



Welcome to our September 2022 Recap:

We are pleased to welcome you to our September 2022 month end report.

The quiet sectors have typically been Fixed Income and Foreign Exchange. Observing those markets was the epitomy of boredom. Well, uncharacteristically for this author, we quote a long dead communist: 'There are decades where nothing happens, and there are weeks where decades happen.' The move to parity in both the Pound and Euro is shocking and causing dislocations across the financial world. Moreover, the moves in fixed income are astounding. A whole generation of money manager now finds itself in an uncertain state. They are seeing real and meaningful interest rates. There are fears that the money authorities have lost control of the situation. The monetary authorities must chart a course, figuratively, between the Scylla of recession and the Charybdis of an explosive inflation. Our view is that they will fail spectacularly. The only uncertainty is which way they fail. We discuss this in the next few paragraphs and welcome you to this report.

The US dollar's strength hasn't waned just yet. The dollar was strong against all major currencies including crypto. The lone standout was the Swiss Franc. BTC continued to deflate; vol seems to have gone along for the ride. Of the major currencies the Aussie Dollar, Canadian Dollar, and New Zealand Dollar were down about 5% with the NZ Dollar closer to 7.5%. The pound continued its slide. It managed to recover some of the previous loss, but not all of it. The vol moves have been explosive. The pound's atm implied vol has increased by 9 vol points or a 69.6% increase. The Canadian and Aussie dollars were both up by 5 vol points as well.

[Foreign Exchange ATM](#)

[GBP Detail](#)

[Aussie Dollar Detail](#)

[Canadian Dollar Detail](#)

The interest rate picture got a whole lot more spicy. Rates were up significantly across the board (futures were down). Obviously, the longer the maturity and duration, the more that prices fell. Vol, on the other hand, showed increased strength. The Ultrabond futures showed an increase in vol of near 6 points. The 30 Year bond vol was up 2.5 percentage points. Broadly speaking, the Fed is dazzling anyone with brilliance. Like Zombies, the long dead bond vigilantes may be arising from their suspended animation. The currency moves, and the rates picture looks like something out of the early 80's.

[Interest Rates ATM](#)

[30 Year Bond Detail](#)

10 Year Note Detail
Ultrabond

The decline in equities has been relentless. Major indices are down 8-10%. Last month we noted that the erosion in housing values, inflation, and general reduction in credit quality are sure to weigh on markets. This week, we have the realization that Credit Suisse is now meandering to an ignominious end. Moreover, the realization that the housing market is headed into a major bust is percolating through the popular press. We even see that the rental market is showing signs of stress. Vol is up, but by and large, that increase has been measured. SP500 vol is up 5 percentage points, which is consistent with the entire equity index universe. The VIX index is leading higher by 6.3 percentage points with its vol beginning to scream higher.

EquityIndex ATM

SP500 Detail

VIX Detail

Metals seem to be in their own world. After a much ballyhooed #silversqueeze campaign ended up 1.4 dollar. Otherwise, the metals complex was a mixed bag. If our view is correct (the Fed will goof this up dramatically, but the direction is uncertain), one would expect to see atm vol bid up. This is not the case.

Metals ATM

Silver Detail

Lumber continued last month's tumble-again. The rate changes coupled with recession fears caused futures to tumble 9.5%, and vols increased by 7 percentage points. Wheat exploded higher up 14%. Vol was also up. Feeder cattle tumbled, but vol vaulted higher by 3 percentage points.

Ags ATM

Wheat Detail

Kansas City Wheat Detail

Lumber Detail

Ags Details

Natural gas, consistent with the other futures, was down this month. Hurricane Ian had more of demand destructive effect than supply destruction. Moreover, we are nearing the end of hurrican season. Vol, on the other hand, shows no signs of abating. US Natural gas vol was up 24 percentage points. The seesaw between supplying the World with LNG and the problems in Houston have increased uncertainty dramatically. The hype around oil has abated. It looks like the market is more concerned about demand destruction worldwide than a sharply rising price. However, the major overhang is the emptying out of the US strategic oil reserve. The market seems to have gone noseblind to the possiblility that the government will need to rebuild the stockpile. At the same time, a shock from OPEC+ is not out of the question.

Energy ATM

US Natty Gas Detail

Details Energy

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

CommodityVol.com is here to serve your needs around modeling, forecasting and understanding the market. If you have needs for commodity skews, parameterized surfaces (including stochastic volatility models), and analytics, please do not hesitate to contact us! info@commodityvol.com

At The Money Roundup of Products

Forex

exch/prod	desc	futures chng [%]	vol chng [%]
CME/ADU	AUDUSD 2pmpfix	-0.037 [-5.4%]	+0.050 [+38.4%]
CME/BTC	Bitcoin	-270.000 [-1.4%]	-0.036 [-5.5%]
CME/BR	BRLUSD Monthly	-0.005 [-2.4%]	+0.059 [+30.3%]
CME/CAU	CADUSD 2pmpfix	-0.035 [-4.6%]	+0.048 [+60.4%]
CME/CHU	CHFUSD 2pmpfix	+0.002 [+0.2%]	+0.019 [+19.4%]
CME/EUU	EURUSD 2pmpfix	-0.009 [-0.9%]	+0.020 [+17.1%]
CME/GBU	GBPUSD 2pmpfix	-0.036 [-3.1%]	+0.088 [+69.6%]
CME/JPU	JPYUSD 2pmpfix	-0.000 [-2.5%]	-0.013 [-11.3%]
CME/MP	Mexican Peso	-0.000 [-0.7%]	-0.002 [-1.7%]
CME/NE	New Zealand	-0.045 [-7.5%]	+0.059 [+50.2%]

Energy

exch/prod	desc	futures chng [%]	vol chng [%]
NYMEX/BZO	Brent Crude Oil Margin	-7.220 [-7.8%]	+0.027 [+5.5%]
NYMEX/BE	Brent Euro Style	-6.180 [-6.8%]	+0.026 [+5.4%]
NYMEX/CVR	Chicago Ethanol(platts) Average Price	-0.065 [-2.7%]	+0.027 [+13.2%]
NYMEX/MTO	Coal Api2 Cif Ara Argsmccloskey	-53.500 [-14.5%]	-0.182 [-11.0%]
NYMEX/LO	Crude Oil	-7.120 [-8.2%]	+0.016 [+3.1%]
NYMEX/LN	European Natural Gas	-2.496 [-26.9%]	+0.239 [+33.1%]
NYMEX/E7	Henry Hub Financial Last Day	-2.496 [-26.9%]	+0.237 [+32.6%]
NYMEX/JKO	LNG Japan/korea Marker (platts) Average Price	-19.050 [-32.2%]	+0.525 [+64.0%]
NYMEX/ON	Natural Gas	-2.496 [-26.9%]	+0.239 [+33.1%]
NYMEX/OH	NY Harbor ULSD	-0.340 [-9.5%]	+0.075 [+14.2%]
NYMEX/OB	RBOB	-0.015 [-0.6%]	+0.015 [+2.8%]

Metals

exch/prod	desc	futures chng [%]	vol chng [%]
COMEX/HX	Copper	+0.006 [+0.2%]	-0.021 [-6.3%]
COMEX/OG	Gold	-27.600 [-1.6%]	+0.016 [+9.9%]
NYMEX/PAO	Palladium	+185.900 [+9.3%]	-0.023 [-4.4%]
NYMEX/PO	Platinum	+53.600 [+6.7%]	+0.009 [+2.9%]
COMEX/SO	Silver	+1.373 [+7.8%]	-0.004 [-1.4%]

EquityIndex

exch/prod	desc	futures chng [%]	vol chng [%]
CBT/YM	E-Mini Dow	-2862.000 [-9.0%]	+0.053 [+28.7%]
CME/NQ	E-Mini Nasdaq	-1256.750 [-10.2%]	+0.040 [+13.4%]
CME/RTO	E-Mini Russell 2000	-154.400 [-8.5%]	+0.051 [+18.6%]
CME/RTM	E-Mini Russell EOM	-160.900 [-8.8%]	+0.049 [+17.5%]
CME/ES	E-Mini S&P 500	-367.250 [-9.3%]	+0.052 [+23.4%]
CBOE/VIX	VIX Volatility Index	+6.060 [+23.7%]	+0.347 [+40.0%]

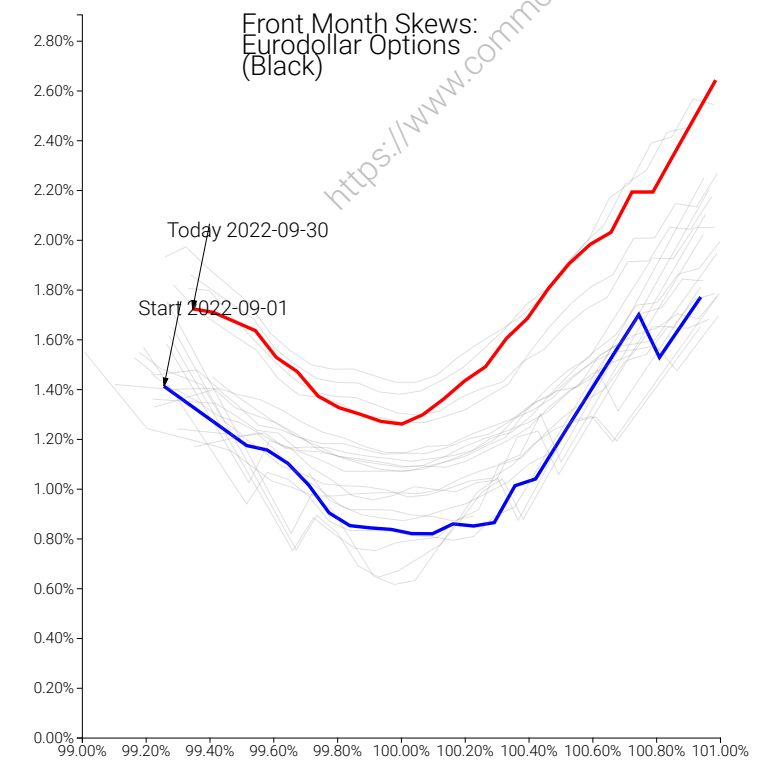
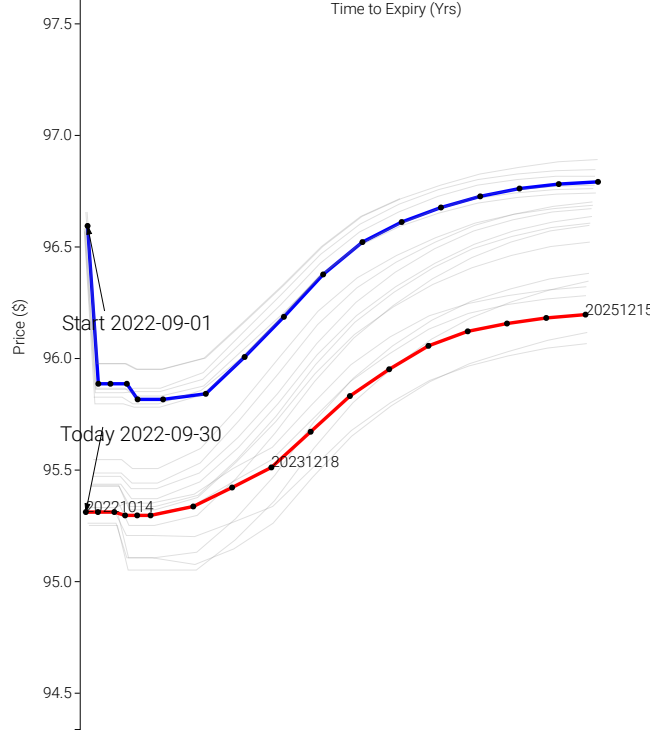
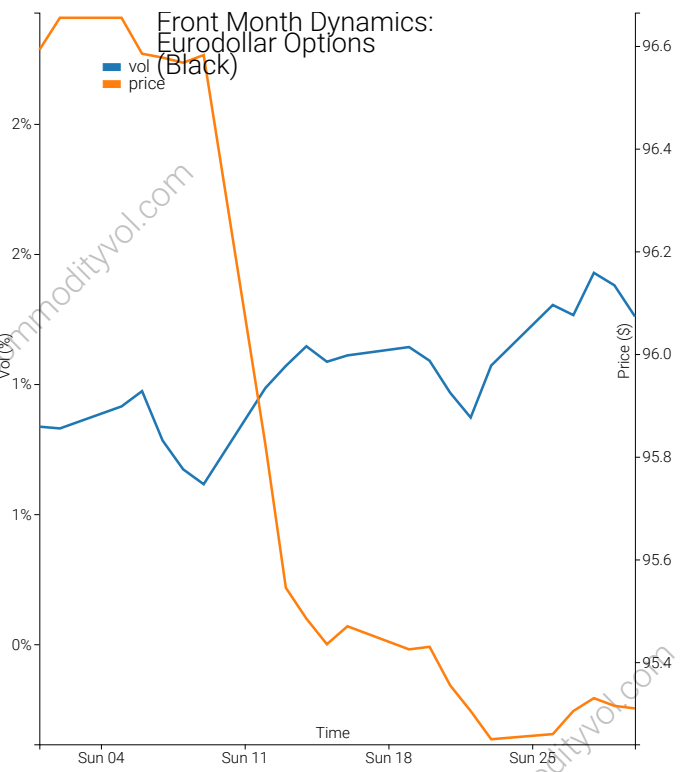
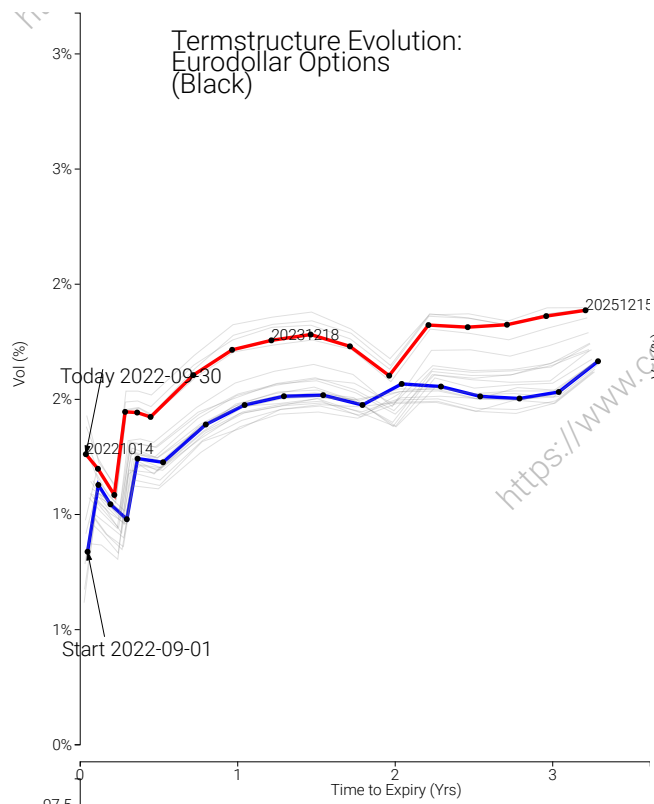
InterestRates

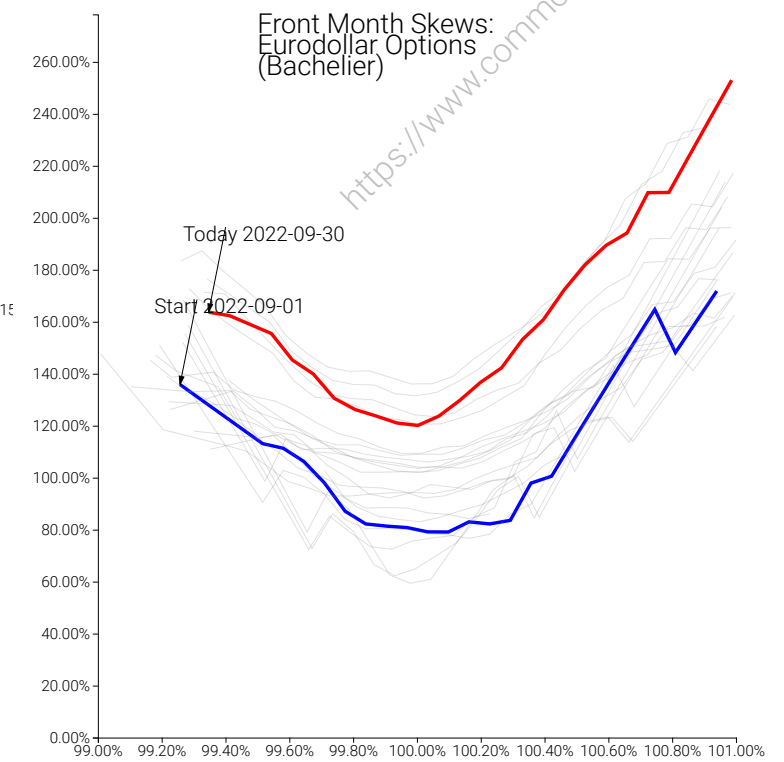
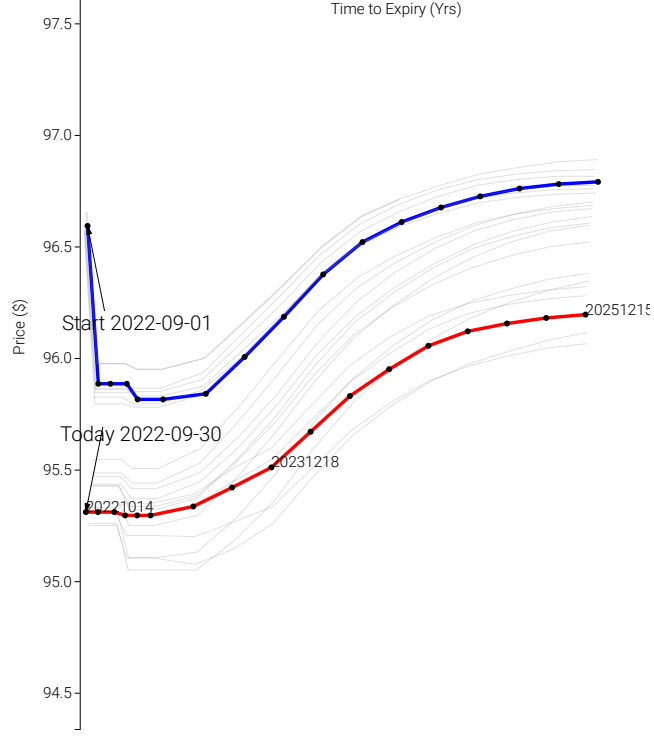
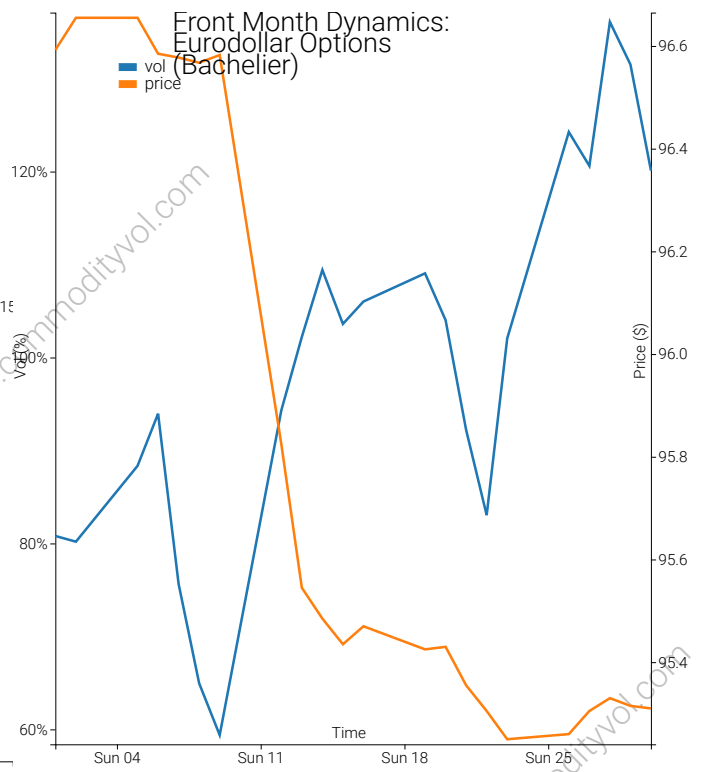
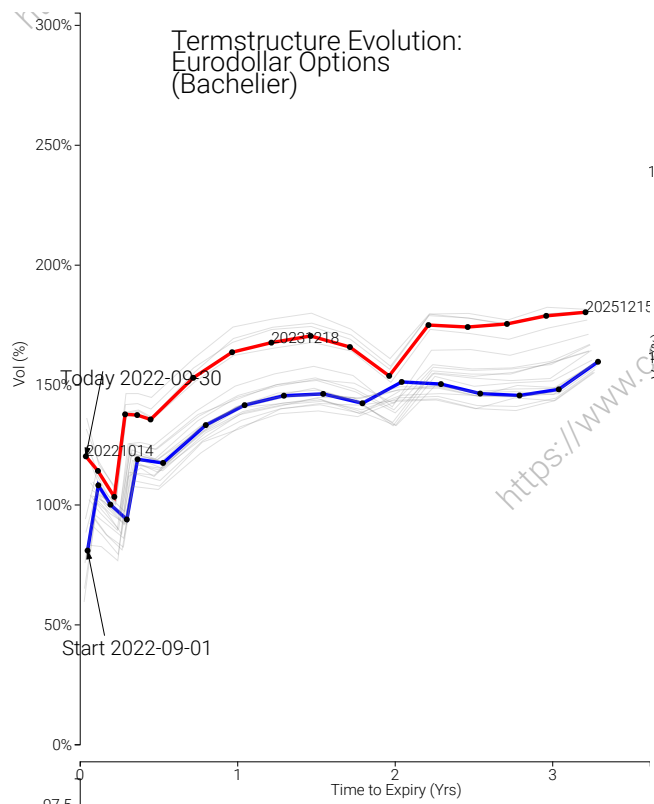
exch/prod	desc	futures chng [%]	vol chng [%]
CBT/26	2 YR US Treasury Note	-1.324 [-1.3%]	+0.005 [+18.0%]
CBT/25	5 YR US Treasury Note	-2.781 [-2.5%]	+0.009 [+15.1%]
CBT/21	10 YR US Treasury Note	-3.922 [-3.4%]	+0.020 [+24.4%]
CBT/17	30 YR US Treasury Bond	-7.156 [-5.4%]	+0.025 [+17.1%]
CME/ED	Eurodollar	-1.282 [-1.3%]	+0.004 [+50.6%]
CBT/UBE	Long Term US Treasury Bond	-9.031 [-6.2%]	+0.058 [+30.8%]

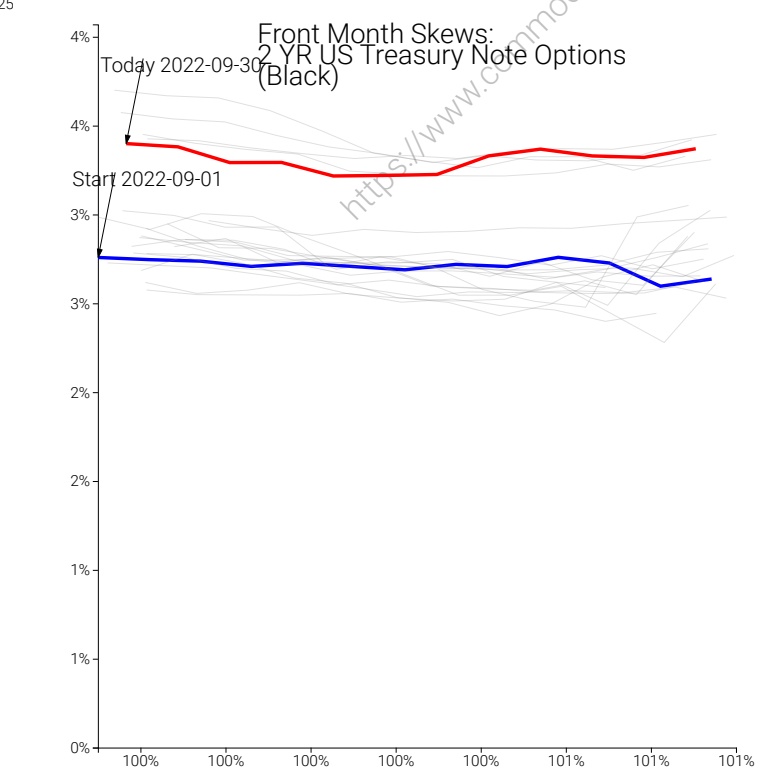
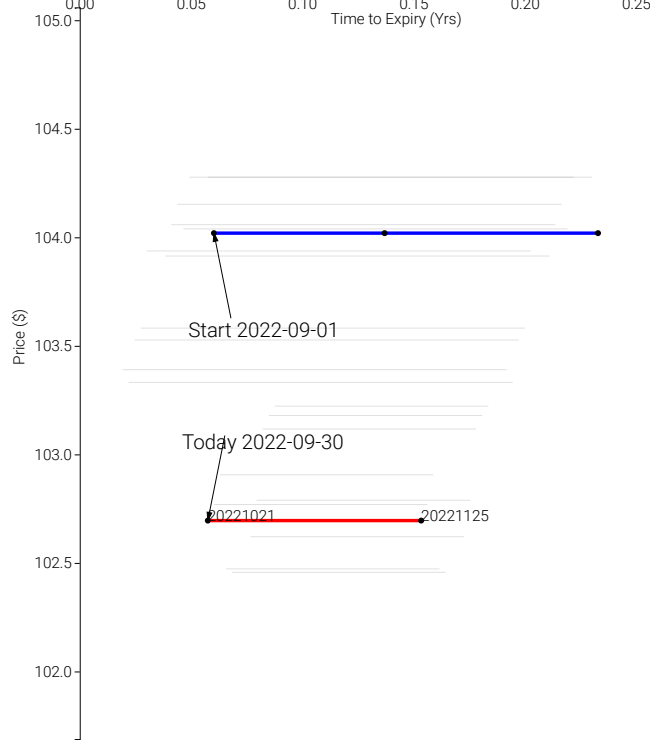
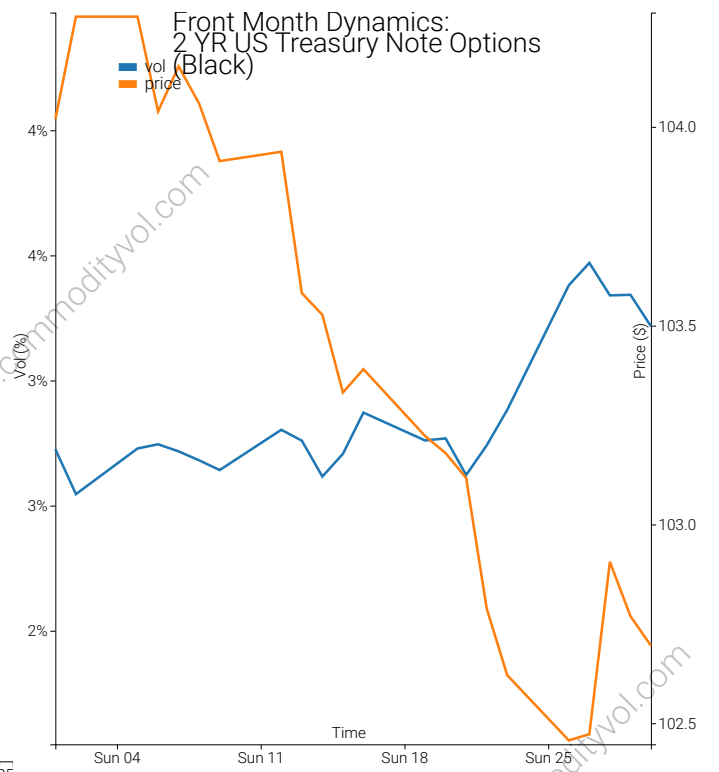
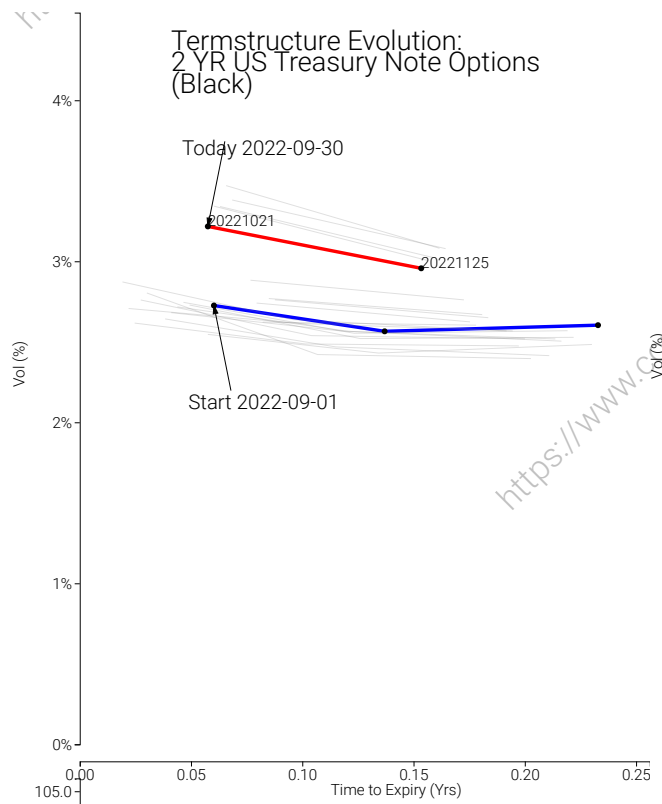
exch/prod	desc	futures chng [%]	vol chng [%]
CME/DK	Class IV Milk	+0.530 [+2.2%]	-0.078 [-76.0%]
CBT/C	Corn	+0.195 [+3.0%]	+0.006 [+2.1%]
CME/62	Feeder Cattle	-8.975 [-4.9%]	+0.030 [+28.6%]
CBT/KW	KC HRW Wheat	+1.235 [+14.2%]	+0.063 [+15.9%]
CME/LN	Lean Hog	-2.725 [-3.0%]	-0.056 [-23.6%]
CME/48	Live Cattle	+0.475 [+0.3%]	-0.018 [-13.8%]
CME/LB	Lumber110	-53.300 [-11.2%]	+0.072 [+12.3%]
CME/NF	Nonfat Dry Milk	+2.425 [+1.6%]	-0.053 [-66.5%]
CBT/O	Oats	+0.130 [+3.4%]	+0.031 [+5.6%]
CBT/14	Rough Rice	-0.505 [-2.9%]	-0.047 [-25.7%]
CBT/S	Soybean	-0.300 [-2.2%]	+0.004 [+1.5%]
CBT/06	Soybean Meal	-19.600 [-4.6%]	-0.012 [-4.5%]
CBT/07	Soybean Oil	-3.710 [-5.7%]	+0.014 [+4.0%]
CBT/W	Wheat	+1.272 [+16.0%]	+0.091 [+22.2%]

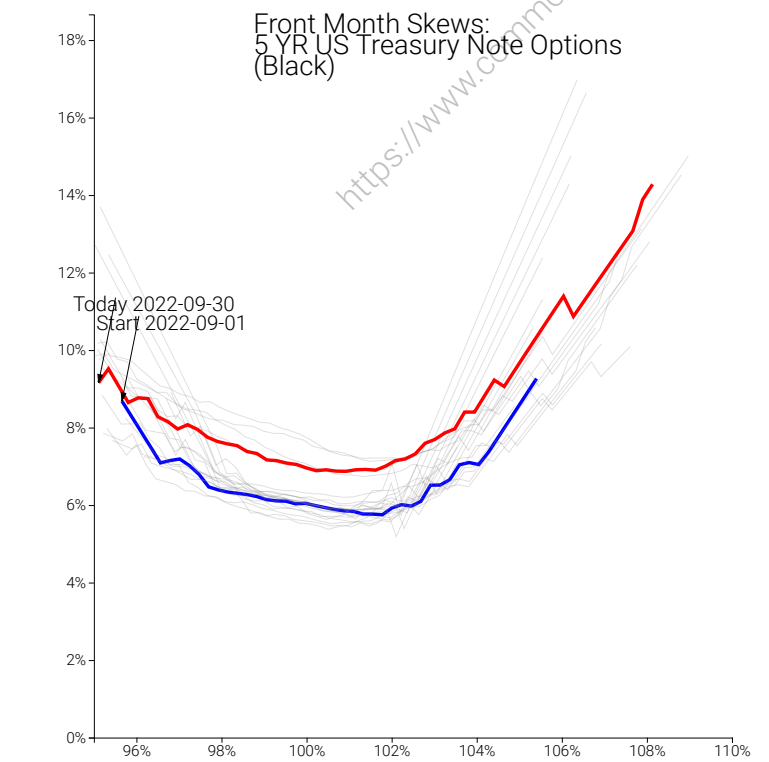
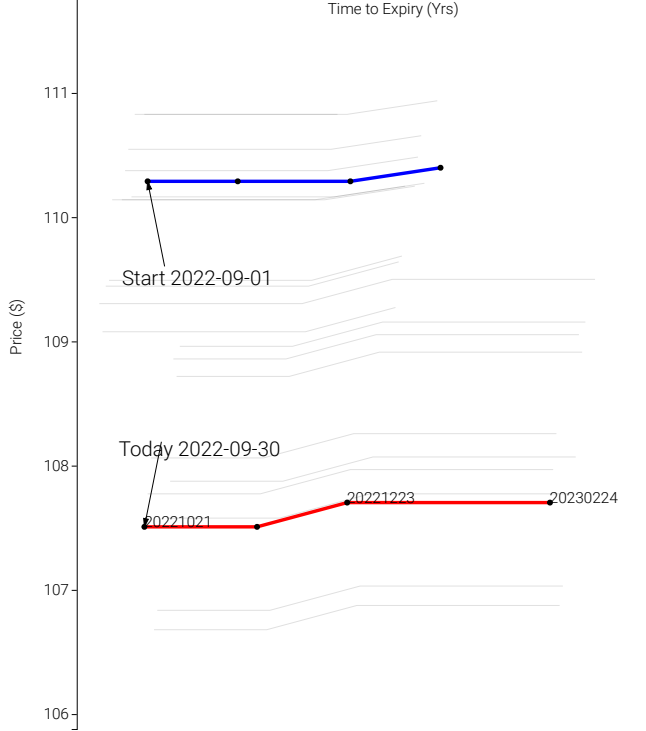
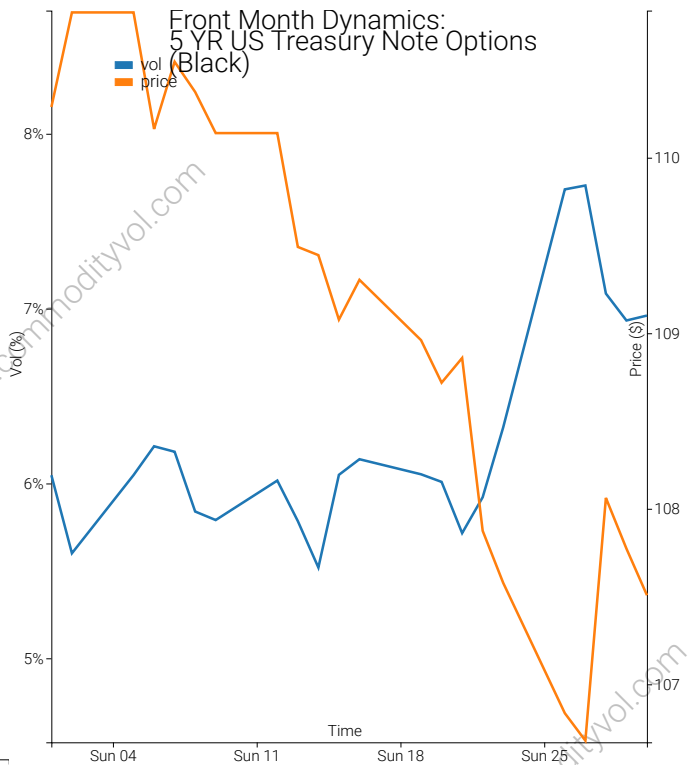
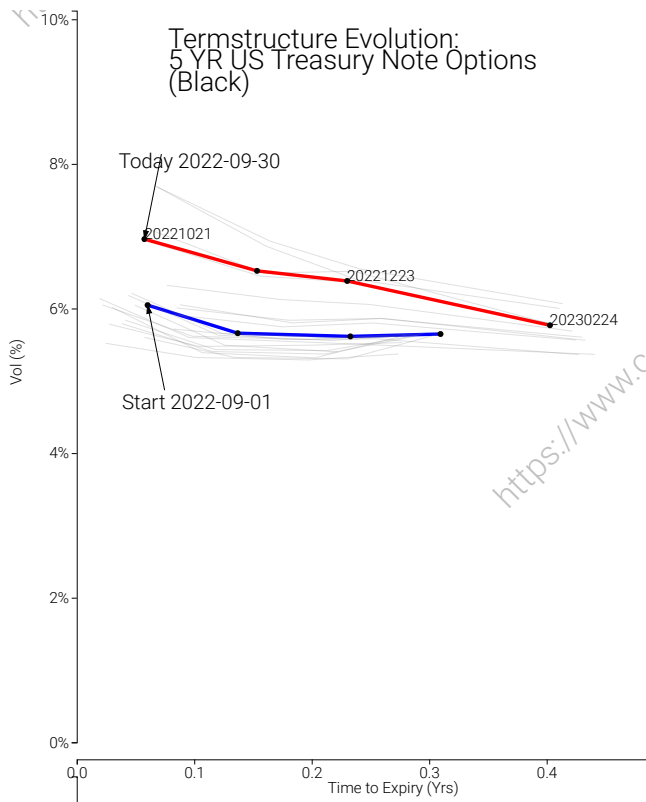
Skews, Termstructures and more

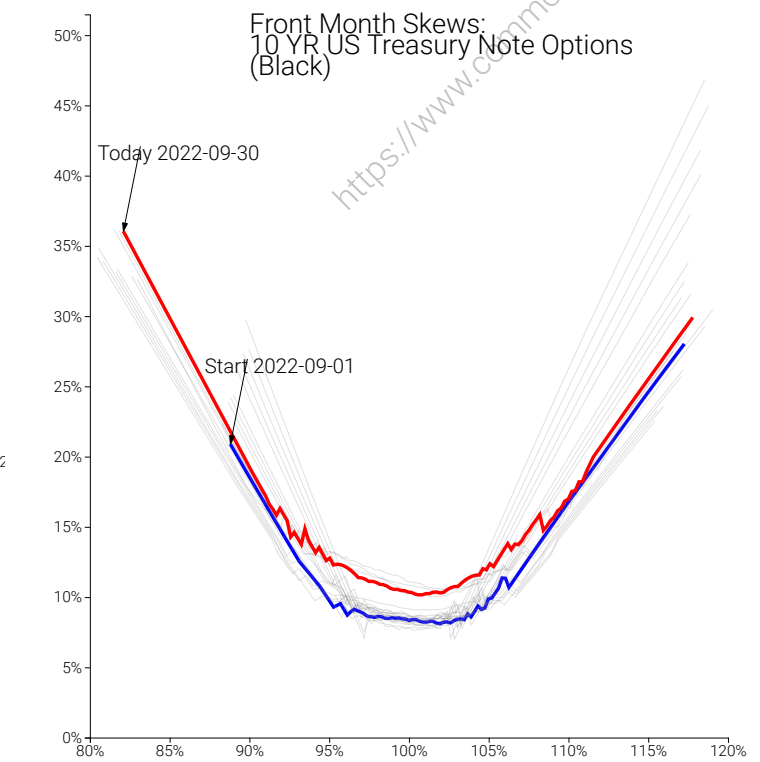
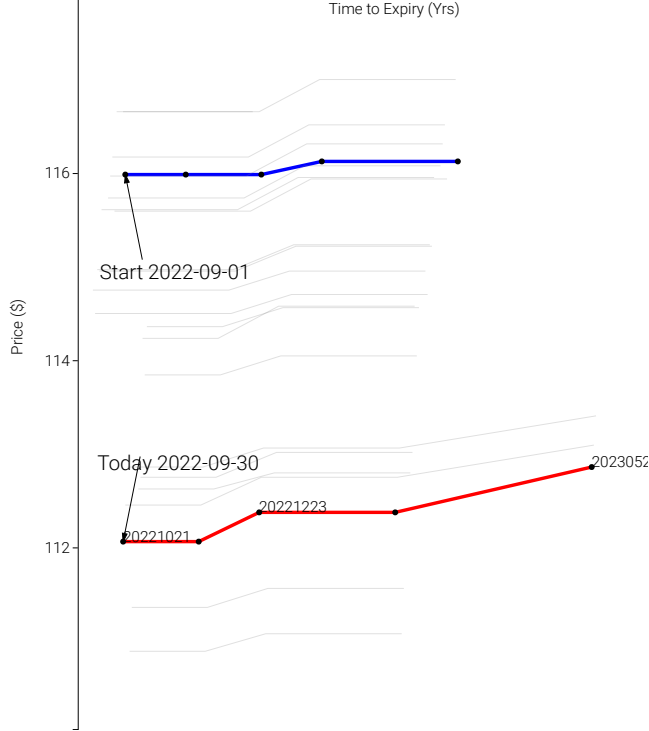
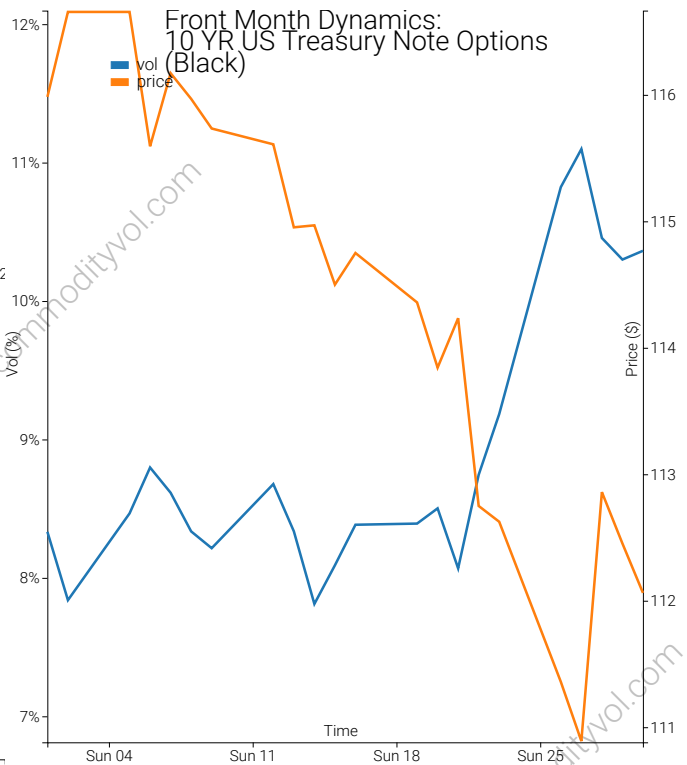
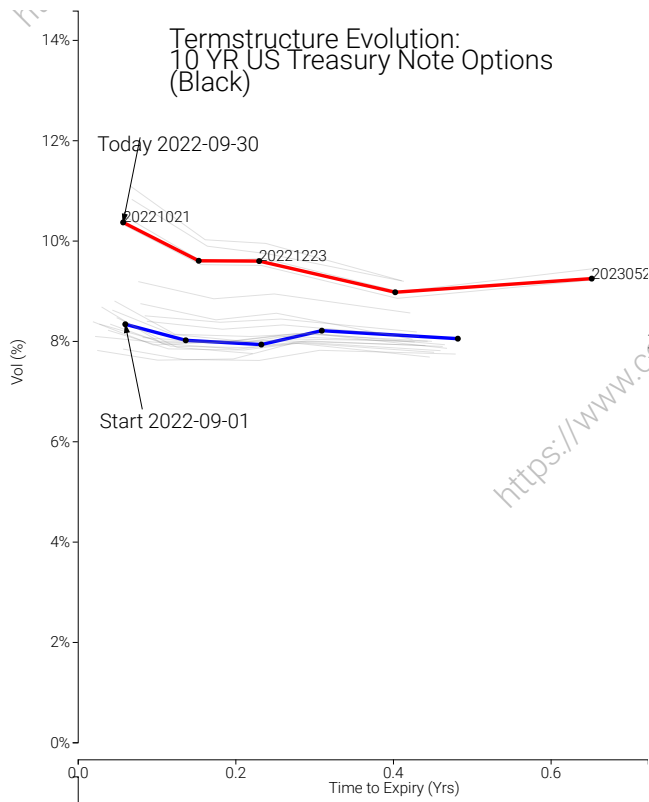
InterestRates: Fixed Income and STIRS

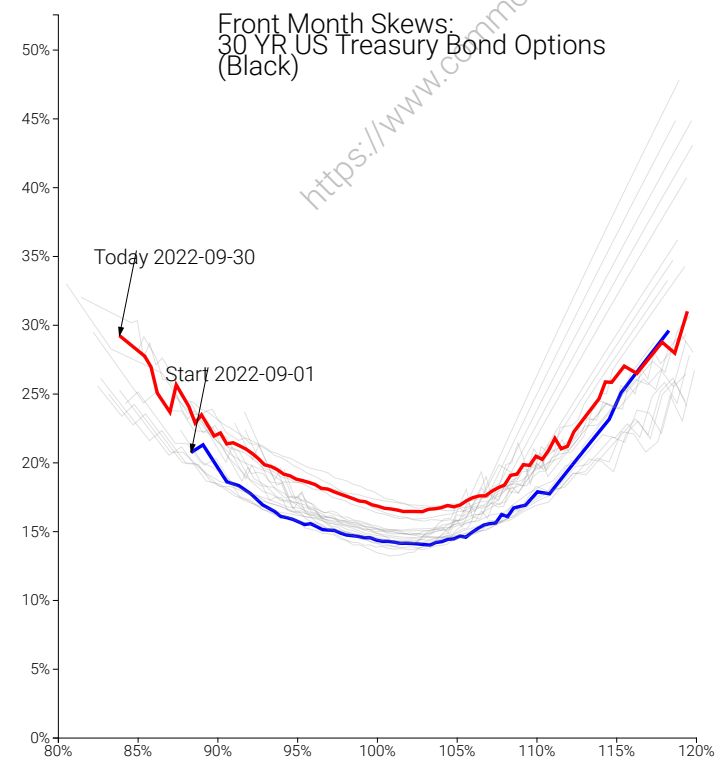
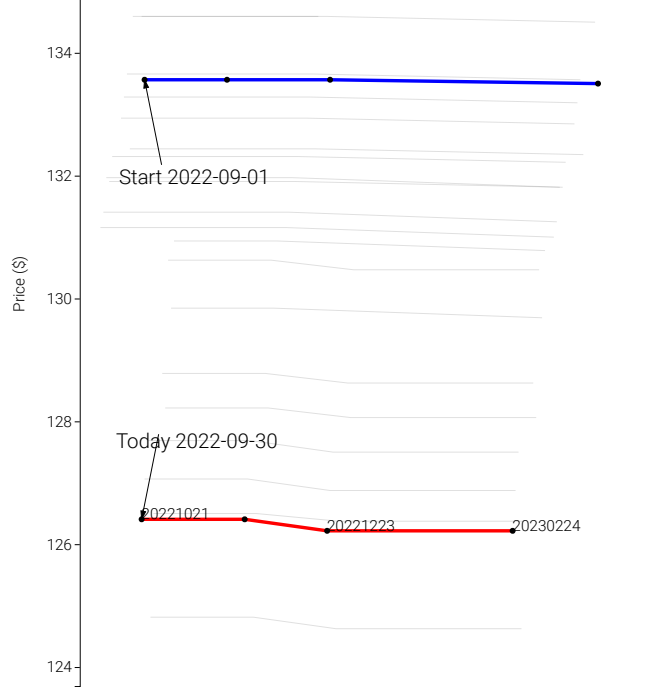
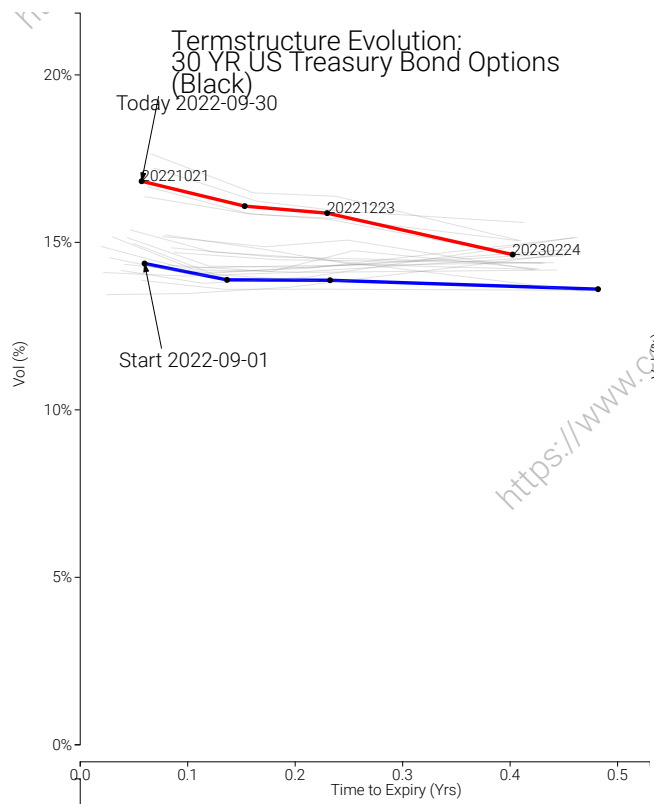


