
End of Week Recap August 26-30, 2019

Eurodollar Options

VOLATILITY (7:20-2:00 pm CST):

Volatility net fell off throughout the week across most expiries ranging 2-4 tics as we saw lighter trading volume during the period. Futures: Fronts remained steady early in the week before falling off past weekly settles Wednesday and continuing their trajectory through Thursday. Friday was uneventful across the board as futures did not deviate more than 2.0 tics in any expiry. Longer dated futures (Reds/Greens) rallied to start before falling off mid-week and finally settling 1.5-5 tics above settles coming into the period. Calls continued to outpace puts at a ratio of 2:1. The catalyst for the intra week downturn was due to a “hopeful” outlook of a near trade resolution. Equities had a strong week based on this news.

LIBOR week change: 2.14433 down to 2.13763 (-0.0067)

Volume: *Total Eurodollar volume: 5.5 million (No change week over week)*

Calls out paced puts 2:1 (Up from 1.85:1 last week)

MAJOR TRADES & OPEN INTEREST MOVEMENTS:

- E\$ EDU9 98.00 call ref EDU9 @ 97.98 42% delta DRAX pays 3.5 on 50k (screen/pit)
 - **Liquidation**
- E\$ EDV9 98.50 call MS sells 20k @ 3.25
 - **New risk**
- E\$ EDV9/EDZ9 98.625 call-spread ref EDZ9 @ 98.175 8% delta paper pays 3.5 on 25k (+ EDZ9)
 - **New risk to EDZ9 and a liquidation to EDV9**
- E\$ EDF0 98.75/99.00 call spread 4x vs EDF0 98.25/98.125 put spread 4x ref EDH0 @ 98.45 22% delta vs EDZ9 98.125/98.00 put spread 5x ref EDZ9 @ 98.165 12% delta paper sells 7k @ 26 (-EDZ9)
 - **New risk to all involved**
- E\$ EDF0 98.75/99.25 call spread ref EDH0 @ 98.495 & 98.49 & 98.485 & 98.48 20% delta CITI pays 8 on 65k
 - **New risk and a new position to the 99.25 call**
- E\$ EDH0 99.125/99.625 call spread ref EDH0 @ 98.455 11% delta DRAX pays 4 on 20k
 - **New risk and a new position to the strikes**
- E\$ EDH0 99.00/99.125 call spread paper pays 2 on 20k
 - **Liquidation**
- E\$ EDH0 99.25 call ref EDH0 @ 98.475 10% delta paper paid 4 on 30k all day
 - **New risk**
- E\$ EDH2 99.50/99.75 call spread 1x2 paper pays -3 on 15k (+99.50 call 1x)
 - **New risk**
- E\$ EDZ9 98.125 call paper sells 20k @ 17
 - **Liquidation**

SKEW:

Fronts: ATM vol experienced little change on the week. It looks like calls caught a bid across the board and had more of an affect in EDX9/EDZ9/EDF0. Call skew still maintains its presence and there is no integrity to the puts.

REDS: ATM vol remains unchanged whereas REDs saw more of a profound affect of calls going bid. Put skew lost what remained of any integrity whatsoever.

1-Year Mid Curve: ATM vol trended slightly higher up until 0EF0, being slightly lower 0EG0 on. These expiries maintained their structures and followed suit of the fronts in having no put skew. Call skew is strongest represented in 0EX9/0EZ9/0EF0/0EG0.

2-Year Mid Curve: 2Yr mid curve ATM vol mimicked 1Yr mid curves trending slightly higher (+1 Bps) until 0EF0 where it settled lower on the week (-1 Bps). Plenty of opportunity to take advantage of call skew.

Treasury Options

Volume: *TY Total Volume: 2.5 million (down 1.2 million from last week)*

Puts out paced Calls 1.04:1 (down from 1.25:1 Puts last week)

FV Total Volume: 850k (down 550k from last week)

Puts out paced calls 2.57:1 (up from 2.25:1 Puts last week)

MAJOR TRADES & OPEN INTEREST MOVEMENTS:

- TYV 129.00 put was bought in 25k
 - **Liquidation**
- TYV 127.5 put Merrill pays 1 on 20k
 - **New risk**
- TYZ 116 put MS pays cab7 on 50k
 - **New risk- Cheap downside/ Risk tolerance**
- TYV 131.5 call paper pays 24 up to 33 on 35k
 - **New risk**

10-YEAR- ATM vol was down across the board- There was proportionally less off a decrease as you move down the curve. Put skew went from negative to flat but still no integrity. Call skew caught a slight bid.

5-YEAR- Followed TY in an exact fashion.