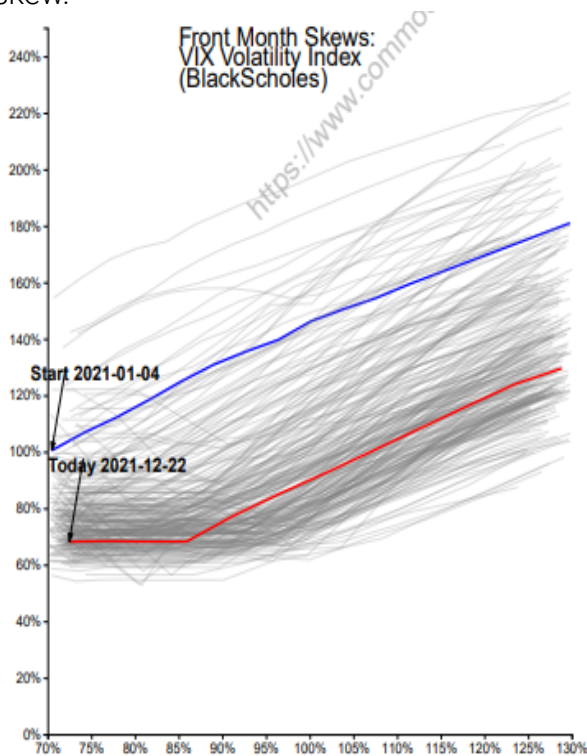
On the right hand panel we have the price and implied volatility of the front month contract.



At the money implied volatility is shown in blue and the axis on the left should be used to read off the values. The front month futures price is in orange and the right hand axis is where its value can be read.

Front Month Skew:

On the right hand in the bottom panel we have the starting front month skew and the ending front month skew.



The front month skew is shown for the starting date. The starting curve is labelled as 'Start' and captioned with the date. The starting curve is blue. Conversely, the ending curve is shown in red and labeled Today. The y-axis shows the implied volatility and the x-axis shows the moneyness. The moneyness is a way to normalize the skew so that it is comparable across time.

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