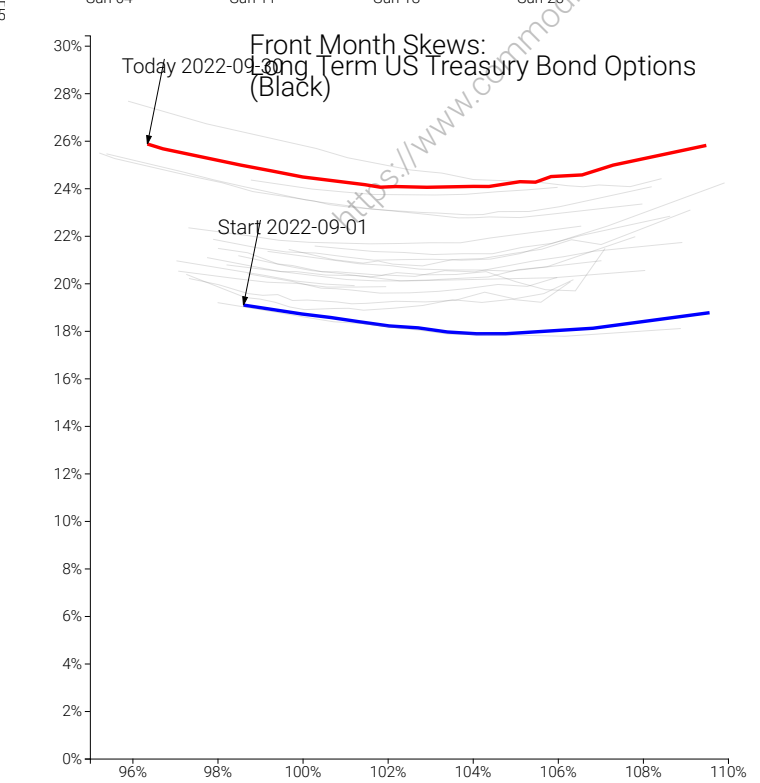
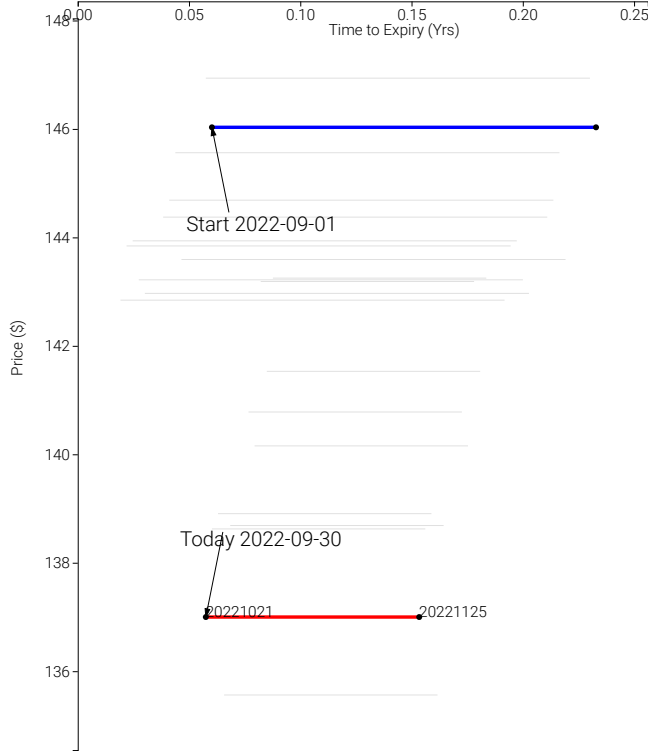
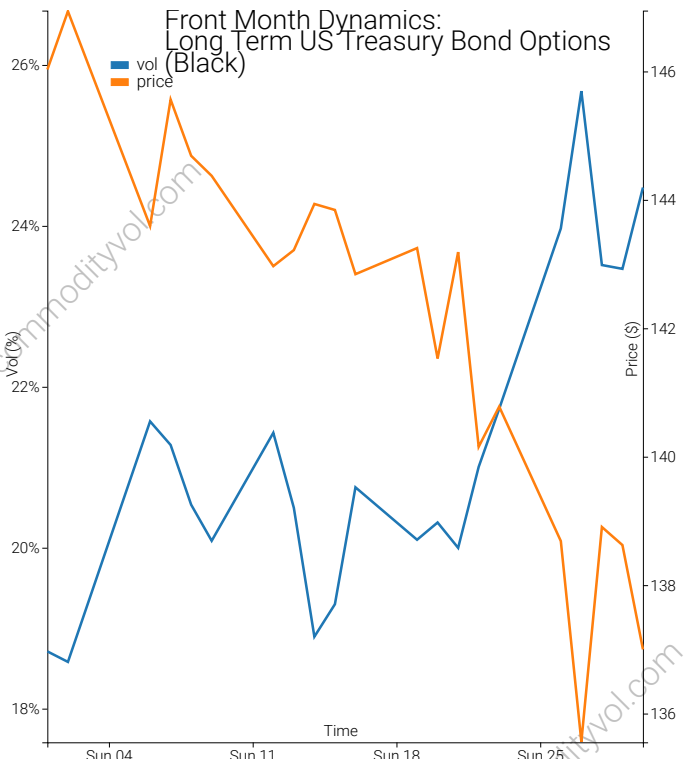
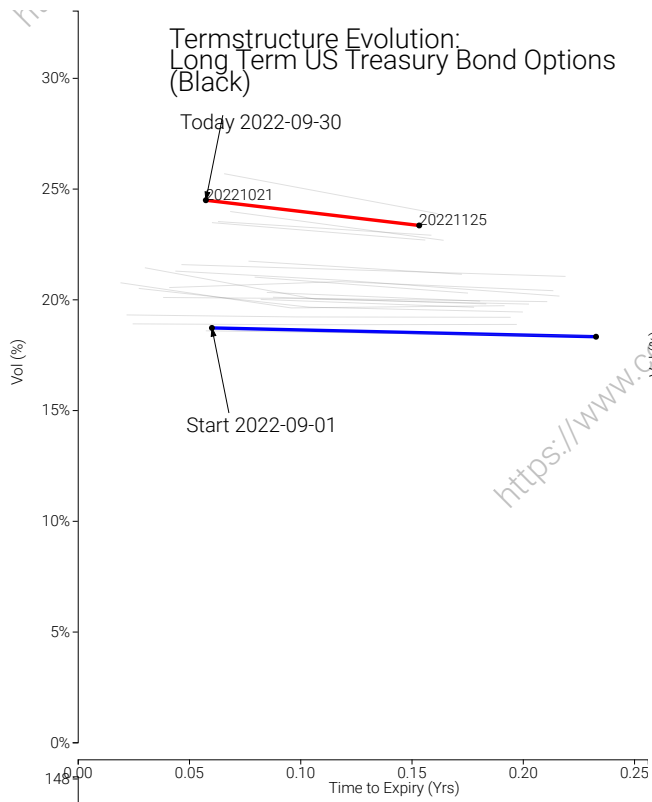




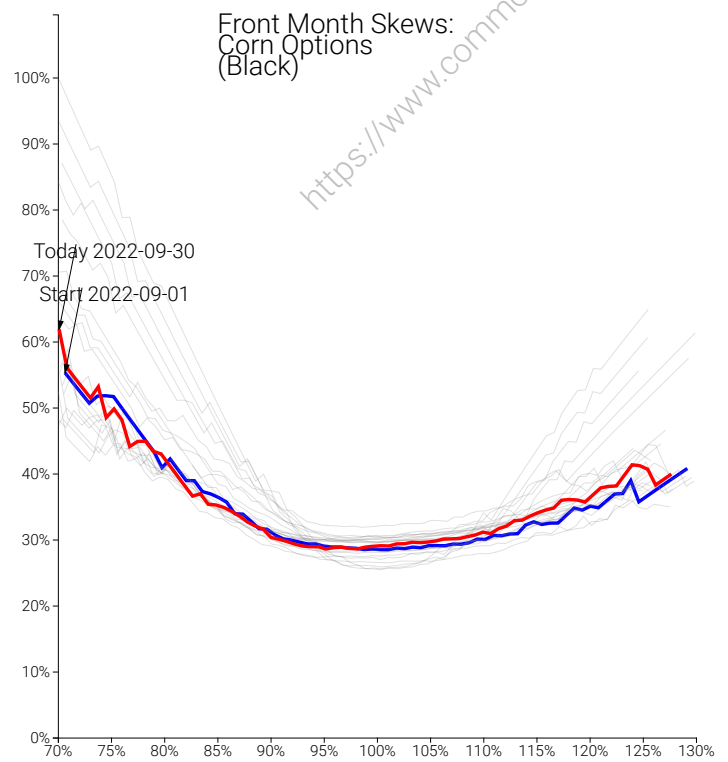
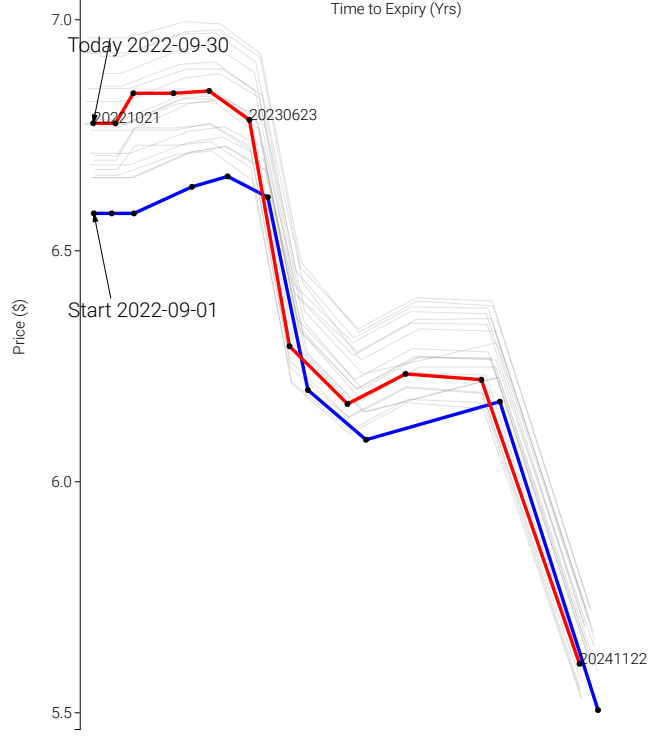
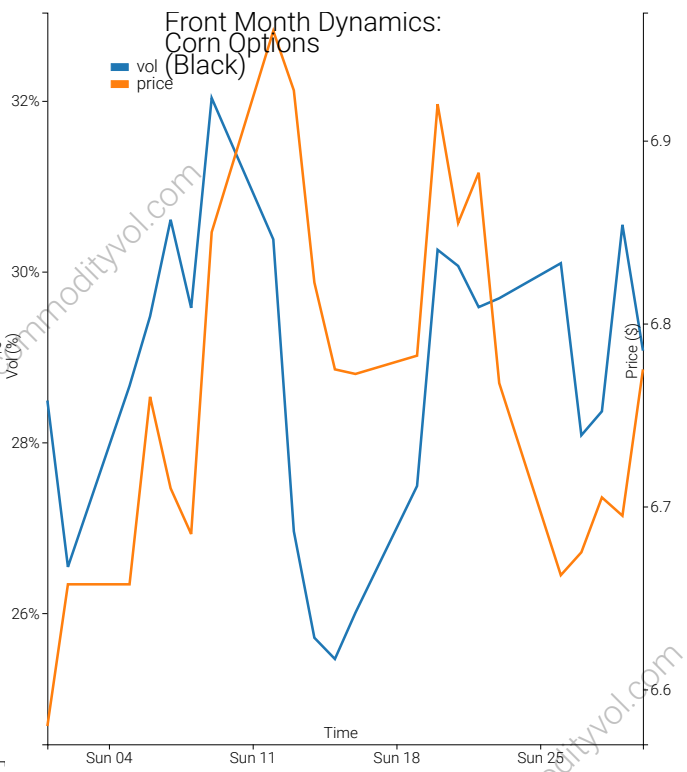
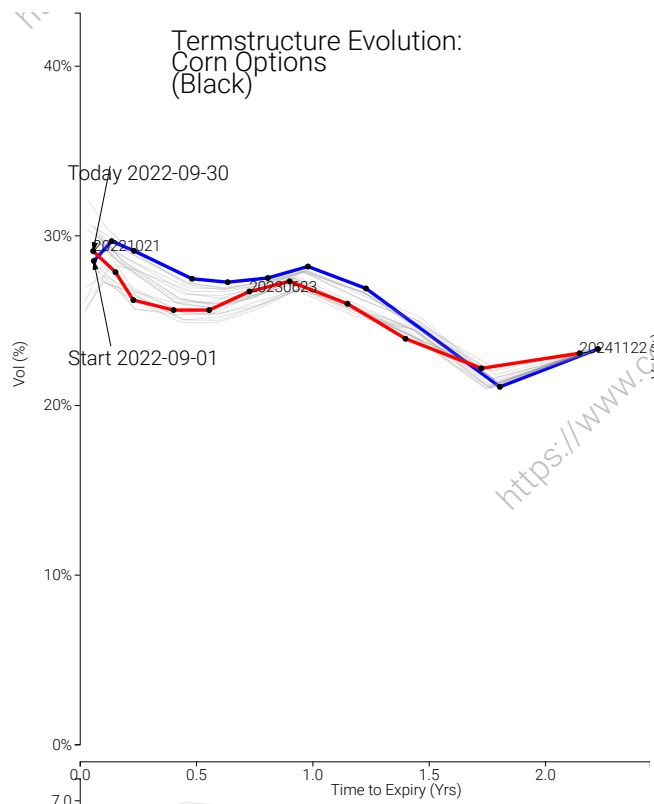


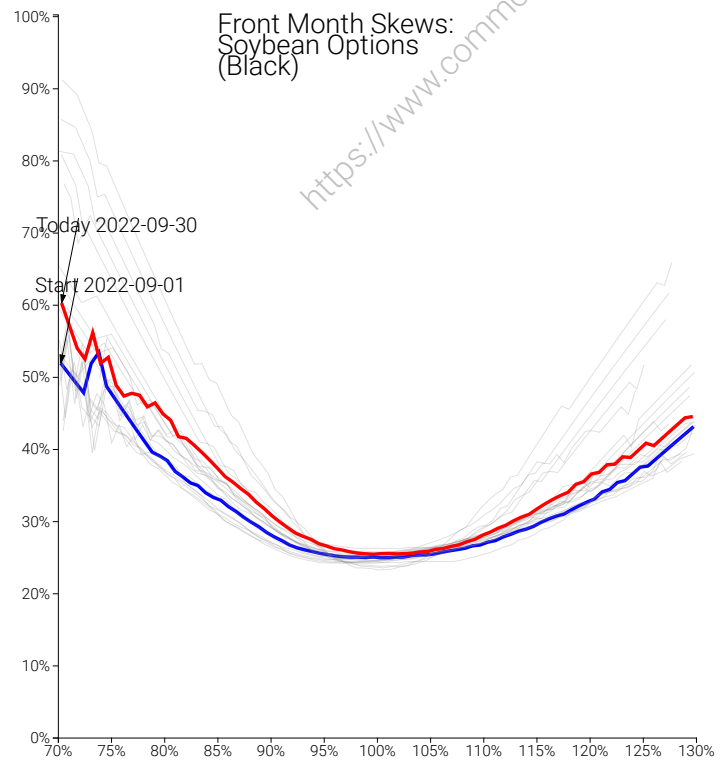
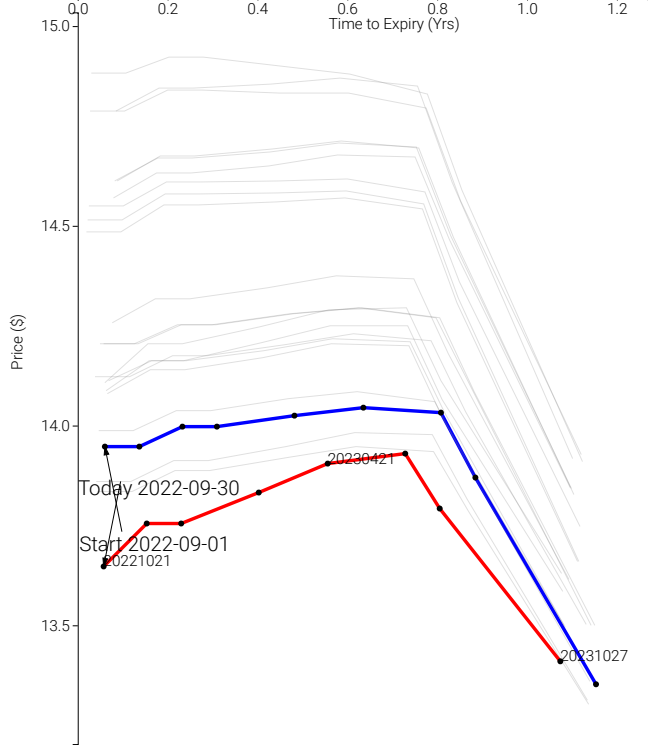
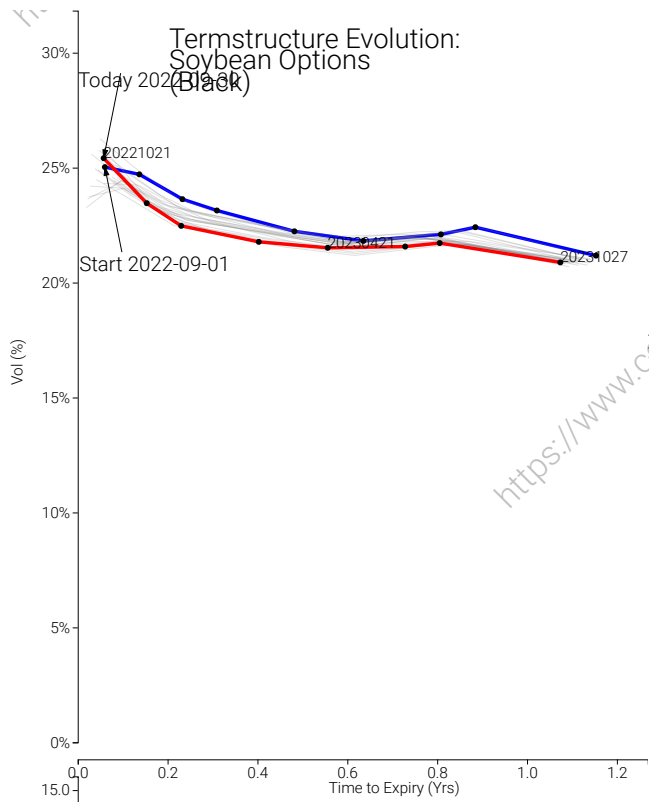


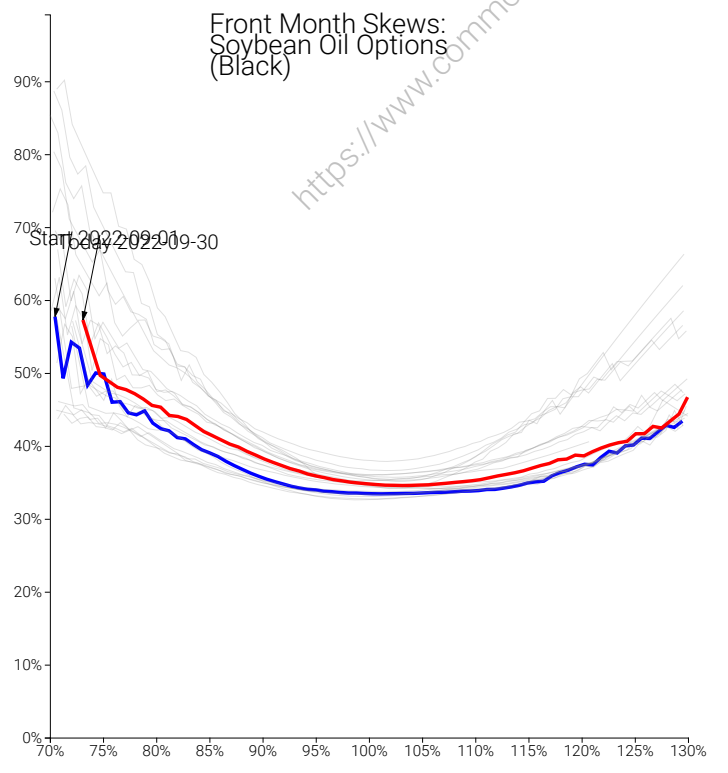
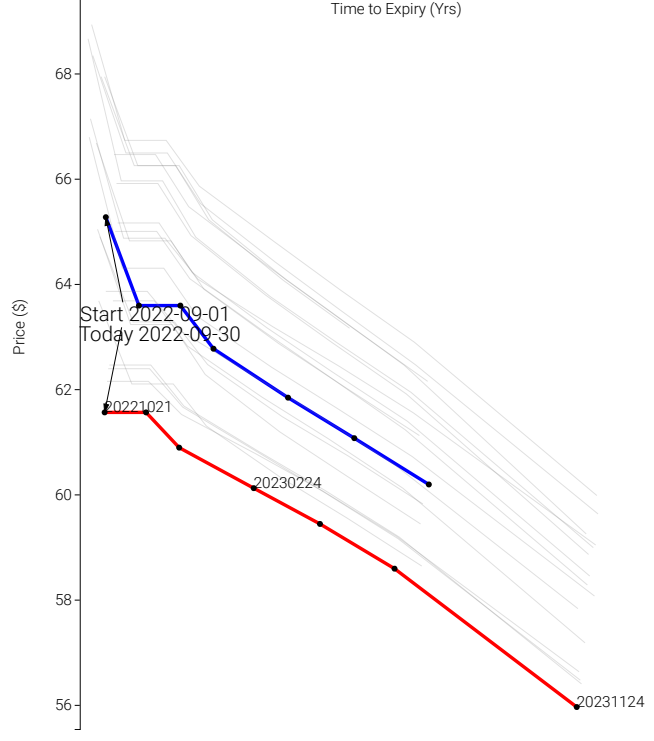
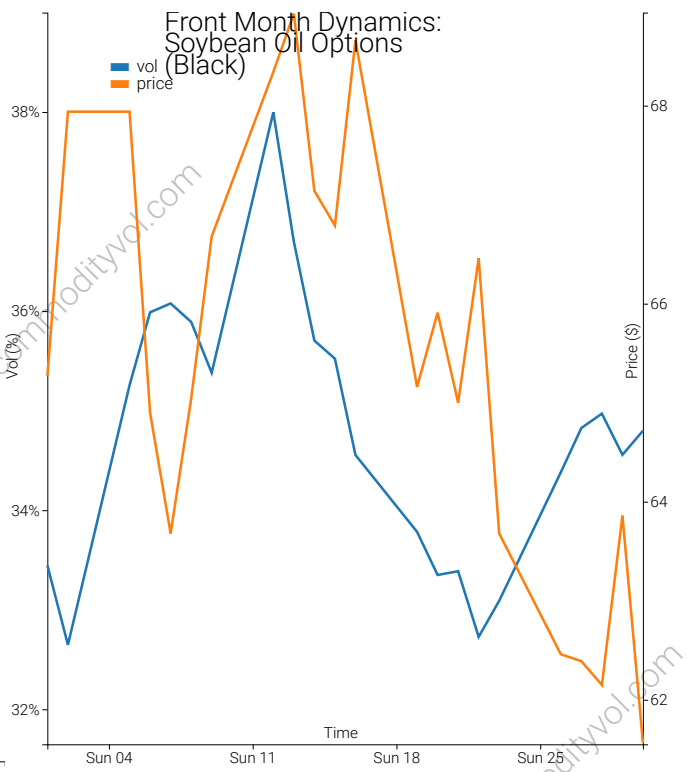
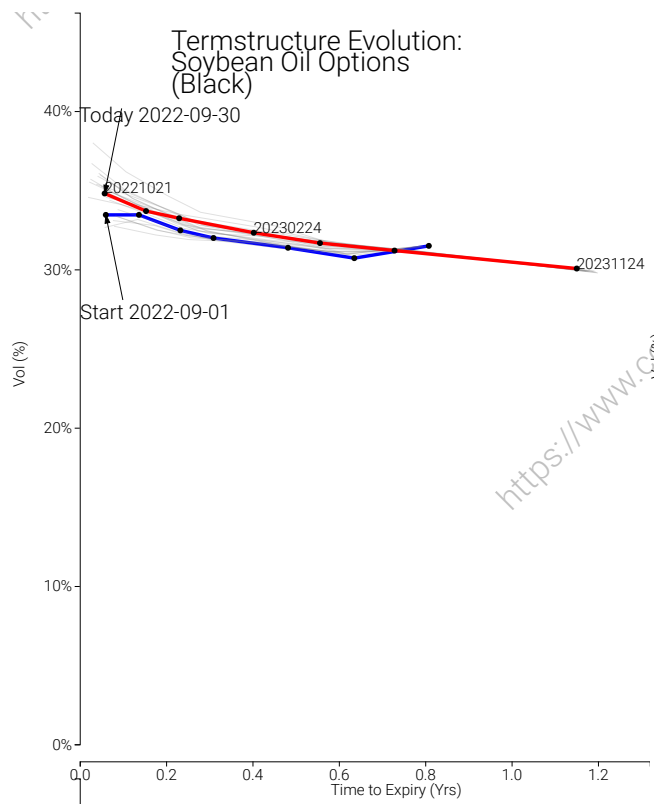


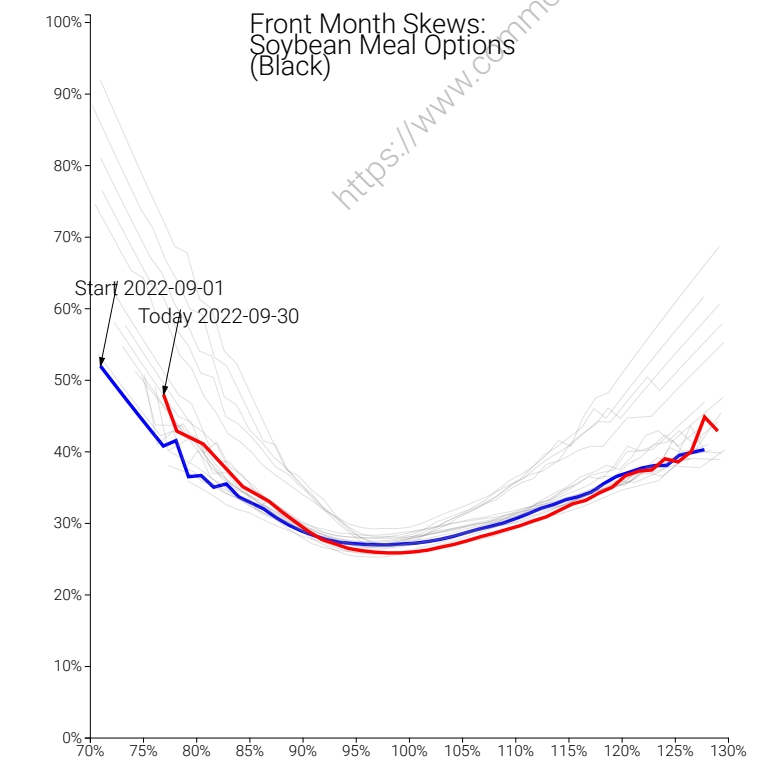
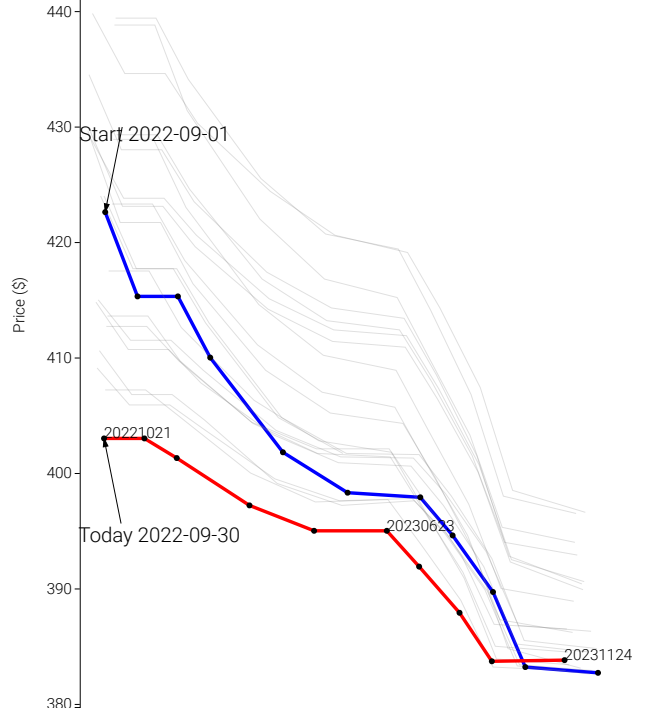
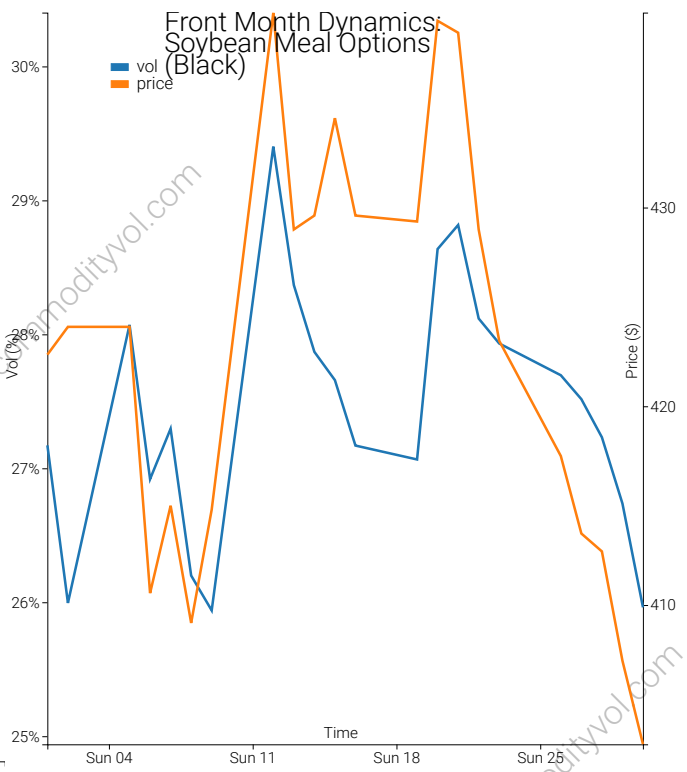
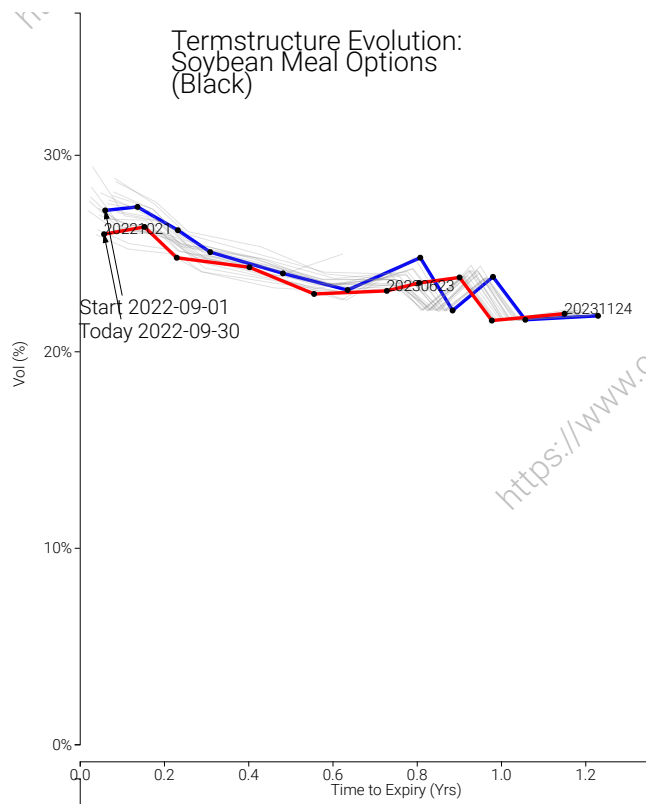


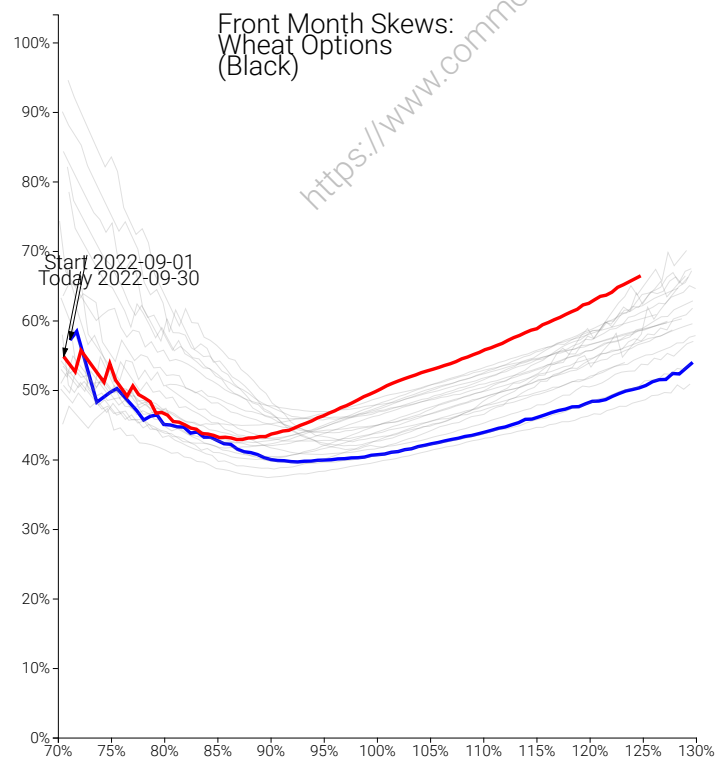
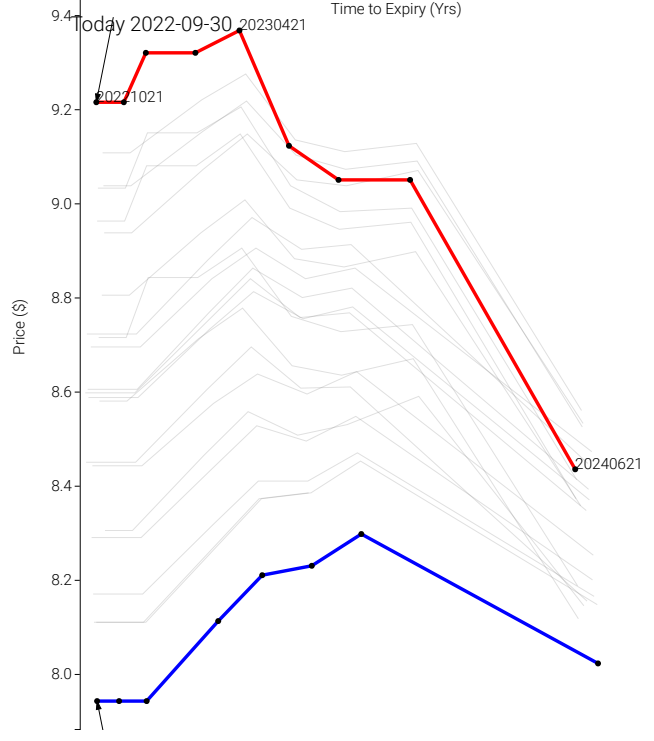
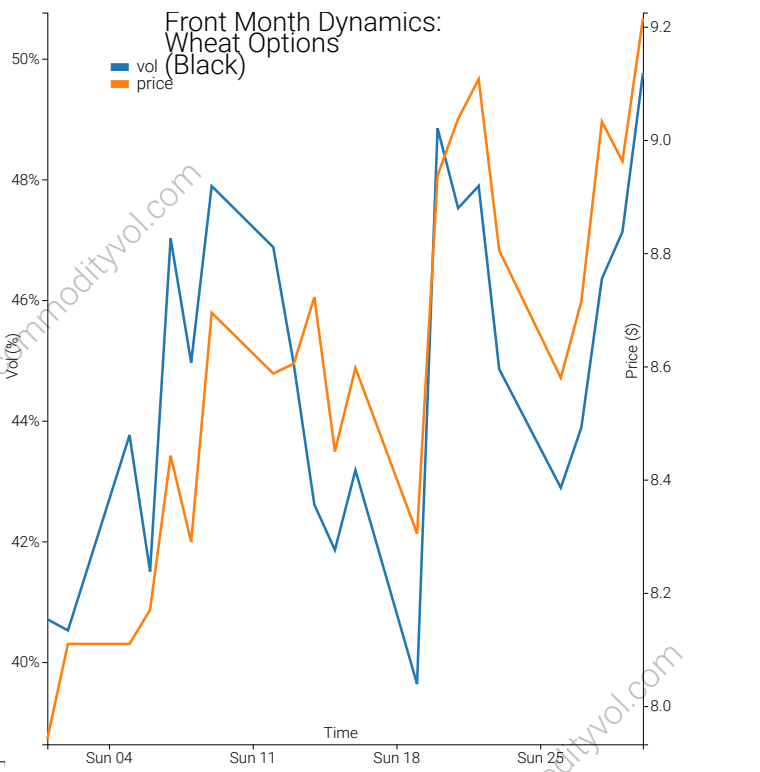
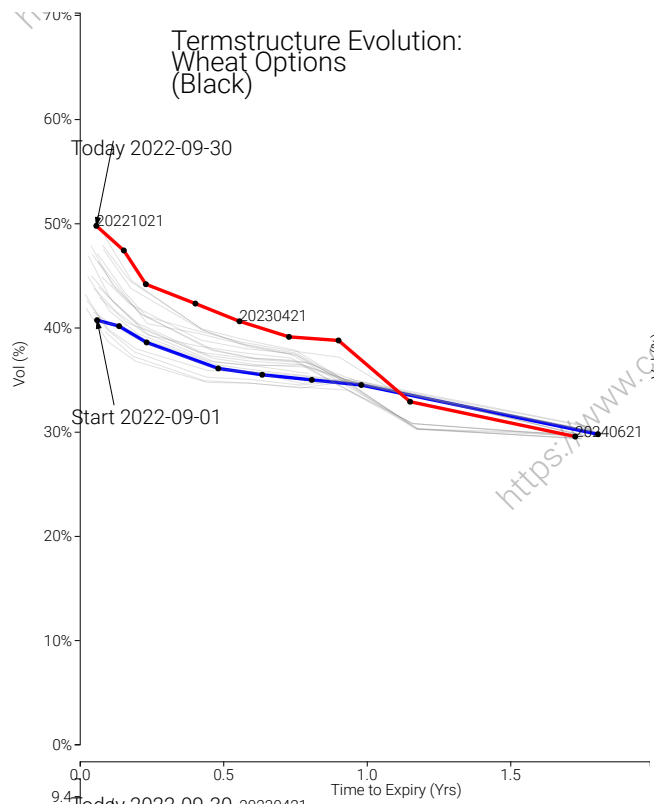
Ags: Grains, Oilseeds, and so forth

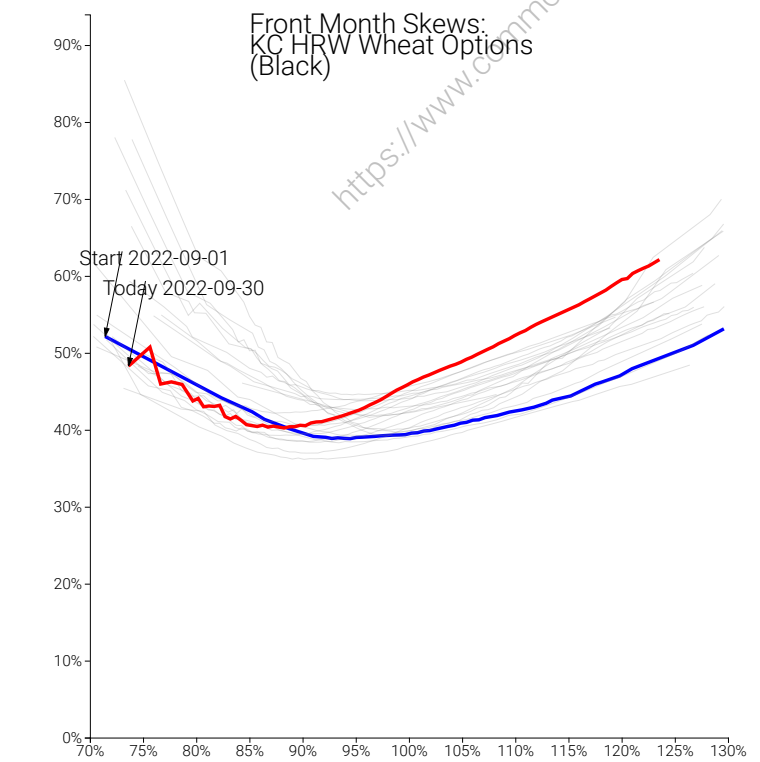
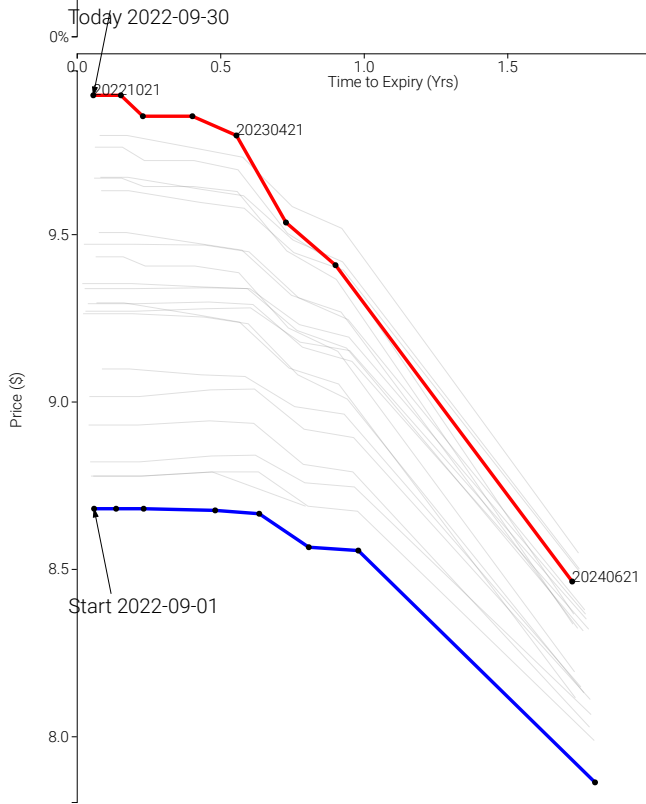
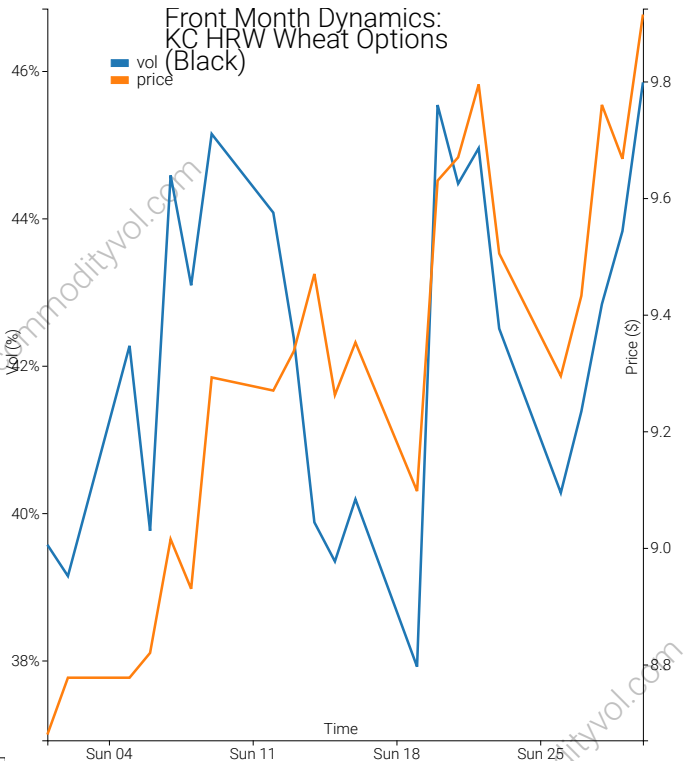
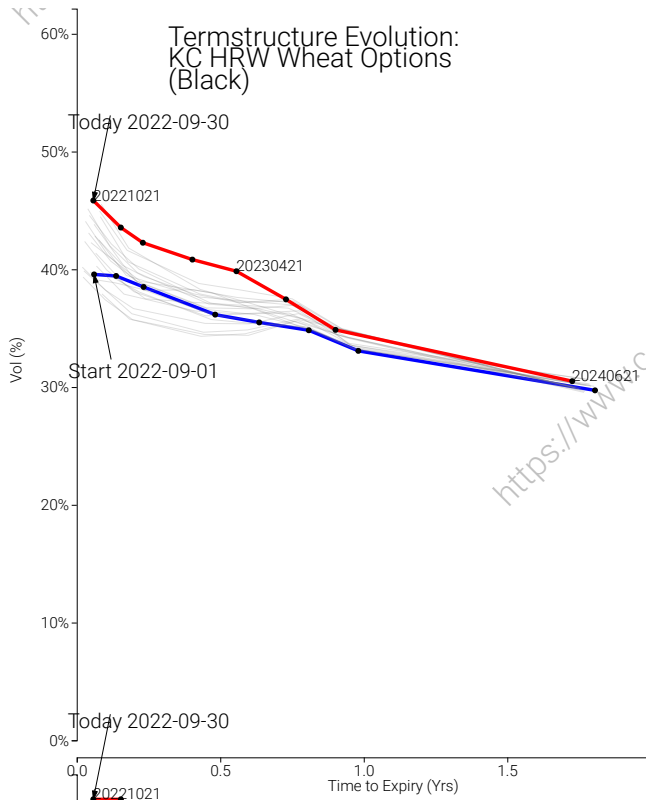


