



Welcome to our October 2023 Recap:

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

The war drums are beating in the Middle East. The clouds look dark. There is uncertainty about what the end state will look like. If you are surprised at the anemic move in oil, you'd be in the same boat as us. Oil has closed down for the month. Vol is up from the mid thirties to the mid forties. However, things seem quite calm.

The US Treasury market is showing signs of something momentous occurring. The high rates of interest seem to be sticking around. This, coupled with the increasing spending by the government is causing concerns. There are concerns about funding the debt and the overall size of the debt. The Fed is in a pickle of position. They may buy issuance, but that is likely to offset their efforts to put inflation down. More on these warning signs in a bit.

There are a lot of overhangs that will determine what happens next. Beyond the Gaza conflict, the continuing Ukraine/Russia fight and the funding issues, we are in full election swing. The ongoing drama with the US Presidential has not even hit a crescendo yet. Many suspect there will be a Biden/Trump rematch. The ongoing Trump legal opera adds a bizarre twist to this election season. The local US concerns around the migrant arrivals in northern cities as winter arrives in the Northern Hemisphere will also add a dimension of angst in urban areas that was missing in prior years. It is hard to see a clear victor in the current situation, except maybe chaos.

Crypto was reacting to the big players looking to re-engage. Ethereum futures rallied by 10% and Bitcoin rallied by about 24%. In both cases, vol took off with vol increasing by 0.12. The dollar fell against most currencies except for the New Zealand Dollar, Canadian Dollar and the Mexican Peso. Vol is zooming in cryptos, Yen and Peso, but down hard in the Pound and Euro. If you aren't watching vol in this market, you might be in store for some surprises.

[Foreign Exchange ATM](#)

[Bitcoin Detail](#)

[Ethereum Detail](#)

[Yen Detail](#)

[Mexican Peso Detail](#)

The interest rate picture is getting more and more stark. The speaking schedule was very thick this month. In a peculiar twist of fate, the Fed was overshadowed by the BOJ and

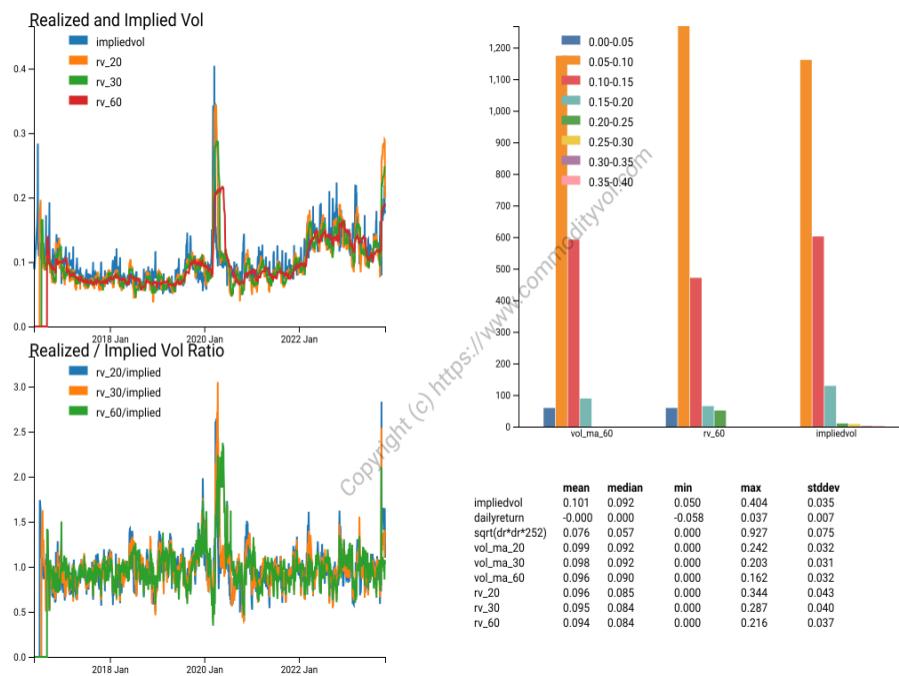
whether the carry trade would continue. All eyes are on the auction announcements happening later today. The tight rope act by the Fed is a masterclass in balancing dishes while tap dancing across a minefield. There are concerns that high rates are beginning to bleed into consumer borrowing. Further, there is fear of a 1980's style real estate recession. Credit card rates are also spiraling. There have been signs of a change in tempo in vol markets. The 10 Year realized/implied statistics have been persistently high for the past two or three months. The spike in the 30 Year Bond is particularly concerning. It is hard to understand why all of a sudden implied and realized spiked.

Interest Rates ATM

10 Year Detail

30 Year Detail

30 YR US Treasury Bond Options Front Month 50Δ



The index magic came up short again this month. The S&P 500 was down a bit more than 2.5%. The Russell Index was down approximately 6%. S&P500 vol rallied by 70 bps. The VIX moved up 0.53-which is very close to the S&P 500 change in vol. The vol of vol was down. Considering all the overhangs and the earnings season, things are not as bad as they could be. The Equity Indexes are holding up quite well.

EquityIndex ATM

SP500 Detail

Nasdaq Detail

VIX Detail

Metals were up across the board, with the notable exception of Palladium. Gold, Platinum and Silver rallied by 6-9%. This is understandable as inflation has a tenacious grip and

there is some flight to safety demand for precious metals. Gold and Platinum vol rocketed up. Curiously, copper, a proxy for economic activity, is quite muted. The price didn't move. Vol even dribbled out of that market.

Metals ATM

Copper Detail

Silver Detail

Feeder cattle dropped like a rock. Lean hogs also followed suit. Live cattle was down as well. Several articles are pointing to the reduction in demand for protein as evidence of a growing economic slowdown. Vol also moved up dramatically in these commodities. Soybean meal rallied dramatically on higher vol. The other ags were mostly muted.

Ags ATM

Feeder Cattle Detail

Soybean Meal Detail

Lean Hog Detail

Ags Details

The price of oil and its derivatives were all soft. It is a wonder what the price would have been had the Saudis and Russians not cooperated to restrict output. In the face of a looming conflagration in the Mideast, we have Brent down 6.3% and WTI down 7.8%. Crude vol increased by 0.083. This is a large move, but quite moderate considering the situation. Heating oil is also weak. Vol was up there as well. RBOB was also weak. The bright spot in the energy sector was natural gas, which rallied by 0.735. Vol was bid, but not as violent as it has been in the recent past.

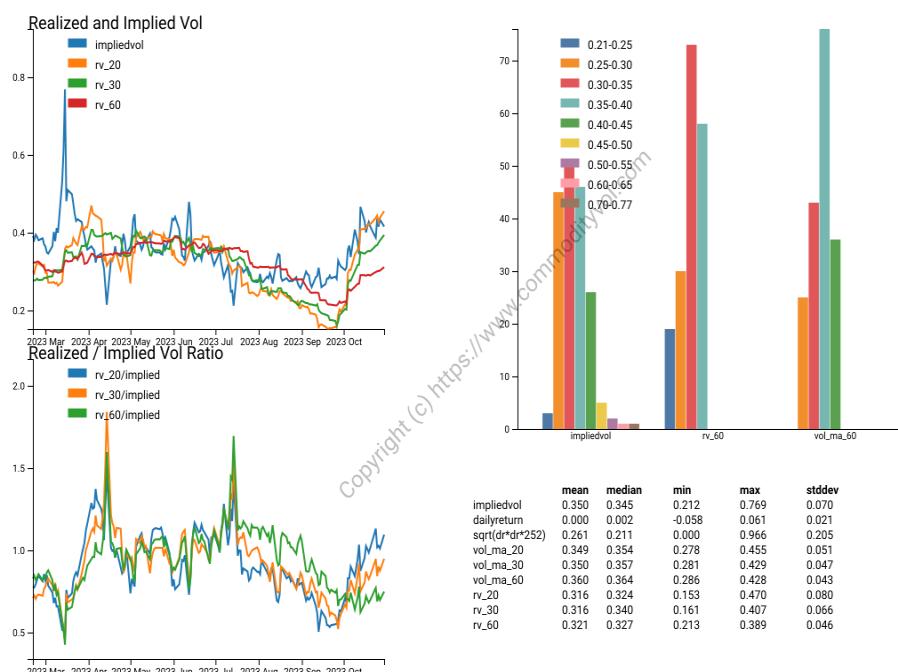
Energy ATM

US Natty Gas Detail

WTI Crude Detail

Details Energy

Crude Oil Options Front Month 50Δ Last 180 days



As always, we welcome you to visit our website and hope to help you manage risk!

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info@commodityvol.com

At The Money Roundup of Products

Ags

exch/prod	desc	futures chng [%]	vol chng [%]
CME/DK	Class IV Milk	+0.240 [+1.2%]	-0.086 [-45.0%]
CBT/C	Corn	-0.100 [-2.0%]	-0.015 [-8.0%]
CME/62	Feeder Cattle	-15.625 [-6.2%]	+0.003 [+3.1%]
CBT/KW	KC HRW Wheat	-0.475 [-7.0%]	-0.041 [-13.4%]
CME/LN	Lean Hog	-8.125 [-10.2%]	+0.068 [+42.6%]
CME/48	Live Cattle	-0.875 [-0.5%]	-0.016 [-11.9%]
CME/NF	Nonfat Dry Milk	+4.575 [+4.0%]	-0.010 [-11.3%]
CBT/O	Oats	-0.473 [-10.8%]	-0.053 [-12.2%]
ENXT_COM/OCO	Rapeseed	+4.500 [+1.1%]	-0.010 [-4.7%]
CBT/14	Rough Rice	+0.240 [+1.5%]	+0.012 [+9.2%]
CBT/S	Soybean	+0.335 [+2.6%]	-0.014 [-8.9%]
CBT/06	Soybean Meal	+56.700 [+15.1%]	+0.046 [+20.8%]
CBT/07	Soybean Oil	-6.010 [-10.5%]	+0.016 [+5.8%]
CBT/W	Wheat	-0.085 [-1.5%]	-0.059 [-17.4%]

InterestRates

exch/prod	desc	futures chng [%]	vol chng [%]
CBT/26	2 YR US Treasury Note	-0.012 [-0.0%]	+0.000 [+1.9%]
CBT/25	5 YR US Treasury Note	-0.438 [-0.4%]	+0.001 [+1.3%]
CBT/21	10 YR US Treasury Note	-1.156 [-1.1%]	+0.001 [+1.3%]
CBT/17	30 YR US Treasury Bond	-2.938 [-2.6%]	+0.012 [+7.5%]
CBT/UBE	Long Term US Treasury Bond	-1.719 [-1.5%]	-0.006 [-2.9%]
CME/S0	One-year Mid-curve Three-month SOFR	+0.040 [+0.0%]	-0.001 [-3.7%]
CME/SR3	Three-month SOFR	+0.045 [+0.0%]	-0.002 [-30.7%]
CME/S3	Three-year Mid-curve Three-month SOFR	-0.020 [-0.0%]	-0.003 [-14.9%]
CME/S2	Two-year Mid-curve Three-month SOFR	-0.070 [-0.1%]	+0.001 [+3.7%]

Energy

exch/prod	desc	futures chng [%]	vol chng [%]
NYMEX/BZO	Brent Crude Oil Margin	-5.690 [-6.3%]	+0.086 [+30.3%]
NYMEX/BE	Brent Euro Style	-6.470 [-7.1%]	+0.085 [+29.4%]
NYMEX/CVR	Chicago Ethanol(platts) Average Price	-0.350 [-15.6%]	+0.047 [+26.6%]
NYMEX/LO	Crude Oil	-7.800 [-8.8%]	+0.083 [+27.5%]
NYMEX/LN	European Natural Gas	+0.735 [+25.9%]	+0.081 [+14.4%]
NYMEX/E7	Henry Hub Financial Last Day	+0.735 [+25.9%]	+0.085 [+15.1%]
NYMEX/ON	Natural Gas	+0.735 [+25.9%]	+0.081 [+14.2%]
NYMEX/OH	NY Harbor ULSD	-0.313 [-9.7%]	+0.040 [+11.8%]
NYMEX/OB	RBOB	-0.143 [-6.1%]	+0.069 [+20.6%]

EquityIndex

exch/prod	desc	futures chng [%]	vol chng [%]
CBT/YM	E-Mini Dow	-66.000 [-0.2%]	+0.055 [+71.3%]
CME/NQ	E-Mini Nasdaq	-494.500 [-3.3%]	+0.009 [+4.2%]
CME/RTO	E-Mini Russell 2000	-103.000 [-5.8%]	+0.004 [+2.1%]
CME/RTM	E-Mini Russell EOM	-103.000 [-5.8%]	+0.010 [+5.0%]
CME/ES	E-Mini S&P 500	-112.000 [-2.6%]	+0.007 [+4.2%]
CBOE/VIX	VIX Volatility Index	+0.530 [+3.0%]	-0.146 [-15.4%]

Forex

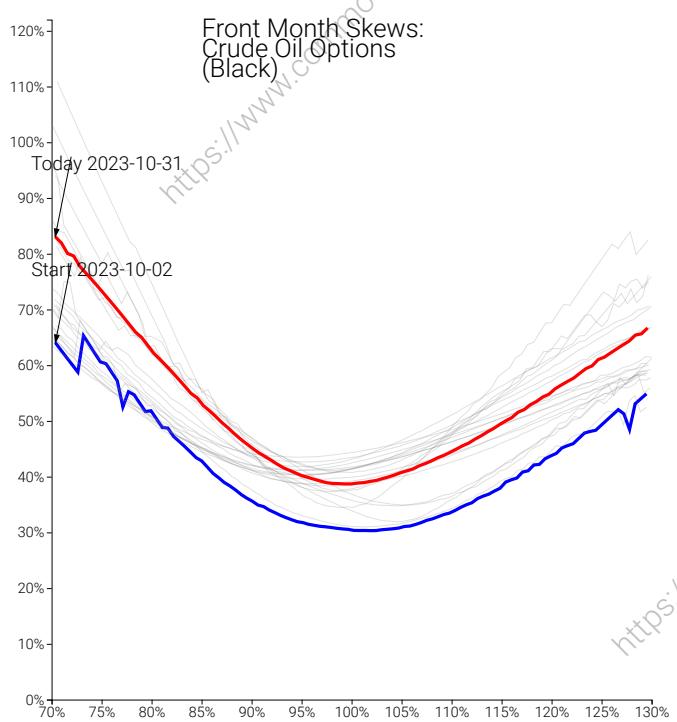
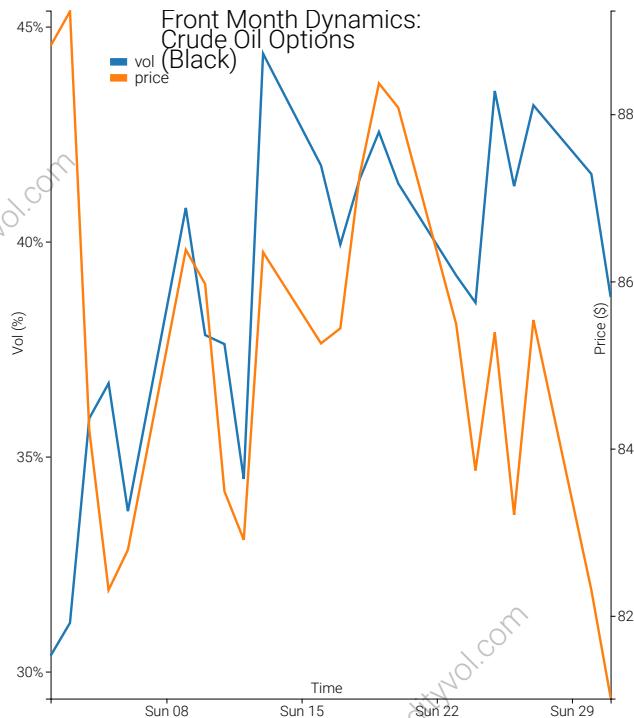
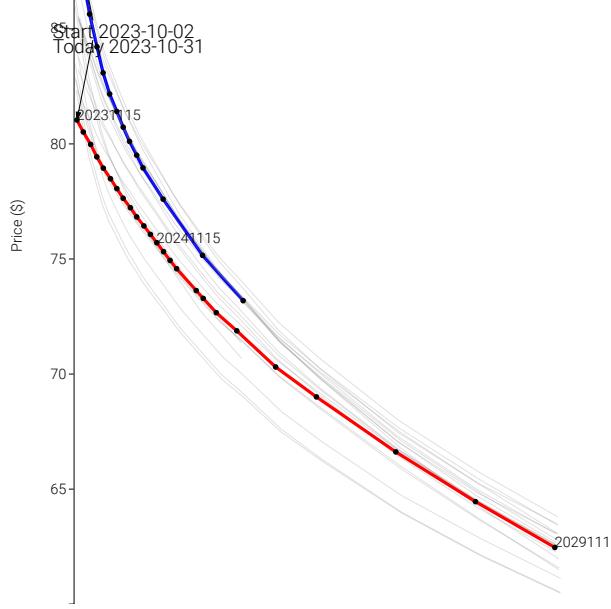
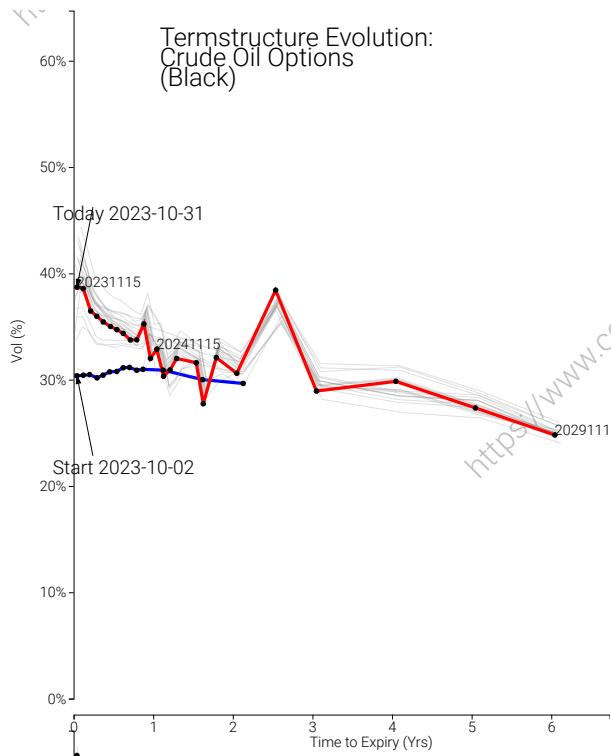
exch/prod	desc	futures chng [%]	vol chng [%]
CME/ADU	AUDUSD 2pmfix	-0.003 [-0.5%]	+0.001 [+0.6%]
CME/BTC	Bitcoin	+6755.000 [+24.0%]	+0.123 [+36.6%]
CME/CAU	CADUSD 2pmfix	-0.012 [-1.6%]	-0.002 [-2.7%]
CME/CHU	CHFUSD 2pmfix	+0.006 [+0.5%]	-0.006 [-7.7%]
CME/ETH	Ethereum	+175.500 [+10.6%]	+0.120 [+39.9%]
CME/EUU	EURUSD 2pmfix	+0.008 [+0.7%]	-0.014 [-16.9%]
CME/GBU	GBPUSD 2pmfix	+0.004 [+0.4%]	-0.014 [-15.8%]
CME/JPU	JPYUSD 2pmfix	-0.000 [-1.7%]	+0.006 [+7.2%]
CME/MP	Mexican Peso	+0.000 [+0.3%]	+0.004 [+3.1%]
CME/NE	New Zealand	-0.009 [-1.5%]	+0.002 [+1.6%]

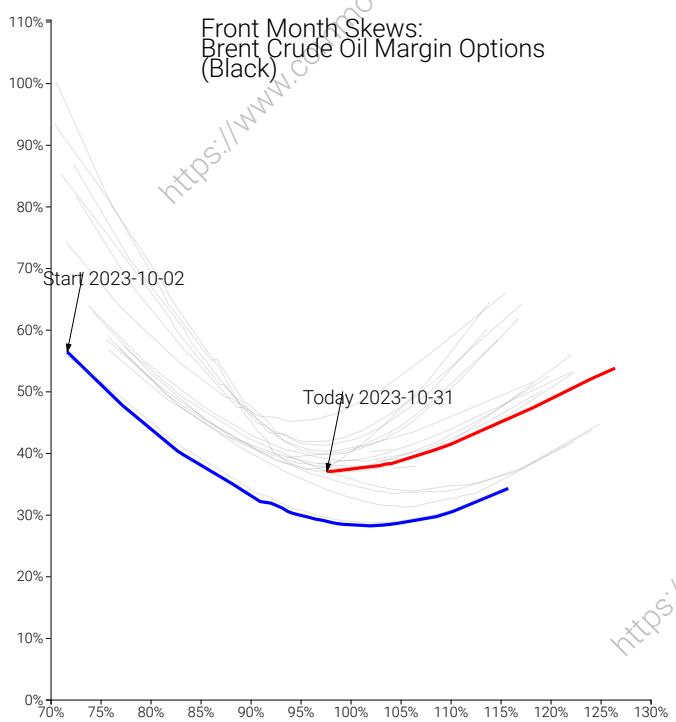
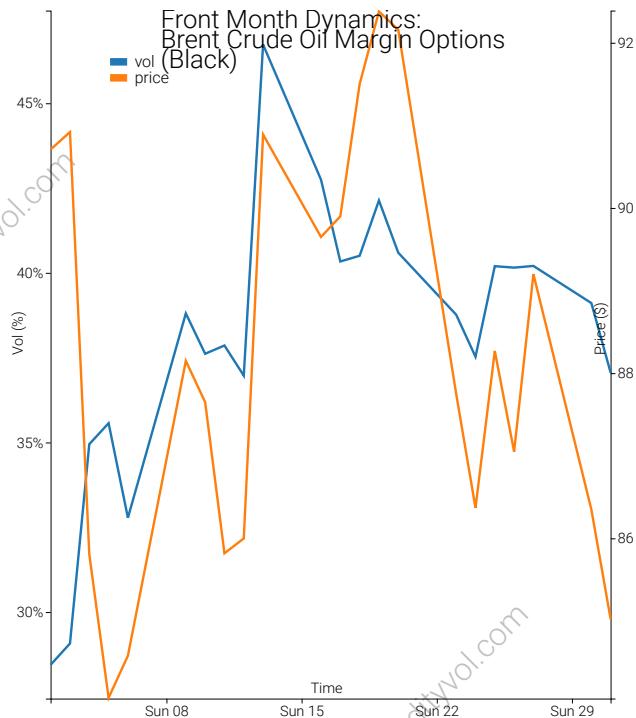
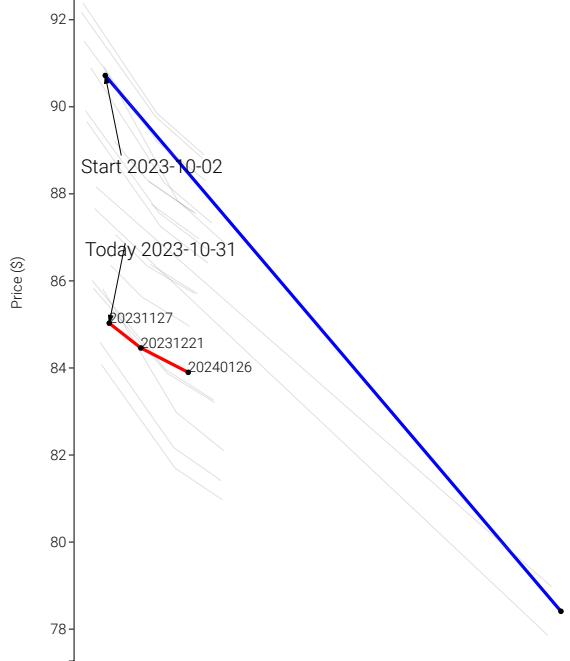
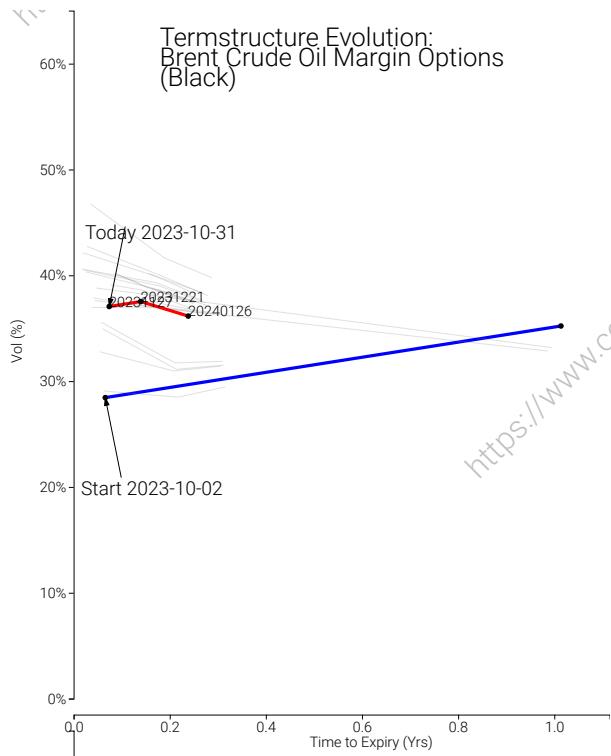
Metals

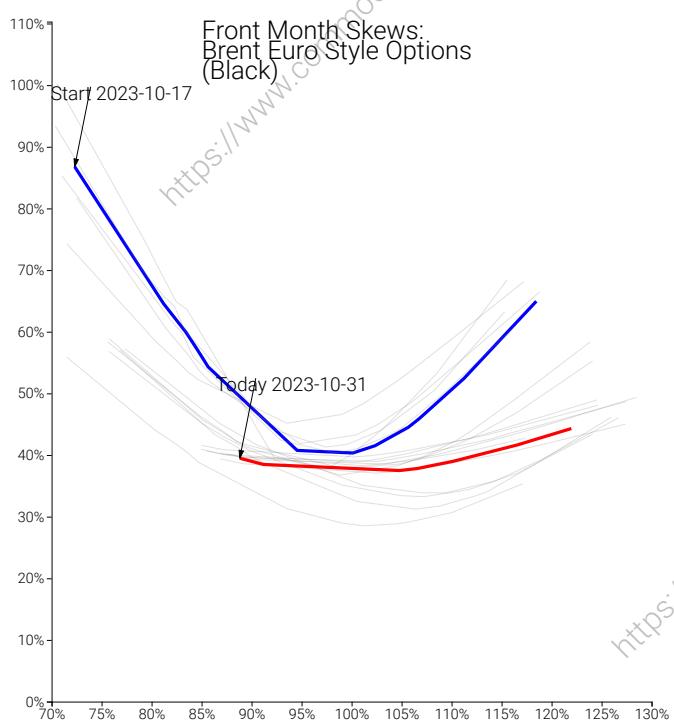
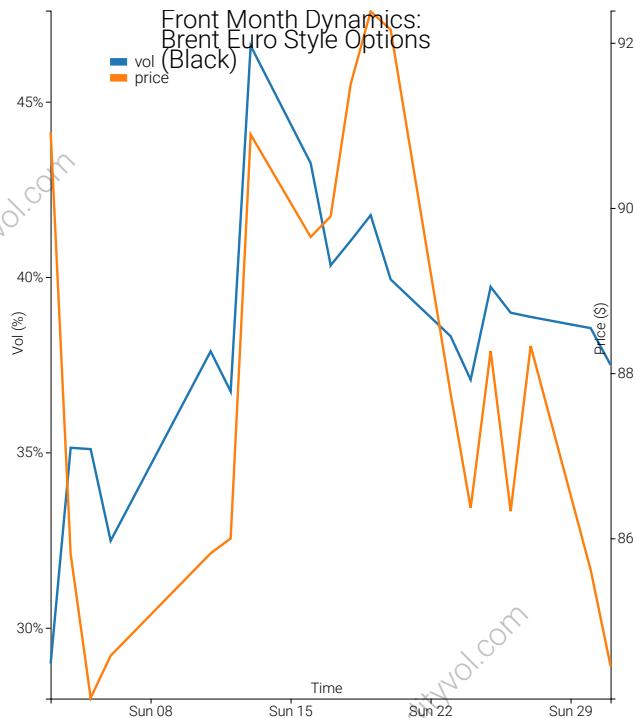
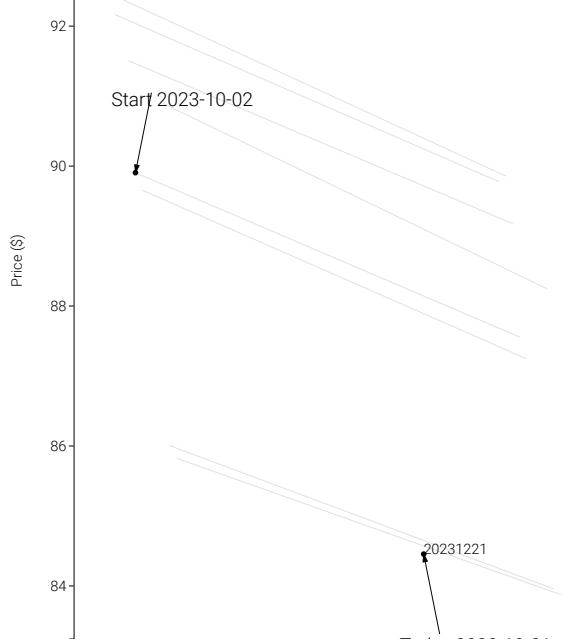
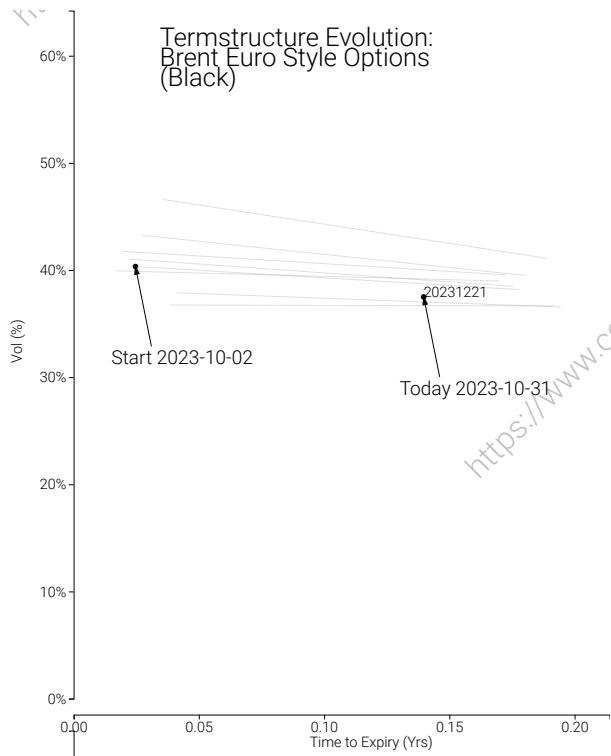
exch/prod	desc	futures chng [%]	vol chng [%]
COMEX/HX	Copper	+0.007 [+0.2%]	-0.015 [-7.5%]
COMEX/OG	Gold	+147.100 [+8.0%]	+0.021 [+18.1%]
NYMEX/PAO	Palladium	-66.800 [-5.6%]	+0.001 [+0.3%]
NYMEX/PO	Platinum	+58.100 [+6.6%]	-0.001 [-0.3%]
COMEX/SO	Silver	+1.531 [+7.1%]	-0.007 [-2.6%]

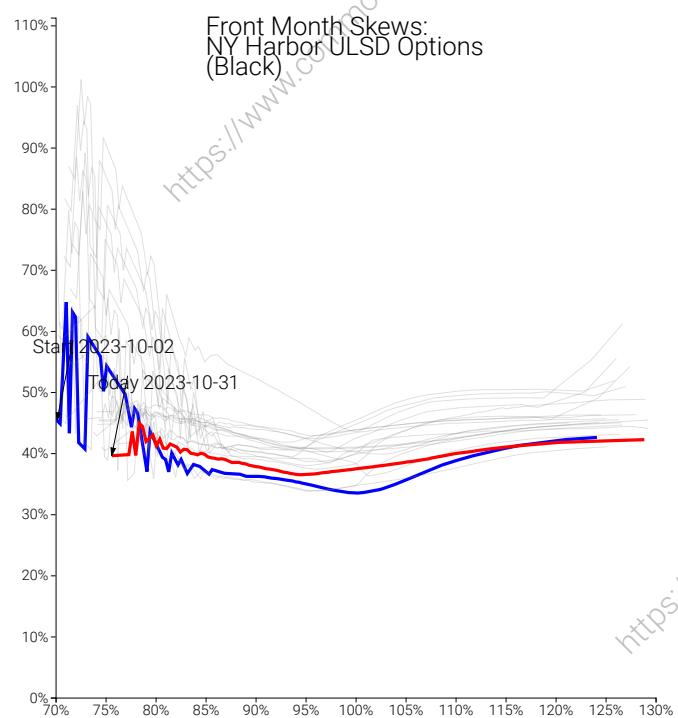
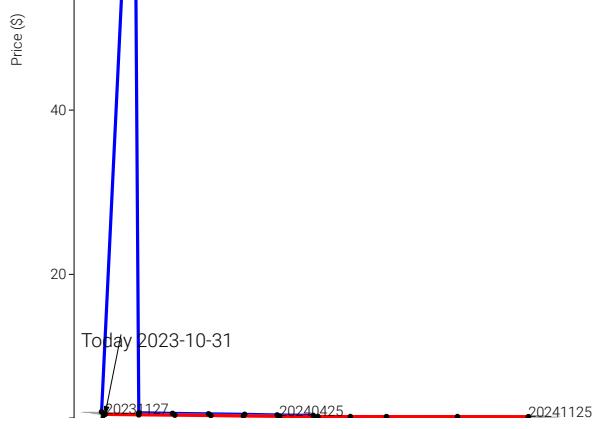
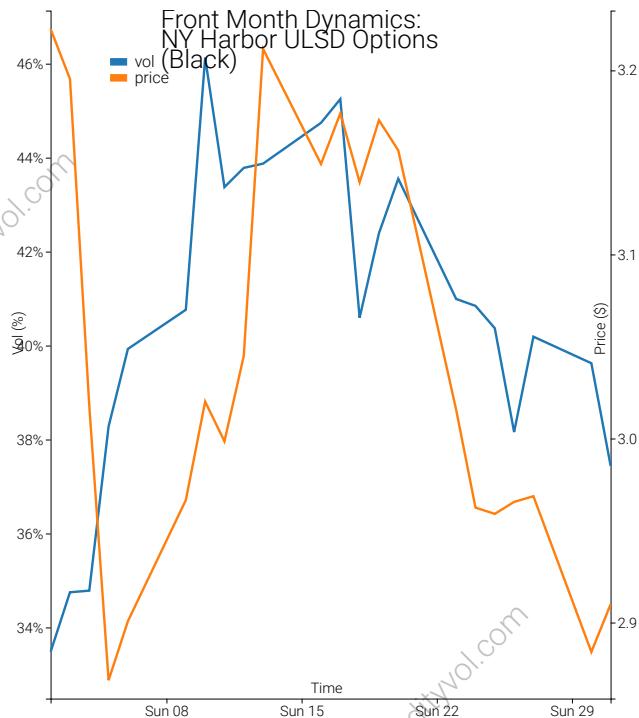
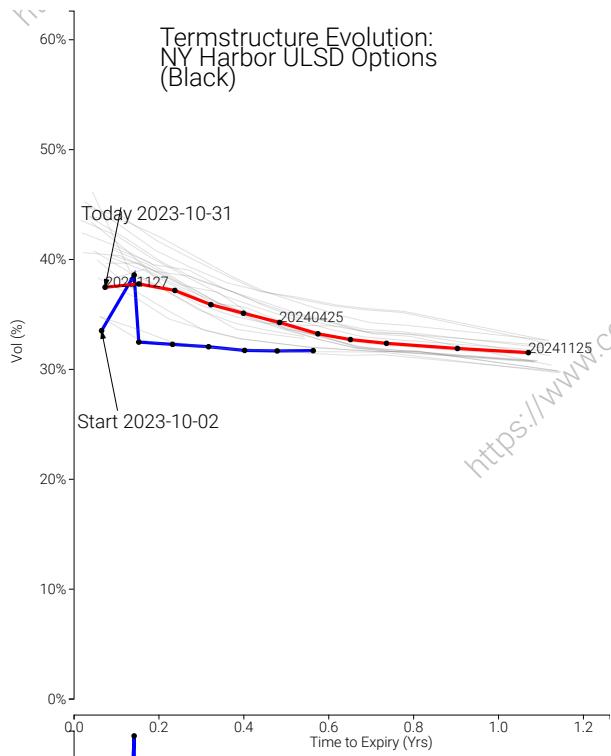
Skews, Termstructures and more

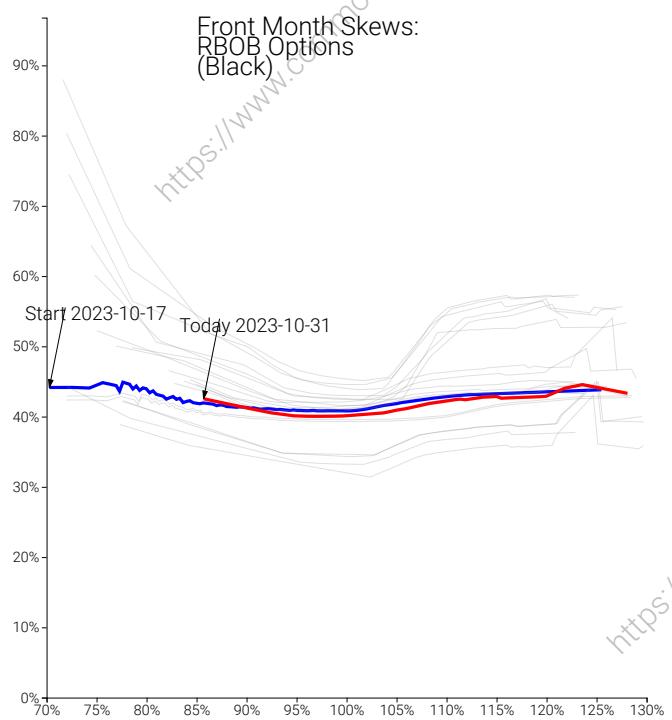
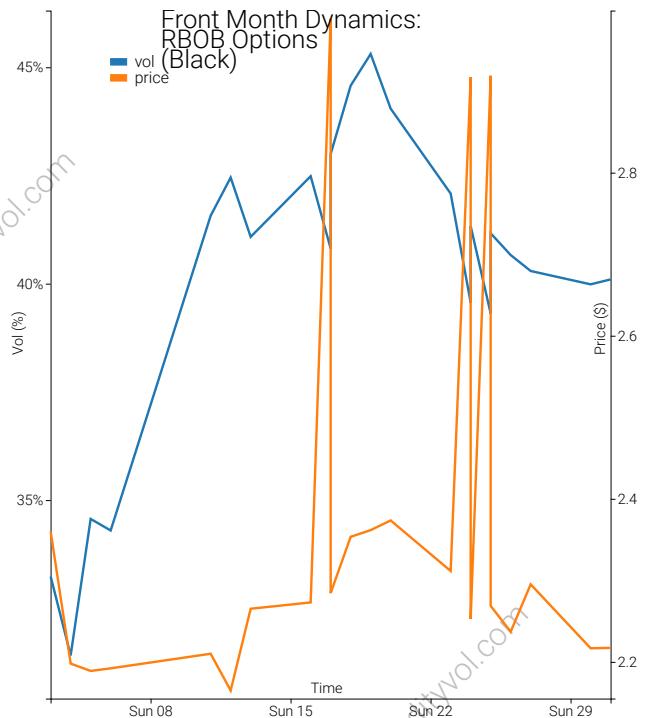
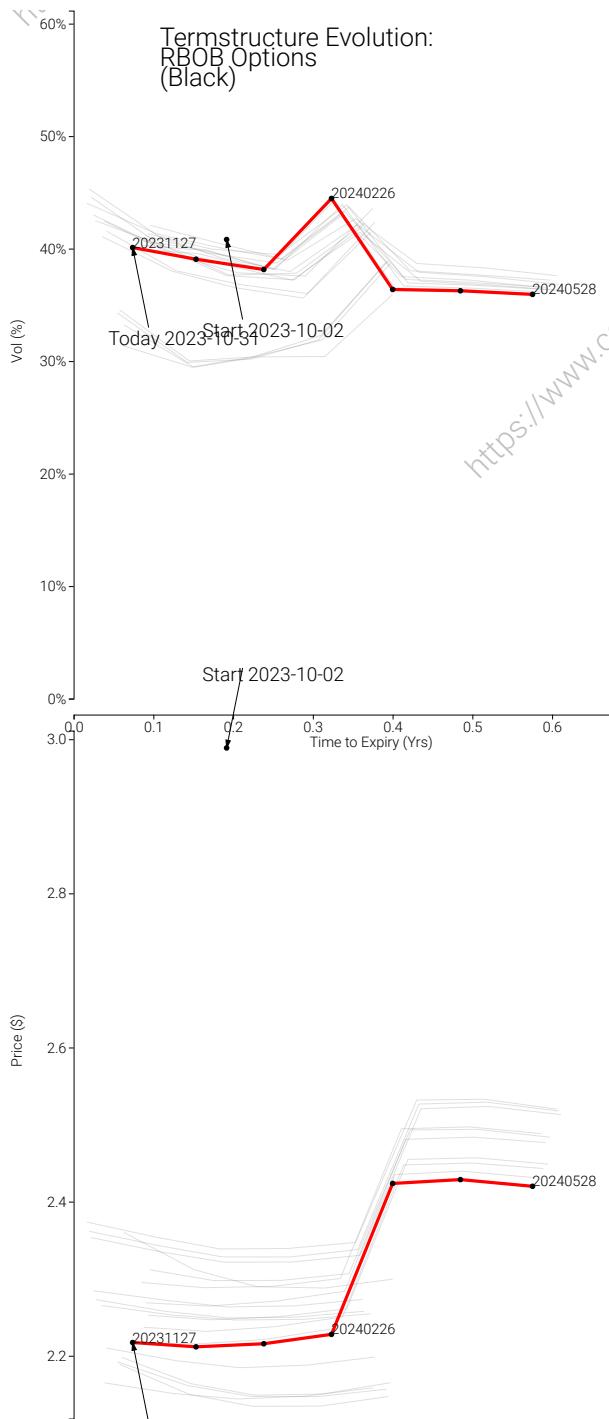
Energy: Crude and Derivatives

