



Welcome to our August 2023 Recap:

We are pleased to welcome you to our August 2023 month-end report.

The end of summer is here. It wasn't a summer of discontent. It was more a summer of 'meh'. Interest rates and mortgage rates continue to grind higher. The hope is that they bring inflationary expectations back to acceptable levels. Our view is that this is a Keystone Kops scenario. As the double whammy of profligate Federal government borrowing coupled with a still very bloated Fed balance sheet continue their magic, any reduction in inflation will be temporary and perhaps the result of recessionary pressure. Who knows, we could be wrong? While everyone in the housing market is screaming, the buyers seem to have continued to pay up for housing and mortgage. Overall, the markets were not terribly coherent this month. Energy prices were mostly up. Ags were mostly down. In the first case, the tight OPEC+ coordination seems to be paying off dividends in some form to the cartel. The wonder is that they engaged cooperatively for so long. This is the chief failing of a cartel-the need to cheat. Perhaps the existence of real time data on crude traffic, distilling and marketing is the key in this era. Cheating can be detected. With the end of summer, ags have bobbed a bit. Neither the lack of a Russo-Turko-Ukrainian deal, nor the omnipresent 'weather' (whether it is a drought or too much rain isn't a concern) had any arresting affect on prices. Rates were also mixed. In the past, a Fed move or a perceived change in stance would trigger an approximately duration controlled move in the price curve. This time, the very front and back of the curve fell (in price). Equities were down (so yes, they do recede), but it is a very calm down. Metals were also mixed, China always looms large in copper (as it does in crude).

There was no summer of love for crypto. Both the Bitcoin and Ethereum futures were down massively. The supposed liquidation of Tesla's BTC stash has a decidedly negative effect on prices. The SEC's objection to the listing of a much touted US BTC etf also continued the malaise. In conventional FX, the Yen continued its steady down trend. The Bank of Japan seems to be in some race downwards. In the name of fixing their decades long malaise, they continue the cheapening of their currency and increasing the BOJ's purchase of JGBs. The Yen, Aussie Dollar and New Zealand Dollar futures were all down about 2-3%. Implied volatility collapsed in both the Yen and Swiss Franc.

[Foreign Exchange ATM](#)

[Bitcoin Detail](#)

[Yen Detail](#)

[Pound Detail](#)

The Fed's Jackson Hole confab came and went. The market remained irrational in the

sense postulated by Einstein. Prior to every meeting over the past year, the market has expected a message of easing. It has gotten a tightening instead. The Fed has a difficult job. The permanent deficit spending will be hard to sterilize, and by hard we mean impossible. Yes, the rate increases will trigger a massive regurgitation of real estate (no, this time isn't different). However, in the long run, inflation will be here to stay. Oddly, or maybe presciently, the market's reaction is to batter the extremely short term SOFR market and the extremely long end of the curve. This was not a smooth and orderly, duration based, move in the market. Implied volatility was higher in the Ultras, but down elsewhere.

Interest Rates ATM

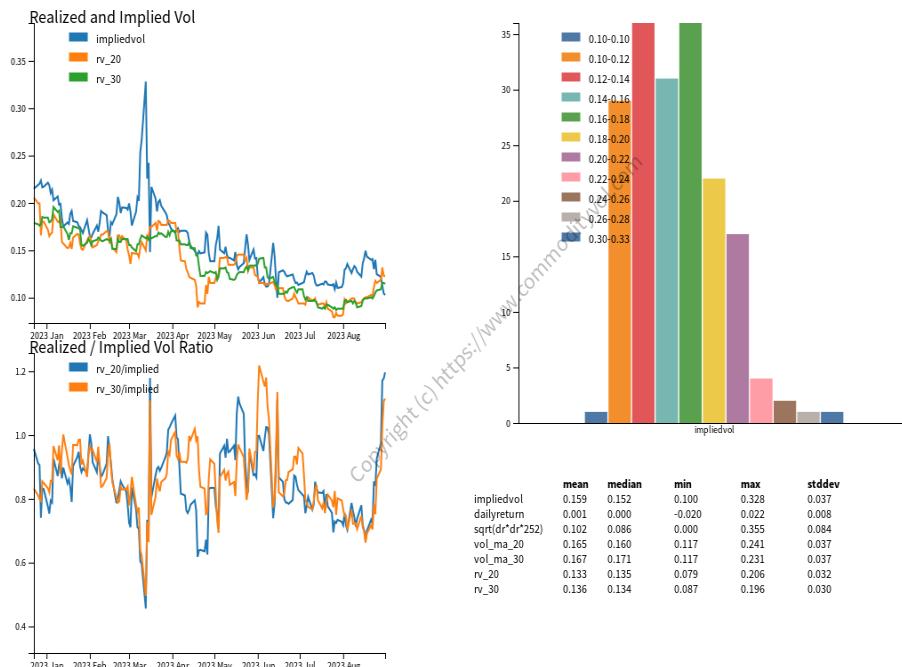
30 Year Detail

Indexes were down this month. Not even NVIDIA could save the mighty market. The Russell future was down about 5%. SP500 futures were down about 1.9% and Nasdaq was down similarly. You'd think that a case of major markets being down across the board would inspire vols to highs. You'd be wrong (again-as we would be). Vol sold off between 110 and 300 bps. VIX futures were down and vol of vol was also down. The fall is typically the season for vol. Time will tell. We are including a piece from our Implied/ Realized report. Notice how extreme the realized volatility is. Might this be an aberration, perhaps. It could also be the harbinger of bad times.

EquityIndex ATM

SP500 Detail

E-Mini S&P 500 Options Front Month 50Δ Last 180 days



A massively mixed bag in metals this month. China concerns are always present in the

copper market. Copper futures broke 0.8%. Oddly, vol fell almost 550 bps. Platinum rallied vol was up. Palladium fell and its vol rallied dramatically.

[Metals ATM](#)

[Copper Detail](#)

[Platinum Detail](#)

[Palladium Detail](#)

While last month was one of incredible price and vol strength in Ags. This month was quite different. Feeder cattle's price was up strongly as was rice and oats. Everything else was down (at the front month). Lean hogs seem to have imploded. Not sure if there is a bumper litter of hogs, but the 20% move in futures led to a massive bid in vol. There are reports of low carcass weights in spite of an increased slaughter. Last month's darlings; corn, wheat and beans, were down significantly and their vol cratered. Milk and related dairy products were down across the board. Vol exploded. These are difficult products to judge since the volume isn't consistent.

[Ags ATM](#)

[Wheat Detail](#)

[Soybeans Detail](#)

[Corn Detail](#)

[Ags Details](#)

Oil, both WTI and Brent were quite strong, rallying about 2.8 and 2.3%, respectively. If one could summarize the oil markets it would be a situation of watchful waiting. Vol has come off for crude consistently. The market is waiting to see how long OPEC+ can maintain enforcement. China is a wild card. A faltering China means less oil demand which means more pressure on OPEC+ compliance. There is also worry about the rate hikes leading to a slowing US economy. The month also ended with two hurricanes swirling up the East Coast (one making landfall, the other not). Natural gas was up about 8% on the month with a rally of 860 bps in implied volatility. Heating oil was strong as we head into the heavy demand period, while RBOB prices fell.

[Energy ATM](#)

[US Natty Gas Detail](#)

[Details Energy](#)

As always we welcome you to visit our website and hope to help you manage risk!

CommodityVol.com is here to serve your needs around modeling, forecasting and understanding the market. If you have needs for commodity skews, parameterized surfaces (including stochastic volatility models), please do not hesitate to contact us!
info@commodityvol.com

At The Money Roundup of Products

Forex

exch/prod	desc	futures chng [%]	vol chng [%]
CME/ADU	AUDUSD 2pmfix	-0.014 [-2.1%]	+0.006 [+5.5%]
CME/BTC	Bitcoin	-3200.000 [-10.9%]	+0.030 [+9.9%]
CME/CAU	CADUSD 2pmfix	-0.013 [-1.7%]	-0.001 [-0.9%]
CME/CHU	CHFUSD 2pmfix	-0.014 [-1.2%]	-0.007 [-8.3%]
CME/ETH	Ethereum Futures	-200.000 [-10.8%]	-0.007 [-2.3%]
CME/EUU	EURUSD 2pmfix	-0.015 [-1.3%]	+0.003 [+3.7%]
CME/GBU	GBPUSD 2pmfix	-0.011 [-0.9%]	-0.007 [-8.4%]
CME/JPU	JPYUSD 2pmfix	-0.000 [-1.9%]	-0.006 [-6.5%]
CME/MP	Mexican Peso	-0.000 [-0.1%]	+0.008 [+7.6%]
CME/NE	New Zealand	-0.018 [-3.0%]	-0.000 [-0.4%]

InterestRates

exch/prod	desc	futures chng [%]	vol chng [%]
CBT/26	2 YR US Treasury Note	+0.461 [+0.5%]	+0.000 [+1.0%]
CBT/25	5 YR US Treasury Note	+0.391 [+0.4%]	-0.003 [-5.9%]
CBT/21	10 YR US Treasury Note	+0.156 [+0.1%]	-0.004 [-5.3%]
CBT/17	30 YR US Treasury Bond	-1.281 [-1.0%]	+0.003 [+2.2%]
CBT/UBE	Long Term US Treasury Bond	-0.781 [-0.6%]	+0.007 [+5.1%]
CME/S0	One-year Mid-curve Three-month SOFR	-0.015 [-0.0%]	-0.004 [-20.0%]
CME/SR3	Three-month SOFR	-0.002 [-0.0%]	-0.001 [-21.0%]
CME/S3	Three-year Mid-curve Three-month SOFR	-0.030 [-0.0%]	-0.004 [-22.8%]
CME/S2	Two-year Mid-curve Three-month SOFR	+0.040 [+0.0%]	-0.004 [-19.2%]

exch/prod	desc	futures chng [%]	vol chng [%]
CME/DK	Class IV Milk	-0.460 [-2.4%]	+0.021 [+18.1%]
CBT/C	Corn	-0.188 [-3.8%]	-0.071 [-22.4%]
CME/62	Feeder Cattle	+4.800 [+1.9%]	-0.023 [-21.4%]
CBT/KW	KC HRW Wheat	-0.772 [-9.6%]	-0.053 [-14.9%]
CME/LN	Lean Hog	-21.125 [-20.4%]	+0.114 [+94.0%]
CME/48	Live Cattle	-1.000 [-0.5%]	-0.036 [-25.7%]
CME/NF	Nonfat Dry Milk	-3.925 [-3.4%]	+0.004 [+4.9%]
CBT/O	Oats	+0.577 [+13.3%]	+0.033 [+8.4%]
CBT/14	Rough Rice	+0.845 [+5.3%]	+0.012 [+7.9%]
CBT/S	Soybean	-0.180 [-1.3%]	-0.063 [-26.3%]
CBT/06	Soybean Meal	-23.400 [-5.5%]	-0.048 [-17.9%]
CBT/07	Soybean Oil	-0.460 [-0.7%]	-0.084 [-23.4%]
CBT/W	Wheat	-0.503 [-7.7%]	-0.061 [-15.9%]

EquityIndex

exch/prod	desc	futures chng [%]	vol chng [%]
CBT/YM	E-Mini Dow	-966.000 [-2.7%]	-0.005 [-5.1%]
CME/NQ	E-Mini Nasdaq	-278.750 [-1.8%]	-0.019 [-10.6%]
CME/RTO	E-Mini Russell 2000	-102.400 [-5.1%]	-0.031 [-17.7%]
CME/RTM	E-Mini Russell EOM	-82.800 [-4.1%]	-0.019 [-10.8%]
CME/ES	E-Mini S&P 500	-85.250 [-1.9%]	-0.012 [-10.6%]
CBOE/VIX	VIX Volatility Index	-0.360 [-2.6%]	-0.090 [-13.7%]

Energy

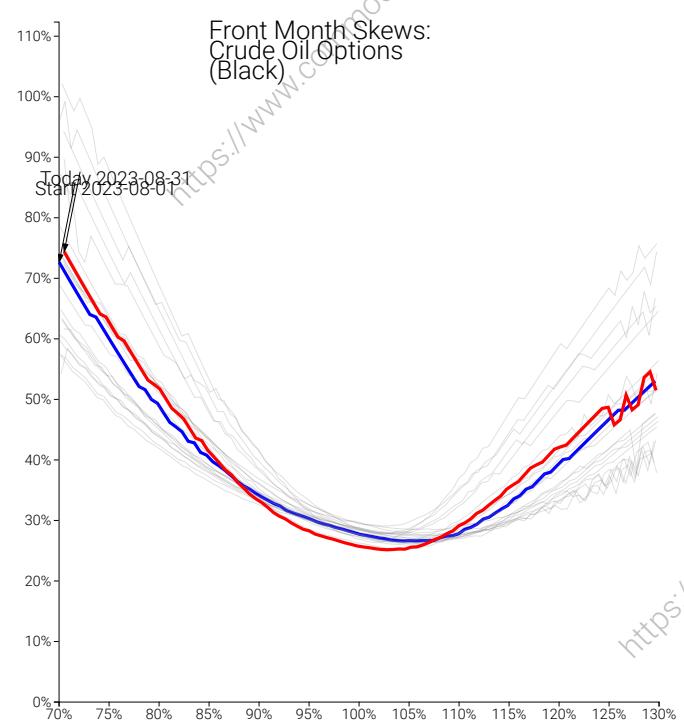
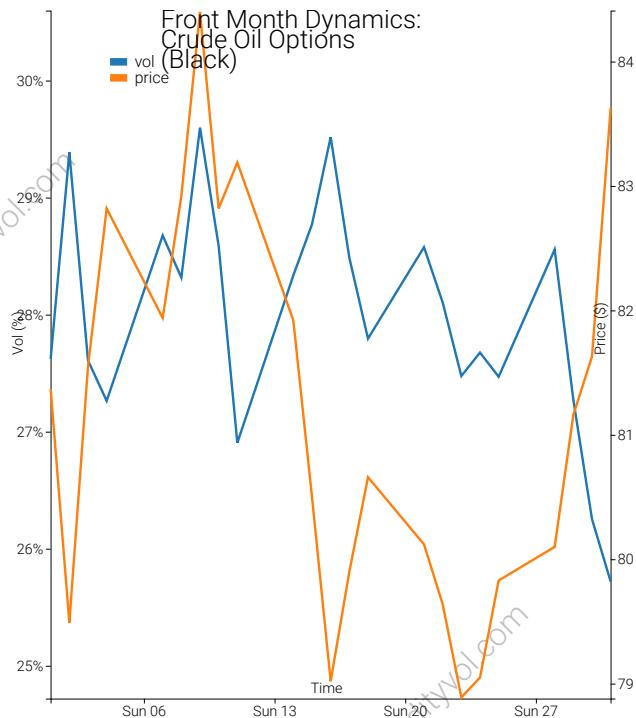
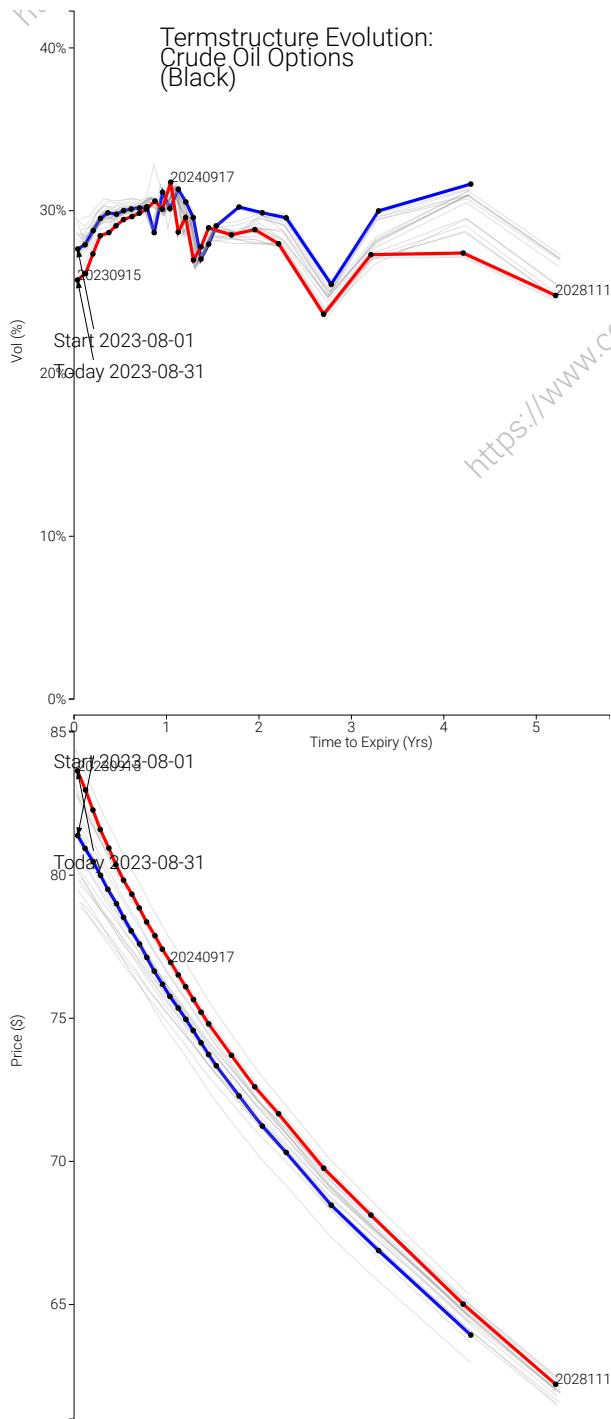
exch/prod	desc	futures chng [%]	vol chng [%]
NYMEX/BZO	Brent Crude Oil Margin	+1.920 [+2.3%]	-0.017 [-6.4%]
NYMEX/BE	Brent Euro Style	+2.210 [+2.6%]	-0.017 [-6.2%]
NYMEX/CVR	Chicago Ethanol(platts) Average Price	-0.006 [-0.3%]	-0.112 [-78.4%]
NYMEX/LO	Crude Oil	+2.260 [+2.8%]	-0.019 [-6.9%]
NYMEX/LN	European Natural Gas	+0.208 [+8.1%]	+0.086 [+15.8%]
NYMEX/E7	Henry Hub Financial Last Day	+0.208 [+8.1%]	+0.086 [+15.7%]
NYMEX/ON	Natural Gas	+0.208 [+8.1%]	+0.089 [+16.2%]
NYMEX/OH	NY Harbor ULSD	+0.090 [+3.0%]	+0.012 [+3.8%]
NYMEX/OB	RBOB	-0.307 [-10.7%]	+0.017 [+5.1%]

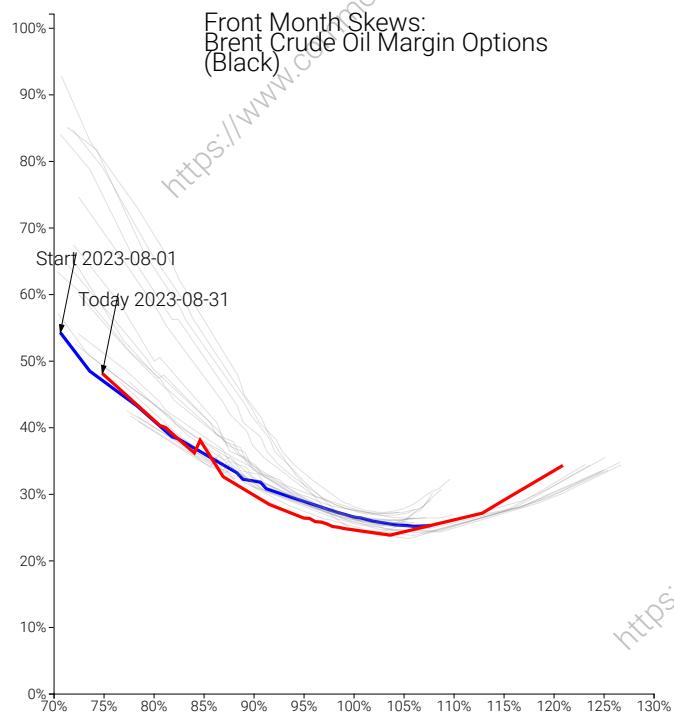
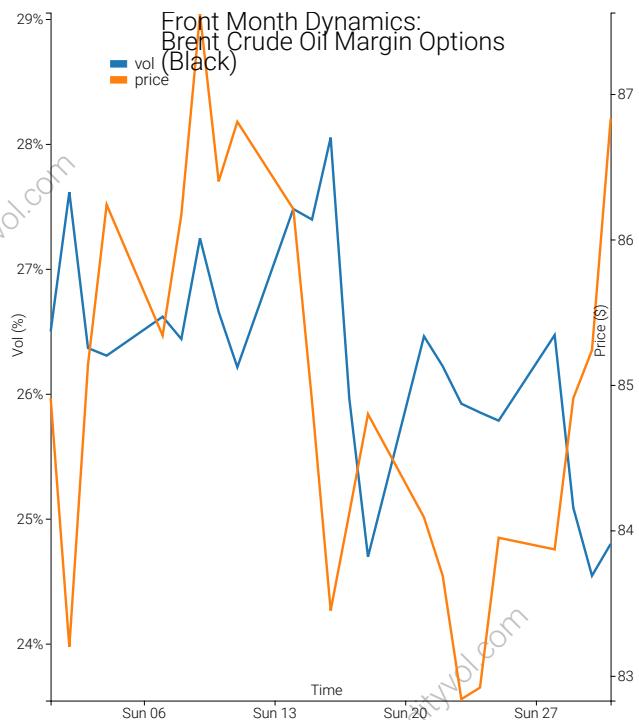
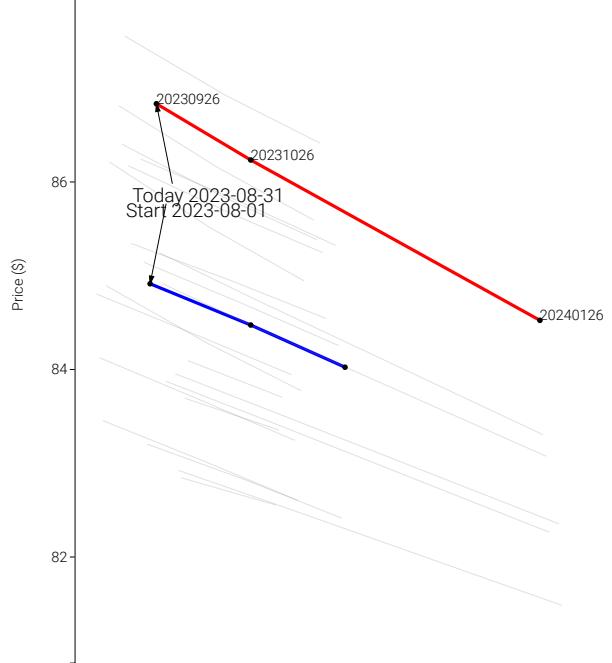
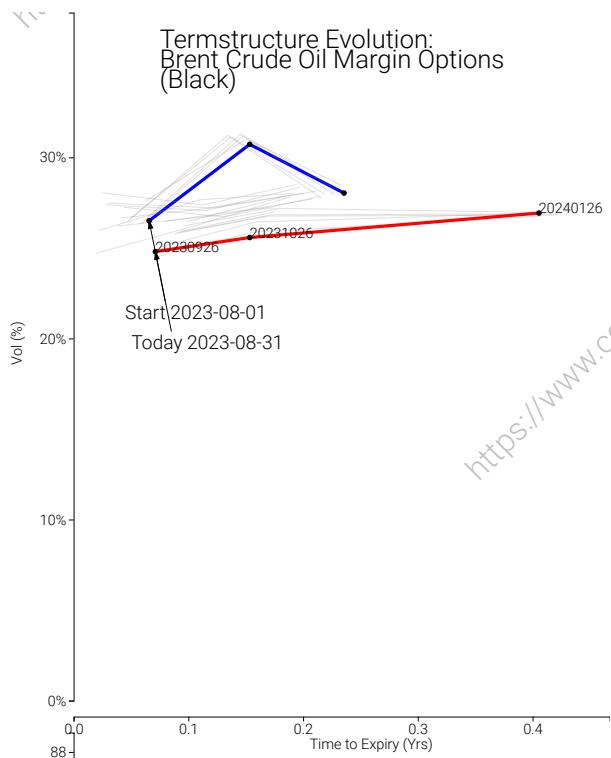
Metals

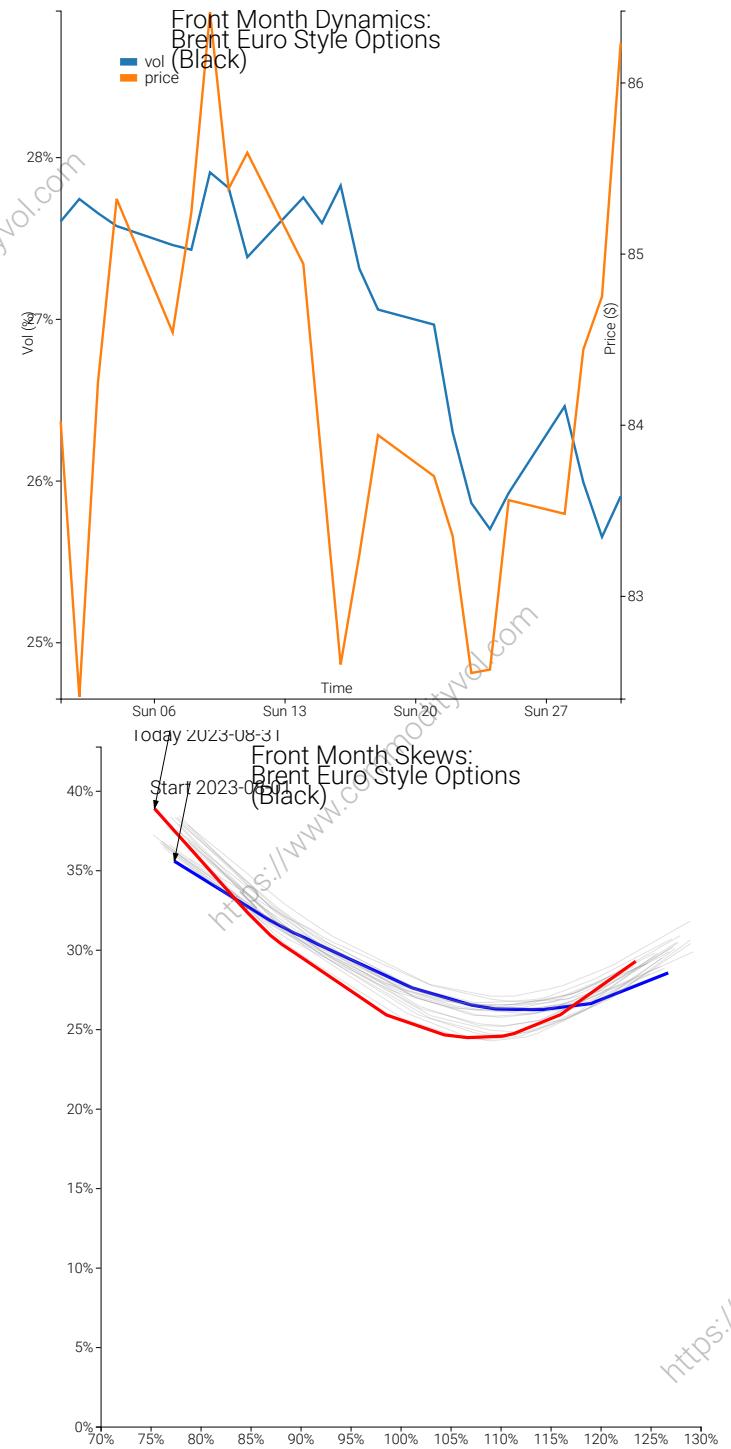
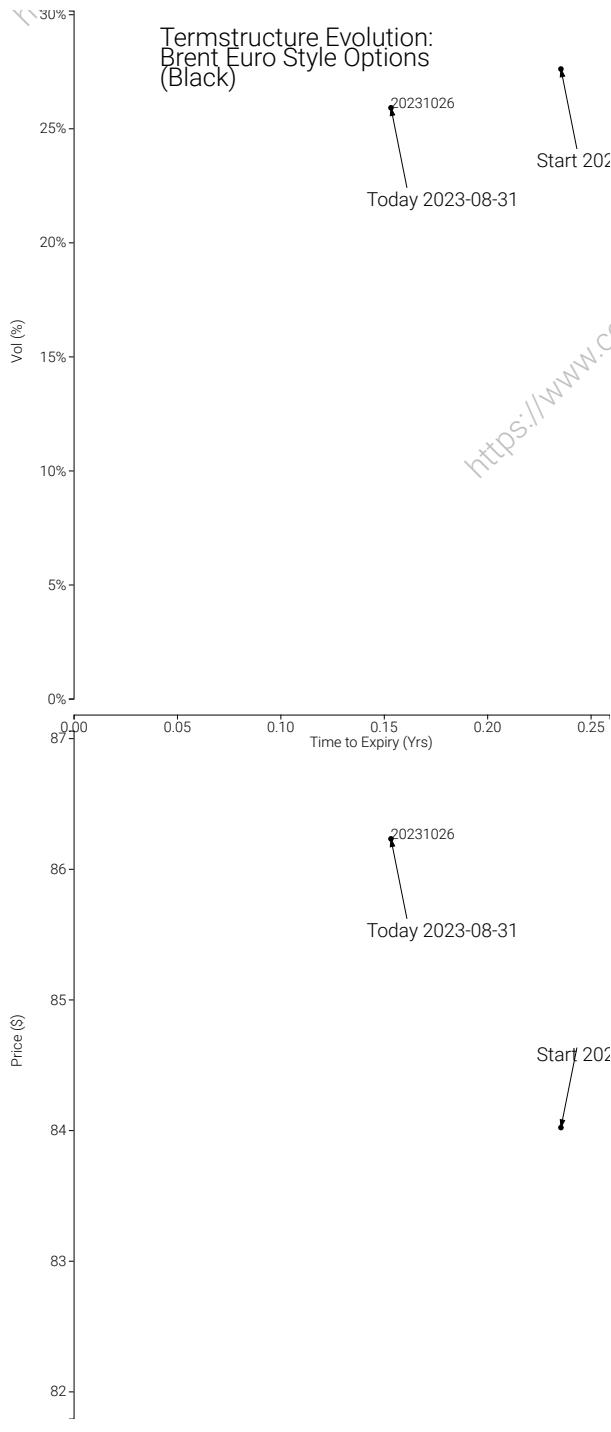
exch/prod	desc	futures chng [%]	vol chng [%]
COMEX/HX	Copper	-0.087 [-2.2%]	-0.055 [-24.8%]
COMEX/OG	Gold	-12.200 [-0.6%]	-0.004 [-3.5%]
NYMEX/PAO	Palladium	-18.400 [-1.5%]	+0.037 [+11.0%]
NYMEX/PO	Platinum	+34.000 [+3.6%]	+0.008 [+3.9%]
COMEX/SO	Silver	+0.486 [+2.0%]	-0.011 [-5.0%]

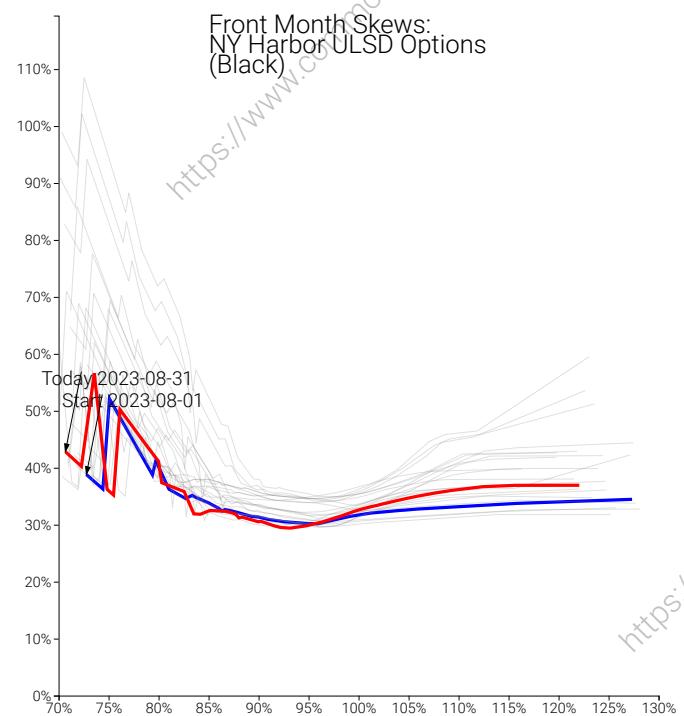
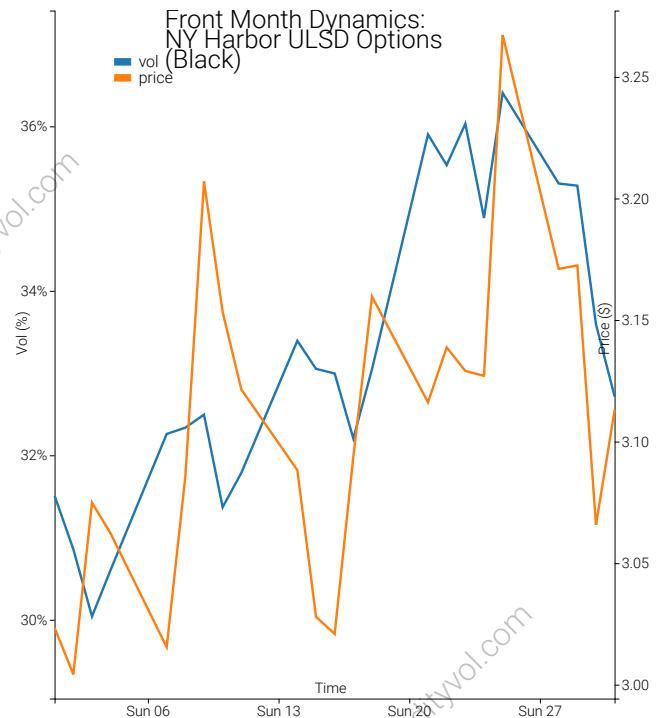
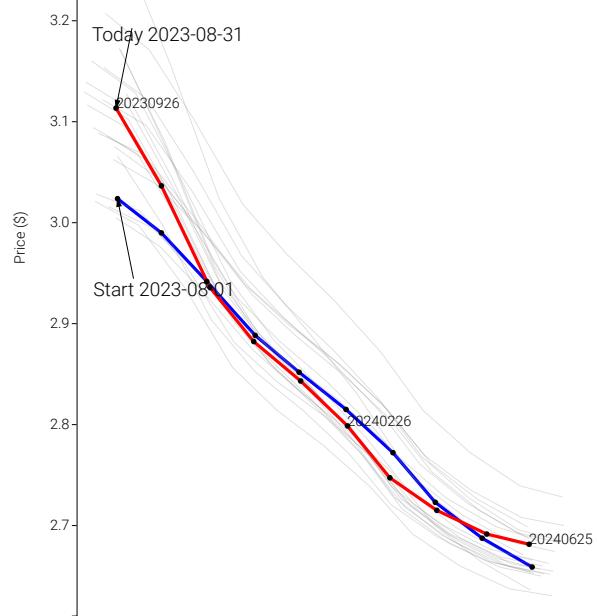
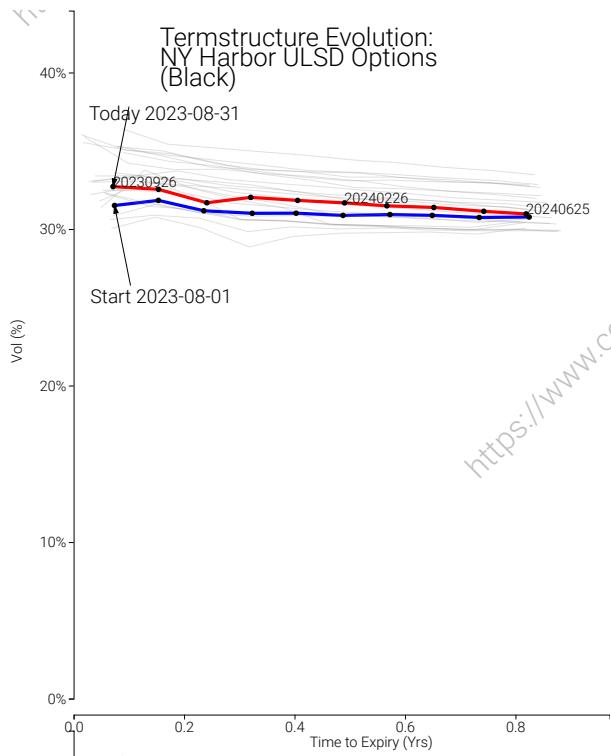
Skews, Termstructures and more

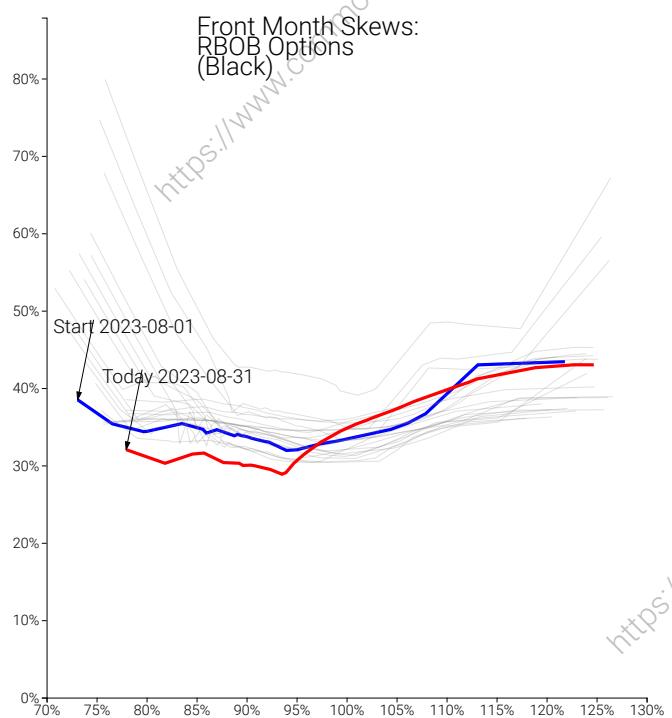
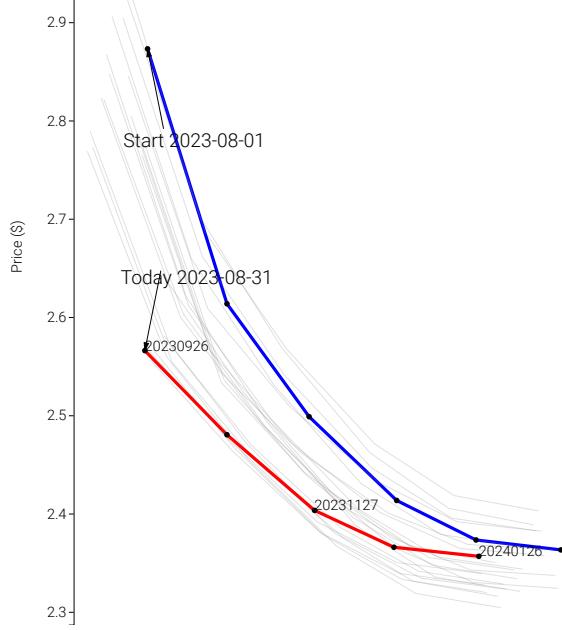
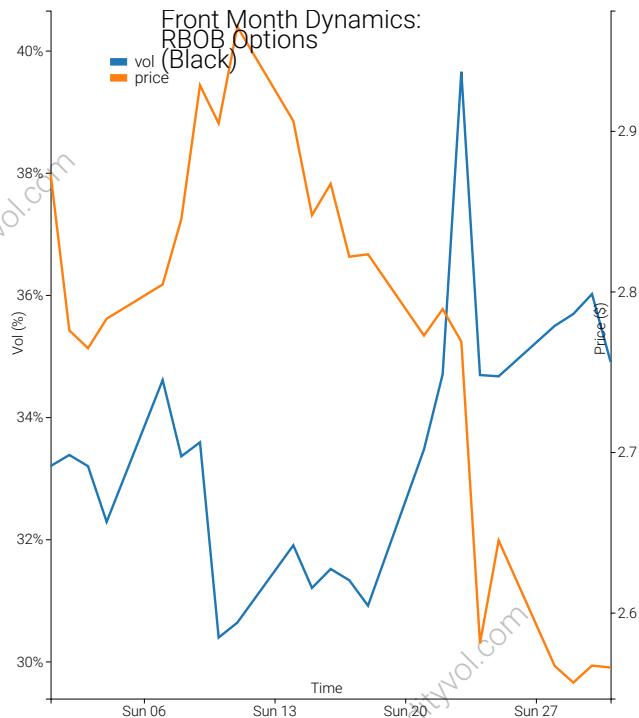
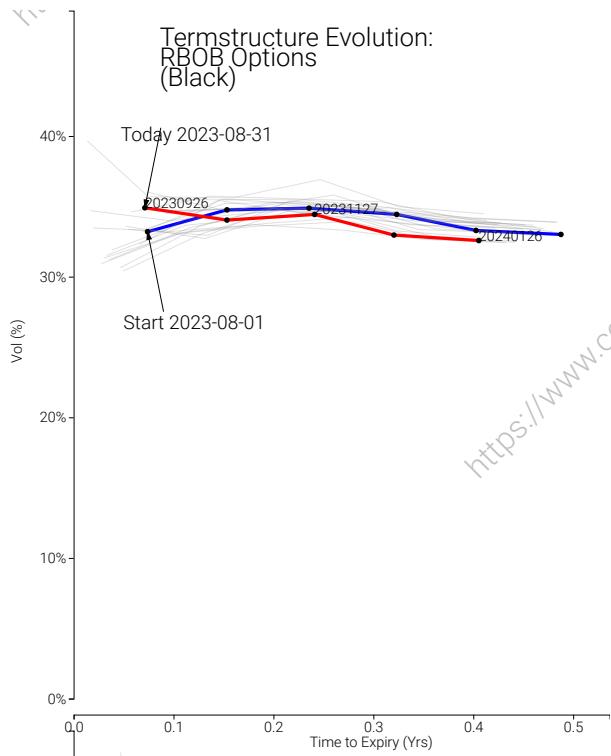
Energy: Crude and Derivatives