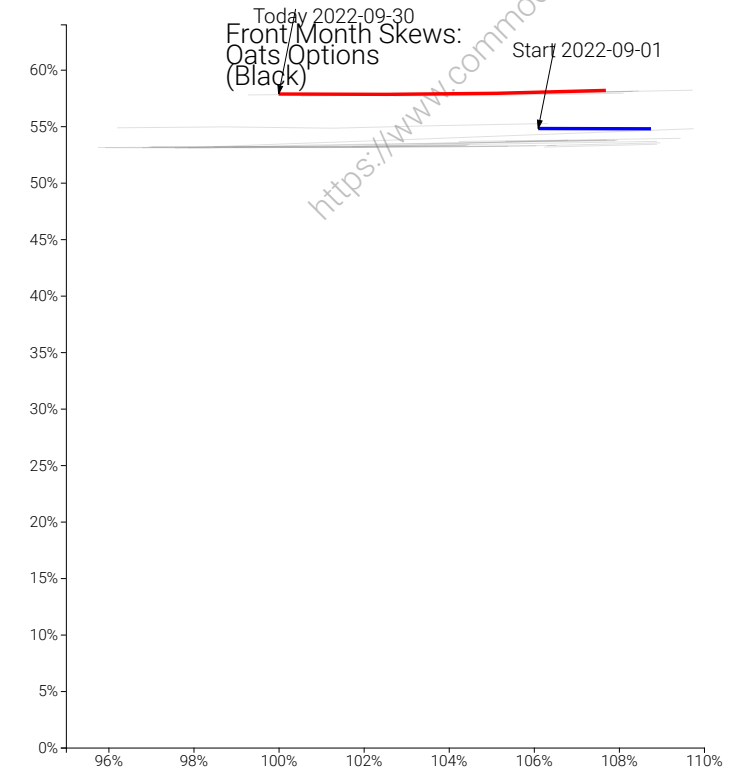
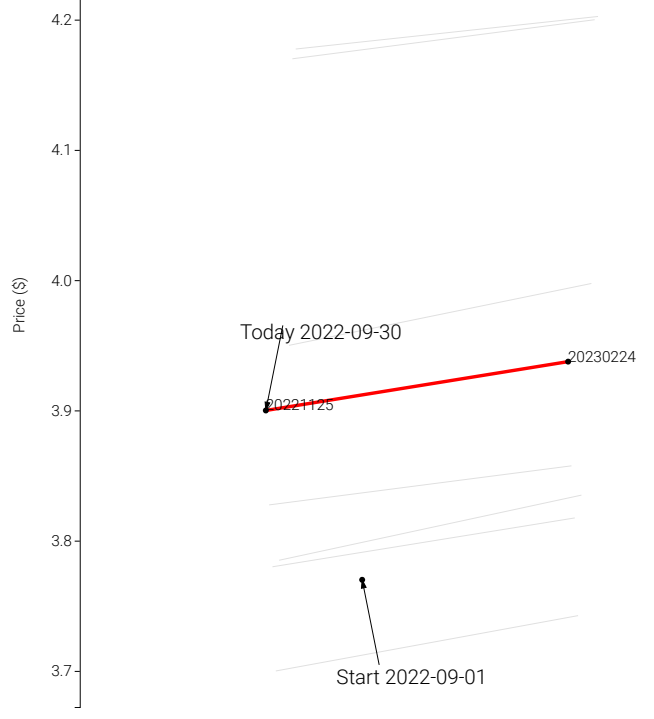
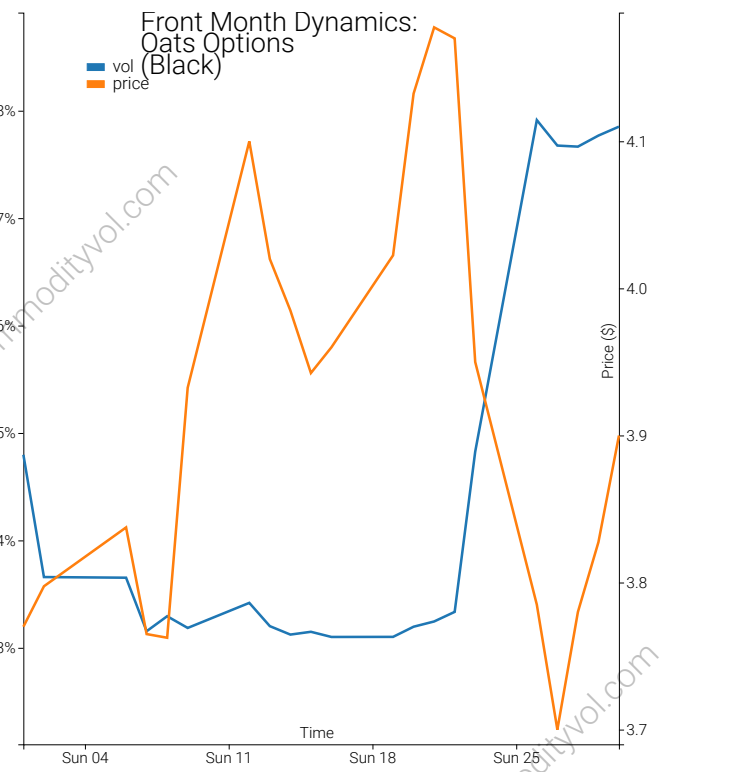
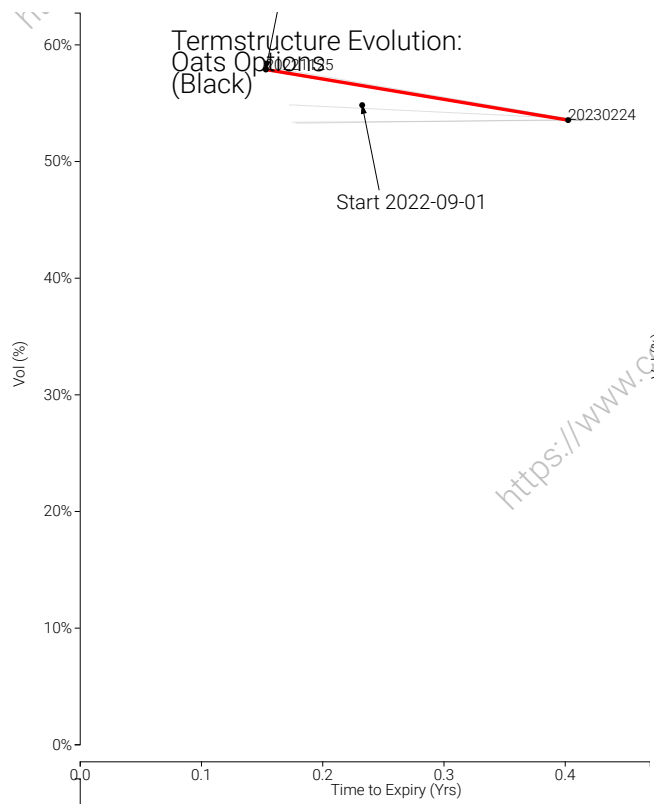


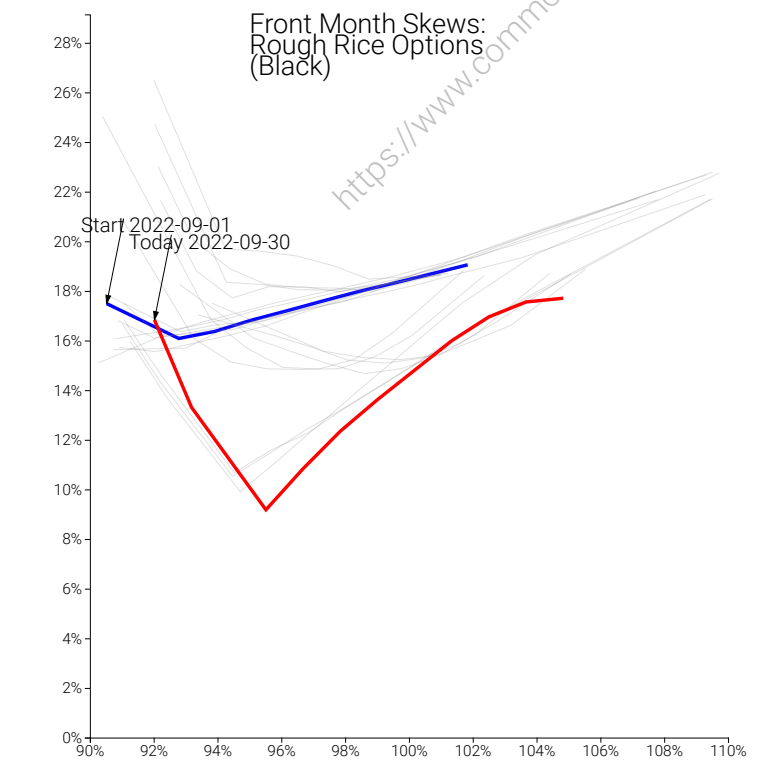
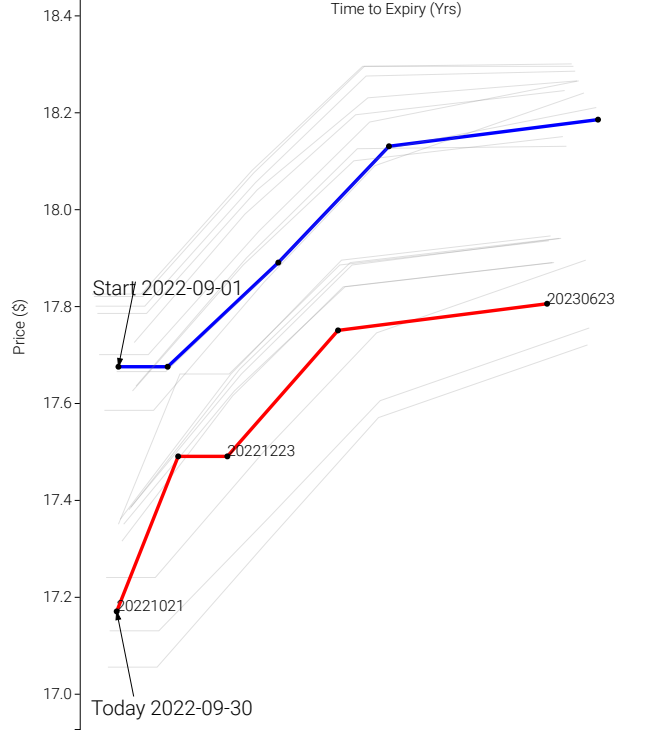
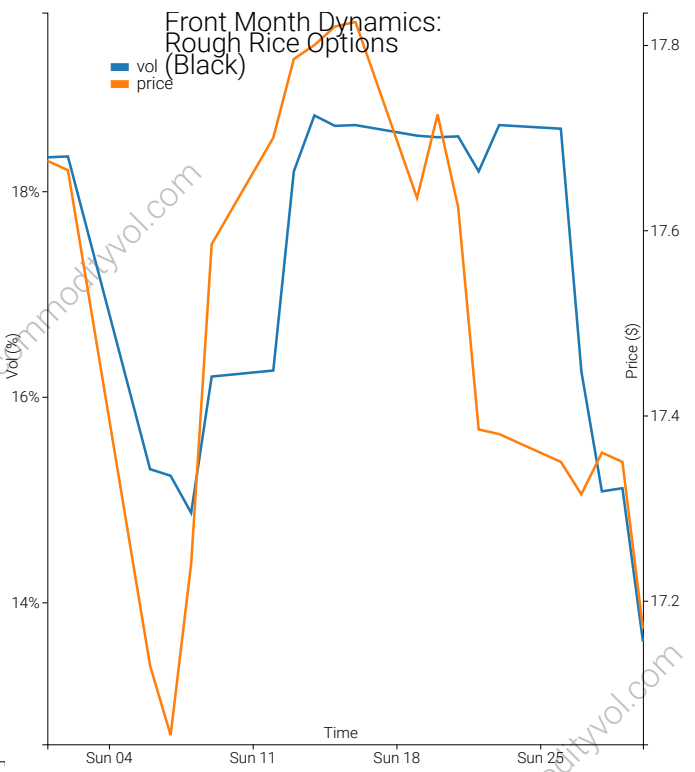
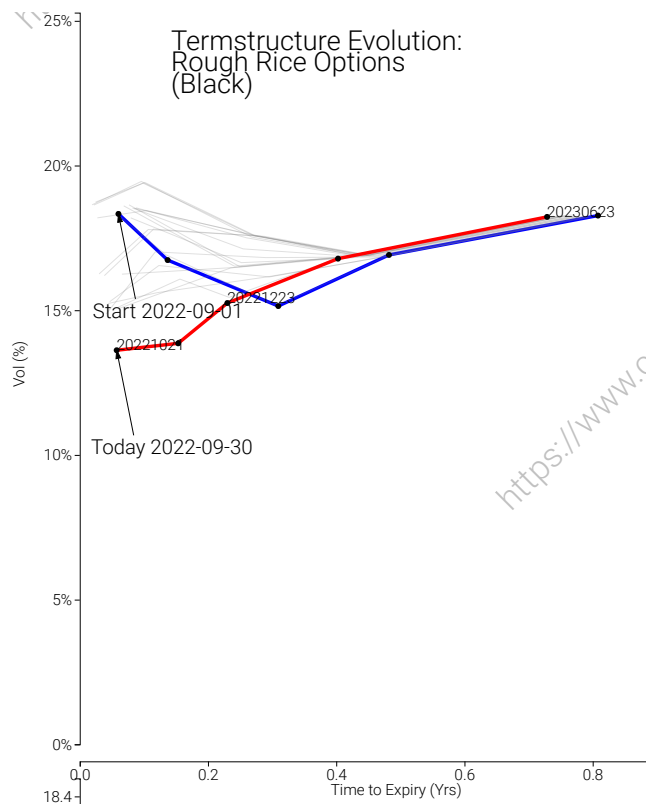


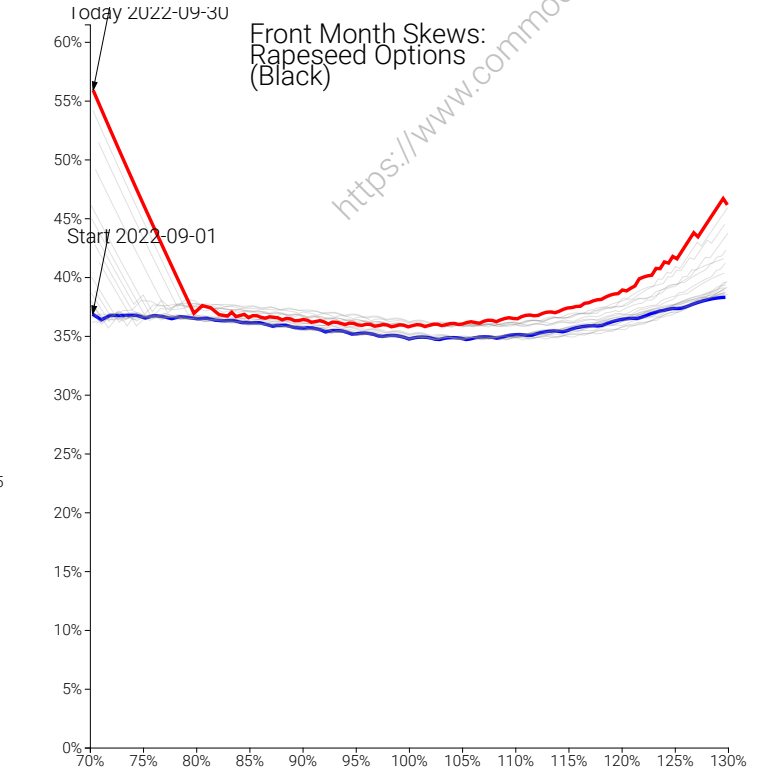
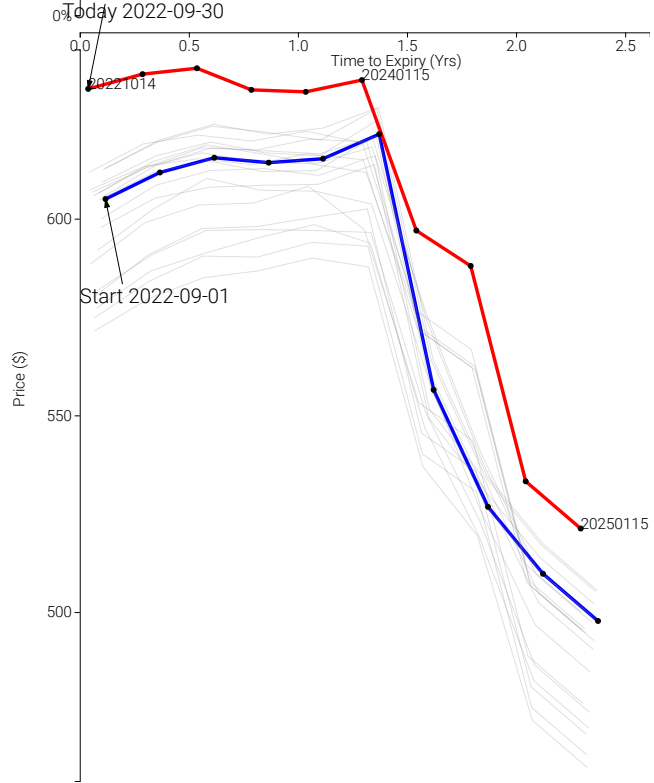
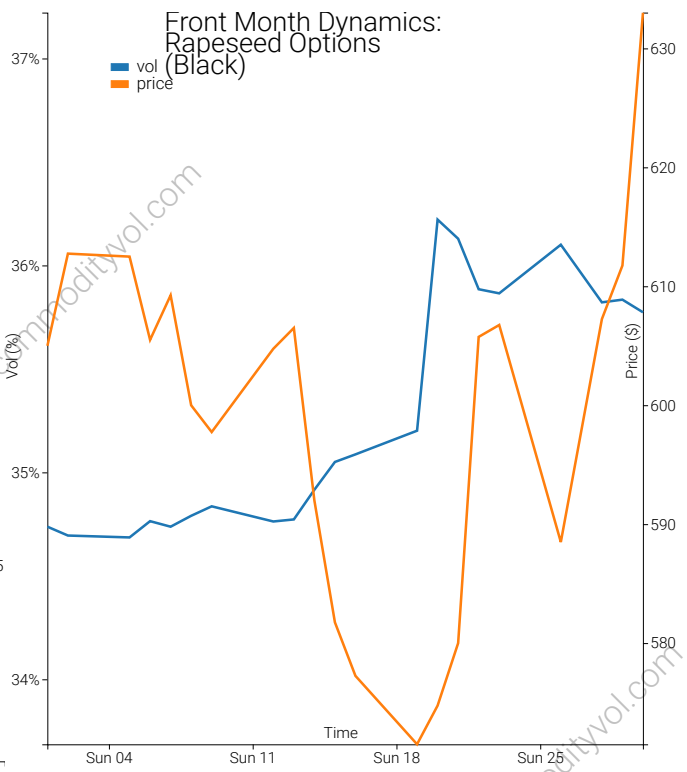
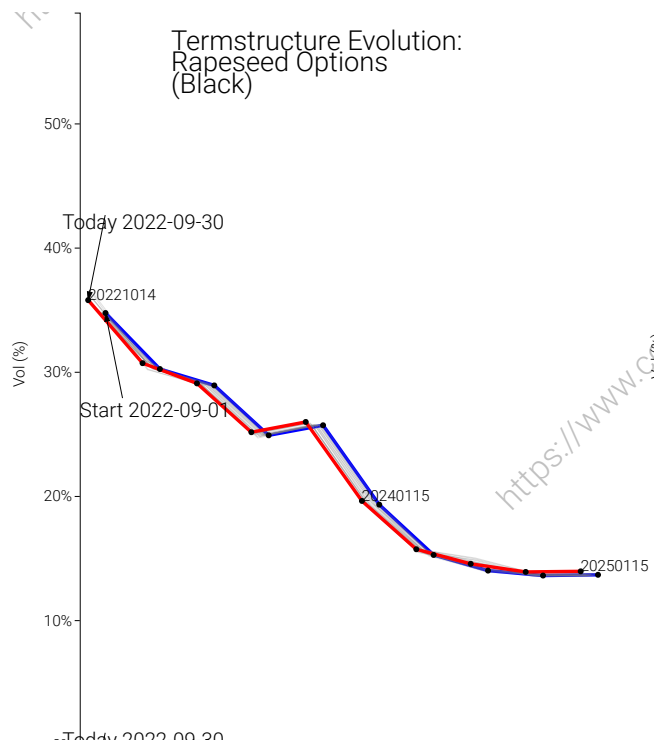


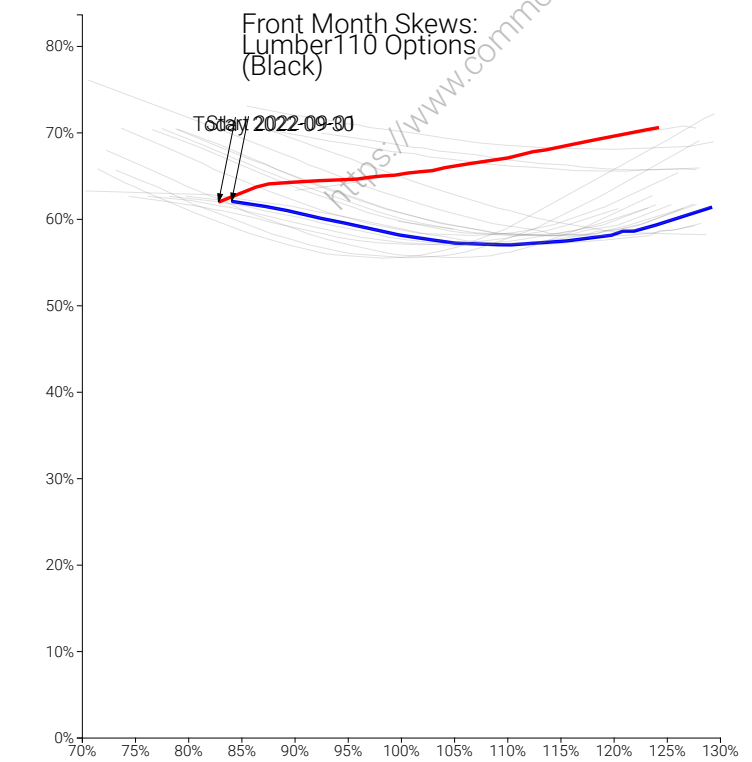
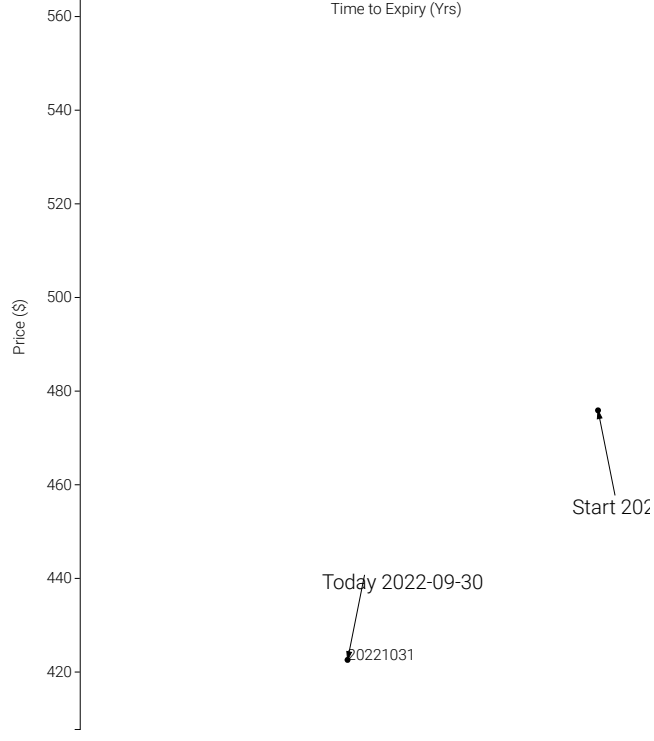
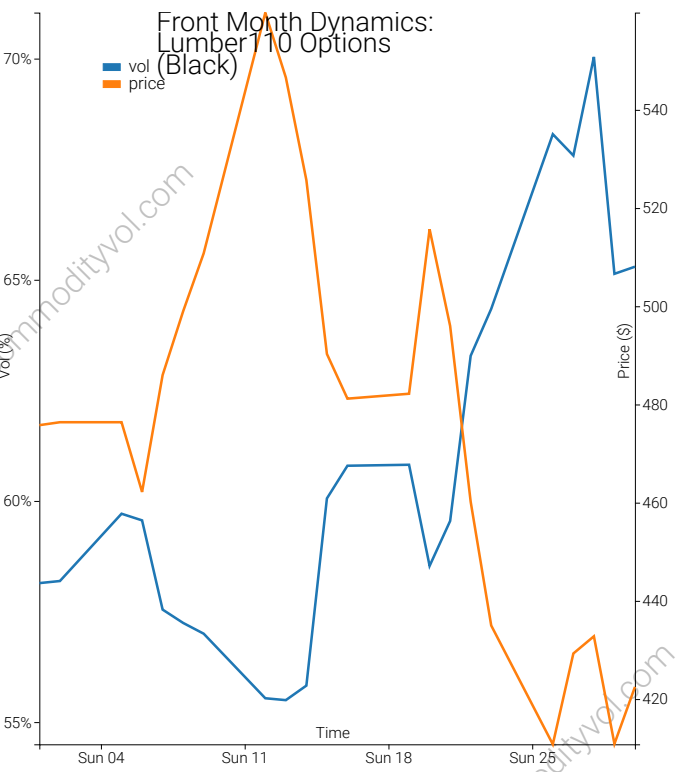
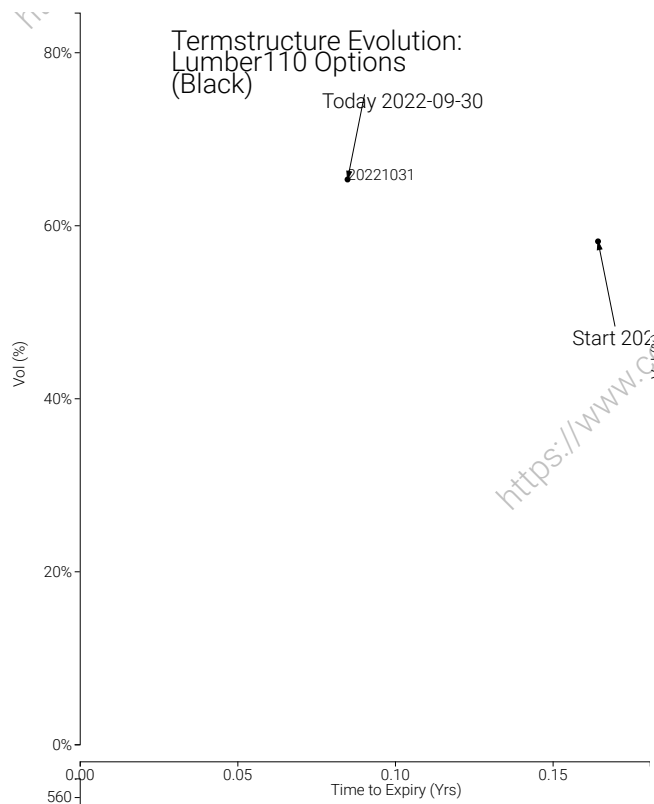




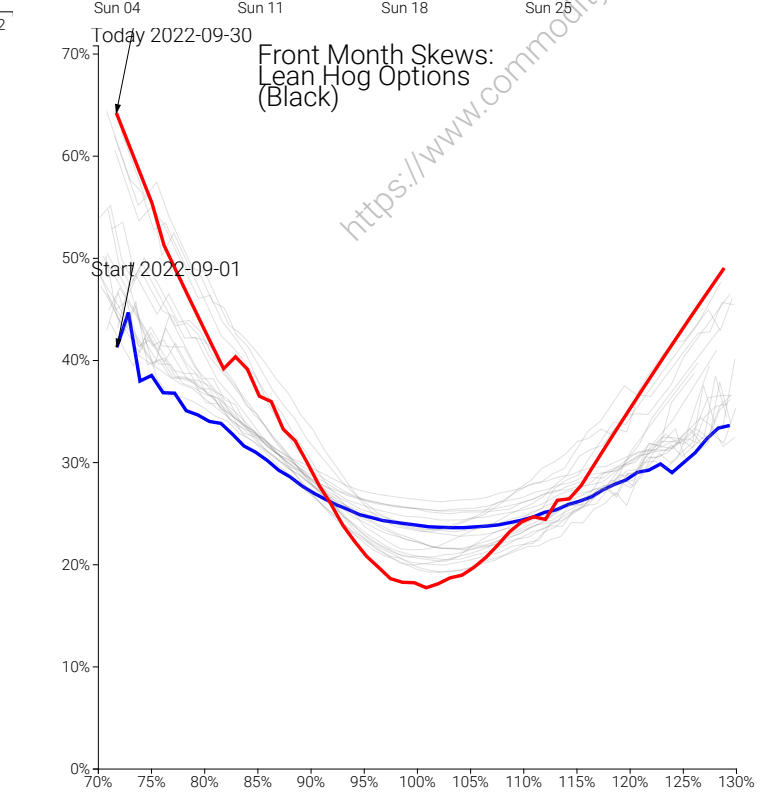
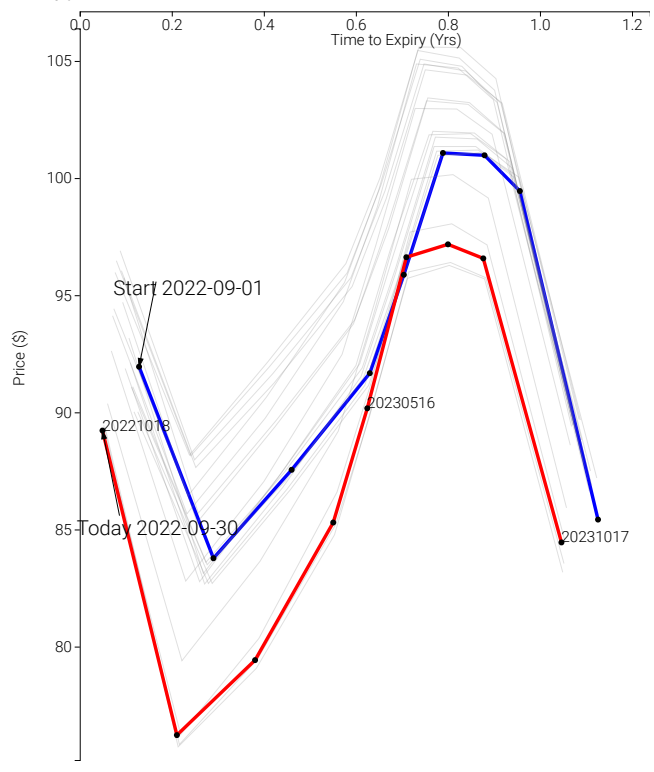
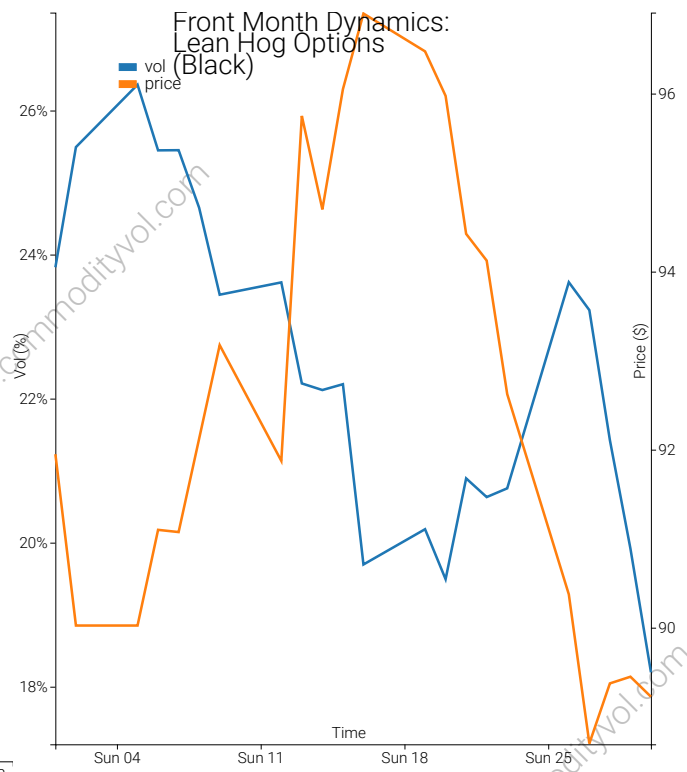
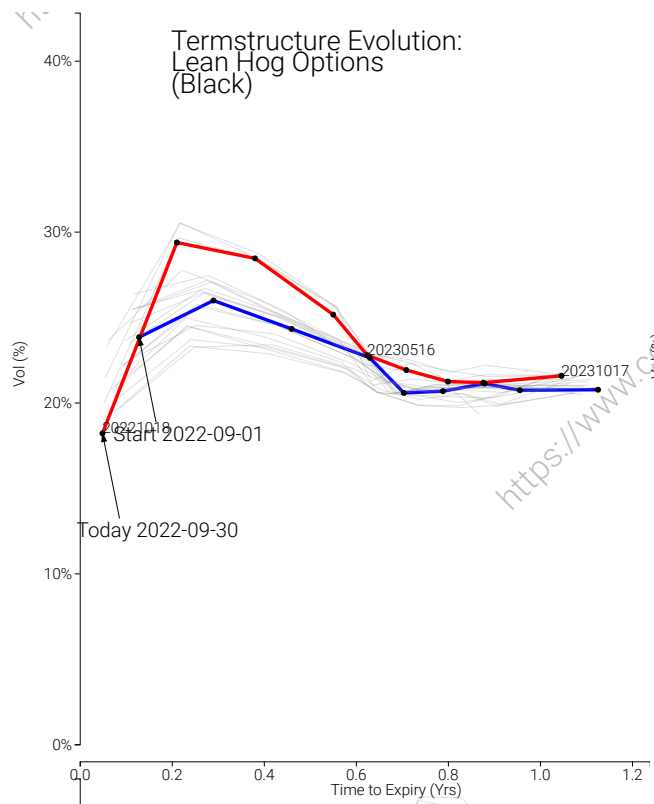


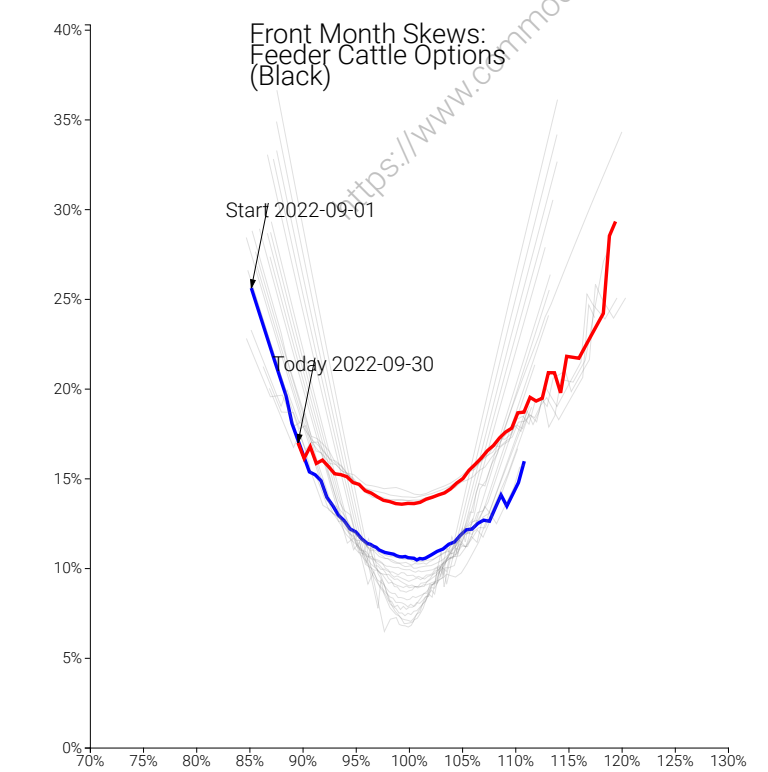
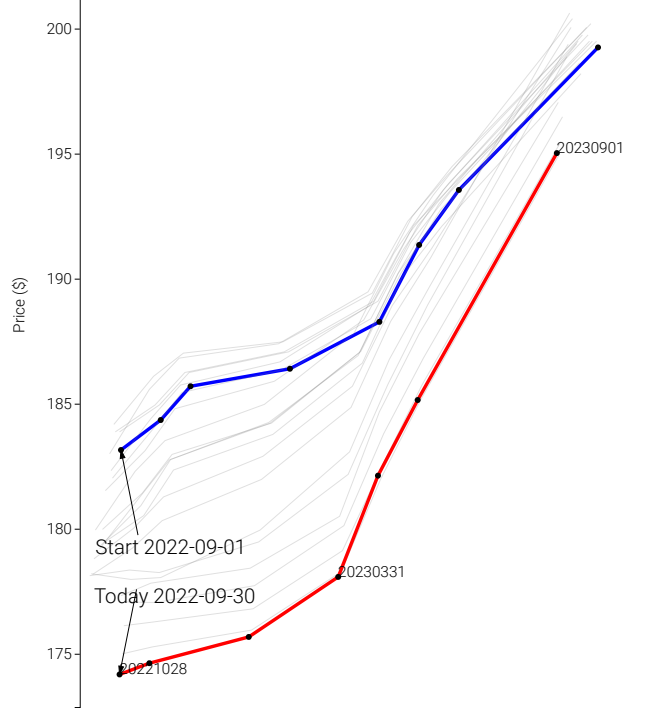
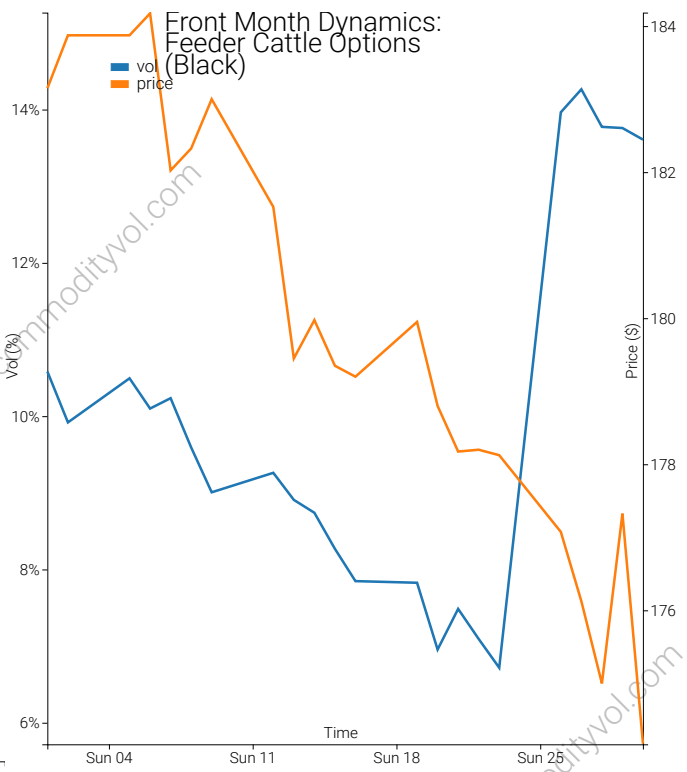
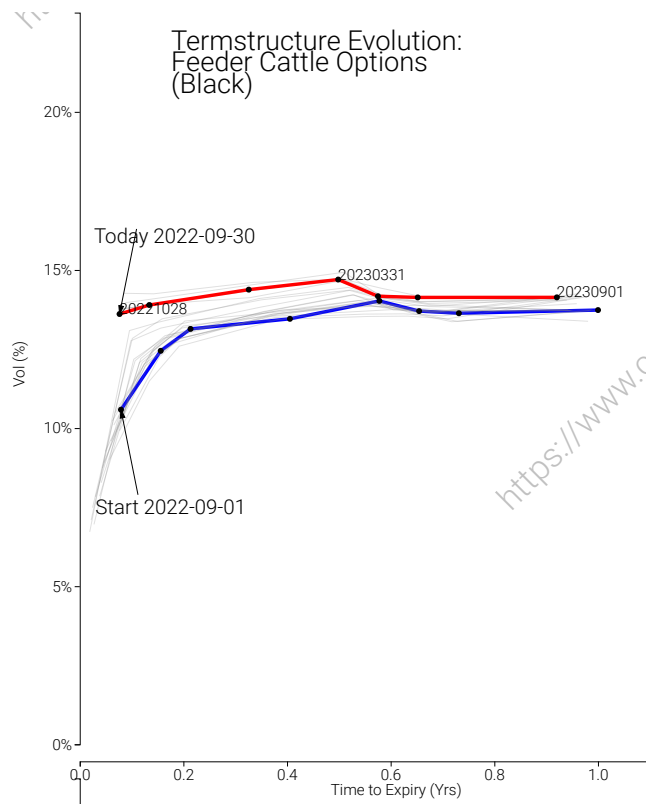


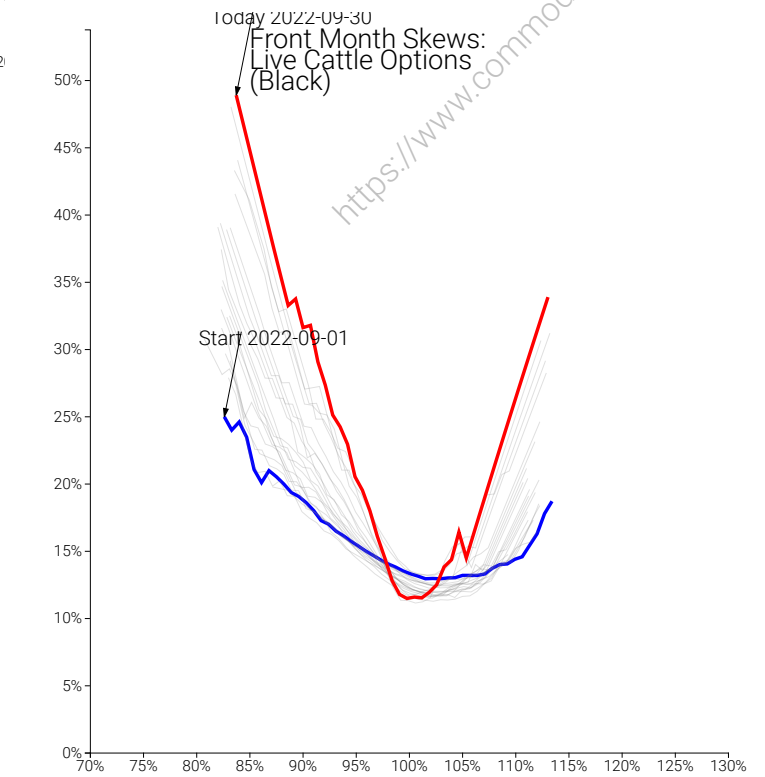
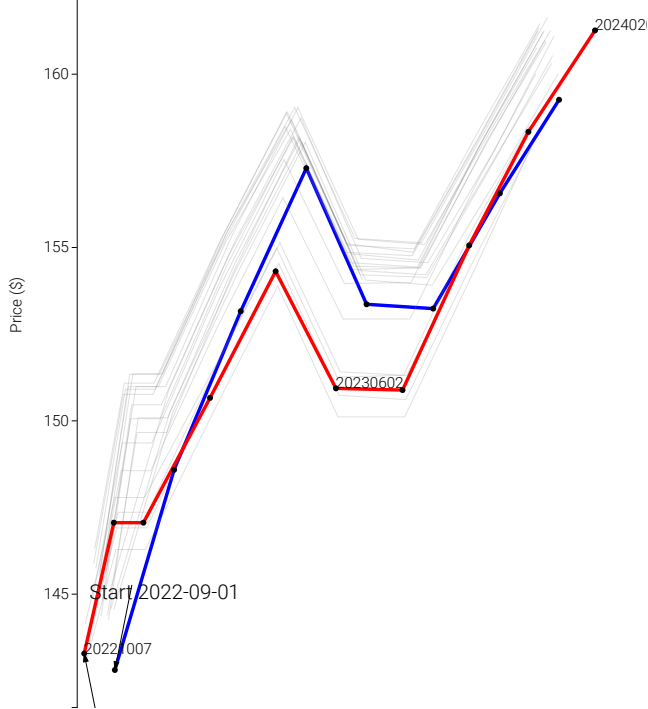
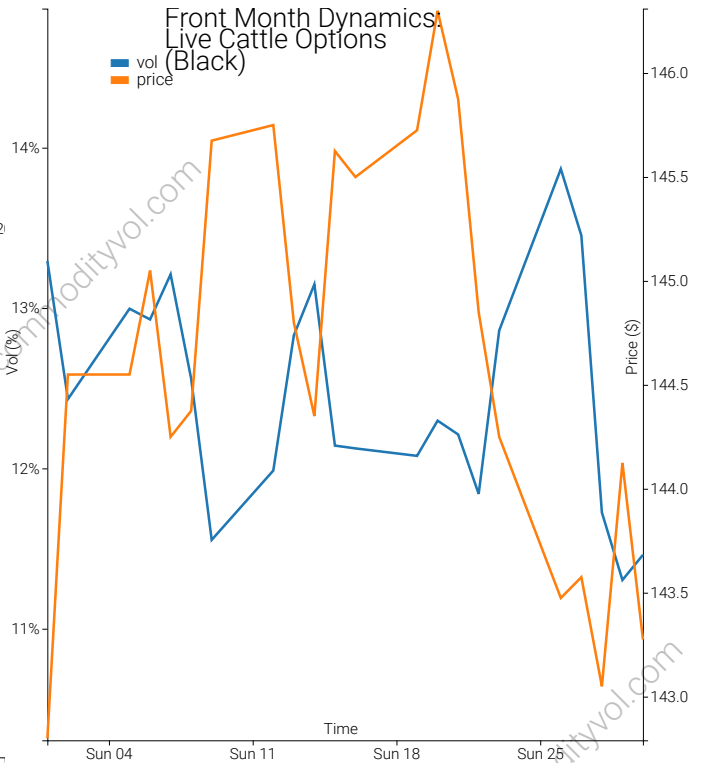
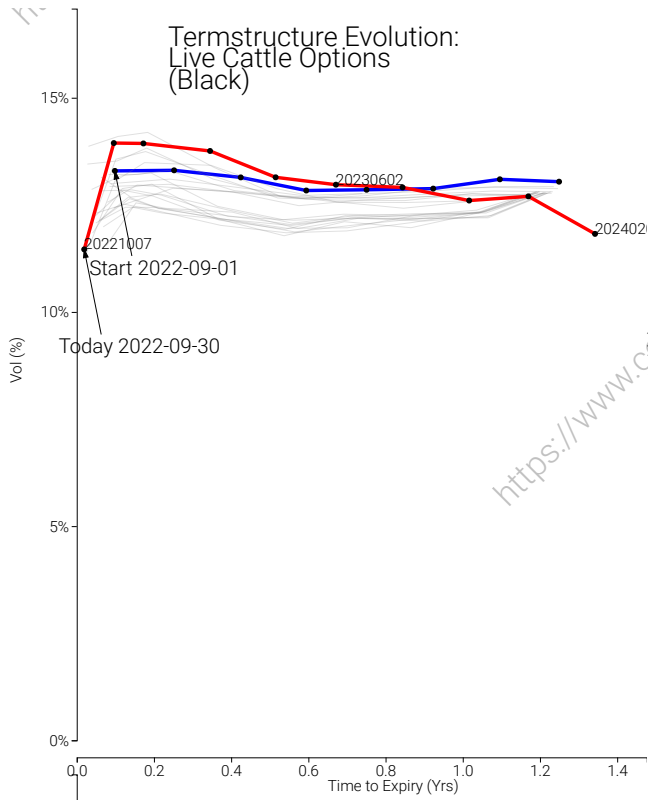


