

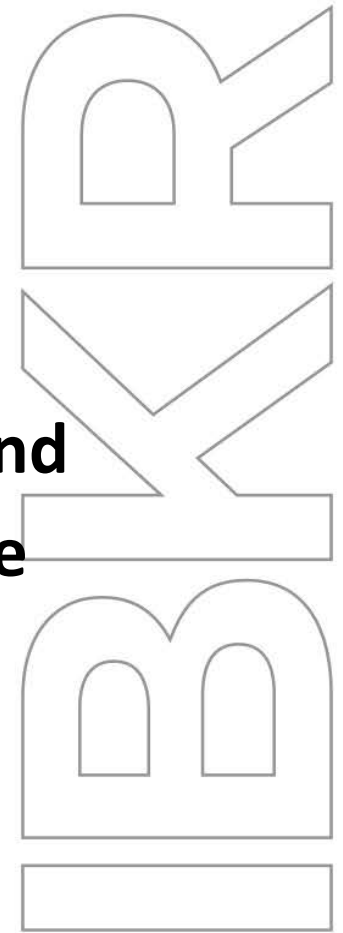


# Interactive Brokers

*in conjunction with*  
**EQDerivatives**  
*present:*

## Looking Back at 2020 and Forward to 2021 in the World of Volatility

**Russell Rhoads, CFA**  
Head Research and Consulting  
EQDerivatives, Inc.



**January 14, 2021**

Exchange and Industry Sponsored Webinars are presented by unaffiliated third parties. Interactive Brokers LLC is not responsible for the content of these presentations. You should review the contents of each presentation and make your own judgment as to whether the content is appropriate for you. Interactive Brokers LLC does not provide recommendations or advice.

 **InteractiveBrokers**

This presentation is not an advertisement or solicitation for new customers. It is intended only as an educational presentation.

# Disclosures

Options involve risk and are not suitable for all investors. For information on the uses and risks of options, you can obtain a copy of the Options Clearing Corporation risk disclosure document titled [Characteristics and Risks of Standardized Options](#) by calling (312) 542-6901.

Futures are not suitable for all investors. The amount you may lose may be greater than your initial investment. Before trading futures, please read the [CFTC Risk Disclosure](#). For a copy visit [ibkr.com](#).

Security futures involve a high degree of risk and are not suitable for all investors. The amount you may lose may be greater than your initial investment. Before trading security futures, please read the [Security Futures Risk Disclosure Statement](#). For a copy visit [ibkr.com](#).

There is a substantial risk of loss in foreign exchange trading. The settlement date of foreign exchange trades can vary due to time zone differences and bank holidays. When trading across foreign exchange markets, this may necessitate borrowing funds to settle foreign exchange trades. The interest rate on borrowed funds must be considered when computing the cost of trades across multiple markets.

The Order types available through Interactive Brokers LLC's Trader Workstation are designed to help you limit your loss and/or lock in a profit. Market conditions and other factors may affect execution. In general, orders guarantee a fill or guarantee a price, but not both. In extreme market conditions, an order may either be executed at a different price than anticipated or may not be filled in the marketplace.

There is a substantial risk of loss in trading futures and options. Past performance is not indicative of future results.

Any stock, options or futures symbols displayed are for illustrative purposes only and are not intended to portray recommendations.

EQDerivatives

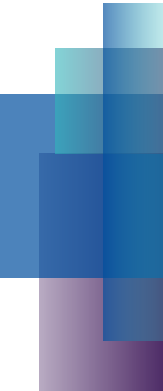
# Looking Back At 2020 And Forward To 2021 In The World of Volatility

Russell Rhoads, CFA

head research and consulting

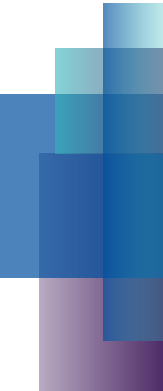
## Disclosure

- **This material is provided for information only and is not an offer to sell or the solicitation of an offer to buy any financial instrument or asset class**
- **This material does not and is not intended to take into account the particular financial conditions, investment objectives or requirements of individual customers. Before acting on this material, you should consider whether it is suitable for your particular circumstances and, as necessary, seek professional advice.**
- **EQDerivatives, Inc. is not affiliated with Interactive Brokers LLC, or any other FINRA broker-dealer.**
- **The information provided in this presentation is believed to be accurate, but the accuracy and completeness of the information is not guaranteed.**
- **Past performance is not indicative of future results.**



