

# EQDerivatives - Spread Trading VIX and VSTOXX Futures and Options

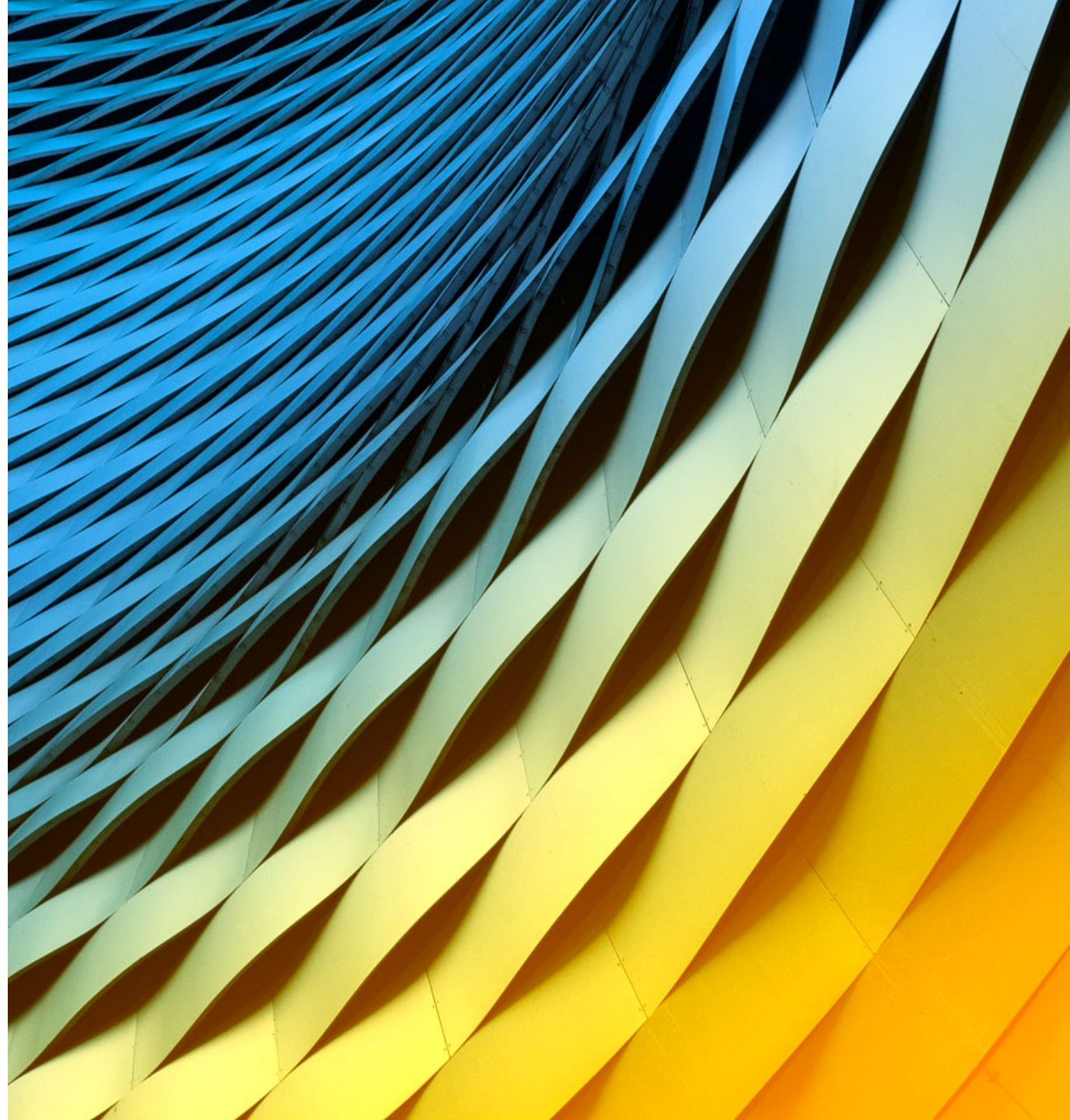
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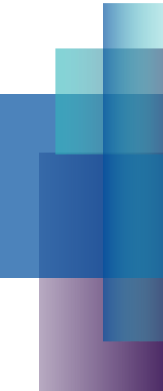
# Spread Trading VIX and VSTOXX Futures and Options