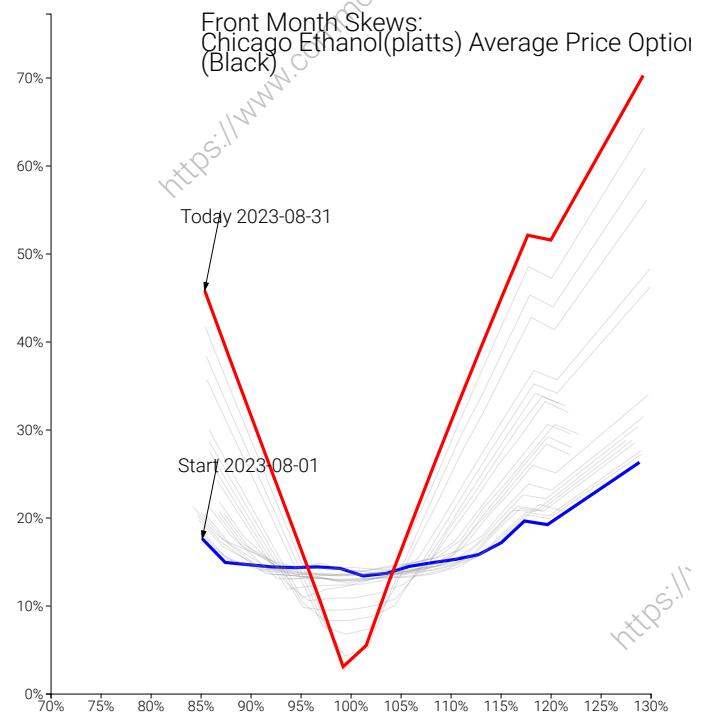
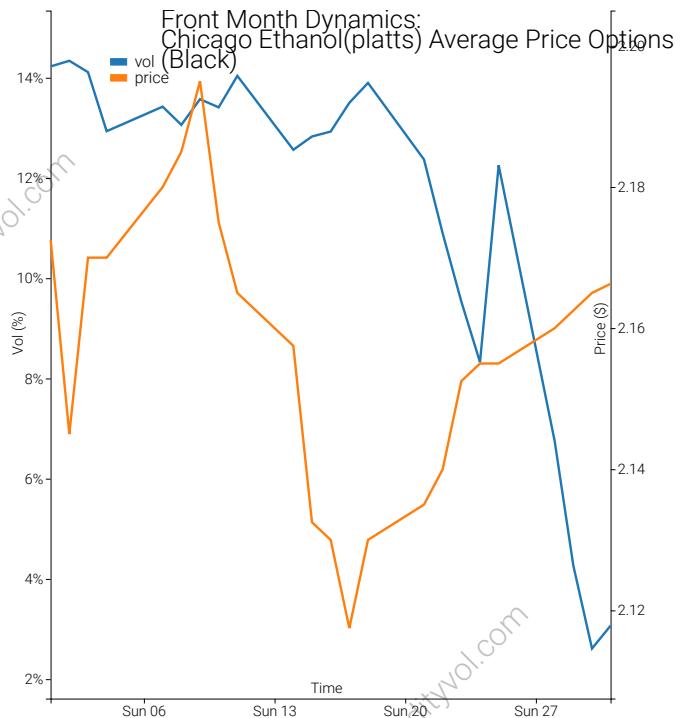
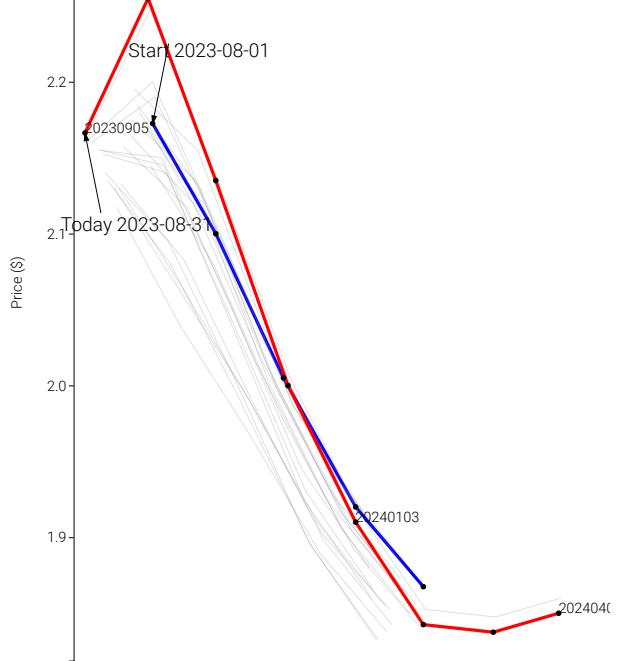
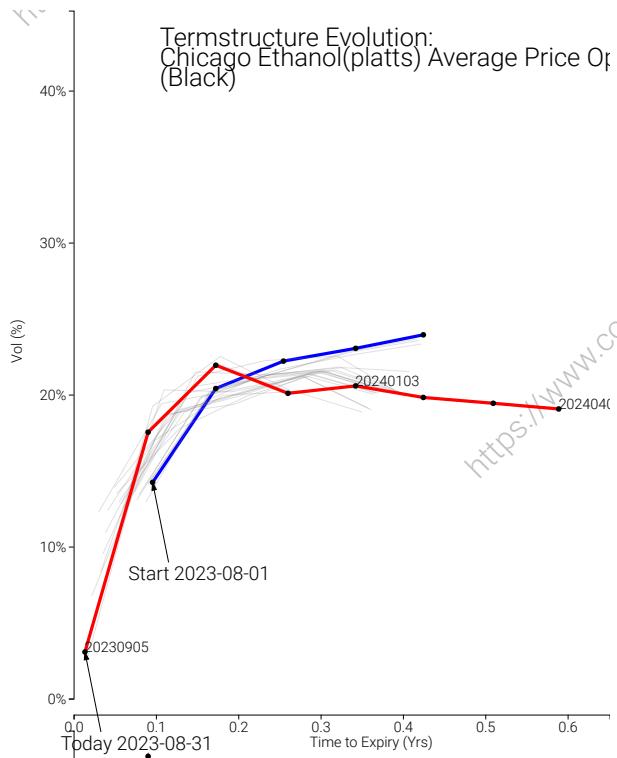




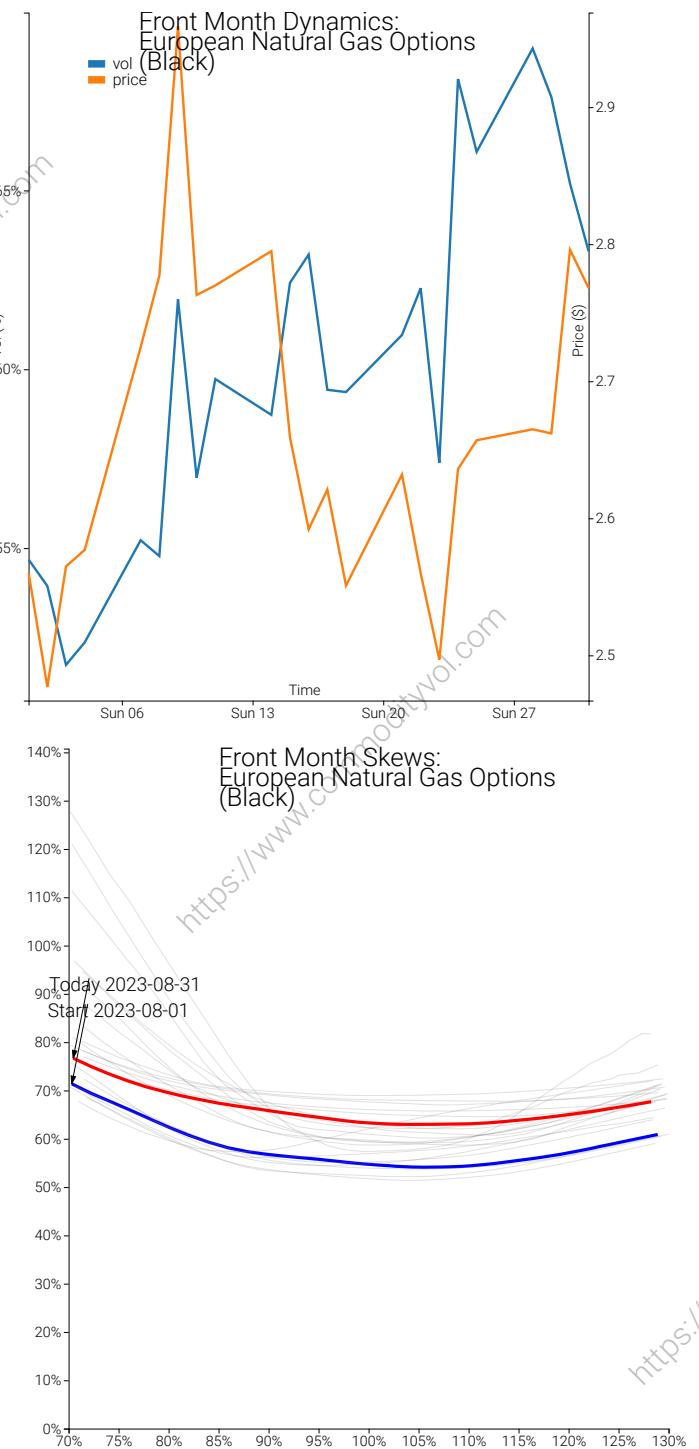
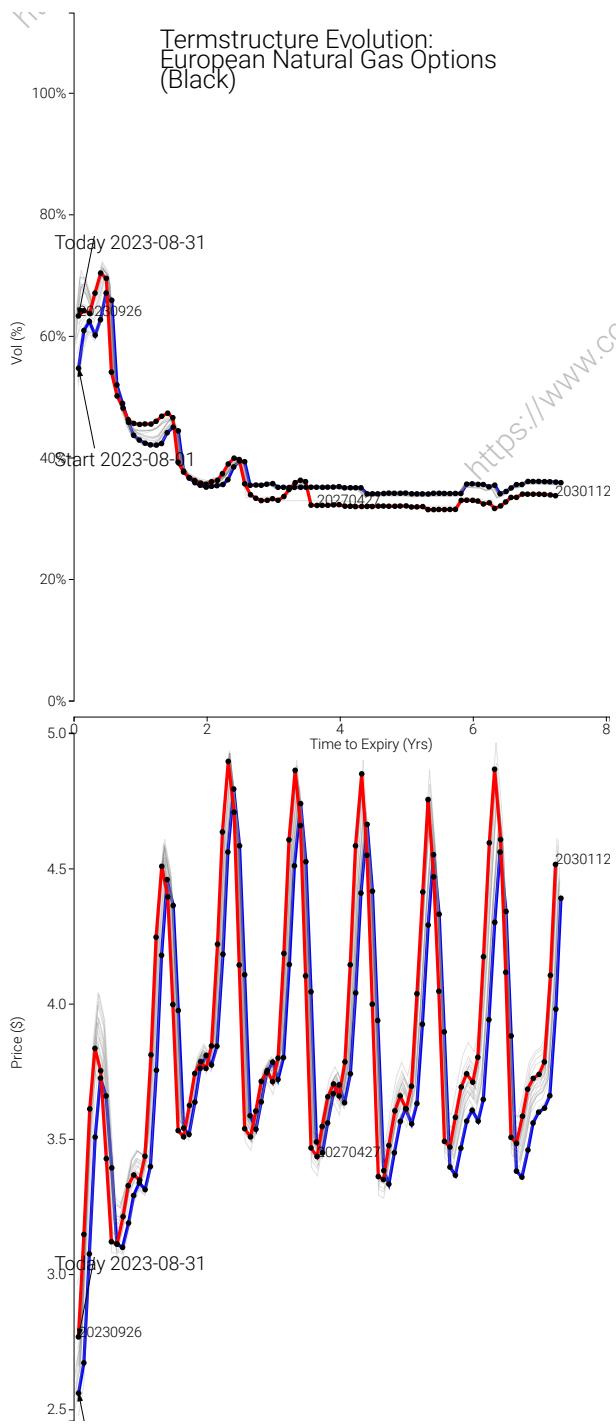


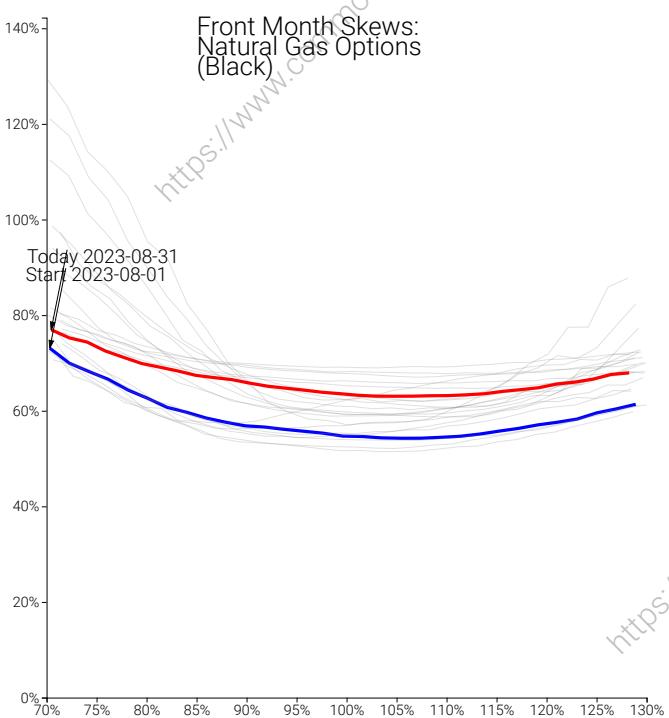
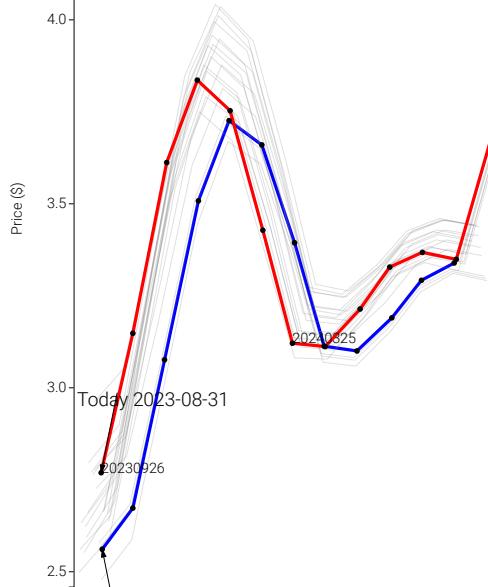
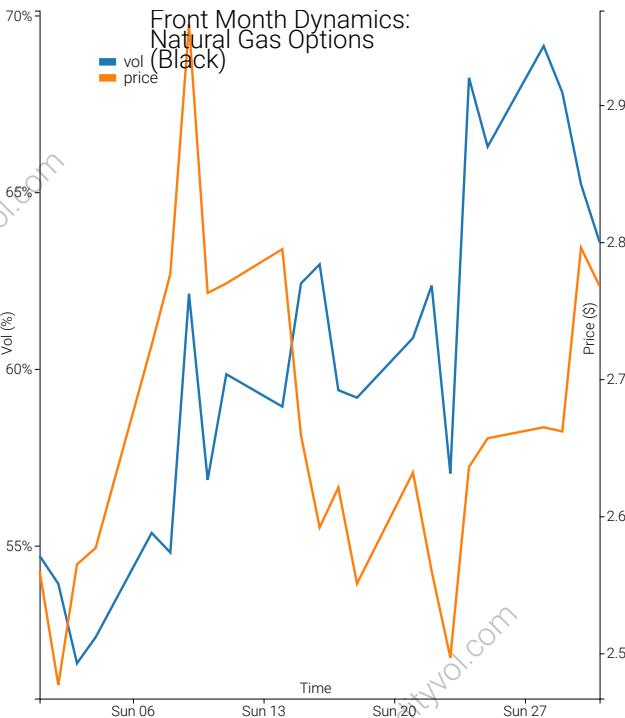
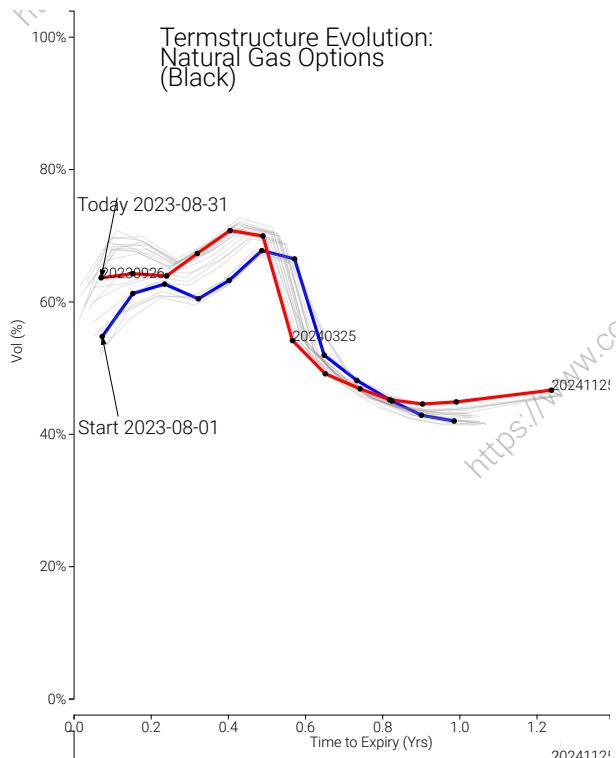


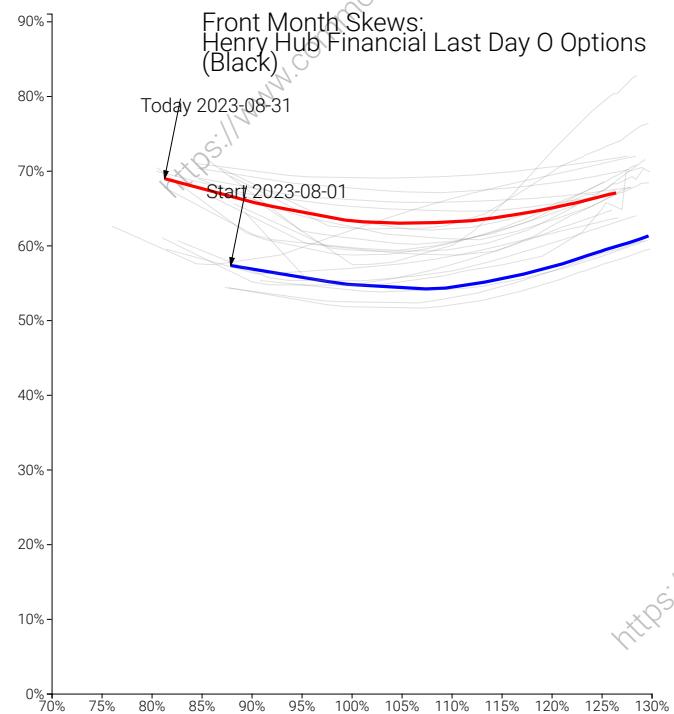
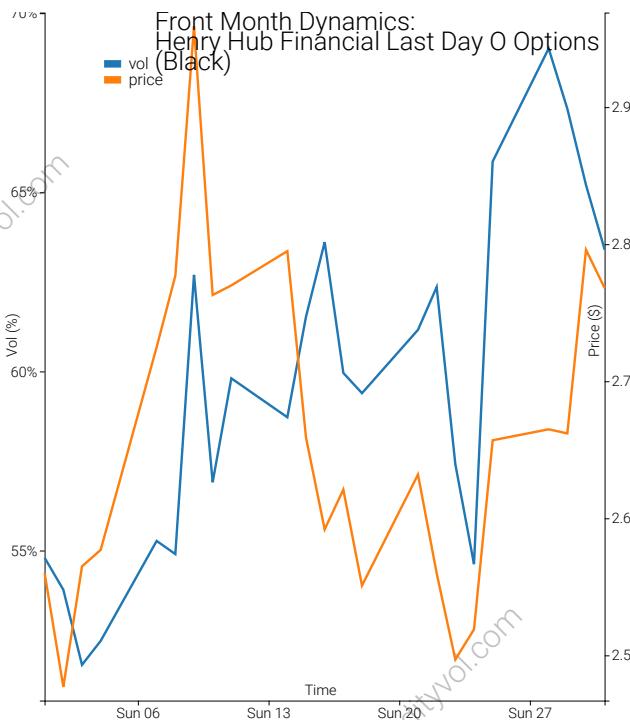
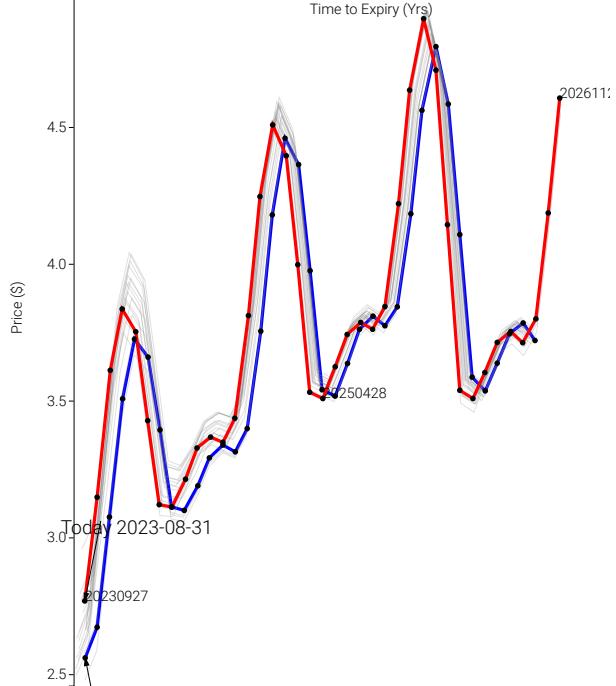
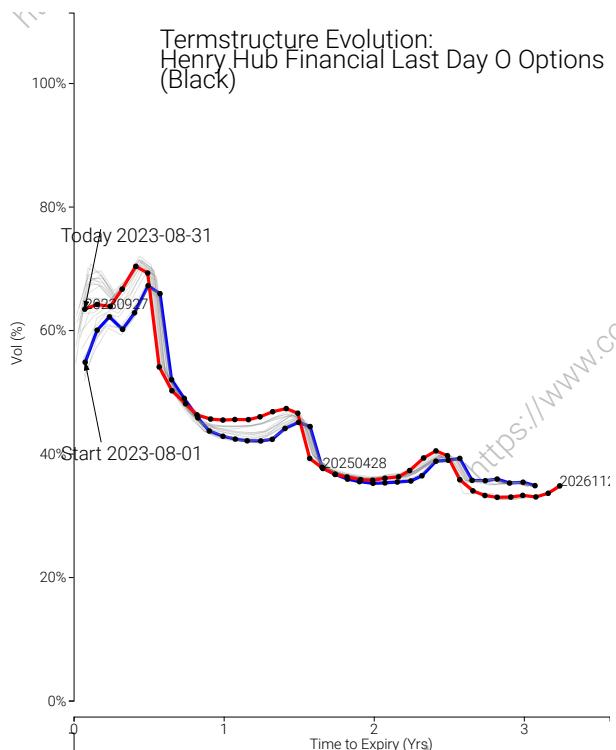




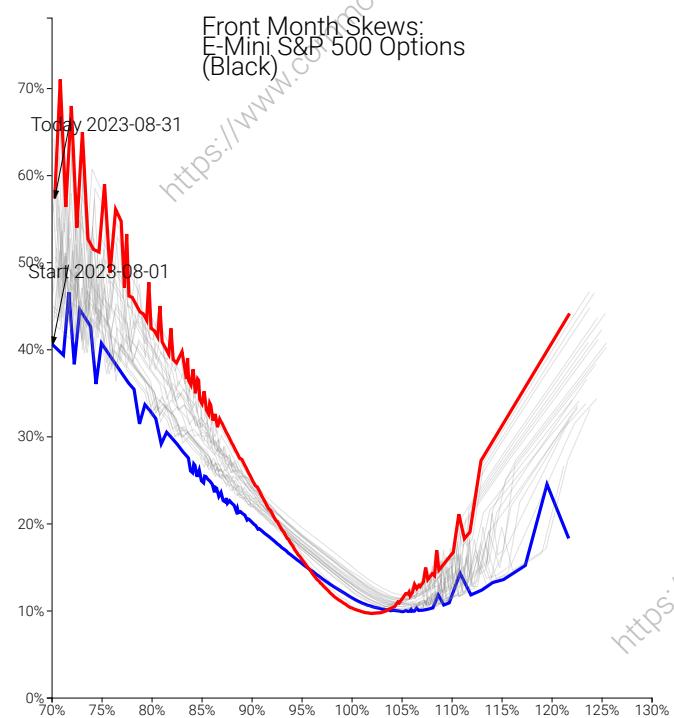
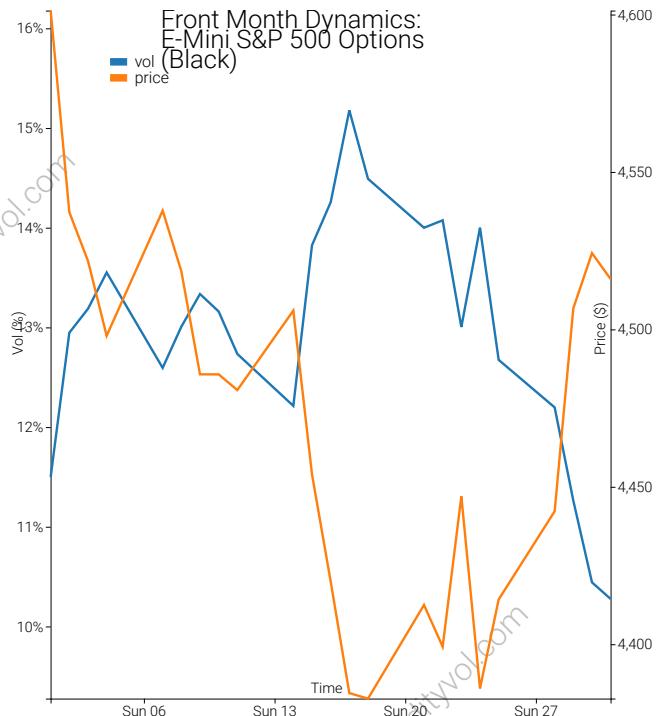
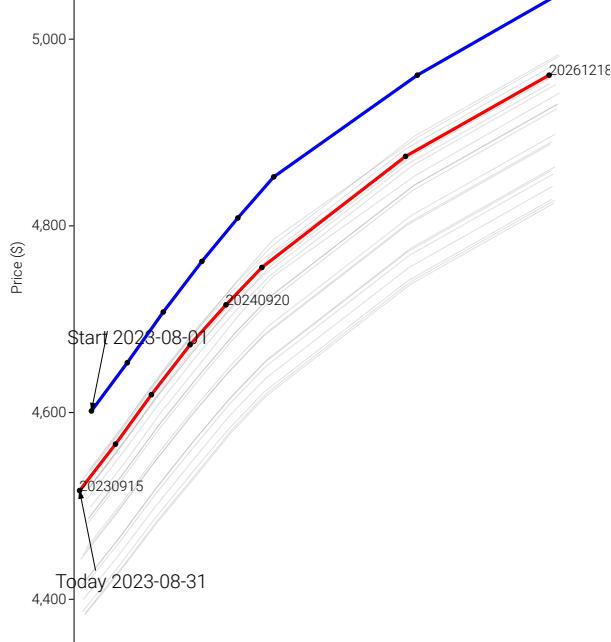
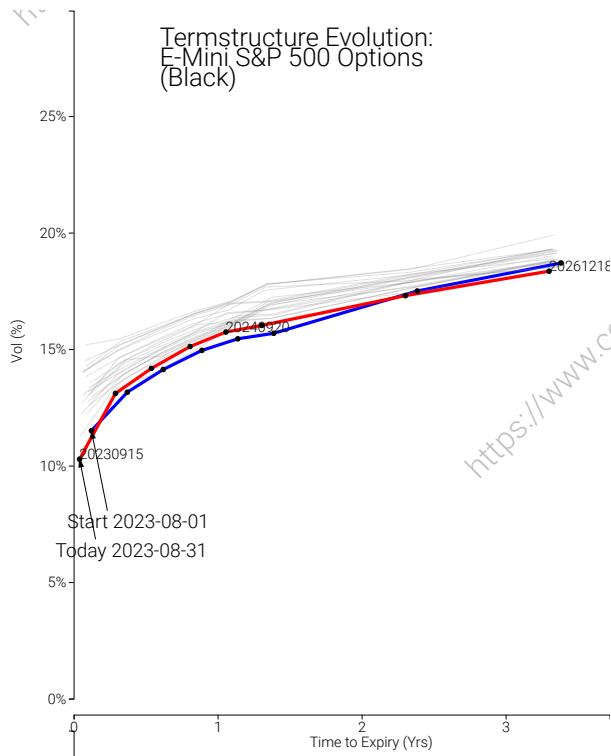
Energy: Natural Gas

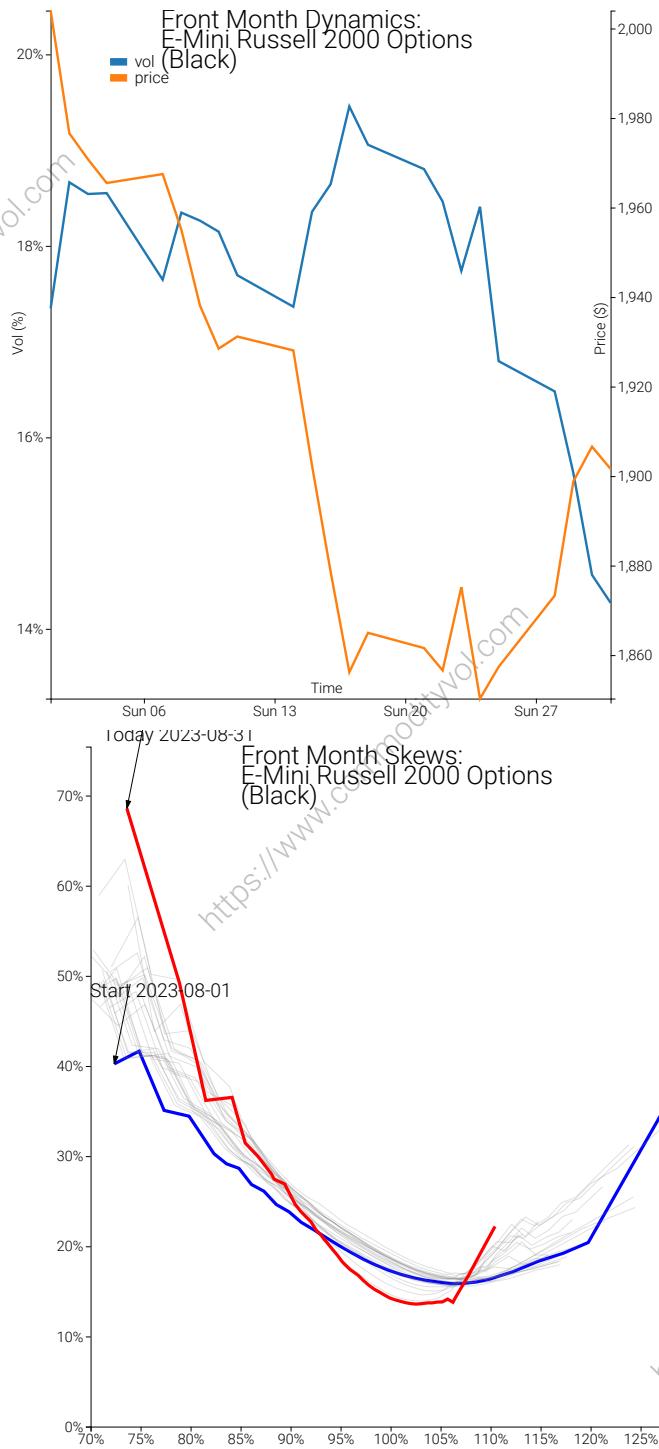
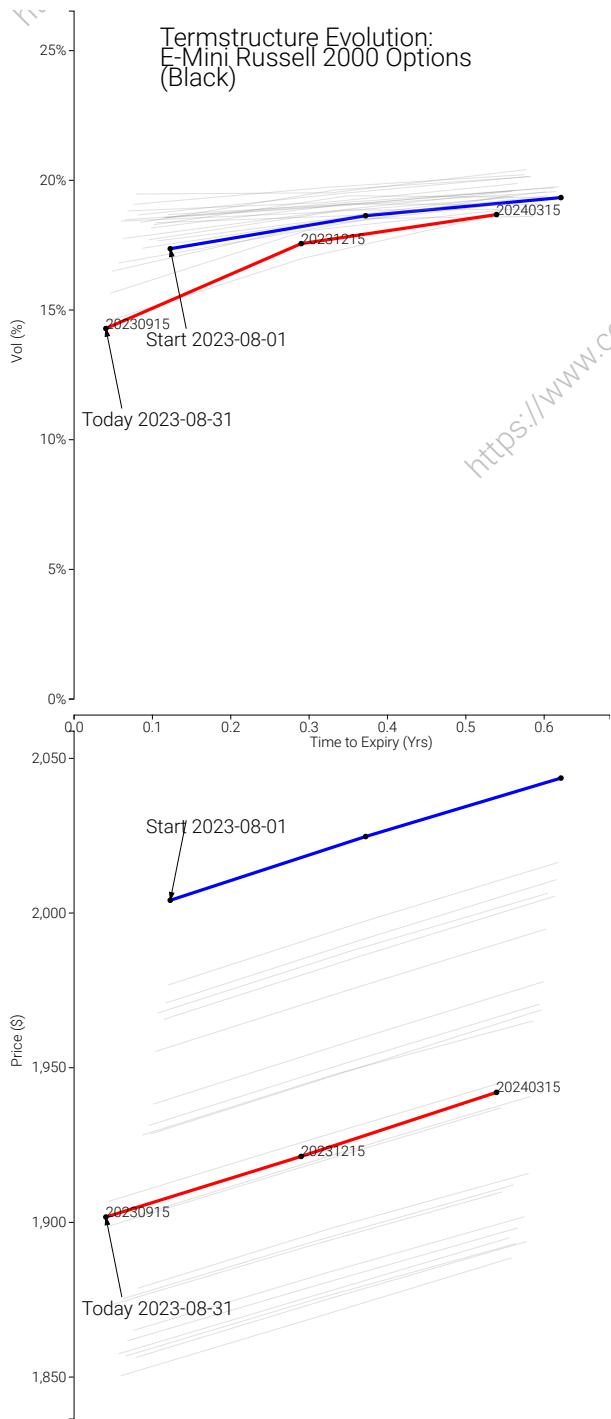


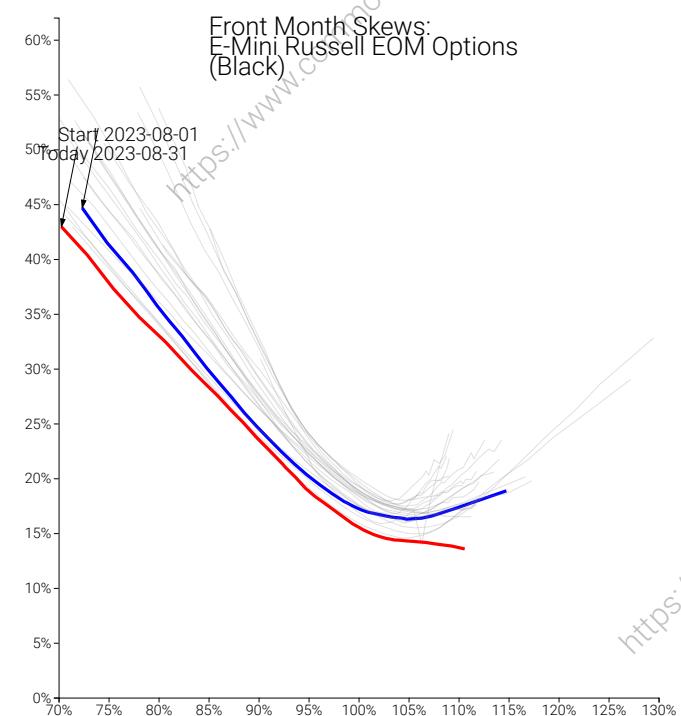
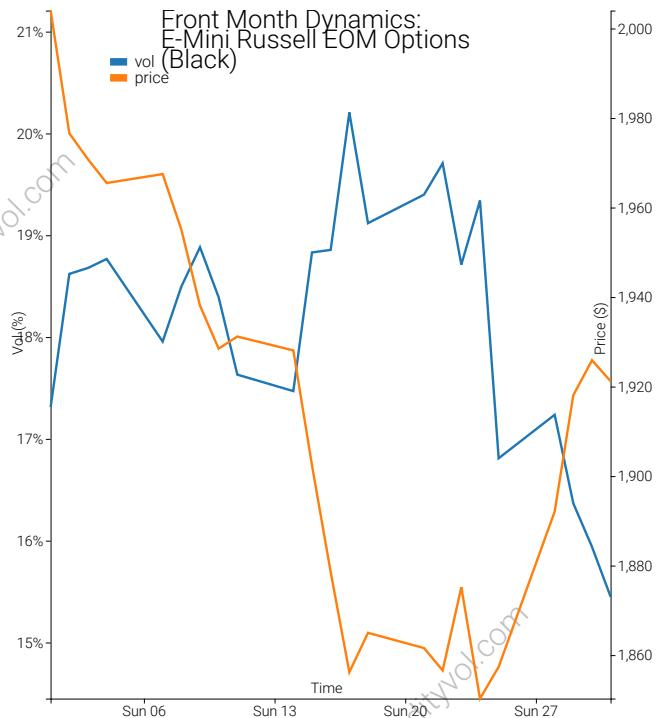
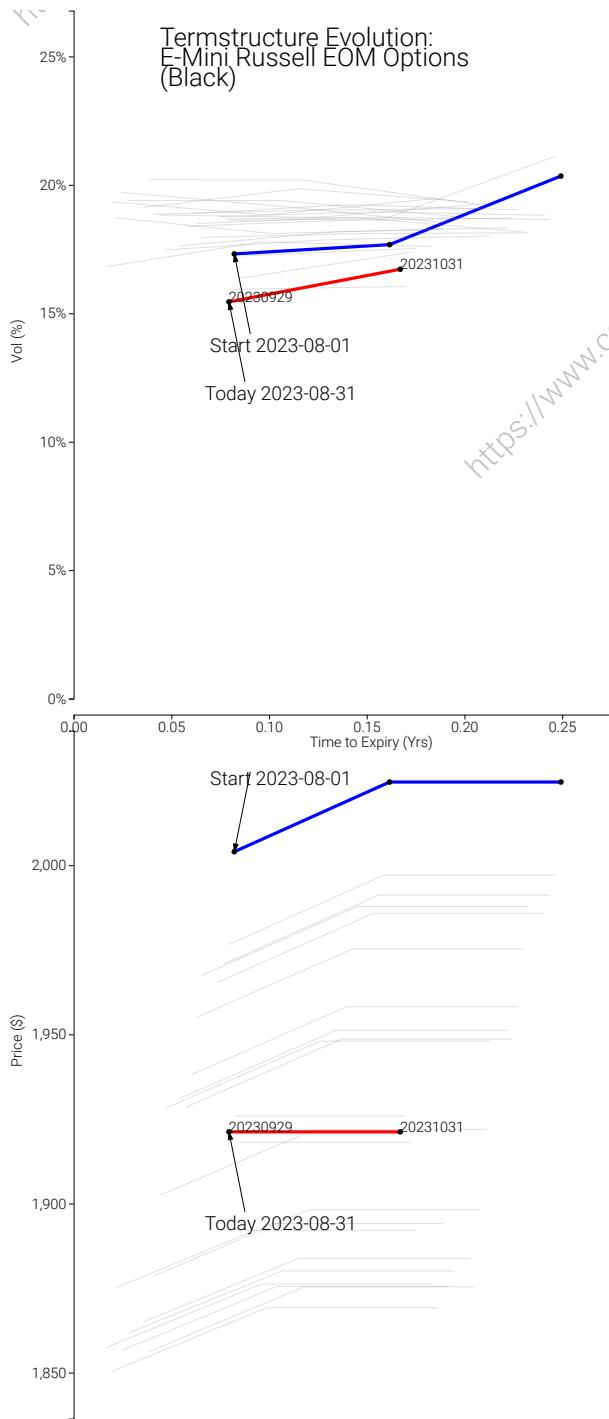


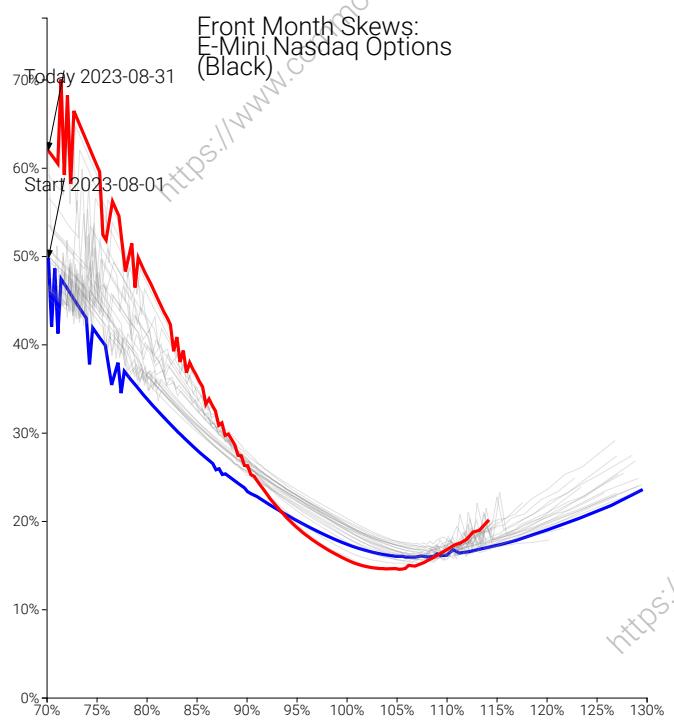
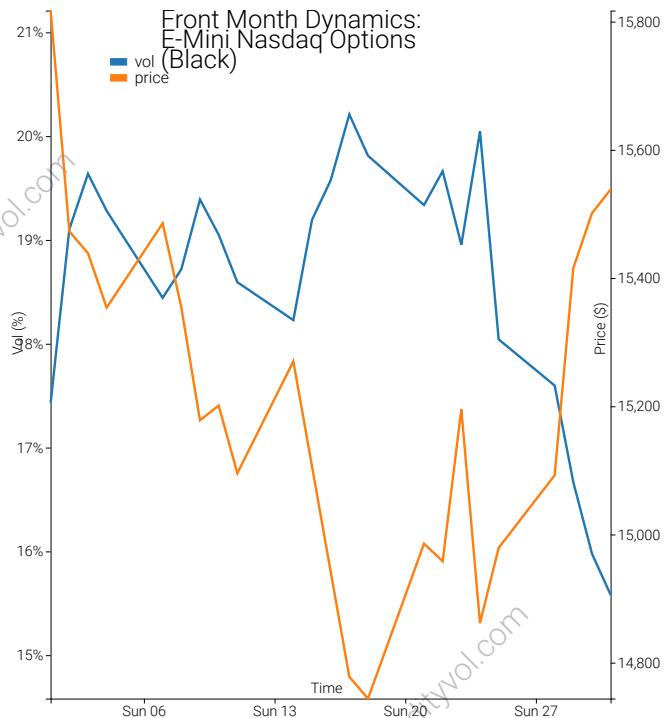
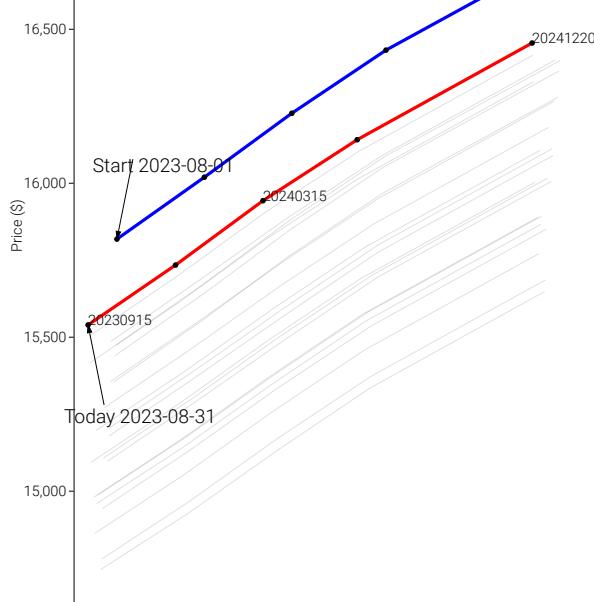
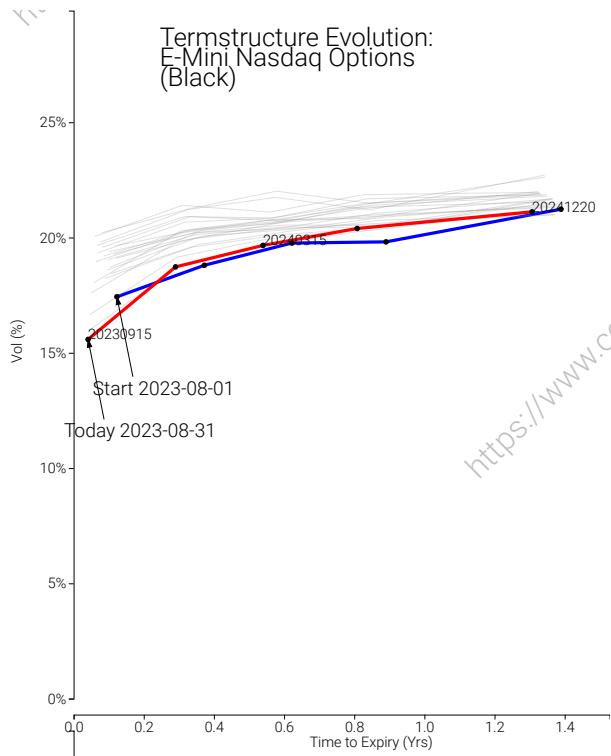