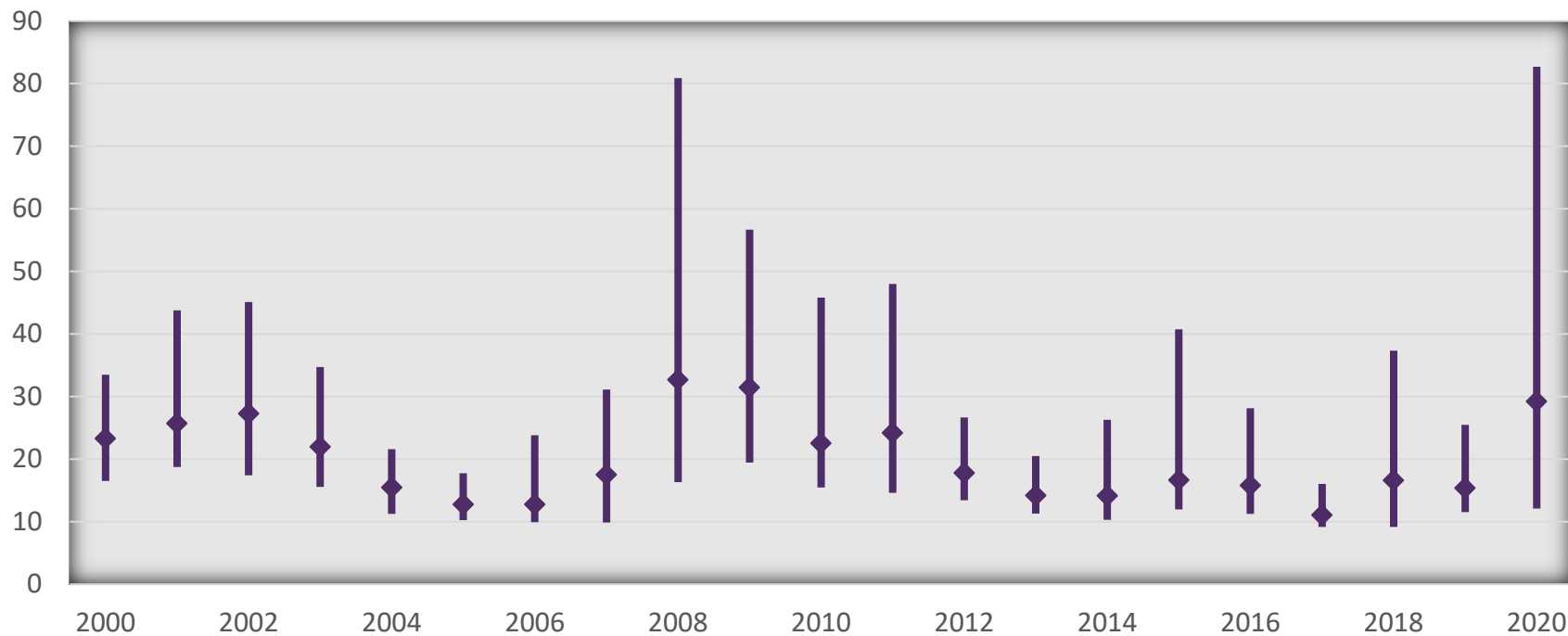
## Outline

- VIX
- VOLQ
- RVX
- VSTOXX
- Coming Attractions
- Q&A / Contact



## VIX

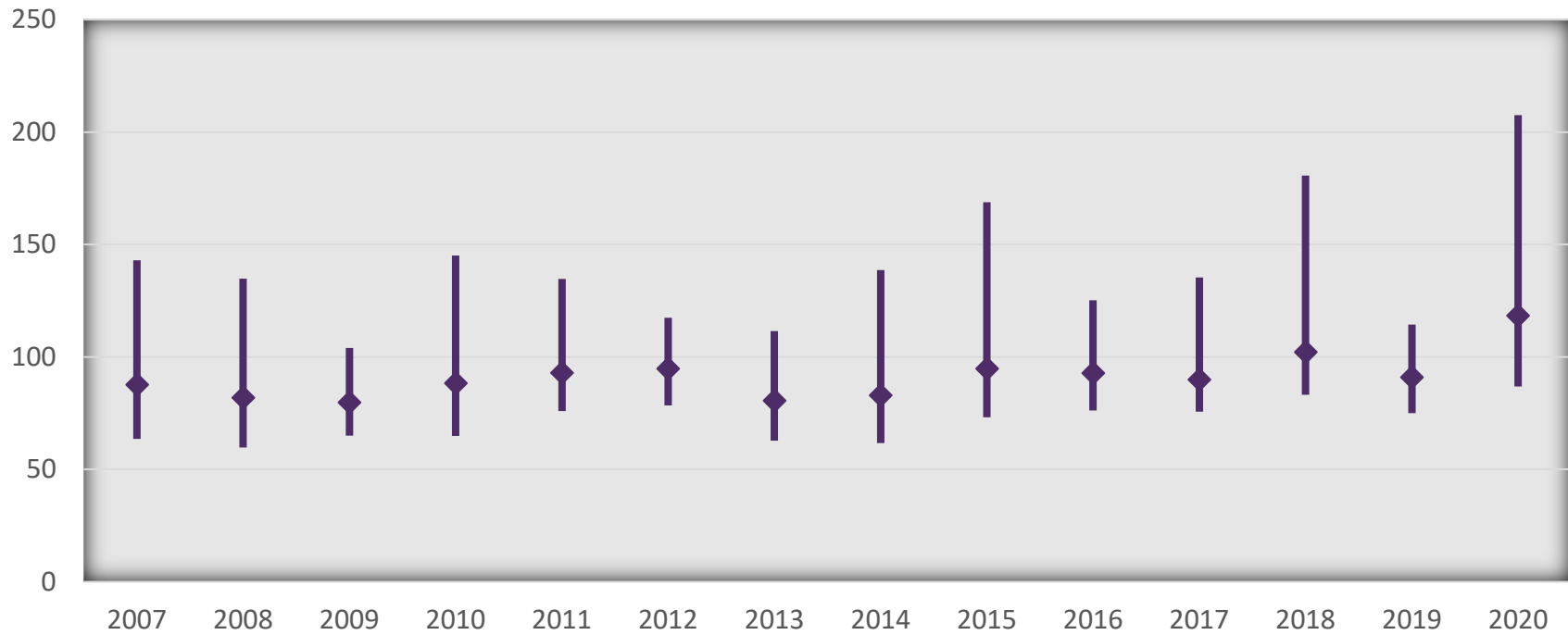
## VIX Annual H / L / Avg



Data Source: Cboe Global Markets

## VIX

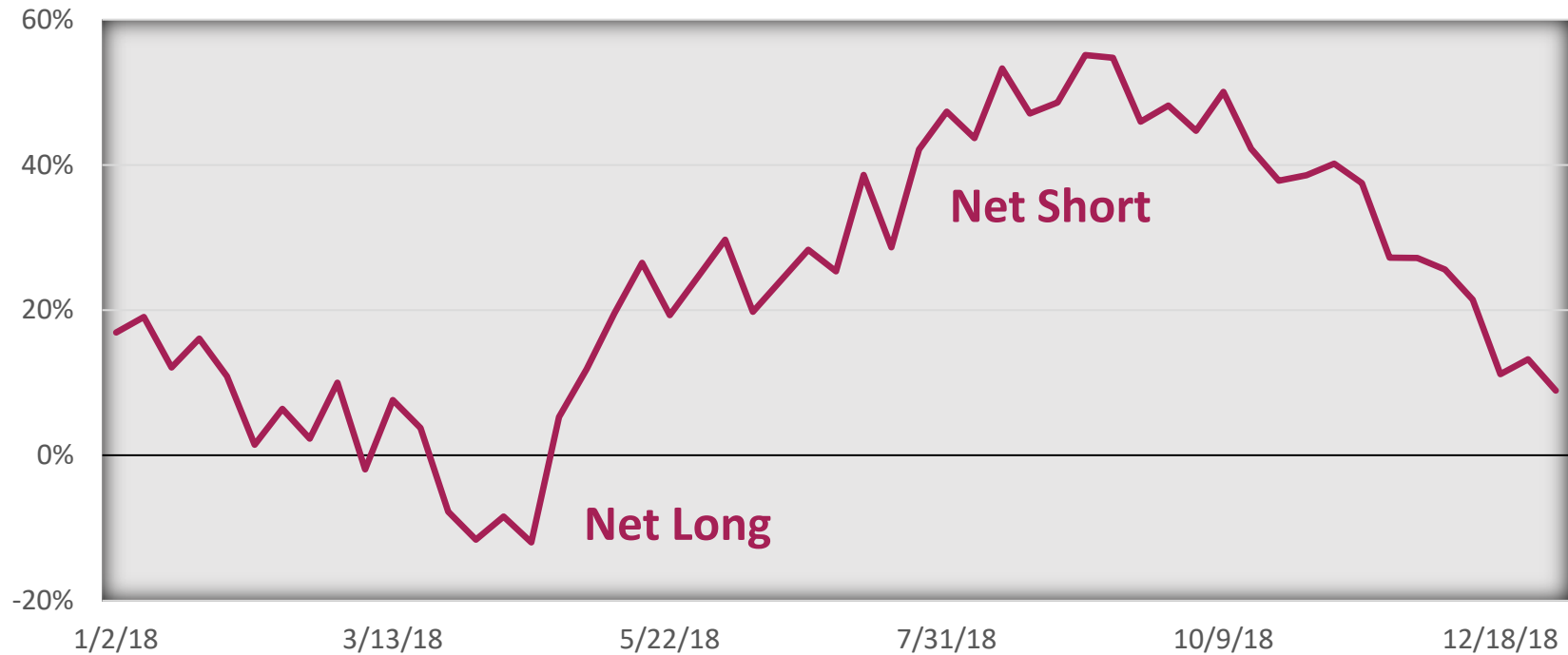
## VVIX Annual H / L / Avg



*Data Source: Cboe Global Markets*

## VIX

## Net Speculative Short VIX Positions - 2018

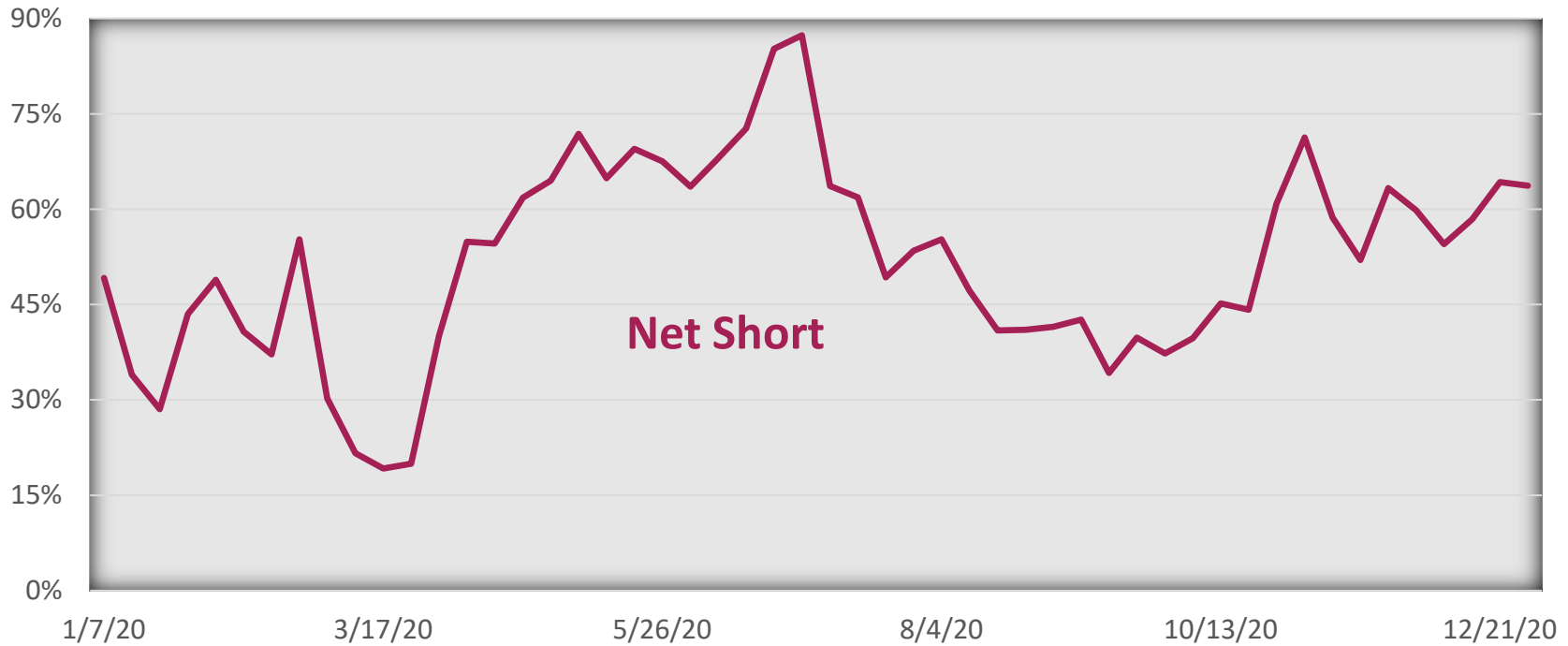


Data Source: CFTC