Russell Rhoads, CFA

head research and consulting

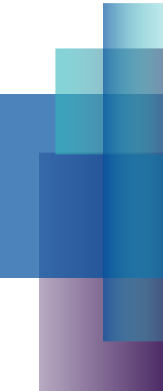
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## Outline

- **VIX / VSTOXX Trading Vehicles**
- **Relative Price Behavior**
- **Combined Strategies**



# VIX / VSTOXX

## Derivatives:

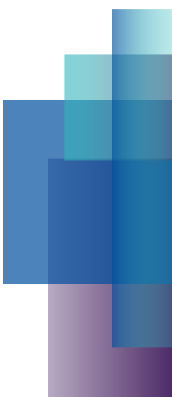
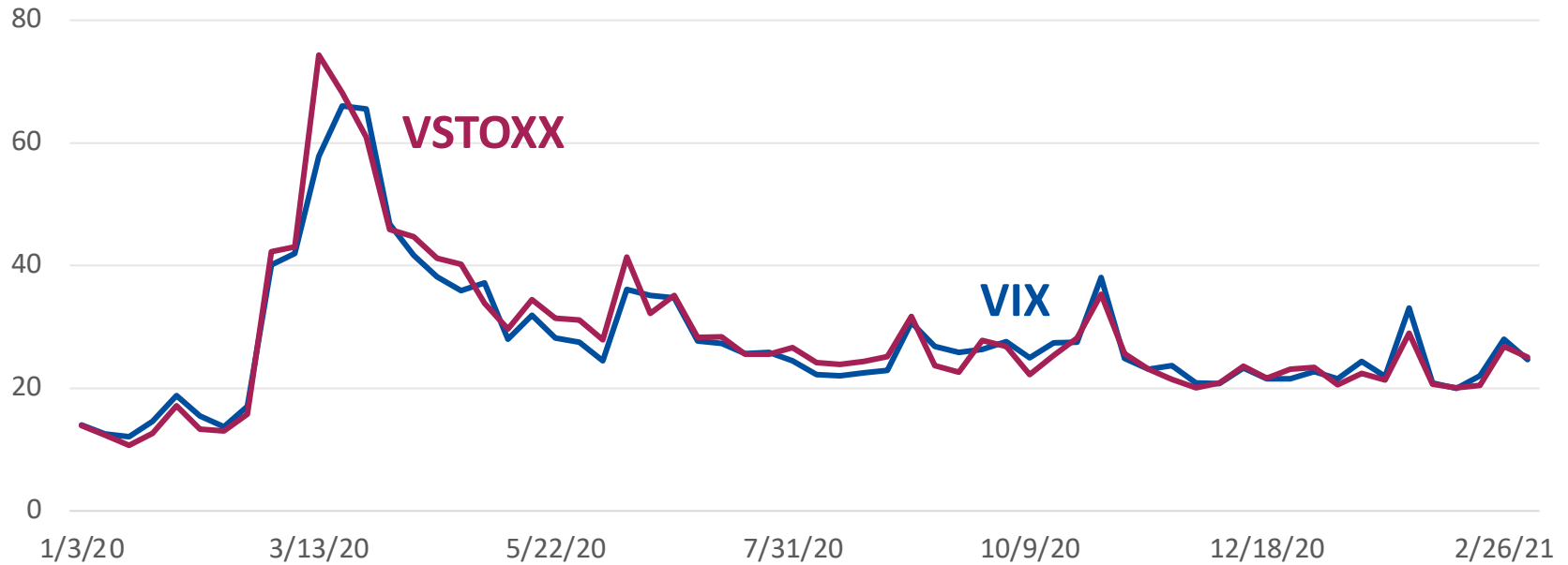
Trading Vehicle	VIX	VSTOXX
Futures	\$1000x	€100x
Mini Futures	\$100x	N/A
Options	\$100x	€100x