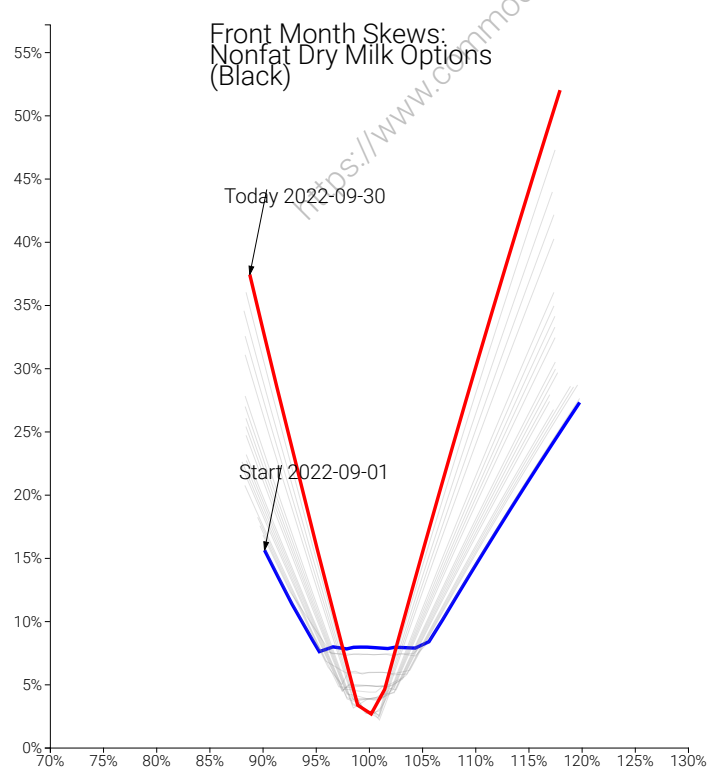
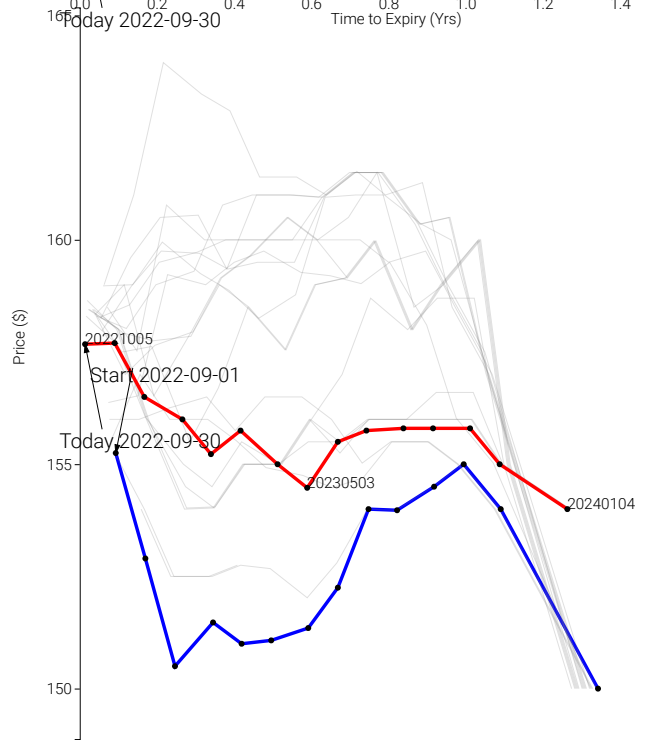
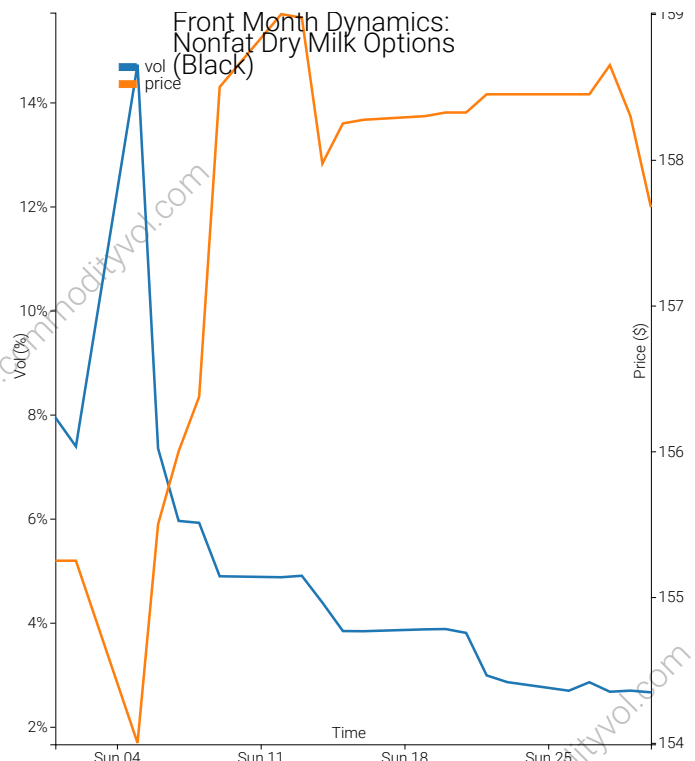
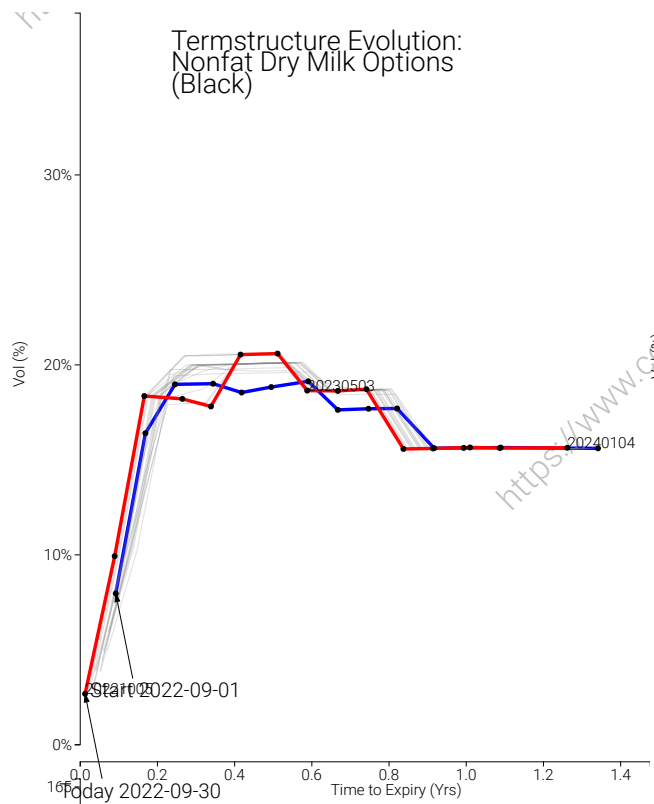


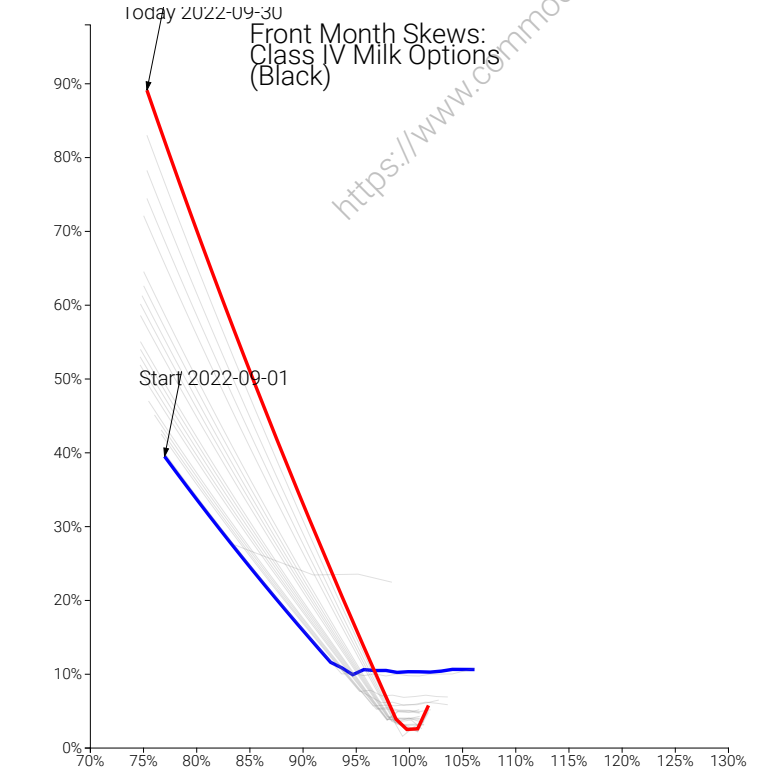
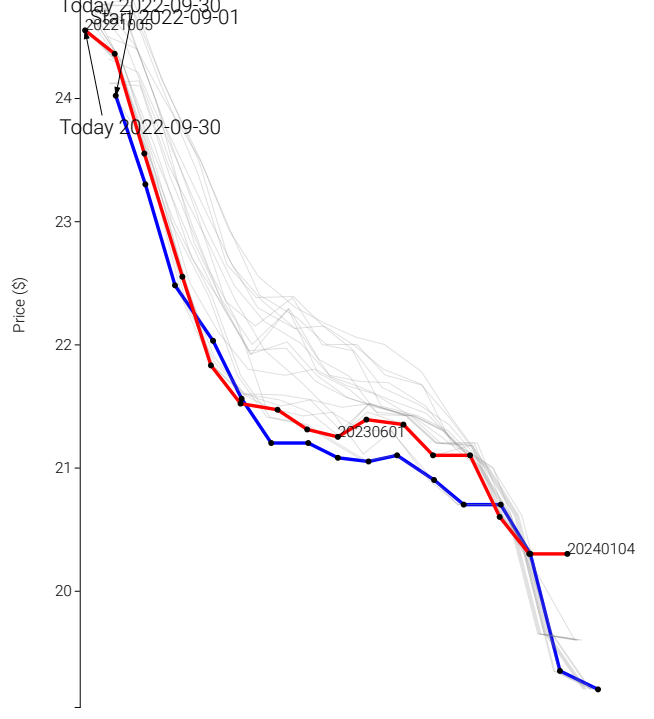
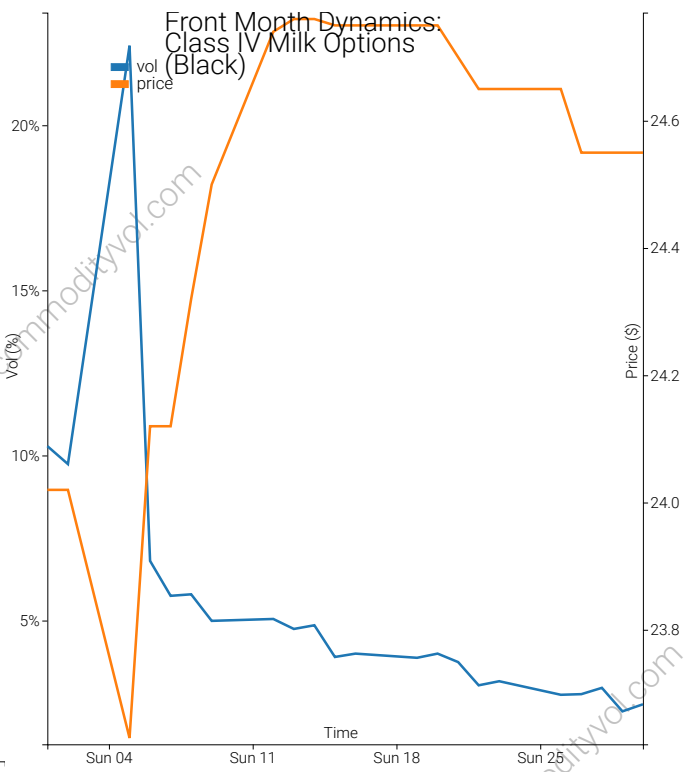
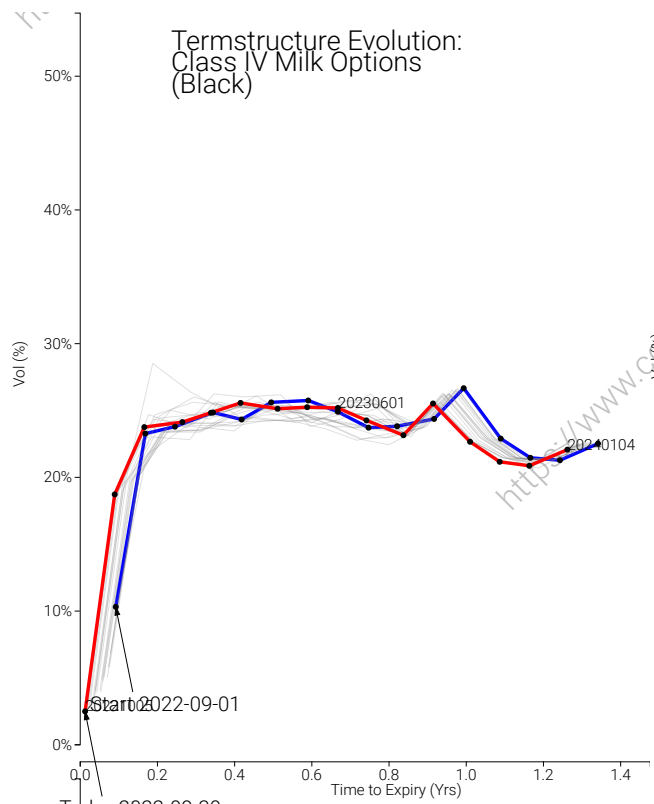
Ags: Proteins, Meats and so forth



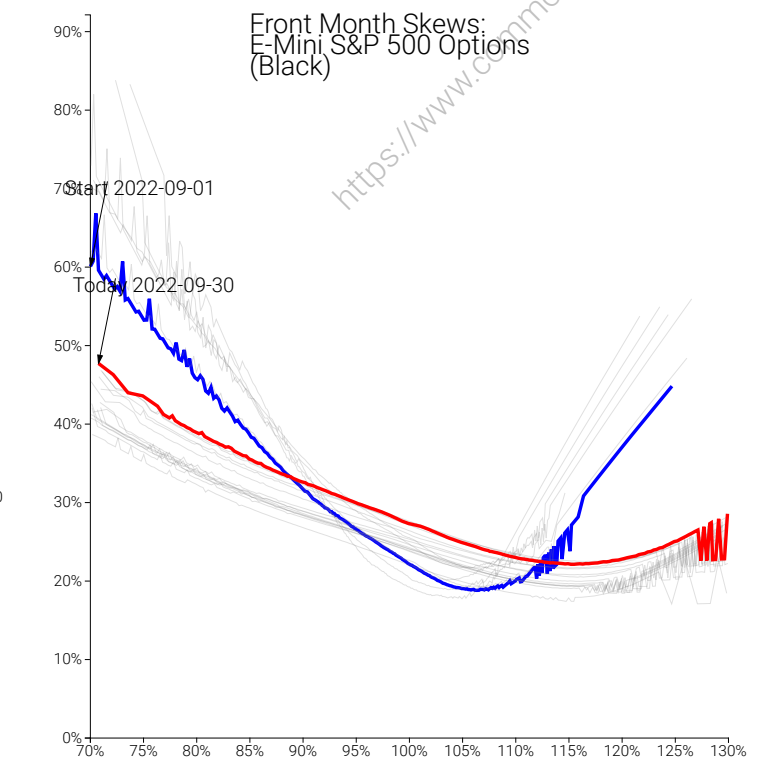
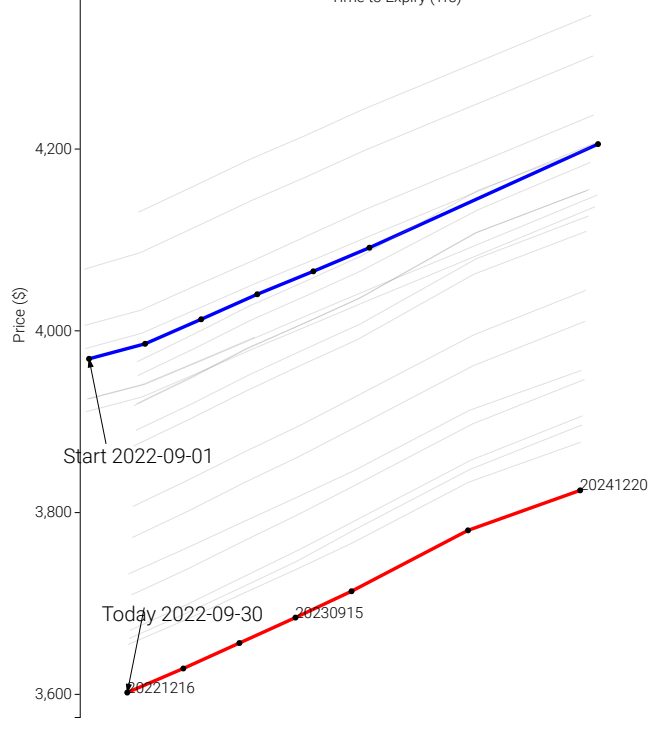
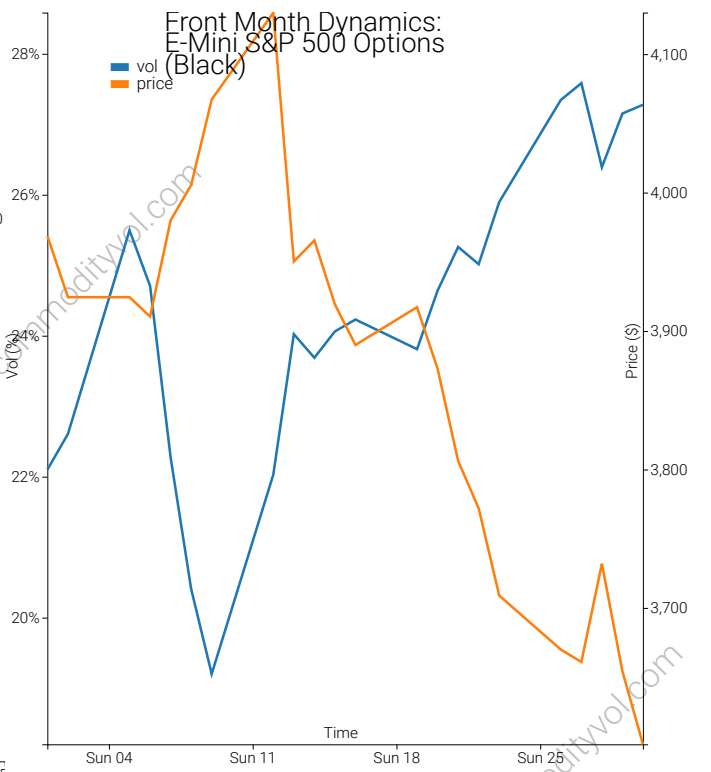
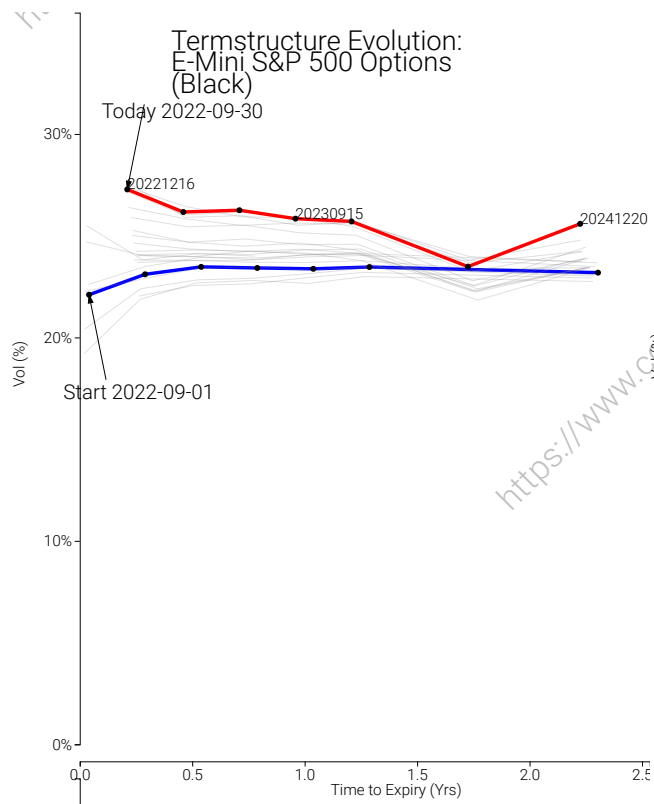


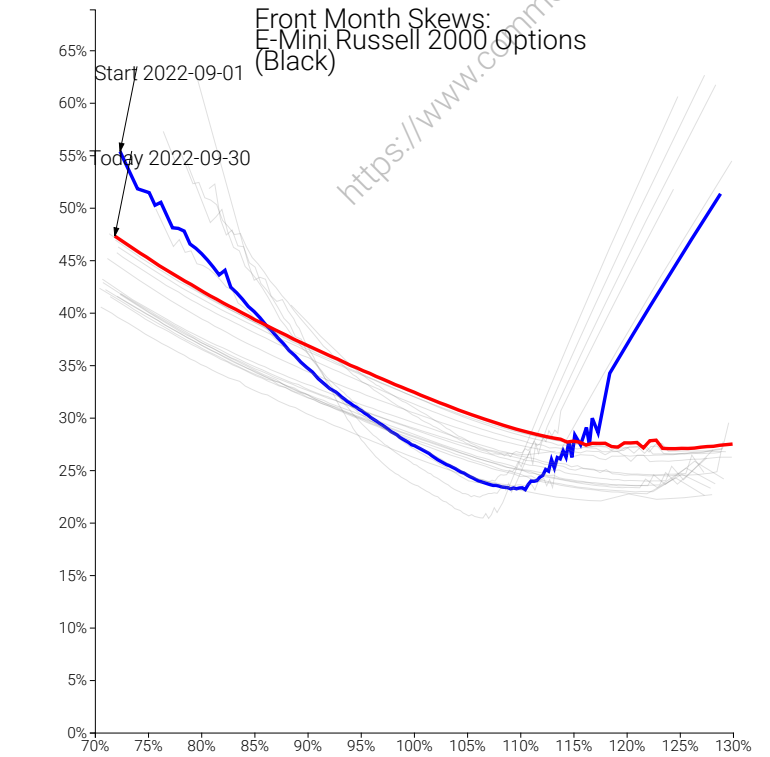
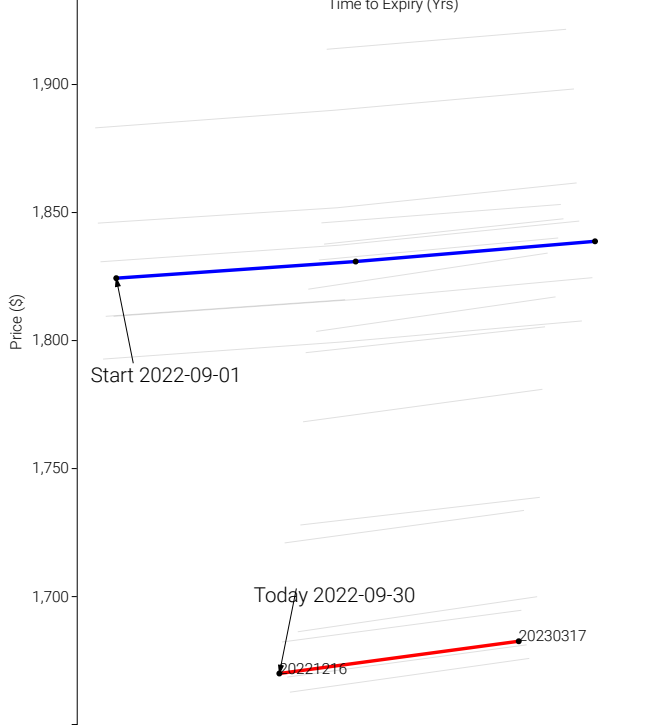
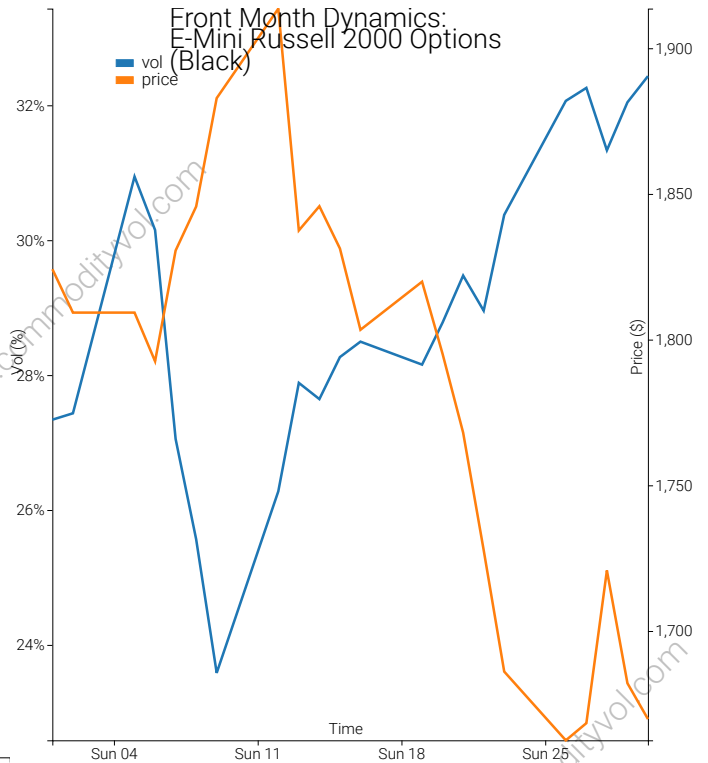
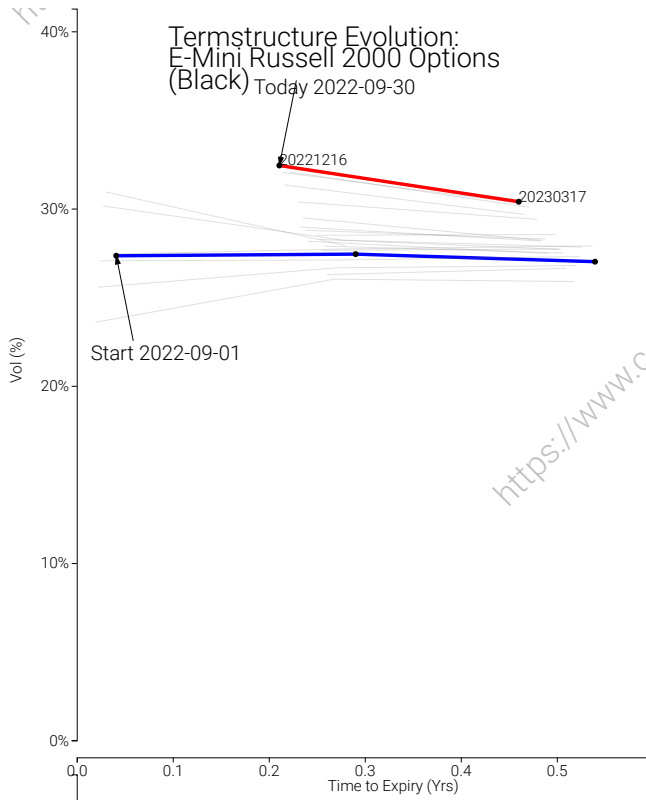


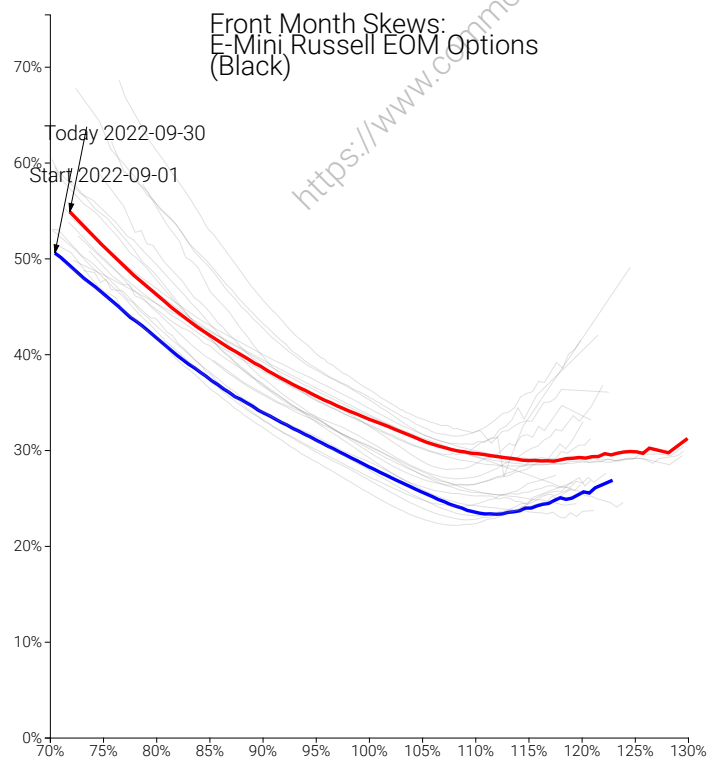
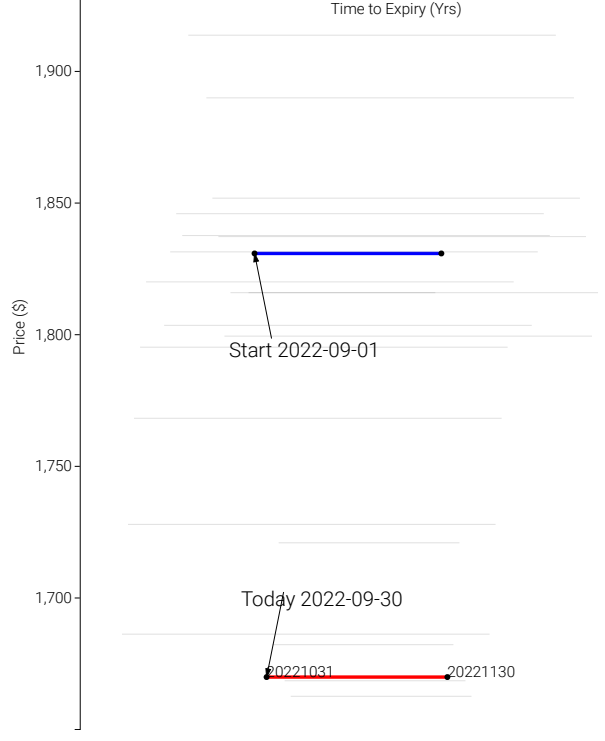
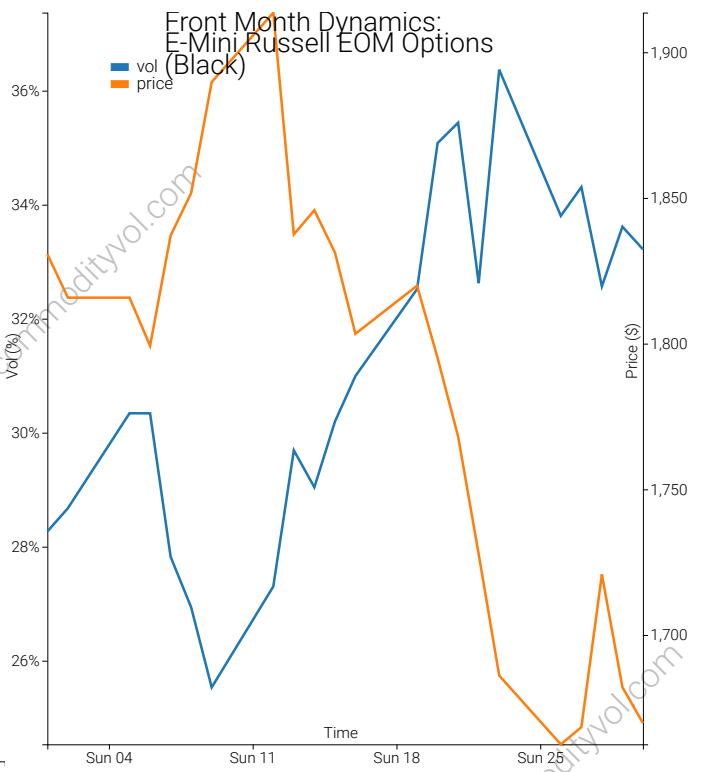
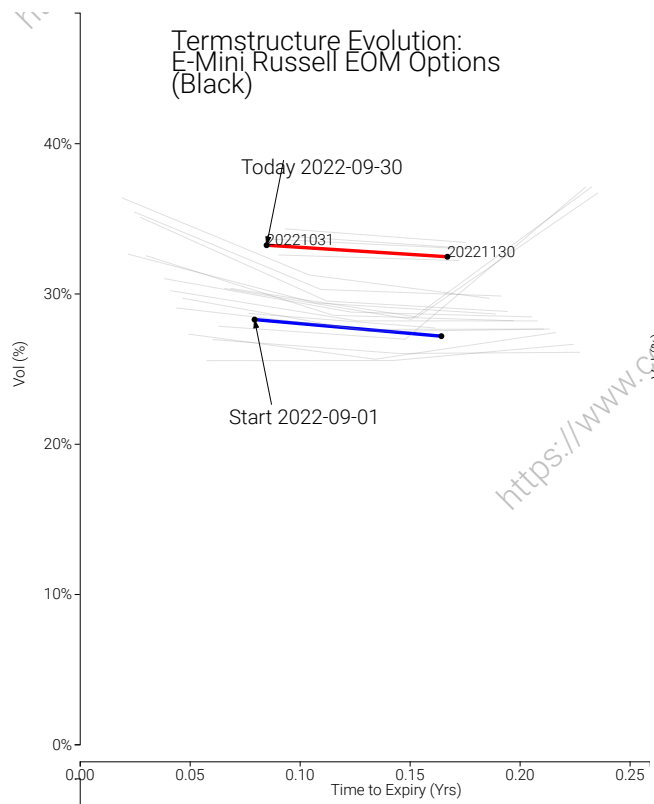


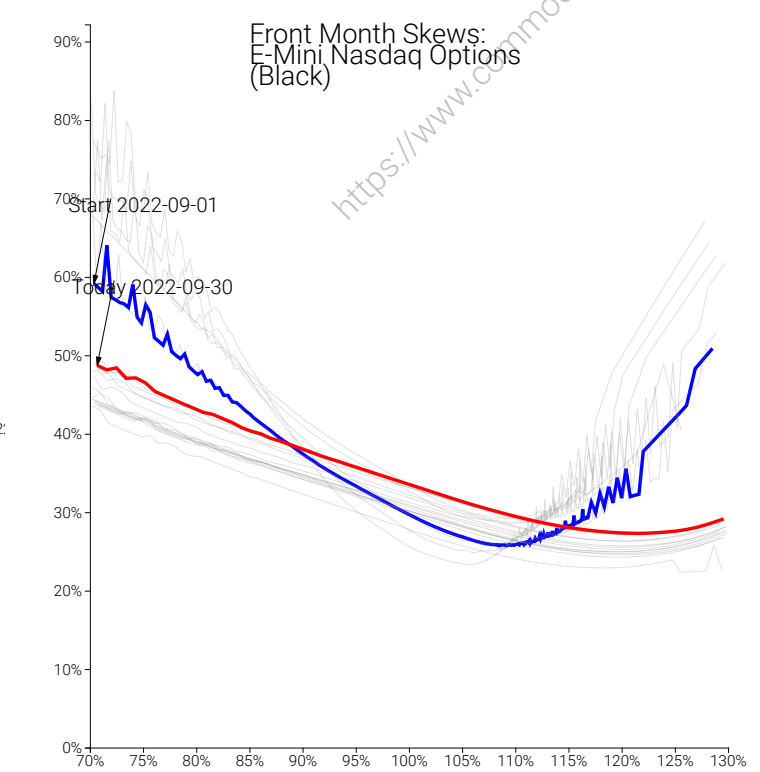
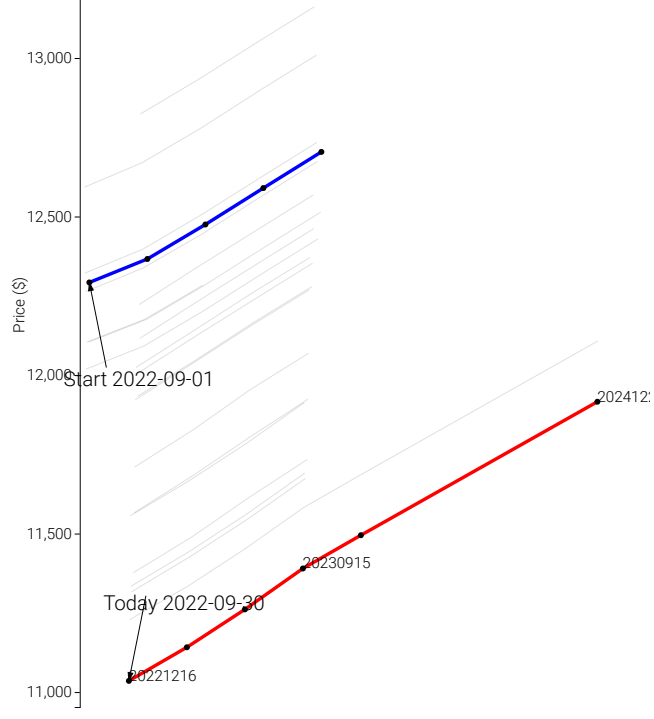
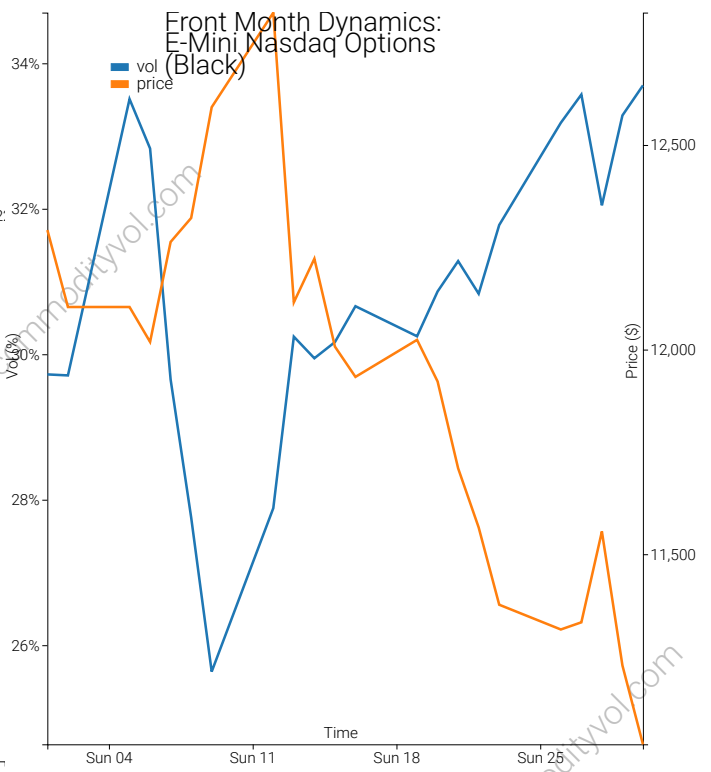
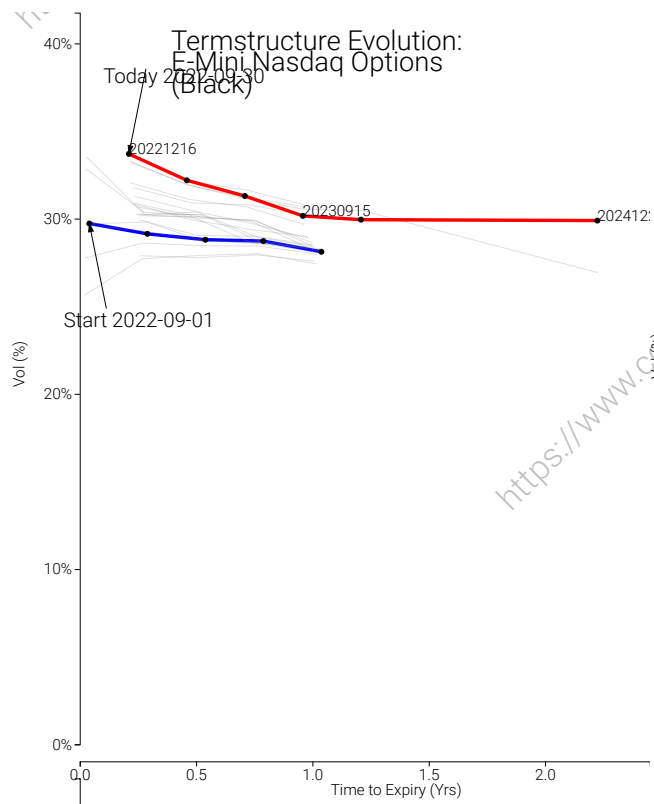


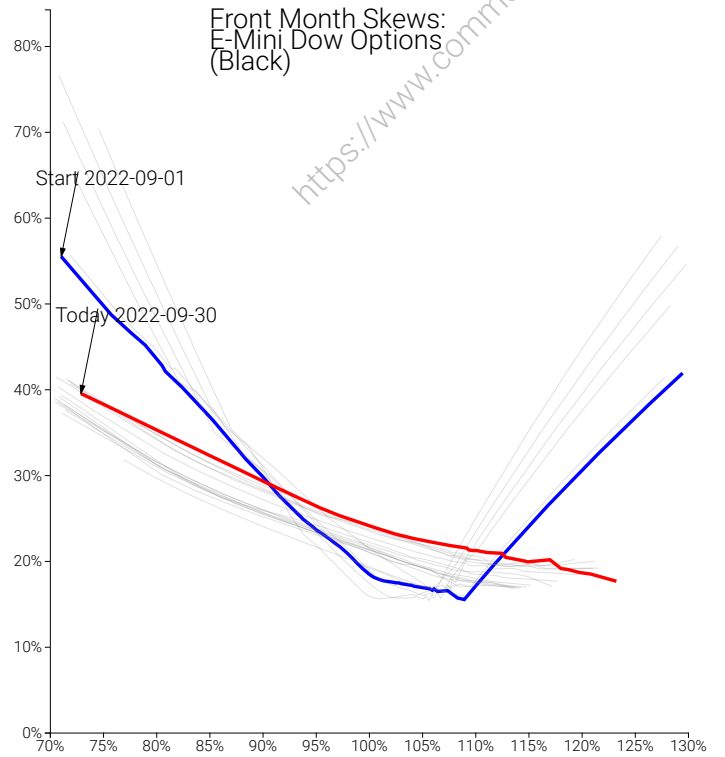
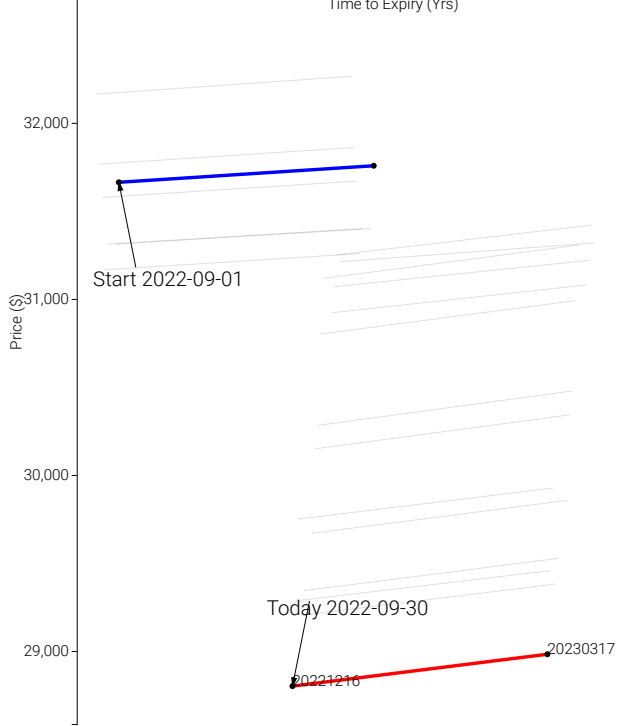
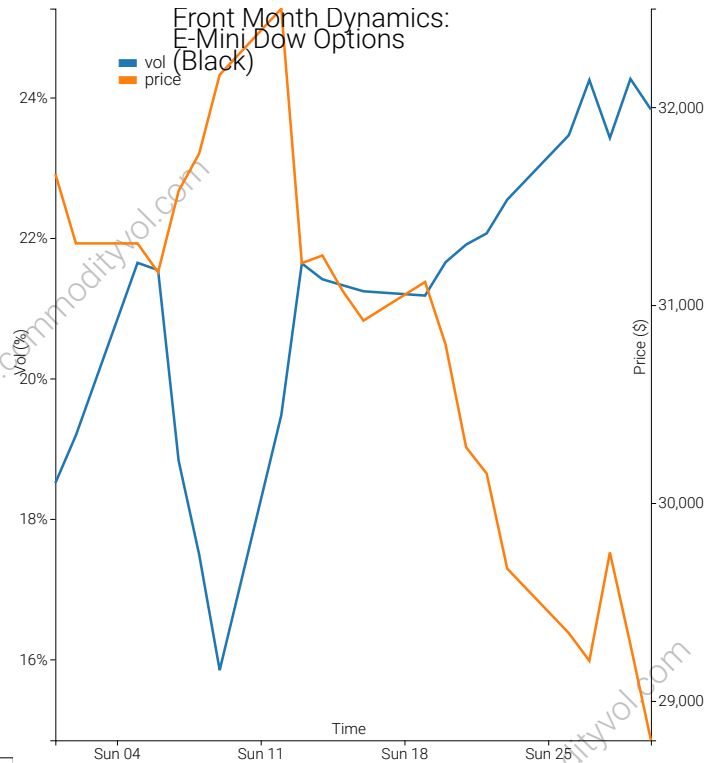
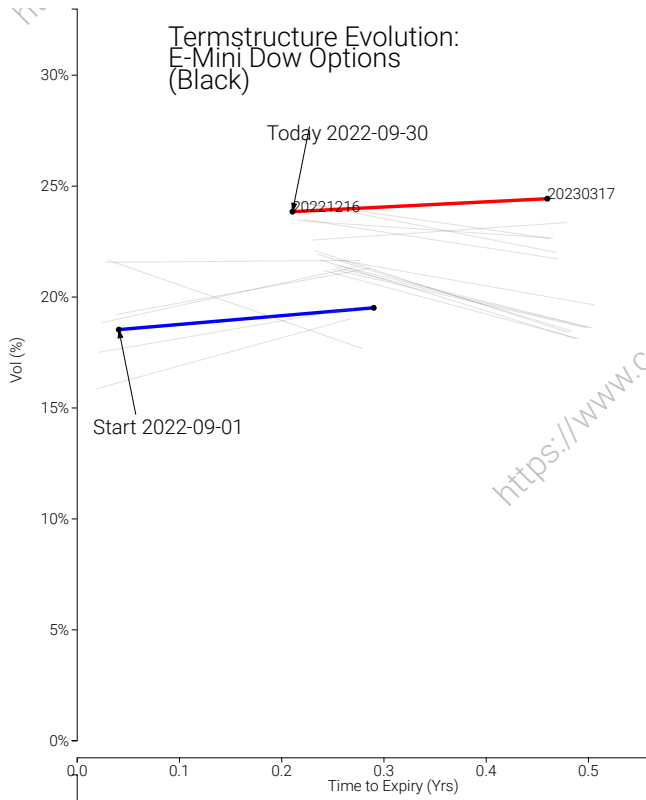
EquityIndex