# VIX

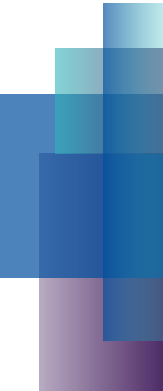
## Net Speculative Short VIX Positions - 2020



Data Source: CFTC

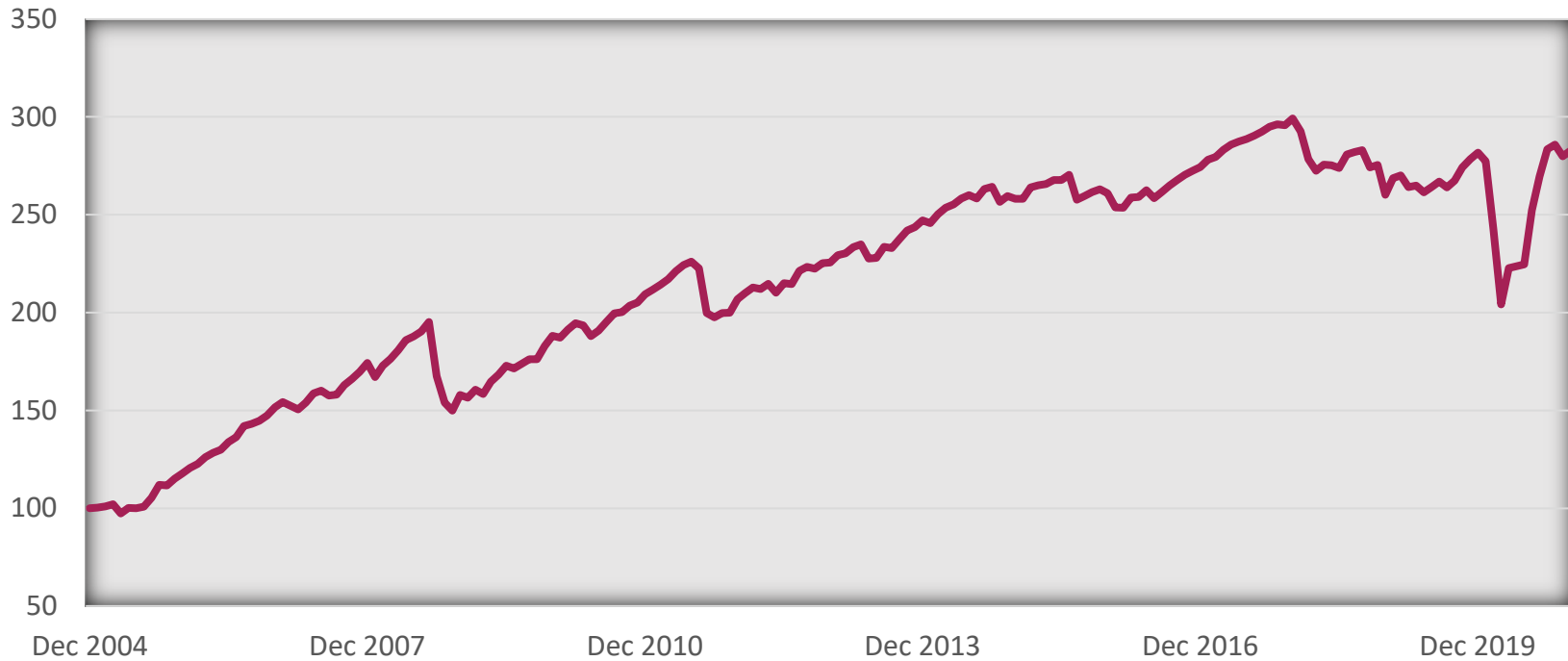
## VIX

- **Speculative money did not abandon short VIX strategies after March price action**
- **Is this a function of traders getting smarter?**
- **Is this a function of the lack of available short ETPs?**



# VIX

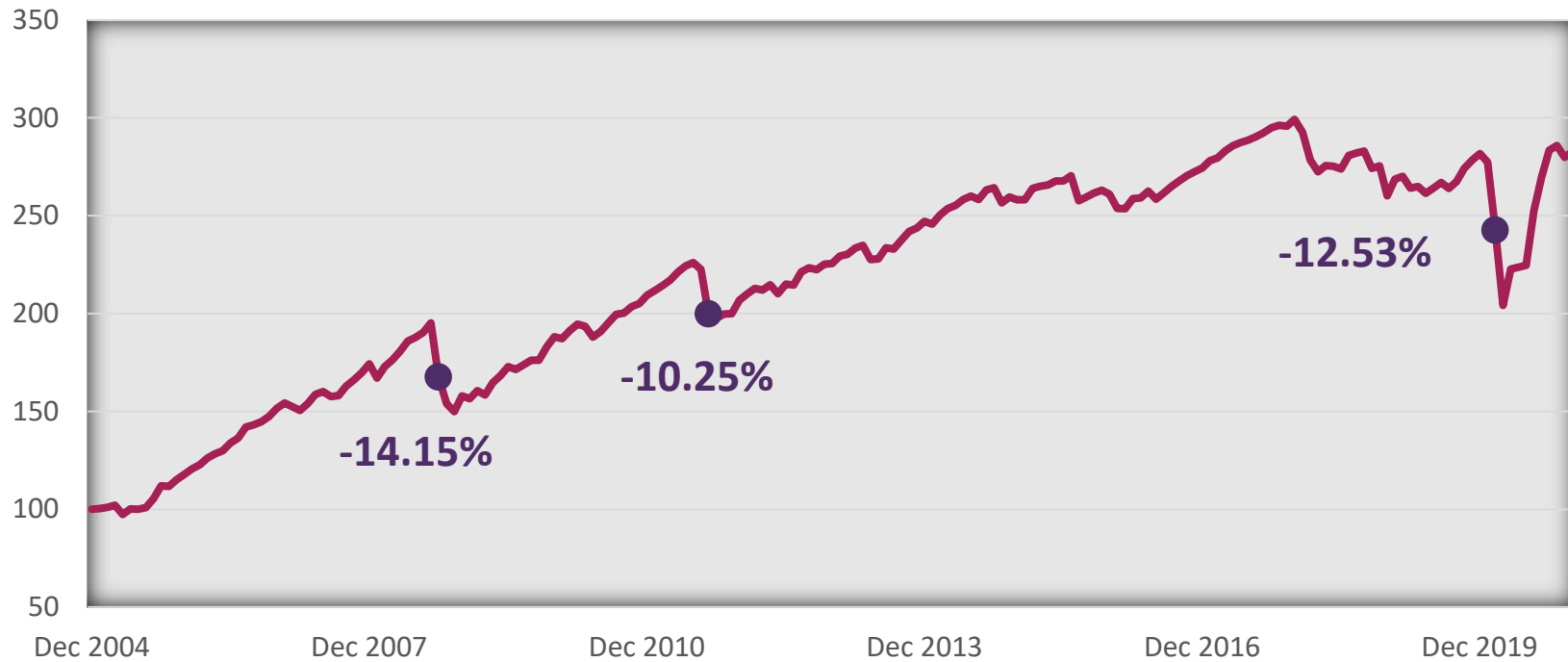
## CBOE Eurekahedge Short Volatility HF Index



