

## INTERNET EXERCISE (IE) 7.1

### FIN 3410

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The objective of this project is to learn how to obtain futures quotes for different currencies. Then, we learned how to read those quotes and make inferences. At the end, we tried to do market research to understand why the futures contract are behaving the way they do, what drives these changes. We conducted our analysis in a summative way by combining the information from all sources and explaining our analysis.

## FUTURES QUOTES FROM CME GROUP

Increasing Futures

(NOTE: 6 Increasing futures were found at the time of selection)

### 1. US dollars and cents per 100 Indian Rupee


Quote screenshot as of 15 October 2021, 10:21 am CT





<https://www.cmegroup.com/markets/fx/emerging-market/indian-rupee.quotes.html>

October 2021 Futures Contract last quoted has increased to 133.25 cents per 100 INR by 0.08% from the previous contract.

### INDIAN RUPEE/USD FUTURES - QUOTES

VENUE: **GLOBEX**

  AUTO-REFRESH IS OFF Last Updated 15 Oct 2021 10:21:05 AM CT. Market data is delayed by at least 10 minutes.

MONTH	CHART	LAST	CHANGE	PRIOR SETTLE	OPEN	HIGH	LOW	VOLUME	UPDATED
 OCT 2021 SIRV1		133.25	+0.11 (+0.08%)	133.14	133.14	133.38	133.09	253	09:55:32 CT 15 Oct 2021
 NOV 2021 SIRX1		-	-	132.69	-	-	-	5	08:21:51 CT 15 Oct 2021

### 2. US Dollars and cents per British Pound













Quote screenshot as of 15 October 2021, 10:03 am CT

<https://www.cmegroup.com/markets/fx/g10/british-pound.quotes.html>

### BRITISH POUND FUTURES - QUOTES

VENUE: **GLOBEX**

  AUTO-REFRESH IS OFF Last Updated 15 Oct 2021 10:03:36 AM CT. Market data is delayed by at least 10 minutes.

MONTH	OPTIONS	CHART	LAST	CHANGE	PRIOR SETTLE	OPEN	HIGH	LOW	VOLUME	UPDATED
 OCT 2021 6BV1			1.3735	+0.0050 (+0.37%)	1.3685	1.3724	1.3756	1.3724	275	09:15:35 CT 15 Oct 2021
 NOV 2021 6BX1			1.3773	+0.0086 (+0.63%)	1.3687	1.3716	1.3773	1.3713	278	09:52:41 CT 15 Oct 2021
 DEC 2021 6BZ1			1.3771	+0.0085 (+0.62%)	1.3686	1.3672	1.3773	1.3668	63,489	09:53:33 CT 15 Oct 2021
 JAN 2022 6BF2			-	-	1.3689	-	-	-	0	08:21:46 CT 15 Oct 2021

The November and December futures contract show increasing rates for USD/Pound. 1 GBP is equal to more and more USD in the futures contract. Increasing from 1.3735 dollars to 1.3771 dollars per GBP from November to December.

### 3. US Dollars and cents per Euro










Quote screenshot as of 15 October 2021, 2:21 pm CT

<https://www.cmegroup.com/markets/fx/g10/euro-fx.quotes.html>

## EURO FX FUTURES - QUOTES

VENUE: GLOBEX

  AUTO-REFRESH IS OFF Last Updated 15 Oct 2021 02:21:18 PM CT. Market data is delayed by at least 10 minutes.

MONTH	OPTIONS	CHART	LAST	CHANGE	PRIOR SETTLE	OPEN	HIGH	LOW	VOLUME	UPDATED
 OCT 2021 6EV1	 OPT		1.1598	-0.0002 (-0.02%)	1.1600	1.1598	1.1614	1.15905	409	14:06:48 CT 15 Oct 2021
 NOV 2021 6EX1	 OPT		1.16115	+0.0006 (+0.05%)	1.16055	1.15985	1.1623	1.15955	1,016	14:06:48 CT 15 Oct 2021
 DEC 2021 6EZ1	 OPT		1.16155	+0.00035 (+0.03%)	1.1612	1.16135	1.16315	1.16005	128,813	14:11:12 CT 15 Oct 2021

In correlation with GBP, the Euro is also increasing. Per Euro, more dollars are received. They are increasing to 1.16115 dollars to 1.16155 dollars per Euro from November to December.