*Data Sources: Cboe Global Markets / Eurex*



# VIX / VSTOXX

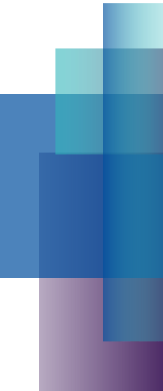
## Relative Price Behavior



## VIX / VSTOXX

### Factors

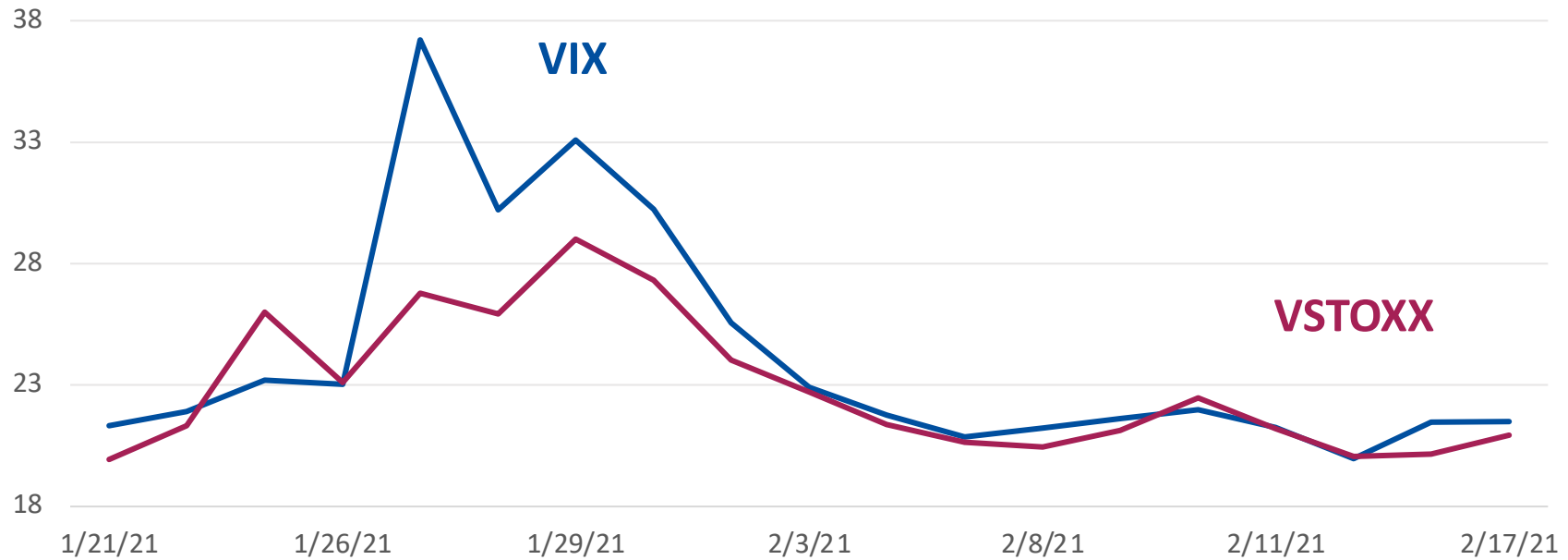
- **VIX vs. VSTOXX spread**
- **Relative futures discount / premium**