*Data Source: Eurekahedge*

## VIX

## CBOE EurekaHedge Short Volatility HF Index



Data Source: EurekaHedge

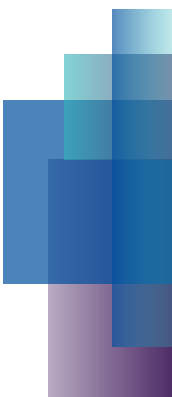
## VIX

## Eurekahedge Short Volatility HF Index

## Months to Recover

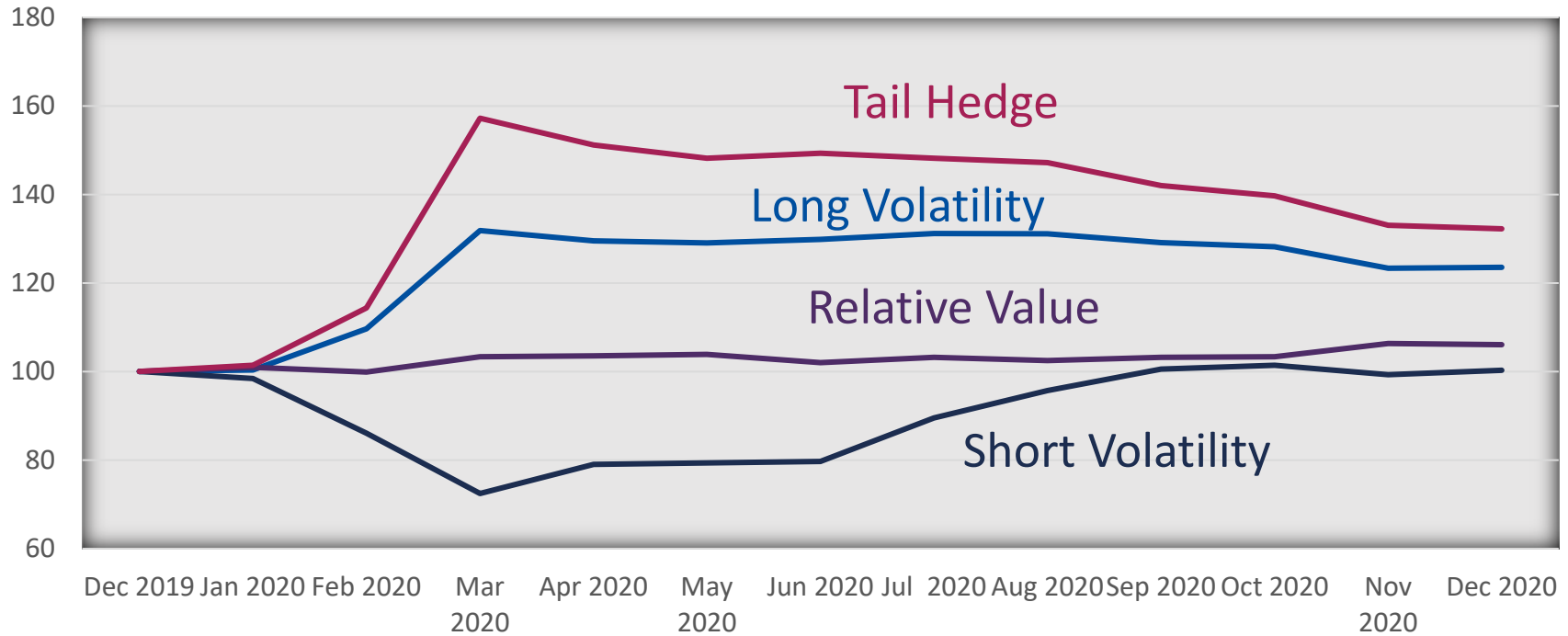
| Month    | Performance | Months to Recover |
|----------|-------------|-------------------|
| Sep 2008 | -14.15%     | 22                |
| Aug 2011 | -10.25%     | 17                |
| Feb 2020 | -12.53%     | 7                 |

Data Source: Eurekahedge



## VIX

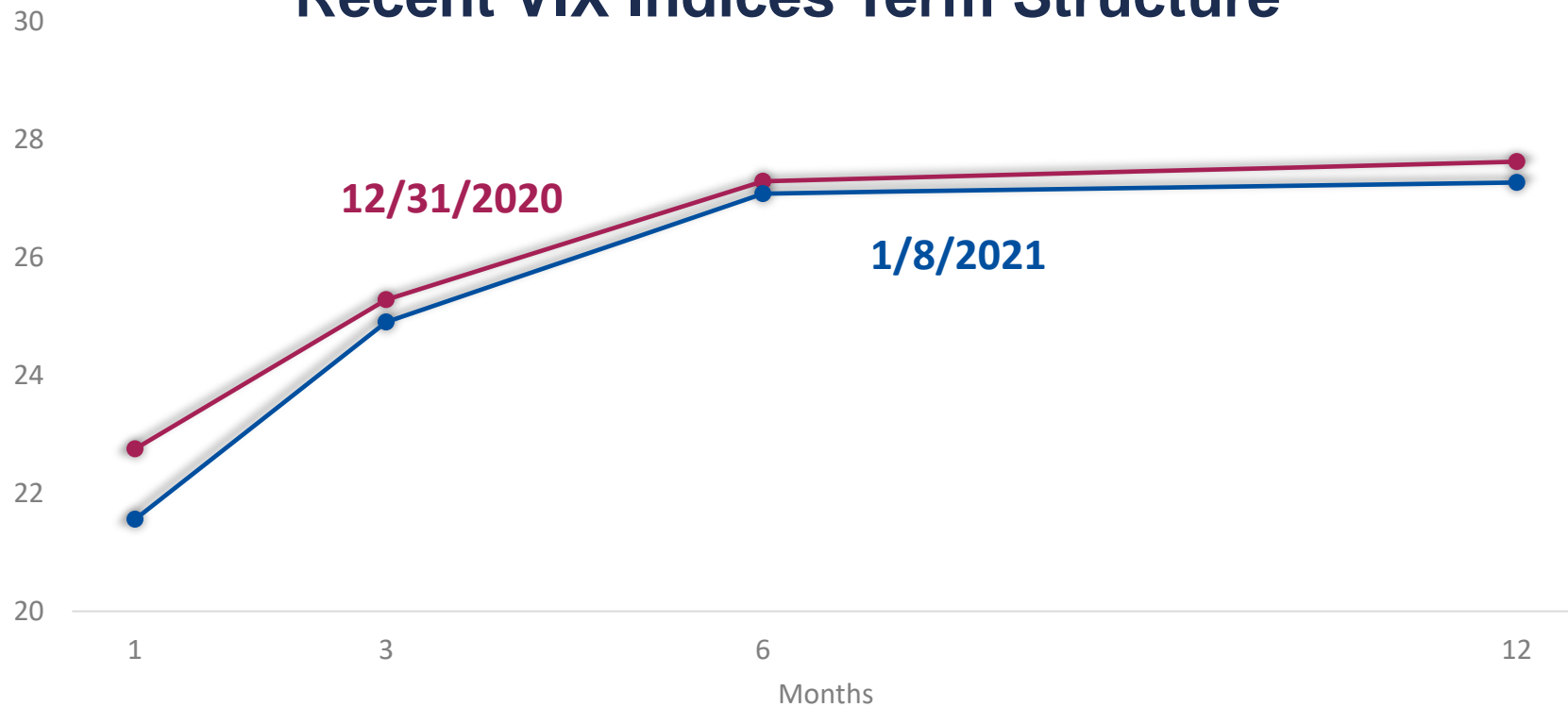
## CBOE EurekaHedge Indices 2020 Performance