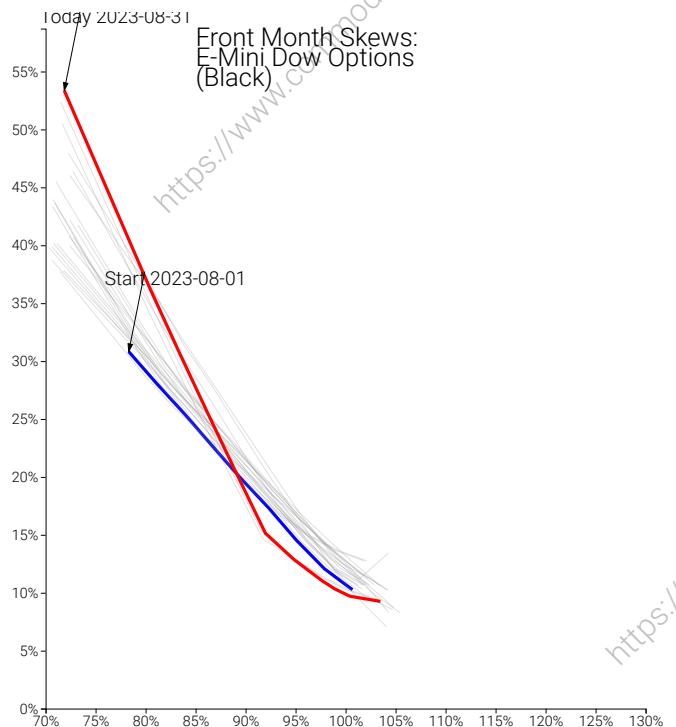
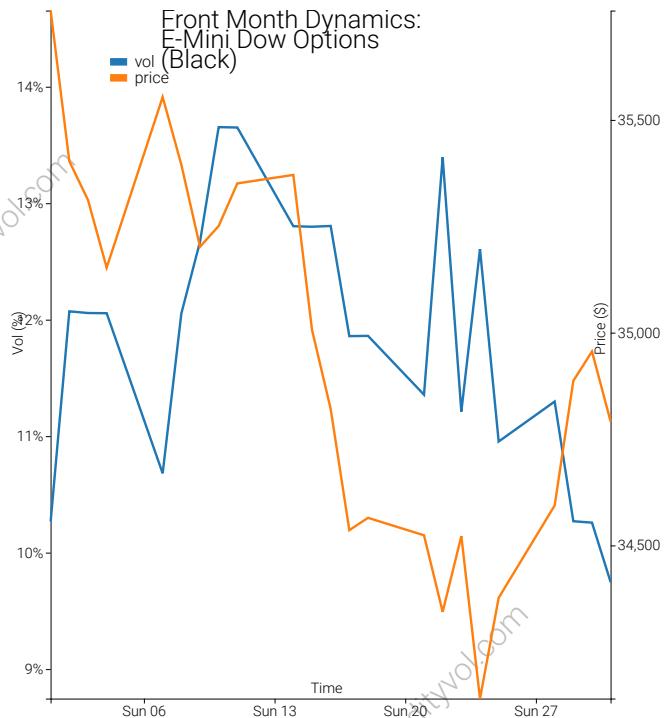
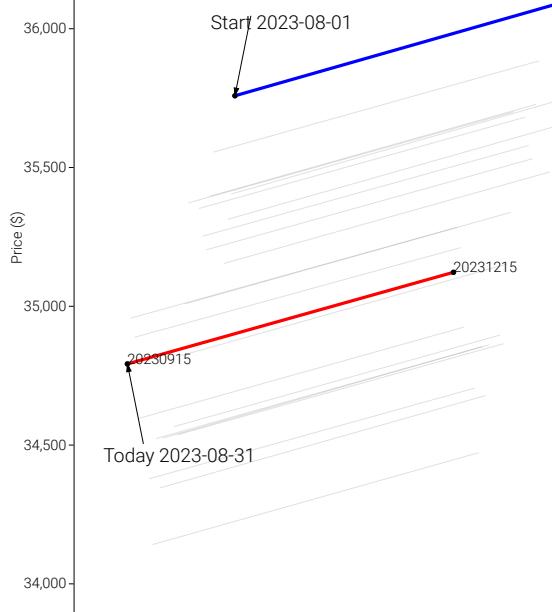
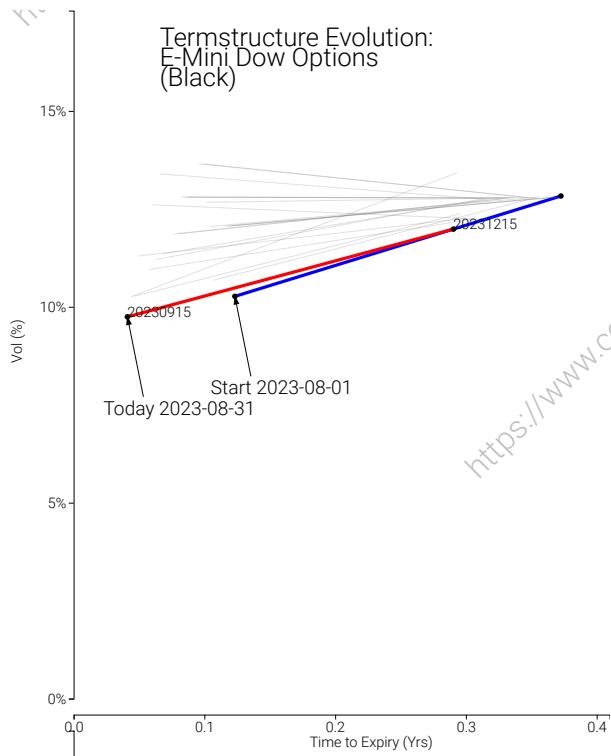
EquityIndex

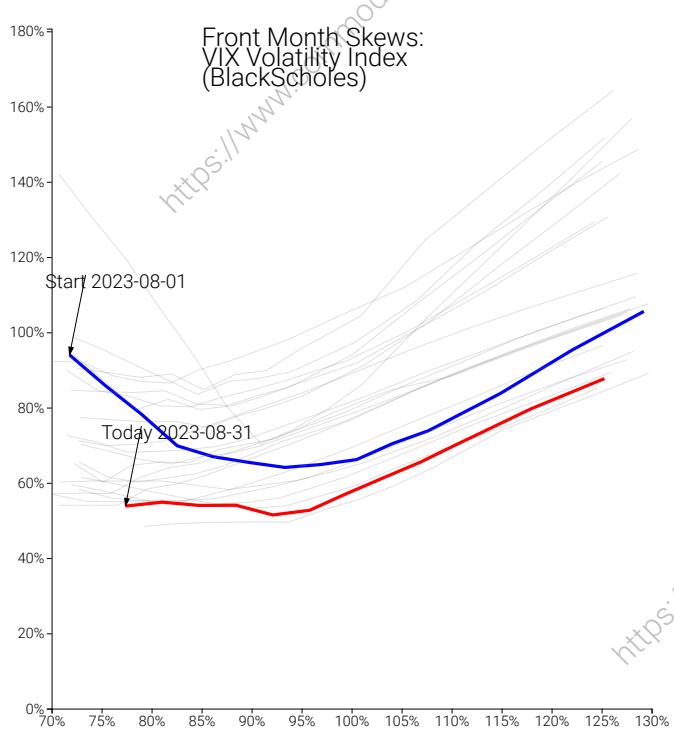
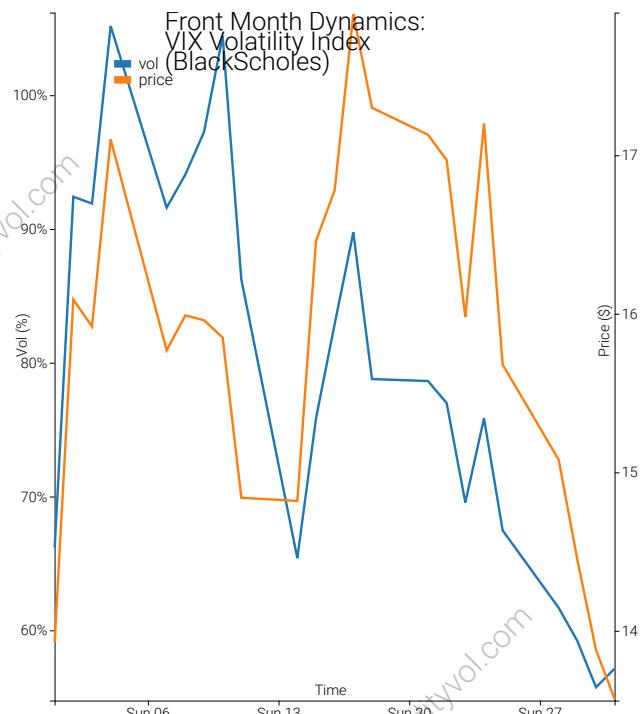
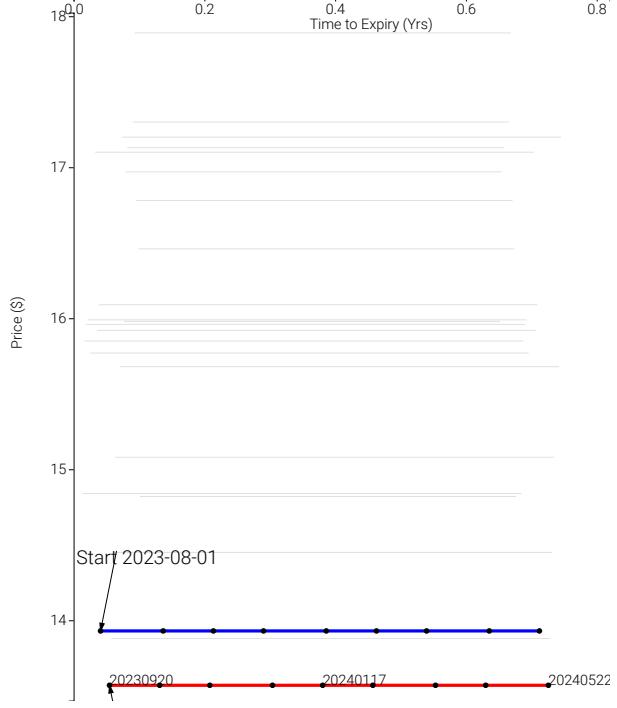
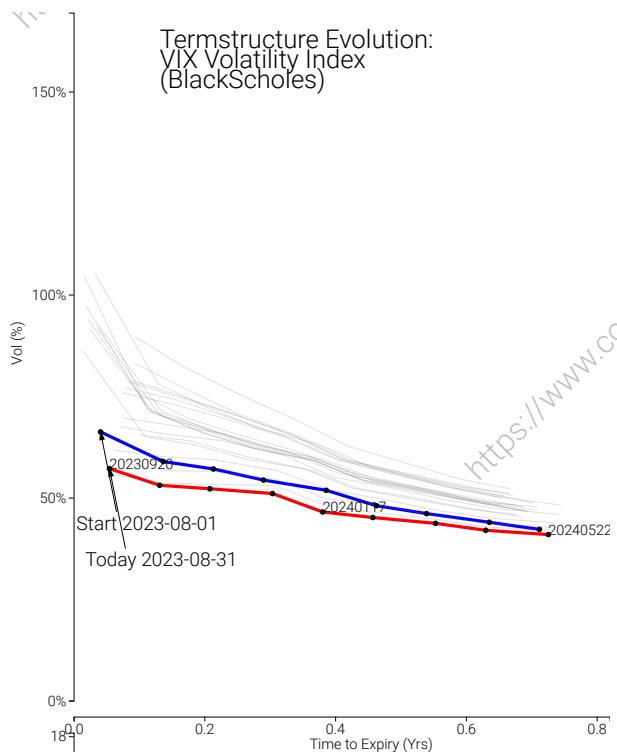




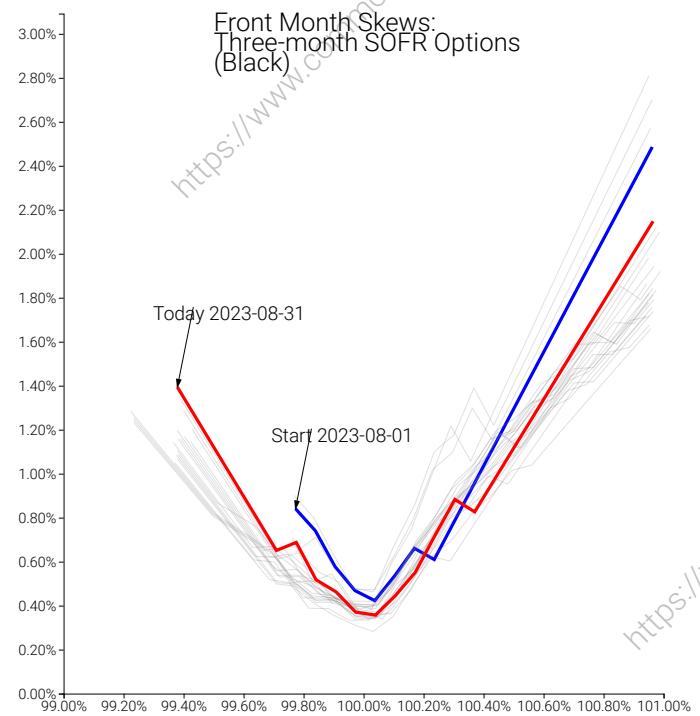
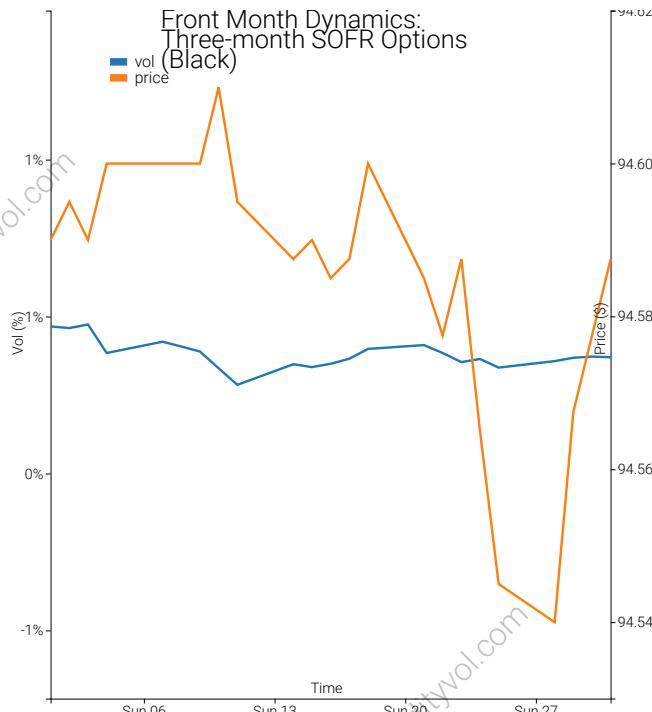
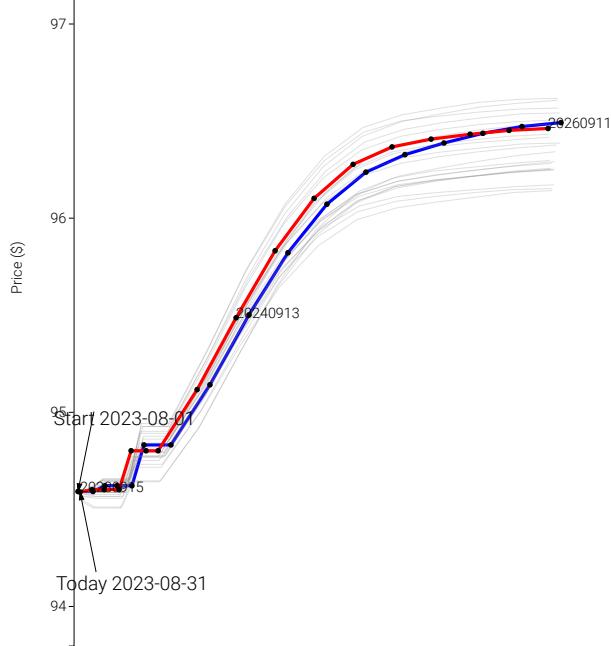
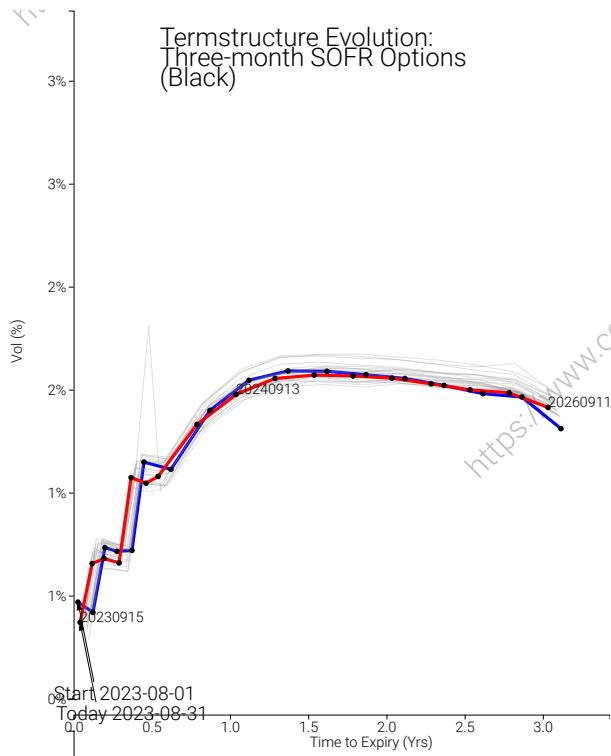


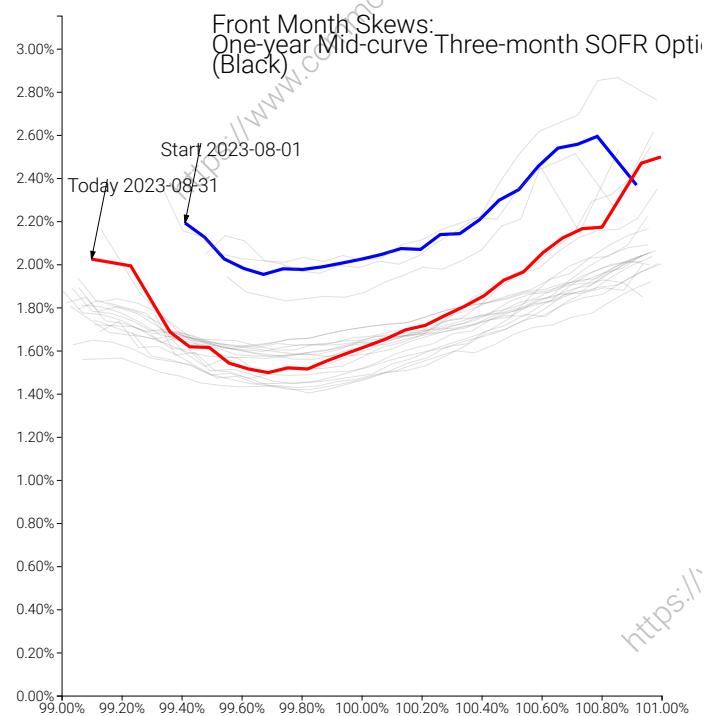
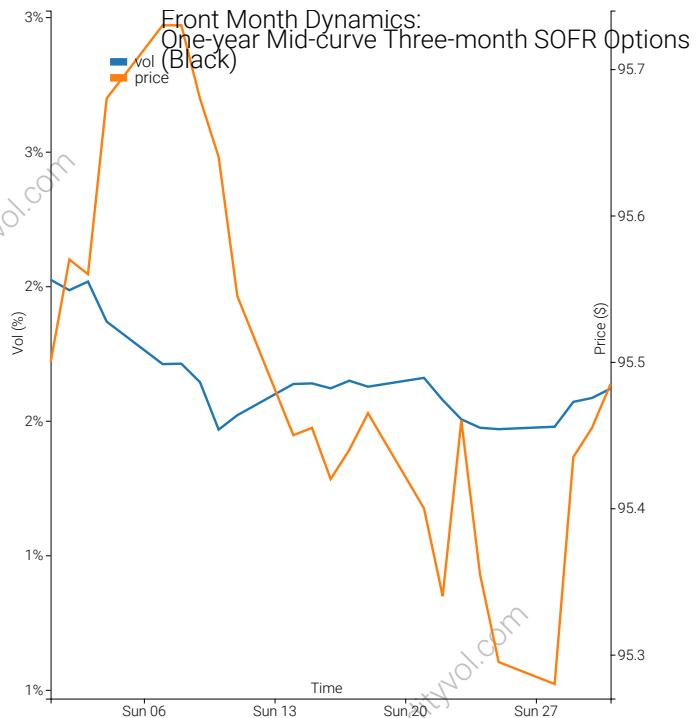
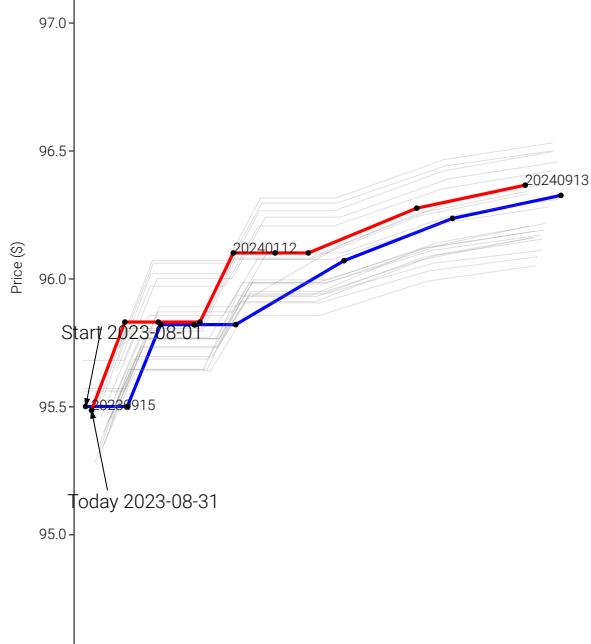
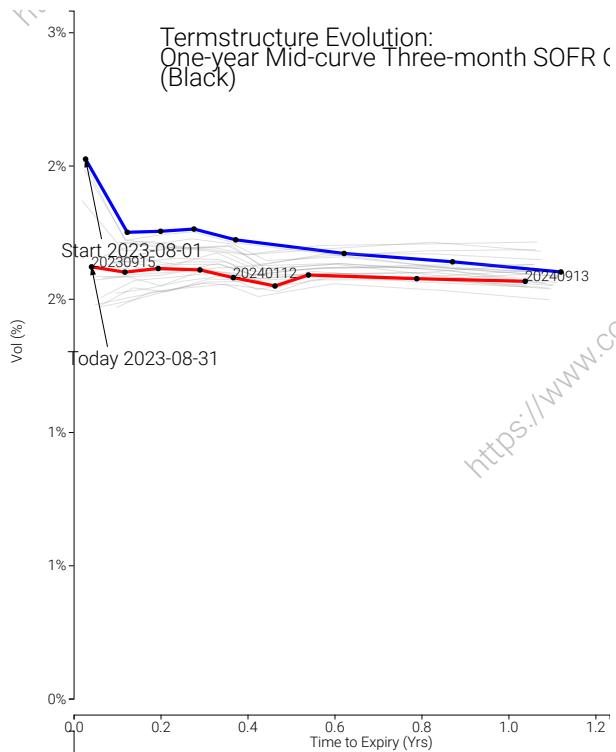


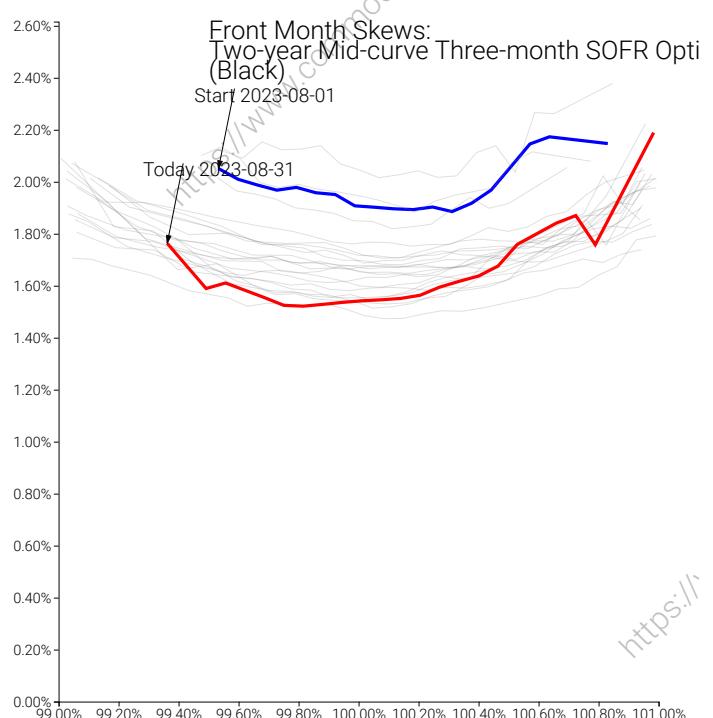
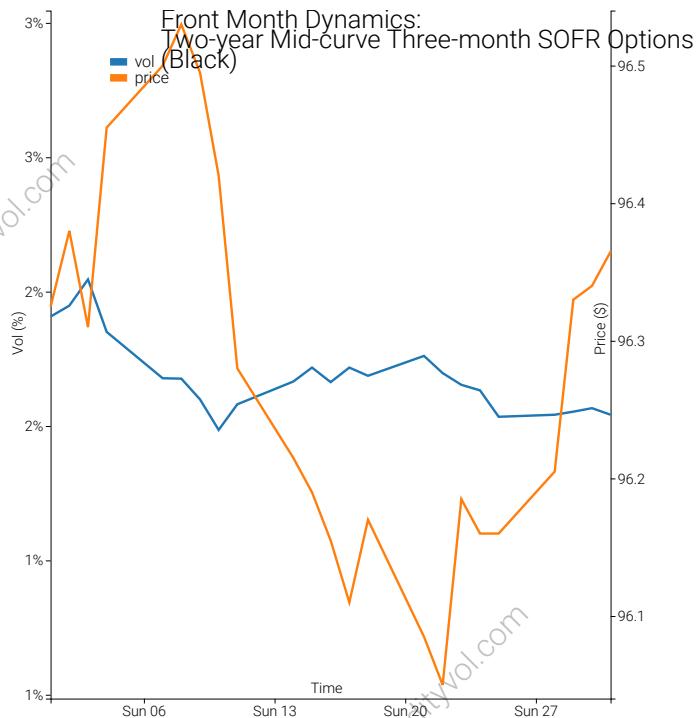
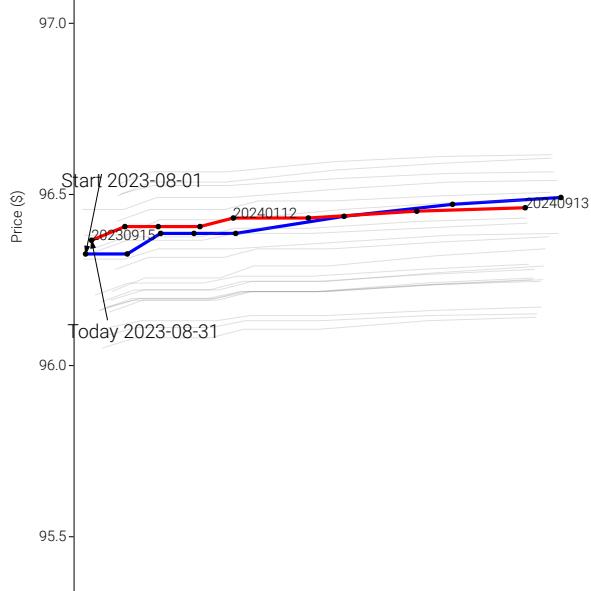
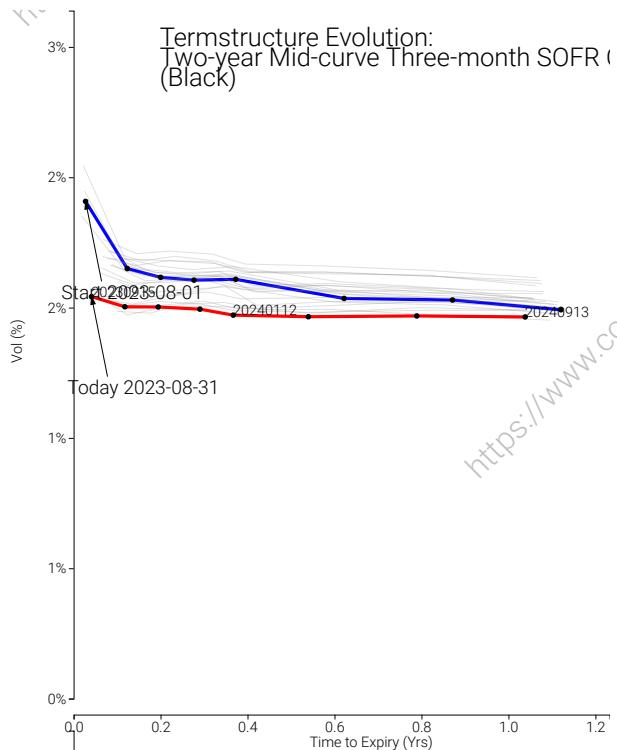


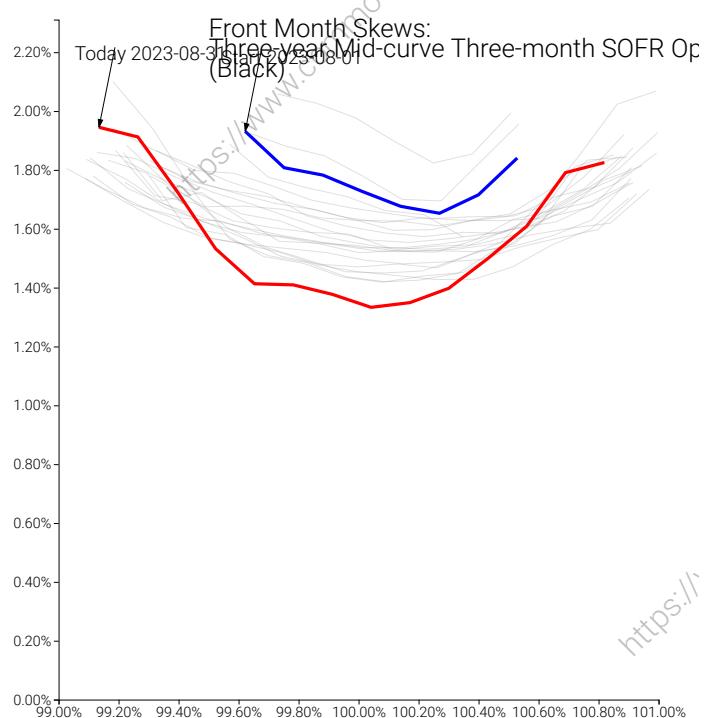
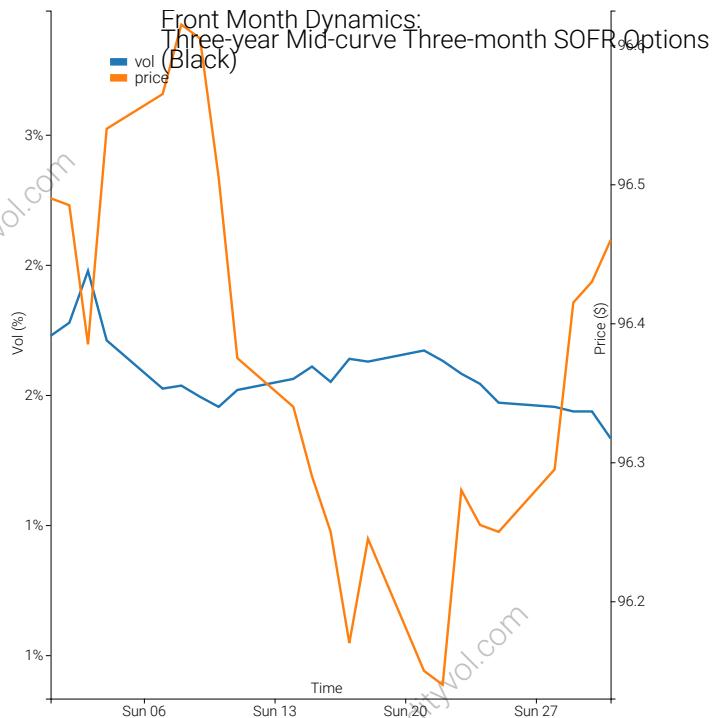
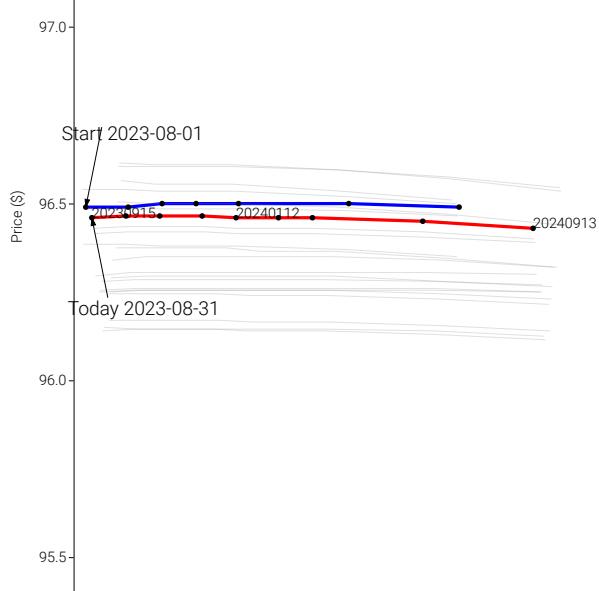
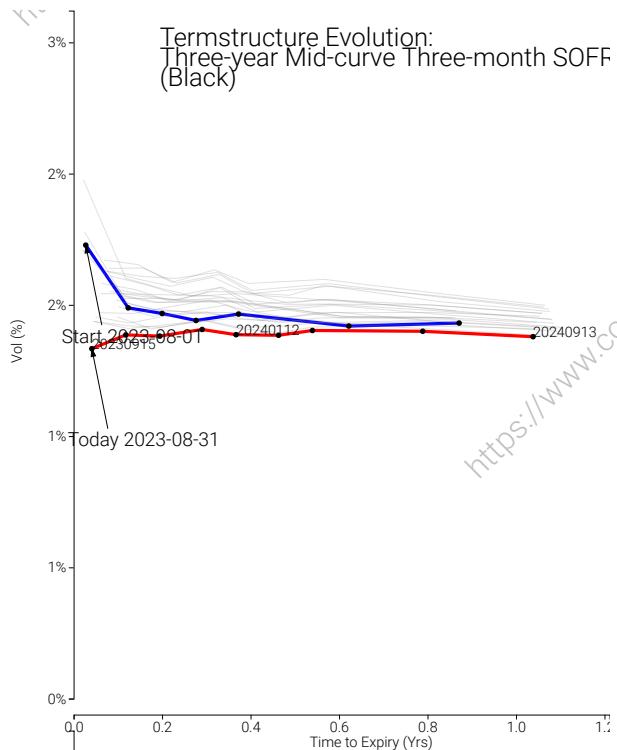


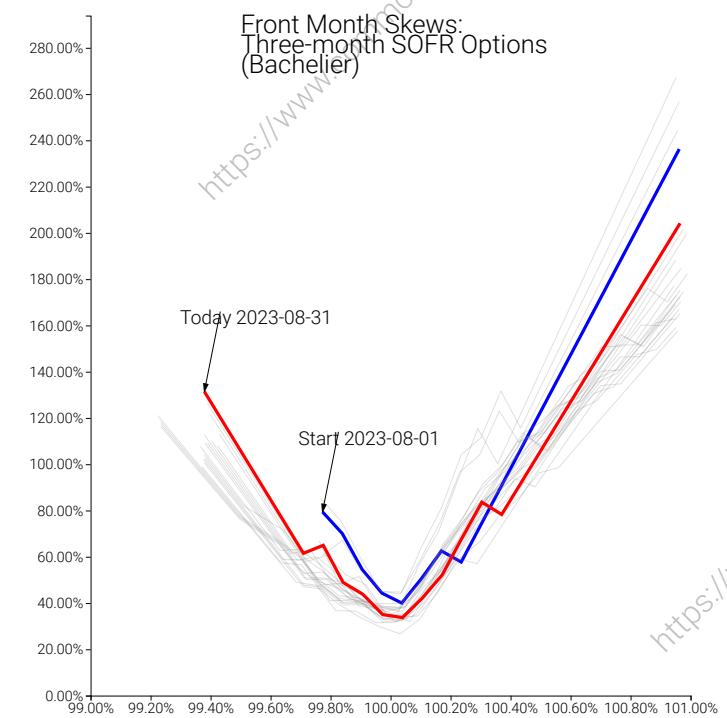
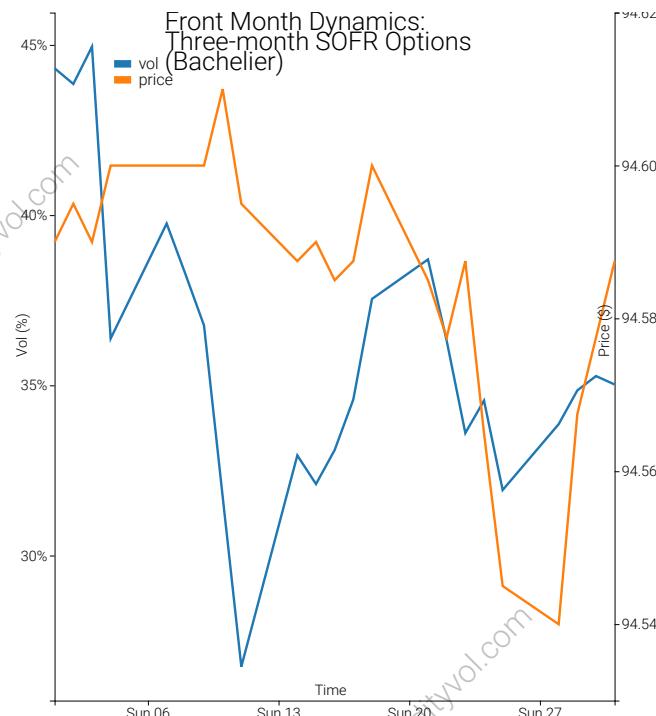
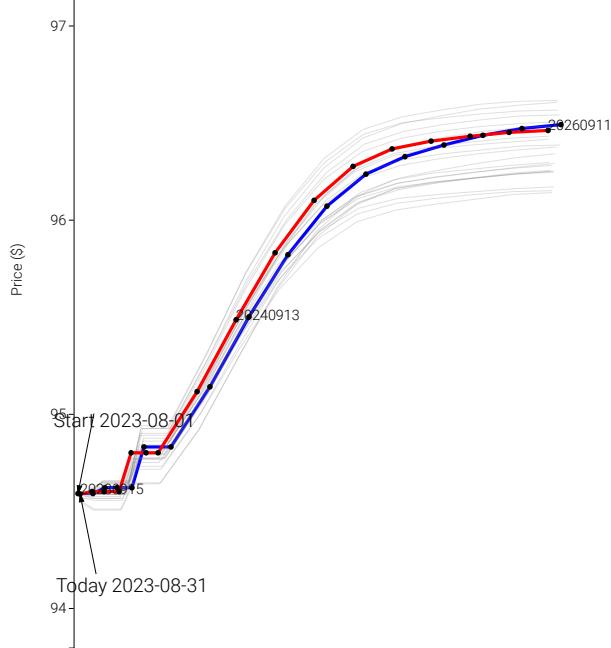
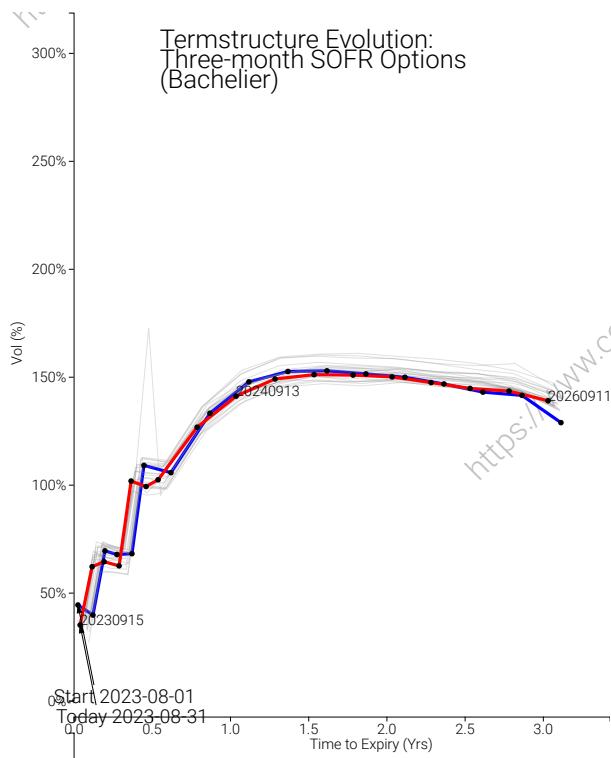
InterestRates: Fixed Income and STIRS