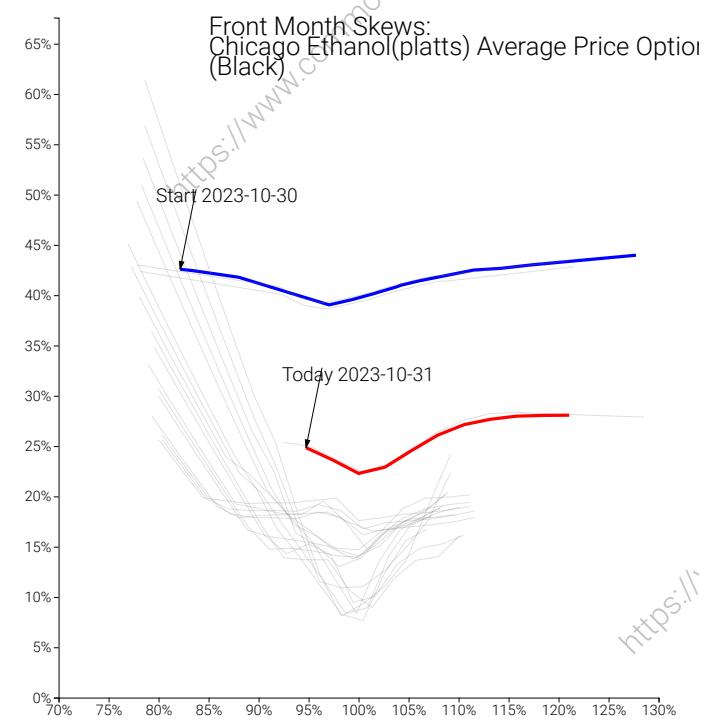
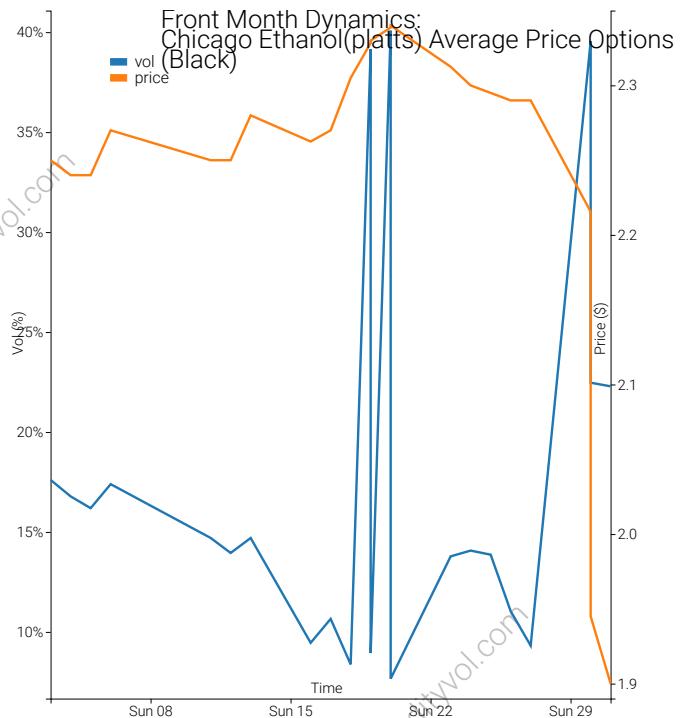
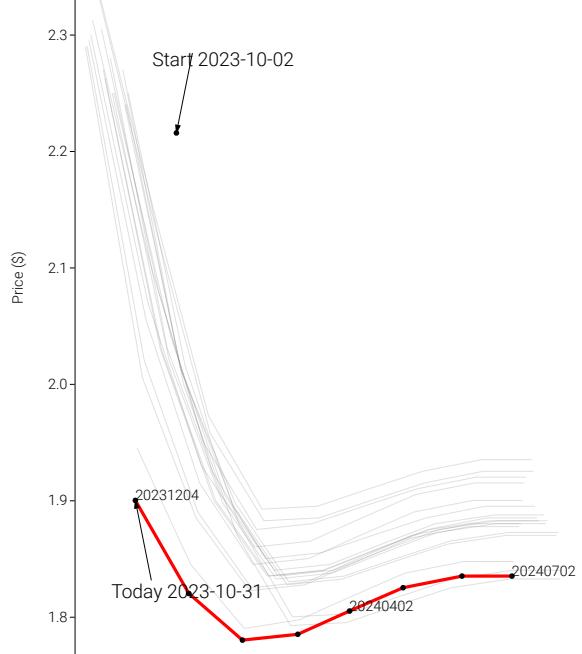
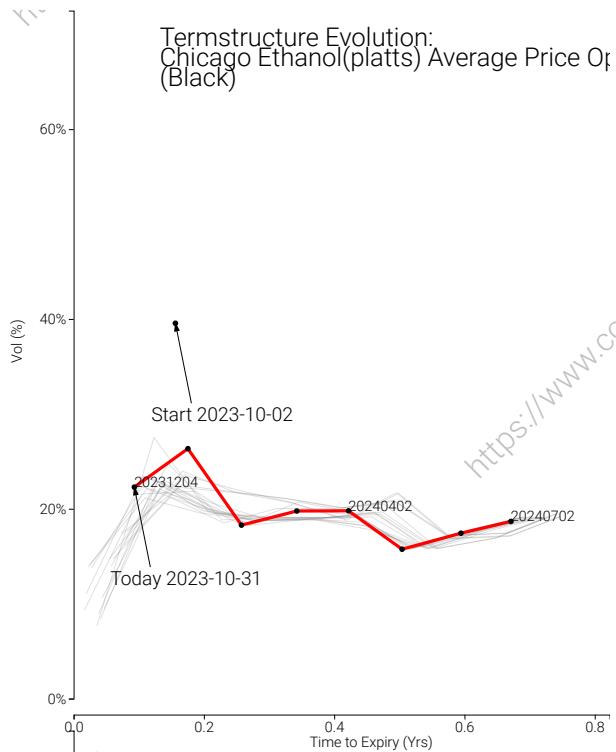




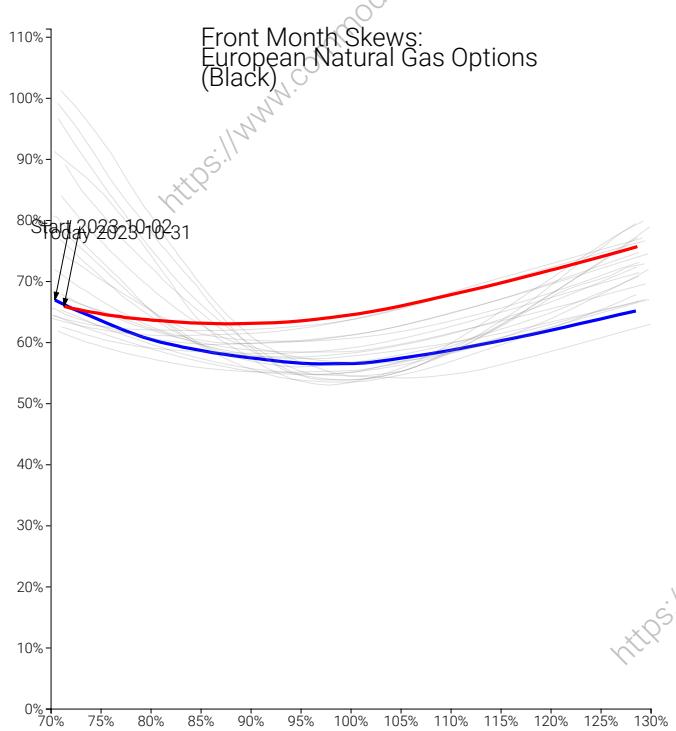
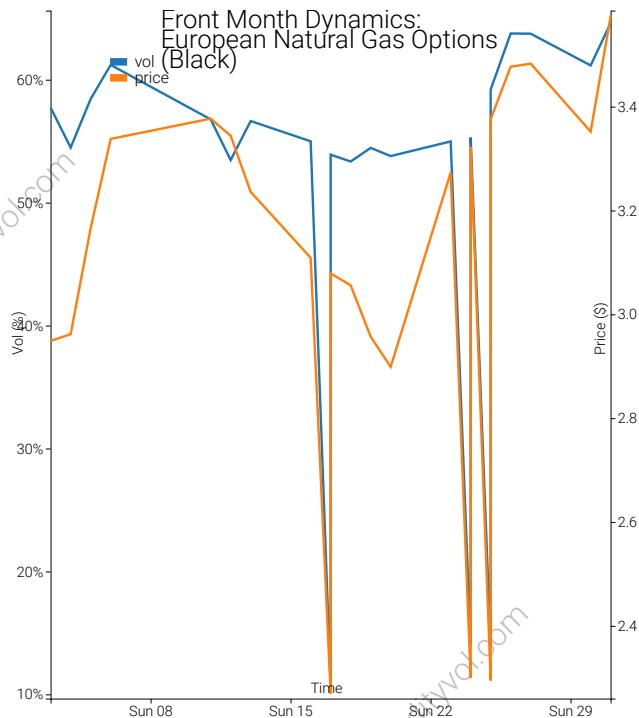
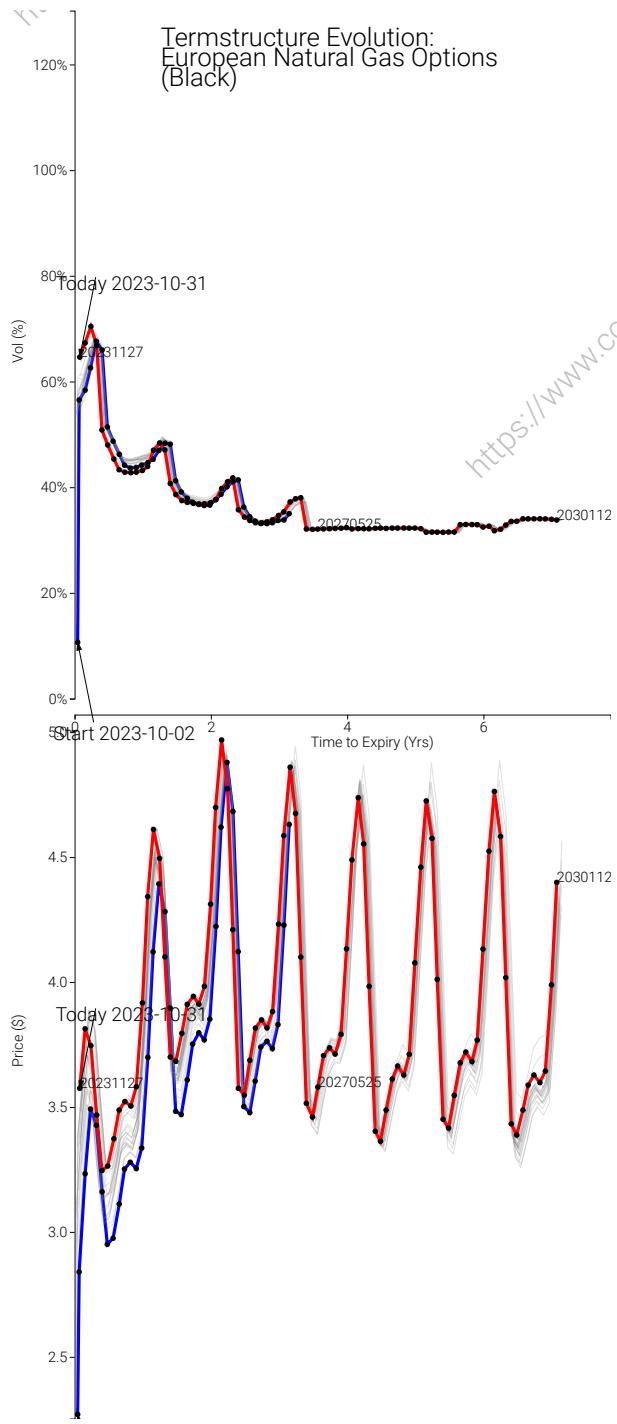


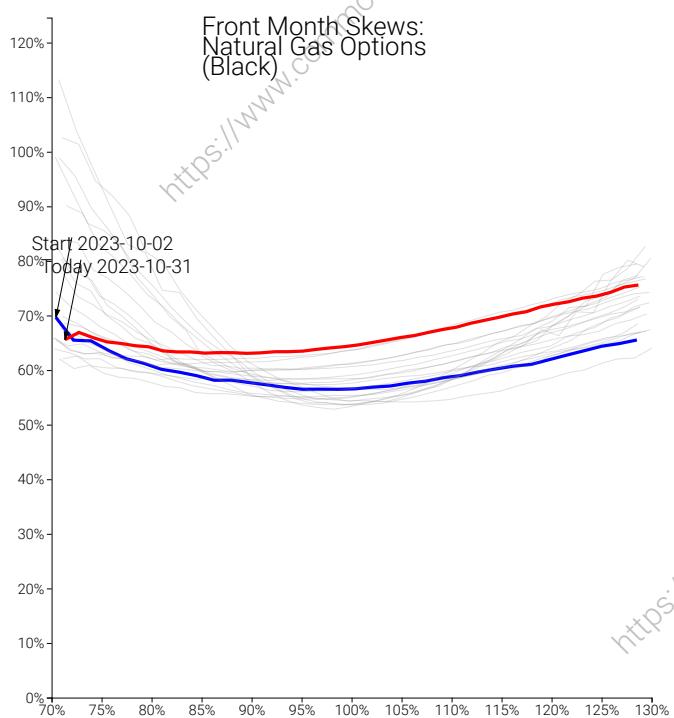
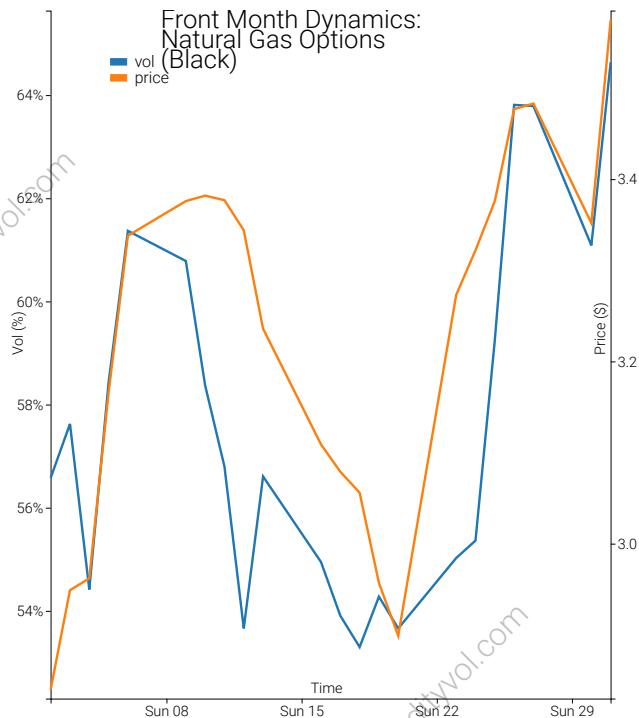
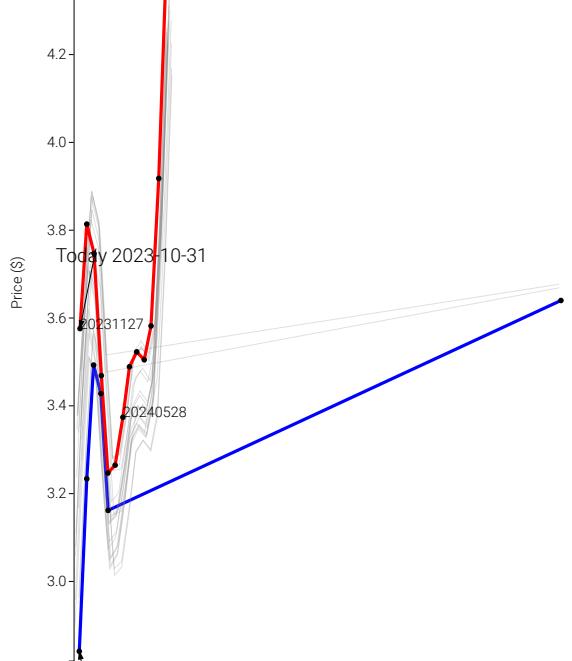
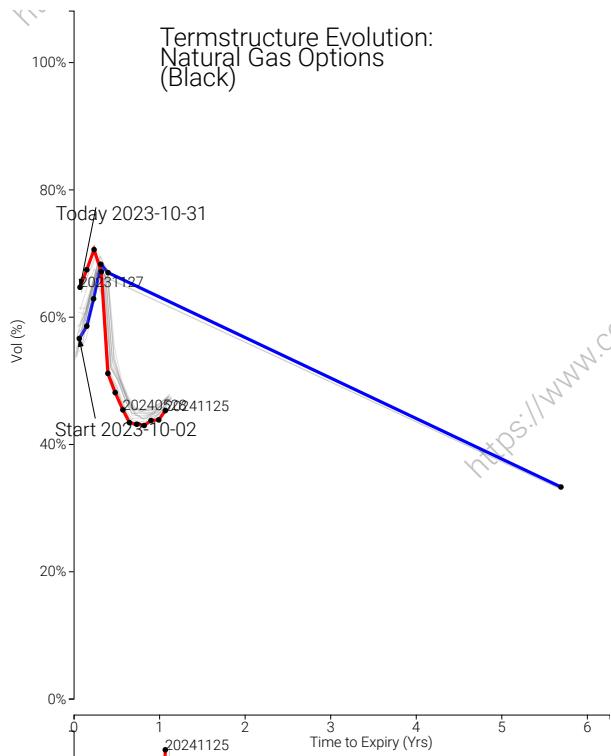


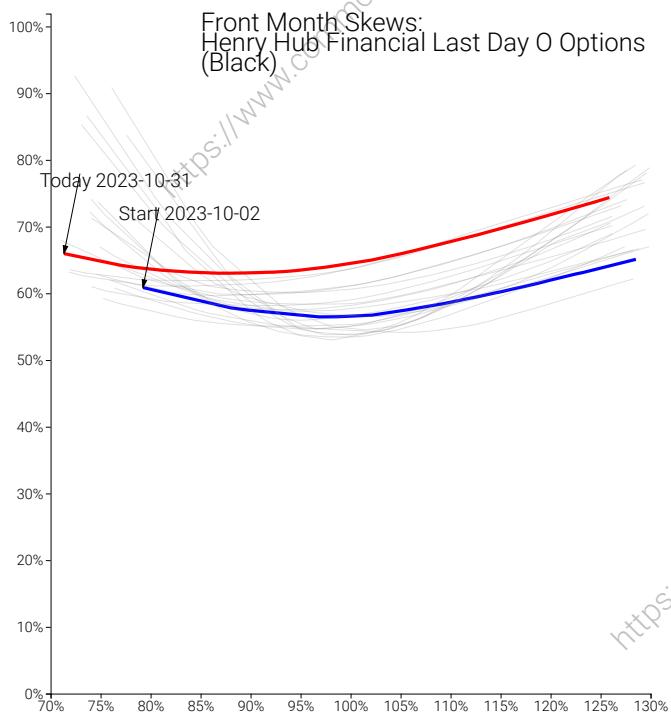
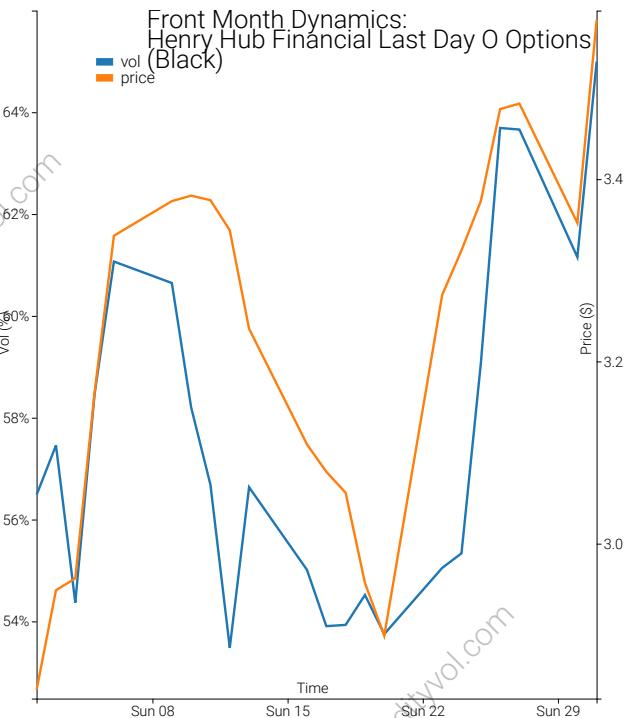
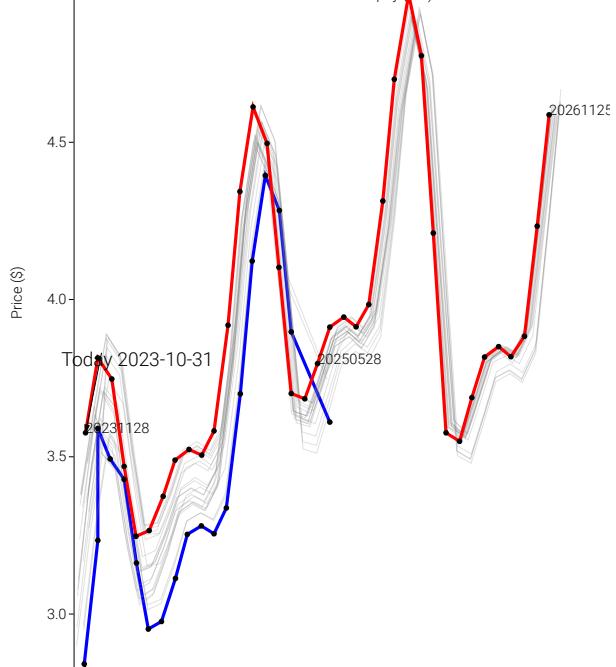
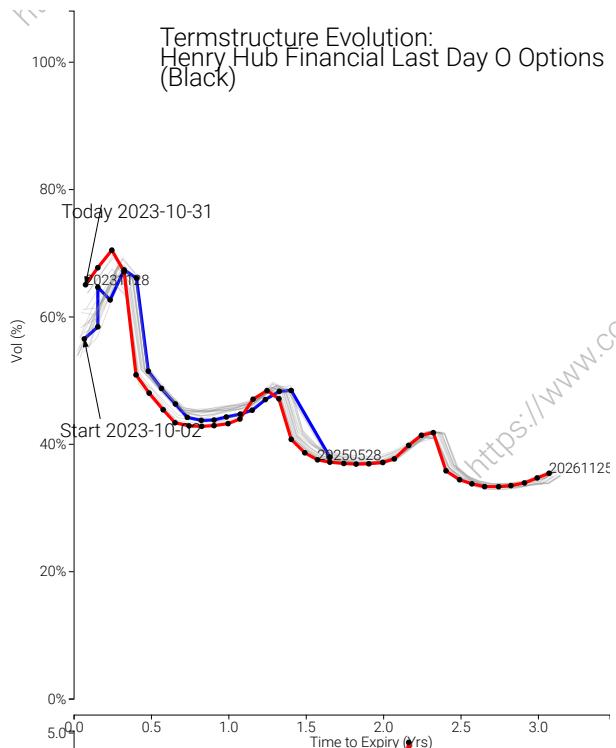




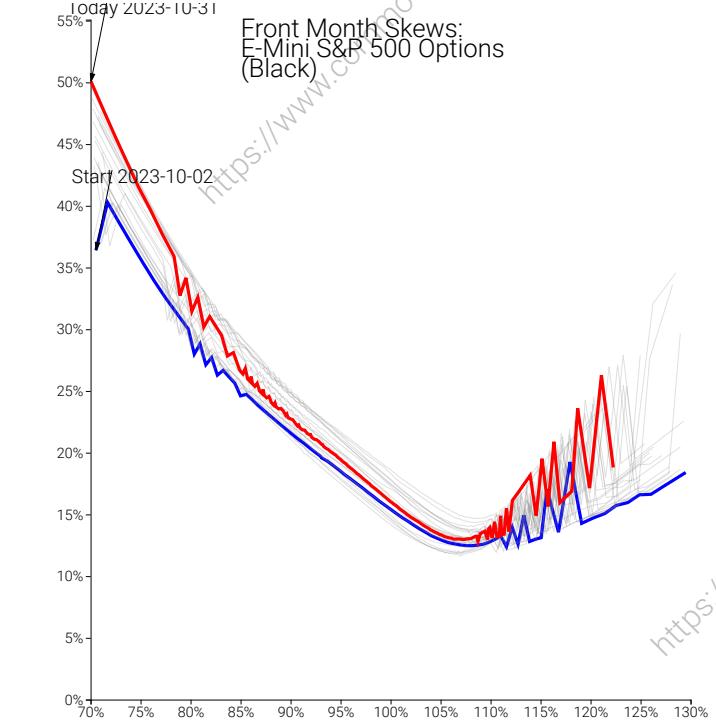
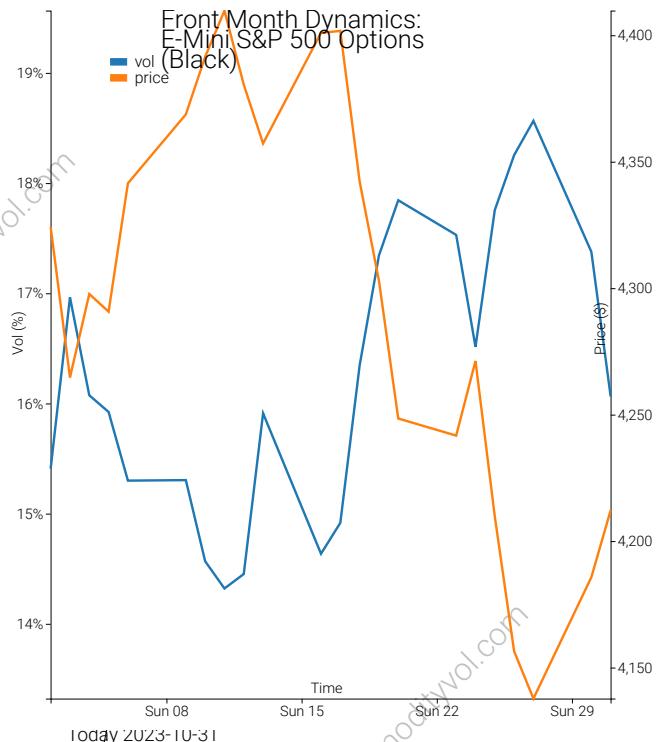
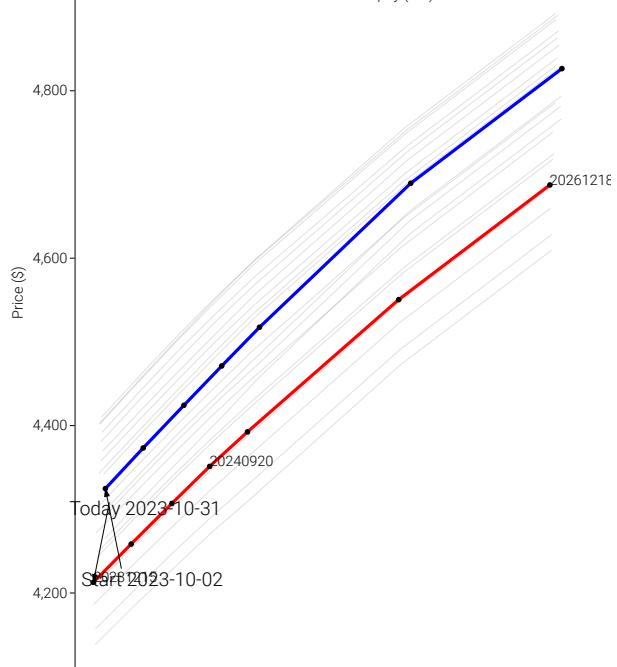
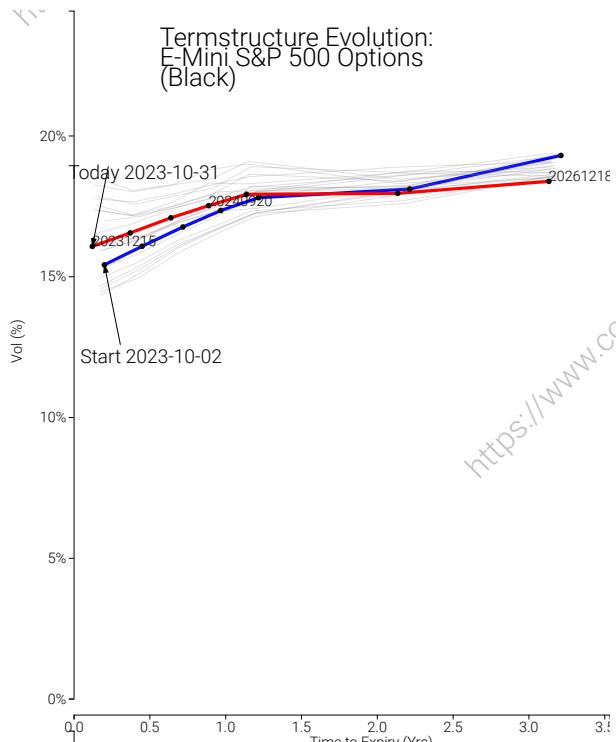
Energy: Natural Gas

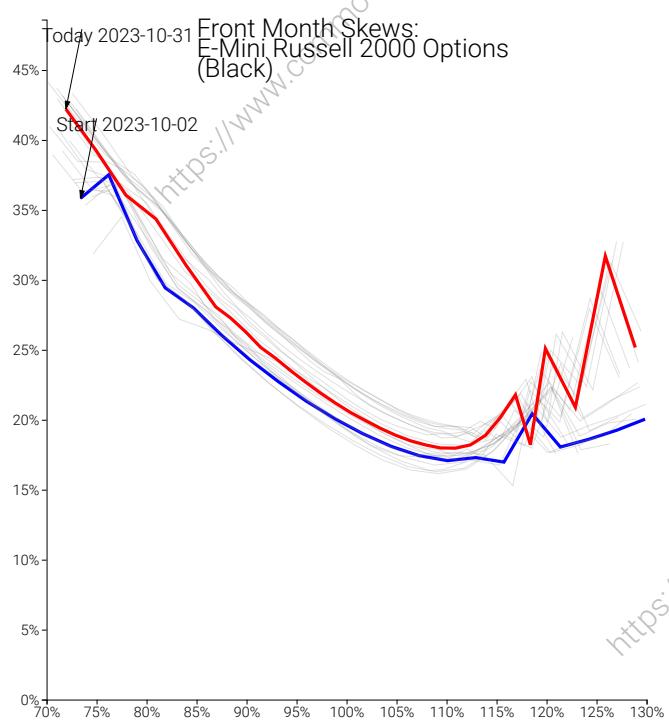
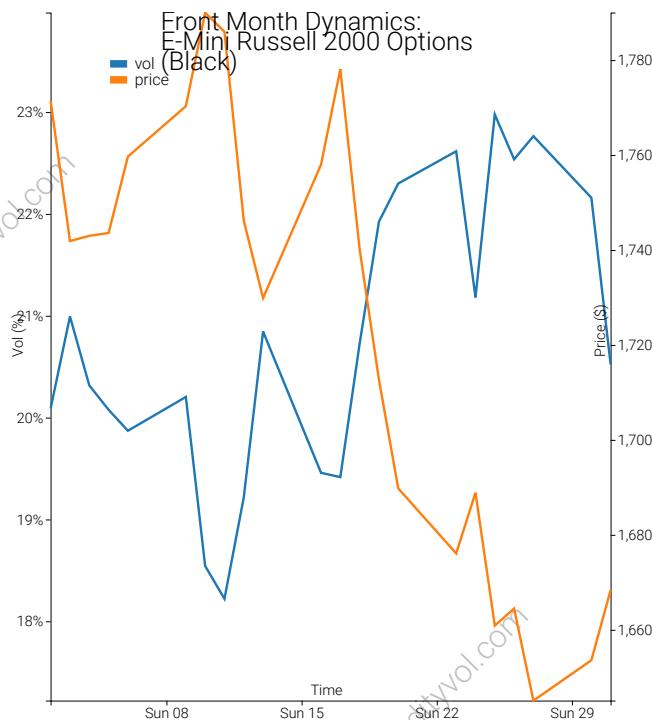
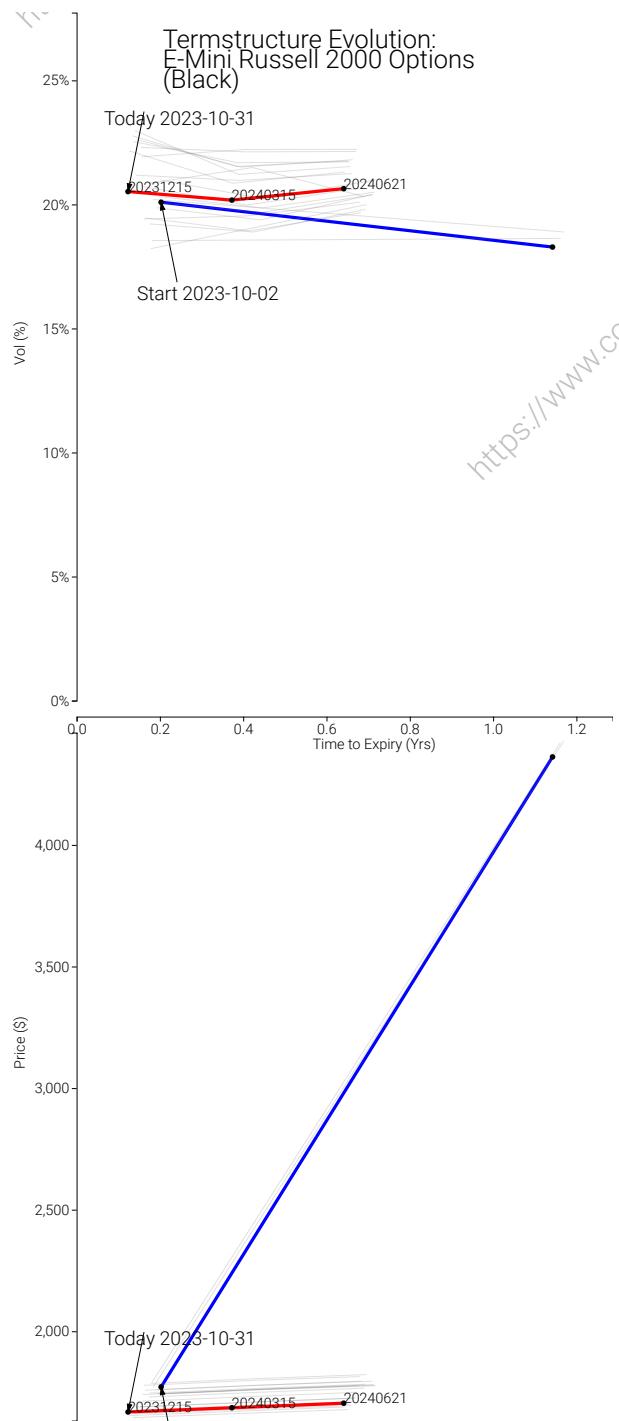


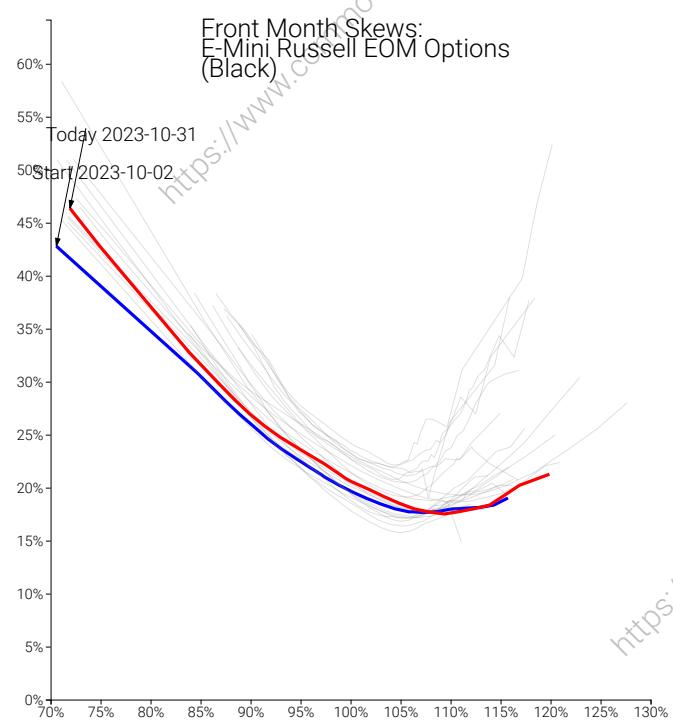
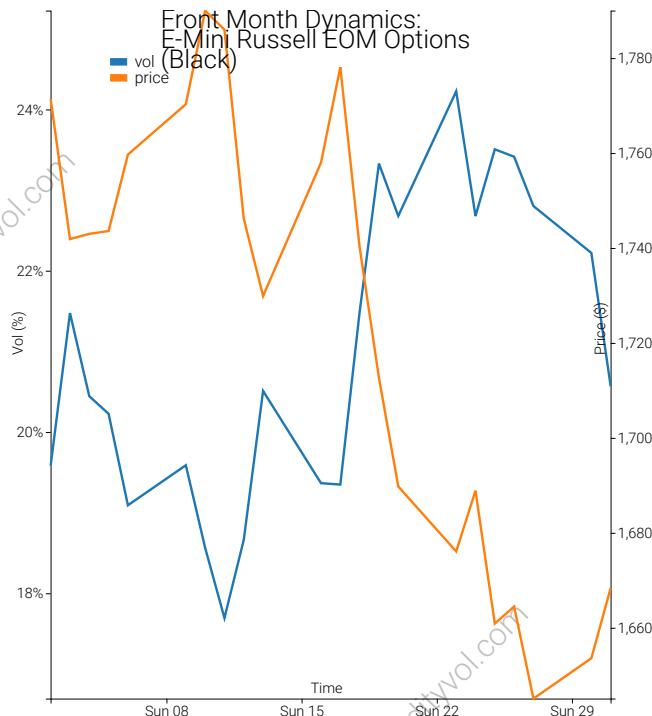
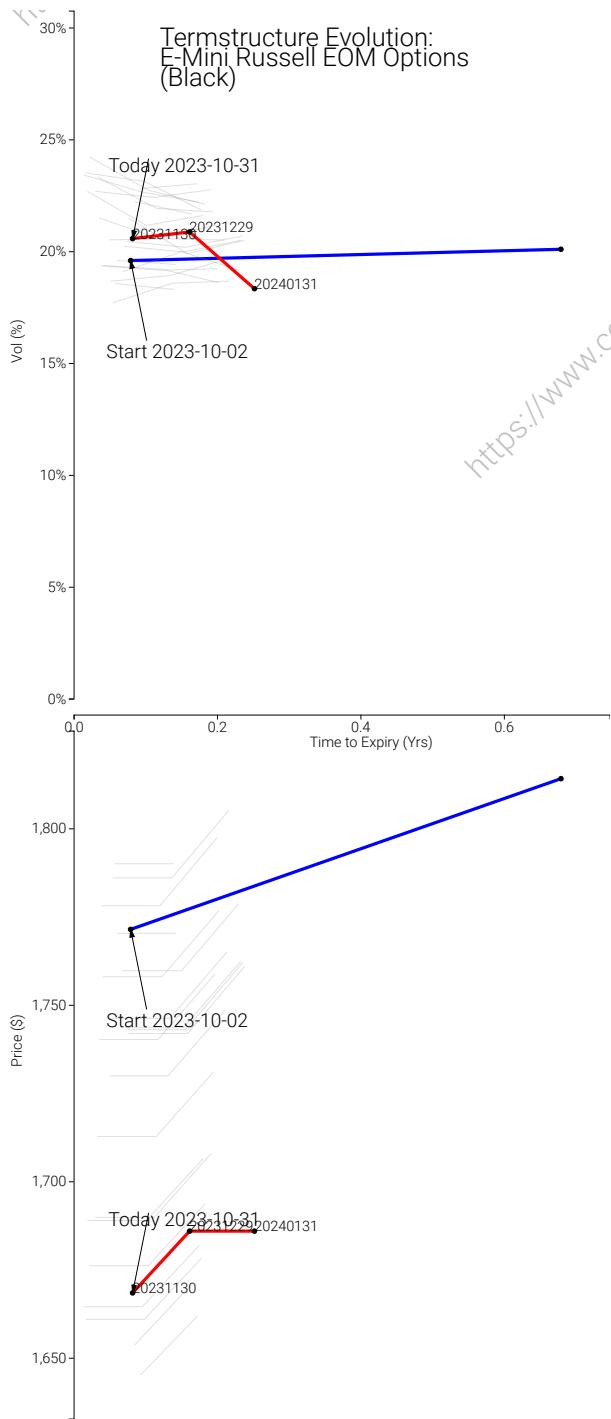