Data Source: EurekaHedge

## VIX

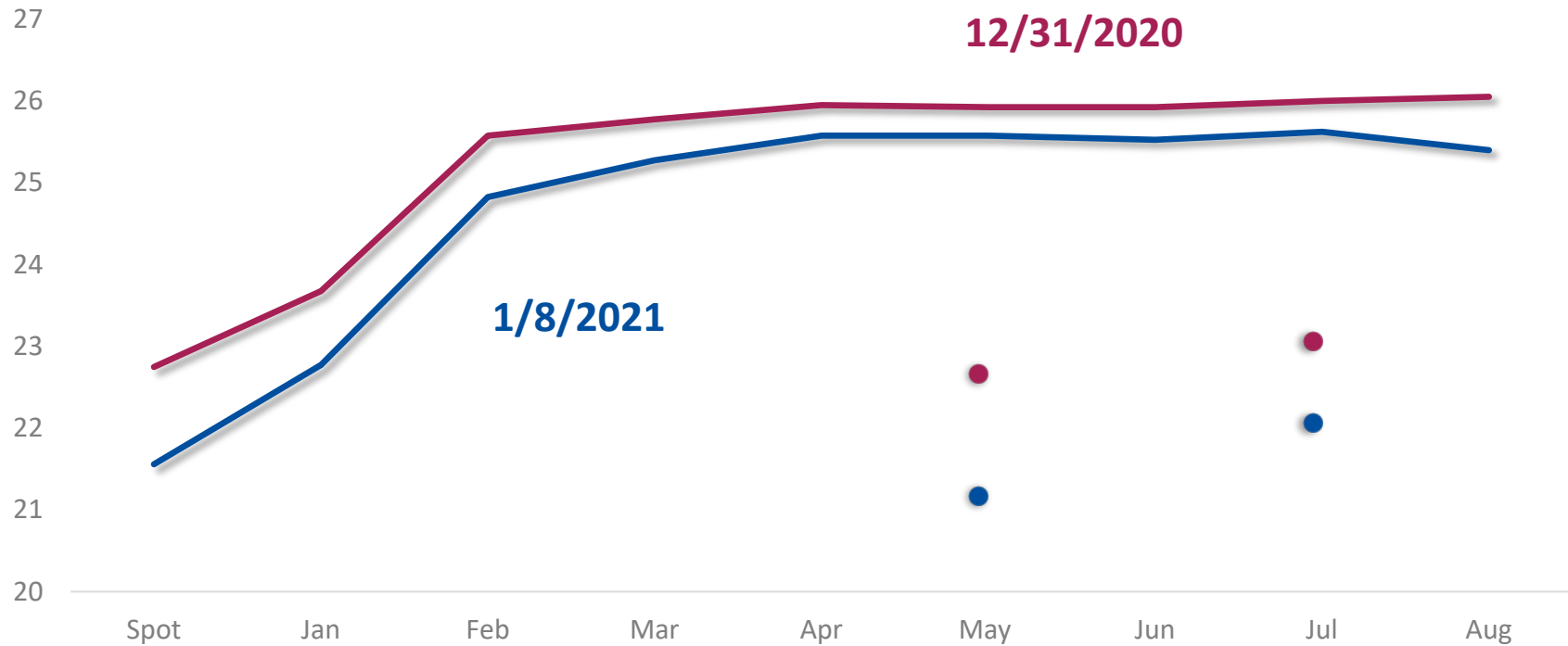
## Recent VIX Indices Term Structure



Data Source: Cboe Global Markets

## VIX

## Recent VIX Futures Term Structure

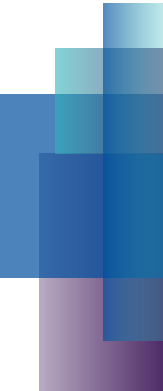


Data Source: Cboe Global Markets



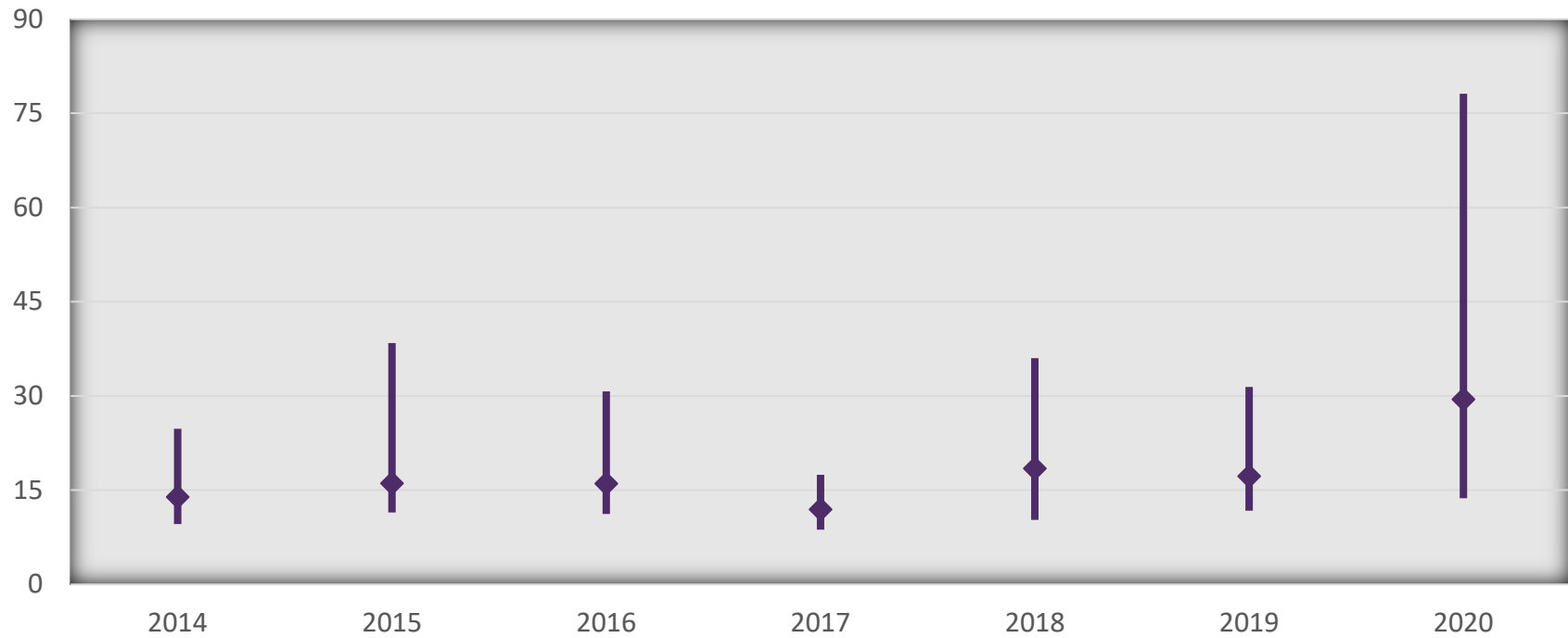
## **VOLQ**

- **Measure of 30-day expected volatility**
- **Is often lower than VIX due to difference in calculation methodology**
- **Has a seasonal component to it based on earnings announcements of large NDX components**