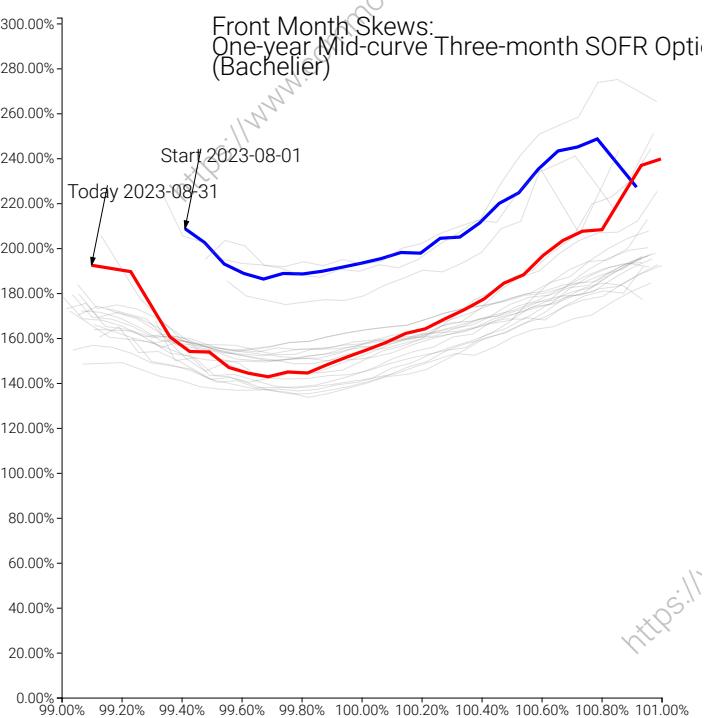
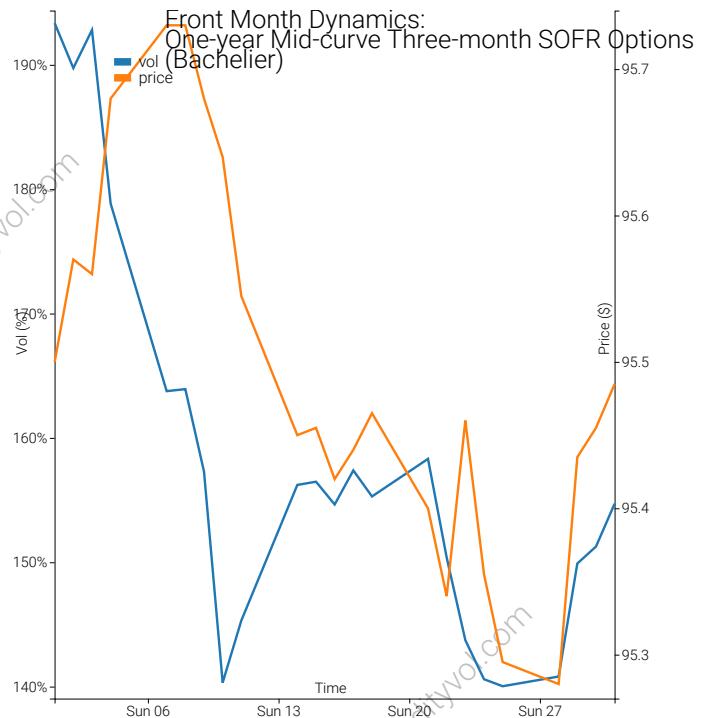
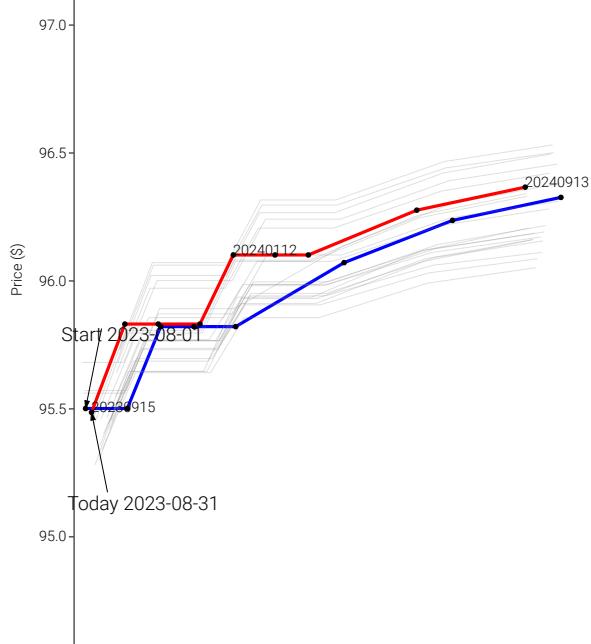
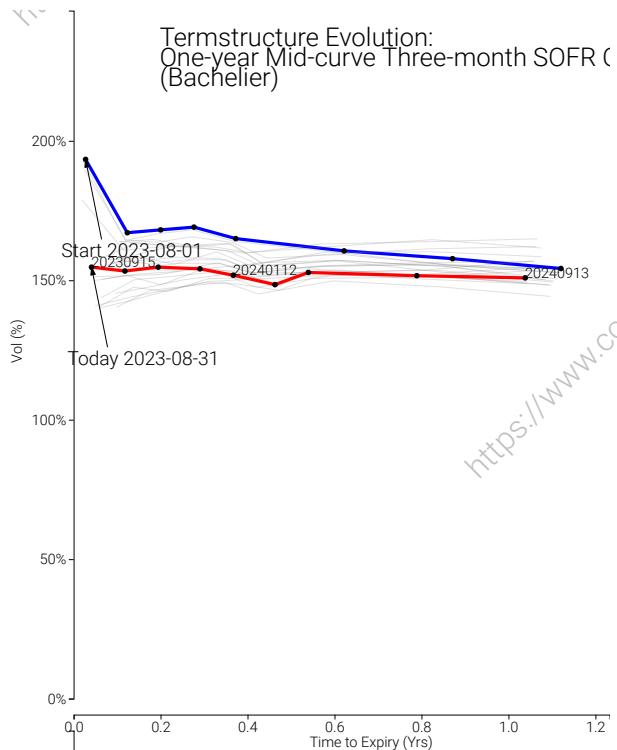


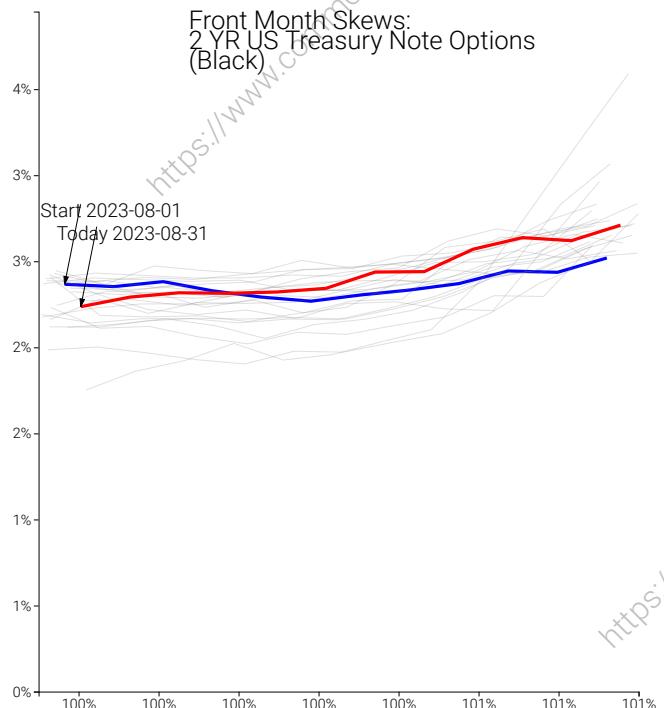
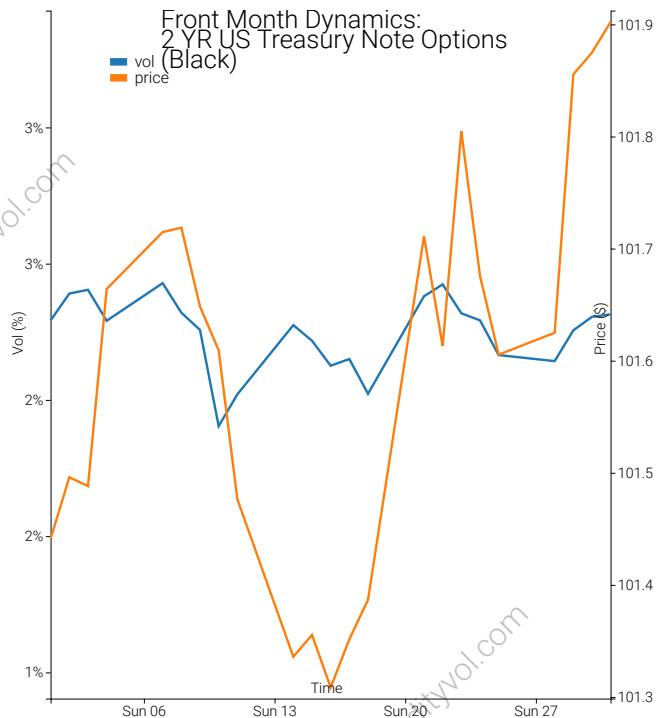
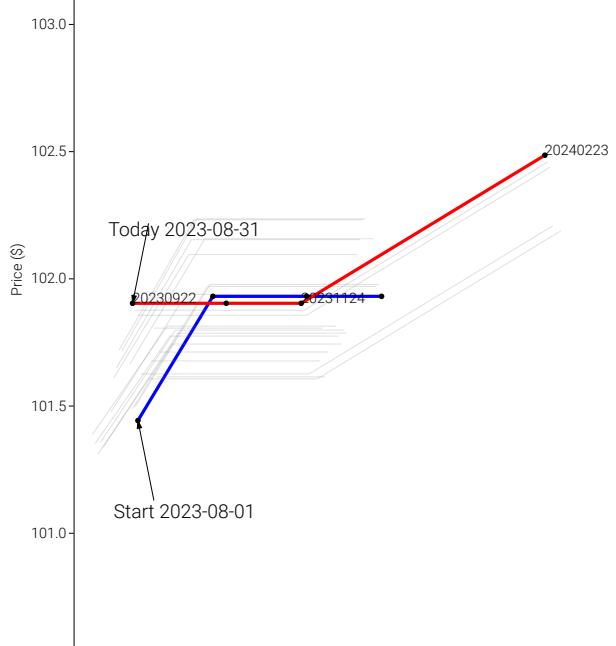
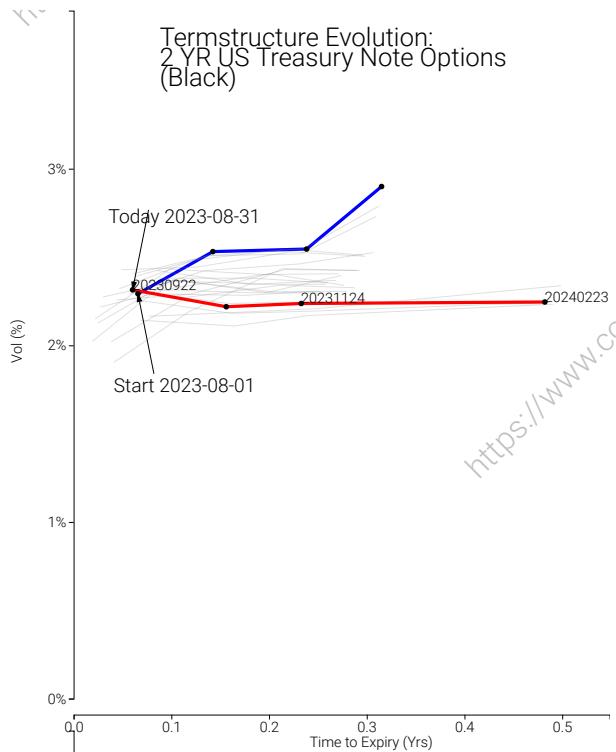


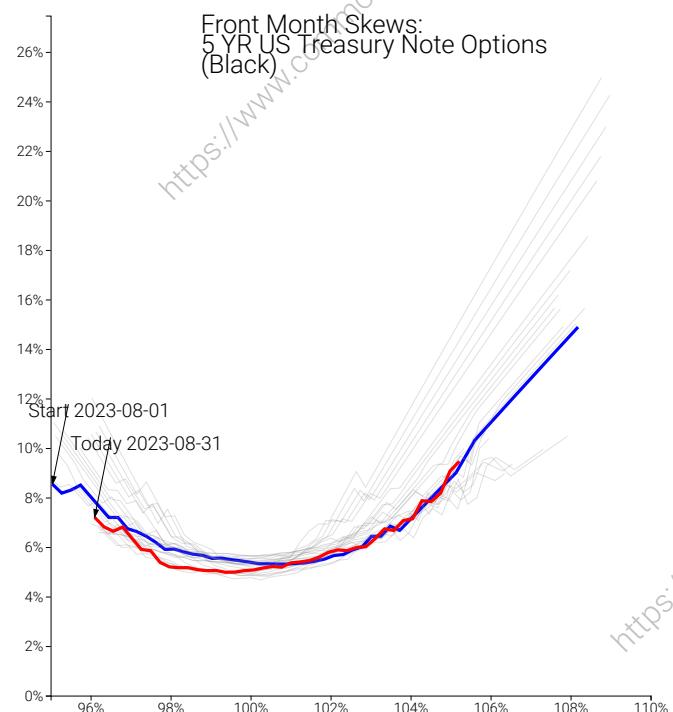
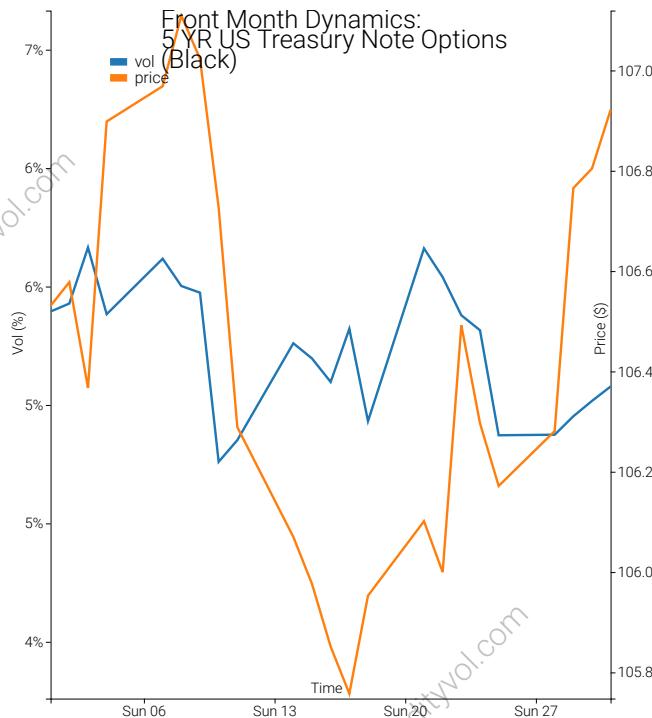
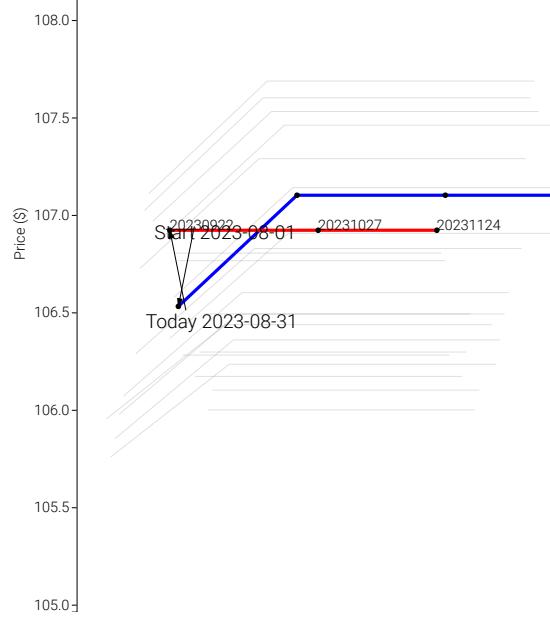
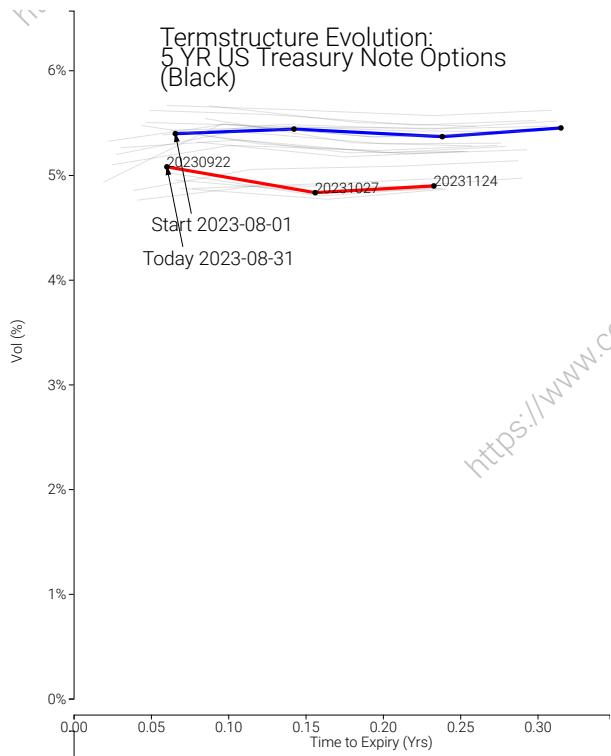


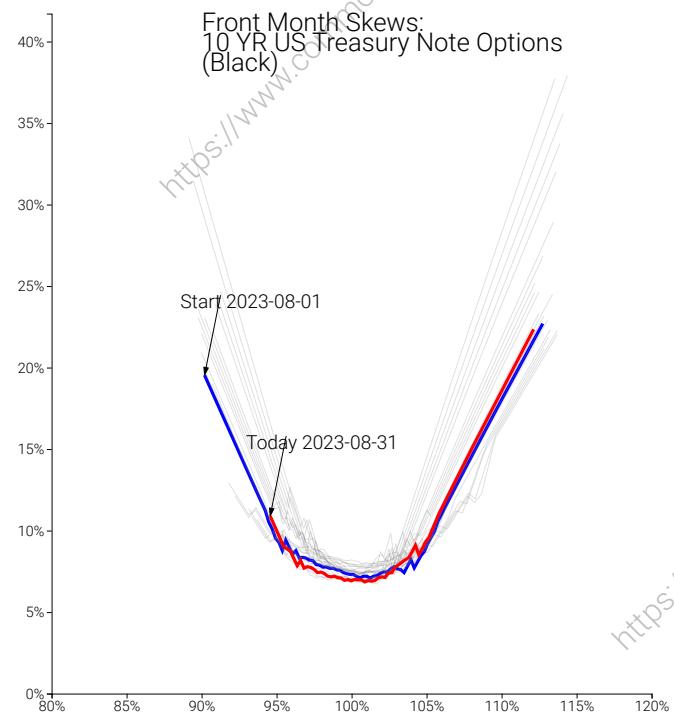
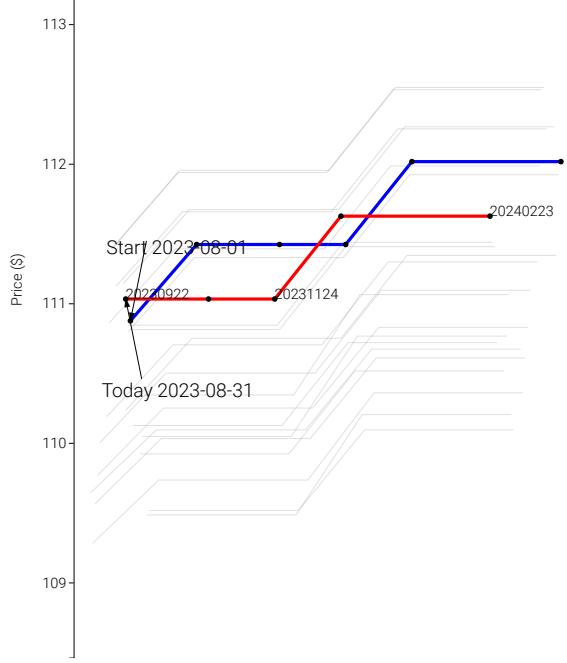
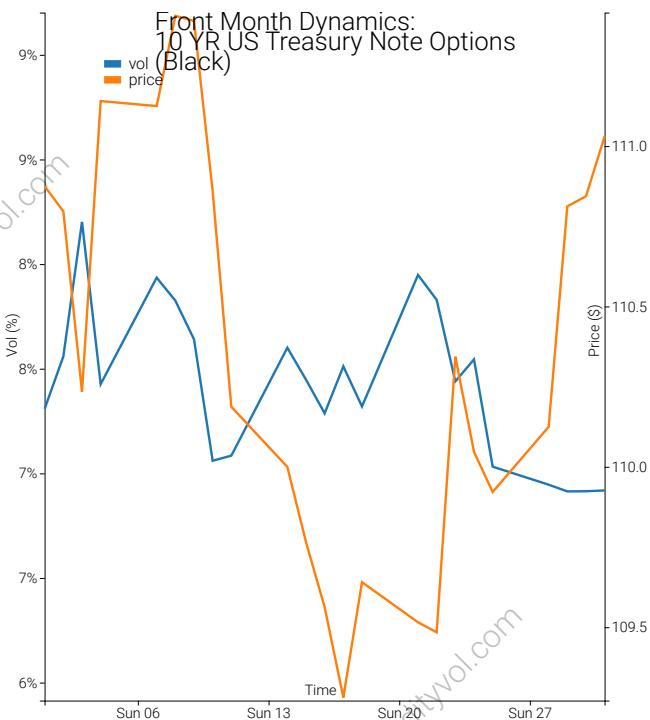
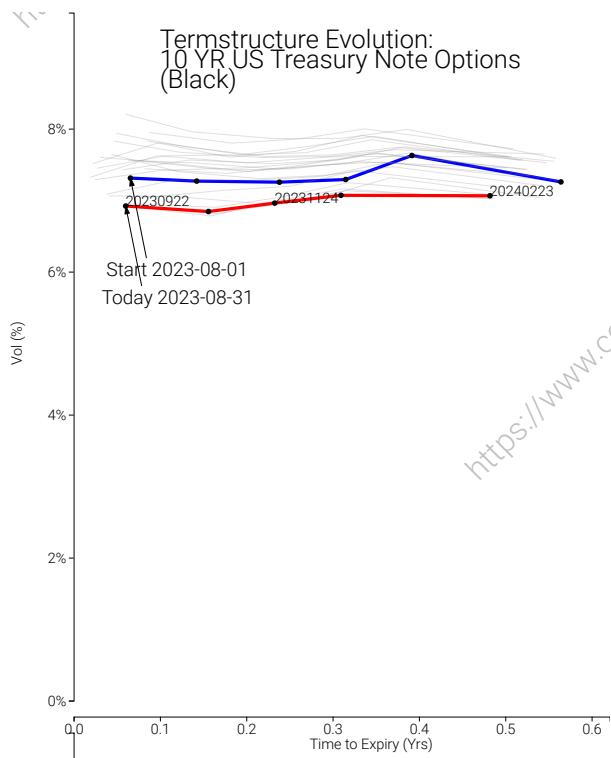


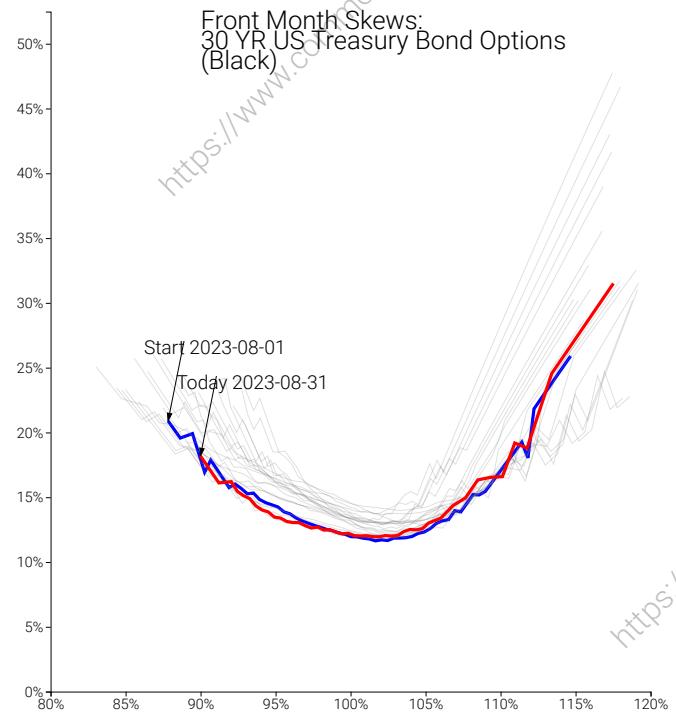
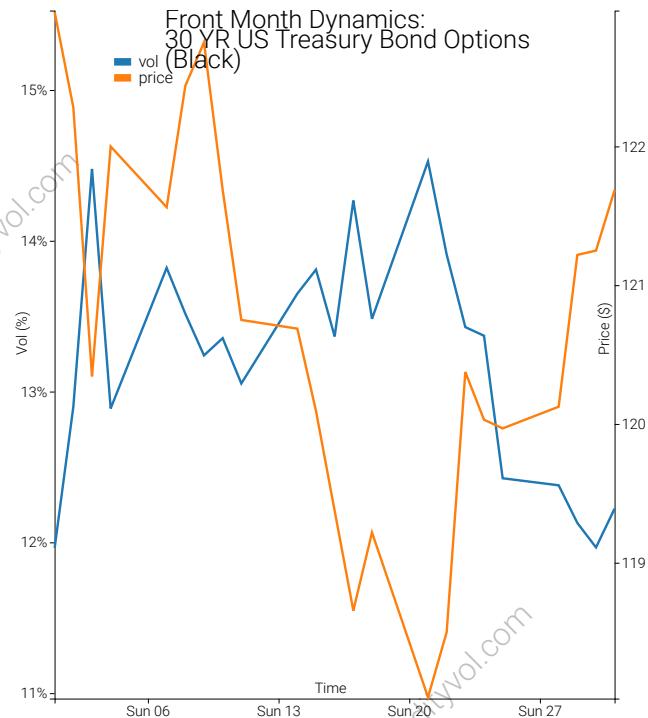
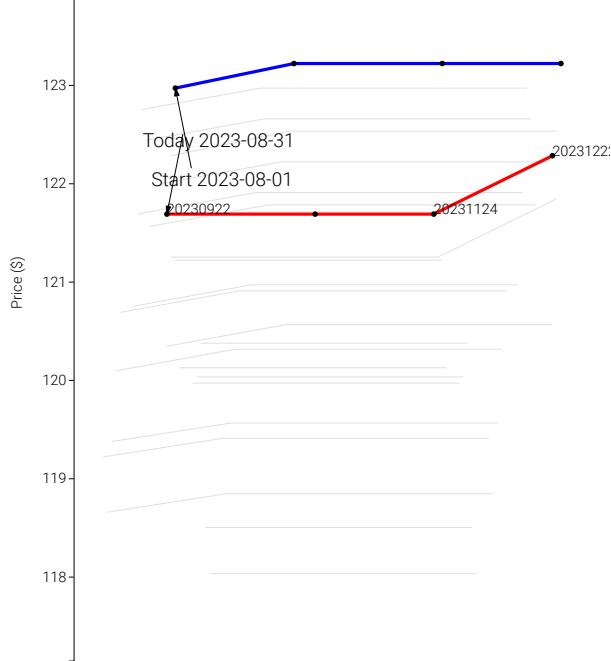
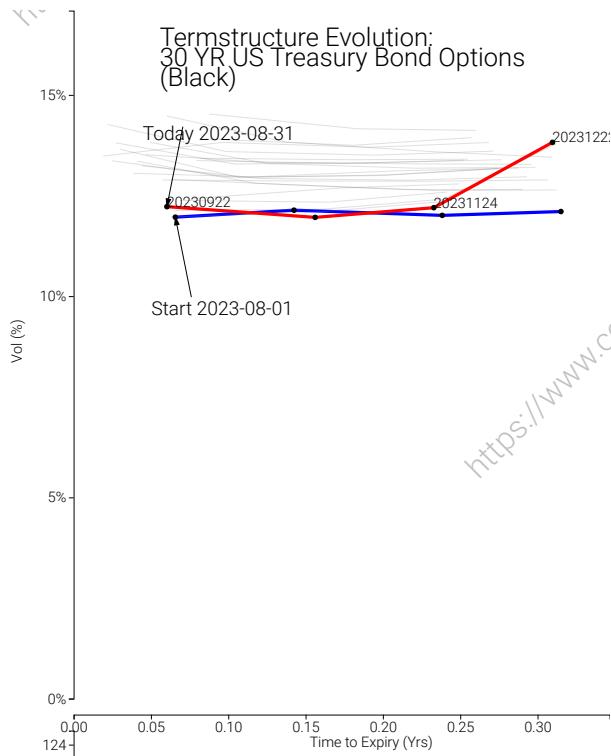


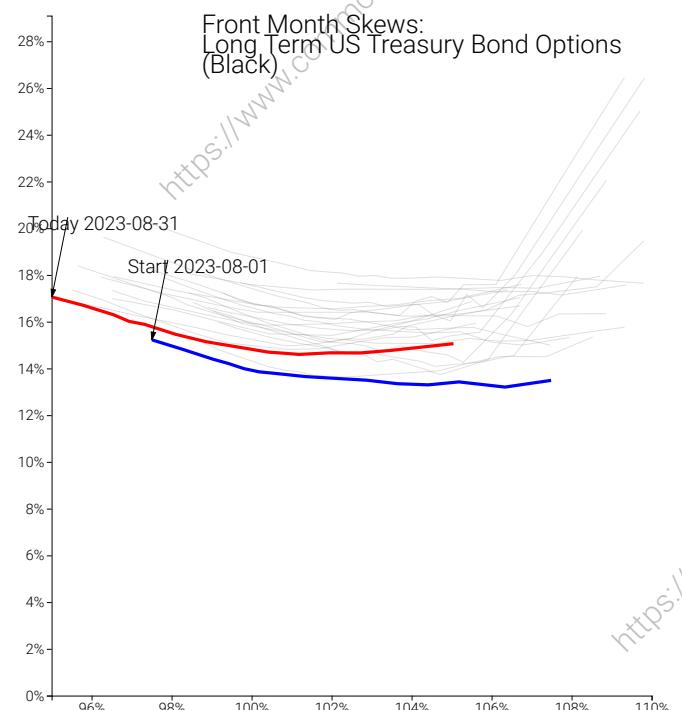
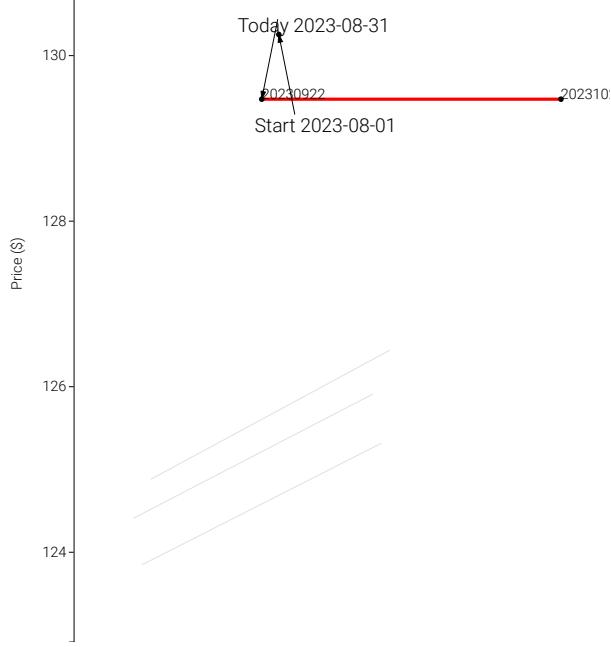
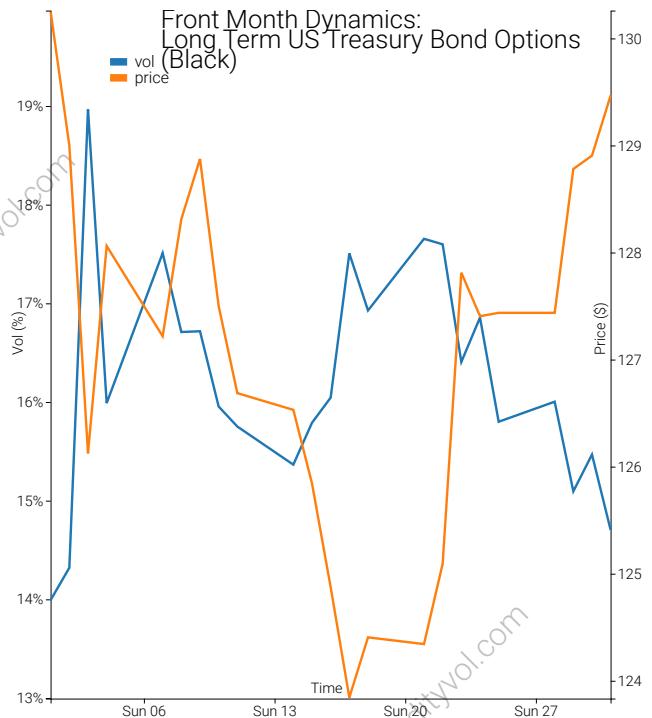
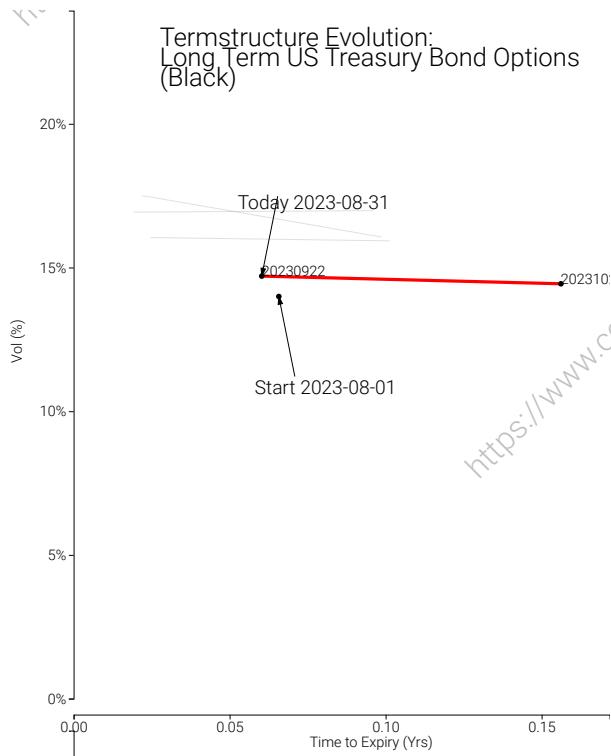




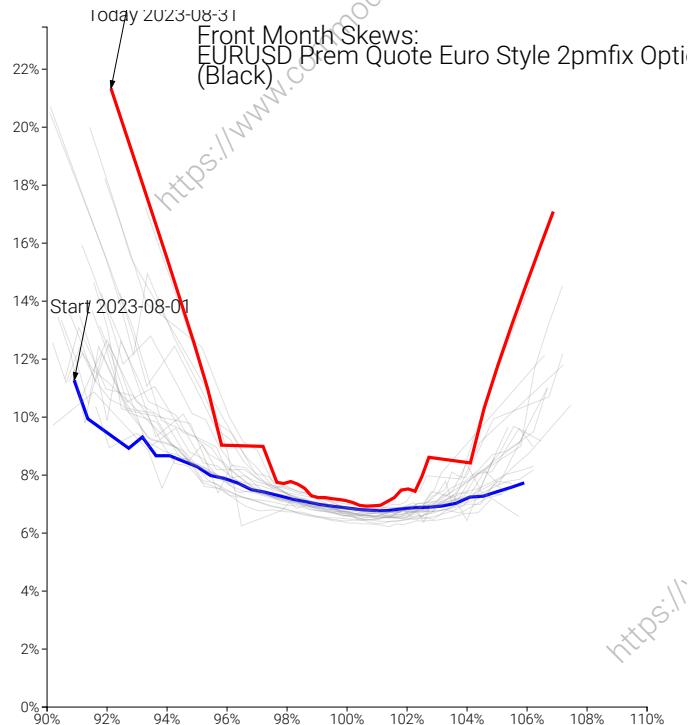
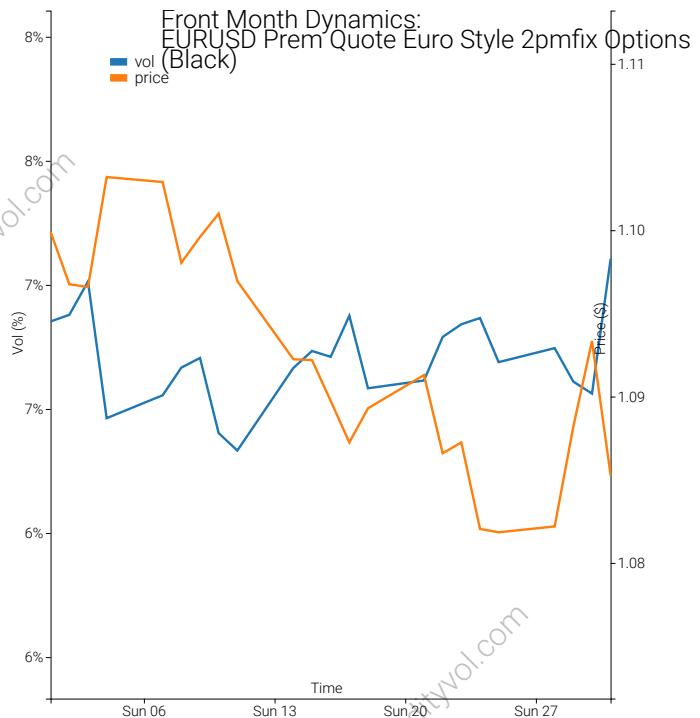
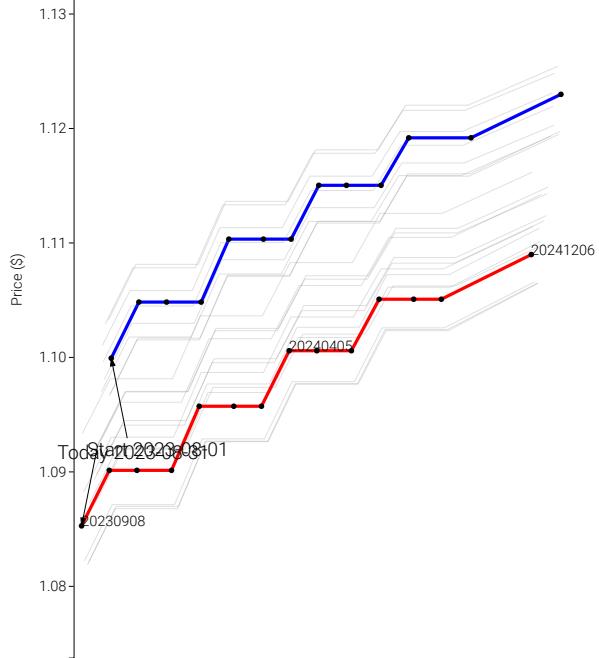
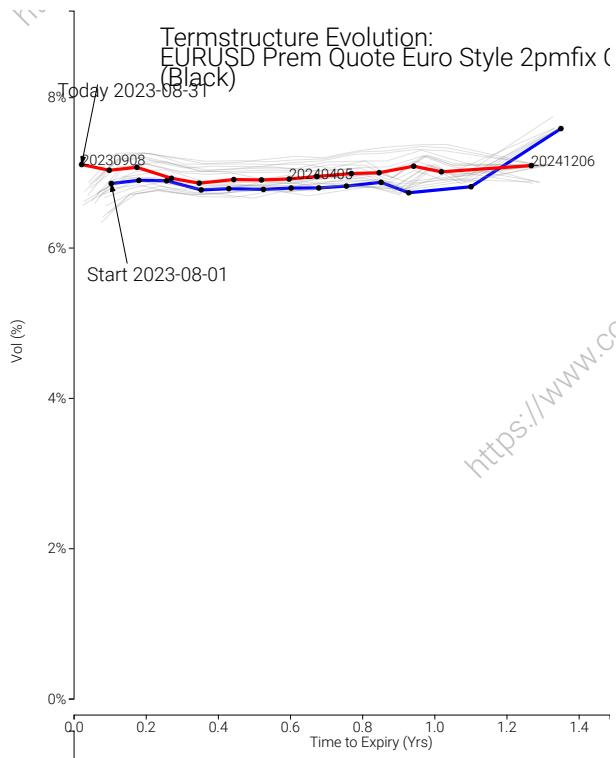