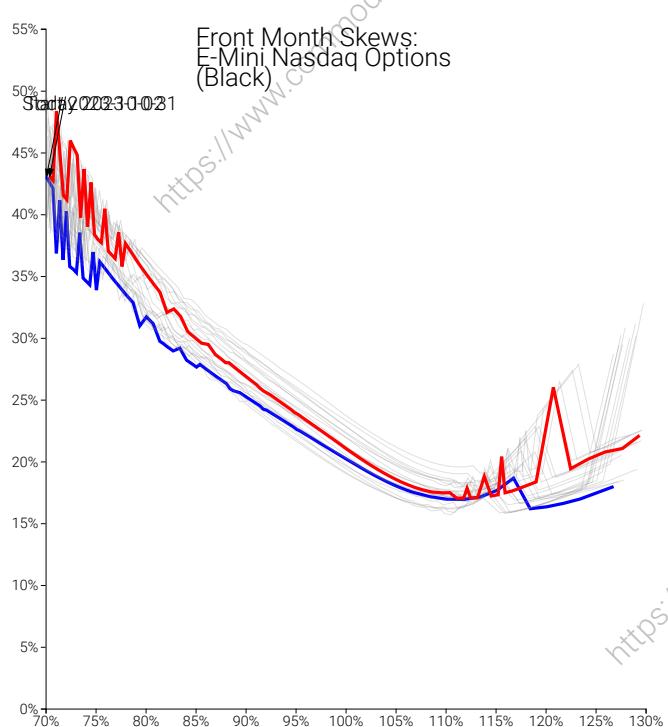
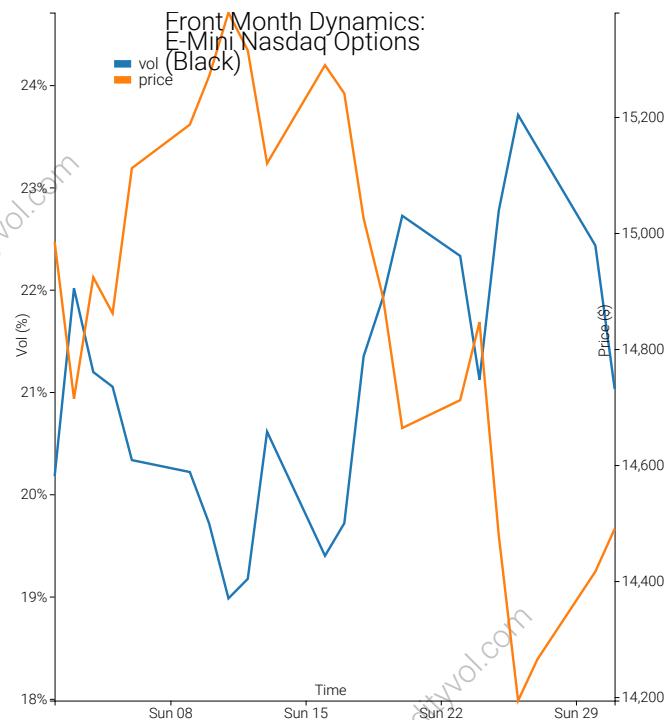
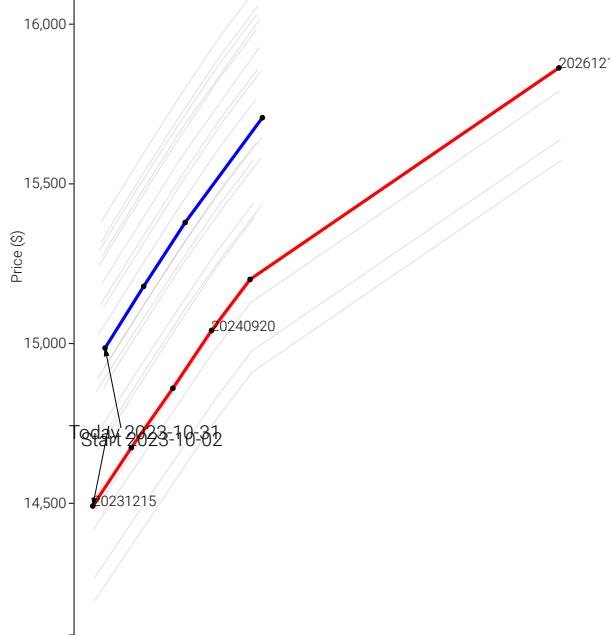
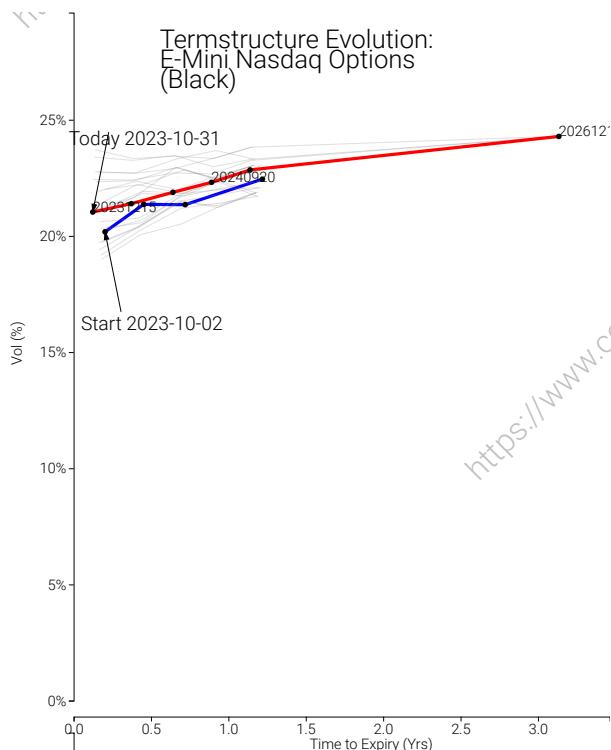


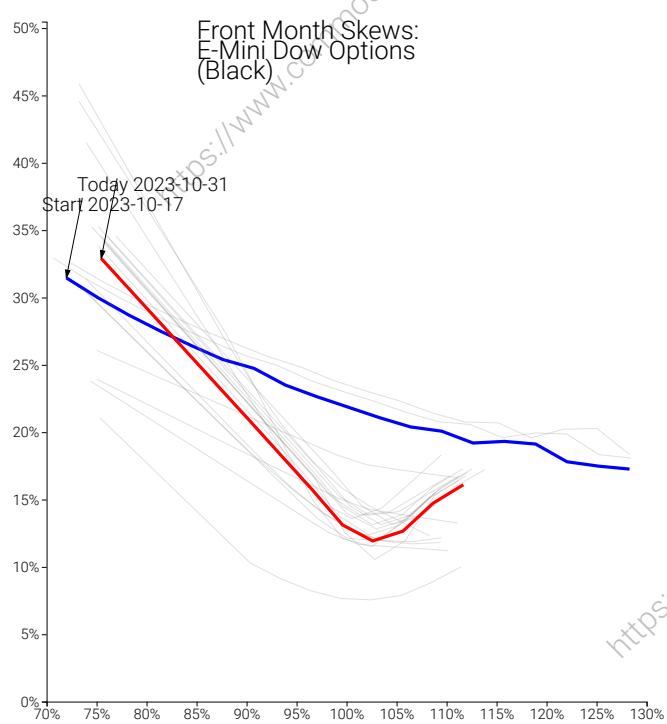
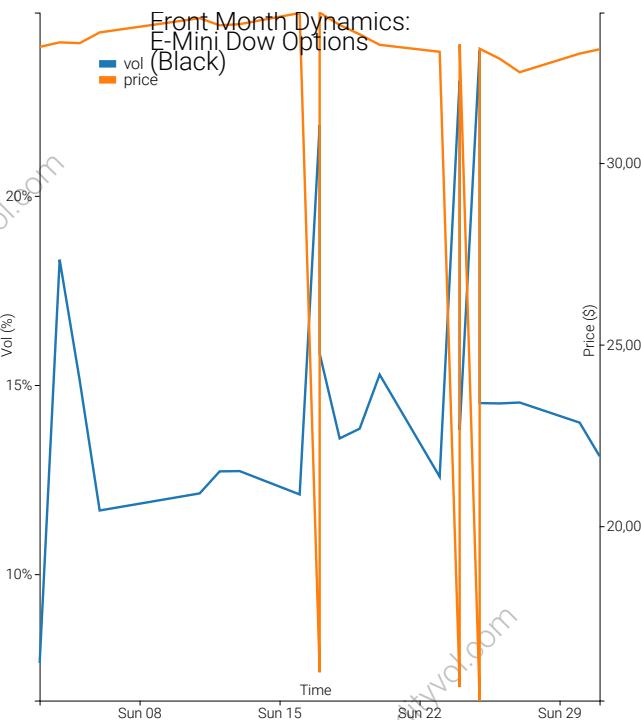
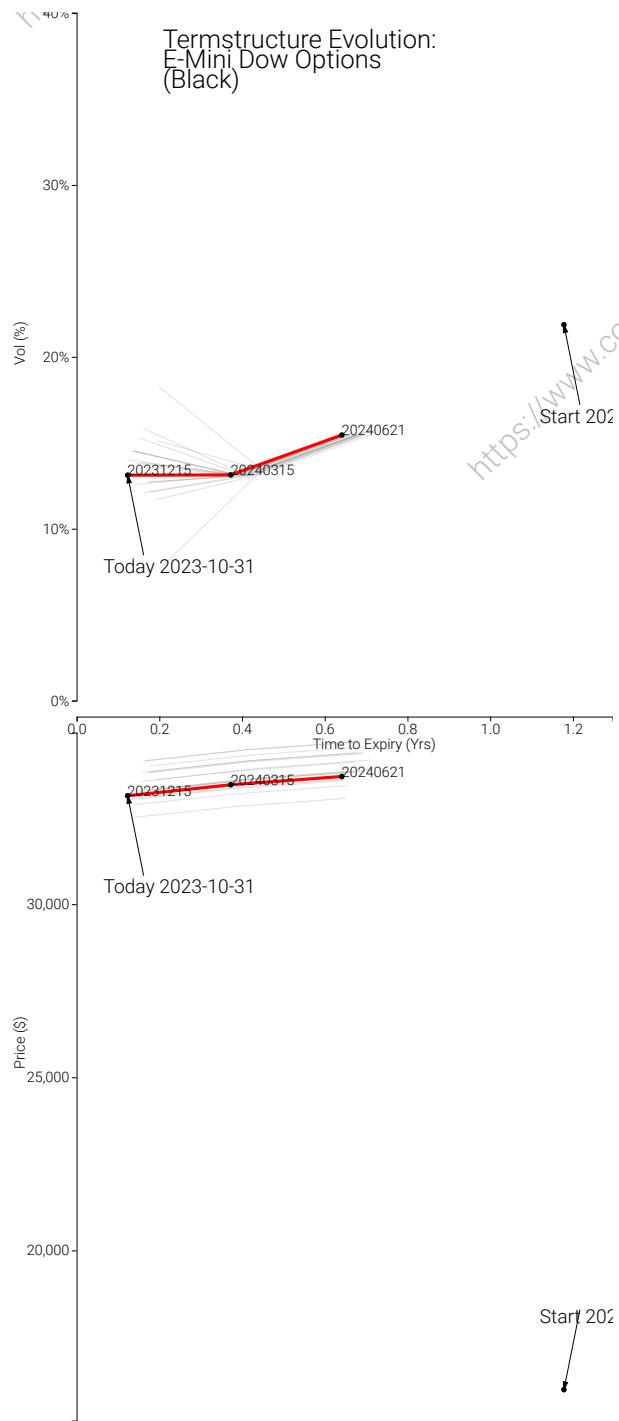
EquityIndex

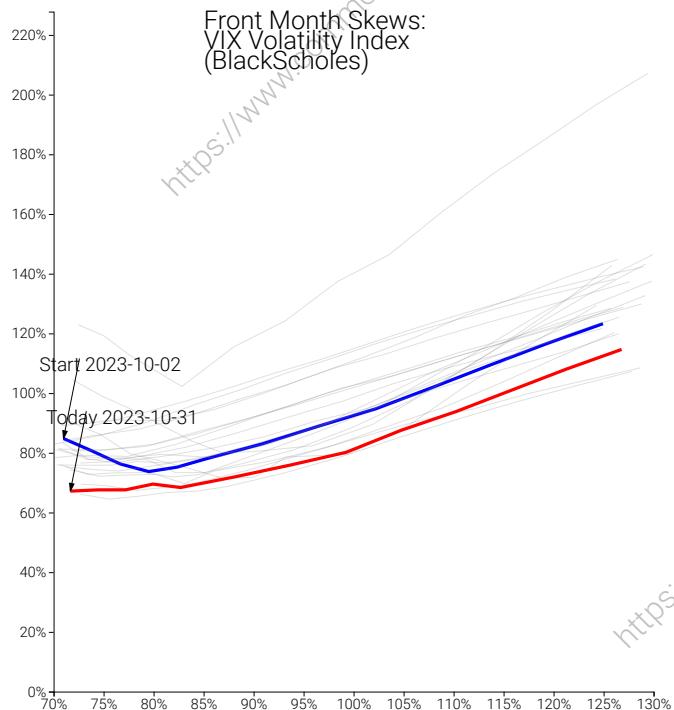
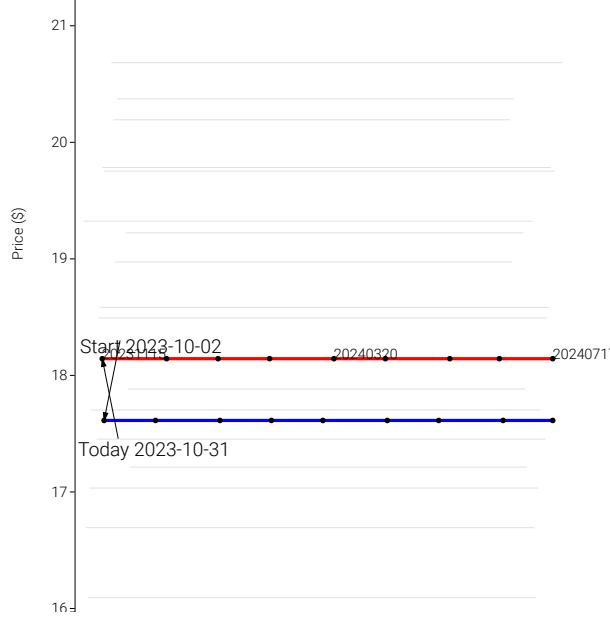
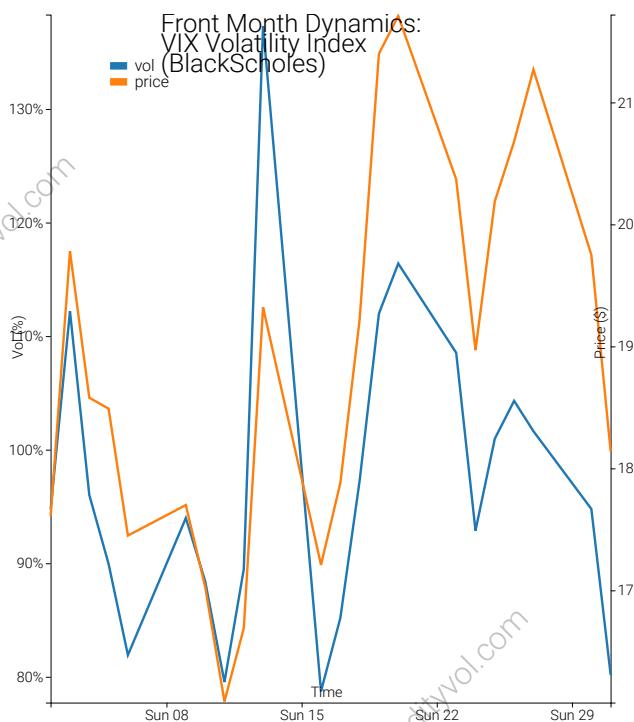
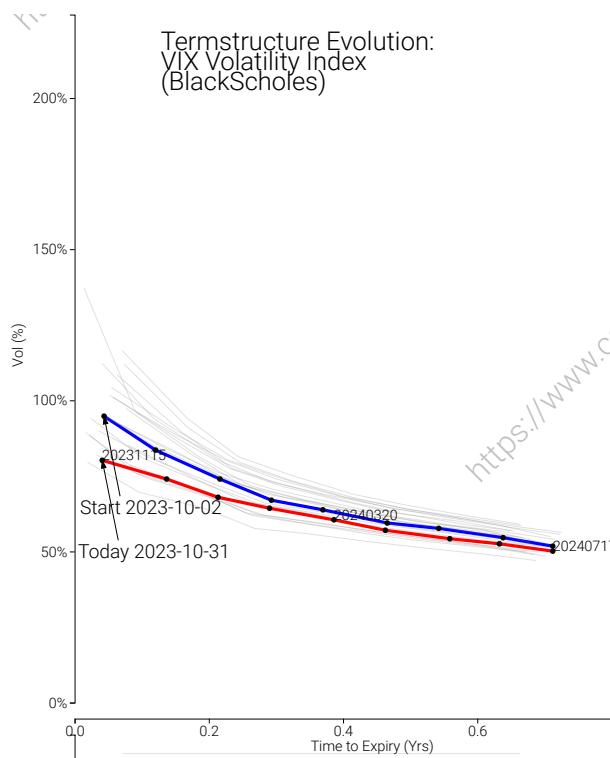




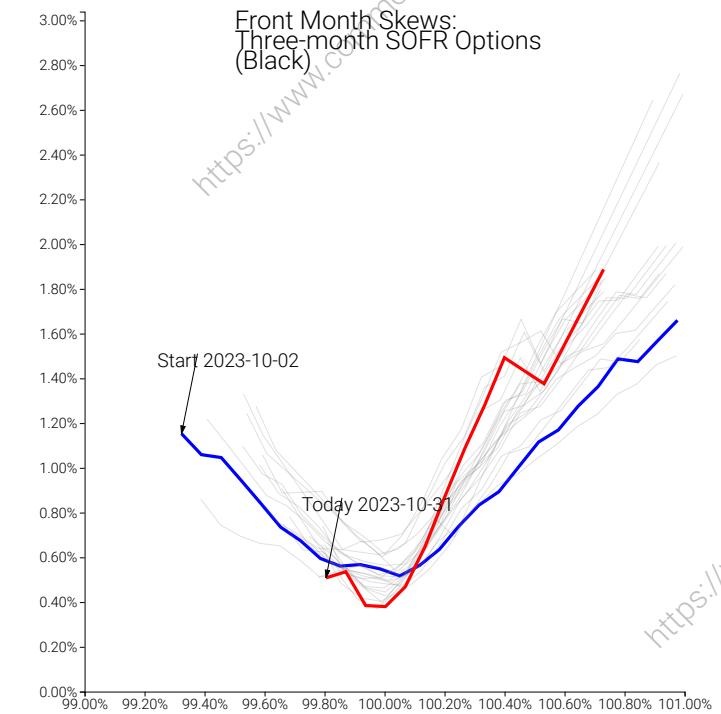
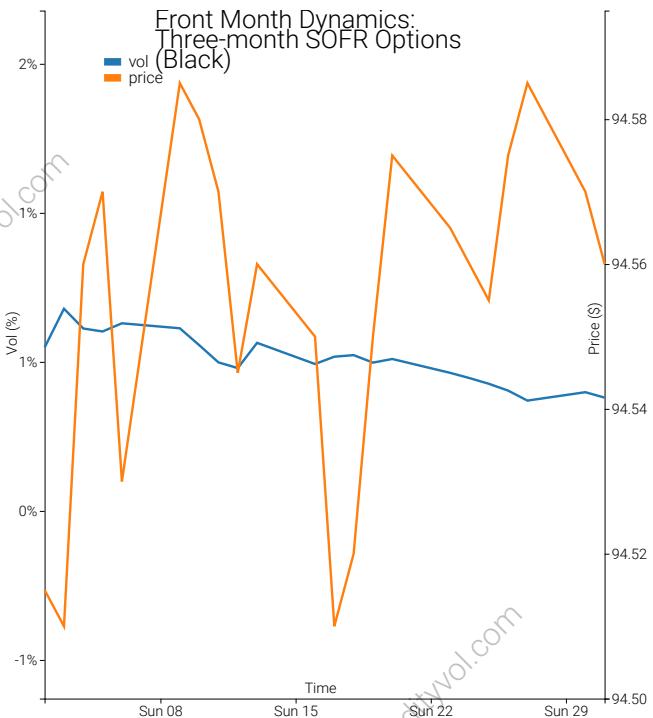
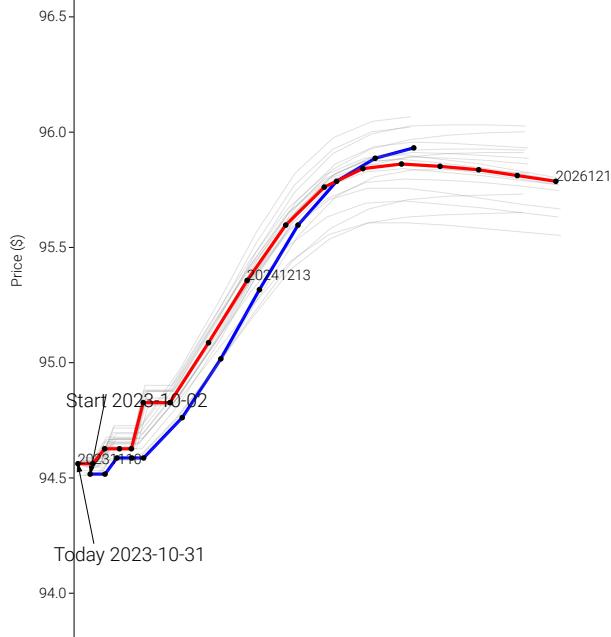
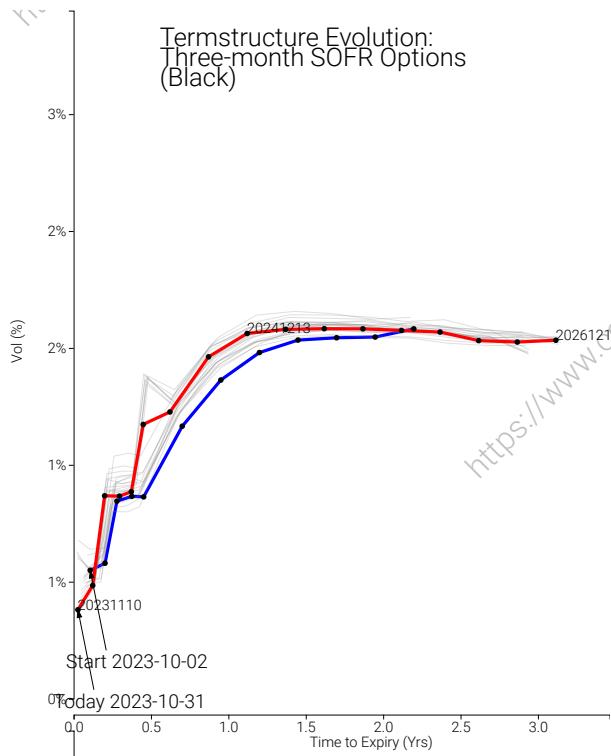


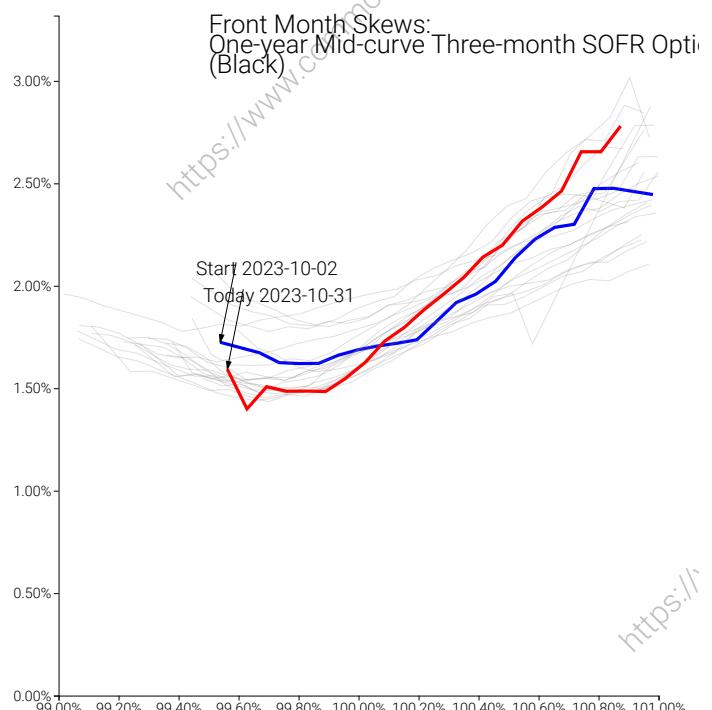
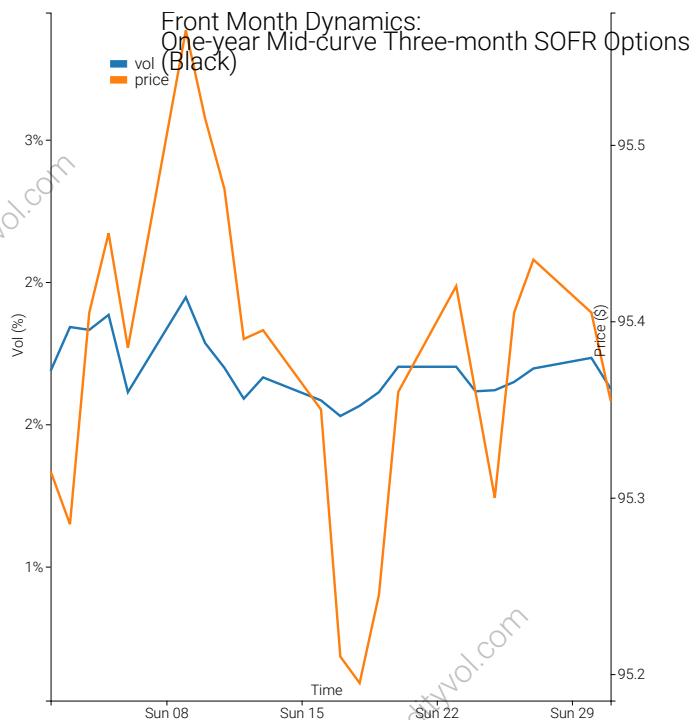
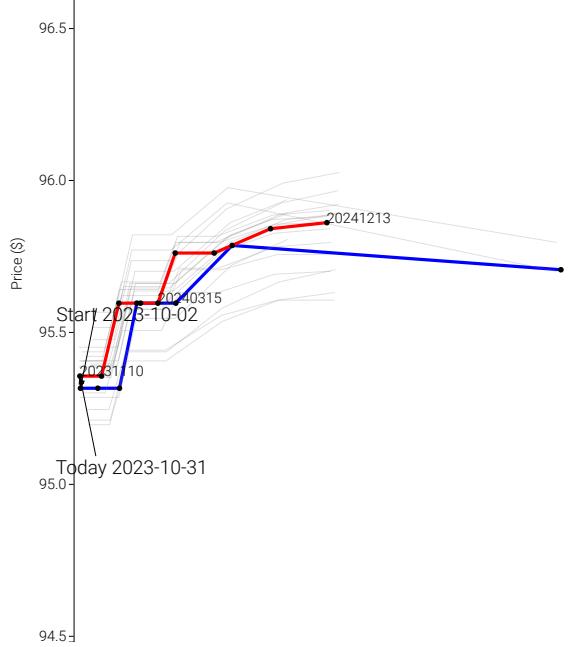
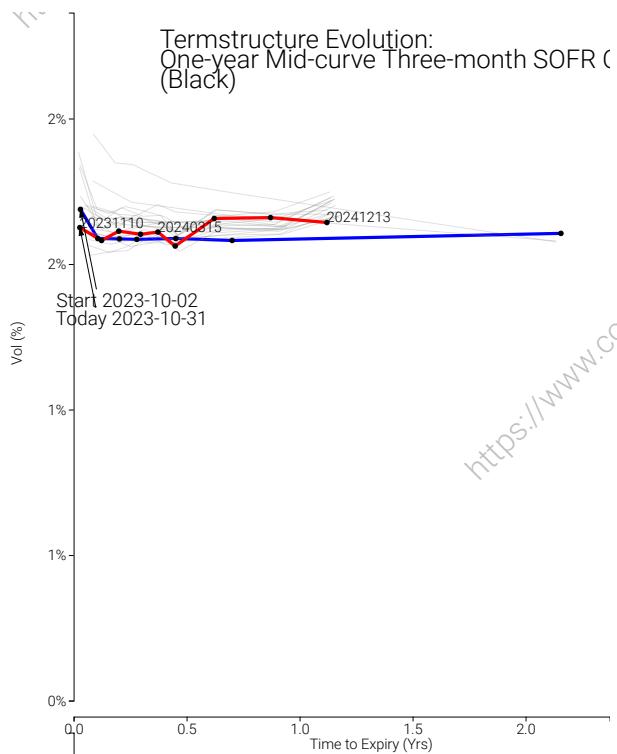


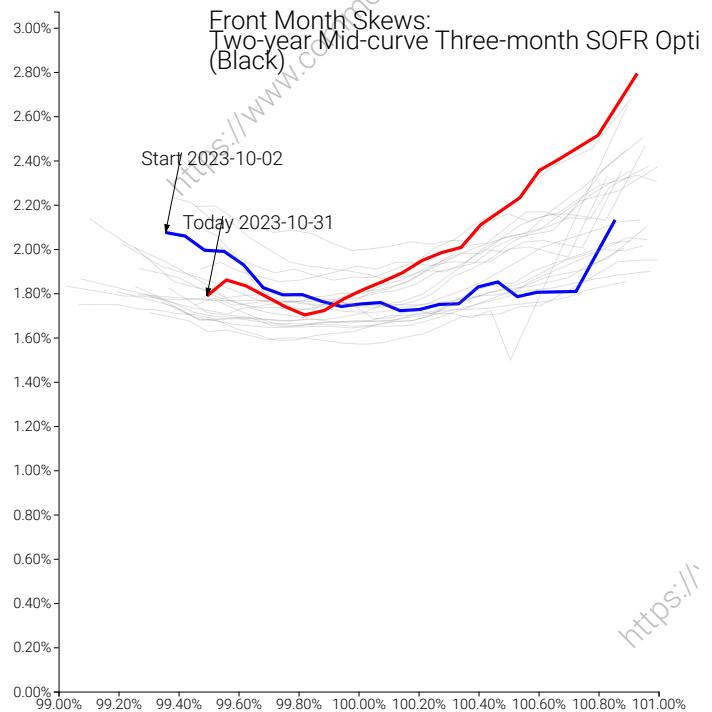
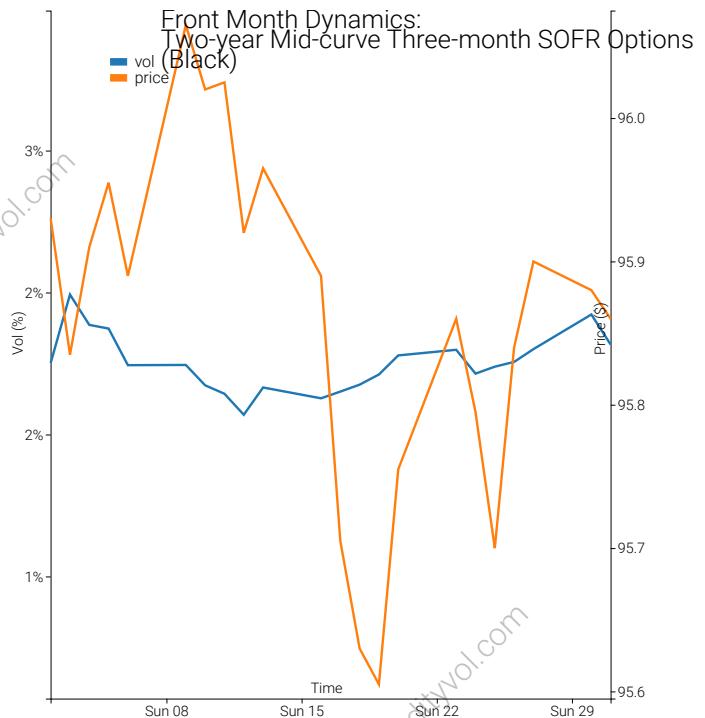
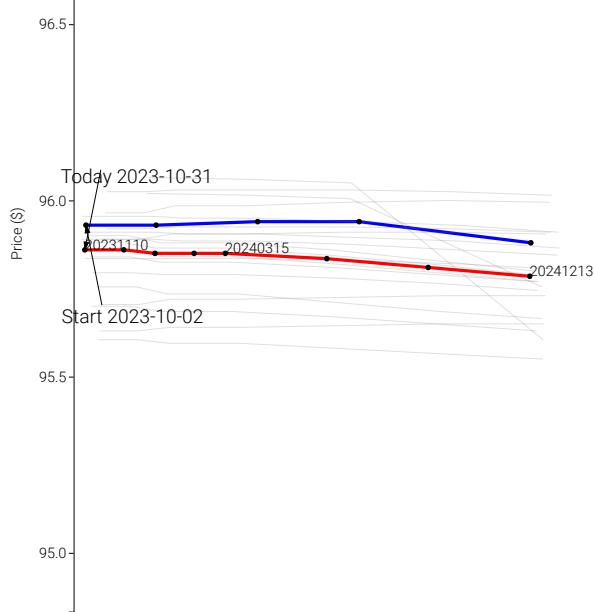
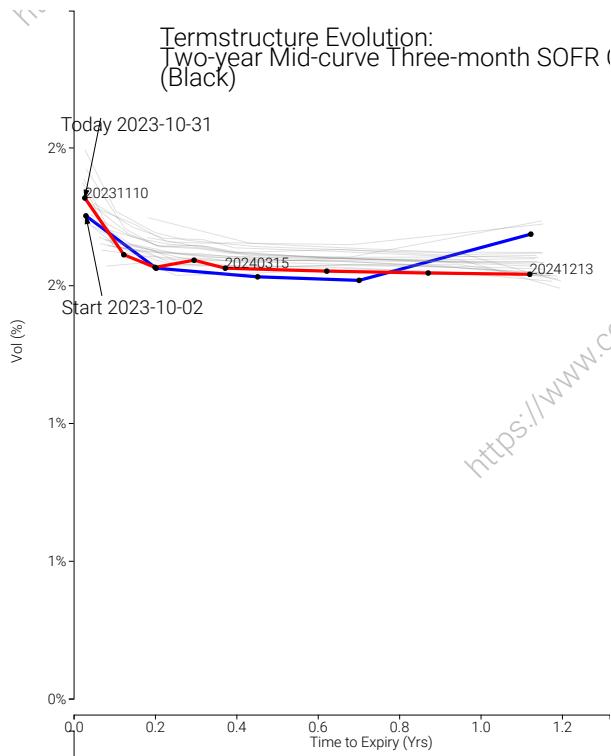


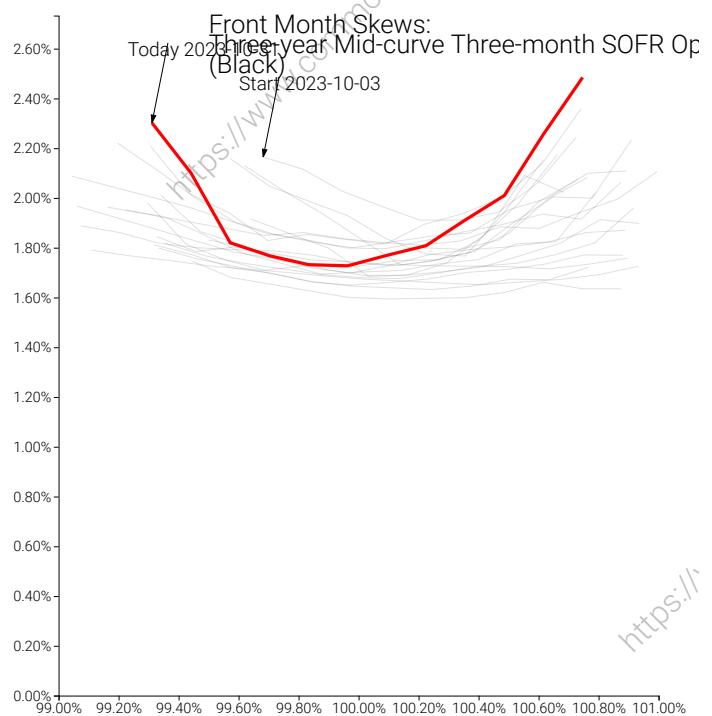
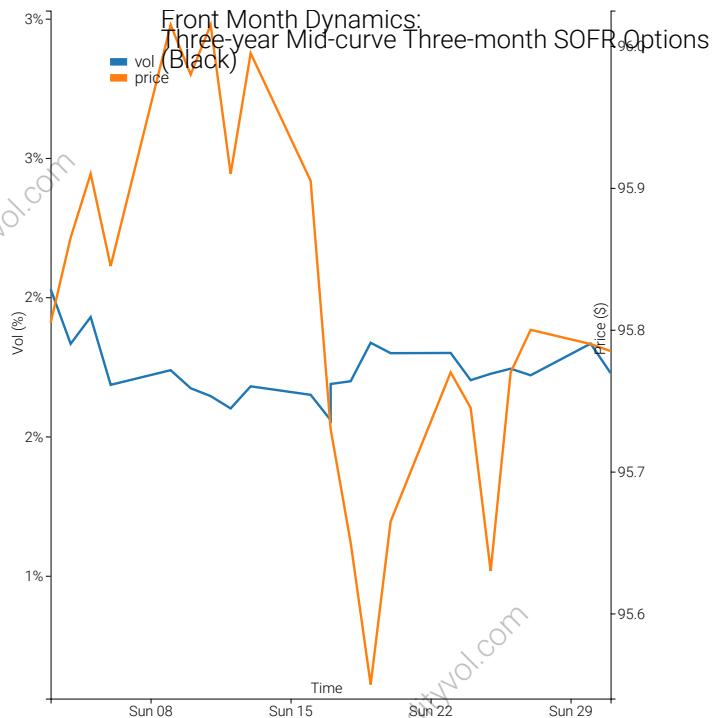
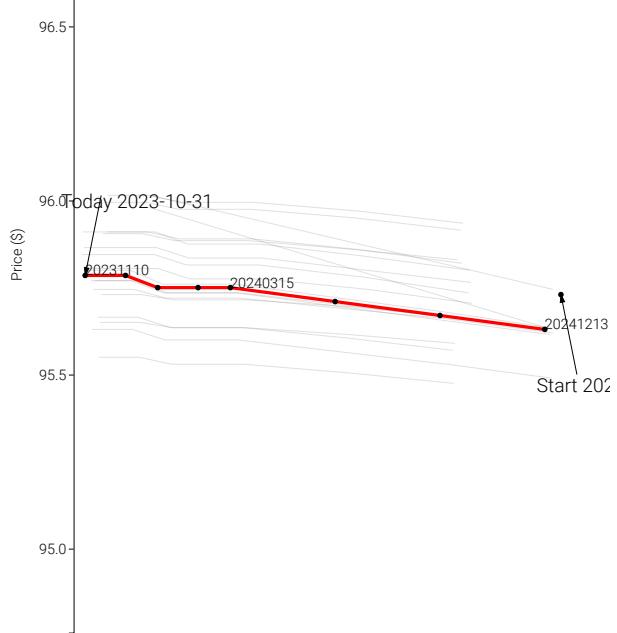
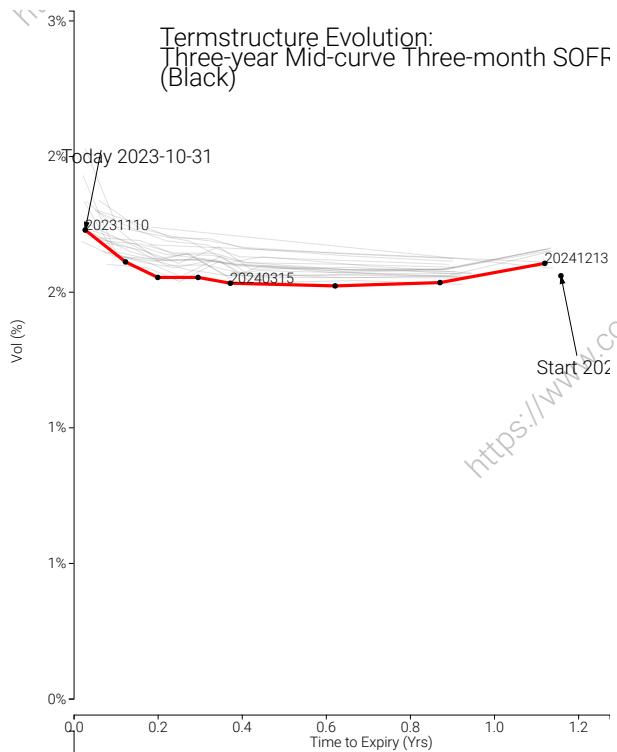