### 4. US Dollars and cents per Swiss franc










Quote screenshot as of 15 October 2021, 2:08 pm CT

<https://www.cmegroup.com/markets/fx/g10/swiss-franc.html>

## SWISS FRANC FUTURES - QUOTES

VENUE: GLOBEX

  AUTO-REFRESH IS OFF Last Updated 15 Oct 2021 02:08:36 PM CT. Market data is delayed by at least 10 minutes.

MONTH	OPTIONS	CHART	LAST	CHANGE	PRIOR SETTLE	OPEN	HIGH	LOW	VOLUME	UPDATED
 DEC 2021 6SZ1	 OPT		1.0851	+0.0006 (+0.06%)	1.0845	1.0843	1.0856	1.0809	17,553	13:58:36 CT 15 Oct 2021
 MAR 2022 6SH2	 OPT		1.0862	-0.0011 (-0.10%)	1.0873	1.0880	1.0883	1.0845	64	09:33:04 CT 15 Oct 2021
 JUN 2022 6SM2	 OPT		-	-	1.0900	-	-	-	0	08:21:46 CT 15 Oct 2021

The December month shows an increasing futures contract. Per Swiss Franc, more dollars are received. Increased by 0.06% to 1.0851 dollars per Swiss Franc in December.

- US Dollars and cents per Mexican Peso  
Quote screenshot as of 15 October 2021, 2:14 pm CT

<https://www.cmegroup.com/markets/fx/emerging-market/mexican-peso.html>

## MEXICAN PESO FUTURES - QUOTES

VENUE: **GLOBEX**

AUTO-REFRESH IS OFF Last Updated 15 Oct 2021 02:14:04 PM CT. Market data is delayed by at least 10 minutes.

MONTH	OPTIONS	CHART	LAST	CHANGE	PRIOR SETTLE	OPEN	HIGH	LOW	VOLUME	UPDATED
OCT 2021 6MV1			0.048800	+0.000190 (+0.39%)	0.048610	0.048860	0.048860	0.048800	15	14:00:30 CT 15 Oct 2021
NOV 2021 6MX1			-	-	0.048410	-	-	-	0	14:00:30 CT 15 Oct 2021
DEC 2021 6MZ1			0.048700	+0.000500 (+1.04%)	0.048200	0.048180	0.048770	0.048120	41,581	14:04:04 CT 15 Oct 2021
JAN 2022 6MF2			-	-	0.047970	-	-	-	0	14:00:30 CT 15 Oct 2021

The December futures contract is increasing by 1.04%. Per Mexican Peso, 0.048700 dollars will be received in December.

- US Dollars and cents per Russian Ruble  
Quote screenshot as of 15 October 2021, 2:23 pm CT

<https://www.cmegroup.com/markets/fx/emerging-market/russian-ruble.quotes.html>

## RUSSIAN RUBLE FUTURES - QUOTES

VENUE: **GLOBEX**

AUTO-REFRESH IS OFF Last Updated 15 Oct 2021 02:23:12 PM CT. Market data is delayed by at least 10 minutes.

MONTH	OPTIONS	CHART	LAST	CHANGE	PRIOR SETTLE	OPEN	HIGH	LOW	VOLUME	UPDATED
OCT 2021 6RV1			-	-	0.014005	-	-	-	0	08:21:51 CT 15 Oct 2021
NOV 2021 6RX1			-	-	0.013930	-	-	-	0	14:12:52 CT 15 Oct 2021
DEC 2021 6RZ1			0.013925	+0.000075 (+0.54%)	0.013850	0.013840	0.013955	0.013840	3,389	14:12:52 CT 15 Oct 2021

The Russian Ruble has also shown increasing futures. Increased by 0.54%, to 0.013925 dollars per Russian Ruble.