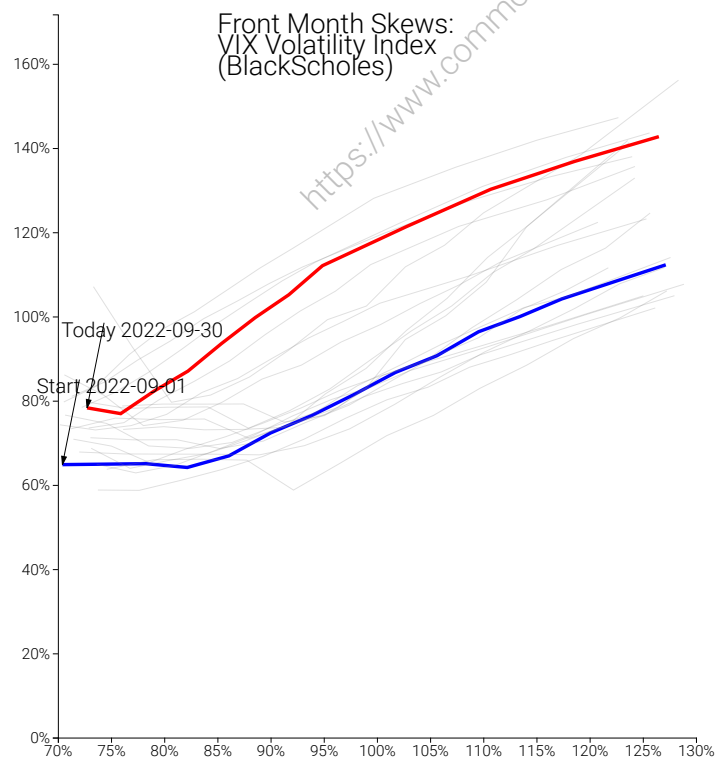
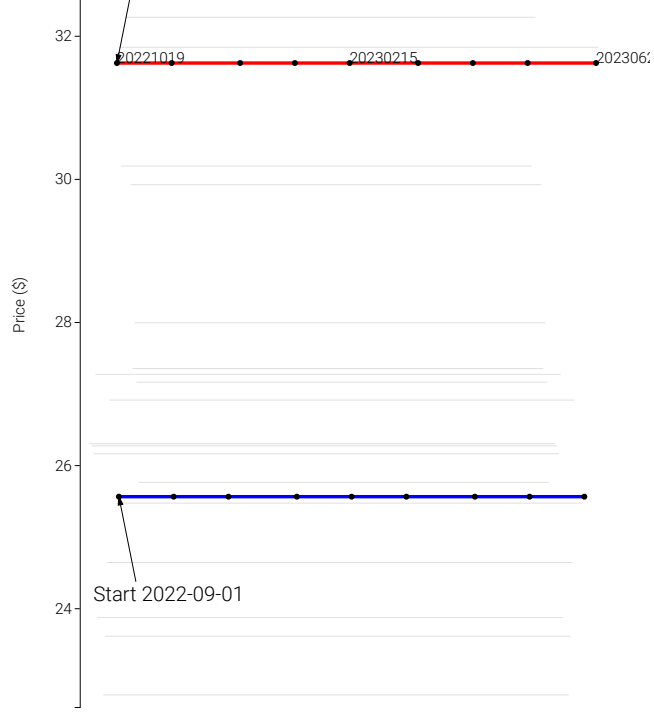
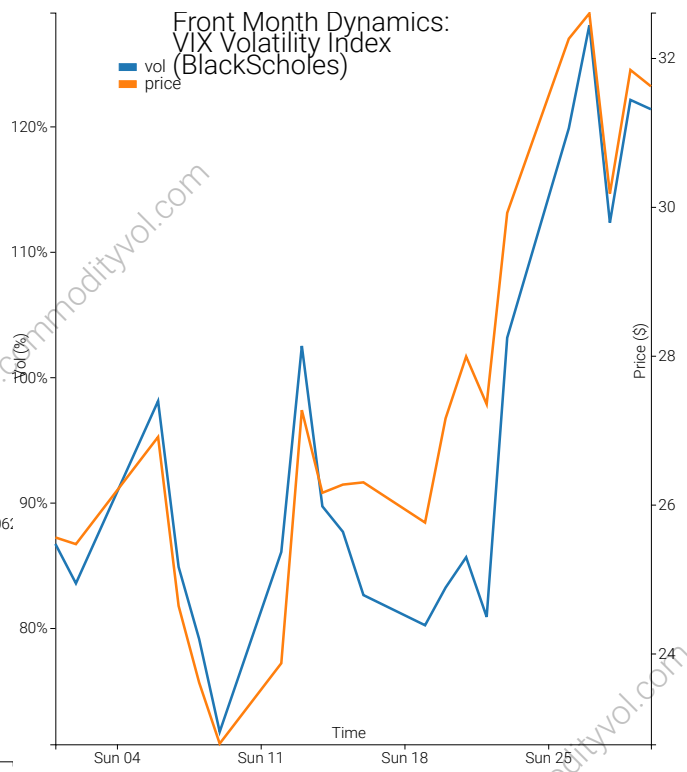
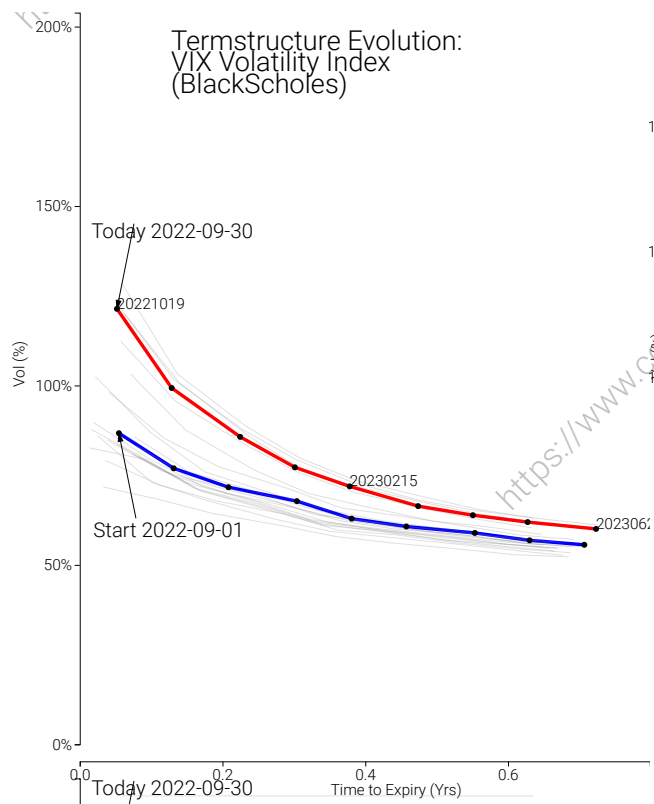




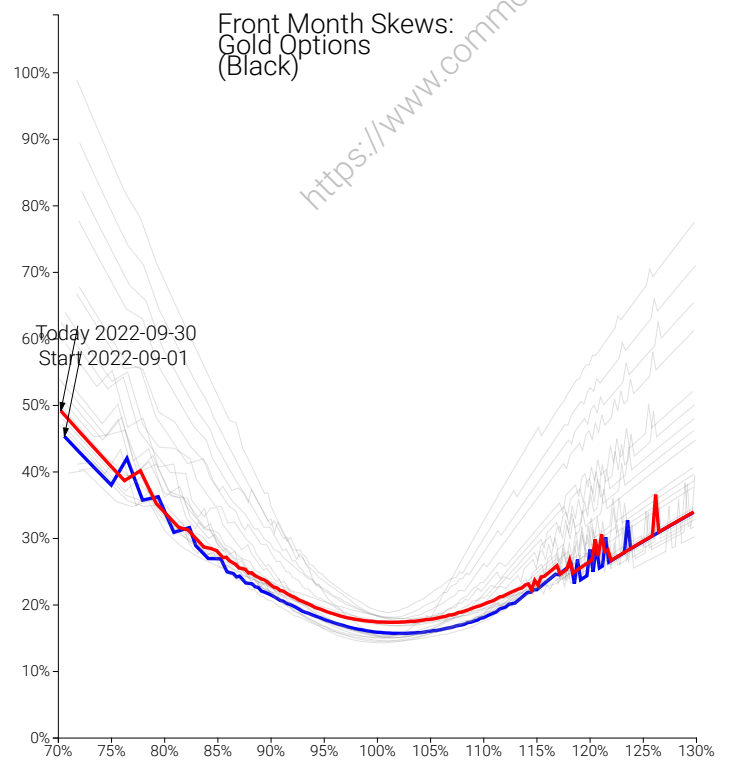
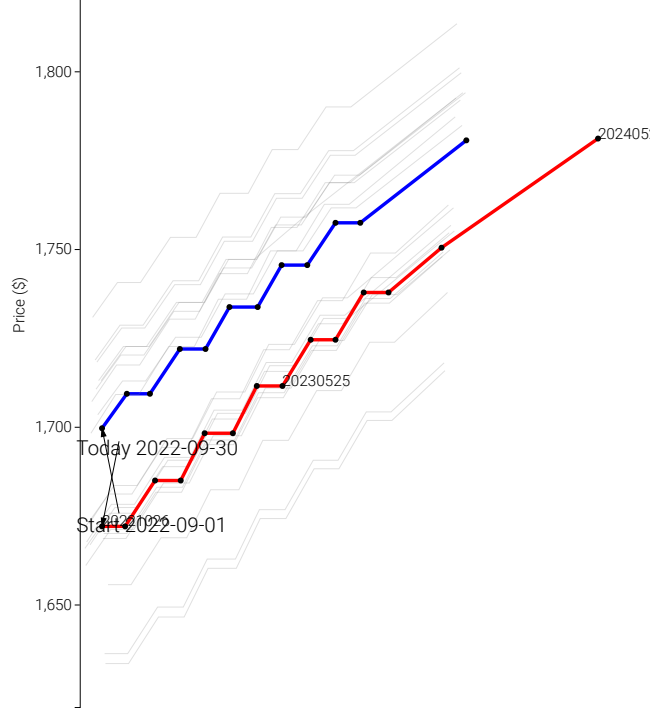
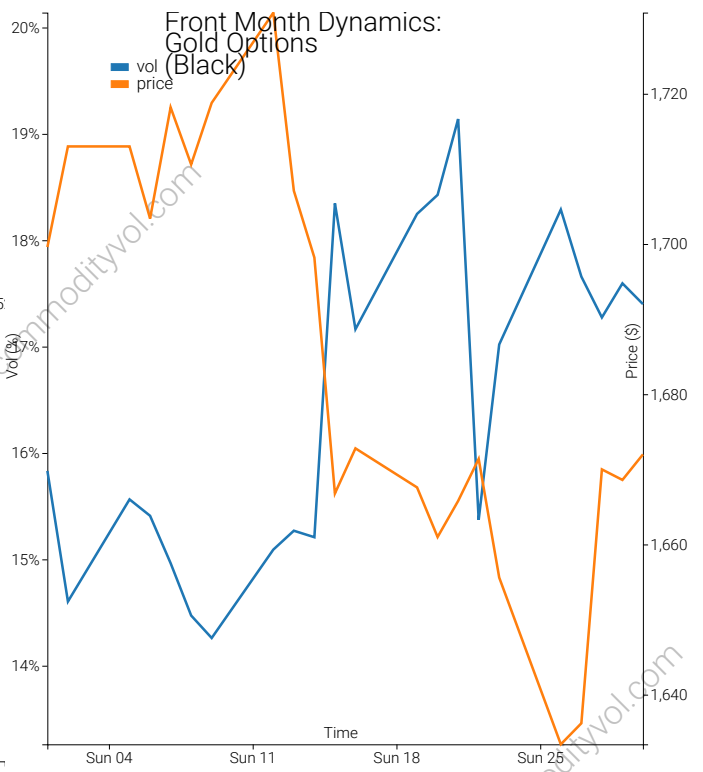
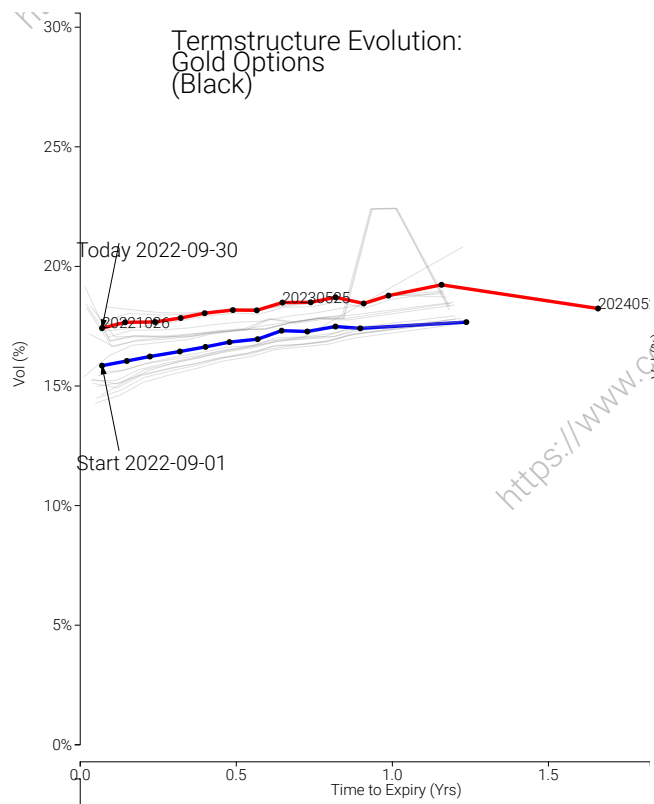


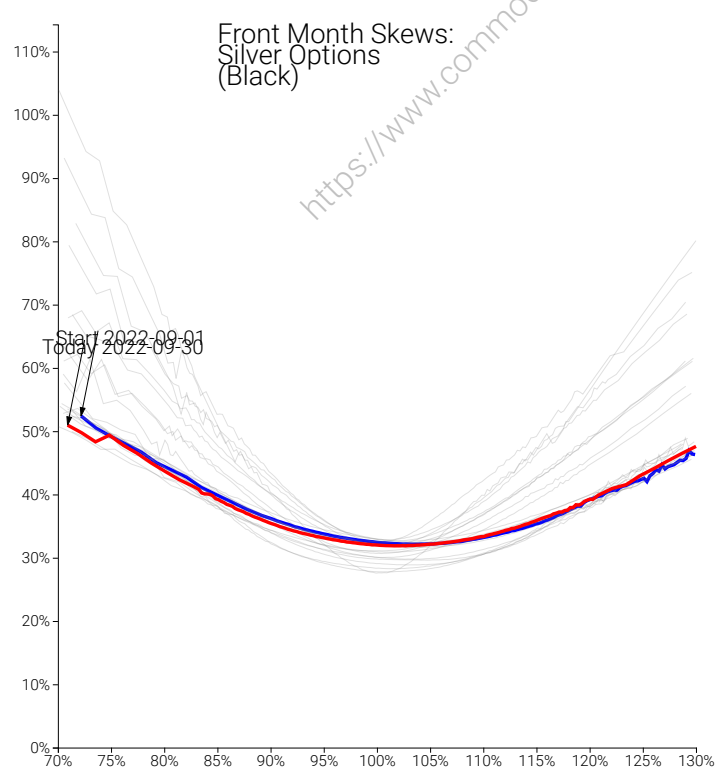
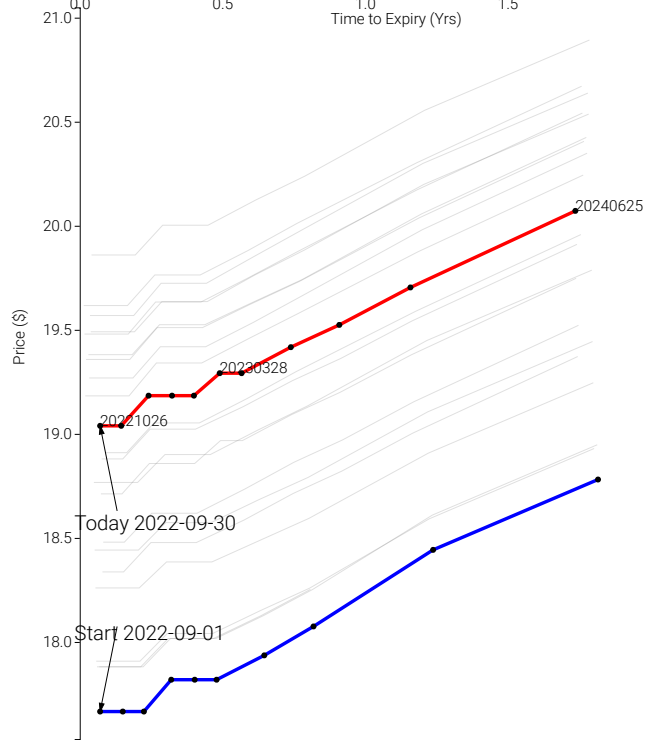
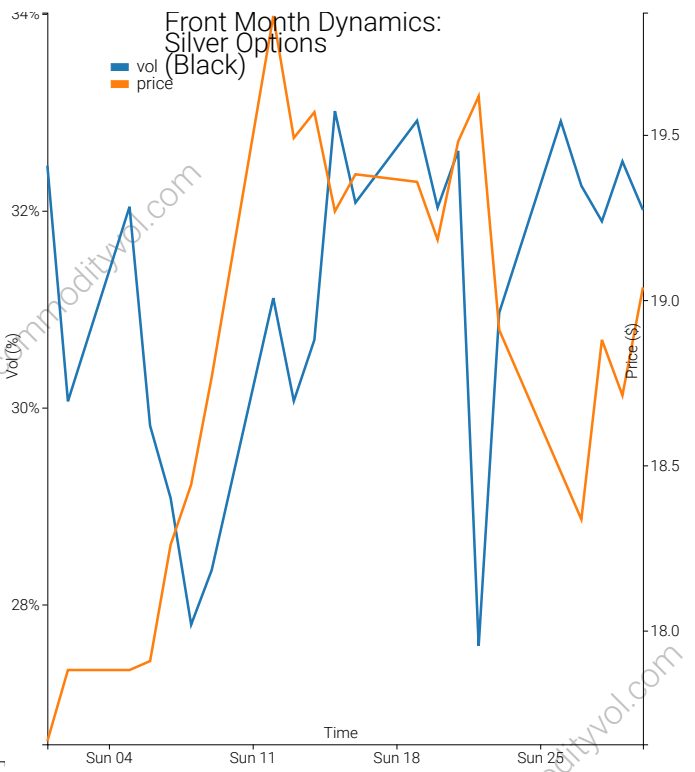
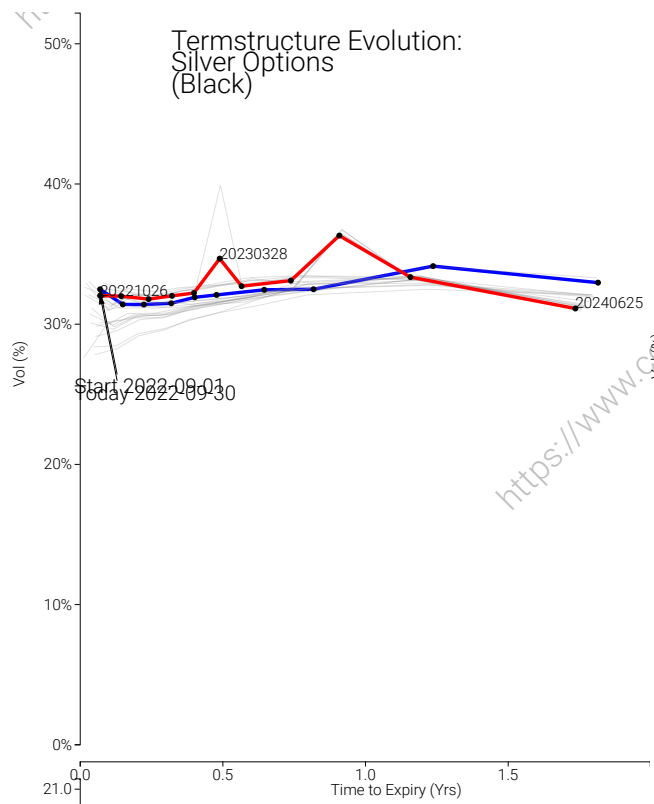


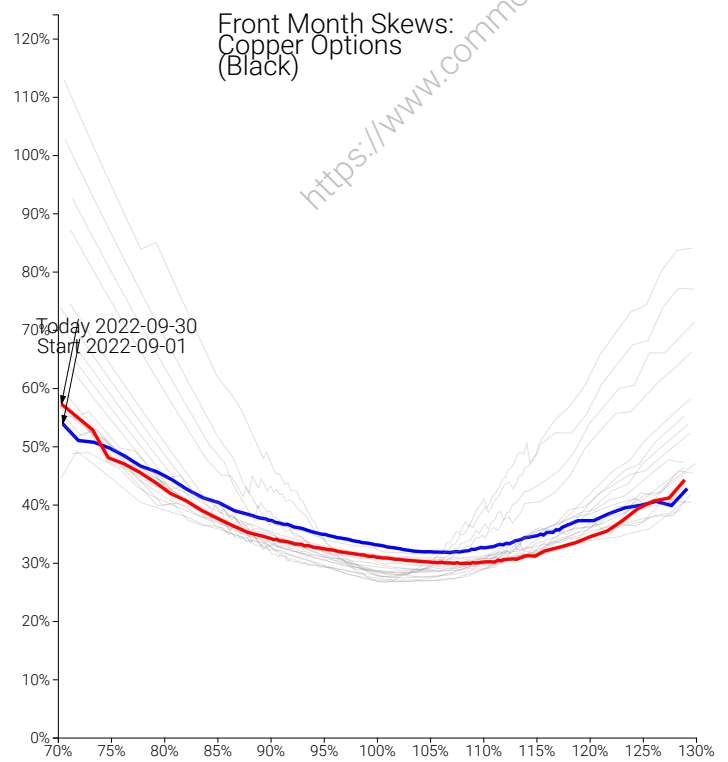
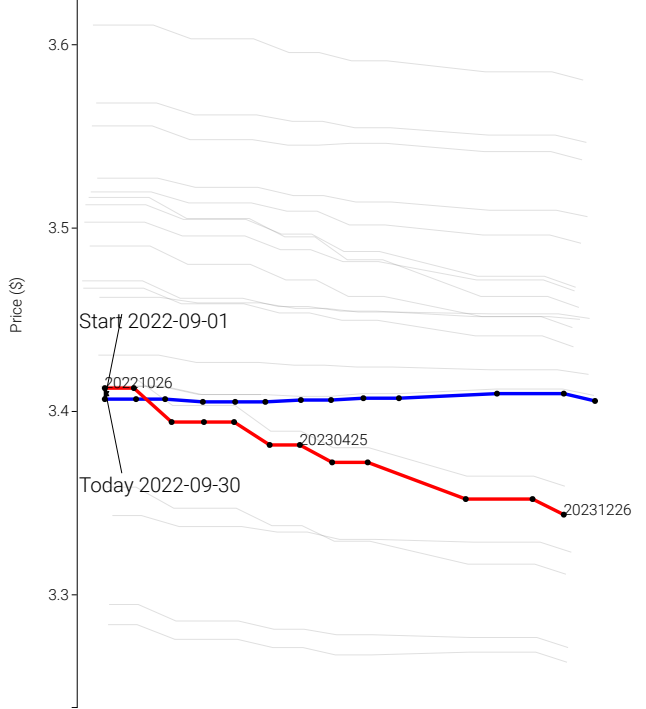
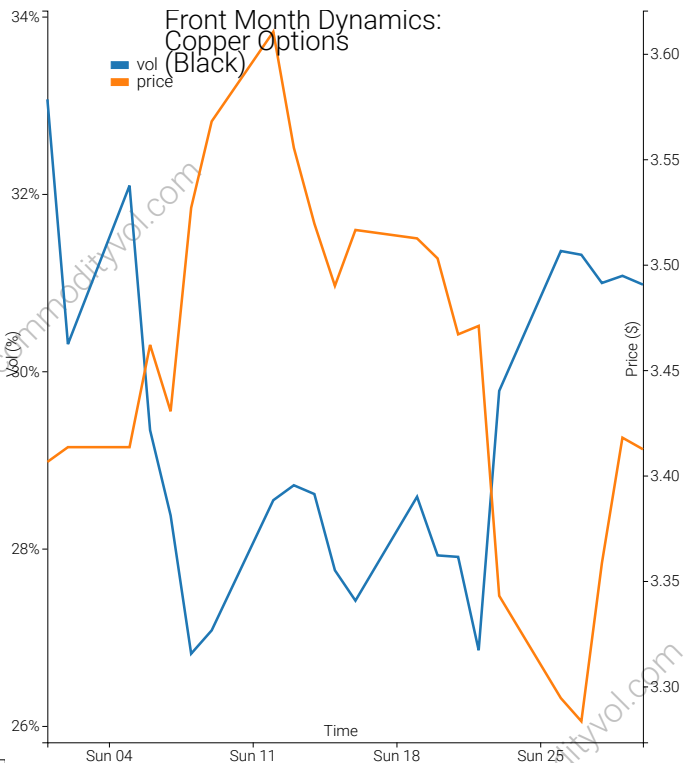
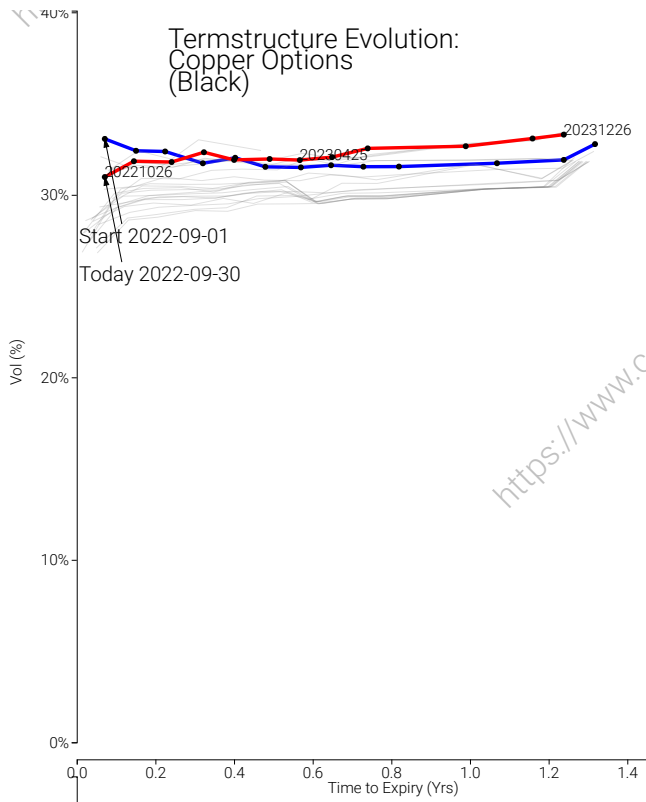


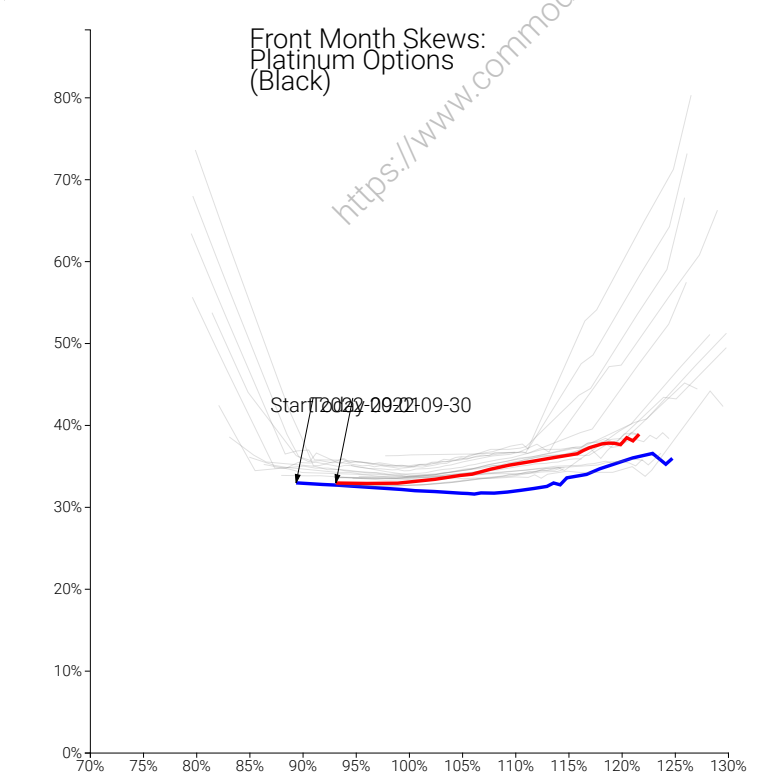
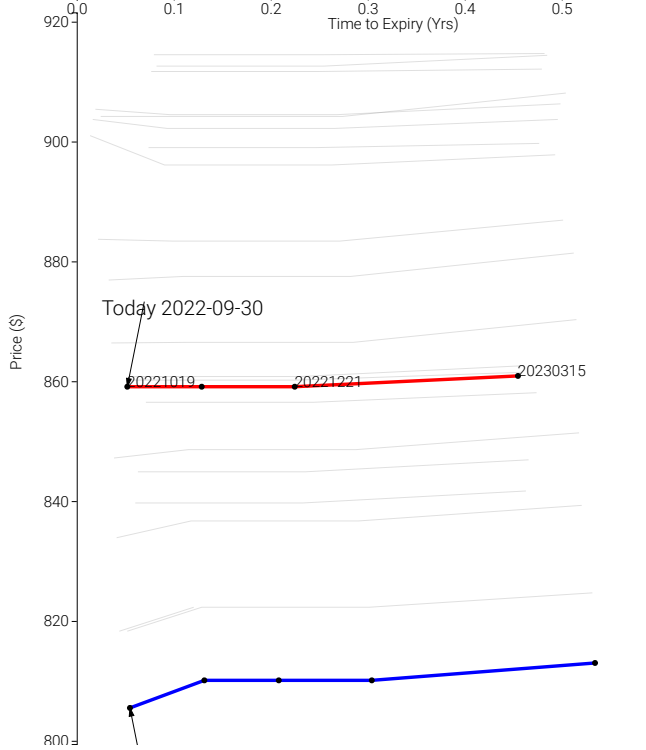
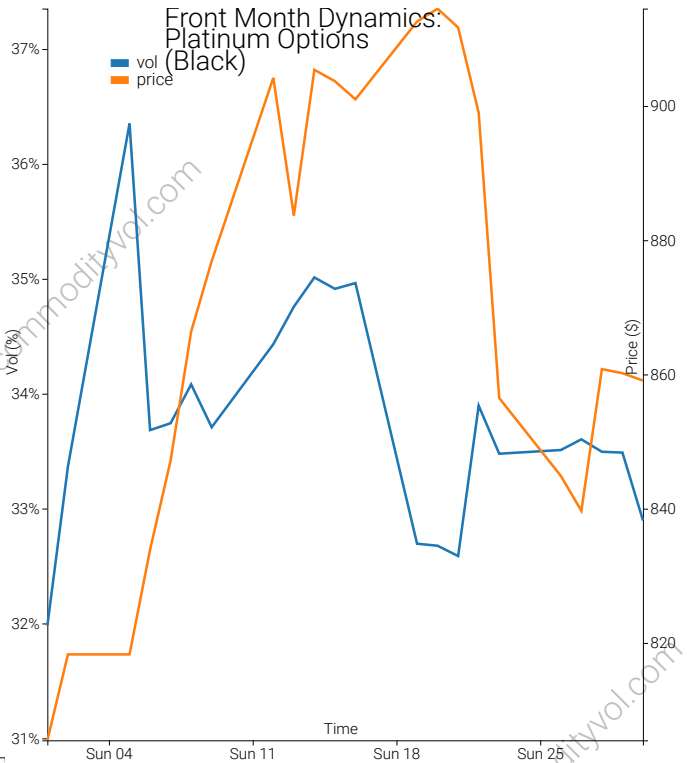
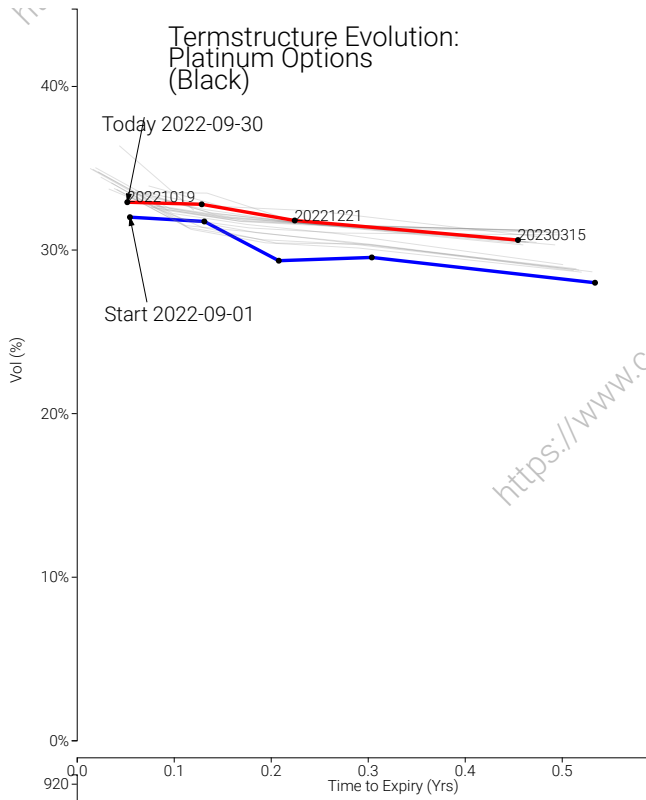


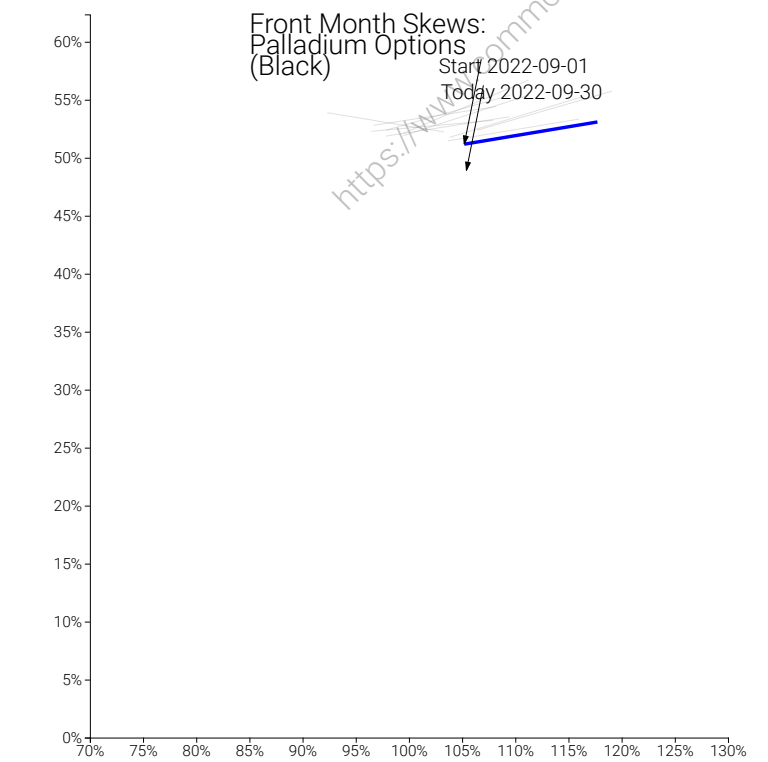
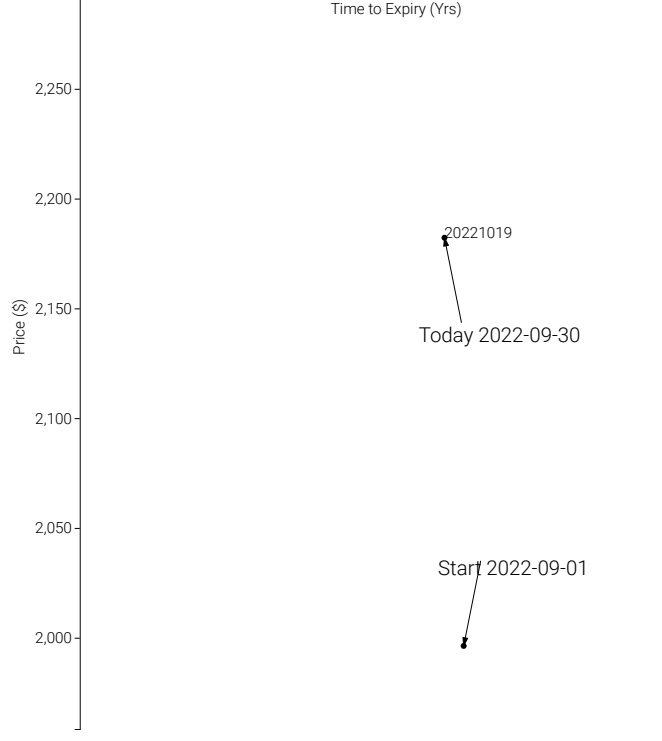
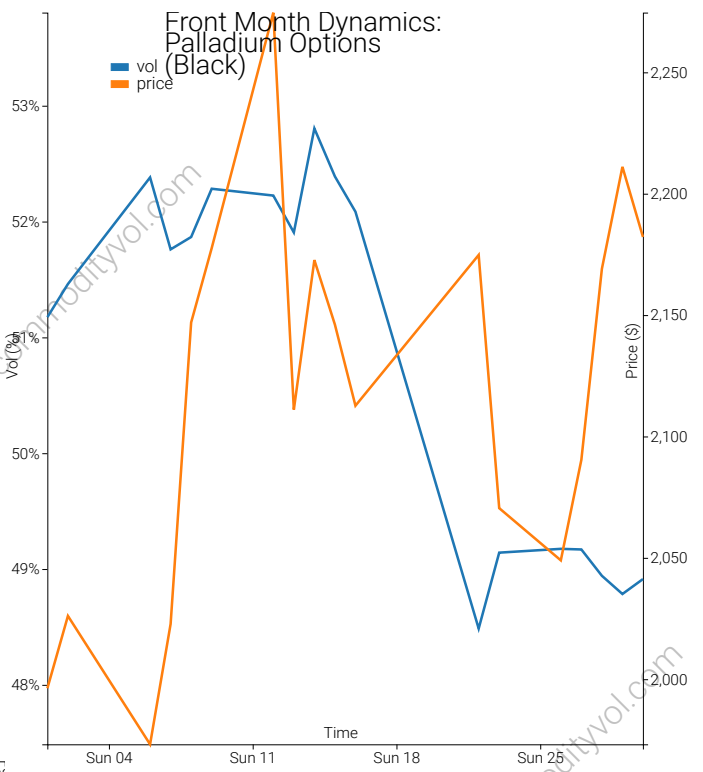
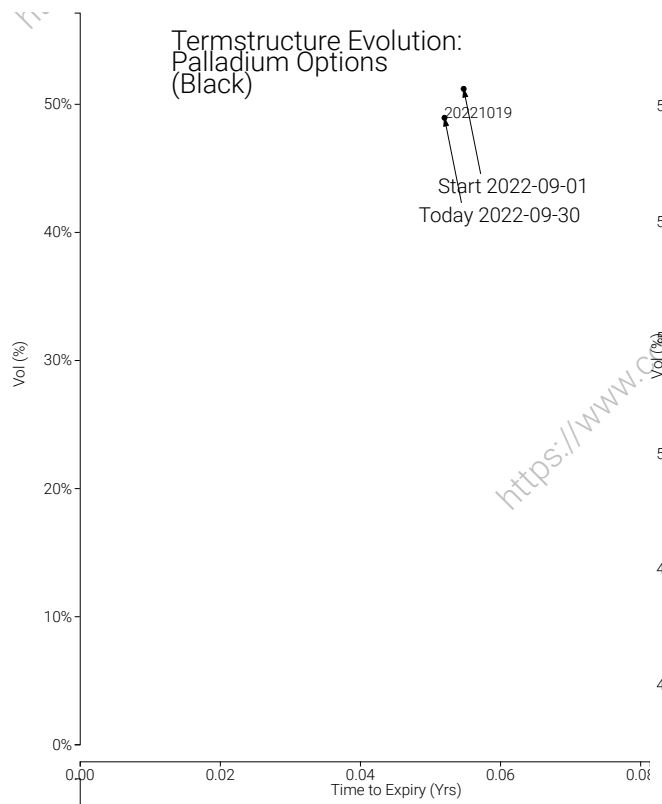
Metals



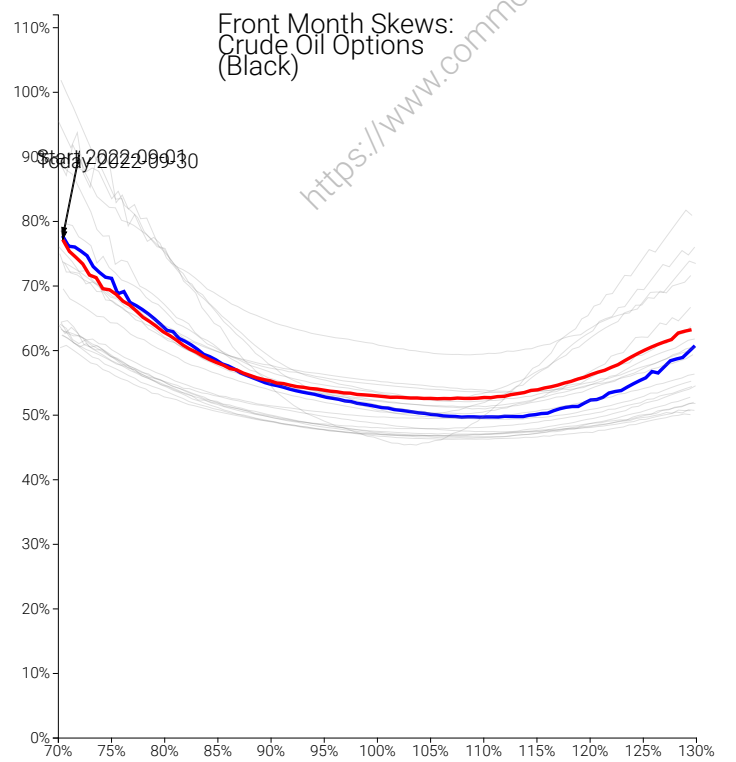
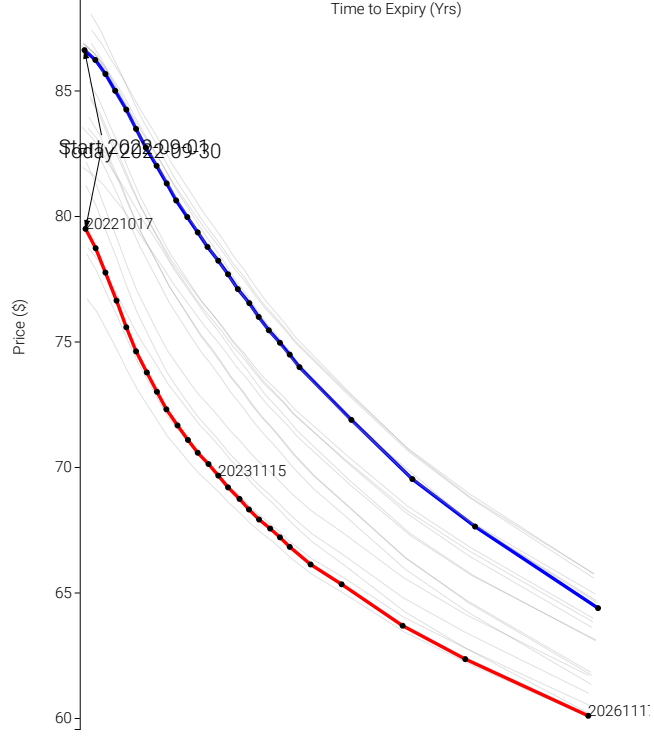
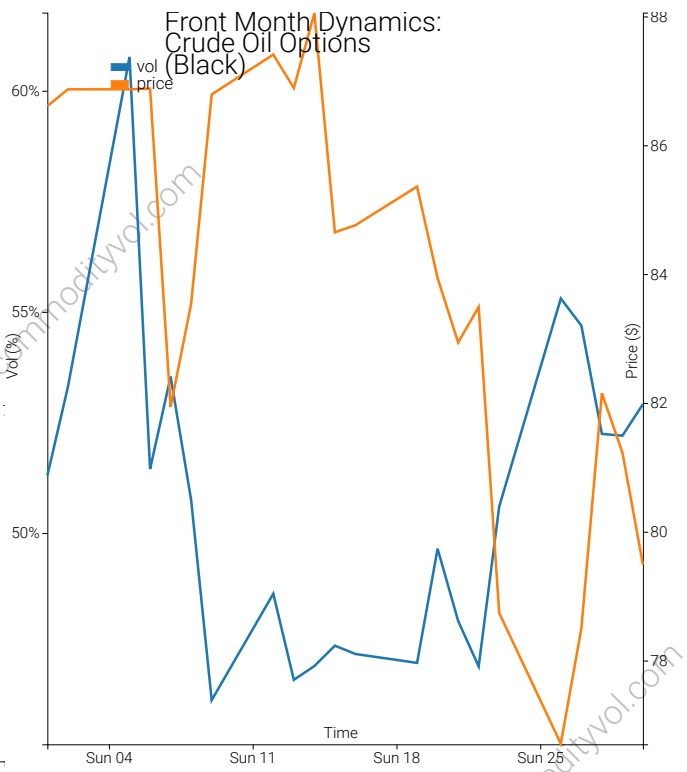
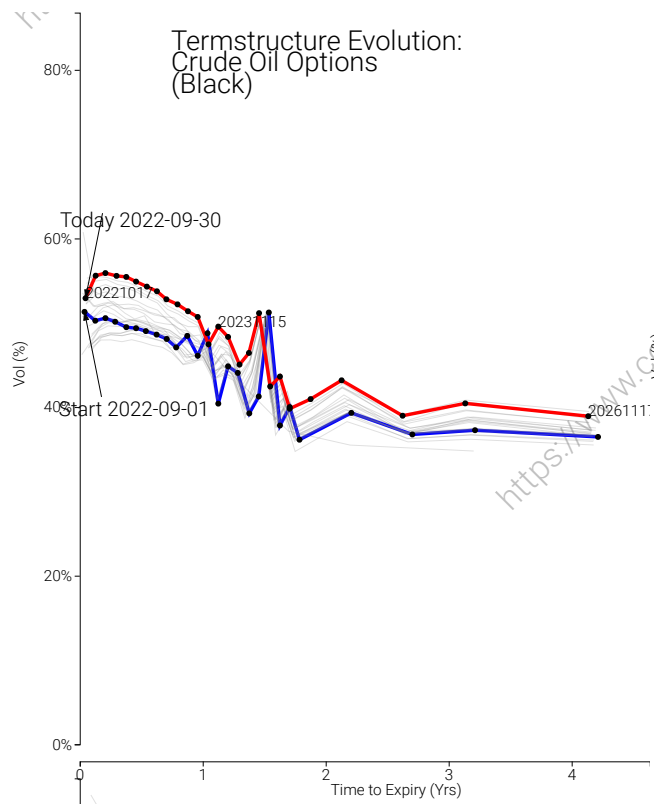