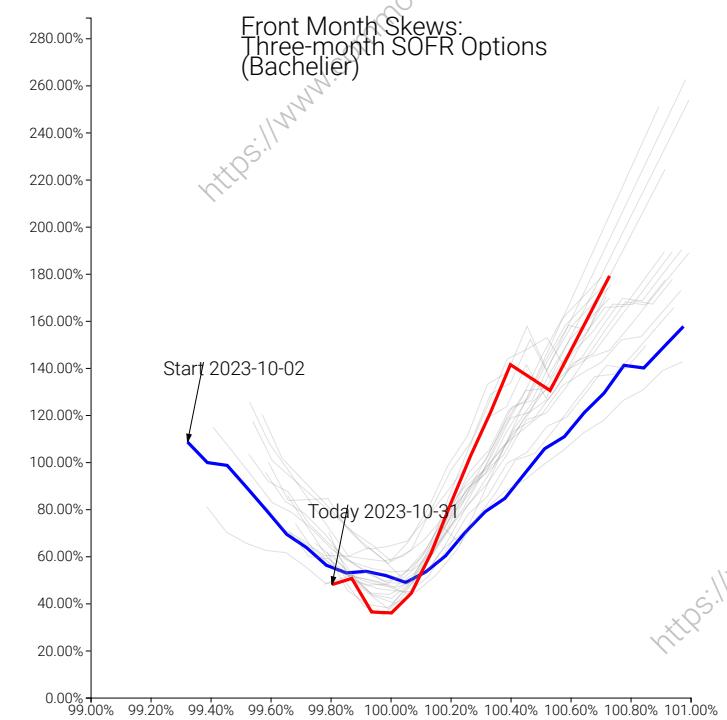
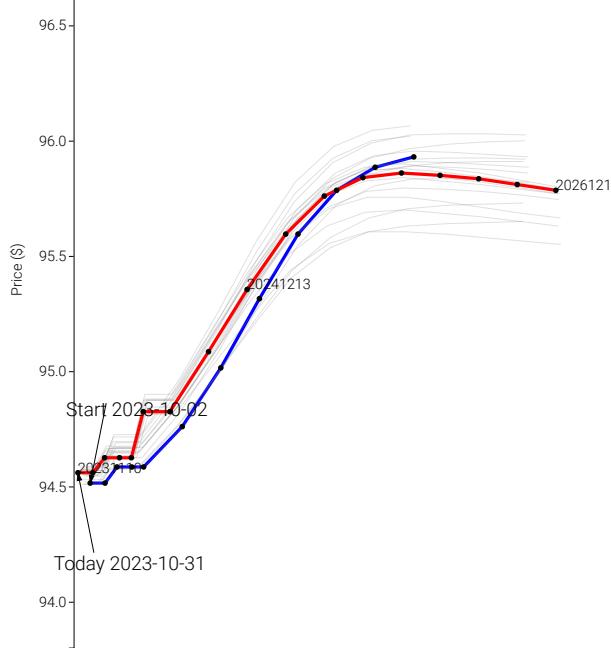
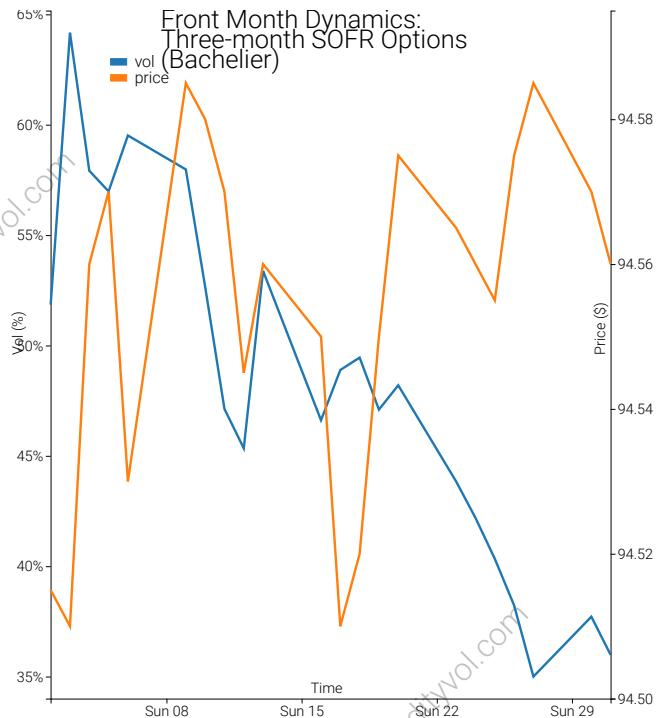
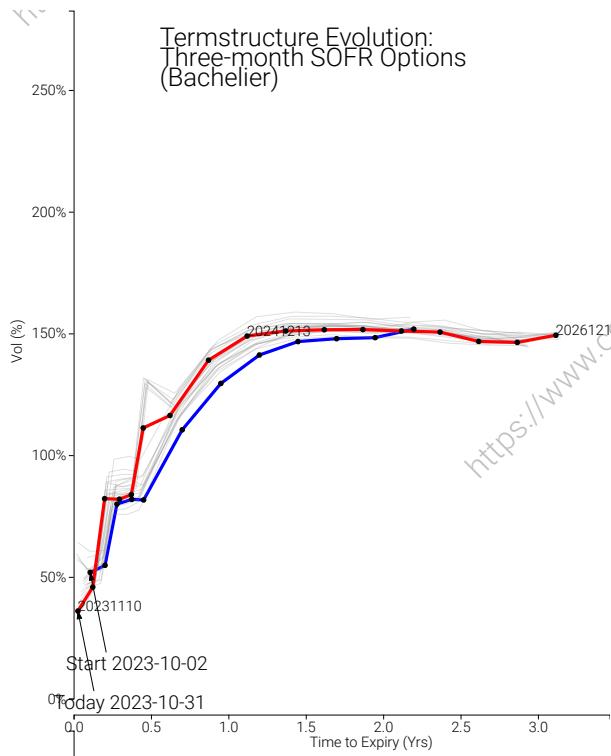
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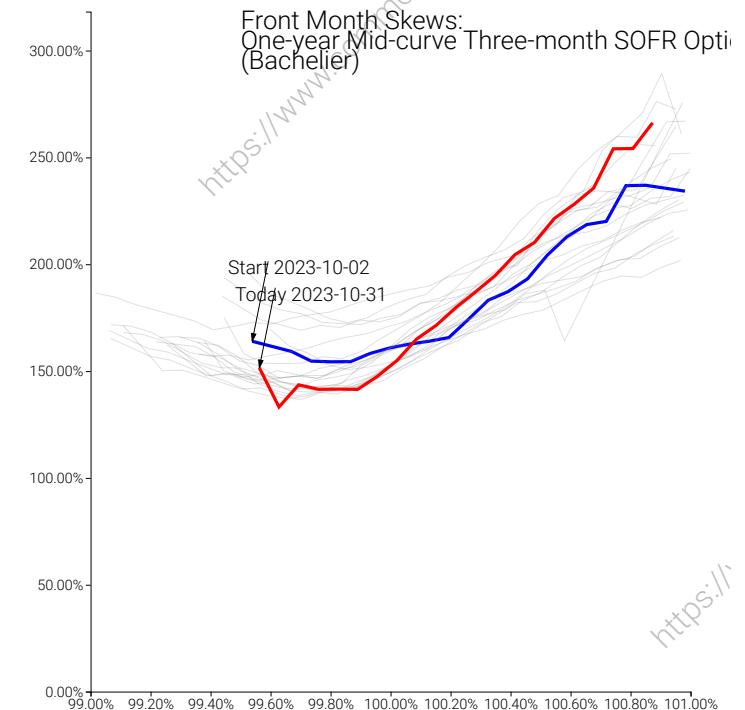
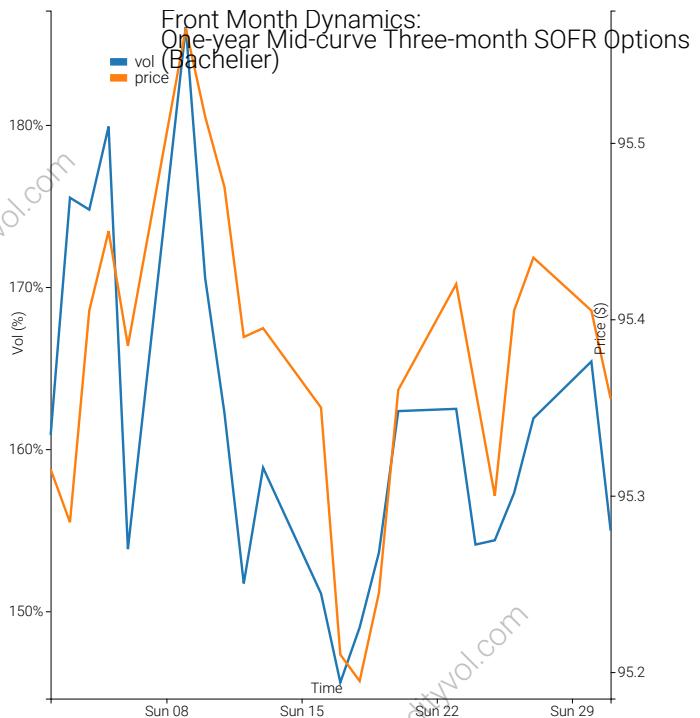
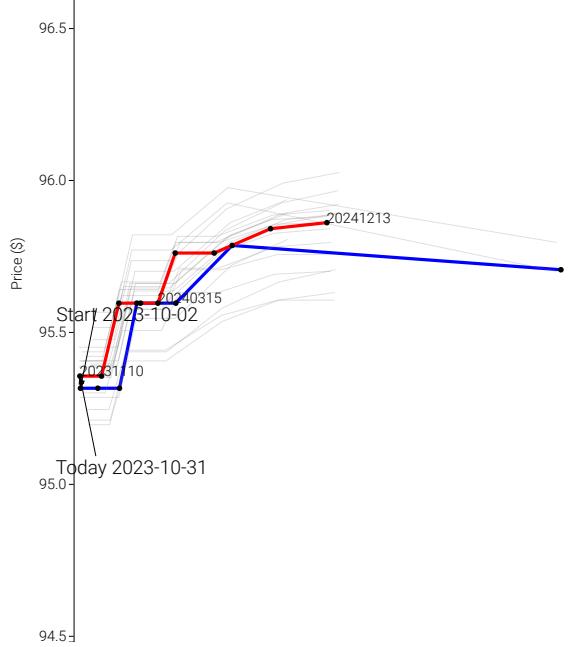
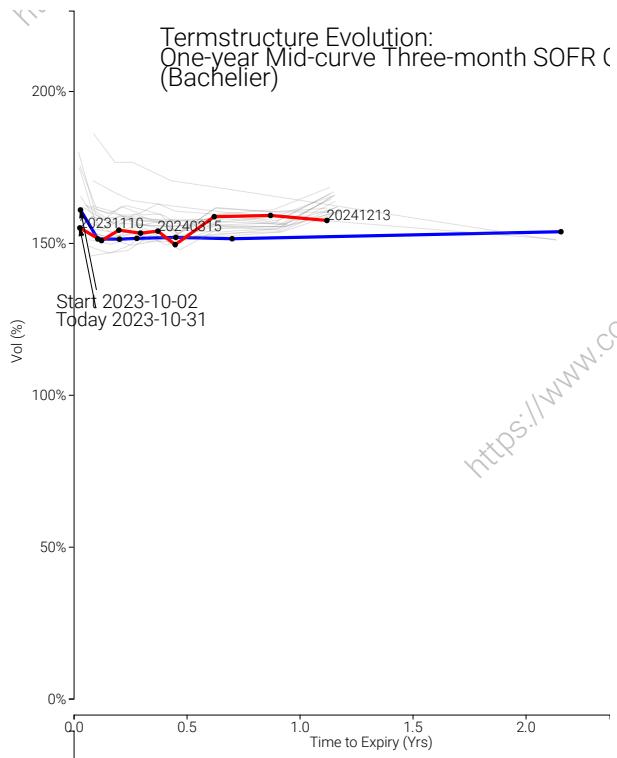


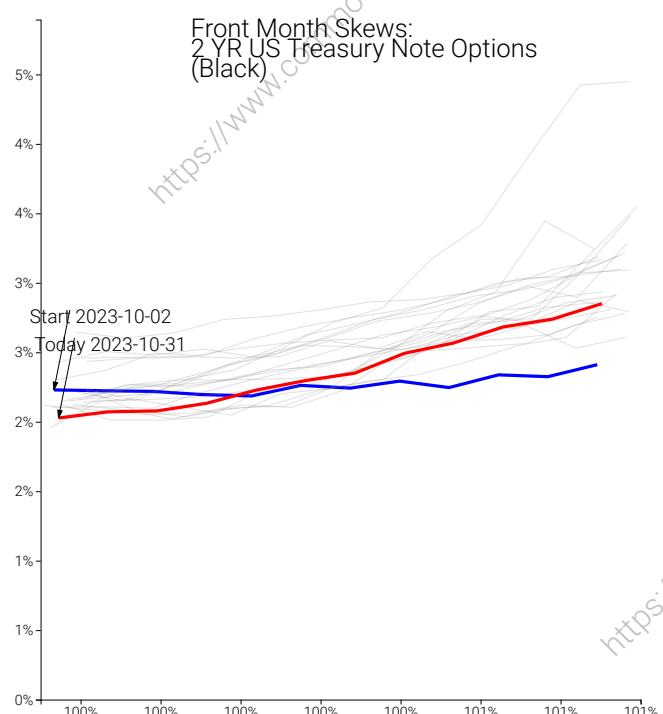
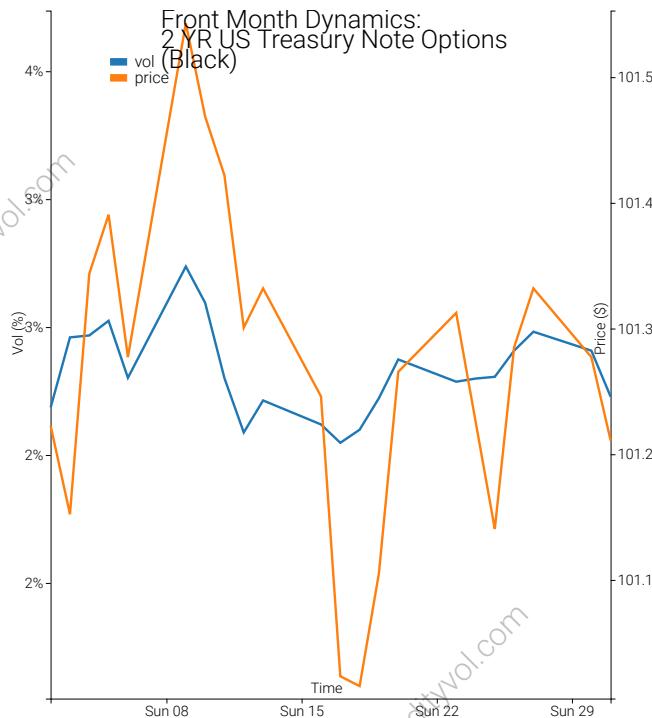
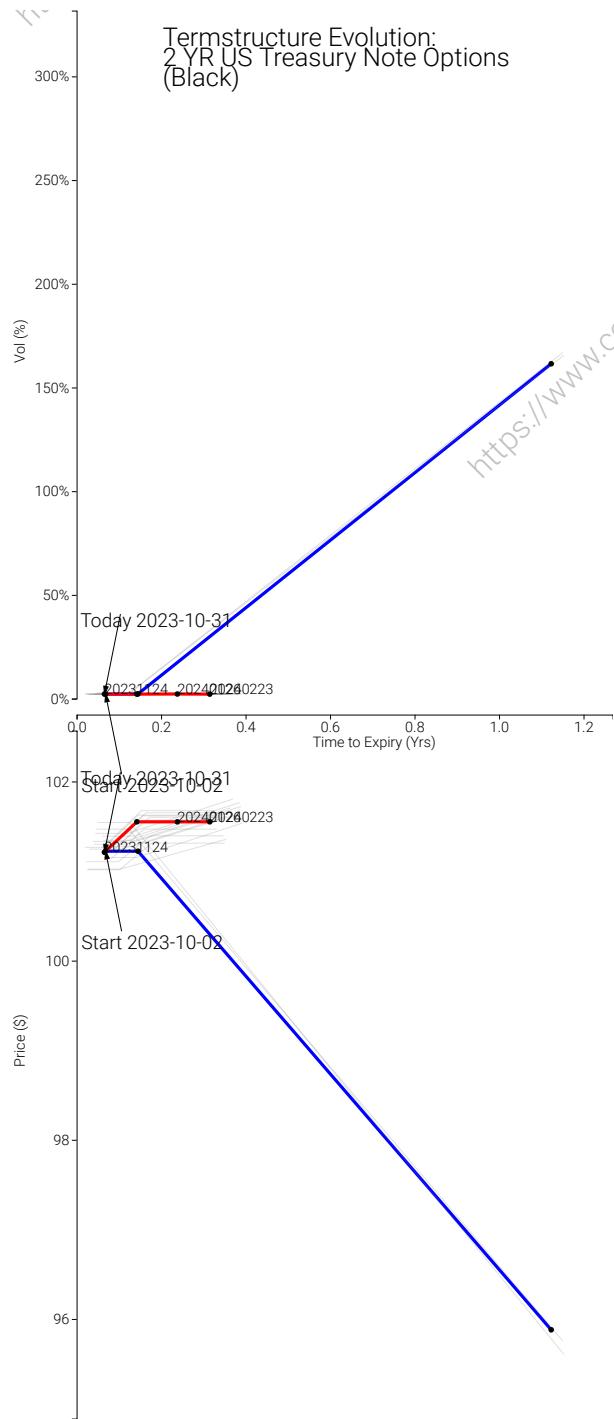


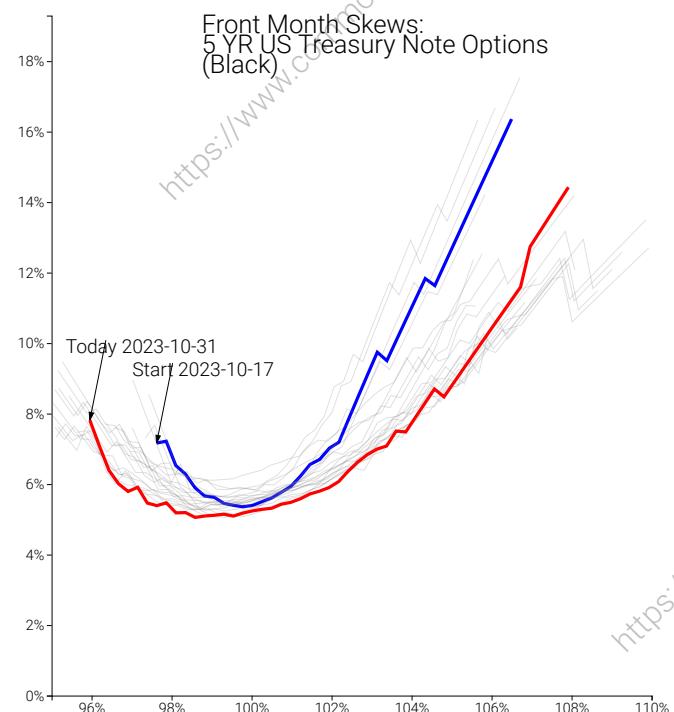
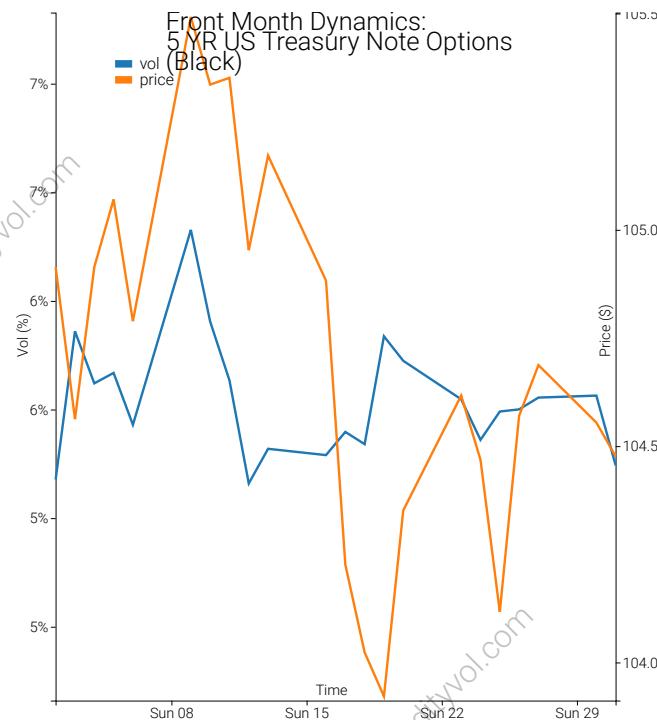
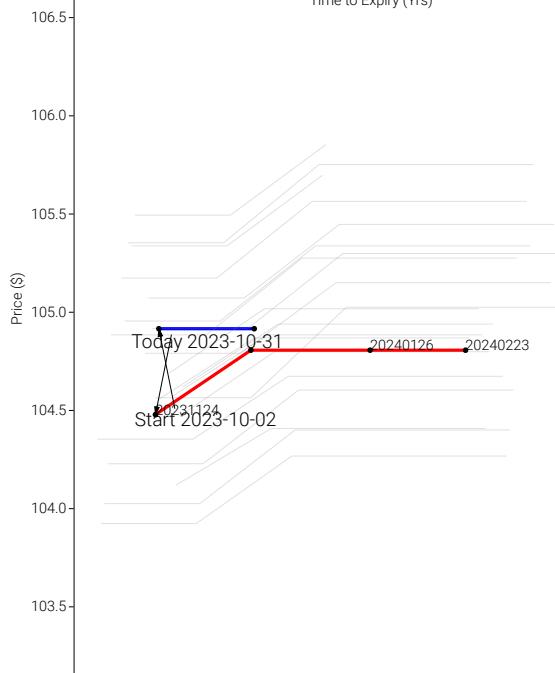
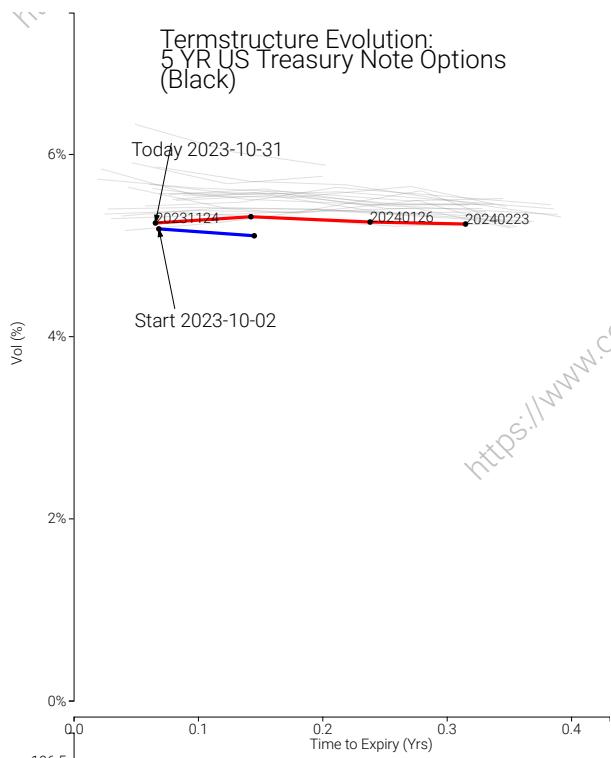


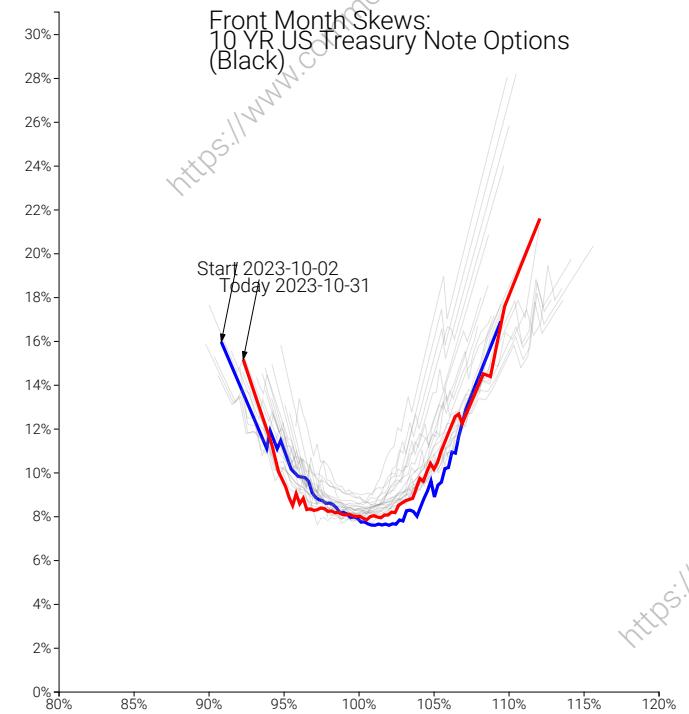
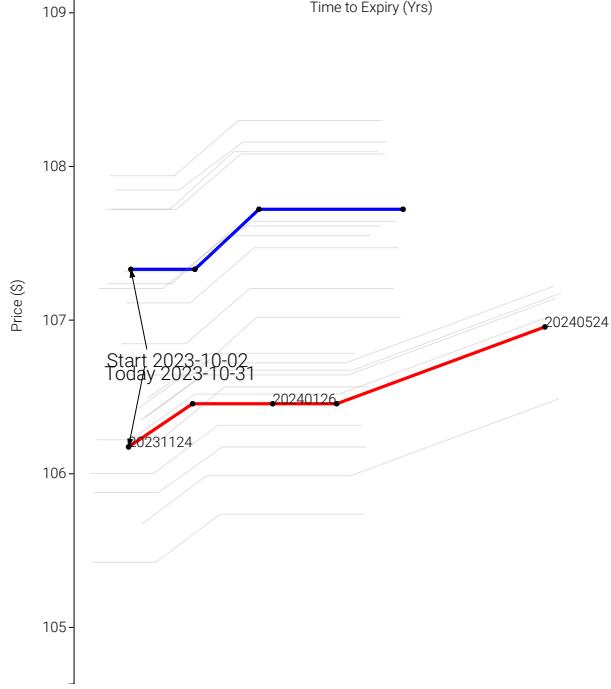
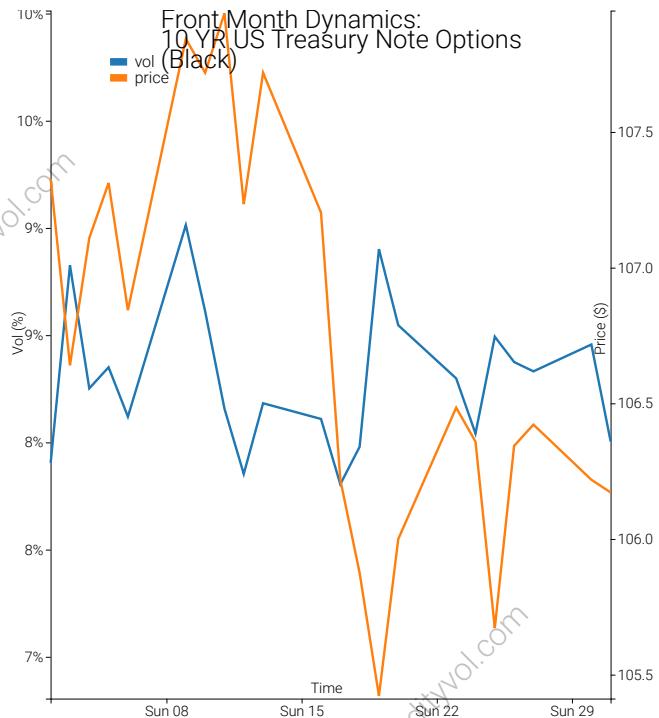
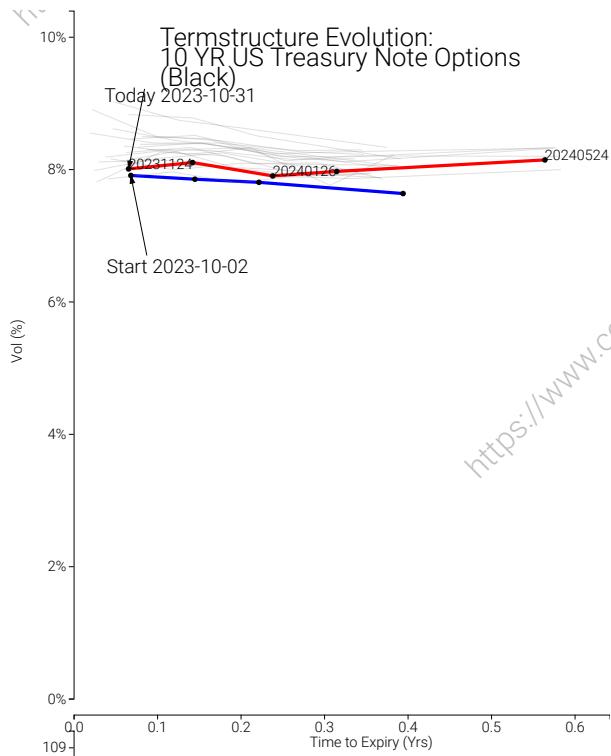


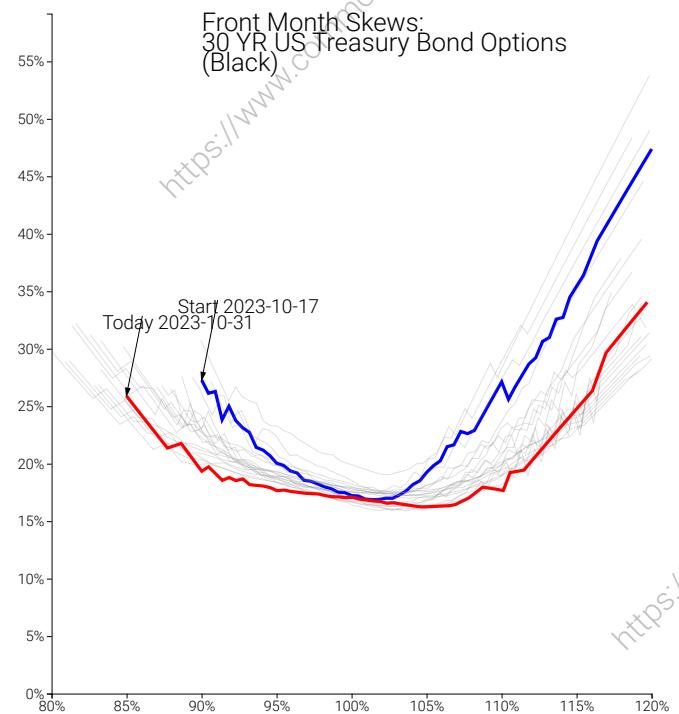
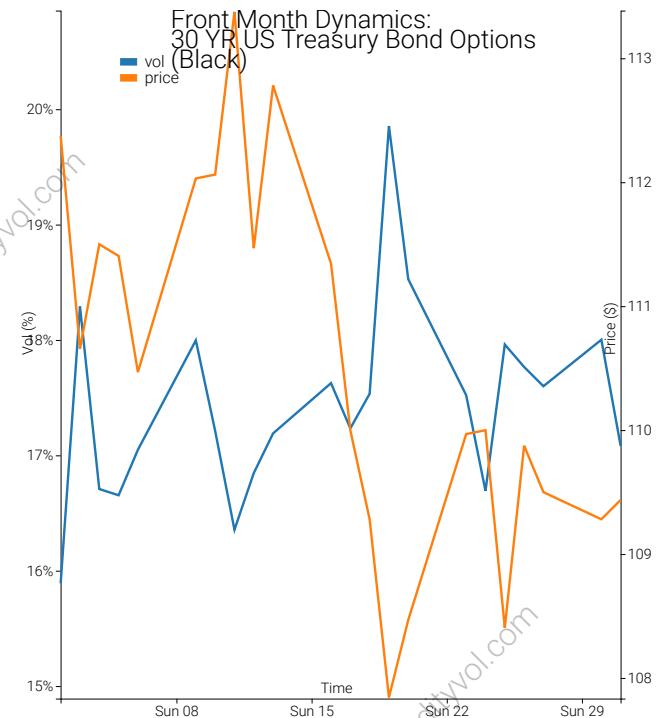
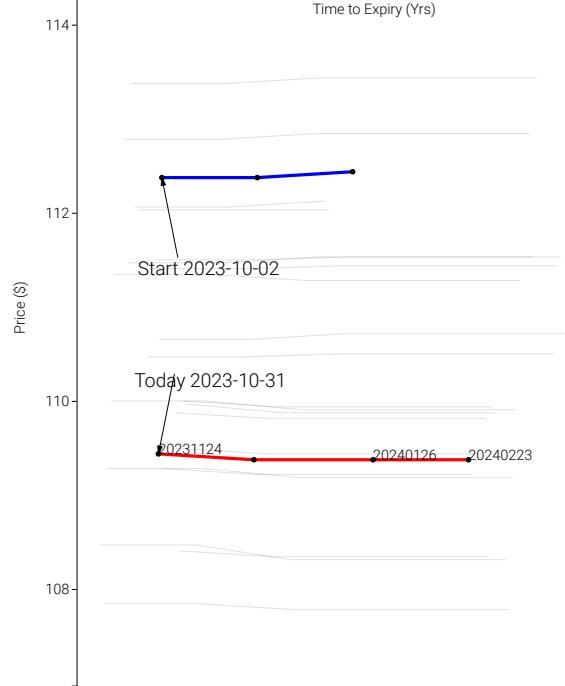
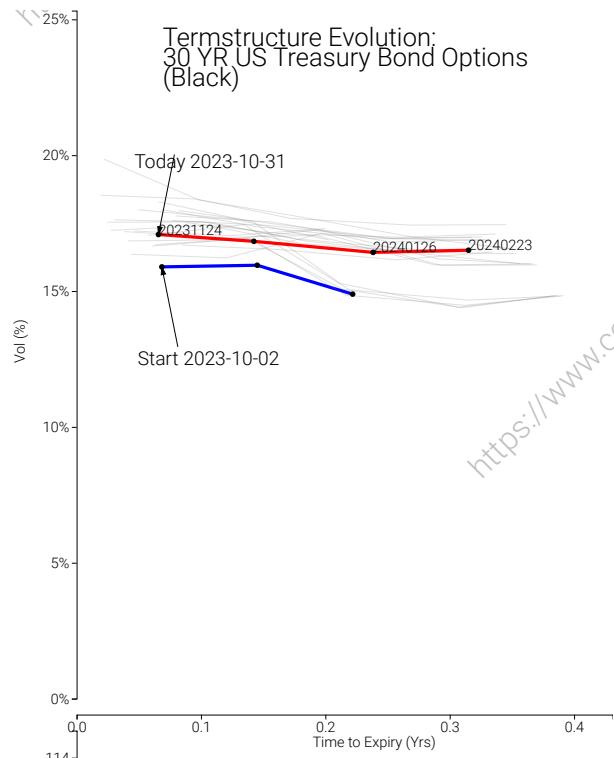


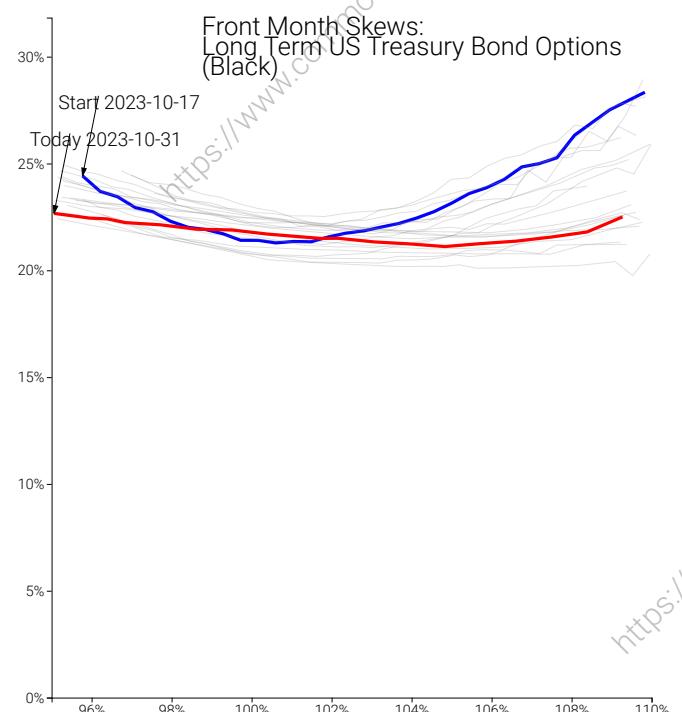
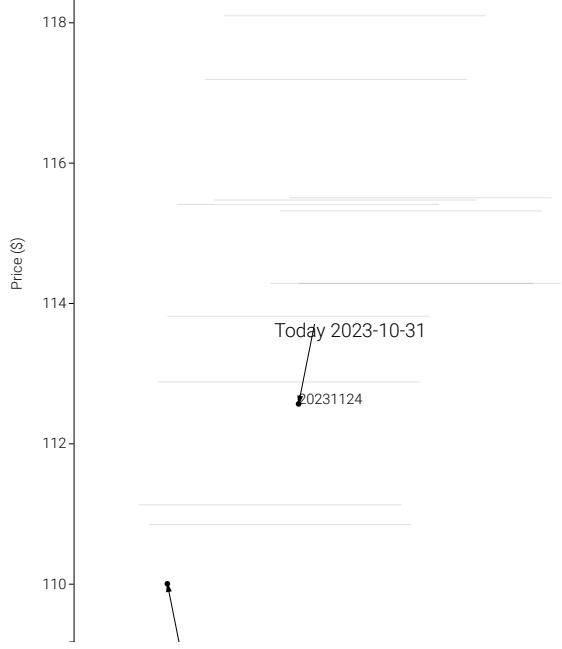
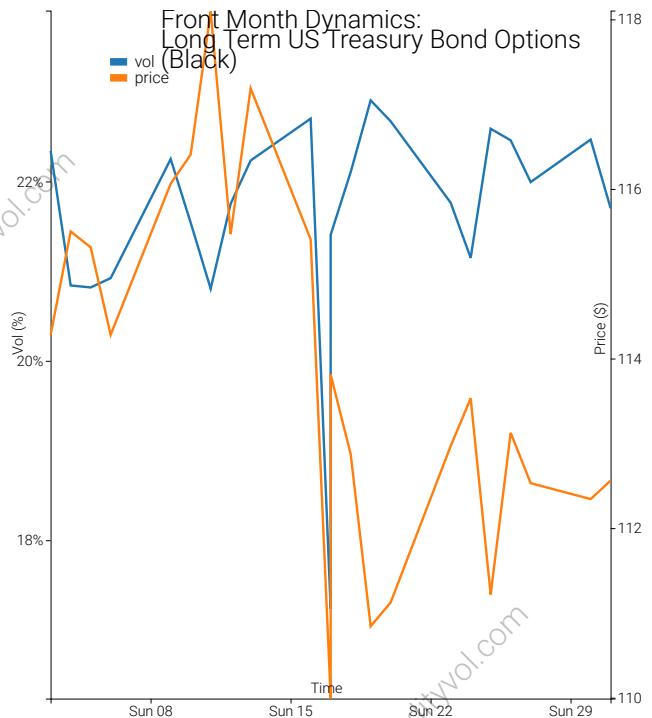
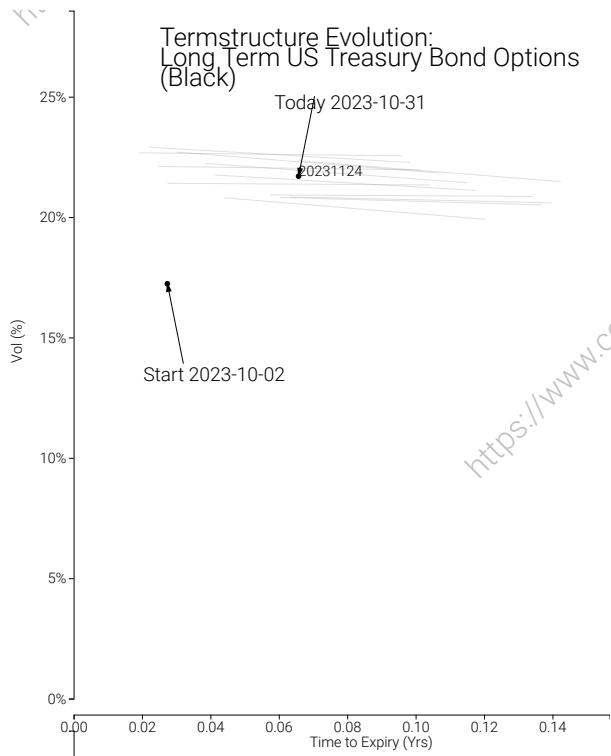




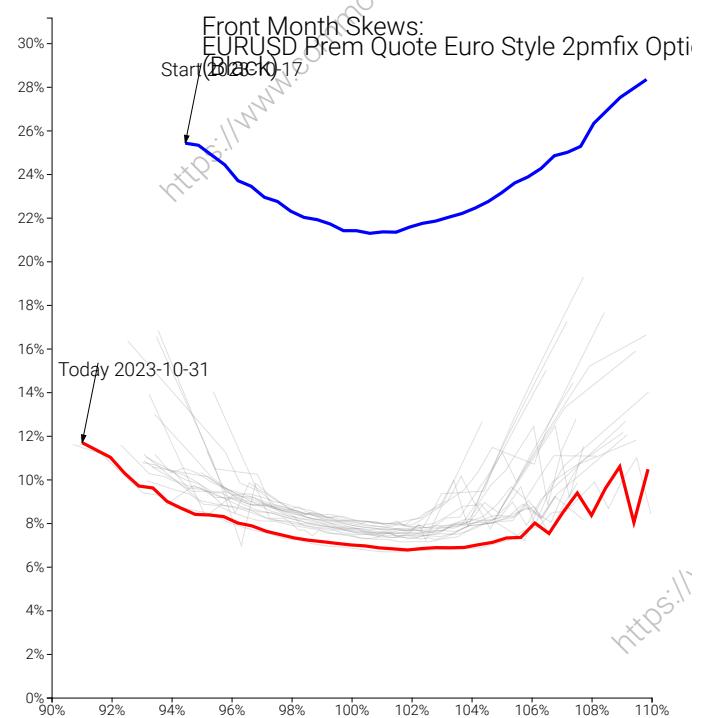
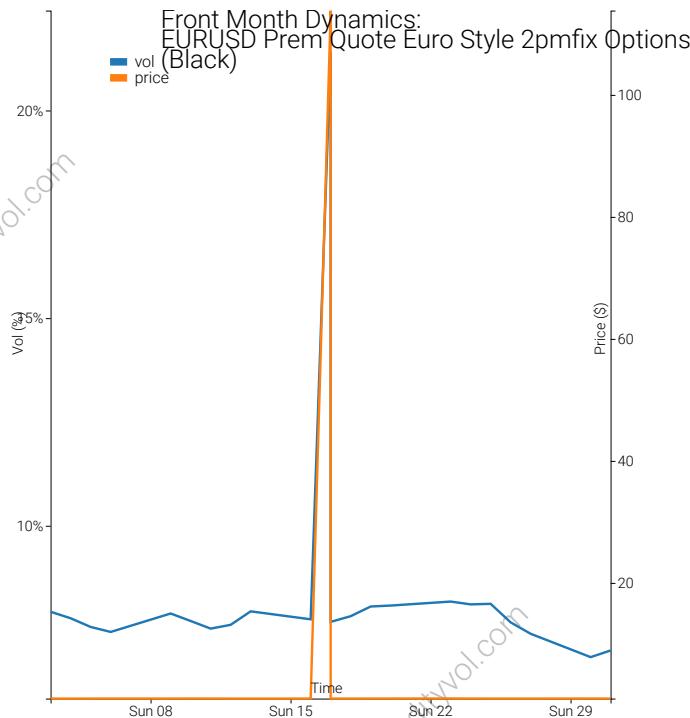
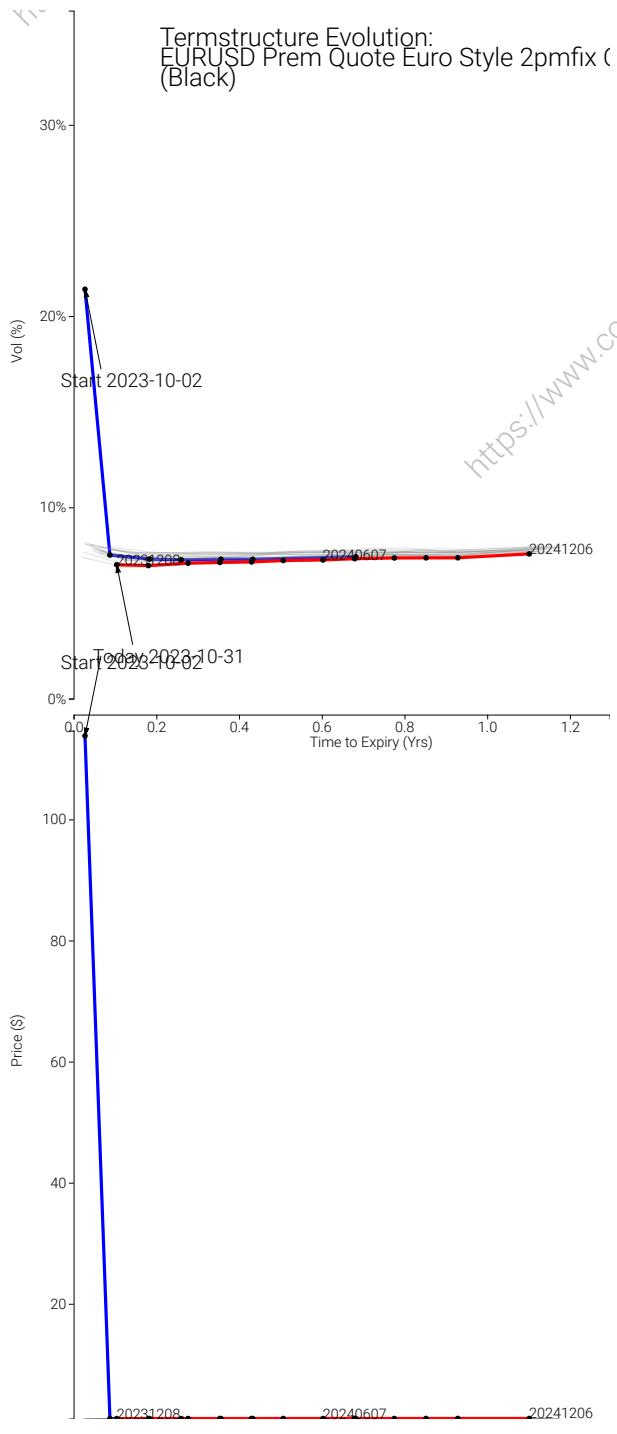