## VOLQ

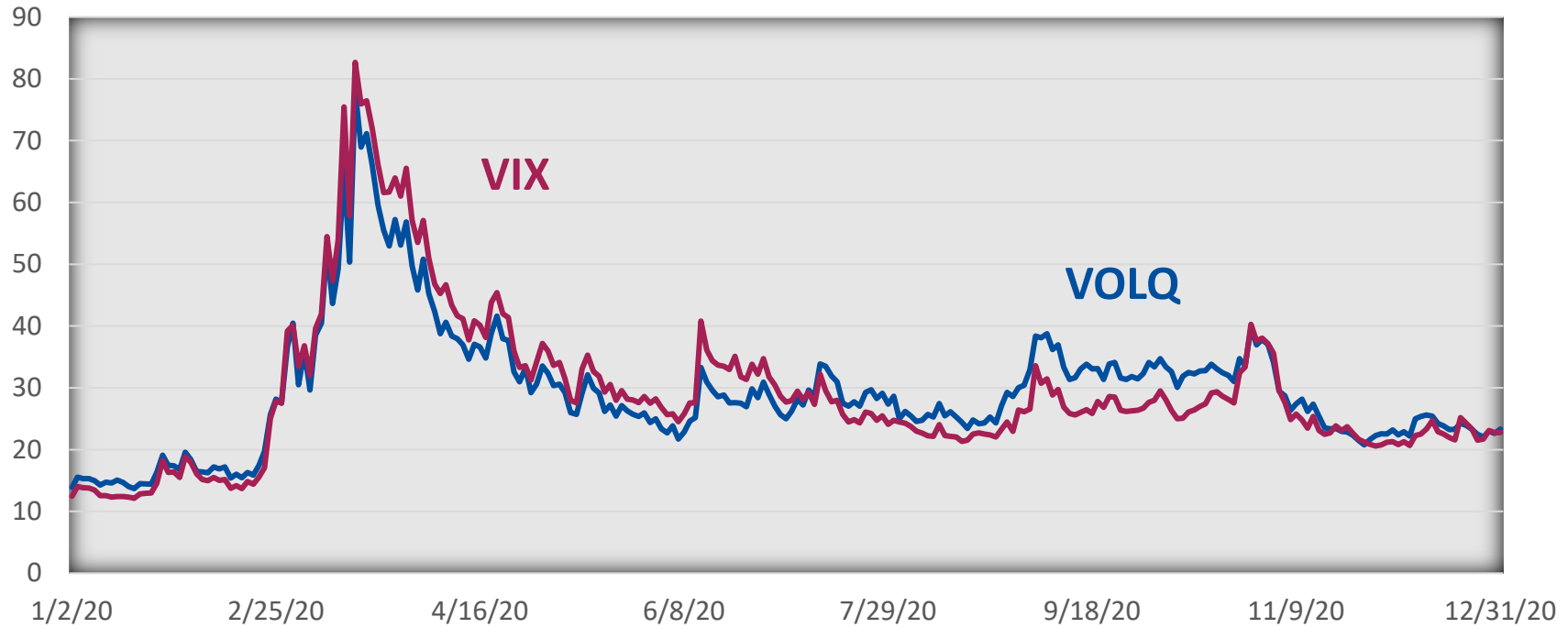
## VOLQ Annual H / L / Avg



Data Source: Nations.com

# VOLQ

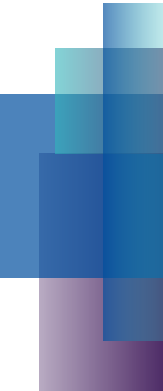
## VOLQ / VIX Daily 2020



Data Source: Cboe Global Markets and Nations.com

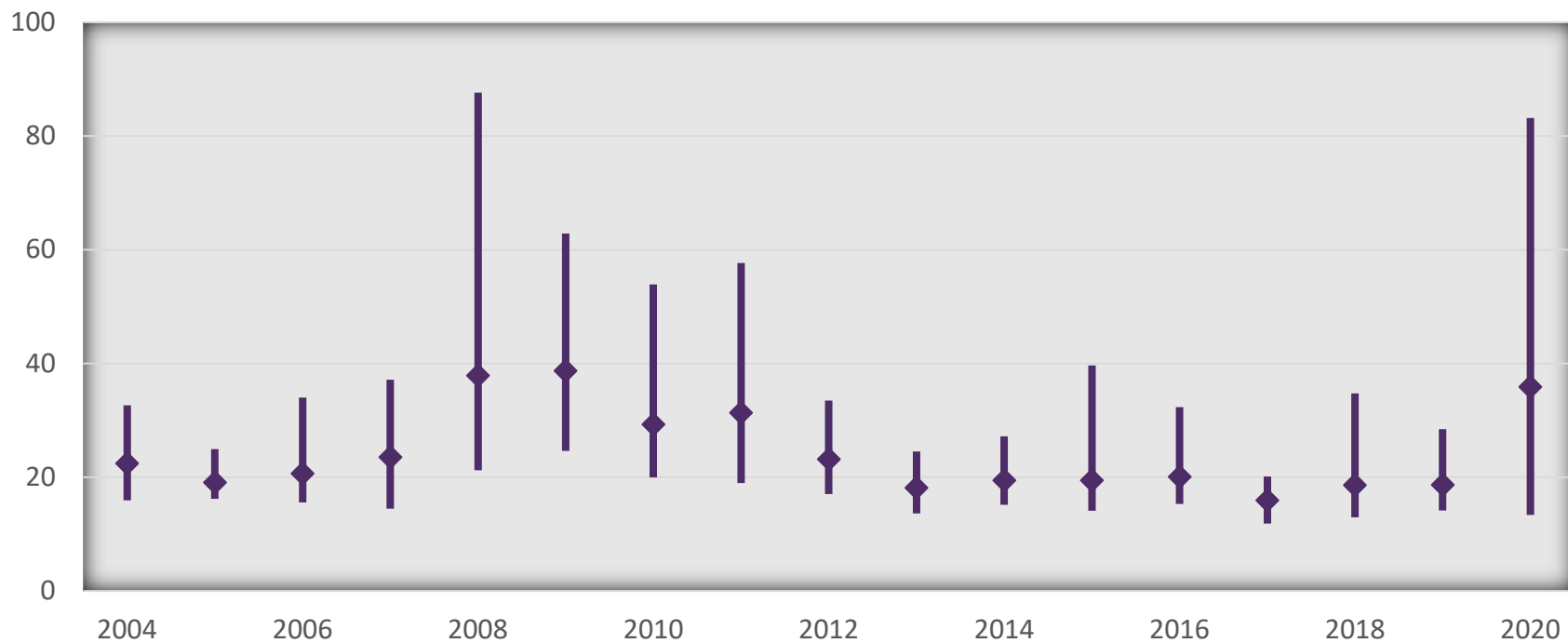
## RVX

- **Russell 2000 Volatility Index**
- **Similar to VIX methodology using a strip of options to determine measure**
- **Consistently higher than VIX except during periods of excess volatility**