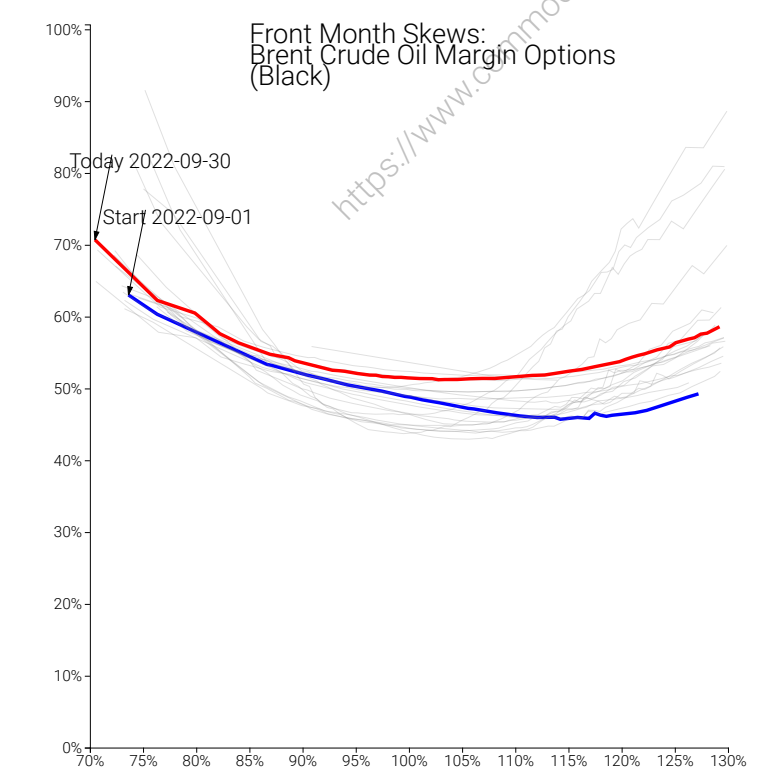
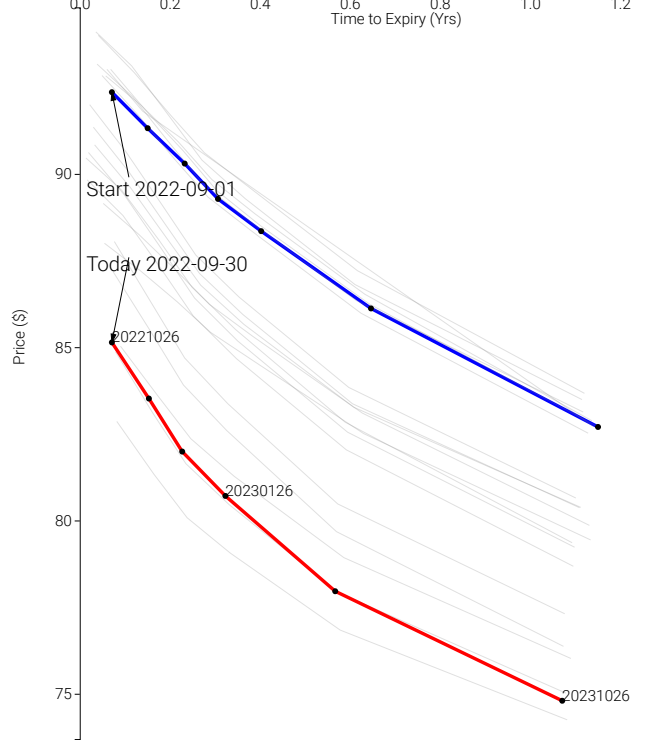
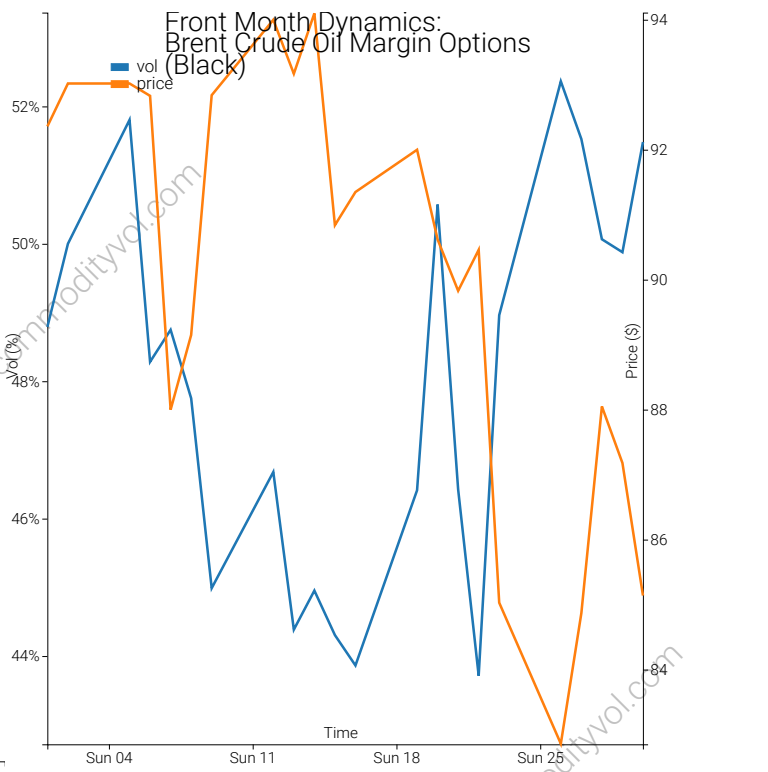
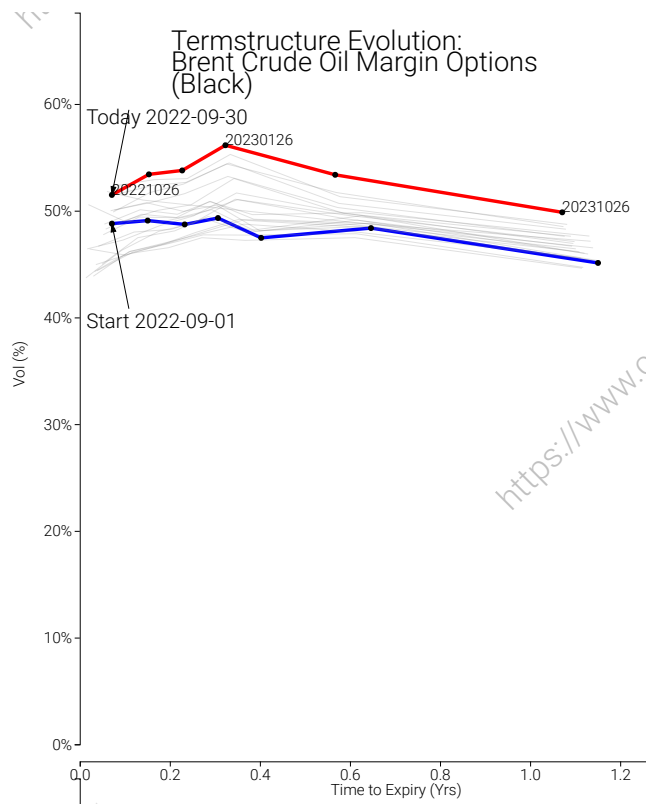


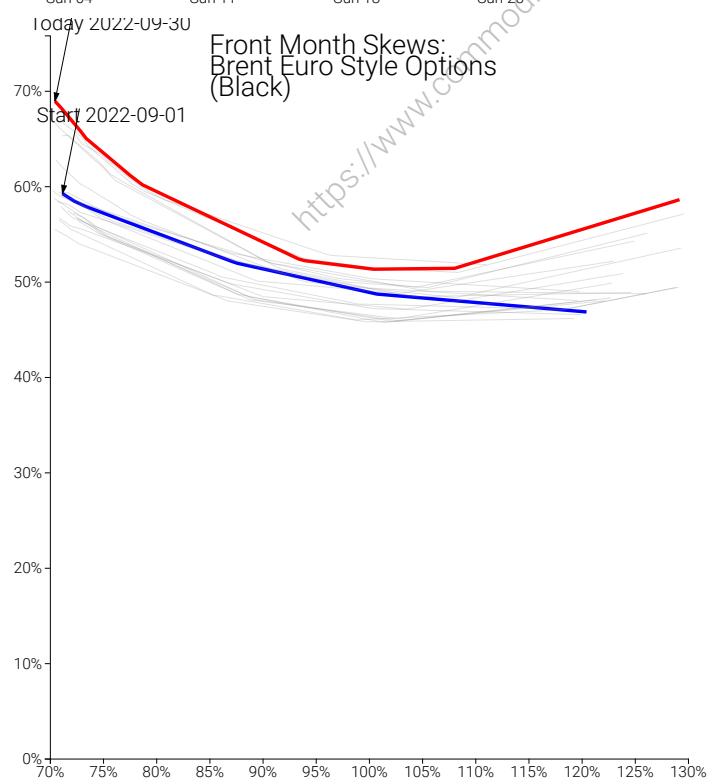
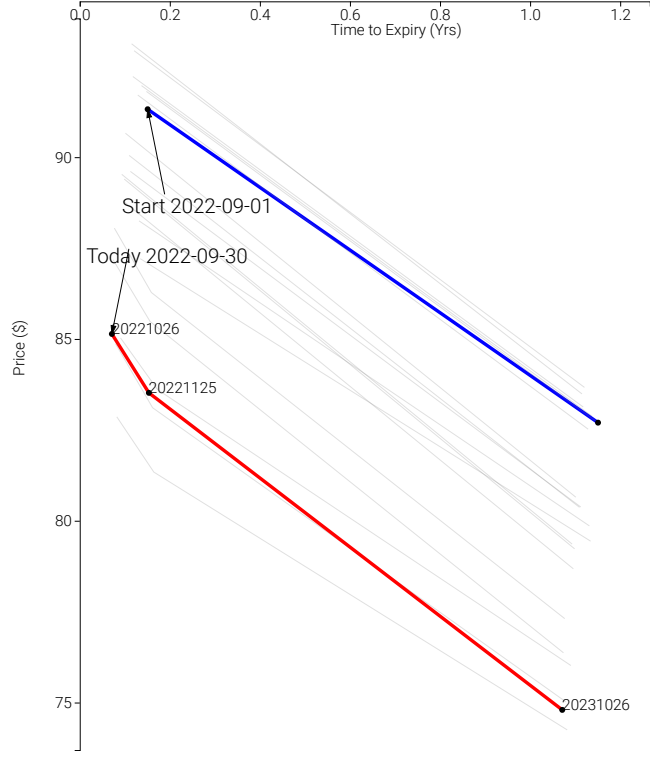
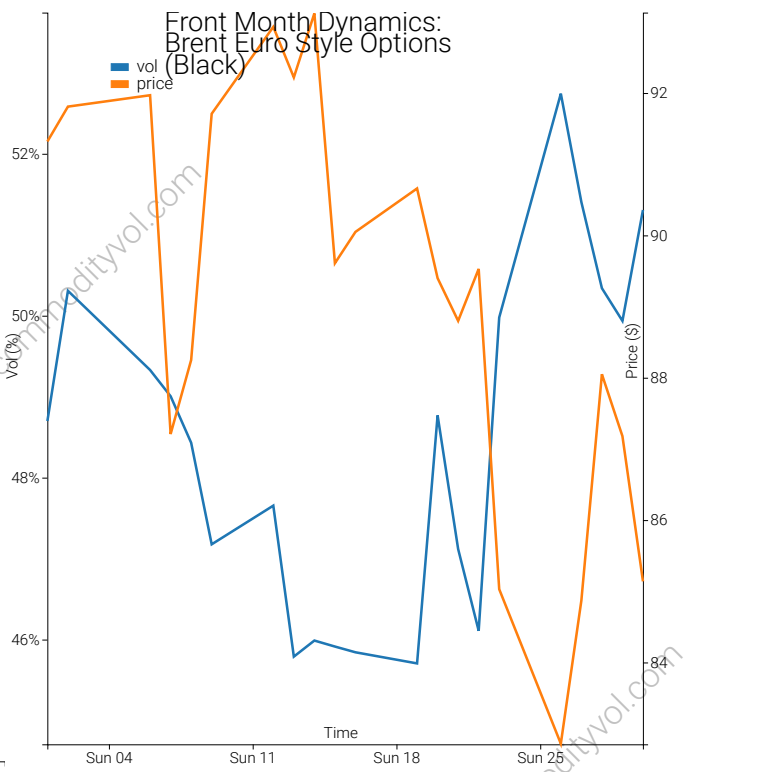
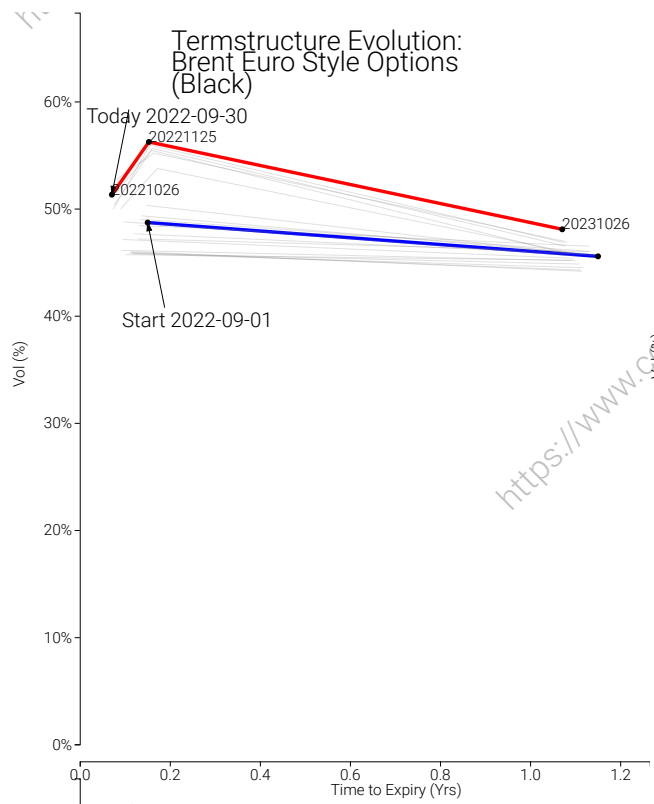


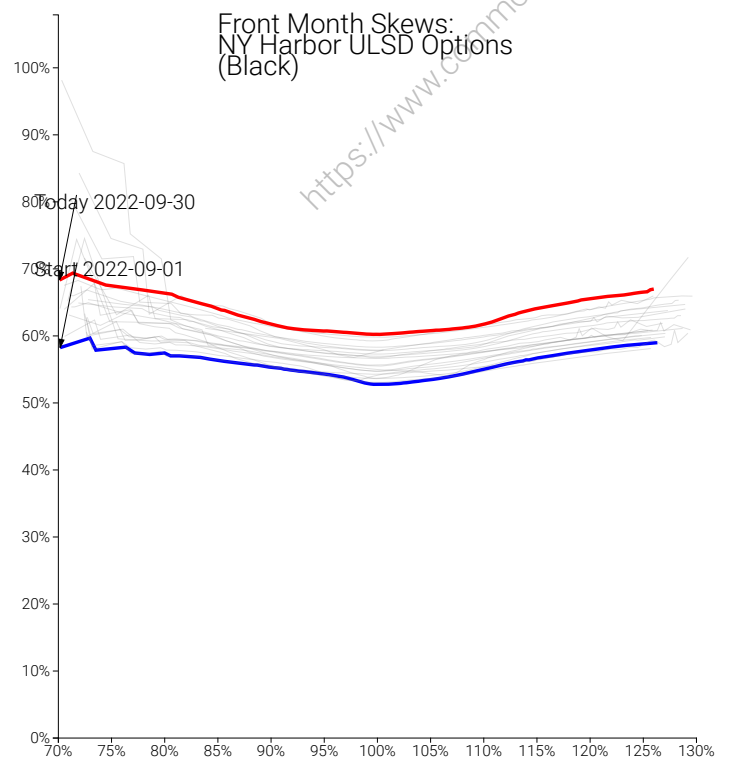
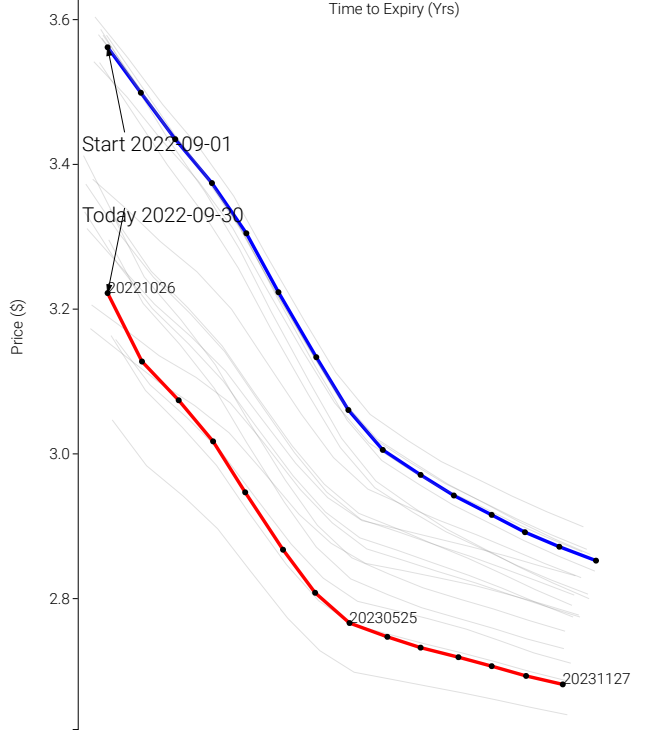
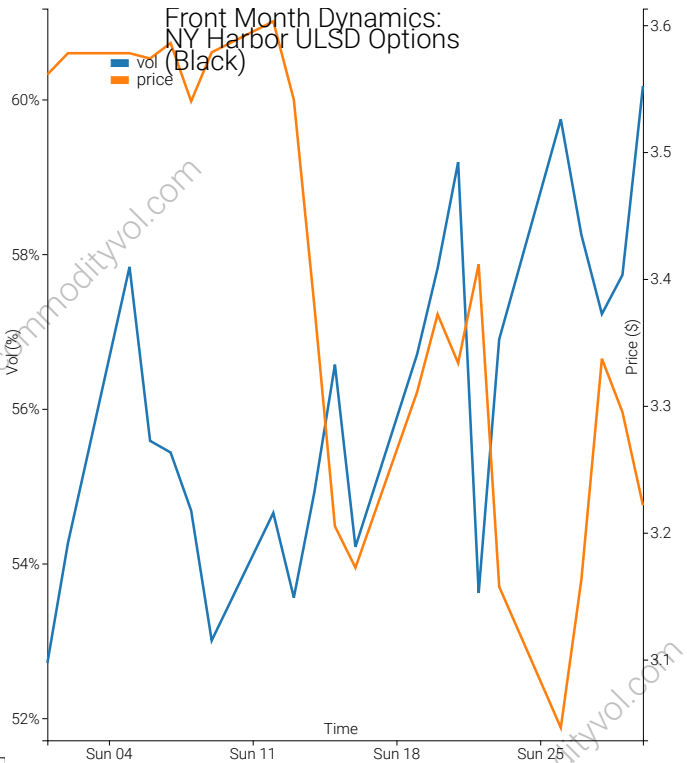
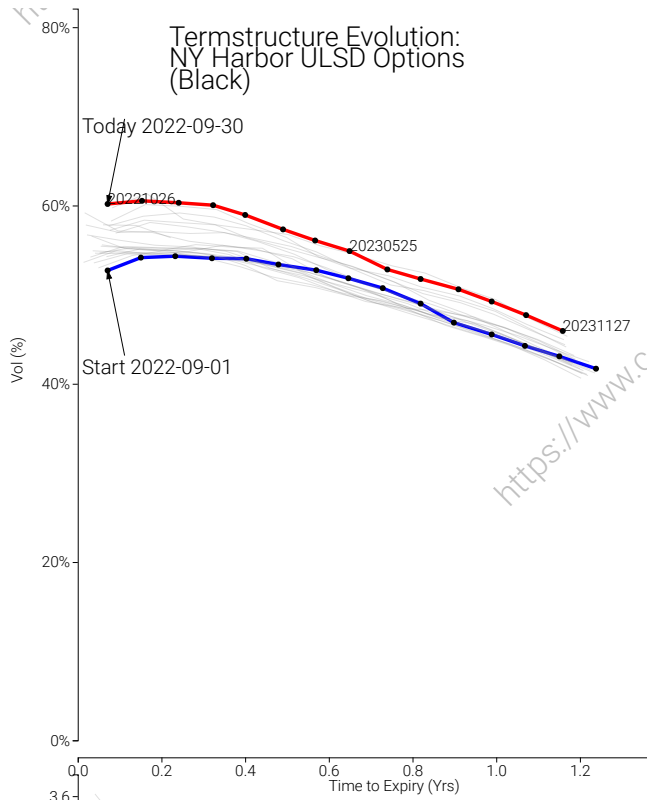


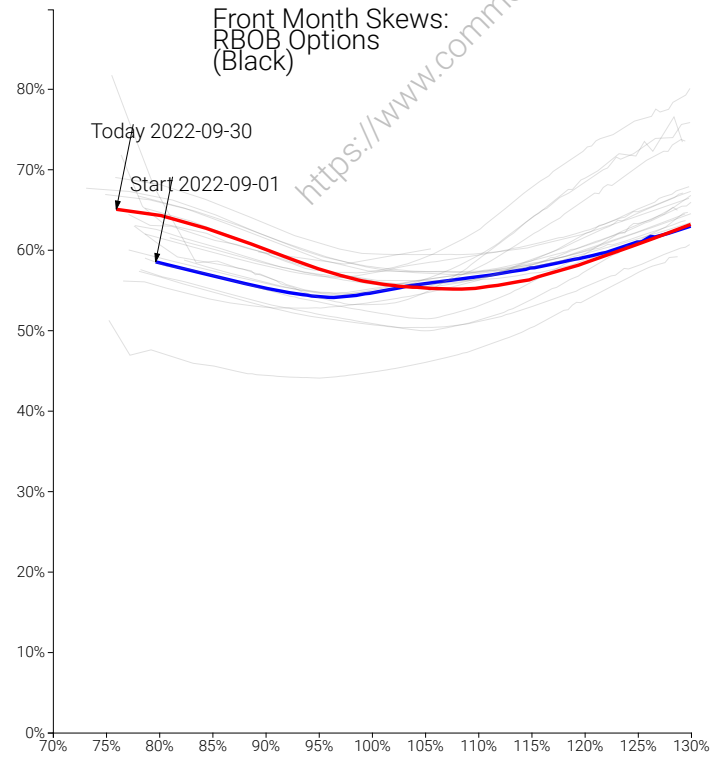
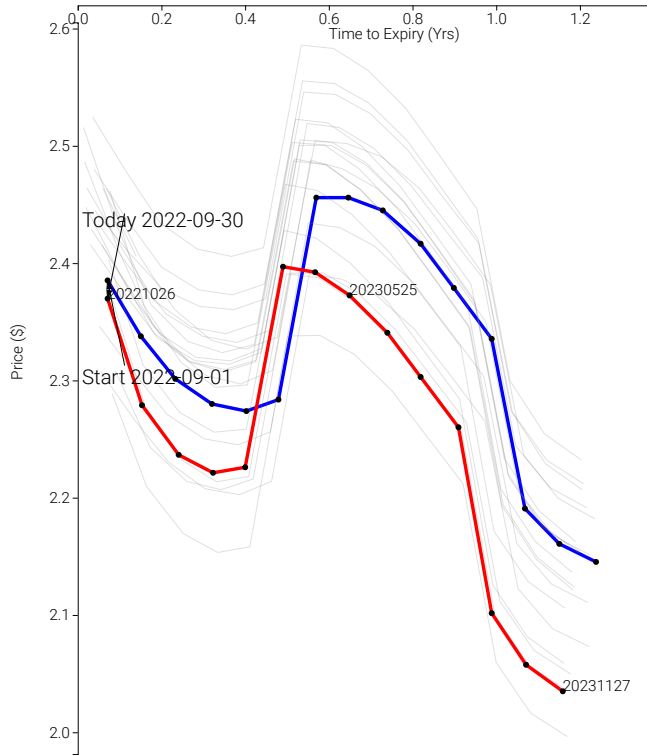
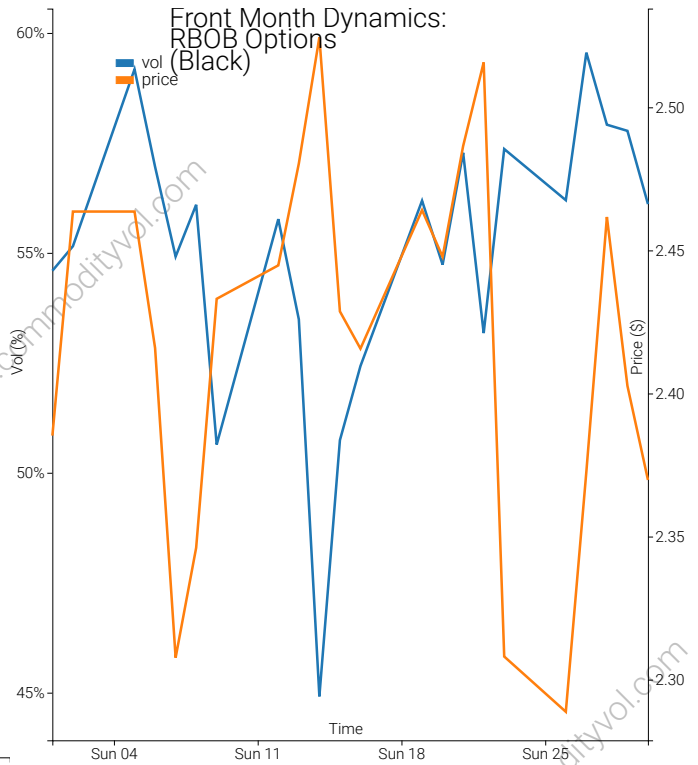
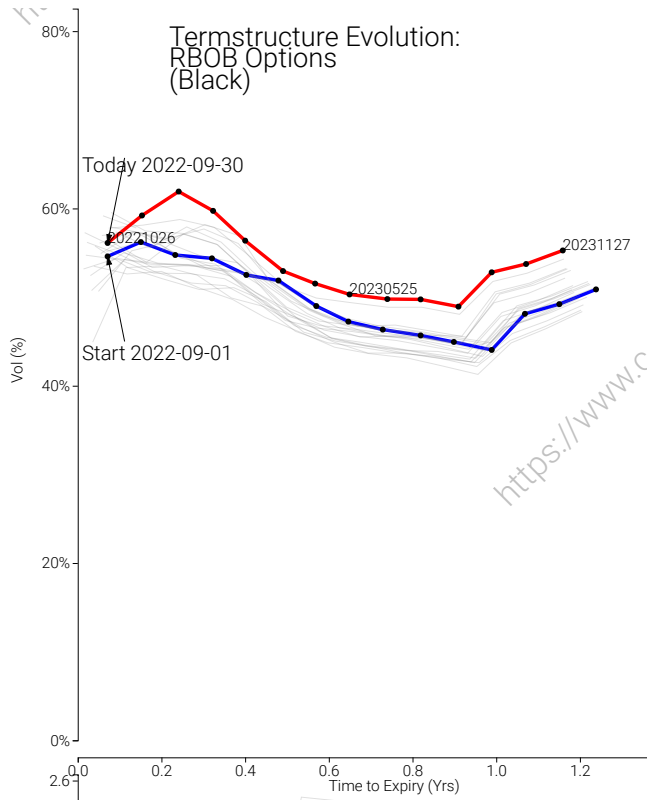
Energy: Crude and Derivatives

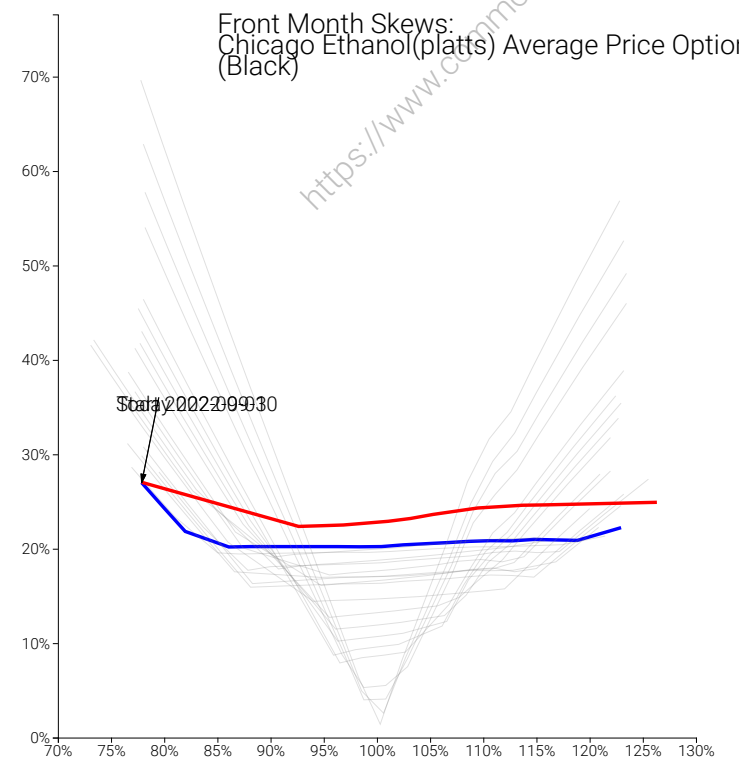
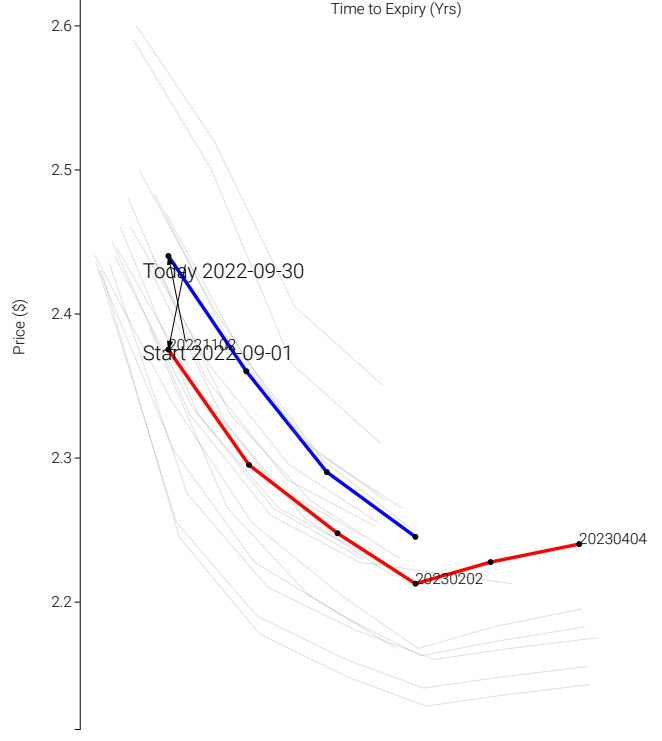
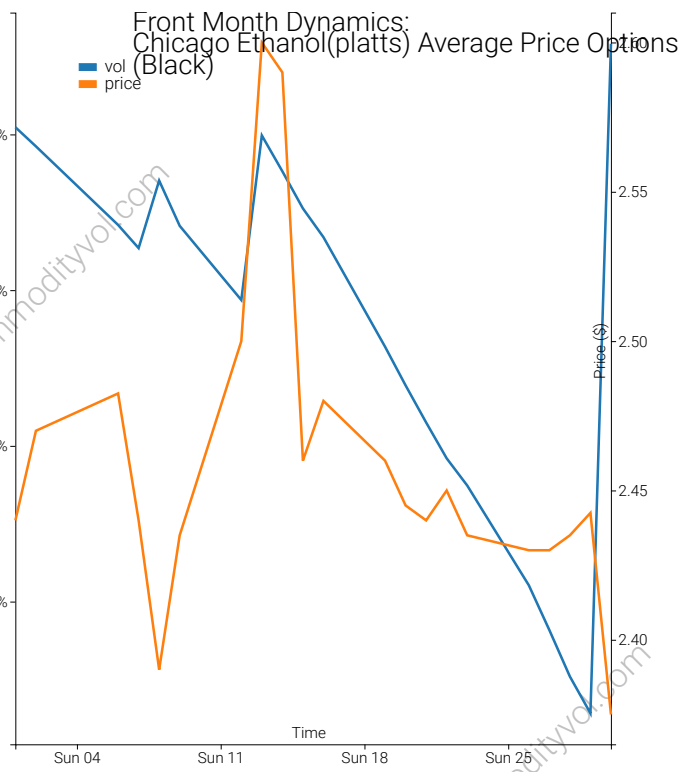
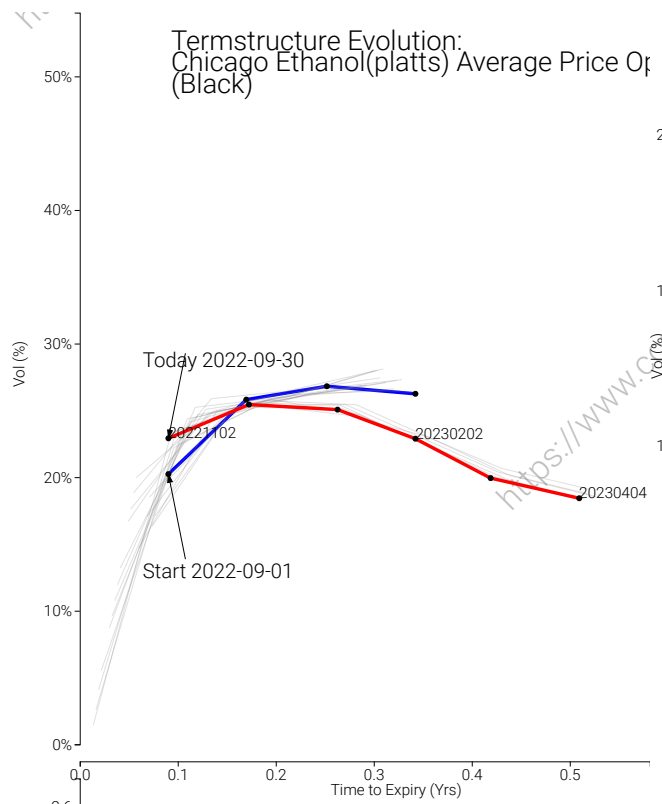




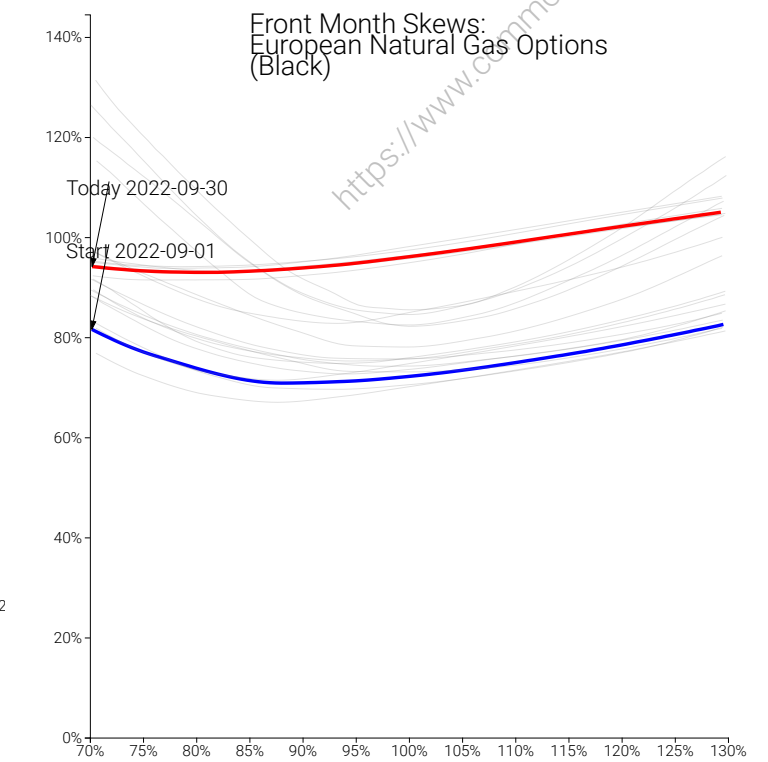
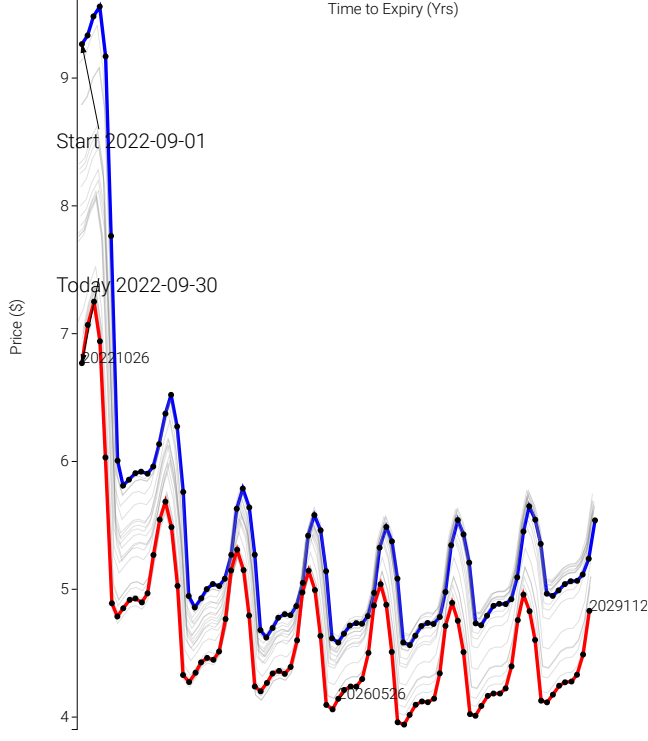
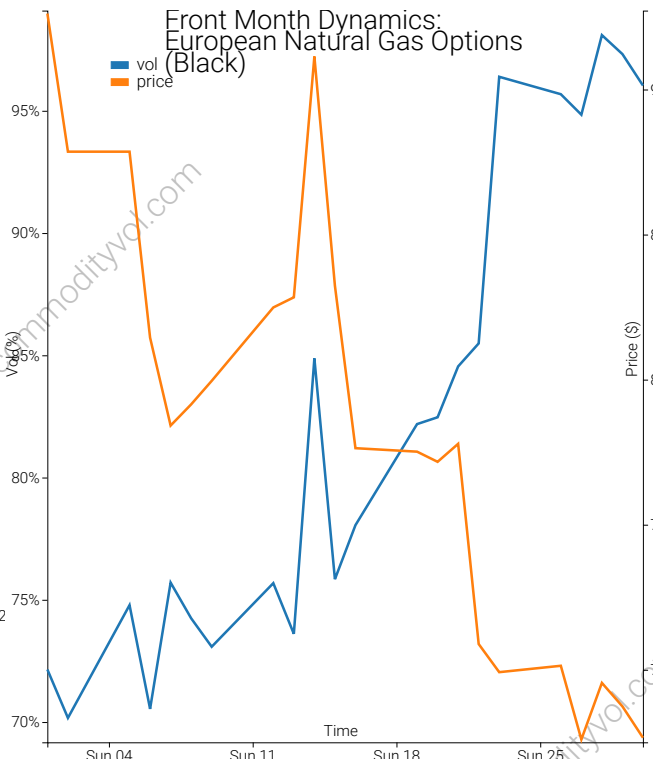
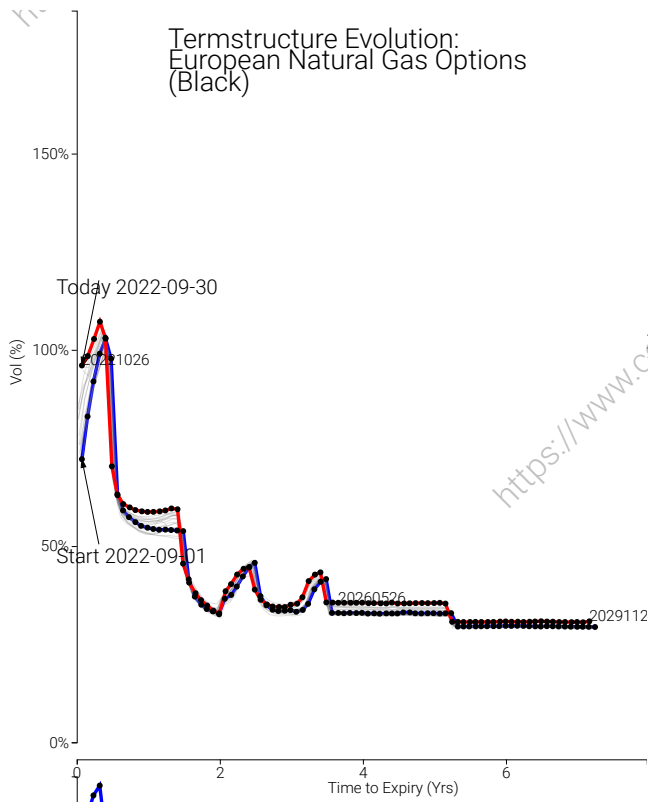


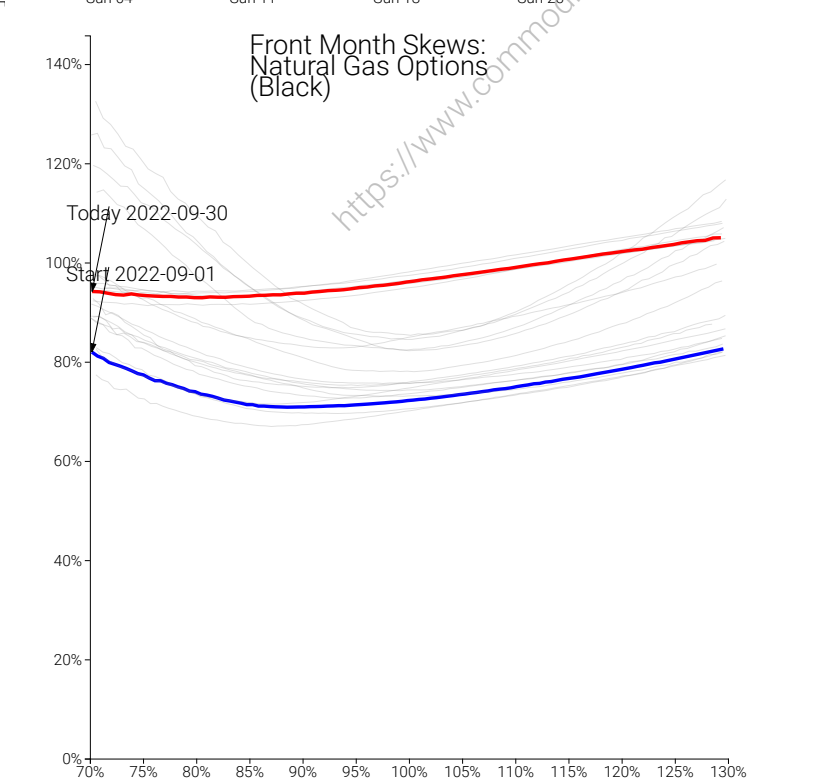
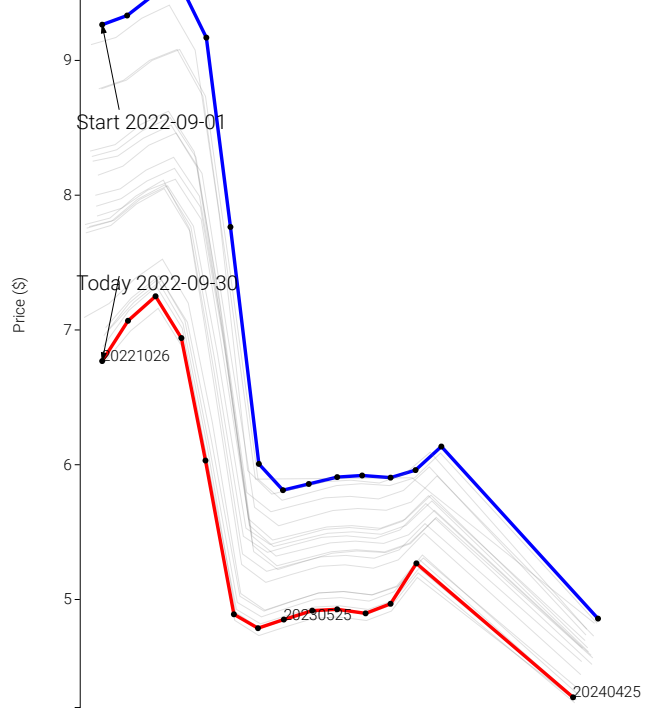
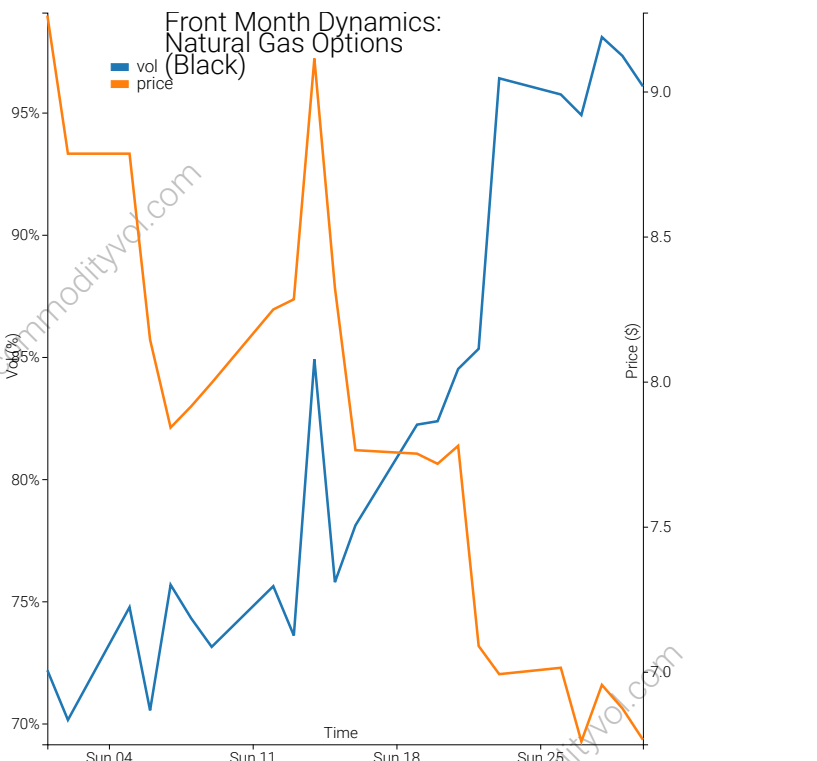
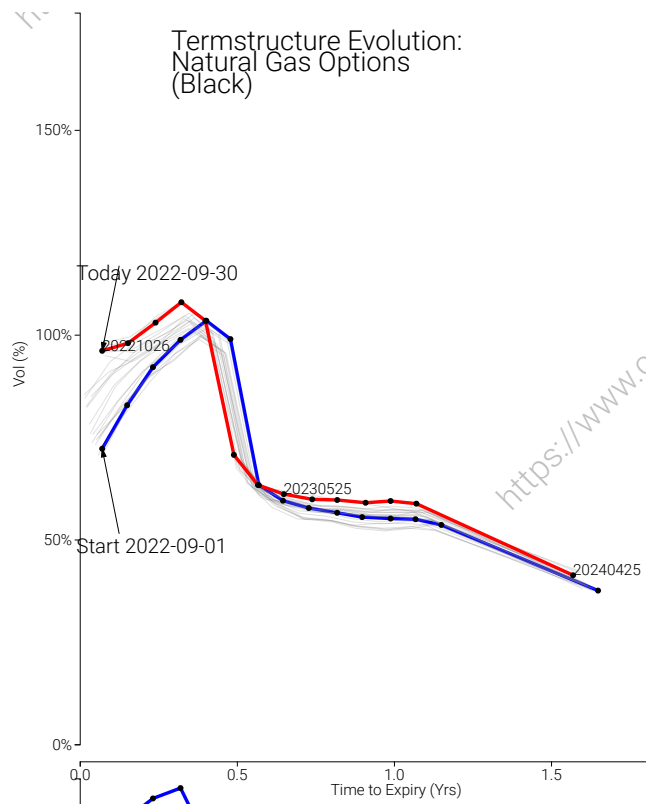


