
End of Week Recap August 19-23, 2019

Eurodollar Options

VOLATILITY (7:20-2:00 pm CST):

Vol at the begging of the week experience downward pressure before spiking on Wednesday after the Fed Minutes and on Friday after Powell's Jackson Hole conference and US/China escalating tariff tensions. Futures spiked 4-6 ticks this week and held firm into the close on Friday. Heavy EDV9 & EDZ9 trading this week. Looks to be rolling forward to take advantage of gamma event risk

Volume: *Eurodollar Total Volume: 5.5 (down 3 million from last week)*

Calls out paced outs 2.27:1

Libor Change on the Week: Monday-2.1515 Friday-2.13225 (down 0.01925)

MAJOR TRADES & OPEN INTEREST MOVEMENTS:

- E\$ EDU9 97.875/97.75 put spread ref EDU9 @ 98.965 20% delta paper pays 1.25 on 15k
 - New risk
- E\$ EDU9 97.875 put vs 0EU9 98.375 put MAREX sells 25k @ 00 (-0EU9)
 - liquidation to 0EU9 and new risk to EDU9
- E\$ EDV9 98.25/98.625 call 1x3 strip vs EDZ9 98.50 call ref EDZ9 @ 98.22 60% delta DRAX sells 15k @ 9.5(-EDV9 strip) (BLOCK)
 - liquidation to the EDV9 calls and new risk to the EDZ9 98.50 call
- E\$ EDV9 98.25 vs EDZ9 98.125 call 2x1 ref EDZ9 @ 98.22 30% delta MS pays 00 on 50k (+2x EDV9 98.25c) (SCREEN/PIT)
 - new risk to the EDV9 98.25 call and a liquidation to the EDZ9 98.125 call
- E\$ EDV9 98.25 call MS pays 9.5 up to 10 on 500k (pit/screen/overnight)
 - New risk to 400k, liquidation to 100k
- EDZ9 98.125/98.25 call spread DRAX pays 6 on 35k (various refs)
 - Liquidation to the 98.125 call and new risk to the 98.25
- E\$ EDH0 98.875 call ref EDH0 @ 98.47 to 98.495 28% delta MS pays 10 up to 10.5 on 100k (outright/various refs)
 - Liquidation
- E\$ EDH0 99.50 call paper pays 1.5 on 30k
 - New risk
- E\$ EDH0 98.875 call ref EDH0 @ 98.47 to 98.495 28% delta MS pays 10 up to 10.5 on 100k (outright/various refs)
 - new risk to the strike
- E\$ 0EU9 99.125 call ref EDU0 @ 98.70 10% delta DRAX pays 1.5 on 20k
 - new risk to the strike.

- E\$ 0EU9 98.50/98.875 combo ref EDU0 @ 98.70 46% delta paper sells 25k @1.5 (-98.875c)
 - liquidation to the 98.875 call and new risk to the 98.50 put
- E\$ 0EU9 98.50 put paper pays 4 on 25k (OVERNIGHT SCREEN TRADE)
 - New risk
- E\$ 3EZ9 98.50/99.00 call spread ref EDZ2 @ 98.675 & 98.68 38% delta paper pays 21 on 42k (OVERNIGHT BLOCK)
 - Liquidation
 -

SKEW:

Fronts: Skew curve was pushed up 6-9 BPV across all months. Skew was ramped towards the calls. Put skew remained negative until the 96.625 put, before turning positive and increasing at an increasing pace.

REDS: Little change to near the money skew. Put wings skew remains negative and downward sloping, while skew continues to be ramped towards the calls. Call skew turns negative at an increasing pace after the 99.25 calls.

1-Year Mid Curve: Skew favored calls aggressively, while the entire curve shifted upward 2-3BPV. Put skew turns positive after the 98.00 strike and call skew turns negative after the 99.50 strike

2-Year Mid Curve: Little change to near the money skew and call skew. Put skew was pushed up 2-3BPV and increased at an increasing pace.

Treasury Options

Volume: *TY Total Volume: 3.7 million (up 200k from last week)*

Calls out paced puts 1.25:1

FV Total Volume: 1.4 million (up 400k from last week)

Puts out paced calls 2.25:1

MAJOR TRADES & OPEN INTEREST MOVEMENTS:

- TYU 131.75 call paper pays 4 up to 5 on 120k (block/screen)
 - New risk to the strike.
- TYU 132.00 call paper sells 26k @ 1 (PRE-OPEN BLOCK TRADE)
 - New risk as well.
- TYV 130.00/131.5/133 iron fly 3x strangles MS sells 10k @ 1(-straddle 1x)
 - New risk
- TYV 131.5/132.5 call spread was bought in 60k
 - New risk.

10-YEAR- Skew is heavily ramped towards the calls, while put skew remain flat from ATM outward. The entire skew curve was pushed up 0.5-0.75BPV.

5-YEAR- Skew follows 10-year trends