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United Ethos Wealth Partners

Getting Small – A Deep Dive Into Smaller Size Futures And Option Markets

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Getting Small – A Deep Dive Into Smaller Size Futures And Option Markets

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Outline

- Futures
- Options
- Questions / Contact

Futures – Equity

- Micro E-Mini S&P 500
- Micro E-Mini Russell 2000
- Micro E-Mini Nasdaq-100



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Futures – Equity

Contract Information

Micro Index	Recent Quote	IB Tickers	Multiplier	Notional	2023 ADV*
S&P 500	4500	MES	\$5.00	\$22,500.00	1,052,050
Russell 2000	1970	M2K	\$5.00	\$9,850.00	80,730
Nasdaq 100	15400	MNQ	\$2.00	\$30,800.00	1,044,462

Data Source: Bloomberg



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Futures – Equity

- Micro equity index futures are ideal for speculating on the outlook for a certain index
- They also are useful for trading a relative outlook for broad based indices

Futures – Equity

June 30, 2023

S&P 500 +15.91%

Russell 2000 +7.24%

Historically this relationship widens and narrows.

Short S&P 500/ Buy Russell 2000

Data Source: Bloomberg



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Futures – Equity

June 30, 2023

Sell Short 3 MES @ 4488.00 (\$67,320)

Buy 7 M2K @ 1904.00 (\$66,640)

Data Source: Bloomberg



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Futures – Equity

July 31, 2023

Cover 3 MES @ 4614.00 (\$69,210)

Sell 7 M2K @ 2013.00 (\$70,455)

MES = \$67,320 – \$69,210 = (\$1890)

M2K = \$70,455 – \$66,640 = \$3815

Net \$3815 - \$1890 = \$1925

Data Source: Bloomberg



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Futures – Currency / Crypto

- Micro Bitcoin Futures
- Micro Ether Futures
- Micro AUD/USD Futures
- Micro GBP/USD Futures
- Micro CAD/USD Futures
- Micro EUR/USD Futures
- Micro CHF/USD Futures



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Futures – Currency / Crypto

Contract Information

Crypto / Currency	Recent Quote	IB Tickers	Multiplier	Notional	2023 ADV*
Bitcoin	29300	MBT	\$0.10	\$2,930.00	10397
Ether	1850	MET	\$0.10	\$185.00	9427
Australian Dollar	0.6560	M6A	\$10,000.00	\$6,560.00	13120
British Pound	1.2700	M6B	\$6,250.00	\$7,937.50	3332
Canadian Dollar	0.7500	MCD	\$10,000.00	\$7,500.00	2644
Euro Currency	1.1000	M6E	\$12,500.00	\$13,750.00	30755
Swiss Franc	1.1500	MSF	\$12,500.00	\$14,375.00	749

Data Source: Bloomberg



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Futures – Metals / Energy

- Micro Gold
- Micro WTI (Oil)



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Futures – Energy / Metals

Contract Information

Market	Recent Quote	IB Tickers	Multiplier	Notional	2023 ADV*
Oil	81.50	MCL	\$100.00	\$8,150.00	93530
Gold	1970	MGC	\$10.00	\$19,700.00	72386

Data Source: Bloomberg



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Options – Equity Index

- S&P 500 (XSP)
- Russell 2000 (MRUT)
- Nasdaq-100 (XND)



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Options – Equity Index

Contract Information

Index	Recent Quote	IB Tickers	Multiplier	Notional	2023 ADV*
S&P 500	450.00	XSP	\$100.00	\$45,000.00	59153
Russell 2000	197.00	MRUT	\$100.00	\$19,700.00	256
Nasdaq 100	154.00	XND	\$100.00	\$15,400.00	370

Data Source: Bloomberg



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Options – Equity Index

- Registered Investment Advisors will use the small size contracts in cases where they are running similar strategies for several clients
- This allows them to break up larger trades for appropriate allocations to client accounts.
- One RIA appears to be using XND to collar tech heavy portfolios

Options – Equity Index

Friday July 21

XND @ 155.19

Buy XND Jul 28th 153 Put @ 0.90

Sell XND Jul 28th 157 Call @ 1.04

Net Credit = 0.14

Data Source: Bloomberg

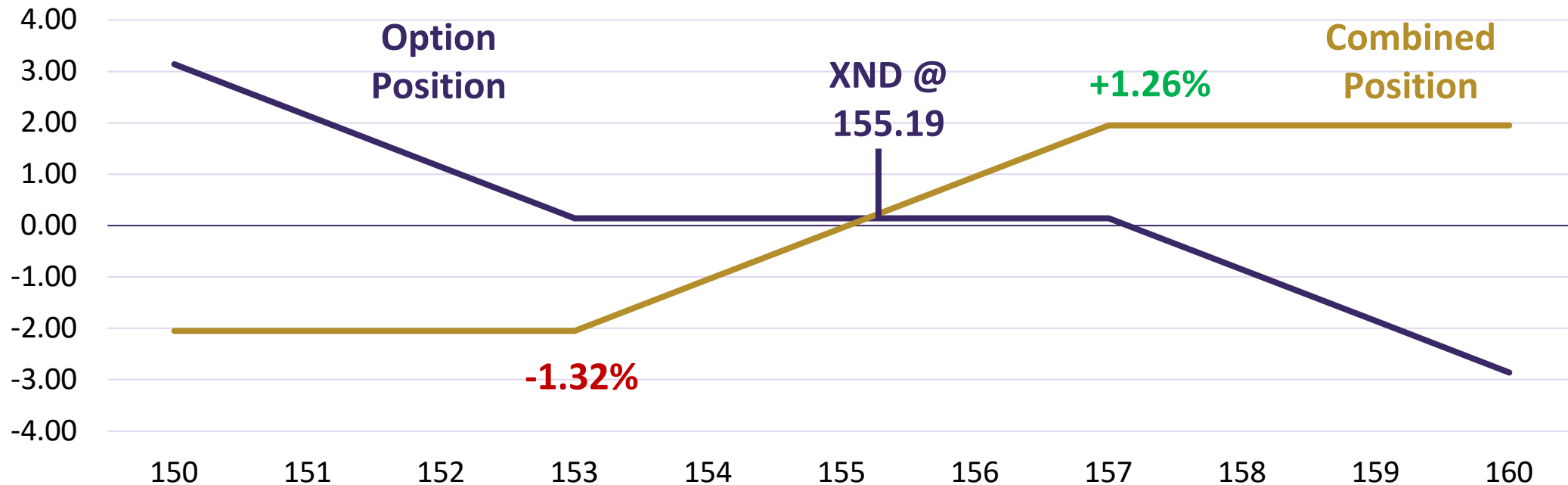


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Options – Equity Index

Payoff At Expiration

XND Jul 28th 153 / 157 Collar



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Data Source: Bloomberg

Options – Equity Index

Thursday July 27

XND @ 154.32

Cover XND Jul 28th 157 Call @ 0.08

Friday July 28

XND Jul 28th 153 Put Expired

Net Result = 0.06 Profit

Data Source: Bloomberg



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Questions / Contact

Questions?
Suggestions?

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