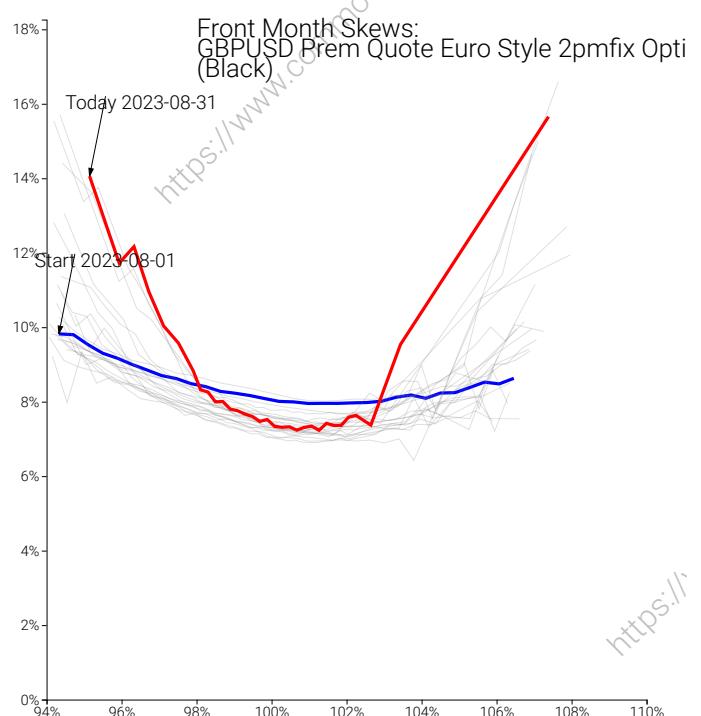
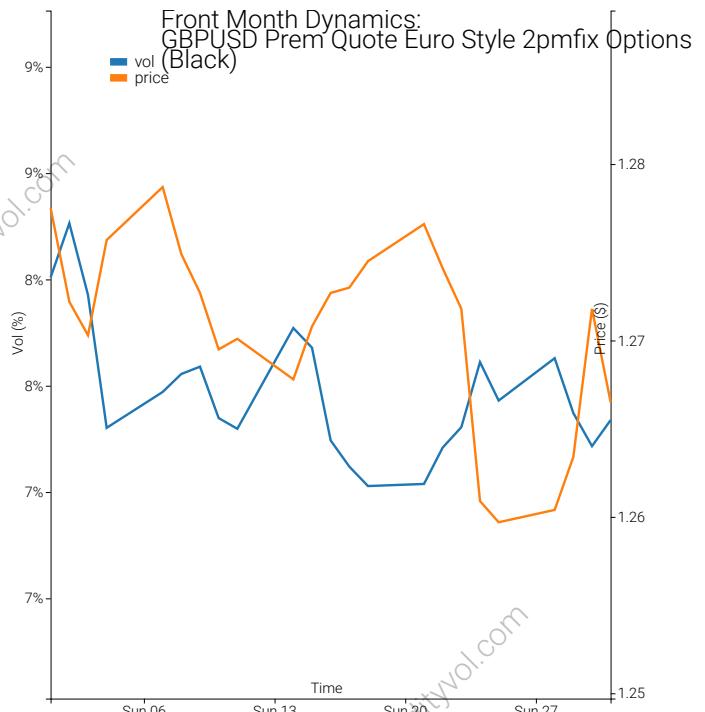
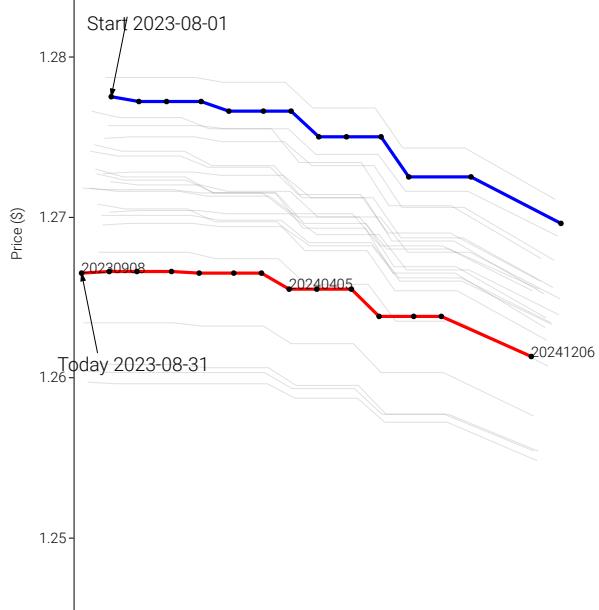
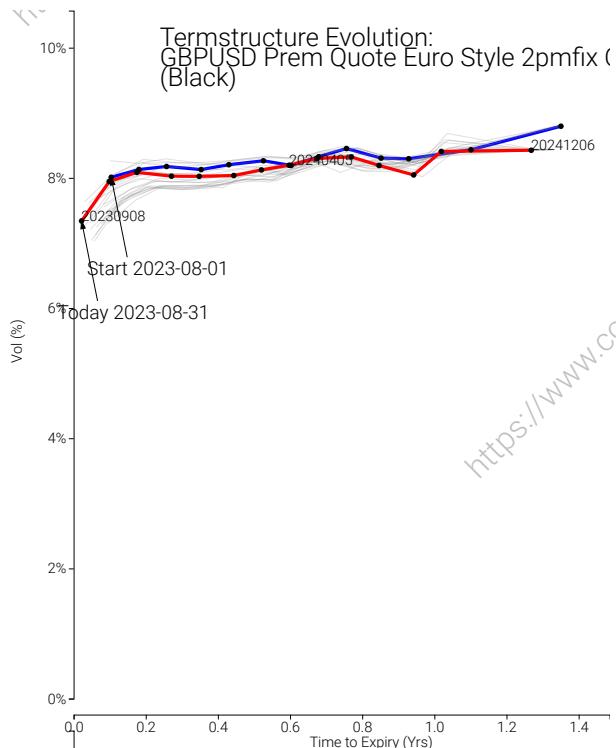


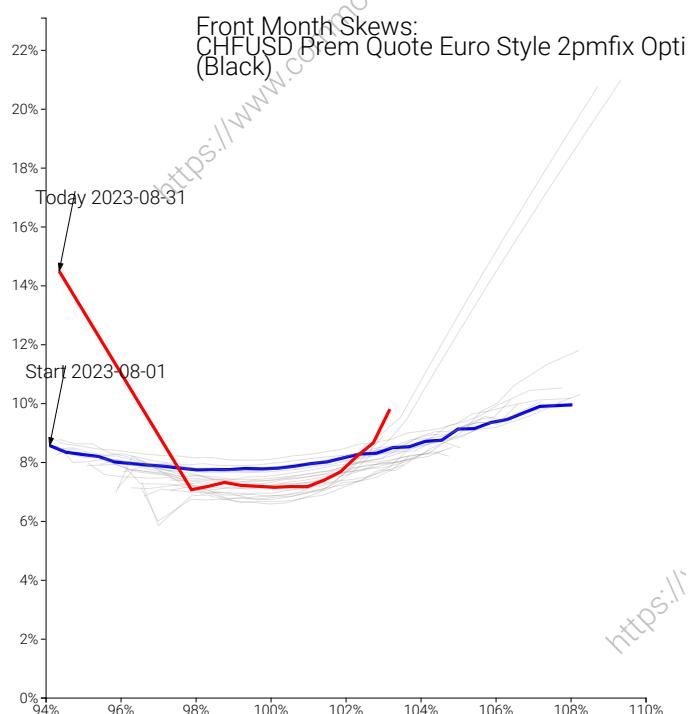
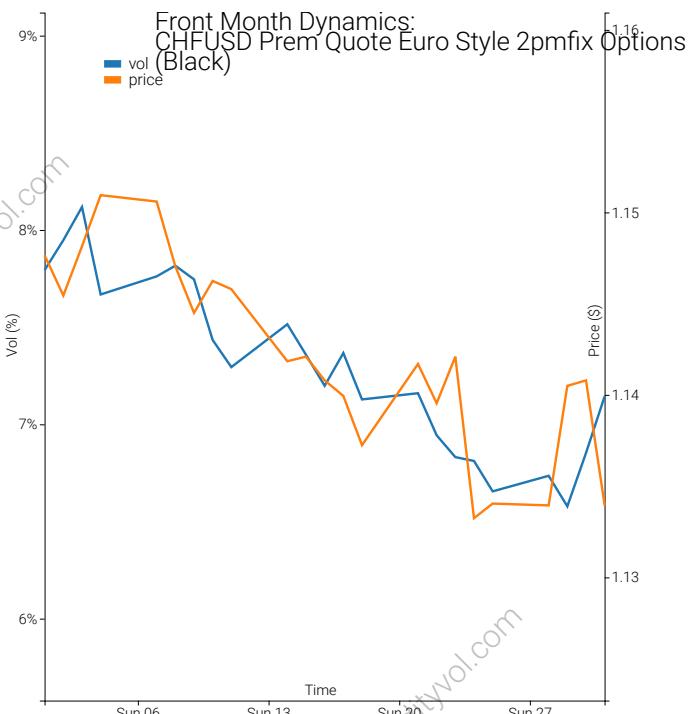
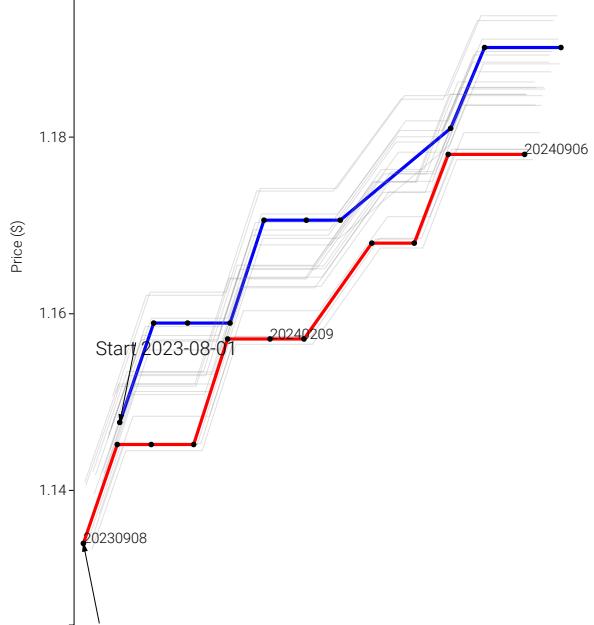
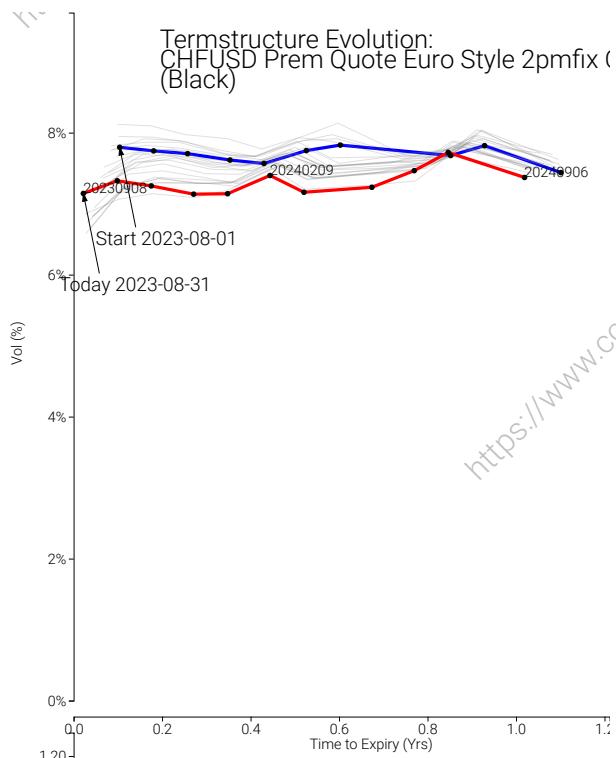


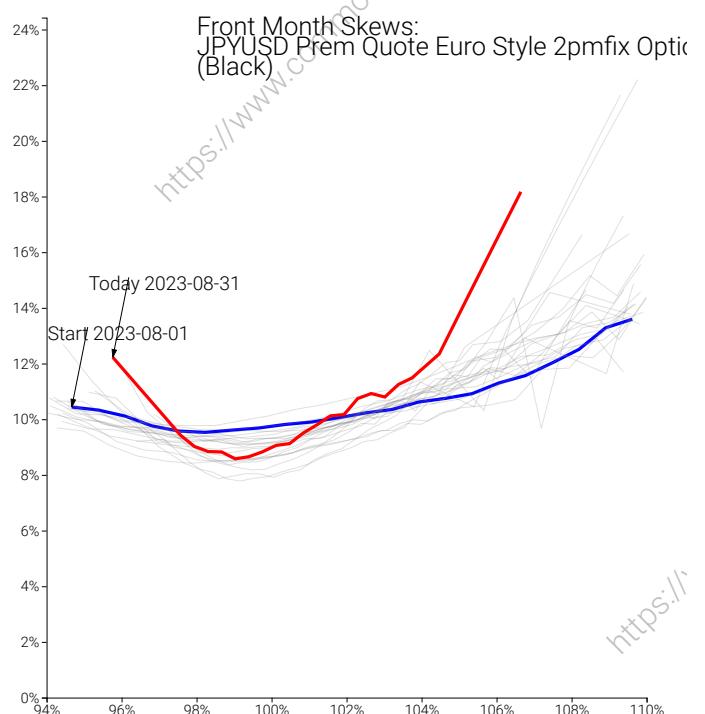
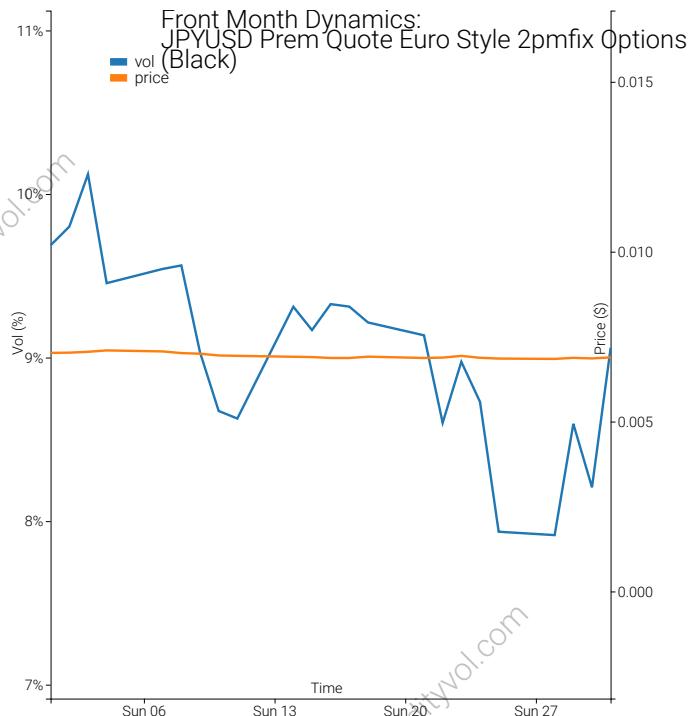
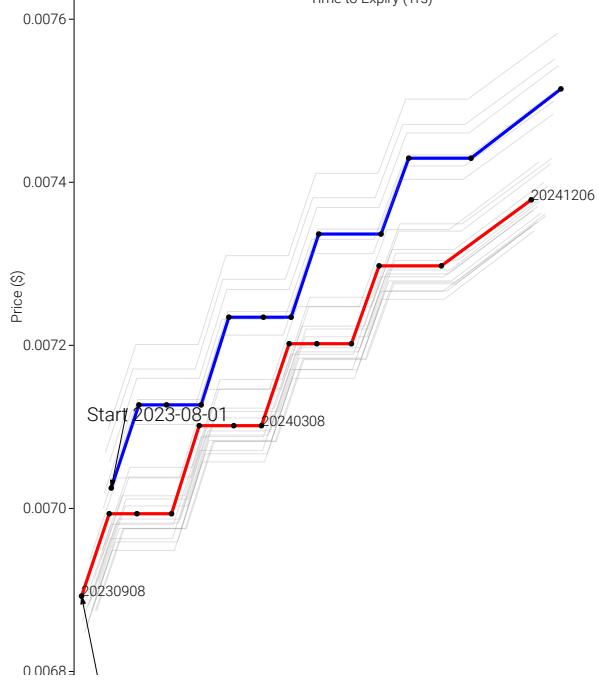
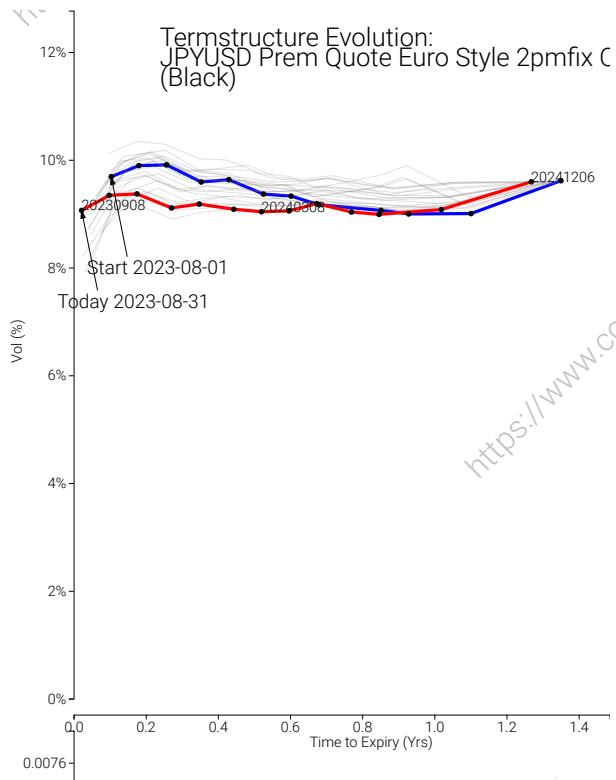


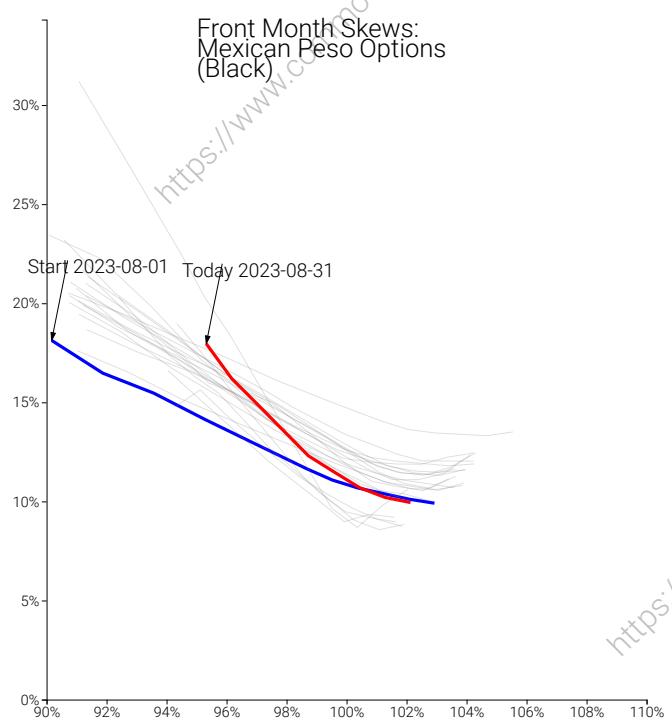
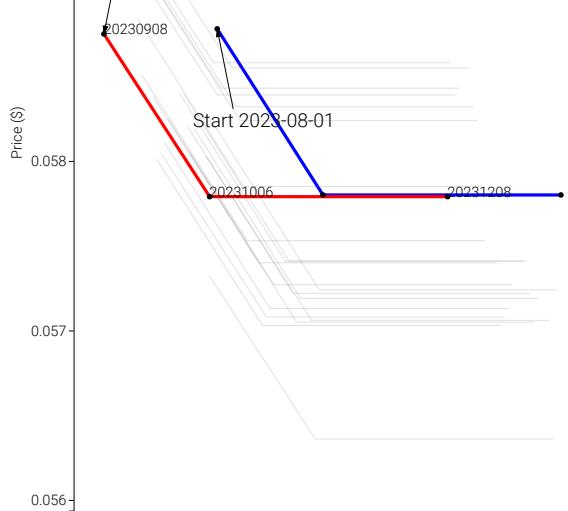
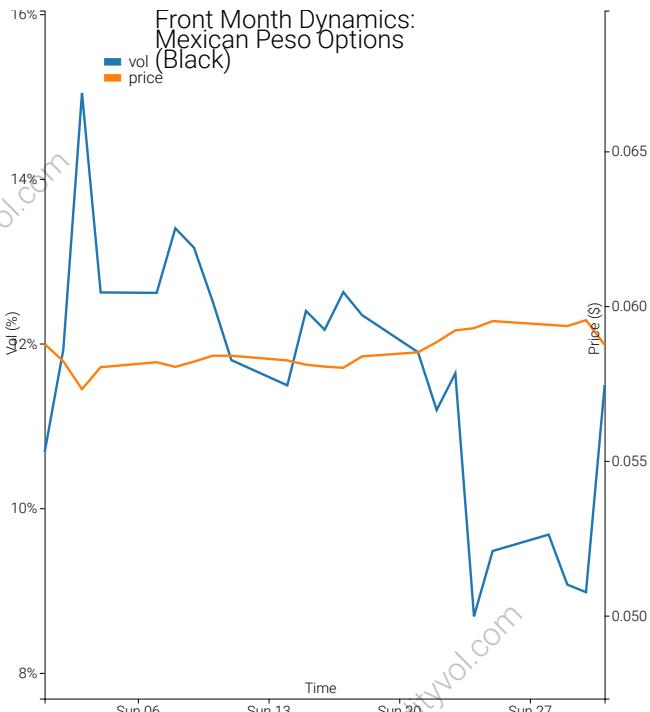
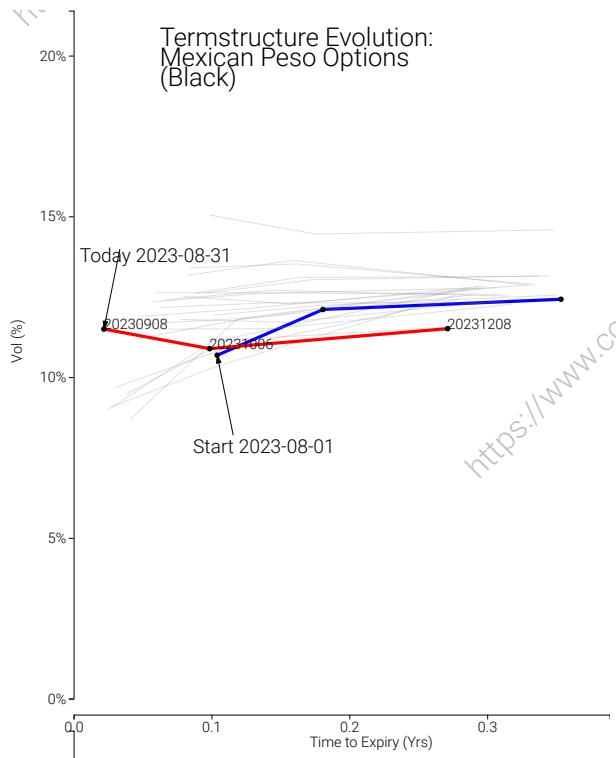
Forex

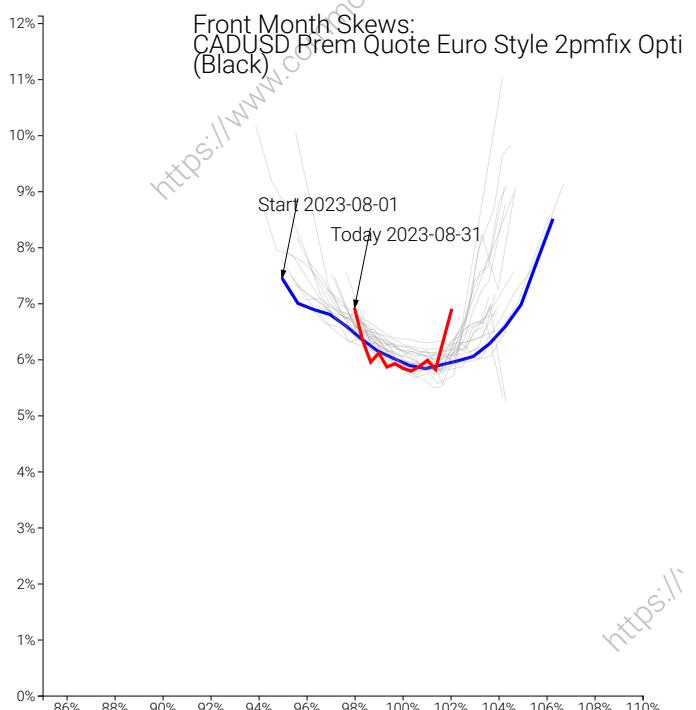
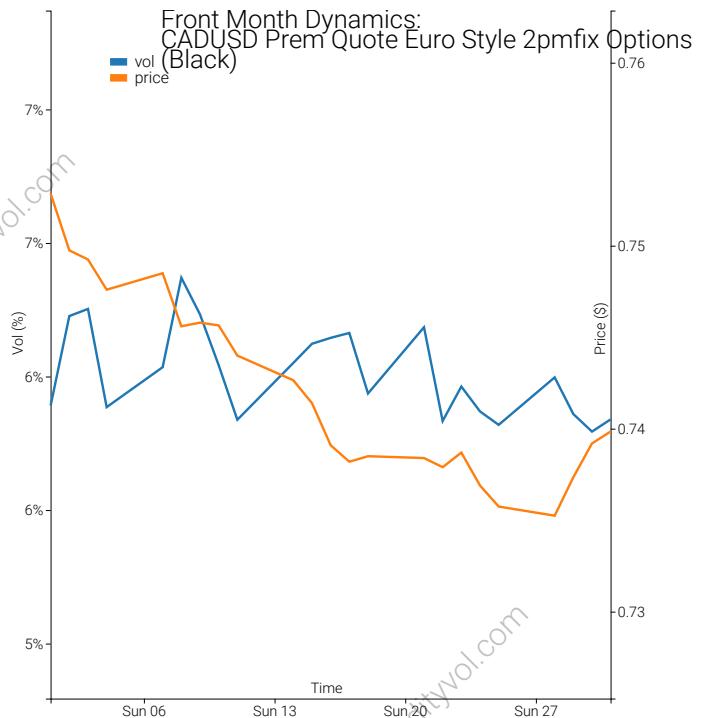
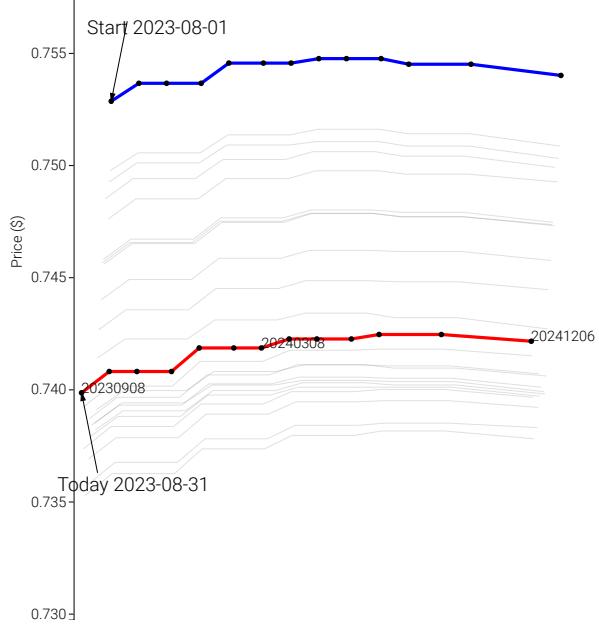
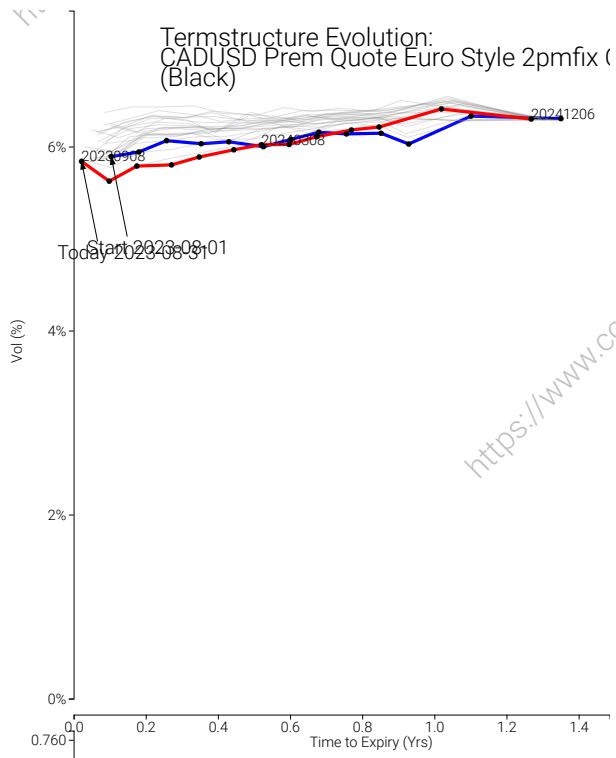


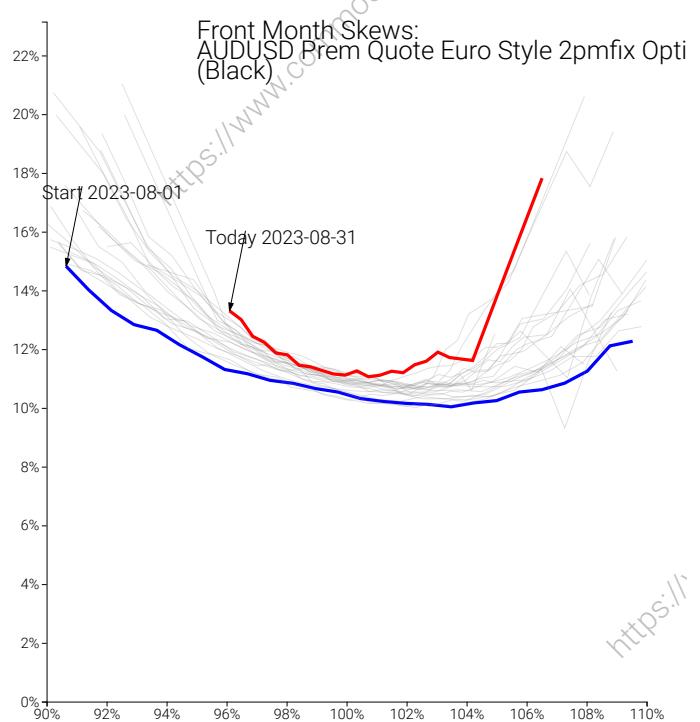
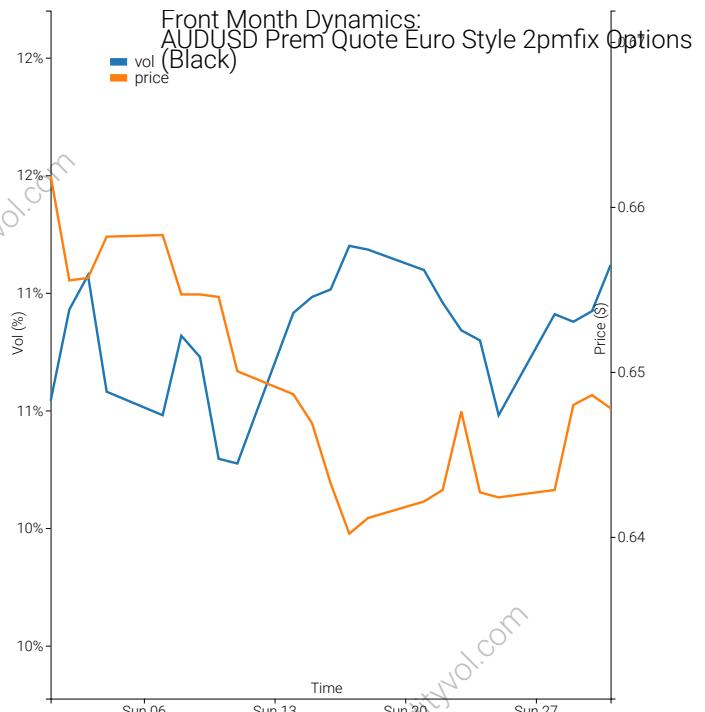
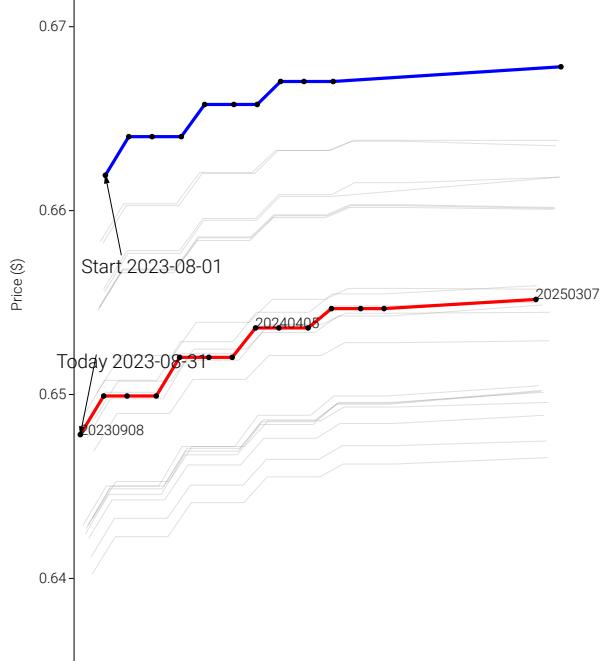
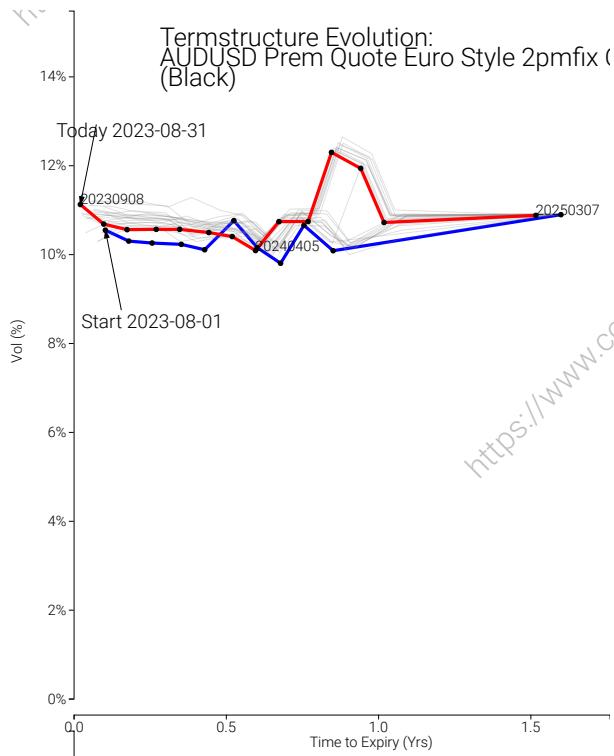


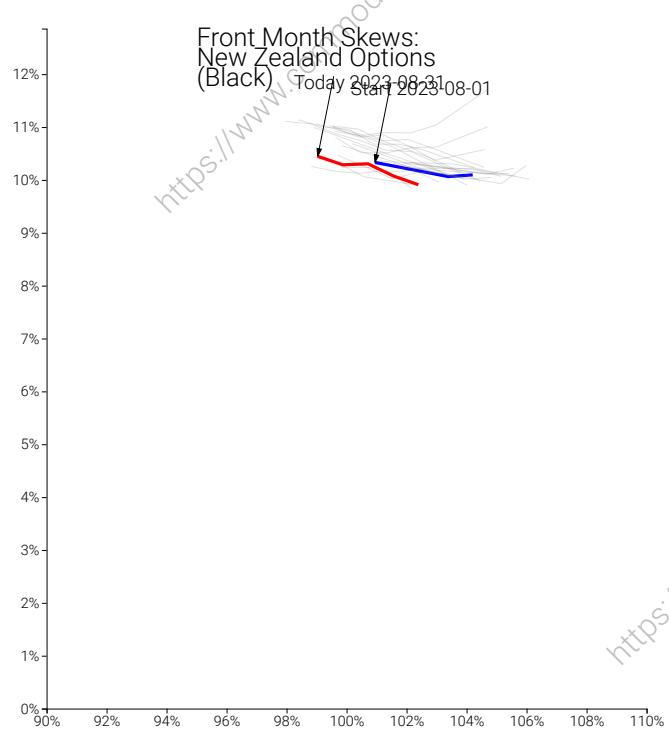
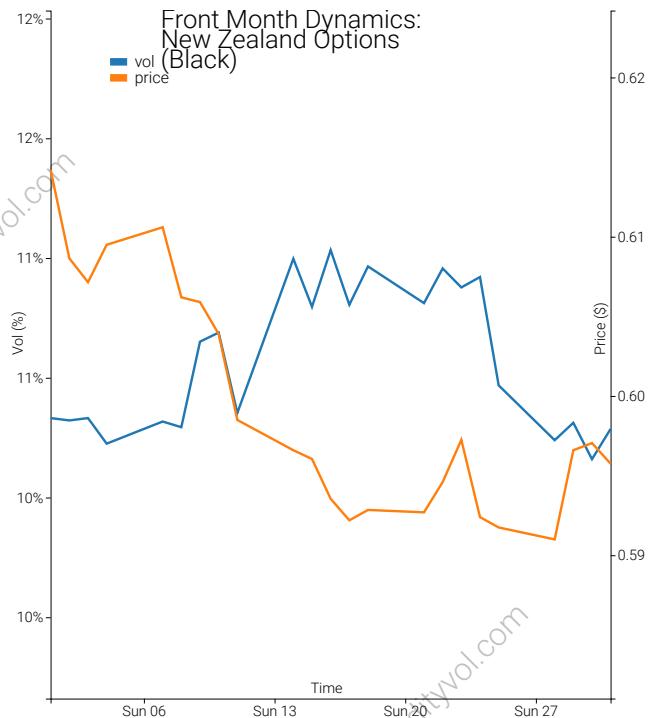
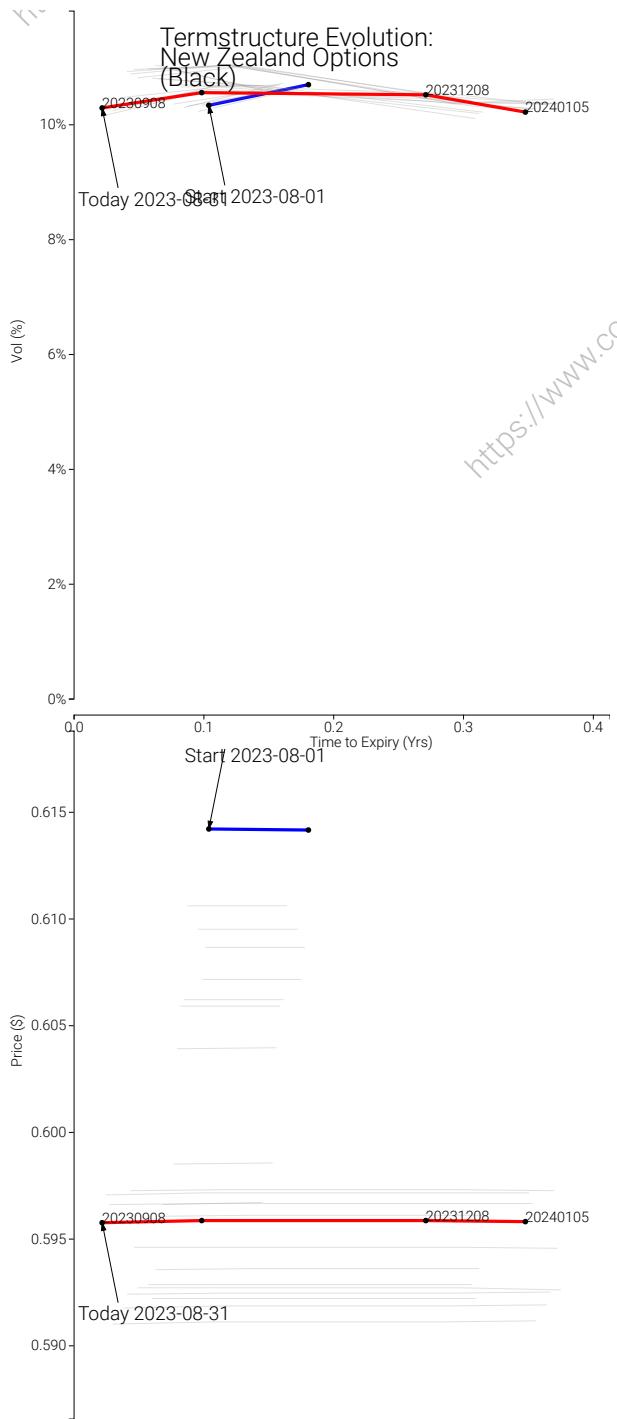


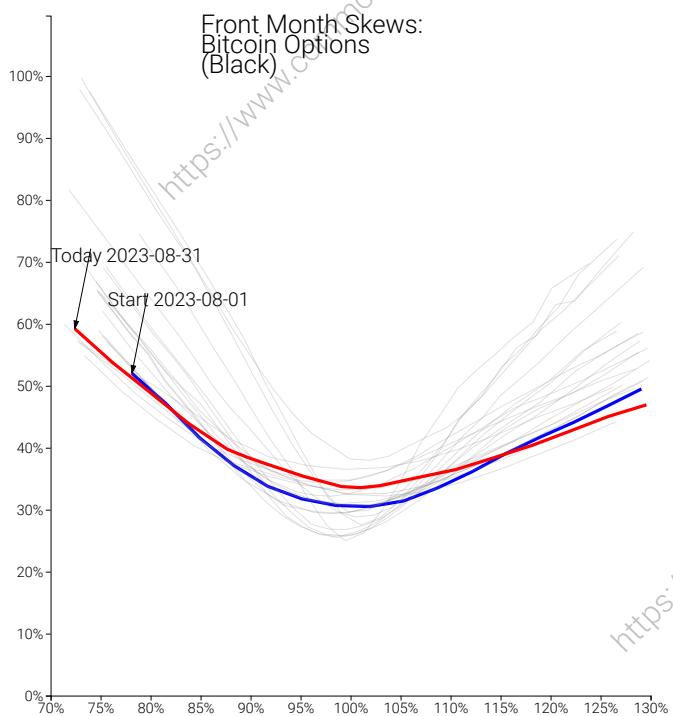
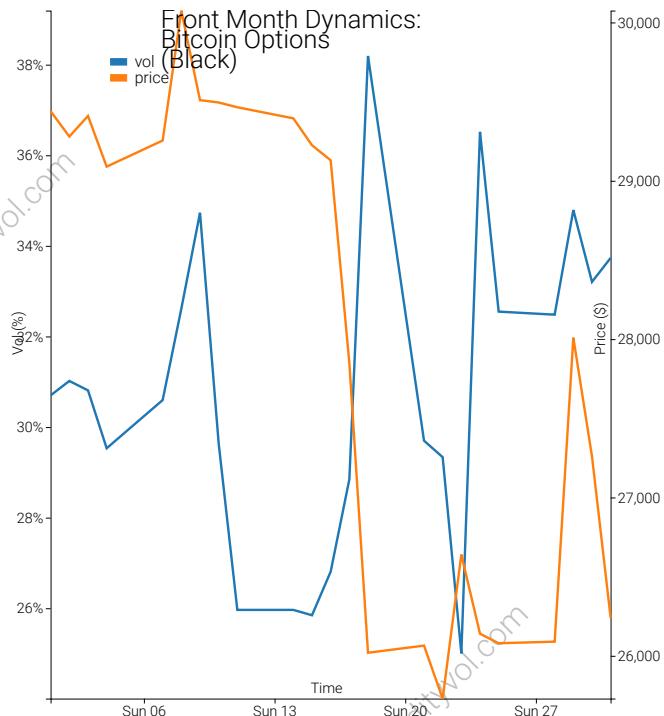
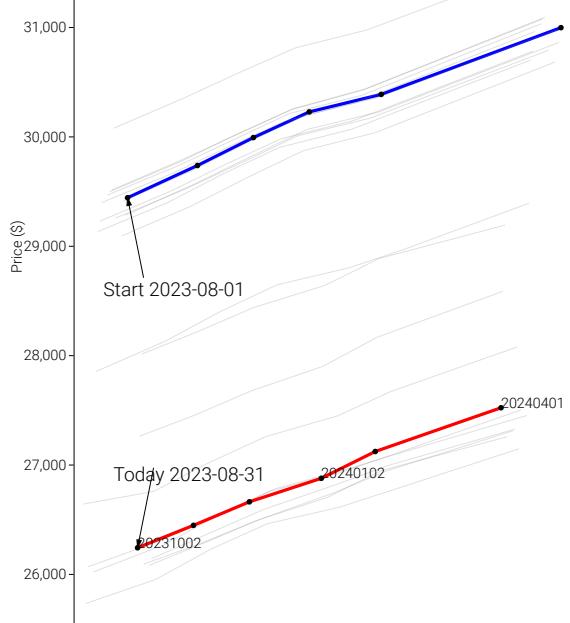
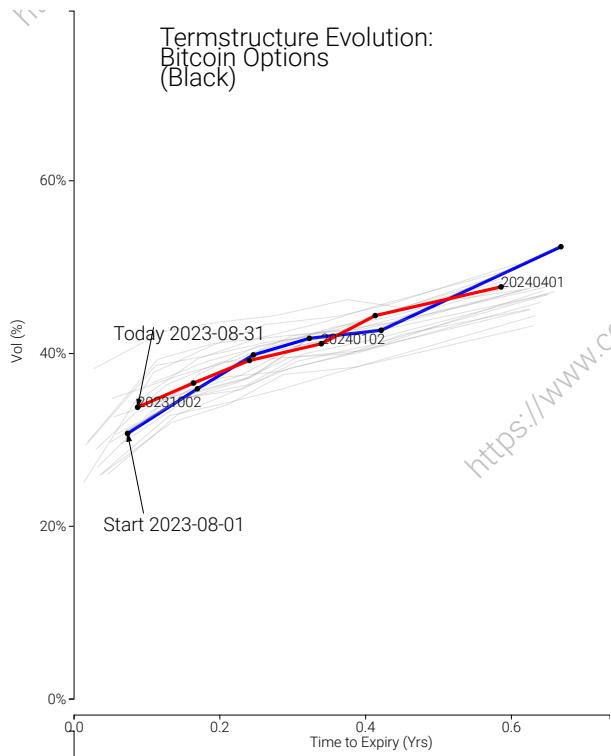