## RVX

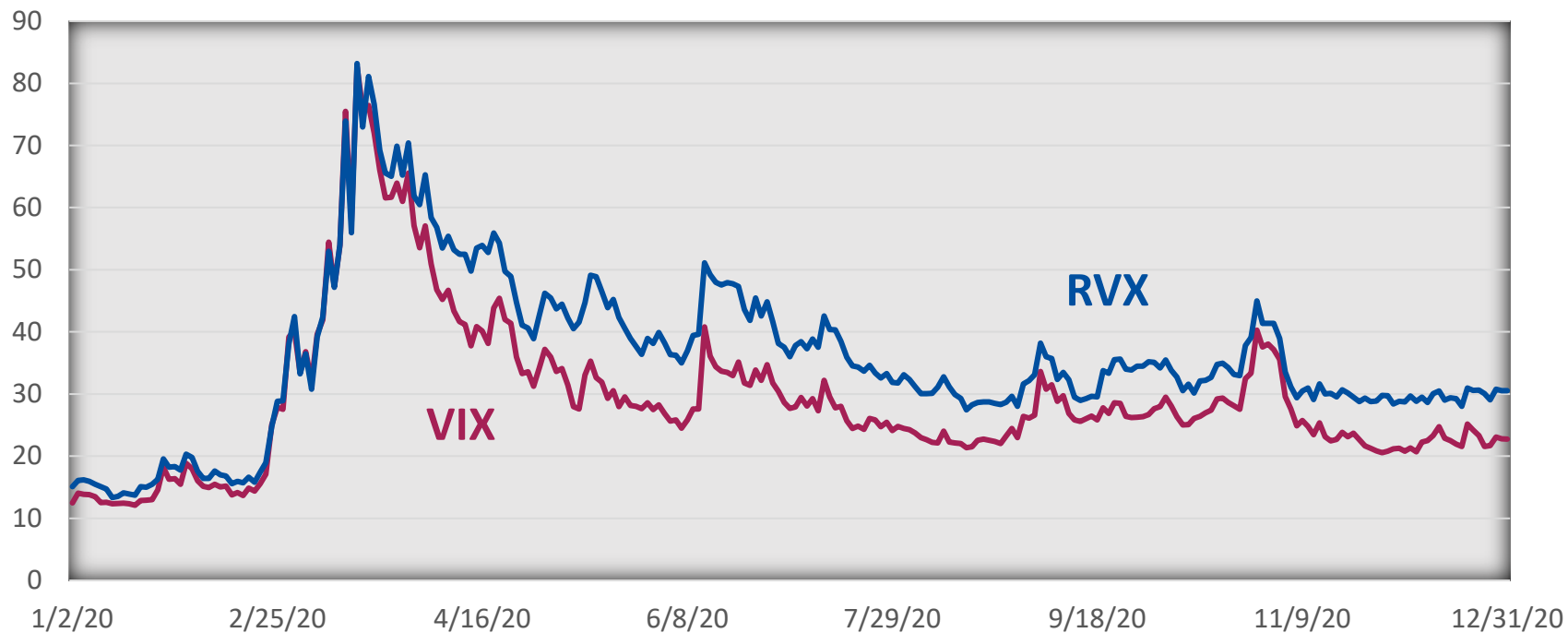
## RVX Annual H / L / Avg



Data Source: Cboe Global Markets

## RVX

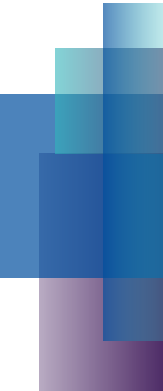
## RVX / VIX Daily 2020



Data Source: Cboe Global Markets

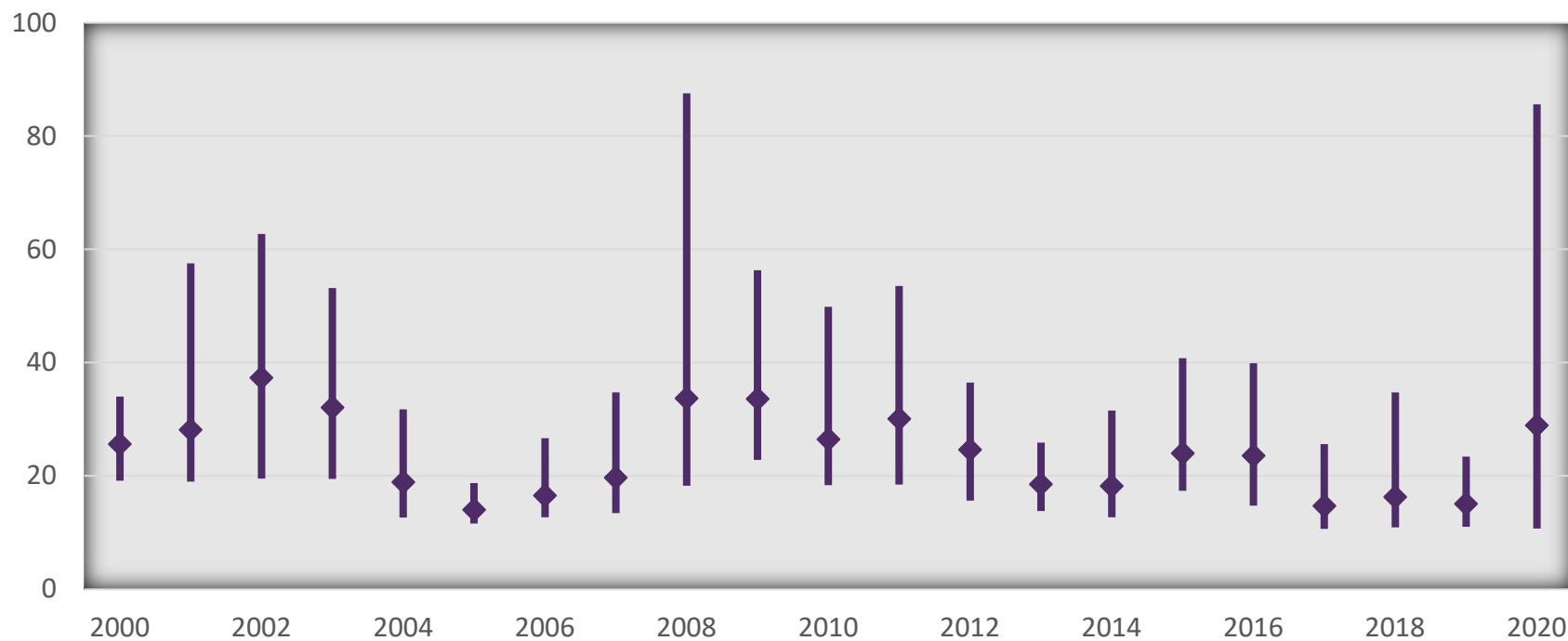
## VSTOXX

- **VSTOXX is the European volatility index**
- **There has been futures trading for several years on VSTOXX**
- **Eurex shares several other time measures using the VSTOXX methodology**