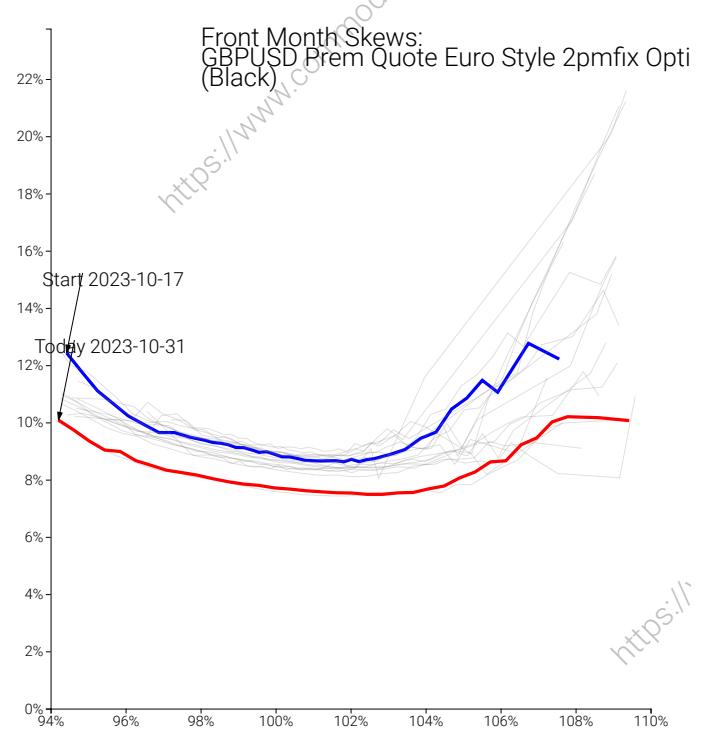
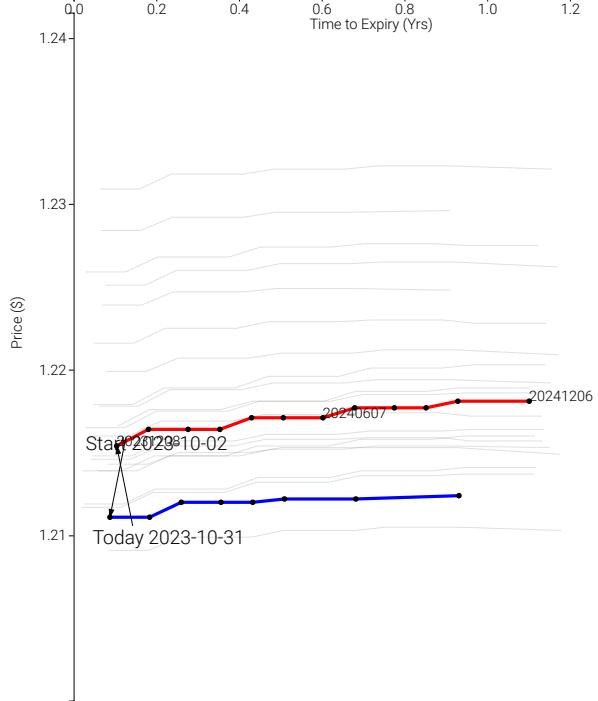
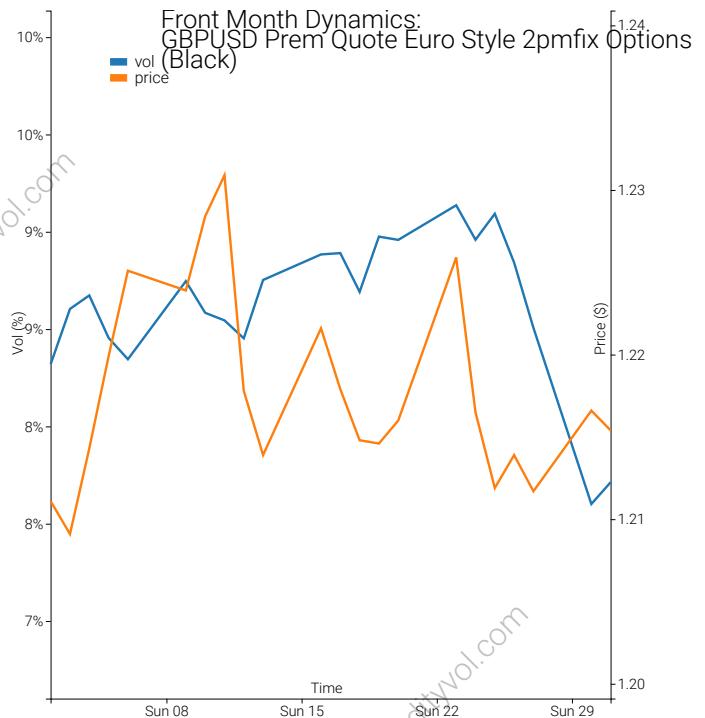
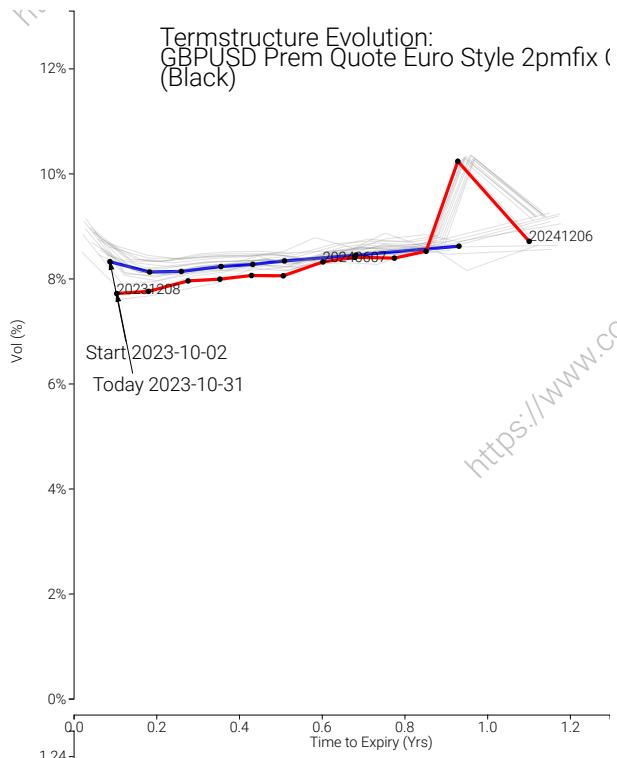


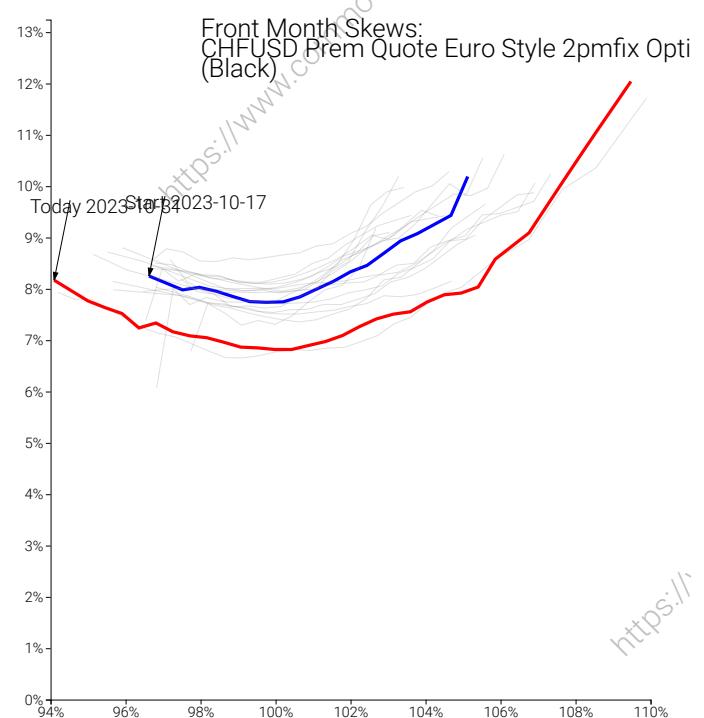
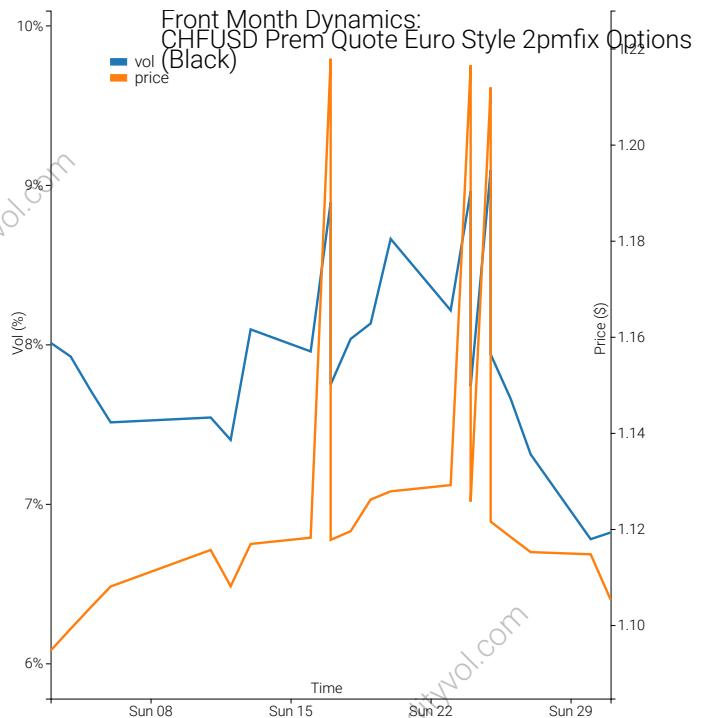
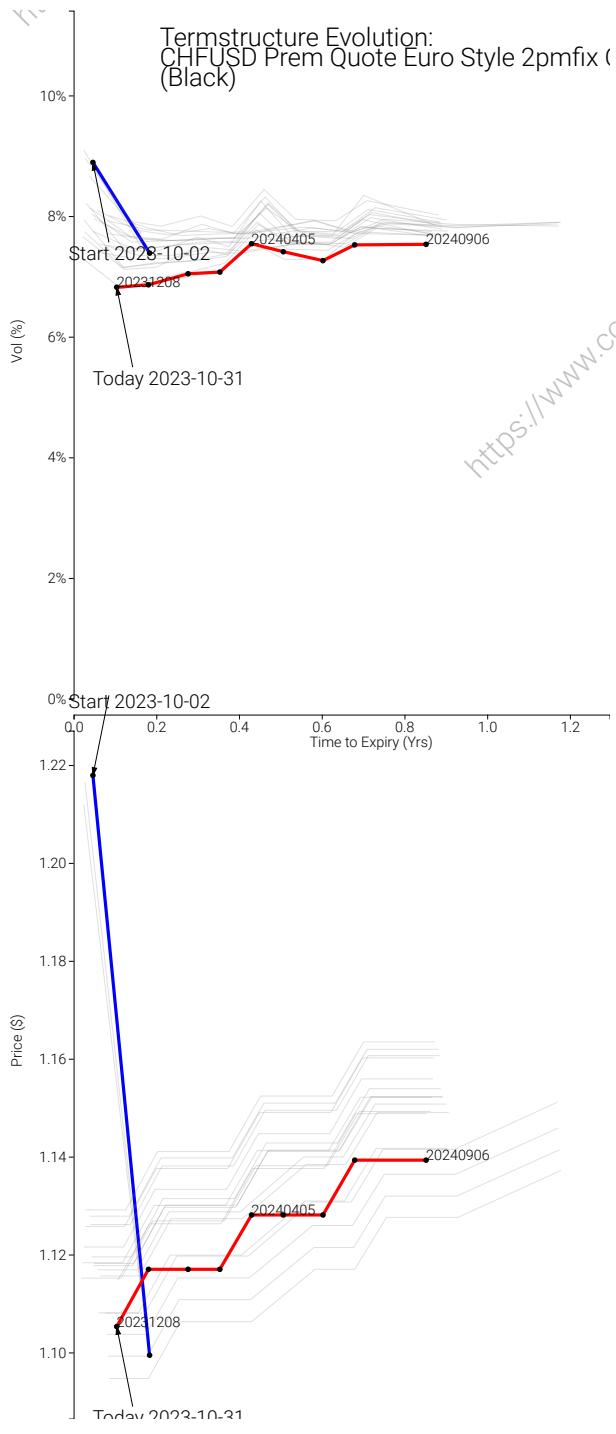


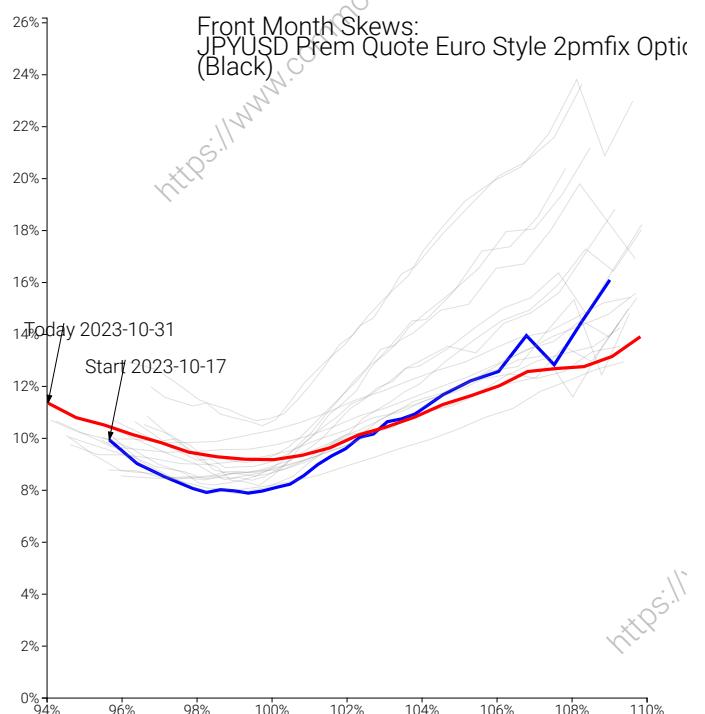
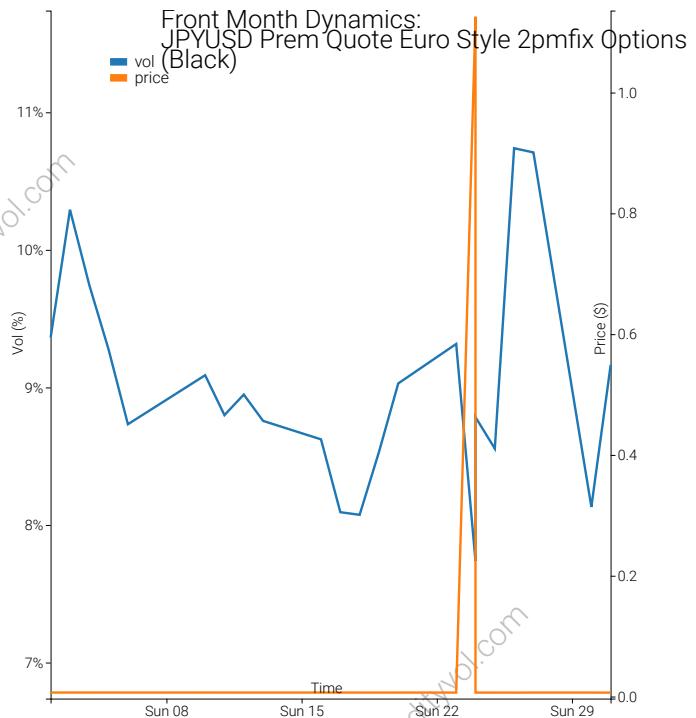
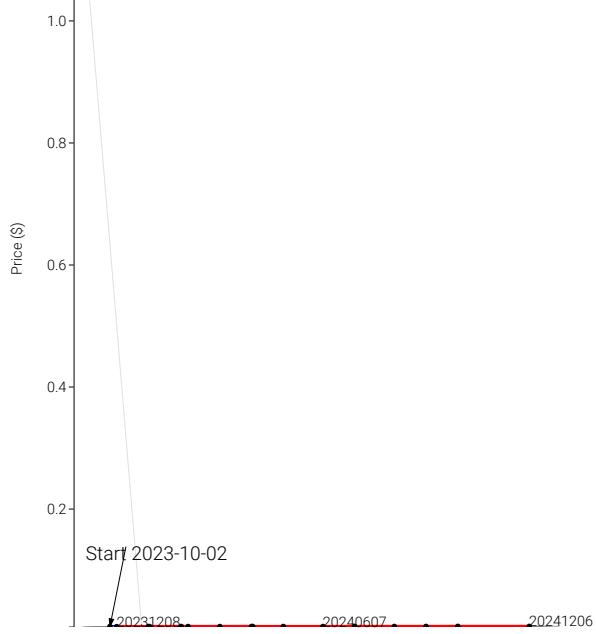
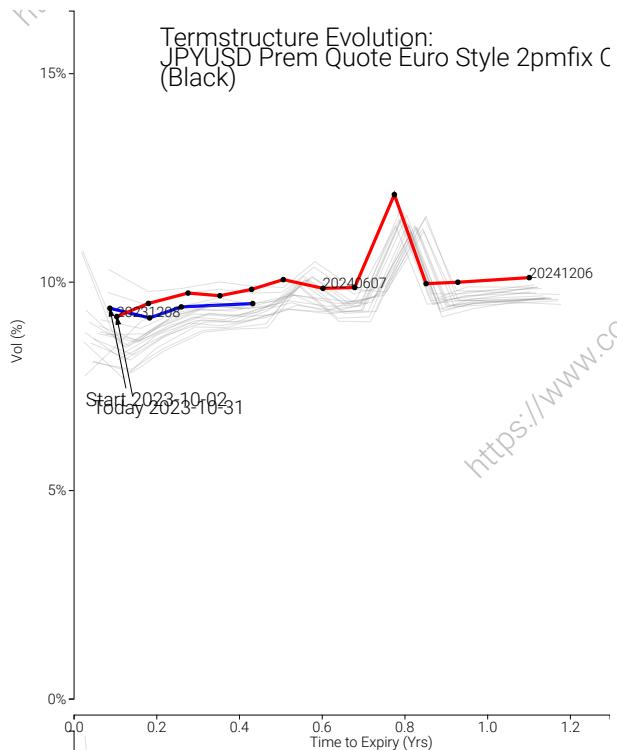


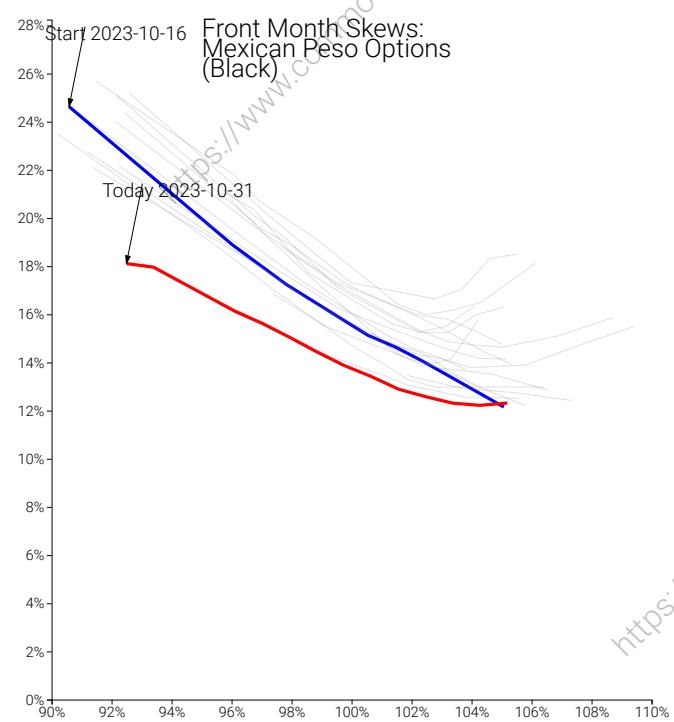
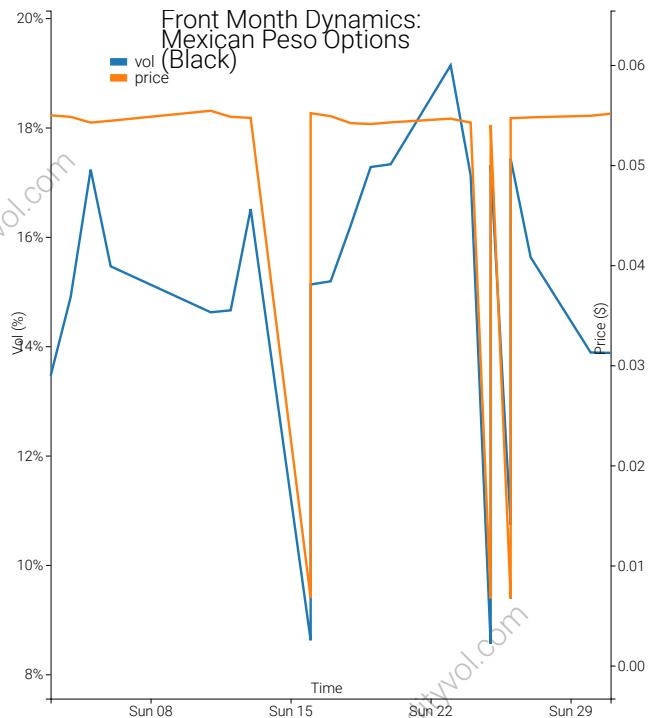
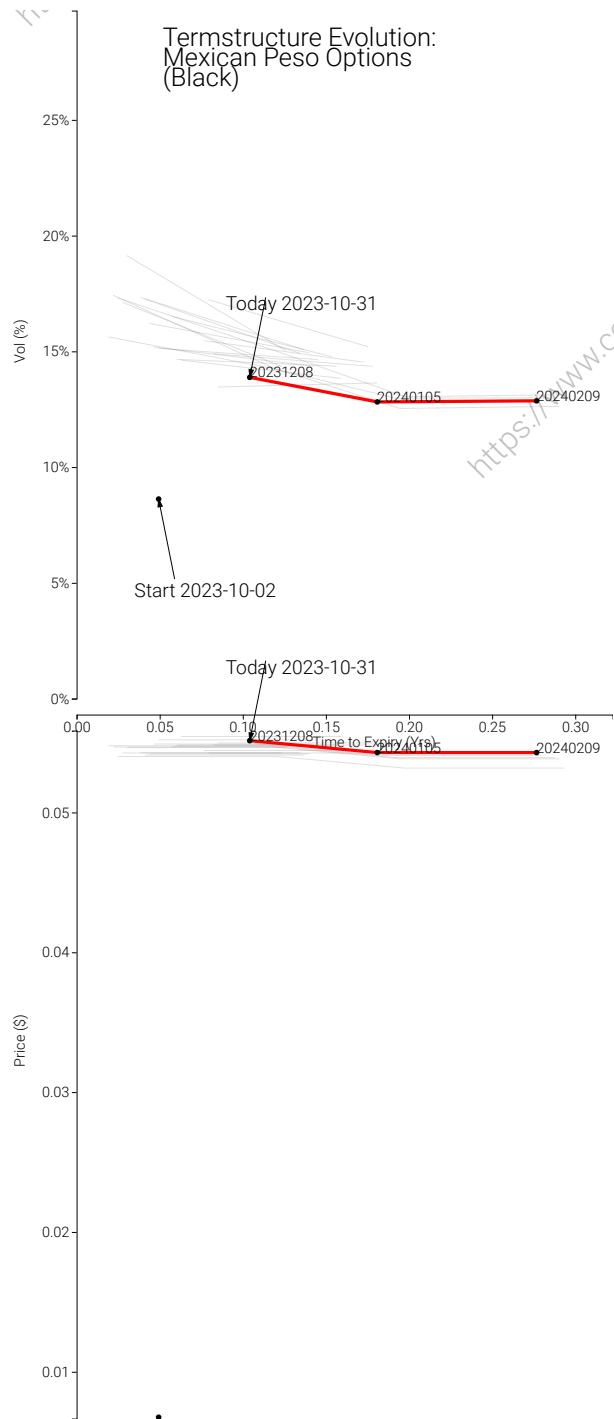
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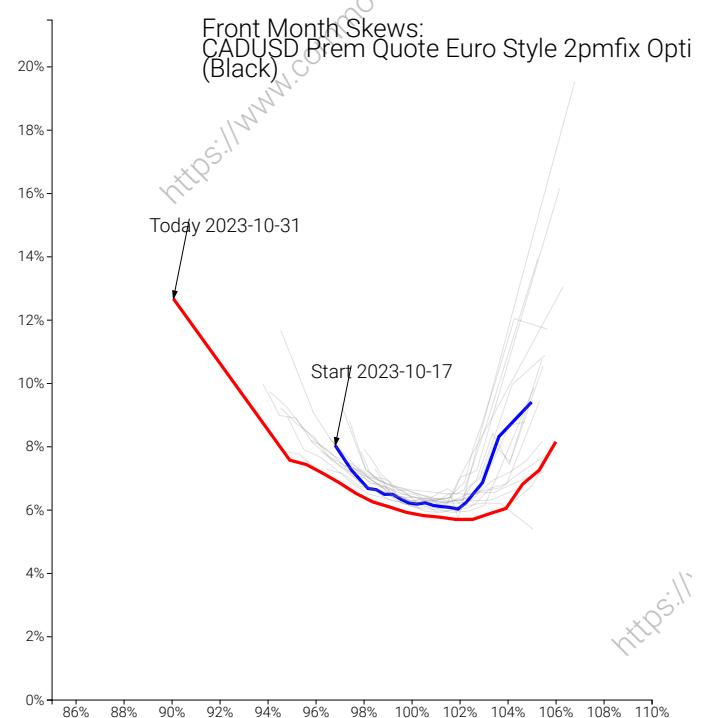
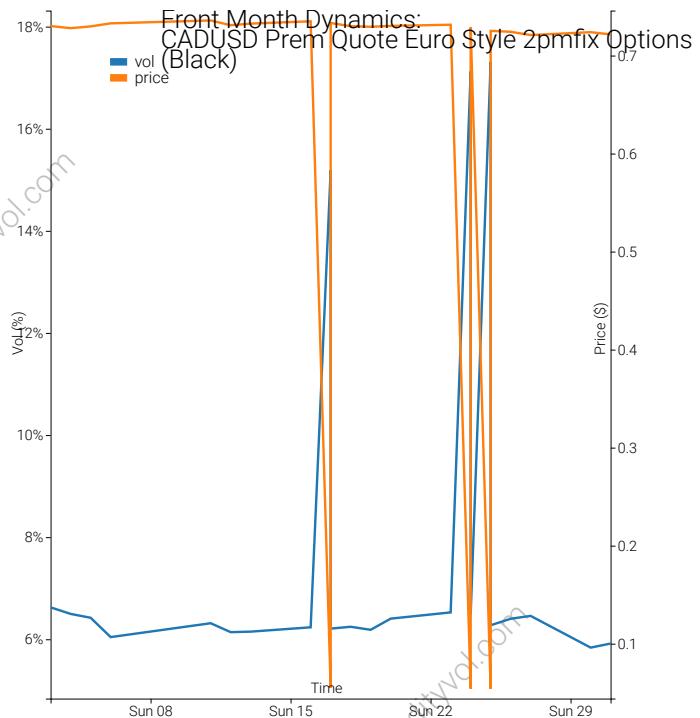
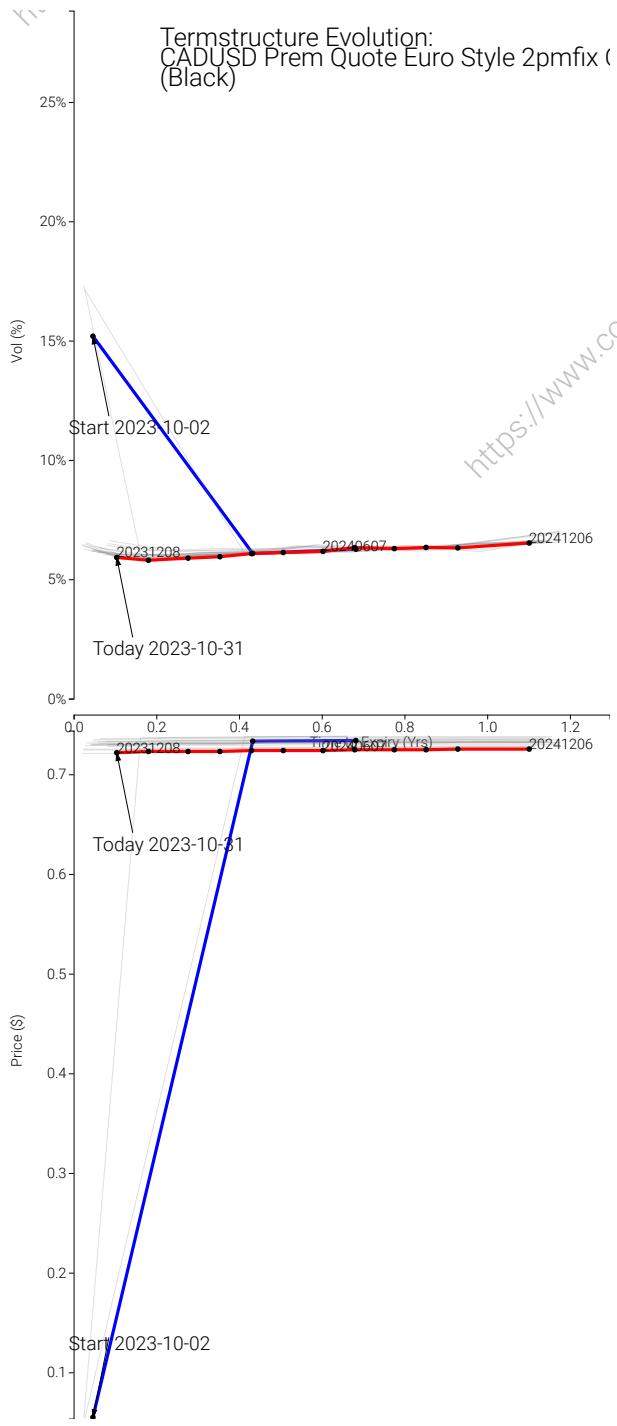


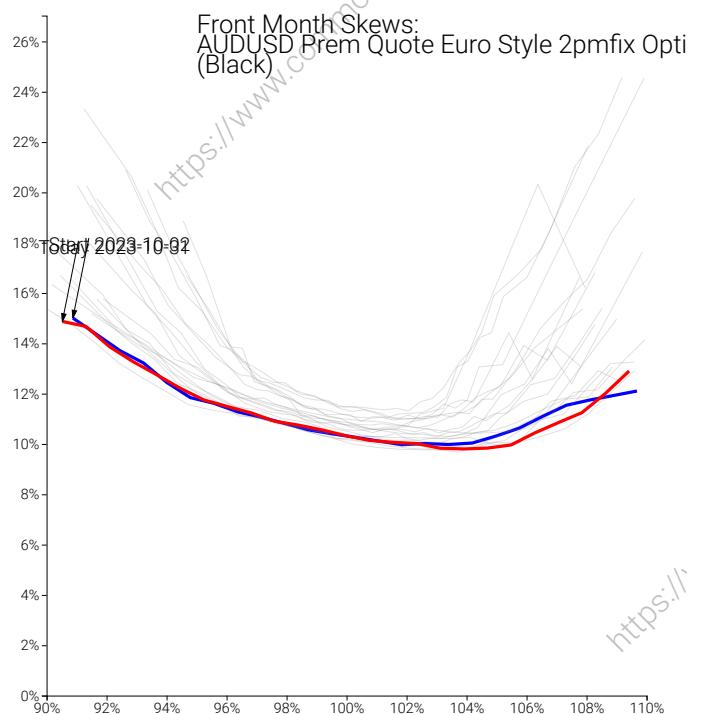
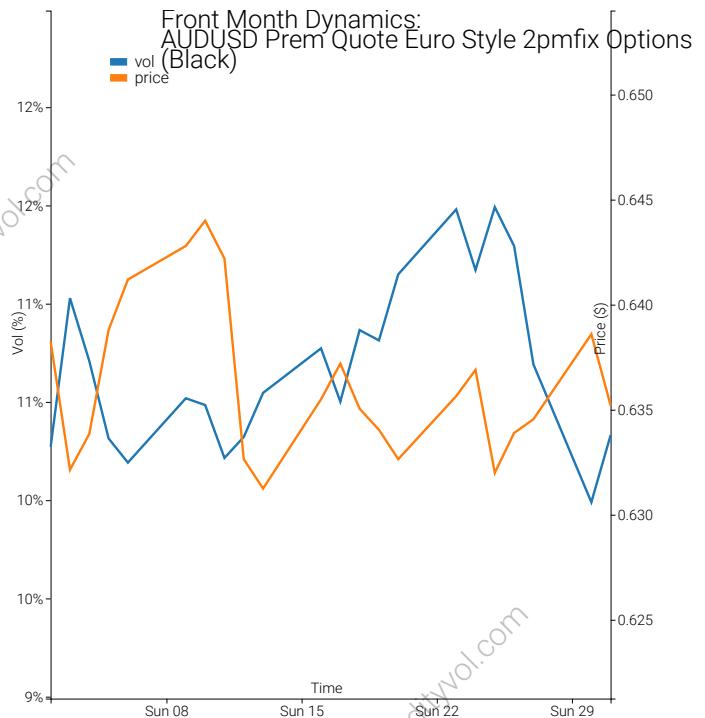
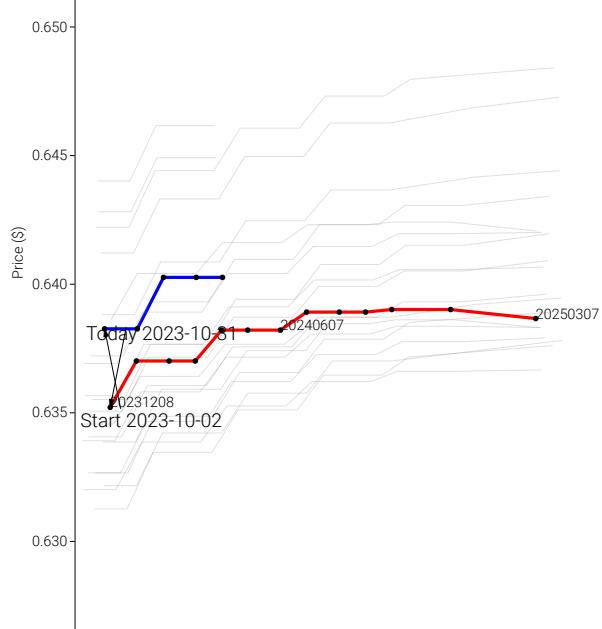
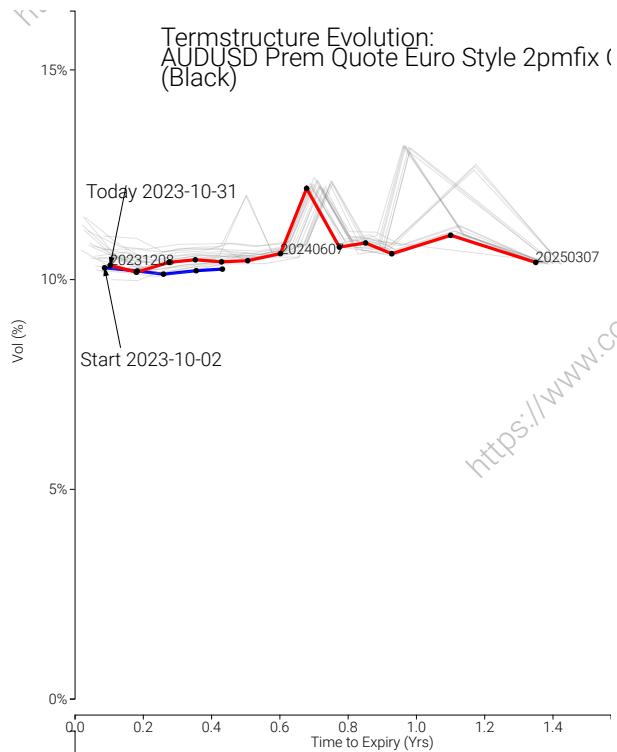


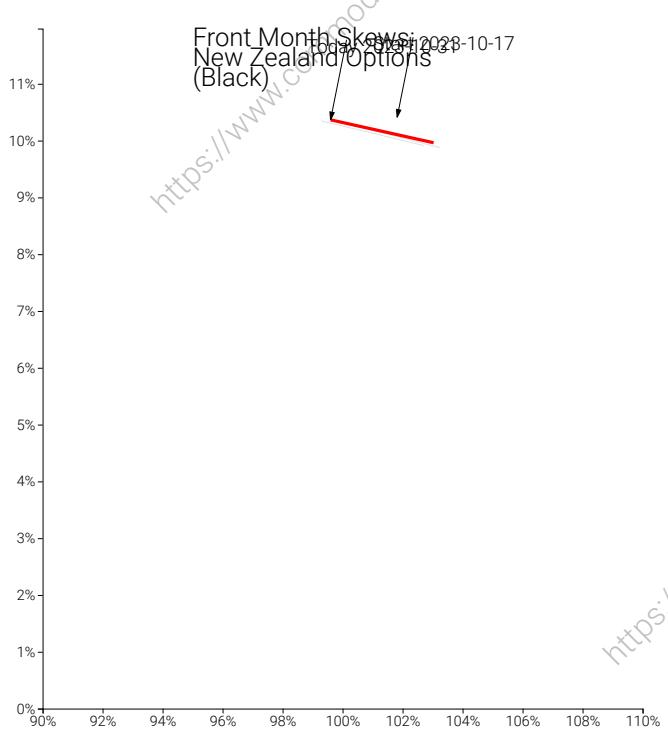
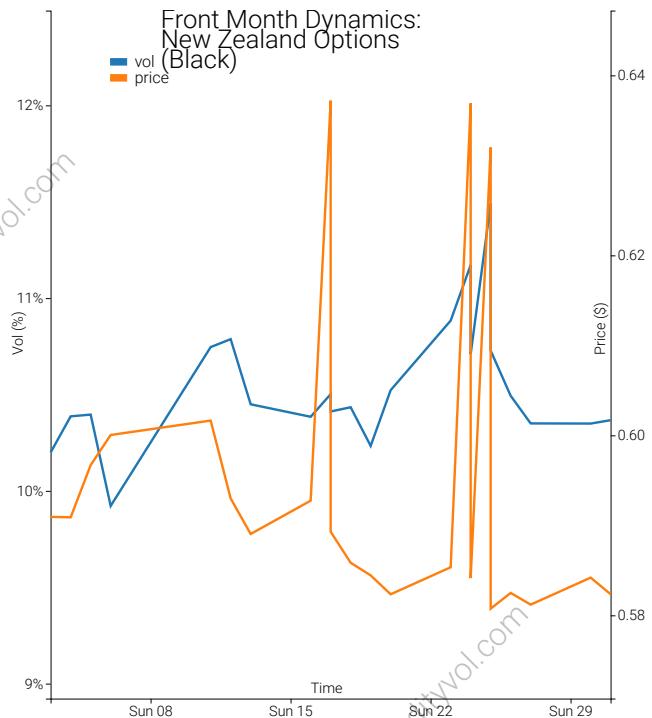
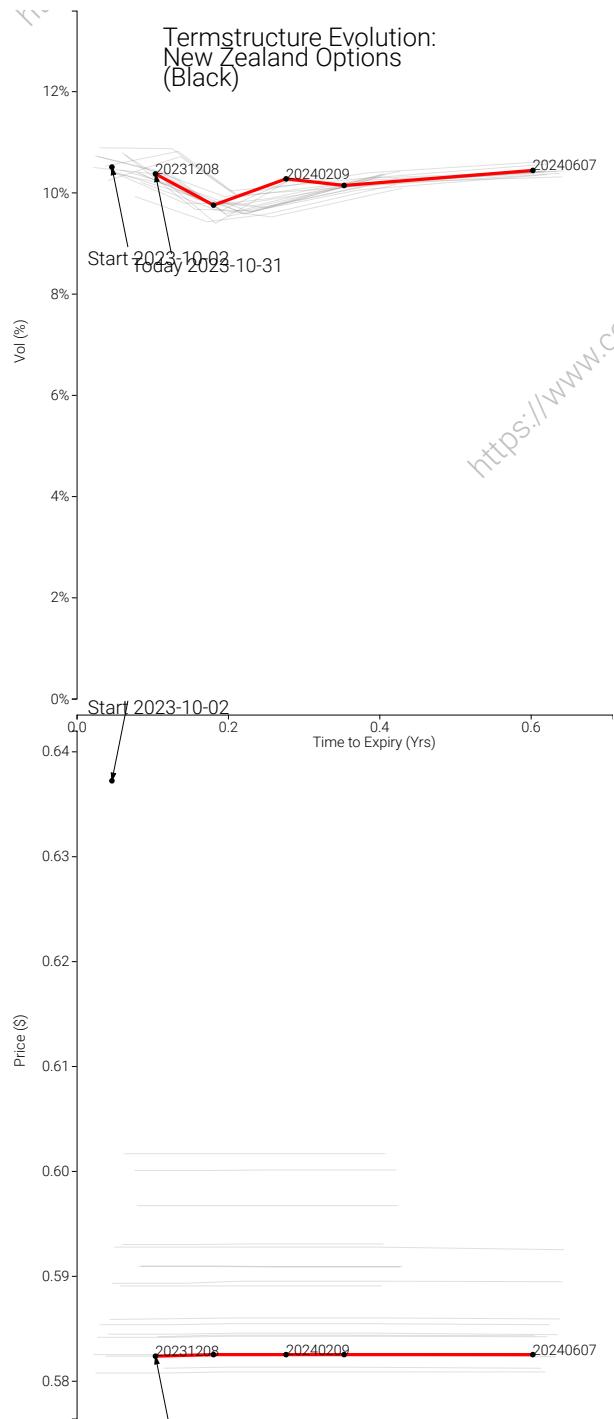