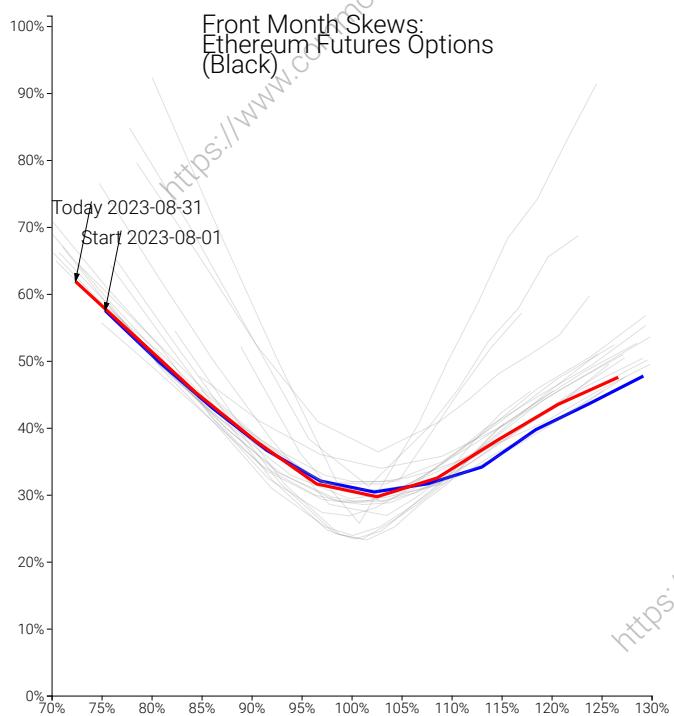
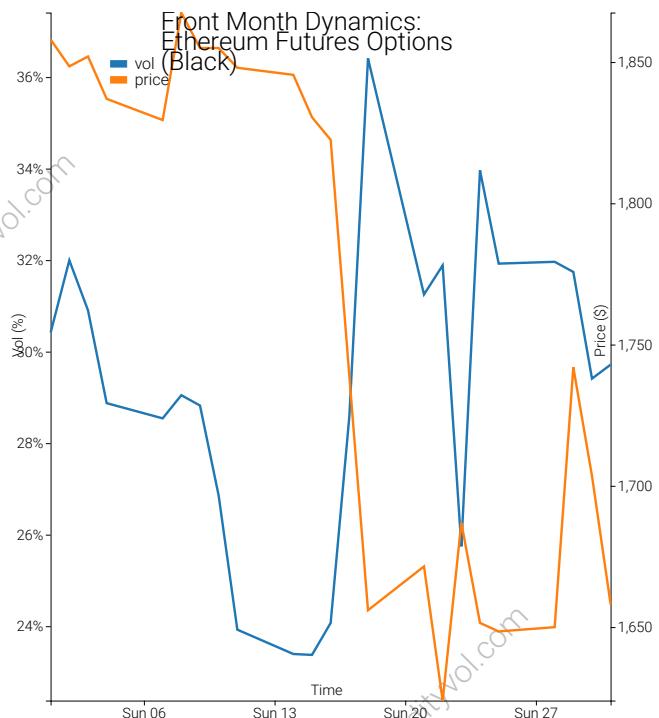
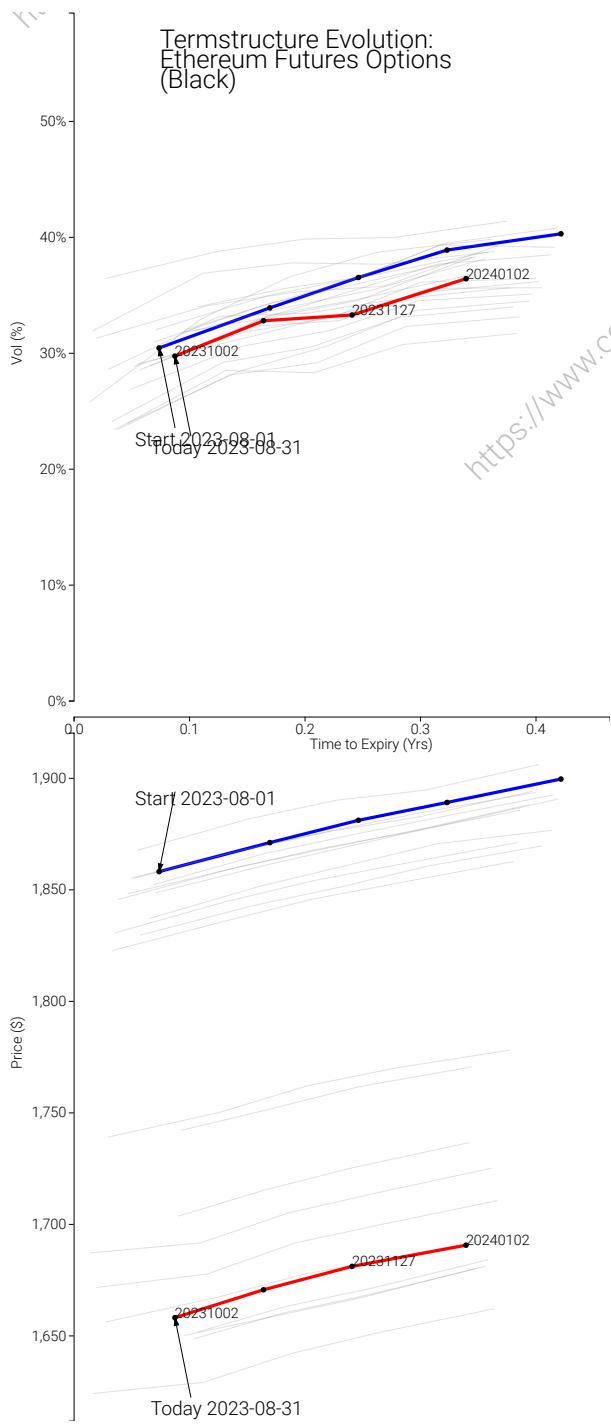




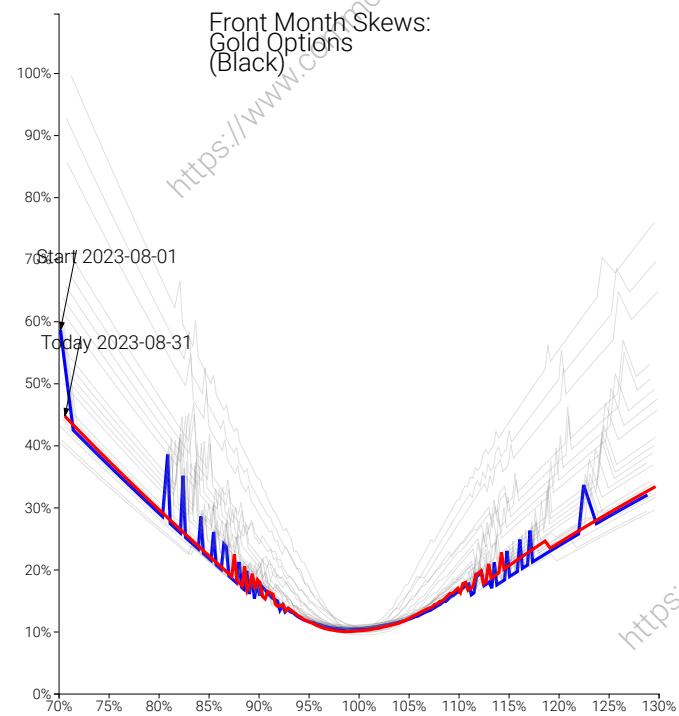
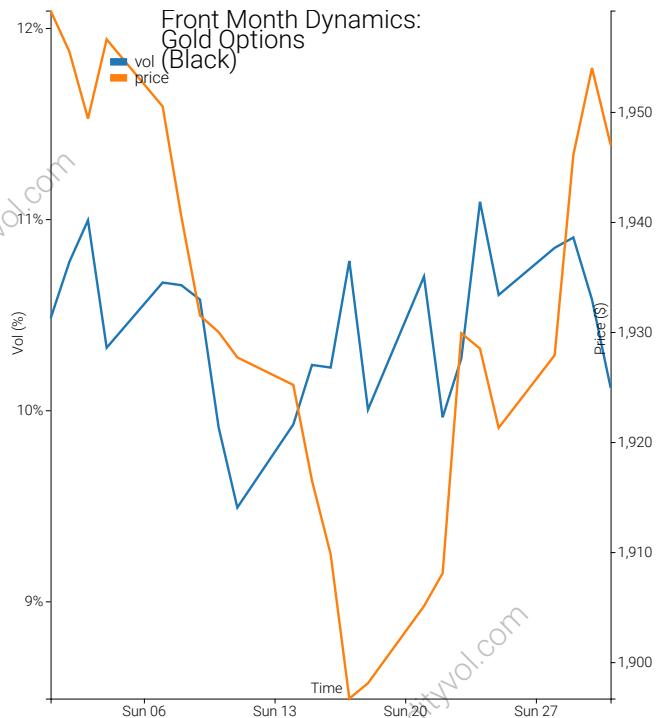
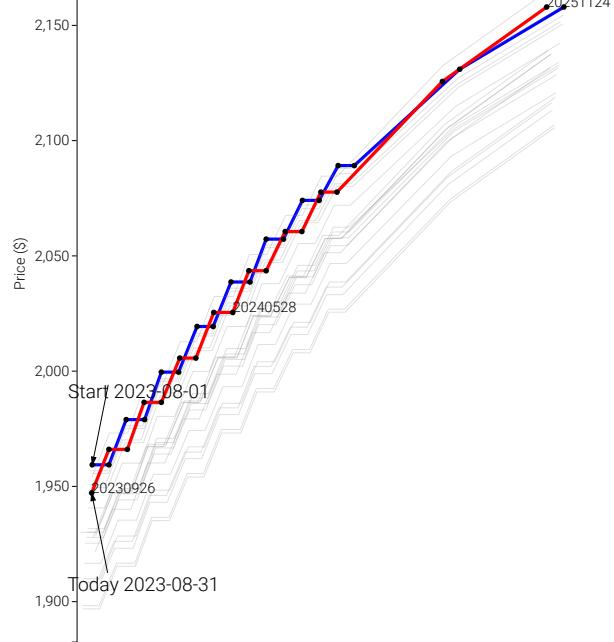
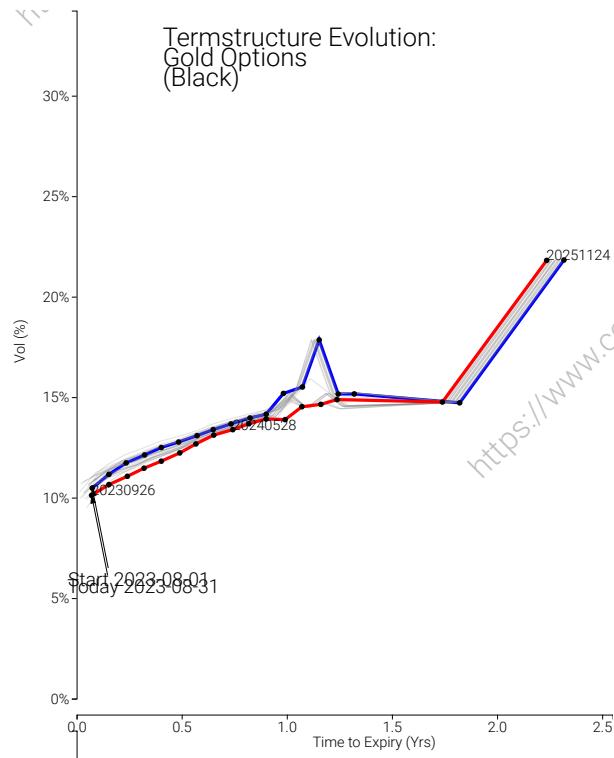


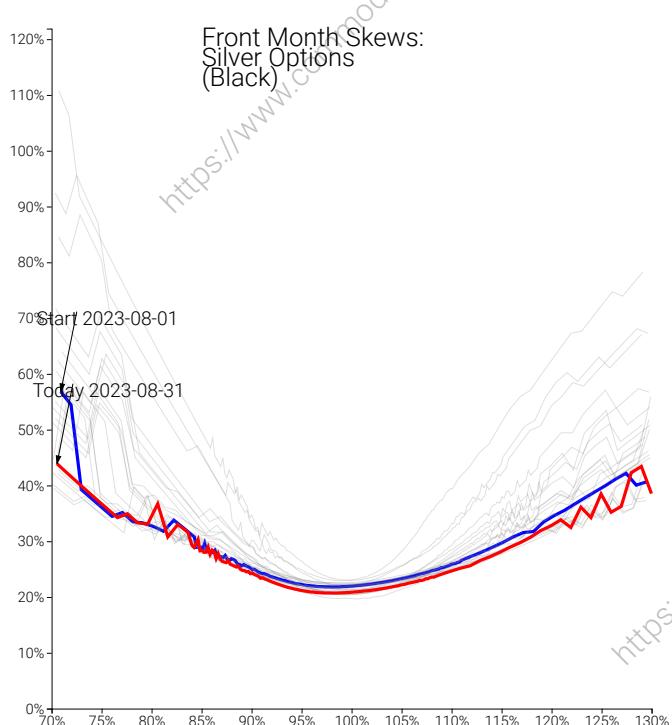
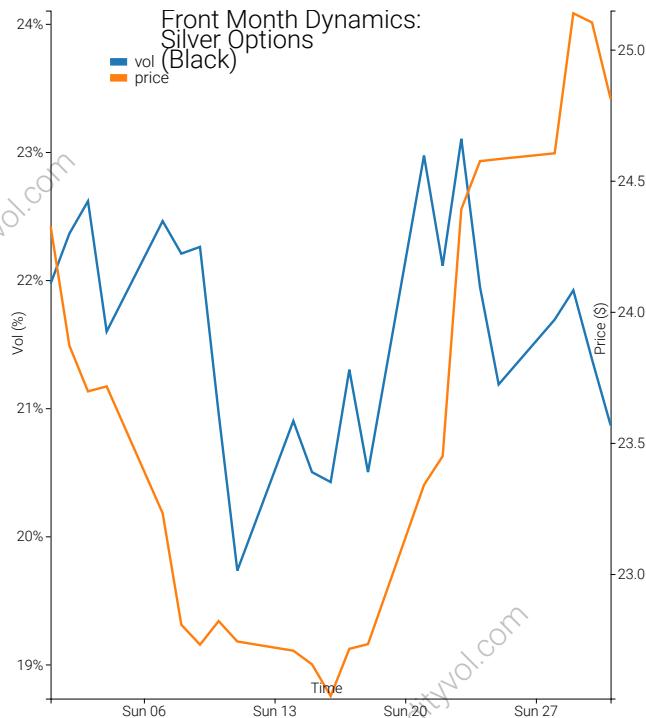
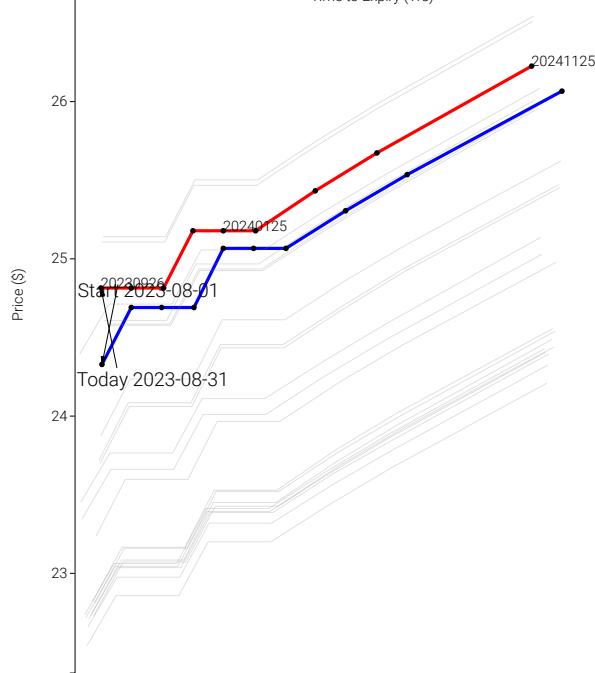
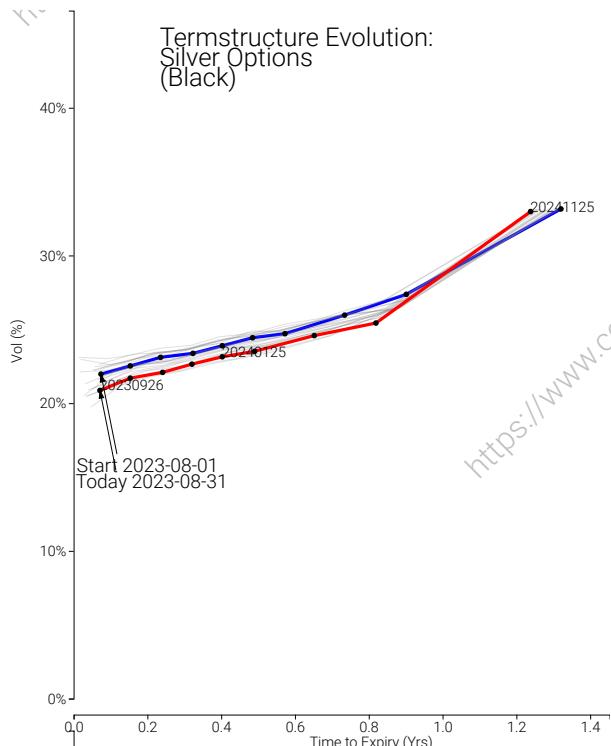


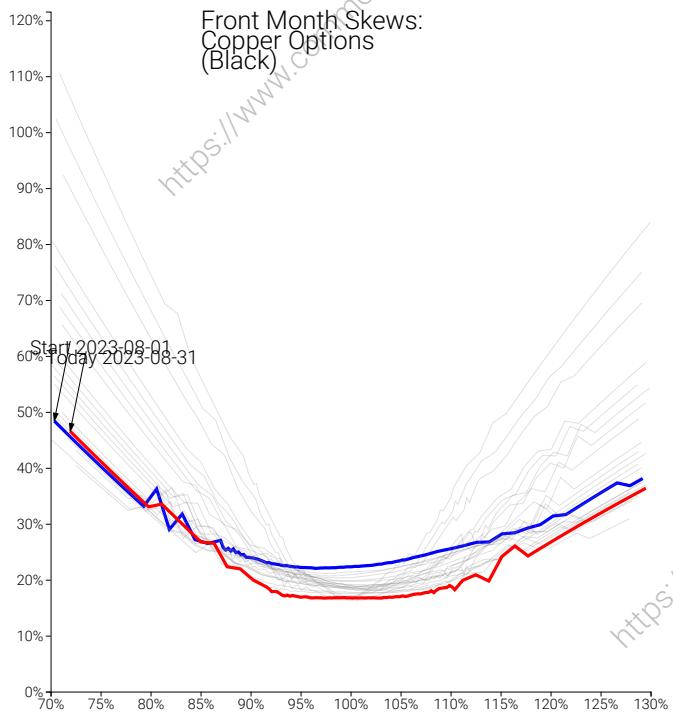
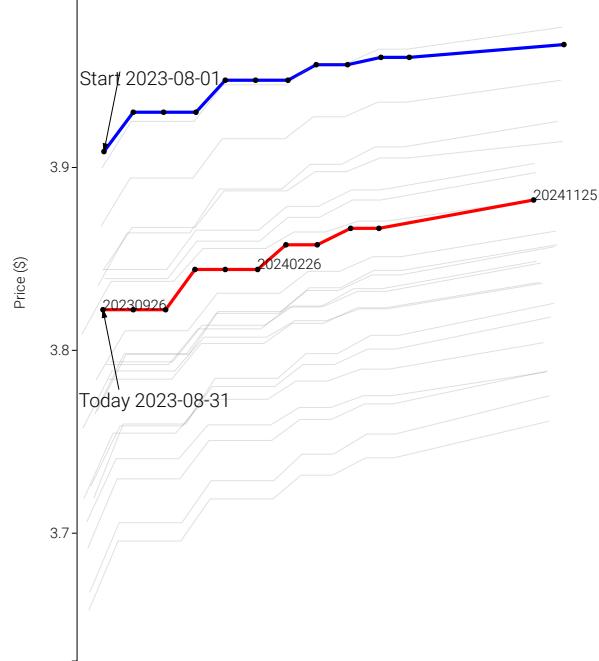
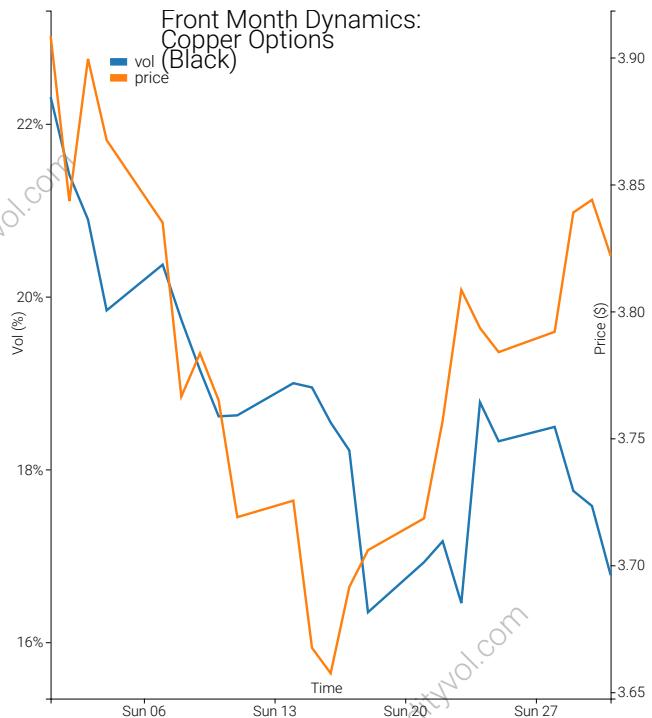
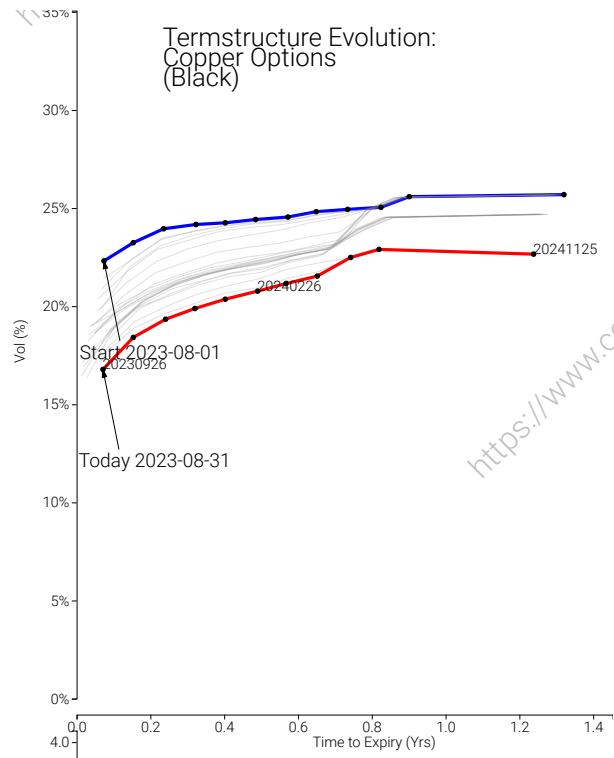


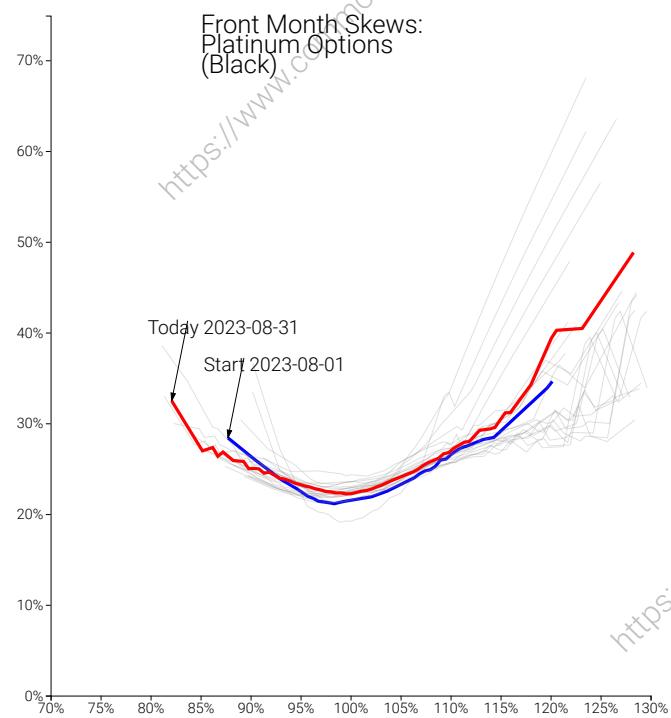
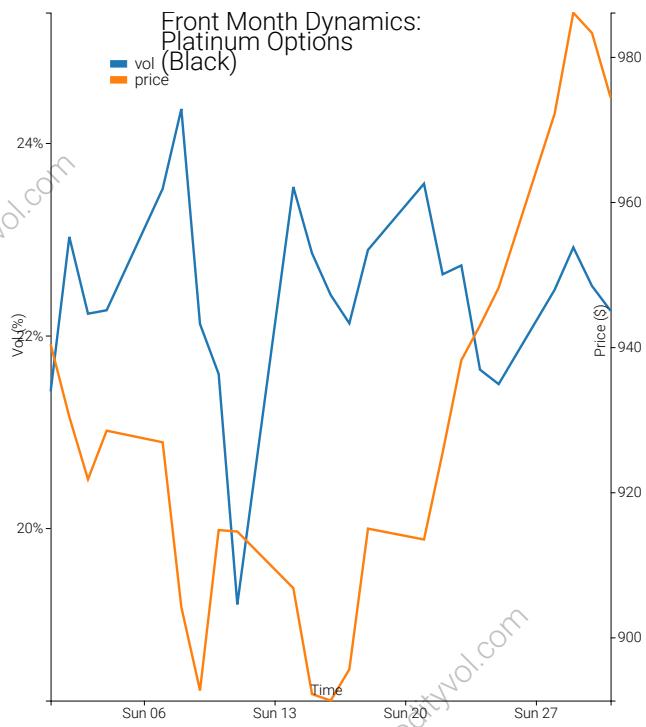
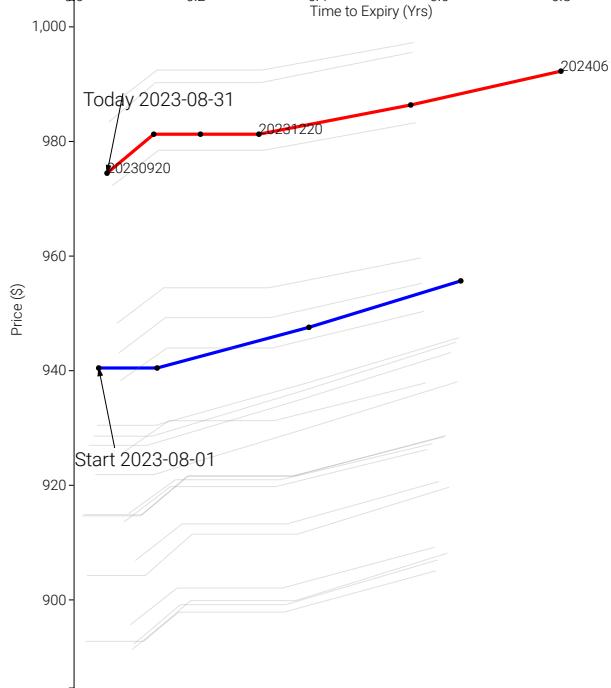
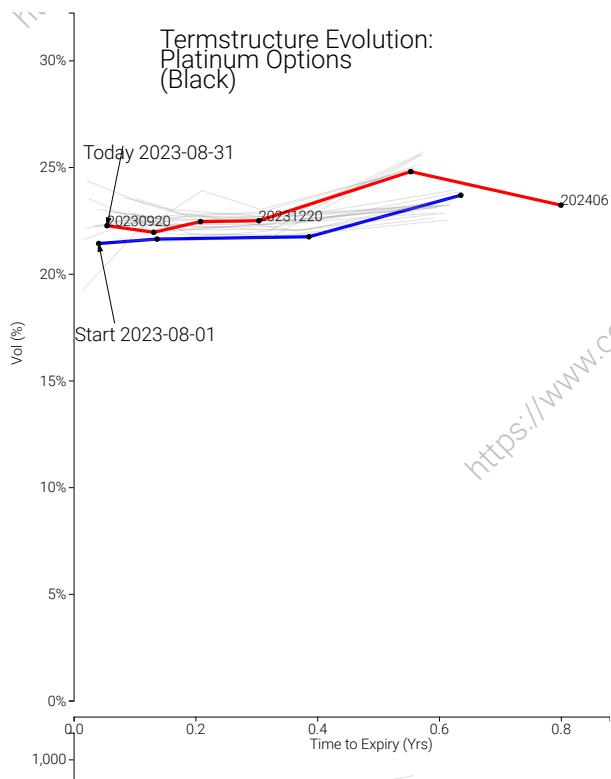


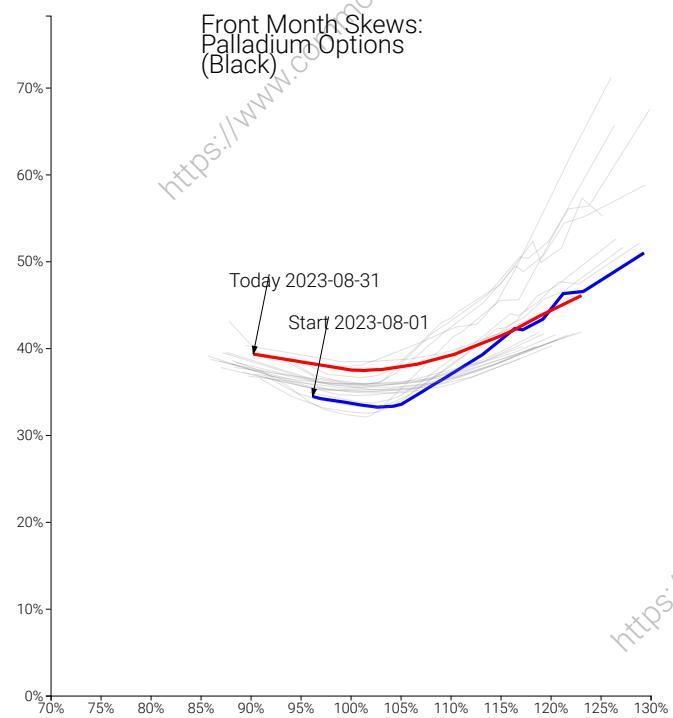
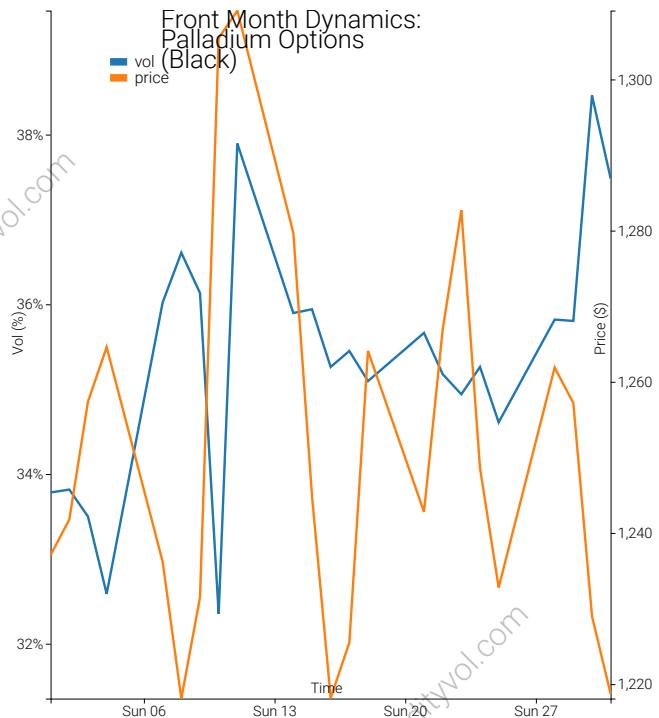
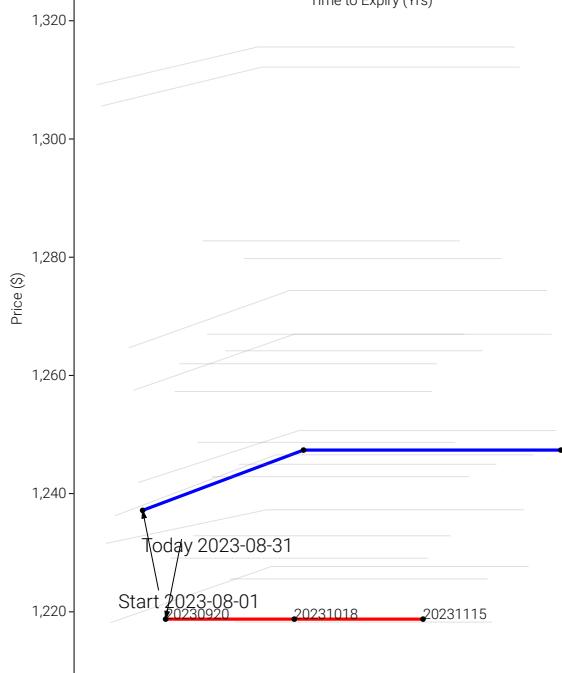
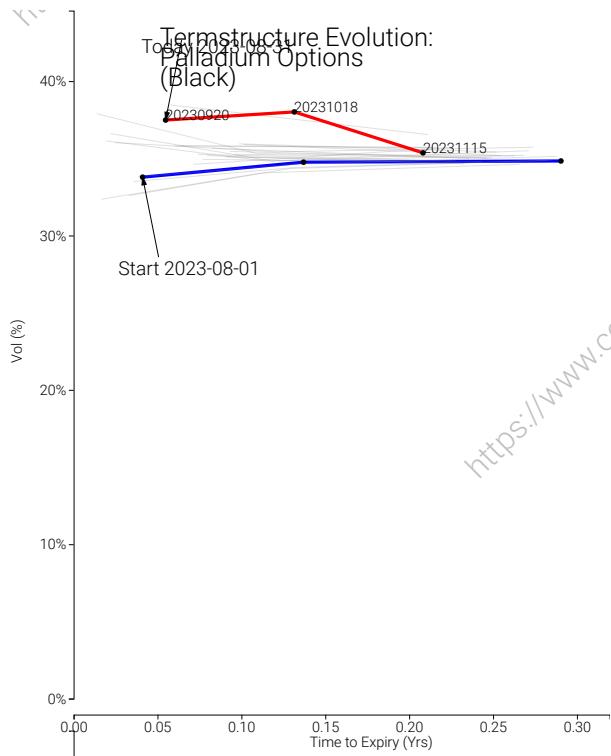
Metals



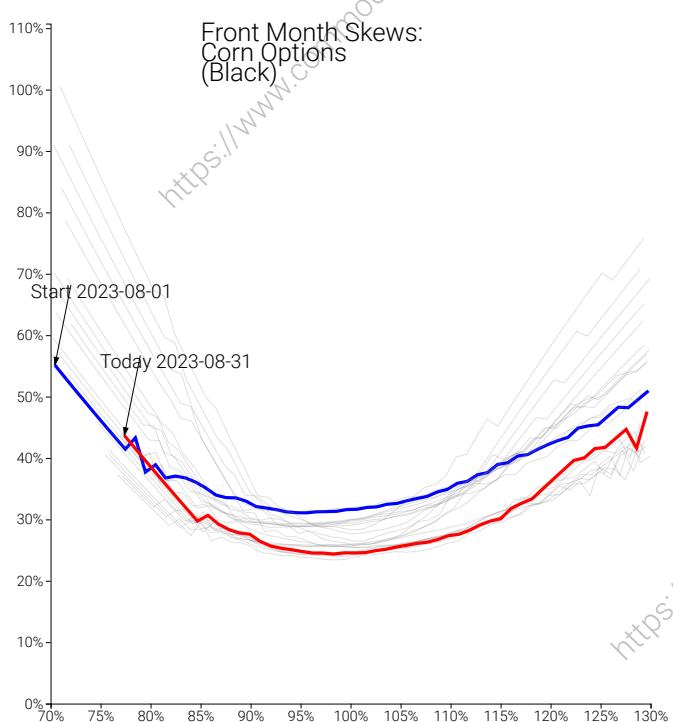
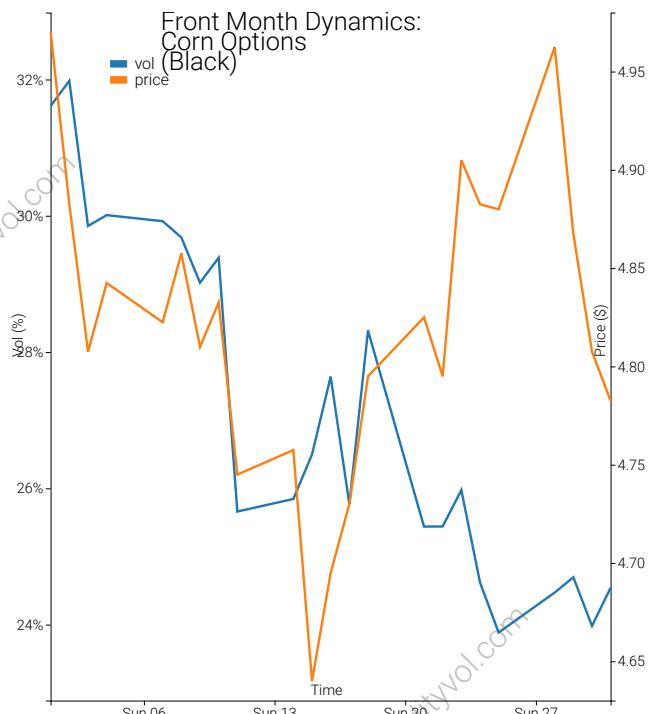
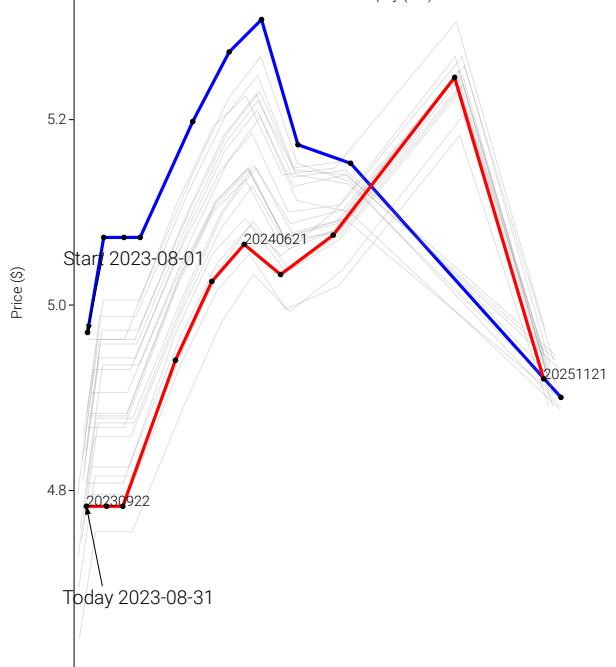
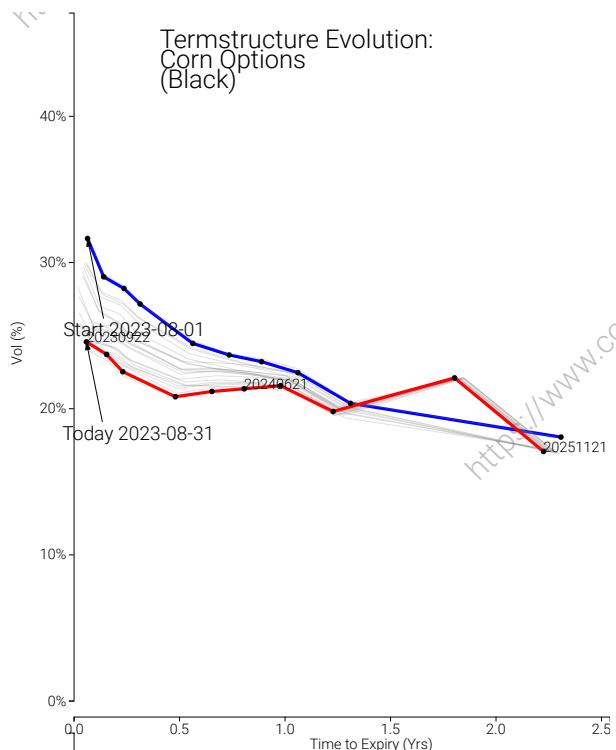