Decreasing Futures

(NOTE: 4 decreasing futures were found at the time of selection)

- US Dollars and cents per Japanese Yen

Quote screenshot as of 15 October 2021 2:12 pm CT

<https://www.cmegroup.com/markets/fx/g10/japanese-yen.quotes.html>

## JAPANESE YEN FUTURES - QUOTES

VENUE: **GLOBEX**

  AUTO-REFRESH IS OFF *Last Updated 15 Oct 2021 02:12:40 PM CT. Market data is delayed by at least 10 minutes.*

MONTH	OPTIONS	CHART	LAST	CHANGE	PRIOR SETTLE	OPEN	HIGH	LOW	VOLUME	UPDATED
 OCT 2021 6JV1	 OPT		0.0087655	-0.0000325 (-0.37%)	0.008798	0.008783	0.008783	0.0087655	59	14:00:32 CT 15 Oct 2021
 NOV 2021 6JX1	 OPT		0.0087525	-0.000047 (-0.53%)	0.0087995	0.0087825	0.0087825	0.008742	11	14:00:32 CT 15 Oct 2021
 DEC 2021 6JZ1	 OPT		0.0087565	-0.000045 (-0.51%)	0.0088015	0.008801	0.008801	0.0087395	126,034	14:02:38 CT 15 Oct 2021
 JAN 2022 6JF2	 OPT		0.008757	-0.000051 (-0.58%)	0.008808	0.008786	0.008786	0.008757	10	14:00:32 CT 15 Oct 2021

All futures contracts are decreasing. For example, December 2021 contract decreased to 0.0087565 dollars per Japanese Yen down from October's 0.0087655.

### 2. US Dollars and cents per Canadian Dollar










Quote screenshot as of 15 October 2021, 2:17 pm CT

<https://www.cmegroup.com/markets/fx/g10/canadian-dollar.quotes.html>

## CANADIAN DOLLAR FUTURES - QUOTES

VENUE: **GLOBEX**

  AUTO-REFRESH IS OFF *Last Updated 15 Oct 2021 02:17:10 PM CT. Market data is delayed by at least 10 minutes.*

MONTH	OPTIONS	CHART	LAST	CHANGE	PRIOR SETTLE	OPEN	HIGH	LOW	VOLUME	UPDATED
 OCT 2021 6CV1	 OPT		0.80985	+0.0013 (+0.16%)	0.80855	0.80985	0.80985	0.80985	97	14:00:30 CT 15 Oct 2021
 NOV 2021 6CX1	 OPT		0.8067	-0.0018 (-0.22%)	0.8085	0.80845	0.80955	0.8067	99	14:00:30 CT 15 Oct 2021
 DEC 2021 6CZ1	 OPT		0.8073	-0.0012 (-0.15%)	0.8085	0.8083	0.81055	0.80655	67,167	14:07:09 CT 15 Oct 2021

December futures contract decreased to 0.8073 dollars per Canadian Dollar, decreased by 0.19% from November.

### 3. US Dollars and cents per Australian Dollar










Quote screenshot as of 15 October 2021, 2:20 pm CT

<https://www.cmegroup.com/markets/fx/g10/australian-dollar.quotes.html>

## AUSTRALIAN DOLLAR FUTURES - QUOTES

VENUE: **GLOBEX**

  AUTO-REFRESH IS OFF Last Updated 15 Oct 2021 02:20:00 PM CT. Market data is delayed by at least 10 minutes.

MONTH	OPTIONS	CHART	LAST	CHANGE	PRIOR SETTLE	OPEN	HIGH	LOW	VOLUME	UPDATED
 OCT 2021 6AV1			0.74185	+0.0001 (+0.01%)	0.74175	0.7414	0.74345	0.7409	19	14:00:29 CT 15 Oct 2021
 NOV 2021 6AX1			0.74195	+0.0001 (+0.01%)	0.74185	0.74115	0.7431	0.7411	77	14:00:29 CT 15 Oct 2021
 DEC 2021 6AZ1			0.7419	-0.00005 (-0.01%)	0.74195	0.74175	0.7442	0.7406	93,152	14:09:24 CT 15 Oct 2021

The December futures contract has decreased. 0.7419 dollars per Australian Dollar, a decrease of 0.01%.