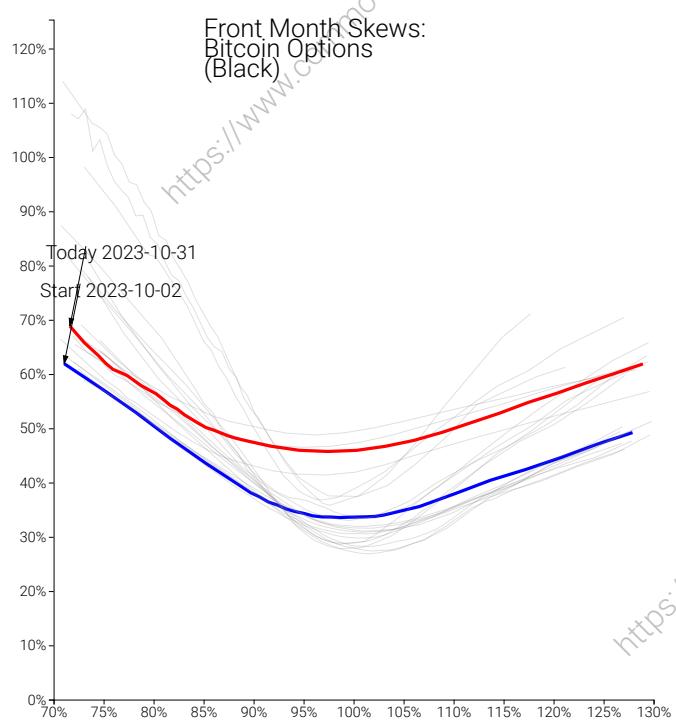
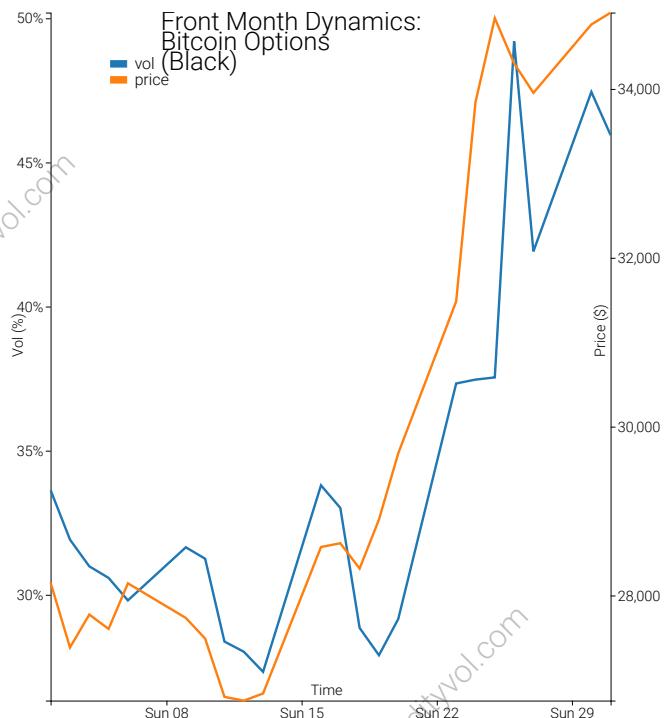
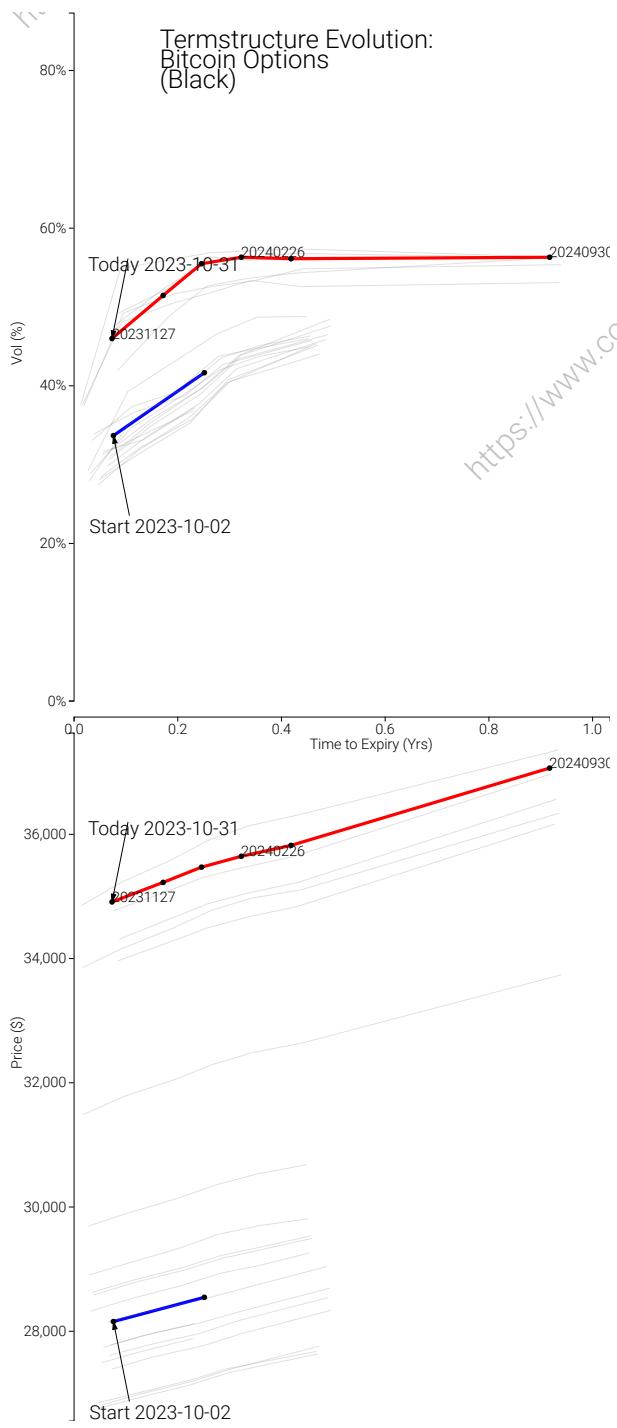


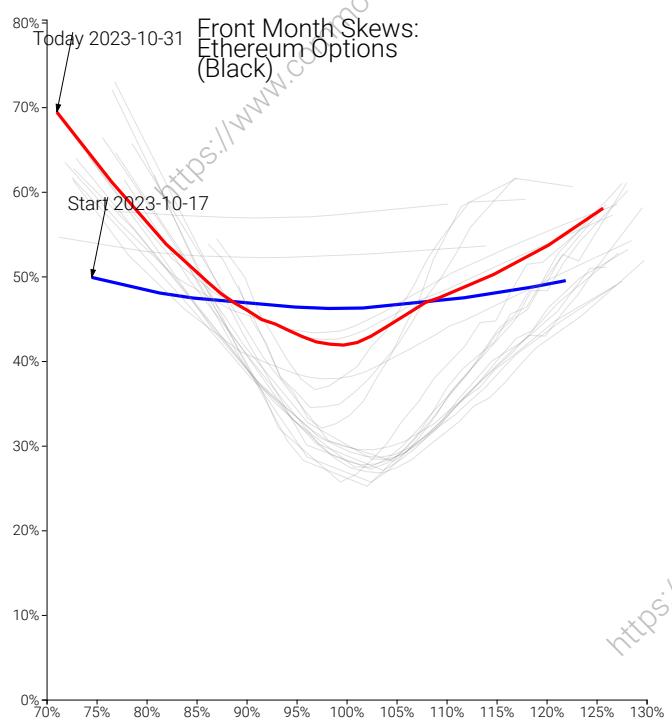
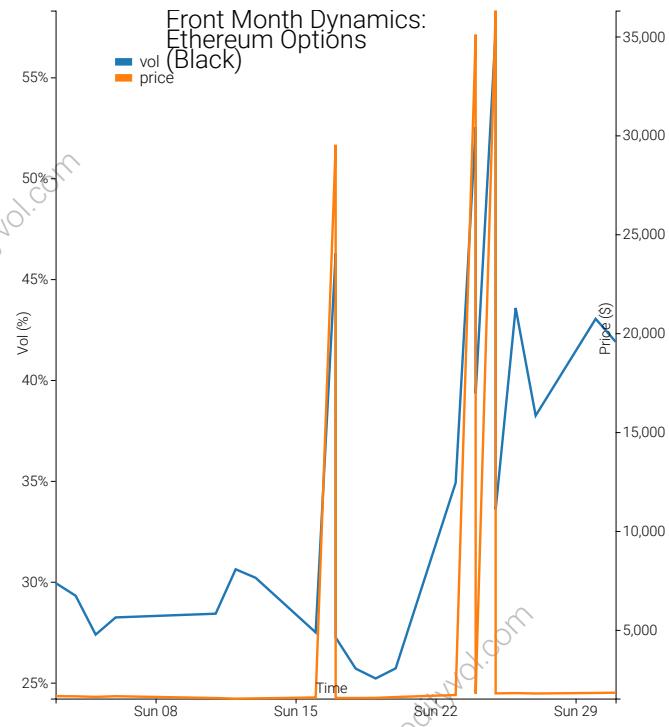
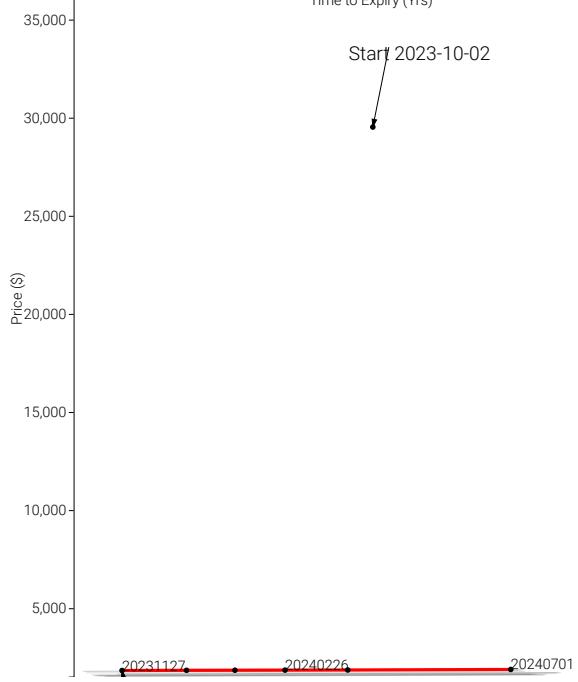
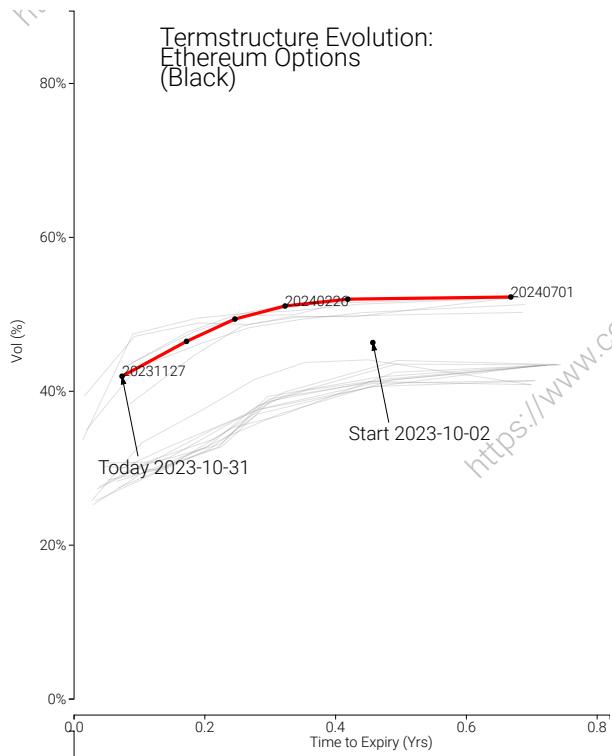




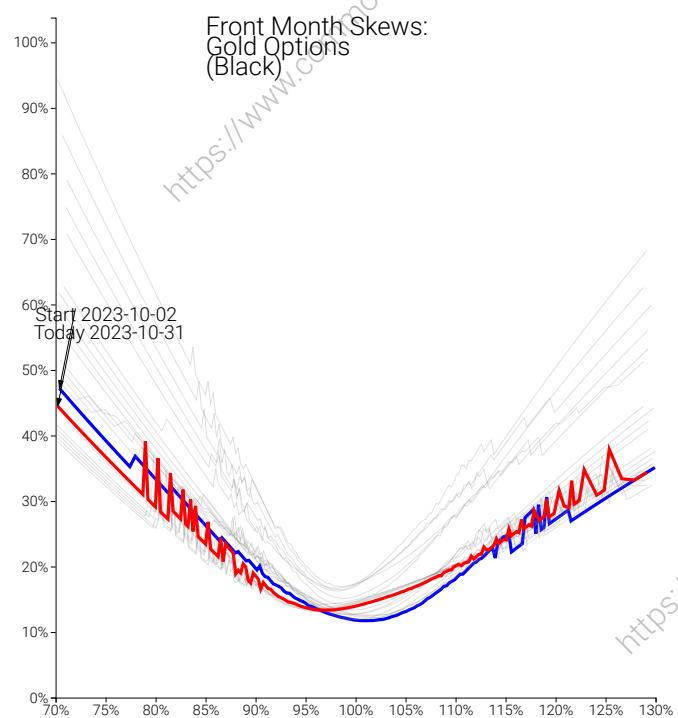
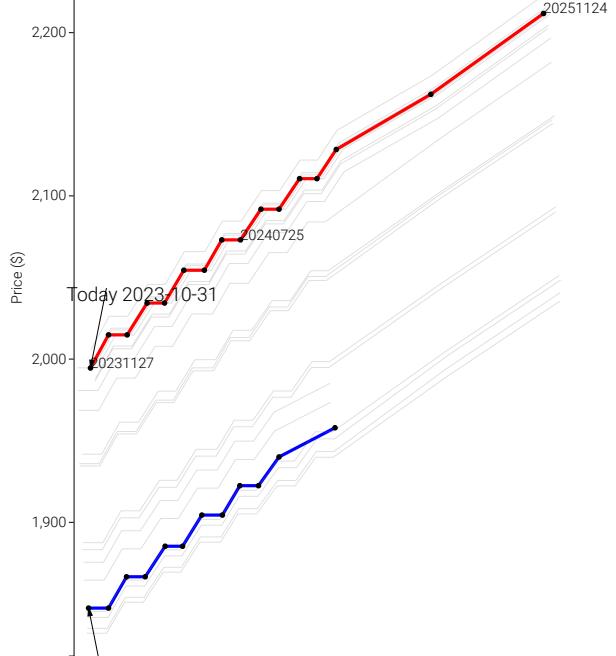
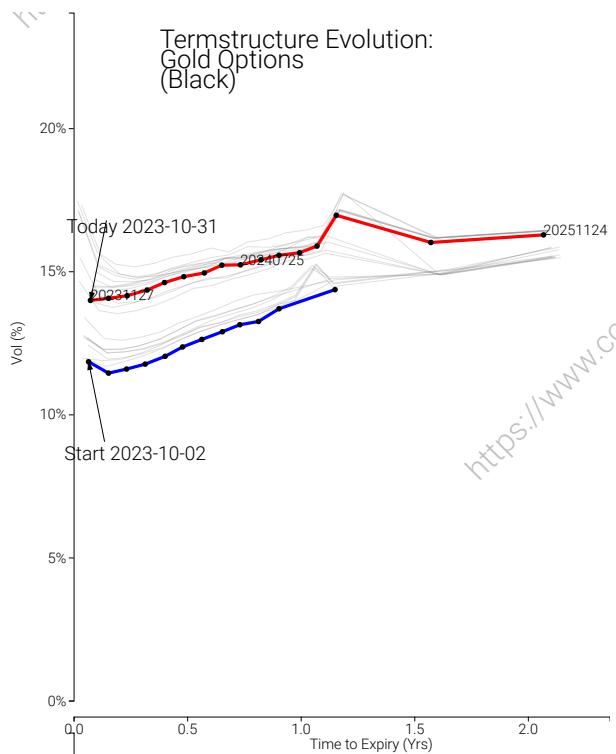


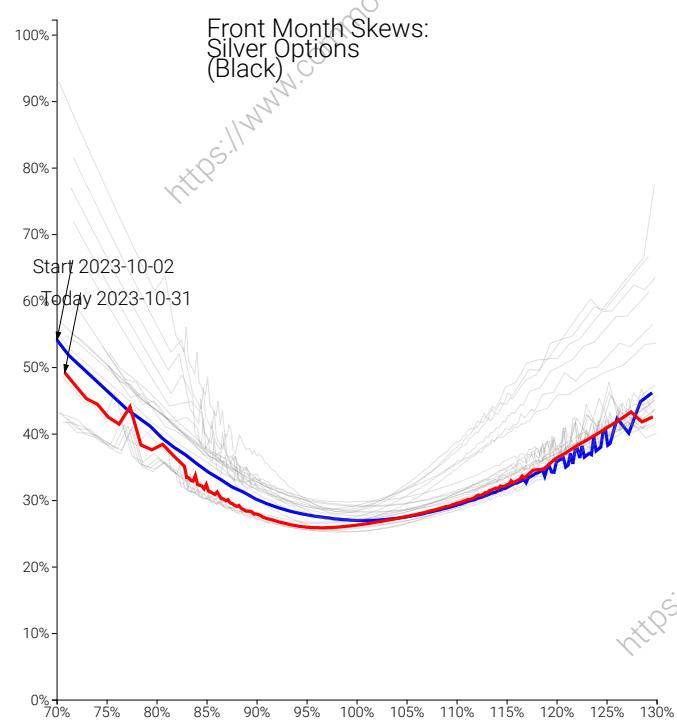
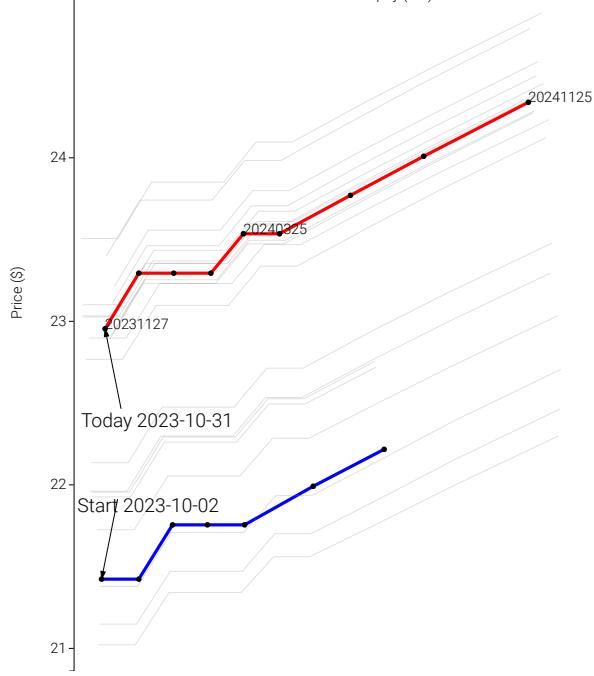
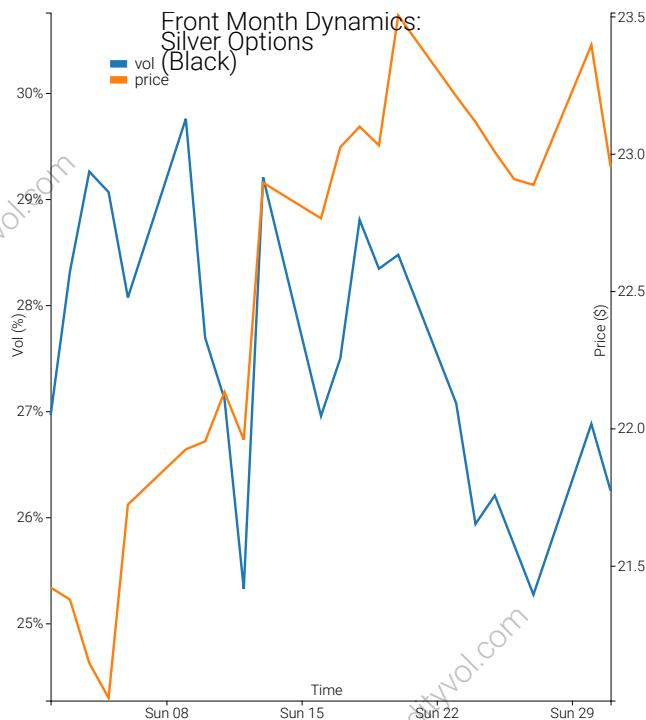
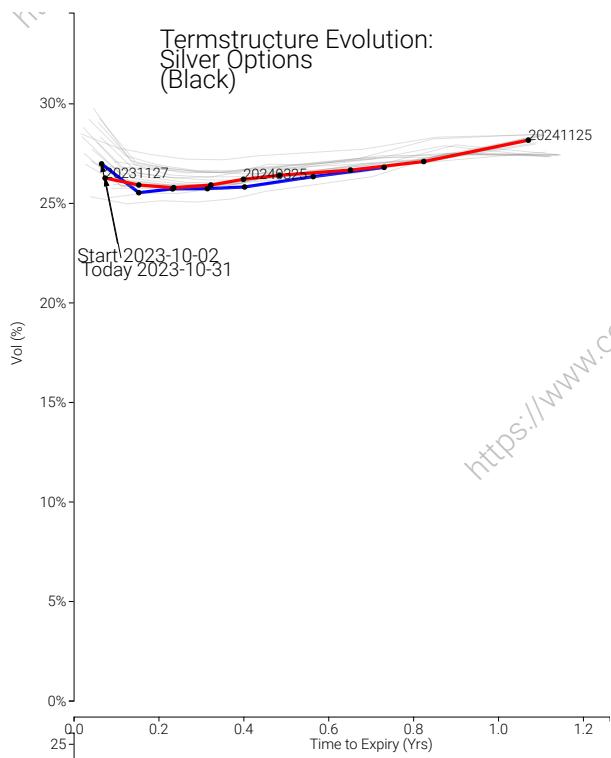


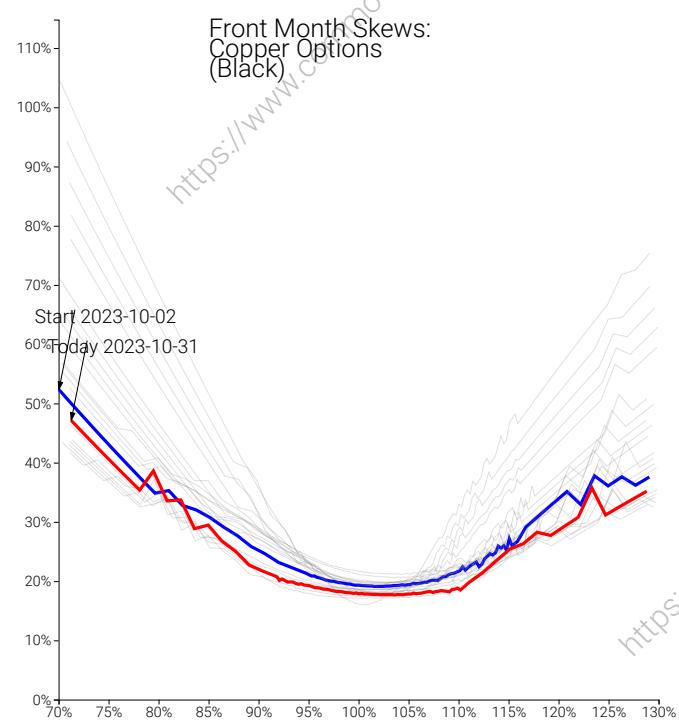
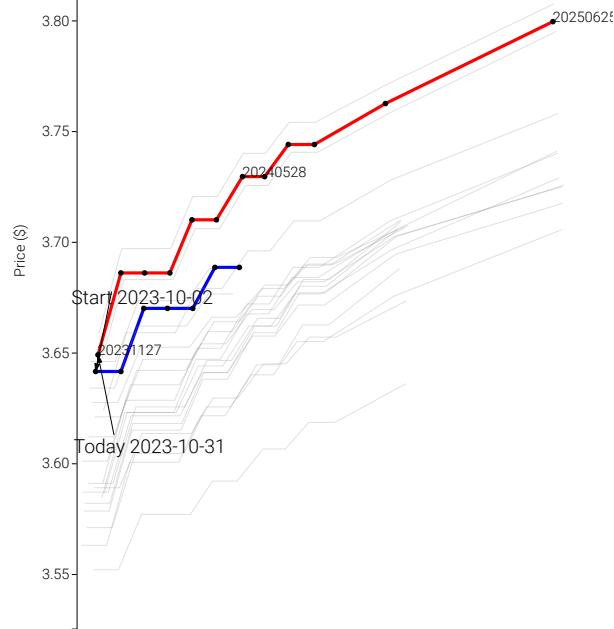
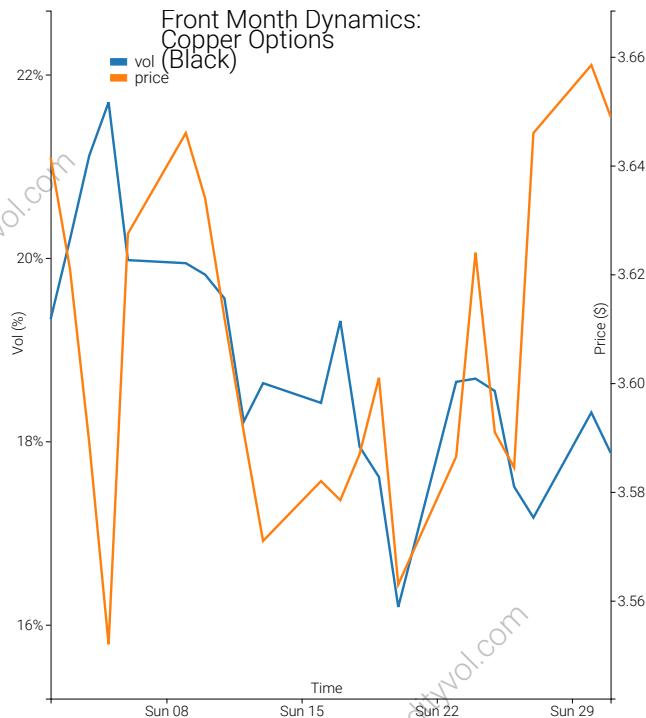
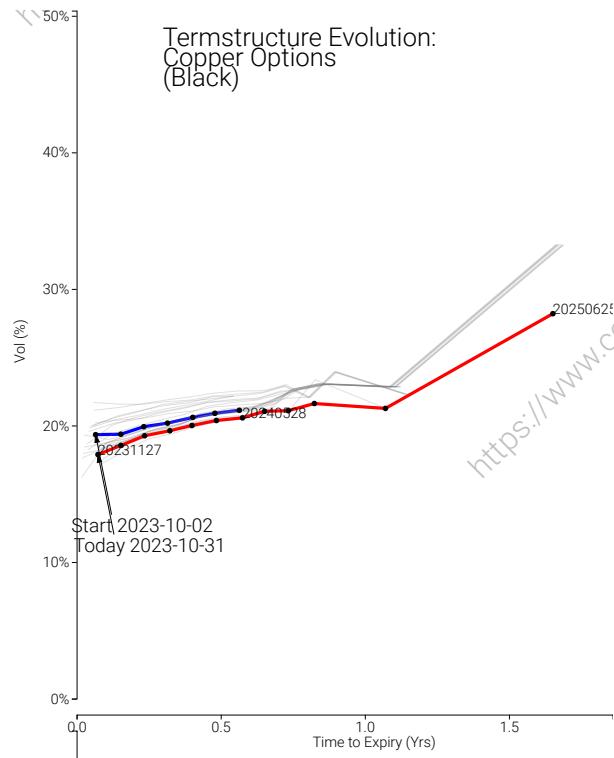


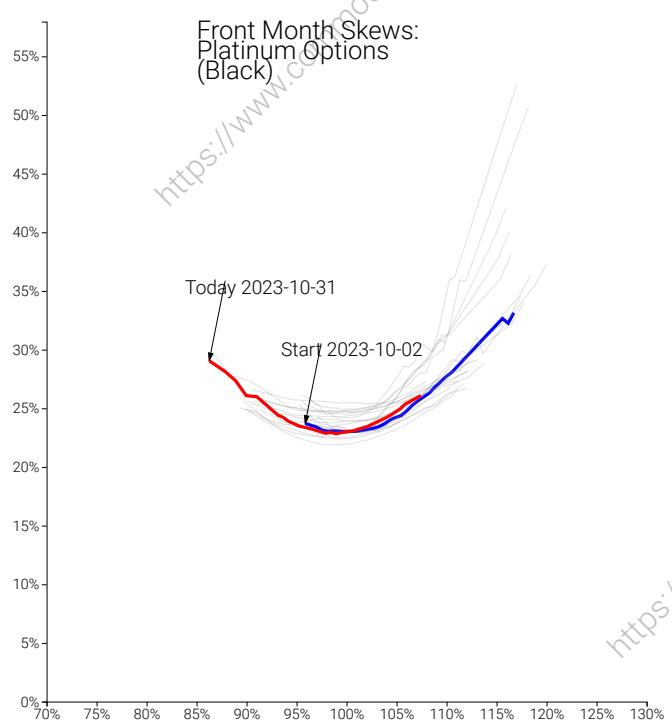
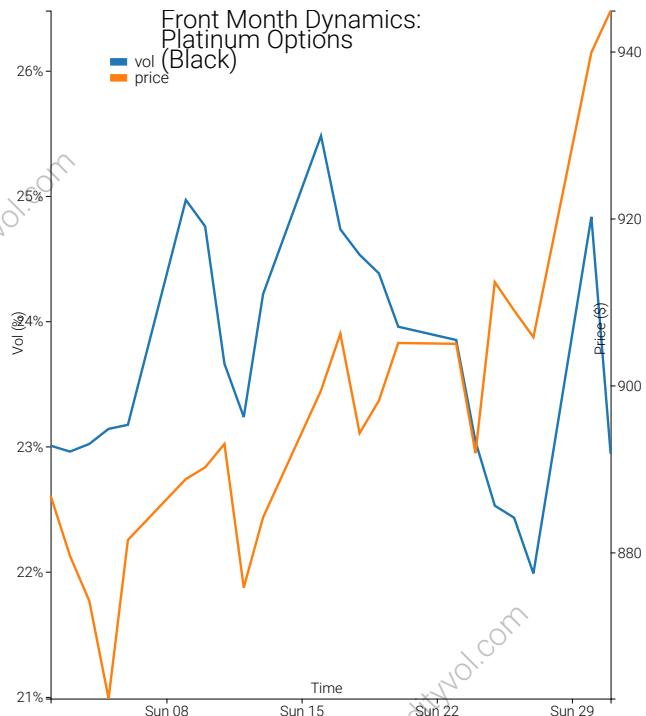
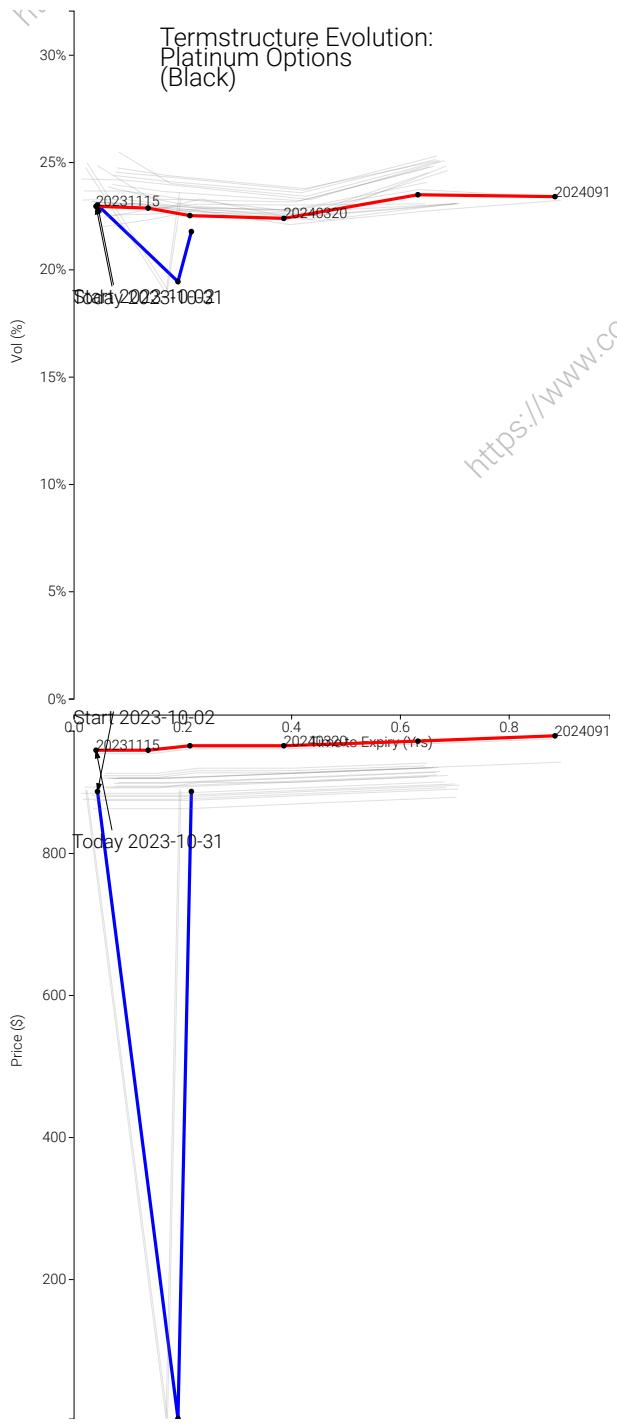


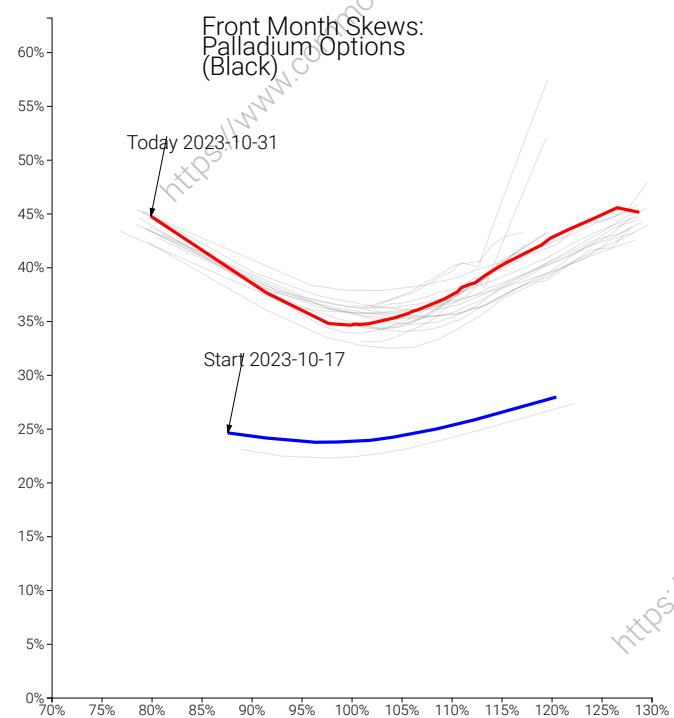
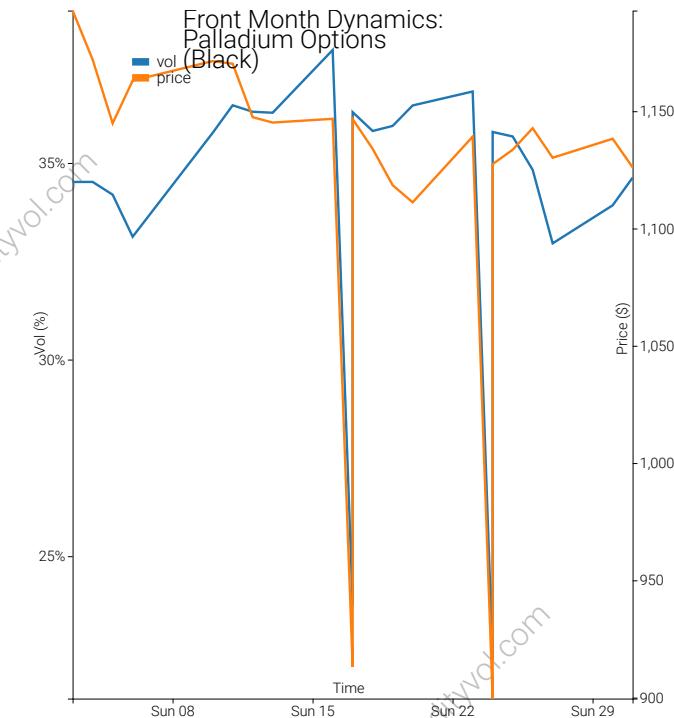
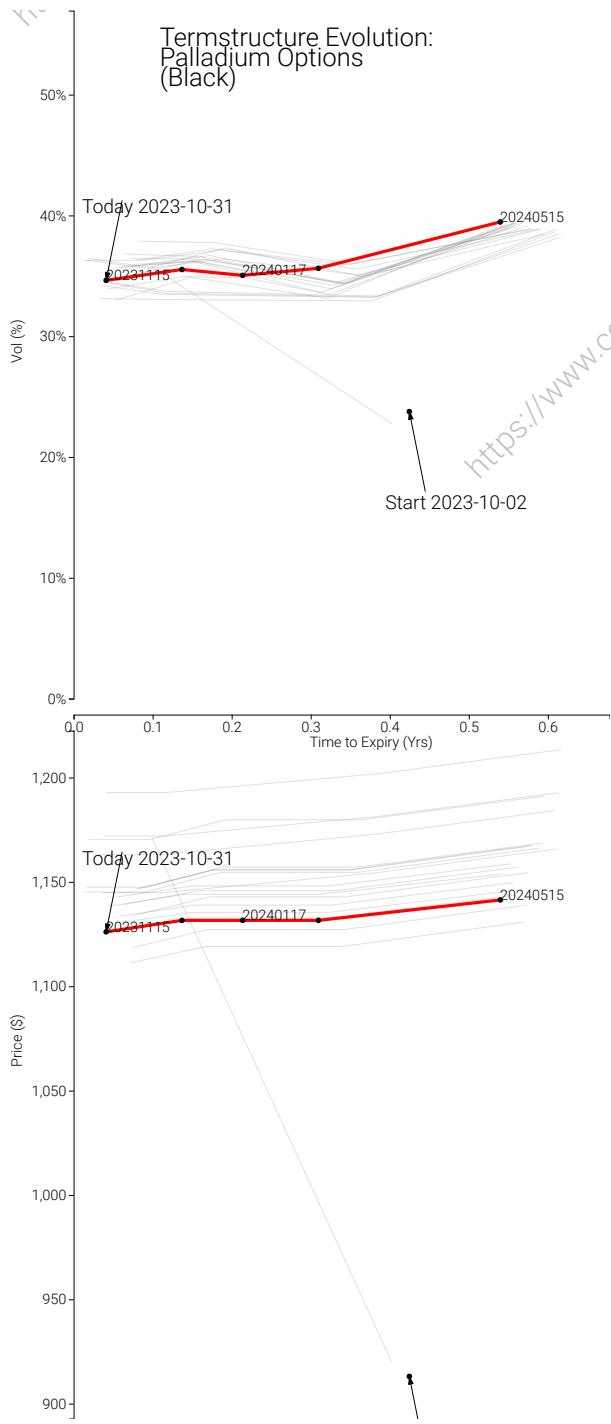
Metals