## VSTOXX

## VSTOXX Annual H / L / Avg

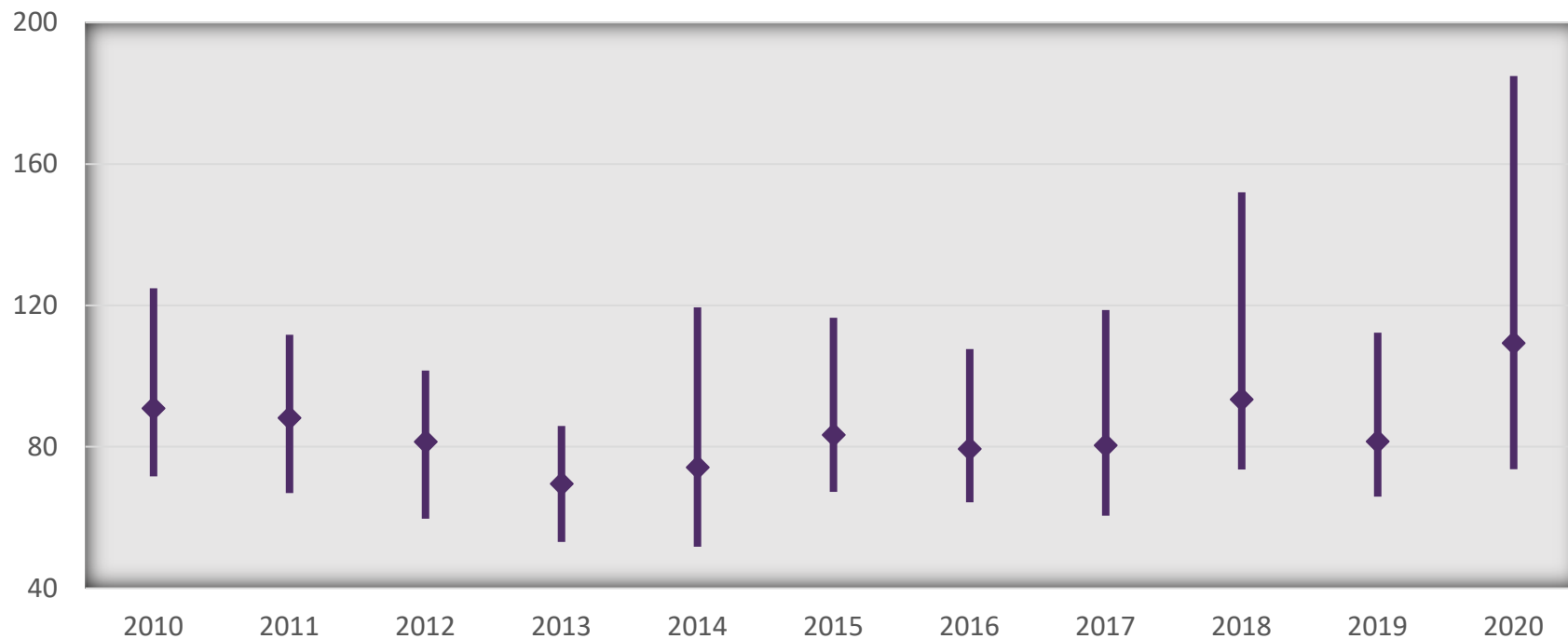


Data Source: Eurex



## VSTOXX

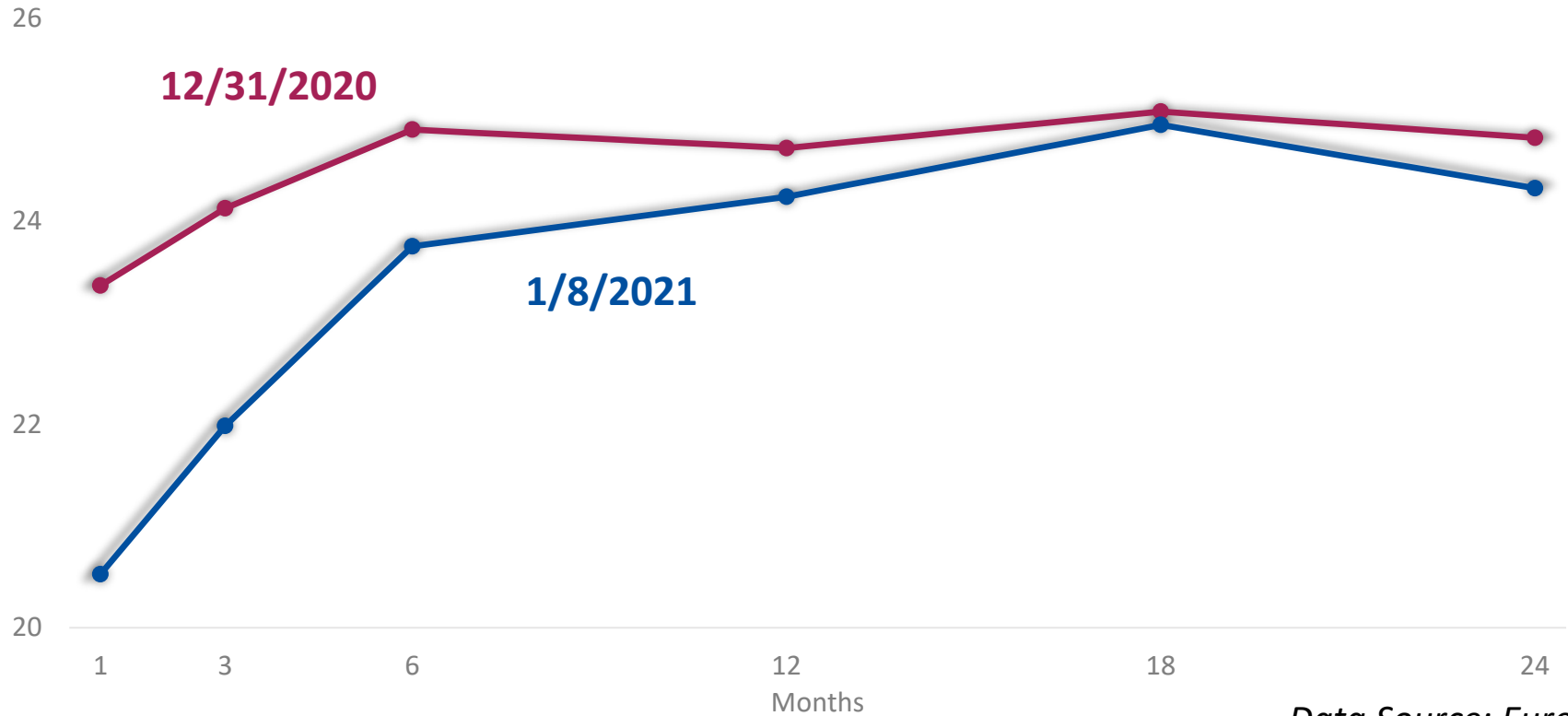
## V-VSTOXX Annual H / L / Avg



Data Source: Eurex

# VSTOXX

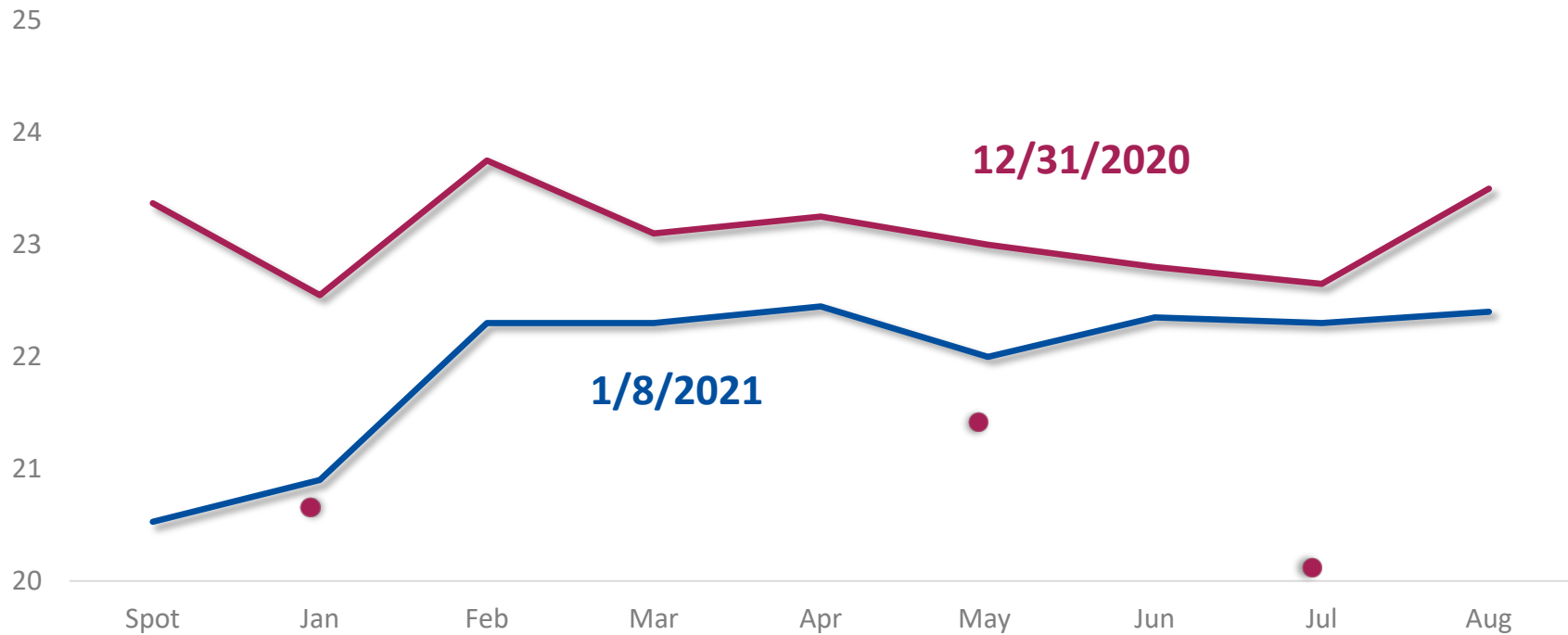
## Recent VSTOXX Indices



Data Source: Eurex

## VSTOXX

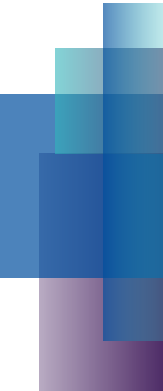
## Recent VSTOXX Futures Term Structure



Data Source: Eurex

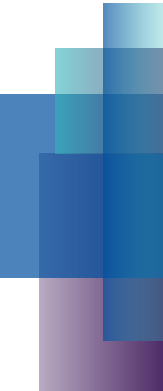
## Looking Forward

- **Elevated RVX versus VIX indicates small cap concerns despite recent outperformance**
- **VOLQ versus VIX not giving hints regarding NDX outlook**
- **Both VIX and VSTOXX complexes are indicating nervousness going into 2021**



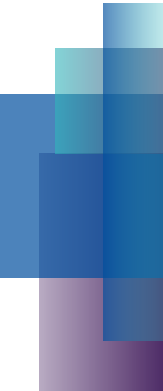
## Coming Attractions

- **More VOLQ products**
- **Futures launched at CME last year**
- **Possible options on futures or options out in 2021**



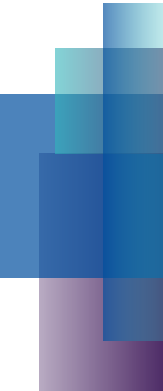
## Coming Attractions

- **-1 Short VIX Futures SVIX ETF**
- **SVIX is in registration with the SEC**
- **Structure is a bit different than previous short ETPs**
- **Hopefully approval in early 2021**



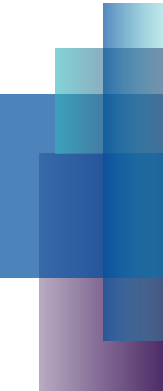
## Coming Attractions

- **Expanding Russell 2000 index options**
- **Mini-options (1/10<sup>th</sup>) coming soon**
- **Comparable to IWM with 60/40 tax treatment on index options**



## Wish List

- **Russell 2000 Volatility Index Futures**
- **VSTOXX ETPs**
- **Relaunch of commodity volatility futures**





## Questions / Contact

Questions?

Contact Info

[rhoads@eqderivatives.com](mailto:rhoads@eqderivatives.com)

Twitter - @RussellRhoads

Website

[www.eqderivatives.com](http://www.eqderivatives.com)