# VIX vs. VSTOXX

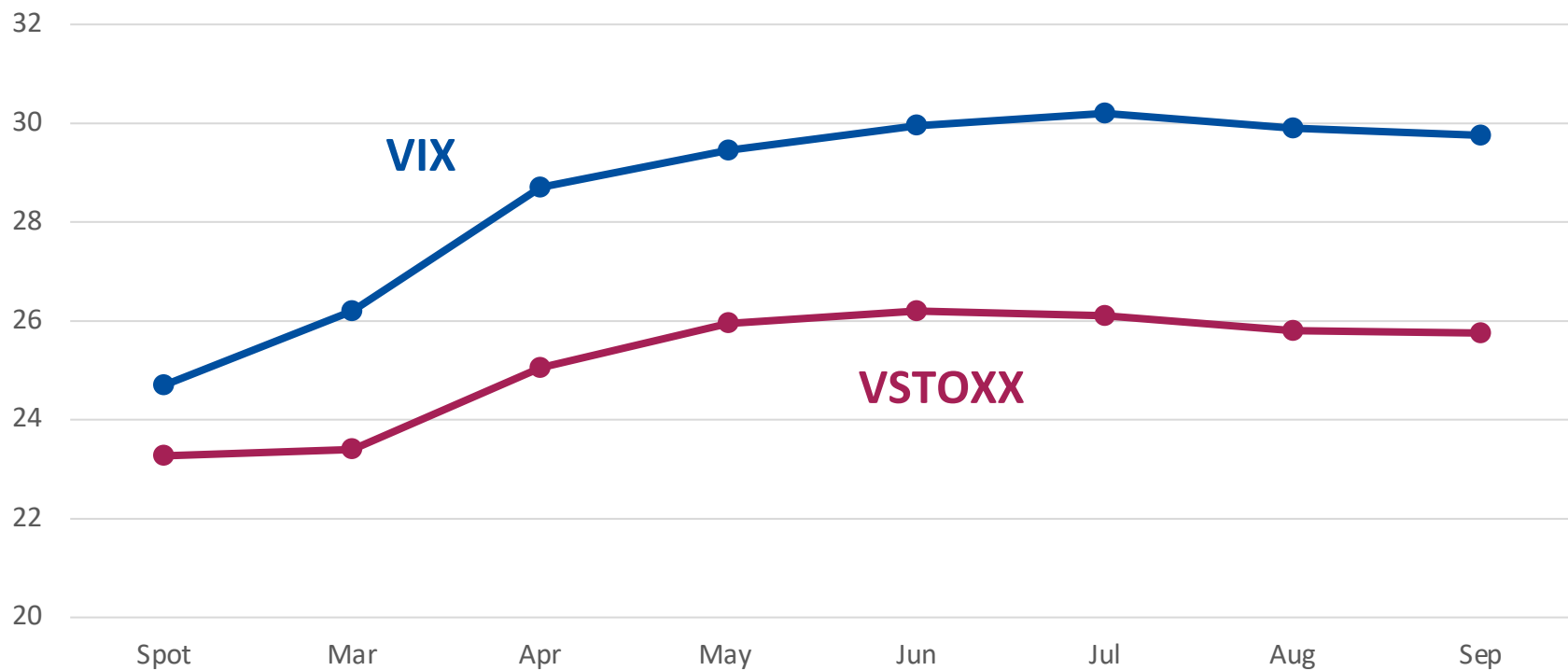
## Spot VIX vs. Spot VSTOXX



Data Source: Cboe Global Markets and Eurex

## VIX vs. VSTOXX

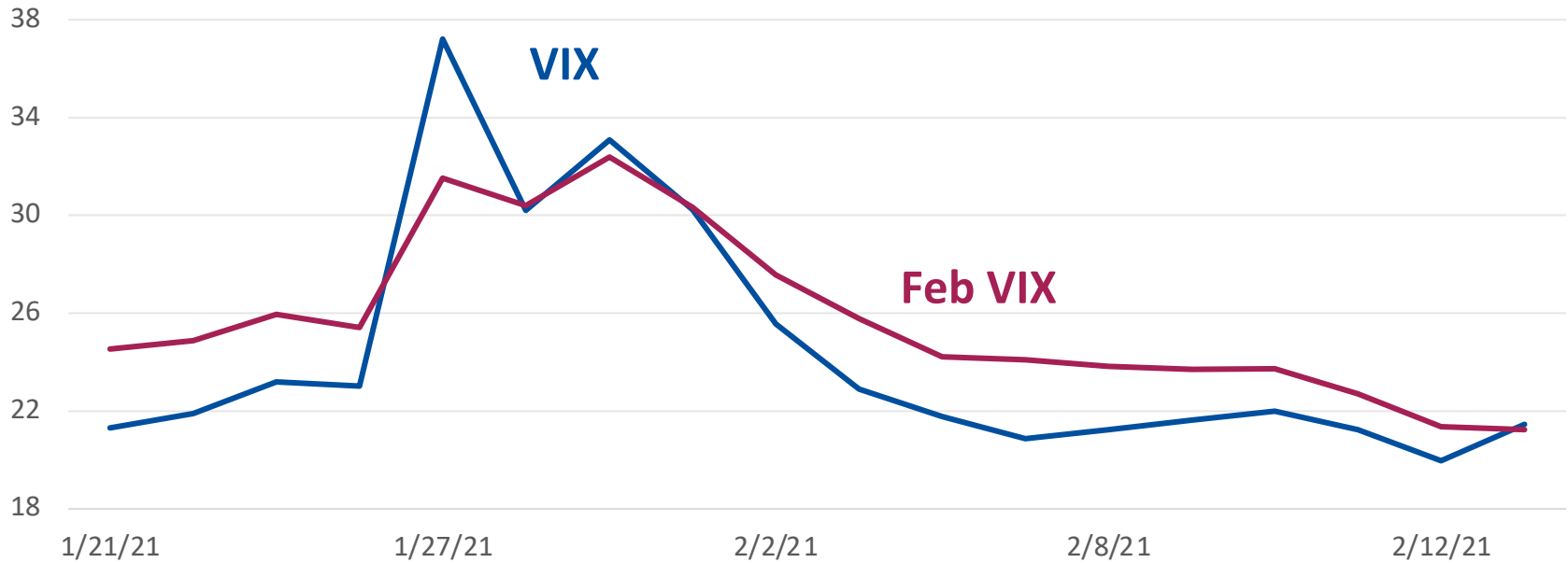
### VIX vs. VSTOXX Term Structure



Data Source: Cboe Global Markets and Eurex

# VIX vs. Futures

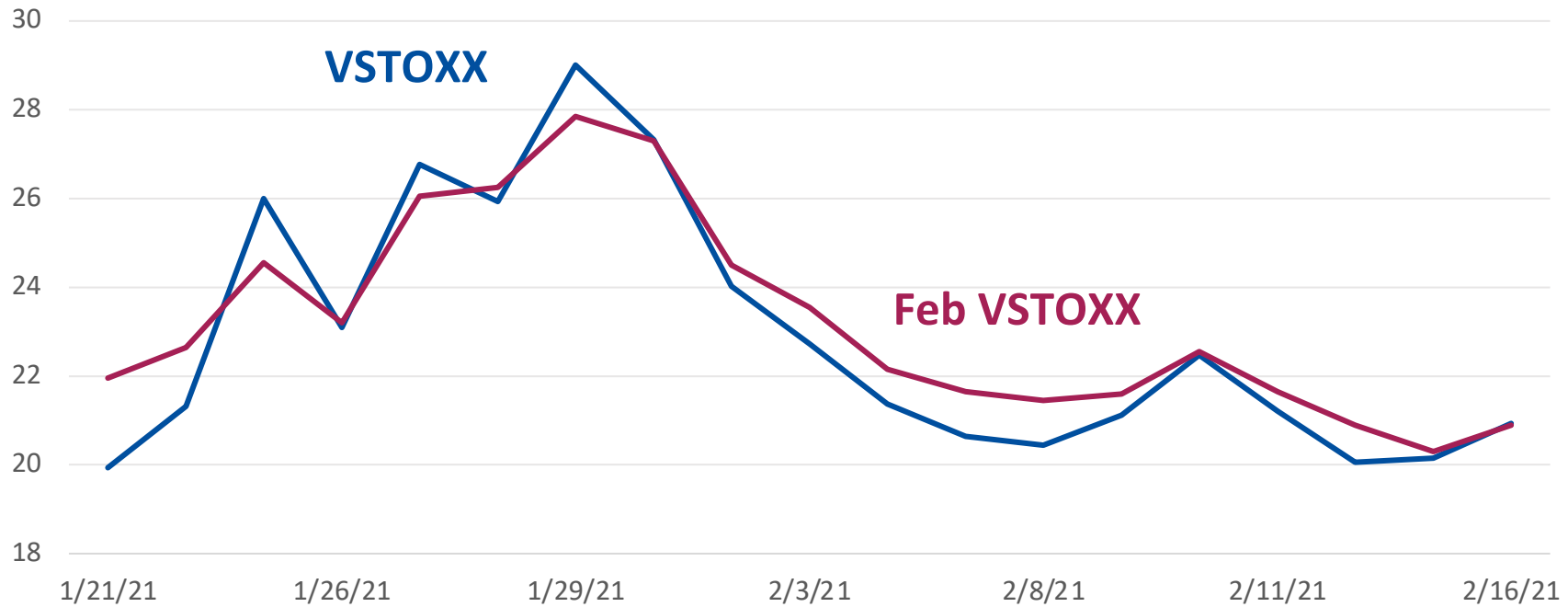
## Spot VIX vs. February 2021 VIX



Data Source: Cboe Global Markets