- Standard-size USD/Offshore Chinese Renmibi per US Dollar  
Quote screenshot as of 15 October 2021, 2:25 pm CT

<https://www.cmegroup.com/markets/fx/cross-rates/usd-cnh.quotes.html>

## STANDARD-SIZE USD/OFFSHORE RMB (CNH) FUTURES - QUOTES

VENUE: **GLOBEX**

  AUTO-REFRESH IS OFF Last Updated 15 Oct 2021 02:25:56 PM CT. Market data is delayed by at least 10 minutes.

MONTH	CHART	LAST	CHANGE	PRIOR SETTLE	OPEN	HIGH	LOW	VOLUME	UPDATED
 OCT 2021 CNHV1		6.4362	-0.0003 (UNCH)	6.4365	6.4350	6.4376	6.4243	399	14:12:49 CT 15 Oct 2021
 NOV 2021 CNHX1		6.4518	+0.0013 (+0.02%)	6.4505	6.4479	6.4535	6.4442	215	14:12:49 CT 15 Oct 2021
 DEC 2021 CNHZ1		6.4640	-0.0008 (-0.01%)	6.4648	6.4648	6.4667	6.4519	254	14:12:49 CT 15 Oct 2021

Once again, a decrease seen in December 2021 futures contract. 6.4640 Chinese Renmibi per US Dollar in December down by 0.01%.

## WHAT IS DRIVING THE FUTURES?

There are a couple of major macroeconomic factors that are driving the futures rates. It is a mix of several uncertainties that the global economy is facing. The first indication of the moving foreign exchange rates (futures contracts in this case) is the expected raise in rates. Bank of England may be

raising rates in the wake of controlling an inflation. (Bloomberg/Yahoo Finance, 2021) The governor wants to prevent inflation, especially when the European Central Bank has been warning about inflationary risks in the Euro zone. 1 USD is equal to more British Pound and Euro in the futures contracts. This could be an indication of short selling for investors/traders. (Reuters/Yahoo Finance, 2021)

Similar effects are seen in the United States. The US Monetary Policy is set to affect rates as the Fed might think of stop buying assets. CNBC explains further the relation of the US Treasury yields and reduction in money supply. (Reuters/CNBC, 2021) Decreased supply means increased rates is the concept to understand. This also comes as a move to curb inflation and reduce money supply. A future reduction in money supply could mean buying currencies now (once again supporting short selling). All these articles together link the factor of growing demand of USD funding which coincides with the falling supply of USD liquidity.

Another major market mover, especially for the emerging markets, is the global bullishness about oil prices. Everyone is concerned about the all-time highs of international crude oil prices. For economies like India and China, who are net importers of crude oil and which drives their operations, this means elevated trade deficits and consumer prices. (Dutta, Economic Times, 2021) With the Dollar strengthening already, more of these developing economies are seeing depreciating currencies. An energy shortage along with soaring raw material costs has made economies like Japan suffer more, which explains the decreasing futures. (Saldanha & Mattackal, Yahoo Finance, 2021)

It is indicated that consumer spending is increasing. (Yahoo Finance, Ted Rossman interview, 2021) Consumers are not constrained even with the supply shortages; they are settling for substitutes if they don't find the product they are waiting for. This could affect the global supply and demand of currencies as well. Last but not the least, COVID-19 is important to consider. For example, Australia is set to open international travel from November 1<sup>st</sup>, that could be one reason for increasing futures. Thus, Covid related decisions and policies could affect moving exchange rates.

## SOURCES

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3. Bloomberg News/Yahoo Finance, 2021, *BOE's Rate Signal, ECB Inflation Warning, China Strains: Eco Day*, accessed 15 October 2021, <https://finance.yahoo.com/news/boe-rate-signal-ecb-inflation-053502004.html>
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5. Karina Mitchell interviewing Ted Rossman, *Consumer sentiment is low but spending is high: Analyst*, 2021, accessed on 16 October 2021, <https://finance.yahoo.com/video/consumer-sentiment-low-spending-high-185928239.html>
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## REFERENCES

### Additional Information Obtained

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6. CME Group, *Market Movers: Global Stimulus & Precious Metals*, 2020, <https://www.cmegroup.com/videos/2020/07/22/market-movers-global-stimulus-precious-metals.html>