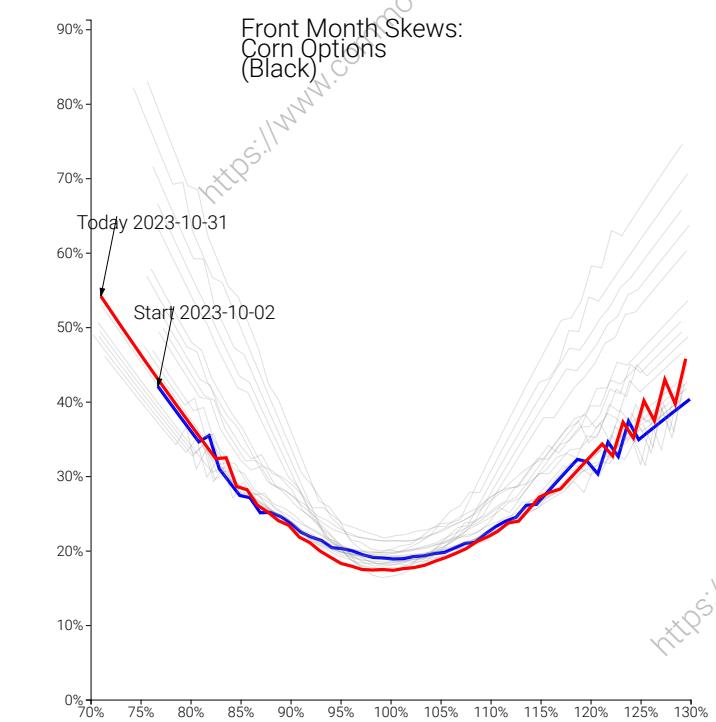
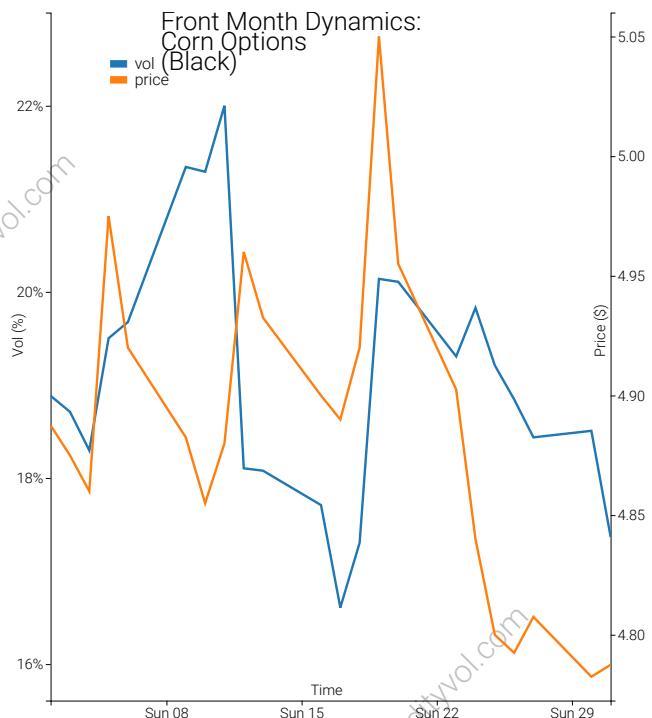
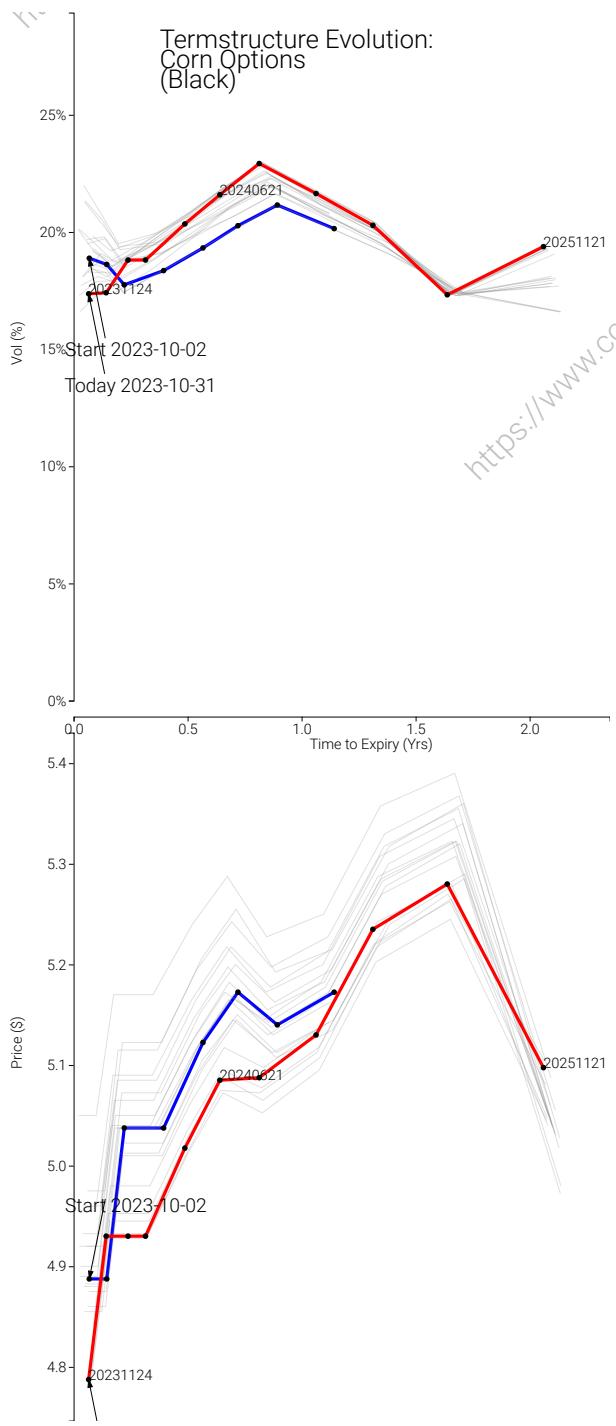


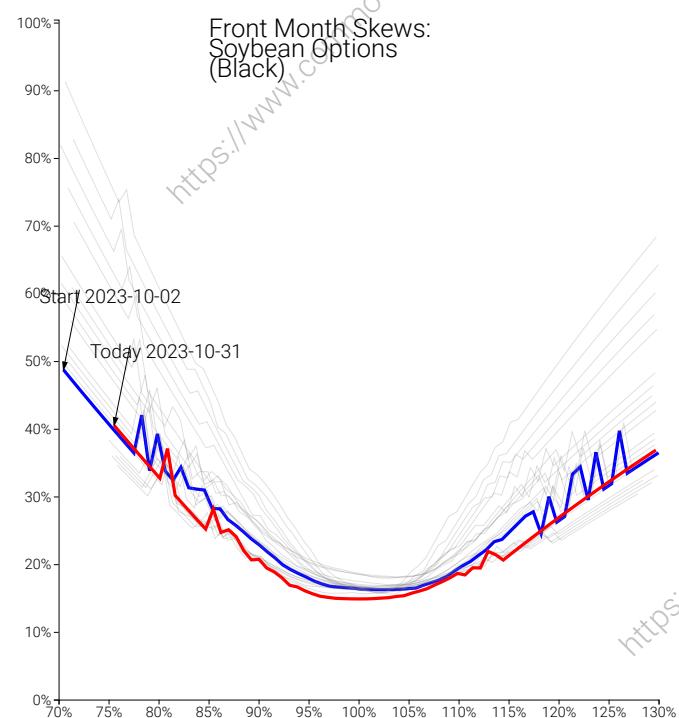
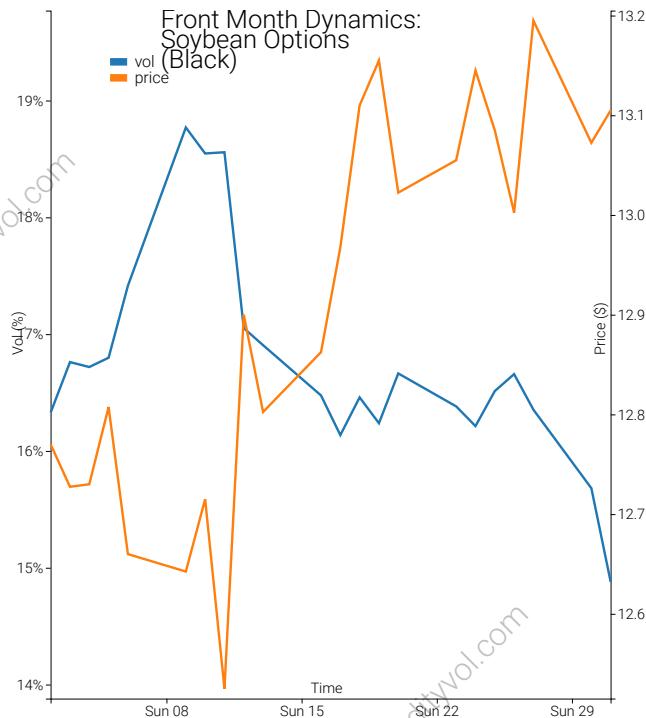
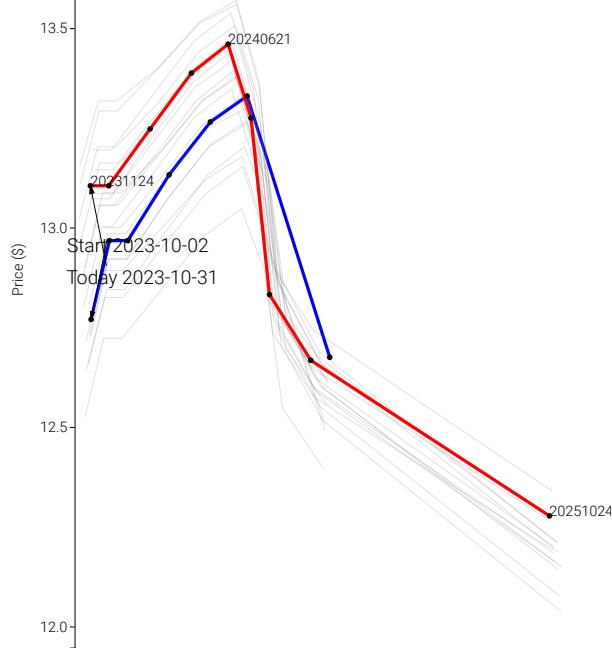
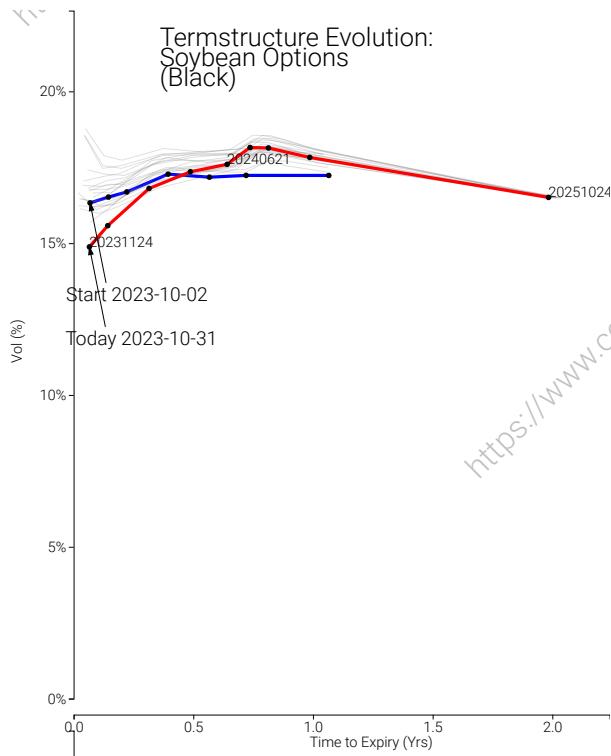


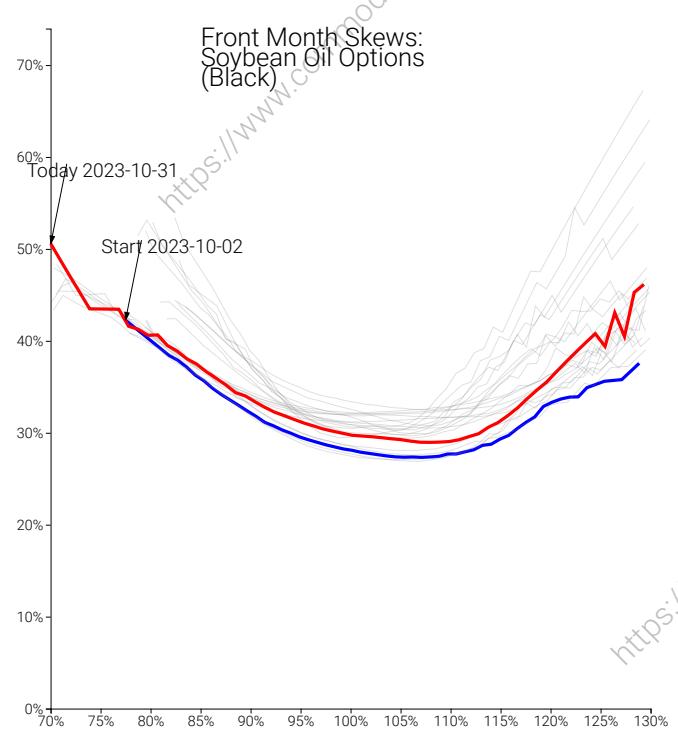
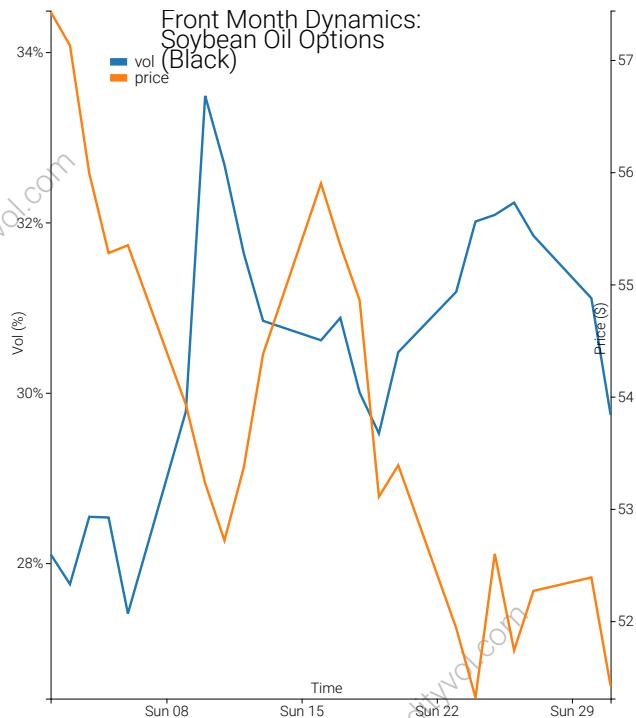
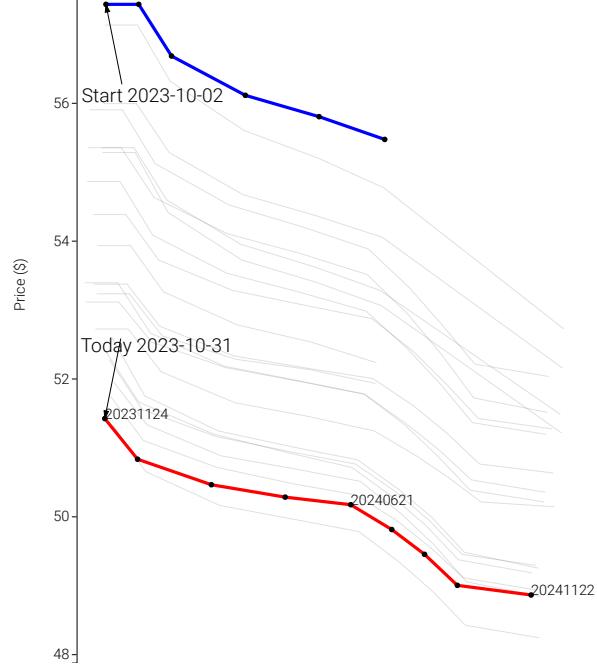
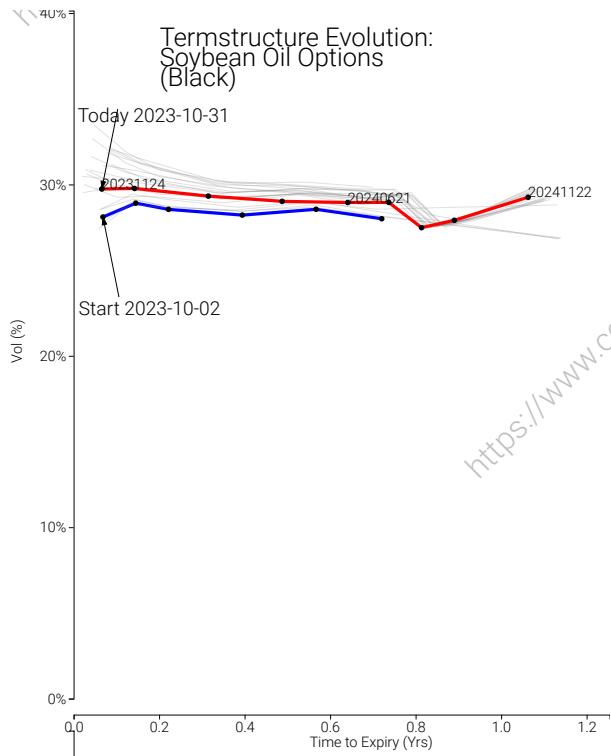


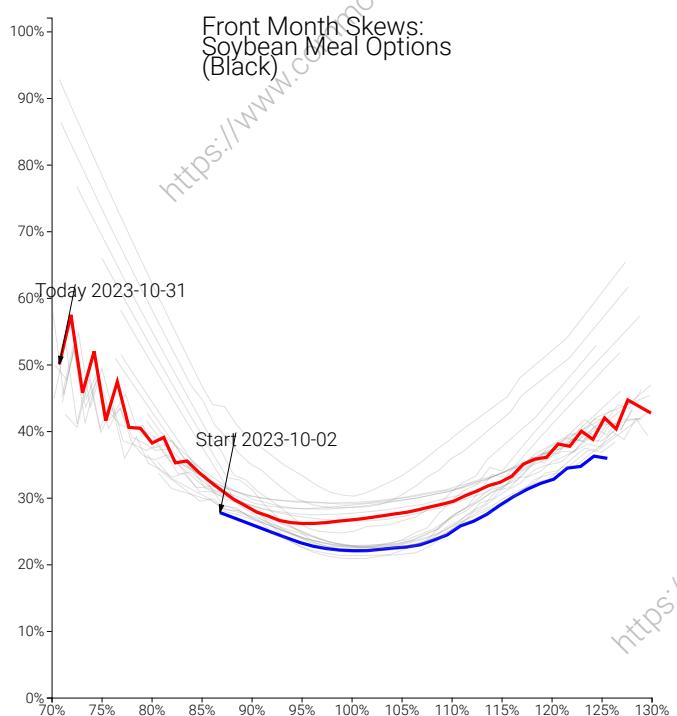
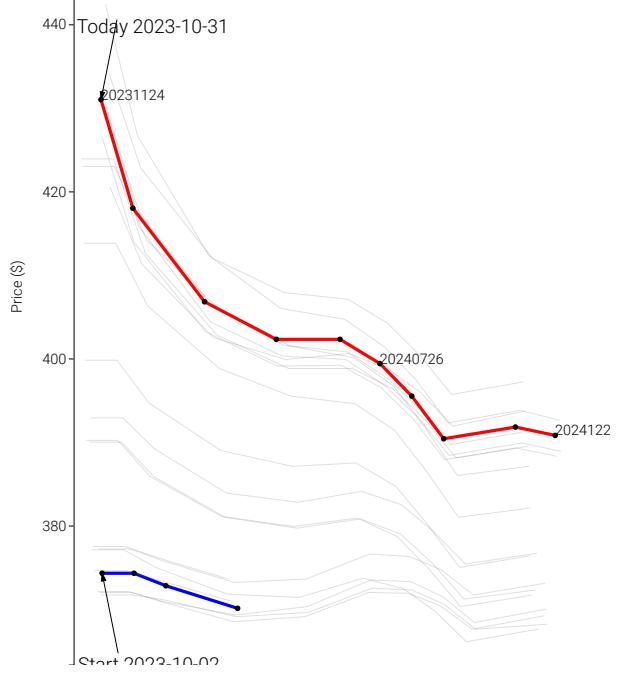
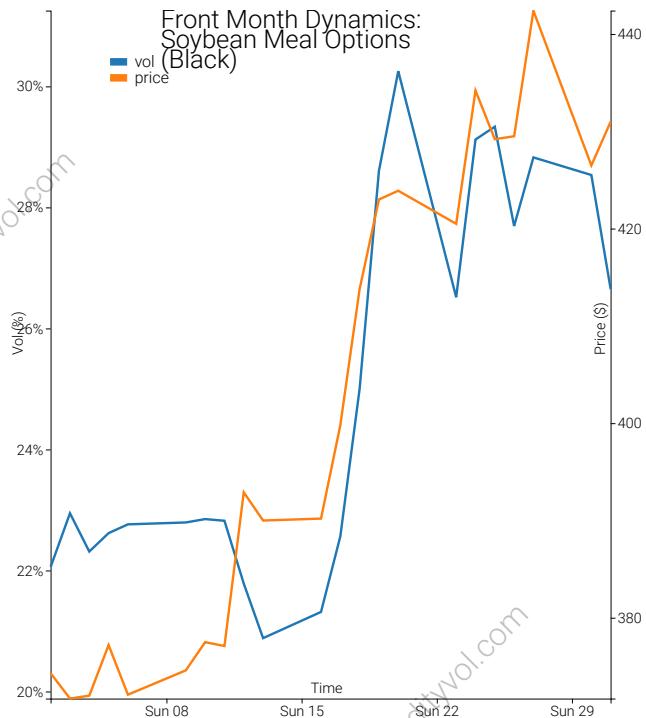
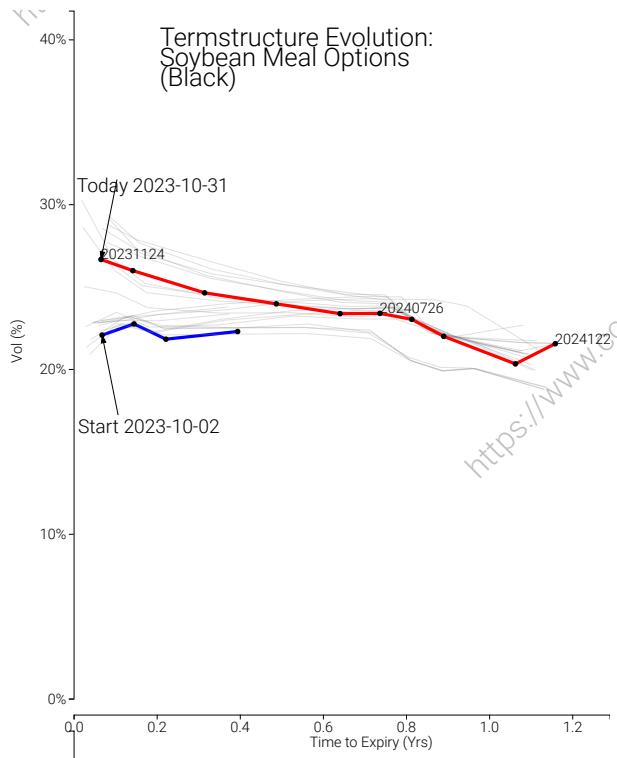


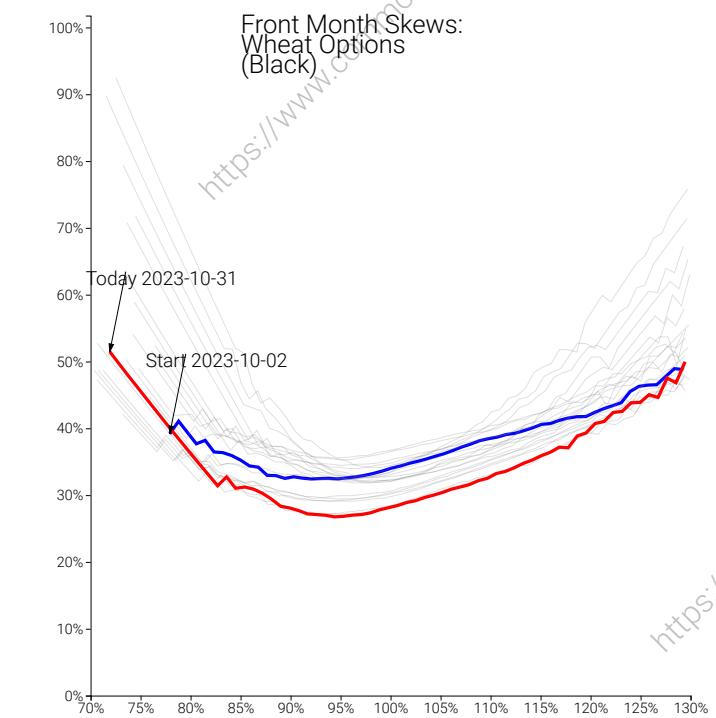
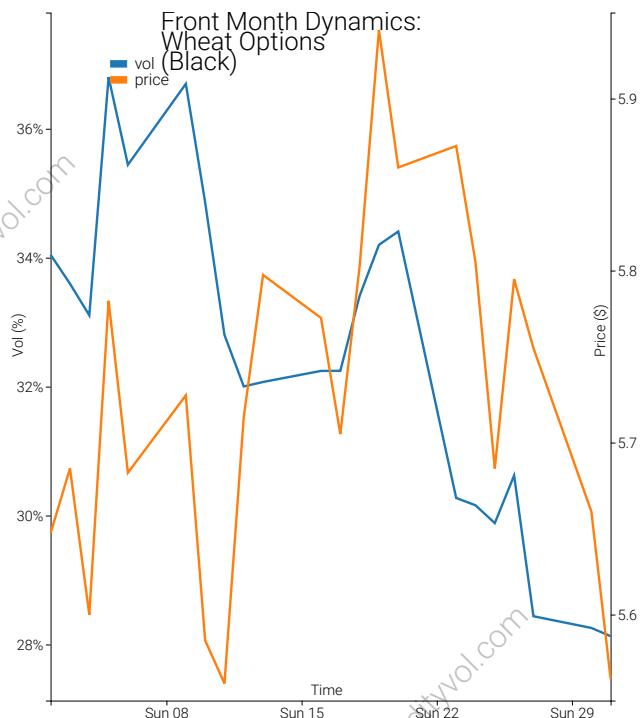
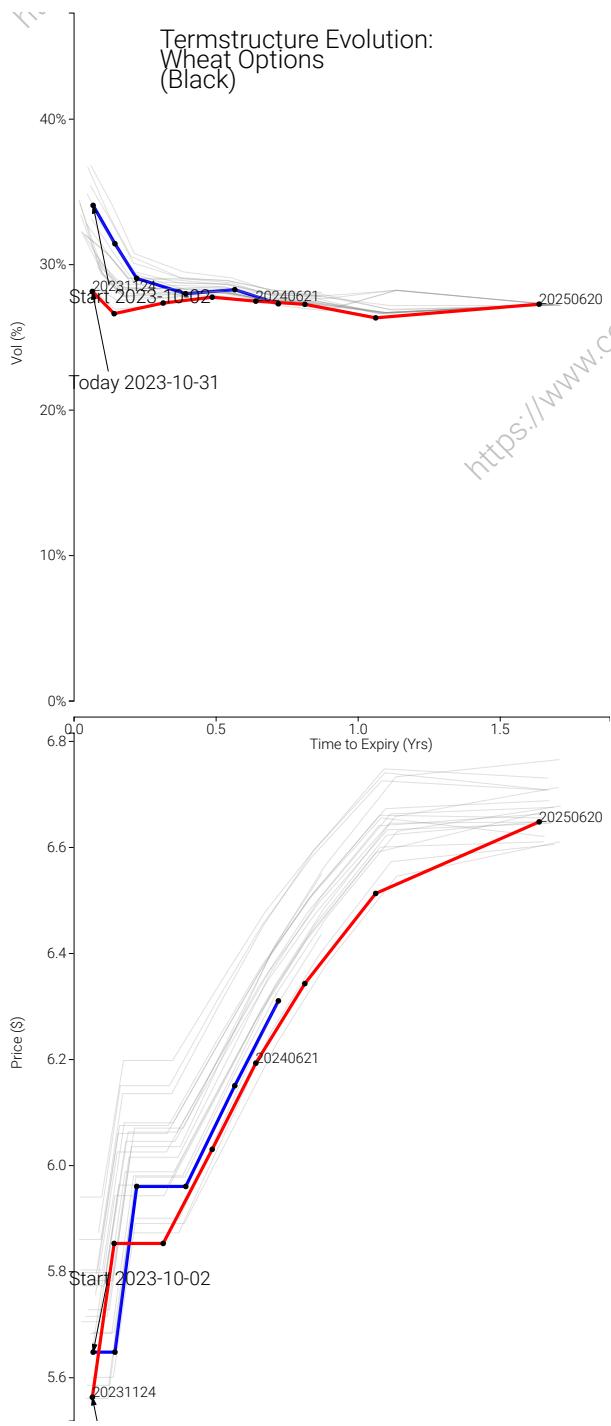
Ags: Grains, Oilseeds, and so forth

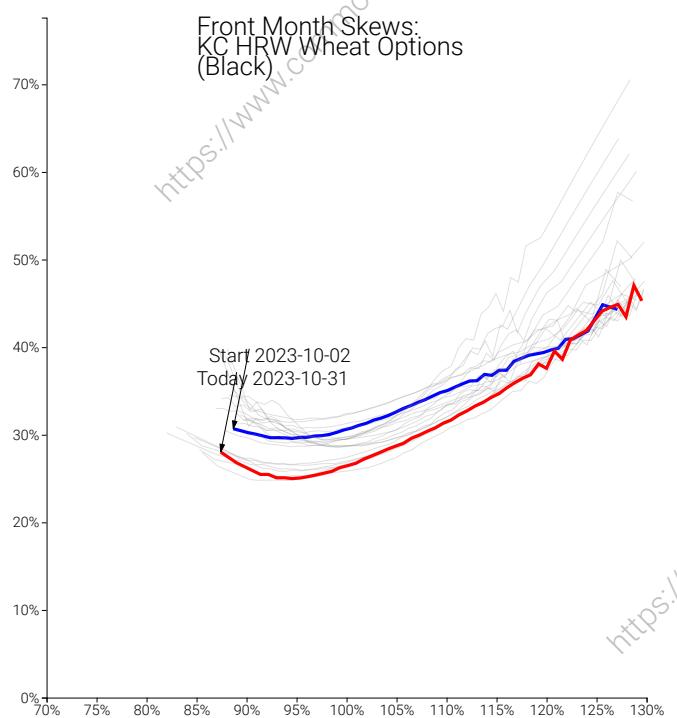
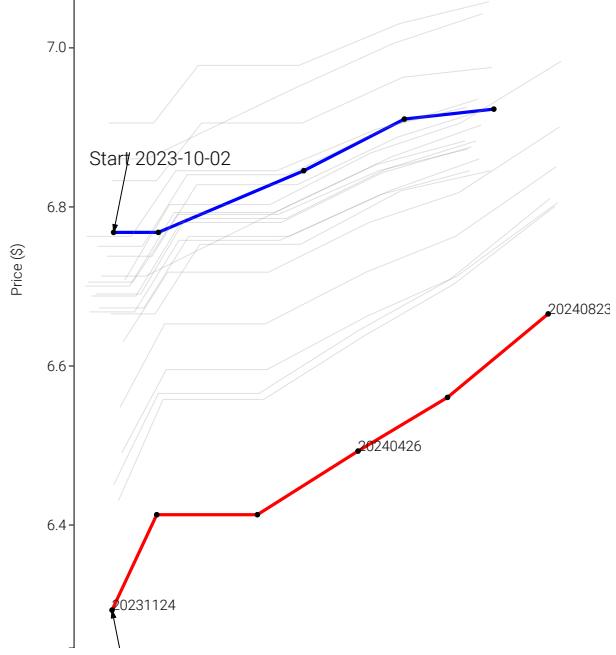
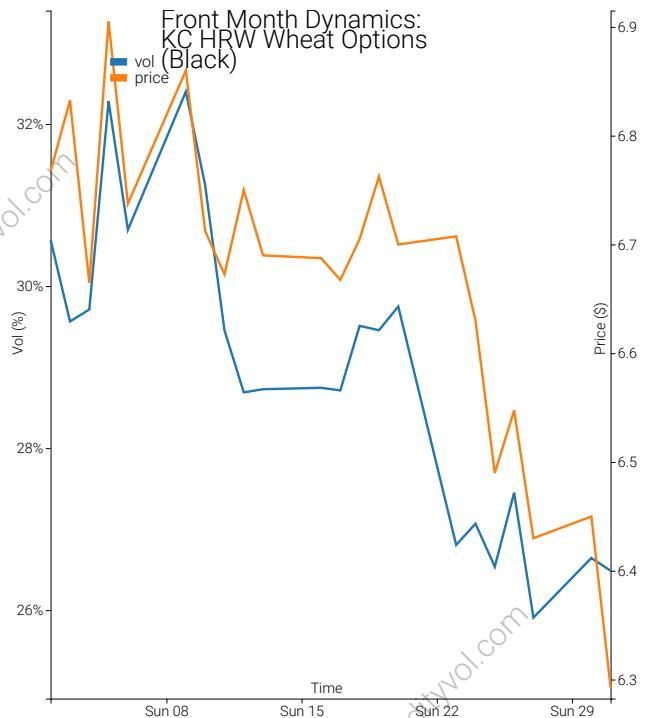
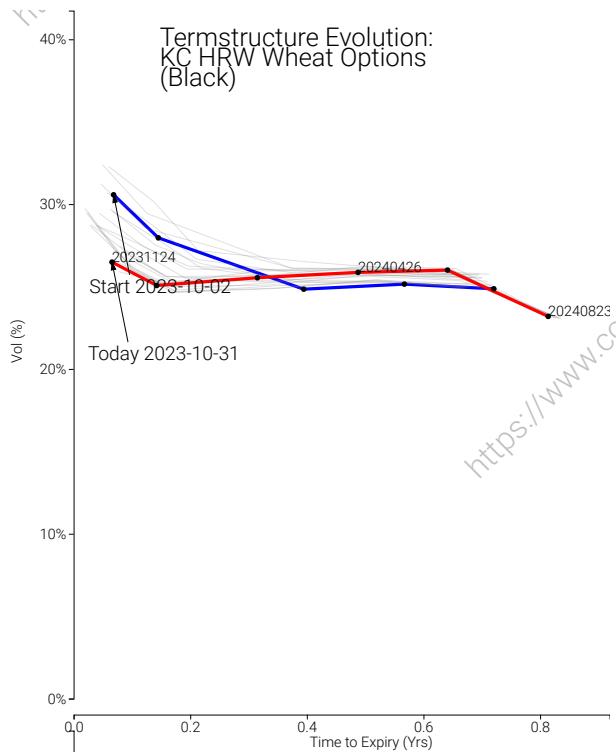


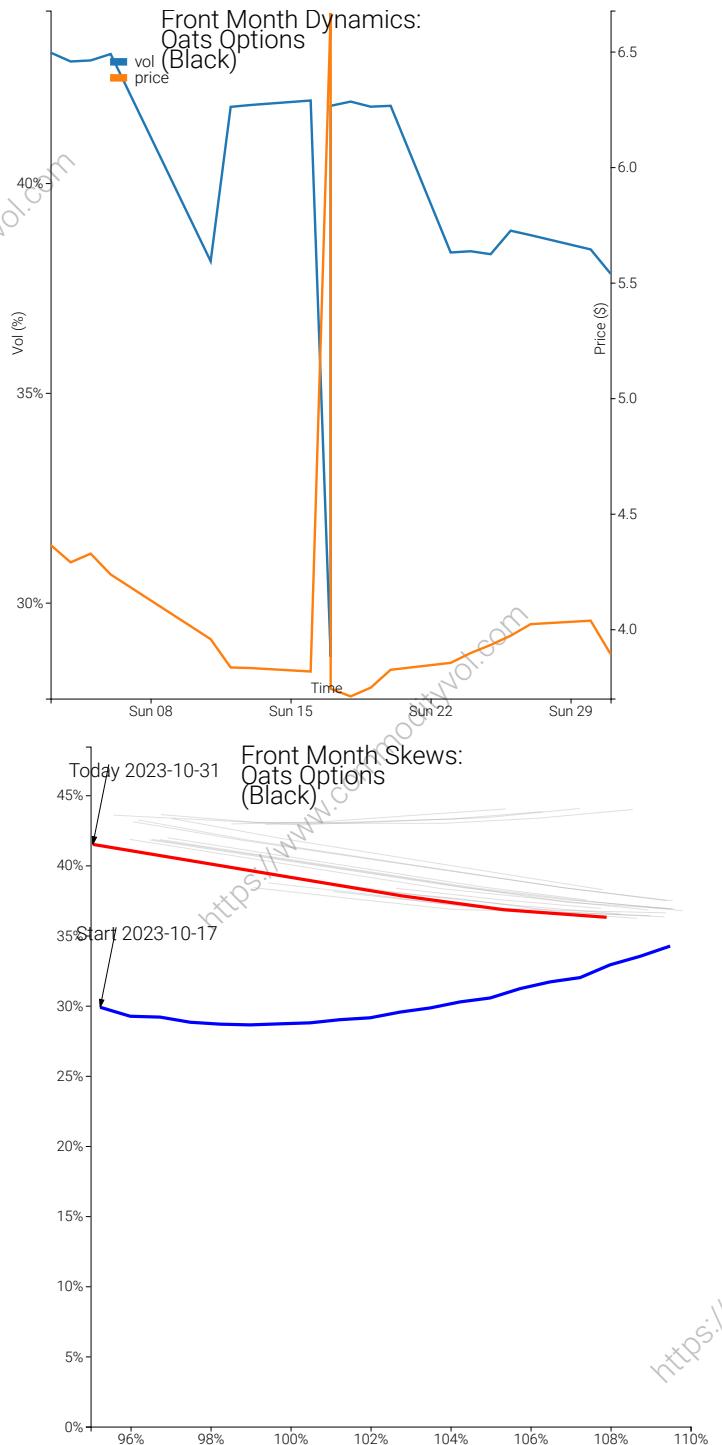
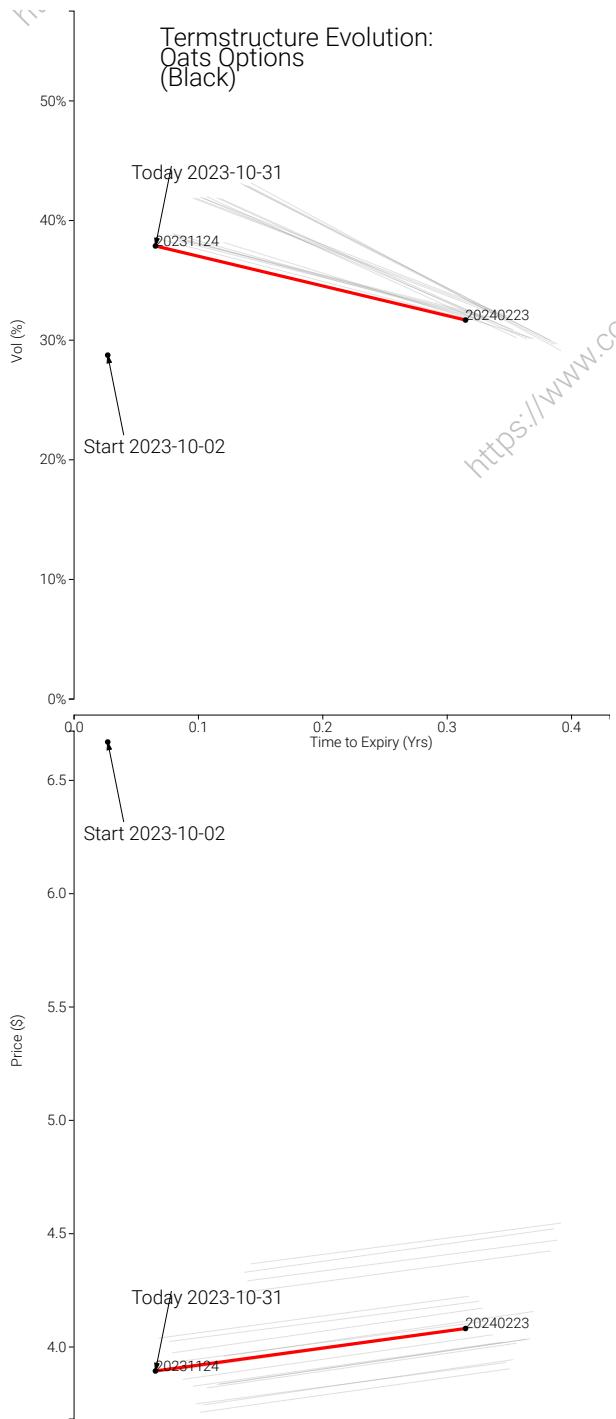


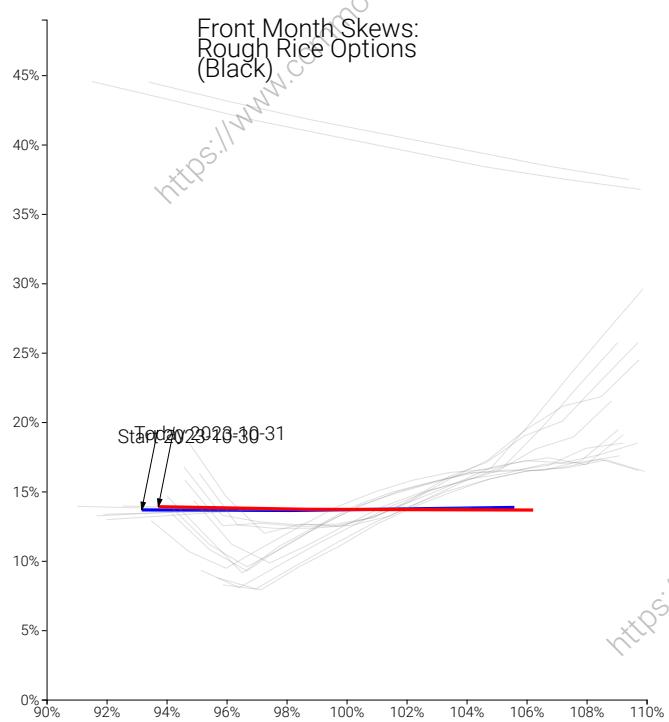
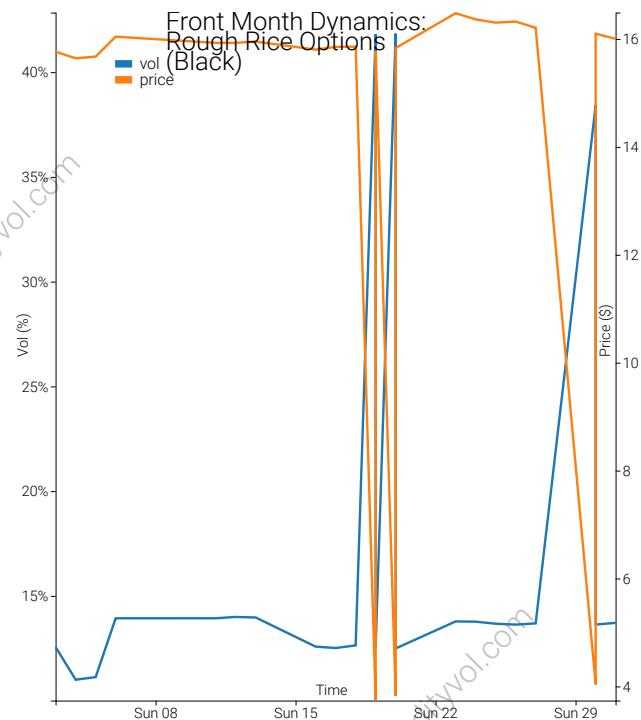
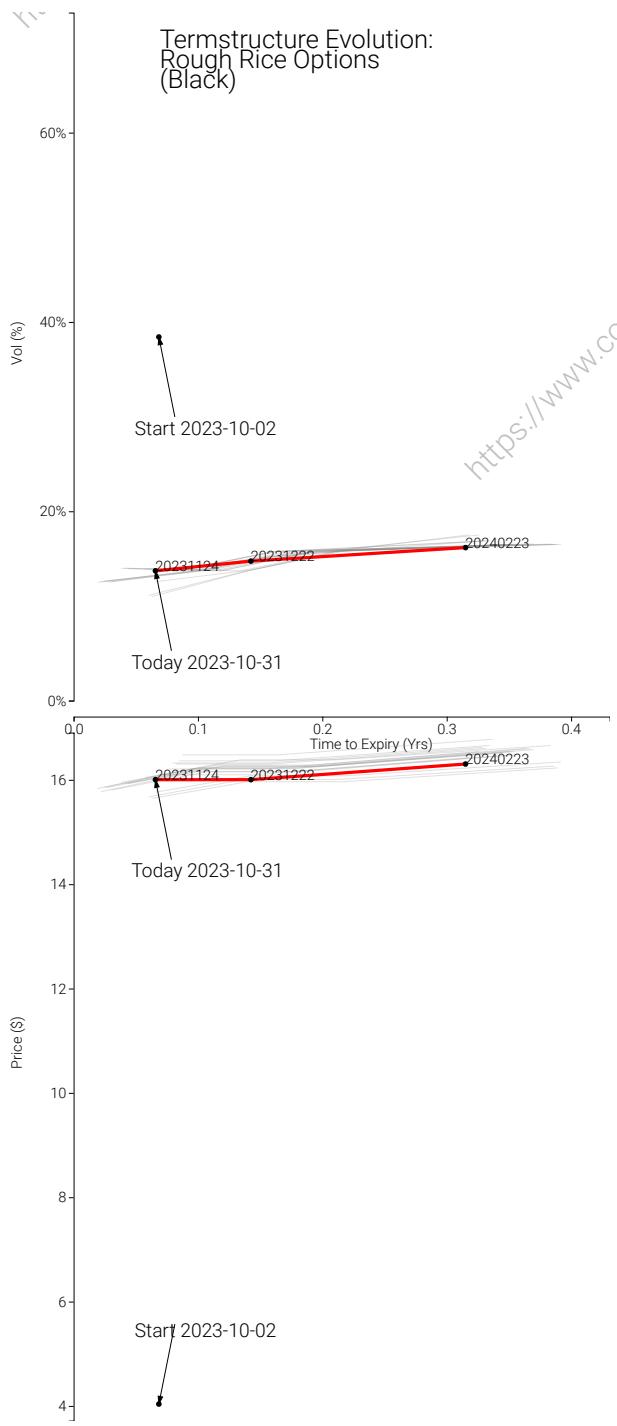