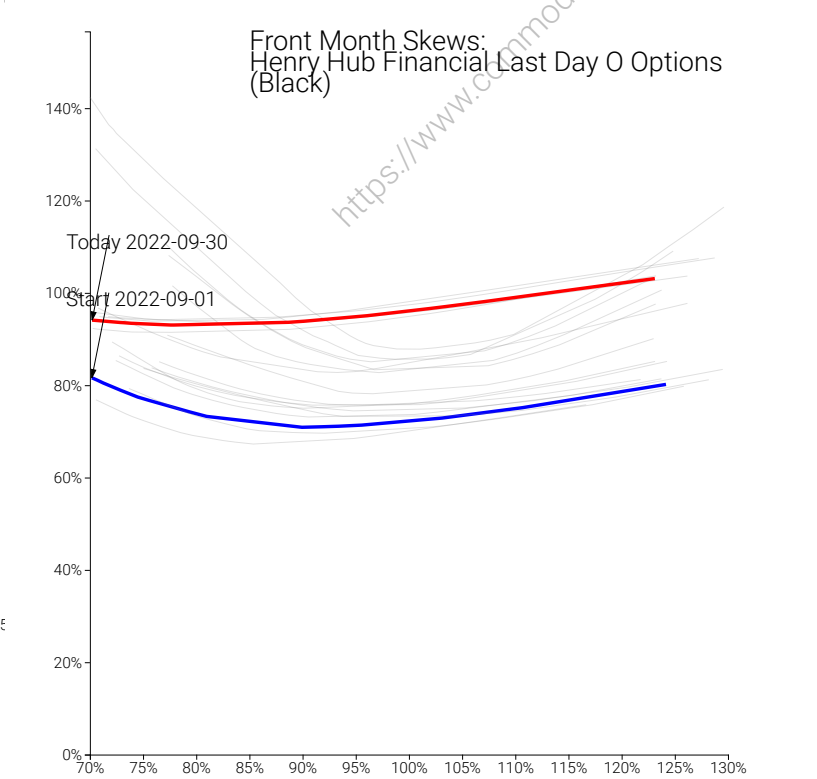
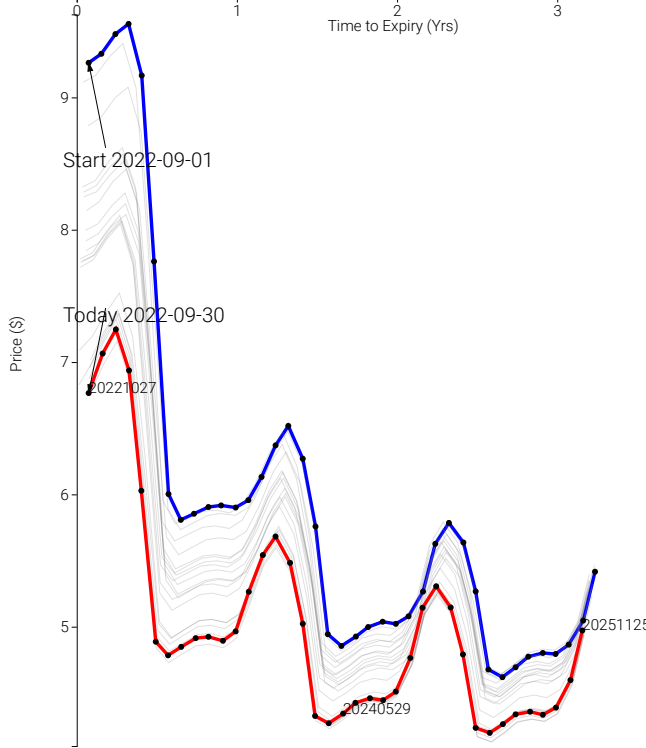
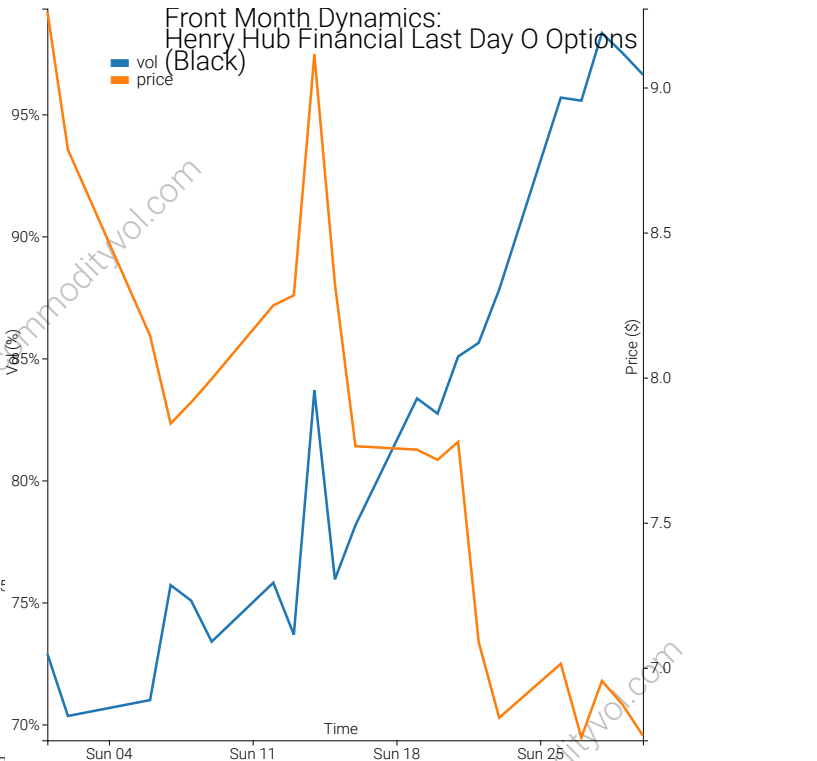
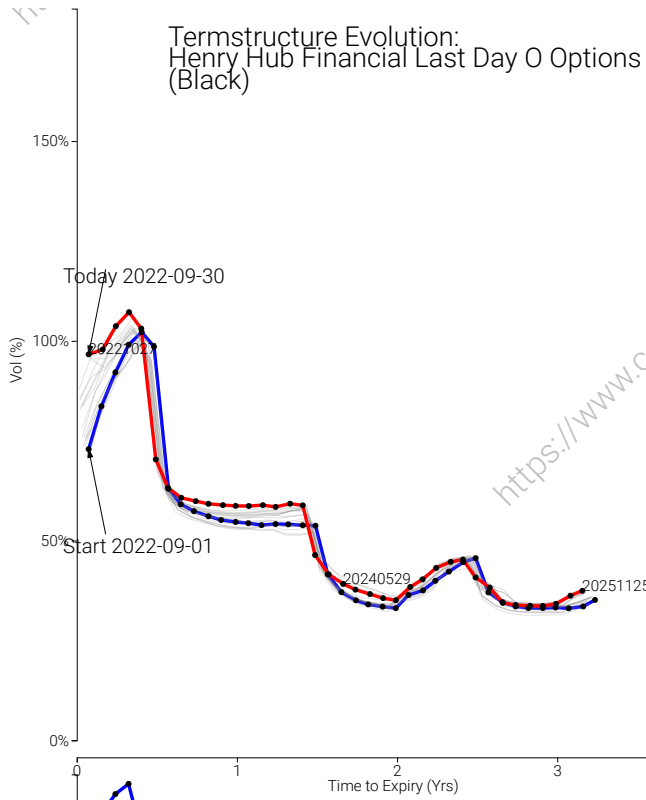


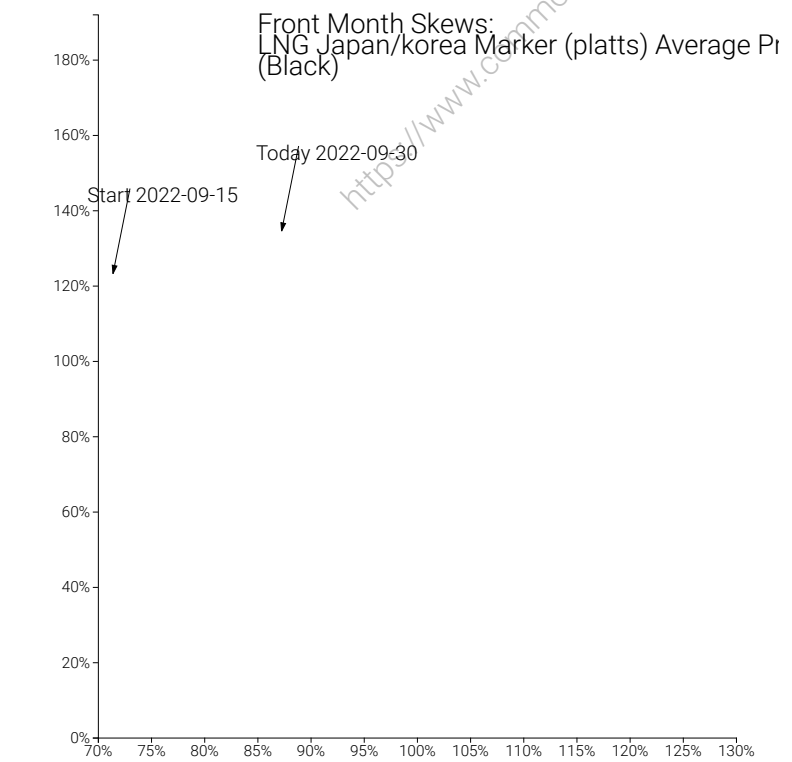
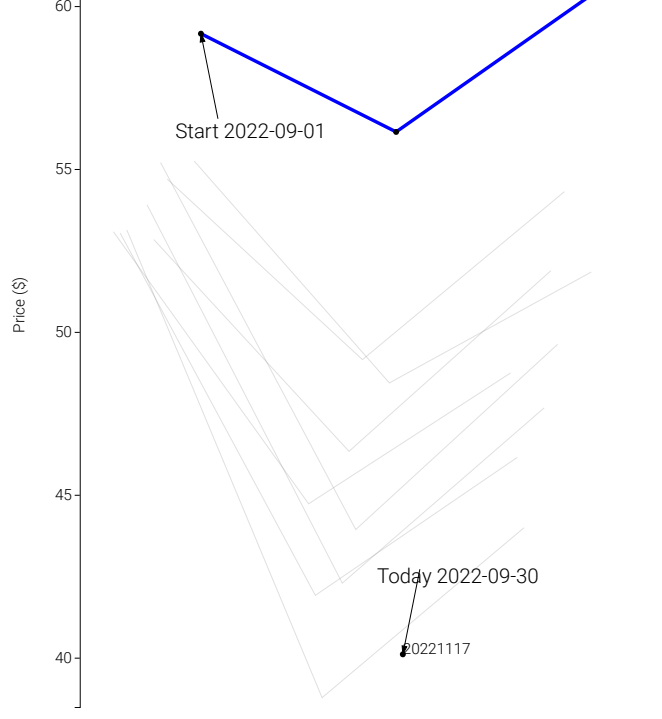
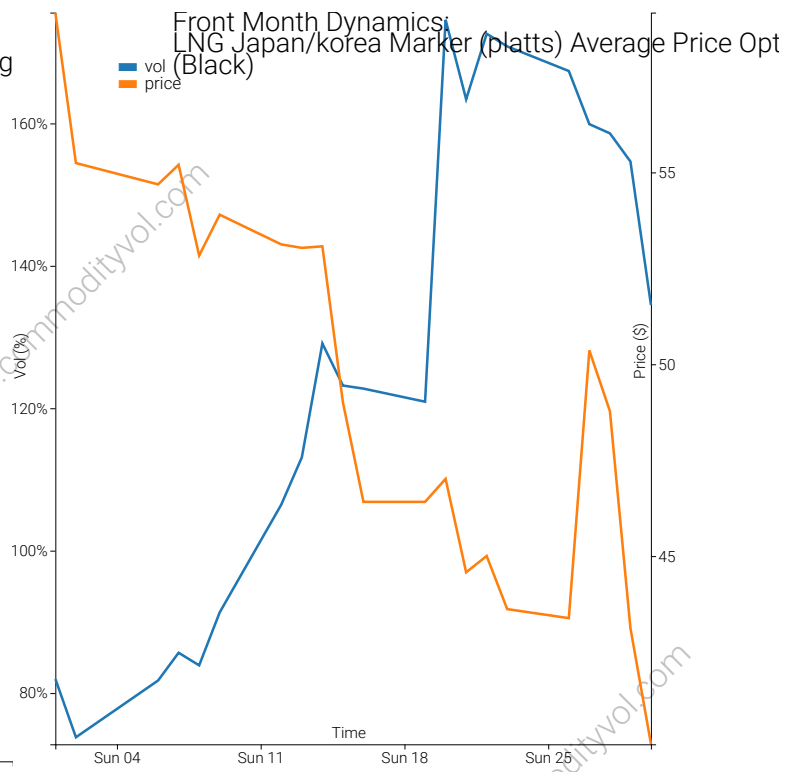
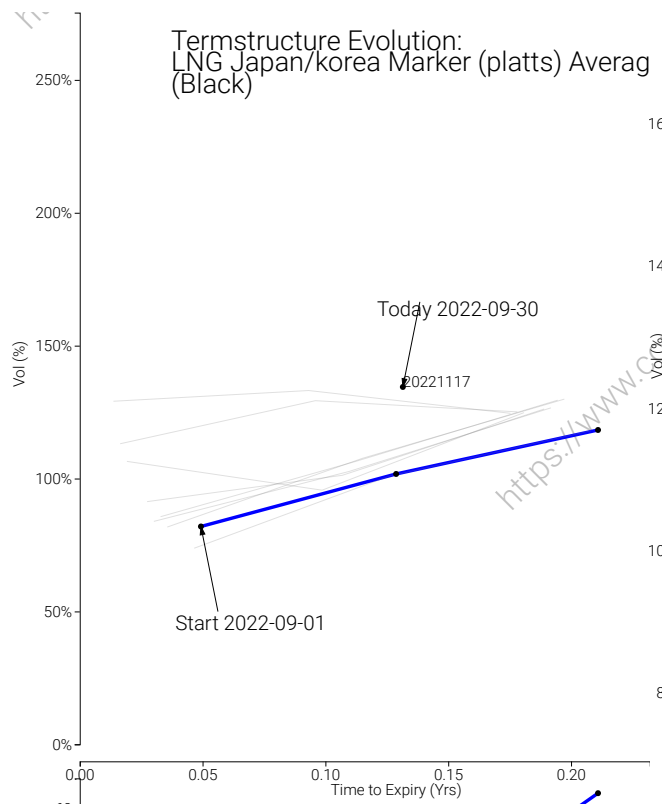


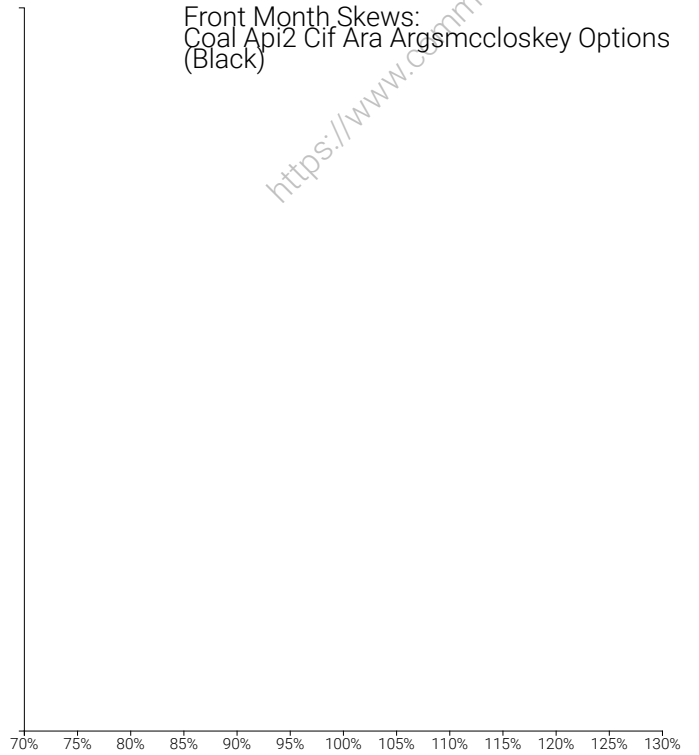
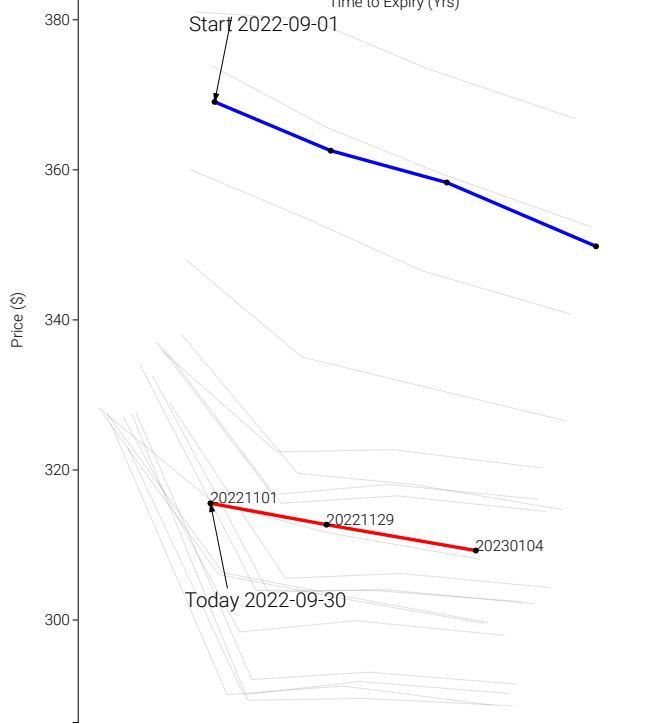
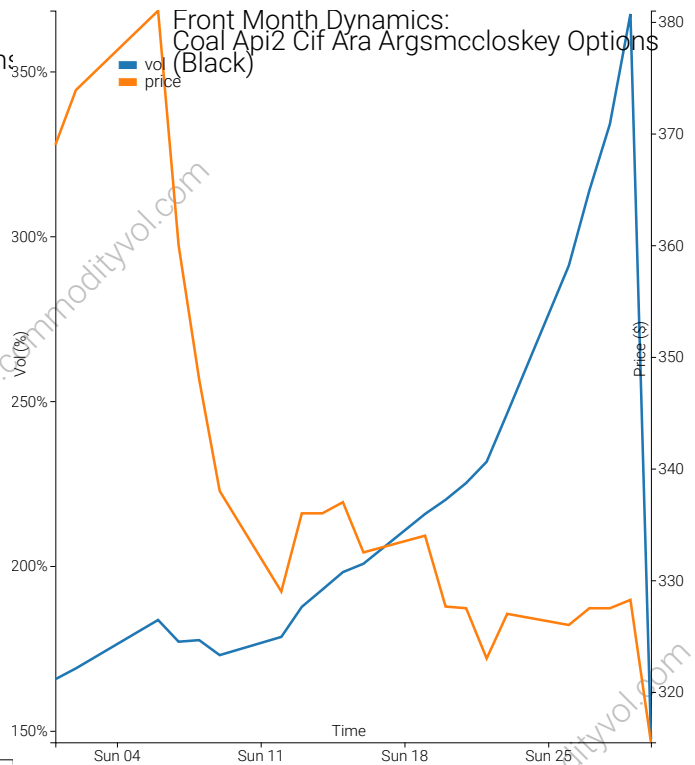
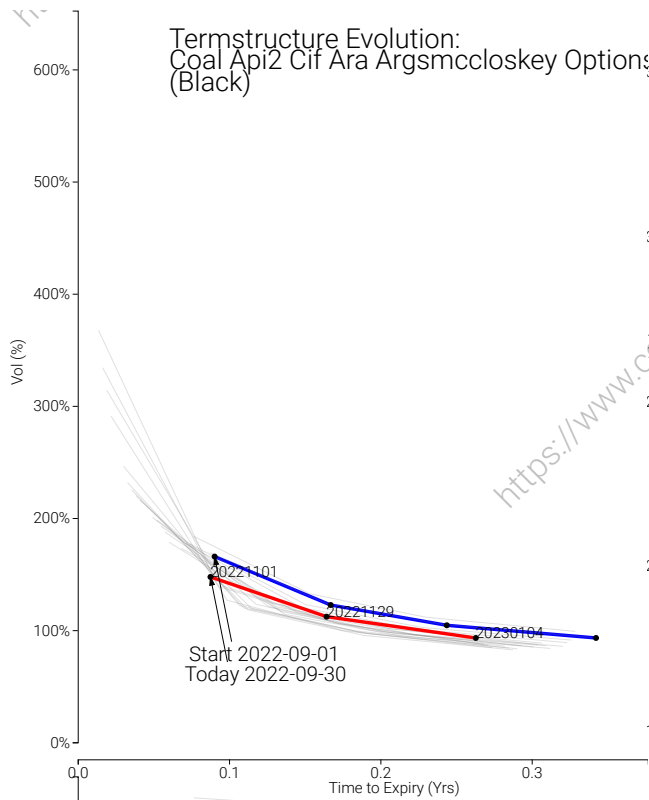
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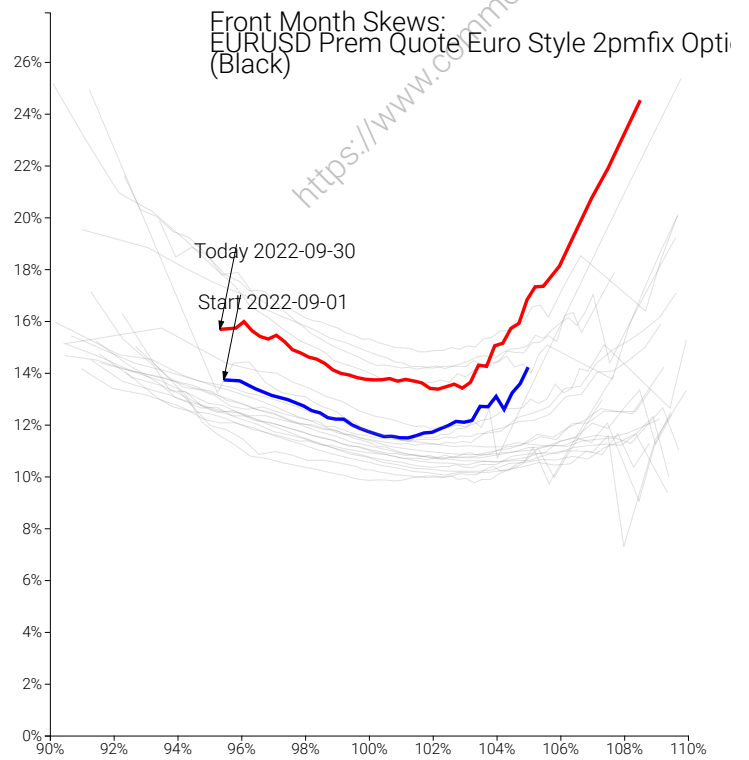
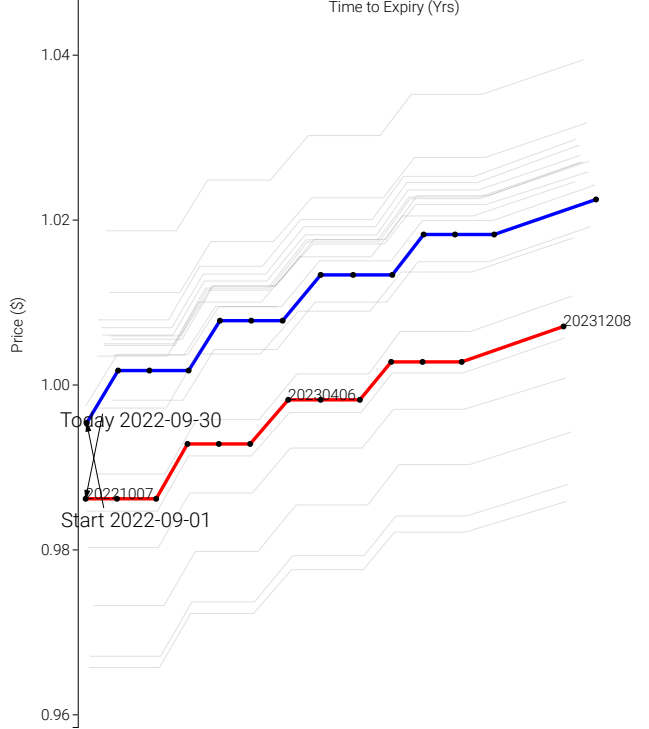
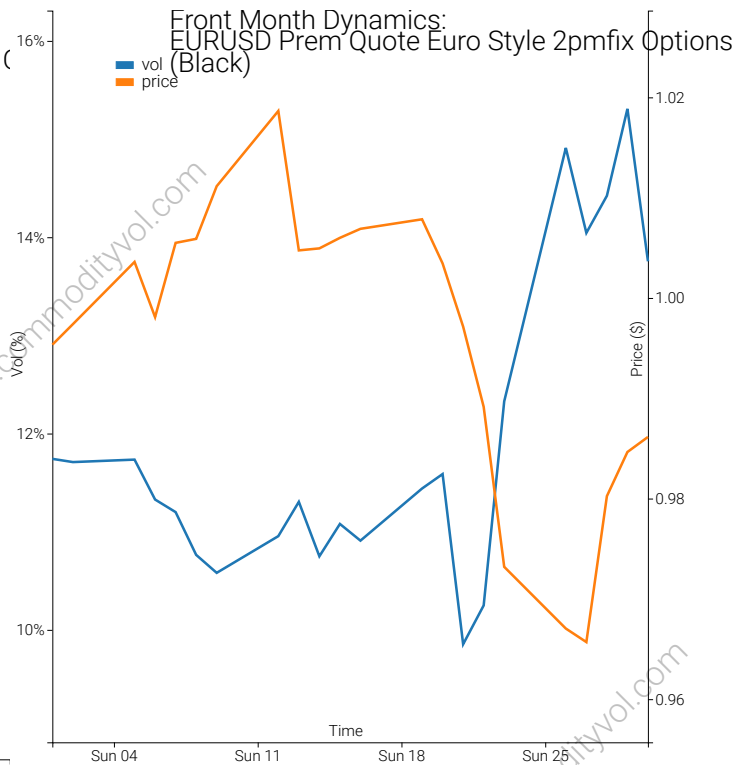
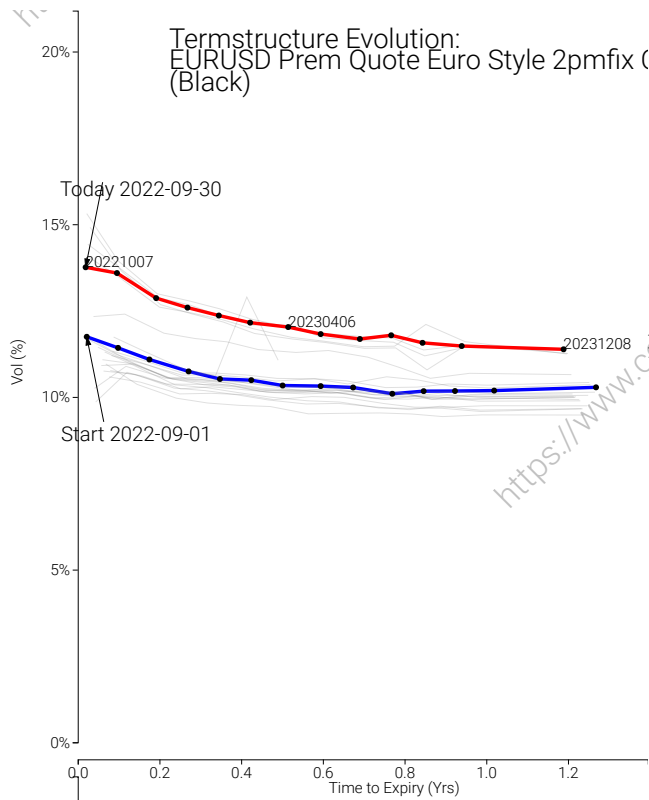


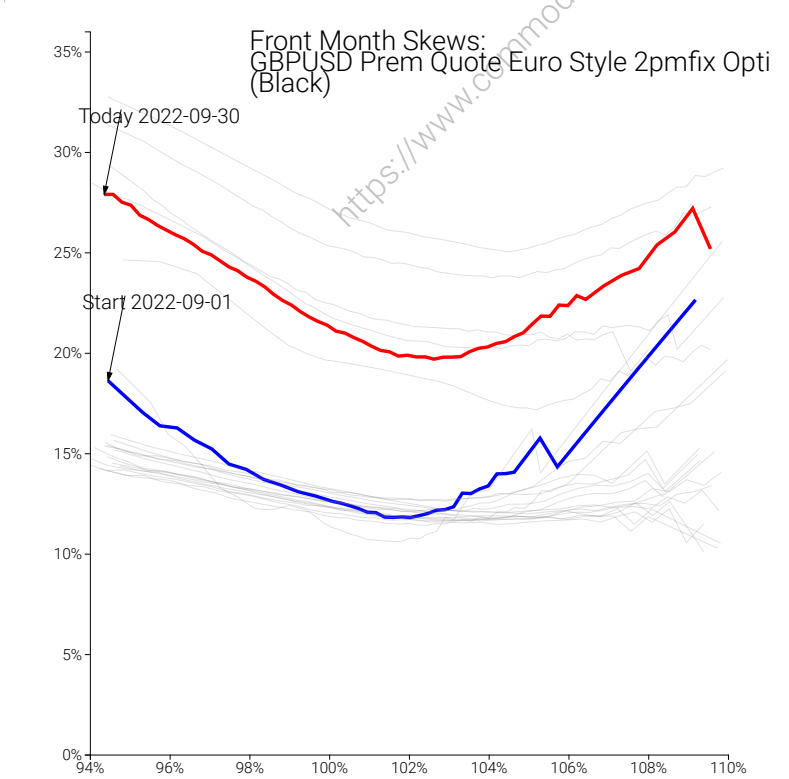
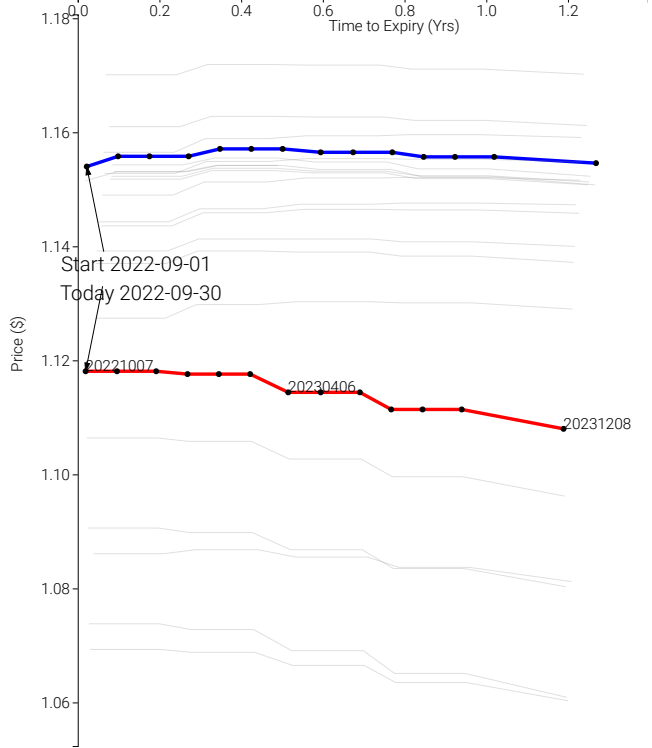
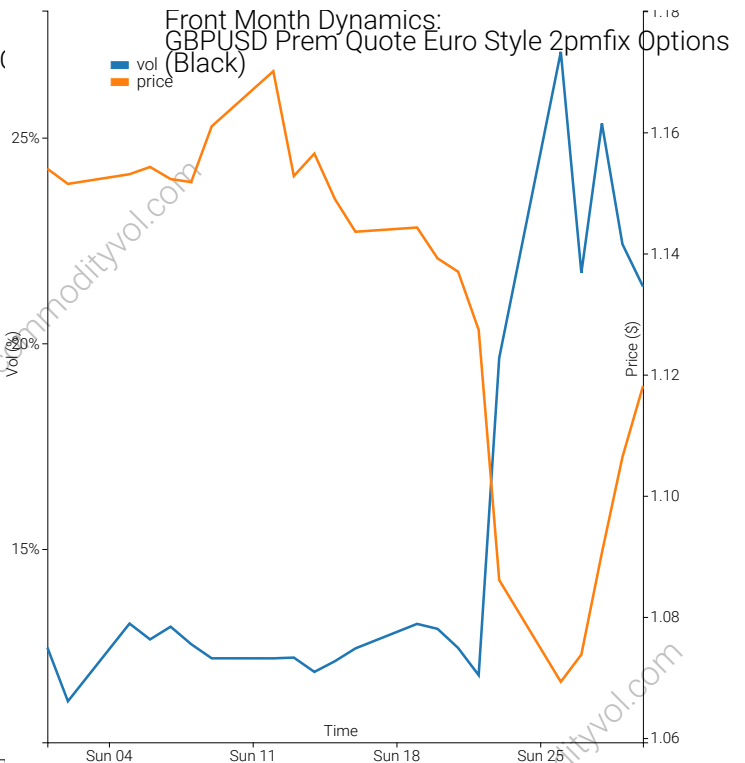
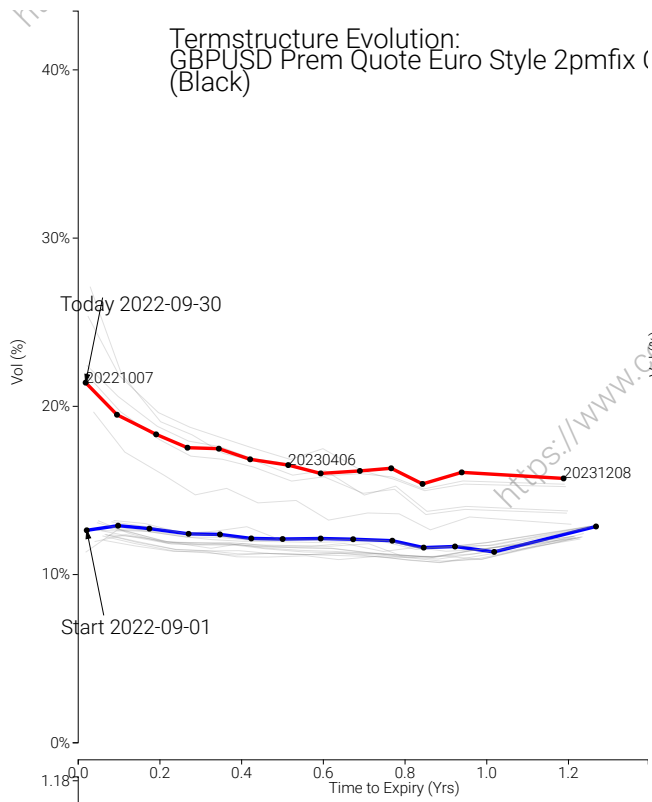


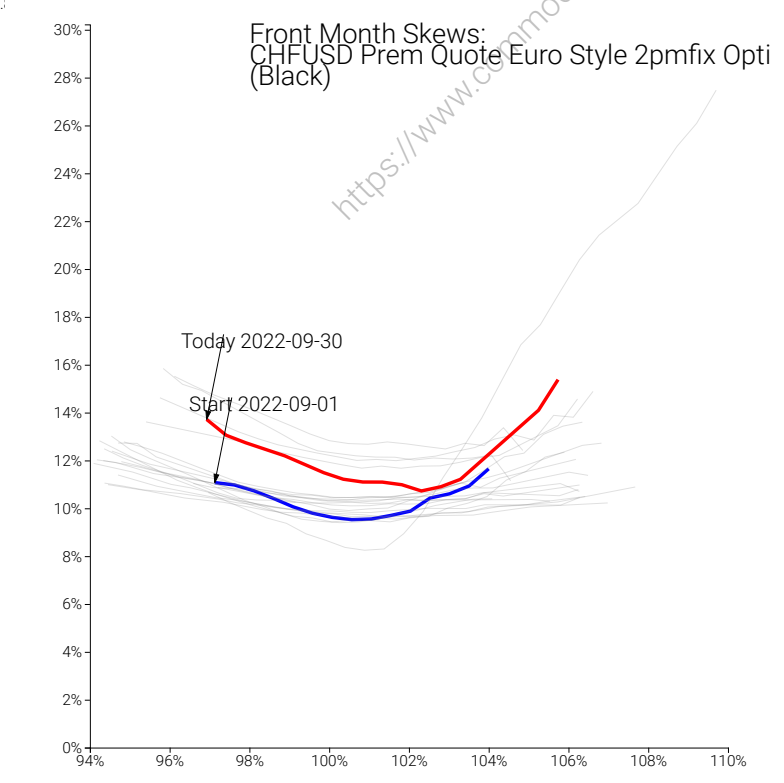
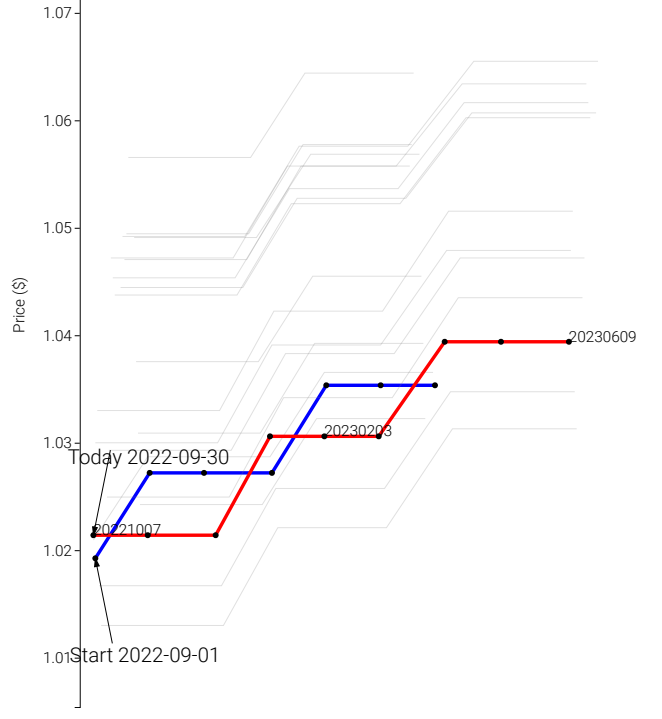
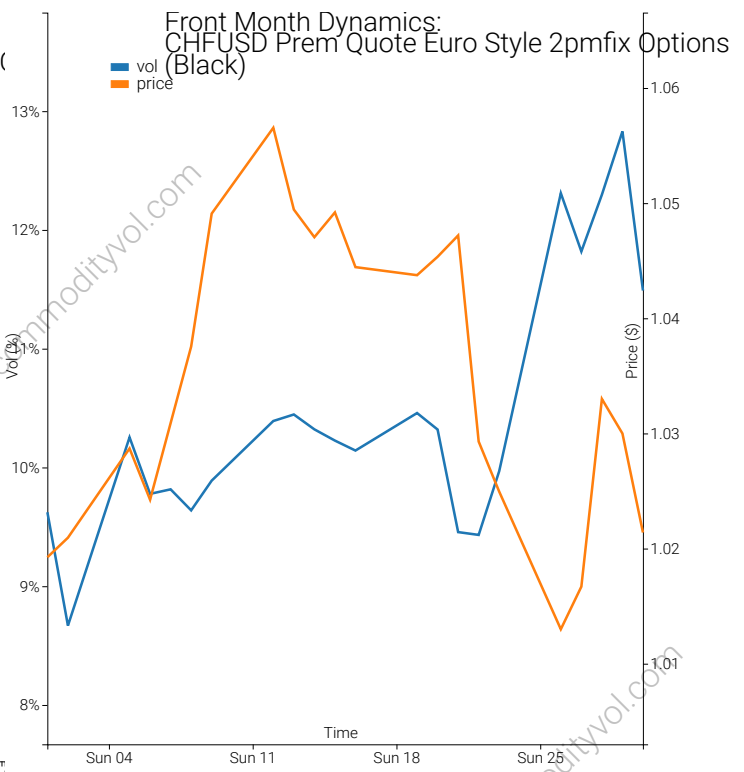
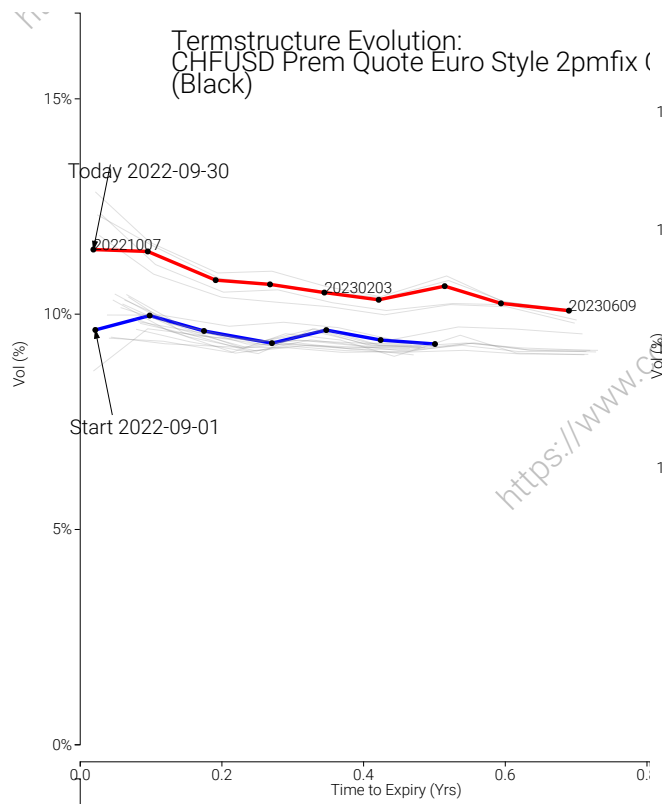


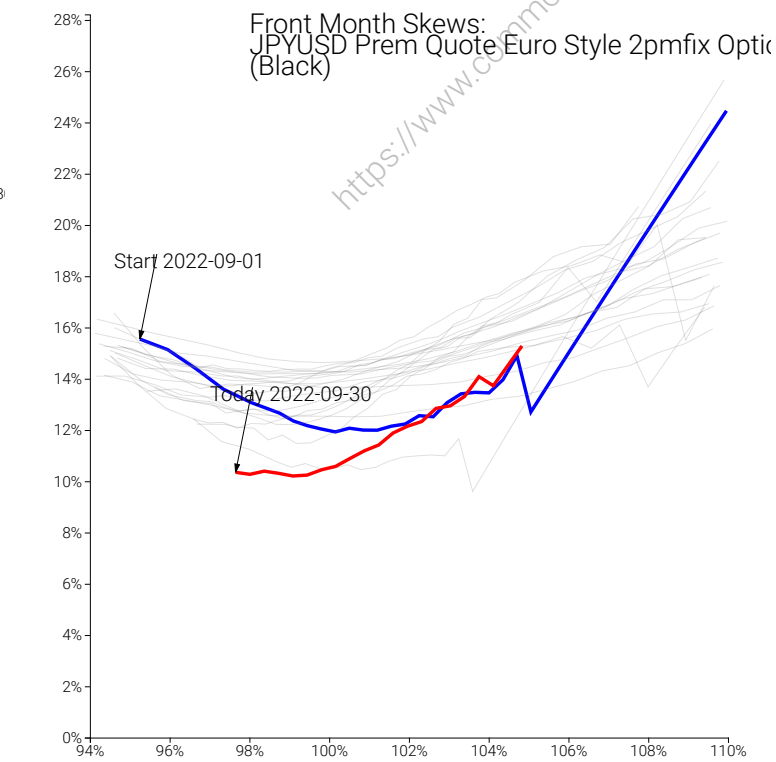
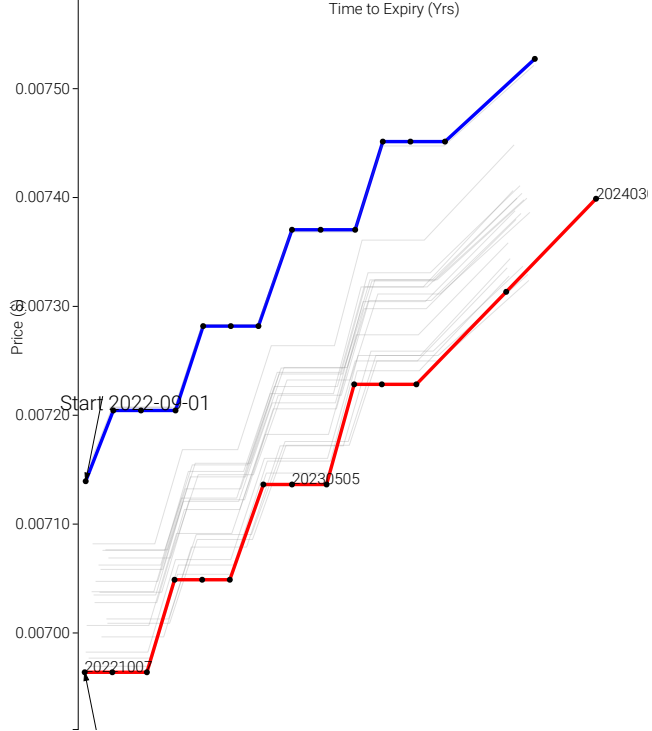
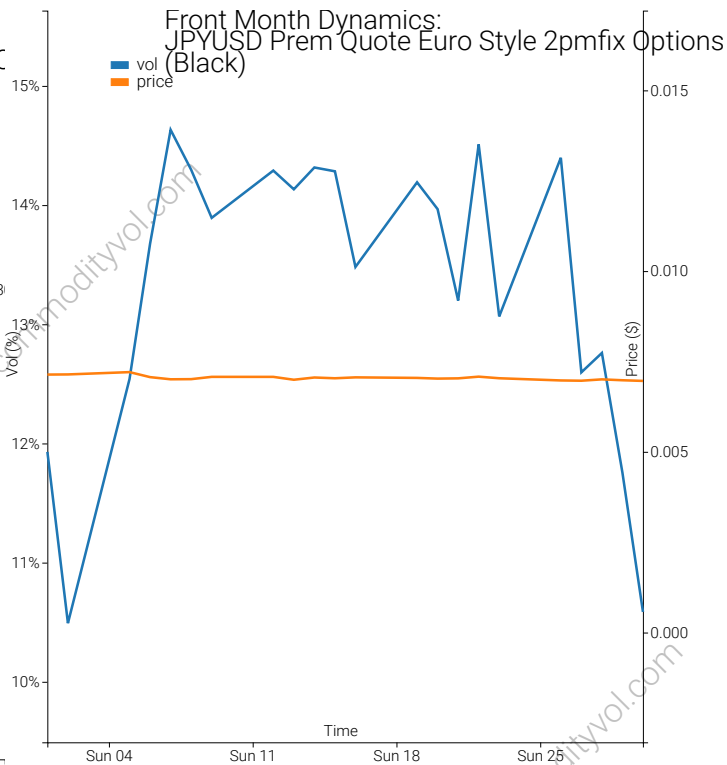
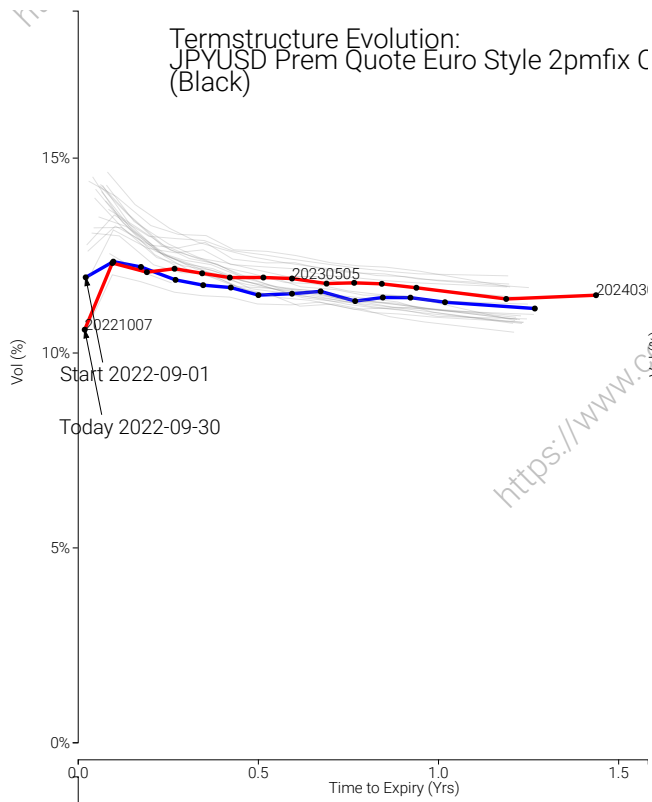


