

Title: Futures Rollover Clarification

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Hi all, I had some thoughts and I was hoping you guys could look at this with me.

My understanding is that the futures contracts are based on the price of the asset at the point where the contract is made, and in the case of rollovers based on the price where the contract was last rolled instead of the original contract price. If that is the case then this would be the first rollover period since January, where the price of the asset is at or lower than the price it was when the contract was rolled over.

Looking at the historical data for the price on First Notice Days (Dates taken from "The Theory of Everything")

Feb 23 2021 - \$44.97

May 26 2021 - \$242.56

August 27 2021 - \$204.95

Since the price at our most recent first notice day running into the futures rollover period was lower than the price at the previous first notice day it seems to me that this period could have actually just been a successful futures short contract, where the holder of the contract would have had to pay out the difference to the institution with the short position in the contract.

If this is the case we wouldn't have expected to see any price increase due to the futures contract during this period, but the theory would still be sound, and we could see price movement due to futures contracts if the price is higher than \$204.95 in December during the next rollover cycle.

I kinda hope this is wrong because I would obviously love to see 180M volume show up between now and c+35, but I think this is a plausible explanation for the lack of price movement during the last few weeks.

Happy Digging

Take care.