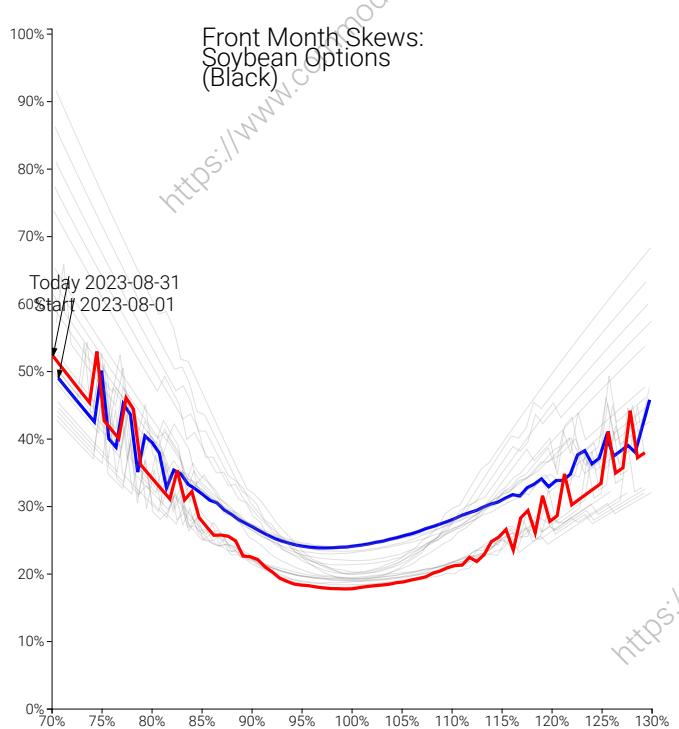
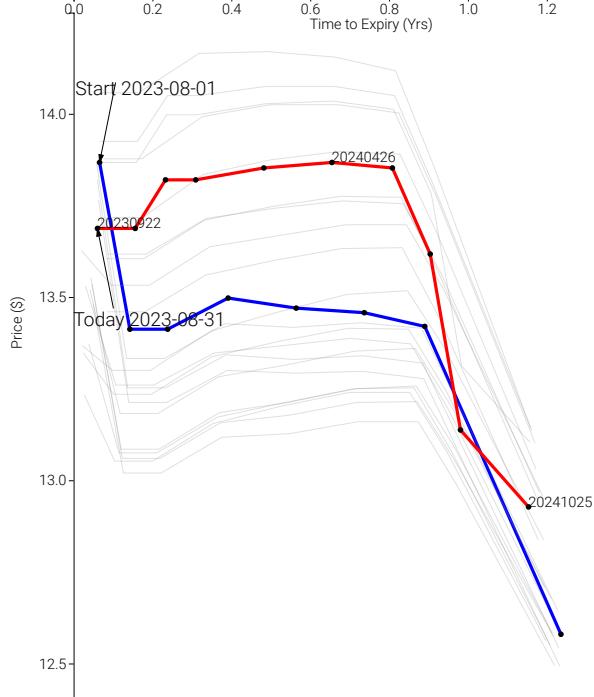
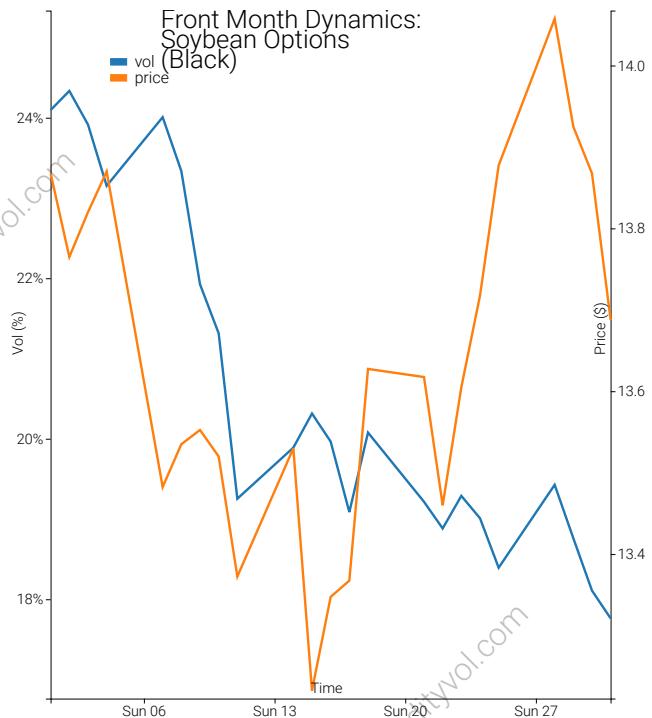
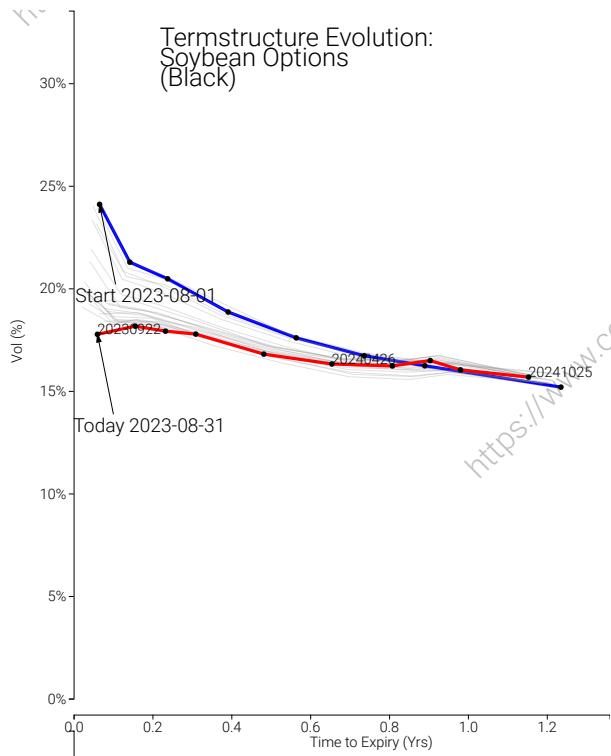


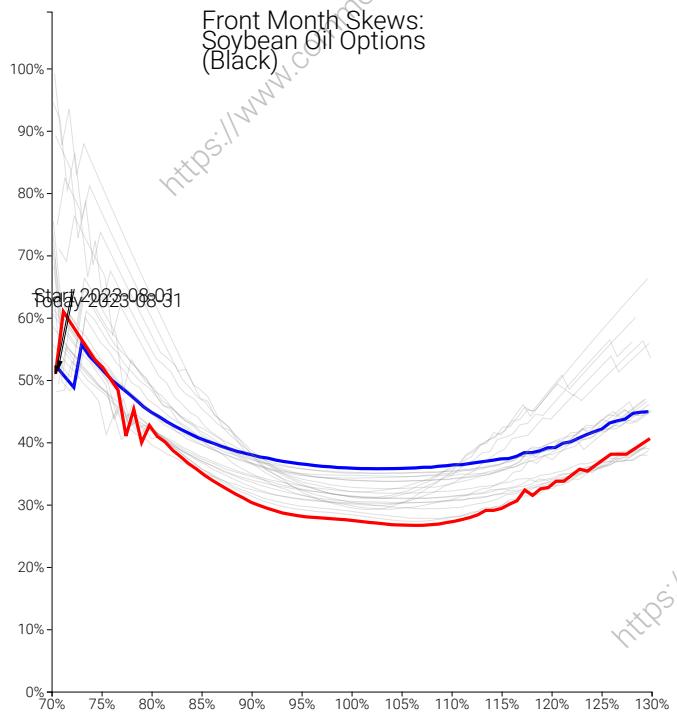
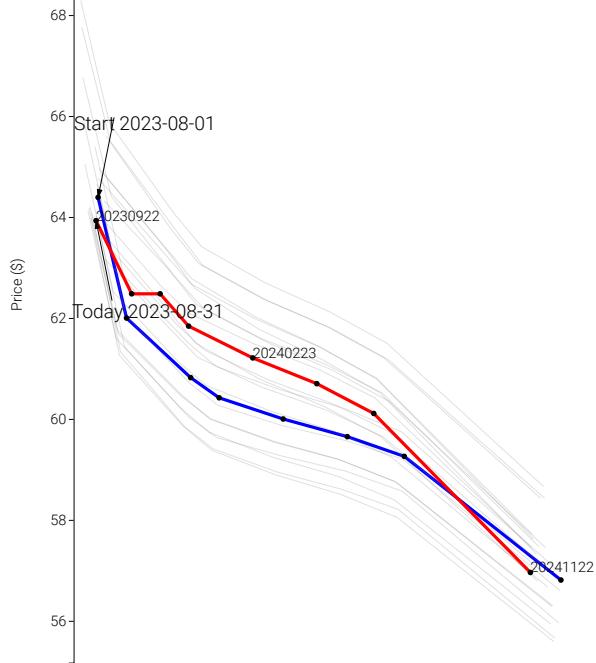
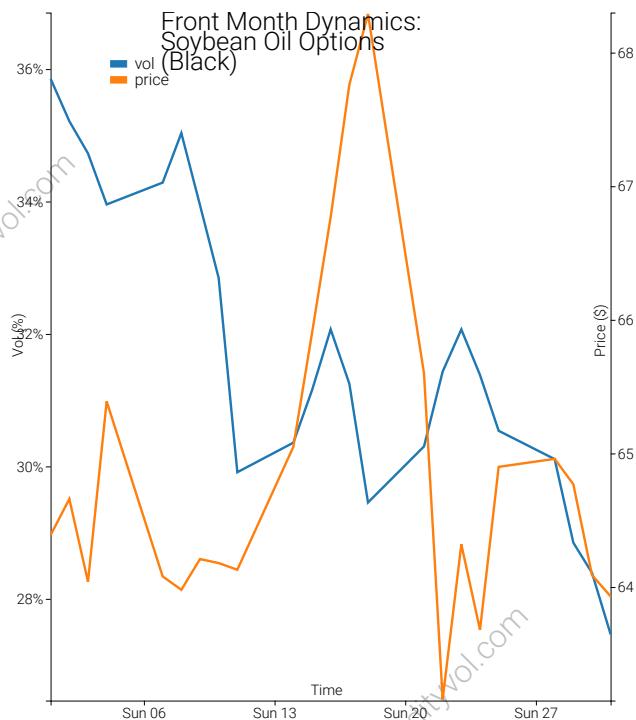
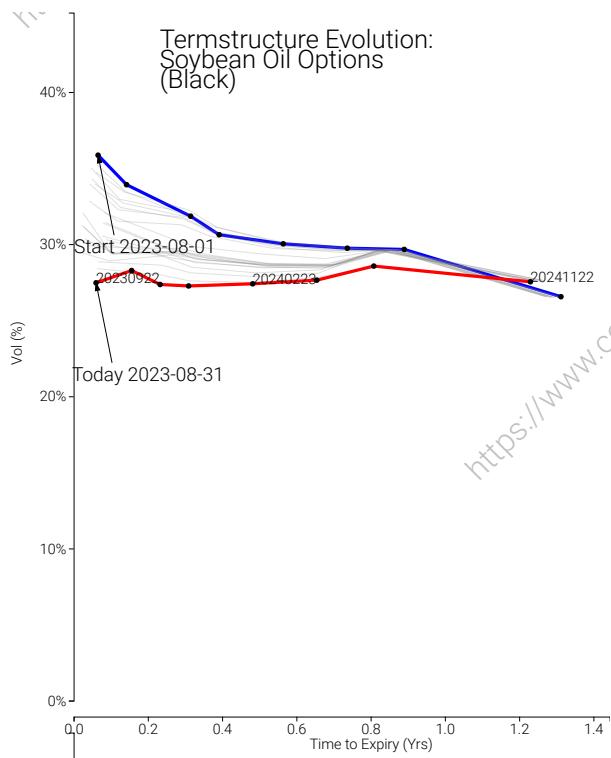


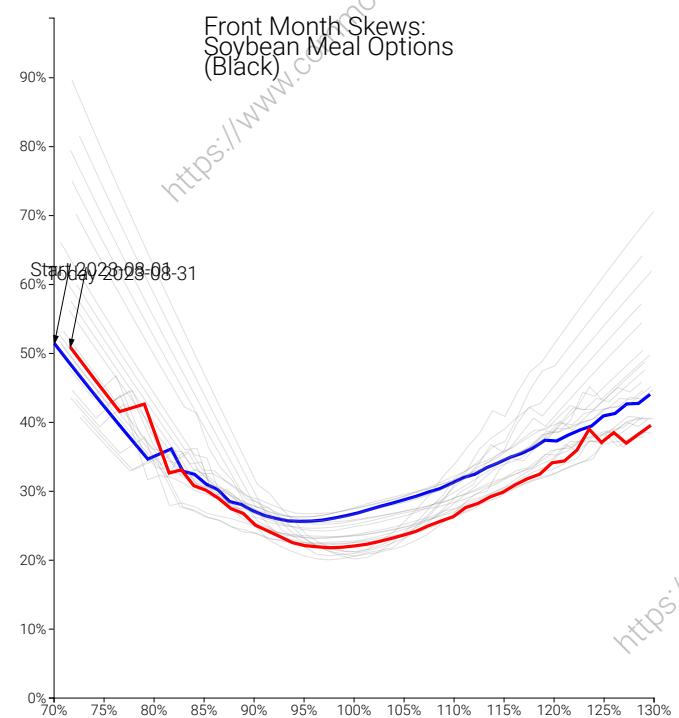
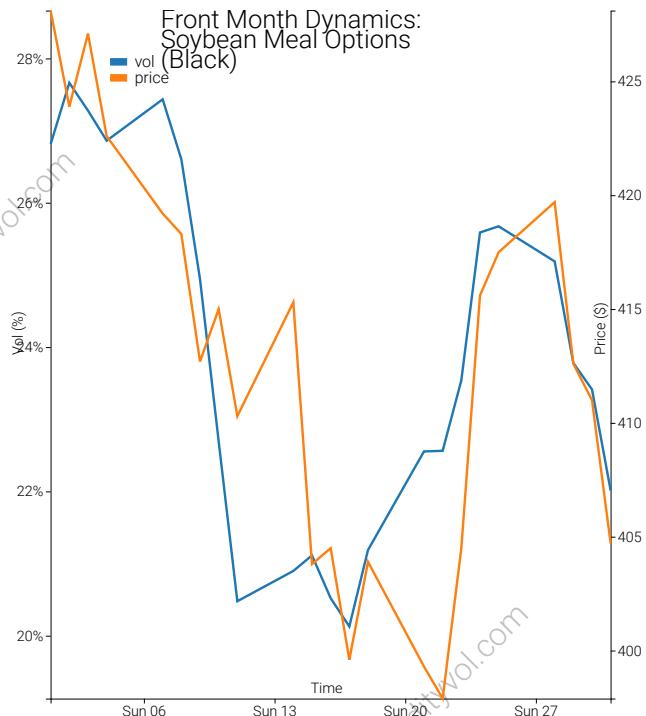
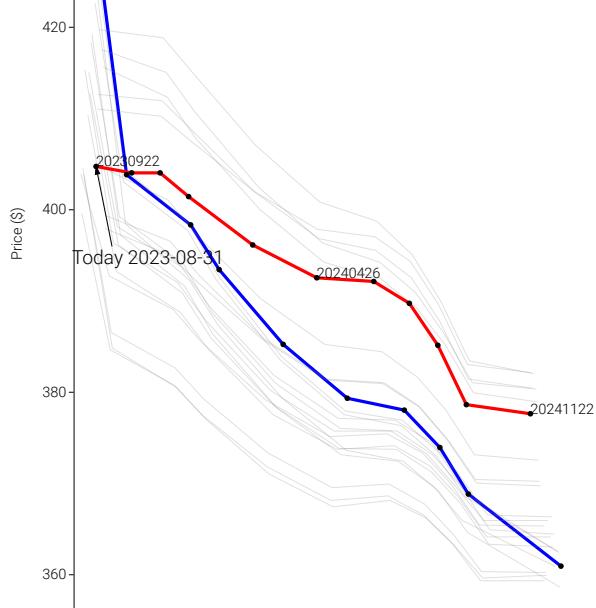
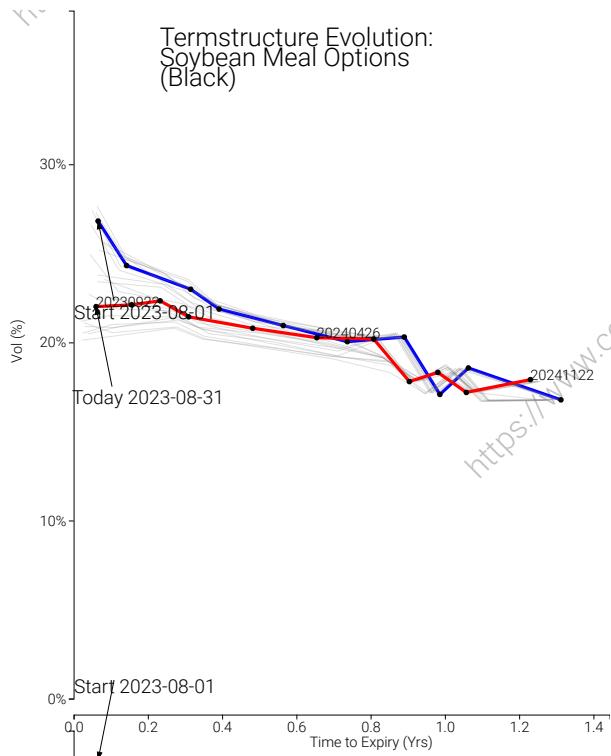


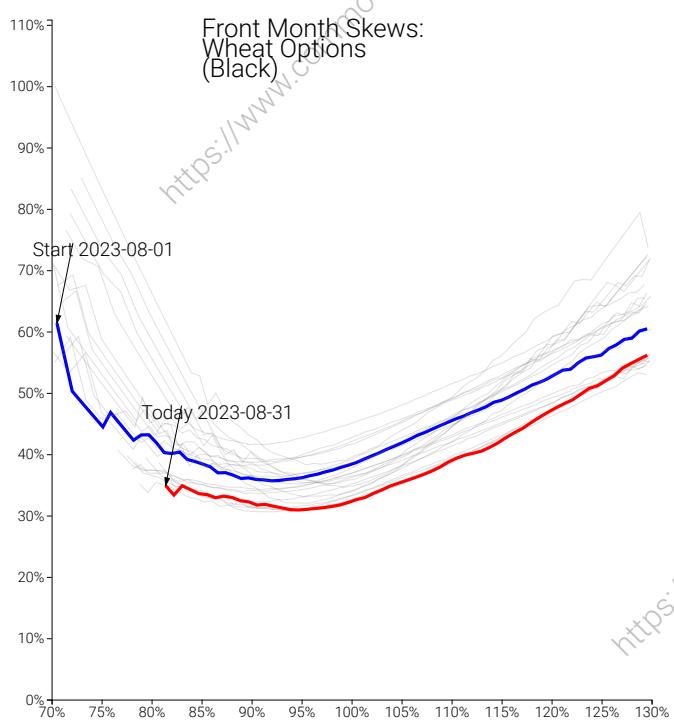
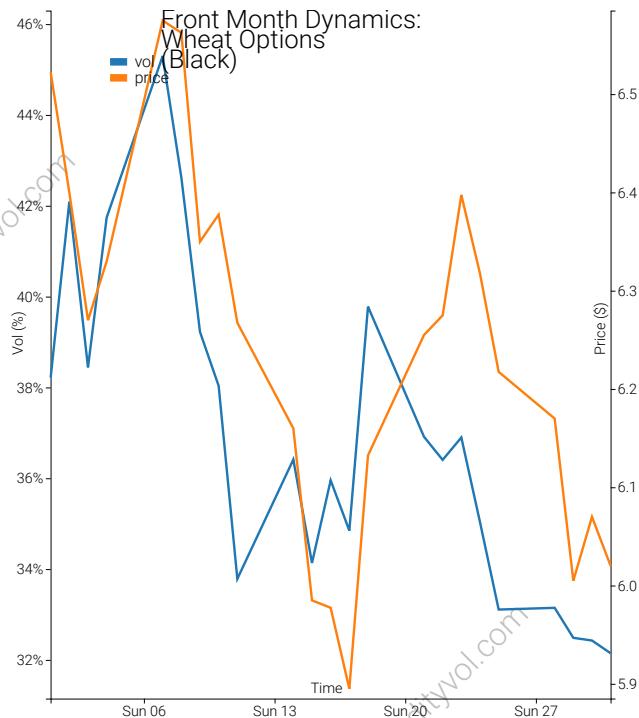
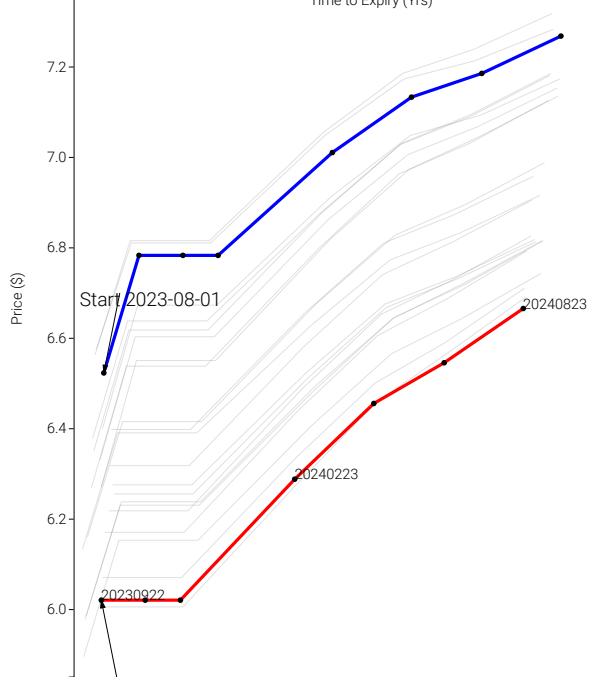
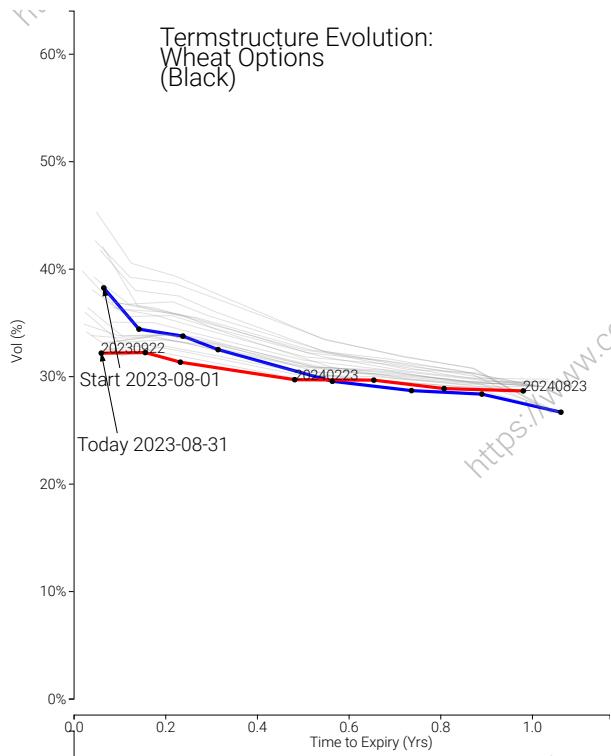
Ags: Grains, Oilseeds, and so forth

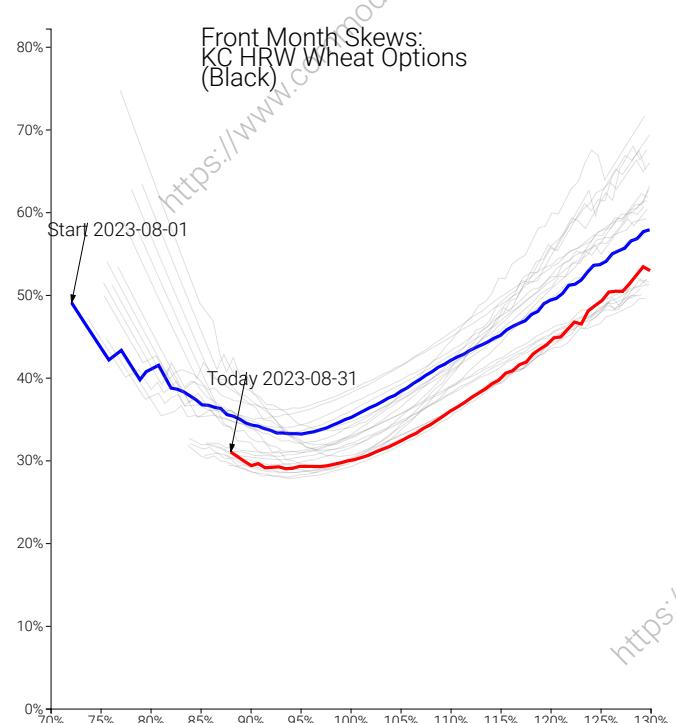
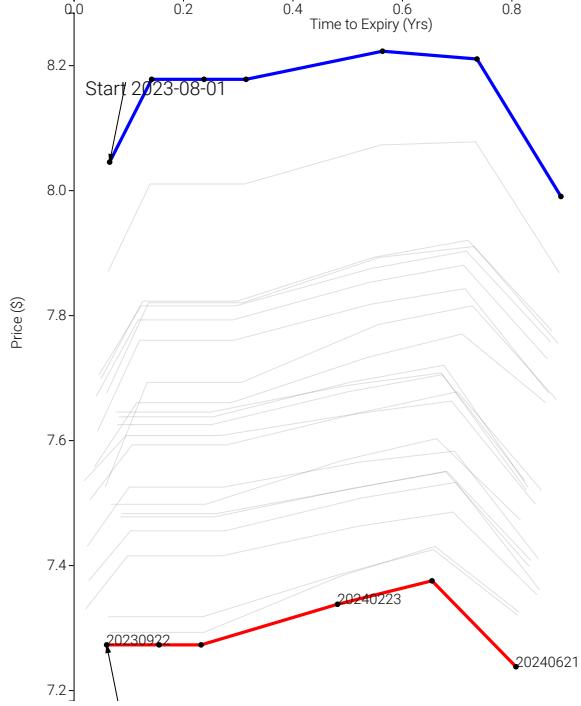
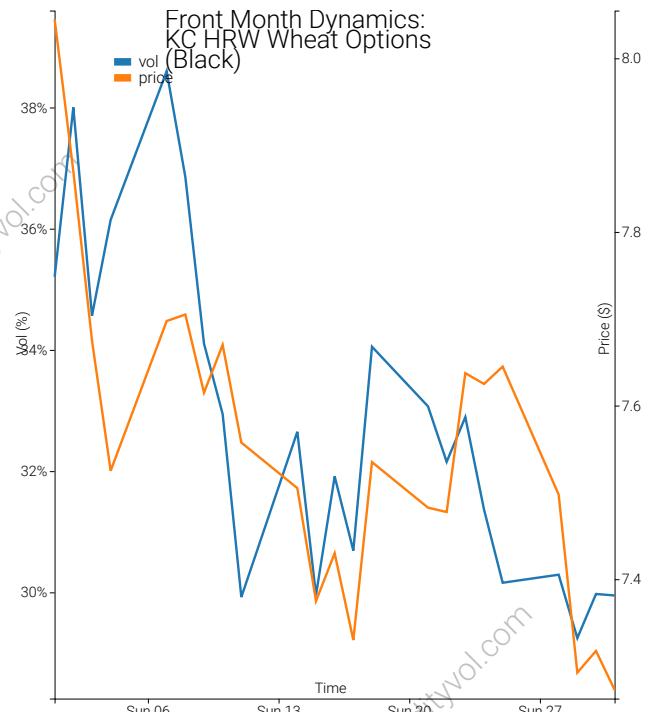
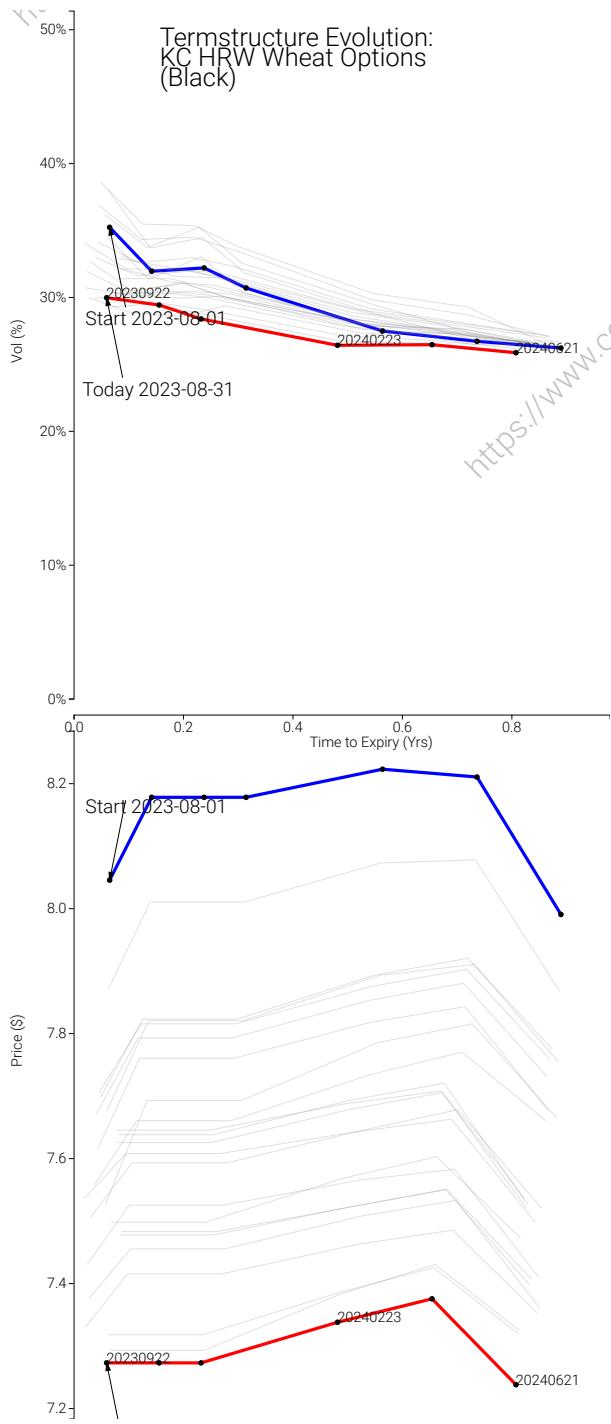


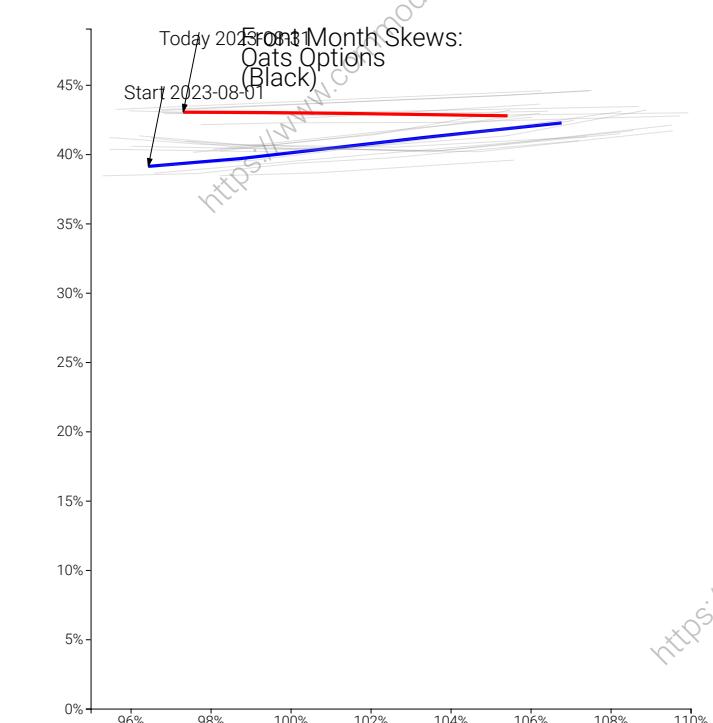
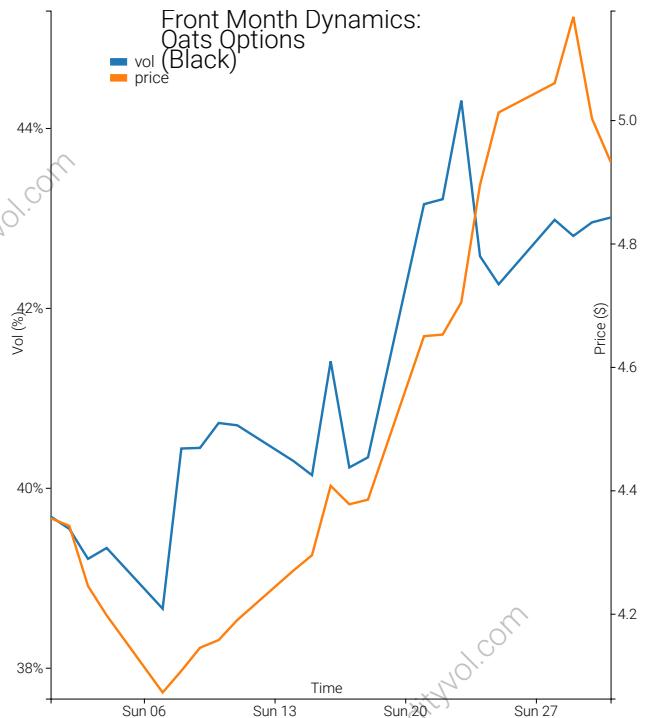
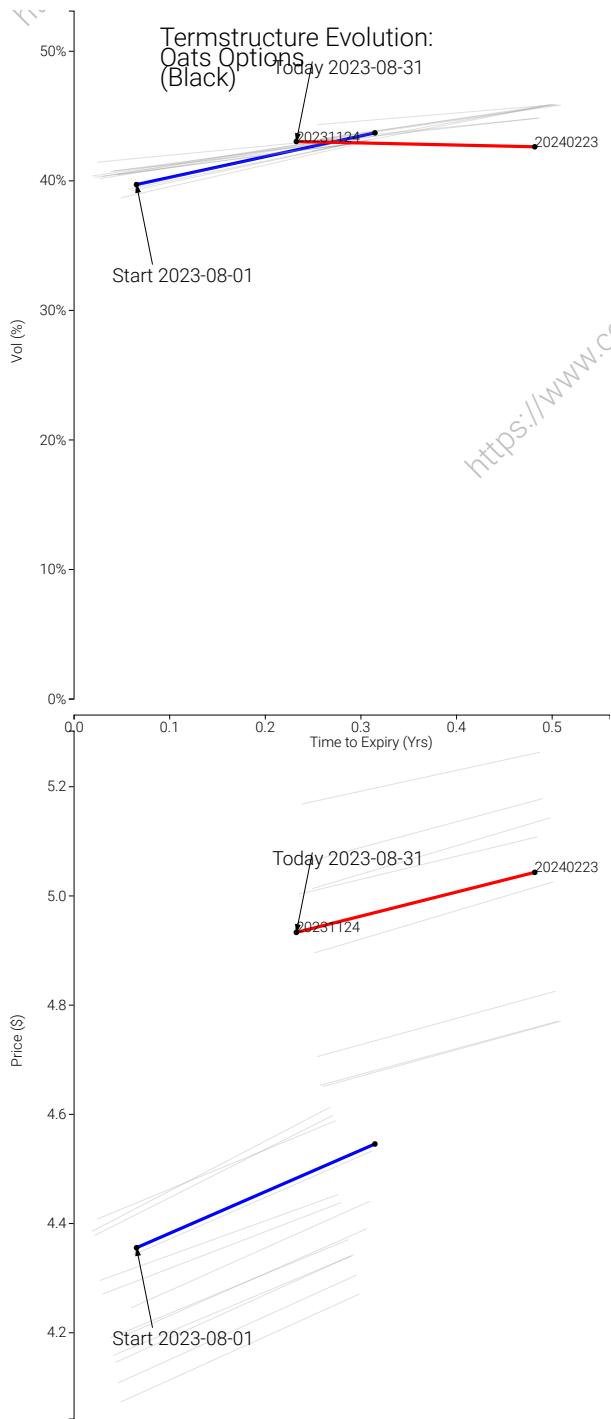


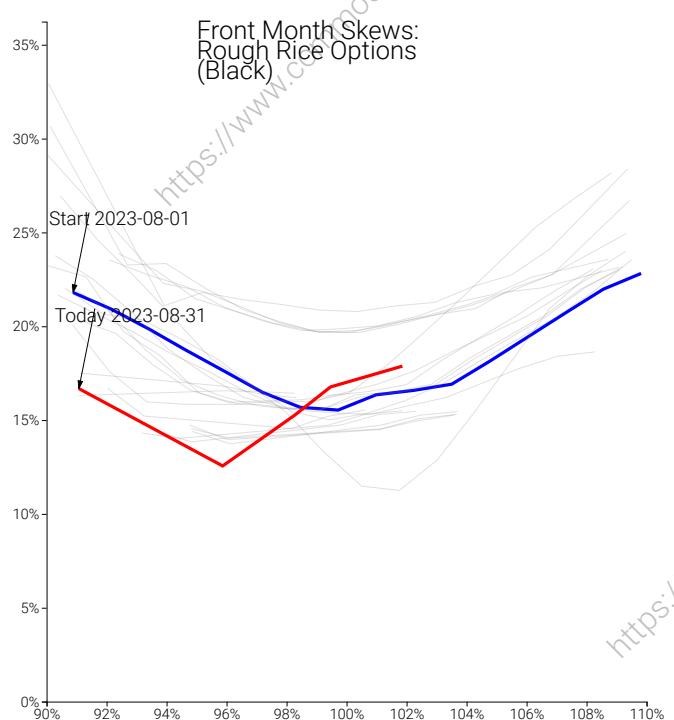
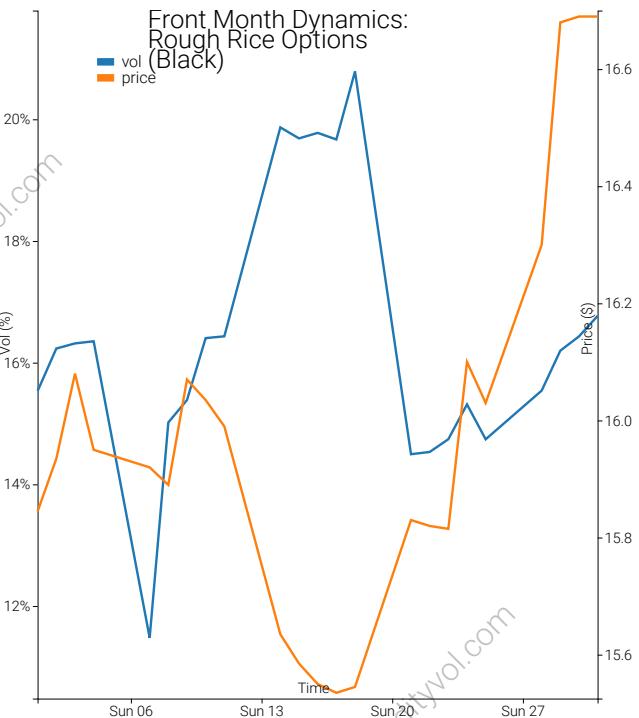
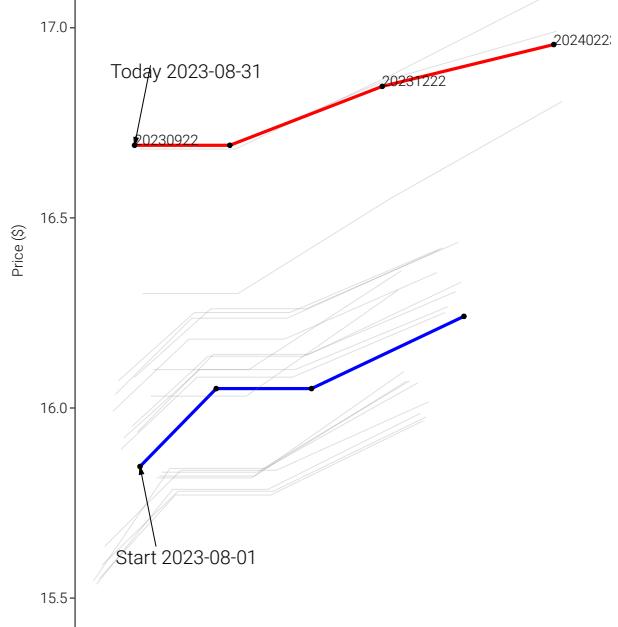
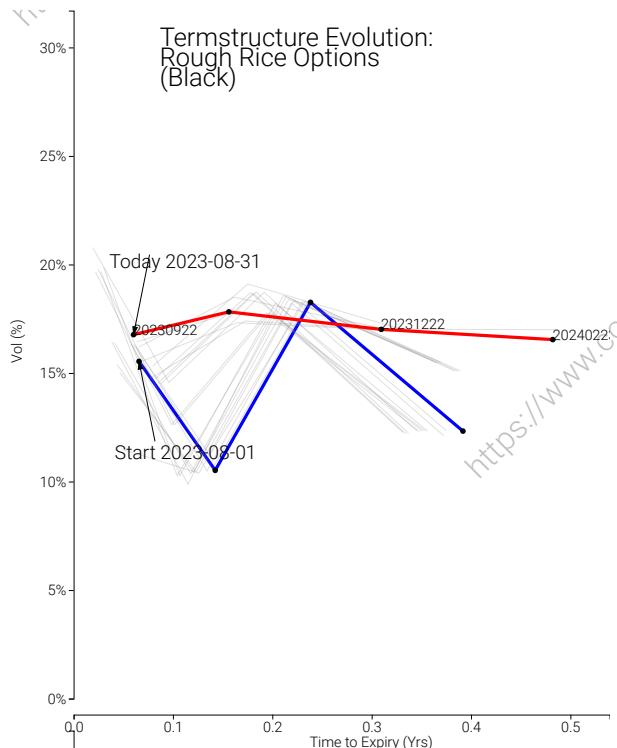