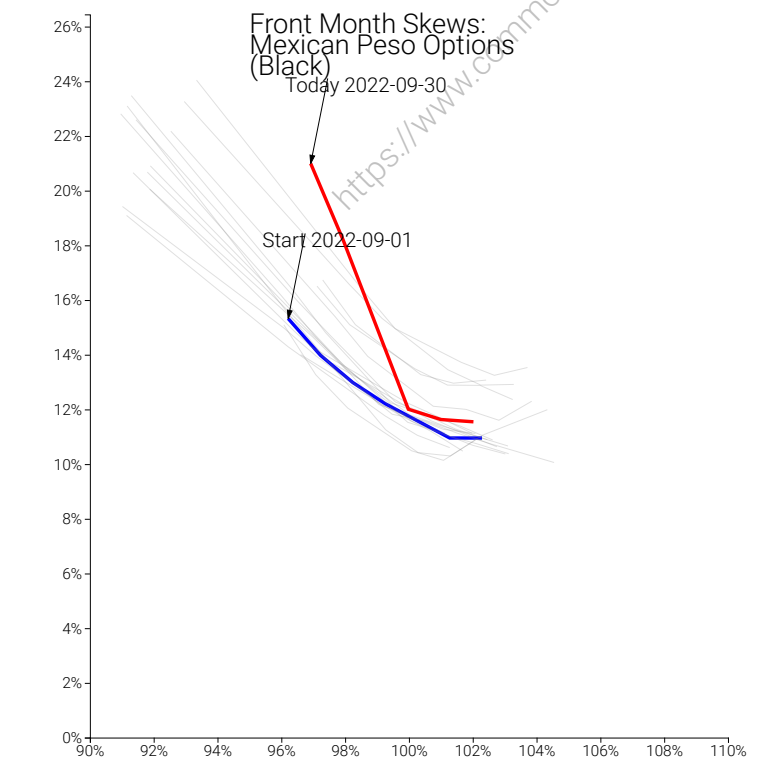
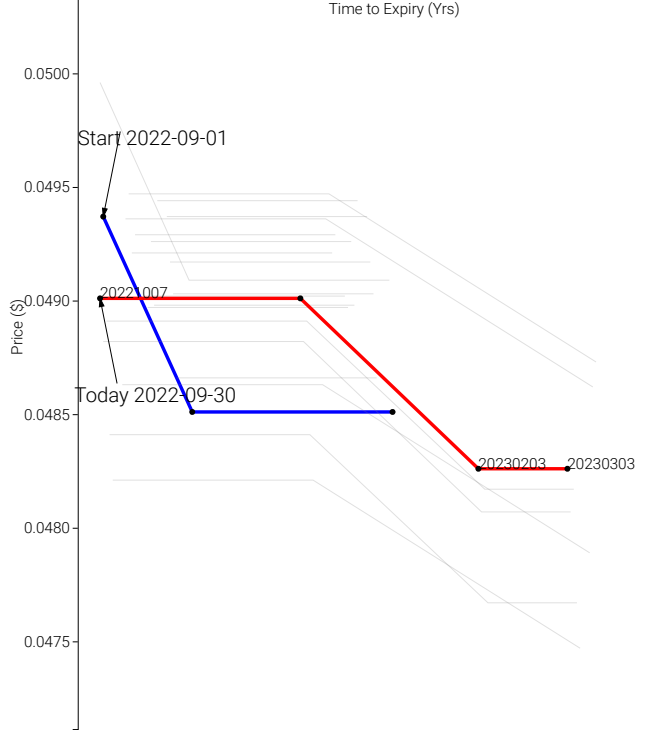
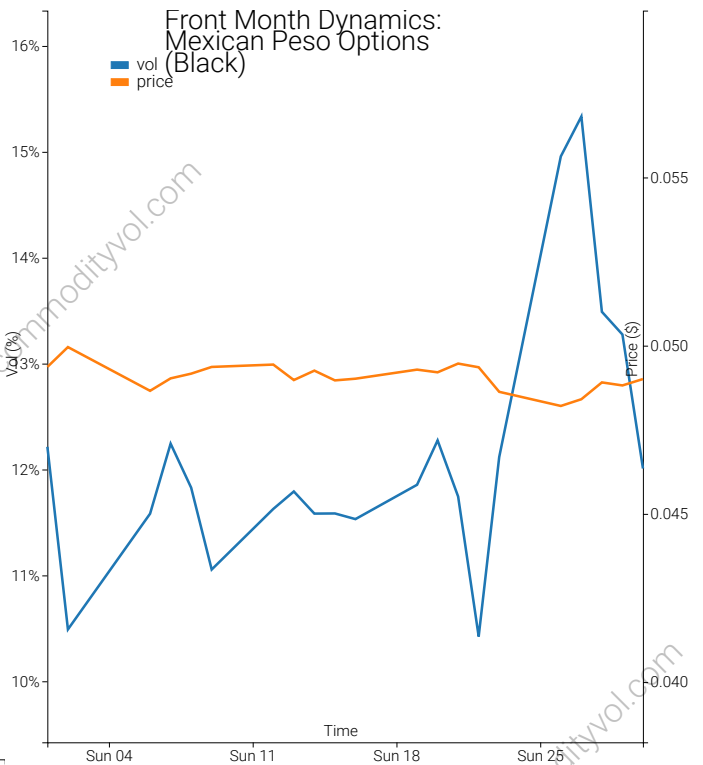
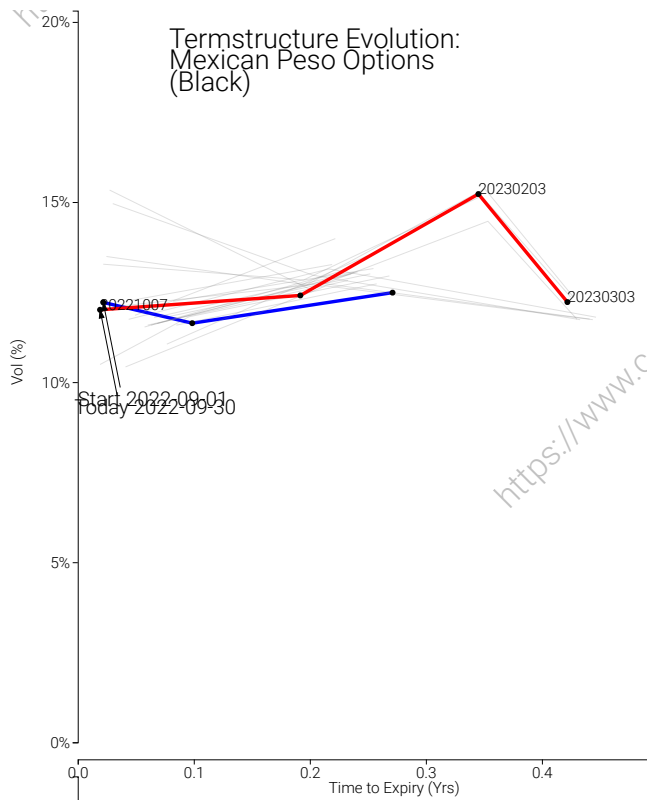
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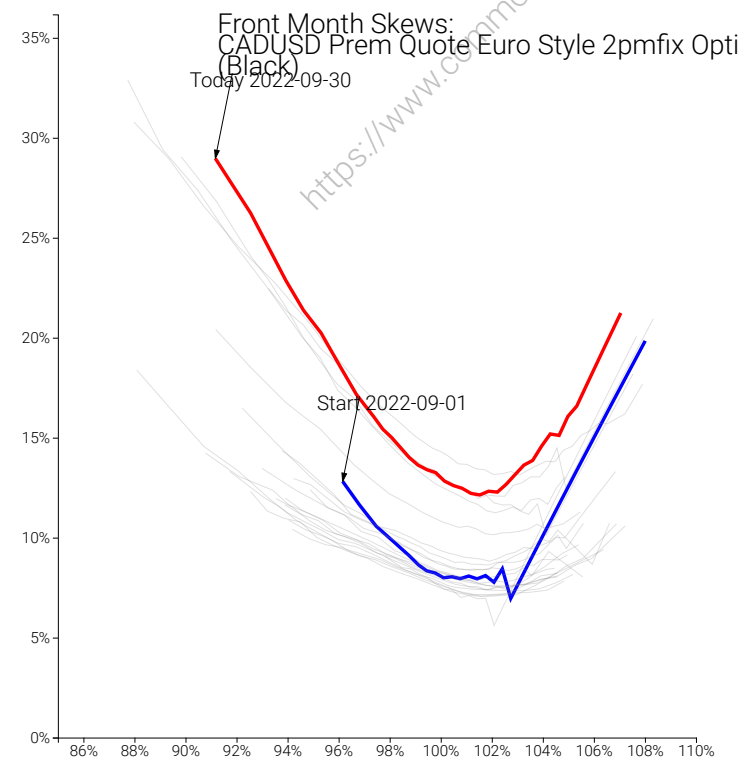
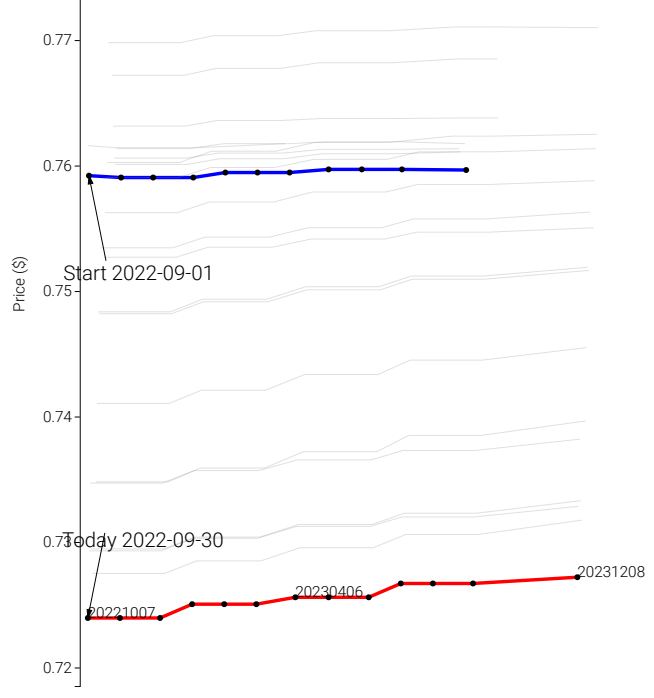
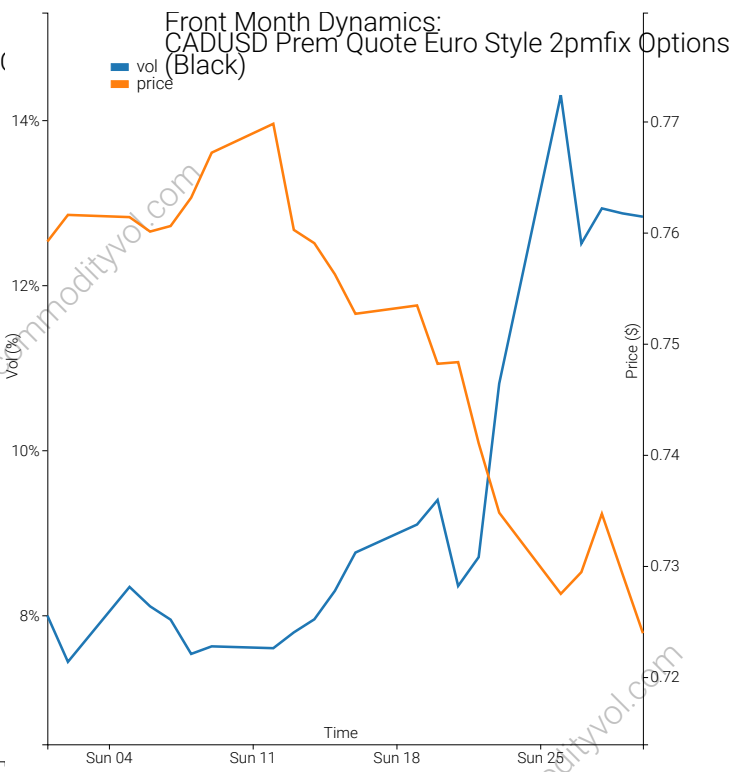
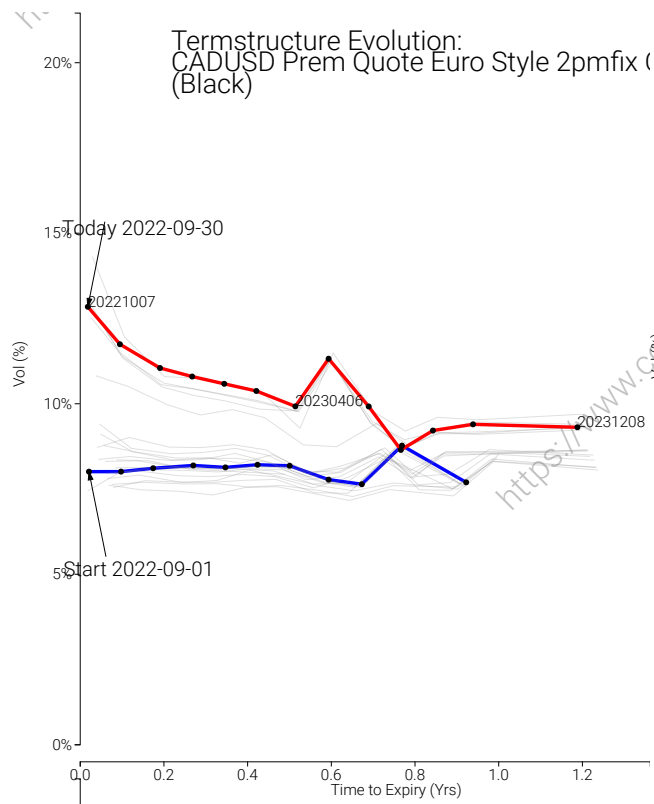


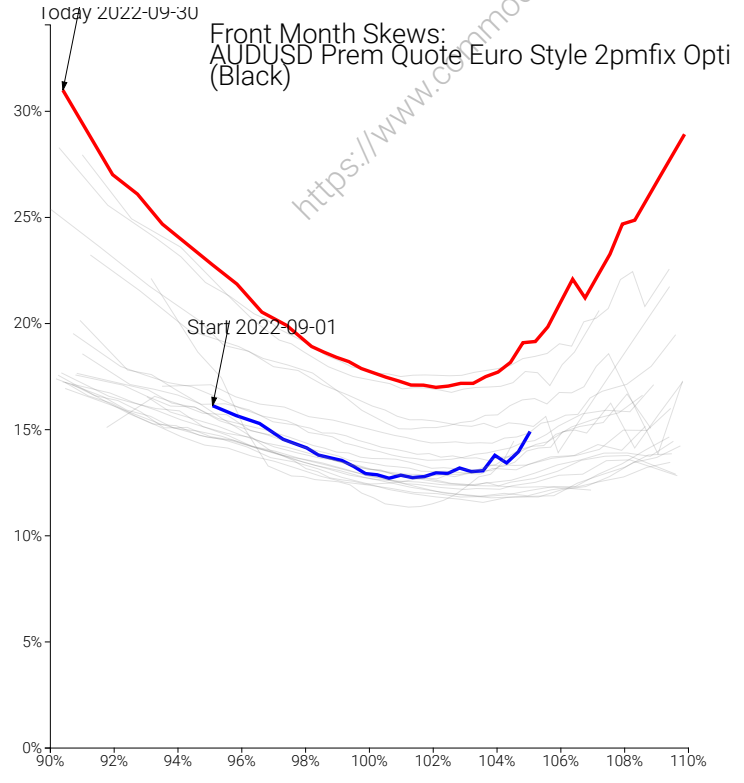
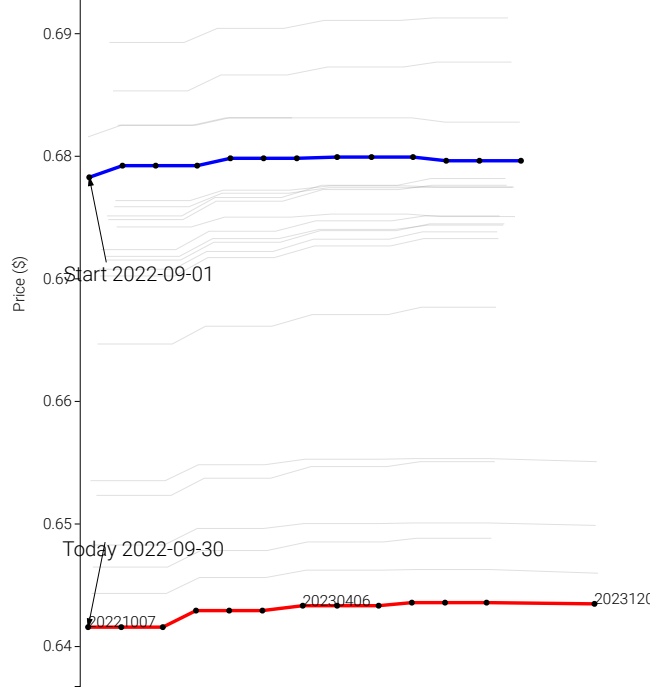
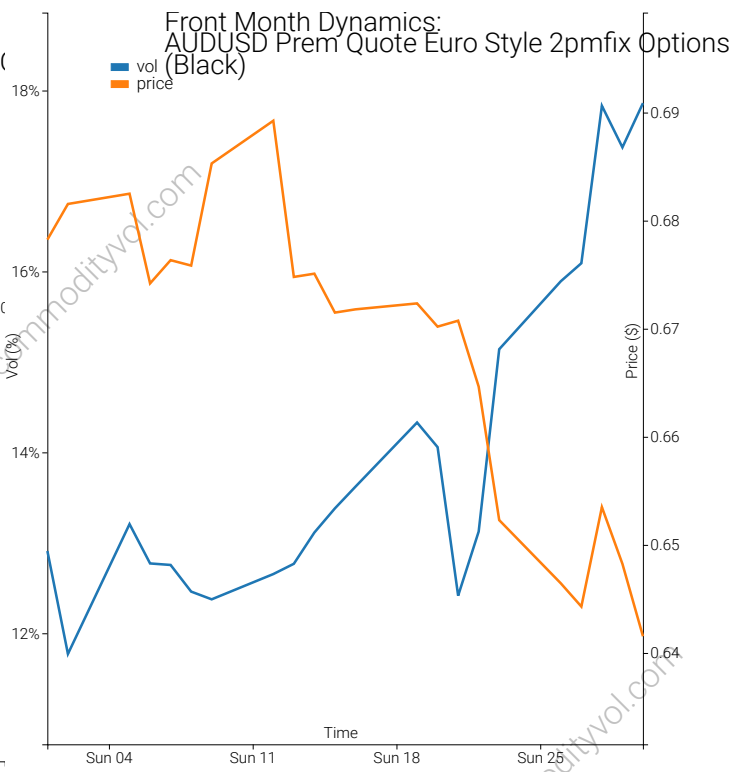
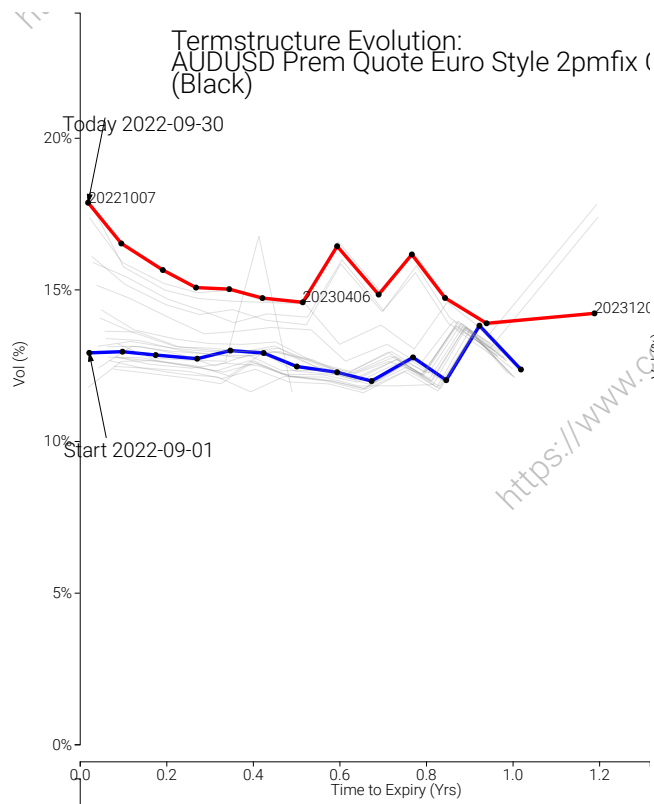


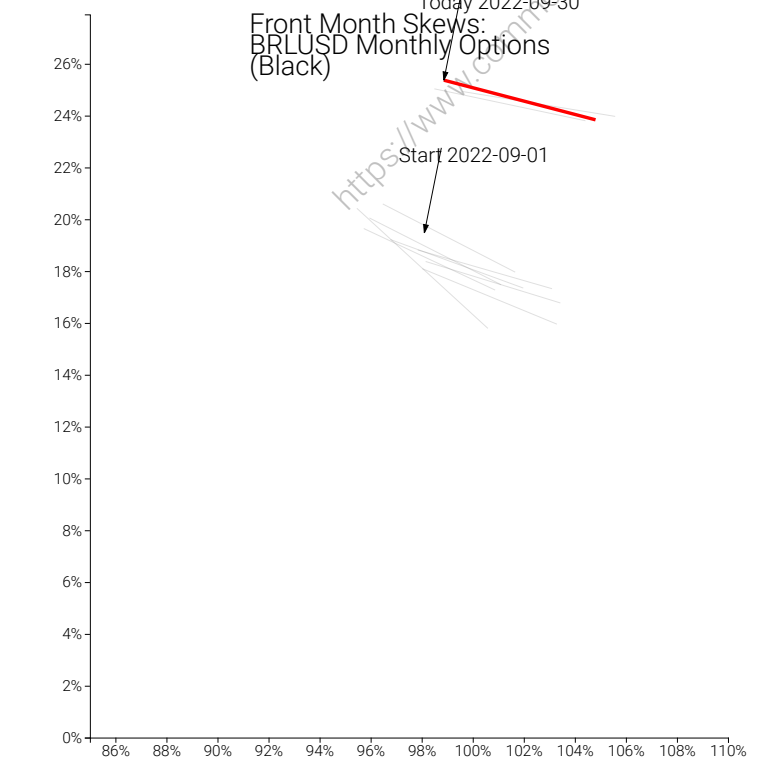
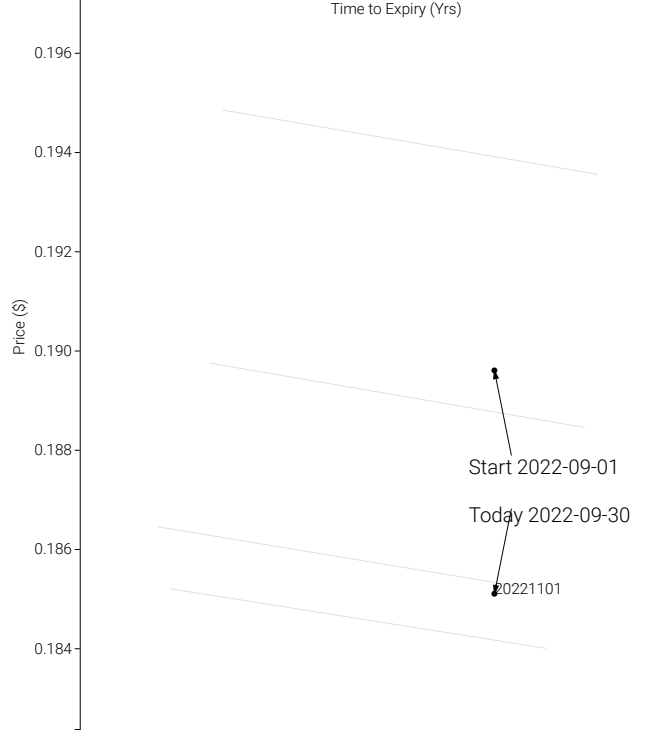
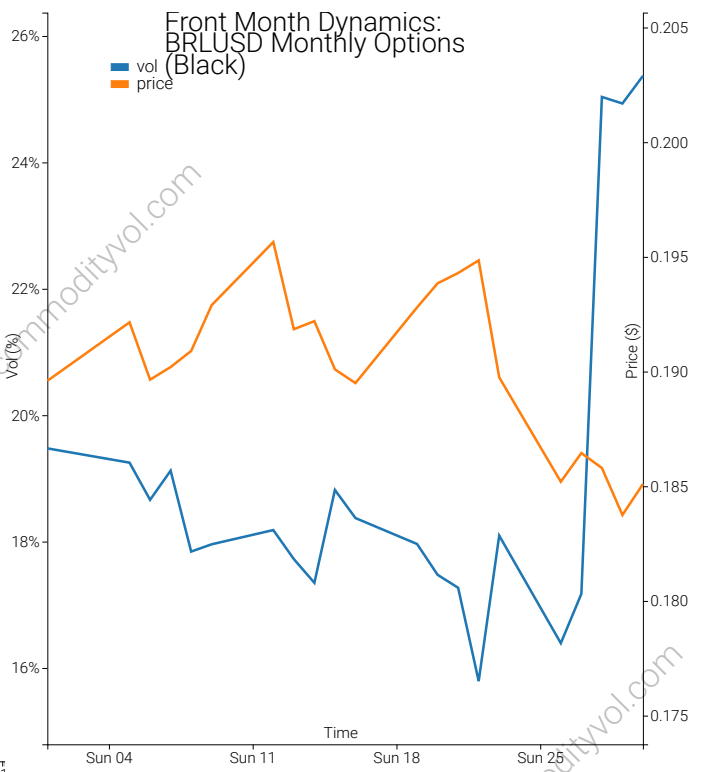
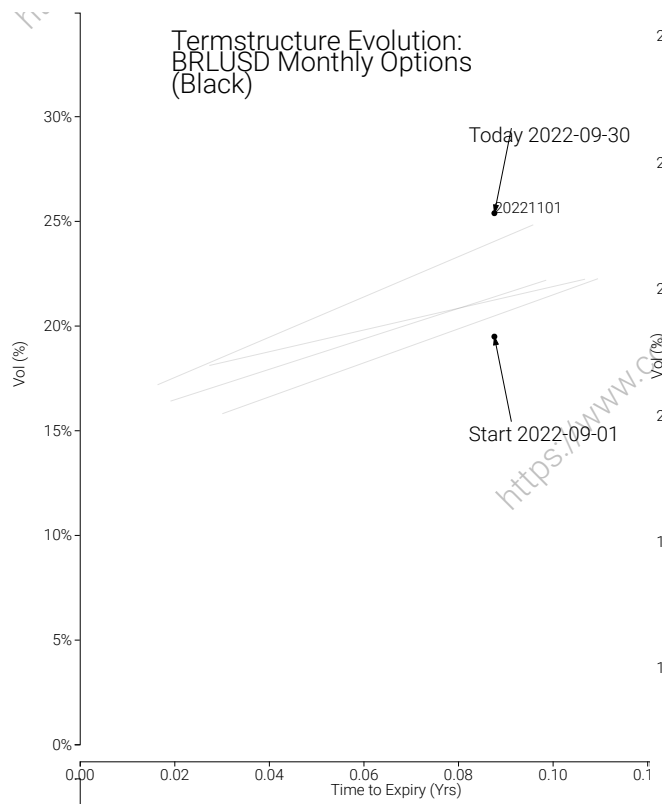


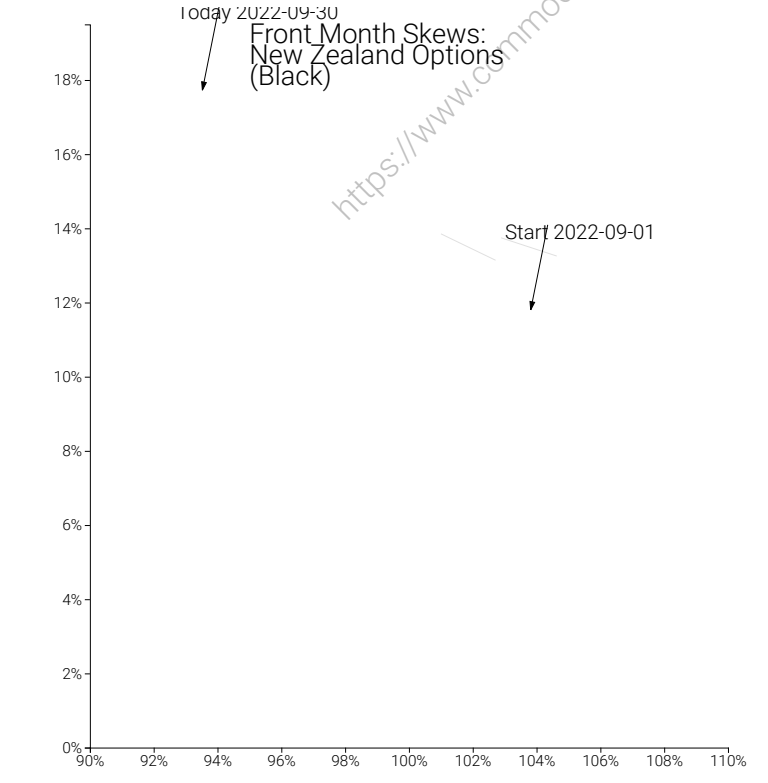
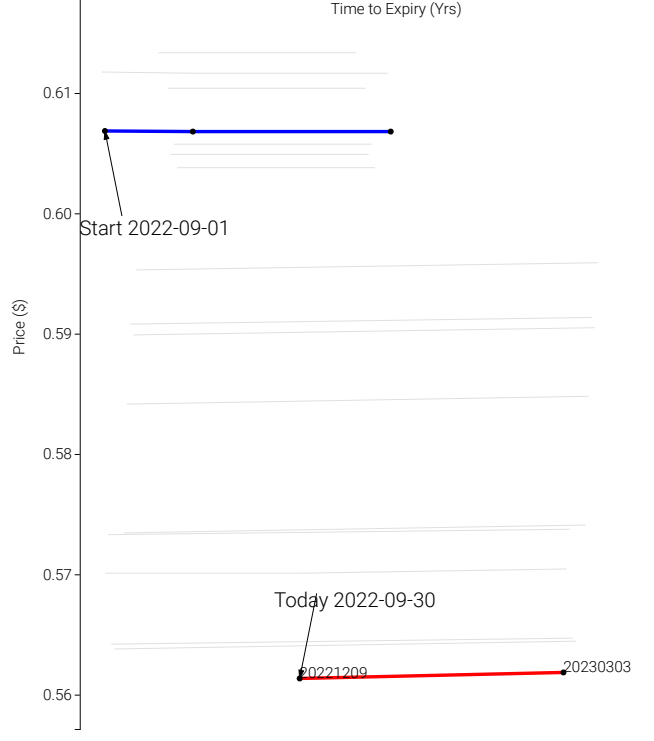
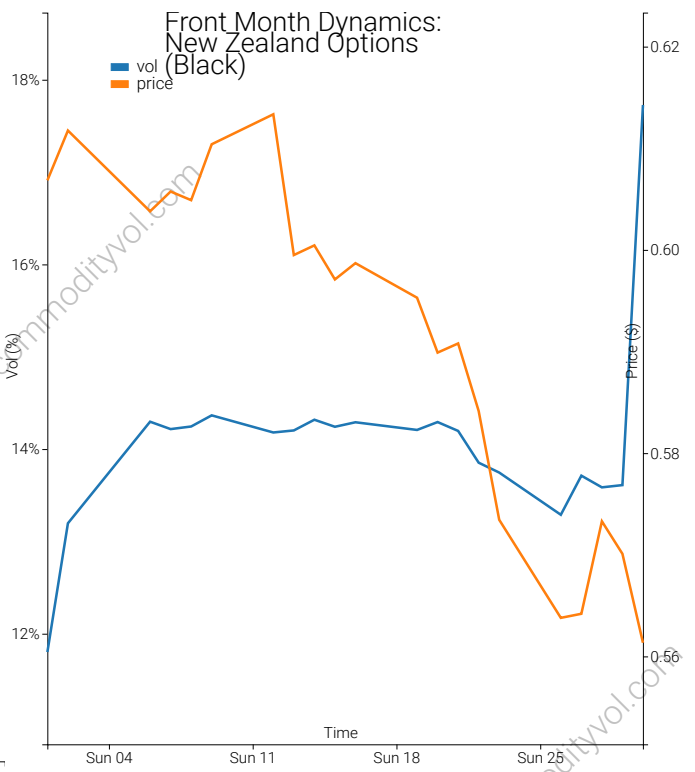
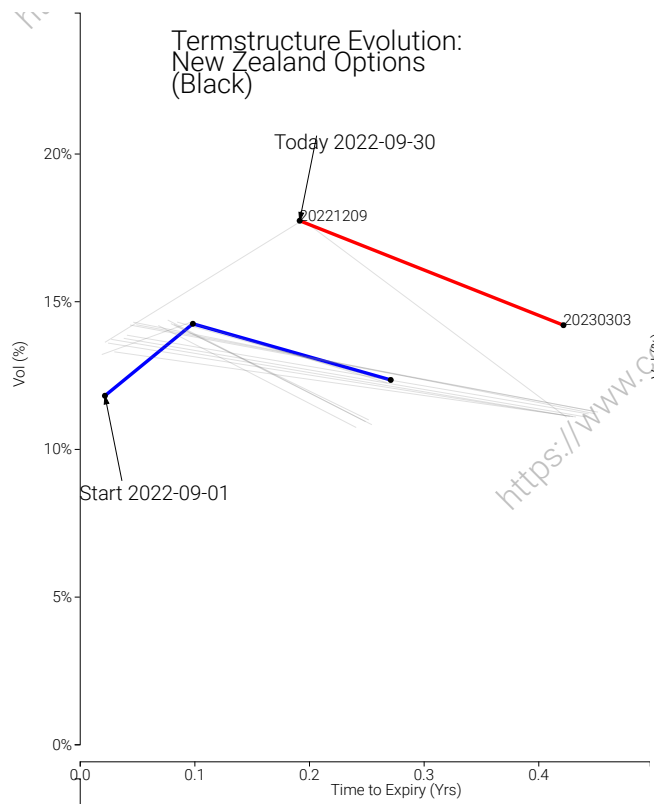


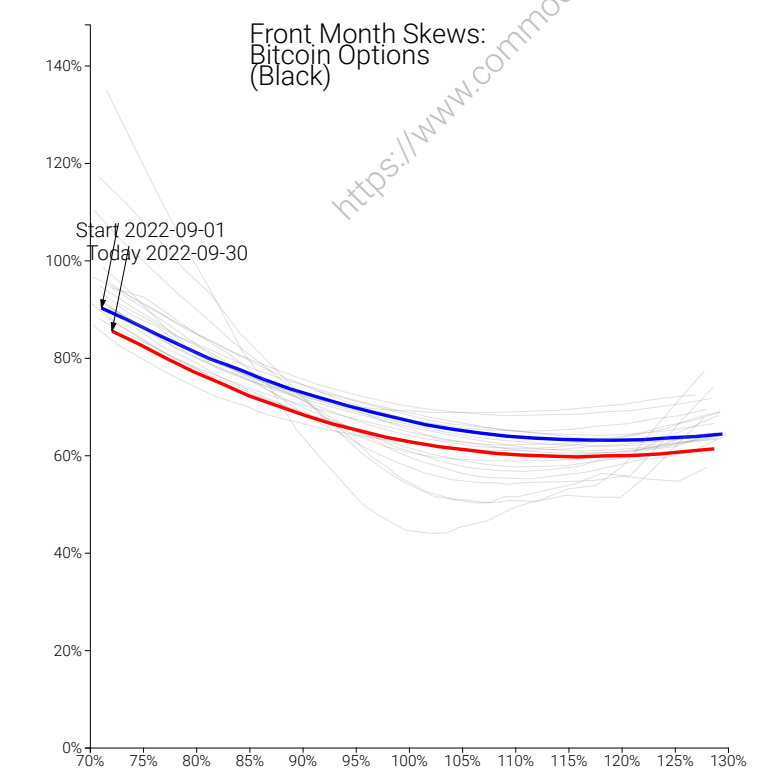
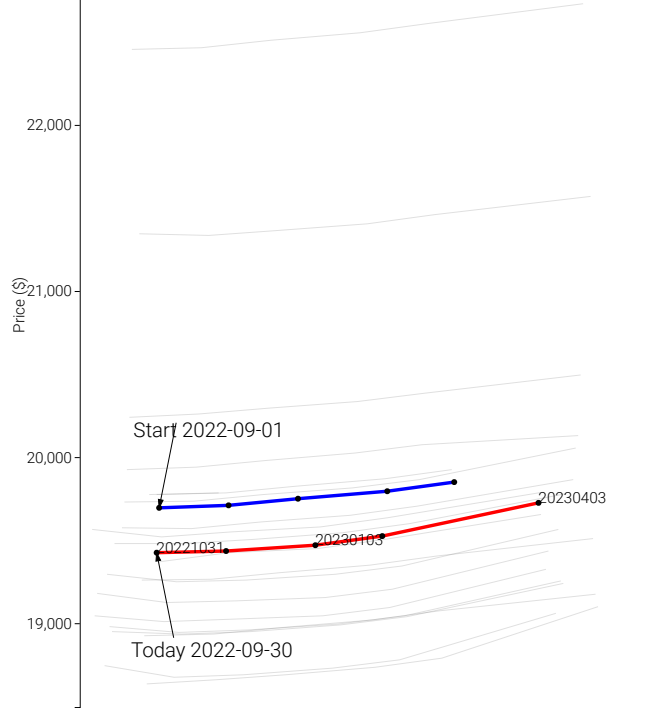
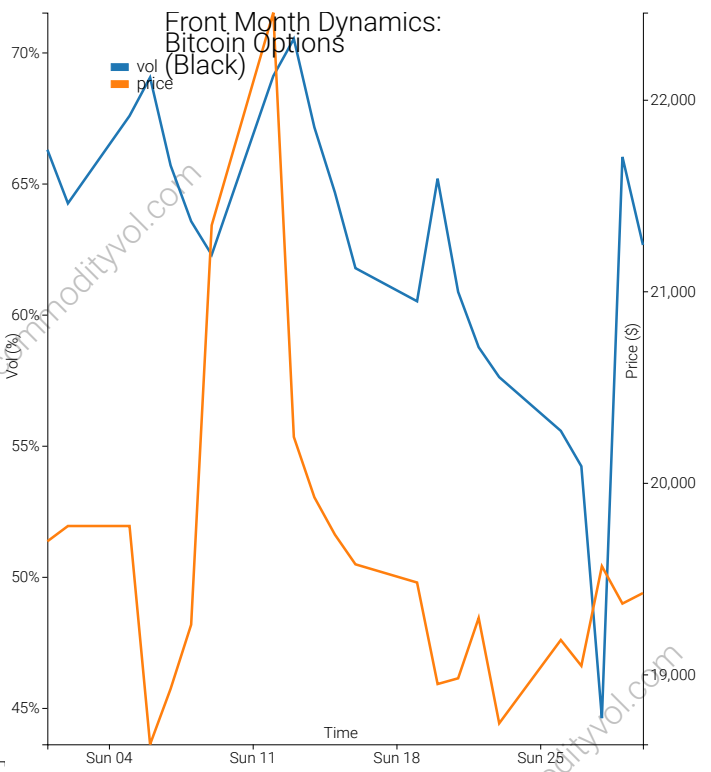
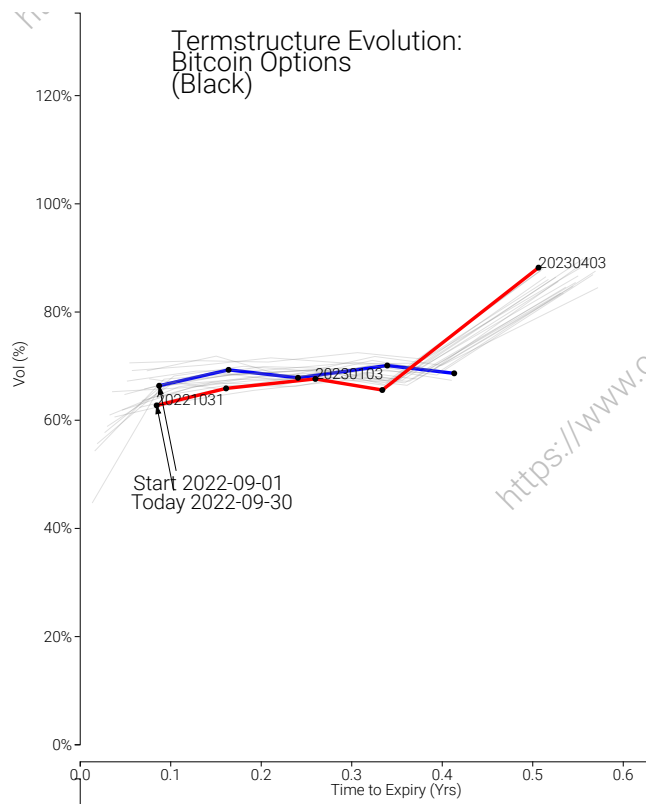










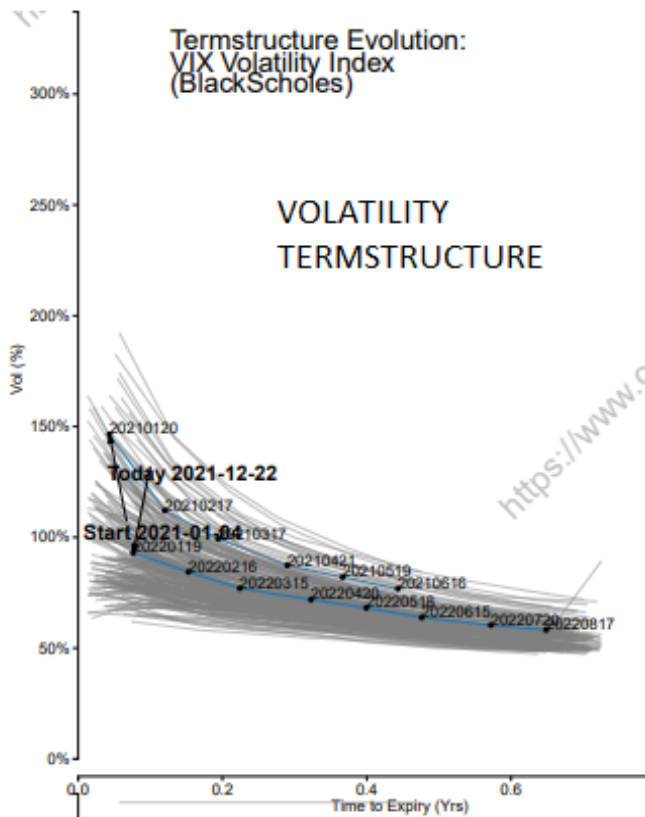


Explanation:

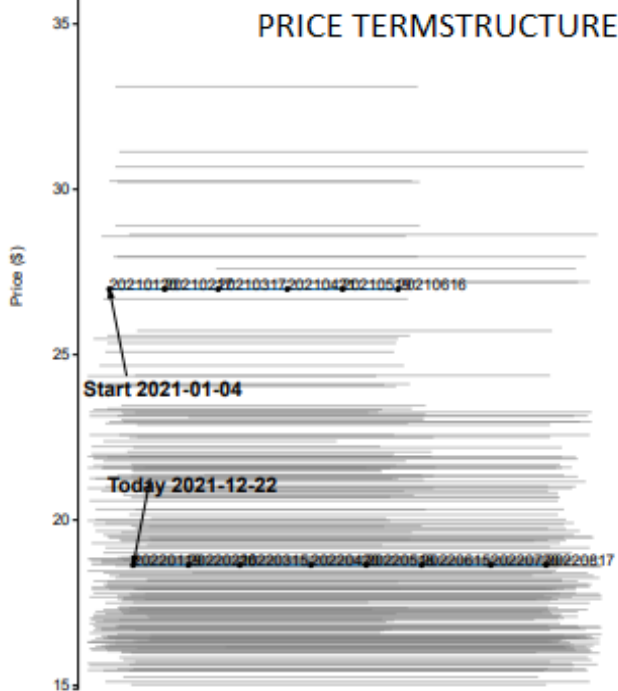
The document is composed of two parts. There is a tabular portion which summarizes the changes in front month futures prices and the changes in the at the money front month implied volatility. The results are presented as raw differences and percentage changes. The plots in this document try to give 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.

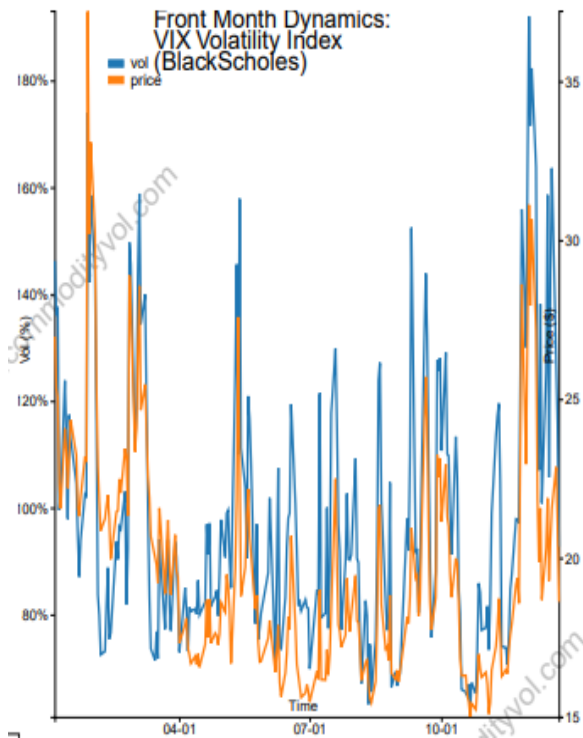


The starting curve is the termstructure at the beginning of the period. This curve is labelled start and is typically colored blue. The ending curve is typically colored red and denoted by the text: Today. The greyed out lines are the termstructures for each day of the period. The hope is that the range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



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

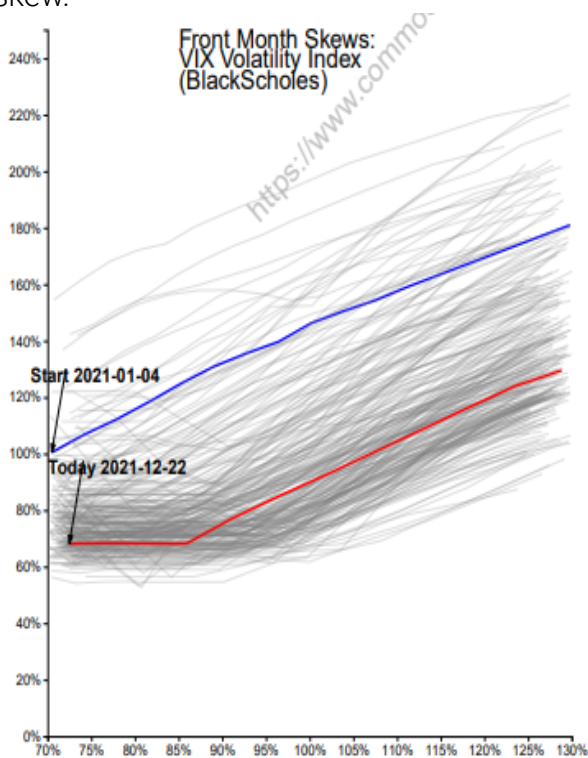
On the right hand panel we have the price and implied volatility of the front month contract.



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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