## VSTOXX vs. Futures

### Spot VSTOXX vs. February 2021 VSTOXX



Data Source: Eurex

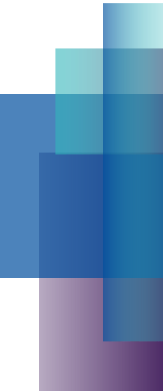
## Basic Futures Spread

**1/27/2021 – 10:00 am Chicago Time**

**Sell Feb VIX @ 28.10**

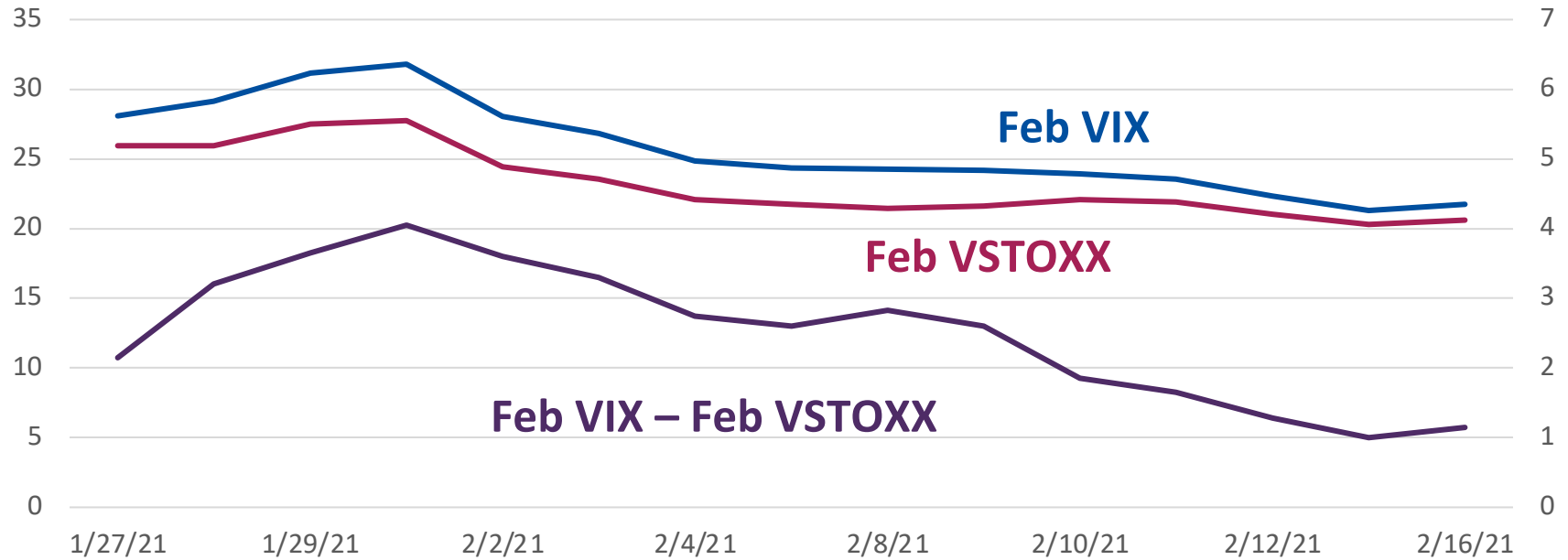
**Buy Feb VSTOXX @ 25.95**

**Spread +2.15**



# Basic Futures Spread

## Relative Pricing Through Expiration



Data Source: Cboe Global Markets and Eurex