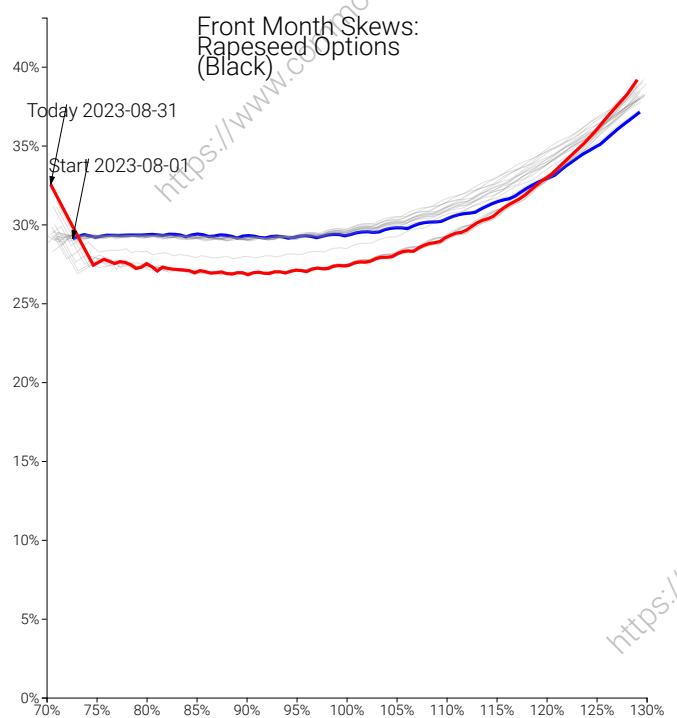
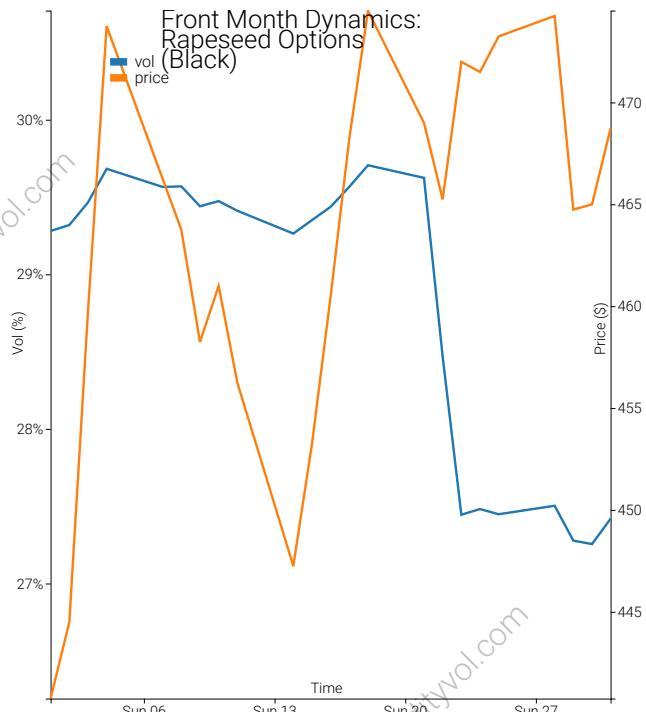
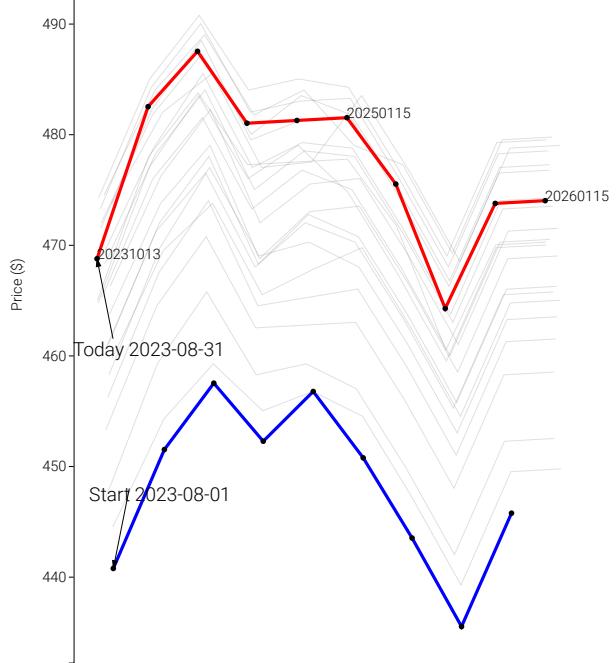
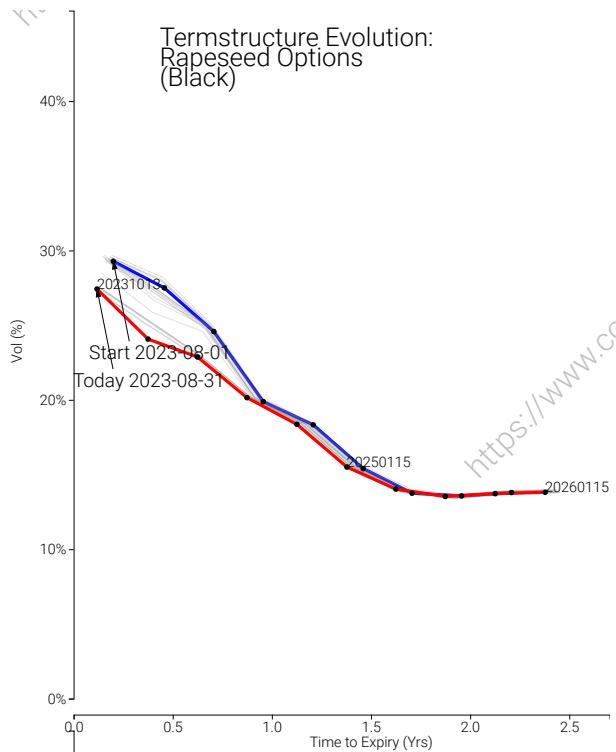




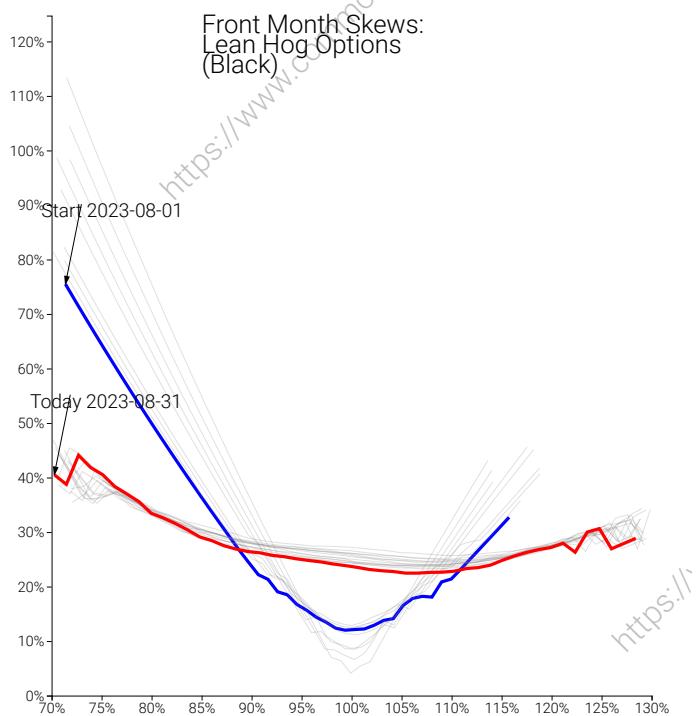
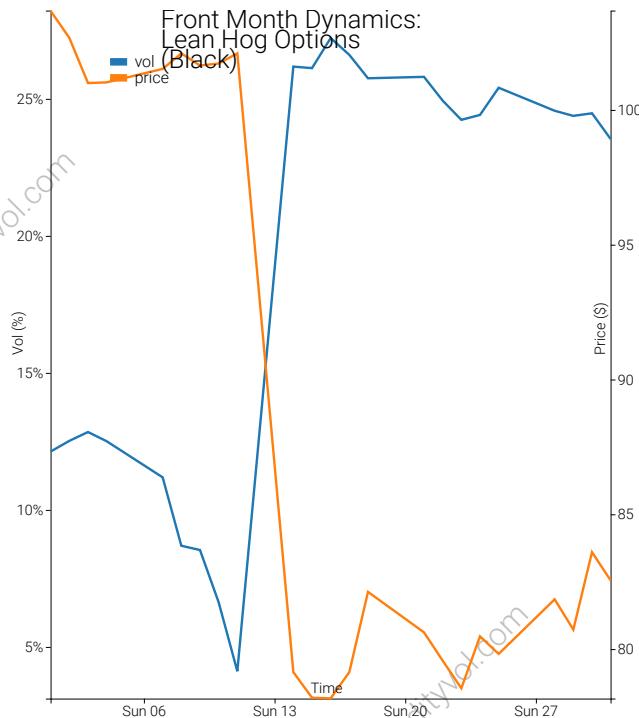
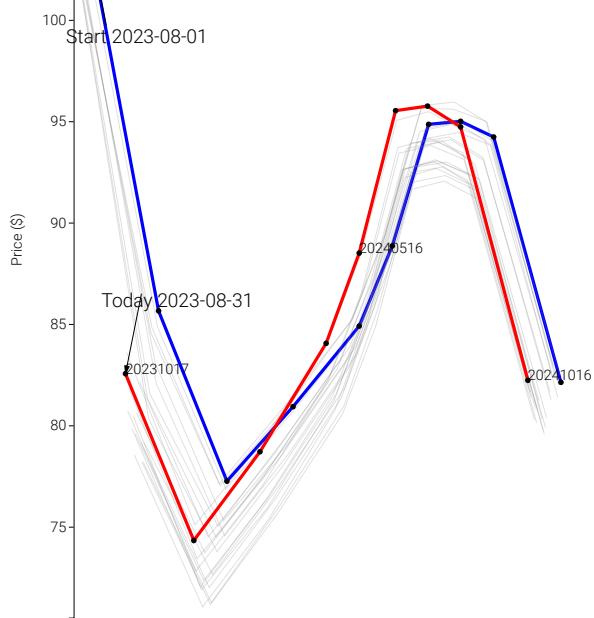
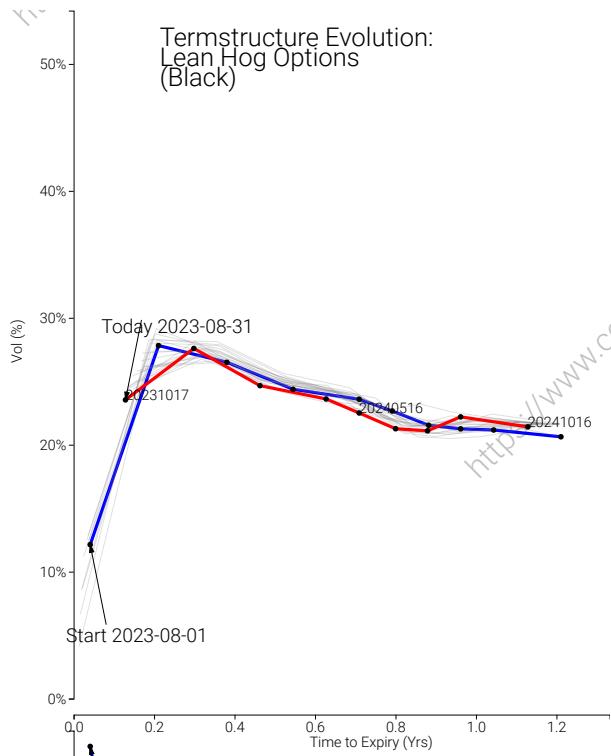


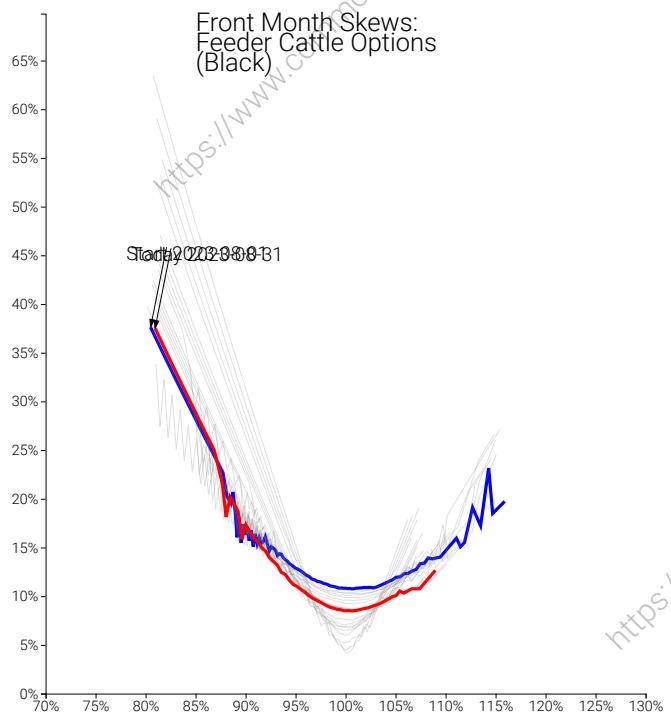
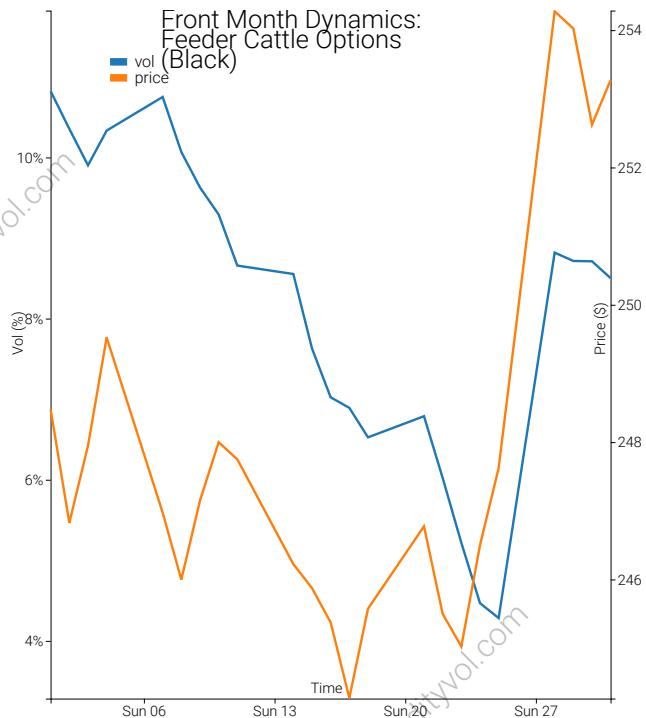
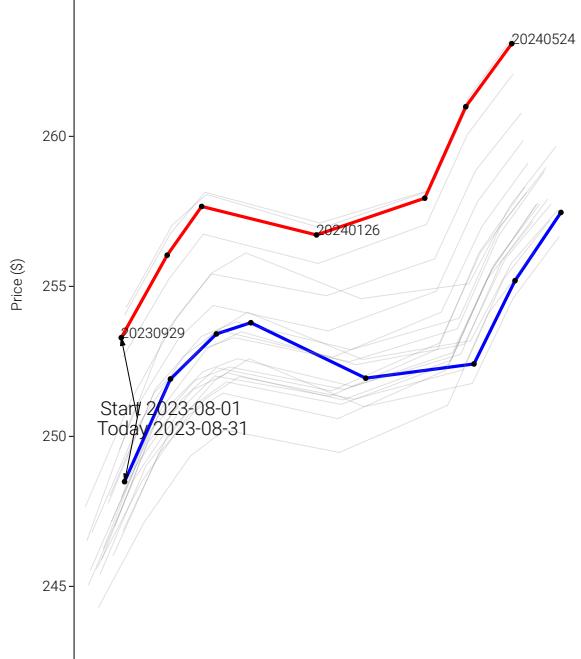
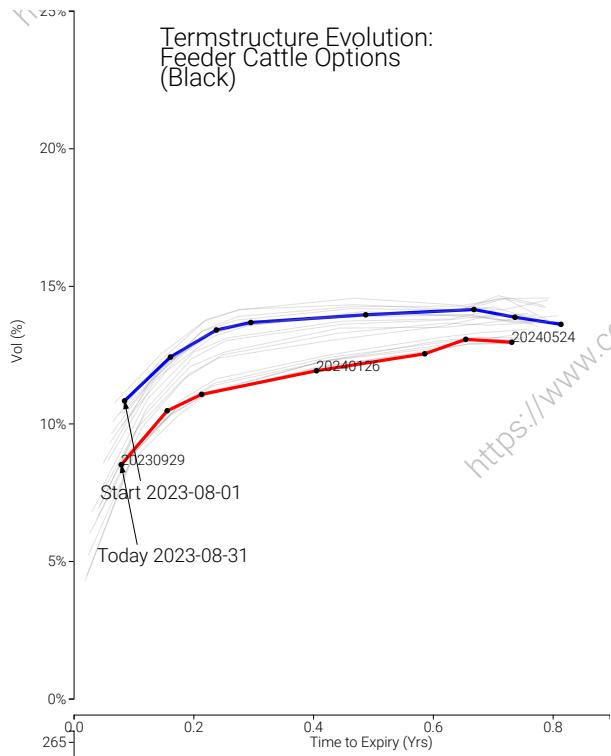


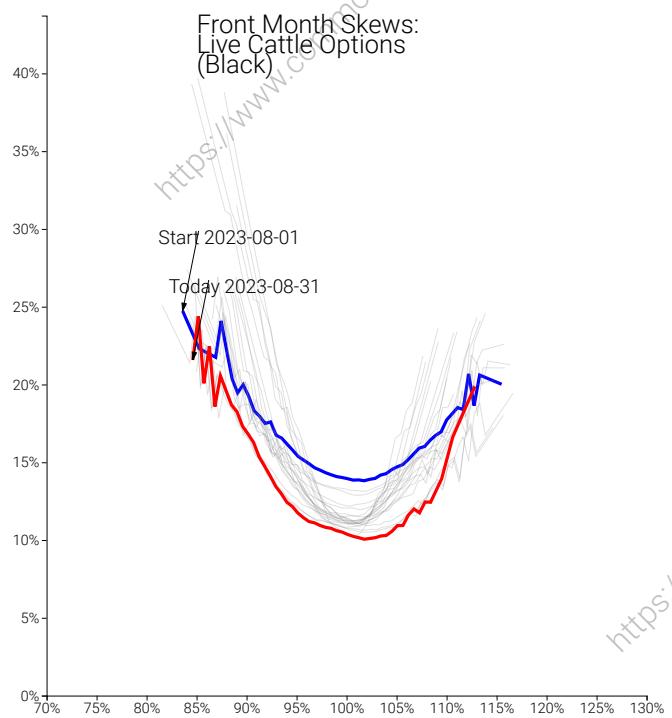
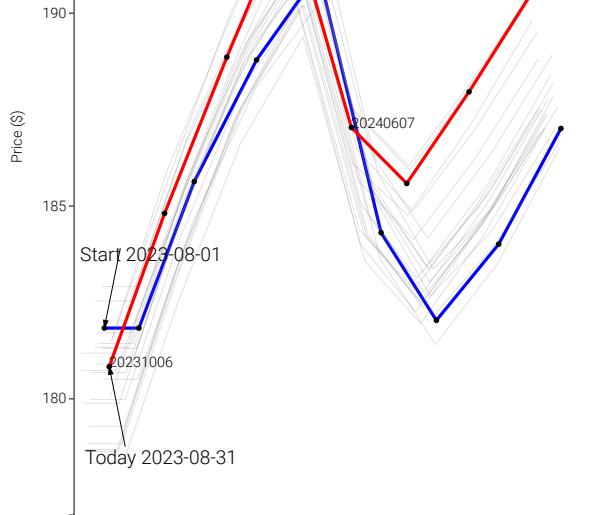
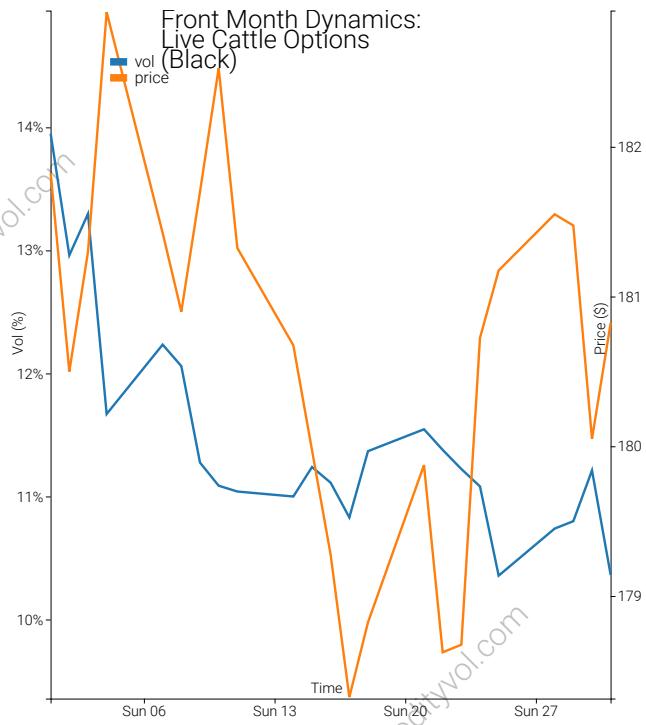
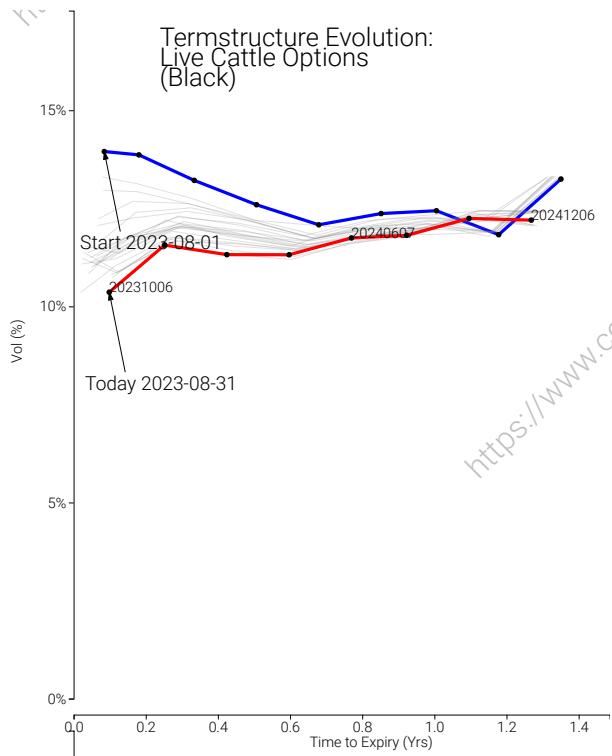


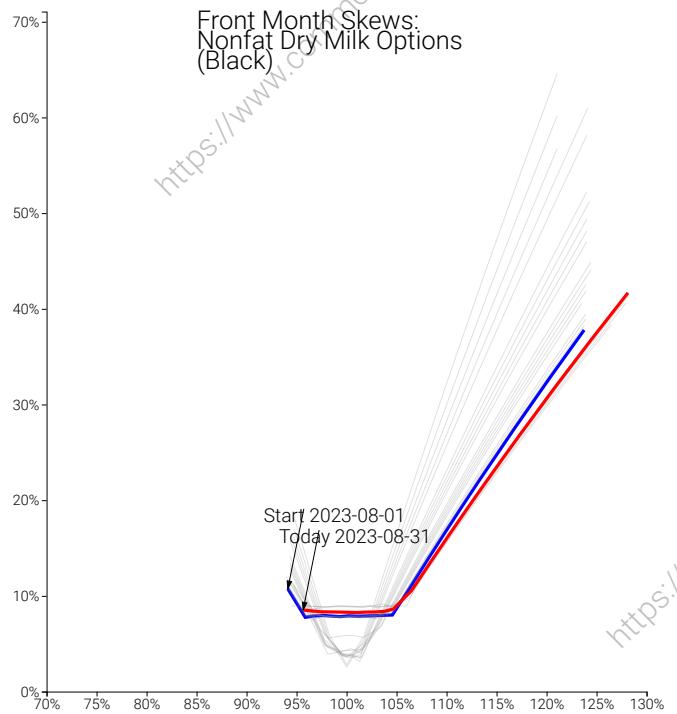
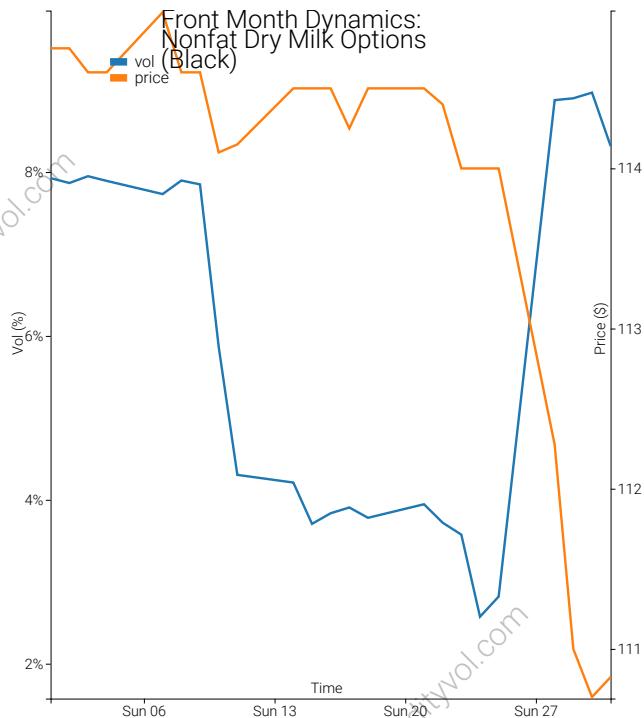
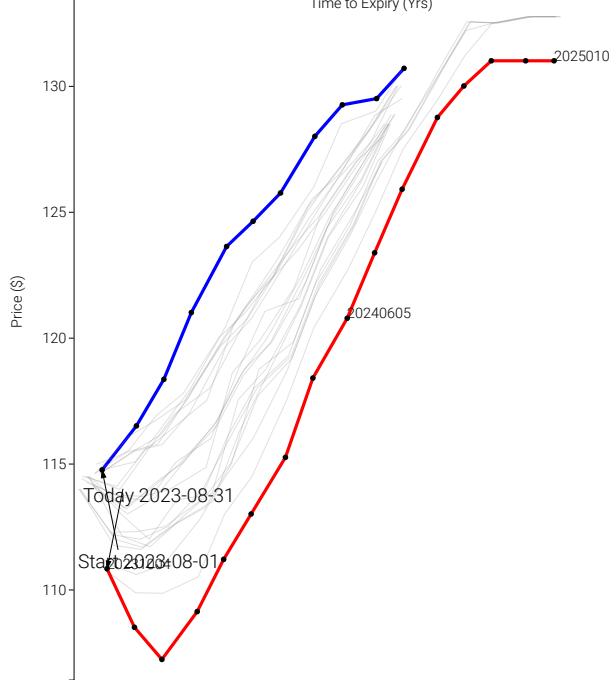
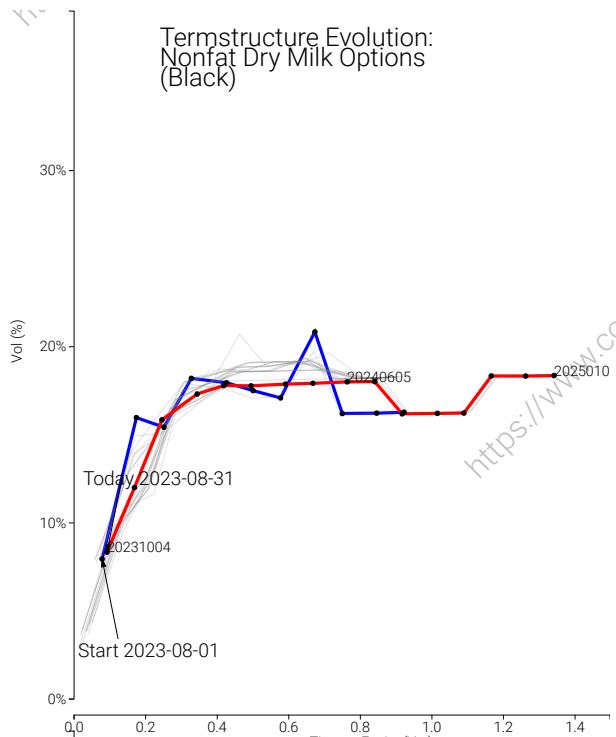


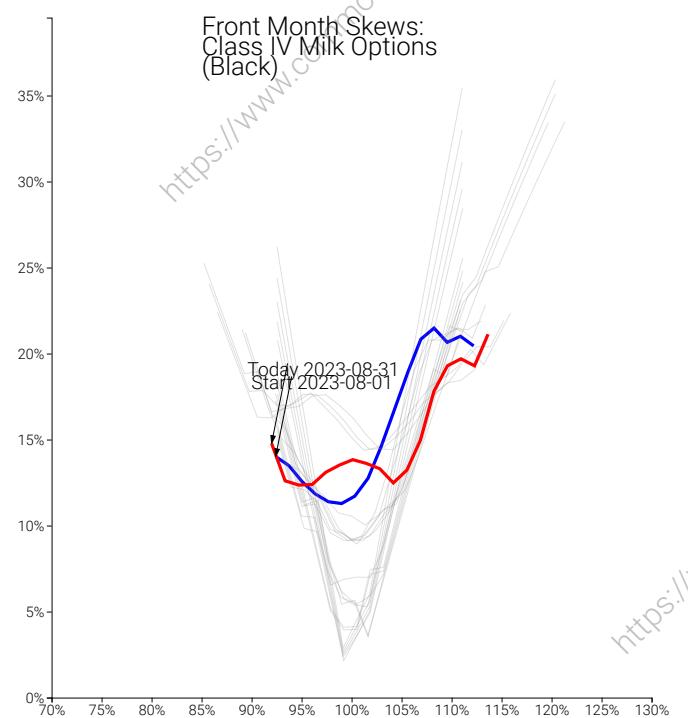
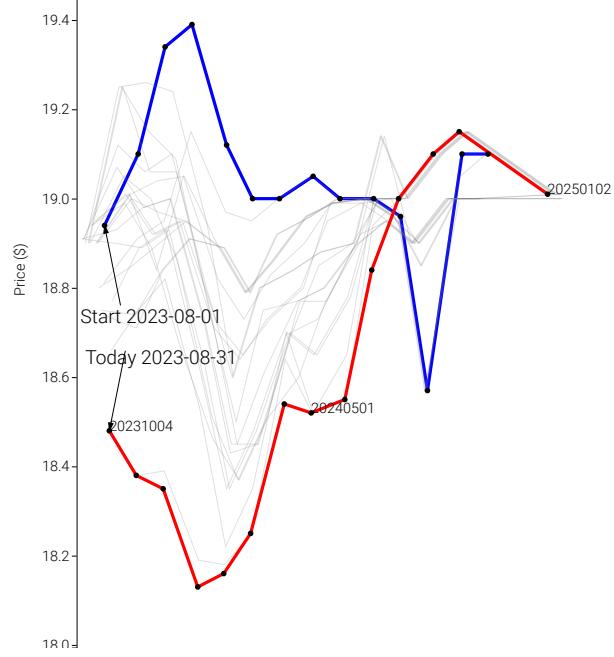
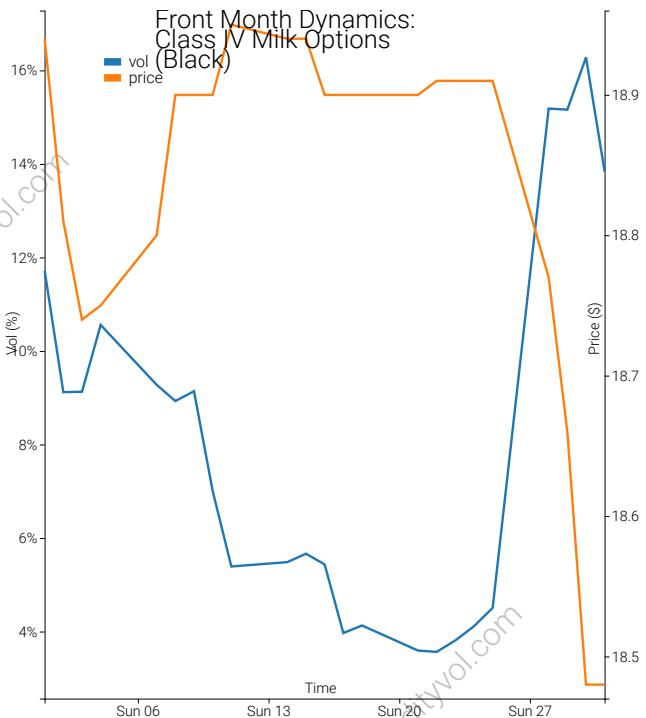
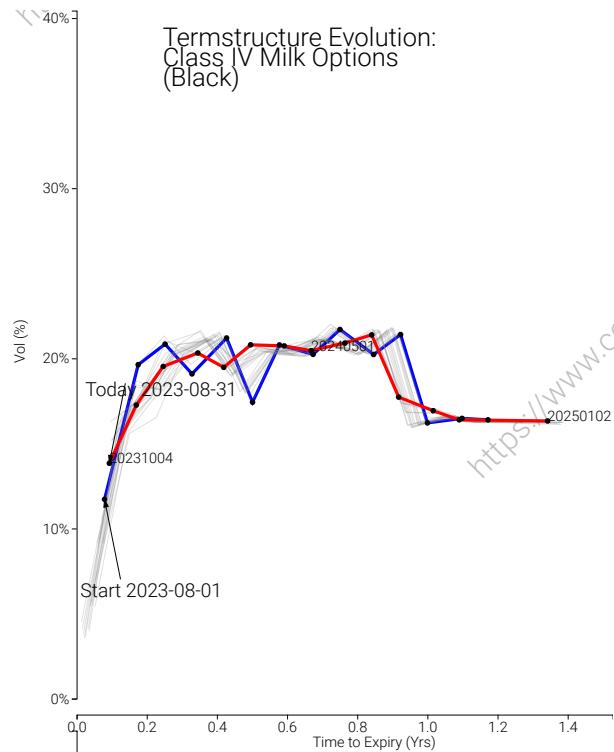
Ags: Proteins, Meats and so forth









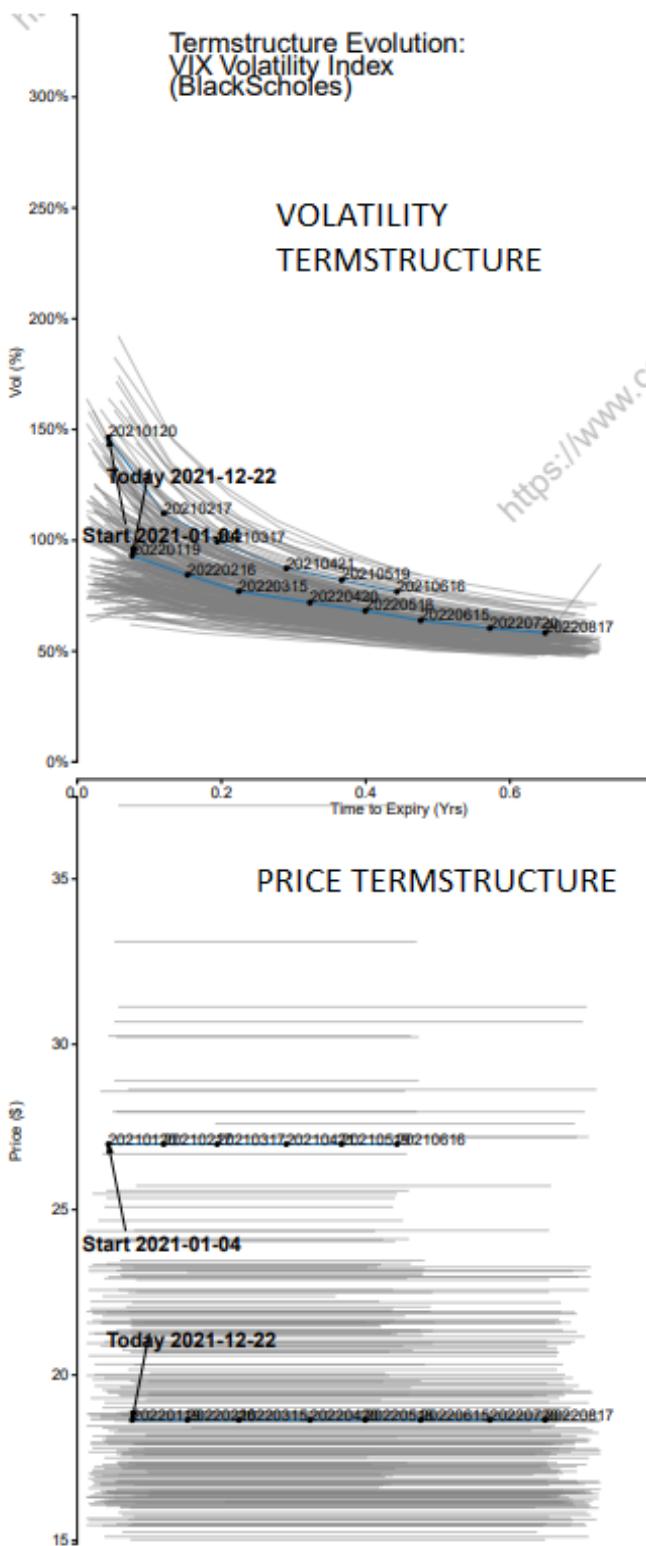


Explanation:

The document is composed of two parts. There is a tabular portion which summarizes the changes in front month futures prices and the changes in the at the money front month implied volatility. The results are presented as raw differences and percentage changes. The plots in this document try to give a feel for the evolution of the futures and options for each product type. The skew/termstructure/xyplots are broken out by major asset classes: Indexes, Fixed Income and so on.

At the Money Volatility and Price Term Structures:

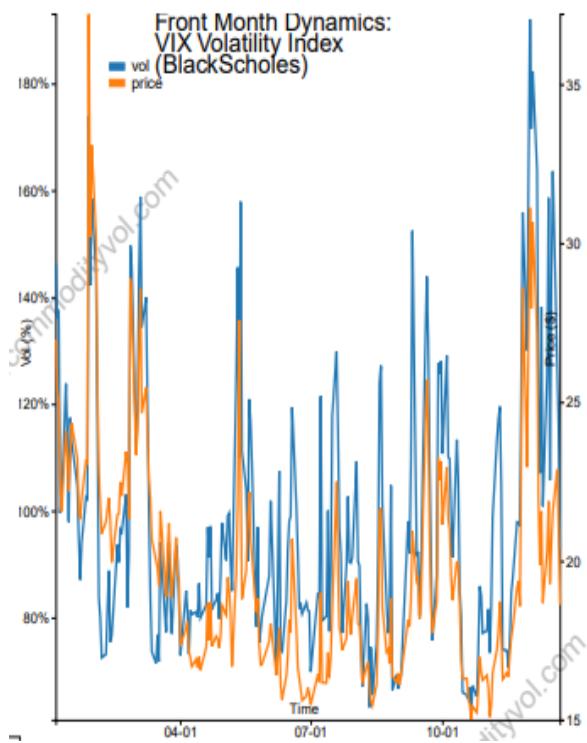
Stacked on top of the other on the left hand side, see the termstructures of vol and the (underlying) futures contract price.



The starting curve is the termstructure at the beginning of the period. This curve is labelled start and is typically colored blue. The ending curve is typically colored red and denoted by the text: Today. The greyed out lines are the termstructures for each day of the period. The hope is that the range of movements becomes apparent.

Front Month At the Money Volatility and Front Month Price Over the Year:

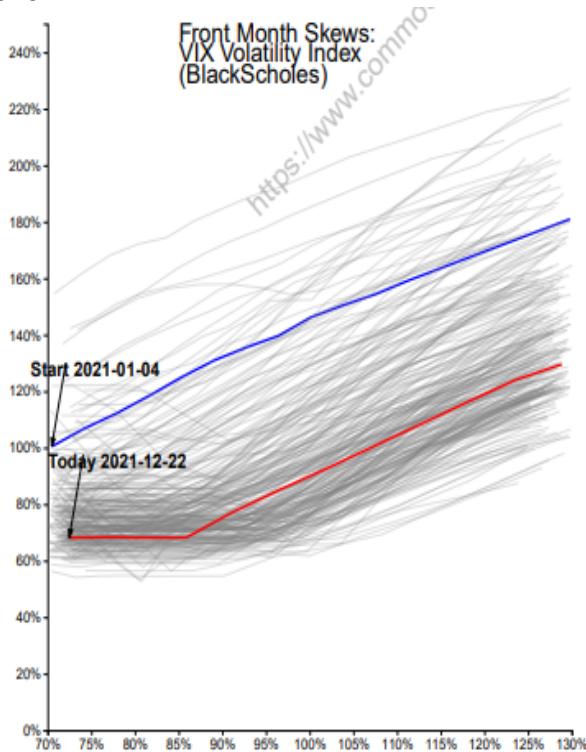
On the right hand panel we have the price and implied volatility of the front month contract.



At the money implied volatility is shown in blue and the axis on the left should be used to read off the values. The front month futures price is in orange and the right hand axis is where its value can be read.

Front Month Skew:

On the right hand in the bottom panel we have the starting front month skew and the ending front month skew.



The front month skew is shown for the starting date. The starting curve is labelled as 'Start' and captioned with the date. The starting curve is blue. Conversely, the ending curve is shown in red and labeled Today. The y-axis shows the implied volatility and the x-axis shows the moneyness. The moneyness is a way to normalize the skew so that it is comparable across time.

About CommodityVol.com:

CommodityVol.com (c) is an analytics and research firm which studies the relationships between indexes, equities, futures and options. We are pleased to offer some of our analytics to the public for free at <https://www.commodityvol.com>. Of course, we also offer a number of subscription products around end of day marks and histories of implied volatility surfaces. Additionally, we would be delighted to offer our expertise (on a consulting basis) to anyone who has risk management or trading analytics needs. We encourage you to reach out via email: info@commodityvol.com, twitter: @CommodityImpVol, or our contact forms at <https://www.commodityvol.com>.

General Disclaimer:

CommodityVol.com (c) is an analytics and research entity which prepares analysis of options markets based on well known and commonly used models, including variations thereof. CommodityVol.com (c) uses data which ultimately originates with the exchanges. There is limited ability to verify or dispute the accuracy of this data. Exchange settles are treated as a given irrespective of their economic applicability or likelihood of being correct. CommodityVol.com (c) is not a broker/dealer, commodity merchant broker, advisor, pool operator or registered advisor of any sort. Always consult with trusted and licensed advisors before making any financial decisions. Any information presented in this document, on the company website, through email communication or phone is intended to be understood in an academic sense. We specifically make no claims as to fitness for purpose of any of the techniques employed to calculate our statistics, data or presentation. The user should verify all information and employ advisors to ascertain fitness for purpose of any presentation generated by us. Nothing in any presentation of CommodityVol.com, its principals, employees or contractors should be construed as an encouragement, inducement, incitement or advice to trade or engage in any transaction. Any use of estimates, statistics, forecasts, best guess and so on, are just that-best guesses. Please treat them accordingly