CME Institute LIVE: Financial Futures and the Institutional Trader’s Toolbox

Partner Content from CME Group – Today’s European money managers must be on the lookout for new ways to generate alpha in low-return environments, while nimbly navigating hairpin market turns from a 24-hour world news cycle. Uncleared Margin Rules have many institutions looking for ways to negate higher costs, such as switching to listed FX options. Portfolio managers must manage a slew of risks and new technologies while seeking greater cost efficiencies in ever-more-regulated, capital-constrained markets. To be successful requires a deep and comprehensive toolbox of the right tools, innovative strategies and a forward-thinking mind ready to learn.

This workshop provides a deep dive into how you can achieve just that using CME Group’s benchmark interest rate, equity index and FX derivatives products. Discover new ways to reduce existing and new margin requirements from Uncleared Margin Rules while freeing up credit lines, increasing cost efficiencies and maximizing your risk/return.

Who should attend?

Portfolio managers, research, trading and client facing professionals from pensions, asset management, and insurance firms as well as sell-side professionals from banks, broker-dealers and futures brokerage firms.

What you’ll learn

The CME Institute Live event will provide you with practical applications of exchange-traded derivatives (ETD) as effective trading and risk management tools. You also will learn how to analyze the price of futures versus cash markets, and how to evaluate ETDs as an effective tool for your portfolio.

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Interest Rate Workshop

- Deconstructing pricing between US Treasury futures and Treasury cash securities
- Determining proper hedge ratios for individual securities and portfolios using UST futures
- Constructing inter-commodity spreads (ICS) in UST futures to manage/trade yield curve risk
- Analyzing Eurodollar futures convexity bias to the Interest Rate swaps market
- Evaluating and selecting shorter maturity ICS to trade or manage credit exposure

Equity Index Workshop

- Comparing Equity Index futures vs equivalent ETFs and swaps in total cost analysis and relative value terms
- Measuring the capital needed for futures vs other equity index beta replication products
- Executing cash equitization, portable alpha, and sector rotation strategies with futures

FX Futures Workshop

- Calculating the fair value of an FX futures contract
- Applying FX futures as an overlay for exchange rate risk
- Analyzing FX futures correlation to other asset classes
- How capital usage differs for ETD and OTC under Uncleared Margin Rules (UMR)

Agenda

Day 1 – Interest Rate Workshop

9:00 – 9:30	**Welcome** • Standardized futures vs. OTC • Exchange-traded derivatives & clearing benefits • CCP vs. bilateral counterparty risk
9:30 – 10:30	**US Treasury Futures Foundations** • Delivery process • Pricing mechanics • Basis, carry-repo, net basis • Cheapest to deliver (CTD), measuring risk
11:00 – 12:30	**US Treasury Futures Applications** • Basis trading • Invoice spreads • Duration adjustments • Yield curve • Option overlay
12:30 – 13:30	**Break, lunch provided**
13:30 – 14:30	**STIRs Basics** • Contracts, design & specs • Fed Funds (FF) & FedWatch • Convexity bias • Eurodollar (ED) Packs, Bundles, and Strips • SOFR-SONIA
14:30 – 15:00	**Break**

15:00 – 16:30	**STIRs Applications** • Hedging rate exposure & creating synthetic investments • Pricing/hedging interest rate swaps • Calendar spreads & butterflies • Inter-commodity spreads: FF-ED & Term TED spreads • Eurodollar options

Day 2 FX & Equity Index Workshop

9:00 – 9:30	**Welcome** • Financial futures, incl. exchange-traded vs. OTC • Uncleared Margin Rules (UMR) implications and margin • CCP vs. bilateral counterparty risk
9:30 – 11:15	**FX Futures** • Size and scope of FX • Quote conventions, futures pricing, contract mechanics • Currency overlays • FX as a non-correlated asset class • Basis: CME FX Link • FX options • Uncleared Margin Rule (UMR) considerations
11:15 – 11:30	**Break**
11:30 – 12:30	**Equity Index 1.0** • Indexing/benchmarks • Pricing mechanics • Carry, dividend income • CAPM review, beta, alpha • Beta replication, beta adjustment
12:30 – 13:30	**Break, lunch provided**
13:30 – 15:00	**Equity Index 2.0** • Cash equitization • Portable alpha • Index spreads • Select Sectors, sector rotation
15:00 – 15:15	**Break**
15:15 – 16:45	**Equity Index 3.0** • Basis Trade at Index Close (BTIC) • Trade at Cash Open (TACO) • Total Return & Dividend futures • Futures versus ETFs • Options for price risk

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