## Option Spread

**1/27/2021 – 10:00 am Chicago Time**

**Buy VSTOXX Feb 20 Call @ 6.10**

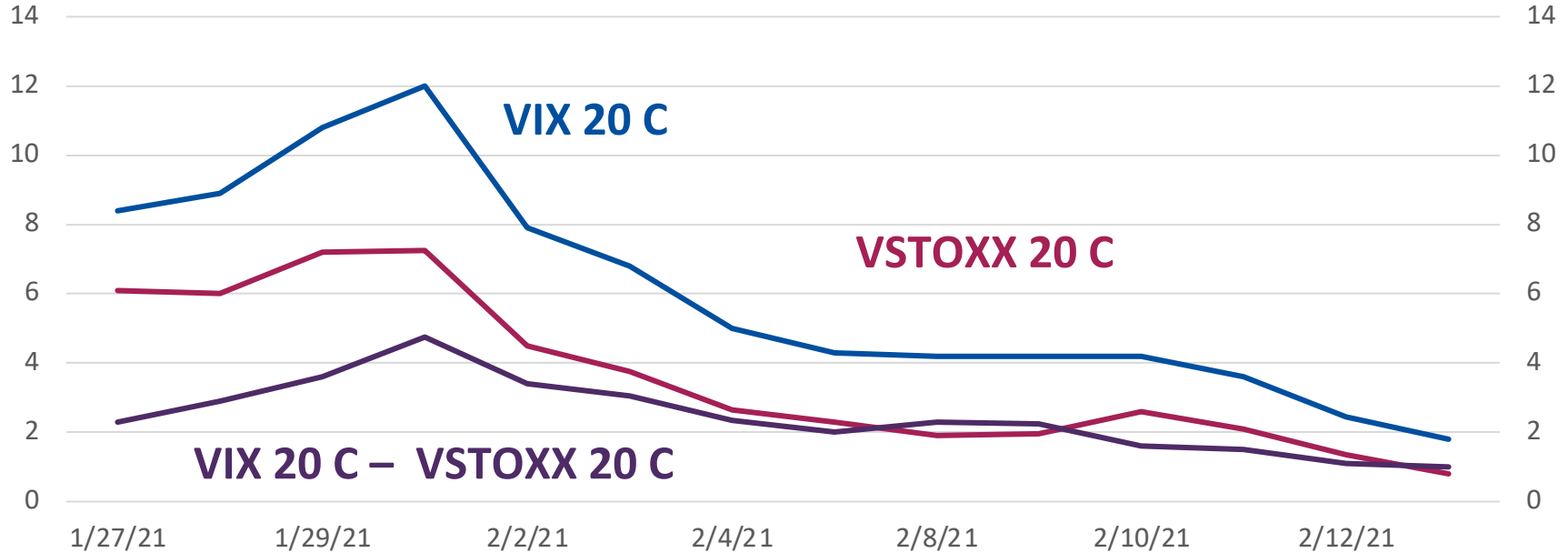
**Sell VIX Feb 20 Call @ 8.40**

**Spread = +2.30**



# Option Spread

## Relative Pricing Through Expiration

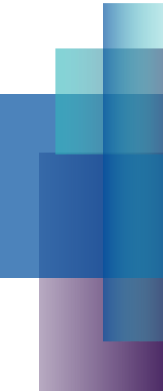


Data Source: Cboe Global Markets and Eurex



## VIX vs. VSTOXX Trading

- **VIX and VSTOXX have a very strong correlation, but deviate enough to create spread trading opportunities**
- **The indexes are a good first place to look, but the futures relationships are the more important factors**
- **Options offer a secondary method of taking advantage of VIX / VSTOXX disconnects**



## Questions / Contact

Questions?

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