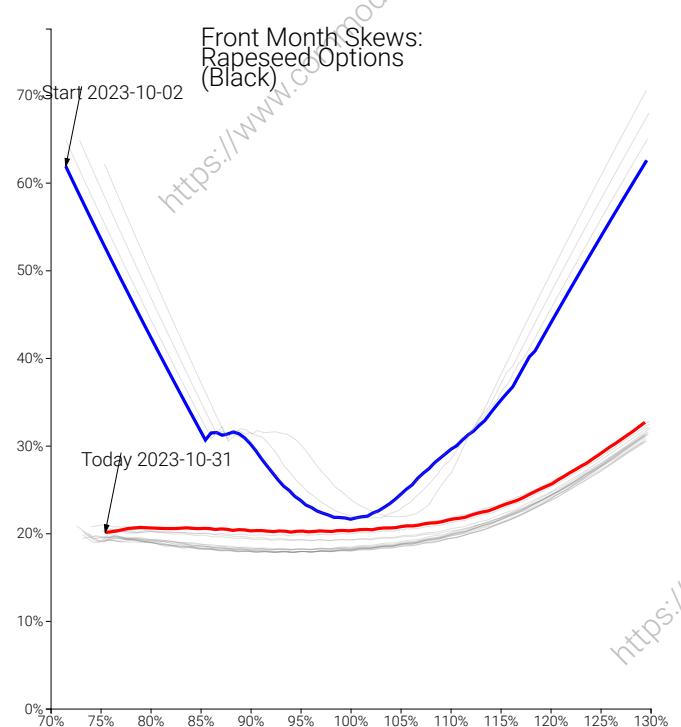
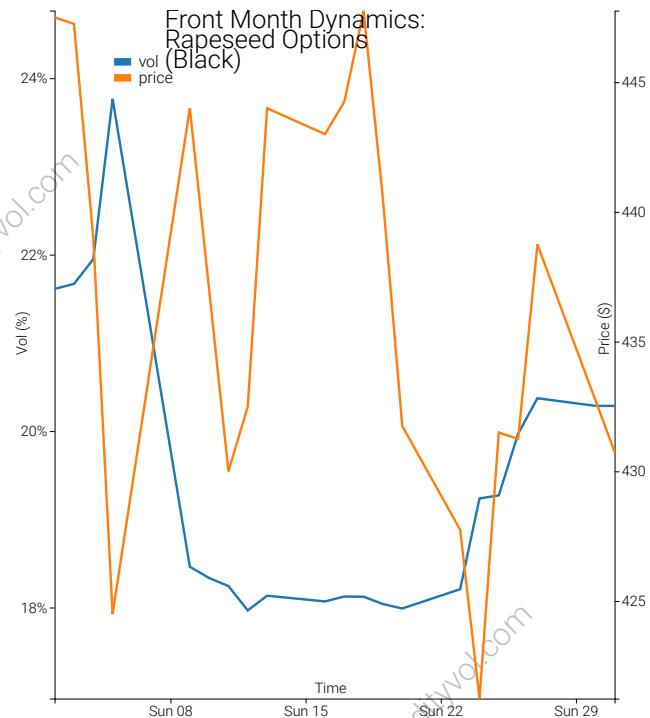
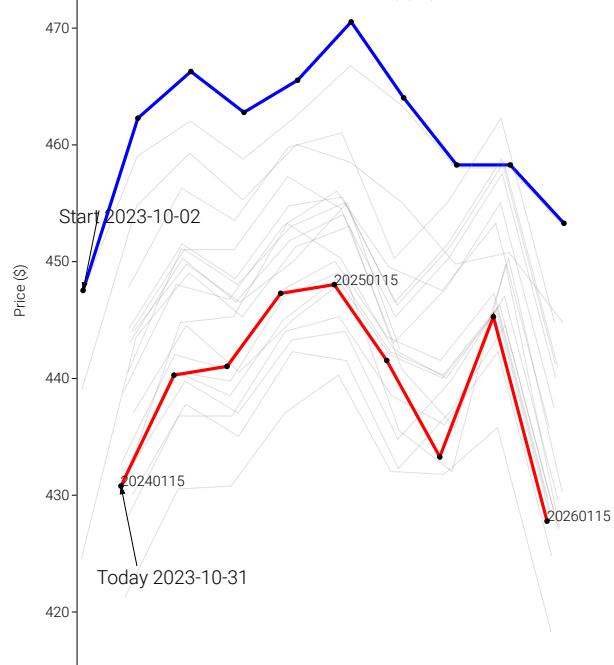
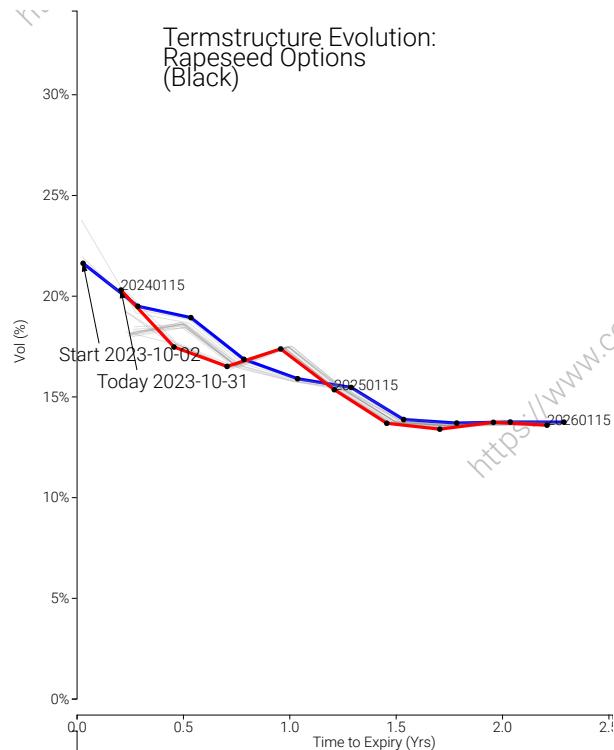




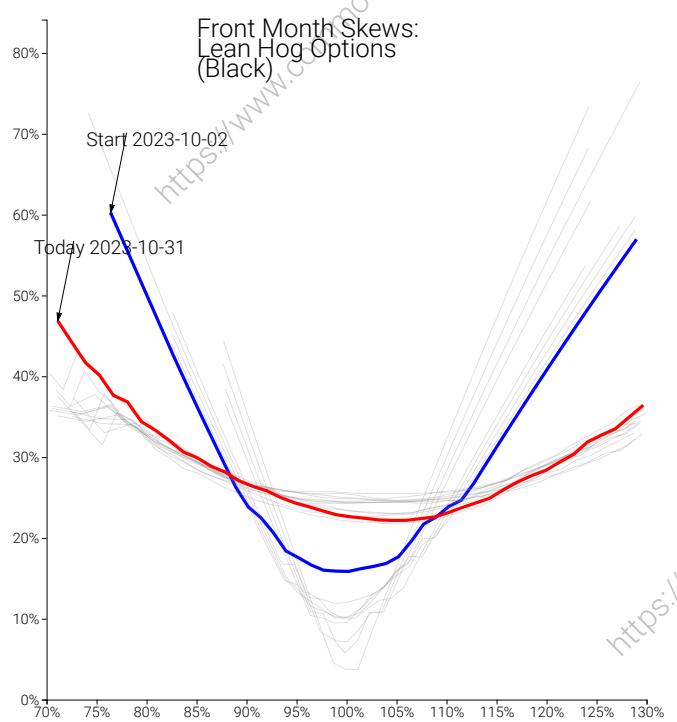
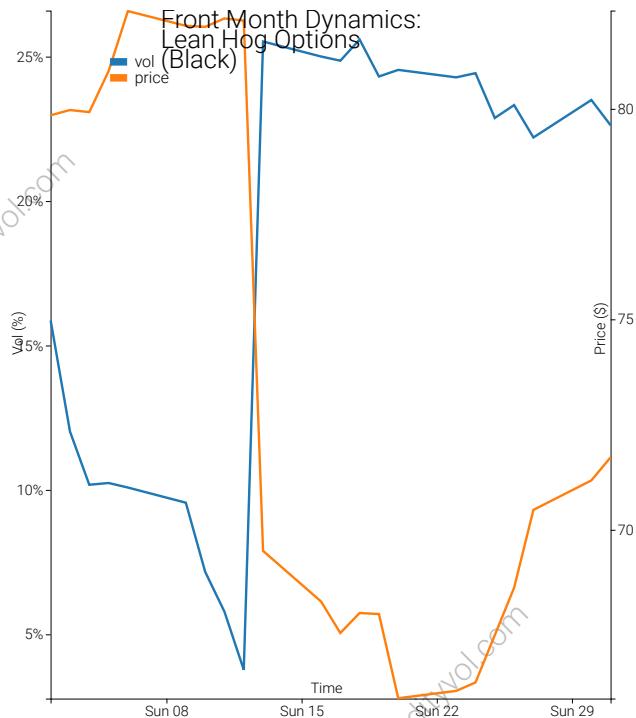
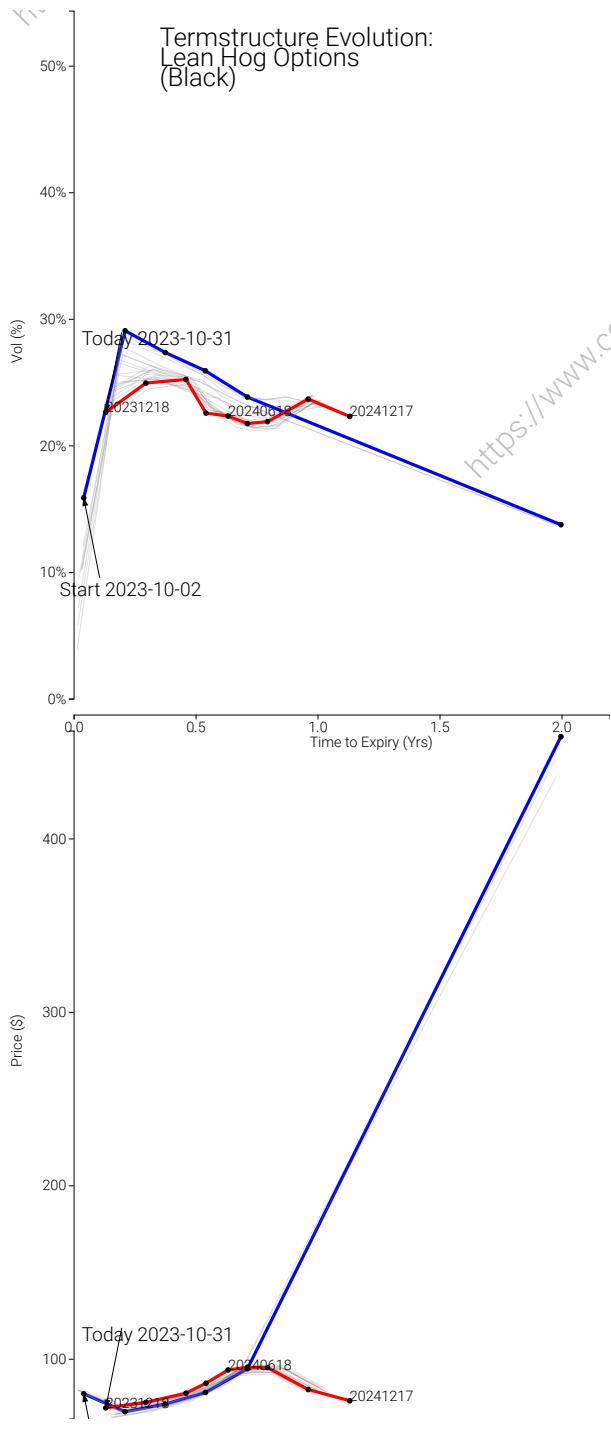


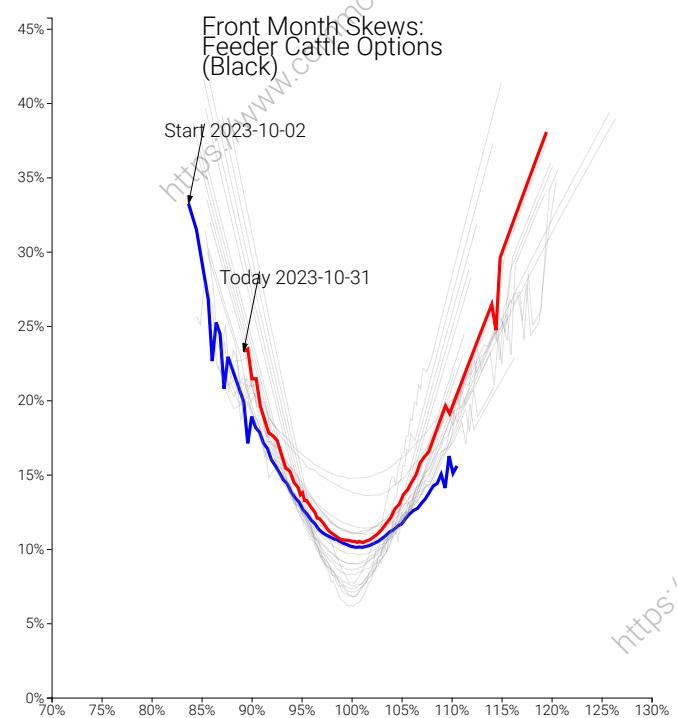
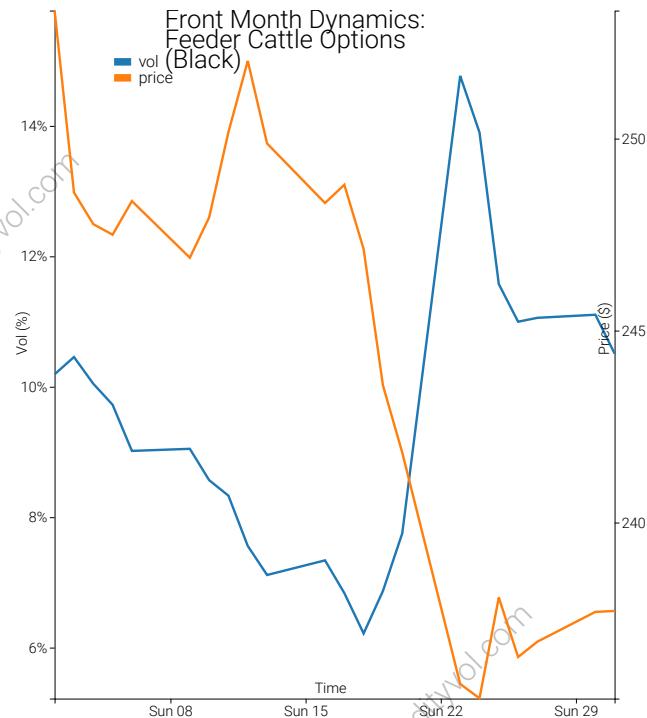
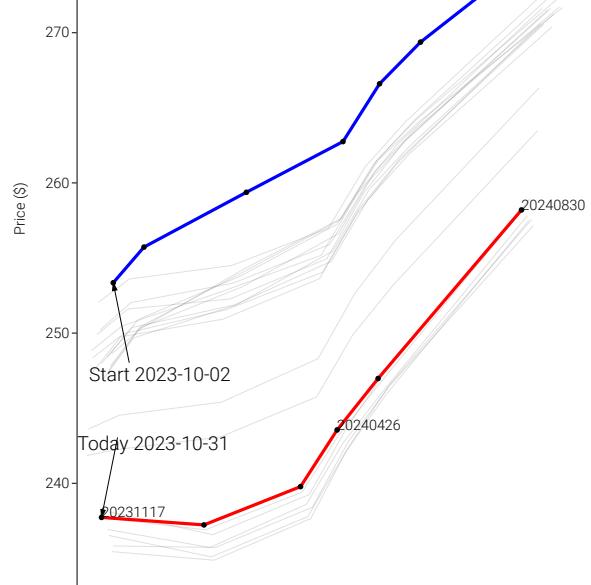
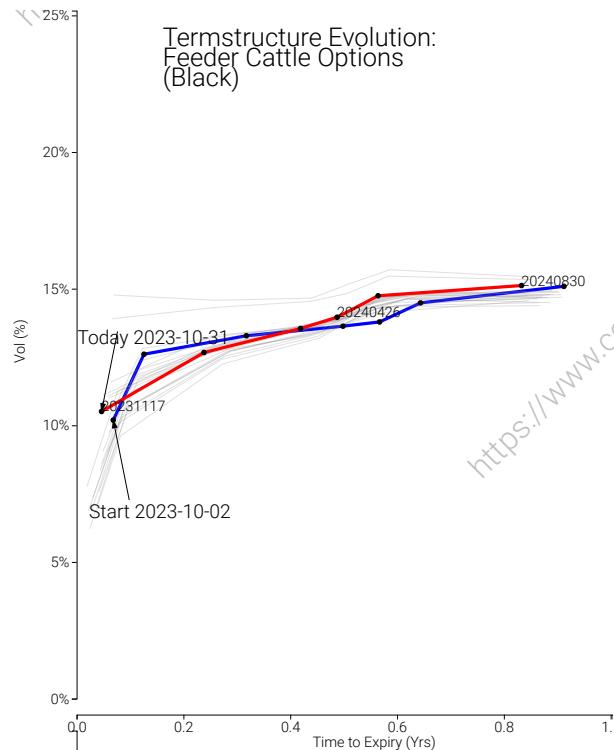


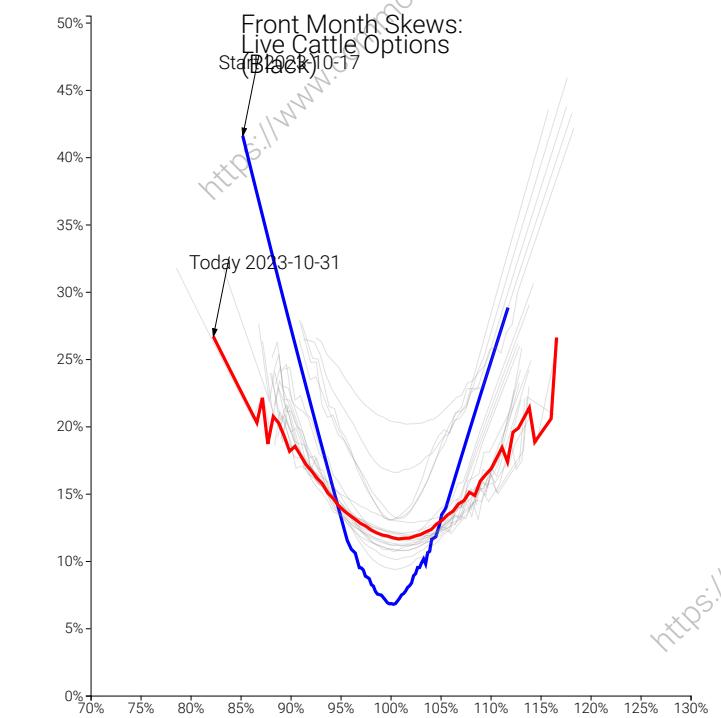
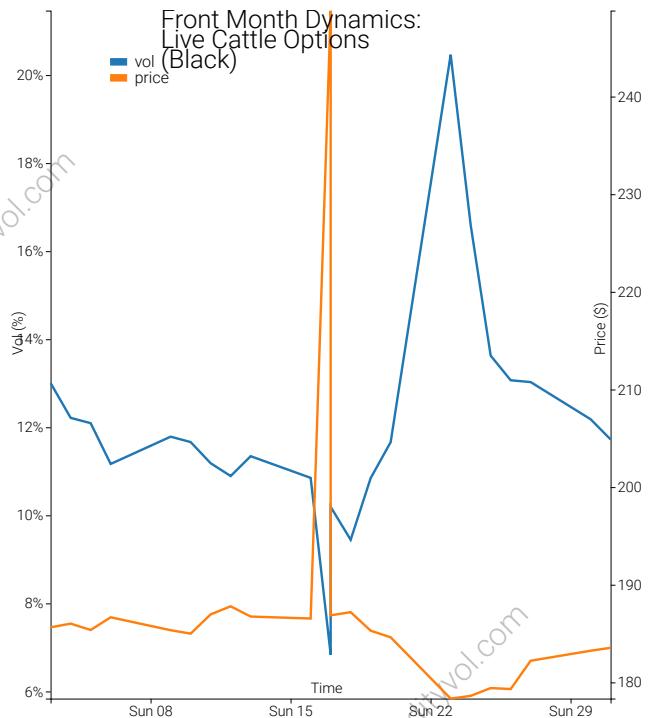
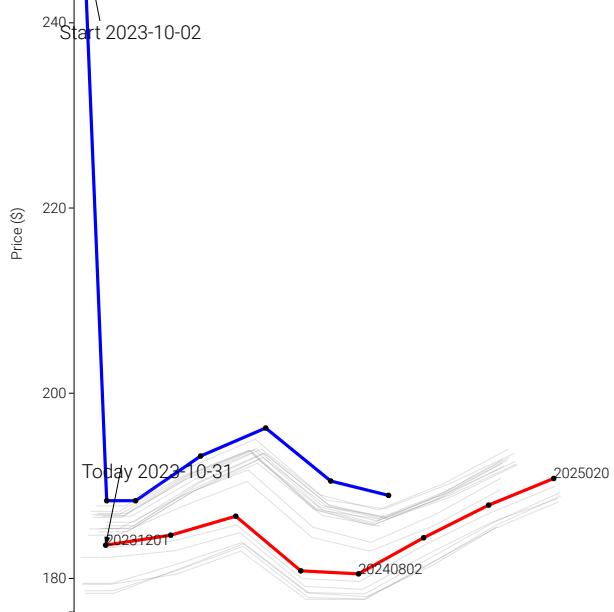
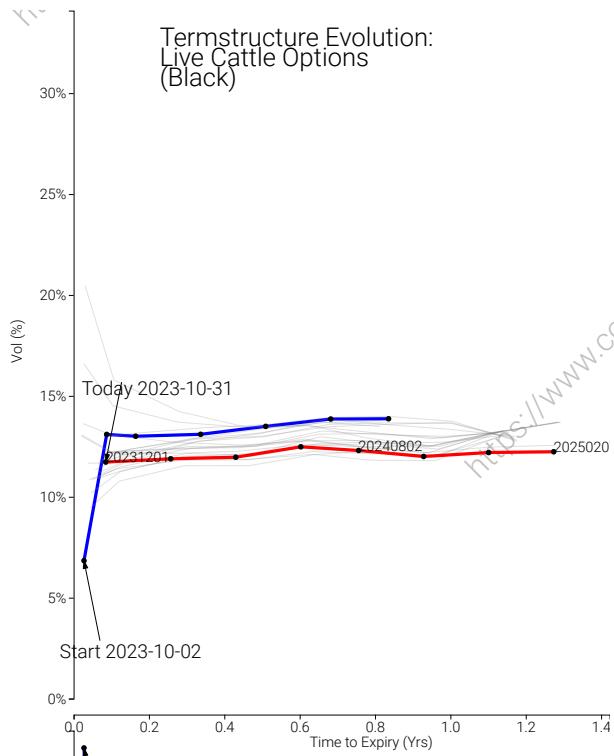


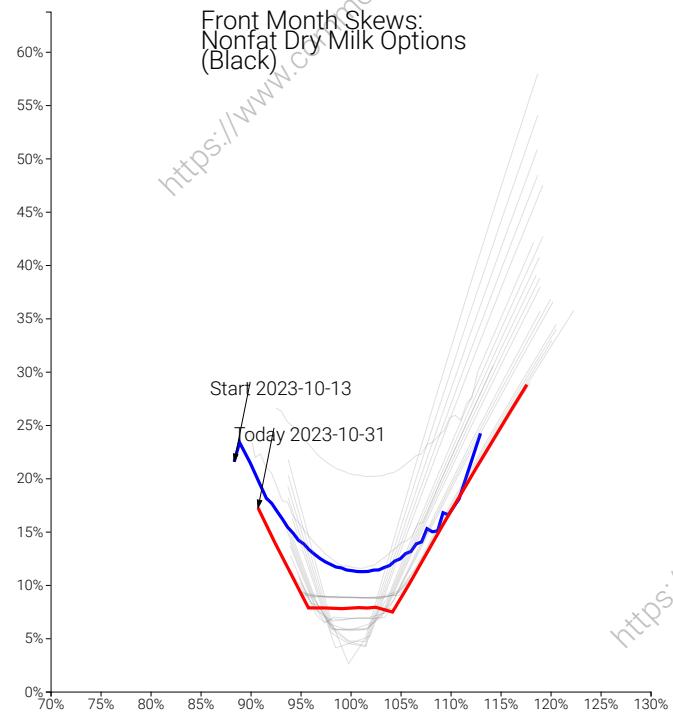
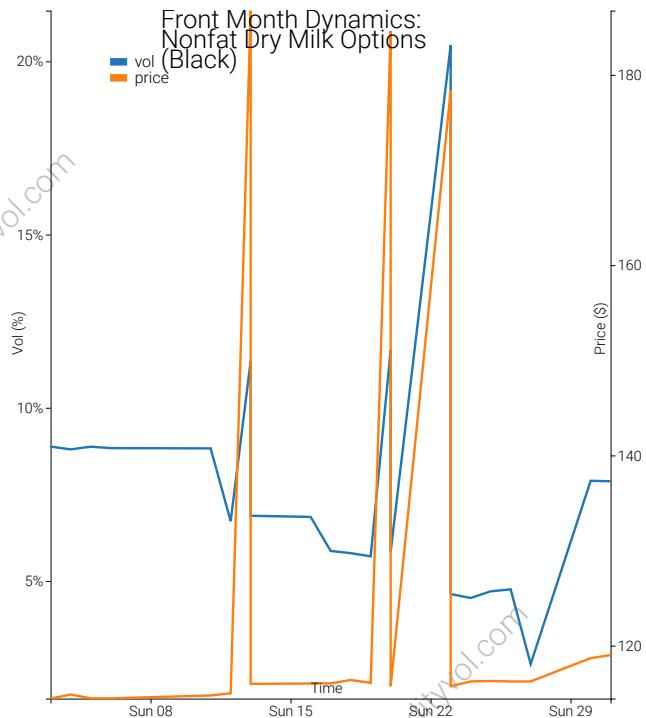
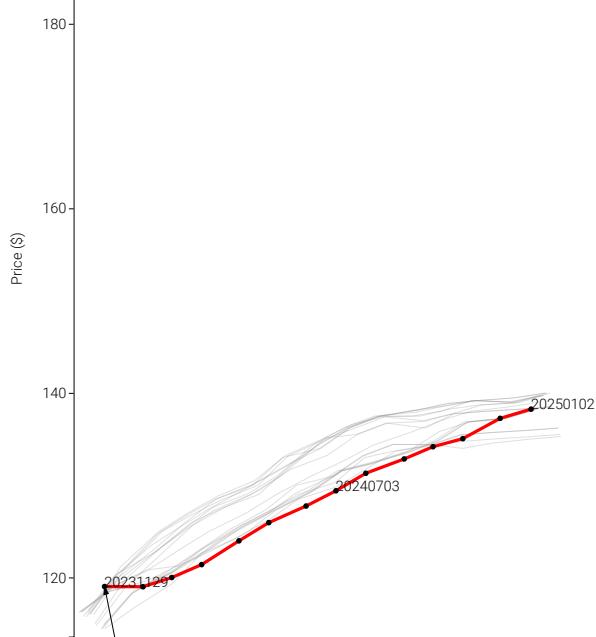
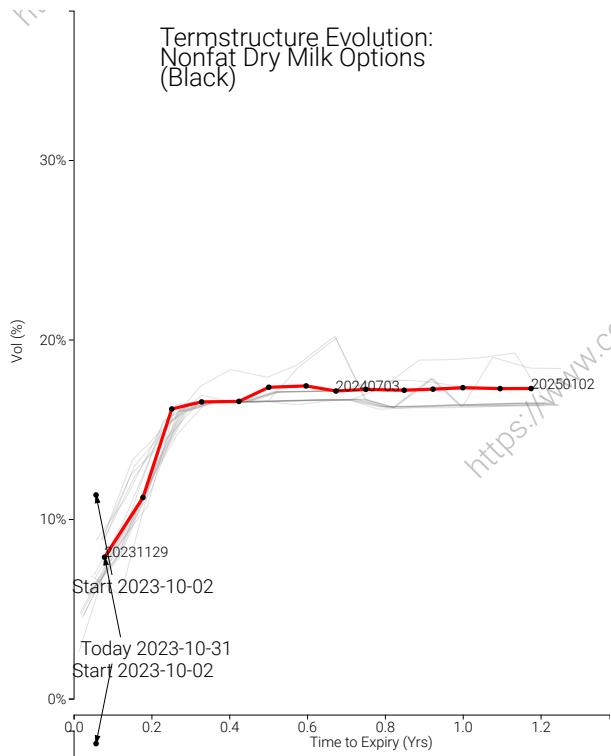


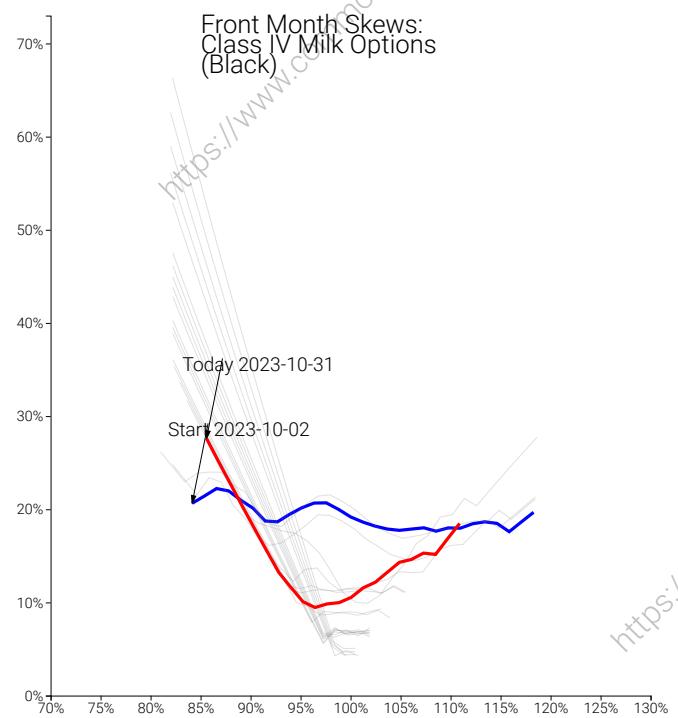
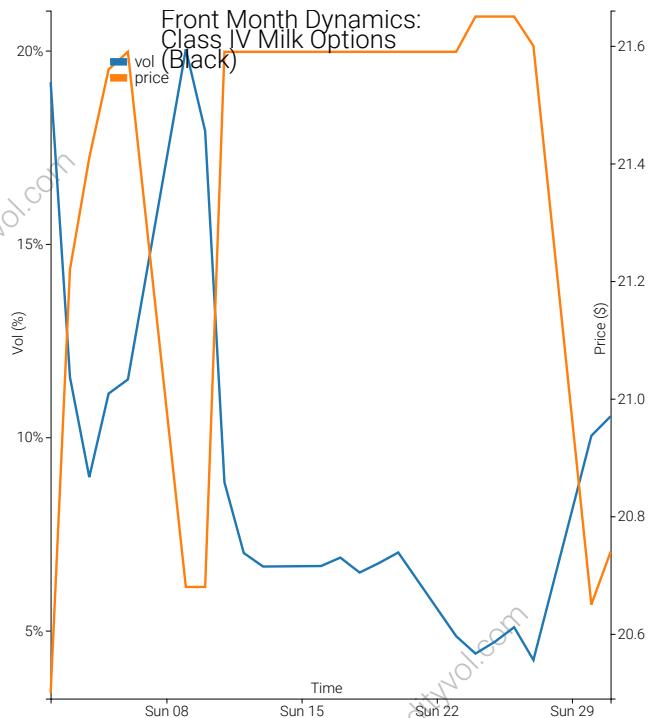
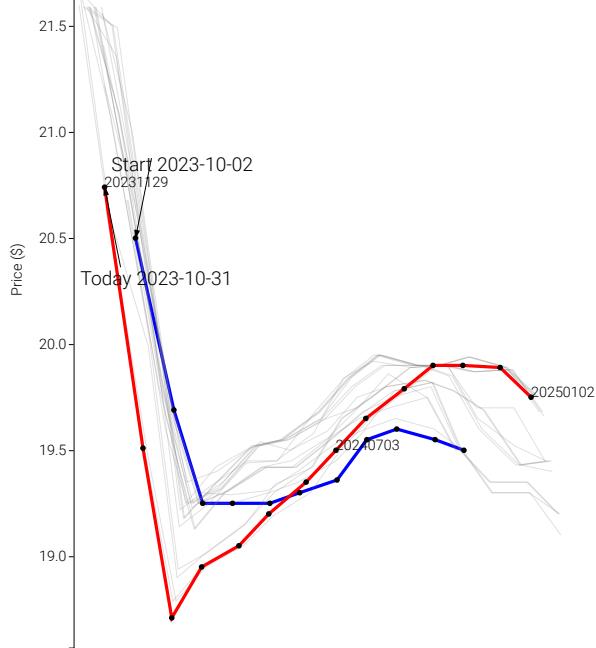
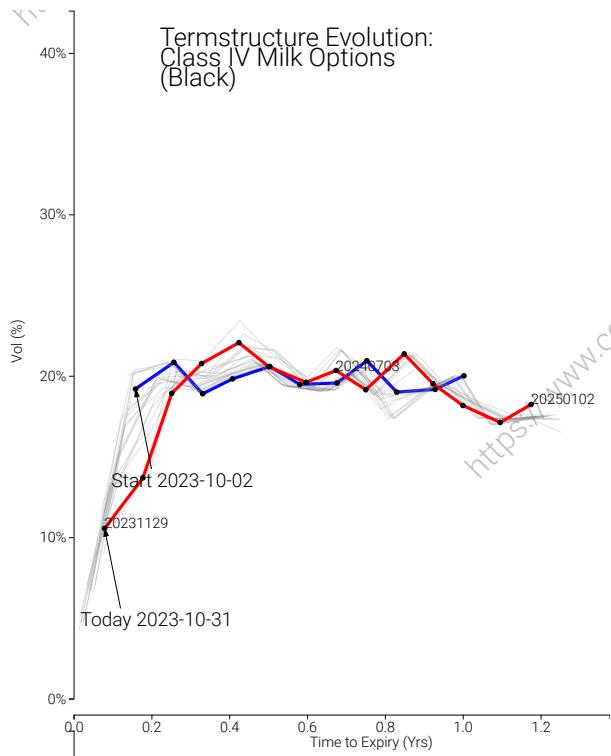
Ags: Proteins, Meats and so forth









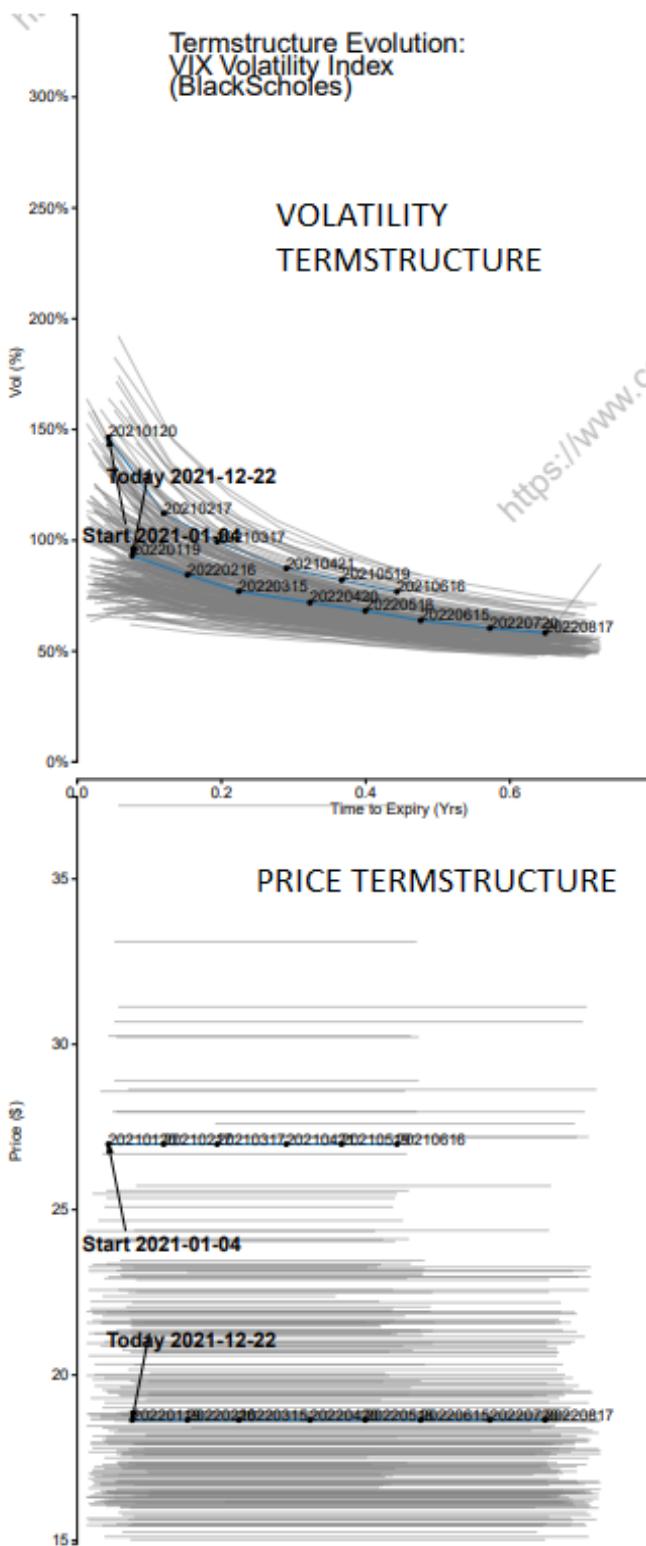


Explanation:

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:

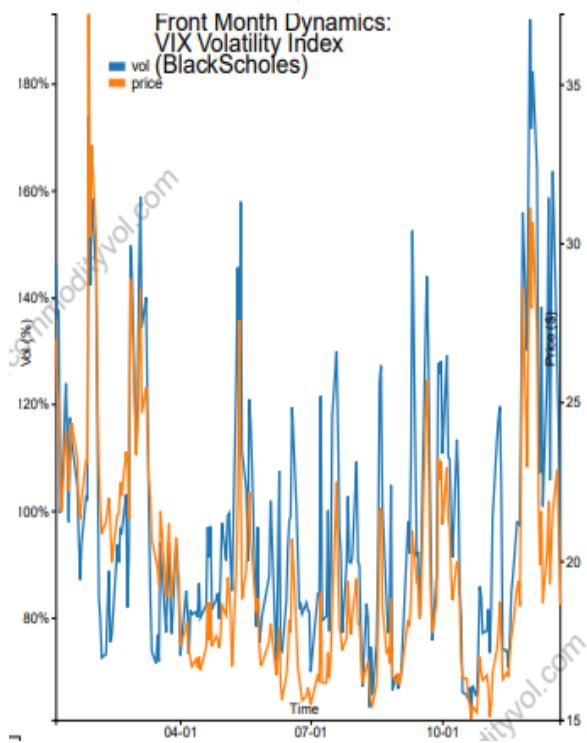
Stacked on top of the other on the left hand side, see the termstructures of vol and the (underlying) futures contract price.



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:

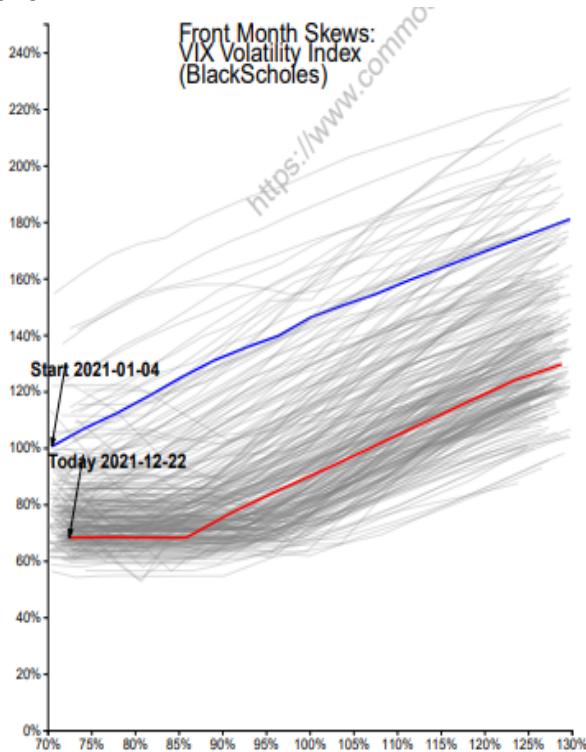
On the right hand panel we have the price and implied volatility of the front month contract.



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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